



A REPORT TO OUR CITIZENS OF MAINE

For the Fiscal Year Ended June 30, 2023

CITIZEN-CENTRIC REPORT



Governor Janet T. Mills

Maine, the northeasternmost state in the continental United States, is known for its scenic coastlines, resilient forests, and inviting small towns. As the largest lobster-producing state, Maine’s economy is supported by major industries including tourism, fishing, and healthcare. With a relatively low cost of living, Maine is an appealing choice for families and individuals. The state is progressing towards growth in the workforce, raised wages for workers and their families, and increased value of Maine-made products through collaboration.

As governor, she is fighting to see that every Maine person has affordable, high-quality health care, that Maine has a strong economy with good-paying jobs in every part of the state, that every Maine child has access to a world-class education, and that Maine is a place where families can put down roots and raise their kids.

Government Structure

Maine’s government system is comprised of three co-equal branches—the Executive, Legislative, and Judicial branches. The Executive Branch is responsible for the execution of the laws created by the legislature and is headed by the Governor. The Governor is elected every four years, and no individual may serve more than two consecutive terms in this office.

STRATEGIC PLANS AND GOALS

The Maine Department of Economic and Community Development works with statewide and local partners, private industry and small businesses to boost and maintain economic growth in Maine. The strategy called for 10% wage growth in 10 years; so far, wages have grown by 11.6%. The strategy also called for increasing the value of goods sold per worker by 10 percent; so far, this has increased by 12.8%. We plan to keep working to:

- **Continue growing** average annual wages to benefit workers at all income levels
- **Continue increasing** the value of products and services produced in Maine
- **Build on our progress** in attracting people to Maine’s talent pool

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find out more!

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MAINE’S DEMOGRAPHICS

Fiscal Year	Population	Per Capita Income	Unemployment Rate
2023	1,394,000	\$62,368	2.4%
2022	1,383,000	\$58,640	3.0%

Source: 2023 State of Maine Annual Comprehensive Annual Financial Report (June 2023).

PERFORMANCE

AUGUSTA

As the state capital and political center of Maine, Augusta holds significant historical context. The city has a population of nearly 19,000 and its economy is supported by trade, government, manufacturing, and health services. In recent years, health care has become an important job generator for the area, as it has elsewhere in the state.



PORTLAND

Formerly the state capital of Maine until 1832, Portland remains the most populous city in Maine, home to nearly 70,000 residents. It has economic diversity and opportunities in tourism, healthcare, and education. The unemployment rate in Portland decreased from 3.8% in 2021 to 2.4% in 2023, matching both pre-pandemic levels and the state average, which is lower than the U.S. rate of 3.6%.



STRESS-TEST REPORT

The 2022 Stress-Test Report was issued after historic fiscal and monetary stimulus from Congress and the Federal Reserve after the pandemic led to unprecedented revenue growth. The report provides policymakers with the estimated impact of a moderate and severe recession beginning in the first half of fiscal year 2023 on sales and individual income tax revenues, along with the sufficiency and needs for each recession scenario.

