MEASURES OF GROWTH

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

2015

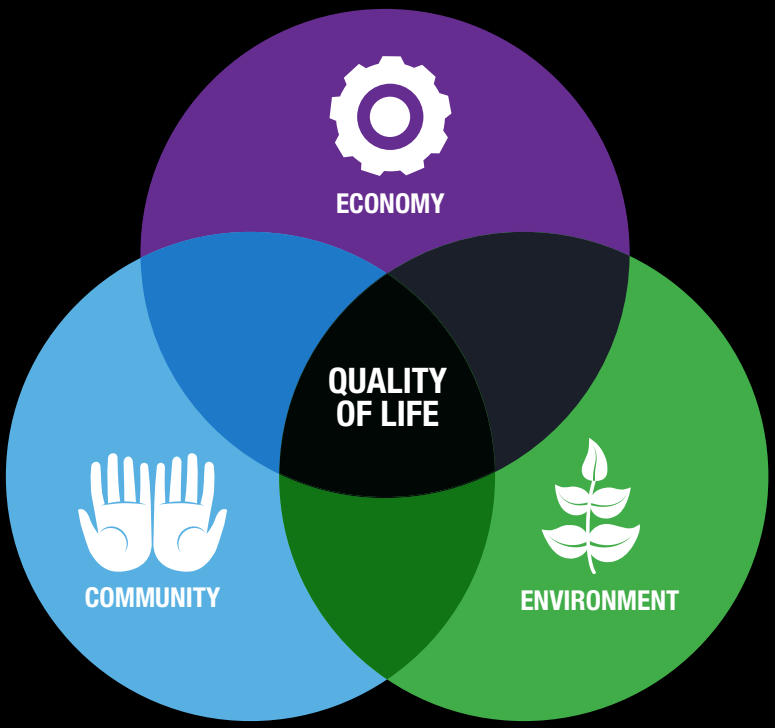
MAINE DEVELOPMENT FOUNDATION

MEGC
Maine Economic Growth Council

21ST REPORT OF THE MEGC

VISION

A HIGH QUALITY OF LIFE FOR ALL MAINE PEOPLE



AT THE HEART OF IT ALL, IT'S ABOUT OUR PEOPLE.

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

A REPORT CARD ON MAINE'S ECONOMY

Welcome to the 21st annual *Measures of Growth*, presented by the Maine Economic Growth Council and the Maine Development Foundation. While this report represents a departure in style from the previous 20 editions, it remains rich with information and data that provide a meaningful and valuable overview of Maine's economy. As is made clear by the Growth Council's vision of "a high quality of life for all Maine people," the key consideration is the impact on Maine's people. We hope that this new layout reinforces that point and makes the information and findings more accessible and easier to understand without sacrificing any of the relevant data.

The indicators represent the specific areas the Council believes are most relevant to Maine's long-term economic growth. Each indicator is assigned a benchmark that is aspirational and potentially attainable, and our progress is measured against these benchmarks. Based on the judgment of the Council, Maine is compared to itself over time or to U.S., New England, or Experimental Program to Stimulate Competitive Research (EPSCoR) averages. The EPSCoR program focuses on 28 mostly large and rural states, including Maine, and offers a helpful comparison in assessing Maine's performance.

Overall, since the last report, Maine made progress on four indicators, lost ground on seven, and saw no significant movement on twelve. Four gold stars were assigned to areas demonstrating exceptional performance: Cost of Doing Business, Cost of Energy, Air Quality, and Water Quality. Five red flags, signifying areas that need particular attention, were assigned to: Wellness and Prevention, Research and Development Expenditures, High Speed Internet Subscribers, Transportation Infrastructure, and Fourth Grade Reading Scores.

PDF available for download at mdf.org

Key to Symbols

GOLD STARS & RED FLAGS

Gold Stars and Red Flags are determined by consensus of the Council based on consideration of the data and the experienced perspective of Council members. The general criteria are:

EXCEPTIONAL PERFORMANCE
Very high national standing and/or established trend toward significant improvement.

NEEDS ATTENTION
Very low national standing and/or established trend toward significant decline.
The indicator may show improvement but is still viewed as needing attention.

PROGRESS SYMBOLS

Progress Symbols reflect movement from year to year and/or recent trends toward or away from the benchmarks established by the Council. No grade may be assigned to new indicators, indicators with a new data set, or indicators for which updated data is not available. The general criteria for grades are:

Movement toward the benchmark since the last available data.

No significant movement relative to the benchmark since the last available data.

Movement away from the benchmark since the last available data.

FUNDAMENTAL PERFORMANCE INDICATORS

This report is about the status of Maine's economy and how it impacts the lives and livelihood of Maine's people. Each indicator represents a key area the Growth Council believes influences our economy, environment, and community. These are the leverage points which, if acted upon, will help determine the direction of our economy and, ultimately, our quality of life in the years ahead.

There are also a few fundamental performance indicators that speak to the overall health of Maine's economy as seen from the 30,000 foot level. They are, in a sense, the culmination of what we collectively do in many areas and are often influenced by forces beyond our borders.

These high-level indicators include: Gross Domestic Product, Per Capita Personal Income, Value Added per Worker, Employment, and Poverty.

1 - Gross Domestic Product

Benchmark: The growth of Maine's gross domestic product will outpace that of New England and the U.S.

Maine's total economic output as measured by our gross domestic product declined by roughly -0.5% from 2008 to 2013, while New England's grew by roughly 3.3% and the nation's by approximately 5.4%. (See figure 1a)

Real Estate, Government, Health Care and Social Assistance, and Manufacturing continue to account for approximately half of Maine's total output. Identifying and capitalizing on opportunities in other areas that show significant potential for growth is critical to growing our economy in the years ahead. (See figure 1b)

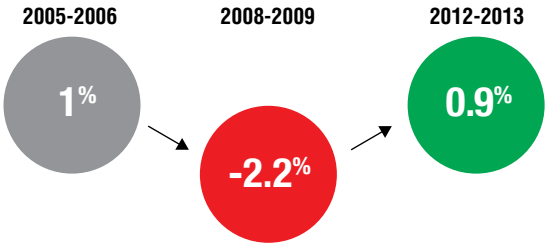
2 - Per Capita Personal Income

Benchmark: Maine's per capita personal income will exceed the EPSCoR state average by 2020

Maine has consistently trailed the U.S average and our New England neighbors in per capita personal income. In 2014, Maine's per capita personal income of $42,100 ranked 31st in the country and trailed the EPSCoR average by just under $900, the U.S. average by $4,100, and the New England average by almost $14,600. Maine's 2014 per capita income ranked last among the New England states; Connecticut was at $62,500, Massachusetts $59,200, New Hampshire $53,100, Rhode Island $48,800, and Vermont $47,300. (See figure 2)

On a positive note for Maine people, Maine's per capita personal income grew by over $1,100 from 2013 to 2014, and was up by 14% from 2009 to 2014.

Fig 1a: Maine's GDP Growth Rates 2006-2013



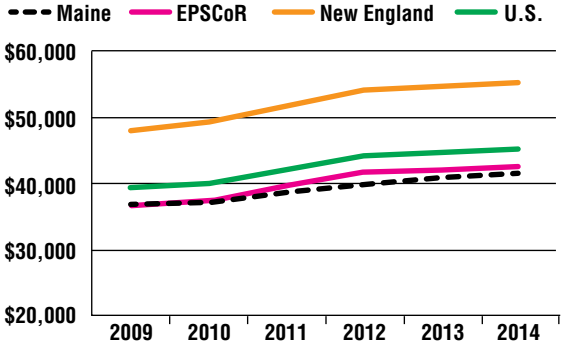
Source: Bureau of Economic Analysis

Fig 1b: Maine's Real Gross Domestic Product By Major Industry Sector 2013

Industry Sector	GDP Millions of Dollars	% of Total	%Change 2012-13
Real Estate	$7,954	16%	1.6%
Government	$7,053	14%	-1.8%
Health Care and Social Assistance	$6,013	12%	1.5%
Manufacturing	$5,300	10%	-0.8%
Retail Trade	$4,298	8%	1%
Finance and Insurance	$2,783	5%	3.8%
Prof., Scientific & Technical Services	$2,637	5%	2.6%
Wholesale Trade	$2,646	5%	1.4%
Construction	$2,218	4%	-1.2%
Accommodation & Food Services	$1,812	4%	1.8%

Source: Bureau of Economic Analysis

Fig 2: Per Capita Personal Income 2009-2014



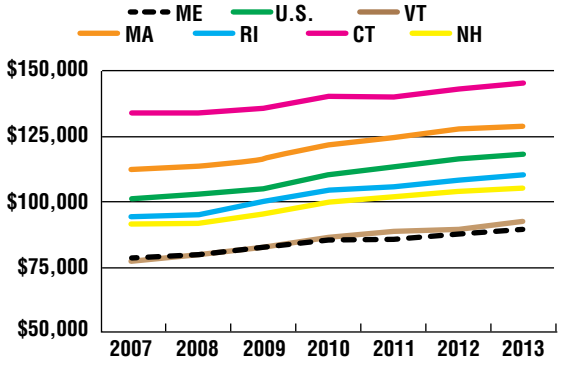
Source: Bureau of Economic Analysis

3 - Value Added per Worker

Benchmark: Maine's value added per worker will improve to within 15% of the U.S. value added per worker by 2020

The value added to products by workers depends on many factors, including the makeup of our industrial base, the skills and education of our workforce, the costs associated with doing business, and our infrastructure. There is no single action we can take, no single lever we can pull, that will improve the value added of Maine workers. Maine has improved almost 13% on this measure since 2008, to an average of $88,795 of output per Maine worker in 2013. Yet this number placed Maine last among the fifty states and the District of Columbia in 2013 and was 24% below the U.S. average of $117,472 and 28% below the New England average of $123,909. (See figure 3)

Fig 3: Value Added per Worker 2007-2013



Source: U.S. Department of Commerce and Bureau of Economic Analysis

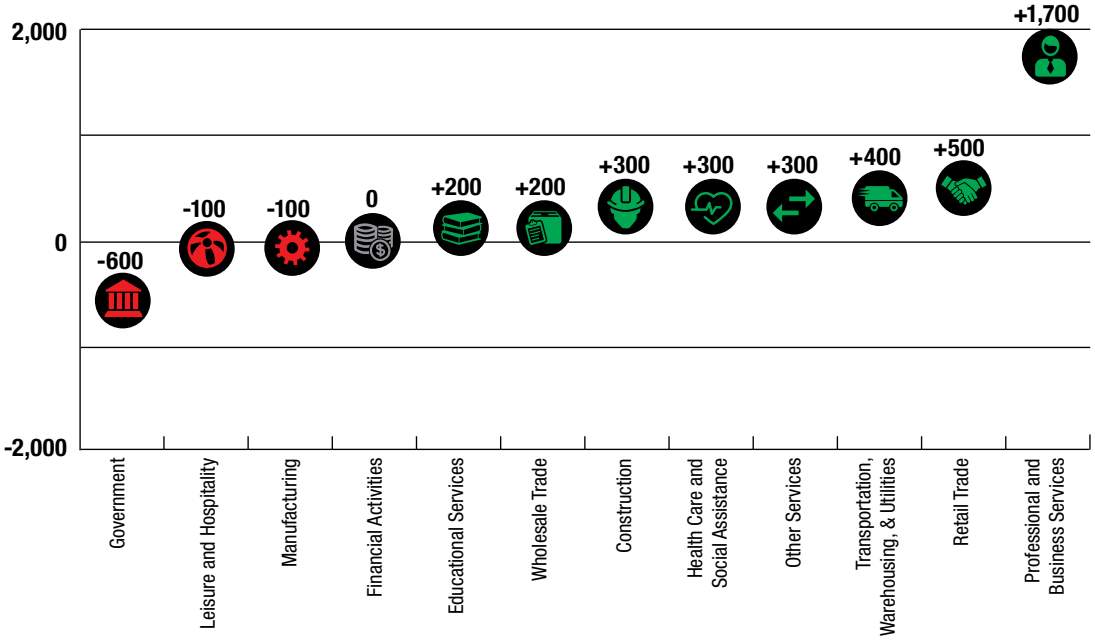
4 - Employment

Benchmark: The total number of jobs in Maine will increase each year

Maine's nonfarm payroll jobs have grown fairly steadily in recent years and grew from 601,700 to 604,400 from 2013 to 2014. Nonfarm jobs have grown by 11,400 from the low of 593,000 in 2010 but are down -13,300 from the high of 617,800 in 2007, due primarily to the decline in our working age population since the 2007 peak resulting from a lower birth rate after the 1980s. If current trends continue, our GDP and per capita income growth are also likely to be slower than the nation because a rising share of our population will not be working. Addressing this situation will need to be a high priority in the years ahead.

Government, Health Care and Social Assistance, Retail Trade, Leisure and Hospitality, and Manufacturing together account for nearly two-thirds of Maine's total employment. While total employment has declined in recent years, the aggregate numbers do not tell the whole story. The Health Care and Social Assistance sector continues to add jobs. Manufacturing jobs continue to decline, but the sector still accounts for a substantial share of our economic output due to improving productivity in this sector and the changing nature of manufacturing in Maine. Understanding the changes in Maine's economy is important to helping Maine people find jobs and to ensuring that Maine employers have an adequate supply of skilled workers. (See figure 4)

Fig 4: Employment In Maine By Selected Sectors 2014



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

5 - Poverty

Benchmark: Maine's poverty rate will decline and remain below the U.S. rate through 2020

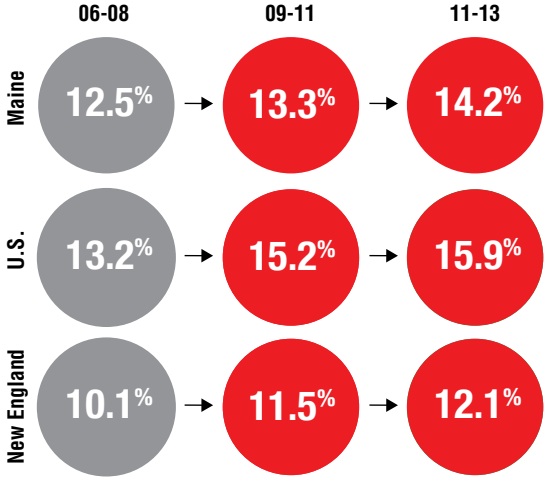
For a number of years, Maine's poverty rate has been below the U.S. average and above the New England average. Poverty rates have been on the rise in all three areas since the early 2000s. (See figure 5a)

Poverty rates vary widely by region in Maine and tend to be highest in the central and rim counties. Poverty rates declined from 2012 to 2013 in some of the counties with the highest rates: Penobscot declined from 17.5% to 15.9%, Oxford from 17.8% to 15%, Franklin from 18.8% to 15.5%, and Piscataquis from 20% to 17.6%. (See figure 5b)

Poverty rates for Maine children under 18 and under 5 both declined from 2012 to 2013 (to 21.2% and 18.2%, respectively) and remain below the U.S. averages (24.8% and 22.2%, respectively, in 2013). For more information about childhood poverty in Maine, see the Maine Children's Alliance's Kids Count Project at www.mekids.org/kidscount.

Poverty rates are both a reflection of Maine's overall economic performance and a key to improving our performance. Bringing our poverty rates down is critical to helping create a solid foundation for Mainers so we can improve other outcomes like educational attainment, food insecurity, health status, and employment levels. Like the other fundamental performance indicators, there is no single measure that will reduce Maine's poverty levels. Improving these outcomes will require a concerted effort to improve in the other critical areas addressed in this report.

