

MINNESOTA CHAMBER OF COMMERCE 2026 BUSINESS BENCHMARKS

LAURYN SCHOTHORST
DIRECTOR, WORKPLACE MANAGEMENT AND
WORKFORCE DEVELOPMENT POLICY

MARCH 2026

**MINNESOTA
CHAMBER OF
COMMERCE**

GROWING MINNESOTA

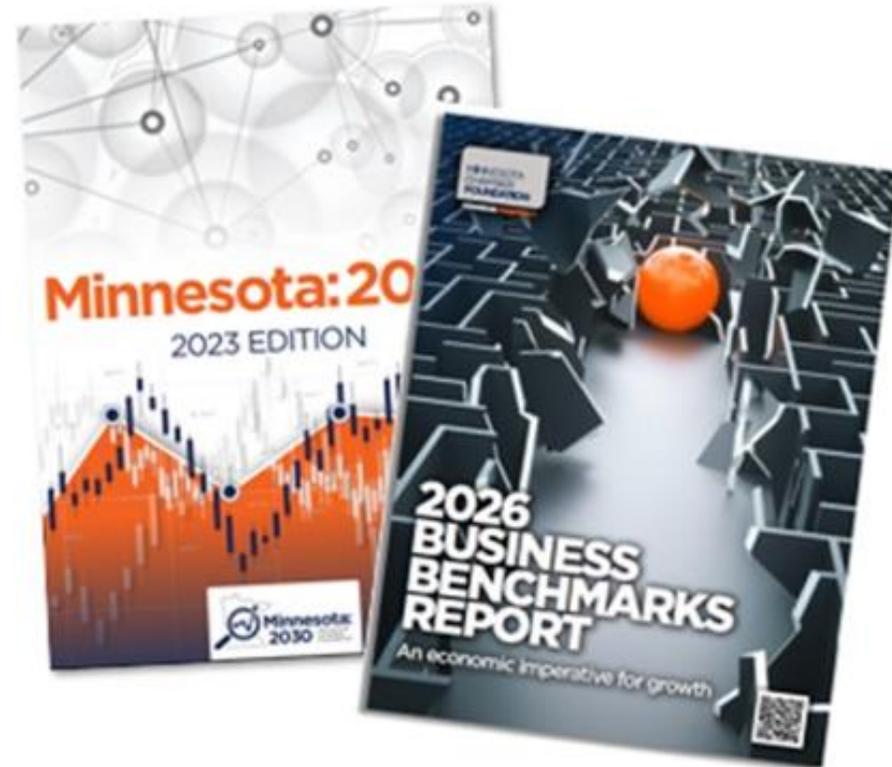
2026 BUSINESS BENCHMARKS

MINNESOTA
CHAMBER OF
COMMERCE

GROWING MINNESOTA

Lessons learned from measuring Minnesota's economic competitiveness

- 10+ years of benchmarking Minnesota's business and economic climate
- 2026 Business Benchmarks examines three key indicators of Minnesota's performance
- The **Economic Imperative for Growth** initiative is raising awareness and advancing ideas to help Minnesota reach its economic potential



2026 BUSINESS BENCHMARKS

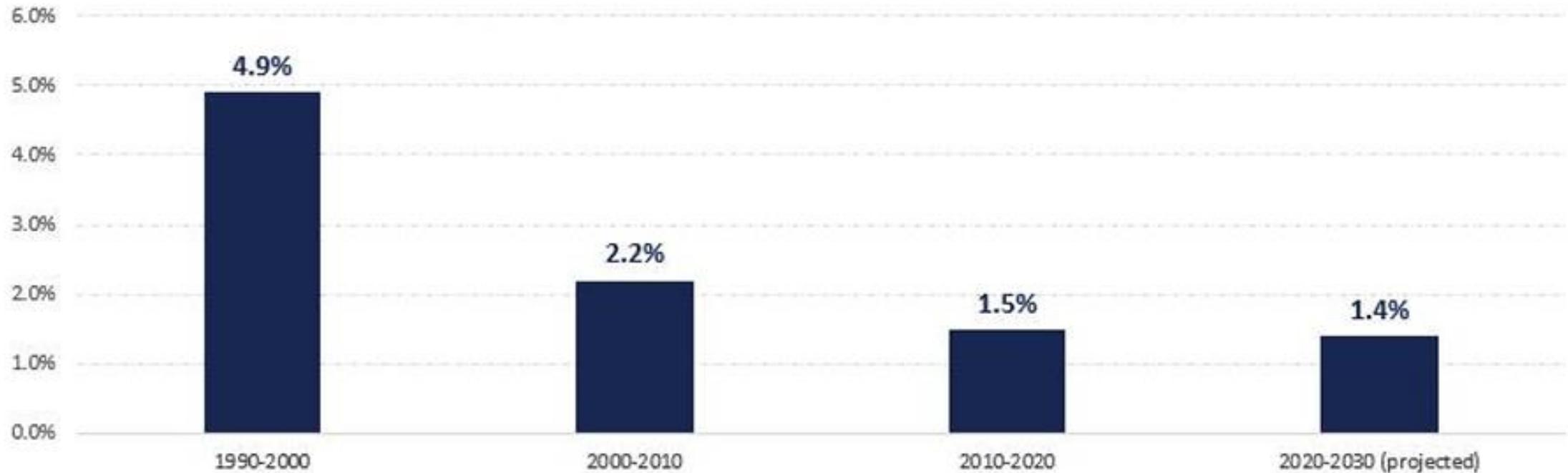
Minnesota has key economic advantages

- 1** **High value**
Per capita income, GDP per capita and labor productivity levels
- 2** **Hard working**
6th highest labor force participation, structurally lower unemployment rates than U.S.
- 3** **Educated and skilled workforce**
5th highest share of adults with a 2-year degree or higher
- 4** **Innovation**
5th most patents per capita in U.S.
- 5** **Corporate hub**
17 Fortune 500 headquarters and the highest concentration of Management of Companies jobs in the U.S.
- 6** **Diverse economy**
Jobs spread across major industry sectors. 5th most diverse economy in U.S.
- 7** **Industry clusters in key sectors**
Health care and med-tech, food and ag, headquarters, finance and insurance, high tech

2026 BUSINESS BENCHMARKS

But economic growth is slowing over time

Real GDP annual growth rate by decade: Minnesota



Source: S&P Global (formerly, IHS Markit)

2026 BUSINESS BENCHMARKS

What's holding us back?

