

The State of Working Maine in 2013



 Maine Center for
Economic Policy

November 2013

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Executive Summary

Workers in Maine and across the nation remain in crisis. The typical working Mainer has yet to find relief from a long-term economic malaise that began more than 30 years ago and the lingering effects of the Great Recession of 2007 to 2009.

Jobs and Unemployment

Employment opportunities for Maine workers are still scarce more than four years since the end of recession.

- The monthly unemployment rate in October 2013 was 6.7%. The pre-recession unemployment rate ranged from 4 to 5%.
- On average over the past twelve months, 49,400 Mainers were unemployed and actively searching for work. An additional 52,000 had recently left the labor force altogether or were working part-time for economic reasons.
- Maine has recovered just 9,900 of the 29,100 payroll jobs lost as a result of the recession.
- More than one-third of Maine's unemployed workers have been without a job for more than six months. Long-term unemployment has shown little improvement since the end of the recession.

Wages, Income, and Compensation

Even with a job, many Mainers find their wages insufficient to support them and their families. Wages and incomes are not keeping pace with the growth in productivity or the growth of the overall economy.

- Worker productivity in Maine has increased by more than 52% over the past 30 years, but worker compensation has grown by only 28%.
- Wage inequality in Maine is growing. Wage growth for the median Maine worker began to stagnate in the late 1980s. The median wage didn't grow at all over the past decade and has grown by less than a dollar since 1990. Meanwhile, the highest wage earners have seen relatively steady income growth over the past 30+ years, and the top 10% of wage and salary earners experienced a 12.4% increase in real wages between 2002 and 2012.
- Income inequality in Maine is growing too. Between the late 1970s and the mid-2000s, the average income for the poorest fifth of Maine households grew just 27%, from \$18,720 to \$23,825. Middle-income households fared slightly better, with average household income for the middle fifth of Maine households growing 47% over the same period. The top 20% of Maine households, meanwhile, saw their average income grow 67%.

- Workers across the country are getting less of the fruits of their labor. Nationally, the share of economic output accruing to workers fell from 64% in 2000 to less than 58% in 2012.
- Adjusted for inflation, the minimum wage in Maine is no higher than it was forty years ago and substantially lower than its peak in 1968.

Additional Challenges and Opportunities in Maine's Changing Economy

- *Demographics.* Maine has one of the oldest and slowest growing populations among the states. This dampens economic growth and job creation, although it may also present new opportunities for younger Mainers.
- *The "New" Economy.* Since 1990, Maine has lost more than 40,000 manufacturing jobs. Mainers work increasingly in jobs that provide business services, health care, education and information, and leisure/hospitality services. In many Maine communities, the area's largest employer is no longer a mill or factory but a hospital or a retail business. Breakthroughs in technology and communications have eliminated geographic barriers and enabled Maine entrepreneurs and skilled workers to build thriving businesses based on innovation, technology, and expanded or new markets.
- *The "College Premium" and Job Training.* Data confirm that Mainers with college degrees fared better during the Great Recession than those without. Maine Department of Labor findings show that "High Wage in Demand" jobs require at least a bachelor's degree and the 14 jobs with the highest project growth all demand an associate degree at minimum. At the same time, wages for college-educated workers have not escaped stagnation over the past decade.

Introduction

More than four years since the end of the Great Recession, Maine has 49,400 unemployed workers actively searching for work, 9,400 unemployed workers who have stopped looking altogether, and 42,600 part-time workers who want full-time employment but can't find it. More than one-third of unemployed workers have been unemployed for longer than six months.

For the workers who do have full-time work, low wages combined with household debt and rising costs for basic necessities like food and fuel mean continuing financial hardship and reduced spending. Mainers are working harder yet falling further behind.

The Maine economy shed 29,100 jobs as a result of the recession and has only recovered 9,900 of them, but the situation is worse than these figures imply. The sharpest declines in employment have occurred in many of the highest paying industries, and low-wage jobs are expected to make up the bulk of employment growth in the coming years.

Without significant changes in the rules and laws that determine how our economy works and how the fruits of Maine's labor are distributed, there is little reason to expect improvement in the economic outlook for Maine's workers and their families. Workers with more education and skills will be more likely to find work that pays enough to provide their family with a middle-class standard of living, but even a college degree is no guarantee. On the current economic and policy trajectory, there won't be enough good-paying jobs to go around.

An Update on Jobs and Unemployment

Jobs and unemployment indicators have improved slightly, but Maine remains stuck in the worst recovery since the Great Depression. Approximately 49,400 Maine workers are officially unemployed, another 9,400 have left the labor force altogether, and 42,600 part-time workers want more work but can't find it. Maine has 19,200 fewer payroll jobs than it did before the recession began. The official unemployment rate has improved but remains well above pre-recession levels, and over one-third of unemployed workers have been out of work for more than six months.

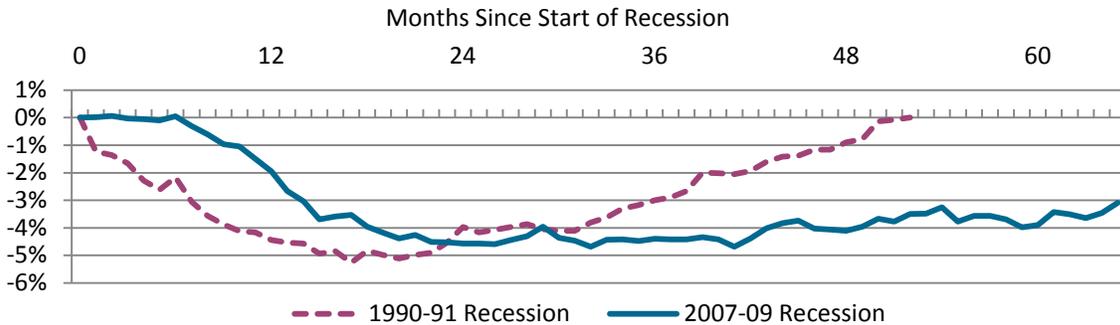
Maine in Slowest Jobs Recovery of the Post-war Era

Until the onset of the 2007 Great Recession, the recession of the early 1990's was the worst post-WWII recession for Maine workers. The easiest way to compare recessions is by the number of lost nonfarm payroll jobs, a reliable indicator of the health of the labor market constructed from unemployment insurance filings by employers. Starting in July 1990, nonfarm payroll jobs fell 5.3% to their trough in December 1991, and didn't return to pre-recession levels until November 1994, more than four years after the beginning of the recession.

Maine remains stuck in the worst recovery since the Great Depression.

