

GOVERNOR'S  
**ECONOMIC  
RECOVERY  
COMMITTEE**

---

RECOMMENDATIONS TO SUSTAIN  
AND GROW MAINE'S ECONOMY  
NOVEMBER 24, 2020

[maine.gov/future/economicrecovery](https://maine.gov/future/economicrecovery)



## GOVERNOR'S ECONOMIC RECOVERY COMMITTEE

CO-CHAIRS: JOSHUA BRODER, LAURIE LACHANCE  
[MAINE.GOV/FUTURE/ECONOMICRECOVERY](http://MAINE.GOV/FUTURE/ECONOMICRECOVERY)

November 24, 2020

Dear Governor Mills,

As co-chairs of the Governor's Economic Recovery Committee (ERC), we are both humbled and honored to deliver the Committee's second and final report which offers a highly-focused set of eight transformational recommendations to grow Maine's economy and sustain Maine's people, building a bridge to future economic prosperity in the wake of the COVID-19 pandemic.

The ERC's work for this report was complicated by the ongoing impact of the COVID-19 pandemic. With infections in Maine and the nation growing rapidly, but needed federal stimulus nonexistent, the economic crisis is hurting Maine families, displacing workers, affecting schools, and causing businesses, nonprofits and cultural institutions to face deep uncertainty. This combination makes our bridge to a more vibrant future seem longer than we had hoped, unless COVID-19 is brought under control. Beating the pandemic through science based public health is foundational to any recovery.

While this report revisits our [July 15th recommendations](#) by repeating and strengthening both our foundational guidance on stabilizing and supporting Maine's people and economy and our urgent call to our federal delegation, as well as the present and incoming administrations, to deliver a next round of stimulus, our focus for this phase was to identify the most critical, bold, long-term investments needed that will allow Maine to fully participate in a global economy that is knowledge-based and technology-driven and allow Maine's people to more fully enjoy the robust prosperity that brings.

We wish to draw special attention to how the effect of the COVID-19 crisis and recession continues to be sharp, deep, and uneven. Mainers of color, young people, women, and households with children have been hit hardest. This demands that structural change and foundational investments that address racial, economic, and geographic inequity be an economic imperative for Maine's recovery.

Despite these ongoing challenges of the virus, our confidence in Maine is unshaken. We believe the following recommendations will get us back to the vision of the State Economic Development Strategy:

"By 2030, Maine will be an international leader with a vibrant, sustainable, environmentally-responsible economy. All across the state, the people of Maine will have access to an unmatched quality of life and good-paying jobs."

On behalf of the ERC, we hope these bold and transformational ideas will inform the tough decisions ahead. Thank you for the opportunity to lead this important work.

With deep respect and gratitude,

Josh Broder & Laurie Lachance

# TABLE OF CONTENTS

<b>EXECUTIVE SUMMARY</b> .....	<b>4</b>
<b>SECTION I: GROW MAINE'S ECONOMY</b> .....	<b>8</b>
<b>SECTION II: SUSTAIN MAINE'S PEOPLE</b> .....	<b>17</b>
<b>FINANCING ERC RECOMMENDATIONS</b> .....	<b>24</b>
<b>FOUNDATIONAL GUIDANCE</b> .....	<b>27</b>
<b>THE ONGOING IMPACT OF COVID-19 ON MAINE'S ECONOMY</b> .....	<b>31</b>
<b>ABOUT THE COMMITTEE</b> .....	<b>35</b>
<b>COMMITTEE MEMBERS</b> .....	<b>36</b>

# EXECUTIVE SUMMARY

---

## OUR CHARGE

In May 2020, Governor Janet Mills created the Economic Recovery Committee (ERC) to lift our eyes to the future and offer recommendations that build a bridge to future prosperity. Over the seven month period, the Committee of 37 business leaders and economic experts, as well as a bipartisan slate of state legislators and representatives of our Congressional delegation, worked tirelessly to deliver on our charge.

## OUR TRANSFORMATIONAL RECOMMENDATIONS

For this report, the Committee's second and final, the ERC followed the framework of the state's 10-year Economic Development Strategy (EDS), published one year ago. The Committee is proud to deliver eight transformational recommendations in this vein, which carry the unanimous support of its members. These recommendations bring Maine closer to the vision of the EDS, in light of shifted priorities and new opportunities. The following topline recommendations include an abbreviated version of the bulleted action steps.

## GROW MAINE'S ECONOMY

**INNOVATION: Invest boldly, strategically, and consistently in next-generation technology and innovation to grow our value-add economy:**

- Advance industry-led, public-private initiatives that grow key innovation sectors
- Invest \$100 million annually in commercially-promising research and development
- Reinvigorate the Maine Innovation Economy Advisory Board (MIEAB) with diverse entrepreneurs.

**ENTREPRENEURSHIP: Supercharge high-growth entrepreneurship while sustaining Maine's vibrant and resilient small business sector:**

- Fill gaps in Maine's entrepreneurship ecosystem and unlock the entrepreneurial spirit in Maine's small business sector
- Cultivate an entrepreneurship support ecosystem
- Make Maine more welcoming of immigrants, supportive of the success of entrepreneurs who are people of color, Native Americans, and women, and attractive to remote workers.

**TALENT DEVELOPMENT: Unleash the potential of Maine's workforce by creating educational and training pathways for people of all experience levels to access careers in high-demand fields:**

- Prioritize accessible and affordable education and training options for working adults
- Invest in higher education programs and increase degree attainment
- Prepare workers for Maine's innovative and high-demand sectors
- Expand internship opportunities linked to Higher Education
- Restore immigrant rights to access public benefits and the workforce.

**TALENT ATTRACTION:** Establish Maine as a premier career, education, and lifestyle destination to attract diverse and talented professionals to relocate and define the state's image beyond leisure and tourism:

- Coordinate and implement a statewide rebranding effort for Maine that welcomes diverse groups with respect to race, ethnicity, and other dimensions of human difference.

## **TO SUSTAIN MAINE'S PEOPLE**

**INTERNET ACCESS:** Ensure every Mainer has a high-quality internet connection to support economic development, remote work, distance education, telehealth, and meaningful community connections:

- Convene public, private, and philanthropic stakeholders to map, prioritize, and complete program design for universal broadband
- Advance digital equity and inclusion by increasing access to broadband, computers, mobile devices, and expanded digital literacy training for historically underserved individuals and communities.

**EARLY CARE AND EDUCATION SUPPORTS:** Reinforce and reimagine Maine's early care and education supports to ensure that parents can go to work with the peace of mind that their children are safe, nurtured, and prepared for success entering school:

- Pursue comprehensive reform of Maine's fragmented, public-private early care and education systems to increase access and affordability
- Build a skilled early childhood education workforce to prepare children for lifelong academic and career success.

**HOUSING:** Develop robust housing policies and programs that enable Maine people to live and raise their families near their work:

- Create and preserve more affordable, efficient, and high-density housing options across the state through bonding, zoning, and land use regulation
- Provide housing stability for Maine's workforce.

**ADDRESS STRUCTURAL INEQUITIES:** Make Maine a diverse, equitable, and inclusive state where all Mainers can reach their full potential:

- Perform a comprehensive Diversity, Equity, and Inclusion (DEI) assessment of Maine
- Develop a 10-year economic strategy for DEI
- Hire senior-level champions to promote DEI in state government.

## **RECOMMENDED INVESTMENTS**

Given the long-term, sustaining nature of many recommendations, determining a precise investment figure would require comprehensive analysis. The ERC also recognizes many recommendations need more resources

than what are available, and Maine leaders will be balancing priorities for years to come. So instead of offering a comprehensive, absolute cost for all recommendations, the Committee elected to offer recommendation funding suggestions only where it felt most confident doing so.

## OUR CHALLENGE

In its deliberations, the Committee grew to understand that the full potential of these eight recommendations is not possible to achieve unless and until:

1. The virus is under control and Maine's public health infrastructure is strong
2. The federal government invests fully in stabilizing the economy through federal stimulus
3. Structural inequities are addressed so all Maine people can reach their fullest potential.

This new report comes at a time when the virus is spreading like wildfire, making a strong public health infrastructure critical to social stability and an economic recovery. With the virus out of control, businesses, nonprofits and cultural institutions will struggle to survive; especially the hard-hit retail, tourism and hospitality sectors.

Without federal stimulus to support businesses and nonprofits, expand benefits for unemployed workers, and provide relief funds for the State, our bridge to the future will stop at a pier. At the end of it are businesses and nonprofits, arts and cultural institutions, state and local governments, families and individuals facing impossible decisions ahead. **The ERC urgently calls on Congress, the current and incoming administrations to pass a new forward-looking stimulus package without delay.** This was needed in July, and with the virus flaring out of control, it is an absolute imperative now.

Many workers and families, especially those who struggled with inequity prior to COVID-19, face immense challenges. To realize a future in which all Maine people can reach their full potential, we must address structural inequity and make foundational investments to address racial, economic, and geographic disparities.

