

February 2023 Employment Analysis

Over-the-Month Overview

- The unemployment rate ticked up one-tenth of a percent to 3.0% in February 2023 from January. The labor force size decreased by 1,182 people over the month. The number of employed decreased by 2,255 workers, and the number of unemployed increased by 1,073. The labor force participation rate ticked down one-tenth of a percent to 68.0%.
- Minnesota gained 10,100 jobs in the last month on a seasonally adjusted basis, or 0.3%. The private sector gained 9,400 jobs, or 0.4%. The U.S. total nonfarm employment increased by 311,000 jobs, or 0.2% from January to February. The U.S. private sector gained 265,000 jobs, also 0.2%.
- Eight supersectors in Minnesota gained jobs on a seasonally adjusted basis since last month, including notable growth in the following:
 - Construction gained 2,200 jobs, 1.7%
 - Manufacturing gained 1,500 jobs, 0.5%
 - Professional & Business Services gained 1,300 jobs, up 0.3%
 - Education and Health Services gained 1,000 jobs, up 0.2%, driven by a gain of 2,600 jobs (0.5%) in Health Care & Social Assistance and despite a loss of 1,600 jobs (2.3%) in Educational Services.
 - Other Services gained 1,800 jobs, up 1.7%
- Three supersectors did not change or saw negative growth, including:
 - Mining and Logging lost 200 jobs or 3.1%
 - Information did not change over the month.
 - Financial Activities also did not change.
- Minnesota lost 416,000 jobs from February through April 2020 (benchmarked) and has since gained 405,900 jobs as of February 2023, or 97.6% of the jobs lost on a seasonally adjusted basis. The private sector lost 385,900 jobs from February through April 2020 and has regained 388,700 jobs. This marks the first month when the private sector has fully recovered from pandemic-induced loss and surpassed that loss with an additional 2,800 jobs.
- Translating seasonally adjusted job change into a 3-month moving average series, MN lost 1,200 jobs, down 0.04% in Oct-Dec, added 6,700 jobs, up 0.23% in Nov-Jan and added 24,300 jobs, up 0.8% from Dec-Feb. Nationally, all three periods saw growth. The U.S. grew 0.3% in Oct-Dec, 0.5% in Nov-Jan, and 0.53% in Dec-Feb.

Over-the-Year Job Growth

- Minnesota gained 65,195 payroll jobs, up 2.3%, over the year. The private sector gained 55,446 jobs, also up 2.3% over the year.
- All supersectors posted positive annual growth except Mining & Logging, which lost 104 jobs, or 1.7%. Overall, February OTY growth is a bit slower than January OTY growth. Noteworthy changes:
 - Construction gained 4,905 jobs (4.3%) over the year. This is a big OTY change compared to January’s 1.4%.
 - Leisure & Hospitality continued strong recovery from the pandemic, posting the largest growth of all supersectors (up 19,737 jobs) and again outpaced the national rate (8.4% in MN, 7.7% in the US). This growth was driven by double-digit percentage increases in Arts, Entertainment, and Recreation, and Accommodation.
 - Education & Health Services saw the second largest over-the-year growth, up 12,478 jobs (2.3%), mostly driven by growth in Nursing and Residential Care Facilities and Social Assistance despite an OTY decline in Educational Services (-5.0%).
 - Trade, Transportation & Utilities continued to outgrow the U.S. by 0.1%, adding 6,063 jobs (1.2%).
 - Government continued to post positive growth over the year, up 9,749 jobs (2.4%) outpacing our own January OTY growth (2.0%) and that of the US February OTY growth (1.6%).
- U.S. employment grew 3.2% over the year with the private sector up 3.5%. All supersectors showed gains over the year at a stronger rate than Minnesota except three (Trade, Transportation, and Utilities, Leisure & Hospitality, and Government).

