

Minnesota's Changing Demographic and Economic Landscape

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Rural Minnesota Is Not Lake Woebegone

**Rural Areas Are Networks of
Spatially Separated
Neighborhoods**

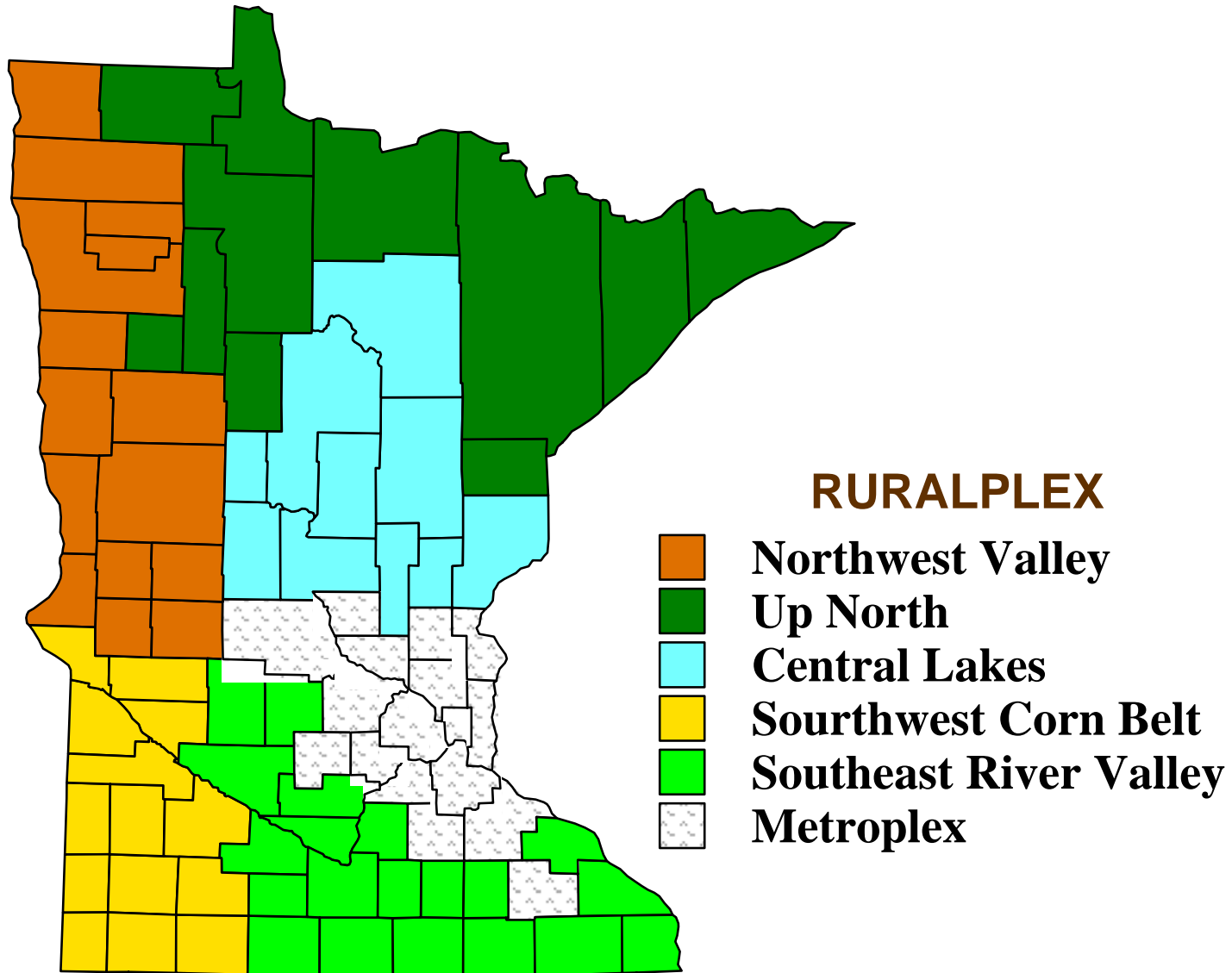
Ruralplex Contain Spatially Separated Neighborhoods with Similar Characteristics

- **The network of related spatially separated neighborhoods is contained within a ruralplex**
- **Soil type, geology, climate and settlement patterns help define the ruralplex**
- **Ruralplex boundaries evolve slowly over time**

Minnesota Has 5 Ruralplex Areas **(And One Metroplex)**

- **Up North**
- **Southeast River Valley**
- **Southwest Corn Belt**
- **Northwest Valley**
- **Central Lakes**

Minnesota Has 5 Ruralplexes (And One Metroplex)



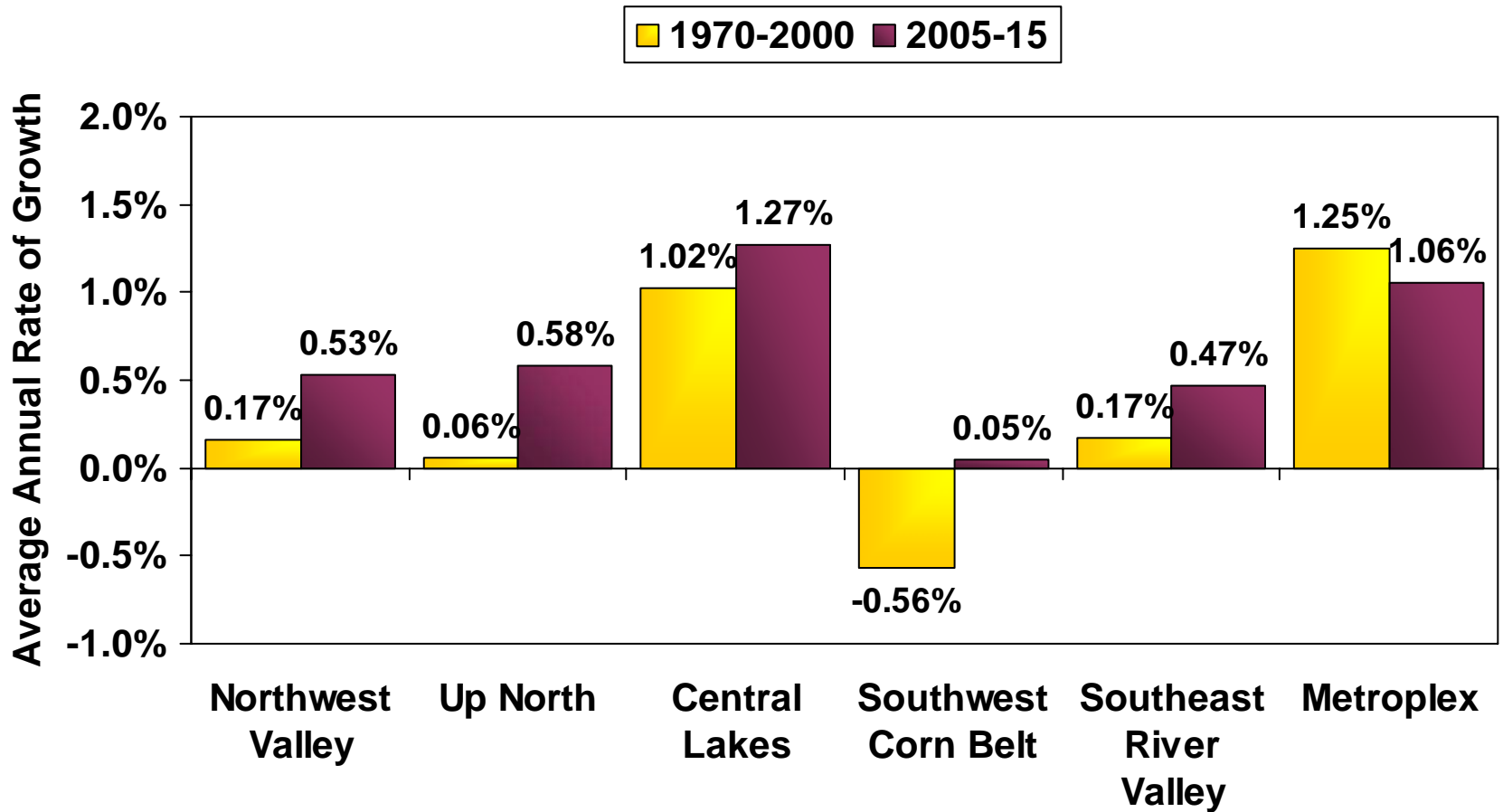
Ruralplex Fundamentals

- **Outside forces, economics and demographics cause them to evolve at different rates**
- **Ruralplex differ, one size does not fit all**
- **But Ruralplex share more similarities with each other than with the Metroplex**
- **The large forces of global competition, demographic change, and technology are always changing the Ruralplex**

Population Growth Rates Are Sharply Different

- **Central Lakes is growing rapidly, like the Metroplex**
- **Others are growing much more slowly, though growth may be a bit more rapid in the next 10 years**
- **The 1980s were especially difficult for rural Minnesota, lowering growth rates over the past 30 years**

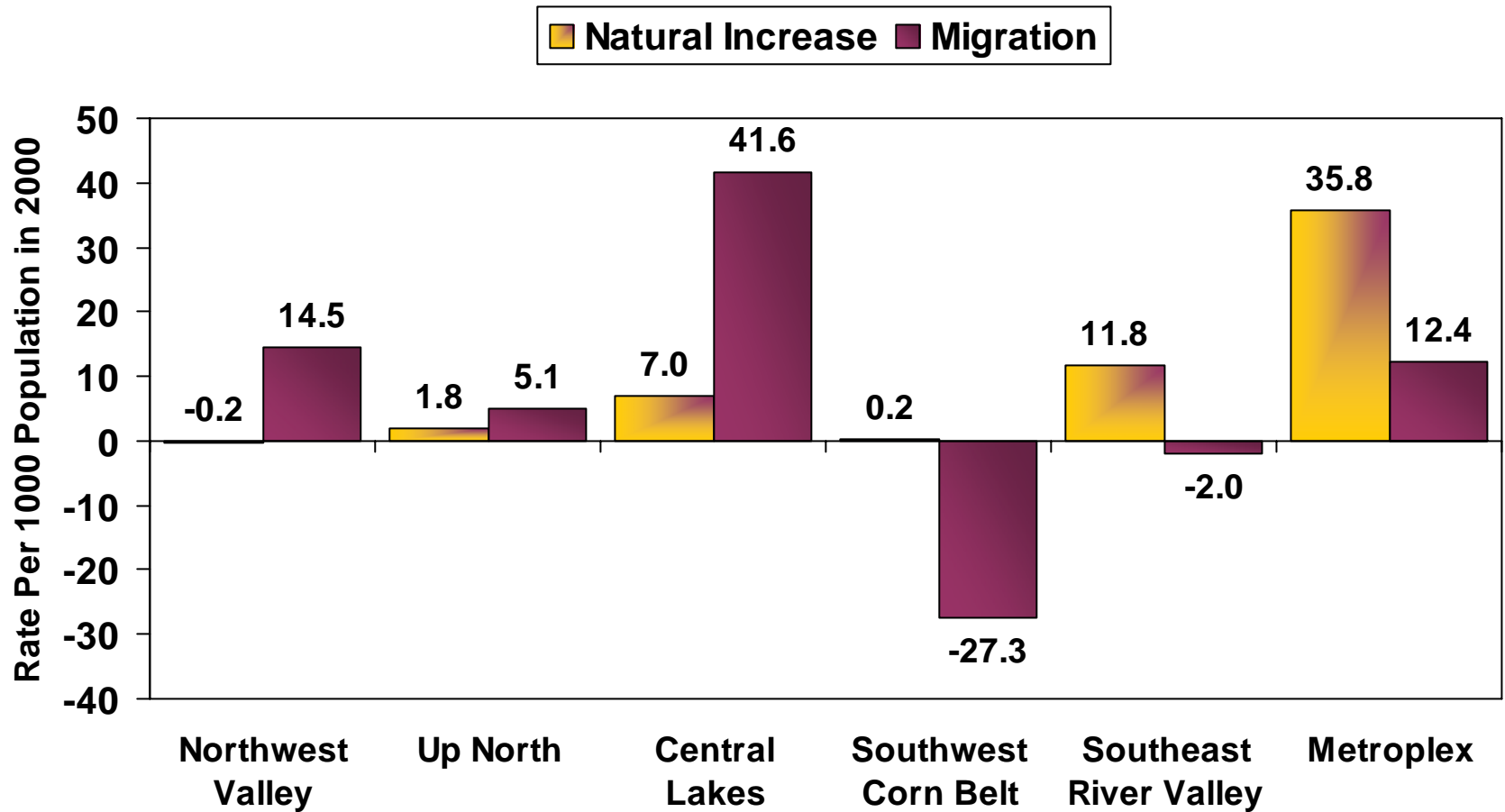
Population Change 1970 to 2000 And 2005 to 2015



