MAINE MADE

A Business & Investment
Plan to Capitalize
on Maine's
Competitive Advantages



MICHAUD
FOR GOVERNOR 2014

A NOTE FROM MIKE

I would like to begin a conversation about the best way to revitalize Maine's economy and to put our state back on the right track. A conversation about building an economy in Maine that works for everyone, not just the wealthiest among us, that turns around our dismal private-sector job growth and that creates new opportunities to strengthen the middle class.

The ideas outlined in the pages below stem from hundreds of conversations across the state, and would not have been possible without the many concerned citizens who took the time to develop and share their ideas for moving Maine forward. I would never claim to have all the answers, but I believe that by listening to one another and working together we can overcome any challenge that Maine faces.

MAINE MADE is a business and investment plan to create jobs in the state, but it is by no means the only question of public policy my campaign will address. From reducing the cost of health care and eradicating homelessness to making government more stable and accountable, from honoring our commitment to Maine veterans to upgrading our schools and classrooms, from fair taxation and fighting poverty to protecting our environment and fighting climate change, we will have much to discuss over the course of the 2014 election.



Throughout my campaign as I tour the state and talk to Mainers in the months ahead, I plan to continue the conversation while outlining my vision for how we address our challenges and capitalize on our unique opportunities on issues that matter to all Maine families. But we need to start the conversation somewhere, and it starts with a promise to invest in Maine's future.

Thank you for your interest, and I look forward to an ongoing conversation with the people of Maine about how we can move our state forward.

Sincerely,

Mike Michaud

EXECUTIVE SUMMARY

Imagine a strong Maine economy where *Maine's* ***small businesses*** *thrive and create new jobs; Maine's* ***workers*** *are ready to take advantage of new opportunities; and a trifecta of home-grown industries –* ***food, tourism*** *and* ***energy*** *– are driving prosperity throughout the state.*

MAINE MADE is a business and investment plan to achieve those outcomes.

It calls on leaders from all sectors of Maine's economy to join together in support of policies and programs that will bring new opportunities and new prosperity to all regions of the state. It will require us to be **ambitious** in our goals, **focused** in our investments and **disciplined** in our follow-through.

MAINE MADE is based on a critical assessment of Maine's current economic opportunities. It draws on programs that are already showing promise in our state, it is informed by Maine's history, but it is decidedly forward-looking.

Maine people have always prospered when they have leveraged the state's unique competitive advantages to capitalize on the market opportunities of their day. These advantages have changed over time – first farmland and deep-water ports, rivers for hydropower, forests for papermaking – but the formula for economic success has remained the same.

To succeed in today's economy, we must identify Maine's new ***competitive advantages*** *and empower our* ***businesses*** *and* ***workforce*** *to* ***capitalize*** *on those advantages.*

MAINE MADE is focused on six areas where Maine is attracting – or could attract – significant investments to our state to out-compete other states: **Small businesses, talented workers, farms and fisheries, tourism, renewable energy and a stronger sense of community.** For each area, **MAINE MADE** includes ideas that, if implemented, could transform the Maine economy into a growing, vibrant place with good-paying jobs for Maine people.

No one person has all the answers or can find the best path forward for our state alone. This plan is informed by hundreds of one-on-one conversations, meetings and independent research, and it is the starting point for a conversation on how to get Maine back on the right track. **MAINE MADE** is the beginning, not the end, of a dialogue I look forward to having with the people of Maine about our shared values, our strengths and the kind of home we want to create for future generations.

1. BUSINESSES – THE "SMALL" ADVANTAGE

In today's global marketplace, Maine has thousands of ambitious, versatile small businesses that can grow and add new jobs by tapping into the vast customer markets – tens of millions of people within a day's drive – just beyond our borders.

STRATEGY: Exponentially grow our business sector by connecting small businesses to new markets outside of Maine and guaranteeing the critical public investments they need to compete in those markets

- Build the Maine Domestic Trade Center
- Guarantee 10 years of pro-business public infrastructure investments through a "Compact with Small Businesses"

2. WORKERS – THE "SKILL" ADVANTAGE

Today's best job opportunities increasingly require post-secondary education, especially four-year degrees. Maine has made huge progress toward increasing college attainment in the last decade; enrollment in the Maine Community College System has grown 83 percent. Building on that growth at the bachelor's degree level, and pairing it with Maine's reputation for hard work, will position Maine workers to excel in the new economy.

STRATEGY: Dramatically increase the number of college graduates in Maine by reducing the cost of a four-year degree, accelerating the process for completing two-year community college programs and strengthening college preparation, starting at pre-kindergarten

- Make sophomore year of college free at Maine's universities
- Create a tuition guarantee at Maine's public colleges and universities for incoming students
- Establish the Maine Accelerated Learning Grant to promote year-round learning at community colleges
- Create a Maine Peer-to-Peer Mentoring Program for public school teachers
- Provide universal public Pre-K programs
- Revitalize the Governor's Training Initiative

3. FARMS AND FISHERIES – THE "LOCAL" ADVANTAGE

Millions of consumers and restaurateurs are gaining an appetite for fresh food from local and small-scale producers. To capitalize on this demand, Maine now has more farmers, more farmland and more farm products than we had a generation ago. We also have a globally renowned seafood industry dominated by small processors and independent fishermen.

STRATEGY: Make Maine the "food basket" of New England by expanding our capacity to grow, harvest, process and export food and food products

- Build a network of privately financed food hubs to connect local farms to consumers in Maine and beyond
- Create the Maine Institutional Buying Program and double the value of locally grown food purchased by Maine schools and governments and partner with Maine's food pantries to increase access to quality, fresh products and develop a new market for Maine farmers
- Lock-in Maine's food-industry competitive advantage by conserving our farmland and working waterfronts

4. TOURISM: THE "MAINE BRAND" ADVANTAGE

National and international forecasts show that tourism will remain a reliable driver of Maine's economy for decades. We have a unique opportunity to leverage our status and history as a world-class destination and our "Maine Brand," to market products to visitors from around the globe.

It's not enough to simply work to attract more people to Maine or to set arbitrary goals for increased visitation that are unsupported by our current tourism infrastructure. Instead, Maine should capitalize on the state's brand to support a broader range of products and services.

STRATEGY: *Turn every visitor into a lifelong consumer of Maine products, thereby gaining an economic benefit from their visit long after they leave*

- Build a national market for high-quality Maine products by directly marketing to visitors after they have returned home
- Start a Maine Tourism Training Initiative to create a cadre of world-class tourism professionals
- Create the Maine Tourism Leaders Program to help exceptional tourism businesses attract higher-spending visitors
- Lock-in Maine's tourism competitive advantage by conserving our natural and scenic assets

5. ENERGY: THE "RENEWABLE" ADVANTAGE

Rising energy costs and environmental concerns have increased demand for clean, renewable energy alternatives. Maine has a unique array of energy options, including wind, tidal, hydro and solar, and can become a national leader in renewable energy production and energy efficiency.

STRATEGY: *Catalyze a sustained investment in renewable energy production and efficiency, equivalent to building a new power plant*

- Create the Maine Solar Power Initiative to increase the number of solar-equipped buildings
- Require energy ratings for all new home construction, empowering homebuyers and spurring private-sector investment in energy efficiency
- Build a private-sector-led Maine Ocean Energy Center of Excellence to cement Maine's place as the leader in off-shore renewable energy production
- Create the Municipal Energy Leadership Initiative to reward pro-active municipal energy policies
- Support Regional Efforts to Expand Access to Natural Gas and Protect Investment in Renewables

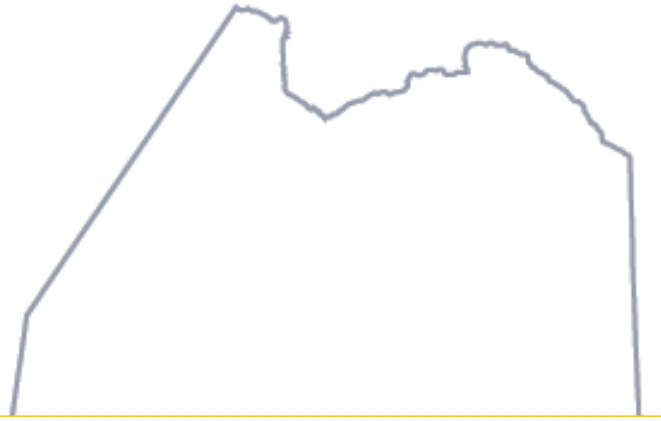
6. GOOD NEIGHBORS: THE "COMMUNITY" ADVANTAGE

Mainers stand up for one another. Our communities are strong because we share a pride in the place we live and a commitment to our neighbors. We see it every day, in matters big and small, when neighbors help neighbors through the calamities of life.