Although the 1990 to 1991 recession was tough for Maine workers, the Great Recession of 2007 to 2009 has been worse (Figure 1). Nonfarm payroll jobs declined 4.7% from the start of the recession in December 2007 to its trough in August 2010. While not quite as deep a jobs plunge as the 1990 recession, the recovery this time has been much slower. Five years and 6 months since the start of the Great Recession, Maine has only regained 9,900 jobs—about 34% of the 29,100 jobs lost from start to trough.ⁱ

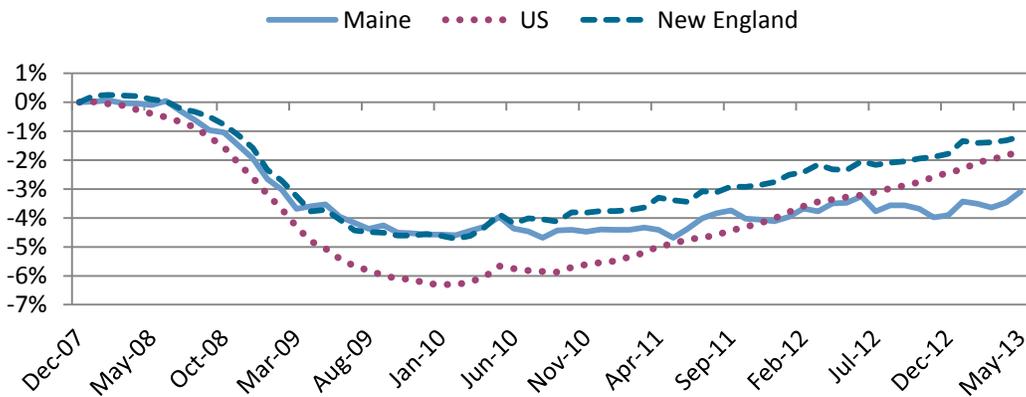
Figure 1. Maine in Slowest Jobs Recovery of the Post-war Era
Net Change in Nonfarm Payroll Jobs in Maine's Two Deepest Post-WWII Recessions



Source: Maine Department of Labor

Maine’s jobs recovery from the Great Recession looks especially weak in comparison with other states (Figure 2). More than a dozen other states have returned to pre-recession levels of nonfarm payroll employment and many are well on their way to recovery. But Maine’s jobs recovery ranks near the bottom of all states.

Figure 2. Maine's Jobs Recovery Trails New England and the US
Net Change in Nonfarm Payroll Jobs Since the Recession Began



Source: US Bureau of Labor Statistics, Maine Department of Labor

Maine’s unique demographic situation has made our job growth especially challenging in recent years, but Vermont and New Hampshire face similar demographic headwinds and have experienced significantly greater job growth than Maine.

SPECIAL SECTION: How Do Demographics Affect Job Growth?

Demographics explain in part why Maine's job growth is weak compared to other states. While Maine has about the same number of people as it did before the recession, our population is now significantly older. And there currently aren't enough younger residents to replace Maine's aging baby boomers as they begin to leave the labor force in large numbers.

The median Mainer is 43.5 years of age, making Maine's population the oldest in the nation. In 2012, Maine was one of only three states that recorded more deaths than births. Baby boomers—those born from 1946 to 1964—have now aged out of their childbearing years, and the percentage of 15 to 44 year-olds in Maine is the smallest in the nation. As a result, Maine's population is unlikely to grow in the foreseeable future without significant net migration from other states and from abroad.

Maine's demographic destiny isn't set in stone. For example, it is not realistic to assume that baby boomers will fade from the labor force and retire at the same age as their predecessors. The prime working age has grown older over time and continues to do so. The deep and widespread loss of housing wealth and retirement savings during the Great Recession, in addition to the less physically-demanding nature of many of today's jobs, may lead baby boomers to remain in the labor force well into their sixties and beyond.

Job creation and a strengthening economy can create population growth. Once Maine achieves economic recovery and the unemployment rate returns to pre-recession levels, wages should rise with the increasing demand for workers. Rising wages, in addition to Maine's traditional attractions like good schools, low housing costs, and high quality of life, could attract more workers from other states and begin growing the state's population and employment levels again.

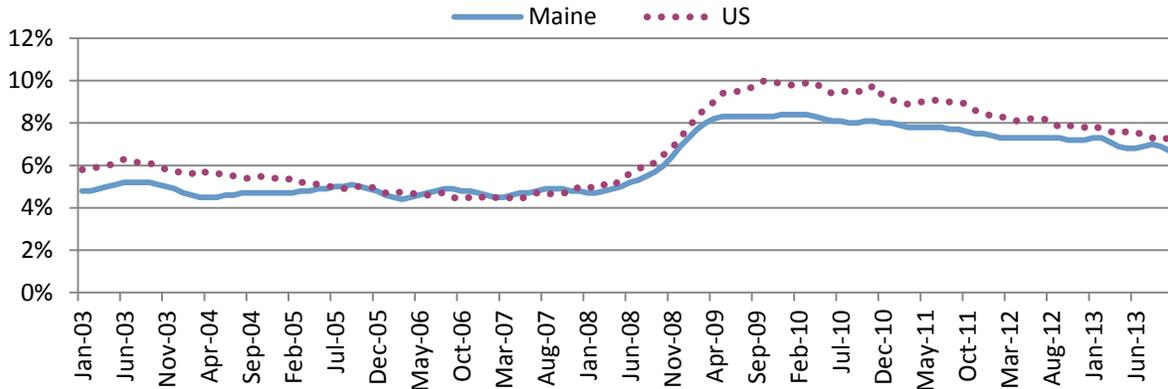
Demographics contextualize Maine's job growth compared to other states, but they don't excuse policy makers for Maine's slow recovery from the recession.

Unemployment and Underemployment Still High

Unemployment statistics gleaned from the federal government’s monthly survey of households—the Current Population Survey (CPS)ⁱⁱ—provide additional evidence of the labor market’s weak recovery from the recession and continuing hardship for Maine workers.

Maine’s official *monthly* unemployment rate peaked at 8.4% in early 2010. It fell to 6.7% in October 2013, but remains above the pre-recession rates of 4.4 to 5% (Figure 3).

Figure 3. Unemployment Rates Are Still High
Share of the Labor Force Unemployed and Actively Looking for Work in Maine and the US, Seasonally Adjusted



Source: US Bureau of Labor Statistics

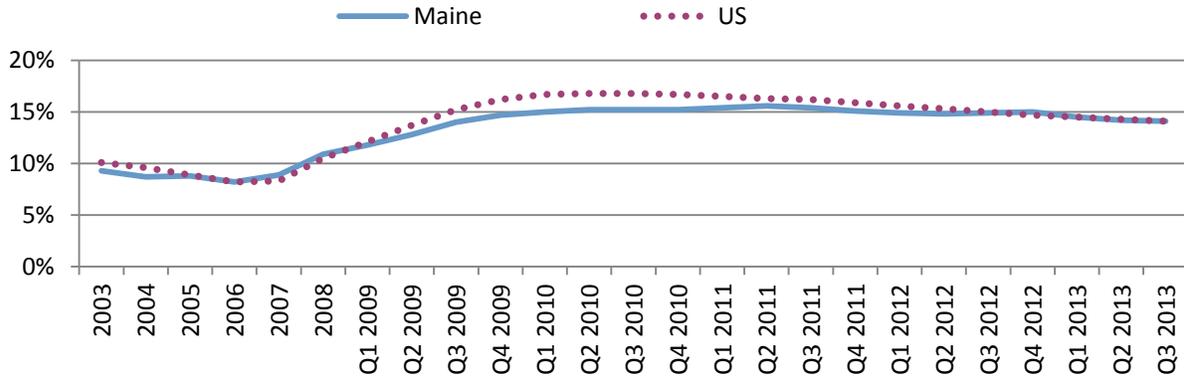
By contrast, Maine’s *annual* average unemployment rate, which is based on a year’s worth of survey sampling from the CPS and thus gives a more accurate estimate, declined significantly from 2010 to 2011. It also declined from 2011 to 2012, but the change was smaller and statistically insignificant.ⁱⁱⁱ

While the official unemployment rate may be the most well-known indicator of unemployment and the health of the labor market, the insight it provides is limited. First, it only counts workers who are in the labor force. Workers who have stopped looking for work are not accounted for. Second, the official rate counts anyone who has a job as “employed” even if they are working only a few hours a week. Part-time workers and full-time workers are counted the same.

