

Employment Projections in Central Minnesota

After leading the state in job growth over the last 10 years, Central Minnesota is again projected to be the fastest growing region of the state in the future, according to DEED's Employment Projections. The 13-county planning region is expected to gain more than 50,000 net new jobs in the next decade, an 18.3 percent growth rate, which is 5 percent faster than the state of Minnesota as a whole.

Central Minnesota has about 10 percent of the state's total employment, but is expected to account for almost 15 percent of the state's employment growth from 2010 to 2020. If these trends hold true, Central Minnesota may have almost 335,000 jobs by the end of the decade (Table 1).

Growth Industries

All but one of Central Minnesota's major industries are projected to grow in the next decade, including 13 industries adding more than 1,000 jobs apiece.

Nearly one-third of the new jobs are expected to be created in the Health Care and Social Assistance industry, which is also expected to be the second fastest growing industry. If recent trends continue, Health Care and Social Assistance may jump from about 40,500 jobs in 2010 to almost 57,000 jobs in 2020, a 40.3 percent increase.

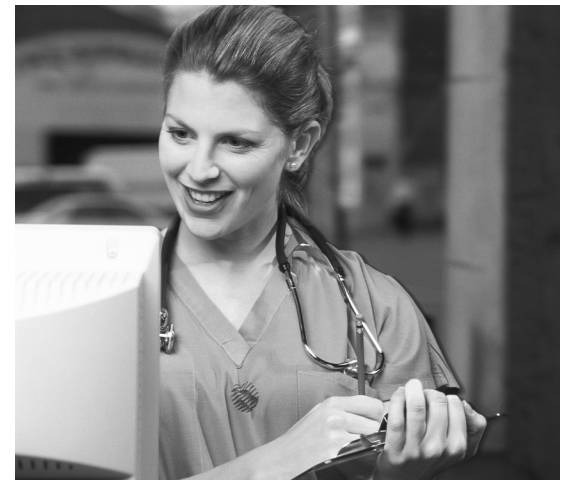
After struggling during the recession and recovery, the Construction industry is projected to be the fastest growing industry in the next 10 years. As population growth resumes in the region, Construction is anticipated to add more than 6,000 jobs through 2020, a 51.6 percent growth rate.

Likewise, the Manufacturing industry is expected to rebound in Central Minnesota, potentially adding just over 4,000 jobs in the next 10 years, an 11.6 percent expansion. That job count

would still be about 6,000 jobs lower than it was at the turn of the century, when there were nearly 46,000 manufacturing jobs in the region. However, the related Administrative Support and Waste Management Services industry — which includes the temporary staffing agencies that many manufacturers are now using to quickly adjust their workforce levels — is also projected to gain almost 3,400 jobs.

As consumer confidence returns, Retail Trade is anticipated to offer 4,500 net new jobs, while Accommodation and Food Services could welcome almost 2,400 net new jobs. Combined, those two customer-friendly industries would have just under 60,000 jobs in the region by 2020, keeping it at about 18 percent of total employment.

Only Agriculture is expected to see job declines in the next decade. Covered employment in Agriculture, Forestry, Fishing, and Hunting is expected to drop by about 275 jobs, while self-employment in Agriculture is projected to fall about 325 jobs, for a total loss of 600 agriculture jobs in the region.



Feature:

Are Skilled
Workers
Scarce?

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Pick a Job, Any Job

Likewise, all but one occupational group is expected to grow in the region — ironically, the farming, fishing, and forestry group is the only one projected to wilt. The other 21 occupational groups should see employment expansion, ranging from a 5 percent increase in management occupations to a 40 percent jump in personal care and service occupations (Table 2).

Central Minnesota is expected to see more than 35 percent growth rates in construction and extraction jobs and health care support occupations, as well as more than 20 percent growth in the number of health care practitioners, installation, maintenance, and repair occupations, community and social service jobs, transportation and material moving occupations, and business and financial operations professionals.

The largest number of new jobs are expected to be created in personal care and service, office and administrative support, construction and extraction, sales and related, health care practitioners and health care support, and transportation and material moving occupations, which should all gain more than 4,000 net new jobs.

Everything Old is New Again

However, new jobs are just one part of the employment growth picture. DEED’s occupational projections also include replacement openings, which are an estimate of the need for new workforce entrants to replace workers who leave an occupation. Even jobs with declining employment levels will have openings as existing workers retire or otherwise change careers.

As shown in Table 2, more than half of the total openings in the region will be replacements, accounting for about 15,000 more job openings than net new jobs created. In fact, more than two-thirds (about 365 of the 535) of the occupations in Central Minnesota are expected to have more replacement openings than new jobs created.

Some traditional occupations — such as waiters and waitresses and cashiers — will have thousands of replacement openings but very few new jobs created, while other emerging occupations — such as personal

Table 1

Central Minnesota Industry Employment Projections, 2010 to 2020

NAICS Industry Title	Estimated Employment 2010	Projected Employment 2020	Percent Change 2010-2020	Numeric Change 2010 2020
Total, All Industries	281,615	333,237	18.3%	51,622
Health Care and Social Assistance	40,469	56,783	40.3%	16,314
Construction	11,714	17,757	51.6%	6,043
Retail Trade	33,066	37,527	13.5%	4,461
Manufacturing	35,603	39,725	11.6%	4,122
Administrative Support and Waste Management Services	9,146	12,518	36.9%	3,372
<i>Nonagricultural Self-employed</i>	<i>18,105</i>	<i>20,916</i>	<i>15.5%</i>	<i>2,811</i>
Accommodation and Food Services	19,174	21,562	12.5%	2,388
Public Administration	42,982	45,321	5.4%	2,339
Transportation and Warehousing	7,406	9,296	25.5%	1,890
Wholesale Trade	9,320	11,172	19.9%	1,852
Professional and Technical Services	5,817	7,528	29.4%	1,711
Other Services	11,303	12,823	13.4%	1,520
Arts, Entertainment, and Recreation	5,861	7,100	21.1%	1,239
Finance and Insurance	6,631	7,506	13.2%	875
Real Estate, Rental and Leasing	2,009	2,341	16.5%	332
Educational Services	2,427	2,689	10.8%	262
Management of Companies	1,444	1,700	17.7%	256
Utilities	2,410	2,614	8.5%	204
Information	3,328	3,520	5.8%	192
Mining	265	300	13.2%	35
Agriculture, Forestry, Fishing and Hunting	5,362	5,089	-5.1%	-273
<i>Agricultural Self-employed</i>	<i>7,773</i>	<i>7,450</i>	<i>-4.2%</i>	<i>-323</i>

Source: DEED Long-Term Employment Projections

care aides and home health aides — will have thousands of new jobs but very few replacements (Figure 1).

About 165 occupations are projected to have at least 75 percent of their total openings come from replacement workers, including elementary and secondary school teachers, police and sheriff’s patrol officers, highway maintenance workers, and farmworkers. While these careers aren’t expected to see new job growth, there will still be opportunities for job seekers as existing workers start retiring.

In contrast, just over 20 occupations were projected to have at least 75 percent of their total openings from new jobs created, including software developers, occupational and physical therapy assistants and therapists, veterinary technicians, personal care aides, construction laborers, and brickmasons and cement masons. These jobs tend to

have the fastest growth rates, with most expected to increase by about 50 percent.

Planning Ahead

DEED’s employment projections are valuable to students and job seekers who are making career planning decisions. Almost two-fifths of the 50 fastest growing occupations in the region are in the Construction industry, while another one-fourth are in Health Care and Social Assistance.

The fastest growing job, veterinary technologists and technicians, is expected nearly to double from 2010 to 2020. According to its detailed occupational description on ISEEK, most veterinary technicians have an associate degree.¹ Similarly, veterinarians are projected to be the 11th fastest growing career in the region, but require a Doctor of Veterinary Medicine (D.V.M.) degree.²

¹Veterinary Technologists & Technicians. www.iseek.org/careers/careerDetail?id=3&oc=130004&title=

²Veterinarians. www.iseek.org/careers/careerDetail?id=3&oc=100480&title=

Figure 1

Occupations with the Most Projected Openings in Central Minnesota, 2010-2020

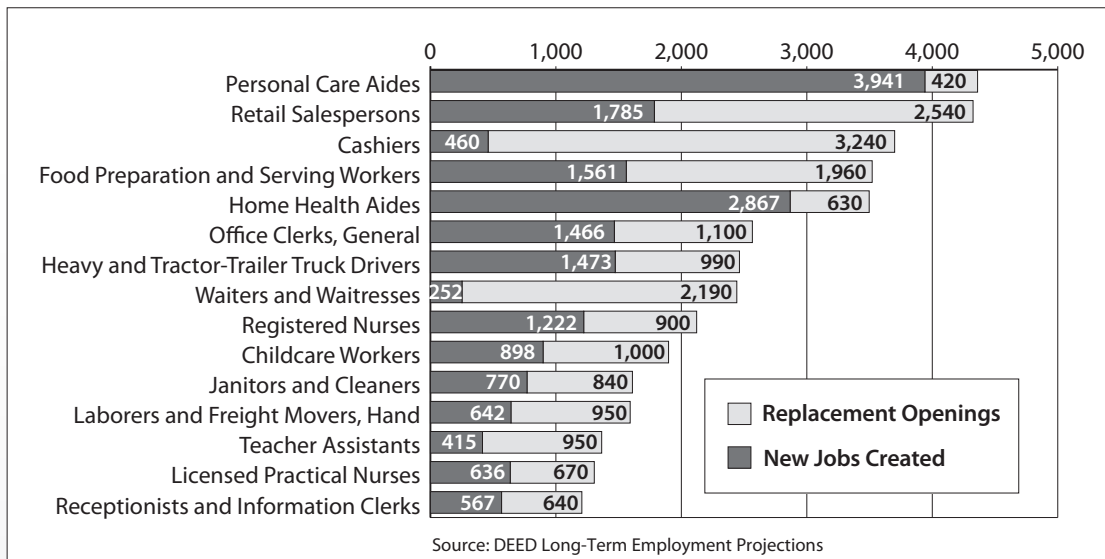


Table 2

Central Minnesota Occupation Employment Projections, 2010 to 2020

SOC Occupational Title	Estimated Employment 2010	Projected Employment 2020	Percent Change		Numeric Change		2010 2020 Replacement Openings	2010 2020 Total Openings
			2010	2020	2010	2020		
Total, All Occupations	281,615	333,237	18.30%		51,622		66,890	119,730
Management Occupations	19,527	20,527	5.10%		1,000		4,010	5,420
Business and Financial Operations Occupations	9,440	11,368	20.40%		1,928		1,900	3,830
Computer and Mathematical Occupations	2,413	2,883	19.50%		470		460	930
Architecture and Engineering Occupations	2,639	2,880	9.10%		241		580	850
Life, Physical, and Social Science Occupations	1,303	1,471	12.90%		168		390	560
Community and Social Service Occupations	5,966	7,313	22.60%		1,347		1,270	2,620
Legal Occupations	1,097	1,245	13.50%		148		190	340
Education, Training, and Library Occupations	16,964	18,582	9.50%		1,618		3,870	5,490
Arts, Design, Entertainment, Sports, and Media Occupations	3,882	4,495	15.80%		613		1,030	1,670
Healthcare Practitioners and Technical Occupations	15,666	19,874	26.90%		4,208		3,210	7,420
Healthcare Support Occupations	11,551	15,759	36.40%		4,208		1,600	5,810
Protective Service Occupations	3,891	4,259	9.50%		368		1,090	1,460
Food Preparation and Serving Related Occupations	24,779	28,098	13.40%		3,319		8,640	11,970
Building and Grounds Cleaning and Maintenance Occupations	9,382	11,111	18.40%		1,729		1,670	3,400
Personal Care and Service Occupations	14,931	20,902	40.00%		5,971		3,240	9,230
Sales and Related Occupations	28,089	32,377	15.30%		4,288		8,850	13,150
Office and Administrative Support Occupations	37,781	43,070	14.00%		5,289		8,310	13,930
Farming, Fishing, and Forestry Occupations	3,623	3,510	-3.10%		-113		1,080	1,120
Construction and Extraction Occupations	12,566	17,246	37.20%		4,680		2,820	7,500
Installation, Maintenance, and Repair Occupations	10,982	13,495	22.90%		2,513		2,580	5,110
Production Occupations	26,281	29,781	13.30%		3,500		5,540	9,230
Transportation and Material Moving Occupations	18,862	22,991	21.90%		4,129		4,560	8,700

Source: DEED Long-Term Employment Projections

Table 3

Fastest Growing Jobs in Central Minnesota, 2010 to 2020

SOC Occupational Title	Estimated Employment 2010	Projected Employment 2020	Percent Change 2010 2020	2010 2020 Total Openings	Most Common Education or Training Requirements	Median Hourly Wage
Veterinary Technologists and Technicians	201	389	93.5	230	Associate degree	\$15.20
Helpers - Brickmasons, Blockmasons, and Stonemasons	55	105	90.9	70	Short-term on-the-job training	\$14.27
Glaziers	54	96	77.8	60	Long-term on-the-job training	\$20.09
Personal Care Aides	5,263	9,204	74.9	4,360	Short-term on-the-job training	\$10.66
Brickmasons and Blockmasons	242	416	71.9	220	Long-term on-the-job training	\$26.18
Cement Masons and Concrete Finishers	411	686	66.9	340	Long-term on-the-job training	\$26.30
Marriage and Family Therapists	33	55	66.7	30	Master's degree	\$22.67
Security and Fire Alarm Systems Installers	53	87	64.2	40	Postsecondary voc. training	\$26.73
Helpers - Carpenters	78	128	64.1	70	Short-term on-the-job training	\$12.79
Home Health Aides	4,883	7,750	58.7	3,500	Short-term on-the-job training	\$10.88
Veterinarians	185	293	58.4	150	Professional degree	\$35.23
Helpers, Construction Trades, All Other	48	76	58.3	40	Short-term on-the-job training	\$9.19
Plumbers, Pipefitters, and Steamfitters	1,255	1,967	56.7	1,070	Long-term on-the-job training	\$25.08
Physical Therapist Assistants	119	186	56.3	90	Associate degree	\$20.45
Mechanical Door Repairers	89	138	55.1	70	Long-term on-the-job training	\$21.13

Source: DEED Long-Term Employment Projections, Occupational Employment and Wage Statistics (OES)

Those who might be thinking of investing time and money into postsecondary education need to know what jobs will be around when they graduate. Including the two described above, 19 of the 50 fastest growing occupations in the region require postsecondary vocational training, either an associate, bachelor's, master's, or professional degree.

However, the other 31 fastest growing jobs can be gained with on-the-job training, ranging from short-term (one month or less) to long-term (12 months or more). Despite the lower educational requirements, many of these occupations are still relatively

well-paying, especially those in the Construction industry. For example, brickmasons — projected to be the fifth fastest growing occupation in the region — earn more than \$26 an hour in Central Minnesota and can typically learn their craft with long-term on-the-job training (Table 3).

