



Governor's Council on Economic Expansion: Meeting #2

Date: 09/20/2021
Minutes prepared by: Jenny Poole, Department of Human Services
Location: Virtual

Attendance

- Jeffrey Ettinger, Co-Chair, Hormel (formerly)
- Paul Williams, Co-Chair, Project for Pride in Living
- Scott Burns, Structural
- Joe Fowler, Minnesota Building and Construction Trades Council
- Jodi Hubler, Medical Alley Association
- Brenda Hilbrich, SEIU Healthcare Minnesota
- Neel Kashkari, Federal Reserve Bank of Minneapolis
- Kristen McHenry, Allina Health for Penny Wheeler
- Marcus Owens, African American leadership Forum; Linking Leaders
- Tuleah Palmer, Blandin Foundation
- Joo Hee Pomplun, Alliance for Metropolitan Stability
- Nonoko Sato, Minnesota Council on Nonprofits
- Traci Tapani, Wyoming Machine
- Bharti Wahi, Children's Defense Fund
- Steve Grove, Department of Employment and Economic Development
- Jodi Harpstead, Department of Human Services
- Roslyn Robertson, Department of Labor and Industry

Agenda

2:00 PM	Meeting convenes
2:00 PM – 2:35 PM	Insight talks on Minnesota's Economic Future: <ul style="list-style-type: none">• Cameron Macht, DEED Econ Analysis & Labor Market Information Office• Kweilin Ellingrud, McKinsey
2:35 PM – 3:20 PM	Panel: Pandemic's effect on Minnesota's Economy <ul style="list-style-type: none">• Marv Calvin, Mayor of Willmar• Renay Dossman, Neighborhood Development Center• Ruby Lee, CLUES
3:20 PM – 3:40 PM	Small group discussion
3:40 PM – 4:00 PM	Large group discussion
4:00 PM	Meeting adjourns

Next Meeting

Date: 09/27/2021

Time: 2:00 PM – 4:00 PM

Location: Virtual

Meeting Notes

Meeting convenes

- Commissioner Jodi Harpstead started the meeting with the announcement that this meeting is fully virtual because an in-person meeting is not practical or prudent because of the health pandemic, pursuant with [Minnesota Statutes, section 13D.021](#).
- Scott Burns, who was unable to attend the first meeting, shared his key priority with the Council.
 - Key priority: create interventions such as courses and training that move people into better jobs that provide them with more stability, wealth, and income.

Presentation by Cameron Macht, Department of Employment and Economic Development (DEED): Impacts of COVID-19 on Minnesota's Labor Market

Job loss and recovery rates

- During the COVID-19 pandemic, the loss of jobs outpaced loss during previous recessions, though most layoffs during this crisis were temporary. The recovery of jobs is likewise progressing more quickly than seen in previous recessions.
- Minnesota job recovery is behind the average across the United States, due to a second dip in the economy that was not seen across the rest of the country.

Unemployment and labor force participation

- Unemployment is not equal across the state, with several areas in Minnesota seeing unemployment rates that are the highest on record, going back to 1976. Unemployment is lowest in the southwest counties and highest in the northeast part of the state.
- The labor force participation rate is lower than before the pandemic. Some suspected causes of this include the fear of contracting the virus, issues with child care, skills mismatch between open jobs and people seeking work, transportation issues, an uptick in retirement, and the need for full-time parenting at home because of school being virtual.

Disparate economic impacts

- Usually when jobs are cut, they are in male-dominated industries. This time, jobs typically held by women, Black, Indigenous, People of Color (BIPOC) individuals, or people with lower education levels saw the greatest losses. These include jobs in the hospitality, health care, and social services industries.

- Black worker participation in the labor force decreased the fastest of any racial group, while Hispanic worker participation actually increased during the pandemic. Jobs in agriculture and construction were added, which have high employment rates of Hispanic workers.
- Use of unemployment insurance was also disparate. On average, Black participants stayed on unemployment insurance the longest, followed by individuals with mixed race, then American Indian participants. Likewise, people who were older, were less educated, had a disability, or identify as female tended to be on unemployment insurance longer than individuals who did not fall into those categories.

Labor force availability

- There are many vacancies in the health care sector because people are not switching fields, which is unexpected.
- Labor force growth has been slowing over the past few decades, with an average of 41,000 new workers per year in the 1990s; 15,500 new workers per year in the 2010s; and an expected 7,500 new workers per year in the next decade.
- Right now, employers are struggling to hire because of the tight labor market, so it is more important than ever to align job seekers with the jobs available.

Presentation by Kweilin Ellingrud, McKinsey & Company: The future of work in the U.S. and Minnesota

Changes to working trends

- Three major changes in working trends were seen during the COVID-19 pandemic:
 - The physical location of work changed – more people worked from home, conducting virtual meetings, and business travel decreased.
 - Ecommerce and virtual transactions penetrated the market to a greater extent than before.
 - Automation and the use of artificial intelligence increased.
- Analysis of the efficacy of automating jobs was based on what percent of the job could be automated, and whether the current salaries paid to people doing those jobs warranted developing automated methods to complete them. In general, automation created a decline in lower-paying service jobs, but also created growth in health; science, technology, engineering, and math (STEM); and transportation jobs.
- A change in the nature of skills needed across the job market saw a decreased need for physical and manual labor, as well as lower and higher cognitive capacity. There was also an increased need for social and emotional skills, such as interpreting emotions and having empathy, and for technical skills based on problem solving capabilities.

Recovery rates

- Net job growth in the Minneapolis-St. Paul metropolitan area is expected to be faster than the United States average, but Minnesota as a whole is likely to be slower.

- There has been higher job displacement requiring workers to change the specifics of the jobs they have within the same occupational category, or change occupations completely. In Minnesota, there will be about 300,000 transitions needed from declining occupations, but only 47,000 transitions to growing occupations. A clear career path from shrinking to growing occupations is needed, as are investments in reskilling and upskilling.
- Prior to COVID, women were much more likely to be in an entry level position than in higher positions. Women of color filled 18% of the entry level positions, and only 3% of c-suite positions. The pandemic has further exacerbated job discrepancies, with an expectation that it will take women an extra 18 months to get to pre-COVID levels of inequality.
- People with an education less than a college degree, or salary under \$25,000 will take two to three years longer to get back to pre-COVID levels of employment.

Requests for more information from the Council

- Further disaggregation of workplace racial information with Asian-Americans separated from general BIPOC category.
 - McKinsey does not have this, but is launching a detailed race-in-the-workplace analysis, so would hopefully have this information in the future.
 - DEED does not break out Asian and Pacific Islander in its reports because that population is so small in Minnesota, so they use Census data to make estimates, but this leaves a time lag.
- Immigration status in the workforce
 - McKinsey uses employer-reported workforce composition by gender and race as their source of data and that does not include immigration status.
 - DEED relies on the Census to estimate the immigrant population in Minnesota.
- Longitudinal view on workforce changes

Panel: Pandemic's effect on Minnesota's economy

Marv Calvin, Mayor of Willmar

- Willmar has job availability, so the main crisis there is around housing. They are expanding housing developments more rapidly than planned. Additionally, there is a Renaissance Zone, where a 56-unit workforce low-income housing development is being built. Developers are being offered incentives such as no-cost building permits to help decrease economic disparities.
- Child care availability is also limiting citizens' ability to work, so more centers are being opened.
- To fill the large number of jobs open, there needs to be immigration reform to bring refugees and other immigrants to the workforce in Willmar. There are already Hispanic, East African, and Karen communities there, and they need to be supported.

Renay Dossman, Neighborhood Development Center (NDC)

- Renay Dossman started with the statement, "I can't come here and lie, it's been tough." The pandemic has been hard on entrepreneurs, in particular, those of color. In general, entrepreneurs want greater access and opportunities.

- Key training needs for entrepreneurs are topics such as how to start-up a business, accounting techniques, and using technology. The majority of people partaking in the NDC's training are Black; they train more women than men; and 90% of those they work with are low income. Knowing that capital is essential to getting a business going, they also provide loans not based on credit score, but instead on character and commitment to the community.
- In order to address the crisis caused by the pandemic, the community and state came together in a way that had not been done before, getting all the players in the room so they could respond rapidly. Sometimes acting swiftly leaves people out; entrepreneurs are not always able to move quickly.
 - Now is a time to think innovatively about how to continue working together, and remove roadblocks to excelling and exceeding, and to creating generational wealth.
 - Innovation and design thinking can help develop processes and projects that will help entrepreneurs succeed. These should be tested and perfected prior to rolling them out.
- Capacity-building for non-profits needs to happen. There is a strong trend of entrepreneurs wanting to own their properties, not rent them, but that will require more funding. Large companies, such as Optum and Target, have offered skills-based volunteerism to help move organizations forward.
- *Renay provided follow-up via email after the Council meeting.* She noted that continuing to approach needs for success, particularly for black women, the same as they have been so far, will not support this population to getting to the needed endpoint. The Council needs to remember that they need to solve for systemic racism, and keep in mind that crime is disrupting the ability for entrepreneurs to reach customers. When proposing and designing programs, nonprofits will need support to implement them, including funds, capacity building, and professional development.

Ruby Lee, Comunidades Latinas Unidas en Servicio (CLUES)

- The Latino community is the youngest and fastest growing population in Minnesota, with around half under 20 years of age. They are the workers of tomorrow, and Minnesota needs to invest in those young people.
- Economic inequities were exacerbated by the COVID-19 pandemic. Services such as physical health, mental health, and chemical health support saw an increased demand during the pandemic, especially from bilingual and bicultural individuals, but remained extremely underfunded. CLUES foresees a large number of housing foreclosures in the Latino community after government protections are lifted. There needs to be better state infrastructure for BIPOC communities. If people owned their property, they would be more invested in staying and working here.
- People who had been steadily employed, and never before used social support services, lost their jobs. These loyal workers were faced with no food, no cash, and no ability to pay their mortgage. State movements were able to support them, but these supports will not continue.
- BIPOC leaders are working to make the voices of their communities heard, to right the wrongs against them, and to invest directly into underserved communities. There have been many businesses coming to CLUES saying that there are openings in their companies, but that there are not qualified job seekers. Investment in reskilling and retooling through opportunities such as paid internships, directed career pathways, and on-the-job training will help to retain the available workforce in Minnesota, instead of using the scarcity of employees at the national level as a stepping stone to moving somewhere with better weather. The Latino population in Minnesota is expected to grow, and there needs to be

intentional inclusion of their voices in initiatives such as this Council, and large, intentional investment in training and upskilling.

- Research with the Latino population disaggregated from other groups needs to happen. There are approximately half a million Latinos across Minnesota, which is more people than can be found in any Minnesota city; this is not too small of a group to be able to develop disaggregated data.

Questions and comments from the Council

- With disparities across the different industries, how can those be addressed if there is no job growth? Trade professions, in particular, do not always have a high education requirement, with some jobs not even requiring a high school or General Education Development (GED) diploma. Access to capital is also disparate across industries; for instance, getting a backhoe to start up a construction company has vastly different requirements and lending needs than getting a computer to start a tech company. Reform around bonding requirements is needed, particularly in regards to the trades.
- If you were to think forward 10 years from now for the population served by your organization, what one key investment would ensure success down the road?
 - Renay Dossman replied that access to capital that does not have crippling high interest rates and investment in training will be key. Training in softer skills like hiring and firing, and grants to invest in entrepreneurs to get them on the road to wealth-building are some places to start.
 - Marv Calvin feels that safe and affordable housing is important. This has been traditionally looked at as home ownership, but workforce housing can also fill this need. That housing needs to be built with living wages, not minimum wages; the people who are doing the construction on affordable housing should also be able to afford to live there.
 - Ruby Lee identified investment in asset-building for economic mobility as the most important need. There needs to be housing, capital, and employment education to retain local talent. If people are not engaged in Minnesota, they will leave, and if the workers leave, so will large companies. Investment will create stability for them to be able, and want, to stay here.

Small group discussions of initial reactions to the day's presentations

Funding recommendations overview

- The money available for this Council to discuss is one-time funding, so the Council needs to recommend short-term opportunities and supports that will create large, lasting impacts on the success of the economy and Minnesotans.
- This Council needs to make sure that any recommendations include and consider the complexities posed by an inequitable and non-inclusive economy.

Essential supports for success

- People need career opportunities where a single job provides a sustainable income, as well as have critical supports needed for success. Key supports include child care, mental health and substance abuse services, and housing.

- Access to quality child care is inconsistent because the jobs have low pay, but the cost for parents is high. Currently, access to pre-K programs is disparately available to people with higher income, so making pre-K part of the normal school system may be a good way to address that inequity.
- Helping entrepreneurs get necessary skills and access affordable capital will be the first step to reclaiming the ground that was lost. Developing special lending opportunities could help people become and succeed as entrepreneurs.
- Talent-development, housing, training, and asset-building are all ways to position people for economic success, and thus retain workforces and businesses in Minnesota.

Workforce participation

- Entry-level work is much more accessible to women and people of color than mid-income and higher income positions. There needs to be a way to help them get into higher level jobs, specifically through better systems and connections to education.
- Many health care positions are unfilled, and only about 60% of women in Minnesota are participating in the workforce. When targeting communities to train in health care, it will be important to be conscious about not perpetuating health disparities.
- There needs to be a concerted effort to get young people and BIPOC individuals into the workforce. High school education could be used to prepare people for careers.
- Immigrant communities are bringing skills with them as they enter Minnesota's workforce, and creating opportunities to utilize and build upon those skills will take advantage of existing workforce strengths.

