

State of Working Maine 2024

Gains and Gaps in a Strong Economy

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Introduction: A strong economy with continued hardship for many

State of Working Maine 2024 examines Maine's economy and how it performs for working Mainers, particularly in the post-COVID era.

A strong labor market defines the post-pandemic economy. Workers are in demand across the United States as baby boomers retire from the workforce. This is especially true in Maine, which has the oldest population in the country. The pandemic also led to a mass reevaluation of employment, particularly for “essential workers” who endured dangerous conditions for relatively little pay. Consequently, employers have been offering higher wages to attract and retain workers and hiring a broader range of people who might have less experience or require more accommodations.

Wage growth has generally been strong over the last five years, leading to robust income growth. For most Mainers, income growth has outpaced inflation since before the pandemic (on average, prices rose nationally by 20% between 2019 and 2023, while median household income in Maine rose 25%).¹ Maine stands out from the rest of the US, where inflation has slightly outpaced income growth for most households.

Despite this generally positive outlook, rising costs continue to undermine Mainers across income levels. Around 20% of Mainers in the households with the lowest incomes remain behind in real terms relative to 2019. This includes people who aren't able to work or people who haven't changed jobs or received significant raises in the past five years. Even for Mainers with higher incomes, key costs remain a burden:

- Housing and food costs have risen more than most in the past five years.
- Health care costs remain high, despite improved access to insurance.
- Child and vulnerable adult care costs are prohibitive, even as workers in these industries are severely underpaid — these costs not only cause economic pain to individuals and families, but they weaken the overall economy by restricting employment mobility, reducing children's academic success, and limiting participation in the workforce.

Some of the ways lawmakers can help Mainers include expanding access to affordable child care and health care, strengthening safety net programs for people temporarily or permanently unable to work, allowing more workers to receive minimum wage, building more housing and continuing Maine's rental assistance program, and cracking down on corporate power.

State of Working Maine 2024 provides lawmakers with an overview of these issues and points to policies that can build on the labor market's success while tackling the rising costs many Maine families face.

Maine's post pandemic recovery has boosted many incomes, but left some behind

Despite the exceptional upheaval caused by the outbreak of the COVID-19 pandemic in Maine in March 2020, Maine's economy has generally strengthened over the past five years. The pandemic necessitated mass furloughs and recommendations to stay at home, which greatly reduced economic activity. But robust federal aid and recovery packages accompanied these actions, which allowed the economy to weather the downturn and rebound stronger than before. For most Maine households, this has meant higher incomes in 2023 compared to 2019, even after accounting for rising prices over this period. For the typical Maine household, post-inflation incomes in 2023 were 5% higher than they were in 2019 (see Figure 1).

Yet not all Mainers experienced these gains. Over the past four years, real income for households with the lowest incomes declined 1%, as inflation increased faster than any gains they made in their own income. As a result, the share of Mainers living in poverty has not changed significantly over the same period, and in fact, the share of Mainers living below half the poverty level — sometimes characterized as “deep poverty” — increased (see Figure 2).

The labor market has been the greatest contributor to the improvement in living standards, allowing more Mainers to work and increasing the wages of those who are working. The improvements have been greatest for the most marginalized workers, and earnings have risen most for the workers with the lowest wages.

However, tens of thousands of Mainers still live in poverty despite the strongest employment outcomes in decades, demonstrating the limits of work as a remedy for poverty. Physical or mental health conditions, care responsibilities, and immigration status are among the barriers preventing these Mainers from working. There are policies that can help break down these barriers. But policymakers also need to realize that Mainers will inevitably require support during periods of unemployment — and that some Mainers are engaged in valuable pursuits beyond traditional employment. Policies need to support Mainers who do unpaid care work, build stronger communities through volunteering, or go to school, which have a wider benefit not captured by the labor market.

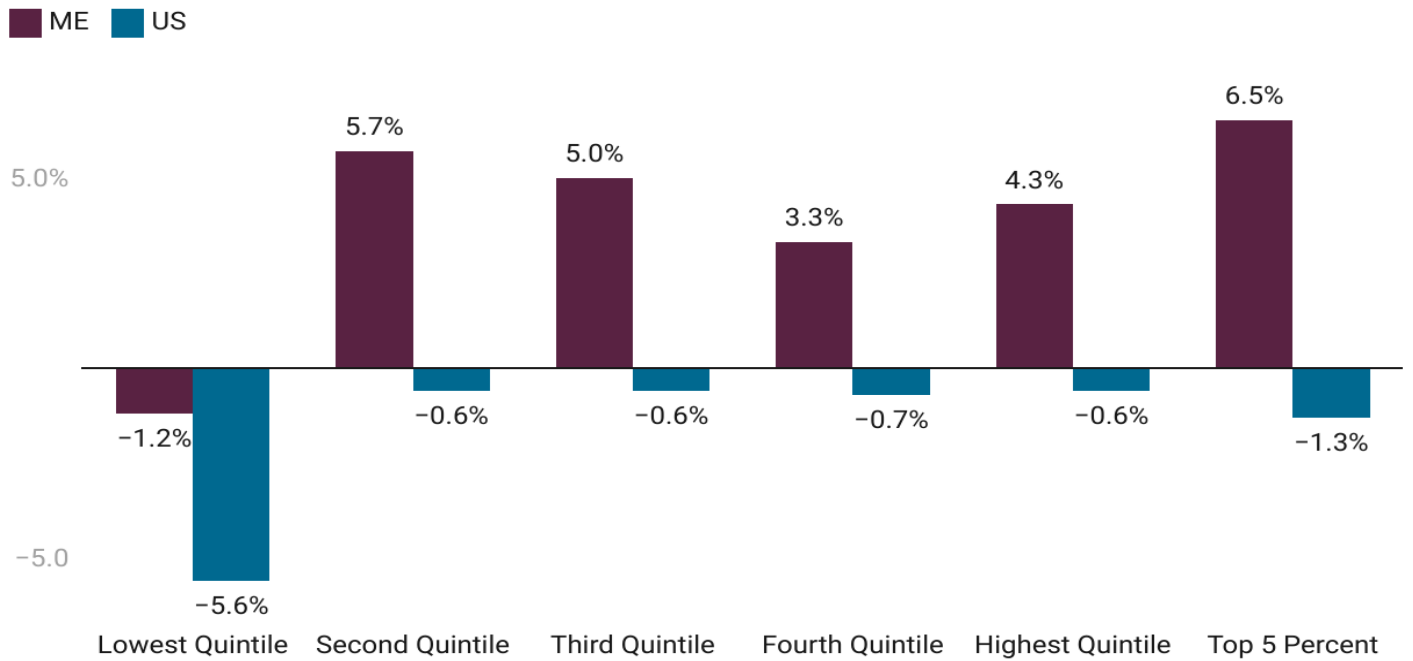
In the words of workers:

“I was probably spending about half my time running the restaurant and the other half caring for my parents. Besides taking my mom to visit my dad every other day, there was insurance and legal paperwork, dealing with the VA, getting their house ready to sell. It was a lot. My husband left his job so he could help me run the restaurant.”

- Former Portland small business owner; closed partly due to demands of caring for aging family members

Figure 1: Changes in inflation-adjusted household income in Maine and the US

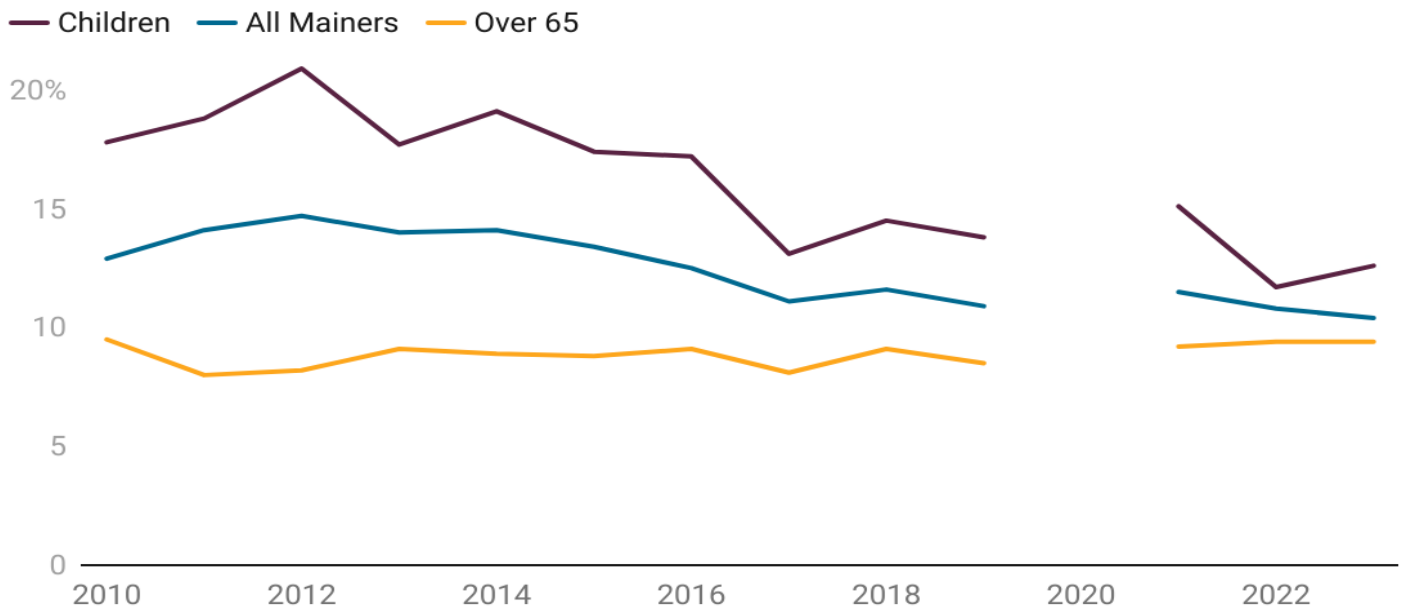
Change in real household income, 2019-2023



SOURCE: MECEP analysis of US Census Bureau, American Community Survey data.

Figure 2: Poverty in Maine

Share of population below the poverty level



SOURCE: US Census Bureau, American Community Survey data. Due to data collection issues during the pandemic, the Census Bureau does not publish 1-year estimates for 2020.

Gap between greater Portland and the rest of Maine persists

All Mainers deserve the opportunity to thrive, no matter which part of the state they live in. Yet economic disparity has persisted and in some cases widened in recent years, as the manufacturing base of rural Maine has continued to decline, and Mainers with college degrees have left rural areas for Portland or other states.

In *State of Working Maine 2017*, MECEP highlighted the divide between economic growth in Maine's largest metropolitan region, the Portland-South Portland metro area, and the remainder of the state. Since then, the gap has only continued to grow. **Between 2019 and 2022, the real gross domestic product of the Portland metro region grew almost three times faster than that of the rest of the state** (14% versus 5%).² And while the faster-growing population of this region (which encompasses all of Cumberland, Sagadahoc and York counties) contributes to this trend, there is also a widening gulf in productivity between the two areas. In 2001, the GDP per capita for residents of the Portland Metro area was one-third higher than the rest of the state; in 2022 that gap had widened to more than 50% higher.³

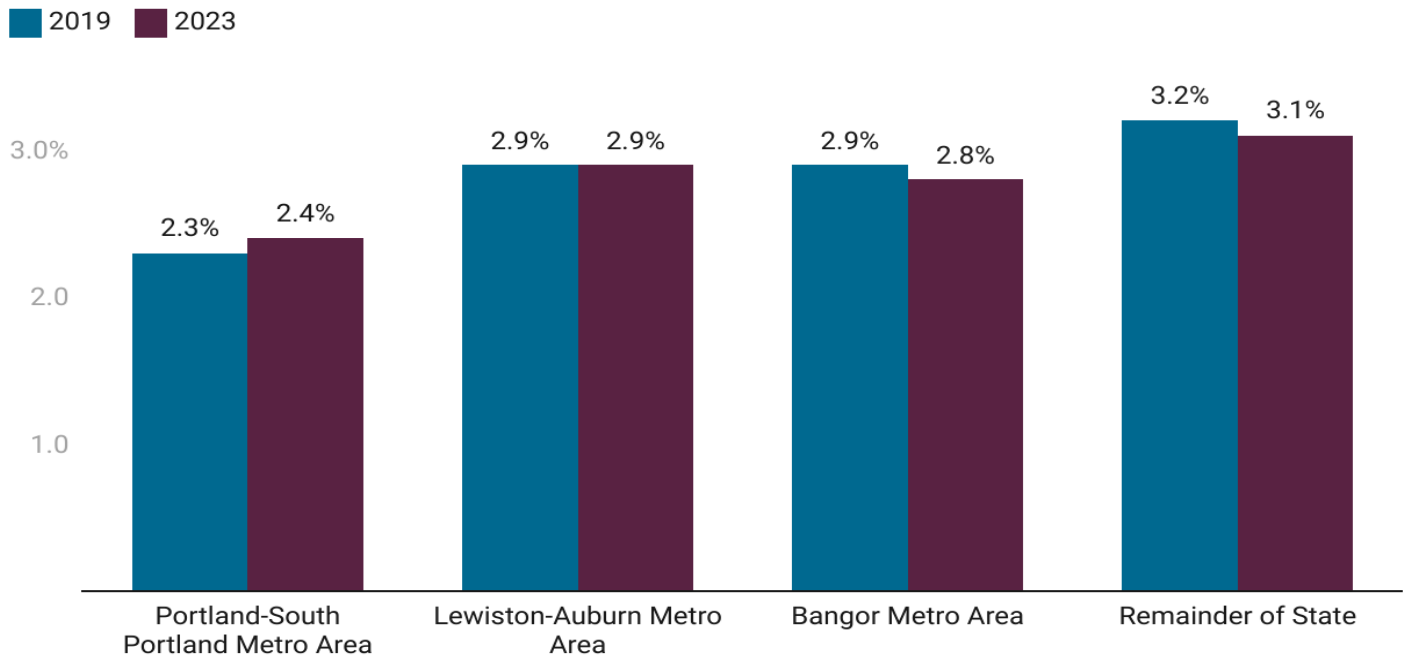
On the other hand, there have been some positive recent developments for rural Maine. In particular, the labor market has continued to strengthen in counties which had previously seen high unemployment rates. A decade ago, parts of rural Maine had particularly high rates of unemployment, but now the unemployment rate is consistently low across the state (see Figure 3). For example, Hancock County's average annual unemployment rate dropped from 5.6% in 2015 to 3.4% in 2019 and then to 3.2% in 2023.⁴

Wages have also grown faster than inflation for most of the state, though wages remain significantly higher in the Greater Portland metro area than in other parts of the state (see Figure 4). Similarly, **poverty remains stubbornly high in the more rural parts of the state**. In 2023, the share of Mainers in the Portland metro area living below poverty was just 7.1%, compared to 12.6% in the rest of the state.⁵ The disparity among children is even larger — **in 2023, 16% of children outside the Portland metro area lived in poverty; more than twice the rate of those within**.⁶ Having said that, it is important to note that within Portland proper there are some communities with poverty rates equivalent to or greater than those found in other parts of the state.⁷

Policies that aim to improve the conditions of Mainers who are struggling most to get by will broadly help Maine's rural population and prevent it from falling further behind. Rural Mainers are already more likely to benefit from food assistance programs like Supplemental Nutrition Assistance Program (SNAP) and health care programs like MaineCare. Children in rural Maine are most likely to benefit from a fully refundable federal Child Tax Credit. Tuition-free public higher education will make it easier for rural Mainers to attend school and remain in their communities after graduation.

