

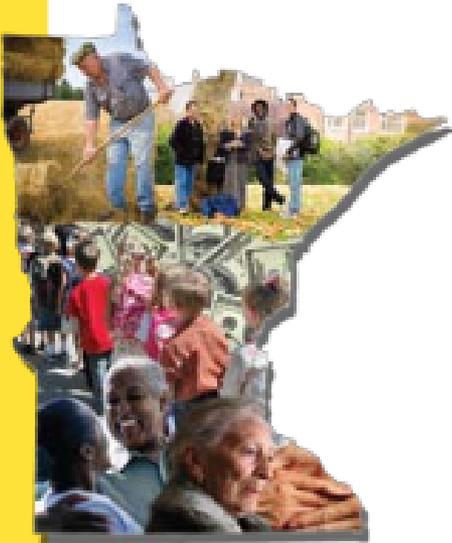


Minnesota State Demographic Center

# **THE LONG RUN HAS BECOME THE SHORT RUN**

**SUSAN BROWER, MINNESOTA STATE DEMOGRAPHER**

**March 2016**

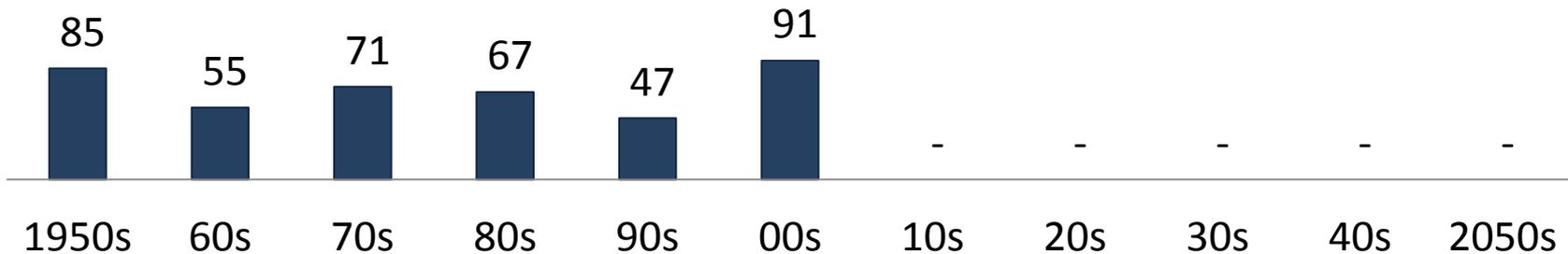


## **The Long Run Has Become the Short Run Budget Implications of Demographic Change**

**Stop me if you've heard this one before...**

# How many additional “older adults” will Minnesota gain during this decade?

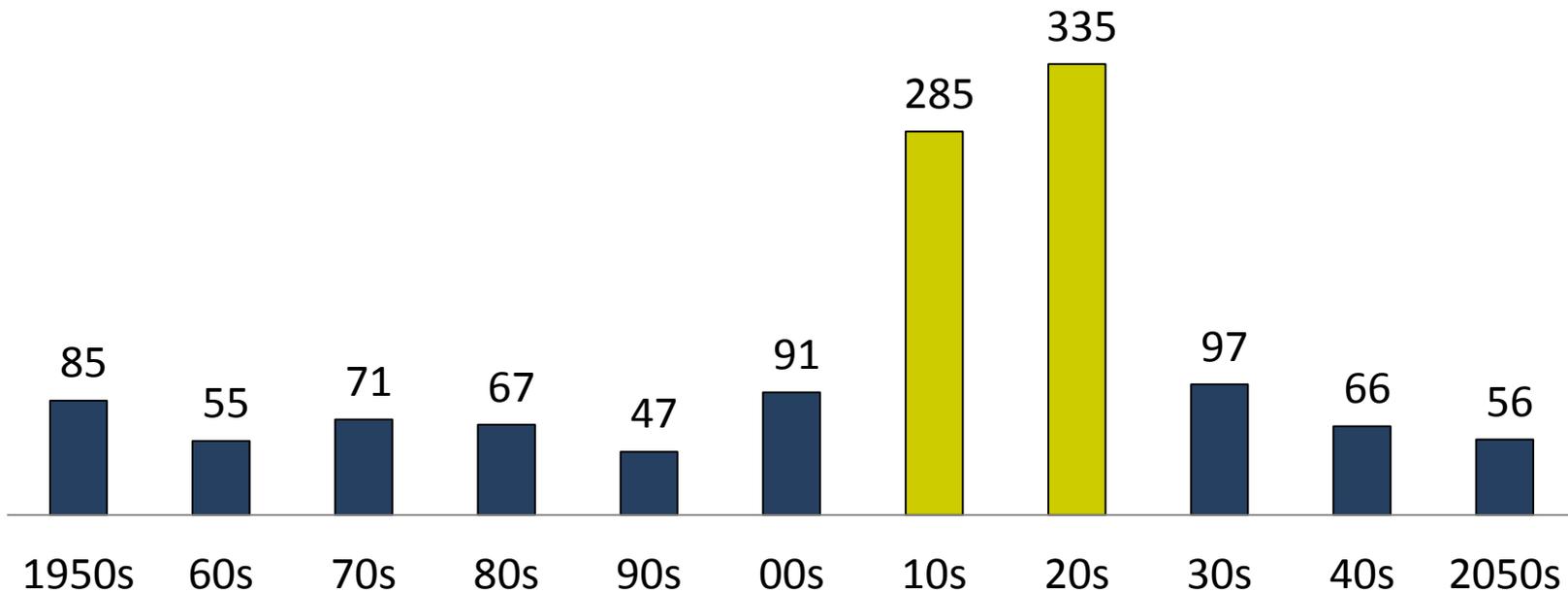
**Change in older adults, age 65+ (in thousands)**



Sources: U.S. Census Bureau

# Unprecedented increases in MN's “older adult” population

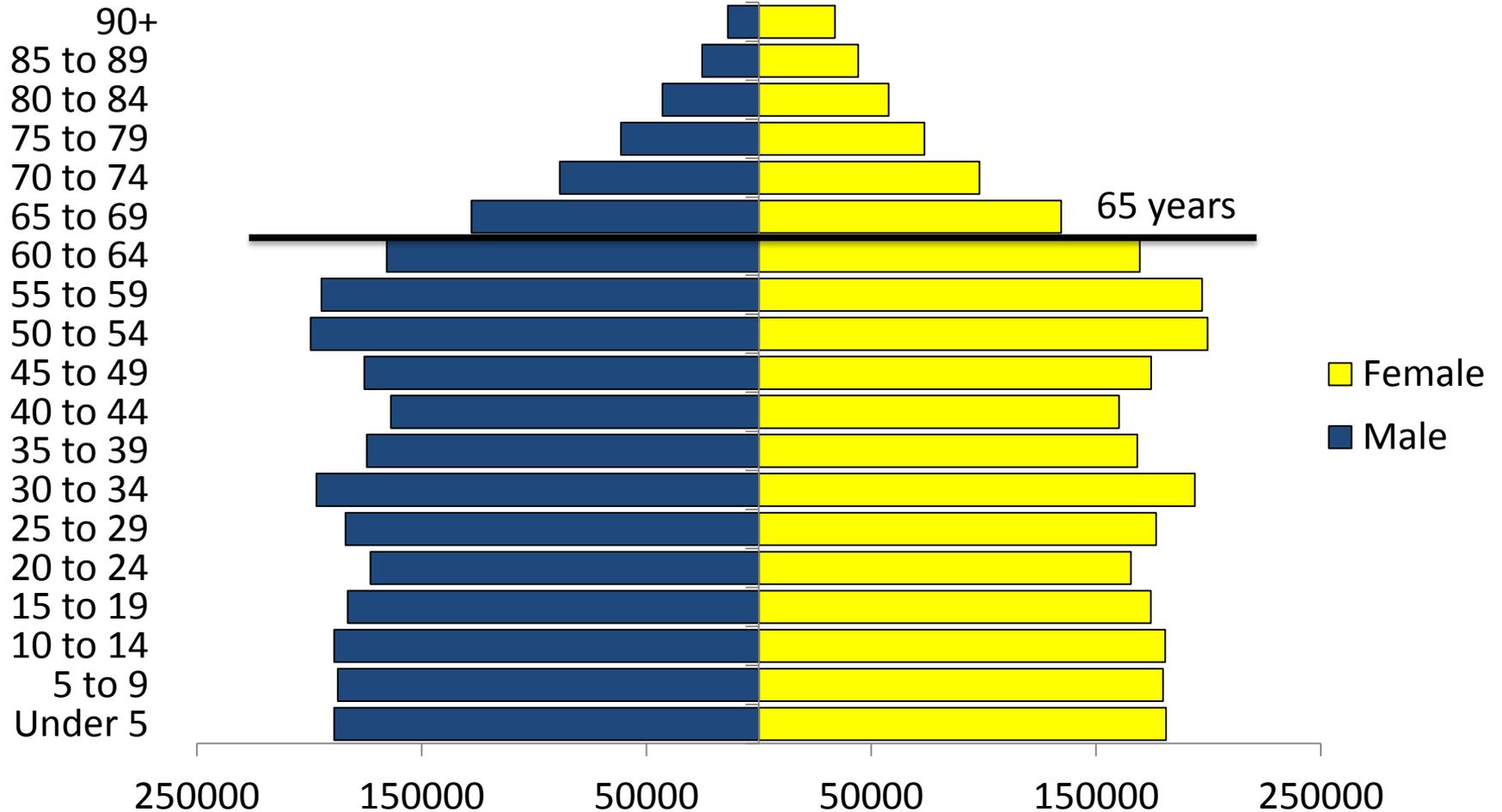
**Change in older adults, age 65+ (in thousands)**



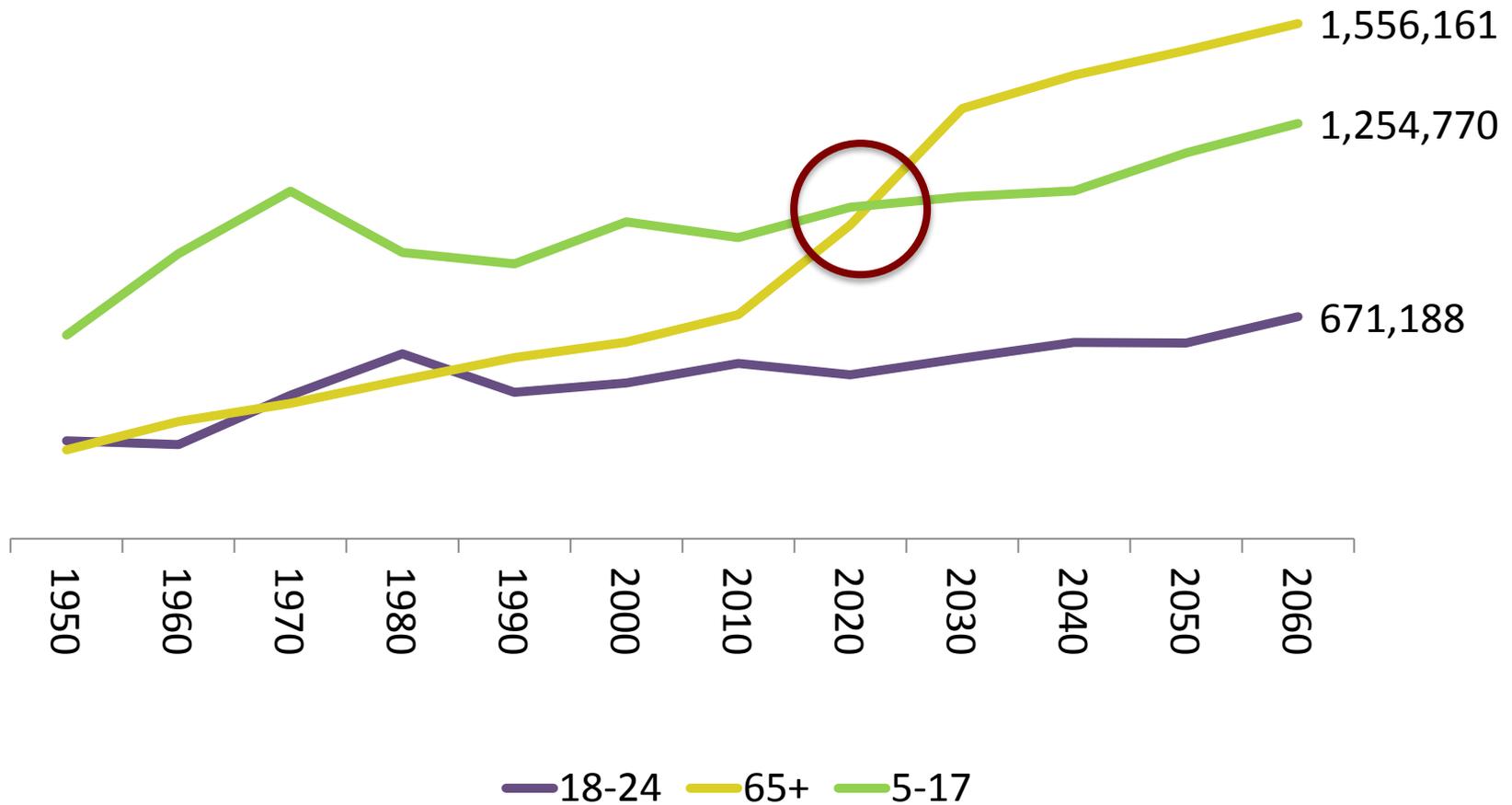
Sources: U.S. Census Bureau, MN State Demographic Center

# Why are the changes so marked now?

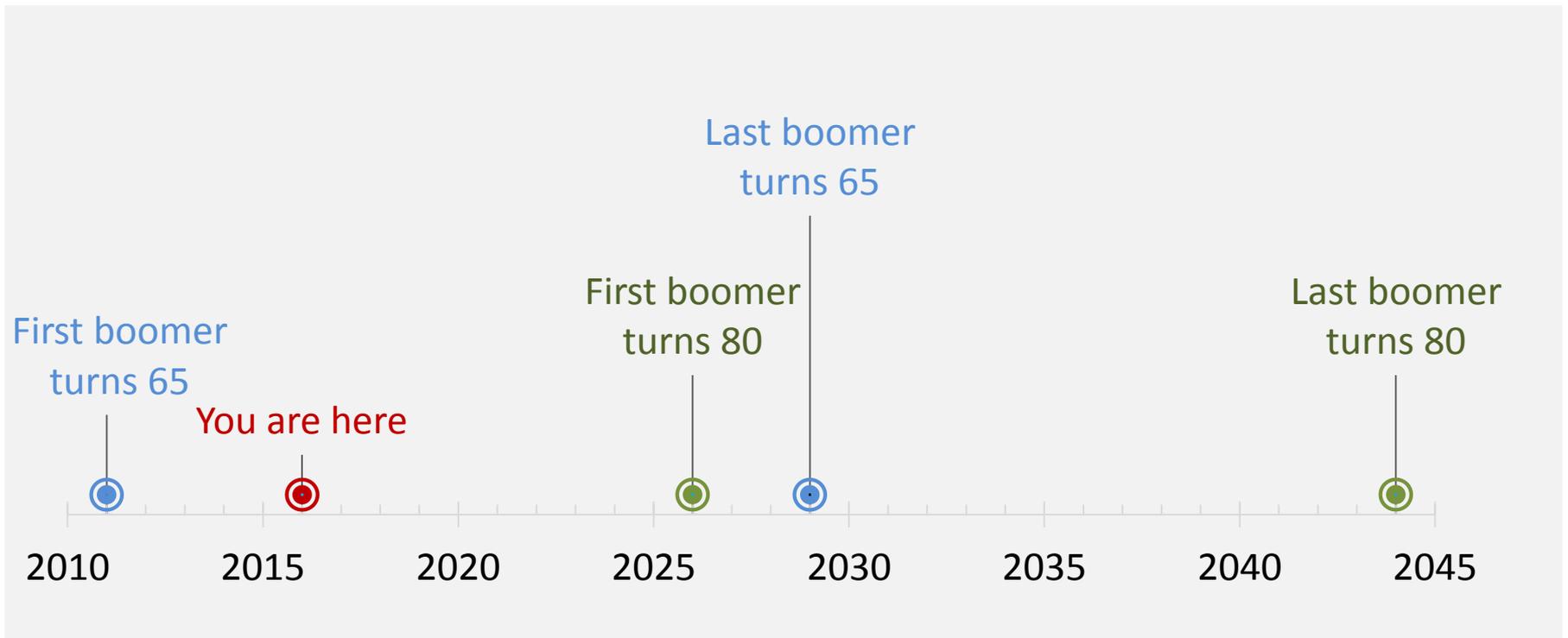
## Population by age and sex Minnesota, 2015



