



Minnesota State Demographic Center

**Presentation to MN Chamber of Commerce, Fiscal Policy Meeting**

Susan Brower, Minnesota State Demographer

August 7, 2014

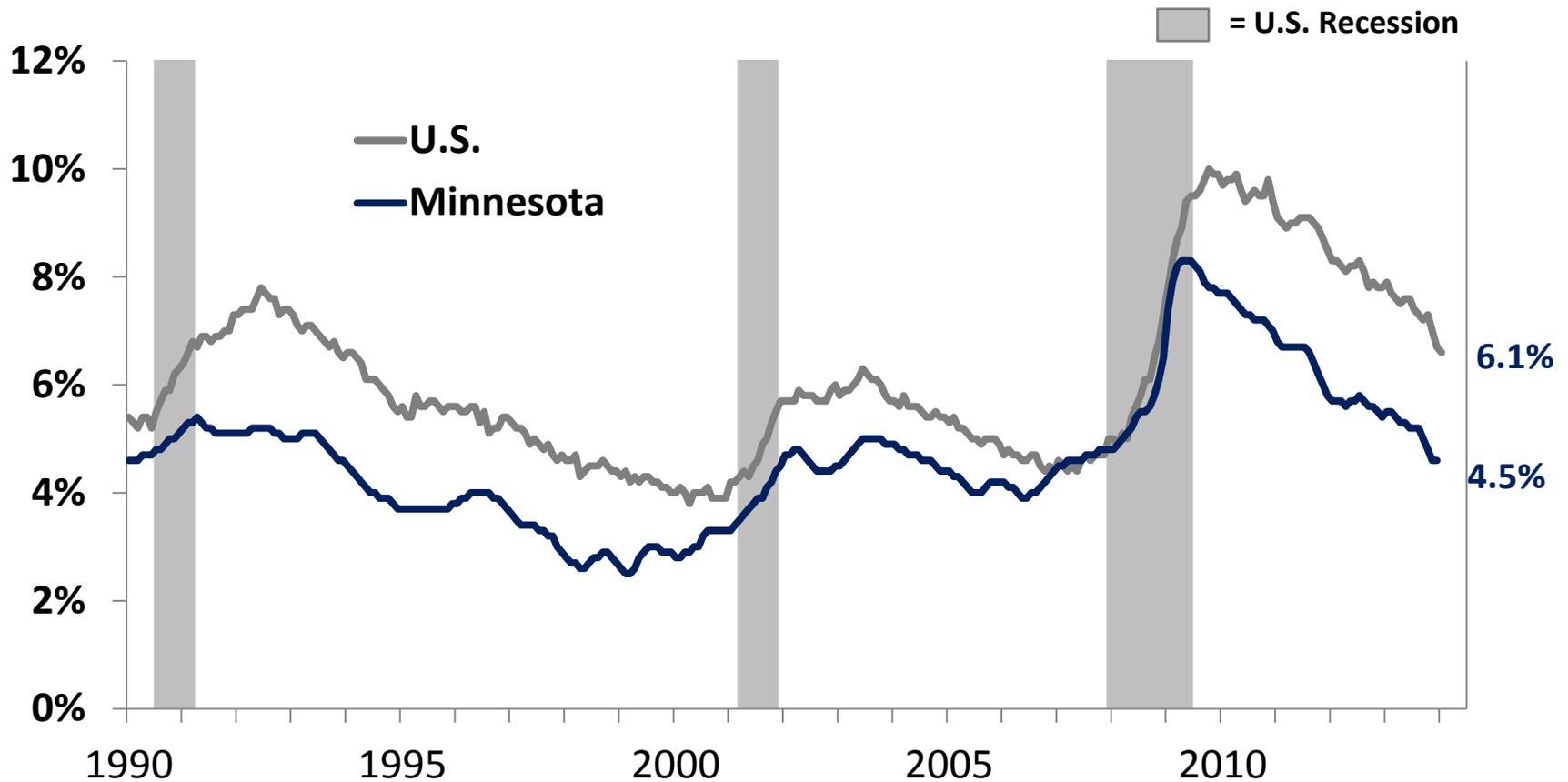
# Topics for today

2 big demographic  
trends that will  
shape Minnesota's  
future

Your questions and  
insights

# Minnesota's economy continues to make solid gains

**Unemployment Rate**  
Monthly, Seasonally Adjusted



Source: MN Department of Employment and Economic Development (DEED)

**Trend #1:**  
Population  
aging will  
dampen  
future  
economic  
growth

# The Economist

APRIL 28TH - MAY 2ND 2014

[Economist.com](http://economist.com)

Warren Buffett: time for a break-up?

Germany abandons reform

China's middle-class exodus

How to teach your child to code

Robot sex, batteries not included

## A billion shades of grey

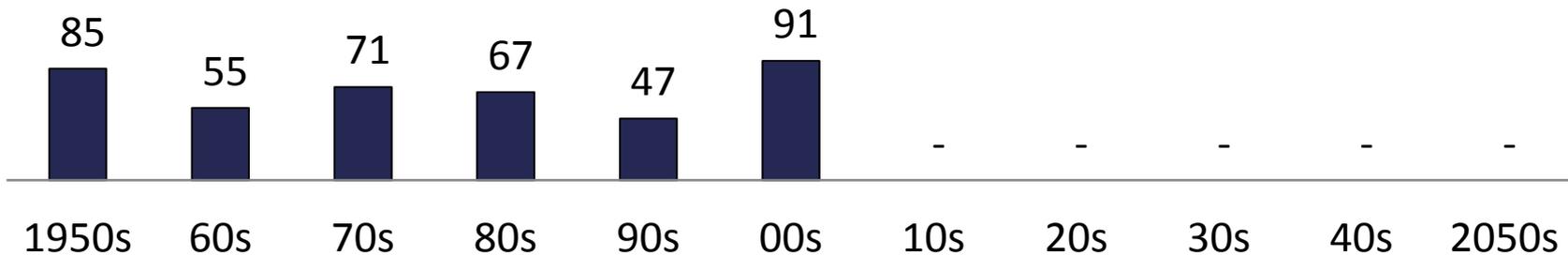
*"Thanks to us oldies, the world economy is threatened with secular stagnation, China's prospects are deteriorating and inequality is rising"*

*"That's nice, dear"*



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

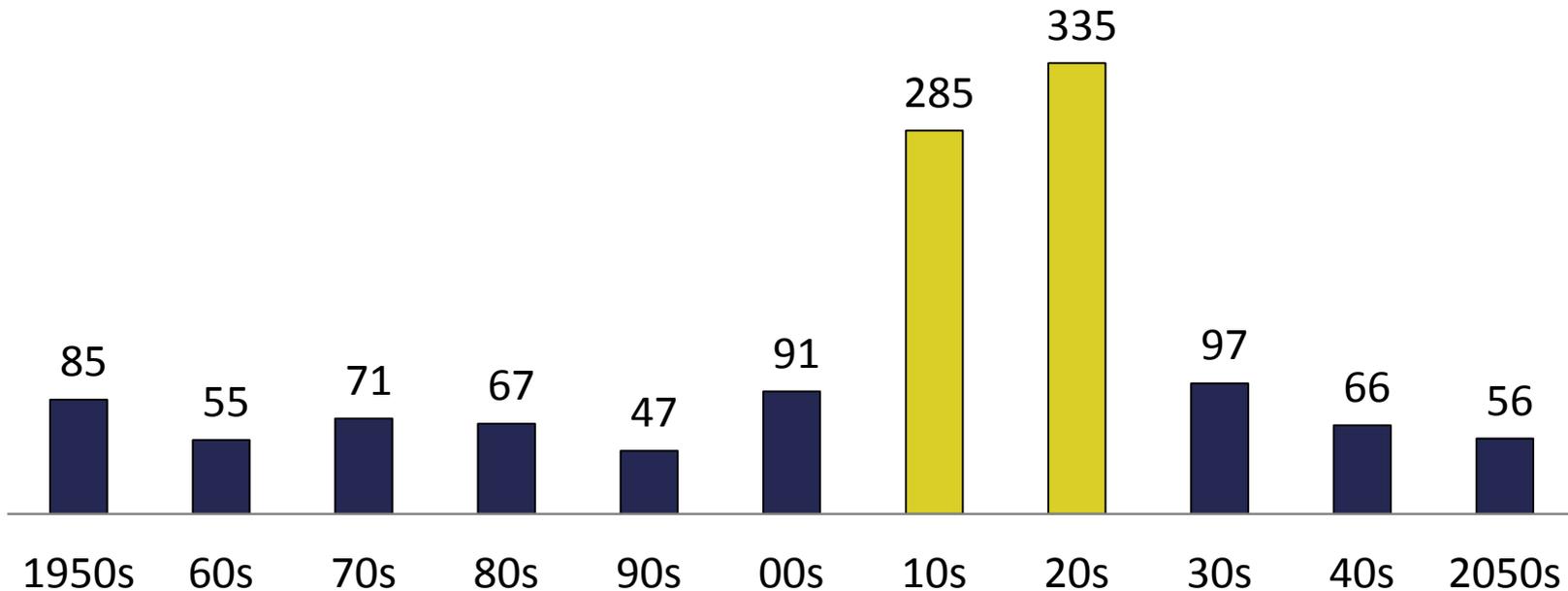
Change in older adults, age 65+ (in thousands)



Sources: U.S. Census Bureau

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

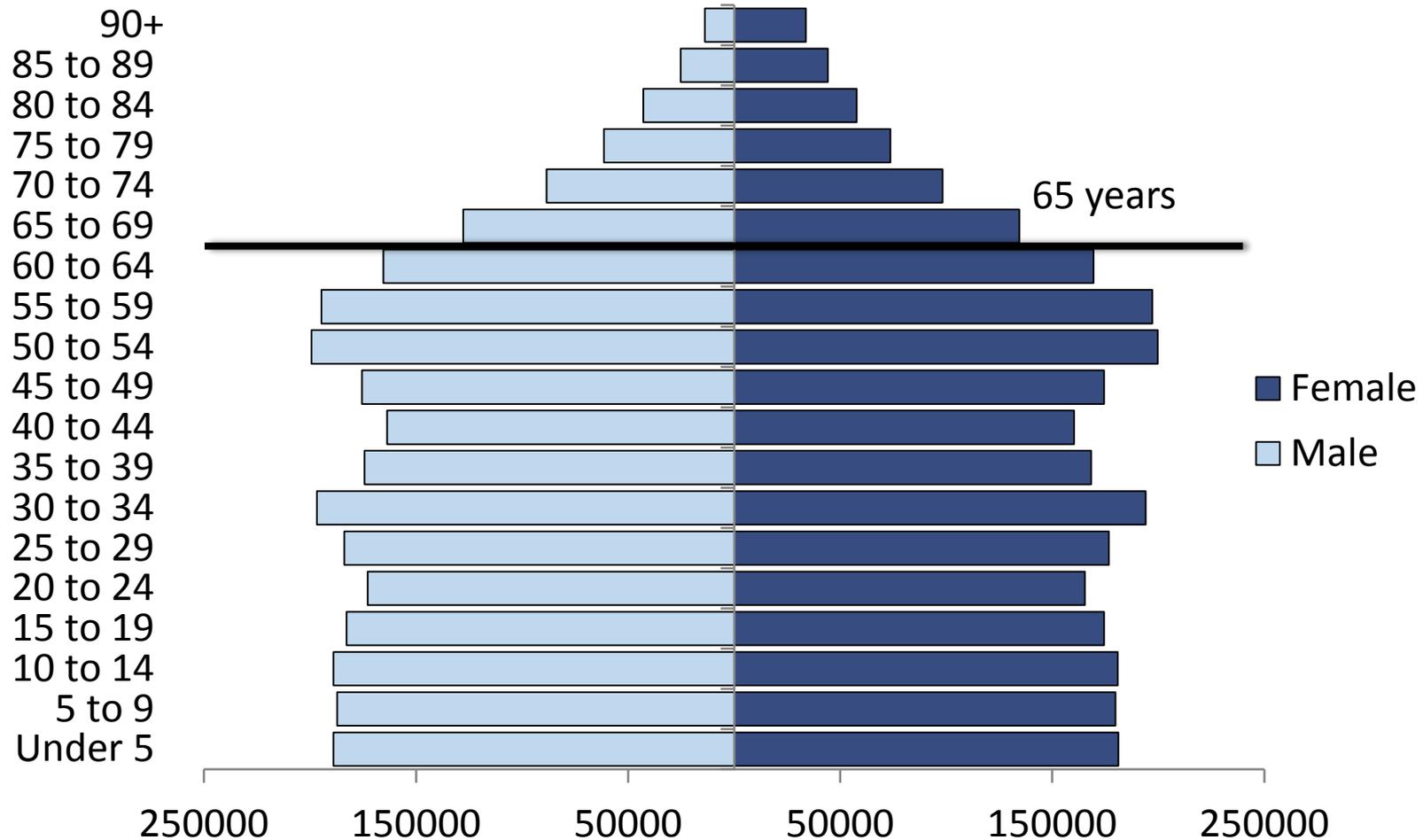
Change in older adults, age 65+ (in thousands)