February 2023 Over the Year (OTY) Employment Growth by Industry Sector Not Seasonally Adjusted			
	OTY Job Change	MN OTY Growth Rate (%)	US OTY Growth Rate (%)
Total	65,195	2.3	3.2
Private	55,446	2.3	3.5
Mining & Logging	-104	-1.7	5.4
Construction	4,905	4.3	4.5
Manufacturing	6,797	2.1	2.7
Trade, Transportation & Utilities	6,063	1.2	1.1
Information	1,123	2.5	4.9
Financial Activities	163	0.1	2.3
Professional & Business Services	2,534	0.7	3.8
Education & Health Services	12,478	2.3	4.0
Leisure & Hospitality	19,737	8.4	7.7
Other Services	1,750	1.7	3.3
Government	9,749	2.4	1.6

Wage and Hour Data

- Average hourly wages for all private sector workers fell 47 cents to \$35.21 in February 2023 over the month. Over the year average hourly earnings rose 76 cents, up 2.2% and since February 2020 they are up 11.7%.
 - Nationally private sector wages fell 20 cents over the month but increased 4.6% over the year and 15.1% over three years.
 - The CPI inflation index for all urban consumers rose 6.0% over the year in February and 16.3% over 3 years.
- At 33.4 hours per week, Minnesota’s February 2023 average work week was three-tenth of an hour shorter over-the-month and seven-tenth of an hour shorter over the year. Over the year this was a 2.1% decline.
 - Nationally, hours increased three-tenths of an hour over the month and decreased two-tenth of an hour over the year.

Unemployment Data

- The unemployment rate ticked up one-tenth of a percent to 3.0% in February 2023 over the month.
- In the last month, the number of employed fell 2,255 to 2,992,415 workers, and the number of unemployed rose by 1,073 to 91,043. The employment to population ratio ticked down one-tenth of a percent to 66%.
- The labor force lost 1,182 people over the month, with labor force participation rate at 68% in February 2023. The labor force is 45,145 workers smaller than in February 2020 when the participation rate was at 69.9%.
- Nationally, over the month, the unemployment rate rose two-tenths of a percentage point to 3.6% and the employment to population ratio stayed the same at 60.2%. The size of the labor force increased by 419,000 with the labor force participation rate ticking up one-tenth of a percent to 62.5%.
- Based on 12-month moving average **unemployment rates by race** in February 2023 are as follows (source: CPS Demecon, 12-month moving averages):

Month/Year	Total	White	Black	Hispanic
February-2023	2.7%	2.4%	3.4%	4.8%
January-2023	2.5%	2.2%	3.6%	3.3%
February-2022	3.5%	3.2%	6.5%	4.7%
Over the month change	0.2	0.2	-0.2	1.5
Annual change	-0.8	-0.8	-3.1	0.1

- In February, Hispanic Minnesotans had the highest unemployment rates at 4.8%, up 0.1% over-the-year. They also saw the biggest rise in over-the-month unemployment rate, a jump of 1.5 percentage points. Black Minnesotans saw the opposite. They had the biggest decrease in unemployment rate over the year, from 6.5% in February 2022 to 3.4% a year later. They are the only group to see lower unemployment rate over-the-month, down 0.2 points.
- Based on 12-month moving averages, Minnesota’s **labor force participation rates by race** are as follows (source: CPS Demecon, 12-month moving averages):

Month/Year	Total	White	Black	Hispanic
February-2023	67.6%	67.2%	69.7%	75.6%
January-2023	67.9%	67.5%	70.6%	75.5%
February-2022	68.2%	68.4%	69.7%	79.5%
Over the month change	-0.3	-0.3	-0.9	0.1
Annual change	-0.6	-1.2	0	-3.9

- Labor force participation rates remain highest for Hispanic Minnesotans, at 75.6% even though this group saw the sharpest drop over-the-year, from 79.5% in February 2022. Black Minnesotans’ labor force participation rate, at 69.7%, is the same as last year but almost one-percentage point lower than last month. LFPRs for white Minnesotans have been declining, now down to a series low of 67.2% in February (dating back to January 2002).
- Note that these estimates differ from the official statewide estimate because they are calculated from 12 months of data rather than a single month.

