

# March 2022 Employment Analysis

## Overview

- The unemployment rate ticked down two-tenths of a point to 2.5% in March 2022 from 2.7% in February 2022, its lowest level since 1999. The decline over-the-month was entirely due to people moving from unemployment to employment. The labor force participation rate rose from 67.9% to 68.1%.
- Minnesota gained 11,500 jobs, up 0.4% in the last month on a seasonally adjusted basis following the addition of 13,000 jobs in February 2022. The private sector gained 11,000 jobs, up 0.4%. This continues a gaining streak for the sixth month.
  - February 2022 employment was revised upward. February saw growth of 13,000 jobs in total nonfarm (revised from 5,200) and 12,800 in the private sector (revised from 5,100).
  - Revisions were largest in Trade, Transportation and Utilities, up 3,300 jobs more than originally estimated, Retail Trade up 2,800 jobs, Leisure & Hospitality up 2,800 jobs, and Manufacturing up 1,300 jobs. Information and Financial Activities were each down 300 jobs.
- The U.S. gained 431,000 jobs, up 0.3% from February to March 2022, with the private sector adding 426,000 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 5,600 jobs, up 0.2% in Nov21-Jan22, 6,800 jobs, up 0.2% in Dec21-Feb22, and 9,800 jobs, up 0.3% in Jan-Mar22. Nationally, all three periods have shown a 0.4% increase.
- Ten supersectors gained jobs and one lost jobs on a seasonally adjusted basis in March.
  - Gains were in Mining and Logging (up 100 jobs), Construction (up 100), Manufacturing (up 2,300), Trade, Transportation, and Utilities (up 2,000), Information (up 500), Financial Activities (up 1,800), Professional and Business Services (up 700), Educational and Health Services (up 900), Leisure and Hospitality (up 1,100), and Government (up 100).
  - Other Services lost 200 jobs, a small 0.2% drop.
- Minnesota lost 417,600 jobs from February through April 2020 and has since gained 315,900 jobs as of March 2022, or 76% of the jobs lost on a seasonally adjusted basis. The private sector has regained 310,900 jobs, or 80% of the jobs lost.

## Over the Year

- Minnesota gained 68,540 payroll jobs, up 2.5%, over the year. The private sector gained 67,584 jobs, up 2.8% over the year. For pre-pandemic comparison, these gains put total nonfarm employment 77,874 jobs short of March 2020 employment, and 53,351 jobs short in the private sector.
- Two supersectors posted small negative annual growth, Financial Activities down 1,562 (0.8%) and Education & Health Services, down 326 jobs (0.1%).
  - The Financial Activities decline was driven by a 2.2% drop in Finance and Insurance, despite positive growth of 5.9% in Real Estate and Rental and Leasing.
  - The tiny decline in Education & Health Services was driven by a 0.6% drop in Health Care & Social Assistance, mostly in Nursing and Residential Care Facilities (-5.6%), while Educational Services experienced positive growth (3.7%).
- All other supersectors saw positive over-the-year growth, especially Leisure and Hospitality up 36,198 jobs (18.1%); Other Services up 3,872 jobs (3.8%); and Manufacturing up 12,944 (4.2%).
  - Double-digit growth rates were consistent in all sectors under Leisure and Hospitality, especially Accommodation (31.6%); Arts, Entertainment, and Recreation (28.9%); and Full-Service Restaurants (23.0%).
  - Other Services and Manufacturing saw consistent growth rates in almost all sectors.
- U.S. employment grew 4.6% over the year with the private sector up 5.0% in March. All supersectors showed gains over the year with the exception of Mining & Logging, which was down 14,000 jobs (2.3%).
- Four supersectors in Minnesota show strength over the year compared to the U.S.: Leisure & Hospitality, Other Services, Manufacturing, and Mining & Logging.

