



# **Economic Development Council of Maine**

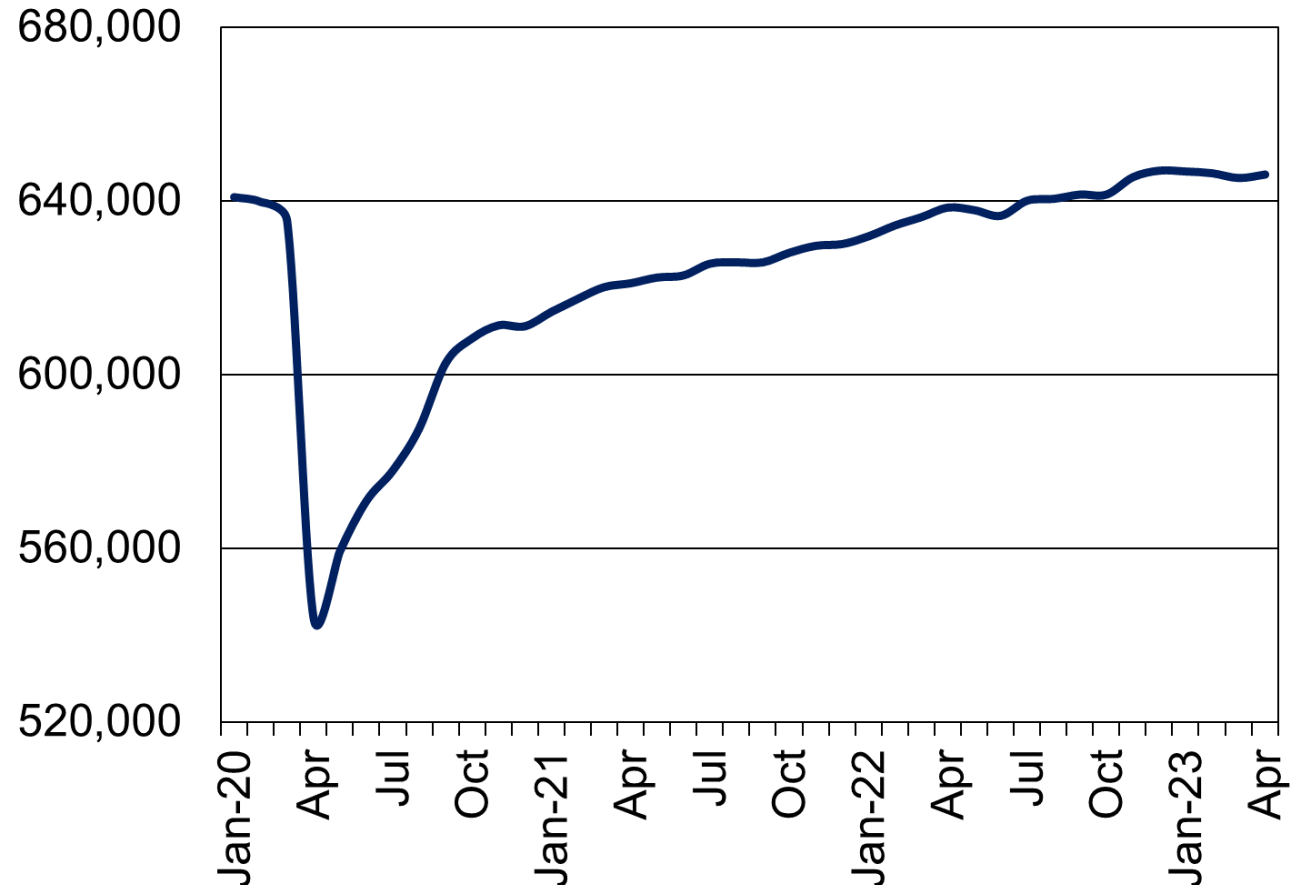
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# Jobs reached all time highs in recent months

## Unemployment rates are at record lows

- Employer payrolls reached record highs at the end of 2022
- Jobs have been little changed in recent months since exceeding the pre-pandemic level at the end of last year and stood at 646,000 in April
- The unemployment rate decreased to 2.4 percent in April, eclipsing the previous all time low reached the month before (and in mid-2022)

Nonfarm Wage and Salary Jobs  
(Seasonally Adjusted)

