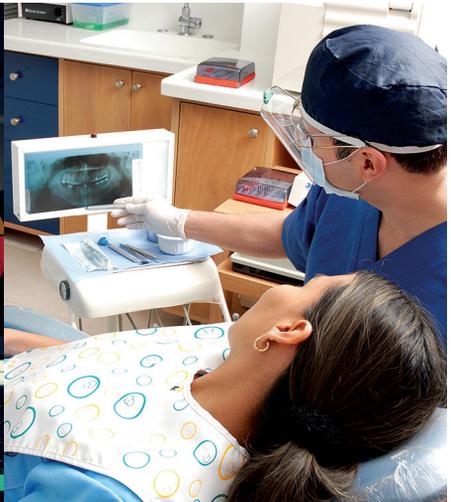

MAKING MAINE WORK

Critical Investments for the Maine Economy



EXECUTIVE SUMMARY

2018

**The full Making Maine Work report is available online
at www.mainechamber.org/makingmainework.php**

MAKING MAINE WORK 2018

This *Making Maine Work* report is a collaboration of the Maine State Chamber of Commerce, the Maine Development Foundation, and Educate Maine. All three organizations are engaged in public-private collaborations to improve the economic health and quality of life for residents of Maine. This report is modeled on a similar *Making Maine Work* report from 2010, which was done in anticipation of a new administration in Augusta, as is the case again now.

The economic world that Maine inhabits in 2018 is far different than that of 2010. Then, we were in the depths of a recession, and jobs were hard to come by. Now, we are in the midst of an extended expansion, and skilled workers are in demand. Then, taxes and regulatory requirements were seen as impeding business investment. Now, changing technologies and markets are viewed as the major challenges.

Responding to the new economic world, the recommendations in this report are different. They include bold ideas about broadband expansion, growing a skilled workforce, and controlling health care/insurance costs. They are not the final say about these issues; rather, we hope that they stimulate discussion, and possibly other bold ideas for consideration. But most of all, **they are a call to action**. We believe strongly that Maine cannot make continued economic progress without forceful action on **workforce development, broadband, and health care/insurance costs**. After reading this, we hope you agree.

We are upbeat about Maine. **Few places in the world have our combination of talent, resources, and natural beauty**. If we can trust each other, if we can work together, there is no limit to Maine's future.

We want to thank everyone who helped in this report – the 1,000-plus who responded to our survey and the hundreds who gave us advice and help. In particular, we thank the nine advisory committee members who attended meetings, read materials, and gave us wise counsel – **LuAnn Ballesteros** of The Jackson Laboratory; **Paul Bolin** of Eastern Maine Healthcare Systems; **Dan Bookham** of Allen Insurance and Financial; **Chris Condon** of United Insurance; **Ken Grady** of IDEXX; **Charles “Wick” Johnson** of Kennebec Technologies; **Laurie Lachance** of Thomas College; **D’arcy Main-Boyington** of the City of Brewer; and, **Mark St.Germain** of St.Germain Collins.



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EXECUTIVE SUMMARY

More than 1,000 Maine business and professional leaders responded in a survey last winter saying that **Maine’s quality of life, quality of workforce, and natural resources** were the most important factors supporting business retention and expansion. They also said that the next governor and legislature should concentrate on **increasing the size and skills of the workforce; controlling health insurance costs; and, expanding broadband**. This was a change from eight years ago, when the high cost of doing business – taxes, energy, health insurance, and regulations – was seen as the major challenge.

In part, this is due to accomplishments in the past eight years in reducing the burden of regulations and taxes; in part, it is due to the changing economy – from recession in 2010 to full employment in 2018; and in part, it is due to demography, the aging of Maine’s population and workforce.

The demographic challenge looms large in 2018. The working age population has already begun to shrink, due to high numbers of retiring baby boomers, and low numbers of young people entering the job market. Fewer workers mean fewer jobs, less income tax revenue, lower incomes, poorer schools, and less private support for arts and philanthropy. It is a spiral towards mediocrity – or worse.

Therefore, the first goal in this plan is to **grow the workforce** through in-migration and expanded participation by the existing population. We are proposing a marketing effort for people to *live* in Maine at the same scale as the tourism marketing effort to get people to *visit* Maine. We are also proposing efforts in preschool, in elementary and secondary schools, in our public and private colleges and universities, and in adult education, to raise the skill levels of our population – with a specific targeting toward adult learners and children from low-income backgrounds (almost half of Maine school children are eligible for free and reduced cost lunches), where the greatest progress can be made.

Broadband is the interstate highway system of the 21st century. Maine does as well as other states in connecting its people to broadband, but the speeds generally available in Maine are lower than elsewhere. We need a major state investment to stimulate private activity to expand and upgrade broadband service in all of Maine.

Maine’s health care and insurance costs remain persistently higher than the nation and even New England. We recommend strategies to reduce “cost-shifting” – the shifting of the expense of free care for the poor into private insurance rates – by expanding Medicaid coverage and reviewing its reimbursement rates. There needs to be more transparency and competitiveness in health care markets. And finally, we need to aggressively promote healthier lifestyles in Maine.

Finally, in light of the new economic era ahead, Maine needs a new **public-private statewide economic strategy** that is comprehensive and enjoys wide support. A complete set of recommendations begins on the following page.

GOALS AND RECOMMENDATIONS

GOAL A:

Grow the size of Maine's workforce.

- 1** Scale up the current effort to market Maine as a career destination to match the level of the Office of Tourism's successful "Visit Maine" campaign;
- 2** Provide college tuition incentives and debt-forgiveness programs that encourage young people to learn, live, and work in Maine, and are easy for students and employers to access;
- 3** Increase participation in the workforce by groups that have historically been difficult to engage;
- 4** Attract Maine's fair share of foreign immigrants, and help municipalities integrate them into communities; and,
- 5** Support workforce expansion goals at a high level in state government.

GOAL B:

Grow the skills of Maine's workforce so that 60% of Maine workers have a credential of value by 2025.

- 6** Take a "whole person" approach to helping adults who are already in the workforce achieve a credential;
- 7** Take a "whole child" approach towards helping students succeed in school;
- 8** Strengthen diverse educational pathways that lead to career success; and,
- 9** Increase funding for targeted education strategies to achieve desired outcomes.

GOAL C:

Make Maine a leader in affordable high-speed broadband access for communities and businesses.

- 10** Commit to a \$100 million annual program of state investment and incentives for broadband expansion for the next five years;
- 11** Maximize private and federal investment in the structure of the state broadband program; and,
- 12** Increase digital literacy and digital equity at the business and household level.

GOAL D:

Make Maine a leader in health care cost containment, health insurance coverage, and public health.

- 13** Reduce cost-shifting to private health insurance payers;
- 14** Create more transparency about the costs and quality of health services in Maine; and,
- 15** Institute major public health marketing and programmatic campaigns to encourage healthy behaviors and reduce preventable disease and death.

GOAL E:

Develop a Comprehensive State Economic Strategy in 2019

- 16** Lead a public-private effort to create a new, consensus-based, State Economic Development Strategy.

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