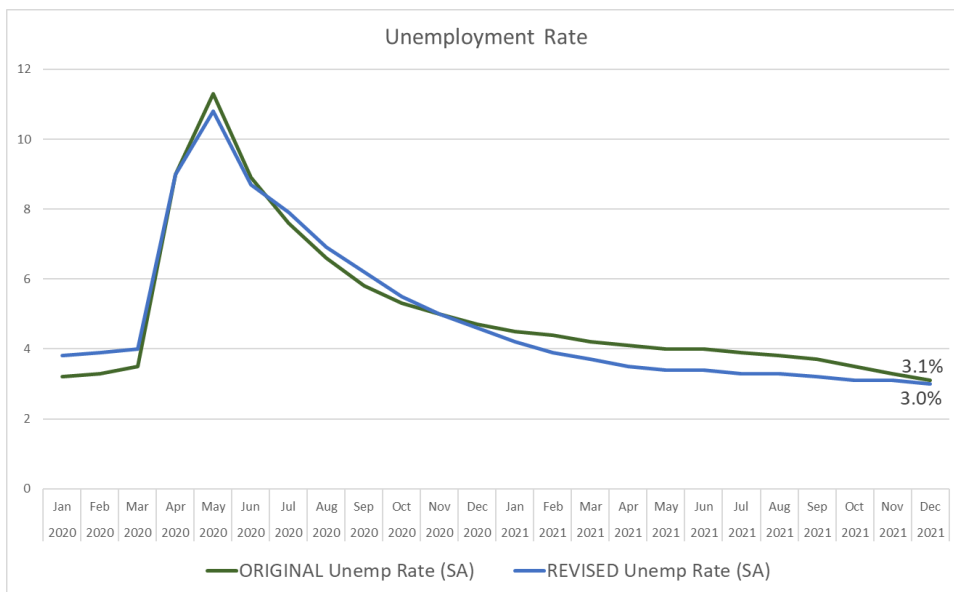


# January 2022 Benchmark Analysis

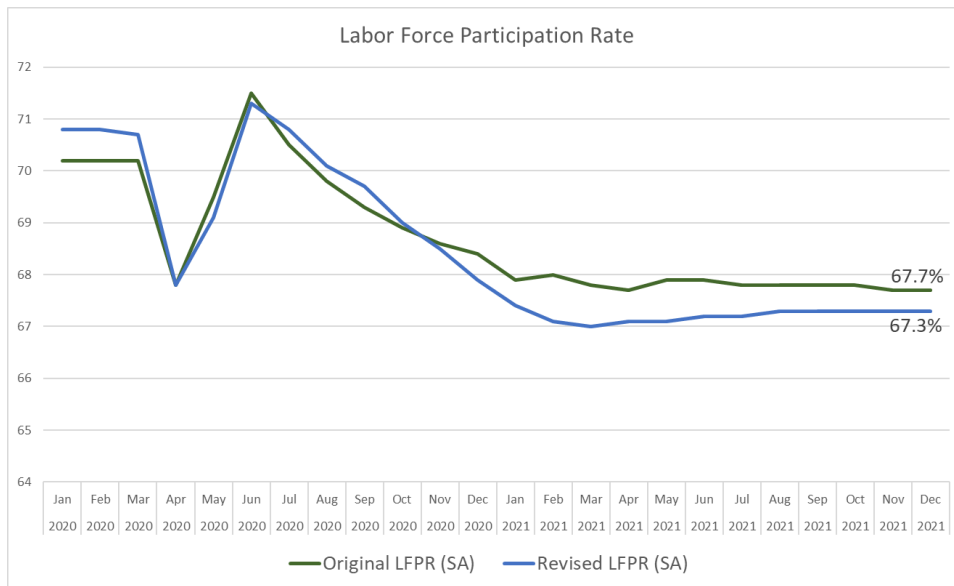
(Embargoed until 10 am Thursday, March 10, 2022)

