

Framework for a Healthy & Growing Economy



MEU '35



Maine Economic Vision 2035



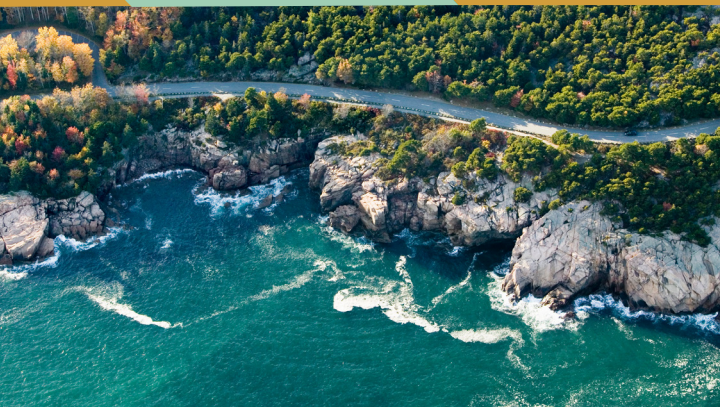


MEV '35



Table of Contents

Letter to the People	3
Introduction	4
Why a Healthy and Growing Economy Matters to Maine	7
Maine Economic Vision 2035 Goals	9
Goal: Business Competitiveness	10
Goal: Workforce & Wages	16
Goal: Productivity, Research & Private Investment	20
Goal: Household Affordability & Wellbeing	24
Conclusion	30



To The People of Maine:

At a pivotal moment for Maine's future, *Maine Economic Vision 2035* offers a data-driven roadmap to strengthen the state's economy, expand opportunity, and inform the choices ahead.

Building on the legacy and spirit of the *Making Maine Work* reports, this new report is grounded in research, informed by broad stakeholder input, and shaped by a shared commitment to Maine's future. It reflects both the opportunities and challenges of a changing economy and offers recommendations to strengthen long-term economic competitiveness and quality of life in Maine.

We release this report as Maine selects a new governor who will take office in 2027, at a moment of significant technological change, and when thoughtful dialogue about Maine's future is especially important. We begin by acknowledging the commitment it takes to run for public office and offering a sincere thank you to all candidates who have chosen to serve. We offer this report as a practical resource to support that work, providing a framework and set of priorities to help guide decisions toward a strong, sustainable economy that benefits communities across Maine.

This report organizes these priorities around four interconnected goals that together shape Maine's long-term economic trajectory: business competitiveness; workforce participation and wage growth; productivity, research, and private investment; and household affordability and wellbeing. These goals are mutually reinforcing and reflect the shared responsibility required for both businesses and workers to succeed.

They are intended not simply to identify issues, but to outline actionable steps to set our next governor and Legislature on a trajectory of success. That path forward begins with recognizing Maine's tremendous

strengths to build upon: talented people, resilient businesses, abundant resources, and a tradition of collaboration across sectors and communities. Those assets position our state well, but realizing Maine's full potential will require focus, partnership, and a shared commitment to action.

As leaders from Maine who have chosen to build and grow our careers here, we bring a firsthand understanding of both the challenges and the opportunities that define our state's economy. *Maine Economic Vision 2035* is offered in a spirit of partnership and action, building on Maine's legacy of collaborative problem-solving. It is both a reflection of what we heard through this process and a call to action for what comes next. We invite you to join us in advancing the ideas in this report and shaping a stronger, more competitive future for Maine.



Patrick Woodcock
President and CEO
MAINE STATE CHAMBER
OF COMMERCE



Yellow Light Breen
President and CEO
MAINE DEVELOPMENT
FOUNDATION

Introduction

Economic strength is not an abstract goal—it directly shapes the opportunities available to individuals, the stability of families, and the vitality of communities across Maine.

Wages, affordability, access to healthcare, and long-term opportunity are all tied to the performance of the state's economy. A strong economy depends on alignment between workforce growth and development, as well as business growth, with each reinforcing the other. Businesses need a skilled, available workforce to invest and expand, and workers rely on those businesses for wages, benefits, and career pathways. Sustainable growth requires both to advance together.

The pace of economic change is accelerating, with new sectors emerging, workforce needs evolving, and traditional industries being reshaped. At the same time, advances in technology are creating significant opportunities to improve productivity, enabling businesses and workers to operate more efficiently and compete more effectively in a rapidly changing global economy. Maine needs to be prepared to act.

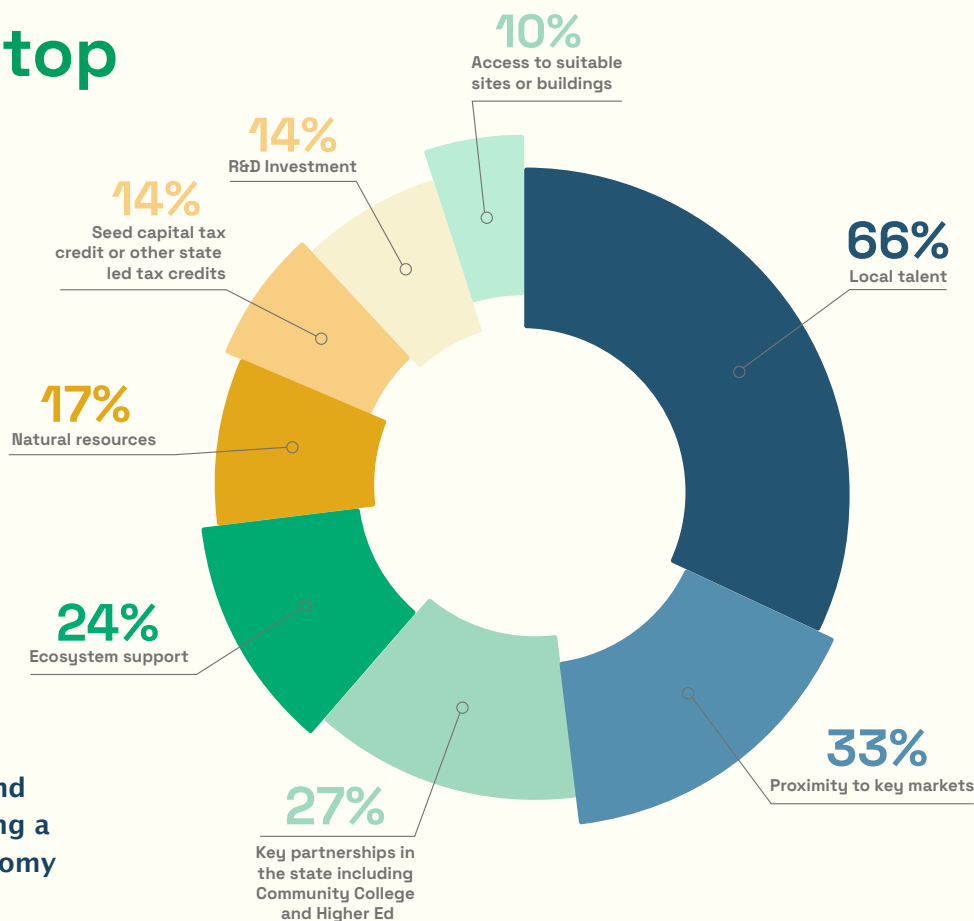
The challenges Maine faces are complex and interconnected. There is no single solution that will deliver long-term economic success. Progress will require sustained commitment, informed dialogue, and a willingness to take measured, thoughtful action. As with earlier *Making Maine Work* reports, *Maine Economic Vision 2035* is grounded in extensive outreach and analysis. Input from more than 200 business and nonprofit leaders across industries and regions in Maine helped shape the priorities and recommendations outlined here.

The central takeaway is clear: Maine has a set of actionable choices in front of it. With thoughtful leadership, a commitment to alignment, and balancing immediate challenges with long-term opportunity, the state can improve economic performance, support wage growth, stabilize key cost drivers such as healthcare, and expand opportunity for current and future residents.



What are the top supporting factors for Maine Businesses?

To focus this effort, Maine Economic Vision 2035 prioritizes four core goals. These goals are interconnected and mutually reinforcing, reflecting the reality that durable economic progress depends on alignment across multiple systems. Together, they provide a clear and actionable framework for building a stronger, more sustainable economy for Maine.



Survey Feedback

This report is informed by research with employers across sectors and regions in Maine, whose perspectives helped shape the priorities and recommendations that follow. The research was particularly valuable in helping narrow a broad set of economic indicators and policy considerations into the issues Maine businesses identified as most consequential, clarifying both the most significant constraints facing growth and the strongest opportunities to build upon.

That process helped focus this report on four interconnected priorities—business competitiveness, workforce and wages, productivity and investment, and household affordability—and also helped identify the areas where early action by the next governor and legislature could have the greatest impact. Respondents cited workforce availability (49%), uncertainty in policy or regulation (47%), legislative and policy unpredictability (46%), healthcare costs (44%), and energy costs (39%) as their top factors limiting growth. Housing

availability also emerged as a significant challenge affecting both business expansion and workforce recruitment.