With new stimulus, coupled with the State's strong public health response and promising news about vaccines, the ERC's Transformational Recommendations (above) and Foundational Guidance (below) lay the groundwork for Maine's long-term economic recovery and future prosperity.

## OUR FOUNDATIONAL GUIDANCE

In addition to the eight transformational recommendations, the Committee is also including a targeted set of other ideas deemed essential for consideration. These important ideas reflect the diversity of expertise among the ERC membership and recommend the State:

- Build Maine's public health infrastructure**
- Modernize the state's regulatory environment**
- Invest in agriculture infrastructure**
- Support Maine workers to meet their most basic needs in order to thrive and be successful**
- Invest in transportation infrastructure.**

# **SECTION I: GROW MAINE'S ECONOMY**

---



## **ACCELERATE MAINE'S ECONOMIC GROWTH by investing boldly, strategically, and consistently in next-generation technology and innovation to grow our value-add economy**

- Advance industry-led, public-private initiatives that grow key innovation sectors**
- Invest \$100 million annually in commercially-promising research and development**
- Reinvigorate the Maine Innovation Economy Advisory Board (MIEAB) with diverse entrepreneurs and track investment performance and inclusion**

Maine has a rich entrepreneurial tradition and, as laid out in the Economic Development Strategy (EDS), an opportunity to benefit from innovation-driven economic growth. The pandemic and its economic consequences have exposed challenges and accelerated the need to make strategic investments in innovation and entrepreneurship to accelerate new discoveries and ensure that entrepreneurs have the opportunity, access to financing, know-how, and support to start and grow their businesses here.

In particular, Maine has an opportunity to build on its strengths in natural resource-based industries, life sciences, and technology sectors. The EDS presented four thematic opportunity areas for focus: Food and Marine, Forest Products, Making and Manufacturing, and Technical Services. In addition to those four areas, Maine is well positioned to become a leader in high-potential industries, especially clean energy sectors. Developing these focus areas and the opportunities afforded at their intersections will enable Maine to add significantly more value to its natural resources and reimagine and reposition its heritage industries to future growth.<sup>1</sup>

### **Advance Industry-led, Public-private Initiatives**

Maine has an opportunity to advance industry-led, public-private initiatives that grow key innovation sectors, such as seafood and agricultural product processing, forest products, bioproducts and renewable energy, and agile manufacturing. The ERC recommends the following actions to build on Maine's demonstrated leadership and aspirational goals for these industries to build momentum and attract needed investments:

1. Support industry cluster initiatives and encourage collaboration across sectors to catalyze high-impact joint action by aligning resources and know-how and engaging capacities of private, public, and nonprofit leaders, such as has been seen with FOR/Maine. These clusters can encourage co-location of manufacturing operations that can incorporate each other's waste streams into their processes and realize efficiencies, while driving home our commitment to these industries and their significant multiplier effect in our economy.
2. Message Maine as a leader in food,<sup>2</sup> forestry, technical services, making/manufacturing, and energy and lead in the nexus of these sectors in the bioeconomy, which uses materials from farm, forest, and sea to replace fossil-fuel based products with renewable alternatives, and the circular economy, which seeks to be regenerative rather than linear, keeping materials in use as long as possible to decrease waste.

---

<sup>1</sup> In today's economy, innovation drives job growth and wage growth, with each new job created in an industry that competes nationally or internationally creating on average 1.6 additional jobs across Maine's local small business sector. (Focus Maine Results 2020)

<sup>2</sup> Food sector includes farms, fisheries and aquaculture and food manufacturing

3. Advance a strategy for expanding value-added food processing infrastructure to address missing linkages in local supply chains and actively support the development of public-private partnerships, considering models such as FOR/Maine and SEAMaine.
4. Support the development of a roadmap to make Maine a leader in agile manufacturing (also called “just in time” production), leveraging expertise from partners such as the Maine Manufacturing Extension Partnership.

### **Invest \$100 Million in Commercially-promising Research and Development**

Maine must make robust annual investments in commercially viable research, Maine’s research centers, and in programs that create incentives for private sector innovation, targeting Maine’s natural resource-based and next-generation technology sectors.<sup>3</sup>

Additionally, Maine has the capability to become a national leader in bioproducts and clean energy generation, especially offshore wind, through bold investments in innovative business models. Smart, efficient use of biomass generated by agriculture, forestry, and fishery operations is the base of the bioproducts development pyramid, which encompasses products such as bioenergy, bioplastics, biobased chemicals, and cross-laminated timber building technology. Maine’s opportunity in bioenergy can build on UMaine’s leadership as one of eight national regional centers designated by the U.S. Department of Energy to support in all aspects the deployment of cost-effective and highly efficient Combined Heat and Power technologies, which can be strategically right sized and located at facilities around the state.

Maine’s EDS also identifies offshore wind as a critical opportunity to grow the state’s economy<sup>4</sup>—offshore wind is projected to be a \$70 billion industry in the U.S. over the next decade.<sup>5</sup> Clean energy and bioproducts have the potential to catalyze careers in engineering, construction, science, manufacturing, and more, all utilizing Maine-based supply chains.

### **Reinvigorate the MIEAB with Diverse Entrepreneurs and Track Investment Performance and Inclusion**

The EDS highlighted the value of MIEAB to inform the State’s efforts while ensuring that funds are targeted to areas that will lead to new and profitable business growth. To effectively perform this role, it is essential that growth-oriented company CEOs and diverse entrepreneurs are amongst MIEAB members. State government needs to commit to reinstating and staffing MIEAB or structure an alternative.

Through strategic and consistent investments in these intersections between Maine’s unique assets and global trends, we will make progress towards the EDS goal of growing the annual average wage and the value of what we sell.

---

<sup>3</sup> Once sufficient research and development investment in Maine has been achieved, it will be critical to invest in Maine’s technology transfer system: pushing commercially promising ideas from labs into the market. Specific resources will need to be dedicated to this system to ensure that R&D funding is well-spent.

<sup>4</sup> Maine’s record of floating offshore wind innovation through the work at the University of Maine has recently generated \$100 million in private investment into its emerging floating offshore wind energy technology, which is on track for deployment in 2023 and will be the first floating wind project in the U.S. waters. Further investment and support of research and development into offshore can cement Maine a leader in the industry.

<sup>5</sup> Maine’s Economic Development Strategy, November 2019

## **RECOMMENDED INVESTMENT:**

**\$100 million annually in commercially promising research and in incentives promoting private sector innovation aligned with these strategies.<sup>6</sup>**

## **SUPERCHARGE HIGH-GROWTH ENTREPRENEURSHIP while sustaining Maine’s vibrant and resilient small business sector**

- Fill gaps in Maine’s entrepreneurship ecosystem and unlock the entrepreneurial spirit in Maine’s small business sector**
- Cultivate an entrepreneurship support ecosystem through active engagement with and support of the Maine Accelerates Growth network and the Roux Institute**
- Make Maine more welcoming of immigrants, supportive of the success of entrepreneurs who are people of color, Native Americans, and women, and attractive to remote workers**

Maine needs to radically cultivate growth-oriented entrepreneurship that drives good job growth and wages. Moreover, Maine’s entrepreneurship ecosystem has not been adequately serving the needs of certain groups of entrepreneurs, such as women, people of color, Native Americans, and rural entrepreneurs. The State needs to pursue ways to better reach and support these communities, including through local and regional economic development agencies, Community Development Financial Institutions, and community development groups led by people from these communities.

### **Fill Gaps in Maine’s Entrepreneurship Ecosystem**

The pandemic’s impact on early-stage, high-growth businesses has highlighted the importance of nourishing an entrepreneurship ecosystem that cultivates nationally competitive, growth-oriented businesses innovating to meet new markets and economic circumstances.

The state must boost access to capital and know-how statewide while addressing student debt and health insurance access – barriers that stand in the way of many would-be entrepreneurs. Examples of how to address health insurance and student debt barriers include: exploring the feasibility of expanding state insurance pool access for the self-employed, gig workers, and remote workers to ensure affordability and offering tax offsets for student loans or healthcare premiums. The Opportunity Maine Tax Credit may be one vehicle for such student debt relief.

### **Cultivate an Entrepreneurship Support System**

1. Elevate entrepreneurship at the Executive level by including the “State of the Entrepreneurial Ecosystem” as part of the Governor’s annual State of the State address and by highlighting the benefits to Maine people and communities throughout the state in public remarks whenever possible
2. Examine options for elevating entrepreneurship to the Governor’s cabinet to coordinate relevant state agencies with the private and nonprofit sectors

---

<sup>6</sup> See finance section for additional detail

3. Conduct a statewide review of the impact of existing rules and regulations on the creation of new businesses and eliminate barriers or revise laws as appropriate
4. Ensure DECD and DOL prioritize supporting entrepreneurs and new businesses
5. Examine how state contracting and procurement can support new and existing businesses and be more entrepreneur-friendly, including among underserved areas and populations
6. Support and strengthen Maine’s network of entrepreneurship ecosystem organizations, Maine Accelerates Growth (MxG) and the Roux Institute, and proactively engage leaders from communities underserved by traditional entrepreneurship resources.

