



# Minnesota's Economy and COVID-19

## INTRODUCTION

You may have seen the headline—6.6 million Americans filed initial unemployment claims during the week ending March 28, 2020. This is the highest number of claims in the history of the series. Minnesota was not immune to this trend. During the weeks ending March 21 and 28, Minnesota recorded 225,669 claims.

These statistics, combined with the governor's stay at home order, leave many community leaders, economic developers, and chambers of commerce scrambling to respond. Currently, much of the response is focused on helping business owners access and navigate multiple state and national programs designed to help small businesses. Moving forward, understanding which industries and areas of Minnesota are most vulnerable to job losses will help focus resources on the state's most critical issues.

This summary is meant to highlight the parts of Minnesota's economy currently most at risk. The hope is this information will give some guidance to those responding to Minnesota's present economic issues and how local economies will be affected. As the situation changes rapidly, however, further updates may be necessary.

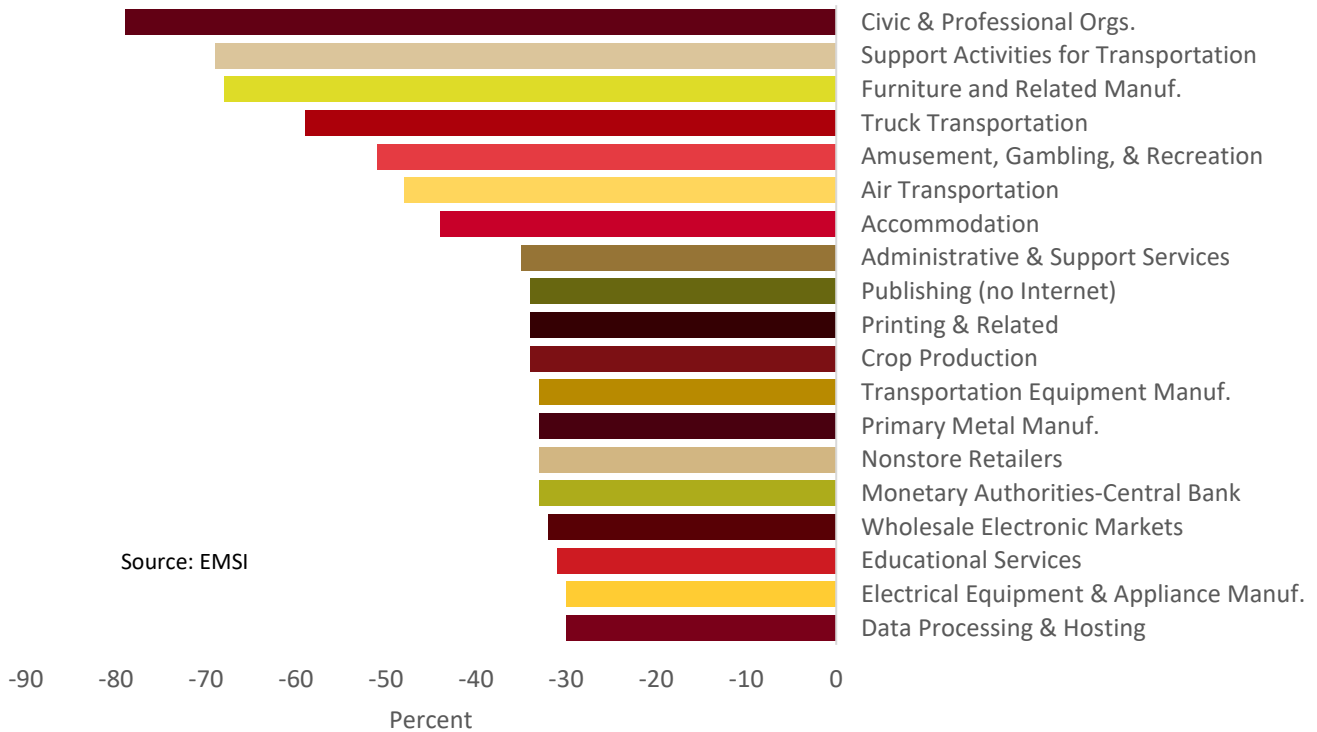
## JOB POSTINGS

A common question right now is "Which industries are being hit hardest?" One way to answer this question is to look at job posting data. EMSI, a labor market analytics company, has made job posting data by industry at the state level available for free. EMSI compiles the database by collecting data from online job posting sites (see "Notes on the Analysis" section for more).

Chart 1 shows Minnesota industries with the highest percent decline in job postings. The chart includes all industries with a decline of 30 percent or higher. The data compares job postings from March 31, 2020 to March 31, 2019. Industries with the highest percent decline include civic and professional organizations, support activities for transportation, and furniture and related manufacturing.

