

The projected percent change and change in number of seniors and workforce-age population between 2015 and 2035, by Minnesota Initiative Foundation regions.

Data source: MN State Demographic Center

The coming workforce squeeze

What's happening?

- As the Baby Boomers leave their jobs for retirement, the generations immediately following are smaller in comparison. In-migration is what's expected to keep the state's population growing.
- Fewer workers will be supporting a tax base that is being pressured by a growing number of seniors.
- Young people are leaving for college and not coming back, a situation rural communities understand well. These people may be looking for jobs that don't exist here, for higher pay, better weather, or just a change of scenery.

Impacts, short term and long term.

- Higher wages. A labor shortage will only put upward pressure on pay as employers compete for workers. Higher skilled workers will have even more negotiating power.
- Productivity. For the state's economy to continue growing, it needs to continue increasing its output. If industries can't increase the number of workers producing, they will have to increase the productivity of each worker, either through longer hours or technology.
- Labor participation rates. The percentage of potential workers age 25-54 is expected to go from 88% in 2010 to 89.3% in 2045, about as tight as it can go.



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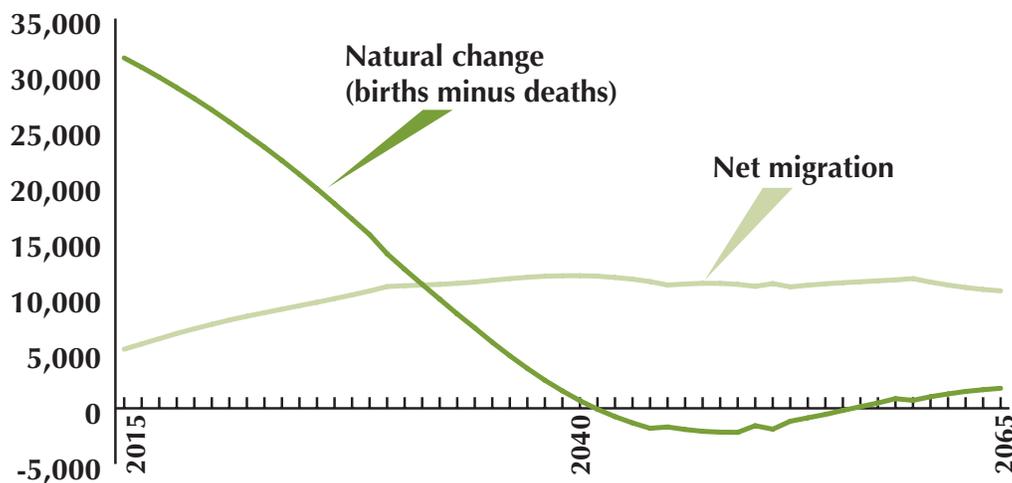
Workforce projections are painting a future worrisome to many policy makers. They show that the workforce will not necessarily shrink over the next three decades, but it won't grow either, slowing to about 0.1% during the 2020s, according to the Minnesota State Demographic Center.

We're not alone. Minnesota and the United States are looking at a workforce landscape very different from the past 100 years. While having a shortage of workers is a familiar situation for rural communities, even the Twin Cities are expected to feel the pinch soon.

Potential answers.

- Recruit people instead of jobs. Individuals these days could bring their own job with them, and they may end up being a community's next employer.
- Advertise jobs farther afield. Young people are more mobile than ever: one person may want to leave a community while another person may want to move there.
- Education is still crucial. According to the State Demographic Center, people with a bachelor's degree are more likely to be employed than someone with only a high school diploma and will earn much more over a lifetime.
- Minorities and immigrants. They're the only population group still growing, but their education and employment levels are still suffering. Help make sure they are ready for success in this new employment environment.

➤ Over the next 50 years, a **positive net migration** is expected to help keep Minnesota's population from shrinking even though deaths are projected to outnumber births during the 2040s and 2050s.



Data source: MN State Demographic Center

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