The Demographic Dynamics of the Ruralplex Accelerate Aging

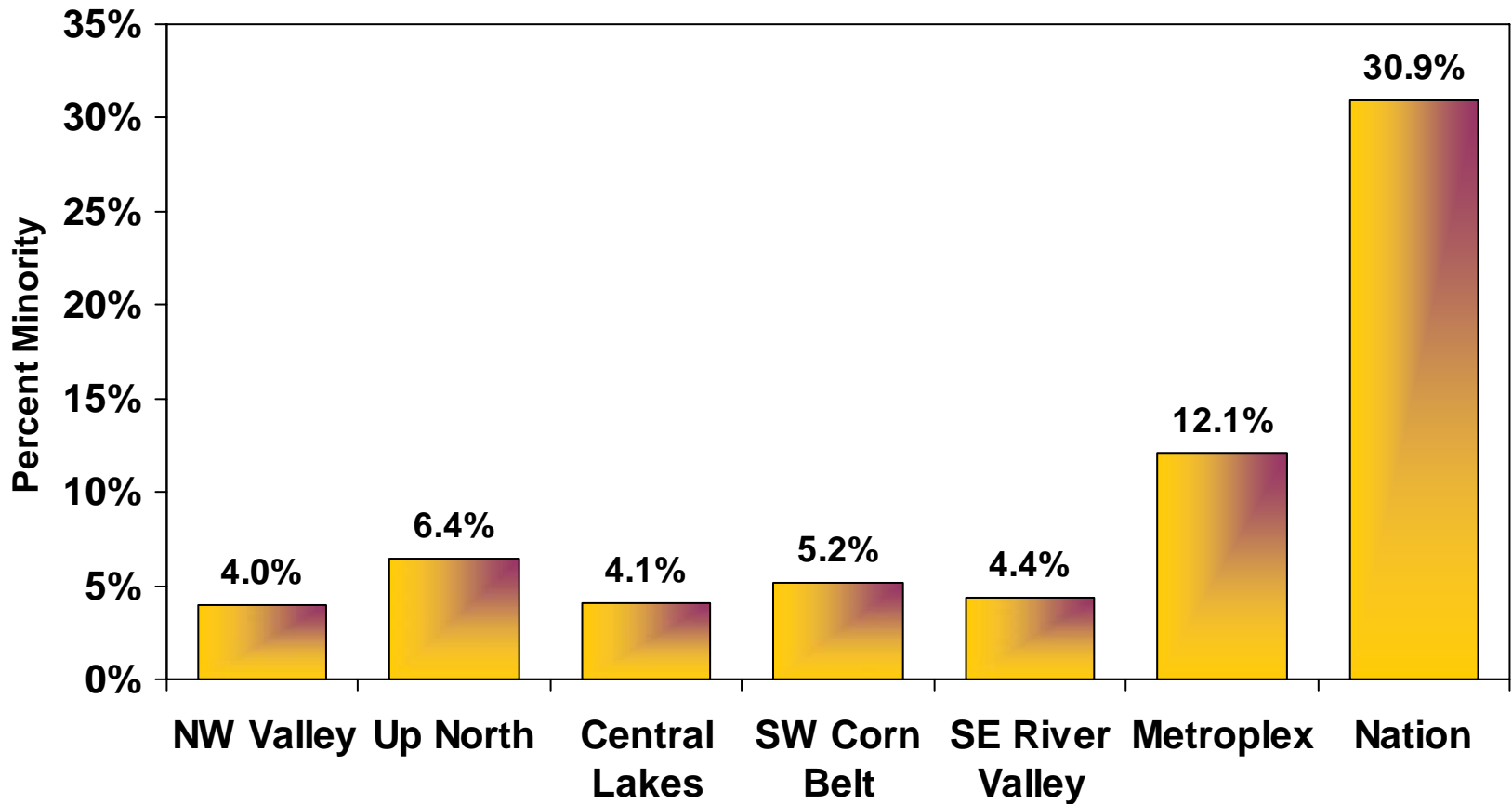
- In most areas long run out migration of youth coupled with low rates of natural increase lead to an aging population.
- The Central Lakes, by contrast, is aging from the in migration of older adults
- The Metroplex continues to see strong levels of natural increase due to younger population combined with in migration of youth

