



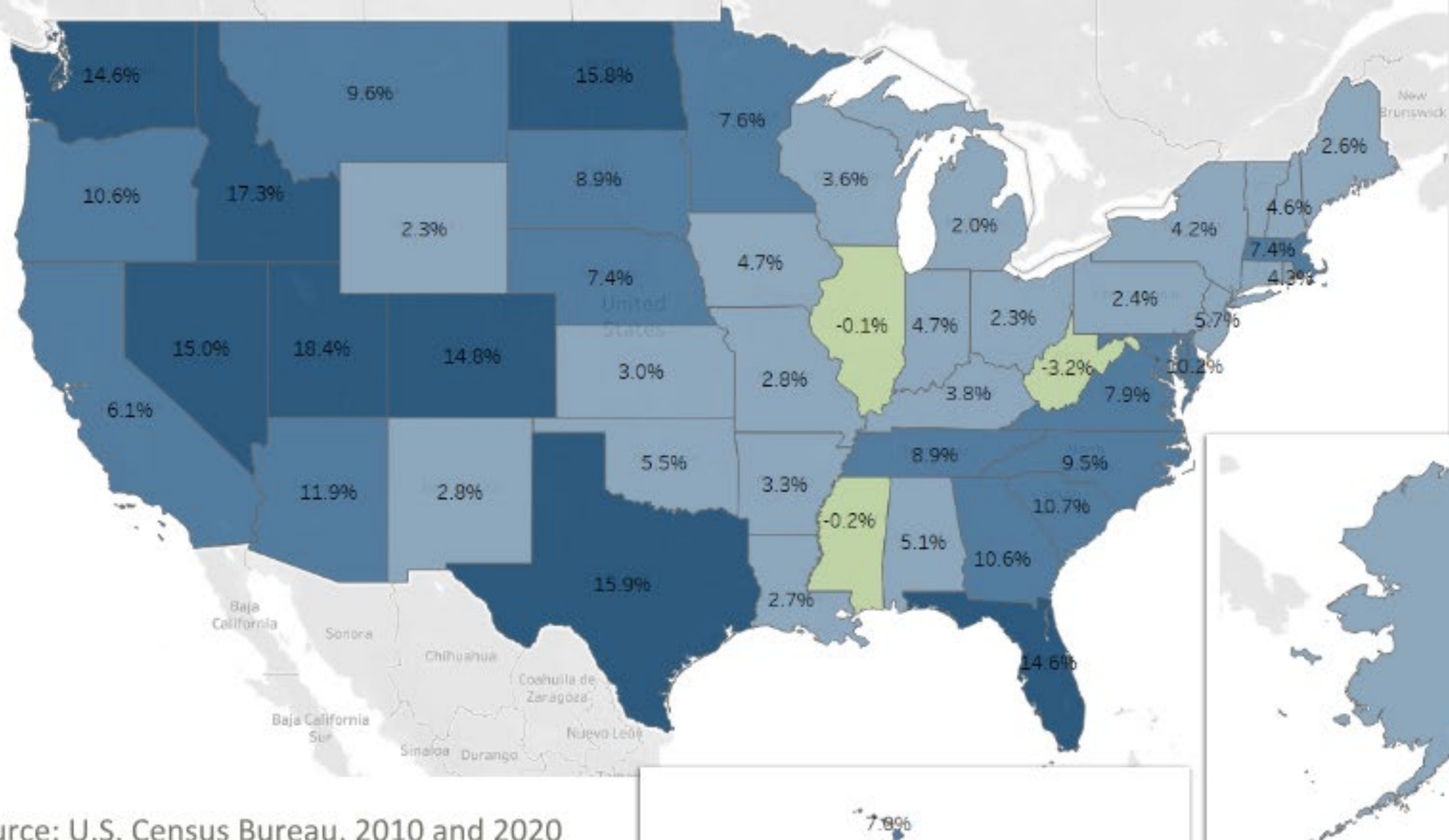
Changing State Demographics and State Budgeting

Susan Brower, Minnesota State Demographer
September 29, 2023

- Slower population growth: What does it look like? What does it mean?
- Aging: What does it look like? What does it mean?
- Slower labor force growth: What does it look like? And what does it mean?

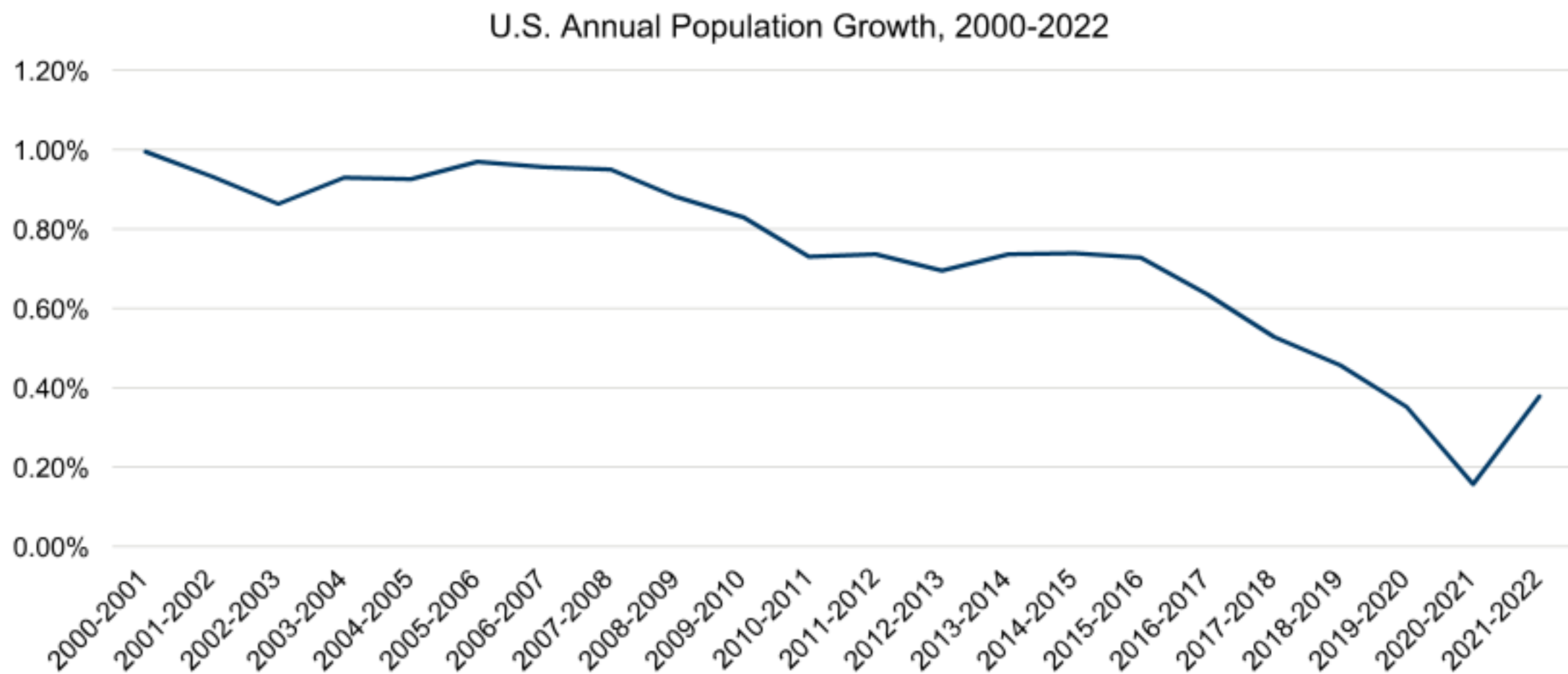
Total Population, Percentage Change 2010-2020

