

# **Minnesota Demographic And Economic Trends**

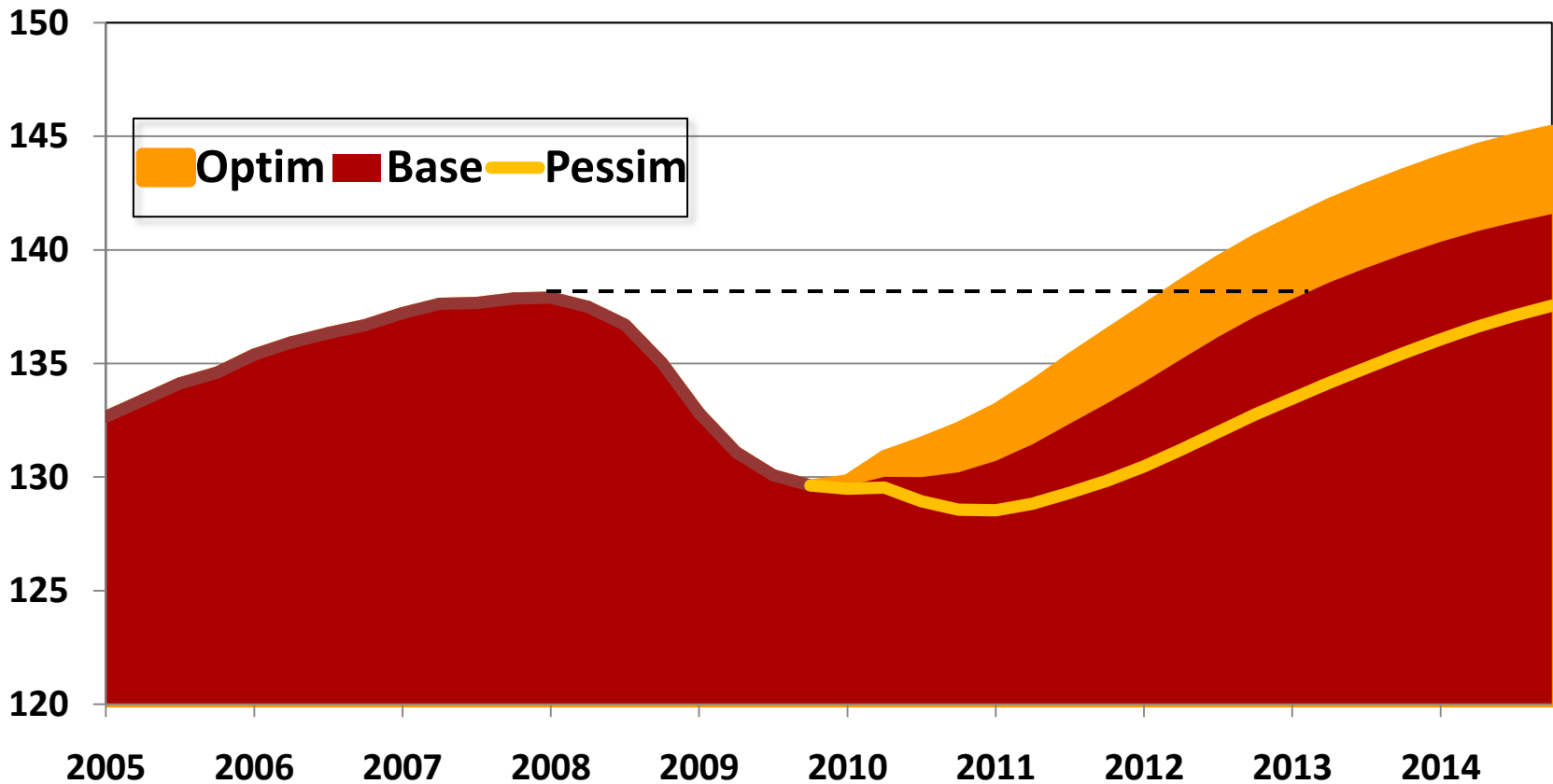
Tom Gillaspay, State Demographer

Mn Dept of Administration

June 2010

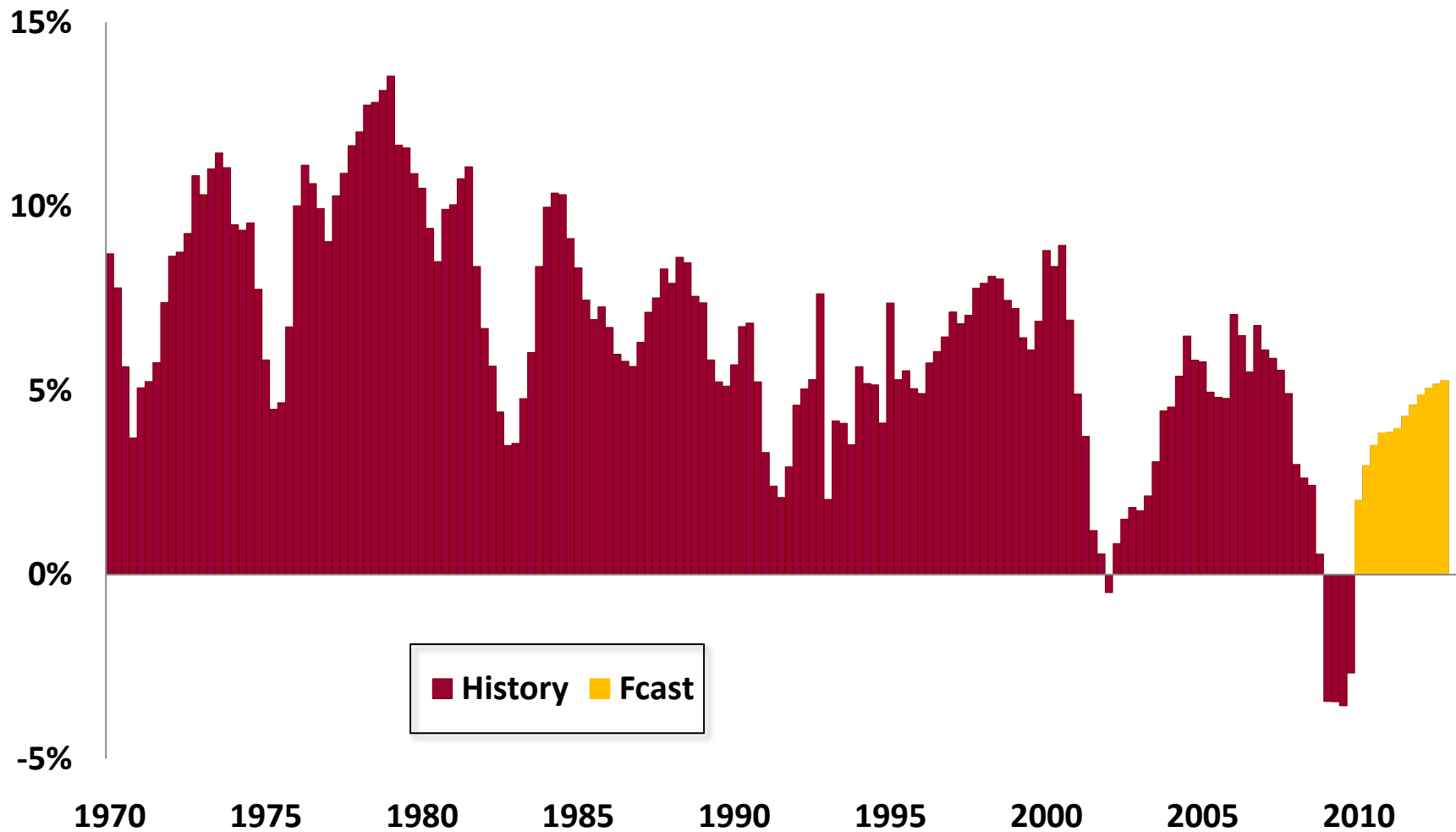
# U.S. Employment Not Expected to Return to Pre-Recession High Until Spring 2013

