

# May 2022 Employment Analysis

## Overview

- The unemployment rate continues to tick down – two-tenths of a point to 2.0% in May 2022 from 2.2% in April 2022, another historic low of this data series, which began in 1976, of which the lowest pre-pandemic unemployment rate was 2.5% in early 1999.
- The unemployment rate decline over-the-month was entirely due to people moving from unemployment to employment. The labor force participation rate rose from 68.3% to 68.4%.
- Black and Hispanic Minnesotans have higher labor force participation rates than white Minnesotans at 69.9% for Black workers, 79.6% for Hispanic workers and 68.4% for white workers in May. Black and Hispanic Minnesotans have higher unemployment rates, at 6.9% and 3.9% respectively, than white workers, at 2.6% in May (based on 12-month moving averages). This indicates that employers may need to work harder to identify available workers and diversify their workforces.
- Minnesota gained 6,600 jobs, up 0.2% in the last month on a seasonally adjusted basis following the addition of 11,700 jobs in April 2022. The private sector gained 7,500 jobs, up 0.3%. This continues a gaining streak for the eighth month.
  - April 2022 employment was revised slightly. April saw growth of 11,700 jobs in total nonfarm (revised from 11,900) and 11,000 in the private sector (revised from 10,600).
  - Revisions were largest in Financial Activities, down 1,200 jobs more than originally estimated, and Trade, Transportation, and Utilities, up 800 jobs.
- The U.S. gained 390,000 jobs, up 0.3% from April to May 2022, with the private sector adding 333,000 jobs, also up 0.3% on a seasonally adjusted basis.
- Growth has been lumpy and uneven coming out of the pandemic recession. Over the last few months, it has stabilized a bit. Translating seasonally adjusted job change into a 3-month moving average series, MN added 10,300 jobs, up 0.4% in Jan-Mar22, 12,600 jobs, up 0.4% in Feb-Apr22, and 10,500 jobs, up 0.4% in Mar-May22. Nationally, Jan-Mar22 showed a 0.4% increase, the latter two periods showed a 0.3% increase.
- Here are noteworthy supersectors that gained or lost jobs on a seasonally adjusted basis in May:
  - Gains were in Construction (up 4,100), Manufacturing (up 1,100), Professional and Business Services (up 2,500), and Educational and Health Services (up 3,200).
  - Losses were in Leisure and Hospitality (down 4,300 jobs), Government (down 900 jobs), and Retail Trade (down 800 jobs).

- Minnesota lost 417,600 jobs from February through April 2020 and has since gained 335,900 jobs as of May 2022, or 80% of the jobs lost on a seasonally adjusted basis. The private sector has regained 330,600 jobs, or 85% of the jobs lost.

## Over the Year

- Minnesota gained 73,017 payroll jobs, up 2.6%, over the year. The private sector gained 73,525 jobs, up 3.0% over the year.
- Supersectors that posted strong OTY growth are Manufacturing, Professional & Business Services, Leisure & Hospitality and Other Services.
  - Manufacturing posted 16,696 additional jobs (5.4%) OTY. All sectors were up; Non-Durable Goods employment grew 6.3% (6,993 jobs) while their counterparts in Durable Goods were up 4.9% (9,703 jobs).
  - Professional & Business Services grew 3.3% OTY (12,264 jobs). Sectors that led the growth were Professional, Scientific, and Technical Services, up 4.9% (7,753 jobs), and Administrative and Support and Waste Management and Remediation Services, up 3.8% (4,896 jobs). Management of Companies and Enterprises lost 385 jobs OTY (-0.4%).
  - Leisure & Hospitality continued to post the highest OTY growth of all the supersectors, up 11.1% (25,564 jobs). Arts, Entertainment, & Recreation posted 10.3% growth (4,002 jobs). Accommodation and Food Services grew 11.3% (21,562 jobs). As this supersector recovers from the pandemic, we see slowing – though still very strong – growth rates.
- Two supersectors posted tiny negative annual growth, Mining & Logging, down 1.4% (91 jobs), and Government down 0.1% (506 jobs).
  - Local Government grew 0.4% (1,066 jobs), while Federal Government was down 2.9% (957 jobs) and State Government was down 0.6% (615 jobs).
- U.S. employment grew 4.4% over the year with the private sector up 4.8% in May. All supersectors showed gains over the year with the exception of Mining & Logging, which was down 5,000 jobs (0.8%).
- Overall, Minnesota's OTY growth is slower compared to the U.S. Three supersectors in Minnesota show strength over the year compared to the U.S.: Leisure & Hospitality, Other Services, and Manufacturing.

