

July 2021 Employment Analysis

Overview

- The unemployment rate ticked down to 3.9% in July due to people moving into jobs as well as a small decline in labor force participation.
- Minnesota gained 14,500 jobs, up 0.5% change, in July on a seasonally adjusted basis. The private sector gained 8,700 jobs, up 0.4%. These were the largest gains since March for total employment and May for private sector employment.
- June employment losses were revised upward by 5,500 in total nonfarm and 6,900 in the private sector. June now shows growth of 4,900 jobs up 0.2% in total nonfarm and 3,800 jobs, up 0.2% in the private sector.
- The U.S. gained 943,000 jobs up 0.6% over the month in July, with the private sector up 703,000 jobs or 0.6%. These were a slight improvement over June even after slight upward revisions to both total nonfarm and private sector employment.
- 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 14,300, up 0.5%, in March-May, 9,100 jobs, up 0.3%, in April-June and 9,500, up 0.3%, in May-July. Nationally, this compares to 0.4% growth in the first two periods and 0.5% growth during the May-July period.
- Eight supersectors gained jobs in July and three lost jobs on a seasonally adjusted basis.
 - Gains were in Leisure & Hospitality, up 7,700 jobs, Government, up 5,800 jobs, Manufacturing up 2,700 jobs, Construction, up 900 jobs, Information up 600 jobs, Financial Activities up 500 jobs, Mining & Logging up 200 jobs and Other Services up 100 jobs.
 - Losses were in Trade, Transportation & Utilities, down 2,600 jobs, Educational & Health Services down 1,200 jobs and Professional & Business Services down 200 jobs (primarily Temp Help). Losses in TTU were spread across all three sectors with the largest losses in Transportation, Warehousing & Utilities. Losses in Education & Health Services were all in Health Care & Social Assistance, down 1,300 jobs.
- Minnesota lost 416,300 jobs from February through April 2020 and has since gained 265,800 jobs, or 63.8% of the jobs lost on a seasonally adjusted basis. The private sector has regained 64.6% of the jobs lost.

Over the Year

- In July 2021, Minnesota gained 140,908 payroll jobs, up 5.1%, over the year. The private sector gained 124,445 jobs, up 5.3% over the year. These gains put total nonfarm employment 128,514 jobs short of July 2019 employment and the private sector 113,400 jobs short, both an improvement from June.

- Both Financial Activities and Information continued to show over the year losses, down 2,307 (-1.2%) and 1,739 (-4.1%) respectively.
- U.S. employment grew 5.3% over the year with the private sector up 5.8% in July. All supersectors showed gains over the year.
- Six supersectors in Minnesota now show strength over the year compared to the U.S.: Leisure & Hospitality, Government, Education and Health Services, Logging & Mining and Construction and Manufacturing. The first three of the supersectors listed here lost a greater share of jobs in April 2020 compared to the nation and therefore had more ground to make up over the year compared to the nation.
- In Leisure & Hospitality, Minnesota’s over the year gains in July outpaced those of the U.S. across all publishable component industries.
- The OTY growth in Government was driven by Local Government, up 7.7% in MN: both the education and noneducation components showed strong growth, surpassing the nation in over the year job growth. State Government continued job losses over the year in MN, now down 3.1%.
- Education and Health Care showed strength in Education and most health care components but was below U.S. growth in Social Services (0.6% in MN compared to 5.9% nationwide).
- Construction employment in Minnesota outpaced U.S. gains in most published sectors including Construction of Buildings, Heavy and Civil Engineering and Specialty Trade Contractors.
- Manufacturing employment in Minnesota outpaced U.S. gains in both durable and nondurable goods manufacturing.

July 2021 Over The Year (OTY) Employment Growth By Industry Sector Not Seasonally Adjusted			
	OTY Job Change	OTY Growth Rate (%)	US OTY Growth Rate
Total	140,908	+5.1%	+5.3%
Private	124,445	+5.3%	+5.8%
Logging & Mining	1,120	+19.5%	+7.2%
Construction	7,190	+5.3%	+2.9%
Manufacturing	10,776	+3.5%	+2.8%
Trade, Transport. & Utilities	14,641	+2.9%	+4.4%
Information	-1,739	-4.1%	+5.9%
Financial Activities	-2,307	-1.2%	+2.0%
Prof. & Business Services	20,532	+5.8%	+6.2%
Ed. & Health Services	17,076	+3.3%	+3.2%
Leisure & Hospitality	51,162	+24.0%	+18.5%
Other Services	5,994	+6.0%	+7.3%
Government	16,463	+4.4%	+2.3%

Wage and Hour Data

- Average hourly earnings for all private sector workers rose 12 cents to \$32.63 in July over the month. Over the year average hourly earnings rose \$1.27, up 4.0%.
- At 34.9 hours per week, July’s average work week was two-tenths of an hour longer than in June and seven-tenths of an hour, or 2.0%, longer than a year ago.