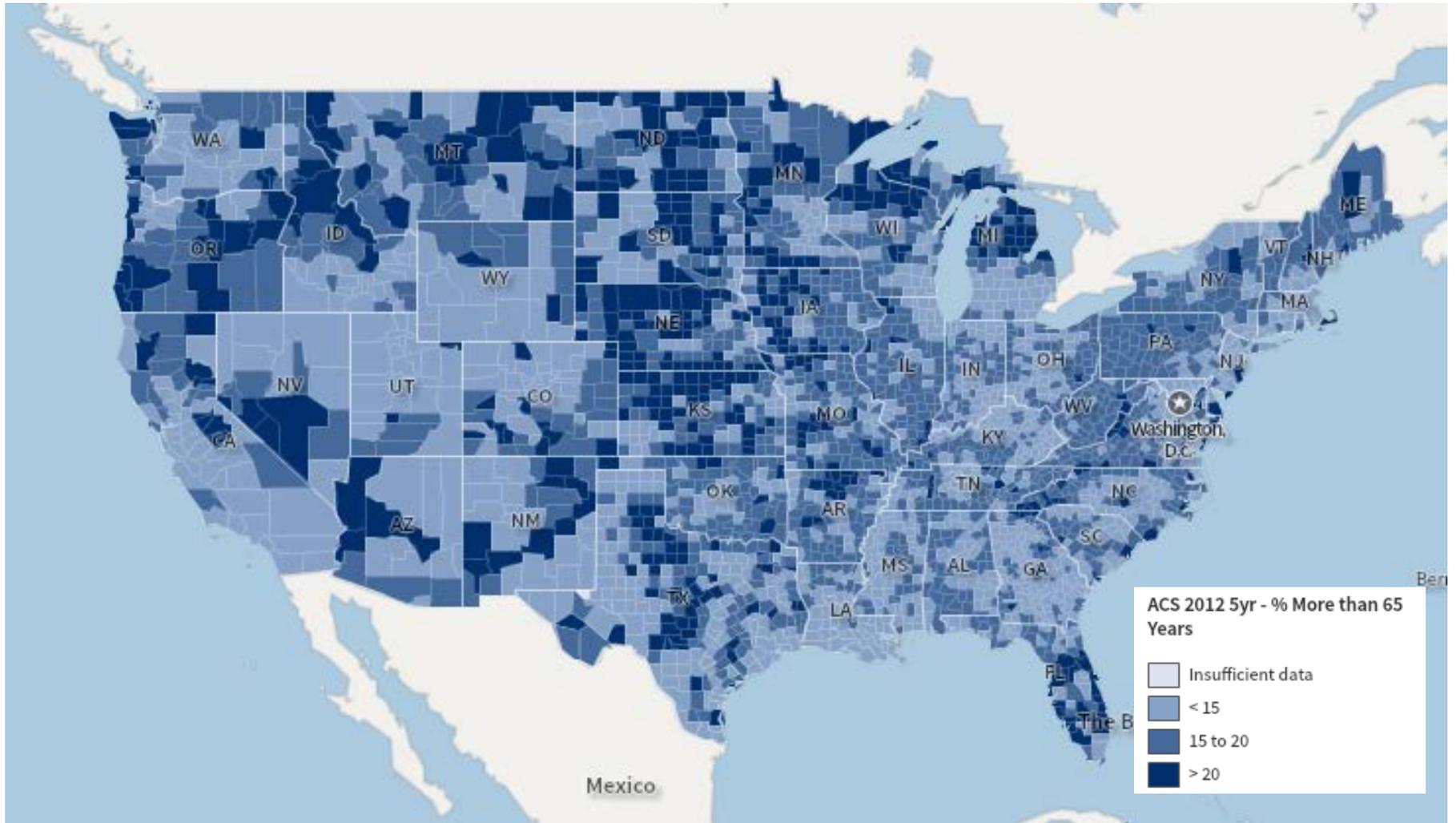
Sources: U.S. Census Bureau, MN State Demographic Center

# Why are the changes so marked now?

Population by age and sex  
Minnesota, 2015



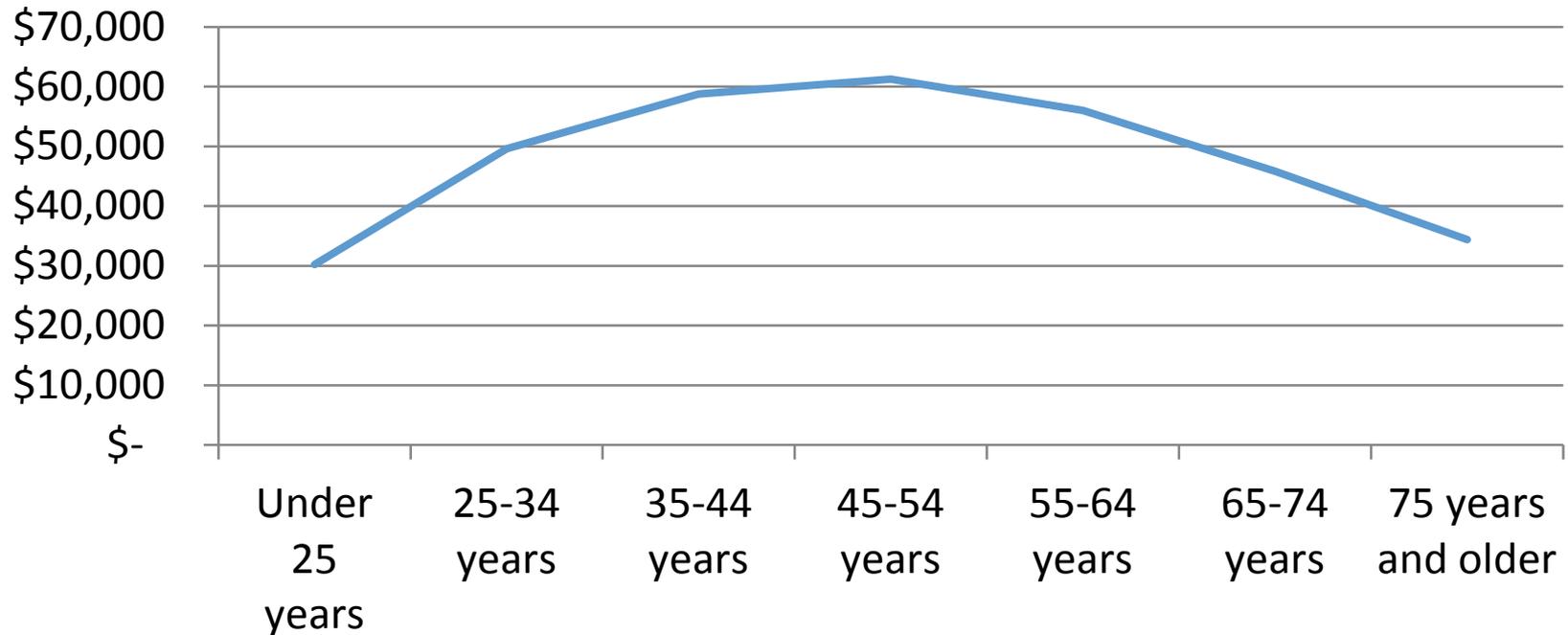
# Percent age 65+, 2012



Sources: U.S. Census Bureau, Social Explorer.

# Spending slows with age

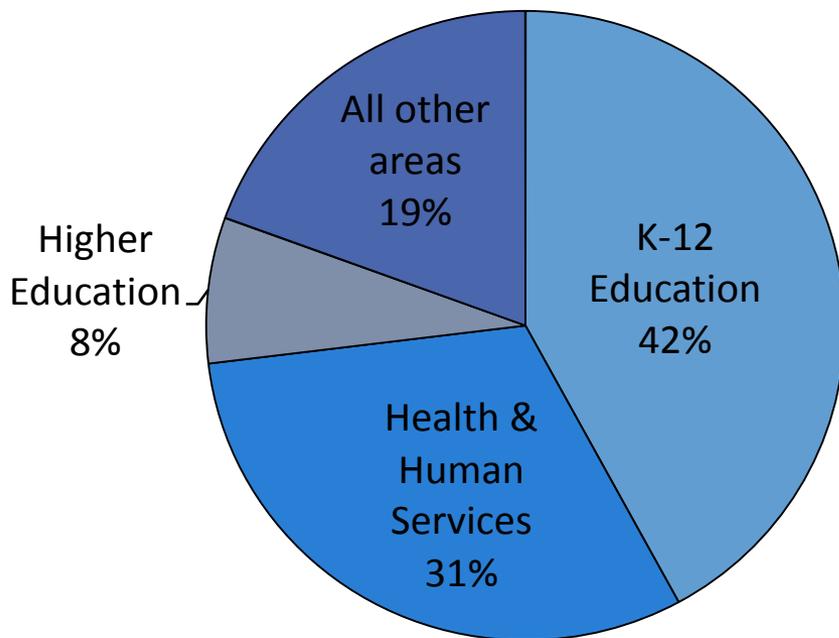
**Average expenditures per household  
U.S., Q3 2012- Q2 2013**