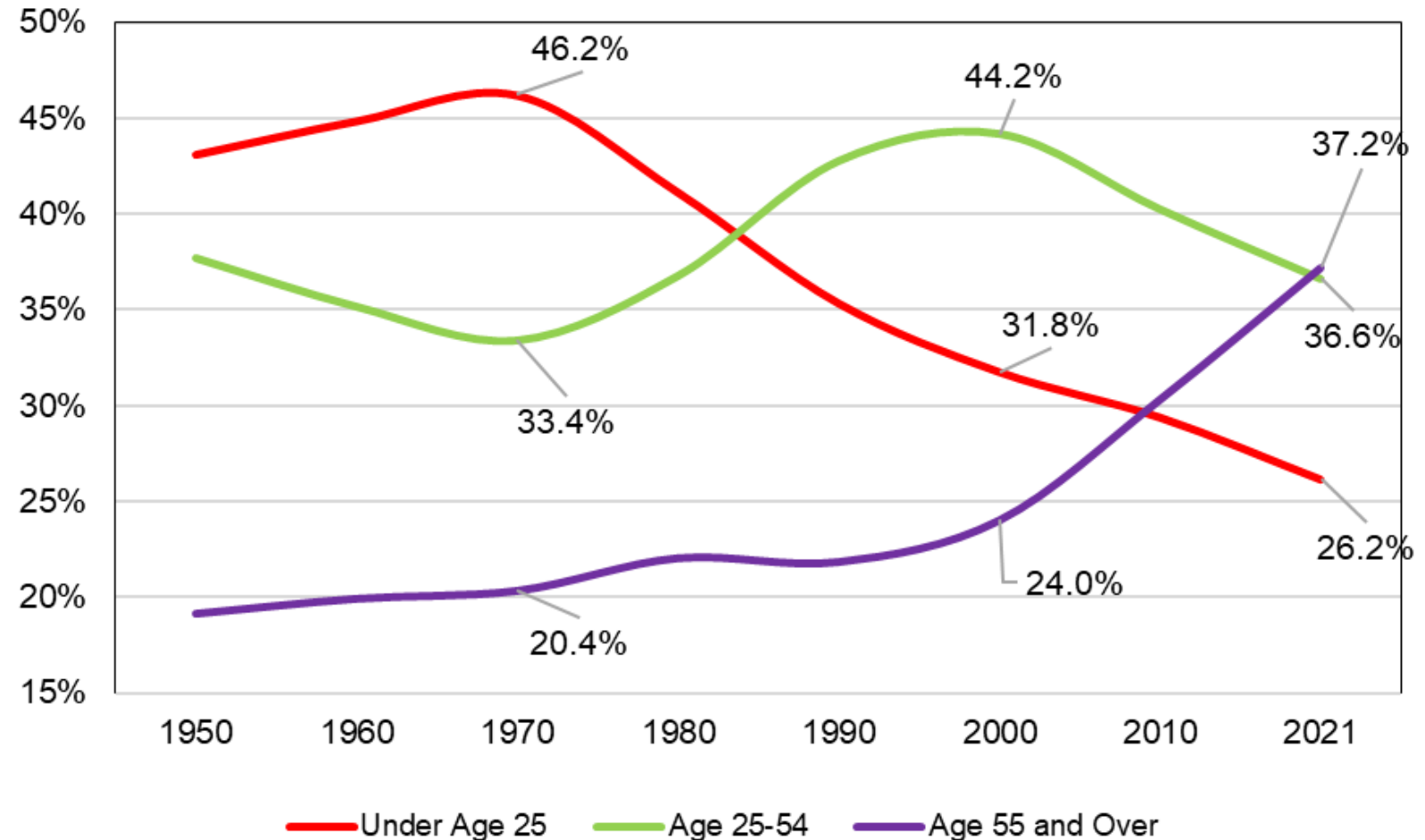


Note: Nonfarm wage and salary jobs reflect jobs that are **filled** and reported as part of an employer's payroll during the reference period, **unfilled or vacant positions are not counted.**

## There are now more people in Maine age 55 and above than there are people in prime working ages 25-54

- Workforce constraints and the current balance between supply and demand in the labor market are generally **not driven by** decreasing/lower participation rates among people in prime working ages (25-54)
- Rather, they are driven by the shifting population structure
- Within age groups, labor force participation in Maine has not changed much for groups age 25 and over though participation generally fell during the two recessions that began in 2007 and 2020 (and has since recovered)