**Make Maine Welcoming of Immigrants, Supportive of the Success of People of Color, Native Americans, and Women, and Attractive to Businesses**

Diversity is fundamental to innovation, entrepreneurial success, and a vibrant creative economy. The state should identify and support key partners, such as Mano en Mano, Prosperity Maine, Four Directions Development Corporation, CEI’s Women’s Business Center, and others, that work with immigrant communities, communities of color, Native Americans, and women to ensure access to vital support systems as part of Maine’s efforts to attract and support diverse perspectives. Performance metrics should be tracked.

The State should invest in a process to collect data about remote workers in Maine, especially to make the state more attractive to remote workers and businesses. This will identify gaps in support systems for remote workers to ensure we retain people who have come to Maine, particularly its rural areas, during the pandemic, as well as help develop more targeted solutions. A vibrant and diverse Main Street is often a driving factor of “quality of place,” calling for diversity of business type and background.

When combined with advances in infrastructure and workforce supports, the State’s bold investment in innovation and its strategic cultivation of Maine’s entrepreneurs will not only serve as a bridge to the EDS goals, but will pioneer a bright future for the next generations of Mainers.

**RECOMMENDED INVESTMENT:**

**An initial \$100 million bond in support of its recommendations, followed by similar scale biennial bond-funded investments.<sup>7</sup>**

**UNLEASH THE POTENTIAL OF MAINE’S WORKFORCE by creating educational and training pathways for people of all experience levels to access careers in high-demand fields**

- Prioritize accessible and affordable education and training options for working adults that align with emerging career demands**
- Invest in higher education programs and increase degree attainment**
- Prepare workers for Maine’s innovative and high-demand sectors**
- Expand internship opportunities linked to Higher Education**

---

<sup>7</sup> See Finance section for additional detail

## □ Restore immigrant rights to access public benefits and the workforce

Maine needs accessible, adaptive, and durable workforce development models to create opportunities for all people to develop their skills and for employers to meet their current and future workforce needs. Students and skilled workers are more likely to stay in Maine when they have fulfilling jobs and access to prosperous career pathways. The Committee recommends the following actions:

### Accessible and Affordable Education for Working Adults

Tie together and increase support for Adult Education programs, Career Technical Centers, and libraries to provide basic general education, literacy, and technical training at low cost with flexible hours. Align general education programs with the Community College System, the public University System and private colleges and universities to support attainment of professional certifications and degrees. Additionally:

1. Invest in a “Go Back to Get Ahead” campaign to re-engage those with some college by offering up to three free courses at one of Maine’s public universities or community colleges
2. Prioritize navigators to understand and remove barriers, wraparound services, emergency funds, and student debt forgiveness to support adult learners
3. Incentivize employers to invest in the education and training of their employees
4. Establish Work-based Learning Accounts to reimburse employers for providing time-limited paid work to connect job seekers with direct workplace experience.

### Invest in Higher Education Programs and Increase Degree Attainment

These days, college graduates earn about 56% more (about \$20,000 a year), on average, than those with only high school diplomas, and that gap continues to grow.<sup>8</sup> Maine statute identifies a postsecondary attainment goal of increasing the percentage of working-age adults holding a high-value certificate, college degree, vocational education or other industry-recognized credential to 60% by 2025.<sup>9</sup> Currently at 46%, Maine must increase degree and credential attainment at both our private and public institutions to meet our state’s goal and prepare Maine people for a good-paying job.<sup>10</sup> Actions include:

1. Expand access to college advising for high school students who have traditionally not been college bound, with focused attention on students from rural areas, island communities, the immigrant community, and for whom college seems out of reach. Partner with post-secondary institutions to assist students with the application and financial aid process.
2. Support first-generation college-bound students to increase their success in progression and degree attainment by providing grants to fund support staff, programming and wrap-around services.
3. Establish a grant program for colleges and universities to make bold academic innovations that aim to increase degree attainment, especially in market-aligned areas, including start-up funds to support new program development, new pedagogical innovations (hybrid delivery, competency-based models), etc.

---

<sup>8</sup> Drew Desilver, “10 Facts about American Workers,” Pew Research Center, August 2019

<sup>9</sup> §2006. Establishment of State Workforce Investment Board

<sup>10</sup> Maine Spark, Adult Promise, Attainment Indicators, <https://mainespark.me/adult-promise-maine-adults-indicator/>

## Prepare Workers for Maine's Innovative and High-demand Sectors

The speed of innovation and demand in the clean energy and innovation sectors requires adaptive and durable workforce development and credentialing models to maximize the economic development opportunities to Maine of this sector. The clean energy economy requires a significant retooling of, and investment in, our workforce. To meet the demand for skilled workers in these sectors, the state should:

1. Convene a stakeholder group consisting of workforce development agencies and organizations and industry representatives to identify approaches that strengthen and increase the accessibility of clean energy and innovation workforce training and promote an effective transition of workers into those sectors.
2. Evaluate credentialing pathways—including license and work experience reciprocity for new and returning Mainers and requirements for individuals entering the clean energy workforce – to ensure Maine is able to attract and develop high-skilled workers, protect public health and safety, and support an expanding clean energy economy.

## Expand Paid Learning Opportunities via Enhanced Public-Private Partnerships

Meaningful paid learning opportunities—internships, co-ops, and apprenticeship programs in particular—are an effective tool to anchor students to Maine because they often lead to job offers and create a pipeline of skilled talent to address employers' needs. Every postsecondary student should have the opportunity to participate in at least one such paid program. Actions include:

1. Pay students who intern at small employers via a direct subsidy upon the successful completion of the internship experience, prioritizing socioeconomically disadvantaged students and ensuring support for transportation and housing<sup>11</sup>
2. Expand and market opportunities as well as intermediaries and statewide programs (e.g., Focus-Maine) that foster trust and cooperation among business, education, government, and the civic sector

## Restore Immigrant Rights to Access Public Benefits and the Workforce

These economic security steps include access to Maine Care including dental insurance, SNAP, TANF, the Child Care Subsidy Program, and driver's license issuance. This will help attract immigrants to Maine and boost the likelihood of their successful transition into the workforce.

Acted upon now, these actions to create education and training pathways will get us back to the EDS goal of making Maine a state where every person can find fulfilling and rewarding work, and employers can find the talent they need, in the context of a vibrant, thriving economy and an unparalleled quality of life.

## RECOMMENDED INVESTMENT: \$93M

This set of recommended investments applies to the entire postsecondary system-- both public and private institutions. The \$93M is broken down as follows:

---

<sup>11</sup> Example: University of Southern Maine, with support from programs like Project>Login and FocusMaine Intern Experience, offers housing for dozens of interns working in the Portland area during the summer. The housing program has improved the ability for employers to attract interns from across Maine and around the world by offering affordable housing, facilitating activities for interns, and helping interns access transportation.



Investment in Degree Attainment & Preparation for High-Demand Sectors \$75M

Immigrant Benefits \$7M

Direct Subsidies for interns \$1M

Adult Learners:

- Go Back to Get Ahead \$1M
- Adult Navigators \$390k
- Debt Forgiveness \$375k
- Employer Training Pilots \$2.5M
- WBLA/Learning Accounts Pilot \$5M

## **ESTABLISH MAINE AS A PREMIER CAREER, EDUCATION, AND LIFESTYLE DESTINATION** to attract diverse and talented professionals to relocate and define the state's image beyond leisure and tourism

- **Coordinate and implement a statewide rebranding effort for Maine that welcomes diverse groups with respect to race, ethnicity, and other dimensions of human difference**

The pandemic offers a window of opportunity to capitalize on Maine's assets and convince people that it is a great place to live, study, and work. To attract diverse and talented people to Maine, we must move beyond Maine's image of lobsters and lighthouses and develop a new, coordinated, branding and marketing program that changes the awareness and impressions of the state, both regionally and nationally. Necessary actions include:

1. Coordinate public and private partners, existing efforts in industry (e.g., Maine & Co.), the nonprofit sector (e.g., Life + Work in Maine; FocusMaine), tourism, grassroots groups, and academia to strategize on a multifaceted implementation effort led by the Governor
2. Effectively market the Opportunity Maine Tax Credit, simplify its worksheet, adopt a standardized list of STEM degrees, and make other changes to improve program accessibility
3. Leverage Maine Office of Tourism's track record of success and realign success metrics to include workforce attraction, development, and retention
4. Target knowledge workers in industries such as digital, biotech, and healthcare, including technology companies with a permanent remote workforce
5. Promote Maine's diverse array of public and private colleges and universities by focusing on attributes that transcend individual institutions, such as: safety, quality of life, and competitive internship opportunities
6. Message to diverse groups with respect to race, ethnicity, and other dimensions of human difference and signal that Maine is a welcoming place for all people; support local programs that offer a personal touch<sup>12</sup>.