Figure 3: Unemployment has remained low across the state

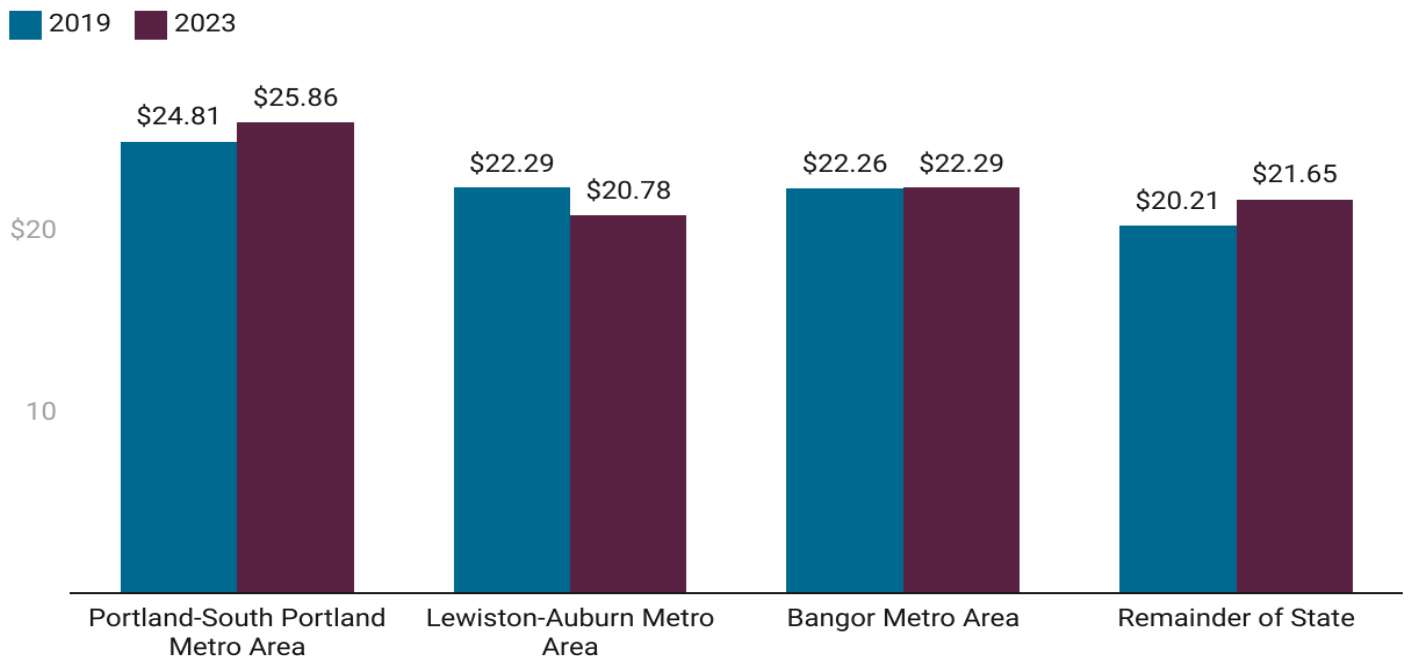
Average annual unemployment rate



SOURCE: MECEP analysis of US Bureau of Labor Statistics data. Average monthly unemployment rate for each year.

Figure 4: Wages have risen fastest in the most rural parts of the state, but still lag the greater Portland metro area

Change in real household income, 2019-2023



SOURCE: MECEP analysis of Current Population Survey, Outgoing Rotation Group microdata via the Integrated Public Use Microdata System (IPUMS).

A strong labor market for all Mainers

Maine's post-pandemic economy has demonstrated the importance of a strong labor market for the wellbeing of workers and the strength of the economy as a whole. When Mainers have the opportunity not only to be employed but to be employed in a job that values their skills and pays them appropriately, they are better off as individuals and as part of our collective success.

Maine's current labor market is one of the strongest in decades. Compared to the period before the pandemic, an additional 19,000 Mainers are employed in payroll jobs, while unemployment remains at or below 3%. By one measure, there are around two job openings for every unemployed worker in the state (see Figure 5).⁸

At first glance, this may appear to be a continuation of the pre-pandemic trend — February 2020 marked the 50th consecutive month of unemployment rates below 4% in Maine, and the headline rate has only narrowed slightly since then (from 3.2% to 2.9%).⁹ **However, the additional strength of the labor market has led employers to hire more people who have historically faced greater widespread unemployment, especially Mainers without a college education, people of color, and Mainers with disabilities.**

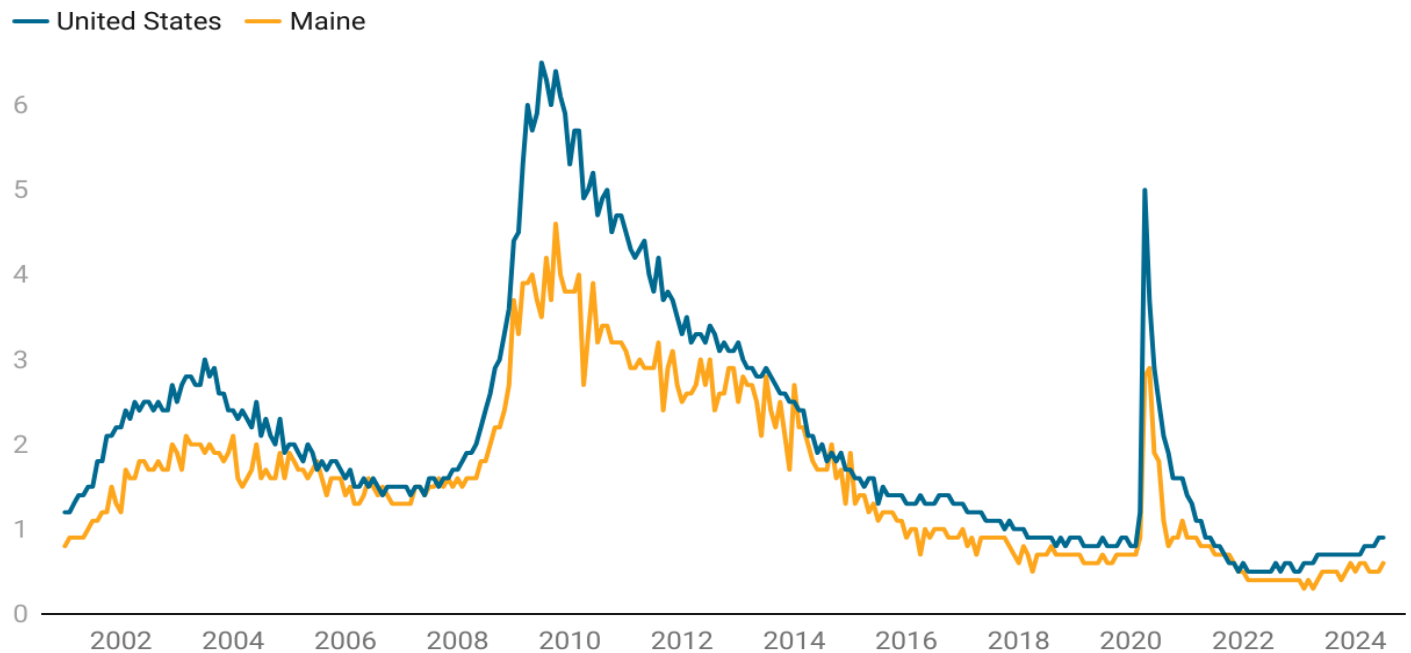
As a result, the share of working-age (16- to 64-year-old) Mainers who are employed is higher than it has been in many years. Eighty-two percent of people in this age group had a job at some point in 2023, the highest rate since 2006, and above the national average (see Figure 6). With workers in demand and wages high, more working-age Mainers are returning to the labor force.

While this is good news for Mainers and the economy at large, weaknesses remain that lawmakers should heed. For example, while the number of Mainers working part-time has declined slightly, it remains relatively high (25% of working-age Mainers),¹⁰ as does the share of workers who work less than year-round (29% of working-age Mainers).¹¹ By comparison, 21% of working-age people nationally work part-time and 25% work less than year-round. Many Mainers have lower earnings than they would like because they can't find full-time, year-round work. Among people who work less than 40 hours a week, the most common reason is the need to care for a child or other family member.¹²

Lawmakers must also tread a balancing act between maintaining the gains of the strong labor market while avoiding a widespread labor shortage. *State of Working Maine 2023* discusses implications of a workforce shortage and strategies to address it.

Figure 5: Mainers are in demand in the workplace

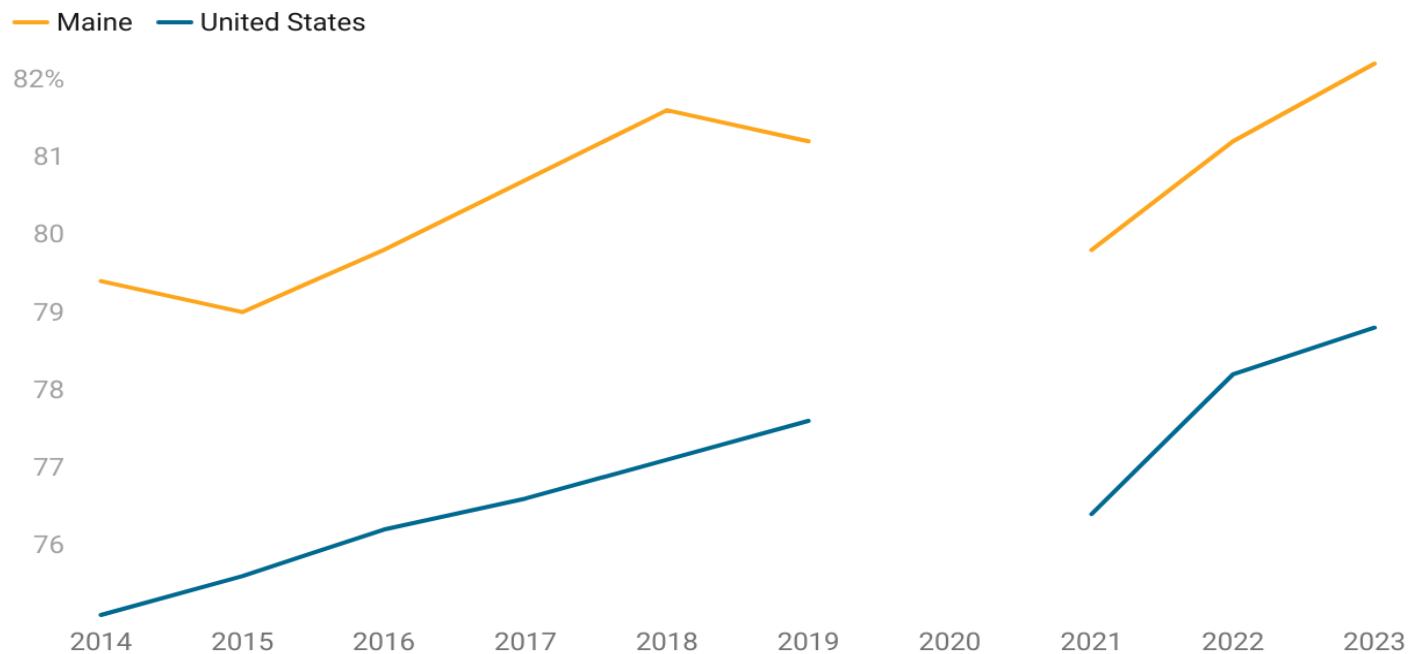
Unemployed workers per open job



SOURCE: US Bureau of Labor Statistics, Job Openings and Labor Turnover Survey.

Figure 6: Among working-age Mainers, employment levels are higher than before the pandemic, and above the national average

Share of 16- to 64-year-olds in employment



SOURCE: US Census Bureau, American Community Survey data. Due to data collection issues during the pandemic, the Census Bureau does not publish 1-year estimates for 2020.

Wage growth has reduced inequality

All Mainers deserve a livable wage for the work they do. Employment should allow people to not only meet their basic needs, but to plan for a better future. Due to the strong labor market, wages in Maine have grown significantly, especially for workers in traditionally low-wage occupations, but many are still short of a truly livable wage.

For the typical worker in Maine, wage growth has outpaced inflation by 4% between 2019 and 2023, as local hiring conditions have led to employers offering wage increases above the national rate of inflation.¹³ Real-term increases have been especially high for service occupations that have traditionally been among the worst-paid in Maine. **For workers in the bottom 25% of the income distribution, hourly wages have risen 12-14% above inflation since the pandemic (see Figure 7).**

A closer look at specific sectors shows gains in weekly earnings (which reflect changes in hours worked as well as hourly wages) have been especially high in key areas. Some of the largest paycheck increases have come in hospitality and in health care support roles. Some retail establishments have also increased wages for staff, though wages at grocery stores have increased much less than similar businesses (see Figure 8).

In addition to the strong labor market, Maine's minimum wage law has also helped to maintain a floor on wages for the lowest-paid workers (around 100,000 Mainers annually). Because Maine's minimum wage is indexed to the Consumer Price Index, it has increased at the same rate as the cost of living even as inflation has been high nationally and around the world.

Despite these gains, many working Mainers are still far from a livable wage. Even with the recent improvements, **45% of wage earners in Maine earned less than \$22 per hour, which by one measure represents a living wage for a single adult without children or two working adults with one child.**¹⁴ The inadequacy of even these increased wages is exemplified in the care home sector, where a recent change has increased MaineCare reimbursement rates to reflect a wage of at least 125% of the state's minimum wage. This has contributed to average weekly earnings growth of 17% above inflation, yet weekly wages are still some of the lowest in the state (\$869 per week on average) and the industry is struggling to recruit and retain workers.

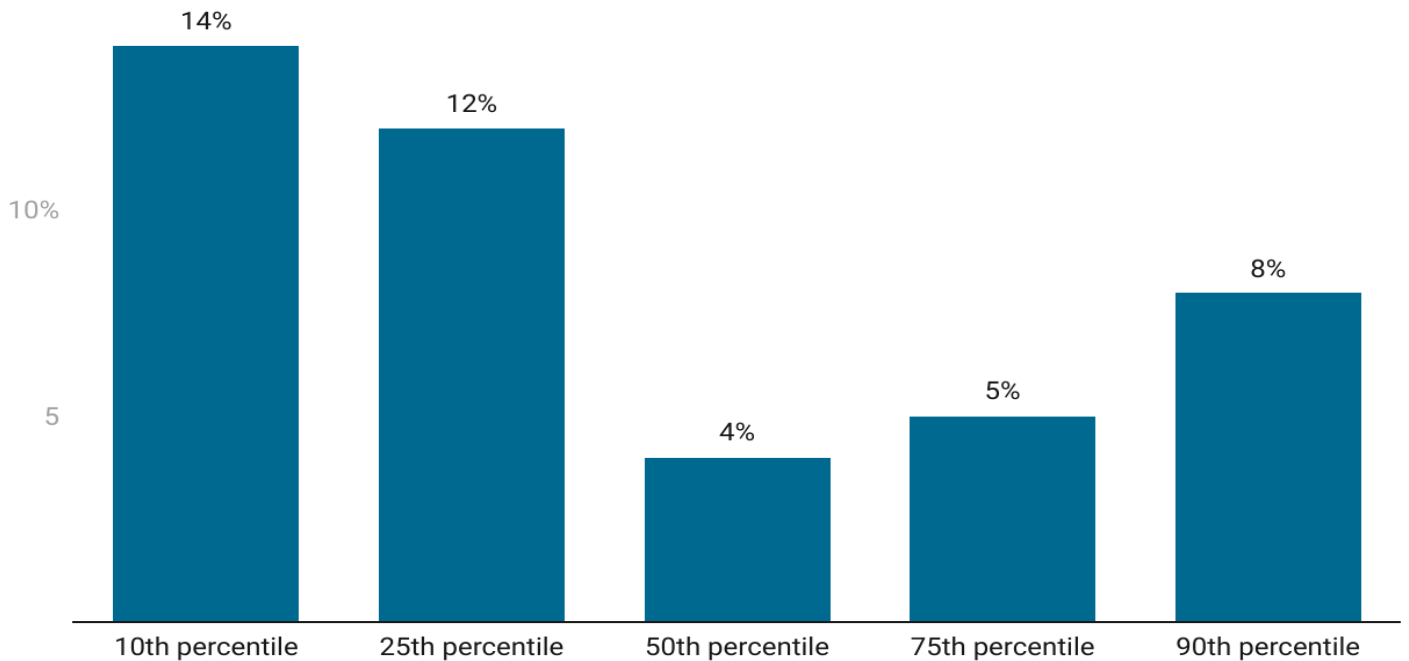
In the words of workers:

"There are people in my department who receive safety net benefits themselves. They've been working for the state for 20 years, and still, after all that time, they make \$20 an hour. You can't live like that. It's disheartening when your child works at McDonalds and makes the same amount of money as you. It makes you think, "Why am I doing this?"

