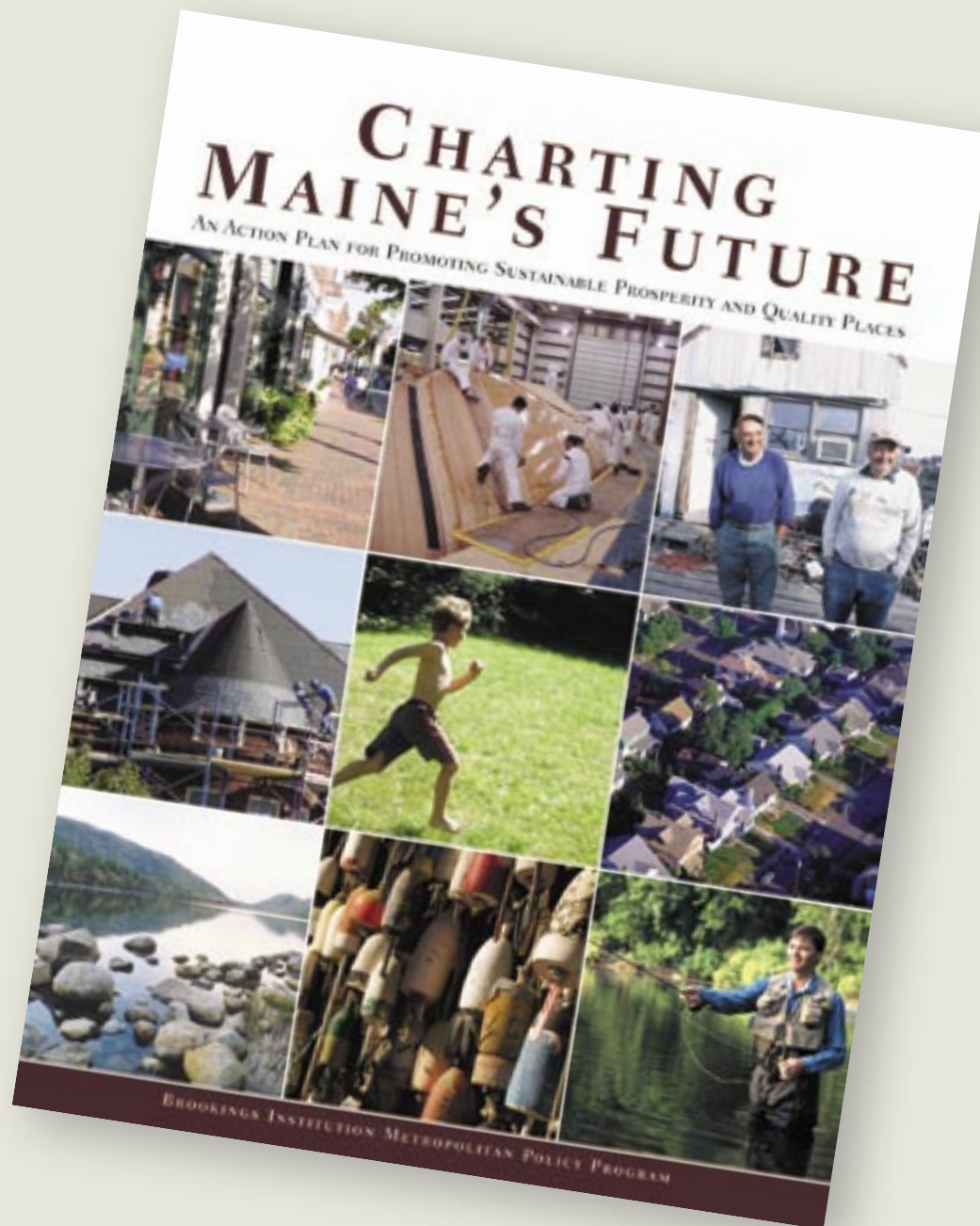


CAN WE BUILD LASTING PROSPERITY IN MAINE?

without sacrificing what's special about this place?



HERE'S WHAT THE NEWLY RELEASED BROOKINGS REPORT SAYS
and how you can help!

THE BROOKINGS REPORT WAS SPONSORED BY



81 Bridge Street, Yarmouth, Maine 04096
www.growsmartmaine.org

After years of painful transition, Maine is poised for a renewal – *If we take action now*

If you've lived in Maine for any length of time – especially if you've lived through a few campaign seasons - you've heard all the bad news. Taxes are too high. We're losing manufacturing jobs. Kids are leaving the state. Government spends too much. And chaotic growth is wrecking our rural character. Of course, there's some truth to all of that, but it's not the whole story. Now, a major new study published on Oct. 5 by the Brookings Institution says Maine is poised for an era of dynamic growth—if we can pull ourselves together, make smart investments and stick with them over time.

