

## August 2020 Employment Analysis

### Talking Points:

- Minnesota added a seasonally adjusted 40,500 payroll jobs in August, up 1.5% from July. The private sector added 29,500 jobs, up 1.3% and government added 11,000 job, up 2.8%.
- Seasonally adjusted gains were led by Government, up 11,000 jobs in federal Census hiring and Local Government, followed by Leisure & Hospitality, up 7,800 jobs or 4.0% entirely in Accommodations & Food Services, Education & Health Services, up 7,100 jobs or 1.4% with gains in both component sectors, and Manufacturing, up 5,200 jobs or 1.7% with gains in both durable and nondurable goods.
- One supersector, Financial Activities, lost jobs on a seasonally adjusted basis in August, down 100, down 0.1%.
- Over the year in August, Minnesota shed 219,268 payroll jobs, down 7.3%, while the private sector shed 196,363 jobs, down 7.5%. U.S. over the year job loss stood at 7.0% with the private sector down 7.5% in August.
- All supersectors continued to show over-the-year job loss in MN and nationally.
- Three supersectors show strength compared to the nation: Trade, Transportation & Utilities (Retail Trade), Professional & Business Services (temp help) and Manufacturing (Food Manufacturing).
- Minnesota's unemployment rate dropped to 7.4% in August on a seasonally adjusted basis, down from a peak in May of 9.9%. The national unemployment rate now stands at 8.4%.
- The employment to population ratio increased to 64.6% (56.5% nationally) in August. In February it stood at 68.1% (61.1% nationally).
- The labor force participation rate increased to 69.8% in August (61.7% nationally), a bit below 70.2% where it stood in February.
- Based on **six-month moving averages** (March to August 2020 data) unemployment rates by race in August for Minnesota are as follows (including CPS unemployment for the total labor force):

Month/Year	Total	Black	Hispanic	White
August 2020	7.6%	16.3%	9.7%	6.7%
July 2020	7.1%	15.3%	8.6%	6.3%
August 2019	3.2%	5.4%	3.9%	3.0%

*Note: these estimates differ from the official statewide estimate and are moving in the opposite direction because they are calculated from 6 months of data rather than a single month.*

## Overview

- Minnesota added 40,500 payroll jobs in August on a seasonally adjusted basis, up 1.5%, with the private sector adding 29,500 jobs, up 1.3%, during the month. Government added 11,000 jobs, up 2.8%.
- Seasonally adjusted gains in August were led by Government, up 11,000 jobs in federal Census hiring and local government, followed by Leisure & Hospitality, up 7,800 jobs or 4.0% entirely in accommodations & food services, Education & Health Services, up 7,100 jobs or 1.4% with gains in both component sectors, and Manufacturing, up 5,200 jobs or 1.7% with gains in both durable and nondurable goods.
- Only one supersector, Financial Activities, lost jobs on a seasonally adjusted basis in August, down 100, down 0.1% over the month.
- In comparison, the U.S. gained 1.371 million payroll jobs in August, up 1.0%, with the private sector gaining 1.027 million, up 0.9%.
- Over the year in August, Minnesota shed 219,268 payroll jobs, down 7.3%, while the private sector shed 196,363 jobs, down 7.5%. This is an improvement from July when both total payroll and private sector payroll employment were down 8.5% over the year.
- U.S. over the year job loss stood at 7.0% with the private sector down 7.5%.
- July employment was revised up a bit, from 2,747.1 to 2,748.8, or 1,700 jobs with small gains in many sectors.
- Despite the improvement, all supersectors continued over the year job losses in August in Minnesota and nationally. In Minnesota, the percent over the year job loss was still greatest in Leisure & Hospitality, down 26.6%, though that was an improvement from July's loss of 29.2%. Job losses in Logging & Mining also improved at 17.2%, while Information was level at 15.7%. Over the year job loss also improved slightly in Other Services, down 12.4% in August.
- The percent decrease in private sector over the year job loss in Minnesota is now equivalent to that of the private sector nationally, at 7.5%.
- Three supersectors now show strength compared to the nation.
  - Trade, Transportation & Utilities is down 2.5% in Minnesota compared to 4.5% nationwide over the year. Once again, strength here was in retail trade, which is up by 1,575 jobs, or 0.5% over the year, mostly in general merchandise stores and department stores. Nationally retail trade continued over the year job loss, down 3.8%.
  - Professional & Business Services is down 3.9% in Minnesota compared to 6.0% nationwide. Minnesota's strength was in administrative & support & waste services, down 2.7% in MN compared to 10.1% nationwide, and within that, employment services (temp help), down 4.9% in MN compared to 14.7% nationwide over the year.

- Finally, Manufacturing fell 4.7% in MN compared to 5.6% nationwide over the year in August. The strength here was in nondurable goods, particularly food manufacturing where Minnesota grew by 2.3% over the year while nationally employment fell by 2.0%. Although durable goods manufacturing was slightly lower (decline of 6.7% in MN compared to 6.2% nationally) Minnesota showed strength in fabricated metal products and particularly, machinery manufacturing in August employment over the year.