- *Department of Health and Human Services (DHHS) eligibility specialist*

Figure 7: Wages have risen fastest for the lowest-earning Mainers

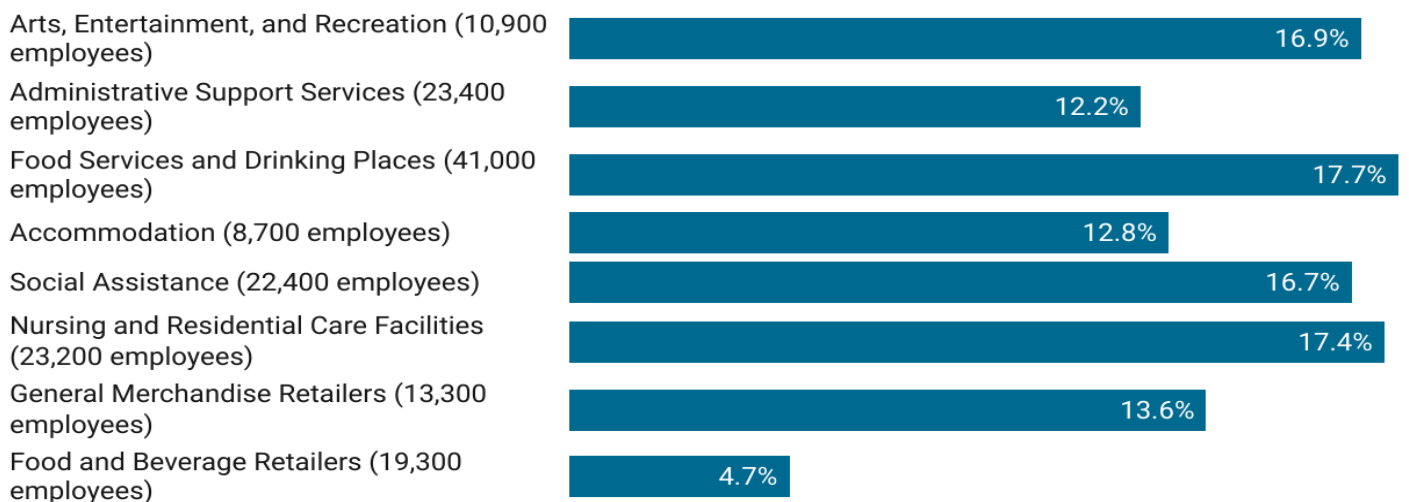
Change in inflation-adjusted wages, 2019-2023



SOURCE: MECEP analysis of US Census Bureau, Current Population Survey, Outgoing Rotation Group data via IPUMS. Comparison of wages in the 12 months ending December 2019 with the 12 months ending December 2023.

Figure 8: Service workers have seen above-inflation weekly earnings increases

Real change in average weekly earnings, Q1 2020-Q1 2024



SOURCE: US Bureau of Labor Statistics, Quarterly Census of Employment and Wages. Reflects changes in wages and hours.

Higher education remains a pathway to success

Postsecondary education is an opportunity for Mainers to access a wider variety of jobs and improve their earnings. Yet for many years, the expense of obtaining a college degree and the threat of decades of student loan debt have undercut the promise of higher education. **Recent policy changes, such as the continued free community college program in Maine and reformed federal student loan repayment and forgiveness programs have made education more affordable for Mainers**, and recent data shows obtaining a post-secondary qualification is still valuable.

At the same time, in the strong post-pandemic labor market, **employers have been more willing to hire Mainers without a college degree, and unemployment rates for these people have declined**. Compared to the pre-pandemic period, the unemployment rate for Mainers without a high school diploma has declined from 6.0% to 3.8%, and for those with only a high school diploma, from 4.0% to 3.0% (see Figure 9).¹⁵ Earnings have also increased faster for Maine workers with a high school diploma, though they still lag behind those of college graduates. Between 2019 and 2023, inflation-adjusted median earnings for Mainers with only a high school qualification increased by 8% — while for those with a bachelor's degree, earnings actually fell 2% (see Figure 10).¹⁶ For the relatively small group of adults in Maine who do not have a high school qualification, median earnings rose as much as 18% above the rate of inflation. These increases in annual earnings reflect both the ability of these Mainers to garner higher wages, and the ability to find more consistent employment through the year.

Even with these successes to narrow the gap between workers with and without a college degree, unemployment rates for Mainers with only a high school diploma are still twice as high as they are for those with a bachelor's degree, while wages for high school graduates are 27% lower than for bachelor's degree holders. It remains important to ensure all Mainers have access to an affordable college education to improve their economic situation.

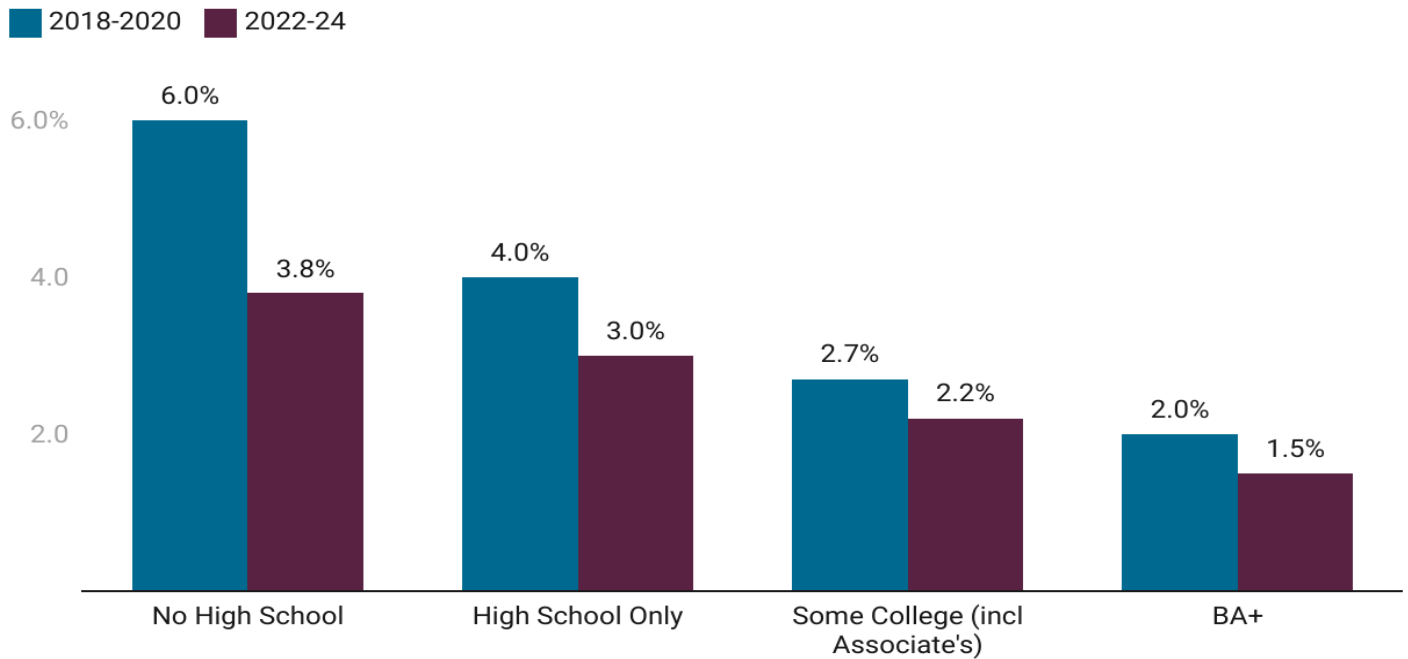
In the words of workers:

"I'm not just a third-generation nurse, I'm a third-generation community college prepared nurse. I'm really proud that I got my nursing degree from Southern Maine Community College. It's a very rigorous, hands-on program, and totally affordable. It's an accessible way for people to get a really good education and career in this country when college has never been more overpriced."

- *Southern Maine registered nurse*

Figure 9: Unemployment has fallen fastest for Mainers without a college degree

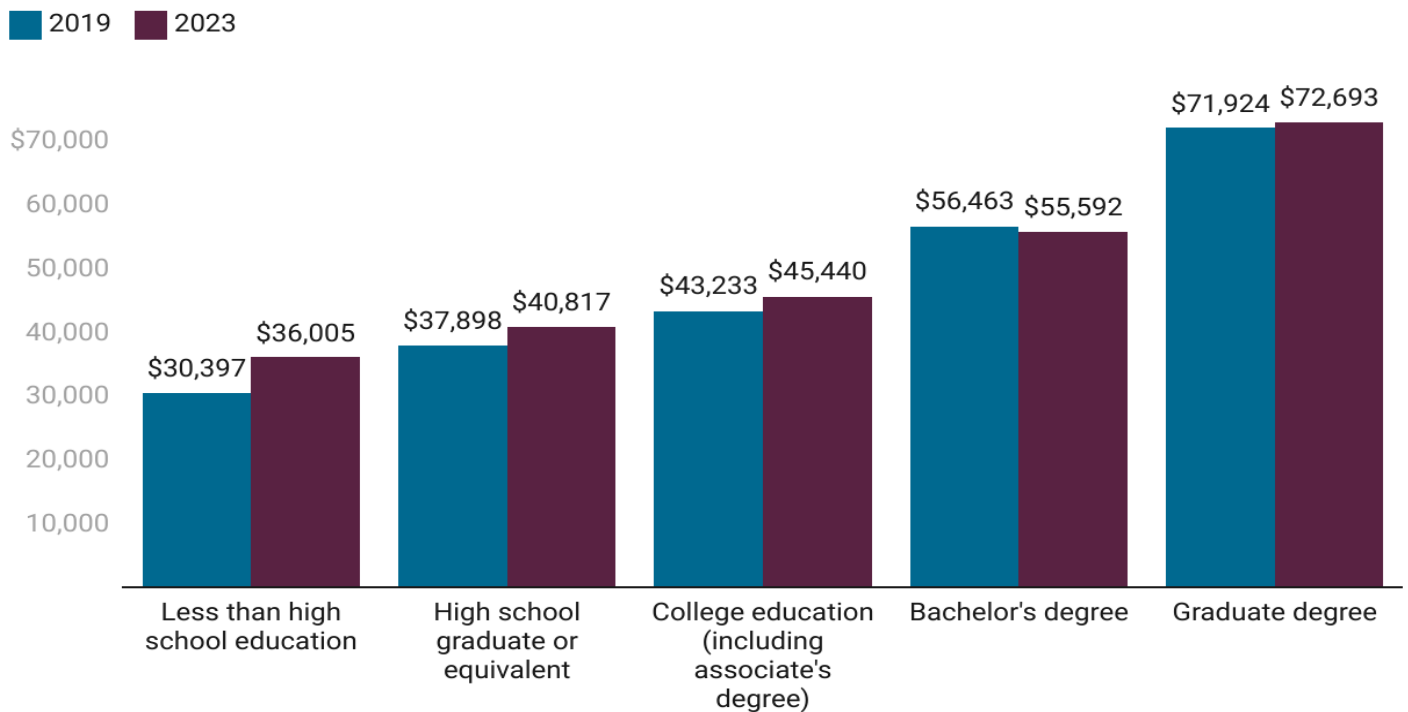
Unemployment rate



SOURCE: MECEP analysis of US Census Bureau, Current Population Survey microdata. Via IPUMS 24-month averages ending February 2020 and July 2024.

Figure 10: Typical wages have risen fastest for Mainers without a college degree

Median inflation-adjusted annual earnings for workers 25 and older



SOURCE: MECEP Analysis of US Census Bureau, American Community Survey data.

Public sector pay gaps persist

As the second-largest employer in Maine, state government has an obligation to lead the way in providing jobs that pay a sustainable middle-class wage. **Ensuring public-sector jobs are good jobs allows state and local governments to provide effective and reliable services to all Mainers, from plowing the roads to educating our children.**

While wages have increased for public sector workers in recent years — partly spurred by successful union negotiations — these gains have not been as large as those in the private sector. The result has been high turnover and difficulty hiring in both state and local governments.

On paper, Maine state government has taken actions to boost public sector pay, both for its own employees and for the educators employed by local school departments. The Maine Service Employees Association successfully negotiated a series of pay increases in recent years, and the legislature lifted the minimum salary for public school teachers to \$40,000 per year. (In 2024, legislators also voted for a minimum hourly wage for support staff, which will take effect in the 2025/26 school year).

Yet both state government and local school boards wrestle with acute staffing shortages — and data on public and private sector pay in Maine reveals why. A September 2024 report by the Maine Department of Administrative and Financial Affairs found that, on average, public-sector workers in Maine are paid 14% less than peer workers elsewhere.¹⁷ This is barely any progress since a 2020 report found state workers were paid 15% less than comparable workers.¹⁸

Other data suggests the situation may be even worse. **Since 2019, inflation-adjusted median annual earnings for full-time employees in Maine's private sector industries increased 5%, while those for Maine's state workers remained flat, likely widening the pay gap between state workers and their private sector peers.**¹⁹ Local government and school district employees have fared even worse, with inflation-adjusted median annual earnings for these workers down 5% (see Figure 11).

As a result, state government reported a vacancy rate of 16% among its positions in early 2024,²⁰ while school districts across the state had critical positions open as the 2024/25 school year began.²¹

Public officials at the state and local level need to recognize the realities of today's labor market and ensure public sector worker wages and conditions keep pace with the private sector.

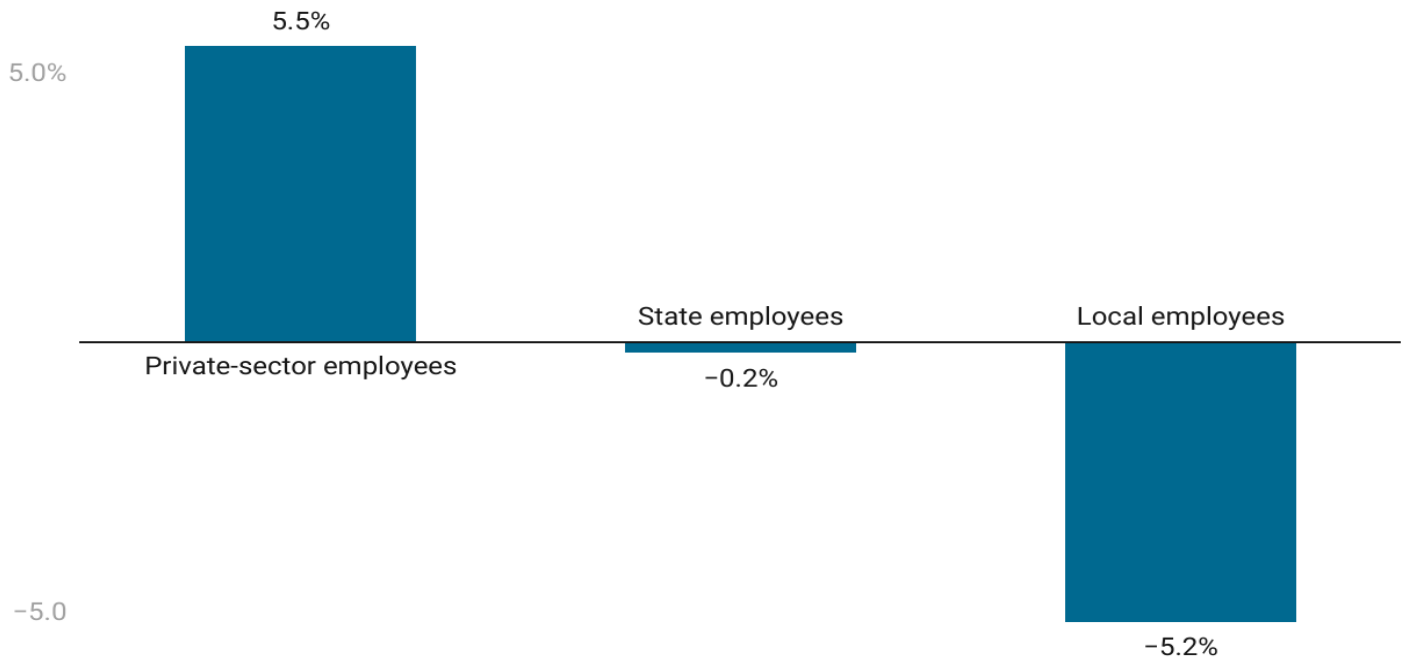
In the words of workers:

"They talk about how the increases they gave since 2019 matched the rise in the cost of living, but we were already below market pay. Next year I'll get the first merit increase I've had in about eight or nine years. I'm in a two-state-employee-household. Both of our classifications are roughly 30% below market rate. It makes it hard to save for retirement or emergencies."

- **23-year Maine Department of Environmental Protection (DEP) employee**

Figure 11: Public sector pay has grown more slowly than private sector pay, widening existing pay gaps

Change in median inflation-adjusted earnings for full-time employees, 2019-2023



SOURCE: US Census Bureau, American Community Survey data for full-time, year-round workers. Adjusted for inflation using the annual average Consumer Price Index for each year.