Brookings says that Maine has two of three key ingredients for success, namely a strong brand name based on our quality of life and a long history of resourcefulness, quality and innovation. All we need, they say, is the third ingredient – the discipline to make some tough decisions

Maine has 'good bones'

The new economy actually favors Maine

It turns out that in the new mobile economy – where people and companies can move anywhere – places like Maine, with an attractive quality of life, are going to be the winners. This is more significant than it sounds. It means Maine's age-old handicap – our remote location – is becoming less of a problem. It means the old divisive choice between “payroll or pickerel” is bygone rhetoric. Today, jobs and quality places go hand in hand. It will be even more so in the future. As Brookings likes to say, Maine has “good bones.” That puts Maine in the driver's seat.

Why is Brookings optimistic about Maine?

Brookings found many of Maine's well-known problems, but also some surprisingly positive news that Maine can build on.

Our population is growing again

In spite of the well-publicized flight of young people out of the state, Maine's population is growing again at a pretty good clip. Since 2000, we've jumped from 46th to 26th in overall population growth, the biggest acceleration of any state. The influx of newcomers between 2000 and 2004 was the biggest surge in the past half century. Furthermore, these newcomers aren't just flocking to southern Maine or the coast. They're spreading out to every corner of the state. Our in-migration now ranks the state fifth in the nation behind such popular destinations as Nevada, Arizona, Florida and Idaho. Who are these newcomers? They're mostly healthy, wealthy retirees, but also a growing number of better educated young professionals fleeing cities to our south. Why are they coming? A big reason is Maine's special quality of place.

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*Maine's economy outperformed
the nation's economy in unemployment levels
and growth every year between 1998 and 2004.*

The economy is diversifying

Like the rest of the nation, Maine has been undergoing wrenching economic change for a generation. We've lost manufacturing jobs and we've struggled to find good alternatives. Fortunately, we may finally be reaching the end of that transition. Maine's economy outperformed the nation's economy in unemployment levels and growth every year between 1998 and 2004. Per capita income now stands as close to the national average as ever before. More encouraging, Maine fortunes are no longer tied to hard-labor jobs in shoe-making, fishing, and logging. Paper companies and other manufacturers are leaner and more productive. Business services are growing because Maine is on the edge of the greater Boston orbit. And Maine is beginning to produce the high-wage jobs of tomorrow in biotech, precision manufacturing, information technology, composite materials and a host of other innovation sectors.

The Maine 'brand' is gaining in value

Brookings says Maine's quality of place is one of our strengths in the new economy. We can live modern lives – connected to the world through rapid transportation and internet connections – and still be close to working fishing villages, neighborly small towns, family-run farms, and accessible wild places. That is a powerful new reality in Maine today. Quality places, quality products and quality of life – these are the Maine brand. Sometimes we underestimate the power of that brand, but products that evoke Maine sell all over the world. Just ask L.L. Bean, Poland Spring, and Tom's of Maine. Economists say Maine's image, growing out of this special place and the people who live here, gives us a “competitive advantage” over other places that are more like “Anywhere USA.”

*“I live here for the quality of life, but it
seems like we have less and less control”*

Rollin Thurlow of Atkinson at the Dover-Foxcroft listening session April 25

MEET AT THE SUMMIT

Building Sustainable Prosperity and Quality Places

We invite you to spend a day with us and explore how we can build lasting prosperity in Maine.

Learn more about this exciting event and the many workshops at www.growsmartmaine.org

Keynote address by Bruce Katz, The Brookings Institution, *“The Report and Maine's Blueprint for Action”*

Augusta Civic Center, Friday, October 20, 9 AM to 5 PM • Register at www.growsmartmaine.org



Sustainable growth won't happen unless we fix some of the problems that we face.

Our state's economic development work is unfocused

Brookings says Maine shoots itself in the foot with scattershot economic development programs, which are too often driven by short-term political goals and wishful thinking. We tend to “send a dollar in every direction,” which may keep people happy but accomplishes little. We also tend to change our minds every election. The result: Maine's landscape is littered with too many independent and poorly funded programs, towns competing against each other for stores, and agencies that are too often doing the wrong things in the wrong places.

