

Demographic Change In The Upper Midwest And Its Implications For Academic Research

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2008 Is A Watershed Year

- **First wave of the Boom generation turns 62**
- **High school graduates peak in the spring for the next decade**
- **College age population will soon begin to decline in Minnesota & the US**
- **The labor force will grow more slowly next decade**
- **Economic growth will probably slow & depend more on increasing productivity**
- **Shortages will occur in key occupations due to retirements**
- **Government revenue growth will slow while health care costs increase sharply**

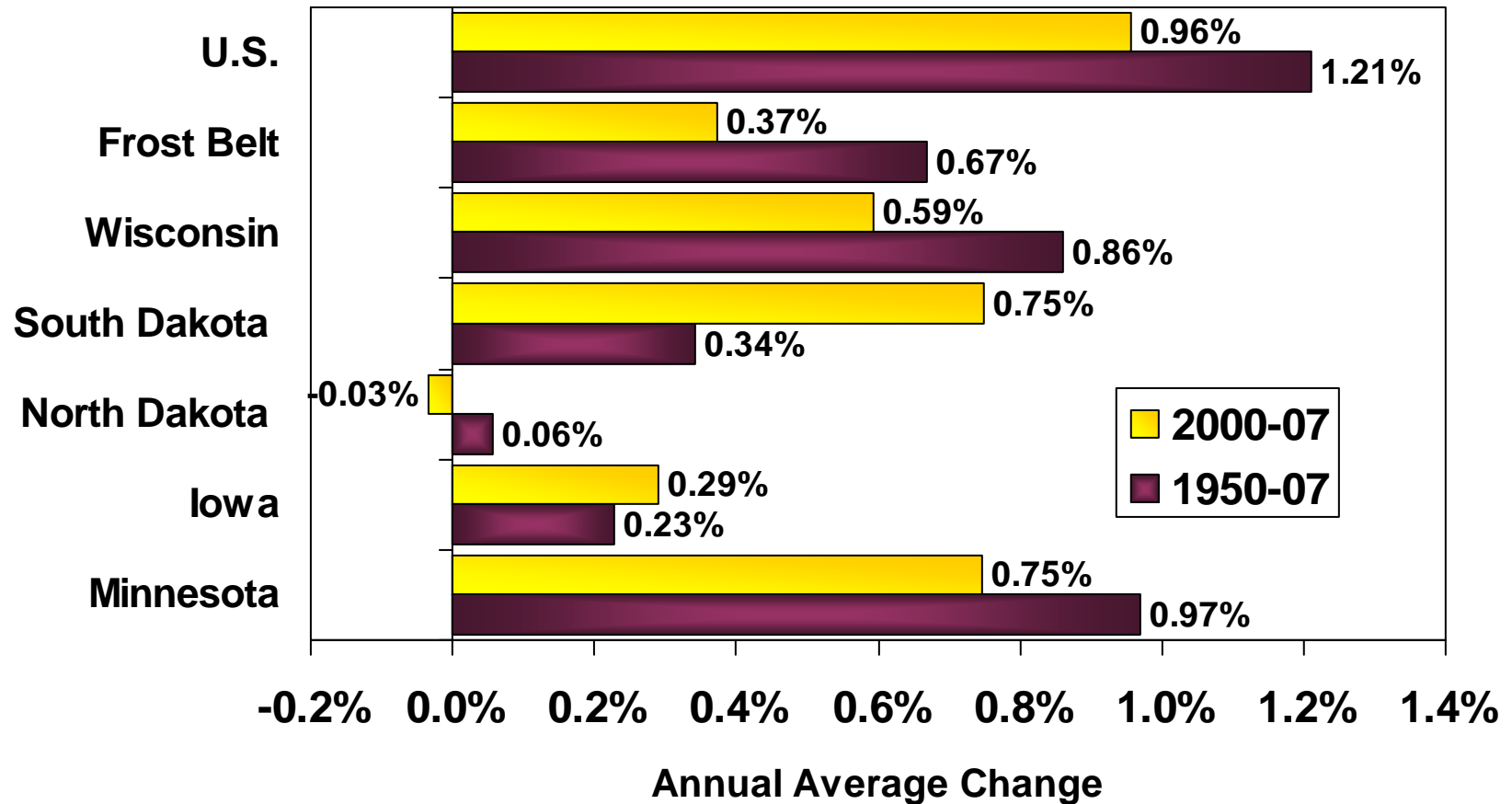
Four Mega-Forces Will Shape Minnesota's Economy

- **Globalization**
- **Technology**
- **Energy prices**
- **Demography**

The Big Demographic Trends

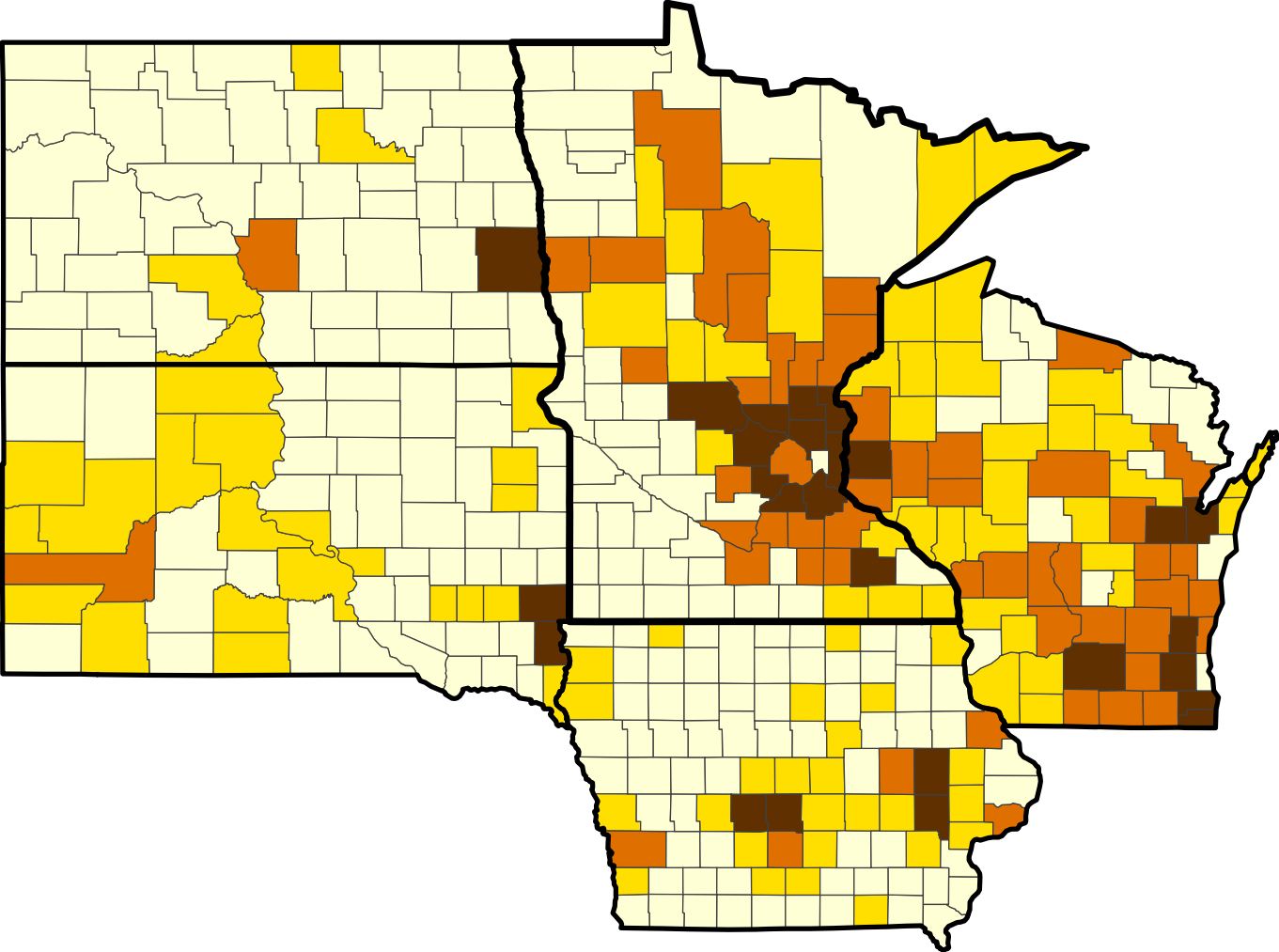
- **Growth**
- **Suburban growth/rural decline**
- **Increased diversity**
- **Aging**

