



# Cost of Living 2025 Annual Report

As required by Minn. Stat. § 116J.013

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## Contact Information

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As required by Minnesota Statute 3.197: This report cost approximately \$11,147.07 to prepare, including staff time, printing, and mailing expenses.

Upon request, this material will be made available in an alternative format such as large print, Braille, or audio recording. Printed on recycled paper.

# Table of Contents

## Contents

<b>Contact Information</b> .....	<b>2</b>
<b>Introduction</b> .....	<b>4</b>
Study Mission and Purpose.....	4
Typical Uses of the Cost of Living Data .....	4
<b>Results and Analysis Statewide and by Region</b> .....	<b>5</b>
Minnesota Statewide.....	6
Planning Regions.....	6
<b>Further Analysis and Recommendations</b> .....	<b>6</b>
Median Wage as a Share of the Cost of Living .....	6
Impact on Employment Recruitment and Retention.....	7
Impact on Consumer Expenditures .....	7
Impact on Demand for Social Service Subsidies .....	8
<b>Sources</b> .....	<b>8</b>
<b>Appendices</b> .....	<b>8</b>
Appendix A: Statutory Mandate .....	8
Appendix B: Cost of Living Study Data Sources .....	9
Appendix C: Minnesota Planning Regions .....	9

## Introduction

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The Cost of Living Study provides an estimate of a basic-needs cost of living in Minnesota for individuals and for various family sizes, by county, region, and statewide. The study examines living costs in seven cost categories: food, housing, health care, transportation, child care, other necessities, and net taxes. [1]

The Labor Market Information (LMI) Office of the Department of Employment and Economic Development (DEED) is mandated by Minnesota Statutes 2013, chapter 116J, section 13 to report every February on the year's updated Cost of Living Study results and to provide analysis and recommendations to aid in the assessment of employment and economic development planning needs throughout the state.

## Study Mission and Purpose

The mission of the Cost of Living Study is to estimate a basic-needs cost of living in Minnesota for individuals and families, by county, region, and statewide. The study examines living costs in seven cost categories: food, housing, health care, transportation, childcare, other necessities, and net taxes.

The Cost of Living represents neither a poverty living nor a middle-class living but rather a simple living that meets basic needs for health and safety.

To meet the mandate of a basic needs living study, the following costs are excluded, even though several may be part of a normal, healthy life: savings, vacations, entertainment, eating out, tobacco, and alcohol.

Rather than describing what families are spending, as the Consumer Expenditure Survey does, the Cost of Living study examines the cost of basic needs. For example, we might buy one apple for our two children and split it in half if that's all we can afford. That's our spending. But our family actually needs two apples. That's our basic need.

And rather than looking at the rate of change over time as the Consumer Price Index does, the Cost of Living looks at dollar costs. As shoppers, we don't ask the cashier how many percentage points higher the apple's price is today than the last time we shopped. We ask: How much does the apple cost?

The study results constitute an additional economic indicator which may be used by public and private institutions and by individuals. Find the methodology at <https://mn.gov/deed/data/data-tools/col/method-col.jsp>

## Typical Uses of the Cost of Living Data

Employers want to set wages that attract and retain good workers. The [Cost of Living Tool](#) can help gauge whether a wage in a certain county will pay the bills and keep workers afloat.

Job seekers want to know which kinds of work will cover family costs in their county.

Students, parents and career explorers want to know which educational programs are likely to qualify them for jobs that will support themselves and their families.

Workforce development service providers want to know what wages, if met, are likely to secure a self-supporting career for the client job seeker, thus reducing the need for re-entry into services.

Policy makers and planners want to know if the need for public subsidies is likely to rise or fall. Regional wages that meet or exceed the cost of living can signal reduced need for subsidies.

Policy makers and planners also want to monitor the potential for consumer expenditures which can drive future economic growth. Regional wages that meet or exceed the cost of living can signal a potential for stronger consumer expenditures and a stronger regional economy.

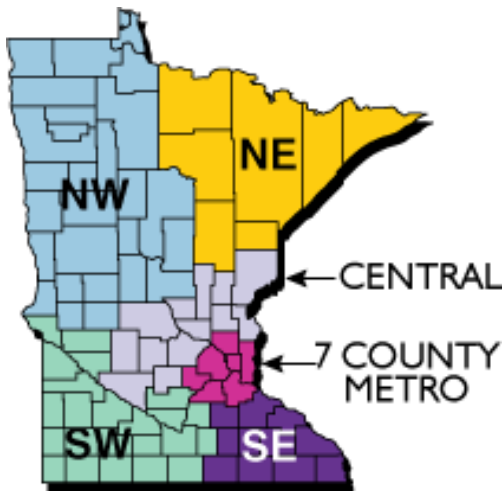
## Results and Analysis Statewide and by Region

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Costs for a Minnesota family of three are shown for the state as a whole and for each of Minnesota's six Planning Regions. Results for the state and for each region are derived as a population-weighted average of results for the constituent counties. Calculating a weighted average helps correct for any biases in the data that might result from differences between those included in the study sample and the actual population.

