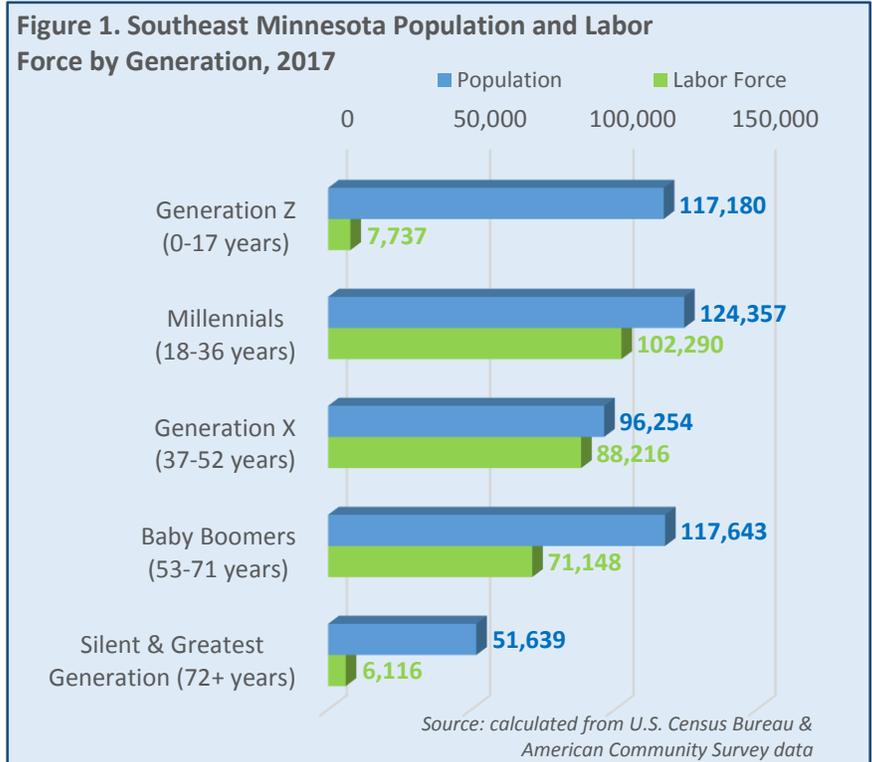


## Generations in Southeast Minnesota

Home to a relatively young population, there are now six generations living together in Southeast Minnesota. The youngest generations are the largest, with a total of 241,500 Millennials and Generation Z surpassing 117,000 people, combined accounting for almost half of the region’s total population. However, Baby Boomers are still the second largest generation with just over 117,600 people, larger than Generation X with 96,250 people and the two oldest generations – Silent and Greatest – with only 51,600 people (see Figure 1).

Consequently, there are now also at least five generations at work in Southeast Minnesota, ranging from teenagers in Generation Z to senior citizens from the Silent and Greatest Generations.

According to estimates from the U.S. Census Bureau’s American Community Survey, Millennials make up the largest cohort in the labor force, accounting for about 102,300 workers, followed by Generation X with 88,200 workers. As the front end of the Baby Boom generation has started reaching retirement age, the number of Baby Boomers has dropped to just under 71,150 workers, and there are still about 6,100 workers age 72 years and older in Southeast Minnesota. Generation Z is just entering the workforce, but already provides more than 7,700 workers.



According to population projections from the Minnesota State Demographic Center, Southeast Minnesota is expected to gain less than 3,000 new residents through 2030, with much of the growth due to an aging population. If Southeast Minnesota changes at the projected rates, applying current labor force participation rates by age group to future population projections by age group means the region will see a slight decrease in the labor force over the next decade. This departure from a growing to a shrinking labor force would be unprecedented in the region (see Table 1).

Aside from an overall decrease, the age structure of the labor force is also projected to shift over time, with gains in the number of workers age 65 years and over against large declines in the number of workers age 45 to 64 years. However, the region is still expected to see gains in the number of entry-level workers and 25 to 44 year olds. In step with workforce declines, the shifting age structure will lead to an even tighter labor market in the future, with employers needing to respond to the changing labor force availability.

