

Minnesota's Post-Pandemic Labor Market

GWDB Quarterly Meeting
October 26, 2022

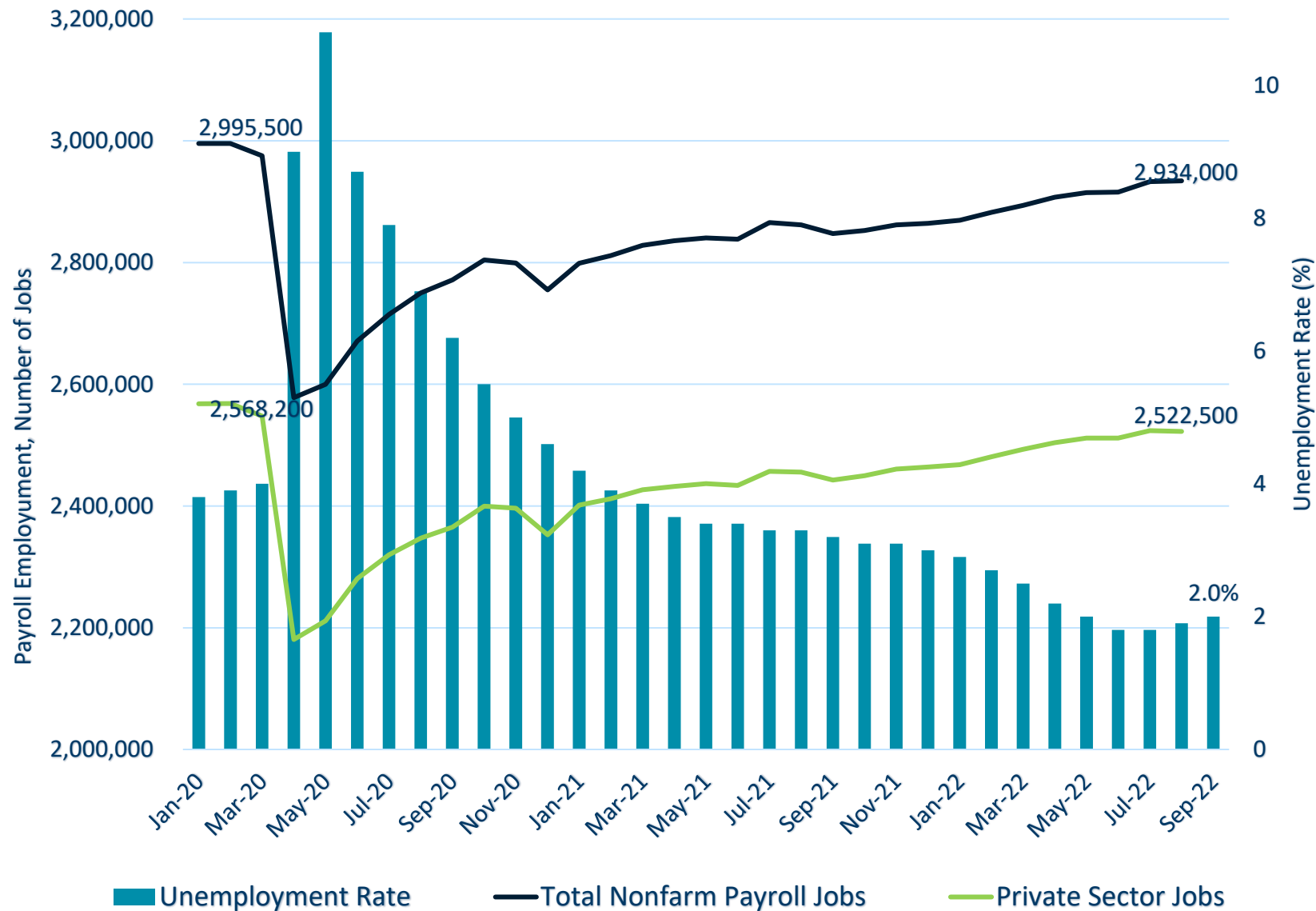
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Presentation Outline

- Overview
- Workers and labor force trends
- Job and industry trends
 - Past and current
 - Wages
 - Projected

Unemployment Rate and Jobs

Minnesota, Seasonally Adjusted

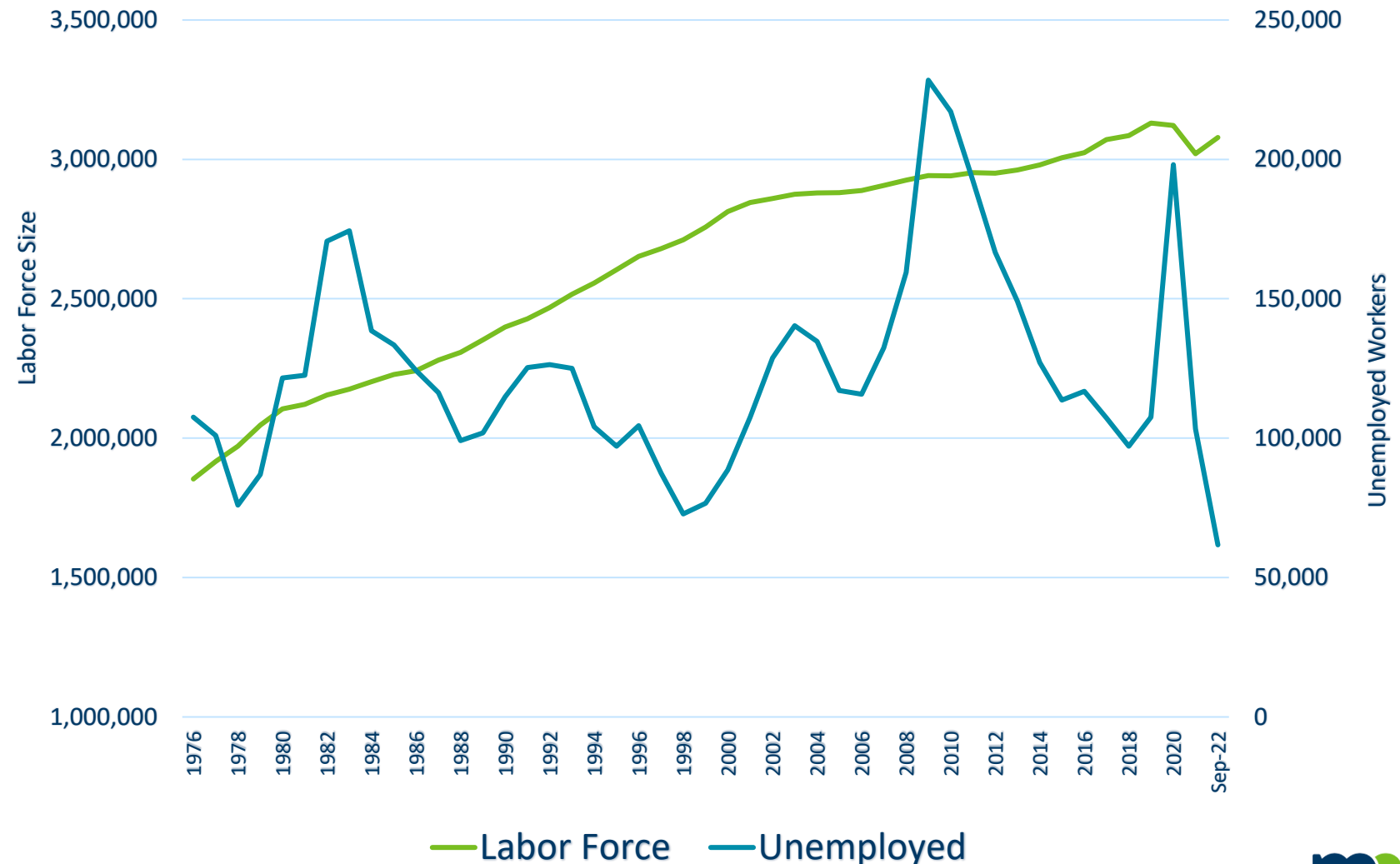


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Long-term Workforce Trends

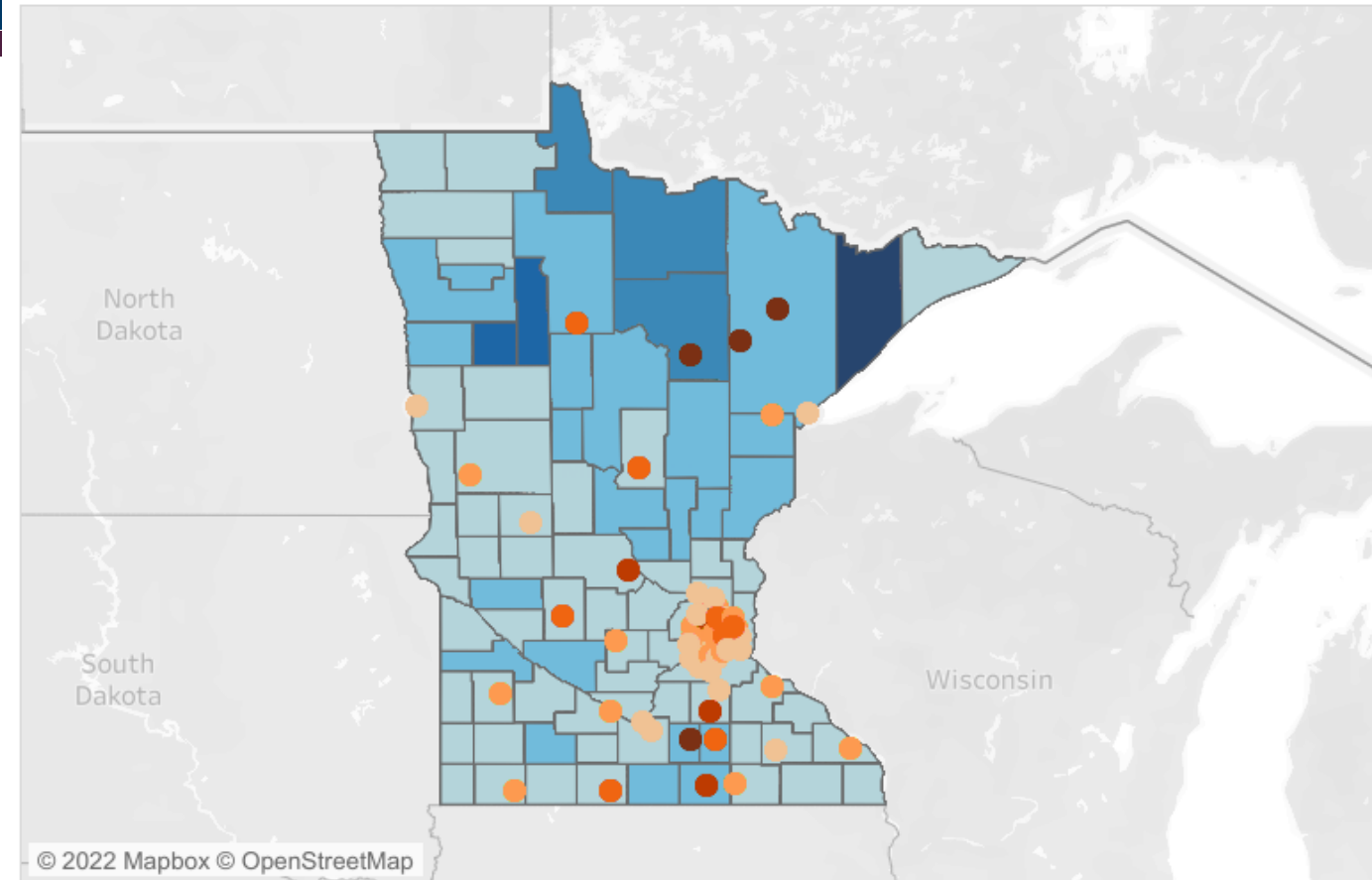
- From 1976 to 2019, Minnesota added 1,277,000 workers
 - From 1,852,000 to 3,130,000
- But Minnesota had 326 fewer unemployed worker in 2019 than in 1976
 - The last five months have record low number of unemployed, with September at 61,678