# Baby boomers age out of working ages between now and 2030

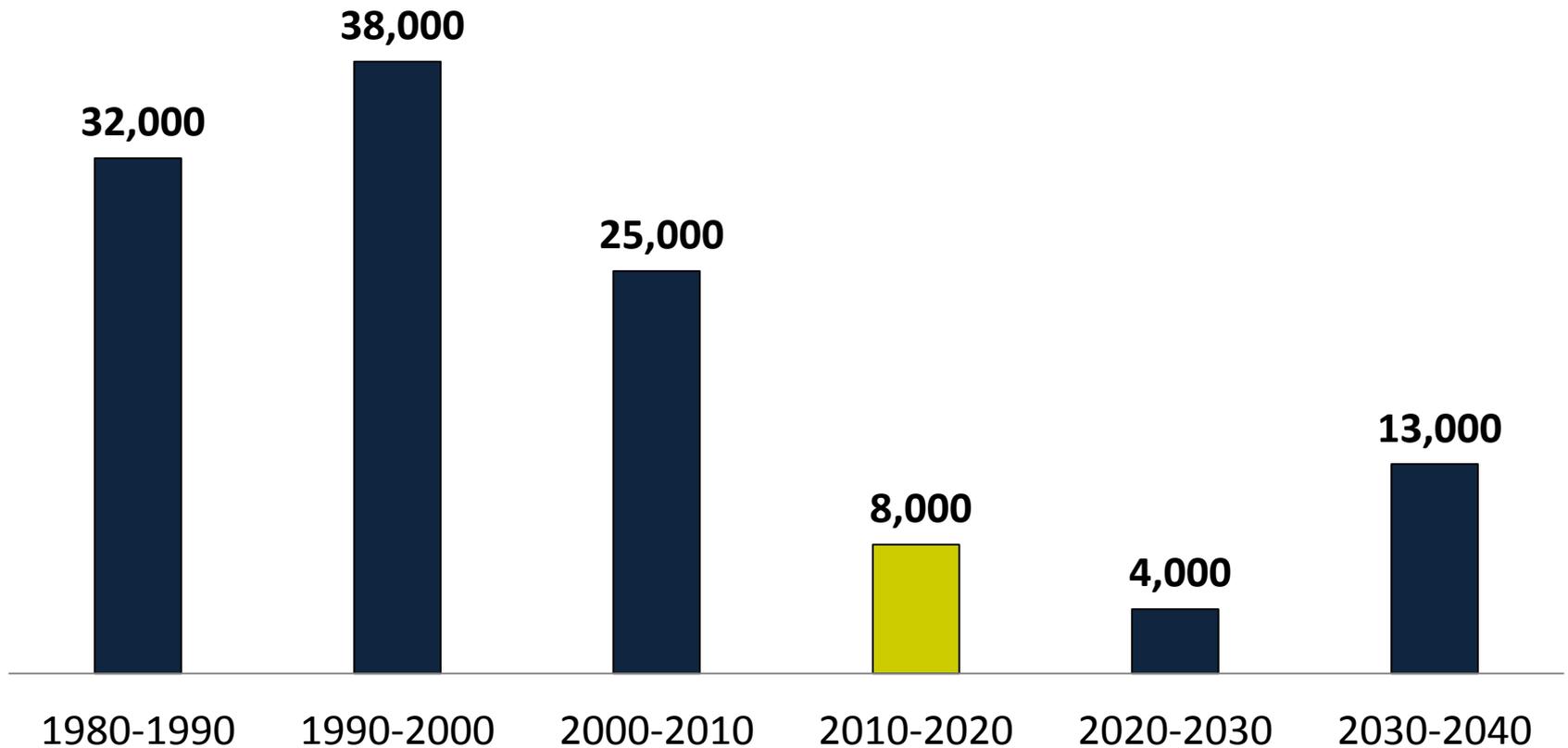


# The transition to an older Minnesota has already begun



# Projected Growth in Labor Force

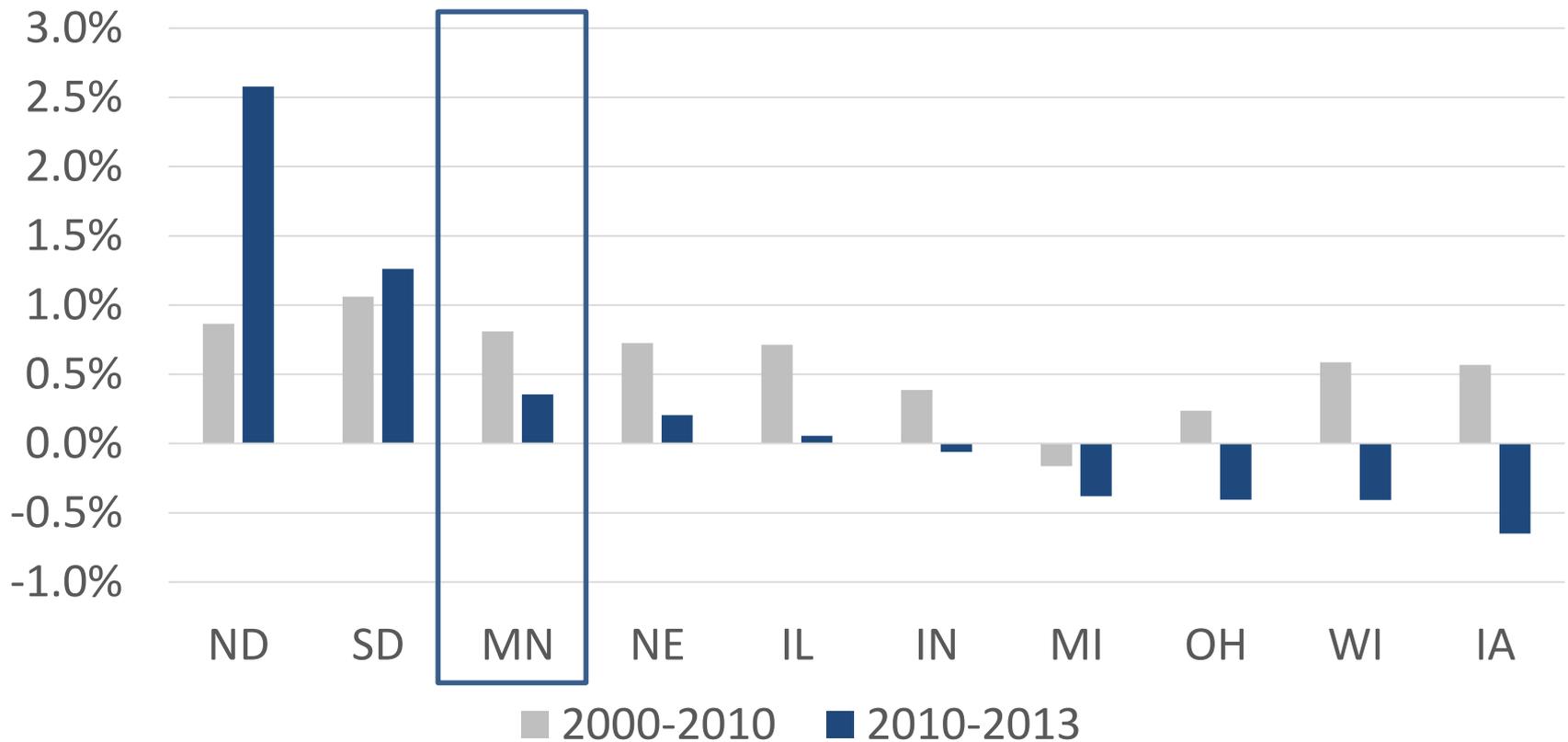
Annual Average, Ages 16+



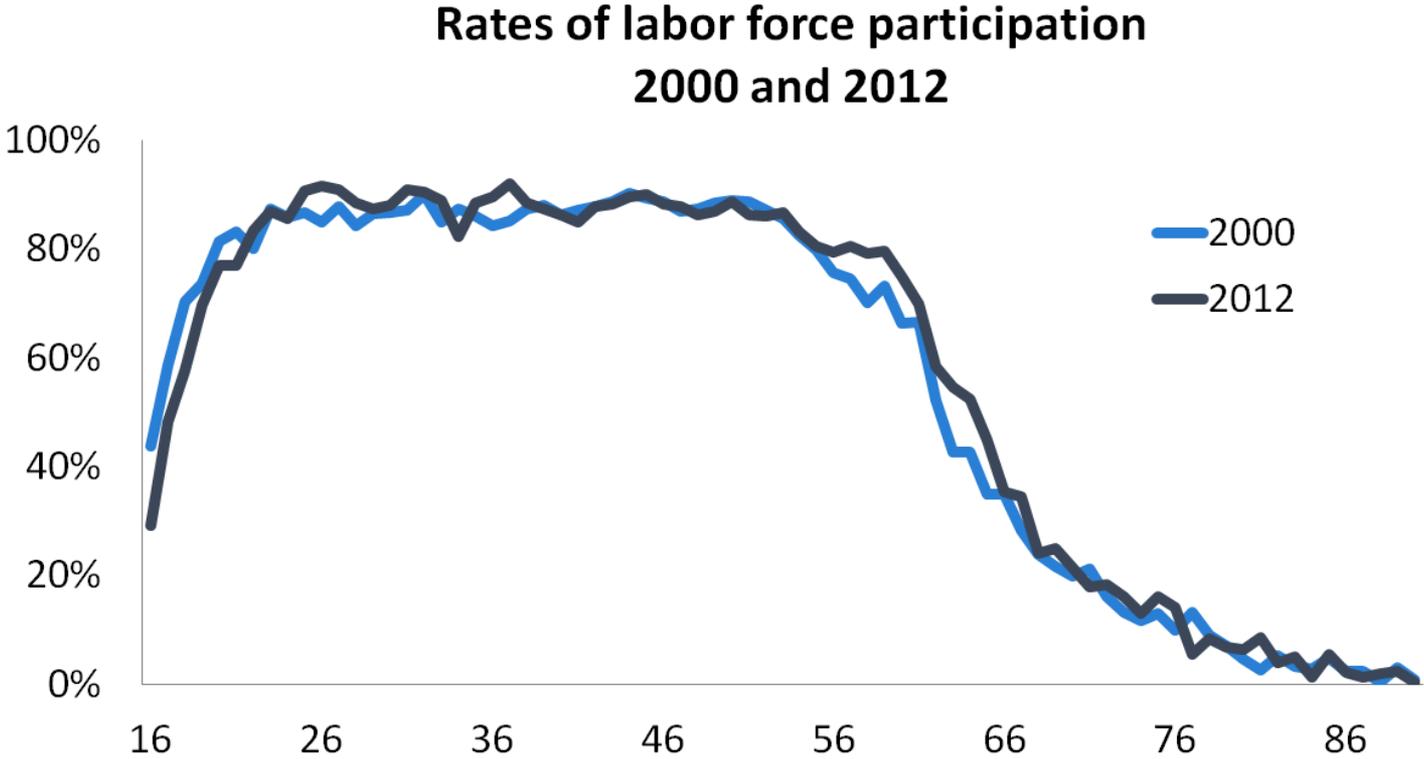
Source: U.S. Census Bureau, Minnesota State Demographic Center Projections

# Labor force growth has begun to slow for most states

Average annual growth in labor force (ages 16-64)  
Midwesternern States



# Labor force participation of older adults has increased only slightly



Source: Minnesota State Demographic Center from the Integrated Public Use Microdata Series

# Media reports of shortages already here

COMMENTARY

## Labor shortage is already felt southeastern Minnesota

Last month  
vacancies

VARIETY

## Sign of an economy being stretched: Minnesota's

By Editorial Board

When Bill Spitzer  
Minnesota Initiative  
together.

Spitzer, in his  
County communities  
who had the

“That little group  
together,” said  
committee member

Three months  
grant through  
development, stalled  
MN Together

have  
As state  
fill open



For Immediate Release  
November 19, 2015

By Adam Belz



**Unemployment Drop**  
~State loses

**ST. PAUL** – The Minnesota unemployment rate fell 0.1 percent in October to a seasonally adjusted 3.7 percent, according to figures released today by the Minnesota Department of Employment and Economic Development (DEED). The U.S. unemployment rate in October was 5 percent. The state lost 1,700 jobs in October, while September’s figures were revised from 5,700 jobs lost to 6,900 jobs lost. Minnesota has added 23,929 jobs in the past year, a growth rate of 0.8 percent. The U.S. growth rate during that period was 1.9 percent.

