

May 2020 Employment Analysis (Embargoed until 10 am Thursday, June 18, 2020)

Overview

- Minnesota added 9,400 payroll jobs in May on a seasonally adjusted basis, up 0.4%, with the private sector adding 27,500 jobs, up 1.3%, during the month. Government lost 17,700 jobs. Seasonally adjusted job losses in April were revised downward by 200 for a loss of 360,000 jobs.
- Seasonally adjusted gains in May were led by Leisure & Hospitality, up 13,800, with accommodation & food service gaining 11,900 of the jobs in that supersector, followed by Construction, up 7,100 and Other Services (including personal services) up 3,500, Education & Health Services up 2,600 all in Health Care & Social Assistance, which was up 3,100, and Trade, Transportation & Utilities up 2,400 with Retail Trade gaining 10,300 jobs in that supersector.
- On the losing side Government employment declined by 17,700 almost entirely in Local Government, which shed 16,300 jobs. Information lost 1,700 and Manufacturing shed 1,200 jobs.
- In comparison the U.S. gained 2.5 million payroll jobs in May, up 1.9% with the private sector gaining 3.1 million, up 2.8%.
- Over the year in May Minnesota shed 393,101 payroll jobs, down 13.1%, while the Private sector shed 346,662 jobs, down 13.5%. This is an improvement for the private sector which was down 14.3% in April over the year.
- Revisions to April data were very minor, with an upward revision of 307 jobs for the not seasonally adjusted series and 200 jobs for the seasonally adjusted series.
- All supersectors lost jobs in May over the year in Minnesota. By far the largest relative declines continued to be in Leisure & Hospitality, down -141,731 or 50.2%, followed by Other Services, down 28,759 jobs or 25.1% over the year. Both were somewhat improved from April. Logging & Mining (down 1,023 or 15.5%) and Information (down 6,763 or 14.4%) also had a large relative declines.
- Other sectors with large job losses include: Education & Health Services down 62,609 or 11.3%, Government, down 46,439 or 10.7%, Trade, Transport. & Utilities, down 41,550 or 7.8%, Manufacturing down 25,158 or 7.8%, Professional & Business Services down 24,155 or 6.3%.
- Overall, Minnesota's bounce-back was slightly smaller than nationally, probably due to our caution in opening the state back up too soon to stem the pandemic. U.S. employment fell 12.0% over the year with the private sector dropping 13.1%. Mining, Manufacturing, Trade, Transportation & Utilities, and Professional & Business Services all had a worse performance at the national level than in Minnesota in May.

Over The Year (OTY) Employment Change By Industry Sector (Not Seasonally Adjusted)			
	OTY Job Change	OTY Growth Rate (%)	US OTY Growth Rate
Total	-393,101	-13.1	-12.0
Private	-346,662	-13.5	-13.1
Logging & Mining	-1,023	-15.3	-16.3
Construction	-25,158	-7.8	-5.7
Manufacturing	-41,550	-7.8	-8.9
Trade, Transport. & Utilities	-6,763	-14.4	-10.5
Information	-7,069	-3.7	-8.0
Financial Activities	-24,155	-6.3	-0.7
Prof. & Business Services	-62,609	-11.3	-9.4
Ed. & Health Services	-141,731	-50.2	-8.0
Leisure & Hospitality	-28,759	-25.1	-41.2
Other Services	-46,439	-10.7	-18.2
Government	-393,101	-13.1	-6.0