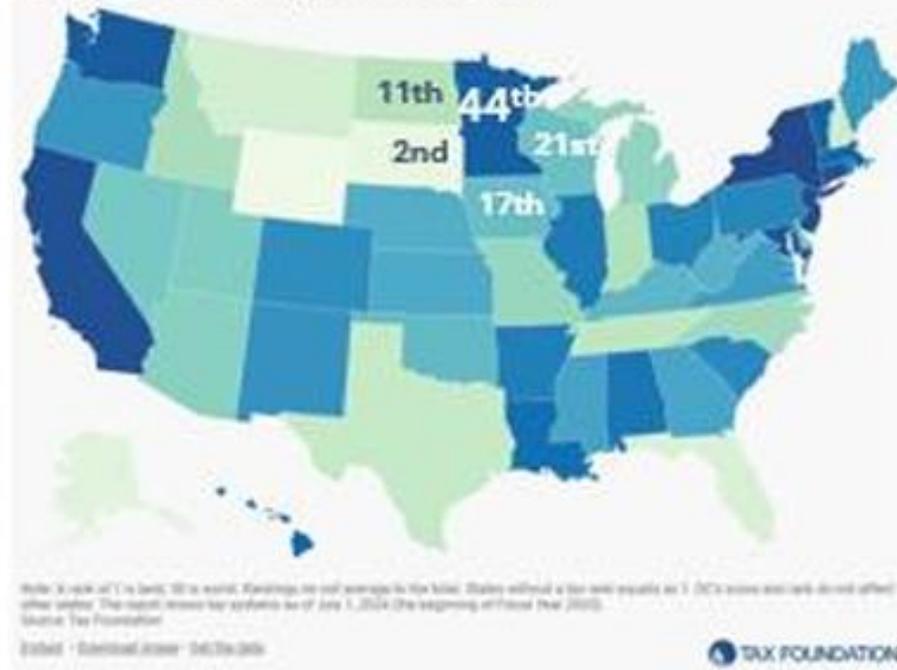
Business climate and cost concerns creating competitive disadvantages

Minnesota's tax rates are an outlier in the region, among the highest in the U.S.

New regulations and mandates driving up costs and complexity

Overall cost of doing business outpacing U.S. in key areas

2025 State Tax Competitiveness Index

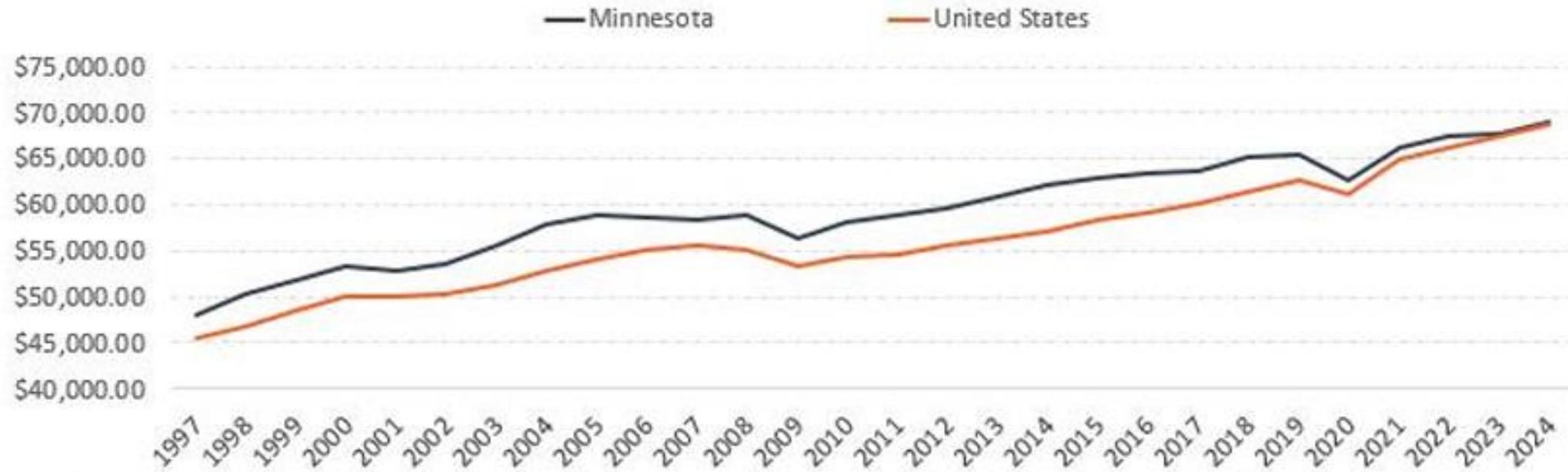


"Taxes are not everything, but they do matter, and they are within the control of policymakers. Even within a given revenue target, there are better and worse ways to raise revenue." – Tax Foundation

2026 BUSINESS BENCHMARKS

Minnesota had above-average per capita GDP for decades, slow growth erased that advantage by 2024

Real GDP per capita: Minnesota and United States
1997-2024



Source: Bureau of Economic Analysis and U.S. Census Bureau

2026 BUSINESS BENCHMARKS

Why is it imperative to grow the economic pie?

Economic growth matters

Rising incomes

Increased consumer spending and purchasing

Investments in new businesses, facilities,
technologies, equipment

Improvements in innovation and efficiency

Growth in jobs and the size of the labor force

Faster growth makes possible

Balanced state budgets without raising rates

Less fiscal strain for local budgets, enabling
investment in community

Becoming a more attractive place to live – people
and businesses move to growth regions

Broader optimism across the state that the
economy is headed in the right direction

2026 BUSINESS BENCHMARKS

An economic imperative for growth

Accelerating growth and prosperity in Minnesota

Real GDP per capita
annual growth rate
(2019-2024)

+1.0%
Ranked 38th

Growing Minnesota's workforce

Total civilian labor force
annual growth rate
(2019-2024)

