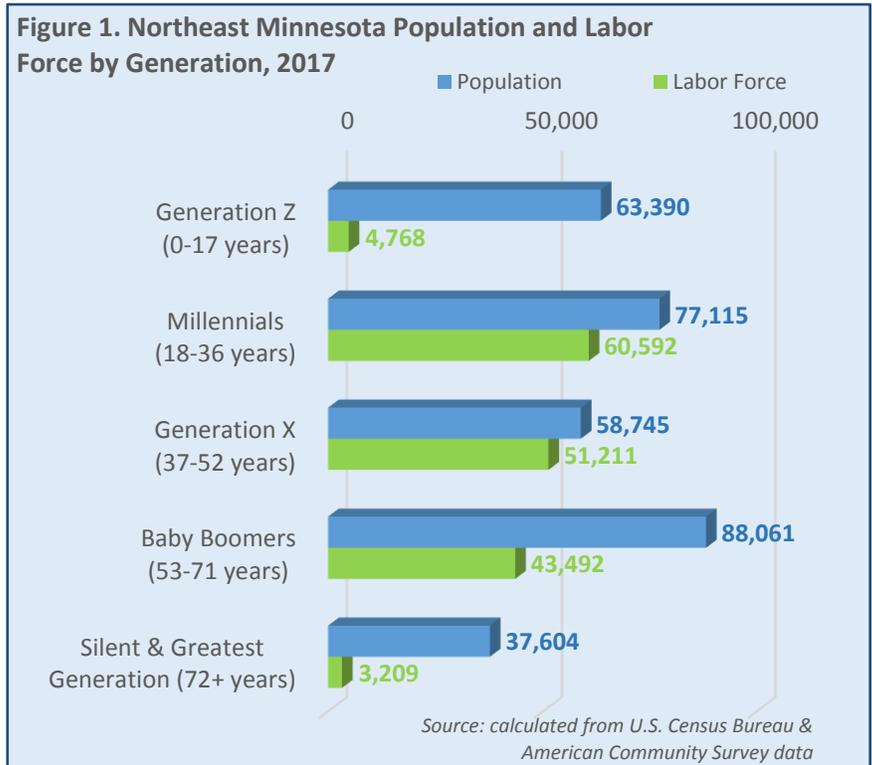


Generations in Northeast Minnesota

There are now six generations living together in Northeast Minnesota. With a total of 325,000 people, the region’s population has been aging and declining in number over time. Baby Boomers still comprise the largest generation in the region, with just over 88,000 people, followed by Millennials with 77,000 people and Generation Z with about 63,400 youngsters. The region has a small representation from Generation X with about 58,745 people, while the two oldest generations – Silent and Greatest – have the smallest population at about 37,600 people combined (see Figure 1).

Likewise, there are now also at least five generations at work in Northeast Minnesota, ranging from teenagers in Generation Z to senior citizens from the Silent and Greatest Generations. According to recent estimates from the U.S. Census Bureau’s American Community Survey, Millennials make up the largest cohort in the labor force with about 60,500 workers, followed by Generation X with 51,200 workers. As the front end of the Baby Boom generation has started reaching retirement age, the number of Baby Boomers has dropped to 43,500 workers, and there are still about 3,200 workers age 72 and older in Northeast Minnesota. Generation Z is just entering the workforce, but already provides about 4,800 workers.



According to population projections from the Minnesota State Demographic Center, Northeast Minnesota is expected to lose about 3,000 residents through 2030, with much of the change due to an aging population. If Northeast 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 nearly 6 percent decrease in the labor force over the next decade (see Table 1).

Aside from an overall decrease, the age structure of the labor force is also projected to see a continued shift over time, with gains in the number of workers age 65 and over against large declines in the number of entry-level workers and experienced workers age 45 to 64. However, the region is still expected to see gains in the number of workers in their prime working years, from 25 to 44 years. 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.

	2020 Labor Force Projection	2030 Labor Force Projection	2020-2030 Change	
			Numeric	Percent
16 to 19 years	8,926	7,891	-1,035	-11.6%
20 to 24 years	19,524	18,643	-881	-4.5%
25 to 44 years	62,096	63,627	+1,531	+2.5%
45 to 54 years	29,035	28,034	-1,002	-3.4%
55 to 64 years	30,030	21,172	-8,858	-29.5%
65 to 74 years	8,844	9,199	+355	+4.0%
75 years & over	1,346	2,067	+721	+53.5%
Total Labor Force	159,801	150,633	-9,168	-5.7%

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

In the past, Northeast Minnesota’s labor pool deepened with a steady stream of new workers. This was due to several factors including population growth and in-migration, relatively 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 more 12th graders than people turning 65, contributing to the region’s slow but solid gain of nearly 21,000 net new workers from 1990 to 2018, a 14.4 percent growth rate. For example, about a decade ago there were approximately 3,275 people age 65 in the region compared to about 4,000 12th graders, meaning there were about 725 more people ready to enter the labor force than there were potentially ready to leave it.

All that changed in 2011 when the front end of the Baby Boom generation started turning 65. Table 2 shows that more recently in 2017, there were 3,383 12th graders compared to 4,258 67 year olds (the full retirement age for people born in 1960 or later¹), a gap of 875 more prospective retirees than students.

Grade	Number	Age	Number	Number of Students Compared to Adults
Kindergarten	3,422	55 years	5,447	-2,025
1 st grade	3,284	56 years	5,437	-2,153
2 nd grade	3,320	57 years	5,245	-1,925
3 rd grade	3,441	58 years	5,133	-1,692
4 th grade	3,630	59 years	4,870	-1,240
5 th grade	3,553	60 years	5,288	-1,735
6 th grade	3,545	61 years	4,997	-1,452
7 th grade	3,477	62 years	5,626	-2,149
8 th grade	3,512	63 years	5,466	-1,954
9 th grade	3,449	64 years	3,868	-419
10 th grade	3,369	65 years	4,449	-1,080
11 th grade	3,428	66 years	4,717	-1,289
12 th grade	3,383	67 years	4,258	-875
All Grades	44,813	55-67 years	64,801	-19,988

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

While this means there were already more people potentially ready to leave the labor market than join it, the balance in the region was shifting even further. For example, the 2017-2018 8th grade class outnumber 63 year olds by nearly 2,000 people, and the imbalance between students and adults in younger grade levels intensifies. Five grade levels have deficits of around 2,000 people compared to the older age cohorts, which will contribute to a tight labor market moving forward.

According to the Minnesota Department of Education’s student enrollment data, there were 3,422 kindergarten students in Northeast Minnesota in 2017-2018, compared to 5,447 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 2,025 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 Northeast Minnesota’s economy over the decade, leading to slowing labor force growth and changing needs for both employers and employees.



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