

December 2021 Employment Analysis

Overview

- The unemployment rate ticked down two-tenths of a point to 3.1% in December to its lowest level since 2019. The decline in December was entirely due to people moving from unemployment to employment. The labor force participation rate remained steady at 67.7%.
- Minnesota lost 2,000 jobs, down 0.1% in December on a seasonally adjusted basis following the addition of 13,600 jobs in November, the largest single-month growth since March. The private sector lost 2,200 jobs, down 0.1%.
 - November employment was revised upward by 5,000 jobs in total nonfarm and 4,600 in the private sector.
 - Upward revisions were largest in Trade, Transportation and Utilities, up 2,300 and Leisure & Hospitality, up 1,700.
- The U.S. gained 199,000 jobs, up 0.1% in December, with the private sector adding 211,000 jobs, up 0.2%.
- Growth has been lumpy and uneven coming out of the pandemic recession. Translating seasonally adjusted job change into a 3-month moving average series, MN added 9,100, up 0.3% in Aug-Oct, 12,300, up 0.4% in Sept-Nov, and 7,200, up 0.2% in Oct-Dec. Nationally, all three periods have shown a 0.3% increase.
- Five supersectors lost jobs, five gained jobs and Mining & Logging remained level with November on a seasonally adjusted basis in December.
 - Losses were in Financial Activities down 900, Professional & Business Services down 1,800, Manufacturing, down 900 and Trade, Transportation & Utilities down 800 and Leisure & Hospitality down 600 jobs.
 - Gains were in Information, up 300, Other Services, up 400, Education & Health Services up 1,800, Government up 200, Construction 300.
- Minnesota lost 416,300 jobs from February through April 2020 and has since gained 307,400 jobs, or 74% of the jobs lost on a seasonally adjusted basis. The private sector has regained 77% of the jobs lost.

Over the Year

- Minnesota gained 168,247 payroll jobs, up 6.2%, over the year. The private sector gained 163,477 jobs, up 7.1% over the year. These gains put total nonfarm employment 109,100 jobs short of December 2019 employment and 89,300 jobs short in the private sector.
- Two supersectors posted negative annual growth, Financial Activities down 4,890 (-2.5%) and Mining & Logging, down 28 jobs or 0.5%. Information and Government are both back in positive territory in December.
- Education & Health Services added 6,055 jobs, up 1.1% over the year in December, well up from November's gain of 630.
- U.S. employment grew 4.6% over the year with the private sector up 5.1% in December. All supersectors showed gains over the year.
- For the third time this year, Minnesota's private sector over the year job growth exceeded the nation. Five supersectors in Minnesota show strength over the year compared to the U.S.: Leisure & Hospitality, Construction, Professional & Business Services, Manufacturing and now also Other Services.
- Leisure & Hospitality job gains in MN continued to outpace those of the U.S. in all comparable industries.
- Other Services job gains in MN outpaced those of the U.S. in two of three components: Repair & Maintenance and Religious, Grantmaking, Civic and Professional Organizations.
- In Construction, over the year gains in Minnesota outpaced U.S. gains in all comparable industries. Employment in Construction the highest on record for a December since 2005.
- Professional & Business Services over the year growth in MN outpaced U.S. employment growth in two of the three component sectors: Management of Companies and Administrative & Support Services. In Admin & Support, Temp help grew by 12.1% over the year in MN compared to 8.7% nationwide, both down from last month.
- Strength in Manufacturing in Minnesota compared to the nation was in only Durable Goods in December with Nondurable Goods down below over the year growth nationwide for the first time since summer 2020. Strength in Durable Goods was in a variety of industries including Wood Products, Fabricated Metal and Transportation Equipment. Food Manufacturing employment growth in MN continued to outpace that of the nation.

December 2021 Over the Year (OTY) Employment Growth by Industry Sector Not Seasonally Adjusted			
	MN OTY Job Change	MN OTY Growth Rate	US OTY Growth Rate
Total	+168,247	+6.2%	+4.6%
Private	+163,477	+7.1%	+5.1%
Mining & Logging	-28	-0.5%	+8.8%
Construction	+8,894	+7.7%	+2.1%
Manufacturing	+14,025	+4.6%	+2.9%
Trade, Transport. & Utilities	+12,861	+2.5%	+3.1%
Information	+207	+0.5%	+5.4%
Financial Activities	-4,890	-2.5%	+1.8%
Prof. & Business Services	+20,739	+5.8%	+4.9%
Education & Health Services	+6,055	+1.1%	+2.4%
Leisure & Hospitality	+95,072	+64.2%	+19.6%
Other Services	+10,542	+10.9%	+6.4%
Government	+4,770	+1.2%	+1.9%

Wage and Hour Data

- Average hourly wages for all private sector workers rose 78 cents to \$34.25 in December over the month. Over the year average hourly earnings rose \$1.96, up 6.1% and since Dec 2019 they are up 9.8%.
 - Nationally private sector wages rose 0.8% over the month, up 24 cents, 4.9% over the year and 9.7% over two years.
 - The CPI inflation index for all urban consumers rose 7.0% over the year in Dec and 8.5% over 2 years.
- At 34.1 hours per week, December's average work week was down three-tenth of an hour from Nov and six-tenths over the year. Over the year this was a 1.7% decline but over 2 years, hours increased 0.6%.
 - Nationally, hours rose one-tenth of an hour over the month but declined four-tenths of an hour over the year, down 1.1% over the year but increased 1.5% over two years.

