

September 2021 Employment Analysis

Overview

- The unemployment rate ticked down to 3.7% in September due to people moving out of unemployment and into employment. The labor force participation rate ticked up one-tenth of a percentage point to 67.9%.
- Minnesota gained 17,100 jobs, up 0.6% in September on a seasonally adjusted basis. The private sector gained 17,700 jobs, up 0.7%.
 - August gains were revised down by 100 jobs in total employment, entirely in Government, with private sector employment unchanged.
- The U.S. gained 194,000 jobs, up 0.1% in September, with August gains revised up by 169,000, but remaining at 0.2% growth over the month. In September the private sector added 317,000 jobs, up 0.3%.
- Growth has been lumpy and uneven coming out of the pandemic recession. Translating seasonally adjusted job change into a 3-month moving average series, Minnesota added 10,333 jobs, up 0.4%, in May-July; 8,733 jobs, up 0.3% in June-Aug.; and 12,800 jobs, up 0.5% in July-Sept. Nationally, this compares to 0.6% in May-July, 0.6% in June-Aug and 0.4% in July-Sept.
- Seven supersectors gained jobs in September and four lost jobs on a seasonally adjusted basis.
 - Gains were in Leisure & Hospitality, up 9,800 jobs, Trade, Transportation & Utilities, up 2,600 jobs, Professional & Business Services up 2,400 jobs, Construction up 2,300 jobs, Educational & Health Services, up 1,900 jobs, Information up 100 jobs, and Mining & Logging up 100 jobs.
 - Losses were in Financial Activities down 900 jobs, Government, down 600 jobs, Manufacturing down 400 jobs and Other Services down 200 jobs.
 - Losses in Financial Activities were in both Finance and Insurance as well as Real Estate & Rental/Leasing
 - Losses in Government were all in State Government, with Local Government holding steady from August.
 - Losses in Manufacturing were in Durable Goods
- Minnesota lost 416,300 jobs from February through April 2020 and has since gained 289,700 jobs, or 70% of the jobs lost on a seasonally adjusted basis. The private sector has regained 72% of the jobs lost.

Over the Year

- Minnesota gained 107,597 payroll jobs, up 3.9%, over the year. The private sector gained 105,656 jobs, up 4.4% over the year. These gains put total nonfarm employment 111,760 jobs short of September 2019 employment and the private sector 92,406 jobs short.

- Information and Financial Activities continued to show over the year losses, down 2,018 (-4.8%) and 2,028 jobs (-1.1%) respectively.
- U.S. employment grew 4.0% over the year with the private sector up 4.7% in September. All supersectors showed gains over the year.
- Four supersectors in Minnesota now show strength over the year compared to the U.S.:
 - Leisure & Hospitality, Construction, Professional & Business Services and Manufacturing.
- As happens every year, Leisure & Hospitality actually lost jobs on an unadjusted basis over the month in September, but fewer than is typical. This may be a month when the supersector can retain some of the talent that they would normally let go during the fall to make up for hiring difficulties during the summer. Over the year gains in Minnesota continued to outpace those of the U.S. with strength across the board in Minnesota.
- Construction also lost unadjusted jobs over the month, but over the year gains in Minnesota outpaced U.S. gains, with all three components, Construction of Buildings, Heavy & Civil and Specialty Trade showing strength compared to the nation.
- Professional & Business Services over the year growth in Minnesota outpaced U.S. employment growth in Professional, Scientific & Technical as well as Administrative & Support services. In Admin & Support, Temp help grew by 14.2% over the year in Minnesota compared to 12.4% nationwide. Minnesota is seeing over the year losses in Management of Companies & Enterprises, down 0.8% compared to an increase of 0.5% nationwide.
- Strength in Manufacturing in Minnesota was in both Durable and Nondurable Goods components, with Food Manufacturing particularly strong, up 7.2% in MN compared to 1.5% nationwide.

September 2021 Over the Year (OTY) Employment Growth by Industry Sector Not Seasonally Adjusted			
	OTY Job Change	OTY Growth Rate (%)	US OTY Growth Rate
Total	107,597	3.9%	4.0%
Private	105,656	4.4%	4.7%
Mining & Logging	232	3.6%	8.7%
Construction	10,032	7.6%	2.8%
Manufacturing	11,224	3.7%	2.7%
Trade, Transport. & Utilities	13,924	2.8%	3.4%
Information	-2,018	-4.8%	5.6%
Financial Activities	-2,028	-1.1%	1.6%
Prof. & Business Services	21,275	6.0%	5.4%
Ed. & Health Services	4,457	0.8%	2.2%
Leisure & Hospitality	44,097	20.7%	14.6%
Other Services	4,461	4.5%	5.4%
Government	1,941	0.5%	0.5%

