

May 2021 Employment Analysis

Overview

- The unemployment rate ticked down to 4.0% in May from 4.1% in April. The decrease resulted from people moving from unemployment to employment. May also showed an increase in the size of the labor force.
- Minnesota added 12,300 jobs, up 0.4%, in May on a seasonally adjusted basis. The private sector gained 14,800 jobs, up 0.6%. The private sector showed stronger growth in May than in April even after upward revisions.
- April gains were revised upward slightly from 11,300 or 0.4% to 13,400 or 0.5%. April's private sector employment was revised upward from a gain of 8,100 or 0.3% to 10,600 or 0.4%.
- Seven supersectors gained jobs, three lost jobs and Mining & Logging held steady in May on a seasonally adjusted basis.
 - Gains were largest in Leisure & Hospitality up 6,000 or 2.7%, Professional & Business Services, up 3,500 jobs or 1.0%, Other Services, up 2,200 or 2.2%, Construction up 1,200 or 0.9%, Manufacturing, up 800 or 0.3% and Financial Activities up 200 or 0.1% over the month.
 - Government lost 2,500 jobs, down 0.6%, Trade, Transportation and Utilities lost 2,300 jobs, down 0.4% and Information lost 200 jobs, down 0.5%.
- The U.S. gained 559,000 jobs up 0.4% over the month in May, with the private sector up 492,000 jobs or 0.4%.
- Minnesota lost 416,300 jobs from February through April 2020 and has since gained 249,700 jobs, or 60.0% of the jobs lost on a seasonally adjusted basis. The private sector has regained 62.2% of the jobs lost.
- In May 2021, Minnesota gained 229,480 payroll jobs, up 8.8%, over the year. The private sector gained 211,352 jobs, up 9.5% over the year in May. These gains put total nonfarm employment 157,312 jobs short of May 2019 employment and the private sector 136,749 jobs short.
- U.S. employment grew 9.0% over the year with the private sector up 10.4% in May.
- In MN, Information was showing over the year loss, down 1,896 jobs or 4.5%. All other sectors were showing gains over the year in MN and the U.S.
- In Minnesota, over the year job gains were strongest in Leisure & Hospitality, up 58.3% or 85,784 jobs, Trade, Transportation & Utilities, up 7.5% 35,619 jobs, Education & Health Services up 6% or 30,619 jobs, Other Services, up 31.0% or 24,732 jobs and Professional & Business Services up 23,229 or 6.7%.
- Four supersectors in Minnesota showed strength over the year compared to the U.S.: Leisure & Hospitality, Other Services, Government and Logging & Mining. The first three of the supersectors listed lost a greater share of jobs in April 2020 compared to the nation and therefore had more ground to make up over the year compared to the nation.

- In both Leisure & Hospitality and Other Service, Minnesota’s over the year gains in May outpaced those of the U.S. across all publishable component industries. Again, this was primarily because Minnesota saw sharper job loss in April 2020 and therefore had more to gain back.
- The OTY growth in Government was driven by Local Government, up 7.8% in MN. State Government continued job losses over the year, now down 2.6% with losses entirely driven by the education component of the sector.

May 2021 Over The Year (OTY) Employment Growth By Industry Sector Not Seasonally Adjusted			
	OTY Job Change	OTY Growth Rate (%)	US OTY Growth Rate
Total	229,480	8.8	9.0
Private	211,352	9.5	10.4
Logging & Mining	872	15.6	2.2
Construction	3,194	2.5	5.9
Manufacturing	8,938	3.0	5.5
Trade, Transport. & Utilities	35,619	7.5	8.8
Information	-1,896	-4.5	5.1
Financial Activities	189	0.1	2.2
Prof. & Business Services	23,229	6.7	7.9
Ed. & Health Services	30,691	6.0	6.4
Leisure & Hospitality	85,784	58.3	41.7
Other Services	24,732	31.0	16.9
Government	18,128	4.6	1.6

Wage and Hour Data

- Average hourly earnings for all private sector workers rose 13 cents to \$32.56 in May over the month. Over the year average hourly earnings rose 73 cents, up 2.3%.
- At 35.2 hours per week, May’s average work week was six-tenths of an hour longer than in April but one and a tenth hours, or 3.2%, longer than a year ago.

