

MINNESOTA ECONOMIC

TRENDS

ROAD WARRIORS

JOBS IN THE MINNESOTA
TRANSPORTATION INDUSTRY



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Department of Employment and Economic Development



Keep on Truckin'

Like a lot of industries these days, the trucking and transportation sector is thinking about its future workforce. According to the Bureau of Labor Statistics, the average age of a commercial truck driver in the United States is 55. Who exactly is going to fill those and other driving jobs when baby boomers start turning in their ignition keys in the next few years?

Minnesota alone is expected to have 23,600 openings for truck, bus and other commercial driving jobs between 2010 and 2020, according to the cover story by Rachel Vilsack and Mark Schultz in this issue of Trends. Demand is growing so fast that Tom Gierok, driving instructor at Southeast Technical in Winona, says he has a 100 percent placement rate for people who want to be truck drivers.

In the coming years, training professional drivers in Winona and elsewhere will be crucial for the health of the economy. Freight shipments were valued at \$237 billion in Minnesota in 2010. Somebody will have to get behind the wheel to haul those materials or it could put a crimp in Minnesota's economic growth.

One thing seems certain: For people who want to be truck drivers, there's probably a job waiting for them out there.

Other stories in this issue look at the six measures of unemployment compiled by the Bureau of Labor Statistics, employment rates for people with disabilities and labor market outcomes for people with post-secondary degrees.

Thanks for joining us. We hope you enjoy this issue of Trends.

A handwritten signature in black ink that reads "Monte Hanson".

Monte Hanson
Editor

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On the Road

The outlook for driving occupations in Minnesota is strong, with 23,600 job openings anticipated between 2010 and 2020.

For Minnesotans who make their livings as truck drivers and bus operators, the view from their “office” window often is a highway or street. They are a part of the transportation industry, a necessary, vital and growing sector in the state. Minnesota ranks 17th nationwide in freight shipments, valued at \$237 billion in 2010.¹ The state is 19th in annual transportation and warehousing employment payroll, which reached nearly \$3.4 billion in 2012.²

Getting from Here to There

The transportation and warehousing industry accounted for 92,700 jobs in Minnesota in 2012. Industry employment wasn't immune to the Great Recession. By the end of 2012, the sector was still 6,900 jobs shy of its 2007 level. Transportation employment can mirror sectors that it depends on, including manufacturing and construction, which suffered substantial job losses during the Great

Recession and still hadn't fully recovered by the end of 2013.

While the transportation industry includes all modes of transport — air, water and road — almost half (45 percent) of the industry's jobs are in truck transportation and in transit and ground passenger transportation. The truck transportation subsector provides over-the-road transportation of cargo using trucks and tractor trailers. The subsector is divided into general freight trucking and specialized

freight trucking, reflecting the differences in equipment used, load carried, scheduling and other networking services, including local or long-distance transportation. The transit and ground passenger transportation subsector includes urban transit systems, chartered buses, school buses, and inter-urban bus transportation and taxis.

While employment dipped in truck transportation during the recession, the sector has been on the upswing since 2010, finishing 2012 with 24,088 jobs (see Figure 1). Moreover, employment continued to increase between the second quarter of 2012 and the second quarter of 2013. Small annual employment gains have occurred in the transit and ground passenger transportation sector as well since 2006, prior to the Great Recession.

Employment forecasts show strong job growth projected for the truck transportation industry in Minnesota between 2010 and 2020. An estimated 6,670 new jobs are expected, a growth rate of 29.1 percent. Regional employment growth projections range from 40.7 percent in northwestern Minnesota to 21.1 percent in northeastern Minnesota. Transit and ground passenger transportation is projected to grow more slowly, just 7.3 percent (938 jobs) statewide.

In for the Long Haul

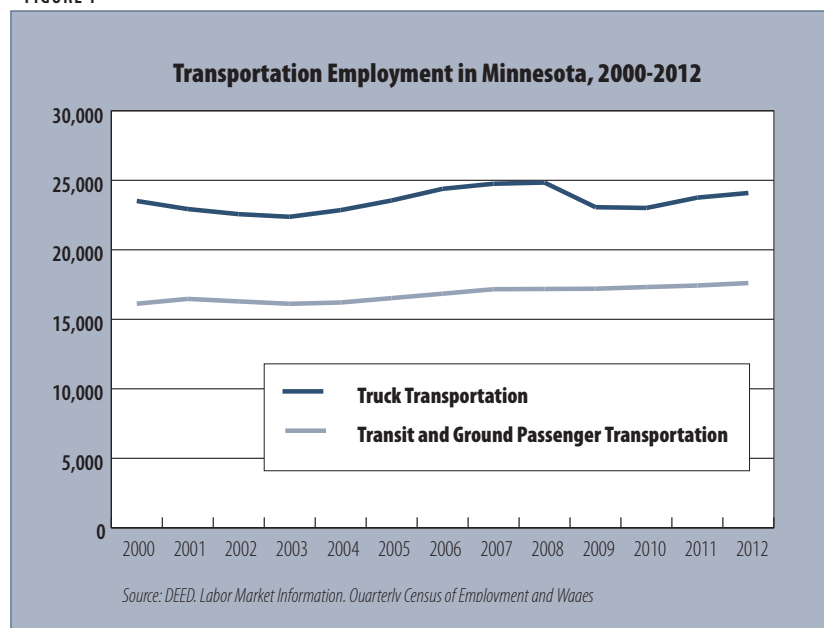
As you might imagine, transportation employment is heavily weighted toward driving occupations, including tractor-trailer and delivery service drivers in the truck transportation sector and bus drivers in the transit and ground passenger transportation sector.³ Heavy-truck drivers can also service the construction industry, delivering finished goods or the raw materials needed in the building process, like dirt or cement, or clearing roads of snow. Table 1 shows Minnesota employment in select driving occupations and median wages for the second quarter of 2013.

These driving occupations typically require a commercial driver's license or CDL (see



PHOTO: JUDY PARKER

FIGURE 1



sidebar on Page 6). Short-term job training programs help prospective transportation industry employees get the necessary skills to work in this demanding field (see Table 2). For long-haul truck drivers, the job is often a lifestyle choice, as it may be necessary to be away from home for days or weeks at a time, and much of the time on the road is spent alone.

Multitasking, problem solving and mechanical skills are the key aptitudes needed to be successful in a truck driving program, according to Bill Fath, an instructor at Alexandria Technical and Community College, which offers a 16-week truck driving course that has been around for more than 50 years. A valid driver’s license and a 12-month clean driving record are required for the 18 to 20 students who participate in the program each session.

