

# February 2022 Employment Analysis

(Embargoed until 10 am Thursday, March 24, 2022)

## Overview

- The unemployment rate ticked down two-tenths of a point to 2.7% in February 2022 from 2.9% in January 2022, its lowest level since 1999. The decline over-the-month was entirely due to people moving from unemployment to employment. The labor force participation rate rose from 67.6% to 67.9%.
- Minnesota gained 5,200 jobs, up 0.2% in the last month on a seasonally adjusted basis following the addition of 4,800 jobs in January 2022. The private sector gained 5,100 jobs, up 0.2%. This continues a gaining streak for the fifth month.
  - January 2022 employment was revised downward. January saw growth of 4,800 jobs in total nonfarm (revised from 10,200) and 4,000 in the private sector (revised from 9,100).
  - Revisions were largest in Retail Trade, up 800 jobs more than originally estimated, Professional and Business Services down 1,900 jobs, and Educational and Health Services revised down 2,300 jobs, mostly in the Healthcare & Social Assistance sector. Leisure & Hospitality was revised down 800 jobs.
- The U.S. gained 678,000 jobs, up 0.5% from January to February 2022, with the private sector adding 654,000 jobs, also up 0.5% on a seasonally adjusted basis.
- Growth has been lumpy and uneven coming out of the pandemic recession. Over the last few months, it has stabilized a bit. Translating seasonally adjusted job change into a 3-month moving average series, Minnesota added 5,700 jobs, up 0.2% in Oct. 21-Dec. 21, 5,600 jobs, up 0.2% in Nov. 21-Jan. 22, and 4,200 jobs, up 0.1% in Dec. 21-Feb. 22. Nationally, all three periods have shown a 0.4% increase.
- Five supersectors gained jobs and four lost jobs on a seasonally adjusted basis in February.
  - Gains were in Manufacturing (up 900 jobs); Trade, Transportation & Utilities (up 3,100, driven by Retail Trade); Information (up 100); Education & Health Services (up 3,800, driven by Healthcare & Social Assistance); and Government (up 100).
  - Losses were in Construction (down 200 jobs); Financial Activities (down 1,500, driven by Finance and Insurance); Professional and Business Services (down 300); and Other Services (down 800).
  - Two supersectors saw no change over the month: Mining & Logging and Leisure & Hospitality.
- Minnesota lost 417,600 jobs from February through April 2020 and has since gained 296,600 jobs as of February 2022, or 71% of the jobs lost on a seasonally adjusted basis. The private sector has regained 75% of the jobs lost.

## Over the Year

- Minnesota gained 60,909 payroll jobs, up 2.2%, over the year. The private sector gained 58,049 jobs, up 2.5% over the year. For pre-pandemic comparison, these gains put total nonfarm employment 122,334 jobs short of February 2020 employment, and 97,469 jobs short in the private sector.
- Two supersectors posted negative annual growth, Financial Activities down 3,909 (2.0%) and Education & Health Services, down 3,500 jobs (0.6%).
  - The Financial Activities decline was driven by a 5.9% drop in Credit Intermediation and Related Activities, despite positive growth of 4% in Real Estate and Rental and Leasing.
  - The decline in Education & Health Services was driven by a 5.4% drop in Nursing and Residential Care Facilities and a 1.4% drop in Hospitals. Social Assistance grew by 2.2%. Educational Services grew by 2.4%, especially in Elementary and Secondary Schools (up 6%).
- All other supersectors saw positive over-the-year growth, especially Leisure and Hospitality up 35,851 jobs (18.5%); Other Services up 5,358 jobs (5.3%); and Construction up 4,906 (4.6%).
  - High growth rates were consistent in all sectors under Leisure and Hospitality, especially Accommodation (34.3%); Arts, Entertainment, and Recreation (27.8%); and Full-Service Restaurants (22.8%).
  - Other Services and Construction saw consistent growth rates in almost all sectors.
- U.S. employment grew 4.8% over the year with the private sector up 5.2% in February. All supersectors showed gains over the year.
- Five supersectors in Minnesota show strength over the year compared to the U.S.: Leisure & Hospitality, Construction, Other Services, Manufacturing, and Mining & Logging.
  - Leisure & Hospitality job gains in Minnesota continued to outpace those of the U.S. in all comparable industries.
  - In Construction, over the year gains in Minnesota outpaced U.S. gains in all comparable industries except Specialty Trade Contractors.
  - Other Services job gains in Minnesota outpaced those of the U.S. in Religious, Grantmaking, Civic and Professional Organizations.
  - In Manufacturing, Minnesota's growth rate outpaced that of the U.S. in Machinery Manufacturing, Transportation Equipment Manufacturing, and Miscellaneous Manufacturing (including Medical Equipment and Supplies).

