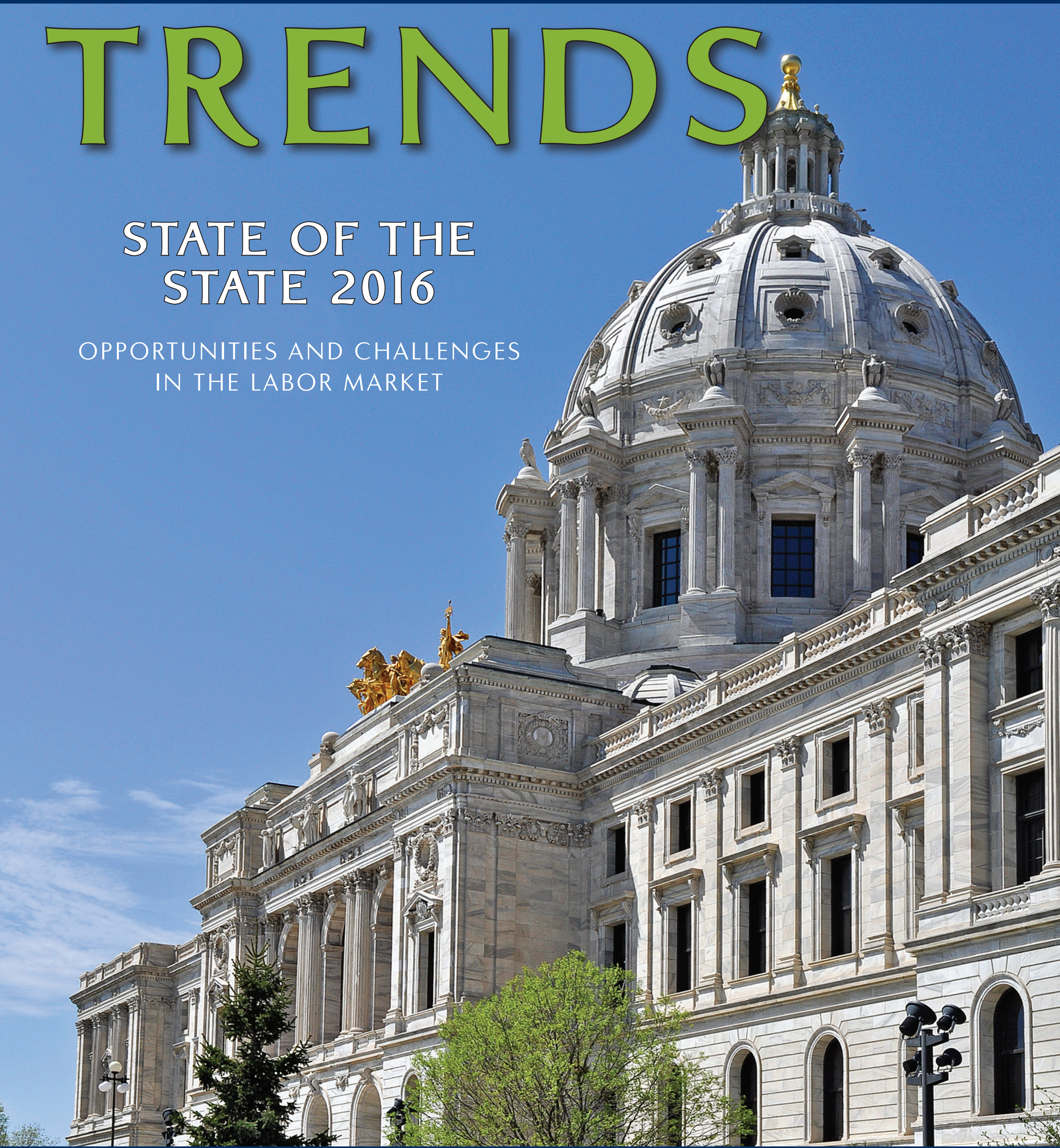
MINNESOTA ECONOMIC

TRENDS

STATE OF THE STATE 2016

OPPORTUNITIES AND CHALLENGES IN THE LABOR MARKET



JUNE 2016

MINNESOTA EMPLOYMENT AND ECONOMIC DEVELOPMENT

The Search for Workers

While this issue of Trends touches on many topics, there's one recurring theme that is hard to miss: The labor market across Minnesota is tight and getting tighter.

Indeed, the search for workers will be one of the big economic stories in Minnesota and the rest of the country over the next 15 years. With baby boomers leaving the workforce, companies will have to scramble to find replacements. In some industries, they're already scrambling.

One of the keys to tackling this problem will be tapping groups with lower participation rates in the workforce. For a variety of reasons, communities of color, people with disabilities and young adults all have much higher unemployment rates and lower workforce participation than the overall population in Minnesota. Removing some of the barriers faced by these groups and getting them into the workforce could go a long way toward easing the labor crunch.

The Central Minnesota region offers an illustration. If minority groups and people with disabilities had the same participation and unemployment rates as the white population, the region would have an additional 5,000 available workers. Not enough to solve the problem but certainly a step in the right direction.

Minnesota has an enviable economy, with low unemployment, high labor force participation, thriving companies and a strong business climate. By these and other standards, we're among the best in the country. If we want to maintain that position, though, we must create more opportunities for groups that have been left behind by the economy in the past.

Monte Hanson

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Editor

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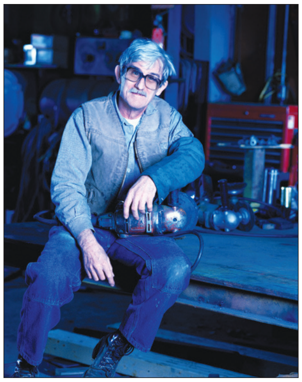


State of the State 2016

Seven years after the end of the recession, Minnesota's economy continues to improve and, by many measures, ranks among the best in the country. Some challenges are on the horizon, however.

As we do in every June edition of Trends, this issue contains a series of articles reviewing Minnesota's recent labor market performance. These articles make clear that our economy has improved and left the damages of the Great Recession further behind.

June is the seventh anniversary of the start of the current expansion, which includes four years that were spent simply regaining the 159,300 jobs lost during the 18-month-long recession. As of May's preliminary employment estimate, Minnesota's economy has now added 108,100 jobs above and beyond the peak of early 2008.

The post-recessionary improvement in our unemployment rate appears to reveal a less robust recovery. Since peaking at 8.1 percent in June 2009, the unemployment rate took until August 2014 to regain the pre-recessionary low of 3.8 percent. This rate then fell further to 3.6 percent, where it stood throughout most of 2015 before edging back up to its current rate of 3.8 percent. In other words, we have seen nearly 64,000 additional jobs but little improvement in our

unemployment rate for going on two years.

Part of the explanation for our lack of continued improvement in this regard lies in our persistent racial disparities, a topic covered in this and other issues of Trends. But digging into the data underlying these unemployment figures tells an additional story: Relative to other states, we have recently regained our previous status as the state with the nation's hardest-working population!

Between June 1990 and October 2004, Minnesota had a spectacular run of over 14 years as the state with the highest labor force participation rate. This and a relatively low unemployment rate combined to produce an equally amazing 13-plus-year run (March 1990 to June 2003) as the state with the highest share of our working-age population (16 years and older) employed, the so-called employment-to-population ratio.

With the onset of the Great Recession, this standing began to fade. Our labor force participation fell to sixth-highest and employment-to-population dropped to eighth by the time the recession officially began in December 2007. Slowly but surely, though, we have seen gradual improvements in rank since. As of November 2015, we once again achieved top ranking in labor force participation, followed this past March with the highest employment-to-population ratio. Considering it has been 13 years since we had the top rank by both these measures, this is a significant indicator of the relative strength of our state's current economic climate.

Granted, a good share of our improved ranking comes not from increased rates of participation and employment here, but through declines occurring elsewhere. The four states with participation rates above ours in April 2008 (Iowa, Nebraska, North Dakota and South Dakota) have all seen a 2.9 percentage point reduction in their rate, with the exception of South Dakota, where the decline was 3.4 points. Our rate fell only 1.6 points.

In addition to those four states, Kansas and Wyoming also exceeded us in employment-to-population in April 2008. Their employment rates, however, have fallen 1.6 and 5.1 points, respectively, while ours has increased 1.5 percentage points over the same span. Those other four states that outranked us have also seen their employment ratios slip, between 0.8 and 2.1 points, allowing us to surpass them as well.

So back to that stubborn unemployment rate of ours. While the lack of improvement by that measure might suggest a stagnating recovery, we have seen a distinct improvement and a return to our previous No. 1 ranking in two other very important indicators. As a share of our working-age population, more Minnesotans are in the workforce and working than in any other state.

This raises two related questions that will deserve our attention in the months and years ahead. One is whether the tight market conditions suggested by our high participation and employment rates may explain why our job growth has been lagging the nation and most other states over the last two years. Have we started to experience the constraints imposed by a shortage of additional workers well ahead of many other states? And the other question is whether this constraint will only tighten further and lead to even slower job growth in the coming years. With nation-leading participation, do we have less room to maneuver through the coming worker shortage than other states?

TABLE 1

Employment Growth by Selected Industry Since August 2014, Seasonally Adjusted

	August 2014	April 2016	Percent Change
Total Nonfarm	**2,824,900**	**2,891,800**	**2.4**
Mining and Logging	7,200	6,100	-15.3
Construction	108,900	122,400	12.4
Manufacturing	313,500	318,800	1.7
Wholesale Trade	132,000	129,900	-1.6
Retail Trade	289,400	299,400	3.5
Transportation, Warehousing and Utilities	96,500	99,900	3.5
Information	52,500	49,700	-5.3
Financial Activities	178,500	184,500	3.4
Professional and Business Services	354,700	362,300	2.1
Educational Services	65,500	70,000	6.9
Health Care and Social Assistance	434,900	453,300	4.2
Leisure and Hospitality	255,700	261,500	2.3
Other Services (Private Only)	113,100	114,800	1.5
Government	422,500	419,200	-0.8

Source: Current Employment Statistics (CES)

Employment and Unemployment

While the state's unemployment rate has been largely stable since mid-2014, the labor force grew by 83,316 people during that period. Meanwhile, the increase in the labor force participation rate, from 70.1 percent to 71.2 percent, suggests that 32,849 Minnesotans who had been nonparticipants either started working or started looking for work. The other 50,000-plus people came from population growth, including new residents or people turning 16 and newly eligible to work.

There is further evidence that people chose to return to the labor market or enter it for the first time over this period. During the recession and the early part of the recovery, people remained unemployed for longer periods. Until recently, however, all groups of unemployed by duration have been declining since 2011. Starting at the end of 2014, or shortly after the unemployment rate leveled off, one group has been increasing dramatically – people unemployed for fewer than five weeks. This suggests that people are quitting jobs that are undesirable and finding new jobs relatively quickly.

Employment growth has not occurred evenly across industries. While most industries saw declines during the recession, some of those declines were small and returned to a normal pattern fairly quickly. Other industries lost jobs precipitously before bouncing back quickly. Others have only recently returned to pre-recession employment levels.

In Table 1, employment growth is displayed for the period since unemployment leveled off. A decline does not mean employment in the industry hasn't recovered since the recession, only that growth has stalled since August 2014.

The largest percentage growth in the period since the unemployment rate hit 3.8 percent occurred in construction and educational services, while the largest numeric growth was in health care and social assistance. While the data do not show what kinds of jobs were created, these three industries have many well-paying occupations that might incent people to return to the labor market.