March 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	68,540	2.5	4.6
Private	67,584	2.8	5.0
Mining & Logging	261	4.2	-2.3
Construction	752	0.7	2.6
Manufacturing	12,944	4.2	2.9

Trade, Transport. & Utilities	8,705	1.7	5.5
Information	1,556	3.7	9.1
Financial Activities	-1,562	-0.8	1.3
Prof. & Business Services	5,184	1.4	6.7
Education & Health Services	-326	-0.1	3.2
Leisure & Hospitality	36,198	18.1	11.2
Other Services	3,872	3.8	1.8
Government	956	0.2	2.4

## Wage and Hour Data

- Average hourly wages for all private sector workers decreased 90 cents to \$33.55 in March 2022 over the month. Over the year average hourly earnings rose \$1.58, up 4.9%, and since March 2020 (pre-pandemic) they are up 6.3%.
  - Nationally private sector wages stayed the same over the month at \$31.96, but up 5.8% over the year and up 9.6% over two years.
  - The CPI inflation index for all urban consumers rose 8.5% over the year in March 2022 and 11.4% over 2 years.
- At 34.0 hours per week, March's average work week was one-tenth of an hour shorter than last month and down four-tenths over the year (from 34.4 hours per week). Over the year this was a 1.2% decline, and over 2 years hours increased 1.2%.
  - Nationally, hours declined one-tenth of an hour over the month, and three-tenth of an hour over the year, down 0.9% over the year and slightly more (0.3%) over two years.

## Unemployment Data

- The unemployment rate again ticked down 0.2 of a percentage point to 2.5% in March 2022 from 2.7% last month, continuing a downward streak since May 2020.
- In the last month, the number of employed rose by 19,504 to 2,996,058, and the number of unemployed fell by 7,403 to 75,536. The employment to population ratio ticked up to 66.5%, the highest it's been since March 2020 when it was 67.8%.
- The labor force grew by 12,101 people over the month, with labor force participation growing to 68.1% (from 67.9% last month). The labor force is 93,181 workers smaller than in February 2020 when the participation rate was at 70.8%.

- Nationally, the unemployment rate fell two-tenths of a percentage point to 3.6% and the employment to population ratio rose two-tenth point to 60.1% over the month. The size of the labor force increased by 418,000, with the labor force participation rate ticking up 0.1% to 62.4%.
- Based on 12-month moving average **unemployment rates by race** in March 2022 are as follows (source: CPS Demecon, 12-month moving averages):

Month/Year	Total	White	Black	Hispanic
March-2022	3.5%	3.0%	7.1%	5.1%
February-2022	3.5%	3.2%	6.5%	4.7%
March-2021	6.2%	5.9%	9.0%	7.7%
<i>Over the month change</i>	0%	-0.2%	0.6%	0.4%
<i>Annual change</i>	-2.7%	-2.9%	-1.9%	-2.6%

*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 March 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
Mar-22	5.1%	4.4%	8.2%	1.7%
Feb-22	5.3%	4.7%	8.1%	1.5%
Mar-21	7.5%	6.7%	15.4%	6.3%

## Industry Details

### Mining and Logging:

Mining and Logging employers added 100 jobs (1.5%) on a seasonally adjusted basis in March. The supersector has not lost jobs over the month since September 2021. On an annual basis, employment in the supersector was up by 261 jobs, or 4.2%. While down from February's 7.1% OTY growth, that 4.2% represented the second-largest proportional gain of any supersector in the state (tied with Manufacturing), after Leisure and Hospitality's 18.1%.

### Construction:

Employment in Construction was up by 100 (0.1%) over the month (OTM) in March, after adding 200 jobs in February. Over the year, Construction employers added 752 jobs (0.7%). Growth in Heavy and Civil Engineering (up 826, or 6.2%) and Specialty Trade Contractors (up 544, or 0.8%) offset the loss of 618 jobs (2.3%) in Construction of Buildings.

