

# Maine Issue Brief

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## Maine's Private Sector Share of Personal Income by County

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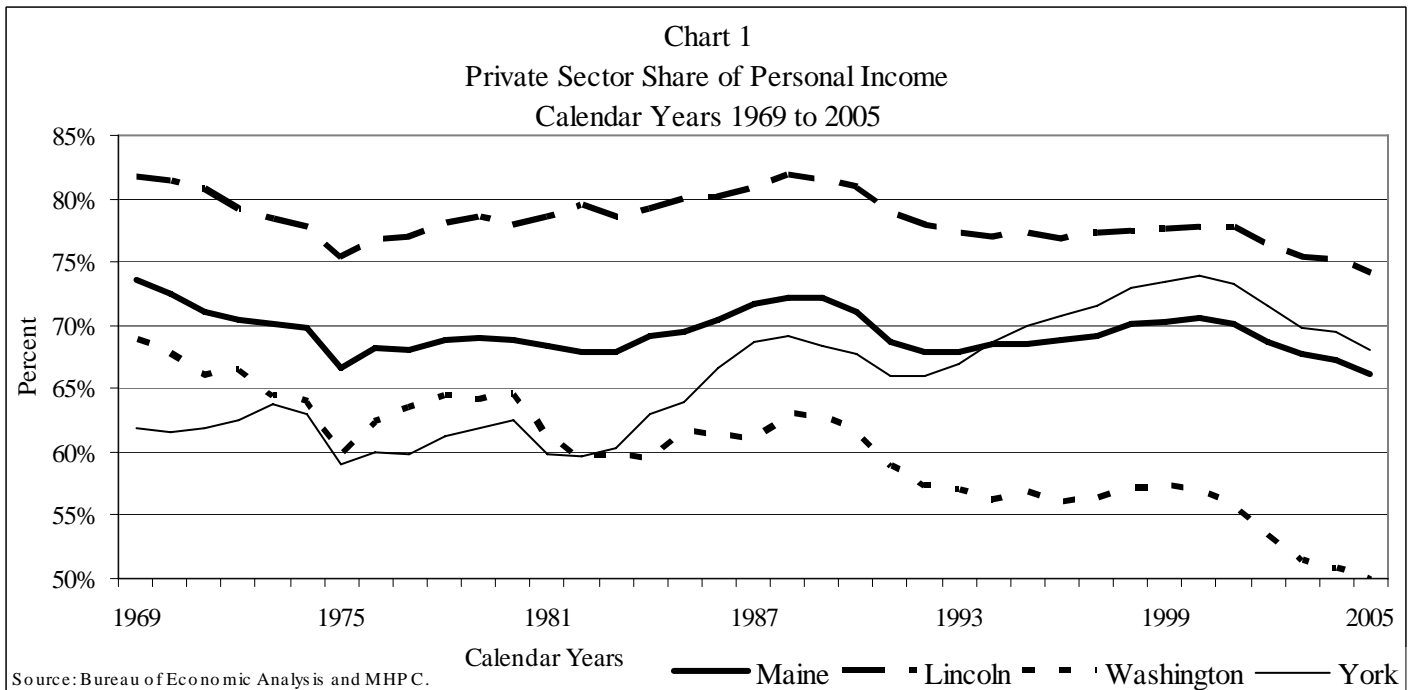
by J. Scott Moody

Personal income is an important economic measure of a state's well-being. Higher levels of personal income allow a state's residents to buy more goods and services such as homes, cars, education, and health care. Fundamentally, personal income comes from two sources: the private sector and the public, or government, sector. The distinction between the two sectors is important because only the private sector creates new income. The public sector simply redistributes existing income because what it spends must first be taken from the private sector through taxation or borrowing.

A previous study revealed that Maine has now has one of the smallest (42nd largest) private sector shares of personal income in the country.[1] This new study extends that analysis to Maine's 16 counties. Chart 1 shows a historical view of the private sector share of personal income for Maine from calendar years 1969 to 2005. Included in this Chart is the county with the largest private sector, Lincoln County, and the county with the smallest private sector, Washington County, based on 2005 rankings. York County is also shown since it is the only county with a growing private sector over this time-period.