Mixed outcomes for older Mainers and Mainers with disabilities

Not all Mainers are able to take full advantage of the strong labor market. Mainers with disabilities, for example, have seen slower earnings growth in the post-COVID economy than those without. Using the Census Bureau's broad definition of disability, median inflation-adjusted wages for those reporting "any difficulty" in a range of activities rose by 2.1% between 2019 and 2023, compared to 4.8% for those without a difficulty (see Figure 12).²²

And while the unemployment rate for people with a disability fell from 7.6% in the 12 months preceding the COVID-19 pandemic to an average of 6% in the 12 months ending July 2024,²³ the share of working-age Mainers with a disability who are employed remains very low, rising from 39% of the population aged 18-64 with a disability in 2019 to 44% in 2023. In other words, most Mainers who report a disability are still unable to work for one reason or another.

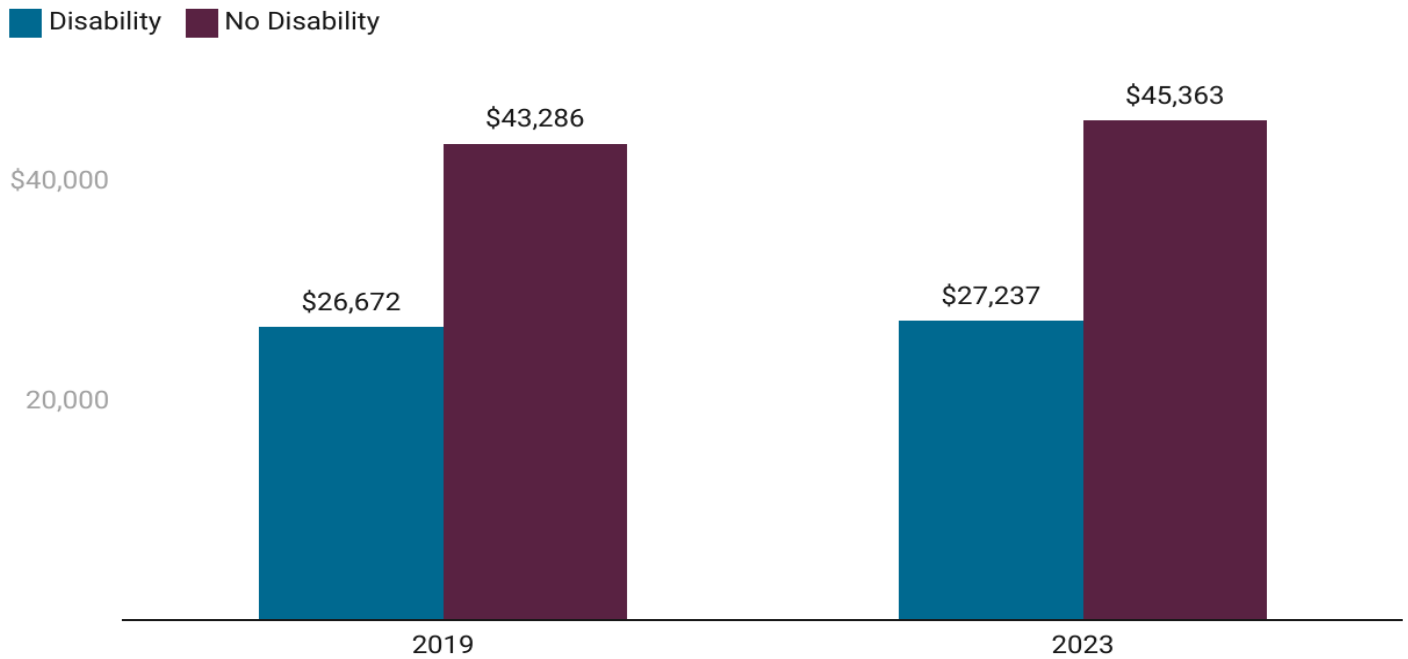
While many Mainers with disabilities who are unable to work qualify for inflation-indexed payments in the Social Security Disability program, these payments are often very low. The average monthly payment for the 47,000 disabled workers in Maine who receive Social Security Disability benefits is just under \$1,500 a month.²⁴ As a result, Mainers with a disability were two-and-a-half times as likely to live in poverty as Mainers without a disability in 2023.²⁵

Similarly, most Mainers who retire are eligible for Social Security's retirement benefit. Like the disability benefit, this payment is indexed to the cost of living. Between March 2020 and January 2024, Social Security disability and retirement benefits increased by 20.3%.²⁶ However, according to one estimate, more than half of older Mainers were economically insecure in 2022, without the income needed to meet their basic needs, demonstrating the fundamental inadequacy of Social Security payments for retirees.²⁷

What's more, not all retired Mainers qualify for Social Security retirement benefits. Retired teachers and state workers rely primarily on the state pension, which has a much lower cost of living adjustment (COLA). State law caps the annual COLA for Maine state pensions at 3% unless otherwise specified by the legislature. COLAs for state pensions also only apply to a portion of pension income. Between 2019 and 2024, state pensioners have received cumulative increases of 11.5% on average,²⁸ even as the CPI increased almost 23%. That means 39,000 Mainers who rely on state pensions to meet their needs are getting nine cents less on the dollar than they would if their pensions actually kept pace with inflation.

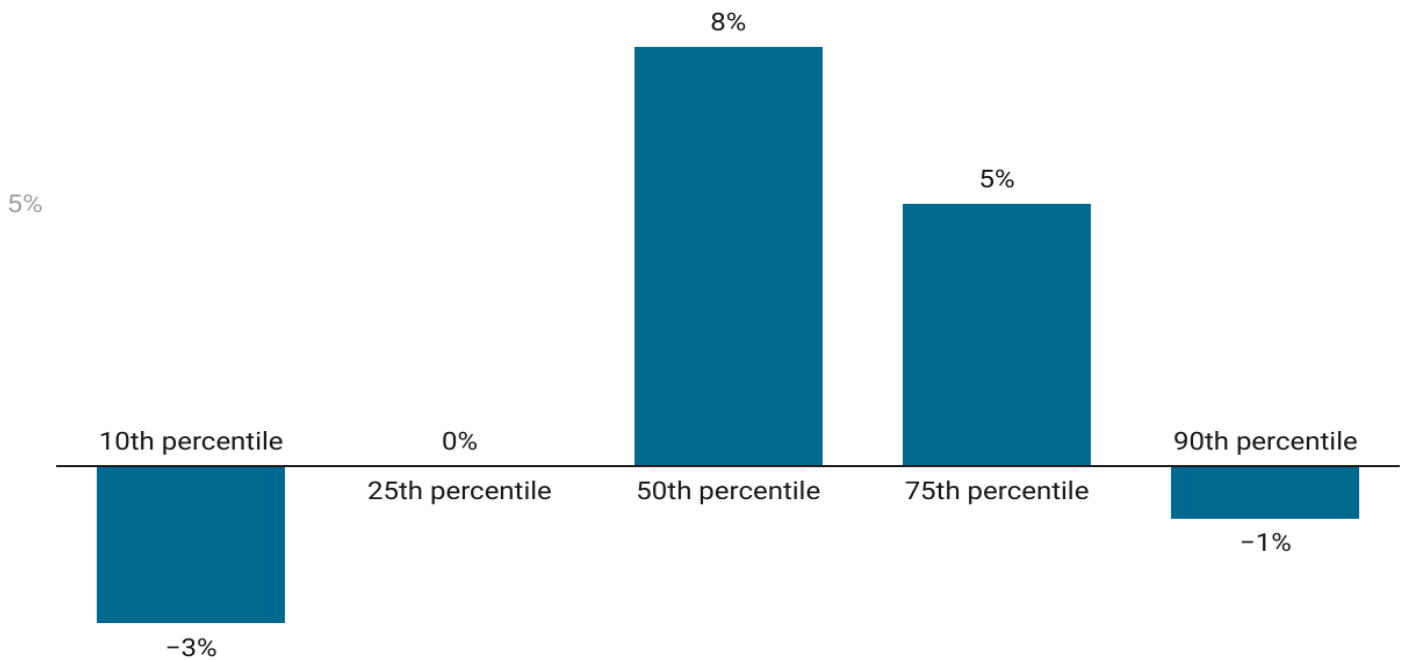
Overall, income increased slightly faster than inflation between 2019 and 2023 for the typical older household in Maine, but real incomes declined for approximately one in four, reflecting the reduced ability of older Mainers to take advantage of the strong labor market (see Figure 13).

Figure 12: Maine workers with a disability still paid far less than those without
 Median annual earnings (2023 \$)



SOURCE: MECEP analysis of US Census Bureau, American Community Survey data. Figures in 2023 inflation-adjusted dollars using the Consumer Price Index.

Figure 13: Around one in four older Maine households are behind
 Change in inflation-adjusted income, 2019-2023 for householders aged 65+



SOURCE: MECEP analysis of US Census Bureau, American Community Survey data.

Racial wage and unemployment gaps

That we should all have equal opportunities to succeed regardless of our racial or ethnic background is a long-held American value. But despite the presence of anti-discrimination and civil rights laws, Mainers of color, like their counterparts across the country, continue to face barriers in the labor market that hold back their ability to find good jobs and earn livable wages.

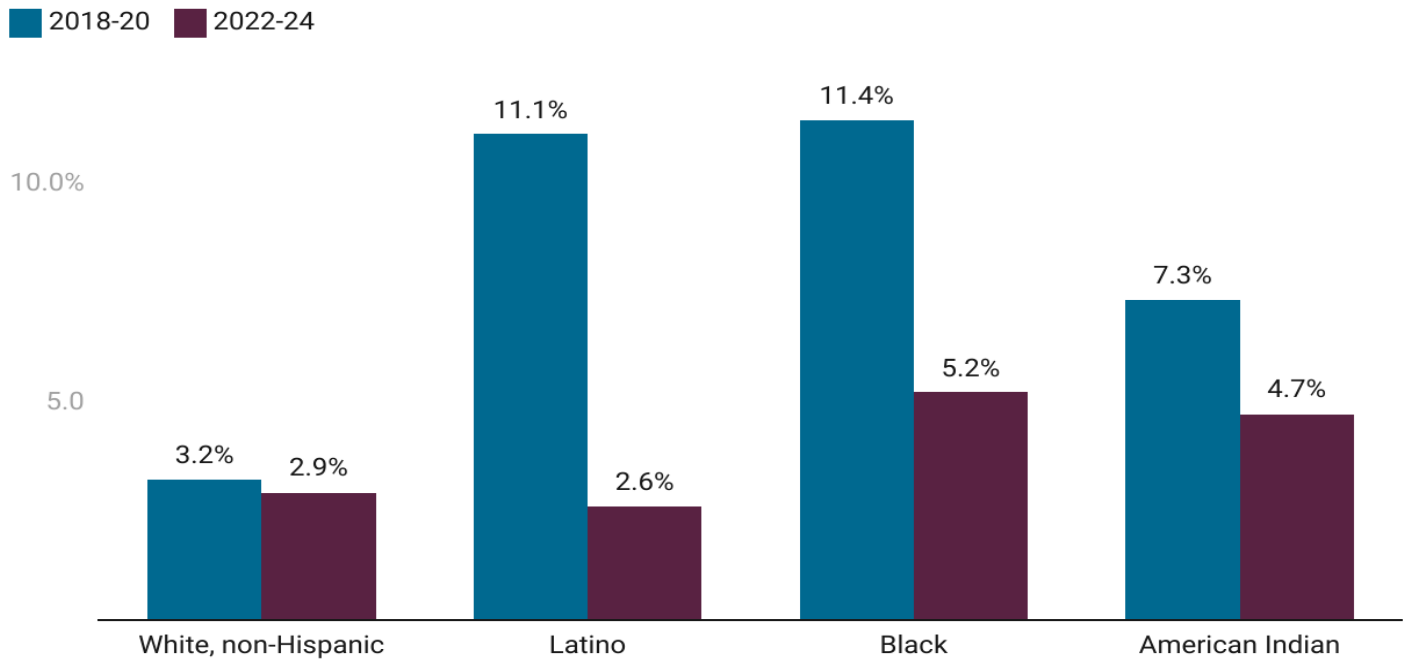
In *State of Working Maine 2020*, MECEP found that Black, Indigenous, and Latino Mainers earn less and face higher unemployment rates than white non-Hispanic Mainers on average. These differences persist across education levels and cannot be explained by factors like experience or worker productivity.²⁹ Instead, discrimination and exclusion of certain occupations from basic labor laws play a large role in depressing the wages of these Mainers.

However, in today's tight labor market, unemployment has fallen, and wages have risen substantially for people of color in Maine. **Compared to the period before the pandemic, the unemployment rate has more than halved for both Black and Latino Mainers (see Figure 14).**³⁰

While publicly available information is not expansive enough to allow for a granular analysis of wage growth by individual racial and ethnic groups over the past five years, data does show a narrowing of the gap between white non-Hispanic Mainers and Mainers of color. Between 2019 and 2023, median real hourly wages for white non-Hispanic Mainers grew by 3.9%, while those for Mainers of color rose by 7.1%. However, **median earnings for Mainers of color are still just 83% of white non-Hispanic Mainers (see Figure 15).**³¹

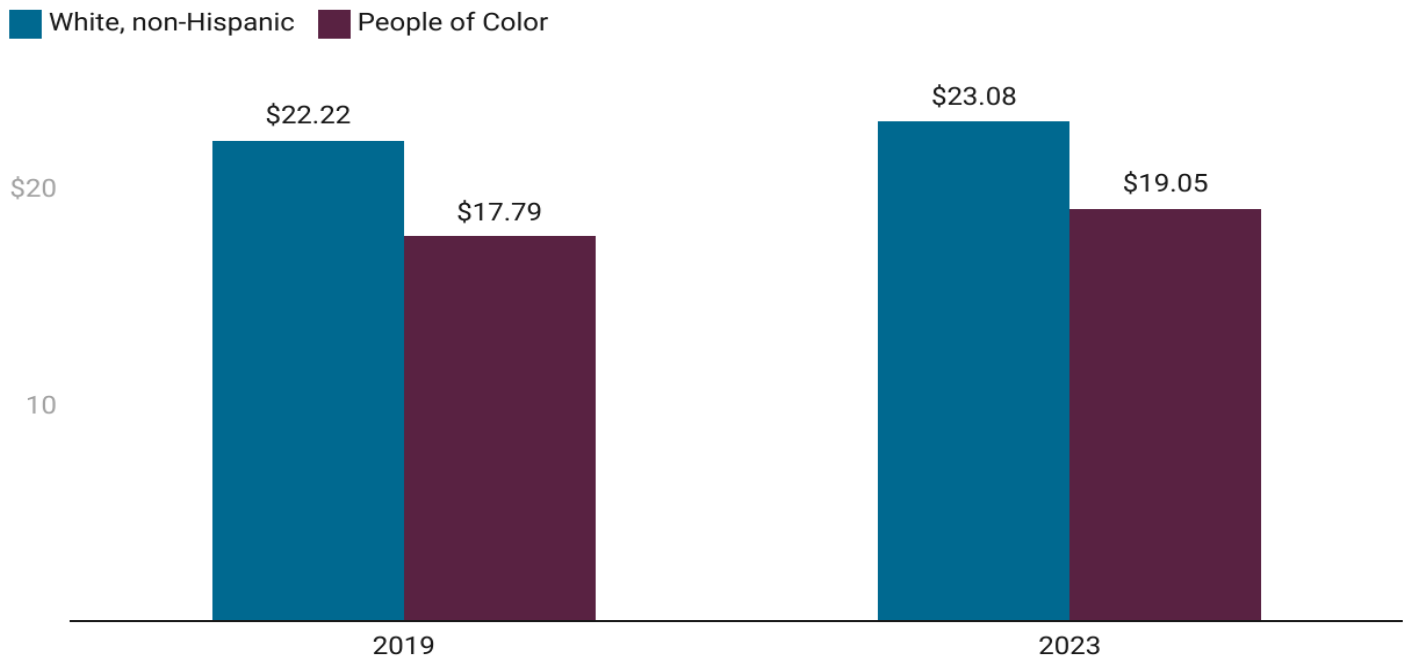
These improvements continue a positive trend for Mainers of color in recent years, when there have been substantial reductions in poverty from extraordinarily high levels. For example, the share of Mainers who identified as Black alone below the poverty line averaged 44 percent between 2014 and 2016; for the period 2021-2023, that rate had almost halved to 26 percent. Similarly, the poverty rate for Mainers who identified as American Indian fell from 34 percent to 16 percent over the same period, while for Hispanic Mainers it fell from 18 percent to 11 percent.³²

Figure 14: Employment gap between white Mainers and Mainers of color narrowed
Unemployment rate



SOURCE: MECEP analysis of US Census Bureau, Current Population Survey data via IPUMS. Average unemployment rates for the 24 months ending February 2020 with the 24 months ending June 2024.