## Annual Revision

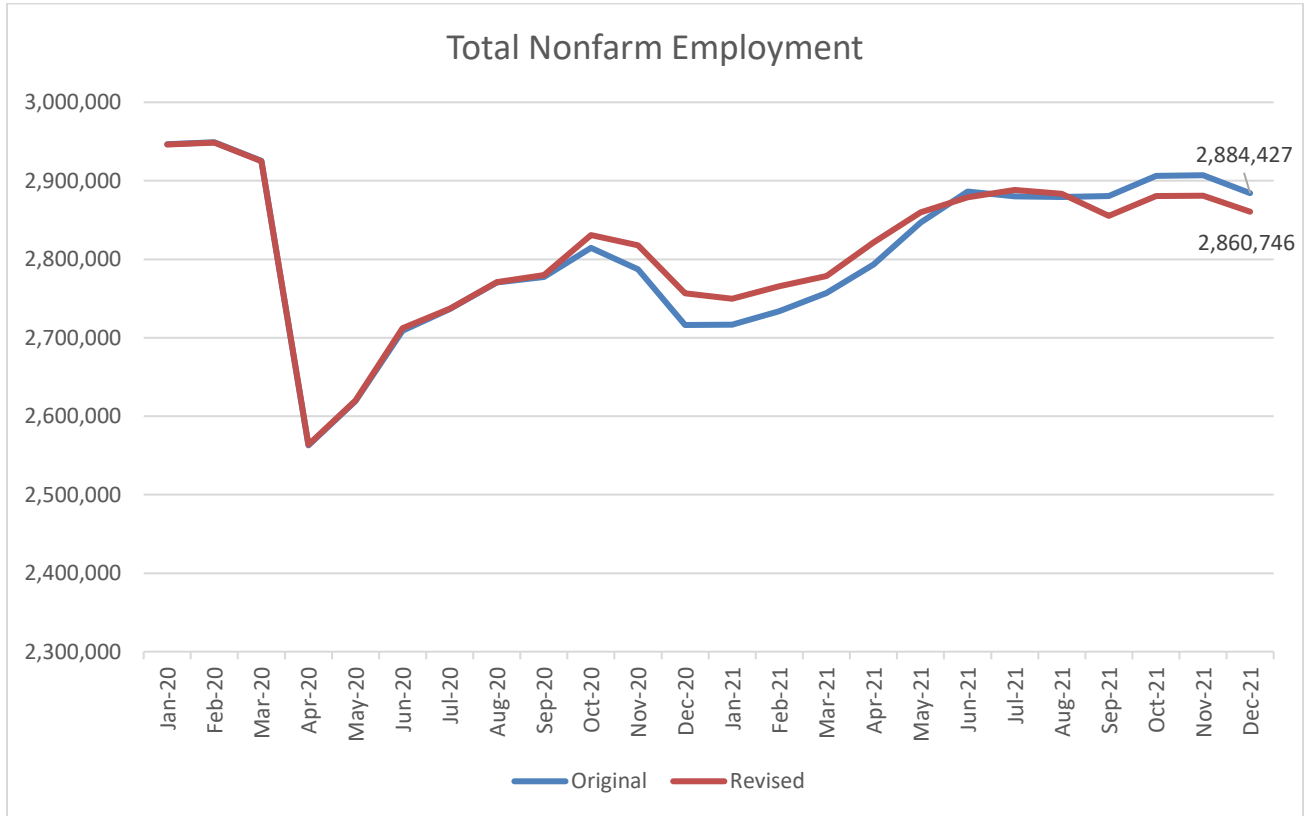
- As is the annual practice, the release of January’s employment and unemployment report is accompanied by revisions to previous releases of these data. These revisions occur as new population controls, new seasonal adjustment factors, and more comprehensive employment counts become available. Generally, unemployment (household survey) data are revised for the previous five years while employment (payroll survey) data are revised back 21 months (to April 2020 in this case).
- Revisions to the state’s seasonally adjusted unemployment rate shows that the unemployment rate dropped more quickly than originally estimated starting in December 2020. The original estimate for January 2021 was 4.5% but revisions put it at 4.2%. By April 2021 the unemployment rate was revised from 4.4% to 3.5% and continued to diverge by six-tenths of a percentage point through July 2021. However, the original and adjusted unemployment rates then began to converge again starting in August.
- The overall result was that by December 2021, unemployment rate revision was only one-tenth of a percentage point, ending the year at 3.0% rather than 3.1% as originally estimated.