Jobs in Millions



# Total U.S. Wages Fell in 2009

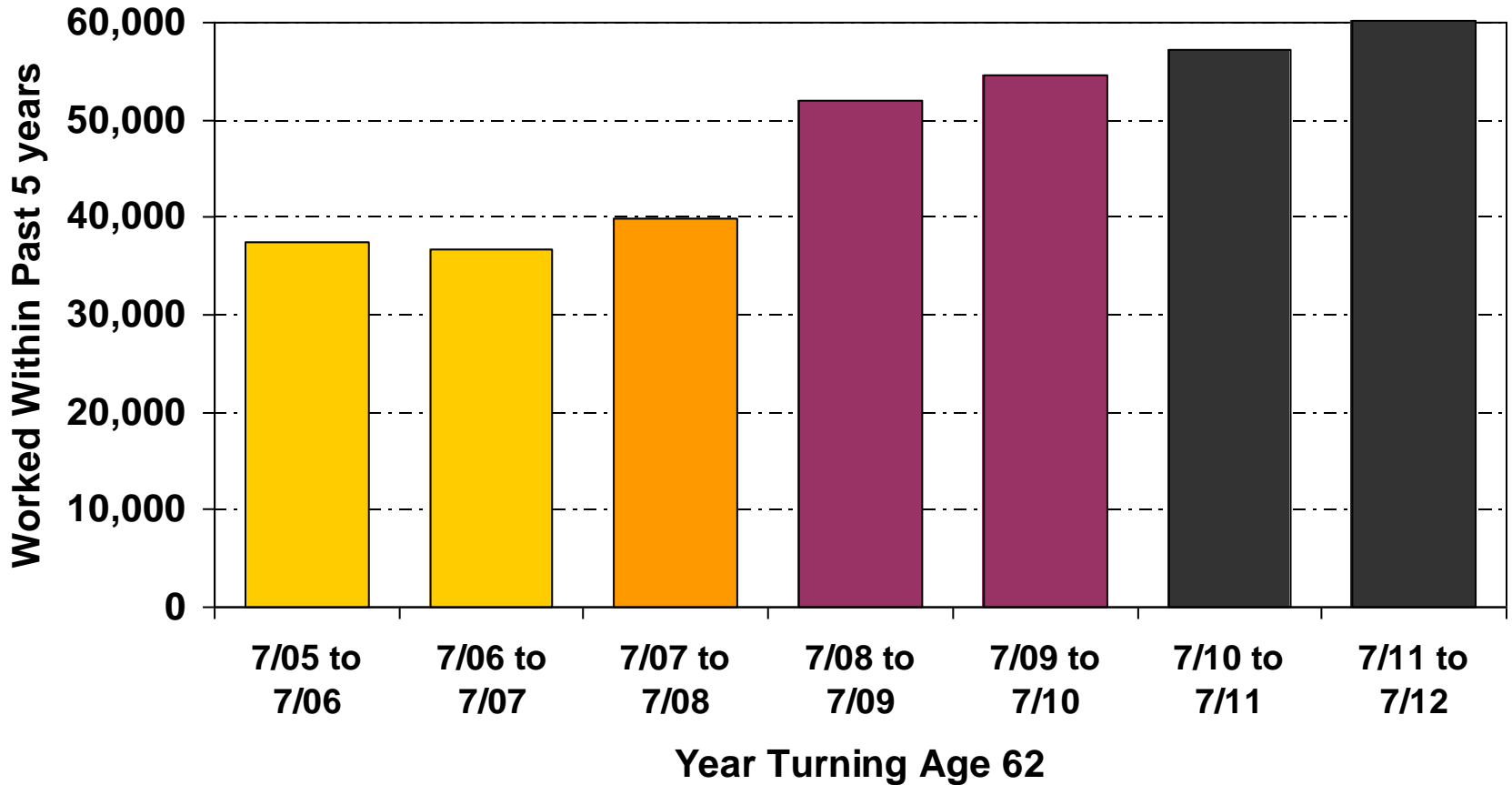
Quarterly Year-Over-Year  
Percent Change