The largest percentage decline was in mining and logging. Because that sector is the smallest industry in terms of employment in Minnesota, the numeric decline was only 1,100. While other industries saw small declines, employment generally has been growing.

Labor market indicators are increasingly painting a more positive employment picture. In the past year employment has increased while the duration of unemployment has decreased. Labor force participation has increased and workers appear to have more confidence in the availability of jobs.

Job Vacancies in Minnesota

Job vacancies in Minnesota support the picture of a strong labor market with extensive job opportunity. Both second and fourth quarter 2015 results showed the most unfilled jobs since 2001, with more than 96,000 vacancies during each of the two quarters.

By fourth quarter 2015, the ratio of job seekers to job vacancies statewide had dropped to 1-to-1, or one unemployed worker for each vacancy. This ratio has fallen from 8.2 unemployed workers for each job vacancy during fourth quarter 2009. Regionally, the Twin Cities now has less than one (0.8) unemployed person for every job vacancy, while Greater Minnesota has 1.2 unemployed people for each job vacancy.

Statewide, health care and social assistance had the most job vacancies, followed by retail trade, accommodation and food service, and manufacturing during fourth quarter 2015 (see Figure 1).

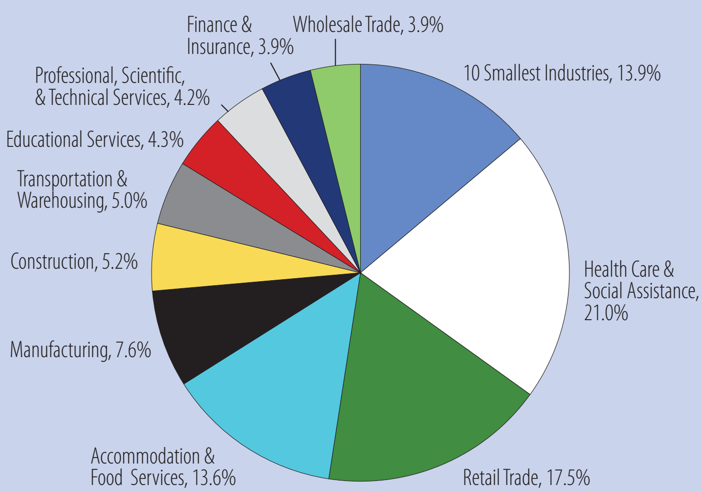
Median wage offers for all job vacancies were up 1.9 percent from a year ago to $13.54 an hour. That increase was driven by higher wage offers for vacancies requiring low skills levels during fourth quarter 2015. The study showed that median wages were up over the year for the very large group of vacancies requiring a high school diploma or less (62 percent of all vacancies in Minnesota) and for those requiring an advanced degree (3 percent of all vacancies). Median wages were down for all other groups (35 percent of all vacancies) (see Table 2). At the same time, the share of vacancies requiring a high school diploma or less increased 11.9 percent over the year while the share requiring post-secondary education increased only 2 percent. Increases in median wage offers at the low end of the wage scale can be attributed partly to increases in Minnesota's minimum wage in 2014 and 2015, as well as a tighter labor market that is forcing employers to compete for workers, particularly in low-wage occupations.

The following are some examples of median wage offers for low-wage occupations during fourth quarter 2015:

- Median wage offers for retail sales workers rose 17.8 percent from the previous year to $10 per hour.
- Median wage offers for cooks and food prep workers rose 10 percent from the previous year to $10.59 per hour.
- Median wage offers for personal care aides rose 13.4 percent over the year to $11.49 per hour.
- Median wage offers for home health aides rose 13.9 percent over the year to $11.38 per hour.

FIGURE 1

Minnesota Job Vacancies by Industrial Division, Fourth Quarter 2015



Source: DEED Job Vacancy Survey

TABLE 2

Median Wage Offers for Minnesota Job Vacancies

Educational Requirements	Number of Job Vacancies			Median Wage Offer	
	Q4 - 2014	Q4 - 2015	Change	Q4 - 2014	Q4 - 2015
None	26,251	20,309	-22.6	$9.93	$10.00
High School	28,560	41,006	43.6	$11.94	$12.22
Vocational training	10,822	9,563	-11.6	$15.00	$14.98
Associate Degree	6,724	6,923	3.0	$19.48	$18.61
Bachelor's Degree	13,810	15,138	9.6	$28.44	$27.03
Advanced Degree	2,758	3,174	15.1	$31.38	$42.61
Total	**88,927**	**96,114**	**8.1**	**$13.29**	**$13.54**

Source: DEED Job Vacancy Survey

Employment Projections to 2024

Minnesota's job growth over the next 10 years will slow as employers struggle to find workers in a tight labor market. Annual average job growth will drop from 30,000 jobs between 2010 and 2015 to an expected 13,000 new jobs on average annually between 2014 and 2024. Most of the projected 130,000 new jobs will be added in the first five years of that 10-year period.

Robust job growth over the last five years was driven partly by unemployed workers moving into jobs. Minnesota's unemployment rate dipped to 3.7 percent in 2015 from a 26-year high of 7.8 percent in 2009. Last year's unemployment rate was tied for the fifth-lowest since 1976, the year that consistent unemployment estimates were first developed.

Without significant increases in labor force participation rates or worker immigration into Minnesota, the state's unemployment rate soon will match and then slip below the boom years of the late 1990s, when unemployment averaged 3 percent between 1997 and 2000. During that period, Minnesota added an average of 53,000 jobs a year. The peak labor force participation rate in 2000 corresponded predictably with baby boomers moving into their 40s and 50s, the ages for peak labor force participation.

The oldest baby boomers (those born in 1946) and the youngest baby boomers (those born in 1964) will be 78 and 60 years old, respectively, in 2024. That means that in 10 years most baby boomers already will be enjoying their retirement years, while the youngest soon will be retiring.

In 2015, labor force participation did increase for the first time since 2000, as the tight labor market drew some discouraged workers back into the workforce. As unemployment continues to fall and the labor market tightens, the labor force participation rate may continue to creep up for a few years before the retirement of the bulk of the baby boomers sends labor force participation rates downward again.

Minnesota's job growth over the next decade will be generated entirely in the private sector, with the expected small increase in state and local government employment offset by a projected downsizing of federal government workers in Minnesota (see Table 3).

All private employment expansion will be in the service-providing sector, with the state's goods-producing sector workforce expected to shrink 1.3 percent. Expanded construction employment will be offset by declining manufacturing and natural resources and mining employment over the next 10 years.

Nearly three-fourth of all employment expansion is anticipated to occur in two super sectors: educational and health services (77,600 jobs) and professional and business services (19,000 jobs). Educational and health services jobs will grow the fastest, increasing 16 percent by 2024, or nearly four times faster than the 4.3 percent increase projected for all employment.

Table 4 shows that three of the 22 major occupational groups are expected to lose jobs between 2014 and 2024: farming, fishing and forestry (5 percent decline), production (2 percent decline) and office and administrative support (1 percent decline). Health care support occupations will grow the fastest, with employment expected to jump by 17.6 percent. Personal care and service occupations (21,800 new jobs) and health care practitioners and technical occupations (20,100 new jobs) will add the most jobs over the next decade.

In addition to the 130,000 job openings projected to be created through employment growth

TABLE 3

Minnesota Industrial Employment Projections

	Estimated 2014	Projected 2024	2014-2024 Numeric Change	2014-2024 Percent Change
Total Employment	**3,007,000**	**3,137,000**	**130,000**	**4.3**
Self-Employed	196,800	201,300	4,500	2.3
Goods-Producing Sector	449,500	443,800	-5,700	-1.3
Natural Resources and Mining	29,900	28,400	-1,500	-5.0
Construction	107,600	117,900	10,300	9.6
Manufacturing	312,000	297,500	-14,500	-4.6
Private Service-Providing Sector	1,980,900	2,113,400	132,500	6.7
Trade, Transportation and Utilities	516,500	530,000	13,400	2.6
Information	52,500	48,900	-3,700	-6.9
Financial Activities	177,400	187,700	10,300	5.8
Professional and Business Services	353,400	372,300	19,000	5.3
Education and Health Services	485,800	563,500	77,600	16.0
Leisure and Hospitality	267,300	280,700	13,400	5.0
Other Services (Except Government)	128,000	130,300	2,300	1.8
Government	379,800	378,600	-1,200	-0.3

Source: Minnesota Employment Projections, 2014 to 2024

TABLE 4

Minnesota Occupational Employment Projections

	Estimated 2014	Projected 2024	2014-2024 Numeric Change	2014-2024 Percent Change
Total Employment	**3,007,000**	**3,137,000**	**130,000**	**4.3**
Management	228,500	233,600	5,100	2.2
Business and Financial Operations	170,500	180,000	9,600	5.6
Computer and Mathematical	93,500	101,300	7,800	8.3
Architecture and Engineering	52,300	52,600	300	0.6
Life, Physical and Social Science	26,000	27,300	1,400	5.0
Community and Social Services	59,900	65,400	5,500	9.2
Legal	21,100	22,100	1,000	4.7
Education, Training and Library	164,200	168,200	4,000	2.4
Arts, Design, Entertainment, Sports and Media	54,300	55,100	800	1.5
Health Care Practitioners and Technical	163,600	183,800	20,100	12.3
Health Care Support	91,500	107,600	16,100	17.6
Protective Service	47,800	49,000	1,200	2.5
Food Preparation and Serving Related	231,500	243,300	11,800	5.1
Building and Grounds Cleaning and Maintenance	99,200	103,900	4,700	4.7
Personal Care and Service	157,800	179,600	21,800	13.8
Sales and Related	289,100	299,900	10,800	3.7
Office and Administrative Support	425,400	421,300	-4,000	-1.0
Farming, Fishing and Forestry	16,000	15,200	-800	-5.0
Construction and Extraction	111,900	120,600	8,700	7.8
Installation, Maintenance and Repair	102,900	107,500	4,600	4.5
Production	223,600	219,000	-4,600	-2.1
Transportation and Material Moving	176,500	180,600	4,200	2.3

Source: Minnesota Employment Projections, 2014 to 2024 over the next 10 years, 697,000 net replacement openings are projected over that period. Even occupations that are expected to shrink over the next 10 years will have net replacement openings. Of 810 occupations, 94 percent are expected to have more job openings created by replacement openings than from employment growth. The need to fill replacement openings will increase through the decade as baby boomers retire.

Cost of Living

The annual cost of living for an average Minnesota family of three is $45,864. That estimate, from DEED's Cost of Living study, is based on seven cost categories: food, housing, health care, transportation, child care, other necessities and net taxes.

The average annual wage per worker in the state is $48,733, meaning the average family in the state (assuming one working adult in the family) is making 106 percent of the cost of basic needs.

Data show, however, that the average annual wage in Minnesota can differ considerably from one race or ethnic community to another.

The average annual wage for white non-Hispanic workers (the majority population in Minnesota) is $50,200 or 109 percent of the cost of living. But a closer look at just minority populations shows that their average wage is $36,524 or 80 percent of the cost of basic needs.

Breaking out specific populations among minority workers in Minnesota, the highest wage is Asian at $49,028 (107 percent of basic needs), followed by white Hispanic at $34,042 (74 percent), American Indian at $31,171 (68 percent) and black or African American at $30,116 (66 percent).

The ability of people to meet basic family needs through employment income is crucial to the well-being of every community. These figures indicate many families of color are struggling to meet their everyday cost of living in Minnesota.

