

## Chapter 1 - Unleashing the Human Potential

*“No one can call our people lazy. They have been industrious; nay, hard workers. But they have acted as if the only law of labor was hard work. They have been slow to see that true labor seeks not simply where it can find obstacles to overcome, but how it can work most advantageously.”*

Joshua Chamberlain,  
Maine: Her Place in History, 1876 speech (p. 97)

There are many ways that Maine people have been described over the years, but as Civil War hero and former Governor, Joshua Chamberlain, declares in the above quote from an 1876 speech – the description virtually always includes our unparalleled work ethic. Practical, down-to-earth, fair-minded, independent in thought, and trustworthy are also apt descriptors. And all of these qualities are appreciated by employers who view Maine workers as some of the most loyal and hard working available. In fact, the MDF survey that 1,039 Maine business leaders answered found that our workers are one of our greatest assets for growth.

Clearly articulated in *Making Maine Work: Critical Investments for the Maine Economy*, “Maine people are entrepreneurial – Maine had 19% more entrepreneurs per thousand people than the national average in 2008; civic-minded – Maine ranked 5<sup>th</sup> among all states in voter turnout in 2008; and caring – Maine averages 45 hours of volunteer time per resident per year, seventh highest in the country. Entrepreneurship, civic-mindedness, and caring are not just characteristics of good citizens. They are also the characteristics of good workers.”

However, the report also points out that we do not have the healthiest of lifestyles – with 18% of our adults and 28% of our young adults using tobacco products, and more than 60% of our adults and an alarming 28% of our children being obese or overweight. In addition, our college graduation rate is below the nation’s and the region’s. Our productivity (which is largely influenced by the industry mix and the relative age of the machinery, equipment and technology of our businesses) and thus our wages both rank 45<sup>th</sup> in the nation. These factors raise a red flag of concern with our ability, as a people, to fully participate in the new, knowledge-based economy and to increase the relative prosperity of all Maine people.

Further, the population forecasts for Maine present significant challenges that will need to be addressed in order to secure a better future for our state. The extent to which we understand, plan for, and take action to deal with these challenges will determine our success in unleashing the human potential so critical to our future.

## **The Demographic Trends**

Maine has a number of powerful demographic forces bearing down upon us, and our economic fate is dependent on our ability to recognize the implications of these trends, accept and, indeed, embrace the changes, and take serious action to plan for the future that is fast approaching. Like the little man atop the elephant, while we cannot quickly reverse the direction of our population growth, we can slowly but surely work to alter the path ever so slightly - as even the slightest of changes could have dramatically positive outcomes for Maine.

The demographic trends and conditions that challenge Maine's ability to grow and prosper are fourfold:

1. Maine's population is growing slowly
2. Maine's population is growing older
3. Maine's population is growing unevenly and spreading out
4. Maine's population is highly homogeneous

It is absolutely essential that we work to address each and every one of these in order to achieve the vision of "a high quality of life for all Maine people."

