

June 2021 Employment Analysis

Overview

- The unemployment rate remained stable at 4.0% in June with a slight uptick in both the number employed and the number unemployed.
- Minnesota lost 600 jobs, 0% change, in June on a seasonally adjusted basis. The private sector lost 3,100 jobs, down 0.1%. These losses are the first since December 2020.
- The U.S. gained 850,000 jobs up 0.6% over the month in June, with the private sector up 662,000 jobs or 0.5%.
- 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 15,400, up 0.6%, in Feb-April, 14,267, up 0.5%, in March-May and 7,267, up 0.3%, in April-June, a strong growth pattern. Nationally, this compares to 0.4% growth in each of these 3 periods.
- May gains were revised downward slightly from 12,300 or 0.4% to 9,000 or 0.3%. May's private sector employment was revised downward from a gain of 14,800 or 0.6% to 11,700 or 0.5%.
- Six supersectors lost jobs and five gained jobs in June on a seasonally adjusted basis.
 - Losses were in Education & Health Services, down 2,500 jobs or 0.5%, Financial Services down 2,200 or 1.2%, Construction down 2,100 or 1.6%, Leisure & Hospitality down 500 or 0.2%, Manufacturing down 300 or 0.1% and Mining & Logging down 100 or 1.6%.
 - Gains were in Trade, Transportation and Utilities, up 2,700 jobs or 0.5%, more than making up for the 2,400 jobs lost in May. Government gained 2,500 jobs in June up 0.6%. Professional & Business Services gained 1,200 jobs up 0.3%, Information gained 400 jobs up 1.0% and Other Services gained 300 jobs, up 0.3%.
- Minnesota lost 416,300 jobs from February through April 2020 and has since gained 245,800 jobs, or 59.0% of the jobs lost on a seasonally adjusted basis. The private sector has regained 60.6% of the jobs lost.

Over the Year

- In June 2021, Minnesota gained 173,827 payroll jobs, up 6.4%, over the year. The private sector gained 157,070 jobs, up 6.8% over the year in June. These gains put total nonfarm employment 143,814 jobs short of June 2019 employment and the private sector 123,676 jobs short, both an improvement from May.
- In Minnesota:
 - Both Financial Activities and Information showed over the year losses, down 3,040 (-1.6%) and 1,384 (-3.3%) respectively.
 - Over the year nine supersectors gained job with Leisure & Hospitality, up 32% or 61,007 jobs, Education & Health Services up 5.6% or 28,197 jobs, Professional & Business Services up 7.3% or 25,394 jobs, Trade, Transportation & Utilities, up 25,105 or 5.1%, Government up 16,757 or 4.2%, Other Services up 11.1% or 10,575 jobs, Manufacturing up 2.4% or 7,485 jobs, Construction up 2% or 2,724 jobs and Mining & Logging up 18.2% or 1,007 jobs over the year.
- U.S. employment grew 5.8% over the year with the private sector up 6.4% in June. All supersectors showed gains over the year.

- Six supersectors in Minnesota now show strength over the year compared to the U.S.: Leisure & Hospitality, Other Services, Government, Education and Health Services, Logging & Mining and Professional & Business Services. 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 June outpaced those of the U.S. across all publishable component industries. The same was true in Other Services with the exception of Personal and Laundry Services which grew by 17% in MN compared to 24% nationwide over the year in June. Again, this was primarily because Minnesota saw sharper job loss in April 2020 and therefore had more to gain back.
- The OTY growth in Government was driven by Local Government, up 7.3% 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 3.2%.
- Strength in Minnesota’s Professional & Business Services supersector in June compared to the nation was primarily in Employment Services (temp help) where over the year growth was 26% compared to 21.2% nationwide, but also in Accounting and Tax Prep Services, Architectural and Engineering Service and Administrative and Support Services.
- Education and Health Care showed strength in Education and Health Care but was below U.S. growth in Social Services (2.7% in MN compared to 7.8% in nationwide).