Improving opportunities

- There needs to be a way to target those who need the most help, and to create a path to move people from lower paying jobs to higher paying jobs, through pathways that move them continuously upward instead of having to start and restart.
- To bridge the gap between vacancies and job seekers, the employer mindset needs to shift from how to find the talent they need, to thinking about how to develop and train employees to create that talent.
- Local and customized solutions for filling the gap between vacancies and talent should be created. Employers partnering with local community colleges could develop tailored programs.
- The pandemic's impact on the economy was not evenly distributed between rural and urban areas, nor across the different industries or communities. The ability for organizations to access funding and help people succeed as the economy expands is not equal. Larger organizations have more visibility and proximity to power, but smaller organizations may be better situated to provide more direct services and address specific needs in the community.
- Creating safety nets for employers and job seekers to minimize the risk in investment, skill-building, and education can encourage people to switch jobs and enter new industries where there are open jobs.
- There need to be incentives for new industries to start in different locations. To pinpoint deliberate targets, the state of the economy needs to be looked at as a whole.

More information is needed

- It would be good to see specific populations as distinct groups in data, even if they are small. The people who make up these smaller populations, such as Native Americans and Latinos, are the most disproportionately impacted.
- DEED's data is old data, and those trends are already captured. More real-time data would help set the course to success.
- Detailed data on the decline in the hospitality industry would be good.
- It would be helpful to learn whether the business model followed by Minnesota State Colleges and Universities (MNSCU) for spending their legislative appropriation includes customized training and education to help build career ladders.

Resources identified by Council members

- Economic impact reports by the Minnesota Council of Nonprofits (MCN):
<https://www.minnesotanonprofits.org/docs/default-source/coronavirus/2021-mn-nonprofit-economy-report---may-2021---final.pdf>
- Economic research report by the Coalition of Asian American Leaders (CAALMN):
<https://caalmn.org/community/economics/economics-report-2021/>
- Alliance model for equitable housing: <http://thealliancetc.org/wp-content/uploads/2021/02/GLC-Equitable-Housing.pdf>
- The Mind at Work: Valuing the Intelligence of the American Worker by Mike Rose



Impacts of COVID-19 on Minnesota's Labor Market

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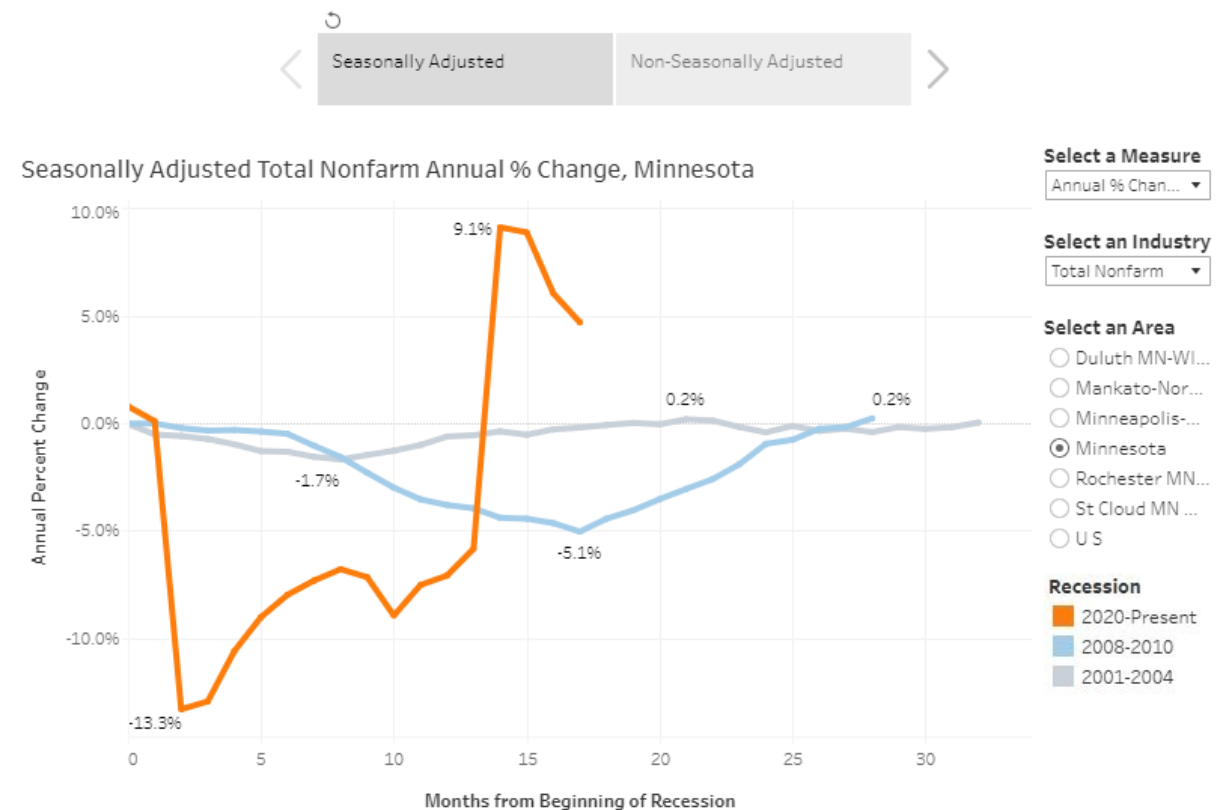
<https://mn.gov/deed/data/regional-lmi/>

Current Employment Statistics

- This was a recession unlike any other recession

- This is now a recovery unlike any other recovery...

Comparing Recessions - Current Employment Statistics



Data seasonally adjusted. Source: DEED Current Employment Statistics.

- <https://mn.gov/deed/data/current-econ-highlights/compare-recessions.jsp>

Current Employment Statistics

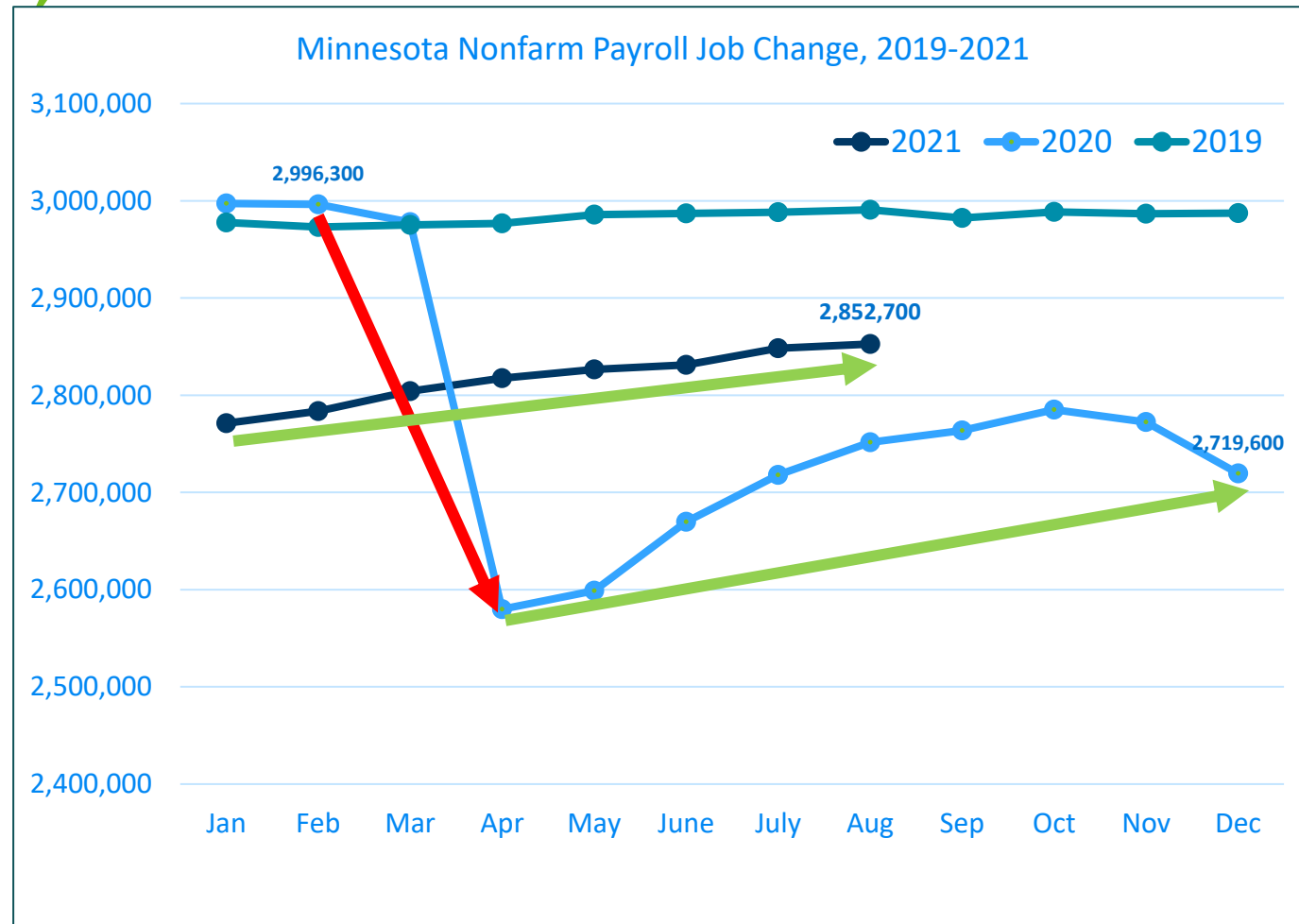
- Minnesota lost **-416,300 jobs** from Feb. 2020 to April 2020

- Minnesota has since regained **+272,700**

- jobs** from Apr. 2020 to Aug. 2021

- 65.5% of jobs lost have been regained
- At 95.2% of Feb. 2020 employment peak

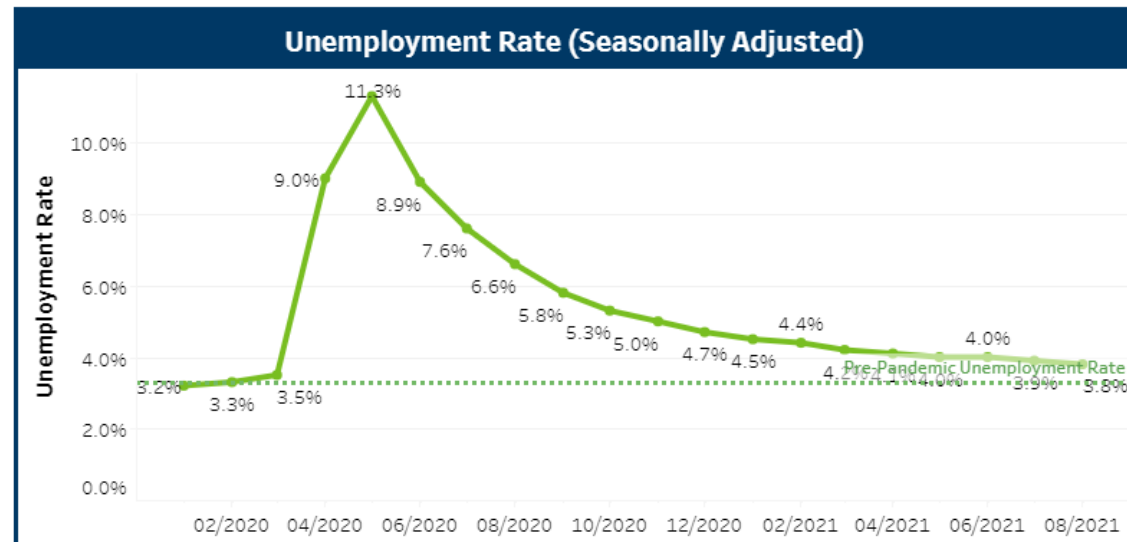
- Impacts were not even across regions, industries, occupations, or demographics



Local Area Unemployment Statistics

- The state's unemployment rate was back to **3.8%** in August 2021
 - Peaked at 11.3% in May 2020 (highest on record – back to 1976)
- Back to **114,964 unemployed workers** in Aug. 2021
 - Down from a peak of 348,262 workers in May 2020
 - Up from 97,398 unemp. workers in Aug. 2019 (3.1%)

Tracking Our Economic Recovery: Labor Market Information Key Results	
	August 2021
Unemployment Rate	3.8%
Unemployment Rate compared to last month	-0.1%
Unemployment Rate compared to pre-pandemic	+0.5%



Data Seasonally Adjusted. For more information see (<https://apps.deed.state.mn.us/lmi/laus/detail.aspx?geog=2701000000&adjust=1&graph=1>)

