

Conditions & Outlook

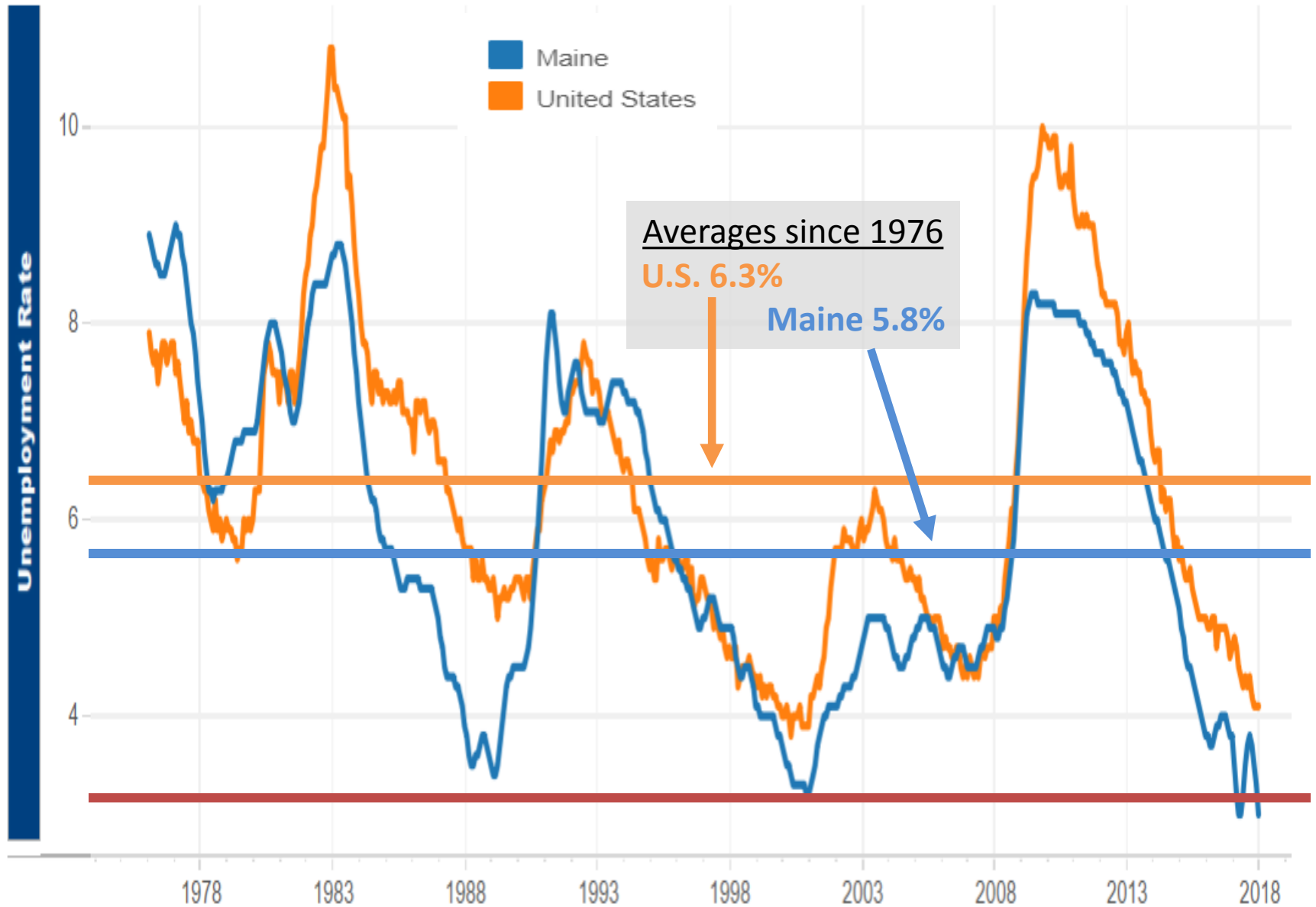
Consensus Economic Forecasting Commission

January 26, 2018

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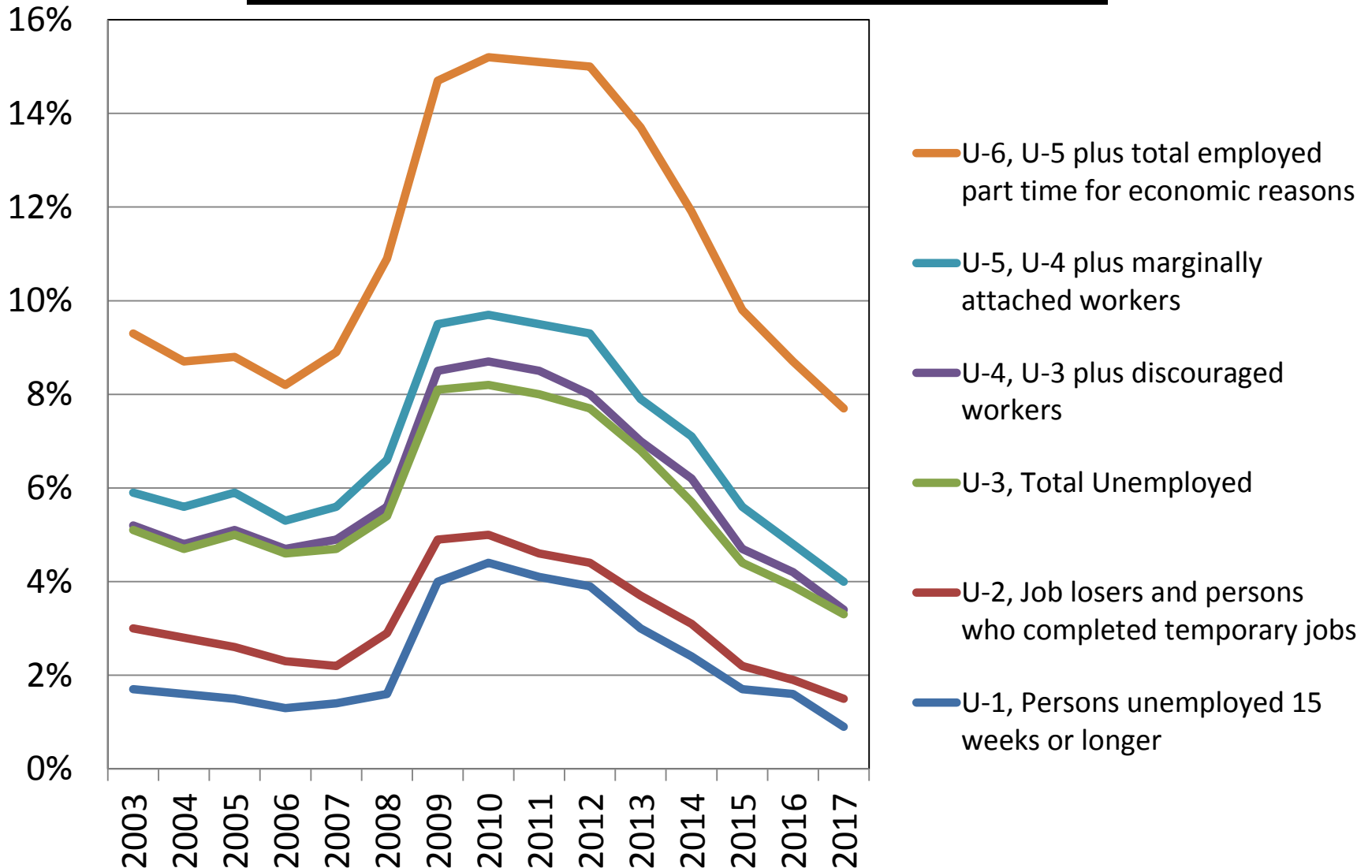
Recent conditions

