

**Testimony to the Joint Standing Committee on
Innovation, Development, Economic Development & Business**

By Yellow Light Breen on behalf of the Maine Economic Growth Council & Maine Development Foundation

**Neither for Nor Against
LD 1476, Resolve: Directing the Maine Economic Growth Council to Create and Share Measures of
Progress**

Senator Curry, Rep. Roberts, and Honorable Members of the IDEAB Committee:

On behalf of the Maine Economic Growth Council (MEGC) and Maine Development Foundation (MDF), I offer testimony Neither for Nor Against LD 1476. As you know, by statute MDF provides the staff support for the MEGC.

MEGC and MDF are strongly in favor of the concepts advanced in the resolve. However, given that there are several contingencies and refinements to the current language that we deem important to address we opted to style our testimony as NFNA.

The Maine Economic Growth Council takes a nonpartisan, data-driven approach to presenting an unbiased picture of Maine's economy and well-being. Measures of Growth is designed to be a resource for policy and decision makers at all levels, helping them to focus their efforts and understand the connections between the major issues affecting the state. Since 1993, the Council has served as an unbiased analyst and advisor on Maine's economic health and trends; and is administered by the Maine Development Foundation (MDF). Council members are jointly appointed by the Governor, Senate President, and Speaker of the House, and represent a broad and diverse cross-section of Maine's key constituencies.

There seem to be several key objectives in the Resolve, and we support them all wholeheartedly: (1) elevate the awareness, accessibility, and user experience (visualization and utility) of existing Measures of Growth and any additional dashboard measures of progress; (2) develop comprehensive progress reporting on the state's long-term ten-year economic development strategy ("10YEDS"); (3) utilize any set of progress metrics more substantially and frequently in guiding policymaking.

Maine needs a non-partisan long-range vision, plan, and persistence over time more than anything else to sustainably grow our economy.

Overall, we believe the approach in the Resolve, to be viable and optimal, needs to (a) address the accountabilities and collaborative potential more clearly between MEGC, DECD and other agencies; (b) avoid excessive detail where it may prove impracticable; (c) spark discussion about realistic funding and resourcing.

Regarding the first objective, MEGC/MDF would very much like to reposition the Measures of Growth in a more accessible, digital, and user-friendly platform. In some ways, the executive summary seeks to play the role of a dashboard albeit a too static one (see attached). If resourced adequately we would look forward to taking this on as noted below. In terms of a broader dashboard and its alignment to the long-term economic

development, this should be more a shared and collaborative responsibility between the listed agencies (and others). If desired, MEGC can provide some strategic guidance and “peer review” aspect – but the accountability and collaboration need equal ownership by many others not just MEGC.

a. Accountability & Collaboration: The Resolve implicitly recognizes there are a number of collaborative opportunities to leverage and align existing data insights: there is already a monthly economic indicator report by the State Economist; a great dashboard of labor and employment data by MDOL/CWRI; and periodic robust data gathered by the Consensus Economic Forecasting Commission to name just a few. But lead agencies whether it be MTI, ConnectME, or the Energy Office are always seeking and refining actionable data to get a clear(er) handle on their issue areas and their program impacts. MEGC can help provide a cross-sector “user” perspective on what matters and how to collate and simplify insights – but subject matter expertise and critical accountability can and must rest with the family of implementation agencies who work with data every day. Collectively DECD and the agency family also have exponentially more hard and soft resources than MEGC so the best chance of appropriate commitment and resourcing will be if the final language can be strongly embraced by agency collaborators.

b. Details such as Scope & Frequency: The scope of potential progress metrics needs to match the priority initiatives pursued under the long-range plan – and thus are likely to be numerous, sometimes tactical, and somewhat dynamic. It is important to be realistic about what the MEGC could feasibly do with any likely resources – and that MEGC’s focus has been on long-term and relatively few metrics in order to focus attention and policy discussion. Many datasets – especially those that are comparative (e.g., to other states and the nation); reliable (lower margins of error or scope of later revisions); and longitudinal (available over time not just sporadically) are simply not available quarterly or twice a year – and available annually only with a lag. The accessibility of a dynamic online dashboard will not change some of those timing constraints.

c. Funding: The types of optimal datasets contemplated in the Resolve – including any primary survey research – can be expensive. The MEGC/MDF have aspired to migrate our current products to a much more digital, accessible, user-interactive format – and we estimate that can be done for approximately \$30,000 or roughly the amount pending as the increased funding recommendation from IDEAB to the AFA. New or custom data sets could cost multiples of that amount depending on scope. MDF’s ability to generate outside resources for that activity is minimal at best – but a lot of it may align to existing data agendas of implementing agencies. We would have to defer to the DECD on the cost implications of refining and packaging the data sources that the Administration oversees and produces.

