

Workforce and Business Attraction Research

Draft Report of Findings From Phase 1 (Exploratory Consulting)



March 31, 2017



Table of Contents

	<u>Page:</u>
INTRODUCTION	
Background	3
About This Report	4
Executive Summary	6
VIEWS TOWARD MAINE	
Living and Working in Maine	7
Running a Business in Maine	9
CHALLENGES FOR MAINE	
Demographics	10
Worker Shortage	11
Worker Skills	12
WORKFORCE NEEDS	
The “Ideal” Worker	14
BARRIERS TO GROWTH	
Taxes	16
Regulations and Costs	17
Other Barriers	18
Competition	19
OTHER ISSUES	
The Importance of a Strategy	22
NEXT STEPS	
Implications for the Next Phases of This Research	24
SECONDARY SOURCES	
References	26

Background

One of the primary missions of Maine's Department of Economic and Community Development (DECD) is to broaden the state's tax and industrial base. In order to support that mission, the department is interested in exploring ways the state can:

- Attract new residents to supplement the size of its workforce;
- Attract new businesses to provide additional career opportunities for residents; and
- Enhance the education or training of current residents to ensure they have the job skills and knowledge necessary to support a changing mix of industries.

In support of these goals, the DECD has contracted DPA to conduct a comprehensive program of research that would:

- Clarify views toward the state and the barriers Maine faces in attracting new workers and businesses;
- Identify the best prospective audiences for the state (in terms of geography, demographics, and psychographics);
- Show how to reach these audiences through media channels and messages; and
- Suggest ways to overcome barriers to moving a household or business to the state.

This research program will be completed in three phases:

- **Phase 1:** Exploratory Consulting (including in-depth discussions with stakeholders and business leaders and an analysis of secondary data) designed to inform and guide the later phases of the research;
- **Phase 2:** Qualitative Research (focus groups with workers and small business managers in other states and with recent movers to Maine); and
- **Phase 3:** Quantitative Research (online survey of consumers).

THIS REPORT PRESENTS THE
RESULTS OF PHASE 1.

About This Report

This report presents the results of Phase 1 of the three-part research program. This phase incorporated secondary data analysis related to the demographics and business needs of the state, as well as semi-structured, in-depth interviews.

A total of 13 individuals representing 10 organizations, participated in the in-depth interviews. These individuals are “issue stakeholders,” who are actively working to enhance the workforce or business climate in Maine, or business leaders who have started or run businesses in the state. Representatives from the following organizations participated in these discussions:

- BlackPoint Group
- Educate Maine
- Finance Authority of Maine
- L.L.Bean
- Live + Work in Maine
- Maine & Co.
- Maine Department of Labor
- The Maine Development Foundation
- The Maine Restaurant and Innkeepers Associations
- Maine State Chamber

Each interview lasted between 30 minutes and 60 minutes, and encompassed a wide array of topics, including:

- What benefits and challenges businesses and workers experience in Maine, and how those benefits and challenges are different than what is experienced in other states;
- What skills workers have and need to have in order to support Maine’s businesses, now and in the future;
- What is being done currently to attract workers and businesses to the state; and
- The areas, geographies, and industries Maine should target in order to recruit businesses and workers to the state.

Quotations from interview participants are presented throughout this report to support specific themes or conclusions in participants’ own words.

About This Report

Maine is fortunate to have a number of private organizations working to foster job creation and placement, student and worker education, workforce growth, and business creation and relocation. These groups coordinate their efforts and, together, these “issue stakeholders,” as they will be called in this report, comprise a key component of the state’s efforts to grow its workforce and business opportunities.

Many of the stakeholders who contributed to these interviews have conducted their own research and published their findings on these issues. Their research, where applicable, was reviewed as part of this report and analysis. Rather than focus on that research for this report, however, their input was primarily captured in dynamic, organic conversations. Coupled with data drawn from other sources (the U.S. Census Bureau, the U.S. Bureau of Economic Analysis, Maine’s Department of Labor, etc.), the information captured in the in-depth interviews provided a deep, nuanced reflection of the challenges Maine faces in attracting businesses and workers.

As mentioned previously, this report is designed to outline the key themes and findings from the first phase of a larger research effort in order to guide and provide context for the subsequent qualitative and quantitative studies. This report is not designed to evaluate the information provided through the in-depth interviews or to present the state with a strategy for growing its businesses and workforce. Concrete recommendations for actions the state can take will be based on the entirety of the research, and will be provided upon conclusion of the third and final phase of the program.