Unemployment is historically low

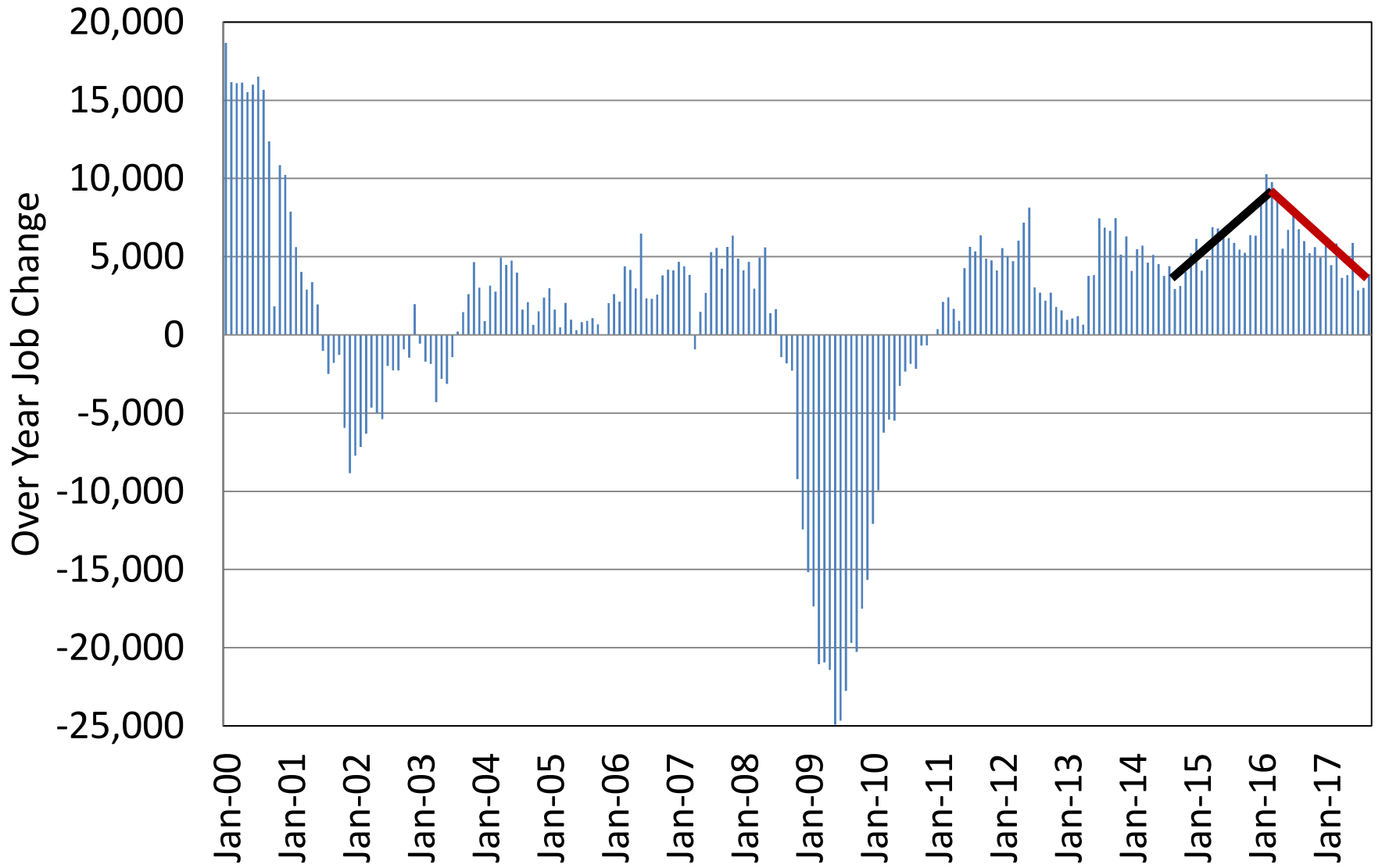


All six measures of labor underutilization are at series lows

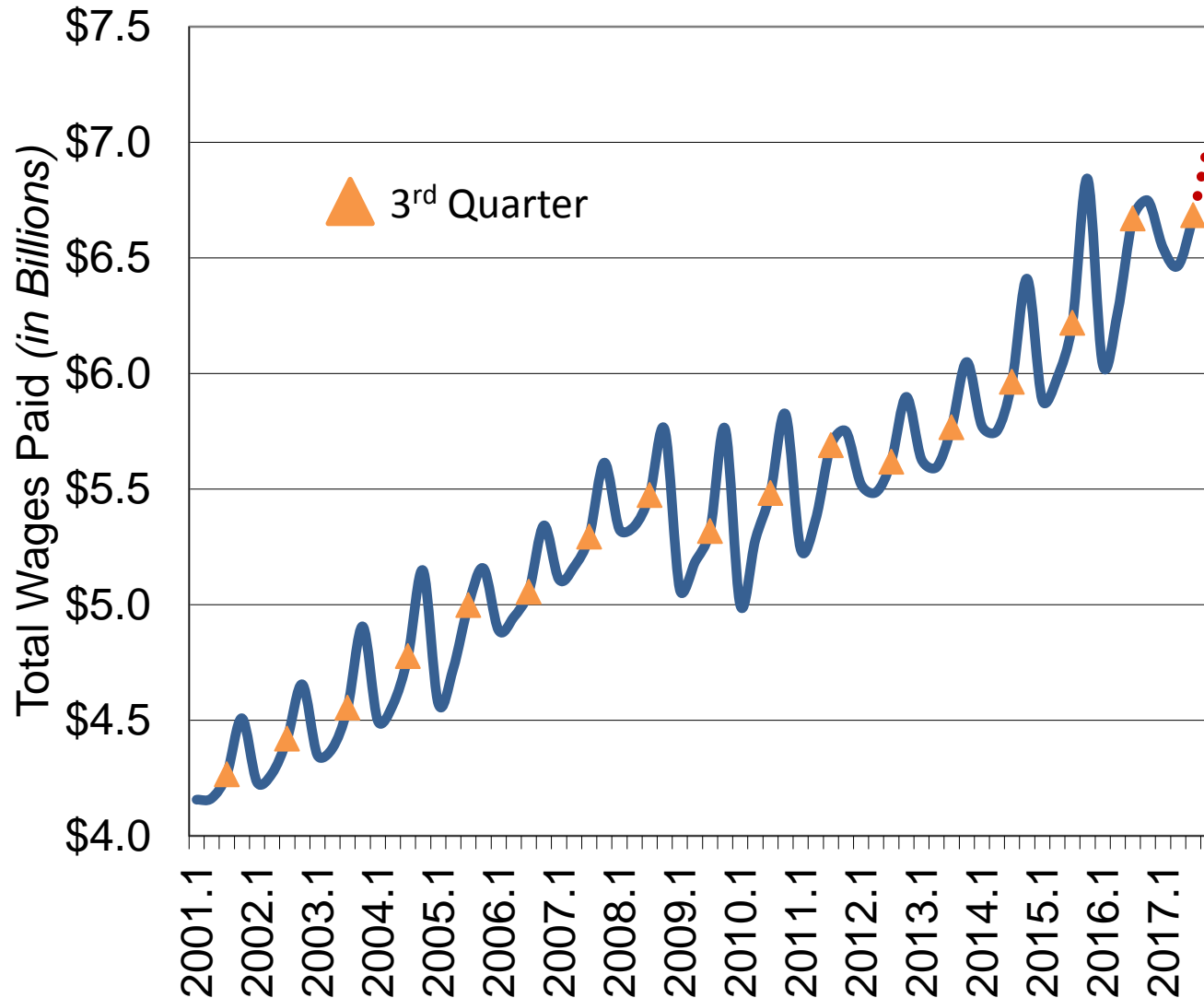
Alternative Measures of Labor Underutilization - Maine



Private sector payroll job growth has slowed as the labor market has tightened

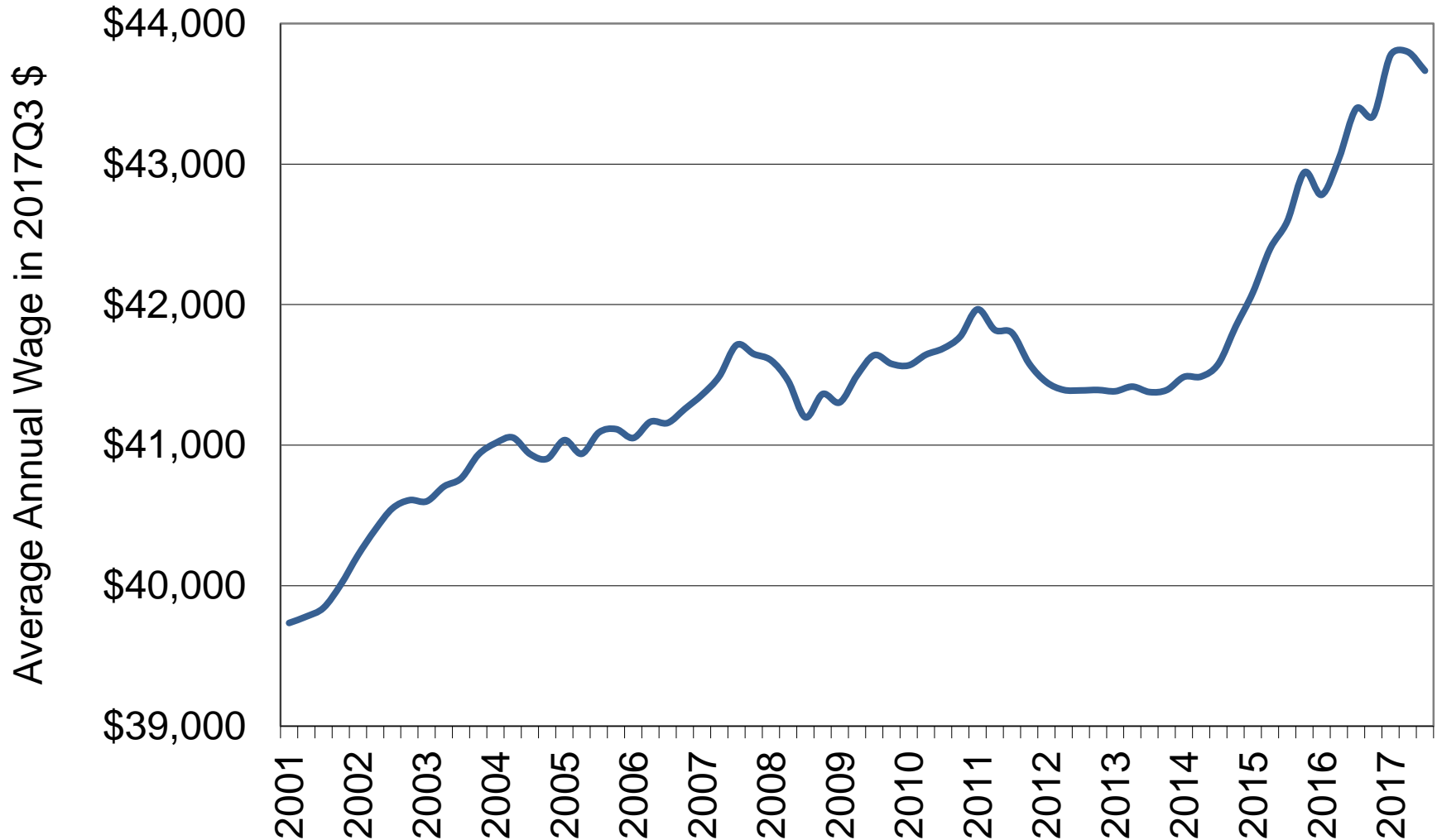


Total wages paid in the first three quarters of 2017 were up 3.8% from the same period in 2016 (not inflation adjusted)



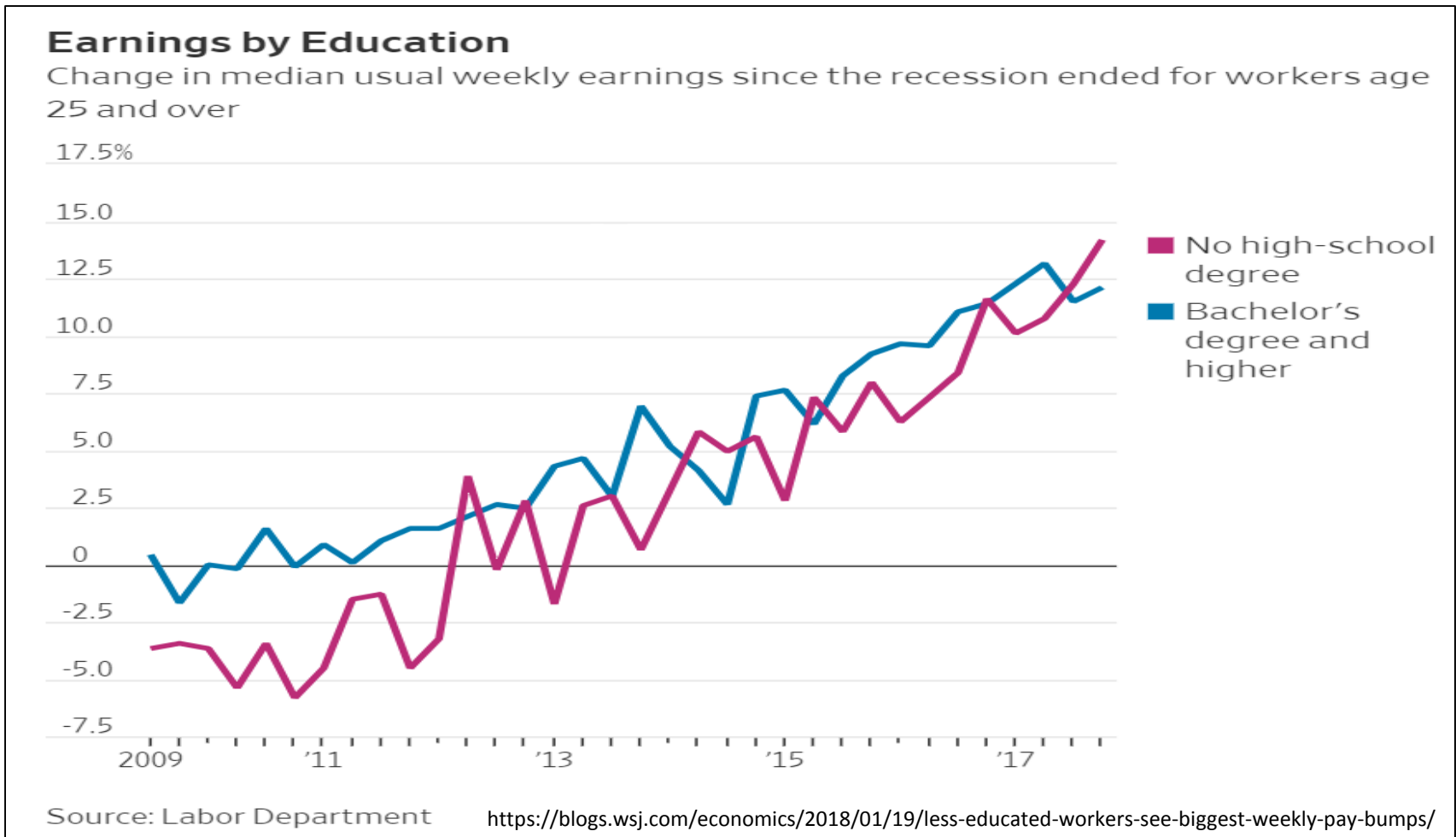
If the Q4 rise equals the average since 2001, total wages in 2017 will be up 4.3%; if the Q4 rise is similar to 2016, total wages in 2017 will be up 3.8%.

