



## A MAINE WHERE EVERYONE CAN PROSPER

### CEI's Policy Priorities for 2019-20

Future policymakers have an opportunity to make Maine's economy work better for everyone. Maine has extensive assets: abundant natural resources, diverse nature-based industries, beautiful landscapes, distinctive communities, a burgeoning local food movement, technology industry leadership, and above all, resilient, hardworking people. To thrive in the 21<sup>st</sup> century economy, the state should build on these assets to leverage the additional investments needed for sustainable prosperity.

Coastal Enterprises (CEI) recommends that the next administration and legislature prioritize the following policy opportunities:

- Growing and investing in Maine's workforce to meet the skill needs of current and prospective employers and counteract the rapid aging of Maine's population.
- Extending high speed broadband – a foundational 21<sup>st</sup> century infrastructure -- to all of Maine.
- Framing and implementing a coherent economic development strategy for Maine's chronically distressed rural regions.
- Building on the exciting growth and innovations in Maine's land and sea food system.
- Capitalizing on Maine's outstanding potential for expansion of renewable energy as one response to climate change.

CEI's recommendations are grounded in our 40 years of experience in finance, business advising, and policy advocacy, and a commitment to **the three pillars of our mission: fostering more broadly shared prosperity, growing good jobs, and promoting environmentally sustainable enterprises.**

### SPREADING PROSPERITY

Maine has an opportunity to demonstrate how a state rich in natural resources but limited in human and financial capital can reimagine its future. As national economic expansion enters its tenth year, urban areas in Southern and Midcoast Maine are showing great dynamism. However, their growth is constrained by serious skill and people shortages. Immigrants and people of color have not fully shared in the region's growing prosperity. For Maine's "rim counties", the current economic situation and prognosis are less promising. Indicators of chronic socio-economic distress persist: high unemployment, discouraged adult workers, youth outmigration, rapidly aging populations, heavy dependence on government transfer payments, and "diseases of despair" (e.g. opioids).

Despite these challenges, we see many promising signs: Millinocket and Bucksport, hit hard by mill closings, are working together to reinvent their economies and create new products from forest

resources; communities like Baileyville and Calais are installing high-speed fiber broadband networks; and the Moosehead region is organizing to become a world-class tourism destination. These communities and regions are mobilizing stakeholders, building on local assets and comparative advantages, and modernizing infrastructure to thrive in today's economy.

We recommend developing more ambitious and better coordinated state initiatives in three core areas: **investment in universal high-speed broadband and cellular coverage; targeted investment in building the “human capital” of vulnerable groups so they are more fully engaged in the economy, and investment in businesses, especially to accelerate the growth of innovation in Maine’s agriculture and food systems.** To support growth, the rural rim counties, especially, will continue to need business financing and advisory services, and investment to modernize core industries and infrastructure.

## **RECOMMENDATIONS**

### **Develop affordable reliable high-speed broadband and cellular coverage, and promote digital literacy throughout Maine.**

Broadband and wireless connectivity are to the future what roads and electricity have been in the 20<sup>th</sup> century.

- **Invest in expanding the middle mile fiber highway**
- **Support municipal and regional investment in and ownership of last mile fiber**
- **Underwrite digital literacy training, especially for people with low incomes, rural communities, and small businesses**

### **Limit price increases for post-secondary education and facilitate the reduction of student debt.**

In 2017, the average debt of recent Maine college graduates was \$29,644. Federal and state higher education grants have declined since the 1970s, contributing to both rising tuition costs and higher levels of borrowing. Many young adults may delay starting families, buying homes, and launching businesses because of their debt loads. Debt also burdens many parents who take out loans for their offspring, limiting their ability to save for retirement. We urge state policymakers to:

- **Reduce the cost of community and four-year college through free or reduced tuition, in particular to enable students to graduate on time**
- **Prevent abusive loan and debt collection practices**
- **Create a program similar to the Alford Stem Leaders Program to write down student debt in partnership with employers, especially in priority sectors that need to attract workers**
- **Lower barriers that prevent vulnerable groups from fulfilling their economic potential and participating fully in their communities**

### **Address racial inequities proactively.**

State-supported courses, workshops, and discussions in school, workplace, and community settings should be organized to address the history and persistence of institutional racism. A **Commission on Racism in Maine** should be established to conduct research and propose solutions for addressing racial inequities. African Americans, Native Americans and other minorities should have equal opportunities to develop their assets, such as educational credentials, business ownership, and investment<sup>1</sup>.