Good, new jobs are just taking root

Some of the state's new high-paying jobs are in emerging innovation sectors, such as biotechnology, marine aquaculture, and composite materials. But these sectors are still tiny. Idexx and Jackson Laboratories, for example, account for nearly all the biotechnology jobs in Maine. These new “clusters,” as the economists call them, haven't yet reached a critical mass where they can really grow new jobs, attract sufficient talented workers and keep Maine young people here. They still need a boost.

Our work force isn't yet ready for tomorrow's jobs

The people who are moving to Maine aren't offsetting our growing shortage of skilled, educated workers. Maine is already in short supply of nurses, construction trades-people and machinists. Shortages will worsen and spread as baby boomers retire, because the next generation is not nearly big enough to replace them. Compounding the challenge are the thousands of older, less educated workers laid off by downsizing manufacturing companies. All of that points to an enormous challenge of retraining and re-educating ourselves for the new economy.



We tax and spend too much

For years, taxes and spending have been hotly debated topics in Maine, giving rise to various citizen initiatives, including the Taxpayers Bill of Rights this year. New research conducted by Brookings compared Maine spending to ten rural states across the country. What they found won't surprise most of us. Maine taxes and spending are too high. Maine's overall state spending is several hundred million dollars per year more than the average of the other rural states. Our K-12 education spending is about \$150 million a year more than these other rural states. Much of that excess is in administration and all of it absorbs money that should be going into investments in the new economy. The predictable result: Maine's combined state and local taxes were second highest in the nation in 2002. Property taxes as a percentage of personal income gave Mainers the highest property tax burden in the country in 2002. It's no wonder we face a continuous and divisive taxpayer revolt that pits Mainers against Mainers almost every two years.

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We're squandering our small-town landscape

Our quality of place – our brand – is also threatened from within. In the past 15 years, an area the size of Rhode Island has been converted from farms and forests to scattered house lots and subdivisions. Some 70 percent of Mainers now live outside town centers and cities. This has happened while our population was hardly growing. Now that we're growing again, this suburbanization could get even worse.

Unplanned and haphazard growth isn't just diminishing the rural character of Maine, it's also costing Maine taxpayers a bundle, and bringing us to a breaking point. Over a decade, Maine spent \$200 million in unnecessary new schools just to accommodate suburbanization, while school enrollment was actually declining. As people move out into the countryside, we also create the need for duplicate infrastructure, roads and municipal services. It may be good for the individual or the family in search of lower taxes and land, but it's a killer for taxpayers.

Plus, all that moving around threatens our brand and our uniqueness. It cuts up farms, forests, and wildlife habitat, encroaches on traditional hunting and fishing areas, and chews up the things that attracts visitors and new residents to Maine, including scenic vistas, charming small towns and high-quality recreational opportunities.

“It's almost impossible to support oneself as a farmer in Maine”

Phyllis Von Herrlich of Augusta at the Waterville listening session April 26

Here's what Brookings suggests we do

Brookings' recommendations reinforce the often-heard call for the state to run like a business. What do successful businesses do? They plan. They adapt as conditions change. They keep an eye on the bottom line and continually work to become more efficient. They make key investments for the long-term future. And, they carefully protect a brand name, knowing just how valuable it is. Along those lines, here is what Brookings urges Mainers to consider.

Strengthen our brand by safeguarding our small town, rural character

Maine is never going to have a competitive advantage over other states or countries that enjoy lower taxes or energy costs, a warmer climate or better educated workers. But Maine can beat just about everyone else as an attractive place to live. We have to build our economy around that unique competitive advantage.

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Make a few large investments

Invest heavily in a few things that build on our brand and have the best chance of growing the economy. Then, stick with those investments over time. Resist the urge to tinker, spread the benefits to everyone and promote new ideas every election cycle. Give investments time to pay off.

Streamline government to finance investments and tax reduction

When we stack Maine up against other rural states one thing becomes clear. We have too much overhead and administration, and that takes up resources that could be more productively invested. We have 286 school districts, for instance, each with all the administrative layers. The national average for the number of students we have is about 66. We've got to find a way to deliver the services we need with fewer administrators so we can invest in our state's future and reduce taxes.

Don't sell the state as a cheap date

Get tourists to shoulder more of the tax load, as other states do. That would take some of the burden off Maine citizens and can be done in a way that will actually increase quality tourism.

