

MEASURES OF GROWTH IN FOCUS



2008

*Performance Measures and Benchmarks
to Achieve a Vibrant and Sustainable
Economy for Maine*

FOURTEENTH REPORT OF THE MAINE ECONOMIC GROWTH COUNCIL

PREPARED BY THE
MAINE DEVELOPMENT FOUNDATION

V I S I O N

A high quality of life for all Maine citizens.

Achieving this vision requires a vibrant and sustainable economy supported by vital communities and a healthy environment.



Prepared for the Maine Economic Growth Council
by the

MAINE DEVELOPMENT FOUNDATION

2008 Performance Measures of the Maine Economic Growth Council

ECONOMY

Prosperity

- ➔ 1. Per Capita Personal Income
- ➔ 2. Gross Domestic Product
- ➔ 3. Employment
- ➔ 4. Multiple Job Holding

Business Innovation

- ➔ 5. Research and Development Expenditures
- ➔ 6. International Exports
- ➔ 7. High Speed Internet Subscribers
- ★ 8. New Business Starts
- ➔ 9. Manufacturing Productivity

Skilled and Educated Workers

- ➔ 10. Higher Degree Attainment

Business Climate

- ➕ 11. Cost of Doing Business
- ➔ 12. Cost of Health Care
- ➔ 13. Cost of Energy
- ➔ 14. State and Local Tax Burden
- ➔ 15. Transportation Infrastructure
- ➔ 16. On-the-job Injuries and Illnesses (Reported)

COMMUNITY

Civic Assets

- ➔ 17. Affordable Housing

Disparities

- ➔ 18. Poverty
- ➔ 19. Gender Income Disparity

Health and Safety

- ➔ 20. Chronic Disease
- ➔ ★ 21. Health Insurance Coverage

ENVIRONMENT

Preservation

- ➕ ★ 22. Conservation Lands

Stewardship

- ➕ ★ 23. Sustainable Forest Lands

Access

- ➔ 24. Population of Service Center Communities

Key to Symbols

GOLD STARS & RED FLAGS

Determining which performance measures receive Gold Stars and Red Flags are judgments made by members of the Maine Economic Growth Council. These determinations reflect consensus of the group and are based on consideration of the best data available and the experienced perspective of Growth Council members. Generally, criteria are as follows:

- ★ Exceptional performance. Very high national standing and/or established trend towards dramatic improvement.
- ➔ Needs attention. Very low national standing and/or established trend towards dramatic decline. In some cases, there is improvement, but it is still viewed as needing attention.

PROGRESS SYMBOLS

The progress symbols reflect movement toward or away from the benchmarks. The benchmarks are established by the Growth Council and determining progress is done objectively each year by reviewing the most recent trend. The Growth Council does not use a uniform methodology in creating benchmarks. Criteria for applying the progress symbols are as follows:

- ➕ We have moved toward the benchmark since last available data.
- ➔ We have moved away from the benchmark since last available data.
- ➔ No significant movement either way since last available data.

INVESTING FOR THE FUTURE

Portfolio managers design a long-term investment plan to generate the return their clients need to realize their dreams. Managers counsel their clients to have faith in their investment plan, to weather periodic storms and to stay focused. This is good advice for Maine. In order for residents and businesses to prosper in this economy we must adopt and stick to an economic plan that will help us realize our dreams. This too requires faith, patience and focus.

Despite uncertain national and global economies, we must continue to make the targeted investments that grow and strengthen the Maine economy. Deferring these investments in the short-term will have greater costs down the road. This is particularly true considering competitor states and regions will continue with their plans regardless of Maine's actions and make it harder to achieve our goals.

In this 14th edition of *Measures of Growth in Focus*, 24 indicators were chosen to give the reader a comprehensive picture of the Maine economy. There are indicators of concern as well as indicators that show progress. Overall, the report shows areas of opportunity – opportunities to improve as well as opportunities to continue to build upon success.

A SLOW ECONOMY

Nationally, the fallout from the sub-prime mortgage market is still playing out and there is talk of a recession. Meanwhile, the Maine economy continues to slowly grow. Employment, state gross domestic product, exports and productivity grew slightly since the last report but, in most cases, at slower rates than the nation or region. As policymakers address these issues, there are areas the state can improve upon and build from to strengthen our position.

OPPORTUNITIES FOR IMPROVEMENT

The Growth Council identified five indicators that deserve particular attention. These indicators measure inputs, costs and resources critical to business and community vitality.

Cost of Health Care: rising costs threaten the health of Maine communities and businesses.

Cost of Energy: rising costs compromise the sustainability of Maine manufacturers and deplete scarce resources of our residents.

Transportation Infrastructure: poor conditions make travel within Maine difficult, time-consuming and expensive. This limits businesses' ability to expand and remain.

Per Capita Personal Income: little growth, particularly in relation to rising costs, is an indicator that fewer are prospering in this economy.

State and Local Tax Burden: Maine needs to continue efforts to spend dollars more efficiently on public priorities without overburdening residents and businesses.

OPPORTUNITIES TO BUILD

The Growth Council identified four indicators where decisions and action have meant positive outcomes for health, business, and the environment. These are indicators that deserve continued support and investment to ensure the same outcomes and should be viewed as opportunities to build upon existing successes.

Health Insurance Coverage: Maine continues to invest in the health of its residents and to provide access to health care.

Conservation Lands: the tradition of protecting Maine lands and their mix of uses for future generations continues and still enjoys statewide support.

New Business Starts: despite a slow economy, growth in new business starts signifies opportunity for Maine entrepreneurs.

Sustainable Forest Lands: industry and the resource community enjoy continued success in the management of Maine's forests, protecting one of Maine's greatest natural assets.

INVEST IN MAINE CHILDREN FOR THE GREATEST RETURN

In addition to the indicators above, there are a number of other measures within the report that tell their own story. One that caught the attention of the Growth Council this year was **Poverty**. Although, overall, Maine's poverty rate remains steady and below the national average, there is a disturbing trend within the data – there are more Maine children living in poverty.

In six years, the poverty rate for Maine children ages 0-5 went from under 14% to over 23%, surpassing the national average. These are the critical formative years that determine, in large part, a child's ability to succeed as an adult. Investing early saves taxpayers much more down the road in foregone public expenses, not to mention the benefit of having productive adults in the workforce. The Growth Council urges readers to consider the effects on children when viewing all indicators, keeping in mind that a long term investment plan in Maine's children will help us move toward the 24 benchmarks listed in this report.

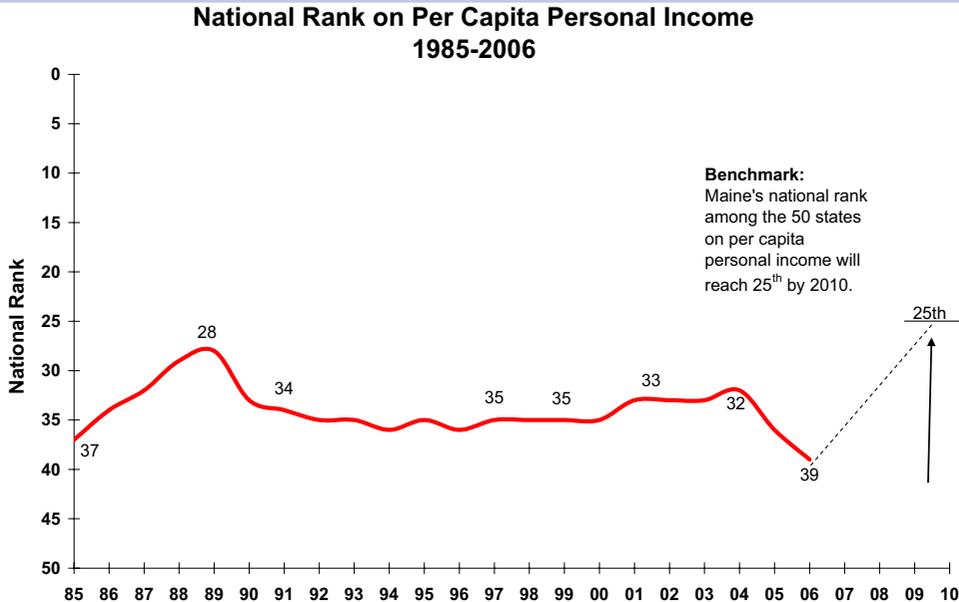
The Growth Council hopes you find the 14th edition of *Measures of Growth in Focus* informative and useful when considering how to invest in a way to realize a high quality of life for all Maine citizens.



1. Personal Income



Benchmark: Maine's national rank among the 50 states on per capita personal income will reach 25th by 2010.



Data Source: U.S. Department of Commerce, Bureau of Economic Analysis

Per Capita Personal Income Unchanged, but Maine's National Ranking Falls

Per capita personal income is the income received from all sources, divided by the state's population. Sources of income include wages, salary, supplements, rents, dividends, interest, and transfer payments. In 2006, Maine's per capita personal income was \$31,931, ranking 39th among all states. This represents a fall from the previous year's ranking of 35th.

In real terms (adjusted for inflation), there was no significant change in this measure – personal per capita income remained essentially the same. As other states have experienced income growth, however, Maine has slowly moved away from the national average over the last three years. In 2003, Maine per capita personal income was just over 91% of the national average. By 2006, it was just over 87% of the national average.

As the table on the next page shows, regionally, New England's average per capita personal income was \$44,252, 18% higher than the national average of \$36,629, and 28% higher than Maine. Connecticut, Massachusetts, New Hampshire, Rhode Island, and Vermont ranked better than Maine.

Increasing personal income is fundamental to a high quality of life for Maine citizens and is a reflection of economic growth and prosperity. Higher incomes stimulate consumer spending, create greater savings, and can lower tax burden and household debt. Higher incomes allow people to secure housing, afford health insurance, and pursue higher education.

The Growth Council has set the goal of Maine ranking 25th in per capita personal income by 2010. The Council believes that a rank of 25th is attainable; Maine ranked 28th nationally in 1989.

(continued on next page)

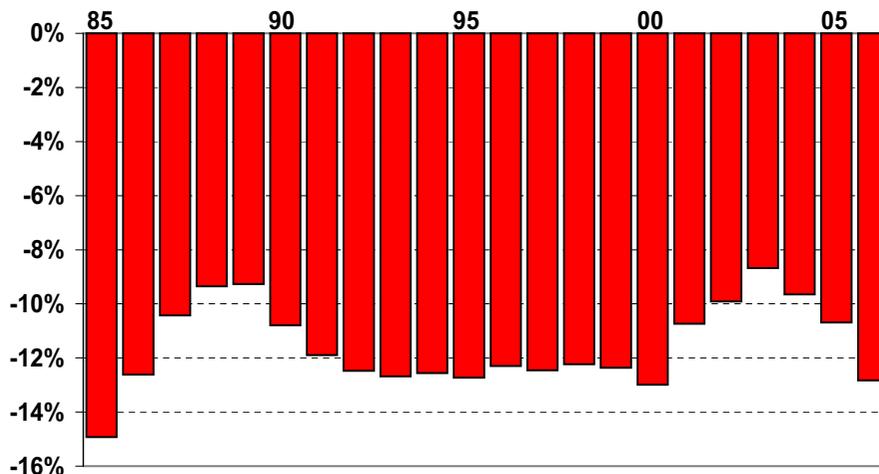
1. Personal Income (continued)

2006 Per Capita Personal Income and National Rank New England States		
	Income	Rank
US	\$36,629	
NE	\$44,252	
CT	\$50,787	1
MA	\$46,255	3
NH	\$39,655	7
RI	\$37,261	17
VT	\$34,623	23
ME	\$31,931	39

Data Source: U.S. Department of Commerce, Bureau of Economic Analysis

The graph below shows that Maine has closed the income gap with the U.S. from 1970 to 2006. However, in recent years that gap has widened. In 2006, the gap was 12.8%. This is an increase from the previous year when the gap was 10.7% and an increase from a high in 2003 when the gap was only 8.7%.

**Per Capita Personal Income Gap 1985-2006
(% Points Maine Income Lags U.S.)**

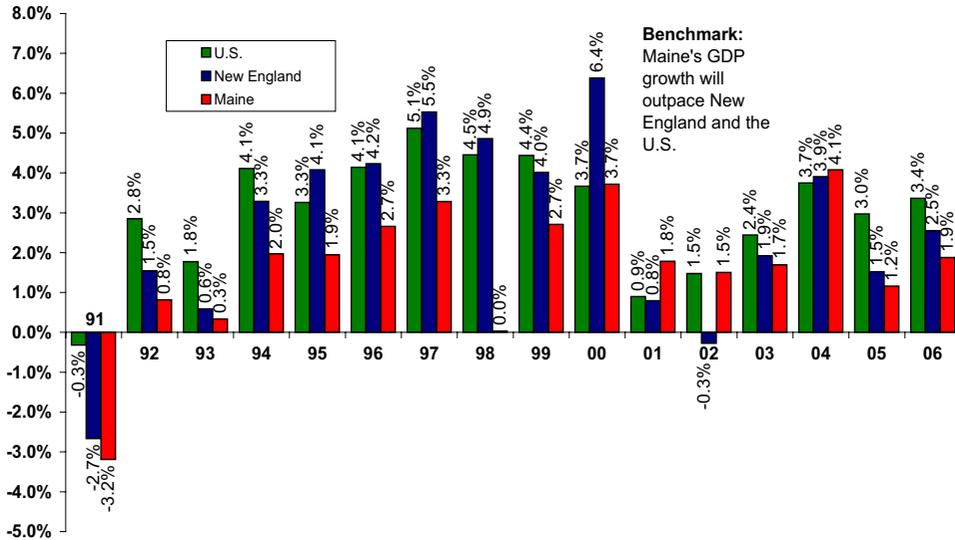


Data Source: U.S. Department of Commerce, Bureau of Economic Analysis

2. Gross Domestic Product

- ➊ Benchmark: Maine's Gross Domestic Product growth will outpace New England and U.S.