Sources: BLS, Consumer Expenditure Survey

# Increasingly our demographics will change the demand for services

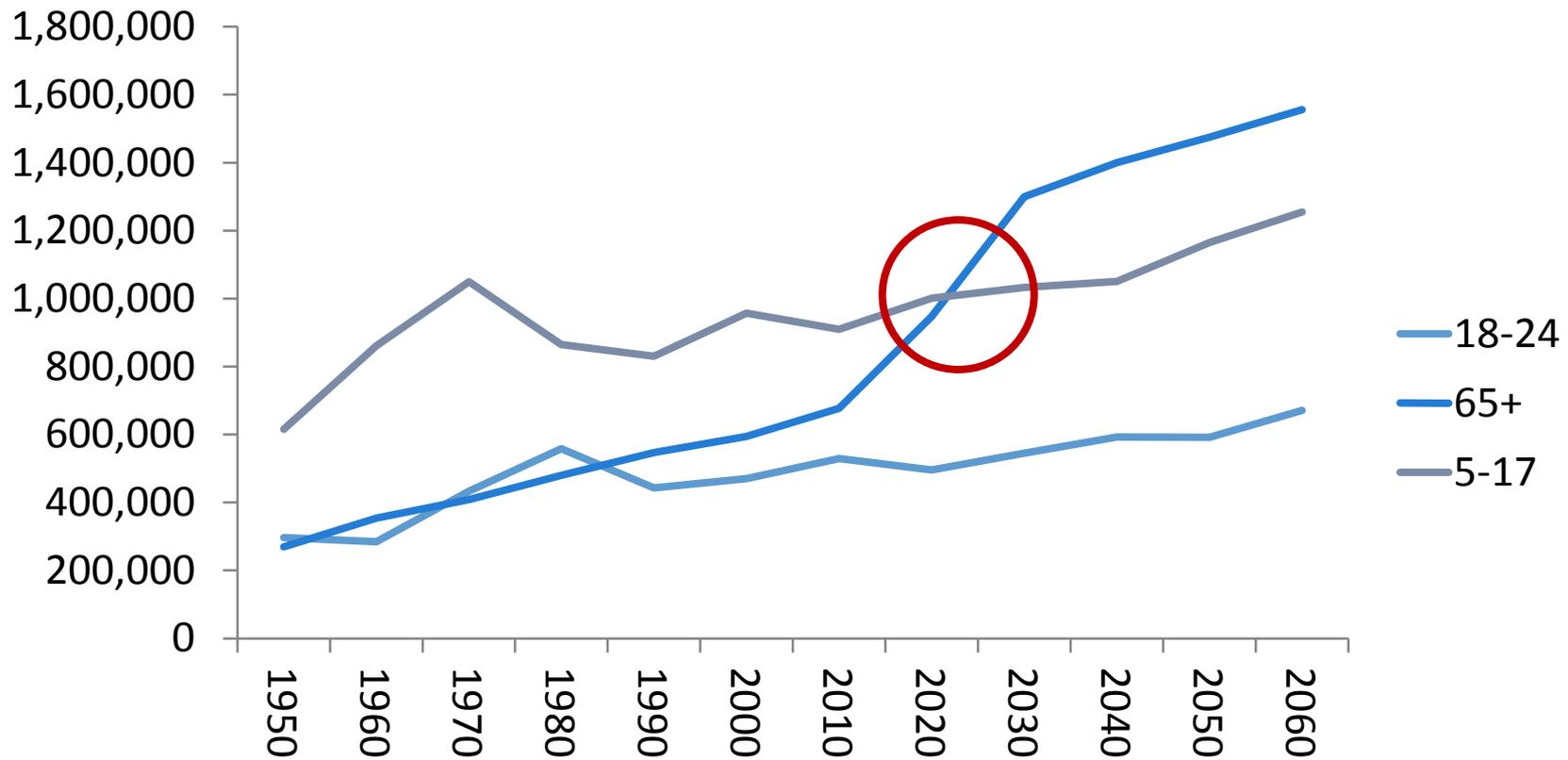
## General Fund Expenditures



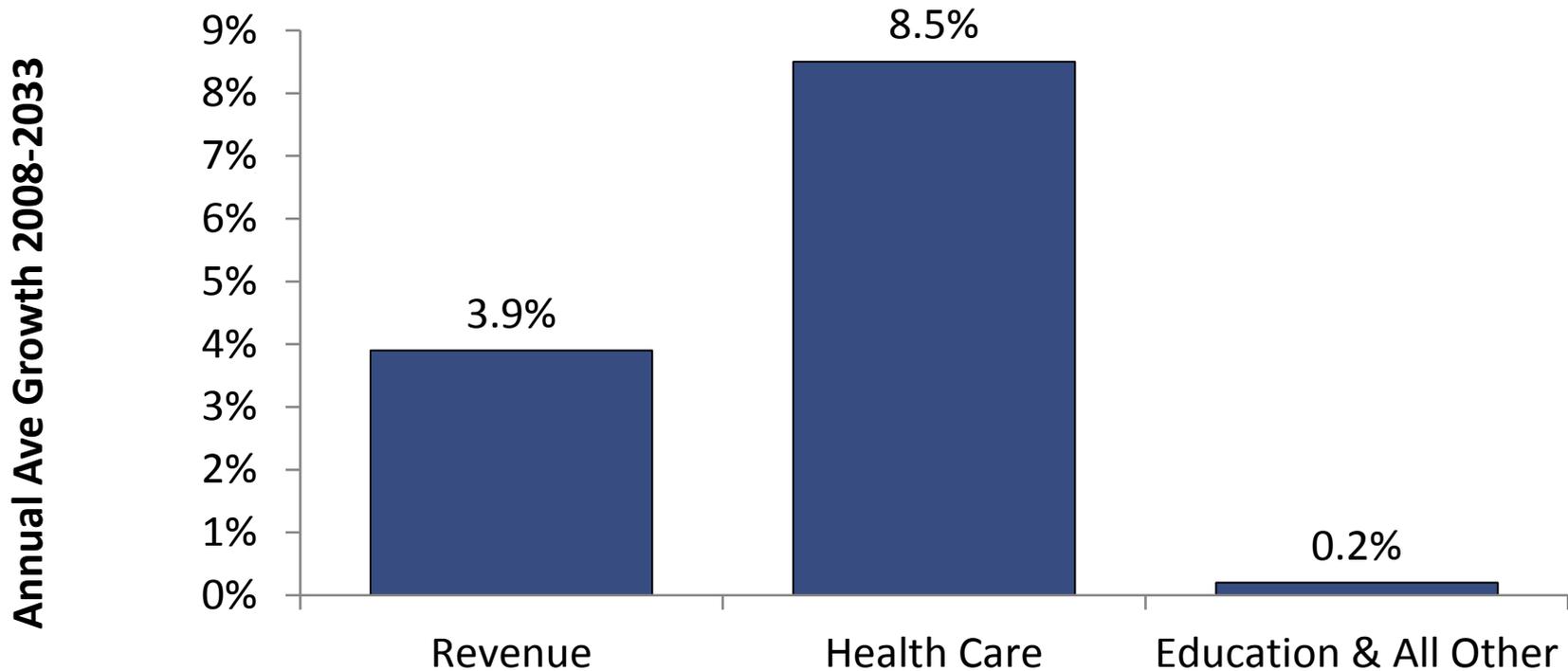
## Within Health & Human Services

- 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

# For the first time in MN history: More 65+ than school-age by 2020

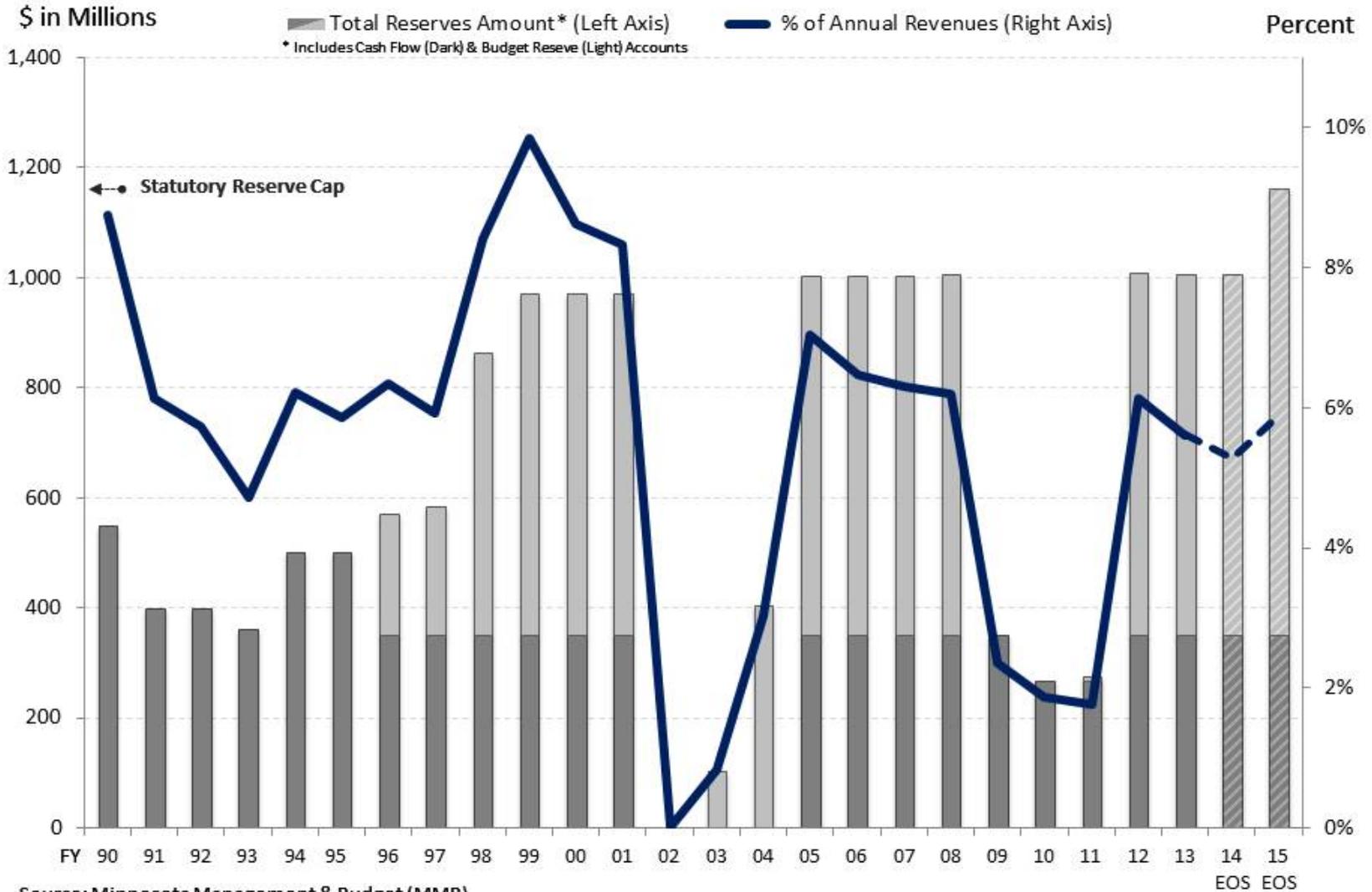


# From 2008: If State Health Care Costs Continue Their Current Trend, State Spending On Other Services Can't Grow



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

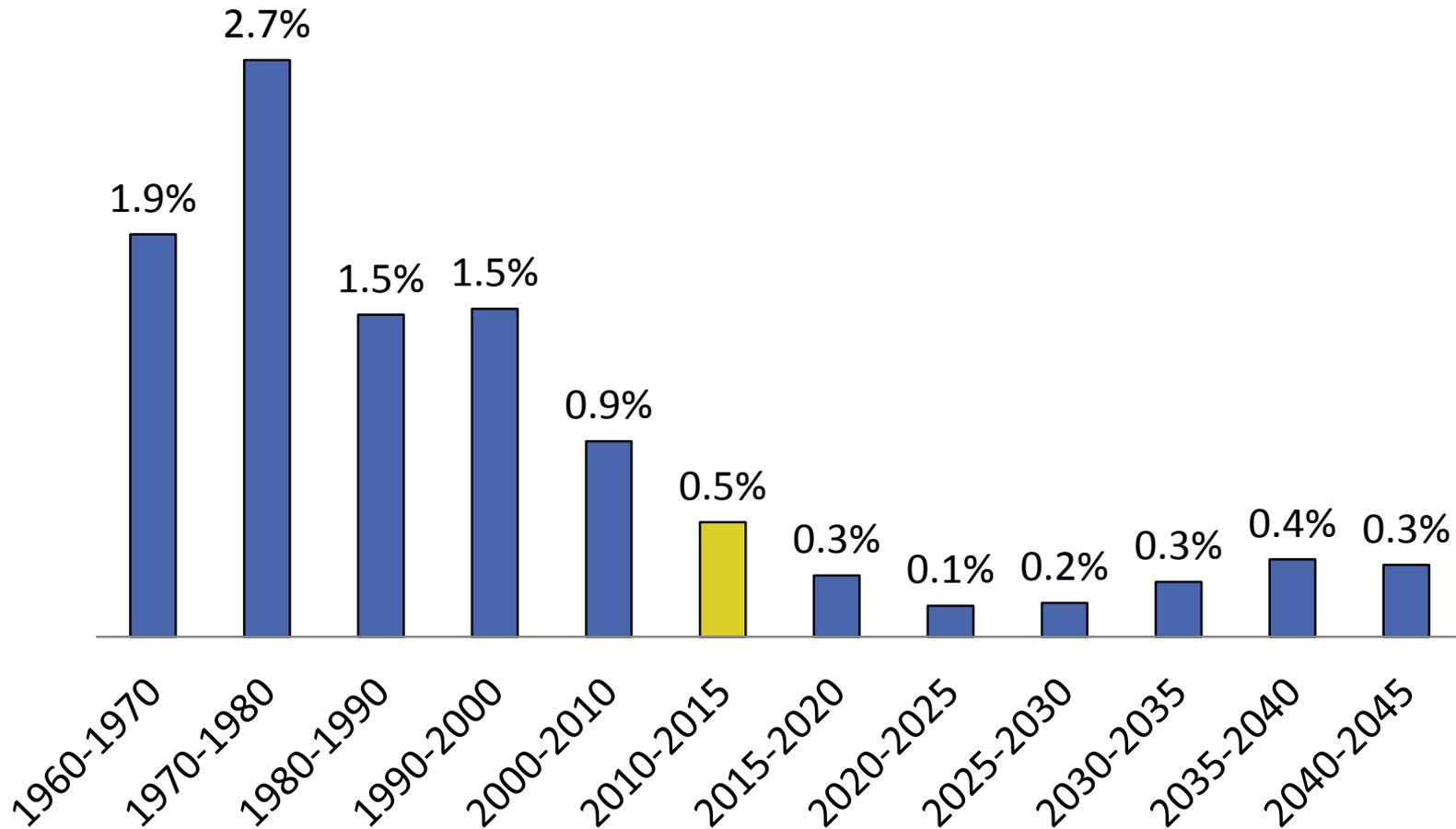
# Minnesota's General Fund Reserves



Source: Minnesota Management & Budget (MMB)