Local Area Unemployment Statistics

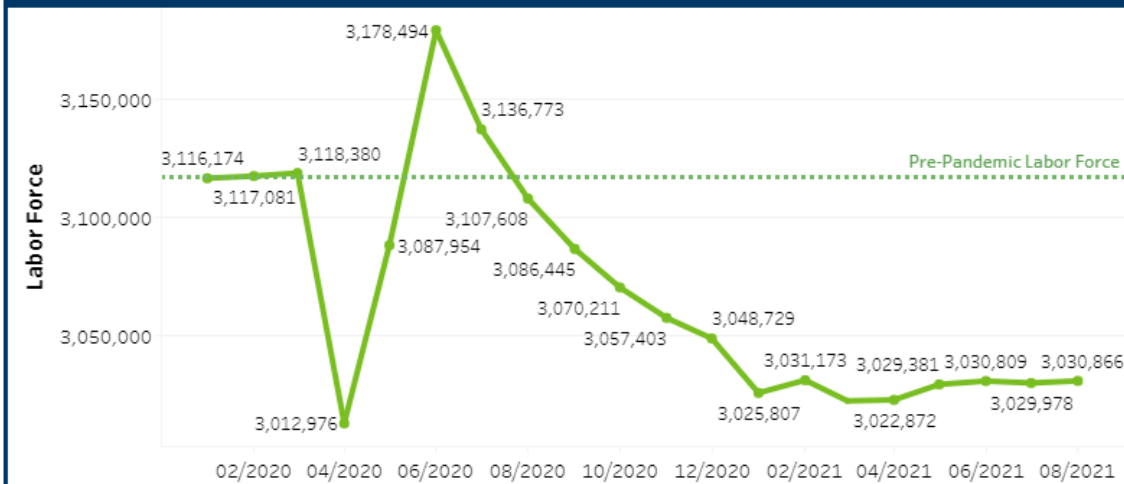
- Back up to **3,030,866 available workers** in Aug. 2021
 - Down from a peak of 3,178,494 workers in June 2020
 - Down **-86,215 workers** from Feb. 2020

Tracking Our Economic Recovery: Labor Market Information Key Results

August 2021

Labor Force (available workers)	3,030,866
Workers compared to last month	+888
Workers compared to pre-pandemic	-86,215

Labor Force (Available Workers)



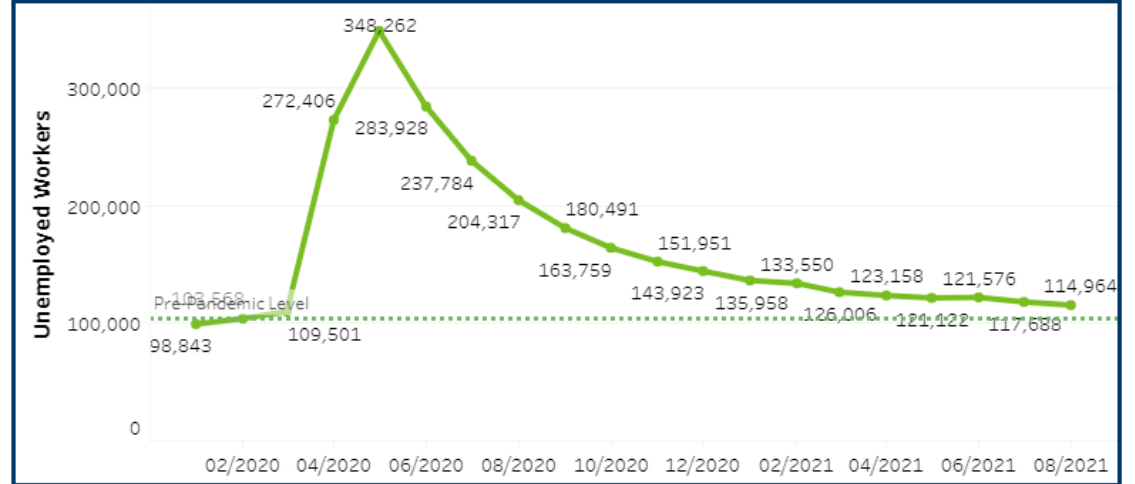
For more information: Local Area Unemployment Statistics (<https://apps.deed.state.mn.us/lmi/laus/detail.aspx?geog=2701000000&adjust=1&graph=1>)

Tracking Our Economic Recovery: Labor Market Information Key Results

August 2021

Unemployed Workers	114,964
Unemployed workers compared to last month	-2,724
Unemployed workers compared to pre-pandemic	+5,463

Unemployed Workers (Seasonally Adjusted)



Data Seasonally Adjusted. For more information see (<https://apps.deed.state.mn.us/lmi/laus/detail.aspx?geog=2701000000&adjust=1&graph=1>)

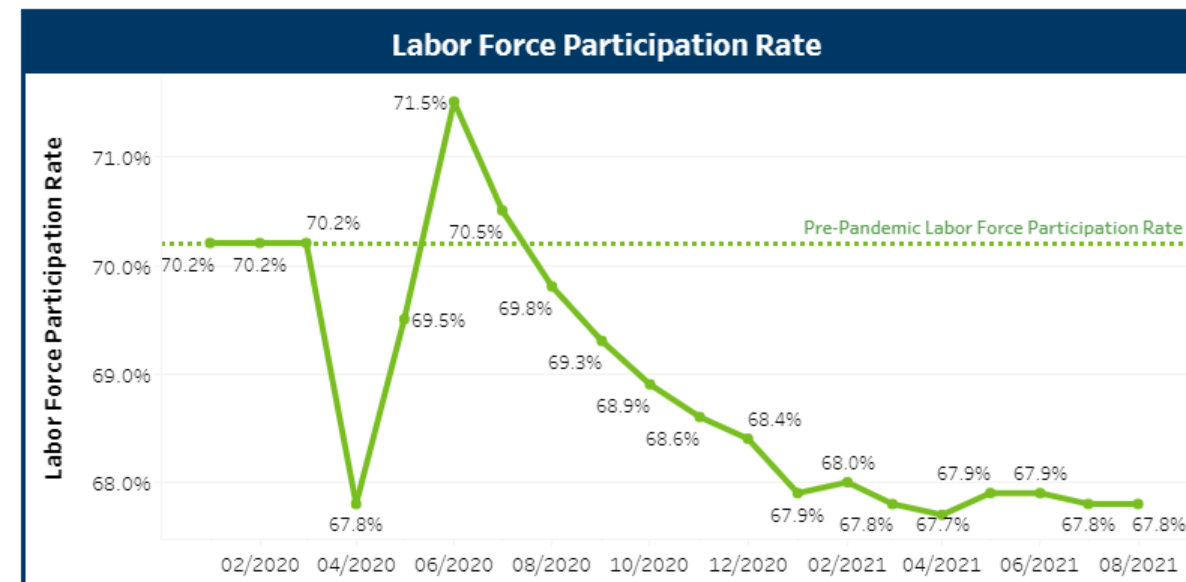
Local Area Unemployment Statistics

- Minnesota's labor force participation rate has fallen from 70.2% to 67.8%
- Contrary to past recessions, UI Claims jumped higher for women in the initial months
 - Female labor force participation rate is down to 64.2% (from 66.2%)
 - Male labor force participation rate is down to 71.9% from 73.9%
- BIPOC workers saw an early and sustained amount of UI claims
 - Black LFPR has dropped to 66.5% (from 71.3%)
 - As low as 64.3% in Feb. 2021
 - Hispanic LFPR increased to 77.1% (from 76.3%)
 - White LFPR dropped to 68.4% (from 69.9%)

Tracking Our Economic Recovery: Labor Market Information Key Results

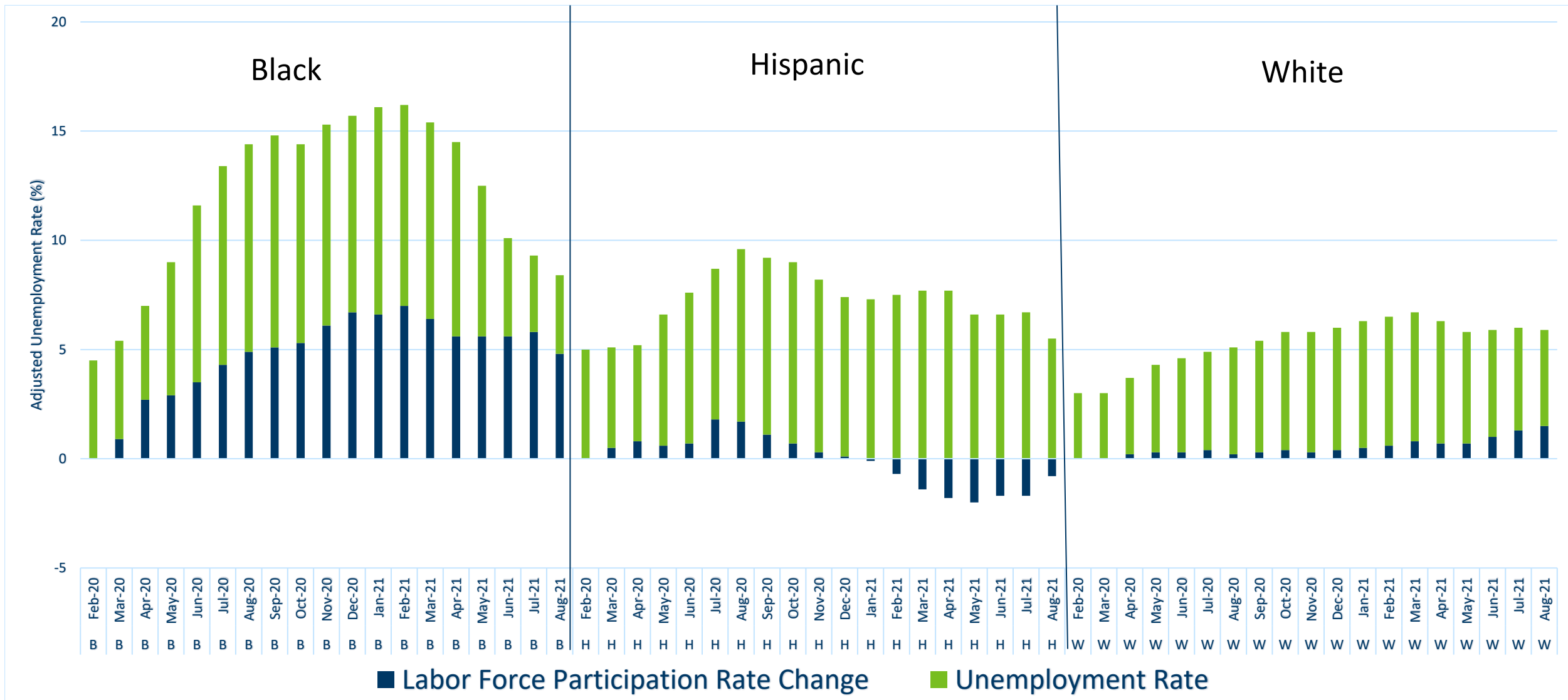
August 2021

Labor Force Participation Rate	67.8%
LFPR compared to last month	0.0%
LFPR compared to pre-pandemic	-2.4%



Adjusted Unemployment Rate, Minnesota

Change in Labor Force Participation Rate Compared to Feb 2020 + Unemployment Rate



Unemployment Statistics

- The average UI duration was **19.7 weeks**
 - Slightly longer for females
 - Much longer for Blacks (27.4 weeks), Mixed Race (23.7 weeks), American Indian (23.3 weeks)
 - Much longer for the oldest workers (24.7 weeks)
 - Much shorter for workers with more education – Advanced degree (12.5 weeks)
 - Much longer for workers with a disability (24.5 weeks)
 - Much longer in the Twin Cities (21 weeks)
- Higher concentrations and longer durations in:
 - Accommodation & Food Services
 - Temp Help
 - Arts & Entertainment
 - Other Services
 - Administrative Services

Demographics | Job and firm characteristics | Wage and work status | Top 65 occupations by UI spell

Factor	Description	% Tot claimants	% Lab force	Avg UI weeks	% Continued filing after March 5 2021
Total	Total claimants since Mar 2020	100.0%	100.0%	19.7	25.2%
Gender	Female	51.5%	48.0%	19.9	22.7%
	Male	48.5%	52.0%	19.6	27.9%
Race	American Indian	1.3%	0.8%	23.3	31.1%
	Asian	5.7%	5.1%	19.0	22.3%
	Black	10.5%	5.9%	27.4	45.0%
	Hispanic/Latino	5.5%	5.2%	20.8	28.0%
	Mixed race	2.5%	2.4%	23.7	32.6%
	White	74.5%	80.7%	18.4	22.0%
Age	18-19	2.5%	n/a	15.5	16.8%
	20-24	13.1%	9.4%	19.1	22.1%
	25-34	25.8%	21.8%	20.0	25.6%
	35-44	20.6%	21.0%	19.7	26.1%
	45-54	16.6%	19.2%	18.9	24.2%
	55-64	16.0%	17.9%	19.6	25.5%
Education	65 and above	5.3%	5.7%	24.7	34.3%
	Less than high school	5.8%	4.6%	22.5	36.1%
	High school or equivalent	31.9%	19.9%	21.6	32.0%
	Some college or Assoc. deg.	39.6%	33.3%	19.4	23.4%
	Bachelor's	17.9%	n/a	17.4	16.9%
Disability	Master's	3.7%	n/a	16.0	15.2%
	Above Master's	1.1%	n/a	12.5	9.7%
	With a disability	3.6%	5.6%	24.5	33.5%
Residence	Without a disability	96.4%	94.4%	19.4	24.6%
	Twin Cities Metro	59.1%	55.6%	21.0	26.3%
	Central	12.5%	12.8%	17.9	24.3%
	Northeast	5.8%	5.3%	19.5	24.5%
	Northwest	8.4%	9.8%	17.8	25.0%
	Southeast	8.4%	9.3%	16.7	21.1%
	Southwest	5.6%	7.2%	17.4	23.3%

Source: Minnesota PROMIS file. These numbers exclude individuals who filed an initial claim not followed by a continued claim or who filed only under the Pandemic Unemployment Assistance (self-employed) program. Individuals with invalid date of birth were also excluded.