June 2021 Over The Year (OTY) Employment Growth By Industry Sector Not Seasonally Adjusted			
	OTY Job Change	OTY Growth Rate (%)	US OTY Growth Rate
Total	173,827	6.4	5.8
Private	157,070	6.8	6.4
Logging & Mining	1,007	18.2	5.5
Construction	2,724	2.0	3.2
Manufacturing	7,485	2.4	2.7
Trade, Transport. & Utilities	25,105	5.1	5.1
Information	-1,384	-3.3	5.3
Financial Activities	-3,040	-1.6	1.9
Prof. & Business Services	25,394	7.3	6.4
Ed. & Health Services	28,197	5.6	3.8
Leisure & Hospitality	61,007	32.0	21.3
Other Services	10,575	11.1	9.4
Government	16,757	4.2	2.3

Wage and Hour Data

- Average hourly earnings for all private sector workers fell 15 cents to \$32.44 in June over the month. Over the year average hourly earnings rose \$1.24, up 4.0%.
- At 34.8 hours per week, June’s average work week was four-tenths of an hour shorter than in May but 30 minutes, or 1.5%, longer than a year ago.

Unemployment Data

- The unemployment rate remained stable at 4.0% in June.
- The number of unemployed rose by 515, to 120,637, and the number of employed rose by 1,494 to 2,909,753. The labor force expanded by 2,009 people to 3,031,390. This is still 85,691 below its February 2020 level.
- Because employment and unemployment rose in tandem, there was no change in the unemployment rate or the employment to population rate which remained at 65.2% in June. The labor force participation rate also remained level at 67.9%.
- Nationally, the unemployment rate rose one tenth of a percentage point to 5.9% with labor force participation steady at 61.6% and the employment to population ratio steady at 58.0%. The size of the U.S. labor force increased by 151,000 people.

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

Month/Year	Total	Black	Hispanic	White
June-21	4.9%	4.5%	6.6%	4.9%
May-21	5.2%	6.9%	6.6%	5.1%
June-20	4.7%	8.1%	6.9%	4.3%

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

Details

Mining and Logging:

Employment in Mining and Logging was off by 100 (1.6%) over-the-month (OTM), on a seasonally adjusted basis. Over the year (OTY), employment in Mining and Logging was up by 18.2%, or 1,007 jobs. It was the second-largest proportional annual growth of any supersector in Minnesota (after Leisure and Hospitality). Part of the large OTY growth is due to the fact that this supersector felt the effects of the pandemic slightly later than the larger labor market, with its lowest OTY growth rate coming in June of 2020, instead of April.

Construction:

Construction employment was off by 2,100 (1.6%) in June. This followed three consecutive months of seasonally adjusted employment growth for the supersector. On an annual basis, employment in Construction was up 2%, or 2,724 jobs. Every component sector added jobs, with the most growth coming in Construction of Buildings (up 3.9%, or 1,118 jobs).

Manufacturing:

Employment in Manufacturing was down by 300 (0.1%) OTM in June. Non-Durable Goods Manufacturers shed 700 jobs (0.6%) while Durable Goods Manufacturers added 400 (0.2%). Manufacturing employers added 7,485 jobs, or 2.4%, over the year. Growth was shared between the major components, as Non-Durable Goods Manufacturers added 3,685 jobs (3.4%), while their counterparts in Durable Goods Manufacturing added 3,800 jobs, or (1.9%).

Trade, Transportation, and Utilities:

Trade, Transportation, and Utilities employment was up by 2,700 (0.5%) OTM in June. It was the largest real job growth of any supersector in the state. Transportation, Warehousing, and Utilities drove the growth, adding 2,200 jobs (2.1%) and Wholesale Trade added 1,400 jobs (1.1%), while Retail Trade employers shed 900 jobs (0.3%), the second consecutive monthly employment decline for the sector. Over the year, Trade, Transportation, and Utilities employers added 25,105 jobs, or 5.1%. Retail Trade added the most jobs overall, up by 14,729, or 5.5%. Transportation, Warehousing, and Utilities had the largest proportional gains, up 7.3%, or 7,093 jobs. Wholesale Trade employment grew by 3,283, or 2.7%.

