

June 2022 Employment Analysis

Overview

- The unemployment rate ticked down two-tenths of a point to 1.8% in June 2022 from 2.0% in May 2022, another historic low for this data series, dating back to 1976, of which the lowest pre-pandemic unemployment rate was 2.5% in early 1999.
- The unemployment rate decline was entirely due to people moving from unemployment to employment. The labor force participation rate ticked up another tenth of a point to 68.5%.
- Black and Hispanic Minnesotans have higher labor force participation rates than white Minnesotans at 68.9% for Black workers, 79.7% for Hispanic workers and 68.4% for white workers in June. Black and Hispanic Minnesotans also have higher unemployment rates, at 7.4% and 3.1% respectively, than white workers, at 2.4% in June. (Numbers are based on 12-month moving average Demecon data from the Current Population Survey.) This indicates that employers may need to work harder to identify available workers and diversify their workforces.
- On a seasonally adjusted basis Minnesota gained 100 jobs in June, basically flat from May, following the addition of 7,500 jobs (revised upward) in May 2022 (7,600 in private sector). The private sector lost 400 jobs in June, also basically flat from last month.
 - May 2022 employment was revised upward by 900 and by 100.
 - Most of the revision came in Government, which was revised upward by 800 jobs, with 600 of those in Local Government.
- The U.S. gained 372,000 jobs in June, up 0.2% from May, with the private sector up 381,000 jobs, also up 0.3% on a seasonally adjusted basis.
- Growth has been lumpy and uneven coming out of the pandemic recession, but over the last few months, it has stabilized a bit. Translating seasonally adjusted job change into a 3-month moving average series, Minnesota added 12,663 jobs (0.4%) in Feb-April; 10,800 jobs (0.4%) in March-May; and 7,000 jobs (0.2%) in April-June. Nationally, Feb-April and March-May both showed 0.3% increases, and April-June showed a 0.2% increase.
- Here are noteworthy supersectors that gained or lost jobs on a seasonally adjusted basis in June:
 - Gains were in Other Services, up 1,700 jobs; Government, Educational & Health Services, and Information, each up 500 jobs; Leisure & Hospitality, up 400 jobs and Logging & Mining, up 100 jobs.
 - Losses were in Professional & Business Services, down 1,700 jobs; Trade, Transportation & Warehousing, down 1,300 jobs; and Manufacturing and Construction, each down 300 jobs. Financial Activities employment was flat.

- Minnesota lost 417,600 jobs from February through April 2020 and has since gained 336,900 jobs as of June 2022, or 81% of the jobs that were lost during the Pandemic Recession, on a seasonally adjusted basis. The private sector has regained 330,300 jobs, or 85% of the jobs lost during that period.

Over the Year

- Minnesota gained 91,421 payroll jobs, up 3.2%, over the year. The private sector gained 91,766 jobs, up 3.7% over the year.
- Nine of 11 supersectors posted positive over the year (OTY) employment growth, with Construction flat OTY. Mining & Logging, Manufacturing, Trade, Transportation & Utilities, Information, Professional & Business Services, Education & Health Services, Leisure & Hospitality and Other Services all posted OTY growth. Of those:
 - Information grew 4.2% with the addition of 1,767 jobs OTY in June. Published sectors are not adequately showing where this growth is happening within the industry.
 - Professional & Business Services grew 4.5% OTY (16,883 jobs). Sectors that led the growth were Professional, Scientific, and Technical Services, up 6.4% (10,107 jobs), and Administrative and Support & Waste Management Services, up 5.0% (6,492 jobs). Management of Companies gained 284 jobs OTY (0.3%).
 - Manufacturing posted 17,266 additional jobs (5.5%) OTY. All published sectors showed growth; Non-Durable Goods employment grew 6.2% (6,996 jobs) while Durable Goods grew 5.1% (10,270 jobs).
 - Other Services grew 6.2%, up 6,568 jobs OTY in June. All sectors showed increases.
 - Leisure & Hospitality continued to post the highest OTY growth of all the supersectors, up 11.8% with the addition of 28,530 jobs. Arts, Entertainment, & Recreation posted 23.0% growth (9,680 jobs). Accommodation and Food Services grew 9.5% (18,850 jobs). As this supersector recovers from the pandemic, we see slowing – though still very strong – OTY growth rates.
- Government posted a 0.1% decrease, down 345 jobs over the year.
 - Both Federal and State Government lost jobs, down 3.5% and 1.3% respectively OTY. However Local Government gained jobs, up 0.7% or 2,075 jobs, entirely in the non-education portion of the industry.
- U.S. employment grew 4.2% OTY with the private sector up 4.8% in June. All supersectors showed gains OTY.
- Overall, Minnesota's OTY growth is slower compared to the U.S. Three supersectors in Minnesota show strength over the year compared to the U.S.: Leisure & Hospitality, Other Services, and Manufacturing.

