

Topics covered in this report:

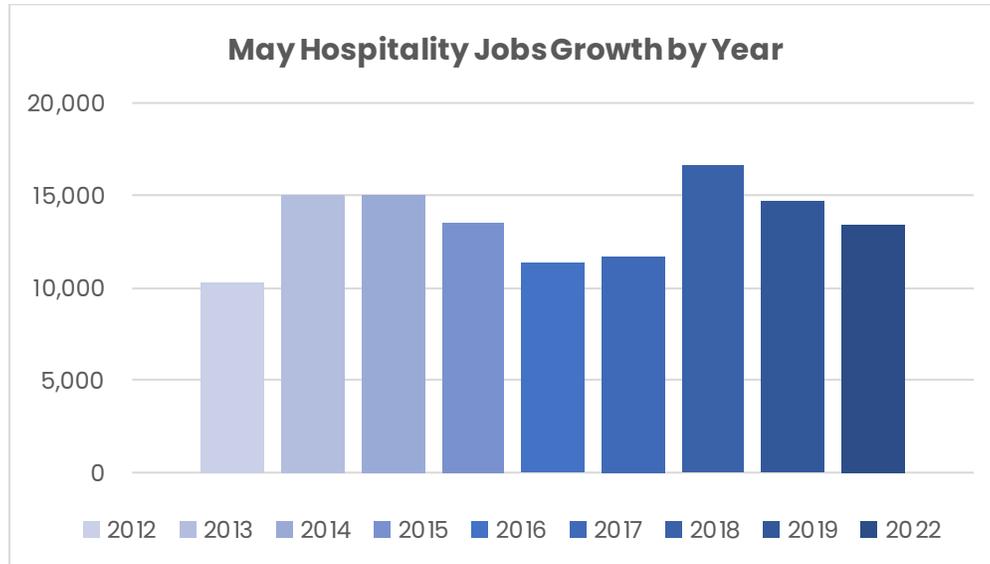
- Understanding the current jobs numbers and trends
- How these trends impact you and the broader economy
- Resources for finding workers
- Spotlight on younger worker trends and intel

Hospitality Industry Adds 13,000 Jobs in May

Positive trendlines continued this month as Minnesota’s Hospitality and Leisure industry added 13,415 workers from April to May according to [data from the Department of Employment and Economic Development](#) (DEED). This builds on the previous month’s growth of 5,626, as workforce numbers continue to head in a positive direction.

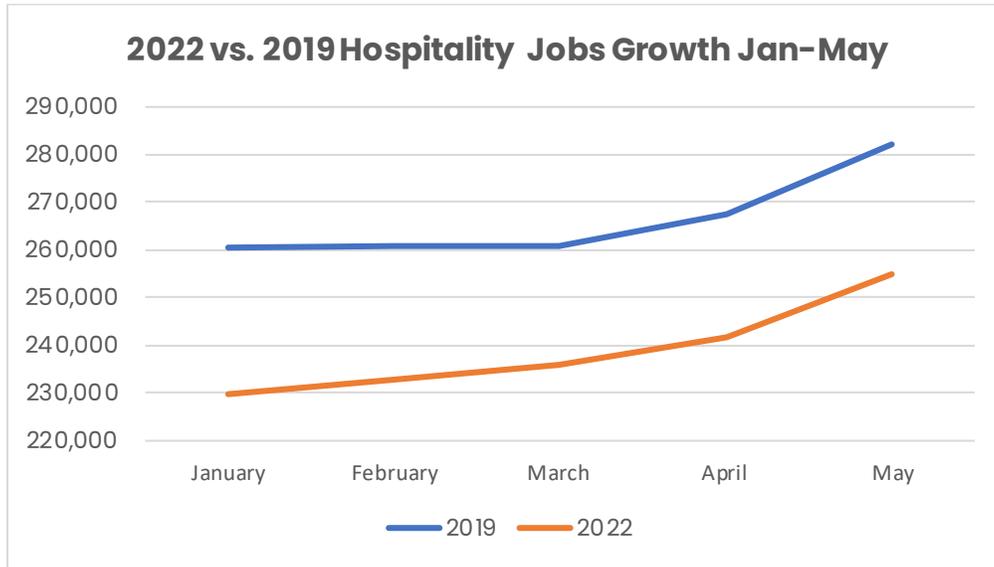
“Normal” Seasonal Jobs Growth

We are encouraged to see workforce growth of this volume that is in line with “normal” hiring conditions for the month of May. Over the last decade the average number of jobs added to the industry in May was 13,529 (excluding COVID years 2020-21).