- The number of people in the labor force saw a downward revision in 2021, resulting in a revised number of 3,028,904, just 1,539 below the original December labor force estimate.
- Employment was revised slightly upward, ending the year at 2,937,398 or 861 higher than originally published. The number of unemployment was revised downward by 2,400 ending the year at 91,506.
- The number of employed workers saw upward revisions throughout 2020 and 2021 with the exception of one month in 2020, resulting in average annual employment in 2021, at 2,916,917, that is 4,892 higher than originally estimated.
- Revisions lowered the labor force participation rate throughout 2021 resulting in a benchmarked rate of 67.3% December, which is four tenths of a percentage point lower than the originally published 67.7%.



- The same is true of the employment to population ratio which was revised downward throughout 2021 resulting in a revised employment to population ratio of 65.2%, four-tenths of a percentage point lower than originally published.
- Employment revisions are based primarily on newly available administrative records (QCEW) that provide universal counts of payroll jobs. New seasonal adjustment factors are also estimated based on revised data. New seasonally adjusted estimates are provided for series with historical revisions of their unadjusted estimates back to the earliest year affected by the historical correction. Series without historical corrections are adjusted back to 2018.



- Overall the revisions put December 2021 total nonfarm employment below the original series by 23,681 jobs. However, taking the average employment across the year, total nonfarm employment is 2,700 jobs higher after revisions than originally published, or 0.1% higher.
- In comparison the benchmark increased U.S. total nonfarm employment by 182,000 jobs in December 2021.
- The job census data (QCEW) shows a stronger first part of 2021 through August and a drop in September. Months past September are estimated based on September because September is the last month of actual data we have from the QCEW census data.
  - Total Nonfarm 2021 annual average rate of job change: revised downward from 2.3% to 2.1%.
  - Total Private Sector 2021 annual average rate of change: revised downward from 2.6% to 2.5%.
  - Total Nonfarm 2020 annual rate of change: revised slightly upward, from -6.9% to -6.7%.
- Based on revisions, 2021 now shows an average annual gain of 57,813 total nonfarm jobs rather than the 63,035 originally estimated.

- The private sector gained 60,591 jobs in 2021 rather than the 62,163 originally estimates.
- 2020 is showing a loss of 198,963 jobs rather than the 206,914 previously published.
- In terms of annual average change in employment in 2021, seven sectors saw improvement while four sectors saw steeper rates of decline after benchmarking.
- Most notably the revision shows that:
  - Leisure & Hospitality gained 7,858 fewer jobs over the year than originally estimated. The annual average growth in that sector was only 10.8% compared to the originally estimated 14.7%.
  - Government gained 3,649 fewer jobs, revised from 0.2% to -0.7%.

<b>Annual Average Employment Growth By Industry Sector</b>					
<b>2020 to 2021, Not Seasonally Adjusted, Over the Year (OTY)</b>					
	Annual Avg Job Change (Original)	Annual Avg Growth Rate (Original)	Annual Avg Job Change (Revised)	Annual Avg Growth Rate (Revised)	Revision to Annual Avg OTY Job Change
Total Non-Farm	63,035	2.3	57,813	2.1	-5,222
Private	62,163	2.6	60,591	2.5	-1,572
Logging & Mining	204	3.3	321	5.2	117
Construction	4,050	3.3	5,943	4.8	1,893
Manufacturing	4,551	1.5	3,587	1.2	-964
Trade, Transport. & Utilities	9,105	1.8	8,210	1.6	-895
Information	-2,512	-5.9	-774	-1.8	1,738
Financial Activities	-2,077	-1.1	-1,645	-0.9	432
Prof. & Business Services	9,991	2.8	10,907	3.0	916
Ed. & Health Services	4,350	0.8	6,557	1.2	2,207
Leisure & Hospitality	29,920	14.7	22,062	10.8	-7,858