Find new ways to work together

We have a regrettable and costly tendency, here in Maine, to divide ourselves by town or region, party affiliation or philosophy, income, and whether we're natives or folks "from away." All this division is costing us dearly when it comes to building the kind of future that we all want. The state is just too small to afford the luxury of those divisions for much longer. We've got to find new ways of working together on the things that need to be done.

*"Let's be a place that innovates...
Let's get moving"*

Mali Bailey of Skowhegan at the Listening session in Waterville April 26



Brookings specific recommendations:

Invest in Maine's heart and soul to bolster our 'brand'

Create a permanent Maine Quality Places Fund

Maine should create a \$190 million fund and invest in four areas to:

1. Revitalize our cities and towns to absorb future growth and reduce pressure on rural areas.
2. Protect and preserve forests, farms and working waterfronts.
3. Improve public access to traditional fishing, hunting and boating areas.
4. Increase tourism promotion, particularly on a regional basis.

The fund would be paid for by dedicating revenues from a 3-percent increase in the lodging tax, which would put Maine more in line with other tourism-oriented states.

Invest in Maine's resourcefulness and creativity

Create an Innovation Jobs Fund

Maine should create a \$200 million fund to grow more jobs through innovation, which is the driving force in modern economies. Most of the money – \$180 million – would go into research and development, doubling Maine's current rate of investment. The remaining \$20 million would go into business-led networks of emerging clusters that would help individual businesses to act as a group. This builds on something that we're already doing in Maine. Boat builders, for instance, are already working together on joint job training and marketing, while famously independent lobster fishermen are now marketing under the same banner. With a little help, these exceptional efforts could become the norm in bio-tech, organic farming, eco-tourism, green building and a variety of other emerging sectors that have real promise.

Streamline government and cut taxes

Create a Binding Government Efficiency Commission

Maine needs to modernize and overhaul state government and K-12 school administration, and reduce some aspects of local government duplication. A top-to-bottom overhaul of bureaucracies would not only improve service and finance needed investments, but could also make a down-payment on tax reform.

The commission would be modeled after the federal Base Realignment and Closure Commission, which has won begrudging praise for its ability to reduce the nation's over-extended military infrastructure. The so-called BRAC commission reflects the fact that in some cases government cannot restructure itself without going outside of government for help. In this case, a high-level commission would undertake a rigorous analysis of the structure and cost of state government and make recommendations that would be subject to a simple up or down vote by elected officials.

Brookings estimates that Mainers could save from \$60 million to \$100 million a year with such a tough, extensive, thoughtful and binding review.

Savings would go toward investments in the Innovation Jobs Fund and toward tax reductions. Property tax relief should be earmarked to towns with a high percentage of un-taxable property. The income tax should be reduced by lowering the top tax rate and increasing the threshold that triggers the top rate.

Help Maine communities plan for the future

Provide adequate funds for towns and cities to shape their future

Maine's tradition of local control places enormous responsibilities on small communities. But many are being overwhelmed by growth and traffic. While thousands of Mainers volunteer on planning committees across the state, trying to manage growth in the town's best interest, they are too often working without adequate tools and resources.

The report recommends increasing the resources available to local communities to engage citizens in shaping their towns' future and implementing their plans. The funds would come from a small fee on all real estate transactions, when recorded at the county.

Give towns meaningful incentives to cooperate

Having towns operate separately probably made more sense when people lived their lives largely within the confines of single towns. But it has some real limitations in the modern world where we live in one town and shop, work or learn in others, in a larger region. But how do we re-engineer government into thinking more regionally, while still preserving the best of our small town traditions? The report recommends offering substantial financial incentives, in a few pilot projects, to towns that fully commit to regional collaboration – not just in planning development, but also in reducing duplicating services. Among those incentives would be the option for towns to adopt a local sales tax, which could be used to lower property taxes.

Remove regulatory barriers that undermine smart, common-sense growth

The growth of rural and suburban areas has happened in part because we have made it difficult to build in older communities. Over the years, layer upon layer of confusing, conflicting and occasionally contradictory regulations have made it too expensive to build in town centers. This is particularly true about building housing in walkable neighborhoods near schools and services. Brookings recommends that state and local governments should work together to adopt a single building code that levels the playing field between new construction and rehabilitation and between older communities and open fields. The state should also produce model local zoning ordinances that encourage more growth in our existing communities and less in the rural areas.

“...The second floor of many buildings could be used if [overlapping] regulations are loosened...These are some of the barriers to reinvesting in downtowns”

Architect Meg Barclay of Camden at the Camden listening session April 26

What is GrowSmart Maine?