According to Fath, the qualities that lead to success in a truck driving program are common sense, communication skills, and a good attitude and work ethic.

These skills are evident in the work readiness competencies required for transportation program participants at the YWCA St. Paul, which offers a CDL Class B training program sponsored by the Minnesota Department of Transportation and city of St. Paul.

TABLE 1

Driving Occupations in Minnesota		
	Employment	Median Wage (2Q 2013)
Heavy and Tractor-Trailer Truck Drivers	32,330	\$19.49
Light Truck or Delivery Services Drivers	13,170	\$15.79
Bus Drivers, School or Special Client	13,400	\$15.44
Bus Drivers, Transit and Intercity	3,030	\$16.00

Source: DEED, Labor Market Information Office, Occupational Employment Statistics

TABLE 2

Key Skills for Drivers
Operations and Control
Operations Monitoring
Judgment and Decision Making
Time Management
Troubleshooting
Active Listening
Critical Thinking

Source: O*NET, www.online.onetcenter.org



PHOTO: JUDY PARKER

LaRohn Latimer is the transportation programs manager at the YWCA in St. Paul.

“Our CDL training program is for unemployed and underemployed individuals looking to get into highway heavy construction,” said LaRohn Latimer, transportation programs manager at the YWCA.

The YWCA program coaches students on professionalism, teamwork, quality communication, planning and time management, accepting supervision, problem solving and financial literacy. They partner with Interstate Truck Driving School in South St. Paul to provide driving instruction.

Program graduates find a wealth of opportunities for well-paying, full-time positions driving in the construction industry and

operating school buses, armored cars or delivery service vehicles.

The demand for transportation workers is high, according to Latimer.

“Things are converging at the right time,” he explained. “You have major construction projects, like the Vikings and St. Paul Saints stadiums, and high demand for workers in the North Dakota oil fields, which is drawing talent out of Minnesota.”

The Minnesota Department of Human Rights has a strong focus on increasing training and employment opportunities for minorities and women, who have been traditionally under-represented in the construction

and transportation industries. Women are estimated to hold about 4 percent of the truck driving jobs in Minnesota, while just over 7 percent of the jobs are estimated to be held by communities of color.⁴

“Part of our mission at the YWCA St. Paul is empowering women and eliminating racism,” Latimer said.

The impact of the YWCA training program on participants is profound. It’s common for Latimer to get phone calls from graduates who thank him for helping them achieve a career path.

“They do all the work,” he said. “I just hold the light.”



Know Your Class

All truck and passenger vehicle drivers require a license, depending on the weight and materials carried. You must be 18 to apply for a Minnesota Commercial Driver's License (CDL) and 21 years of age to transport hazardous materials. In Minnesota, the most common licenses are:

Commercial Driver — Class A

Drive a vehicle towing a unit of more than 10,000 pounds gross vehicle weight rating (GVWR) with a gross combination weight rating (truck plus trailer) over 26,000 pounds.

Commercial Driver — Class B

Drive a single-unit vehicle that is over 26,000 pounds GVWR.

Commercial Drive — Class C

Drive a single-unit vehicle, 26,000 pounds GVWR or less, with one or more endorsements for hazardous materials, passengers or school bus (with passenger endorsement).

Source: Minnesota Department of Public Safety, Driver and Vehicle Services



The Future

Tom Gierok, driving instructor at Southeast Technical in Winona, has a 100 percent placement rate for people who want a job as a truck driver. Gierok is seeing more local jobs and demand, and he expects that to continue over the next several decades.

Statistics support that point of view. Employment projections for heavy and tractor-trailer truck drivers indicate 7,700 new jobs in Minnesota between 2010 and 2020, a growth rate of 22.7 percent. Nearly 2,300 new jobs will be available for light truck and delivery service drivers and more than 1,000 openings for bus drivers. Replacement workers will be needed, too, as workers retire or otherwise leave the profession. In total, 23,600 job openings are projected in driving occupations between 2010 and 2020.

“The economy is better and fleets are growing, adding more trucks and hiring more drivers,” Fath said. “The industry is trying to get drivers home more, too, to be with family and loved ones.”

Fath’s 35 years of experience — as a mechanic, driver, dispatcher, owner-operator and co-owner of a trucking company — shows the possibilities of climbing the career ladder in the trucking industry.

The opportunity to use truck driving as a way into self-employment resonates with Latimer.

“The end game — when we talk about under-represented folks in the construction or truck driving industry — is that eventually we’ll get some owner-operators,” he said.

And experts don’t foresee anything that would make truck drivers in less demand in the future.

“Until we can land a plane or park a barge on the top of a grocery store’s roof, we’ll need truckers,” Gierok said. **T**



¹Bureau of Transportation Statistics, Research and Innovation Technology Administration.

²Bureau of Labor Statistics, Quarterly Census of Employment and Wages, private employment payroll.

³Several driving occupations are not included in this analysis: taxi drivers and chauffeurs and driver/sales workers, for which a commercial driver’s license is not required.

⁴Calculations based on five-year American Community Survey (U.S. Census Bureau) data from 2006-2010.

Measuring Employment Outcomes for Graduates

How successful are students at finding quality jobs and stable employment after graduation? Minnesota is part of a new initiative that is helping to answer those questions.

With rising tuition costs, it is more important than ever to think through post-secondary education choices, such as which school to attend and what field of study to pursue. Unfortunately, outside of population statistics and anecdotes, not much information is available about the job outcomes for graduates. How quickly do they find work? Do they remain in Minnesota? How much do jobs pay after graduation and how stable is employment in their fields of study?

To get a better understanding of those questions, this article looks at data from the Workforce Data Quality Initiative (WDQI), which combines education and workforce statistics into a comprehensive system for research and analysis. Among the goals of the initiative is to follow students through school into the workforce and to provide statistics on their employment outcomes. Minnesota is among 29 states participating in the

initiative, which is funded by the U.S. Department of Labor. While historical results cannot predict future outcomes for students, they can help set realistic expectations about employability and wages after graduation.

Data for Smarter Choices

When choosing where to go for college or other post-secondary study, students should take into account not only personal interests and aptitudes, but also labor market outcomes for recent graduates.

What criteria should be used to compare programs? Wages after graduation certainly are important but provide only part of the picture. Other factors also should be considered, including the following:

Employability: How many students found jobs in the state after completing a post-secondary training program?

Wages: What hourly pay can a graduate expect 12 months after graduation?

Wage growth trends: While wages can be volatile the first year after graduation, the trend gives a better picture of long-term earning potential.