Other Services	4,581	4.6	5,423	5.4	842
Government	872	0.2	-2,777	-0.7	-3,649

- Proportionally, benchmark revisions were largest for Mankato where annual average job change was revised downward from 1.9% to 0.9% with 535 fewer jobs after benchmarking, and Duluth where annual average job change was revised downward from 2.7% to 1.6% with 1,362 fewer jobs.
- Only Minneapolis-St. Paul and Rochester saw upward revisions. MSP MSA went from 1.6% to 2.2% over the year growth with 10,863 more jobs added than originally published. Rochester went from 2.5% to 2.6% growth with 122 more jobs added than originally published.

<b>Annual Average Employment Growth By MSA 2020 to 2021, Not Seasonally Adjusted, Over the Year (OTY)</b>					
<b>Metropolitan Statistical Area</b>	<b>Annual Avg Job Change (Original)</b>	<b>Annual Avg Growth Rate (Original)</b>	<b>Annual Avg Job Change (Revised)</b>	<b>Annual Avg Growth Rate (Revised)</b>	<b>Revision to Annual Avg OTY Job Change</b>
Minneapolis-St. Paul MN-WI MSA	30,544	1.6	41,407	2.2	10,863
Duluth-Superior MN-WI MSA	3,435	2.7	2,073	1.6	-1,362
Rochester MSA	2,973	2.5	3,095	2.6	122
St. Cloud MSA	1,543	1.5	1,142	1.1	-401
Mankato MSA	1,035	1.9	500	0.9	-535

## January 2022 Employment Release

### Overview

- The unemployment rate ticked down in January 2022 to 2.9% from 3.0% in December 2021. The decline in January was entirely due to people moving from unemployment to

employment. The labor force participation rate rose from 67.3% in December 2021 (after annual revisions) to 67.6% in January 2022.

- Minnesota gained 10,200 jobs in the last month on a seasonally adjusted basis following the addition of 2,500 jobs in December 2021. The growth from December 2021 to January 2022 is the largest single-month growth since July 2021. The private sector gained 9,100 jobs, up 0.4%, continuing a gaining streak for the last four months.
- Revisions to December seasonally adjusted CES show that Minnesota had 22,900 fewer nonfarm payroll jobs than originally estimated and 17,700 fewer in the private sector.
  - Leisure & Hospitality saw the largest revisions, with 11,800 fewer jobs in December than originally estimated.
  - Government had 5,200 fewer, Trade, Transportation & Utilities had 3,800 fewer, Construction had 2,600 fewer and Manufacturing had 2,000 fewer payroll jobs in December than originally estimated.
  - On the other hand, Information had 2,400 more jobs than originally estimated and Education and Health Services had 2,000 more jobs than originally estimated.
- Growth has been lumpy and uneven coming out of the pandemic recession. Translating seasonally adjusted job change into a 3-month moving average series, MN added 100, up 0.0% in Sept - Nov, 5,700, up 0.2% in Oct-Dec, and 7,400, up 0.3% in Nov-Jan. Nationally, all three periods have shown a 0.4% increase.
- Two supersectors lost jobs and nine gained jobs on a seasonally adjusted basis in January 2022.
  - Losses were in Construction down 1,400, and Trade, Transportation, and Utilities, down 500.
  - Gains were in Mining and Logging up 100, Manufacturing up 1,600, Information up 600, Financial Activities up 1,200, Professional & Business Services up 3,600, Education and Health Services up 900, Leisure & Hospitality up 1,800, Other Services up 1,200 and Government up 1,100.
- Minnesota lost 417,600 jobs from February through April 2020 (benchmarked) and has since gained 296,800 jobs as of January 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 74,111 payroll jobs, up 2.7%, over the year. The private sector gained 69,309 jobs, up 2.9% over the year. These gains put total nonfarm employment 121,600 jobs short of January 2020 employment and 96,700 jobs short in the private sector.