Students and job seekers can study the projected growth rates, educational requirements, and median wages for hundreds of careers through ISEEK (www.iseek.org) and DEED's Employment Projections.



by Cameron Macht
 Labor Market Information Office
 Minnesota Department of Employment
 and Economic Development

Measuring Minnesota



Current unemployment rates suggest that Minnesota is doing relatively well in our recovery from the recent recession. According to the Bureau of Labor Statistics, Minnesota's unemployment rate as of June 2013 was just 5.2 percent, which compares very favorably to the national rate of 7.6 percent.¹

But does this tell the whole story? Minnesota may have better-than-average employment, but all jobs are not created equal. Utah, for example, maintains one of the best unemployment rates in the country (4.7% as of June) but finished 2012 with the fifth *lowest* per capita personal income.² So how much money are Minnesotans making? Table 1 looks at our per capita income, which includes not only the wages of those with jobs, but all income for all residents.

Minnesotans are bringing in better-than-average money, compared to both the country and many of our Midwestern neighbors (Figure 1). Of course, this could still be a product of our higher-than-average employment rate. However, our average weekly wage, which includes only wages from employment, also suggests that the jobs we have are well-paying ones.

In this category, as in per capita income, we are outperforming both the national average and most of our nearest neighbors. This income data, combined with continued good news on the unemployment front, suggests that not only are Minnesotans finding jobs, we're finding good jobs.

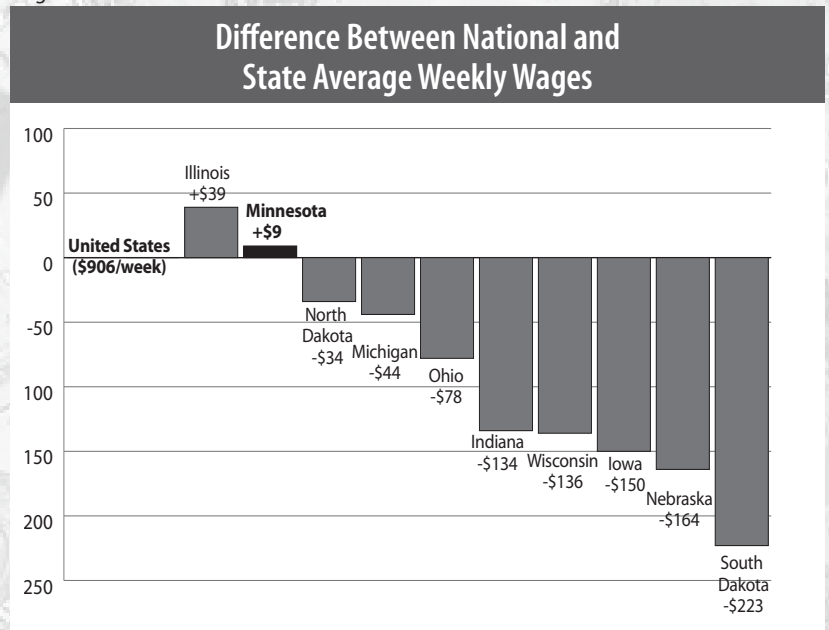
by Nick Dobbins

Table 1

2012 Per Capita Personal Income, by State		
State	Per Capita Income	U.S. Rank
North Dakota	\$51,893	6
Minnesota	\$46,227	11
Illinois	\$44,815	16
South Dakota	\$43,659	18
Nebraska	\$43,143	20
United States	\$42,693	NA
Iowa	\$42,126	22
Wisconsin	\$40,537	26
Ohio	\$39,289	30
Michigan	\$37,497	35
Indiana	\$36,902	39

Source: Bureau of Economic Analysis, 2012 State Personal Income: www.bea.gov/newsreleases/regional/spi/2013/pdf/spi0313.pdf

Figure 1



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages. Third Quarter 2012

¹United States Department of Labor, Bureau of Labor Statistics: June 2013 Unemployment Estimates

²United States Department of Commerce, Bureau of Economic Analysis: 2012 State Personal Income. www.bea.gov/newsreleases/regional/spi/2013/pdf/spi0313.pdf

Labor Force Estimates

Numbers are unadjusted unless otherwise labeled.
Source: Department of Employment and Economic Development,
Local Area Unemployment Statistics, and North Dakota Job Service, 2013.

County/ Area

County/ Area	Labor Force			Employment			Unemployment			Rate of Unemployment		
	May 2013	Apr 2013	May 2012	May 2013	Apr 2013	May 2012	May 2013	Apr 2013	May 2012	May 2013	Apr 2013	May 2012
United States ('000s)												
(Seasonally adjusted)	155,658	155,238	155,007	143,898	143,579	142,287	11,760	11,659	12,720	7.6%	7.5%	8.2%
(Unadjusted)	155,734	154,739	154,998	144,432	143,724	142,727	11,302	11,014	12,271	7.3	7.1	7.9
Minnesota												
(Seasonally adjusted)	2,990,628	2,986,469	2,967,471	2,832,114	2,827,202	2,798,906	158,514	159,267	168,565	5.3	5.3	5.7
(Unadjusted)	2,989,154	2,979,564	2,970,328	2,841,932	2,819,204	2,814,118	147,222	160,360	156,210	4.9	5.4	5.3
Metropolitan Statistical Areas (MSA)*												
Mpls.-St. Paul MSA	1,886,840	1,877,392	1,857,033	1,797,548	1,784,353	1,760,022	89,292	93,039	97,011	4.7	5.0	5.2
Duluth-Superior MSA	145,165	145,112	145,168	135,788	135,476	135,973	9,377	9,636	9,195	6.5	6.6	6.3
Rochester MSA	104,502	104,716	104,541	100,029	99,885	99,971	4,473	4,831	4,570	4.3	4.6	4.4
St. Cloud MSA	107,624	108,161	107,045	102,183	101,880	101,595	5,441	6,281	5,450	5.1	5.8	5.1
Grand Forks MSA	52,975	53,139	54,088	50,777	51,282	51,643	2,198	1,857	2,445	4.1	3.5	4.5
Fargo-Moorhead MSA	121,017	120,898	120,289	116,673	117,125	115,692	4,344	3,773	4,597	3.6	3.1	3.8
Region One	50,635	51,156	51,307	48,287	47,825	48,813	2,348	3,331	2,494	4.6	6.5	4.9
Kittson	2,625	2,583	2,701	2,490	2,435	2,567	135	148	134	5.1	5.7	5.0
Marshall	5,535	5,575	5,720	5,162	5,020	5,370	373	555	350	6.7	10.0	6.1
Norman	3,682	3,611	3,770	3,510	3,399	3,594	172	212	176	4.7	5.9	4.7
Pennington	9,410	9,555	9,631	8,961	8,721	9,165	449	834	466	4.8	8.7	4.8
Polk	17,873	18,262	17,931	17,142	17,300	17,058	731	962	873	4.1	5.3	4.9
Red Lake	2,464	2,536	2,357	2,337	2,310	2,211	127	226	146	5.2	8.9	6.2
Roseau	9,046	9,034	9,197	8,685	8,640	8,848	361	394	349	4.0	4.4	3.8
Region Two	40,224	40,033	40,804	37,356	36,569	37,953	2,868	3,464	2,851	7.1	8.7	7.0
Beltrami	21,888	21,934	22,257	20,425	20,265	20,762	1,463	1,669	1,495	6.7	7.6	6.7
Clearwater	4,140	4,263	4,143	3,697	3,613	3,763	443	650	380	10.7	15.2	9.2
Hubbard	9,406	9,117	9,508	8,727	8,300	8,844	679	817	664	7.2	9.0	7.0
Lake of the Woods	2,306	2,240	2,335	2,159	2,079	2,189	147	161	146	6.4	7.2	6.3
Mahnomen	2,484	2,479	2,561	2,348	2,312	2,395	136	167	166	5.5	6.7	6.5
Region Three	168,958	168,133	169,442	157,590	156,137	158,534	11,368	11,996	10,908	6.7	7.1	6.4
Aitkin	7,257	7,092	7,432	6,752	6,495	6,918	505	597	514	7.0	8.4	6.9
Carlton	17,716	17,817	17,910	16,664	16,637	16,716	1,052	1,180	1,194	5.9	6.6	6.7
Cook	3,136	2,961	3,210	2,945	2,735	3,010	191	226	200	6.1	7.6	6.2
Itasca	23,401	23,257	23,448	21,671	21,361	21,832	1,730	1,896	1,616	7.4	8.2	6.9
Koochiching	6,645	6,495	6,672	6,048	5,828	6,161	597	667	511	9.0	10.3	7.7
Lake	6,390	6,159	6,429	6,004	5,734	6,085	386	425	344	6.0	6.9	5.4
St. Louis	104,413	104,352	104,341	97,506	97,347	97,812	6,907	7,005	6,529	6.6	6.7	6.3
City of Duluth	45,791	45,779	46,036	43,087	43,016	43,222	2,704	2,763	2,814	5.9	6.0	6.1
Balance of St. Louis County	58,622	58,573	58,305	54,419	54,331	54,590	4,203	4,242	3,715	7.2	7.2	6.4
Region Four	126,433	125,713	127,040	121,192	119,071	121,641	5,241	6,642	5,399	4.1	5.3	4.2
Becker	18,017	17,843	18,003	17,101	16,674	17,087	916	1,169	916	5.1	6.6	5.1
Clay	35,047	35,325	34,401	33,922	33,839	33,154	1,125	1,486	1,247	3.2	4.2	3.6
Douglas	21,103	20,749	21,374	20,240	19,705	20,455	863	1,044	919	4.1	5.0	4.3
Grant	3,216	3,217	3,301	3,039	2,977	3,126	177	240	175	5.5	7.5	5.3
Otter Tail	30,820	30,443	31,341	29,314	28,489	29,865	1,506	1,954	1,476	4.9	6.4	4.7
Pope	6,434	6,362	6,571	6,191	6,079	6,322	243	283	249	3.8	4.4	3.8
Stevens	6,321	6,281	6,457	6,121	6,064	6,247	200	217	210	3.2	3.5	3.3
Traverse	1,717	1,703	1,787	1,637	1,607	1,707	80	96	80	4.7	5.6	4.5
Wilkin	3,758	3,790	3,805	3,627	3,637	3,678	131	153	127	3.5	4.0	3.3
Region Five	83,262	82,235	84,425	78,025	75,733	79,101	5,237	6,502	5,324	6.3	7.9	6.3
Cass	14,057	13,742	14,183	12,965	12,417	13,118	1,092	1,325	1,065	7.8	9.6	7.5
Crow Wing	33,185	32,274	33,650	31,150	29,833	31,517	2,035	2,441	2,133	6.1	7.6	6.3
Morrison	17,243	17,404	17,541	16,184	15,969	16,497	1,059	1,435	1,044	6.1	8.2	6.0
Todd	12,502	12,538	12,738	11,860	11,735	12,090	642	803	648	5.1	6.4	5.1
Wadena	6,275	6,277	6,313	5,866	5,779	5,879	409	498	434	6.5	7.9	6.9
Region Six East	65,610	65,711	66,772	62,288	61,687	63,156	3,322	4,024	3,616	5.1	6.1	5.4
Kandiyohi	25,139	25,080	25,344	24,092	23,773	24,236	1,047	1,307	1,108	4.2	5.2	4.4
McLeod	19,432	19,531	19,748	18,333	18,244	18,493	1,099	1,287	1,255	5.7	6.6	6.4
Meeker	12,476	12,534	12,675	11,830	11,702	11,938	646	832	737	5.2	6.6	5.8
Renville	8,563	8,566	9,005	8,033	7,968	8,489	530	598	516	6.2	7.0	5.7

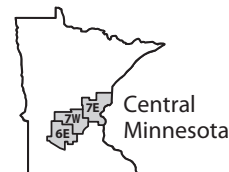
*Minneapolis-St. Paul Metropolitan Statistical Area (MSA) now includes Sherburne County in Minnesota and Pierce County in Wisconsin. St. Cloud MSA is now comprised of Benton and Stearns counties.

Numbers are unadjusted unless otherwise labeled.
Source: Department of Employment and Economic Development,
Local Area Unemployment Statistics, and North Dakota Job Service, 2013.

