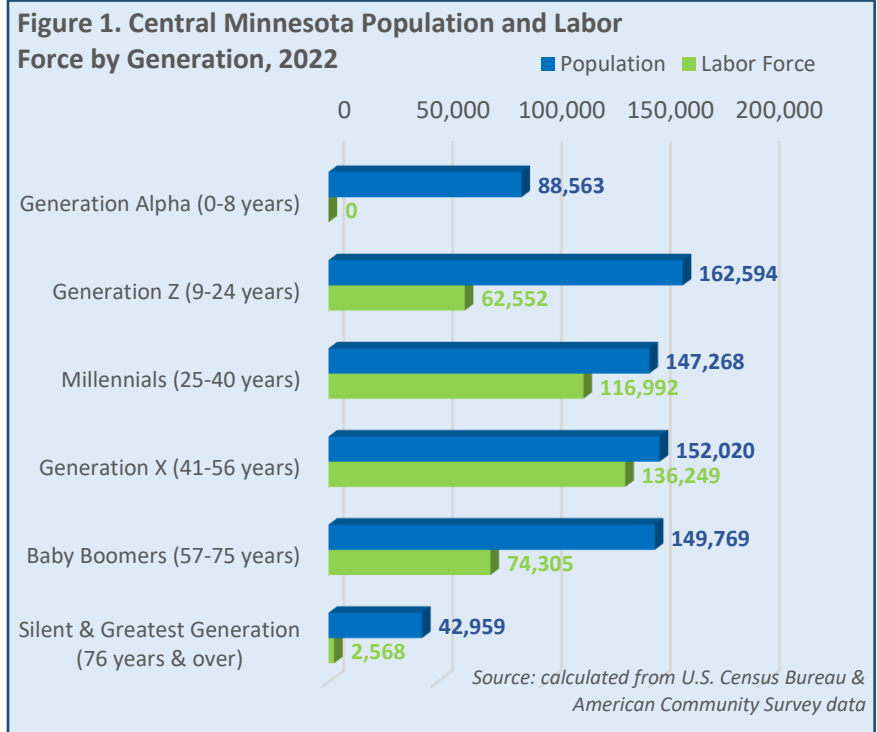


Generations in Central Minnesota

Home to a relatively young population, there are now at least six generations living together in Central Minnesota, with a total population of about 743,000 people. Generation Z is the largest with 162,600 people, followed by Generation X with 152,000 people, accounting for 42% of the region’s total population. Baby Boomers are still the third largest generation with about 150,000 people, slightly more than Millennials with 147,000 people, while the two oldest generations – Silent and Greatest – have the smallest population. Generation Alpha is newest, but already comprises more than 88,500 people (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, Generation X make up the largest cohort in the labor force, with about 136,000 workers, followed by Millennials with 116,992 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 74,500 workers, and there are still about 2,600 workers age 76 and older in Central Minnesota. Generation Z is just entering the workforce, but already provides more than 62,500 workers.



According to population projections from the Minnesota State Demographic Center, Central Minnesota is expected to gain 47,575 new residents through 2035, a 6.3% increase. 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 4.1% increase in the labor force over the next decade (see Table 1).

Aside from an overall increase, the age structure of the labor force is also projected to shift over time, with gains in the number of workers in all but one age group, with the exception of a decline in the number of workers age 55 to 64. However, the region is expected to see large gains in the number of experienced workers aged 65 years and older, including those 75 years and over. The biggest gains are in the prime working years from 25 to 54 years. In step with workforce declines, 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.

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

	2025 Labor Force Projection	2035 Labor Force Projection	2025-2035 Change	
			Numeric	Percent
16 to 19 years	24,866	25,136	+270	+1.1%
20 to 24 years	41,323	44,227	+2,904	+7.0%
25 to 44 years	163,413	170,604	+7,191	+4.4%
45 to 54 years	78,725	88,939	+10,214	+13.0%
55 to 64 years	69,771	63,047	-6,724	-9.6%
65 to 74 years	20,924	22,261	+1,337	+6.4%
75 years & over	3,377	4,679	+1,302	+38.5%
Total Labor Force	402,400	418,893	+16,493	+4.1%

Source: calculated from Minnesota State Demographic Center population projections and 2017-2021 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.

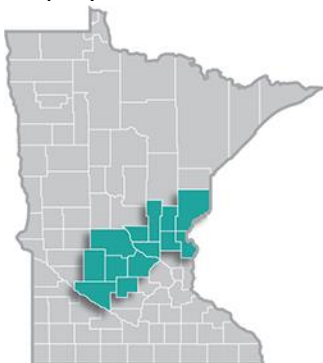
Over the past three decades, the region’s labor force has had far more 12th graders than people turning 65, contributing to the region’s rapid and enviable gain of nearly 145,000 net new workers from 1990 to 2022, a 57.4% growth rate. For example, about a decade ago there were approximately 5,400 people 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. But as the population has aged, things have changed. Table 2 shows that more recently in 2022, there were 9,665 12th graders compared to 7,749 67 year olds (the full retirement age for people born in 1960 or later¹), a gap of 1,916 more students than prospective retirees.

Table 2. Central Minnesota Population by Age & Student Enrollment by Grade Counts, 2022				Number of Students Compared to Adults
Grade	Number	Age	Number	
Kindergarten	9,203	55 years	9,924	-721
1 st grade	8,849	56 years	10,381	-1,532
2 nd grade	8,935	57 years	10,521	-1,586
3 rd grade	9,016	58 years	10,404	-1,388
4 th grade	8,881	59 years	10,438	-1,557
5 th grade	9,069	60 years	10,337	-1,268
6 th grade	9,397	61 years	9,854	-457
7 th grade	9,480	62 years	9,434	+46
8 th grade	9,708	63 years	9,335	+373
9 th grade	9,779	64 years	8,829	+950
10 th grade	9,644	65 years	8,573	+1,071
11 th grade	9,361	66 years	8,023	+1,338
12 th grade	9,665	67 years	7,749	+1,916
All Grades	120,987	55-67 years	123,802	-2,815

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 6th grade class – they are slightly outnumbered by 61 year olds, and the imbalance between students and adults grows in younger grade levels. Kindergarten through 5th grade have deficits of at least 700 people compared to the 55 through 60 year old age cohorts.

According to the Minnesota Department of Education’s student enrollment data, there were 9,203 kindergarten students in Central Minnesota in 2021-2022, compared to 9,924 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 721 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 Central 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>