

# 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).

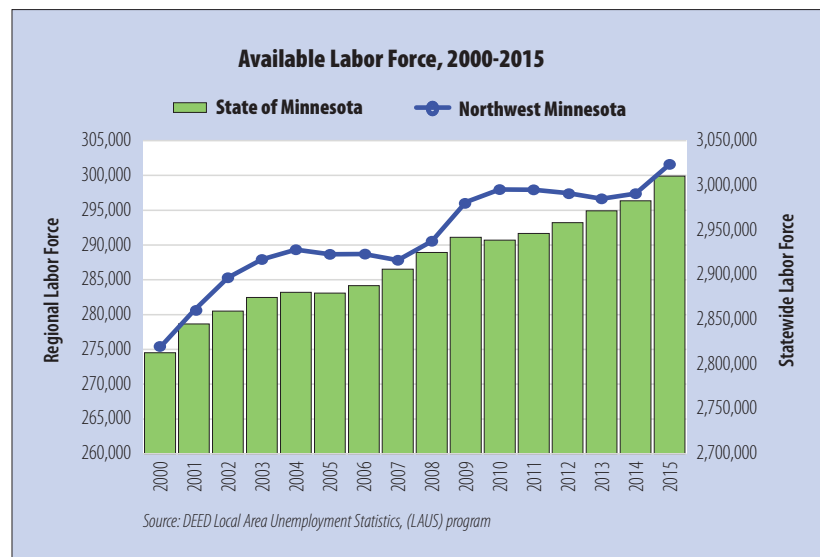
The region’s labor market has ebbed and flowed over the past 15 years, with significant growth during recessions – mostly as a result of women with children at home coming into the labor force – followed by relative stability during recoveries.

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



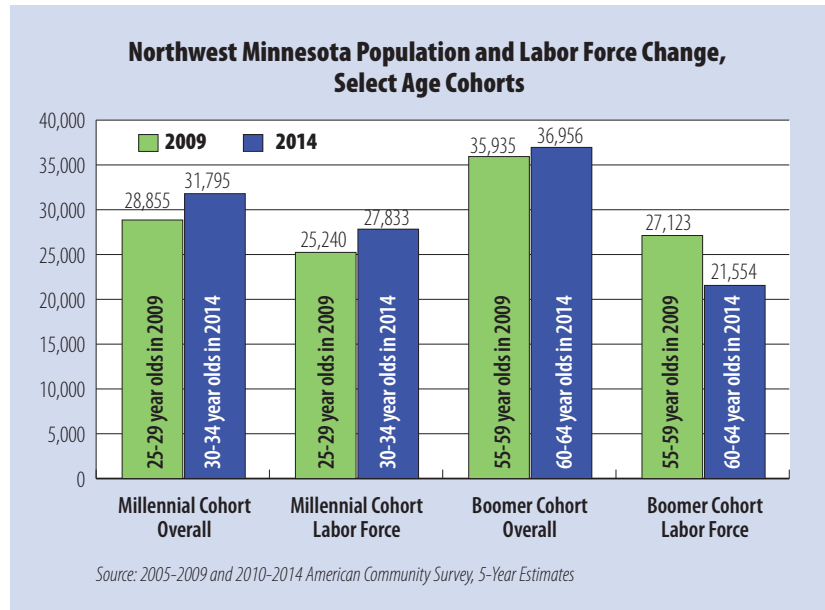
### Lower Labor Force Participation

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

FIGURE 2



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

TABLE 1

### Northwest Minnesota Employment Characteristics, 2014

Employment Characteristics by Age Group	Northwest Minnesota			Minnesota	
	In Labor Force	Labor Force Participation Rate	Unemployment Rate	Labor Force Participation Rate	Unemployment Rate
<b>Total Labor Force</b>	<b>286,124</b>	<b>64.6%</b>	<b>6.2%</b>	<b>70.1%</b>	<b>6.5%</b>
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
<b>Employment Characteristics by Race and Hispanic Origin</b>					
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%
<b>Employment Characteristics by Disability Status</b>					
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). [T](#)

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%
<b>Total Labor Force</b>	<b>292,464</b>	<b>287,658</b>	<b>-4,807</b>	<b>-1.6%</b>

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
<b>Total, All Industries</b>	<b>218,974</b>	<b>55,275</b>	<b>25.2%</b>
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