Regional Workforce Trends

- Only 3 of 87 counties have an unemployment rate above 3.5%
 - 42 of 87 counties had fewer than 250 unemployed workers!
- Only 12 of 87 counties have more workers now than in February 2020
- Statewide there are 4 job openings for every unemployed worker

County Unemployment Rates, August 2022
(Not seasonally adjusted)



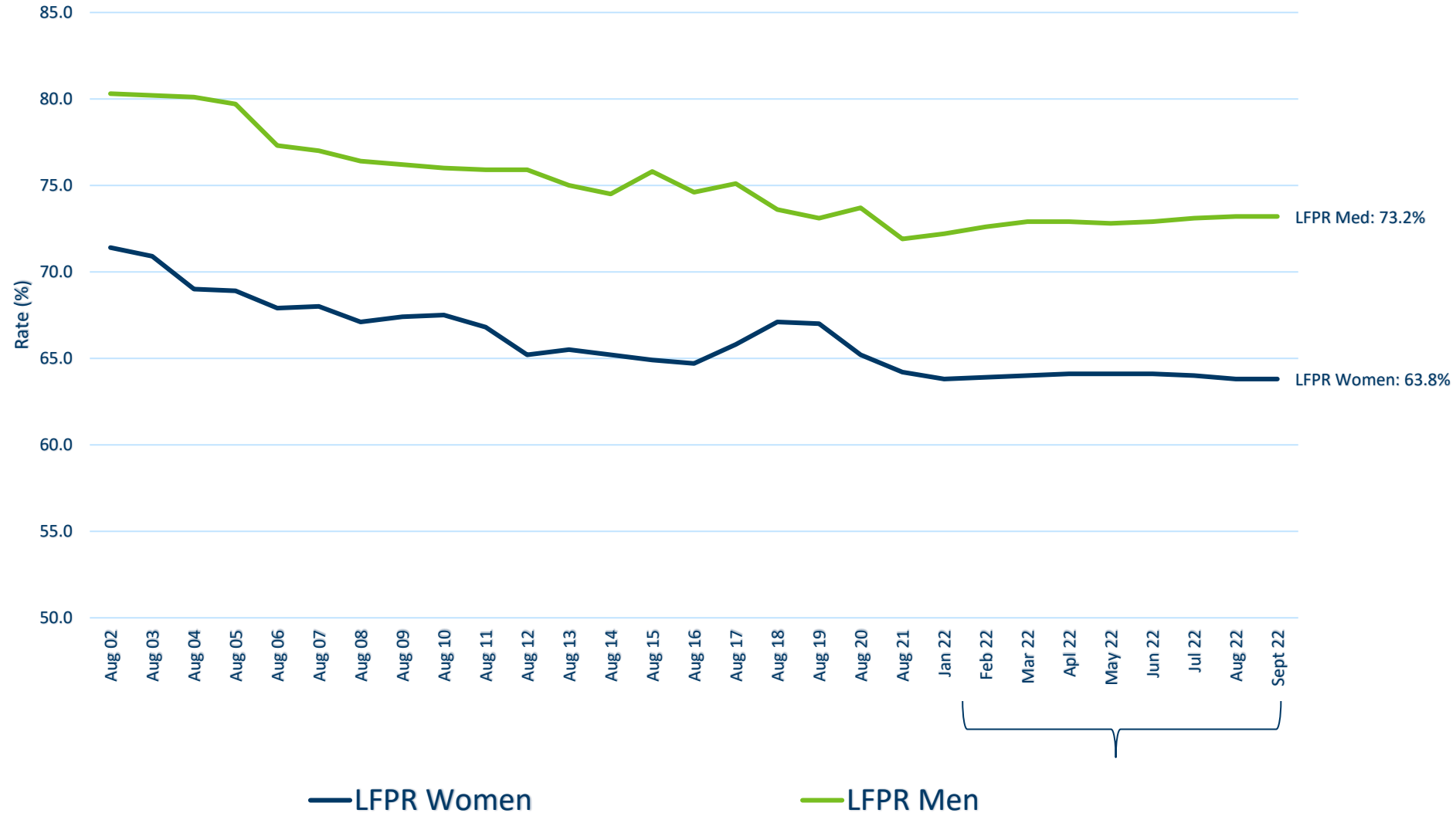
Unemployment Rate



Source: DEED, Labor Market Information Office, Local Area Unemployment Statistics

Labor Force Participation Rate & Employment-to-Population Ratio by Gender

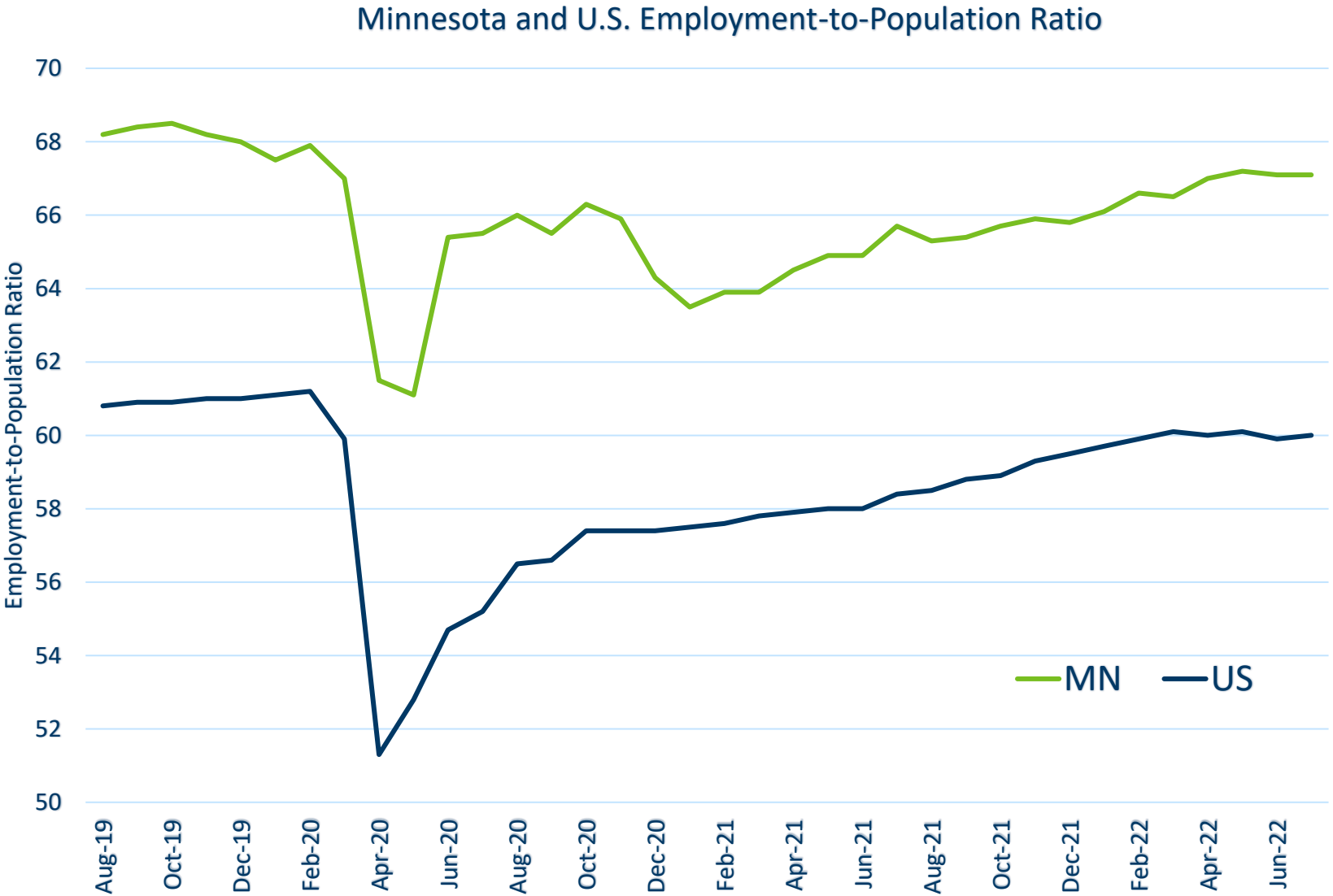
2002 to 2022, 12-month moving averages



Minnesota and U.S. Employment-to-Population (EP) Ratio

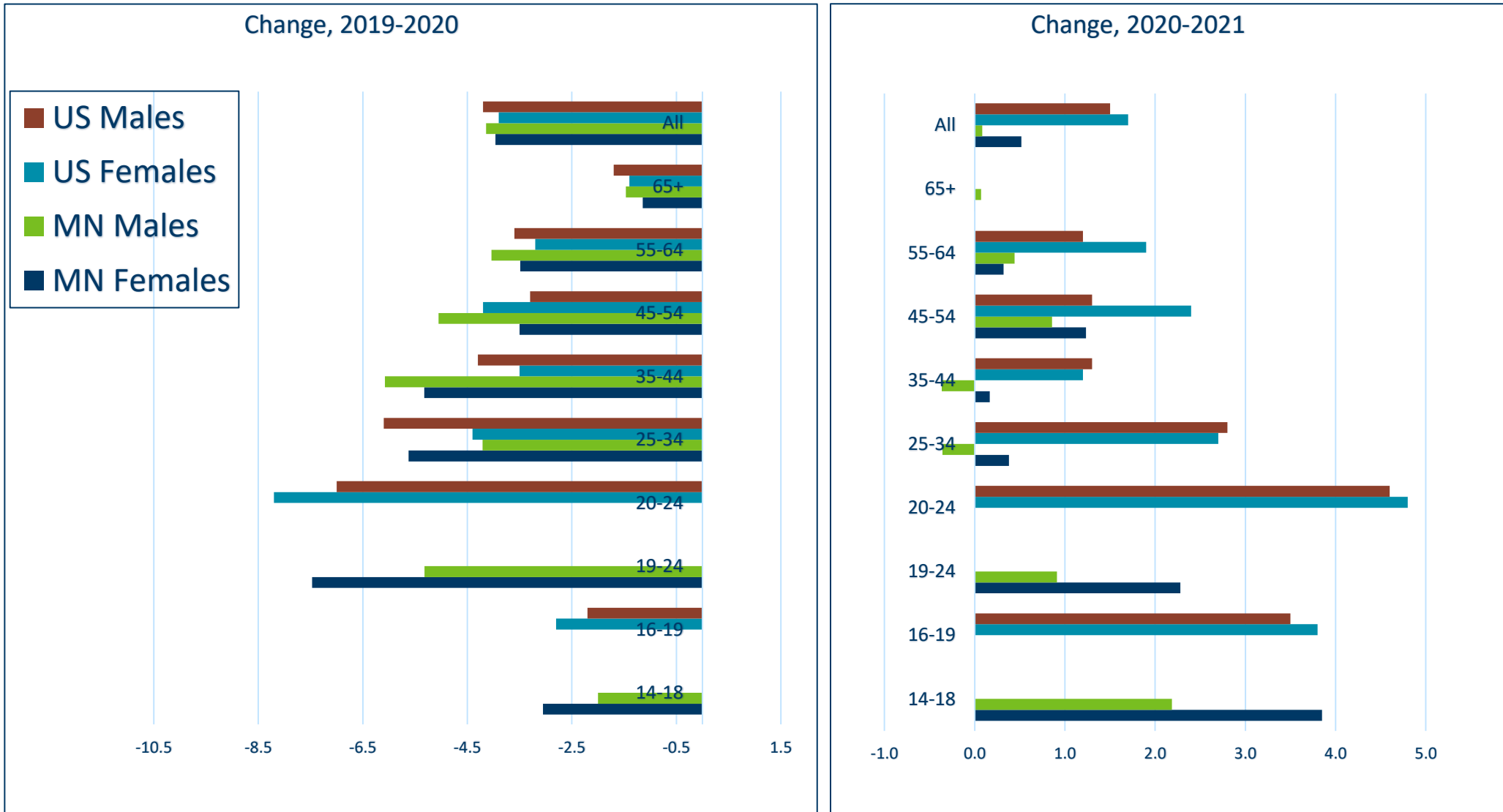
EP recovered faster in U.S. but stronger in Minnesota