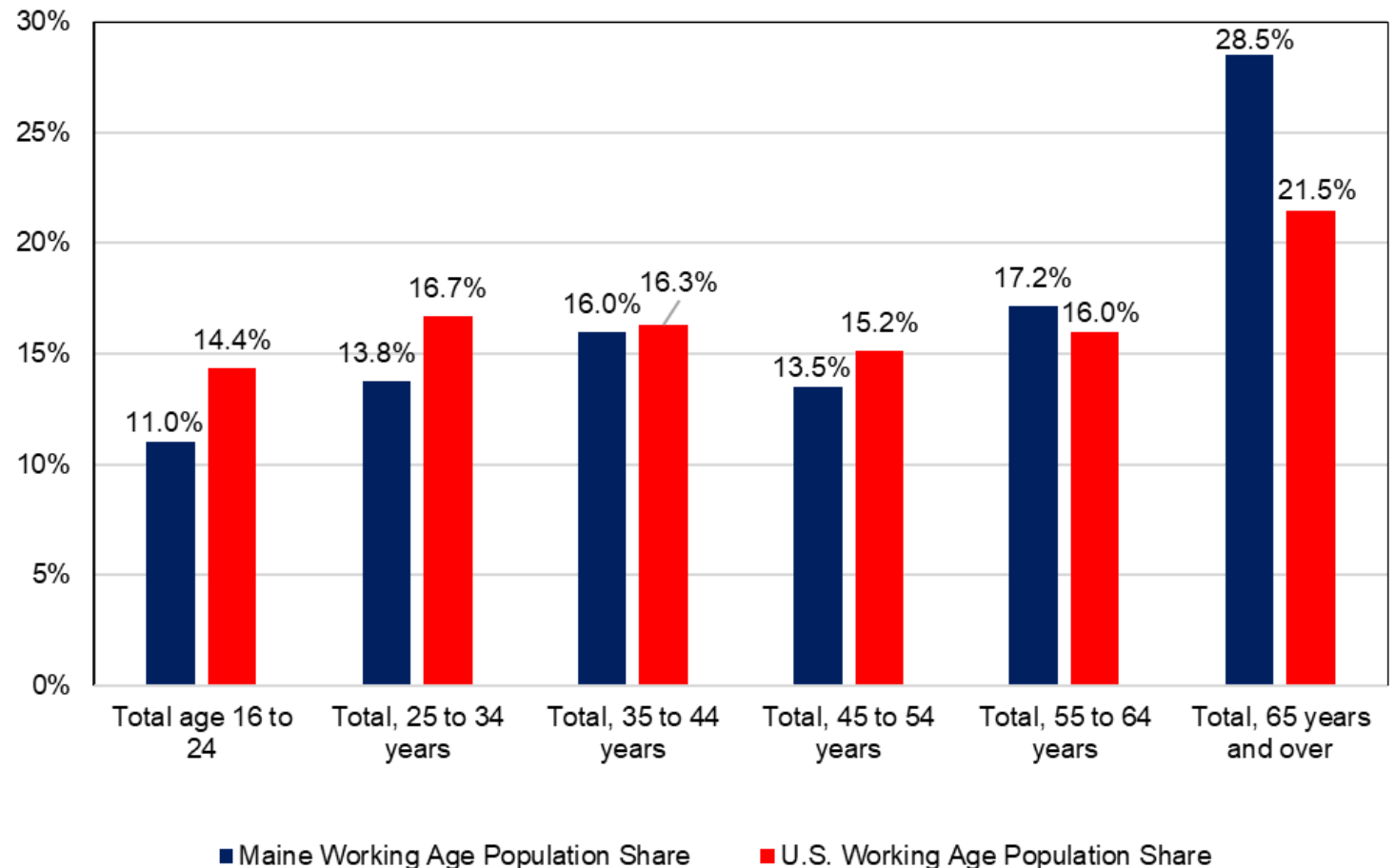
Share of Total Population by Age Group



## Why is Maine's labor force participation rate low relative to the Nation?

- There are more people in higher age ranges where participation rates are lower mostly due to retirement, health and disability. Participation falls below 20 percent among those 65 and over.
- If the age distribution of the civilian working age population (age 16 and over) in Maine was the same as the nation and Maine's labor force participation rate in each age group was unchanged:
  - then Maine's labor force participation rate **would have been 62.4 percent** in 2022, essentially no different than the national rate of **62.2 percent**
  - Maine's **actual** labor force participation rate was **58.4 percent** in 2022