Figure 15: Wages have increased more for Mainers of color, but gaps remain
Inflation-adjusted median hourly wages



SOURCE: MECEP analysis of US Census Bureau, Current Population Survey Outgoing Rotation Group data via IPUMS. Wages adjusted to June 2023 dollars using the Consumer Price Index.

The gender wage gap

The gap between men’s and women’s median hourly earnings — the “gender wage gap” — is a disturbingly persistent trend in the US economy. While the size of the gap has narrowed over time, progress has been slow over the last half-century. While for 75 years it has been illegal in Maine to pay women less simply because of their gender,³³ differences in pay persist for several reasons:

- Career interruptions: Women take on most of the unpaid care work in the US, which leads to lower earnings as women take more time out of the workforce to care for family members. In 2023, Maine women were approximately eight times as likely to take time off from work to care for a family member.³⁴
- Occupational segregation: Occupations traditionally occupied by women, such as teaching or nursing, are underpaid compared to traditionally male occupations.
- Workplace discrimination and pay negotiation gaps: There remain cases of outright discrimination and “lowballing” wage offers for women.

Between 2019 and 2023, real median earnings rose 0.8% for men working full-time and year-round in Maine, while rising 9% for women. This meant that women’s wages moved substantially closer to men’s.³⁵ However, women’s wages were still just 85% of men’s, and this wage gap has remained persistently stubborn for years (see Figure 16). The gap is even larger when part-time or part-year workers are included, because the care obligations pushed onto women make it harder for them to find full-time work.

Because of additional systemic barriers in the labor market, the wage gap for women of color is even larger than it is for white women. Looking across the wider 2019-2022 period, median wages for Indigenous women in Maine were just 69% of those of white non-Hispanic men, just 60% for Black women born in the US, and just over half for Black immigrant women (see Figure 17).³⁶

In recent years, Maine has implemented some policies that will help to continue to narrow these gaps. A 2019 law, which prohibits prospective employers from asking about prior earning history, diminishes the impacts of past discrimination from continuing to hold back women’s future earnings. The new state Paid Family and Medical Leave law, going into full effect in 2026, will reduce the need for all Mainers to leave the workforce entirely for care needs and encourage men to take on more care obligations.

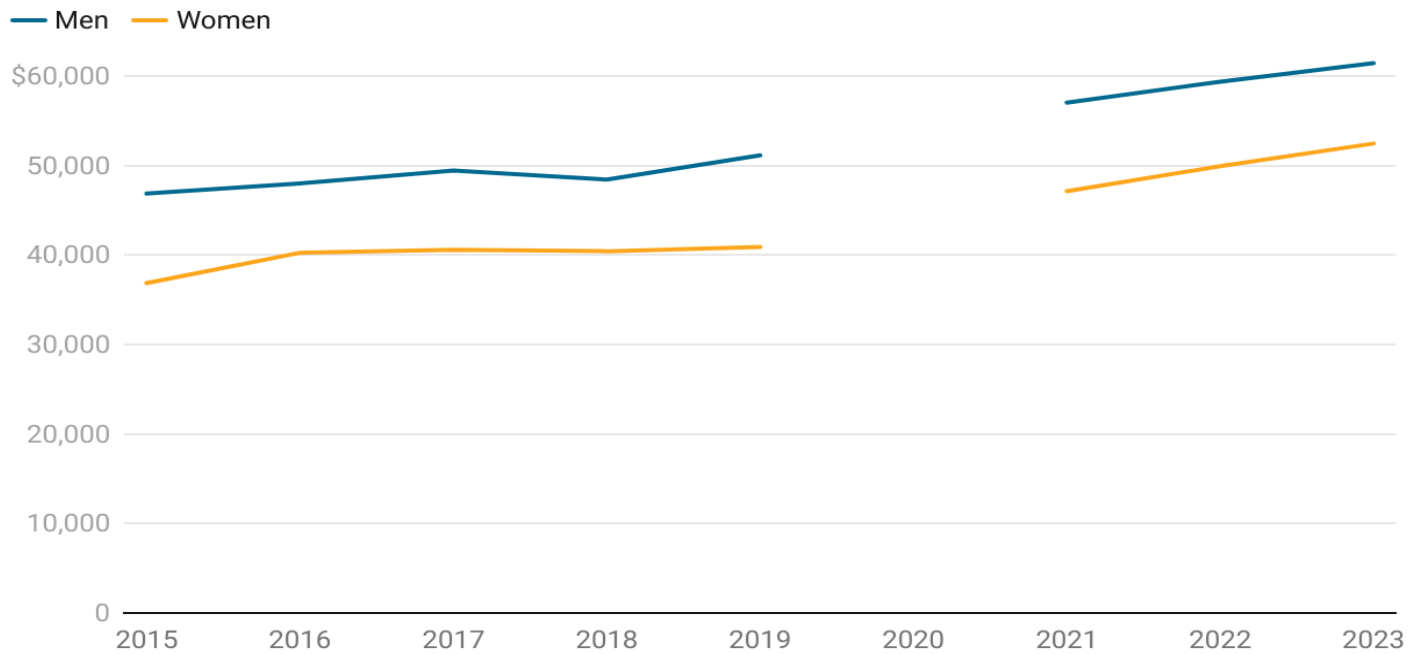
In the words of workers:

“When I first started helping my parents, I felt lucky because my job was more flexible. I could just shut down for a day if I needed to. I thought it was working. But then my staff started to quit. I didn’t realize how much I was relying on them to keep an eye on things. They were super stressed out and angry with me. I wasn’t juggling this as well as I thought I was.”

- Former Portland small business owner; closed partly due to demands of caring for aging family members

Figure 16: The gender wage gap has narrowed slightly since 2019, but remains persistently large

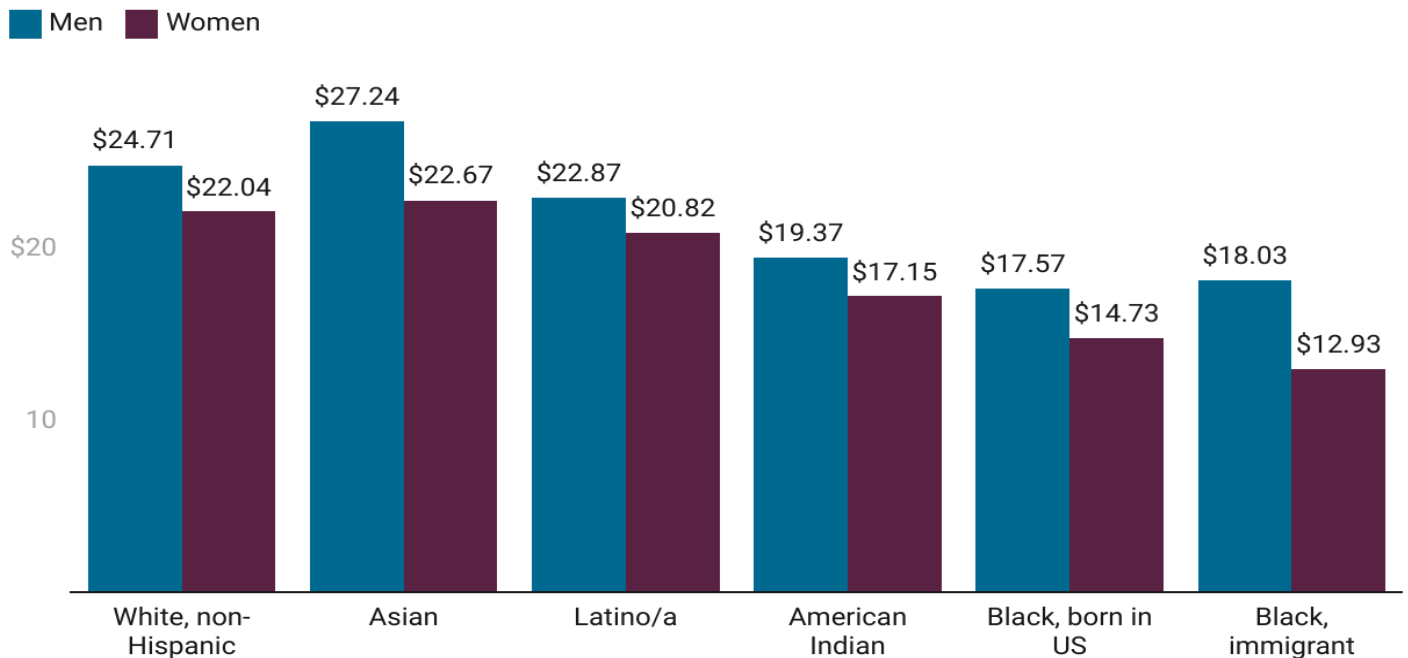
Change in median earnings for full-time employees, 2019-2023



SOURCE: US Census Bureau, American Community Survey data. Due to data collection issues during the pandemic, the Census Bureau does not publish 1-year estimates for 2020. Figures not adjusted for inflation.

Figure 17: Gender gaps are largest for women of color

Inflation-adjusted median hourly wages



SOURCE: ACS, 2019-2022. Equivalent hourly earnings for all workers. Figures in 2023 inflation-adjusted dollars using the Consumer Price Index.

Policies to improve wages

End exclusions in Maine's minimum wage laws. While Maine's minimum wage law provides a strong floor on wages for workers with low income, it does not cover everyone. Certain occupations like agricultural work are excluded entirely, while others, like Mainers who regularly receive tips, receive only limited protections. Many of these exclusions have their roots in historic discrimination against people of color. Maine lawmakers have previously passed bills to include farmworkers in the minimum wage law and basic workplace rights, but Governor Mills vetoed them. Several states are considering phasing out the lower minimum wage for tipped workers this year.

Require wage transparency in job applications. Laws that require employers to list wage ranges on job advertisements are in effect in 10 states and prevent employers from giving lower wage offers to people such as women or people of color. They also improve workers' bargaining power and generally lift wages. Maine lawmakers passed a bill to implement this in 2023 but failed to fund its enforcement costs.

Require wage gap disclosures. Lawmakers can create a requirement for larger employers to disclose the wage gap in their organizations. Employers already must report information on the number of women and people of color in different roles in their organizations to the US Equal Employment Opportunity Commission (EEOC) — in 2016, the Obama administration proposed adding median wage data requirements, but the Trump administration abandoned the rule. Other countries, like the United Kingdom, have implemented similar systems, which have reduced the gender wage gap. Maine should require EEOC-reporting organizations to provide this information to the secretary of state for annual publication.

Ensure public sector wages keep pace with the private sector. While wages for Maine's private sector workers have generally been robust over the past few years, the same is not true for many public workers as state and municipal budgets have not kept up with the strong labor market. This has led to widespread shortages in state government and in school districts around the state. Maine lawmakers recently recognized this issue by requiring a minimum wage for education support staff beginning in 2025/26. They should also increase the minimum salary for classroom teachers to \$50,000 a year and increase wages for state workers to match private sector gains.

Ensure all workers have access to paid leave. Because women take on a disproportionate share of care responsibilities, ensuring widespread access to paid leave is critical to closing the gender wage gap. Maine has already made significant strides in this area. Since 2021, most Maine workers have been eligible for up to 40 hours a year of earned paid leave to use for short-term care needs. Beginning in 2026, they will have access to a paid family and medical leave program providing partial wage replacement for 12 weeks of leave for longer-term needs. Lawmakers should protect both programs from attempts to undermine them and should expand the earned paid leave program to all workers, not just the 85% who work for employers with more than 10 workers.

Key costs are still troubling Mainers

With inflation in 2022 reaching its highest level in 50 years, it is not surprising that the cost of living consistently ranks as Americans' top economic concern. Average consumer prices increased 21% between March 2020 and July 2024. While annual inflation rates have almost normalized since their peak in 2022, and wages have even outpaced inflation for most Mainers, higher prices continue to be a source of stress. As of summer 2024, most Mainers (53%) still reported finding recent price increases "very" or "moderately" stressful.³⁷

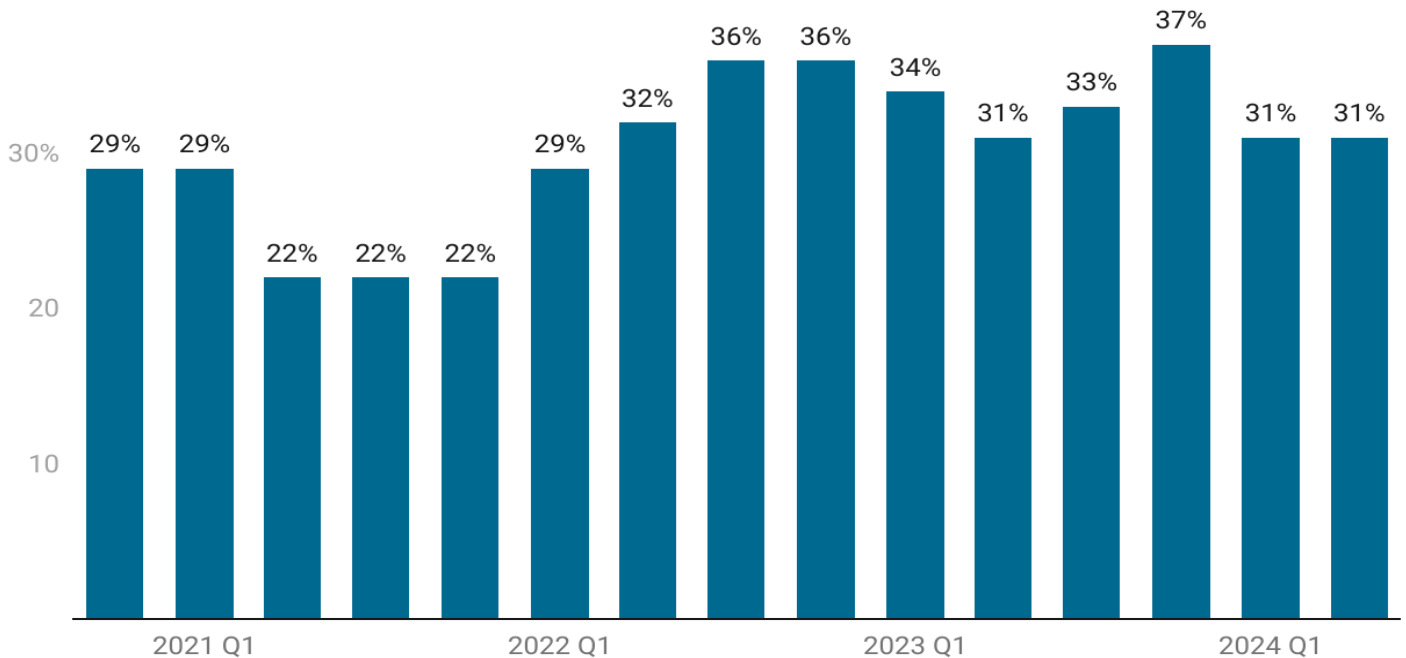
These concerns span a range of key cost areas. Almost one-third of Mainers (31%) report having trouble meeting basic spending needs (see Figure 18); 13% of renters report being behind on rent payments; and 9% of households "sometimes" or "often" can't afford enough to eat each week.³⁸

These statistics have remained relatively consistent throughout the pandemic and recovery period, though the effects of policy and wider economic conditions are evident in the data. In general, hardship declined while the American Rescue Plan's major provisions (continued unemployment compensation payments, expanded SNAP payments, and an expanded Child Tax Credit) were in place in 2021, and spiked as these expired at the same time as inflation peaked in 2022.

Even with inflation slowing to near-normal levels, prices are not likely to go down. Lawmakers would do well to help ensure all Mainers can afford basic necessities like food, shelter, energy and health care.

Figure 18: Around one-third of Mainers report struggling with basic expenses

Share of Maine adults having trouble making usual expenses



SOURCE: MECEP analysis of US Census Bureau Household Pulse Survey. Figures for each quarter represent averages across multiple survey periods.