The average wage per job has been rising at the fastest rate in nearly two decades, reflecting the competitive hiring and retention environment *(adjusted for inflation to 2017 Q3 dollars)*

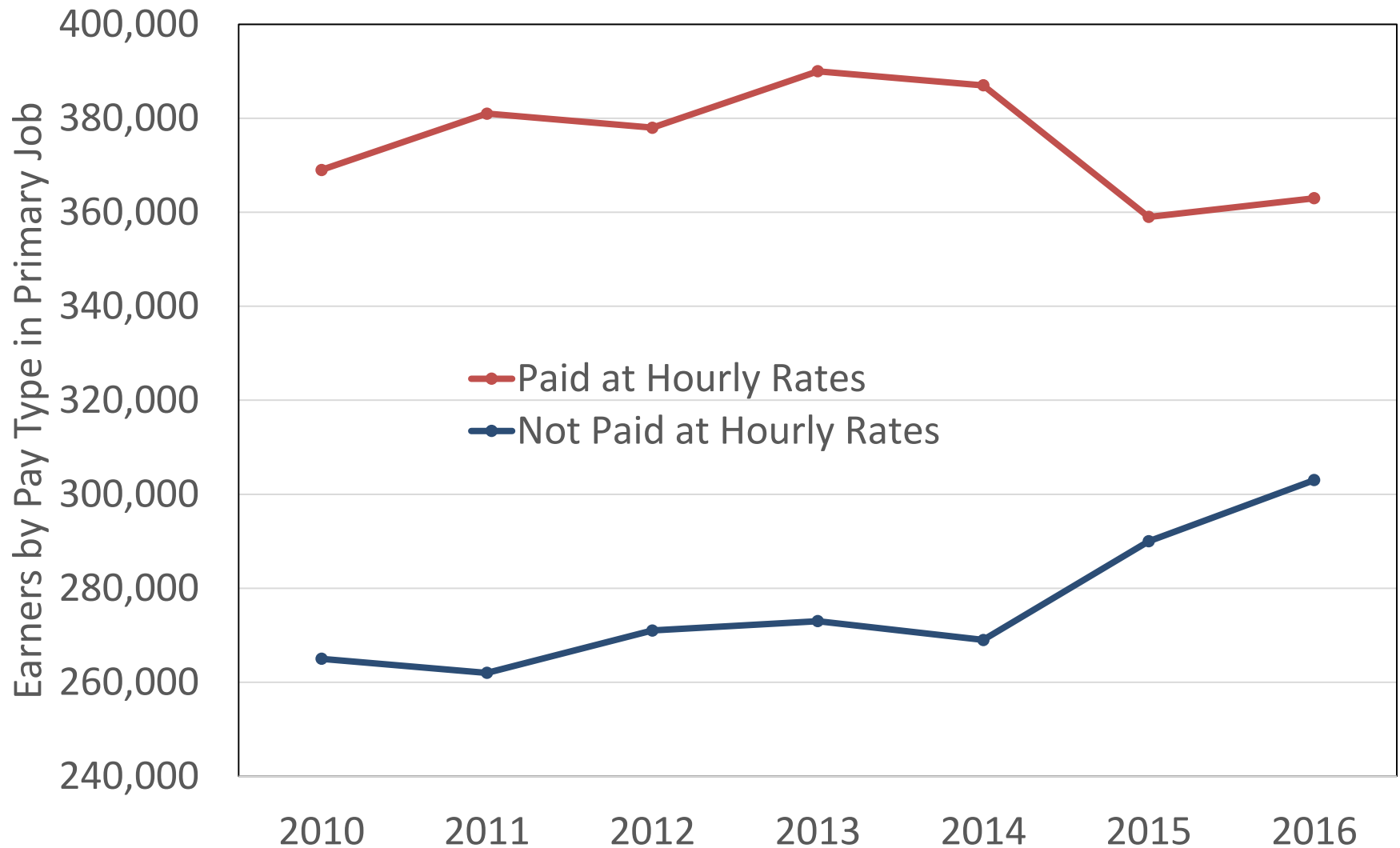


Minimum wage impact

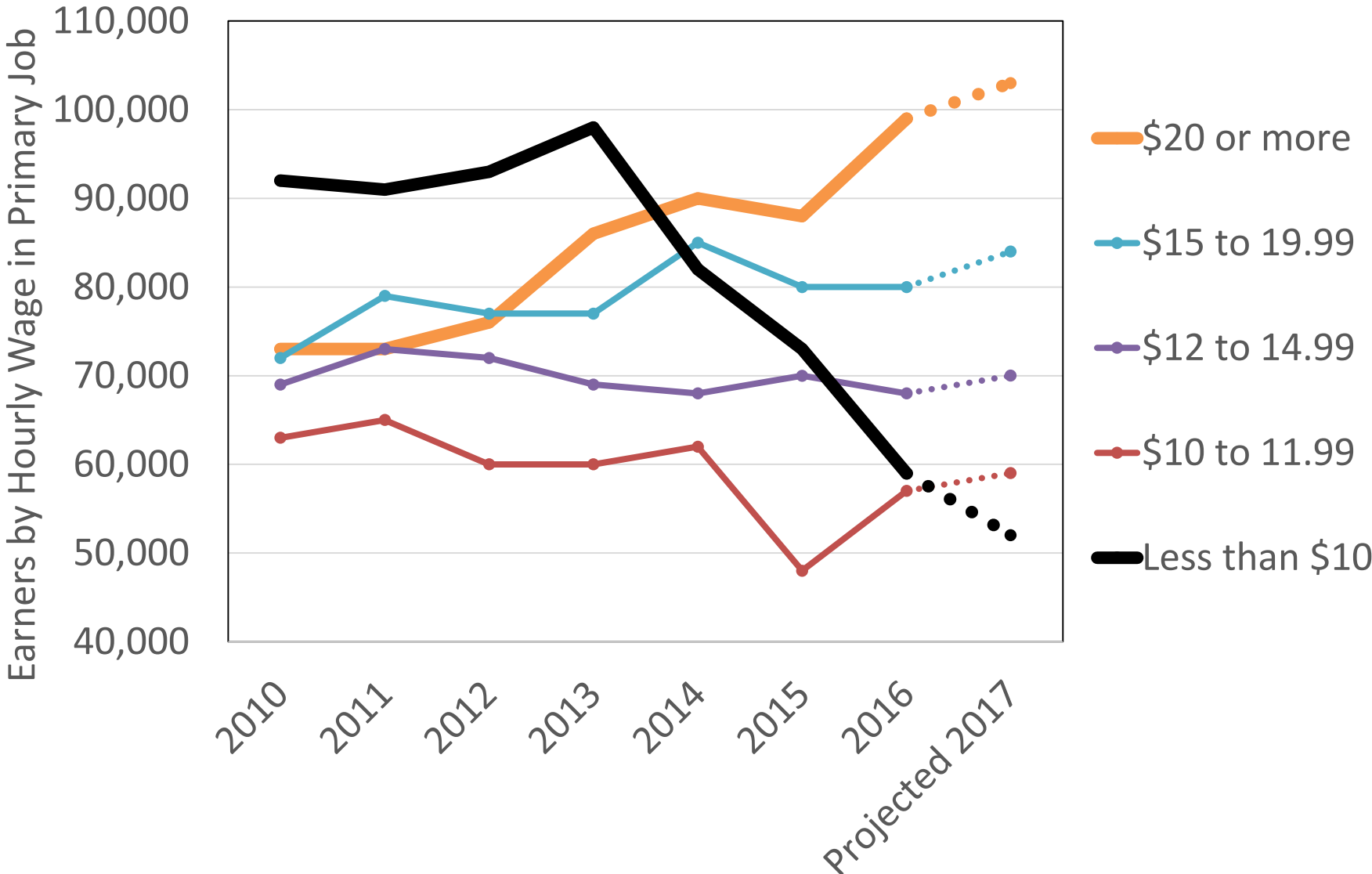
Nationally, earnings for workers without a high school diploma have started to rise at a similar rate to those with a bachelor's degree, reflecting labor supply constraints and minimum wage increases in many states



55% of workers in Maine were paid at hourly rates in their primary job in 2016. Since 2014, a rising share of jobs were non-hourly paid.



Of hourly workers, the number earning less than \$10/hour is declining and the number earning \$20+/hour is rising



Employed Wage and Salary Workers Paid at Hourly Rates by Wage Bracket in Primary Job in Maine, Annual Averages

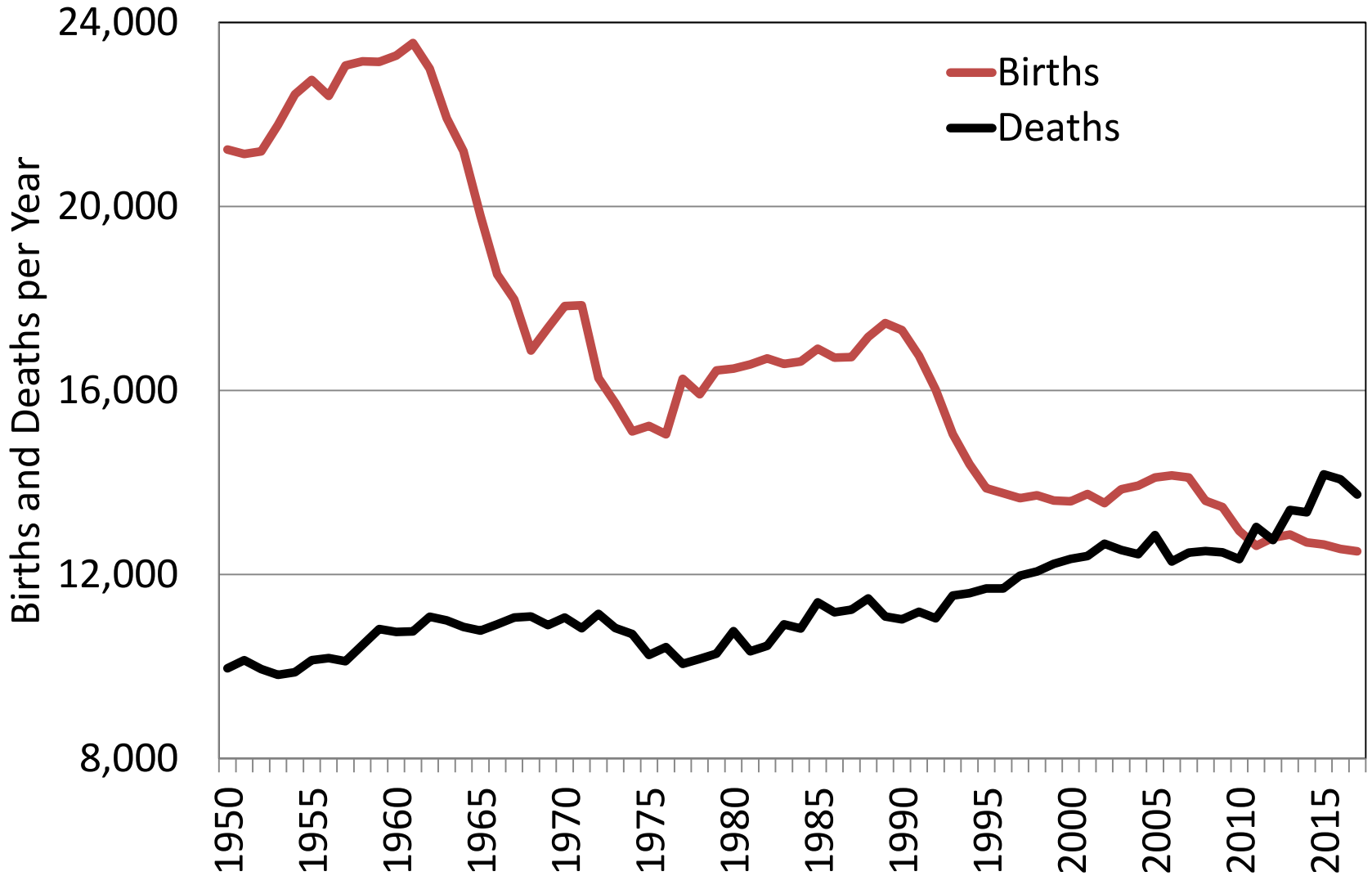
Hourly Wage Bracket	2010	2011	2012	2013	2014	2015	2016	Projected 2017	% of hourly paid workers in 2016	% of all workers in 2016
<i>Total Employment</i>	634,000	643,000	649,000	663,000	656,000	649,000	666,000	679,000		100%
<i>Not Paid at Hourly Rates</i>	265,000	262,000	271,000	273,000	269,000	290,000	303,000	311,000		45%
Paid at Hourly Rates	369,000	381,000	378,000	390,000	387,000	359,000	363,000	368,000	100%	55%
\$7.25 or less (U.S. Minimum)	14,000	13,000	11,000	13,000	12,000	10,000	10,000		3%	2%
\$7.50 or Less (Maine Minimum)	21,600	19,400	17,400	20,200	16,800	14,400	12,000		3%	2%
\$7.26 to 7.99	19,000	16,000	16,000	18,000	12,000	11,000	5,000		1%	1%
\$8 to 8.99	32,000	34,000	39,000	35,000	28,000	25,000	21,000		6%	3%
Less than \$9	66,000	63,000	65,000	66,000	51,000	46,000	35,000	12,000	10%	5%
\$9 to 9.99	26,000	28,000	28,000	32,000	31,000	27,000	24,000	40,000	7%	4%
Less than \$10	92,000	91,000	93,000	98,000	82,000	73,000	59,000	52,000	16%	9%
\$10 to 11.99	63,000	65,000	60,000	60,000	62,000	48,000	57,000	59,000	16%	9%
Less than \$12	155,000	156,000	153,000	158,000	144,000	121,000	116,000	111,000	32%	17%
\$12 to 14.99	69,000	73,000	72,000	69,000	68,000	70,000	68,000	70,000	19%	10%
\$15 to 19.99	72,000	79,000	77,000	77,000	85,000	80,000	80,000	84,000	22%	12%
\$20 or more	73,000	73,000	76,000	86,000	90,000	88,000	99,000	103,000	27%	15%
Median Wage of Hourly Paid Workers	\$12.11	\$12.94	\$12.99	\$13.17	\$13.71	\$14.03	\$14.03			
Average Wage of Hourly Paid Workers	\$12.61	\$15.02	\$14.41	\$14.87	\$16.26	\$16.59	\$16.59			