Most Ruralplex See Little Natural Increase



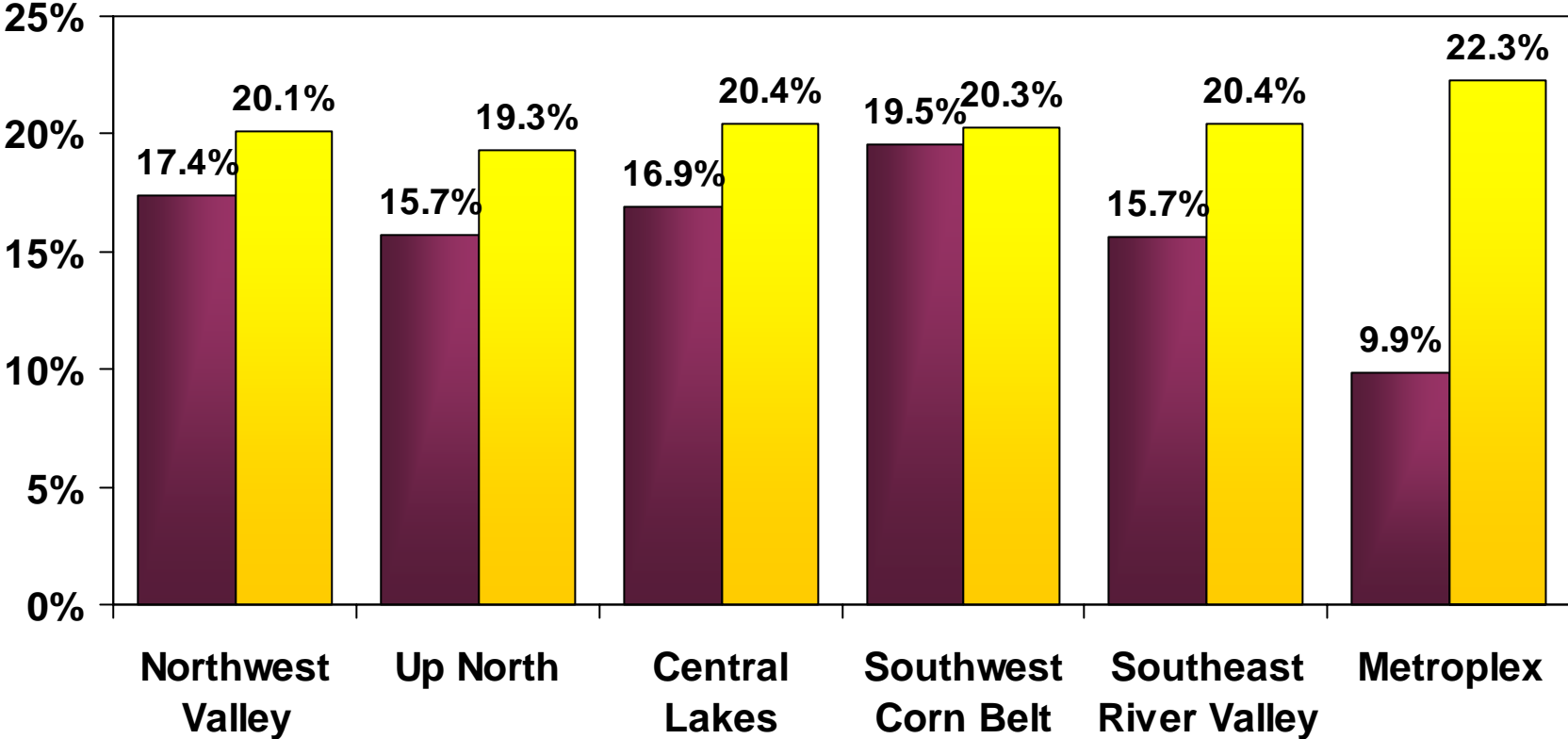
Census Bureau estimates

Ruralplex Are Much Less Diverse Than the Metroplex



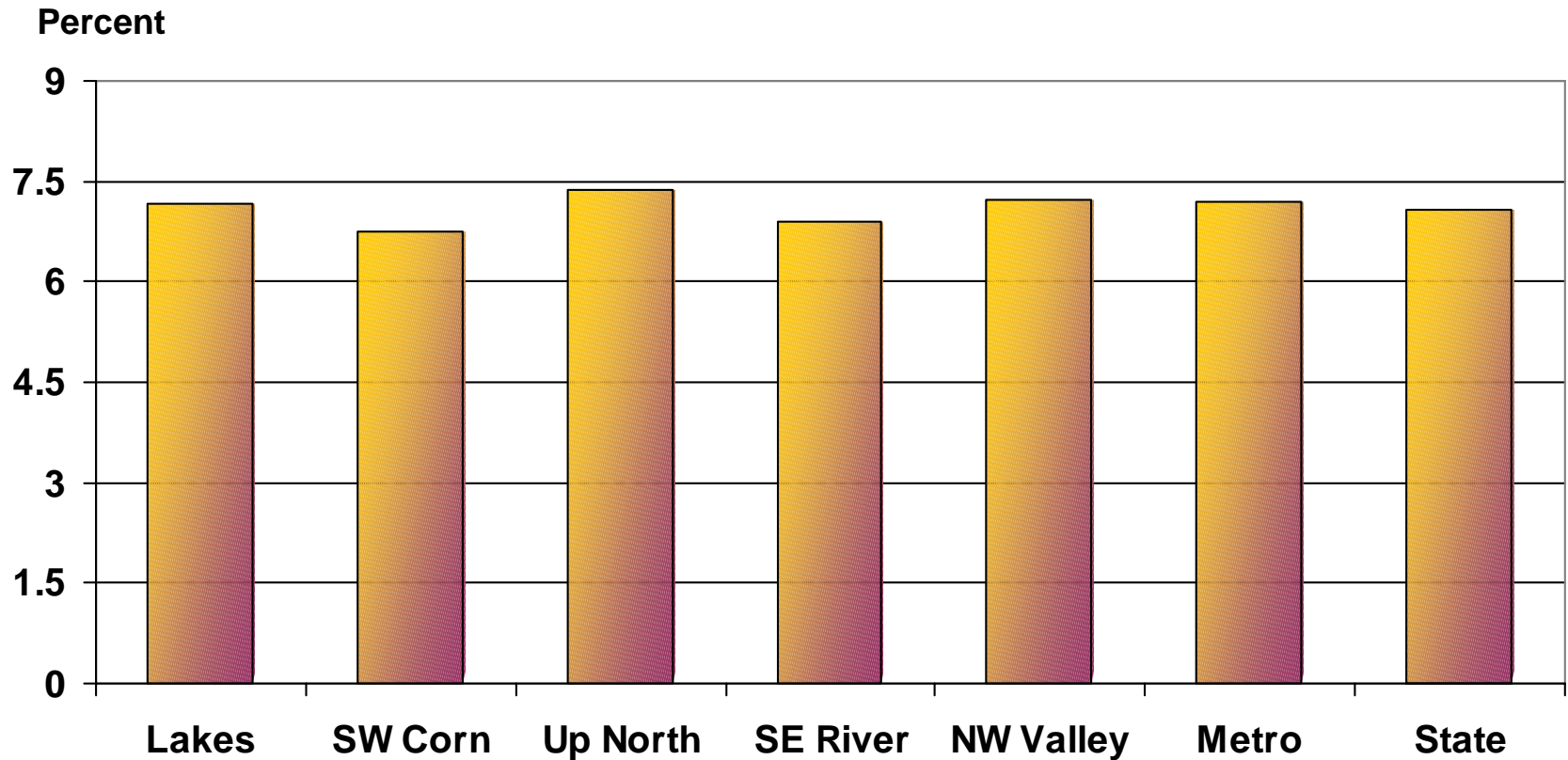
Ruralplex Are Older And Have A Lower Proportion Of Children

65+ Under 15

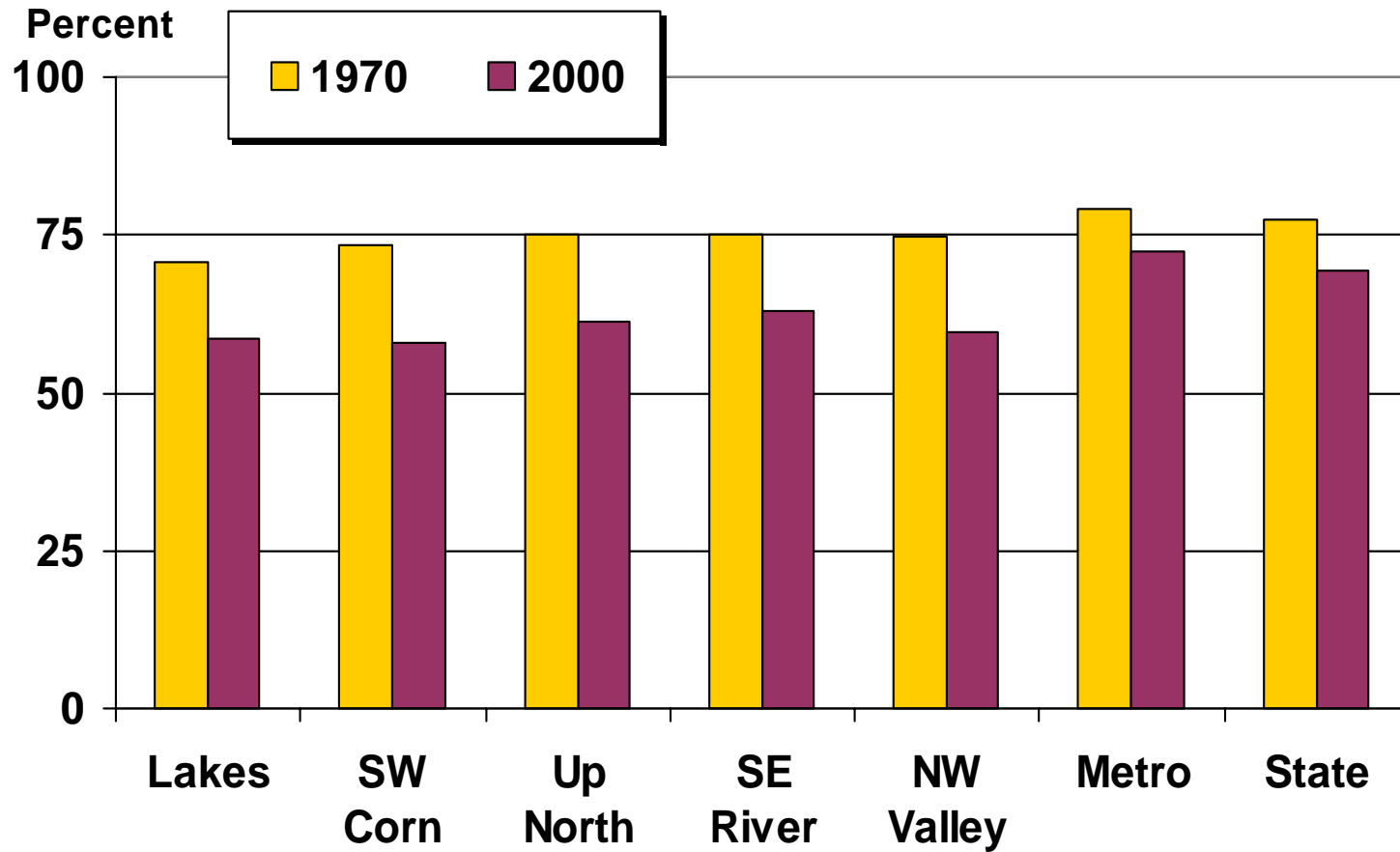


**The Economics of Minnesota's
Ruralplex are also Changing**

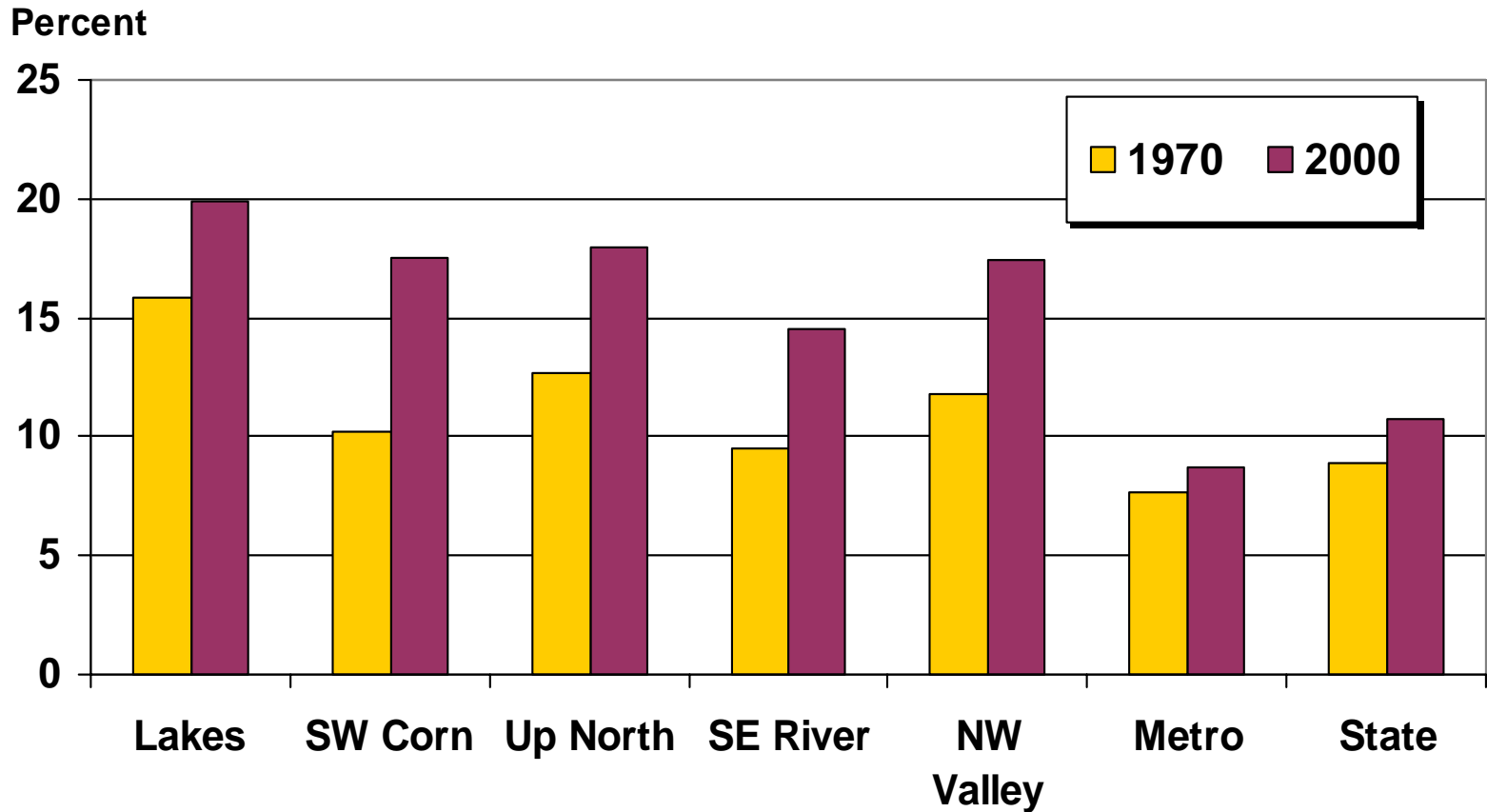
Per Capita Personal Income Grew by 7.1 Percent Compounded Between 1970 and 2000