Population Growth In The Upper Midwest



Population Change 2000-04

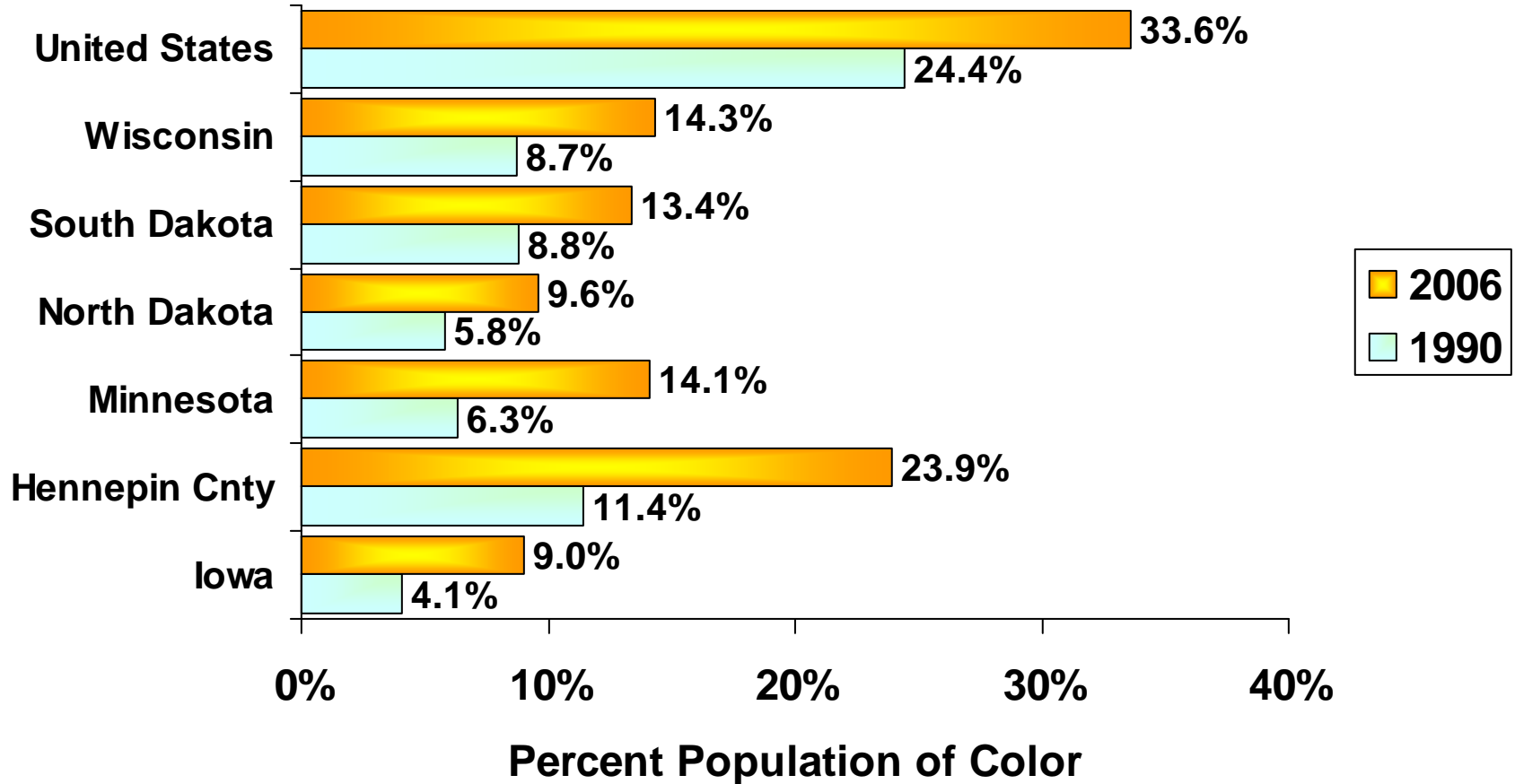
Census Bureau Estimate



Population Change

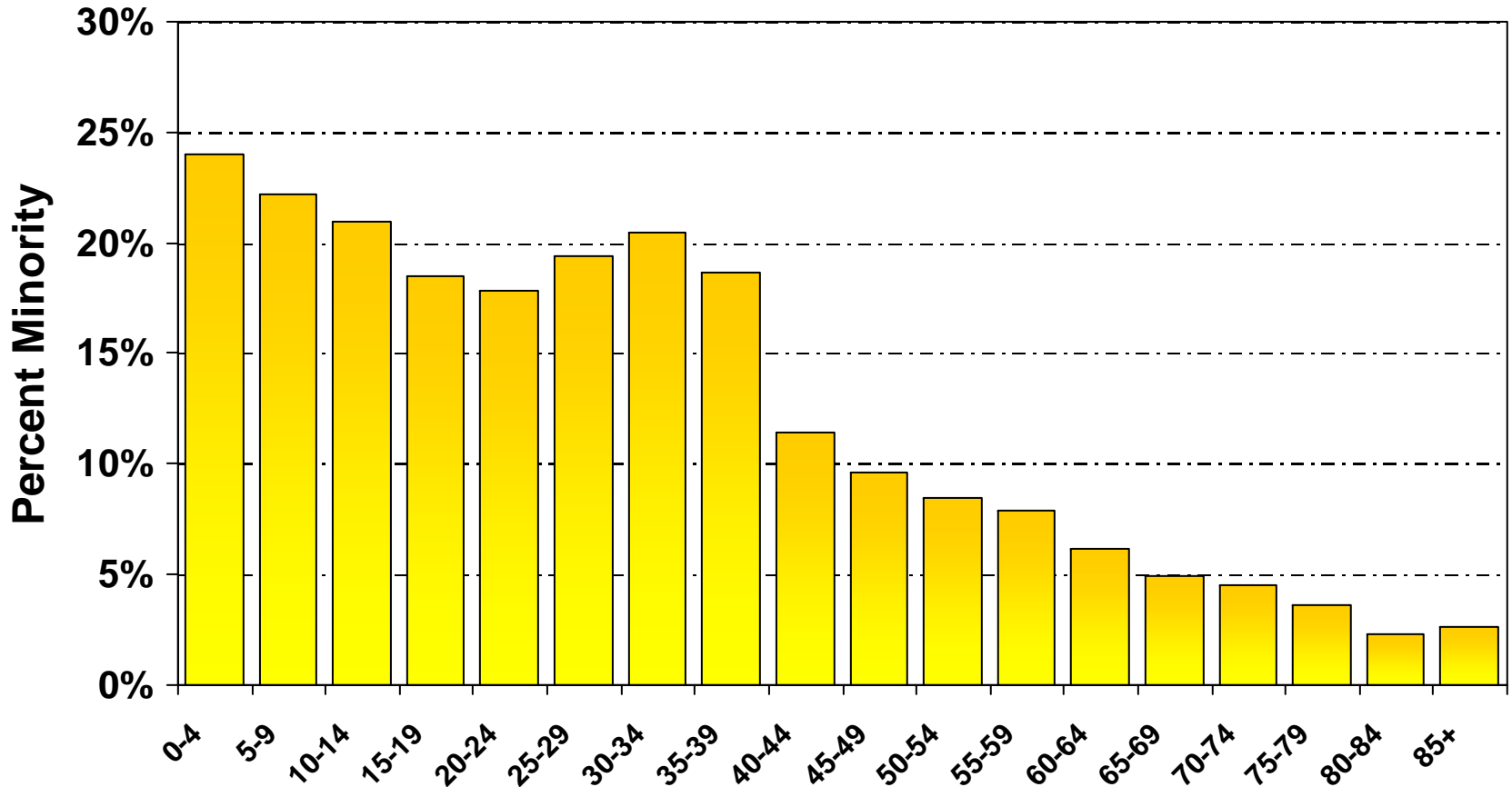
- Loss
- Gain Under 1,000
- Gain 5,000 to 1,000
- Gain More Than 5,000

