

## February 2021 Employment Analysis

### Overview

- The unemployment rate ticked down in February to 4.3% from 4.5% in January. Employment ticked up while unemployment ticked down for a net effect of a slight decrease in the overall number of people in Minnesota's labor force.
- Minnesota gained 13,900 jobs, up 0.5%, in February on a seasonally adjusted basis. This puts us 200 jobs short of the peak pandemic period employment reached in October 2020. The private sector gained 11,000 jobs, up 0.5% bringing private sector employment 300 jobs above peak pandemic employment reached in October.
- Five supersectors gained jobs, five lost jobs and Professional & Business Services held steady over the month.
  - Gains were largest in Leisure & Hospitality, up another 13,500 jobs or 6.9% over the month followed by Government, up 2,900 jobs or 0.7%, Educational & Health Services, up 2,000 or 0.4%, Trade, Transportation & Utilities, up 1,700 or 0.3%, and Financial Activities, up 600 or 0.3%.
  - Losses were greatest in Construction, down 3,300 jobs or 2.7%, Other Services down 1,700 jobs or 1.7%, Manufacturing down 1,600 jobs or 0.5%, Information down 200 jobs or 0.5% and Mining and Logging down 100 jobs or 1.6%.
- The U.S. gained 379,000 jobs up 0.3% over the month in February on a seasonally adjusted basis.
- Minnesota lost 416,300 jobs from February through April and has since gained 205,100 jobs, or 49.3% of the jobs lost on a seasonally adjusted basis. The private sector has regained 50.7% of the jobs lost.
- Over the year in February, Minnesota shed 213,532 payroll jobs, down 7.2%. This is an improvement from last month when Minnesota was down 7.8% over the year.
- The private sector shed 193,428 jobs, down 7.7% in February.
- U.S. over-the-year job loss stood at 6.0% for both total nonfarm and private sector employment in February, a slight improvement from January.
- All supersectors continued to show over-the-year job loss in MN and nationally.
- Over the year job losses were still greatest in Leisure & Hospitality, down 26.1% or 68,441 jobs. Other supersectors with a high share of job losses were Other Services, down 12.5% or 14,182 jobs, Information down 12.4% or 5,675 jobs, and Construction, down 8.0% or 8,788 jobs, Mining & Logging down 7.9% or 496 jobs, and Professional & Business Services down 7.2% or 27,212 jobs. All other supersectors are down less than 6%.
- Four supersectors in Minnesota showed strength over the year compared to the U.S.

- Logging & Mining job loss in MN remains below U.S. job loss down 7.9% in Minnesota compared to 13.6% nationally.
- Financial Activities is now only 0.5% or 901 jobs below where it was in February 2020 in Minnesota. Nationally the industry remains down 1% over the year. Strength is in financial activities and insurance. Finance and Insurance is 620 jobs above where it was one year ago in Minnesota.
- Employment in Education & Health Services is down 4.5% in Minnesota compared to 5.3% nationally. In Minnesota strength is in Educational Services (non-public – down 6.6% in MN and 10.2% nationally) as well as Nursing and Residential Care Facilities (down 3.1% in MN and 9.2% nationally).
- Employment in Government is down 4.6% in Minnesota compared to 5.9% nationally. Strength here is across the board but particularly in state government education (down 4.1% in MN compared to 11.9% nationally) and local government education (down 6.9% in MN and 8% nationally).

February 2021 Over The Year (OTY) Employment Growth By Industry Sector Not Seasonally Adjusted			
	OTY Job Change	OTY Growth Rate (%)	US OTY Growth Rate (revised)
Total	-213,532	-7.2%	-6.0%
Private	-193,428	-7.7%	-6.0%
Logging & Mining	-496	-7.9%	-13.6%
Construction	-8,788	-8.0%	-3.8%
Manufacturing	-17,804	-5.6%	-4.1%
Trade, Transport. & Utilities	-24,363	-4.7%	-2.7%
Information	-5,675	-12.4%	-8.1%
Financial Activities	-901	-0.5%	-1.0%
Prof. & Business Services	-27,212	-7.2%	-3.4%
Ed. & Health Services	-25,566	-4.5%	-5.3%
Leisure & Hospitality	-68,441	-26.1%	-20.2%
Other Services	-14,182	-12.5%	-7.4%
Government	-20,104	-4.6%	-5.9%

### Wage and Hour Data

- Average hourly earnings for all private sector workers fell by 7 cents to \$32.31 in February over the month. Over the year average hourly earnings rose 80 cents, up 2.5%.
- At 34.5 hours per week, February’s average work week was two-tenths of an hour longer than in January and seven-tenth of an hour or 2.1% up from a year ago.

