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## As ‘Baby Boom’ generation enters retirement, Minnesota will undergo significant changes

*Historic demographic shift has profound budget implications for state*

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(ST. PAUL) – Minnesota is on the cusp of an historic demographic shift that will have significant implications for society, the economy and state government, according to a [new report](#) from the State Demographic Center.

“With the Baby Boom Generation now entering retirement, the next two decades will be unlike any in recorded history,” said State Demographer Tom Gillaspay. “Many of the rules that govern how the world normally works will change and a new set of rules of thumb for the ‘New Normal’ will take their place. The coming changes will affect individuals, businesses and all levels of government.” Among these changes, the report notes:

- By 2020, Minnesota will have as many people age 65 and older as children in K-12 schools
- The ratio of workers to retirees will decline from 5:1 in 2010 to 4:1 in 2020 to 3:1 in 2030
- The anticipated increase in retirements will create opportunities for young people, provided they have the appropriate skills and abilities to fill available jobs
- Economic growth will be increasingly dependent on increasing per-worker productivity
- The “Great Recession” substantially lowered the base from which future state revenue growth builds, while projected revenue growth will be slower than that experienced in the 1990s

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- Aging is happening worldwide; labor force growth in Minnesota, though slower than in the past, will exceed growth rates in most of the world's larger economies
- Healthcare and long-term care costs will be the primary factors in increasing demands on government.

“While this period will post difficult and complex problems for leaders in both the public and private arenas, it will also offer a unique set of opportunities,” said Gillaspy. “As the 2008 Budget Trends Commission concluded, ‘The challenges of the future are not insurmountable, but they are real.’”

The report, “The Long Run Has Become the Short Run: Budget Implications of Demographic Change,” is available online at [www.demography.state.mn.us](http://www.demography.state.mn.us).

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