Conclusion

Although we lead the nation on a number of significant indicators, Minnesota's labor market faces important challenges. We must continue efforts to attract and retain workers if we want to maintain employment growth, fill the growing number of vacancies and continue to have a dynamic economy. An important part of this is removing barriers that many within Minnesota face to fully participating in the labor market. Efforts also must be made to ensure that Minnesota is an attractive destination for individuals to move who are looking to start or continue their careers. T

The following writers contributed to this story: Steve Hine, Amanda Rohrer, Oriane Casale, Dave Senf and John Clay.

DEED Taps a New Data Source: Driver's Licenses

A data exchange with the Department of Public Safety will provide a wealth of new information.

The use of administrative records for economic analysis has grown dramatically as a source of information that is often more detailed than what is available from sample-based surveys. DEED's Labor Market Information Office has been providing employment and wage data compiled from administrative Minnesota Unemployment Insurance Program records at extremely detailed levels for years.

A new agreement with the Minnesota Department of Public Safety (DPS) allows us to link these employee records with the date of birth and gender data contained in driver's license records. This provides information on the demographic characteristics of our workforce that has not been available before.

Not all employees have driver's licenses, but we found that 90 percent or more each quarter over the past 15 years did match. This decent "hit rate" gives us confidence that the resulting information is accurate enough to draw conclusions about the age and gender characteristics of our workforce, while at the same time requiring care in interpreting this information. Given the significance of the information that these new data will provide, this is a tradeoff worth taking.

Consider the impact that our aging population will have on the number of people leaving the workforce through retirement. Our administrative records linked to driver's license data reveal that the share of our working population that is 55 and older ranges from 16.7 percent in Washington County to 29.8 percent in Grant County. Of the 18 counties with one-fourth or more of their workers in the 55 and over age cohort, all but four are on our western or southern border (the exceptions being Cook, Red Lake, Aitkin and Grant counties). Of the 19 counties with shares of these older workers below 20 percent, all but two, Beltrami and Steele, are in one of our metropolitan statistical areas.

The impact of aging is also having differential effects across industries in Minnesota, and these data help us identify and quantify these as well.

While only 7.9 percent of those working in accommodation and food services are 55 or older, 29.9 percent of those in mining are nearing retirement age. Transportation and warehousing and the utilities sector are two other industries where older workers comprise more than 25 percent of the workforce, while administrative services, construction, professional and technical services, and arts, entertainment and recreation are sectors with less than 18 percent in that group.

These data also allow a similarly detailed analysis of gender differences. For example, women make up a majority of job holders in 61 of our 87 counties, with the share of jobs held by women ranging from 38.1 percent in Dodge County to 58.6 percent in Kanabec County. In all 87 counties, the median hourly wage paid to women falls short of that paid to men, with Clearwater County having the most significant gap at 63.4 percent and Cook County's 96.5 percent being the smallest.

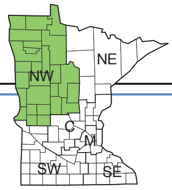
Industry of employment also influences the gender makeup of the workforce – perhaps not surprisingly. Mining (8.9 percent) and construction (11.7 percent) are sectors with very few women, while health care and social services (79.1 percent) and educational services (68.2 percent) have very high concentrations of women workers.

Women also earn lower median hourly wages than men in all 20 major industrial sectors, with the smallest gap appearing in accommodation and food services at 99.5 percent and the largest in professional and technical services at 69.5 percent.

The above examples only scratch the surface of the wealth of information that this new data exchange with DPS will provide. In the coming months, we'll be releasing a new data tool on our website that will allow users to explore this information themselves. We will also be using these data to address significant issues around aging and gender equality in future issues of Trends.

But the availability of such detailed information on the demographic characteristics of our workforce also illustrates the importance of administrative records for economic analysis, and the benefits of secure, limited interagency sharing of these administrative records.

By linking DEED employment records with DPS driver's license records in a way that ensures strict adherence to confidentiality requirements, we are now able to provide clear answers to significant questions that we had to guess at previously. T



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New Workers and New Challenges

With an aging workforce, the region must find new workers in the coming years.

The labor force in Northwest Minnesota has experienced the second-fastest growth rate in the state since 2000, behind only Central Minnesota. The 26-county Northwest region added 26,000 workers over the past 15 years and is now home to a labor force of over 301,600, about 10 percent of the state's workers (see Figure 1).

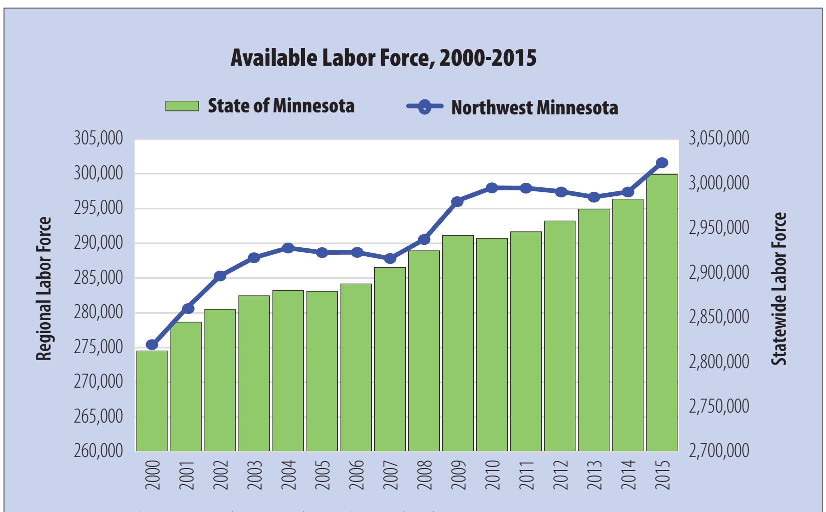
The region's labor market has ebbed and flowed over the past 15 years, with significant growth during recessions – mostly as a result of women with children at home coming into the labor force – followed by relative stability during recoveries.

Northwest added almost 12,700 workers from 2000 to 2003, then held steady until the 2007 recession, when more than 10,000 workers entered the labor force between 2008 and 2010. The labor force then declined slightly from 2010 to 2014, before jumping by over 4,200 in 2015. This growth is notable for its size as well as timing, occurring during an expansion.

At the same time that the size of the labor force and the number of employed workers were growing in the last two years, unemployment in the region was dropping. Northwest is now home to just 14,000 unemployed workers, yielding an unemployment rate of 4.6 percent in 2015. That is the third-lowest rate in the region over the past 25 years, similar to rates last reported in the late 1990s and early 2000s.

Northwest, however, has historically maintained the second-highest unemployment rate of the six planning regions in the state. The region is home to areas of both high and low unemployment, with county unemployment rates ranging from 2.8 percent in Stevens County, the third lowest of the state's 87 counties in 2015, to 9.2 percent in Clearwater County, the highest.

FIGURE 1



Source: DEED Local Area Unemployment Statistics, (LAUS) program

Lower Labor Force Participation

With just 64.6 percent of the population ages 16 and over in the labor force, Northwest has the second-lowest labor force participation rate of the state's six regions. While much of this is due to an older population, the region also has lower participation rates than the state in every age group, with the exception of 16 to 19 year olds (see Table 1).

The largest segment of the region's labor force is in their prime working years, from 25 to 54, accounting for 60.3 percent of the total. However, that is about 4.5 percent lower than statewide and a 2 percent decline from 2009.

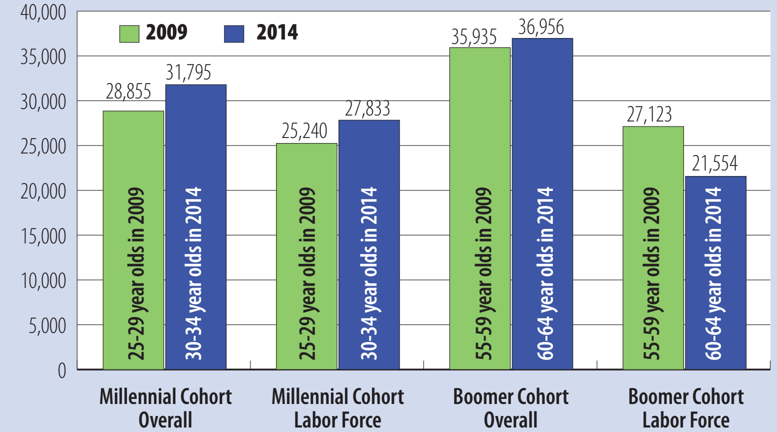
Instead, the workforce trended older because of aging baby boomers. The number of workers 55 and over increased 20 percent from 2009 to 2014, a shift of nearly 11,500 workers. The sheer size of the aging workforce has outweighed the falling labor force participation rates.

Migration patterns of younger and older workers show an encouraging trend in the region.

There were more 30 to 34 year olds in 2014 than in 2009, when the same group was 25 to 29 year olds, creating a net gain for the region. Overall, this "millennial" cohort increased by nearly 3,000 people in Northwest Minnesota

FIGURE 2

Northwest Minnesota Population and Labor Force Change, Select Age Cohorts



Source: 2005-2009 and 2010-2014 American Community Survey, 5-Year Estimates

TABLE 1

Northwest Minnesota Employment Characteristics, 2014

	Northwest Minnesota			Minnesota	
Employment Characteristics by Age Group	In Labor Force	Labor Force Participation Rate	Unemployment Rate	Labor Force Participation Rate	Unemployment Rate
Total Labor Force	**286,124**	**64.6%**	**6.2%**	**70.1%**	**6.5%**
16 to 19 years	16,854	55.4%	14.3%	51.1%	18.7%
20 to 24 years	28,203	80.0%	10.2%	81.8%	10.2%
25 to 44 years	105,456	87.5%	5.9%	88.1%	5.8%
45 to 54 years	67,117	86.3%	4.7%	87.3%	5.0%
55 to 64 years	53,063	68.5%	4.7%	71.8%	4.9%
65 to 74 years	12,791	23.7%	3.7%	26.6%	4.1%
75 years and over	2,703	5.7%	3.5%	5.9%	3.5%

Source: 2010-2014 American Community Survey, 5-Year Estimates

(see Figure 2, first two bars), with an increase of 2,600 people in the labor force (Figure 2, second two bars). Since this age group's labor force participation rate was approximately 87.5 percent in both 2009 and 2014, most of the increase can be attributed to in-migration.

At the other end of the prime working-age spectrum, Northwest Minnesota saw in-migration of older residents, though not necessarily for work. The region gained more than 1,000 baby boomers from 2009 to 2014, but lost about 5,500 from the available workforce as participation rates dropped.

Obstacles to Overcome

Mirroring overall labor force participation rates in Northwest Minnesota, most race groups also have lower rates than the state, with the exception of American Indians, the largest minority group in the region. Like the state, the region also has huge racial unemployment rate disparities, with the exception of Asians (see Table 2).

The regional unemployment rate for black workers is nearly three times higher than for white workers, and the rate is higher than for workers of "some other race," two or more races, Hispanic origin or with any disability. American Indians have the highest regional unemployment disparity – 15 percent higher than white workers.

The region's minority populations offer a grand opportunity to counter labor force contraction resulting from the region's aging population. Bringing unemployment rates for workers of other races down to those of white residents would add 2,500 employed workers and cut the unemployment rate for workers with disabilities in half would add 1,000 employed workers.

Baby Boom or Bust

Matching available workers with available jobs will become even more important in the future if the region's current labor force participation rates hold steady. Though not reflective of the recent labor force surge, population projections from the Minnesota State Demographic Center indicate a 1.6 percent workforce decline by 2025 (see Table 3).

In addition, the labor force will continue to age with rapid gains in the number of workers over 65 and huge declines in the number of 45 to 64 year olds.