Fig 5a: Poverty Rates 2006-2013
3-year Moving Average



Source: U.S. Census Small Area Income & Poverty Estimates

Fig. 5b: Poverty Rate By Maine County 2013

	County	Poverty Rate
Coastal Counties	York	11.4%
	Cumberland	12.1%
	Sagadahoc	12.1%
	Lincoln	13.3%
	Knox	14.1%
	Waldo	16.8%
	Hancock	14.3%
Central Counties	Androscoggin	16.5%
	Kennebec	14.8%
	Penobscot	15.9%
Rim Counties	Oxford	15%
	Franklin	15.5%
	Somerset	17.8%
	Piscataquis	17.6%
	Aroostook	16.4%
	Washington	18.8%

Source: U.S. Census Small Area Income & Poverty Estimates

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19 - On-the-Job Injuries and Illnesses pg **23**
Maine's incident rate per 100 workers declined from 5.6 in 2012 to 5.3 in 2013 while the U.S. rate was essentially even (3.4 in 2012 and 3.3 in 2013).

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Maine's housing affordability index was 0.95 in 2012 and 0.94 in 2013, roughly on par with the 2013 U.S. average of 0.92 and above the 2013 Northeast average of 0.84.

21 - Gender Income Disparity pg **27**
From 2012 to 2013, women's earnings relative to men's fell from 82.9% to 80.6% in Maine and improved from 78.2% to 78.8% in the U.S.

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22 - Wellness and Prevention pg **28**
From 2012 to 2013, the combined overweight and obesity rate grew from 64.2% to 64.9% in Maine and from 63.4% to 64.8% in the U.S.

23 - Health Insurance Coverage pg **29**
Maine's three-year moving average was 90.4% in 2012 and 89.8% in 2013; the U.S. three-year moving average was 84.2% in 2012 and 84.8% in 2013.

24 - Food Insecurity pg **30**
From 2012 to 2013, the percentage of food insecure households was largely unchanged in Maine (14.9% to 15.1%), New England (13% to 12.8%), and the U.S. (13% to 12.8%).

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Maine's growth to removals ratio was at an acceptable 1.35 in 2013.

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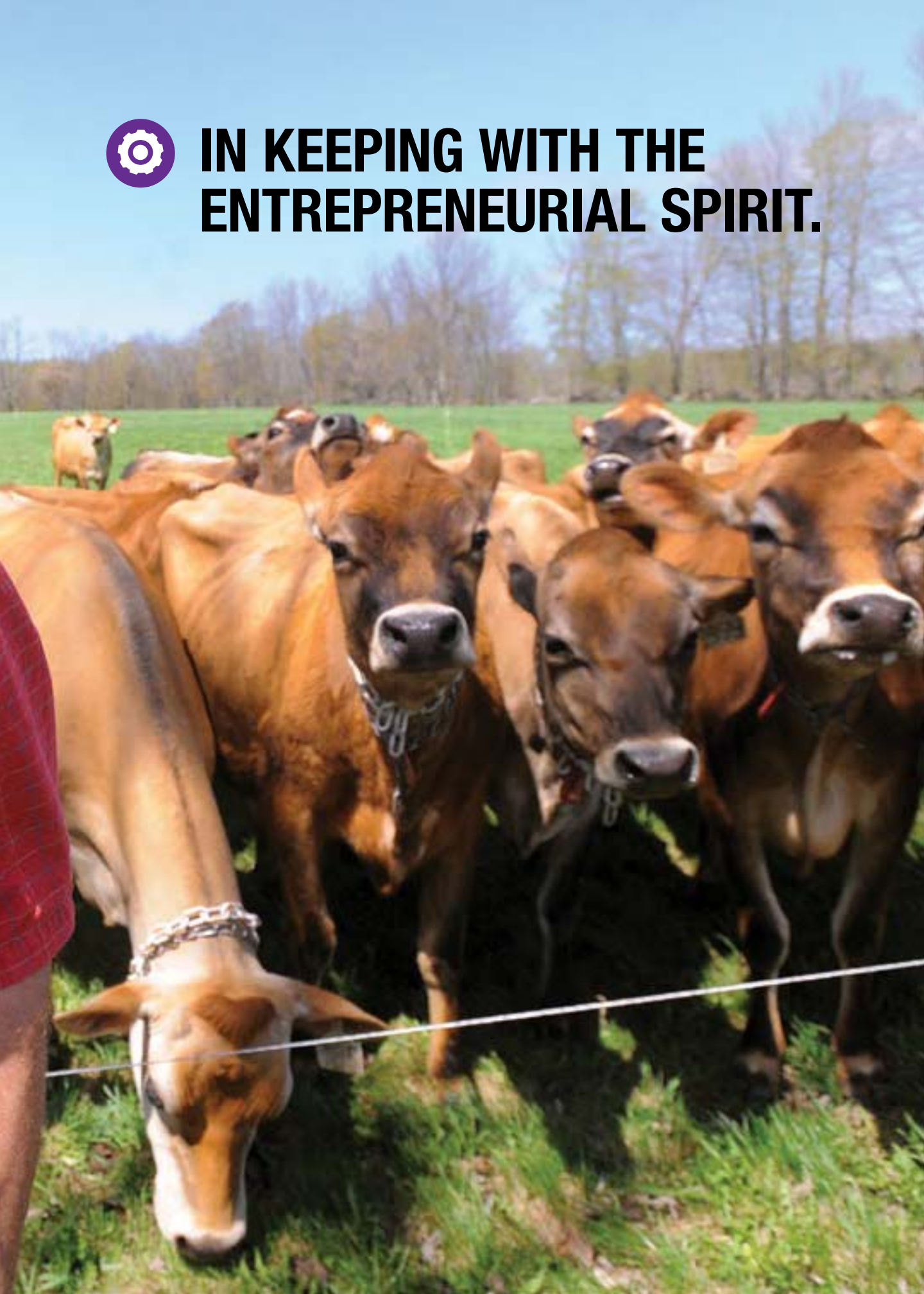
26 - Air Quality pg **35**
2014 saw the fewest days (17) fall into any of the health risk categories and was the first year with no days classified above "moderate."

27 - Water Quality pg **36**
Approximately 95% of Maine's assessed rivers and streams and 91% of Maine's assessed lakes continue to meet the Category 1 or 2 standard.

IN KEEPING WITH THE ENTREPRENEURIAL SPIRIT.



ECONOMY

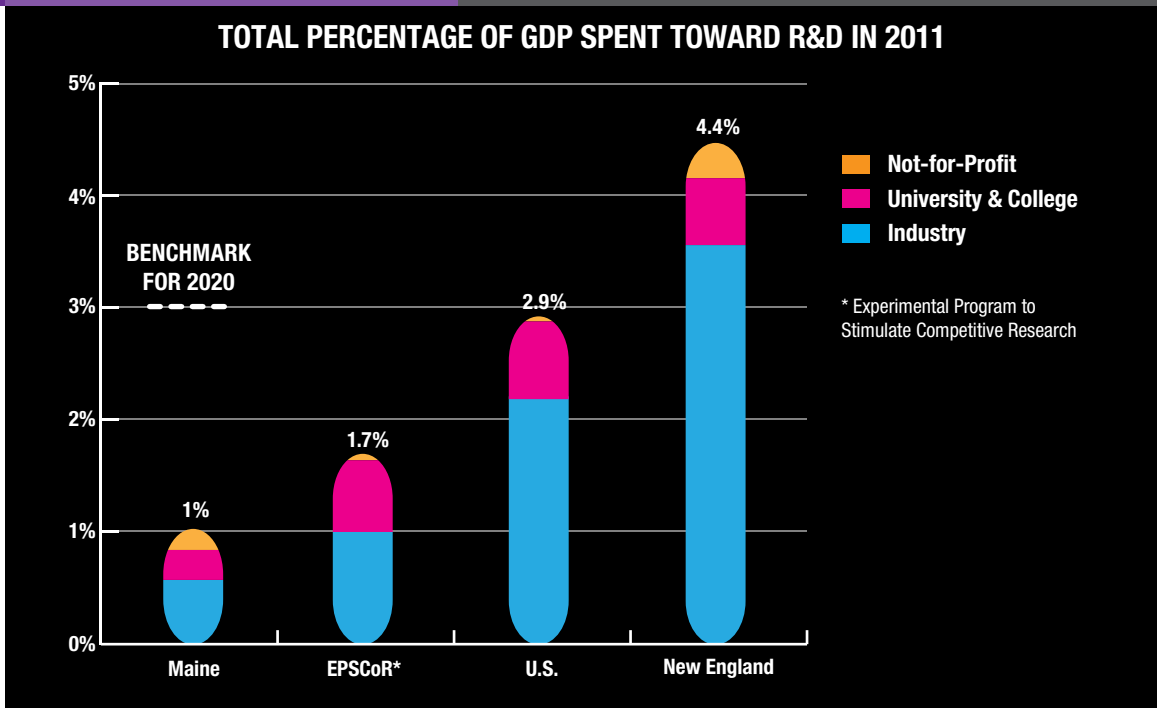
6 - Research and Development Expenditures

NO GRADE

Greater R&D Investment Can Support Innovation and Grow Economy

Benchmark: Maine's total spending on research and development will reach 3% of the state's total GDP by 2020.

Source: Camoin Associates



Background: This indicator compares total R&D spending as a percentage of a region's total gross domestic product. Maine's 3% benchmark is consistent with the state's 2010 *Science and Technology Action Plan* and is regarded by the Growth Council as necessary to expand Maine's innovation economy and improve competitiveness. Unfortunately, the National Science Foundation has not updated the underlying data set, the most reliable and complete available, since 2011.

What the Data Shows:

- Maine's total R&D investment of $535 million in 2011 represented approximately 1% of the state's total GDP
- Maine's ratio ranked 41st in the nation and was below the EPSCoR average (1.7%), approximately one-third of the U.S. average (2.9%), and less than a quarter of the New England average (4.4%)
- Approximately $1 billion of additional investment was needed to reach Maine's 3% benchmark in 2011
- In 2011, Maine's percentage of total R&D from the Private sector (58%) trailed the U.S. (81%), New England (80%), and EPSCoR (68%) averages, while Maine's percent from the Non-Profit sector (15%) was well above the New England (5%), U.S. (2%), and EPSCoR (2%) averages
- National Science Foundation data shows that R&D spending at the University of Maine was $77.6 million in 2013

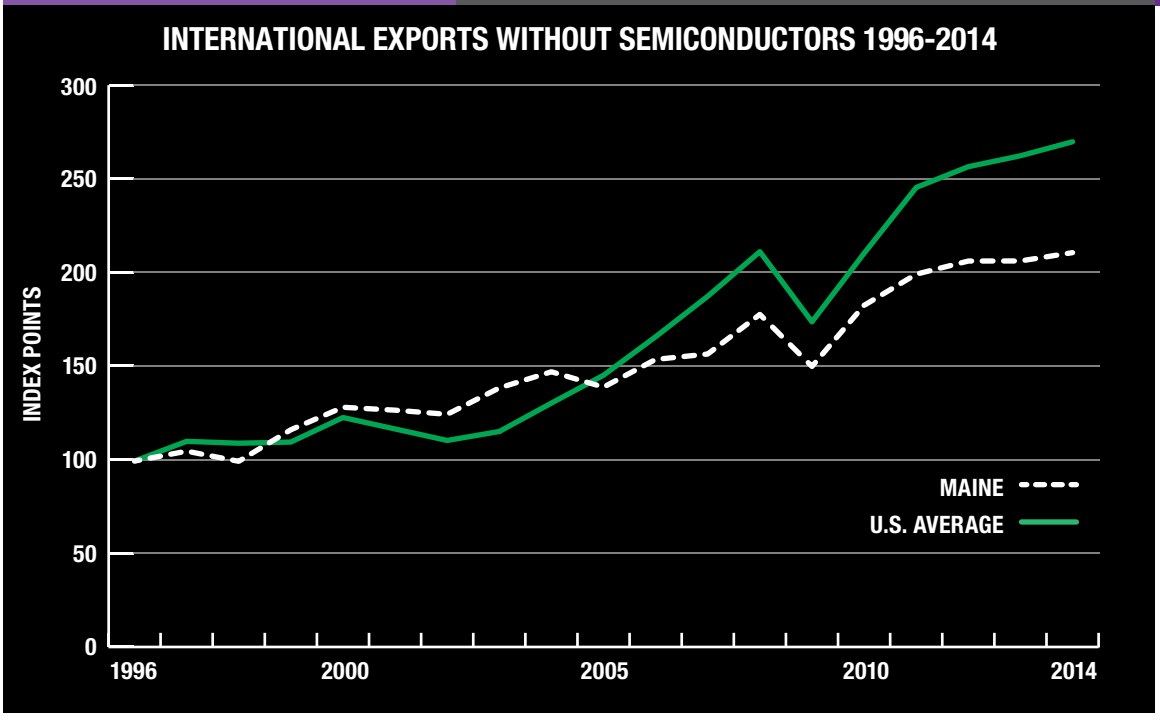
Why It Matters: Research has shown that approximately 80% of economic growth comes from innovation, and investment in R&D is important for supporting an innovation economy. R&D spending in the state has shown a high return on investment, including a 6 to 1 return on investment at the University of Maine, and state spending has helped to leverage other funds, such as $100.7 million in non-state government funds through the Maine Technology Asset Fund. It is important that we find an appropriate mechanism to provide sufficient funds for research and development, and equally important that our R&D activities generate meaningful economic activity for the state. Concentrating on Maine business and industry and the growth and expansion of R&D and innovation-oriented private sector companies is imperative.

The April 2014 Battelle Technology Partnership Practice report prepared for the Maine Technology Institute provides further discussion on Maine's innovation and technology-driven economy and is available at: www.mainetechnology.org/docs/Full_Report-Maine-Innovation-Ecosystem_final5.pdf.

Related Indicators: Per Capita Personal Income, Gross Domestic Product, Higher Degree Attainment, Fourth Grade Reading Scores, Eighth Grade Math Scores, New Business Starts

7 - International Exports

— Maine's Exports Show Modest Improvement in 2014



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

Source: Maine International Trade Center

Background: The chart understates total exports in both Maine and the United States. Although the two Maine manufacturers of semiconductors indicate there has been no loss of production or change in exports, there are concerns about the integrity of the data for this sector. The chart, therefore, excludes semiconductors from both Maine and U.S. export numbers.

What the Data Shows:

- Excluding semiconductors, Maine exports increased 2.1% in 2014 to $2.65 billion, an increase of 40% since the low in 2009
- Excluding semiconductors, U.S. exports increased 2.8% from 2013 to 2014 and were up almost 55% since 2009
- International exports of Maine's food and seafood products have increased 115% since 2009
- An ongoing, five-year surge in the lobster industry, bolstered by substantial growth in Asian markets, made it the state's single largest exported commodity for the first time ever and set an all-time record for the sector at $456 million
- Other sectors showing significant recent growth include blueberries, processed foods, and ingredients
- In total, Maine businesses sold products to 182 foreign destinations in 2014
- Canada remained the largest single market at $1.5 billion (a record); $363 million was exported to the 25 countries of the European Union; and China, Japan, and Korea all remained within the top 5

Why It Matters: Approximately 178,000 Maine workers rely on our international trade. We need to continually be looking for new markets for Maine products in order to grow our economy. International markets present opportunities for Maine businesses to grow customers and revenue. Diversifying our markets also improves our economy's sustainability over time. Keeping our costs of doing business competitive and ensuring the quality and quantity of our workforce can help Maine businesses compete internationally by delivering a quality product at a competitive price.