+0.2%
Ranked 40th

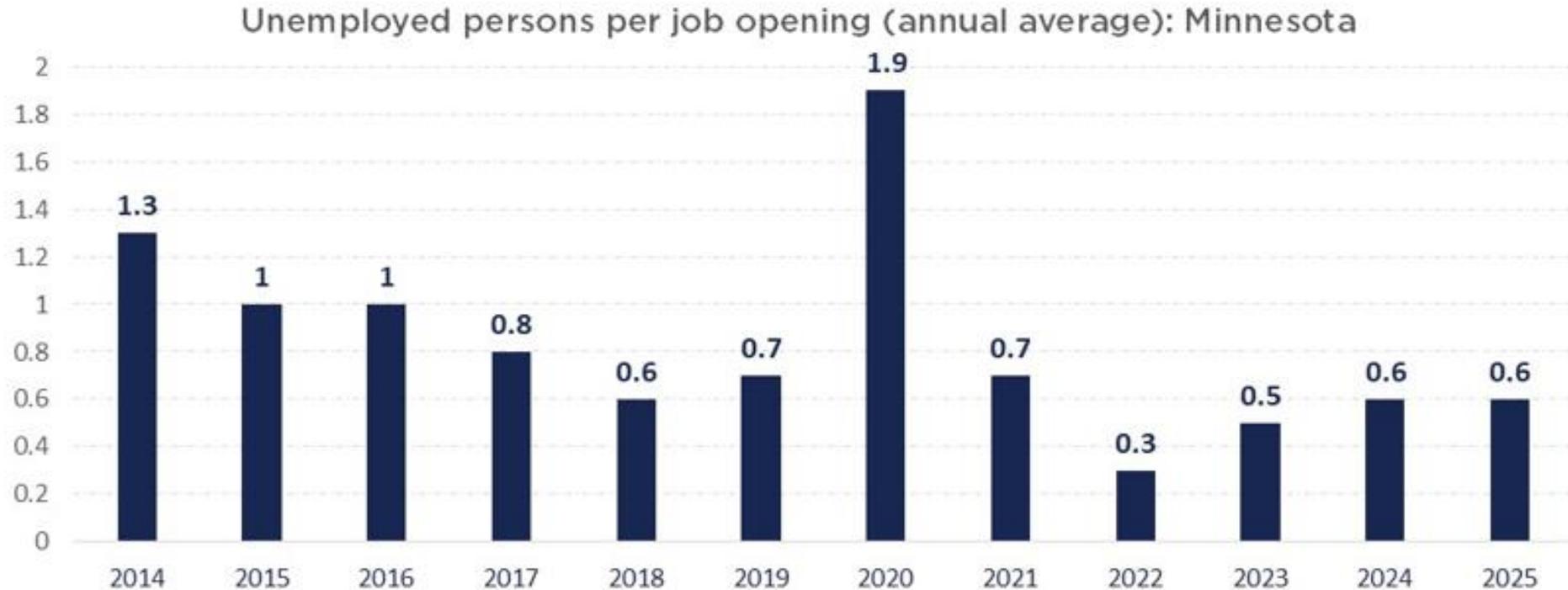
Delivering better value – not just higher costs

Net domestic
migration
(2020-2024)

-47,900
Ranked 41st

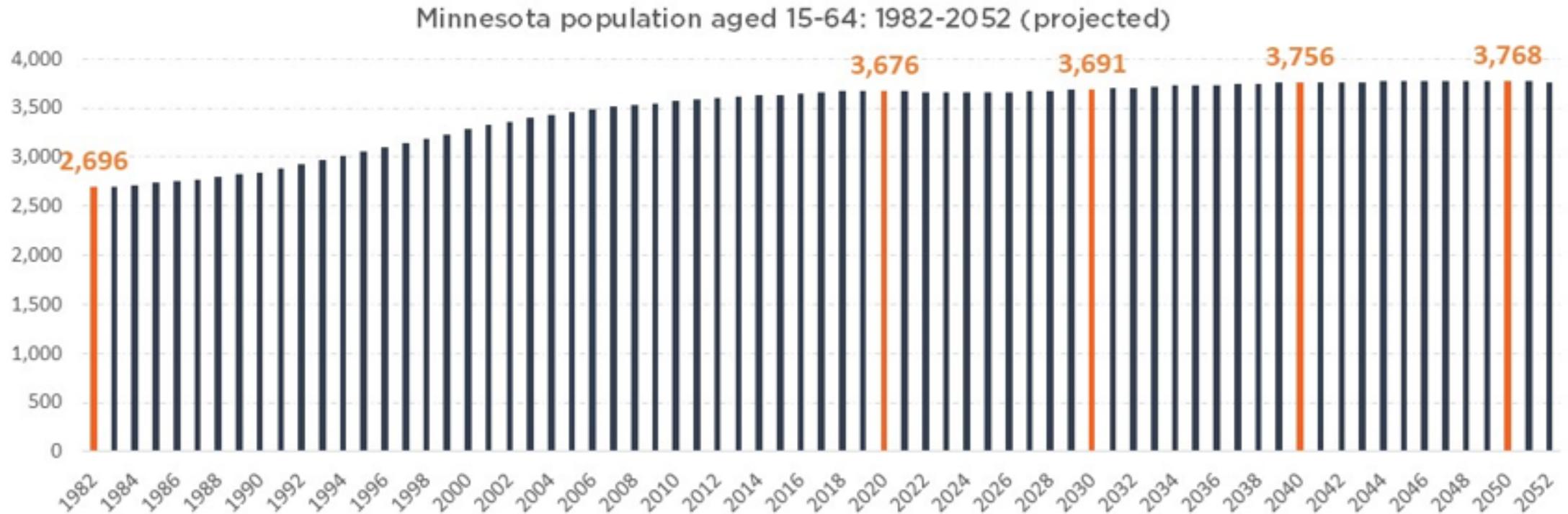
2026 BUSINESS BENCHMARKS

Minnesota continues to have more job openings than job seekers



2026 BUSINESS BENCHMARKS

Working-age population has flattened, not expected to grow



Where does labor force growth come from?