Upper Midwest Becoming More Diverse But Still Less Than The Nation



Note: Population except white alone, not Hispanic, 2006 Census Bureau estimate. Hennepin in 2005

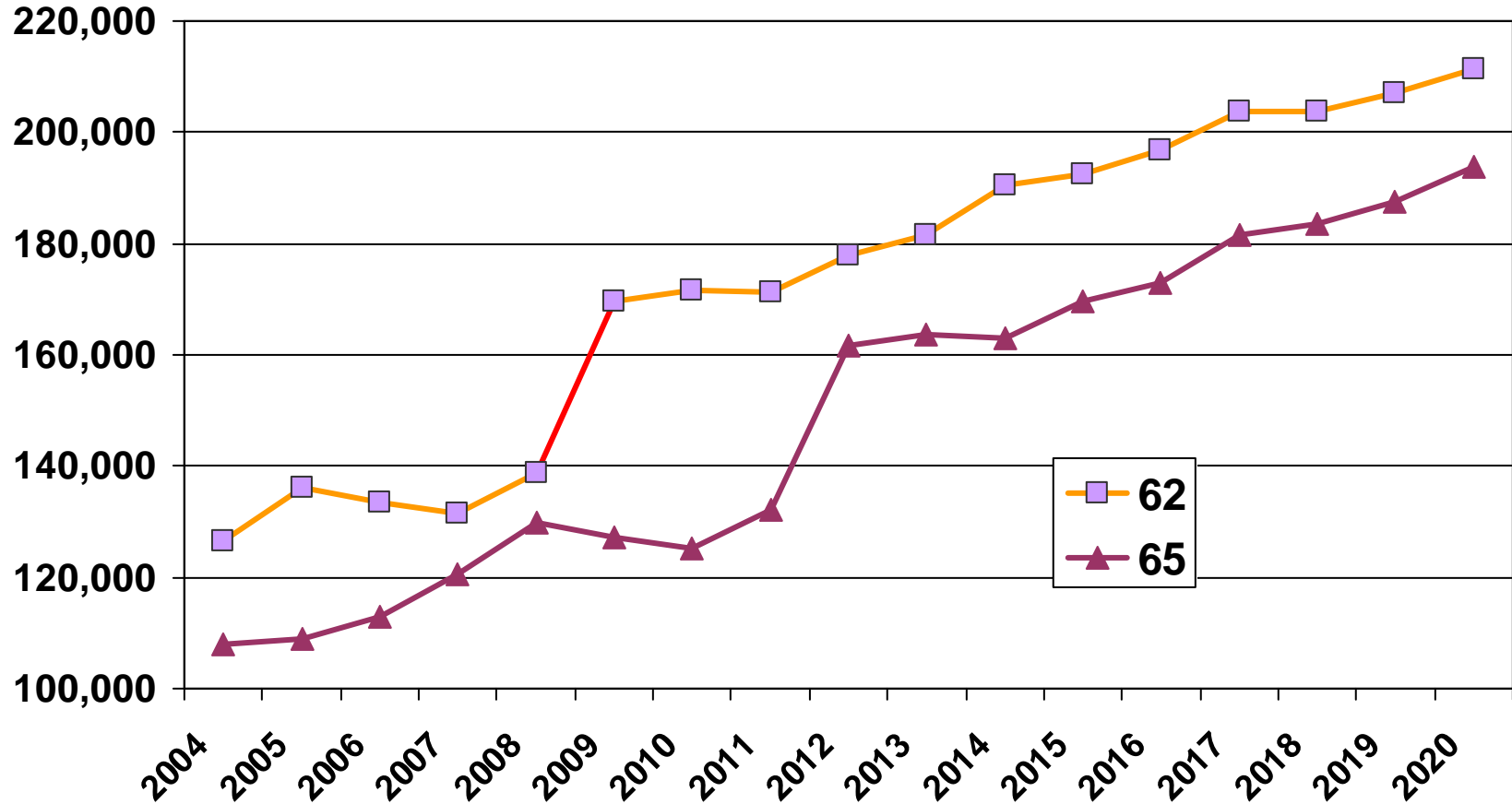
Minnesota's Younger Population Is Much More Diverse Than The Older