- Four supersectors posted negative annual growth, Construction down 75 jobs (0.1%), Trade, Transportation & Utilities down 3,185 jobs (0.6%), Financial Activities down 1,781 (0.9%) and Education & Health Services down 2,194 (0.4%).
  - Due to seasonality, Construction posted over the year loss in Minnesota while the U.S. gained.
  - Trade, Transportation & Utilities employment decline was driven by Wholesale Trade (down 0.6%) and Retail Trade (down 2.2%), while Transportation, Warehousing, and Utilities grew 3.5% over the year.
  - Financial Activities negative growth was due to 2.0% decline in Finance & Insurance. Real Estate and Rental and Leasing grew 4.2%.
  - A small decline in Education & Health Services was due to a 1.0% drop in Health Care and Social Assistance, especially in Hospitals, Nursing and Residential Care Facilities.
  
- Two supersectors experienced huge over-the-year gains. Leisure & Hospitality gained 48,544 jobs (26.7%) and Other Services gained 8,915 jobs (8.9%).
  - Leisure & Hospitality job growth in Minnesota continued to outpace those of the U.S. in all comparable industries.
  - Other Services job gains in MN outpaced those of the U.S. in two of three components: Repair & Maintenance and Religious, Grantmaking, Civic and Professional Organizations.
  
- Four supersectors in Minnesota show strength over the year compared to the U.S.: Mining & Logging, Manufacturing, Leisure & Hospitality, and Other Services.
  
- U.S. employment grew 4.6% over the year with the private sector up 5.0%. All supersectors showed gains over the year except Mining & Logging, which lost 12,000 jobs (2.0%).

<b>January 2022 Over the Year (OTY) Employment Growth by Industry Sector</b>			
<b>Not Seasonally Adjusted</b>			
	<b>OTY Job Change</b>	<b>MN OTY Growth Rate (%)</b>	<b>US OTY Growth Rate (%)</b>
<b>Total</b>	74,111	2.7	4.6
<b>Private</b>	69,309	2.9	5.0
<b>Mining &amp; Logging</b>	299	5.0	-2.0

Construction	-75	-0.1	1.8
Manufacturing	9,369	3.1	2.8
Trade, Transport. & Utilities	-3,185	-0.6	4.9
Information	1,276	3.1	8.9
Financial Activities	-1,781	-0.9	0.8
Prof. & Business Services	8,141	2.2	6.1
Ed. & Health Services	-2,194	-0.4	2.8
Leisure & Hospitality	48,544	26.7	15.0
Other Services	8,915	8.9	2.0
Government	4,802	1.2	2.7

### Wage and Hour Data

- Average hourly wages for all private sector workers rose 24 cents to \$34.54 in January 2022 over the month. Over the year average hourly earnings rose \$2.16, up 6.7% and since January 2020 they are up 10.8%.
  - Nationally private sector wages rose 2% over the month, up 66 cents, 6.4% over the year and 11.9% over two years.
  - The CPI inflation index for all urban consumers rose 7.5% over the year in January and 9.0% over 2 years.
- At 34.2 hours per week, Minnesota’s January 2022 average work week was up one-tenth of an hour from December 2021 and down one-tenth over the year. Over the year this was a 0.3% decline but over 2 years, hours increased 3.0%.
  - Nationally, hours decreased three-tenths of an hour over the month and declined one-tenth of an hour over the year, down 0.3% over the year but increased 1.8% over two years.

### Unemployment Data

- The unemployment rate again ticked down to 2.9% in January 2022 from 3.0% in December 2021, continuing a downward streak since May 2020.
- In the last month, the number of employed rose by 19,711 to 2,957,109, and the number of unemployed fell by 2,694 to 88,812. The employment to population ratio ticked up to 65.7%, the highest it’s been since March 2020 when it was 67.7% on a seasonally adjusted basis.
- The labor force grew by 17,017 people, with labor force participation rate ticking up three-tenths of a percentage point to 67.6%. The labor force is 118,854 workers smaller than in February 2020 when the participation rate was at 70.8%.