The research also underscored the importance of predictability and cost in shaping Maine's economic outlook. A majority of respondents (58%) said it has become harder to operate in Maine over the past two years, while many described government processes affecting business as mixed or inconsistent (44%) or unclear (24%).

When asked to identify the single most significant constraint facing growth, respondents most often selected legislative and policy changes and unpredictability (19%).

That finding elevated predictability as a foundational theme in this report—recognizing that uncertainty in policy, permitting, and implementation can compound other challenges and act as a barrier to investment and long-term planning. At the same time, the cost of doing business (56%) was identified as the strongest factor influencing whether a business would be willing to consider investing or expanding in Maine. Together, these findings guided the report's emphasis on reducing uncertainty, improving public policy alignment, and addressing cost pressures that influence investment, growth, and competitiveness.

The research also revealed important strengths and reasons for optimism. Despite the challenges identified, 44% of respondents plan to expand operations in Maine, 29% plan to make a major capital investment, and 66% cited local talent as a top factor supporting growth. Respondents also pointed to collaboration, investment, and workforce development as essential to Maine's future. Taken together, the research suggests a dual imperative: address the barriers constraining growth while building from the assets that position Maine to compete. That balance—between challenge and opportunity—helped shape *Maine Economic Vision 2035* as both a response to current constraints and a forward-looking roadmap for long-term growth.

Our vision for 2035 is grounded in the belief that Maine can achieve stronger economic outcomes through coordination, consistency, and a shared understanding of the challenges and opportunities ahead.

What are the most significant constraints Maine businesses are facing today?

19% Legislative and policy changes and unpredictability

18% Workforce availability

12% Healthcare costs

11% Uncertainty in policy or regulation



To learn more, please visit:
maine-economic-vision-2035.com

Why a Healthy and Growing Economy Matters to Maine

Economic growth is also essential to addressing affordability challenges, particularly in housing, energy, and healthcare. A growing economy supports increased supply, investment, and innovation: conditions that stabilize costs over time.

For Maine's rural communities, the importance of economic growth is even more pronounced. Many communities depend on a small number of employers and industries. Growth—whether through expansion of existing businesses or the attraction of new investment—supports employment and also the sustainability of local services, schools, and communities. When a major employer closes, the effects are immediate; water and sewer rates rise, municipal budgets tighten, and property taxes increase. Families face more challenges and fewer local opportunities. When new businesses open or existing businesses expand, the opposite occurs—costs stabilize, and community capacity strengthens. Economic growth strengthens Maine's ability to invest in shared priorities, including education, infrastructure, and public services. A broader and more productive economic base provides the resources necessary to support these investments sustainably.

Maine's economic success depends on the mutually reinforcing relationship between workers and business. This is not an either/or dynamic. Businesses invest and grow where they can find

a capable and available workforce, and workers benefit from the jobs, wages, benefits, and career pathways that growing businesses create. Strengthening one side without the other limits overall progress; aligning workforce readiness with business growth is essential to achieving durable economic outcomes.

To achieve stronger economic outcomes, Maine needs a policy environment that makes it easier to invest, expand, work, and innovate.

State policymakers have enacted a wide range of laws and regulations affecting how businesses operate, hire, and plan for the future. Many of these individual policies have been sensible, but taken together, they have increased costs, added complexity, and created uncertainty for employers looking to start, grow, or invest in Maine.

They have not produced the level of economic momentum needed for the state to reach its full potential.

The challenge is not a lack of effort or ideas but rather the need for greater alignment—ensuring that policies are intentional, coordinated, and working toward the same goal. Maine may be less competitive in the near term even if we take the right steps—given factors like energy costs and sheer numbers of our people—so, we need to focus on the areas where we have more control.

Short-term, last-minute decision-making can address immediate pressures, but often comes at the expense of consistency, predictability, and long-term results. Thoughtful, forward-looking solutions take more coordination upfront, but they reduce the need for repeated course corrections, lower long-term costs, and build confidence among residents, businesses, and investors. The strategy is not to avoid responding to immediate challenges, but to do so in a way that reinforces—rather than undermines—Maine’s long-term economic strength.

The vision in these pages assumes that policymakers share a common objective: building a Maine economy that produces strong wages, thriving communities, and long-term, sustainable opportunity.

Achieving that vision will require deliberate policy choices and a spirit of collaboration, candor, and respect between policymakers and the private sector. Businesses are not just employers; they are the engines of investment, innovation, and opportunity in Maine. Too often, public debate treats businesses—large and small—as a source of tension rather than a partner in shared prosperity, deepening a disconnect that makes alignment even more important.

Every policy proposal should be evaluated through a clear lens: does it make it easier to get a high-paying job, and to invest, hire, and grow in Maine? Just as important is avoiding decisions that stall growth, narrow opportunities, or limit the ability of Maine businesses and workers to succeed. Moving Maine forward will require clarity in both our priorities and the decisions that follow.

Businesses, investors, entrepreneurs, workers, and nonprofit employers shape Maine’s economic future. Policy alone cannot create economic growth – but it can create the conditions that encourage employers to build, expand, and invest here.



Maine Economic Vision 2035- Goals

Maine's economy is shaped by many factors, but this framework focuses on the four with the greatest impact. These goals are interconnected and mutually reinforcing, and are not presented in order of priority. The framework also balances business and workforce objectives, reflecting the alignment required for both to succeed.

Business Competitiveness

This goal focuses on three key areas of business competitiveness: regulation, energy costs, and taxes.

By 2035

- Maine will establish a regulatory environment that is predictable, efficient, and transparent, enabling meaningful resident input while allowing qualified projects to be permitted within 12 months. As a result, Maine will achieve a GDP growth ranking that exceeds the national average.
- Maine will return to the most competitive commercial and industrial electric rates in New England by replacing imported LNG and petroleum with domestic energy resources, reducing public policy costs, and growing electricity demand to spread fixed system costs across a larger customer base.
- Maine will have a balanced tax approach that supports residents, encourages investment, enables business continuity, and avoids the volatility that comes from reactionary shifts.

Household Affordability

By 2035

- Maine will reduce zoning and regulatory barriers and incentivize housing development to bring housing costs back to no more than 30% of a typical household income, restoring affordability for renters and homeowners.
- Maine's healthcare spending as a percentage of total personal expenditures will decline to the New England average. Healthcare access, affordability, and quality are key elements to household affordability.

Productivity, Research & Private Investment

By 2035

- Maine will create a more stable and competitive investment environment, increasing the private investment that is tracked through the state's Dirigo Business Incentives Program by 20% annually.
- Maine will increase GDP per worker to the national average, closing the approximately 20% productivity gap, through equipment modernization, technological adoption, and process improvements.
- Maine will grow the combined public and private investment in research and development to meet the national average; this will require tripling the combined public and private investment from 1.4% of GDP to the national average of 4.1% of GDP.

Workforce & Wages

By 2035

- 70% of working-age Maine people (ages 25-64) will hold a credential of value aligned with workforce needs. Combined with higher productivity, this will drive wages 20% above 2025 levels and substantially close the gap with the national average.
- Maine will attract 25,000 new workers to the workforce, above existing trends. This will meet the growing demand and help offset projected retirements.
- Maine will improve fourth-grade reading and math proficiency by 20 percentage points, going from lagging to leading the nation.

Goal: Business Competitiveness

Investment Decisions Are Competitive—Maine Must Be Predictable and Positioned to Compete

By 2035, Maine will establish a regulatory environment that is predictable, efficient and transparent, enabling meaningful resident input while allowing qualified projects to be permitted within 12 months. As a result, Maine's GDP will grow faster than the national average.