Unemployment Data

- The unemployment rate ticked down one-tenth of a point to 3.9% in July.
- The number of employed rose by 3,036, to 2,912,269, and the number of unemployed fell by 3,814 to 117,762. This brought the employment to population ratio up one-tenth of a point to 65.2% in July.
- Overall, the labor force decreased by 778 bringing the labor force participation rate down one tenth of a point to 67.8% in July. The labor force is 87,050 smaller than in February 2020 when the participation rate was at 70.2%.
- Nationally, the unemployment rate fell half a percentage point to 5.4% with labor force participation up one-tenth 61.7% and the employment to population ratio rose four-tenths of a point to 58.4%. The size of the U.S. labor force increased by 261,000 people in July.

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

Month/Year	Total	Black	Hispanic	White
July-21	4.6%	3.5%	6.7%	4.7%
June-21	4.9%	4.5%	6.6%	4.9%
July-20	4.9%	9.1%	6.9%	4.5%

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

Details

Mining and Logging: Mining and Logging employment was up by 200 (3.2%) on a seasonally adjusted basis in July, following two consecutive months of flat employment. Over the year (OTY), the supersector added 1,120 jobs, or 19.5%. It was the second-largest proportional growth of any supersector in the state, trailing only Leisure and Hospitality.

Construction: Employment in Construction was up by 900 (0.7%) in July, coming on the heels of a loss of 0.9% in June. On an annual basis, the supersector added 7,190 jobs, or 5.3%, an improvement over June’s 2.6% OTY growth. All three major components added employment, with Construction of Buildings up 6.7% (1,923 jobs), Specialty Trade Contractors up 5.8% (4,922 jobs) and Heavy and Civil Engineering up 1.6% (345 jobs).

Manufacturing: Manufacturing employment was up 2,700 (0.9%) on the month in July. Non-Durable Goods employers added 1,900 jobs (1.7%) while their counterparts in Durable Goods added 800 (0.4%). Over the year, Manufacturing employers added 10,776 jobs (3.5%), an improvement over June's 2.2% growth. Durable Goods employers added 6,250 jobs (3.2%) while Non-Durable Goods employers added 4,526 jobs (4.1%).

Trade, Transportation, and Utilities: Trade, Transportation, and Utilities employers shed 2,600 jobs (0.5%) in July, making it one of only three supersectors to post negative monthly growth. All three component sectors lost jobs, with the steepest decline coming in Transportation, Warehousing, and Utilities (down 1.5%, or 1,600 jobs). On an annual basis, the supersector added 14,641 jobs (2.9%). All three major component sectors added jobs, with the largest proportional growth coming in Transportation, Warehousing, and Utilities, which was up 5.5%, or 5,263 jobs.

Information: Information employment was up by 600 (1.5%) in July. It was the first seasonally adjusted growth posted by the supersector since January, a period during which employers shed 600 jobs. Over the year, Information employers lost 1,739 jobs, or 4.1%. It was the largest proportional decline of any supersector in the state, and one of only three supersector to post negative job growth. The long-shrinking supersector seems to have continued shedding jobs while the rest of the state has begun rebuilding and adding employment on the heels of the COVID pandemic.

Financial Activities: Employment in Financial Activities was up by 500 (0.3%) in July. It was the first month of seasonally adjusted growth for the supersector since December. Real Estate and Rental and Leasing added 400 jobs (1.2%) while Finance and Insurance added 100 (0.1%). Over the year, Financial Activities lost 2,307 jobs, or 1.2%. It was one of only three supersectors in the state to post negative annual growth. Real Estate and Rental and Leasing added 326 jobs (1%), but Finance and Insurance employers shed 2,633 jobs (1.6%) over the year.

Professional and Business Services: Employment in Professional and Business Services was down by 200 (0.1%) OTM in July. Employment in Professional, Scientific, and Technical Services and Management of Companies were both up by 0.6% (1,000 jobs and 500 jobs, respectively) while Administrative and Support and Waste Management and Remediation Services lost 1,700 jobs (1.3%). Over the year, the supersector added 20,532 jobs, or 5.8%. Administrative and Support Services led the growth, adding 13,305 jobs (11.5%) and Professional, Scientific and Technical Services added 7,896 jobs (5.2%), while Management of Companies and Enterprises lost 669 jobs (0.8%).

Education and Health Services: Education and Health Services employers lost 1,200 jobs (0.2%) in July. Health Care and Social Assistance drove the decline, off by 1,300 (0.3%) while Education Services added 100 jobs (0.1%). Over the year, employment in the supersector was up by 17,076 (3.3%). Growth was driven by Educational Services employment, which added 10,629 jobs (19.8%), while Health Care and Social Assistance added 6,447 jobs (1.4%). Nursing and Residential Care Facilities lost 4,304 jobs, or 4.1%, as they continue to feel the pinch of the tight labor market.