# **The Economic/Demographic Environment Has Changed for as Far as We Can Forecast**

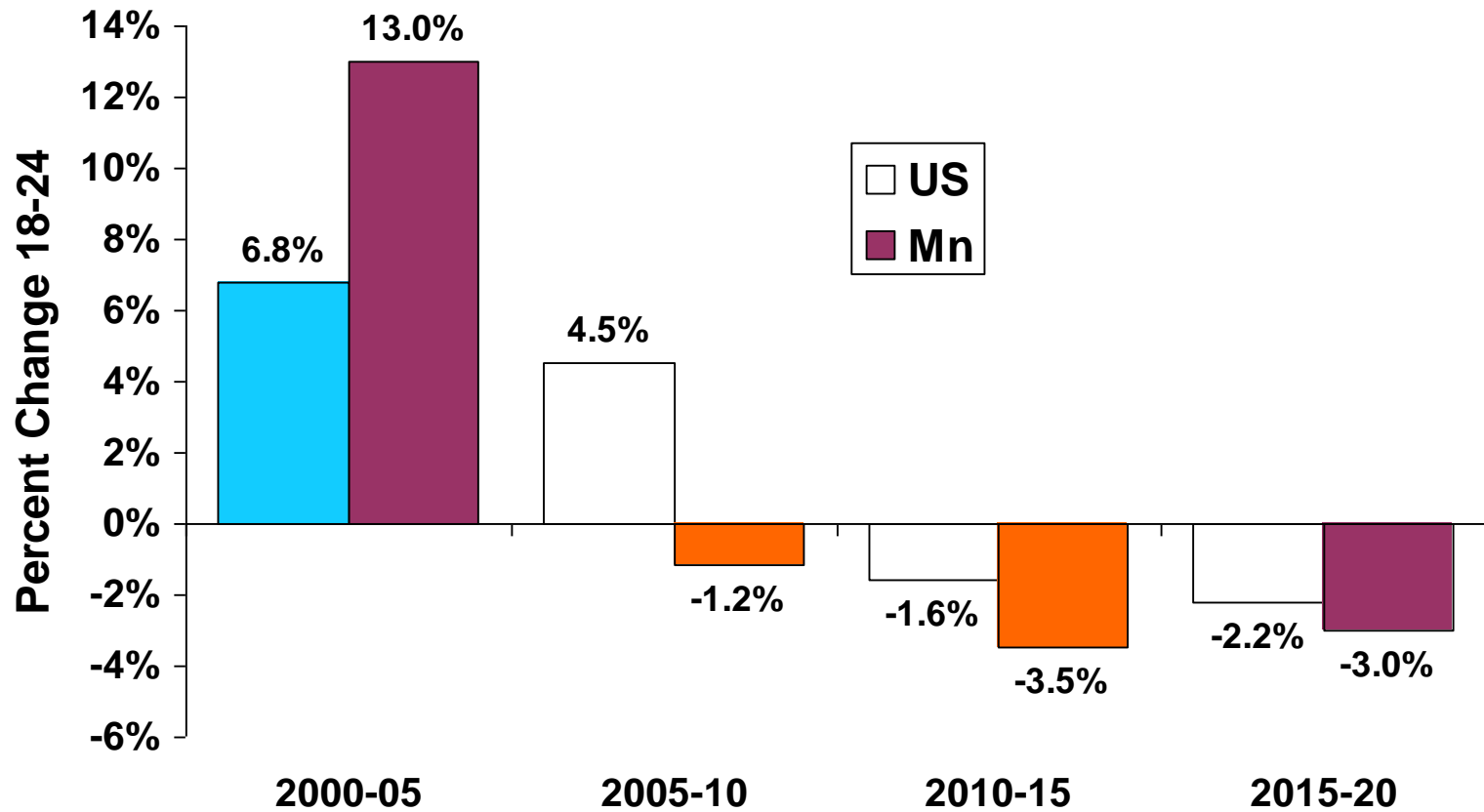
- ✘ Short run economic cycle has merged with long run demographic cycle**
- ✘ We have entered the Age of Entitlement—economic growth in the next 25 years will be about half what it was in the past 25.**
- ✘ State revenue growth will slow while spending pressures will accelerate**
- ✘ This is a national/global issue**