### **Grow Maine's farm and food system.**

Maine agriculture today, with its more than 8,000 farms and approximately 1.5 million acres in farmland, is a key contributor to Maine's rural economy and the working landscape.<sup>ii</sup> Agriculture and the food processing and distribution industries have tremendous growth potential, and are sectors that attract younger people to Maine.<sup>iii</sup> Policymakers can help farmers address significant challenges of rising costs, weak infrastructure, and market access:

- **Improve farm and food business access to capital and technical assistance**
- **Expand the Farms for the Future Program<sup>iv</sup> and include aquaculture**
- **Provide financing to modernize and expand key infrastructure, including food processing, storage, and distribution**
- **Expand current efforts to increase public institutions' purchases of locally produced food**
- **Develop consistent, predictable regulations and related educational programs, especially in the areas of food safety and food waste reduction**

## **GROWING GOOD JOBS**

A good job is a fundamental component of an economy that works for everyone. Good jobs contribute to families' financial stability, offering livable wages and benefits, safe and fair workplaces, supportive supervision, and opportunities for career advancement. In today's economy, offering good jobs to highly skilled and highly motivated employees can also be a competitive advantage for employers. To be effective in growing businesses and attracting workers, Maine's leading employers will need to collaborate with communities, educators, and policy makers to assure an adequate supply of appropriately trained workers, a supportive work environment, and equitable compensation.

An estimated 115, 637 adults out of 600,965 aged 25-59 (19%) did not participate in the labor force in 2016.<sup>v</sup> Some are not able to work; many others face barriers which, if overcome, would enable them to join the labor force or participate at higher levels. In some cases, people who have been out of the labor force for extended periods no longer have relevant skills or appropriate work habits. Maine will need to make a deep and long-term investment to provide counseling, training, and wrap around services to support displaced workers' reentry into the labor force.

## **RECOMMENDATIONS**

### **Fully employ current Maine residents.**

Policymakers need to encourage resident adults to participate fully in the labor force. Maine can credential the training and experience of veterans and immigrants. It can mandate and help underwrite accommodations for people with disabilities. It can remove the "fiscal cliff," allowing people on public assistance to retain critical supports, such as health insurance and child care, until their earnings are sufficient to provide for themselves. Incentivizing flexible work schedules for parents and seniors can also bring more people into the workforce.

Maine needs to strengthen the social and physical infrastructures that enable workforce participation: affordable, high-quality child care and pre-school programs, transportation options, and housing accessible to workplaces and support services.

Perhaps most importantly, policymakers need to assure that Maine's educational and workforce training systems teach adults, as well as young people, the skills and work habits required in the 21<sup>st</sup> century economy. The technical demands of most jobs are increasing. But soft skills, like critical thinking,

communication, problem solving, and team work are also required for many good jobs. Policymakers should also prioritize **implementation of the Maine Spark Coalition’s<sup>1</sup> proposals** to ensure that 60% of Maine’s workforce acquire the credentials demanded by prospective employers by 2025.

Our state must clarify the high school graduation requirements. The current confusion and inconsistency surrounding standards sends negative signals to prospective employers, and could undermine the state’s workforce investments.

- **Integrate immigrants into the workforce:** Increase English Language Learner classes and create programs integrating English proficiency with workforce training. And help immigrants secure credentials for their professional and educational experience.
- **Expand affordable, quality child care:** Raise reimbursement rates to child care providers from federal and state funds, making child care more affordable and increasing compensation for child care workers.
- **Expand investment in the workforce training system, including “work ready” programs** that teach soft skills and link program graduates to employers.

#### **Create more good jobs.**

Skill training is important, but insufficient, if the available jobs are low quality. Good jobs depend on the financial health of businesses and other employers. Small businesses in low-margin industries have the greatest challenge in creating good jobs. To encourage quality job creation, we urge policymakers to:

- **Strengthen business assistance, financing and incentive programs promoting entrepreneurship and worker productivity.**
- **Directly enhance workers’ benefits and financial well-being.**
- **Develop a multi-agency initiative to help seasonal workers, particularly in tourism and agriculture, find and qualify for complementary off-season employment.**

To address complex labor supply and demand challenges most effectively, the next administration should signal its commitment to good jobs by creating a **Joint Standing Committee on Maine’s Workforce and the Economy that Integrates workforce and economic development policy making.**<sup>vi</sup>

### **AN ENVIRONMENTALLY SUSTAINABLE ECONOMY**

Climate change, coupled with ongoing technological transformation, economic globalization, and growing inequality, challenges Maine’s environmental, economic, and community sustainability. The repercussions of climate change are borne disproportionately by people with a limited capacity adjust to unpredictable weather patterns or to recover from the loss of livelihoods or assets due to extreme weather events.<sup>vii</sup> In Maine, this is particularly true for many who depend on natural resource-based industries. Policies to foster a “green” economy should put special emphasis on improving the adaptive capability of citizens with low incomes and the infrastructure capacity of economically distressed rural regions.