ACCOMPLISHMENTS



MARCOM
AWARDS



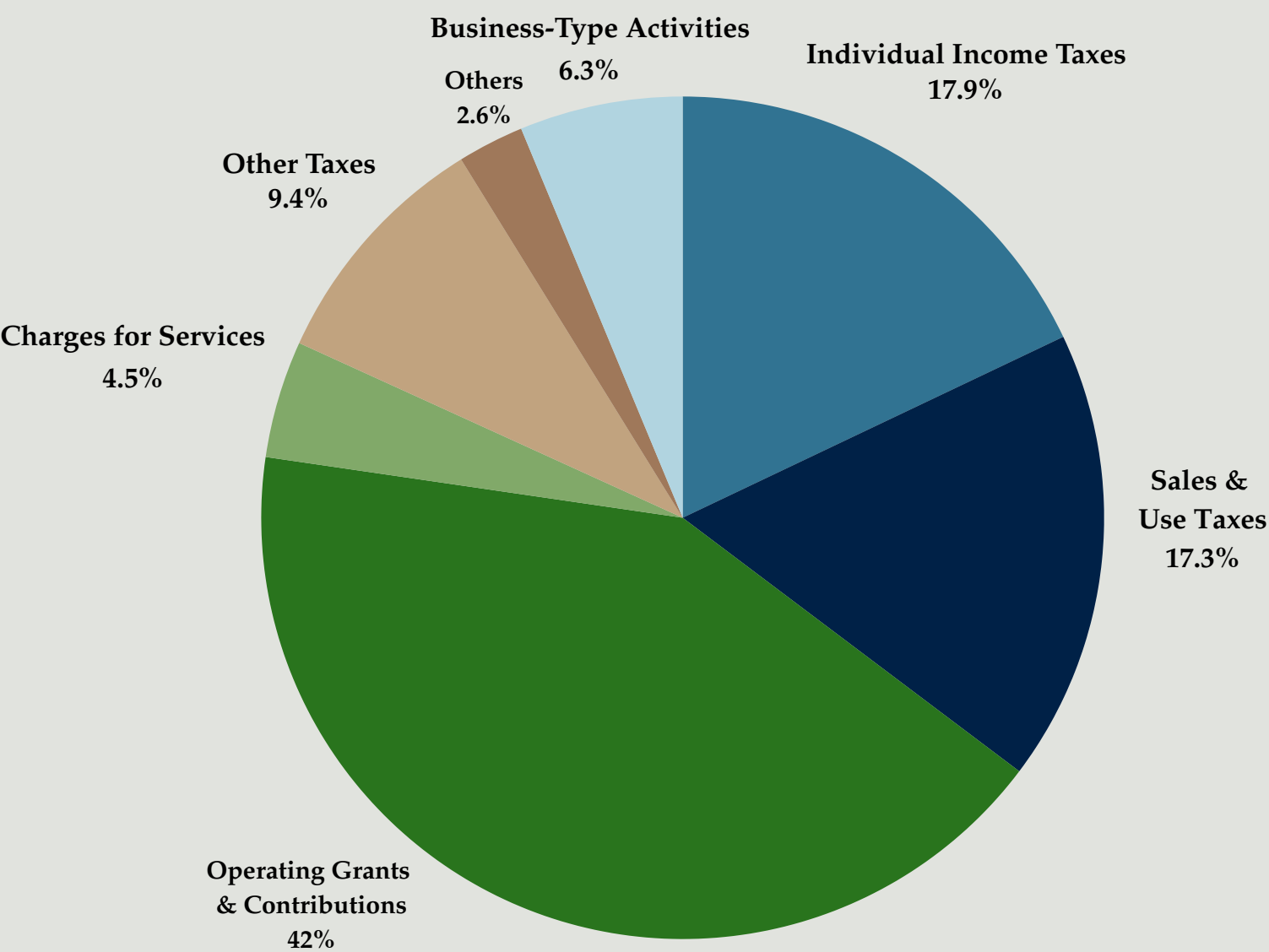
State Performance Measures	2023	2022
EDUCATION		
4-Year Graduation Rate	87.3%	86.3%
Students Enrolled in the Free/Reduced Lunch Program	60,958	59,383
ECONOMIC DEVELOPMENT AND WORKFORCE TRAINING		
Unemployed Persons	18,614	27,292
Total Full-Time Government Employees	13,400	13,239
HEALTH AND HUMAN SERVICES (PUBLIC HEALTH)		
Percentage of Population Enrolled in MaineCare	30%	28%
TRANSPORTATION SAFETY & DEVELOPMENT		
Number of Construction Projects	317	282
NATURAL RESOURCES DEVELOPMENT & PROTECTION		
Number of Visitors to State Parks	3,283,383	3,145,285

Explanation for Changes

- **4-Year Graduation Rate:** Recent federal emergency relief funds were given to support students
- **Unemployed Persons:** Recovery post-pandemic resulted in a strong labor market and attracted more remote workers
- **Percentage of Population Enrolled in MaineCare:** Adjustments to the cost-of-living rates
- **Number of Construction Projects:** Infrastructure modernization, road improvements, and job creation