# Minnesota Saw a 30 Percent Jump in Workers Turning Age 62 in 2008



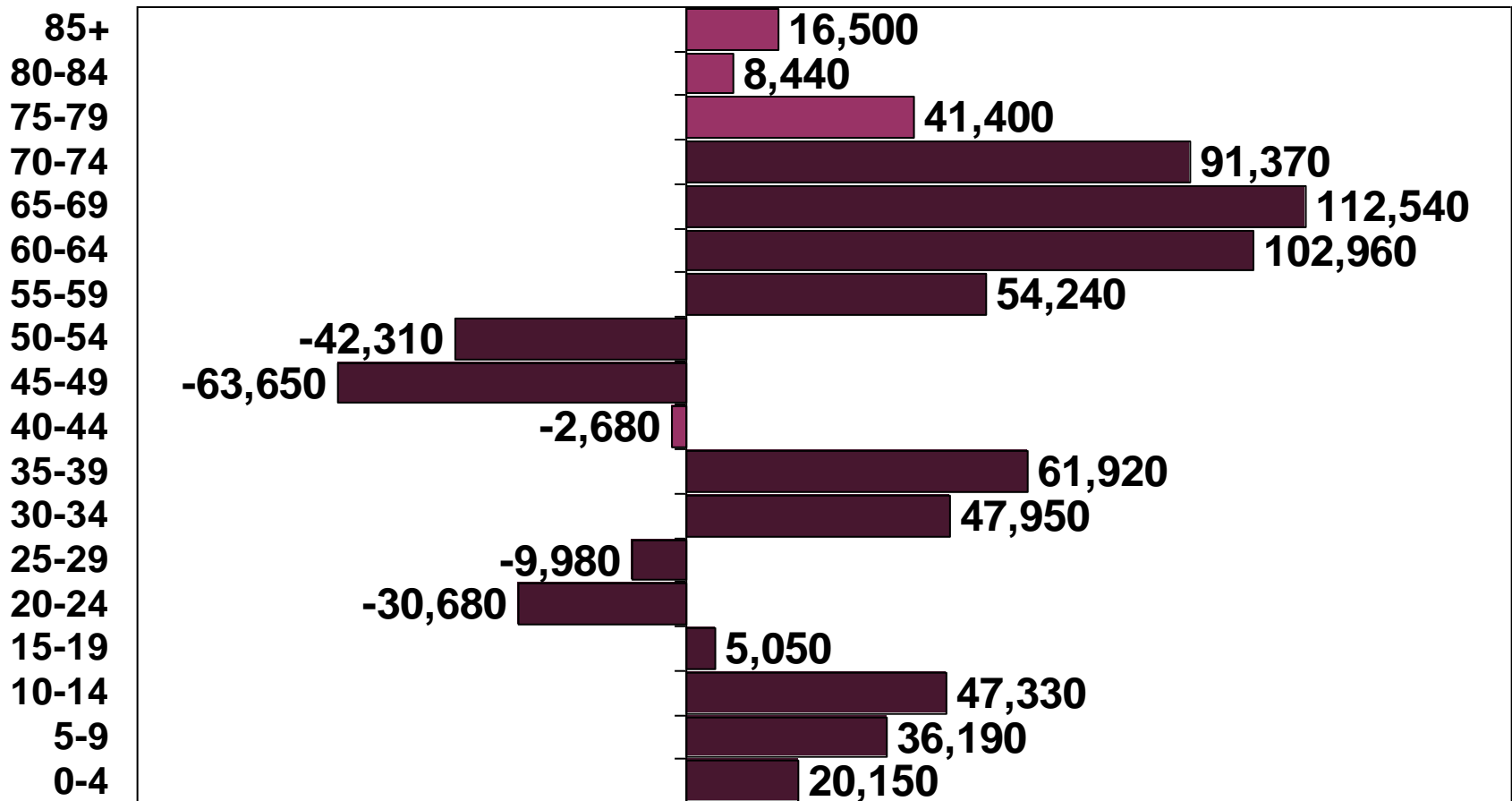
2005 ACS

# College Age Population Will Decline



Census Bureau US Proj, Mn State Demographer revised 2007

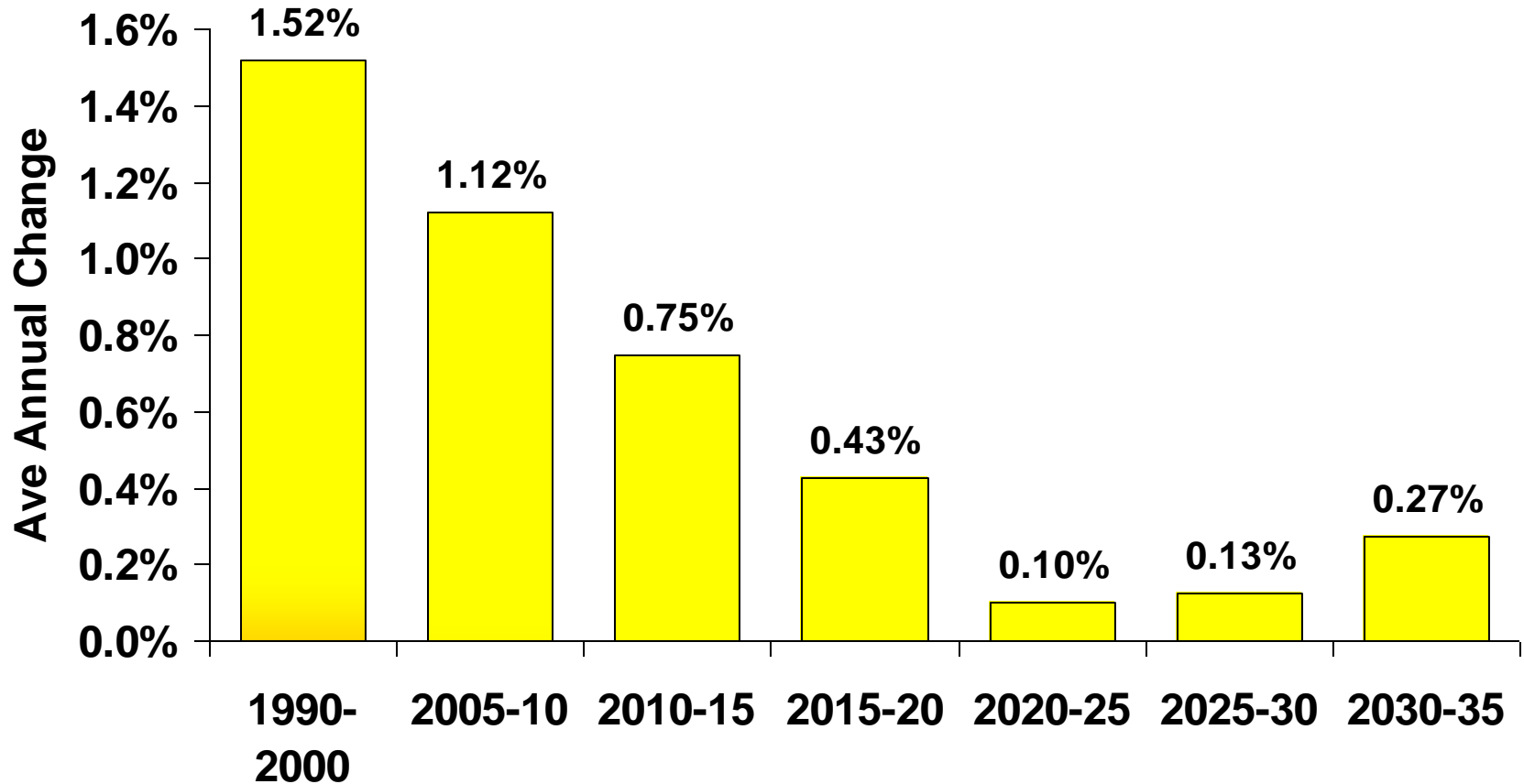
# From 2010 to 2020, Minnesota Will See Large Increases Age 50s and 60s