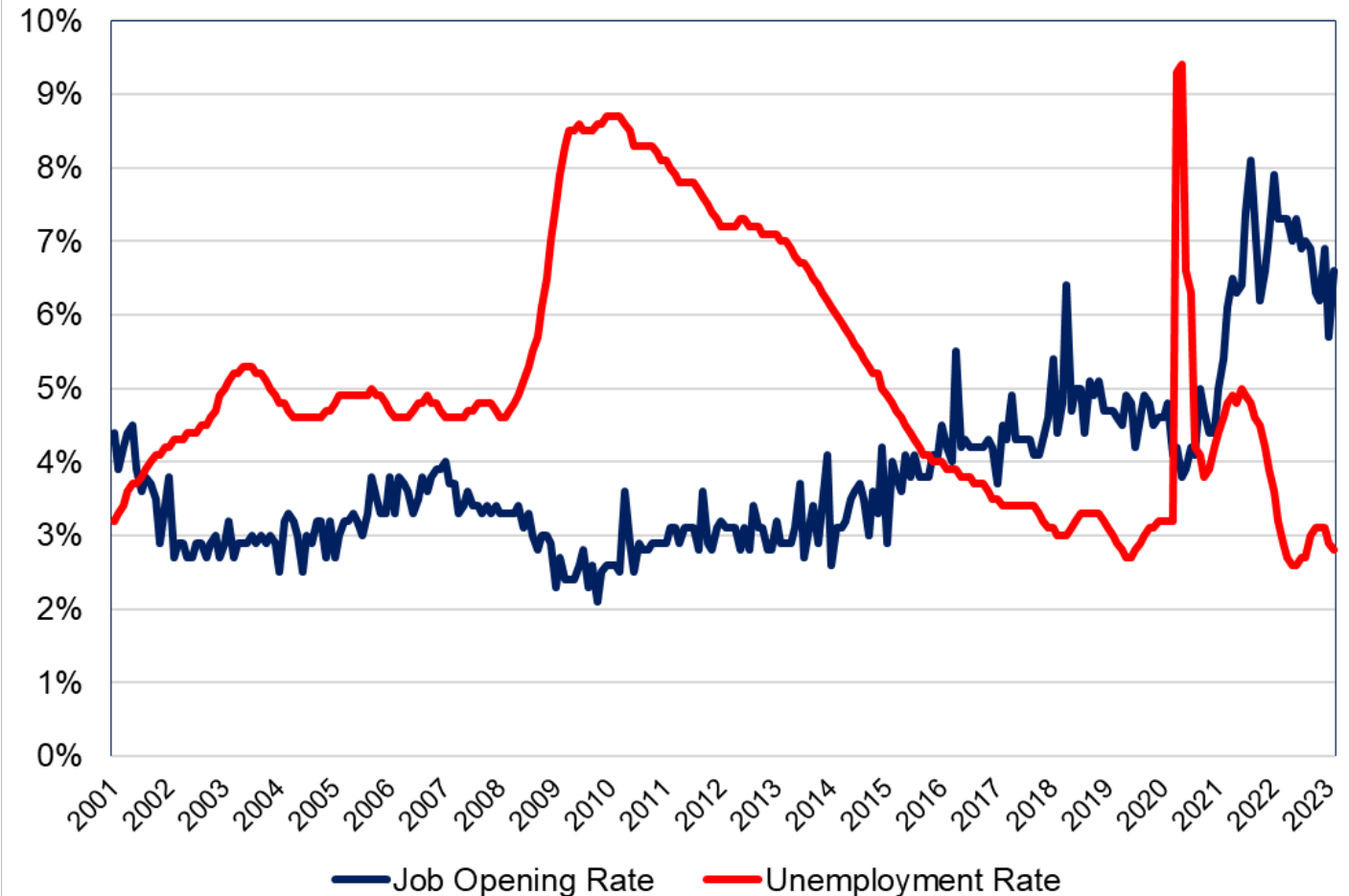
2022 Share of Civilian age 16+ Population by Age Group



## The balance between labor demand and labor supply has flipped

- Past decades in Maine's labor market have mostly been characterized by a relatively low labor demand and a relatively high labor supply
- The balance began to flip in the period just before the pandemic and during the robust economic recovery that followed
- Labor is more scarce creating a competitive environment for employers seeking to attract and retain talented workers