---

<sup>12</sup> Such programs include Community Welcome Wagon Programs and Live + Work in Maine's *Imagine ME and You* weekends

Talent attraction comes in many forms, and it must be coordinated to meet the EDS goal of 75,000 additional people in the workforce by 2030. Maine is already home to strong, talented, and hardworking people: attracting new Mainers is critical to our economic future.

**RECOMMENDED INVESTMENT: \$5M<sup>13</sup>**

---

<sup>13</sup> For comparison, Tourism investment in marketing averages \$5–8 million in most years (depending on revenues).



# **SECTION II: SUSTAIN MAINE'S PEOPLE**

---

## **ENSURE EVERY MAINER HAS A HIGH-QUALITY INTERNET CONNECTION to support economic development, remote work, distance education, telehealth, and meaningful community connections**

- Convene public, private, and philanthropic stakeholders to map, prioritize, and complete program design for universal broadband in anticipation of new funding**
- Advance digital equity and inclusion by increasing access to broadband, computers, mobile devices, and expanded digital literacy training for historically underserved individuals and communities**

Maine must prioritize investment in affordable, high-speed broadband statewide to increase access to distance education, remote work, and telemedicine. Broadband must equally benefit rural areas, as well as groups in Maine historically underserved by broadband, including new Mainers, people of color, Native Americans, and low-income Mainers.

Broadband has become the *de facto* line of demarcation between communities with economic opportunity and those with dwindling populations, and even broadband in most urban areas of Maine lack the fiber to the home speeds found in metro areas nationally. The pandemic has added urgency to this long-standing need and its importance to talent attraction and retention.

### **Completely Map, Prioritize, and Create Program Design in Anticipation of New Funding**

To achieve ubiquitous connectivity, the State must build a comprehensive program to maximize participation in future stimulus, secure matching funds from public and private sources, and leverage bonds at today's historic low cost. This program should integrate federal sources requiring match with state support, private, and philanthropic funding in advance of additional rounds of stimulus so that match is shovel ready. Furthermore, these efforts must be coordinated amongst key stakeholders including the Governor's Office, ConnectMaine, Department of Economic and Community Development, Department of Education, Office of Information Technology, the University of Maine System, federal agencies, and private and community partners.

This plan should facilitate the colocation and joint use of broadband with intelligent transportation and grid modernization deployments. The ConnectMaine Authority needs staff capacity to do this vital work. Similar teams in other states have five to ten people to run similar programs on an ongoing basis. With several new federal initiatives having recently launched and on the near-term horizon, having organizational capacity in the broadband office will be important to maximize federal support in Maine as well as coordinate local resources. Maine can heavily borrow program design from other states that have already tackled this problem. New York State had a national model program in past years.<sup>14</sup>

### **Advance Digital Equity and Inclusion**

For all Maine citizens to have the information technology capacity needed for full participation in our society, democracy, and economy, we must not only invest in affordable, high-speed broadband statewide but also in affordable equipment, digital literacy training, and public computer access.

---

<sup>14</sup> Example: NYS Broadband Program Office, <https://nysbroadband.ny.gov/>

Attention to digital equity and inclusion is critical to achieving the Economic Development Strategy’s ubiquitous connectivity strategy that all individuals and communities, regardless of socioeconomic status, citizenship status, or geographic location, can access information, create and share content, improve health outcomes, access learning, and work from anywhere in our state.

### **RECOMMENDED INVESTMENT:**

**Achieve the \$600M total investment need laid out in the State of Maine’s Broadband Action Plan, including an immediate \$100M bond to match other federal sources, and a similar biennial investment until the plan is complete.<sup>15</sup>**

## **REINFORCE AND REIMAGINE Maine’s early care and education supports to ensure that parents can go to work with the peace of mind that their children are safe, nurtured, and prepared for success entering school**

- Pursue comprehensive reform of Maine’s fragmented, public-private early care and education systems to increase access and affordability
- Build a skilled early childhood education workforce to prepare children for lifelong academic and career success.

### **Pursue Comprehensive Reform to Increase Access and Affordability**

The first years of life are a critical developmental time in forming the basis for learning and social interaction. It’s well established here that investments in early education have powerful long term paybacks.<sup>16</sup> As noted in the ERC’s July 15 report, parents across the state already struggled to locate infant and toddler care before the pandemic: close to 5,000 Maine children with working parents, mainly in rural areas, do not live within close proximity of a childcare provider.<sup>17</sup> Additionally, childcare continues to be a major concern for families considering moving to Maine. The Mills administration made important investments from the State Coronavirus Relief Fund of the CARES Act to mitigate the effects on childcare from the pandemic, however in the long-term the state will need to invest significantly more —on par with its investment in the K-12 system— to establish a comprehensive system of early care and education. The following actions are critical to transform our current, fragmented, and mostly privately-funded system into a comprehensive birth through five early care and education system that works for everyone:

1. Commit significant and ongoing investment to help working families access quality early care and education in a mixed delivery system funded with state, federal, local, and private dollars
2. Ensure all 4-year olds have access to public Pre-K through partnerships between schools, Head Start programs, and local child care programs. These programs should be protected and supplemented with further state funds.<sup>18</sup>

---

<sup>15</sup> State of Maine- Statewide Broadband Action Plan, <https://bit.ly/3ksRx5H>

<sup>16</sup> “The National Forum on Early Childhood Policy and Programs found that high quality early childhood programs can yield a \$4 – \$9 dollar return per \$1 invested.” Courtesy of: “High Return on Investment.” *University of Pennsylvania Center for High Impact Philanthropy*, 2015, <https://bit.ly/36ykjwH>.

<sup>17</sup> “Child Care Gaps Assessment.” Bipartisan Policy Center, October 2020, [www.childcaregap.org/](http://www.childcaregap.org/)

<sup>18</sup> While 22% of white 4 year-olds in Maine live in a school district without a public pre-K program, the same is true of 33% of Black children and 28% of Latino children in Maine. More state assistance to help school districts implement and expand public pre-K will make these programs more accessible to nonwhite Mainers who are currently excluded. Courtesy of: “American Community Survey.” *U.S. Census Bureau*, 2014-2018. and “Public Preschool.” Maine Department of Education, 2020.

3. Strengthen the early care and education infrastructure through the use of bonds to fund grants and/or low-interest loans to help child care programs renovate, expand, or construct facilities to increase availability and quality of child care.<sup>19</sup>
4. Continue to improve access to the Child Care Subsidy Program by funding greater marketing, creating an online application, and re-examining the current fee structure to promote accessibility.<sup>20</sup>

### **Build a Skilled Early Childhood Education Workforce**

A well-trained early childhood workforce is critical to the future prospects of Maine children-- providing the foundation children need to be successful in school and as adults entering the workforce. This kind of system and outcome requires well-trained and fairly-compensated early childhood educators. Strategies to increase training and pay include:

1. Providing tax credits or direct wage supplements, such as the Child Care WAGES Program.<sup>21</sup>
2. Increase investment in Maine's T.E.A.C.H program.<sup>22</sup>
3. Pair WAGES program with Maine's T.E.A.C.H. program to promote equitable access to a post-secondary degree.

With these critically necessary changes, Maine's future will include the world-class early care and education system that the EDS demands. This system must be an accessible, affordable, and high-quality system so that all children are prepared for a bright future in school and the workforce.

### **RECOMMENDED INVESTMENT:**

**Building a strong, comprehensive birth through five system will take significant public and private investment. Further analysis is required to identify a dollar amount.**

**Early Childhood Education Workforce Investment Total: \$5.2M, broken down as follows:**

- Wage Supplements: \$5MM
- TEACH Program: \$200k

---

<sup>19</sup> Funding priority should be for licensed child care providers on the Quality Rating and Improvement System with plans for reaching high quality standards and programs that include at least 40 percent children living in families with low income (at or below 200 percent of the Federal Poverty Level) with a commitment to accepting state child care subsidy for these families.

<sup>20</sup> Federal programs currently play a crucial role in helping to close the educational divide for nonwhite children in Maine. Currently, almost one in four children in Maine's Head Start program is a person of color. Similarly, 13% of children served by the Child Care Development Block Grant in Maine are Black. Protecting these programs and supplementing them with state funding will help young Mainers of color get the best start in life and have the best chances at meeting their full potential.

<sup>21</sup> The Childcare WAGES program provides education-based salary supplements to educators working in licensed early care and education settings. Data from other states show that wage supplements have proven to be an effective way to increase workforce retention, education and compensation for early childhood educators.

<sup>22</sup> T.E.A.C.H. provides financial assistance and supports to early childhood educators interested in attaining postsecondary degrees.

## **DEVELOP ROBUST HOUSING POLICIES AND PROGRAMS** **that enable Maine people to live and raise their families near their work**

- Create and preserve more affordable, efficient, and high-density housing options across the state through bonding, zoning, and land regulation**
- Provide housing stability for Maine's workforce through establishing a state rental assistance program, supporting civil legal aid for tenants, strengthening the General Assistance Program, expanding programs that support renters to build savings and assets, and protecting affordable housing initiatives in the Maine State Home Fund**

The pandemic has exacerbated Maine's housing crisis situation: as housing stock decreases, prices skyrocket; affordable housing lists have grown and more families face evictions due to their inability to pay rent.<sup>23</sup> Although programs exist to make housing affordable, they require reform and additional funding to ensure that they meet the scale of the current problem, enable more Maine workers to live closer to where they work, and make Maine more attractive to families considering moving here.