Labor Force Estimates

County/ Area

County/ Area	Labor Force			Employment			Unemployment			Rate of Unemployment		
	May 2013	Apr 2013	May 2012	May 2013	Apr 2013	May 2012	May 2013	Apr 2013	May 2012	May 2013	Apr 2013	May 2012
Region Six West	25,104	24,950	25,505	23,865	23,535	24,334	1,239	1,415	1,171	4.9%	5.7%	4.6%
Big Stone	2,880	2,826	2,900	2,755	2,653	2,774	125	173	126	4.3	6.1	4.3
Chippewa	7,216	7,151	7,350	6,834	6,755	7,000	382	396	350	5.3	5.5	4.8
Lac Qui Parle	4,192	4,173	4,257	3,986	3,947	4,086	206	226	171	4.9	5.4	4.0
Swift	5,244	5,242	5,339	4,974	4,924	5,055	270	318	284	5.1	6.1	5.3
Yellow Medicine	5,572	5,558	5,659	5,316	5,256	5,419	256	302	240	4.6	5.4	4.2
Region Seven East	84,746	85,511	84,258	79,342	78,566	78,553	5,404	6,945	5,705	6.4	8.1	6.8
Chisago	29,134	29,294	28,662	27,464	27,267	26,903	1,670	2,027	1,759	5.7	6.9	6.1
Isanti	21,028	21,307	20,692	19,890	19,747	19,483	1,138	1,560	1,209	5.4	7.3	5.8
Kanabec	8,074	8,177	8,099	7,413	7,292	7,384	661	885	715	8.2	10.8	8.8
Mille Lacs	12,287	12,443	12,320	11,365	11,280	11,349	922	1,163	971	7.5	9.3	7.9
Pine	14,223	14,290	14,485	13,210	12,980	13,434	1,013	1,310	1,051	7.1	9.2	7.3
Region Seven West	228,048	229,362	225,785	216,732	215,606	213,800	11,316	13,756	11,985	5.0	6.0	5.3
Benton	22,292	22,490	22,094	21,034	20,971	20,912	1,258	1,519	1,182	5.6	6.8	5.3
Sherburne	50,037	50,190	49,313	47,514	47,173	46,542	2,523	3,017	2,771	5.0	6.0	5.6
Stearns	85,332	85,671	84,951	81,149	80,909	80,683	4,183	4,762	4,268	4.9	5.6	5.0
Wright	70,387	71,011	69,427	67,035	66,553	65,663	3,352	4,458	3,764	4.8	6.3	5.4
Region Eight	68,613	68,433	69,672	65,880	65,244	66,936	2,733	3,189	2,736	4.0	4.7	3.9
Cottonwood	6,560	6,529	6,670	6,277	6,227	6,384	283	302	286	4.3	4.6	4.3
Jackson	7,153	7,108	7,298	6,912	6,832	7,055	241	276	243	3.4	3.9	3.3
Lincoln	3,504	3,509	3,564	3,368	3,318	3,420	136	191	144	3.9	5.4	4.0
Lyon	14,814	14,859	14,944	14,211	14,151	14,339	603	708	605	4.1	4.8	4.0
Murray	6,018	5,950	6,099	5,809	5,645	5,894	209	305	205	3.5	5.1	3.4
Nobles	11,377	11,416	11,562	10,941	10,949	11,115	436	467	447	3.8	4.1	3.9
Pipestone	5,599	5,578	5,693	5,399	5,320	5,480	200	258	213	3.6	4.6	3.7
Redwood	8,203	8,149	8,381	7,767	7,659	7,976	436	490	405	5.3	6.0	4.8
Rock	5,385	5,335	5,461	5,196	5,143	5,273	189	192	188	3.5	3.6	3.4
Region Nine	131,696	132,565	132,884	125,504	125,456	126,307	6,192	7,109	6,577	4.7	5.4	4.9
Blue Earth	38,252	38,715	38,274	36,666	37,016	36,554	1,586	1,699	1,720	4.1	4.4	4.5
Brown	15,166	15,204	15,473	14,439	14,336	14,680	727	868	793	4.8	5.7	5.1
Faribault	7,423	7,398	7,599	7,021	6,923	7,169	402	475	430	5.4	6.4	5.7
Le Sueur	14,380	14,524	14,407	13,471	13,358	13,537	909	1,166	870	6.3	8.0	6.0
Martin	11,431	11,416	11,606	10,892	10,820	11,033	539	596	573	4.7	5.2	4.9
Nicollet	19,442	19,660	19,527	18,702	18,880	18,645	740	780	882	3.8	4.0	4.5
Sibley	9,957	9,936	10,159	9,517	9,394	9,708	440	542	451	4.4	5.5	4.4
Waseca	10,109	10,154	10,207	9,557	9,518	9,663	552	636	544	5.5	6.3	5.3
Watonwan	5,536	5,558	5,632	5,239	5,211	5,318	297	347	314	5.4	6.2	5.6
Region Ten	272,207	272,582	274,196	259,670	258,821	260,826	12,537	13,761	13,370	4.6	5.0	4.9
Dodge	11,147	11,295	11,148	10,636	10,621	10,630	511	674	518	4.6	6.0	4.6
Fillmore	11,133	11,061	11,389	10,586	10,410	10,828	547	651	561	4.9	5.9	4.9
Freeborn	16,426	16,348	16,620	15,620	15,491	15,689	806	857	931	4.9	5.2	5.6
Goodhue	25,525	25,417	25,701	24,322	24,071	24,422	1,203	1,346	1,279	4.7	5.3	5.0
Houston	10,658	10,876	10,706	10,068	10,147	10,064	590	729	642	5.5	6.7	6.0
Mower	21,282	21,362	21,506	20,360	20,323	20,521	922	1,039	985	4.3	4.9	4.6
Olmsted	81,519	81,559	81,604	78,125	78,012	78,079	3,394	3,547	3,525	4.2	4.3	4.3
City of Rochester	59,493	59,475	59,531	56,950	56,868	56,916	2,543	2,607	2,615	4.3	4.4	4.4
Rice	32,677	32,720	32,904	30,988	30,801	31,005	1,689	1,919	1,899	5.2	5.9	5.8
Steele	20,900	20,951	21,195	19,946	19,853	20,106	954	1,098	1,089	4.6	5.2	5.1
Wabasha	11,835	11,862	11,789	11,268	11,252	11,261	567	610	528	4.8	5.1	4.5
Winona	29,105	29,131	29,634	27,751	27,840	28,221	1,354	1,291	1,413	4.7	4.4	4.8
Region Eleven	1,643,614	1,633,181	1,618,235	1,566,200	1,554,954	1,534,162	77,414	78,227	84,073	4.7	4.8	5.2
Anoka	192,708	192,015	189,922	183,227	181,911	179,479	9,481	10,104	10,443	4.9	5.3	5.5
Carver	51,806	51,721	50,967	49,524	49,168	48,511	2,282	2,553	2,456	4.4	4.9	4.8
Dakota	235,723	234,568	231,965	225,013	223,397	220,410	10,710	11,171	11,555	4.5	4.8	5.0
Hennepin	672,755	667,012	661,694	641,071	636,468	627,957	31,684	30,544	33,737	4.7	4.6	5.1
City of Bloomington	49,057	48,665	48,270	46,818	46,482	45,861	2,239	2,183	2,409	4.6	4.5	5.0
City of Minneapolis	219,773	217,751	216,324	208,998	207,498	204,723	10,775	10,253	11,601	4.9	4.7	5.4
Ramsey	278,733	276,728	274,977	264,945	263,043	259,526	13,788	13,685	15,451	4.9	4.9	5.6
City of St. Paul	149,292	148,120	147,303	141,343	140,329	138,452	7,949	7,791	8,851	5.3	5.3	6.0
Scott	76,118	76,102	74,808	72,788	72,266	71,299	3,330	3,836	3,509	4.4	5.0	4.7
Washington	135,771	135,035	133,902	129,632	128,701	126,980	6,139	6,334	6,922	4.5	4.7	5.2



Industrial Analysis

Overview

Minnesota employment increased 8,400 in May 2013 to erase a large portion of the losses posted in April. This strong growth was expected as many of the highly seasonal industries affected by the unseasonably cold, snowy April weather showed increased seasonal hiring in May. This was particularly the case in Leisure and Hospitality and in Construction, both of which bounced back from losses to add 2,900 and 1,000 jobs in May, respectively. Government showed a sizeable increase of 2,800 mainly from Local Government hiring. Professional and Business Services, Educational and Health Services, and Other Services also saw substantial increases with respective gains of 2,000, 1,800 and 1,100. The only large loss was in Trade, Transportation, and Utilities. The rate of annual growth was much improved in May, up 0.6 of a percentage point to 1.6 percent, equal to the rate of growth nationally. Leisure and Hospitality showed a gain of 3.8 percent helped by its very strong monthly result. Professional and Business Services grew 3.5 percent and added the most new jobs at 11,600 in the last year. Educational and Health Services was up 2.4 percent. No supersector showed a year-over-year loss.

Mining and Logging

Mining and Logging employment was down 100 in the last month, the first measurable loss since last October. However, this does not mean growth has been robust, as there has been a net increase of only 200 during this time. Annual growth was estimated at 300.

Construction

After experiencing a loss in April, employment in Construction industries bounced back to add 1,000 jobs in May. Undoubtedly, part of this pattern was caused by the cold, snowy weather in April delaying some seasonal hiring. This is brought home by the extremely robust performance in Heavy and Civil Engineering Construction which saw a monthly unadjusted increase of about 55 percent as compared to a usual increase of about 38 percent. Of the

construction industries, this is the one most impacted by the type of weather Minnesota has seen the past two months and is the source of the majority of the excess job growth in May. Compared to last year, the supersector showed a gain of 1,300 with job growth split between Specialty Trade Contractors, up 900, and Heavy and Civil Engineering Construction, up 800. Construction of Buildings was down 500 jobs.

Manufacturing

Manufacturing posted a slight gain in May as an increase of 900 in Durable Goods Manufacturing was offset by a loss of 800 in Nondurable Goods Manufacturing. This was the first gain since January for the supersector which has shown losses in seven of the last 12 months. Of the durable goods industries Fabricated Metal and Computer and Electronic Product Manufacturing showed the strongest results, with most of the remaining industries showing negligible gains or losses. The most recent Minnesota Business Conditions Index showed a similar pattern of substantial reported growth in the durable goods industries with less improvement in nondurable goods sectors. Very inconsistent results over the past year have limited annual growth to only 300 jobs, equal to 0.1 percent. All of the annual growth came in Durable Goods Manufacturing and in large part Fabricated Metal Manufacturing. Nondurable Goods Manufacturing was down 400, despite fairly substantial growth in Food Manufacturing.

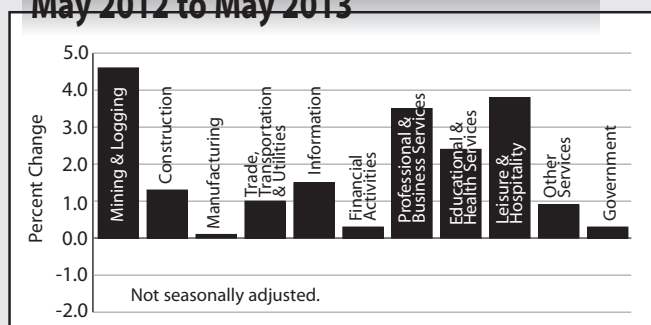
Trade, Transportation, and Utilities

The Trade, Transportation, and Utilities supersector showed a second consecutive loss with an estimated loss of 2,600 in May following a loss of 5,600 (revised) last month. The poor results of the past two months have erased more than half of the jobs added from August 2012 through March 2013. All three of the major industries groupings in the supersector were down for the month, but retail trade accounted for most of the loss with a decline of 2,000, a third consecutive monthly loss. Outside of Building Material and Garden Equipment and Supply retail trade industries showed no strength, with Department Stores experiencing the worst monthly result. Compared to last May, the supersector showed a gain of 5,200 with gains in all three major components. Despite its recent weakness, Retail Trade showed an annual gain of 2,300 although General Merchandise Stores saw a loss of 800. Most other areas showed modest growth over the past year.

Information

Information employment fell 700 over the past month, with the loss coming from outside of traditional publishing and telecommunications industries. This decline moved over-the-year growth from 3.8 percent last month to 1.5 percent in May, much closer to the 0.6 percent gain nationally.

MN Employment Growth May 2012 to May 2013



Source: Department of Employment and Economic Development, Current Employment Statistics, 2013.

*Over-the-year data are not seasonally adjusted because of small changes in seasonal adjustment factors from year to year. Also, there is no seasonality in over-the-year changes.

Financial Activities

Employment increased slightly in Financial Activities. This reflected a gain of 600 in Real Estate and Rental and Leasing, which was nearly negated by a decline of 500 in Finance and Insurance. Most Finance and Insurance industries showed slightly weaker results in May. On an annual basis the supersector showed a gain of 500 with Real Estate and Rental and Leasing providing the growth with an increase of 1,100. Securities and insurance industries were down over the past year.

Professional and Business Services

Professional and Business Services employment showed a monthly gain of 2,000 jobs with the majority of the growth in Management of Companies which added 1,400 jobs. Administrative and Support Activities showed a gain of 800 following losses in the previous two months. Services to Building showed particularly robust growth, likely reflecting expanded seasonal hiring as the weather improved. Over the past year the supersector added the most new jobs, up 11,600, a 3.5 percent gain. All three major component industries showed strong growth in excess of 3 percent. Administrative and Support added 4,900 jobs with strong growth in Employment Services and Services to Buildings.

Educational and Health Services

Educational and Health Services employment was up 1,800 for the month marking the sixth month of growth in the last seven. Private Education and Health Care and Social Assistance each added 900 jobs. With 11,500 jobs added over the past 12 months the supersector was slightly under the number of jobs added in Professional and Business Services. Nearly all of this gain was in Health Care and Social Assistance which saw an estimated increase of 11,400. These gains were distributed broadly among its component industry with Ambulatory Health Care and Nursing and Residential Care Facilities adding 6,400 and 2,500 jobs, respectively.

Leisure and Hospitality

As expected, Leisure and Hospitality employment bounced back from April's weather-impacted growth to add 2,900 jobs in May. This did not completely offset the losses in the prior two months, but it went a long way to returning employment to its February level. All of the industry groupings showed substantial improvement, except for Limited Service Eating Establishments which showed only slight improvement for the month. Accommodation and Full Service Restaurants showed very strong growth to create a monthly gain of 2,400 in Accommodation and Food Services. Arts, Entertainment,

and Recreation erased less than a quarter of the jobs lost the previous two months with a gain of 500 for the month. It is possible that we will see expanded seasonal hiring in June. The strong May result helped to improve the year-over-year rate of growth from 0.8 percent in April to 3.8 percent in May. Arts, Entertainment, and Recreation showed estimated annual growth of 6.9 percent, and Food Services and Drinking Places showed a gain of 3.4 with both these figures improving substantially in May.

Other Services

Other Services showed a gain of 1,100 over the month to erase losses of 900 that occurred the previous three months. Over the past 12 months employment has increased six times and decreased six times. However, gaining months have produced enough expansion to post a year-over-year increase of 1,000.

Government

A gain of 3,500 in Local Government outweighed losses in Federal and State Government employment to produce a net gain of 2,800 jobs. Most of the monthly gain in Local Government was centered in non-educational employment where a delay in hiring for outdoor venues and other weather-impacted jobs likely had a major effect on pushing hiring from April to May. Federal Government is now at its lowest level in the seasonally adjusted data which began in 1990. On an annual basis, Government employment increased 1,100 with the increase coming from Local Government.

by Jerry Brown

Seasonally Adjusted Nonfarm Employment

	In 1,000's		
Industry	May 2013	April 2013	March 2013
Total Nonagricultural	2,770.2	2,761.8	2,772.0
Goods-Producing	411.3	410.3	411.6
Mining and Logging	7.2	7.3	7.3
Construction	98.4	97.4	97.8
Manufacturing	305.7	305.6	306.5
Service-Providing	2,358.9	2,351.5	2,360.4
Trade, Transportation, and Utilities	508.6	511.2	516.8
Information	54.6	55.3	54.9
Financial Activities	178.4	178.3	178.6
Professional and Business Services	348.0	346.0	346.2
Educational and Health Services	488.5	486.7	485.6
Leisure and Hospitality	250.6	247.7	249.7
Other Services	117.1	116.0	116.5
Government	413.1	410.3	412.1

Source: Department of Employment and Economic Development
Current Employment Statistics, 2013.

Regional Analysis

Minneapolis-St. Paul-Bloomington Metropolitan Statistical Area (MSA)

Employment in the Twin Cities increased 1.9 percent (33,676) over the month of May and 2.6 percent (45,421) over the year. Government employment increased 1.0 percent (2,305) over the month and 1.4 percent (3,442) over the year. Only two Private industries saw over-the-month employment declines – Information, which was down 0.1 percent (50), and Educational and Health Services, which was down 0.1 percent (396) but was up over the year. The largest gains were in Mining, Logging, and Construction (up 11.5 percent, 6,490) and in Leisure and Hospitality (up 9.6 percent, 15,558). Both of these industries are highly seasonal in the Twin Cities, and substantial gains in May are expected.

Duluth-Superior MSA

Employment in the Duluth-Superior MSA increased 1.3 percent (1,755) over the month and 0.7 percent (947) over the year. Government employment declined 1.0 percent (268) over the month and 2.5 percent (698) over the year. Significant Private over-the-month growth occurred in Leisure and Hospitality (up 6.5 percent, 889) and in Trade, Transportation, and Utilities (up 2.0 percent, 487). There were no declining Private sector industries over the month. Over the year, Leisure and Hospitality also saw the most

significant gains (up 3.4 percent, 479), while Mining, Logging, and Construction had the most significant losses (down 2.1 percent, 169).