Source: Minnesota State Demographic Center, rev 2007

Numbers are rounded

# Labor Force Growth Is About To Slow Sharply

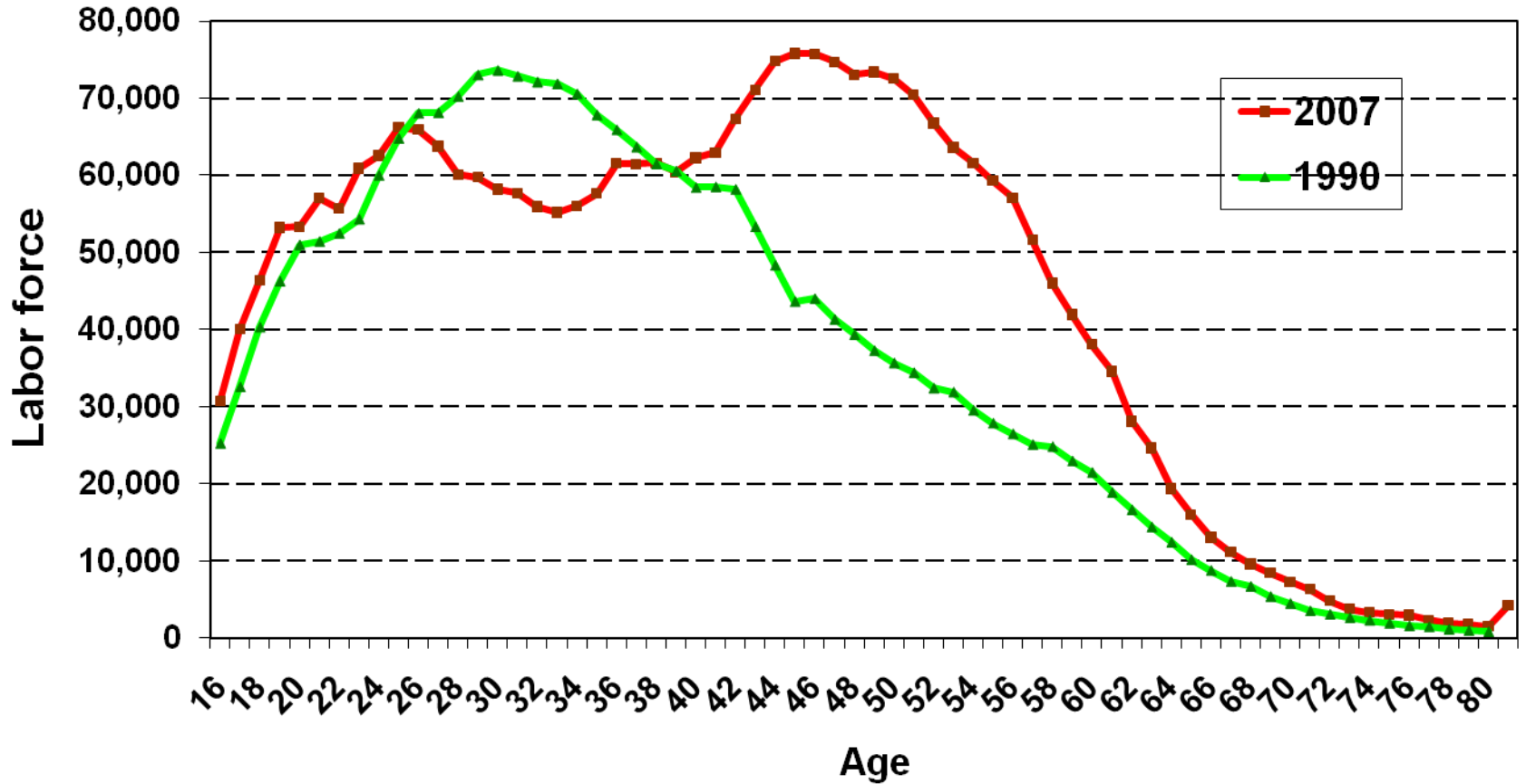


# Some Labor Force Dynamics Of The Teens

- ✘ Slow recovery of jobs will limit new job openings**
- ✘ Increased retirements will increase openings**
- ✘ Large pool of unemployed and continued immigration will compete for job openings**
- ✘ Slow growth of labor force will ease job pressures some**
- ✘ Many jobs are permanently disappearing, especially transformational and transactional**

# Minnesota's Labor Force Is Aging

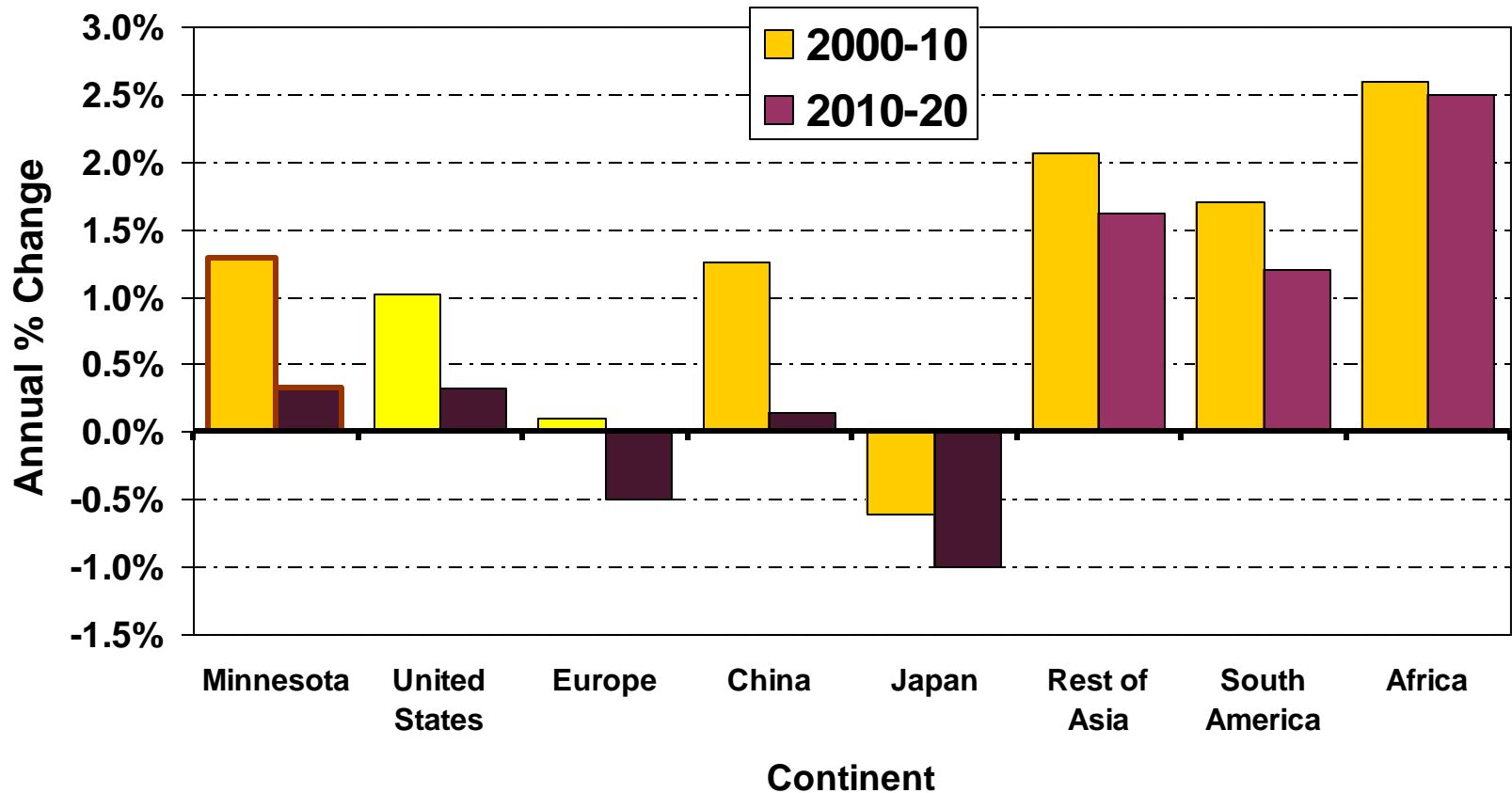
In 1990, the peak was 30; in 2007 it was 46