An alternative measure of unemployment, called “U6”, complements the official unemployment rate by addressing these limitations. The U6 counts unemployed workers (workers who have actively been searching for work in the last four weeks), marginally attached workers (workers who have stopped actively searching for work), and involuntary part-time workers (those working part-time but wanting to work full-time). The US Bureau of Labor Statistics updates the U6 on a quarterly basis and calculates it as a four-quarter rolling average to ensure adequate sample sizes.

In Maine and the US, the U6 has not declined as fast as the official unemployment rate in the wake of the recession. In Maine, it increased from 9% to 15% as a result of the recession, and remains above 14% (Figure 4).

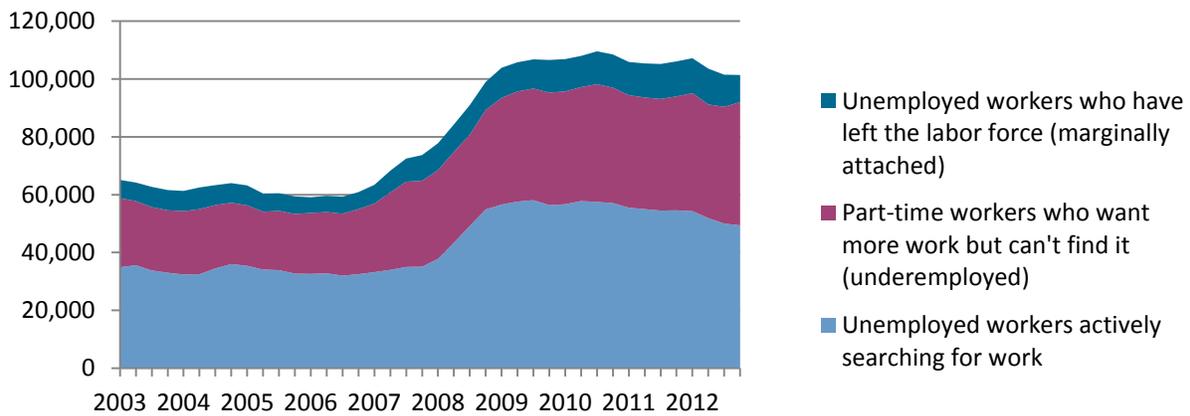
Figure 4. Comprehensive Measure of Unemployment (U6) Remains High
 Unemployed, underemployed (working part-time for economic reasons), and marginally attached workers as a percent of the labor force



Source: US Bureau of Labor Statistics

In the four-quarter period from October 2012 to September 2013 (the most recent available data), Maine had about 49,400 unemployed workers, plus 9,400 workers who had stopped looking for work, plus an additional 42,600 who were working part-time because that's all the work they could find. The number of underemployed workers is increasing and the number of marginally attached workers hasn't yet begun to fall (Figure 5).

Figure 5. Over 100,000 Maine Workers are Unemployed, Underemployed, or "Marginally Attached"
 Components of Comprehensive Unemployment (U6)



Source: US Bureau of Labor Statistics

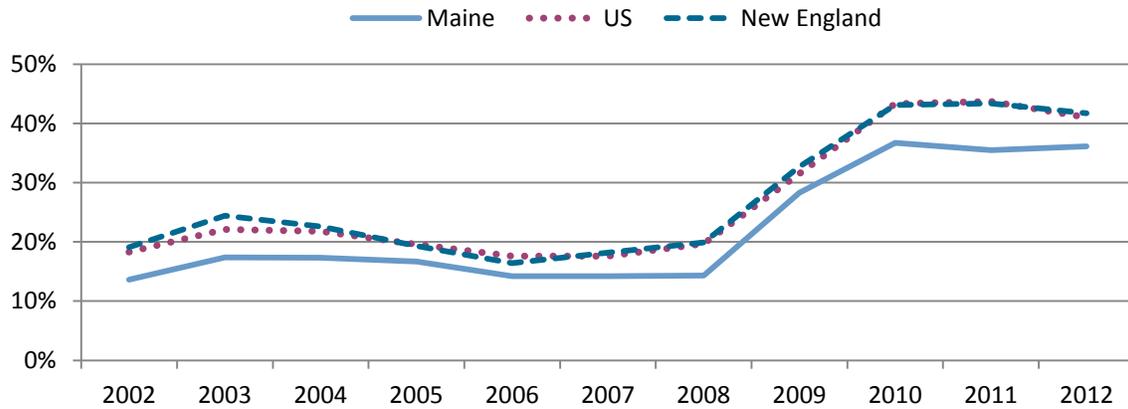
In all, 101,400 Mainers are unemployed, underemployed, or have stopped looking for work, and that number has only fallen by 6.5% over the past two years.

In all, 101,400 Mainers are unemployed, underemployed, or have stopped looking for work.

The Downward Spiral of Long-term Unemployment

One of the defining features of the Great Recession, both in Maine and nationwide, has been the large number of workers who have been unemployed for very long periods of time. These workers are trapped in a downward spiral because employers prefer to hire recently employed workers^{iv}. The longer workers remain unemployed the less likely they are to get hired.

Figure 6. Long-term Unemployment Remains High
Share of unemployed who have been unemployed more than six months



Source: Economic Policy Institute analysis of Current Population Survey Data

In 2012, more than 1 in 3 unemployed Mainers had been out of work for more than six months. The share of unemployed Maine workers without work for more than six months in 2012 was more than double what it was in 2007 (Figure 6).

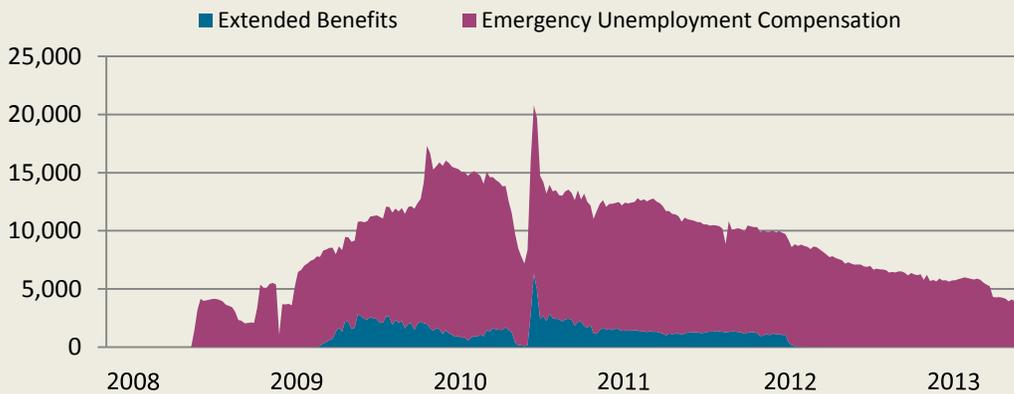
More than 1 in 3 unemployed Mainers have been out of work for more than six months.

SPECIAL SECTION: Unemployment Insurance Helps Unemployed Workers and the Economy

Unemployment insurance helps workers who have lost their jobs by temporarily replacing part of their wages while they look for work. Employers make payments into the unemployment insurance trust fund on behalf of their employees, and the fund is there to provide some income support to workers who lose their jobs through no fault of their own. By temporarily replacing part of their wages while they look for work, unemployment insurance makes it possible for many unemployed workers to pay the bills. The unemployment insurance system also helps bolster consumer demand during economic recessions by providing families in economic crisis with funds to spend on groceries, fuel, and other essentials in the local economy.