Rochester MSA

Employment in the Rochester MSA increased 1.1 percent (1,136) over the month and 0.8 percent (847) over the year. The bulk of the over-the-month gain came from Mining, Logging, and Construction (up 11.3 percent, 334), Professional and Business Services (up 5.2 percent, 258), and Leisure and Hospitality (up 3.3 percent, 299). The only over-the-month decline was in Educational and Health Services (down 0.2 percent, 110). Government employment increased 0.3 percent (33) over the month and declined 3.4 percent (371) over the year.

St. Cloud MSA

Employment in the St. Cloud MSA increased 1.2 percent (1,263) over the month and 1.7 percent (1,696) over the year. Much of this growth came from Mining, Logging, and Construction (up 21.3 percent, 1,004). The industry was also up significantly over the year (14.5 percent, 726). Leisure and Hospitality (up 2.0 percent, 174) also grew significantly over the month, while all other Private sector industries grew only slightly. Government employment fell 2.5 percent (401) over the month, but was up 3.2 percent (500) over the year.

Mankato-North Mankato MSA

Employment in the Mankato-North Mankato MSA fell 0.2 percent (128) over the month and increased 1.2 percent (639) over the year. Government employment fell 3.4 percent (309) over the month and 1.7 percent (156) over the year. Goods-Producing industries increased 2.0 percent (197) over the month and 3.6 percent (342) over the year. Private Service-Providing industries employment was flat over the month and grew 1.3 percent (453) over the year.

Fargo-Moorhead MSA

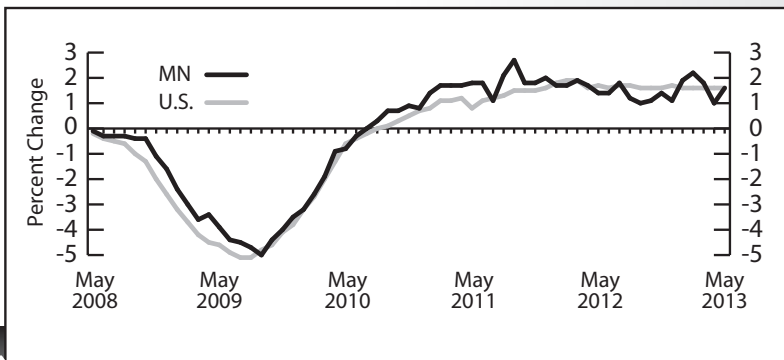
Employment in the Fargo-Moorhead MSA increased 1.5 percent (1,943) over the month and 2.9 percent (3,811) over the year. The monthly gains were largely driven by Mining, Logging, and Construction (up 12.7 percent, 1,001), but Leisure and Hospitality (up 3.2 percent, 408) and Professional and Business Services (up 1.5 percent, 232) were also significant contributors. Over the year, the major growth came from Mining, Logging, and Construction (up 18.3 percent, 1,376), Trade, Transportation, and Utilities (up 3.3 percent, 938), and Professional and Business Services (up 4.3 percent, 639). Government employment declined both over the month and over the year.

Grand Forks-East Grand Forks MSA

Employment in the Grand Forks-East Grand Forks MSA increased 0.4 percent (239) over the month and 1.5 percent (830) over the year. While over the month most industries saw little change, the exceptions were Mining, Logging, and Construction (up 16.2 percent, 449), Government (down 2.5 percent, 356), and Professional and Business Services (up 1.8 percent, 51). Over the year, significant percentage growth occurred in Transportation, Warehousing, and Utilities (up 15.5 percent, 292).

by Amanda Rohrer

Source: Department of Employment and Economic Development, Current Employment Statistics, 2013; Bureau of Labor Statistics, U.S. Department of Labor, Current Employment Statistics, 2013.



Total Nonfarm Jobs U.S. and MN over-the-year percent change

Employer Survey of Minnesota Nonfarm Payroll Jobs, Hours and Earnings

Numbers are unadjusted.

Note: State, regional and local estimates from past months (for all tables pages 11-13) may be revised from figures previously published.

Industry

Industry	Jobs* (Thousands)			Percent Change: From**		Production Workers Hours and Earnings					
	May 2013	Apr 2013	May 2012	Apr 2013	May 2012	Average Weekly Earnings		Average Weekly Hours		Average Hourly Earnings	
						May 2013	May 2012	May 2013	May 2012	May 2013	May 2012
TOTAL NONFARM WAGE AND SALARY	2,790.8	2,746.4	2,747.5	1.6%	1.6%	—	—	—	—	—	—
GOODS-PRODUCING	411.4	397.4	409.5	3.5	0.5	—	—	—	—	—	—
Mining and Logging	7.4	7.0	7.0	5.0	4.6	—	—	—	—	—	—
Construction	99.4	88.3	98.1	12.6	1.3	—	—	—	—	—	—
Specialty Trade Contractors	62.6	58.5	61.7	7.1	1.5	\$1,203.05	\$1,237.21	39.6	40.3	\$30.38	\$30.70
Manufacturing	304.7	302.1	304.4	0.9	0.1	811.46	780.63	40.9	40.7	19.84	19.18
Durable Goods	195.3	193.5	194.6	0.9	0.4	826.88	790.08	41.2	40.6	20.07	19.46
Wood Product Manufacturing	10.7	10.4	10.6	2.8	0.7	—	—	—	—	—	—
Fabricated Metal Production	42.4	42.0	41.1	0.9	3.1	—	—	—	—	—	—
Machinery Manufacturing	31.8	31.9	32.1	-0.1	-0.7	—	—	—	—	—	—
Computer and Electronic Product	45.2	45.1	45.9	0.1	-1.5	—	—	—	—	—	—
Navigational, Measuring, Electromedical and Control	25.0	25.0	25.1	0.3	-0.1	—	—	—	—	—	—
Transportation Equipment	10.1	10.1	10.2	0.0	-1.2	—	—	—	—	—	—
Medical Equipment and Supplies Manufacturing	15.7	15.7	15.7	0.0	0.3	—	—	—	—	—	—
Nondurable Goods	109.4	108.6	109.8	0.7	-0.4	786.99	765.41	40.4	40.8	19.48	18.76
Food Manufacturing	44.4	43.7	43.0	1.7	3.4	—	—	—	—	—	—
Paper Manufacturing	32.6	32.7	33.9	-0.2	-3.7	—	—	—	—	—	—
Printing and Related	22.8	22.9	23.3	-0.4	-2.2	—	—	—	—	—	—
SERVICE-PROVIDING	2,379.4	2,349.0	2,338.0	1.3	1.8	—	—	—	—	—	—
Trade, Transportation, and Utilities	509.6	505.4	504.4	0.8	1.0	—	—	—	—	—	—
Wholesale Trade	131.6	130.7	129.6	0.7	1.6	960.79	916.88	39.2	37.5	24.51	24.45
Retail Trade	284.6	281.8	282.3	1.0	0.8	383.90	374.03	27.9	28.4	13.76	13.17
Motor Vehicle and Parts	31.4	31.3	31.0	0.5	1.3	—	—	—	—	—	—
Building Material and Garden Equipment	26.6	24.8	26.9	7.1	-1.5	—	—	—	—	—	—
Food and Beverage Stores	50.4	49.6	49.9	1.6	1.1	—	—	—	—	—	—
Gasoline Stations	23.9	23.5	23.4	1.8	2.3	—	—	—	—	—	—
General Merchandise Stores	60.0	59.9	60.8	0.2	-1.4	310.31	329.57	28.6	29.4	10.85	11.21
Transportation, Warehouse, Utilities	93.4	92.9	92.6	0.6	0.9	—	—	—	—	—	—
Transportation and Warehousing	80.6	80.1	79.8	0.5	1.0	651.57	659.33	38.6	38.2	16.88	17.26
Information	54.6	55.4	53.8	-1.5	1.5	737.42	718.93	32.4	33.1	22.76	21.72
Publishing Industries	20.7	20.8	21.4	-0.5	-3.4	—	—	—	—	—	—
Telecommunications	13.8	13.7	13.7	0.5	0.7	—	—	—	—	—	—
Financial Activities	178.7	177.9	178.2	0.4	0.3	—	—	—	—	—	—
Finance and Insurance	139.0	139.3	139.5	-0.2	-0.4	957.82	925.86	36.6	35.9	26.17	25.79
Credit Intermediation	54.0	54.1	53.0	-0.2	1.9	727.75	663.14	35.5	34.2	20.50	19.39
Securities, Commodity Contracts, and Other	17.9	17.9	18.2	0.0	-1.7	—	—	—	—	—	—
Insurance Carriers and Related	63.5	63.4	63.6	0.1	-0.2	—	—	—	—	—	—
Real Estate and Rental and Leasing	39.7	38.6	38.6	3.0	2.7	—	—	—	—	—	—
Professional and Business Services	346.9	342.6	335.3	1.3	3.5	—	—	—	—	—	—
Professional, Scientific, and Technical Services	133.1	135.7	128.6	-1.9	3.5	—	—	—	—	—	—
Legal Services	18.8	18.8	18.8	0.4	0.0	—	—	—	—	—	—
Accounting, Tax Preparation	13.8	15.9	13.7	-13.3	0.9	—	—	—	—	—	—
Computer Systems Design	30.9	30.9	30.7	-0.1	0.5	—	—	—	—	—	—
Management of Companies and Enterprises	76.7	75.7	74.4	1.3	3.1	—	—	—	—	—	—
Administrative and Support Services	137.2	131.3	132.3	4.5	3.7	—	—	—	—	—	—
Educational and Health Services	490.6	490.5	479.1	0.0	2.4	—	—	—	—	—	—
Educational Services	67.4	69.3	67.2	-2.8	0.2	—	—	—	—	—	—
Health Care and Social Assistance	423.2	421.2	411.8	0.5	2.8	—	—	—	—	—	—
Ambulatory Health Care	137.1	136.6	130.7	0.4	4.9	1,168.60	1,065.71	34.3	33.8	34.07	31.53
Offices of Physicians	66.9	66.8	63.2	0.3	6.0	—	—	—	—	—	—
Hospitals	103.1	102.9	101.6	0.2	1.5	—	—	—	—	—	—
Nursing and Residential Care Facilities	106.0	105.5	103.5	0.5	2.4	405.82	388.75	28.3	27.3	14.34	14.24
Social Assistance	77.0	76.2	76.0	1.1	1.3	—	—	—	—	—	—
Leisure and Hospitality	260.3	241.5	250.7	7.8	3.8	—	—	—	—	—	—
Arts, Entertainment, and Recreation	44.1	37.5	41.2	17.5	6.9	—	—	—	—	—	—
Accommodation and Food Services	216.2	203.9	209.5	6.0	3.2	—	—	—	—	—	—
Food Services and Drinking Places	188.9	180.0	182.6	4.9	3.4	235.00	221.97	21.5	21.0	10.93	10.57
Other Services	116.9	116.5	115.8	0.3	0.9	—	—	—	—	—	—
Religious, Grantmaking, Civic, Professional Organizations	68.5	68.1	67.7	0.6	1.1	—	—	—	—	—	—
Government	421.8	419.3	420.7	0.6	0.3	—	—	—	—	—	—
Federal Government	30.5	30.6	31.6	-0.1	-3.2	—	—	—	—	—	—
State Government	98.7	103.1	99.1	-4.3	-0.4	—	—	—	—	—	—
State Government Education	60.6	65.5	62.1	-7.5	-2.5	—	—	—	—	—	—
Local Government	292.6	285.6	290.0	2.4	0.9	—	—	—	—	—	—
Local Government Education	144.9	143.0	144.3	1.3	0.4	—	—	—	—	—	—

Note: Not all industry subgroups are shown for every major industry category.
 * Totals may not add because of rounding.
 ** Percent change based on unrounded numbers.

Source: Department of Employment and Economic Development, Current Employment Statistics, 2013.

Employer Survey of Twin Cities Nonfarm Payroll Jobs, Hours and Earnings

Numbers are unadjusted.

Note: State, regional and local estimates from past months (for all tables pages 11-13) may be revised from figures previously published.