TABLE 2

Employment Characteristics by Race, Hispanic Origin, and Disability

	Northwest Minnesota			Minnesota	
	In Labor Force	Labor Force Participation Rate	Unemployment Rate	Labor Force Participation Rate	Unemployment Rate
Employment Characteristics by Race and Hispanic Origin					
White alone	267,956	64.7%	5.5%	70.2%	5.6%
Black or African American	1,836	62.6%	15.1%	68.0%	16.4%
American Indian	8,852	61.5%	21.6%	59.4%	17.4%
Asian or Other Pacific Islanders	2,157	70.7%	5.8%	70.6%	7.2%
Some Other Race	1,647	68.1%	12.0%	76.2%	11.0%
Two or More Races	3,759	64.7%	12.8%	69.5%	13.2%
Hispanic or Latino origin	5,845	70.4%	13.5%	75.0%	10.1%
Employment Characteristics by Disability Status					
With Any Disability	16,367	50.1%	12.0%	51.0%	14.0%

Source: 2010-2014 American Community Survey, 5-Year Estimates

New labor force entrants are expected to make up for some of this difference, but not all. More in-migration might help lead to an 8.1 percent increase in 25 to 44 year olds by 2025. The overall numbers, however, indicate a tighter labor market in the next decade. Regional employers will need to adjust.

Across all industries, the number of jobs held by workers 55 to 64 in the region increased by 50 percent over the past decade, from 28,092 workers in 2005 to 42,028 in 2015. Across the region, workers 55 and over now hold one-quarter of all jobs, up from 17.5 percent 10 years ago.

Certain industries will be more affected by the aging workforce than others. The industry with the highest concentration of workers 55 and over is transportation and warehousing, at nearly 40 percent. Shortages, however, will be most acute in the region's large education and health care services sectors, which will have the most replacement needs in the next decade. Combined with manufacturing, these three industries account for almost 45 percent of the jobs held by workers 55 and over in the region (see Table 4).

TABLE 3

Northwest Minnesota Labor Force Projections, 2015-2025

	2015 Labor Force	2025 Labor Force Projection	2015-2025 Change	
			Numeric	Percent
16 to 19 years	19,923	19,297	-626	-3.1%
20 to 24 years	28,296	29,795	+1,499	+5.3%
25 to 44 years	106,012	114,631	+8,619	+8.1%
45 to 54 years	64,686	49,947	-14,739	-22.8%
55 to 64 years	55,786	50,580	-5,206	-9.3%
65 to 74 years	14,556	18,940	+4,384	+30.1%
75 years and over	3,205	4,469	+1,263	+39.4%
Total Labor Force	**292,464**	**287,658**	**-4,807**	**-1.6%**

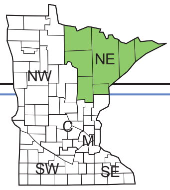
Source: Minnesota State Demographic Center

TABLE 4

Northwest Minnesota Workforce by Industry, Second Quarter 2015

	Total Workers	Jobs Held by Workers 55 Years and Over	
	Number	Number	Percent
Total, All Industries	**218,974**	**55,275**	**25.2%**
Health Care and Social Assistance	38,314	9,894	25.8%
Manufacturing	28,239	6,570	23.3%
Retail Trade	26,925	6,896	25.6%
Educational Services	25,434	8,231	32.4%
Accommodation and Food Services	18,927	2,187	11.6%
Public Administration	14,955	4,216	28.2%
Wholesale Trade	12,505	3,074	24.6%
Construction	9,842	1,885	19.2%
Other Services	6,875	2,005	29.2%
Finance and Insurance	5,746	1,744	30.4%
Transportation and Warehousing	5,389	2,116	39.3%
Admin. Support and Waste Mgmt. Services	4,703	1,012	21.5%
Professional, Scientific, and Technical Services	4,769	1,240	26.0%
Agriculture, Forestry, Fishing and Hunting	4,699	1,094	23.3%
Arts, Entertainment and Recreation	4,402	1,024	23.3%
Information	3,009	759	25.2%
Real Estate, Rental and Leasing	1,580	543	34.4%
Utilities	1,325	414	31.2%
Management of Companies	963	237	24.6%
Mining, Quarrying and Extraction	244	81	33.2%

Source: DEED Quarterly Workforce Indicators (QWI) program



Erik White

Peaks and Valleys

The mining downturn has taken a toll in Northeast Minnesota.

Since hitting a peak of 170,000 workers in 2009, Northeast Minnesota has experienced a considerable decline in its labor force, falling to just below 164,000 workers in 2015. It is the only region of the state that has fewer workers now than it had at the turn of the century.

The seven-county Arrowhead region did see an increase in its labor force in response to the 2007 recession, when workers entered the labor market to earn additional income. Even as the region recovered from the recession, people left the workforce due to retirements and job opportunities elsewhere (see Figure 1).

The region's labor force exodus has picked up steam since the end of the recession, leaving the Arrowhead with the biggest decline of the six planning regions statewide (see Table 1).

While the regional labor force has fallen since the height of the recession, so too has the number of unemployed workers. As of 2015 there were fewer than 9,000 unemployed people in the Arrowhead, nearly 7,000 fewer than in 2009.

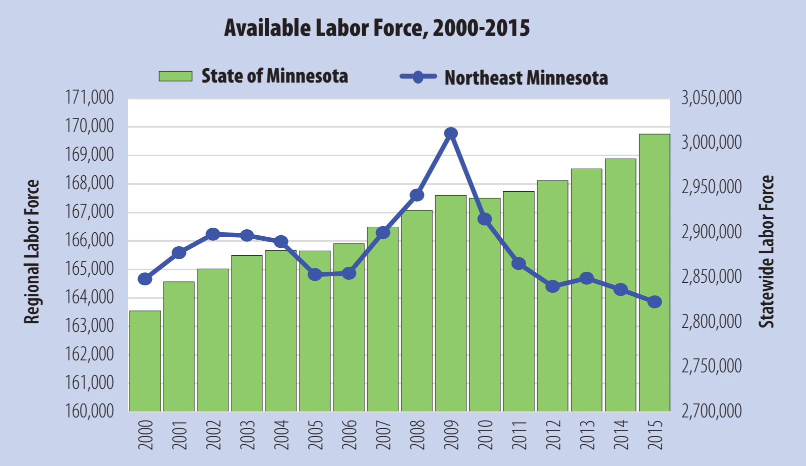
Still, the region's 5.3 percent unemployment rate in 2015 was 1.6 percentage points higher than the state overall. The mining downturn and thousands of layoffs in the mines and supporting industries has had a great effect on the region's unemployment rate, with many laid off workers hoping to get back to work in these high-paying jobs.

Out of the Force

Northeast Minnesota's 60.8 percent labor force participation rate is considerably lower than the state overall – nearly 10 percent lower and easily the lowest of the six planning regions.

The difference is partly due to the region's older workforce, but even when controlling for age, the region has lower participation rates for all age cohorts. For workers ages 25 to 54 – the prime working

FIGURE 1



Source: DEED Local Area Unemployment Statistics, (LAUS) program

TABLE 1

Labor Force Trends by Region, 2009-2015

	2009 Labor Force	2015 Labor Force	Change from 2009-2015	
			Number	Percent
State of Minnesota	**2,941,976**	**3,010,366**	**68,390**	**2.3%**
Twin Cities	1,601,871	1,656,951	55,080	3.4%
Central	374,741	384,846	10,105	2.7%
Northwest	296,167	301,619	5,452	1.8%
Southeast	273,813	279,439	5,626	2.1%
Southwest	225,616	223,653	-1,963	-0.9%
Northeast	**169,773**	**163,864**	**-5,909**	**-3.5%**

Source: DEED Local Area Unemployment Statistics (LAUS) program

years – Northeast Minnesota's participation rate lags the state by about 4.5 percent. These workers account for about 60 percent of the total labor force in the region (see Table 2).

Despite making up a larger percentage of the region's total population, people over 55 have a substantially lower participation rate in Northeast Minnesota than statewide.

One factor could be that retiring baby boomers are choosing to move full time to the region's many vacation homes, but that does not explain all of the difference. For example, people ages 55 to 64 – not quite at traditional retirement age – had only a 60.6 percent participation rate in the region, more than 11 percentage points below the state.

Drawing some of these workers into the labor force could have a huge impact. If participation rates for people over 55 rose to match the statewide rate, the region would gain an additional 8,600 workers. Similarly, increasing labor force participation rates for people 25 to 54 to match the

TABLE 2

Northeast Minnesota Employment Characteristics, 2014

	Northeast Minnesota			Minnesota	
	In Labor Force	Labor Force Participation Rate	Unemployment Rate	Labor Force Participation Rate	Unemployment Rate
Total Labor Force	**163,614**	**60.8%**	**7.9%**	**70.1%**	**6.5%**
Employment Characteristics by Age Group					
16 to 19 years	8,796	49.0%	19.1%	51.1%	18.7%
20 to 24 years	18,902	78.8%	11.4%	81.8%	10.2%
25 to 44 years	59,854	83.7%	8.0%	88.1%	5.8%
45 to 54 years	38,617	82.8%	6.4%	87.3%	5.0%
55 to 64 years	30,473	60.6%	4.5%	71.8%	4.9%
65 to 74 years	5,825	18.6%	4.3%	26.6%	4.1%
75 years and over	1,068	3.9%	5.0%	5.9%	3.5%
Employment Characteristics by Race and Hispanic Origin					
White alone	154,115	61.0%	7.3%	70.2%	5.6%
Black or African American	1,375	48.4%	23.2%	68.0%	16.4%
American Indian and Alaska Native	3,747	59.4%	15.2%	59.4%	17.4%
Asian or Other Pacific Islanders	1,374	65.8%	4.9%	70.6%	7.2%
Some Other Race	403	65.6%	13.9%	76.2%	11.0%
Two or More Races	2,515	55.7%	20.4%	69.5%	13.2%
Hispanic or Latino	1,744	61.9%	5.7%	75.0%	10.1%
Employment Characteristics by Disability					
With Any Disability	9,612	42.2%	16.8%	51.0%	14.0%

Source: 2010-2014 American Community Survey, 5-Year Estimates

state rate would result in 5,200 more workers. Engaging these potential workers becomes increasingly critical as the region's labor market tightens and businesses seek to expand or replace retiring workers.

94 Percent White

While 94 percent of the labor force in Northeast Minnesota is white, there is a growing minority population in the region that is facing considerable employment disparities. Less than half of the region's black residents of working age are in the labor force, and their unemployment rate is three times higher than that of whites.

American Indians are the largest minority group in Northeast Minnesota's labor force, and while their labor force participation rate is similar to that of whites, their unemployment rate is over twice as high at 15.2 percent, providing more evidence of racial economic disparities in the region (see Table 2).

Lowering unemployment rates for minorities in line with the unemployment rates of whites would result in an increase of nearly 850 more jobs filled in the region. As the region's labor force decreases and the labor market tightens, a major priority for the area ought to be eliminating current racial economic disparities.