Percent Change 20..
-6.1% 18.4%

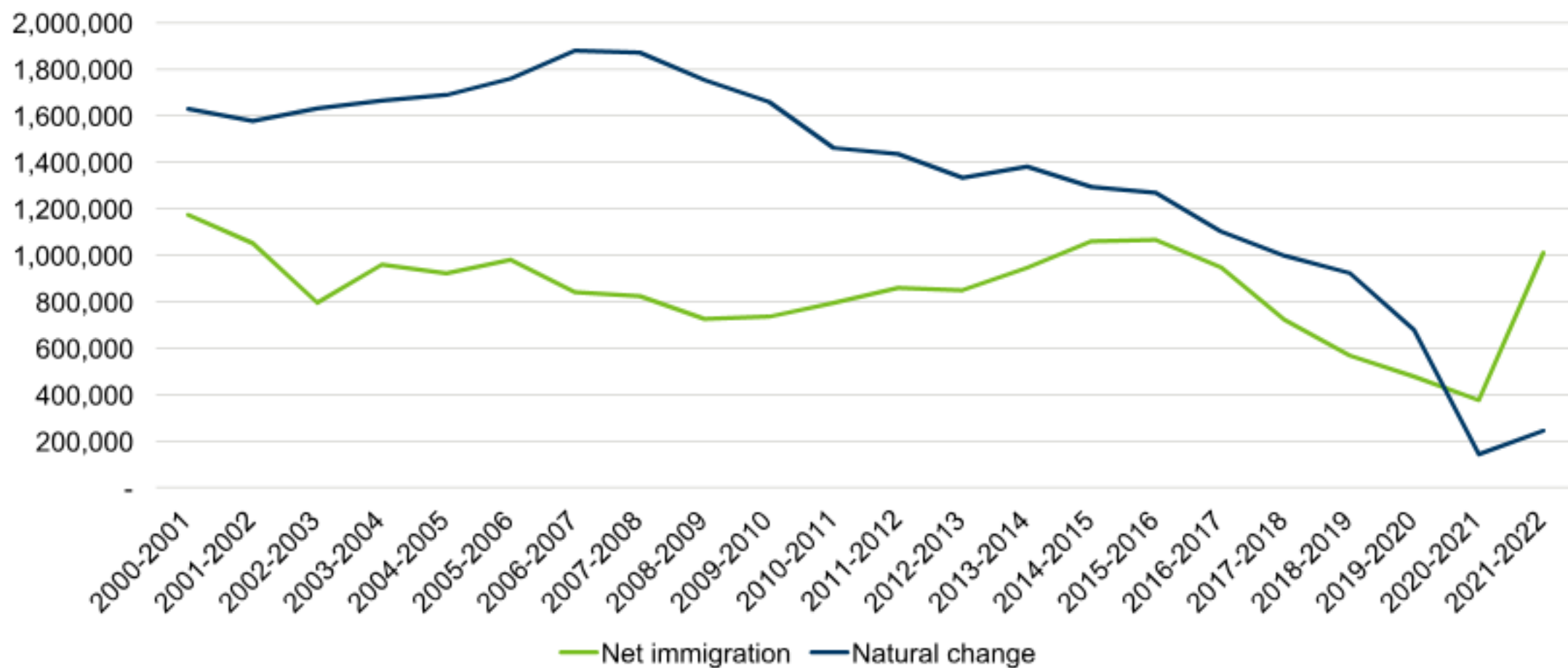


Source: U.S. Census Bureau, 2010 and 2020 Decennial Censuses

U.S. population growth rates have been declining (predictably) for decades

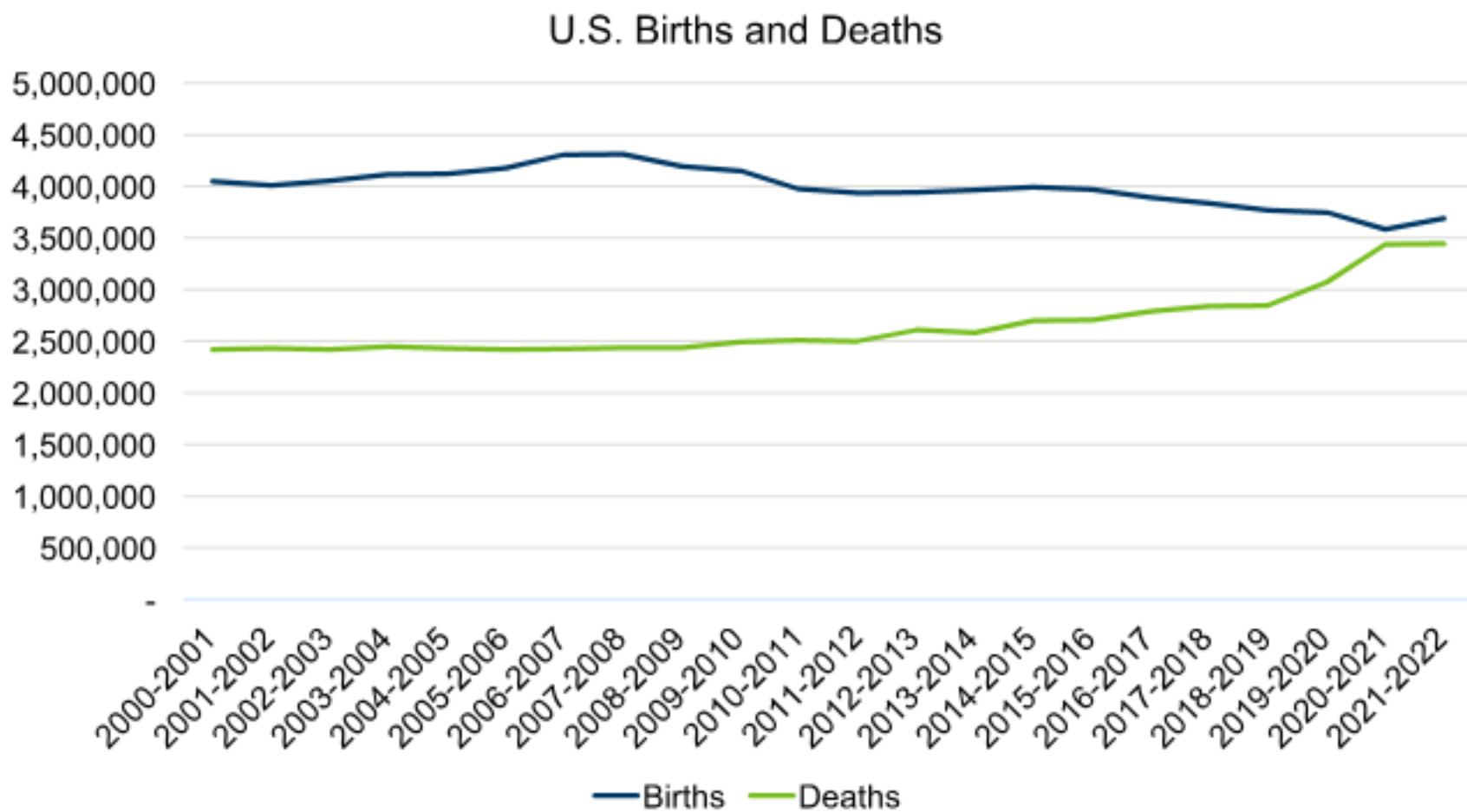


Natural change has been declining; international immigration rebounded in 2022