Year-round employment: What share of graduates was employed without interruption during the second year after graduation? Programs that produce many workers in sectors with high seasonal unemployment, such as manufacturing and construction, have low year-round employment shares. Continuous work histories, not necessarily with the same employer, tend to translate into higher long-term earnings.

Full-time employment: What share of graduates was employed full time during the entire second year after graduation?

Table 1 offers a snapshot of employment outcomes for 2011 graduates broken down by degree level.

Results show that 67 percent of graduates found jobs in Minnesota 12 months after completing their degrees. This figure underestimates actual employment because of a few data gaps. Although about 95 percent of Minnesota businesses report wages, graduates employed at federal agencies, self-employed or employed in other states are not found in payroll records. For example, graduate-level programs have fewer matches because their graduates are more likely to seek employment nationally, and programs in fields where self-employment is prevalent — such as construction or agriculture — tend to have fewer matches as well.



TABLE 1

Employment and Wage Outcomes of 2011 Program Completers by Award Level						
	Total Graduates With Valid SSNs*	Percent Employed** 12 Months After Graduation	Median Hourly Wage 12 Months After Graduation	Increase in Median Hourly Wage From 12 to 24 Months	Second Year Full-Time Employment***	Second Year Full-Time Median Wage
All Awards	74,238	67%	\$ 16.49	+ \$1.87	42%	\$41,475
Awards of Less Than 2 Years	9,674	72%	\$ 14.02	+ \$1.38	33%	\$33,988
Awards From 2 to Less Than 4 Years	21,923	63%	\$14.62	+ \$1.38	43%	\$36,887
Bachelor's	29,274	63%	\$16.14	+ \$2.34	40%	\$40,222
Graduate	12,399	62%	\$30.13	+ \$2.26	56%	\$64,352
* Graduates without a valid Social Security number cannot be matched to wage records. Graduates who earned more than one degree in the same academic year were classified according to the highest degree obtained.						
**Employed in Minnesota by employers who pay Minnesota unemployment insurance.						
*** Percent of graduates who worked each quarter of the year for at least 1,820 hours, representing an average of 35 hours a week for a full year.						

Sources: Minnesota unemployment insurance wage records and Minnesota Office of Higher Education post-secondary graduation records. Data on each individual completing a degree from July 2010 through June 2012 were linked with wage records from all employers subject to unemployment insurance taxes in Minnesota.



Table 1 also shows that wages 12 months after graduation vary by degree level and length of degree, with graduate-degree holders boasting the highest median rates (\$30 an hour) and sub-baccalaureate award holders the lowest rates. As expected, hourly wages increased over time at every degree level.

These data have interesting policy implications. For example, less than one-half of graduates with verifiable employment records had full-time jobs during the second year after graduation. The share of full-time employment ranges from

33 percent for sub-baccalaureate degree holders to 56 percent for graduate-degree holders.¹ This means that, even when graduates find jobs, employment is predominantly part time, temporary or seasonal. Only a minority of recent graduates landed jobs that provide a living wage, health care benefits and an opportunity to save for retirement.

Employability Prospects

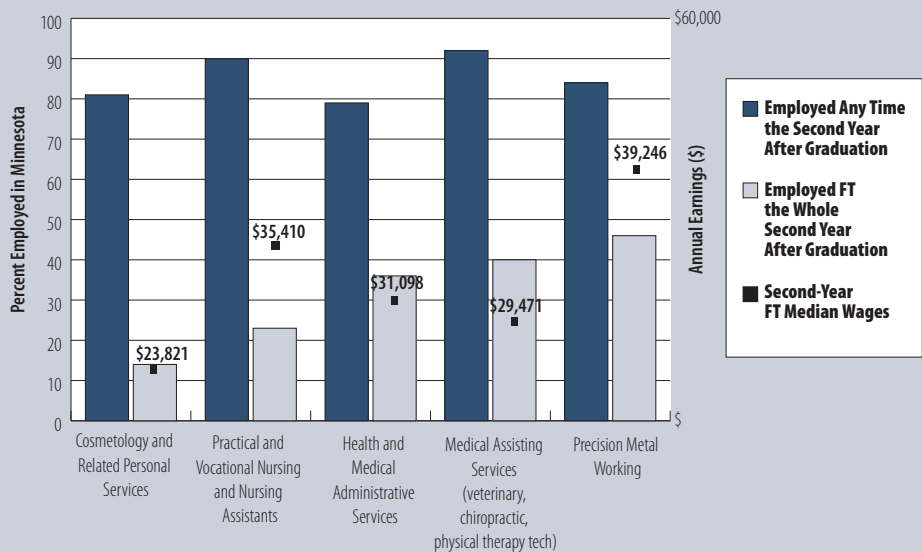
Choice of degree and major is mostly driven by personal interests, aptitudes and career goals — and for good reasons. Some majors fire the imagination more than others. Who has not heard someone say they want to become a veterinarian, marine biologist, journalist or soccer trainer? And when demand for such careers shows growth or stability, it does make sense to pursue personal interests.

Market demand can change so rapidly that popular programs can become saturated over the two or four years it takes to complete a degree. Timely, updated program outcomes can help individuals, counselors, education planners and policymakers identify training fields at risk of becoming saturated.

A few examples demonstrate how the data can help identify strengths and weaknesses in

FIGURE 1

Second-Year Employment Outcomes for Largest Programs with Top Number of Completers, Awards of Less Than Two Years, Class of 2011



Sources: Minnesota unemployment insurance wage records and Minnesota Office of Higher Education post-secondary graduation records

training programs. Figure 1 shows the top sub-baccalaureate programs by number of graduates in the 2011 academic year.

These short-term programs, mostly certificates, have a high employment rate because they prepare people for work in specific occupations.² They are strategically important for Minnesota's economy and represent a good alternative to two- or four-year college degrees. They differ in some important respects, however.

Cosmetology graduates are predominately employed part time, and the 14 percent working full time earned an annual wage of only \$23,821 a year after graduation. On the other hand, graduates in precision metal working were more likely to work full time and had considerably higher full-time earnings at \$39,246. These programs prepare people for high-demand careers such as welding and machining, primarily in advanced manufacturing where wages tend to be higher than service industries.