We need public policies that take that same approach, that recognize Maine workers are known for their strong work ethic, adaptability and dependability, but also recognize that wages haven't kept up. Even the hardest working middle-class and low-income families have fallen behind as wages have stagnated and the cost of health care has increased. Too many people are working two or even three jobs and aren't able to afford the basics. They are working more and making less. We need policies that support working families and that grow the middle class.

STRATEGY: Support Maine working families, expand access to health care

- Increase Maine's minimum wage
- Expand access to health care to nearly 70,000 Maine families
- Make Maine's Earned Income Tax Credit refundable, which will put more money in the hands of working families and help grow the middle class



MAINE MADE is an ambitious, comprehensive business and investment plan for Maine that calls for a dramatic rethinking of our approach to economic development. Rather than trying to compensate for areas of inherent disadvantage, it focuses on our unique, marketable competitive advantages, of which we have many. By empowering Maine businesses and workers to capitalize on those assets, **MAINE MADE** puts our state on a path toward sustainable, long-term prosperity that will benefit all Maine residents.



MAINE MADE

A Business & Investment Plan to Capitalize on Maine's Competitive Advantages

Maine people deserve
to know their leaders have a plan
to grow our economy and create jobs.

Maine businesses deserve
an economic development strategy that is just as
ambitious, focused and disciplined as they are.

Maine workers deserve an economy
that works for everyone, an education system
that provides students with the tools for success and a leader
with a vision that puts working families first.

MAINE MADE helps to achieve those outcomes.

INTRODUCTION

Maine has always thrived when strong businesses, powered by talented workers, have capitalized on the market opportunities of their day by leveraging the state's competitive advantages.

In the 1800s, shipbuilders and seamen capitalized on Maine's vast timber supplies and deepwater ports to dominate the Age of Sail. Inland, investors built mills along Maine's rivers, leveraging hydropower and a ready workforce to supply textiles and leather goods to a growing nation. In the North Woods, the forest products industry combined new technology and a plentiful supply of wood to become the world's leading papermakers.

THE WORLD AROUND US HAS CHANGED BUT THE **FORMULA FOR ECONOMIC SUCCESS** REMAINS THE SAME. WE MUST IDENTIFY MAINE'S NEW COMPETITIVE ADVANTAGES AND EMPOWER OUR BUSINESSES AND WORKFORCE TO TURN THEM INTO ECONOMIC OPPORTUNITY.

Maine people deserve to know how Maine can excel in today's global economy.

- What are the new market opportunities on which we can capitalize?
- How will we ensure that every Mainer has the opportunity to benefit from them?
- How will we avoid a "Race to the Bottom" and instead make Maine a place of expanding opportunity that's attractive to businesses and families?

A healthy, growing economy is built upon people and the businesses they build. Maine workers and businesses deserve to know how the public sector will support their efforts.

- How will we help businesses grow and create new jobs?
- How will we help workers get the skills they need for stable, good-paying careers?
- What public investments will we make to support their hard work and innovation?

MAINE MADE is a business and investment plan that answers those critical questions and charts a course toward a strong, prosperous state. **MAINE MADE** focuses on two enduring pillars of our economy – **workers and small businesses** – and our three industries with the greatest untapped competitive advantages in today's economy – *food, tourism and energy. And it brings a new commitment to fostering innovation and entrepreneurship, a focus on research and development, and a plan to provide increased access to higher education.*

MAINE MADE IS A BUSINESS AND INVESTMENT PLAN THAT WILL GIVE MAINE'S **BUSINESSES** AND **WORKFORCE** THE TOOLS TO EXCEL IN TODAY'S ECONOMY.

This plan is achievable. It is built on the best, proven strategies that have already shown success in Maine. It is detailed. It moves beyond general recommendations to specific policies and programs. It is fiscally responsible. It couples strategic public investments with innovative private sector resources. And, it is grounded in a clear understanding of Maine's past successes and future opportunities.

1. BUSINESSES: THE "SMALL" ADVANTAGE

IMAGINE A STRONG MAINE ECONOMY WHERE…

Small businesses are expanding into new markets, creating new jobs, hiring from an exceptionally talented Maine workforce, and benefiting from public investments that lower their costs.

Today's businesses operate in a global marketplace where a quick Internet search can connect customers to a limitless selection of goods and services from around the world. Most businesses can no longer rely on being the preferred choice of local residents. This can be a challenge, but it is also an opportunity. In this global marketplace, businesses in one state are increasingly "exporting" their products to consumers in another.

Maine companies can succeed in this environment. From Maine Mutual Group in Presque Isle, to Stonewall Kitchen in York, to Hancock Lumber in Casco, some companies have enjoyed dramatic success by exporting products as diverse as insurance, jam and Eastern white pine to customers outside of Maine.

Maine's Competitive Advantage: Small Businesses

Maine has several advantages in this new, highly competitive marketplace. We have a globally recognized brand that consumers identify with quality and craftsmanship; we have a diverse economy that isn't overly reliant on one volatile sector, like finance or high-tech; we are located near major northeastern population centers, and we have three deepwater ports that can serve both imports and exports; and perhaps our greatest potential asset is the huge number of ambitious small businesses that can grow and create more jobs, if they tap into the millions of potential customers beyond our borders.

"Maine's self-employed, one-person businesses consistently make up a larger share of Maine's establishments, employment and sales than in the nation as a whole, while businesses with more than 500 employees consistently account for a smaller share of Maine's employment and sales than in the nation as a whole."

Nearly 45,000 Maine businesses have fewer than 50 employees – that's 97 percent of all businesses – and they employ the majority of Maine workers.[i] Each of these establishments represents the dreams and hard work of at least one Maine entrepreneur, and each has the potential to grow into a larger business. Today's largest employers – from L.L. Bean to IDEXX – all began as small businesses and grew by selling their products not only to Maine residents, but also to millions of customers outside of the state.

The challenge today is to help our small businesses grow. From 2002 to 2012, Maine ranked 29th in the nation in business starts, but 46th in the nation in business expansions. Over the last 10 years, employment at businesses with 2-9 employees grew by 21 percent in Maine, compared with 38 percent nationally, and sales grew by 2.4 percent in Maine compared to 12.6 percent nationally. *If Maine were to simply close the gap with the U.S. in job growth for companies with 2-9 employees (currently 185,000 employees), we would add 31,000 more jobs over the next 10 years.*[ii]

GOAL: Double the value of small business exports.

STRATEGY: Grow our business sector by connecting small businesses to new markets outside of Maine and guaranteeing the critical public investments they need to compete in those markets.

To date, most of our business development strategies have been limited to lowering costs, from tax refunds to cheaper access to credit. Those are important tools, but small businesses need more. To grow, they need more customers and a stable business environment where they can rely on the critical public investments that will support their long-term growth.

BUILD THE MAINE DOMESTIC TRADE CENTER

Maine currently has about 9,600 export-oriented businesses (both domestic and international) employing 91,000 Mainers and generating $11.4 billion in sales.[iii] Many small businesses have grown by increasing their exports to places inside the United States, but they have done so in isolation, sometimes aided only by chance or luck. There are very few resources for businesses seeking customers in other states. There are organizations that help people start businesses, acquire financing and even offer technical advice, but there is no place for domestic export assistance; it is a gap in Maine's arsenal of business support services.

Maine ranked 41st in the nation in the growth of export-oriented business establishments (domestic and international) during the past 10 years (6.9 percent growth over 10 years). Maine ranked third from the bottom in the growth in employment at export-oriented businesses and we ranked last in the growth in sales at export-oriented businesses.[iv]

MAINE MADE proposes a **Maine Domestic Trade Center**, modeled on the successful Maine International Trade Center (MITC), to help businesses export their goods and services to other states. For nearly two decades, MITC has helped Maine businesses find customers overseas through market research, trade missions and training. Last year, MITC responded to more than 1,400 requests for assistance from Maine businesses.[v]

"Growing Maine's Creative Economy is at the heart of many economic development strategies. Eight percent of Maine's workers are in the Creative Economy, spanning a variety of industries – from traditional sectors like wood products to computer scientists to arts and crafts. The Creative Economy is an economic driver today, and will be at the leading edge of growth tomorrow. The Domestic Trade Center will help Creative Economy businesses – both those that make products and those that sell services – grow through more exports and access to new markets."