For information about this tool contact alessia.leibert@state.mn.us

Industry Employment Statistics

- **Certain industries were hit much harder**

- **Leisure & Hospitality, Other Services**
 - Lost -140,478 jobs
- **Educational Services**
- **Information**
- **Admin. Support & Waste Mgmt. Services**
- **Real Estate, Rental & Leasing**
- **Health Care & Social Assistance**
 - Contrary to prior recessions

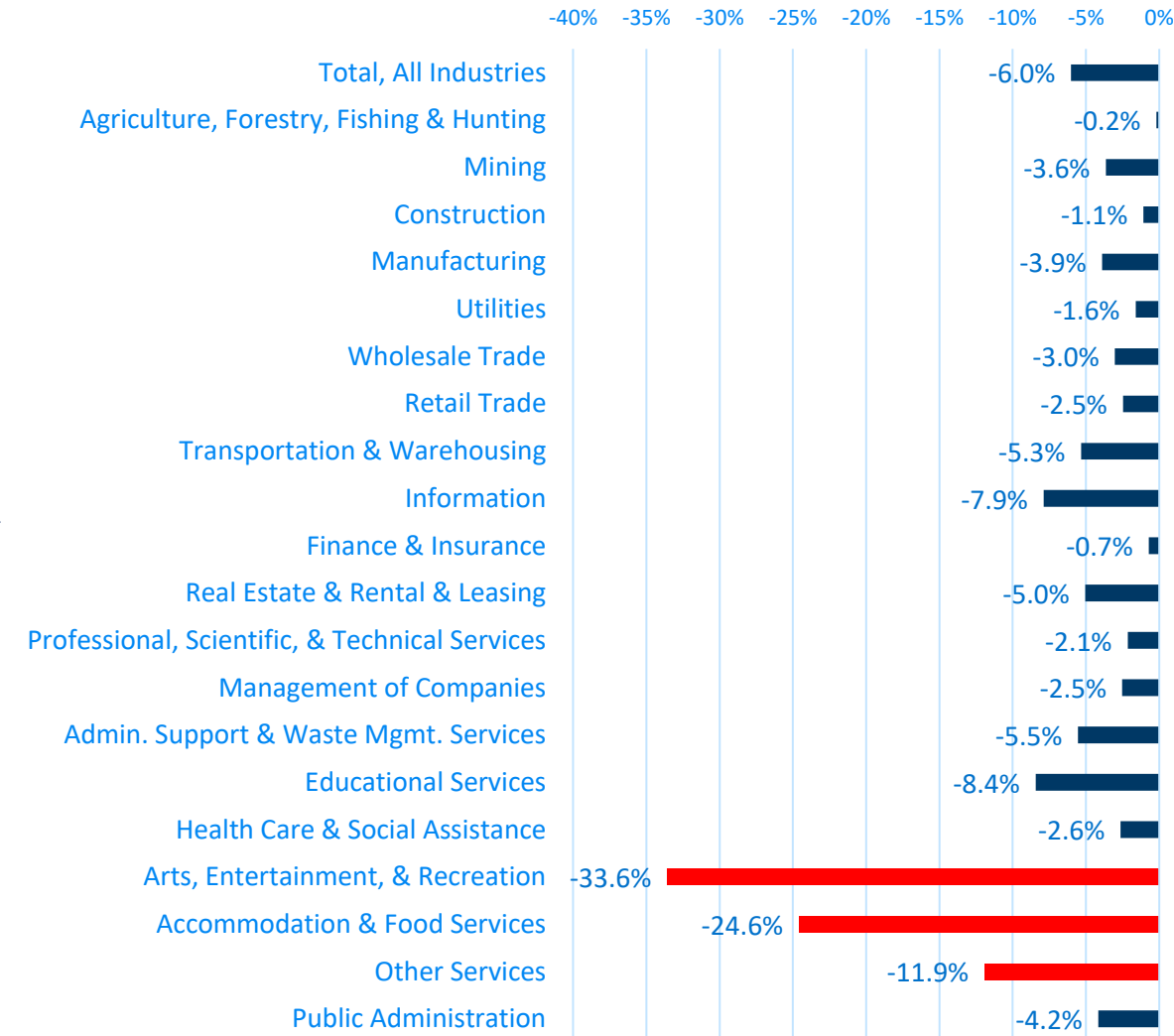
- **Those industries have started to bounce back**

- **Leisure & Hospitality, Other Services**
 - Regained +58,407 jobs (77.3% of pre-pandemic)
- **Health Care & Social Assistance**
 - 97.4% of pre-pandemic job level

- **These industries did better overall:**

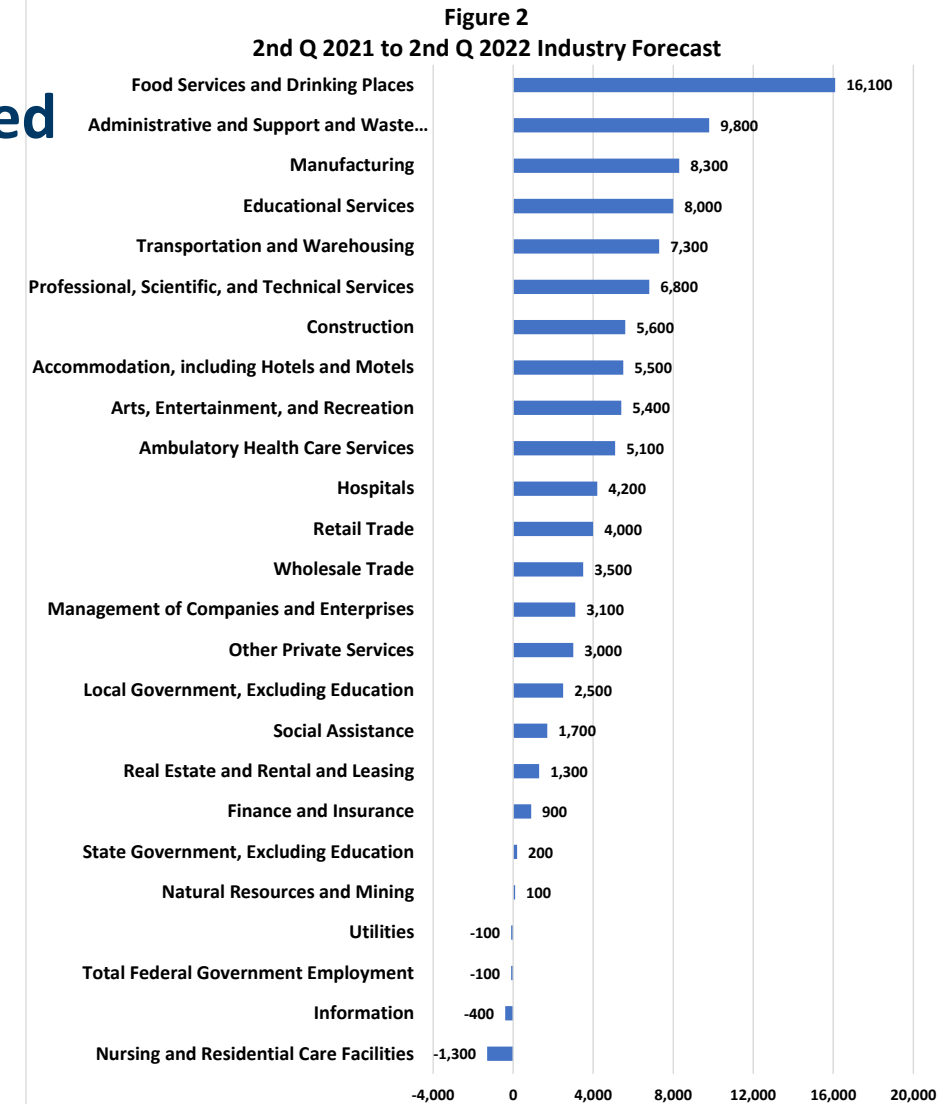
- **Retail Trade**
- **Finance & Insurance**
- **Agriculture, Forestry, Fishing & Hunting**

Minnesota Industry Employment Statistics, Q1 2020-Q1 2021



Minnesota short-term employment projections

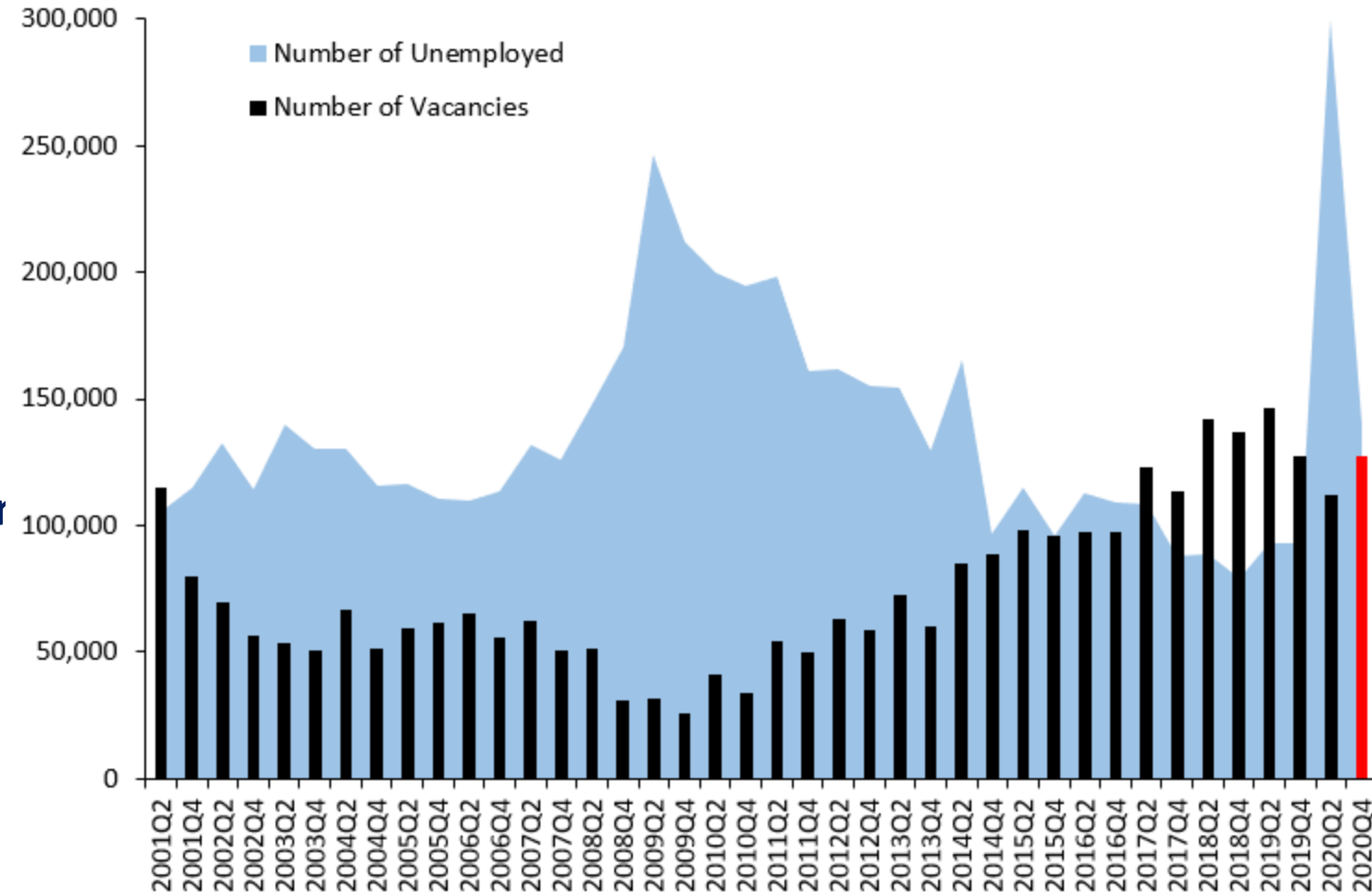
- Minnesota's short-term jobs forecast from Qtr. 2 2021 to Qtr. 2 2022 expects just over 100,000 jobs to be added
 - +3.5%; or roughly 8,400 jobs per month
- By June 2022, employment should be only 65,000 jobs below the January 2020 level, meaning that roughly 85% of jobs lost during the pandemic recession will have been recovered
- Of course, not all industries are expected to recover fully, but job growth in other industries beyond pre-pandemic levels will eventually push Minnesota's employment base past its January 2020 peak by late 2022 or early 2023



Job Vacancy Survey

- **Back to a 1.1-to-1 jobseeker per vacancy ratio**
- **Big increases in hiring demand**
 - Health Care & Social Assistance
 - Wholesale Trade
 - Professional & Technical Services
 - Manufacturing
 - Retail Trade
- **Big declines in hiring demand for:**
 - Accommodation & Food Services
 - Admin. Support & Waste Management
 - Construction
 - Transportation & Warehousing
 - Public Administration
 - Information
 - Other Services
 - Educational Services