Unemployment Data

- The unemployment rate again ticked down one-tenth of a point to 3.7% in September.
- The number of employed rose by 8,051 to 2,923,759, and the number of unemployed fell by 3,951 to 110,970. The employment to population ratio ticked up two-tenths of a percentage point to 65.4%. This compares to 67.8 percent in February 2020.
- Overall, the labor force increased by 4,100 people, bringing the labor force participation rate one-tenth of one percentage point to 67.9%. The labor force is 82,352 workers smaller than in February 2020 when the participation rate was at 70.2%.
- Nationally, the unemployment rate fell four-tenths of a percentage point to 4.8% and the employment to population ratio rose two-tenth point to 58.7%. The size of the labor force decreased by 183,000 bringing down the labor force participation rate by one-tenth of a percentage point to 61.6% in September.
- Based on 12-month moving average **unemployment rates by race** in September are as follows (*source: CPS Demecon, 12-month moving averages*):

Month/Year	Total	Black	Hispanic	White
September-21	4.2%	3.9%	5.5%	4.2%
August-21	4.4%	3.6%	5.5%	4.4%
September-20	5.5%	9.7%	8.1%	5.1%

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 the Feb 2020 to Sept 2021 (and Feb 2020 to Aug 2021 and Feb 2020 to Sept 2020) change in the labor force participation rate. This represents the total share of Minnesotans in Sept 2021 (and Aug 2021 and September 2020) 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	Black	Hispanic	White
September-21	6.3%	8.4 %	5.1%	5.9%
August-21	6.4%	8.4%	4.7%	5.9%
September-20	6.2%	14.8%	9.2%	5.4%

Wage and Hour Data

- Average hourly earnings for all private sector workers rose 25 cents to \$32.97 in September over the month. Over the year average hourly earnings rose \$1.17, up 3.7% and since September 2019 they are up 7.4%. Nationally private sector wages rose 4.7% over the year and 8.9% over two years.

- At 34.2 hours per week, September's average work week was one hour shorter than in August and up 0.6% from one year ago and 0.3% from two years ago. Nationally, hours are up 0.3% over the year but down 0.3% over two years.

Details

Mining and Logging: Mining and Logging employment was up by 100 (1.6%) over the month (OTM) in September, on a seasonally adjusted basis. On an annual basis, the supersector added 232 jobs, or 3.6%. which was down from 4.9% over the year (OTY) growth in August.

Construction: Employment in Construction was up 2,300 (1.8%) in September. It was the third consecutive month with seasonally adjusted growth for the supersector. Over the year, Construction employers added 10,032 jobs, or 7.6%. It was the second-highest proportional growth of any supersector in the state (after Leisure and Hospitality), and an improvement over August's 5.5% annual growth. Every published component sector added jobs.

Manufacturing: Manufacturing employers lost 400 jobs (0.1%) on the month in September. Durable Goods Manufacturing lost 500 jobs (0.2%) while their counterparts in Non-Durable Goods Manufacturing added 100 (0.1%). On an annual basis, the supersector added 11,224 jobs (3.7%). Durable Goods Manufacturing was up 6,451 (3.3%), and Non-Durable Goods Manufacturing was up 4,773 (4.3%).

Trade, Transportation, and Utilities: Trade, Transportation and Utilities employment was up by 2,600 (0.5%) in September. The growth was driven by Transportation, Warehousing, and Utilities, which added 3,100 jobs, or 3%. Retail Trade employment was up 400 (0.1%) while Wholesale Trade employment was down by 900 (0.7%). Over the year, Trade, Transportation and Utilities added 13,924 jobs (2.8%) with growth in all three major component sectors. Transportation, Warehousing and Utilities led the way, up 7,087, or 7%. Transportation and Warehousing added 7,109 jobs (8%), despite one of its largest components, Truck Transportation, posting negative annual growth (down 831, or 3.1%).

Information: Employment in Information was up by 100 (0.2%) on a seasonally adjusted basis in September. Over the year, Information employers lost 2,018 jobs (4.8%). It was the worst proportional growth of any supersector in the state, as Information employment continues to decline in the state.

Financial Activities: Financial Activities employers lost 900 jobs (0.5%) in September. Both component sectors lost jobs, with Real Estate and Rental and Leasing off by 1.2% (400 jobs) and Finance and Insurance off by 0.3% (500 jobs). The supersector lost 2,028 jobs (1.1%) on an annual basis, making it one of only two supersectors to post negative annual growth, though the annual losses are at least in part due to lower-than-usual job losses in the immediate aftermath of the COVID outbreak.