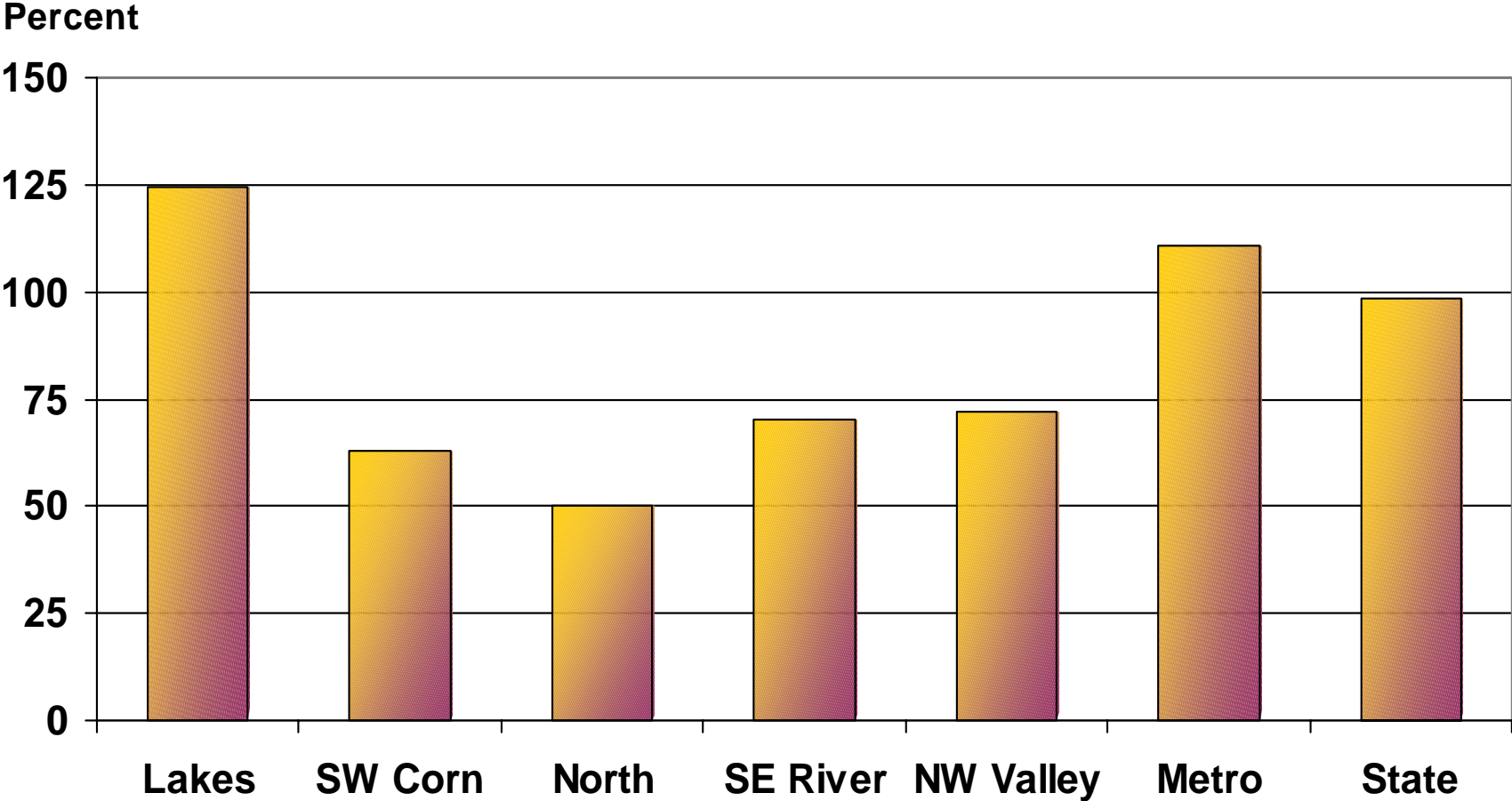
Earnings as a Percent of Personal Income Have Fallen Outside the Metroplex



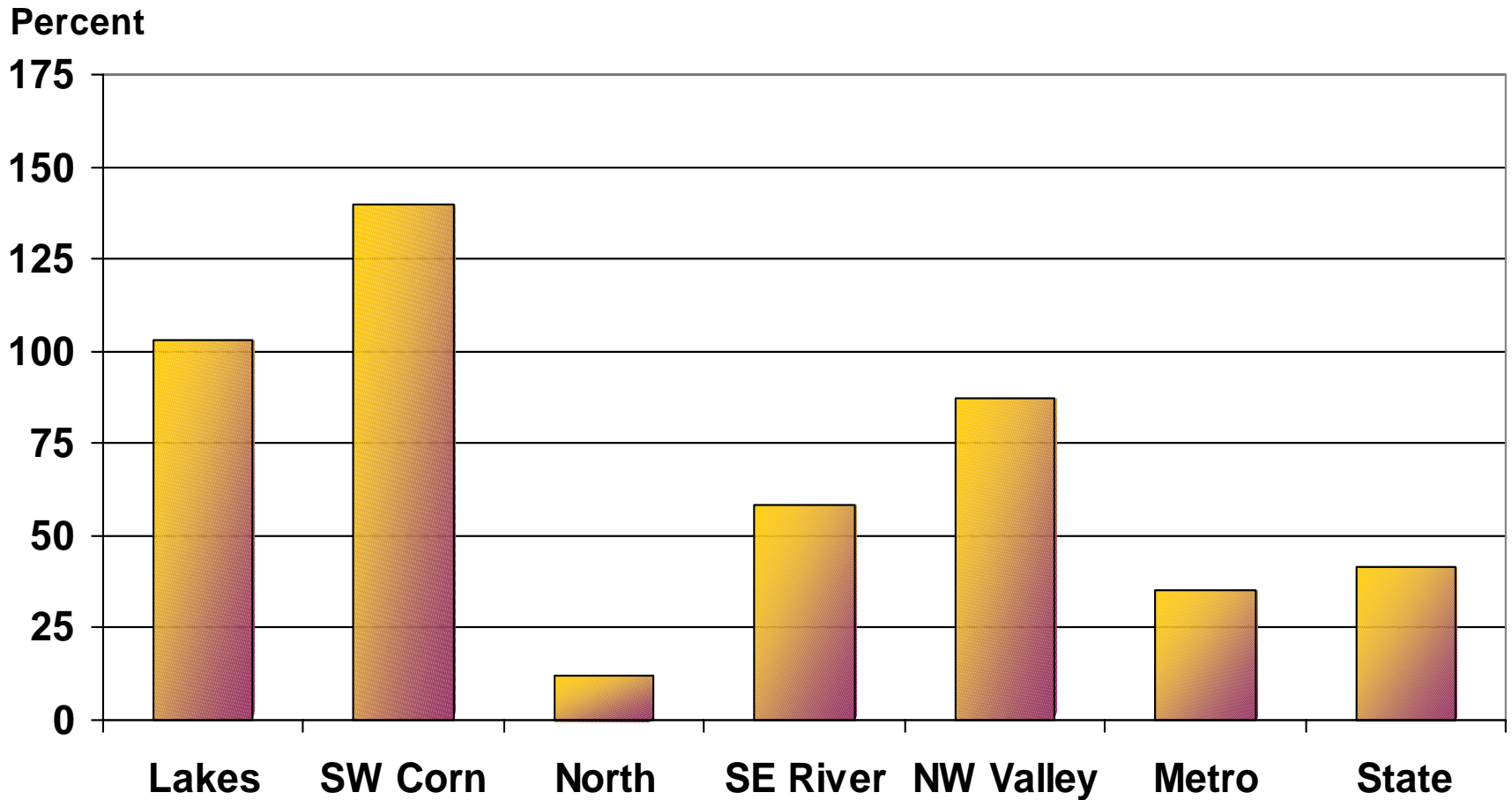
Transfer Payments Are a More Important Source of Personal Income for Ruralplex



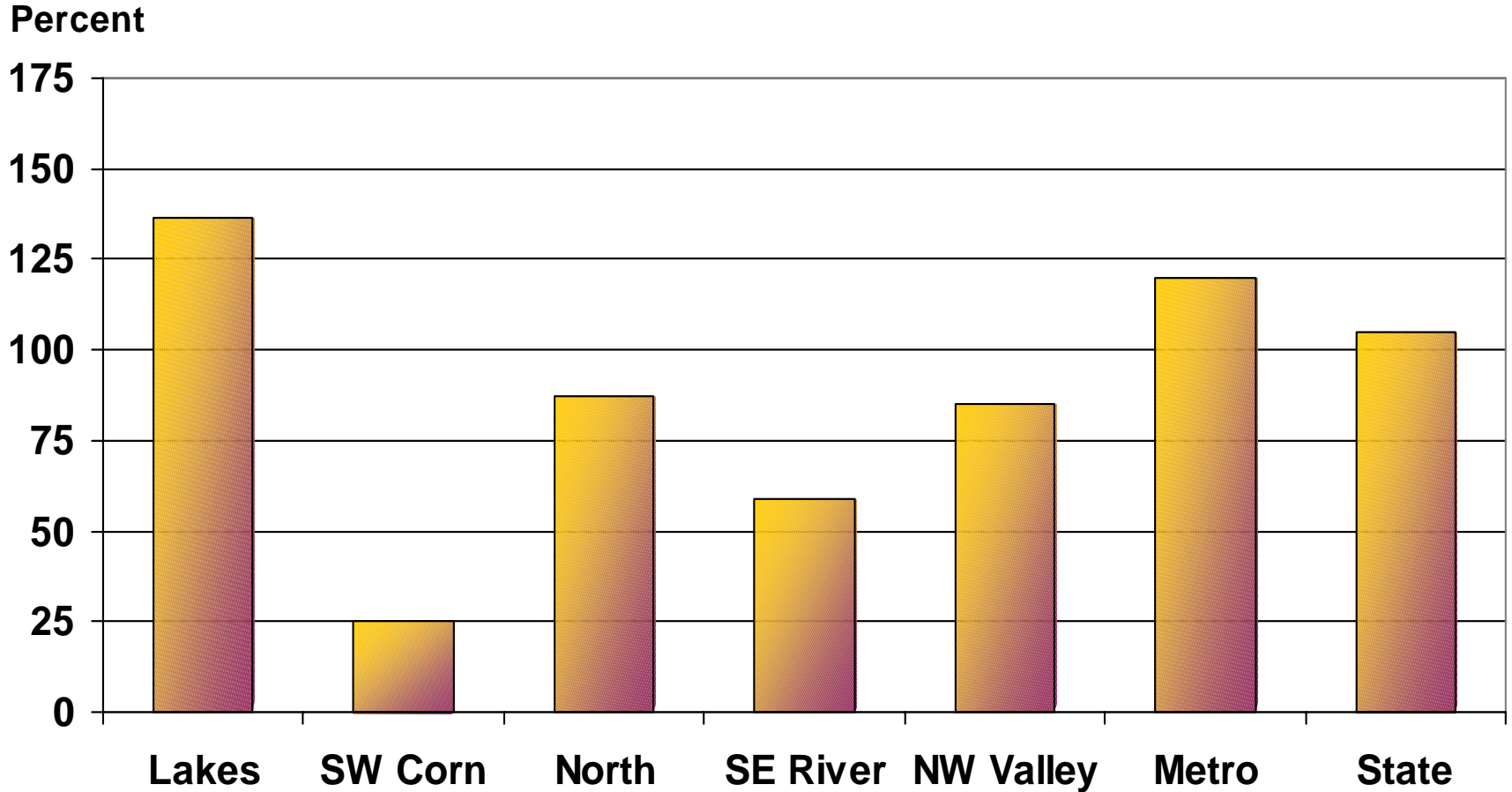
Employment Has Grown More Slowly in Non-Metro Minnesota