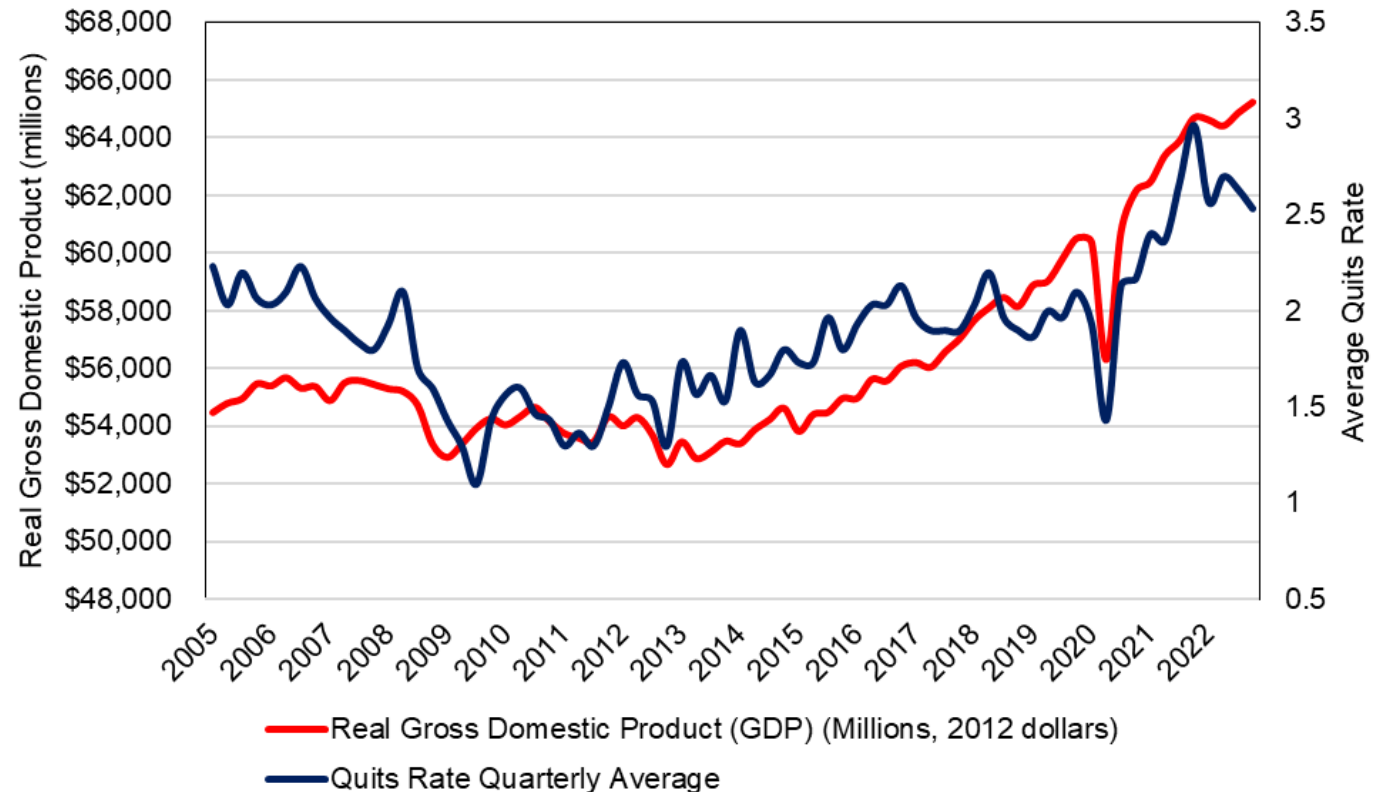
Maine Labor Market Balance



## The Great Labor Reshuffling: most job leavers are pursuing opportunities for advancement

- Economic recovery & high demand for labor → **great labor reshuffling**
- Many job leavers (great resignation) are pursuing opportunities for advancement, higher compensation, better working conditions or starting a business
- Demographics and the pandemic both played a role:
- Retirement generally leads to a job opening for replacement needs in an organization
- Replacing workers in senior positions through internal promotion or job switching workers from other organizations generally leads to downstream openings