TABLE 3

Northeast Minnesota Labor Force Projections, 2015-2025

	2015 Labor Force	2025 Labor Force Projection	2015-2025 Change	
			Numeric	Percent
16 to 19 years	10,266	9,779	-487	-4.7%
20 to 24 years	17,548	18,960	+1,412	+8.0%
25 to 44 years	58,241	57,932	-310	-0.5%
45 to 54 years	35,967	28,387	-7,579	-21.1%
55 to 64 years	31,568	25,646	-5,922	-18.8%
65 to 74 years	6,856	9,417	+2,561	+37.4%
75 years and over	1,237	1,796	+559	+45.2%
Total Labor Force	**161,683**	**151,917**	**-9,765**	**-6.0%**

Source: Minnesota State Demographic Center

Overwhelmed

Assuming there are no changes to current labor force participation rates by age group, population projections from the State Demographic Center show that the Northeast labor force could decrease by nearly 10,000 people by 2025. Increases in younger and older workers get overwhelmed by further declines in the middle-age groups (see Table 3).

The 45- to 64-year-old cohort is expected to lose 13,500 workers in the next 10 years, draining a lot of expertise, knowledge and skills from the regional economy.

The labor force decrease means the current tight labor market will continue, and employers should expect increased competition for available workers. This might lead to increased wages, additional benefits and improvements in workplace culture.

These shifts were already under way over the past decade, with the number of jobs held by workers 55 and over rising by more than 14,000 from 2005 to 2015. Interestingly, there was also a substantial increase in the number of job holders from 25 to 34 years of age, suggesting that industries in the region have already begun replacing their aging workforces by seeking out and hiring younger people (see Table 4).

Replacing these workers and preparing the next generation of workers for economic success will be a major priority for Northeast Minnesota. The issue will affect individual industries differently, depending on their current concentration of older workers. Nearly one-quarter of all jobs in Northeast Minnesota are held by those 55 years and over (see Table 5).

Educational services has the highest concentration, with over one-third of all jobs held by workers at or within 10 years of the traditional retirement age. Meanwhile, health care and social assistance has the most employees who are 55 and older, with 8,315 workers. These industries will face the biggest challenges in replacing their workforces in the next decade.

They won't be alone, however, as the entire region's economy deals with the shrinking labor force and replacing older workers. With challenges come opportunity, and the Arrowhead should be home to plenty. Eliminating racial economic disparities and engaging those not currently in the labor force are paths that can be taken immediately to ensure future economic success in Northeast Minnesota.

TABLE 4

Northeast Minnesota Change in Jobs Held by Age Cohort, Second Quarter 2005 – Second Quarter 2015

Under 25 years	25-34 years	35-44 years	45-54 years	55-64 years	Over 65 years
-698	+5,844	-276	-4,467	+10,977	+3,170
-3.3%	+23.3%	-0.9%	-12.1%	+60.8%	+88.4%

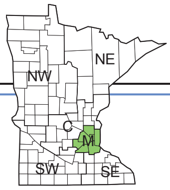
Source: DEED Quarterly Workforce Indicators (QWI) program

TABLE 5

Northeast Minnesota Workforce by Industry, Second Quarter 2015

	Total Workers	Jobs Held by Workers 55 Years and Over	
	Number	Number	Percent
Total, All Industries	**149,270**	**35,779**	**24.0%**
Health Care and Social Assistance	34,609	8,315	24.0%
Retail Trade	16,560	3,832	23.1%
Educational Services	14,144	4,770	33.8%
Accommodation and Food Services	13,717	1,602	11.7%
Public Administration	9,638	2,746	28.5%
Manufacturing	9,148	2,315	25.3%
Transportation and Warehousing	7,615	1,821	23.9%
Construction	6,935	1,253	18.1%
Mining	5,228	1,417	27.1%
Professional and Technical Services	5,268	1,214	23.0%
Other Services	4,444	1,186	26.7%
Finance and Insurance	5,093	1,319	25.9%
Admin. Support and Waste Mgmt.	4,172	917	22.0%
Arts, Entertainment and Recreation	3,640	879	24.1%
Wholesale Trade	3,193	812	25.4%
Utilities	2,049	512	25.0%
Information	1,390	344	24.7%
Real Estate, Rental and Leasing	1,108	343	31.0%
Management of Companies	840	144	17.1%
Agriculture	516	121	23.4%

Source: DEED Quarterly Workforce Indicators (QWI) program



Tim O'Neill

Addressing a Tighter Labor Market

The booming Twin Cities economy means the region must find a way to bring more minorities and people with disabilities into the workforce.

The seven-county Twin Cities metro surpassed 3 million people for the first time last year, according to U.S. Census Bureau figures. The region witnessed an increase of nearly 26,300 people between July 1, 2014, and July 1, 2015, accounting for over 80 percent of the state's population growth in the past year. Fifty-five percent of the state's population now lives in the Twin Cities.

Hennepin County, with an increase of over 11,000 people, and Ramsey County, with an increase of 4,500 people, added more people than any other Minnesota county in 2015. Dakota, Anoka and Washington counties each added about 2,500 people, rounding out the state's top five counties in terms of population growth in 2015.

Scott and Carver counties ranked ninth and 11th, respectively, for number of people added last year. Scott and Carver also were the state's second- and third-fastest-growing counties, respectively.

With population growing in the Twin Cities metro, it follows that the region's labor force would grow, too. Ignoring a small setback during the Great Recession between 2008 and 2010, the Twin Cities labor force has expanded steadily since the turn of the century, increasing by more than 93,650 people. In the last five years, the growth has only accelerated.

Between 2000 and 2010, the region's labor force grew by 30,000 workers, an increase of 1.9 percent. However, over the second half of that period, which included the recession, the labor force grew by just 8,339 people or 0.5 percent.

More recently, between 2010 and 2015, the labor force exploded by 63,565 workers, up 4 percent (see Figure 1).

FIGURE 1

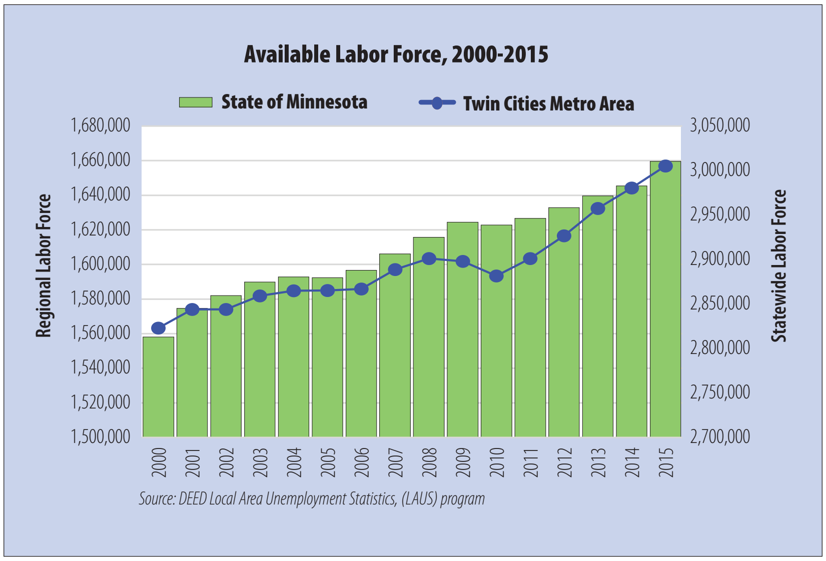


TABLE 1

Twin Cities Metro Employment Characteristics, 2014

	Twin Cities Metro			Minnesota	
	In Labor Force	Labor Force Participation Rate	Unemployment Rate	Labor Force Participation Rate	Unemployment Rate
Total Labor Force	**1,659,285**	**72.3%**	**6.8%**	**70.1%**	**6.5%**
Employment Characteristics by Age Group					
16 to 19 years	72,733	47.4%	21.3%	51.1%	18.7%
20 to 24 years	155,177	82.1%	11.1%	81.8%	10.2%
25 to 44 years	732,608	88.5%	5.7%	88.1%	5.8%
45 to 54 years	379,354	87.3%	5.4%	87.3%	5.0%
55 to 64 years	257,416	72.8%	5.6%	71.8%	4.9%
65 to 74 years	52,556	28.2%	4.2%	26.6%	4.1%
75 years and over	8,720	5.8%	3.5%	5.9%	3.5%
Employment Characteristics by Race and Hispanic Origin					
White Alone	1,364,166	72.7%	5.5%	70.2%	5.6%
Black or African American	120,969	69.5%	16.2%	68.0%	16.4%
American Indian	8,052	60.9%	15.7%	59.4%	17.4%
Asian or Other Pacific Islanders	146,467	70.4%	7.5%	70.6%	7.2%
Some Other Race	29,734	77.5%	10.7%	76.2%	11.0%
Two or More Races	32,344	71.6%	13.5%	69.5%	13.2%
Hispanic or Latino	86,816	77.0%	9.2%	75.0%	10.1%
Employment Characteristics by Disability					
With Any Disability	70,444	50.8%	15.6%	51.0%	14.0%

Source: 2010-2014 American Community Survey, 5-Year Estimates

Many of these new labor force entrants have quickly found jobs, while unemployment has plummeted. In fact, the Twin Cities' annual unemployment rate in 2015 was the lowest the region has seen since 2000. At 3.3 percent, the current unemployment rate represents about 55,400 people looking for work. Though this sounds like a lot of extra workers, it is less than half of the nearly 120,000 unemployed people in the region during the height of the recession in 2009. This has led to a very tight labor market for Twin Cities employers, who also absorb tens of thousands of workers who commute from surrounding regions like Central and Southeast.

Prime Time

While DEED's Local Area Unemployment Statistics (LAUS) data are the source for these monthly and annual labor force updates, the recently released 2010 to 2014 American Community Survey (ACS) five-year estimates offer unique insight into labor force demographics that are not available in LAUS. Breaking the data down by demographic characteristics reveals a much more complex picture of employment and unemployment in the region.

The Twin Cities has the highest labor force participation rate of the six regions in the state at 72.3 percent, which is also higher than the state's 70.1 percent rate. This includes higher participation rates in all but the youngest and oldest age groups. While 16 to 19 year olds have much lower labor force participation rates coupled with much higher unemployment rates, these figures improve significantly for those between the ages of 20 and 24, and again for those between the ages of 25 and 44. At the other end of the spectrum, participation rates plummet for people ages 65 years and older, even as unemployment among this group is very low (see Table 1).

Just over 1.1 million workers in the Twin Cities are between the ages of 25 and 54, accounting for 67 percent of the total regional workforce. This group is often considered to be in its “prime working years” since more than 88 percent participate in the labor force.

Although younger on average than workers elsewhere in the state, the Twin Cities labor force is aging. The number of workers ages 55 to 64 expanded by 23.9 percent over the past five years. Those 65 to 74 jumped by 27.5 percent, while those 75 and over grew by 7 percent. No other age cohort expanded by more than 2 percent during that period.

Greater Diversity

Though still skewed by the recession, the ACS data also provide insights on employment by race and ethnicity. The Twin Cities is the most racially diverse region in the state, home to over three-fourths of the state’s minority workers, including over 85 percent of black and Asian workers.

Making up 82.2 percent of the region’s labor force, the white alone population had the lowest unemployment rate by race. Unemployment rates were nearly three times higher for blacks and American Indians, and over twice as high for those reporting “some other race” or “two or more races.”

Hispanics and Asians also had higher unemployment rates than whites, at 9.2 percent and 7.5 percent, respectively. Minority workers in the Twin Cities had high labor force participation rates, indicating a willingness to work despite barriers to finding a job (see Table 1).

Workers with disabilities were another group facing obstacles in the metro job market, with an unemployment rate above 15 percent and a labor force participation rate around 50 percent.

Addressing these unemployment disparities has become a necessity in the Twin Cities, especially as minority populations have witnessed the fastest population growth in recent years, a trend that is expected to continue. Bringing the unemployment rate for minority workers in line with the white rate would fill over 23,000 jobs in the region, while cutting the unemployment rate for workers with disabilities in half would contribute over 5,500 jobs.