February 2022 Over the Year (OTY) Employment Growth by Industry Sector Not Seasonally Adjusted			
	MN OTY Job Change	MN OTY Growth Rate (%)	US OTY Growth Rate (%)
Total	+60,909	+2.2%	+4.8%
Private	+58,049	+2.5%	+5.2%
Mining & Logging	+420	+7.1%	+0.3%
Construction	+4,906	+4.6%	+4.1%
Manufacturing	+10,370	+3.4%	+3.0%
Trade, Transport. & Utilities	+344	+3.1%	+5.0%
Information	+1,141	+2.7%	+8.9%
Financial Activities	-3,909	-2.0%	+1.4%
Prof. & Business Services	+5,600	+1.5%	+6.6%
Ed. & Health Services	-3,500	-0.6%	+3.2%
Leisure & Hospitality	+35,851	+18.5%	+12.7%
Other Services	+5,358	+5.3%	+2.0%
Government	+2,860	+0.7%	+2.8%

## Wage and Hour Data

- Average hourly wages for all private sector workers rose 17 cents to \$34.65 in February 2022 over the month. Over the year average hourly earnings rose \$2.31, up 7.1%, and since February 2020 (pre-pandemic) they are up 10%.
  - Nationally private sector wages fell 0.8% over the month, down 28 cents, but up 5.2% over the year and up 9.9% over two years.
  - The CPI inflation index for all urban consumers rose 7.9% over the year in February 2022 and 9.7% over 2 years.
- At 34.1 hours per week, February's average work week was the same as last month and down four-tenths over the year (from 34.5 hours per week). Over the year this was a 1.2% decline but over 2 years, hours increased 0.9%.
  - Nationally, hours declined one-tenth of an hour over the month but rose one-tenth of an hour over the year, up 0.3% over the year but was the same as it was over two years.

## Unemployment Data

- The unemployment rate again ticked down 0.2 of a percentage point to 2.7% in February 2022 from 2.9% last month, continuing a downward streak since May 2020.
- In the last month, the number of employed rose by 19,319 to 2,975,866, and the number of unemployed fell by 5,953 to 82,855. The employment to population ratio ticked up to 66.0%, the highest it's been since March 2020 when it was 67.8%.
- The labor force grew by 13,366 people over the month, with labor force participation growing to 67.9% (from 67.6% last month). The labor force is 106,054 workers smaller than in February 2020 when the participation rate was at 70.8%.
- Nationally, the unemployment rate fell two-tenths of a percentage point to 3.8% and the employment to population ratio rose two-tenth point to 59.9% over the month. The size of the labor force increased by 304,000, with the labor force participation rate ticking up 0.1% to 62.3%.
- Based on 12-month moving average **unemployment rates by race** in February 2022 are as follows (source: CPS Demecon, 12-month moving averages):

Month/Year	Total	White	Black	Hispanic
February-2022	3.5%	3.2%	6.5%	4.7%
January-2022	3.7%	3.4%	6.2%	5.2%
February-2021	6.2%	5.9%	9.2%	7.5%
<i>Over the month change</i>	-0.2%	-0.2%	0.3%	-0.5%
<i>Annual change</i>	-2.7%	-2.7%	-2.7%	-2.8%

*Note that these estimates differ from the official statewide estimate because they are calculated from 12 months of data rather than a single month.*

- The table below adds together the unemployment rate and change in the labor force participation rate. This represents the total share of Minnesotans in February 2022 who are either actively seeking work or who would have been expected to be working or looking for work if it wasn't for the impact of the pandemic. These **alternative unemployment rates** are calculated from 12-month moving average CPS Demecon data.