Industry	Jobs*			Percent Change		Production Workers Hours and Earnings					
	(Thousands)			From**		Average Weekly Earnings		Average Weekly Hours		Average Hourly Earnings	
	May 2013	Apr 2013	May 2012	Apr 2013	May 2012	May 2013	May 2012	May 2013	May 2012	May 2013	May 2012
TOTAL NONFARM WAGE AND SALARY	1,821.8	1,788.1	1,776.3	1.9%	2.6%	=	=	=	=	=	=
GOODS-PRODUCING	245.3	237.8	239.4	3.1	2.5	=	=	=	=	=	=
Mining, Logging, and Construction	62.8	56.3	58.8	11.5	6.9	=	=	=	=	=	=
Construction of Buildings	12.6	12.1	12.3	4.3	2.5	=	=	=	=	=	=
Specialty Trade Contractors	43.6	40.4	39.2	8.1	11.2	\$1,296.05	\$1,258.28	40.2	38.8	\$32.24	\$32.43
Manufacturing	182.5	181.5	180.6	0.5	1.0	834.55	825.74	40.2	41.0	20.76	20.14
Durable Goods	126.9	126.4	124.8	0.4	1.7	862.75	854.50	40.6	41.3	21.25	20.69
Fabricated Metal Production	28.6	28.3	27.8	1.0	3.0	=	=	=	=	=	=
Machinery Manufacturing	19.3	19.4	19.6	-0.3	-1.1	=	=	=	=	=	=
Computer and Electronic Product	35.7	35.6	35.9	0.2	-0.6	=	=	=	=	=	=
Navigational, Measuring, Electromedical and Control	23.6	23.5	23.5	0.3	0.2	=	=	=	=	=	=
Medical Equipment and Supplies Manufacturing	14.1	14.1	14.2	-0.1	-0.8	=	=	=	=	=	=
Nondurable Goods	55.5	55.1	55.8	0.8	-0.5	776.57	768.41	39.3	40.4	19.76	19.02
Food Manufacturing	12.1	11.9	12.0	1.5	1.1	=	=	=	=	=	=
Printing and Related	14.5	14.5	14.7	-0.1	-1.1	=	=	=	=	=	=
SERVICE-PROVIDING	1,576.5	1,550.2	1,536.9	1.7	2.6	=	=	=	=	=	=
Trade, Transportation, and Utilities	318.4	315.0	316.2	1.1	0.7	=	=	=	=	=	=
Wholesale Trade	81.1	80.9	81.2	0.3	-0.1	984.74	950.25	38.8	37.5	25.38	25.34
Merchant Wholesalers - Durable Goods	42.9	42.8	42.8	0.2	0.2	=	=	=	=	=	=
Merchant Wholesalers - Nondurable Goods	24.5	24.4	24.6	0.7	-0.4	=	=	=	=	=	=
Retail Trade	173.9	171.9	172.3	1.1	0.9	374.41	354.64	28.3	28.6	13.23	12.40
Food and Beverage Stores	28.5	28.2	28.1	1.3	1.3	=	=	=	=	=	=
General Merchandise Stores	36.2	36.1	36.7	0.2	-1.4	325.01	333.21	29.9	30.1	10.87	11.07
Transportation, Warehouse, Utilities	63.4	62.2	62.7	1.9	1.1	=	=	=	=	=	=
Utilities	7.4	7.4	7.5	0.2	-0.7	=	=	=	=	=	=
Transportation and Warehousing	55.9	54.8	55.2	2.1	1.3	715.04	692.13	41.0	40.1	17.44	17.26
Information	39.0	39.0	39.1	-0.1	-0.2	779.90	783.62	32.7	34.1	23.85	22.98
Publishing Industries	16.4	16.5	16.8	-0.6	-1.8	=	=	=	=	=	=
Telecommunications	9.6	9.5	9.6	0.2	-0.2	=	=	=	=	=	=
Financial Activities	141.0	140.2	139.9	0.6	0.8	=	=	=	=	=	=
Finance and Insurance	109.1	108.9	108.8	0.2	0.3	1,101.75	1,073.00	37.5	37.0	29.38	29.00
Credit Intermediation	37.6	37.6	36.5	0.1	3.1	=	=	=	=	=	=
Securities, Commodity Contracts, and Other	16.0	16.0	16.4	-0.3	-2.8	=	=	=	=	=	=
Insurance Carriers and Related	53.0	52.8	52.9	0.3	0.1	=	=	=	=	=	=
Real Estate and Rental and Leasing	31.9	31.2	31.0	1.9	2.6	=	=	=	=	=	=
Professional and Business Services	282.0	277.4	272.5	1.7	3.5	=	=	=	=	=	=
Professional, Scientific, and Technical Services	106.6	107.5	103.3	-0.9	3.2	=	=	=	=	=	=
Legal Services	15.9	15.8	15.8	0.3	0.4	=	=	=	=	=	=
Architectural, Engineering, and Related	15.1	14.9	15.0	1.7	0.6	=	=	=	=	=	=
Computer Systems Design	26.3	26.4	25.5	-0.6	2.9	=	=	=	=	=	=
Management of Companies and Enterprises	68.0	67.3	68.0	1.1	0.0	=	=	=	=	=	=
Administrative and Support Services	107.5	102.6	101.2	4.7	6.2	=	=	=	=	=	=
Employment Services	53.8	52.7	48.4	2.1	10.9	=	=	=	=	=	=
Educational and Health Services	298.6	299.0	287.2	-0.1	4.0	=	=	=	=	=	=
Educational Services	48.6	49.7	46.2	-2.3	5.2	=	=	=	=	=	=
Health Care and Social Assistance	250.0	249.2	241.0	0.3	3.7	=	=	=	=	=	=
Ambulatory Health Care	80.3	80.8	76.8	-0.7	4.6	=	=	=	=	=	=
Hospitals	60.1	59.9	58.4	0.4	2.9	=	=	=	=	=	=
Nursing and Residential Care Facilities	56.3	55.9	54.2	0.8	3.9	=	=	=	=	=	=
Social Assistance	53.3	52.7	51.6	1.1	3.2	=	=	=	=	=	=
Leisure and Hospitality	178.3	162.8	166.2	9.6	7.3	=	=	=	=	=	=
Arts, Entertainment, and Recreation	32.9	28.4	31.1	15.8	5.8	=	=	=	=	=	=
Accommodation and Food Services	145.4	134.4	135.2	8.2	7.6	268.89	260.14	23.2	22.9	11.59	11.36
Food Services and Drinking Places	132.8	123.4	122.3	7.6	8.6	260.60	250.21	22.7	22.4	11.48	11.17
Other Services	76.7	76.7	76.8	0.0	-0.1	=	=	=	=	=	=
Repair and Maintenance	13.1	13.2	13.1	-0.6	0.5	=	=	=	=	=	=
Religious, Grantmaking, Civic, Professional Organizations	42.7	42.7	42.5	0.1	0.4	=	=	=	=	=	=
Government	242.6	240.3	239.1	1.0	1.4	=	=	=	=	=	=
Federal Government	19.6	19.7	20.3	-0.6	-3.3	=	=	=	=	=	=
State Government	66.9	68.8	66.5	-2.8	0.5	=	=	=	=	=	=
State Government Education	41.2	43.3	41.8	-4.8	-1.3	=	=	=	=	=	=
Local Government	156.1	151.8	152.4	2.8	2.5	=	=	=	=	=	=
Local Government Education	89.3	87.9	87.2	1.6	2.5	=	=	=	=	=	=

Note: Not all industry subgroups are shown for every major industry category.

* Totals may not add because of rounding.

** Percent change based on unrounded numbers.

Source: Department of Employment and Economic Development, Current Employment Statistics, 2013.

Employer Survey

Industry

TOTAL NONFARM WAGE AND SALARY

GOODS-PRODUCING

Mining, Logging, and Construction
Manufacturing

SERVICE-PROVIDING

Trade, Transportation, and Utilities
Wholesale Trade
Retail Trade
Transportation, Warehouse, Utilities
Information
Financial Activities
Professional and Business Services
Educational and Health Services
Leisure and Hospitality
Other Services
Government

Duluth-Superior MSA

Jobs % Chg. From

	May 2013	Apr 2013	May 2012	Apr 2013	May 2012
TOTAL NONFARM WAGE AND SALARY	132,220	130,465	131,273	1.3%	0.7%
GOODS-PRODUCING	15,329	15,061	15,605	1.8	-1.8
Mining, Logging, and Construction	8,043	7,884	8,212	2.0	-2.1
Manufacturing	7,286	7,177	7,393	1.5	-1.4
SERVICE-PROVIDING	116,891	115,404	115,668	1.3	1.1
Trade, Transportation, and Utilities	24,578	24,091	23,881	2.0	2.9
Wholesale Trade	3,218	3,187	3,075	1.0	4.7
Retail Trade	15,061	14,889	14,841	1.2	1.5
Transportation, Warehouse, Utilities	6,299	6,015	5,965	4.7	5.6
Information	1,307	1,306	1,333	0.1	-2.0
Financial Activities	5,396	5,354	5,358	0.8	0.7
Professional and Business Services	7,570	7,442	7,692	1.7	-1.6
Educational and Health Services	30,885	30,762	30,099	0.4	2.6
Leisure and Hospitality	14,474	13,585	13,995	6.5	3.4
Other Services	5,969	5,884	5,900	1.4	1.2
Government	26,712	26,980	27,410	-1.0	-2.5

Rochester MSA

Jobs % Chg. From

	May 2013	Apr 2013	May 2012	Apr 2013	May 2012
TOTAL NONFARM WAGE AND SALARY	106,564	105,428	105,717	1.1%	0.8%
GOODS-PRODUCING	13,229	12,835	13,728	3.1	-3.6
Mining, Logging, and Construction	3,300	2,966	3,353	11.3	-1.6
Manufacturing	9,929	9,869	10,375	0.6	-4.3
SERVICE-PROVIDING	93,335	92,593	91,989	0.8	1.5
Trade, Transportation, and Utilities	16,189	16,004	15,912	1.2	1.7
Wholesale Trade	2,351	2,346	2,316	0.2	1.5
Retail Trade	11,448	11,299	11,220	1.3	2.0
Transportation, Warehouse, Utilities	2,390	2,359	2,376	1.3	0.6
Information	1,705	1,700	1,594	0.3	7.0
Financial Activities	2,399	2,383	2,417	0.7	-0.7
Professional and Business Services	5,198	4,940	5,037	5.2	3.2
Educational and Health Services	44,243	44,353	43,293	-0.2	2.2
Leisure and Hospitality	9,464	9,165	9,333	3.3	1.4
Other Services	3,672	3,616	3,567	1.5	2.9
Government	10,465	10,432	10,836	0.3	-3.4

Employer Survey

Industry

TOTAL NONFARM WAGE AND SALARY

GOODS-PRODUCING

Mining, Logging, and Construction
Manufacturing

SERVICE-PROVIDING

Trade, Transportation, and Utilities
Wholesale Trade
Retail Trade
Transportation, Warehouse, Utilities
Information
Financial Activities
Professional and Business Services
Educational and Health Services
Leisure and Hospitality
Other Services
Government

St. Cloud MSA

Jobs % Chg. From

	May 2013	Apr 2013	May 2012	Apr 2013	May 2012
TOTAL NONFARM WAGE AND SALARY	103,483	102,220	101,787	1.2%	1.7%
GOODS-PRODUCING	20,843	19,722	20,270	5.7	2.8
Mining, Logging, and Construction	5,724	4,720	4,998	21.3	14.5
Manufacturing	15,119	15,002	15,272	0.8	-1.0
SERVICE-PROVIDING	82,640	82,498	81,517	0.2	1.4
Trade, Transportation, and Utilities	20,537	20,391	20,130	0.7	2.0
Wholesale Trade	4,199	4,130	3,976	1.7	5.6
Retail Trade	12,968	12,894	12,737	0.6	1.8
Transportation, Warehouse, Utilities	3,370	3,367	3,417	0.1	-1.4
Information	1,650	1,635	1,639	0.9	0.7
Financial Activities	4,396	4,378	4,334	0.4	1.4
Professional and Business Services	8,210	8,132	8,331	1.0	-1.5
Educational and Health Services	19,712	19,617	19,293	0.5	2.2
Leisure and Hospitality	8,800	8,626	8,918	2.0	-1.3
Other Services	3,433	3,416	3,470	0.5	-1.1
Government	15,902	16,303	15,402	-2.5	3.2

Mankato MSA

Jobs % Chg. From

	May 2013	Apr 2013	May 2012	Apr 2013	May 2012
TOTAL NONFARM WAGE AND SALARY	53,851	53,979	53,212	-0.2%	1.2%
GOODS-PRODUCING	9,841	9,644	9,499	2.0	3.6
Mining, Logging, and Construction	--	--	--	--	--
Manufacturing	--	--	--	--	--
SERVICE-PROVIDING	44,010	44,335	43,713	-0.7	0.7
Trade, Transportation, and Utilities	--	--	--	--	--
Wholesale Trade	--	--	--	--	--
Retail Trade	--	--	--	--	--
Transportation, Warehouse, Utilities	--	--	--	--	--
Information	--	--	--	--	--
Financial Activities	--	--	--	--	--
Professional and Business Services	--	--	--	--	--
Educational and Health Services	--	--	--	--	--
Leisure and Hospitality	--	--	--	--	--
Other Services	--	--	--	--	--
Government	8,895	9,204	9,051	-3.4	-1.7

Employer Survey

Industry

TOTAL NONFARM WAGE AND SALARY

GOODS-PRODUCING

Mining, Logging, and Construction
Manufacturing

SERVICE-PROVIDING

Trade, Transportation, and Utilities
Wholesale Trade
Retail Trade
Transportation, Warehouse, Utilities
Information
Financial Activities
Professional and Business Services
Educational and Health Services
Leisure and Hospitality
Other Services
Government

Fargo-Moorhead MSA

Jobs % Chg. From

	May 2013	Apr 2013	May 2012	Apr 2013	May 2012
TOTAL NONFARM WAGE AND SALARY	133,429	131,486	129,618	1.5%	2.9%
GOODS-PRODUCING	19,104	17,981	17,693	6.2	8.0
Mining, Logging, and Construction	8,904	7,903	7,528	12.7	18.3
Manufacturing	10,200	10,078	10,165	1.2	0.3
SERVICE-PROVIDING	114,325	113,505	111,925	0.7	2.1
Trade, Transportation, and Utilities	29,096	28,977	28,158	0.4	3.3
Wholesale Trade	8,717	8,589	8,365	1.5	4.2
Retail Trade	15,530	15,559	15,049	-0.2	3.2
Transportation, Warehouse, Utilities	4,849	4,829	4,744	0.4	2.2
Information	3,237	3,224	3,231	0.4	0.2
Financial Activities	9,293	9,188	9,075	1.1	2.4
Professional and Business Services	15,600	15,368	14,961	1.5	4.3
Educational and Health Services	21,105	21,128	20,554	-0.1	2.7
Leisure and Hospitality	13,343	12,935	13,235	3.2	0.8
Other Services	5,123	5,127	5,105	-0.1	0.4
Government	17,528	17,558	17,606	-0.2	-0.4

Grand Forks-East Grand Forks MSA

Jobs % Chg. From

	May 2013	Apr 2013	May 2012	Apr 2013	May 2012
TOTAL NONFARM WAGE AND SALARY	56,277	56,038	55,447	0.4%	1.5%
GOODS-PRODUCING	6,843	6,371	6,581	7.4	4.0
Mining, Logging, and Construction	3,222	2,773	3,129	16.2	3.0
Manufacturing	3,621	3,598	3,452	0.6	4.9
SERVICE-PROVIDING	49,434	49,667	48,866	-0.5	1.2
Trade, Transportation, and Utilities	12,491	12,481	11,864	0.1	5.3
Wholesale Trade	2,074	2,051	2,053	1.1	1.0
Retail Trade	8,241	8,230	7,927	0.1	4.0
Transportation, Warehouse, Utilities	2,176	2,200	1,884	-1.1	15.5
Information	600	599	626	0.2	-4.2
Financial Activities	1,660	1,660	1,654	0.0	0.4
Professional and Business Services	2,819	2,768	2,959	1.8	-4.7
Educational and Health Services	9,654	9,614	9,476	0.4	1.9
Leisure and Hospitality	6,051	6,058	6,080	-0.1	-0.5
Other Services	2,048	2,020	1,972	1.4	3.9
Government	14,111	14,467	14,235	-2.5	-0.9

Source: Department of Employment and Economic Development, Current Employment Statistics, and North Dakota Job Service, 2013.

Minnesota Economic Indicators

Highlights

The **Minnesota Index** remained stuck at 160.0 for the second straight month in May despite a jump in payroll numbers. Job growth was offset by declining manufacturing hours and a flat unemployment rate. Minnesota's economy has cooled off over the last few months: The index, a proxy measure of the state's economic activity, has improved by only 0.3 percent since advancing 0.6 percent in January. The payroll employment component of the index is subject to revisions, so the recent pause in the index may eventually be revised to show more growth.

Minnesota's index has slipped behind the U.S. index. Job growth for the nation has stayed positive each month this year unlike Minnesota with two months of job loss reported since January. Minnesota's economy over the last 12 months appears to have grown just a tad faster than the national economy with Minnesota's index up 2.8 percent from a year ago compared to 2.7 percent nationally.

Minnesota's **Wage and Salary Employment** made up lost ground in May with 8,500 jobs added following 13,500 jobs lost over the previous two months. Job growth was broad-based with eight of the 11 supersectors increasing payroll totals. Leisure and Hospitality, Government, and Professional and Business Services ramped up hiring while job cutbacks mounted in Trade, Transportation, and Utilities.

May's upswing in job growth is partially from a catch-up in seasonal hiring which was delayed as a result of the miserable spring weather. Over-the-year job growth using unadjusted employment numbers for Minnesota shot up to 1.6 percent in May, matching the U.S. rate. Over-the-year job growth has averaged 1.7 percent so far this year which, if it continues, would be an improvement from the 1.4 percent annual average last year.