Unemployment Data

- Minnesota's unemployment rate jumped to 9.9% in May on a seasonally adjusted basis, up from a revised 8.7% in April. The number of people unemployed jumped 35,770 to 302,741 in May. This is the highest seasonally adjusted unemployment rate recorded in Minnesota.
- Minnesota's employment-to-population ratio fell 0.8 points to 62.1% as a result of a drop in the number employed. The number employed fell by 34,235 or 1.2% to 2,765,258.
- In comparison, U.S. unemployment increased to 14.7% on a seasonally adjusted basis in April and the employment-to-population ratio fell 8.7 points to 51.3%.
- Since February, the number employed has dropped by 259,946, the number unemployed has risen by 206,616 and the unemployment rate has risen from 3.1% to 9.9% in Minnesota. This results in a drop of 53,330 in the labor force with a corresponding drop in participation from 70.2% to 68.9%.
- The number of unemployed and the unemployment rate are distinct from the number of people applying for, or currently receiving benefits through Unemployment Insurance. Unemployment Insurance applicants do not represent the population of unemployed for several reasons. First, not everyone who is unemployed applies for UI. For example, people starting job search after a time away from the labor market would be counted as unemployed but would not have had a recent employer and therefore would not have the opportunity to apply for UI benefits. Others simply choose not to apply for UI or run out of UI benefits before they find a job. All of these people may be unemployed (actively seeking work) but would not be receiving UI benefits.
- Another distinction between the unemployment rate and UI is that workers can apply for and receive benefits if their hours have been cut but they are still working. This would cause an

over-count of unemployment because these people are still employed. This UI program is being used during the pandemic by employers who can stay open but at reduced capacity.

- A final distinction is that people can be collecting UI benefits and still be counted as employed in the LAUS numbers if they have a second job in which they worked at least one hour for pay during the reference week. Minnesota has a higher rate of multiple job holding compared to the nation.
- Instead, the unemployment rate is based heavily on a household survey called the Current Population Survey (CPS) conducted by the Bureau of Labor Statistics that asks about 900 households monthly in Minnesota about their work and job seeking status. Unemployment Insurance applications are one input but the final results are much more heavily based on people's responses to the household survey.

Wage and Hour Data

- Average hourly earnings for all private sector workers rose by 46 cents to \$31.89 in May, down 1.4% from April but up and 7.0% from one year ago. During recessions employers tend to let their least senior staff go first and retain their most senior and skilled staff as long as possible which can have the effect of raising the average wage. During this crisis, it is also indicative of the industries hit hardest by COVID containment measures, that is, lower wage industries including Leisure & Hospitality, Retail Trade and Other (personal) Services.
- At 34.1 hours per week, the average work week was up from last month and last year. Employers with layoffs in March and April may have kept more senior, long term staff who are more likely to work full time schedules on payroll. Also the hardest hit industries tend to offer high shares of part-time work.

Details

Mining and Logging: Employment in Mining and Logging was off by 12.3% (800 jobs) in May, on a seasonally adjusted basis. It was the largest proportional monthly decrease of any supersector in the state, likely driven at least in part by several high-profile closures in the mining industry. Over the year (OTY), Mining and Logging employment was down by 15.3% (1,023 jobs), after seeing just a 0.6% decline in April. As the larger labor market appeared to stabilize somewhat in May, the declines here illustrated some lagging effects that have crept into parts of the market that weren't as immediately affected by COVID-19 containment strategies, but are seeing second-wave declines due to decreased demand

Construction: Construction employment was up by 7,100 jobs (6.2%) in May. It was the first month of seasonally-adjusted growth for the supersector in 2020, and followed a decline of 8.5% in April, suggesting some stabilization and growth in the industry. Annually, Construction employers lost 7,845 jobs (5.9%), a marked improvement from April's 10.3% OTY job loss. Specialty Trade Contractors lost 5,351 jobs (6.3%) and Construction of Buildings was off by 2,155 jobs (7.5%), though Residential Building Construction was up by 2.3% over April 2019, suggesting that the declines in that sector came primarily in commercial and other non-residential building construction.

Trade, Transportation, and Utilities: Employment in Trade, Transportation, and Utilities was up by 2,400 (0.5%) in May. Retail Trade, likely buoyed by the mid-month easing of COVID containment requirements, led the growth by adding 10,300 jobs (4%). Those gains were tempered by declines of 4,600 jobs (3.7%) and 3,300 jobs (3.2%) in Wholesale Trade and Transportation, Warehousing, and Utilities, respectively. On the year, the supersector lost 41,550 jobs (7.8%), a slight improvement over April's 8.4% decline. As was the case over the month, Retail Trade improved from a decline of 11.5% in April to a loss of 8% in May, but the other two component sectors saw slightly worse annual performance.