**Maine Real Gross Domestic Product and Quits Rate**  
(Quits Rate Seasonally Adjusted)

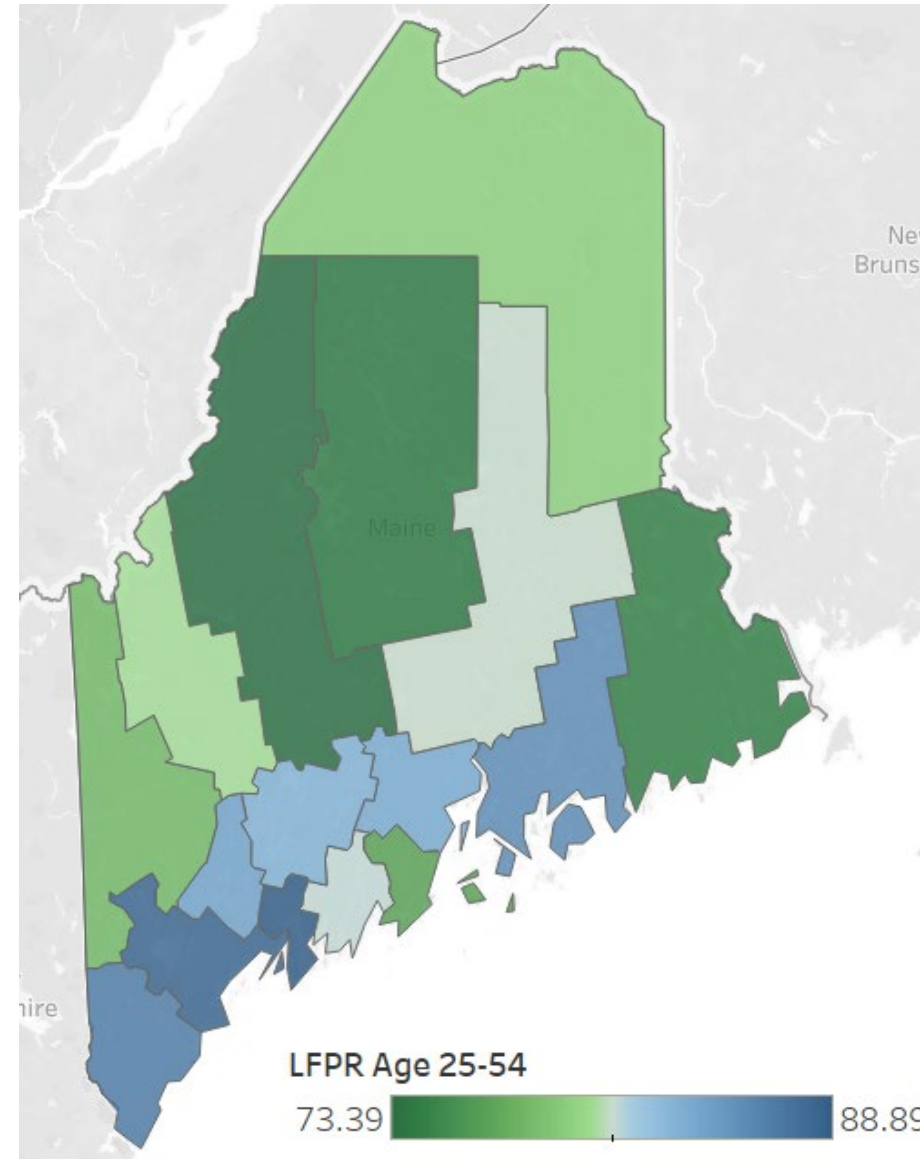


## Barriers to Economic Opportunity

- Despite record low unemployment rates and record high jobs numbers
- Many groups face significant barriers to economic opportunity including those in historically marginalized groups, people with disabilities, justice involved, those struggling with substance use disorder and people living in poverty
- There are stark differences in outcomes across substate regions, particularly between Coastal, Southern and Central Maine and the Northern Rim where:
  - Poverty rates, unemployment rates and disability rates tend to be higher
  - Labor force participation rates, educational attainment and household incomes tend to be lower

## Participation in the workforce is highest in the coastal counties

- Labor force participation is strongly related to economic opportunity
- Participation rates are generally highest in the coastal counties where population and job growth has been strongest, and the economic structure is more diverse
- Educational attainment in the coastal counties is also high on average relative to the state
- Participation in the workforce is lowest in the northern rim of the state, where labor market opportunities are fewer



Labor force participation rate age 25-54 (2021 5-year estimate)

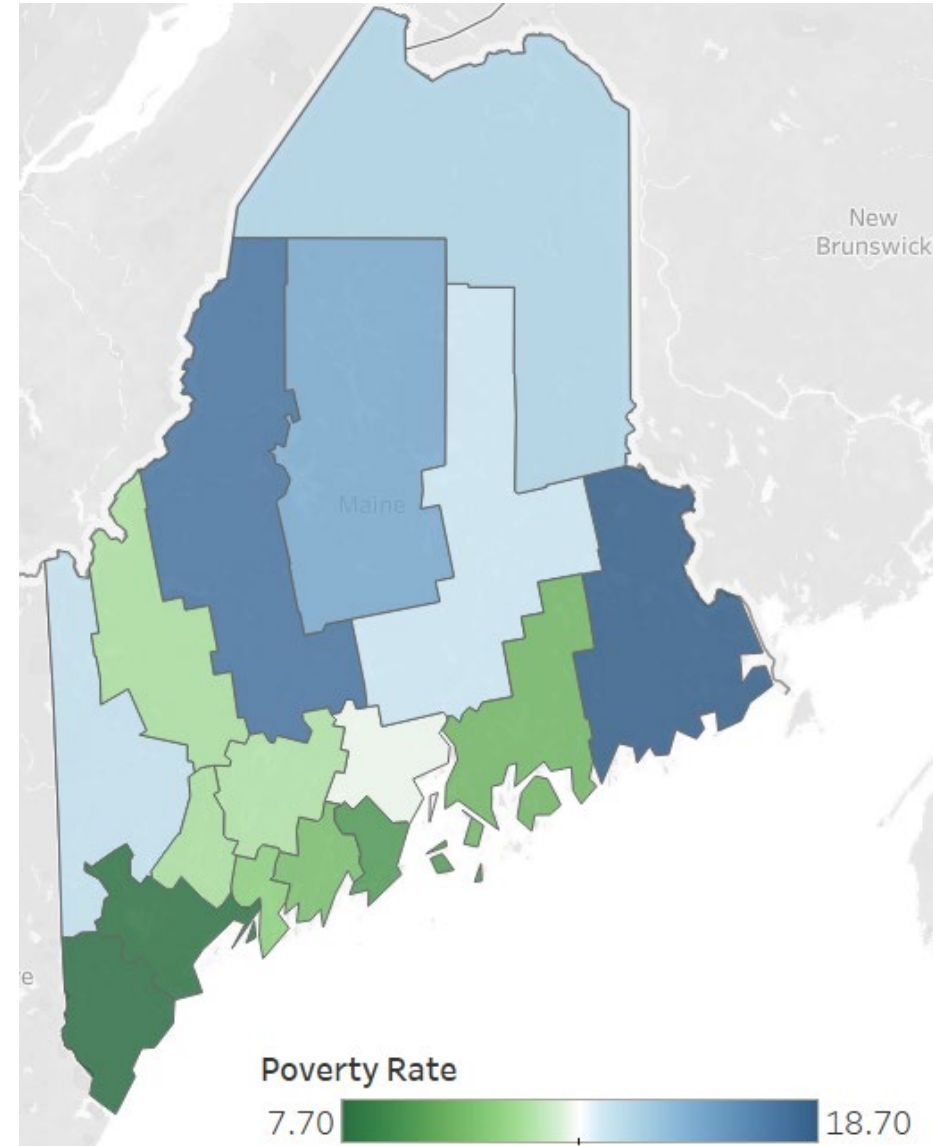
Data source: [2021 Census American Community Survey 5-year estimates Table S2301 Employment Status](#)