May 2022 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	+73,017	+2.6	+4.4
Private	+73,523	+3.0	+4.8
Mining & Logging	-91	-1.4	-0.8
Construction	+1,135	+0.8	+3.2
Manufacturing	+16,696	+5.4	+3.8
Trade, Transport. & Utilities	+6,825	+1.3	+5.1
Information	+1,258	+3.0	+9.3
Financial Activities	+1,195	+0.6	+1.5
Prof. & Business Services	+12,264	+3.3	+6.7
Ed. & Health Services	+4,439	+0.8	+3.3
Leisure & Hospitality	+25,564	+11.1	+7.9
Other Services	+4,238	+4.0	+1.5
Government	-506	-0.1	+2.4

## Wage and Hour Data

- Average hourly wages for all private sector workers decreased 49 cents to \$33.71 in May 2022 over the month. Over the year average hourly earnings rose \$1.12, up 3.4%. Over two years, average hourly earnings increased \$1.88, or 5.9%.
  - Nationally private sector wages increased 17 cents (0.5%) over the month to \$32.12, up 5.5% over the year and up 8.4% over two years.
  - The CPI inflation index for all urban consumers rose 8.6% over the year in May 2022 and 14.0% over 2 years.
- At 34.3 hours per week, May’s average work week was six-tenths of an hour longer than last month (from 33.7 hours per week) and down nine-tenths over the year (from 35.2 hours per week). Over the year this was a 2.6% decline, and over 2 years hours increased 0.6%.
  - Nationally, the average work week increased five-tenths of an hour to 34.9 hours per week (from 34.4 hours per week), decreased two-tenths of an hour over the year (0.6%), and increased three-tenths of an hour (0.9%) over two years.

## Unemployment Data

- The unemployment rate again ticked down 0.2 of a percentage point to 2.0% in May 2022 from 2.2% last month, continuing a downward streak since May 2020. This is another new lowest unemployment rate in the history of the data series, which began in 1976.
- In the last month, the number of employed rose by 12,994 to 3,025,356, and the number of unemployed fell by 6,089 to 61,551. The employment to population ratio ticked up to 67.1%, the highest it's been since March 2020 when it was 67.8%.
- The labor force grew by 6,905 people over the month, with labor force participation growing to 68.4% (from 68.3% last month). The labor force is 77,868 workers smaller than in February 2020 when the participation rate was at 70.8%.
- Nationally, the unemployment rate stayed the same at 3.6% and the employment to population ratio increased one-tenth point to 60.1% over the month. The size of the labor force increased by 330,000, with the labor force participation rate ticking up 0.1% to 62.3%.
- Based on 12-month moving average **unemployment rates by race** in May 2022 are as follows (source: CPS Demecon, 12-month moving averages):

Month/Year	Total	White	Black	Hispanic
May-2022	3.1%	2.6%	6.9%	3.9%
April-2022	3.3%	2.8%	6.7%	4.5%
May-2021	5.2%	5.1%	6.9%	6.6%
Monthly change	-0.2%	-0.2%	0.2%	-0.6%
Annual change	-2.1%	-2.5%	0%	-2.7%

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

- The table below adds together the unemployment rate and change in the labor force participation rate. This represents the total share of Minnesotans in May 2022 who are either actively seeking work or who would have been expected to be working or looking for work if it wasn't for the impact of the pandemic. *These **alternative unemployment rates** are calculated from 12-month moving average CPS Demecon data.*

Month/Year	Total	White	Black	Hispanic
May-22	4.7%	4.1%	8.3%	0.6%
Apr-22	4.8%	4.2%	7.3%	0.6%
May-21	6.5%	5.8%	12.5%	4.6%

## Industry Details

**Mining and Logging:** Employment in Mining and Logging was flat over the month (OTM) in May, holding at a seasonally adjusted 6,600 jobs. Over the year (OTY), the supersector lost 91 jobs, or 1.4%. It was the second consecutive month of negative annual growth, following twelve consecutive months of positive growth.