Figure 1. Minnesota Job Vacancies and Unemployed, Second Quarter 2001 to Fourth Quarter 2020



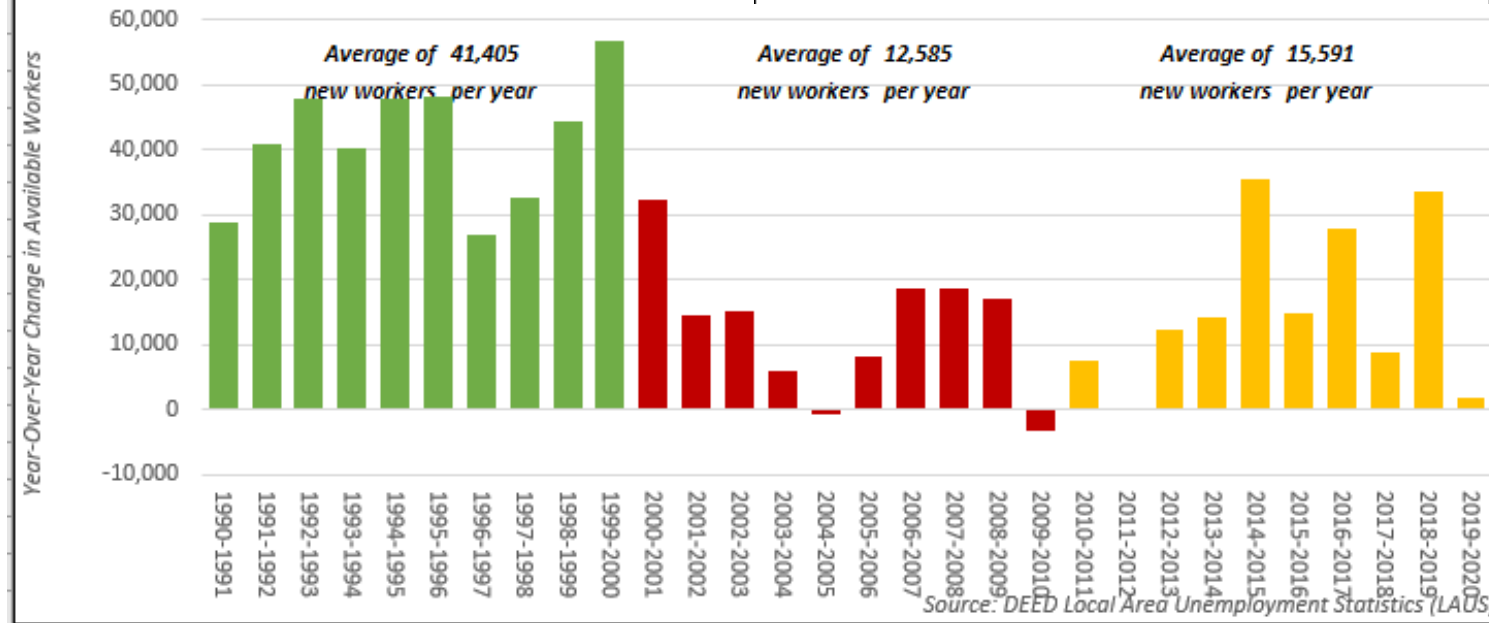
Labor Force Projections

- The state's labor force growth has slowed down
 - From an average of more than 41,000 new workers per year (1990s)
 - To an average of 15,500 new workers per year (2010s)
- Projected to slow down to about 7,500 new workers per year over the next decade
 - Immigrants accounted for nearly half of labor force growth from 2010-2019
 - Almost all of the state's labor force growth is projected to occur in the Twin Cities metro area (+6.1%)
 - Northeast = -5.7%
 - Southwest = -3.8%
 - Southeast = -2.2%
 - Northwest = -2.0%
 - Central = -0.8%

Minnesota	2020 Labor Force Projection	2030 Labor Force Projection	2020-2030 Change	
			Numeric	Percent
16 to 19 years	171,577	169,441	-2,137	-1.2%
20 to 24 years	343,952	380,357	36,404	10.6%
25 to 44 years	1,240,067	1,296,630	56,563	4.6%
45 to 54 years	604,985	613,819	8,834	1.5%
55 to 64 years	564,859	493,365	-71,494	-12.7%
65 to 74 years	160,393	197,015	36,622	22.8%
75 years & over	26,195	37,088	10,893	41.6%
Total Labor Force	3,112,028	3,187,715	75,687	2.4%

Source: calculated from Minnesota State Demographic Center population projections and 2015-2019 American Community Survey 5-Year Estimates

Figure 9. Annual Change in Labor Force, 1990-2020 Minnesota



- **This was a recession, and now a recovery, unlike any other**
- **Minnesota's labor force has undergone significant shifts**
 - Participation is down
 - Strangely, the labor market is almost as tight as it was pre-pandemic
 - Women and BIPOC workers have faced more immediate and lingering issues
- **Certain industries were hit harder than others**
 - Leisure & Hospitality, Other Services, Educational Services
 - Finance & Insurance, Agriculture, Retail Trade
- **Job levels are projected to get back to Feb. 2020 levels by the end of 2022**
 - Long-term projections are still toward growth, but there are labor force constraints
 - It's important to align jobseekers to jobs

Labor market publications and assistance

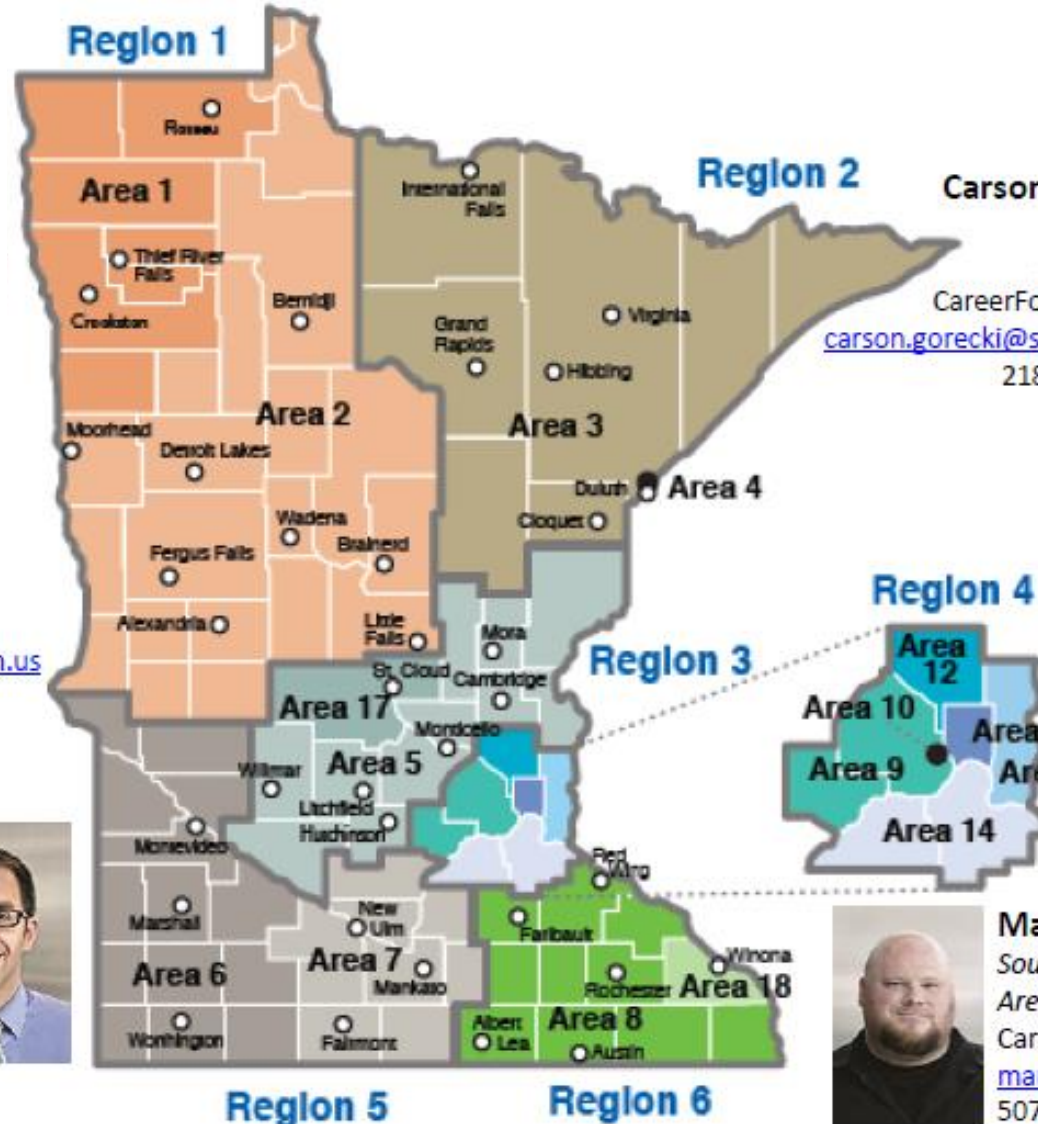
- **Minnesota Economic Trends – June 2021**
 - [Labor Market Trends During the Pandemic Recession: Jobs, Vacancies, Unemployment, and Labor Force Participation in Minnesota](#)
 - [Regional Spotlights](#)
 - [Reemployment After COVID-19 Layoffs in Minnesota: Early Findings](#)
 - [More than Simple Supply and Demand \(Where Are the Job Seekers?\)](#)
 - [Why Are There Unfilled Jobs Amid High Unemployment?](#)
 - [COVID-19 and Ex-Offender Employment](#)
 - [First Quarter Forecast: A Rapid Rebound](#)
- **Minnesota Economic Trends – March 2021**
 - [How the Deck is Stacked: Racial and Ethnic Disparities in Earnings Following High School Graduation in Minnesota](#)
 - [Minnesota Early Care and Education Wage Scale](#)
 - [Popular or Pragmatic: Considering College Instructional Program Decisions](#)
 - [The Shape of a Recession](#)
 - [Teleworking During the Pandemic](#)



Labor market information office

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We've got you covered...



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The future of Work in the U.S. and MN

Council on Economic Expansion discussion

September 20, 2021



Today's discussion



Future of Work and how automation and COVID are affecting occupations and skills of the future






Economic recovery and impact on jobs in Minnesota



Diversity in the workplace and the impact of COVID-19

COVID-19 sparked 3 groups of trends, likely to persist to varying degrees after the pandemic

Long-term change in demand compared to before the pandemic  Increase  No change  Decrease

01 Remote work, virtual meetings and travel

Work from home



Business travel



Leisure travel



02 E-commerce and virtual transactions

E-commerce penetration



Food/Grocery delivery



B2B Sales & Marketing



Online education



Telemedicine



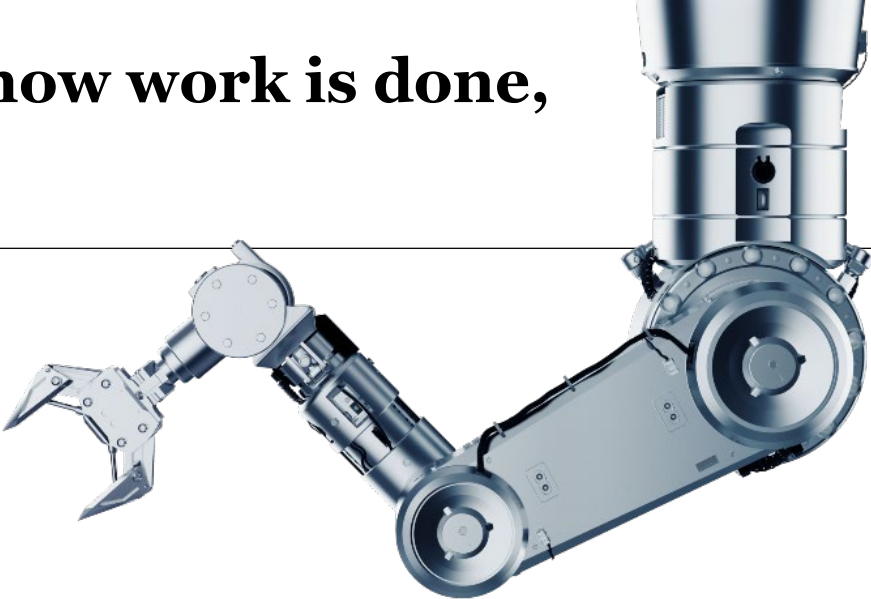
03 Automation and AI

Automation adoption



Automation will transform occupations and how work is done, but is unlikely to altogether replace roles