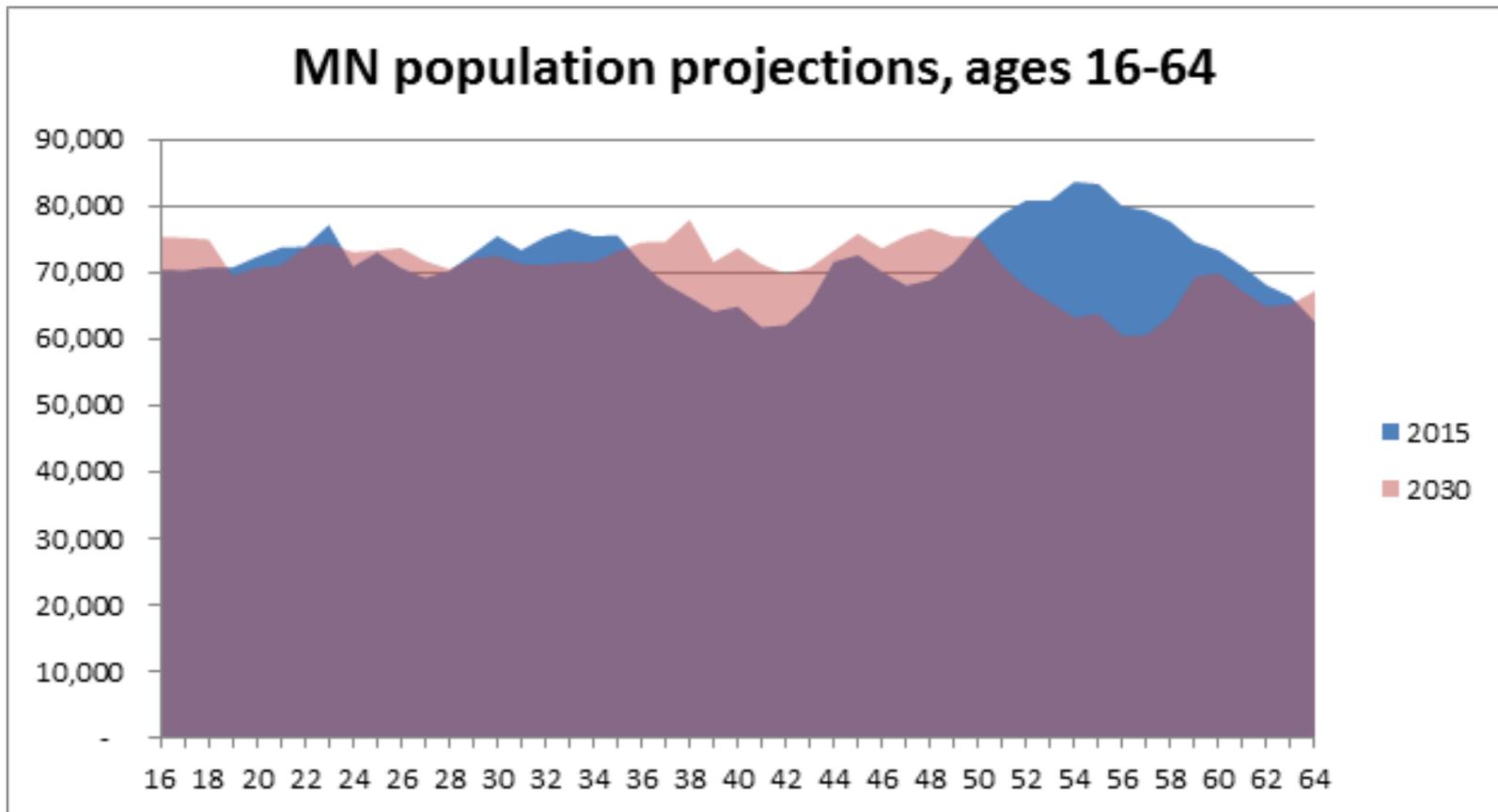
EOS EOS

# Labor force growth is projected to slow



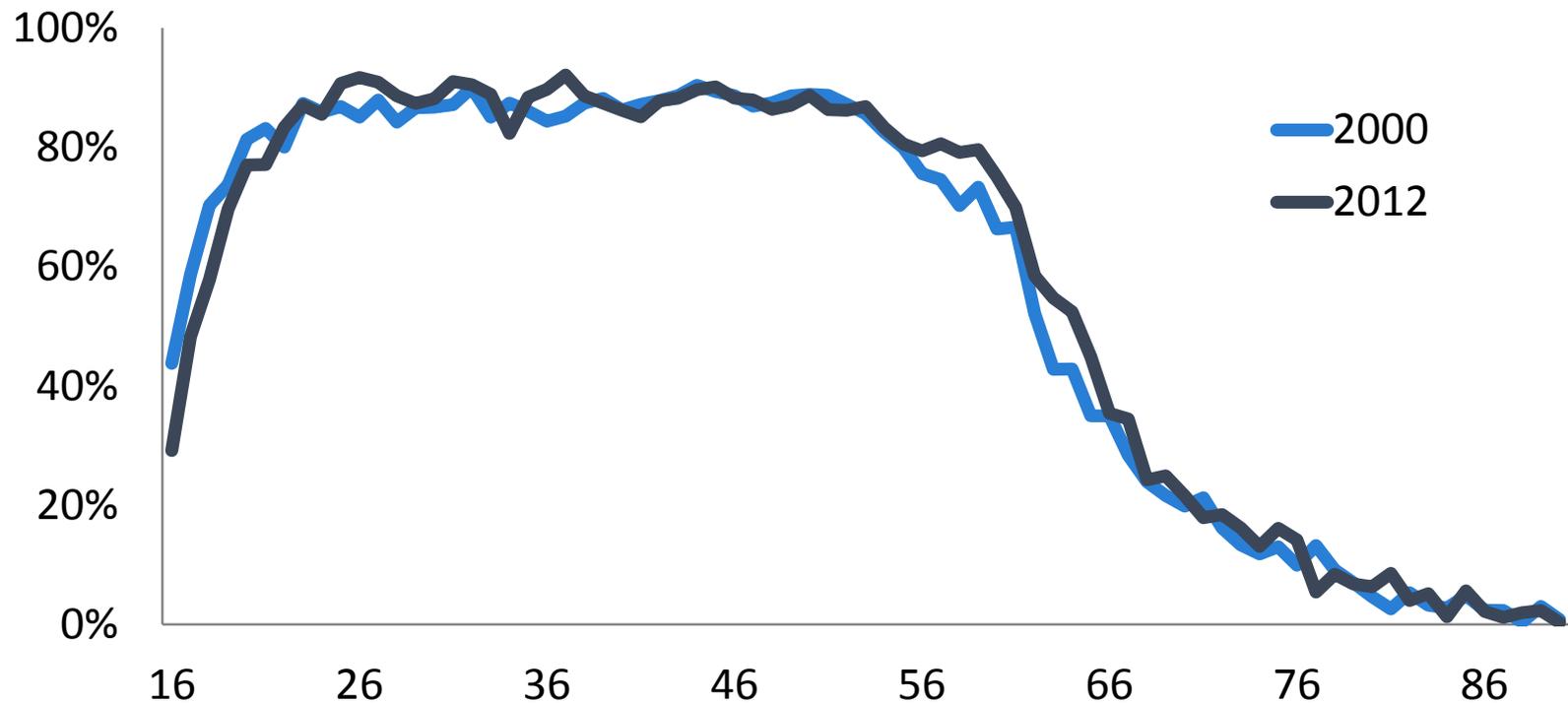
Source: Minnesota State Demographic Center Projections