A pillar of CEI’s organizational strategy is improving access to capital and advisory services, and advocating for public policies to support environmentally sustainable businesses. These “green businesses” run the gamut from solar panel installers to microbreweries using local organic ingredients. Renewable energy, including solar, biofuels, tidal power, wind, and energy storage, presents exciting growth and innovation opportunities for Maine. The state should adopt ambitious goals and consistent policies that create certainty for long-term investment in renewable energy. Those policies will help Maine play a leading role in tapping clean energy opportunities – creating good jobs and energy independence.<sup>viii</sup>

## **RECOMMENDATIONS**

- **Increase the use of investment tax credits and other incentives to green business investors.**
- **Strengthen business assistance programs targeted to green entrepreneurs.**
- **Expand training for the highly skilled frontline workers needed by green industries.**
- **Invest in infrastructure to improve the efficiency and reduce the vulnerabilities of Maine’s energy distribution network.** An example is distributed power infrastructure, such as microgrids and smart grids.
- **Support development of financing mechanisms and products enabling enterprises, households and communities to adopt energy efficiency measures and accelerate the spread of renewable energy systems.**
- **Support Efficiency Maine’s efforts to improve the energy efficiency of Maine’s aging building stock.**
- **Support strategies that help fisheries and coastal tourism adapt to rising sea levels and warmer ocean temperatures.**

## **CONCLUSION**

Maine is a special place. Our families, friends, colleagues and neighbors live here for a reason. We take great pride in our state, with its history as a global leader in shipbuilding, forest products, and fisheries. With the warming of arctic waters, Maine will become a gateway to Northern Atlantic shipping channels, providing greater connectivity to Europe and beyond. At the same time, Maine is refuge and a destination for people seeking solace and rejuvenation in our natural landscape and environment. Future generations will want to live here, but under what circumstances? Collectively, our state needs to plan for a future that balances opportunity and change with conservation of our natural resources. CEI believes that planning begins with attention to quality jobs, environmentally sustainability businesses, and policies and programs to ensure more broadly shared prosperity for all Mainers. This foundation will help us come together to address the challenges ahead.

## **End Notes**

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<sup>i</sup> These policy recommendations build on bills that Rep. Rachel Talbot Ross submitted in Maine’s 128<sup>th</sup> legislature.

<sup>ii</sup> Farm Credit East. (2015). *Northeast Economic Engine: Agriculture, Forest Products and Commercial Fishing* at 8-9. Retrieved from: <https://www.farmcrediteast.com/knowledgeexchange/>

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[Reports/northeast-economic-engine-agriculture-forest-products-and-commercial-fishing.](#)

<sup>iii</sup> National Agricultural Statistics Service, U.S. Department of Agriculture. (2012). *2012 Census of Agriculture*. Retrieved from [https://www.agcensus.usda.gov/Publications/2012/Full\\_Report/Volume\\_1,\\_Chapter\\_1\\_State\\_Level/Maine/](https://www.agcensus.usda.gov/Publications/2012/Full_Report/Volume_1,_Chapter_1_State_Level/Maine/).

<sup>iv</sup> Maine FFF is a competitive grant program that provides selected farms with business planning assistance and investment support. [http://www.maine.gov/dacf/ard/business\\_and\\_market\\_development/farms\\_for\\_future/index.shtml](http://www.maine.gov/dacf/ard/business_and_market_development/farms_for_future/index.shtml).

<sup>v</sup> US Census 2016 -American Community Survey 1-Year Estimates.

<sup>vi</sup> Maine Spark is an Education and Workforce Coalition <http://mainespark.me/>

<sup>vii</sup> <http://www.forbes.com/sites/maggiemcgrath/2016/01/06/63-of-americans-dont-have-enough-savings-to-cover-a-500-emergency/#31d3efa76dde>

<sup>viii</sup> The number of solar jobs in the U.S. has doubled in the past five years, now employing more people than oil and gas rigs (<http://money.cnn.com/2016/01/12/news/economy/solar-energy-job-growth-us-economy/>). The average wage of a U.S. solar installer in 2016 was \$21/hour (<http://money.cnn.com/2016/01/12/news/economy/solar-energy-job-growth-us-economy/>). Furthermore, 67% of solar jobs do not require a bachelor's degree. ([http://www.thesolarfoundation.org/national/?mc\\_cid=eaf6332238&mc\\_eid=%5BUNIQID%5D](http://www.thesolarfoundation.org/national/?mc_cid=eaf6332238&mc_eid=%5BUNIQID%5D)).