## Poverty Rates tend to be Highest in the Northern Rim

- The uneven geographic distribution of economic opportunities is reflected in poverty rates
- The Northern Rim has experienced a long-term decline in labor demand as Maine's economy has shifted away from goods producing sectors and toward sectors that provide services
- These areas tend to be more economically isolated and have experienced slow population growth or population decreases in the long run
- Poverty rates are more than twice as high in Washington, Somerset and Piscataquis counties than they are in Cumberland and York counties

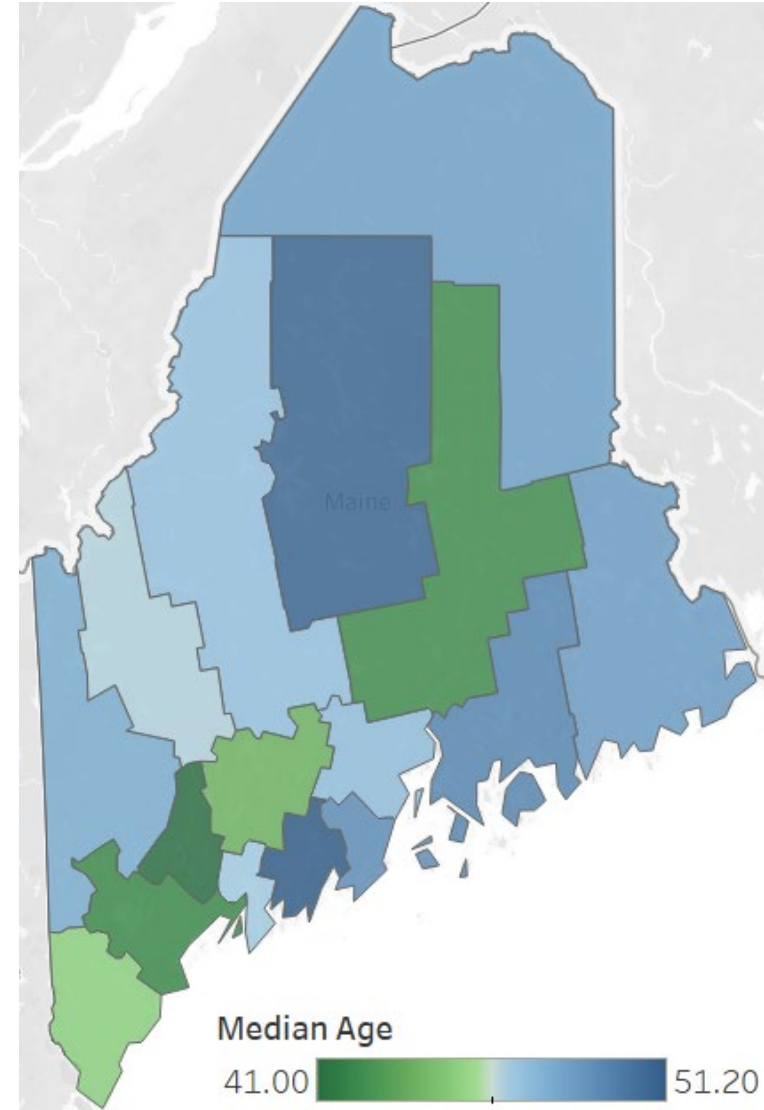
Data source: [2021 Census American Community Survey 5-year estimates Table S1701 Poverty Status](#)



Poverty  
Rate by  
County  
(2021 5-  
year  
estimate)

## Population growth has been concentrated in Southern Maine There is an older population on average in the Northern Rim

- Median age measures the age at which one-half of the population is older and one-half younger. The [U.S. median age in 2021](#) was 38.8 years
- The combination of decreasing birth rates and out migration has led to slow growth or decreasing population with an older population structure in rural areas relative to the state as a whole
- [Sprung-Keyser, Hendren and Porter \(2022\)](#) analyze data on children born between 1984 and 1992, measuring their locations at childhood and as young adults
- The data shows that young people have been moving away from rural areas of Maine at particularly high rates; this has been pronounced in the Downeast and Northeast regions