# As Baby-Boomers move out of the prime working years, labor force growth slows

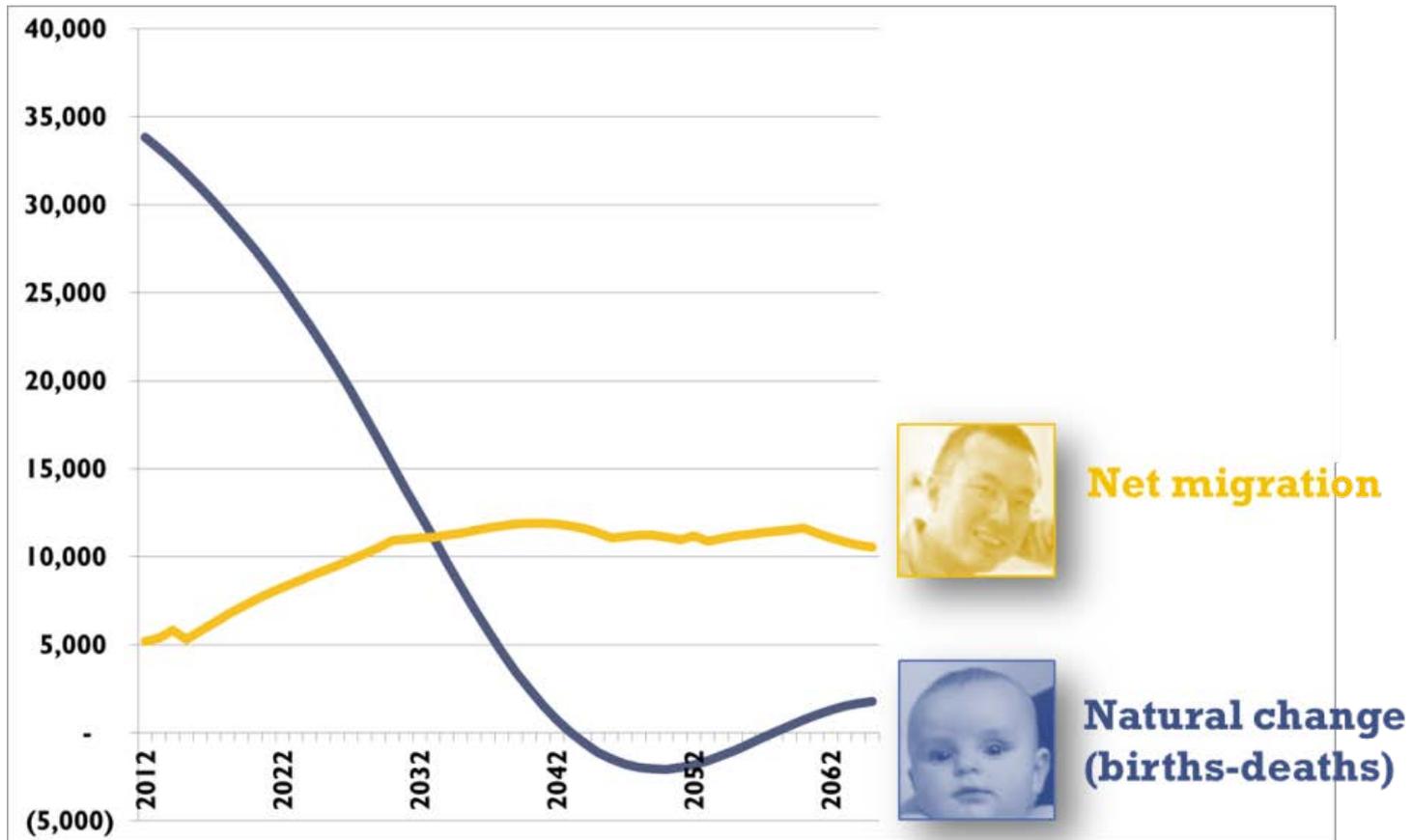


# Labor force participation of older adults has increased only slightly

Rates of labor force participation  
2000 and 2012



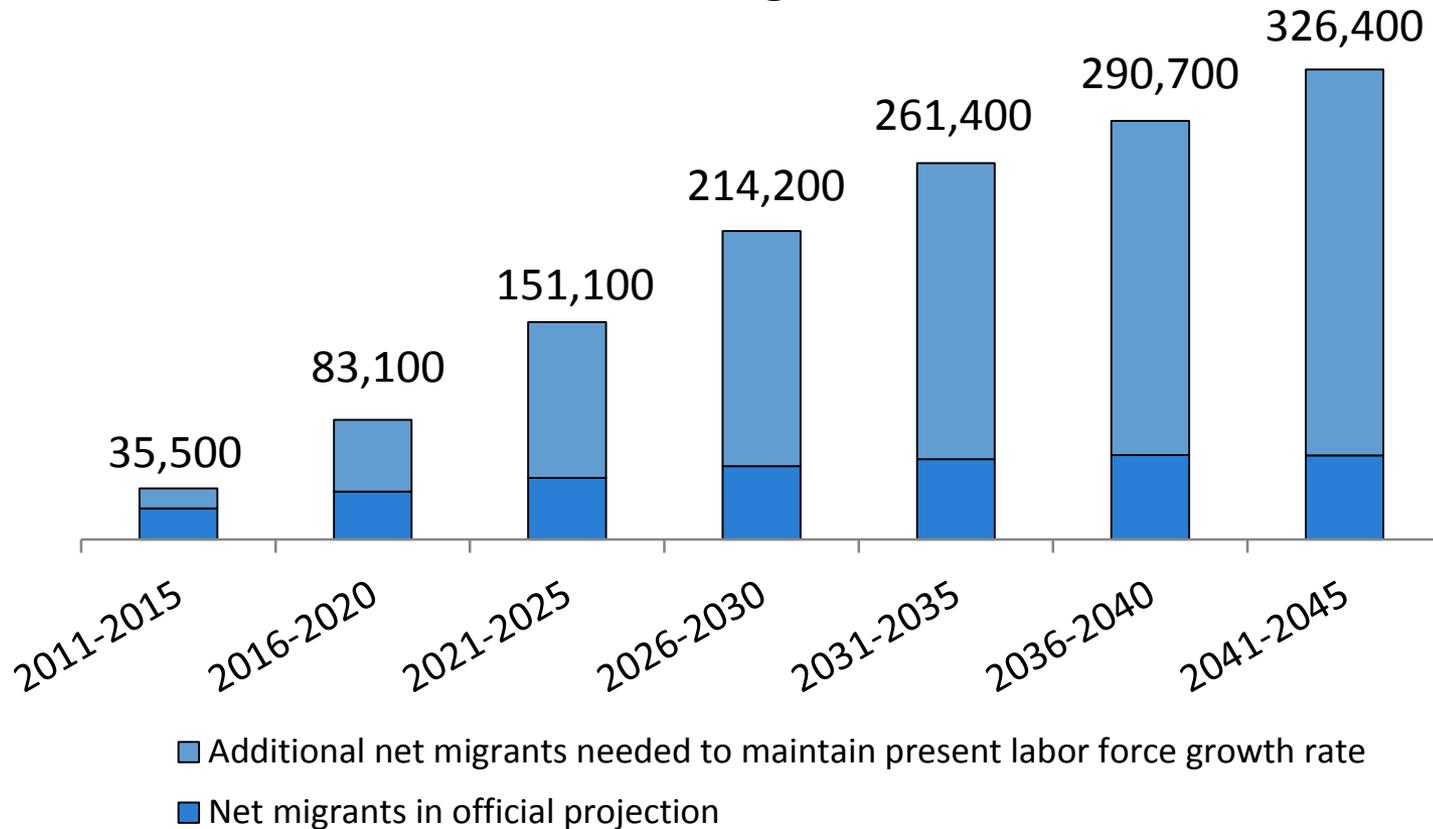
# Minnesota's projected net migration and natural change, 2012-2065



Source: State Demographic Center projections, U.S. Census Bureau data used as base population for projections

# + Immigration not likely to be enough to countervail aging trend

**Immigrants to Minnesota needed to keep 0.5%  
labor force growth rate**



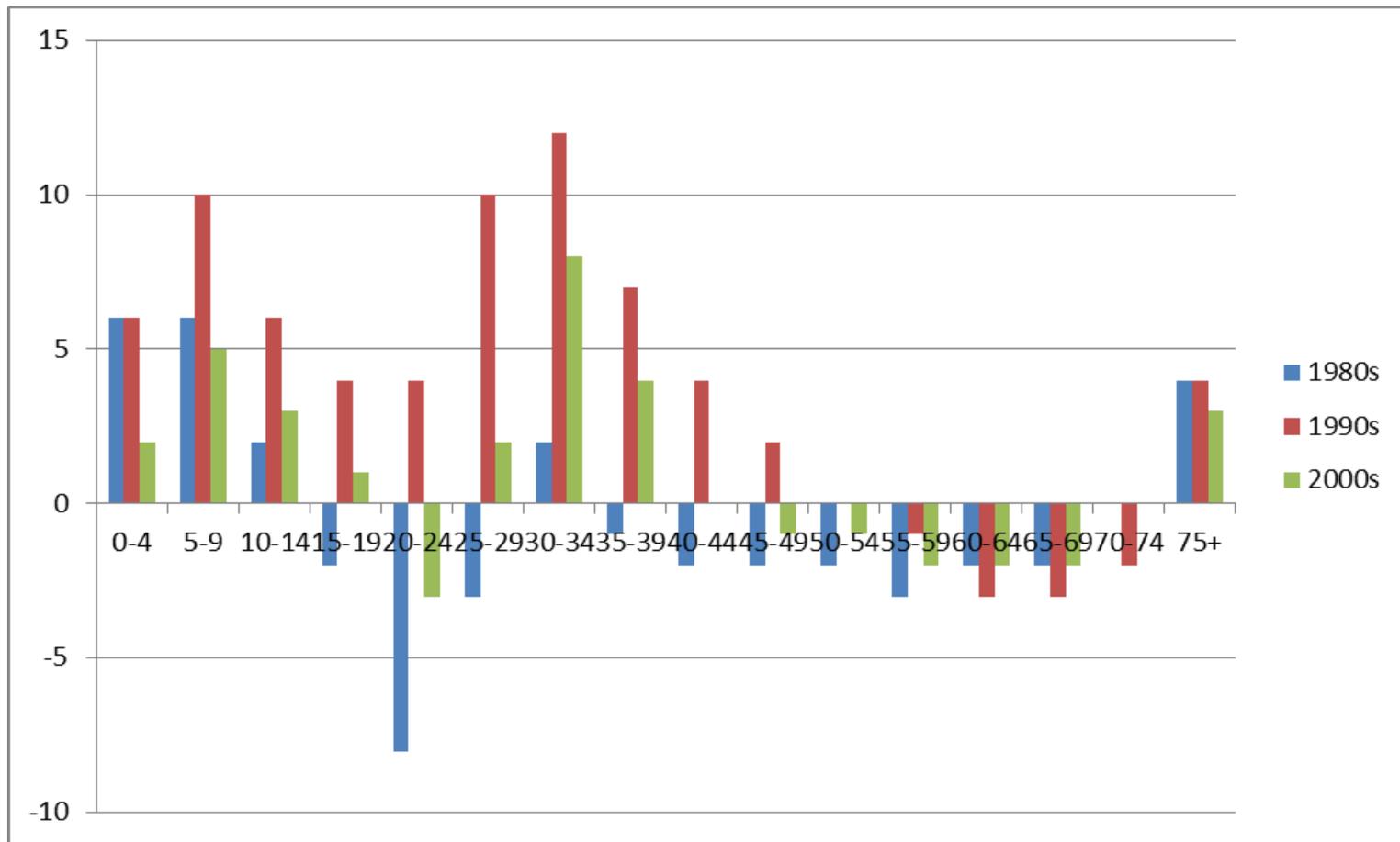
# Which states attract? Which states retain?

		ATTRACT			
		1Q	2Q	3Q	4Q
RETAIN	1Q	ND	SD, KS	MT	ID, WY, AK, NV
	2Q	IA, WV	NE, ME, NY, RI	HI, VT, NM, NJ	DE, NH, CO
	3Q	LA, MS, IN, MO	IL, MA, AL, OK	CT, VA	MD, WA, OR, FL, AZ
	4Q	MI, OH, PA, WI, KY, AL, MN	TN, SC, UT	NC, TX, GA, CA	<b>HOLY GRAIL</b>

Source: Hermalin and Neidert, 2014.

