# Projected Regional Employment Growth, 2010 - 2020


Minnesota's job rebound from the Great Recession gained some steam as Quarterly Census of Employment and Wages (QCEW) employment jumped 1.6 percent — nearly 41,000 jobs — between 2010 and 2011. Local Area Unemployment Statistics (LAUS) employment also climbed sharply rising 1.7 percent or 46,000 jobs in 2011. The QCEW annual gain was the highest since 2000 while the LAUS gain was the highest since 1998. Projections employment is a combination of QCEW employment and LAUS employment so the robust growth between 2010 and 2011 was a good start for job growth over the 2010-2020 period.[1]

However, job growth during the next decade will not be as robust as the 2010-2011 pace as the state is expected to average around 1.3 percent annual job growth over the next decade. The 1.3 percent projected growth converts into roughly 36,800 jobs per year. Job growth during the next decade will be brisk compared to the last decade but moderate when compared to the 1990s boom decade. Minnesota added 534,000 jobs between 1990 and 2000 but lost 70,000 jobs between 2000 and 2010.

Minnesota's economy is projected to add 386,000 jobs between 2010 and 2020, easily recouping the 144,000 jobs lost from 2007-2010. The projected job growth won't bring back all the lost jobs in some industries. Job expansion in other industries, however, will push employment in the state to 3,198,000 by 2020, topping the current record high of 2,947,000 reached in 2007. In percentage terms Minnesota's employment is projected to expand 13 percent between 2010 and 2020 compared to the 2.3 decrease during the previous decade and the 23 percent growth enjoyed two decades ago.

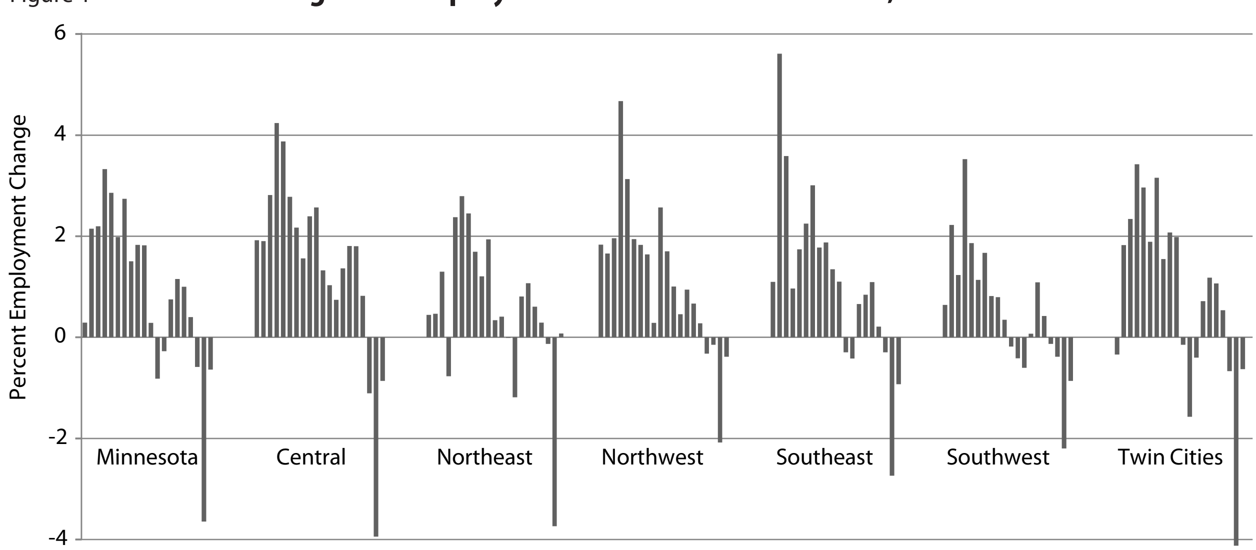
Central Minnesota enjoyed the strongest job growth during the last two decades, adding jobs every year between 1983 and 2007. The region endured the steepest job loss between 2007 and 2010 with a 5.7 percent employment decline. Job loss was only slightly less severe in the Twin Cities, 5.4 percent during the Great Recession. Figure 1 shows annual average job growth over the last 20 years across Minnesota's six regions.

