

Minnesota Labor Force Trends 2000-2005

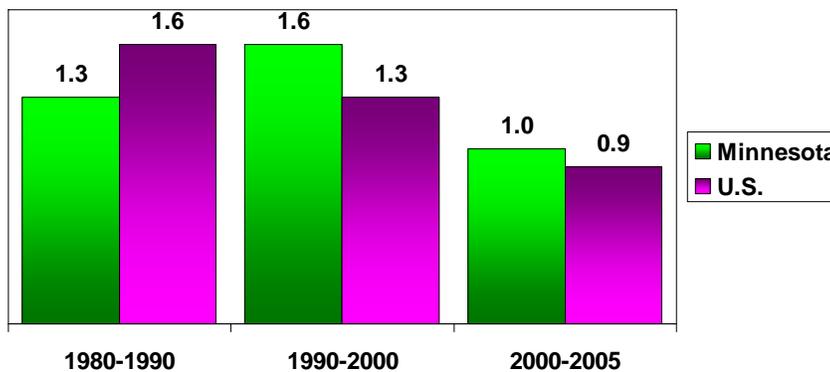
Martha McMurry

- The labor force has not grown as fast in the 2000s as in the 1990s.
- Minnesota remains among the national leaders in rates of labor force participation.
- Rates of labor force participation have increased for people 55 and older.
- The number of older workers is increasing.

Minnesota's labor force has not grown as fast in the 2000s as in the 1990s. Data from the Minnesota Department of Employment and Economic Development shows that between 2000 and 2005, the labor force grew about 5 percent, adding an average of about 28,000 annually. This contrasts with the 1990s, when the labor force grew 17 percent and added an average of almost 42,000 workers every year.

Labor force growth not as strong in the 2000s as in the 1990s

Average annual growth in labor force



Minnesota Department of Employment and Economic Development

Labor force growth has lagged behind projections. State Demographic Center figures benchmarked to the 2000 Census projected a 9 percent gain in labor force between 2000 and 2005, almost twice as high as the actual rate.

The labor force is defined as people ages 16 and older who are currently employed or actively seeking employment. Like the labor force, the numbers of employed people and jobs have grown more slowly this decade. Department of Employment and Economic Development data demonstrate that the number of employed people grew 4 percent between 2000 and 2005, compared to 20 percent between 1990 and 2000. U.S. Bureau of Economic Analysis figures show employment growing 23 percent from 1990 to 2000, tapering off to 5 percent between 2000 and 2005.

A variety of data sources measure the labor force. However, most do not provide comparable data for 2000 and 2005. The comparisons made here use the Department of Employment and Economic Development data series, which provides annual and monthly data going back many years.

Alternative Measures of Minnesota Labor Force, 2000 and 2005

	2000	2005
American Community Survey Public Use Microdata Sample	N/A	2,802,334
American Community Survey tables	N/A	2,822,085
Census 2000, SF3 tables	2,691,709	N/A
Census 2000 Public Use Microdata Sample, Population 16+	2,687,065	N/A
Census 2000 Public Use Microdata Sample, Population 16+ in households	2,640,994	N/A
Minnesota Department of Employment and Economic Development	2,807,668	2,947,198
Minnesota State Demographic Center projections published in February, 2003	2,691,709	2,925,900