Information:

The Information supersector added 400 jobs (1%) in June, it's first positive OTM growth since January. Over the year, Information employment remained down, off by 1,384 jobs, or 3.3%. It was one of only two supersectors to post negative employment growth on the year (Financial Activities being the other).

Financial Activities:

Financial Activities employers lost 2,200 jobs (1.2%) in June. Both components lost jobs, with Finance and Insurance off by 1,700 (1.1%) and Real Estate and Rental and Leasing off by 500 (1.5%).

Over the year, Financial Activities employers lost 3,040 jobs (1.6%), one of only two supersectors to post negative annual growth (along with Information). The weak OTY growth is at least partially a product of the supersectors relative resilience during the onset of the pandemic, as June 2020 employment in Financial Activities was only down by 1.5% over the year, while overall employment was off by 10.5% at that time.

Professional and Business Services:

Employment in Professional and Business Services was up by 1,200 (0.3%) OTM in June. Two of the three component sectors lost jobs (Professional, Scientific, and Technical Services was off by 200, and Management of Companies and Enterprises was off 700), but positive growth of 1.7% (2,100 jobs) in Administrative and Support and Waste Management and Remediation Services kept the supersector in positive growth for the month.

On an annual basis, employment in Professional and Business Services was up 7.3%, or 25,394 jobs. All three published component sectors added jobs, but Administrative and Support and Waste Management and Remediation Services drove the growth, up 18,442, or 16.3 percent, in large part thanks to the addition of 10,975 jobs (26%) in the traditional bellwether industry of Employment Services.

Education and Health Services:

Education and Health Services employment was off by 2,500 (0.5%) OTM in June. Educational Services lost 1,100 jobs (1.5%) and Health Care and Social Assistance lost 1,400 (0.3%). Over the year Education and Health Services added 28,197 jobs, or 5.6%. Educational Services added 12,582 jobs, or 22.5%, which may be slightly affected by differing academic calendars from year to year. Health Care and Social Assistance added 15,615 jobs, or 3.5%, slightly down from May's 4.4% OTY growth.

Leisure and Hospitality:

Employment in Leisure and Hospitality was down by 500 (0.2%) in June. It was the first month of negative seasonally adjusted growth for the supersector since December of 2020. Accommodation and Food Services added jobs (up 2,000, or 1.1%) but Arts, Entertainment, and Recreation lost 2,500 jobs (6.1%). On an annual basis, the supersector added 61,007 jobs, or 32%. While this is markedly lower than May's 58.6% OTY growth, it was still the highest proportional growth of any supersector in the state, due to the disproportionately large impact the recent pandemic had on the Leisure and Hospitality industry group. Arts,

Entertainment, and Recreation employment was up 59% (17,574 jobs) while Accommodation and Food Services employment was up 27% (43,433 jobs).

Other Services:

Employment in Other Services was up by 300 (0.3%) in June. It was the fourth consecutive month of seasonally adjusted growth for the supersector. Over the year, the supersector added 10,575 jobs, or 11.1%. It was the third-largest proportional growth of any supersector in the state, though growth was down considerably from May’s 31.8%.

Government:

Government employers added 2,500 jobs (0.6%) OTM in June. The increase was driven entirely by Local Government employers, which added 2,900 jobs, or 1.1%. Employment at the other two levels of government was down by 0.3% in June, with Federal Employer shedding 100 jobs and State employers losing 300. Employment in Government was up by 16,757 (4.2%) on an annual basis. Both Federal and State level employers lost jobs on the year (down 27, or 0.1%, and 2,984, or 3.2%, respectively). However, Local Government employers posted more than enough positive growth to obscure those losses, adding 19,768 jobs (7.3%) with growth among both the educational and non-educational components.