Leisure and Hospitality: Employment in Leisure and Hospitality was up by 7,700 jobs, or 3.4%, in July. It was the largest proportional monthly growth of any supersector in the state, and the seventh consecutive month of positive OTM growth. Employment in this supersector took the hardest hit during the pandemic, and it continues to build back towards earlier employment levels. Over the year, the supersector added 51,162 jobs, or 24%. It was the largest real and proportional annual growth in the state.

Other Services: Employment in Other Services was up by 100 (0.1%) in July, its fifth consecutive month of OTM growth. On an annual basis, the supersector added 5,994 jobs (6%). Repair and Maintenance added 1,947 jobs (9.6%), Personal and Laundry Services added 2,231 (9.2%) and Religious, Grantmaking, Civic and Professional Organizations added 1,816 (3.3%).

Government: Government employers added 5,800 jobs (1.4%) in July, on a seasonally adjusted basis. Local Government added 6,200 jobs (2.2%) and State Government lost 400 (0.4%) while Federal employment remained flat. Over the year, Government employers added 16,463 jobs (4.4%) with losses in State Government (down 2,865, or 3.1%) more than covered by gains at the Local level (up 19,269, or 7.7%). Federal employment was up by 59 jobs, or 0.2%.

All **regions** continued to show job growth over the year. Duluth-Superior and Mankato MSAs saw the strongest growth over the year in July. Over the year growth rates leveled off in all MSAs except Mankato in July as they have statewide. Growth rates are strongest in those MSAs that saw the most decline in April 2020 and were the slowest to build back during the summer of 2020.

Metropolitan Statistical Area	OTY Employment Change (#, NSA)	OTY Employment Change (% , NSA)
Minneapolis-St. Paul MN-WI MSA	+87,807	+4.7%
Duluth-Superior MN-WI MSA	+9,399	+7.7%
Rochester MSA	+5,803	+4.9%
St. Cloud MSA	+4,379	+4.3%
Mankato MSA	+3,463	+6.7%

Outlook

- Between the June upward revision and July growth, Minnesota’s labor market is again showing strong growth coming out of the Pandemic Recession.
- The labor market remained tight with further declines in the unemployment rate and the labor force participation rate. This may be constraining growth and slowing job matching as employer seek to hire.
- Experiences by demographic group are diverging in surprising ways in Minnesota.
By race: the *unemployment rate* for Black Minnesotans, at 3.5%, is now below that of white Minnesotans at 4.7%. Labor force participation rates are highest for Hispanic workers at 78.0% compared to that of white workers at 68.6% and Black workers at 65.5%, both of which fell slightly in July.

- Black *LFP* dropped the most during the pandemic, down 3.7 percentage points since June 2019. White *LFP* dropped 1.8 percentage points over the two years and Hispanic *LFP* increased 2.1 percentage points.

By gender: women, who typically have lower *unemployment rates* than men, now have a higher unemployment rate at 4.8% compared to 4.6% for men. Compared to February 2020, women's unemployment is 2.4 percentage points higher now compared to 0.7 percentage points for men. This shows that the experience of unemployment is diverging, with women having more difficulty finding their way back into work.

- Women in Minnesota now also show a larger drop in *labor force participation* since February 2020, down 1.8 percentage points to 64.3% compared to 1.5 points to 72.2% for men.
- There is some evidence that in this tight labor market employers are better utilizing their workforces. Involuntary part time fell again in July, by 4,600 people on a 12-month moving average basis. There are now 78,100 involuntary part time workers, down from 100,900 one year ago but still up from 63,100 two years ago in July.
- Private sector average weekly *hours* ticked up in July after falling slightly in June. Compared to one and two years ago in July, hours are up 2% and 2.9% respectively. A federal Reserve Bank of Minneapolis/DEED survey shows that inability to find jobs with enough hours per week was a major barrier to employment for unemployed workers in Minnesota this spring. Shortages may be putting pressure on employers to offer more hours per week to each worker.
- In those industries hiring the most quickly *hours* were up even more, but not quite as strong growth as last month. Hours for production (non supervisory) workers were up 4.4% in Retail Trade and 0.9% in Food Service and Drinking Places and both also showed improvement over June 2019.
- After a slight decline last month, average hourly *wages* for all private sector workers rose 12 cents in July but rose \$1.27 or 4% over the year and \$2.36 or 7.8% since July 2019. Wages rose even faster for production workers in Retail Trade, up 8.6% (\$1.44) from July 2020 and 10.6% (\$1.74) from 2019, and Food Service and Drinking Places, up 11.8% (\$1.73) from July 2020 and 15.7% (\$2.22) from 2019.
- The average hourly wage for production workers in Food Service and Drinking Places have remained above \$15 per hour since February 2021. In July it was \$16.37. This is slightly above the cost of living for a single person in Minnesota (\$15.85 per hour) but below the cost of living for a typical family (one parent working fulltime, one parttime and one child), which is currently \$18.85 per hour.
- The question is, will these wage and hours trends continue and how quickly will they draw workers back into the labor market?