Education and Health Services: Education and Health Services employers added 2,600 jobs (0.5%) in May. Health Care and Social Assistance employment was up by 3,100 (0.7%), but Educational Services lost 500 jobs (0.9%). Over the year, the supersector lost 62,609 jobs, or 11.3%, just slightly better than April's 11.7% decline. Health Care and Social Assistance was down 47,721 (9.9%) and Educational Services was down 14,888 (20.6%).

Leisure and Hospitality: Leisure and Hospitality added 13,800 jobs (11.1%) in May, after losing 57,700 jobs in April. It had the highest monthly growth of any supersector in the state, though that growth came on the heels of the largest monthly loss in April. The supersector still had the worst OTY growth rate in the state, down by 50.2% (141,731 jobs) from May of 2019. While this hopefully indicates some stabilization in our hardest-hit supersector, employment remains well below historical levels, suggesting what may be a long road back to normalcy.

Other Services: Employment in Other Services was up by 3,500 jobs (4.3%) in May, after losing 30,700 jobs in April. On the year, employment in the supersector was off by 25.1%, the second largest decline in the state. While all three component sectors lost jobs, the largest declines came in Personal and Laundry Services, which was off by 17,024 jobs, or 59.2%. Relaxed restrictions on hair salons and other personal care services went into effect in early June, which may foster some improvement in the industry group in next month's estimates.

Government: Government employers lost 17,700 jobs (4.4%) in May. The declines were driven by the loss of 16,300 jobs (6.1%) at the Local Government level. State employers shed 1,300 jobs (1.3%) and Federal employers lost 100 jobs (0.3%). Over the year, Government employment was off by 46,439 jobs (10.7%), a worsening of conditions from April, when annual employment was off by 6.1%. The annual decline was primarily at the Local level, where employers lost 41,277 jobs (13.8%). Local Government Educational Services employment was off by 10.4% (from 6.1% in April) while Non-Educational Services was down 17.2% (10.2% in April). Some of this worsening may be explained by seasonal changes: Government employment typically shifts towards recreational services such as park maintenance and staffing as summer starts, and those areas are more likely to be affected by COVID containment measures.

[Regional](#)

Large-scale over-the-year jobs losses continued in every published geographic region in May, though every Minnesota-based MSA showed at least slight improvement over April final estimates. The Duluth-Superior area once again fared the worst, down 14.2% from May 2019. It was the only MSA with a larger drop than the statewide decline of 13.1%. The next-largest decline came in the Minneapolis-St. Paul MSA, which shed 264,492 jobs (12.9%), representing more than two-thirds of

the state's 393,101 lost jobs. The Rochester MSA had the lowest proportional OTY job loss, off by 9.6% (11,933 jobs) over the year.

Metropolitan Statistical Area	OTY Employment Change (#, NSA)	OTY Employment Change (% , NSA)
Minneapolis-St. Paul MN-WI MSA	-264,492	-12.9
Duluth-Superior MN-WI MSA	-19,767	-14.2
Rochester MSA	-11,933	-9.6
St. Cloud MSA	-12,036	-10.8
Mankato MSA	-6,748	-11.4

Outlook

May showed stabilization in job losses and some small steps toward recovery. It also began to show some secondary impacts in industries much less immediately affected by the pandemic containment measures with both Logging & Mining and Financial Activities now showing large over-the-year declines in employment.

May brought some easing of restriction for retail and businesses that provide household services but the Executive Order went into effect mid-month so the full impact will not be seen until June estimates are available. Easing in other industries like restaurants and bars did not go into effect until June 1. These estimates largely reflect labor market conditions during the week of May 11th through 15th.

The worsening of the seasonally adjusted unemployment rate is driven in part by continuing changes in LAUS methodology that will allow the seasonally adjusted estimates to better reflect the huge shift in the labor market more quickly. However, it should be remembered that Minnesota has one of the most seasonal labor markets in the country and summer activities are still being impacted by pandemic containment policy measures as well as changes in personal behavior.

As this month's report shows, industries will bounce back at very different rates. It is important, for both equity reasons as well as continued economic growth, that we do not lose sight of those workers who cannot get back to work quickly through no fault of their own.

Labor Market Information Office
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