Source: U.S. Census Bureau, Population Estimates Program

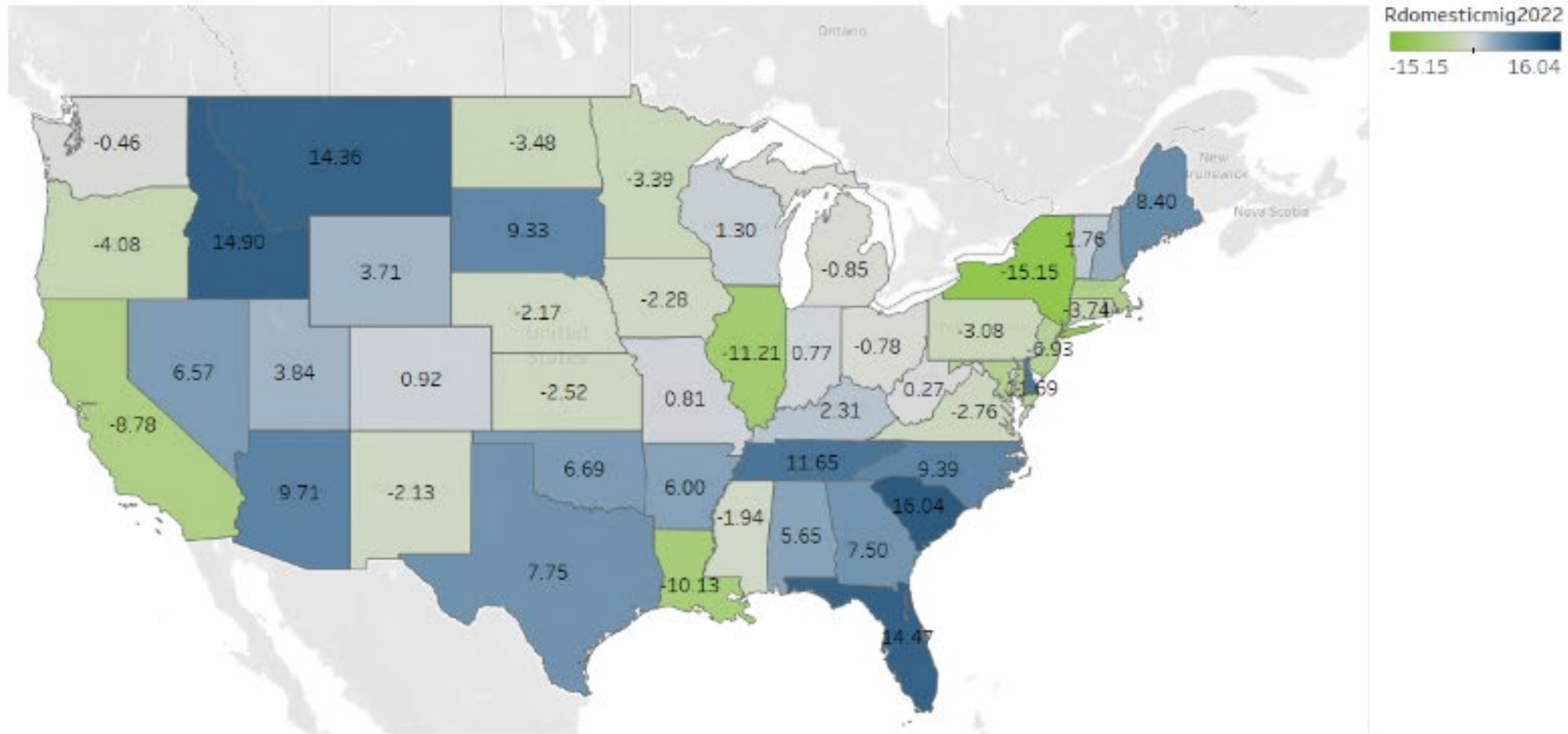
U.S. birth rate has been declining over time; death rate increasing



Source: U.S. Census Bureau, Population Estimates Program

What about domestic migration?

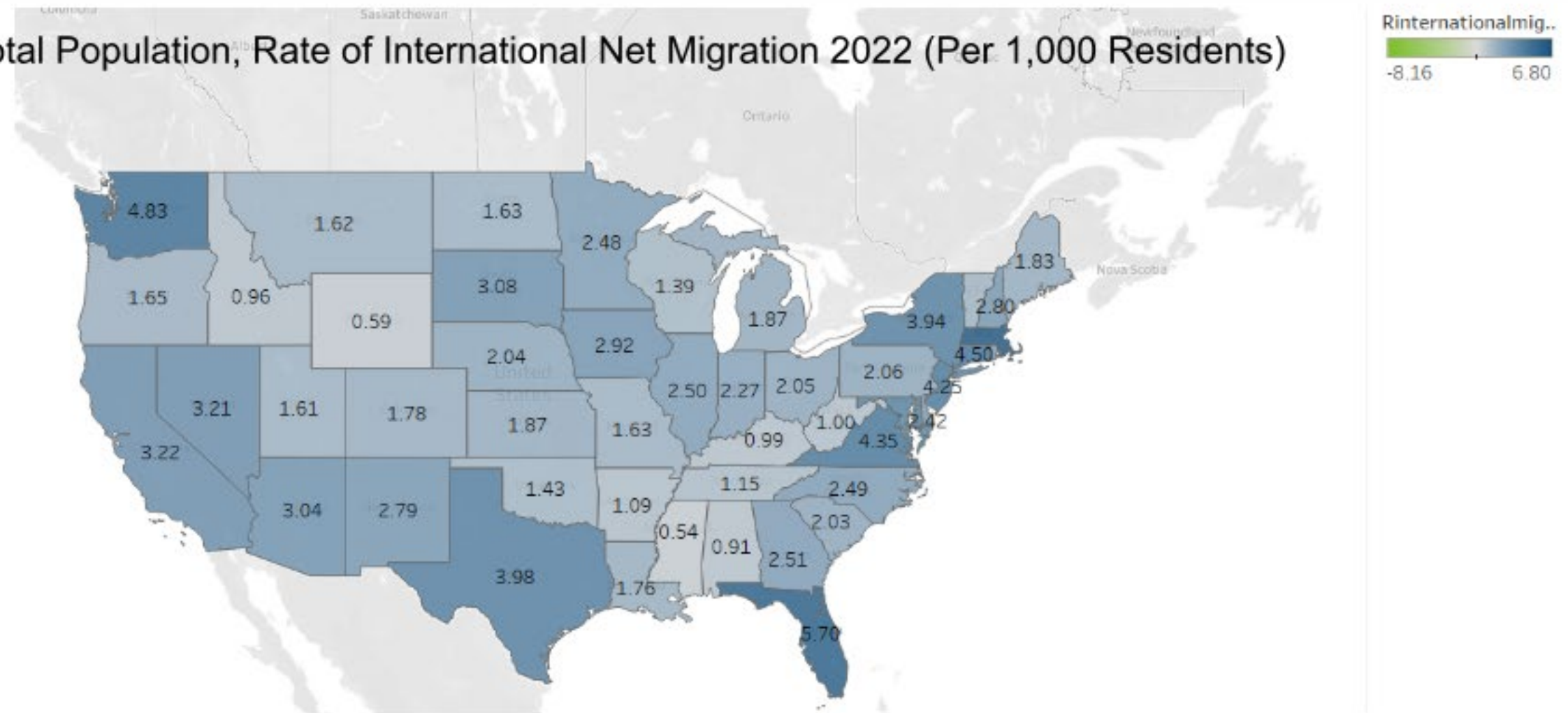
Total Population, Rate of Domestic Net Migration 2022 (Per 1,000 Residents)