The Maine Domestic Trade Center will apply MITC's successful model to domestic trade and help Maine's ambitious small businesses innovate, grow and create new jobs. The center will be accessible to businesses of all sizes, but tailor its offerings to the unique opportunities and challenges of smaller establishments. MITC will house the new Maine Domestic Trade Center and provide administrative support and overhead within its existing resources while also collaborating with the U.S. Department of Commerce to help Maine businesses capitalize on federal funding opportunities.

If Maine's domestic trade center helped add 125 export-oriented businesses per year to Maine's economy during the next 10 years (that's double the annual growth over the past 10 years), and those businesses employed as many employees and brought in as much sales as Maine's existing export businesses, it would add more than $2.6 billion in new money to Maine's economy and more than 34,000 new jobs during the 10-year period.

ESTIMATED COST: $200,000 annually (salaries only; housed within MITC)

GUARANTEE 10 YEARS OF PRO-BUSINESS PUBLIC INFRASTRUCTURE INVESTMENTS THROUGH A "COMPACT WITH SMALL BUSINESSES"

Access to new markets is only part of what Maine's small businesses need to succeed. They must also be able to compete in those markets. MAINE MADE calls for a 10-year "Compact with Small Businesses" to increase state investments in areas critical to the long-term success of Maine's small businesses, and to guarantee adequate funding for those investments. No more annual bickering about bonds. No more chronic under-funding of public investments with Maine towns and small businesses left to foot the bill.

Companies doing business in Maine deserve predictability, and they should know that the state has a long-term commitment to investments to help the economy grow that is based on a coherent strategy, not the political whims of the day. The Compact will be developed in conjunction with a board of business, municipal, community, education and labor leaders with the experience to make sure investments are targeted, strategic and sufficient. And it will use innovative finance models to leverage private sector money, including loan guarantees and other techniques, to give confidence to traditional banks and equity investors to invest in Maine companies.

The Compact will channel investments to areas with the greatest potential to strengthen Maine's critical competitive advantages, and businesses' ability to capitalize on them. At the core of the Compact with Small Businesses is a $100 million annual investment in Maine's economy, sustained over 10 years. This level of bonding has precedent – during the past 13 years Maine has averaged just under $100 million each year, (roughly $93 million). It is fiscally responsible: according to best practices, the optimal level of debt service is 5 percent of state revenues; Maine is currently at just 3.5 percent. And it is surprisingly affordable: compared to current debt-service levels, a $100 million annual investment will cost the state's General Fund just an additional $9.2 million over the first two years. Then, because previous existing payments on bonds are set to expire, debt service will actually decline by $3.5 million over the next two years. Assuming a 4 percent interest rate, the cost to the state's General Fund will increase an average of $1.3 million per year for 10 years, or $13 million total over the full 10 years. ***That's less than the average annual increase over the past 10 years.*** But the difference this time is the Compact with Small Businesses is a coordinated strategy with a vision, and planned and overseen by a board of the state's leading experts.

Our goal is to take a professional and predictable approach toward investments and avoid the political give-and-take that undermines effectiveness. Econometric models suggest that a public-private investment of $100 million per year will result in 1,500 – 2,000 jobs annually, or 15,000 – 20,000 jobs over 10 years.

Focus areas will include:

- ***Small Business Development and Commercialization Grant Program:*** Many small Maine businesses are at a disadvantage to their competitors in other states because Maine lacks funding for research and development (R&D). Maine ranks 45th in R&D spending in the nation.[vi] The Department of Economic and Community Development reports that for every $1 that the state of Maine grants to private industry for research development, private industry spends an additional $10 from other sources.[vii] This competitive grant program will direct public resources toward products that are within one year of commercialization and closest to generating new jobs.
- ***Energy Efficiency and Weatherization Fund:*** Energy is a significant cost for many small businesses, and it impacts their ability to price their products competitively. To lower those costs, this fund will subsidize cost-effective commercial and residential energy efficiency investments, and support the development of new, marketable products by firms specializing in energy efficiency including those with the capacity to make insulation and weatherization materials and facilities in Maine. It will also fund an expanded weatherization initiative and help residences and businesses convert to alternative heating systems so Maine can reduce its reliance on oil. Energy efficiency works: A recent study showed that for every $1 million spent on energy efficiency, 75 jobs are created.[viii] And the Efficiency Maine programs set up by the American Recovery and Reinvestment Act of 2009 showed a benefit-cost ratio of 8 to 1 (3,650 homes were weatherized).[ix]

- *Infrastructure Fund (Transportation, Energy and Broadband):* Small businesses and their employees pay millions of dollars each year in avoidable costs due to poor roads and bridges. A recent infrastructure report card gave Maine a D+.[x] In some areas, they also lose countless hours, and potential sales, due to poor communication infrastructure. As Maine's Broadband Task Force found, expansion of broadband can help business to grow, create jobs and reach new customers, yet 59 percent of Maine businesses don't even have a website. This fund will ensure that businesses' most basic infrastructure needs are met. The Infrastructure Fund will be used to improve our roads, bridges and ports; expand high-speed broadband and fiber optics throughout the state; and expand east-west rail, connecting Eastport to important markets. The benefit of having the state own the proposed east-west rail line is two-fold: first, the bulk of the cost could be covered by having the Maine National Guard build the project as a training exercise[xi], and second, it would allow the state to ensure optimal performance and reliability standards, similar to the way the Maine Northern Railway line from Millinocket to Madawaska is operated now.
- *"Aging-in-Place" Competitive Grant Program:* Maine is on the leading edge of a national trend. We're the nation's oldest state and our businesses will be among the first to face the challenges of an aging workforce and customer base. These grants will help communities and businesses adapt their infrastructure to the needs of seniors, ensuring that Maine continues to attract workers, investors, entrepreneurs and new residents of all ages.
- *Maine Competitive Advantage Fund:* Other sections of this plan will explain how Maine's unique competitive advantages include physical assets – our scenic landscapes, fertile farmland, working waterfronts and ports, waterfront development and historic downtowns. This fund will preserve Maine's most important natural assets and ensure that they remain accessible to visitors and residents alike.
- "*Maine of Tomorrow" Micro-Business Fund:* What innovative new industries will drive the Maine economy of tomorrow? The Maine of Tomorrow Fund will be a dedicated investment fund to help Maine's entrepreneurs and small businesses develop new and exciting ideas, and ensure that Maine's economy is at the leading edge of innovation. There are exciting things happening in Maine today that will drive economic growth in the future. Consider one of Maine's oldest industries, forest products. Our forests can be used to create torrefied wood for heating, biofuel for energy, paper for the fashion and printing industries, and composite materials for construction. There are other industries like biotechnology and cyber security that are poised to grow. The Maine of Tomorrow Fund will coordinate with the Maine Technology Institute and the Small Enterprise Growth Fund to provide support for entrepreneurs and small businesses to develop Maine's Next-Big-Thing.

ESTIMATED COST: Approximately $1.3 million annually in additional costs to state's General Fund, compared to current debt-service payments.

SMALL ADVANTAGE OUTCOMES:

MAINE MADE'S business development strategy is a smart, focused plan that will empower Maine businesses to capitalize on today's greatest economic opportunities. It moves beyond incremental changes to their cost structure and tackles the biggest drivers of revenues (sales) and expenses (labor, which will be discussed in the following section). MAINE MADE will:

- Help hundreds of small Maine businesses find new customers, increase sales and create thousands of new jobs;
- Create a stable, predictable investment climate for small businesses looking to expand or relocate to Maine;
- Increase R&D funding to help businesses innovate and create new products while attracting additional investment in industries like pharmaceutical research and electronic healthcare delivery and tele-medicine;
- Reduce business costs through transportation, communication and energy investments;
- Secure Maine's unique competitive advantages so Maine businesses can continue capitalizing on them well into the future; and
- Invest in Maine's innovative businesses that are building the Maine economy of tomorrow.

2. WORKERS: THE "SKILL" ADVANTAGE

IMAGINE A STRONG MAINE ECONOMY WHERE…

Maine people are exceptionally well-educated, with the knowledge, skills and credentials for security in today's economy, and the talent to help businesses grow.

If business development is the vehicle of Maine's economic growth, then workforce development is the fuel. After all, the success of every business is ultimately a result of the ideas, skills and hard work of the people who make it run. Years ago, a state's economic destiny was largely dependent on its natural resources and its ability to grow, catch, mine or manufacture goods. Today, states increasingly benefit from their human resources: having creative, well-educated residents to start and expand businesses that offer a vast array of goods and services.