The state of Maine administers the basic unemployment insurance system, providing up to 26 weeks of benefits to replace, on average, about half of the wages for the unemployed who are actively looking for work. Beginning in 2008, in response to the recession, the federal government significantly increased benefits by fully funding several extensions to the number of weeks that an unemployed worker could receive benefits. Those extensions are now phasing out (Figure 7).

Figure 7. Extensions to Unemployment Insurance are Phasing Out Weekly Total Claims in Maine



Source: Maine Department of Labor

These emergency federal extensions to unemployment insurance provided an important first line of defense for Maine workers and their families who lost jobs and income through no fault of their own in the worst economic crisis since the Great Depression. By bolstering consumer demand, unemployment insurance not only helped workers and families who have jobs, but also prevented other families from suffering the same fate. The nonpartisan Congressional Budget Office and many independent economists have identified unemployment insurance as one of the most effective tools for fighting effects of the recent recession.¹

Changing Employment Opportunities

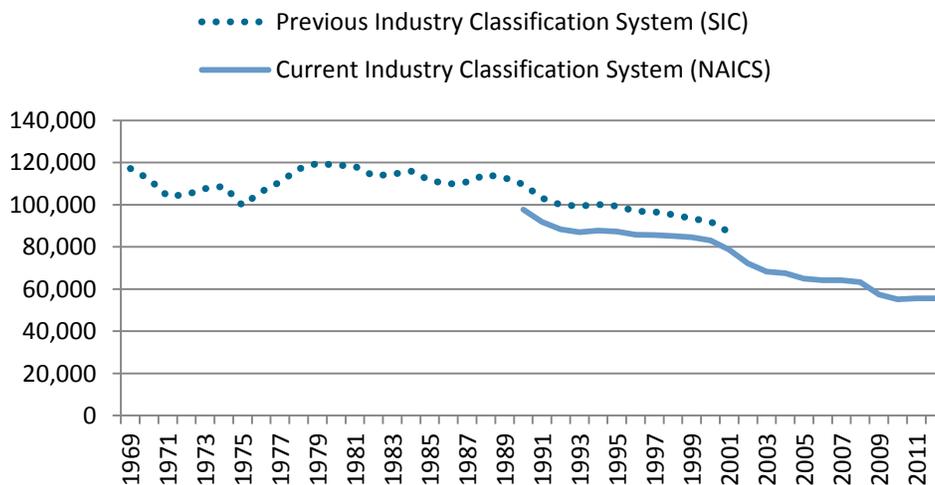
Maine’s employment landscape has changed dramatically in recent decades, with major consequences for Maine workers. The steady decline in the number of Maine workers who produce goods and the increase in the number of Maine workers who provide services—long-term trends which began over 40 years ago—are expected to continue into the foreseeable future.

In the new service-based economy, education matters more than ever. Workers without higher education or advanced skills will find it harder and harder to find a good job with benefits. Public investment in education and worker training will be increasingly important, but it won’t be enough to improve the wages and benefits of most Maine workers and enable them to pull their families out of poverty. A majority of new jobs created over the next six years will be in low-wage service occupations that pay less than \$15 per hour and offer few or no benefits.

The Long Decline in Factory Jobs and Rise of Service Jobs

Manufacturing employment in Maine peaked in 1979, when nearly 120,000 workers held jobs in factories churning out paper, wood products, textiles, leather, apparel, and canned food. Since 1990 the manufacturing sector has shed more than 40,000 jobs, and manufacturing employment now stands at about 50,000 jobs (Figure 8).

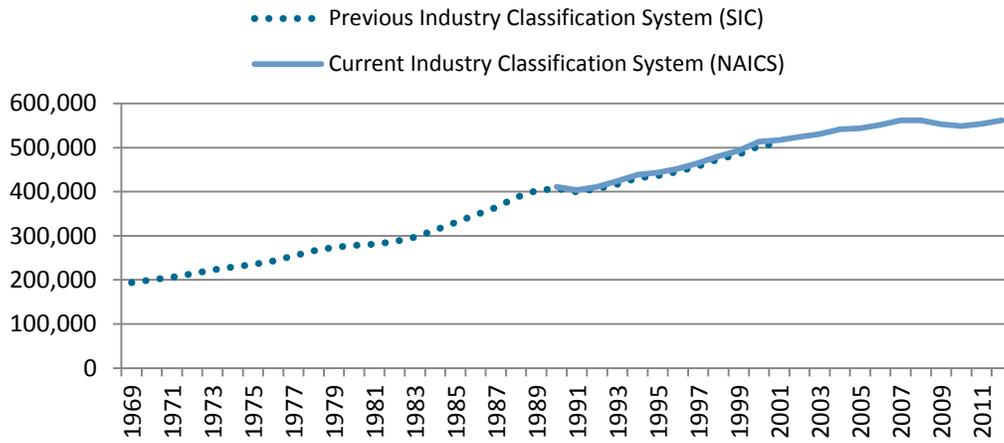
Figure 8. Manufacturing Jobs are Disappearing
Number of Manufacturing Jobs in Maine



Source: US Bureau of Economic Analysis

Meanwhile, jobs in service-providing sectors, like professional and business services (e.g. accounting, legal services, etc.), education and health services (e.g. teachers, nurses, home health care aides, etc.), and leisure and hospitality (hotel and restaurant workers, etc.) have grown in Maine (Figure 9).

Figure 9. Service Jobs Have Doubled Since 1979
Number of Jobs in Trade, Transportation, Utilities, and Services in Maine

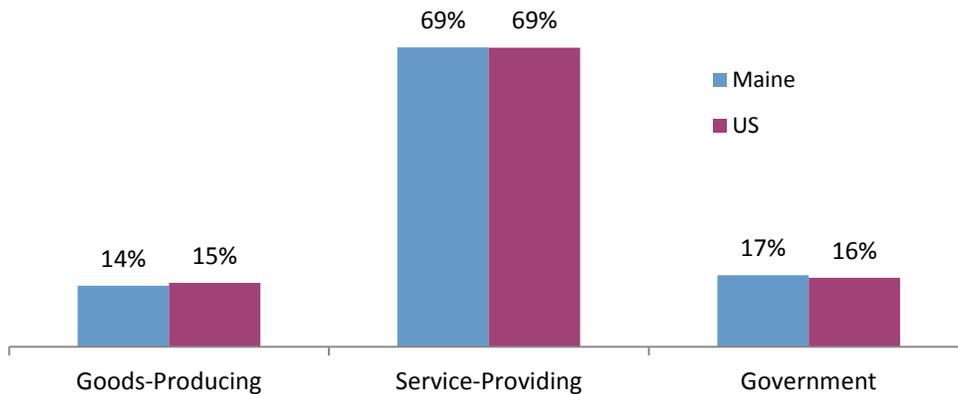


Source: US Bureau of Economic Analysis

Maine and US Workers Now Hold Similar Jobs

Employment in the US as a whole has undergone similar changes: declining employment in manufacturing and growing employment in services. But the changes have been more dramatic in Maine. Compared to the US, Maine’s economy in the middle of the 20th century was more heavily dependent on labor-intensive manufacturing of nondurable goods like paper, textiles, shoes, and apparel. As a percent of total employment, the manufacturing sector employed more people in Maine than it did in the US throughout the 1970s and 1980s. Differences between the economies of Maine and US began to fade in the 1990s, and Maine today mostly reflects the US economy in terms of employment (Figure 10).