Source: U.S. Census Bureau, Population Estimates Program

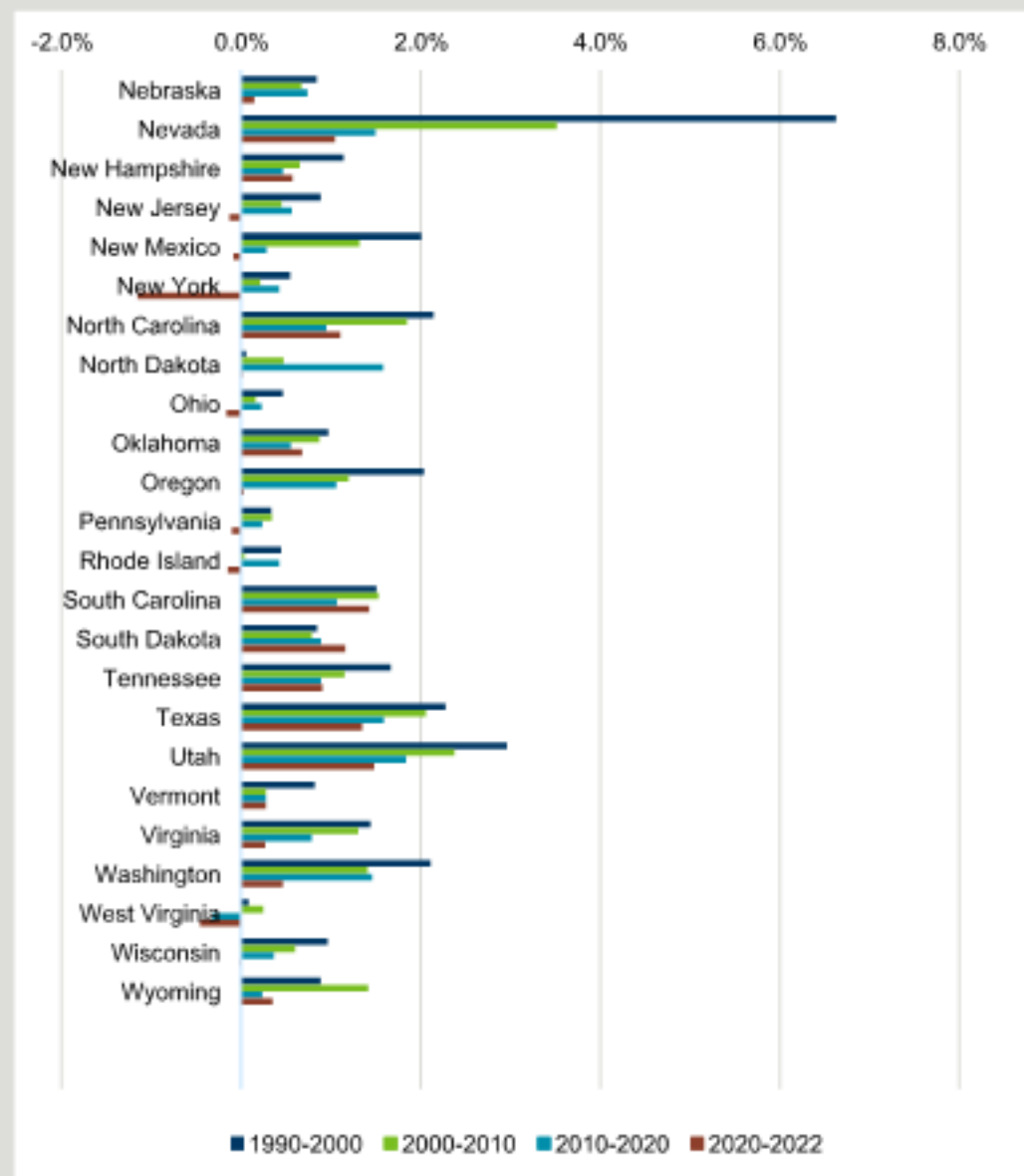
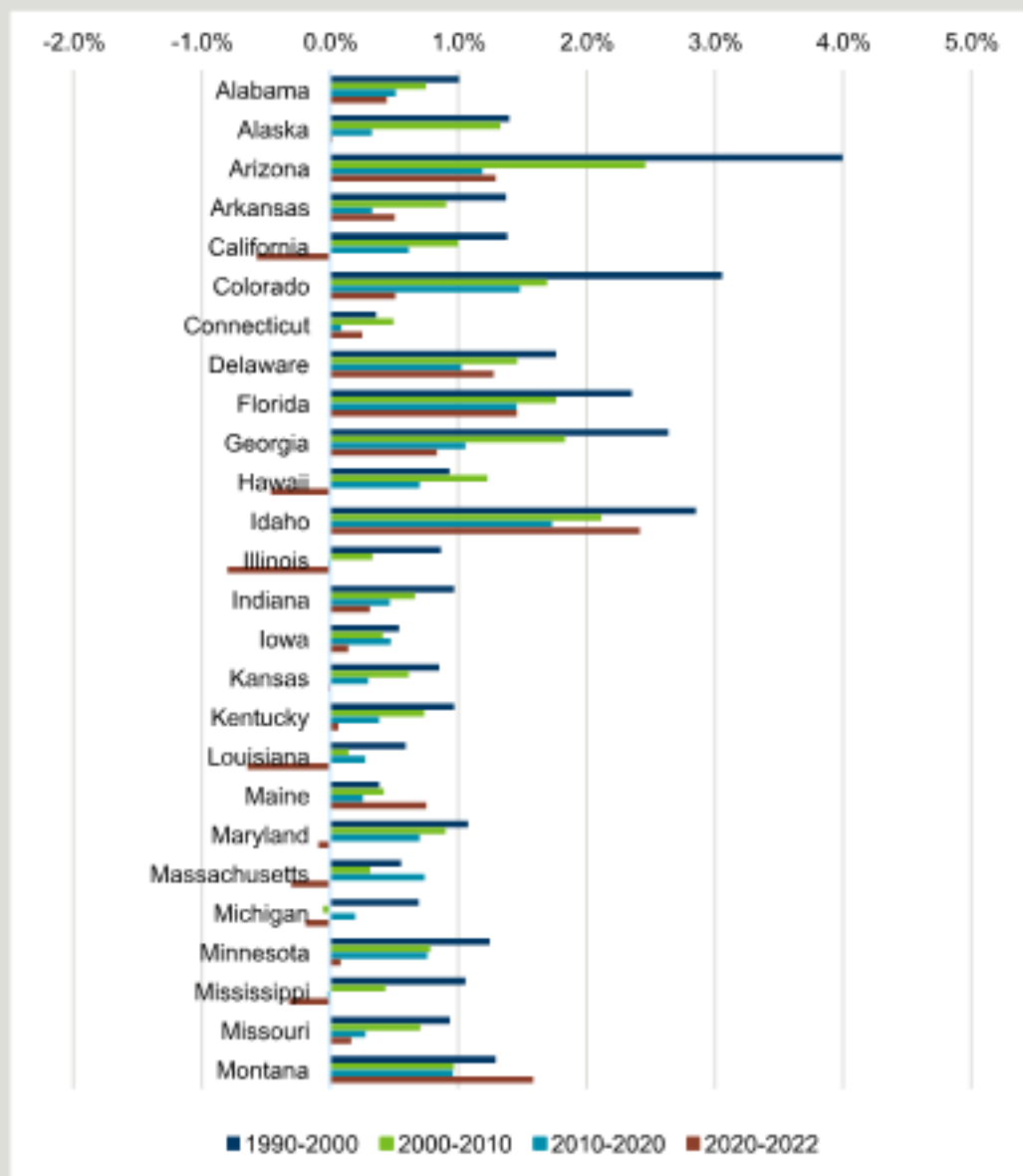
What about international migration?

Total Population, Rate of International Net Migration 2022 (Per 1,000 Residents)



Source: U.S. Census Bureau, Population Estimates Program

Average Annual Population Change within Time Period, 1990-2022



18 states have lost population since the 2020 Census (and 24 are in natural decline)

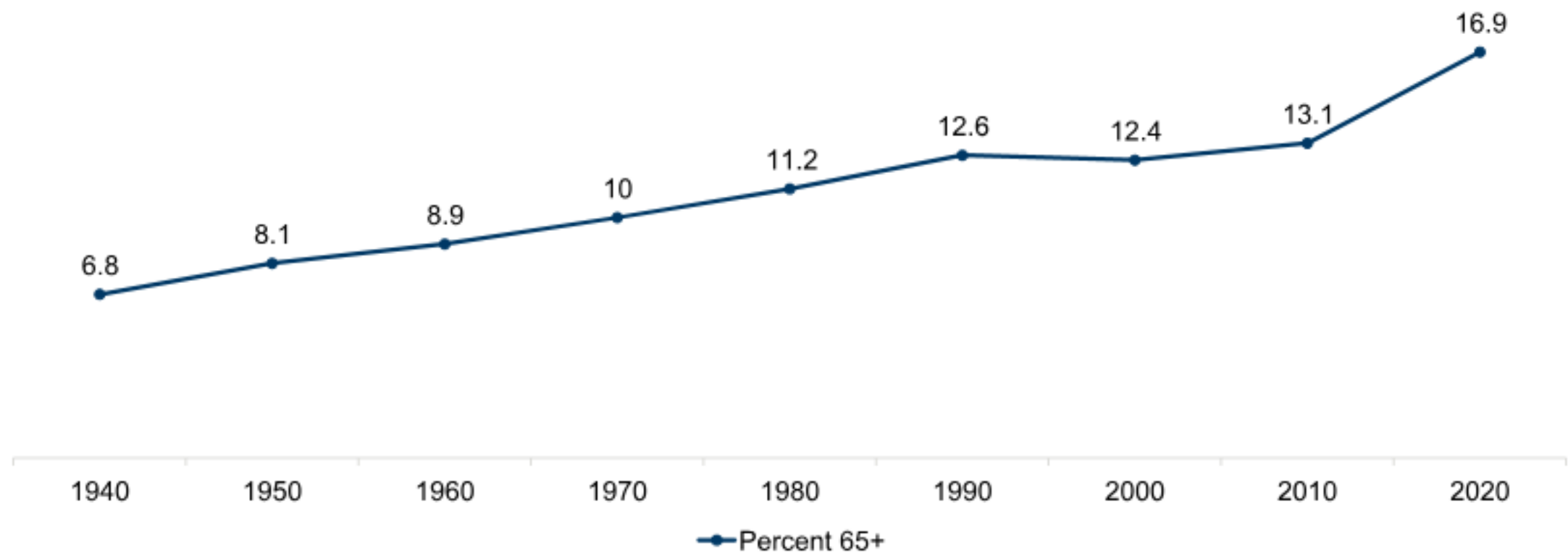
| | Population Change April 2020-July 2022 |
|----------------------|---|
| Kansas | (697) |
| Wisconsin | (1,186) |
| Rhode Island | (3,637) |
| New Mexico | (4,183) |
| Maryland | (12,553) |
| Hawaii | (15,077) |
| District of Columbia | (17,743) |
| West Virginia | (18,599) |
| Mississippi | (21,231) |
| New Jersey | (27,332) |
| Pennsylvania | (30,681) |
| Michigan | (43,212) |
| Ohio | (43,316) |
| Massachusetts | (47,975) |
| Louisiana | (67,508) |
| Illinois | (230,513) |
| California | (508,903) |
| New York | (524,079) |