Maine employers need workers with the skills to help them compete in new, fast-growing industries, and Maine people need the tools to succeed in a world where the best employment and business opportunities increasingly require education beyond a high school diploma. From 2010 to 2020, the number of Maine jobs requiring post-secondary education will grow at nearly twice the rate of other jobs.[xii] Forty-four percent of all net jobs created by 2020 will require some sort of post-secondary certification or degree. Twenty-three percent will require a bachelor's degree or greater.[xiii]

To grow Maine's economy, we need more people with college degrees. Over their lifetimes, college-degree holders in Maine – be they from four-year institutions, community colleges or institutions like Maine Maritime Academy – will earn 95 percent more than non-degree holders and experience much less unemployment.[xiv] If we brought the percentage of Maine's 25-and-older population that has associate's degrees or higher (37.1 percent) up to the average of the other five New England states (44.1 percent), we could expect to see an increase in per capita income of 18 percent, or $4,800.[xv]

Maine's Competitive Advantage: Maine has made huge progress toward increasing college attainment in the last decade; enrollment in the Maine Community College System has grown fully 83 percent, and Maine now has a slightly higher percentage of people with associates degrees compared to other states.[xvi] Building on that growth at the bachelor's degree level, and pairing it with Maine's reputation for hard work and entrepreneurship will position Maine workers to excel in the new economy.

In addition, innovative programs such as the Bring College to ME and the Maine Quality Centers, both developed by the Community College System, help to expand access to higher education. These programs should be supported as economic development tools, particularly in rural communities.

GOAL: Increase the number of four-year college graduates Maine produces annually.
STRATEGY: Dramatically increase the number of college graduates in Maine by reducing the cost of a four-year degree by 25 percent, accelerating the process for completing two-year community college programs and strengthening college preparation, starting at the pre-kindergarten level.

MAKE SOPHOMORE YEAR OF COLLEGE FREE

Research shows that the overwhelming majority of students who drop out of college do so after their first year of college, and often for financial reasons. In Maine, the percentage of students who graduate from our public universities within six years is 49 percent, compared to 56 percent nationally.[xvii] At the University of Maine system, one-third of first-year students don't continue on to their sophomore year. There are many reasons students don't start or finish college, but affordability is a major obstacle. Forty-eight percent of adults age 18-34 who do not have a four-year degree and are not enrolled in school stopped their education because they "can't afford school." Nationally, 60 percent of dropouts had no financial help from family, compared to just 40 percent of those who graduated. Seventy percent of drop outs had no scholarships, compared to just 40 percent of graduates. Fifty percent of dropouts had incomes lower than $35,000, compared to just 25 percent of graduates.[xviii]

As state funding has been flat or declining in real terms for more than a decade, the University of Maine system has increasingly relied on tuition to make up the gap. Whereas tuition accounted for $39.1M, or 37 percent, of the UMS budget in 1999, it accounted for $119 million, or approximately 60 percent, of the UMS budget in 2012. Meanwhile, median household income in Maine is no higher than it was in the late 1990s.

Financial aid is critical to keeping students in college. Encouraging Maine students through their second year of college will dramatically increase the number of Maine students completing their degrees. It will also encourage adult students to return to the classroom. (More than 200,000 Maine residents have some college experience but no degree.[xix]) In fact, if Maine just increased its "bachelor's in six" graduation rate to the US average, it would result in an additional 250-500 bachelor's degrees awarded per year, a 3 percent increase. "Sophomore Year Free" will provide a one-year full-tuition scholarship for all Maine residents with one year's worth of college credits who enroll full-time within the University of Maine System and remain in good academic standing. Since research also shows that financial aid is not the only reason people drop out of school, the program will provide specialized support services, including counseling, mentoring and internships to keep students engaged and excited about what a college degree will mean to them.

ESTIMATED COST: $15.1 million annually. The cost estimate represents the amount the state would pay to fill unmet tuition and fees costs. For example, the state scholarship would not supplant other scholarships, but would replace student loan costs. Average tuition and fees for 2013 in the University of Maine System were $9,022. On average, the family contribution covers 37 percent of tuition and fees and loans cover 19 percent. In 2013, there were about 3,000 first-time, degree-seeking in-state students in the system.

NOTE: Public investments in high education have been proven to generate a quantifiable return over the long run. College degree holders utilize fewer public assistance programs and contribute significantly more in tax revenue over their lifetimes than non-degree holders.xx Therefore, this program will have a positive fiscal impact on Maine's state government over the long run..

CREATE A TUITION GUARANTEE AT ALL OF MAINE'S PUBLIC COLLEGES AND UNIVERSITIES

MAINE MADE will guarantee tuition for four years for all Maine residents who enroll at one of our public colleges or universities, and for two years at our public community colleges. For example, an incoming freshman at the University of Southern Maine (USM) this fall would be guaranteed that his or her annual tuition bill will not exceed $253 per credit hour for the four years of study. He or she should be able to predict their tuition expenses (including a full scholarship for sophomore year). The tuition guarantee in this way will provide predictability to students and their families and encourage students to finish their degree quickly. A tuition guarantee is primarily a plan to help more students graduate college, but there are other economic benefits, namely, a sharp decrease in the student loan debt. Nationwide, student debt tripled from 2004 to 2012. During the Great Recession, student debt was the only type of household debt to rise, and its growth rate has far outstripped other types of non-mortgage household debt like credit cards, auto loans and home equity loans. It's now the largest single component of non-mortgage household debt.[xxi] The average University of Maine student graduated with $30,000 in debt in 2011. The average student debt statewide for public four-year and private, nonprofit four-year institutions was $26,000.[xxii]

ESTIMATED COST: Absorbed by system efficiencies and additional revenue from increased enrollment. Successful implementation also depends on steady and predictable state-level support for the university and community college systems.

ESTABLISH THE MAINE ACCELERATED LEARNING GRANT TO PROMOTE YEAR-ROUND LEARNING

Since 2003, Maine's community colleges have grown by 80 percent and the system offers the lowest tuition in New England. Nonetheless, more than 80 percent of full-time students receive financial aid. Due to current federal financial aid design, most students cannot continue their education during the summer months. With the average student age 27 years old, increasing access to summer classes would eliminate significant barriers to student success: It would reduce the amount of time to complete a degree or transfer to a four-year program and it would eliminate the dropout rate that occurs during long breaks. The grant would help to better utilize existing community colleges resources by increasing use during the summer months. In addition, the nature of the grant program would allow the state and community college system to seek private philanthropic support to increase the impact of the grants.

ESTIMATED COST: $1 million, or the equivalent of $250,000 per year, would provide the resources to serve between 450-500 students a year for four years, or an estimated 2,000 students. The Accelerated Learning Grant would reduce barriers to students' success by decreasing the amount of time required for program completion and it would also reduce the cost of higher education by providing direct support to financial-aid eligible community college students. In addition, the program will help to reduce student debt and better utilize existing community college buildings and equipment, allowing the system to serve more students.

CREATE A MAINE PEER-TO-PEER MENTORING PROGRAM FOR MAINE PUBLIC SCHOOL TEACHERS

Helping students succeed in college requires more than just financial assistance; they must have the knowledge and skills to earn a degree. Their preparation starts long before they enter college; in elementary, middle and high school, where Maine teachers are the key to students' success. Great teachers can make the difference in the success of students. MAINE MADE will recognize, reward and certify Maine's best educators through a Peer-to-Peer Mentoring Program undertaken in coordination with educational leaders. Modeled on other successful master teachers programs (for example, see the New York State Master Teachers Program), this four-year program will provide peer mentoring and professional development to Maine public school teachers throughout the state. Participants will receive a $5,000 annual stipend and become certified peer-to-peer mentors. MAINE MADE is structured to develop the ability of our teachers, to strengthen leadership tracks and to provide eminently relevant professional development, by teachers, for teachers.

ESTIMATED COST: $500,000 initially (100 teachers per year), increasing to $1.5 million annually (300 teachers per year).

PROVIDE UNIVERSAL PUBLIC PRE-K PROGRAMS

MAINE MADE proposes a renewed commitment to early childhood programs to ensure that all Maine children have the opportunity for success in school and life. Research shows that helping students graduate from college starts before they even reach kindergarten. Early childhood education has an enormous impact on children's later success in school and has significant positive long-term economic and fiscal benefits, particularly for students from low-income families. There is a misconception that Maine can't afford the cost of a universal pre-kindergarten program, but this is false. A recent study by the University of Maine shows that investing in high-quality early childhood education, particularly for low-income families, pays for itself. Researchers found that the availability of an early childhood program allows parents to work more and pay more taxes, and it saves money on special education. Longer term, adults who had access to pre-K as children make more money, pay more taxes and are less likely to need social assistance. In fact, the costs for a pre-K program focused on low-income families is fully recovered by age 14, and the total fiscal benefit to the state for participation is almost five times greater than the cost per individual.[xxiii]

Maine's current education funding formula reimburses towns for pre-K programs, but there is a one-year lag in payment. Many towns have not started a program because the upfront costs for the first year are insurmountable. A $1 million grant program will help to eliminate this first-year hurdle and ensure that more Maine students are prepared to succeed in later schooling. The funds will be dispersed by the Department of Education and districts with the highest number of students receiving free or reduced lunch will be given first priority. The grant would also require a school district to operate a pre-K program for at least five years.