Month/Year	Total	White	Black	Hispanic
February-2022	5.3%	4.7%	8.1%	1.5%
January-2022	5.7%	5.0%	9.9%	2.3%
February-2021	7.3%	6.5%	16.2%	6.8%

## Industry Details

**Mining and Logging:** Seasonally adjusted employment growth in Mining and Logging was flat over the month (OTM) in February, holding at 6,700 jobs. The supersector has not posted negative monthly growth since August 2021. Over the year (OTY), Mining and Logging employers added 420 jobs (7.1%). This was an improvement over January's 5.0% OTY growth, and the highest OTY growth in the supersector since July 2021.

**Construction:** Construction employment was off by 200 (0.2%) OTM in February. It was the second consecutive month of declines for the supersector. Over the year, Construction employers added 4,906 jobs (4.6%). All three major component sectors added jobs, with Specialty Trade Contractors up 4.7% (3,198 jobs), Heavy and Civil Engineering up 4.5% (594 jobs) and Construction of Buildings up 4.4% (1,114 jobs).

**Manufacturing:** Employment in Manufacturing was up by 900 (0.3%) OTM in February. Non-Durable Goods Manufacturing drove the growth, up 700 jobs (0.6%) while Durable Goods added 200 jobs (0.1%). On an annual basis, Manufacturing employers added 10,370 jobs (3.4%). It was one of only two supersectors to add more than 10,000 jobs on the year (Leisure and Hospitality being the other). Durable Goods employment was up 5,562 (2.8%) and Non-Durable Goods employment was up 4,808 (4.4%) despite growth of just 1.9% (864 jobs) in its only published component sector, Food Manufacturing.

**Trade, Transportation, and Utilities:** Trade, Transportation, and Utilities employment was up 3,100 (0.6%) in February, its fourth consecutive month of seasonally adjusted growth. Retail Trade drove the growth, adding 3,000 jobs (1.1%). Transportation, Warehousing, and Utilities added 300 jobs (0.3%) while Wholesale Trade lost 200 (0.2%). Over the year, Trade, Transportation, and Utilities employment was up 1,812 jobs (0.4%), an improvement over January's OTY loss of 0.5%. Employment in Wholesale Trade was down 0.8% (1,045 jobs) and Retail Trade was off by 0.4% (1,225 jobs) but Transportation, Warehousing, and Utilities kept the supersector above water, adding 4,082 jobs, or 4%.

**Information:** Employment in Information was up by 100 jobs (0.2%) in February, after adding 600 jobs (1.4%) in January. Over the year, Information employers added 1,141 jobs (2.7%). That marked three consecutive months with growth of better than 2% for the supersector, which prior to 2021 had posted consistent OTY job losses since 2017. Despite the recent uptick, employment in Information remains on a long-term downward trend.

**Financial Activities:** Financial Activities employment was down 1,500 (0.8%) OTM in February. All of the losses came in Finance and Insurance (down 1%) as Real Estate and Rental and Leasing employment was flat. Over the year, the supersector lost 3,909 jobs (2%). It was one of only two supersectors to lose jobs on the year (with Education and Health Services). The decline was entirely in Finance and Insurance, which was off by 5,214 jobs (3.3%). Real Estate and Rental and Leasing employment was up by 4% (1,305 jobs).

**Professional and Business Services:** Employment in Professional and Business Services was down by 300 (0.1%) on a seasonally adjusted basis in February. Professional, Scientific and Technical Services lost 200 jobs (0.1) and Administrative and Support and Waste Management and Remediation Services lost 500 (0.4%), while Management of Companies added 400 jobs (0.5%). Over the year, the supersector added 5,600 jobs (1.5%), with all three component sectors posting positive growth. Professional, Scientific and Technical Services led the way, adding 3,467 jobs, or 2.2%.