Source: U.S. Census Bureau, Population Estimates Program

Take Aways: Slower Population Growth

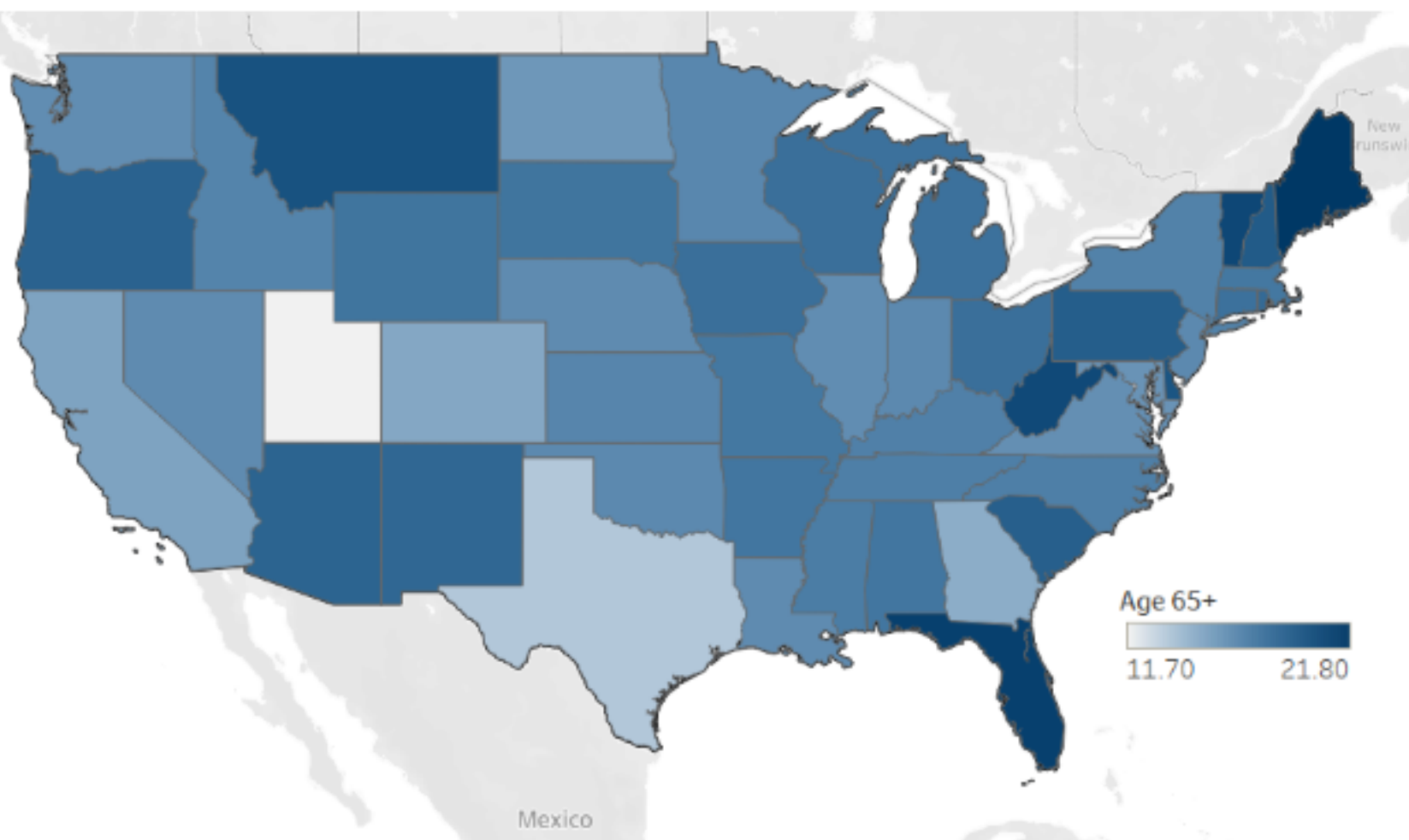
- Most states will continue to experience dampened population growth in the future.
- A slow down in population growth can translate to slower economic growth.
 - Through economic output, labor force shortages, and reduced demand for goods and services.
- States may not be able to rely on future economic growth to save them from structural budget issues.

Percent of the Population, Age 65+
U.S., 1940-2020



Source: ipums.org from U.S. Census Bureau data

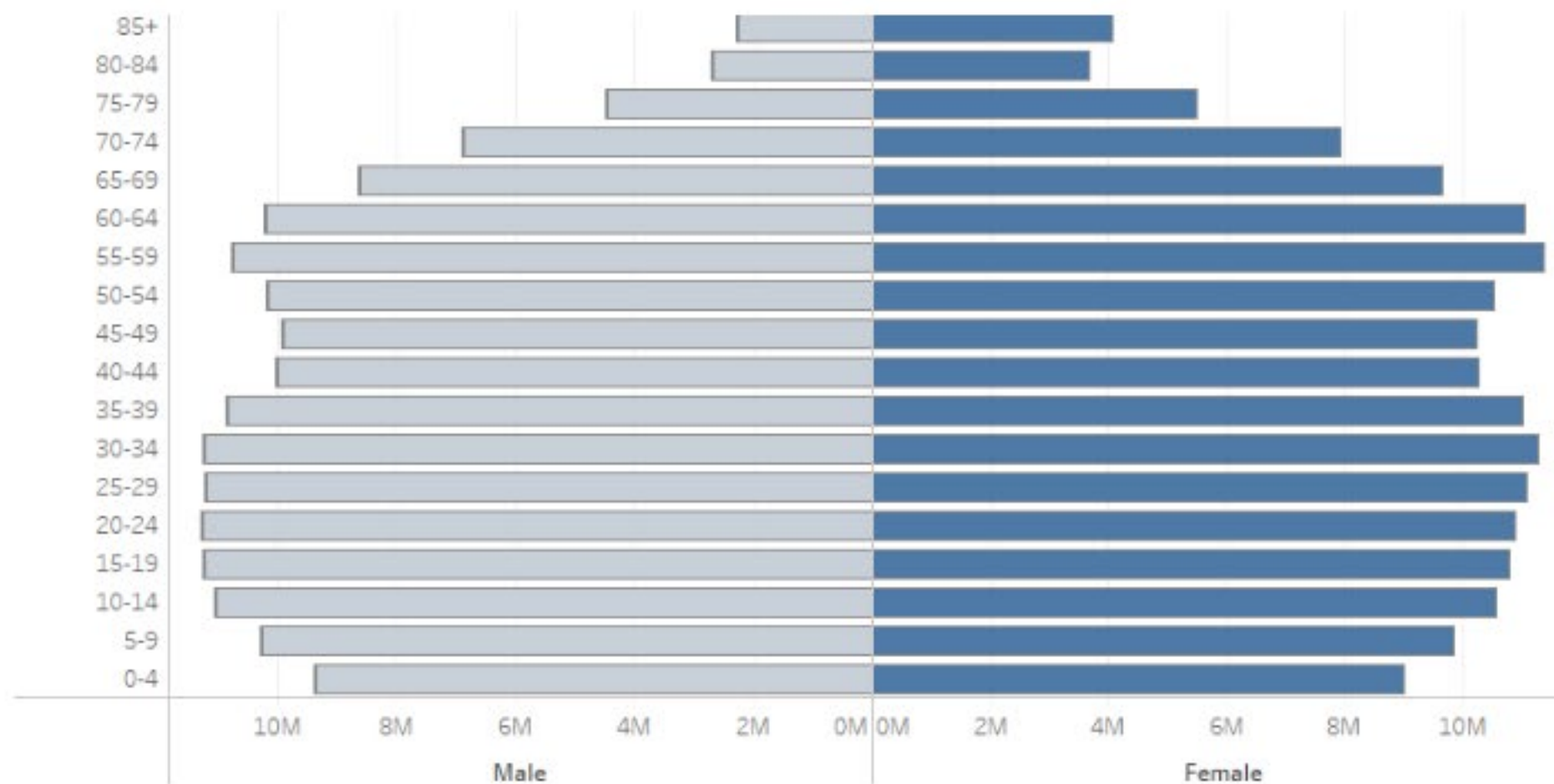
States vary with respect to age, but nearly all states are getting older