June 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	+91,421	+3.2%	+4.2%
Private	+91,766	+3.7%	+4.8%
Mining & Logging	+207	+3.1%	+10.5%
Construction	+59	0.0%	+4.0%
Manufacturing	+17,266	+5.5%	+4.2%
Trade, Transport. & Utilities	+5,028	+1.0%	+3.9%
Information	+1,767	+4.2%	+7.4%
Financial Activities	+1,656	+0.9%	+2.4%
Prof. & Business Services	+16,883	+4.5%	+5.5%
Ed. & Health Services	+13,802	+2.6%	+2.9%
Leisure & Hospitality	+28,530	+11.8%	+10.5%
Other Services	+6,568	+6.2%	+4.6%
Government	-345	-0.1%	+0.8%

Wage and Hour Data

- Average hourly wages for all private sector workers decreased 10 cents to \$34.21 in June 2022 over the month. Over the year average hourly earnings rose \$1.70, up 5.2%. Over two years, average hourly earnings increased \$3.01, or 9.6%.
 - Nationally private sector wages decreased 33 cents (-1.0%) over the month to \$31.82, up 5.1% OTY and up 9.3% over two years.
 - The CPI inflation index for all urban consumers rose 9.0% OTY in June 2022 and 14.8% over two years.
- At 34.0 hours per week, June's average work week was two-tenths of an hour shorter than last month and down seven-tenths OTY. Over the year, this was a 2.0% decline over one year and a 0.9% decrease over two years.
 - Nationally, the average work week decreased three-tenths of an hour to 34.5 hours per week, with an equivalent decrease OTY. On a percent basis, U.S. hours decreased 0.9% over one year and 0.3% over two years.

Unemployment Data

- The unemployment rate again ticked down 0.2 of a percentage point to 1.8% in June 2022 from 2.0% last month, continuing a downward streak since May 2020. This is another new lowest unemployment rate in the history of the data series, which began in 1976.

- The labor force grew by 5,432 people over the month, to 3,092,244 workers, with labor force participation ticking up another tenth of a point to 68.5%. The labor force is still 72,531 workers smaller than in February 2020 when the participation rate was at 70.8%.
- In the last month, the number of employed rose by 9,797 workers to 3,035,047, and the number of unemployed fell by 4,365 people to 57,197. The employment-to-population ratio ticked up two-tenths of a percentage point to 67.3%, the highest it has been since March 2020, when it was 67.8%.
- Nationally, the unemployment rate stayed the same at 3.6% (4th straight month) and the employment-to-population ratio dropped two-tenths of a point to 59.9% over the month. The size of the labor force shrank by 353,000 workers, with the labor force participation rate ticking down one-tenth of a point to 62.2%.
- Based on 12-month moving averages, Minnesota’s **unemployment rates by race** in June 2022 are as follows (source: CPS Demecon, 12-month moving averages):

Month/Year	Total	White	Black	Hispanic
June-2022	3.0%	2.4%	7.4%	3.1%
May-2022	3.1%	2.6%	6.9%	3.9%
June-2021	4.9%	4.9%	4.5%	6.6%
<i>Over the month percentage point change</i>	<i>-0.1</i>	<i>-0.2</i>	<i>+0.5</i>	<i>-0.8</i>
<i>Annual percentage point change</i>	<i>-1.9</i>	<i>-2.5</i>	<i>+2.9</i>	<i>-3.5</i>

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 the change in the labor force participation rate by race group. This represents the total share of Minnesotans in June 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. Taken together, these **alternative unemployment rates** are also calculated from 12-month moving average CPS Demecon data.

Month/Year	Total	White	Black	Hispanic
June-2022	4.6%	3.9%	9.8%	-0.3%
May-2022	4.7%	4.1%	8.3%	0.6%
June-2021	6.5%	5.9%	10.1%	4.9%

- The negative sign on the Hispanic alternative unemployment rate means that more Hispanic Minnesotans are in the labor force now than prior to the start of the pandemic and their unemployment rate has declined over the period. Hispanic workers in Minnesota have more than

fully reentered employment compared to prior to February 2020, with an employment-to-population ratio of 77.2% in June 2022, compared to 72.5% in February 2020.