FINANCIAL INFORMATION

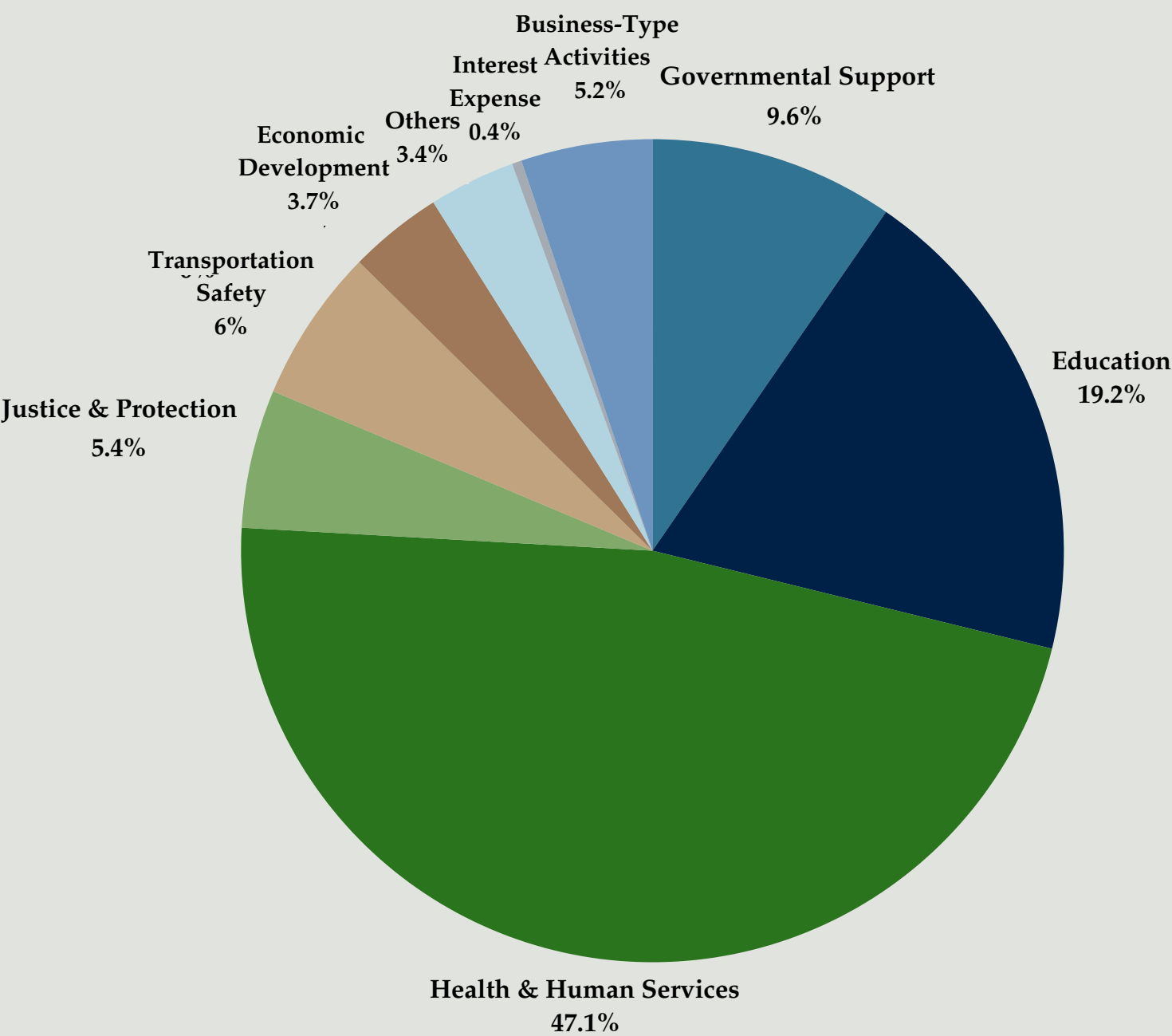
REVENUES FOR PRIMARY GOVERNMENT



Revenues (in thousands)	2023	2022	% Change
Charges for Services	\$609,580	\$643,485	-5.27%
Operating Grants & Contributions	\$5,689,721	\$5,721,551	-0.56%
Individual Income Taxes	\$2,428,123	\$2,703,462	-10.18%
Sales & Use Taxes	\$2,348,331	\$2,222,622	5.66%
Other Taxes	\$1,270,075	\$1,271,667	-0.13%
Others	\$345,008	\$189,130	82.42%
Business-Type Activities	\$848,147	\$830,077	2.18%
Total Primary Government Revenues	\$13,538,985	\$13,581,994	-0.32%

Revenues for the State's Primary Government totaled \$13.539 billion in 2023. Taxes and Operating grants and contributions accounted for most of the State's revenues. The decrease in revenues were mainly from individual income taxes. Increases in business-type activities revenues are from increases in employment security, alcoholic beverages, and lottery.