ESTIMATED COST: $1 million annually, then declining as the pool of eligible towns without pre-K programs shrinks

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REVITALIZE THE GOVERNOR'S TRAINING INITIATIVE

The Governor's Training Initiative is a successful public-private partnership that helps growing Maine companies to develop and fund training programs for their employees. The Initiative is an important recruitment tool for bringing new companies to Maine and for helping existing companies to grow.

ESTIMATED COST: $500,000 annually.

SKILL ADVANTAGE OUTCOMES:

MAINE MADE'S workforce development strategies will dramatically increase college affordability in Maine, giving Maine residents the opportunity to acquire the knowledge and skills they need to succeed in today's economy. These policies will also ensure that all Maine students enter college prepared for success, and that there is an ongoing partnership between the state and private sector to train workers. **MAINE MADE** will…

- Significantly increase the educational attainment of Maine residents by helping thousands of students finish their degrees who otherwise couldn't;
- Lower debt for recent college graduates;
- Change Maine's demographics by attracting young families and businesses with a world-class public education system that starts at pre-K and culminates in affordable degrees from our public colleges and universities;
- Recognize the hard work of Maine's best public school teachers and increase the skill level of professional educators throughout the state; and
- Transform Maine's business climate by giving employers – both existing and prospective
- Access to a huge pool of talented, well-educated workers.



On average, a person who went to an early childhood program receives $23,900 less public assistance and pays $25,700 more over his or her lifetime in state and local taxes, and $32,600 more in federal income taxes.

3. FARMS & FISHERIES: THE "LOCAL" ADVANTAGE

IMAGINE A STRONG MAINE ECONOMY WHERE...

Maine's farms and fisheries are the "food-basket" of New England – creating jobs,reclaiming underutilized land, invigorating rural communities and providing healthy, affordable food to residents of Maine and beyond.

A hidden gem in the Maine economy is our rapidly growing local food and agricultural sectors, which includes both farming and fisheries. I've always said that Maine has the potential to be the food-basket for all of New England, which is why I've been a strong supporter of legislation at the state and federal level to promote Maine farms and farmers, fisheries and fishermen. Consumers are gaining an appetite for fresh food from local sources. To capitalize on this demand, Maine now has far more farmers and grows far more farm products than a generation ago. We also have a globally renowned seafood industry dominated by small processors and independent fishermen.

MAINE'S COMPETITIVE ADVANTAGE: Maine's farming and fishing communities are ready to take advantage of this new opportunity. We have well-established fisheries and more farmland than any other New England state, all within a day's drive of the East Coast megalopolis between Boston and Washington, DC. [xxiv] Our lobsters, blueberries and potatoes remain an integral part of the Maine brand; but Maine is increasingly becoming known for a much broader array of food—artisan cheeses, salad greens, grass-fed beef, seaweed and much more. And Maine has the right conditions and entrepreneurs to continue to expand our food economy and create thousands of good-paying jobs, many in rural areas.

Direct sales of Maine-made food totals $2.75 billion annually, while supporting 17,000 jobs (see table below). Maine farm output is approximately $750 million annually, and Maine's fish landings are worth approximately $450 million (with lobster and farm-raised salmon accounting for more than 85 percent of the value of the haul). [xxv] There is no official data yet for 2012,[xxvi] but in the five years between 2002 and 2007, the number of Maine farms increased by 13 percent, while the value of farm products increased by 33 percent.

ECONOMIC IMPACT OF MAINE'S FOOD MAKERS [xxvii]

	Direct Impact	Multiplier Effects	Total Impact
Sales Revenue	$2,754,420,900	$2,269,488,543	$5,023,909,443
Employment	17,057	20,513	37,569
Labor Income	$ 465,587,635	$ 629,118,897	$1,094,706,532

GOAL: Double Maine's farm production and expand the state's food industry by growing farms, fisheries and related food businesses.

STRATEGY: Make Maine the "food basket" of New England by expanding our capacity to grow, harvest process and export food and food products.

Maine's food industries are poised to grow. The next wave of agricultural development in Maine will require new investment in a broad range of infrastructure, broadly defined.

BUILD A NETWORK OF "FOOD-HUBS" TO CONNECT LOCAL FARMS AND FISHERIES TO CONSUMERS IN MAINE AND BEYOND

Moving more local fish and farm products into new markets is critical to the further growth of farming and fishing in Maine, and to better serving Maine's consumers. To do so, Maine local food producers increasingly need facilities to aggregate, store, market, process and distribute their products—all functions performed by food hubs. Food hubs help producers, who are often small and scattered in rural areas, connect with larger consumer markets in towns and cities. Food hubs are being pursued not only by producers, but by an increasing number of entrepreneurs who believe in "local" and are themselves considering becoming distributors, aggregators or processors. Creative ideas range from web-based delivery systems, to mobile slaughterhouses that can more easily reach rural farms, to collaborate models like multi-farm CSAs and farm stands.

Maine's craft brewers are an example of a local food industry poised to grow. Beer brewing in Maine supports 5,800 jobs and generates more than $160 million in wages in Maine. Between 2010 and 2012, beer production by Maine breweries increased by more than 90 percent, primarily in craft beers. Maine ranks fifth in the country for our 33 craft breweries, with one brewery for every 40,000 residents (National Brewers Association.) Breweries are growing rapidly, and are an important part of Maine's local food economy. (Bangor Daily News, May 24, 2013) Beyond this, Maine's craft brewers are beginning to experiment with Maine-grown hops and grains —which could boost local farming in the future.

Through aggregation, food hubs open up small-scale producers to new markets. Meanwhile, food hubs that are involved in processing can add value to local fish and farm products. By some estimates, a network of local food hubs could increase the value of local food production by hundreds of millions of dollars annually.

Market fundamentals and private investment will determine where these hubs are located and what particular services they provide, but state policy can play a crucial role by coordinating public and private sector investments. First, the state should align its existing economic development programs to advance agricultural initiatives; for example, by ensuring that the priorities of the Department of Agriculture, Conservation and Forestry and the Department of Marine Resources align with FAME's loan guarantee program and Maine Technology Institute's grant programs. Second, the state can make funding from existing economic development grant and loan programs accessible to organizations looking to build food hubs; third, existing grant programs can be revitalized and expanded to include support for food-hub infrastructure; and fourth the state can provide help to provide the market research and business planning support necessary for the development of food hubs.

ESTIMATED COST: Predominantly private-sector investment; $650,000 annual investment over 10 years ($6.5 million total) in food hubs (through the "Compact with Small Businesses" investment plan) will be designed to leverage $19.5 million in private sector investment.

CREATE THE MAINE INSTITUTIONAL BUYING PROGRAM AND DOUBLE THE VALUE OF LOCALLY GROWN FOOD PURCHASED BY MAINE SCHOOLS AND GOVERNMENTS AND PARTNER WITH MAINE'S FOOD PANTRIES TO INCREASE ACCESS TO QUALITY, FRESH PRODUCTS AND DEVELOP A NEW MARKET FOR MAINE FARMERS

Maine's public institutions – schools, hospitals, etc. – purchase millions of dollars worth of food each year. Directing even a small percentage of that to local producers would have significant benefits for Maine's food industry. The promise of institutional purchases would not only increase sales, but give producers confidence to scale up their operations in ways that would allow them to better serve other wholesale accounts, such as supermarkets.

MAINE MADE calls for doubling the value of locally grown food purchased by Maine's public institutions – an ambitious, but attainable goal. It holds these institutions accountable for purchasing a significant percentage of their food locally. But, importantly, it provides adequate funding and technical assistance to help them succeed. A model for doing so is the Maine Department of Education's Local Product Fund, which has helped some schools overcome the logistical hurdles of purchasing local food, such as delivery, seasonal availability, quantity limitations, and eased cost concerns. Scaling up this program, and expanding it beyond schools, will help state and local institutions increase their purchases of food local and create new demand for Maine's food producers. The state can also provide grants or loans to institutions through programs like the Northern Border Regional Commission I helped develop while in Congress. Such entities can help public institutions that would like to purchase more local food but lack the facilities to do so, such as freezers, cold storage, extra kitchen space or trained personnel.

In addition, we can help to facilitate partnerships between Maine food producers and food shelters in the state and region that will provide new markets for local food and agricultural products while improving the dietary options for low-income families.