- On the other hand, white Minnesotans have continued to see declines in their labor force participation rate over the period, although they have also seen decreases in their unemployment rates.
- Black Minnesotans, although currently at a higher labor force participation rate than white Minnesotans, have not fully returned to the labor market compared to pre-pandemic, and have lost ground in terms of unemployment, with a significantly higher unemployment rate now compared to February 2020 (4.5% in February 2020 compared to 7.4% in June 2022).

Industry Details

Mining and Logging: Employment in Mining and Logging was up by 100 (0.0%) over the month (OTM) in June, on a seasonally adjusted basis. This brought total employment back up to 6,700, the same level it was at in January of this year. Over the year (OTY) the supersector added 207 jobs (3.1%), roughly matching the total nonfarm employment growth of 3.2%.

Construction: Construction employment was down by 300 (0.2%) OTM in June, following seasonally adjusted growth of 4,400 jobs in May. Over the year, employment in Construction was mostly flat, adding 59 jobs (0.0%). Only one supersector performed worse on an annual basis (Government, down 0.1%), though the small positive annual growth was an improvement over April's OTY decline of 4.4%.

Manufacturing: Employment in Manufacturing was down by 300 (0.1%) OTM in June. The loss came entirely in Non-Durable Goods Manufacturing, which shed 300 jobs (0.3%) while employment in Durable Goods Manufacturing held steady at 208,500. Over the year, Manufacturing employers added 17,266 jobs, or 5.5%. It was the third-highest proportional growth of any supersector in the state, trailing only Leisure and Hospitality and Other Services, both of which are still recovering from steep pandemic-related losses. Durable Goods employers added 10,270 jobs (5.1%) while Non-Durable Goods employers added 6,996 (6.2%).

Trade, Transportation, and Utilities: Trade, Transportation, and Utilities employers lost 1,300 jobs (0.3%) OTM in June. The decline was entirely in Transportation, Warehousing, and Utilities, which shed 1,500 jobs (1.4%). Retail Trade added 200 jobs (0.1%) and Wholesale Trade employment was flat. On an annual basis, employment in Trade, Transportation, and Utilities was up 5,028, or 1%. Wholesale Trade employment was off by 303 (0.2%), but that loss was more than offset by gains of 2,121 (0.7%) and 3,210 (3.1%) in Retail Trade and Transportation, Warehousing, and Utilities, respectively.

Information: Employment in Information was up by 500 (1.2%) in June. So far the supersector has added 1,200 jobs on a seasonally adjusted basis in 2022, despite being in the midst of a long-term declining trend. Over the year, Information employers added 1,767 jobs (4.2%). That growth came

primarily in non-published component sectors, as Telecommunications lost 209 jobs (2.2%) and Publishing Industries (Except Internet) added 99 (0.6%).

Financial Activities: Financial Activities employment was flat in June, holding at 192,300. Both published component sectors, Finance and Insurance and Real Estate and Rental and Leasing, both posted zero growth as well. On an annual basis, the supersector added 1,656 jobs (0.9%). Real Estate and Rental and Leasing added 2,032 jobs (5.9%) while Finance and Insurance lost 376 jobs (0.2%).

Professional and Business Services: Professional and Business Services employers shed 1,700 jobs (0.4%) OTM in June. Most of that loss came in Administrative and Support and Waste Management and Remediation Services, which lost 2,500 jobs (1.9%). Management of Companies lost 100 jobs (0.1%) and Professional, Scientific, and Technical Services added 900 (0.5%). Over the year, the supersector added 16,883 jobs, or 4.5%. Professional, Scientific, and Technical Services added 10,107 jobs (6.4%), Management of Companies added 284 (0.3%) and Administrative and Support and Waste Management and Remediation Services added 6,492 (5%). The component Employment Services sector was up 5.2%, or 2,844 jobs.

Education and Health Services: Education and Health Services employment was up by 500 (0.1%) OTM in June. Educational Services added 600 jobs (0.8%) while Health Care and Social Assistance lost 100 (0.0%). Over the year, the supersector added 13,802 jobs, or 2.6%. Educational Services added 11,348 jobs (19.1%) while Health Care and Social Assistance added 2,454 (0.5%). OTY growth in Nursing and Residential Care Facilities, which has been struggling to fill vacancies, improved from -4.8% in May to -4.4% in June, their third consecutive month of annual improvement.