Minnesota's adjusted online **Help-Wanted Ads** slipped for the fourth month in a row in May, declining 1.6 percent. Online advertising also tailed off nationwide, dipping 3.0 percent. Help-wanted ads in Minnesota are down 12.6 percent from the January peak, while help-wanted advertising nationally is 5.4 percent lower over the same period. Minnesota's share of help-wanted ads has dropped from 2.5 percent to 2.3 percent of U.S. postings, still above the state's 2.0 percent share of nationwide employment. The tailing off of help-wanted ads is worth tracking since it may signal softening in hiring.

Minnesota's **Purchasing Managers' Index (PMI)** inched down slightly in May but remains safely in growth territory. A reading above 50 suggests growth; those below indicate contraction. Minnesota manufacturers, after strongly rebounding in 2011 and early 2012, have downshifted a gear over the last year. Minnesota manufacturers are in a somewhat stronger position than their counterparts in other parts of the country. Minnesota's PMI has been higher than the U.S. index for the last three months.

Adjusted **Manufacturing Hours** backed off slightly in May but remain above 41 hours per week. The factory workweek has averaged 41 hours through the first five months this year,

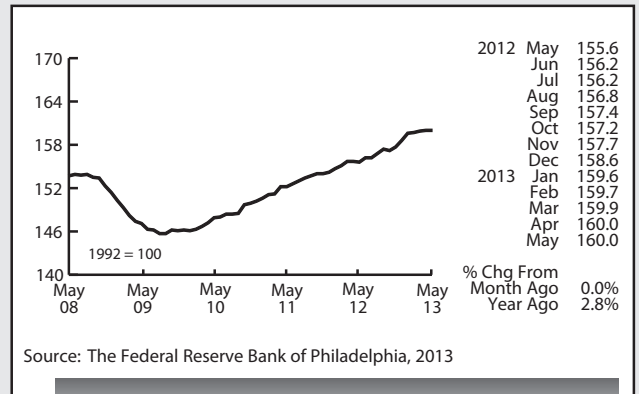
a slight improvement from 40.7 and 40.8 hours in 2011 and 2012. Adjusted **Manufacturing Earnings** also declined slightly in May but remain close to a two and a half year high. Average manufacturing earnings, after adjusting for inflation, were 3.9 percent higher than a year ago. Factory pay has outpaced the cost of living for the last four months.

The **Minnesota Leading Index** has been in a free fall for the last four months after spiking to a 25-year high in January. The index slipped below 1.0 for the first time in two years in May. The index is designed to predict the pace of economic growth in Minnesota six months down the road. The downward trend is another indicator worth watching as the trend suggests Minnesota's economy will be slowing considerably toward the end of 2013.

Adjusted **Residential Building Permits** climbed 12.4 percent in May, advancing to their highest level since last December. The housing recovery is gaining speed which will provide a boost for the overall economy.

Adjusted **Initial Claims for Unemployment Benefits (UB)** inched down in May and continue to run at a level consistent with job growth around 1.5 percent. A persistent upward trend in initial claims over the next few months would be the best indicator that Minnesota's economy is headed for slower growth.

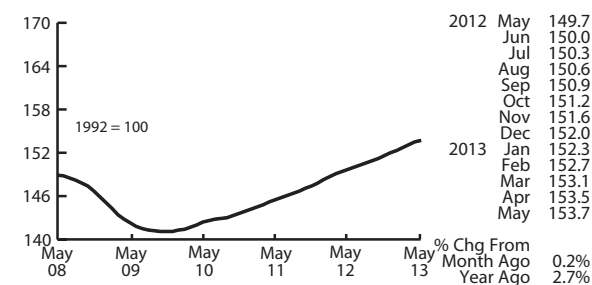
by Dave Senf



Source: The Federal Reserve Bank of Philadelphia, 2013

Minnesota Index

United States Index

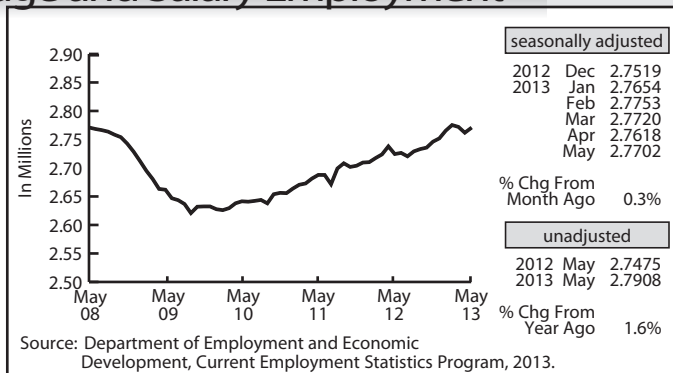


Source: The Federal Reserve Bank of Philadelphia, 2013.

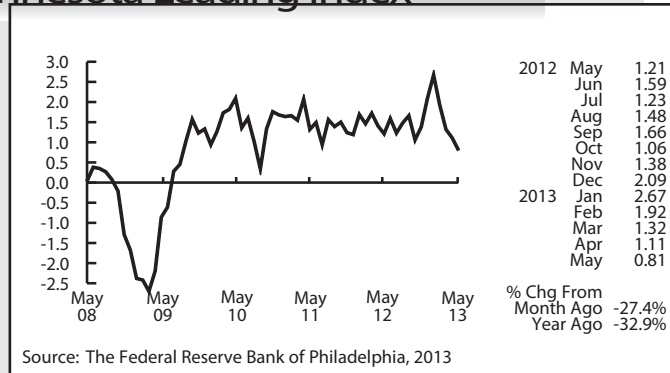
Note: All data except for Minnesota's PMI have been seasonally adjusted. See the feature article in the Minnesota Employment Review, May 2010, for more information on the Minnesota Index.

Minnesota Economic Indicators

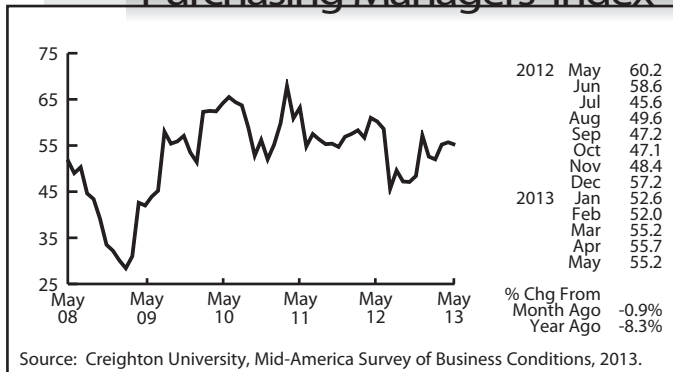
Wage and Salary Employment



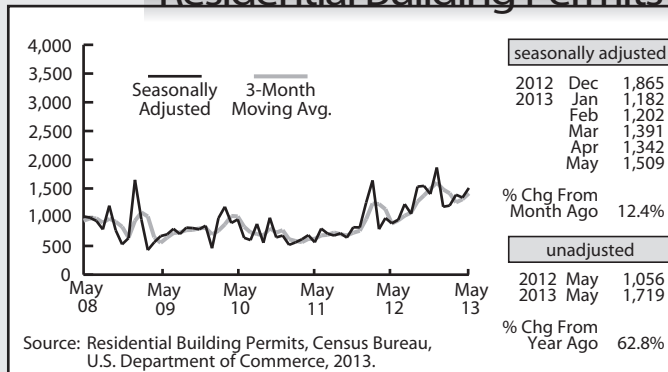
Minnesota Leading Index



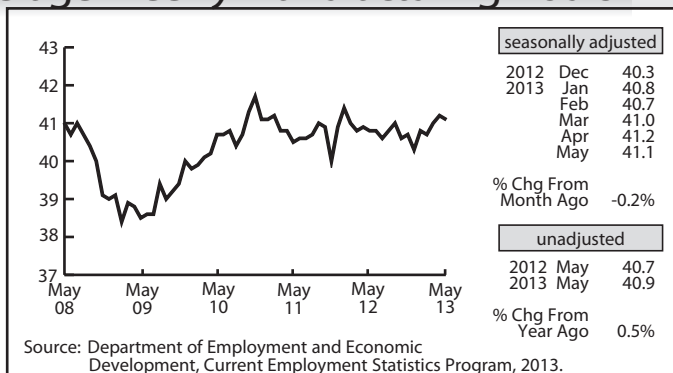
Purchasing Managers' Index



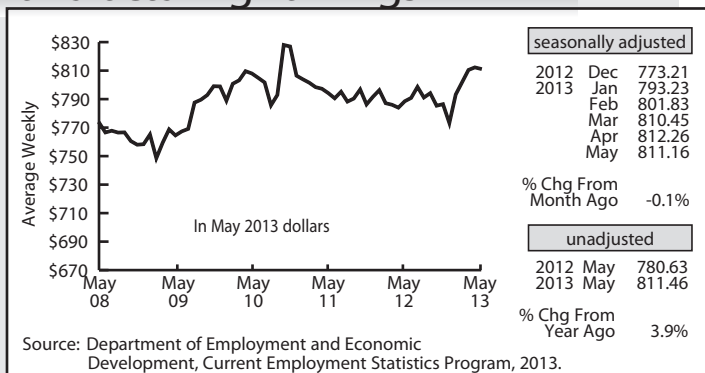
Residential Building Permits



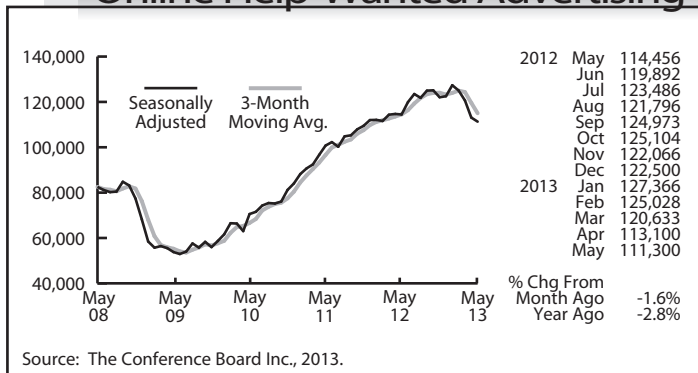
Average Weekly Manufacturing Hours



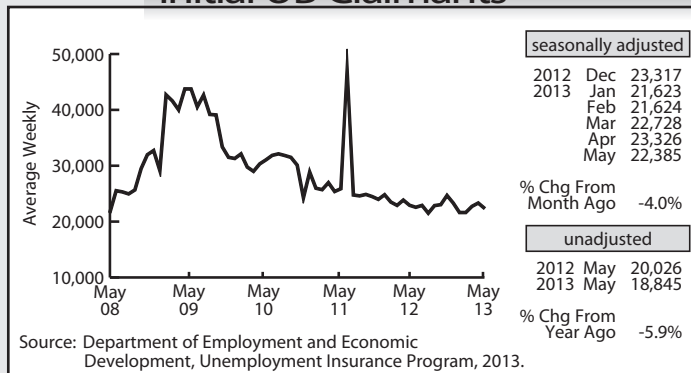
Manufacturing Earnings



Online Help-Wanted Advertising



Initial UB Claimants



Review

Minnesota Employment



DEED

Labor Market Information Office

1st National Bank Building
332 Minnesota Street, Suite E200
St. Paul, MN 55101-1351
651.259.7400 (voice)
1.888.234.1114 (toll free)
651.296.3900 (TTY)
1.800.657.3973 (TTY toll free)
e-mail :
DEED.lmi@state.mn.us
Internet :
www.PositivelyMinnesota.com/lmi/

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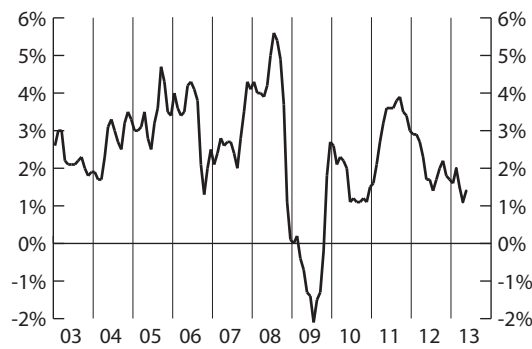
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U.S. Consumer Price Index for All Urban Consumers (CPI-U)

On a seasonally adjusted basis the May CPI-U for all items increased 0.1 percent over the month. The index increased 1.4 percent from May 2012, not seasonally adjusted. The small change was characteristic of all categories. Energy, which is often the most volatile category, saw an increase of only 0.4 percent, the first time this year the absolute change has been less than 1.7 percent. Medical care commodities declined 0.5 percent while all other categories increased or declined by less.

The official BLS news release is available here:
www.bls.gov/news.release/pdf/cpi.pdf

Percent Change From One Year Ago



For more information
on the U.S. CPI
or the semi-annual
Minneapolis-St. Paul CPI, call:
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or toll free 1.888.234.1114.

What's Going On?

New Social Media Guide Offered to Businesses

The Legal Guide to the Use of Social Media in the Workplace is now available.

The guide helps businesses navigate an array of laws and regulations. It covers the influence of social media on intellectual property, employment relationship, privacy and security compliance and more.

This free book was developed in partnership with the Minneapolis-based law firm of Gray Plant Mooty and is part of DEED's ongoing efforts to help entrepreneurs understand emerging workplace issues.

It is offered in print or CD-ROM from DEED's Small Business Assistance Office at 651-259-7476 or 800-310-8323 or deed.mnsbao@state.mn.us.

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Editor:

Carol Walsh

Technical Editors:

M. B. Hummel
Nick Dobbins

Statistics:

Jerry Brown
Amanda Rohrer

Writers:

Jerry Brown
Nick Dobbins
Alessia Leibert
Cameron Macht
Amanda Rohrer
Dave Senf

Graphics/Layout:

Mary Moe

**Webpage
Preparation:**

Mary Moe

Commissioner:
Katie Clark Sieben

**LMI Office
Director:**
Steve Hine

**Assistant
Director and
Technical
Supervisor:**
Oriane Casale



Department of Employment and Economic Development

Are Skilled Workers Scarce?

Evidence from Employer Surveys in Minnesota

The skills gap debate and its pitfalls

A skills gap is the difference between the *skill levels of the available workforce* and the *skills necessary to meet job requirements*. Skills gaps have often been used as a simple narrative to explain the contradiction between the current high level of unemployment in the United States and the alleged inability of employers to fill open positions. This over-simplified narrative, however, has suffered from two main flawed assumptions:

- 1. It assumes skills gaps are synonymous with hiring difficulties.** Hiring difficulties often manifest themselves as a lack of qualified candidates who apply for a job. This can create the impression of a widespread lack of occupational workforce skills and, perhaps, of educational credentials. But, aside from lacking skills, there could be many other reasons why qualified candidates do not apply for a job or are not considered to be a good match for the job. For instance, mismatches can result from recruiting strategies that do not properly identify the desired skill set, unattractive job characteristics that discourage qualified candidates from applying, or an over-qualified candidate pool as opposed to an under-qualified candidate pool.
- 2. It assumes that skills mismatches prevent employers from hiring, which in turn is assumed to hurt firm competitiveness.** However, skills-related hiring difficulties are not necessarily barriers that prevent hiring for a particular position. Additionally, sometimes firms set stringent qualification requirements because they are not in a hurry to hire.