August Over The Year (OTY) Employment Change By Industry Sector (Not Seasonally Adjusted)			
	OTY Job Change	OTY Growth Rate (%)	US OTY Growth Rate
Total	-219,268	-7.3	-7.0
Private	-196,363	-7.5	-7.5
Logging & Mining	-1,198	-17.2	-16.0
Construction	-8,504	-5.9	-3.9
Manufacturing	-15,406	-4.7	-5.6
Trade, Transport. & Utilities	-13,028	-2.5	-4.5
Information	-7,472	-15.7	-10.1
Financial Activities	-7,688	-3.9	-1.4
Prof. & Business Services	-15,135	-3.9	-6.0
Ed. & Health Services	-34,359	-6.3	-4.9
Leisure & Hospitality	-79,118	-26.6	-23.2
Other Services	-14,455	-12.4	-8.5
Government	-22,905	-5.7	-3.6

### Wage and Hour Data

- Average hourly earnings for all private sector workers rose by 24 cents to \$31.60 in August, up 0.8% from July. Over the year average hourly earnings rose \$1.33, up 4.4%.
- At 35 hours per week, the average work week rose 2.3% from July and 2.6% from a year ago.

### Unemployment Data

- Minnesota's unemployment rate dropped further to 7.4% in August on a seasonally adjusted basis, down from a peak in May of 9.9%. July's unemployment rate was revised down one percentage point to 7.6%. The national unemployment rate stands at 8.4% in August.
- The number of unemployed workers stood at 231,599 in August, down 4,948 from July and 71,367 since May, when the number peaked at 302,966.
- The number of employed people rose 24,766 in August and 114,545 since its trough in May.

- The employment to population ratio increased to 64.6% (56.5% nationally) in August. In February it stood at 68.1% (61.1% nationally).
- The labor force participation rate increased to 69.8% in August (61.7% nationally), now only a bit below 70.2% where it stood in February.
- Based on **six month moving averages** (March to August 2020 data) unemployment rates by race in August for Minnesota are as follows (including CPS unemployment for the total labor force:

Month/Year	Total	Black	Hispanic	White
August 2020	7.6%	16.3%	9.7%	6.7%
July 2020	7.1%	15.3%	8.6%	6.3%
August 2019	3.2%	5.4%	3.9%	3.0%
<i>Monthly change</i>	<i>+0.5</i>	<i>+1.0</i>	<i>+1.1</i>	<i>+0.4</i>
<i>Annual change</i>	<i>+4.4</i>	<i>+10.9</i>	<i>+5.8</i>	<i>+3.7</i>

- *Note that these estimates differ from the official statewide estimate by a fairly large margin (and are moving in the opposite direction) because they are calculated from 6 months of data rather than a single month.*

## Details

**Mining and Logging:** Employment in mining and logging was up by 300 (5.9%) in August, on a seasonally-adjusted basis. It was the first positive monthly growth in the supersector since January. Over the year, mining and logging employers lost 1,198 jobs (17.2%), a slight improvement over July's 20.6% decline.

**Construction:** Construction employers added 1,500 jobs over the month (1.3%) in August. On an annual basis, the supersector lost 8,504 jobs (5.9%) with declines in all three published component sectors. Specialty trade contractors lost 6,137 jobs (6.7%), the largest real and proportional losses in the supersector. Construction of buildings was off by 1,911 jobs (6.2%).

**Manufacturing:** Employment in manufacturing was up by 5,200 (1.7%) in August. Most of that growth came in non-durable goods manufacturing, which added 3,600 jobs (3.3%), while their counterparts in durable goods added 1,600 jobs (0.8%). Over the year, manufacturing employment was down by 4.7% (15,406 jobs), a marked improvement over July's 6.2% decline. Durable goods employment continued to struggle relative to non-durable goods, as employment in that component was off by 14,117, or 6.7% (compared to the 1.1% decline among non-durable goods manufacturers).

**Trade, Transportation, and Utilities:** Trade, transportation, and utilities employment was up by 2,700 (0.5%) in August. Retail trade continued to lead the supersector, adding 2,900 jobs (1%) while wholesale trade lost 800 jobs (0.7%) and transportation, warehousing, and utilities added 600 (0.6%). Annually, trade, transportation, and utilities lost 13,028 jobs (2.5%), the best over-the-year (OTY) performance of any supersector in the state with a loss of 7,463 jobs (5.8%) in wholesale trade and 7,140 jobs (6.7%) in transportation, warehousing, and utilities. Retail trade was the rare major component sector to post positive OTY growth, adding 1,575 jobs (0.5%) since August of 2019. This marked a steep recovery for the sector, which was off by 11.5% OTY as recently as April.

**Information:** Information employment was up by 100 (0.2%) in August, after being down by 2.2% in July. Over the year, the long-declining supersector's employment was off by 7,472 (15.7%), with losses in both published component sectors, publishing and telecommunications.

**Financial Activities:** Employment in financial activities was down by 100 (0.1%) on the month, with the loss of 200 jobs (0.1%) in finance and insurance outpacing the small gains in real estate and rental and leasing. Over the year, employment in the supersector was down by 7,688 (3.9%), displaying virtually no change from July's OTY losses, bucking the trend of incremental improvements in most supersectors. Real estate and rental and leasing remained the harder hit of the two major components, down 16% (5,851 jobs) from August 2019.