Costs of housing and food are on the rise

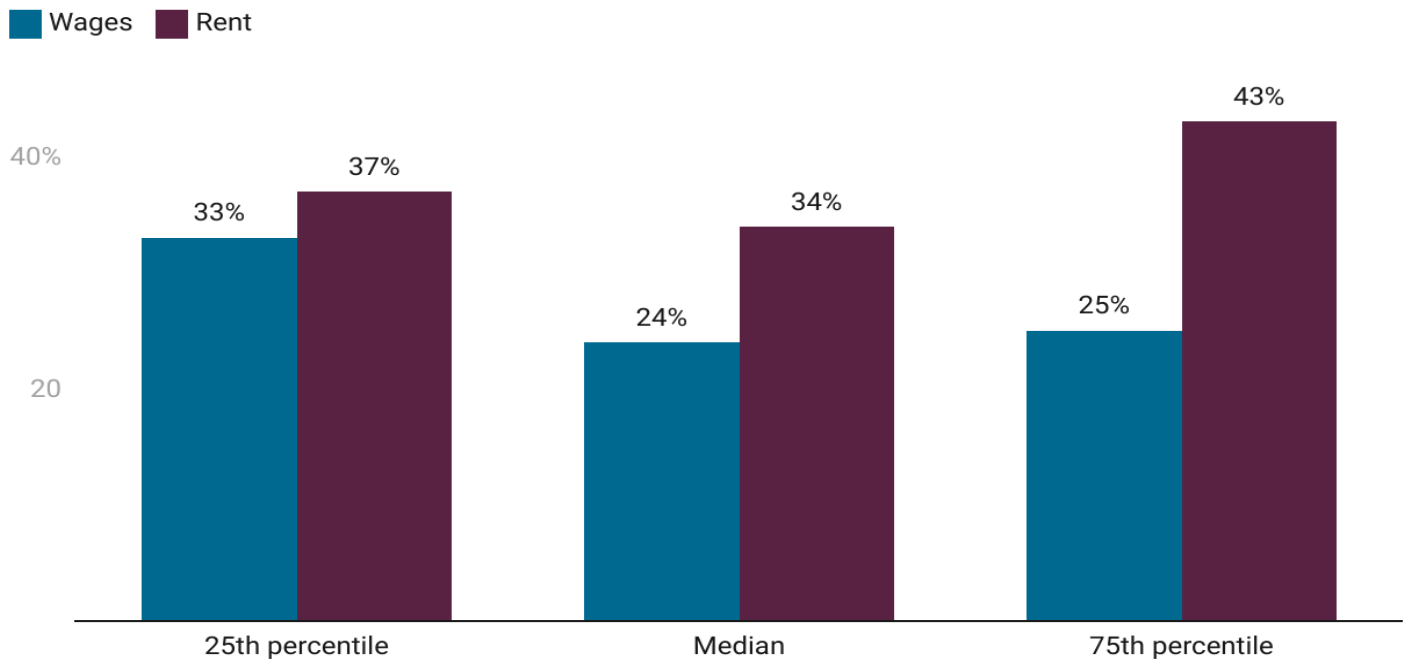
Housing regularly ranks as the number one cost concern for Mainers in surveys and polls.³⁹ Being able to have a stable and affordable place to live is one of the most fundamental human needs, and the increasing cost of housing has put incredible stress on many Mainers. Research shows a lack of reliable and stable housing leads to worse physical and mental health.⁴⁰ For families, needing to make multiple moves causes issues for children including attention problems⁴¹ and education disruptions.⁴² For workers, being forced to move can lead to job losses, worsening their financial situation.⁴³

A lack of supply underlies housing unaffordability in Maine. One study suggests **Maine is already short almost 40,000 housing units, a deficit which will rise to 84,000 by 2030.**⁴⁴ Increased demand for housing has exacerbated this problem in recent years as more people move to Maine. Additionally, higher interest rates by the Federal Reserve to fight inflation are making it more expensive to buy a home. According to Maine Housing, the typical home sold in Maine in 2023 was unaffordable to nearly four of out five Maine households,⁴⁵ an increase from a little over half of households in 2019.

Renters also face significant increases in costs. Even with the rapid gains in wages over the last four years, rents have risen even faster across the income spectrum (see Figure 19). As a result, rent is consuming a larger portion of people's income. In 2023, just under half of all renter households in Maine were cost-burdened (spending more than 30% of their income on rent), which is somewhat higher than recent pre-pandemic levels, but not as high as in the wake of the Great Recession.⁴⁶

Figure 19: Rents have increased faster than wages, at all levels

Nominal change, 2018-2023



SOURCE: Wage data from MECEP analysis of US Census Bureau, Current Population Survey, Outgoing Rotation Group via IPUMS. Gross rent data from MECEP analysis of US Census Bureau, American Community Survey data.

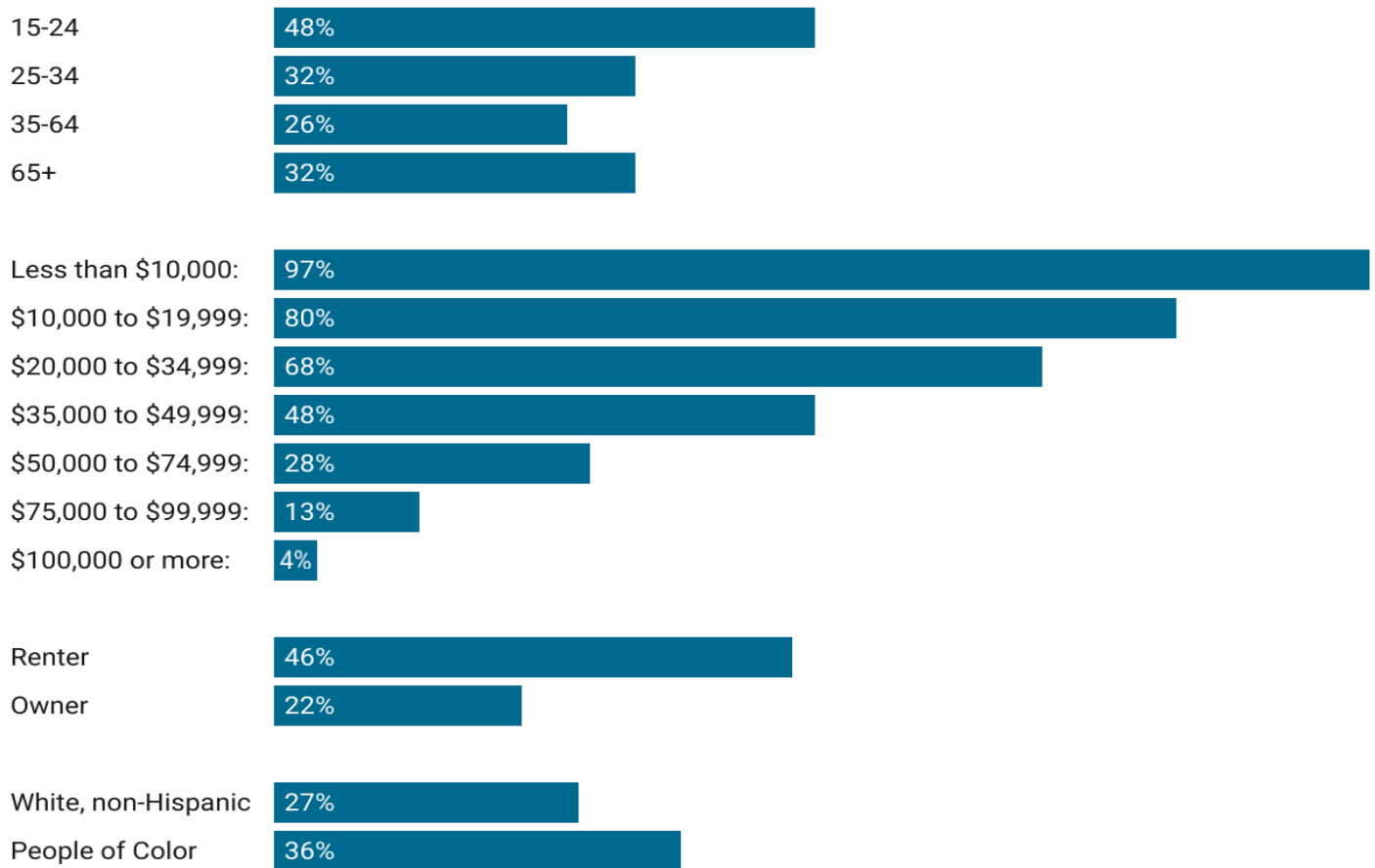
These higher rents are especially harmful to the most vulnerable groups of Mainers — people of color, those with low incomes, and younger Mainers (see Figure 20).

While filings for forcible eviction statewide are lower than they were in 2019,⁴⁷ other indicators suggest making rent is still a struggle for many Mainers. Around one in eight renter households report being behind on rent.⁴⁸

The most extreme impact of the housing shortage and resulting cost increases is homelessness. Rates of homelessness are difficult to use as an indicator of housing instability because they also reflect an increase in people arriving in Maine seeking asylum. Nonetheless, the state’s annual point-in-time reports suggest the housing shortage is driving more people to homelessness. Between 2019 and 2024, the total number of unsheltered people almost tripled, while the number of housed people in shelters increased by 20%.⁴⁹

Figure 20: People of color, renters, low-income and younger Mainers are most likely to be cost-burdened by housing

Share of households that are cost burdened

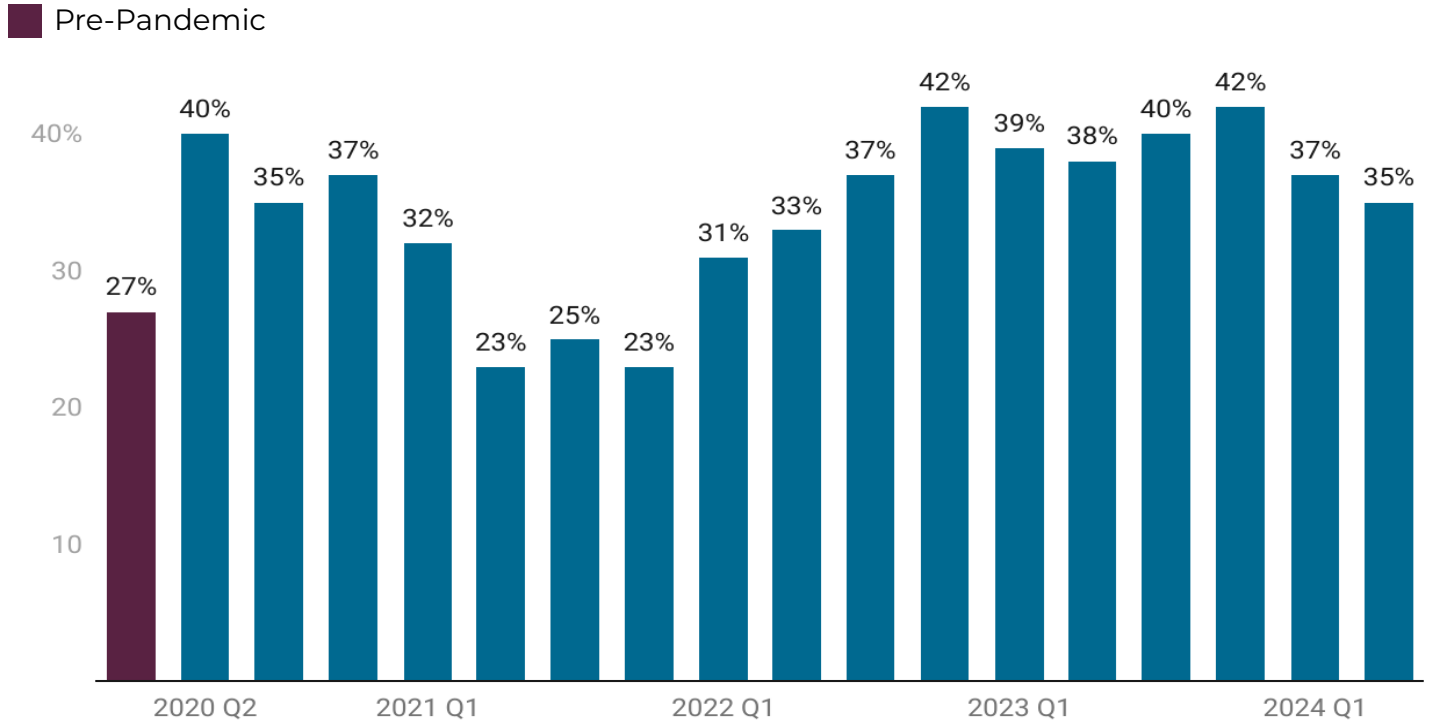


SOURCE: MECEP analysis of US Census Bureau, American Community Survey, 2023. “Cost-Burdened” is defined as spending more than 30% of a household’s income on housing costs.

The high cost of groceries is a similarly pressing concern for Americans. The cost of food at home has increased faster than many other expenses (25% between 2019 and 2023 compared to 19% for all consumer items)⁵⁰ and is a core expense that cannot be avoided. It is not surprising, then, that this cost is also squeezing household budgets, even with increased incomes. When asked about the cost of groceries, approximately one-third of Mainers say higher costs cause them to sometimes be unable to buy either enough food or the kinds of food they would like, compared to just over a quarter of Mainers before the pandemic (see Figure 21).⁵¹

Figure 21: Food insecurity still higher than pre-pandemic levels

Share of Maine adults unable to buy enough food or the right kind of food to eat



SOURCE: MECEP analysis of Census Bureau, Household Pulse Survey. Quarterly data represents averages over multiple survey periods. "Pre-Pandemic" figure is an average of respondents' answers to questions about their pre-pandemic food security in weeks 1-13.

Policies to address costs of housing and food

Build more homes. Broadly speaking, the most important thing lawmakers can do to lower housing costs is to increase housing supply. Legislators have made steps in the right direction by reducing regulations that increase costs or make it difficult to build, and by subsidizing development of affordable housing. Direct state-sponsored construction of social housing is another strategy that has been successful elsewhere.

Continue the state rental assistance program. In 2024, the legislature set aside \$18 million for a pilot program to offer up to \$800 a month in rent relief for up to two years for 2,400 Mainers. This new program will help to bridge the gap left by expiring COVID-era rent relief programs and the chronic shortfall in the federal housing assistance program. However, it is likely that this temporary program will not fully relieve housing instability for all Mainers. Lawmakers should make the program permanent and expand it.

Crack down on corporate consolidation. When corporations face less competition, they are more easily able to use inflation as a cover to raise prices further. At least some of the recent increases in prices are due to profit-maximizing by companies, made possible in part by consolidated industries. Both federal and state governments can do more to enforce existing anti-trust statutes and strengthen legislation to stop big businesses from abusing market dominance.

Continue free school meals. Food provided through school meal programs alleviates hunger among young Mainers and improves their academic performance. It reduces the pressure on parents' budgets,⁵² and also has a small impact on inflation, resulting in smaller price increases at grocery stores for everyone as parents buy less food there.⁵³ Since 2022, all Maine K-12 students have qualified for these free school meals, an effort which should continue.

Expand tax credits for Mainers with low incomes. In 2021, the expansion of the federal child tax credit cut child poverty in half, and helped thousands of Maine families cover the costs of essentials like food, clothing, and rent.⁵⁴ At the state level, Maine has improved its own earned income tax credit and child tax credit in recent years, which also help the most vulnerable families make ends meet. Federal and state lawmakers should expand these already-successful programs to relieve the pressure of rising prices on the families who are most impacted.