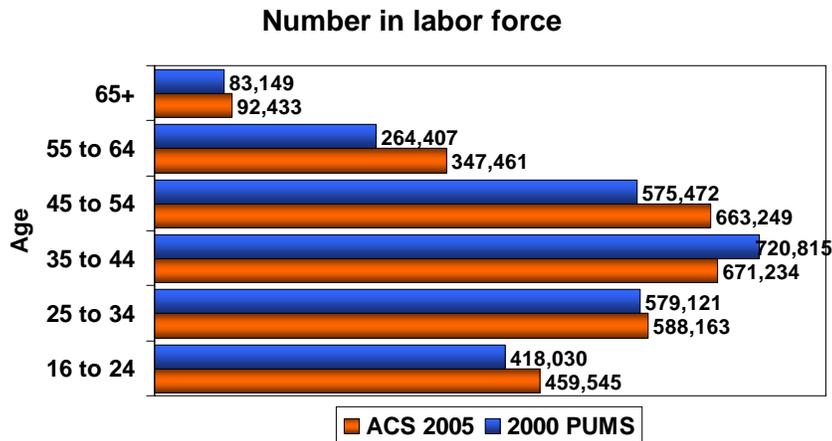
American Community Survey and Census 2000 data come from the U.S. Bureau of the Census. Department of Employment and Economic Development data are based on the Current Population Survey conducted by the Census Bureau for the U.S. Department of Labor. State Demographic Center projections are benchmarked to the 2000 Census.

So far in the 2000s, Minnesota's labor force has grown at about the same rate as the national average, also 5 percent between 2000 and 2005. In the 1990s Minnesota's labor force growth exceeded the national average, 17 percent compared to 13 percent.

Labor Force Is Older

As the population ages, so has the work force. About thirty-nine percent of the labor force was 45 or older in 2005, compared to 35 percent in 2000. The percent 55 or older grew from 13 to 16 percent. These figures are based on the household population only.

Number of older workers is increasing in Minnesota



Data not exactly comparable. Subject to sampling error. 2000 Census Public Use Microdata Sample data is for household population only.

Labor Force Participation Remains High, Rises for Older Workers

Labor force participation rates in Minnesota continue to be substantially above national averages, according to the American Community Survey ranking tables. The actual ranks could be different than shown here because of sampling error, but Minnesota would still rank high.

Minnesota Labor Force Rankings in the 2005 American Community Survey

	Minnesota Rank	Minnesota Rate	Margin of Error
Employment/Population Ratio for the Population 16 to 64 Years Old: 2005	2nd	77.2	+/-0.3
Percent of People 16 to 64 Years Who Are in the Labor Force (Including Armed Forces): 2005	2nd	81.9	+/-0.3
Percent of Married-Couple Families With Both Husband and Wife in the Labor Force: 2005	1st	61.6	+/-0.5
Percent of Children Under 6 Years Old With All Parents in the Labor Force: 2005	5th	68.2	+/-1.5

Source: 2005 American Community Survey.
Household population only.

Participation rates are highest for people ages 22 to 54, but rates have stagnated or fallen for younger workers and risen for older people. For women, participation rates have risen dramatically for ages 55 to 64. For men, gains have occurred for ages 62 to 69. Teenage participation rates have declined, and rates for workers 25 to 54 have not changed much.

Minnesota labor force participation by age, 2000 and 2005

	2000 Census Public Use Microdata Sample			2005 American Community Survey		
	Males	Females	Total	Males	Females	Total
16 to 19	60.9	63.8	62.3	57.9	64.6	61.1
20 to 21	83.9	81.2	82.6	82.2	80.8	81.5
22 to 24	90.4	82.3	86.4	89.7	84.1	87.0
20 to 24	87.8	81.9	84.9	86.8	82.9	84.9
25 to 29	92.1	83.7	87.9	92.7	84.1	88.0
30 to 34	93.7	82.6	88.1	93.4	81.1	87.3
35 to 44	93.3	83.3	88.3	92.2	81.0	86.7
45 to 54	91.4	84.0	87.7	90.7	82.9	86.8
55 to 59	82.6	70.4	76.6	81.5	74.2	77.8
60 to 61	69.1	54.6	61.6	69.4	61.3	65.3
62 to 64	51.6	40.2	45.7	54.2	47.1	50.6
60 to 64	59.0	46.3	52.4	60.6	53.0	56.7
65 to 69	32.2	24.0	28.1	37.1	25.8	31.2
70 to 74	21.3	14.3	17.3	23.7	12.8	17.8
75+	10.9	4.5	7.0	9.3	4.6	6.4
Total 16+	78.0	67.3	72.5	77.3	67.2	72.2