BUSINESS

## Labor shortage has companies working overtime to find new employees

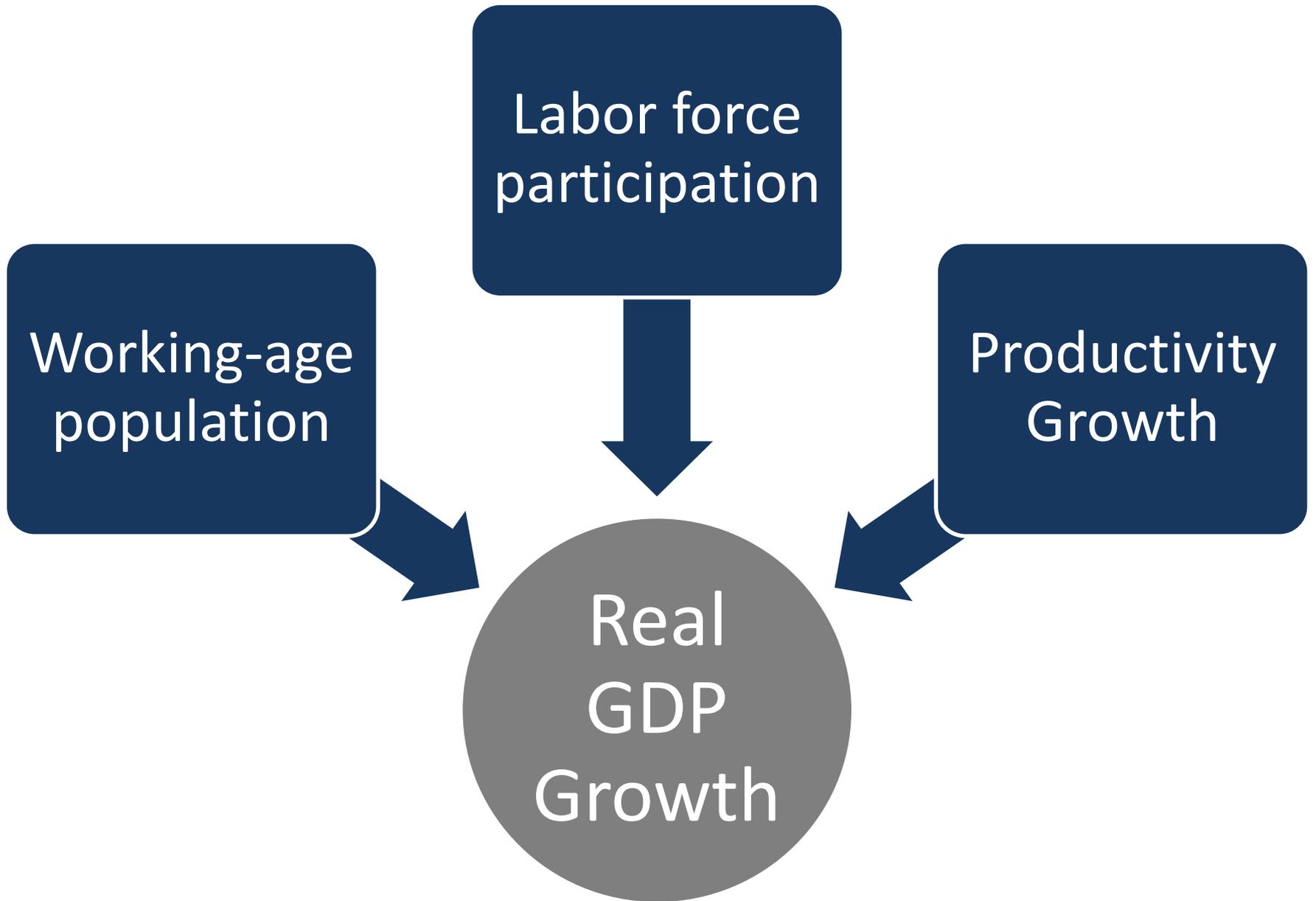
A tight labor market leaves short-staffed businesses scrambling to recruit, retain and even transport workers.

By Dee DePass and Adam Belz Star Tribune | NOVEMBER 22, 2015 — 8:38AM

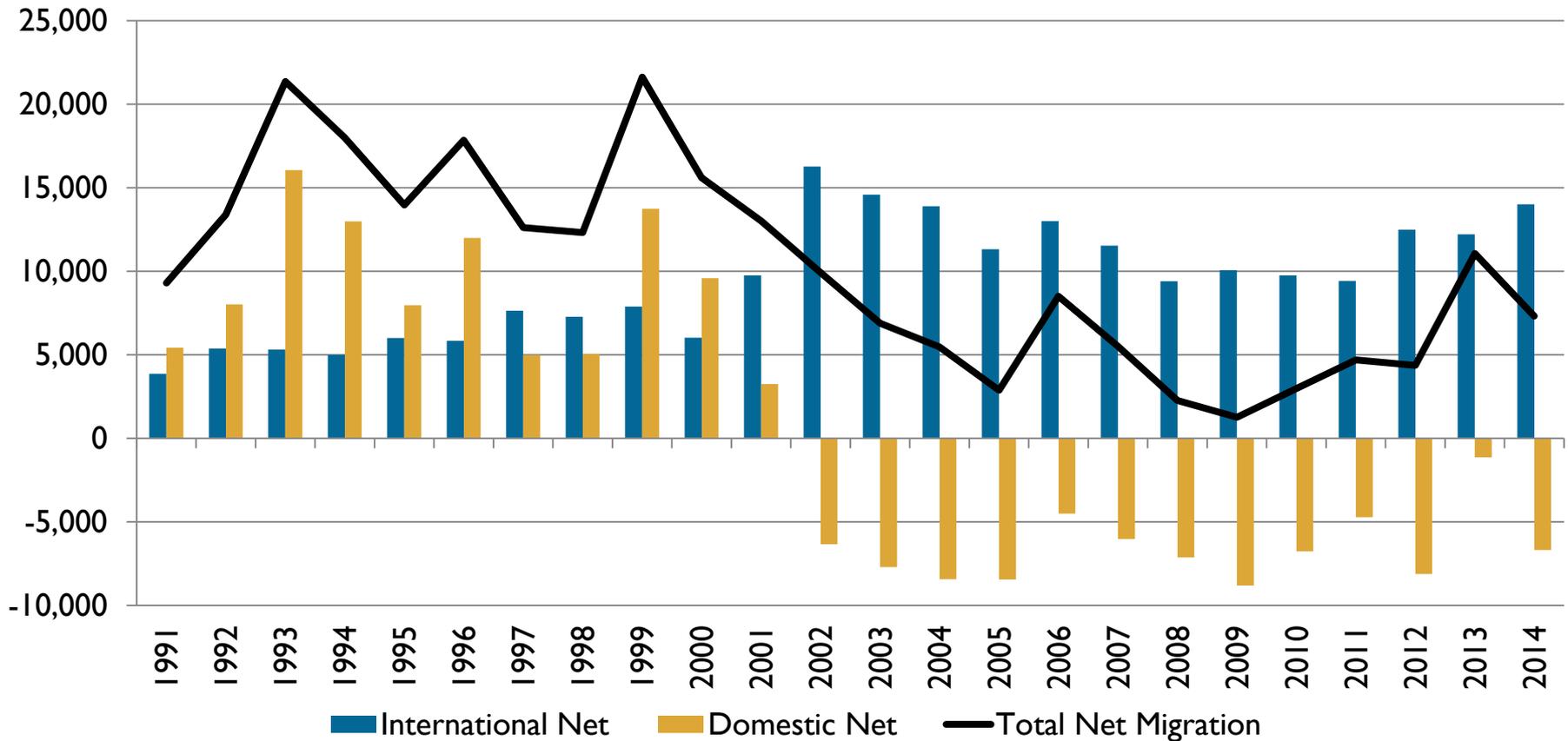


AARON LAVINSKY, STAR TRIBUNE

Deli Express Employee Joe Crist is autistic and the job has helped him move out of his parents house into an assisted living facility.



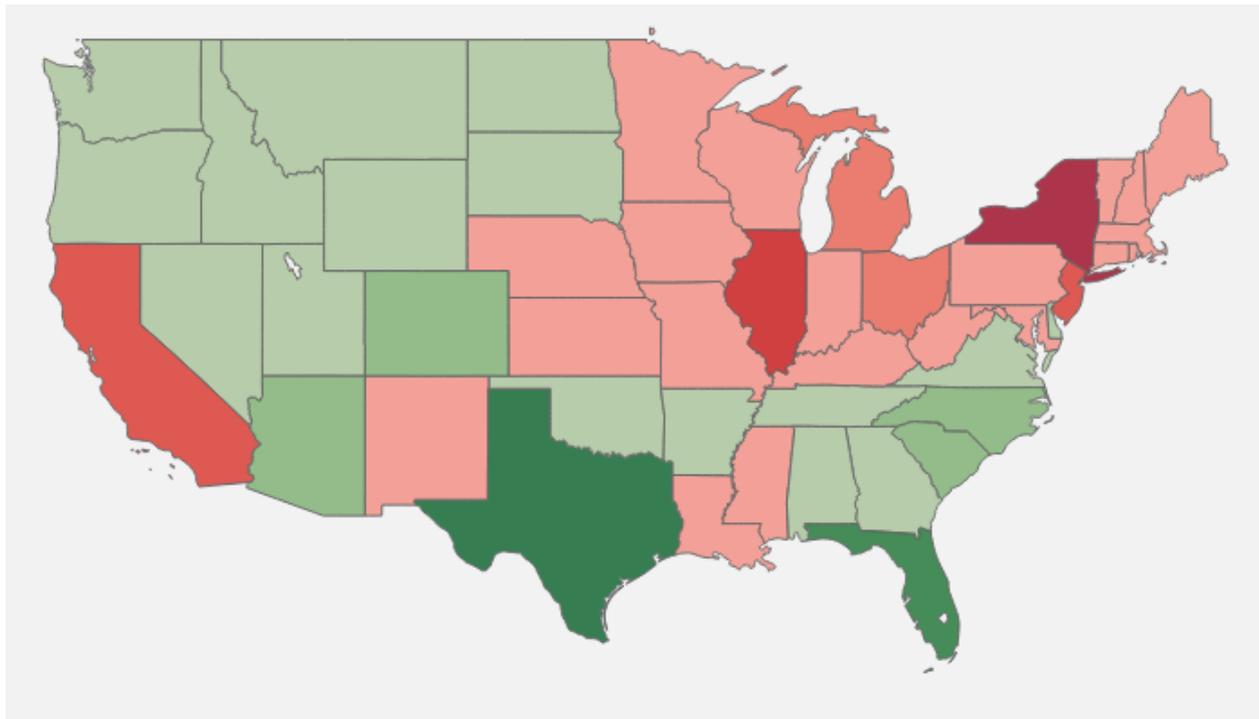
# Minnesota's net migration, by international and domestic components



Source: U.S. Census Bureau, Population Estimates Program. Note: Data for 2009-2010 was unavailable and so interpolated.

# Midwestern states tend to lose more residents to other states than it gains from other states

Domestic Net Migration, By State, April 1, 2010 – July 1, 2014



Source: U.S. Census Bureau Population Estimates Program



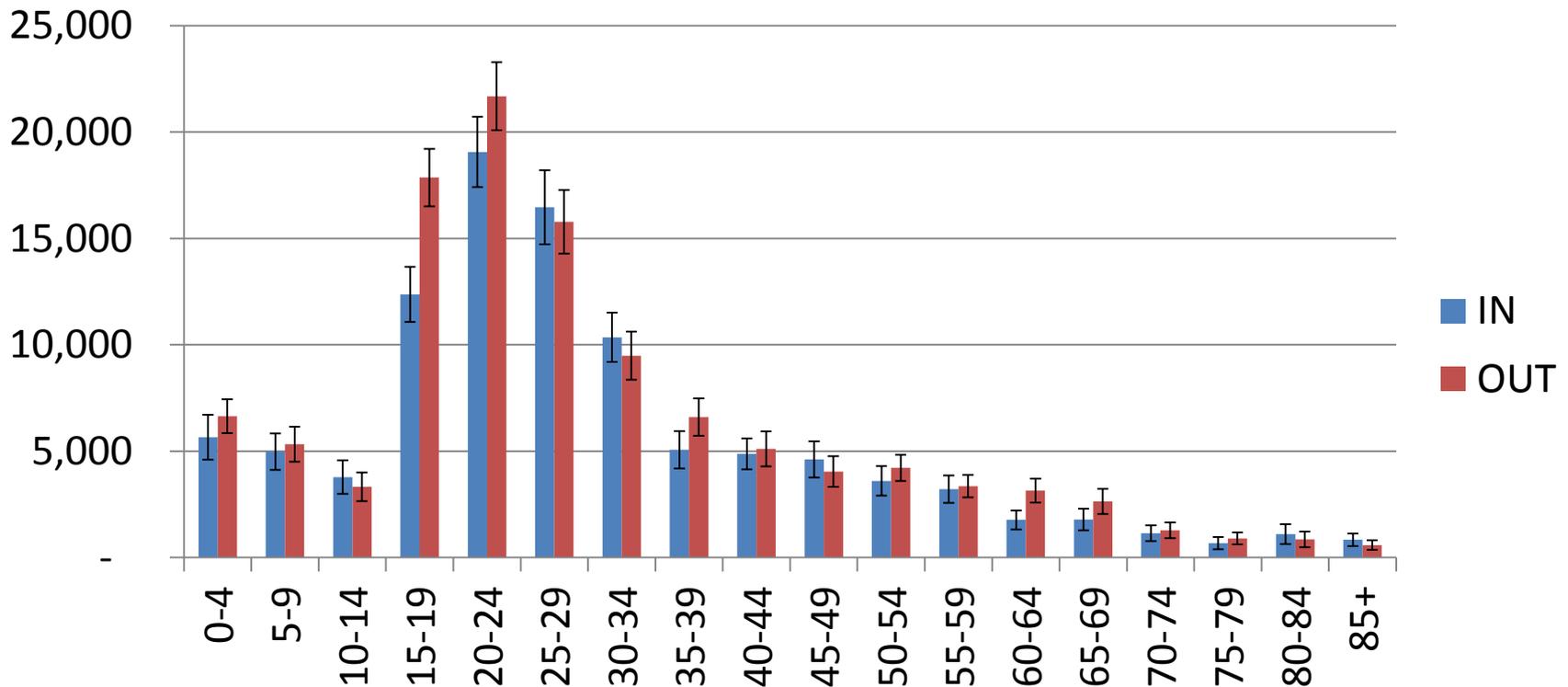
Spencer Platt, Getty Images, 2014

**Hans  
Mattson  
on  
Minnesota's  
Climate  
1872**



# Largest net losses occurring ~ age 20, less counter flow (return) after college years

State-to-state migration by age  
Minnesota, 2008-2012



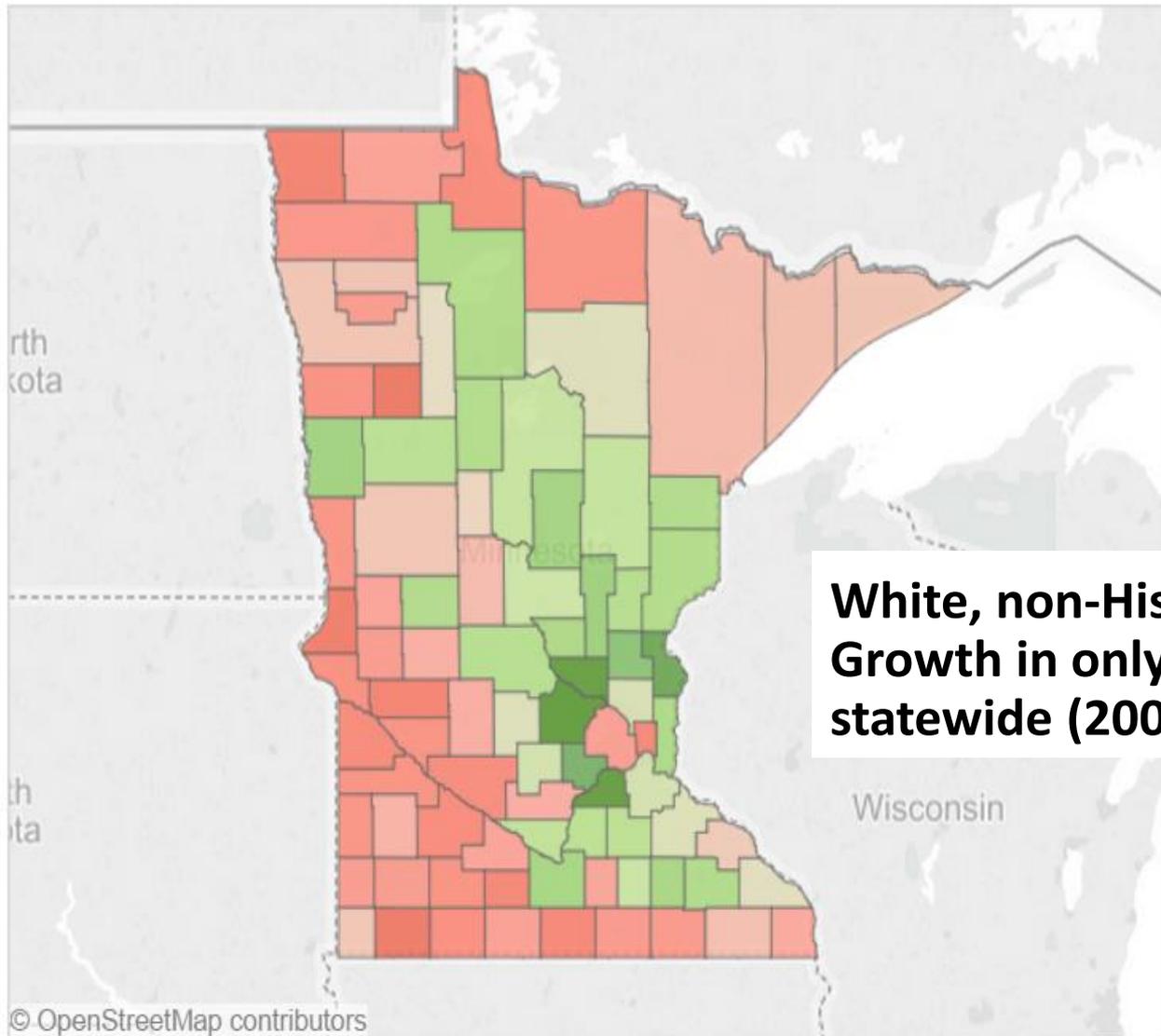
Source: IPUMS version of U.S. Census Bureau's 2008-2012 American Community Survey. Tabulations by MN State Demographic Center.