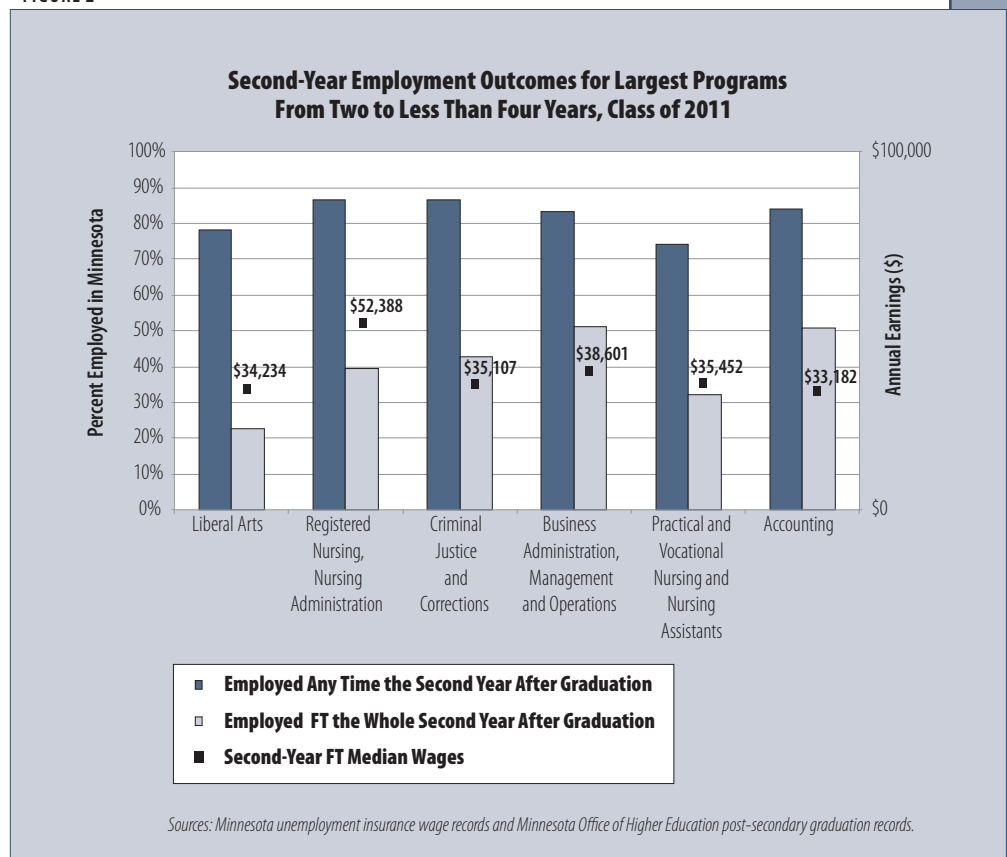
Outcomes for the most popular associate degree programs are displayed in Figure 2.

Liberal arts represents an interesting case. Although only 23 percent of graduates worked

About the Workforce Data Quality Initiative

This work is being funded by a grant that DEED received from the U.S. Department of Labor's Employment and Training Administration. See more details at www.doleta.gov/performance/workforcedatagrants09.cfm.

FIGURE 2



full time the second year after graduation, their wages were close to the state median of \$37,606, suggesting that people with general skills are well rewarded when they find full-time employment, although it might take them longer to get a job. Full-time employment in occupational/technical fields is higher than liberal arts, although rarely rising above 50 percent. As expected, the best outcomes in terms of both employability and earnings are in registered nursing programs, thanks to growth in the health care industry.

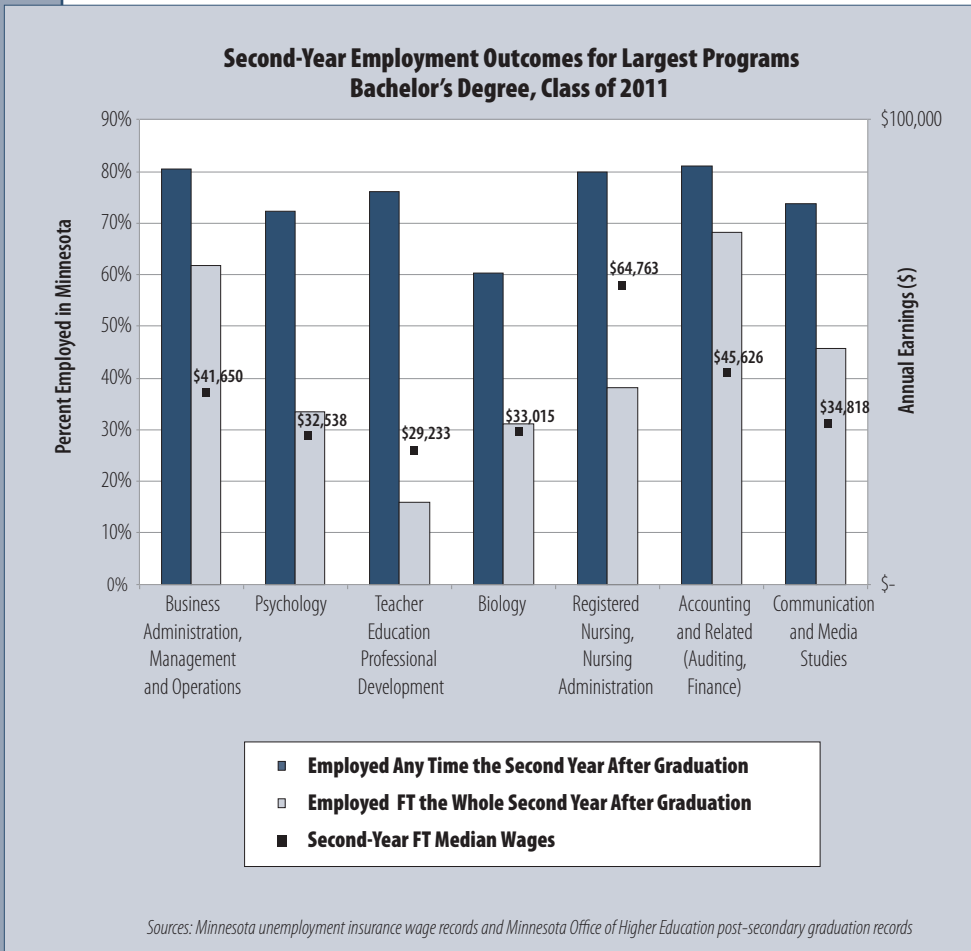
Bachelor's degree graduates are more likely to work full time for the whole year, as illustrated in Figure 3.

Biology, despite being in a science field, appears to be saturated, with a mediocre employment rate of 60 percent and predominately part-time employment. In general, employment in a science field might require an advanced degree beyond a bachelor's.