2007 ACS

Rapid Growth In 62 Year Olds Begins 2008

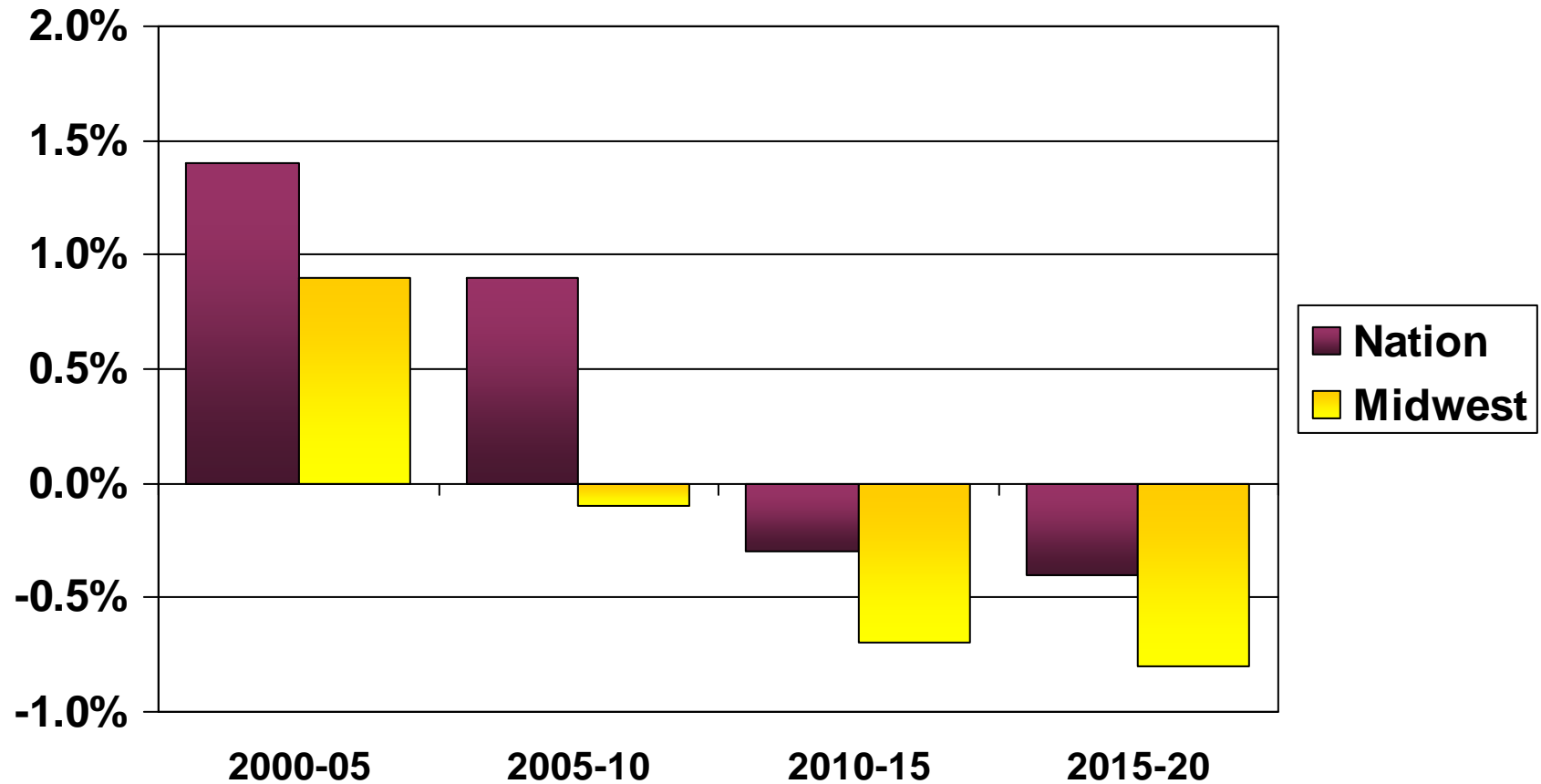
Five State Upper Midwest Region



Census Bureau projections

Strong Growth This Decade Is Followed By Declines Next

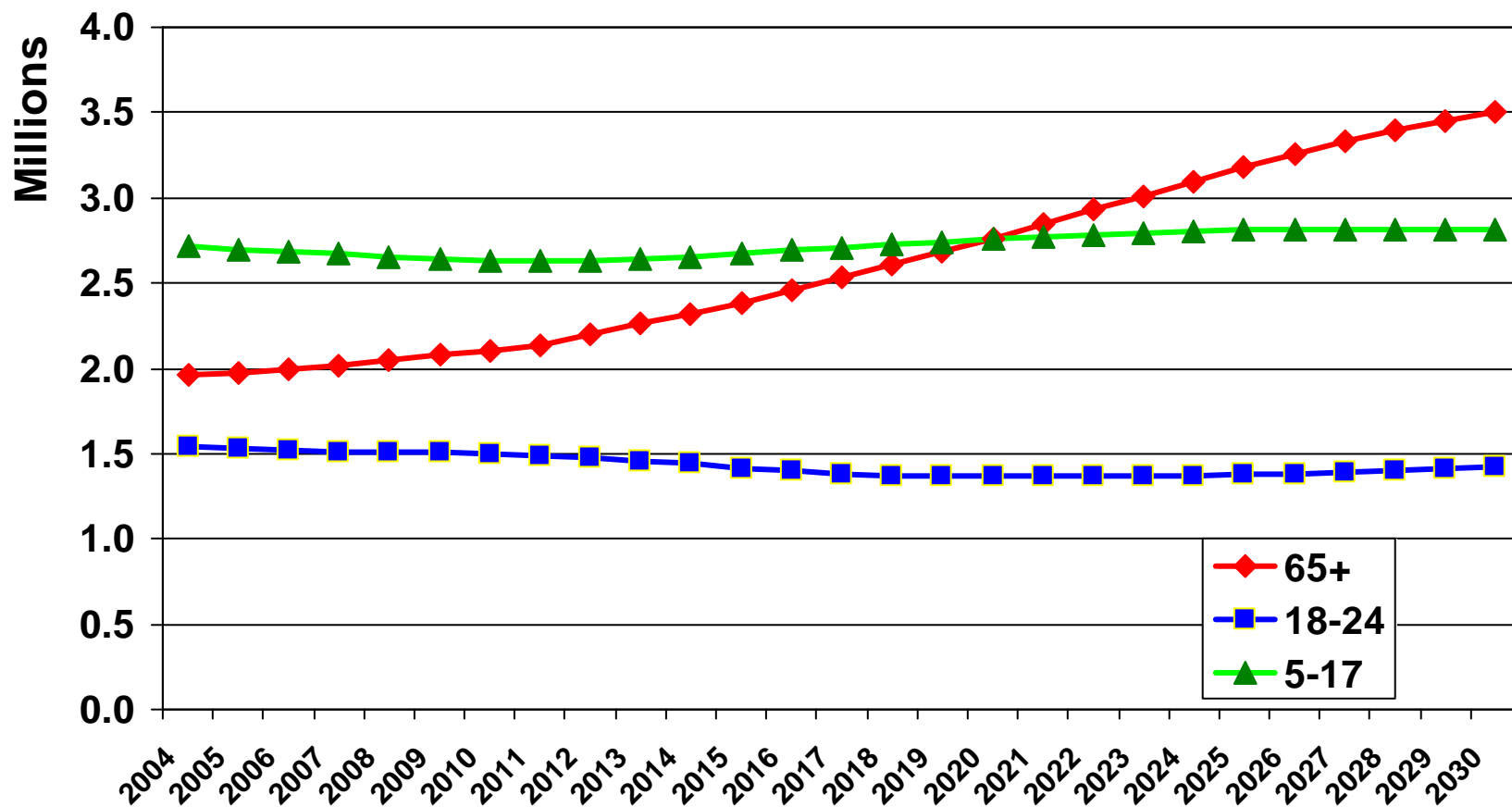
Annual Change In 18-24 Year Old Population