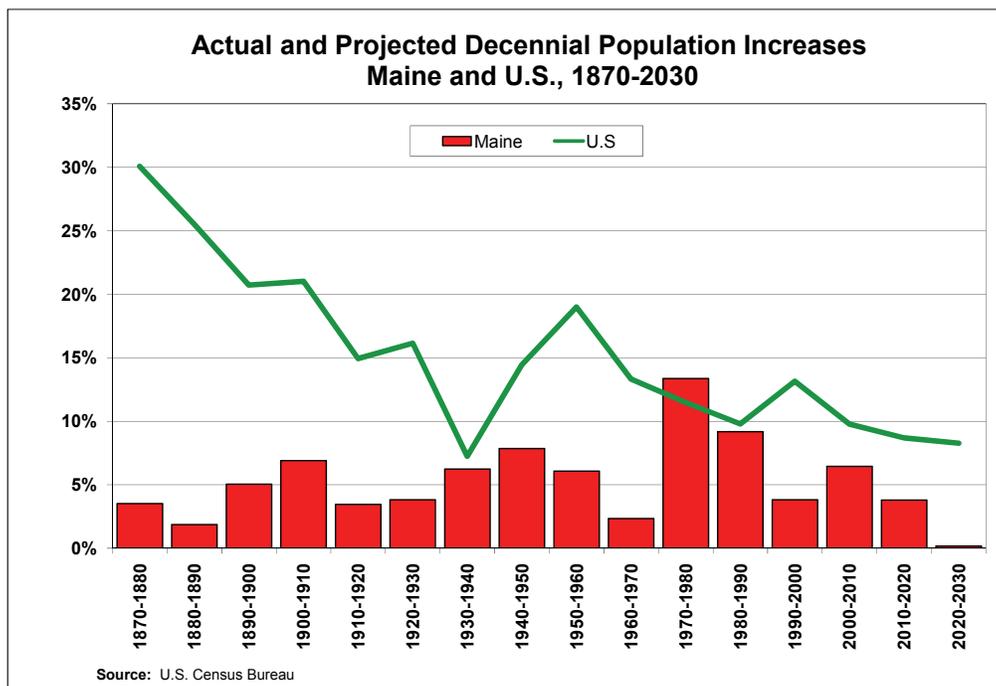
## **The Demographic Imperatives**

If we are to attain the vision we seek, we must commit to the following course of action – not stopping until we have fully unleashed the potential of all Maine people. We must:

- Bring every Maine person to their highest potential
- Improve the health of every Maine person
- Fully engage older, experienced Mainers in the workforce
- Provide young people with a meaningful economic and community experience so that they choose to live, work and play in Maine
- Welcome and embrace all newcomers from other states and countries and fully integrate them into the rich fabric of Maine
- Preserve and use Maine's many natural and built assets to attract people to the state

## Strategies to Address Demographic Trends

As the graph below illustrates, Maine’s population has always grown more slowly than that of the nation’s, with the exception of the 1970s, when Maine benefited from a “back to the land” movement, and in the 1980s when Maine rode the coattails of an unprecedented New England expansion. Since the 80s, however, Maine’s population growth has slowed to a rate that is half that of the U.S., and the forecast is for the pace to slow even more over the next 20 years.