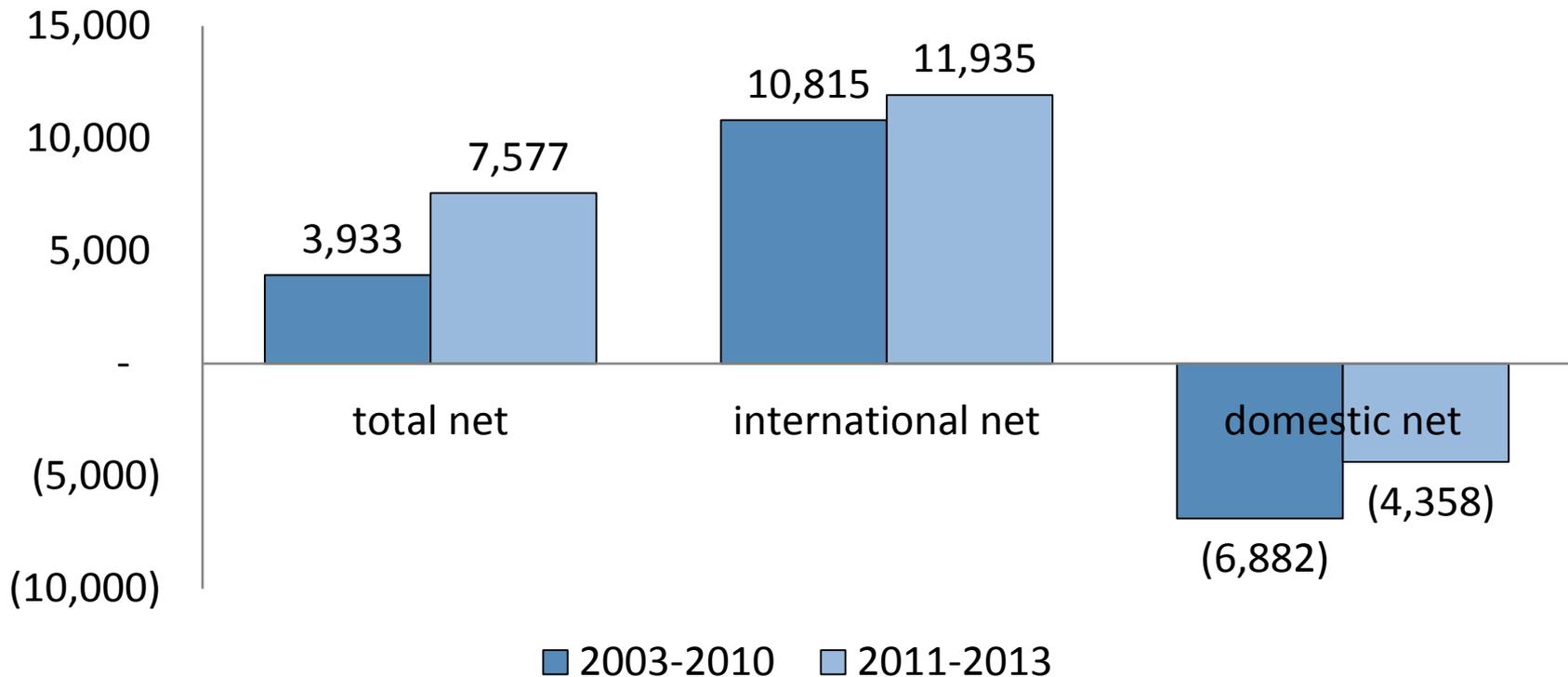
# Rate of net migration by age

## Minnesota 1980s-2000s (per 1,000)



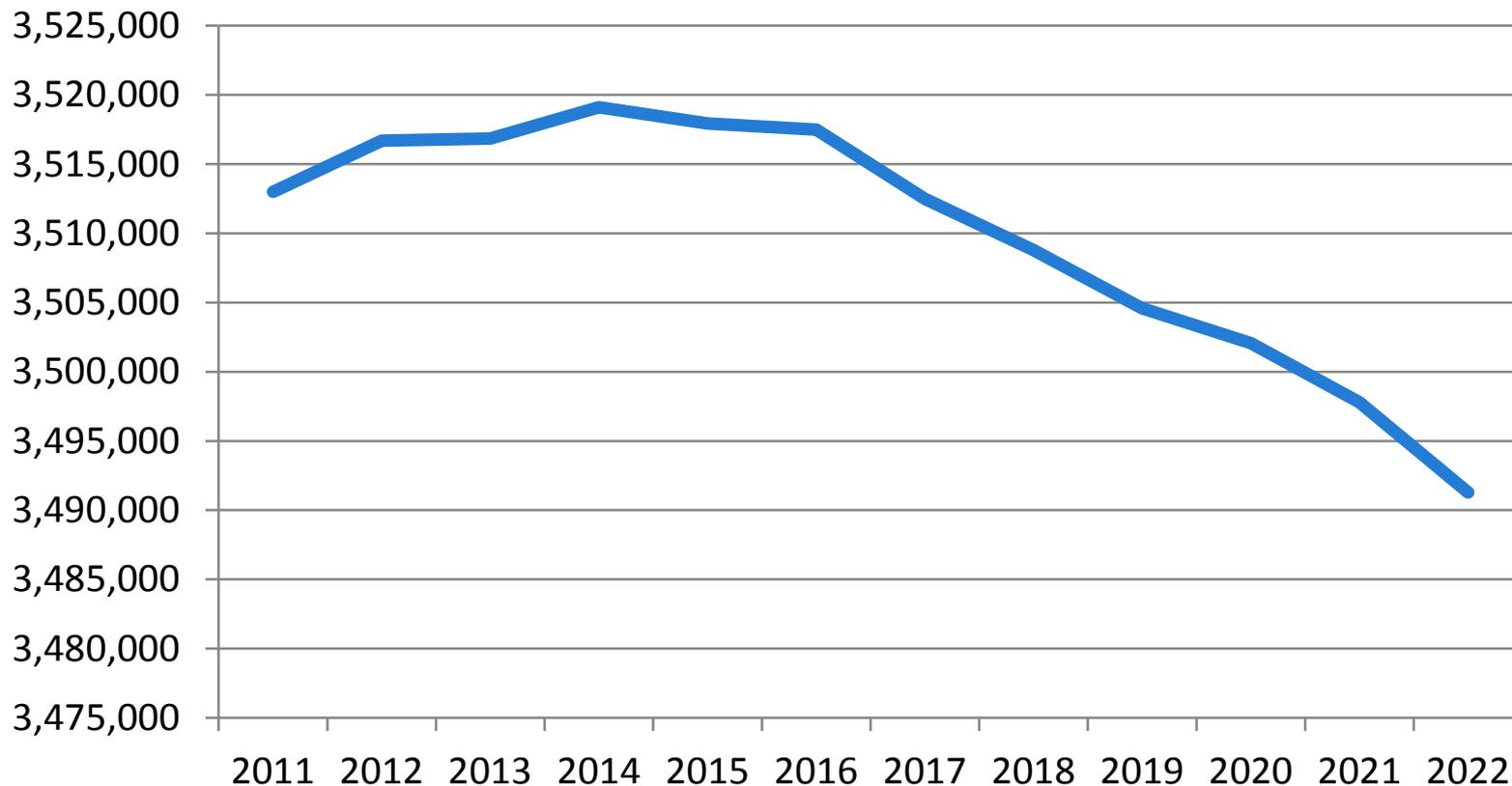
# Average levels of net-migration

**Average annual net migration  
Minnesota, 2003-2010 and 2011-2013**

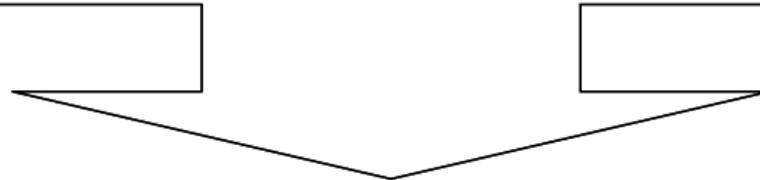


# Assuming modest future growth in net migration, working-age population will decline

## Minnesota Projected Population Growth Age 16-64



Source: MN State Demographic Center Projections



**Real GDP Growth**

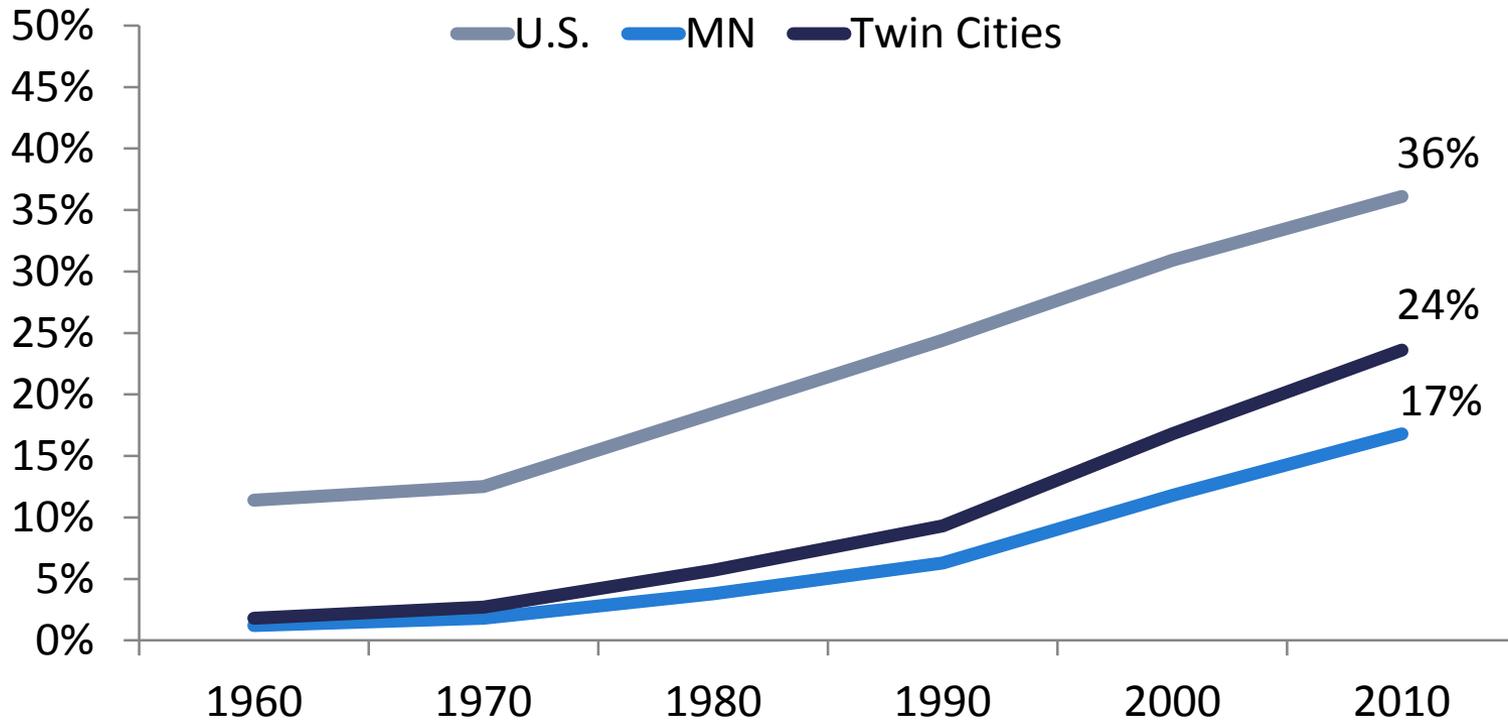
Source: Credit Suisse

**Trend #2:**  
**Increasing**  
**diversity**

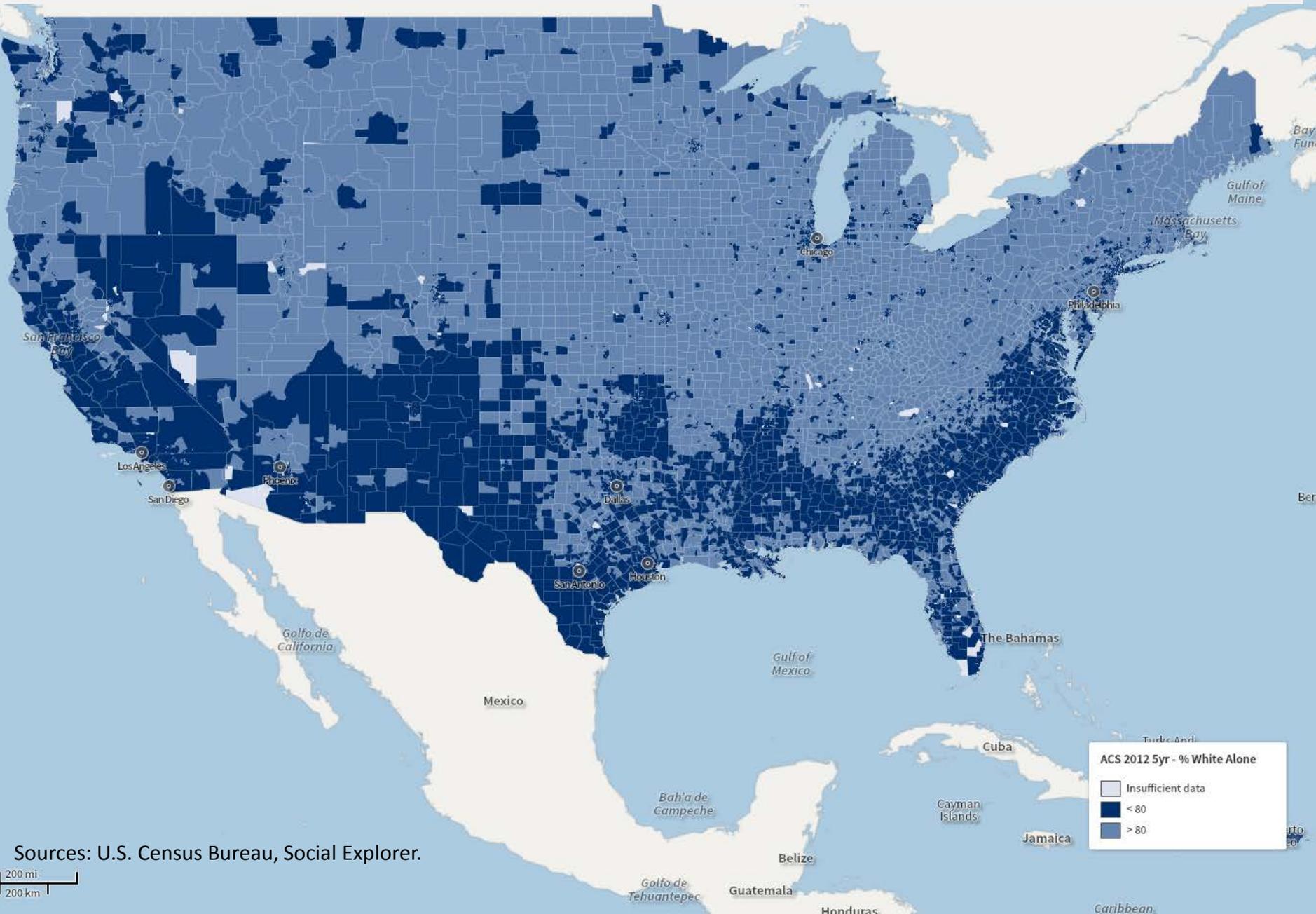