Industry Details

Mining and Logging: Employment in the Mining and Logging supersector was off by 200 (3.1%) over the month OTM in February, the largest proportional growth of any supersector. In contrast, Mining and Logging employers lost 104 jobs, or 1.7%, over the year (OTY). It was the only supersector in the state to lose jobs in February. The supersector posted negative annual growth in each of the last nine months of 2022. Growth briefly flattened out in January before dipping back into the negative.

Construction: Construction employers added 2,200 jobs (1.7%) OTM in February, which follows the 2.5% OTM growth in January. After posting negative growth in each of the last five months of 2022, adding up to a 4,900-job decline, the supersector added back 5,400 jobs in just the past two months. On an annual basis, Construction employers added 4,905 jobs, or 4.3%. It was the second largest proportional growth rate for any supersector, trailing only Leisure and Hospitality. All three published component sectors posted annual growth, led by Heavy and Civil Engineering’s 8% (or 860 job) expansion.

Manufacturing: Employment in Manufacturing was up by 1,500 (0.5%) OTM in February. Both Durable Goods added 1,000 jobs and Non-Durable Goods Manufacturing added 500 jobs, up 0.5% and 0.4%, respectively. Over the year, Manufacturing employers added 6,797 jobs, or 2.1%. Durable Goods Manufacturing added 5,413 jobs (2.7%) with Wood Product Manufacturing up 4.8% (590 jobs). Non-Durable Goods Manufacturing added 1,384 jobs (1.2%), though the only published component sector, Food Manufacturing, was up 2.6% (1,206 jobs).

Trade, Transportation, and Utilities: Trade, Transportation and Utilities employers added 500 jobs (0.1%) OTM in February. Retail Trade added 1,500 jobs (0.5%), while Wholesale Trade lost 700 (0.5%) and Transportation, Warehousing and Utilities lost 300 (0.3%). On an annual basis, employers in Trade, Transportation and Utilities added 6,063 jobs, or 1.2%. with positive growth in all three major component sectors. Retail Trade was up 1,834 (0.7%), Wholesale Trade was up 1,190 (0.9%) and Transportation, Warehousing and Utilities added 3,039 (2.7%).

Information: Employment in Information was flat in February, holding at 46,200 jobs after losing 600 jobs (1.3%) in January. Over the year, Information employers added 1,123 jobs, or 2.5%. After being on a long-term trend of negative growth since the early 2000s, the supersector has posted annual growth of greater than 2% for seventeen consecutive months, dating back to October of 2021.

Financial Activities: Financial Activities employers held steady at 191,400 employees in February as Real Estate and Rental and Leasing added 100 jobs (0.3%) and Finance and Insurance lost 100 jobs (0.1%). Over the year, the supersector added 163 jobs (0.1%) with slightly more component volatility. Finance and Insurance lost 767 jobs (0.5%) and Real Estate and Rental and Leasing added 930 jobs (2.7%).

Professional and Business Services: Employment in Professional and Business Services was up 1,300 (0.3%) in February. The growth was driven primarily by Professional, Scientific and Technical Services, which added 1,700 jobs (1%) as Management of Companies added 200 jobs (0.2%) and Administrative and Support and Waste Management lost 600 jobs (0.4%). Over the year, Professional and Business Services employers added 2,534 jobs (0.7%). Professional, Scientific and Technical Services added 5,233 jobs (3.2%) while Management of Companies lost 423 jobs (0.5%) and Administrative and Support and Waste Management lost 2,276 jobs (1.8%). Employment Services was off by 2,211, or 3.7%, over the year.