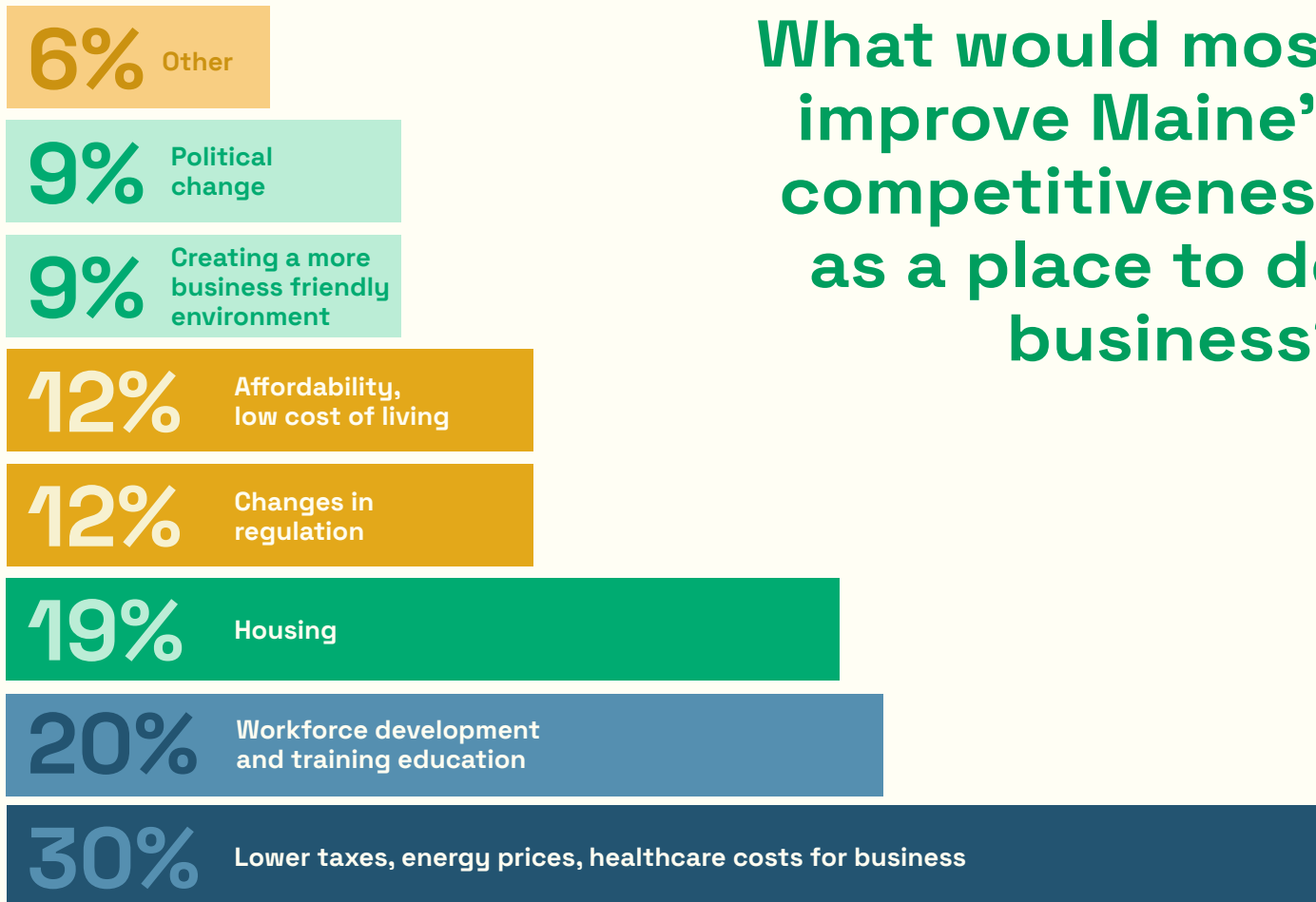
Private investment is not allocated randomly. It flows to states that offer the strongest combination of return, certainty, and long-term viability. Whether in manufacturing, housing, infrastructure, or innovation, investors evaluate opportunities across states and regions using clear, comparative criteria.

Investment comes not only from large out-of-state developers, but also from Maine businesses making critical decisions to expand, modernize, and improve productivity. Both are essential to Maine's long-term economic growth.

The state's ability to attract and retain capital depends not on any single factor, but on how it competes across a broad set of considerations that typically include:

- Predictability of permitting and regulatory processes
- Overall cost structure, including energy, labor, and taxes
- Workforce availability and skills alignment
- Infrastructure readiness and site availability
- Stability and reliability of public policy

Maine competes in a national and global marketplace for capital. In this environment, predictability is not optional; it is a baseline requirement for investment. When policy directions shift abruptly or when new mandates are introduced without clarity or coordination, investors perceive greater risk and redirect capital elsewhere.



What would most improve Maine's competitiveness as a place to do business?

Maine needs investment to support economic growth, job creation, and community stability. In the face of fierce competition for capital, Maine policymakers must recognize that investors are paying close attention to how Maine policies and incentives affect the risks to and the return on their investments to make a project financially attractive.

Capital will be deployed somewhere – the question is whether Maine is positioned to win its share.

Maine does not need to be the lowest-cost or most aggressive state. But it must be consistently competitive and highly predictable. Investors value environments where:

- Timelines are clear and reliable
- Processes are transparent and coordinated
- Commitments made are commitments kept
- The overall business climate supports long-term success

Uncertainty—whether in permitting, regulatory interpretation, future technologies, or major policy shifts—is a direct deterrent to investment. Even when underlying fundamentals are strong, an unpredictable business climate increases perceived risk and will shift investor funds to other states.

In contrast, a predictable and well-aligned environment reduces risk and increases investor confidence. This is critical for Maine, where economic growth depends not only on attracting new investment but also on supporting reinvestment and expansion by existing employers.

Maine does not need to win on every metric—but it must be predictable and competitive enough that investment consistently chooses to come—and stay—here.

Regulatory and Predictability Solutions:

To compete for capital, Maine must take immediate, coordinated steps to restore predictability and strengthen its business climate.

This requires more than incremental adjustments — it requires a disciplined commitment to regulatory clarity, policy stability, and execution. Maine must:



Establish clear, enforceable permitting timelines across all agencies and hold departments accountable for meeting them. Issue an executive order setting a target of a 12-month approval process. Direct agencies to report to the Governor with recommendations for statutory and regulatory changes to accelerate permitting, expand permits-by-rule, integrate the use of AI tools, third-party review, and appropriate delegation to municipalities, as well as the removal of outdated requirements.



Improve cross-agency coordination so businesses receive consistent, reliable guidance.



Honor commitments once made, ensuring that incentives, timelines, and regulatory expectations remain stable over the life of an investment.



Create a predictable cost environment, particularly in areas where Maine is already at a competitive disadvantage, such as energy and taxes.



Align new legislation with long-term economic strategy, evaluating proposed new policies for their cumulative impact on competitiveness.



Reduce regulatory volatility by minimizing mid-stream policy shifts, retroactive changes, and unclear implementation pathways. Changes should be data-driven and connected to the broader goals of maintaining high environmental standards while driving sustainable economic growth.



Align new digital and interstate commerce regulations with those of peer states. Consistency across state lines helps protect consumers while ensuring Maine businesses are not placed at a competitive disadvantage.

These steps are essential for Maine to retain existing employers, attract new capital, support the safe adoption of new technologies, and reverse the perception that the state is a high-risk environment for business.

Reduce Maine's Uncompetitive Energy Costs

By 2035, Maine will bring commercial and industrial electric rates back to being the most competitive in New England on average by reducing public policy charges, opening competitive procurements to all technologies, and expanding electricity demand.

Maine's energy future depends on a system that can deliver reliable and affordable power while supporting economic growth. Repeated energy price shocks only underscore the urgency of reform. By strengthening governance, enabling infrastructure development, and focusing on cost-effective solutions, Maine can build a more stable and competitive energy system.

Maine should not step back from its role as a climate leader; addressing these challenges will support economic growth and make electrification and the transition to clean energy more affordable.

Energy Solutions



Lower Public Policy Costs with state bonding and general fund support



Delegate program design to the Public Utilities Commission and the Department of Energy Resources



Establish clear goals for affordability, reliability, and emissions, while delegating implementation to expert agencies



Require cost-benefit analysis for major policies prior to enactment



Set statewide affordability, reliability, and climate targets



Overhaul the Renewable Portfolio System and the Net Energy Billing Program, and use general fund or state bonding to support public policies currently funded by electric ratepayers

Address Winter Reliability and Fuel Dependence

Better align Maine's energy procurement with demand and reduce reliance on costly imported gas and petroleum:

Align procurement with seasonal demand and prioritize long-duration storage and resources such as offshore wind, nuclear, and hydro to reduce the need for imported natural gas and petroleum.

Support the expansion of existing regional natural gas infrastructure to reduce the use of imported liquefied natural gas

Integrate best state-level practices to ensure public safety and collaborate with regional and federal partners on long-term consolidated nuclear waste storage, while addressing lingering public concerns about nuclear safety and waste disposal

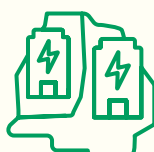
Ensure electricity procurements are technology-neutral and include all clean energy and renewable energy resources including solar, wind, nuclear and hydro

Build Energy Infrastructure Reliably

Reduce barriers to energy projects and invest in infrastructure to bring down costs for Maine ratepayers.



Streamline permitting for transmission and generation projects.



Invest in electric distribution management and capital investments that lower the costs of storm recovery.



Establish off-peak affordable rates for basic service to encourage electricity consumption away from peak periods.

Tax Policy & Economic Stability

By 2035, Maine will have a predictable and competitive tax structure that supports investment, business continuity, and broad-based prosperity.

“If you paid less in taxes, would you...?”



Source: Family Enterprise USA Family Business Survey, 2025

Strong economies are built on balance, practicality, and predictability. Large swings driven by ideology rather than data and long-term strategy create instability. Framing tax policy as a contest between winners and losers may be politically compelling, but it does not produce the sustained growth that Maine needs to strengthen its economy. Policy should reflect the interconnected nature of Maine’s workforce and economic base.

Tax policy should be designed to meet the needs of Maine residents. This includes ensuring that individuals and businesses contribute while also maintaining confidence that tax dollars are used effectively and responsibly.