Health care access has improved but costs remain high

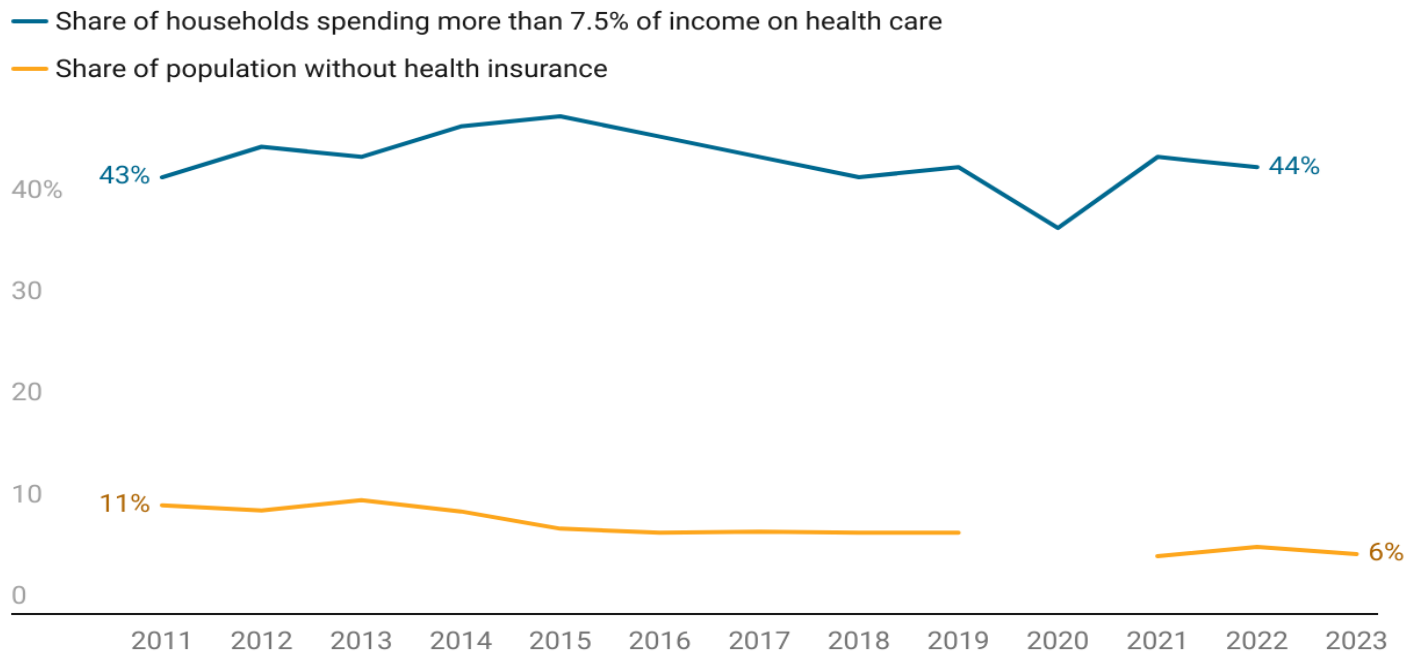
Since the passage of the Affordable Care Act in 2010, the share of Mainers covered by health insurance plans has increased significantly. In 2023, 94% of Mainers had health insurance coverage, a modest improvement from 2019, when 92% of the population was covered, and substantially better than 2010, when the figure was just under 90%.⁵⁵ While this increase in coverage has been accompanied by some improvements in affordability, cost remains a barrier to access for many Mainers.

In 2022, the typical Maine family spent a similar share of its income on health care premiums and out-of-pocket expenses as it did in 2019 (a little under 6%) (see Figure 22).⁵⁶ However, **the number of Mainers who said they had to put off seeing a doctor because they couldn't afford it fell substantially, from 12.3% in 2019 to 7.3% in 2022,⁵⁷ suggesting the number of Mainers facing the most acute health care cost pressures has decreased (see Figure 23).** This may be due to Mainers with lower incomes seeing a rise in disposable income, as well as the expansion of MaineCare eligibility to an additional 100,000 people since 2019.⁵⁸

This decline in health care cost pressures spans demographic groups but many vulnerable Mainers still struggle to access health care. In 2022, health care was delayed due to cost by 14% of Mainers of color, 17% of Mainers who had a disability, which made it difficult for them to perform everyday errands, and 24% of people recently unemployed.⁵⁹ Despite the expansion of MaineCare eligibility, Mainers with low incomes are still more likely to delay health care appointments due to cost than those with higher incomes.

A 2023 survey by Consumers for Affordable Health Care confirms many Mainers still struggle with overwhelming health care costs. Around **60% of survey respondents said they had to take some kind of extraordinary measure due to higher-than-expected costs, including self-medicating or rationing medicine, in addition to delaying appointments.**⁶⁰ High deductibles, unexpected bills, and lack of price transparency were all key problems.

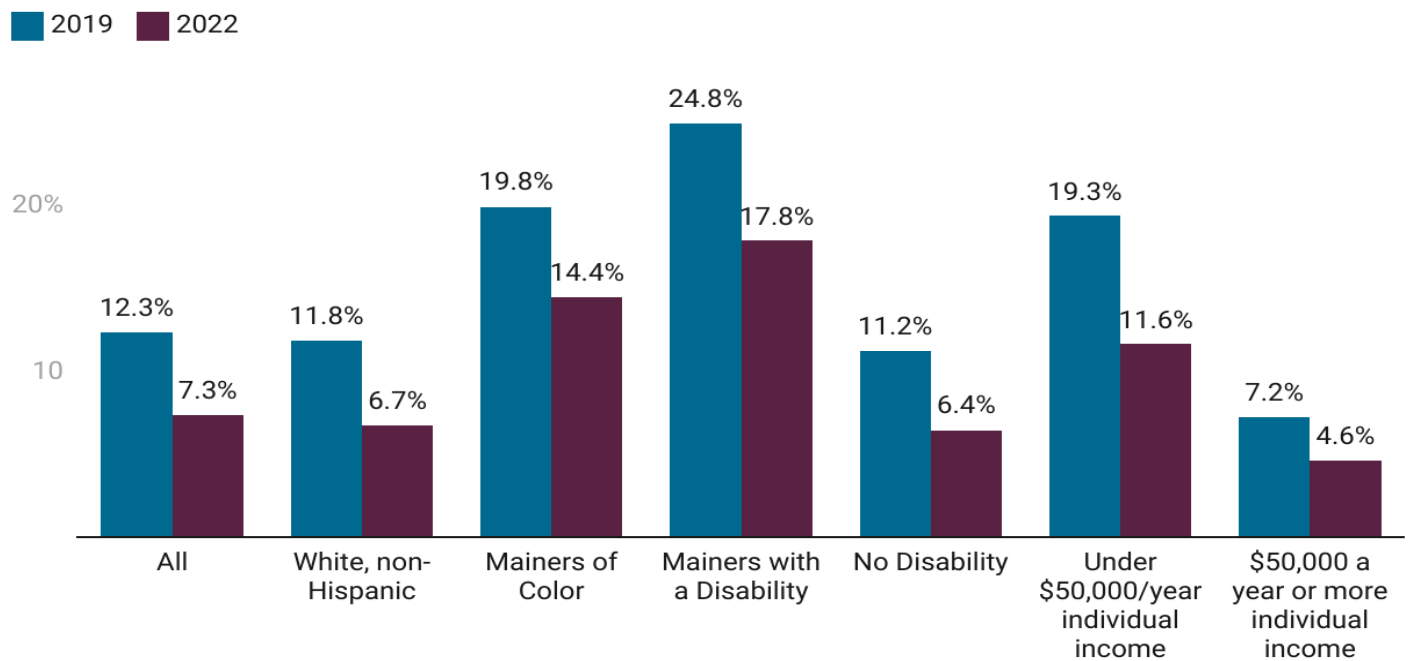
Figure 22: Despite expanded health insurance coverage, overall costs remain high
Share of households burdened by health care costs



SOURCE: Spending on health care from MECEP analysis of US Census Bureau, Current Population Survey Annual Social and Economic Supplement microdata via IPUMS. Population without health insurance from US Census Bureau, American Community Survey data.

Figure 23: Fewer Mainers are delaying care due to acute costs

Share of adults skipping care due to costs



SOURCE: US Centers for Disease Control, Behavioral Risk Factor Surveillance Survey data via the Web-Enabled Analysis Tool (WEAT).

Policies to address costs of health care

Expand access to low-cost health care plans like MaineCare. Expanding MaineCare eligibility has been one of the most impactful policies in improving health care access and affordability. Maine should build on this success and expand eligibility further to leverage federal matching dollars to cover more Mainers with low incomes just above the poverty level. For Mainers with incomes above 150% of the poverty level, federal law allows the state to charge a modest copay to further offset the cost.

Curtail the use of facility fees. Facility fees tacked on by hospitals and other providers drive up the cost of care for patients when insurance doesn't cover them. The legislature should follow the recommendation of the commission charged with investigating the impact of facility fees and bring more transparency and accountability to the practice (and for telehealth appointments, prohibit them entirely).⁶¹

Ensure immigration status isn't a barrier to health care access. For all Mainers to have access to affordable care, lawmakers need to guarantee no one is excluded due to their immigration status. In 2021, legislators ensured children, pregnant adults without documentation, and recent green card holders would no longer be excluded from MaineCare coverage. Lawmakers need to finish the job and extend eligibility to the remaining population of immigrants.

Erase medical debt from credit histories. Medical debt remains a common burden for Mainers and as a drag on their credit rating can limit opportunities to purchase a home or start a business. However, medical debt is a poor indicator of credit worthiness because it is often the result of bad luck more than poor financial planning. Mainers cannot control how or when they get sick — or how much their treatment will cost — and they should not endure further punishment when they accrue medical debt.

Expand and streamline access to hospital free care. Hospitals in Maine are obligated to provide free care (sometimes called “charity care”) to patients with low incomes and without insurance who might otherwise be unable to afford treatment. However, each hospital in Maine sets its own income eligibility levels and application processes, which confuse patients and reduce use by those who need it. The legislature should create a single standard that is easy to understand and access by patients statewide.

Market failures in the care economy

Caring for children, older adults, and family members with disabilities is a growing responsibility for many Mainers. It also creates major strains on families trying to balance these obligations with their ability to work and thrive economically. **At least 25,000 Mainers are out of the workforce due to care obligations,⁶² while many others struggle to balance both work and care.** Access to affordable quality care is important both for the individuals receiving care and for their loved ones.

Currently, the typical full-time rate for infant care in Maine is \$297 a week, or roughly \$15,444 per year.⁶³ This represents a 29% increase from \$230 per week in 2021 (just under \$12,000 a year) at a time when the typical cost of living increased 11%.⁶⁴ As a result, **the cost of infant care now exceeds 17% of a typical Maine family's income, far in excess of the recommended 7%.⁶⁵**

While care is becoming increasingly unaffordable for Mainers and their relatives, care industries are unable to pay sufficient wages to attract and retain workers. In 2023, the typical hourly wage for a child care worker in Maine was just \$16.35, and for home health aides \$17.39.⁶⁶ This puts most workers in these occupations among the bottom quartile of wage earners, despite the crucial and difficult nature of their job and the need for significant training.

This combination of insufficient wages and high costs is a clear example of a market failure that requires state intervention. For child care, the Biden administration has proposed a system of subsidized care based on income, which would cap daily costs at \$10 for many families. This concept is similar to a successful long-running program in Québec.

In caring for older adults and people with disabilities, the state already plays a significant role through MaineCare payments to providers. As a large proportion of the population receiving care services is enrolled through MaineCare, the state essentially funds most of the program already. However, the state's hourly rates to providers — and indirectly to workers — is too low to cover costs and pay an adequate wage. Those rates must increase if care is to be affordable and sustainable.

For more on problems and solutions in Maine's care industry for older adults see MECEP's *Closing the Gap: Maine's Direct Care Shortage and Solutions to Fix It*.

Policies to address costs of caregiving

Create a comprehensive subsidized child care program. The child care system is clearly a case of a market failure, which requires state intervention to function properly. In 2023, Maine expanded eligibility for the program from 85% to 125% of the state's median household income, while requiring the state to develop a plan for a comprehensive subsidy system that covers families earning up to 250% of the median income and ensuring that they pay no more than 7% of their annual income in childcare expenses, and child care providers are paid a living wage. That goal is set to be phased in by 2030, and will require lawmakers to remain committed to developing, implementing, and paying for the program for years to come.

Raise labor rates for long-term care workers. Like child care, the system of care for older adults and adults with intellectual and developmental disabilities requires more state support to function correctly. Low payment rates given to providers and low wages paid to staff hold back the availability of supports and services. Maine needs to set higher rates for MaineCare and state-funded long-term care programs and ensure workers are compensated competitively. The reimbursement rate for the labor portion of direct care supports and services should be raised from the current 125% of the statewide minimum wage to 140%, to better reflect the value of direct care worker labor. The law should also be amended to consider local minimum wages such as those in Portland and Rockland.

Conclusion: Preserving gains and bridging gaps

State of Working Maine 2024 presents a somewhat mixed picture of Maine's economy. While an exceptionally strong labor market has resulted in large wage gains for most workers, people who are unable to work have fallen behind economically. And the rising costs of essential items like food, shelter, and health care have hit hard even those whose incomes have outpaced the general rate of inflation. As a result, some Mainers continue to report substantial hardship and consider today's economy bad.

Policymakers have two tasks ahead: preserving the tangible gains Maine workers have made, and acknowledging more work remains to ensure everyone is secure in their basic needs.

Lawmakers should continue to empower workers by bringing more transparency to wage negotiations, and by strengthening important guarantees for workers with low wages like minimum wage and overtime protections. To help more workers participate in the strong labor market, legislators should defend and implement the new Paid Family and Medical Leave program, expand access to affordable care programs for children and vulnerable adults, and continue to make higher education more affordable.

While the worst of the post-COVID inflationary surge is in the rearview mirror, prices remain very high. It is extremely difficult for policymakers to actively create disinflation — and indeed it may be economically dangerous to do so — but they can take steps to stop corporations from exploiting supply shortages to make inflation worse and pad their bottom lines. This can take the form of direct intervention in sectors like care, where a combination of government price-setting and subsidies is necessary to overcome a market failure. In areas like housing, the state can continue to take a proactive role in increasing supply. For other parts of the economy, public officials need to take a stronger stand against corporate consolidation, which allows for abuse of market power in general.

There will always be times when Mainers need assistance. The height of the COVID-19 pandemic demonstrated no one is immune to unexpected hardship, and in such cases public support can help weather the storm. Robust federal and state responses to COVID helped individuals and the economy as a whole emerge stronger than before. It is incumbent on lawmakers to ensure Mainers facing challenges have the tools and resources to weather economic storms and emerge stronger than before.

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In the words of workers: Lori



Lori is the owner of a small neighborhood café in Portland. After running the café for 15 years, Lori recently announced to her customers that workforce shortages and the demands of caring for aging family members had led to her decision to close her business.

"I've really enjoyed running the restaurant, but now all I do is put out fires. If someone doesn't show up, what are we going to do for the rest of the week? What are we going to do next week? And then I worry about how my mom is going to get to her doctors' appointments because I have to be at the restaurant. It just feels like it never ends.

In 2021, we started noticing things weren't right with my parents. My dad stayed in the hospital for two months while we waited for a long-term bed. He wasn't fit to go home, my mom couldn't take care of him, and we didn't have anywhere we could watch him safely. A bed eventually opened up an hour away, but right after we got him moved in, my mom fell and broke her hip.

We couldn't find any place where my parents could get care together. There are hardly any places that allow couples. Everywhere was full and had waiting lists. Being apart after living together for 57 years was very upsetting and confusing for them.

I spent a lot of time ignoring what was happening at the café because I just couldn't focus on it. I was probably spending about half my time running the restaurant and the other half caring for my parents. Besides taking my mom to visit my dad every other day, there was insurance and legal paperwork, dealing with the VA, getting their house ready to sell. It was a lot. My husband left his job so he could help me run the restaurant, but he couldn't help me full time. His mother had a stroke in the midst of all of

"When I first started helping my parents, I felt lucky because my job was more flexible. I could just shut down for a day if I needed to. I thought it was working. But then my staff started to quit. I didn't realize how much I was relying on them to keep an eye on things."

In the words of workers: Lori

this. Until she recovered, he lived with her for half the week, trading shifts with his brother to take care of her.

Since my dad passed away, I've had to work a lot more to keep the restaurant going. I've worked six days a week since June, which really cuts into the time I can spend with my mom. She calls me on the phone about eight to ten times a day. She knows I'm at work, but she gets really wound up and anxious if I don't pick up. My mom has a lot of anxiety with her dementia.

When I first started helping my parents, I felt lucky because my job was more flexible. I could just shut down for a day if I needed to. I thought it was working. But then my staff started to quit. I didn't realize how much I was relying on them to keep an eye on things. They were super stressed out and angry with me. After two really capable employees quit, I realized I wasn't juggling this as well as I thought I was. And that's when I started thinking about closing.

These have been the worst years of my life. I tell myself that someday I'll be thankful I did this for my parents. I don't regret it, but it's just really awful, watching your parents die and trying to have any sort of life.

I don't know what I'm going to do next. Since we announced we're closing, a lot of people who have done caregiving have wanted to talk to me about that. I'm not the only one in this position."



In the words of workers: Rebekah



Rebekah has worked for the Maine Department of Environmental Protection (DEP) for 23 years. Her job involves collecting payments from responsible parties when oil and hazardous waste incidents happen in Maine. Rebekah primarily works on cases involving oil leaks and spills, but has also worked on recent highly publicized cases, including the train derailment in Jackman and the PFAS foam spill in Brunswick.