Again, registered nursing boasts some of the strongest outcomes,

with a second-year employment rate of 80 percent and second-year full-time earnings of \$64,763. Accounting and related services is worth noticing as the program with the strongest share of full-time year-round employment (68 percent), indicating an abundance of job opportunities for graduates. When a program prepares a high number of students for so many quality jobs close to the time of graduation, we can assume that the job market for these skills is strong and growing.

FIGURE 3



Evaluating Program Success

There is a strong relationship between major and employment outcomes. In fact, the analysis shows that the same fields of study fared well at all three degree levels: nursing, business administration and accounting. By and large, successful outcomes are driven by high-demand career concentrations within these broad fields, such as registered nursing and financial management, and by growth in the industries that employ these graduates.

Also, some programs, such as teacher education and criminal justice and corrections, are tailored to public sector employment, while others such as business administration are mostly tailored to the private

sector. These fundamental differences must be taken into account when drawing comparisons. While straight wages are higher in the private sector, the public sector has other types of advantages not captured in the data, such as strong benefits packages.

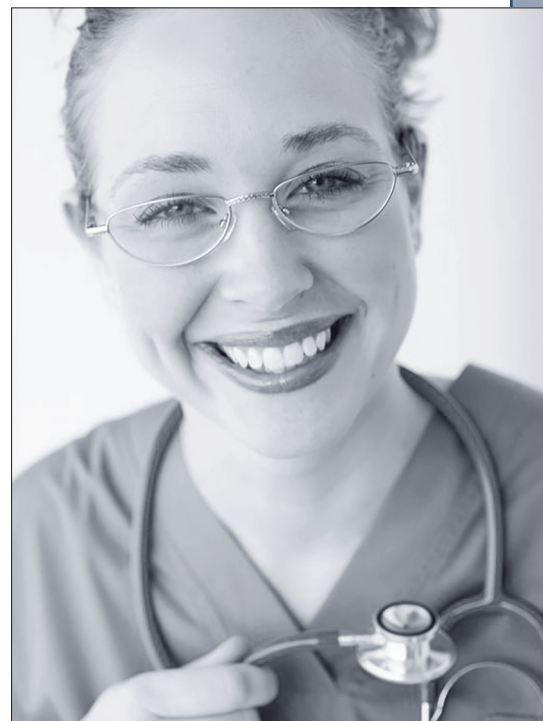
That's why the data are most effective when used in combination with other sources of information, including those that examine differences in curriculum, typical careers that result from each program and employers that hire recent graduates. Furthermore, school characteristics also matter. People who complete degrees at certain colleges tend to have higher earnings than others.

Lastly, caution is recommended when trying to use these data to draw conclusions about program performance for school accountability purposes. Straight comparisons of outcomes from one program to another do not tell the whole story because many factors affect job market outcomes. Some of the main driving factors of success include the following:

- **Work experience:** Students younger than 25 seeking their first full-time job after graduation will

earn much less than mid-career individuals who go back to school to brush up their skills.

- **Gender:** Male-dominated fields, such as precision metal working and IT, tend to have higher earnings and higher predominance of full-time employment than female-dominated fields such as cosmetology.
- **Abilities and attitudes:** Programs that are more likely to draw students of higher ability or motivation, perhaps due to difficulty or length of the program, tend to have better outcomes than others. For example, physician assistants have better outcomes than dietetic technicians.
- **Socio-demographic characteristics:** Programs that are designed for or more likely to attract disadvantaged populations (low-income or English as a second language, for example) tend to have poorer outcomes than other programs. Their success should be evaluated on the relative improvement in participants' lives after completing the program. ¹



¹Some sub-baccalaureate degree holders in transfer programs might decide to re-enroll in school rather than search for employment right away.
²Wage data do not provide any information on the occupation of employment.

The Great Recession and Disability Employment

People with disabilities in Minnesota are more likely to be employed than in other parts of the country, but they still haven't fully recovered from the effects of the recession.

The U.S. labor market experienced extraordinary employment losses from the end of 2007 through 2009, with more than 8 million jobs lost nationally, including 160,000 in Minnesota. The Great Recession caused the U.S. unemployment rate to more than double, and many of those lucky enough to keep their jobs experienced pay cuts or hourly reductions. Others withdrew from the workforce

altogether, causing the labor force participation rate to drop significantly.

People with disabilities were among the hardest hit populations during that period, with their employment rates declining sharply and not yet back to pre-recession levels.

To get a better idea of how people with disabilities were

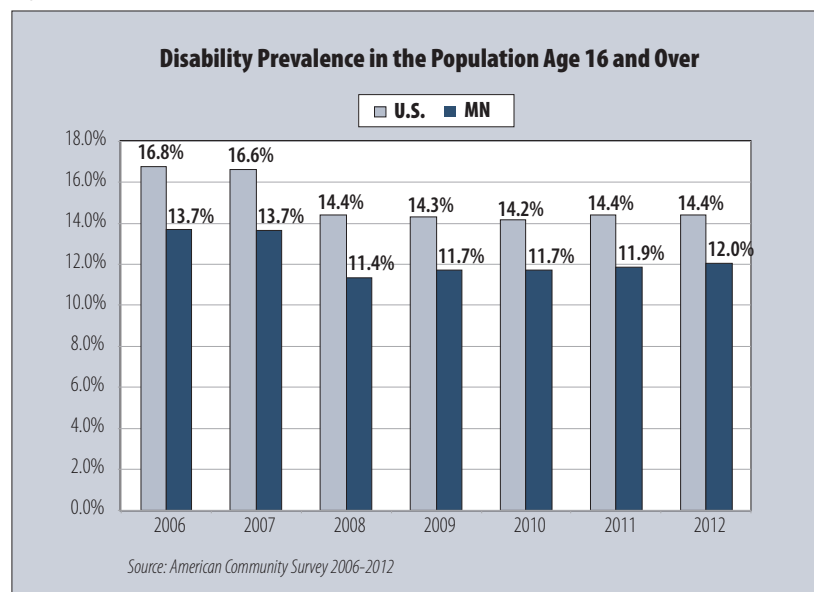
affected by the Great Recession, this analysis looks at disability employment over seven years in the U.S. and Minnesota, examining American Community Survey (ACS) data from 2006 to 2012 for people 16 years of age and older.

Disability Prevalence

Disability prevalence in this report is the percentage of people in the entire population who reported



CHART 1



at least one type of disability as defined by the ACS. Starting in 2008, however, the ACS adapted a narrower definition of disability than the definition used in earlier versions of the survey. This resulted in a significant change between 2007 and 2008 in the percentage of the population identified as having a disability, as Chart 1 clearly shows.