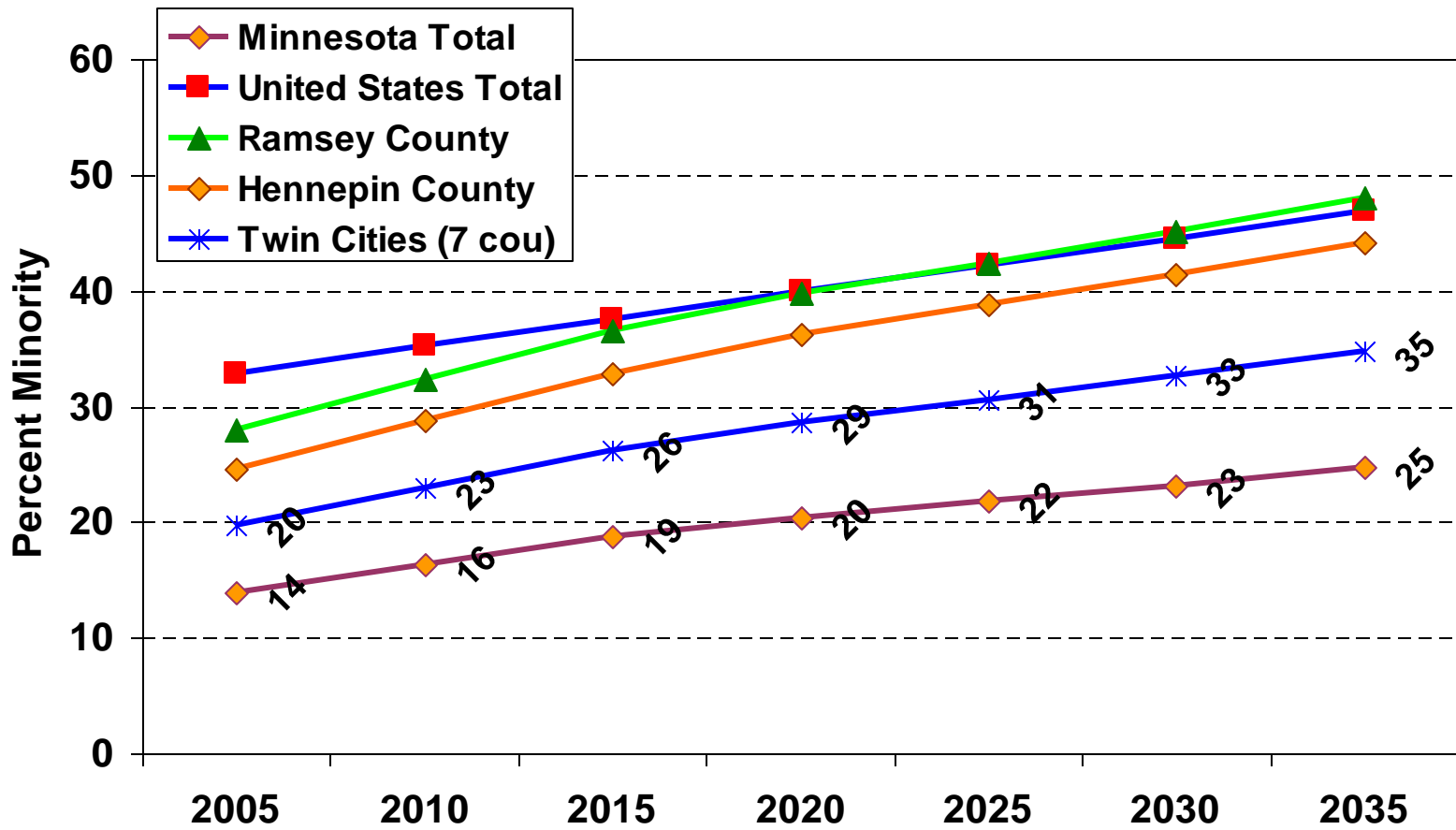
1990, 2007 ACS, smoothed 3 year averages

