EMPLOYMENT AND ECONOMIC DEVELOPMENT

March 2023 Employment Analysis

Over-the-Month Overview

- The unemployment rate ticked down two-tenth of a percent to 2.8% in March 2023 from February. The labor force size increased by 770 people over the month. The number of employed increased by 4,219 workers, and the number of unemployed decreased by 3,449. The labor force participation rate stayed the same over-the-month at 68.0%.

- Minnesota lost 5,700 jobs, or 0.2%, in the last month on a seasonally adjusted basis. The private sector lost 6,100 jobs, or 0.2%. The U.S. total nonfarm employment increased by 236,000 jobs, or 0.2% from February to March. The U.S. private sector gained 189,000 jobs, or 0.1%.

- Five supersectors in Minnesota lost jobs on a seasonally adjusted basis since last month, including:
    - Construction lost 1,900 jobs, or 1.4%
    - Manufacturing lost 1,300 jobs, 0.4%
    - Trade, Transportation, and Utilities lost 2,300 jobs, 0.4%
    - Professional & Business Services lost 1,200 jobs, 0.3%
    - Other Services lost 700 jobs, 0.7%

- Three supersectors did not change over-the-month:
    - Mining and Logging
    - Information
    - Financial Activities

- Three supersectors saw positive growth:
    - Educational and Health Services gained 600 jobs, 0.1%
    - Leisure and Hospitality gained 700 jobs, 0.3%
    - Government gained 400 jobs, 0.1%

- Minnesota lost 416,000 jobs from February through April 2020 and has since gained 398,800 jobs as of March 2023, or 95.9% of the jobs lost on a seasonally adjusted basis. This is a step back from February 2023, when Minnesota had recovered 97.6% of the jobs lost. The private sector lost 385,900 jobs from February through April 2020 and has regained 381,100 jobs as of March. Whereas in February, the private sector had fully recovered from pandemic-induced loss, it is now 98.8% recovered.

- Translating seasonally adjusted job change into a 3-month moving average series, MN added 6,700 jobs, up 0.23% in Nov-Jan, added 22,900 jobs, up 0.8% from Dec-Feb and added 3,000 jobs up 0.1% fro from Jan-Mar. Nationally, all three periods saw growth. The U.S. grew 0.5% in Nov-Jan, 0.5% in Dec-Feb and 0.4% in Jan-Mar.

Over-the-Year Job Growth

- Minnesota gained 64,139 payroll jobs, up 2.2%, over the year. The private sector gained 55,386 jobs, up 2.3% over the year.

- All supersectors posted positive annual growth except Mining & Logging, which lost 102 jobs, or -1.6%. Noteworthy changes:
  - Construction gained 1,621 jobs, or 1.4% over the year. This is a big OTY drop compared to February's 4.1%.
  - Information saw positive growth of 1,458 jobs, or 3.3%, a faster growth rate than the national rate of 2.1%.
  - Education & Health Services continued to be second largest over-the-year growth, up 14,639 jobs (2.7%), mostly driven by growth in Healthcare & Social Assistance.
  - Leisure & Hospitality continued strong recovery from the pandemic, posting the largest growth of all supersectors (up 19,392 jobs) and again outpaced the national rate (8.2% in MN, 6.5% in the US). This growth was driven by growth in Accommodation and Food Services.

- U.S. employment grew 2.7% over the year with the private sector up 2.8%. All supersectors showed gains over the year at a stronger rate than Minnesota except three (Trade, Transportation, & Utilities, Information, Leisure & Hospitality).

March 2023 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	64,139	2.2	2.7
Private	55,386	2.3	2.8
Mining & Logging	-102	-1.6	7.9
Construction	1,621	1.4	2.6
Manufacturing	4,309	1.4	2.1
Trade, Transport. & Utilities	8,476	1.6	1.0
Information	1,458	3.3	2.1
Financial Activities	784	0.4	1.0
Prof. & Business Services	3,415	0.9	2.1
Ed. & Health Services	14,639	2.7	4.3
Leisure & Hospitality	19,392	8.2	6.5
Other Services	1,394	1.3	3.1
Government	8,753	2.1	2.3

Wage Data

- Average hourly wages for all private sector workers fell 15 cents to $35.16 in March 2023 over the month. Over the year average hourly earnings jumped $1.52, up 4.5% and since March 2020 they are up 11.4%.
    - Nationally private sector wages fell 3 cents over the month but increased 4.2% over the year and 14.6% over three years.
    - The CPI inflation index for all urban consumers rose 5.0% over the year in March and 16.9% over 3 years.