Leisure and Hospitality: Employment in Leisure and Hospitality was up by 400 (0.2%) in June on a seasonally adjusted basis. Arts, Entertainment, and Recreation added 2,500 jobs (6%) while Accommodation and Food Services lost 2,100 (1%), the second consecutive monthly decline in a sector that had not previously posted losses since December of 2020. On an annual basis, Leisure and Hospitality employers added 28,530 jobs, or 11.8%, which was the largest annual growth of any supersector in the state. Arts, Entertainment, and Recreation added 9,680 jobs (23%) while Accommodation and Food Services added 18,850 (9.5%).

Other Services: Other Services employment was up 1,700 (1.6%) OTM in June, the third consecutive month of growth for the supersector. Over the year, Other Services employment was up by 6.2% (6,568 jobs), the second-largest proportional growth of any supersector in the state (trailing only Leisure and Hospitality).

Government: Employment in Government was up by 500 (0.1%) OTM in June on a seasonally adjusted basis. The growth came entirely at the Local Government level, which was up 900 (0.3%). State employment was flat, and Federal employers lost 400 jobs (1.3%). Over the year, Government employers lost 345 jobs, or 0.1%. It was the only supersector in the state to post negative annual growth. Federal employers lost 1,156 jobs (3.5%) and State employers lost 1,264 (1.3%) while Local employers added 2,075 jobs (0.7%).

Regional Employment

Metropolitan Statistical Area	OTY Employment Change (#, NSA)	OTY Employment Change (% , NSA)
Minneapolis-St. Paul MN-WI MSA	+69,651	+3.6%
Duluth-Superior MN-WI MSA	+4,373	+3.4%
Rochester MSA	+3,589	+2.9%
St. Cloud MSA	+3,291	+3.1%
Mankato MSA	+2,206	+4.0%
Fargo-Moorhead ND-MN MSA (May)	+2,000	+1.4%
Grand Forks-East Grand Forks ND-MN MSA (May)	+1,600	+3.1%
La Crosse-Onalaska WI-MN (May)	+800	+1.0%

Outlook

- Minnesota’s labor force continues to grow while our unemployment rate continues to tick down to ever deeper record lows, and our employment-to-population ratio continues to gain ground since its record low of 61.6% in May 2020 (tied with March 1976). In contrast, the U.S. labor force has shrunk since March 2022, the unemployment rate has remained the same, and the employment-to-population ratio is below its level of March 2022.
- While Minnesota’s labor force measures are a good sign of economic recovery since the pandemic, the last time labor force participation was this low was in 1979. An historically low labor force participation rate combined with historically low unemployment signals a very tight labor market.
- On the flip side, measures of racial equity have begun to slip with the Black unemployment rate in Minnesota now well above its level prior to the pandemic. Black Minnesotans continue to enter the labor market but are experiencing unemployment at much higher rates than white or Hispanic workers and are seeing their employment to population ratio decline at a time when worker demand is very high.
- Compared with the U.S., Minnesota nonfarm employment is still down 2.7% from where we were in February 2020 and the U.S. is only down 0.6%. But looking at more recent months, since January 2022, Minnesota has grown 1.6% while the U.S. has grown 1.5%.
- Minnesota’s labor force is also growing faster than the U.S. in recent months. Since January 2022, Minnesota labor force has grown 1.5% while the U.S. labor force has grown only 0.2%. In Minnesota the growth has been entirely in the employed, bringing the unemployment rate down

from 2.9% to 1.8% and the employment to population ratio up from 65.6% to 67.3% over those 6 months. In contrast the U.S. unemployment rate has been stuck at 3.6% for the last 4 months (down from 4.0% in January), while the employment to population ratio has ticked up only 0.2% to 59.9% in June.

- One more sign of the tight labor market and how workers and employers are responding to it: The number of involuntary parttime workers continued to decline, down to a record low 30,400 in June on a 12-month moving average basis, compared with 33,600 in May and 35,100 in February 2020. This indicates that workers aren't settling for parttime jobs when they prefer full time jobs.
- Neither Minnesota (5.2% OTY) nor U.S. (5.1% OTY) wage growth is keeping pace with inflation (9.0% OTY). However, some sectors are seeing higher wage growth than others in Minnesota, with that picture shifting somewhat in recent months.
 - The average wage for production workers in Nursing & Residential Care Facilities, at \$21.54 in June, rose 12.2% over the year and 12.3% over two years.
 - The average wage for all workers in Construction, at \$38.30 in June rose 7.6% over the year and 14.4% over two years.
 - At \$24.64 in June, the average wage for production workers in Non-Durable Goods Manufacturing rose 7.4% over the year and 15.4% over two years.
 - The average wage for production workers in Food Service & Drinking Places rose 6.9% over the year and 23.4% over two years.

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