# World Labor Force Growth Slowing

## Projected Change In Working Age Population (15-64)

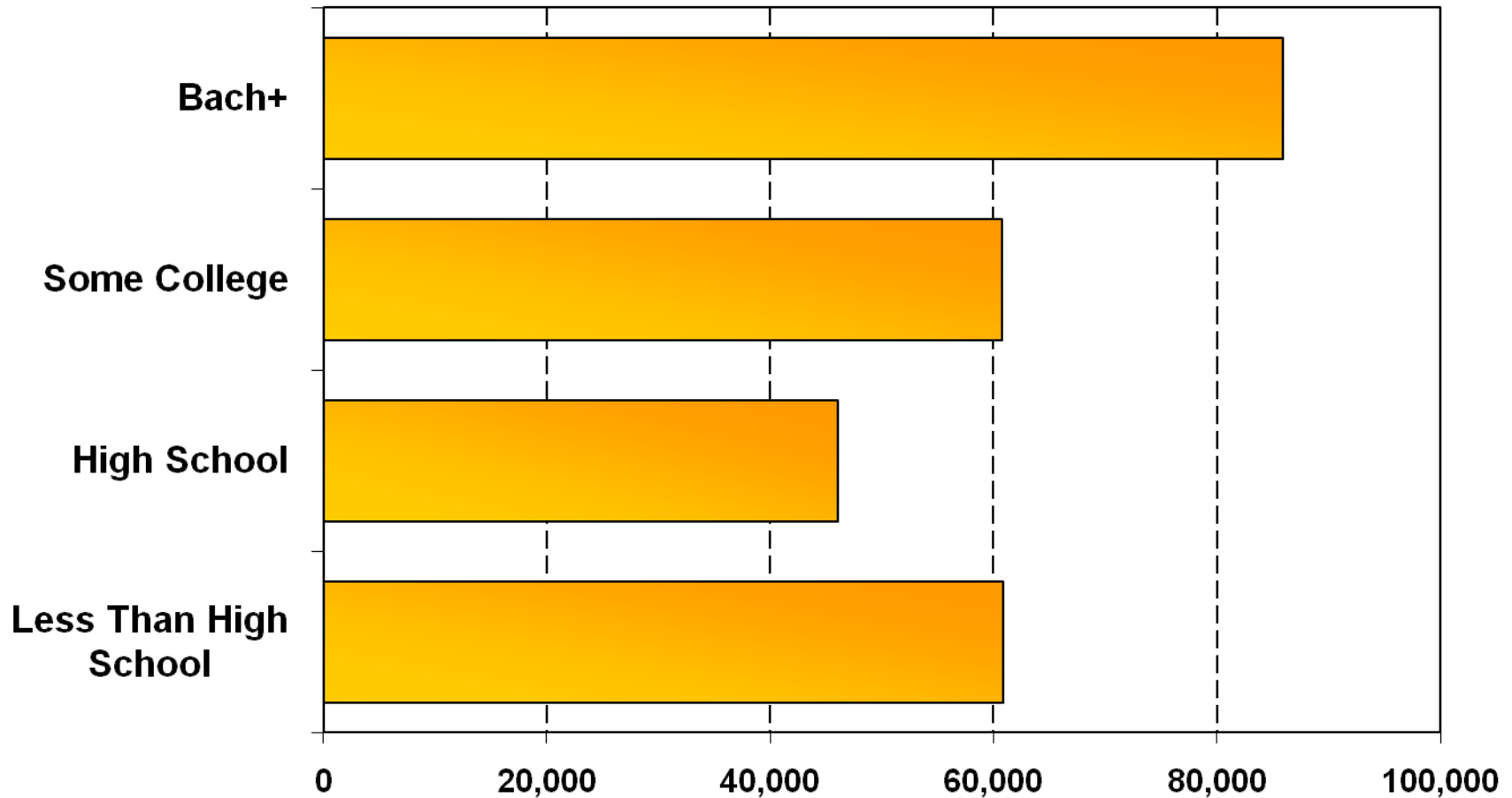


# Minnesota Will Grow More Diverse; Remain Less Diverse Than The Nation



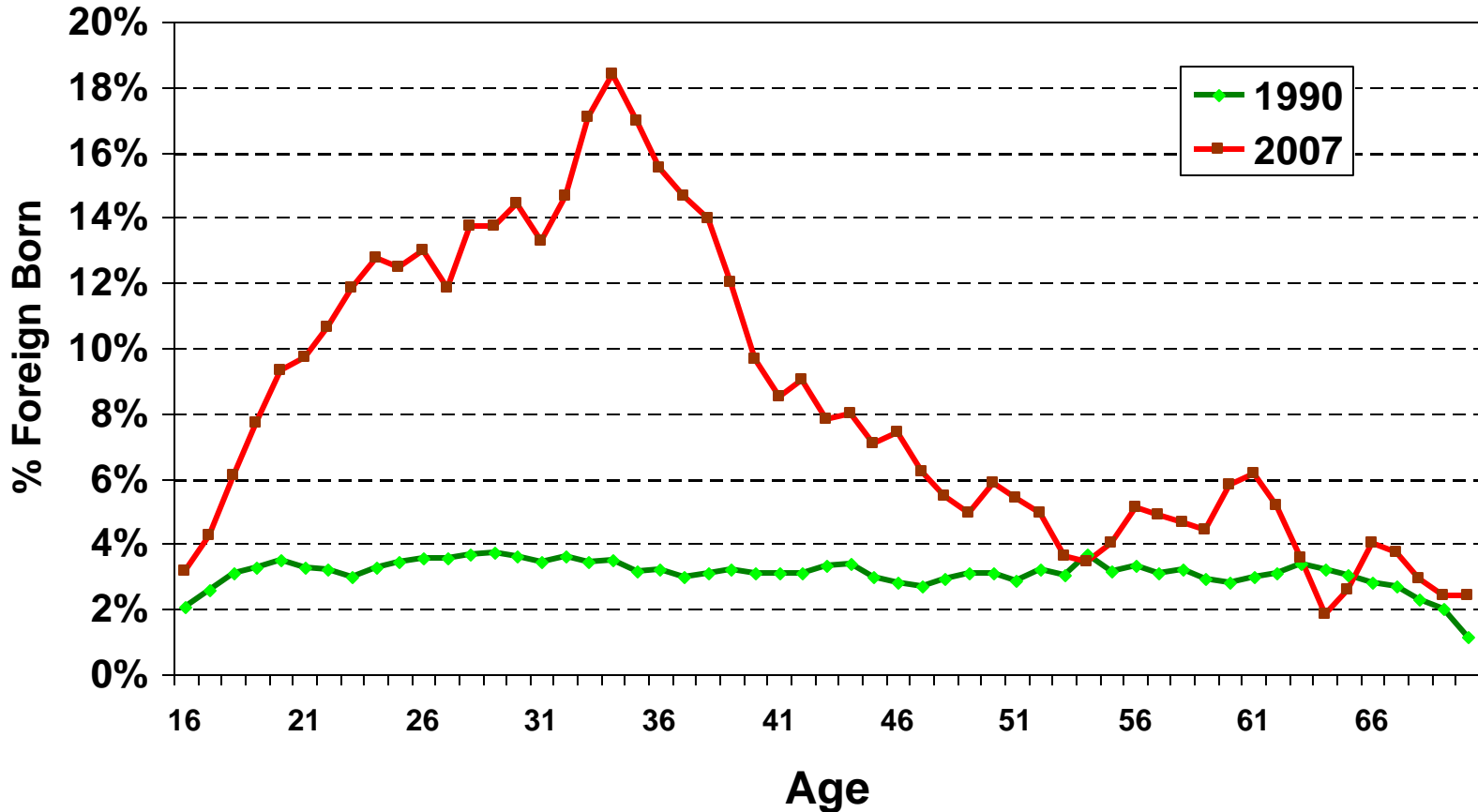
State Demographer & Census Bureau projections

# In 2008, Minnesota's Foreign Born Workforce Was 254,000 or 8.5% Of The Total Workforce



# One Response to Labor Demand Has Been Immigration

Minnesota's Foreign Born Labor Force Has Increased, Especially in Younger Ages



1990 Census, 2007 ACS, smoothed

# The Great Recession Has Been Blamed for Raising the Level of Social Angst

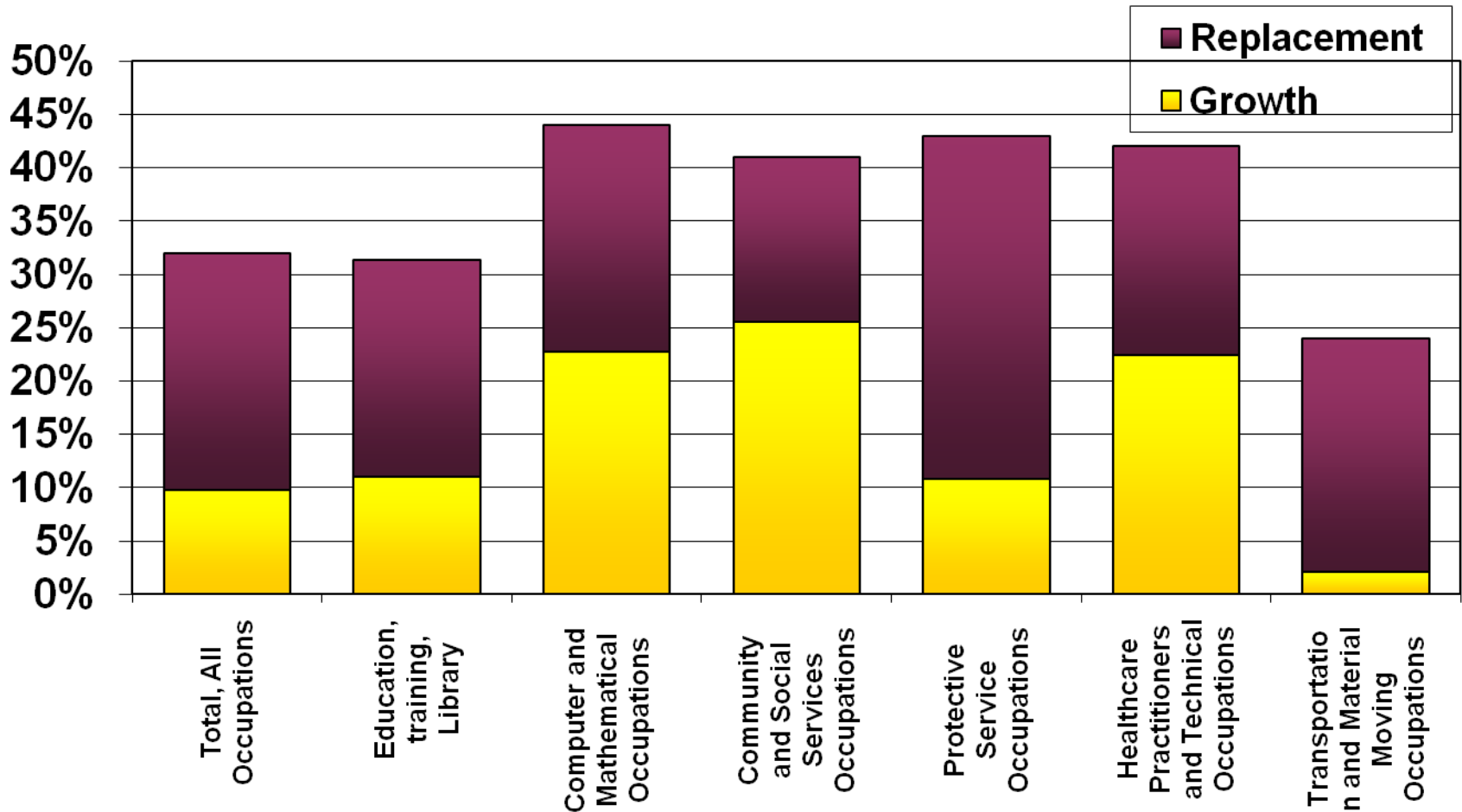
**But What Is Really Happening  
Is That We Have Entered A  
“New Normal”**