# 50 years of growing diversity in our region, state, nation

Percent Of Color, 1960-2010

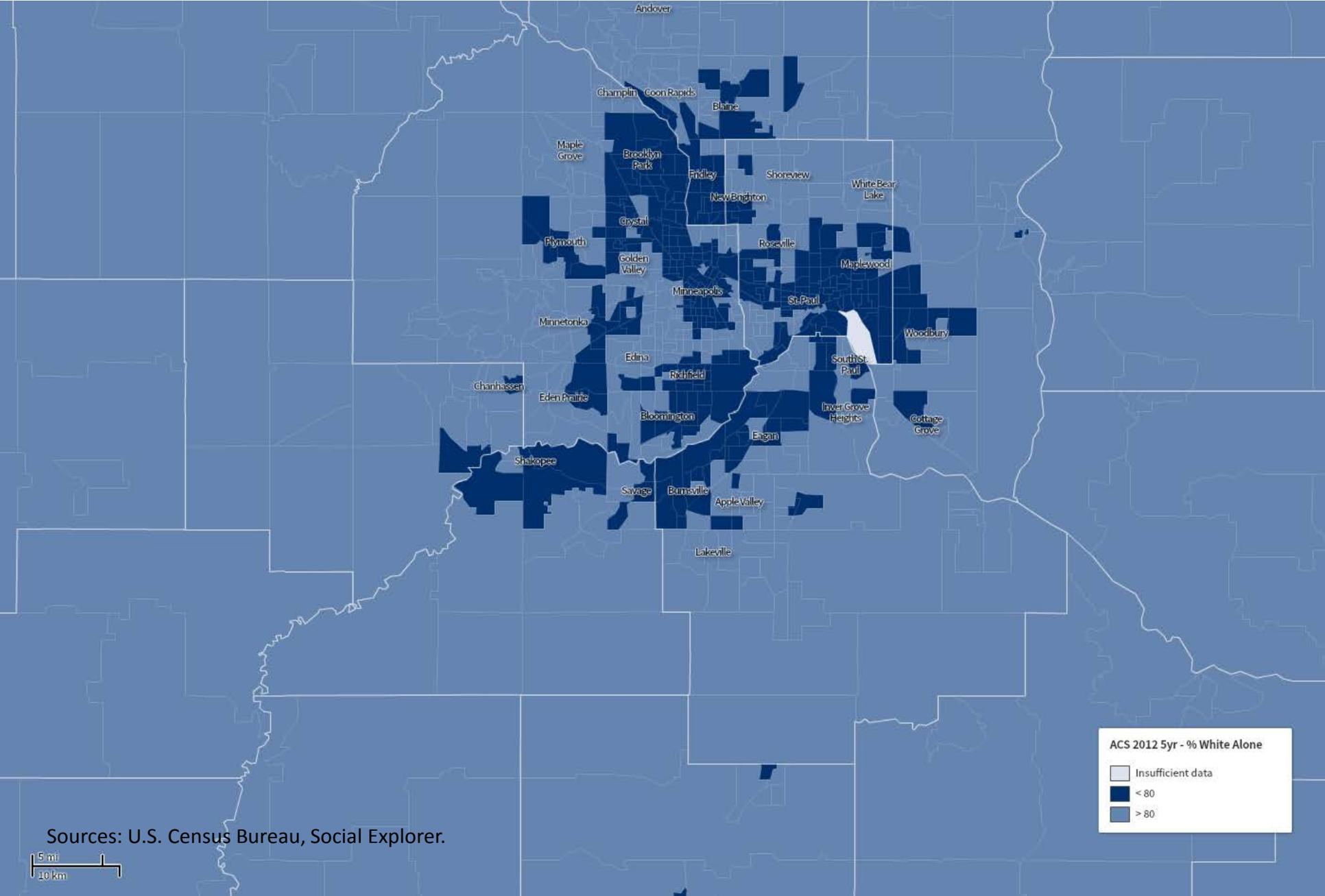


# Populations of Color > 20%





# Populations of Color > 20% in 2008-2012



Sources: U.S. Census Bureau, Social Explorer.

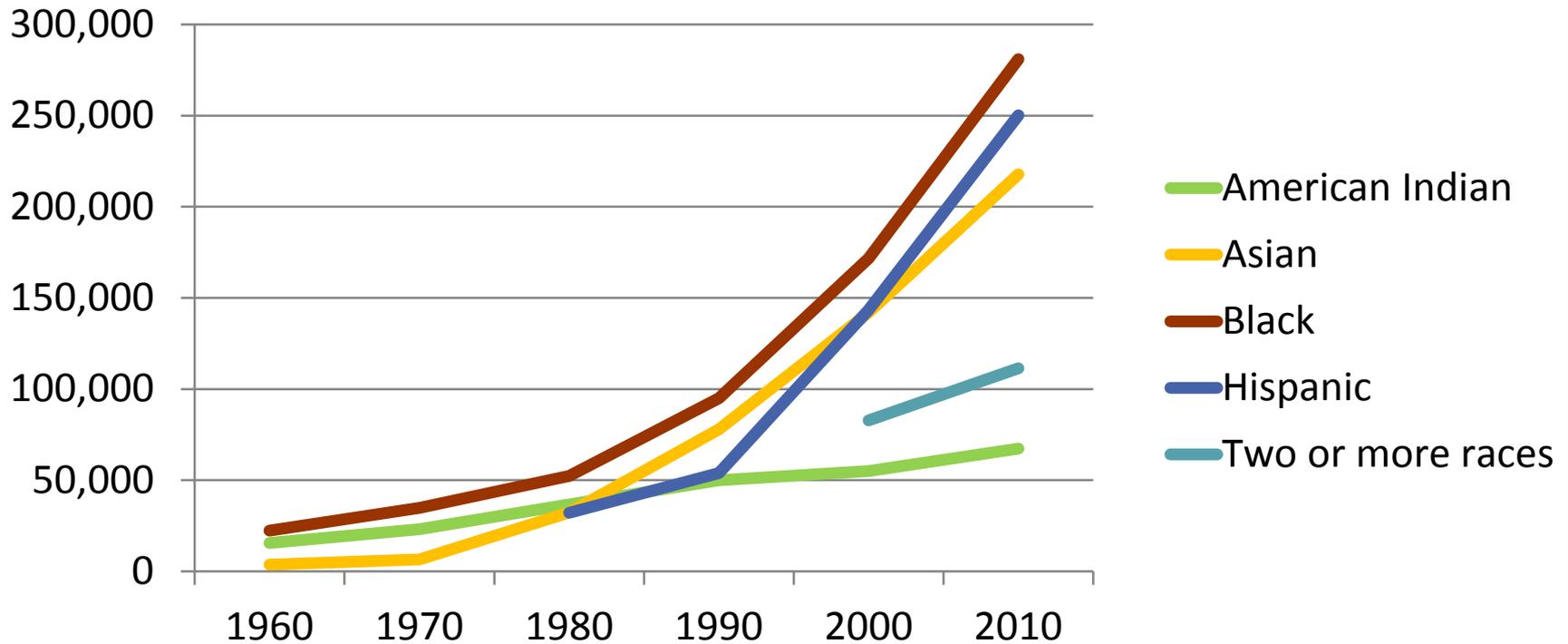


ACS 2012 5yr - % White Alone

- Insufficient data
- < 80
- > 80

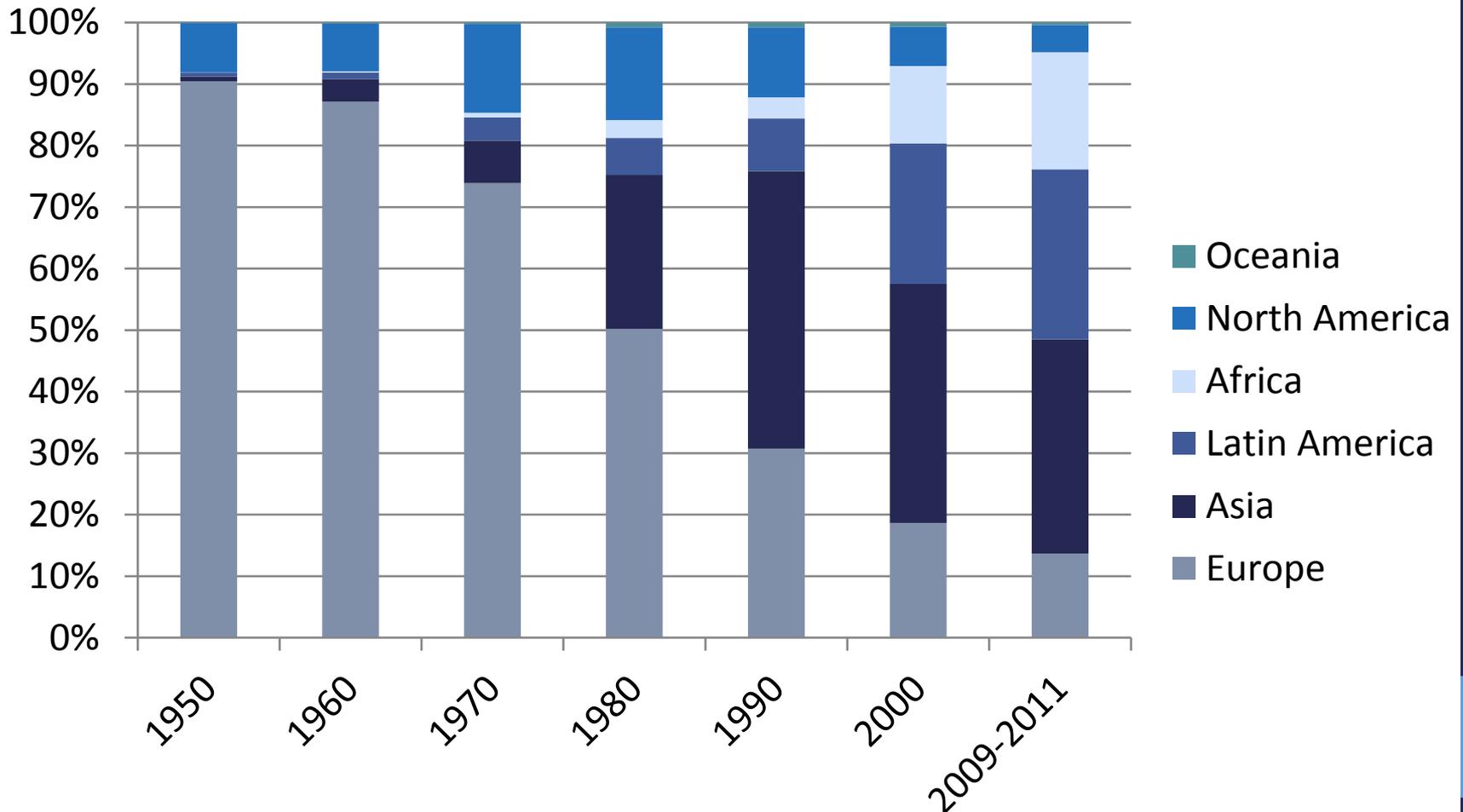
# Black, Latino and Asian populations growing rapidly

## Populations of color, MN



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

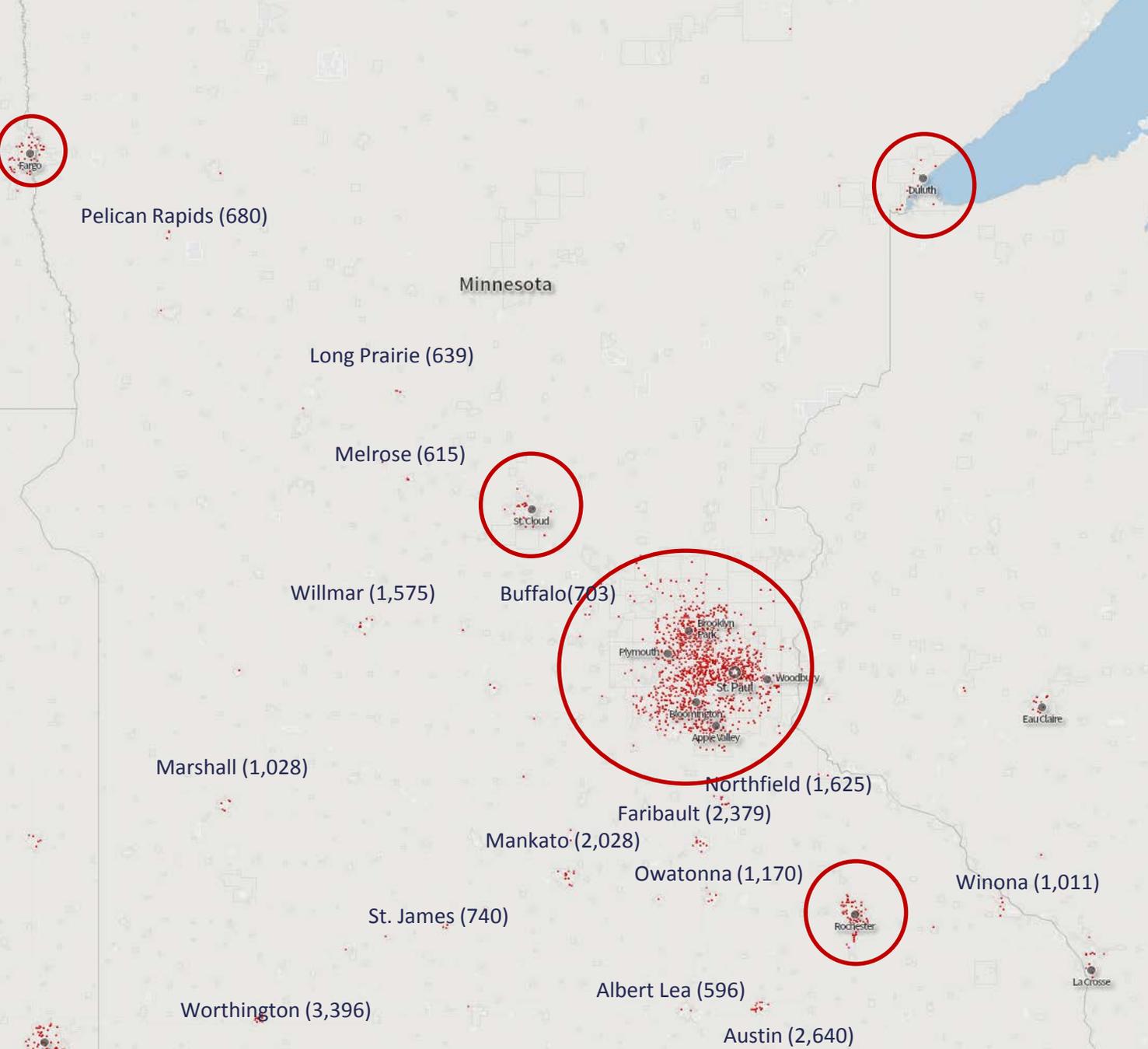
# + Our foreign-born population is becoming increasingly diverse