Maine is at a critical transition point, with a significant number of business owners nearing retirement, largely from the baby boomer generation. The sale or transfer of these businesses often triggers substantial one-time tax events that can impact retirement security. At the same time, Maine has a relatively high concentration of employee-owned companies. For many workers, payouts from Employee Stock

Maine does not need to be the lowest tax state to be competitive, but it must remain within a reasonable range of its peers. A practical benchmark is to position Maine within the middle tier nationally to avoid discouraging people and businesses from locating or remaining in the state.

Ownership Plans (ESOPs) are a core component of their retirement. Tax policy should account for these realities and avoid undermining long-term savings or the successful transition of locally owned businesses.

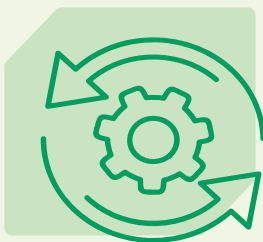
Tax Solutions



Take a comprehensive view of tax impacts by establishing an oversight group that includes tax experts as well as economic development and workforce attraction professionals. This broader perspective can help align tax policy with current market dynamics and long-term economic goals



Build tax policy strategically, not to force-fit short-term funding challenges by defining what a sustainable and competitive tax structure should be based on clear economic objectives, rather than starting from current budget constraints. Once a target structure is identified, gaps between revenue needs and available resources can be addressed more strategically



Evaluate business transition impacts by studying how tax policy affects the sale, succession, and continuity of Maine-based businesses. Ensuring smooth ownership transitions is critical to preserving jobs, local investment, and community stability



Design tax policy without polarization by avoiding framing any group as a villain or a victim. The objective should be a system that is broadly perceived as fair, stable, and predictable. Supporting both residents and the long-term health of the economy.

Maine has traditionally carried one of the higher overall tax burdens in the country. Maintaining competitiveness requires avoiding further increases while improving Maine's relative position over time. A growing economy is a critical part of that strategy; expanding the tax base generates additional revenue and can ease the burden on residents and businesses without raising rates.

Goal: Workforce & Wages

Maine's economic growth depends on a highly skilled workforce.

This means increasing workforce participation while ensuring workers are prepared, adaptable, and able to contribute to a rapidly changing economy. As with broader economic growth, this is not an either/or dynamic; a strong workforce enables business investment, and business growth creates opportunity for workers.

In the research, Maine businesses overwhelmingly highlighted both the importance of the state's talent pool to their current success and the lack of sufficient workers, particularly high-skilled workers, as one of the most significant barriers to future growth. Maine's workforce challenges are well-documented, including labor force constraints, skills alignment, and demographic pressure from an aging population. Prime working-age labor force participation (ages 25-64) remains in the low to mid-80% range, generally in line with national levels. While there is opportunity for incremental improvement, Maine's core challenge is not participation alone; it is the availability and composition of the workforce.

Attracting & Including More Workers

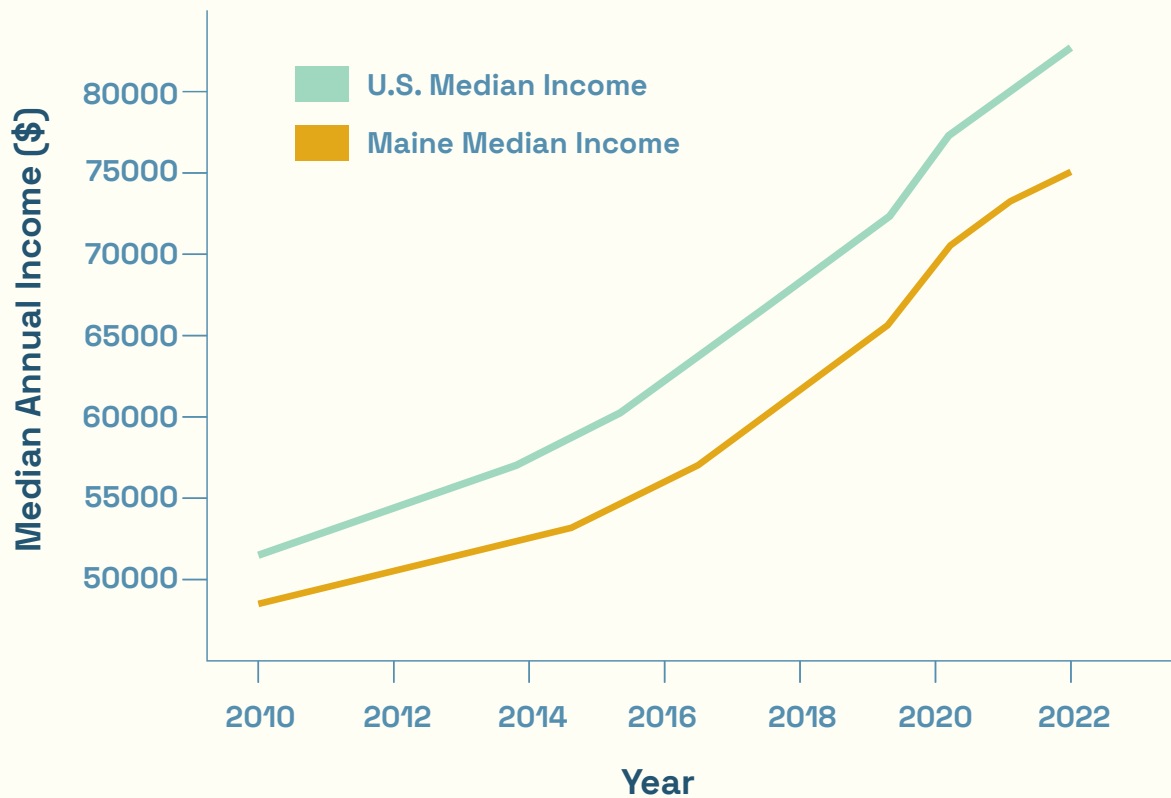
By 2035, Maine will attract 25,000 new workers to the workforce, above existing trends. This will meet the growing demand and help offset projected retirements.

As the oldest state in the nation, Maine has a smaller share of residents in their prime working years and a larger share of older residents, resulting in a tighter labor market. In this context, even modest increases in workforce participation or population growth have an outsized impact. Optimizing policies and best practices to support and retain older workers who choose to stay working longer, even part-time, can have a significant impact. Affordable workforce housing and childcare are critical to reducing barriers. Maine must capture an outsized share of in-migration from across the country. The state must continue initiatives that attract and retain both entry-level and skilled workers, while reducing barriers such as achieving parity in licensing requirements.

Workforce Skills & Education to Drive Increasing Wages

By 2035, 70% of working-age Maine people (ages 25-64) will hold a credential of value aligned with workforce needs. Combined with higher productivity, wages will grow 20% above 2025 levels and substantially close the gap with the national average.

Maine vs U.S. Median Income



Source: U.S. Census Bureau (ACS) Medium Household Income

Like productivity, median wages in Maine trail the nation. Strengthening Maine's workforce is essential to unlocking long-term economic growth. Significantly advancing workforce skills and wages will require sustained focus on systems and outcomes for both our youngest learners to be on track for success, and for thousands of Maine adults who need to upskill in the coming years.

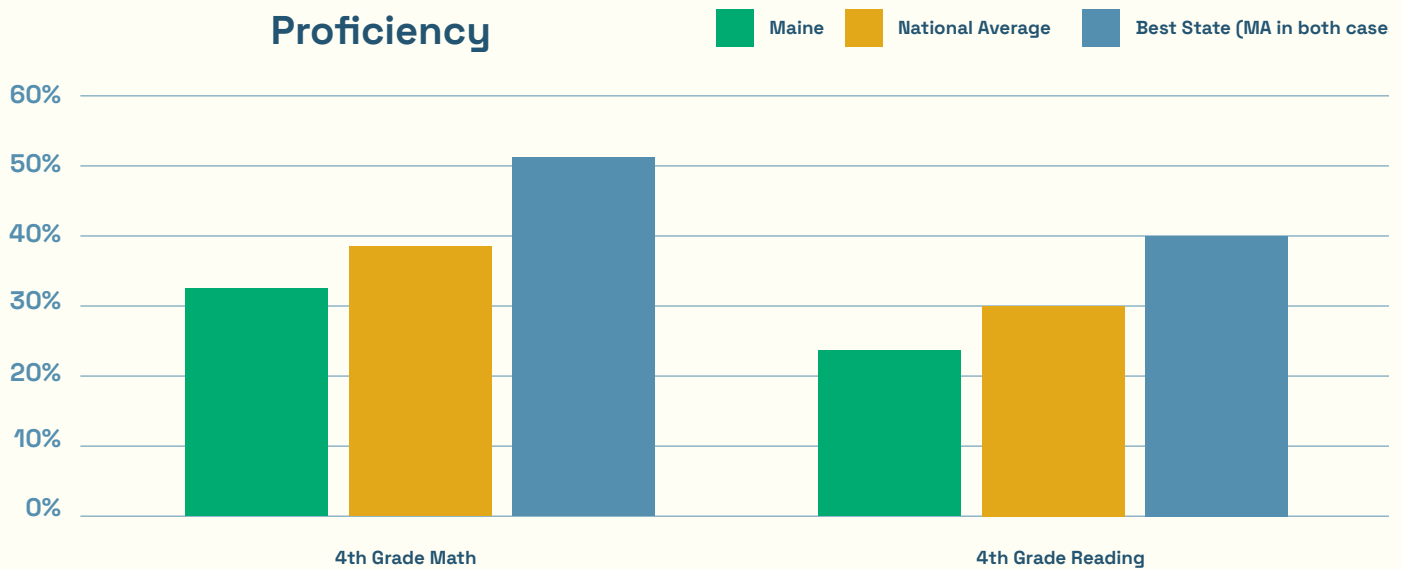
With a limited and aging workforce, accelerating education and skill development is essential to drive productivity, sustain economic growth, and support real wage growth. Higher levels of education and skills are also linked to quality of

of life, physical well-being, and strong civic participation.