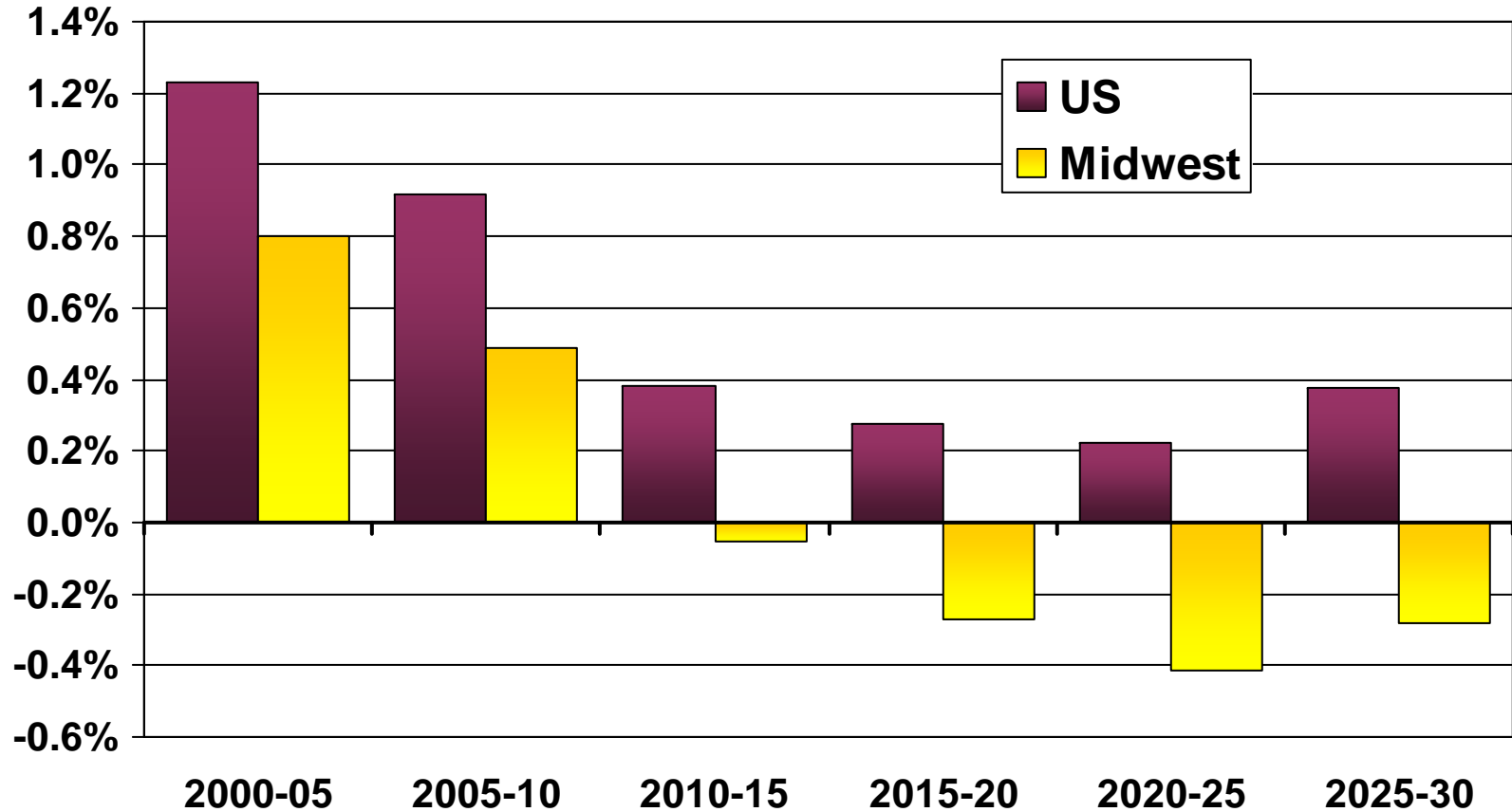
Census Bureau projection

The 65+ Population Will Increase Rapidly While The College Age Population Remains Static Through 2030

Five State Upper Midwest

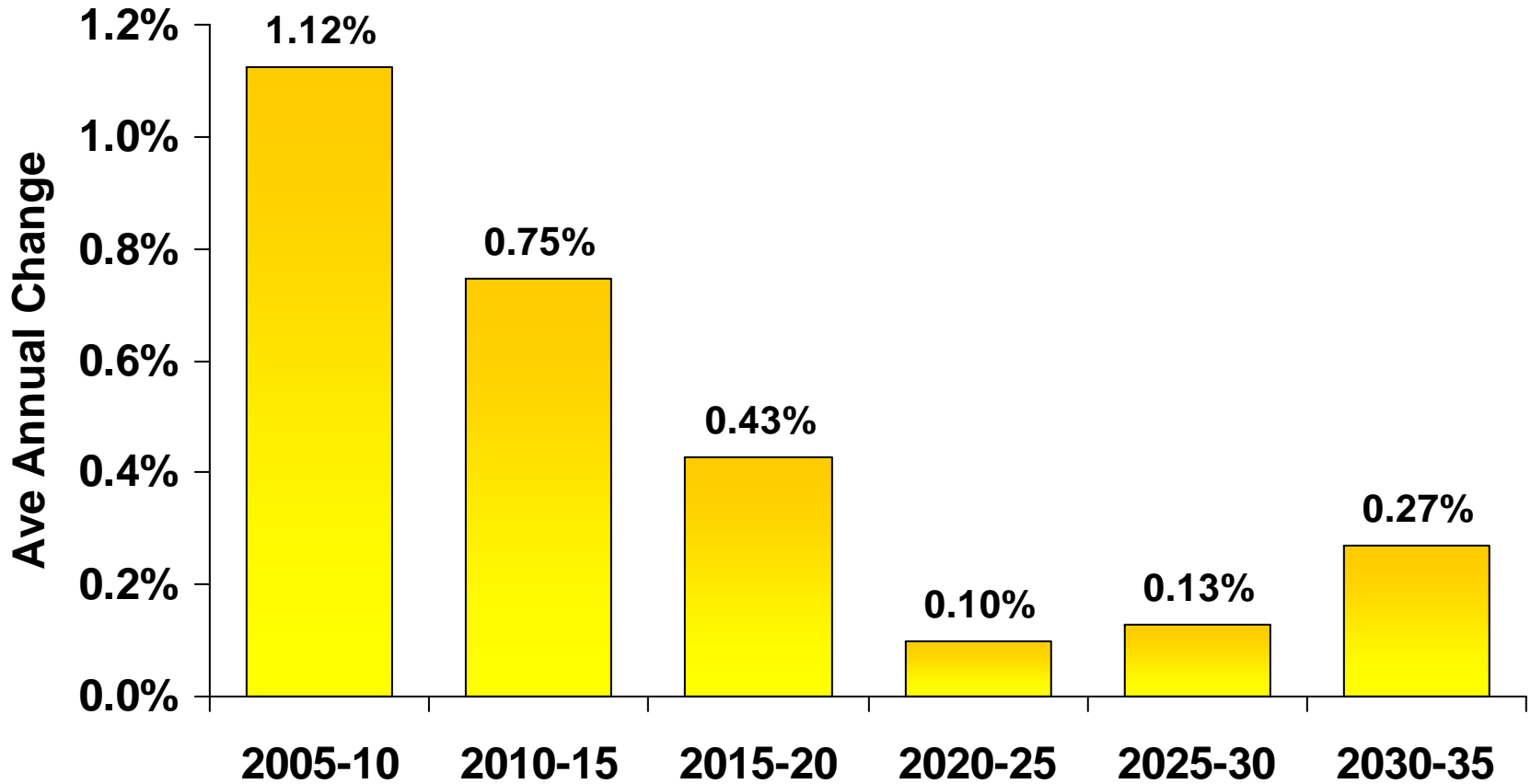


The Working Age Population Will Grow Much Slower Nationally—Decline In The Upper Midwest