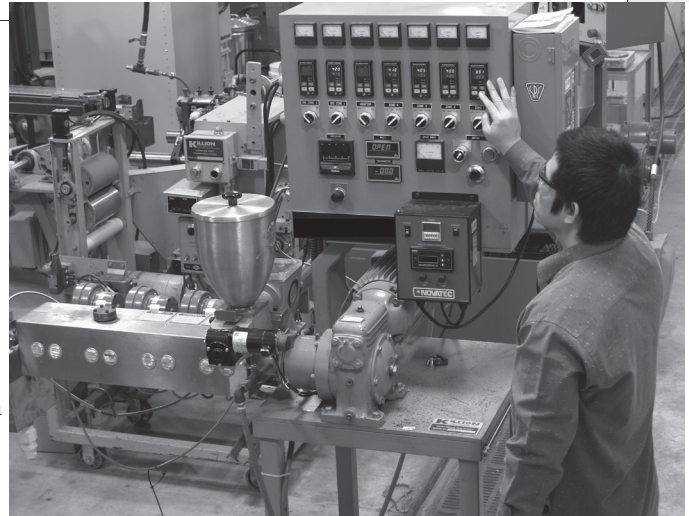
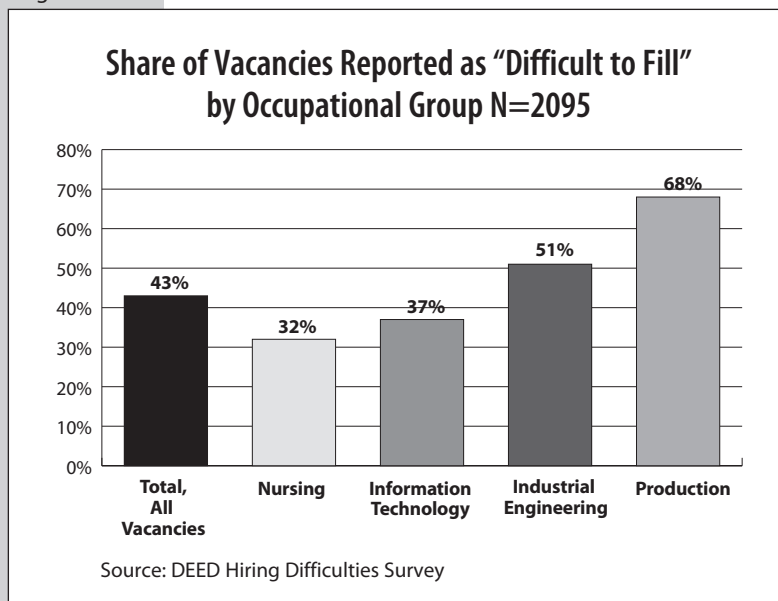


Figure 1

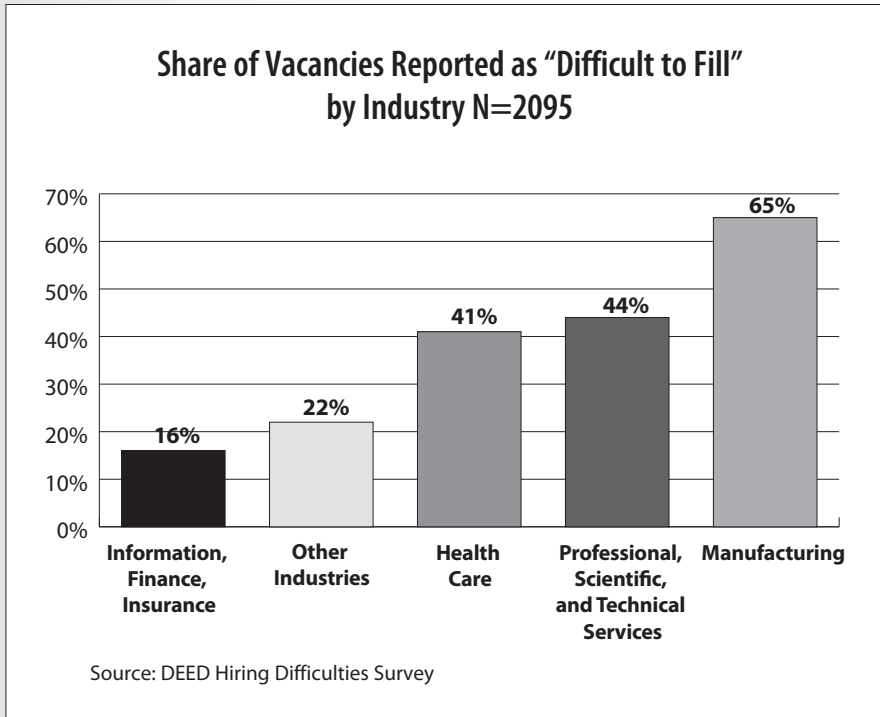


To investigate the existence and causes of hiring difficulties in Minnesota and determine how many are specifically attributable to skills gaps relative to other factors, the Minnesota Labor Market Information Office rolled out a Hiring Difficulties Survey based on its existing semi-annual Job Vacancy Survey.

The extent of hiring difficulties in Minnesota

Figure 1 displays the main survey findings. Less than a half (43 percent) of all vacancies reported in spring and fall of 2012 were hard-to-fill. Hiring difficulties varied widely by occupation, with Nursing having the lowest incidence (32 percent) and Production having the highest incidence (68 percent).

Figure 2



by region. Fifty two percent of vacancies in Greater Minnesota were hard to fill compared to the Twin Cities Metro Area with 36 percent.

These overall findings about the *magnitude* and *distribution* of hiring difficulties serve as a background to the next section of the article that takes a closer look at the *nature* and *potential causes* of hiring difficulties and, specifically, at the incidence of skills gaps.

Measuring the skills gap: Employers' perspectives about potential causes of hiring difficulties

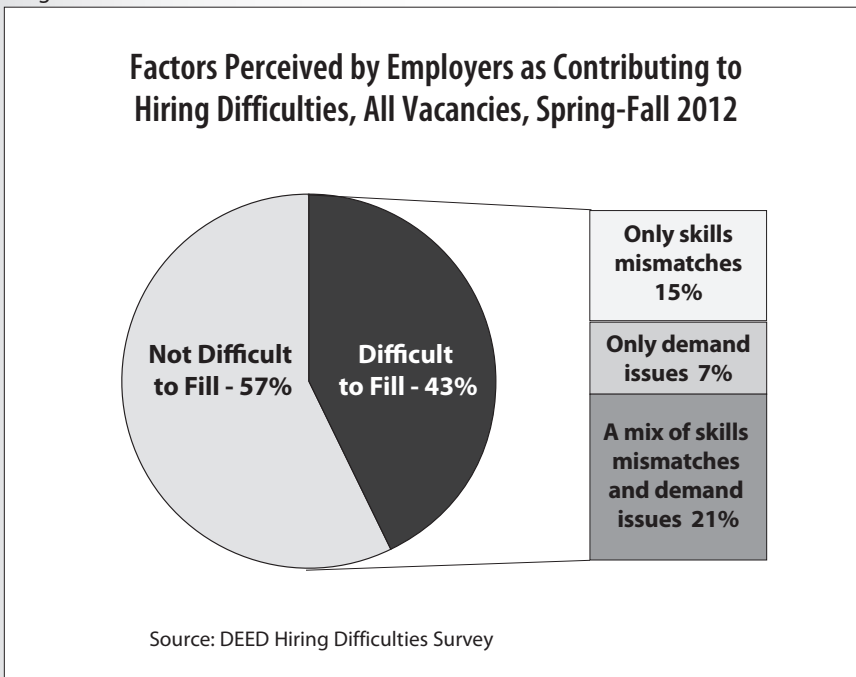
In order to identify hiring difficulties, employers were first asked "Did you have — or are you having — difficulties filling the position?" Next, they were given an opportunity to share their perspectives about why some positions are hard to fill, choosing from two main areas: supply-side factors or demand-side factors.

1. Supply-Side Factors: Hiring difficulties caused by a mismatch between job requirements and the *training, skills,* and *experience* of applicants (true skills mismatches).

2. Demand-Side Factors: Hiring difficulties caused by problems that are unrelated to candidates' qualifications, such as *unattractive work hours, inadequate compensation, geographic location of position, poor image of the firm or industry sector, or ineffective recruiting, and so forth.*

While employers reported general hiring difficulties in 43 percent of vacancies, only 15 percent of all vacancies were hard-to-fill exclusively because of skills mismatches (Figure 3).

Figure 3



When vacancies are broken down by industry (Figure 2), the same high concentration — above 50 percent — of hiring difficulties exist in the Manufacturing sector as in Industrial Engineering and Production, occupations almost

exclusively found in Manufacturing industries. Both results point to Manufacturing as the segment of Minnesota's economy where employers are struggling the most to fill available openings.

Hiring difficulties also varied

Quick Facts: Hiring Difficulties Survey

- Period: Based on vacancies open during Spring and Fall of 2012
- Response rate: 73 percent; 335 establishments with 2,095 estimated vacancies responded to the phone survey.
- Occupations surveyed: Registered Nurses, Nurse Practitioners, Nurse Anesthetists, Industrial Engineers, Industrial Engineering Technicians, Materials Engineers, Machinists, Numerical Tool and Process Control Programmers, CNC Machine Tool Operators, Software Developers-Systems Software, Software Developers-Applications, Computer User Support Specialists, Computer Network Support Specialists

Far more common were hiring difficulties where employers also identified a demand-side problem in conjunction with a supply-side problem. This indicates that skills mismatches rarely occur in isolation from demand-side factors. Least common were hiring difficulties that were attributed exclusively to factors unrelated to the supply of skills.

When responses are broken down by experience level as shown in Figure 4, we notice a high concentration (42 percent) of purely demand-driven hiring difficulties in vacancies requiring less than one year of experience, corresponding to the entry-level job market. When asked to identify the reasons for hiring difficulties in this group of vacancies, employers attributed 40 percent fully or in part to unattractive wages/compensation.

Interestingly, pure skills mismatches were not concentrated in high-experience vacancies as one would have expected, but rather in vacancies requiring intermediate work experience, from one to three years. The difficulties in filling high-experience positions were overwhelmingly caused by a mix of supply and demand issues. A closer look at these cases reveals that 87 percent were caused by the inability to find candidates with specialized skills, yet one-half of these also mentioned location as a contributing factor.

This result is a clear demonstration of how supply problems can interact with other issues like geographic mismatches. Some employers feel that attracting experienced workers would be much easier if the firm were located in a different area. An additional and unexpected finding was that Greater Minnesota regions experienced geographic mismatches at rates not much higher than the Metro Area. Some of the locations indicated as “problematic for hiring” were actually in the Twin Cities Metro Area.

Some surprising results also emerge in the distribution of skills mismatches by education level (Figure 5). In fact, employers were more likely to report skills mismatches as the exclusive reason for hiring difficulties for jobs requiring no post-secondary education (57 percent). On the other end of the

Figure 4

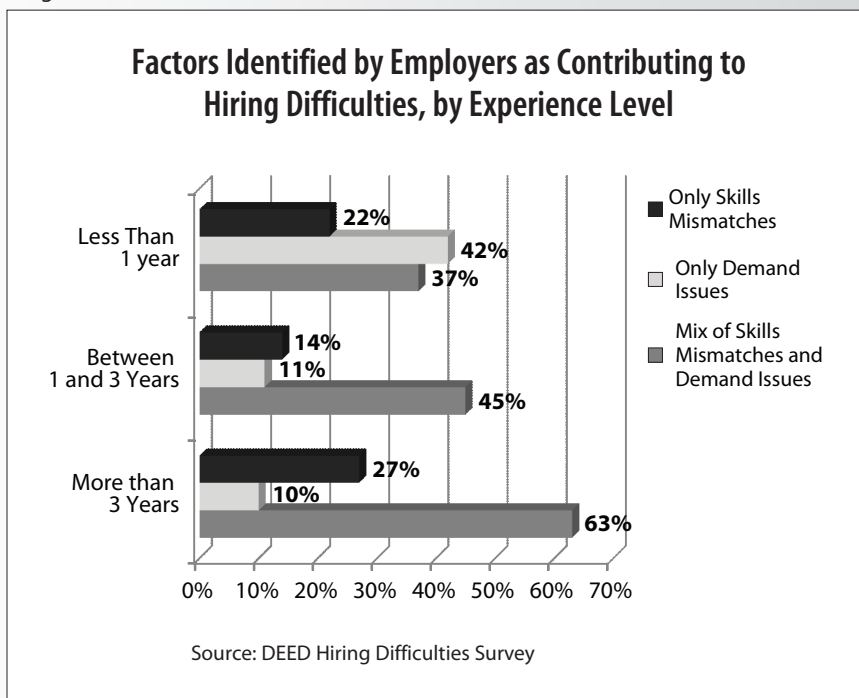
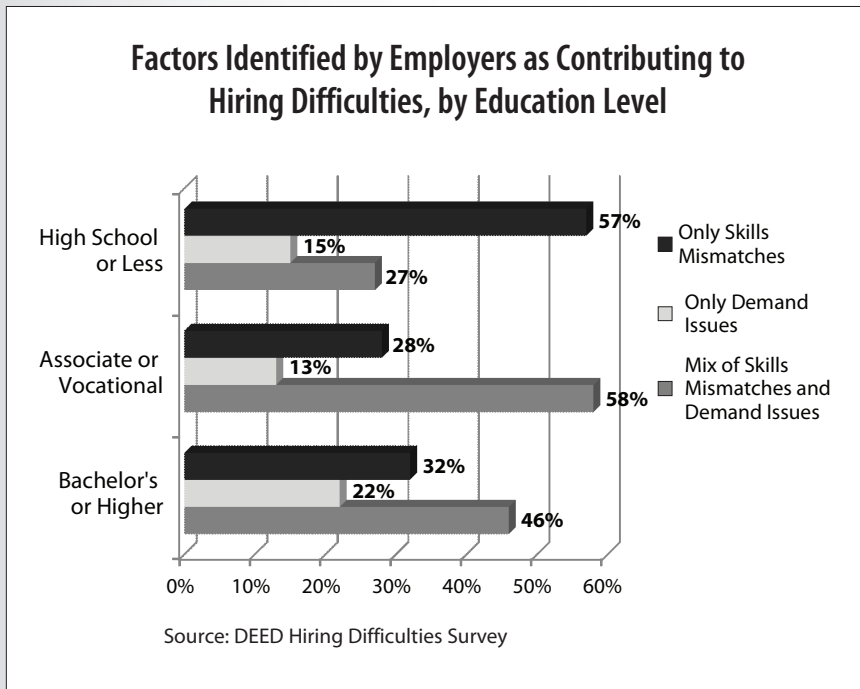


Figure 5



spectrum, for positions requiring a bachelor's degree or higher, pure skills mismatches were cited in just 32 percent of the cases, and demand-side reasons in 22 percent of cases. The implication is that, in general, education level alone is not driving skills mismatches.

Thus, skills mismatches were sometimes found to be related to inadequate levels of experience, but not to inadequate levels of education. This demonstrates that skills mismatches, as a cause of hiring difficulty, cannot automatically be assumed to be the result of a shortage of skilled workers.