**Gross Domestic Product Growth Rate
U.S., New England and Maine 1991-2006**



Data Source: U.S. Department of Commerce, Bureau of Economic Analysis

Maine GDP* Grows – Not as Fast as New England and the Nation

Gross Domestic Product (GDP) is the value added in production by labor and property located in a state. It is a fundamental measure of economic health and the primary determinant of the extent to which an economy is growing or in recession. The sum of value added in all industry sectors totals GDP.

Maine's GDP experienced real growth (adjusted for inflation) of 1.9% from 2005 to 2006. During the same time period, New England and U.S. GDP grew at 2.5% and 3.4% respectively.

Maine's economy, as well as the regional and national economies, experienced greater growth in 2006 than in the previous year. From 2001 to 2006, the five years of recovery since the last recession, Maine's GDP experienced real growth of 10.7%. This is less than the nation's 14.8% growth, but better than the 9.9% regional growth for that same time period.

The table to the right shows the relative contribution to GDP by major industry sector in Maine. Real estate, Government and Manufacturing continues to account for nearly two-fifths (40%) of total output in 2006. This is approximately \$15.7 billion. Another fifth or \$8.1 billion comes from the Retail and Health Care sectors. These five sectors experienced growth in their contribution to GDP. Construction, Utilities and Other Services all experienced declines.

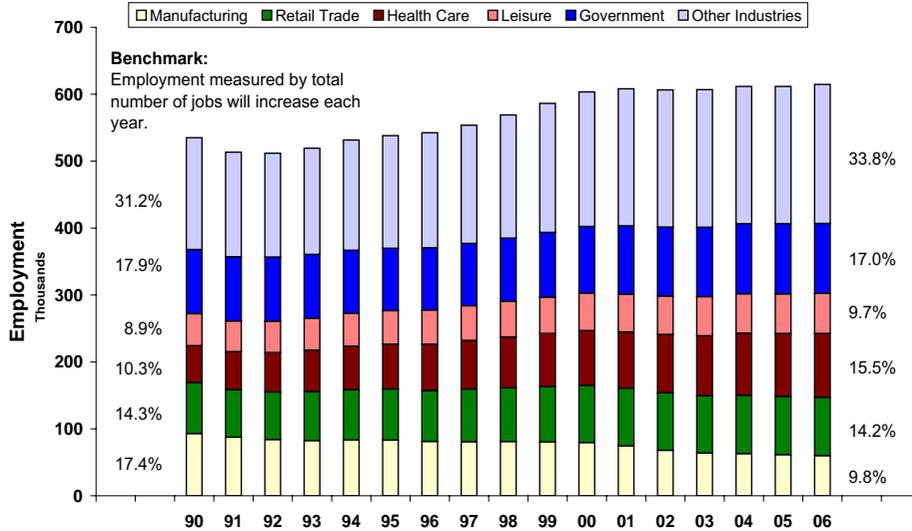
Real Gross Domestic Product by Major Industry Sector Maine 2006			
Industry Sector	GDP Millions of Dollars	% of Total	% Change 05-06
Real estate	\$5,438	14%	2.9%
Manufacturing	\$5,189	13%	1.9%
Government	\$5,125	13%	0.8%
Health Care	\$4,149	10%	2.9%
Retail Trade	\$4,075	10%	2.7%
Finance and Insurance	\$2,613	6%	1.0%
Wholesale Trade	\$2,172	5%	0.0%
Professional/tech Services	\$1,978	5%	3.5%
Construction	\$1,753	4%	-1.7%
Information	\$1,411	4%	4.4%
Lodging and Food Services	\$1,219	3%	2.6%
Admin. and Waste Services	\$895	2%	5.2%
Trans. and Warehousing	\$892	2%	0.2%
Utilities	\$800	2%	-2.1%
Other Services	\$790	2%	-1.6%
Agriculture, Forestry, Fishing	\$646	2%	14.7%
Management	\$373	1%	1.6%
Educational Services	\$350	1%	0.0%
Arts, Entertainment, Rec.	\$334	1%	2.8%
Mining	\$5	0%	0.0%
Total GDP	\$40,207	100%	1.9%

*Until recently, this indicator was noted as Gross State Product (GSP). The Bureau of Economic Analysis has since changed GSP to "GDP by state".

3. Employment

⊞ Benchmark: Employment as measured by the number of total jobs will increase each year.

Average Annual Nonfarm Wage and Salary Employment* by Industry Sector 1990-2006



Data Source: Maine Department of Labor, Center for Workforce Research and Information

Maine Employment Continues to Grow Slowly

From 2005 to 2006, Maine gained 3,000 total jobs. This is a 0.5% increase and marks the fifth consecutive year of growth ranging from 0.2% to 0.7%.

As the table on the following page highlights, sectors that experienced the greatest growth from 2005 to 2006 were Professional and Business Services (3.6%), Construction (2.6%), Educational Services (2.2%), Health Care and Social Assistance (1.5%), Leisure and Hospitality (1.2%), and Transportation-Warehousing-Utilities (1.2%). Together they accounted for approximately 5,300 jobs.

The three sectors that posted losses were Government (-0.4%), Financial (-1.5%), and Manufacturing (-2.3%). Maine’s manufacturing sector continued to shrink in 2006, losing 1,400 jobs from the previous year. Manufacturing employment has fallen steadily from 1990 to 2006. In 1990 manufacturing was 17.4% of Maine’s total employment and by 2006 it was 9.8% of total employment. These losses are consistent with national trends. In a global economy, companies are able to move to parts of the world where costs are lower. Additionally, remaining competitive means improving productivity. This can lead to less labor being needed to complete the manufacturing process.

Maine’s current investments in areas such as job training, education, and research and development (R&D) are intended to grow a new knowledge-based economy to replace jobs lost in the state’s traditional manufacturing sector. Some of the state’s investments in R&D have begun to create new manufacturing niches, such as composite building materials. R&D investment has also strengthened existing industries such as boat building, wood products, and textiles.

(continued on next page)

*Nonfarm employment figures relate to full and part-time wage and salary workers in pay periods including the 12th of the month.

3. Employment (continued)

Employment Growth by Sector 2005-2006		
Sector	Jobs Gained	Growth
Manufacturing	-1,400	-2.3%
Retail Trade	100	0.1%
Health Care and Social Assistance	1,400	1.5%
Leisure and Hospitality	700	1.2%
Government	-400	-0.4%
Natural Resource and Mining	0	0.0%
Construction	800	2.6%
Transportation, Warehousing, and Utilities	200	1.2%
Wholesale Trade	100	0.5%
Information	0	0.0%
Financial	-500	-1.5%
Professional and Business Services	1,800	3.6%
Educational Services	400	2.2%
Other Services	-200	-1.0%
Total	3,000	0.5%

Data Source: Maine Department of Labor, Center for Workforce Research and Information

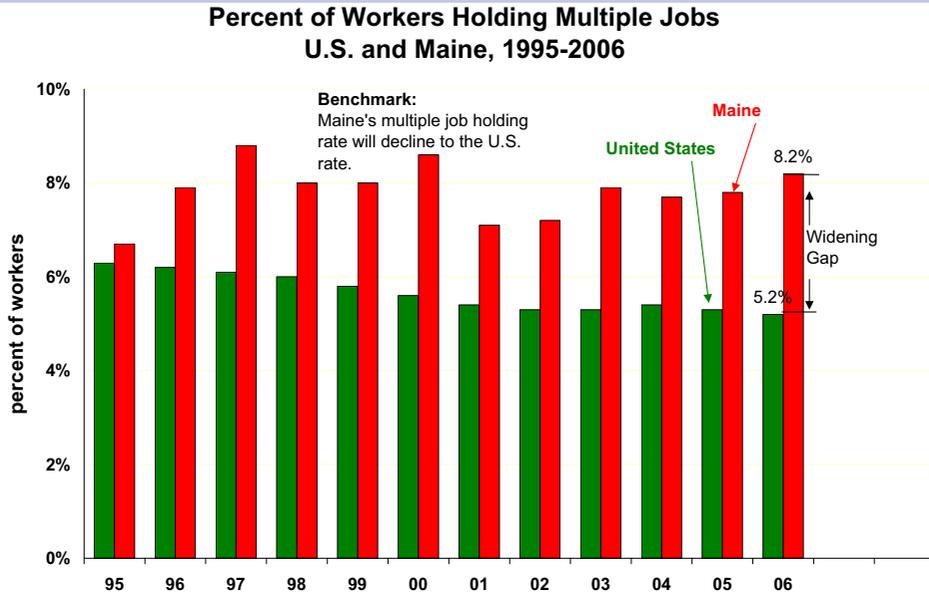
High tech employment*, generally defined as Technological, Scientific and Engineering occupations that require an in-depth knowledge of the theories and principles underlying the technology, has grown in Maine. According to the Center for Business and Economic Research at the University of Southern Maine, high tech jobs grew by over 3% between 2004 and 2005. This was greater than the growth of high tech jobs in both New England and the nation for that same time period. These jobs pay better and have greater potential for growth in this economy. According to the Maine Department of Labor's 2006 State Occupational Employment and Wage Estimates, the average hourly wage for all occupations was \$16.90. The average hourly wage for Computer and Mathematical Science occupations ranged from \$18.39 to \$33.57.

Making the investment in workforce development and R&D does not guarantee job growth; however, failing to make the investment virtually assures poor future employment prospects. Large economies such as India and China have growing knowledge sectors and considerably lower overhead costs, making Maine's focus on creating high-quality, unique products and services (produced and delivered by "knowledge" workers) essential in order for the state to be competitive.

*Definition of High Technology is from the U.S. Department of Commerce, based on 39 NAICS codes corresponding to high technology industries.

4. Multiple Job Holding

- Benchmark: Maine's multiple job holding rate will decline to the U.S. rate.



Data Source: U.S. Department of Labor, Bureau of Labor Statistics, and the Maine Department of Labor, Center for Workforce Research and Information

Maine's Multiple Job Holding Rate Increases

Multiple job holders hold two or more jobs during a given period or they are self-employed in addition to holding other jobs. In 2006, 8.2% of all Maine workers were multiple job holders. This rate was 1.5 times greater than the national rate of 5.2% for that same time period. Maine's multiple job holding rate has been higher than the U.S. rate since 1995 and the gap has slowly widened over the last few years, moving away from the benchmark.

The Growth Council views this measure as a proxy for job quality in Maine. The relatively higher multiple job holding rate in Maine suggests that many jobs are not paying a livable wage or providing adequate benefits to meet basic needs. There is no data to directly quantify this at the statewide level. The latest national data provided by the Bureau of Labor Statistics indicates that in 2001, 28% of multiple job holders nationwide held more than one job to meet expenses or pay off debt. Other reasons included earning extra money, a different experience, and enjoyment of a second job.

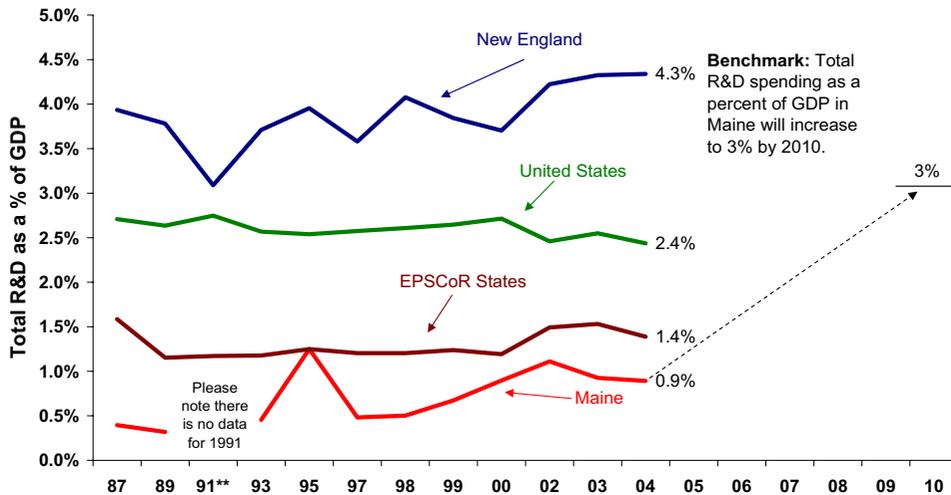
The Maine Department of Labor suggests two reasons why Maine's rate is higher than the national rate: high degree of seasonal work and growth in retail trade and other services where part-time work is prevalent. They also state that it is possible that the rate at which workers hold more than one job in Maine to meet expenses or pay off debt exceeds the national rate due in part to the industrial structure and resultant relatively low average wages of Maine workers. This can negatively affect families as parents are forced to spend more time at work and less time at home.

This indicator reflects, to some extent, stagnant wage growth experienced by workers and declining employer-provided benefits due to the rising cost of health care and insurance.

5. Research and Development Expenditures

Benchmark: Total R&D spending as a percent of GDP in Maine will increase to 3% by 2010.

**Total R&D Spending as a Percent of Gross Domestic Product
1987-2004***



Data Source: PolicyOne Research

Research and Development Spending Remains Steady – Increased Investment Needed

Total R&D investment was 0.9% of GDP in Maine in 2004. This represents no change from the previous year and does not move the indicator closer to the benchmark. Recent bonds approved by Maine voters, as well as new legislation mandating minimum growth rates in state R&D investment, should start to move this indicator forward in coming years.

This measure compares Maine with other EPSCoR states (Experimental Program to Stimulate Competitive Research - a joint program of the National Science Foundation and 22 states, including Maine), in the U.S. and New England. From 1987 to 2004, Maine has remained below the nation and the region on this measure. This is also true for EPSCoR states, but the gap is narrower.

The Growth Council considers the 3% benchmark the minimum investment necessary to expand Maine's innovation-driven economy and increase competitiveness with the U.S. The Growth Council believes that a benchmark set at the New England rate was unrealistic, given that the Boston area is one of the R&D capitals of the country. Greater R&D investment, particularly from Maine's private industry, will be necessary to achieve the goal.