Employment Rates

Chart 2 shows the trend in the number of employed people with and without disabilities in the U.S. and Minnesota from 2006 to 2012. As the graph shows, employment levels dropped dramatically for people with disabilities during the recession. They turned the corner nationally in 2011 but did not start to recover in Minnesota until 2012. In comparison, employment levels for the working-age population with no disabilities did not start to decline until after 2008 and began to regain ground again in 2011.

Chart 3 shows the decline in employment rates in the working-age population with disabilities from all groups in the U.S. and Minnesota during and after the recession. The data show that Minnesotans with disabilities had a higher employment-to-population ratio during that period than people with disabilities nationally. The peak level for disability

CHART 2

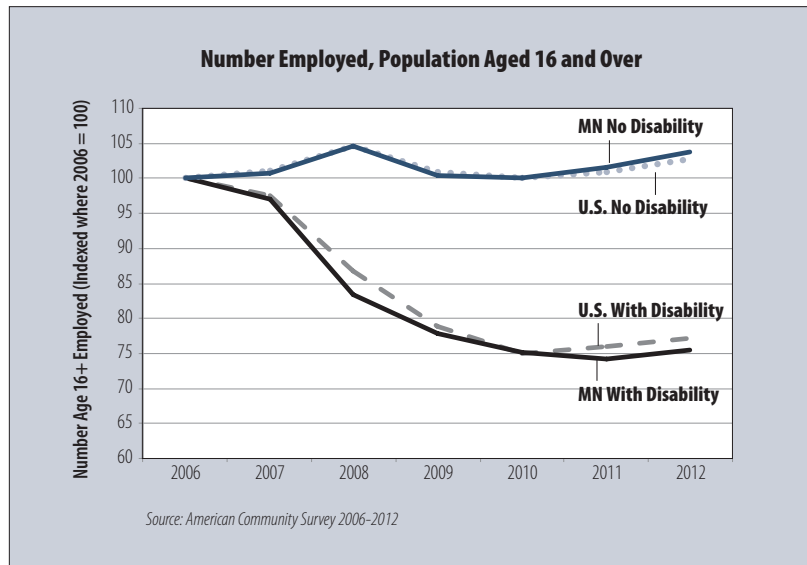
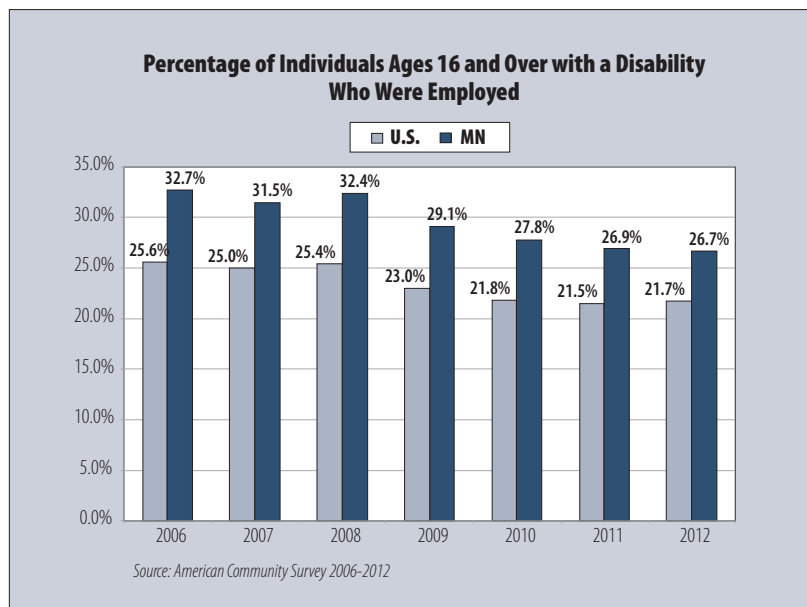


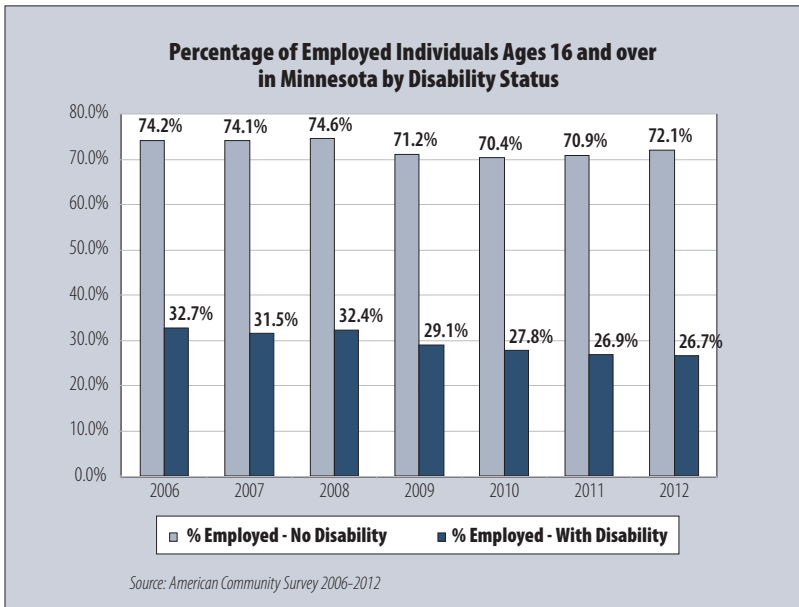
CHART 3



employment prior to the Great Recession was in 2006, when the disability employment rate in Minnesota was 32.7 percent — 7.1 percent above the national rate of 25.6 percent.

The Minnesota disability employment rate dipped slightly in 2007 before trending upward again in 2008, getting close to the 2006 rate. In 2009 there was a substantial decline in employment as the number of

CHART 4



employed working-age adults with disabilities in Minnesota dropped to 29.1 percent — 6 percent above the national rate. Employment of Minnesotans with disabilities continued to decline in 2010, 2011 and 2012, when it reached 26.7 percent. The Minnesota figures are consistent with U.S. disability employment ratios which continued to decline until 2012, when it climbed by 0.2 percent.

Chart 4 presents the employment rates of people with disabilities compared with those with no disabilities in Minnesota from 2006 to 2012. About 26.7 percent of the working age population with disabilities was

employed in Minnesota in 2012, compared with 72.1 percent for those with no disabilities. Employment rates of people with a disability have continued to decline since the recession, while they rose in 2011 and 2012 for people with no disabilities.