Regarding the second objective, MEGC has already taken significant steps in 2020 to align content and presentation of the MOG to connect to the 10YEDS – but it is critical to recognize that in our view the DECD maintains the primary accountability for the state’s economic development plan (see Title 5, sec. 13053); that a comprehensive portrait of progress would require a panoply of leading and summative indicators; qualitative and quantitative assessments; assessment of inputs/actions [the model of change being pursued] as well as outcomes; and lots of collation from a number of state and non-state actors and data stewards. A lot of that complementary data is currently more amenable to the insight, influence, or capacity of DECD and other lead agencies to assess better than MEGC/MDF can. We think the bill should be clearer about that primary accountability, even if still leaning on the non-partisan progress reporting and dashboarding from the MEGC as one key component of the overall assessment of long-term plan progress.

Regarding the third objective, we look forward to working with the Legislature on crafting more recurring and frequent touch points around the data and insights that can shape policymaking. An increase in formal discrete reporting may have staffing and other cost implications; but organic updates and sharing of actionable policy insights by MEGC/MDF, by other state agency data stewards, and by the key resources at Maine's public and private research institutions may be more a matter of commitment, will, and practicality of the legislative calendar than of new reports or resourcing.


We look forward to working with the Committee on refining an approach that balances the independence and long-term focus of the Growth Council with the expertise and accountability residing in implementing agencies; and ties aspirations to potential resources.


Cordially submitted,
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FUNDAMENTAL PERFORMANCE INDICATORS

PROSPERITY


 **1. Wages** pg 8
Maine's average annual wage was \$47,234, well below the U.S. and New England averages of about \$59,000, but just 4% below the average for a group of comparable states.



 **2. Poverty** pg 9
Maine's poverty rate rose from 11.3% in 2017 to 11.6% in 2018. Nationwide, poverty declined from 13.4% to 13.1%, and New England's poverty rate decreased slightly from 10.4% to 10.2%.

 **3. Gender Income Equity** pg 10
In recent years, women's income as a percentage of men's in Maine has gradually improved, from 79% in 2014 and 2015 to 84% in 2018.



 **NEW 4. Racial/Ethnic Income Equity** pg 11
 From 2014 to 2018, the average per-capita income in Maine was \$31,253. White, non-Hispanic Mainers averaged \$32,050 in per-capita income, 60% higher than the \$19,920 average among Maine residents of all other races and ethnicities.


PEOPLE

 **5. Total Employment** pg 13
Maine total employment continued to grow in 2019, adding another 5,100 jobs for a total of 635,500 jobs.

 **6. Workforce** pg 14
 Maine had a workforce of 690,000 people in 2019. From 2018 to 2019, the workforce shrank by 2,900 people.



PRODUCTIVITY

 **7. Value-Added per Worker** pg 15
 Worker productivity in Maine has steadily increased, but it is among the lowest of the 50 states. Our value added per worker grew from \$97,201 in 2017 to \$100,463 in 2018, but as a percentage of U.S. value-added per worker, Maine's dropped from 24% lower in 2016 and 2017 to 25% lower in 2018.

 **8. Gross Domestic Product** pg 16
Adjusted for inflation, Maine's GDP grew 1.9% from 2018 to 2019. This trailed the national and New England average of 2.3%.

ECONOMY



INNOVATION


 **9. Research & Development Expenditures** pg 18
 In 2017, Maine's total spending on R&D was \$520 million, up from \$483 million in 2016. R&D spending in Maine represents 0.8% of total GDP, which ranks 46th of the 50 states and is one-half of the estimated 1.6% average among EPSCoR states.



 **10. International Exports** pg 19
Maine saw a 4% drop in exports from 2018 to 2019; U.S. exports fell 1.4%. Maine's international trade index peaked in 2011 and has been relatively flat since 2013.


 **11. Entrepreneurship** pg 20
In 2018, Maine dropped to a 50-state ranking of 43rd, from 6th place in 2017 and 37th in 2015 and 2016. This metric is often volatile due to the small but variable numbers of new business owners each year.

TALENT



 **NEW 12. Prekindergarten Education** pg 21
 In 2019-20, 77% of Maine school districts offered free public pre-K programs. 46% of Maine four-year-olds were enrolled in public pre-K in 2018-19, well above the U.S. average of 34% and the New England average of 30%.