**Construction:** Construction employers added 4,100 jobs (3.2%) OTM in May. It was the largest seasonally adjusted growth of any supersector in the state, in both real and proportional terms. The growth marks a rebound from April's loss of 800 jobs. On an annual basis, construction employers added 1,135 jobs (0.8%). Heavy and Civil Engineering led the growth, adding 1,755 jobs (8.4%), while Specialty Trade Contractors lost jobs on the year, off by 865, or 1%. Employment in Construction of Buildings was up by 245, or 0.9%.

**Manufacturing:** Employment in Manufacturing was up by 1,100 (0.3%) OTM in May. Both component sectors added jobs, with Durable Goods up 600 (0.3%) and Non-Durable Goods up 500 (0.4%). It was the eighth consecutive month of seasonally adjusted growth for the supersector. Over the year, Manufacturing employment was up by 16,696, or 5.4%. It was the second-largest real and proportional growth of any supersector, trailing only Leisure and Hospitality. Durable Goods employers added 9,703 jobs (4.9%) and Non-Durable Goods employers added 6,993 (6.3%).

**Trade, Transportation, and Utilities:** Trade, Transportation, and Utilities employment was up by 300 (0.1%) OTM in May. Wholesale Trade drove the growth, adding 1,000 jobs (0.8%) while Transportation, Warehousing, and Utilities added 100 (0.2%) and Retail Trade lost 800 jobs (0.3%). On an annual basis, the supersector added 6,825 jobs (1.3%). The lion's share of the growth came in Transportation, Warehousing, and Utilities, which added 6,694 jobs, or 6.5% (with most of that growth coming in Transportation and Warehousing). Wholesale Trade employment was up by 205 (0.2%) while Retail Trade employment was off by 74, (0.0%).

**Information:** Employment in Information was down by 100 (0.2%) OTM in May, after adding 400 jobs in March and remaining flat in April. Over the year, Information employers added 1,258 jobs, or 3%. The long-declining supersector has now posted positive annual growth in six consecutive months.

**Financial Activities:** Employment in Financial Activities was up by 100 (0.1%) OTM in May. Real Estate and Rental and Leasing was up 200 (0.6%) while Finance and Insurance was down by 100 (0.1%). Over the year, the supersector added 1,195 jobs (0.6%). Real Estate and Rental and Leasing drove the growth here as well, adding 2,112 jobs (6.2%) while their counterparts in Finance and Insurance lost 917 jobs (0.6%).

**Professional and Business Services:** Professional and Business Services employers added 2,500 jobs (0.7%) OTM in May. Professional, Scientific, and Technical Services added 1,500 jobs (0.95%) and Administrative and Support and Waste Management and Remediation Services added 1,100 (0.8%) while Management of Companies was off by 100 jobs (0.1%). On an annual basis,

employment in Professional and Business Services was up 12,264, or 3.3%. Professional, Scientific, and Technical Services added 7,753 jobs (4.9%). Administrative and Support and Waste Management and Remediation Services added 4,896 jobs (3.8%) with growth of 3.6% (2,056 jobs) in Employment Services. Management of Companies lost 385 jobs (0.4%).

**Education and Health Services:** Employment in Education and Health Services was up by 3,200 (0.6%) in May. Health Care and Social Assistance employment was up by 2,300 (0.5%), the fourth straight month of seasonally adjusted growth for the sector. Educational Services was up by 900 jobs (1.3%). Over the year, the supersector added 4,439 jobs (0.8%). Educational Services was up 4,714 jobs (6.9%), and Health Care and Social Assistance lost 275 jobs (0.1%). Nursing and Residential Care Facilities continued to weigh down growth in the larger sector, off by 5,166 jobs (5%) OTY.