Employment statewide fell by 4.8 percent during the three-year period. Job decline in the other four Minnesota regions was steep but below the statewide rate. Northwest Minnesota had the smallest decline but still lost 2.6 percent of its employment base between 2007 and 2010.

The aftereffects of the Great Recession will vary across regions, lingering longer or being more permanent, depending on the industrial mix of each region. For example, a good portion of job cutbacks during the Great Recession in northeast Minnesota occurred in the taconite mining payrolls. Taconite mining employment bounced back soon after the recession ended, helping to make northeast Minnesota the only region to add jobs between 2009 and 2010. The center of the housing boom in Minnesota

Figure 1

**Regional Employment Growth in Minnesota, 1991 - 2010**




Source: Labor Market Information, Minnesota Department of Employment and Economic Development

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was in the Twin Cities suburbs and along I-94 headed up to St. Cloud. When the boom turned to bust, construction workforces in central Minnesota and the Twin Cities metro region plunged the most. Home-building construction jobs will gradually increase in these regions over the next decade but will fall short of the boom-year levels.

## Central Minnesota

Central Minnesota, with five counties adjacent to the Twin Cities metro area, was the state's leader in job growth up until the Great Recession. The residential development spillover from the Twin Cities along the I-94 corridor between the St. Cloud area and up I-35 north of the Twin Cities is expected to resume eventually but not at the torrid pace set before the Great Recession. Retail and service-related employment will follow population growth. Employment in central Minnesota is expected to expand 18 percent, or about 52,000 jobs between 2010 and 2020 (Figure 2). The region experienced 3 percent growth during the 2000-2010 period.

## Northwest Minnesota

Northwest Minnesota's 24-year streak of job growth came to an end in 2007 as the recession arrived early to the region with home building-related manufacturing sliding as the housing collapse developed. Employment growth in northwest Minnesota is projected to grow 14 percent over the 10-year period, with 36,000 new jobs created. The education and health care sector will add the most jobs as is true across all regions. Manufacturing is expected to rebound fully from the Great Recession with the sector adding 4,200 jobs but will remain 1,500 jobs short of the 2000 peak. Manufacturing jobs are expected to increase in every region over the next 10 years but only exceed the 2007 level in northwest Minnesota by 2020.

## Southeast Minnesota

Southeast Minnesota employment is projected to grow faster than statewide growth, expanding 14 percent by 2020. More than half of the employment growth will be in the education and health care sector. Education and health care sector's share of employment growth is highest in this region. Spillover growth from the Twin Cities metro area into Goodhue and Rice counties combined with the strong growth in Rochester will push the region's employment base up by more than 36,000 jobs by 2020.

## Northeast Minnesota

Northeast Minnesota has the smallest employment base of all regions with an economy heavily dependent on tourism, taconite mining, and timber-related activity. Mining employment sank during the recession but has bounced back as worldwide steel demand recovered. Mining may expand further over the next 10 years, but timber-related employment is expected to rebound only partially. The 13 percent projected job growth translates into roughly 20,000 jobs with slightly less than half of the new jobs projected to be in the education and health care sector. The projected employment growth will keep northeast Minnesota's share of state employment right around 5.5 percent.

## Twin Cities Metro Area

The seven-county Twin Cities metro area is projected to add 202,200 jobs between 2010 and 2020 or 54.9 percent of statewide growth over the 10-year period. Twin Cities' employment growth is expected to be slightly slower than statewide growth, sending the region's share of state employment down to 58.9 percent by 2020 from 59.4 percent in 2010. The metro area's share of the state's employment pie peaked at 60.4 percent in 2000. Service-providing industries will create 88 percent of the projected job growth as goods-producing employment growth will be held back by slow manufacturing job growth. The construction industry will rebound during the decade, adding 18,000 jobs, but construction payroll numbers will stay well below the 2005 boom-year peak. Manufacturing will grow slower in the Twin Cities than in any other region, leaving manufacturing employment way below the pre-recession level.