Large Poster



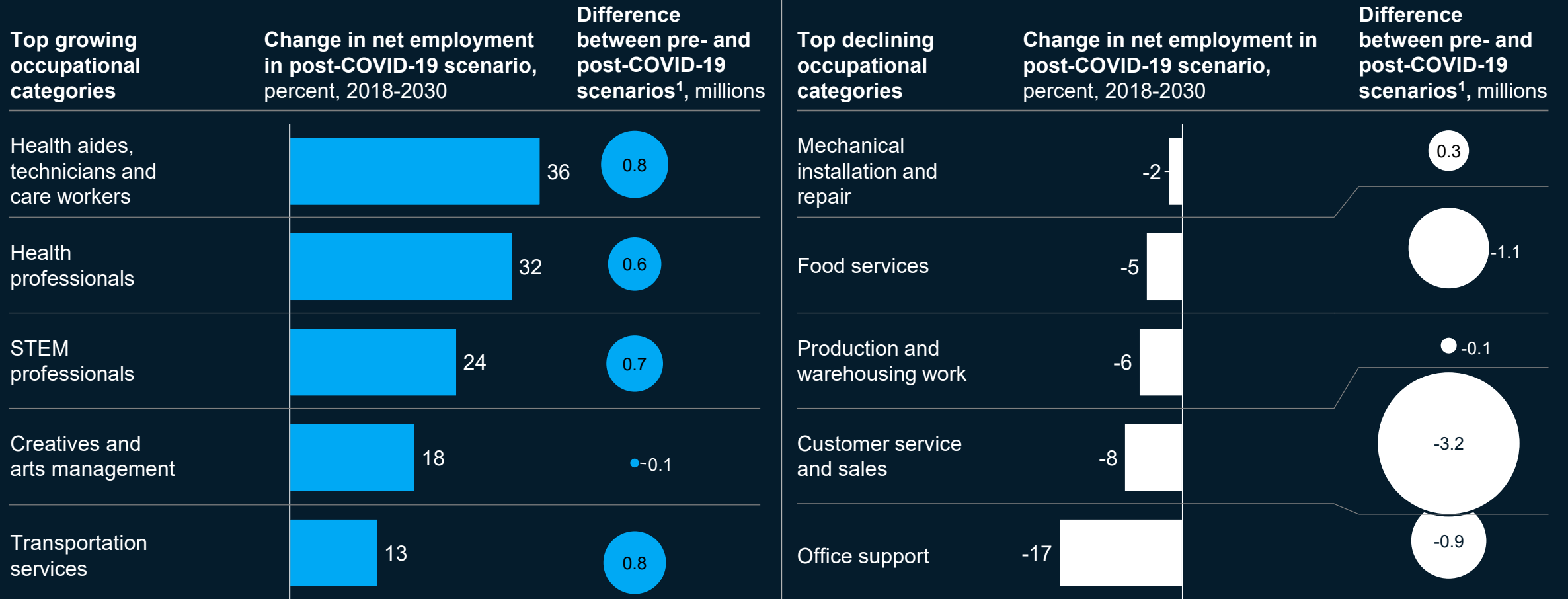
% of automatable activities

	100%	90%	80%	70%	60%	50%	40%	30%	20%	10%	0%
Example occupations	Sewing machine operators		Stock clerks		Bus drivers		Fashion designers			Psychiatrists	
	Assembly-line workers		Travel agents		Nurse assistants		Surgeons			Legislators	
			Dental lab technicians		Web developers		Engineers			Chief executives	

~60% of occupations have

~30% of tasks automatable

These COVID-19 trends may cause larger declines in lower-pay service jobs, but growth in health, STEM, and transportation jobs



1. The pre-COVID-19 scenario includes the effects of eight trends e.g., automation, rising incomes, aging populations, increased technology use, etc. and the post-COVID-19 includes these as well as accelerated automation, accelerated e-commerce, increased remote work, and reduced business travel

And across industries, skills needed will shift towards more technological and social and emotional skills

X % share of total work hours in skill, 2018 ■ Net increase ■ Net decline

Change in share of total work hours by skills in post-COVID-19 scenario, 2018-30¹

Percentage points shift in share of work hours



1. Calculated at work activity-level, with time spent on each work activity, classified into 25 categories of skills and calculated the change in number of hour spent on each category due to changes in labor demand.

Forward-looking perspective on employment focuses on two scenarios most resembling near-term recovery (Scenarios A1, A2 and B4 – updated July 2021)

Virus Health Impact & Public Health Response

Effectiveness of the public health response in controlling the health impact of COVID-19

Effective control of virus health impact

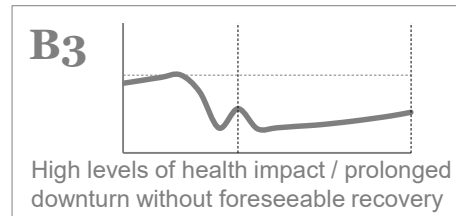
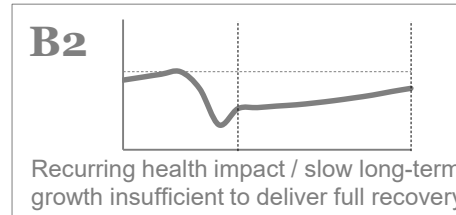
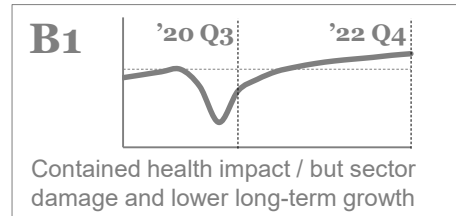
Strong public health response succeeds in minimizing health impact within 2-3 months and then maintaining control

Effective response, but (regional) recurring adverse health impact

Initial public health response generally succeeds but localized increases in health impact occur periodically requiring ongoing intervention

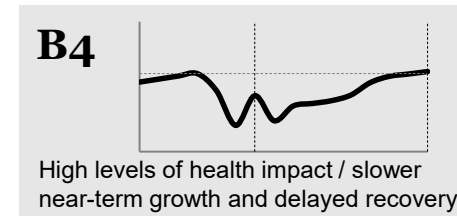
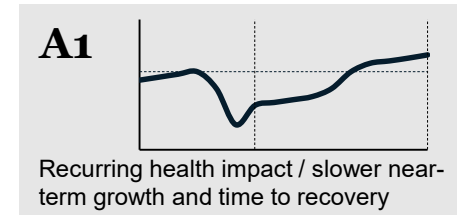
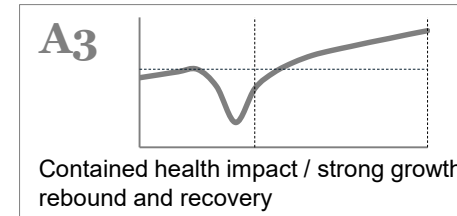
Material failure of public health interventions

Response fails to prevent sustained high levels of health impact that may wax and wane, potentially rolling into 2022



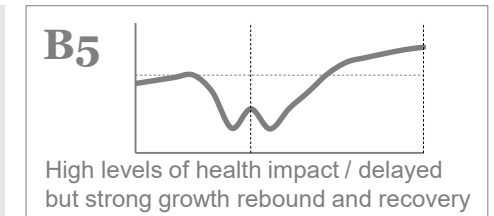
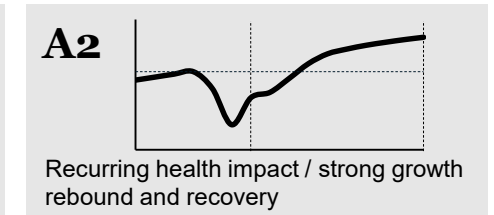
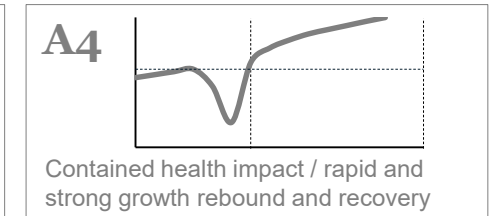
Ineffective economic interventions

Self-reinforcing recession dynamics kick-in; widespread bankruptcies and credit defaults; potential banking crisis



Partially effective economic interventions

Policy responses partially offset economic damage; banking crisis is avoided; recovery levels muted



Highly effective economic interventions

Strong policy responses prevent structural damage; recovery to pre-crisis fundamentals and momentum

Knock-on Effects & Economic Policy Response

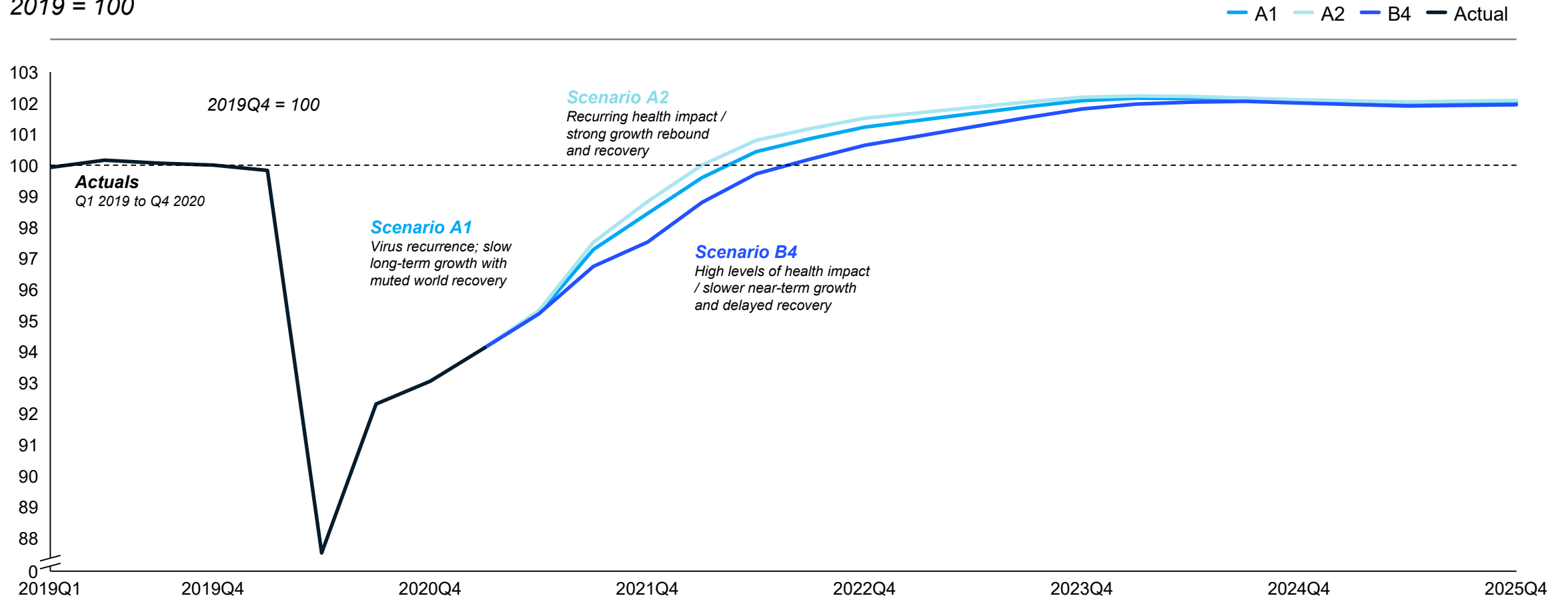
Speed and strength of recovery depends on whether policy moves can mitigate self-reinforcing recessionary dynamics (e.g., corporate defaults, credit crunch)

Note: The forward looking view is based on the latest release of COVID-19 impact scenarios developed by McKinsey in partnership with Oxford Economics (July 2021)

The pandemic severely impacted MSP's employment trajectory – with levels expected to return to pre-COVID-19 levels by 2022

Employment in Minneapolis-Saint Paul MSA (based off place of work, not residence)

2019 = 100

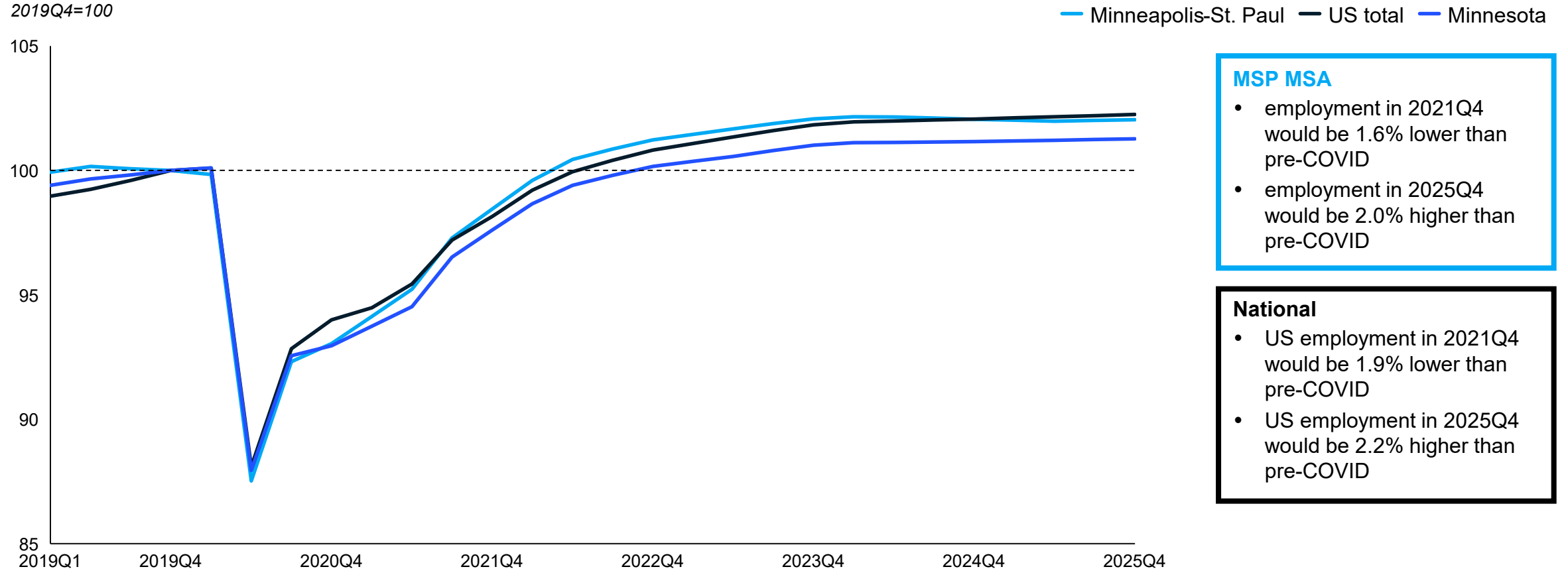


The forward-looking view is based on the latest release of COVID-19 impact scenarios developed by McKinsey in partnership with Oxford Economics (July 2021); differences of 1pp or lower represent materially different economic outcomes
Note: Employment data consists of quarterly data as reported by BEA (business, not household angle)