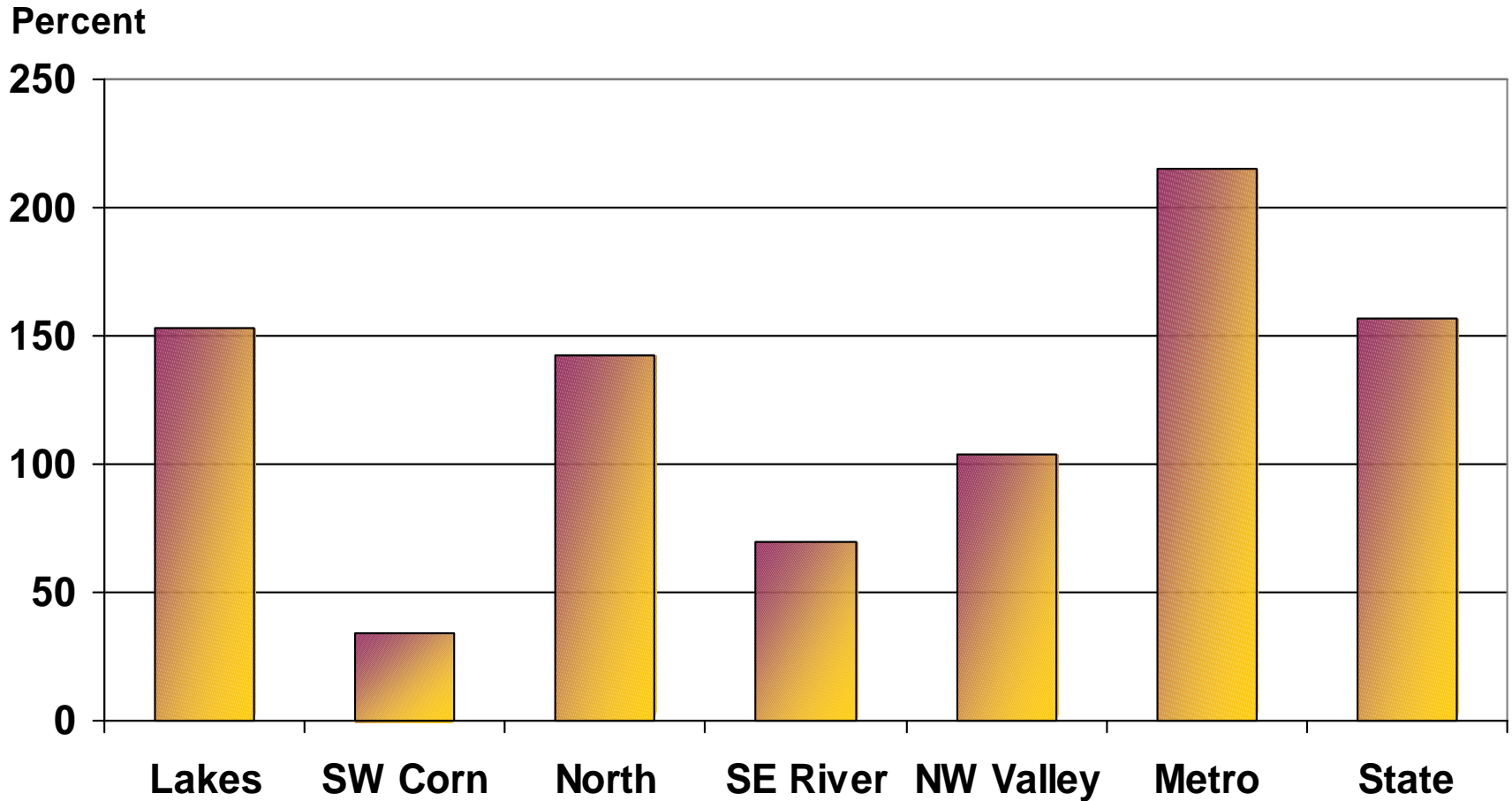
Manufacturing Employment Grew More Rapidly From 1970 To 2000



Ruralplex Retail Employment Growth Lagged the State Average Between 1970 and 2000



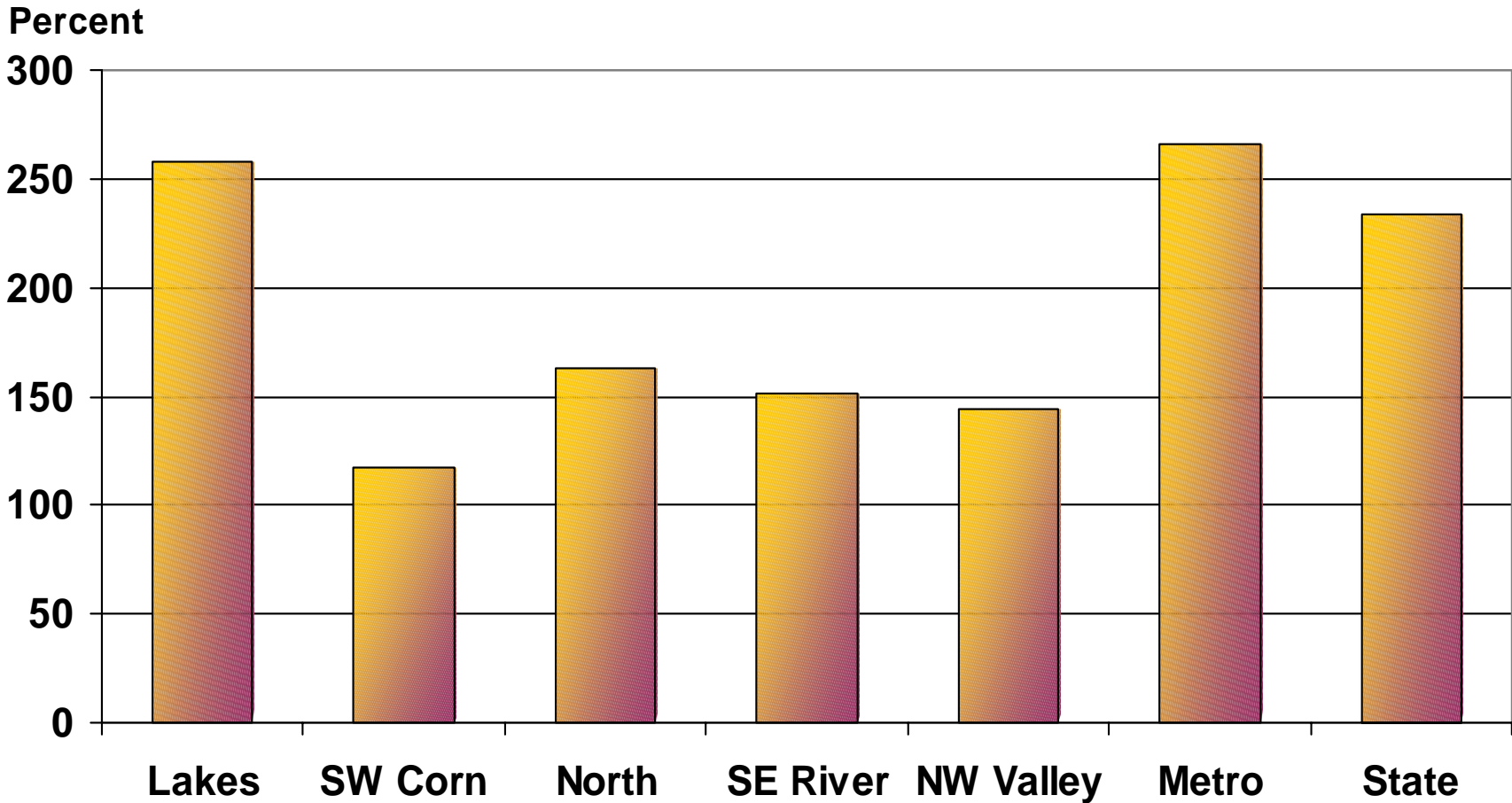
Non-farm Proprietors Have Grown, But More Slowly Than in the Metroplex



The Number of Farmers Fell between 1970 and 2000



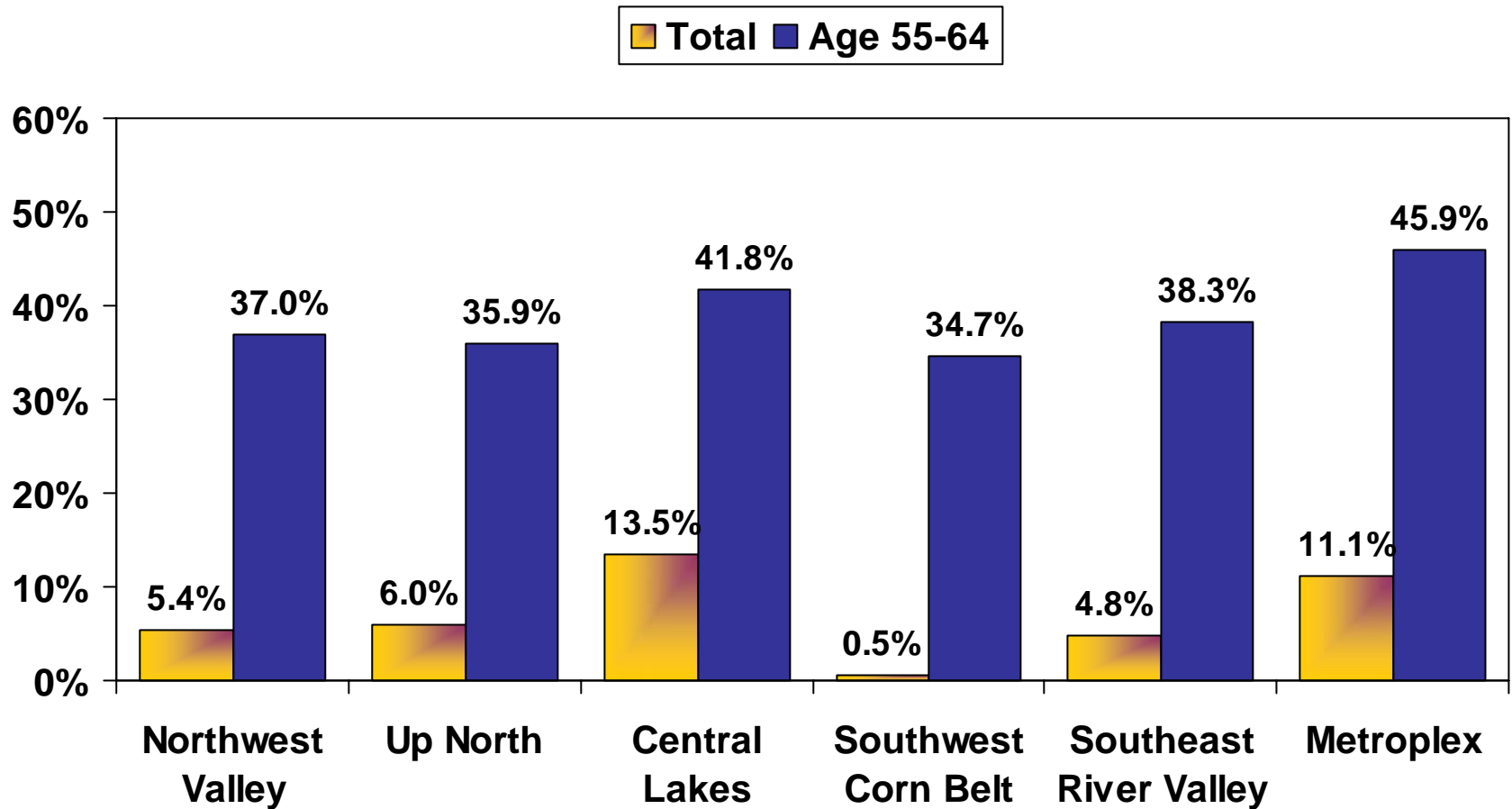
Services Employment in the Ruralplex Grew, But Not as Fast as in the Metroplex