- MN saw double dip EP (November 2020 to January 2021) while U.S. did not
- December 2021: MN at 96.9% of pre-pandemic EP while U.S. at 97.2%
- July 2022: MN at 98.8% of pre-pandemic EP while U.S. at 98%



Employment to Population Deep Dive

Men age 19-44 slowest to return to work in Minnesota



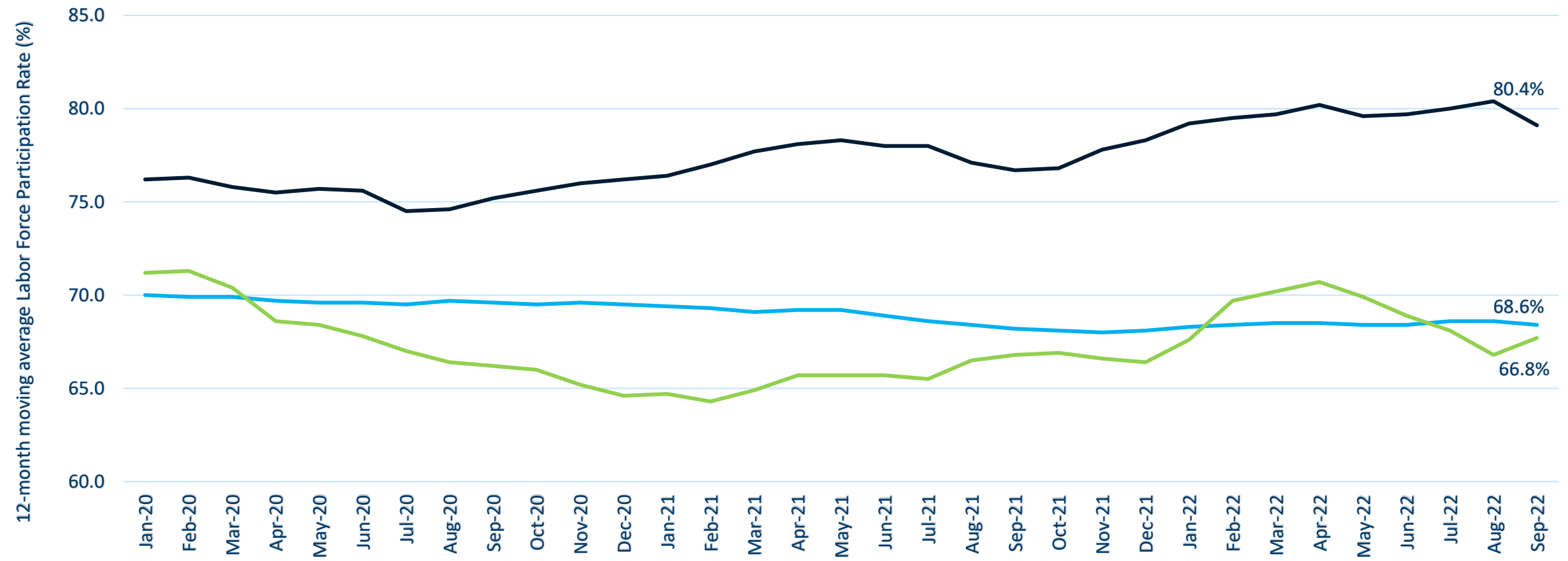
Labor force trend downward overall but positive forces include...

- Increased child and elder care options
- Increased opportunities for disabled workers (including PCA support)
- Focus on reentry of recently incarcerated individuals
- Increased immigration
- Increase in unretirements
- Younger workers continue to increase labor force participation



Labor Force Participation Rates by Race/Ethnicity

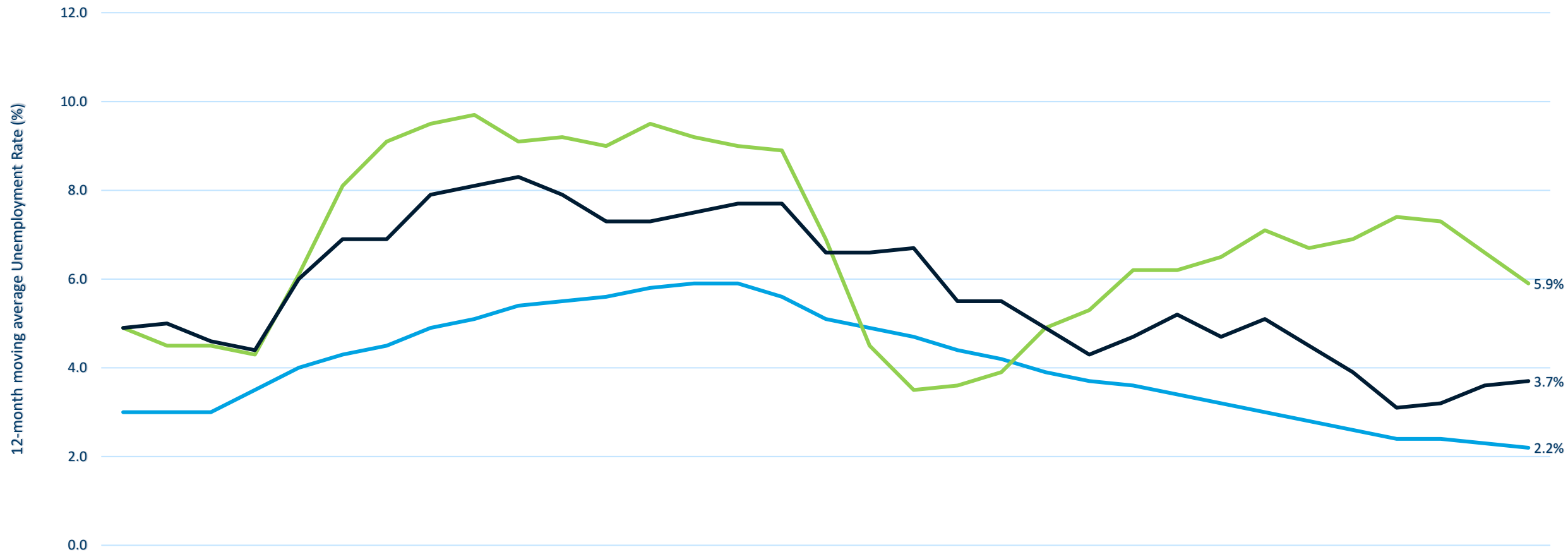
Minnesota, 12-month Moving Averages



	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22
White	70.0	69.9	69.9	69.7	69.6	69.6	69.5	69.7	69.6	69.5	69.6	69.5	69.4	69.3	69.1	69.2	69.2	68.9	68.6	68.4	68.2	68.1	68	68.1	68.3	68.4	68.5	68.5	68.4	68.4	68.6	68.6	68.4
Black	71.2	71.3	70.4	68.6	68.4	67.8	67.0	66.4	66.2	66.0	65.2	64.6	64.7	64.3	64.9	65.7	65.7	65.7	65.5	66.5	66.8	66.9	66.6	66.4	67.6	69.7	70.2	70.7	69.9	68.9	68.1	66.8	67.7
Hispanic	76.2	76.3	75.8	75.5	75.7	75.6	74.5	74.6	75.2	75.6	76.0	76.2	76.4	77	77.7	78.1	78.3	78	78	77.1	76.7	76.8	77.8	78.3	79.2	79.5	79.7	80.2	79.6	79.7	80.0	80.4	79.1

Unemployment Rates by Race/Ethnicity

Minnesota, 12-month Moving Averages



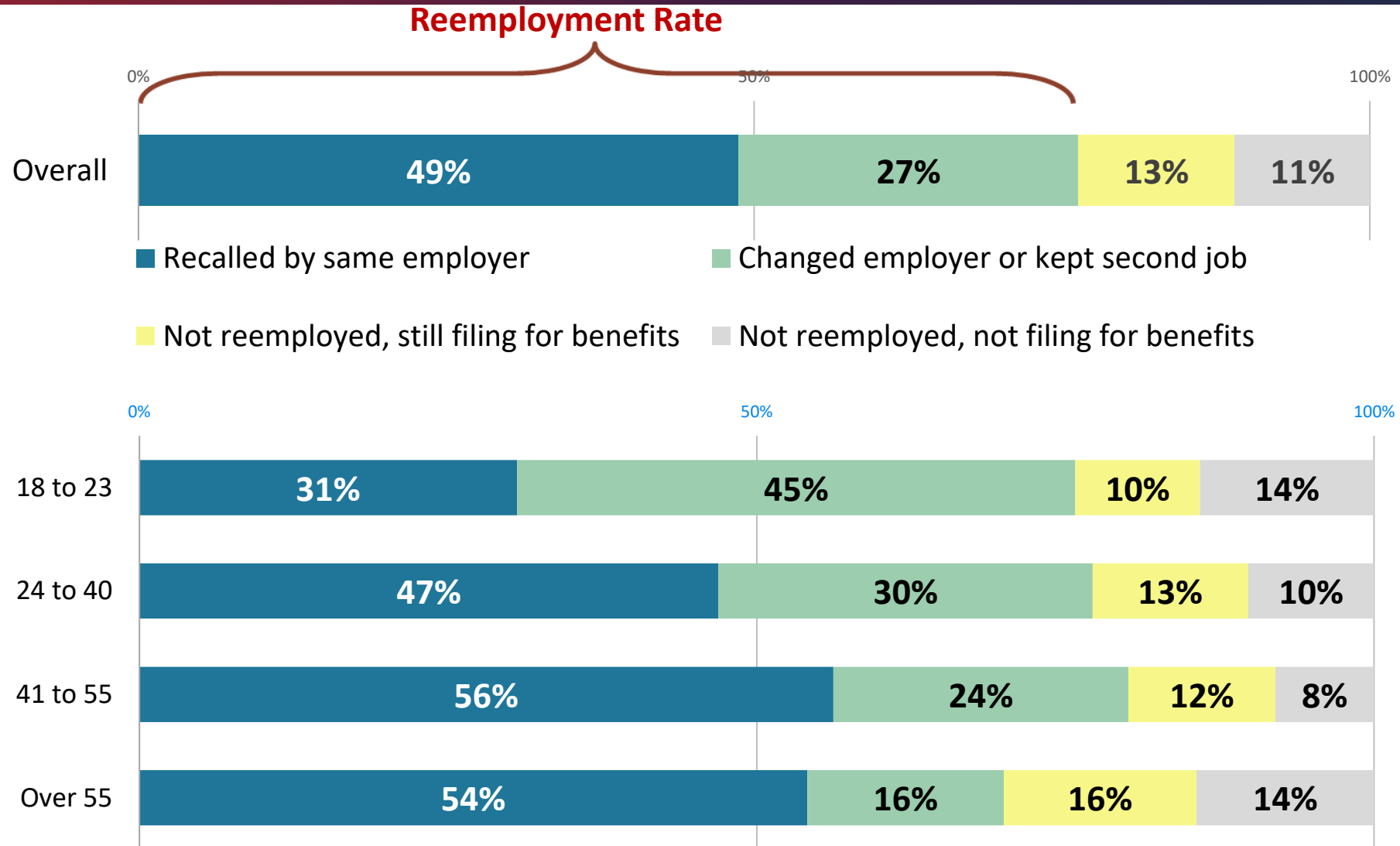
	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22
White	3.0	3.0	3.0	3.5	4.0	4.3	4.5	4.9	5.1	5.4	5.5	5.6	5.8	5.9	5.9	5.6	5.1	4.9	4.7	4.4	4.2	3.9	3.7	3.6	3.4	3.2	3.0	2.8	2.6	2.4	2.4	2.3	2.2
Black	4.9	4.5	4.5	4.3	6.1	8.1	9.1	9.5	9.7	9.1	9.2	9.0	9.5	9.2	9	8.9	6.9	4.5	3.5	3.6	3.9	4.9	5.3	6.2	6.2	6.5	7.1	6.7	6.9	7.4	7.3	6.6	5.9
Hispanic	4.9	5.0	4.6	4.4	6.0	6.9	6.9	7.9	8.1	8.3	7.9	7.3	7.3	7.5	7.7	7.7	6.6	6.6	6.7	5.5	5.5	4.9	4.3	4.7	5.2	4.7	5.1	4.5	3.9	3.1	3.2	3.6	3.7