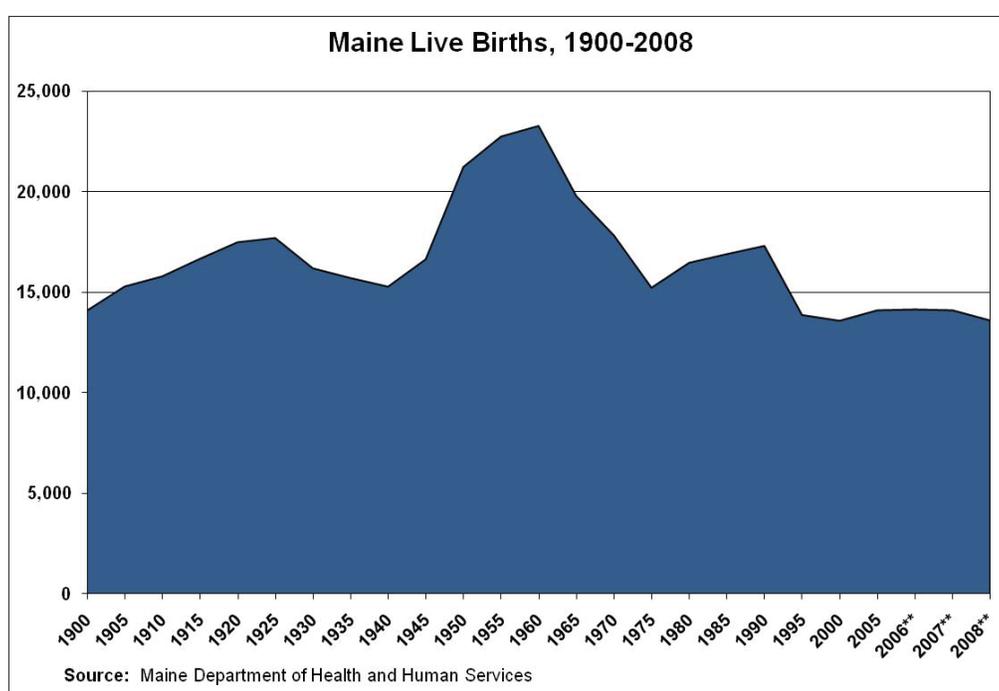


Slow population growth means that the majority of today’s workforce will be the workforce next year and 5 and 10 years out. If the workforce “team” we’re fielding today puts us in 45<sup>th</sup> place in terms of wages and productivity and we’re not expecting many new players, then we must fundamentally upgrade the skill level and educational attainment of every workforce “team” member. Our challenge is to bring every Maine worker to his or her highest educational and earning potential. Education, Pre-K through 20 and beyond, is the key.

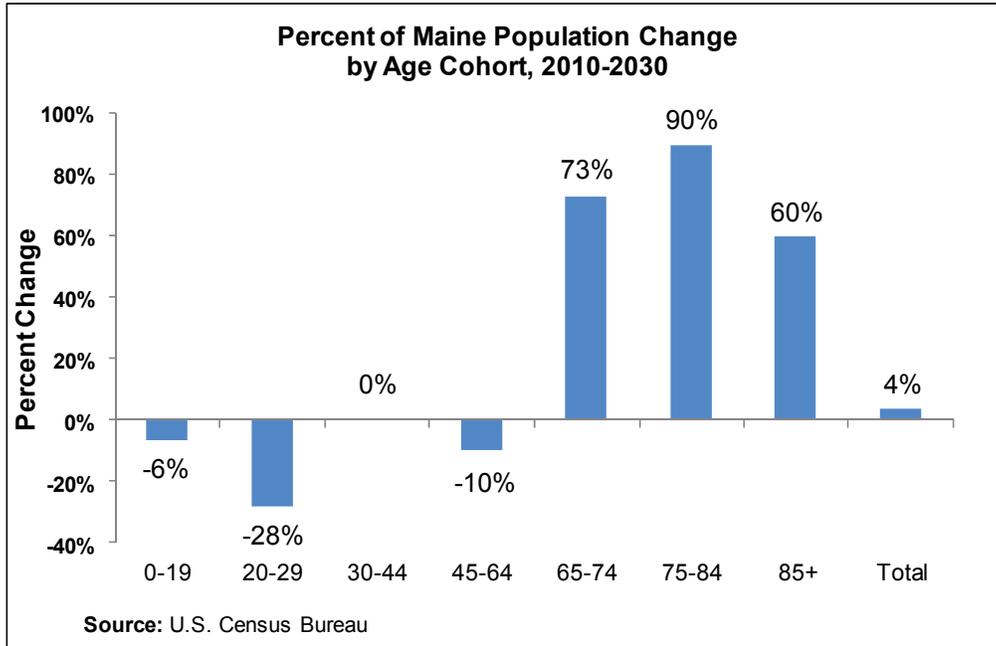
In fact, national data show clearly that with every additional increment of formal education, unemployment declines and earnings rise. As you move from a high school diploma to a bachelor’s degree, the average unemployment is cut in half and average income rises 50%. Clearly, if we want to raise incomes, we must move people along the educational continuum.

Productivity is another key driver of income levels. And, productivity is directly impacted by health. Maine’s people have relatively high rates of chronic disease such as heart conditions, cancer, and diabetes. Not only do these take a toll on a person’s ability to work productively, they also significantly drive health care costs up – taking a further toll on overall economic performance.