Natural
population
growth

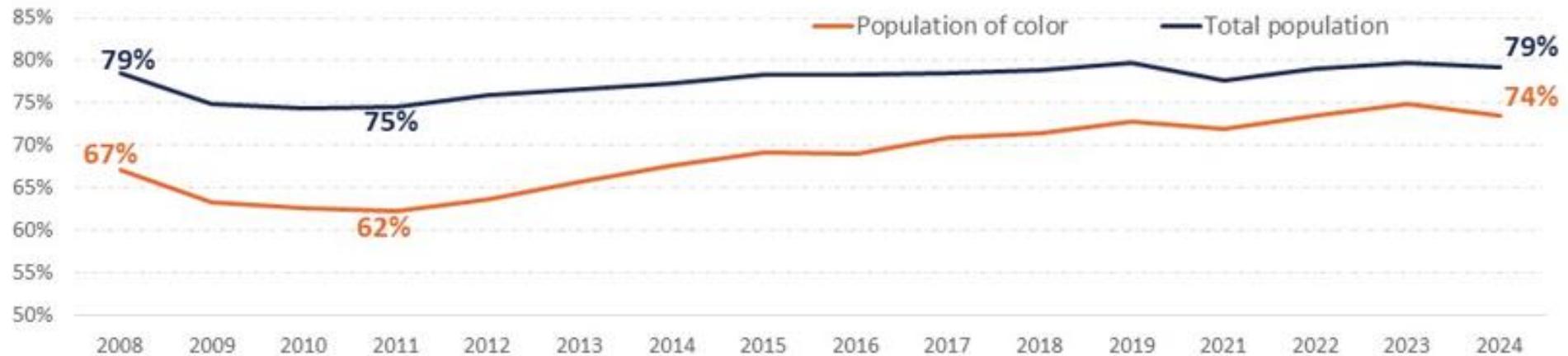
Increases in
labor force
participation

Net migration
(international +
domestic)

2026 BUSINESS BENCHMARKS

Workforce participation grew by 12 percentage points for populations of color since 2011, adding over 107,000 to Minnesota's workforce

Share of adults (16-64 years old) participating in the workforce
2008 - 2024

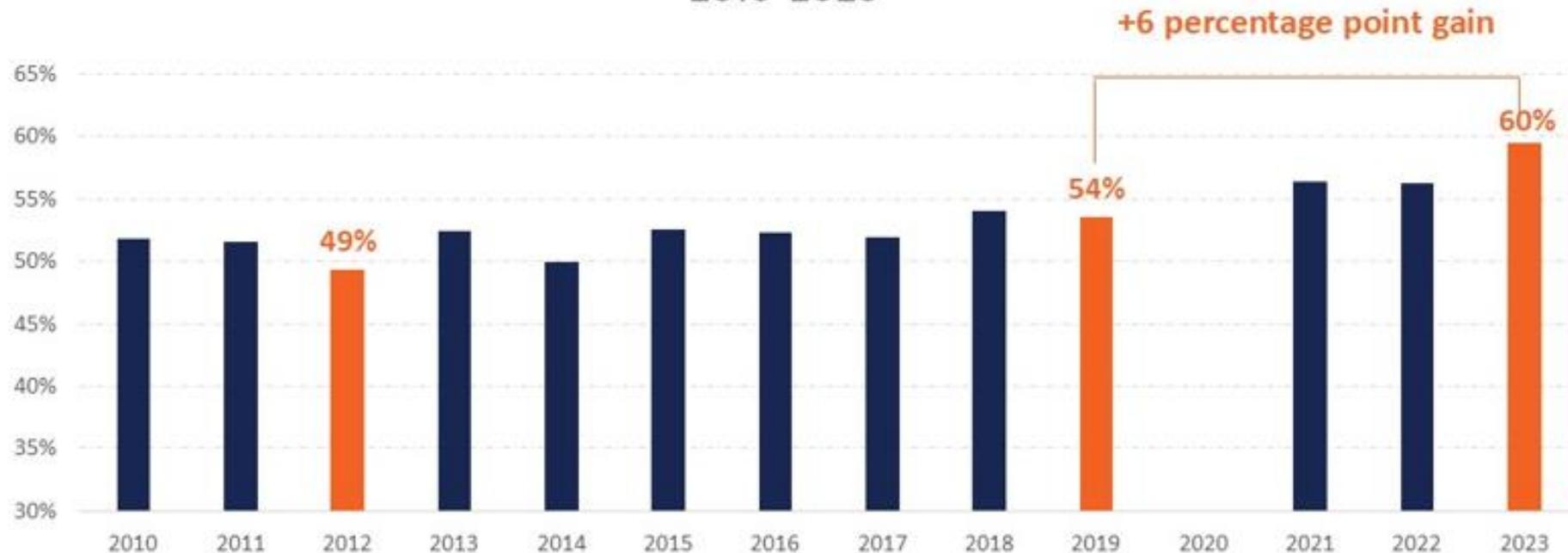


Source: U.S. Census, American Community Survey 1-year estimates via MN Compass

2026 BUSINESS BENCHMARKS

Workforce participation grew by 11 percentage points for Minnesotans with a disability since 2012

Percentage of adults with a disability (18-64 years old) in the labor force
2010-2023



Source: U.S. Census, American Community Survey 1-year estimates

2026 BUSINESS BENCHMARKS

Minnesota already has among the highest labor force participation rates in the U.S., leaving less room for growth than other states

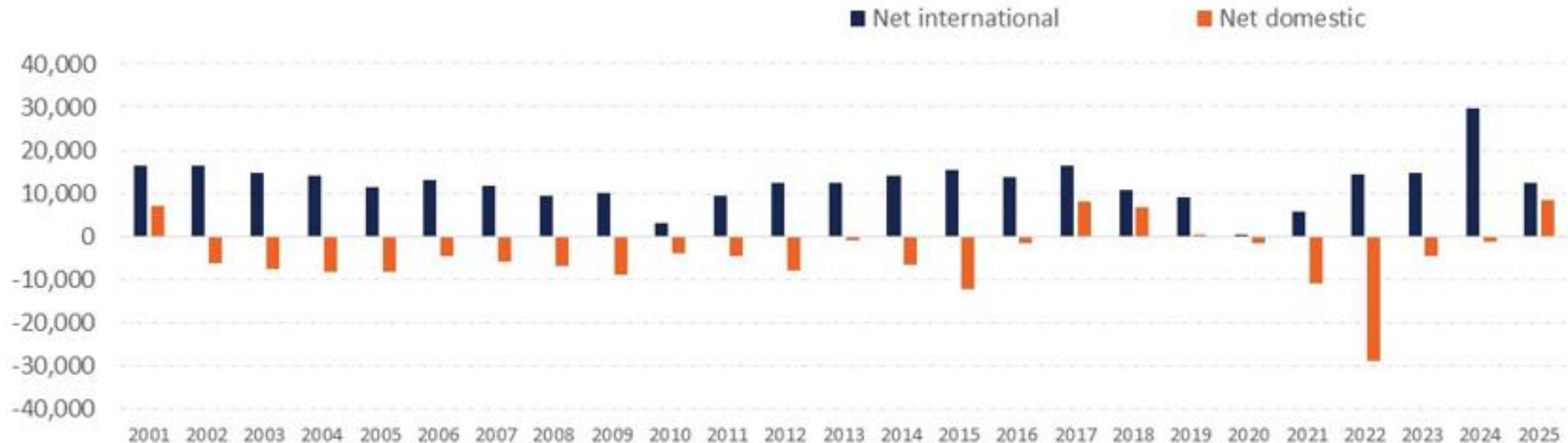
| | Labor force participation rate (Dec 2025) | Rank |
|---------------|---|------|
| Nebraska | 69.9% | 1 |
| North Dakota | 69.6% | 2 |
| South Dakota | 68.3% | 3 |
| Minnesota | 68.2% | 4 |
| Mississippi | 55.6% | 49 |
| West Virginia | 54.6% | 50 |