The incidence and characteristics of skills mismatches by occupation

When responses are broken down by occupational group (Figure 6), three scenarios emerge:

1. Occupations with a low incidence of pure skills mismatches relative to other reasons for hiring difficulties (nursing, with 18 percent);
2. Occupations with a moderate incidence of pure skills mismatches (engineering, 32 percent, and IT, 37 percent);
3. Occupations with a high incidence of pure skill mismatches (production, 51 percent).

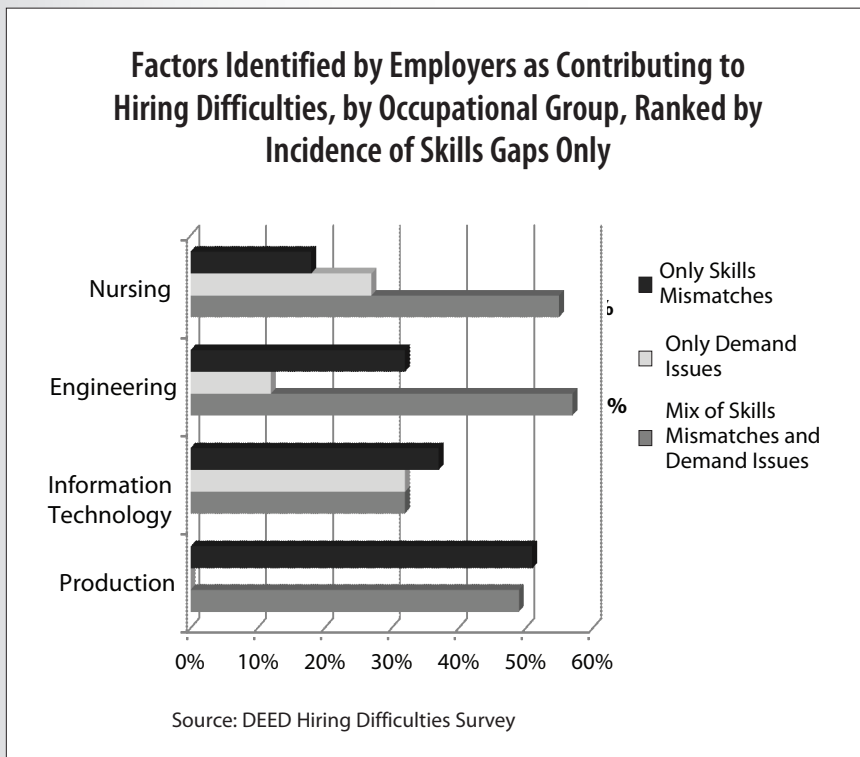
It is important to recall that these occupations were intentionally selected precisely because of anecdotal evidence of skills-related hiring difficulties. Therefore, there was a high probability of finding skills gaps in these fields.

Following are the summarized results by occupational group.

NURSING: Low incidence of skills-related hiring difficulties

Among all occupational groups surveyed, Nursing had the lowest incidence of hiring difficulties at 32 percent (Figure 1). Of that minority, only a small subset (18 percent) were perceived by employers as related exclusively to skills mismatches, while 27 percent were

Figure 6



exclusively caused by demand factors, and the remaining 55 percent were driven by a combination of supply and demand factors (Figure 6).

When skills mismatches were cited as a problem, the challenge for employers was finding candidates with experience in a specific role or industry as opposed to more formal education. The following quotations illustrate this important finding:

- *“Candidates had the years of experience as an RN, but their experience was in long-term care facilities not in a hospital, and that’s a different animal.”*
- *“We sometimes get nurses who work in the home and are not required to do case-management, and thus lack the skills we need to do prompt and efficient paperwork.”*

When demand-side factors were cited as the main challenge, undesirable location was most frequently mentioned, followed by substandard wages or compensation, undesirable work shifts, and competition from other employers to attract the most experienced candidates. Here are a few quotations:

- *“From this area people can easily commute to the Metro area or to Rochester where there are a lot of other job opportunities.”*
- *“Our industry has a much lower wage base than others. So, perhaps the reason we can’t get enough applicants is that everybody knows the pay is \$10 a day lower.”*
- *“We can’t compete with places that offer high hiring bonuses.”*
- *“The position has 10-hour shifts which are tougher to fill.”*

Overall, advanced specialty nursing vacancies — which included Nurse Practitioners and Nurse Anesthetists — were much harder to fill than Registered Nurses vacancies. This obvious lack of evidence of a shortage of RNs might be the effect of years of effort by the Healthcare Industry to alert career seekers and educators to potential future shortages as well as a very successful effort on the part of post-secondary institutions in Minnesota to align the supply of nursing graduates with the anticipated industry demand.

INDUSTRIAL ENGINEERING: Moderate incidence of skills-related hiring difficulties

As illustrated in Figure 1, one out of two industrial engineering vacancies were reported as hard to fill. One out of three hard-to-fill positions was perceived as driven by skills mismatches with no other demand-side



factors identified. The overwhelming reason for hiring difficulties, accounting for 57 percent of cases, appears to be a blend of supply and demand factors (Figure 6).

Employers’ comments reveal that finding new graduates in engineering was not a problem for employers. Rather, applicants lacked hyper-specialized experience or a unique blend of skills that could be extremely difficult to find even when plenty of people apply. The following quotations illustrate this point:

- *“Hiring entry-level manufacturing engineers is pretty easy, but finding experienced workers is more challenging.”*
- *“There were enough applicants with the right training, but they did not have the right experience after getting their degree. We were looking for someone with a similar experience with another manufacturer.”*
- *“We were looking for experience in Atomic Force Microscopy.”*
- *“We always have difficulties filling this position because we require specific experience in test engineering in the electronics industry. There might be total of 150 qualified people in the Midwest! Training these people internally is a big investment for a company, that’s why there are so few qualified candidates.”*

The difficulty in Engineering seems primarily one of matching the experience requirements of a vacancy with the experience profile of those who apply. Unfortunately, this match is hard to achieve even through additional years of training or experience if that additional training is not specifically tailored around the needs of a particular industry or even an individual employer. That’s probably

why some employers prefer to hire engineering candidates with work-based experience such as internships.

Other recruiting difficulties stemmed from substandard wages, undesirable geographic locations, or lack of candidates interested in the type of work¹.

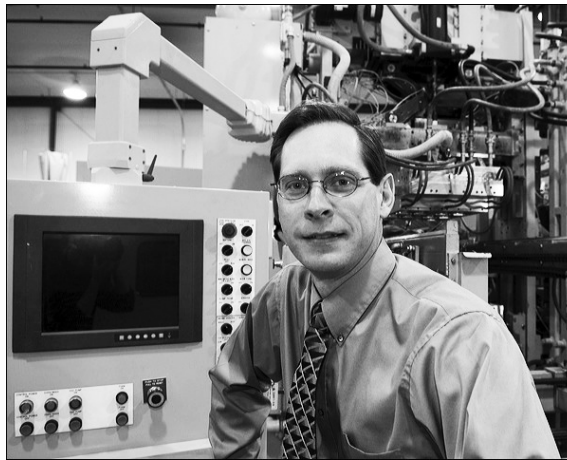
INFORMATION TECHNOLOGY: Moderate incidence of skills- related hiring difficulties

As illustrated in Figure 1, hiring difficulties impacted only 37 percent of vacancies in IT occupations. Of that minority, the reasons for the difficulties were fairly evenly split between those exclusively from skills deficiencies (37 percent); those exclusively from unattractive demand or other factors (32 percent); and those from a mix of skills deficiencies and unattractive demand (31 percent).

In IT as in engineering, the main supply-side problem was work experience and — importantly — the skills obtained through that experience.

- *“The applicant pool with IT positions is often very small because people tend to have more of a general skill set compared to the specialized skill set that we need.”*
- *“It is hard to find people with Mainframe skills (older skills like COBOL that are no longer taught). Also, many people with skills aren’t interested in working with older technologies.”*
- *“Low unemployment in the IT field creates a lot of competition, therefore — despite the huge response to the ads — we are not getting the right type of candidate. We are either getting candidates with too much experience (overqualified) or zero experience.”*
- *“We’re looking for someone with specific technical skills and experience in Window Installer, Install, Shield, Visual Studio, and familiarity with image editing. We haven’t been able to find anyone who has all of those.”*

The tendency to set very stringent qualification requirements in the IT field is mainly the result of rapid technological changes and the consequent proliferation of technological platforms that, once adopted by a firm, must be maintained by professionals with hyper-specialized knowledge or experience (Java versus



.NET, for example). As new IT graduates learn the most advanced technologies, and seasoned employees trained in ‘niche’ technologies or even in technologies that are becoming obsolete, start to retire, employers face the problem of maintaining legacy systems that newly minted grads may not have learned or may not be interested in working with compared to newer technological platforms. However, sometimes employers can deliberately

set very stringent qualification requirements because the candidate pool is large enough that they can be particular. Here is a quotation from a respondent who did not report any hiring difficulties with their IT positions:

- *“With our IT positions, we get such a large applicant pool that we can get exactly what we’re looking for in terms of preferential experience.”*

Formal education, while often preferred, was not generally considered absolutely necessary in IT vacancies. Fourteen percent of IT vacancies included in the survey did not require any formal education at all. Often, specific skill sets and previous work experience were much more important to the employer than the degree of formal credentials.

Where other issues besides skills mismatches were indicated as a challenge, the primary ones were non-competitive wages, low mobility of the workforce, and lack of interest in the nature of the work. The following quotations illustrate these challenges.

- *“We pay under-market, and we tend to make that up with bonuses but that doesn’t seem to be a solution for that role.”*
- *“The unemployment rate in IT jobs is very low. People are still concerned about the economy and stay at their jobs. So people who have skills and experience needed for this position are not moving.”*
- *“More women need to be encouraged to enter the IT field to increase the pool of available candidates.”*
- *“This organization doesn’t focus specifically on software engineering, and many people want to work for more innovative firms.”*

¹One quotation illustrates this point: “People want to do development engineering, which is very different from manufacturing engineering. So it’s hard to find people who want to do this work.”

Strategies such as making IT workplaces more attractive to new STEM graduates (especially women), creating incentives for seasoned employees to stay with the firm, and producing frequently updated career information that advises candidates on in-demand skill sets could be effective ways of addressing some of these problems.

PRODUCTION: High incidence of skills-related hiring difficulties

Hiring difficulties were substantially more prevalent in Production occupations, which included Machinist, CNC Machinist, and Computer-Control Machine Tool Operators. Two out of three vacancies or 68 percent were reported as hard to fill (Figure 1), and skills mismatches alone affected one half of the cases. Unique to Production occupations is the absence of demand-side factors cited as the only reason for recruiting difficulties. As previously mentioned (Figure 6), surveyed Manufacturing employers attributed all hiring difficulties in these occupations to supply issues, either alone or in combination with demand issues.

When demand-side factors were cited as a problem, location² was the biggest barrier, followed by non-competitive wages and undesirable work shifts. The following quotations from respondents illustrate these points:

- *“There aren’t many people with the required skills and education in this county, so location contributes to our hiring difficulties. There are some qualified people three counties away, but who knows if they are willing to relocate?”*
- *“Firms steal people from other firms, competing on wage.”*
- *“We’ve always offered good benefits here, but apparently people are more interested in the pay than in benefits. We might consider offering more money and less benefits.”*
- *“The job market for machinists is very competitive. There aren’t that many out there compared to demand so they can be choosy on where they want to work and the days/hours of work.”*
- *“It’s hard to get someone with that level of experience to work on a weekend.”*

When supply-side factors were cited as a problem, three main issues emerged: inadequate experience of applicants, inadequate training of applicants, and/or overall low number of applicants for Production openings. Below are some illustrative comments from respondents:

- *“Applicants had training, but no practical experience on our machines.”*
- *“There are trade schools (2-year program for machining) where the lowest level machinist comes from. In our area there aren’t enough qualified machinists because they are being pulled by other machine shops. So we recently started an apprenticeship program to recruit people with some sort of mechanical background and put them through 6-8 weeks of training. We’ll continue running those programs until we get enough people. There is really no end in sight.”*
- *“At the high school level, students are being pushed to go to a 4-year college program, losing sight of the need for vocational programs.”*



Photo by Cameron Bramham

²Location can be problematic either because rural areas are hard to commute to or because semi-urban areas have a high concentration of manufacturers that compete for the same candidate pool.

- “There are not enough applicants. Blue collar work — factory work — is not what people want. They don’t want to go to school to learn the trades.”

To summarize, employers labeled as skills mismatches the difficulties they encountered when trying to fit the specific experience requirements of a job with the experience profile of candidates. Unfortunately this match is hard to achieve even when supply of qualified labor is abundant. Additionally, the emphasis given to industry-specific experience is bad news for the long-term unemployed, especially if their previous job was in a shrinking industry. The lack of workforce attachment can seriously prevent candidates from demonstrating the relevance of their skills and cannot simply be compensated by holding the right educational credentials.

How serious a problem do skills gaps represent, and what are employers doing about it?

If the impact of skills gaps is severe, we would expect a high proportion of those skills-related, hard-to-fill vacancies to remain unfilled at the time the survey was conducted — typically two to five months after the position was posted. What we see, instead, is that 61 percent were successfully filled, suggesting that most skills mismatches were only a temporary challenge.

When asked which strategies they would use or are already using to respond to hiring difficulties, employers volunteered the following suggestions:

- **Make demand more attractive:** Offer wages or benefits that are more aligned with competitors; offer more flexible work hours and telecommuting options.
- **Enhance internal training:** Establish an apprenticeship program; find more effective ways of training internally such as longer orientations, mentorship programs, or on-the-job training so that a new hire without all of the desired qualifications can be brought up to speed.
- **Make qualification requirements less stringent:** Look at transferable skills rather than hyper-specialized skills; reduce the number of years of experience required.



- **Collaborate with high schools and technical colleges:** Establish student internship programs to build a pool of pre-qualified candidates.
- **Improve recruiting and retention strategies:** Recruit new grads from local colleges or advertise on alumni websites; use social media, such as LinkedIn, to attract workers who did not apply for the job; improve internal employee retention so that experienced workers are not lost to other firms.

Enhancing internal training and collaborating with education institutions were the most frequently mentioned strategies, because employers recognize their value. The benefit of partnering with local schools appears to be particularly critical in Greater Minnesota³.

In conclusion, skills gaps are often just the tip of the iceberg of a much broader and more intricate set of factors. There is a need for targeted interventions at various levels of the education system to allow early exposure to careers in skilled trades. Such exposure will increase student interest in technical vocational degrees. Equally important is the role employers can play to improve access for students and job seekers to work-based learning opportunities that develop the most needed skills.

by Alessia Leibert
Labor Market Information Office
Minnesota Department of Employment
and Economic Development

³One respondent who experienced hiring difficulties commented: “We think it might help to utilize some of our education partners and target schools to see if they have students that are interested in applying. Since part of the issue is our location (hard to get people to relocate or travel) it might help to target the schools in the area.”