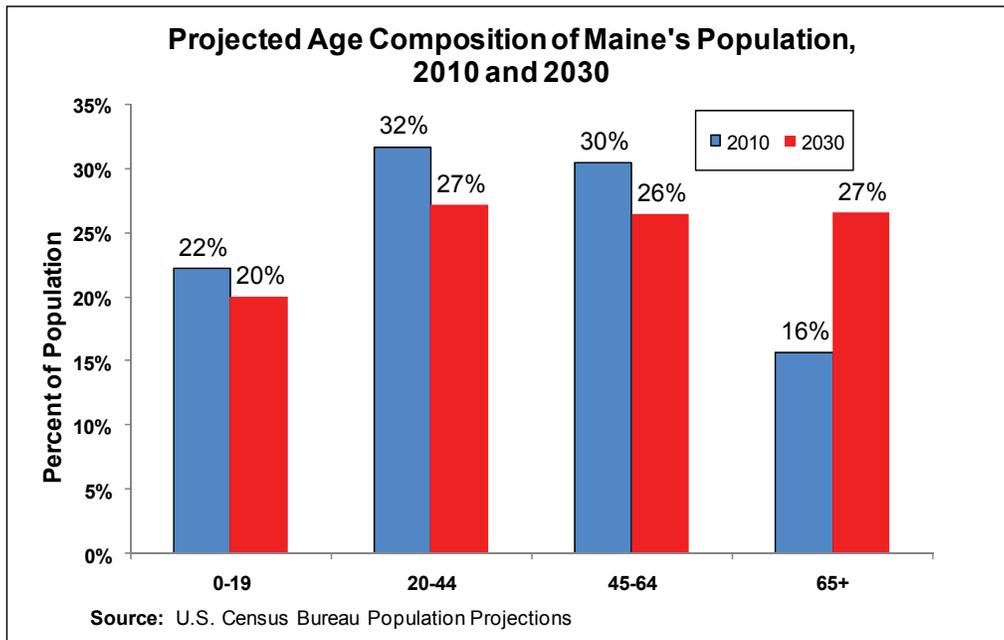
**Maine’s population is now the oldest in the nation**, with a median age of 43.4 in 2009, and is growing older. The chart below shows the number of babies born in Maine each year from 1900 to 2008. The crest in the chart below, known as the Baby Boom generation, shows a surge in births between 1946 and 1964. Those babies are now preparing to retire.



Another even more striking illustration is the projected change by age cohort. From 2010 – 2030, the school age population is forecasted to decline 6%; the college age and young, working age adults cohort will decline even more dramatically – dropping 28%; and the bulk of the traditional working age adults (30-64 year olds) cohort will be stagnant or see small declines through the period. Meanwhile, the next 20 years are projected to experience an explosion in the traditional retiree-age groups, with the number of 65-74 year olds increasing 73%, and the number of 75-84 year olds nearly doubling over the period (+90%).



The implications of the above chart alone are phenomenal. An aging population places extraordinary pressure on the transportation system, the health care system, housing, labor supply, and buying patterns. How do we reshape and restructure our institutions and companies to serve an older population?



The chart above shows that in 2010, 16% of the population is over 65. By 2030, 27% will be over 65. At the same time, school age children will drop from being 22% of the