Unemployment Data

- The unemployment rate again ticked down two-tenth of a point to 3.1% in December.
- The number of employed rose by 6,562 to 2,936,537, and the number of unemployed fell by 6,324 to 93,906. The employment to population ratio ticked up to 65.6%, the highest it's been since March 2020 when it was 67.7%.
- The labor force grew by 238 people, with labor force participation holding steady at 67.7%. The labor force is 86,638 workers smaller than in February 2020 when the participation rate was at 70.2%.

- Nationally, the unemployment rate fell three-tenths of a percentage point to 3.9% and the employment to population ratio rose two-tenth point to 59.5%. The size of the labor force increased by only 168,000, with the labor force participation rate holding steady at 61.9% (revised).
- Based on 12-month moving average **unemployment rates by race** in November are as follows (source: CPS Demecon, 12-month moving averages):

Month/Year	Total	White	Black	Hispanic
December-2021	3.8%	3.6%	6.2%	4.7%
November-2021	3.9%	3.7%	5.3%	4.3%
December-2020	5.9%	5.6%	9.0%	7.3%

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 change in the labor force participation rate. This represents the total share of Minnesotans in December 2021 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
December-2021	6.3%	10.0%	2.8%	5.6%
November-2021	6.3%	9.3%	4.4%	5.7%
December-2020	6.6%	15.3%	8.2%	5.8%

*These **alternative unemployment rates** are calculated from 12-month moving average CPS Demecon data.*

Details

Mining and Logging: Employment in Mining and Logging was flat in December, on a seasonally adjusted basis, holding at 6,300 jobs. Employment in the supersector has bounced between a low of 6,200 and a high of 6,400 for seventeen months. Over the year (OTY), Mining and Logging employers lost 28 jobs (0.5%). It was one of only two supersectors to lose jobs on an annual basis (Financial Activities).

Construction: Construction employment was up by 300 (0.2%) over the month (OTM). On an annual basis, Construction employers added 8,894 jobs (7.7%), as every component sector posted positive growth. It was the third-highest proportional growth rate of any supersector in the state. Employment in Heavy and Civil Engineering was up 19.4% (2,472 jobs) and Building Construction was up 10.9% (2,937 jobs).

Manufacturing: Manufacturing employers shed 900 jobs (0.3%) OTM in December. Both component sectors were off by 0.3%, with Durable Goods losing 300 jobs and Non-Durable Goods losing 600. Over the year, the supersector added 14,025 jobs (4.6%). Durable Goods Manufacturing

added 11,182 jobs (5.8%), with Transportation Equipment Manufacturing up 9.8% (1,039 jobs). Non-Durable Goods Manufacturing added 2,843 jobs (2.5%), with component Food Manufacturing up 3.8% (1,792 jobs).

Trade, Transportation, and Utilities: Employment in Trade, Transportation, and Utilities was off by 800 (0.2%) in December. Both trade components added 500 jobs each, with Wholesale up 0.4% and Retail up 0.2%. Transportation, Warehousing, and Utilities lost 1,800 jobs (1.6%). On an annual basis, the supersector added 12,861 jobs (2.5%). All three component sectors added jobs, but growth was driven by Transportation, Warehousing, and Utilities, which added 6,336 jobs, or 5.9%. Retail Trade added 5,025 jobs, 1.8%.

Information: The Information supersector added 300 jobs (0.8%) OTM in December, jumping back above 40,000 after dipping to 39,900 in November. Over the year, the supersector added 207 jobs, or 0.5%. This was the first time the supersector had posted positive annual growth since April of 2017, though it is likely that this OTY growth is due in large part to a large temporary job loss that occurred in December of 2020.

Financial Activities: Financial Activities employers shed 900 jobs (0.5%) OTM in December. All of the losses came in Finance and Insurance (down 0.6%) as employment in Real Estate and Rental and Leasing held steady at 34,100 jobs. Over the year, the supersector lost 4,890 jobs, or 2.5%. It was one of only two supersectors to post negative annual growth (Mining and Logging, -0.5%). The supersector has had annual job losses for most of the year, due in part to the fact that they were not as impacted by the immediate fallout of the ongoing pandemic. The Finance and Insurance component lost 5,162 jobs (3.2%), while Real Estate and Rental and Leasing added 272 jobs (0.8%).

