Generations in Central Minnesota

Home to a relatively young population, there are now six generations living together in Central Minnesota, with a total population of nearly 710,000. The youngest generations are the largest, with Generation Z and Millennials both having more than 170,000 people, accounting for almost half of the region’s total population. Baby Boomers are still the third largest generation with just over 157,500 people, slightly more than Generation X with 144,315 people, while the two oldest generations – Silent and Greatest – have the smallest population (see Figure 1).

Consequently, there are now also at least five generations at work in Central Minnesota, ranging from teenagers in Generation Z to senior citizens from the Silent and Greatest Generations. According to the most recent estimates from the U.S. Census Bureau’s American Community Survey, Millennials make up the largest cohort in the labor force, with about 143,000 workers, followed by Generation X with 131,000 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 91,000 workers, and there are still about 7,000 workers age 72 and older in Central Minnesota. Generation Z is just entering the workforce, but already provides more than 11,000 workers.

According to population projections from the Minnesota State Demographic Center, Central Minnesota is expected to gain nearly 17,000 new residents through 2030, though much of the growth is due to an aging population. If Central 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 and over against big declines in the number of workers age 45 to 64. 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 changing labor force availability.

Table 1. Central Minnesota Labor Force Projections, 2020-2030

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>16 to 19 years</td>
<td>24,887</td>
<td>21,207</td>
<td>-3,680</td>
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<tr>
<td>20 to 24 years</td>
<td>49,056</td>
<td>50,582</td>
<td>+1,526</td>
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<td>25 to 44 years</td>
<td>145,905</td>
<td>153,493</td>
<td>+7,588</td>
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<td>45 to 54 years</td>
<td>77,523</td>
<td>72,228</td>
<td>-5,295</td>
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<tr>
<td>55 to 64 years</td>
<td>70,349</td>
<td>59,594</td>
<td>-10,755</td>
</tr>
<tr>
<td>65 to 74 years</td>
<td>18,419</td>
<td>24,228</td>
<td>+5,809</td>
</tr>
<tr>
<td>75 years &amp; over</td>
<td>3,163</td>
<td>4,807</td>
<td>+1,645</td>
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<tr>
<td>Total Labor Force</td>
<td>389,302</td>
<td>386,139</td>
<td>-3,163</td>
</tr>
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Source: calculated from Minnesota State Demographic Center population projections and 2013-2017 American Community Survey 5-Year Estimates
In the past, Central 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 12th graders than people turning 65, contributing to the region’s rapid and enviable gain of nearly 145,000 net new workers from 1990 to 2018, a 57.4 percent growth rate. For example, about a decade ago there were approximately 5,400 people age 65 in the region compared to about 10,000 12th graders, meaning there were nearly twice as many 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 9,863 12th graders compared to 6,738 67 year olds (the full retirement age for people born in 1960 or later1), a gap of 3,125 more students than prospective retirees.

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 2nd grade class – they are slightly outnumbered by 57 year olds, and the imbalance between students and adults grows in younger grade levels. Both the 1st and 2nd grades have deficits of around 300 people compared to the 56 and 57 year old age cohorts, which both number over 9,500 people in 2017.

According to the Minnesota Department of Education’s student enrollment data, there were 9,056 kindergarten students in Central Minnesota in 2017-2018, compared to 10,267 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 1,211 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 Central 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 Central Minnesota, contact:

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