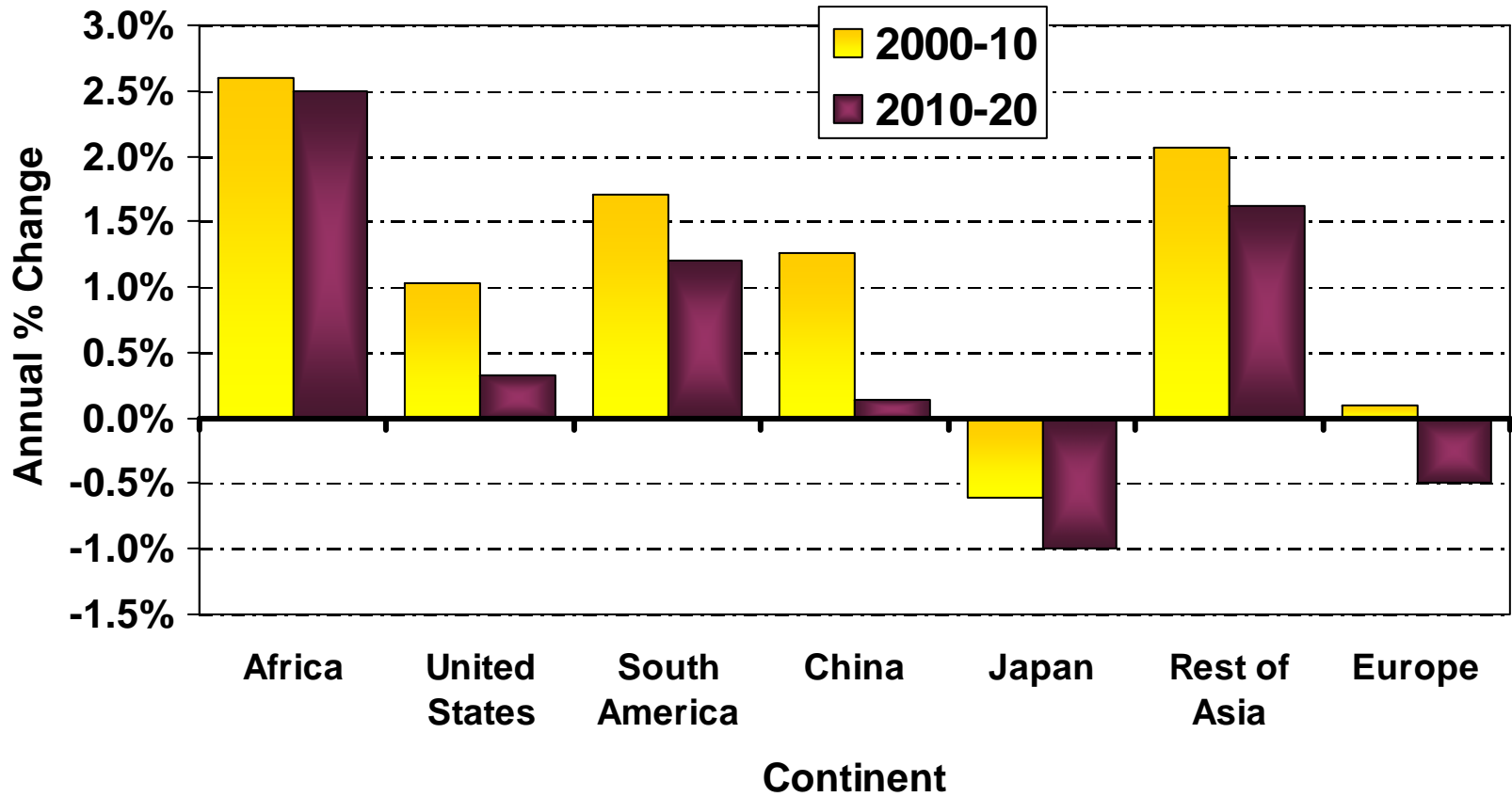


Census Bureau projections. Working age 16 to 64

Minnesota Labor Force Growth Is About To Slow Sharply



Projected Change In Working Age Population (15-64)



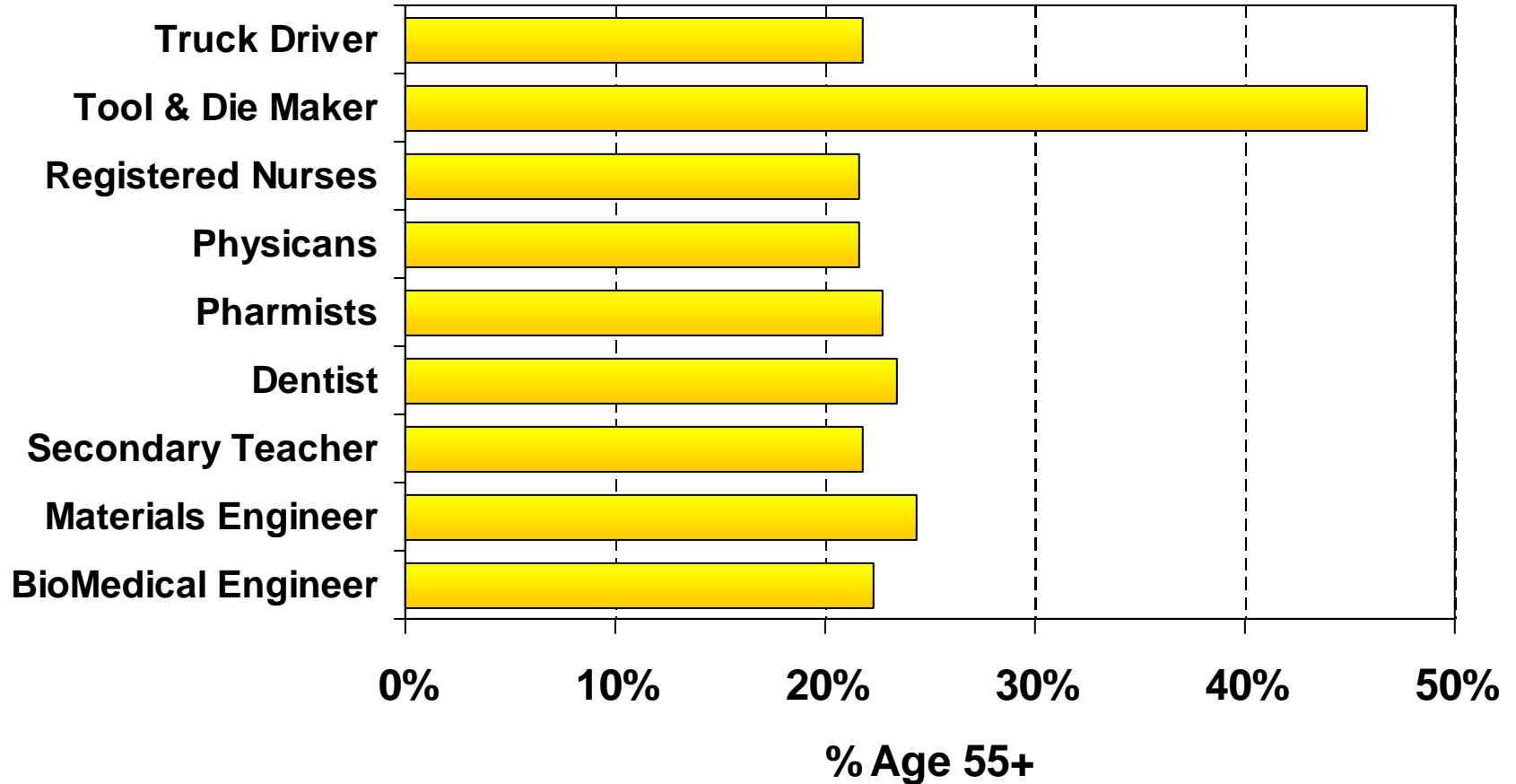
For Our Prosperity To Continue, Higher Education Is Essential