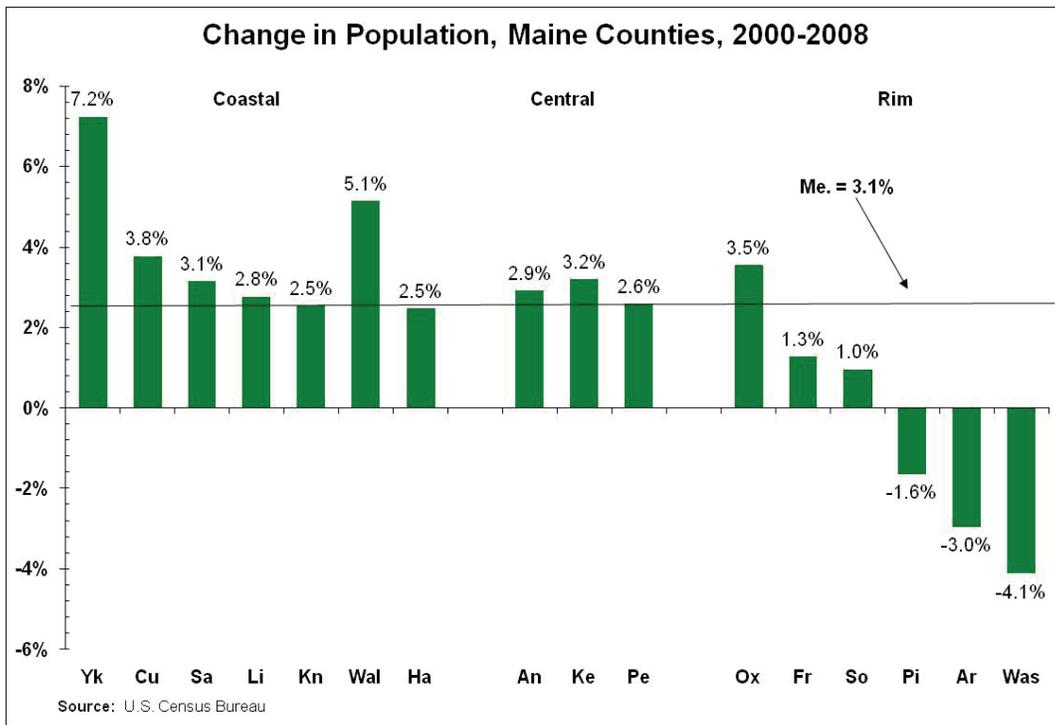
population to 20%. How do school systems prepare for the likely budget priority shift that will accompany the population shift when 1 in 4 Mainers is a senior citizen? This is a huge issue for schools to consider now rather than later.

While we can't stop time nor alter the natural aging process of Maine's people, there are a number of steps that Maine's business and political leaders can take to prepare for the inevitable changes and to soften the effects of the economic disruption that could occur absent action on our part. There is no reason to simply accept or, worse still, force retirement at the traditional age of 65. Life-expectancies have increased and this generation of older adults is living longer than prior generations.

- First and foremost, it is important that all Maine employers find a way to keep Maine's aging Baby Boomers in the workforce for as long as possible – providing flexible work hours and work location, access to insurances and other benefits for part-time workers, and accommodations for any special needs (like being allowed to drive to and from work in daylight hours, or granting leave time to visit grandchildren at certain times of the year).
- Secondly, it is in the best interests of Maine's policy makers and employers to provide educational and re-training opportunities to the incumbent workers that broaden their skill base, expand the innovative capacity of the workplace, and enrich the work experience for aging workers – enhancing both the productivity of the workers and their potential earnings for retirement.
- Finally, many states are proactive in trying to reverse, or at least mitigate, the so called “brain drain” – the out-migration of the young working age cohort. In Maine, the REALIZE!Maine network includes about a dozen regional young people's organizations with upwards of 2,000 – 3,000 members in the 20-40 age cohort. Strengthening and expanding these networks is one strategy for attracting and retaining young, working age adults.

**Over the past few decades, Maine's population has grown very unevenly** and has moved out of the so-called “service center” communities, which serve as the regional centers of commerce, jobs and civic assets, and has spread out into the more suburban communities.

The next chart shows that from 2000-2008, the population changes in Maine counties ranged from an increase of over 7% in York County to a 4% decline in Washington County. These varying rates of population growth across Maine – highest in the south and mid-coast, stagnant in central areas, and declining in the north and east – have been evident for the past three decades and are projected to continue.



The very different demographic experiences across Maine’s counties creates tremendous challenges for policy makers in Augusta as they strive to create policies and programming that are fair and best fit the underlying economic growth. Unfortunately, the economic vitality of a region experiencing a 7% increase is much different from a region witnessing a 4% decline.