**Manufacturing:**

Manufacturing employment was up by 2,300 (0.7%) OTM in March. It was the second-largest real job growth of any supersector save Leisure and Hospitality (up 2,800). On an annual basis, employment in Manufacturing was up 12,944 jobs, or 4.2%, tied with Mining and Logging for the second-largest proportional OTY growth of any supersector in the state (trailing only Leisure and Hospitality). Durable Goods manufacturers added 7,586 jobs (3.8%), while their counterparts in Non-Durable Goods added 5,358 jobs (4.9%).

**Trade, Transportation, and Utilities:**

Trade, Transportation, and Utilities employers added 2,000 jobs (0.4%) OTM in March. Retail Trade did most of the growing, up 1,600, or 0.6%. Wholesale Trade and Transportation, Warehousing, and Utilities employment were each up 0.2%, or 200 jobs. Employment in Trade, Transportation, and Utilities was up by 8,705 (1.7%) OTY in March, an improvement over February's 1.1% growth, with positive movement in all three component sectors. Wholesale Trade added 282 jobs (0.2%), Retail Trade added 2,742 (1%) and Transportation, Warehousing, and Utilities added 5,681 (5.5%).

**Information:**

Employment in Information was up 500 (1.2%) OTM in March, after losing 200 jobs in February. Over the year, Information employers added 1,556 jobs (3.7%) in March. It marked the fourth consecutive month of positive OTY growth, and the highest proportional growth for the long-declining supersector since March of 2001.

**Financial Activities:**

Financial Activities employers added 1,800 jobs (1%) in March. Finance and Insurance was up 1,200 (0.8%) and Real Estate and Rental and Leasing was up 600 (1.7%). On an annual basis, Financial Activities employment was down by 1,562 jobs, or 0.8%. It was one of only two supersectors to post negative annual growth (along with Health Care and Social Assistance). Real Estate and Rental and Leasing employment was up by 1,929 jobs (5.9%) but that growth was erased by the loss of 3,491 jobs (2.2%) in Finance and Insurance.

**Professional and Business Services:**

Employment in Professional and Business Services was up by 700 (0.2%) over the month with 0.2% growth in all three published component sectors. Professional, Scientific, and Technical Services added 300 jobs, while Management of Companies and Administrative and Support and Waste Management and Remediation Services each added 200. Over the year, Professional and Business Services employers added 5,184 jobs (1.4%). All three major component sectors posted positive growth. Professional, Scientific, and Technical Services added 3,061 jobs (2%), Management of Companies added 367 (0.4%) and Administrative and Support and Waste Management and Remediation Services added 1,756 jobs (1.5%) with 2.7% growth in Employment Services (up 1,477 jobs).

**Education and Health Services:**

Employment in Education and Health Services was up 900 (0.2%) in March. Educational Services shed 100 jobs (0.1%) while Health Care and Social Assistance added 1,000 (0.2%), after adding

2,900 jobs in February. This recent uptick may be evidence of some improvement in the staffing shortage health care employers have been struggling with lately. On an annual basis, Education and Health Services employers lost 326 jobs (0.1%). While it was one of only two supersectors to post negative annual growth, -0.1% marks an improvement over recent months, and is the best mark the supersector has posted since September of 2021. Educational Services added 2,610 jobs (3.7%) while Health Care and Social Assistance lost 2,936 (0.6%), due in large part to the loss of 5,905 jobs (5.6%) in Nursing and Residential Care Facilities.

### **Leisure and Hospitality:**

Leisure and Hospitality employment was up by 2,800 (1.1%) OTM in March, the largest real monthly job growth of any supersector in the state. It was the sixth consecutive month of seasonally adjusted growth for the industry group. Over the year, employment in Leisure and Hospitality was up by 36,198 jobs, or 18.1%. This was the highest proportional growth of any supersector in the state, though it is down slightly from February's 20.1% growth. Arts, Entertainment and Recreation added 8,450 jobs (28.9%) and Accommodation and Food Services added 27,748 jobs (16.3%).