Conclusion

The Great Recession affected the employment rates of all population groups, including people with disabilities. On the positive side, Minnesota’s employment rate among people with disabilities is significantly higher than the country as a whole. The number of employed people with disabilities in Minnesota increased in 2012 by about 2,100 from the previous year, showing a positive move toward post-recession recovery. **T**

Sources:
 American Community Survey (ACS)
 Current Monthly Employment (CES)
<http://disabilitycompendium.org/>
www.disabilityfunders.org/
DisabilityStatistics.org/
 U.S. Bureau of the Census, Monthly Current Population Public Use Data Files



PHOTO: JUDY PARKER

Measuring Unemployment

The official monthly unemployment rate, known as U3, is just one of the ways to measure national and state unemployment. The Bureau of Labor Statistics has five other unemployment classifications, depending on what criteria are used.

The official unemployment rate is one of a series of six measures of unemployment that the Bureau of Labor Statistics produces for all states using data from the Current Population Survey. This article will define the official unemployment rate and explore the other five measures of unemployment. It will also provide unemployment rates across a diversity of population subgroups.

The Official Unemployment Rate ... Plus Five More

Broadly defined, unemployment is a measure of the unused and available resources in the labor force. The official unemployment rate, also known as U3, estimates the share of people in the civilian labor force (16 and over) who want to work, are available to work and are actively seeking work. To be actively seeking work, a survey respondent must report employment search activities within the last month, such as contacting employers



about current job openings. The official unemployment rate does not include people who aren't engaged in job-seeking activities even if they want a job.

The official unemployment rate is calculated by dividing the civilian labor force (the civilian, non-institutionalized population age 16 and over) by the number unemployed. As the denominator, the size of the civilian labor force matters:

- If the labor force increases, but the number unemployed remains unchanged, the rate will decrease.
- If the labor force decreases and the number unemployed remains unchanged, the rate will increase.

Data and Methodology

All of the monthly measures presented in this article were produced from data collected by the Bureau of Labor Statistics (BLS) through the Current Population Survey. With a sample size of only 1,700 households in Minnesota, there are not a lot of data with which to produce estimates across a broad range of indicators and for population subgroups. As a result, a fair amount of statistical error is associated with many of the resulting measures. Because of this, BLS publishes only the official unemployment rate (U3) monthly. Although all of the monthly estimates presented here are public and releasable, the BLS publishes unemployment estimates for subgroups annually, in the Geographic Profile of Employment and Unemployment, and U1 through U6 measures quarterly at www.bls.gov/lau/stalt.htm.

All of the monthly data published here are presented as a 12-month moving average. In other words, each monthly data point is an average of that month and the previous 11 months of data. Both the BLS and the Minnesota Labor Market Information Office use this method to smooth the series while presenting the trend.

The total labor force in Minnesota has declined overall since the middle of 2012. It is unclear whether this is temporary or a longer term trend. In any case, the rate of increase has slowed dramatically since the middle of the last decade due to the aging population (think baby boomers). This decline is causing a dramatic drop in the labor force participation rate, or the share of the civilian labor force that is working or looking for work. This slowing of labor force growth (or possible decline) also tends to push down the unemployment rate and cause a tightening of the labor market as employers replace retirees from the ranks of the unemployed.



U1 and U2 result in lower rates than U3 because the definitions are even more restrictive in terms of who is counted as unemployed (see Chart 1). U1 is a measure of mid- to long-term unemployment, counting only people unemployed 15 weeks or longer in the numerator. U2 includes only people who have recently lost a job, job losers and people who completed temporary jobs. It does not include people who have never held a job or have been out of the workforce for some time.

The U4 through U6 measures result in higher unemployment rates than U3, as Chart 1 shows.

- U4 includes the official count of unemployed workers plus discouraged workers. Discouraged workers are those workers who have been engaged in job search activities and say that they want a job but are not actively looking due to discouragement over job prospects.

- U5 adds all other marginally attached workers to the count. These include people who want a job but are not available to work due to a temporary illness, lack of child care or other issues.
- U6 adds people who are employed part time for economic reasons, meaning that they want to work full time but cannot find full-time employment.

Chart 2 stacks the estimated number of Minnesotans who comprise each category in U3 through U6. As this chart clearly shows, the officially unemployed are the largest group, totaling 144,800 in December 2013, followed closely by the underemployed, those working part time for economic reasons, which totaled 140,400 during the same period. In total, 316,600 workers were unemployed or underemployed in Minnesota during December 2013 by the broadest definition of unemployment.

Unemployment Rates for Population Subgroups

Monthly unemployment rates for population subgroups are also available from the Current Population Survey. These population subgroups include black, Hispanic and white, male and female, various age groups and various levels of educational attainment. Unemployment rates for other subgroups, including people with disabilities and veterans, are only available through the American Community Survey on an annual basis, not the Current Population Survey. Some cross tabulations (teens by race, for example) are also available monthly.