# What does a slower growing labor force mean to MN?

- Dampened economic growth?
- No room to leave any potential worker behind (e.g. People of color, older workers, parents, people with disabilities)
- Premium put on educated, highly-skilled talent
- Employers who find and retain workers in new and creative ways win

# Policy responses to aging trend

- Support worker **productivity** (Health, Education, Research & Innovation, Infrastructure)
- Leave no **worker**, no **entrepreneur** behind

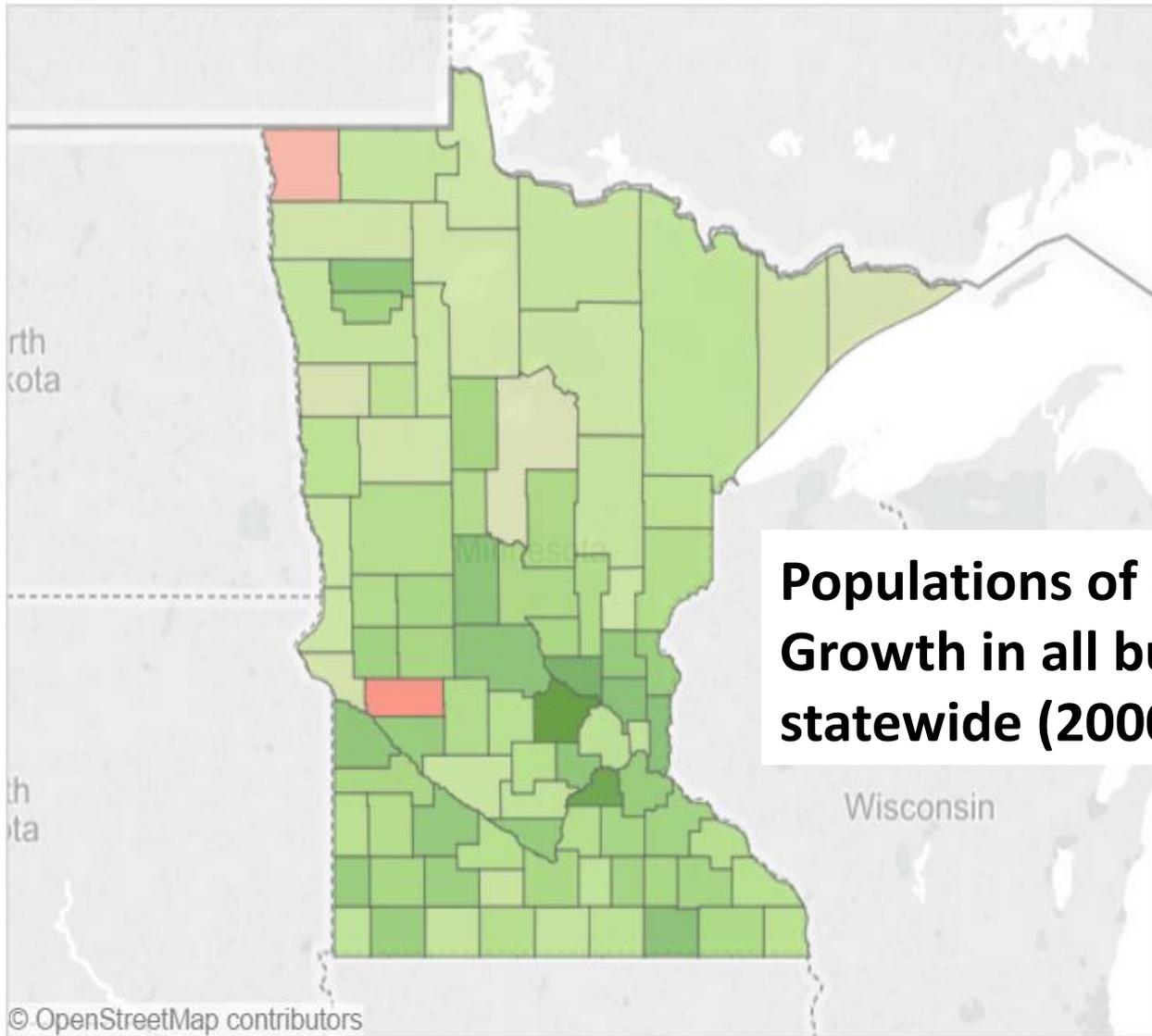


**% Change, 2000-2010**  
 -17%  33%

**White, non-Hispanic population:  
 Growth in only 37 of 87 counties  
 statewide (2000-2010)**

© OpenStreetMap contributors





**% Change, 2000-2010**  
 -58% 217%

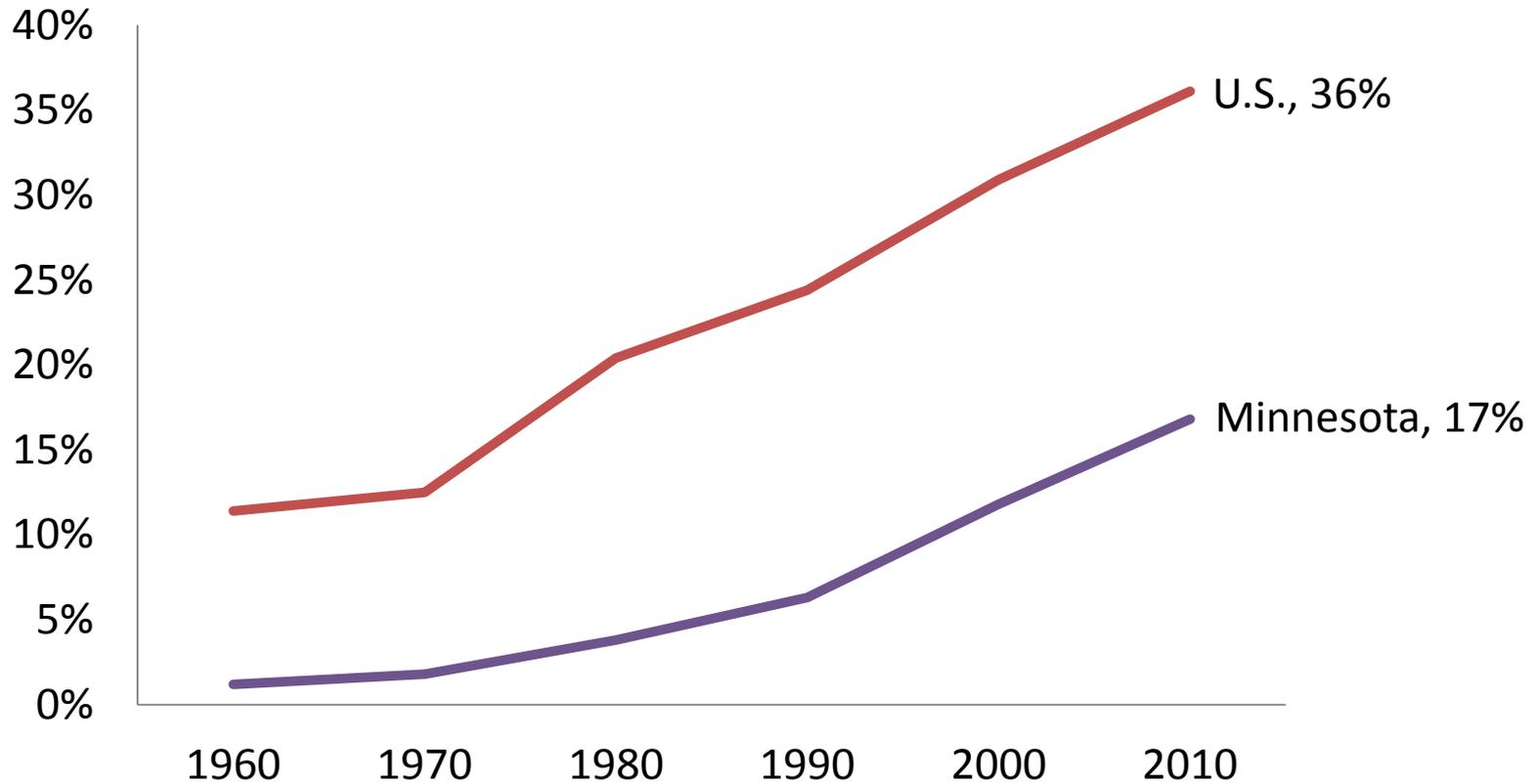
**Populations of Color (non-White):  
 Growth in all but 2 counties  
 statewide (2000-2010)**