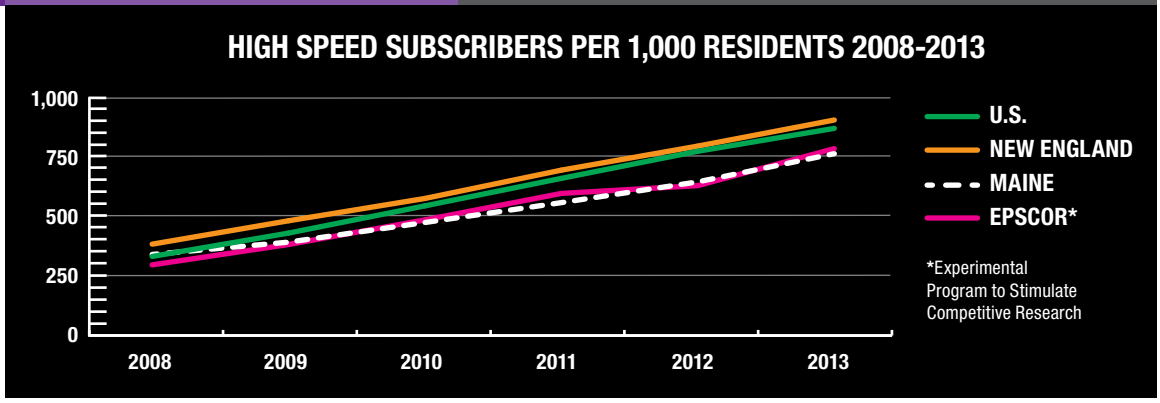
Related Indicators: Per Capita Income, Gross Domestic Product, Employment, Research and Development Expenditures, High Speed Internet Subscribers, New Business Starts, Value Added per Worker, Higher Degree Attainment, Workforce, Cost of Doing Business

8 - High Speed Internet Subscribers

Maine Gains Ground but Continues to Trail New England Average

Benchmark: Maine will reach the New England level of high speed internet subscribers by 2020.

Source: Camoin Associates



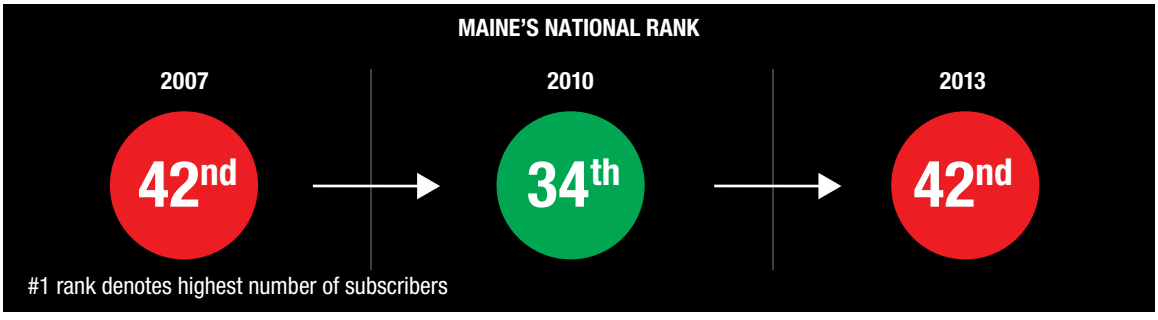
Background: This indicator has compared Maine's number of high speed internet subscribers per 1,000 residents to the New England and U.S. averages for a number of years. New this year is the comparison to the Experimental Program to Stimulate Competitive Research (EPSCoR) state average. This data reflects both access and the choice to subscribe, which may depend on price, speed, and quality.

What the Data Shows:

- Maine had 765 subscribers per 1,000 residents in 2013 (an average ratio of 76.5%); the EPSCoR average was 786, the U.S. average was 871, and the New England average was 906
- Maine added 118 subscribers per 1,000 residents from 2012 to 2013 (an 18% increase), while on average New England added 109, the U.S. added 96, and the EPSCoR states added 93
- The gap between Maine's rate and New England's rate was 150 in 2012 and 141 in 2013
- From 2008 to 2013, Maine added 423 subscribers per 1,000 residents, compared to the U.S. average of 537, the New England average of 521, and the EPSCoR average of 488

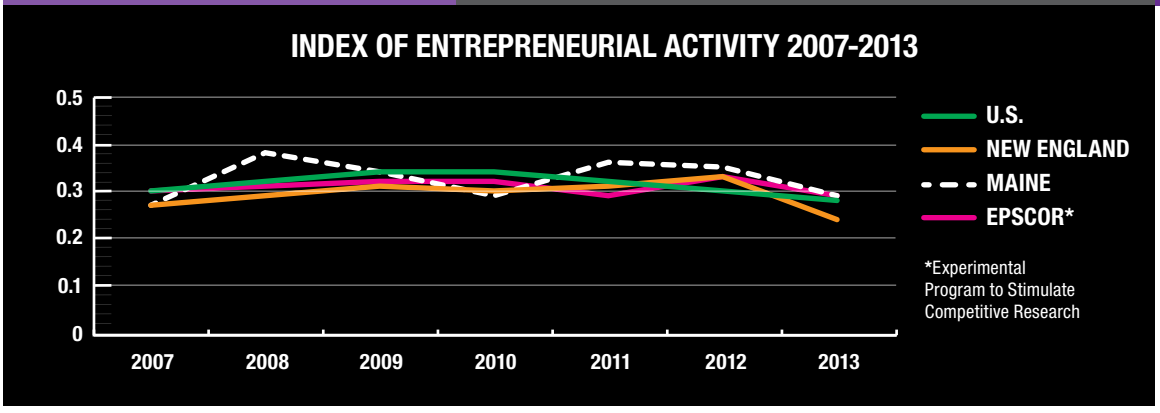
Why It Matters: Adequate internet access is important to our state's economic development and quality of life, allowing Maine residents and businesses throughout the state to connect to each other and the world beyond. Access can expand educational opportunities for Mainers and improve the accessibility and quality of health care while helping to control costs. Yet expanding internet access can be a challenge, particularly in the state's rural areas, which may lack the density to be cost effective for private service providers. Even areas of southern and coastal Maine, which generally have better access than the state's rural regions, lack adequate bandwidth or access altogether. Reaching the benchmark is likely to require a significant policy change or public sector investment. Additionally, Maine needs to be mindful of the rapidly changing technology and speed requirements to effectively address this issue.

Related Indicators: Per Capita Personal Income, Gross Domestic Product, Employment, Research and Development Expenditures, International Exports, New Business Starts, Value Added per Worker, Cost of Doing Business, Cost of Health Care



9 - New Business Starts

Support for New Businesses Vital to Growing Maine's Economy



Benchmark:. Maine's entrepreneurial index will reach 0.50% by 2020.

Source: Camoin Associates

Background: This indicator speaks to the level of entrepreneurship and the importance of small businesses in Maine. The index measures the percentage of individuals from ages 20 to 64 who did not own a business in the first survey month that start a business in the following month at 15 or more hours per week.

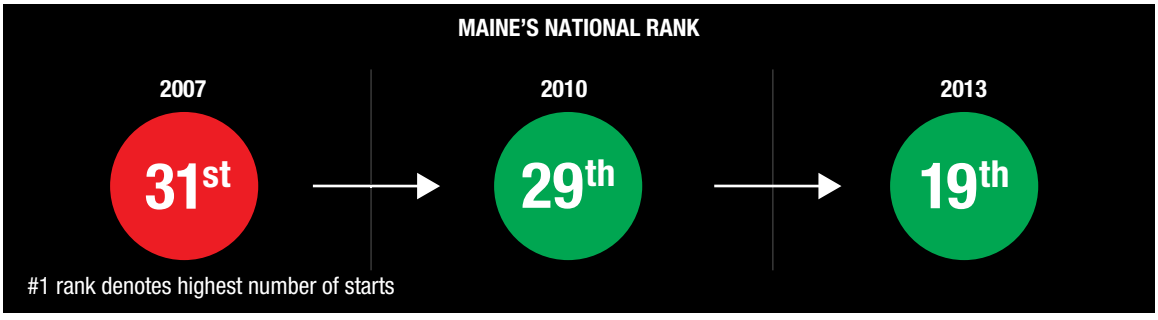
What the Data Shows:

- Maine's rate of new business starts declined from 0.35% in 2012 to 0.29% in 2013 but remained even with the EPSCoR average and above the New England (0.24%) and U.S. (0.28%) averages, all of which also experienced declines
- Maine's national rank was 17th in 2012 and 19th in 2013

Why It Matters: Entrepreneurship helps provide more opportunities for Mainers and is critical to creating jobs and growing the state's economy. The April 2014 Battelle Technology Partnership Practice report prepared for the Maine Technology Institute found that Maine trails the other New England states in high-growth small businesses. Identifying and providing appropriate resources to small businesses with high potential for growth is particularly important. Maine should continue to encourage and support potential entrepreneurs and new businesses throughout the state through programs such as the Maine Technology Institute; the Maine International Trade Center; the University of Maine Innovation Engineering Program; the University of Maine System's Cooperative Extension; Women, Work, and Community; and the Maine Center for Entrepreneurial Development.

Microbusinesses, defined as those with five or fewer employees, are another important subset of Maine's economy, accounting for nearly 90% of Maine's 150,237 businesses in 2012. According to University of Maine Economics Professor Jim McConnon, in 2012, microbusinesses accounted for 21.6% of total employment in Maine, 18.3% in New England, and 19.1% for the nation as a whole. Since 2001, among the New England states, only Vermont has a higher percentage of total annual employment from microbusinesses than Maine. Programs and policies that support these businesses are important to Maine's people and Maine's economy.

Related Indicators: Employment, Research and Development Expenditures, Higher Degree Attainment, Fourth Grade Reading Scores, Eighth Grade Math Scores, Workforce



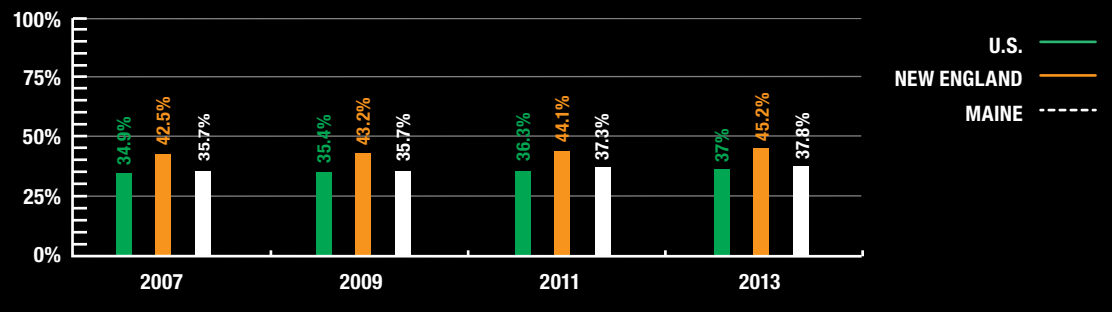
10 - Higher Degree Attainment

Maine Continues to Improve but Remains Below New England Average

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

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

HIGHER DEGREE ATTAINMENT AMONG RESIDENTS 25 AND OVER 2007-2013



Background: The indicator compares the percentage of residents 25 and over who have attained a higher degree (associate's, bachelor's, or advanced) in Maine, the U.S., and New England.

What the Data Shows:

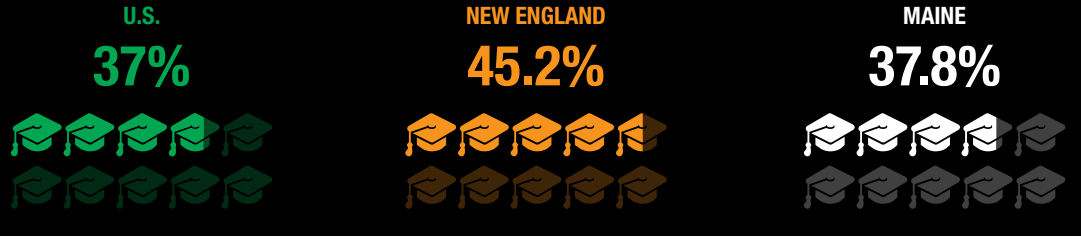
- From 2012 to 2013, Maine's rate remained roughly on par with the U.S. average, while both remained below the New England average
- The gap between Maine and New England was 7.6 percentage points in 2012 and 7.4 in 2013
- From 2008 to 2013, Maine's associate's degree attainment increased from 9% to 9.6%, bachelor's degree attainment from 16.5% to 18.1%, and graduate and professional degree attainment from 8.9% to 10.1%
- In 2013, median earnings for Mainers with graduate and professional degrees were $51,108; with bachelor's degrees, $40,854; with some college but less than a bachelor's degree, $30,688; with high school diplomas, $25,821; and with less than a high school diploma, $19,984
- According to Educate Maine's *Education Indicators for Maine 2014*, of 100 Maine students entering ninth grade, 86 will graduate from high school, 50 will enroll in a two- or four-year college, and 33 will graduate from a two- or four-year college

Why It Matters: An educated workforce is critical to helping Maine businesses succeed and to attracting other businesses. Throughout the economy, employers are demanding higher levels of skill and education. Maine workers need the education, knowledge, and skills to meet the need of Maine employers and create opportunities for themselves and others. Employer demand for workers with higher degrees is expected to increase significantly in the years ahead. Raising our educational attainment is essential to improving Maine's performance on a number of other critical economic indicators. With Maine's aging population, we need to fully engage Maine adults, particularly the more than 200,000 who have some amount of higher education but no degree, through programs like the Maine Development Foundation's Next Step Maine Employers' Initiative and the University of Maine System's Adult Baccalaureate Completion Distance Education (ABCDE) program.

Higher degree attainment is essential, but does not tell the whole story. Professional certifications, licensures, workplace competencies, and digital badging demonstrate particular skills or knowledge and are important to improving the skill level of Maine's workers. *Making Maine Work: Preparing Maine's Workforce*, released in November 2014 by the Maine Development Foundation and the Maine State Chamber of Commerce, explores these issues in more detail and is available at www.mdf.org.

Related Indicators: Per Capita Personal Income, Gross Domestic Product, Employment, Research and Development Expenditures, New Business Starts, Value Added per Worker, Fourth Grade Reading Scores, Eighth Grade Math Scores, Workforce, State and Local Tax Burden, Poverty, Food Insecurity

HIGHER DEGREE ATTAINMENT AMONG RESIDENTS 25 AND OVER IN 2013

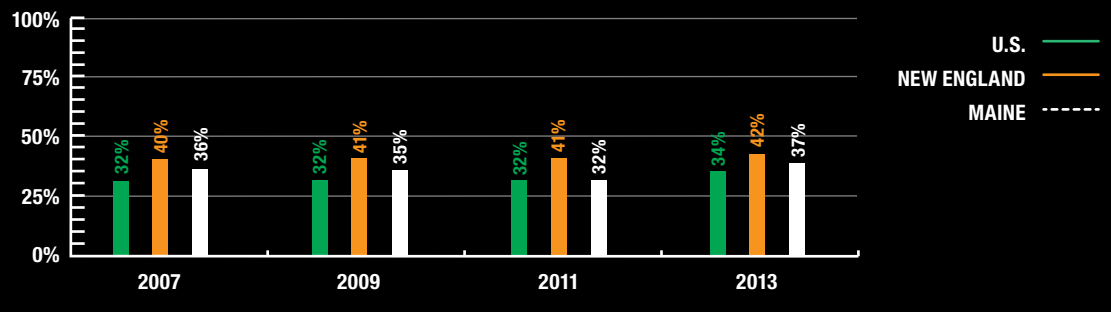


11 - Fourth Grade Reading Scores

NO GRADE

Further Investment in Early Years Needed to Reach Benchmark

4th GRADERS READING PROFICIENT OR ABOVE 2007-2013



Benchmark:. The percentage of Maine students scoring proficient and above on the National Assessment of Educational Progress (NAEP) assessment will reach 50% by 2020.