Table 1 shows the private sector share of personal income for each Maine county for selected years and ranks them. Interestingly, Lincoln County has consistently lead the state since 1970. On the other hand, Washington County sank from the 13th ranked position in 1970 to 16th in 2005—also representing the largest fall of any county in Maine, with a 26.5 percent decline from 68.9 percent in 1969 to 49.8 percent in 2005.

More disturbingly, in 2005, Washington County officially became the first county in Maine to have a private sector share below 50 percent. In short, the government now provides more than 50 percent of Washington County's personal income. The root of Washington County's shrinking private sector share stems from a high level of personal current transfer receipts, which represent 35 percent of personal income in 2005, or 74 percent higher than the Maine average of 20.1 percent.[2] With a declining and aging population, Washington County's private sector share is likely to continue shrinking in the future.



The only county bucking the statewide trend was York County where the private sector grew 10 percent to 68.1 percent in 2005 from 61.9 percent in 1969 (see Chart 1). York County had the smallest private sector in 1970, but is now ranked number eight. While personal current transfer receipts increased in York County, that growth was offset by declining government employment (federal, state and local). Government employment fell by 47.3 percent, to 15.5 percent of personal income in 2005 from 29.5 percent in 1969—most likely stemming from the closure of the Pease Air Force base in the early 1990s.

#### Notes and Sources:

- [1] J. Scott Moody, “Maine’s Personal Income in 2006: Private Sector Continues to Shrink,” Issue Brief No. 10, March 27, 2007. [http://www.maineconomy.org/Portals/0/Issue%20Brief,%20No.%2010%20\(final\).pdf](http://www.maineconomy.org/Portals/0/Issue%20Brief,%20No.%2010%20(final).pdf)
- [2] For more information on the construction of the “private versus public sector” data, see: [http://www.maineconomy.org/Portals/0/The%20Maine%20View%20-%20Vol.%20%204,%20Issue%20No.%2011%20\(final\).pdf](http://www.maineconomy.org/Portals/0/The%20Maine%20View%20-%20Vol.%20%204,%20Issue%20No.%2011%20(final).pdf)

Table 1  
Private Sector Share of Personal Income by County  
Selected Calendar Years

	1970	Rank	1980	Rank	1990	Rank	2000	Rank	2005	Rank
Maine	72.5%	--	68.8%	--	71.0%	--	70.6%	--	66.2%	--
Androscoggin	81.0%	2	77.0%	2	76.4%	4	72.4%	8	68.8%	7
Aroostook	61.9%	15	58.1%	16	58.1%	16	59.6%	14	53.1%	14
Cumberland	76.4%	6	71.2%	10	76.0%	5	75.5%	3	72.9%	2
Franklin	79.0%	3	76.5%	3	72.8%	8	67.6%	11	62.8%	10
Hancock	76.2%	8	72.2%	6	76.7%	3	75.7%	2	71.3%	4
Kennebec	66.7%	14	60.6%	15	61.3%	15	59.0%	15	51.7%	15
Knox	75.6%	9	71.7%	8	75.7%	6	74.5%	5	70.6%	5
Lincoln	81.3%	1	77.9%	1	80.8%	1	77.7%	1	74.1%	1
Oxford	78.3%	5	75.9%	5	71.8%	10	68.6%	9	63.6%	9
Penobscot	72.6%	12	69.0%	12	67.8%	12	65.3%	12	61.4%	12
Piscataquis	74.1%	10	75.9%	4	69.3%	11	64.1%	13	59.7%	13
Sagadahoc	72.9%	11	71.8%	7	79.5%	2	75.4%	4	71.5%	3
Somerset	76.2%	7	70.6%	11	72.2%	9	68.6%	10	62.4%	11
Waldo	78.6%	4	71.5%	9	75.0%	7	74.0%	6	70.0%	6
Washington	67.8%	13	64.6%	13	61.6%	14	57.0%	16	49.8%	16
York	61.6%	16	62.6%	14	67.7%	13	73.9%	7	68.1%	8

Source: Bureau of Economic Analysis and MHPC.

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