**Professional and Business Services:** Professional and business services added 4,300 jobs (1.2%) in August, with similar levels of growth in all three component sectors. Professional, scientific and technical services was up 1%, administrative and support and waste management and remediation services was up 1.2%, and management of companies and enterprises was up 1.5%. Over the year, the supersector lost 15,135 jobs (3.9%). Employment services, which is considered a leading indicator for the labor market, was down by 4.9% (2,848 jobs). This was a dramatic improvement over July's 10.2% decline, which may indicate employers turning to temporary help as they tentatively begin to ramp up employment.

**Education and Health Services:** Employment in education and health services was up by 7,100 (1.4%). Educational services added 2,400 jobs (3.9%) and health care and social assistance added 4,700 (1.1%). The supersector has displayed growth of better than one percent in every month since April, when employment declined by 10.6%. Over the year, employment in the supersector was down by 34,359 (6.3%), with roughly proportional declines in both major component sectors. Overall, the supersector remained on an upward trajectory, with OTY employment improving from -7.1% in July.

**Leisure and Hospitality:** Leisure and hospitality employment was up by 7,800 (4%) in August, the largest proportional increase of any supersector in the state. Accommodation and food services was home to all of the growth, adding 8,100 jobs (4.9%) while arts, entertainment, and recreation was down by 300 (1%). On the year, employment in leisure and hospitality was off by 79,118 jobs, or 26.6%, the largest real and proportional decline of any supersector in the state, but an improvement over July's 28.7% OTY job loss.

**Other Services:** Employment in other services was up by 600 (0.6%) in August as the supersector continued to recover from the large-scale job losses in April. On an annual basis, employment was down by 14,455 (12.4%). Most of those declines came in personal and laundry services, which was down by 9,805 (33.6%) while religious, grantmaking, civic and professional organizations were down 4,767 (7.4%) and repair and maintenance actually added jobs on the year, up by 117, or 0.5%.

**Government:** Government employers added 11,000 jobs (2.8%) in August. Federal employers added 3,700 jobs (11.3%) and local government employers added 8,500 (3.2%) while state government employment was off by 1,200 (1.2%). Over the year, government employment was off by 22,905 (5.7%), with most of that loss coming at the local government level (down 23,305, or 8.4%). State government was down 3,515 (3.8%), while federal government employment was up 3,915, or 12%, likely due to an increase in temporary Census workers.

**Regional:** Regionally, Duluth-Superior MN-WI MSA continued to experience the sharpest job losses in August over the year, down 8.2%, followed by Minneapolis-St. Paul MN-WI MSA, down 7.4%. St. Cloud MSA experienced the smallest proportional job loss at 3.1%. Compared to July, only Mankato MSA showed sharper job losses in August, down 3.6% compared to a mild 1.4% in July. St. Cloud remained steady and the other three MSAs saw improvements in August compared to July's over the year losses.

<b>Metropolitan Statistical Area</b>	<b>OTY Employment Change (#, NSA)</b>	<b>OTY Employment Change (% , NSA)</b>
Minneapolis-St. Paul MN-WI MSA	-152,256	-7.4
Duluth-Superior MN-WI MSA	-11,112	-8.2
Rochester MSA	-8,272	-6.6
St. Cloud MSA	-3,443	-3.1
Mankato MSA	-2,063	-3.6

## Outlook

Minnesota's job growth in August was strong enough to make up some lost ground against the nation. Overall Minnesota's private sector over the year job change (still in the negative territory) is now equivalent to that of the nation. Job growth in government, however, is down compared to the nation, likely because our portion of federal government employment is comparatively small in Minnesota.

Sectors most impacted by social distancing measures continue to bounce back including retail trade, now in positive over the year growth territory, leisure & hospitality and other services (which is bouncing back slower than nationally).

Moreover, some sectors not as directly impacted by COVID-19 measures, but that had lost ground in June and July, are showing a modest bounce back in August, including Mining & Logging, Manufacturing, specifically durable goods manufacturing and professional, scientific & technical services. Other sectors, including Financial Activities and wholesale trade, continue to slide.

The unemployment rate continued to recover in August, dropping to 7.4%. This number should be viewed with caution due to problems conducting the survey during this period. However, the general trend of recovery likely holds.

As has been mentioned in previous months, the path that COVID-19 takes in Minnesota and around the country will continue to impact employment and unemployment in Minnesota over the coming months. The pace of the recovery will also be impacted by the size and timing of the next federal stimulus package that is currently being debating in Washington.

Finally, it is important to continue to note that workers are not impacted equally in the COVID-19 recession. In general, those who work in low wage sectors are the most impacted by the job losses and those who work in the service sector are most impacted by potential health consequences of exposure. There is much overlap in these two sectors. As high unemployment and job bounce back continues at an uneven pace among industries, many of these works will continue to suffer disproportionate impacts of the pandemic and the recession.

**Labor Market Information Office**  
**MN Department of Employment and Economic Development**  
**September 14, 2020**