© OpenStreetMap contributors



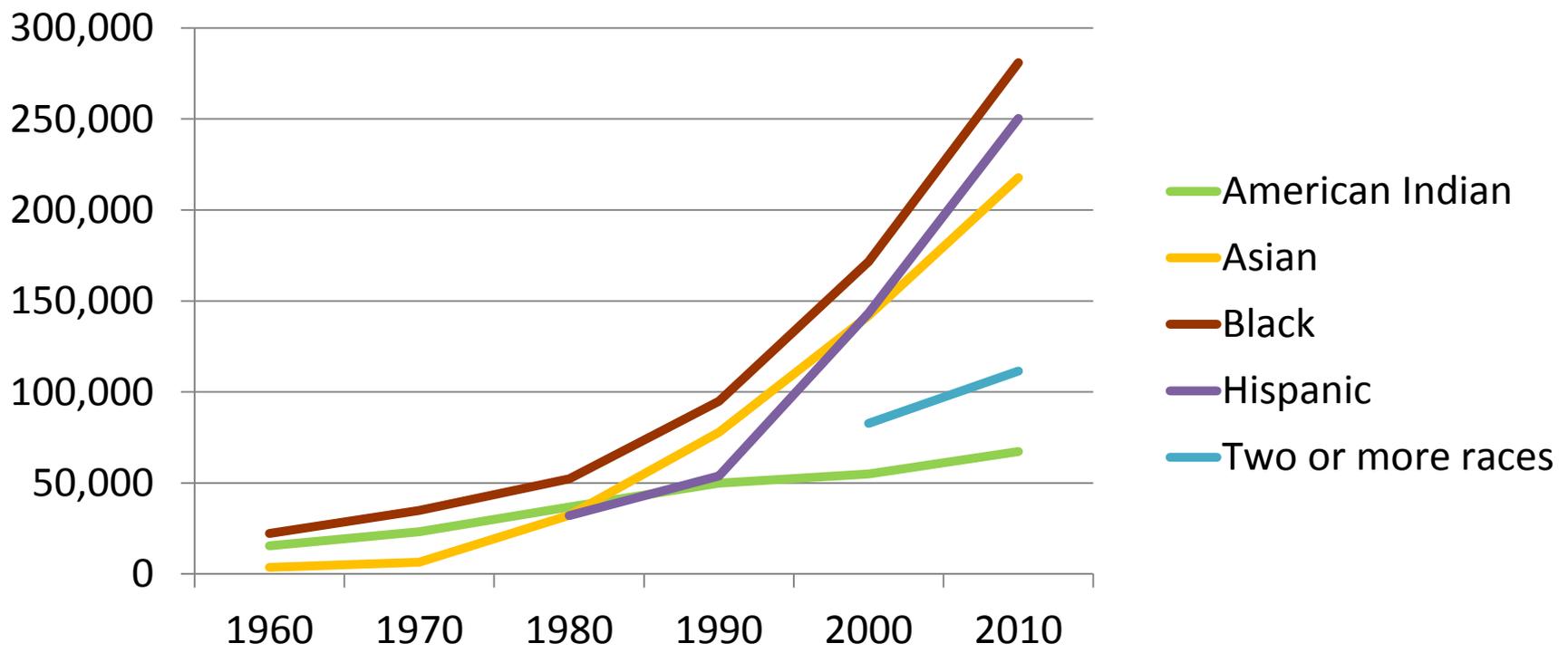
# 50 years of growing diversity

## Proportion of Color



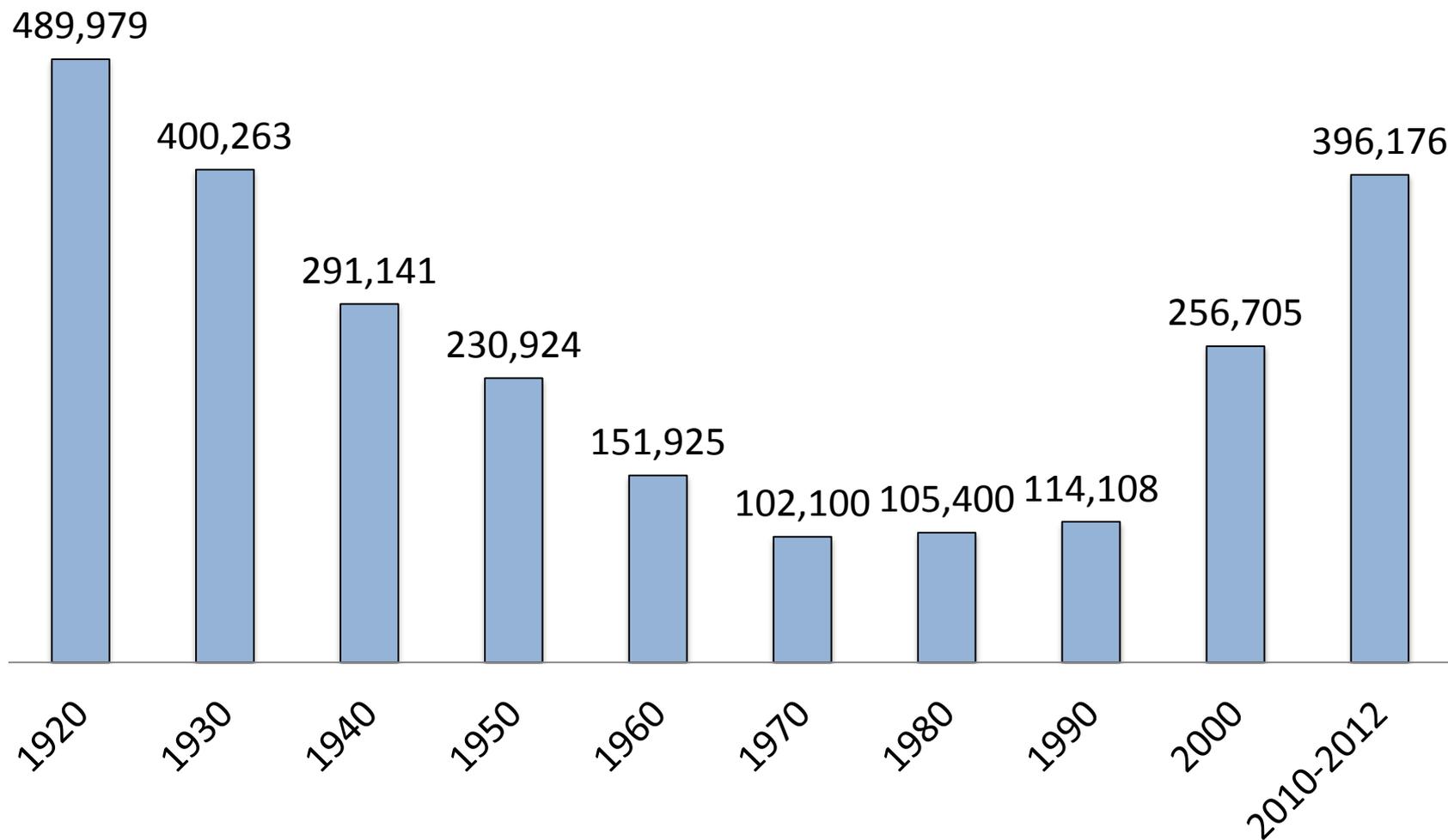
# Black, Latino and Asian populations growing rapidly

## Populations of color, MN



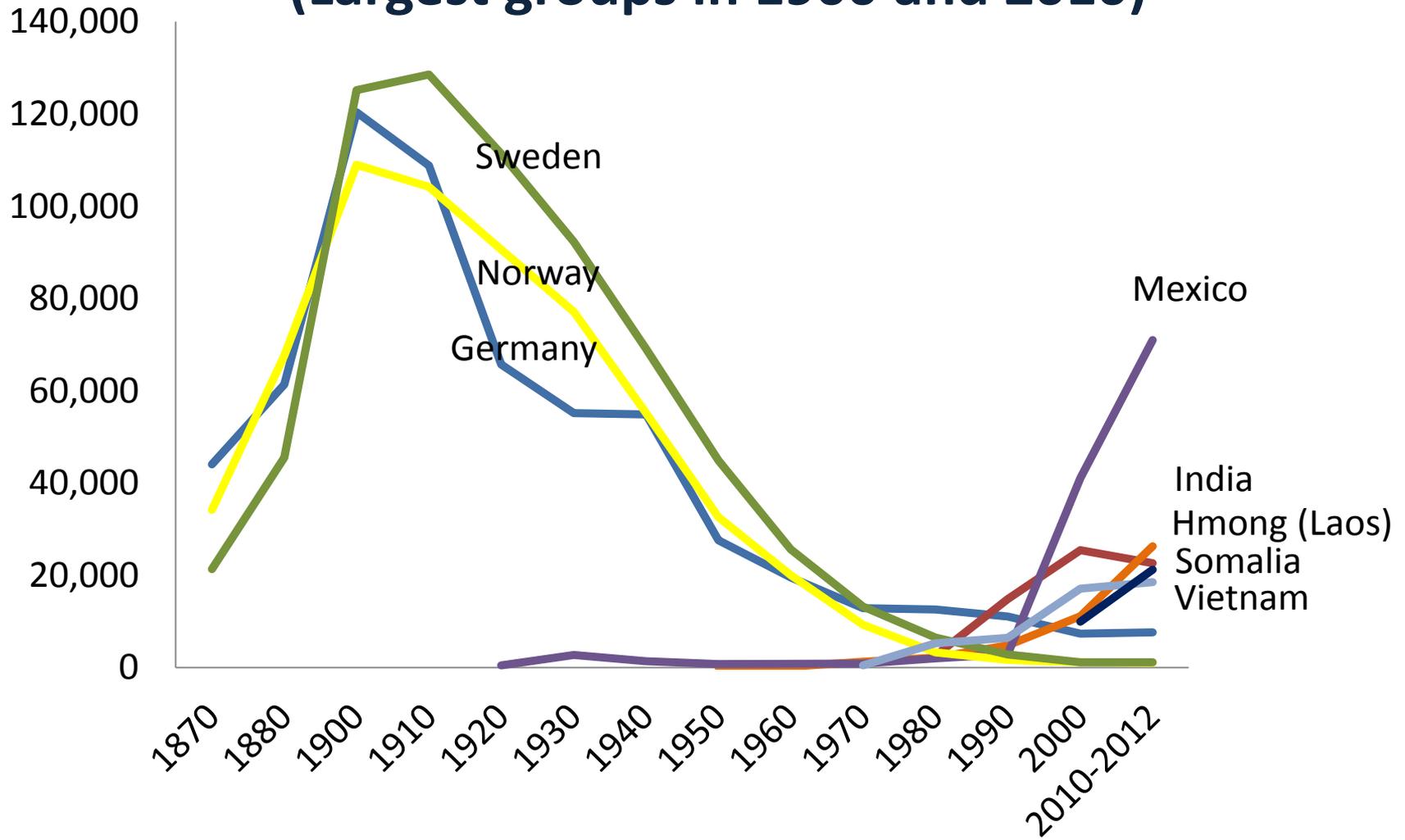
Source: Tabulated by the Minnesota State Demographic Center from the Integrated Public Use Microdata Series

# Number of foreign born in Minnesota 1920-2012



Source: Tabulated from the Integrated Public Use Microdata Series

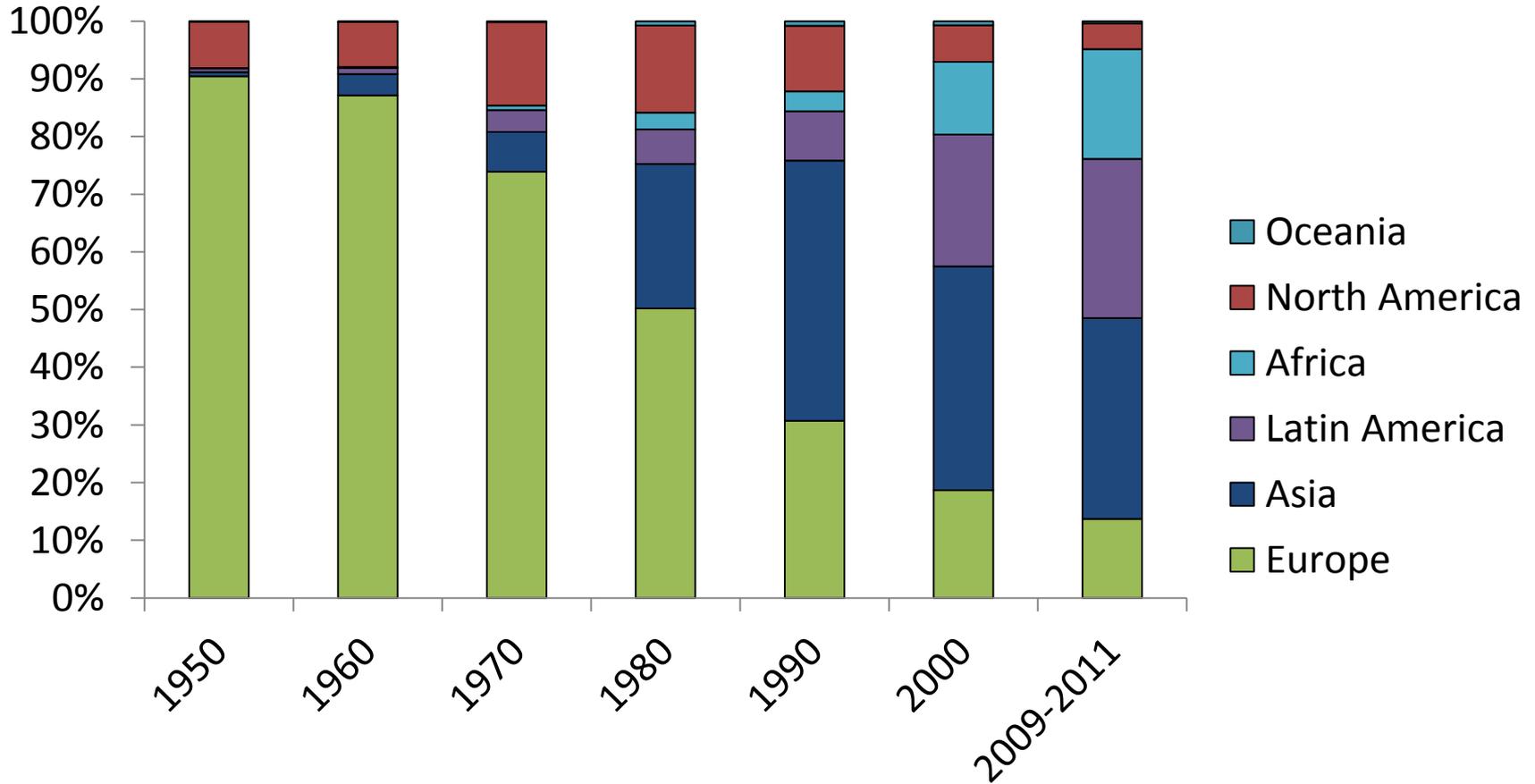
# Foreign born in Minnesota (Largest groups in 1900 and 2010)