Achieving this goal, recently adopted by a broad coalition of education and employer groups in Maine ("MaineSpark") is an ambitious leap from the current 55% baseline, and requires a focused, persistent effort to roughly double the rate of progress on education and training outcomes Maine has seen over the past decade. But it is both achievable and necessary.

This goal includes not just traditional college degrees, which remain important and economically valuable, but also skilled trade

Proficiency



Source: National Assessment of Educational Progress (NAEP), 2024

training, certifications, and other credentials valued by Maine workers and employers. Maine must improve both the education outcomes and the readiness of Maine's children and youth while also strengthening on-ramps and success factors for those already in the workforce. More than 300,000 Maine workers currently lack a credential of value.

Building a stronger workforce also requires sustained attention to the earliest stages of the talent pipeline. Early elementary reading and math proficiency are among the strongest indicators of future success. Maine high schools graduate approximately 11,500 students each

year, making every cohort especially important to the state's future workforce. Ensuring these students develop strong foundational skills is essential to their success over time.

Feedback from employers and higher education institutions consistently points to gaps in foundational skills, as well as in workplace readiness, teamwork, and the ability to learn and adapt as workforce demands evolve. Addressing these needs requires earlier and more consistent support for students and families throughout the education system.

Workforce and Wages Solutions:

Improve Coordination, Accountability & Adoption of Best Practices Across the Education System



Use data to drive action and accountability by making progress—and gaps—transparent and meaningful for decision-makers



Align and activate partners across sectors to reduce fragmentation and move education, workforce, and community efforts in the same direction



Elevate and amplify what works by identifying effective practices and increasing their visibility and adoption across the state



Implement policy and investment that remove barriers, strengthen pathways, and support attainment at scale



Ensure solutions reflect the realities of Maine people and communities

Priority action areas include:

Increase Support for Credential Access & Completion

- Increase the number of learners who successfully complete credentials by strengthening academic and nonacademic supports. Focus on reducing stop-out points, improving credit transfer, and re-engaging individuals with some college but no degree.
- Reduce structural and financial barriers that prevent learners from starting and completing postsecondary education, including cost, transportation, childcare, and flexible learning options—particularly for adult learners and those in rural communities.

Strengthen Career Connections & Navigation of Education/Workforce Pathways

- Ensure learners begin building strong foundations and exploring career pathways by middle school. Expand access to high-quality, real-world, career-connected learning experiences aligned with workforce needs and co-developed with employers, including internships, apprenticeships, early college, and extended learning opportunities.
- Make the necessary investments to double student participation in K-12 technical and trades education programs (CTE).
- Ensure learners and workers can easily understand and navigate education and workforce pathways. Increase access to clear, consistent, and personalized guidance at key transition points, informed by employer input and labor market needs.

Prioritize Investment in Early Childhood Readiness & Early Elementary Success

- Expand access and affordability to high-quality early care and education, including strengthening the early care workforce and expanding public and mixed delivery pre-K programs – increasing public pre-K enrollment from 50% to 70%. Ensure all learners build strong foundational skills in literacy and numeracy by the end of elementary school to support long-term success, using best practices to increase Maine 4th grade proficiency scores by 20% to rank among the national leaders.

Ensure Progress is Equitable Across Regions and Population Groups

- Support locally driven approaches that reflect the unique needs and assets of Maine's schools and communities. Facilitate collaboration to amplify solutions that work at the regional level to close the gap between county workforce credential levels.
- Close gaps in access and attainment by prioritizing supports for first-generation students, those facing financial barriers, and underrepresented populations.

Goal: Productivity, Research & Private Investment

Maine's long-term economic growth depends on increasing productivity, attracting private investment, and strengthening its research and development (R&D) ecosystem. These elements are closely connected and determine the state's ability to support higher wages, expand opportunity, and compete in a global economy.

Data from the Maine Development Foundation's *2025 Measures of Growth* report shows that R&D as a share of Maine's economy remains below national benchmarks despite recent notable investments, even when compared to other rural states. This gap underscores both the challenge and the opportunity: increasing R&D investment is one of the most direct paths to improving productivity and long-term economic performance.

Why Research and Development Matters

By 2035, Maine will grow the combined public and private investment in research and development to meet the national average. This will require tripling the combined public and private investment from 1.4% of GDP to the national average of 4.1% of GDP.

Research and development play a critical role in both the short-term performance and long-term trajectory of Maine's economy. In the near term, R&D attracts talent, funding and investment into

the state, supports high-wage jobs in research, engineering, and related fields, and strengthens connections between universities, businesses, and communities.



Delay

Longer permitting timelines drive project uncertainty and holding costs.



Cost Escalation

Financing, labor, materials, and design changes increase total project costs.



Project Cancel or Downsize

Projects become less financially viable, get delayed indefinitely or are canceled.



Lost Economic Impact

Fewer projects built means fewer jobs, lower investment, and slower economic growth for Maine.

Source: Maine Department of Environmental Protection (DEP) permitting process information; Maine Department of Transportation (DOT) project development process; Maine State Chamber of Commerce member feedback; industry practitioner insights.

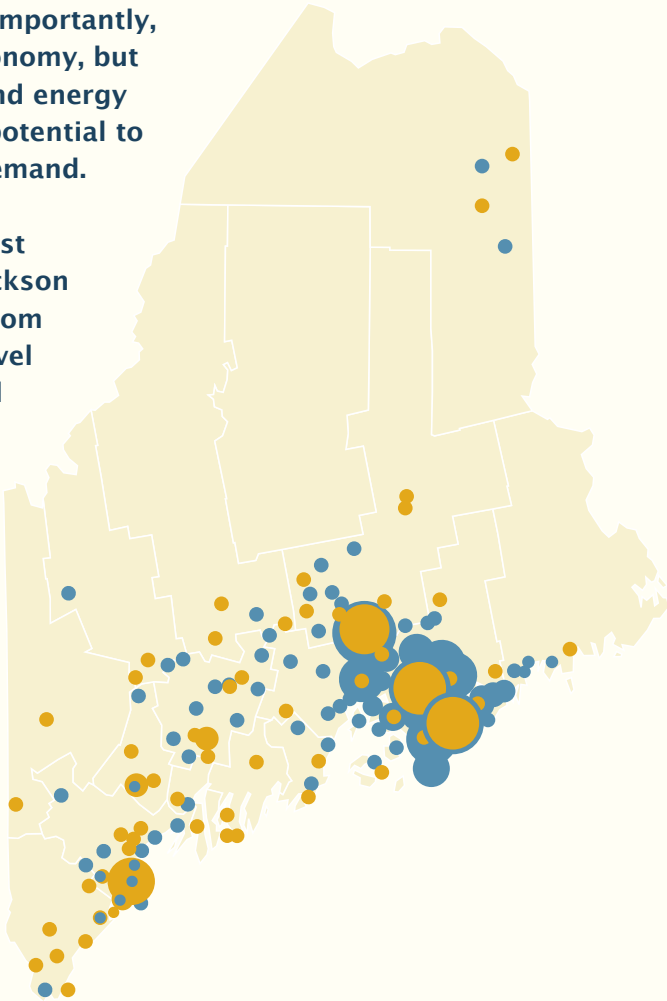
Over the longer term, R&D drives innovation and commercialization and enables the growth of high-value industries. Most importantly, R&D positions Maine not only as a participant in the economy, but as a leader in solving global challenges. From climate and energy to life sciences and advanced materials, Maine has the potential to contribute meaningfully to areas of increasing global demand.

Companies growing in high-value research sectors invest significantly in local supply chains. For example, The Jackson Laboratory (“JAX”) purchases supplies and equipment from companies in 107 communities across the state. This level of investment would not occur without JAX’s centralized research operations being based in Maine.