Source: Bureau of Labor Statistics

2026 BUSINESS BENCHMARKS

Minnesota needs to be a net attractor of people both internationally and domestically to grow its workforce

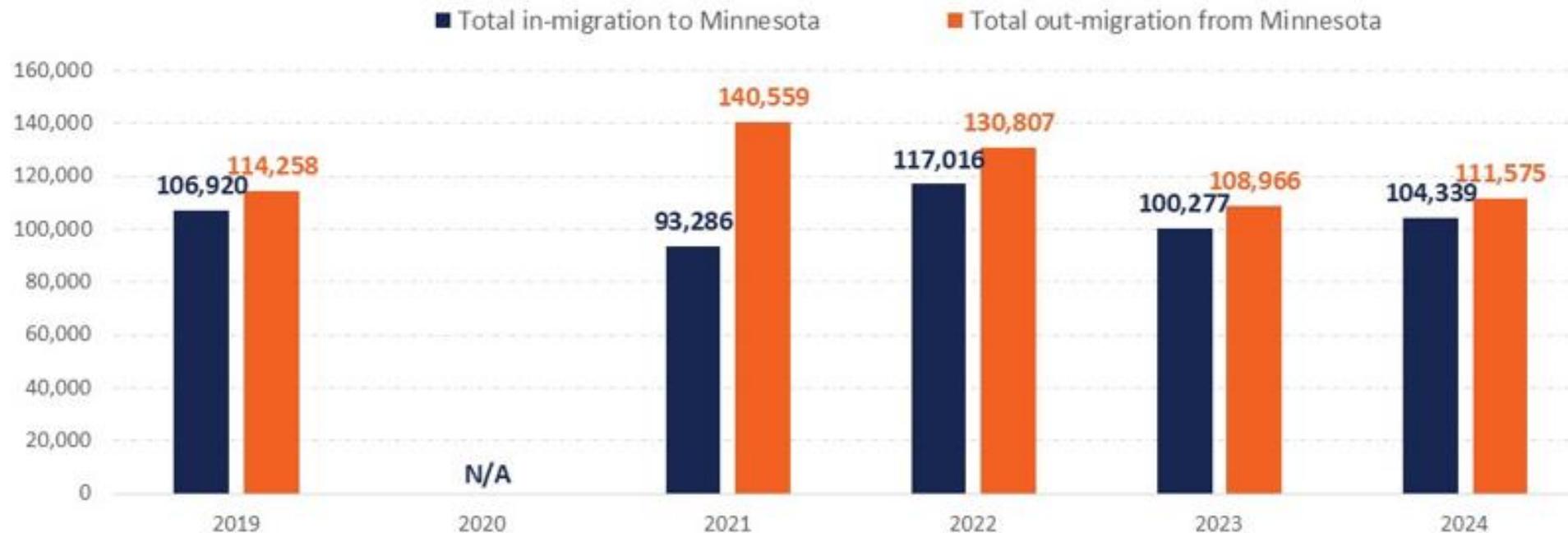
Net international and domestic migration: Minnesota
Measures July to July of each year: 2001 - 2025



