

**March 2020 Employment Analysis**  
**(Embargoed until 10 am Thursday, April 16, 2020)**

**March Employment Release**

**Overview**

- Seasonally adjusted payroll employment dropped by 14,400 jobs in March while the Private sector lost 15,400 jobs during the month. Declines were sharpest in Profession & Business Services where Employment Services (temp help) lost 4,200 jobs and Leisure & Hospitality where Accommodation & Food Service lost 7,800 jobs.
- Over the year, Minnesota lost 10,144 payroll jobs while the Private sector lost 13,994 jobs.
- CES reflects payroll that includes the 12<sup>th</sup> of the month. In some cases this does include the week of March 16<sup>th</sup> when bars were closed and restaurants restricted to takeout by executive order in Minnesota. Other executive orders happened after the week of March 16<sup>th</sup>.
- Four of the 11 supersectors gained jobs over the year in March: Government, Other Services, Trade, Transportation and Utilities and Construction.
- Seven supersectors lost jobs over the year in March: Logging & Mining, Manufacturing, Information, Financial Activities, Professional & Business Services, Education & Health Services and Leisure & Hospitality.
- Despite slow overall annual growth, Minnesota outpaced the nation in three sectors, Logging & Mining, Trade, Transportation & Utilities and Other Services.
- Minnesota's seasonally adjusted March unemployment rate held steady at 3.1 percent. March estimates reflect the week including March 12<sup>th</sup>, which was the week prior to the executive order in Minnesota closing bars and restricting restaurants to takeout. Therefore, the March estimate captures virtually none of the impact of COVID-19.
- The labor force participation rate declined to 69.1 percent in March from 70.2 percent in February with the loss of 48,125 people. This loss was almost entirely in the number of employed, down 47,292 in March compared to February.
- The employment to population ratio also dropped in March to 67.0 percent compared to 68.1 percent in February.

Over The Year (OTY) Employment Growth By Industry Sector (Not Seasonally Adjusted)			
	OTY Job Change	OTY Growth Rate (%)	US OTY Growth Rate
Total	-10,144	-0.3	0.6
Private	-13,994	-0.6	0.6
Logging & Mining	-48	-0.8	-6.6
Construction	930	0.9	2.2
Manufacturing	-3,869	-1.2	0.0
Trade, Transport. & Utilities	1,624	0.3	-0.1
Information	-1,144	-2.5	2.9
Financial Activities	-1,521	-0.8	2.5
Prof. & Business Services	-4,316	-1.2	0.7
Ed. & Health Services	-4,310	-0.8	1.8
Leisure & Hospitality	-3,439	-1.3	-1.6
Other Services	2,099	1.9	0.1
Government	3,850	0.9	1.0

- Average hourly earnings for all private sector workers fell in March by 7 cents to \$31.44. Over the year growth in average hourly earnings rose 5.4% one year ago.
- At 33.6 hours per week, the average work week was down 2 tenths of an hour from last month but up 0.6 percent from last year.

### Details

**Construction:** Construction employment was up slightly in March, adding 100 jobs (0.1 percent). While gains were modest, it was one of only three supersectors to add jobs in March. Over the year, the supersector added 0.9 percent (930 job), and was one of only four supersectors to show positive OTY (over-the-year) job growth. Residential Building Construction was up by 529 (4.4 percent) and Specialty Trade Contractors added 1,772 jobs (2.5 percent), while Heavy and Civil Engineering Construction lost 710 jobs (6.7 percent).

**Manufacturing:** Employment in the Manufacturing industry group was off by 1,200 jobs (0.4 percent) in March, with all of those losses coming in Non-Durable Goods Manufacturing (down 1,200 or 1 percent). Over the year, Manufacturing employers lost 3,869 jobs (1.2 percent). Durable Goods manufacturers shed 3,741 jobs (1.8 percent) and Non-Durable Goods manufacturers lost 128 (0.1 percent). The Food Manufacturing component was off by 2.5 percent (1,133 jobs).

**Trade, Transportation, and Utilities:** Trade, Transportation, and Utilities employers added 2,700 jobs (0.5 percent) in March, on a seasonally adjusted basis. It was the strongest monthly performance of any supersector in the state. Retail Trade drove the growth, adding 3,300 jobs (1.1 percent). Annually, Trade, Transportation, and Utilities added 1,624 jobs (0.3 percent), and improvement from

February's 0.6 percent OTY job loss, and the first time since January of 2019 that the supersector showed any annual job growth. Retail Trade drove the growth, adding 2,119 jobs (0.7 percent).