Professional and Business Services: Employment in Professional and Business Services was off by 1,800 (0.5%) in December. It was the first negative monthly growth for the supersector since February. Professional, Scientific, and Technical Services lost 2,300 jobs (1.4%) and Management of Companies added 1,100 (1.3%). On an annual basis, the supersector added 20,739 jobs, or 5.8%. All three component sectors posted positive growth, with the lion's share of that growth coming in Administrative and Support and Waste Management Services, up 10,902 jobs (9.3%) thanks in large part to component Employment Services, which added 6,105 jobs (12.1%).

Education and Health Services: Education and Health Services employers added 1,800 jobs (0.3%) OTM. Both Educational Services and Health Care and Social Assistance added 900 jobs, up 1.2% and 0.2%, respectively. Over the year, Education and Health Services added 6,055 jobs (1.1%). All of the growth came in Educational Services, which added 9,290 jobs (14%). Health Care and Social Assistance lost 3,235 jobs, or 0.7%. Nursing and Residential Care Facilities continued to struggle to add jobs, off by 5,096 (4.9%), though in a hopeful sign, this is better than November's mark of -5.3% growth. Production worker earnings in the sector also continue to improve, moving from \$19.77 an hour in October to \$20.39 in November and \$21.13 in December.

Leisure and Hospitality: Leisure and Hospitality employment was down slightly in December, off by 600, or 0.2%. It was the first seasonally adjusted monthly decline of 2021 for the supersector, which has been rebuilding from significant COVID-related losses. The declines were entirely in Arts,

Entertainment, and Recreation, which was off by 1,600 (3.5%) while Accommodation and Food Services added 1,000 jobs (0.5%). Over the year, the supersector added 95,072 jobs, or 64.2%. This is a very large jump from November’s 28.4% OTY growth, though it is largely due to major job losses in December 2020, when pandemic guidelines were briefly tightened. The 95,072 jobs added represent more than half of the state’s overall annual growth of 168,247.

Other Services: Employment in Other Services was up by 400 (0.4%) OTM in December. It was the third consecutive month of seasonally adjusted growth for the supersector, during which time it has added 2,800 jobs. Over the year, Other Services employers added 10,542 jobs, or 10.9%. It was the second-largest proportional growth of any supersector, trailing only Leisure and Hospitality. Religious, Grantmaking, Civic, Professional, and Similar Organizations added 7,542 jobs, or 14.7%, representing the lion’s share of the growth in the supersector.

Government: Government employers added 200 jobs (0.0%) OTM in December. Local employers added 400 jobs (0.1%) and Federal employers shed 200 (0.6%) while State employment remained flat. Over the year, Government employers added 4,770 jobs (1.2%). The growth came entirely at the Local Government level, which added 7,640 jobs, or 2.8%. State employers shed 2,397 jobs (2.5%) and Federal employers lost 473 (1.4%).

Regional

Over the year growth rates rose in all MSAs, a result of weakness in December 2020. Over the year job growth is now strongest in Rochester MSA, followed by Minneapolis-St. Paul and weakest in Mankato and St. Cloud MSAs.

Metropolitan Statistical Area	OTY Employment Change (#, NSA)	OTY Employment Change (% , NSA)
Minneapolis-St. Paul MN-WI MSA	+98,820	+5.3%
Duluth-Superior MN-WI MSA	+6,165	+4.9%
Rochester MSA	+6,520	+5.6%
St. Cloud MSA	+4,958	+4.8%
Mankato MSA	+2,429	+4.5%

Outlook

- Minnesota’s labor market lost jobs on a seasonally adjusted basis for the first time since December 2020, one year ago, when pandemic restrictions were reimplemented. This year the lost was 2,000 compared to 52,800 last year.
- At the same time, the unemployment rate dropped to 3.1%, its lowest level in 2019, further evidence of a very tight labor market.
- In this tight labor market, employers are better utilizing their workforces. Involuntary part time (also known as part time for economic reasons) fell again in December by 500 people on a 12-month moving average basis to 34,900.

- The number of long term unemployed – workers unemployed for 27 weeks or more – dropped for the fourth straight month in December, to 35,500. This is still high by historical standards – the number was 11,100 in February 2020 prior to the pandemic.
- The average hourly wage increase for all private sector workers, at 6.1% over the year, stayed below inflation at 7.0% in December.
 - Over two years the comparison was 9.8% for private sector wages in Minnesota compared to 8.5% inflation.
 - Nationally private sector wages rose 4.9% over the year and 9.7% over two years.
- High demand, low wage jobs are seeing greater average wage increases.
 - The average wage for production workers in Food Service and Drinking Places, at \$17.24, rose 20.4% over the year and 16.7% over two years.
 - The average wage for production workers in Nursing & Residential Care Facilities, at \$21.13 in December, rose 12.4% over the year and 12.2% over two years. This is way up from the first 9 months of 2021 during which the highest annual increase was 2.9% in August.
 - The average wage for production workers in Retail Trade had been showing strong increases earlier in the year but has since slowed. At \$17.60, the avg wage was up only 4.5% over the year and 6.9% over 2 years. This may be the result of bringing on new temporary staff for the holiday season.

Labor Market Information Office

MN Department of Employment and Economic Development

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