 **13. Fourth-Grade Reading** pg 22
In 2019, 36% of Maine 4th-graders were proficient in reading by NAEP standards, the same proportion as in 2015 and 2017. Maine ranked just above the national average of 35% and trailed the New England average by four points.

 **14. Eighth-Grade Math** pg 23
 34% of Maine 8th-graders tested proficient on NAEP in 2019, down from 40% in 2013 and at the same level as in 2007. The national average was 33% and the New England average was 38% in 2019.

 **15. Postsecondary Degree Attainment and Occupational Credentials** pg 24
Maine's postsecondary degree attainment improved from 34% in 2008 to 41% in 2018, equal to the national average, but well below the New England average of 49%.

BUSINESS CLIMATE

 **16. Cost of Doing Business** pg 25
 Maine's cost of doing business index value was 112 in 2007, rose to a high of 114 in 2008-2009, and has been stable at 110 since 2012. In 2019, Maine's cost of doing business ranked 7th highest in the U.S., ranking worse than New Hampshire, Rhode Island, and Connecticut, and better than Massachusetts and Vermont.



PDF available for download at [mdf.org](https://www.mdf.org)

 **17. Cost of Health Care** **pg 26**

In 2018, health care spending in Maine stood at 17.4% of all personal expenditures, above the 2008 rate of 16.6%, but at a stable level since 2015. Mainers devote a higher proportion of expenditures to health care than the national and New England averages.

 **18. Cost of Energy** **pg 27**

The industrial price of electricity in Maine increased slightly from 9.32 to 9.37 cents per kilowatt hour from 2018 to 2019, while the average New England price declined from 13.19 to 12.92 cents and the U.S. average fell from 6.92 to 6.83 cents.

 **19. State and Local Tax Burden** **pg 28**

State and local tax burden in Maine has remained around 12% of personal income since 2009. The 2017 New England average was 10.5%. From 2016 to 2017, Maine's state and local tax burden moved closer to the New England average.

 **COMMUNITY**

INFRASTRUCTURE

 **20. Broadband Connectivity** **pg 30**

While 95% of Mainers have access to basic broadband—slightly above the national rate of 94%—only 55% have broadband subscriptions, compared with 65% nationally. The proportion of Mainers with basic broadband subscriptions rose from 30% in 2016 to 55% in 2018.

 **21. Transportation Infrastructure** **pg 31**


In 2019, 816 miles or 58% of Priority 1 highways were graded A, B or C, and 582 miles (42%) received grades of D or F. This shows further, steady decline since 2012 in the proportion of Maine highways receiving top grades.

 **22. Housing Affordability** **pg 32**

Housing is more affordable in Maine than in the United States or the Northeast region. But after improving from 2007 to 2015, housing affordability in Maine has declined slightly each year since.

HEALTH & SAFETY

 **23. Safety** **pg 33**

 Maine's crime rate in 2018, 14.7 per 1,000 residents, was 43% below the national rate of 25.8 and among the lowest of the 50 states. Maine's violent crimes rates in particular are significantly lower than the nation, and property crime rates have also been falling.

 **24. Wellness and Prevention** **pg 34**

Two-thirds (66%) of Maine adults were overweight or obese in 2018. This is up one percentage point from 2017, and equal to the U.S. average.

 **25. Health Insurance Coverage** **pg 35**


The proportion of Maine residents with health insurance coverage has remained at 92% from 2016 through 2018. Maine's health insurance coverage rate rose slightly from 2017 to 2018 while the national rate of 91% dropped slightly.

 **26. Food Security** **pg 36**

13.6% of Maine households experienced food insecurity in 2016-2018, down from 14.4% in 2015-2017, but well above the U.S. average of 11.7% and the New England average of 10.6%.

 **ENVIRONMENT**

 **27. Air Quality** **pg 38**


 After declining in the 1980s and 1990s, air quality in Maine has improved substantially, and is better than other Northeastern states. The number of moderate (23) and low (1) air quality days in 2019 were the lowest on record.


 **28. Water Quality** **pg 39**


Since 2006, Maine's water quality has remained steady, with 95% of rivers and streams, and 91% of lakes, achieving Category 1 or 2 ("good") in 2016.


 **29. Sustainable Forest Lands** **pg 40**


Since 2010, Maine has maintained net forest growth-to-removal ratios slightly in favor of growth over harvest. The growth to harvest ratio fell slightly from 1.38 in 2018 to 1.27 in 2019.

 **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.

 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.