Of the 630,000 Minnesota workers laid off in early pandemic months, 3 in 4 were reemployed by third quarter 2020

Employment status of 2 nd Qtr. 2020 Unemployment Insurance (UI) recipients in . . .		3 rd Qtr. 2020	2 nd Qtr. 2021	2 nd Qtr. 2022 Soon!
Employed	Employed by same employer from which laid off	59%	49%	
	Changed employer or working in second job	17%	27%	
Not Employed	Not reemployed, still filing for benefits	21%	13%	
	Not reemployed, not filing for benefits	3%	11%	
Total	Total, N=631,040	100%	100%	

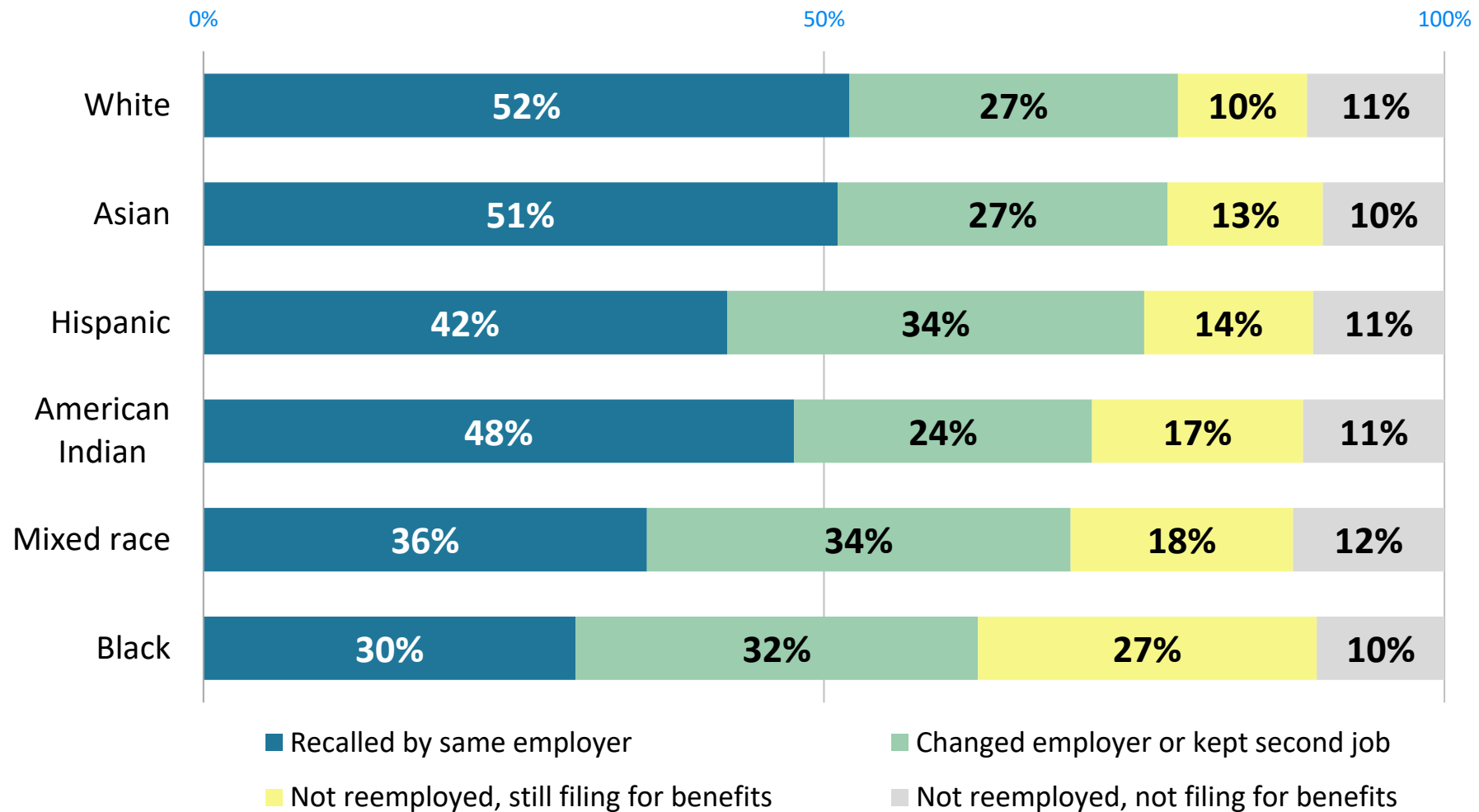
76%
Reemployment
rate

Reemployment rates grow with age until age 55



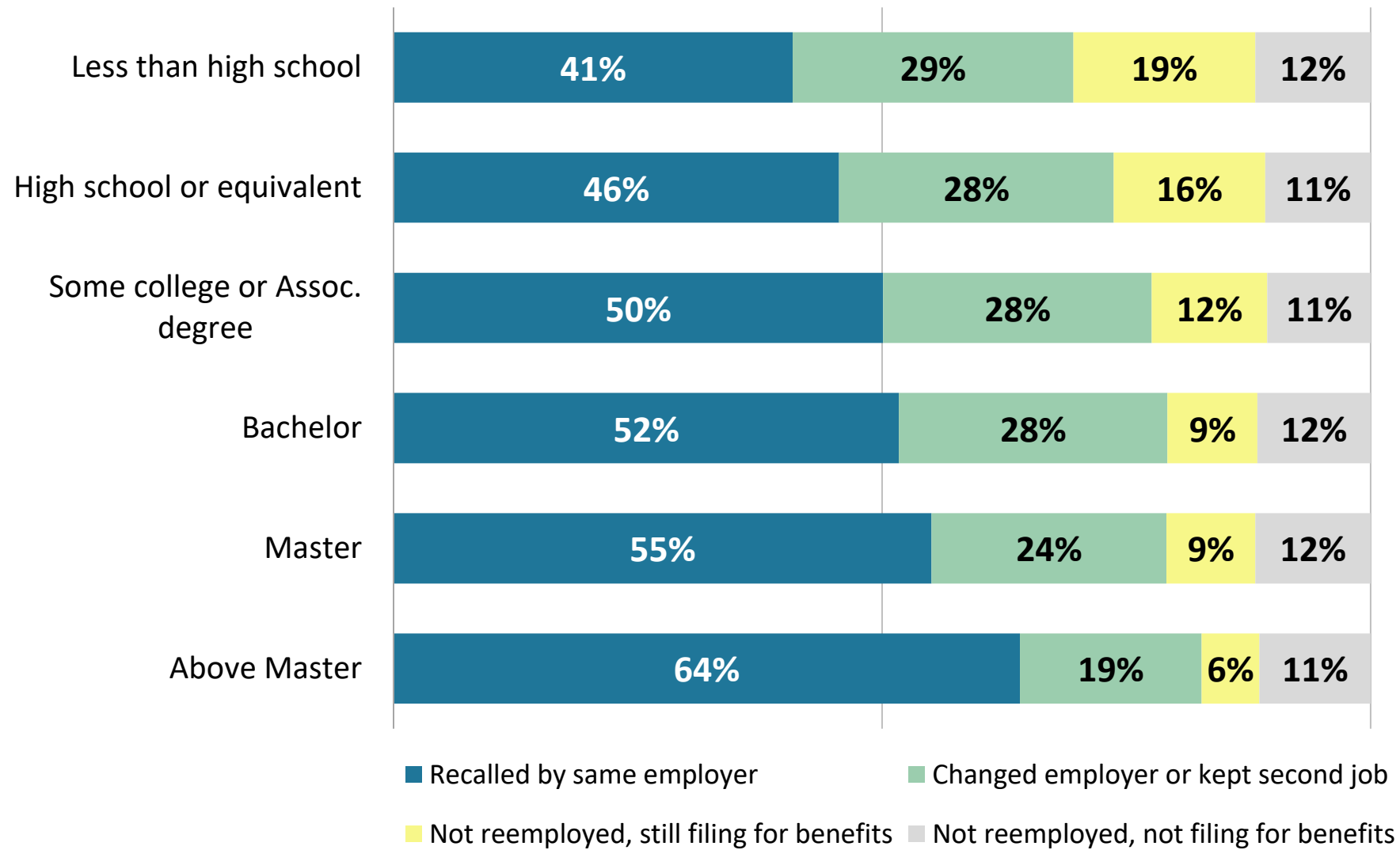
Reemployment highest among white and Asian workers

Lowest for Black workers with nearly 40% not reemployed



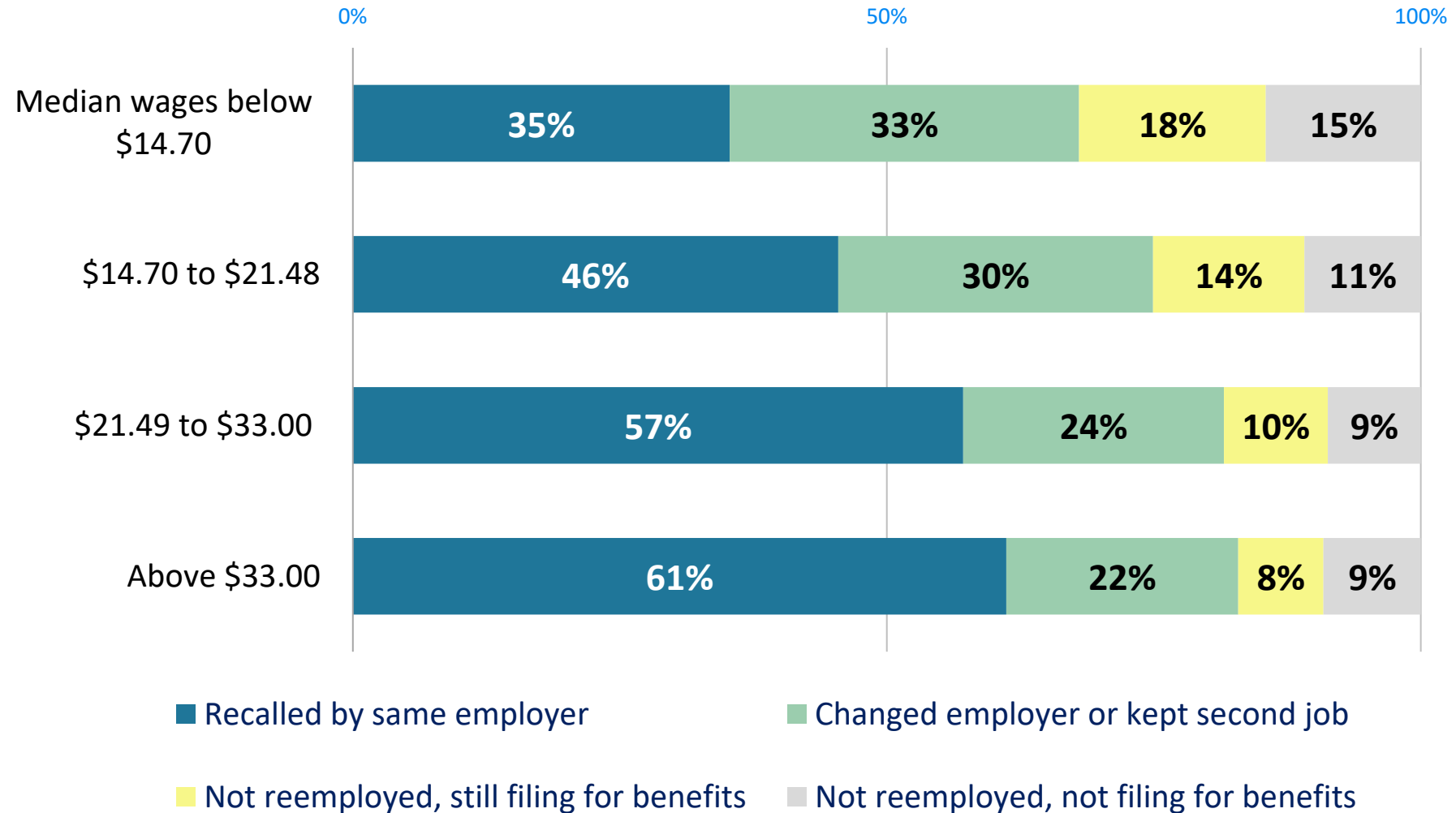
Reemployment highest among those with highest educational attainment