- Economic Growth = Labor Force Growth + Productivity Growth
- Productivity growth comes from
 - ✓ Private investment—machines & processes
 - ✓ Public investment—roads, bridges, etc
 - ✓ Technology from research, public & private
 - ✓ Skills & abilities of workers—education & training

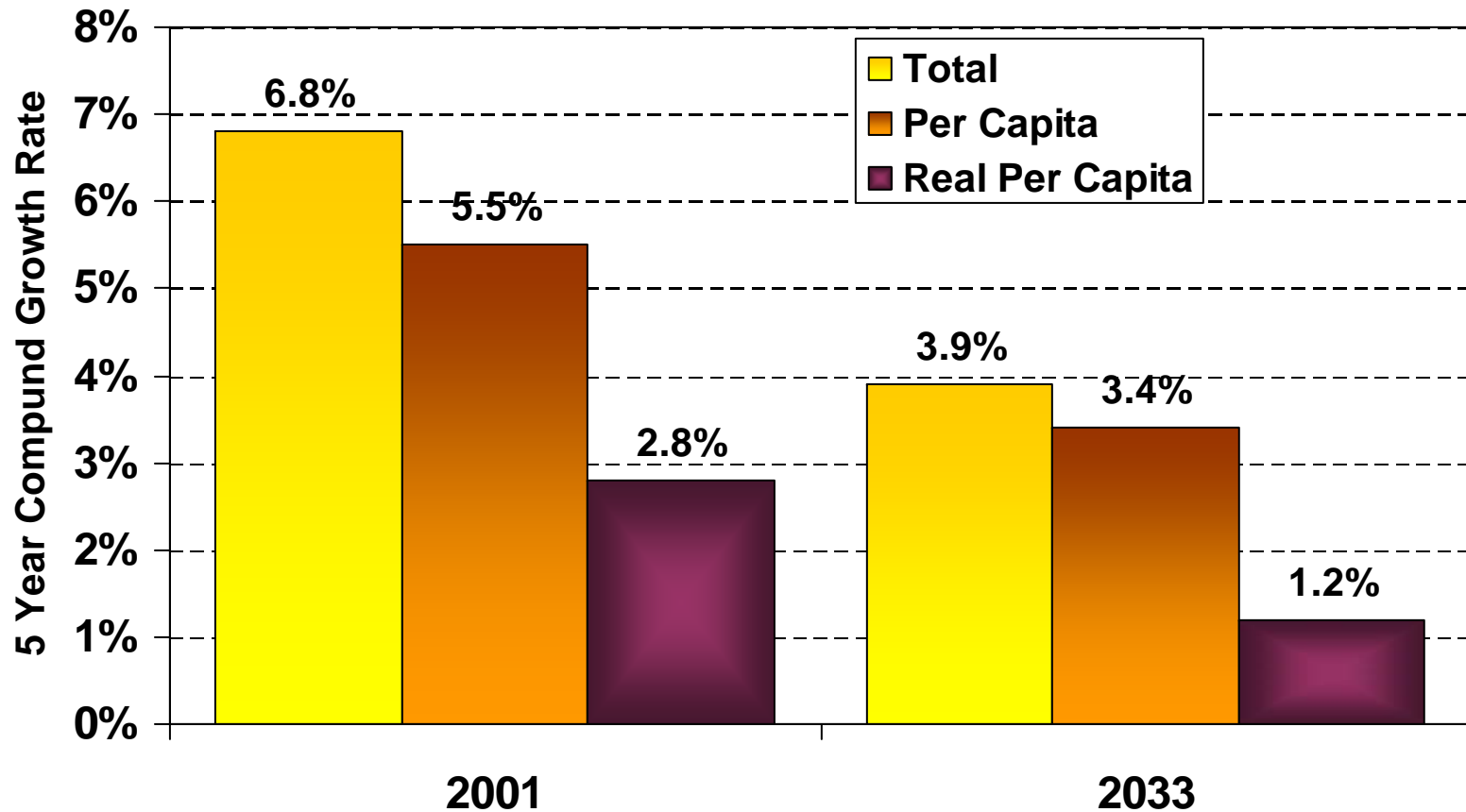
Upper Midwest Ranks Highly In High School Grads But Not So Much For College Grads

	High School grad Rate	25+ High School Grads	25+ Bachelors Degree	Employment Ratio
Iowa	2 nd	8 th	38 th	5 th
Minnesota	9 th	2 nd	11 th	3 rd
North Dakota	7 th	14 th	28 th	1 st
South Dakota	18 th	19 th	33 rd	3 rd
Wisconsin	3 rd	14 th	30 th	9 th

