

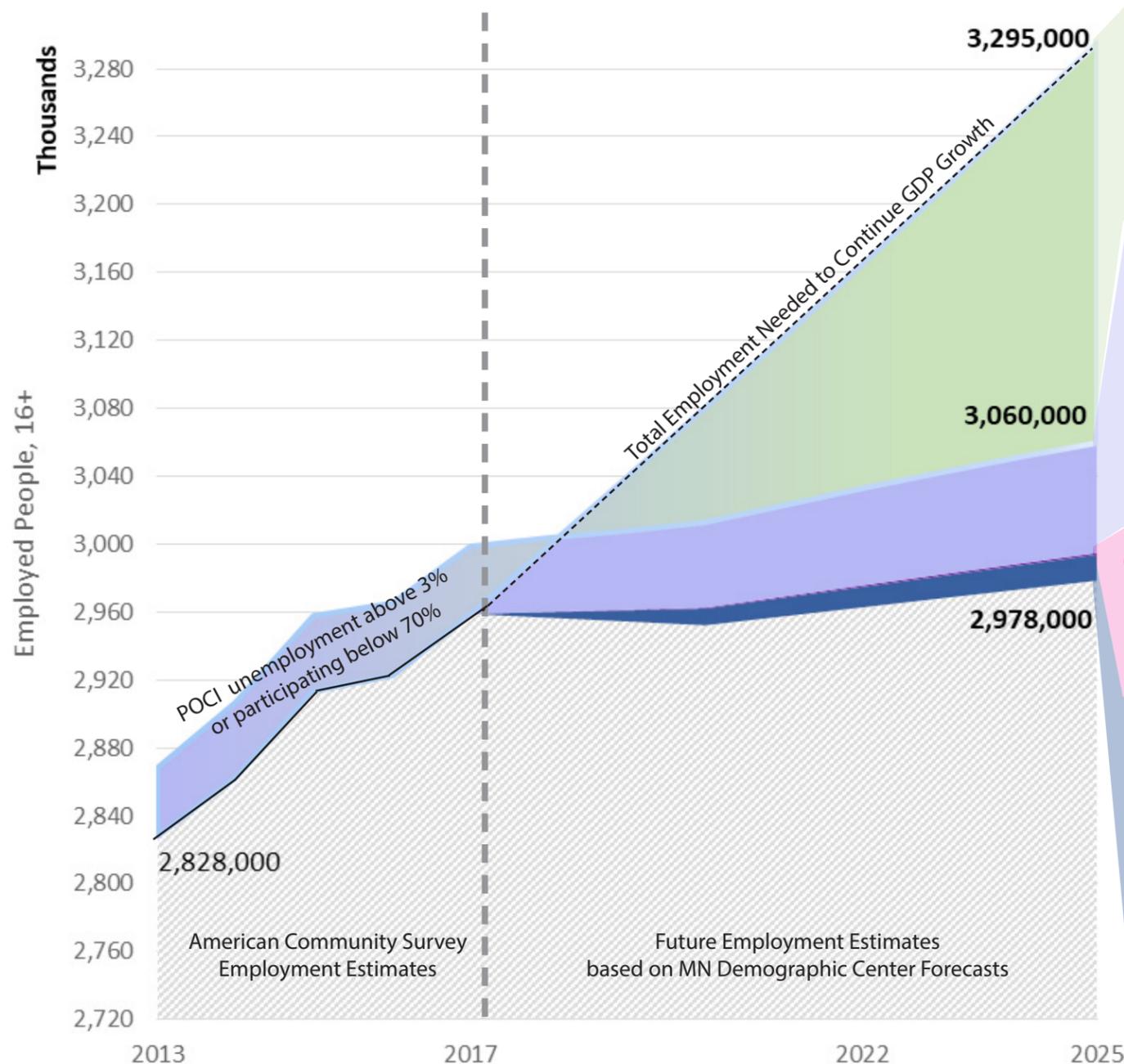
Strategies for Addressing Minnesota's Labor Shortage



Minnesota is facing a significant shortage of workers. At the Minnesota Demographic Center's forecasted rates of labor force participation and dwindling population growth, we could expect as little as 0.3% average annual employment growth between 2018 and 2025. Although recent labor force and employment estimates have been more favorable than what was originally forecast in 2017, there is still cause for concern that Minnesota's shortage of talent will impact economic growth in the near future.

Total Estimated Talent Shortage by 2025

317,000



INNOVATION
235,000

Automation and innovation have the potential to change the way we work. Increasing talent attraction strategies and making Minnesota an attractive place to live, work, and study can also increase our workforce beyond official forecasts. This wedge (74%) represents the additional shortage of talent that cannot be obtained by the community interventions below.

EQUITY
65,000



Perhaps the greatest impact we can have on our economic outlook and talent shortage is to eliminate disparities in employment by race and ethnicity. If we are able to reduce unemployment rates for people of color and indigenous persons (POCI) to 3% (the same rate as the native-born non-Hispanic White population), we would add about 65,000 employees to Minnesota companies by 2025 and meet about 20% of employers' additional workforce needs. If these employment disparities did not exist today, we would currently have about 45,000 additional people employed in Minnesota.

OLDER WORKERS
1,150



A tiny sliver of this solution could be gained by extending the retirement age and encouraging older workers (ages 65+) to stay on the job longer. However, this is a trend we are already witnessing, and most of the impact it would have on our workforce is already represented in the updated baseline forecasts.

YOUTH
15,200



Young people (ages 16-24) play an important role in our workforce. However, the MN Demographic Center forecasts that youth labor force participation rates will likely decline over the next few years. If we counteract this trend and maintain historic rates of youth labor force participation (52.8% for 16-19 year olds and 84.9% for 20-24 year olds) and employment for this group, we could see about 15,200 additional youth working in Minnesota by 2025 than what is anticipated.

Sources: US Census Bureau Population Estimates Program, 2017; IPUMS version of the US Census Bureau's American Community Survey, 2017; MN Demographic Center Population Projections, 2017; Committee for a Responsible Federal Budget (retirement estimate and employment growth-to-GDP relationship). Clip art "Equity" by Bruno Castro, "Experience" and "Family" by Adrien Coquet, Noun Project. Each target and impact listed above is contingent upon the others. Where projections do not exist, the most recent ACS data on employment and demographics are used to develop scenarios. Advising on the original version of this report was provided by the MN Population Center and Wilder Research in 2016.