2000 Public Use Microdata Sample is for household population only.

2005 American Community Survey data is for household population only.

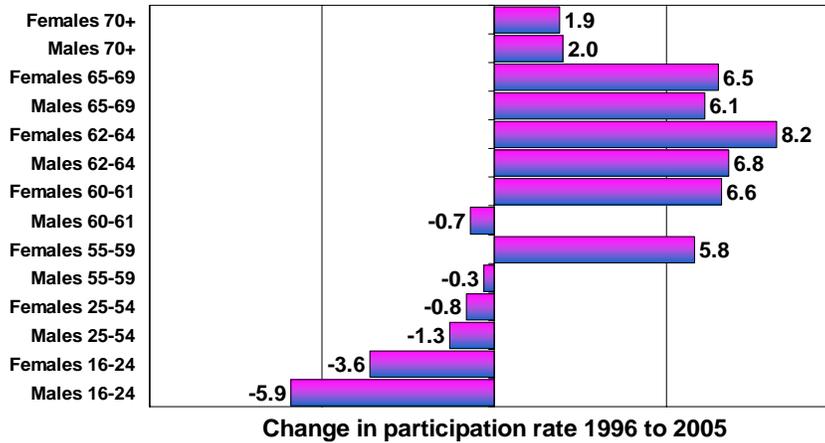
The participation rates shown in this table are not exactly comparable because they are based on two different sources, the 2000 Census and the 2005 American Community Survey. However, the results are similar to those found in national data from the U.S. Bureau of Labor Statistics, which is based on the Current Population Survey. The similar results strengthen the belief that the rise in participation rates among older workers are real.

U.S. Labor Force Participation Rates by Age and Gender, 1996 to 2005

	1996	2000	2001	2002	2003	2004	2005
Males 16-24	68.8	68.6	67.0	65.5	63.9	63.6	62.9
Females 16-24	62.2	63.0	62.0	61.1	59.2	58.7	58.6
Males 25-54	91.8	91.6	91.3	91.0	90.6	90.5	90.5
Females 25-54	76.1	76.7	76.4	75.9	75.6	75.3	75.3
Males 55-59	77.9	77.0	77.2	78.0	77.6	77.6	77.6
Females 55-59	59.8	61.4	61.7	63.8	65.5	65.0	65.6
Males 60-61	66.3	66.0	67.7	67.3	67.0	64.9	65.6
Females 60-61	47.2	49.0	50.5	52.8	53.9	54.0	53.8
Males 62-64	45.7	47.0	48.2	50.4	49.6	50.8	52.5
Females 62-64	31.8	34.1	36.7	37.6	38.6	38.7	40.0
Males 65-69	27.5	30.3	30.2	32.2	32.8	32.6	33.6
Females 65-69	17.2	19.5	20.0	20.7	22.7	23.3	23.7
Males 70+	11.5	12.0	12.1	11.5	12.3	12.8	13.5
Females 70+	5.2	5.8	5.9	6.0	6.4	6.7	7.1

Source: U.S. Bureau of Labor Statistics
Civilian labor force participation rates.

U.S. participation rates rise in older age groups



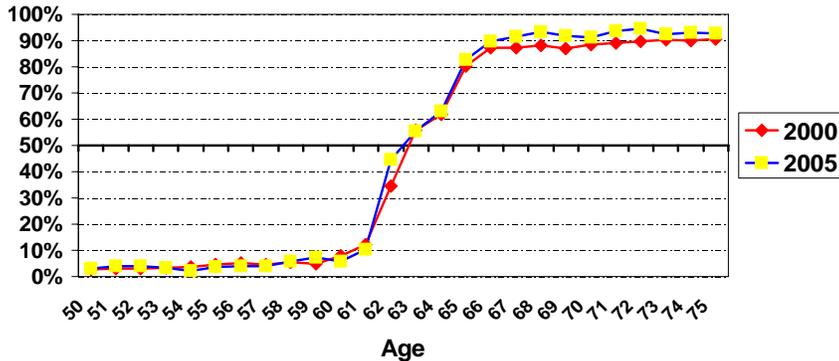
U.S. Bureau of Labor Statistics. Civilian noninstitutionalized population.