EXPENSES FOR PRIMARY GOVERNMENT

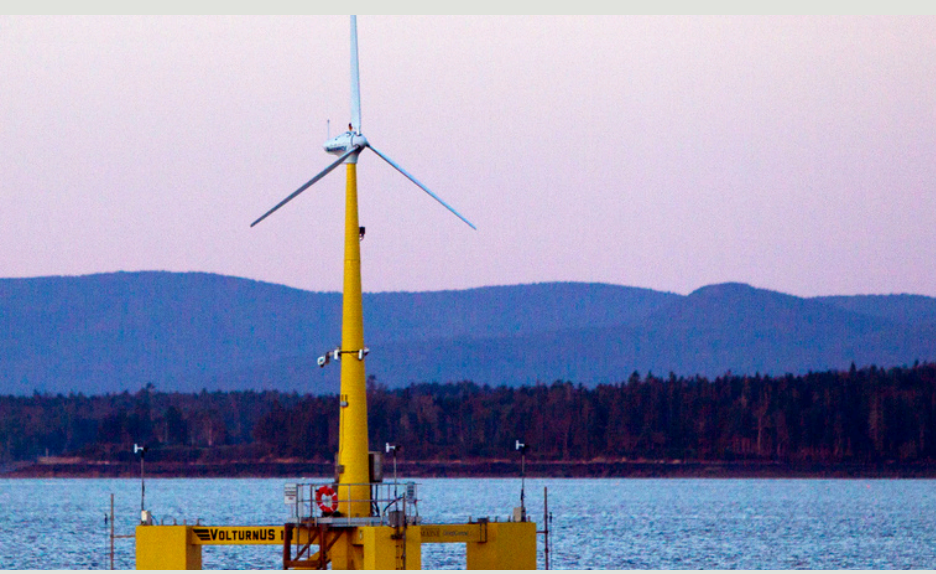


Expenses (in thousands)	2023	2022	% Change
Governmental Support & Operations	\$1,220,177	\$1,618,142	-24.59%
Education	\$2,439,809	\$2,691,379	-9.35%
Health & Human Services	\$5,974,642	\$5,680,639	5.18%
Justice & Protection	\$691,174	\$565,778	22.16%
Transportation Safety	\$767,090	\$732,881	4.67%
Economic Development & Workforce Training	\$468,971	\$738,928	-36.53%
Interest Expense	\$47,790	\$37,835	26.31%
Others	\$431,446	\$338,679	27.39%
Business-Type Activities	\$655,739	\$537,051	22.10%
Total Primary Government Expenses	\$12,696,838	\$12,941,312	-1.89%

Expenses for the State’s Primary Government totaled \$12.697 billion in 2023. The decrease in expenses is primarily due to both governmental support and education. The highest expenses are predominantly related to health & human services and education activities. In 2023, the total cost of Business-Type Activities amounted to \$655.7 million, with the majority of expenses covered by users of the State's programs.

FISCAL STABILITY

Maine maintained strong fiscal footing throughout fiscal year 2023, significantly impacting Maine's economy. Under Governor Mills' leadership, Maine's GDP growth remained steady comparable with the New England average and just below the U.S. average.



ECONOMIC OUTLOOK

OFFSHORE WIND INITIATIVE

Taking advantage of the wind resource off the coast of Maine is important in achieving 100 percent renewable energy by 2050.

MAINE WON'T WAIT

A four-year action plan to decrease greenhouse emissions by 45% by 2030 and 80% by 2050 and achieve carbon neutrality by 2045.

HOUSING POLICY

Key focus on the urgent need to increase the supply of housing across the state for multiple household income levels. Through various key partnerships, unprecedented state and federal funds are being allocated to address short and long-term housing needs.

NEW INITIATIVES

In 2023, Maine had additional notable activities such as their initiatives toward creating the Office of New Americans, tackling homelessness, providing free college education, and faster legal processes.

HOUSING FIRST PROGRAM

An approach to address homelessness, the struggle for stability, and mental health and/or substance use disorders.

FREE COMMUNITY COLLEGE

\$15 million was appropriated to provide up to two years of free community college education for all students from the high school graduating classes of 2024-2025 who enroll in a Maine community college.

CHALLENGES

RISE IN HOUSING COSTS

Home sales are down, while sale prices have continued to increase. Affordability is of particular concern as higher interest rates caused more potential buyers to be priced out of the market. Higher home prices have contributed to higher rental prices.

GAPS IN HEALTH-RELATED SERVICES

Many rural areas in Maine are underserved for primary care, dental care, mental health providers, and substance use providers. The lack of providers in rural areas translates to families having to drive long distances to receive services.

IMBALANCES IN THE LABOR MARKET

Some demographic trends, including a growing share of the population reaching retirement age will continue to constrain labor supply. While Maine will continue to see higher in-migration of working-age people in the coming years, this may not be sufficient to fully offset retirements in the future.



Maine Consensus Economic Forecast for Fiscal 2023-2025

November 2023 Forecast	History	Forecast		
(Annual Change)	2022	2023	2024	2025
CPI-U (Consumer Price Index for Urban Consumers)	8.0%	4.1%	3.2%	2.7%
Before-Tax Corporate Profits	8.4%	2.0%	-1.0%	0.5%
Maine Wage & Salary Employment	2.4%	1.2%	0.8%	0.4%
Personal Income	3.9%	5.9%	4.5%	4.3%

Contact Information

Governor Janet Mills
Secretary of State Shenna Bellows
Attorney General Aaron Frey
State Treasurer Henry Beck
State Auditor Matt Dunlap



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