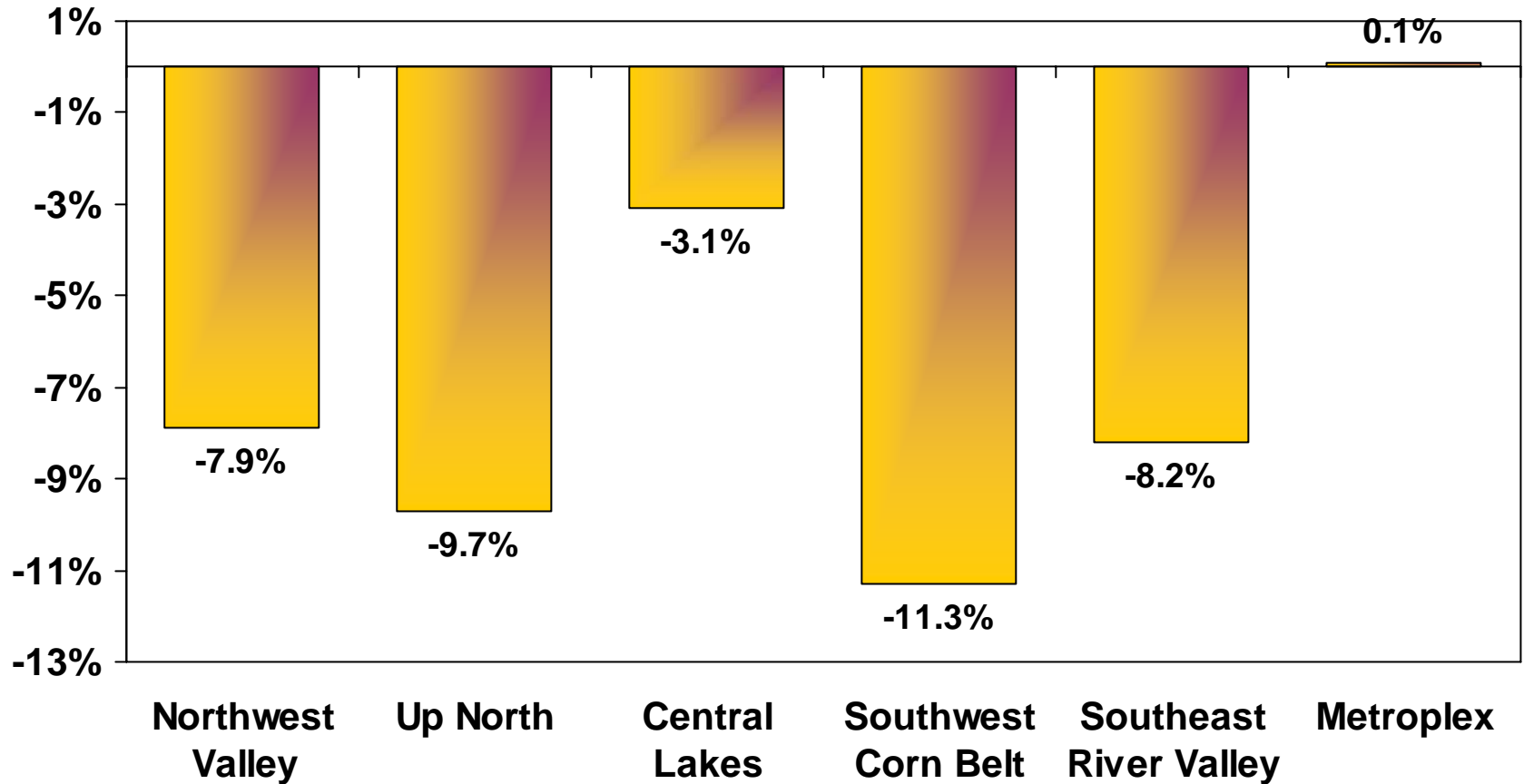
The Outlook 2005 to 2015

Society aging
+
Special demographic dynamics
=
**Slower growing, older labor
force with lower education
attainment**

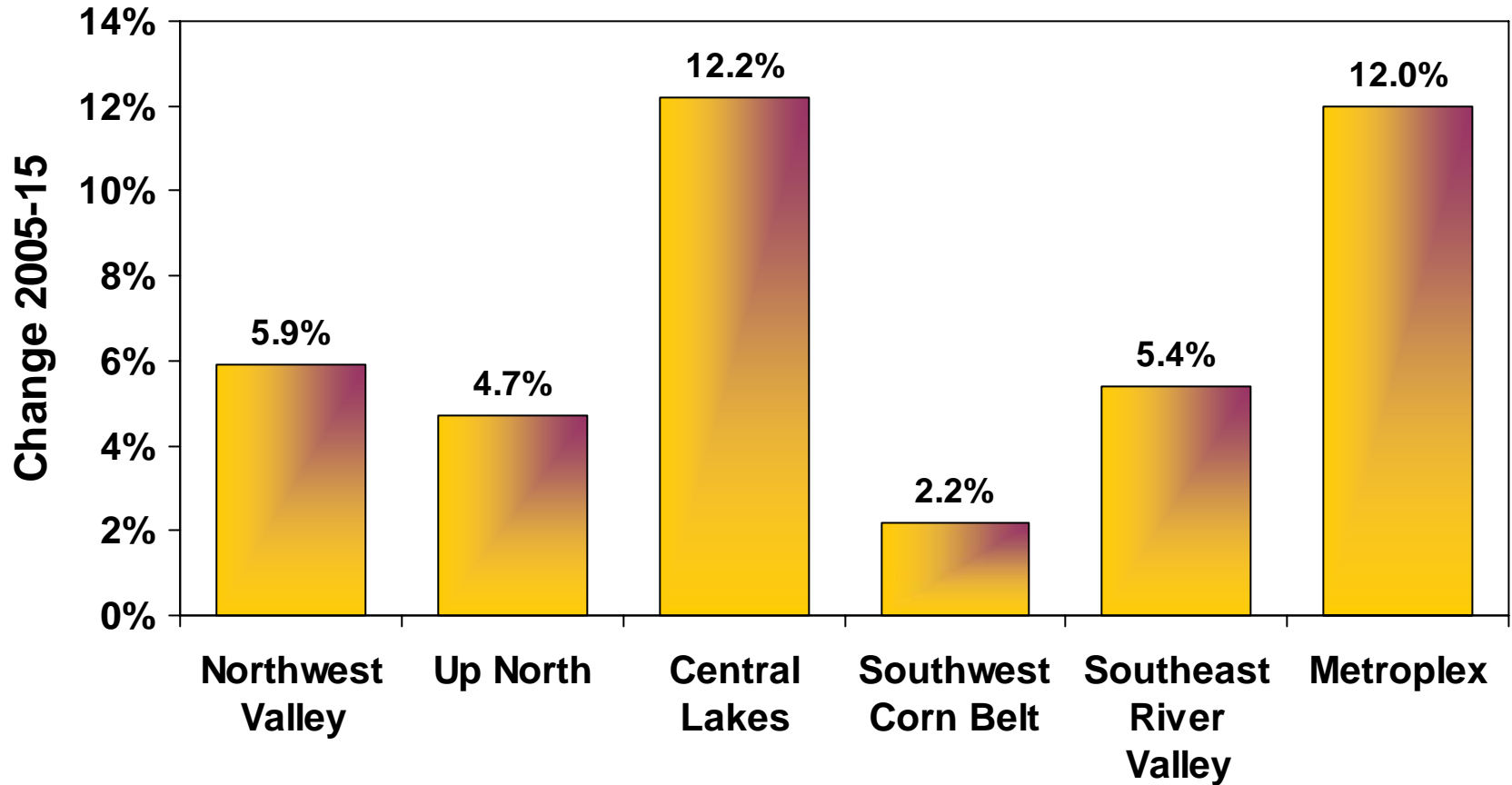
Projected Change in Population 2005 to 2015



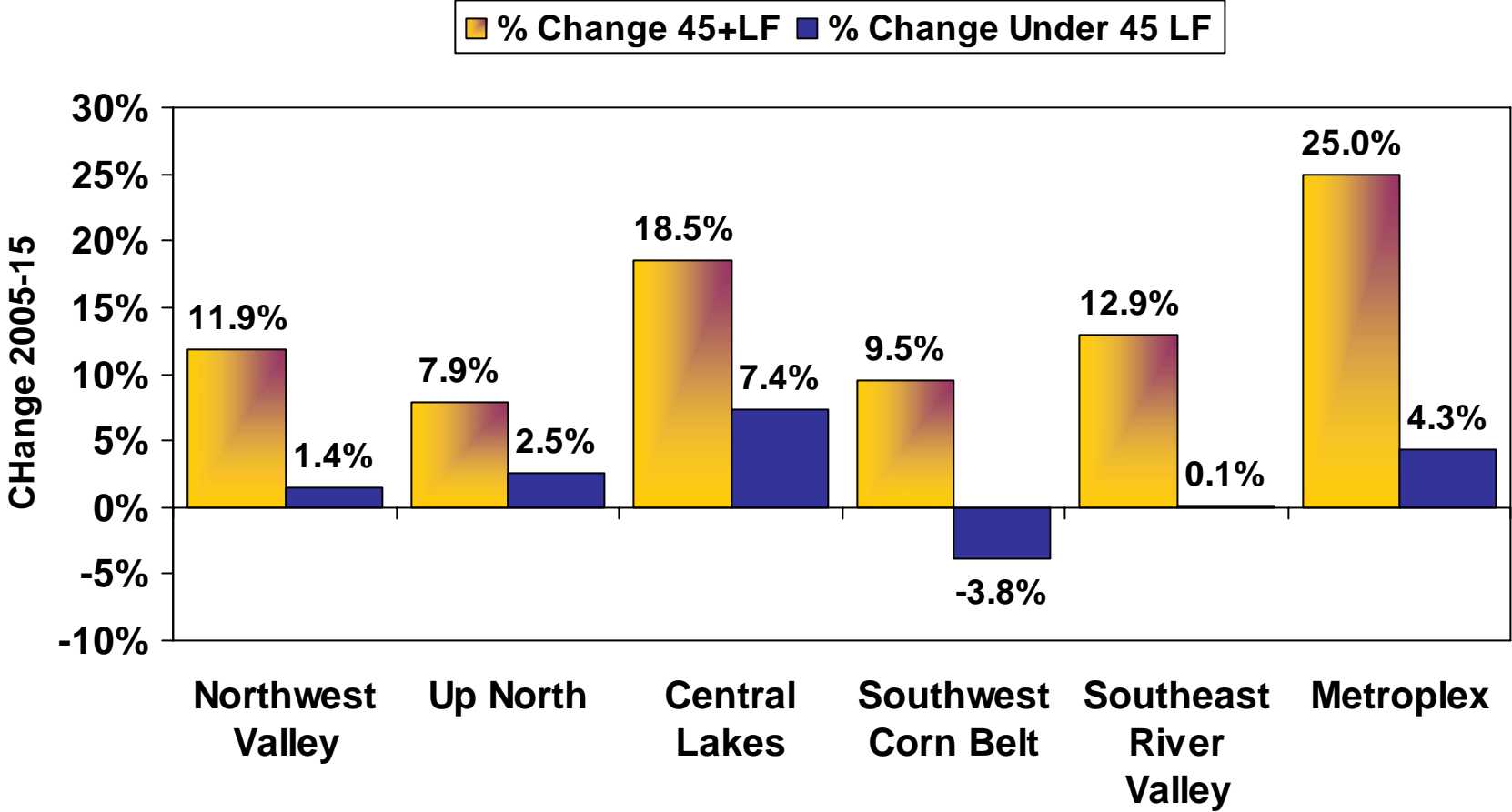
Projected Change 2005 to 2015 Population Age 15 To 24 — Future Work Force