There are many reasons why older people might be working more. The desire to keep health care benefits and the well-publicized problems of some retirement plans may have encouraged more people to keep working.

In other respects, the trend is puzzling. While at least two major data sets show rising participation, there is no evidence of a surge in earnings among older people or in a delay in the age of retirement. "Retirement" can be an elastic concept, but one simple definition is the age at which people begin to receive Social Security benefits. Data from the Social Security Administration shows that the majority of eligible workers apply for retirement benefits at the minimum age of 62, and this figure has not changed much.

Little Change In Retirement Age Measured By Social Security Income Receipt

Percent Receiving Social Security Income



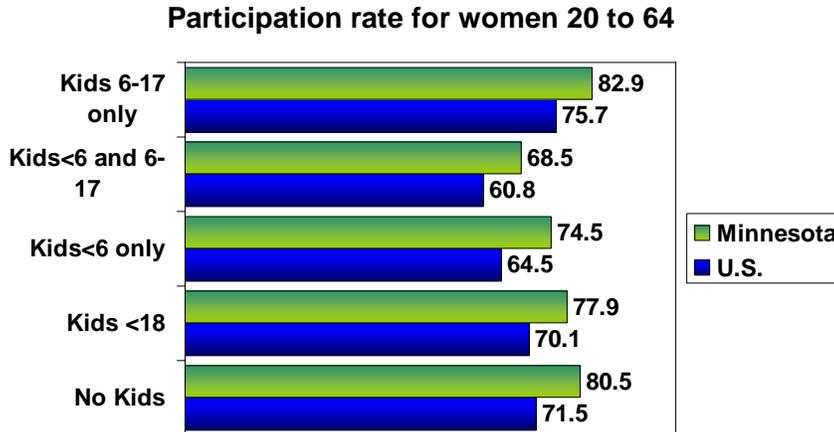
2000 Public Use Microdata 5% Sample; 2005 American Community Survey Microdata Sample

Minnesota Women Have High Participation Rates

Labor force participation rates for Minnesota women are well above the national average. The high levels of participation for women are a major reason the state ranks high on measures of total labor force participation. In the 2005 American Community Survey, 67.2 percent of Minnesota women ages 16 and older were in the labor force, well above the U.S. average of 59.1 percent. Minnesota men also participated at an above-average rate, 77.3 compared to 73.2 percent.

Minnesota mothers have high rates of participation rates compared to the national average. Seventy percent of women with children under 18 participate in the labor force. Women who have both pre-schoolers and school-age children at home have the lowest participation rates among mothers; participation rates are highest for mothers who have only school-age children.