SOURCES: Estimates of the number of workers by earnings bracket are from the U.S. Bureau of Labor Statistics, Current Population Survey. The estimate of the number earnings \$7.50/hour or less is from the Center for Workforce Research based on CPS data.

NOTES: 1. These figures are estimates based on a survey sample. They include large margins of error. The error range on the estimate of the number earning \$7.50/hour or less is +/- 3,000 or more. 2. Numbers may not add due to rounding.

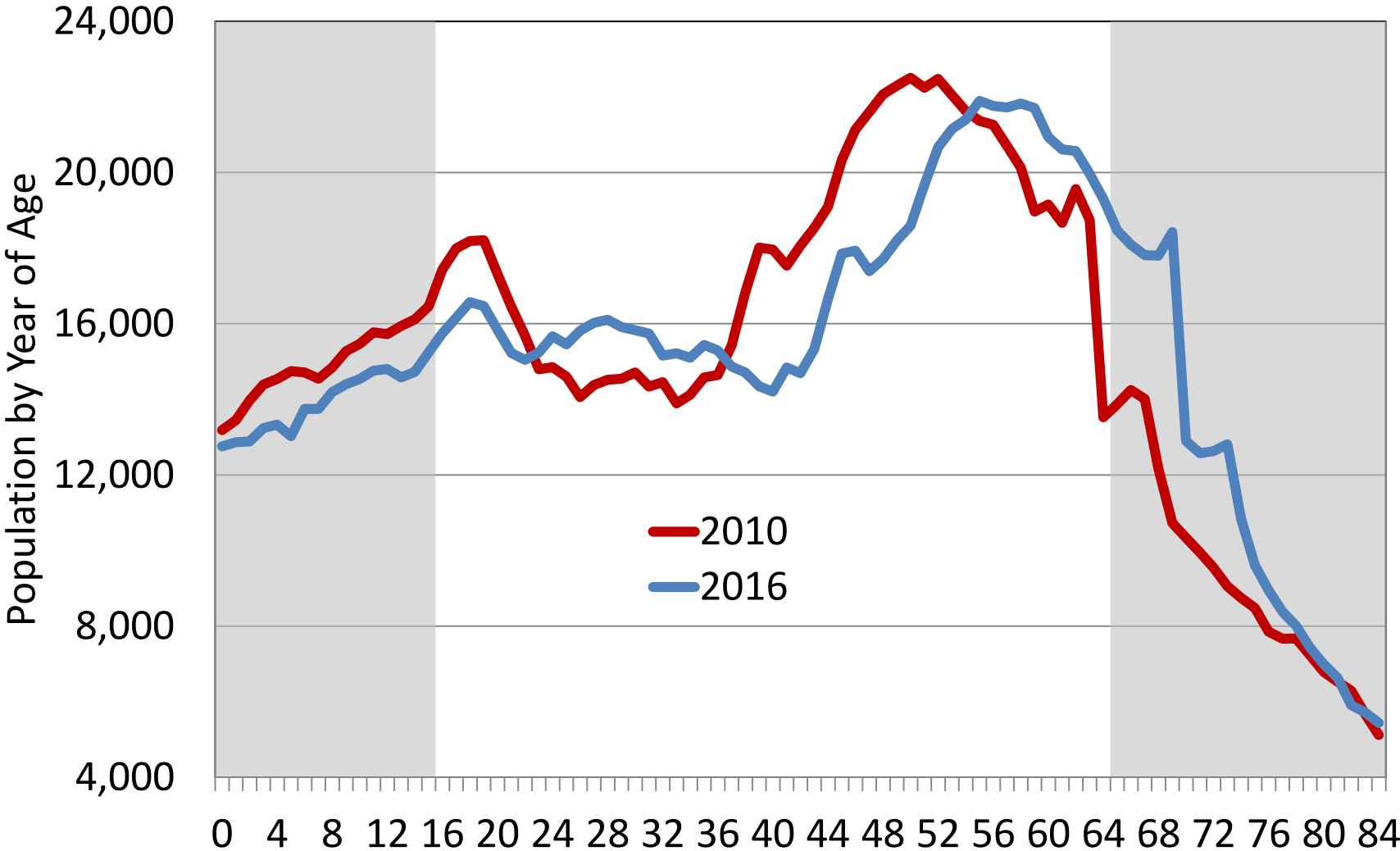
Population trends

Natural change remains negative, a situation that is not expected to improve substantially in the short term



Natural change = births minus deaths.

The population remains imbalanced due to the decline in births. Record numbers of retirements are likely over the next 15 years.

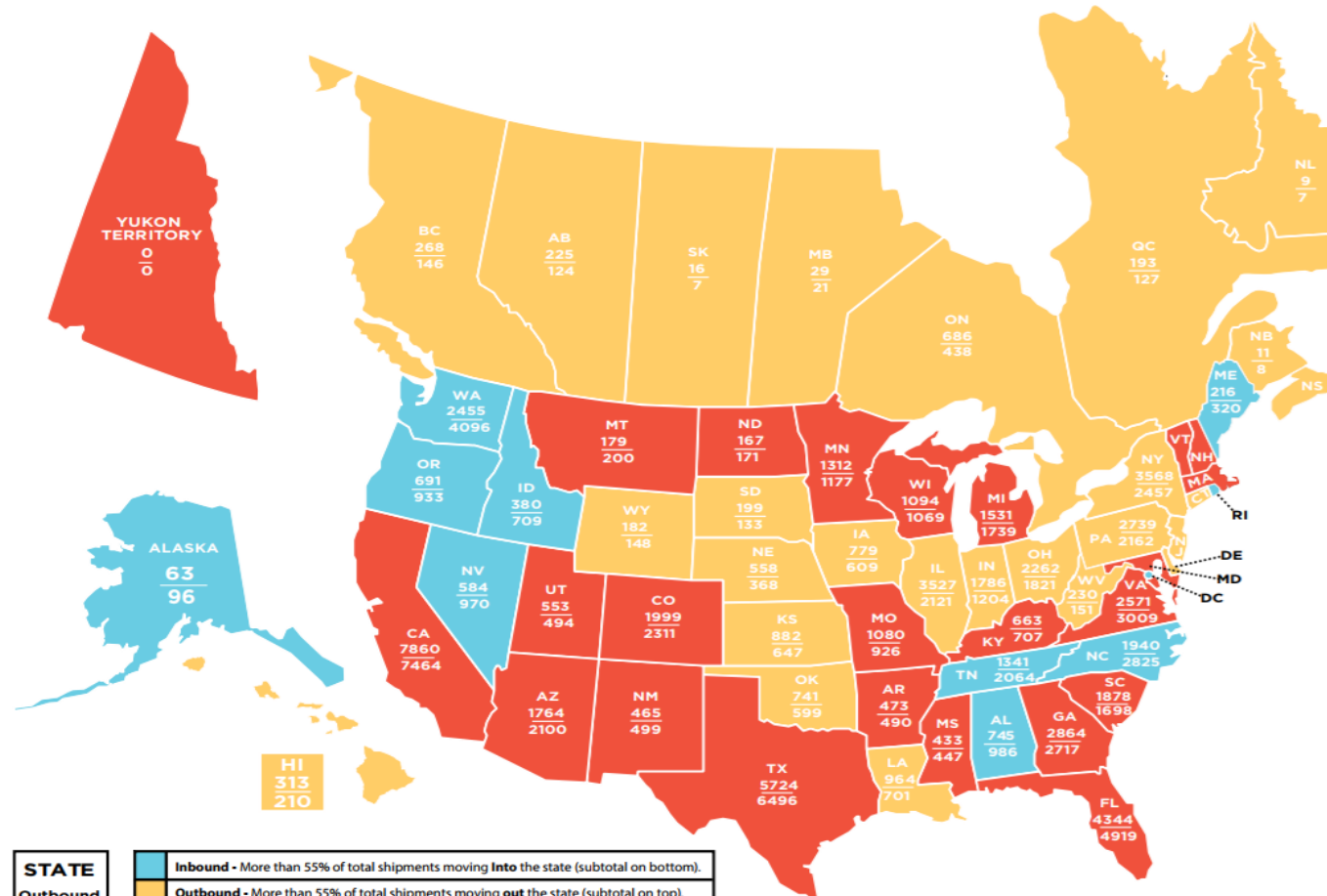


More positively, Atlas Van Lines reported net inbound traffic to Maine in 2017, due to fewer outbound moves...