**Leisure and Hospitality:** Leisure and Hospitality employment was off by 4,300 jobs (1.7%) in May. It was the largest seasonally adjusted decline of any supersector in the state. It was the first time since September that the supersector posted negative monthly growth. On an annual basis, growth remained stronger than any other supersector in the state, in both real and proportional terms, adding 25,564 jobs, or 11.1%. While annual growth remains very strong, it is coming back to the pack some. OTY growth has slowed in each of the last five months, and is down from January's 26.5%.

**Other Services:** Employment in Other Services was up by 600 (0.6%) OTM in May. The supersector added 1,400 jobs in the past two months, after losing 1,200 in February and March combined. Over the year, Other Services employers added 4,238 jobs (4%). Repair and Maintenance lost jobs (down 815, or 2.8%) but employment was buoyed by Personal and Laundry Services (up 950, or 3.8%) and Religious, Grantmaking, Civic, Professional, and Similar Organizations (up 4,103 jobs, or 7.1%).

**Government:** Government employers lost 900 jobs (0.2%) OTM in May. Local Government employers lost 600 jobs (0.2%) and Federal employers lost 300 (0.9%) while State Government employment remained stable at 96,900. Over the year, Government employers lost 506 jobs (0.1%). It was one of only two supersectors (with Mining and Logging) to post negative annual growth. Federal employment was down by 957 (2.9%) and State employment was down 615 (0.6%), while Local Government employers added 1,066 jobs (0.4%), with all of that growth coming in Local Educational Services (up 1,344, or 1%).

## Regional Details

<b>Metropolitan Statistical Area</b>	<b>OTY Employment Change (#, NSA)</b>	<b>OTY Employment Change (% , NSA)</b>
Minneapolis-St. Paul MN-WI MSA	+56,477	+2.9
Duluth-Superior MN-WI MSA	+3,681	+2.8
Rochester MSA	+2,178	+1.8
St. Cloud MSA	+2,542	+2.4
Mankato MSA	+1,661	+3.0
Fargo-Moorhead ND-MN MSA (April)	+2,800	+2.0
Grand Forks-East Grand Forks ND-MN MSA (April)	+1,100	+2.1
La Crosse-Onalaska WI-MN (April)	+1,000	+1.3

## Outlook

- Labor force participation rate has grown or held steady since March 2021 (67.0%) to May 2022 (68.4%) with the addition of 79,039 workers. While this is a good sign of economic recovery since the pandemic, the last time labor force participation rate was this low was in 1978. Historically low labor force participation rate combined with historically low unemployment rate (2.0%) signals a very tight labor market.
- Employment numbers have grown month-to-month since February 2021, with employment-to-population ratio steadily increasing from 64.5% to 67.1%. Unemployment numbers and the unemployment rate have steadily gone down month-to-month since May 2020. The economy is clearly recovering from the pandemic.
- Year-to-year job growth has been positive since April 2021. At 2.6%, the May 2022 year-to-year job growth rate is an improvement over the last 4 months and continued a 14-month growth streak.
- The number of long term unemployed – workers unemployed for 27 weeks or more - dropped for the ninth straight month in May 2022, to 26,700. This is still high by historical standards – the number was 11,100 in February 2020 prior to the pandemic. The share of long-term unemployment out of all types of unemployment has grown to 27.6% in May 2022, up from 22.1% a year ago. This is a growing portion of workers who have been looking for work but have difficulty finding employment.
- In Minnesota, the average hourly wage increase for all private sector workers, 3.4% over the year, was less than the 8.6% annual inflation in May 2022.

- Over two years the comparison was 2.4% for private sector wage growth in MN compared to 14% inflation.
- Nationally private sector wages rose 5.5% over the year and 8.4% over two years.
- High demand, low wage jobs are seeing greater average wage increases for the most part.
  - The average wage for production workers in Nursing & Residential Care Facilities, at \$21.29 in May 2022, rose 13.5% over the year and 10.1% over two years.
  - The average wage for production workers in Food Services and Drinking Places, at \$17.53 in May 2022, rose 8.3% over the year and 23.8% over two years.
  - The average hourly wage for production workers in Retail Trade, at \$18.93 in May 2022, grew 2.3% over the year and 13.4% over 2 years.

**Labor Market Information Office**

**MN Department of Employment and Economic Development**

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