## Unemployment Data

- The unemployment rate ticked down in February to 4.3% from 4.5% in January.
- The decline was due to an increase in the number of employed people and a decrease in the number of unemployed people. The number of employed rose by 2,544 and the number of unemployed fell 6,215. The net effect was that the labor force shrank by 3,671 people on a seasonally adjusted basis in February.
- The labor force participation rate fell by a tenth of a point to 67.8% in February. It was 70.2% one year ago (February 2020 prior to the pandemic recession).
- The employment to population ratio rose one-tenth of a point to 64.9% as a result of the uptick in employed. One year ago it was 67.8%.
- Nationally, the unemployment rate fell one-tenth to 6.2% with labor force participation staying level with January at 61.4% and the employment to population ratio ticking up a tenth to 57.6%. Overall the overall size of the U.S. labor force increased slightly.

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

Month/Year	Total	Black	Hispanic	White
Feb-2021	6.2%	9.2%	7.5%	5.9%
Jan-2021	6.1%	9.5%	7.3%	5.8%
Feb-2020	3.1%	4.5%	5.0%	3.0%

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

## Details

**Mining and Logging:** Employment in Mining and Logging was off slightly in February on a seasonally adjusted basis, down by 100 jobs, or 1.6%. It was the first over-the-month (OTM) loss for the supersector since June. On an annual basis, Mining and Logging employers lost 496 jobs, or 7.9%. Over-the-year (OTY) employment in the supersector has deteriorated in each of the past three months, bucking the larger statewide trend of improvements in this metric over the early part of 2021.

**Construction:** Construction employers shed 3,300 jobs (2.7%) in February, the second consecutive month of job losses for the supersector. The loss may be somewhat attributable to the cold snap that hit the state over the reference period, which likely made many types of construction more difficult. Over the year, Construction employment was down 8,788 (8%), a large drop-off from January's 4.3% OTY decline. Specialty Trade Contractors (-7%) and Heavy and Civil Engineering (-14.3%) were both off quite a bit from January, while Construction of Buildings held mostly stable at -8.2%.

**Manufacturing:** Employment in Manufacturing was down by 1,600 (0.8%) in February, with all of those losses coming in Durable Goods Manufacturing (down 0.8%). Non-Durable Goods employment was flat at 112,600. Over the year, Manufacturers lost 17,804 jobs (5.6%). This was worse than January's 4.9%, as all three goods producing component supersectors showed worsening conditions in February. Durable Goods Manufacturing was down 14,814 (7.2%), while Non-Durable Goods Manufacturing was down 2,990, or 2.6%, despite gains in Food Manufacturing (up 1,332, or 2.9%).

**Trade, Transportation, and Utilities:** Trade, Transportation, and Utilities employment was up by 1,700 (0.3%) in February with growth in all three component sectors. Retail Trade was up 900 (0.3%), Wholesale was up 300 (0.2%) and Transportation, Warehousing, and Utilities was up 500 (0.5%). On an annual basis, the supersector lost 24,363 jobs (4.7%), an improvement over January's 5.5% decline. Transportation, Warehousing, and Utilities employment was down 6.3%, driving the losses, though all three component sectors shed jobs on the year.

**Information:** Employment in Information was down by 200 (0.5%) in February. Over the year, employment was off by 12.4%, or 5,675 jobs, just behind Other Services (-12.5%) which was the second largest OTY decline after the hard-hit Leisure and Hospitality.

**Financial Activities:** Financial Activities employment was up by 600 (0.3%) in February, with equivalent proportional growth in both component sectors as Finance and Insurance added 500 jobs and Real Estate and Rental and Leasing added 100. Over the year, Financial Activities employers lost 0.5% (901 jobs), which was the strongest OTY growth of any supersector by a large margin (the closest mark was -4.5% in Education and Health Services). Finance and Insurance added jobs, up 0.4% or 620, while Real Estate and Rental and Leasing lost 1,521 (4.4%).