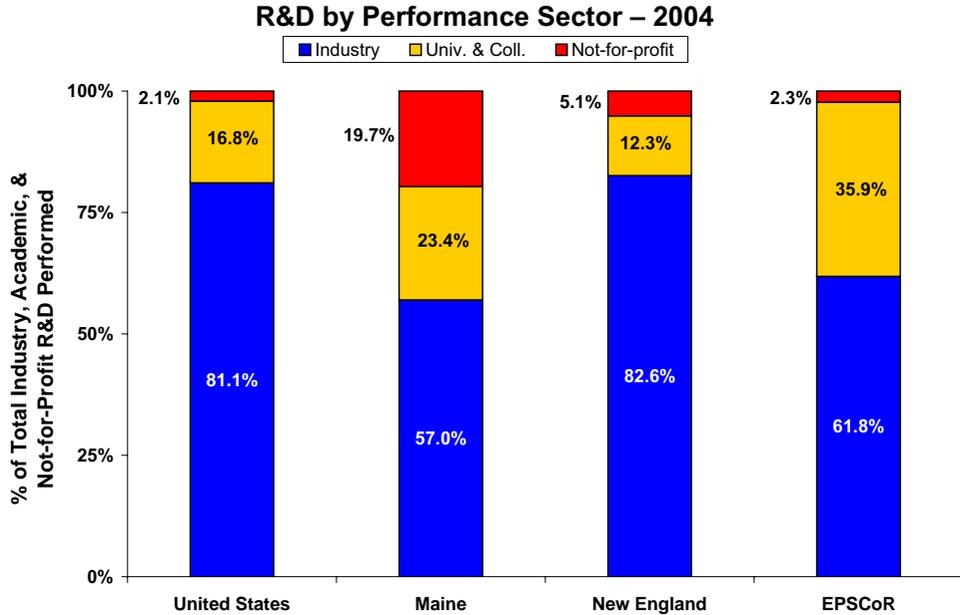
A growing R&D sector in Maine creates wide-ranging economic benefits, chief among them better jobs and increased government revenues. R&D performance is a key measure for gauging Maine's competitiveness in the new knowledge economy. To date, Maine has ranked low among all states in this indicator.

(continued on next page)

*From 1997-2000, chart portrays one-year increments; all other years are in two-year increments.

**Please note there is no Maine data available for 1991

5. Research and Development Expenditures (continued)



Data Source: PolicyOne Research

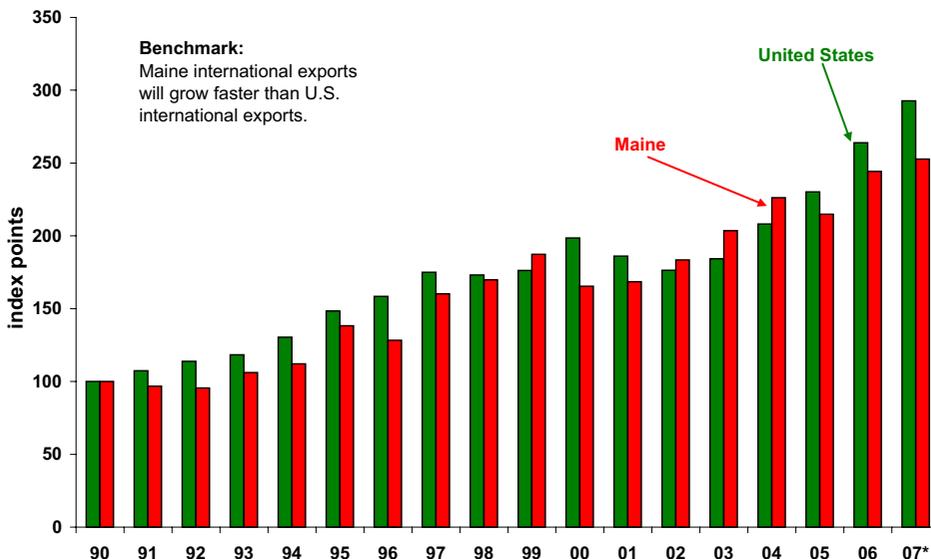
R&D happens in three sectors: Not-for-Profit*, Academic, and Private Industry. Relative to the nation, region and EPSCoR states, Maine has more R&D in the not-for-profit sector. It must be noted that industry directs resources to universities and not-for-profits to perform R&D. Nonetheless, Maine would like more R&D occurring in the private sector. When industry invests in and performs R&D in Maine, there is a greater chance of commercialization and spinoffs happening in Maine. This will lead to wealth and job creation, growing the Maine economy.

*Not-for-Profit includes only that which is federally funded and therefore the contribution by this sector is understated

6. International Exports

Benchmark: Maine's international exports will grow faster than U.S. international exports.

**International Exports, U.S. and Maine (Indexed from 1990)
1990-2007**



Data Source: Maine International Trade Center

U.S. Exports Grew Faster than Maine's in 2007

The Maine International Trade Center reports that Maine exported \$2.7 billion of commodities in 2007. This was an increase of 3.5% from 2006. This was less than the national growth of 10.9%. Over the past 17 years, the trend in growth of exports for Maine and the nation have been the same. In today's global economy, international markets represent opportunities for growth for Maine businesses and in turn the Maine economy. It is important for Maine businesses to have access and the ability to meet demand in these markets.

By commodity grouping, both of Maine's natural resource-based industries saw declines in exports. Forest Products and Fish/Crustaceans/Aquatic Invertebrates were down from the previous year by 1.8% and 5.1% respectively. Exports of Electric Machinery were up by 4.7% from the previous year. Both Industrial Machinery/Computers and Ships/Boats/Floating Structures exports also improved from the previous year.

The top consumers of Maine exports continue to be Canada (32%), Malaysia (26%), the Republic of Korea (5%), Mainland China (5%), and Japan (4%). The remaining 28% of exports are purchased by over 100 countries worldwide.

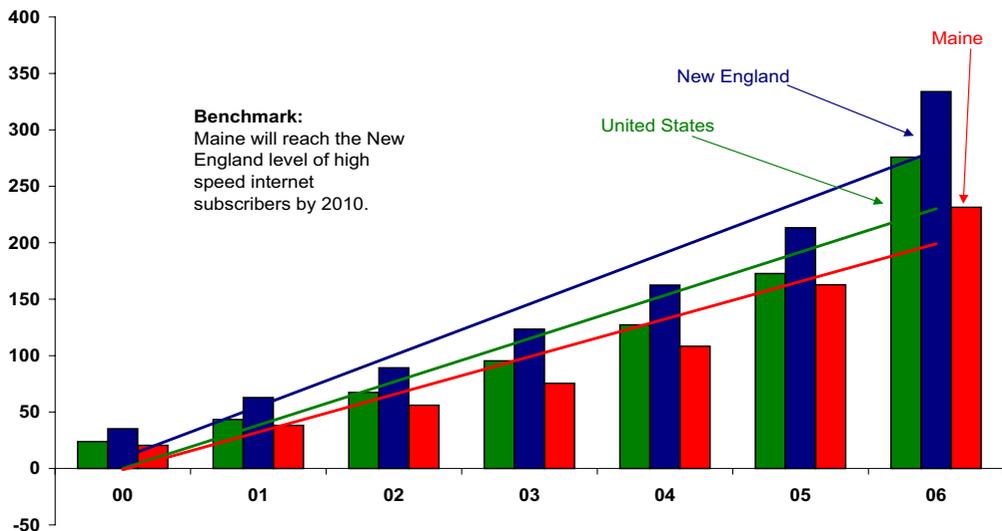
**Major Exported Commodities, 2007
in Millions of \$**

Commodity	2007	2007 Percent of Total
Forest Products Sub-Total	855	31%
<i>Paper & Paperboard</i>	312	11%
<i>Wood and Articles of Wood</i>	277	10%
<i>Pulp of Wood etc.</i>	266	10%
Electric Machinery, etc.; Sound Equip; TV Equip; Pts	842	31%
Fish, Crustaceans & Aquatic Invertebrates	185	7%
Industrial Machinery, Including Computers	132	5%
Ships, Boats, & Floating Structures	16	1%
Other	688	25%
Total Exports	2,718	100%

7. High Speed Internet Subscribers

- Benchmark: Maine will reach the New England level of high speed internet subscribers by 2010.

High Speed Internet Lines (Subscribers) per 1,000 Residents
2000-2006



Data Source: PolicyOne Research

High Speed Connectivity Improves – But More Investment Needed to be Competitive

There were approximately 231 high speed internet subscribers per 1,000 residents in Maine in 2006. This represents growth of 42% from the previous year and growth of 1,025% since 2000.

Relative to the region and nation, Maine trails behind in this measure. This gap increased between 2005 and 2006 and moved us farther away from the benchmark. In 2006, there were 334 subscribers per 1,000 residents in New England and 276 in the nation. This represents growth of 57% and 60% respectively from the previous year.

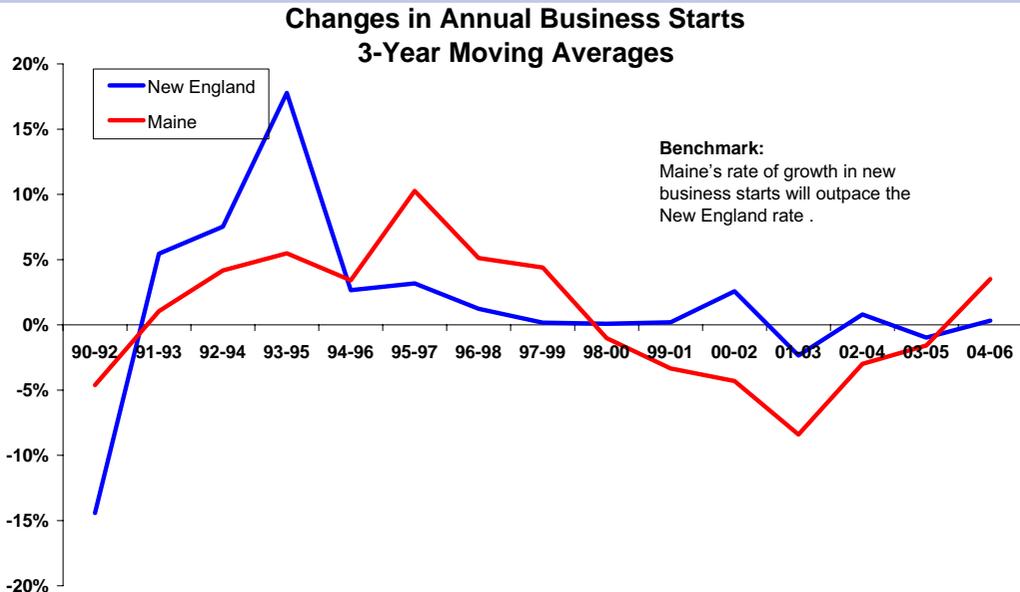
Internet access is a challenge in low-density population states like Maine. This not only affects rural residents and businesses but those all over the state, living in pockets just outside of internet and cable service areas. Service providers make infrastructure investments based on population numbers. They often set a minimum density level for areas where they make investments. The technology requires customers to live within a certain distance of this infrastructure. Beyond this distance, customers are unable to receive the service. This applies to both wire and wireless service. There are other options available, such as satellite service, but the user may need to make a substantial upfront investment.

Expansion of internet and telecommunication technology is essential for economic growth and the well being of Maine's residents. This technology allows companies to compete in the greater global economy and provides opportunities for Maine's entrepreneurs to live in communities across the state and make a living. This technology also creates educational opportunities, improves health care delivery, and keeps people connected with the rest of the world, regardless of where they live. Investments in all forms of connectivity infrastructure are critical as Maine seeks to integrate and compete in the global economy.

8. New Business Starts



Benchmark: Maine's rate of growth in new business starts will outpace the New England rate.



Data Source: U.S. Small Business Administration, Office of Advocacy and the Kauffman foundation

Maine New Business Starts Gaining Ground

In 2006, 4,497 new businesses started in Maine. This is an increase of 5.5% from the previous year, and much better than the New England region where new business starts were down by 3.1% for that same period. Maine lagged behind New England in this measure from the late 1990s until the early part of this decade. As the table shows, in two of the past three years, Maine's growth has outpaced New England activity.

It is important to note that this measure does not consider the number of business failures, acquisitions or mergers. It is the number of businesses each year that are a "new registration" with the state, or an applicant for a new account number with the state's Department of Employment Security. Also, the data presented here reflects only new businesses that have at least one employee other than the owner. New business starts are important because they can add jobs to the economy. They are also an indicator of economic vitality.

One subset of this indicator is micro-businesses (1-4 employees) which accounted for just over 21% of employment in Maine in 2004 and 2005. Maine micro-businesses grew by 2% during that time period, slightly less than the 3% U.S. growth.

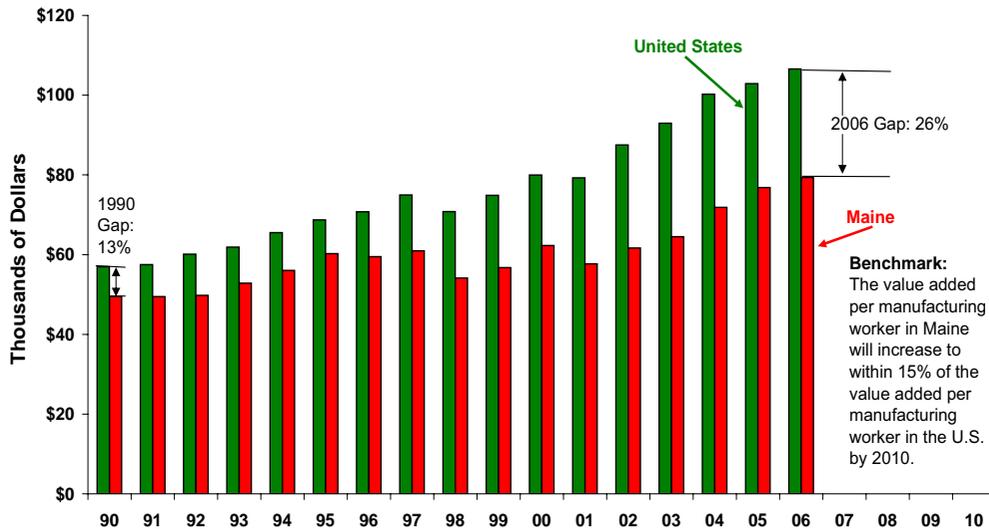
Another subset of this indicator measures entrepreneurial activity or businesses started by those 20 to 64 in age who have not previously owned a business. According to the Kauffman Foundation's Entrepreneurial Index, Maine out-performed both New England and the U.S. in recent years. New entrepreneurial activity is a positive indicator of economic vitality and innovation.