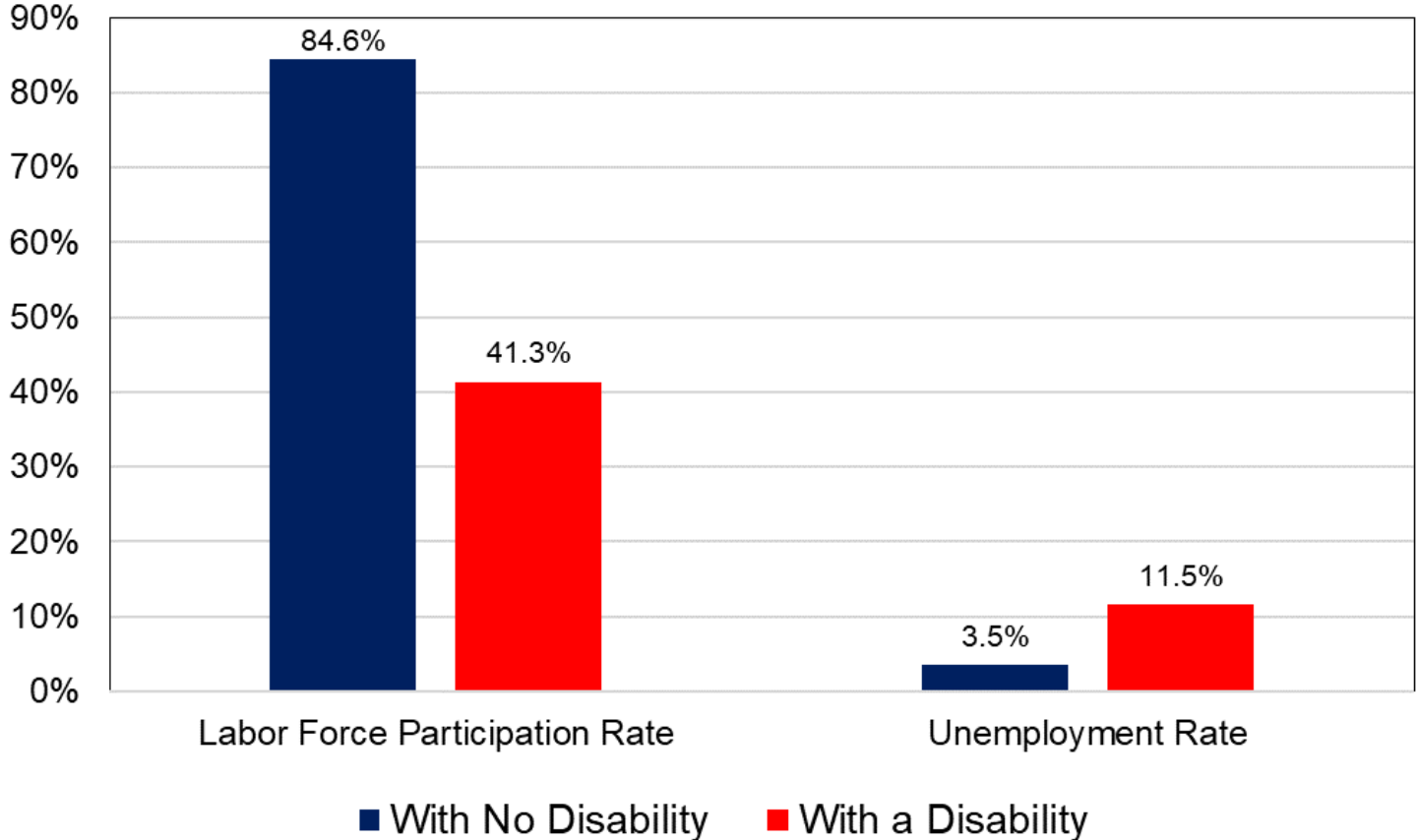


2021  
Median  
Age by  
County

# Labor market barriers: people with disabilities are more than 3 times as likely to be unemployed

- Despite historically tight labor market conditions, many groups still face significant barriers to economic opportunity
- Among the population between the ages of 18 and 64 in Maine:
  - Those with a disability are more than 3 times as likely to be unemployed
  - Those with a disability are about half as likely to participate in the labor force

Labor Force Status by Disability Status



## Competitive labor markets are expanding economic opportunities

- Unlike the Great Recession period when job losses and economic recovery disproportionately disadvantaged workers with disabilities
- Tight labor markets and the adoption of remote work have contributed to significant economic gains for people with disabilities (PWD)
- [Maestas and Ne'eman \(2022\)](#) find that: “...PWD appear to have had similar employment losses compared to their non-disabled counterparts during the COVID-19 recession. During the recovery, ***PWD experienced considerably faster employment growth, reaching pre-Recession levels before their non-disabled counterparts and then exceeding them....The disabled employment-to-population ratio in Q2 2022 is significantly higher than it was three years earlier, despite COVID-19’s considerable disruptions.***”
- [Autor, Dube and McGrew \(2023\)](#) find that competition for workers is having the effect of reducing earnings inequality and the college wage premium
- Wages have grown more quickly among lower-paid and less-educated workers than among the better-paid and more highly educated

# Labor Market Balance

2001-2015

Labor Supply often exceeds Labor Demand

2.1 unemployed job seekers for every one job opening on average

5.7 percent average unemployment rate

- Employers may require higher levels of education and/or experience for some occupations
- The onus and cost falls on job seekers to acquire education and training to be successful in the labor market

2023

Labor Demand often exceeds Labor Supply

2 job openings for every one unemployed job seeker on average

2.7 percent average unemployment rate

Employers may

- Consider a broader pool of job seekers, reevaluate required education/experience for some occupations
- Examine what they offer to jobseekers: workforce development, compensation, upward mobility, flexibility, mission, ect.
- Consider alternative production methods and rely more on technology