ESTIMATED COST: $1 million incentive program to encourage institutional buying, and a $1 million matching grant fund to update institutional facilities and training so they are prepared to handle whole, fresh foods.

LOCK-IN MAINE'S FOOD-INDUSTRY COMPETITIVE ADVANTAGE BY PROTECTING OUR FARMLAND AND WORKING WATERFRONT

Maine's farming and fishing industries are uniquely valuable assets. They are also uniquely vulnerable in their dependence on access to land and coastline that is under threat of development. In recent years, it has been reported that development has claimed more than 4,000 acres of farmland annually;[xxviii] and today there is just 20 miles of working waterfront along Maine's 5,300-mile coast, and more than half of that is in private hands.[xxix] MAINE MADE calls for safeguarding these important Maine industries by investing in farmland conservation and the working waterfront.

Protecting more farmland and working waterfront by purchasing easements is critical to Maine's future. For example, as much as 400,000 acres of Maine farmland is expected to transition this decade, due to the advancing age of farmers. Protecting farmland directly serves economic goals by: 1) making it possible for beginning farmers to enter the business and existing farmers to expand operations or to secure vulnerable land they currently lease; and 2) infusing new capital into farm operations in ways that help farms improve efficiency or add on-farm infrastructure.

The Competitive Advantage Fund, capitalized through the 10-year "Compact with Small Business" investment bond, will provide funds to protect vulnerable farmland and Maine's working waterfront as an economic development strategy. One part of the program would be targeted at protecting working farms that are in a position to innovate, and where the funds that are paid to farmers for conservation easements would be directed toward improving farm operations. Funds would be coupled with business planning support, and farmers would be expected to implement those business plans in exchange for receiving funding. A $25 million invested in such a program would permanently protect 60,000 – 75,000 acres and increase production on participating farms by an estimated $100 million.[xxx]

ESTIMATED COSTS: $2.5 million annually for 10 years ($25 million total) for farmland protection and working waterfront protection (within the "Compact for Small Businesses" investment plan) will be designed to leverage $20 million in additional farmland and waterfront protection funds and $20 million in farmer and fishermen investment, for a total investment in farmland and fisheries infrastructure of $65 million.[xxxi] Actual cost to state's General Fund will be much less when compared to current debt-service levels.

PARTNER WITH THE PRIVATE SECTOR TO EXPAND ACCESS TO CAPITAL FOR FARMERS

The state should support private sector efforts to develop a farm-centered credit union that would have the expertise and understanding necessary to provide capital to farms, including small, diversified farms that often have difficulty obtaining financing. As it stands, many farmers not only pay a premium for their land, but also can only secure mortgages at rates higher than those available for standard home loans. A farm-centered credit union could help to lower interest rates and encourage the growth of farms.

ESTIMATED COST: No direct cost to the state; regulatory oversight and support

LOCAL ADVANTAGE OUTCOMES:

MAINE MADE'S farms-and-fisheries strategy recognizes the unique value of these industries in today's economy. They are not just sectors we should support out of tradition; they are competitive advantages with the potential to generate significant economic growth in the coming decades. MAINE MADE will…

- Catalyze the growth of Maine's farms and fisheries by building the infrastructure needed for greater demand and production of local food products;
- Leverage tens of millions of dollars in direct private investment;
- Increase access to local foods, and the associated health benefits, in Maine's public institutions; and
- Protect Maine's valued farmland and working waterfront, which is as important to our quality of life and "Maine Brand" as it is to food production.

4. TOURISM: THE "MAINE BRAND" ADVANTAGE

(also see accompanying white paper, Lifelong Consumer Initiative)

IMAGINE A STRONG MAINE ECONOMY WHERE…

Maine is a world-class tourism destination, with compellingrecreational and cultural experiences that inspire visitorsto become lifelong consumers of Maine products.

Tourism is a distinct feature of Maine's economy. In 2012, nearly 15 million non-residents visited the state, collectively spending nearly $5 billion and supporting some 85,000 jobs.[xxxii] National and international forecasts show that tourism will remain a reliable driver of economic growth for decades. At the same time, the rise of low-cost air travel has given tourists a wider variety of destinations from which to choose and research shows that U.S. tourists are less likely to visit the same place multiple times as they did a generation ago.[xxxiii]

"How do we grow Maine's Creative Economy? A good place to start is with Maine's tourism industry, which not only attracts, houses and feeds millions of tourists a year, but also includes arts and crafts businesses, local artists and more. Helping our tourist industry connect to new customers outside of Maine is a key strategy to increasing the economic impact of Maine's Creative Economy."

MAINE'S COMPETITIVE ADVANTAGE: In the growing but competitive tourism marketplace, Maine is fortunate to have a well-established reputation as a world-class destination. Our "Maine Brand" is rooted in scenic beauty – our rocky coastline, majestic mountains and historic towns – and the perception of our population as hard working, honest and skilled in traditional professions and crafts that have faded elsewhere.

We have a unique opportunity to leverage our status as a world-class destination, and our "Maine Brand," to market products to visitors from around the globe. Our state is a showroom through which 15 million potential customers walk each year. Capturing their business, not only while they are here but after they return home, will extend the benefits of tourism far beyond traditional hospitality businesses to the producers and suppliers of a large variety of Maine goods.

GOAL: Double the economic benefit of every Maine visitor by capturing their full lifetime value

STRATEGY: Turn every visitor into a lifelong consumer of Maine products, thereby gaining an economic benefit from their visit long after they leave.

For years, strategies for growing Maine's tourism industry have focused on attracting more visitors, to more regions of the state and getting them to spend more. This is important, but there are several problems with those strategies. First, not all Maine people necessarily want more tourists, nor could our infrastructure easily handle them. Second, barring a dramatic change in the travel patterns of the U.S. population or the creation of a new, world-class attraction in Maine's interior, those strategies alone will not generate enough growth to significantly bolster Maine's economy.

Instead of focusing on getting more people to Maine, **MAINE MADE** focuses on what happens when they return home. A visitor's potential lifetime value is far greater than the amount they spend while they're in the state; it includes all of the Maine products they consume when they return home. Over years, that could significantly exceed the value of their initial trip. Maine's tourism development strategy must expand from simply acquiring visitors to converting them into customers and then retaining those customers for life.

BUILD A NATIONAL MARKET FOR HIGHEST-QUALITY MAINE PRODUCTS BY DIRECTLY MARKETING TO VISITORS AFTER THEY HAVE RETURNED HOME

To capture the full lifetime value of every Maine visitor, **MAINE MADE** will create a direct marketing campaign to promote high-quality, Maine-made products to visitors after they return home. "Premier Maine," will be a new designation within the Department of Economic and Community Development's (DECD) **MAINE MADE** program for products that achieve the highest standards of design and production, selected through a juried process.

There is also a strong nexus with the Domestic Trade Center Initiative, which will help Maine-based businesses expand into markets outside of the state.

Premier Maine products will be directly marketed to Maine visitors after they leave the state. For example, someone who visits Maine in July might receive a catalogue of Maine-made home goods or specialty foods in September, holiday gifts in December and jewelry in February. Maine's forest-products industry, high-end Maine-made furniture for example, will be prominently featured. Recent innovations in consumer research and online marketing will allow us to target customers in the online marketplace as well. Marketing appeals could be customized based on which region of the state someone visited or which products, industries or activities they indicated an interest in. The marketing campaigns will be undertaken by an experienced marketing firm selected by DECD through a competitive bidding process.

The potential economic impact is huge: There are currently 2,000 companies in the **MAINE MADE** program. If just 10 percent of these (200 companies) became part of the Premier Maine direct marketing program, and each found 500 more customers (0.67 percent of total visitors), who spent an average of $100, that's $10 million dollars of new money into the Maine economy, each year.

ESTIMATED COST: $1 million annually

START A MAINE TOURISM TRAINING INITIATIVE TO CREATE A CADRE OF WORLD-CLASS TOURISM PROFESSIONALS

At Maine's best hospitality businesses, every employee – from managers to wait staff and housekeepers to tour guides – offers a level of customer service that shows visitors the best Maine standards of professionalism and quality. This allows them to attract and retain more customers and even charge more for their services. **MAINE MADE'S** comprehensive tourism strategy will include a Maine Tourism Training Initiative to raise customer service standards statewide. This initiative will offer short, focused ad hoc courses for frontline workers in topics such as customer service, regional history, and regional recreational opportunities. The model for this is the successful Maine Woods Tourism Training Initiative (MWTTI), which has provided training to 300 businesses and 550 frontline workers in Maine's seven northernmost counties since 2010.

