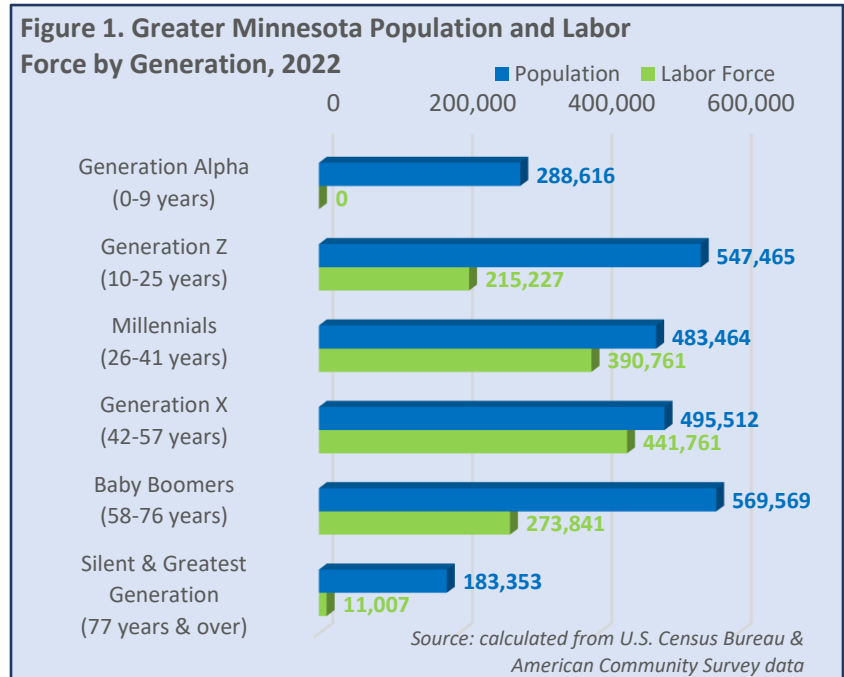


Generations in Greater Minnesota

There are now at least six generations living together in Greater Minnesota, with a total population of about 2.5 million people. Unlike the metro area, the Baby Boomers are still the largest generation with just under 570,000 people. Generation Z is the next largest with about 547,500 people, followed by Generation X and Millennials both having over 495,500 and 483,500 people, respectively. The two oldest generations – Silent and Greatest – have the smallest number, with 183,000 people, while the youngest small but growing Generation Alpha has 288,600 people (see Figure 1).

Consequently, there are now also at least five generations at work in the state of 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, Generation X make up the largest cohort in the labor force with about 442,000 workers, followed by Millennials with 391,000 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 274,000 workers, and there are still about 11,000 workers age 77 and older in Minnesota. Generation Z is just entering the workforce, but already provides over 215,000 workers.



According to population projections from the Minnesota State Demographic Center, Greater Minnesota is expected to gain about 83,500 new residents through 2035, a 3.2% growth rate, though it varies by region. If Greater Minnesota’s population changes at the projected rates, applying current labor force participation rates by age group to future population projections by age group means Greater Minnesota would be expected to see a 2.1% increase in the labor force over the next decade (see Table 1).

Table 1. Greater Minnesota Labor Force Projections, 2025-2035

| | 2025 Labor Force Projection | 2035 Labor Force Projection | 2025-2035 Change | |
|--------------------------|-----------------------------|-----------------------------|------------------|--------------|
| | | | Numeric | Percent |
| 16 to 19 years | 82,099 | 79,969 | -2,130 | -2.6% |
| 20 to 24 years | 142,634 | 152,326 | +9,692 | +6.8% |
| 25 to 44 years | 534,214 | 546,094 | +11,880 | +2.2% |
| 45 to 54 years | 252,366 | 286,505 | +34,139 | +13.5% |
| 55 to 64 years | 228,101 | 204,564 | -23,537 | -10.3% |
| 65 to 74 years | 82,153 | 76,316 | -5,837 | -7.1% |
| 75 years & over | 13,808 | 17,988 | +4,180 | +30.3% |
| Total Labor Force | 1,335,375 | 1,363,761 | +28,386 | +2.1% |

Source: calculated from Minnesota State Demographic Center population projections and 2017-2021 American Community Survey 5-Year Estimates

Aside from an overall increase, the age structure of the labor force is also projected to shift over time, with large declines in the number of experienced workers from 55 to 74 years of age. However, the region is still expected to see a rise in the number of workers in their prime working years, thanks to gains from 20 to 24 and 25 to 54, plus an increase in workers aged 75 years and over. 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.

In the past, the labor pool in Greater Minnesota 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.

Over the past three decades, the region has had far more 12th graders than people turning 65, contributing to Greater Minnesota’s rapid and enviable gain of more than 306,000 net new workers from 1990 to 2022, a 29% growth rate. For example, about a decade ago there were approximately 20,650 people age 65 in Greater Minnesota compared to about 34,000 12th graders, meaning there were about 66 percent more people ready to enter the labor force than there were potentially ready to leave it. But as the population has aged, things have changed.

| Table 2. Greater Minnesota Population by Age & Student Enrollment by Grade Counts, 2022 | | | | Number of Students Compared to Adults |
|----------------------------------------------------------------------------------------------------|----------------|--------------------|----------------|----------------------------------------------|
| Grade | Number | Age | Number | |
| Kindergarten | 30,442 | 55 years | 32,812 | -2,370 |
| 1 st grade | 29,043 | 56 years | 34,275 | -5,232 |
| 2 nd grade | 29,789 | 57 years | 35,487 | -5,698 |
| 3 rd grade | 29,490 | 58 years | 36,066 | -6,576 |
| 4 th grade | 29,903 | 59 years | 36,884 | -6,981 |
| 5 th grade | 29,920 | 60 years | 37,340 | -7,420 |
| 6 th grade | 30,765 | 61 years | 36,168 | -5,403 |
| 7 th grade | 31,408 | 62 years | 35,925 | -4,517 |
| 8 th grade | 32,383 | 63 years | 35,573 | -3,190 |
| 9 th grade | 32,599 | 64 years | 34,251 | -1,652 |
| 10 th grade | 31,864 | 65 years | 33,802 | -1,938 |
| 11 th grade | 30,895 | 66 years | 32,458 | -1,563 |
| 12 th grade | 32,122 | 67 years | 31,238 | +884 |
| All Grades | 400,623 | 55-67 years | 452,279 | -51,656 |

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

Table 2 shows that more recently in 2022, there were 32,122 12th graders compared to 31,238 67 year olds (the full retirement age for people born in 1960 or later¹), a small gap of 884 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 more obvious. The largest deficits are found in the 5th grade and 60 year old group followed by 4th grade and 59 year olds. All age groups except the 12th grade have deficits greater than 1,500 students.

Finally, according to the Minnesota Department of Education’s student enrollment data, there were 30,442 kindergarten students in Greater Minnesota in 2021-2022, compared to 32,812 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 almost 2,400 more people reaching retirement age than graduating from high school in the year 2035. Together, both of these groups of “seniors” will have a huge impact on the labor force and economy in the state of Minnesota over the next decade, leading to slowing labor force growth and changing needs for both employers and employees.



For more information about the generations in the state of Minnesota, contact:

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