2026 BUSINESS BENCHMARKS

Minnesota attracts around 100K people each year but loses slightly more

Minnesota in-bound and out-bound migration: 2019 - 2024

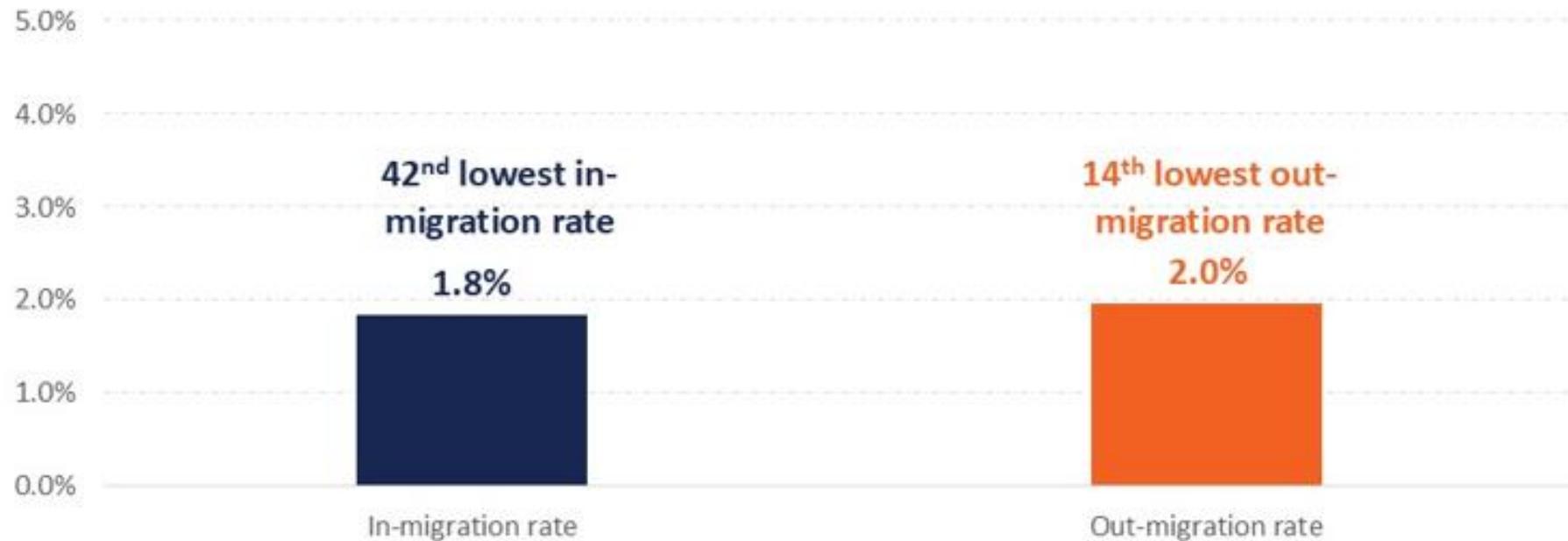


Source: U.S. Census Bureau, ACS 1-year estimates

2026 BUSINESS BENCHMARKS

Minnesota has an attraction problem, not a retention problem

Minnesota in-migration and out-migration rate and national rank:
2024

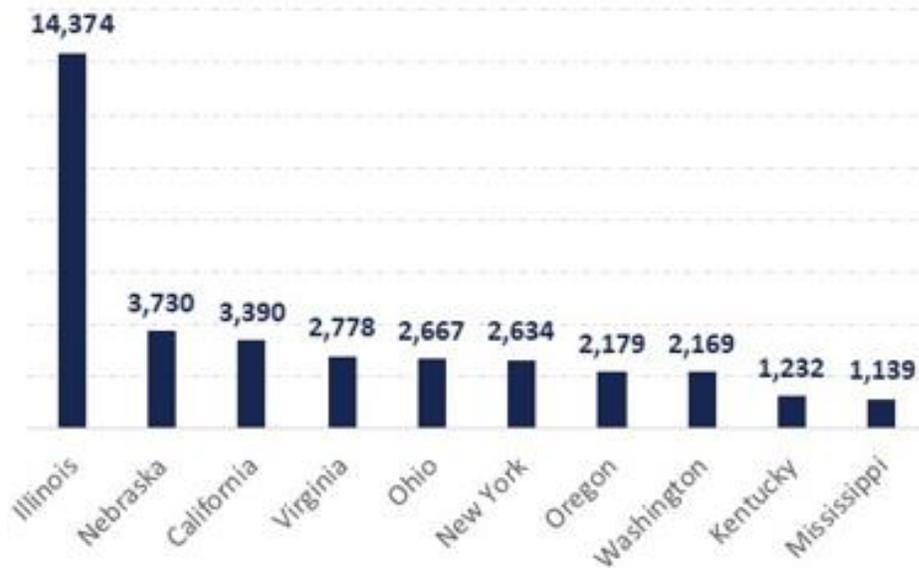


Source: U.S. Census Bureau, ACS 1-year estimates

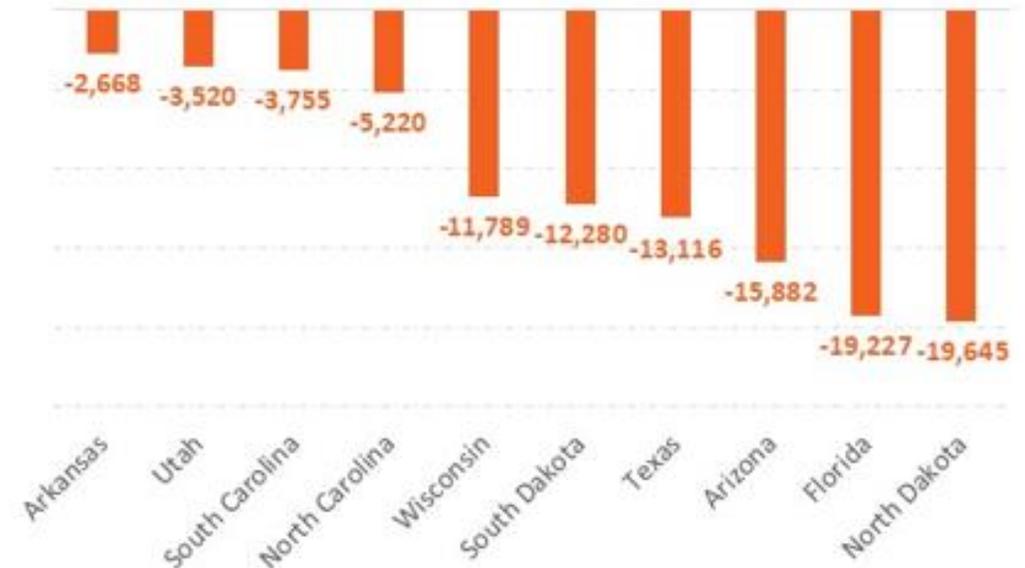
2026 BUSINESS BENCHMARKS

Largest net gains coming from Illinois, while net losses coming from neighboring states and large sunbelt states

In-bound migration to Minnesota:
2019 - 2024



Out-bound migration from Minnesota:
2019-2024



2026 BUSINESS BENCHMARKS

Wisconsin and North Dakota play outsized role in total migration flows

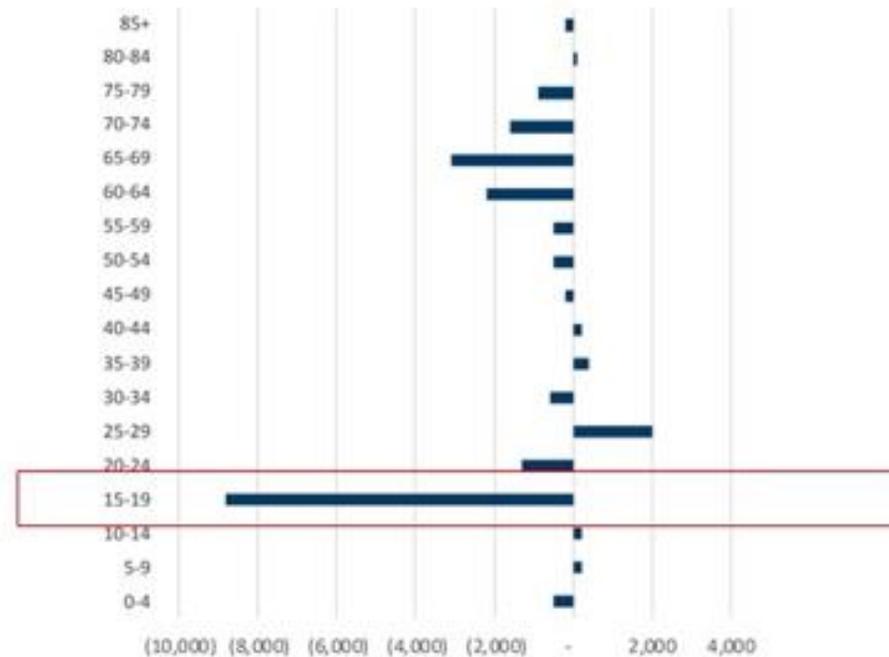
| People moving to MN from these states | 2019-2024 | People moving from MN to these states | 2019-2024 |
|---------------------------------------|-----------|---------------------------------------|-----------|
| Wisconsin | 86,513 | Wisconsin | 98,302 |
| North Dakota | 41,631 | North Dakota | 61,276 |
| Illinois | 32,871 | Florida | 42,367 |
| California | 29,775 | Texas | 39,406 |
| Iowa | 27,319 | Arizona | 32,394 |
| Texas | 26,290 | Iowa | 28,478 |
| Florida | 23,140 | South Dakota | 28,230 |
| Colorado | 19,756 | California | 26,385 |
| Washington | 17,618 | Colorado | 21,428 |
| Arizona | 16,512 | Illinois | 18,497 |