Labor Force Will Grow, But Slowly In Some Areas

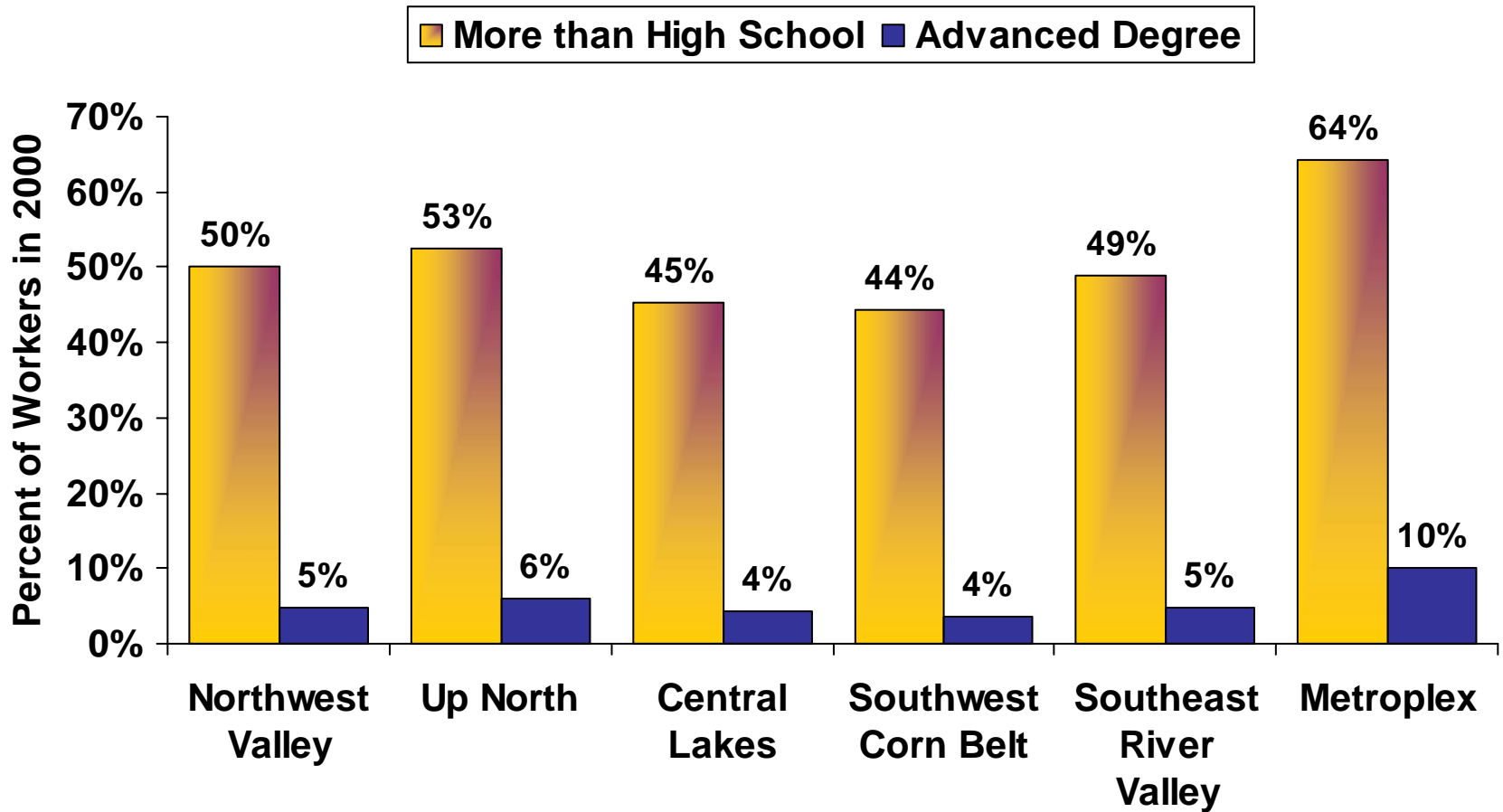


Labor Force Over Age 45 Will Increase Much More Rapidly



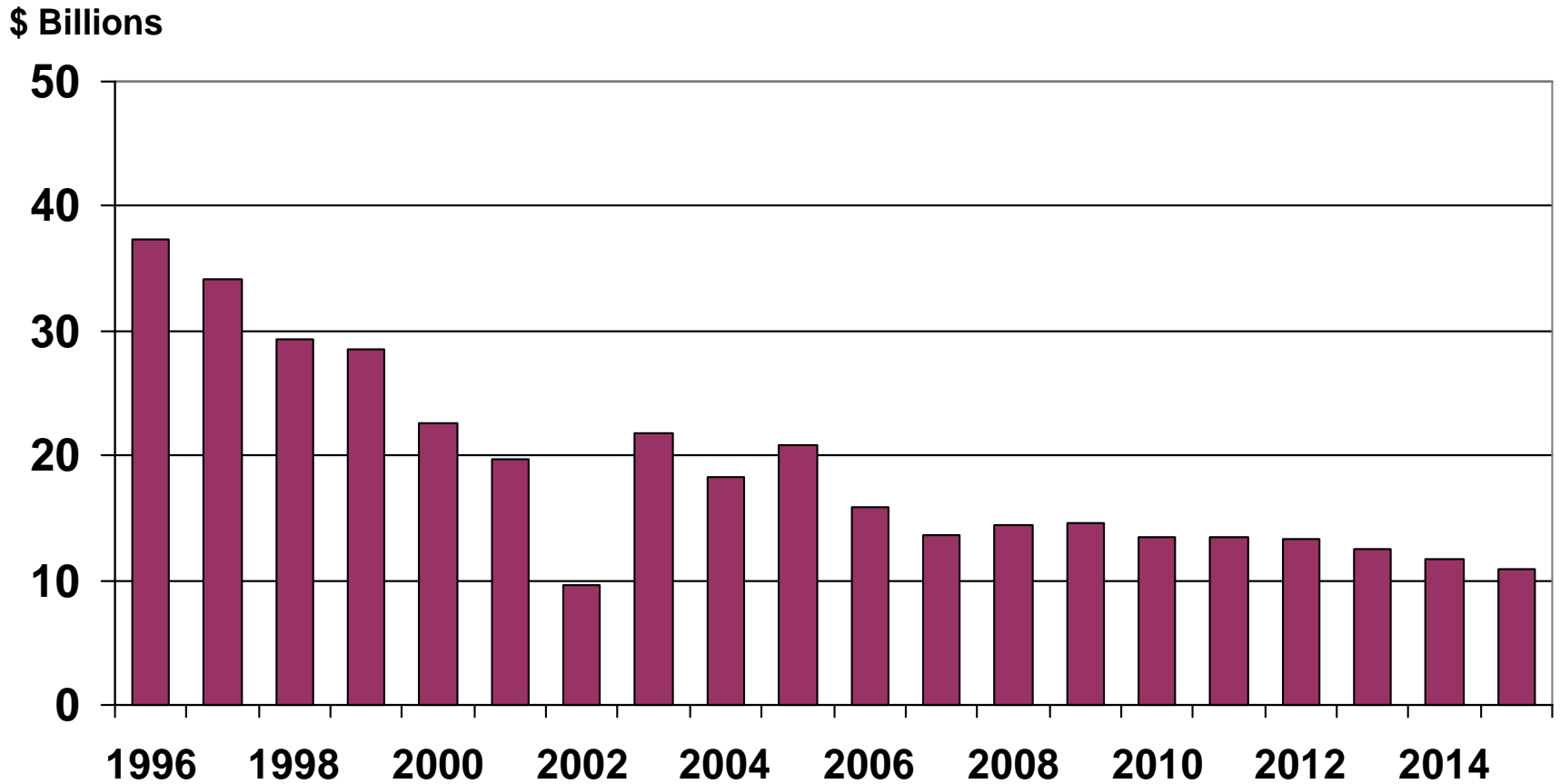
Lower levels of education attainment interact with slower labor force growth, aging, and more dependence on government and resource based jobs will limit economic growth.