Mirrors overall labor force participation trends



Reemployment highest among highest earners

Based on pre-pandemic wages

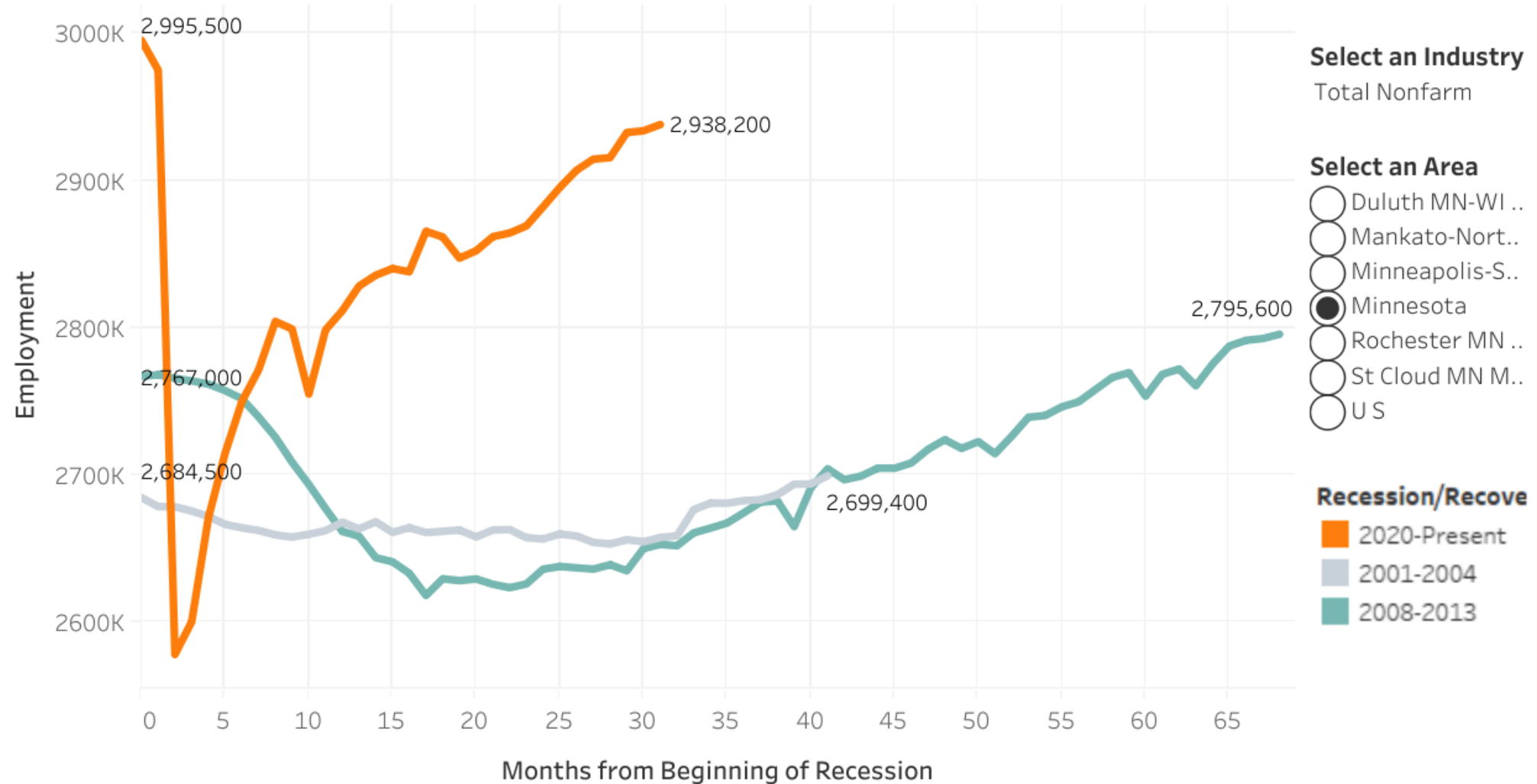


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Comparing Recessions

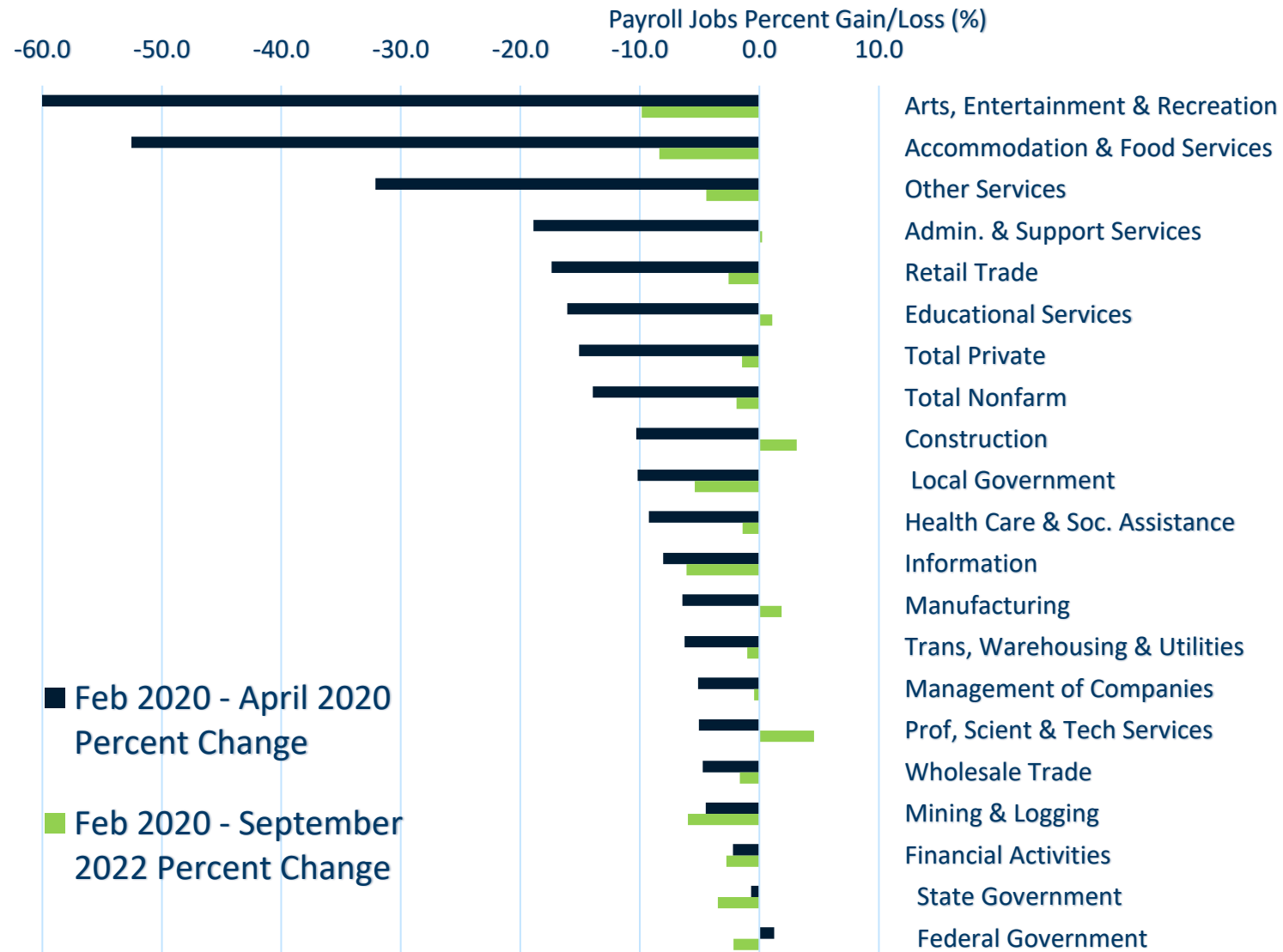
Seasonally Adjusted Total Nonfarm Employment, Minnesota



Data seasonally adjusted. Source: DEED Current Employment Statistics.

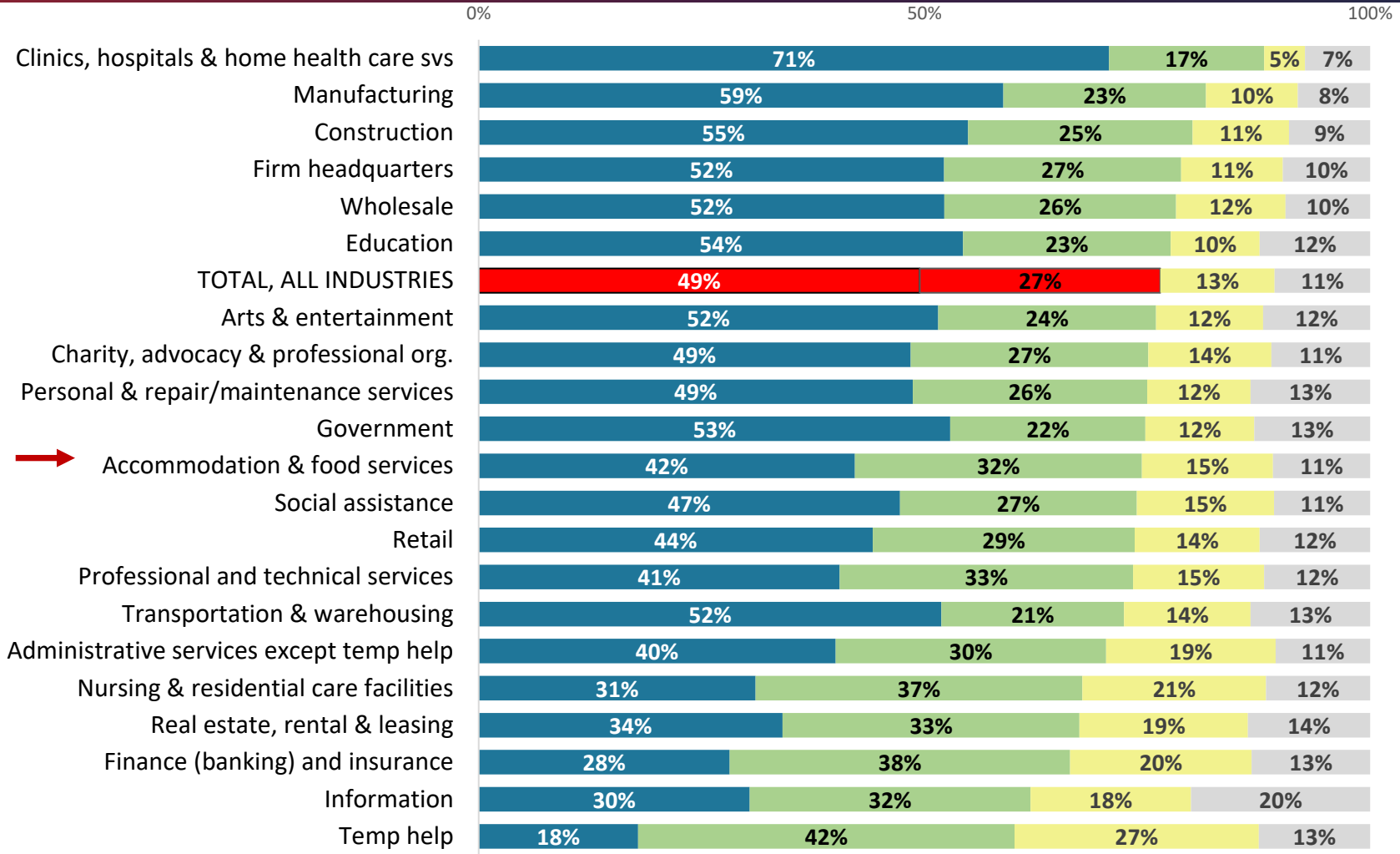
Job Loss and Recovery by Sector in Minnesota

Seasonally Adjusted Payroll Employment



Strong recall rates in some industries

Poor recall rates in Nursing & Residential Care and Social Assistance including Childcare