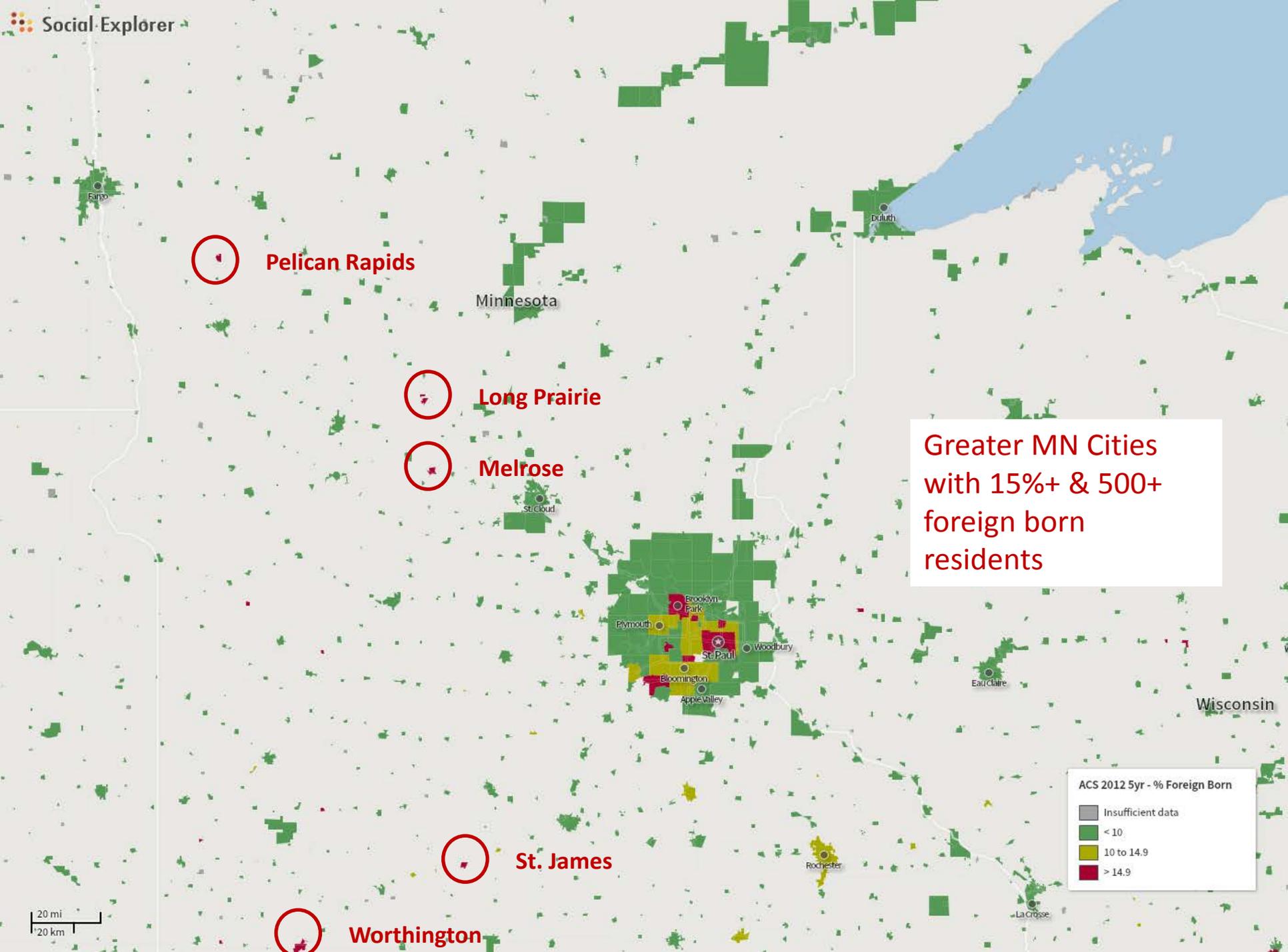
Source: Tabulated by the Minnesota State Demographic Center from the Integrated Public Use Microdata Series

# Foreign-born in MN 2008-2012

● One dot = 500  
foreign-born  
residents



Source: American Community Survey, Social Explorer



**Pelican Rapids**

**Long Prairie**

**Melrose**

**St. James**

**Worthington**

**Greater MN Cities  
with 15%+ & 500+  
foreign born  
residents**

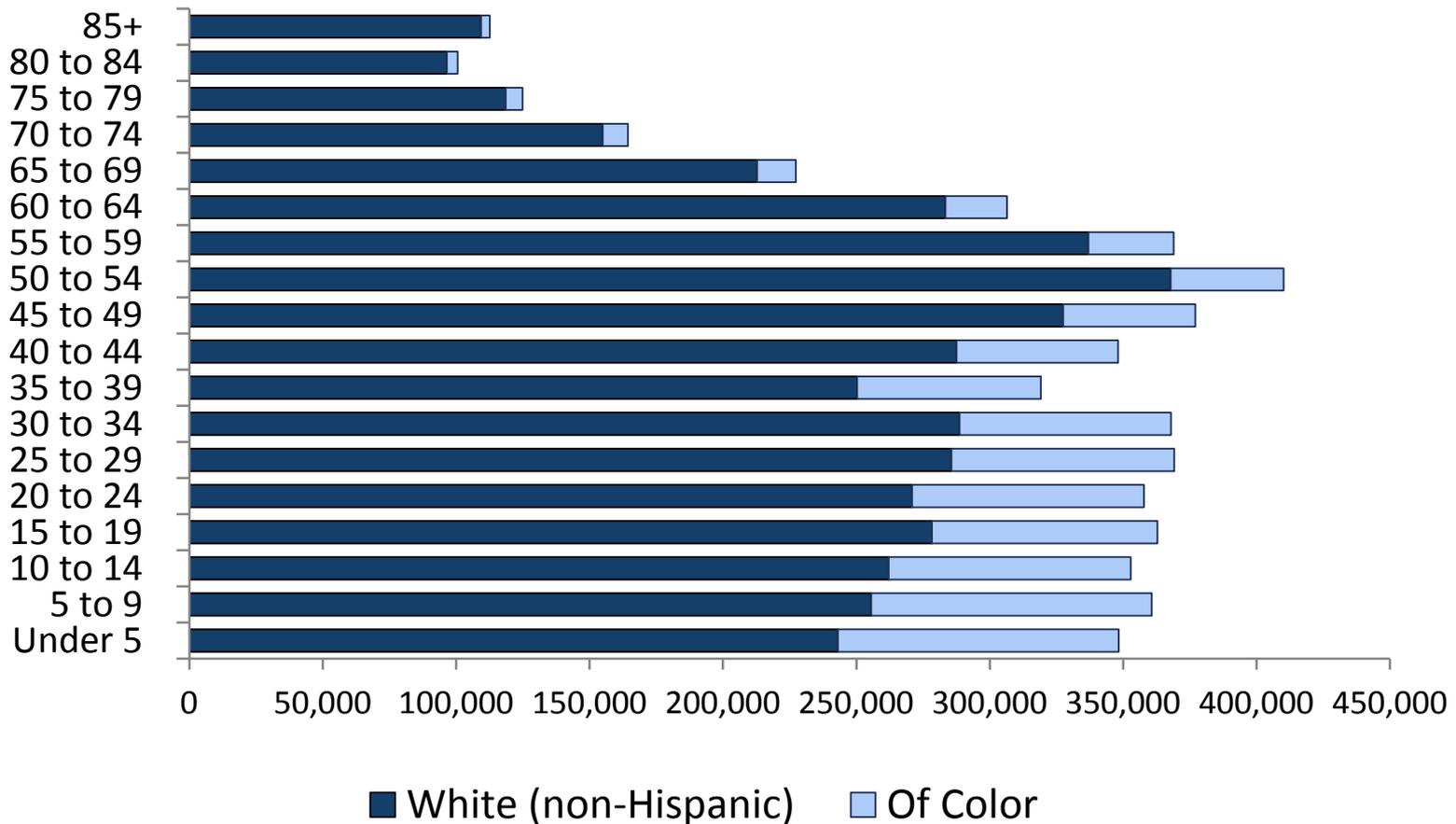
ACS 2012 5yr - % Foreign Born

- Insufficient data
- < 10
- 10 to 14.9
- > 14.9

20 mi  
20 km

# Minnesota by race, 2012

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

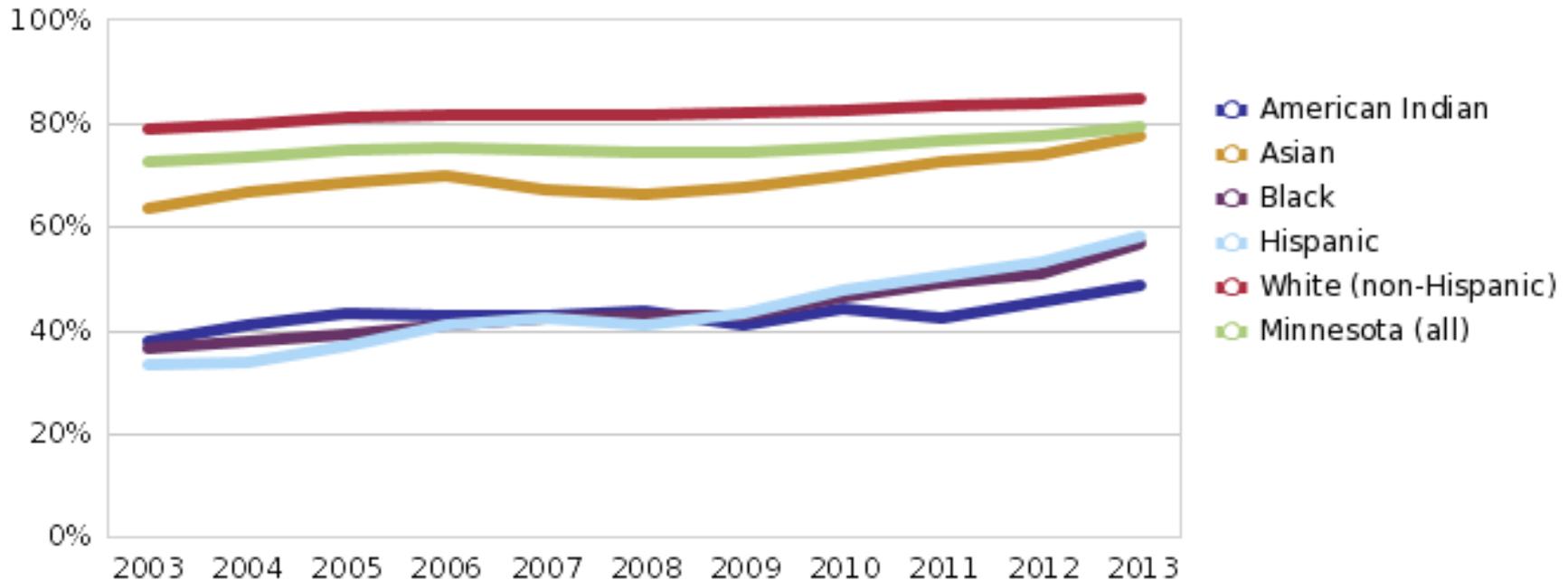


Source: 2012 Population Estimates, U.S. Census Bureau.

# 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

**Closing thoughts: Demographics will shape the future...but not completely determine it**

**Policy responses include:**

- Supporting worker **productivity** (Health, Education, Research & innovation, Infrastructure)
- Leaving no **worker**, no **entrepreneur** behind

**States that do slow demographic growth best will thrive.**



## Minnesota State Demographic Center

**Stay tuned, keep in touch.**

<http://www.demography.state.mn.us>

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