Percent of the Population Age 65 Years and Older, 2020

- U.S. 16.8%
- Minnesota 16.6%
- Utah (youngest state) 11.7%
- Maine (oldest state) 21.8%

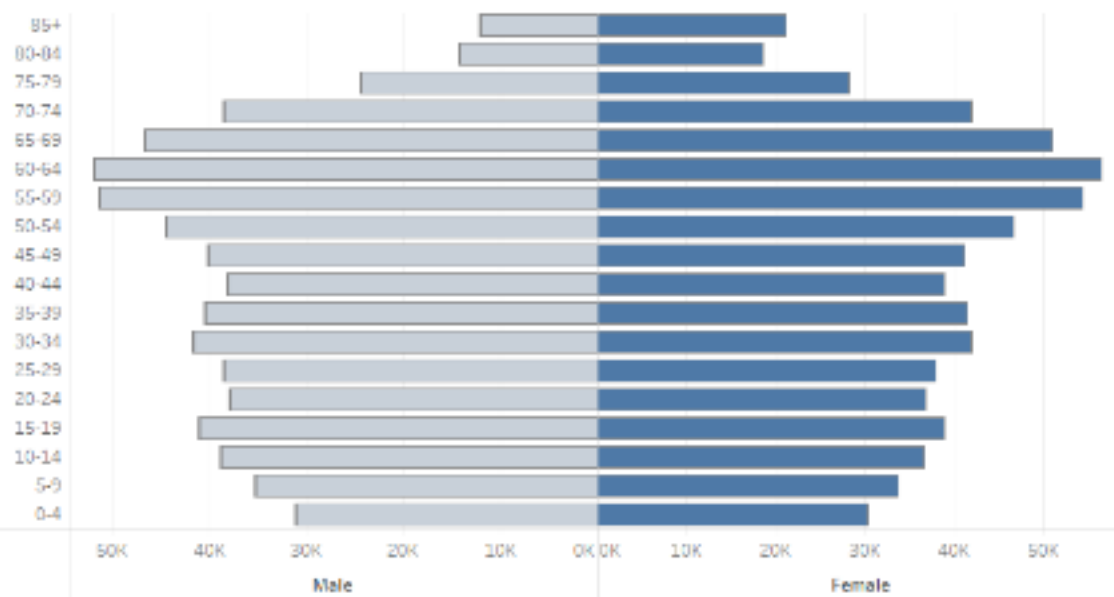
The U.S. will continue to age rapidly through 2030