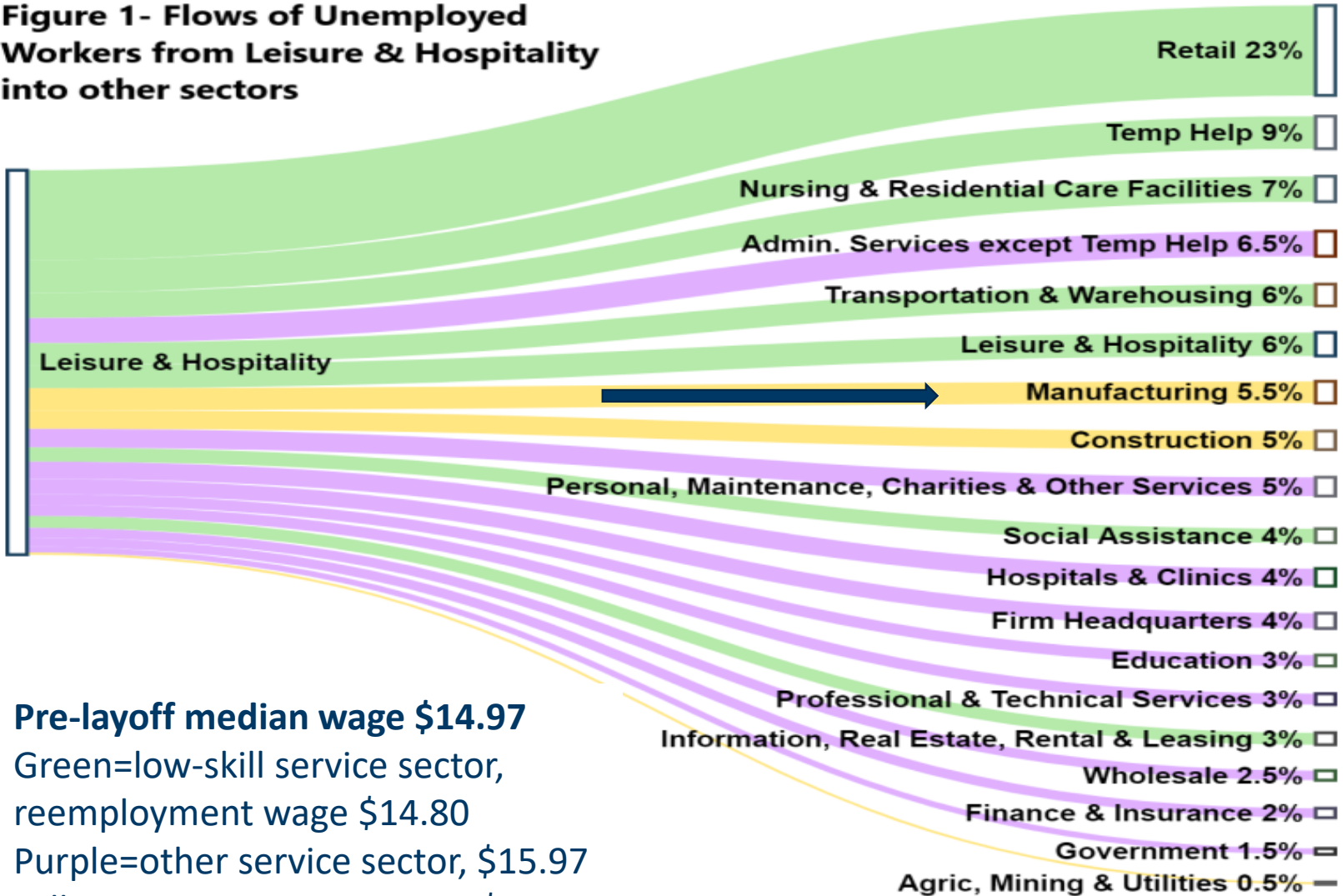
■ Recalled by same employer
 ■ Changed employer or kept second job
■ Not reemployed, still filing for benefits
 ■ Not reemployed, not filing for benefits



Where did workers displaced from Leisure & Hospitality find reemployment?

Minnesota, Third Quarter 2020

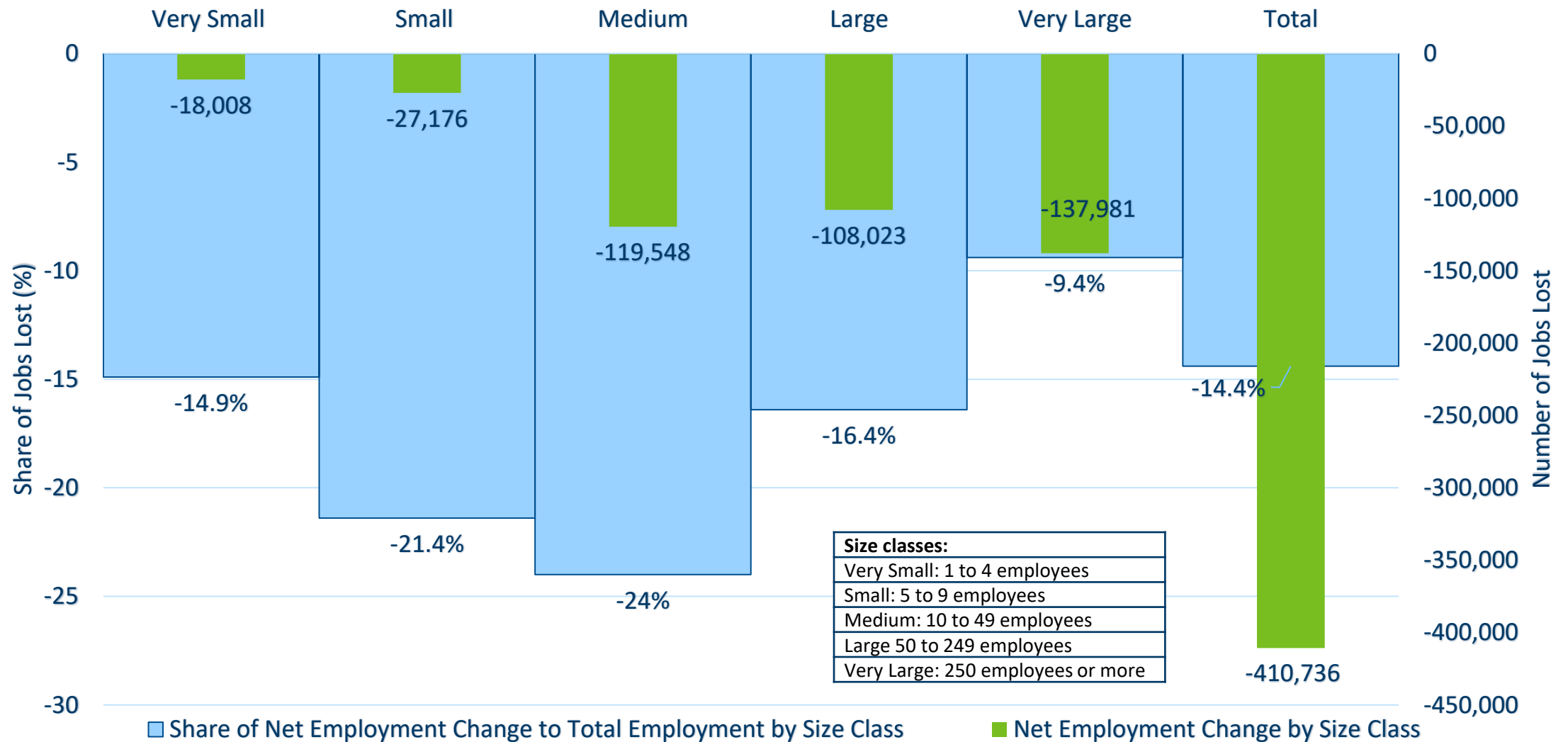
Figure 1- Flows of Unemployed Workers from Leisure & Hospitality into other sectors



Pre-layoff median wage \$14.97
 Green=low-skill service sector, reemployment wage \$14.80
 Purple=other service sector, \$15.97
 Yellow= not a service sector, \$15.04

Which Size Businesses Were Hit Hardest by the Pandemic?

Minnesota Business Employment Dynamics, Second Quarter 2020

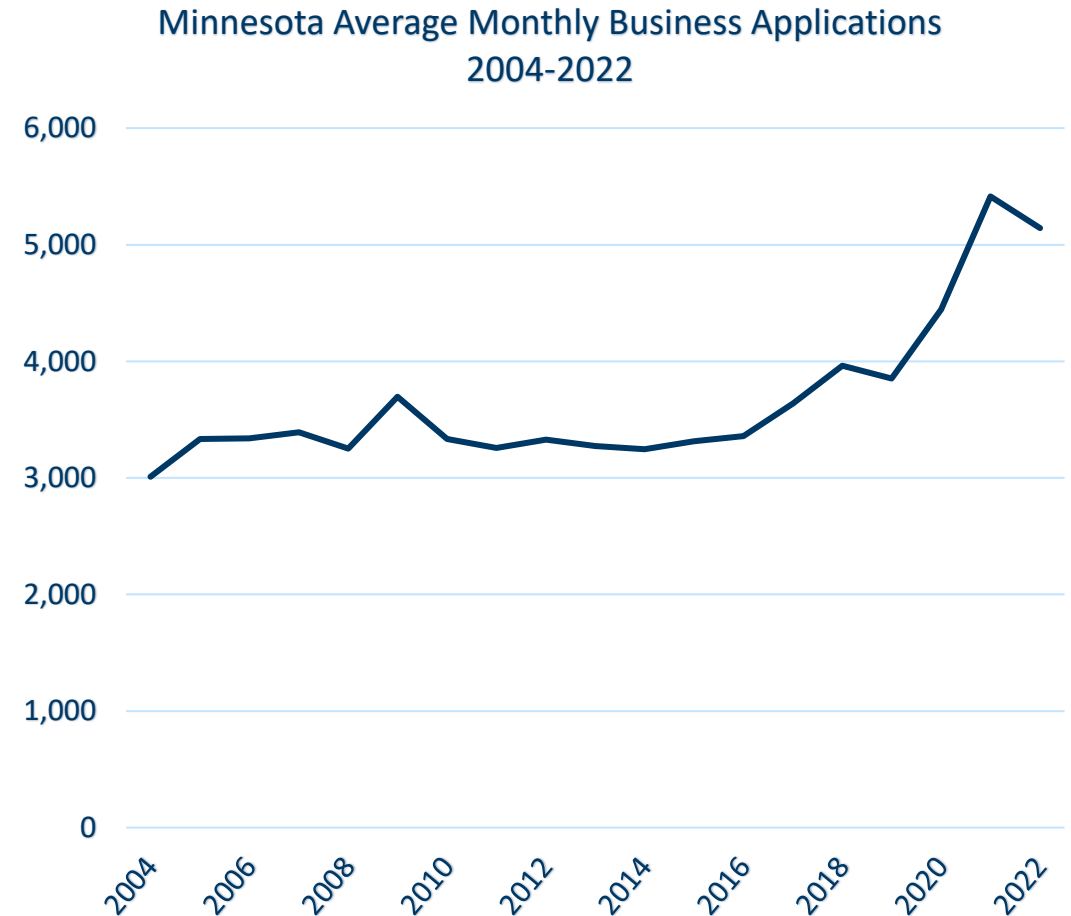


Source: [Assessing the Initial Impact of the COVID-19 Recession on Minnesota Businesses by Firm Size Class](#) / Minnesota Department of Employment and Economic Development (mn.gov)



New Business Formations

- Applications for new businesses spiked after the pandemic (starting in June 2020)
- Applications in 2020 were 15% higher than 2019, and 2021 was 21% higher than 2020
- 2022 so far has been about 5% lower than 2021, but still second highest overall by far
- National trends are similar