Unemployment Data

- The unemployment rate decreased two-tenths of a percent to 2.8% in March 2023 over the month.

- In the last month, the number of employed increased 4,219, and the number of unemployed decreased by 3,449. The employment to population ratio ticked up one-tenth of a percent back to 66.1%.

- The labor force grew by 770 people over the month, with labor force participation rate steady at 68%. The labor force is 44,485 workers smaller than in February 2020 when the participation rate was at 69.9%.

- Nationally, over the month, the unemployment rate ticked down one-tenth of a percentage point to 3.5% and the employment to population ratio ticked up from 60.2% to 60.4%. The size of the labor force increased by 480,000 with the labor force participation rate ticking up one-tenth of a percent to 62.6%.

- Based on 12-month moving average **unemployment rates by race** in March 2023 are as follows *(source: CPS Demecon, 12-month moving averages)*:

Month/Year	Total	White	Black	Hispanic
March-2023	2.6%	2.4%	2.5%	4.3%
February-2023	2.7%	2.4%	3.4%	4.8%
March-2022	3.5%	3%	7.1%	5.1%
Over the month change	-0.1	0	-0.9	-0.5
Annual change	-0.9	-0.6	-4.6	-0.8

- In March, Hispanic Minnesotans had the highest unemployment rates at 4.3%. All groups saw an improvement in unemployment rate, both over the month and over the year. Black Minnesotans saw the biggest decrease in unemployment rate over the month, a 0.9 point decrease, as well as over the year, a 4.6 point decrease.

- 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
March-2023	67.4%	67.1%	70.8%	76.1%
February-2023	67.6%	67.2%	69.7%	75.6%
March-2022	68.4%	68.5%	70.2%	79.7%
Over the month change	-0.2	-0.1	1.1	0.5
Annual change	-1	-1.4	0.6	-3.6

- Labor force participation rates remain highest for Hispanic Minnesotans, at 76.1% even though this group saw the sharpest drop over-the-year (-3.6 points). Black Minnesotans' labor force participation rate saw the highest growth over the month (1.1 points) and over the year (0.6 points). LFPR for white Minnesotans has been steadily declining, now down to a series low of 67.1% in March (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 Mining & Logging was flat in March, holding at a seasonally-adjusted 6,500 jobs. It has maintained that level for four consecutive months. Over the year (OTY), the supersector lost 102 jobs (1.6%). It was the only supersector in Minnesota to post negative annual growth. It posted negative growth for each of the last 9 months of 2022 and briefly dipped into positive territory in January before reverting to negative growth.

Construction: Construction employers shed 1,900 jobs, or 1.4%, OTM in March. This was the worst proportional growth of any supersector, following consecutive months of positive growth in January and February, when employers added 5,000 jobs total. On an annual basis, Construction employers added 1,621 jobs (1.4%). Construction of Buildings was down by 29 (0.1%), but Heavy & Civil Engineering and Specialty Trade Contractors each added more than 800 jobs (up 7.3% and 1.1%, respectively).

Manufacturing: Employment in Manufacturing was down by 1,300 (0.4%) OTM in March. The losses came entirely in Durable Goods (down 1,300, or 0.6%), as employment in Non-Durable Goods was flat at 116,400. Over the year, Manufacturing employers added 4,309 jobs (1.4%). Durable Goods employers added 3,078 jobs (1.5%) with positive growth in every published component sector, while their counterparts in Non-Durable Goods added 1,231 (1.1%), thanks to growth of 1,015 (2.2%) in the Food Manufacturing component.

Trade, Transportation, and Utilities: Trade, Transportation, & Utilities employers lost a seasonally adjusted 2,300 jobs (0.4%) in March. All three component sectors posted negative growth, with the largest declines coming in Wholesale Trade (down 1,000 jobs, or 0.8%). Over the year, the supersector added 8,476 jobs, or 1.6%. Retail Trade added 3,960 jobs (1.4%) with growth of 2.7% in Motor Vehicle & Parts Dealers, and Transportation, Warehousing & Utilities added 2,986 jobs (2.7%), with Transportation & Warehousing up 2,367 (2.4%).