Source: National Center for Education Statistics, NAEP

Background: The National Assessment of Educational Progress (NAEP) is the largest nationally representative and continuing assessment of America's students in various subjects, including reading. NAEP assessments are administered uniformly nationwide, allowing for state-to-state comparisons and analysis of long-term trends. The NAEP assesses students at grades 4, 8, and 12, which are critical periods of development and learning. The indicator compares the percentage of Maine, New England, and U.S. fourth graders scoring proficient or better. Proficient is defined as competency over challenging subject matter, application to real-world problems, and appropriate analytical skills.

What the Data Shows:

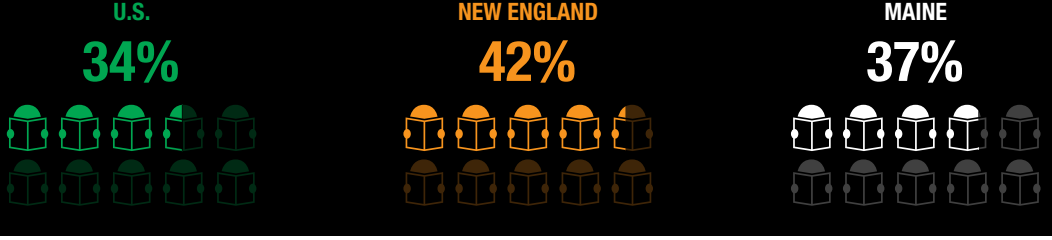
- The NAEP assessment is given every two years, so updated data is not available
- With the exception of 2011, Maine's scores were essentially even from 2007 through 2013
- U.S. scores were level at 32% before improving to 34% in 2013
- New England's scores have consistently exceeded both Maine and U.S. scores
- In general, girls scored higher than boys, white students scored higher than non-white students, and students eligible for school lunches scored lower than other students

Why It Matters: Fourth grade is the point at which reading should be established as a skill and students transition from "learning to read" to "reading to learn." Unfortunately, students who struggle at this juncture are also likely to have problems in the years ahead. Fourth grade reading scores have been shown to be a reliable predictor of future outcomes, both positive and negative.

Maine is consistently falling well short of the benchmark even though K-12 enrollment has declined and expenditures have increased in recent years. Education comprises a major component of state and municipal budgets and it is important that funds be spent where they can achieve the most impact. Research has shown that investment in early childhood education has a comparatively high return on investment over the long term in the form of improved elementary and secondary performance, higher college attendance and completion, higher productivity and incomes, and reduced social costs such as remediation, criminal justice, health care, and welfare. The importance of early childhood education is explored more fully in *Making Maine Work: Investment In Early Childhood = Real Economic Development* (available at www.mdf.org) and the Maine Children's Alliance's Kids Count Project at www.mekids.org/kidscount.

Related Indicators: Per Capita Personal Income, Gross Domestic Product, Employment, Value Added per Worker, Higher Degree Attainment, Eighth Grade Math Scores, Food Insecurity, Wellness and Prevention

4th GRADERS READING PROFICIENT OR ABOVE IN 2013

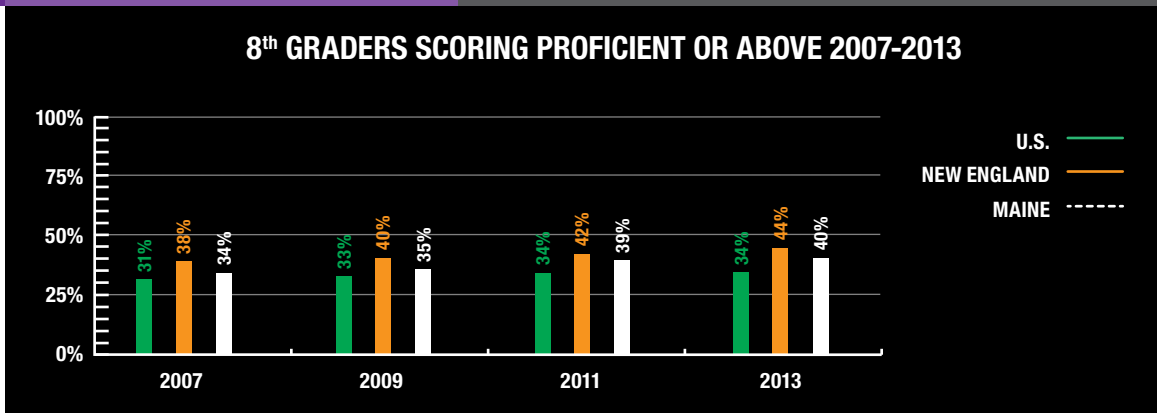


12 - Eighth Grade Math Scores

NO GRADE **Maine Improves but More Progress Needed**

Benchmark: The percentage of Maine students scoring proficient and above on the National Assessment of Educational Progress (NAEP) assessment will reach 50% by 2020.

Source: National Center for Education Statistics, NAEP



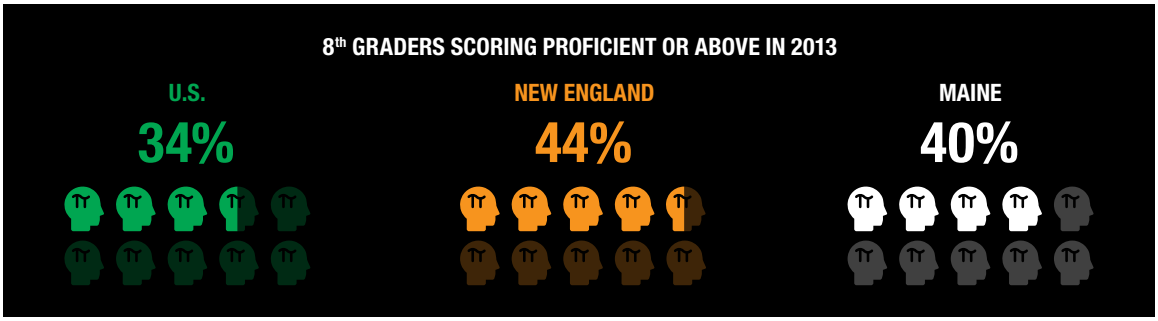
Background: The National Assessment of Educational Progress (NAEP) is the largest nationally representative and continuing assessment of America's students in various subjects, including math. NAEP assessments are administered uniformly nationwide, allowing for state-to-state comparisons and analysis of long-term trends. The NAEP assesses students at grades 4, 8, and 12, which are critical periods of development and learning. The indicator compares the percentage of Maine, New England, and U.S. eighth graders scoring proficient or better. Proficient is defined as competency over challenging subject matter, application to real-world problems, and appropriate analytical skills.

What the Data Shows:

- The NAEP assessment is given every two years, so updated data is not available
- From 2007 to 2013, the percentage of eighth graders scoring proficient and above improved from 34% to 40% for Maine, from 31% to 34% for the nation, and from 38% to 44% for New England
- New England's scores have consistently exceeded both Maine and U.S. scores
- Maine ranked fourth among the New England states in 2013, behind Massachusetts (55%), New Hampshire (47%), and Vermont (47%)
- In general, average scores varied little by gender, but white students scored higher than non-white students, students eligible for school lunches scored lower than other students, and students with higher levels of parental education scored higher than others

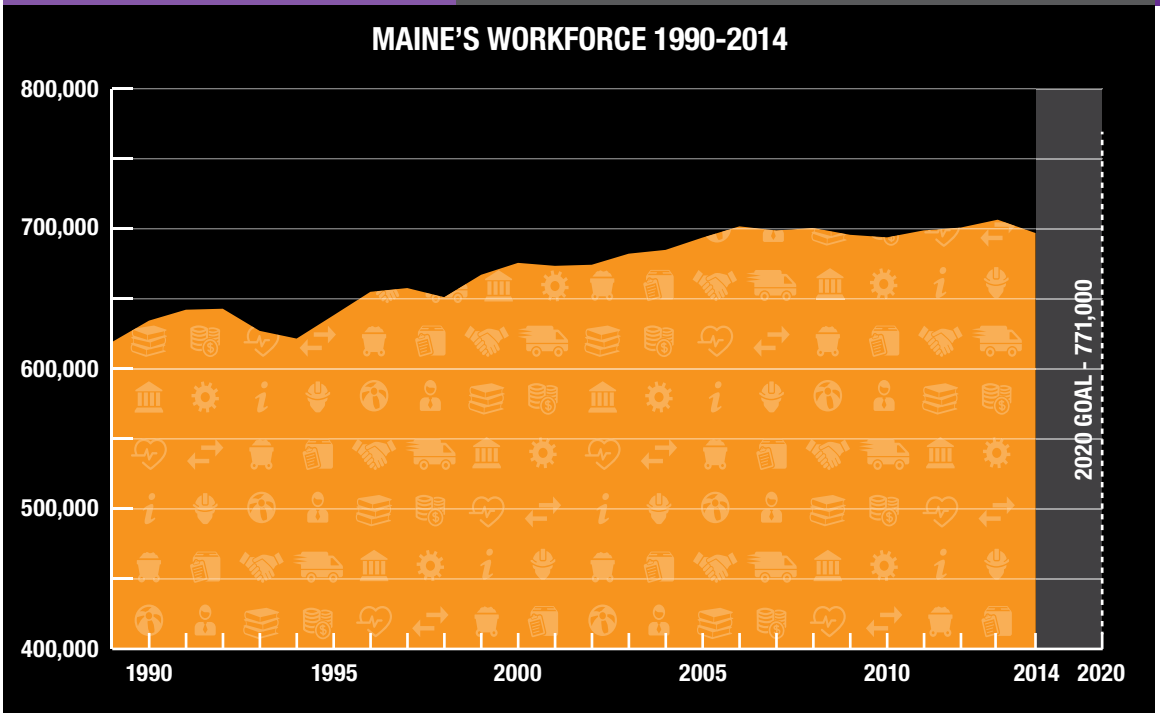
Why It Matters: Math skills are vital in today's society and work environment, particularly in STEM (science, technology, engineering, and math) industries, which are expected to continue to grow in the years ahead. Eighth grade math scores reflect skills in algebra, a foundational skill. Students who are proficient in math tend to be better prepared for college and require fewer remedial math classes. *The Maine Comprehensive Research and Development Evaluation, Maine Innovation Index 2012*, and *Statewide Strategic Plan for Science, Technology, Engineering, and Mathematics* cite eighth grade math scores as an indicator of Maine's future success in these areas. Alleviating foundational issues such as poverty and food insecurity, and continued investment and improvement in early childhood and K-12 education, can help drive continued progress toward the benchmark.

Related Indicators: Per Capita Personal Income, Gross Domestic Product, Employment, Value Added per Worker, Higher Degree Attainment, Fourth Grade Reading Scores, Food Insecurity, Poverty, Wellness and Prevention



13 - Workforce

Bringing More People Into Maine's Workforce Critical to State's Economy



Benchmark:. Maine's workforce will grow to 771,000 by 2020.

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

Background: This indicator tracks Maine's workforce growth over time using the Maine Department of Labor's labor force estimates. Employed workers and people who are actively looking for work are considered part of the workforce. While the numbers have recently been revised back to 1976 and vary slightly from those that appeared in this report last year, the overall trend did not change appreciably.

What the Data Shows:

- Maine's workforce grew from 633,100 in 1990 to a high of 707,200 in 2013 before dropping back to 698,900 in 2014

Why It Matters: Maine employers need an adequate supply of skilled and educated workers to meet their current needs and enable growth. Yet throughout the state and across many industries, employers struggle to fill their needs. Approximately 200,000 workers will reach traditional retirement age in the near future. If current trends continue, we can expect Maine's workforce to decline by approximately 20,000 by 2020.

Growing Maine's workforce will require us to improve workforce participation among current Mainers, particularly disengaged youth, veterans, the disabled population, and those over 50. We will also need to improve our net migration by attracting more people from beyond our borders and encouraging more Mainers to stay here and participate in our economy. Engaging more Maine people in the workforce will help to grow our economy and improve the lives of more Mainers. A number of organizations and programs are currently working on the various parts of this issue; ensuring that these efforts continue, are properly coordinated, and are taken to scale is essential to improving our economy.

Making Maine Work: Growing Maine's Workforce, released in October 2013 by the Maine Development Foundation and Maine State Chamber of Commerce, explores this topic in detail and outlines a number of strategies to grow our workforce in the years ahead. The report is available at www.mdf.org.

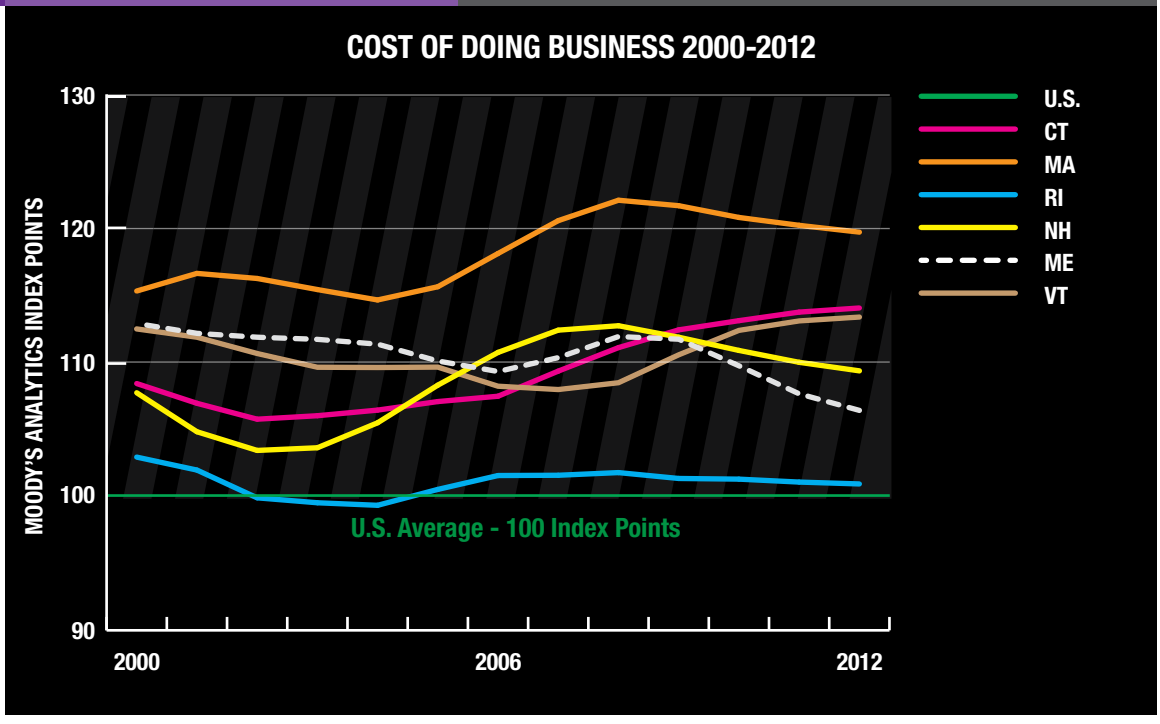
Related Indicators: Per Capita Personal Income, Gross Domestic Product, Employment, Value Added per Worker, Higher Degree Attainment, Poverty

14 - Cost of Doing Business

Maine's Cost of Doing Business Lowest Since Early 1990s

Benchmark: Maine's cost of doing business will decline to the U.S. average by 2020.