Table 1

**Distribution of Regional Employment Growth by Major Occupational Group, 2010 - 2020**

| | Percent of Projected Employment Growth | | | | | | |
|---|---|---|---|---|---|---|---|
| | Central Minnesota | Northeast Minnesota | Northwest Minnesota | Southeast Minnesota | Southwest Minnesota | Twin Cities Minnesota | Minnesota |
| Management, business, and financial occupations* | 6.4 | 6.0 | 6.9 | 6.7 | 6.0 | 12.0 | 9.6 |
| Professional and related occupations | 17.1 | 20.1 | 18.9 | 26.0 | 14.0 | 26.6 | 23.5 |
| Service occupations | 30.2 | 39.8 | 27.9 | 26.3 | 33.9 | 27.0 | 28.6 |
| Sales and Related Occupations | 8.3 | 7.0 | 8.4 | 7.9 | 6.9 | 8.5 | 8.2 |
| Office and Administrative Support Occupations | 10.2 | 6.9 | 8.9 | 10.8 | 7.6 | 8.6 | 8.9 |
| Farming, Fishing, and Forestry Occupations | -1.0 | 0.0 | -1.0 | 0.2 | 1.0 | 0.1 | -0.1 |
| Construction and Extraction Occupations | 9.1 | 7.5 | 9.3 | 6.2 | 8.1 | 6.3 | 7.2 |
| Installation, Maintenance, and Repair Occupations | 4.9 | 3.9 | 4.2 | 4.0 | 4.3 | 2.7 | 3.4 |
| Production Occupations | 6.8 | 3.0 | 9.1 | 4.7 | 8.4 | 2.7 | 4.4 |
| Transportation and Material Moving Occupations | 8.0 | 5.7 | 7.4 | 7.3 | 9.8 | 5.3 | 6.2 |

*Farmers and Ranchers (SOC 11-9012 has been included In farming, fishing, and forestry occupation group not in management, business, and financial occupation group.

Source: Labor Market Information Office, Minnesota Department of Employment and Economic Development

## Southwest Minnesota

Southwest Minnesota is projected to have the slowest job growth, 10 percent, during the next 10 years. The region's share of state employment will dip to 7.1 percent by 2020 from 7.3 percent in 2010. Southwest Minnesota is the most agricultural-dependent region with jobs directly involved in agricultural production accounting for 8.7 of total regional employment in 2010. That is almost four times higher than the 2.3 percent of total employment accounted for by direct agricultural production jobs statewide. The region's dependence on agricultural production for jobs had been gradually drifting down from 11.1 percent in 1990 to 7.7 in 2008 before jumping to 8.7 percent as the region's other sectors cut employment in response to the Great Recession. Job rebound in the other sectors over the next decade will bring agricultural production's share of total employment back down to around 8.0 percent by 2020.

# Occupational Projections

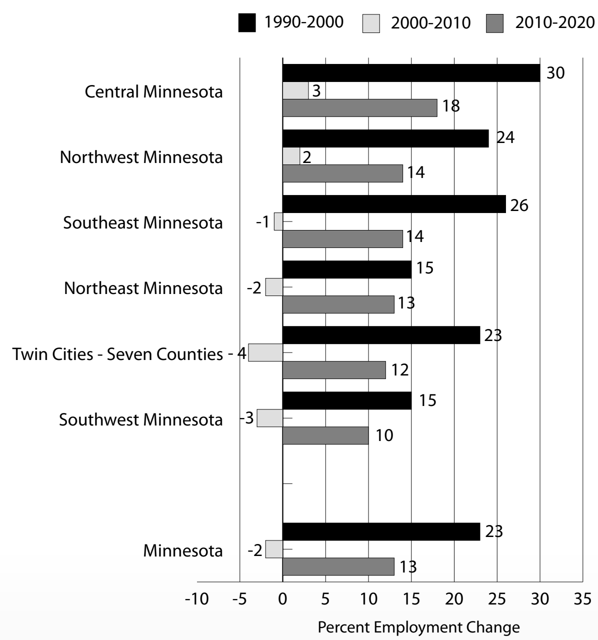
The distribution of projected regional occupational employment growth across 10 major occupational groups is shown in Table 1. Service occupations, which include about 100 occupations, ranging from bailiffs, firefighters, and police officers to janitors, bartenders, and child care workers, are projected to add the most jobs in all regions. Over the next 10 years Minnesota households will spend a larger share of their income on services than in the past. Higher spending on health care, especially by Minnesota's expanding senior citizen population, as well as on restaurants, casinos, and personal care translates into higher demand for personal care aides, home health aides, food preparation workers, hairdressers, gaming supervisors, and amusement attendants.