Executive Summary

- Issue stakeholders, business leaders, and even national media outlets readily acknowledge the many positive and unique aspects of living in Maine, most notably a quality of life marked by natural beauty, access to healthcare, good schools, recreation opportunities, and short commutes. The state also offers businesses a number of advantages, including low rent and corporate overhead; loyal, trustworthy employees; a business-friendly governor; and a financially stable government.
- At the same time, it is also clear that the state is facing serious challenges that are impacting its economy. These challenges include a small (and shrinking) workforce; a labor pool that does not have the critical mass of skills to meet the needs of employers; a high tax rate; burdensome regulations; and uncertainty caused by citizen initiatives.
- The most efficient ways to grow the state's workforce and business base are to attract workers and businesses from other states and to provide training and education to its existing labor pool.
 - While any knowledge-worker with a college degree or post-secondary training would particularly benefit the state's employers, ideally, Maine's workforce would be supplemented by those with expertise in medicine, information technology, e-commerce, engineering, and business services.
 - The state's competition for these workers and the businesses that would employ them, generally, is viewed to be national and, for some, even global. Areas with many strong universities – including Boston – are seen as models for Maine to emulate rather than direct competition for workers and businesses.
- Going forward, Maine needs a comprehensive, long-term strategy to address its workforce challenges in a holistic, concerted way. Building on and coordinating the work of stakeholders and employers, this state-supported strategy should incorporate marketing and logistical assistance, goal setting, and issue advocacy, and is believed to be the most efficient and effective way to use limited resources to grow and broaden the workforce and industrial base in Maine.

These and other findings from this research (Phase 1) will refine and guide specific aspects of the later phases of this effort, and have led to recommendations for changes in the scope of the focus groups (Phase 2) and quantitative survey (Phase 3) that will follow.

Living and Working in Maine

Maine offers residents and businesses a number of unique and attractive features that set it apart from other states. A survey conducted by DPA among American consumers in February of 2017 indicates that most Americans – two out of three, in fact – have a generally positive view of Maine (64%). This survey also found that one out of every five Americans “from away” also place Maine among the top-ten states in which they would like to live (17%). Other research DPA conducts (on behalf of Maine’s Office of Tourism) has found that 13% of the state’s overnight visitors are in a position to move a business and would be *very* (8%) or *somewhat* (5%) likely to relocate, expand, or start a business in Maine.

And while Maine is still largely known for the iconic features that have traditionally defined the state – natural beauty; a cold, snowy climate; and lobster and other seafood – its image is evolving. Roughly half or more of the Americans we have surveyed feel the state can be *completely* or *mostly* described as “authentic,” “friendly,” “adventurous,” “family-oriented,” or “unique.” Furthermore, a reputation as a destination for food and beer lovers is also taking hold – fully half associate the state with fine dining (54%) and almost as many associate Maine with craft breweries (41%).

These positive perceptions suggest that Maine’s efforts to attract businesses and workers are starting from a generally favorable position. Participants contributing to the in-depth interviews held in Phase 1 of this research program – whether stakeholders or business leaders – often echo these views toward the state and its image, and say these qualities are deeply engrained in their brands or contribute to their dedication to Maine and its people.

Many interview participants emphasize that previous experience with Maine – whether through vacations or familial connections to the state – can be a key reason why people would consider moving to the state.

“Affection for the state is the common denominator in [creating jobs] here.”

Living and Working in Maine

According to nearly all participants in these in-depth interviews – and a number of other sources – the overall “quality of life” in Maine ranks among the best in the country and is the state’s strongest selling point. For many, this quality of life includes:

- A clean, sparsely-populated natural environment with a variety of settings (including mountains, beaches, and lakes);
- Access to a variety of recreation activities;
- Short commutes;
- Good schools along with programs and incentives for continuing education (such as the Opportunity Maine Tax Credit);
- Quality healthcare;
- Low crime; and
- Unique cultural experiences (including nationally-recognized restaurants, craft-breweries, arts displays, performances, and cities and towns that provide their own unique charm).

“[Maine’s workforce and business attraction challenges create] an acute issue that needs to be attacked from many different angles. If there’s one thing we don’t have an issue with, though, it’s quality of life.”