Looking Forward

Applying current labor force participation rates to the Minnesota State Demographic Center’s population projections for the Twin Cities creates labor force projections for the next decade. While this method does not account for future labor force fluctuations or changing commuting patterns, it does provide an approximate idea of what to expect with the region’s future labor force.

With the drastic shift toward an older population, Twin Cities labor force growth is projected to slow over the next decade. As

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Figure 1 shows, the region's labor force expanded by nearly 72,000 workers between 2005 and 2015, or an average of 0.5 percent growth per year. Over the next decade, the region's labor force is anticipated to expand by roughly 20,000 people. This equates to an average growth rate of just 0.1 percent per year (see Table 2).

Despite the recent milestone of surpassing 3 million people for the first time, the Twin Cities will still feel the effects of an aging population and slower anticipated labor force growth.

Zooming in, numerous industry sectors may begin to feel these changes more quickly and severely than others. Transportation and warehousing, for instance, has a workforce where nearly three in 10 workers are 55 years of age or older.

Manufacturing, educational services, public administration and agriculture have older workforces as well, with more than a quarter of workers age 55 and over (see Table 3).

With low unemployment, slowing labor force growth and an aging workforce, employers across the Twin Cities – particularly within these industries – will need to be creative in retaining current workers and recruiting new ones. Removing barriers to employment for workers of other races and/or with disabilities will become more important than ever.

TABLE 2

Twin Cities Metro Labor Force Projections, 2015-2025

	2015 Labor Force	2025 Labor Force Projection	2015-2025 Change	
			Numeric	Percent
16 to 19 years	77,806	76,427	-1,379	-1.8%
20 to 24 years	152,537	159,874	+7,337	+4.8%
25 to 44 years	689,008	670,693	-18,315	-2.7%
45 to 54 years	371,909	330,943	-40,966	-11.0%
55 to 64 years	277,603	303,780	+26,176	+9.4%
65 to 74 years	63,304	104,666	+41,362	+65.3%
75 years and over	9,500	15,670	+6,169	+64.9%
Total Labor Force	**1,641,667**	**1,662,053**	**+20,386**	**+1.2%**

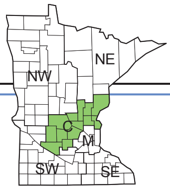
Source: Minnesota State Demographic Center

TABLE 3

Twin Cities Metro Workforce by Industry, Second Quarter 2015

	Total Workers	Jobs Held by Workers 55 Years and Over	
	Number	Number	Percent
Total, All Industries	**1,696,389**	**362,605**	**21.4%**
Health Care and Social Assistance	250,805	53,521	21.3%
Manufacturing	169,375	42,922	25.3%
Educational Services	150,718	40,983	27.2%
Retail Trade	153,156	29,956	19.6%
Professional and Technical Services	120,970	23,592	19.5%
Finance and Insurance	106,715	21,352	20.0%
Wholesale Trade	91,053	21,188	23.3%
Admin. Support and Waste Mgmt.	98,544	19,441	19.7%
Public Administration	66,267	17,608	26.6%
Management of Companies	82,557	16,827	20.4%
Accommodation and Food Services	130,673	15,802	12.1%
Transportation and Warehousing	42,289	12,372	29.3%
Construction	67,809	12,134	17.9%
Other Services	57,133	12,011	21.0%
Real Estate, Rental and Leasing	32,813	7,863	24.0%
Information	40,233	7,762	19.3%
Arts, Entertainment and Recreation	27,282	5,060	18.5%
Agriculture	2,824	781	27.7%

Source: DEED Quarterly Workforce Indicators (QWI) program



Luke Greiner and Cameron Macht

Labor Force Growth Slowing in Central Minnesota

Employers will need to get used to a tighter labor market in the coming years.

Starting in 1990, Central Minnesota posted strong labor force gains every year until 2010, when that 20-year growth streak abruptly ended. Between 1990 and 1999, the 13-county region's labor force grew by over 57,500 workers, or 23 percent. From 2000 to 2009, just over 46,000 additional workers increased the labor force by 14 percent. Central Minnesota's workforce grew more than twice as fast as the state's during those two decades.

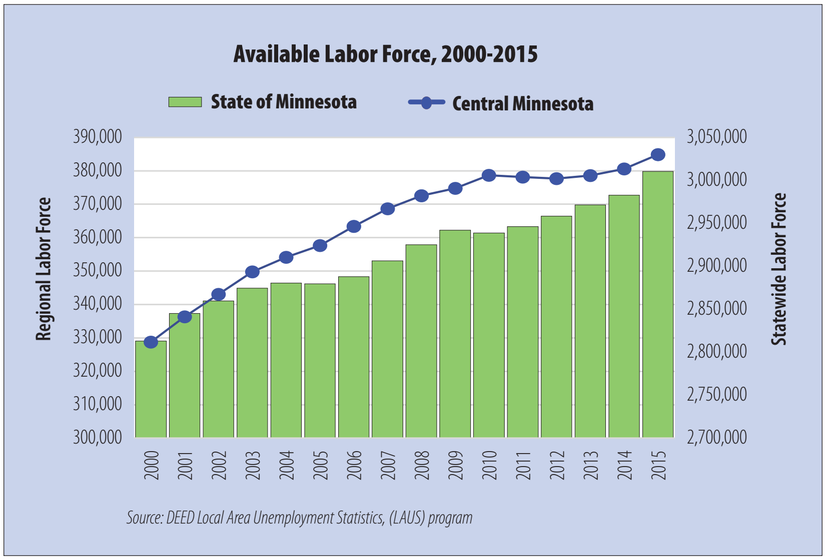
Then a post-recession lull in the region stalled population and job growth. Two years of labor force declines were followed by two years of slow growth, before a return to more rapid expansion. In 2015, the region's labor force added 4,250 people, reaching a new peak of just under 385,000 workers.

After averaging annual labor force gains of over 5,750 during the 1990s and more than 4,600 in the 2000s, the region has slowed to 1,000 new workers per year since 2010. Moving forward, employers will need to get used to a tighter labor market (see Figure 1).

The recent job growth and economic recovery was especially important in the region, where many counties struggled with high foreclosure rates and residents leaving to find jobs elsewhere. Pine, Chisago, Mille Lacs and Isanti had fewer workers in 2015 than in 2010, while McLeod, Kanabec and Renville have experienced only modest labor force growth since 2010.

Every county in the region saw an increase in the number of employed workers in the past year, while the number of unemployed job seekers declined. Peaking at more than 33,600 in 2009, unemployed workers in the region fell to 15,715 last year, the smallest number of unemployed workers since 2001. Consequently, the region's unemployment rate dropped to 4.1 percent in 2015, also the lowest on record since 2001.

FIGURE 1



Youth Movement

With 70.9 percent of the population ages 16 and over in the labor force, Central Minnesota has a slightly higher participation rate than the state. Higher than average participation rates among younger workers helped offset the lower rates found in the 55- to 74-year-old cohort (see Table 1).

Unemployment rates for younger workers in the region are lower than statewide. Teens are most likely to work in lower skill industries like retail and food service, providing a supply of workers just when employers need them during peak summer months. Likewise, entry-level workers from ages 20 to 24 may benefit from a tight labor market where they can build up their skills.

About 65 percent of the workforce in the region is between the ages of 25 and 54, typically considered the prime working years both in terms of earnings and labor force participation rates. The participation rate as well as the unemployment rate of this group was higher than statewide.

While Central Minnesota's middle-aged workforce shrank over the past decade, the region saw a rise in the number of workers 55 and over. Though labor force participation rates are only 25.4 percent for people 65 to 74 and 6 percent for those over 75, the good news is those rates have been climbing.

Race to the Top

Central Minnesota's population and workforce are rapidly becoming more diverse. Although 94 percent of the region's residents were white in 2014, the number of blacks has

TABLE 1

Central Minnesota Employment Characteristics, 2014

	Central Minnesota			Minnesota	
	In Labor Force	Labor Force Participation Rate	Unemployment Rate	Labor Force Participation Rate	Unemployment Rate
Total Labor Force	**377,553**	**70.9%**	**6.5%**	**70.1%**	**6.5%**
Employment Characteristics by Age Group					
16 to 19 years	21,733	56.4%	15.8%	51.1%	18.7%
20 to 24 years	38,112	83.6%	9.6%	81.8%	10.2%
25 to 44 years	155,233	88.2%	6.1%	88.1%	5.8%
45 to 54 years	89,674	88.2%	5.1%	87.3%	5.0%
55 to 64 years	57,741	71.4%	4.8%	71.8%	4.9%
65 to 74 years	12,492	25.4%	4.5%	26.6%	4.1%
75 years and over	2,486	6.1%	2.6%	5.9%	3.5%
Employment Characteristics by Race and Hispanic Origin					
White alone	359,473	71.2%	6.2%	70.2%	5.6%
Black or African American	5,104	57.9%	17.8%	68.0%	16.4%
American Indian	1,946	52.7%	17.5%	59.4%	17.4%
Asian or Other Pacific Islanders	4,368	73.4%	9.5%	70.6%	7.2%
Some Other Race	2,745	70.4%	12.8%	76.2%	11.0%
Two or More Races	3,831	72.4%	9.6%	69.5%	13.2%
Hispanic or Latino	9,605	70.6%	12.4%	75.0%	10.1%
Employment Characteristics by Disability					
With Any Disability	17,942	52.1%	11.8%	51.0%	14.0%

Source: 2010-2014 American Community Survey, 5-Year Estimates

increased by 300 percent since 2000. The number of people of two or more races has jumped 127 percent and the number of Hispanics has surged 96 percent.

At nearly 10,000, Hispanics are the largest minority group in the labor force, accounting for 2.5 percent of the total. While their participation rates are in line with whites, the unemployment rate for Hispanics is twice as high – highlighting the significant disparities that minority workers in the region face. Blacks and American Indians have unemployment rates that are nearly three times higher than the rates for whites and much lower participation rates.

Raising participation rates for these minority groups in line with whites would increase the region's labor force by nearly 2,000, while lowering unemployment rates for all other race groups in line with the white rate could help fill almost 2,000 more jobs with existing workers.

Likewise, people with disabilities face high unemployment rates along with low participation rates, representing a large, untapped pool of opportunity for employers in the region. Cutting the unemployment rate for workers with disabilities in half would fill another 1,050 jobs.

TABLE 2

Central Minnesota Labor Force Projections, 2015-2025

	2015 Labor Force	2025 Labor Force Projection	2015-2025 Change	
			Numeric	Percent
16 to 19 years	26,492	26,085	-407	-1.5%
20 to 24 years	40,416	46,877	+6,461	+16.0%
25 to 44 years	159,238	163,685	+4,447	+2.8%
45 to 54 years	93,194	80,121	-13,072	-14.0%
55 to 64 years	65,039	74,719	+9,680	+14.9%
65 to 74 years	14,879	22,840	+7,961	+53.5%
75 years and over	2,915	4,479	+1,564	+53.6%
Total Labor Force	**402,174**	**418,807**	**+16,633**	**+4.1%**

Source: Minnesota State Demographic Center

On the Road to Retirement

Labor force projections for the region over the next decade, based on current participation rates and population change, show a slight increase (see Table 2). The projected annual average labor force growth of 1,660 pales in comparison with past decades, but it is still the fastest growth of any region statewide.