	Annual Growth	
	ME	NE
1990	-11.1%	-12.3%
1991	-11.2%	0.3%
1992	8.5%	-31.2%
1993	5.9%	47.3%
1994	-1.8%	6.5%
1995	12.4%	-0.4%
1996	-3.0%	2.0%
1997	18.7%	8.0%
1998	-3.0%	-6.2%
1999	-2.5%	-1.2%
2000	2.5%	7.7%
2001	-10.0%	-5.9%
2002	-5.4%	5.9%
2003	-9.8%	-7.1%
2004	6.2%	3.6%
2005	-1.2%	0.5%
2006	5.5%	-3.1%

9. Manufacturing Productivity

Benchmark: The value added per manufacturing worker in Maine will increase to within 15% of the value added per manufacturing worker in the U.S. by 2010.

**Value Added per Manufacturing Worker
U.S. and Maine 1990-2006**



Data Source: U.S. Department of Commerce, Bureau of Economic Analysis

Gap Remains Wide Between Maine and U.S. Manufacturing Productivity*

In 2006, a manufacturing sector worker in Maine produced on average \$79,362 of product. This represents an increase of \$2,561 from the previous year, or a 3.3% increase. During the same time period, U.S. manufacturing productivity experienced growth of \$3,715 per worker or a 3.6% increase for a per worker contribution of \$106,582.

While both Maine and the United States have experienced consistent increases in worker productivity over time, the current gap in productivity between the United States and Maine is wide at 26 percentage points, a one point increase from the previous year. This measure continues to move away from the benchmark and is a source of concern. In order for Maine manufacturers to remain competitive they must improve their productivity. If they do not, they will lose business to those companies that can. This has serious implications for the Maine economy. Even though manufacturing employment continues to decline, the overall contribution to GDP is still large at 13%. This measure primarily reflects capital improvements and investments in worker training and education that add value to the product. These investments must be made if Maine is to close the gap with the U.S.

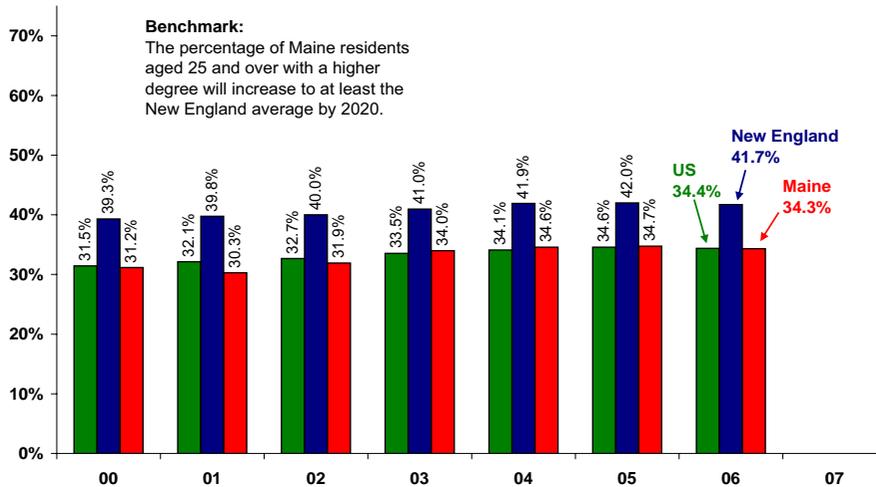
In 2006, the legislature created a Personal Property Tax Exemption effective April 1, 2008. Under the new law, businesses will now receive an exemption from municipalities rather than a reimbursement after payment (as was the case under the Business Equipment Tax Reimbursement program). The hope is to create a greater incentive for businesses to make capital investments as they will no longer need to seek reimbursement. This may improve productivity.

*Productivity is calculated by dividing the total number of manufacturing employees into value added by the manufacturing sector in Maine. Value added is defined as the amount contributed by the sector to the state's Gross Domestic Product. Employment figures do not reflect all manufacturing employees, as some types of manufacturing activities are increasingly outsourced to companies in the "service sector" such as employment contractors.

10. Higher Degree Attainment

Benchmark: The percentage of Maine residents aged 25 and over with a higher degree will increase to at least the New England average by 2020.

Higher Degree Attainment Among Residents Aged 25 and Over, New England and Maine 2000-2006



Data Source: U.S. Census Bureau, American Community Survey

No Significant Change in Share of Higher Degree Holders in Maine

In 2006, just over one-third, or 34.3%, of people in Maine age 25 and over held an associate, bachelor or advanced degree. While this is in line with national numbers of 34.4%, it falls below the New England region where just over two-fifths, or 41.7%, of people hold a degree.

Of the higher degree holders in Maine in 2006, approximately one-quarter had an associate's degree, nearly half held bachelor's degrees, and another quarter held advanced degrees. This is a similar mix to New England except that New England had a slightly larger share of advanced degree holders – nearly a third of all higher degree holders had advanced degrees. The percentage of Mainers with higher degrees has increased over the last six years and has kept pace with national numbers. However, Maine has not made any significant progress toward the New England numbers and the benchmark.

Higher education is a critical factor in Maine's economic development. An educated workforce is central to Maine's competitiveness in an era of rapid knowledge advancement around the globe. An educated workforce is a critical consideration for businesses looking to locate and expand in Maine. An educated workforce has greater earning potential, particularly those with advanced degrees.

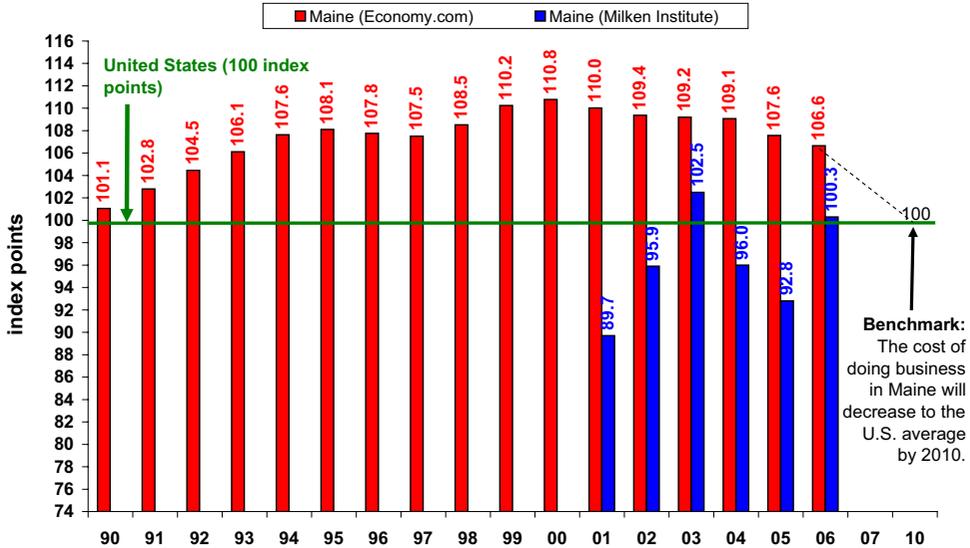
There are efforts underway to address this measure. The Maine Community College System has increased its enrollment and capacity and continues to work with industry to give more Mainers options for advancement. The University of Maine System is making investments in facilities and programs to attract more students within and outside the state. Programs like OpportunityMaine, passed by the Legislature in 2007, will offer financial incentives for people to complete a higher degree program at a Maine institution and then to stay and apply their skills in-state. These efforts will require sustained investment in order to realize the desired return.

The benchmark for this measure is set to the goal of the Maine Compact for Higher Education. The Compact's goal is to match New England's higher education attainment by 2020. For more information on Maine's Compact for Higher Education go to www.collegeforme.com.

11. Cost of Doing Business

+ Benchmark: The cost of doing business in Maine will decrease to the U.S. average by 2010.

**Cost of Doing Business, Maine
1990-2006**



Data Source: Economy.com, Cost of Doing Business 13th Edition, 2007 and the Milken Institute, 2007

Maine Making Steady Improvements in High-Cost Region

In 2006, according to the Economy.com cost index, Maine’s cost of doing business was 6.6% higher than the nation. This index ranks Maine eighth highest in the nation. The measurement is constructed from labor costs (75%); energy costs (15%) and tax burden (10%). A similar index created by the Milken Institute ranks Maine 17th in the nation and just slightly higher than the nation in cost (the Milken index includes rents in their calculation).

The cost of doing business is a major consideration for businesses looking to locate or expand in the state. Maine wants to be competitive regionally and nationally. Although Maine is in the top 10 nationally, it does not distinguish itself regionally. New England as a region has a higher cost of doing business than other regions in the nation. According to Economy.com, Massachusetts (3), New Hampshire (6), and Connecticut (7), all ranked higher than Maine in 2006. Vermont (9) and Rhode Island (11) ranked only slightly better. For 2006, the Milken Index ranks all five other New England states higher than Maine.

From 2000 to 2006, Maine improved each year on this measure and continues to make progress in reaching the benchmark. This may become more difficult as energy prices continue to rise regionally, but is a positive trend nonetheless.

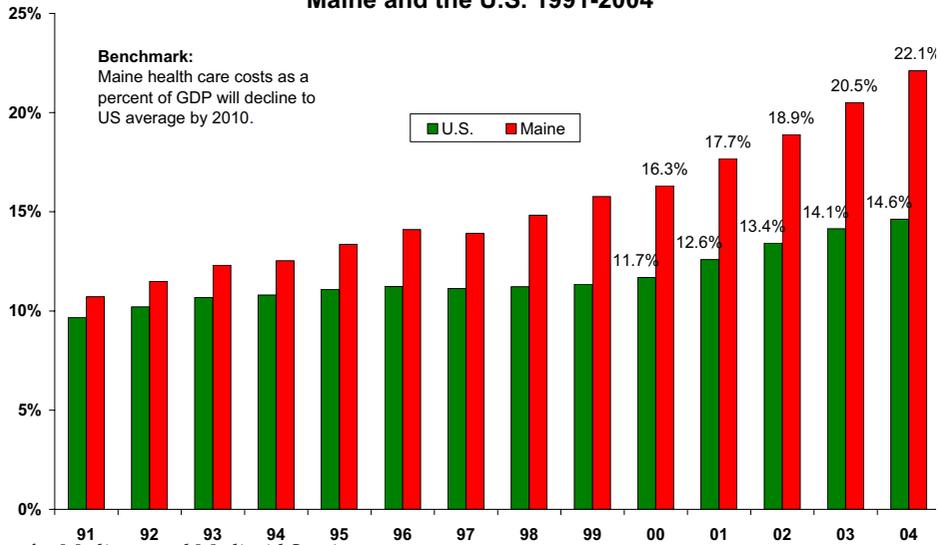
Cost of Doing Business National Rankings Maine 1995-2006												
	95	96	97	98	99	00	01	02	03	04	05	06
Economy.com	8	8	8	8	5	5	6	5	5	5	9	8
Milken							36	23	16	19	28	17

12. Cost of Health Care



Benchmark: Health care costs as a percent of GDP will decline to U.S. average by 2010.

**Total Health Care Costs as a Percent of GDP
Maine and the U.S. 1991-2004**



Data Source: Center for Medicare and Medicaid Services

Rising Cost of Health Care a Concern – Better Data Needed

In 2004, total Health Care expenditures for Maine people amounted to just over 22% of state Gross Domestic Product (GDP). This represents an increase from the previous year and an increase from 1991 when health care costs represented 10.7% of Maine's GDP. In comparison, the U.S. average was 14.6% in 2004, representing a slower increase from the 1991 level of 9.7%.

Looking at per capita expenditures for that same time period, the national average was slightly higher than Maine until 1996. From 1996 until 2004, Maine exceeded the national average and the gap widened each year. By 2004, Maine per capita health care expenditures were \$6,540 compared to \$5,280 nationally.

There are two concerns with this indicator:

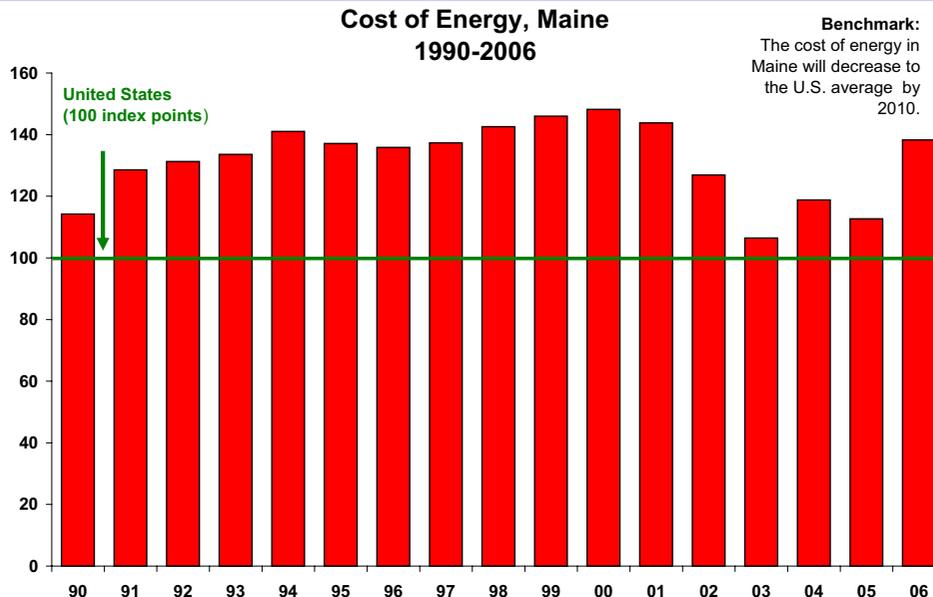
First, this indicator is moving away from the benchmark at a steady incline. Rising health care costs are a burden on Maine's people and businesses. Factors driving these costs include expensive new treatments, inefficiencies in health care delivery, an aging rural population, and overall health status. High costs are connected to poor health outcomes. Poor health adversely affects families and communities, interrupts education, and lowers business productivity. Poor health affects every aspect of life.

