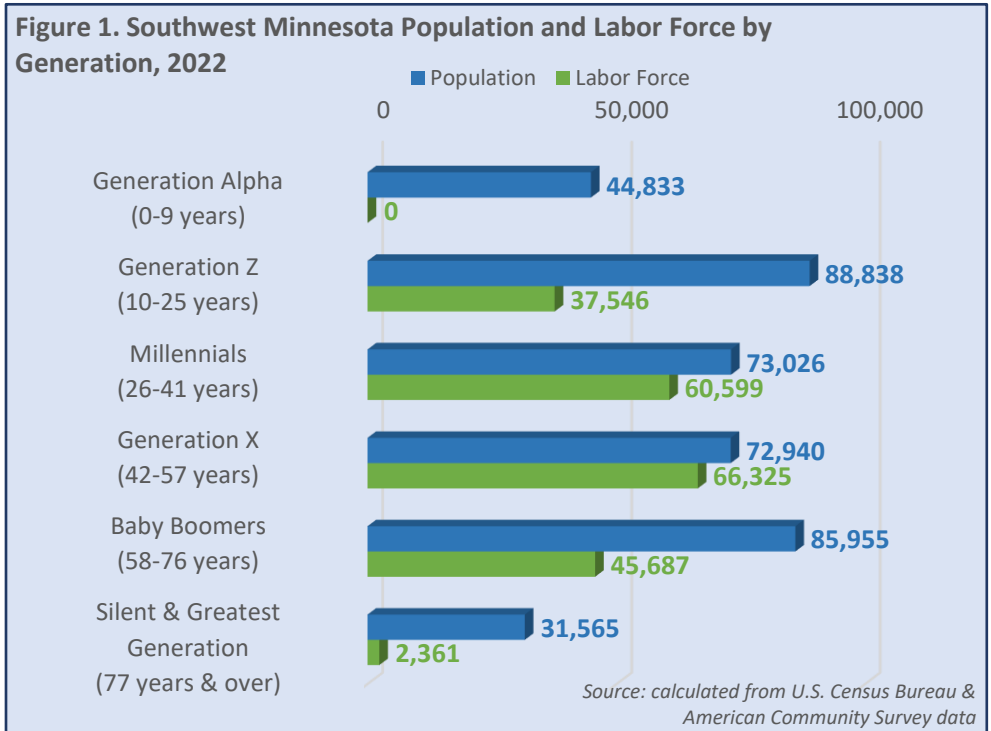


Generations in Southwest Minnesota

There are at least six generations living together in Southwest Minnesota. With a total of 397,156 people, the region’s population has been aging and declining in number over time. Generation Z now comprises the largest generation in the region, with nearly 89,000 people, followed by Baby Boomers, with almost 86,000 people, and Millennials and Generation X, with 73,000 people apiece. Generation Alpha and the Silent and Greatest Generations have the smallest population at about 45,000 people and 31,500 people (see Figure 1).

Likewise, there are now at least five generations at work in Southwest 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 makes up the largest cohort in the labor force with about 66,325 workers, followed by Millennials with 60,600 workers. As the front end of the Baby Boom generation has started reaching retirement age, the number of Baby Boomers has dropped to just over 45,600 workers, and there are still about 2,350 workers age 77 and older in Southwest Minnesota. Generation Z is just entering the workforce, but already provides about 37,500 workers.



According to population projections from the Minnesota State Demographic Center, Southwest Minnesota is expected to lose about 1,300 residents through 2035, with much of the change due to an aging population. If Southwest 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 1% decrease in the labor force over the next decade (see Table 1).

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

	2025 Labor Force Projection	2035 Labor Force Projection	2025-2035 Change	
			Numeric	Percent
16 to 19 years	13,506	12,977	-529	-3.9%
20 to 24 years	25,096	27,102	+2,006	+8.0%
25 to 44 years	79,672	77,897	-1,775	-2.2%
45 to 54 years	36,994	40,949	+3,955	+10.7%
55 to 64 years	34,882	30,794	-4,088	-11.7%
65 to 74 years	14,590	12,406	-2,184	-15.0%
75 years & over	2,752	3,351	+599	+21.8%
Total Labor Force	207,493	205,476	-2,017	-1.0%

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

Aside from an overall decrease, 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 45 to 54. 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, Southwest 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.

Over the past three decades, the region has had far more 12th graders than people turning 65, contributing to the region’s slow and solid gain of nearly 25,000 net new workers from 1990 to 2022, a 9.2% growth rate. For example, about a decade ago there were approximately 3,500 people aged 65 in the region, compared to about 5,450 12th graders, meaning there were nearly 2,000 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.

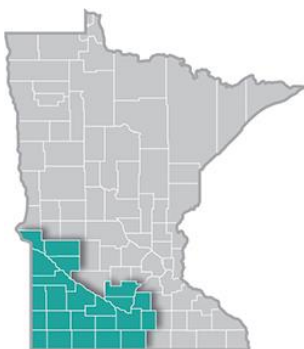
Table 2 shows that more recently in 2022, there were 4,998 12th graders, compared to 4,706 67 year olds (the full retirement age for people born in 1960 or later¹), a gap of about 300 more students than prospective retirees.

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 2021-2022 8th grade class – they are slightly outnumbered by 63 year olds, and the imbalance between students and adults grows in younger grade levels. Grade 1 through 7th grade have deficits of between 250 to 900 people compared to the 56 through 62 year old age cohorts, which all numbered over about 5,000 people in 2022.

Table 2. Southwest Minnesota Population by Age & Student Enrollment by Grade Counts, 2022				<i>Number of Students Compared to Older Adults</i>
Grade	Number	Age	Number	
Kindergarten	4,991	55 years	4,792	+199
1 st grade	4,660	56 years	4,988	-328
2 nd grade	4,658	57 years	5,216	-558
3 rd grade	4,618	58 years	5,342	-724
4 th grade	4,750	59 years	5,441	-691
5 th grade	4,694	60 years	5,577	-883
6 th grade	4,805	61 years	5,435	-630
7 th grade	4,968	62 years	5,463	-495
8 th grade	5,139	63 years	5,408	-269
9 th grade	5,324	64 years	5,273	+51
10 th grade	5,170	65 years	5,209	-39
11 th grade	4,919	66 years	4,950	-31
12 th grade	4,998	67 years	4,706	+292
All Grades	63,694	55-67 years	67,799	-4,105

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

A lot can change for both of those populations over the course of 12 years, but if nothing does, the region will have more people reaching retirement age each year than graduating from high school and potentially entering the workforce. Together, both of these groups of “seniors” will have a huge impact on the labor force and economy in Southwest Minnesota over the next 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>