Source: Tabulated from the Integrated Public Use Microdata Series

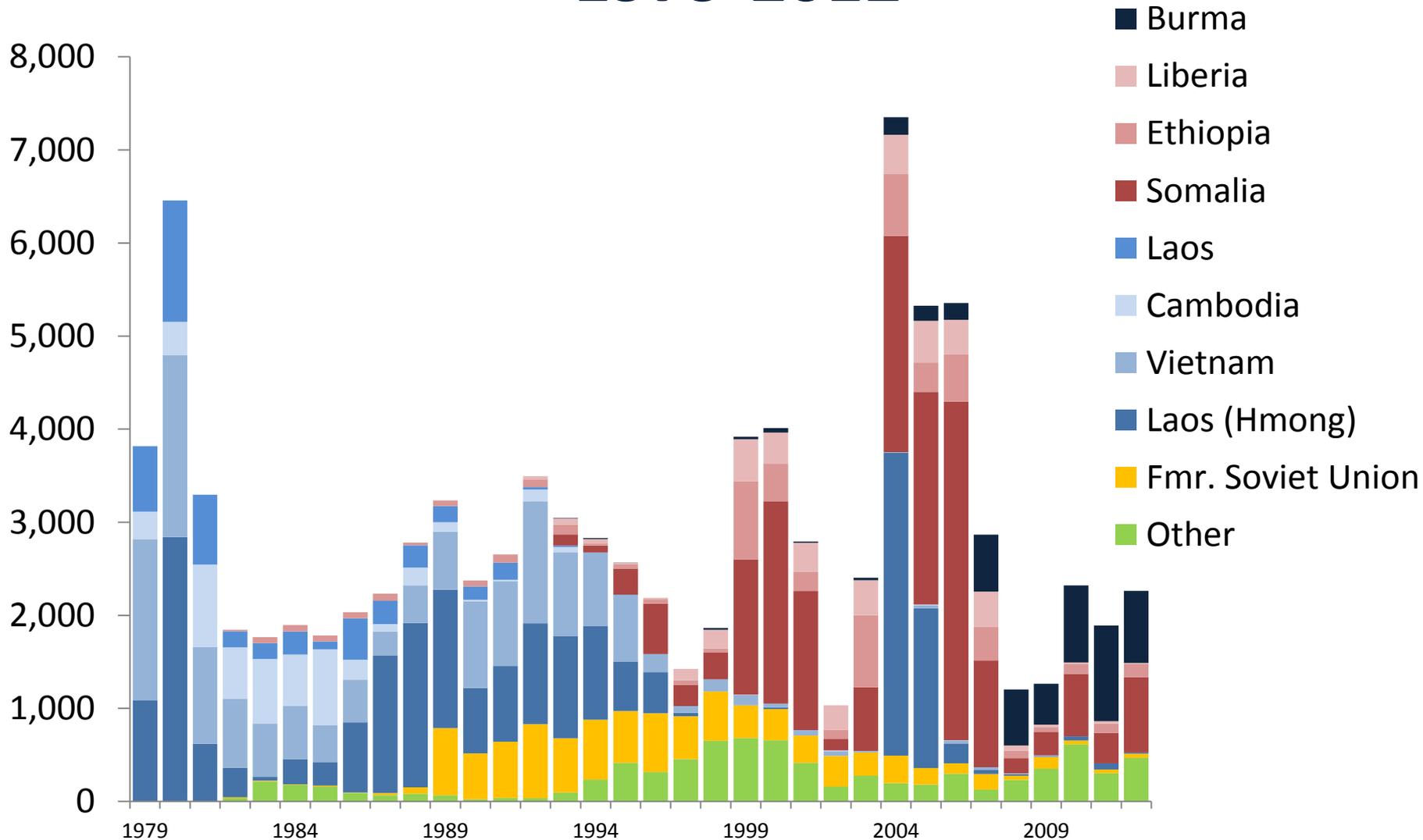


# Minnesota's foreign-born population now comes from across the globe



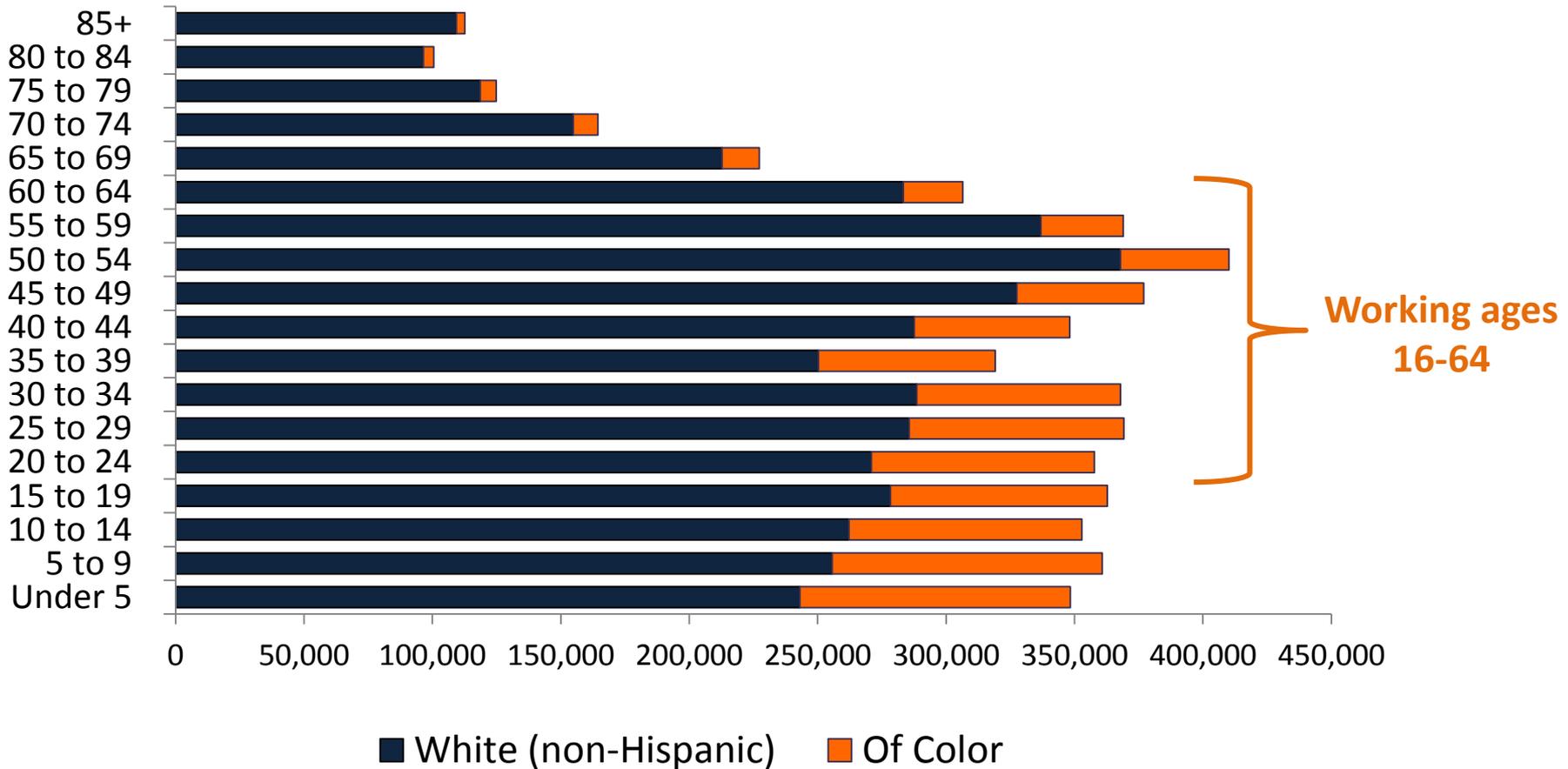
Source: Tabulated by the Minnesota State Demographic Center from the Integrated Public Use Microdata Series, U.S. Census Bureau data

# Primary refugee arrivals to MN 1979-2012



# Minnesota by race, 2012

White (non-Hispanic) and Of Color Population  
Minnesota, 2012

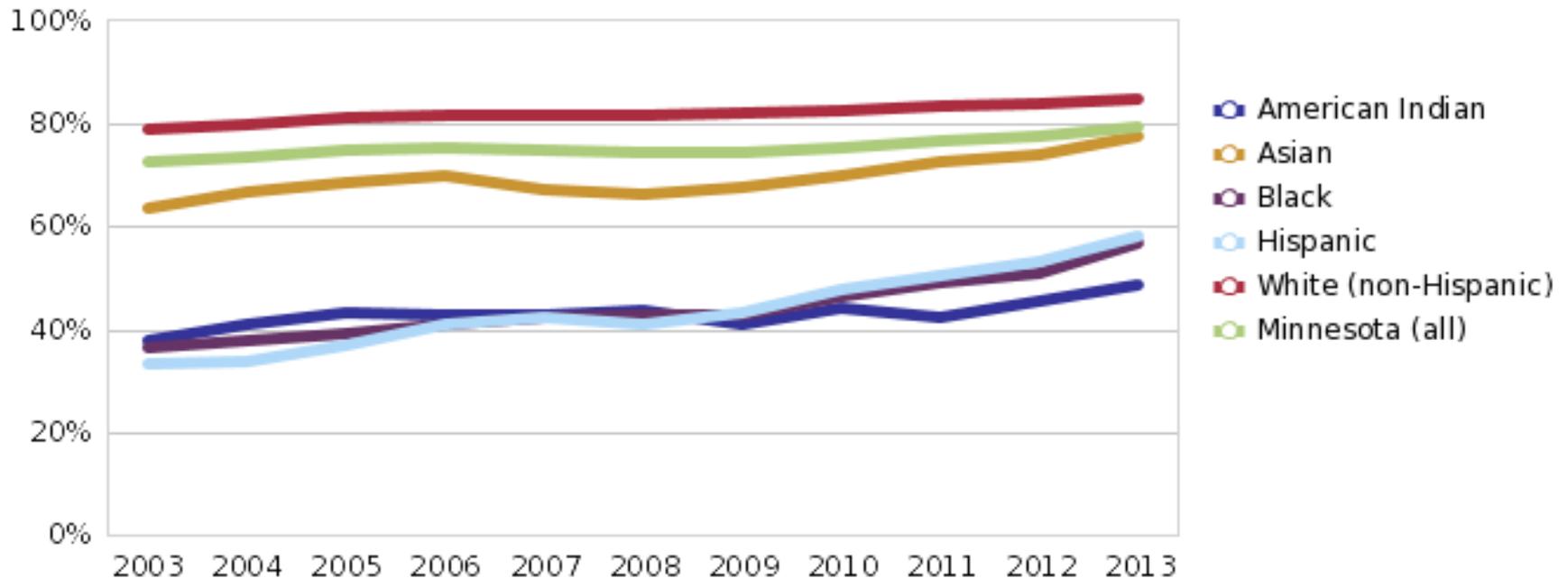


Source: 2012 Population Estimates, U.S. Census Bureau.

# Large gaps in educational achievement and attainment exist across racial groups

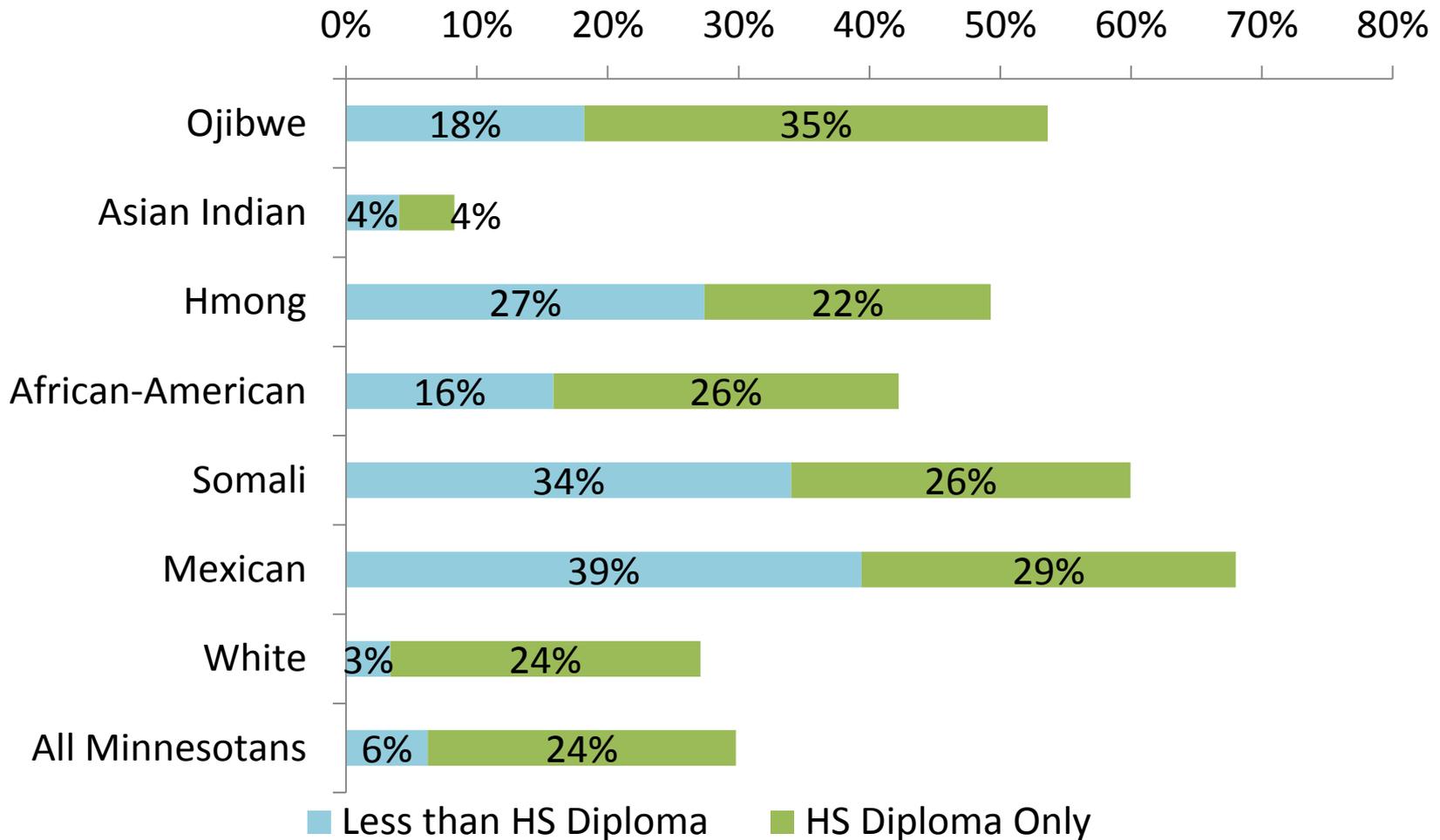
## High school students graduating on time by racial and ethnic group

Minnesota, 2003-2013

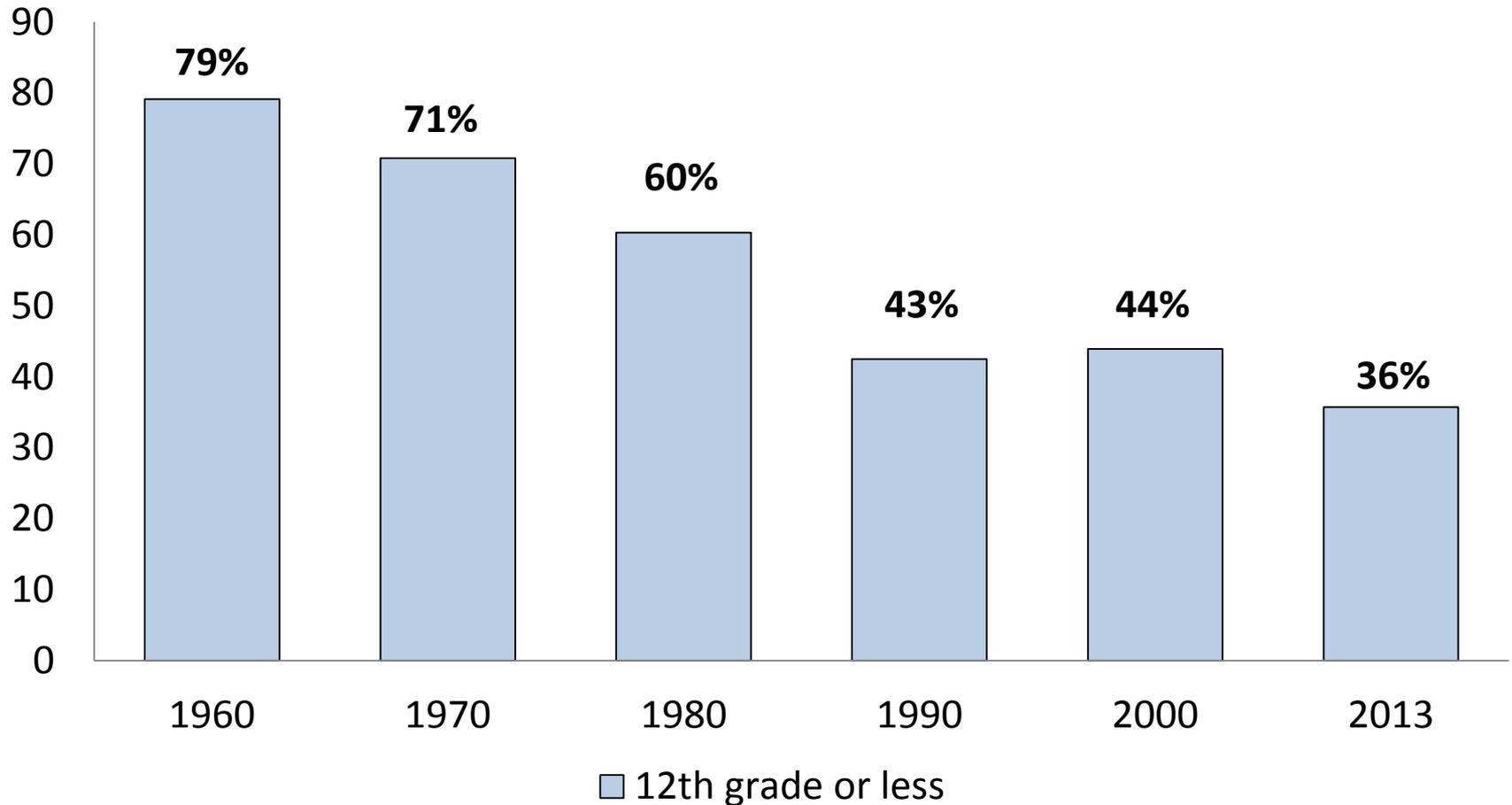


Source: Tabulated by MN Compass from Minnesota Department of Education data

# Minnesotans With H.S. Diploma or Less, Ages 25-64



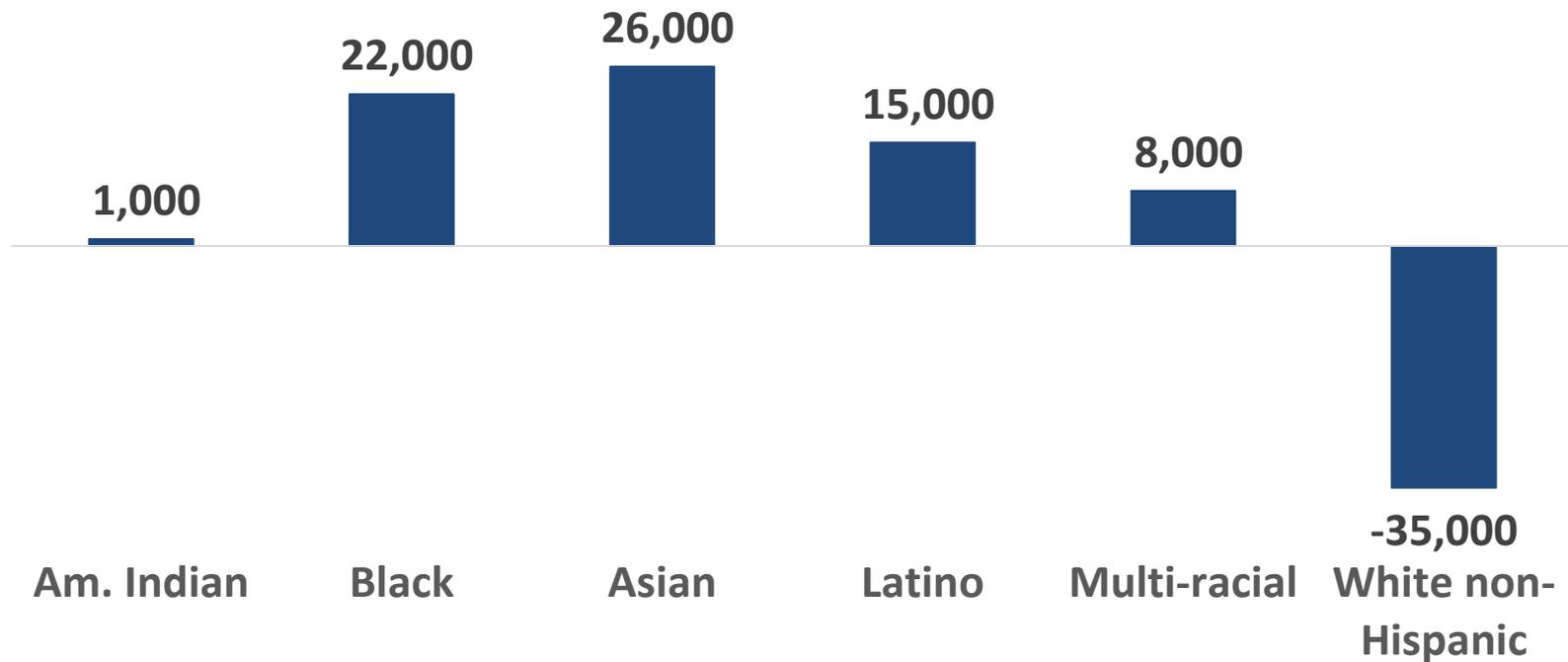
# Share of Employed Minnesotans with H.S. Education or Less