### **Other Services:**

Other Service employment was down by 200 (0.2%) OTM in March. It was the only supersector to shed jobs on the month, and the second consecutive month of negative growth. On an annual basis, Other Services employers added 3,872 jobs (3.8%), down from February's 5.1% growth. All three published component sectors added jobs, with the largest real and proportional growth coming in Religious, Grantmaking, Civic, Professional, and Similar Organizations, which added 2,219 jobs, or 3.9%.

### **Government:**

Government employers added 500 jobs (0.1%) OTM in March. It was the third consecutive month of growth for the supersector. The gains came entirely at the Local Government level, which added 700 jobs (0.3%) while Federal and State employers each lost 100 jobs (0.3% and 0.1%, respectively). Over the year, Government employers added 956 jobs (0.2%). While State and Federal employers both posted negative growth (down 0.7% and 2.8%, respectively), Local Government employers made up for the losses with the addition of 2,522 jobs, or 0.9%, with all of that growth coming in Local Government Educational Services (up 2,699, or 1.9%).

## **Regional Details**

Starting with this month's employment numbers release, you will see data for Metropolitan Statistical Areas (MSAs) that border Minnesota. DEED has added this employment change data for MSAs that are located in other states but that also include Minnesota counties. We are adding this information because it's helpful to track employment change in these important regions, even if they are headquartered in neighboring states. Because we don't have early access to data from MSAs that are not primarily based within Minnesota, we use publicly available data from other states for the previous month.

<b>Metropolitan Statistical Area</b>	<b>OTY Employment Change (#, Not Seasonally Adjusted)</b>	<b>OTY Employment Change (% , Not Seasonally Adjusted)</b>
Minneapolis-St. Paul MN-WI MSA	52,048	2.8
Duluth-Superior MN-WI MSA	4,056	3.2
Rochester MSA	3,962	3.3
St. Cloud MSA	2,577	2.5
Mankato MSA	1,261	2.3
<i>Fargo-Moorhead ND-MN MSA (February)</i>	<i>3,300</i>	<i>2.4</i>
<i>Grand Forks-East Grand Forks ND-MN MSA (February)</i>	<i>1,600</i>	<i>3.1</i>
<i>Sioux Falls SD MSA (February)</i>	<i>3,600</i>	<i>2.3</i>

## Outlook

- Compared to previous COVID-19 restrictions when we saw the labor force shrink over many months each time a variant emerged, Minnesota’s labor force grew steadily month-to-month through the Omicron wave (except for a tiny decrease of 980 workers between Nov-Dec 2021). Labor force participation rate has grown or held steady since March 2021 (67.0%) to March 2022 (68.1%). 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.
- Likewise, employment numbers have grown month-to-month since February 2021, with employment-to-population ratio steadily increasing from 64.5% to 66.5%. 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. March 2022 year-to-year job growth rate is 2.5%, continuing a 12-month growth streak.
- The number of long term unemployed – workers unemployed for 27 weeks or more - dropped for the seventh straight month in March 2022, to 29,200. This is still high by historical standards – the number was 11,100 in February 2020 prior to the pandemic.
- In Minnesota, the average hourly wage increase for all private sector workers, at 4.9% over the year, was almost half of 8.5% inflation in March 2022.
  - Over two years the comparison was 6.3% for private sector wages in MN compared to 11.4% inflation.



- Nationally private sector wages rose 5.8% over the year and 9.6% 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 \$21.62 in March 2022, rose 13.8% over the year and 13.8% over two years.
  - The average wage for production workers in Food Services and Drinking Places, at \$16.76 in March 2022, rose 10.3% over the year and 17.0% over two years.
  - The average hourly wage for production workers in Retail Trade had shown a slight decline in late 2021 and is growing slower so far this year. At \$18.66 in March 2022, the average wage grew 2.5% over the year, but grew 14.3% over 2 years.

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