### **Create and Preserve More Affordable, Efficient, and High-Density Housing Options**

Maine needs an initial investment of \$50 million from General Obligation bonds as well as a commitment to a series of on-going bonding initiatives. This funding will jumpstart improvements to affordable housing in Maine, and should prioritize proximity to services, energy efficiency, and expanded accessibility to households with Section 8 or state housing vouchers. Maine's zoning and land regulation rules must also be modified to eliminate barriers to building more diverse and affordable housing choices, looking to other states for best practices.<sup>24</sup> The state should establish a study commission to develop specific legislative recommendations to eliminate these barriers.<sup>25</sup> Lastly, the state must develop a strategy to ensure that currently subsidized properties are not lost from the affordable housing stock due to expiring use restrictions. In many rural communities, these properties are the only affordable housing options available.

### **Provide Housing Stability for Maine's Workforce**

The state must take bolder action to increase housing stability for Mainers with moderate to low incomes. This effort should include establishing a state rental assistance program, expanding programs to help renters build assets, supporting civil legal aid to ensure that Mainers can access supports, understand their legal rights as tenants, and receive representation in court, and strengthening the existing General Assistance Program by administering the program more uniformly across the state. Furthermore, programs for first-time homebuyers must be strengthened and other affordable housing initiatives funded by the Maine State Home Fund must be protected.

Access to stable, affordable, and energy efficient housing is critical to attracting and keeping talent in Maine. By emphasizing the construction of new affordable housing units and promoting the stability of families in existing units, the state can accomplish the goals of the EDS and build a future in which all families have access to housing and an unmatched quality of life.

---

<sup>23</sup> According to Maine Housing, there are almost 23,000 households with active applications sitting on waitlists for affordable housing. Maine Real Estate Management Association, which includes property managers for affordable housing developments, reports combined wait lists of more than 32,000 applicants. Courtesy of: "Housing Characteristics." MaineHousing, 2020.

<sup>24</sup> In 2019, the Oregon legislature passed a measure that requires cities with more than 10,000 people to allow for duplexes in areas zoned for single family homes. <https://n.pr/35qCbKB>

<sup>25</sup> In the winter of 2020, legislation to establish such a commission passed out of committee with bipartisan support but was stalled when the legislature abruptly adjourned in March due to COVID-19. <https://bit.ly/3pr6bxV>

# **MAKE MAINE A DIVERSE, EQUITABLE, AND INCLUSIVE STATE where all Mainers can reach their full potential**

- Perform a comprehensive Diversity, Equity, and Inclusion (DEI) assessment of Maine**
- Develop a 10-year economic strategy for DEI with input from a broad, inclusive coalition of people, public entities, and private organizations**
- Hire senior-level champions to promote DEI in state government**

Maine’s most vital resource is its people. Attracting and retaining diverse talent is crucial to our economy, the strength of our workforce, and the vibrancy of our communities. Maine has the oldest population and the second lowest birthrate in the nation. We have more people who are aging out of the workforce and fewer people to replace them. Maine has an opportunity to grow by leveraging the talents of all Maine people, especially its fast growing bi- and multi-cultural populations.

An ever-growing body of research shows that diverse workforces outperform competitors, drive innovation, and more effectively attract talent.<sup>26</sup> For Maine to reach its economic potential, it must support its people in doing the same. Maine has an opportunity to become a diverse, equitable, and inclusive state that supports its people and welcomes others.

## **Perform a Comprehensive Diversity, Equity, and Inclusion Assessment of Maine**

A DEI assessment of Maine will evaluate how different populations are impacted by current economic structures, policies and practices, access to resources, and education and workforce training. The state must also commit to tracking data on key indicators of DEI to measure progress and identify opportunities for improvements.

## **Develop a 10-year Economic Strategy for Diversity, Equity, and Inclusion**

Maine must develop a long-term strategy—with input from a broad, inclusive coalition of people, public entities, and private organizations—to integrate and support underrepresented populations into the workforce and economy, provide supportive services, and build a more fair, just, and equitable state and to create a roadmap for opportunities for new multicultural markets in Maine, New England and beyond. The development of the plan should engage the Permanent Commission on the Status of Racial, Indigenous, and Maine Tribal Populations and the Permanent Commission on the Status of Women.

## **Hire Senior-level Champions to Promote DEI in State Government**

Maine must expand its roster of officials dedicated to diversity, equity and inclusion, including senior-level staff in the executive branch and specialists inside state agencies. By hiring permanent staff who can advocate for people of color and other marginalized groups and who can create new opportunities for new multicultural markets, workforce, and new businesses in Maine and beyond, the state can reduce its reliance on external, temporary partnerships to service its commitment to diversity, equity, and inclusion, and can instead build long-lasting, permanent, and positive relationships.

Explicit attention to the importance and complexity of diversity, equity, and inclusion is critical to achieving the EDS’s key tenant: there is a place for everyone in Maine’s economy and we need everyone to participate.

---

<sup>26</sup> Sundiatu, Dixon-Fyle, et. al., “Diversity Wins: How Inclusion Matters,” McKinsey & Company, May 2020.  
Lorenzo, Rocío, et. al., “The Mix that Matters: Innovation Through Diversity,” Boston Consulting Group, 26 April 2017.

These recommendations strengthen the potential impact and outreach of the EDS by explicitly including those for whom access to traditional economic development strategies has been unreachable.

**RECOMMENDED INVESTMENT: \$1 MILLION, BROKEN DOWN AS FOLLOWS:**

- 10 Year Strategy \$250K
- DEI Champions \$750K

# **FINANCING ERC RECOMMENDATIONS**

---



The pandemic has made clear the opportunities for Maine’s economy, illustrating in real time our challenges and strengths. We can’t underscore enough the importance of additional federal support needed to backstop state and local governments, allowing continuation of vital services and preventing tax increases when Maines citizens and businesses can afford it least. As of this writing, there has not been further federal support following the CARES Act. Staff from Maine’s congressional delegation are uniquely positioned, through their participation in this process, to carry this message to Washington D.C.

## **WE CONSIDERED THESE FUNDING OPTIONS FOR OUR RECOMMENDATIONS:**

- **Maximizing existing federal support, future stimulus, and funds available on an annual budget basis from various agencies. FEMA and Northeastern University's Global Resilience Institute will be important partners in identifying federal funds to advance ERC recommendations.**
- **In concert with federal support and general fund investment, though not conditional on it, the ERC recommends investing boldly in our future by capitalizing on historically low interest rates in the bond market through bonding in several areas.<sup>27</sup> Maine State bonds issued funding innovation have leveraged \$14 of private capital per \$1 of public investment, promoting growth and creating good jobs.<sup>28</sup>**
  - » Connectivity/digital equity \$100M through ConnectMaine (followed by similar scale biennial investments)
  - » Affordable Housing through MaineHousing (\$50M)
  - » Early care and education/child care Infrastructure (\$15M)<sup>29</sup>
  - » Innovation Bonding through DECD, and including Maine public and private research institutions of \$200M followed by similar scale biennial bond-funded investments.<sup>30</sup>
  - » Invest in diversified agricultural and forest product value additive infrastructure through MTI and FAME over a three year program window (\$75M)

Transportation bonding in support of roads, ports, ferries, and other transportation infrastructure (\$50M over two years above and beyond the customary \$100M/year)

With regard to transportation specifically, we recommend a bond initiative in parallel with a recognition that Maine’s increasing dependence on the annual issuance of large General Obligation transportation bonds is evidence of the structural inadequacy of the state’s current funding model to meet the state’s needs for transportation infrastructure investment and maintenance. While we believe that a substantial economic benefit will directly and immediately return from this bond recommendation, we also note that longer-term prosperity of the state will require a sustainable transportation funding model.

---

<sup>27</sup> The ERC supports further exploration of the type of bonding or other financial tool to achieve these investment levels.

<sup>28</sup> Maine Technology Institute

<sup>29</sup> This amount reflects the infrastructure aspects understood eligible for bonding, but does not negate the need for additional spending on an annual basis to realize the desired outcomes.

<sup>30</sup> Past economic development strategies have called for consistent funding for competitive research and development for both for-profit and not-for-profit entities and to support the capital needs of growing businesses. However, Maine’s investment has been low and inconsistent.

In addition to the complement of bonding recommendations above we recommend leveraging Maine's existing institutions and enhancing their capabilities in the following ways:

**The Finance Authority of Maine** (FAME)'s direct loan and loan guarantee programs that leverage banks and other capital, reduce the cost of capital for broadband, green energy food system, and forest product development projects and recapitalize local and regional small business loan programs. FAME has a significant role to play in more aspirational, larger, and higher impact start-up projects. With new capital and targeted areas of investment, we recommend dramatically increasing FAME's lending and loan insurance limits (to \$30M+/borrower) and increasing their capital reserves. FAME would also need to broaden its small business loan guarantees to support lending by banks, CDFIs, and local and regional economic development lenders, similar to the California Small Business Loan Guarantee Program.<sup>31</sup>

**The Maine Technology Institute's** competitive Maine Technology Asset Fund drives commercially viable technology development and its grants can support collaborative industry cluster initiatives, Hubs of Excellence and programs providing entrepreneurial support. Individual awards need to also support larger project awards for maximum impact.