Professional and Business Services: Employment in Professional and Business Services was up by 2,400 (0.6%) in September. Professional, Scientific, and Technical Services drove the growth, adding 1,700 jobs, or 1.1%. Management of Companies added 600 jobs (0.7%) and Administrative and

Support and Waste Management and Remediation Services added 100 (0.1%). Over the year, the supersector added 21,275 jobs (6%). Administrative and Support and Waste Management and Remediation Services added 11,582 jobs (9.8%), with the addition of 6,754 jobs (14.2%) in Employment Services. Management of Companies lost 722 jobs (0.8%).

Education and Health Services: Education and Health Services employers added 1,900 jobs (0.4%) in September. It was the first month with seasonally adjusted growth in the supersector since May. Health Care and Social Assistance added 1,500 jobs (0.3%) and Educational Services added 400 (0.6%). Over the year, Education and Health Services employment was up 4,457 (0.8%). Educational Services added 4,120 jobs (6.3%) while Health Care and Social Assistance chipped in 337 jobs (up 0.1%).

Leisure and Hospitality: Leisure and Hospitality employment was up by 9,800 (4.1%) on a seasonally adjusted basis in September. It was the ninth consecutive month of growth for the supersector. On an annual basis, employment in Leisure and Hospitality was up 44,097, or 20.7%. It remained the largest proportional growth of any supersector in the state, which has been the case throughout the recovery as the hard-hit industry group continues building back towards pre-pandemic levels.

Other Services: Other Services employers shed 200 jobs (0.2%) on the month in September, the second consecutive month of declines for the supersector. On the year, Other Services added 4,461 jobs, or 4.5%. All three components added jobs, with the largest proportional growth coming in Repair and Maintenance (up 7.4%, or 1,504 jobs).

Government: Government employers shed 600 jobs (0.1%) in September, with State employment off by 700 (0.7%) and Federal employment up 100 (0.3%). Over the year, the Government added 1,941 jobs (0.5%). Losses at the State and Federal levels (down 3.3% and 9.6%, respectively) were offset by the addition of 8,692 jobs, or 3.3%, among Local Government employers.

All **regions** continued to show job growth over the year in September. Rochester, Duluth-Superior and Minneapolis-St. Paul MSAs saw the strongest growth over the year. Over the year growth continued to slow in all regions except Rochester which remained level with August.

Metropolitan Statistical Area	OTY Employment Change (#, NSA)	OTY Employment Change (% , NSA)
Minneapolis-St. Paul MN-WI MSA	61,641	3.3%
Duluth-Superior MN-WI MSA	4,571	3.6%
Rochester MSA	4,636	3.9%
St. Cloud MSA	1,931	1.8%
Mankato MSA	1,087	2.0%

Outlook

- Minnesota’s labor market bucked the national pattern in September, with more jobs added than in August and the third largest number of people moving into employment throughout the pandemic recovery. September 2021 saw an additional 8,051 employed over the month, June 2020 saw 154,874 more and May 2021 saw 8,545 more people employed.

- In the tight labor market, employers are better utilizing their workforces. Involuntary part time fell again in September by 6,100 people on a 12-month moving average basis. It is now below where it was in September 2019 by 4,100 workers on a 12-month moving avg basis.
- Private sector average weekly *hours* worked dropped by an hour in September over the month, to 34.2, but were up two-tenths of an hour over the year and remain slightly above where they were in September 2019.
- In some industries hit hardest by hiring difficulties average *hours* are rising more quickly.
 - In Food service and drinking places, production worker (non supervisory) hours, at 22.1, were down over the month but up six-tenths of an hour over the year and one and seven-tenths hours since September 2019.
 - In Nursing & Residential Care Facilities, production worker hours, at 31.2, were down over the month but up two and three-tenths hours over the year and 3 hours since September 2019.
- Average hourly *wages* for all private sector workers rose 25 cents in September and \$1.17 or 3.7% over the year and \$2.28 or 7.4% since September 2019.
 - The average wage for production workers in Retail Trade, at \$18.33, rose 5.5% (+\$0.96) over the year and 10.0% (+\$1.66) from 2019.
 - The avg wage for production workers in Food Service and Drinking Places, at \$16.40, rose 9.1% (\$1.37) from over the year and 13.8% (\$1.99) over two years
 - In contrast, the average wage for production workers in Nursing & Residential Care Facilities, at \$19.77 in September, rose only 2.3% over the year and 3.9% over two years for production workers.
- The combination of higher wages, more fulltime schedules, the end of pandemic Unemployment Insurance and schools reopening to in-person learning across the state appear to have drawn more workers into the labor market than we've seen in recent months and allowed employers, stretched thin by the tight labor market, to add jobs in September.

Labor Market Information Office

Minnesota Department of Employment and Economic Development

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