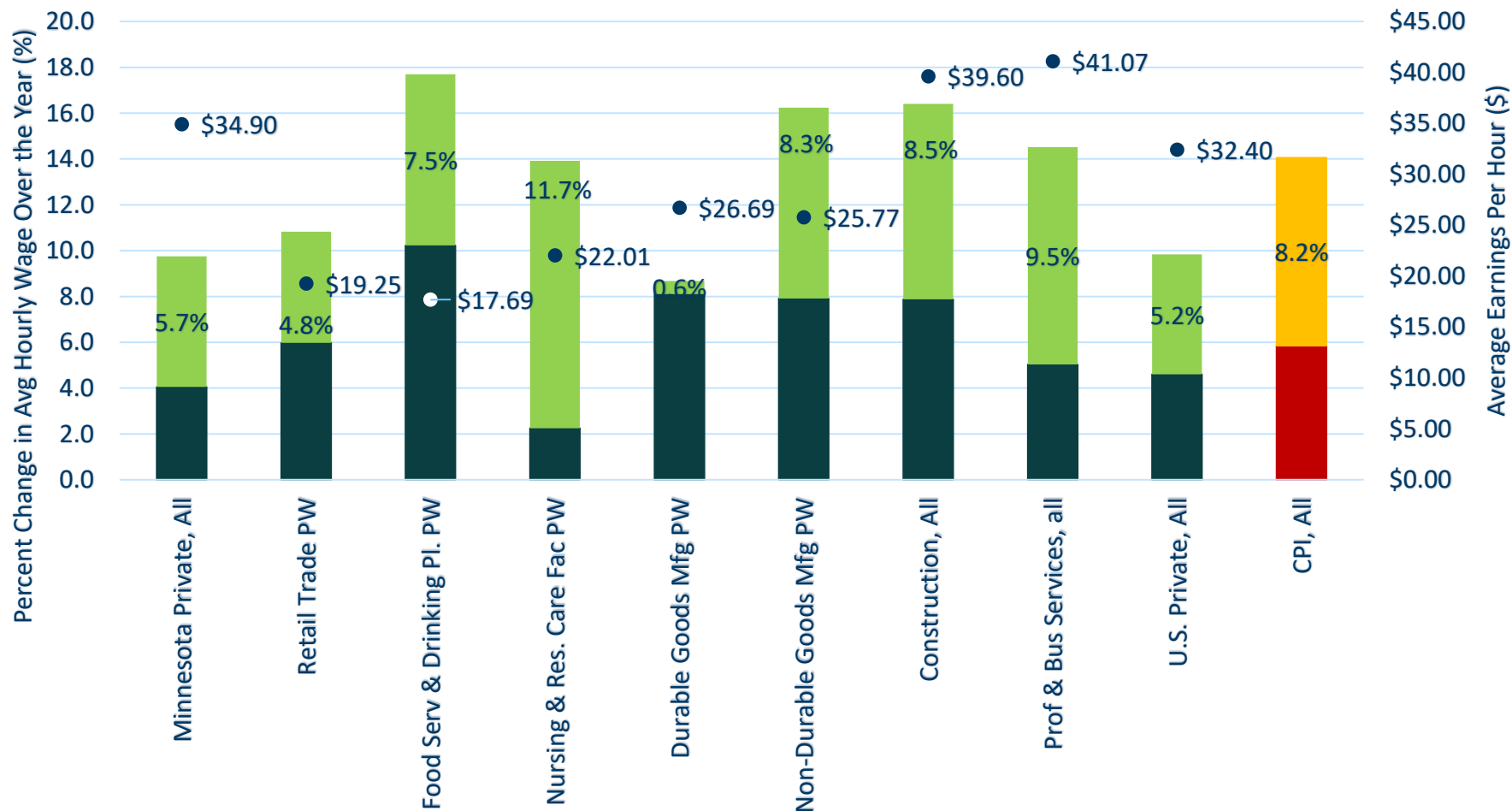
Source: Business Formation Statistics, U.S. Census Bureau.

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Wages and Inflation

Over-the-Year Change, Minnesota and U.S.



■ September 2020 to 2021 ■ September 2021 to 2022 ● Avg Hourly Wage, Sept 2022 (right Y axis)

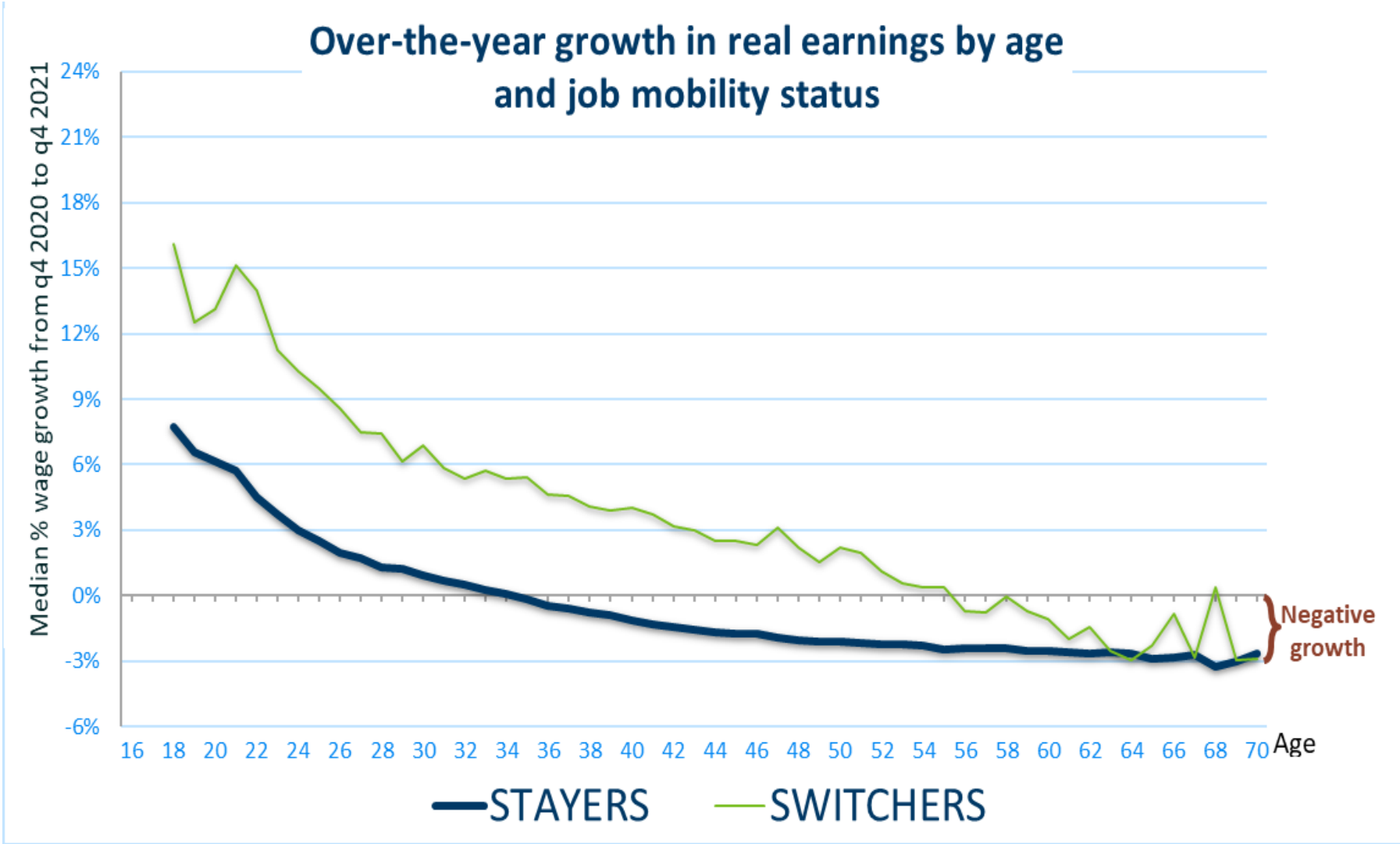
Job mobility and median wage growth by age

Fourth quarter 2020 to 2021

Workers who switched employers were able to beat inflation until age 56.

Workers who stayed with the same employer saw declines in their real wage by age 36.

The jump in the green line between 18 and 22 represents high school and college graduates moving into careers.



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Labor Force Trends through 2033

Minnesota, 1990 - 2033

Annual Change in Labor Force

Minnesota	Labor Force Size (end of period)	<i>Numeric Change</i>	<i>Percent Change</i>
1990-2000 Average	2,812,827	41,405	1.6%
2000-2010 Average	2,938,652	12,585	0.4%
2010-2020 Average	3,094,852	15,591	0.5%
2020 Average	3,029,145	-65,707	-2.2%
2021 Average	3,009,910	-19,236	-0.6%
2022 Average through Sept	3,076,008	66,098	2.2%
2023-2033 Average	3,214,600	86,000	2.8%

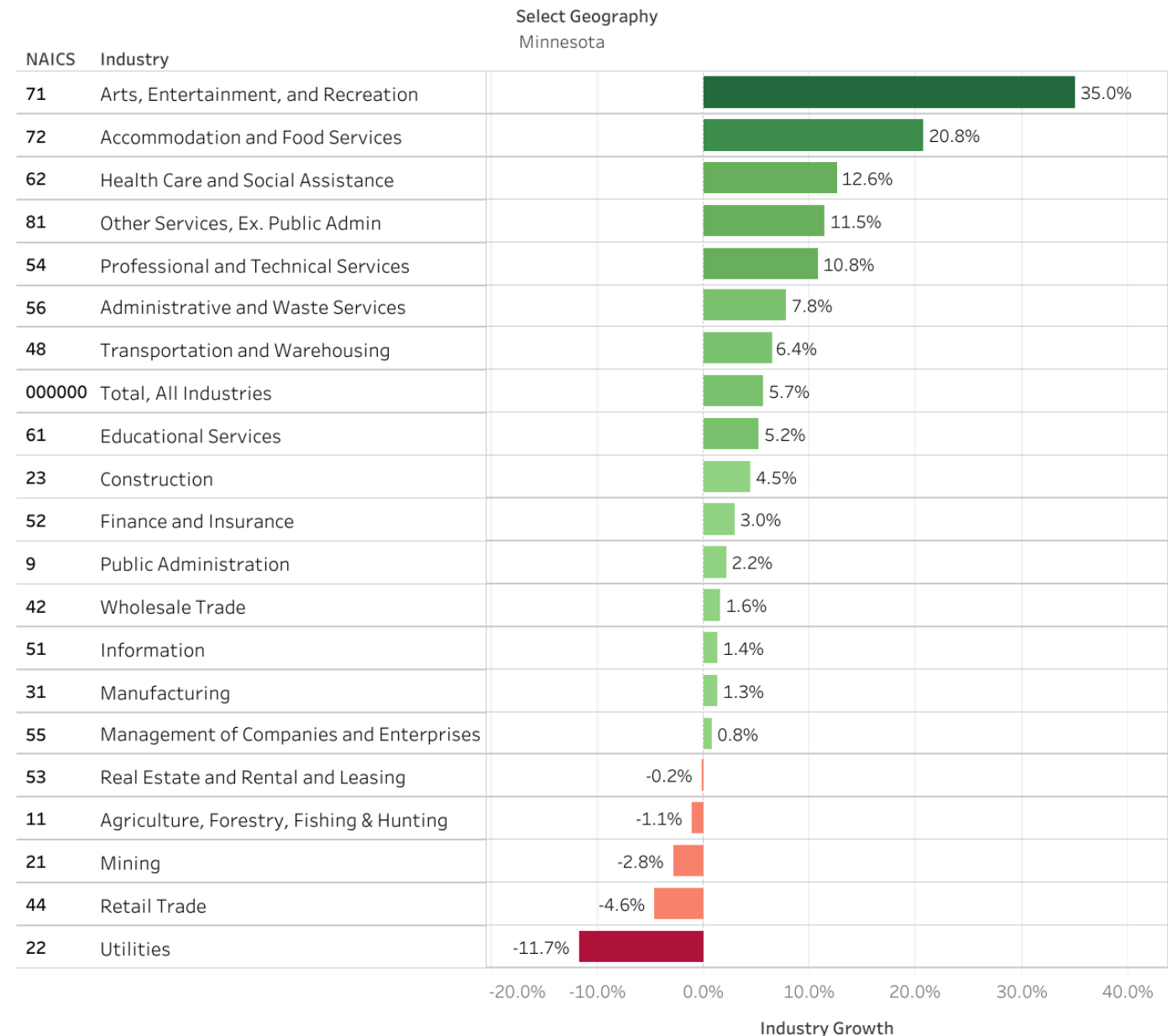
Labor Force Projections, 2023-2033

Minnesota	2023 Labor Force Projection	2033 Labor Force Projection	<i>2023-2033 Change</i>	
			<i>Numeric</i>	<i>Percent</i>
16 to 19 years	159,058	160,866	<i>1,808</i>	<i>1.1%</i>
20 to 24 years	304,450	316,734	<i>12,284</i>	<i>4.0%</i>
25 to 44 years	1,372,158	1,417,966	<i>45,808</i>	<i>3.3%</i>
45 to 54 years	571,436	661,299	<i>89,864</i>	<i>15.7%</i>
55 to 64 years	524,342	443,208	<i>-81,134</i>	<i>-15.5%</i>
65 to 74 years	167,645	172,651	<i>5,006</i>	<i>3.0%</i>
75 years & over	29,343	41,861	<i>12,518</i>	<i>42.7%</i>
Total Labor Force	3,128,431	3,214,584	<i>86,153</i>	<i>2.8%</i>