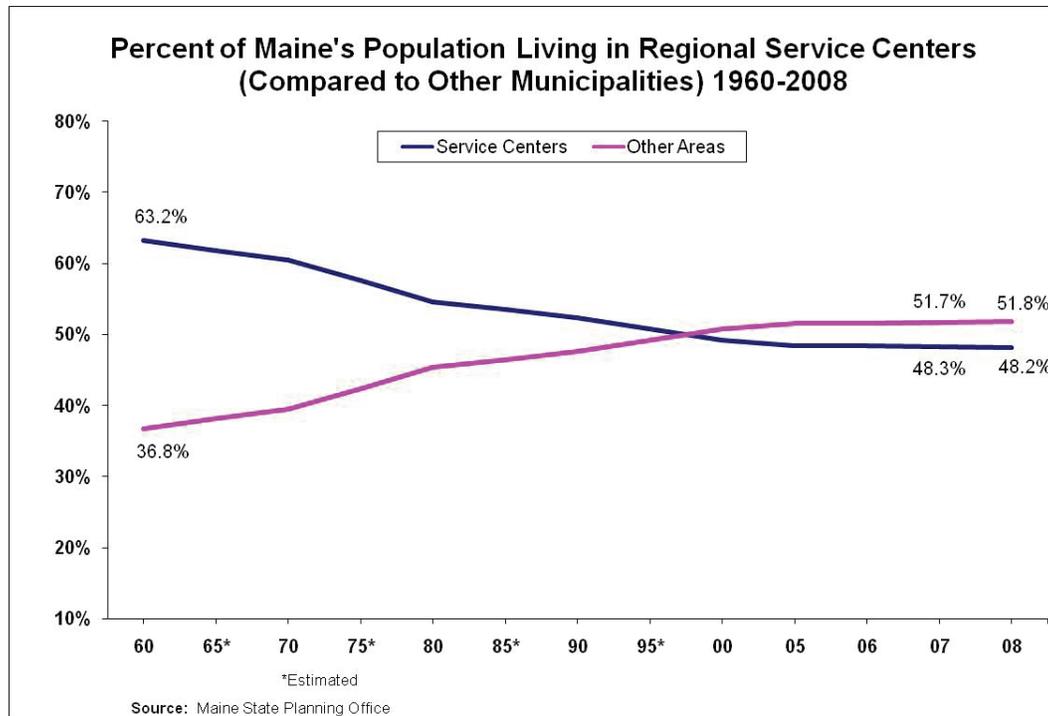
**Maine’s population is spreading out** and that is an extremely costly trend. As seen on the next chart, the percent of population living in more suburban and rural areas has grown from 37% in 1960 to 52% in 2008. This type of growth – better known as sprawl – has cost Maine greatly.

The fact that Maine is one of the most rural states in the nation makes the delivery of government services a challenge and an expense to begin with. When that rural population spreads out even further, the challenges are exacerbated.

Nowhere has the cost of sprawl been more evident than in our school systems. From 1970-2002, enrollment in our service center communities dropped 31%. At the same time, enrollment in our suburban and rural communities rose 8%.

From 1970-1995, there was a statewide decrease in school age population, yet three-quarters of a billion dollars were spent on new school construction. As of the late 1990s, research shows that the construction of new and often redundant infrastructure added an

estimated \$50-\$75 million annually to the General Fund expenditures to support our sprawling K-12 system.