2: Employment recovery to pre-pandemic levels in MSP likely to be faster than in the United States overall (Scenario A1)

Employment in the US, Minnesota, and Minneapolis/Saint Paul MSA (Scenario A1)

2019Q4=100



MSP MSA

- employment in 2021Q4 would be 1.6% lower than pre-COVID
- employment in 2025Q4 would be 2.0% higher than pre-COVID

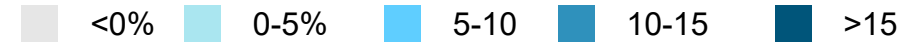
National

- US employment in 2021Q4 would be 1.9% lower than pre-COVID
- US employment in 2025Q4 would be 2.2% higher than pre-COVID

The forward-looking view is based on the latest release of COVID-19 impact scenarios developed by McKinsey in partnership with Oxford Economics (July 2021); differences of 1pp or lower represent materially different economic outcomes
Note: Employment data consists of quarterly data as reported by BEA (business, not household angle)

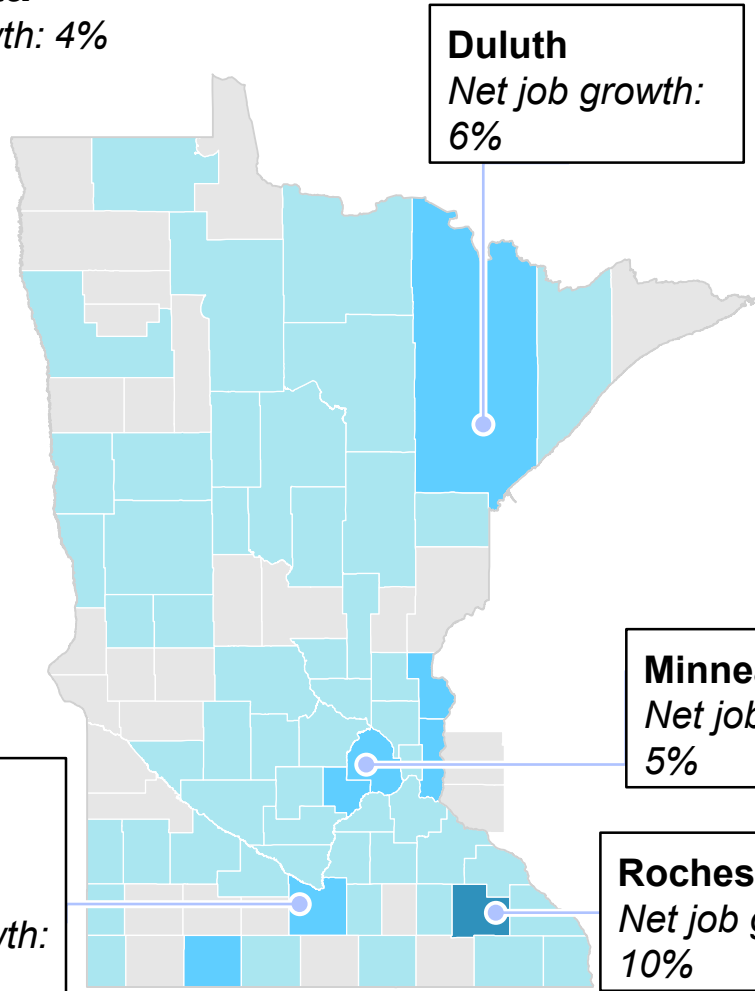
Almost half of MN counties could have negative to flat job growth

Projected net growth in post-COVID scenario, 2018-30, %



Minnesota

Net job growth: 4%



Mankato – North Mankato
Net job growth: 5%

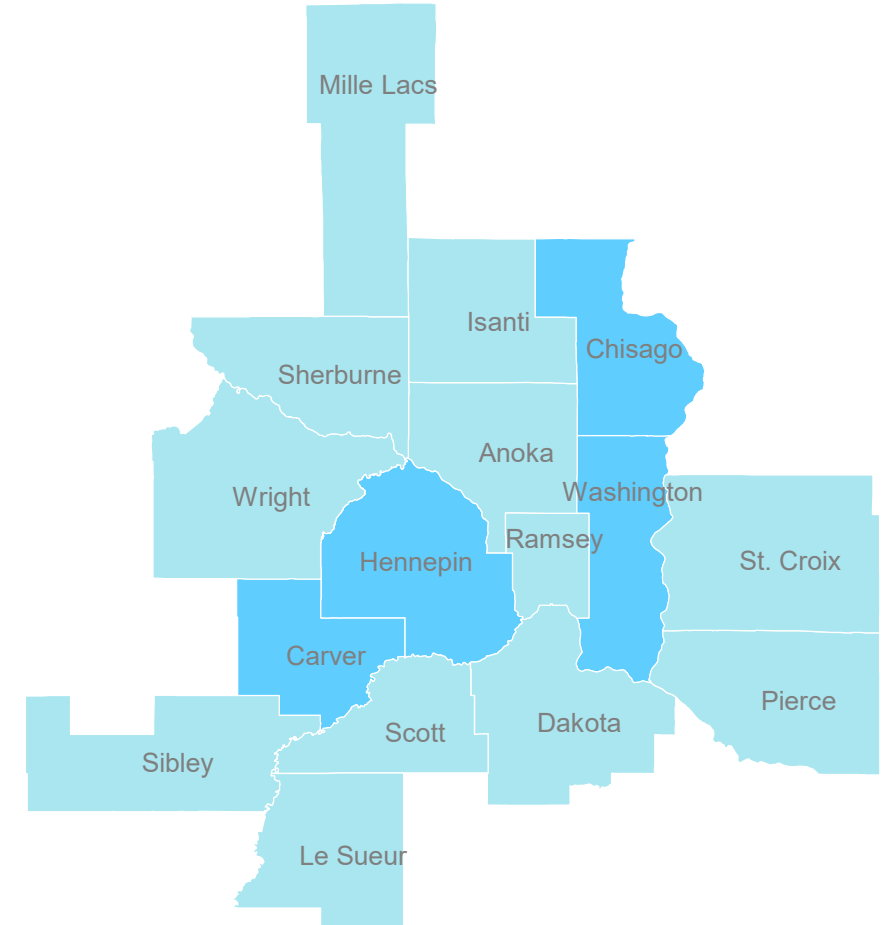
Duluth
Net job growth: 6%

Minneapolis
Net job growth: 5%

Rochester
Net job growth: 10%

Minneapolis

Net job growth: 5%



Health, transp. and creatives could grow faster than the US average while office support and production could witness a steeper decline

Change in net employment, post-COVID-19 scenario, 2018–2030¹

Occupation Category	Minnesota		Minneapolis-St. Paul		United States	
	Absolute change, 000	% change	Absolute change, 000	% change	Absolute change, 000	% change
Health aides, technicians, and wellness	97	38	60	38	4,273	36
Health professionals	46	34	29	34	2,117	34
STEM professionals	45	26	36	26	2,000	26
Managers	30	17	21	16	1,342	17
Business/legal professionals	26	8	21	8	1,037	7
Transportation services	15	14	8	13	626	12
Creatives and arts management	10	22	8	22	442	20
Property maintenance	10	10	5	8	444	9
Educator and workforce training	6	3	5	3	286	3
Community services	5	4	3	4	167	2
Builders	-1	-1	0	-1	118	2
Agriculture	-2	-3	0	3	-20	-1
Mechanical installation & repair	-5	-4	-3	-4	-264	-4
Food services	-9	-3	-4	-2	-805	-5
Customer service and sales	-26	-8	-17	-8	-1,274	-7
Production work	-36	-12	-19	-10	-1,172	-8
Office support	-73	-18	-49	-18	-3,743	-17
Total	138	4	105	5	5,575	3

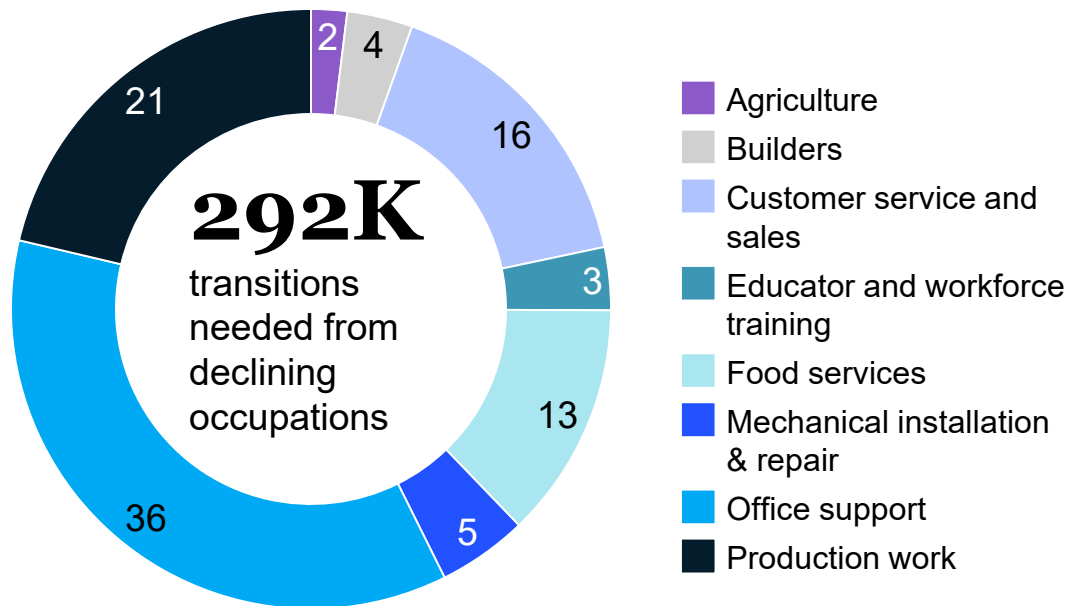
1. The pre-COVID-19 scenario includes the effects of eight trends: automation, rising incomes, aging populations, increased technology use, climate change, infrastructure investment, rising education levels, and marketization of unpaid work. The post-COVID-19 scenario includes all pre-COVID-19 trends as well as accelerated automation, accelerated e-commerce, increased remote work, and reduced business travel.

In Minnesota, 292K workers may need to find jobs in different occupation categories by 2030

Breakdown of number of occupation transitions estimated by 2030, post-COVID-19 scenario¹

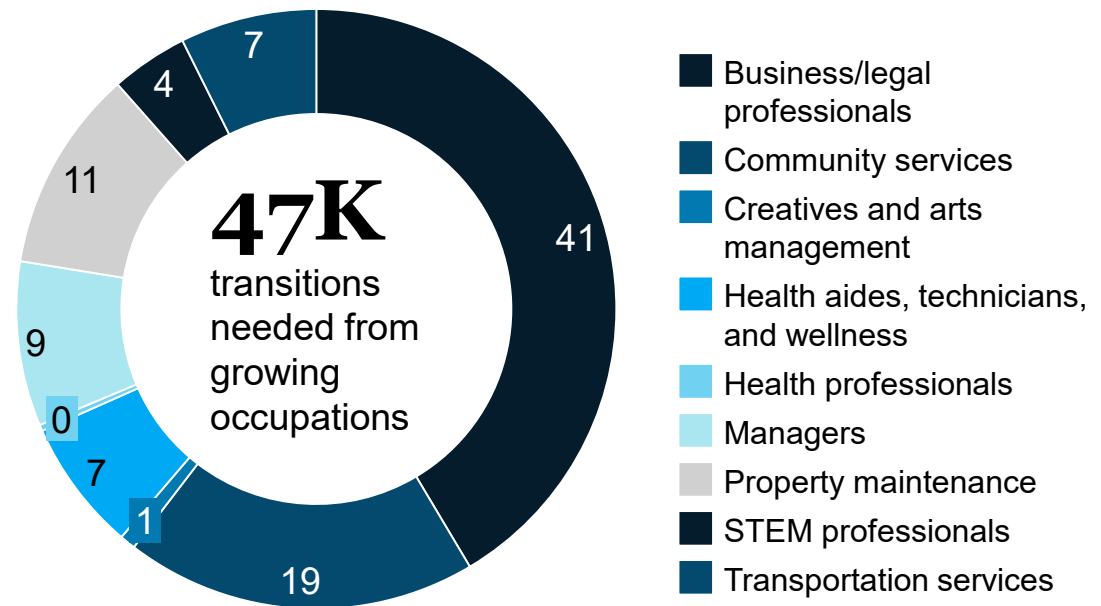
Number of workers who would need to find new work within a different occupational category by 2030

% Contribution





Number of workers who could find new work within the same occupational category by 2030

% Contribution



1. The pre-COVID-19 scenario includes the effects of eight trends: automation, rising incomes, aging populations, increased technology use, climate change, infrastructure investment, rising education levels, and marketization of unpaid work. The post-COVID-19 scenario includes all pre-COVID-19 trends as well as accelerated automation, accelerated e-commerce, increased remote work, and reduced business travel.