Professional and related jobs are expected to add the second-largest block of new jobs in all regions. Job growth in professional occupations in southeast Minnesota and the Twin Cities will almost match service occupation growth. Professional occupations include most information technology jobs, educational occupations, and health care practitioner and technical jobs. Professional and related occupation jobs are spread across 250 occupations.

More than 50 percent of projected job growth is expected to be in either service or professional occupations in three regions and just below 50 percent in the other three regions. Occupations in these

Figure 2

**Regional Employment Growth in Minnesota, 1990-2000, 2000-2010, Projected 2010-2020**




Source: Labor Market Information Office, Minnesota Department of Employment and Economic Development

Table 2

**Projected Net Replacement Openings by Major Occupational Group, 2010 - 2020**

| | Percent of Projected Net Replacements | | | | | | |
|---|---|---|---|---|---|---|---|
| | Central Minnesota | Northeast Minnesota | Northwest Minnesota | Southeast Minnesota | Southwest Minnesota | Twin Cities Minnesota | Minnesota |
| Management, business, and financial occupations* | 6.3 | 7.1 | 6.5 | 7.2 | 6.6 | 7.2 | 10.0 |
| Professional and related occupations | 16.4 | 19.2 | 18.0 | 20.5 | 15.9 | 20.5 | 19.5 |
| Service occupations | 24.3 | 28.4 | 24.4 | 22.6 | 21.5 | 22.6 | 22.6 |
| Sales and Related Occupations | 13.2 | 12.7 | 12.7 | 12.4 | 12.2 | 12.4 | 13.1 |
| Office and Administrative Support Occupations | 12.4 | 12.4 | 11.6 | 12.4 | 11.3 | 12.4 | 13.6 |
| Farming, Fishing, and Forestry Occupations | 4.2 | 1.6 | 5.8 | 4.1 | 8.0 | 4.1 | 2.2 |
| Construction and Extraction Occupations | 4.2 | 4.5 | 4.5 | 3.2 | 3.6 | 3.2 | 3.3 |
| Installation, Maintenance, and Repair Occupations | 3.9 | 4.4 | 3.5 | 3.4 | 3.9 | 3.4 | 3.2 |
| Production Occupations | 8.3 | 4.3 | 6.6 | 7.9 | 9.7 | 7.9 | 6.3 |
| Transportation and Material Moving Occupations | 6.8 | 5.4 | 6.2 | 6.3 | 7.2 | 6.3 | 6.2 |

* Farmers and Ranchers (SOC 11-9012 has been included In farming, fishing, and forestry occupation group not in management, business, and financial occupation group.

Source: Labor Market Information Office, Minnesota Department of Employment and Economic Development two major occupational groups currently account for 38 to 47 percent of total regional employment, with the southwest region at the low end and the northeast region at the high end.

The fastest growing occupational group in all regions will be construction and extraction jobs. Construction occupations were hit hard by the housing bust as construction payrolls were still shrinking through most of 2010. This occupational group will increase 50 to 100 percent faster than overall regional job growth in all six regions as home-building activity returns to historical norms. Despite the expected strong growth jobs construction occupations will not recover to the boom-year highs of the mid-2000s.