Interstate and Cross-Border

2017 Migration Patterns – traffic flow by state/province

Based on 72,986 Interstate Household Goods Moves from January 1, 2017 through December 15, 2017



Migration Patterns

MAINE

Year	Inbound	Outbound
2017	320	216
2016	342	300
2015	358	260
2014	352	325
2013	341	333
2012	290	289
2011	355	333
2010	333	353
2009	352	417
2008	421	428

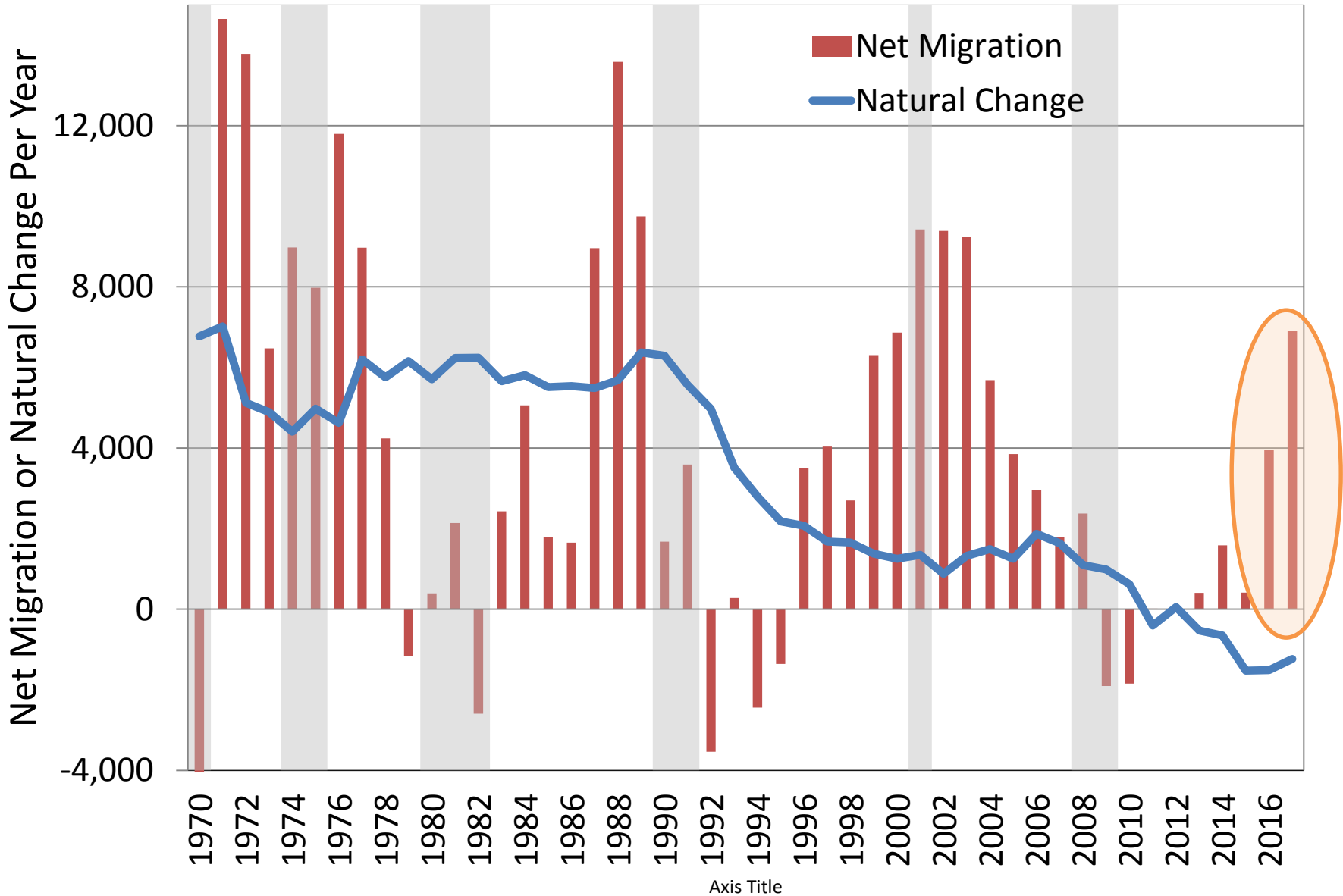
CT	1087	837
DC	369	455
MA	1479	1611
NJ	1866	1503
VT	120	132
DE	329	223
MD	1798	1809
NH	215	260
RI	145	182

STATE
Outbound
Inbound

Inbound - More than 55% of total shipments moving **Into** the state (subtotal on bottom).
Outbound - More than 55% of total shipments moving **out** the state (subtotal on top).
Balanced - Inbound and outbound individually represent 55% or less of total shipments.



...And net migration is on the upswing

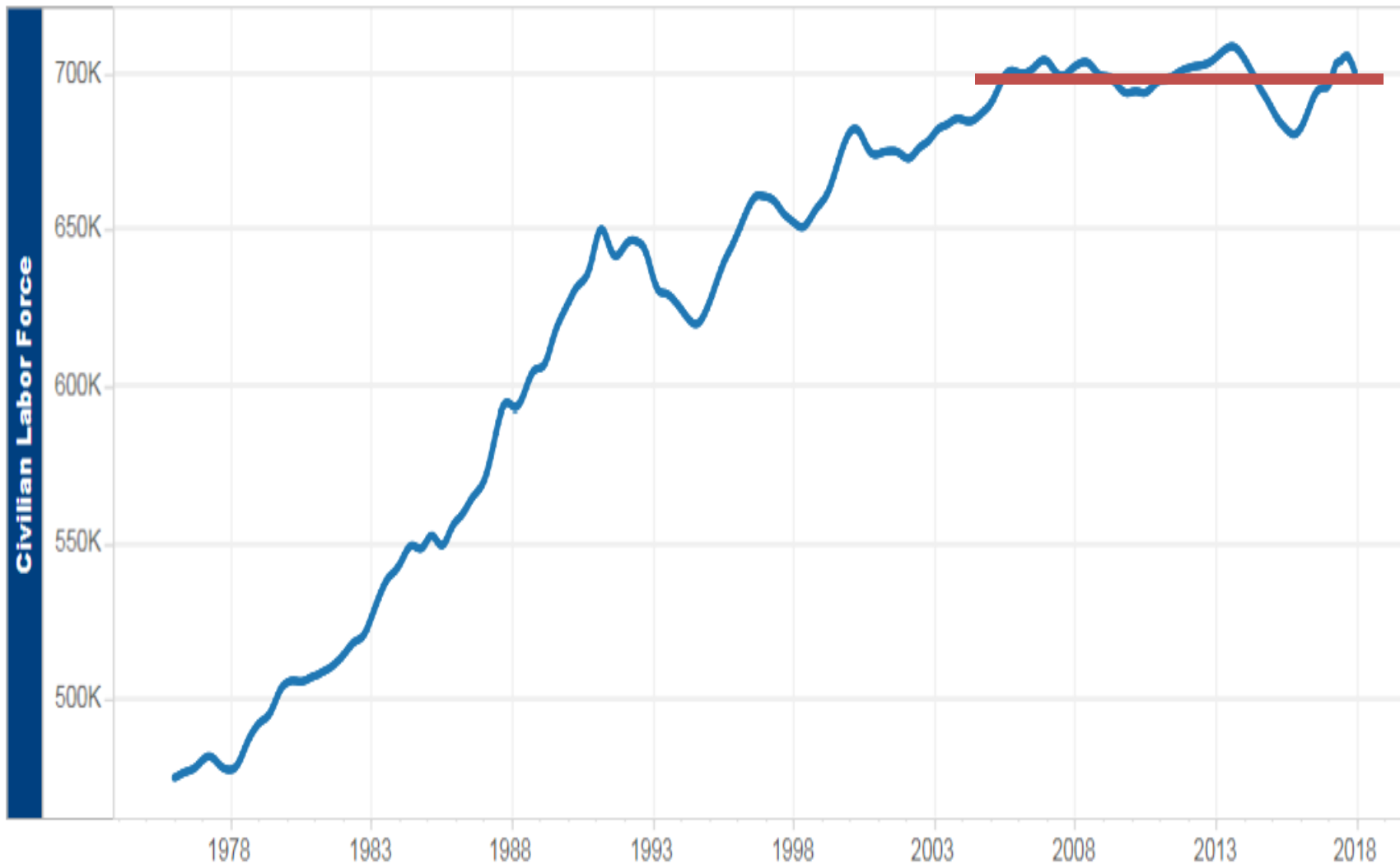


Workforce outlook

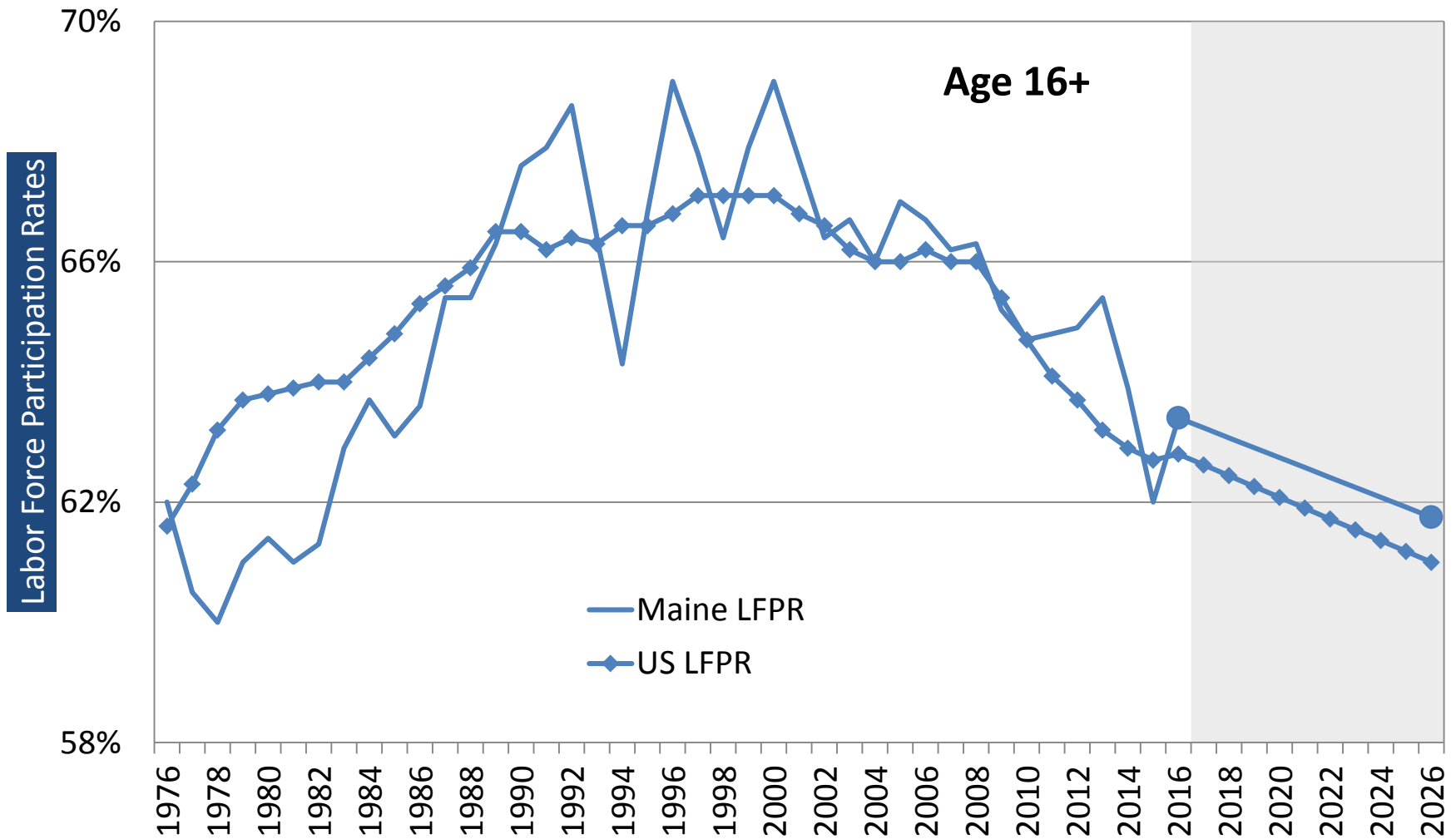
Labor force participation

Population and employment scenarios

Except for the 2008/9 downturn and slow recovery, the size of the labor force has been largely unchanged for more than a decade