Following MWTTI's lead, this program would aim to train approximately 1,000 front-line workers per year, with a goal of 10,000 after 10 years. The average wage for workers in the leisure and hospitality sector is $17,000. If 10,000 of these workers received training and, with their new skills, received a 10 percent raise, this would mean $17 million more in wages for the Maine economy.

ESTIMATED COST: Minimal; regional support through public-private partnerships

CREATE THE MAINE TOURISM LEADERS PROGRAM TO HELP EXCEPTIONAL TOURISM BUSINESSES ATTRACT HIGHER-SPENDING VISITORS

In order to turn visitors into lifelong consumers of Maine products, we must ensure that the interaction they have in Maine reinforces the Maine Brand of quality, integrity and value. To encourage that, MAINE MADE calls for the Maine Office of Tourism to create a Maine Tourism Leaders (MTL) program to recognize hospitality, tourism and recreation businesses that offer visitors a high degree of quality and customer service (using the Maine Department of Environmental Protection's Environmental Leaders program as a model).

MTL standards will complement those of established industry ratings, such as the AAA Diamond Ratings and Forbes Travel Guides Star Ratings (formerly Mobil Travel Guides), to help businesses advance their standings in those widely recognized rating systems. An advisory board of industry representatives will create the guidelines and provide technical assistance to businesses seeking certification, and create an MTL logo that certified businesses could display and use in marketing materials.

ESTIMATED COST: Within existing resources and public-private partnerships

LOCK-IN MAINE'S TOURISM COMPETITIVE ADVANTAGE BY CONSERVING OUR NATURAL AND SCENIC ASSETS

If we are to use tourism as a foundation for product development, then we must ensure that foundation is durable and accessible. A $25 million Competitive Advantage Fund, capitalized through the ten-year "Compact with Small Business" investment bond ($2.5 million per year), will provide funds to preserve and protect Maine's scenic beauty, including waterfront development and historic downtown revitalization, and make sure it is accessible to tourists and Maine residents,

ESTIMATED COSTS: $2.5 million annually, for 10 years within "Compact with Small Businesses" investment plan; actual cost to state's General Fund will be much less when compared to current debt-service levels.

MAINE BRAND ADVANTAGE OUTCOMES:

MAINE MADE'S tourism development strategy is a much-needed expansion of the state's tourism goal from simply attracting tourists to turning them into lifelong consumers of Maine products. **MAINE MADE** will…

- Extend the benefits of tourism to hundreds of Maine small producers and light manufacturers by connecting them with new customers outside the state;
- Help Maine's hospitality businesses attract and retain more high-end, experiential tourists;
- Help Maine workers, particularly in rural areas, upgrade their skills and earning potential within the tourism industry; and
- Safeguard Maine's competitive advantage in attracting visitors – our unique natural and cultural attractions.

5. ENERGY: THE "RENEWABLE" ADVANTAGE

IMAGINE A STRONG MAINE ECONOMY WHERE…

Maine's is attracting billions of dollars in private-sector investment for renewable energy and energy efficiency projects, creating jobs and driving down energy costs for Maine businesses and homeowners

Rising energy costs and environmental concerns have increased demand for clean, renewable energy alternatives. Energy is a major expense for businesses and homeowners alike, and the drive to lower that cost is creating new economic opportunities. Maine has a unique array of energy options, including wind, tidal, hydro, biomass and solar, and can become a national leader in renewable energy production and energy efficiency.

MAINE'S COMPETITIVE ADVANTAGE: Maine doesn't have oil and natural gas deposits like Texas or North Dakota, but our unique portfolio of alternative energy sources is a valuable asset in today's economy. Maine is well positioned to attract billions of dollars of energy investment that can create jobs, reduce pollution and lower energy costs for Maine businesses and homeowners alike.

GOAL: Double the private-sector investment in Maine's renewable energy and energy efficiency economy while cutting our dependency on home heating oil in half by 2030.

STRATEGY: Catalyze a sustained investment in renewable energy production and efficiency, equivalent to building a new power plant

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Maine has a unique opportunity to create a robust energy economy based on both large- and small-scale production of renewable energy. While it is mostly large-scale developments like wind and tidal power that make headline news, small-scale energy solutions, like roof-top solar (both for homes and public buildings), energy efficiency and weatherization, have grid-scale benefits. They generate direct cost savings to homeowners and businesses, create potential partnership opportunities for ancillary grid stabilization services and indirectly generate savings to consumers across Maine by lowering demand for wholesale energy prices. They also benefit Maine's economy by creating opportunities for innovative companies.

CREATE THE MAINE SOLAR POWER INITIATIVE TO MAKE SOLAR PANELS AS COMMON IN MAINE HOMES AS WOODSTOVES

The cost of solar power has fallen by more than 60 percent in the last five years. At today's prices and without any tax subsidies, a solar installation will provide electricity for 25 years at four cents a kilowatt-hour. That's less than a third of the current price of delivered electricity. Solar energy also prevents significant costs associated with transmission and distribution infrastructure upgrades because it reduces demand on the electrical system. (Since 2010 there have been three electricity rate increases due to transmission upgrades.) Owing to the new economics of solar power, in 2012, 16 million solar panels were installed in the United States, more than 2 per second of every workday. But hardly any solar panels were installed in Maine.[xxxiv]

The Maine Solar Power Initiative will change that, and spur private-sector investment in roof-top solar power installations for homeowners, businesses and public buildings, with a goal of 75 megawatts of installed solar power by 2018. It will achieve this in a few ways: first, homeowners and businesses who invest in solar panels will be able to recoup installation costs, fast, through an expanded "Net Energy Billing" program. Those who install rooftop solar panels will get contracts with the Public Utilities Commission that reflect the full costs and benefits of the energy they

produce, the same way larger grid-scale projects do. This will change the return on investment and make it more cost-effective for homes, businesses, schools and other government buildings to purchase solar panels. The Solar Power Initiative will also encourage third-party ownership of solar panels, which will spur private sector innovation and make solar more accessible for those who can't afford the up-front costs of an installation.

Arguably most important, **MAINE MADE** will ensure that Maine's public utilities have financial incentives to connect rooftop solar to the grid. Currently, utilities see rooftop solar as a revenue loss, even though it has broad, grid-scale cost benefits. **MAINE MADE** will direct the Public Utilities Commission to set up a Performance Based Incentive program where utilities get rewarded for how many solar installations they connect, and do not lose revenue from the decrease in their sale of electricity. This separation of the utilities revenue from solar power generation is a win-win, for utilities and consumers, and will ensure Maine has the right incentives in place to make solar panels as common as wood-stoves.

What would an investment in solar power mean to the Maine economy? Solar installations cost about $3 per watt,[xxxv] so installing 75 megawatts of solar capacity would mean a total investment of $225 million. Assuming that 2/3 of this investment stays in Maine (roughly, 1/3 is for materials produced outside of Maine), this would be a $150 million infusion of capital into the Maine economy! (Which doesn't include the substantial benefits to the business or homeowner from lower electricity and avoided transmission costs.)

ESTIMATED COST: No cost to state's General Fund; redesigned Net Billing system would spur private sector investment; federal grant opportunities also exist for partnerships with the U.S. Departments of Energy and Defense.

REQUIRE ENERGY RATINGS FOR ALL NEW HOMES, EMPOWERING HOMEBUYERS AND SPURRING PRIVATE-SECTOR INVESTMENT IN ENERGY EFFICIENCY

This simple, small step will empower Maine homebuyers and lead to significant increases in energy efficiency investments across Maine. Maine homeowners face some of the highest home heating costs in the nation and have some of the oldest and least efficient housing stock, but homebuyers have no reliable way to compare the future energy performance of various homes. An energy performance report card would clearly disclose a home's long-term energy performance and cost between $200 and $600. That's a tiny percentage of the sales price of a home. This energy rating will be required for the sale of all new homes, and voluntary for existing home sales.

Maine's Clean Tech sector supports more than 20,000 workers, with a total economic impact of more than $2 Billion (Clean Tech). Nationally, the U.S. solar industry employs 120,000 workers and had employment growth in 2012 of 13%, compared to 2% for the rest of the economy. (Solar Foundation)

Coupled with a strong and consistent investment in cost-effective energy efficiency (see "Compact with Small Business" investment plan), this initiative will spur significant private-sector investment to help Maine's homes and businesses use heat and electricity more efficiently. Maine has approximately 550,000 homes, of which roughly 18 percent have already been weatherized or were built in recent years and therefore do not require additional weatherizing.[xxxvi] This initiative would encourage a public-private partnership with a shared goal of weatherizing 25,000 homes per year. This would have significant benefits to the Maine economy.