Figure 10. Maine is Not Different Anymore
Percent of Employment by Industry Function, 2012

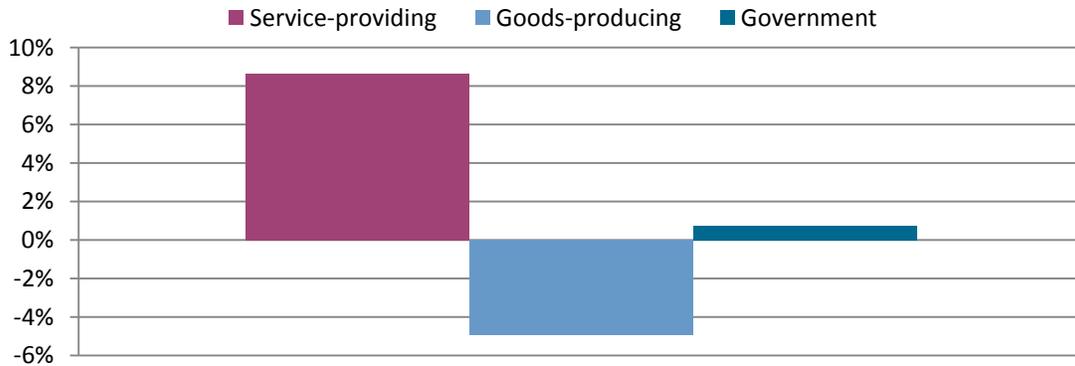


Source: US Bureau of Labor Statistics, Quarterly Census of Employment and Wages

The Transition to the Service Jobs Economy Isn't Over

We can expect these trends to continue into the foreseeable future. The vast majority of jobs forecast to be created in the next decade will be in services. Employment opportunities in manufacturing are expected to continue to decline (Figure 11).^v

Figure 11. The Transition to the Service Jobs Economy Isn't Over Yet
 Projected Change in Maine Employment, 2010 to 2020



Source: MECEP Analysis of Maine Department of Labor Employment Projections

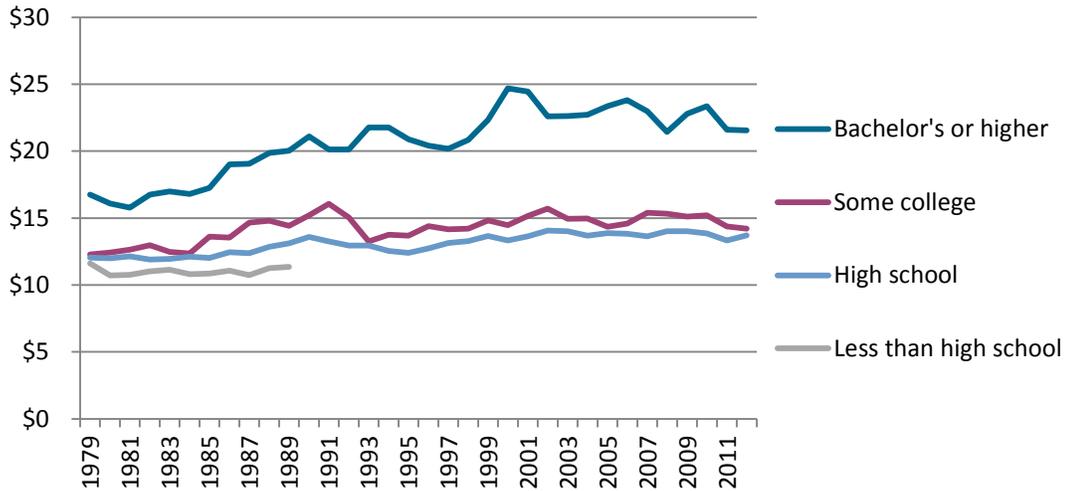
These ongoing changes in the employment landscape have consequences for Maine workers. Most jobs in the service-providing sectors of the economy pay lower wages and offer fewer benefits than many of the factory jobs that have disappeared over the past 40 years.

The service jobs that pay decent wages require more education and specialized skills. Looking to 2020, high-wage, in-demand jobs will be concentrated in fields requiring at least a bachelor's degree, and the 14 fastest-growing occupations all require at least an associate's degree^{vi}.

Of the 35,000 net jobs that Maine is expected to add between 2010 and 2020, half will be in service occupations that pay \$15 per hour or less, on average. These occupations include food preparation and service, personal care, maintenance, health care support, sales, and office support jobs.^{vii} On the other hand, Maine will add over 12,000 jobs in high-skill, high-wage occupations like healthcare and technical jobs, business and finance, and education. These jobs all pay over \$20 an hour, on average, usually have good benefits, but also generally require more education and training.

On average, in Maine and across the nation, higher education means higher wages. This "college premium" has grown larger from the late 1970s through the 1990s. Workers with bachelor's degrees or higher now earn about 50% more than workers with just a high school diploma or even those with some college, a group that includes holders of associate's degrees (Figure 12).

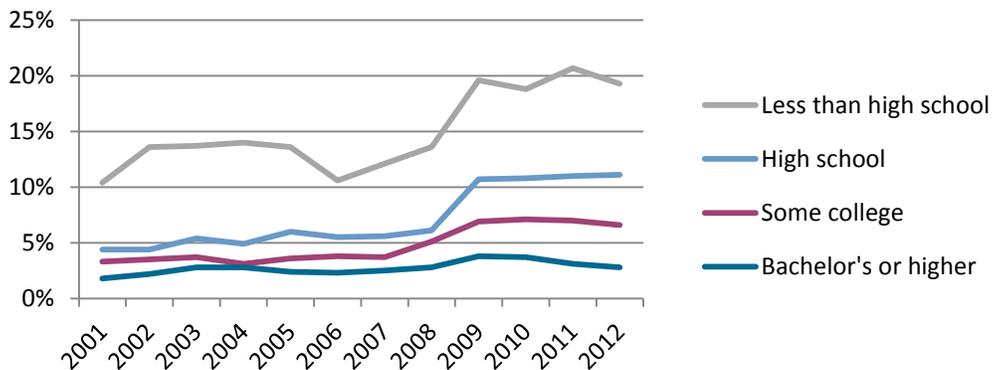
Figure 12. Education Pays
Median Hourly Wage in Maine By Educational Attainment



Source: Economic Policy Institute analysis of Current Population Survey, Outgoing Rotation Group.
 Note: Wage data for workers without a high school diploma are not available after 1989 due to insufficient sample size.

Higher education also means more job security, as evidenced by the difference in unemployment rates across education levels during the Great Recession. The unemployment rate for Maine workers with a bachelor's degree never rose above 4%, while the unemployment rate for workers with only a high school diploma has remained above 10% for the past four years (Figure 13).

Figure 13. College Graduates Weathered the Recession Better
Maine Unemployment Rates by Educational Attainment



Source: Economic Policy Institute analysis of Current Population Survey Data

The stark reality of the modern service-based economy, here in Maine and across the nation, is that workers without a college degree or advanced skill set are increasingly unlikely to find employment that can adequately provide for themselves, let alone support a family.