**Education and Health Services:** Education and Health Services employers added 3,800 jobs (0.7%) on a seasonally adjusted basis. Educational Services added 1,000 jobs (1.4%) and Health Care and Social Assistance added 2,800 (0.6%). Over the year, the supersector lost 3,500 jobs (0.6%). Educational Services added 1,742 jobs (2.4%). Health Care and Social Assistance lost 5,242 jobs (1.1%) with Nursing and Residential Care Facilities driving the decline, losing 5,675 jobs, or 5.4%.

**Leisure and Hospitality:** Employment in Leisure and Hospitality was flat in February, holding at 245,300 jobs. It was the first month without seasonally adjusted growth in the supersector since September of last year, and only the second month since 2020. Over the year, employers in the supersector added 35,851 jobs, or 18.5%. It remained the largest real and proportional growth of any supersector in the state, though it was down from January's 26.5% growth.

**Other Services:** Other Services employment was down by 800 jobs (0.7%) in February. It was the first seasonally adjusted decline in employment for the supersector since September of 2021. Over the year, Other Services employment was up by 5.3%, or 5,358 jobs. It was the third-largest OTY job growth of any supersector in the state.

**Government:** Government employers added 100 jobs (0.0%) OTM in February. State and Federal employment was flat, while Local Government employers added 100 jobs (0.0%). Over the year, Government employers added 2,860 jobs (0.7%). The growth came entirely from Local Government employers, which added 4,528 jobs (1.7%), with most of that coming in Local Government Education. State employers shed 870 jobs (0.9%) and Federal employers lost 798 (2.5%).

<b>Metropolitan Statistical Area</b>	<b>OTY Employment Change (#, NSA)</b>	<b>OTY Employment Change (% , NSA)</b>
Minneapolis-St. Paul MN-WI MSA	+45,755	+2.4%
Duluth-Superior MN-WI MSA	+4,437	+3.5%
Rochester MSA	+4,031	+3.4%
St. Cloud MSA	+2,814	+2.7%
Mankato MSA	+855	+1.5%

## Outlook

- Compared to previous COVID-19 restrictions when we saw the labor force shrink over many months each time a variant emerged, Minnesota's labor force growth grew steadily month-to-month through the Omicron wave (except for a tiny decrease of 980 workers between Nov-Dec 2021). Labor force participation rate has grown or held steady since March 2021 (67.0%) to February 2022 (67.9%). While this is a good sign of economic recovery since the pandemic, the last time labor force participation rate was this low was in 1978.
- Likewise, employment numbers have grown month-to-month since February 2021, with employment-to-population ratio steadily increasing from 64.5% to 66.0%. Unemployment numbers and the unemployment rate have steadily gone down month-to-month since May 2020. The economy is clearly recovering from the pandemic.
- Year-to-year job growth has been positive since April 2021. February 2022 year-to-year job growth rate is 2.2%, continuing the 11-month growth streak.
- The number of long term unemployed – workers unemployed for 27 weeks or more - dropped for the sixth straight month in February 2022, to 30,800. This is still high by historical standards – the number was 11,100 in February 2020 prior to the pandemic.
- In Minnesota, the average hourly wage increase for all private sector workers, at 7.1% over the year, stayed below inflation at 7.9% in February 2022.
  - Over two years the comparison was 10.0% for private sector wages in MN compared to 9.7% inflation.
  - Nationally private sector wages rose 5.2% over the year and 9.9% over two years.
- High demand, low wage jobs are seeing greater average wage increases for the most part.
  - The average wage for production workers in Nursing & Residential Care Facilities, at \$21.53 in February 2022, rose 14.1% over the year and 12.5% over two years.
  - The average hourly wage for production workers in Retail Trade had shown a slight decline in late 2021 but is making a comeback so far this year. At \$18.85 in February 2022, the average wage grew 7.7% over the year and 14.6% over 2 years.
  - The average wage for production workers in Food Service and Drinking Places, at \$16.54 in February 2022, rose 9.8% over the year and 10.5% over two years, which is about the same for all private sector workers. This is a decline from its highest point in December 2021.

**Labor Market Information Office  
MN Department of Employment and Economic Development  
March 22, 2022**