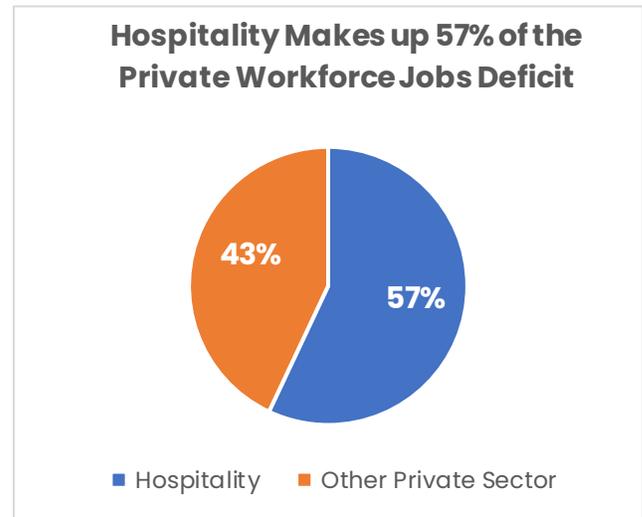
Workforce Shortage Continues

While headed in the right direction, the industry remains down 27,231 workers from pre-pandemic levels (May 2019). This shortage continues to put pressure on employers to fill their workforce needs. According to the survey conducted last month by Hospitality Minnesota, the Federal Reserve Bank of Minneapolis, and Explore Minnesota Tourism, 88% of hospitality operators reported labor availability as “tight.”



Hospitality Jobs Deficit Driving Statewide Private Sector Jobs Deficit

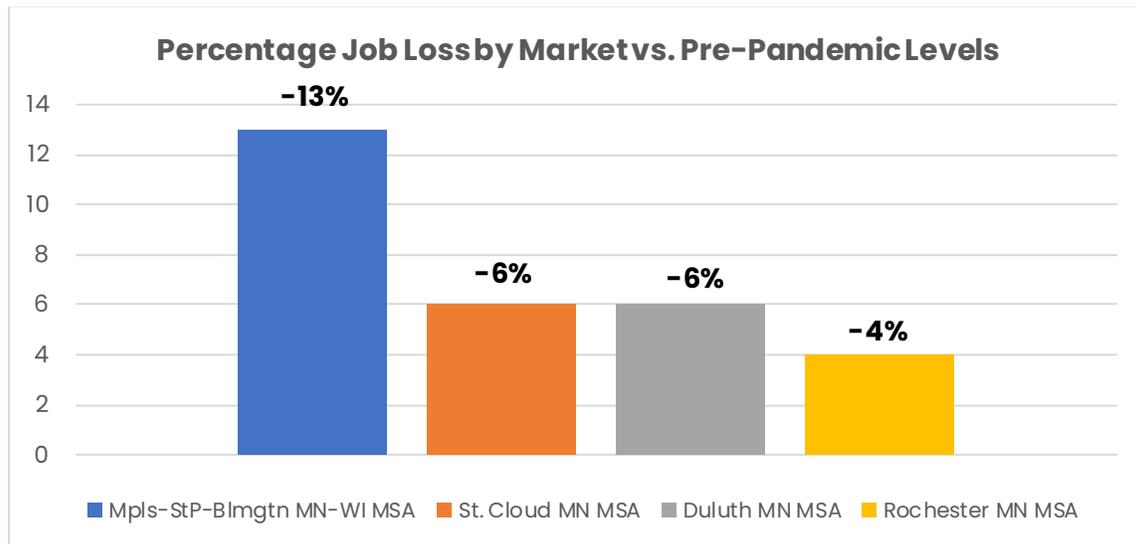
The current hospitality jobs deficit compared to pre-pandemic levels (27,231) continues to make up an outsized portion of the total private workforce jobs deficit. 47,763 private industry workers remain “on the bench,” meaning that hospitality represents 57% of this deficit. The labor participation rate has ticked up to 68.4% (from 67.3% in December 2021) in MN, however, hospitality job levels are not bouncing back as fast as other private industries.