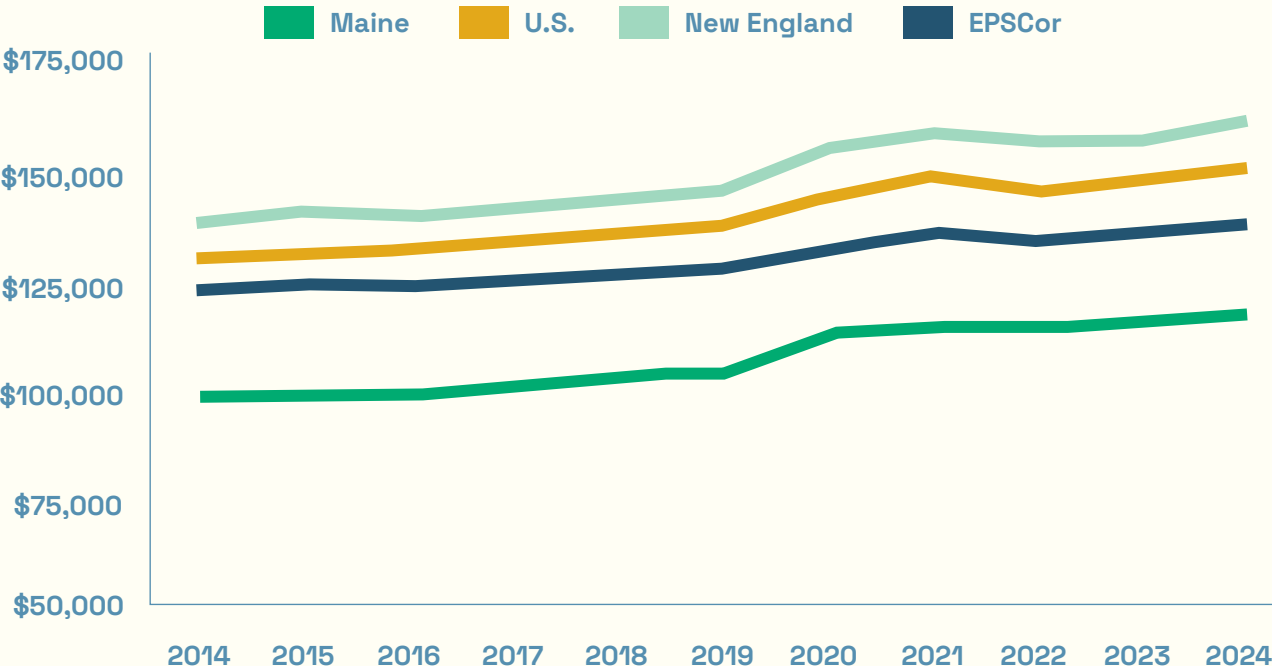
Vendor & Employee Locations in Maine

JAX paid 520 ● **Maine-based vendors** \$54.7M in 2023. These vendors are location in 107 communities across the state.

JAX paid \$128M in wages to 1,630 ● **Maine-based employees** in 2023. Employees live in 146 towns which are located in 15 of the state’s 16 counties.



Real Value Added per Worker



Source: U.S. Bureau of Economics

The Role of Private Investment

By 2035, Maine will create a more stable and competitive investment environment, increasing private investment, tracked through the state's Dirigo Business Incentives Program, by 20 percent annually.

While public funding and research institutions are critical, private investment is the mechanism that translates research into economic impact. Without sufficient private capital, promising ideas struggle to scale, and the full economic benefits of research are not realized.

Maine attracts a smaller share of private investment than its size would suggest, particularly in venture capital and innovation-driven sectors. This limits the state's ability to commercialize new technologies, scale emerging industries, capture the full value of its research assets, and grow high-wage jobs.

Connecting Productivity, Research, and Investment

By 2035, Maine will utilize equipment modernization, technological adoption, and process improvements to increase productivity per worker to the national average, closing the approximately 20% gap.

Productivity, research, and investment form a reinforcing cycle: research generates new ideas and technologies, investment scales those ideas into businesses and industries, and increased productivity drives higher wages and economic growth. Strengthening any one of these elements supports the others, but meaningful progress requires advancing all three together.



Productivity, Research & Private Investment Solutions:

Maine can build on existing strengths and create a more robust and connected system that supports innovation and growth. Key areas of focus include:



Attract and retain private capital, which is critical for scaling new ideas and technologies. Retaining private capital is vital to turning innovation into long-term economic growth. Invest an additional 5% in a seed capital program to continue this program's success.



Increase R&D investment relative to the size of the economy by directing state baseline budget funding to the Maine Technology Institute and the University of Maine to support core research and commercialization. Increase Maine Technology Institute's base level funding to \$20 million annually. Maine Technology Institute already provides an annual report to the legislature to track the distribution of its funding and reflect the first year of the private investment.



Improve the path from research to commercialization, which is not working as efficiently as it should, with clear gaps making it difficult for promising ideas to reach the market. Moving from research to a viable business is complex and high-risk, requiring not just funding but the right expertise and coordinated support at the right time. State government should evaluate the full commercialization cycle, define where it can add the most value, and focus programs on closing gaps to scale outcomes.



Target investments to Maine's areas of competitive advantage by marketing the Dirigo Business Incentives program as an investment tool and conducting an inventory and review of key regulatory areas to streamline permitting requirements. Allocate \$1 million to support direct outreach to growth sectors, including life and veterinary sciences, defense, and advanced manufacturing. Track results for both Maine company growth and capital attraction over a two-year period.



Align workforce development with emerging sectors by leveraging existing infrastructure, including the Maine Workforce Development Compact and MaineSpark, to strengthen and expand programs that remove bottlenecks in high-impact career pathways. Track state workforce investments to ensure that at least 50% of state funding is aligned with high-demand, high-wage jobs, including skilled trades critical to the infrastructure needed for emerging sector growth.

By increasing R&D, attracting and driving strategic investment, and aligning the workforce with cutting-edge sectors, Maine can close its productivity gap, expand high-wage opportunities, and position itself for long-term economic success.

Goal: Household Affordability and Wellbeing

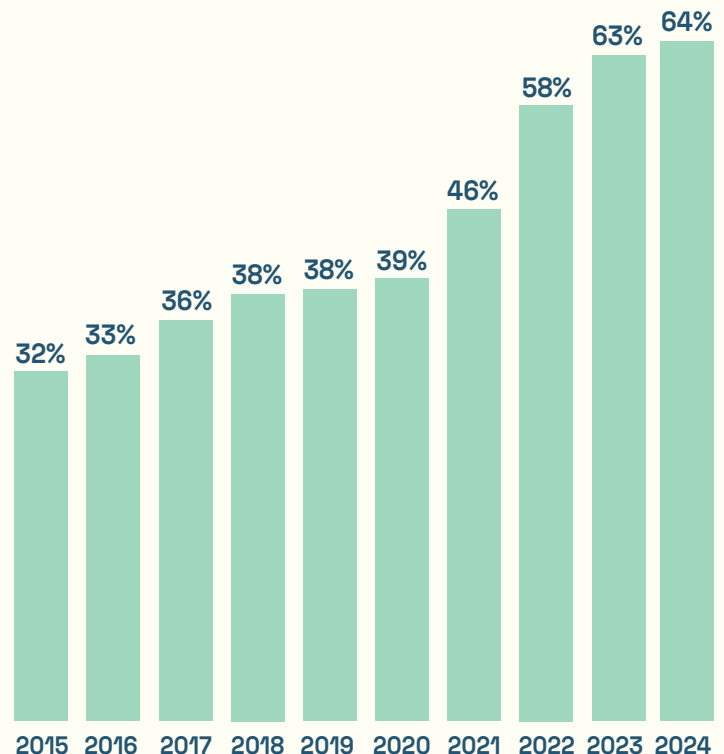
Housing costs are one of the most significant constraints to Maine's economic growth.

The percentage of income an individual or family spends on housing is the top element of household affordability. Housing costs in Maine have increased roughly twice as fast as incomes—pushing typical housing costs from the affordability threshold to 30–35% or more of household income. Over the past decade, median household income in Maine has grown from approximately \$48,000 in 2012 to roughly \$75,000 today, an increase of about 55%. Over that same period, median home prices have risen from approximately \$160,000–\$180,000 to \$350,000–\$400,000 or more, an increase of 100–120%. This shift is not simply a cost-of-living issue—it has broader economic implications. When housing becomes less affordable, it affects where people choose to live and work, limits labor mobility, and constrains business growth.

There is broad stakeholder agreement that Maine faces a significant housing supply gap. Maine has the eighth-oldest housing stock in the nation, with 24% of homes built before 1939. Maine Housing analysis shows that Maine needs more than 80,000 additional housing units to meet current and projected demand. This need spans all regions of the state, all price points, and both rental and ownership opportunities.