CHART 1

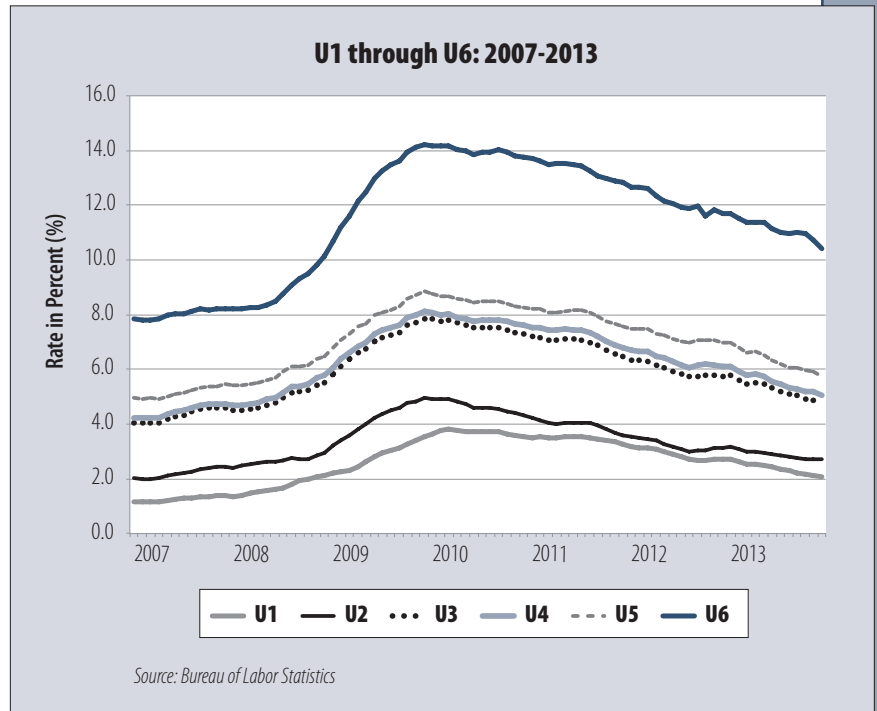
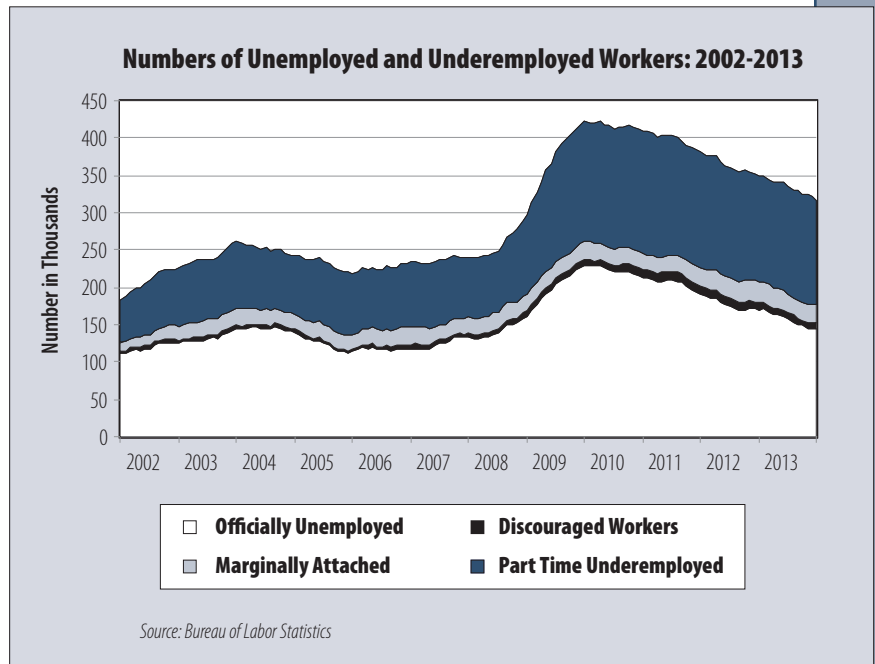


CHART 2



Racial disparities in unemployment have received much attention in Minnesota recently — and for good reason. Chart 3 illustrates the U3 definition by the available race categories: black, Hispanic and white. Blacks were 3-1/2 times more likely to be unemployed than whites in December 2013, with an even larger gap during the recession. Moreover, the downward trend in black unemployment rates started almost two years after that of whites and Hispanics.

Unemployment rates for teens also are stark, standing at three times the rate of the total labor force. Moreover, rates for this group increased throughout the last decade as Chart 4 illustrates. The downward trend in 2013 shows that they are just now returning to near pre-recession levels.

The official unemployment rate is only one of many different measures of unemployment and underemployment available. This article presents a sample of measures that are available for Minnesota on a monthly basis. **T**



CHART 3

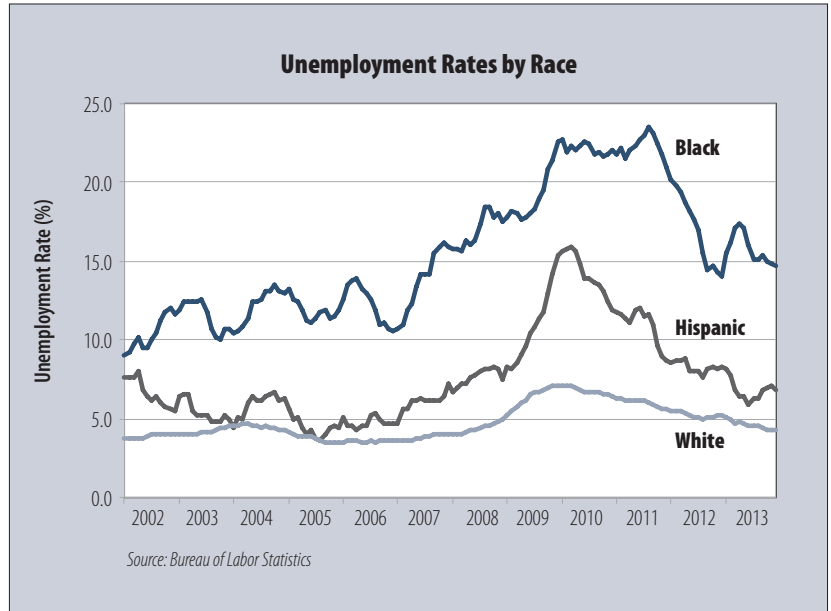
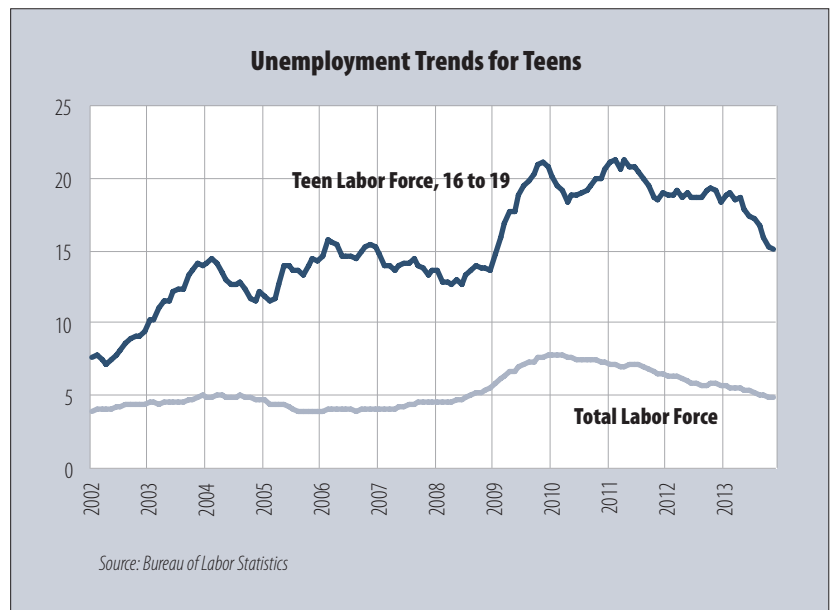


CHART 4



Meet

THE WRITERS



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