The large number of baby boomers will contribute to an

TABLE 3

Central Minnesota Workforce by Industry, Second Quarter 2015

	Total Workers	Jobs Held by Workers 55 Years and Over	
	Number	Number	Percent
Total, All Industries	**273,458**	**60,637**	**22.2%**
Health Care and Social Assistance	48,293	10,587	21.9%
Manufacturing	42,437	9,541	22.5%
Retail Trade	35,770	7,930	22.2%
Educational Services	27,554	7,726	28.0%
Accommodation and Food Services	24,164	2,835	11.7%
Construction	15,523	2,572	16.6%
Public Administration	12,751	3,238	25.4%
Wholesale Trade	10,845	2,687	24.8%
Admin. Support and Waste Mgmt.	9,599	1,909	19.9%
Other Services	8,463	1,884	22.3%
Transportation and Warehousing	8,453	3,008	35.6%
Finance and Insurance	7,008	1,605	22.9%
Professional and Technical Services	6,865	1,364	19.9%
Agriculture	4,522	1,027	22.7%
Information	3,765	946	25.1%
Arts, Entertainment and Recreation	2,431	431	17.7%
Real Estate, Rental and Leasing	1,932	582	30.1%
Management of Companies	1,726	408	23.6%
Utilities	1,076	302	28.1%
Mining	282	57	20.2%

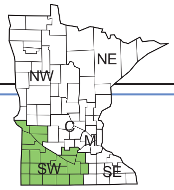
Source: DEED Quarterly Workforce Indicators (QWI) program

aging workforce, with large gains in the number of workers 55 and over against huge declines in the number of workers ages 45 to 54. The region will see increases in the number of 20 to 44 year olds and a slight decline in the number of teenagers. Some forward-thinking companies in the region are embracing flexibility and creative retention policies, such as job sharing, to help keep employees working longer.

Certain industries will be more affected by the aging workforce than others. Across all industries, the number of jobs held by workers 55 and over increased 69 percent in the region over the past decade, from about 36,000 in 2005 to just over 60,600 workers in 2015. The corresponding decline of employment among workers under 25 was just as remarkable, with the youngest cohort dropping from one-in-five jobs in 2005 to just one-in-10 jobs by 2015.

Instead, workers 55 and over now hold more than one-in-five jobs in the region. Only the Twin Cities has a lower share of jobs held by this older cohort. Health care and manufacturing, the two largest industries in the region, employ one-third of the older workers in the region and will face the biggest recruitment and retention challenges (see Table 3).

The industries with the highest concentrations of workers 55 and over include transportation and warehousing, real estate, educational services, and utilities. Not surprisingly, accommodation and food services had the lowest share of older workers, but even that industry was aging, nearly doubling the share of 55 and older workers from 7 percent to 12 percent in the last 10 years. Every industry will need to react to a rapidly changing workforce. T



Cameron Macht

Labor Force Surging in Southwest

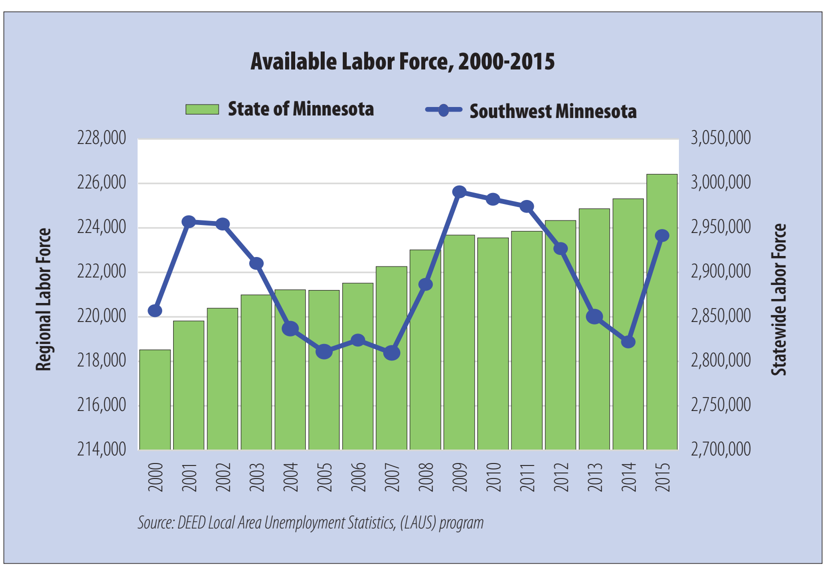
The 23-county region gained 4,800 workers in 2015, but the labor market remains tight.

Southwest Minnesota has experienced some substantial fluctuations in the size of the labor force over the last 15 years in response to changing economic conditions. During the recessions in both 2001 and 2007, workers – specifically mothers with children at home and minority workers – flooded into the region's labor market. But as the economy improved, the labor force shrank.

The region saw a steady decline of about 6,700 workers between 2009 and 2014, dropping the workforce back to pre-recession levels. Then Southwest's labor force saw an unexpected jump of 2.2 percent with the addition of almost 4,800 workers from 2014 to 2015.

The 23-county region is now home to almost 223,700 workers, about 2,000 below the peak recorded in 2009 and 3,400 above the regional labor force in 2000. This surge is even more notable because it occurred during a strong economy rather than in response to a recession (see Figure 1).

FIGURE 1



While the number of total workers and employed workers saw a big jump in the past year, the number of unemployed workers in Southwest Minnesota dropped to the lowest level reported since 2006, prior to the recession. The region is now home to just over 8,300 unemployed workers, yielding an unemployment rate of 3.7 percent in 2015. This has created a very tight labor market for employers who are seeking to fill jobs.

Hard-Work Ethic

With 68.5 percent of the population ages 16 and over in the labor force, Southwest Minnesota has slightly lower labor force participation rates than the state's 70.1 percent rate. Known for a strong work ethic, the region actually has higher labor force participation rates than the state in all but one age group, but the overall rate is lower because a higher percentage of Southwest Minnesota's labor force is in the older age groups (see Table 1).

Teenagers in the region are much more likely to be in the workforce compared with statewide, but they face challenges in finding work and are less likely than all other age groups to find a job. While the teenage unemployment rate has come down from much higher levels since the recession, labor force participation rates are also coming down as teenagers continue to fill their time with other activities. Entry-level workers from 20 to 24 years of age also have a notably higher unemployment rate than all older age groups, but the rate is half that of teenagers.

About 60 percent of the workforce in the region is between 25 and 54 years old, typically considered the "prime working years" both in terms of earnings and labor force participation. The region's concentration is about 5 percent lower than the state and suffered a decline over the past decade. Still, nearly 90 percent of the residents in these age groups actively participate in the labor force.

While the middle-aged workforce is shrinking, the region is seeing an increase in the number of workers ages 55 and over. Though labor force participation rates drop off quickly for workers as they reach the traditional retirement age of 65, they have been increasing over time. Even with the

TABLE 1

Southwest Minnesota Employment Characteristics, 2014

	Southwest Minnesota			Minnesota	
	In Labor Force	Labor Force Participation Rate	Unemployment Rate	Labor Force Participation Rate	Unemployment Rate
Total Labor Force	**215,393**	**68.5%**	**4.9%**	**70.1%**	**6.5%**
Employment Characteristics by Age Group					
16 to 19 years	12,765	56.2%	14.1%	51.1%	18.7%
20 to 24 years	23,716	81.2%	7.1%	81.8%	10.2%
25 to 44 years	80,057	89.2%	4.9%	88.1%	5.8%
45 to 54 years	47,075	88.3%	3.2%	87.3%	5.0%
55 to 64 years	39,814	77.1%	3.1%	71.8%	4.9%
65 to 74 years	9,755	30.0%	3.8%	26.6%	4.1%
75 years and over	2,216	6.3%	4.3%	5.9%	3.5%
Employment Characteristics by Race and Hispanic Origin					
White Alone	204,665	68.6%	4.6%	70.2%	5.6%
Black or African American	2,570	61.4%	17.9%	68.0%	16.4%
American Indian	951	53.9%	7.1%	59.4%	17.4%
Asian or Other Pacific Islanders	3,258	70.5%	4.6%	70.6%	7.2%
Some Other Race	2,347	75.1%	13.2%	76.2%	11.0%
Two or More Races	1,595	63.7%	8.8%	69.5%	13.2%
Hispanic or Latino	10,092	72.7%	12.7%	75.0%	10.1%
Employment Characteristics by Disability					
With Any Disability	10,697	58.1%	10.5%	51.0%	14.0%

Source: 2010-2014 American Community Survey, 5-Year Estimates

increases, though, just 30 percent of people in the region from 65 to 74 years of age are in the labor force, and only about 6 percent of residents over 75 years are still working, though that was slightly higher than the rest of the state.

Diverse Cities

In contrast, the region has lower participation rates than the state for every racial group, with significant gaps for blacks, American Indians and people of two or more races.

Southwest Minnesota is seeing rapid population growth in other racial groups over time, particularly in the largest cities like Mankato, Marshall and Worthington. Smaller, more rural counties are also seeing increases in racial diversity, but many still have at least 95 percent of the population reporting white alone as their race. Workers of other races provide an opportunity for population and labor force growth in the future.

Like the state, the region also has large unemployment rate disparities for minority groups, with the exception of Asians. The unemployment rate for black workers in the region is more than three times the rate for white workers, and rates are over twice as high for workers of "some other race" and for Hispanic workers.

TABLE 2

Southwest Minnesota Labor Force Projections, 2015-2025

	2015 Labor Force	2025 Labor Force Projection	2015-2025 Change	
			Numeric	Percent
16 to 19 years	14,643	14,214	-429	-2.9%
20 to 24 years	23,978	26,332	+2,355	+9.8%
25 to 44 years	78,168	81,581	+3,413	+4.4%
45 to 54 years	44,956	36,918	-8,038	-17.9%
55 to 64 years	42,243	38,605	-3,638	-8.6%
65 to 74 years	11,130	16,078	+4,948	+44.5%
75 years and over	2,425	3,064	+639	+26.3%
Total Labor Force	**217,542**	**216,791**	**-751**	**-0.3%**

Source: Minnesota State Demographic Center

Raising participation rates for blacks, American Indians and people of two or more races in line with whites would add nearly 700 workers to the regional economy. Moreover, lowering unemployment rates for all other race groups in line with the white rate could help fill another 1,445 jobs.

Applying current labor force participation rates to future population projections from the Minnesota State Demographic Center creates labor force projections for the region over the next decade. These show a small drop in workforce numbers (see Table 2).

Late Bloomers

In addition to the overall decline, the labor force will also continue to age over time, with large gains in the number of workers ages 65 and over against huge declines in the number of workers ages 45 to 64 years.

The region, however, is still expected to see gains in the number of entry-level workers and 25 to 44 year olds. Continuing the recent trend, the 25- to 54-year-old age group is expected to make up just 55 percent of the total workforce by 2025. Employers will need to respond to changing labor force availability in the region with new methods of retaining and recruiting workers.

Certain industries will be more affected by the shift to older workers than others. Across all industries, the number of jobs held by workers ages 55 and over jumped by almost 50 percent in the region over the past decade, from 30,517 workers in 2005 to 44,778 workers in 2015.

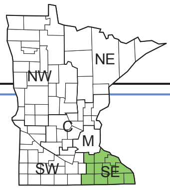
Across the region, workers over 55 now hold about one-quarter of total jobs, up from 18 percent a decade ago. The industries with the highest shares of older workers include transportation and warehousing, real estate, rental and leasing, educational services, and finance and insurance. Meanwhile, the health care and social assistance, manufacturing, and educational services industries will have the most replacement needs in the next decade (see Table 3).