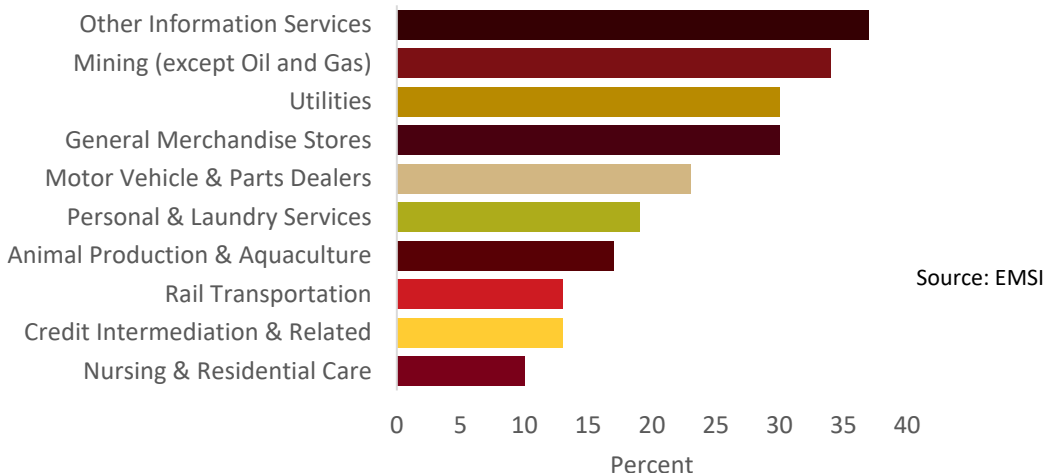
Some of these changes may simply reflect trends in the industry. For example, overall, employment in furniture and related manufacturing declined by 27 percent in Minnesota between 2001 and 2019. In other industries, this is a marked change. Employment in civic and professional organizations industry has been fairly stable through the years, growing by 1 percent during the same period.

**Chart 1: Minnesota Industries, Highest Percent Decline in Job Postings, Year Over Year, March 31, 2020**



Some Minnesota industries, however, have increased hiring. Chart 2 shows the top 10 industries, based on percent increase, in job postings year over year. Industries hiring include other information services, mining, and utilities. Other information services includes all things internet— internet booksellers, Web search portals, and Internet news publishers among them.

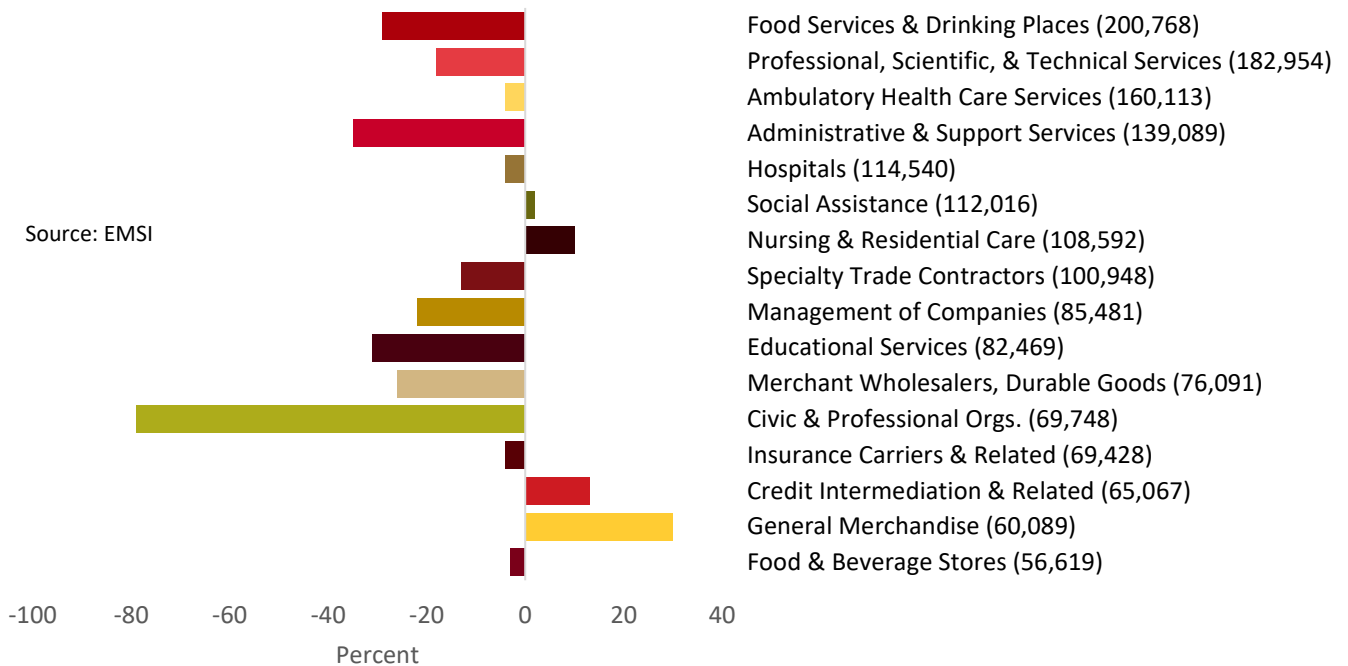
**Chart 2: Minnesota Industries, Highest Percent Increase in Job Postings, Year Over Year, March 31, 2020**



The first two charts show industries with the largest percent change. However, those industries are not necessarily ones with the largest levels of employment. Chart 3 shows industries in Minnesota with more than 50,000 employees. The total number of employees is provided in parenthesis after the industry name.