Second, data sources for this indicator are not consistent and reliable. Although considerable work has been done to measure the cost of health care in Maine and national figures are updated annually, a consistent and reliable state-level source is not available. The Center for Medicare and Medicaid Services (CMS) does not update the state figures on a regular basis and the next update is not expected for several years. Reliable, timely data is of particular concern because health care expenditures in Maine rose at a faster rate than the nation the last time CMS data were updated. We are not able to track this trend annually using CMS data and analyses without our own imputations that introduce estimates where actual state-level data are missing. As Maine's public and private sectors engage in efforts to address health care delivery, access, and health status (in part to moderate costs), successful efforts will require recent, reliable, and consistent data to assess possible interventions and measure outcomes. **The Growth Council views this as an urgent need.**

13. Cost of Energy



Benchmark: The cost of energy in Maine will decrease to the U.S. average by 2010.



Data Source: Economy.com

Energy Costs Continue to Rise – Critical Concern to Maine Residents and Businesses

The Cost of Energy is a new indicator for the *Measures of Growth* report. This indicator indexes the cost of industrial and commercial electricity used in Maine over a year to the U.S. average, as reported by the Energy Information Administration (EIA) and compiled by Economy.com. This indicator does not include other sources of energy (i.e.: oil, gas, coal) but the commercial and industrial markets give us a good representation of trends. The most recent data for 2006 shows Maine's index at 138.3 or 38.3% higher than the nation. This is much higher than a recent low of 106.4 in 2003. It must be noted that this is a conservative estimate. Central Maine Power reports higher industrial prices for Maine than EIA, meaning that the difference between Maine and the U.S. might be greater.

Energy costs in New England have always been high relative to the nation. In recent years, rising gas and oil prices have driven the Cost of Energy even higher. This affects residents and businesses. Businesses, particularly manufacturers, weigh the Cost of Energy heavily when making decisions to locate and expand. This puts Maine and the region at a competitive disadvantage relative to the nation.

The Cost of Energy is subject to larger economic forces outside the nation. There are some actions, however, that Maine can take to improve the situation:

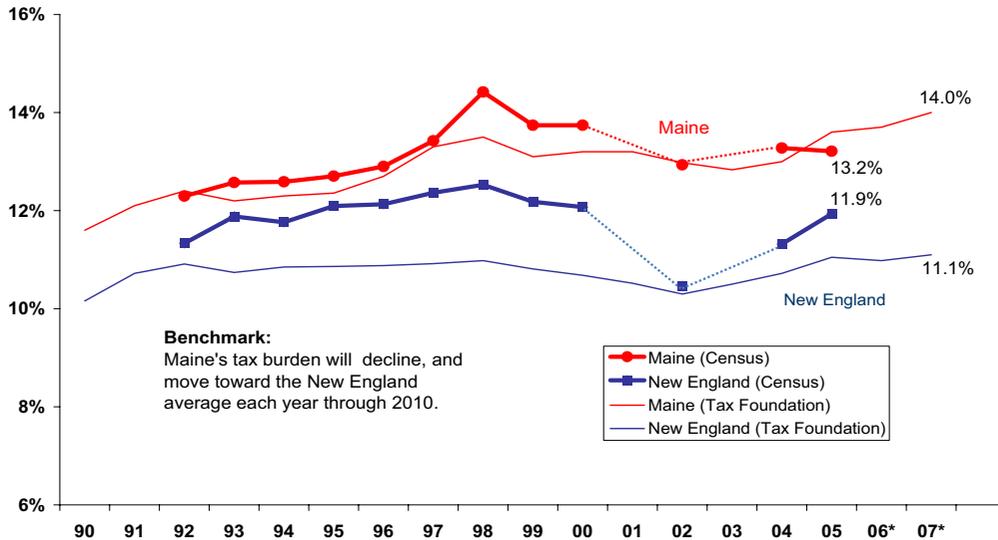
- Maine can make investments to upgrade the power system;
- Maine should continue to invest in efficiency. Programs like Efficiency Maine have been successful in reducing energy usage for household and business consumers alike;
- Maine can diversify the overall energy mix. A large share of electricity production comes from the burning of natural gas which is subject to global forces. Maine should look to diversify its energy portfolio with a greater mixture of sources, including renewable and nonrenewable sources; and
- Maine can investigate changing grids and joining different power pools. This must be approached cautiously, understanding the risks associated with capacity and security over time.

14. State and Local Tax Burden



Benchmark: Maine's tax burden will decline and move toward the New England average each year through 2010.

**State and Local Taxes as a Percent of Income
New England and Maine 1990-2007**



Source: U.S. Census Bureau and Tax Foundation

Maine's State and Local Tax Burden Unchanged

The tax burden is the average amount of state and local taxes a taxpayer pays for every \$100 of income earned, reported as a percent. The most recent U.S. Census estimates show that Maine's total State and Local Tax Burden did not change significantly between 2004 and 2005, remaining at approximately 13.2%. Tax Foundation projections, based on Census data and growth assumptions, predict a similar story for 2006 and 2007. Both show increases in Maine's burden from the early 1990s. In comparison, the average tax burden across New England has been lower than Maine for the last 16 years. There has been no significant movement in the regional average until recently when both Census and Tax Foundation data show increases in New England's regional tax burden.

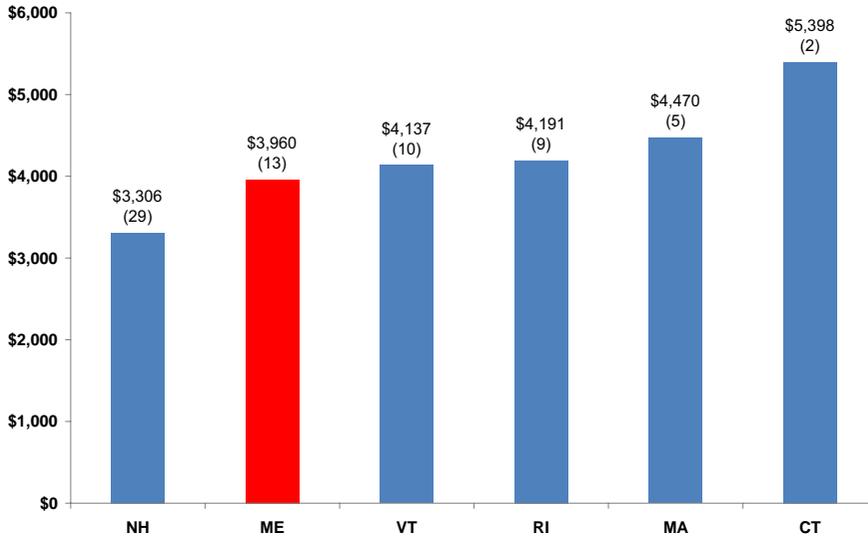
Taxes are a cost and consideration for businesses. Taxes also pay for some services valued by businesses, such as education and transportation. Maine would like to be competitive. Looking at the individual New England states, Census data shows that New Hampshire has had the lowest tax burden in the region and one of the lowest in the nation. Connecticut and Vermont have had tax burdens closer to Maine, as well as national rankings that place them in the top 10.

Maine has not made significant movement toward the benchmark over the last decade. Lowering the burden requires spending cuts, increasing incomes, or both. Both components of burden, taxes and income, are tied to other factors in the economy and indicators in this report.

Income plays a large role with this measure. As an example, removing income from the measure and looking at per capita taxes, U.S. Census data shows Maine ranked 13th in the nation in 2005. Connecticut (2), Massachusetts (5), Rhode Island (9), and Vermont (10) all had higher per capita taxes. New Hampshire had lower per capita taxes and ranked 29th in the nation. On average, in 2005, a Maine taxpayer was paying approximately \$650 more in state and local taxes than a New Hampshire taxpayer and \$1,400 and \$500 less each year than taxpayers in Connecticut and Massachusetts, respectively.

14. State and Local Tax Burden (continued)

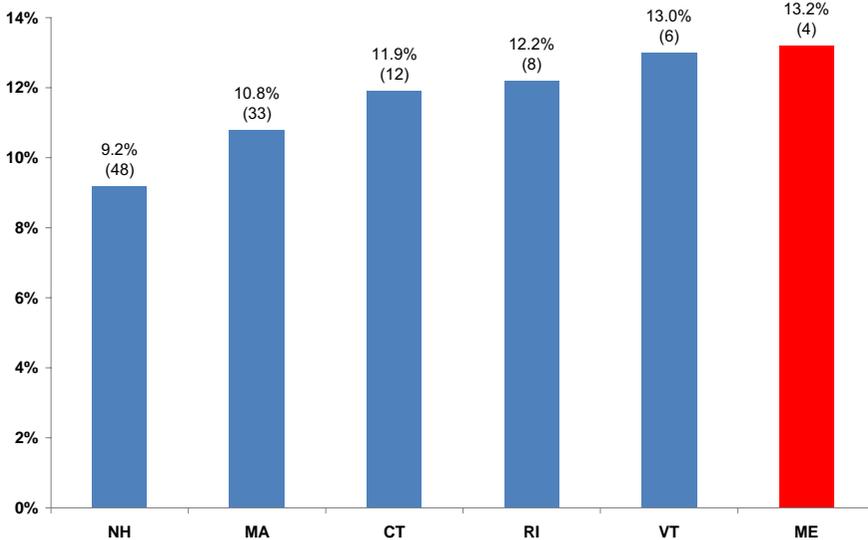
Per Capita State and Local Taxes and National Ranking - 2005



Source: U.S. Census Bureau

Spending also plays a large role. This is complicated by the fact that the cost of health care, energy, and education are rising at faster rates than incomes. This will require prioritization on the part of policymakers. This is stressed in the recent recommendations of the Legislature’s Joint Committee on Future Maine Prosperity. They recommended reforming Maine’s tax code with an emphasis on lowering the income tax rate, to put in place spending restraints at all levels of government, and to identify opportunities for efficiency and streamlining in the delivery of government services. These are already being pursued with the Governor’s school administration and corrections consolidation initiatives.

State and Local Tax Burden and National Ranking - 2005

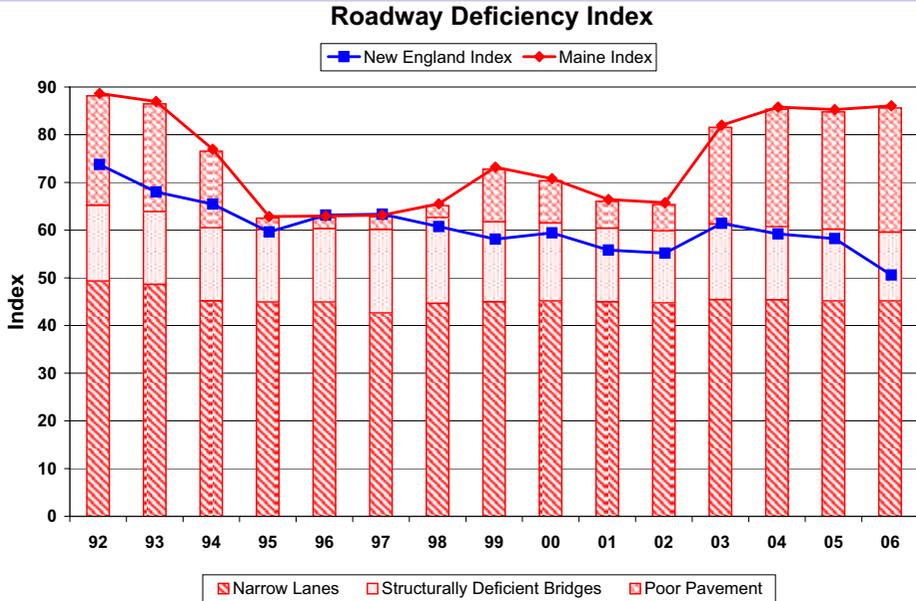


Source: U.S. Census Bureau

15. Transportation Infrastructure



Benchmark: Maine's roadway deficiency index will decline each year and eventually to the New England index.



Data Source: Maine Tomorrow

Maine's Roadways Need Attention

The Roadway Deficiency Index shown above is a composite measure of the percentage of pavement in poor condition, the percentage of bridges that are structurally deficient, and the percentage of road mileage that has lanes narrower than 11 feet. (Note: a road that has lanes narrower than 11 feet has not been built to modern standards.)

The graph shows that Maine's roadways are in worse condition than the region's roadways as a whole. Conditions have worsened from 2005 to 2006. Poor pavement conditions in Maine result in higher operating costs for vehicles using the roads, increased crash rates, and ultimately higher construction costs to return the pavement to good condition.

Having quality transportation infrastructure is critical for economic growth. Like communications infrastructure, transportation infrastructure connects people and facilitates economic activity. Improvements in all modes of transportation – roads, rail, air, and ports – make Maine more attractive to those interested in doing business here, and network Maine to the wider world.

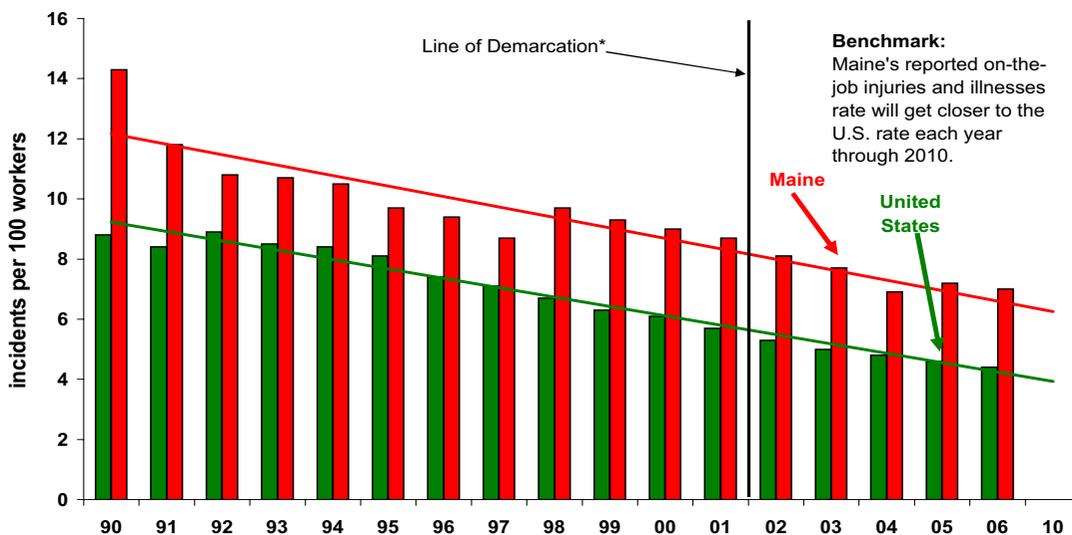
The structurally deficient bridge measure is the proportion of Maine's bridges that are eligible for replacement using federal highway funds. Those bridges may need more lanes, wider shoulders, etc. Narrow lane roads are roads that have not been built to modern standards, and serve as a proxy for posted roads, for which no comparative data exists. Roads not built to modern standards impact industries that depend on moving heavy loads during the spring thaw months, such as the pulp and paper industry. In Maine, roughly 1,800 miles of roads, 20% of the total state roads, are posted each spring. This can essentially shut down industries for weeks, reducing productivity.