Unemployment Data

- The unemployment rate ticked down in May to 4.0%.
- The number of unemployed fell by 2,289, to 120,869, and the number of employed increased by 8,910 to 2,908,624. The labor force expanded by 6,621 people to 3,029,493 after a small upward revision in March. This is 87,588 below its February 2020 level.
- The expanding labor force pushed the labor force participation rate up two tenths of a percentage point to 67.9%, the first increase in three months. In February 2020 it was 70.2%.
- As the number of employed expanded the employment to population ratio ticked up for the second straight month to 65.2%. In February 2020 it was 67.8%.
- Nationally, the unemployment rate fell to 5.8% with labor force participation down one-tenth point to 61.6% and the employment to population ratio up one-tenths to 58.0%. The size of the U.S. labor force decreased by 53,000 people.

Based on **12-month moving average** unemployment rates by race in May are as follows (source: CPS Demecon, 12-month moving averages):

Month/Year	Total	Black	Hispanic	White
May-21	5.2%	6.9%	6.6%	5.1%
April-21	5.8%	8.9%	7.7%	5.6%
May-20	4.2%	6.1%	6.0%	4.0%

Note that these estimates differ from the official statewide estimate because they are calculated from 12 months of data rather than a single month.

Details

Mining and Logging: Mining and Logging employment was flat in May, holding at 6,300 jobs. The level has been very consistent in recent months, not moving above 6,300 or below 6,200 since July of 2020. Over the year (OTY), the supersector added 872 jobs, or 15.6%, after bucking the overriding trend and posting negative growth in April. COVID-related job losses came later in Mining and Logging than they did elsewhere, as the supersector posted larger declines in May, June, and July of 2020 than in April, when most supersectors had their steepest declines.

Construction: Employment in Construction was up by 1,200 (0.9%) in May. The supersector posted seasonally adjusted growth in each of the last three months, adding 11,000 jobs over that period. On an annual basis, Construction employers added 3,194 jobs, or 2.5%. The growth was spread across all published component sectors, with Construction of Buildings up 2.9% (809 jobs) and Specialty Trade Contractors adding 2,001 jobs, or 2.5%.

Manufacturing: Employment in Manufacturing was up by 800 (0.3%) in May. Durable Goods Manufacturing added 600 jobs (0.3%) and Non-durable Goods Manufacturing added 200 (0.2%). Over the year, the supersector added 8,938 jobs, or 3%. The lion's share of that growth came in Non-durable Goods Manufacturing, where 6,357 jobs (6.1%) were added.

Trade, Transportation, and Utilities: Trade, Transportation, and Utilities employers shed 2,300 jobs (0.4%) in May. It was one of only three supersectors to lose jobs on the month. Retail Trade was down 2,200 (0.8%) and Wholesale Trade was down 800 (0.6%) while Transportation, Warehousing, and Utilities added 700 jobs (0.7%). The supersector added 35,619 jobs (7.5%) over the year, the second-largest real job growth in the state (trailing only Leisure and Hospitality). Retail Trade, which performed relatively well throughout the pandemic, drove the growth in the supersector by adding 32,749 jobs, or 13.2%. Wholesale Trade added 2,046 jobs (1.7%) and Transportation, Warehousing, and Utilities added 824 (0.8%).

Information: Information employers lost 200 jobs, or 0.5%, on a seasonally adjusted basis in May. It has posted negative growth in eight of the past ten months. Information also lost jobs on an annual basis, off by 4.5%, or 1,896 jobs. It was the only supersector to post negative annual growth, as it continues in a years-long decline.

Financial Activities: Employment in Financial Activities was up by 200 (0.1%) in May. Real Estate and Rental and Leasing employment was up 300 (0.9%) while Finance and Insurance was down 100 (0.1%). Over the year, the supersector added just 189 jobs (0.1%). Gains in Real Estate and Rental and Leasing (up 2.6%, or 854 jobs) were mostly offset by losses in Finance and Insurance (down 0.4%, or 665).

Professional and Business Services: Professional and Business Services employment was up by 3,500 jobs, or 1%, in May. Professional, Scientific and Technical Services added 2,500 jobs (1.6%) and Administrative and Support and Waste Management and Remediation Services added 1,700 (1.4%). Over the year,

the supersector added 23,229 jobs, or 6.7%. Administrative and Support and Waste Management and Remediation Services drove the growth, adding 16,815 jobs (15.2%), due in large part to its component Employment Services, which added 10,641 jobs, or 25.7%.

Education and Health Services: Education and Health Services employers added 3,400 jobs (0.6%) over the month in May. Educational Services was up 2% (1,400 jobs) and Health Care and Social Assistance was up 0.4% (2,000 jobs). Over the year, the supersector added 30,691 jobs, or 6%. Educational Services employment was up 16% over May of 2020 (10,269 jobs) while Health Care and Social Assistance employment was up 20,422 (4.6%).