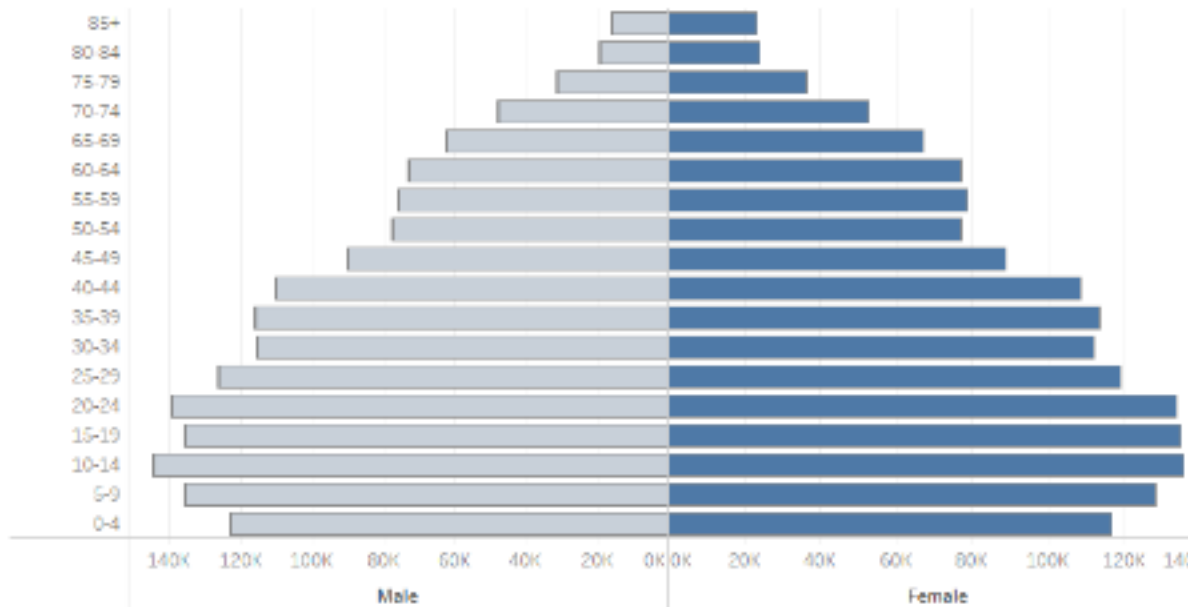
Source: U.S. Census Bureau, 2020 Census

Most states will continue to age, some much more rapidly than others

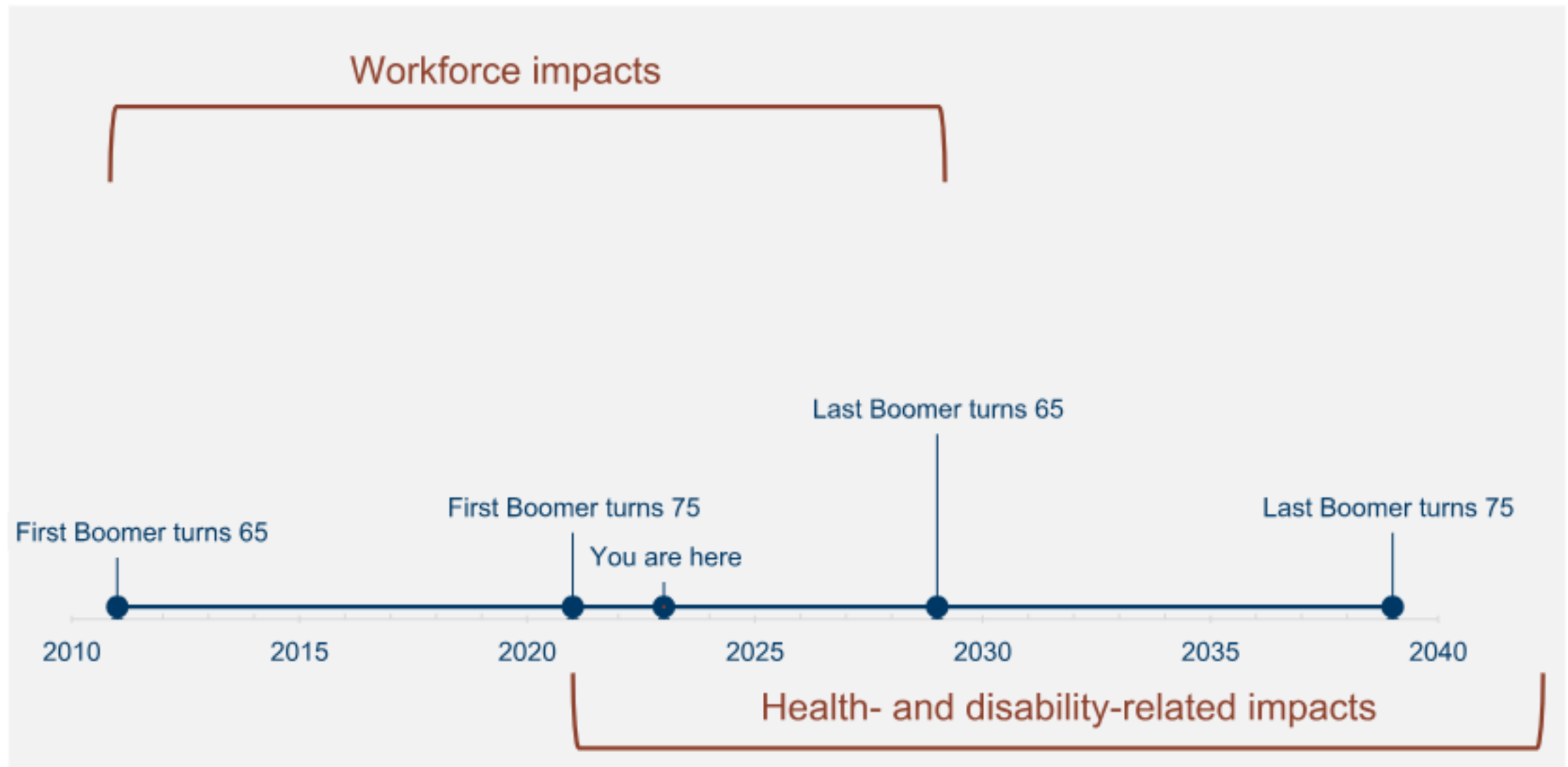
Maine



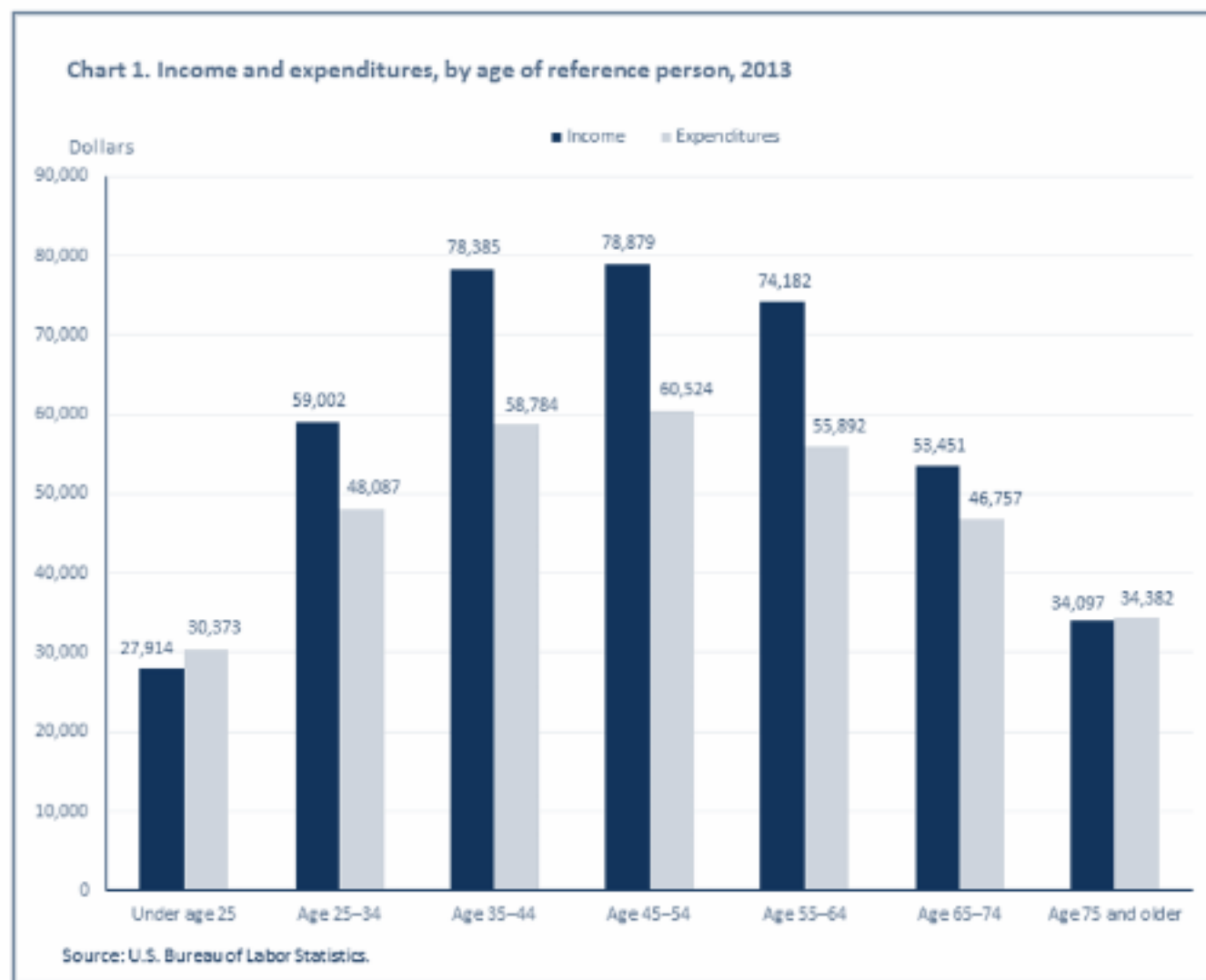
Utah



When will we feel the impact of population aging?