Source: Moody's Analytics



Background: The Moody's Analytics Cost of Doing Business index is a weighted scale of labor costs (wages, benefits, and productivity), energy costs (industrial and commercial electricity), and tax burden (state and local). Maine's labor costs are weighted at 73%, energy costs at 17%, and taxes at 10%.

What the Data Shows:

- Maine's overall cost of doing business has declined steadily in recent years and was 6.4% above the national average in 2012, the lowest since 1991
- Maine's overall cost of doing business in 2012 was the second lowest among the New England states, higher than Rhode Island (100.9) but below Massachusetts (119.7), Connecticut (114), Vermont (113.4), and New Hampshire (109.3)
- Maine's energy cost index declined from a high of 145.9 in 2009 to 124.2 in 2012
- Maine's labor cost and tax burden indexes were 1.2% and 14.1%, respectively, above the national average in 2012
- Maine's national rank has dropped from 3rd highest in 2000 to 11th highest in 2012

Why It Matters: The relative cost of doing business is vital to a state's economy. The costs of energy, labor, and taxes impact the ability of businesses to thrive and grow and are important considerations for businesses looking to get started, expand, or locate in the state. A simplified regulatory environment makes it easier for businesses, particularly small businesses, to operate in the state. While our relatively low labor cost helps Maine businesses, it also translates into lower incomes for Maine people.

New England Ranks by Indexes, 2012
(1 is the highest cost)

	Overall Rank	Unit Labor Rank	Cost of Energy Rank	Tax Burden Rank
MA	2	1	4	27
VT	5	5	9	6
CT	3	14	2	12
NH	8	8	5	50
ME	11	23	11	5
RI	18	30	8	14

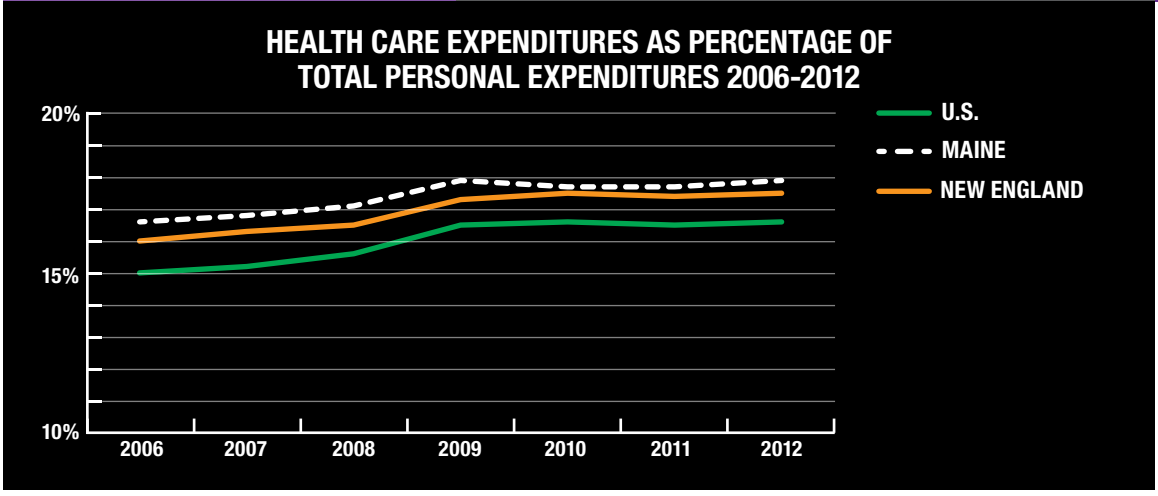
Source: Moody's Analytics

Related Indicators: Per Capita Personal Income, Cost of Energy, Cost of Health Care, State and Local Tax Burden

15 - Cost of Health Care

NO GRADE

Health Care Costs Remain a Concern for Maine People and Businesses



Benchmark:. Maine's health care spending as a percentage of total personal expenditures will decline to the New England average by 2020.

Source: Bureau of Economic Analysis Personal Consumption Expenditures by State (Prototype Estimates)

Background: Past reports have used data from the Kaiser Family Foundation and the Bureau of Economic Analysis showing total health care expenditures as a percent of GDP by region; however, this data has not been updated since 2009. The current data is from the Bureau of Economic Analysis Personal Consumption by State prototype estimates, which divides total personal expenditures by region into a number of major categories, including health care. The chart shows the percentage of Maine's total expenditures devoted to health care and the corresponding U.S. and New England averages.

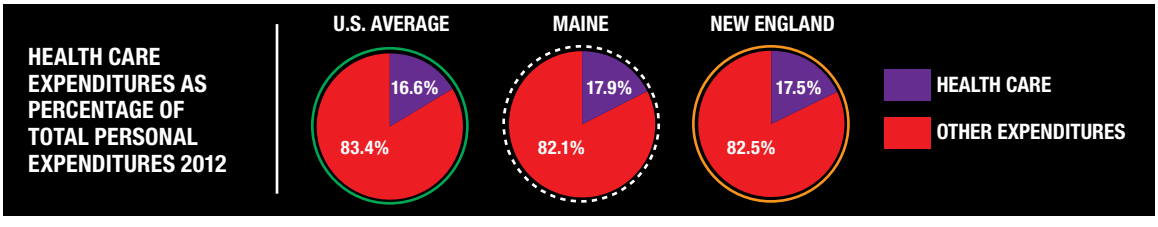
What the Data Shows:

- Maine's percentage of total personal expenditures devoted to health care has increased from 16.6% in 2006 to 17.9%
- The U.S. and New England averages have essentially mirrored this increase (rising from 15% to 16.6% and from 16% to 17.5%, respectively, from 2006 to 2012) and Maine has remained higher than both

Why It Matters: Maine businesses and Maine people have consistently identified the high cost of health care as a significant concern. Managing our health care costs is also a key factor in attracting individuals and businesses to the state. High health care costs may discourage people from seeking needed preventive care, ultimately driving up health care spending and affecting the health and productivity of Mainers. The increasing number of high-deductible plans for employer-based insurance and new out-of-pocket costs for those previously uninsured or covered by MaineCare gaining insurance on the Marketplace have important effects for Maine people.

High costs for government-sponsored insurance programs can also crowd out funding for other needed services and investments. Additionally, although high health care costs are a concern throughout the state, the cost of health services varies widely by region. Maine can help control the rising cost of health care by improving cost transparency; helping consumers make informed decisions about their care and associated costs; improving access to preventive care; improving the quality and delivery of services; and encouraging healthy behaviors to improve the overall health and wellness of Maine's people, such as lowering overweight and obesity rates.

Related Indicators: Gross Domestic Product, Employment, Cost of Doing Business, Wellness and Prevention, Health Insurance Coverage, Food Insecurity



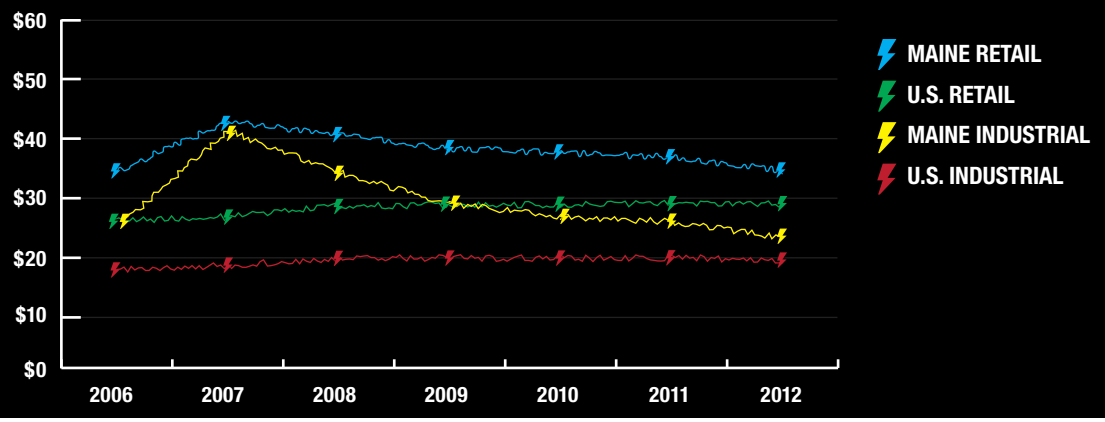
16 - Cost of Energy

Maine's Electricity Prices Lowest in a Decade but Still Above National Averages

Benchmark: Maine's retail and industrial electricity prices will decline to the U.S. average by 2020.

Source: Energy Information Administration

COST OF ENERGY (RETAIL AND INDUSTRIAL) PER MILLION BTUs 2006-2012



Background: Maine's cost of energy for retail and industrial customers is compared to the corresponding U.S. averages, measured in dollars per million British Thermal Units (BTUs).

What the Data Shows:

- Maine's 2012 retail and electricity prices were both at their lowest levels since 2005
- From 2011 to 2012, Maine's retail price declined -$2.24, while the U.S. was down -$0.15
- From 2011 to 2012, Maine's industrial price declined -$2.65, while the U.S. was down -$0.43
- The gap between Maine and U.S. retail prices declined from $8.44 per million BTUs in 2006 to $5.65 per million BTUs in 2012
- The gap between Maine and U.S. industrial prices declined by roughly half from 2011 to 2012, from $7.86 per million BTUs to $3.80 per million BTUs
- Maine's 2012 retail and industrial electricity prices were the lowest in New England and well below the averages of the other New England states ($41.32 and $33.81 per million BTUs, respectively)

Why It Matters: High energy costs affect the cost of living and doing business in Maine. Businesses, particularly manufacturers, weigh the cost of energy heavily in their location and expansion decisions. Although the indicator compares Maine to U.S. rates, our manufacturers compete against companies in neighboring Canadian provinces that benefit from dramatically lower electricity costs.

Maine is heavily reliant on petroleum products. Continued diversification of our energy sources, such as natural gas, pellet, wind, tidal, and biomass, can give Maine people and businesses more options to adjust to changing market conditions. Continued improvements in efficiency, particularly among large industrial and commercial customers, can lower consumption and alleviate some of the burden energy costs impose on Maine people and Maine businesses. *Energy in Maine*, the fifth Quarterly Economic Report by the Maine Development Foundation and the University of Maine School of Economics, explores these issues in greater detail and is available at www.mdf.org.

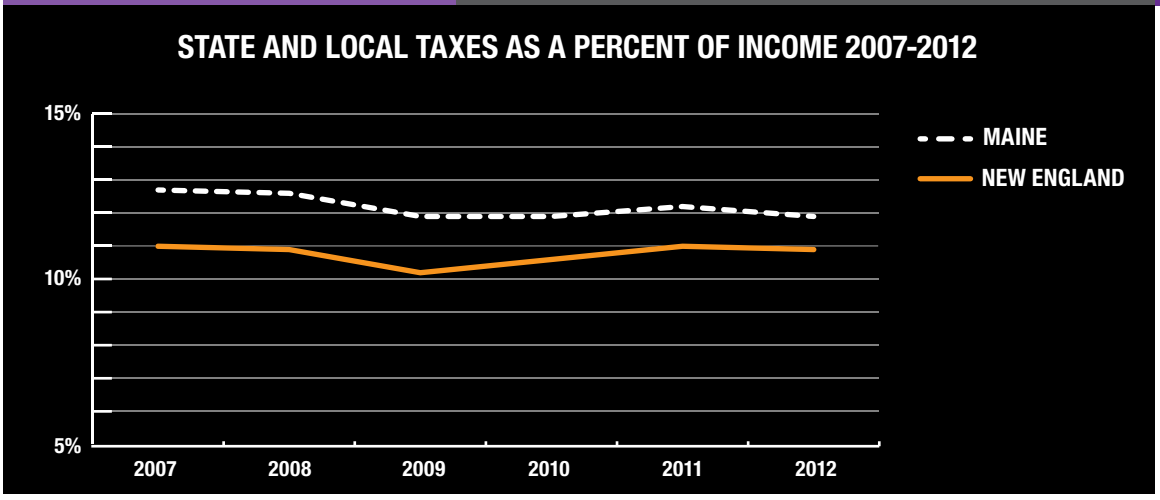
Related Indicators: Gross Domestic Product, Value Added per Worker, Cost of Doing Business

AVERAGE COST OF ENERGY (RETAIL AND INDUSTRIAL) IN 2012

MAINE RETAIL	U.S. RETAIL	MAINE INDUSTRIAL	U.S. INDUSTRIAL
$34.62	$28.97	$23.39	$19.59

17 - State and Local Tax Burden

Latest Data Shows Maine's Tax Burden Down Slightly Since 2007



Benchmark:. Maine's tax burden will decline and move toward the New England average each year through 2020.

Source: U.S. Census Bureau

Background: This indicator measures the percent of every $100 of income that taxpayers pay in state and local taxes. It reflects both the amount of taxes and the ability to pay. Per capita taxes compare the actual dollar amount of taxes across geographies.

What the Data Shows:

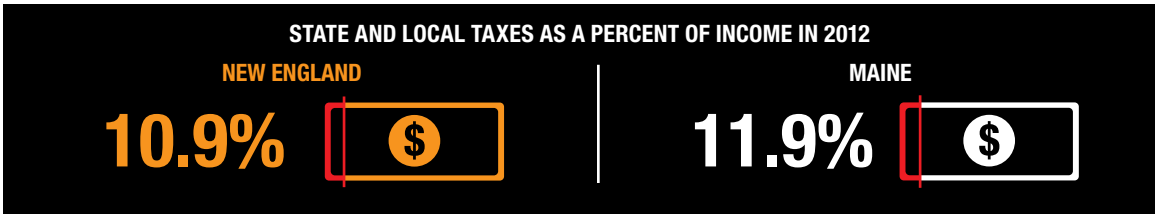
- Maine's tax burden has declined from 12.7% in 2007 to 11.9% in 2012
- With the exception of 2009, New England's tax burden has been roughly 11% over this time

Why It Matters: The relative level of tax burden and tax structure can weigh heavily on businesses and individuals. Relative tax levels are important considerations in the location decisions of individuals and businesses, and Maine needs to remain competitive with our neighbors. Our tax burden can be reduced by a combination of cutting spending and raising incomes. Taxes also generate revenue for public services such as education, health care, research and development, and transportation that are important to our quality of life and economy. It's critical that our tax structure is stable, encourages economic growth and job creation, provides for valuable investments, and appropriately balances state and municipal contributions.