Metropolitan Statistical Area	OTY Employment Change (#, NSA)	OTY Employment Change (% , NSA)
Minneapolis-St. Paul MN-WI MSA	109,447	6.0
Duluth-Superior MN-WI MSA	10,743	8.9
Rochester MSA	9,960	8.8
St. Cloud MSA	5,020	5.0
Mankato MSA	2,956	5.6

All **regions** now show job growth over the year. Duluth-Superior and Rochester MSAs saw the strongest growth over the year in June. Over the year growth rates continued to improve in June compared to May in Rochester but all other MSAs saw decreases in over the year growth rates in June. This is a result of a comparison June 2020, which saw highest one month job growth on record in Minnesota since 1971 when seasonality was much stronger than it is now in the states.

Outlook

- June proves that trying to predict monthly trends is not a good idea during this period. Job gains in Minnesota were not enough to show positive growth on a seasonally adjusted basis. Despite adding 36,391 raw jobs from May to June, the second largest monthly addition after June 2020 going all the way back to 1950, seasonal adjustment shows MN losing 600 jobs over the month.
- The sharp swings in employment that do not adhere to typical seasonal patterns and lumpy job growth are making seasonal adjustment challenging coming out of the recession.
- Looking instead at 3-month moving averages, which helps to smooth out this unevenness, MN added 15,400, up 0.6%, in April, 14,267, up 0.5%, in May and 7,267, up 0.3%, in June, a strong growth pattern. This compares to 0.4% in each of the 3 periods nationwide.
- Some of the slowdown in job growth may be that job matches take time to sort out and even more time in a tight labor market.

- Both the state and national labor force showed little change in key measures over the month with only 2,009 additional workers entering the labor force in MN and no change in the major indicators (unemployment, labor force participation and employment rates) at the state level.
- Experiences by demographic group are diverging in surprising ways.
 - By race:** the unemployment rate for Black Minnesotans, at 4.5%, is now below that of white Minnesotans at 4.9% as unemployed Black workers have moved quickly into jobs. Labor force participation rates are highest for Hispanic workers at 78.0% compared to that of white workers at 68.9% and Black workers at 65.7% in Minnesota. Black LFP dropped the most during the pandemic, down 2.9 percentage points since June 2019. White LFP dropped 1.4 percentage points over the 2 years and Hispanic LFP increased 3.1 percentage points since 2019.
 - By gender:** women, who typically have lower unemployment rates than men, now have a higher unemployment rate at 5.2% compared to 4.6%. This is up 1 percentage point from one year ago for women and down 0.5 percentage point for men. This means that the experience of unemployment is diverging, with women having much more difficulty finding their way back into work. Women in Minnesota still have seen a smaller drop in labor force participation than men over the pandemic period but their labor force participation has been ticking down more rapidly than men in recent months (remember this represents 12 months of data – July 2020 through June 2021).
- There is some evidence that in this tight labor market employers are better utilizing their workforces. Involuntary part time fell again in June, by 6,800 people on a 12-month moving average basis. There are now 82,700 involuntary part time workers, down from 95,200 one year ago and 61,000 two years ago in June.
- Private sector average weekly *hours* ticked down in June but is still up from both one and two years ago (34.8 in June 2021, 34.3 in June 2020 and 34.5 in June 2019). 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 growth was not quite as strong 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.
- As more workers get back to work, average hourly *wages* for all private sector workers fell by 15 cents in June but rose \$1.24 or 4% over the year and \$2.45 or 8.2% since June 2019. Wages rose even faster for production workers in Retail Trade, up 8.3% from June 2020 and 9.1% from 2019, and Food Service and Drinking Places, up 13.8% from June 2020 and 13.6% from 2019.
- Questions going forward are: will these wage and hours trends continue and how quickly will they draw workers back into the labor market?