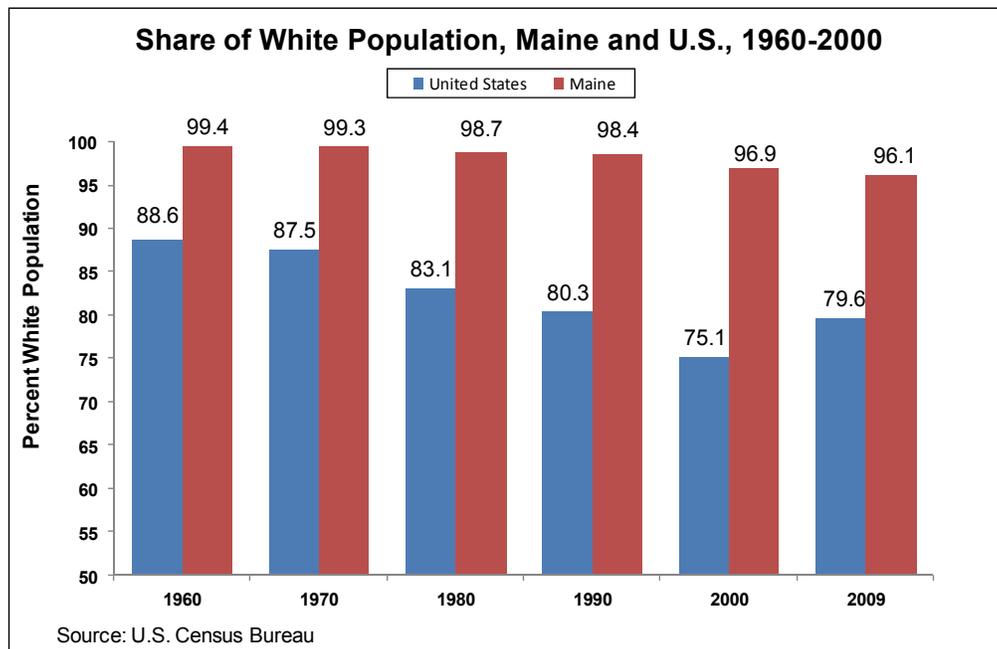
Even more dramatic is to look town by town. For example, in the Lewiston area from 1970-2002, Lewiston and Auburn saw 25% - 35% drops in K-12 enrollment, while the surrounding suburban and rural towns of Sabattus, Greene, Durham, and New Gloucester saw increases in enrollment of 80% - 115%.

Similar patterns can be seen in other service center communities around the state. So while our service center communities try to cover the fixed costs of an older school infrastructure with declining enrollment and tax base, the outlying communities are forced to build schools to meet rapidly increasing demand.

While it is likely impossible to completely stop the sprawling pattern of development that has been underway for the past half-century, there are certainly steps that Maine can take to mitigate the costs that have been imposed on our systems and to make our communities more economically viable. Many of the strategies for slowing this pattern of development are discussed in the Quality of Place section of Chapter 3. It is critical that Maine's government put in place policies and programming that strengthen and enhance our service center communities, and the historic downtowns and business districts across Maine. Strengthening Maine's "urban hubs" can make these communities more attractive

to businesses and entrepreneurs seeking affordable work spaces and available workers, and young people and retirees seeking cultural and social amenities. In addition, stronger urban areas are more attractive to immigrant populations who are needed to expand our workforce and overall population.

**Maine and Vermont swap the title, from year to year, as the most racially homogeneous state in the nation** – this is not a coveted title. As the chart below highlights, our degree of racial homogeneity has decreased somewhat as new populations have settled in Maine, but we still remain an almost entirely white population. At 96.1% in 2009, Maine’s share of white population far exceeded the national average of 79.6%.



Being the whitest population in the nation creates challenges for the Pine Tree State. First off, Caucasians have one of the very lowest birth rates, further slowing Maine’s potential for population growth. Secondly, young people and minority populations are more attracted to areas where there is a rich diversity of races, religions, and cultures. Because Maine has distinguished itself as the oldest and the most racially homogeneous state in the nation, we must actively seek, welcome and embrace all new Mainers – whether from other states or other nations – embrace their culture and fully integrate them into the rich fabric of Maine. Maine’s early growth was driven by immigration from a variety of areas – Canada, Ireland, Sweden, and Russia.

A recent article, authored by University of Southern California Professor Dowell Myers, for the Federal Reserve Bank of Boston article titled “Immigrants’ Contributions in an Aging

America,” noted that the ratio of senior citizens to working aged adults in Maine will increase 93% over the next two decades, far surpassing the U.S. increase of 67%. The article states that “The future of America will be formed at the intersection of two great demographic forces. With the inexorable aging into senior status of the giant baby boom generation, immigration may be the best way to get needed workers, taxpayers, and home buyers.”

It is time for Maine to understand that actively seeking and integrating immigrant populations into our state is a strategy that offers real opportunity for enhancing economic vitality in Maine.