Source: Tabulated by the State Demographic Center from the Integrated Public Use Microdata Series

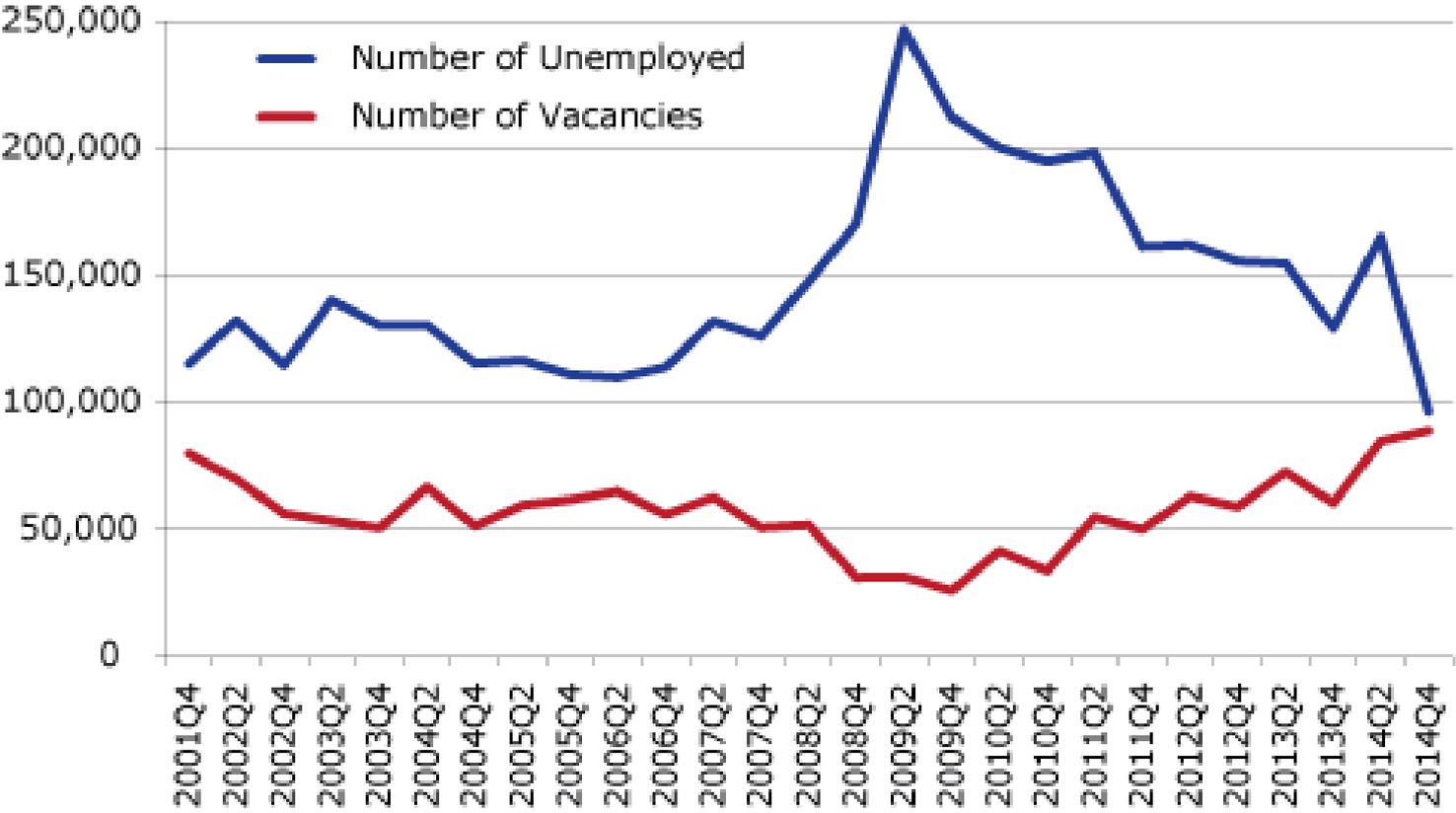
# White Working-age Pop. Declining; Robust Growth For Most Populations of Color

Change in typical working-ages (15-64 years)  
Minnesota, 2010-2014



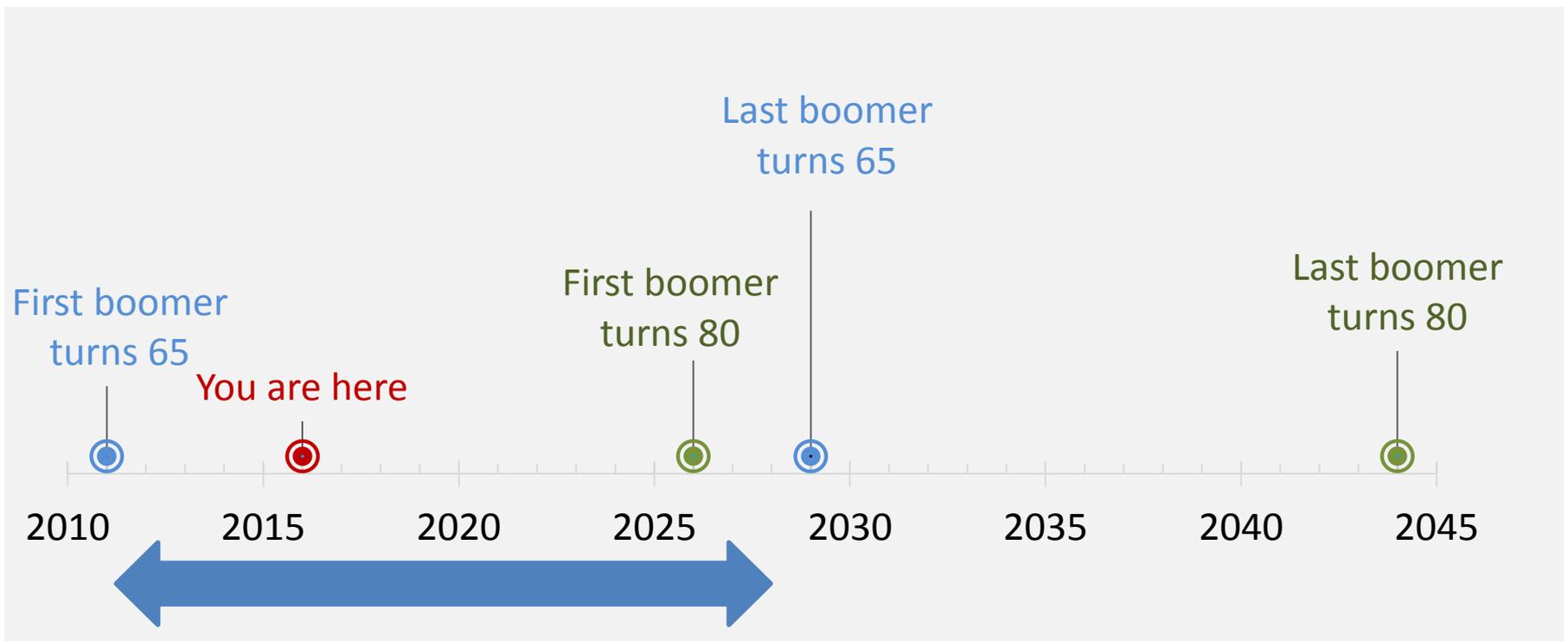
# Ratio of jobs to job seekers is now 1:1

## Minnesota Job Vacancies and Unemployed Workers by Quarter



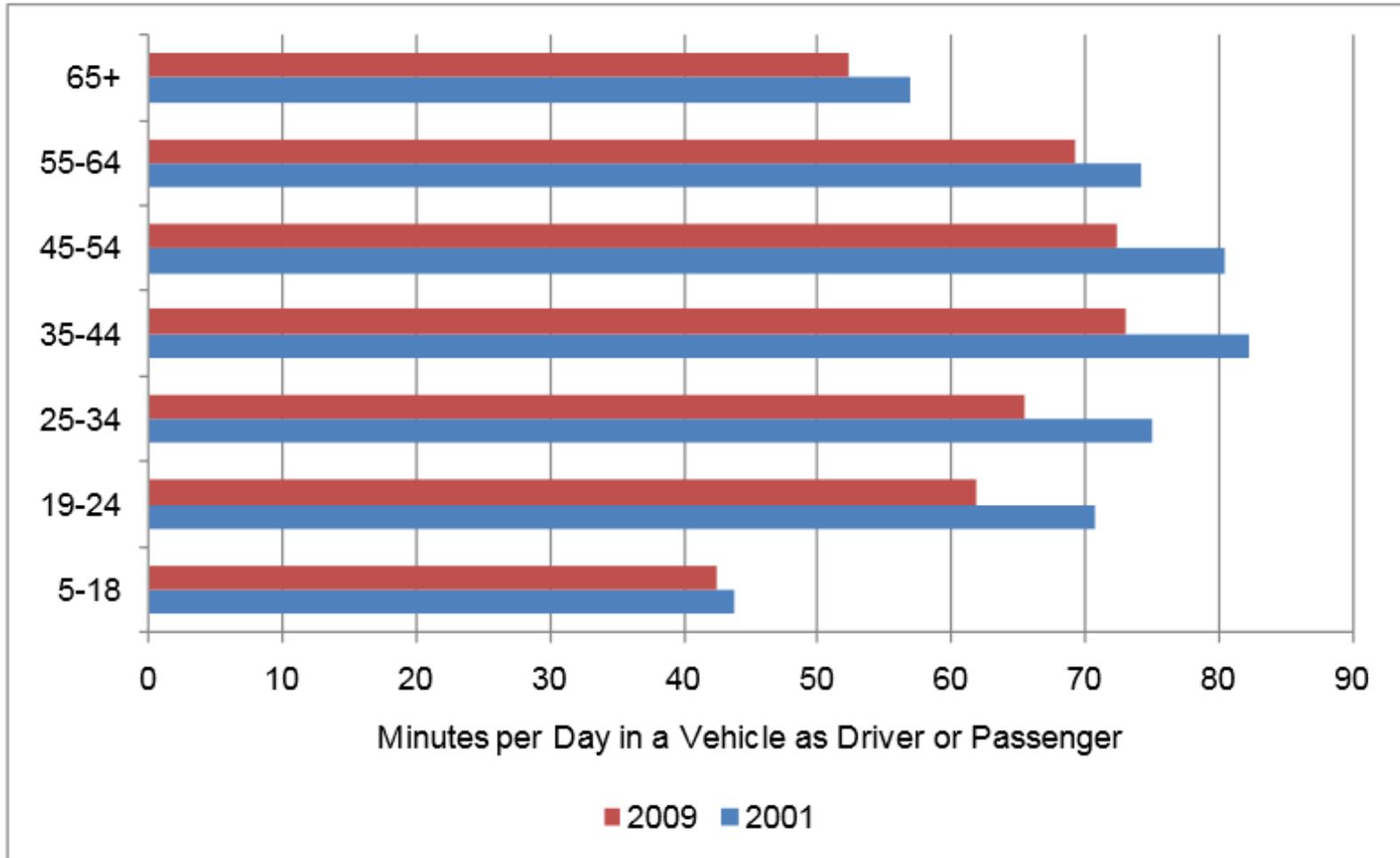
Source: Job Vacancy Survey, MN Department of Employment and Economic Development