Running a Business in Maine

Participants in these interviews also volunteer a number of advantages Maine offers businesses, including:

- Low rent and corporate overhead costs, especially in comparison to urban centers in the Northeast;
- Little business competition in many industries;
- Workers who are loyal, honest, and dedicated to their jobs;

“We are uniquely well positioned because [the quality of] our workforce is an opportunity.”

- A business-friendly administration in Augusta that is working to reduce taxes, regulations, and energy costs;
- Access to large population centers on the east coast of the U.S. and Canada, and even Europe;
- Many opportunities to be involved in communities, and to show workers – especially those in the Millennial generation – that a company is “making a difference”;
- A stable political climate, with a government that is in a stable cash position;
- Incentives for job creation (such as the Pine Tree Development Zone credits);
- Pools of capital;
- A reliable infrastructure; and
- The ability to engage with policymakers at the state and national levels.

“Susan Collins will call to thank you for moving your business here – that doesn’t happen elsewhere.”

Even Maine’s weather and climate, while admittedly presenting challenges, are not broadly believed to hamper most business operations.

Demographics

Despite the many amenities and positive qualities Maine offers businesses and residents, the state's economy is facing a number of challenges, among the most pressing of which – according to demographic statistics, issue stakeholders, and employers – is the small size of its labor force.

While workforce challenges are common in New England – all New England states other than Massachusetts are experiencing a stagnant or declining population – this challenge is particularly acute in Maine. In fact:

- The state's total population has been stagnant between 2010 and 2015 (increasing only 0.3%), largely because there are fewer births than deaths in the state, and more people leave the state than move in from other states.
- Even the populations of the state's ten largest cities and towns have been flat (only increasing by 0.4% between 2010 and 2015).

Interview participants describe this problem as “critical,” “massive,” “dramatic,” and “scary.” Other workforce statistics also paint a stark picture, especially when compared to national averages:

- Maine's unemployment rate of 3.2% in February of 2017 was below the national average of 4.7%, and is the lowest since December of 2000; it has remained under 4% for 13 of the previous 16 months;
- The state's employment to population ratio is much higher than the national average; and
- The state's labor force participation rate is much higher than the national average.

Looking ahead, these demographics will only become more challenging for the state and its businesses. Maine's population is currently among the oldest in the nation (43 years old, on average, compared to a national average of 37 years old). According to Maine's Department of Labor – based simply on the aging of its workforce – the state will experience a shortage of more than 100,000 workers over the next two decades.

With a disproportionate number of Baby Boomers, Maine is particularly lagging in the number of young citizens who will be available to fill the positions left by a retiring generation.

Worker Shortage

Even now the worker shortage is having a demonstrable impact on the state. According to stakeholders and business leaders interviewed for this research, the most acute impacts of the state's limited workforce include:

- Higher wages for positions at all levels;
- Positions that are left unfilled for longer periods of time (a fact supported by Maine's Job Vacancy Survey, which found that open positions are increasingly likely to be for full-time positions and to be listed by an employer as "always open");
- A "loss of local leadership" as more companies that were created in Maine are bought and have their corporate offices relocated; and
- A workforce that is less stable than it otherwise could be, and unable to meet the peak needs of seasonal businesses.

"If we had more people, we would have a more stable workforce. We can employ almost anyone who needs a job today."

"Growing companies are at risk of leaving Maine, or leaving it behind."

For businesses, the end result of this challenge is lower production, reduced scope of services, or a truncated 'season' – all of which reduce profits and the ability to expand, grow, and compete. Few interview participants would doubt that this has contributed to the state's lagging economic output, which, according to the United States Bureau of Economic Analysis grew only 1.1% between 2015 and 2016 – less than half of the national average of 2.5%.

Worker Skills

In addition to the numerical shortage of working-age residents in Maine, interview participants widely acknowledge a “skills gap” in the education and backgrounds of workers already in the state. So while it would benefit the state to have a larger workforce in general, many stakeholders and business leaders firmly believe that the state’s employers are also not able to find sufficient numbers of workers with the education or training they need.

“We have both a skill and supply challenge. These issues have a tremendous impact on businesses.”

“There’s a skills gap and a numbers [challenge]. It’s a problem industry-wide.”

According to the state’s Department of Labor, in 1975 68% of businesses in Maine were service-producing; by 2024 that is expected to rise to 87%.