**Maine Venture Fund's** proposed Chamberlain Fund (\$10-\$15M) is designed to attract venture capital for Maine high growth businesses, efficiently leveraging state funding with private capital.

Encourage additional patents and other investment in high growth companies by expanding eligibility for the **Maine Seed Capital Tax Credit** to include a higher per company lifetime investment limit (\$6M), higher annual per company investment limit (\$5M/year), and higher annual total amount of credit available (\$20M).

Maine's innovation and entrepreneurial future relies on proactive and direct investments in the start-up and growth of enterprises led by entrepreneurs from all backgrounds, especially Black, Latino, and Native Americans who may have a more difficult time accessing loans and credit, either because they don't have the assets to act as securities, or they lack existing relationships with lending institutions. Women, immigrants, and Mainers from low income backgrounds can face similar difficulties in starting a business.

The state can support grants and loan programs within agencies like FAME targeted at historically disadvantaged groups. It can also foster the development of Community Development Financial Institutions (CDFIs) which specialize in serving these communities. CDFIs like Coastal Enterprises, Inc. (CEI) and Four Directions Development Corporation are key channels for capital and business development resources to reach underserved groups and communities to unlock the creativity and energy of startups and small businesses not always reached by centrally administered economic development programming.

Lastly, the State of Maine should require reporting from Maine's public financing instrumentalities on their engagement and impact on targeted groups.

---

<sup>31</sup> The California Small Business Loan Guarantee Program (SBLGP) provides loans to small businesses to help create and retain jobs and invest in low-to-moderate income communities. The SBLGP is administered by the California Infrastructure and Economic Development Bank (iBank).

# FOUNDATIONAL GUIDANCE

---

In addition to developing the eight core recommendations described in this report, the ERC's sub-committees explored other ideas that would be critical for Maine's economic recovery. Among them, five received broad consensus support<sup>32</sup> in the full Committee as essential ideas that should be included in this final report. They are summarized below.

## **SUPPORT FOR PUBLIC HEALTH AND ACCESS TO HEALTH CARE**

Recovery starts with the health of Maine's people. We must ensure Maine has a robust state, regional, and local public health and health care infrastructure to protect the health and safety of all Mainers and ensure access to preventive care and high quality services.

### **Strengthen Maine's public health infrastructure**

We must ensure that public health resources in each community are responsive, culturally appropriate and meet the diverse needs of each region of our state. Along with building a stronger public health infrastructure to respond to emergencies, we need a proactive coordinated system to also promote the health of Maine people and prevent disease.

- Provide basic health and nutrition education to Mainers (both young and old),
- Improve access to immunizations and necessary health screenings, such as mammograms and other cancer screenings

### **Ensure access to preventive and high-quality health care**

- Maintain and expand the usage of telemedicine to ensure continued access to vital physical and mental health services.
- Expand dental coverage for adults on MaineCare and families with private coverage.
- Support community health centers to expand capacity to serve federally-designated underserved areas and populations
- Supplement funding for the loan forgiveness program for health care professionals who move to rural parts of Maine to work at community health centers.
- Fund and expand Maine's Health Insurance Consumer Assistance Program to help Mainers understand their private and public health insurance options
- Support hospitals and long term care facilities that have experienced losses in revenue as a result of the pandemic.
- Invest public and private dollars in effective and affordable transportation solutions when remote care is not medically appropriate.<sup>33</sup>

---

<sup>32</sup> In a survey of members, more than 75% of respondents viewed these ideas as essential recommendations to include in the report.

<sup>33</sup> Example: Maine Cancer Foundation has raised funding to support a transportation program for cancer patients who live in remote areas of the state to access radiation, chemotherapy, and other treatments.

## **INVEST IN AGRICULTURE, FISHERIES AND AQUACULTURE INFRASTRUCTURE AND INNOVATION**

This recommendation aims to foster innovation in food (agriculture, fisheries and aquaculture) processing in Maine to complement the work of existing incubators, accelerators, and networks, and create added value in the state's natural resource industries.

### **Identify opportunities and funding for food processing infrastructure**

- Develop a strategy and Invest in food processing infrastructure to enable entrepreneurs to scale their business, expand facilities, hire more workers, offset seasonal labor fluctuation, cut transportation costs, and promote exports by better leveraging the Maine brand;
- Increase funding for large-scale equipment upgrades in midsize and large facilities to support Maine processors;
- Support smaller growers by making affordable capital available for expansion.

### **Align agricultural, fisheries and aquaculture development with Maine's climate action plan**

- Support Maine food systems and help agriculture, fisheries and aquaculture combat the effects of climate change, as recommended by the draft Climate Action Plan by the Maine Climate council;
- Encourage local food processing for businesses to reduce transportation emissions and develop climate-friendly production practices and supply chains.

### **Support innovation**

- Spur opportunities for value-added product development from food processing through financial support for innovation, such as grants, low-interest loans, private capital, or bond funds.

## **MODERNIZE AREAS OF MAINE'S BUSINESS REGULATORY ENVIRONMENT**

Maine should keep certain regulatory changes deployed in response to the crisis. Additionally, to ensure a smooth flow of new investments during recovery, the State should review and simplify permitting processes and move key components online.

- Review executive orders and rule changes during the state of emergency to determine their positive impact on Maine's future prosperity, and, if appropriate, make them permanent
- Develop and implement an online permitting system at the Department of Environmental Protection to enable tracking of permit applications.
- Add a deadline to the review of Site Law Amendment Applications to ensure applicants receive timely responses.
- Expand the use of special fee project permitting to expedite review of projects with significant positive economic or environmental considerations.

- Expand the use of delegated review for municipalities with capacity to conduct environmental impact studies.
- Convene a task force of regulatory staff, economic development staff, and development consultants, to recommend methods of making regulatory processes faster, more transparent, and more accessible.

## **IMPROVE AND RETAIN SAFETY NET PROGRAMS**

This recommendation aims to strengthen and coordinate a number of state, federal, and nonprofit programs to make them more accessible to Maine people.

- Urge the Department of Health and Human Services to leverage all available federal funding sources to address food insecurity by using the food supplement program and continuing the pandemic EBT option;
- Promote access to Maine’s tax credit programs, primarily the Earned Income Tax Credit and the Property Tax Fairness Credit, through added funding, marketing;
- Promote communication and coordination with nonprofits that offer social services by establishing a state nonprofit Council and by including nonprofit leaders in existing advisory roles

## **INVEST IN TRANSPORTATION INFRASTRUCTURE**

This recommendation supports issuing a general obligation bond package to invest in existing and future transportation needs, leveraging a diversity of federal funds.

- Transportation bonding in support of roads, ports, airports, and other transportation infrastructure (\$50M over two years above and beyond the customary \$100M/year, for a total two year plan of \$250M), which will leverage up to \$410M in federal and other funds. Increasing customary funding by \$50M over two years, and providing certainty on the customary amount helps Maine put people to work immediately catching up on bridge rehabilitation, provides upgrades to Maine ports to accommodate offshore wind development, rail improvements, bicycle and pedestrian improvements, and support for the small harbor improvement program.
- In the long-term, a more sustainable system than bonding is needed to fully fund Maine’s transportation systems, and the need for bond funding is evidence that our current funding model is structurally inadequate to finance our state’s needs.

Note: Two subcommittee recommendations that failed to achieve consensus from the full Committee are not listed in this final report. One focused on innovation among local banks and credit unions. The other focused on financing for clean energy projects, which some ERC members argued should also include study of a consumer-owned utility.

# **THE IMPACT OF COVID-19 ON MAINE'S ECONOMY**

---

When the ERC began its work in May, just weeks after the pandemic started to first surge across the state and nation, the Committee quickly realized that our economic recovery is predicated on robust and consistent measures to protect the health and safety of all Maine people.

This guiding principle underscored the immediate economic stabilization and support measures identified in the [Committee's first report](#), delivered on July 15. Those measures, grouped into themes of supporting Maine's people, employers, and infrastructure, offered specific policy recommendations and funding levels for state leaders to take action.

The report supported critical allocations of federal Coronavirus Relief Funds to safely re-open Maine schools, bolster childcare providers, offer recovery grants for private and nonprofit employers, and offer rental assistance for Maine people and landlords to ensure housing stability.

However, even with Coronavirus Relief Funds, expanded unemployment benefits, and measures like the Paycheck Protection Program, the Committee understood Maine's economic recovery was also predicated on further federal stimulus. Short-term action, the Committee declared, was not enough to stave off long-term economic harm, especially if the virus was to become resurgent.