**Professional and Business Services:** Professional and Business Services employers shed 4,100 jobs (1.1 percent) in March, on a seasonally-adjusted basis. The declines were driven by Administrative and Support and Waste Management and Remediation Services (primarily temp help), which lost 4,200 jobs (3.1 percent). Over the year, Professional and Business Services lost 4,316 jobs (1.2 percent), a notable drop from February's 0.4 percent OTY decline. As was the case over the month, March declines came primarily in Administrative and Support and Waste Management and Remediation Services, and more specifically in Employment Services (off by 4,169, or 7.2 percent). It's possible that the declines are partially an early sign of fallout from the ongoing pandemic, though the sector had been showing growing annual losses in prior months as well. It is also possible that hiring will increase in Employment Services as businesses shift to new hiring needs in under unpredictable circumstances.

**Education and Health Services:** Employment in Education and Health Services was off by 2,400 (0.4 percent) in March, with losses in both Educational Services (down 1,400, or 2 percent) and Health Care and Social Assistance (down 1,000, or 0.2 percent). Over the year, the supersector lost 4,310 jobs (0.8 percent). Educational Services employment was off by 1.1 percent (823 jobs), down from -0.4 percent in February, and Health Care and Social Assistance was off 0.7 percent (3,487 jobs), down from -0.5 percent in February. Nursing and Residential Care facilities continued to drive the losses the Health Care component, as they shed 4,142 jobs (3.8 percent) on the year.

**Leisure and Hospitality:** Leisure and Hospitality employment was down sharply in March as the supersector shed 8,100 jobs (2.9 percent) on a seasonally adjusted basis. Most of those losses came in Accommodation and Food Services, which was off by 7,800 jobs, or 3.4 percent. It's possible that these losses at least partially represent the leading edge of a downturn in employment due to COVID-19. Over-the-year declines in the supersector were also large, as Leisure and Hospitality employers lost 3,439 jobs (1.3 percent) in March. The decline came immediately after the supersector posted an increase of 1.3 percent in February, which was one of the strongest OTY performances last month. Accommodation and Food Services lost 4,814 jobs (2.2 percent) while Arts, Entertainment, and Recreation added 1,375 jobs (3.2 percent).

**Other Services:** Employment in Other Services was down by 1,900 (1.6 percent) in March, which may be at least partially a correction to February's 2.0 percent seasonally adjusted increase. Over the year, the supersector added 2,099 jobs, or 1.9 percent. It was the largest proportional OTY job growth of any supersector in the state. Repair and Maintenance added 1,609 jobs (7.3 percent) and Personal and Laundry Services added 1,200 (4.3 percent) while Religious, Grantmaking, Civic, Professional, and Similar Organizations lost 710 jobs (1.1 percent).

**Government:** Government employers added 1,000 jobs (0.2 percent) in March, with growth at all three levels of government. Over the year, public sector employment increased by 3,850 jobs (0.9 percent) as all three levels of government added jobs. The only component sector to lose jobs on the year was the U.S. Postal Service, where employment was down by 160, or 1.3 percent.

Employment in the Minneapolis-St. Paul-Bloomington MSA was off by 7,995 jobs (0.4 percent) on the year in February, slightly worse than the state's 0.3 percent decline. The Duluth-Superior MSA led all declines, off by 1.1 percent (1,491 jobs). Rochester also dipped into the red, off by 541 (0.4 percent). The Mankato-North Mankato MSA maintained the strongest OTY performance, and actually improved over February's estimates, up by 2.7 percent (1,558 jobs). The Saint Cloud MSA also showed annual job growth, adding 323 jobs, or 0.3 percent.

<b>Metropolitan Statistical Area</b>	<b>OTY Employment Change (#, NSA)</b>	<b>OTY Employment Change (% , NSA)</b>
Minneapolis-St. Paul MN-WI MSA	-7,995	-0.4
Duluth-Superior MN-WI MSA	-1,491	-1.1
Rochester MSA	-541	-0.4
St. Cloud MSA	323	0.3
Mankato MSA	1,558	2.7

## Outlook

In general March data reflect the state of the economy through the week ending March 13<sup>th</sup>. This is because for both LAUS and CES the reference date is the week or payroll containing the 12<sup>th</sup> of the month. In Minnesota, the first executive order, to shut down restaurants and bars, went into effect Tuesday March 17<sup>th</sup>. The other main executive orders shutting down businesses went into effect as follows:

- March 23<sup>rd</sup> – postponing elective healthcare procedures
- March 27<sup>th</sup> – stay at home order and definition of critical employment sectors

Clearly more of the COVID-19 impact was captured in CES data, which references the payroll containing the 12<sup>th</sup> and therefore may capture some of the impact of the executive order to eliminate full-service at restaurants and shut down bars. However, CES clearly only captures a small portion of all the jobs lost through the end of March. Very little of the impact was captured in LAUS data for March because households were reporting for the week ending March 13<sup>th</sup>.

April data, due out May 21<sup>st</sup> (2020 release schedule can be accessed [here](#)) will shed much clearer light on the impact of the COVID-19 shut down, capturing much of the immediate impact of the main executive orders to shut down businesses.

**Labor Market Information Office**  
**MN Department of Employment and Economic Development**  
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