New England State and Local Taxes 2012

	Tax Burden	Tax Burden Rank	Per Capita	Per Capita Rank
CT	12.1%	6	$6,950	4
ME	11.9%	7 (tie)	$4,620	16
MA	10.3%	24	$5,574	7
NH	8.4%	44	$3.988	26
RI	11.2%	14	$4,978	13
VT	11.9%	7 (tie)	$5,137	11

Related Indicators: Per Capita Personal Income, Value Added per Worker, Higher Degree Attainment, Fourth Grade Reading Scores, Eighth Grade Math Scores, Cost of Doing Business

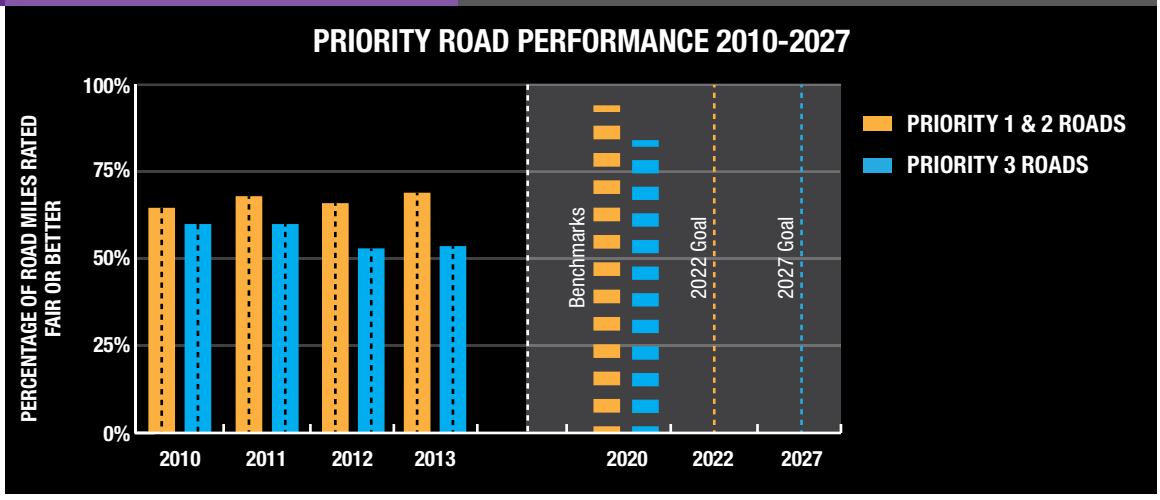


18 - Transportation Infrastructure

Maine Falling Short on Road Improvements

Benchmark: 95% of priority one and two roads and 85% of priority three roads will meet a rating of fair or better by 2020

Source: Maine Department of Transportation



Background: The state's roadways are ranked as priorities one through six based on functional classification, regional economic significance, heavy truck use, and relative traffic volumes. Priority one, two, and three highways include the interstate, arterials, and major collector roads. Roadways are also classified as excellent, good, fair, poor, or unacceptable based on road and bridge safety, condition, and service factors. The state's statutory goals are for all priority one and two roadways to be rated fair or better by 2022 and for all priority three roads to be rated fair or better by 2027. The Council's benchmarks are consistent with these goals.

What the Data Shows:

- In 2013, 69% of priority one and two roads were rated fair or better while the Growth Council's target was 76%
- The percentage of priority three roads meeting the standard declined from 60% in 2010 to 54% in 2013, while the Council's target for 2013 was 70%
- The 2013 numbers were 166 miles below target for priority one and two roads and 320 miles below target for priority three roads
- The Maine Section of the American Society of Civil Engineers' 2012 *Report Card on Maine's Infrastructure* assigned a D for roads, C for railroads, C- for passenger transportation, C- for bridges, B for airports, and C for ports and waterways
- Transportation spending is now less than 10% of the total state budget compared to 26% in 1976

Why It Matters: Priority one, two, and three roadways account for 19% of Maine's public roads but carry 70% of the state's passenger and freight traffic. Poor roads contribute to lower productivity and more vehicle repairs, traffic delays, personal injury, and property damage. The Maine Department of Transportation's three-year work plan for 2015-2017 meets only 69% of needs and indicates a $357 million shortfall for highway and bridge capital improvements. Improvement costs have increased as revenues from fuel taxes have declined with improving fuel efficiency. Maine will have to identify new revenue sources to provide the funding needed to maintain an effective roadway network.

While the majority of Maine's passengers and freight move by road, alternative modes of transportation can alleviate the burden on Maine roads and provide more options for people. Ridership on the Amtrak Downeaster, for example, reached a new high of over 536,000 in fiscal year 2014, and since 2001, the Downeaster has transported over five million passengers the equivalent of 412 million passenger miles.

Actual Road Miles and Targets, 2010-2027

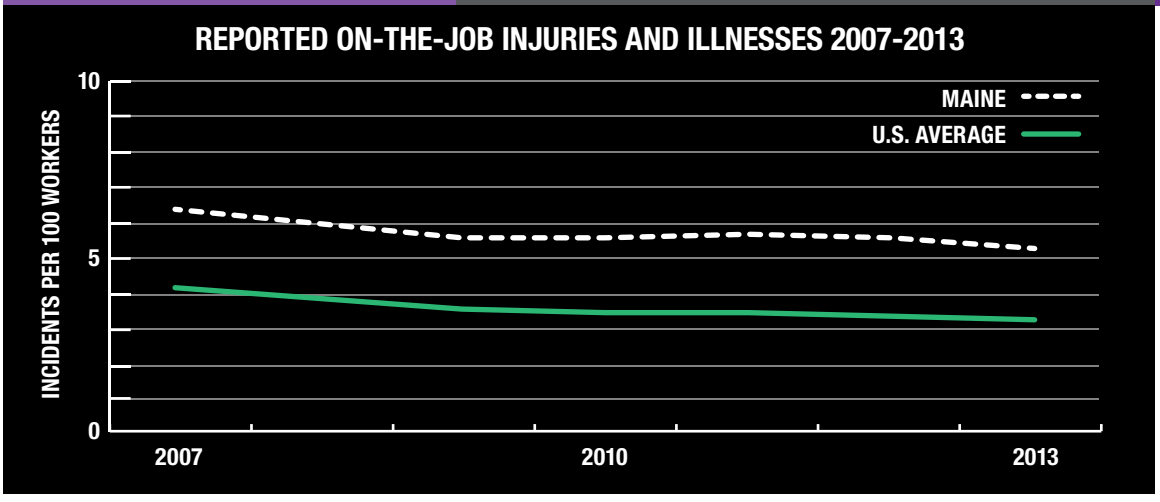
	2010	2011	2012	2013	2020	2022	2027
Priority 1 and 2	1597	1602	1569	1623	2235	2363	N/A
Priority 3	1268	1178	1070	1073	1686	N/A	1978

Source: Maine Department of Transportation

Related Indicators: Gross Domestic Product, High Speed Internet Subscribers, Value Added per Worker, Cost of Doing Business, Cost of Energy, State and Local Tax Burden

19 - On-the-Job Injuries and Illnesses

Established Downward Trend Continues for Both Maine and U.S.



Benchmark:. Maine's on-the-job injury and illness rate will move toward the U.S. rate each year through 2020.

Source: U.S. Department of Labor, Bureau of Labor Statistics

Background: This indicator compares the Maine and U.S. rates of reported on-the-job injuries and illnesses per 100 full-time workers. Included are all work-related injuries and illnesses required to be recorded by the Occupational Safety and Health Administration (OSHA), which defines an injury or illness as an abnormal condition or disorder. Maine's rate is the OSHA recordable incident rate for public and private sector establishments.

What the Data Shows:

- Both the Maine and U.S. rates have declined fairly steadily, Maine from 6.4 incidents per 100 workers in 2007 to 5.3 in 2013 and the U.S. from 4.2 to 3.3 over the same time
- Maine's rate has been approximately two incidents per 100 workers above the U.S. rate in that time
- Since 2009, Maine's median days away per incident has been 5 and the U.S. average has been 8
- Although Maine has not met the benchmark, the downward trend in Maine and U.S. rates is clear
- The Growth Council will continue to monitor this indicator annually and, barring any significant changes, will include it in the report every five years

Why It Matters: On-the-job injuries affect worker productivity, impose health care costs on individuals and employers, and hurt the competitiveness of businesses while significantly impacting the lives of individuals and their families. Maine's historically higher-than-average rate is due in part to the relatively hazardous working conditions in the manufacturing industry. The changing nature of manufacturing work and the smaller number of manufacturing employees has helped to lower the state's incident rate, as have worker safety programs throughout the state.

Related Indicators: Gross Domestic Product, Employment, Value Added per Worker, Cost of Doing Business, Cost of Health Care, Wellness and Prevention

LIVING, WORKING AND MOVING FORWARD, TOGETHER.

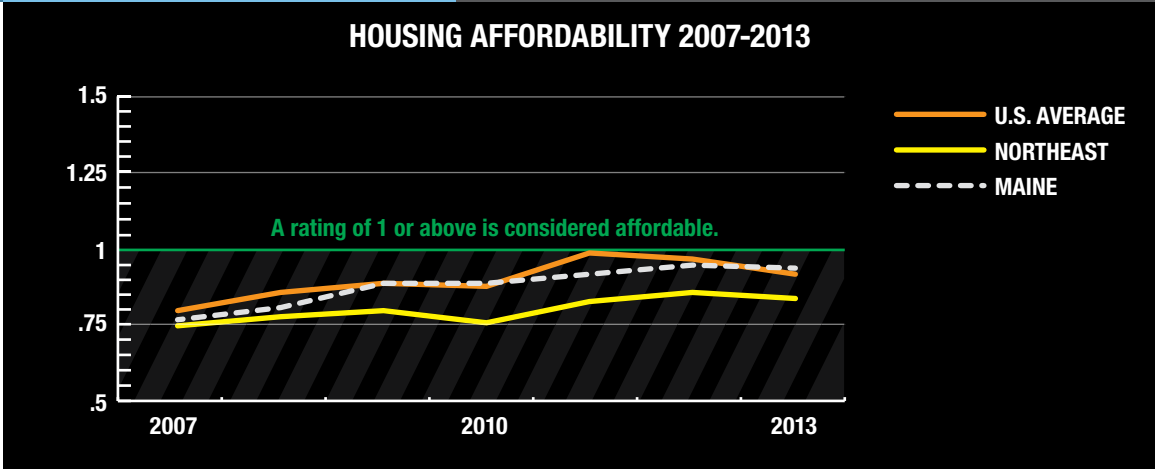
COMMUNITY

20 - Housing Affordability

Housing Affordability Continues to be a Competitive Advantage for Maine

Benchmark: Maine's housing affordability index will reach and maintain a level around 1 by 2020.

Source: MaineHousing



Background: The index is the weighted average of MaineHousing's homeownership affordability* and rental affordability indexes.** The weighting is based on the relative numbers of homeowner and rental households. A higher index means that housing is more affordable.

What the Data Shows:

- Housing affordability in Maine has been improving slowly in recent years
- Homeownership has become more affordable in Maine while tightening rental markets have made renting less affordable
- Maine's housing affordability (0.94 in 2013) has been roughly on par with the U.S. average (0.92 in 2013) and consistently higher than the Northeast average (0.84 in 2013)

Why It Matters: Housing affordability is an important factor in Maine's economy and the quality of life of Maine people. When housing is readily affordable, people have more disposable income to spend on other goods and services. Housing in Maine has consistently been more affordable than in the Northeast as a whole, giving Maine an advantage over our neighbors in attracting and retaining people.

In general, housing tends to be more affordable in Maine's central and rim counties and less affordable in southern and coastal Maine. Many of Maine's job centers have high housing costs that make it difficult for people to live in the communities where they work. The resulting commutes impose additional transportation costs, and take a toll on family and civic life, as well as our transportation infrastructure.

*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.

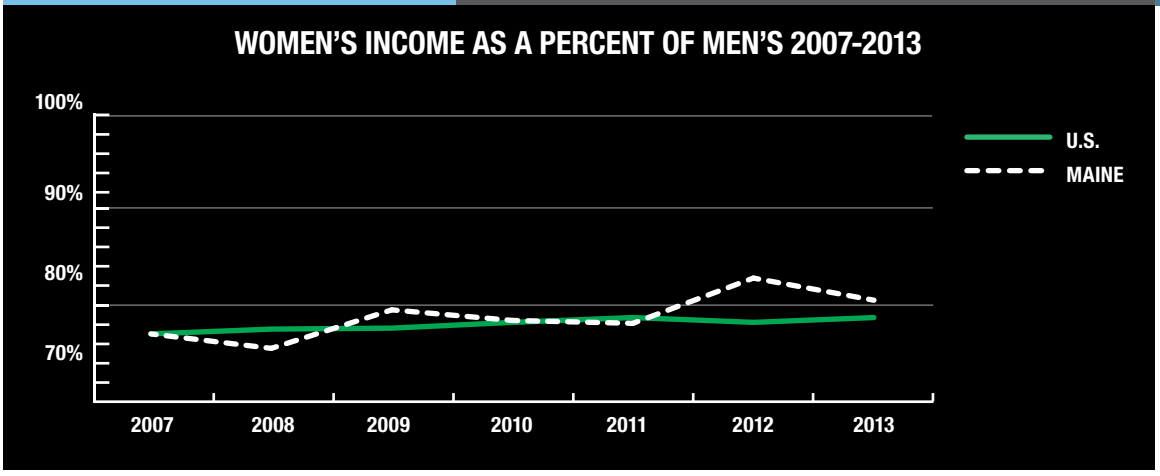
**The rental affordability index is the ratio of the rent that a Maine renter household with median renter household income can afford to the actual average rent for a two-bedroom apartment, including utilities.

Related Indicators: Per Capita Personal Income, Employment, Transportation Infrastructure

AVERAGES FOR 2013	HOUSE COST AVERAGE	HOMEOWNER INCOME	RENT AVERAGE	RENTER'S INCOME
	$197,400	$52,250	$905	$32,831
	$248,900	$59,247	$1,028	$35,324
	$169,900	$47,728	$760	$26,591

21 - Gender Income Disparity

Maine Women's Earnings Lose Ground Relative to Men's



Benchmark:. Maine's median annual income for women working full-time will improve to 100% of the median annual income for men working full-time by 2020.

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

Background: This indicator compares the median annual incomes for women and men working full-time, full-year in Maine and the nation.

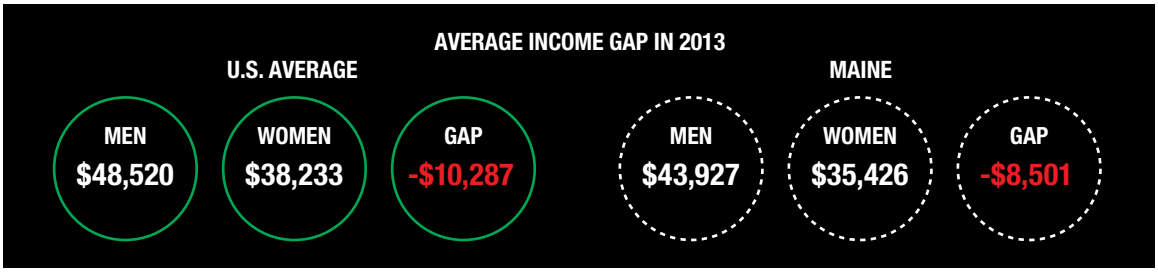
What the Data Shows:

- Women in Maine earned $0.81 for every dollar earned by men in 2013 compared to $0.83 in 2012
- The median annual income for Maine women was $35,426 in 2013, up $340 from 2012
- The median annual income for Maine men was $43,927 in 2013, up $1,592 from 2012
- The gap between the earnings of men and women in Maine was $8,357 in 2008 and $8,501 in 2013
- Nationwide, women earned $0.79 for every dollar earned by men in 2013 and $0.78 in 2012
- At the current rate of progress, the national wage gap for women will not be closed until 2057, according to an April 2013 study by the Institute for Women's Policy Research
- Some of the decline in the earnings gap in recent years has been due to the relative stagnation of men's earnings

Why It Matters: While the earnings gap varies by age, race, education level, marital status, and occupation, the overall pattern of women earning less than men persists throughout the labor market, resulting in significantly lower lifetime earnings for women and limiting women's contributions to our economy. At the national level, it has been estimated that the average woman will lose an estimated $431,000 over a 40-year career.