Minnesota mothers have higher rates of labor force participation

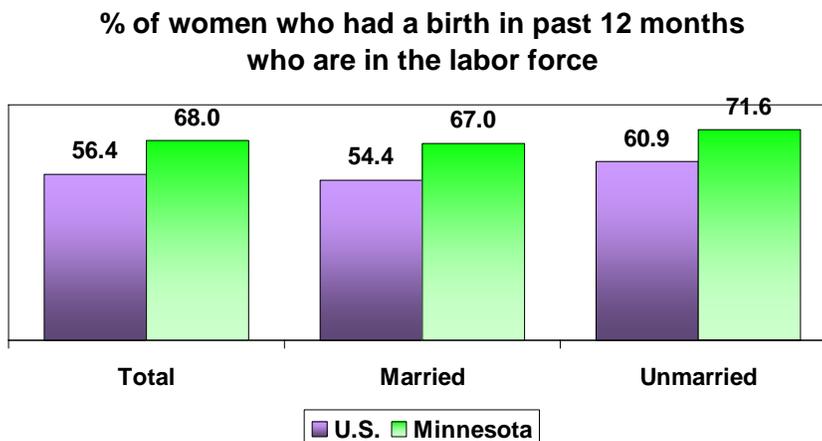


2005 American Community Survey. Household population only. Subject to sampling error.

Overall, participation rates are only slightly higher for women with no children at home than for mothers. This is probably attributable in part to age; many women with no children at home are in their 50s and early 60s and may have retired already. Others are in their early 20s and are still attending school.

Two-thirds of Minnesota women who had a baby within the past 12 months are in the labor force, a figure well above the national average. Unmarried women who had a child recently are slightly more likely to be in the labor force than married mothers.

Two-thirds of Minnesota new mothers are in the labor force

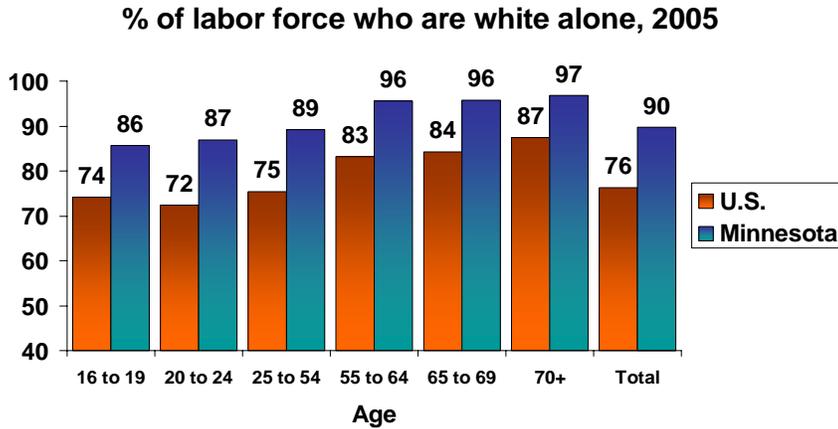


2005 American Community Survey. Household population only. Subject to sampling error.

Participation Rates Vary by Race and Ethnicity

Though Minnesota's work force is becoming more diverse, almost 90 percent of workers were white alone in the 2005 American Community Survey data. This was substantially higher than the national average, 76 percent. Younger workers are more racially diverse than older workers.

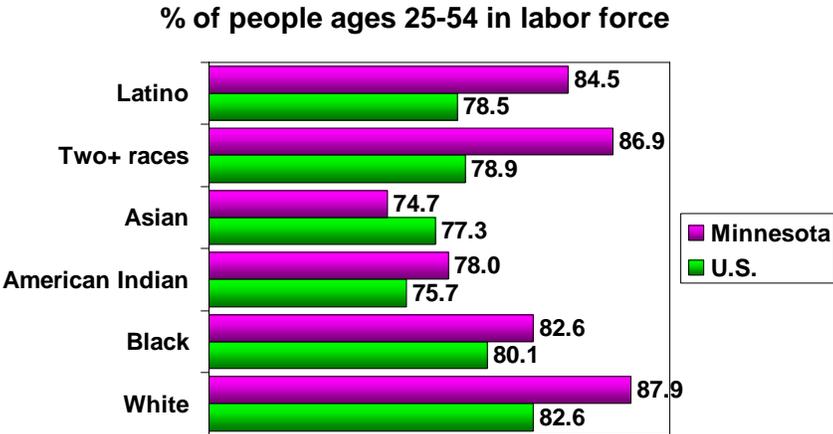
Minnesota labor force less diverse; younger workers more diverse



2005 American Community Survey. Household population only.
Subject to sampling error.

Minnesota participation rates are higher for people in most, but not all, racial and ethnic groups. For example, 88 percent of white Minnesotans ages 25 to 54 are in the work force, compared to 83 percent nationally. The figures for smaller groups are subject to considerable sampling error, so results should be viewed with caution.