- Nationally, over the month, the unemployment rate rose one-tenth of a percentage point to 4.0% and the employment to population ratio rose two-tenth point to 59.7%. The size of the labor force increased by 1,393,000, with the labor force participation rate rising to 62.2% (revised).
- Based on 12-month moving average **unemployment rates by race** in January 2022 are as follows (source: CPS Demecon, 12-month moving averages):

Month/Year	Total	White	Black	Hispanic
January-2022	3.7%	3.4%	6.2%	5.2%
December-2021	3.8%	3.6%	6.2%	4.7%
January-2021	6.1%	5.8%	9.5%	7.3%
Over the month change	-0.1%	-0.2%	0%	0.5%
Annual change	-2.4%	-2.4%	-3.3%	-2.1%

- 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 January 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
Jan-22	5.7%	5.0%	9.9%	2.3%
Dec-21	6.2%	5.4%	11.1%	2.7%
Jan-21	7.1%	6.3%	16.1%	7.2%

## Industry Details

**Mining and Logging:** Employment in Mining and Logging was up by 100 (1.5%) over the month (OTM) in January, on a seasonally adjusted basis. Over the year, the supersector added 299 jobs (5%), after posting only 0.1% OTY growth in December.

**Construction:** Construction employment was down in January as the employers shed 1,400 jobs (1.1%). After strong performances in the spring and summer of 2021, the supersector posted

seasonal losses in five of the past six months. On an annual basis, Construction employers lost 75 jobs (0.1%). Specialty Trade Contractors added 718 jobs (1%), but those gains were countered by the loss of 200 jobs (0.8%) in Construction of Buildings and 593 jobs (4.3%) in Heavy and Civil Engineering Construction.

**Manufacturing:** Employment in Manufacturing was up 1,600 jobs (0.5%) OTM in January. Non-Durable Goods Manufacturers added 900 jobs (0.8%) while their counterparts in Durable Goods added 700 jobs (0.3%). Over the year, Manufacturing employers added 9,369 jobs, or 3.1%, the third-highest proportional growth of any supersector in the state (behind Leisure and Hospitality and Other Services).

**Trade, Transportation, and Utilities:** Trade, Transportation, and Utilities employment was off by 500 (0.1%) in January. Retail Trade added 400 jobs (0.1%) while Wholesale lost 200 (0.2%) and Transportation, Warehousing, and Utilities lost 700 (0.6%). On an annual basis, the supersector lost 3,185 jobs, or 0.6%, making it one of only four supersectors to post losses on the year. Retail Trade lost 6,145 jobs (2.2%), driving the decline, while Transportation, Warehousing, and Utilities employment was up 3,517 jobs (3.8%).

**Information:** Information employment was up by 600 (1.4%) in January. Over the year, Information employers added 1,276 jobs, or 3.1%. That is the highest annual growth the long-declining supersector has posted since March of 2001.

**Financial Activities:** Employment in the Financial Activities supersector was up by 1,200 (0.6%) in January. Finance and Insurance added 1,000 jobs (0.6%) and Real Estate and Rental and Leasing added 200 (0.6%). Over the year, employment was down 1,781 (0.9%). It was the largest annual decline of any supersector in the state. Finance and Insurance shed 3,144 jobs (2%) while Real Estate and Rental and Leasing lost 1,363 (4.2%).

**Professional and Business Services:** Professional and Business Services added 3,600 jobs (1%) OTM in January. Professional, Scientific, and Technical Services added 1,900 jobs (1.2%) and Administrative and Support and Waste Management and Remediation Services added 2,200 (1.7%). Management of Companies shed 500 jobs (0.6%). Over the year, the supersector added 8,141 jobs (2.2%), though Management of Companies lost 178 jobs (0.2%). The Employment Services component, which is often viewed as a leading indicator for the larger labor market, added 2,729 jobs, or 5.1%.