Women's choices of occupation and labor force participation account for some of the earnings gap, but much is also due to wage discrimination. The gap tends to be smaller at higher levels of education and in certain occupations, yet varies significantly across occupations with a high percentage of female employees or with comparatively high median earnings for women. For example, in Maine's finance and insurance sector, which has the third highest wage for females ($37,894) and third highest percentage of female employees (67%), women's earnings are only 55.4% of men's earnings. In health care and social assistance, where women make up 80% of all workers, women's earnings are 73.4% of men's earnings. Reducing the earnings gap requires a multi-faceted approach that limits occupational segregation, expands career choices for women, enforces equal employment laws, and eliminates workplace harassment and discrimination.

Related Indicators: Per Capita Personal Income, Gross Domestic Product, Employment, Value Added per Worker, Higher Degree Attainment, Food Insecurity, Poverty



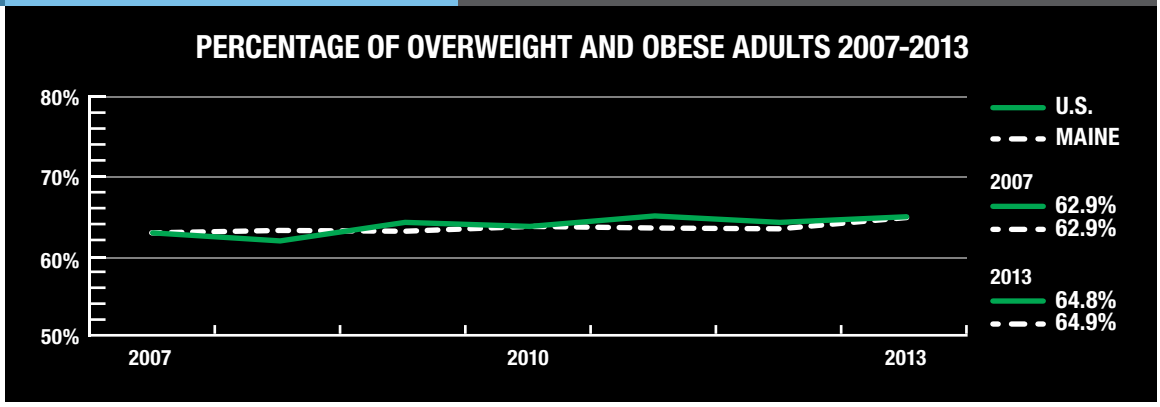
COMMUNITY

22 - Wellness and Prevention

Nearly Two-Thirds of Maine Adults At Unhealthy Weight

Benchmark: The combined percentage of overweight and obese adults in Maine will decline to 50% by 2020.

Source: Center for Disease Control, Behavioral Risk Factor Surveillance System



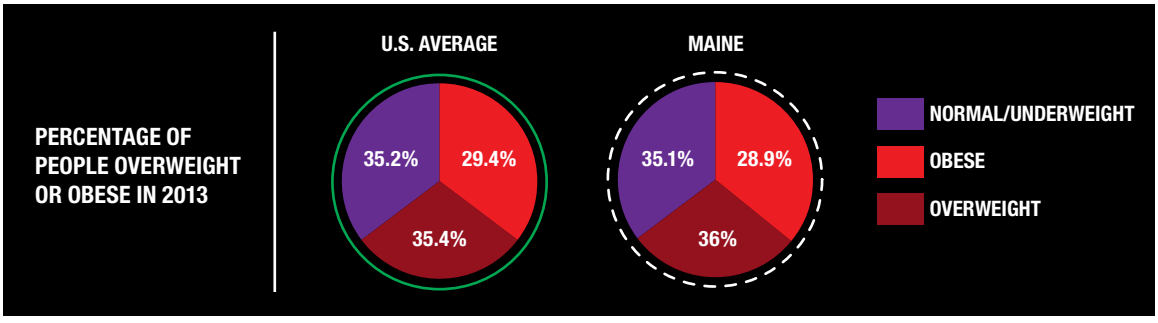
Background: Being overweight or obese is the third leading cause of preventable deaths in Maine and the nation. Overweight (Body Mass Index of 25.0 to 29.9) and obese (Body Mass Index greater than or equal to 30) adults are at higher risk for chronic diseases such as diabetes, heart disease, stroke, high cholesterol, asthma, arthritis, and some cancers. The risk increases with weight.

What the Data Shows:

- Maine's combined adult overweight and obesity rate has approached two-thirds over the last five years and stood at 64.9% in 2013
- While Maine's overweight rate declined from 37.7% to 36% from 2007 to 2013, Maine's obesity rate climbed from 25.2% to 28.9%
- From 2007 to 2013, the U.S. overweight rate declined from 36.6% to 35.4% and the U.S. obesity rate increased from 26.3% to 29.4%
- Approximately one-third of Maine children are overweight or obese and more likely to have weight issues as adults

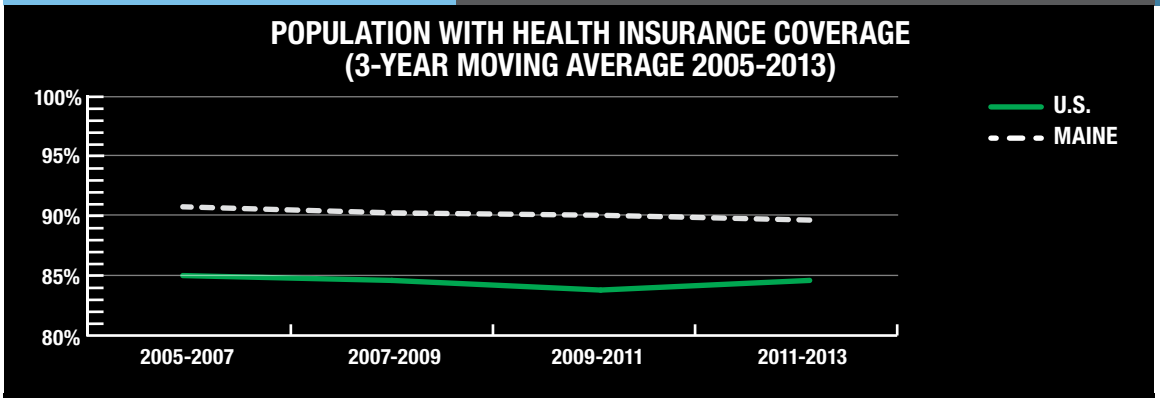
Why It Matters: Obesity is highly correlated with cardiovascular disease, asthma, hypertension, diabetes, and joint degeneration, which are being found in younger ages, particularly among those with low incomes. Significant economic costs are associated with Maine's high overweight and obesity rates, including $767 million annually in medical expenses and $2 billion annually in lost productivity. Reducing our overweight and obesity rates can help improve our overall health status and in turn help to control health care costs and improve productivity. Policies that encourage healthy behaviors are an important element; many employers are now using wellness and insurance programs to do just that.

Related Indicators: Value Added per Worker, Cost of Doing Business, Cost of Health Care, On-the-Job Injuries and Illnesses, Health Insurance Coverage, Food Insecurity



23 - Health Insurance Coverage

Maine's Health Insurance Coverage Unchanged, Remains Above U.S. Average



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

Source: U.S. Census Bureau

Background: This indicator compares the three-year average of the percentage of the total population in Maine and the United States with health insurance coverage.

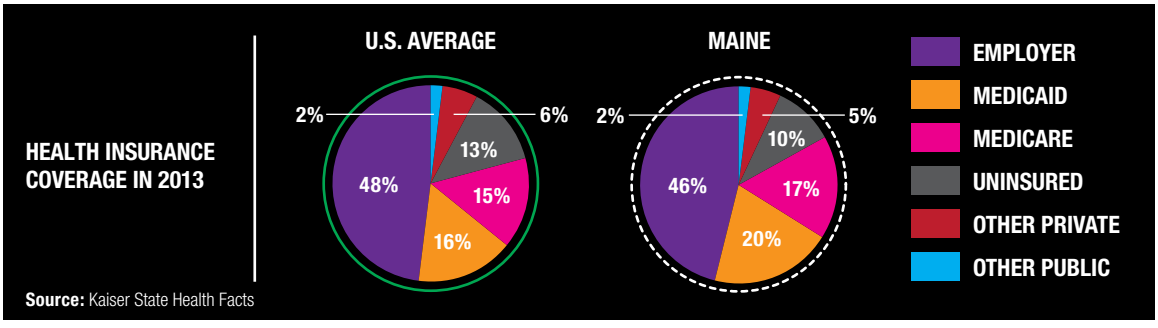
What the Data Shows:

- With minor fluctuations, the three-year moving average of health insurance coverage has been approximately 90% in Maine and approximately 85% in the U.S. as a whole since 2005
- According to the Kaiser Foundation, from 2012 to 2013, Maine's rate of Medicare coverage increased from 13% to 17%, while the rate of Medicaid coverage declined from 23% to 20% and the rate of employer coverage declined from 48% to 46%

Why It Matters: Making health insurance coverage available to a large number of people provides greater access to health care services. Health insurance helps people establish a relationship with a provider and access preventive care that can help avoid more costly and disruptive procedures down the road, helping people live healthier, more productive lives. As Maine's population ages, financing both private and public insurance programs is likely to present an even greater challenge in the years ahead. Adding more quality jobs that offer health insurance to employees can help alleviate the burden on public insurance programs.

The federal Affordable Care Act's Health Insurance Marketplace has significantly improved affordability and coverage for individuals and sole proprietors. Maine also gained a new nonprofit insurer which has become the leading plan provider for enrollees in the Health Insurance Marketplace. As of the end of the 2015 open enrollment period, nearly 75,000 Mainers had selected a health plan through the Marketplace, with about 90% of enrollees qualifying for subsidized coverage.

Related Indicators: Employment, Value Added per Worker, Cost of Doing Business, Cost of Health Care, Wellness and Prevention, Food Insecurity



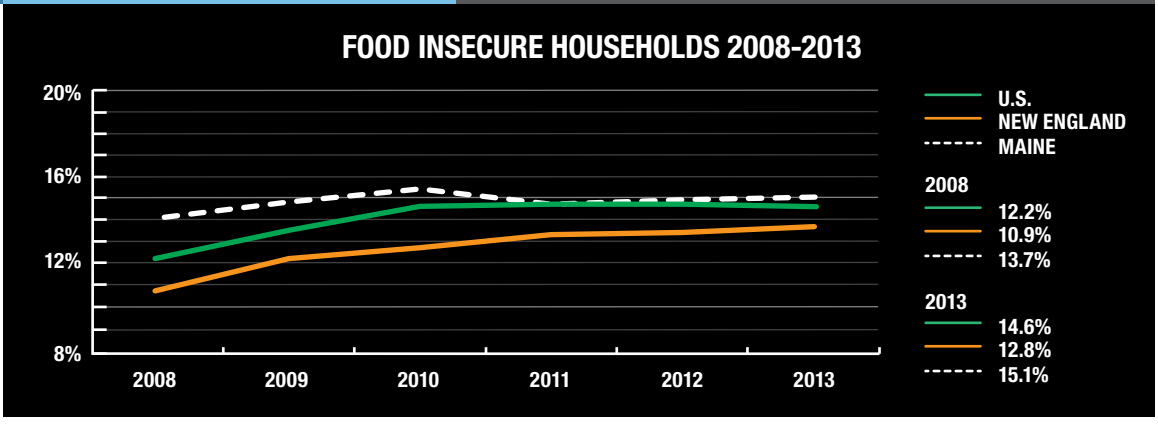
Source: Kaiser State Health Facts

24 - Food Insecurity

Reducing Food Insecurity in Maine Key to Improving Other Outcomes

Benchmark: Maine's percentage of food insecure households will decline to the New England average by 2020.

Source: U.S. Department of Agriculture Economic Research Service



Background: Food insecurity is measured annually by the U.S. Department of Agriculture Economic Research Service using U.S. Census data. Households with dependable access to enough food for active, healthy living are considered food secure, while those experiencing disrupted eating patterns, reduced food intake, and reduced quality or variety of diet are considered to be food insecure.

What the Data Shows:

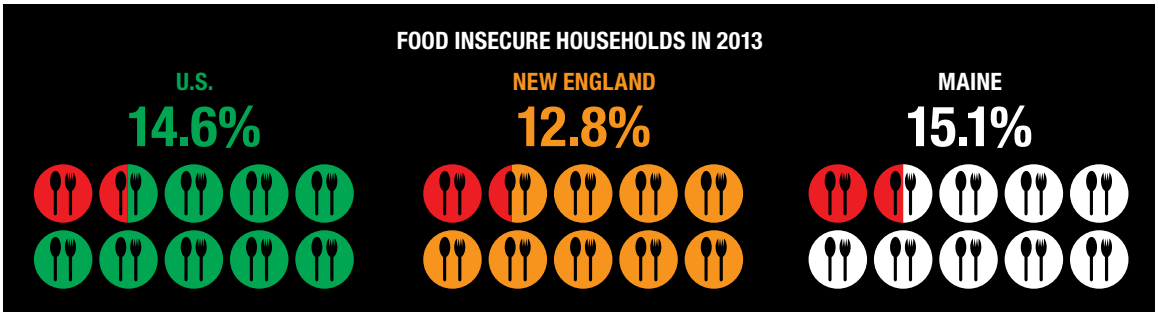
- Maine's percentage of food insecure households has risen from 13.7% in 2008 to 15.1% in 2013 and remains above the New England and U.S. averages
- In 2013, approximately 200,000 Mainers lacked consistent access to affordable nutritious food
- According to Feeding America, in 2014, nearly one in four (24.1%) Maine children were food insecure

Why It Matters: Food insecurity is a foundational indicator that has deep-rooted impacts in Maine. Food insecurity is particularly harmful to young children and is linked to poor health, developmental disabilities, and impaired performance in math and reading. Among 6 to 12 year-olds, food insecurity is associated with grade repetition, absenteeism, tardiness, visits to a psychologist, anxiety, aggression, psychosocial dysfunction, and difficulty getting along with other children. Toddlers who experience food insecurity at any point are 3.4 times more likely to be obese by age 5. The total annual direct and indirect cost of food insecurity (including poor health, lowered educational outcomes, reduced earnings, and the value of charitable contributions to address hunger) has been estimated at $167.5 billion for the nation and $787 million for Maine.

Eliminating "food deserts" where affordable and healthy food is difficult to obtain, supporting the work of programs like Good Shepherd Food Bank, and increasing the level of participation among eligible students in federal child nutrition programs are important to reducing insecurity. During the 2013-2014 school year, 46% of Maine students were eligible for free or reduced-price meals. Of those, 61% received meals through the National School Lunch Program, 40% received breakfast, and 17.5% received meals during the summer.