According to stakeholders, a key contributor to the skills gap in Maine is the state’s transition from a blue-collar economy – based in large part on logging, manufacturing, and textiles – to a white-collar economy based more on professional, medical, and information-technology jobs. A few add that, historically, many regions in the state were dependent on single industries that did not require growing or changing skills.

“Workforce education is a signature ingredient of any economic growth prospects.”

With this evolution in industries and job types, the requirements for job training and primary, secondary, and college education have transformed. All participants acknowledge that the state’s workforce needs to adapt to the knowledge and skill requirements of a rapidly changing world if it hopes to attract the tech-savvy businesses that will form the foundation of a 21st-century economy.

“There are growing pains for the ‘middle-skills’ workforce, as we transition into a highly-skilled workforce.”

Worker Skills

A few interview participants believe there is a resistance to cultural and, therefore, economic change in Maine, which may be contributing to the skills gap.

“Most other states capitalize on [new] opportunities. We have a traditional society that longs for the past, but there are some [jobs and industries] that are never coming back.”

“We have to embrace change and bring our people along.”

The immediate impacts of the state’s skills gap include:

- Businesses are forced to recruit workers from out of state (at a higher cost) or leave positions unfilled for a longer-than-desired period of time;
- Businesses are required to provide additional on-the-job training, though several participants believe this would happen – and would be beneficial – in any other state; and
- Businesses are forced to split their corporate operations, moving or maintaining their corporate headquarters out of state (to take advantage of another state’s highly-skilled pool of professionals) and leaving limited, lower-skilled positions to be filled in Maine.

The “Ideal” Worker

When asked what the “ideal” worker in the state would look like, by and large interview participants describe someone 40 years old or younger who has either a college degree or post-high-school specialty training. Education in a STEM field (Science, Technology, Engineering, or Mathematics) would be particularly beneficial.

According to the state’s Department of Labor, 60% of jobs are expected to require an advanced degree in the coming years, with the strongest job growth occurring in healthcare and social assistance, professional services, and the leisure/hospitality industries. A recent Job Vacancy Survey confirms there are *already* shortages in these areas, finding that most job vacancies in the state are in food preparation and serving, office and administrative support, healthcare, and technical, sales, and transportation.

According to the U.S. Bureau of Economic Analysis, professional and business services provided the largest contribution to Maine’s economic growth in 2015, followed by educational services, healthcare and social assistance.

Interview participants widely agree with these assessments, volunteering that in their experience, the industries experiencing the most acute needs for skilled workers include medicine (in particular nursing and home health care) and professional services and support. In addition to increasing the number of workers available for these industries, many interview participants add that, ideally, Maine would have a workforce that could specifically support more businesses in engineering, information technology, e-commerce, ‘new-age’ manufacturing, medical/biological research, and niche businesses services (like marketing).

But even though specific industries are acutely in need of trained workers, broadly speaking, the consensus is that knowledge-workers with analytical or technical skills of almost any kind are crucial to the state’s growth and success. Many stakeholders add that they welcome the call centers Wayfair has opened in Brunswick and Bangor, but they believe that Maine would be able to attract more corporate offices if it offered more management-level knowledge workers.

“There is a hidden opportunity cost – companies may consider Maine, but rule it out because there are not enough skilled workers.”

“There are skill deficits at high levels. For the lower-level skills, we are OK.”

The “Ideal” Worker

On the other hand, several contend that there is no “ideal” worker, as the state’s shortage of working-age residents is so severe that anyone who is able and willing to work will likely find employment in almost any position they are qualified for.

“There are too few workers. We need warm bodies. We will train and upscale them but the state’s demographics are coming home to roost.”

“[Employers should] Hire for character, and train for the skill. Companies that have done that have done well in Maine.”

“There is definitely a chronic shortage of hospitality workers in the state and it’s becoming more and more acute. The population is not growing as fast as the hospitality industry – there are tons of junior and senior level jobs.”

Taxes

Although all interview participants highlight the positive aspects of living, working, and running a business in Maine and acknowledge the opportunities available for people and businesses in the state, they also use words like “hard,” “frustrating,” “unstable,” or “challenging” to describe what it is like to run a business here. Indeed, Maine has frequently and consistently been rated at or near the bottom of all states on publicized rankings of business climates, and interview participants point to a number of challenges in recruiting more businesses and workers to Maine.

