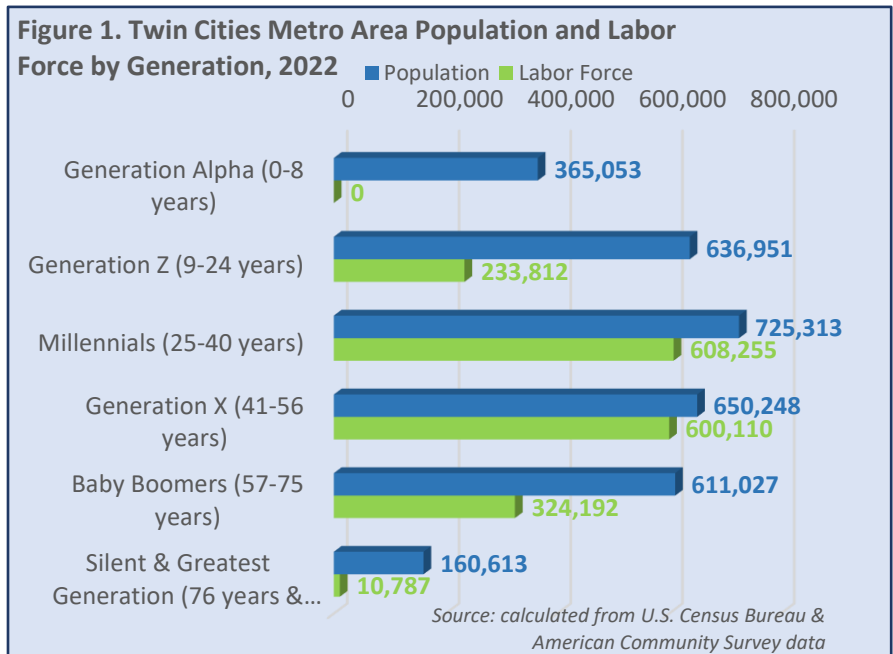


## Generations in the Twin Cities Metro Area

Home to a relatively young population, there are now at least six generations living together in the Twin Cities metro area, with a total population of 3.1 million people. Millennials are the largest generation, with about 725,000 people, surpassing Generation X, which is the second largest generation with 650,000 people. These generations account for 43.7% of the region’s population. Generation Z is the third largest generation with 637,000 people, now ahead of the Baby Boomers with 611,000 people. Generation Alpha and the Silent & Greatest Generation have the smallest populations in the region, with 365,000 and 160,600 people, respectively (see Figure 1.)

Consequently, there are now also at least five generations at work in the Twin Cities metro, 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 608,000 workers, followed by Generation X with 600,000 workers. As the front end of the Baby Boom generation has started reaching retirement age, the number of Baby Boomers has dropped to just over 324,000 workers, and there are still about 10,750 workers age 76 and older.

Generation Z is just entering the workforce, but already provides nearly 234,000 workers.



According to population projections from the Minnesota State Demographic Center, the Twin Cities metro is expected to gain nearly 178,000 new residents through 2035, a 5.5% growth rate. If the Twin Cities changes at the projected rates, applying current labor force participation rates by age group to future population projections by age group means the region would be expected to see a continued increase in the labor force over the next decade (see Table 1).

	2025 Labor Force Projection	2035 Labor Force Projection	2025-2035 Change	
			Numeric	Percent
16 to 19 years	83,076	82,146	-930	-1.1%
20 to 24 years	160,292	172,127	+11,835	+7.4%
25 to 44 years	828,595	846,582	+17,988	+2.2%
45 to 54 years	338,099	405,429	+67,330	+19.9%
55 to 64 years	287,008	262,150	-24,857	-8.7%
65 to 74 years	93,915	93,382	-533	-0.6%
75 years & over	14,978	21,126	+6,147	+41.0%
<b>Total Labor Force</b>	<b>1,805,962</b>	<b>1,882,942</b>	<b>+76,980</b>	<b>+4.3%</b>

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 a huge decline in the number of workers age 55 to 74 years old, but a gain in the number of workers age 75 and over. The region is still expected to see strong gains in the number of workers in their prime working years, from 20 to 54 years. The number of teen workers may decline again. In step with current trends, the shifting age structure will lead to a continuing tight labor market in the future, with employers needing to respond to changing labor force availability.

In the past, the labor pool in the Twin Cities 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’s labor force has had far more 12<sup>th</sup> graders than people turning 65, contributing to the region’s rapid and enviable gain of more than 372,000 net new workers from 1990 to 2022, a 28% growth rate. For example, about a decade ago there were approximately 20,850 people aged 65 in the region, compared to about 41,000 12<sup>th</sup> graders, meaning there were about twice as many 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 46,161 12<sup>th</sup> graders compared to 31,538 67 year olds (the full retirement age for people born in 1960 or later<sup>1</sup>), a gap of 14,623 more students than prospective retirees.

Grade	Number	Age	Number	Number of Students Compared to Older Adults
Kindergarten	38,961	55 years	41,127	-2,166
1 <sup>st</sup> grade	37,843	56 years	41,905	-4,062
2 <sup>nd</sup> grade	38,907	57 years	42,220	-3,313
3 <sup>rd</sup> grade	38,737	58 years	42,033	-3,296
4 <sup>th</sup> grade	38,415	59 years	42,730	-4,315
5 <sup>th</sup> grade	38,002	60 years	42,560	-4,558
6 <sup>th</sup> grade	38,513	61 years	40,442	-1,929
7 <sup>th</sup> grade	39,418	62 years	39,413	+5
8 <sup>th</sup> grade	40,055	63 years	37,952	+2,103
9 <sup>th</sup> grade	41,348	64 years	35,776	+5,572
10 <sup>th</sup> grade	40,822	65 years	34,730	+6,092
11 <sup>th</sup> grade	40,785	66 years	33,148	+7,637
12 <sup>th</sup> grade	46,161	67 years	31,538	+14,623
<b>All Grades</b>	<b>517,967</b>	<b>55-67 years</b>	<b>505,574</b>	<b>+12,393</b>

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

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 6<sup>th</sup> grade class – they are outnumbered by 61 year olds, and the imbalance between students and adults grows in younger grade levels. Kindergarten through 6<sup>th</sup> grade have deficits compared to the 55 to 62 year old age cohorts, which all number over 40,000 people in 2022.

According to the Minnesota Department of Education’s student enrollment data, there were 38,961 kindergarten students in the Twin Cities in 2021-2022, compared to 41,127 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 2,166 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 Twin Cities over the next decade, leading to slowing labor force growth and changing needs for both employers and employees.



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