Information: Employment in Information was flat in March, holding at 46,300 jobs. So far in 2023, the supersector has added 100 jobs on a seasonally adjusted basis. Over the year, Information employers added 1458 jobs (3.3%), despite posting negative growth in both published component sectors, Publishing (down 52, or 0.3%) and Telecommunications (down 255, or 2.7%).

Financial Activities: Employment in the Financial Services supersector was unchanged OTM in March at 191,300 jobs. Finance & Insurance lost 100 jobs (0.1%) and Real Estate & Rental & Leasing added 100 jobs (0.3%). On an annual basis, the supersector added 784 jobs (0.4%). Finance & Insurance employers shed 343 jobs (0.2%) due primarily to the loss of 2,174 jobs (3.5%) in Credit Intermediation & Related Activities. Real Estate & Rental & Leasing employers added 1,127 jobs (3.4%)

Professional and Business Services: The Professional & Business Services supersector lost 1,200 jobs (0.3%) OTM in March on a seasonally adjusted basis. Professional, Scientific & Technical Services lost 1,100 jobs (0.6%) and Management of Companies lost 300 (0.3%), while Administrative & Support & Waste Management & Remediation Services added 200 jobs (0.1%). Over the year, Professional & Business Services added 3,415 jobs (0.9%). Professional, Scientific & Technical Services added 3,294 jobs (2%), and Administrative & Support & Waste Management & Remediation Services added 838 jobs (0.7%), while Management of Companies lost 717 jobs (0.8%).

Education and Health Services: Education & Health Services added 600 jobs (0.1%) OTM in March. Educational Services added 400 jobs (0.6%) and Health Care & Social Assistance added 200 (0.0%). The supersector has not lost jobs on a seasonally adjusted basis since June of 2022, posting nine consecutive months of positive or flat growth. On an annual basis, the supersector added 14,639 jobs (2.7%). Educational Services lost 1,689 jobs (2.3%), but the Health Care & Social Assistance sector added 16,328 jobs (3.5%), with growth in every published component sector.

Leisure and Hospitality: Employment in Leisure & Hospitality was up by 700 (0.3%) OTM in March. Arts, Entertainment & Recreation added 600 jobs (1.2%) and Accommodation & Food Services added 100 (0.0%). Over the year, the supersector added 19,392 jobs, or 8.2%. It remained the highest real and proportional annual growth of any supersector, as it has been for most of the post-COVID recovery. Arts, Entertainment & Recreation employers added 8,144 jobs (21.7%), and Accommodation & Food Services added 11,248 (5.7%), with Accommodation employment in particular up 18.7% (3,871 jobs) OTY.

Other Services: Other Services employment was off by 700 (0.7%) OTM in March. The decline comes after two months of growth in which the supersector added a combined 2,200 jobs. Over the year, Other Services employers added 1,394 jobs. Religions, Grantmaking, Civic & Professional

Organizations drove the growth, adding 1,808 jobs (3.2%). Repair & Maintenance lost 895 jobs (4.1%).

Government: In March, Government employers added 400 jobs (0.1%), with growth at every level of government. Federal employers added 200 jobs (0.6%), while State and Local employers each added 100 (0.1% and 0.0%, respectively). Over the year, Government employers added 8,753 jobs (2.1%) with growth at all three levels. Federal employment was up 376 (1.2%), State was up 581 (0.6%) and Local was up 7,796 (2.8%), with 5,797 of those jobs coming in non-education sectors.

Over-the-Year Job Growth by MSAs

March data released by DEED, not seasonally adjusted

Metropolitan Statistical Area	OTY Employment Change (#, NSA)	OTY Employment Change (%, NSA)
Minneapolis-St. Paul MN-WI MSA	34,877	1.8
Duluth-Superior MN-WI MSA	2,056	1.6
Rochester MSA	4,014	3.4
St. Cloud MSA	3,287	3.2
Mankato MSA	2,395	4.3

February data released by other states, not seasonally adjusted

Note that March data for some Minnesota communities that border another state 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 these MSAs.

Metropolitan Statistical Area	OTY Employment Change (#, NSA)	OTY Employment Change (%, NSA)
Fargo-Moorhead ND-MN MSA (Feb)	4,500	3.1
Grand Forks-East Grand Forks ND-MN MSA (Feb)	1,700	3.3
La Crosse-Onalaska WI-MN (Feb)	2,500	3.3

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