Across all respondents in these interviews (both stakeholders and business leaders), the **state’s tax rate** is the most commonly-mentioned barrier to attracting businesses and fostering business growth in Maine. Independent analysts calculate that the state’s effective tax rate of 12% is more than 9% higher than the U.S. average. When adjusted for the cost of living, Maine has one of the ten-highest tax rates, which amounts to an annual bill of \$5,900 for the average household. Especially in comparison with New Hampshire, which does not levy an income tax, Maine is particularly uncompetitive financially for both businesses and workers.

“On incomes under \$1 million, Maine has the highest income tax rate – only then does Maine’s tax rate fall to second (behind California).”

Of particular concern for respondents is the **surtax of 3%** on incomes over \$200,000, which is proactively mentioned by almost all participants as a barrier to business creation and attracting the types of workers Maine needs most. In a state where small businesses employ a majority of private-industry workers, this tax is also a barrier to business formation, as small businesses are taxed at the individual rate and would be subject to this levy. Admittedly, on a percentage basis this surtax is modest and only applies to a small share of workers and businesses in Maine, but the cumulative impact of that additional tax and the subjective impression it creates for high-income households pose an acute issue.

“The income tax [referendum] was a big mistake. This is a terrific place to live, but it doesn’t justify that tax.”

“Massachusetts used to be called ‘Tax-achusetts. Not any more – that’s us!”

Regulations and Costs

Several respondents also mention **regulations or regulatory obstacles** as a barrier to attracting businesses and fostering business growth. A few believe that members of the state legislature – regardless of political party – are not always aware of, or concerned about, the impact of regulations on business. Whether restricting access to facilities, increasing administrative costs, or increasing the costs per worker, several interview participants point to specific policies at the municipal or state level that they describe as “short-sighted” or suggest that “policymakers can’t see the forest for the trees.” A couple interview participants also lament that Maine is not a “Right to Work” state.

“The legislature is shockingly dismissive of businesses concerns. [Members of] Both parties don’t know or care about the challenges because they have never worked in a business.”

“Regulations are killing small business. You have to be a big business to support all the regulations.”

Related to both the tax and regulation issues mentioned above, though on a bigger scale, a few respondents mention the ability of new **laws to be set by referendum** as a challenge for businesses in the state. The uncertainty this creates for business leaders – even those who are currently in the state – has a distinctively negative impact on the state’s business climate.

“The state’s use of citizen initiatives set us in the wrong direction. It dampens the improvement we’ve seen in business confidence and is a real barrier.”

Others point specifically to the **high minimum wage** in Maine as challenges to growing a business.

“There is no need for a required minimum wage, due to market forces.”

“The change in tip credits will hurt restaurants.”

Several participants believe the state has a **relatively high cost of living** (particularly driven by, in their minds, high electricity and energy costs), and one stakeholder adds that many employers believe it is dramatically cheaper to live in Maine when, in reality, employers who are looking to attract workers to the state must be prepared to pay wages more comparable to larger, more urban population centers.

Other Barriers

Maine's location can also be a challenge for some workers and businesses. The state is described by one interview participant as “literally the end of the road,” which increases the costs to receive materials and ship products from any part of Maine.

Finally, many participants in these interviews believe that the **lack of opportunities available for mid- and high-level professionals** or other skilled workers makes many potential residents reluctant to move to the state – even those who would otherwise be inclined to move to Maine. The two primary reasons for this potential reluctance include:

- A concern that they would not be able to find another job if their first job in Maine did not work out, and
- A concern that spouses or partners would not be able to find a job.

“People will move [to Maine] for [the right] job, but what’s ‘Plan B’ if it doesn’t work out? And [they wonder] ‘What’s the option for my spouse?’ We are a high-risk state.”

“It is a dramatic problem. There is not a critical mass of employers or opportunities in Maine.”

“Recruiting two income families is a real challenge. Can both income producers find jobs? That is very difficult.”

Competition

When asked where Maine should look in its attempts to attract businesses and workers that will help it grow, most stakeholders and business leaders contend that the state's competition is not just within New England or the Northeast. Instead, many believe that competition for businesses today is global, and that competition for workers is at least national.