**Table 1. Southeast Minnesota Labor Force Projections, 2020-2030**

	2020 Labor Force Projection	2030 Labor Force Projection	2020-2030 Change	
			Numeric	Percent
16 to 19 years	17,145	15,434	-1,711	-10.0%
20 to 24 years	36,676	38,654	+1,978	+5.4%
25 to 44 years	99,819	102,497	+2,678	+2.7%
45 to 54 years	50,647	49,536	-1,111	-2.2%
55 to 64 years	53,253	40,644	-12,609	-23.7%
65 to 74 years	15,213	18,442	+3,228	+21.2%
75 years & over	2,898	4,199	+1,300	+44.9%
<b>Total Labor Force</b>	<b>275,651</b>	<b>269,404</b>	<b>-6,247</b>	<b>-2.3%</b>

Source: calculated from Minnesota State Demographic Center population projections and 2013-2017 American Community Survey 5-Year Estimates

In the past, Southeast Minnesota’s labor pool deepened with a steady stream of new workers. This was due to several factors including population growth and in-migration, high and rising labor force participation rates for females, and a stable flow of high school seniors graduating into the workforce. All of these are important sources of labor force growth, but the latter is the focus of this report.

The region’s labor force has always had far more 12<sup>th</sup> graders than people turning 65, contributing to the region’s rapid and enviable gain of more than 55,000 net new workers from 1990 to 2018, a 24.4 percent growth rate. For example, about a decade ago there were approximately 4,350 65 year olds in the region compared to about 6,400 12<sup>th</sup> graders, meaning there were just over 2,000 more people ready to enter the labor force than there were potentially ready to leave it.

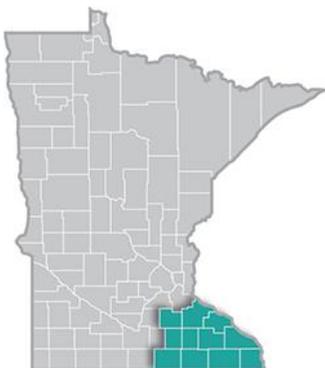
Table 2 shows that more recently in 2017, there were 6,699 12<sup>th</sup> graders compared to 5,011 67 year olds (the full retirement age for people born in 1960 or later<sup>1</sup>), a gap of 1,688 more students than prospective retirees.

Grade	Number	Age	Number	Number of Students Compared to Adults
Kindergarten	6,065	55 years	7,826	-1,761
1 <sup>st</sup> grade	5,977	56 years	7,628	-1,651
2 <sup>nd</sup> grade	6,104	57 years	7,339	-1,235
3 <sup>rd</sup> grade	6,209	58 years	7,172	-963
4 <sup>th</sup> grade	6,659	59 years	6,560	+99
5 <sup>th</sup> grade	6,545	60 years	6,665	-120
6 <sup>th</sup> grade	6,426	61 years	6,400	+26
7 <sup>th</sup> grade	6,365	62 years	6,635	-270
8 <sup>th</sup> grade	6,474	63 years	6,435	+39
9 <sup>th</sup> grade	6,488	64 years	4,999	+1,489
10 <sup>th</sup> grade	6,314	65 years	5,635	+679
11 <sup>th</sup> grade	6,543	66 years	5,441	+1,102
12 <sup>th</sup> grade	6,699	67 years	5,011	+1,688
<b>All Grades</b>	<b>82,868</b>	<b>55-67 years</b>	<b>83,746</b>	<b>-878</b>

*Source: Minnesota Dept. of Education, U.S. Census Bureau*

While this means there were still more people potentially ready to join the labor market than leave it, the gap was clearly narrowing. Fast forward to the other end of Table 2, and the significance of the shifting demographic wave becomes obvious. The tipping point occurs with the 2017-2018 7<sup>th</sup> grade class – they are slightly outnumbered by 62 year olds, and the imbalance between students and adults grows in younger grade levels. Both the 1<sup>st</sup> and 2<sup>nd</sup> grades have deficits of around 1,500 people compared to the 56 and 57 year old age cohorts, which both number around 7,500 people in 2017.

According to the Minnesota Department of Education’s student enrollment data, there were 6,065 kindergarten students in Southeast Minnesota in 2017-2018, compared to 7,826 55 year olds according to the Census Bureau. A lot can change for both of those populations over the course of 12 years, but if nothing does, that would leave a deficit of 1,761 more people reaching retirement age than graduating from high school in the year 2030. Together, both of these groups of “seniors” will have a huge impact on Southeast Minnesota’s economy over the decade, leading to slowing labor force growth and changing needs for both employers and employees.



For more information about the generations in Southeast Minnesota, contact:

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<sup>1</sup> Social Security Administration Benefits Planner: Retirement. Retrieved from <https://www.ssa.gov/planners/retire/1960.html>