Unfortunately, even for college-educated workers, real wages haven't grown in more than a decade. Most jobs created in the next 10 years will be in low-paying service jobs. Regardless of the skills and education of the workforce, there simply aren't enough good-paying jobs to support a large middle class in Maine. Some workers will find employment in high-wage high-growth occupations, but most will not. It's the continuation of a multi-decade trend in Maine and across the nation.

Increasing Inequality, Slow Wage Growth

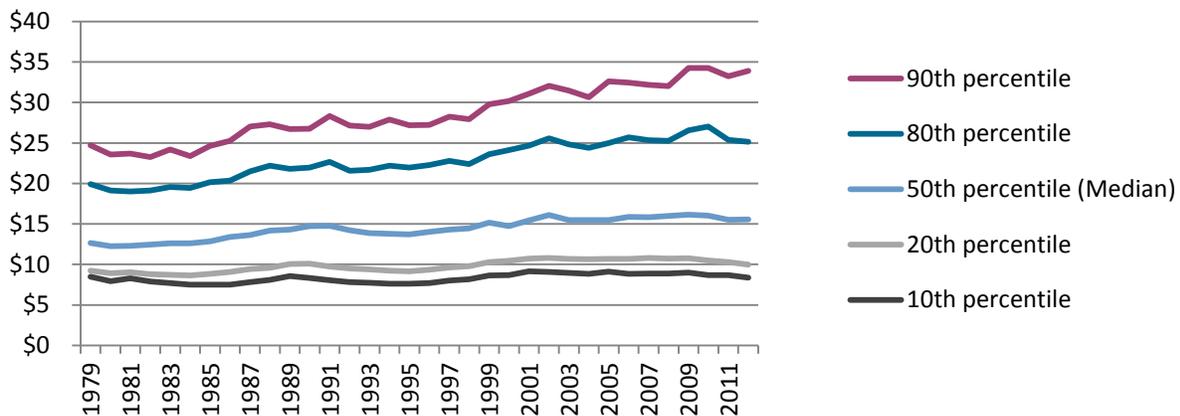
Unemployment remains high and job growth is slow, but Mainers with jobs face adversity too. The rise of jobs that provide services and the decline of jobs that produce goods mean that low-wage jobs are increasingly common and most high-wage jobs now require higher education and advanced skills.

These realities are evident in the lack of real wage growth for low- and middle-income workers and families in Maine over the past 30 years. Wages haven't grown in decades for many workers in the bottom half of the income distribution. Meanwhile, total compensation for workers hasn't kept pace with productivity and the wealthiest families and capital owners are capturing a larger and increasing share of incomes in both Maine and the nation. As wages for the bottom and middle remain flat or grow slowly, wages at the top continue to rise faster.

Wage Inequality is Growing

The easiest way to measure wage growth and inequality uses pre-tax, pre-transfer wage and salary earnings. Using data on Maine wages and salaries from the CPS, we can examine how wages and salaries have grown across income groups (Figure 14).

Figure 14. Maine Wages Growing at the Top, Flat at the Bottom and Middle
Inflation-adjusted Hourly Wages (2012 Dollars)



Source: Economic Policy Institute analysis of Current Population Survey Data

Wages for the poorest fifth of Mainers have been flat for the past 34 years. The poorest 20% of Maine workers (10th and 20th percentiles) have seen their real wages decline since 2000.

Wage growth for the median Maine worker began to stagnate in the late 1980s. The median wage didn't grow at all over the past decade and has grown by less than a dollar since 1990.

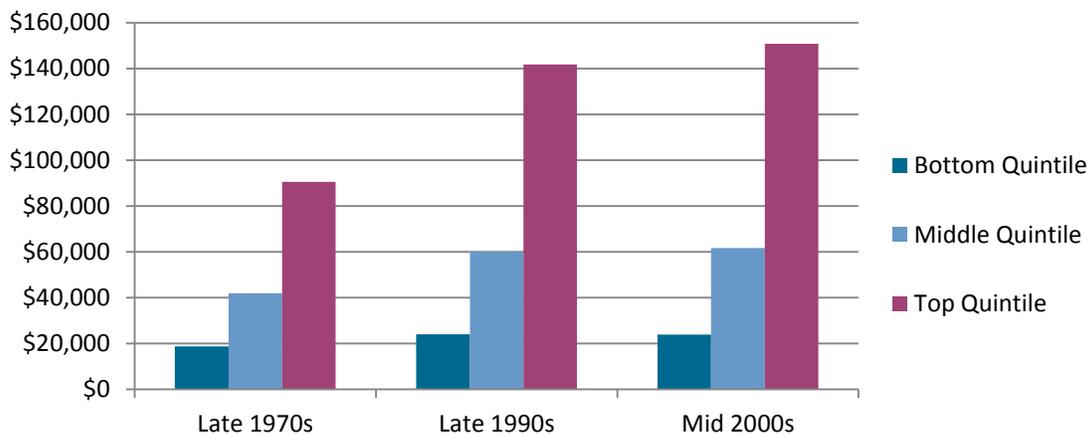
Meanwhile, the highest wage earners have enjoyed relatively steady income growth over the past thirty-plus years. The top 10% of wage and salary earners (90th percentile) experienced a 12.4% increase in real wages between 2002 and 2012.

After-tax Income Inequality is Growing Too

Another way of looking at the growth in inequality is to analyze trends in income after taxes are accounted for. "Income" includes not just wages and salaries but income from property ownership, such as dividends, interest, and rent; but also from supplements to wages and salaries and transfer payments like Social Security benefits.^{viii} (Figure 15)

Between the late 1970s and the mid-2000s, the average income (including federal taxes and programs such as food stamps) for the poorest fifth (bottom quintile) of Maine households grew just 27%, from \$18,720 to \$23,825. Middle-income households fared slightly better, with average household income for the middle fifth of Maine households (middle quintile) growing 47% over the same period. The top 20% of Maine households (top quintile), meanwhile, saw their average income grow 67%.

Figure 15. After-tax Income Has Grown Most for Top 20% of Mainers
Inflation-adjusted Average Household Income By Income Group (2009 Dollars)



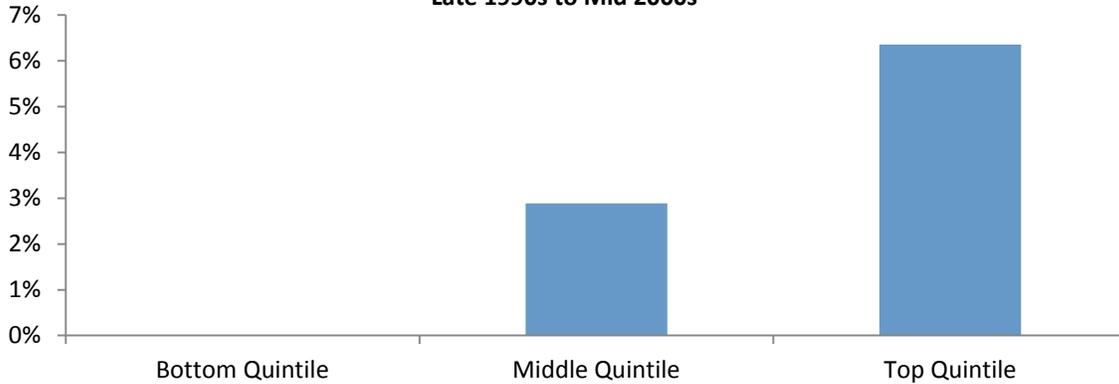
Source: Center on Budget and Policy Priorities and Economic Policy Institute analysis of Current Population Survey Data.