In most racial and ethnic groups, Minnesota participation rates are higher



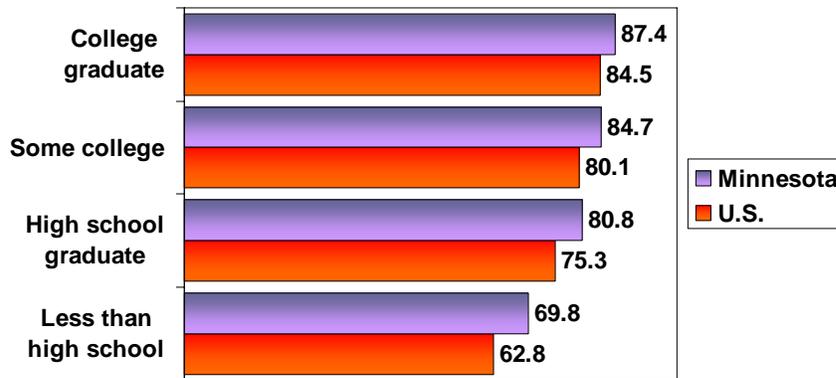
2005 American Community Survey. Household population only.
Subject to sampling error.

Education is Related to Participation

The more education people have, the more likely they are to participate in the labor force. Only 70 percent of Minnesotans ages 25 to 64 who did not complete high school are in the labor force, compared to 87 percent of college graduates. More educated people usually find it easier to find jobs, and they make higher incomes. These factors promote labor force attachment. At each level of education, Minnesotans have higher participation rates than the national average.

People with more education are more likely to participate in the labor force

Participation rate for people 25 to 64

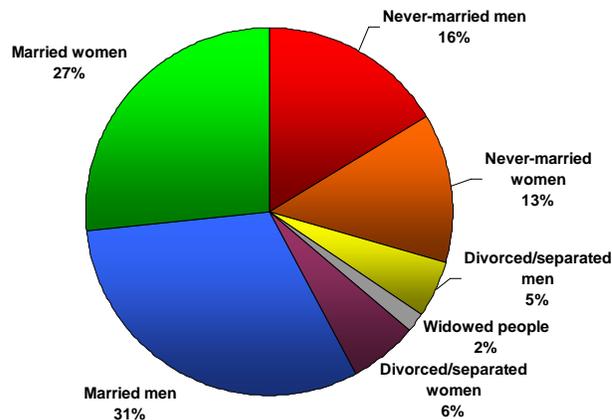


2005 American Community Survey. Household population only. Subject to sampling error.

Majority of Workers Are Married

Over half of the labor force consists of married people. Never-married people are the second biggest group. Only 2% are widowed. This is related to age also since widowed people tend to be older and thus retired.

Over half the Minnesota labor force consists of married people



2005 American Community Survey; household population; subject to sampling error.

Sources:

Minnesota labor force data from Department of Employment and Economic Development
<http://www.deed.state.mn.us/lmi/tools/laus.htm>

2000 Census and 2005 American Community Survey data from American FactFinder
<http://factfinder.census.gov/home/saff/main.html>

U.S. Bureau of Economic Analysis employment data
<http://www.bea.gov/>

National labor force data from U.S. Bureau of Labor Statistics
<http://www.bls.gov/>

Population Notes is published periodically by the State Demographic Center at the Minnesota Department of Administration.

Upon request, *Population Notes* will be made available in alternative format, such as Braille, large print, or audio tape. For TTY, contact Minnesota Relay Service at 800-627-3529 and ask for the Minnesota Department of Administration. For more information or additional copies of *Population Notes*, contact:

MINNESOTA STATE DEMOGRAPHIC CENTER

658 Cedar St., Room 300
St. Paul, MN 55155
651-296-2557
Fax: 651-296-3698
www.demography.state.mn.us
demography.help@state.mn.us