The 126th Legislature created the Task Force to End Student Hunger, which released its report in January. The report is available at www.maine.gov/legis/opla/studenthungerreport.pdf.

Related Indicators: Per Capita Personal Income, Gross Domestic Product, Employment, Value Added per Worker, Higher Degree Attainment, Fourth Grade Reading Scores, Eighth Grade Math Scores, Cost of Health Care, Wellness and Prevention




Good Shepherd Food-Bank
Feeding Maine's Hungry
www.gsfb.org


BY LAND, LAKE,
SEA AND STREAM.

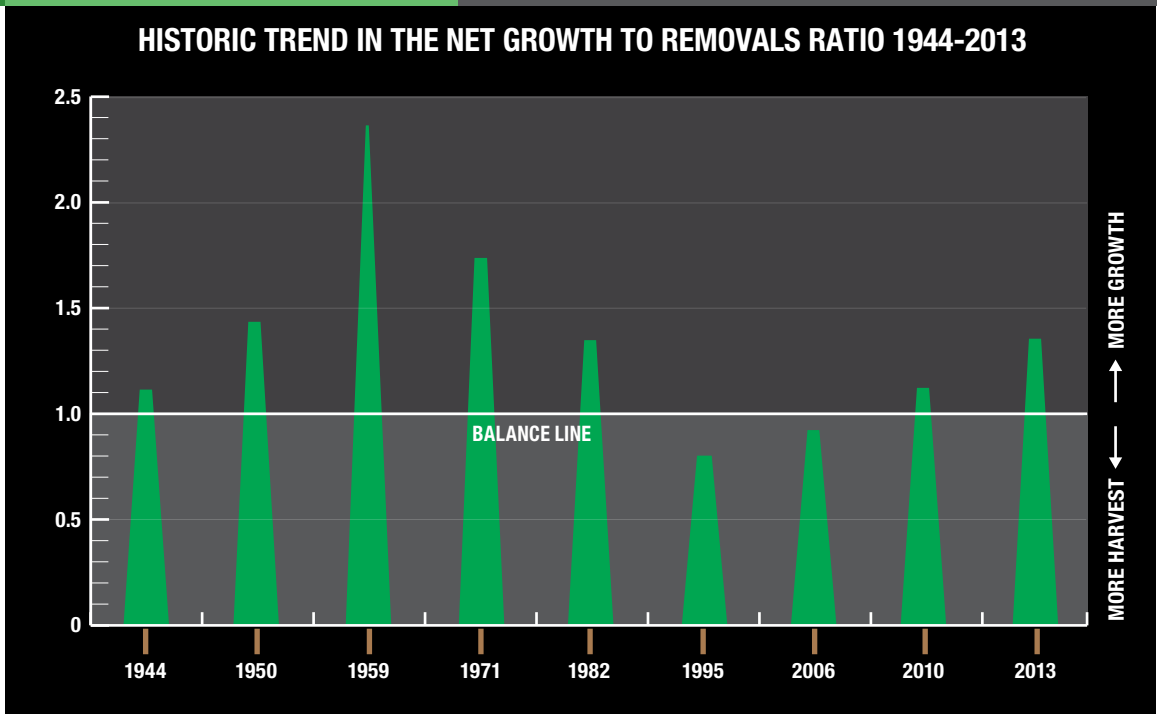
ENVIRONMENT

25 - Sustainable Forest Lands

Maine Continues to Benefit from Sustainable Forest Management

Benchmark: A net growth to removals ratio near 1:1 will be maintained over time.

Source: Maine Department of Agriculture, Conservation, and Forestry



Background: A net growth ratio value greater than one indicates that growth is greater than harvest, while a net growth ratio value less than one indicates that harvest exceeds growth. The ratio of net growth to removals peaked in 1959 at an unsustainable ratio of 2.37. From 1959 to 1995, a maturing forest, the spruce budworm epidemic, and harvesting brought the ratio on a decline to an undesirable value of 0.81 in 1995. Since then the ratio has improved steadily, crossing the 1:1 balance point in 2008. Since 1990, the harvest of forest products (sawtimber, pulpwood, firewood, and biomass) has ranged from 16.7 to 19.7 Million Green Tons. Over this period, the mix and individual contribution of various products has shifted to meet market demands. Despite this historic high level of sustained harvest, the growing stock inventory has increased 13% since 1995, and at a current level of 23.6 Billion Cubic Feet (BCF) is again approaching the 1982 apex of 24.1 BCF.

What the Data Shows:

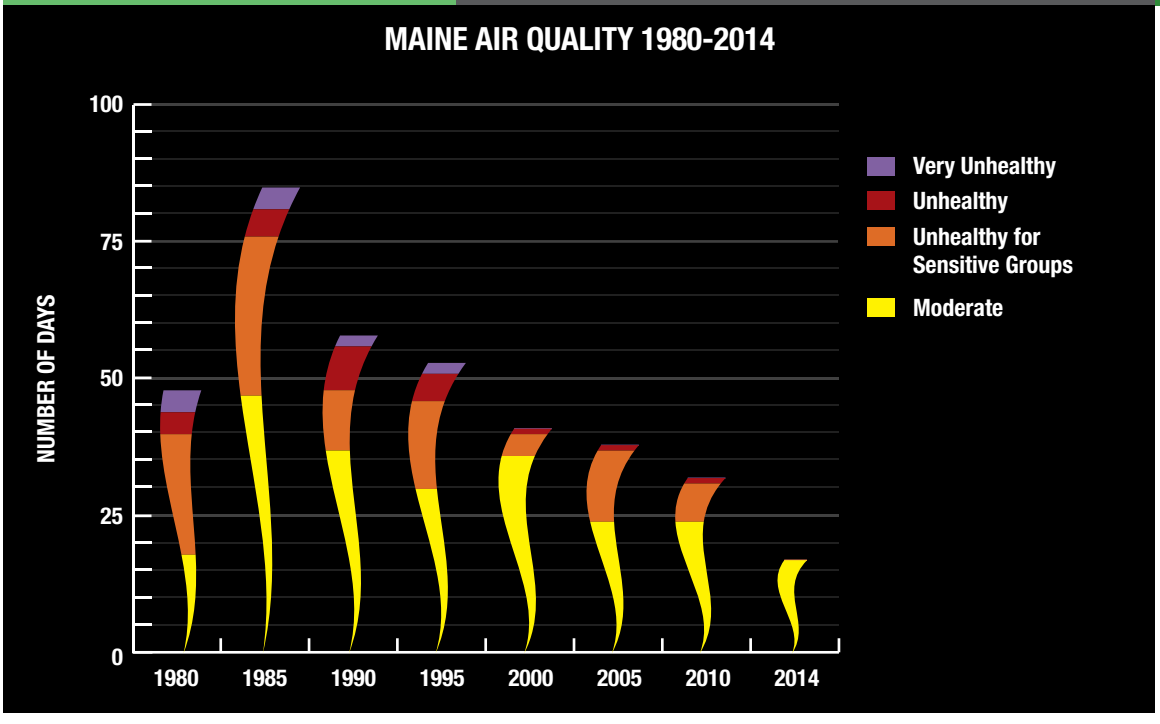
- The clearly established long-term trend around the ideal ratio of 1:1 continued in 2013 at 1.35:1 and Maine is consistently meeting the benchmark
- The Growth Council will continue to monitor this indicator annually and, barring any significant changes, will include it in the report every five years

Why It Matters: Maine's forests cover 89% of the state's land area, with 93% of this acreage actively managed by private landowners and much of that accessible to the public. Sustainable forestry is essential to Maine's economy, identity, and quality of life, particularly with the mounting concern over the future of Maine's forest lands. Maine's forests support healthy wildlife populations, supply raw materials used to create products ranging from newspaper to alternative fuels, offer a wide variety of recreational opportunities, and play an important role in Maine's air and water quality. Maintaining the long-term balance between growth and removals is a key component in sustaining Maine's forests and their vital contribution to the state's economy.

Related Indicators: Gross Domestic Product, Employment, Air Quality, Water Quality

26 - Air Quality

Maine's Air Quality Shows Continuous Improvement



Benchmark:. Maine's overall number of listed days and the severity of the health categories for listed days will continue to decline through 2020.

Source: Maine Department of Environmental Protection

Background: The air quality indicator is based on ozone levels averaged over an eight-hour period in parts per billion, as measured by a network of monitors recording concentrations of major pollutants throughout the state. The data is based on the number of times the maximum value in the state for each day falls into each air quality index category.

A separate comparison is of Maine's statewide maximum eight-hour ozone design value to the national standard. The maximum eight-hour ozone design value measures the fourth highest daily maximum concentration averaged over three years. Maine's values were above 100 for much of the 1980s but have been at or below the national ambient air quality standard of 75 since 2010.

What the Data Shows:

- Both the number and severity of unhealthy air quality days have declined in recent years
- A total of 17 days fell into the "moderate" risk category in 2014, the first year without a day classified above "moderate" risk
- By comparison, in 1985, 85 days fell into one of the designated health risk categories, with four classified as "very unhealthy"

Why It Matters: Air quality is important to the health of Maine people and affects our cost of health care. It is also an indicator of the overall quality of Maine's environment. While Maine's location means our air quality is subject to actions outside of our state, both state and federal policy have a role to play. The decline of manufacturing industries in the state has also helped to improve our air quality. On average, Maine's air is cleaner than the rest of the nation and offers an advantage in attracting people and businesses to the state.

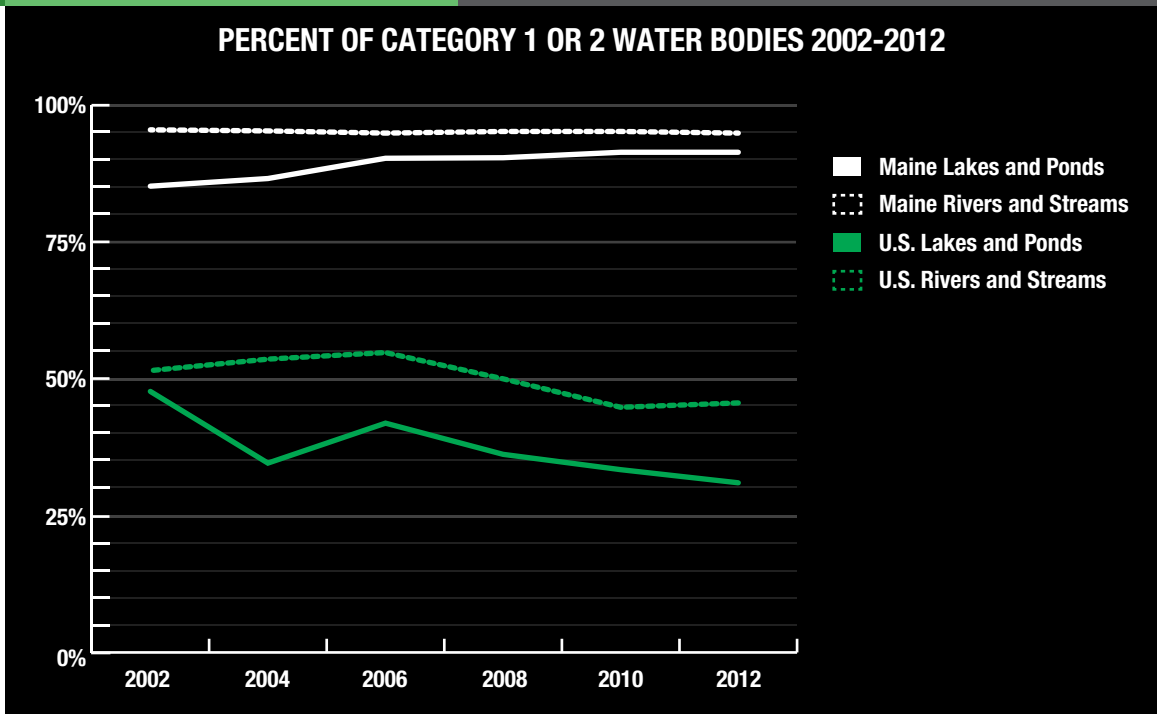
Related Indicators: Cost of Health Care, Workforce, Wellness and Prevention, Sustainable Forest Lands, Water Quality

27 - Water Quality

Maine's Water Quality Remains Well Above U.S. Average

Benchmark: The percentage of Maine's assessed water bodies classified as Categories 1 and 2 will be maintained over time.

Source: Maine Department of Environmental Protection, Bureau of Land and Water Quality, and U.S. Environmental Protection Agency



Background: The chart compares water quality in Maine and the U.S. The Maine Department of Environmental Protection reports the water quality for Maine's rivers and streams and lakes and ponds to the U.S. Environmental Protection Agency (EPA) every two years. Maine's assessed waters are classified into five categories, with Category 1 and 2 waters attaining all or some designated uses and water quality standards. Categories 1 and 2 are approximately equivalent to the EPA's "good" classification.

What the Data Shows:

- Since 2006, approximately 95% of Maine's assessed rivers and streams and approximately 90% of Maine's assessed lake and pond acreage met the Category 1 and 2 standards
- Since 2006, the percentage of U.S. rivers and streams meeting the "good" standard has dropped from 55% to 46%, and the rate for U.S. lakes has dropped from 42% to 31%

Why It Matters: The Environment indicators speak to the overall quality of Maine's natural environment, a key part of our state's identity, image, and brand. Maine's natural environment helps to support a vibrant tourism economy and is frequently cited as a main reason that people and businesses stay in or relocate to our state. While many of the indicators in this report address Maine's challenges, the Environment indicators speak to one of Maine's key assets and the benefits and opportunities it presents.

Related Indicators: Gross Domestic Product, International Exports, Value Added per Worker, Cost of Health Care, Wellness and Prevention, Sustainable Forest Lands, Air Quality

BACKGROUND

The Maine Economic Growth Council was established by statute in 1993 to develop a vision and benchmarks for Maine's long-term economic growth. Its members represent a broad and diverse cross-section of Maine's key constituencies. Members are jointly appointed by the Governor, Senate President, and Speaker of the House. The Council is co-chaired by Eloise Vitelli, State Senator and current Director of Program and Policy Development at Maine Centers for Women, Work, and Community; and Steve Von Vogt, President and CEO of Maine Marine Composites.

The annual *Measures of Growth* report is one of the most widely used and respected reports on Maine's economy. The report has been revised from time to time to provide the most current and meaningful assessment of Maine's progress toward long-term economic growth and a high quality of life for all Maine people.

The Maine Economic Growth Council is administered by the Maine Development Foundation (MDF), a private, non-partisan membership organization created in statute in 1978 that drives sustainable, long-term economic growth for Maine. MDF Program Director Ryan Neale administers Council meetings and researches and writes the report. The work of the Growth Council is financed by a state appropriation through the Maine Department of Economic and Community Development.

ACKNOWLEDGEMENTS

The Maine Economic Growth Council and Maine Development Foundation extend their sincere appreciation to the individuals and organizations that generously provided data and guidance in the development of this report. We would like to extend a special thank you to Cassidy Parmley and the team at Pica for their effort in developing the new look for the report. The report was printed by J.S. McCarthy.

THE NATURE OF DATA

The Growth Council strives to provide the most accurate, timely and consistent data available. Source data is regularly revised as methodologies improve and more information becomes available. As a result, the data presented here may differ slightly from that of past reports. Despite these limitations, the overall trends and policy implications are unchanged.

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Prepared by the Maine Development Foundation for the Maine Economic Growth Council
MAINE DEVELOPMENT FOUNDATION

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