Policymakers will have to cope with the rising price of crude oil and other commodities that drive up construction costs. Rising fuel prices also lead to people driving less. This translates to less fuel tax revenue – the primary source of highway funds. The effects are already being felt with the state's current revenue shortfall.

16. On-the-Job Injuries and Illnesses (Reported)

⊖ Benchmark: Maine's reported on-the-job injury rate will move closer to the U.S. rate each year through 2010.

**On-the-Job Injuries and Illnesses (Reported)
U.S. and Maine, 1988-2006**



Data Source: U.S. Department of Labor, Bureau of Labor Statistics, Occupational Injuries Report

Maine and National Rates** Down – Not Making Progress Toward Benchmark

In 2006, there were seven reported injuries and illnesses for every 100 full-time Maine industrial workers, down from 7.2 per 100 workers in 2005. During that same time period, the number of incidents in the United States dropped from 4.6 to 4.4 per 100 workers.

It is important to note the correlation between Maine's industry make-up and On-the-Job Injuries and Illnesses. The decrease in Maine's rate of job injuries and illnesses is related to the shrinking of manufacturing industries over time, many of which traditionally had hazardous working environments. The implementation of workplace safety programs across the state has also contributed to the reduction of injury and illness rates.

The vitality of the workplace and larger community is negatively affected by injuries and illnesses that occur on the job. Workplace safety is an important component of long-term economic growth. Injuries translate directly into increased health costs and decreased output.

The data upon which this measure is based includes all types of work-related injuries and illnesses required to be recorded by the Occupational Safety and Health Administration (OSHA). OSHA defines an injury or an illness as an abnormal condition or disorder. Injuries include cases such as, but not limited to, a cut, fracture, sprain, or amputation. Illnesses include both acute and chronic illnesses, such as, but not limited to, a skin disease, respiratory disorder, or poisoning. While workplace injuries and illnesses may go unreported, many Maine manufacturers, for example, have taken recent steps to increase emphasis on safety and on reporting injuries.

*Effective January 1, 2002, OSHA revised its requirements for recording occupational injuries and illnesses. Details about the revised requirements, including a summary of the revisions and a comparison between the old and new requirements, are available from the OSHA web site at <http://www.osha-slc.gov/recordkeeping/index.html>.

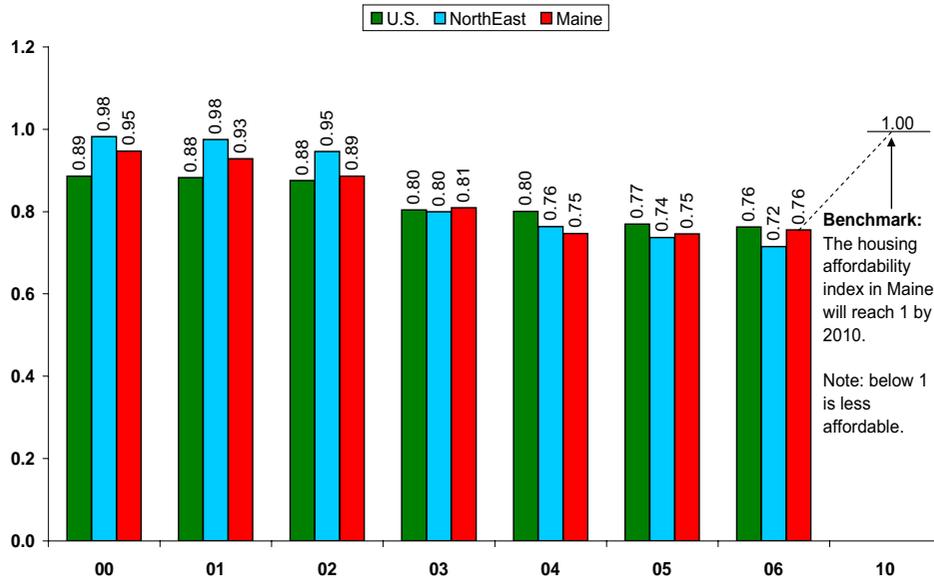
**OSHA recordable incident rate for the State of Maine for public and private sector establishments.

17. Affordable Housing



Benchmark: The housing affordability index in Maine will reach 1 by 2010.

Housing Affordability by Year (weighted owner/renter)



Data Source: MaineHousing

Housing Affordability Remains an Issue for Most Maine Counties

Housing affordability in Maine continued to be a problem in 2006. There was no significant movement on this indicator from the previous year. This is also the case for the Northeast region, as well as the nation. This measure is not moving toward the benchmark.

The index used here is the weighted average of MaineHousing’s homeownership affordability index* and rental affordability index**, with the weighting based on the relative numbers of homeowner and rental households.

In the graph above, the higher the index, the more affordable housing is; the lower the index, the less affordable. It can be seen that in Maine, as in the Northeast and U.S. as a whole, housing has become less affordable over the last few years.

Low housing affordability creates a drag on the economy. It decreases consumer spending as people must pay more for their homes or apartments. It also impacts the community and the environment. In most of Maine’s employment centers, high housing costs are forcing people to commute long distances because they can’t afford to live in the same communities in which they work. This contributes to sprawl, including increased traffic problems, highway maintenance costs, and dependence on fossil fuels.

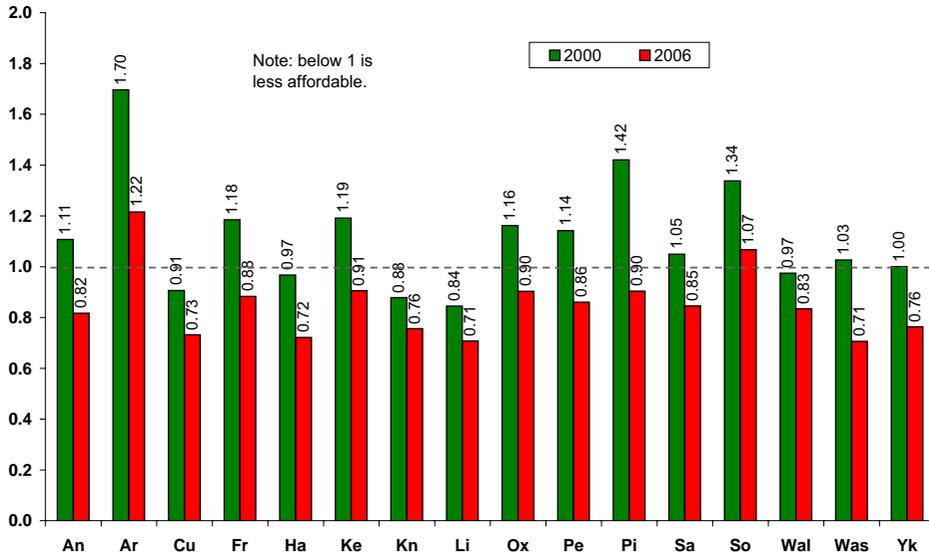
(continued on next page)

*The homeownership affordability index is the ratio of the home price that a Maine household at median income can afford to the actual median home price. A home price is considered to be affordable if no more than 28% of monthly gross income is needed to cover payment on a 30-year mortgage with a 5% down payment (including taxes, homeowners insurance, and private mortgage insurance).

**The rental affordability index is the ratio of the rent that a Maine renter household with median renter household income can afford to the actual average rent for a two bedroom apartment, including utilities. A rental is considered to be affordable if no more than 30% of gross monthly income is needed to cover the rent. In this index, median rental household income is used rather than median household income generally, because typically the median income of renter households is 25 to 35% less than households overall.

17. Affordable Housing (continued)

Weighted Average Affordability by County (2000 vs. 2006)



Data Source: MaineHousing

The graph above shows homeowner/renter affordability for all 16 Maine counties in 2000 and 2006. In 2000, 13 counties were considered to have affordable housing (an index that was near or above 1.0). Cumberland, Lincoln, and Knox counties, all in southern Maine, were not considered affordable. By 2006, only two Maine counties were considered to have affordable housing: Aroostook and Somerset.

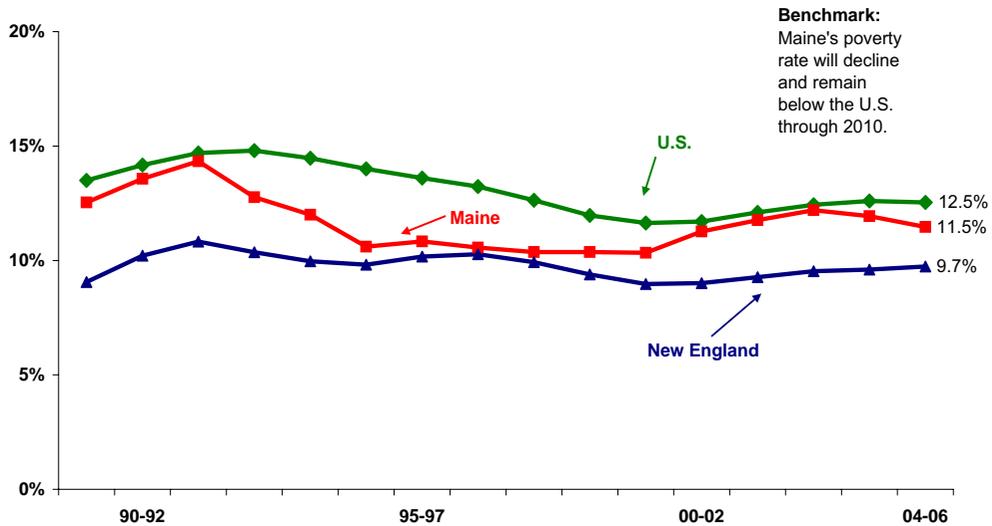
One example of a drastic shift in affordability is Washington County. MaineHousing reports that, from 2001 to 2006, the median home price in Washington County rose by almost 85%, from \$59,000 to \$120,000. This may be due, in part, to an increased desirability of Downeast coastal property. Median incomes only grew by 16%, from \$27,872 to \$29,913. Again, the counties with the least affordable housing tended to be coastal and southern counties. This indicator may change somewhat in the next few years as the full effects of the national housing market decline are felt.

18. Poverty



Benchmark: Maine's poverty rate will decline and remain below the U.S. through 2010.

**Annual Poverty Rates
3-Year Moving Average**



Data Source: U.S. Census Bureau, Current Population Survey and Maine Children's Alliance

Maine's Poverty Rate Remains Below the National Rate - Rising Child Poverty a Concern

The poverty rate in Maine declined somewhat in 2006. From the early 1990s to 2006, this rate has fluctuated between 10.3% and 14.3% in Maine and has remained below the national rate and above the New England rate. This indicator continues to meet the benchmark.

Although the state-level data shows continued progress on this indicator, by county the story varies considerably. Maine's rural counties to the west, north and east have had and continue to have higher poverty rates than Maine's southern and service center counties. Efforts to alleviate poverty must consider the distinctions between the different regions of Maine.

A trend of great concern within these figures has to do with children. As can be seen by the table on the next page, according to the Maine Children's Alliance, the poverty rate for children ages 0 to 5 in Maine has increased in recent years. In 2000, the poverty rate for children ages 0 to 5 was 13.9%. By 2006 it was over 23%.

County	Poverty Rate
Androscoggin	12.0%
Aroostook	16.6%
Cumberland	10.0%
Franklin	16.9%
Hancock	10.4%
Kennebec	13.0%
Knox	11.9%
Lincoln	11.0%
Oxford	14.6%
Penobscot	12.8%
Piscataquis	16.3%
Sagadahoc	9.0%
Somerset	16.9%
Waldo	16.6%
Washington	19.1%
York	9.9%

(continued on next page)

Data Source: U.S. Census Bureau, Small Area Income and Poverty Estimates

18. Poverty (continued)

Poverty Rate Children Ages 0-5		
	Maine	U.S.
2000	13.9%	19.3%
2001	14.5%	18.6%
2002	22.4%	19.7%
2003	16.1%	20.2%
2004	25.5%	20.8%
2005	20.7%	21.0%
2006	23.6%	20.7%

Data Source: U.S. Census Bureau, Current Population Survey and Maine Children's Alliance.

Children growing up in poverty are more likely to experience lags in physical and mental development, which diminishes their chances for educational success and future contributions to the workforce and community. This is a particular concern in the early developmental years ages 0 to 5. Additional aspects of poverty can include substance abuse and crime later in a child's life. Such negative spin-offs create increased dependency on public resources to cover costs such as health care and criminal justice.