GrowSmart Maine is a statewide non-profit citizens' organization that is promoting sustainable prosperity and the protection of Maine's special character. Members include concerned citizens, business people, conservationists, political leaders and local officials, among others. GrowSmart is working to bring Maine people together across the many divides that separate us: political affiliation, geography, place of birth or income. Our goal is to mobilize people around shared strategies to shape a better future.

What is the Brookings Institution?

Based in Washington, D.C., the Brookings Institution is a one of the world's largest and most prestigious think tanks. Brookings provides research and policy advice on economic development, governance issues, foreign policy, economic trends, and metropolitan and regional development issues. "Charting the Future" was produced by Brookings' Metropolitan Policy Program, which provides cutting-edge analysis and recommendations on the shifting realities of cities, regions and towns. The program works throughout the U.S. and in many parts of the world.

How was the report developed?

In sponsoring this report, GrowSmart Maine asked Brookings to produce an unvarnished picture of Maine and how we are changing, and to propose an action plan. The plan had to address three questions.

- How can we build a stronger economy without wrecking what's special about Maine?
- Are we organized to compete with other regions of the country?
- How can we better work together on our common hopes for Maine?

The answers took a year and a half to develop. Brookings reviewed nearly every significant report done on Maine in recent decades, hired six prominent experts to produce new research, and gathered first-hand testimony from across Maine. Last spring, GrowSmart Maine held a series of more than 40 listening sessions – from Caribou to Alfred – with local leaders, business people, government officials, sportsmen and conservationists, developers and regular folks.

How was the report funded?

Producing and disseminating the Brookings report will cost close to a million dollars, with fund raising ongoing. About half of the needed total will go directly to Brookings and its subcontractors and to producing, printing and mailing the report. The other half is going toward public outreach.

How can a three-year-old organization like GrowSmart Maine afford such a hefty price tag while keeping its own fledgling organization intact? It has a wide base of support. Roughly one third of GrowSmart's funding comes from foundations, one third from businesses and one third from individuals and other organizations. "This is intentional," says GrowSmart President and CEO Alan Caron. "We are trying to bring people together across a wide spectrum of interests and geography and we want many different people to have a stake in the organization, and none to have a controlling influence."

The following groups provided financial support for the Brookings Institution report:

Foundations and Organizations

The Maine Community Foundation
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Fore River Foundation
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Maine State Planning Office

We can build lasting prosperity

But only if we work together

The kind of change we need will not come from Augusta or Washington, in a top-down way. It can only come from the people of Maine, working in common cause. Fortunately, we have many inspiring examples in our recent past where Maine people worked together to create change. They include such nationally significant achievements as the bottle bill, river cleanups, land conservation, public financing of campaigns, the Sensible Transportation Act, and the return of passenger train service.

When the people from Brookings traveled the state, they were struck by how engaged Maine people were, and how much we care about the state and the future. That's the Maine way.

If we want a strong and sustainable economy, we need to gather ourselves together, have a big discussion about the kind of future we want, find some common ground around a sensible and bold plan of action, and then mobilize to make it happen. This new report from Brookings is a good start. Nobody is going to agree with all of it, nor should they. But if we can find a way to support the basic ideas in the report – protect the character of this state, invest in innovation, streamline government – we'll be taking a huge step forward toward a more sustainable and prosperous tomorrow.

Become part of the solution

*'With the people, everything is possible.
Without them, nothing'*

Abraham Lincoln, 1862

The action plan proposed by Brookings is already attracting broad support from individual citizens, organizations and businesses. But we need you to become part of this new network for change. None of us can do it by ourselves, but together we can shape a better future. Please join us.



Writers: Alan Caron and Lee Burnett • Designers: McCabe, Duval + Associates

Members Make it Happen

You can Join On-Line at
www.growsmartmaine.org
or mail in this form

Become a member of GrowSmart Maine and help promote sustainable prosperity and quality places in Maine. Membership benefits and on-line application form can be found on our website at www.growsmartmaine.org or complete and mail this form.



Choose the membership type and level of support that fits you.

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It's not too late to join us at the Maine Summit next week in Augusta!

Friday, October 20, Augusta Civic Center • More than 500 Mainers from across the state
• Speakers and presenters from around the country • Keynote speaker Bruce Katz from the Brookings Institution • 24 Workshops on the new economy, streamlining government and rebuilding our communities

For information on how you can register for the summit or order a copy of the full report, visit our website at www.growsmartmaine.org