Note: Income is post-tax and includes the value of the federal Earned Income Tax Credit and the cash value of food stamps and housing subsidies.

Recent Wage Growth Has Been Especially Slow

Although wage and income growth for low- and middle-income households and workers began deteriorating in the 1970s, it has all but halted in the past decade-and-a-half. Household income growth has been weak or non-existent since the late 1990s (Figure 16), and wages for low- and middle-income workers never recovered after the recession of 2001 (Figure 17).

Figure 16. A Lost Decade for Low- and Middle-Income Mainers
 Percent Change in Inflation-adjusted Average Household Income By Income Group,
 Late 1990s to Mid 2000s

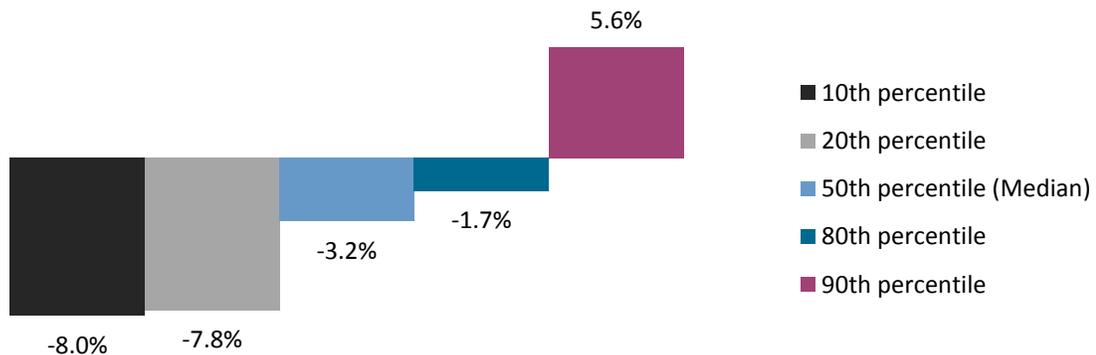


Source: Center on Budget and Policy Priorities and Economic Policy Institute analysis of Current Population Survey Data.

Note: Income is post-tax and includes the value of the federal Earned Income Tax Credit and the cash value of food stamps and housing subsidies.

Wages for the poorest fifth of Mainers have been flat for the past 34 years.

Figure 17. Maine Workers Never Recovered from the 2001 Recession
 Inflation-adjusted Wage Growth by Income Percentile from 2002 to 2007

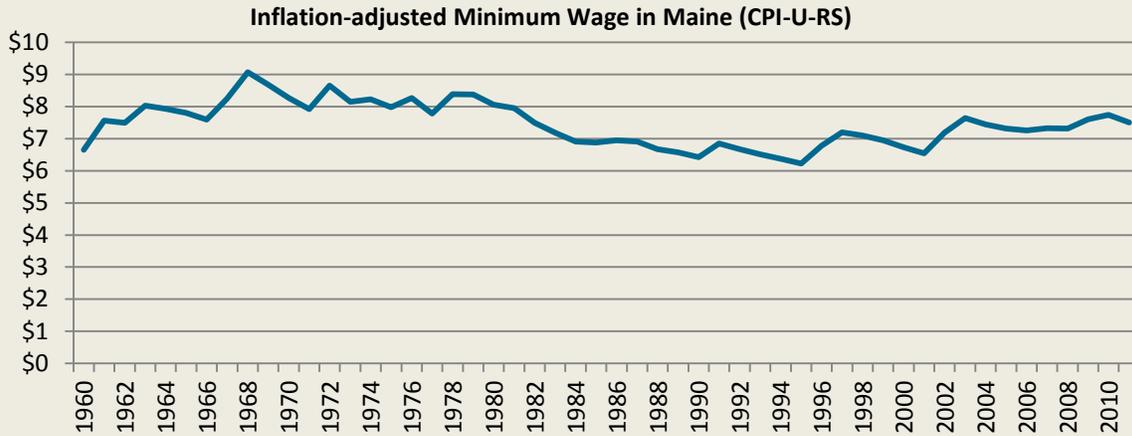


Source: Economic Policy Institute analysis of Current Population Survey, Outgoing Rotation Group

SPECIAL SECTION: The Shrinking Minimum Wage

Compounding the challenges for low-income Mainers is the eroding value of the minimum wage. Maine’s minimum wage has stayed at \$7.50 since 2009, without any adjustment for rising prices.

Figure 18. The minimum wage in Maine is lower than it was forty years ago



Sources: US Bureau of Labor Statistics, Maine Department of Labor

In 2013 Governor LePage vetoed legislation that would have raised the minimum wage from \$7.50 to \$9.00 over the course of three years and automatically adjusted the minimum wage to inflation thereafter. The bill would have raised the wages of 66,000 Maine workers by a total of \$48 million. The average worker currently making less than \$9.00 per hour would have received an annual raise of \$1,100. Contrary to opponents of minimum wage increases like Governor LePage, a comprehensive review of the recent economic literature shows that there is no discernible drop in employment numbers and hours cut are minimal.¹

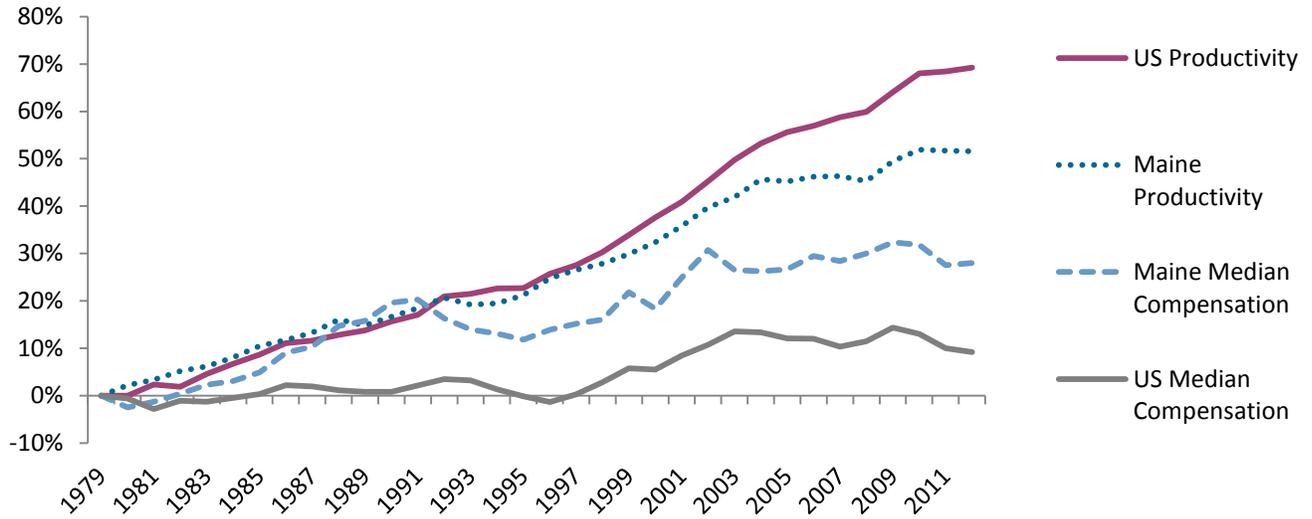
According to Dr. Amy K. Glasmeier at the Massachusetts Institute of Technology¹, a single adult in Maine must earn at least \$8.94 an hour to support themselves. This is almost 20% higher than Maine’s minimum wage. A single adult with one child must earn \$20.59, over two and a half times the current minimum wage. Since the minimum wage is far below what is needed to support a family, taxpayer-funded public safety net and income support programs like nutrition assistance, housing vouchers, and childcare subsidies must fill the gap.