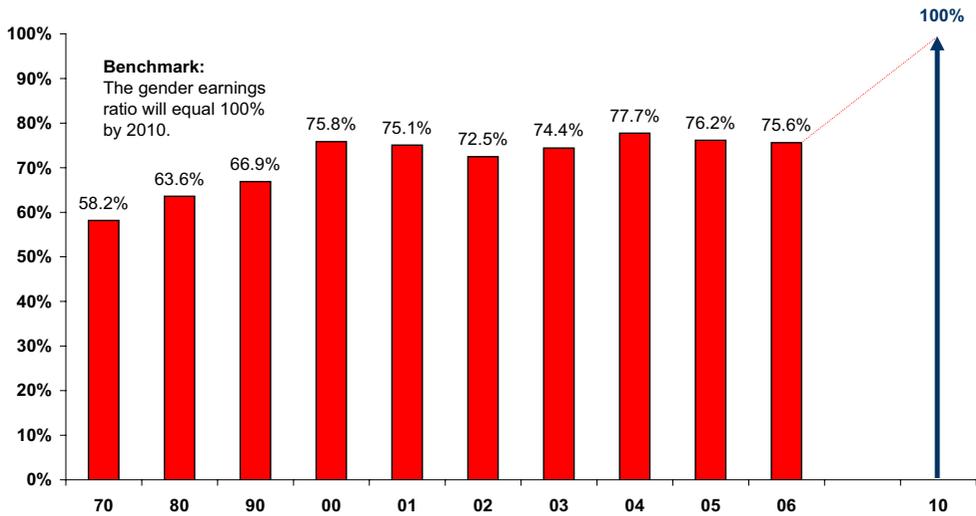
The Growth Council believes that investments in early childhood development are critical to the future prosperity of Maine. Therefore, the rising poverty rate for these young children is troubling and policy makers must keep this in mind with all investment decisions moving forward.

19. Gender Income Disparity



Benchmark: The median annual income of women working full-time will improve to 100 percent of the median annual income of men working full-time by 2010.

**Women's Income as a Percent of Men's
for Full-Time, Full-Year Work
1970-2006**



Data Source: U.S. Census Bureau, American Community Survey

Maine Women Continue to Earn Less Than Men – Not Gaining Ground

In 2006, the median annual income of all women in Maine who worked full-time, full-year was \$30,338, compared to a median income of \$40,116 earned by men who worked full-time, full-year. This represents an earnings ratio of 75.6%. This is not an improvement from the previous year and marks a slight widening of the income gap from 2005. This measure has moved away from the benchmark in recent years.

Disparities in the amount of money that women make compared to men provide disincentives for women to contribute to the labor force, and impair economic growth by not fully realizing the benefit of having productive, economic contributions from all people. To put this into context, the Heinz Family Philanthropy and Mellon Financial Corporation reported that, in 2000, a typical 25 year old college educated woman earning 73 cents for every dollar a man earned in the U.S. could expect to lose \$523,000 in earnings over her lifetime due to the wage gap.

The prosperity of women affects Maine's communities broadly and there are significant economic costs associated with the wage disparity. Since many more women than men constitute single heads of households, increasing women's wages to a level more in line with male earnings can decrease poverty. This will have positive impacts on children. Investment in children, particularly in the early childhood years, is critical to ensuring their success and the viability of the communities where they will live and the industries where they will be employed. Also, higher earnings among younger women, who are saving for retirement and contributing to social security, can provide greater economic security for those women later in life and decrease the dependency of Maine's elderly population. Given that women tend to have a longer life expectancy than men, adequate income for retirement is that much more important. Both the state and federal governments have passed legislation and provided

(continued on next page)

19. Gender Income Disparity (continued)

models whereby businesses can voluntarily self-audit to investigate gender income disparity to ensure earnings for female employees are comparable to men's.

2006 Median Earnings for Full-Time, Year-Round, Civilian Employed Population 16 Years and Over				
Occupation	Male	Female	Difference	Women's Earnings as % of Men's
Management, professional, and related occupations	\$53,091	\$39,767	\$13,324	74.9%
Management, business, and financial	\$56,455	\$41,024	\$15,431	72.7%
Management	\$57,038	\$42,567	\$14,471	74.6%
Business and financial operations	\$54,314	\$37,640	\$16,674	69.3%
Professional and related occupations	\$51,736	\$37,829	\$13,907	73.1%
Computer and mathematical	\$54,911	\$46,948	\$7,963	85.5%
Architecture and engineering	\$60,942	\$36,956	\$23,986	60.6%
Life, physical, and social science	\$51,313	\$46,640	\$4,673	90.9%
Community and social services	\$32,935	\$31,686	\$1,249	96.2%
Legal	\$94,333	\$40,634	\$53,699	43.1%
Education, training, and library	\$45,996	\$34,894	\$11,102	75.9%
Arts, design, entertainment, sports, and media	\$45,855	\$31,132	\$14,723	67.9%
Healthcare practitioner and technical:	\$62,283	\$47,488	\$14,795	76.2%
Health diagnosing and treating practitioners and other technical	\$92,164	\$52,866	\$39,298	57.4%
Health technologists and technicians	\$34,773	\$29,652	\$5,121	85.3%
Service	\$29,711	\$21,466	\$8,245	72.2%
Healthcare support	\$26,165	\$24,698	\$1,467	94.4%
Protective service	\$41,825	\$37,941	\$3,884	90.7%
Fire fighting and prevention, and other protective service workers including supervisors	\$40,332	\$35,563	\$4,769	88.2%
Law enforcement workers including supervisors	\$45,015	\$45,012	\$3	100.0%
Food preparation and serving related occupations	\$20,136	\$20,174	-\$38	100.2%
Building and grounds cleaning and maintenance	\$28,011	\$20,224	\$7,787	72.2%
Personal care and service	\$30,472	\$20,195	\$10,277	66.3%
Sales and office	\$37,210	\$27,291	\$9,919	73.3%
Sales and related	\$41,899	\$26,855	\$15,044	64.1%
Office and administrative support	\$32,230	\$27,415	\$4,815	85.1%
Farming, fishing, and forestry	\$29,992	\$18,169	\$11,823	60.6%
Construction, extraction, maintenance, and repair	\$36,279	\$32,794	\$3,485	90.4%
Construction and extraction	\$36,320	\$25,213	\$11,107	69.4%
Installation, maintenance, and repair	\$36,215	\$55,000	-\$18,785	151.9%
Production, transportation, and material moving	\$34,680	\$24,051	\$10,629	69.4%
Production	\$35,917	\$24,698	\$11,219	68.8%
Transportation and material moving	\$32,984	\$22,327	\$10,657	67.7%
Supervisors, transportation and material moving workers, and other transportation workers except motor vehicle operators	\$48,686	\$21,583	\$27,103	44.3%
Motor vehicle operators	\$34,106	\$27,562	\$6,544	80.8%
Material moving workers	\$30,609	\$21,564	\$9,045	70.4%

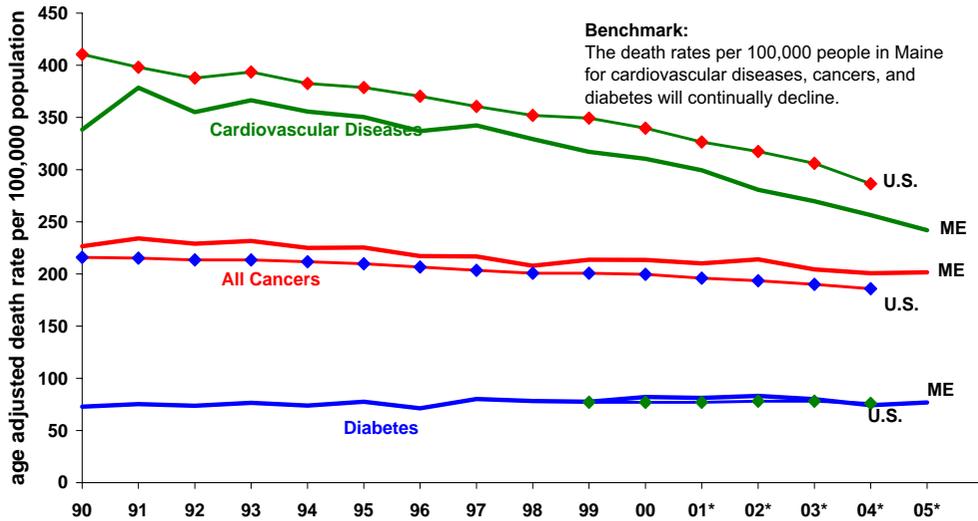
The chart above gives a breakdown of median earnings for males and females across various occupations in Maine. It can be seen that women are making as much or more than men in computer and mathematical professions, social services, and maintenance and repair work. This shows that the goal of parity is achievable. This is not the case, however, for the majority of occupations where women earn less than men. Women are earning considerably less than men in the legal profession, health care, farming, fishing and forestry, and transportation.

20. Chronic Disease



Benchmark: The death rates per 100,000 people in Maine attributed to cardiovascular diseases, cancer, and diabetes will continually decline.

**Death Rates from Select Chronic Diseases
U.S. and Maine, 1990-2005**



Data Source: Maine Mortality Data Files, Prepared by: Maine Department of Health and Human Services, Maine Center for Disease Control and Prevention, Office of Data, Research and Vital Statistics

Death Rate** for Cardiovascular Disease Continues to Fall

The estimated death rates for only one of the three chronic diseases tracked in the graph declined from 2004 to 2005. The death rate for cardiovascular disease decreased by 5.7% - 14 people for every 100,000. The death rate for cardiovascular disease has decreased by almost 29% since 1990. The death rates for both cancer and diabetes rose by 0.4% and 3.5% respectively from 2004 to 2005. Since 1990, the death rate due to cancer has decreased by over 11%. Unfortunately, the death rate due to diabetes has increased by over 5% for that same time period.

The term “chronic disease” refers to a wide variety of health conditions that are not contagious and that can rarely be completely cured. Death rates in Maine attributed to the three major chronic diseases – cardiovascular diseases, cancers, and diabetes – are impacted by lifestyle choices such as smoking, diet, and exercise.

Chronic diseases negatively impact the quality of individual lives and the larger community. Costs associated with lost work time, hospitalization, and treatment of these often-fatal diseases also affect our economy. Death rates serve as a proxy for the incidence of chronic disease in Maine, or the number of people living with these chronic diseases. Caring for people living with chronic diseases comprises a significant part of Maine’s health care costs.

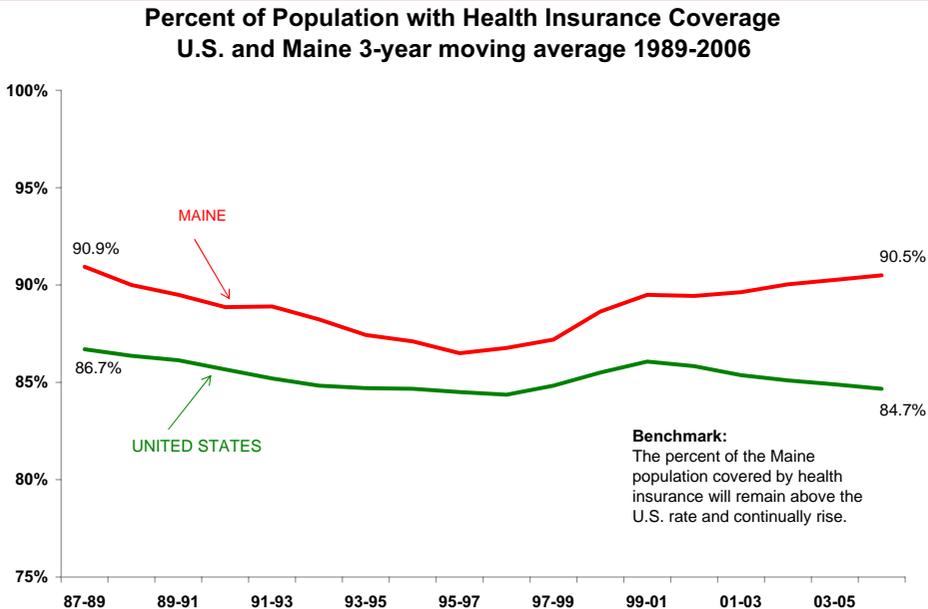
* Data from 2001 to 2005 is preliminary. Data on chronic diseases were age adjusted to the year 2000 standard population. Age adjusted rates are useful for comparison purposes only, not to measure absolute magnitude. Age adjustment is a technique for removing the effects of age from crude rates, so as to allow meaningful comparisons across populations with different underlying age structures.

**Death rates serve as a proxy for the number of people living with chronic diseases.

21. Health Insurance Coverage



Benchmark: The percentage of Maine's population with health insurance coverage will continually rise and remain above the U.S. rate.



Data Source: U.S. Census Bureau

Health Care Coverage Continues to Rise and Remains Above National Rate

In 2006, over 90% of people in Maine were covered by some form of health insurance. Maine continues to exceed the 2006 national average of 84.7% with health insurance. Health insurance coverage in Maine has been on the rise since the mid 1990s and has remained higher than the nation for the last two decades. Maine is a recognized innovator among states in health reform and pursuing strategies to increase coverage. Of note, Maine ranks high nationally in health insurance coverage among the adult population.

Health insurance coverage is imperative for helping people access appropriate health care services and staying healthy. Healthy people are more apt to be engaged in their communities and productive in the workplace.

According to the Kaiser Foundation and Urban Institute, in 2006, 53% of Mainers were covered by an employer, 5% purchased insurance directly, 19% received MaineCare (the State's Medicaid program), and 13% received Medicare. Looking at the chart, the national numbers are almost identical to Maine. The one difference is with Medicaid where nationally 13% of the population is covered compared to 19% in Maine. This six percentage point difference is reflected in the six percentage point difference in the number of uninsured.