The study expresses the cost of living as a yearly sum and an hourly rate, in addition to breaking out monthly costs in each of the seven cost categories.

The hourly wage analysis compares data from the Cost of Living Study with employment data from the [Occupational Employment and Wage Statistics](#) (OEWS) program. [2] Cost of Living data for 2025 is used here. It is compared to the OEWS wage data from first quarter 2025.



## Minnesota Statewide

**Annual Costs: \$74,616**

**Hourly Rate: \$23.92**

Looking at the state of Minnesota as a whole, a typical family of two adults and one child, with one adult working full-time and one part-time for a combined 60 work hours per week, need to earn an estimated family income of \$74,616 per year and \$23.92 per hour per worker to maintain a simple living that meets basic needs for health and safety.

The estimated monthly costs are child care \$558, food \$1,028, health care \$697, housing \$1,498, transportation \$1,026, other necessities \$558, and taxes \$853.

The median wage paid to workers across all occupations in Minnesota is 110% of the cost of living.

## Planning Regions

The following table provides the same information as above for each of Minnesota's Planning Regions.

Planning Regions	Yearly Cost (\$)	Hourly Wage (\$)	Child Care (\$)	Food (\$)	Health Care (\$)	Housing (\$)	Transport (\$)	Other (\$)	Taxes (\$)
Central Minnesota	\$72,120	\$23.12	\$443	\$976	\$686	\$1,407	\$1,170	\$526	\$802
Northeast Minnesota	\$62,784	\$20.12	\$402	\$943	\$638	\$1,139	\$1,028	\$460	\$622
Northwest Minnesota	\$62,016	\$19.88	\$348	\$971	\$642	\$1,019	\$1,142	\$439	\$607
Southeast Minnesota	\$66,672	\$21.37	\$494	\$999	\$642	\$1,187	\$1,054	\$483	\$697
Southwest Minnesota	\$59,508	\$19.07	\$325	\$981	\$639	\$1,044	\$970	\$447	\$553
Seven County Mpls-St Paul	\$82,008	\$26.28	\$680	\$1,070	\$733	\$1,756	\$973	\$624	\$998
<i>Minnesota</i>	<i>\$74,616</i>	<i>\$23.92</i>	<i>\$558</i>	<i>\$1,028</i>	<i>\$697</i>	<i>\$1,498</i>	<i>\$1,026</i>	<i>\$558</i>	<i>\$853</i>

## Further Analysis and Recommendations

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A comparison of the cost of living and typical wages by region can help us understand some of the economic challenges or opportunities for employment recruitment and retention, minority community wealth-building, consumer expenditures, and social services.

### Median Wage as a Share of the Cost of Living

The statewide median wage of existing jobs, \$26.22, is about 10% above the cost of living, \$23.92. This means that a little over half of all working Minnesotans earn more than the family-of-three cost of basic needs. The average family size in Minnesota is 3.0 persons and the average household size, for family and non-family households combined, is 2.4 persons [3].

If the labor market were perfectly aligned by family type, so that the half paid more than the median wage were the families larger than three while the half paid less were the families smaller than three, then a median wage equal to the Cost of Living could ensure the economy was meeting most people’s basic needs. But this is not the case.

In the real world we look for a median wage that meets or exceeds the cost of living. According to OEWS, the median wage meets or exceeds the cost of living in all of Minnesota's 6 planning regions.

<b>Planning Region</b>	<b>Percent (Median Wage / Cost of Living)</b>
Central Minnesota	103%
Northeast Minnesota	117%
Northwest Minnesota	116%
Southeast Minnesota	116%
Southwest Minnesota	122%
Seven County Mpls-St Paul	108%
<i>Statewide</i>	<i>110%</i>

**Impact on Employment Recruitment and Retention**

The Cost of Living is a useful tool to help employers set market-rate, competitive wages. According to DEED’s 2026 Employer Experience Survey [4], wage is the top benefit employers offer to attract and retain employees. Employer and/or regions with a median wage or median wage offer below the regional cost of living might choose to engage in development strategies to improve wages within the existing mix of occupations or expand higher-paying occupations in order to improve retention and recruitment in the region.

Currently, all of Minnesota's planning regions show median wages exceeding the regional cost of living. This suggests that regions are generally maintaining competitive wage levels for basic needs, though individual occupations within regions may still face recruitment and retention challenges based on their specific wage offerings.