**Education and Health Services:** Employment in Education and Health Services was up by 900 (0.2%) OTM in January. Educational Services added 600 jobs (0.9%) while Health Care and Social Assistance added 300 (0.1%). Over the year, the supersector shed 2,194 jobs (0.4%). Employment in Educational Services was up 2,727 (4.2%) but those gains were overwhelmed by declines in Health Care and Social Assistance, which lost 4,921 jobs (1%). Nursing and Residential Care facilities,

which are in the midst of a highly publicized struggle to find workers, drove the declines, off by 6,915 jobs (6.6%).

**Leisure and Hospitality:** Leisure and Hospitality employment was up by 1,800 (0.7%) in January. It was the fourth consecutive month of seasonally adjusted growth for the supersector. Over the year, Leisure and Hospitality added 48,544 jobs (26.7%), which was the highest proportional growth in the state. Arts, Entertainment, and Recreation added 11,224 jobs (42.4%) while Accommodation and Food Services added 37,320 (24.1%).

**Other Services:** Employment in Other Services was up by 1.1% (1,200 jobs) in January, their fourth consecutive month of seasonally adjusted growth. On an annual basis, employment in Other Services was up 8.9% (8,915 jobs). It was the second-largest proportional growth of any supersector in the state (after Leisure and Hospitality), as Other Services employers continued to build back from pandemic-related losses.

**Government:** Government employers added 1,100 jobs (0.3%) OTM in January. Local Government drove the growth, adding 1,100 jobs (0.4%) while Federal and State employers added and lost 100 jobs each, respectively. Over the year, Government employers added 4,802 jobs (1.2%). Both State and Federal employers posted negative growth (down 0.8% and 1.8%, respectively) but Local Government employers added 6,217 jobs, or 2.3%.

<b>Metropolitan Statistical Area</b>	<b>OTY Employment Change (#, NSA)</b>	<b>OTY Employment Change (% , NSA)</b>
Minneapolis-St. Paul MN-WI MSA	46,731	2.7
Duluth-Superior MN-WI MSA	4,394	3.5
Rochester MSA	4,131	3.5
St. Cloud MSA	3,645	3.6
Mankato MSA	967	1.8

## Outlook

- Annual revisions based on updated population controls and revisions to seasonal adjustment show a slightly lower unemployment rate and a lower labor force participation rate than originally published for 2021.
- Annual revisions to industry employment put December 2021 total nonfarm employment below the original series by 23,681 jobs. However, taking the average employment across the year, total nonfarm employment is 2,700 jobs higher after revisions than originally published, or 0.1% higher.

- With these revisions, 2021 over the year job growth is at 2.1% in total nonfarm and 2.5% in the private sector. The average annual unemployment rate is 3.6% compared to 5.3% nationally, and the labor force participation rate is 67.7%, the lowest on record since 1977. U.S. annual average labor force participation rate is 61.7%, lower than any other participation rate on records going back to 1978.
- Minnesota's labor market had a strong start to 2022 with the addition of 17,017 people to the labor force and 10,200 jobs.
- At 2.9% the unemployment rate is now the lowest on records since December 1999.
- In this tight labor market, employers are better utilizing their workforces. Involuntary part time (also known as part time for economic reasons) fell again in January by 1,600 people on a 12-month moving average basis to 52,100.
- The number of long term unemployed – workers unemployed for 27 weeks or more - dropped for the fourth straight month in December, to 33,900. This is still high by historical standards – the number was 11,100 in February 2020 prior to the pandemic.
- The average hourly wage increase for all private sector workers, at 6.7% over the year, stayed below inflation at 7.5% in January.
  - Over two years the comparison was 10.8% for private sector wages in MN compared to 9.0% inflation.
  - Nationally private sector wages rose 6.4% over the year and 11.9% over two years.
- High demand, low wage jobs continued to see greater average wage increases.
  - The avg wage for production workers in Food Service and Drinking Places, at \$16.84, rose 12.7% over the year and 14.0% over two years.
  - The average wage for production workers in Nursing & Residential Care Facilities, at \$21.76, rose 16.4% over the year and 13.5% over two years.

**Labor Market Information Office  
MN Department of Employment and Economic Development  
March 10, 2022**