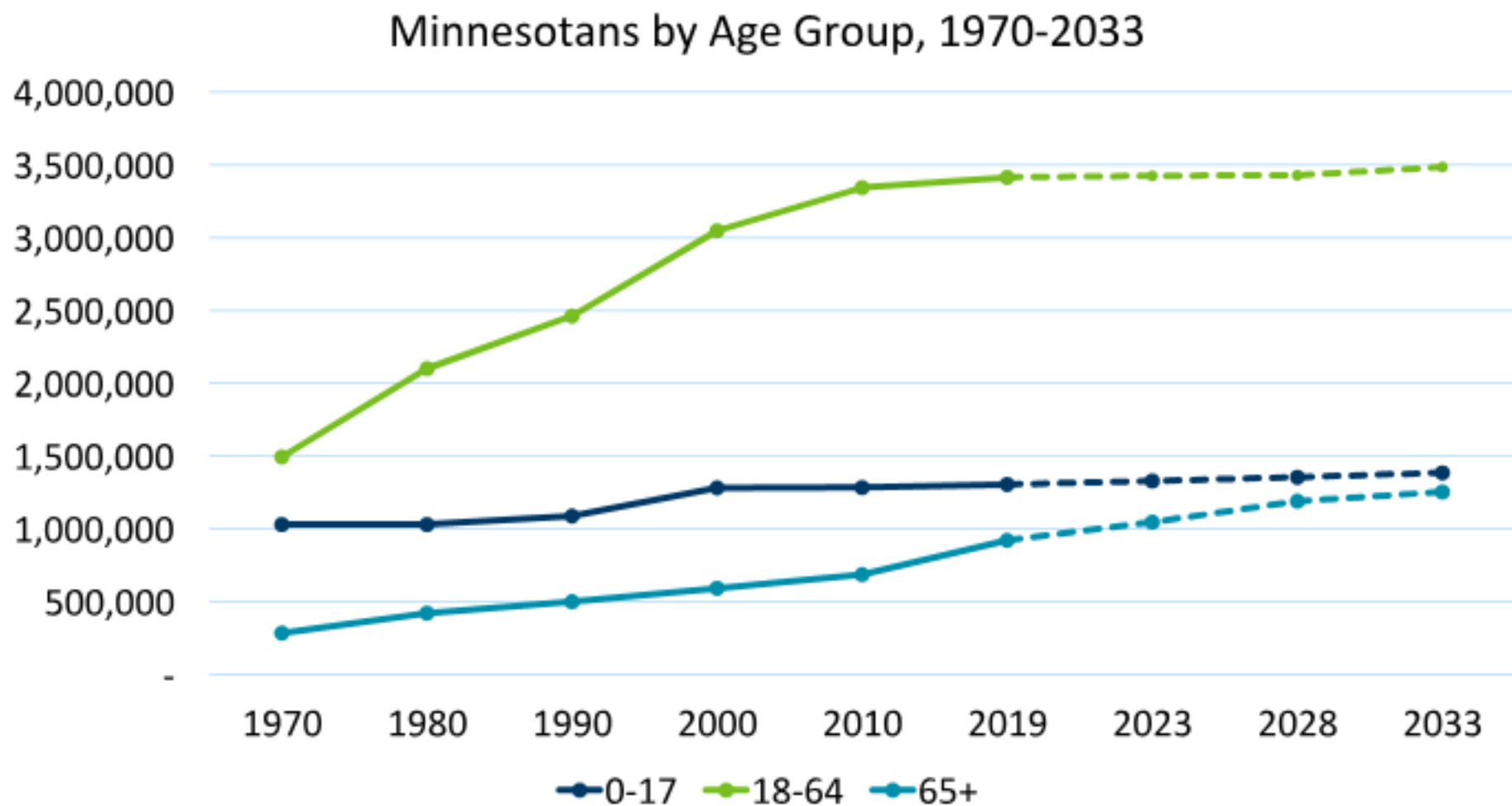
Income and expenditures vary by age



Take Aways: Aging

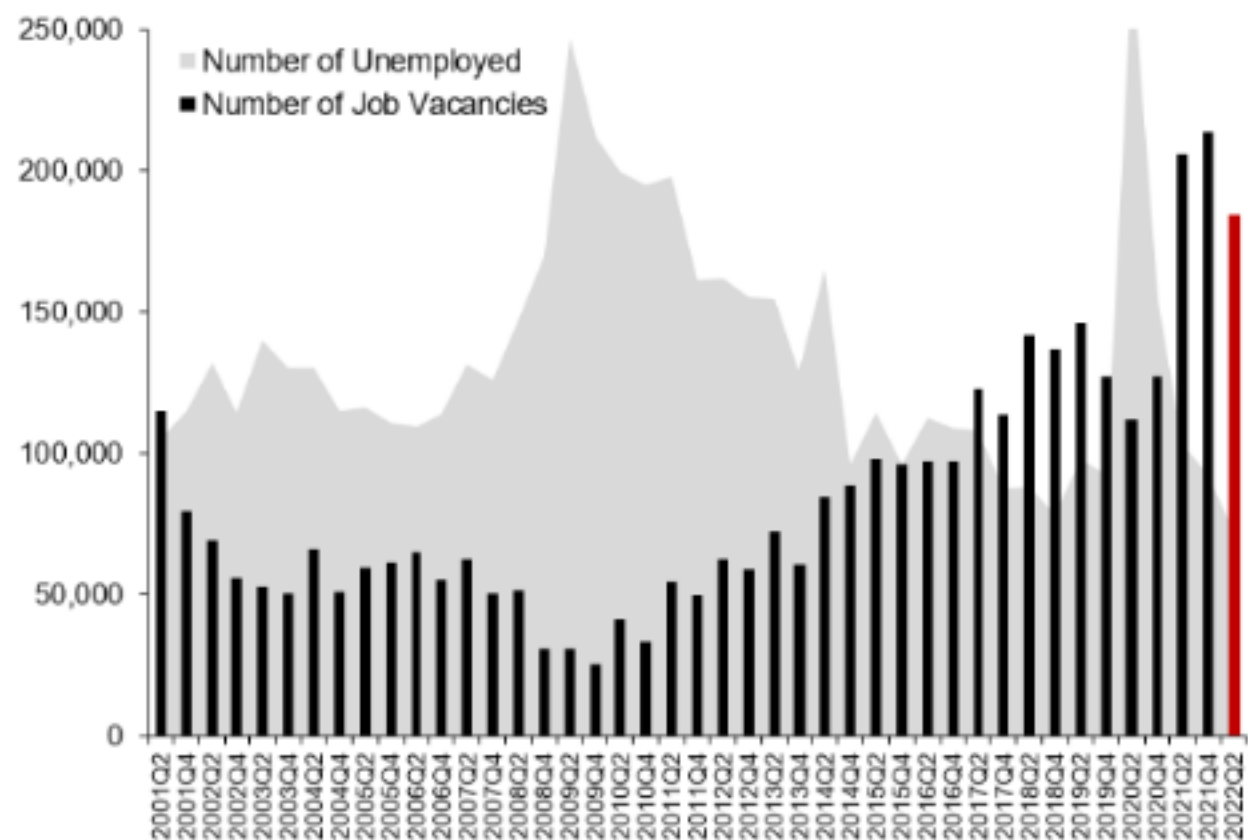
- Population aging is already occurring in most states. The shift to an older age structure will be permanent for the U.S. and for many states. Policies put in place to address aging today will position your state to be in better alignment with future populations.
- Slower labor force growth is an early impact of aging; the increased demand of aging on public budgets is right around the corner.
- Income and spending slows with age. Tax policy can counter or exacerbate the impact of these changes on state revenue.

Little-to-no growth in working-age population in MN over the next 15 years



185,000 Job Openings; 76,000 Unemployed Workers

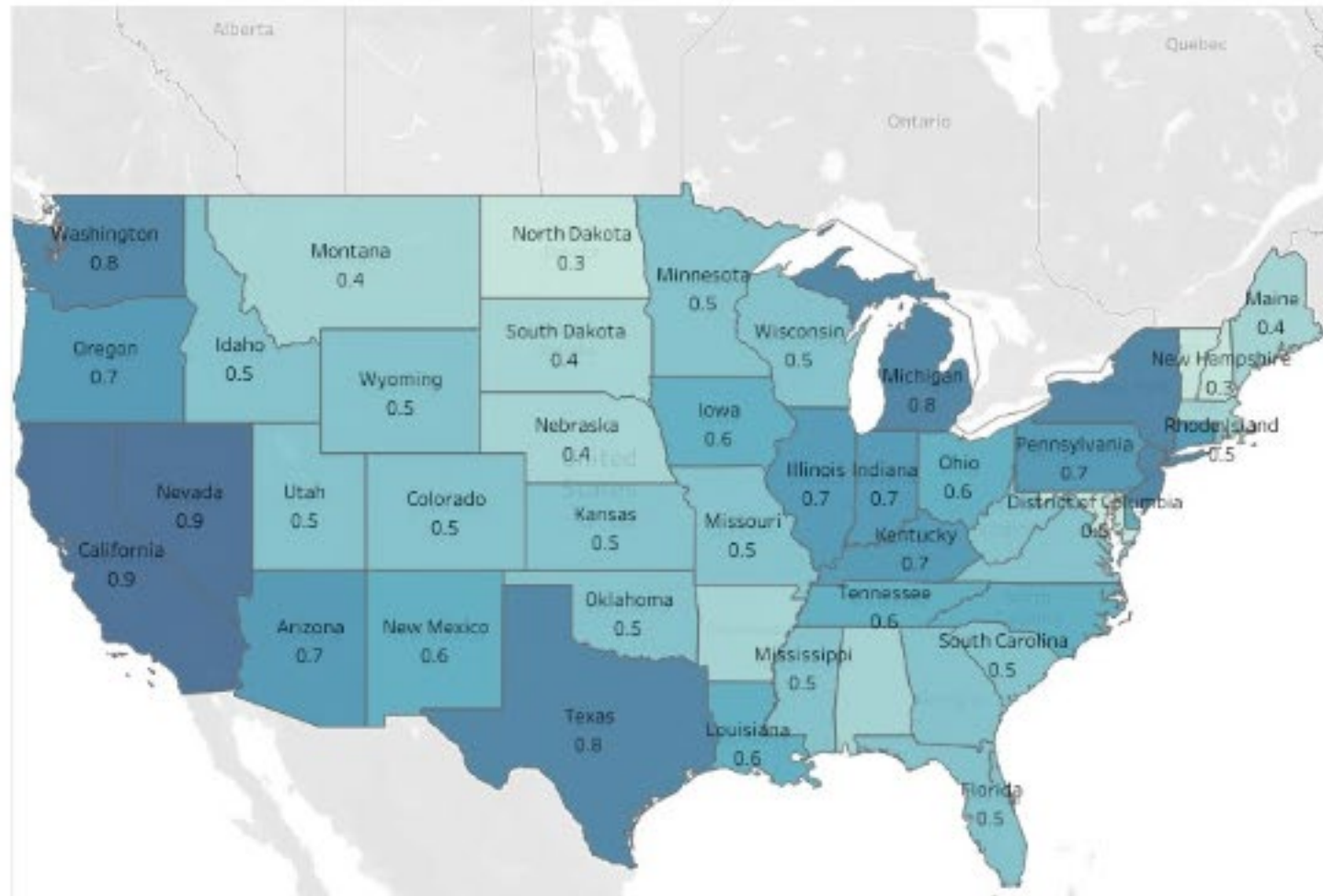
Figure 1. Minnesota Job Vacancies and Unemployed, Second Quarter 2001 to Second Quarter 2022



Source: MN DEED, Job Vacancy Survey

Job openings exceed unemployed in every state

July 2023 Unemployed persons per job opening ratio, Rate, Seasonally Adjusted



Source: Bureau of Labor Statistics, Job Openings and Labor Turnover Survey

Take Aways: Slower labor force growth

- Slower labor force growth can impact states in several ways, including:
 - Dampened economic output & revenues
 - Job vacancies within state government
 - Job vacancies for state funded care services
- Migration from other states and international migration will likely be the only counters to slower labor force growth.
- At least 10 more years of Baby Boomers' retirements to come; the supply of workers is likely to continue to be constricted.

Questions?

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