Overall, most of these industries experienced a decline in job postings. Food services and drinking places, for example, employ more than 200,000 Minnesotans. Job postings in this particular industry dropped by 29 percent. General merchandise stores, on the other hand, employ 60,089 Minnesotans and experienced a 30 percent increase.

**Chart 3: Job Posting Change, Year Over Year, March 31, 2020, Industries with Highest Employment in MN (number of industry jobs in paranthesis)**



### COUNTY IMPACTS

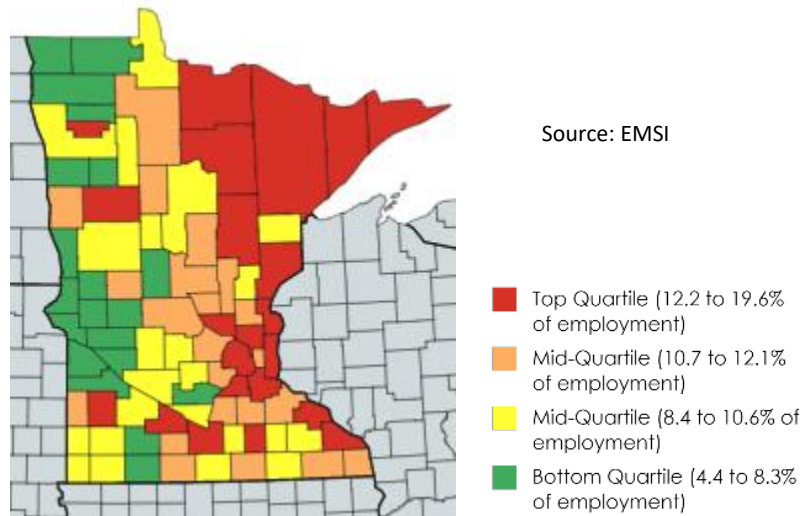
The above information looks at Minnesota as a whole. Minnesota’s economy is varied, however, and not all parts of the state will be affected equally. Based on data from Moody’s Analytics, researchers at the Brookings Institute<sup>1</sup> identified five industries likely to be hardest hit by the COVID-19 outbreak. They are leisure and hospitality, travel arrangements, employment services, transportation, and mining.

<sup>1</sup> [brookings.edu/blog/the-avenue/2020/03/17/the-places-a-covid-19-recession-will-likely-hit-hardest/](https://www.brookings.edu/blog/the-avenue/2020/03/17/the-places-a-covid-19-recession-will-likely-hit-hardest/)

Based on this information, Extension calculated the share of total employment for each Minnesota county in these five industries. Extension then broke the counties into quartiles based on those percentages (Map 1).

The map provides some interesting insights. Not surprisingly, the more mining and tourism-dependent regions of northeast Minnesota appear most at risk. Five of the seven counties in the Twin Cities metro area are high risk—including Hennepin, Washington, Anoka, Scott, and Dakota counties. Hennepin County is Minnesota’s largest county in terms of employment, with more than 1 million jobs. Also, several of Minnesota’s regional economic centers appear at moderate to high risk—Blue Earth County (Mankato), Lyon County (Marshall), Stearns (St. Cloud), and Olmsted (Rochester) among them.

**Map 1: Minnesota Counties Most at Risk from COVID-19 Employment Affects**



## NOTES ON THE ANALYSIS

**Definition of a job:** For the map of Minnesota counties, a job is one job, regardless if it is full-time, part-time, or seasonal. Therefore, it is not unusual to see higher job counts in industries with more part-time employment.

**Job postings:** Job posting data is collected from online employment advertisements. In certain industries, recruitment may be more in person and less online. In these industries, the job posting data included here may not fully represent activity. Further, EMSI works hard to deduplicate postings, but it is not a perfect science. You can read more about their process at <https://www.economicmodeling.com/data/>.

**Mining:** In the job posting data, mining appears as an area with growth. In the Minnesota county map, however, mining is modeled as a potential area of concern. Why is this? Moody’s Analytics

has predicted mining will be negatively affected. It is possible job postings in Minnesota do not yet reflect this potential trend.

**Why DEED data is not used:** As of April 3, the Department of Labor has released initial unemployment claims data at the national and state level. With time, Minnesota's Department of Employment and Economic Development (DEED) will release more nuanced data that provides further insight into industries with the highest number of claims. There is a lag, however, that is associated with the data.

## **PREPARED**

By Brigid Tuck, senior economic impact analyst, [tuckb@umn.edu](mailto:tuckb@umn.edu)

April 3, 2020



© 2020 Regents of the University of Minnesota. All rights reserved. University of Minnesota Extension is an equal opportunity educator and employer. In accordance with the Americans with Disabilities Act, this material is available in alternative formats upon request. Direct requests to 612-625-8233.

♻️ Printed on recycled and recyclable paper with at least 10 percent postconsumer waste material.