Other supply or demand conditions which might impact recruitment and retention, such as work conditions or skills matching, are beyond the scope of the Cost of Living Study.

**Impact on Consumer Expenditures**

The Cost of Living Study provides an estimate of the cost of basic necessary expenditures. Incomes below the cost of living may limit basic consumer expenditures and slow economic growth.

In order to sustain consumer expenditures sufficient for healthy economic growth, regions where the median wage is below or equal to the regional cost of living, might engage in development strategies to improve wages within the existing mix of occupations or expand higher-paying occupations.

## Impact on Demand for Social Service Subsidies

Persons earning less than the cost of living are more likely to qualify for social services. Workforce development service providers in regions where a smaller share of working people earn the cost of living may have more difficulty placing clients in self-supporting careers and may see more frequent re-entry into services.

## Sources

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1. Cost of Living Study. Labor Market Information, Minnesota Department of Employment and Economic Development. See [mn.gov/deed/data/data-tools/col/](https://mn.gov/deed/data/data-tools/col/).
2. Occupational Employment Wage Statistics. Labor Market Information, Minnesota Department of Employment and Economic Development. 2025. See [mn.gov/deed/data/data-tools/oes/](https://mn.gov/deed/data/data-tools/oes/).
3. American Community Survey, Demographic Profile Table DP02, 2024 estimate. See DP02: SELECTED SOCIAL ... - Census Bureau Table
4. DEED 2026 Employer Experience Survey. Labor Market Information, Minnesota Department of Employment and Economic Development. See <https://mn.gov/deed/data/data-tools/employer-experience/>

## Appendices

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### Appendix A: Statutory Mandate

Minnesota Statutes 2013, chapter 116J, section 013, mandates that the commissioner of the Department of Employment and Economic Development shall conduct an annual cost-of-living study in Minnesota and report thereon by February 1 of each year.

The statute reads:

(a) The commissioner shall conduct an annual cost-of-living study in Minnesota. The study shall include:

- (1) a calculation of the statewide basic needs cost of living, adjusted for family size;
- (2) a calculation of the basic needs cost of living, adjusted for family size, for each county;
- (3) an analysis of statewide and county cost-of-living data, employment data, and job vacancy data; and
- (4) recommendations to aid in the assessment of employment and economic development planning needs throughout the state.

(b) The commissioner shall report on the cost-of-living study and recommendations by February 1 of each year to the governor and to the chairs of the standing committees of the house of representatives and the senate having jurisdiction over employment and economic development issues.

In compliance with 2013 Minnesota Statutes Chapter 3, Section 195, two copies of this report also will be filed with the Legislative Reference Library.

## **Appendix B: Cost of Living Study Data Sources**

Agency for Healthcare Research and Quality, U.S. Department of Health and Human Services  
American Automobile Association  
Bureau of Labor Statistics, U.S. Department of Labor  
Census Bureau, U.S. Department of Commerce  
Center for Nutrition Policy and Promotion, U.S. Department of Agriculture  
Federal Highway Administration, U.S. Department of Transportation  
Labor Market Information, Minnesota Department of Employment and Economic Development  
Minnesota Office of the Revisor of Statutes  
Child Care Aware of Minnesota, Saint Paul, Minnesota  
Council for Community and Economic Research, Arlington, Virginia  
National Bureau of Economic Research, Cambridge, Massachusetts  
U.S. Department of Housing and Urban Development

## **Appendix C: Minnesota Planning Regions**

Central Minnesota includes Benton, Chisago, Isanti, Kanabec, Kandiyohi, McLeod, Meeker, Mille Lacs, Pine, Renville, Sherburne, Stearns, and Wright Counties.

Northeast Minnesota includes Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, and St. Louis Counties.

Northwest Minnesota includes Becker, Beltrami, Cass, Clay, Clearwater, Crow Wing, Douglas, Grant, Hubbard, Kittson, Lake of the Woods, Mahnomen, Marshall, Morrison, Norman, Otter Tail, Pennington, Polk, Pope, Red Lake, Roseau, Stevens, Todd, Traverse, Wadena, and Wilkin Counties.

Southeast Minnesota includes Dodge, Fillmore, Freeborn, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, and Winona Counties.

Southwest Minnesota includes Big Stone, Blue Earth, Brown, Chippewa, Cottonwood, Faribault, Jackson, Lac qui Parle, Le Sueur, Lincoln, Lyon, Martin, Murray, Nicollet, Nobles, Pipestone, Redwood, Rock, Sibley, Swift, Waseca, Watonwan, and Yellow Medicine Counties.

Seven County Minneapolis-St Paul, Minnesota includes Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington Counties.