**Professional and Business Services:** Professional and Business Services employment was mostly flat in February, up by 100 jobs or 0.0%. Administrative and Support Services (which includes Employment Services) added 800 jobs (0.7%) while Management of Companies was down 400 (0.5%) and Professional, Scientific, and Technical Services was down 300 (0.2%). On an annual basis, the supersector lost 27,212 jobs (7.2%). Administrative and Support Services continued to drive the declines, off by 13.5% (17,265 jobs), while Management of Companies was down 4.5% (4,020 jobs) and Professional, Scientific, and Technical Services was down 3.7% (5,927 jobs).

**Education and Health Services:** Education and Health Services employers added 2,000 jobs (0.4%) over the month in February. Health Care and Social Assistance was up 1,800 (0.4%) and Educational Services was up 200 (0.3%). Over the year, Education and Health Services lost 25,566 jobs (4.5%). Educational Services lost 5,128 (6.6%), mostly at the College, University, and Professional School level, while Health Care and Social Assistance lost 20,438 jobs (4.2%).

**Leisure and Hospitality:** Leisure and Hospitality employment was up by 13,500 jobs (6.9%) in February. It was the best OTM growth by a large margin, as the supersector continued to build back towards its natural pre-COVID levels. Accommodation and Food Services added 12,000 jobs (7.5%) and Arts, Entertainment, and Recreation added 1,500 (4.2%). Annual growth was still the worst in the state, off by 26.1%, or 68,441 jobs, though much better than January's -31.8% OTY growth.

**Other Services:** Other Services employment was down by 1,700 (1.7%) in February, after being up 4,900 in January. Over the year, the supersector lost 12.5% (14,182 jobs), the second-largest proportional decline in the state, and a worse mark than January’s 11.3% decline.

**Government:** Government employers added 2,900 jobs (0.7%) in February. All of the growth came at the Local Government level (up 3,200, or 1.2%) as State employers lost 300 jobs (0.3%) and Federal employment remained flat at 32,600. Over the year, Government employers lost 20,104 jobs (4.6%). Local Governments had the steepest declines, off by 5.9%, or 17,417 jobs, with most of that loss coming among Local Government Educational Services.

All **regions** saw improvements in over the year employment change from last month with the exception of Mankato, which is now down 7.6% over the year compared to 7.0% in January. Duluth-Superior, Rochester and St. Cloud MSAs made the most gains in over the year employment change with Rochester showing one and two-tenths percentage points improvement, Duluth-Superior up seven-tenths of a percentage point and St. Cloud showing a six-tenths of a percentage point improvement from January’s over the year employment change.

Metropolitan Statistical Area	OTY Employment Change (#, NSA)	OTY Employment Change (% , NSA)
Minneapolis-St. Paul MN-WI MSA	-171,331	-8.5%
Duluth-Superior MN-WI MSA	-8,840	-6.5%
Rochester MSA	-5,911	-4.8%
St. Cloud MSA	-6,515	-5.9%
Mankato MSA	-4,455	-7.6%

## Outlook

- February proved to be another positive month despite the extremely cold weather, which negatively impacted seasonal industries, in particular Construction.
- Improvements in perceived safety as well as job growth may finally be having a positive impact on labor force participation. The size of the labor force declined only 0.1% in February, the smallest decrease since June 2020 when it was up 2.9%.
- Minnesota continued to close the employment growth gap with the nation in February despite a highly seasonal economy. Gains were made against the nation as students continued to come back to schools and campuses, leisure and hospitality continued to respond to increased demand, finance and insurance activities remained strong and all sectors of Trade, Transportation & Utilities added jobs.
- Manufacturing is one area of concern with losses in durable goods manufacturing bringing employment below April 2020 levels. It is unclear what is driving this although workforce shortages could be part of the story here. Nondurable goods manufacturing remains a bright spot with Food Manufacturing and Animal Slaughtering and Processing both up over the year.
- U.I. continued claims continued to drop over the month down with regular and PUA continued claims down 7.8% and extended continued claims down 36.7%.

- As the weather warms in Minnesota, vaccinations continue to be rolled out and federal stimulus dollars flow into the state, employment should continue to rebound during the spring.

**Labor Market Information Office**

**MN Department of Employment and Economic Development**

**March 24, 2021**