Education Attainment Is Lower In The Ruralplex

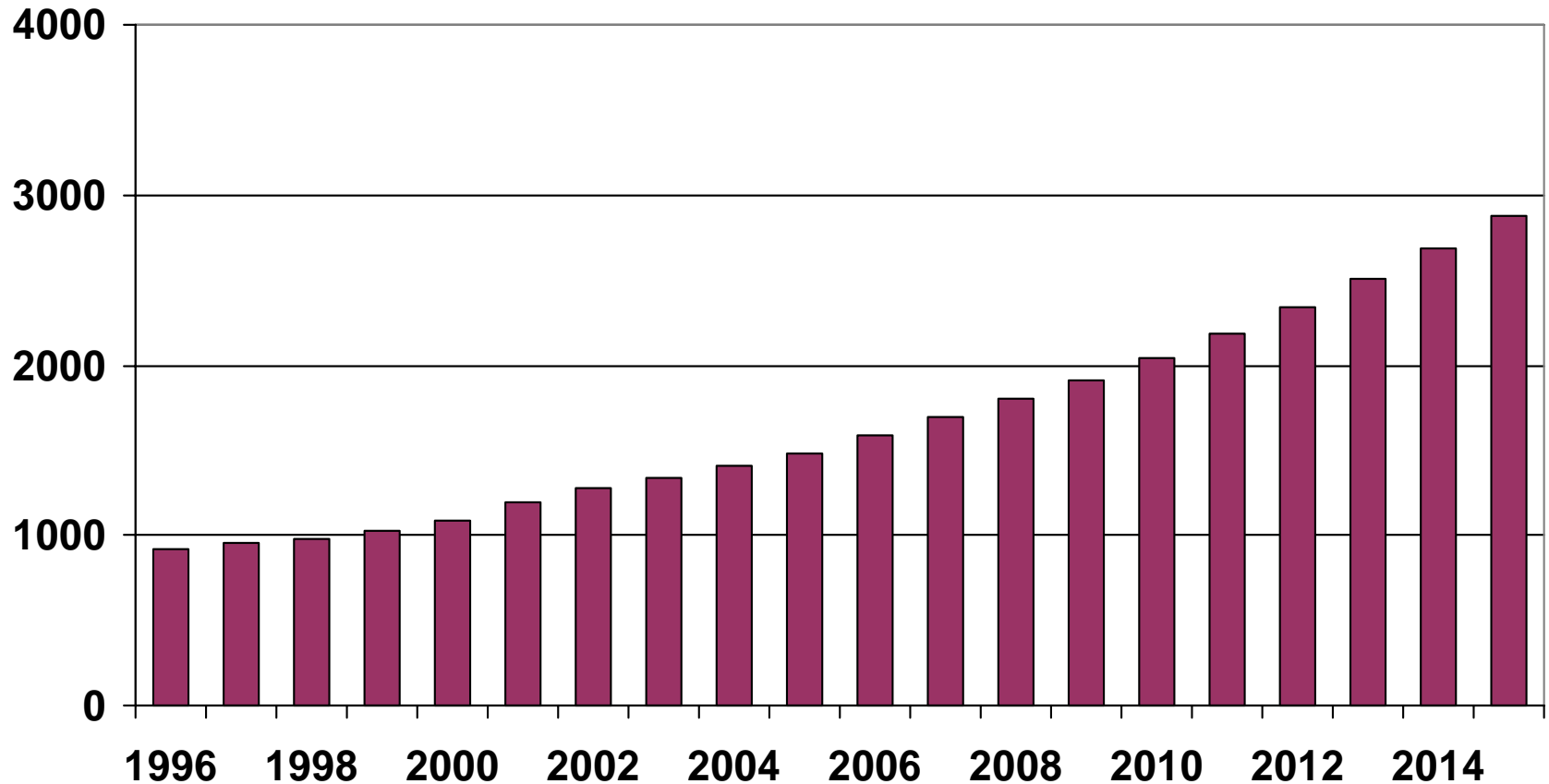


Looking Toward The Economy of 2015

US Farm Income Is Expected to Plateau as Personal Income Grows

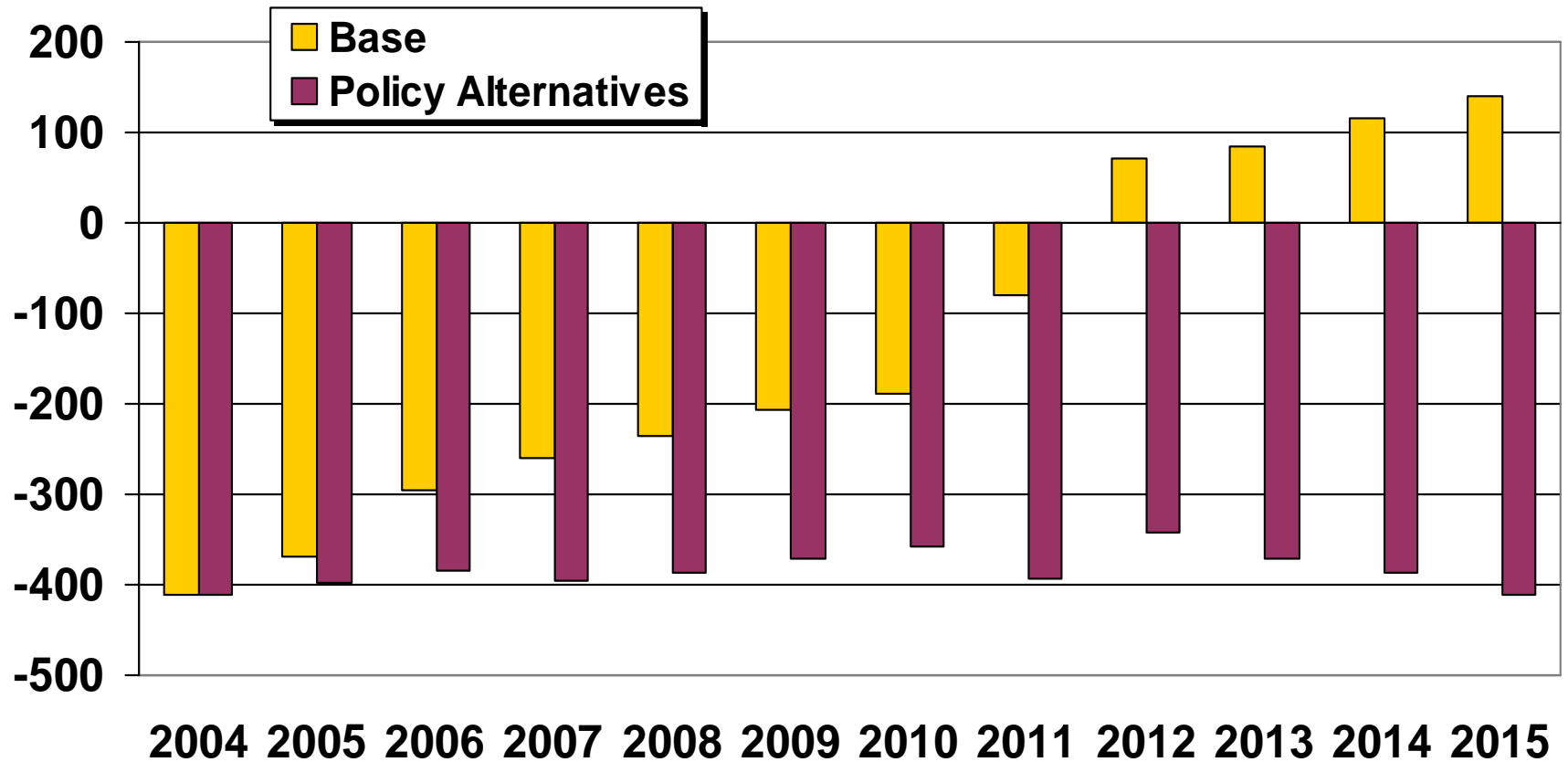


Nationally, Transfer Payments Expected to Increase



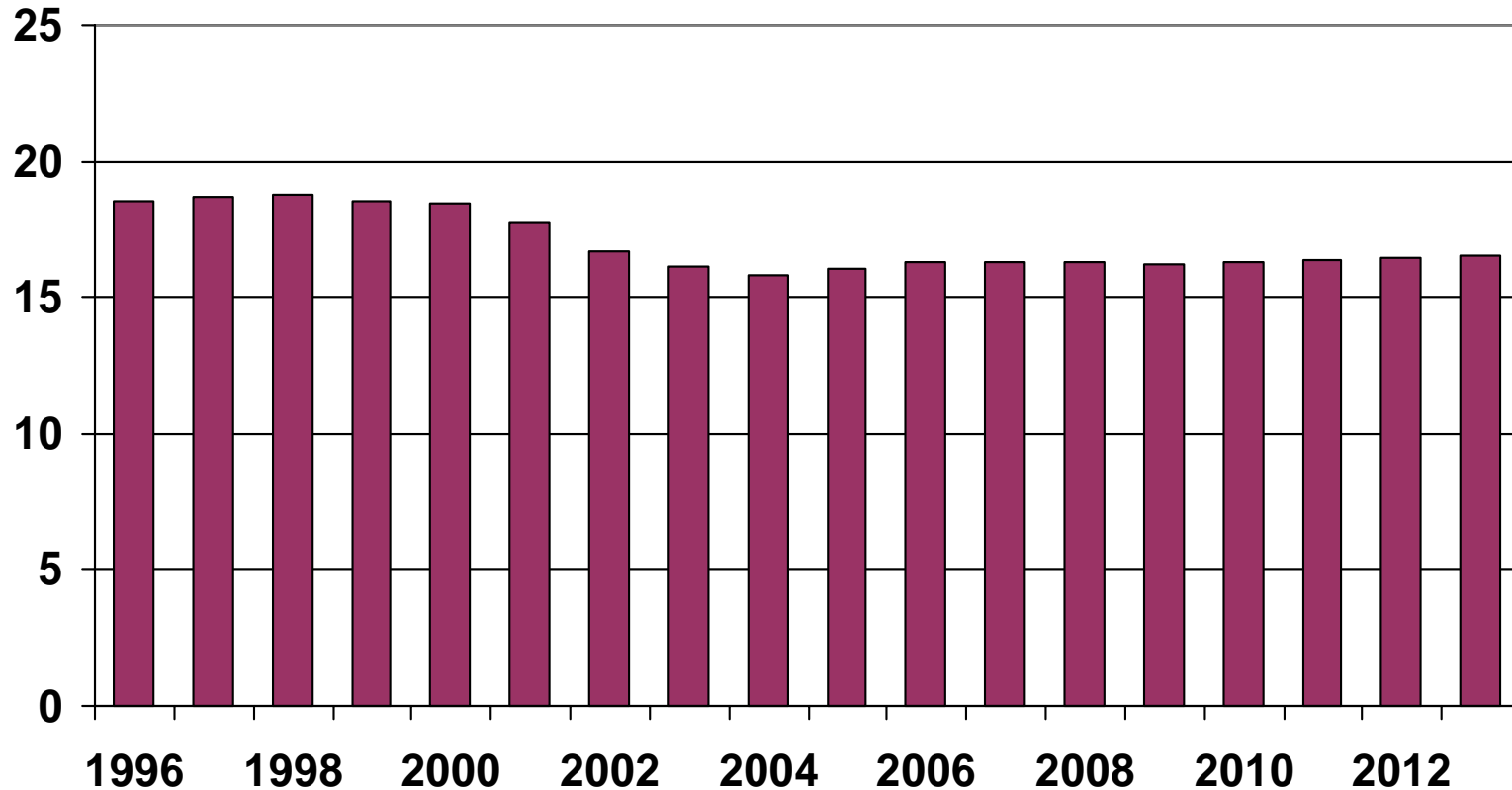
U.S. Budget Deficit Outlook Likely to Affect 2007 Farm Bill

\$ Billions



No Growth Projected for US Manufacturing Employment in Next Decade

Jobs, Millions



Cost Factors Affecting Our Share of Manufacturing in the Global Economy

- **Wage differentials**
- **Productivity**
 - **Worker skills**
 - **Quality of equipment**
- **Value of the dollar**
- **Transportation costs**
- **Other costs**

Certain Industries Will Fare Better

- High value to shipping cost**
- Capital intensive**
- Implicit quality guarantees**
- Locally consumed products**
- Intermediate goods where delivery time must be certain**

Services Sector Will Continue to Be the Source of Growth

- **Increases in real wages mean the value of our time is increasing**
- **Labor saving productivity increases not always possible**
- **Aging society means slower growth in consumer durable goods demand more demand for services such as medical care**

Thinking About Spatially Separated Neighborhoods And Their Ruralplex

- **Large forces are changing and redefining rural Minnesota**
 - **World economic competition**
 - **Migration, aging and related demographic dynamics**
 - **Quality and quantity of the work force**
 - **Federal budget deficit**
 - **Technology and organization of industry**
- **Future prosperity will depend on how these spatially separated neighborhoods work together to find solutions to the challenges ahead**