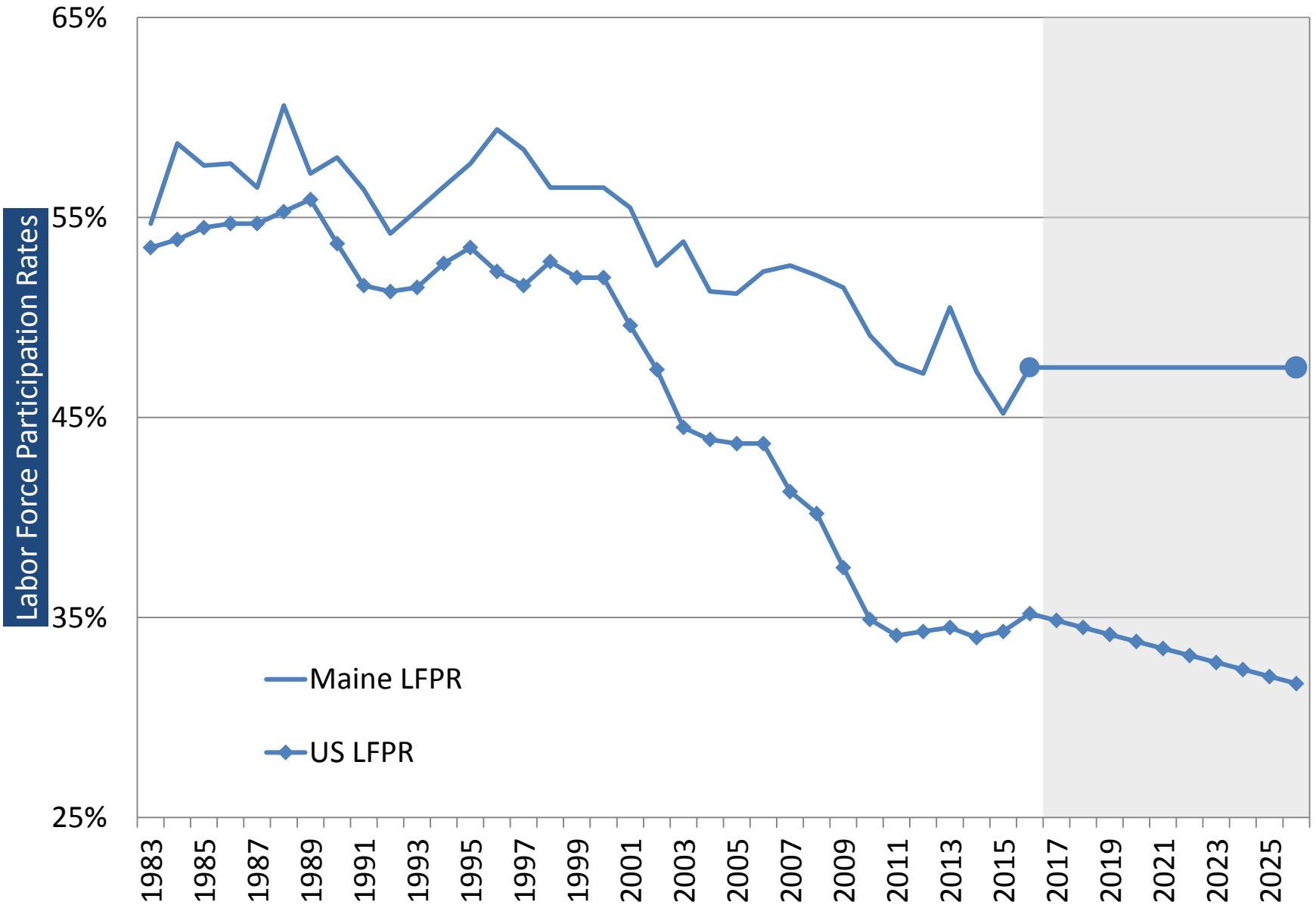


Through 2026 we expect labor force participation rates will rise in nearly all age groups, but the overall rate will decline due to an increasing share of senior population



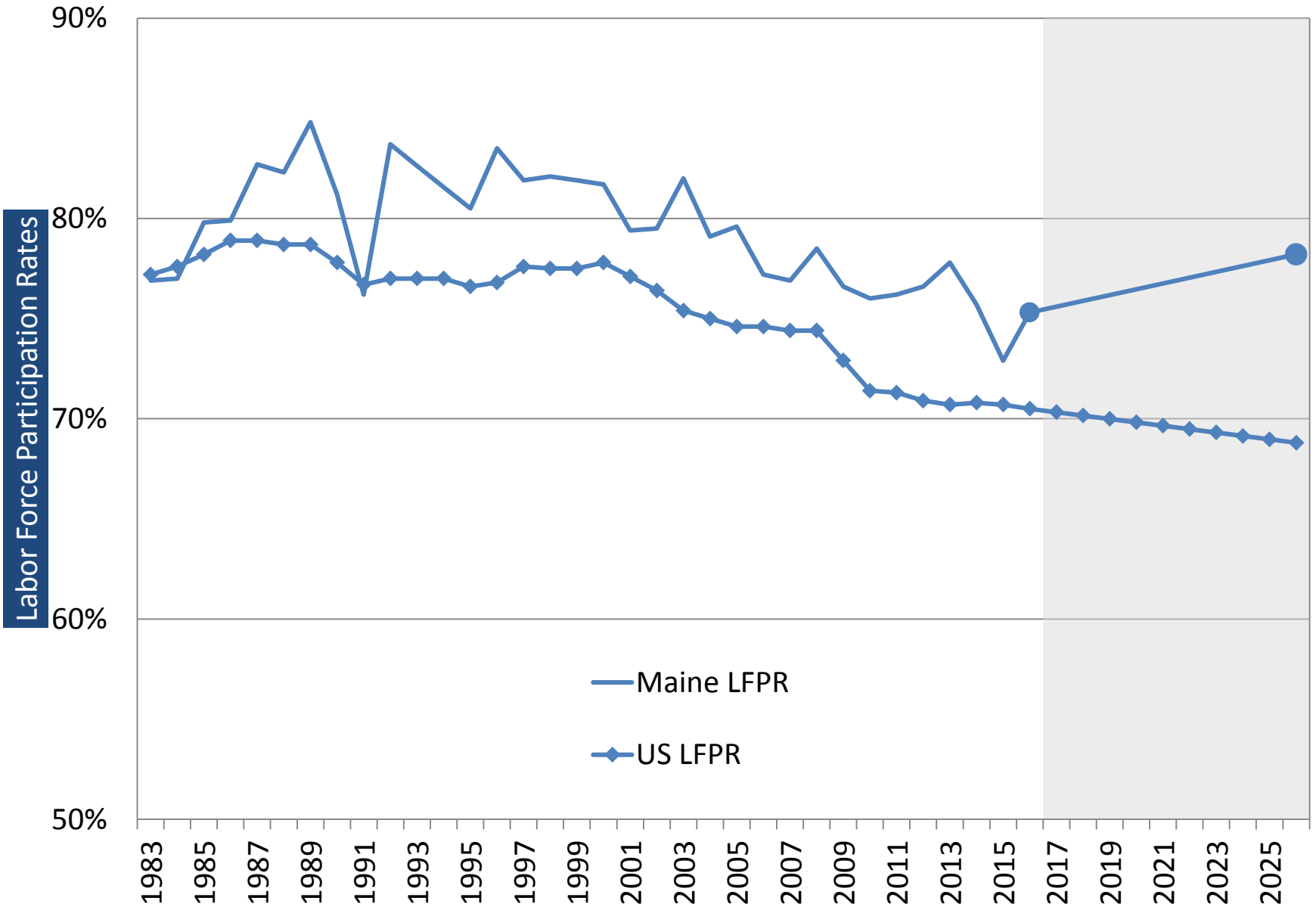
Maine forecast – Center for Workforce Research; U.S. forecast – U.S. Bureau of Labor Statistics.

Age 16-19



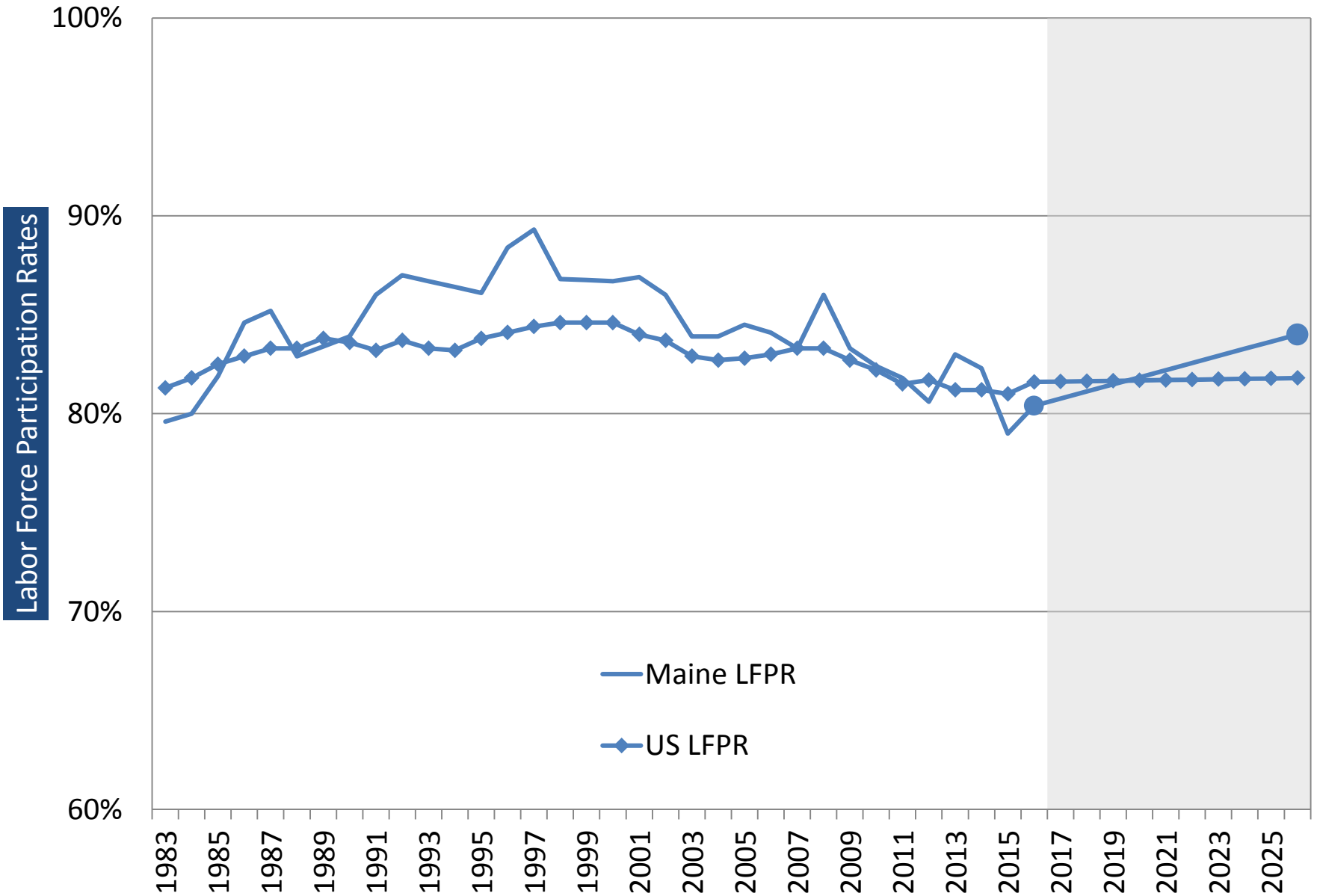
Maine forecast – Center for Workforce Research; U.S. forecast – U.S. Bureau of Labor Statistics.