Like the nation, Maine's employer-sponsored insurance has declined as rising insurance and health care costs have made it increasingly difficult for employers to offer affordable health insurance benefits to employees. This decline is at the root of the growing number of uninsured nationally and is also a great challenge in Maine, particularly with the high proportion of people who are self-employed or work for a small business. In response, Maine expanded MaineCare coverage to avoid a rising

(continued on next page)

21. Health Insurance Coverage (continued)

Health Insurance Coverage Total Populations 2006		
	United States	Maine
Employer	54%	53%
Individual	5%	5%
Medicaid	13%	19%
Medicare	12%	13%
Other Public	1%	1%
Uninsured	16%	10%
Total	100%	100%

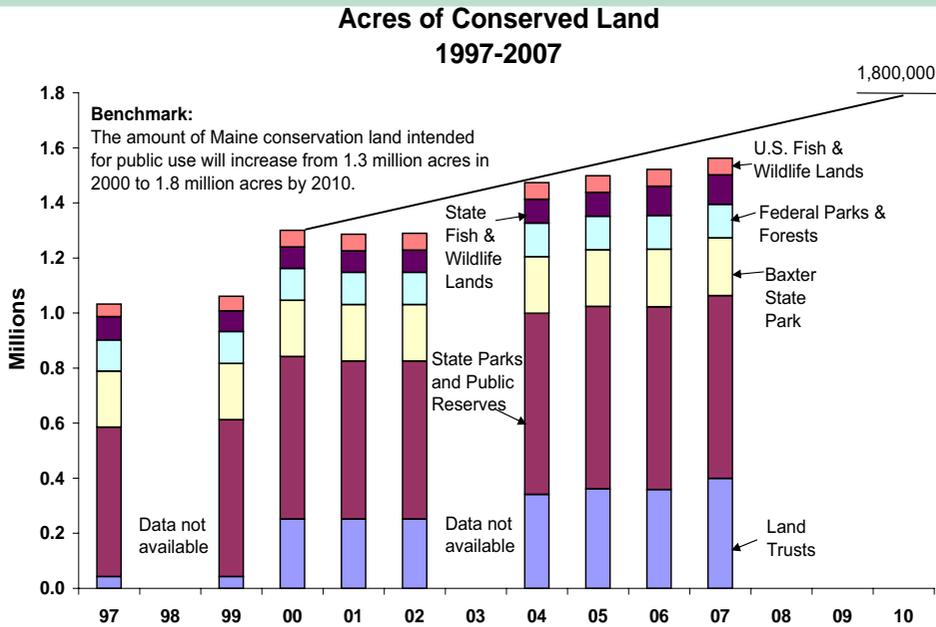
Data Source: Kiser Foundation and Urban Institute

number of uninsured people. Maine also began a subsidized insurance product called the DirigoChoice in 2005. The U.S. Census Bureau estimates that the percent of insured Mainers covered by MaineCare increased from approximately 10% to 18% from 1999 to 2006. DirigoChoice currently covers about 14,000 individuals and employees of small businesses in Maine.

22. Conservation Lands



Benchmark: The amount of Maine conservation land intended for public use will increase from 1,300,710 acres in 2000 to 1,800,000 acres by 2010.



Data Source: Maine State Planning Office

Land Conservation Continues to Increase

Through 2007 Maine held an estimated 1,562,583 acres of publicly accessible conservation land. This is an increase of 41,031 acres since 2006. The majority of this increase in conservation land holdings was due to successes in the land trust community, supported by public and philanthropic funding. This figure does not include private lands under conservation easements.

The upward trend continues in response to development pressures in southern Maine and along the coast in conjunction with continuing efforts to conserve key recreational and ecological assets in the Northwoods. Access to public and private lands contributes to the high quality of life enjoyed by Maine people. Residents use these lands for all types of recreational activities, which provide jobs and draw tourists. In addition, conserved lands support diverse plant and wildlife species, and maintain the natural aesthetic quality of the landscape.

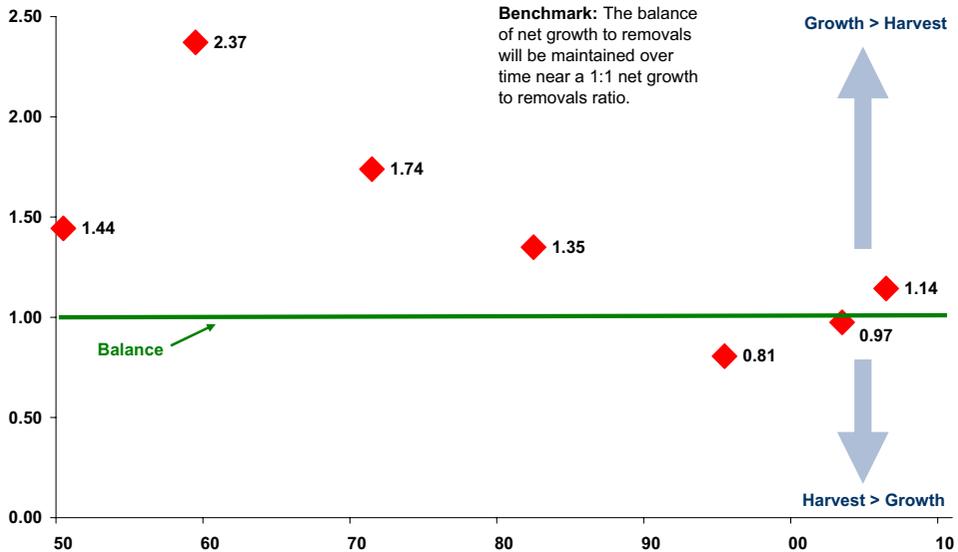
Showing their continuing support, Maine voters overwhelmingly approved a new land conservation bond in 2007 with 80% of Maine towns endorsing the measure. However, despite the positive trend in land conservation, federal and private philanthropic investment may be beginning to level off. This presents a challenge to meeting the benchmark which is 1.8 million total acres in conservation ownership by 2010.

23. Sustainable Forest Lands



Benchmark: The balance of net growth to removals will be maintained over time near a 1:1 net growth to removals ratio.

Historic Trend in the Net Growth to Removals Ratio



Data source: Department of Conservation, Maine Forest Service

Sustainable Management of Maine's Forest Lands

The current net growth to removals ratio is 1.141. A ratio value greater than one indicates that growth is greater than harvest. A ratio value less than one indicates that harvest is greater than growth. Fluctuations around the ideal ratio of 1:1 are acceptable, provided the long-term trend is neutral and wide variations in either direction are avoided. This indicator is performing well and hitting the benchmark.

During the 1950s and 1960s, volumes far exceeded long-term carrying capacity. The spruce budworm epidemic and subsequent salvage harvesting of the 1970s and 1980s brought the growth to harvest levels back to the desired 1:1 ratio. Sawmills and pulp mills today are sustainably processing historically high volumes even while the total in-forest volume increases – 50% since 1950.

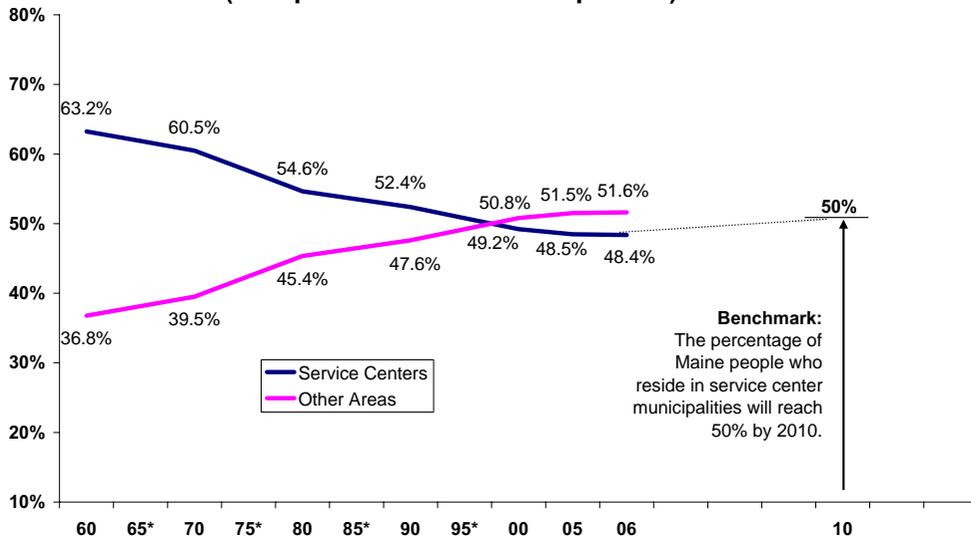
Maine's forests cover nearly 90% of the state's land area. Most of this acreage is actively managed by private landowners. Maine's forests support healthy wildlife populations, provide clean water, offer recreational opportunities, and supply raw materials used to create products ranging from newspaper to alternative fuels. Maintaining a long-term balance between growth and removals can sustain Maine's forests.

Sustainable forest lands, along with conservation lands, are important indicators of the degree to which the state is combating sprawl and supporting the natural resource-based economy.

24. Population of Service Center Communities

⊖ **Benchmark:** The percentage of Maine people who reside in service center municipalities will reach 50 percent by 2010.

**Percent of Population Living in Regional Service Centers
(Compared to Other Municipalities) 1960-2006**



Data Source: Maine State Planning Office

Sprawl Continues to be an Issue for Maine

In 2006, 48.4% of Maine people lived in regional Service Center Communities, whereas in 1960, 63.2% lived in these communities. The continuing trend of people moving out of urban centers into the more rural parts of the state increases public costs and weakens Maine's central communities.

With increasing sprawl comes the build-out of redundant infrastructure such as roads, schools, and waste systems. Upkeep of this infrastructure costs local and state governments millions annually. The state has invested nearly a billion dollars in schools even as enrollment has declined. Meanwhile, Service Center Communities are struggling to pay for their own under-utilized infrastructure. This has prompted the state to raise the call for regionalization and consolidation of municipal services.

Sprawl causes other negative impacts. With more people commuting from rural areas to jobs in service centers, there is more household income spent on transportation and less time for civic participation. The increased consumption of Maine's land base also erodes the state's natural environment, a central part of the state's notable quality of life.

Within the boundaries of 63 specifically identified regional service center municipalities are almost three-quarters of all Maine jobs, services (hospitals, social services, educational institutions, cultural activities, and government services), and the state's consumer retail sales. For the most part, these are the places in which Maine people work, shop, and visit for a wide variety of services.

Economic growth is enhanced to the extent that people live close to or actually within these service centers. More people living in service centers means that services are delivered more efficiently and energy costs are reduced because people are not traveling as far to work and to shop. Greater populations in urban areas also lessen environmental impacts such as fuel emissions and residential development in rural areas.

*The U.S. Census Bureau revises population figures from time to time to adjust for undercounts in the decennial census or to incorporate updated or revised data in the estimated procedures.

Citing Information in this Report

Reproduction of the information contained in *Measures of Growth* is encouraged with proper citation. Wherever data or text is reproduced, please reference the source in the following manner: "Data source: Maine Economic Growth Council and Maine Development Foundation, *Measures of Growth in Focus 2008*."

About the Data and its Timeliness

The data in this report came from a wide variety of sources, primarily state and federal agencies. Some agencies are able to provide data that is immediately up-to-date, while others experience a lag in up-to-date reporting. Where possible, estimates were given by agencies in order to compensate for lags in confirmed data.

On The Web

Measures of Growth in Focus 2008 is available on the website of the Maine Development Foundation in Adobe® portable document format (.pdf) for easy download and printing. Visit the Maine Economic Growth Council through the homepage of the Maine Development Foundation at www.mdf.org.

Background and Acknowledgments

The Growth Council is co-chaired by retired president and CEO of Madison Paper Industries, Roy Barry, and State Senator Lynn Bromley. The Growth Council was established in statute by the Governor and the Legislature in 1993 to develop a vision and goals for the state's long-term economic growth. It is comprised of 19 members: 14 representing the private, public, education, labor, and nonprofit sectors; four legislators; and the commissioner of the Department of Economic and Community Development. Membership to the Council requires a three-way appointment from the Governor, Senate President, and Speaker of the House.

Since its inception, the Council has published 14 annual editions of *Measures of Growth*. Several state agencies have formally incorporated the report's

goals and benchmarks into their own strategic plans. Nonprofit organizations have initiated programs aimed directly at accomplishing specific benchmarks. Government officials have used *Measures of Growth* to justify programs to achieve the goals. Teachers have incorporated the substance of the reports into their curriculum. Policy development forums have used the benchmarks as springboards.

Measures of Growth has been constantly revised over the years in order to provide our readership with the most up-to-date overview of Maine's progress towards long-term, sustainable economic growth, and a high quality of life for all its citizens. For the past four years, the Council has opted to include what it deems are only the most critical factors that play into the vision of this report. The result is a leaner, more focused edition of *Measures of Growth*, compared to editions prior to 2005.

The Maine Economic Growth Council is administered by the Maine Development Foundation (MDF). MDF was created by the Legislature and Governor in 1978 as a private, nonprofit corporation with a broad mandate to promote Maine's economy. MDF empowers leaders, strengthens Maine communities and guides public policy. Today, the Foundation is financed primarily with private resources.

The MDF's President and CEO, Laurie Lachance, oversaw the development of this report and the proceedings of the Growth Council. Edmund Cervone, program director at MDF, administered Growth Council meetings and authored the report. MDF program assistant, Lisa Merrill, provided research, administrative support and graphic design. The Copy Center printed the report.

The work of the Growth Council is financed by a state appropriation through the Maine Department of Economic and Community Development, and supplemented by private contributions from the membership of MDF.

The Maine Development Foundation and the Maine Economic Growth Council extend sincere appreciation to the organizations and people who generously provided data and guidance.

Maine Economic Growth Council Members, 2008

Leroy J. Barry, Co-Chair
President and CEO (retired)
Madison Paper Industries

Lynn Bromley, Co-Chair
State Senator
Senate District #7

Leah Binder
Executive Director/VP
Franklin Community
Health Network/Healthy
Community Coalition

Jeanne Hulit
VP of Commercial Lending
Citizens Bank

John Richardson
Commissioner
Department of Economic
and Community
Development

John Dorrer
*Director, Center for
Workforce Research and
Information*
Department of Labor

Tim Hussey
President and CEO
Hussey Seating Company

Steve Schley
President
Pingree Associates, Inc.

Dana Dow
State Senator
Senate District #20

Dr. Theodora Kalikow
President
University of Maine,
Farmington

Dianne Tilton
Small Business Advisor
RHR Smith & Company

Thomas Driscoll
Executive Director
E.S. Boulos Company

Theodore Stark Koffman
Director, Government Relations
College of the Atlantic

Eloise Vitelli
*Director, Program and
Policy Development*
Maine Centers for Women,
Work, and Community

Sean F. Faircloth
State Representative
House District #17

Alastair J. Macdonald
Principal/Partner
Monahan Associates

Stephen Von Vogt
President and CEO
Maine Marine Composites

Christopher W. Rector
State Representative
House District #48



