



WEEKLY HIGHLIGHTS

January 29, 2010

State law assigns four core duties to the State Planning Office that include: 1) conducting continuing economic analysis, including economic forecasting, 2) coordinating the development of the State's economy and energy resources with the conservation of its natural resources; 3) providing technical assistance to towns and regions; and 4) providing technical assistance to the Governor and Legislature by undertaking special studies and plans and preparing policy alternatives.

ECONOMICS AND DEMOGRAPHICS

Consensus Economic Forecasting Commission meets. The Maine Consensus Economic Forecasting Commission (CEFC) convened on January 25, 2010, to revise its November 2009 forecast. The decline in the national and state economic outlook has continued to ease since the CEFC met in October. Oil prices remain below their mid-2008 peak, and home sales were up in the third quarter of 2009 compared to the third quarter of 2008. Consumer sentiment has improved somewhat in recent months and coincident indexes are continuing to improve for most states.

The February forecast reflects a continued stabilization in national and state economic activity. The revised forecast makes few changes to expectations of employment growth compared with the November forecast: employment losses will bottom out in the second quarter of 2010 followed by a modest recovery. Sharp declines in wages and salaries and proprietors' income during the first quarter of 2009 will result in a slight decline in personal income over the year, followed by a weak recovery through 2010. Personal income was revised upwards slightly for 2009 and 2010 from the previous forecast, while 2011, 2012, and 2013 were revised slightly downwards.

The commission projects continued losses in Maine non-farm wage and salary employment in 2009 and 2010 (-2.9% and -1.3% respectively, on an annual average year-over-year basis), followed by a recovery period starting in mid-2010. The forecast for personal income growth in 2009 and 2010 has been increased slightly, while 2011 through 2013 has been revised slightly downward. The commission left its

forecast largely untouched for the Consumer Price Index (CPI), a measure of household inflation, revising 2009 upwards (from -0.5% to -0.4%).

The table below outlines the forecast's major indicators.

Calendar Years	2009	2010	2011	2012	2013
Wage & Salary Employment (Annual Percentage Change)					
CEFC Forecast 11/2009	-2.9	-1.2	1.2	2.2	2.0
CEFC Forecast 02/2010	-2.9	-1.3	1.2	2.2	2.0
Personal Income (Annual Percentage Change)					
CEFC Forecast 11/2009	-0.6	1.2	3.2	4.4	4.8
CEFC Forecast 02/2010	-0.4	1.5	3.0	4.0	4.6
CPI (Annual Percentage Change)					
CEFC Forecast 11/2009	-0.5	1.7	2.0	2.1	2.0
CEFC Forecast 02/2010	-0.4	1.7	2.0	2.1	2.0

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SPO's LD 1 Progress Report shows the effects of the global recession and the jail unification law. The State's General Fund appropriations remained below the limit set by LD 1. This year, severe revenue shortfalls due to the national recession helped push appropriations \$443 million (13%) under the limit. Municipalities also responded to the recession by nearly halving property tax commitment growth from 4.7% in 2007 and 2008 to 2.5% in 2009. However, the experience of individual municipalities varied: 29% of municipalities overspent their 2009 LD 1 limit, with smaller municipalities being significantly more likely to do so than larger ones. The recent jail unification law helped curb growth in tax collections by counties from 7.5% in 2008 to 1.7% in 2009, total county assessments were under their LD 1 limit by 1.3%. SPO estimates that absent jail unification, county assessments would have increased by 6.1%. School Administrative Units (SAUs) continued to overspend their LD 1 limits in 2009, but the margin by which they exceeded their limits was less than last year, particularly in SAUs conforming to the recent reorganization law. The full report is available at www.maine.gov/spo/economics . CONTACT: Joel Johnson at 287-1461 or Joel.Johnson@maine.gov .

COMMUNITY ASSISTANCE PROGRAMS

Saying Good-bye to Brigitte. Brigitte Ndikum-Nyada, a Planner with the Maine Floodplain Management Program, will be leaving the State Planning Office this week to move to Massachusetts with her family. Brigitte has been with the Program since February, 2005. During her time here, she has assisted many Maine communities in their efforts to maintain compliance with the National Flood Insurance Program and will be sorely missed. A native of Cameroon, West Africa, Brigitte has enriched our lives tremendously with her love of African music and dance and her incredible resilient spirit. We wish her well in her new endeavors! **Contact: Sue Baker at 287-8063 or sue.baker@maine.gov.**

Coastal LiDAR Grant Application . USGS staff have recommended approval of a proposal for high resolution topographic data acquisition developed by Maine GeoLibrary Board with support from the Maine Office of GIS and Floodplain Management program staff. This proposal under the leadership of Michael Smith, Manager of MEGIS assembled a coalition of six northeastern states to apply for ARRA funding from the USGS. This funding will be used to acquire high resolution topographic data for all coastal communities from New York to the Canadian border covering nearly 9,000 square miles. Funding of this project would present Maine and its communities an unprecedented opportunity to acquire this data at bargain basement pricing. Smaller scale projects can easily cost \$1,000/square mile or more. Projected costs for this proposal are just under \$300/square mile. There is still time for the state, counties or neighboring communities to join in this proposal by providing additional funding to expand the project to cover their area. **CONTACT: Joesph Young at joseph.young@maine.gov or 287-8051.**

Reusable Bag working group submits report. The State Planning Office submitted the report on behalf of the members of the reusable bag working group to the Legislature's Natural Resources Committee this week. The group was tasked by the legislature with developing ways to reduce the number of checkout bags used by Maine retailers. The report provides an overview of the group's collaborative efforts and focuses on the educational campaign launched in November 2009. The campaign, *Got Your Bags, Maine?*, is designed to encourage shoppers to use reusable bags. The report and campaign materials can be found at <http://www.maine.gov/spo/specialprojects/reusablebagprogram.htm>. **CONTACT: George MacDonald at 287-5759 or geroge.macdonald@maine.gov**

GOVERNOR'S OFFICE OF ENERGY INDEPENDENCE AND SECURITY

Heating Oil Prices Stabilize. The Governor's Office of Energy Independence and Security (OEIS) conducted its seasonal oil survey and has found that the current statewide average cash price for No. 2 heating oil is \$2.74 per gallon, down two cents from last week. Within the OEIS sample, the lowest actual heating oil price of \$2.40 per gallon was found in the Southwestern region. The highest price of \$3.00 per gallon was found in the Northern and Eastern regions. The statewide kerosene price average is \$3.12 per gallon at this time. The statewide average for propane based on a use of 600 gallons a year is \$2.97 per gallon. At the time of this release the price of WTI crude oil, major driver of refined product prices, including heating oil was \$73.92. The next survey is scheduled for February 1st, 2010. **CONTACT: Jennifer Puser at 287-6250 or jennifer.puser@maine.gov .**