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Opportunity to Build Maine’s Workforce amid the COVID-19 Pandemic

Laura Fairman
laura.fairman@maine.edu

COMMENTARY

Opportunity to Build Maine's Workforce amid the COVID-19 Pandemic

by Laura Fairman

In the 2020–2029 Maine Economic Development Strategy released under Governor Janet Mills, the Maine Department of Economic and Community Development projects a contraction in the state's workforce of 65,000 individuals over the next 10 years, representing over 9 percent of Maine's labor force as measured in 2019. Maine's labor force shortage hinders economic growth across the state and is particularly pronounced in the less densely populated central and northern Maine (Maine DECD 2020).

The COVID-19 pandemic presents significant challenges to the state in terms of economic recovery and maintaining essential services such as education, healthcare, and emergency response systems. Fundamental shifts in how we live and work, which have been growing with the adaptation of technology, were abruptly accelerated by the pandemic. America's work-from-home population measured at 5.3 percent of the total workforce in 2018 and is expected to continue to increase in the long-term (Farmer 2020). The rise of the remote workforce creates opportunities for Maine to attract new residents that will provide economic benefits beyond the current crisis. Policymakers should look to grant programs established across the United States and in New England to inform the planning process.

The need for a well-resourced workforce development strategy is often discussed at the state and local levels in light of Maine's demographic projections. The governor's office and several state agencies have taken steps to address Maine's population declines, partnering with the private sector and nonprofits to introduce initiatives such as the Education Opportunity Tax Credit, Live and Work in Maine, and the Welcome Home program. Continuing these policies may be advantageous during the pandemic, as there may not be the time, resources, or political will to effectively pursue another policy on workforce development. However, the volume of remote workers has increased dramatically due to the pandemic, but Maine does not yet have a policy mechanism to create incentives for remote workers to move to the state. Given the sudden shift to remote work that the COVID-19 pandemic has caused, the state should consider a grants program as a policy option to encourage remote workers and their families to settle in Maine.

As companies shift many positions to remote work, traditional incentives for business relocation such as reducing the tax burden or providing cash grants may not be effective in achieving goals of population growth, creating local jobs, or economic development. Focusing directly on attracting remote workers and their families may be a more rewarding strategy in the COVID-19 era. Policymakers should consider establishing a grants program that provides either outright payments or retroactive reimbursements to remote workers who move to Maine. Attracting remote workers would result in direct and indirect economic benefits, ranging from state tax revenue and consumer spending to additional participants in the workforce and increased school enrollment. Compared to the array of available policy tools, grantmaking is administratively straightforward, lends itself well to monitoring and evaluation, and is adaptable to changes based on the state's needs.

How the grant program is designed, through eligibility requirements and the disbursement process, will determine who chooses to participate. If the state values diversity, equity, and inclusion, policy designers should consider how to attract participants from different racial, ethnic, and socioeconomic backgrounds. For example, for individuals who cannot afford the expense of moving, a reimbursement-based program may not be appropriate. Similarly, it may not be a prudent allocation of resources to retroactively extend program benefits to new Maine residents who have already relocated to the state during the pandemic in 2020, as they made the decision and had the funds to move independent of any state-level program. On the flip side, it is also important to consider how an influx of remote workers and their families would impact the state. Drawing residents to already growing regions such as the Portland area may have the unintended consequence of driving up housing prices. Additional financial incentives could encourage relocation to areas experiencing net population losses.

Comparable models exist for state policymakers to both draw from and improve upon their approach to a remote worker grants program. Vermont, a state

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with similar demographic and workforce challenges to Maine, piloted a Remote Worker Grant Program in 2019 to attract new residents. Between January 2019 and January 2020, $500,000 in funding was awarded by the Agency of Commerce & Community Development (ACCD) to 140 grantees. Some remote worker grantees brought family members with them, resulting in 298 new Vermont residents in total. The majority of grantees indicated that they were motivated to move to Vermont because of access to nature and the outdoors, a safe environment to live and raise a family, and the Remote Worker Grant Program benefits. The program's success in terms of the level of interest shown encouraged the Vermont Legislature to push the timeline forward for planned disbursements in 2019. Also in the 2019 session, the Legislature renewed 2020 funding at a higher level under the New Worker Relocation Grant Program, which has broader eligibility requirements (Vermont ACCD 2020).

While the Vermont ACCD has successfully distributed funds to grantees and enjoyed broadly positive media coverage, several technical aspects of administering the Remote Worker Grant Program were criticized by the Vermont State Auditor's Office (SAO). In a November 2019 report, the SAO identifies ethically questionable reimbursements under the program to grantees, such as security deposits to landlords that will not be recovered by the state and storage lockers outside of the grant period (Vermont SAO 2019). If Maine develops a reimbursement-based program, guidelines and caps on eligible expenses would reduce compliance issues identified in Vermont's program.

Other localities with existing structures providing benefits for new residents are adapting their program requirements due to the COVID-19 pandemic. Topeka, Kansas, a city of 125,000 residents, currently targets their #ChooseTopeka initiative toward workers commuting to an in-person office. After residing in Topeka for one year, program participants are eligible to receive benefits of up to $10,000 in moving expense reimbursements for renters and $15,000 for home buyers (GO Topeka 2020). The program's administrators broadened the program scope in September 2020 to include remote workers. Governments are reacting and adapting to the reality that remote work, while temporarily heightened due to the pandemic, is likely here to stay.

As Maine state government responds to immediate challenges related to the COVID-19 pandemic, policymakers should reconsider their economic development strategy in light of remote work trends. Implementing a grant-making initiative would add to the tools currently targeted at strengthening and growing Maine's workforce. While other cities and states may be in competition to attract this relatively new remote worker population to their communities, we can be sure that Maine is a fierce contender with its natural beauty, friendly communities, and opportunity for outdoor adventure.

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Laura Fairman is from Dixmont, Maine, and works in nonprofit finance for the New York-based organization NEO Philanthropy. She graduated from Georgetown University in 2018 and is currently taking classes at the University of Southern Maine