Source: U.S. Census Bureau, ACS 1-year estimates

2026 BUSINESS BENCHMARKS

Minnesota loses around 9,000 15-24 year-olds annually

Average Annual Net Domestic Migration by Age, Minnesota, 2018-2022



Source: Minnesota Demographic Center, U.S. Census Bureau

2026 BUSINESS BENCHMARKS

64% of high school grads who leave for college go to a neighboring state

TABLE 1

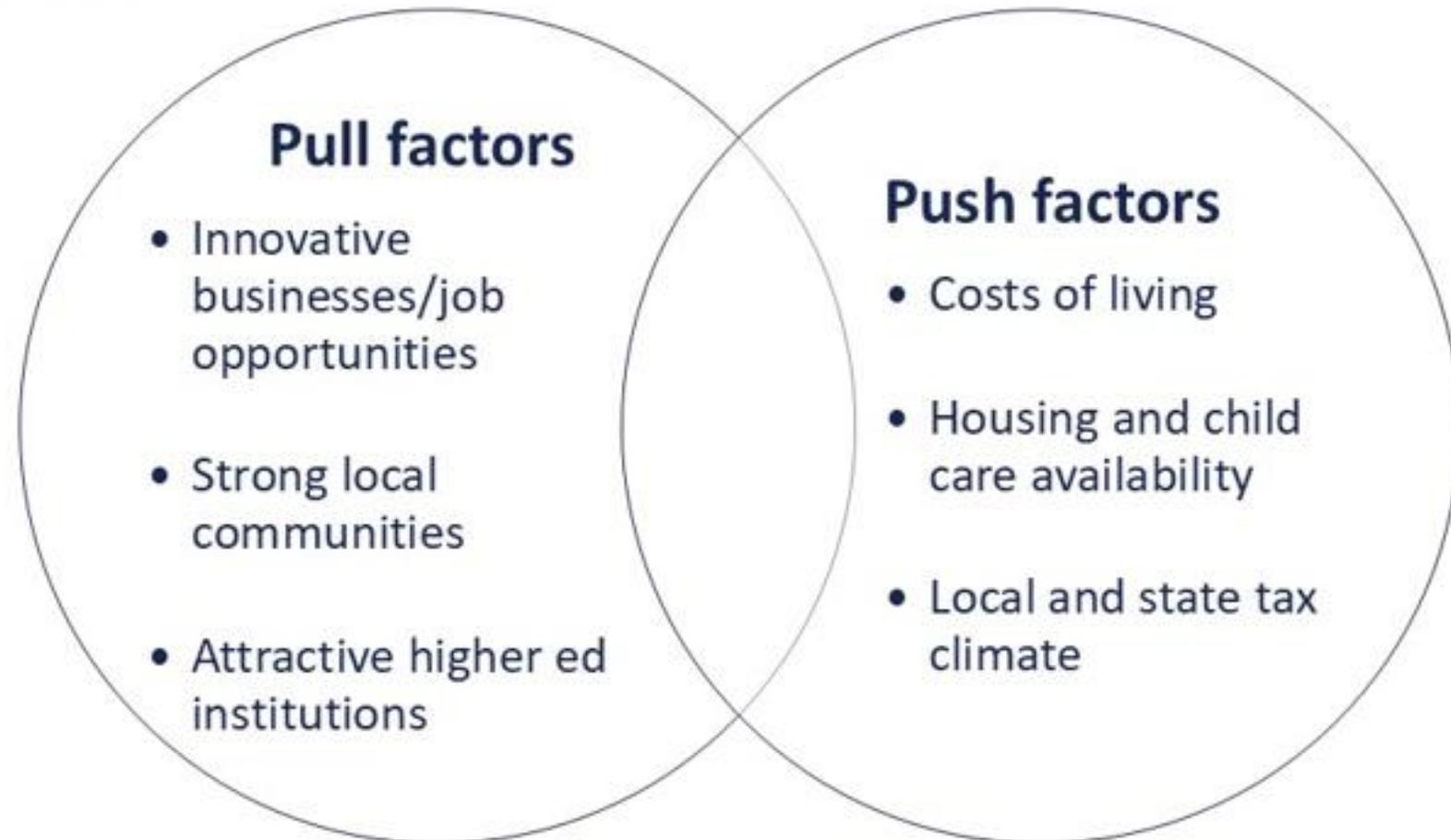
Average Annual In-Migration and Out-Migration of College Students, Minnesota and Neighboring States, 2018-2022

| State | College Students Moving to Minnesota | College Students Moving Away from Minnesota | Net |
|-------------------|--------------------------------------|---|----------------|
| Wisconsin | 2,200 | 4,200 | (2,000) |
| North Dakota | 400 | 3,200 | (2,800) |
| South Dakota | 300 | 1,000 | (700) |
| Iowa | 200 | 1,700 | (1,500) |
| All Other States | 4,000 | 5,400 | (1,400) |
| All States | 7,100 | 15,400 | (8,300) |

Source: ipums.org from U.S. Census Bureau, American Community Survey data

2026 BUSINESS BENCHMARKS

Minnesota has both strengths and challenges to attract talent



2026 BUSINESS BENCHMARKS

Cost of living, housing supply, higher ed costs may impact migration

Cost of living (2023) = **31st most affordable**

South Dakota: 3rd

North Dakota: 6th

Iowa: 7th

Wisconsin: 21st

College tuition and fee affordability (2024) = **40th**

Growth in new housing units (2019-2024) = **48th**

Sources:

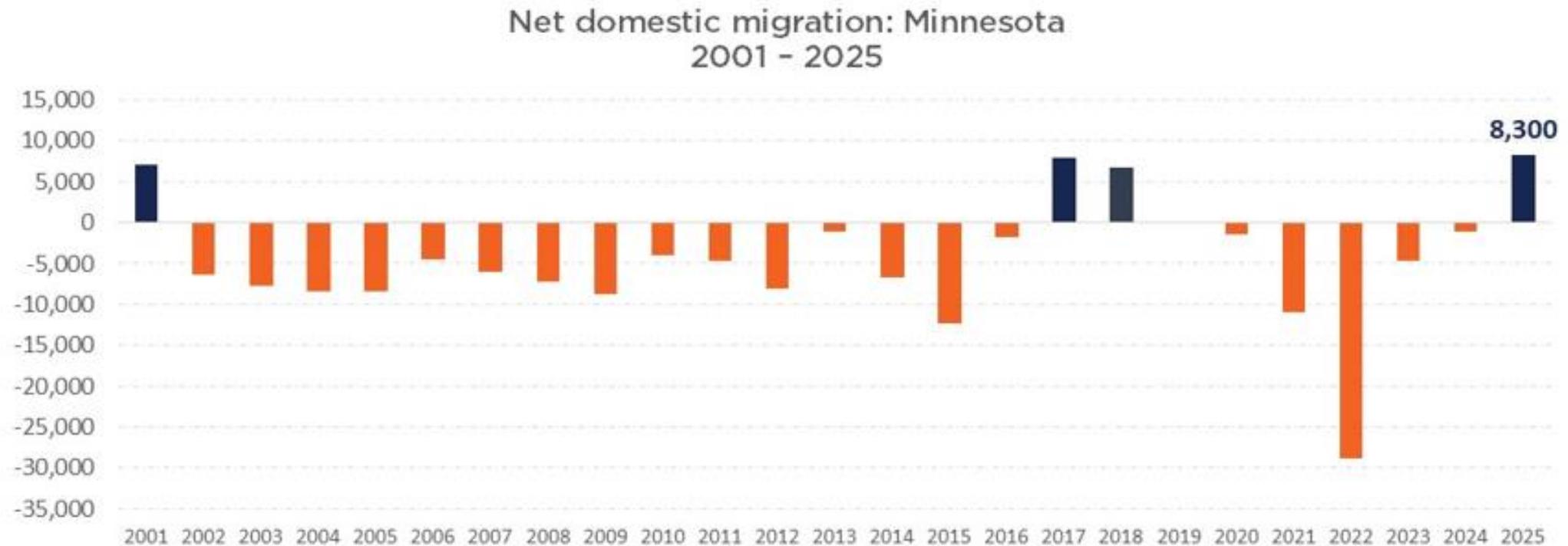
Cost of living: Bureau of Economic Analysis, Regional Price Parities

College tuition and fee affordability: U.S. News & World Report

Growth in new housing units permitted: U.S. Census Bureau

2026 BUSINESS BENCHMARKS

Minnesota had net positive domestic migration in 2025 for the first time this decade



Source: U.S. Census Bureau, Population Estimates

2026 BUSINESS BENCHMARKS

Could uptick in higher ed enrollment support recent migration improvements?

Total enrollment in postsecondary institutions:
Minnesota
2001 - 2024



Total enrollment increased by 2% in 2025, marking the second consecutive year of enrollment gains following a more than decades-long decline.

2026 BUSINESS BENCHMARKS

Closing thoughts

Minnesota's path to growing the workforce must include broad labor force participation and attracting more people into the state.

Regional competition for talent matters.

Young college-age adults are driving much of Minnesota's domestic migration.

Minnesota has strengths to draw people here but must address challenges around costs and capacity to support more population growth.

2026 BUSINESS BENCHMARKS

Building a world-class workforce to grow Minnesota's economy

People

+

Productivity

Beat labor force projections

- Boost labor force participation rates
- Improve net migration (international + domestic)

Equip Minnesotans with the skills and tools to succeed

- Education
- Workforce training + tech adoption
- Pathways to high productivity jobs and industries

2026 LEGISLATIVE PRIORITIES

TAXES – Improve competitiveness

Conforming to pro-growth tax policies contained within the 2025 federal tax bill, particularly bonus depreciation, Section 179 expensing, research and experimentation expensing, and the pass-through deduction. Adopting these policies will encourage investment and competitiveness in Minnesota across many industries. Failure to conform risks further compromising the state's position in the competitive landscape of tax policy among the states. The legislature should also pursue other policies that will increase investment in Minnesota, such as tax benefits for sustainable aviation fuel and headquarters activity.

WORKPLACE MANDATES – Employer-focused flexibility

Implementing and making needed adjustments to the state's Paid Family and Medical Leave mandate. The Legislature must address operational challenges for both employers and employees to ensure that the program is functional, cost controlled and responsive to workplace dynamics. The potential for fraud must be closely monitored and eliminated.

FISCAL RESPONSIBILITY – Ensuring accountability

Every dollar lost to fraud is a dollar unavailable for critical services and economic growth. Strong oversight, transparency and accountability are essential to maintaining public trust. This session should focus on accountability measures that protect taxpayers and reinforce confidence in government spending.

ENVIRONMENT – Balance regulations with protections

Good progress was made last session on improving Minnesota's complex environmental regulatory system. The Minnesota Chamber Foundation produced a report that documented the process for acquiring air, land and water permits in Minnesota takes too long, costs too much and is too uncertain for private sector investment, which in turn drives economic growth to neighboring states or states with similar economies. Additionally, arbitrary bans and burdensome reporting requirements on products with little to no impact on human health or the environment drive commerce outside of Minnesota.

REDUCING COSTS – Improve affordability for employers and families

State policies can significantly increase costs for energy, health care and housing which directly impact employers' ability to provide goods and services at competitive prices and employees' ability to afford their lives. Policymakers must prioritize reducing costs and improving affordability over subsidies.

An economic imperative for growth

Accelerating growth and prosperity in Minnesota

Real GDP per capita annual growth rate (2019-2024)

+1.0%
Ranked 38th

Growing Minnesota's workforce

Total civilian labor force annual growth rate (2019-2024)

+0.2%
Ranked 40th

Delivering better value – not just higher costs

Net domestic migration (2020-2024)

-47,900
Ranked 41st





What next? Building a pro-growth agenda for Minnesota

**Scan the QR code for exclusive updates
and opportunities to get involved in
improving Minnesota's economy.**