¹ <http://livingwage.mit.edu/states/23>

Wage and Productivity Growth: Labor’s Shrinking Slice of the Pie

This lack of wage and income growth for low- and middle-income workers is surprising considering the growth in worker productivity over the past 30 years in Maine and across the nation. Productivity is defined as the value of the goods and services that workers can produce per hour. Until the late 1970s, the workers’ pay kept pace with the growth of their productivity: the more goods and services they produced per hour, the more they got paid. Since then, productivity and compensation have grown further and further apart (Figure 19).

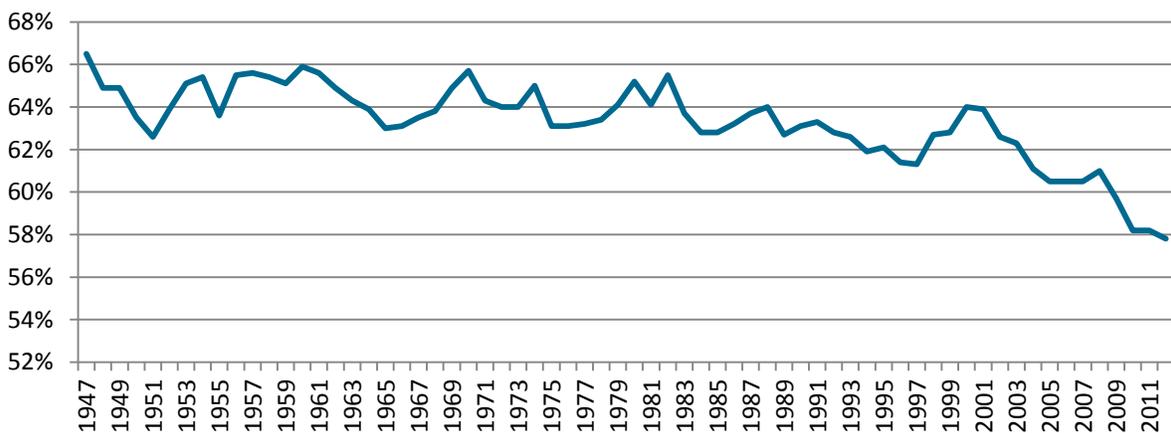
Figure 19. Workers Are More Productive But Compensation Isn't Keeping Pace
 Percent Change in Productivity and Compensation Since 1979



Source: Economic Policy Institute analysis of unpublished total economy data from US Bureau of Labor Statistics, Labor Productivity and costs program; employment data from US Bureau of Labor Statistics, Local Area Unemployment Statistics; wage data from the Current Population Survey and compensation data from the US Bureau of Economic Analysis, State/National Income and Product Accounts public data series.

Nationwide, capital owners—those who own businesses, land, buildings, equipment, and intellectual property—are capturing an increasing share of economic output. This trend began in the 1970s and accelerated in recent years, with workers now capturing less than 58% of the business sector’s total economic output (Figure 20).

Figure 20. Nationwide, Workers Getting Less of the Fruits of their Labor
 Labor's Share of Business Output (Portion of output that employers spend on labor costs, including wages, salaries, and benefits)



Source: US Bureau of Labor Statistics

All of these indicators—wages, incomes, productivity, and labor’s share of total economic output—show that Maine and the nation as a whole are undergoing profound changes in the distribution of income and wages. Most working Mainers—those in the lower and middle wage income brackets—have received only small gains from their increased productivity and are taking home a smaller share of the fruits of their labor. As wages and income at the bottom and middle have shrunk or stagnated, wages at the top have grown much faster and the owners of companies have captured a larger slice of the nation’s income and wealth.

Workers are taking home a smaller share of the fruits of their labor.

Conclusion: Whither Maine’s Workers?

The Great Recession of 2007 to 2009 was a devastating blow for thousands of Maine families who have been working harder and falling behind for more than 30 years.

More than four years after the official end of the Great Recession, Maine has recovered only 34% of the jobs lost. More than 101,000 Maine workers can’t find enough—or any—employment. Meanwhile, corporate profits across the nation are at all-time highs and the owners of capital are capturing a larger and larger share of the nation’s income.

Over the past three-to-four decades, Maine workers have responded to slow wage growth and rapidly rising costs for the goods and services that define middle-class living standards—education, health care, and housing—by working harder. Families have increased the number of hours they spend working and two-earner households are now the norm. But working harder hasn’t been enough to keep them from falling behind.

Without fundamental changes in how our economy works and who benefits from the fruits of Maine’s labor, the outlook for working Mainers isn’t likely to improve. Most of the jobs created in the foreseeable future will be in low-paying service occupations. Workers in these jobs are on their own and the rules of the economy are generally against them. The minimum wage is lower than it was 40 years ago and doesn’t guarantee a livable wage for a single worker in good health, let alone a family with a sick child.

This report covers the basics of the state of working Maine: jobs, unemployment, and wages. In the future, MECEP will continue to expand on its analysis of the state of working Maine, discuss more of the details behind why Maine workers have arrived in such a difficult place, and offer policy prescriptions to improve their prospects for the future.

About MECEP

The Maine Center for Economic Policy (MECEP) advances public policies that help Maine people prosper in a strong, fair, and sustainable economy. MECEP advances this mission through high-quality research, analysis, citizen education, and coalition building. MECEP is an independent, nonpartisan organization founded in 1994.

Acknowledgements

Bowdoin Community Matters in Maine Summer Fellow Tom Gawarkiewicz assisted with research and David Cooper of the Economic Policy Institute provided data and research for this report.

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End Notes

ⁱ These figures reflect likely revisions from the Maine Department of Labor of official sample-based estimates of nonfarm payroll employment from the US Bureau of Labor Statistics through May, 2013. These likely revisions of official BLS estimates were obtained via email from Glenn Mills of the Maine Department of Labor on November 22, 2013. The May 2013 figure represents the latest, most accurate estimate of nonfarm payroll employment in Maine.

ⁱⁱ The Current Population Survey samples about 1,600 households in Maine each month. It is the primary data source used by the US Bureau of Labor Statistics to estimate the official unemployment rate in Maine and across the nation.

ⁱⁱⁱ The Bureau of Labor Statistics determines the statistical significance of changes in the unemployment rate and includes their results in their news releases. The annual regional and state unemployment news release, which reported changes in annual unemployment rates from 2011 to 2012, is available here: <http://bls.gov/news.release/srgune.htm>

^{iv} Rand Ghayad and William Dickens, "What Can We Learn by Disaggregating the Unemployment-Vacancy Relationship?". *Federal Reserve Bank of Boston*. <http://www.bostonfed.org/economic/ppb/2012/ppb123.pdf>

^v Maine Department of Labor. "Job Outlook to 2020". <http://www.maine.gov/labor/cwri/outlook.html>. Accessed June 13, 2013.

^{vi} Ibid.

^{vii} Ibid.

^{viii} Capital gains are another source of income from property ownership, but due to limitations in the dataset they are not included in this analysis.