Age 20-24



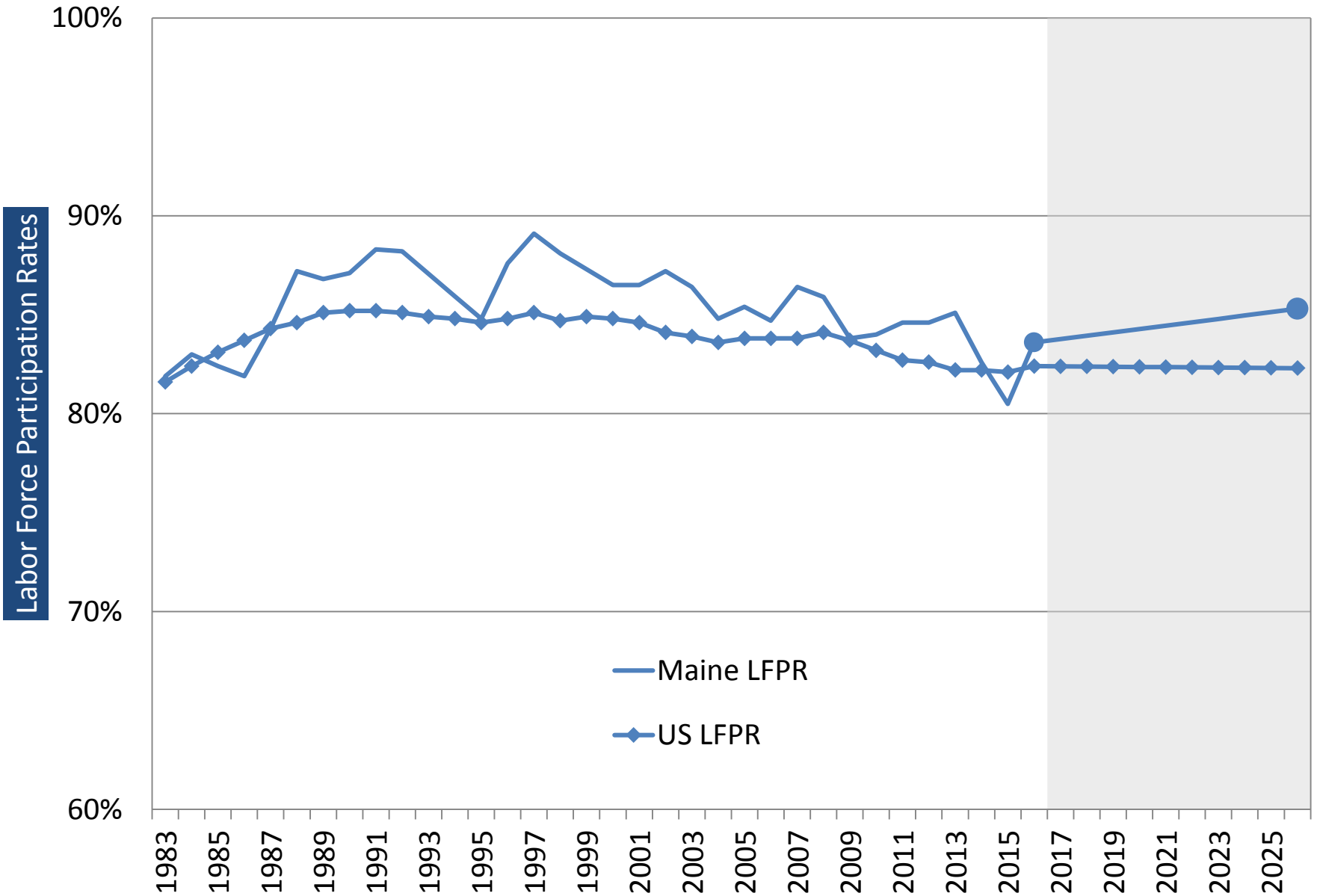
Maine forecast – Center for Workforce Research; U.S. forecast – U.S. Bureau of Labor Statistics.

Age 25-34



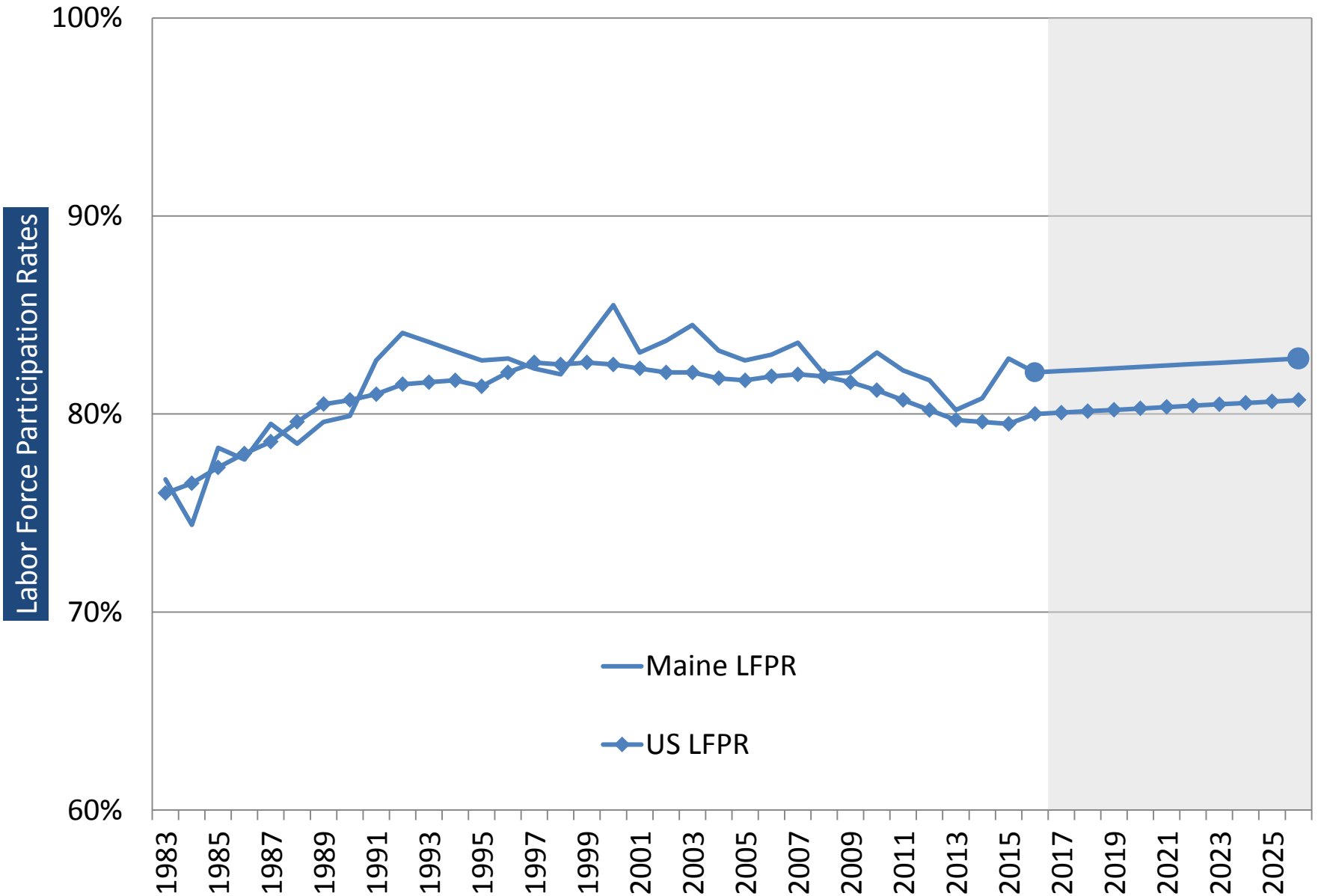
Maine forecast – Center for Workforce Research; U.S. forecast – U.S. Bureau of Labor Statistics.

Age 35-44



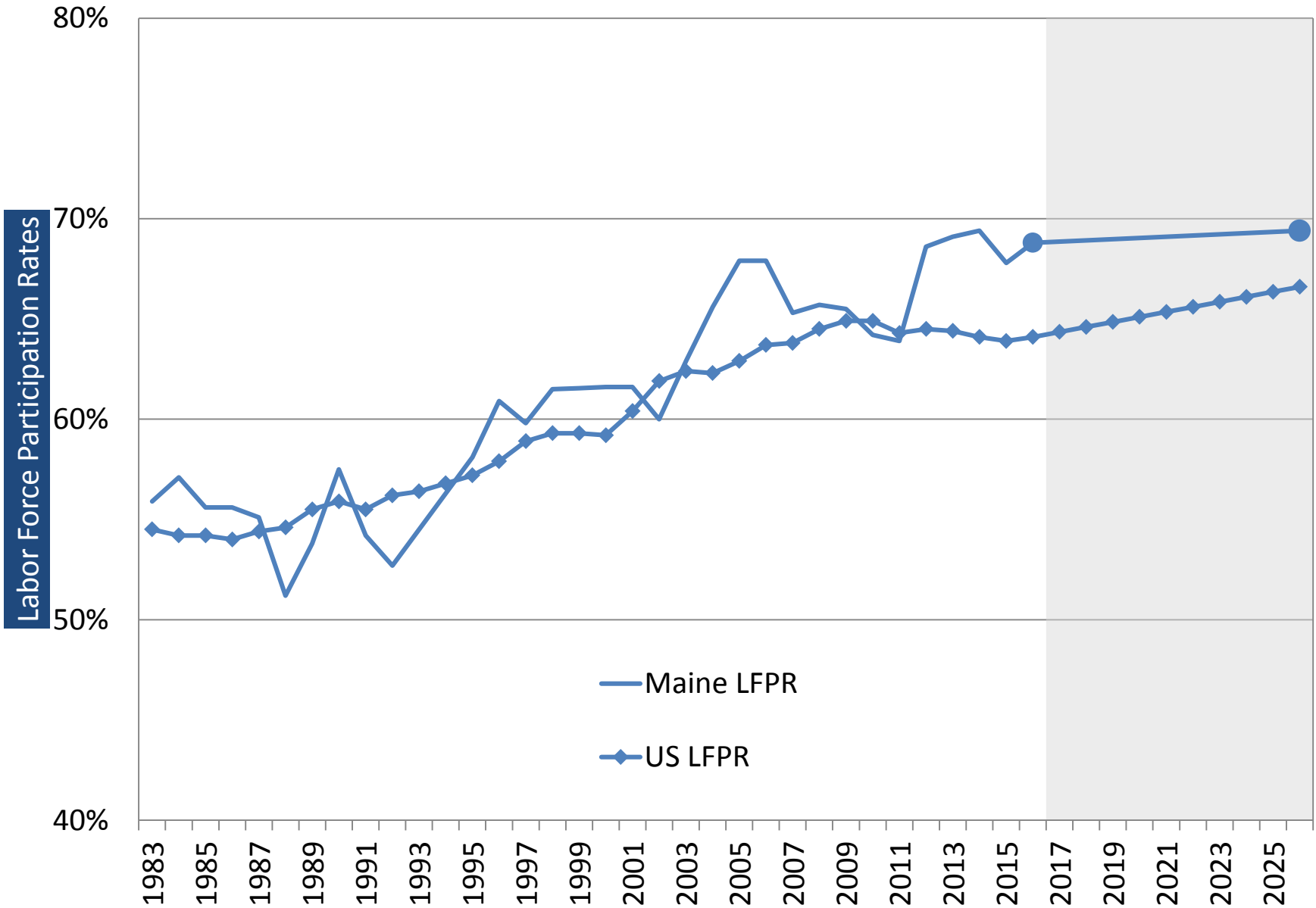
Maine forecast – Center for Workforce Research; U.S. forecast – U.S. Bureau of Labor Statistics.