ESTIMATED COST: Private-sector investment

BUILD A MAINE OCEAN ENERGY CENTER OF EXCELLENCE, LED BY THE PRIVATE SECTOR, TO CEMENT MAINE'S PLACE AS THE LEADER IN OFF-SHORE RENEWABLE ENERGY PRODUCTION

Maine is well positioned to become a national leader in ocean energy development. We have strong tidal, wind, and wave resources; deepwater ports; actively involved academic institutions; and a growing supply chain of companies developing new technologies for the industry. In 2012, the first commercial tidal energy project connected to the grid came on-line in Washington County. Currently, there are 120 Maine companies involved in the ocean and wind energy sector with overall revenues of over $500 million.

The Maine Ocean Energy Center of Excellence will sustain this momentum by unifying the efforts of the industry's public, private and academic leaders, working to attract new capital to the state, and coordinate new projects. The center would be housed at the University of Maine and funded by a combination of public and private funds.

ESTIMATED COST: $250,000

SUPPORT REGIONAL EFFORTS TO EXPAND ACCESS TO NATURAL GAS AND PROTECT INVESTMENT IN RENEWABLES

To reduce our dependency on heating oil, Maine must utilize natural gas as a transition fuel. It's cleaner than oil and is currently available at a much lower price, although volatility in the natural gas market remains a problem. Through a cooperative effort with other New England states, we should expand pipeline capacity into the region. Currently 52 percent of the electricity in New England is produced by gas turbines, and the cost of electricity closely tracks with the cost of fuel. Greater capacity into the region would reduce costs, both to consumers and to Maine's manufacturing sector. The expansion of natural gas capacity must also be paired with greater diversity of sources, including a renewed commitment to Maine-based onshore and offshore wind, tidal and solar power.

ESTIMATED COST: Costs would be shared equitably by all New England states.
Potential savings, both for electricity consumers and large industrial users of natural gas are significant.

RENEWABLE ADVANTAGE OUTCOMES:

MAINE MADE'S energy development strategy will channel public and private investments toward one of the most compelling opportunities for economic growth that Maine has seen in generations – energy. MAINE MADE will…

- Reduce the energy costs of Maine homeowners and businesses by helping them invest in energy efficiency and small-scale energy solutions;
- Unify the efforts of Maine's public agencies, academic institutions, and private investors and entrepreneurs to make Maine a national leader in ocean energy development;
- Reduce energy costs of Maine municipalities and help them secure the economic benefits of renewable energy projects;
- Reduce the price of natural gas for households and industrial consumers; and
- Cut our dependency on heating oil in half.

CREATE THE MUNICIPAL ENERGY LEADERSHIP INITIATIVE TO REWARD PRO-ACTIVE MUNICIPAL ENERGY POLICIES

This voluntary program will support Maine municipalities that take a proactive approach to their energy future. The Municipal Energy Leadership Initiative (MELI) will reward municipalities that increase the energy efficiency of municipal operations, for example by reducing electricity or fuel use, provide predictability in the siting of renewable energy projects, and even support those projects through local tax incentives.

The MELI program would be administered by Efficiency Maine, which will provide grant funding for planning and technical assistance. The MELI program is inspired by the success of Efficiency Maine's implementation of federal stimulus funds and the Massachusetts Green Communities program.

ESTIMATED COST: $2 million matching grant program and additional funding possible from Efficiency Maine.



There is a misconception that Maine doesn't get enough sun to benefit from solar. Not true: Maine receives 33% more sun than Germany, the world leader in solar power adoption. And Massachusetts and Vermont, our close neighbors, are seeing significant benefits from their solar programs.

6. GOOD NEIGHBORS: THE "COMMUNITY" ADVANTAGE

IMAGINE A STRONG MAINE ECONOMY WHERE...

More families can work their way into the middle class, where thousands of people have access to a family doctor and life-saving preventative care, where mothers don't lose their job for staying home with a sick child, where we start to reverse the damaging effects of income inequality.

MAINE'S COMPETITIVE ADVANTAGE: Mainers stand up for one another. Our communities are strong because we share a pride in the place we live and a commitment to our neighbors. We see it every day, in matters big and small, when neighbors help neighbors through the calamities of life.

We need public policies that take that same approach, that recognize Maine workers are known for their strong work ethic, adaptability and dependability, but also recognize that wages haven't kept up. Even the hardest working middle-class and low-income families have fallen behind as wages have stagnated and the cost of health care has increased. Too many people are working two or even three jobs and aren't able to afford the basics. They are working more and making less. We need policies that support working families and that grow the middle class.

GOAL: To create a pathway to the middle class for working families

STRATEGY: Support Maine working families, expand access to health care.

INCREASE MAINE'S MINIMUM WAGE TO $9 AN HOUR OVER THREE YEARS

While Maine workers are more productive than ever before, their wages haven't kept up. It's time to give Mainers a raise. Maine last raised its minimum wage in 2009, to the current level of $7.50. While the wage has stayed flat, the cost of every-day goods, including food and energy, have gone up dramatically. According to the Maine Center for Economic Policy, today's minimum wage has the buying power of the minimum wage in 1959, which was just $1. Adjusting for inflation, Maine's minimum wage reached its peak at $9.69 in 1971.[xxxvii]

Research shows that raising the minimum wage does not lead to job loss and can create stronger consumer demand while helping to lift working families out of poverty.[xxxviii]

Despite myths to the contrary, most minimum wage workers are not teenagers. On the national level, 76 percent of workers earning at or near the minimum wage are adults older than 20. The Economic Policy Institute estimated that in 2013, 47,000 Mainers were working for $8.50 an hour or less.

ESTIMATED COST: There is no expected cost to Maine's General Fund.

EXPAND ACCESS TO HEALTH CARE TO NEARLY 70,000 MAINE PEOPLE, INCLUDING NEARLY 3,000 MAINE VETERANS:

Expanding access to health care not only makes economic sense, it's the right thing to do morally. Every Mainer should be able to see a doctor when they need one. Expansion of health care through Medicaid will improve the management of chronic conditions, lead to better preventative care and help our workforce to be healthier.[xl]

Maine has an opportunity to expand access to health care for nearly 70,000 people with the federal government initially paying 100 percent of the cost. Over the first 10 years of expansion, Maine will actually save more than $690 million.[xli]

In addition, expansion could create up to 3,400 new jobs in Maine while increasing economic activity in the state by $500 million annually.[xlii]

ESTIMATED COST: Expansion of health care to nearly 70,000 people through Medicaid is estimated to save Maine $690 million over the next decade.

MAKE MAINE'S EARNED INCOME TAX CREDIT REFUNDABLE, PUTTING MORE MONEY IN THE HANDS OF WORKING FAMILIES AND HELP GROW THE MIDDLE CLASS:

Like more than half of all states, Maine has enacted its own version of the Earned Income Tax Credit. The credit is currently equal to 5 percent of the federal credit. The Earned Income Tax Credit is one of the most effective tools for expanding the middle class and lifting families out of poverty. Last year, the federal EITC lifted 6.5 million people – half of them children – out of poverty.[xliv]

The federal Earned Income Tax Credit "is designed to help low-to-moderate-income working people get ahead. The federal tax credit was enacted in 1975 and made permanent in 1978." The credit allows families to keep more of the money they earn and is a tax program that helps the economy work for everyone. The federal EITC is refundable. If a family's credit exceeds their tax liability they are able to get a refund.

By making Maine's EITC refundable, we fight poverty while also adding fairness into the tax code. The credit helps to "make work pay" and moderates the gap between rich and poor.[xlvi]

ESTIMATED COST: $8.1 million, based on making Maine's current 5 percent credit fully refundable.[xlvii]

COMMUNITY ADVANTAGE OUTCOMES:

MAINE MADE'S community strategy will modestly modernize the state's minimum wage, helping low-income earners to come closer to earning a living wage without jeopardizing job creation. In addition, the strategy will help low-income and working families access life-saving health care, which will make them healthier participants in the workforce, and it will expand one of the most effective anti-poverty programs ever developed to help working families move out of poverty and toward the middle class.

APPENDIX A

GF Bonds Proposed for Voter Approval: 2001-2013	
YEAR	AMOUNT
2001	$146,700,000
2002	$112,570,000
2003	$149,400,000
2004	
2005	$83,000,000
2006	
2007	$265,275,000
2008	$33,125,000
2009	$71,250,000
2010	$123,050,000
2011	
2012	$75,725,000
2013	$149,500,000
TOTAL	$1,209,595,000
Average For Years In Which Bonding Was On The Ballot	$120,959,500
Average For All Years 2001-2013	$93,045,769

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