Industry Employment Growth Projected 2020 to 2030

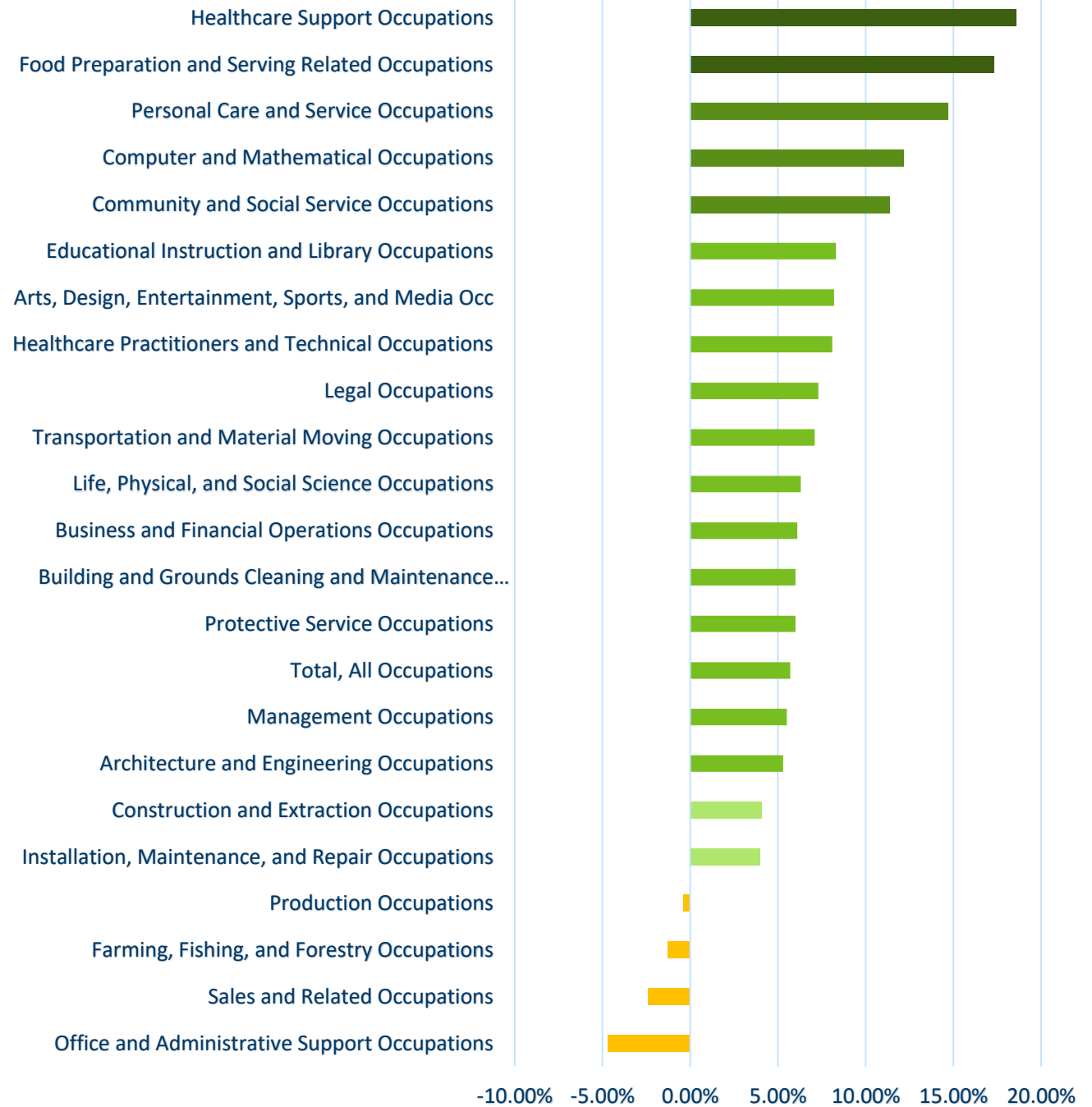
- Minnesota businesses are expected to grow 5.7% over 10-years, with the addition of 170,000 jobs.
- 2020 is base year, so some of this growth has already taken place.
- Once pre-pandemic employment is reached, new growth will remain constrained by lack of enough new workers to fill jobs.
- Some industry sectors are still rebuilding from the Pandemic Recession: e.g. first 4 on graph.
- Manufacturing is projected to continue to grow, in line with what we've seen over the last few years.

2020-2030 Industry Employment Projections for Minnesota



Occupational Employment Growth Projected 2020 to 2030

- Healthcare Support, Food Prep & Serving, Personal Care & Service, Computer & Mathematical and Community & Social Service occupations will see the strongest percent growth.
- Production, Farming, Fishing & Forestry, Sales & Related and Office & Administrative occupations are projected to shrink over the decade.
- This is only part of the picture: There are projected to be over 3 million total openings accounting for turnover and retirements.. Some occupations have higher turnover/retirements than others.



Top 25 Occupations Adding Jobs

Projected 2020 to 2030

- The top 25 list accounts for 108,000 of the 170,000 additional jobs.
- The top 25 are diverse in terms of educational requirements and wages.
- Health care and social service, teaching and food service occupations play a big role on the list.
- Home health and Personal Care Aides accounts for almost one quarter of this group.

Occupation	Percent Increase (%)	Job Growth
Home Health and Personal Care Aides	24.1	25,923
Cooks, Restaurant	45.9	9,944
Fast Food and Counter Workers	12.4	8,272
Software Developers and Software Quality Assurance	23.2	7,710
Waiters and Waitresses	17.4	5,444
Registered Nurses	6.6	4,756
Passenger Vehicle Drivers, Except Bus Drivers	24.5	4,279
Bartenders	27.2	3,851
Market Research Analysts and Marketing Specialists	18.8	3,251
General and Operations Managers	6.9	2,860
Teaching Assistants K-12	7.6	2,697
Laborers and Freight, Stock, and Material Movers	6.5	2,670
First-Line Supervisors of Food Preparation and Serving	17.8	2,627
Janitors and Cleaners	5.9	2,524
Financial Managers	15.5	2,478
Medical and Health Services Managers	29.1	2,425
Management Analysts	11.1	2,273
Hairdressers, Hairstylists, and Cosmetologists	17.0	2,054
Nurse Practitioners	45.7	1,878
Substance abuse, and mental health counselors	22.9	1,860
Preschool Teachers, Except Special Education	19.1	1,860
Self-Enrichment Education Teachers	18.3	1,766
Project Management Specialists	5.2	1,718
Heavy and Tractor-Trailer Truck Drivers	4.1	1,531
Elementary School Teachers	6.4	1,524

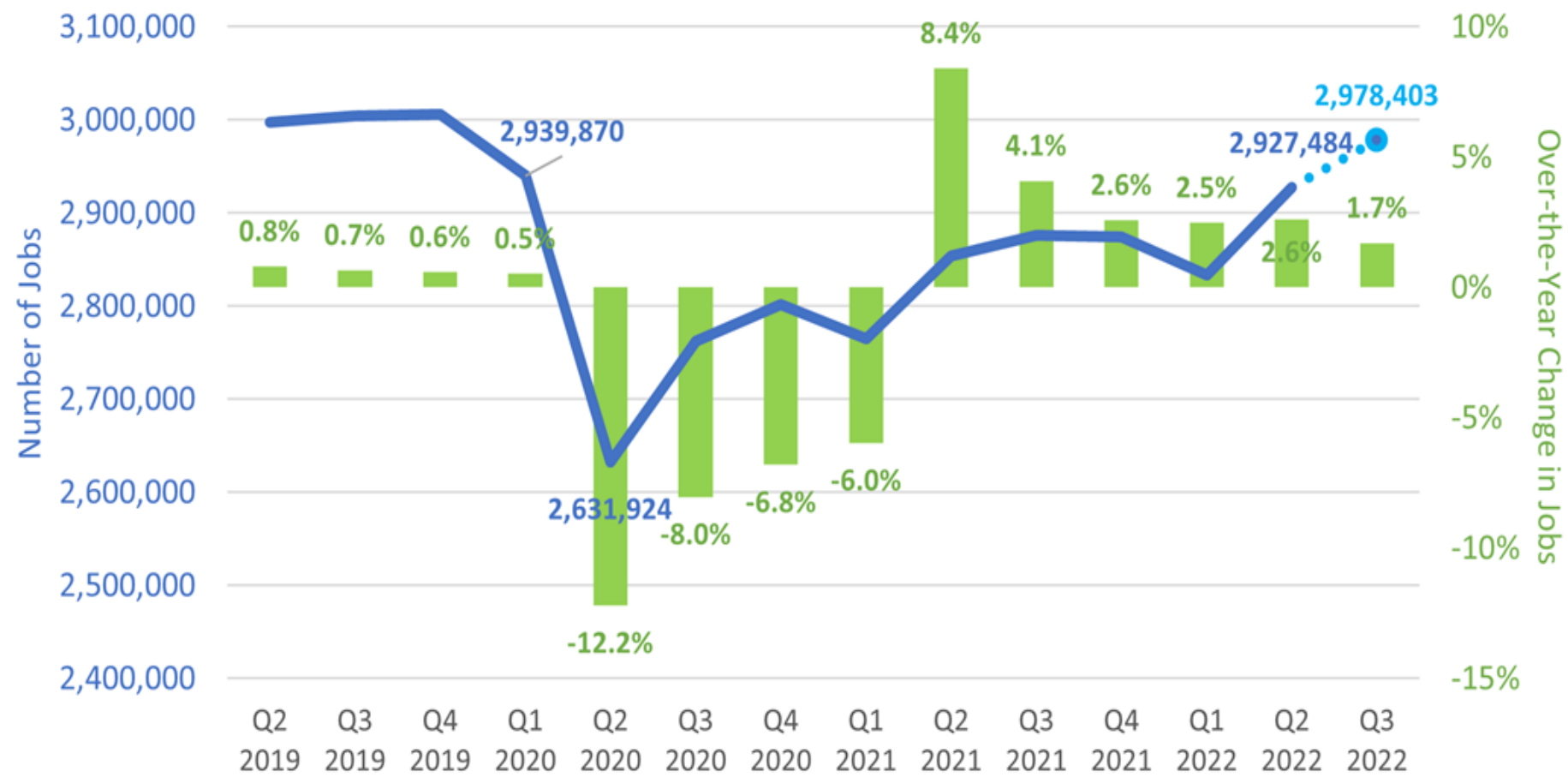
Short-term Forecasts

Second quarter 2022 to second quarter 2023

Minnesota is forecast to add another 50,592 jobs to its economy from second quarter 2022 to second quarter 2023, a 1.7% growth rate.

This would bring jobs to 2,980,000 by second quarter 2023 – a recovery of just over 345,000 jobs since the start of the pandemic.

This would be about 40,000 above our level in first quarter 2020 just prior to the pandemic recession.



Source: DEED Current Employment Statistics, * - Employment Projections



Industry Pillars

LMI helped a group led by the Governor's Office come up with a list of industry pillars in Minnesota based on:

- Projected growth and high current demand
- Wages
- Industry size in terms of employment
- Recent employment trends
- Short term projections

The list that the group agreed on based on these criteria is:

- Business & Technology (called “Professional & Technical Services” in the official nomenclature)
- Healthcare & Social Assistance
- Manufacturing
- Trades & Construction
- Educational Services

Thank You!



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mn.gov/deed/data