Age 45-54



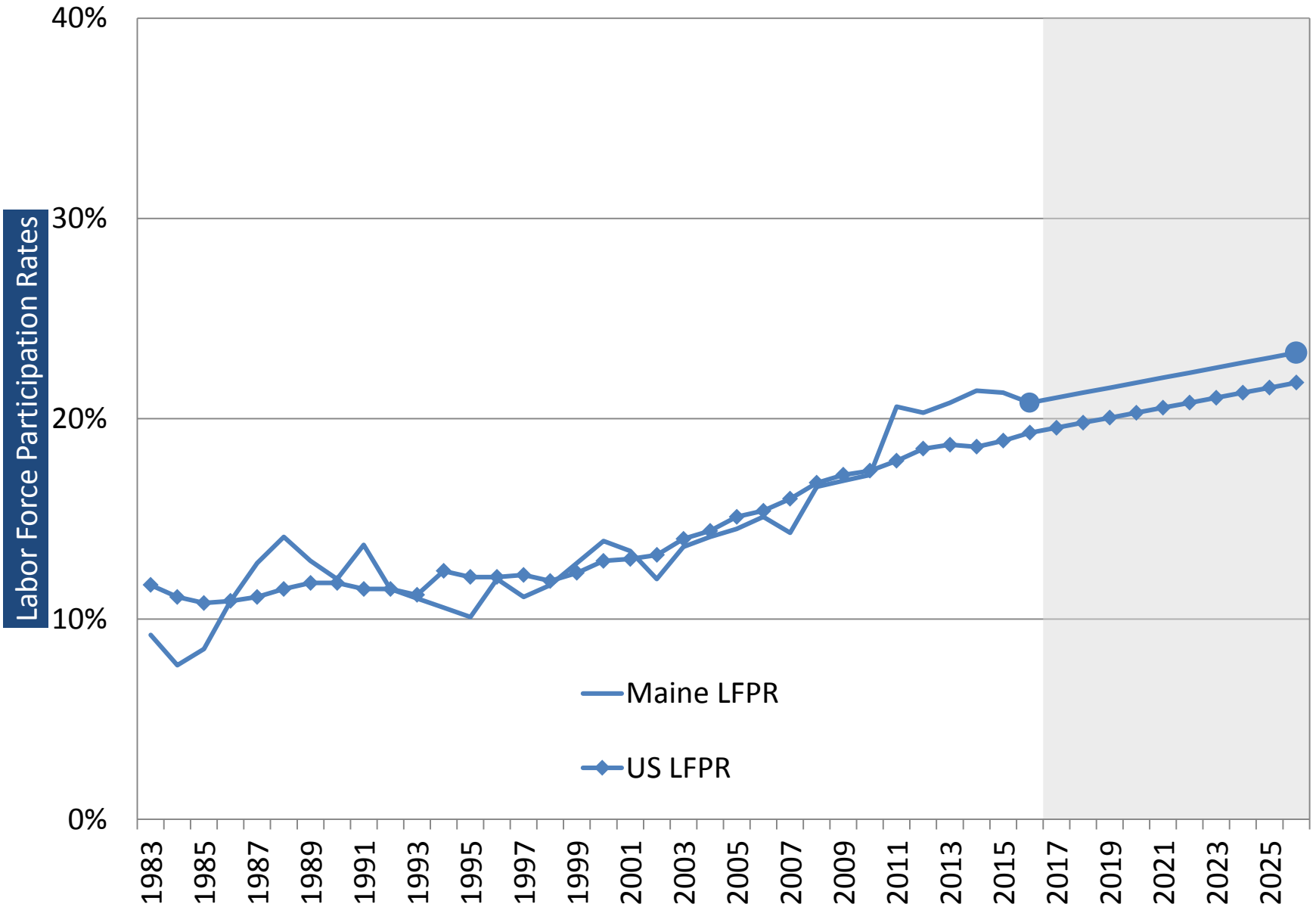
Maine forecast – Center for Workforce Research; U.S. forecast – U.S. Bureau of Labor Statistics.

Age 55-64



Maine forecast – Center for Workforce Research; U.S. forecast – U.S. Bureau of Labor Statistics.

Age 65+



Maine forecast – Center for Workforce Research; U.S. forecast – U.S. Bureau of Labor Statistics.

Workforce outlook

Labor force participation

Population and employment scenarios

Wild cards in the outlook

Within age groups, how will labor force participation and net migration change?

Six (of many possible) scenarios:

1. No change in LFP & no net-migration
2. High LFP & no net-migration
3. No change in LFP & OPM population projections
4. High LFP & OPM population projections
5. No change in LFP & high migration
6. High LFP & high migration

No change in labor force participation & no net migration

Age Group	2016	2021	2026	Change	
				5 Year	10 Year
Civilian Noninstitutional Population					
16-84	1,057,500	1,088,800	1,108,000	31,300	50,500
16-19	65,600	58,200	58,100	-7,400	-7,500
20-24	77,700	81,600	72,400	3,900	-5,300
25-34	151,300	153,800	158,900	2,500	7,600
35-44	154,700	146,500	151,600	-8,200	-3,100
45-54	198,600	175,400	153,900	-23,200	-44,700
55-64	205,200	212,700	195,700	7,500	-9,500
65-84	204,400	260,600	317,400	56,200	113,000
Employed					
16-84	660,200	652,700	637,200	-7,500	-23,000
16-19	27,800	24,700	24,600	-3,100	-3,200
20-24	54,200	57,000	50,500	2,800	-3,700
25-34	116,800	118,700	122,700	1,900	5,900
35-44	125,300	118,700	122,800	-6,600	-2,500
45-54	158,700	140,100	123,000	-18,600	-35,700
55-64	136,500	141,400	130,100	4,900	-6,400
65-84	40,900	52,100	63,500	11,200	22,600



High labor force participation & no net migration

Age Group	2016	2021	2026	Change	
				5 Year	10 Year
Civilian Noninstitutional Population					
16-84	1,057,500	1,088,800	1,108,000	31,300	50,500
16-19	65,600	58,200	58,100	-7,400	-7,500
20-24	77,700	81,600	72,400	3,900	-5,300
25-34	151,300	153,800	158,900	2,500	7,600
35-44	154,700	146,500	151,600	-8,200	-3,100
45-54	198,600	175,400	153,900	-23,200	-44,700
55-64	205,200	212,700	195,700	7,500	-9,500
65-84	204,400	260,600	317,400	56,200	113,000
Employed					
16-84	660,200	664,100	661,000	3,900	800
16-19	27,800	24,900	25,000	-2,900	-2,800
20-24	54,200	58,300	52,900	4,100	-1,300
25-34	116,800	121,700	128,900	4,900	12,100
35-44	125,300	120,100	125,700	-5,200	400
45-54	158,700	141,000	124,500	-17,700	-34,200
55-64	136,500	142,600	132,300	6,100	-4,200
65-84	40,900	55,500	71,700	14,600	30,800



No change in labor force participation & OPM population projections

Age Group	2016	2021	2026	Change	
				5 Year	10 Year
Civilian Noninstitutional Population					
16-84	1,077,100	1,094,800	1,090,500	17,700	13,400
16-19	65,900	65,300	61,800	-600	-4,100
20-24	78,200	79,200	78,600	1,000	400
25-34	149,300	152,400	149,400	3,100	100
35-44	164,400	151,500	152,400	-12,900	-12,000
45-54	205,600	183,200	161,700	-22,400	-43,900
55-64	188,600	199,300	192,100	10,700	3,500
65-84	225,100	263,900	294,500	38,800	69,400
Employed					
16-84	665,700	655,100	635,600	-10,600	-30,100
16-19	27,900	27,700	26,200	-200	-1,700
20-24	54,600	55,300	54,900	700	300
25-34	115,300	117,700	115,300	2,400	0
35-44	133,200	122,700	123,400	-10,500	-9,800
45-54	164,300	146,400	129,200	-17,900	-35,100
55-64	125,400	132,500	127,700	7,100	2,300
65-84	45,000	52,800	58,900	7,800	13,900



High labor force participation & OPM population projections

Age Group	2016	2021	2026	Change	
				5 Year	10 Year
Civilian Noninstitutional Population					
16-84	1,077,100	1,094,800	1,090,500	17,700	13,400
16-19	65,900	65,300	61,800	-600	-4,100
20-24	78,200	79,200	78,600	1,000	400
25-34	149,300	152,400	149,400	3,100	100
35-44	164,400	151,500	152,400	-12,900	-12,000
45-54	205,600	183,200	161,700	-22,400	-43,900
55-64	188,600	199,300	192,100	10,700	3,500
65-84	225,100	263,900	294,500	38,800	69,400
Employed					
16-84	665,700	666,300	658,800	600	-6,900
16-19	27,900	27,900	26,600	0	-1,300
20-24	54,600	56,500	57,400	1,900	2,800
25-34	115,300	120,600	121,200	5,300	5,900
35-44	133,200	124,200	126,300	-9,000	-6,900
45-54	164,300	147,300	130,800	-17,000	-33,500
55-64	125,400	133,600	129,900	8,200	4,500
65-84	45,000	56,200	66,600	11,200	21,600



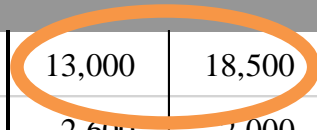
No change in labor force participation & high migration

Age Group	2016	2021	2026	Change	
				5 Year	10 Year
Civilian Noninstitutional Population					
16-84	1,057,500	1,101,100	1,131,800	43,600	74,300
16-19	65,600	59,000	59,900	-6,600	-5,700
20-24	77,700	82,800	74,500	5,100	-3,200
25-34	151,300	156,100	163,700	4,800	12,400
35-44	154,700	148,700	156,200	-6,000	1,500
45-54	198,600	178,000	158,500	-20,600	-40,100
55-64	205,200	215,900	201,600	10,700	-3,600
65-84	204,400	260,600	317,400	56,200	113,000
Employed					
16-84	660,200	661,600	654,500	1,400	-5,700
16-19	27,800	25,000	25,400	-2,800	-2,400
20-24	54,200	57,800	52,000	3,600	-2,200
25-34	116,800	120,500	126,400	3,700	9,600
35-44	125,300	120,400	126,500	-4,900	1,200
45-54	158,700	142,200	126,600	-16,500	-32,100
55-64	136,500	143,600	134,100	7,100	-2,400
65-84	40,900	52,100	63,500	11,200	22,600



High labor force participation & migration

Age Group	2016	2021	2026	Change	
				5 Year	10 Year
Civilian Noninstitutional Population					
16-84	1,057,500	1,101,100	1,131,800	43,600	74,300
16-19	65,600	59,000	59,900	-6,600	-5,700
20-24	77,700	82,800	74,500	5,100	-3,200
25-34	151,300	156,100	163,700	4,800	12,400
35-44	154,700	148,700	156,200	-6,000	1,500
45-54	198,600	178,000	158,500	-20,600	-40,100
55-64	205,200	215,900	201,600	10,700	-3,600
65-84	204,400	260,600	317,400	56,200	113,000
Employed					
16-84	660,200	673,200	678,700	13,000	18,500
16-19	27,800	25,200	25,800	-2,600	-2,000
20-24	54,200	59,100	54,400	4,900	200
25-34	116,800	123,600	132,800	6,800	16,000
35-44	125,300	121,900	129,500	-3,400	4,200
45-54	158,700	143,100	128,200	-15,600	-30,500
55-64	136,500	144,800	136,300	8,300	-200
65-84	40,900	55,500	71,700	14,600	30,800



Six (of many possible) scenarios:

What seems most plausible?

1. No change in LFP & no net-migration
2. High LFP & no net-migration
3. No change in LFP & OPM population projections
4. High LFP & OPM population projections
5. No change in LFP & high migration
6. High LFP & high migration