Maine Household Unable to Afford Median-Priced Homes

(Use no more than 30% of gross income for house payment)



Source: MaineHousing, Measures of Growth

Innovation, Opportunity, and Barriers to Production

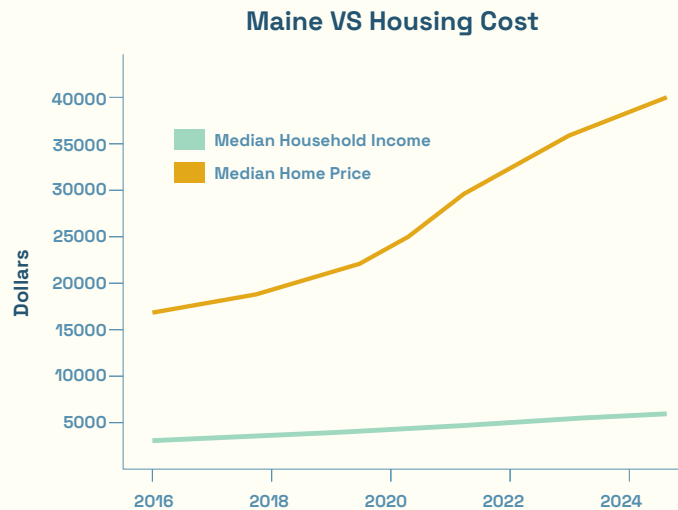
By 2035, Maine will reduce zoning and regulatory barriers and incentivize housing development to bring housing costs back to no more than 30% of a typical household income, restoring affordability for renters and homeowners.

While the need for additional housing is clear, the ability to deliver new units at scale is constrained by several factors:

- Local zoning and state regulatory processes, which add time and uncertainty
- Cost pressures for housing development, particularly for workforce and middle-income housing
- Construction workforce limitations, slowing the pace of development
- Fragmented decision-making across state and local levels

Addressing Maine's housing challenge requires both traditional approaches and new models that improve efficiency and scale. One promising area is the expansion of panelized and off-site construction, which can significantly reduce construction timelines and improve productivity.

Maine has emerging capabilities in this space through companies such as GO Logic and KBS Builders. These firms, and others like them, demonstrate the potential for factory-built components and panelized systems to accelerate housing production. Innovations in the broader forest products sector also point to opportunities to design and fabricate housing components more efficiently, reducing the time from permitting to occupancy. Off-site construction in Maine could address multiple constraints: reducing housing costs, improving productivity, utilizing more products from the Maine supply chain, and mitigating workforce shortages in construction. However, this sector is relatively small and has not yet reached the scale needed to significantly impact statewide housing supply.



Source: Maine State Housing Authority and US Census

Maine can better align its housing investments to ensure not only that homes and apartments are built, but also that state funding supports emerging technologies, de-risks private investment needed to bring them to scale, and strengthens Maine's supply chain—including mass timber, wood fiber insulation, and locally sourced timber.

The state's investment earlier in the system development will not only produce much-needed housing, but it will also support private investment expansion and good-paying jobs in rural communities.

Housing Affordability Solutions:

Make housing legal and predictable to build by establishing by-right approval for residential development in designated growth areas, where projects that meet clear and objective standards can proceed without discretionary review, and create a state housing appeals board to provide timely resolution when local decisions conflict with state housing laws or create unreasonable barriers to development.

Regulatory and Code:

Establish statutory permit timelines (“shot clocks”) for local and state approvals, with clear expectations for decision-making, and implement deemed approval provisions when agencies fail to act within required timelines.

- Mandate public reporting of permitting timelines and outcomes to improve transparency and accountability
- Eliminate housing from the state’s Site Location of Development Law. Large developments are already captured in other permitting processes, and environmental impacts will be tracked there
- Modernize Building Codes, including: allowing single-stair residential buildings up to six stories, increasing sprinkler thresholds for small multifamily buildings (e.g., from three to five units), and prohibiting municipal requirements for single-family sprinkler, permit smaller, cost-effective elevator designs in low-rise buildings
- Establish a statewide approval pathway for modular and prefabricated housing, ensuring consistent standards across municipalities
- Eliminate duplicative local inspections and reviews for factory-built residential components

Invest

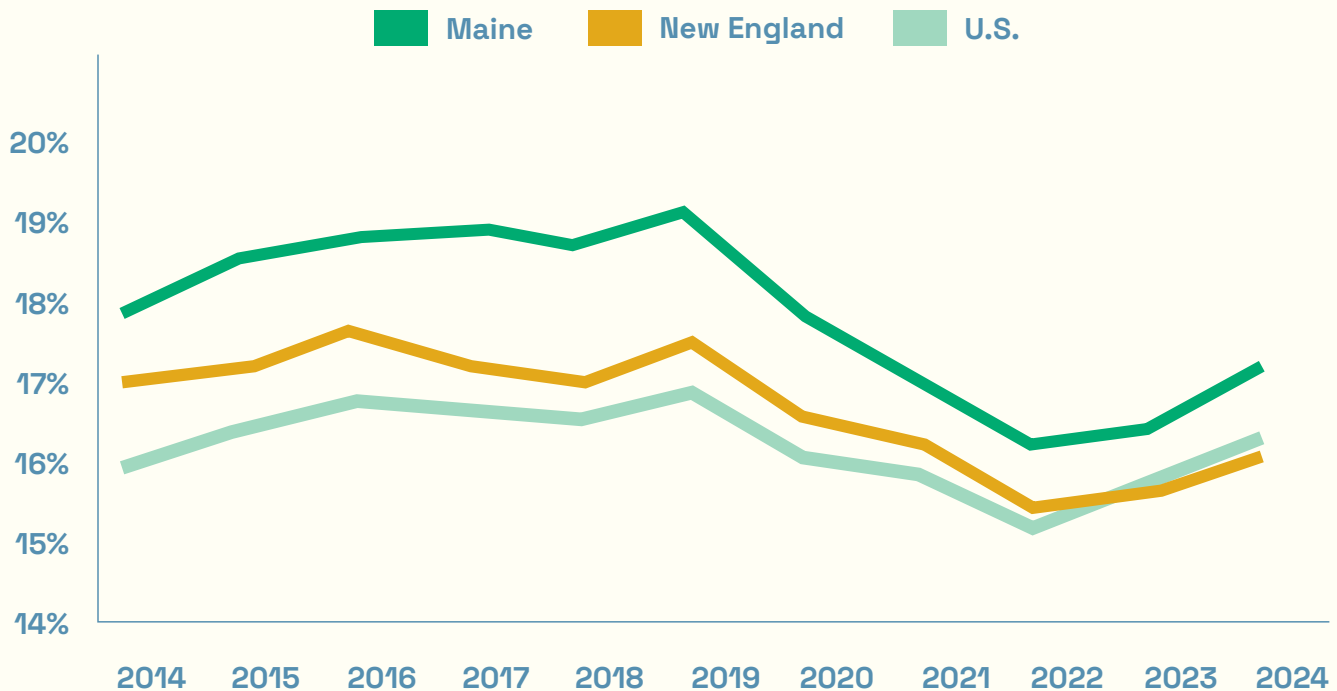
- Create a new \$100 million competitive infrastructure fund for water, sewer, or other infrastructure to support housing development for municipalities that are housing production leaders
- Cap additional state revenue sharing at the 2025 baseline to municipalities that are placing barriers to housing development. Create a structured system of financial incentives that encourages timely local action while maintaining accountability for results. This balanced approach reinforces urgency while respecting local control.
- Commit to making any additional revenue-sharing funding above 2025 baseline contingent upon meeting municipal housing best practices
- Encourage public-sector adoption of modular construction through procurement policies and pilot projects through Maine State Housing
- Sustain and expand Maine’s Historic Rehabilitation Tax Credit as well as MaineHousing’s core affordable housing programs, including the State Housing Fund and rental production programs, to support the development and preservation of housing affordable to low-income households
- Expand and stabilize the State Affordable Housing Tax Credit (SAHTC) to leverage federal Low-Income Housing Tax Credits and attract private investment into affordable and mixed-income housing developments
- Create a flexible housing production fund to provide gap financing—including low-interest loans and subordinate debt—to close financing gaps in workforce and mixed-income housing projects that are not fully served by existing subsidy programs



Healthcare and the Economy

By 2035, Maine's healthcare spending as a percentage of total personal expenditures will decline to the New England average.

Health Care Expenditures as Percentage of Total Personal Expenditures



Source: U.S. Bureau of Economic Analysis; U.S. Department of Health and Human Services

Access, affordability, and quality are all essential components of a strong healthcare system—and all three remain ongoing challenges in Maine. For many households, healthcare costs are a significant and growing share of overall expenses, alongside housing and energy.

While this report does not prescribe healthcare policy, it recognizes the relationship between economic conditions and health outcomes. A healthy economy supports a strong healthcare system, and accessible, high-quality healthcare is essential to a productive, stable workforce.

A healthy population is essential to Maine's workforce. Labor force participation, productivity, and long-term economic growth are directly influenced by physical and mental

health. Expanding economic opportunity, particularly through job growth, can improve access to employer-sponsored health coverage, reducing cost burdens on households and strengthening the broader healthcare system through more stable coverage and risk pooling.

Lowering healthcare costs for Maine households requires addressing not only the cost of care, but also the economic conditions that shape demand and use. Higher wages and more stable employment improve affordability and reduce delays in treatment that can lead to more severe and costly conditions. A stronger economy can also support investment in local care delivery, reducing the need for costly travel and improving access to timely services.