Accordingly, most interview participants believe that Maine needs to position itself – eventually – on the global stage and try to attract companies and workers regardless of where they are located.*

“The idea that we have to look for businesses only in our corner of the country is killing us. A vibrant economy will live on the world stage.”

Technology is also contributing to a sense that there is a broader market for the services offered by companies and workers located in Maine. A few participants view telecommuting as a way for business professionals to conduct many of their duties outside of corporate offices. They feel this is a way to attract businesses and residents, as residents of Maine can work for businesses in other states and, though less ideal, businesses in Maine can rely on remote workers from other states to fill their needs.

While a few participants believe the state should offer financial incentives to attract businesses, others feel that Maine cannot afford to compete with other states on these terms. A more common belief among stakeholders is that tax credits and other incentives could be more effective if spent on marketing the state as a place to live and run a business, or on support for education, skills enhancement, or college loan repayment.

* Several respondents – both stakeholders and business leaders – do mention immigrants from other countries as a resource that could address the worker shortages described previously. However, due to the political, societal, and other challenges inherent in addressing this topic, that particular issue is outside the purview of this phase of the research. Other, more focused, research has been conducted on the role of immigrants in Maine's workforce and can be found through other sources.

Competition

Most participants in these interviews point to the Boston area or the Research Triangle of North Carolina as particularly successful magnets of job-creation and worker opportunity. The core driver of this vibrancy, in their minds, is the number and focus of the universities that “draw and generate talent.” This broad and deep talent pool attracts businesses, which in turn attracts a greater number of more diverse workers. More than one stakeholder points out that these areas have thrived by creating a strategic alignment between industries and the educational institutions that provide the workers to support them.

“We need a Harvard or MIT – that would change the game. If we were drawing in talent from all over the world, [graduates from those universities] would stay here.”

“Thanks to education leaders, Massachusetts is now able to reduce its taxes.”

“There is a disconnect between the skills and their ability to match the market’s needs.”

Both stakeholders and demographic statistics suggest that post-graduate flight is contributing to the shortage of workers. Therefore, one key priority for many interview participants would be to retain college students who otherwise may be attracted to the opportunities and dynamic culture available in other, more urban environments.

“People will stay where they’re educated if they can find opportunities.”

“What is truly sustainable is to get young people with the right skills.”

While the University of Maine system and a few other institutions are mentioned as providers of quality education, they are often not seen as marquis establishments that are known for providing training in critical medical or STEM fields or that attract and retain workers and businesses from other states. One stakeholder adds that the mandate for all job training to go through community colleges is hampering the growth in the workforce’s skills, as these colleges are often simply not able to provide the cutting-edge skills some employers need. Another points to Tennessee as a model for Maine, as that state recently made education at community colleges free for residents.

“Bowdoin, Bates, and Colby are good schools, but they do not help us retain the best and brightest.”

“Cutting-edge businesses can’t rely on community colleges to train workers in new technology.”

Competition

Importantly, at least for the immediate future, rather than being a source of direct competition for Maine to attract businesses or workers away from, stakeholders view Boston and the Research Triangle areas more as models of what Maine *should aspire to be*. Accordingly, stakeholders specifically recommend that Maine continue a nascent effort to coordinate education with business needs and emulate the tax structure and business-friendly policies of Texas, Florida, and New Hampshire to attract businesses.

“Maine desperately needs doctors, but it doesn’t have any MD programs.”

The Importance of a Strategy

Nearly all stakeholders and business leaders volunteer that a global, state-level strategy would be highly effective in addressing the issues discussed previously. Although many acknowledge and appreciate the work and recent commitments the state has made to build its workforce, train workers, and improve its business climate (often mentioning the DECD in particular), these interview respondents strongly advocate for a greater, more proactive role for the state in this area.

“Maine is not represented or recruiting in schools or universities out of the state. There is no Maine office of Talent and Attraction to promote the state for employees like there is for tourists.”

Such state involvement would represent a “radical change” from the current ad-hoc, “issue-by-issue” approach. Rather than taking over the roles filled by these stakeholders – who feel their existing missions and coalitions are effective – the consensus is that the state should leverage the assets it already has and would ideally layout a long-term vision and provide oversight on the formulation and implementation of a cohesive set of goals.

“We need a strategy even if the state isn’t willing to pay for it.”

“There is no cohesion to say ‘here’s the outcome we want and here’s how we will allocate the resources to build a shared vehicle.’”