Education and Health Services: Education and Health Services employers added 1,000 jobs (0.2%) OTM in February. Health Care and Social Assistance added 2,600 jobs (0.5%) while Educational Services lost 1,600 (2.3%). Over the year, the supersector added 12,478 jobs (2.3%). Educational Services lost 3,786 jobs (5%) while Health Care and Social Assistance added 16,264 jobs (3.4%). Employment in Nursing and Residential Care Facilities was up by 3,869 jobs, or 3.9%, on the year, continuing its steady OTY improvement.

Leisure and Hospitality: Leisure and Hospitality employment was up by 1,300 (0.5%) OTM in February. Accommodation and Food Services added 1,000 jobs (0.5%) while Arts, Entertainment and Recreation added 300 jobs (0.6%). Over the year, Leisure and Hospitality employers added

19,737 jobs, or 8.4%. It remained the largest proportional growth of any supersector in the state, a position it has held for much of the recovery period. Arts, Entertainment and Recreation was up 7,660 (20.3%) and Accommodation and Food Services was up 12,077 (6.1%).

Other Services: Employment in Other Services was up 1,800 (1.7%) OTM in February. The supersector has added 2,300 jobs so far in 2023 after posting negative growth in each of the last three months of 2022. On an annual basis, Other Services added 1,750 jobs (1.7%). Religious, Grantmaking, Civic & Professional Organizations added 1,470 jobs (2.6%) and Personal & Laundry Services added 938 jobs (3.7%), while Repair & Maintenance employers lost 658 jobs (3%).

Government: Government employers added 700 jobs (0.2%) OTM in February, with slight positive growth at each of the three levels of government. Public sector employers have posted positive growth in five of the last six months. Over the year, the supersector added 9,749 jobs, or 2.4%. Local Government employment drove the growth, adding 9,053 jobs, or 3.3%, while Federal employers added 295 jobs (0.9%) and State Government added 401 jobs (0.4%), with State Government Educational Services down 720 (1.2%).

Over-the-Year Job Growth – Minnesota MSAs

Change between February 2022 and February 2023, not seasonally adjusted.

Metropolitan Statistical Area	OTY Employment Change (#, NSA)	OTY Employment Change (% , NSA)
Minneapolis-St. Paul MN-WI MSA	35,327	1.9
Duluth-Superior MN-WI MSA	2,260	1.8
Rochester MSA	3,768	3.2
St. Cloud MSA	2,710	2.6
Mankato MSA	1,786	3.2

Over the Year Job Growth – Neighboring MSAs

Change between January 2022 and January 2023, not seasonally adjusted.

Note that the latest data will be updated by the appropriate government agency in the relevant neighboring state. DEED can only share publicly available information at the time of this publication for our neighboring MSAs.

Metropolitan Statistical Area	OTY Employment Change (#, NSA)	OTY Employment Change (% , NSA)
Fargo-Moorhead ND-MN MSA (January)	4,200	2.9
Grand Forks-East Grand Forks ND-MN MSA (January)	2,200	4.3
La Crosse-Onalaska WI-MN (January)	2,600	3.5

January 2023 Final Employment Estimates

- Every month, we release preliminary estimates. Then the following month, those preliminary numbers are revised, called final estimates. Highlights of employment revisions for January 2023 include:
 - Minnesota's total non-farm employment is adjusted up 100 jobs, a tiny change of .003%.
 - Construction employment was revised up 1,000 jobs, or 0.7%.
 - Trade, Transportation and Utilities was revised up 1,500 jobs, 0.3%, mostly because Retail Trade was revised up 1,800 jobs.
 - Educational and Health Services was revised down 1,100 jobs, or 0.2%, mostly due to Educational Services' downward revision of 1,500 jobs, or 2.1%.
 - Leisure and Hospitality was revised down 500 jobs, because Arts, Entertainment and Recreation was revised down 1,500 jobs (2.9%) while Accommodation & Food Services was revised up 1,000 jobs (0.5%)

**Labor Market Information Office
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