TABLE 3

Southwest Minnesota Workforce by Industry, Second Quarter 2015

	Total Workers	Jobs Held by Workers 55 Years and Over	
	Number	Number	Percent
Total, All Industries	**177,026**	**44,778**	**25.3%**
Health Care and Social Assistance	29,336	7,499	25.6%
Manufacturing	31,487	7,457	23.7%
Educational Services	18,837	6,128	32.5%
Retail Trade	20,165	4,805	23.8%
Public Administration	9,140	2,664	29.1%
Wholesale Trade	8,475	2,439	28.8%
Transportation and Warehousing	5,209	2,158	41.4%
Finance and Insurance	6,285	1,898	30.2%
Construction	7,834	1,576	20.1%
Accommodation and Food Services	12,686	1,493	11.8%
Other Services	5,295	1,408	26.6%
Professional and Technical Services	4,393	1,090	24.8%
Agriculture	5,238	1,019	19.5%
Admin. Support and Waste Mgmt.	3,805	835	21.9%
Information	2,898	720	24.8%
Real Estate, Rental and Leasing	1,242	447	36.0%
Management of Companies	1,804	427	23.7%
Arts, Entertainment and Recreation	1,679	400	23.8%
Utilities	833	224	26.9%
Mining	373	80	21.4%

Source: DEED Quarterly Workforce Indicators (QWI) program



Mark Schultz and Cameron Macht

Growing and Changing

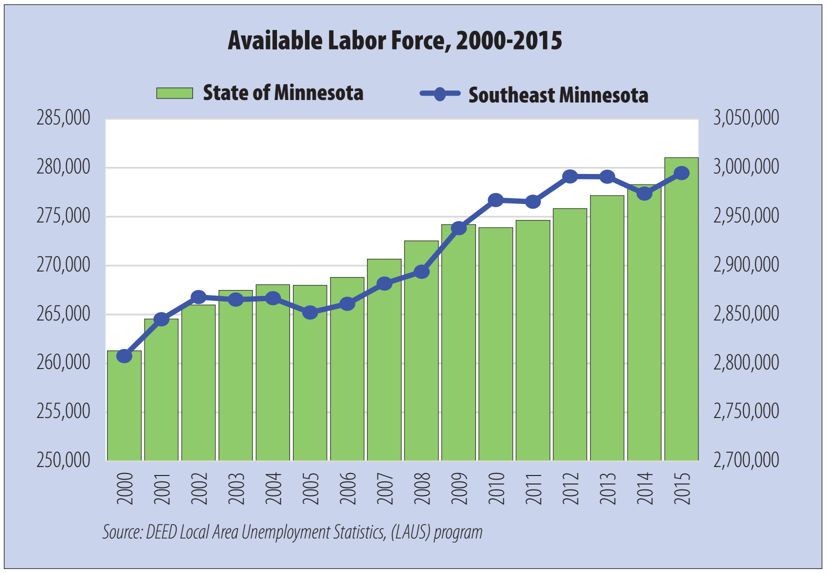
The Southeast labor force reached a record high last year, but many employers soon will be challenged to fill openings. Tapping a more diverse group of workers will be part of the solution.

After gaining over 2,000 new workers over the year, Southeast Minnesota's labor force reached a record 279,500 in 2015. Labor force growth in the region mirrored growth statewide over the last 15 years, with both expanding about 7 percent.

While the state added workers in all but two of those 15 years, Southeast had more volatility in response to changing economic conditions. The region gained over 6,000 workers during the 2001 recession, followed by a small decline through 2006. The area then added over 7,200 workers during the Great Recession. During the recovery, the labor force swelled again before leveling off at just over 279,000 workers in three of the last four years (see Figure 1).

The number of employed workers saw a surge of more than 3,300 people in the past year. Meanwhile, the number of unemployed workers in the region dropped by 1,220 people during that period. Falling below 9,500 unemployed people, the region now has the lowest number of active job seekers since 2001. At 3.4 percent in 2015, the region's unemployment rate is also the lowest reported since 2001 and the second lowest of the six regions in the state.

FIGURE 1



Staying In

Southeast Minnesota's labor force participation rate also closely mirrors the state rate at 69.7 percent of the population ages 16 years and over in the labor force, compared with 70.1 percent statewide (see Table 1).

The details provide additional insight, with the region actually posting higher labor force participation rates than the state in all but one age group, the 25- to 44-year-old cohort. This age group, however, is the largest segment of the labor force at

38.5 percent, pulling the overall rate just below that of the state.

Combined with 45 to 54 year olds, these two age groups – considered the "prime working years" in regard to earnings and labor force participation rates – accounted for 62 percent of the workforce in the region. The region's concentration was about 3 percent lower than statewide, and shrank over the past decade as baby boomers aged.

While the middle-aged workforce experienced a decline, the state and Southeast region saw an increase in the number of workers 55 and over. Trailing only Southwest Minnesota, Southeast has the second-highest participation rate for older workers, standing well above the overall state rate.

Although labor force participation rates drop off sharply for workers as they reach the traditional retirement age of 65, they have increased over time. Even so, just under 28 percent of the region's residents ages 65 to 74 were in the labor force, while about 7 percent of those ages 75 and over were, closely matching the state rates for these groups.

The youngest workers were much more likely to be in the workforce in Southeast Minnesota than statewide, but they faced challenges finding

TABLE 1

Southeast Minnesota Employment Characteristics, 2014

		Southeast Minnesota		Minnesota	
	In Labor Force	Labor Force Participation Rate	Unemployment Rate	Labor Force Participation Rate	Unemployment Rate
Total Labor Force	**274,538**	**69.7%**	**5.7%**	**70.1%**	**6.5%**
Employment Characteristics by Age Group					
16 to 19 years	15,985	56.4%	19.1%	51.1%	18.7%
20 to 24 years	28,059	82.2%	8.2%	81.8%	10.2%
25 to 44 years	105,677	87.7%	5.4%	88.1%	5.8%
45 to 54 years	63,813	89.5%	3.9%	87.3%	5.0%
55 to 64 years	47,697	75.5%	3.2%	71.8%	4.9%
65 to 74 years	10,767	27.6%	3.9%	26.6%	4.1%
75 years and over	2,566	6.9%	2.5%	5.9%	3.5%
Employment Characteristics by Race and Hispanic Origin					
White alone	255,856	69.9%	5.3%	70.2%	5.6%
Black or African American	5,519	59.9%	17.8%	68.0%	16.4%
American Indian	551	45.1%	9.2%	59.4%	17.4%
Asian or Other Pac. Islanders	7,117	71.8%	4.0%	70.6%	7.2%
Some Other Race	2,829	77.4%	9.3%	76.2%	11.0%
Two or More Races	2,704	69.2%	11.5%	69.5%	13.2%
Hispanic or Latino	11,586	72.1%	11.6%	75.0%	10.1%
Employment Characteristics by Disability					
With Any Disability	11,874	55.7%	11.7%	51.0%	14.0%

Source: 2010-2014 American Community Survey, 5-Year Estimates

work, with a staggering 19.1 percent unemployment rate.

People ages 20 to 24, many of whom are available for full-time permanent jobs, also had a higher unemployment rate than all older groups. These are the cohorts that are replacing retiring baby boomers and therefore represent a key resource for the region.

TABLE 2

Southeast Minnesota Labor Force Projections, 2015-2025

	2015 Labor Force	2025 Labor Force Projection	2015-2025 Change	
			Numeric	Percent
16 to 19 years	17,296	17,179	-37	-0.2%
20 to 24 years	27,980	29,339	+1,359	+4.9%
25 to 44 years	106,195	110,303	+4,108	+3.9%
45 to 54 years	62,039	51,981	-10,057	-16.2%
55 to 64 years	51,212	51,412	+199	+0.4%
65 to 74 years	12,290	18,329	+6,038	+49.1%
75 years and over	2,882	3,961	+1,079	+37.4%
Total Labor Force	**279,815**	**282,503**	**+2,689**	**+1.0%**

Source: Minnesota State Demographic Center

Growing Diversity

Though Southeast is less diverse than the state, the racial and ethnic characteristics of the region are changing rapidly. The two largest minority groups in the region – Hispanics and Asians – both had higher labor force participation rates than whites, and Asians also had lower unemployment rates.

In contrast, Hispanics and all other race groups had much higher unemployment rates than whites. People of "some other race" had the highest labor force participation rate in the region at 77.4 percent, which was 7.5 percent above whites. At the same time, the "some other race" category had an unemployment rate that was 4 percent higher than whites (see Table 1).

There were significant gaps in the participation and unemployment rates for blacks in the region. They had the highest unemployment rate at 17.8 percent and the second-lowest participation rate among all races, just below 60 percent. American Indians (the smallest race group in the region) had a participation rate of only 45 percent in the labor force.

Raising participation rates for blacks, American Indians and people of two or more races in line with whites would add 1,260 workers to the regional economy. Lowering unemployment rates for all other race groups except Asians in line with the white rate could help fill more than 1,600 jobs.

Delaying Retirement

Steady gains in the number of entry-level and middle-aged workers and a huge jump in the number of older workers who decide to delay retirement should be enough to offset the losses projected in the 45- to 54-year-old age bracket from 2015 to 2025.

Applying current labor force participation rates to future population projections from the Minnesota State Demographic Center provides labor force projections for the region over the next decade. These show a modest 1 percent increase in the labor force, much smaller than the 5.5 percent growth seen in the last decade (see Table 2).

This will likely lead to a tight labor market in the future as well, with Southeast employers needing to respond to changing labor force availability. The number of jobs in the region held by workers ages 55 and over jumped from 36,785 to 58,218 in the past 10 years, a 58 percent increase.

TABLE 3

Southeast Minnesota Workforce by Industry, Second Quarter 2015

	Total Workers	Jobs Held by Workers 55 Years and Over	
	Number	Number	Percent
Total, All Industries	**242,534**	**58,218**	**24.0%**
Health Care and Social Assistance	60,998	14,139	23.2%
Manufacturing	40,277	10,306	25.6%
Educational Services	22,018	6,728	30.6%
Retail Trade	26,877	6,134	22.8%
Public Administration	9,937	2,789	28.1%
Transportation and Warehousing	6,704	2,674	40.0%
Accommodation and Food Services	17,108	2,063	12.1%
Wholesale Trade	7,792	1,992	25.6%
Admin. Support and Waste Mgmt.	9,603	1,889	19.7%
Other Services	6,844	1,664	24.3%
Construction	8,710	1,569	18.0%
Finance and Insurance	5,940	1,542	30.0%
Professional and Technical Services	3,968	1,095	27.6%
Agriculture	3,343	811	24.3%
Information	3,603	717	20.0%
Arts, Entertainment and Recreation	3,364	704	20.9%
Management of Companies	3,114	640	20.6%
Real Estate, Rental and Leasing	1,604	538	33.5%

Source: DEED Quarterly Workforce Indicators (QWI) program

Across the Southeast, workers 55 and over now hold nearly one-quarter of the total jobs, up from 16.6 percent in 2005. The industries with the highest concentrations of these workers include transportation and warehousing (40 percent of all job holders) followed by real estate, rental and leasing, educational services, and finance and insurance, which were all above 30 percent (see Table 3).

The health care and social assistance, manufacturing and educational services sectors will have the most replacement needs in the next decade. With more than 25 percent of all jobs, health care is easily the largest-employing industry in Southeast Minnesota and is projected to be the largest growing in the next decade as well.

Interestingly, even with their prevalence in the region, health care employers had a lower percentage of job holders over 55, suggesting that they are already actively recruiting and retaining younger workers. Other industries may follow their lead in the future. T

Meet

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