Broadly, the belief is that such a strategy will elevate the visibility of the challenges and opportunities discussed in this report, and ensure that the state and its supporters are able to promote Maine in the most effective and efficient way possible. Other, more specific benefits of such a strategy would include:

- Allowing stakeholders to better coordinate their activities and eliminate possible overlap in their efforts;
- Provide stakeholders more specific goals and assign responsibility for meeting those goals;
- Input on needs for specific skills and further coordination between employers and educational institutions; and
- The perspective of additional experts and stakeholders – from within and outside the government – who could contribute their insight, and possibly funding, to these issues.

The Importance of a Strategy

Elements that the strategy should incorporate include:

- A marketing plan that could work to place Maine in a broader consideration set as a place to live and run a business, and that would provide stakeholders support for their own efforts to advocate for the state. This plan would also need to leverage the positive perceptions of Maine and would ‘exploit’ the positive feelings among travelers to Maine.
“The conversion funnel from interest and relocation is scattered and the infrastructure to support that funnel is lacking.”
- A long-term plan with clearly delineated responsibilities and a leader who can help allocate resources to achieve goals and hold responsible for meeting those goals;
- One or more people in the state’s government who would be responsible for coordinating meetings and fostering communications between stakeholders, business leaders, and others working on these issues;
- “Success stories” and “state ambassadors” that would put a positive, relatable face on the state and those who live and work here.

Importantly, few believe this strategy would require substantial revenue from the state. They believe that while it may require a relatively small financial contribution from the government, given the private funding stakeholders receive and that the state currently allocates to this effort, several believe it would be more beneficial for the state to provide staffing resources (for meeting coordination) , physical meeting space, and general leadership to ensure the vision described above can be realized.

Additional recommendations and perspective regarding the need for a state-level strategy will be incorporated into the final analysis provided from this research program. It is mentioned here because so many participants volunteered it as a key to the state and stakeholders’ efforts to address the challenges in attracting more workers and businesses to Maine.

Implications for the Next Phases of This Research

The primary and secondary data gathered as part of this phase of the research program provided a number of specific topics to be explored in more detail in the subsequent focus groups and online survey. However, we would also recommend a number of broader modifications to the scope of the next phases of work.

For example, it is clear that **later phases of the research must include appropriate numbers of respondents who have a personal connection to Maine**, especially those who have spent time in the state, compared specifically to those who do not have a connection to the state. Because these two groups are perceived to be so different in both their views toward Maine and their likelihood to consider moving to the state, they should be adequately represented in all aspects of the remaining primary research and targeted differently as applicable.

Likewise, **the quantitative research in Phase 3 must include an adequate number of business decision-makers** who can provide perspective on their views toward Maine, its workforce, and what incentives might encourage them to move their business to the state. Business decision-makers were going to be included in that survey, but they were not going to be specifically targeted for the research. We now recommend setting a formal quota to ensure we survey between 200 and 250 such respondents.

We also believe that a **strong majority of respondents in both the quantitative and qualitative research should have college degrees or post-secondary certification**, with a strong representation of respondents working in STEM fields. The research should also include a specific analysis of the views of college students and recent college graduates to identify the factors they consider when choosing a college, their views towards the universities in Maine, and their desires for life immediately after college.

Implications for the Next Phases of This Research

Finally, given the strong sense that the competition for businesses and workers is *not* restricted to New England or to Maine's traditional feeder markets for tourists, we recommend **expanding the geography included in the later phases of the research**.

For the focus groups held in Phase 2, we recommend an expanded set of markets – beyond Boston and Philadelphia – that would include suburban areas in the South, Mid-Atlantic, and Northeast. We would also encourage consideration of Bangor or another, more northern market as an additional location for focus groups within Maine to understand what attracts workers to parts of the state outside of Cumberland and York Counties.

Along these lines, we believe the quantitative survey in Phase 3 should also incorporate at least some Midwestern states and states that are in the far Southern portion of the U.S.

References

DPA would like to extend its deep and sincere appreciation to each of the individuals who gave their time, insights, and perspective for the in-depth interviews conducted as part of this research. In order to preserve their anonymity, their names are withheld, but the organizations they represent can be found on page 4 of this report.

Specific sources of information cited in this report include:

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Many other sources of information provided context and perspective on these issues that, while not cited here, may impact future phases of the research.