For Many Important Occupations More Than A Fifth Are Over Age 55

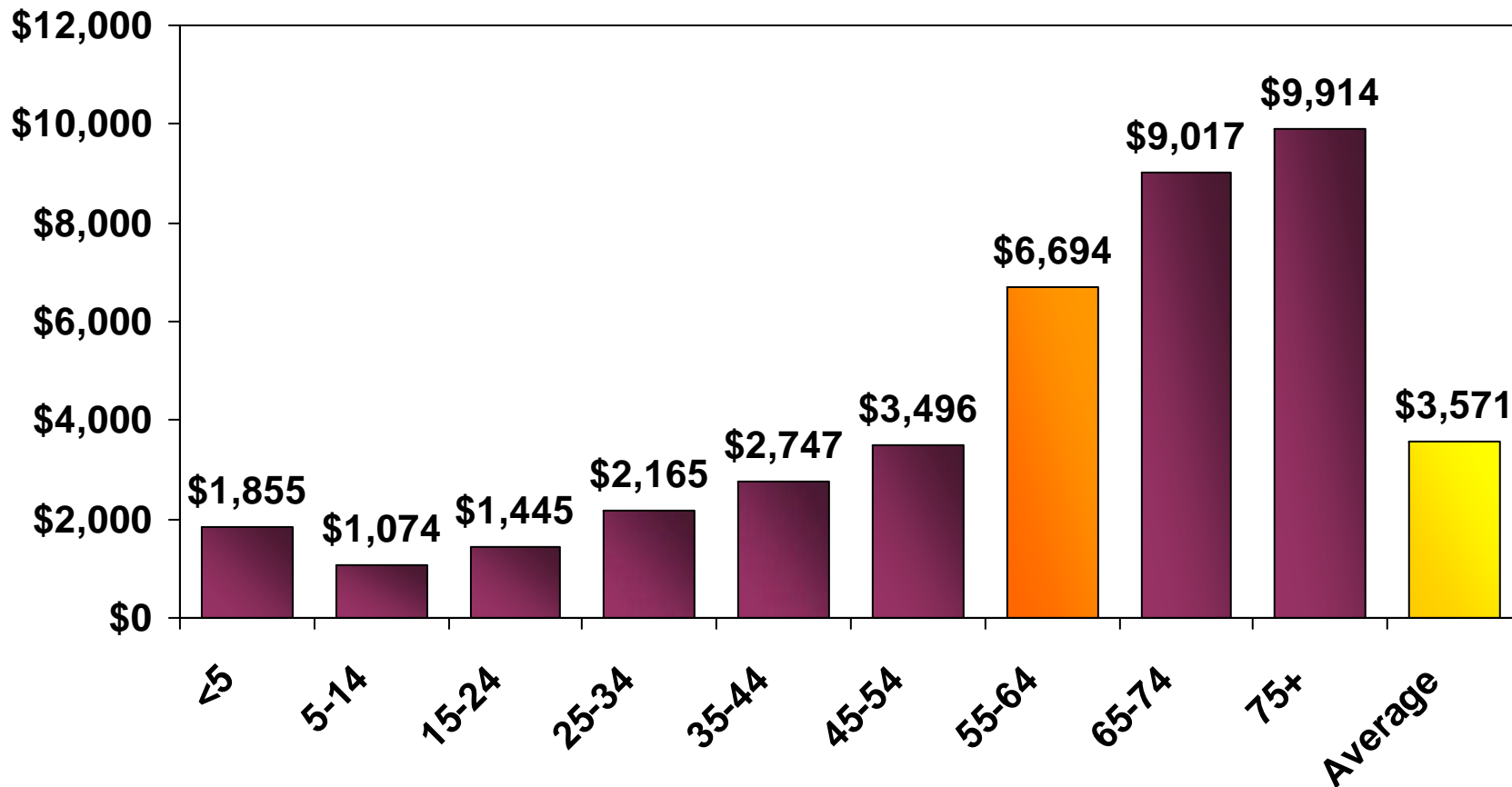


Minnesota State Revenue Growth Rate Projected To Slow



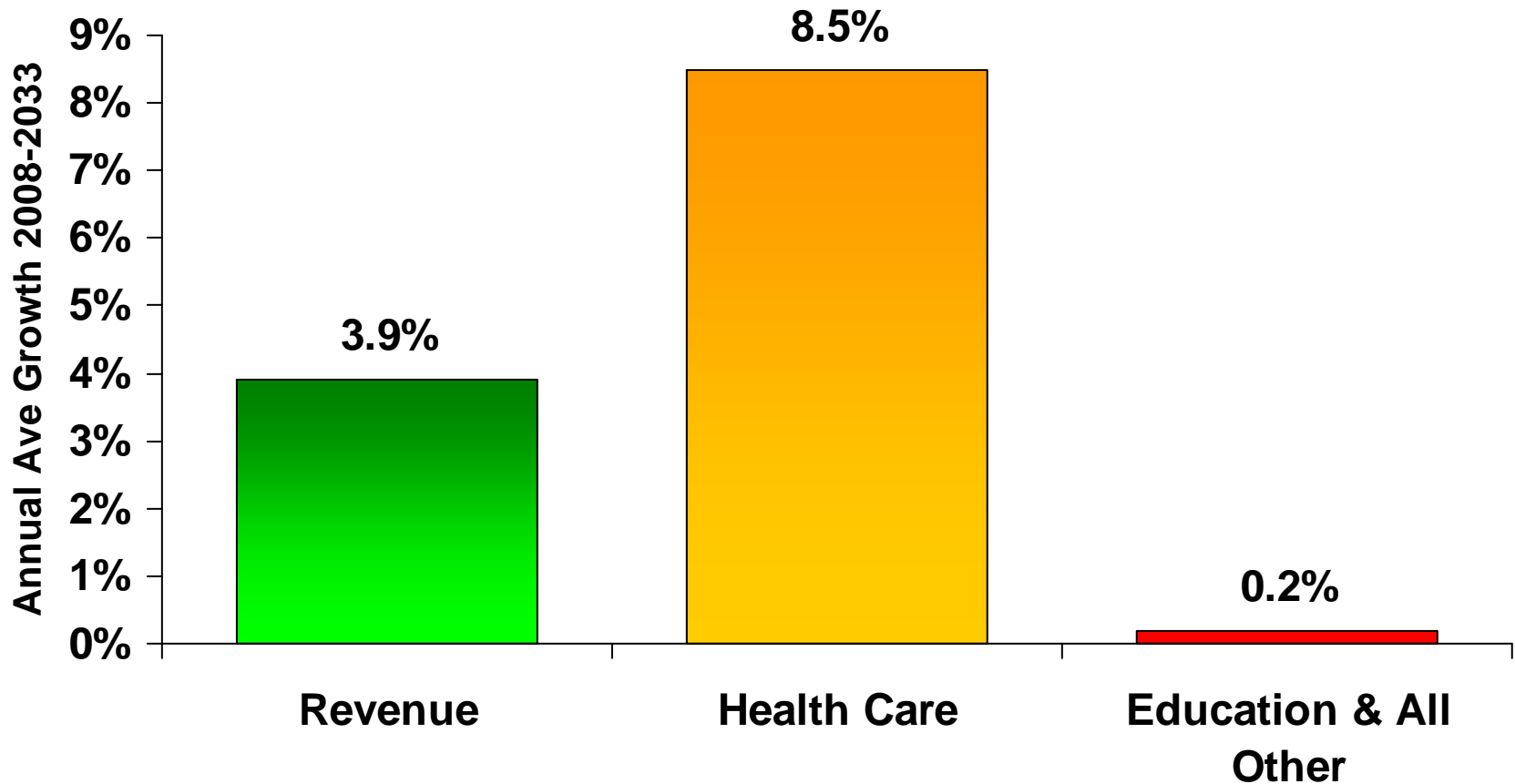
Health Care Spending Jumps After 55

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.

If State Health Care Costs Continue Their Current Trend, State Spending On Other Services Can't Grow



General Fund Spending Outlook, presentation to the Budget Trends Commission, August 2008, Dybdal, Reitan and Broat

And in Conclusion

- Demographic change will challenge academic research
 - More competition for students
 - Aging of people with critical skills
 - Fewer resources
 - More competition for those resources
- While making its results more important