When the Committee made its first call for stimulus, complete economic data about the extent of the COVID-19 disruption was not yet available, due to the evolving situation. The COVID-19 recession is unlike anything the country has seen before. Instead of a recession caused by slowing consumer demand, a breakdown of financial systems, or skyrocketing inflation, this recession was led by urgency to minimize face-to-face interactions and bring the rapid spread of a virus under control across the world.

## ECONOMIC CONDITIONS

The resulting recession was sharp, deep, and uneven. It took the National Bureau of Economic Research a mere four months to officially declare a recession began in February 2020.<sup>34</sup> Prior to then, however, the U.S. and Maine economies were strong. Employment in Maine was at a record high, while unemployment rates were near all-time lows. Wages and incomes had seen robust growth in recent years, as had the state's gross domestic product (GDP). Everything changed practically overnight.<sup>35</sup>

Maine's GDP in the second quarter of 2020 was ten percent lower than in the first quarter, led by losses in leisure and hospitality and healthcare and social assistance, which is also where Maine saw the largest employment declines.<sup>36</sup> Through September, leisure and hospitality has recovered only half of the 41,000 jobs the sector shed through April.<sup>37</sup> Health care and social assistance lost over 16,000 jobs—many in childcare—and has recovered fewer than 10,000.<sup>38</sup>

---

<sup>34</sup> "Determination of the February 2020 Peak in U.S. Economic Activity." *National Bureau of Economic Research*, 8 June 2020, [www.nber.org/news/business-cycle-dating-committee-announcement-june-8-2020](http://www.nber.org/news/business-cycle-dating-committee-announcement-june-8-2020).

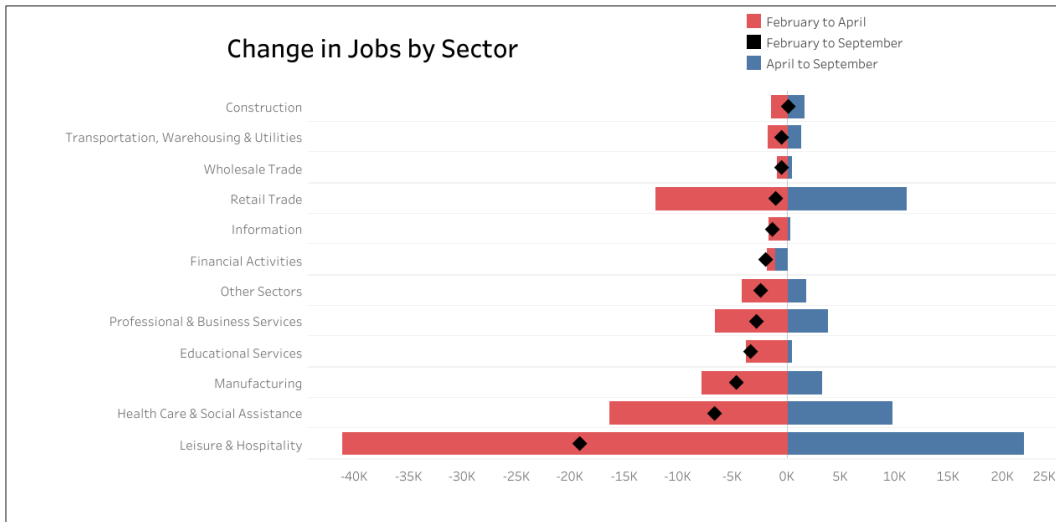
<sup>35</sup> "Maine's Workforce in 2019." *Maine Department of Labor Center for Workforce Research and Information*, October 2019, [www.maine.gov/labor/cwri/publications/pdf/Maine2019AnnualWorkforceReport.pdf](http://www.maine.gov/labor/cwri/publications/pdf/Maine2019AnnualWorkforceReport.pdf).

<sup>36</sup> "Gross Domestic Product by State, 2nd Quarter 2020." *United States Bureau of Economic Analysis*, 2 October 2020, [www.bea.gov/news/2020/gross-domestic-product-state-2nd-quarter-2020](http://www.bea.gov/news/2020/gross-domestic-product-state-2nd-quarter-2020).

<sup>37</sup> Mills, Glenn. "Workforce Conditions Through September." *Maine Department of Labor Center for Workforce Research*, 23 October 2020, [www.maine.gov/labor/cwri/publications/pdf/CEFCOctober2020.pdf](http://www.maine.gov/labor/cwri/publications/pdf/CEFCOctober2020.pdf).

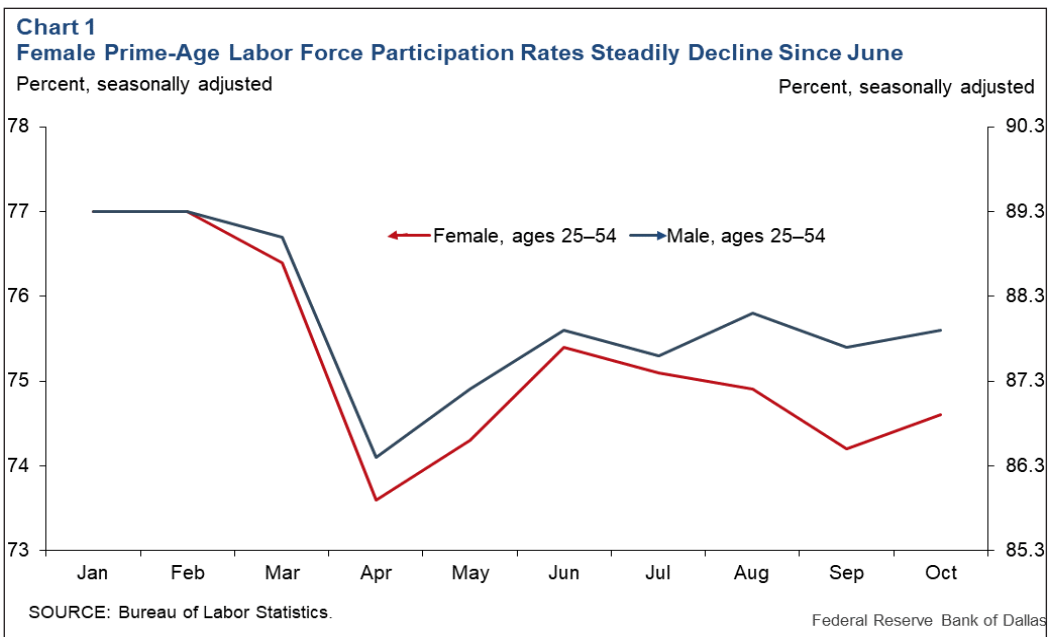
<sup>38</sup> *Ibid.*





Source: Maine Department of Labor, Center for Workforce Research and Information, Current Employment Statistics.

These hardest hit jobs are often in lower wage tiers and disproportionately employ women, young people, and people of color.<sup>39</sup> While higher-wage and middle-wage jobs have recovered, these low-wage jobs remain well below pre-pandemic levels, creating a K-shaped recovery and exacerbating existing economic inequities.<sup>40</sup>



Source: United States Bureau of Labor Statistics, Federal Reserve Bank of Dallas

Nevertheless, Maine’s success in controlling the virus and restoring economic activity did result in some positive outcomes. For example: even though traditional tourism destinations in Maine saw fewer total crowds, the more rural areas of the state saw record numbers of campers and hikers visit for recreational opportunities.<sup>41</sup>

<sup>39</sup> Atkinson, Tyler and Alex Richter. “Pandemic Disproportionately Affects Women, Minority Labor Force Participation.” *Federal Reserve Bank of Dallas*, 10 November 2020,

<sup>40</sup> “Recession has Nearly Ended for High-Wage Workers, but Job Losses Persist for Low Wage Workers.” *TrackTheRecovery.org, Opportunity Insights*, 21 Aug 2020.

<sup>41</sup> Lyons, Steve. Comments at Consensus Economic Forecasting Commission information gathering session, 16 October 2020, [www.maine.gov/dafs/economist/sites/maine.gov.dafs.economist/files/inline-files/Summary%20of%20CEFC%20info%20session\\_Oct2020.pdf](http://www.maine.gov/dafs/economist/sites/maine.gov.dafs.economist/files/inline-files/Summary%20of%20CEFC%20info%20session_Oct2020.pdf)

A significant counterbalancing effect of the pandemic economy is migration. Maine is broadly seen as a safe and desirable place, and remote work (plus record-low borrowing rates) made it possible for people to move to Maine while maintaining jobs elsewhere. In September 2020, sales of single family homes to out-of-state buyers were 65% higher than the prior year.<sup>42</sup>

While this trend fueled growth in home renovation and construction as well as appliances, furnishings, and electronics, and brought new and diverse populations to the state, it also has driven home prices upward and made home ownership more unaffordable for many people.

Of all counterbalancing effects, though, federal stimulus was by far the most important. It allowed total personal income in Maine to grow by 9% in the second quarter, despite losses in wages and salaries.<sup>43</sup> This is further evidence that absent future stimulus, with particular attention to those sectors and people hardest hit by the pandemic, Maine's economic recovery from COVID-19 remains far from certain.