Leisure and Hospitality: Leisure and Hospitality employers added 6,000 jobs, or 2.7%, in May. It was the largest proportional growth of any supersector in the state, as it continued working to build back up after its major job losses due to the COVID pandemic. Arts, Entertainment, and Recreation added 2,100 jobs (5.5%) and Accommodation and Food Services added 3,900 (2.2%). Over the year, the Leisure and Hospitality employers added 85,784 jobs, or 58.3%, the largest real and proportional growth of any supersector in the state. Arts, Entertainment, and Recreation more than doubled its overall employment on the year, going from 21,590 jobs in May of 2020 to 43,200 jobs, an annual change of 100.1%. Accommodation and Food Services grew by a comparatively ordinary 51.1%, adding 64,174 jobs. Both numbers would be unbelievable if not for the similarly massive losses suffered by these sectors a year ago.

Other Services: Employment in Other Services was up by 2,200, or 2.2%, in May, its third consecutive month of seasonally adjusted growth. Over the year, Other Services employment was up by 31% (24,732 jobs), the second-largest proportional growth in the state. Personal and Laundry Services, which includes employers such as hair salons that were particularly hard-hit by the pandemic, more than doubled its employment over the year, adding 14,334 jobs, or 118.1%. Repair and Maintenance added 2,797 jobs (14.3%) and Religious, Grantmaking and Civic Organizations added 7,601 (15.8%).

Government: Government employers lost 2,500 jobs, or 0.6%, in May, due entirely to the loss of 2,600 jobs (0.9%) in Local Government. State employers added 100 jobs (0.1%) and Federal Government employment was flat. Over the year, the Government added 18,128 jobs (4.6%). Local Government drove the growth, adding 20,373 jobs (7.8%), thanks primarily to non-education employment, which was up by 15,176, or 11.9%. Federal employers added 343 jobs (1.1%) while State Government employment lost 2,588 (2.6%) with all of those losses coming in State Government Education (down 2,827, or 4.7%). State Government employment did not decline as much as other supersectors at the onset of the pandemic and maintained steady annual losses as we passed the twelve-month mark.

All **regions** now show job growth over the year. Duluth, Mankato and the Minneapolis-St. Paul MSAs all saw the strongest growth over the year in May, having also seen the sharpest job losses in April 2020. Compared to May 2019 employment, MSP MSA is 122,898 jobs short, Duluth MSA is 8,499 jobs short, Mankato MSA is 3,367 jobs short, Rochester MSA is 2,900 jobs short and St. Cloud MSA is 5,702 jobs short.

Metropolitan Statistical Area	OTY Employment Change (#, NSA)	OTY Employment Change (% , NSA)
Minneapolis-St. Paul MN-WI MSA	149,293	8.4
Duluth-Superior MN-WI MSA	13,379	11.4
Rochester MSA	7,791	6.9
St. Cloud MSA	7,350	7.4
Mankato MSA	4,160	8.1

Outlook

- May proved to be a strong month for Minnesota's labor market with growth in both labor force participation and employment and an additional 12,300 jobs over the month.
- Construction continued to add jobs and is now 200 jobs over where it was in February 2020 before the pandemic hit.
- Job matches take time to sort out and even more time in a tight labor market. But May data showed that as vaccination rates topped 60%, Minnesota workers were not only reentering the labor market but they were finding jobs.
- There is some evidence that in this tight labor market employers are better utilizing their workforces. The number of involuntary parttime workers fell by 12,000 on a 12-month moving average basis in May. There are now 89,500 involuntary parttime workers compared to 64,200 one year ago.
- More evidence of this is that Private Sector average weekly hours ticked up again in May and is now 4.1% higher than in February 2020. Average weekly hours rose even faster in industries that are looking to hire the most workers: 9% to 21.8 hours per week for production workers (nonsupervisory/nonmanagerial workers) in Food Service and Drinking Places and 4.6% to 27.5 hours per week for production workers in Retail Trade compared to February 2020.
- Increased wages may also be helping employers recruit and retain workers. Compared to February 2020 Private Sector average hourly wages were up 3.3% over the year and even more in industries that are hiring workers the fastest. The average hourly wage for production workers was up \$1.87 per hour or 11.4% in Retail and \$1.08 per hour or 7.2% in Food Service and Drinking Places compared to February 2020.

Labor Market Information Office

MN Department of Employment and Economic Development

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