# The transition to an older Minnesota has already begun



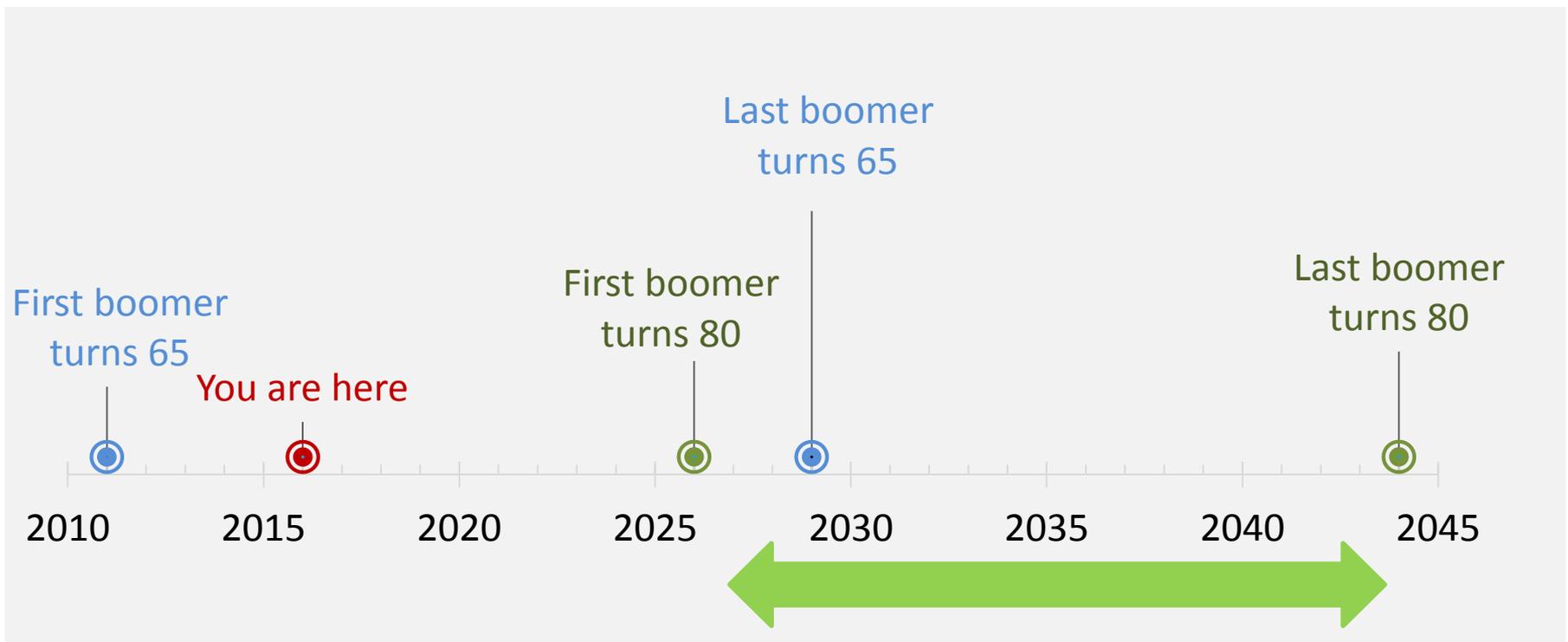


# Average Time Spent in a Vehicle by Age



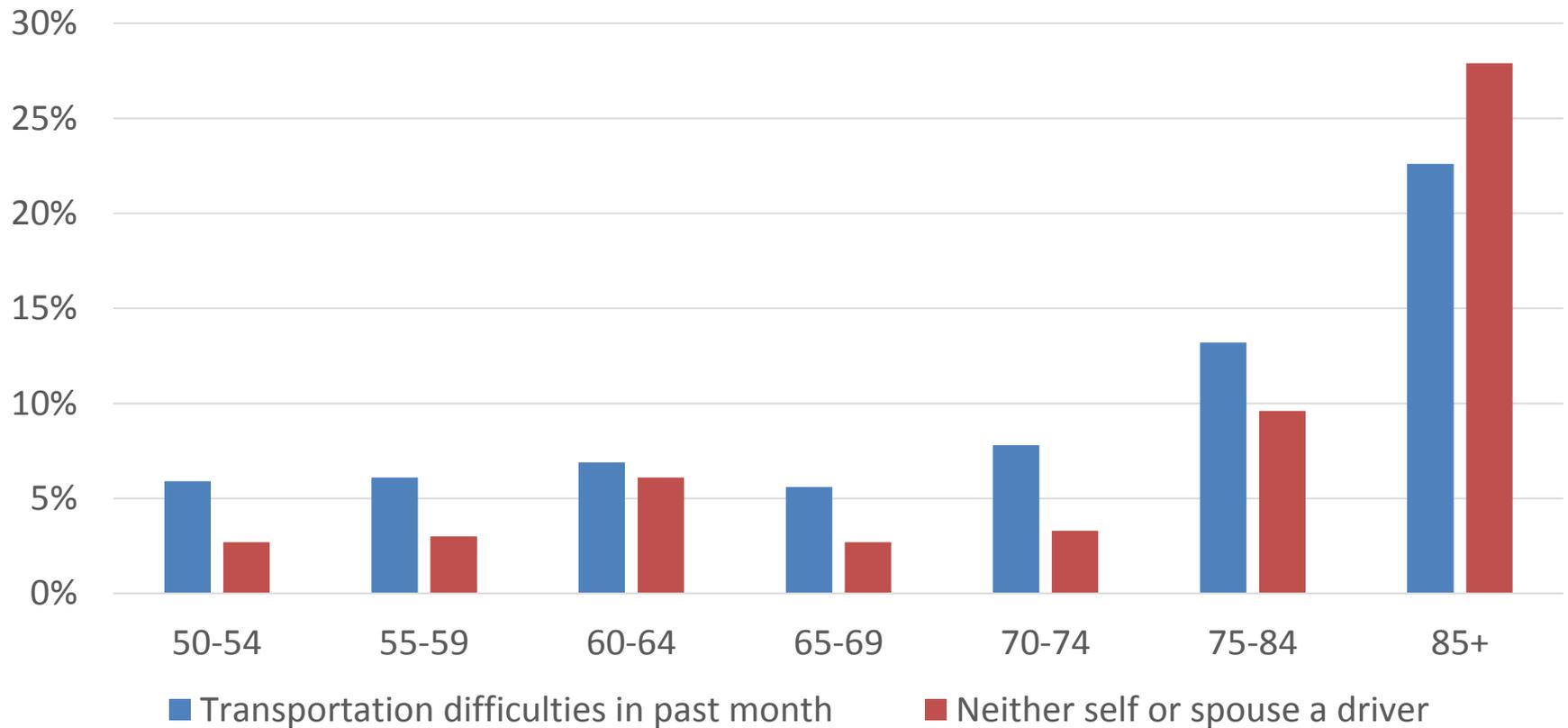
Source: 2001 and 2009 National Household Transportation Survey

# The transition to an older Minnesota has already begun



# Transportation difficulties grow with age

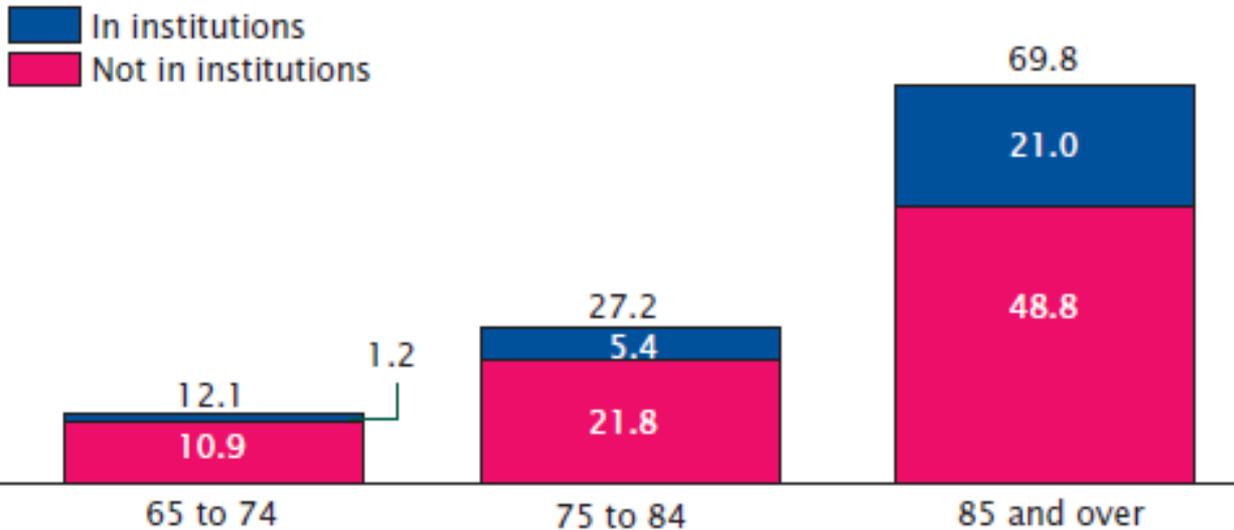
Minnesota Older Adults, 2015



Source: Survey of Older Minnesotans, 2015

Figure 3-23.

### Percent of People Aged 65 and Over With Long-Term Care Needs by Age and Place of Residence: 1995<sup>1</sup>



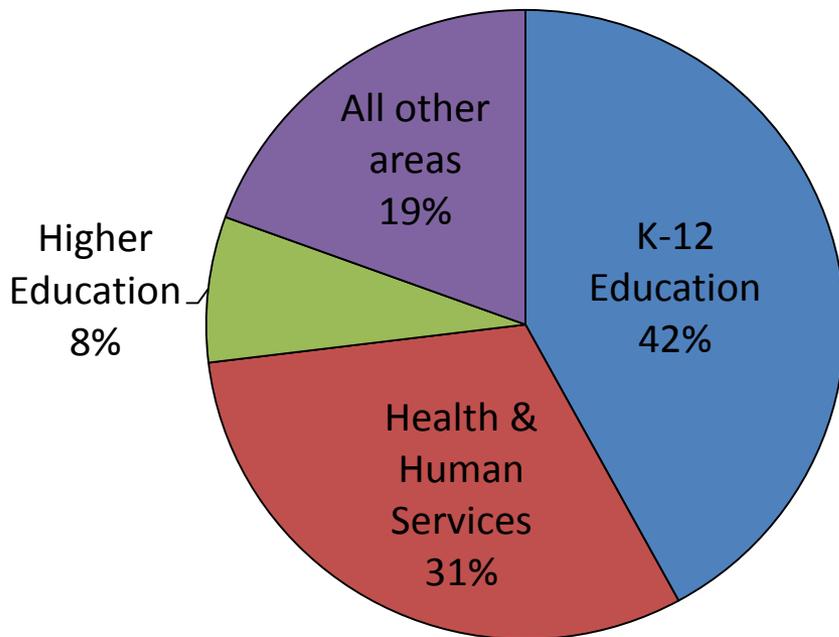
<sup>1</sup> Needing assistance with activities of daily living (ADLs) or instrumental activities of daily living (IADLs).

Note: The reference population is derived from a combination of sources. The reference population for these data is the civilian noninstitutionalized population and institutionalized population from the National Medical Expenditure Survey, civilian institutionalized population from the Current Population Survey, and Medicare enrollees aged 65 and older from the National Long Term Care Survey.

Source: Stone, 2000. For full citation, see references at end of chapter.

# Changing demand for public services

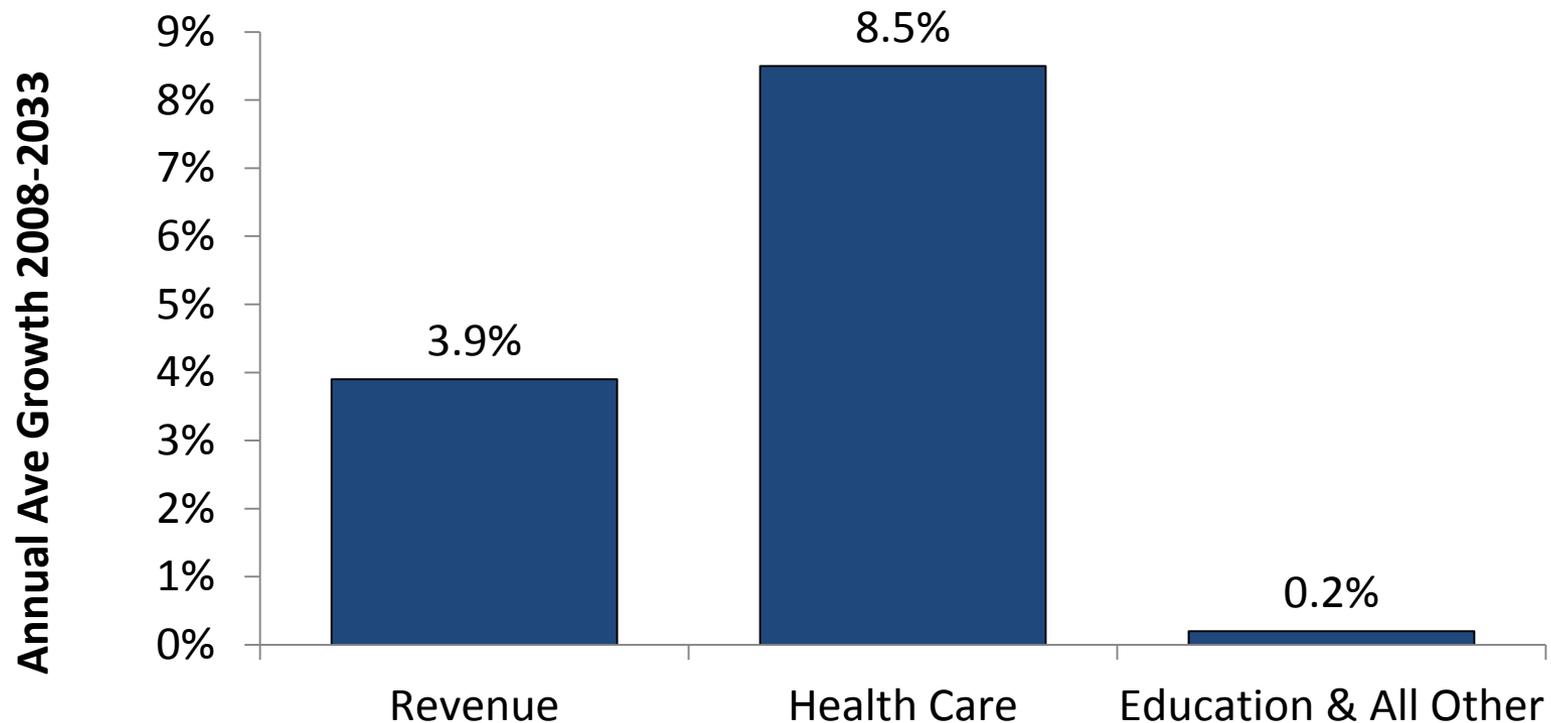
## General Fund Expenditures



## Within Health & Human Services

- Medical Assistance Expenditures: 25% of GF spending (8.5 billion)
- Medical Assistance Expenditures for the Elderly and Disabled: 16% of GF spending (5.5 billion)
- MA expenditures include basic care, long-term care waivers and long-term institutional care

# If state health care costs continue unabated, other services crowded out (projected through 2033)



Source: General Fund Spending Outlook, presentation to the Budget Trends Commission, August 2008, Dybdal, Reitan and Broat.

# Federal and State Budget Impact of Long-Term Care

- In state fiscal year 2015, Minnesota spent about **\$1.115** billion on MA long-term care services for older adults.
- Assuming this anticipated 85% growth in enrollment, and an average annual rate of inflation of 2.5% between 2015 and 2040, results in a price tag of **\$3.824** billion annually by 2040.

# Some Take-away thoughts for Transportation Professionals

- A slow growing workforce is here to stay for a while
- Boomers are now transitioning out the of labor force—changing transportation patterns
- The health and disability needs of the aging Boomers will require transportation to support connections to health care professionals
- Productivity of working-age population will be key to economic growth; efficient movement of goods is an important piece of that productivity.

# Demographic change will shape the future...but not completely determine it

- These data are sobering **IF** we continue to adhere to the policies and institutional arrangements that we have built for our demographic past.
- Aging trend will bring new **opportunities**; and a new **license to redesign**



Minnesota State Demographic Center

[mn.gov/demography](http://mn.gov/demography)

Twitter: @MN\_StateData

# Hans Mattson, 1872

## **Of the climate he wrote:**

Without treading upon the truth too closely, one can say that the climate in Minnesota is one of the healthiest in the world. ... [We] breathe in constantly a dry, fresh air, inasmuch as hazy weather is as good as unknown. Thousands of weak and suffering people arrive yearly in Minnesota to win back their health, and many leave the state as new and healthy people, during this time a number become so taken in by our naturally beautiful and healthy state that they settle themselves in peace here during the rest of their lives...There is certainly good and fruitful soil in other states [as well], but what does this help, if one cannot stand the climate and is always sick, as the case has often been with many countrymen, who have settled down in the unhealthy tracts in the South.

## **Of the people he wrote:**

The population in this state consists primarily of native born Americans, grown up on their farms in the old states, in the factories and the schools and of the hardened Scandinavians and Germans from the old countries rural villages, [who] from the home [are] used to hard work and good habits, and herein lies the key to the character of the population, which laid the foundation to [Minnesota]. **Law abiding, love for order and decorum, security for life and property, social equality, hard working and sober and a deep religiousness, united with the greatest tolerance and respect for others' views, make up the fundamental of the population's character.**