## ERC METHODOLOGY

Informed by the above economic indicators, the ERC developed its recommendations to augment the state's [Economic Development Strategy](#) (EDS) in light of COVID-19. ERC subcommittees—Talent, Innovation, and Infrastructure—held more than 60 meetings between September and November 20th. Their work was informed by the expertise of the Committee members, the invaluable input of Maine people, and the observations of experts, including:

- **Gimbala Sankare**, WEX Inc. Director of Global Talent Acquisition and Diversity & Inclusion
- **Katy Longley**, Executive Vice President and Chief Operating Officer at Jackson Laboratory
- **David Roux**, philanthropist and investor
- **Vint Cerf**, Vice President and Chief Evangelist at Google
- **Karen Mills**, former U.S. Small Business Administration Director
- **Dr. Anthony Carnevale**, Professor and Director of the Georgetown University Center on Education and the Workforce

The Committee's recommendations also benefited from the valuable input received during presentations by the **Federal Reserve Bank of Boston**, the **Department of Economic and Community Development**, the **Department of Marine Resources**, the **Department of Agriculture**, the **Maine Forest Products Council**, and **Live and Work in Maine**, among others.

The ERC also wishes to acknowledge submissions for consideration from various organizations and entities that were received too late to be fully deliberated for inclusion in this report. Committee staff from the Department of Economic and Community Development and the Governor's Office of Policy Innovation and the Future will ensure those submissions are directed to the appropriate state agencies or officials for potential response or action.

---

<sup>42</sup> "Maine Home Sales Jump 22.78 Percent; Values Increase by 19.56 Percent in September." *Maine Association of Realtors*, October 2020, [www.mainerealtors.com/wp-content/uploads/2020/10/MaineHousingReport-September2020.pdf](http://www.mainerealtors.com/wp-content/uploads/2020/10/MaineHousingReport-September2020.pdf)

<sup>43</sup> "Personal Income by State, 2nd Quarter 2020." *United States Bureau of Economic Analysis*, 24 September 2020, [www.bea.gov/news/2020/personal-income-state-2nd-quarter-2020](http://www.bea.gov/news/2020/personal-income-state-2nd-quarter-2020).

# ABOUT THE COMMITTEE

---

The Governor's Economic Recovery Committee (ERC) was created by Governor Janet T. Mills on May 6, 2020, to develop specific policy recommendations to stabilize the state's economy and build a bridge to future prosperity in the wake of COVID-19. The Committee's work focuses on two strategies regarding Maine's economy:

## **STABILIZE AND SUPPORT (JULY 15)**

Consider what resources and strategies the different sectors of Maine's economy will need to survive the COVID-19 crisis, how they can be well positioned to compete for federal stimulus, and what immediate challenges around workforce, regulation, infrastructure or other economic issues should be addressed.

## **SUSTAIN AND GROW (NOVEMBER 24)**

Consider how to bridge the COVID-19 economic crisis to Maine's 10-year Economic Development Strategy, prepare Maine's economy to thrive, and evaluate what actions are needed to remove barriers and seize market and stimulus opportunities to grow the state's workforce, improve its regulatory environment, and support key infrastructure and innovation initiatives.

The complete recording of each full Committee meeting and all presentation materials are included on the ERC's website, [maine.gov/future/economicrecovery](http://maine.gov/future/economicrecovery).

## **COMMITTEE MEMBERS**

### **CO-CHAIRS:**

**Joshua Broder:** A native of Cumberland, Maine, Josh Broder serves as CEO of Tilson, a leading information infrastructure development firm which under his leadership has grown from less than 10 employees to more than 500. Prior to joining Tilson, Josh served as an Army Signal Office on missions in Europe, the Middle East, and Central Asia where he was awarded a bronze star for his service.

**Laurie Lachance:** A native of Dover-Foxcroft, Maine, Laurie Lachance is Thomas College's 5th President and the first female and alumna to lead the College in its 126-year history. From 2004-2012, Laurie served as President and CEO of the Maine Development Foundation. Prior to MDF, Laurie served three governors as the Maine State Economist.

### **MEMBERS BY SUBCOMMITTEE:**

#### **Infrastructure**

##### **Co-Chairs:**

Susan Corbett, Founder and Director of the National Digital Equity Center  
Larry Shaw, CEO of MMG Insurance

Representative Brian Hubbell, D-Bar Harbor  
Senator Michael Carpenter, D-Aroostook  
Adam Lachman, U.S. Sen. Angus King Designee  
Carol Woodcock, U.S. Sen. Susan Collins Designee  
Alan Perry, Owner, Farm Technologies Network  
Deanna Sherman, President and CEO, Dead River Company  
James Myall, Policy Analyst, Maine Center for Economic Policy

Jennifer Hutchins, Executive Director, Maine Association of Nonprofits  
Lincoln Jeffers, Economic Development Director, City of Lewiston  
Kevin Raye, Realtor and Former Senate President  
Meredith Strang Burgess, President and CEO, Burgess Advertising and Marketing  
Sam May, Board Chair, Maine Harvest Federal Credit Union  
Susan Hammond, Executive Director, Four Directions

## **Innovation**

### **Co-Chairs:**

Betsy Biemann, CEO, Coastal Enterprises Inc.  
Bob Montgomery-Rice, President and CEO, Bangor Savings Bank

Senator Lisa Keim, R-Oxford  
Aisha Woodward, U.S. Rep. Jared Golden Designee  
Angela Okafor, Councilor, City of Bangor  
Barbara Crowley M.D., Leader of the Peter Alford Foundation Endowment, MaineGeneral Health  
Bob Dorko, Utilities & Recovery Manager, Sappi North America  
Dana Connors, President, Maine Chamber of Commerce  
Jessica Masse, Partner, Design Lab  
Steve Schley, Board Chair, FOR Maine Initiative  
Tim Agnew, Masthead Venture Partners  
Luke Holden, Founder and CEO, Luke's Lobster  
Wick Johnson, President, Kennebec Technologies

## **Talent**

### **Co-Chairs:**

James Herbert, President, University of New England  
Bill Burke, Chair, MaineHealth Board of Trustees and the Portland Sea Dogs

Representative Joshua Morris, R-Turner  
Jesse Connolly, U.S. Rep. Chellie Pingree Designee  
Rebecca Wyke, President, University of Maine at Augusta  
Ben Waxman, Co-Founder, American Roots  
Curtis Picard, President and CEO, Retail Association of Maine  
Chanel Lewis, Head of Global Diversity & Inclusion, IDEXX  
Jean Ginn Marvin, Owner, Nonantum Resort, Board Chair, Maine Community College Board of Trustees  
Adam Lee, Chairman, Lee Auto Malls  
Joe Cassidy, President, Southern Maine Community College  
Lee Umphrey, President and CEO, Eastern Maine Development Corporation  
Tae Chong, Councilor, City of Portland, and Social Enterprise & Workforce Development Manager, Catholic Charities Maine  
Matt Schlobohm, Executive Director, Maine AFL-CIO

## COMMITTEE STAFF:

- Maria Millard Povec, Senior Policy Analyst, Governor's Office of Policy Innovation and the Future
- Anthony Ronzio, Deputy Director, Governor's Office of Policy Innovation and the Future
- Amanda Rector, Maine State Economist
- Martha Bentley, Director of Economic Development Coordination, Maine Department of Economic and Community Development
- Jonathan Burk, Intern, University of Maine School of Law
- Taylor Krowitz, Intern, University of Maine School of Law
- Jay Philbrick, Intern, Brown University

A special thanks to David Plumb, Senior Mediator, Consensus Building Institute, for his facilitation support of the Committee.

## SUBCOMMITTEE STAFF

### *Administration*

- Cheryl Miller, Secretary Specialist, Governor's Office of Policy Innovation and the Future

### *Infrastructure*

- Phoenix McLaughlin, Public Service Coordinator, Maine Department of Economic and Community Development
- Ana Hicks, Senior Policy Analyst, Governor's Office of Policy Innovation and the Future

### *Innovation*

- Mary Grace Schley, Large Business Development Manager, Office of Business Development, Maine Department of Economic and Community Development
- Kate Rush, Director Of Community Relations, Bangor Savings Bank

### *Talent*

- Ed Cervone, Executive Director CIE and VP of Innovative Partnerships, Thomas College
- Molly Bogart, Director of Government Relations, Department of Health and Human Services
- Hannah Collins, Policy Development Specialist, Maine Office of Tourism, Maine Department of Economic and Community Development

The Committee wishes to extend special thanks to following people for their support:

- Hannah Carter, Dean of Cooperative Extension, University of Maine
- Holly Nass Hammond, Executive Assistant to the President, University of New England
- Kimberly Whitehead, Chief of Staff, University of Maine
- Sofia Soto Reyes, Junior Associate, Consensus Building Institute
- Stephen Michon, Senior Community Development Analyst, Federal Reserve Bank of Boston
- Thomas Remington, Visiting Professor of Government, Harvard University