# The “New Normal” Probably Means

- Higher interest rates
- Slower economic growth
- Increasing numbers of retirees
- Less consumption; more saving
- A more diverse population
- More uncertainty in our personal & national futures
- A shift in the balance between private and public sectors
- More uncertainty about the future

# For Many Occupations, Replacements Will Outnumber New Job Growth

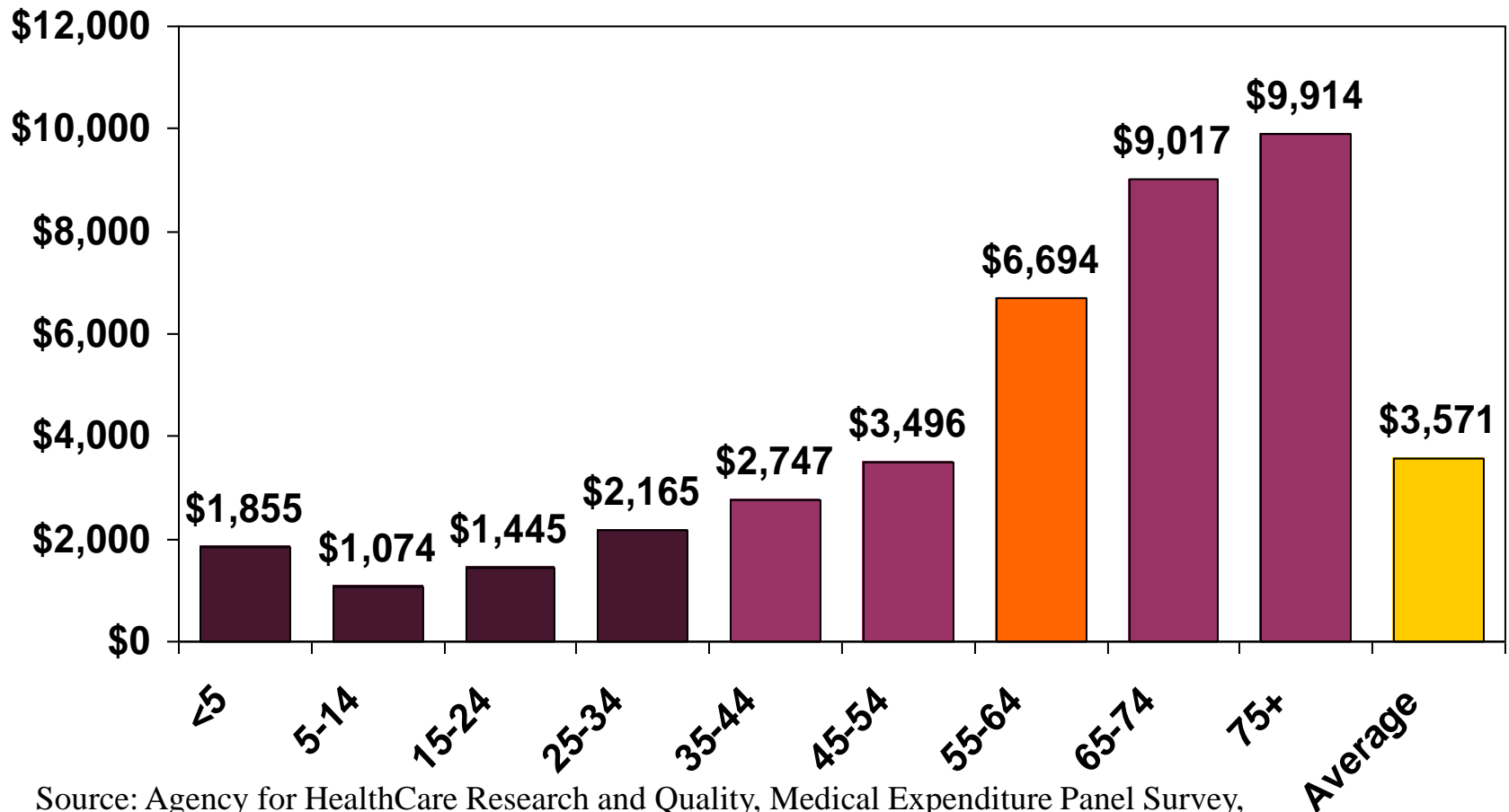
## Projected Openings In Minnesota Occupations 2006-16



DEED projections. Percent of 2006 level

# Health Care Spending Jumps After 55

## U.S. Health Care Spending By Age, 2004



Source: Agency for HealthCare Research and Quality, Medical Expenditure Panel Survey, data for per capita spending by age group in the Midwest. Excludes spending for long-term care institutions.

# **The “New Normal” Probably Means--2**

- **A shift in the balance between private and public sectors**
- **Chronic government deficits & cuts in service**
- **Worries about how to pay for past promises**
- **Creative destruction/disruptive innovation will change the way we deliver services**
- **A whole new way of looking for opportunities**

# Grieving For The “Old Normal”

- **Denial** – “This is not happening.” “Just wait, things will return to normal.”
- **Anger** -- “Who is to blame?” Rage and gridlock rule and anyone who symbolizes life, energy, progress, success, happiness, etc. is treated with resentment and mistrust.
- **Bargaining** – “I’ll change if this just goes away.” Somehow, we can get back to the old normal if we just return to good, ole fashioned (conservative/liberal) values.
- **Depression (emotional, not economic)** – “What’s the point in trying?” “We are all doomed anyway.” The certainty/finality of events is finally recognized.
- **Acceptance** – “It’s going to be okay.” Looking for opportunities begins.

# **But Why Fear The New Normal? It Plays To Our Strengths!**

- ✦ Future economic growth will depend increasingly on increasing productivity and less on labor force size**
- ✦ Education has been the key to Minnesota's productivity and prosperity**
- ✦ Future productivity increases will depend on decisions and the investments we make now**

**“I skate to where the puck will be,  
not to where it has been.”**

**Wayne Gretzky  
Hockey Great**