Rural access is critical to both health and economic sustainability in Maine. Communities cannot expect to grow their workforce or support young families without reliable access to high-quality healthcare, including safe and accessible maternity services. Maintaining rural healthcare access is both a health priority and a core economic development issue. To moderate long-term growth in healthcare costs, it is critical not just to marginally tweak payment models or delivery infrastructure; we must improve health outcomes and reduce the need for expensive downstream interventions and treatments. A large portion of Maine's healthcare costs are attributable to preventable illness, disease, and deaths, and we must redirect resources into primary and preventive healthcare and health education for both physical and mental health.

Research consistently shows that income, education, and local economic conditions are among the strongest predictors of health outcomes, often outweighing the impact of clinical care alone.

As the American Medical Association notes:

“A wealth of data shows that social and economic factors such as housing and food insecurity, access to transportation and patients’ financial strains directly influence health outcomes. By integrating support for addressing social determinants of health, physicians can better identify and create solutions that medical care alone cannot resolve.”

–“AMA micro grants to help doctors tackle community health challenges,” American Medical Association

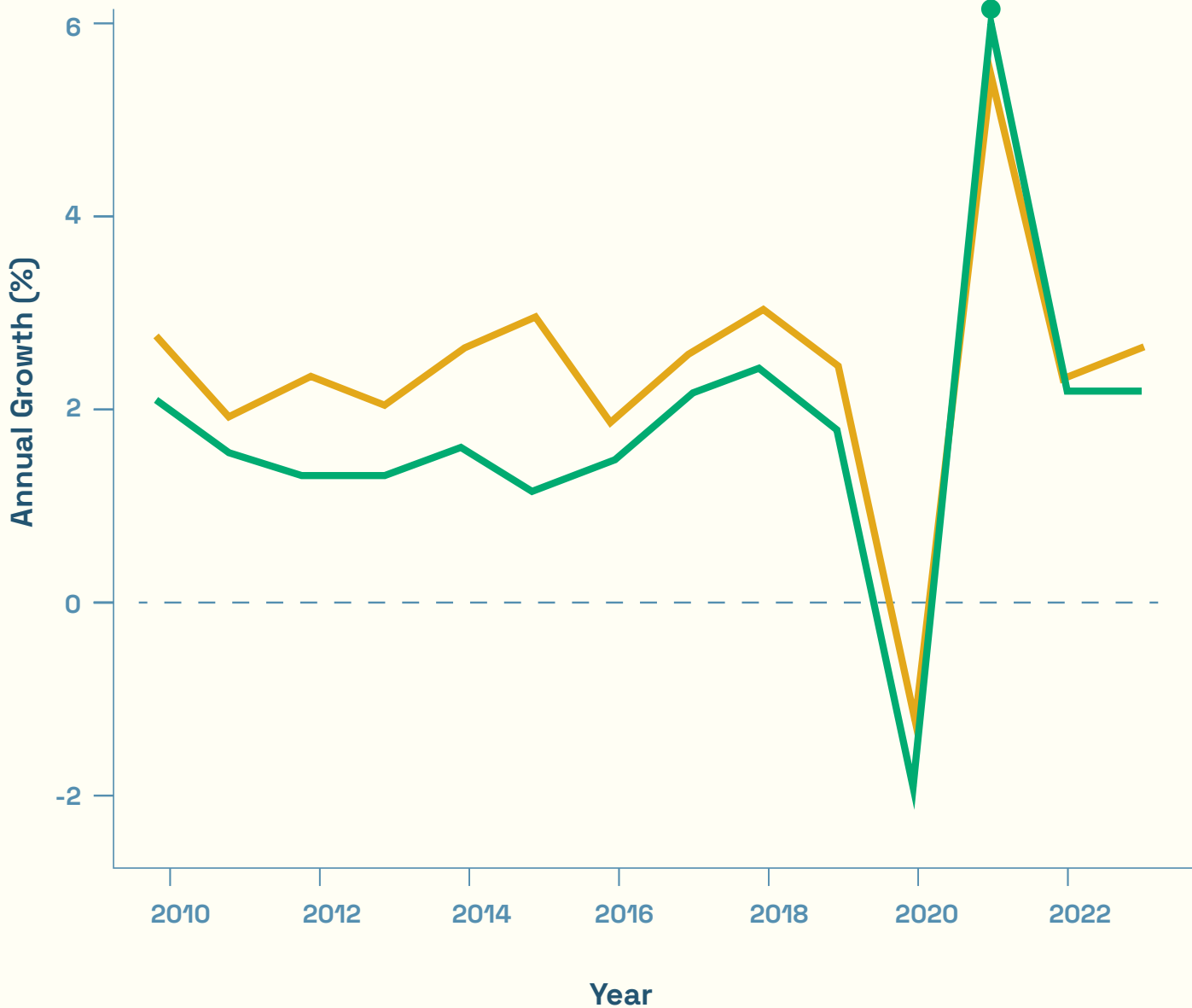


For Maine, this underscores the need to align economic and health strategies. Strengthening wages, expanding access to employer-sponsored coverage, improving housing affordability, reducing non-medical cost burdens, and increasing access

to jobs that provide private insurance are interconnected priorities. Together, they support a healthier population, a more stable workforce, and a more sustainable healthcare system.

Maine vs U.S. Real GDP Growth Highlighted Years Where Maine Outpaced U.S.

■ Maine Real GDP Growth (%) ■ U.S. Real GDP Growth (%) ● Maine > U.S.



Source: Bureau of Economic Analysis. Also "(BEA-style)" should come out of the headline.

Conclusion

Maine’s economic future is not predetermined—it will be shaped by the choices made today. The state has strong foundations: resilient communities, innovative businesses, committed workers, and a history of collaboration.

Yet, the challenges are real: slower growth relative to national trends, rising costs for households, workforce constraints, and increasing pressure on key systems such as housing and healthcare.

Maine Economic Vision 2035 makes clear that no single action will deliver the outcomes the state seeks. Progress depends on alignment across policy, sectors, and stakeholders, and a consistent focus on the factors that drive long-term economic strength. Business competitiveness, workforce and wages, productivity and investment, and household affordability are not separate issues; they are interconnected and must advance together.

A central theme of this vision is the shared success of workers and businesses. Maine’s economy grows when businesses can invest, expand, and innovate—and when workers have the skills, health, and opportunity to participate and advance. Strengthening one without the other limits progress. Durable growth requires both to succeed.

The path forward is not about dramatic shifts, but disciplined, thoughtful action. It

requires policies that are predictable, practical, and grounded in data. It requires a willingness to evaluate cumulative impacts, to prioritize outcomes over intent, and to make adjustments when needed. Most importantly, it requires leadership that is committed to collaboration and focused on long-term results rather than short-term reactions.

Maine has demonstrated it can compete and grow. The opportunity now is to take action to regain momentum—to create an environment where investment decisions can be made with confidence, where workforce development aligns with business needs, and where the cost of living is manageable for Maine households.

The recommendations outlined in *Maine Economic Vision 2035* provide a clear and actionable framework. With alignment, sustained commitment, and thoughtful leadership, Maine can strengthen its economy, improve quality of life, and expand opportunity for current and future generations.

The work ahead is meaningful—and achievable.



We thank the members of our Advisory Committee for their guidance and valuable contributions to this report:

Nellie Albright,
L.L. Bean

Jason Harkins,
Maine Business School

LuAnn Ballesteros,
The Jackson Laboratory

Laurie Lachance,
President Emerita,
Thomas College

Geoffrey Baur,
IDEXX

Andrew Silsby,
Kennebec Savings Bank

Catherine Wygant Fossett,
Institute for Family-Owned Business

Production Credits:

Author and Lead Researcher:

Heather Johnson,
Waypoint Collaborative

Graphic Design:

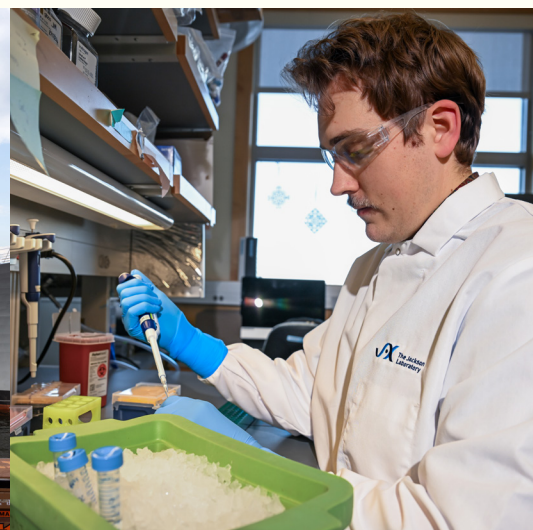
**Stevie Carey
and Sarah Demers**
Blaze Partners

Survey Management:

**Candace Walsh
and Ally Tipperly,**
Market Decisions Research

Project and Production Management:

Katie Clark
Maine State Chamber of Commerce





Maine Economic Vision 2035

Our Partners

This work was made possible through the generous support and shared commitment of the following partners.



Learn More at
MaineEconomicVision2035.com



128 State St., Suite 101
Augusta, ME 04330
207-623-4568
mainechamber.org



Maine Development
Foundation
P.O. Box 3
Augusta, ME 04332