In Minnesota, the demographics of occupations with the highest automation displacement vary

Concentration¹ Low  |  High
US average

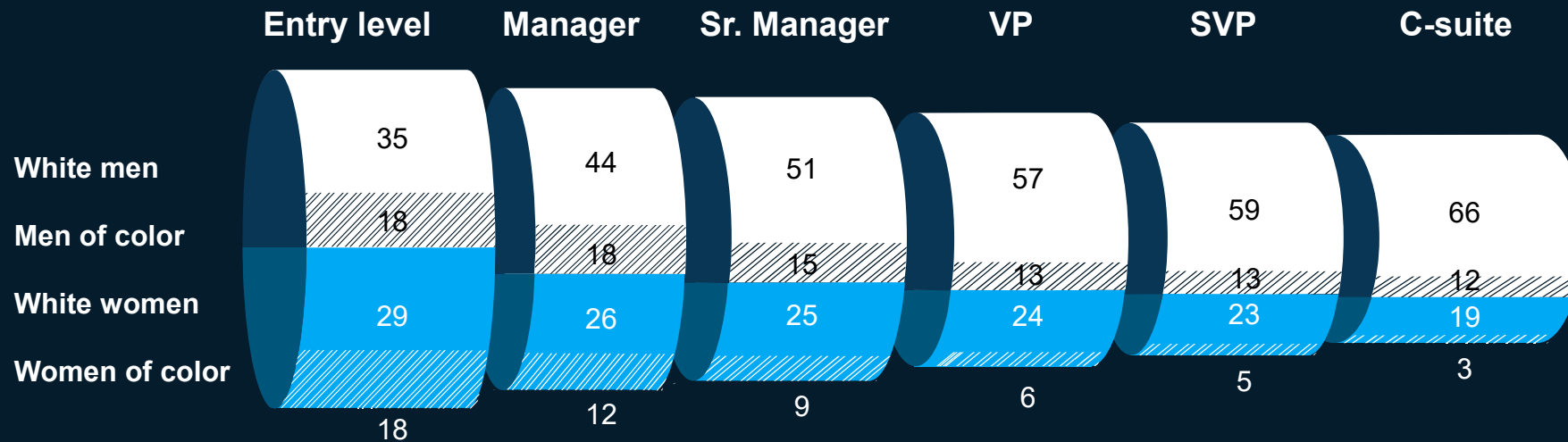
Top ten occupations with highest potential displacement	Displacement rate, ² %	Number of jobs potentially displaced, ² thousand	% of 2018 workforce	Gender		Age			Race/ethnicity			Education				
				Female	18-34	35-50	51-65	African American	Hispanic	White	Bachelor's degree	Some college ³	High school	Less than high school		
Retail Salespersons	35	34	2.8													
Office clerks, general	46	31	2.0													
Stock Clerks and Order Fillers	67	26	1.2													
Cashiers	33	24	2.2													
Bookkeeping, accounting, and auditing clerks	57	22	1.1													
Combined Food Preparation and Serving Workers, Including Fast Food	29	19	2.0													
Waiters and Waitresses	34	19	1.6													
Customer Service Representatives	26	18	2.1													
Secretaries and Administrative Assistants ⁴	38	14	1.1													
Cooks, Restaurant	43	13	0.9													

¹ Measured by comparing share of persons fitting each demographic profile in an occupation at state and US level. ² 2030 post-COVID scenario. ³ Includes associate's degrees. ⁴ Except legal, medical, and executive

The pre-COVID-19 talent pipeline shows continued progress at the top, but the broken rung remains

% of employees by level

Pre-COVID-19



% of women¹

2020	47	38	33	29	28	21
2015	45	37	32	27	23	17

**'15 to '20
change, %**



This year's talent pipeline provides a **pre-COVID-19 baseline**, but the pipeline is likely to have changed during the pandemic

Since 2015, there have **bright spots at the top** but **less progress at the entry and manager levels**

1. Sum of % White women and % women of color may not sum to overall % women because overall figure includes employees with race not reported

A key driver of the gender gap at work is the broken “first rung” of promotions to manager

For every

100
men

Promoted or
hired into the
manager level ...



...**85**
women

Are promoted
or hired



58
Black Women

Are promoted
or hired



Women held 38% of all
manager positions (men
held 62%)

If women and women were
promoted to manager at the
same rates, we would add

1 million

more women to
management in the
next 5 years

COVID amplified challenges for mothers, Black women, and senior women

Mothers

3+ hours per day

The double shift has gotten worse (40% of mothers vs. 27% of fathers)

1 in 4

Mothers worry that their performance is judged negatively due to their parental duties

Black women

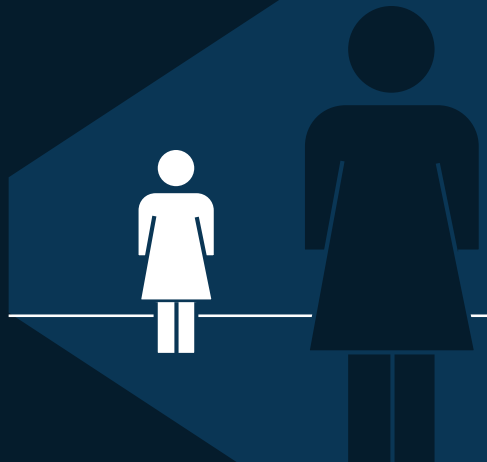
52%

of Black women report being the “only” of their gender and race in the room

1.6x more likely to hear demeaning remarks

2.5x more likely to report the death of a loved one was a big challenge

1.5x more likely to feel uncomfortable sharing their experience of grief



Senior-level women

Since the start of COVID-19 women are experiencing **greater pressures** than their male colleagues...

47%

Feel they need to be “always on”

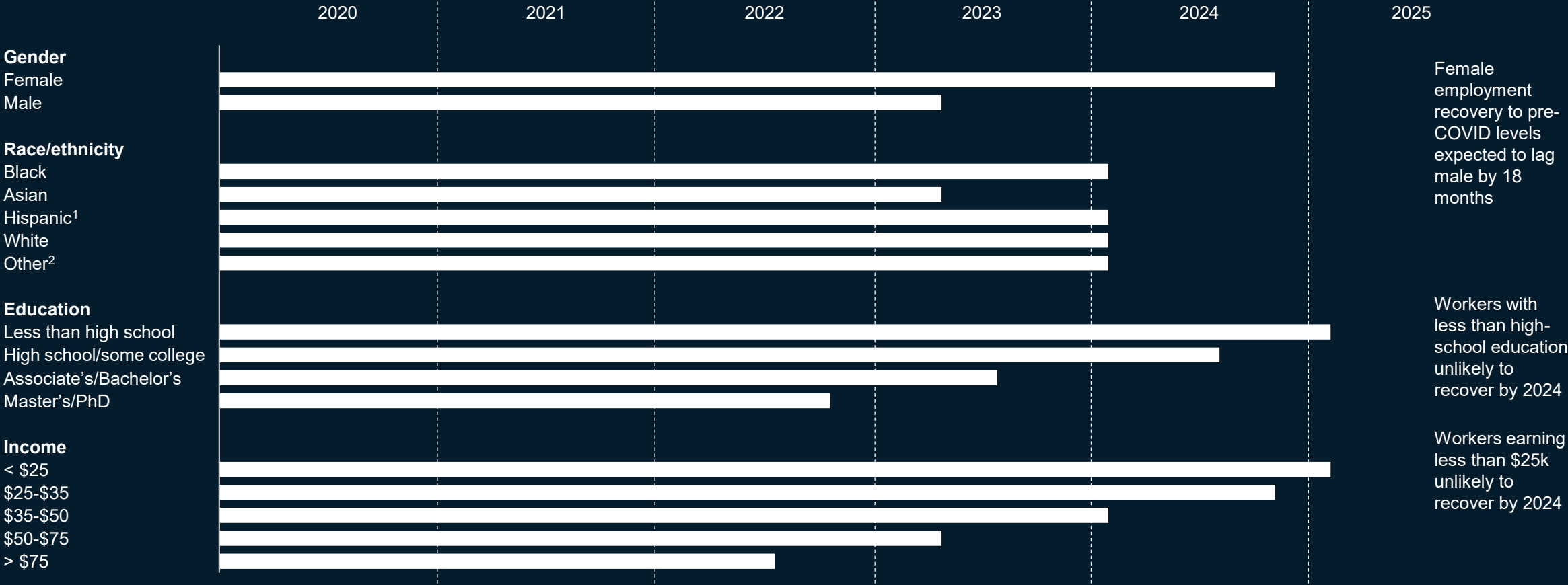
54%

Have felt consistently exhausted



Post-COVID job recovery for women will be ~18+ months later than for men and longer for those with less education also

Timeframe for recovery to prepandemic (2019 Q4) employment levels by demographic segment



The forward-looking view is based on the latest release of COVID-19 impact scenarios developed by McKinsey in partnership with Oxford Economics (Nov 2020)

1. "Hispanic" as referenced here represents all Americans who self-identify as ethnically Hispanic. All other groups are solely non-Hispanic
 2. Other includes: American Indian or Alaska Native, Native Hawaiian or Other Pacific Islander

Example large-scale reskilling and upskilling efforts



- \$4B over 4 years to upskill employees
- Frontline staff, sales associates and managers



- Created “ACES” – the Advanced Cybersecurity Experience for Students
- Each invested ~\$1M to launch the program, which includes internships, full-time career pathways, and academic courses for students
- NG and other industry leaders co-develop and deliver coursework



- Announced a 5-year \$350M commitment to develop and pilot innovative training programs aligned with high-demand technical skills, targeting own employees and the external community



- Created an IT support professional certificate under Google’s specifications
- Hires graduates (along with others such as Hulu, Sprint, and Walmart)

Questions to consider

- **What elements of our economy will recover with due time vs. what elements need proactive focus to not open wider gaps?**
- **How can we rebuild with a stronger and more inclusive economy, and one that has less occupational disruption?**
- **What are the national best practices we can learn from?**
- **Are there at-scale retraining and other programs we can implement to smooth the transitions and reskilling ahead?**

The Future of Work and Future of Workplace publications



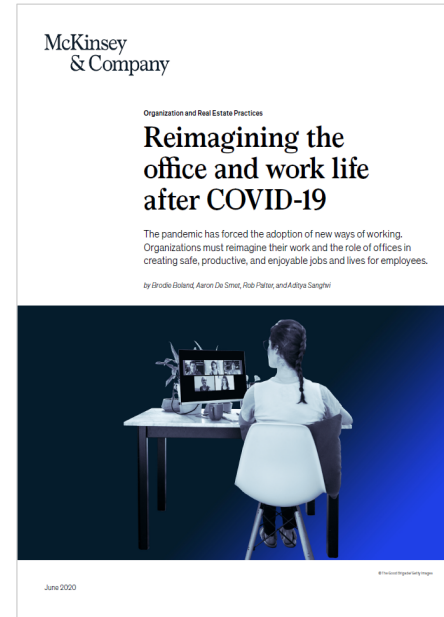
MGI Future of Work

Describe how the pandemic accelerated existing trends in remote work, e-commerce, and automation, with up to 25% more workers than previously estimated potentially needing to switch occupations



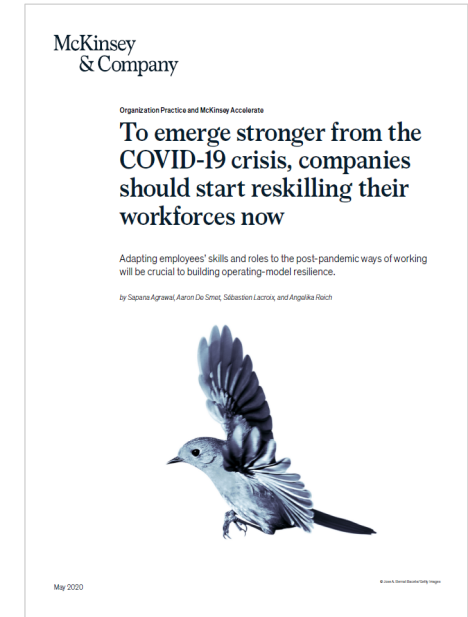
COVID-19 impact on jobs

Assess how the health of local economies will affect their ability to adapt and thrive in the automation age



Future of the Workplace articles

Addresses the fundamental shifts that have taken place at office workplaces due to Covid-19 and the need for change that came with them



Future of the Workplace

Addresses the need for organization to invest in reskilling can help respond to accelerated trends brought by the pandemic