Production occupations, such as machinists, team assemblers, welders, or job printers, accounted for 7.3 percent of all employment in Minnesota with southwest Minnesota having the highest percentage, 10.2, and northeast Minnesota having the lowest with 4.9 percent. All regions are predicted to add production jobs during the next 10 years but production job growth will only be faster than overall job growth in northwest Minnesota. Production jobs in northwest Minnesota will account for 7.7 percent of the region's employment base in 2020 compared to the 7.5 percent in 2010. Production jobs in all regions will not rebound to pre-recession levels.

Table 3

**Minnesota Projected Regional Employment Growth and Net Replacement Openings, 2010 - 2020**

| | 2010 Employment | 2010-2020 Employment Growth | 2010-2020 Replacement Openings |
|---|---|---|---|
| Central Minnesota | 282,000 | 52,000 | 67,000 |
| Northeast Minnesota | 156,000 | 20,000 | 37,000 |
| Northwest Minnesota | 251,000 | 36,000 | 59,000 |
| Southeast Minnesota | 255,000 | 36,000 | 60,000 |
| Southwest Minnesota | 206,000 | 21,000 | 48,000 |
| Twin Cities Metro | 1,680,000 | 202,000 | 392,000 |

Source: Labor Market Information Office, Minnesota Department of Employment and Economic Development

## New Jobs versus Replacement Openings

Job openings generated by employment growth is only one piece of the future jobs puzzle. Perhaps the more important puzzle piece is future net replacement openings. Net replacement openings are generated by the need to replace workers who retire or leave the workforce for other reasons, and, hence, are available to new or re-entrants into the workforce. In addition to the 368,000 new jobs projected to be created in Minnesota as the state's economy expands between 2010 and 2020, another 663,000 net replacement openings are projected over the next decade. Table 2 displays the regional distribution of projected net replacement openings across major occupational groups through 2020. Net replacement openings measure the number of existing jobs likely to be filled by young adults entering the workforce for the first time or older workers reentering the workforce.

The distribution of projected occupational-replacement openings in each region is more evenly spread across all occupations compared to the distribution of employment growth openings, since replacement openings are based on each region's 2010 employment base. Each region's occupational mix in 2010 is more dispersed than projected job growth. Job growth is projected to be concentrated in select industries that have particular occupational needs, whereas retirements and exits from the labor force for other reasons happen across all industries and occupations.

Workers will be needed in the future to fill replacement needs in all occupations, even in declining occupations. The 2.8 million jobs in Minnesota in 2010 were spread across 787 occupations; 102 of these are projected to shed jobs over the next 10 years. About 219,000 workers were employed in these shrinking occupations in 2010. Roughly 10,500 positions in these shrinking occupations will disappear over the next 10 years. Despite the loss of 10,500 positions, there will still be demand for new workers with the right skills for these occupations since 48,600 net replacement openings are anticipated across the declining occupations over the 10-year span.

Table 3 shows each region's 2010 employment base, 2010-2020 projected job growth, and 2010-2020 projected net replacement openings. Job openings in slower growing regions like southwest Minnesota are more likely to arise from replacement needs than from employment growth.  There will be 2.3 net replacement job openings in southwest Minnesota for every job opening created by employment growth. That ratio is lowest in central Minnesota, 1.3 net replacement openings per new job opening, since employment growth in that region of the state is expected to be strong.

Detailed industry and occupational employment projections, along with detailed net replacement openings projections, for Minnesota and for the state's six planning regions are available online at:

**www.PositivelyMinnesota.com/projections/**

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[1]Employment totals for projection purposes includes full and part-time wage and salary jobs and self-employment jobs.  Annual average projection employment by industry is estimated by the Minnesota Department of Employment and Economic Development using Quarterly Census of Employment and Wages (QCEW) employment data, Current Employment Statistics (CES) employment data, and Local Area Unemployment Statistics (LAUS) self-employment data.  Minnesota's 2010 annual average projection employment was estimated at 2,830,000.  By comparison, the 2010 annual average job totals for QCEW, CES, and LAUS were 2,604,000, 2,676,000, and 2,787,000, respectively.