"I have 262 cases on my caseload right now. I usually get the more difficult and time-consuming cases, where you have to explain to a responsible party why they can't be made whole. For the train derailment and the aviation foam spills, I was tracking department staff time and expenses in real time so we could estimate clean-up costs in any given moment. I also handle FEMA reimbursements for the December, January, and April storms. Those cases make up at least half of my caseload at the moment.

The most recent study on state worker salaries showed that my job classification — among others — is paid roughly 30% less than it is in the private sector. I wish we were closer to market pay. It would help make up for some of the cuts we've taken in health insurance. It used to be an acceptable tradeoff to receive a little bit less in pay, knowing that you were getting excellent benefits. The gap has gotten larger, and our health benefits have eroded.

If the state is paying 86% of market pay when you average the classifications together, there clearly is a pay gap. **They talk about how the increases they gave since 2019 matched the rise in the cost of living, but we were already below market pay. Next year I'll get the first merit increase I've had in about eight or nine years. I'm in a two-state-employee-household. Both of our classifications are roughly 30% below market rate. It makes it hard to save for retirement or emergencies.**

"Lawmakers don't understand how underpaid state employees are. There are plenty of state workers who have to work additional jobs to supplement their income. There was a time when I had two part-time jobs in addition to my job with the state."

In the words of workers: Rebekah

Lawmakers don't understand how underpaid state employees are. There are plenty of state workers who have to work additional jobs to supplement their income. There was a time when I had two part-time jobs in addition to my job with the state. Even now, I have a home-based business I run in my off-hours to supplement our household income.

We've had our share of people we offer jobs to say, "I can't come and work for you for that." It's hard to keep staff when you're not competitive. It's not good for morale, either."



In the words of workers: Mary Kate



Mary Kate is a registered nurse working on an interventional cardiology floor of a Southern Maine hospital. After receiving her nursing degree in 2019, she began her career just as the state's first COVID-19 cases appeared. She helped organize nurses at her hospital to unionize in 2021, and they are now in the second year of their first union contract.

"I think everybody needs a union. When you're in a corporate environment that's constantly asking you to do more with less, and to maximize revenue and minimize costs, there's just no room for any individual professional power and agency. When we're dealing with people's lives, especially sick and delicate people, it's dangerous if we don't have the resources to care for them safely. It's not just bad for nurses, and it's not just bad for patients. Ultimately, it's bad for the company as well.

Organizing isn't easy, and employers make it hard on purpose. In the months before our nurses voted to decide about forming a union, the hospital spent tons of resources trying to prevent us from unionizing. They inundated the hospital with union busters, fliers, and meetings, spreading fear, anxiety, and confusion. It was so stressful. But we continued to have real conversations with our colleagues about the issues that mattered to them at work and how, if we have a union, we can improve them and change them and make them better.

We won our election in May of 2021. It was so exciting. We formed a bargaining team and started negotiating our contract. We met with the hospital every week for months. But when we still didn't have a finished contract after a year, the Right To Work Foundation got some anti-union nurses to try to decertify our union. So, we had to have a whole new election, even more high stakes than the first one. We had *almost* a whole great contract finished. If we didn't win, all of that would go away. We won the first election with 54% of the vote, but we won the second election with 74%!

"My employers might not have wanted a union, but they are benefitting from it. Nurses are happier here. Strong union contracts are what attract and retain workers, not these gimmicky sign-on bonuses."

In the words of workers: Mary Kate

Our nurses won substantial pay increases, a union pay grid, and better pay differentials. Before this contract, nurses had been making staggeringly different amounts of money. Our contract pulled up the people who were being underpaid. I now make \$12 more per hour than I did four years ago. That's 100% because of a union. Our contract guarantees a full 10 weeks of orientation for new grads, and new rules that ensure fair discipline. We also now have a Professional Practice Council that reviews incidents of unsafe patient or working conditions that nurses report. Management is required to meet with this council and address the unsafe conditions.

We're now two years into our first contract, and I can really see a change in the culture at the hospital. Speaking up for safe patient care is a part of our regularly scheduled programming. When we advocate for things to be changed, they change them. We train management to provide safe working conditions for nurses. And safe working conditions for nurses are safe conditions for patients.

My employers might not have wanted a union, but they are benefitting from it. Nurses are happier here. Strong union contracts are what attract and retain workers, not these gimmicky sign-on bonuses. Not a day goes by at work when we don't hear a patient say, "Thank you so much for the excellent care." They may not know that's a product of having a union, but I know that it is.





Kevin has worked for the Department of Health and Human Services (DHHS) for almost 13 years. As an eligibility specialist, he helps connect vulnerable Mainers with the safety net resources they need. Before becoming a state employee, Kevin served in a similar role in the private sector, helping Mainers facing barriers to entering the workforce find sustainable employment.

One in every five eligibility specialist positions at DHHS is vacant. Our HR person said they had 34 people signed up to be interviewed for these vacant jobs. Some left after the interview. Some trained for a week and then didn't come back, because they saw how much is entailed. We're deciphering financial reports and bank records. We're making sure we're applying the correct statutes and the correct exemptions for each person. We have people's lives in our hands. When a potential new employee comes in and sees the volume of work and the requirements they say, "No, I don't want to do this. This is not what I thought it would be." The pay does not align with the job requirements.

I haven't received a pay increase in over five years. Aside from the minimal increases the union won through bargaining and arbitration, I haven't realized any significant growth in my income. I do have some savings, but that dwindles away every year. I have a mortgage to pay. I have children in college. The starting salary for an eligibility specialist in Maine is around \$41K and maxes out at \$57,190. The same position in Vermont starts at \$52K. In Massachusetts, it starts at \$59K. In both Vermont and Massachusetts, the salary maxes out at \$81K.

The Governor would say that since she took over, state employee salaries have increased 24%. And that's true. No one is disputing that. But we've always been behind, and we continue to be behind. Even though wages increased 24%, it's not keeping up with inflation. There's still a 14% gap.

"Maine's slogan is 'Maine, the way life should be.' But not every Mainer is living that life. All Maine workers should all be able to have a vacation in vacation land. But they can't, because they're working. Some of them are working two or three jobs."

In the words of workers: Kevin

Maine's slogan is "Maine, the way life should be." But not every Mainer is living that life. All Maine workers should all be able to have a vacation in vacation land. But they can't, because they're working. Some of them are working two or three jobs. Even though I'm in a two-income household, I have a second job to make sure we make ends meet.

There are people in my department who receive safety net benefits themselves. They've been working for the state for 20 years, and still, after all that time, they make \$20 an hour. You can't live like that. It's disheartening when your child works at McDonalds and makes the same amount of money as you. It makes you think, "Why am I doing this?" I'm making sure people have medical insurance and food to eat, and I'm not appreciated or compensated for the work that I do. It just knocks you down.

Maine survives on the back of state employees. It's just that simple. We carry the load with our taxes and with our work. We make sure that the streets are paved and plowed. We make sure that the people who have less can survive and their basic needs are met. We want everyone in the state to have a decent life. We need to make sure that state employees are paid fairly, so we can provide the service and support that the people of Maine depend on us to do.



Notes

- 1 Difference between the annual average Consumer Price Index for the year 2019 and 2023.
- 2 US Bureau of Economic Analysis data.
- 3 US Bureau of Economic Analysis data.
- 4 Maine Department of Labor data.
- 5 US Census Bureau, American Community Survey, 2023 data.
- 6 US Census Bureau, American Community Survey, 2023 data.
- 7 In the period 2018-2022, the poverty rate in the city of Portland was 11.8%, compared to 7.2% for the remainder of the Portland-South Portland Metropolitan Area. MECEP analysis of US Census Bureau, American Community Survey, 2018-2022 data.
- 8 US Bureau of Labor Statistics, Job Openings and Labor Turnover Survey data.
- 9 Maine Department of Labor data, unemployment rate by county.
- 10 MECEP Analysis of US Census Bureau, Current Population Survey microdata, accessed via the Integrated Public Use Microdata System (IPUMS). 12-month average for the period ending June 2024.
- 11 US Census Bureau, American Community Survey, 2023 data.
- 12 MECEP analysis of US Census Bureau, Current Population Survey microdata, via IPUMS. 12-month average for the period ending June 2024. A combined 15.1% of part-time respondents cited caring for children or another family member as the reason they were working part time in the reference week.
- 13 MECEP analysis of US Census Bureau, Current Population Survey, Outgoing Rotation Group microdata via IPUMS. Comparison of equivalent hourly wages for the 12-month period of 2019 and the 12-month period of 2023.
- 14 Massachusetts Institute of Technology, [Living Wage Calculator 2023](#).
- 15 MECEP analysis of US Census Bureau, Current Population Survey microdata via IPUMS. 24-month averages ending Feb 2020 and July 2024.
- 16 MECEP analysis of US Census Bureau, Current Population Survey, Outgoing Rotation Group microdata via IPUMS. 12-month averages ending Dec 2019 and Dec 2023.
- 17 Maine Department of Administrative and Financial Services, [Market Pay Report](#). Sept 30, 2024.
- 18 Segal Group, [State of Maine Market Study Report](#). Nov 20, 2020.
- 19 MECEP analysis of US Bureau of Labor Statistics, Quarterly Census of Employment and Wages data. Comparison of average weekly wages between Q1 2019 and Q1 2024, adjusted for inflation using the Consumer Price Index.
- 20 [Report and Recommendations of the Maine State Government Classification and Compensation Plans Study](#), Jan 31, 2024, p.30.
- 21 James Myall, ["Poor pay and strained working conditions cause staffing shortages in Maine schools,"](#) Maine Center for Economic Policy. Apr 8, 2024.
- 22 US Census Bureau, American Community Survey, 2023 data.
- 23 MECEP analysis of US Census Bureau, Current Population Survey microdata via IPUMS. 12-month averages ending Feb 2020 and July 2024.
- 24 [Social Security data for Dec 2023](#).
- 25 US Census Bureau, American Community Survey, 2023 data.
- 26 [Social Security Cost of Living Adjustments](#).
- 27 Jan Mutchler et al., ["Living Below the Line: Economic Insecurity and Older Americans, Insecurity in the States, 2022,"](#) UMass Boston, Center for Social and Demographic Research on Aging Publications, Feb 2023.
- 28 Based on a retiree with the average annual benefit of \$25,572 in 2019. The legislature approved one annual increase above the statutory cap (4% for Jan of 2022), and increased the amount of income upon which the COLA was calculated.
- 29 James Myall, ["State of Working Maine 2020,"](#) Maine Center for Economic Policy, Nov 9, 2020.
- 30 MECEP analysis of US Census Bureau, Current Population Survey data via IPUMS. Average unemployment rates for the 24 months ending Feb 2020 with the 24 months ending June 2024.
- 31 MECEP analysis of US Census Bureau, Current Population Survey, Outgoing Rotation Group microdata via IPUMS. 12-month averages ending Dec 2019 and Dec 2023.
- 32 MECEP analysis of US Census Bureau, American Community Survey data.
- 33 Maine Public Law 1949, chapter 262.

- 34** US Census Bureau, Household Pulse Survey microdata, weeks 53-63 (covering Jan 4 – Oct 30, 2023). On average each week, 2,300 men and 18,500 women were out of work caring for a child or older family member.
- 35** MECEP analysis of US Census Bureau, American Community Survey data for full-time, year-round workers in Maine aged 16 or older.
- 36** MECEP analysis of US Census Bureau, American Community Survey microdata via IPUMS. 2019-2022.
- 37** US Census Bureau, Household Pulse Survey data, Phase 4, Cycle 6.
- 38** US Census Bureau, Household Pulse Survey data, Phase 4, average of results for Cycles 3-6.
- 39** For example, see University of New Hampshire Survey Center, [“Mainers Economic Outlook Improves But Most Expect Recession Within a Year.”](#) Aug 27, 2024.
- 40** Aarti Bhat, David Almeida, Andrew Fenelon, Alexis Santos-Lozada, [“A longitudinal analysis of the relationship between housing insecurity and physical health among midlife and aging adults in the United States.”](#) SSM Popul Health. May 23, 2022; and Katherine Fallon, [“How Does Housing Stability Affect Mental Health?”](#) Housing Matters. Apr 6, 2023.
- 41** Abigail Gaylord et al. [“Impact of housing instability on child behavior at age 7.”](#) International journal of child health and human development : IJCHD vol. 10,3 (2018): 287-295.
- 42** Brendan Chan, [“How Housing Instability Affects Educational Outcomes.”](#) Urban Institute, Feb 28, 2024.
- 43** Matthew Desmond & Carl Gerhenson, “Housing and Employment Insecurity among the Working Poor.” Social Problems, 2016, 0, 1–22 doi: 10.1093/socpro/spv025.
- 44** Maine Housing Authority, [“Housing Production Needs Study.”](#) Oct 2023.
- 45** Maine Housing, [Home Ownership Affordability Index.](#)
- 46** US Census Bureau, American Community Survey 2023 data. In 2013, 53% of Maine renter households were considered cost-burdened.
- 47** Nikki Harris, [“Eviction filings are down in Maine, but threat is still high.”](#) Portland Press Herald Aug 4, 2024.
- 48** US Census Bureau, Household Pulse Survey data, Phase 4, average of results for Cycles 3-6.
- 49** Maine Housing, [Maine Point in Time Count 2024.](#)
- 50** US Bureau of Labor Statistics, Consumer Price Index, change in annual average prices between 2019 and 2023.
- 51** US Census Bureau, Household Pulse Survey data, Phase 4, average of results for Cycles 3-6.
- 52** Michelle M. Marcus & Katherine G. Yewell, [“The Effect of Free School Meals on Household Food Purchases: Evidence From the Community Eligibility Provision.”](#) NBER Working Paper 29395. Apr 2022.
- 53** Josh Handbury & Sarah Moshary, [“School Food Policy Affects Everyone: Retail Responses to the National School Lunch Program.”](#) NBER Working Paper 29384. Oct 2021.
- 54** Sarah F. Small, [“How the Child Tax Credit was Spent in Maine,”](#) Maine Center for Economic Policy. May 2022.
- 55** US Census Bureau, American Community Survey data.
- 56** MECEP analysis of US Census Bureau, Current Population Survey, Annual Social and Economic Supplement microdata via IPUMS.
- 57** US Centers for Disease Control, Behavioral Risk Factor Surveillance Survey data via the Web-Enabled Analysis Tool (WEAT)
- 58** Maine Department of Health and Human Services data as of [Jan 2024.](#)
- 59** US Centers for Disease Control, Behavioral Risk Factor Surveillance Survey data via the Web-Enabled Analysis Tool (WEAT)
- 60** James Myall, [“Survey results show a “broken” health care system in Maine.”](#) Maine Center for Economic Policy. June 21, 2023.
- 61** Maine Office of Policy and Legal Analysis, [“Task Force to Evaluate the Impact of Facility Fees on Patients.”](#) Jan 2024.
- 62** US Census Bureau, Household Pulse Survey data, average of results for weeks 41 through phase 4, cycle 4 (covering the period Jan 2022- Apr 2024). Includes 19,500 for child care and 6,300 for elder care. Survey did not ask about care of adults with disabilities or other care responsibilities.
- 63** Health Management Associates, [“2024 Maine Child Care Market Rate Survey.”](#) May 9, 2024.
- 64** Health Management Associates, [“2021 Maine Childcare Market Rate Survey.”](#) May 8, 2021. See figure 29. Comparison of CPI for New England June 2021 vs June 2024.
- 65** US Census Bureau, American Community Survey data, 2023. The median household income for families with children under 18 was \$90,541.
- 66** US Bureau of Labor Statistics, Occupational Employment and Wage Survey data, 2023.

About MECEP

Maine Center for Economic Policy (MECEP) is a nonpartisan research and policy organization dedicated to improving the economic wellbeing of Mainers with low and moderate income. Since 1994, MECEP has helped secure improved economic opportunity for Mainers throughout their lives by advocating for fairer tax policies; access to education, health care, and livable wage jobs; and critical investment in government programs and services on which Maine people rely.

About the author

James Myall is MECEP's lead on labor and workforce issues and education, health care, and immigration policy. He conducts research and impact analyses, writes educational materials, and collaborates with partners. James is skilled in data collection, research, and statistical and policy analysis. He has a master's degree in public policy and management from the University of Southern Maine and a master's degree in ancient history and archaeology from the University of St. Andrews in Scotland.

Myall is a member of Maine's Permanent Commission on the Status of Racial, Indigenous, and Maine Tribal Populations and was a member of the Governor's Economic Recovery Committee.

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