Statewide Jobs Deficit Driven by Metro Shortage

The current *statewide* jobs deficit in hospitality appears to be largely driven by a massive *metro-area* jobs deficit. According to [DEED](#), the Minneapolis–St. Paul–Bloomington MN–WI MSA* is currently down 25,402 workers from pre-pandemic levels. That is a deficit of 13% from pre-pandemic levels and is two-to-three-fold worse than the other major markets tracked by DEED:



**Note: The Minneapolis–St. Paul–Bloomington MN–WI MSA includes 15 counties centered around the Twin-Cities, including 2 counties in Wisconsin. However, the population of the two Wisconsin counties is nominal (130,000) compared to the total population of the MSA (3.7M).*

Densely-populated areas were typically hit harder by conditions surrounding the pandemic over the last two years. In addition, however, employers in the Twin-Cities face additional concerns in hiring workers ranging from public safety to transportation, housing and childcare costs. Demand has also been impacted by the slow return of corporate and government workers to the city centers, and lower-than-normal occupancy rates in overnight accommodation. While worker shortages persist statewide, greater Minnesota broadly is much closer to “normal” levels of hospitality workforce than the metro. As members across the state have acknowledged, the recovery of the metro will be critical to a fully-recovered statewide hospitality industry over the next two years.

Regional Workforce Roundtable: “Where to Find Workers”

Continuing our regional engagement on workforce, Hospitality Minnesota recently participated in the SE Minnesota/Rochester Hospitality 1st Roundtable: “Where to Find Workers.” Presenters from DEED provided regional and state workforce data and advice for employers. Among other things, the presenters encouraged employers to look to under-employed demographics including Minnesotans of color, immigrant communities, Minnesotans with disabilities, people recently released from correctional facilities, youth workers and veterans (see resources below).



Minnesotans of Color and Immigrant Communities

In its recent [announcement](#) of the new Office of Public Engagement, DEED shared the following regarding communities of color and immigrants in Minnesota:

“While the state’s population grew 8.9% over the past decade, the state’s Black or African American population increased 54.9%, the equivalent of more than 140,000 new residents, accounting for just over 30% of total population growth ... [t]he increase of nearly 56,000 Black workers in the state accounted for 34.8% of the state’s total gain of 160,500 workers from 2010 to 2020. Additionally, immigrants and refugees are critical to Minnesota’s economy. Minnesota is home to more than 470,000 foreign-born residents, and over the past ten years, nearly 105,000 new immigrants and refugees have made Minnesota their home. Just over 50% of Minnesota’s recent labor force growth has been driven by immigrants.”

Minnesotans with Disabilities

In its resource [Why Hiring People with Disabilities is Good for Business](#), DEED shares the following:

“Business trends in staffing show that hiring people who have disabilities adds a valuable dimension to workforce recruiting. In fact, 20% of our population has a health condition that may or may not affect the way they interact with their work environment. And that number is on the rise ... hiring people who have disabilities benefits human resource strategy and improves the bottom line because, in general, people who have disabilities:

- Are a strategic target in addressing future workforce shortages.
- Increase the pool of talent from which companies can recruit.
- Demonstrate high levels of performance, productivity and loyalty, which in turn helps build stronger employee engagement overall.
- Contribute significantly to innovating company processes and products.
- Open new market opportunities because the \$1.5 trillion market they represent would rather spend money with companies that employ people who have disabilities.
- Offer attractive returns on employee investments.”

Veterans

DEED has [resources on hiring veterans](#) and notes, among other things, that: “People who have served in the military or are currently serving have maturity and self-confidence. They can work under pressure in a team environment. They accept authority, are adaptable and seek responsibility and advancement. Veterans know how to communicate effectively and work efficiently within a system to get the job done right.”



Finding Workers: State Workforce Resources

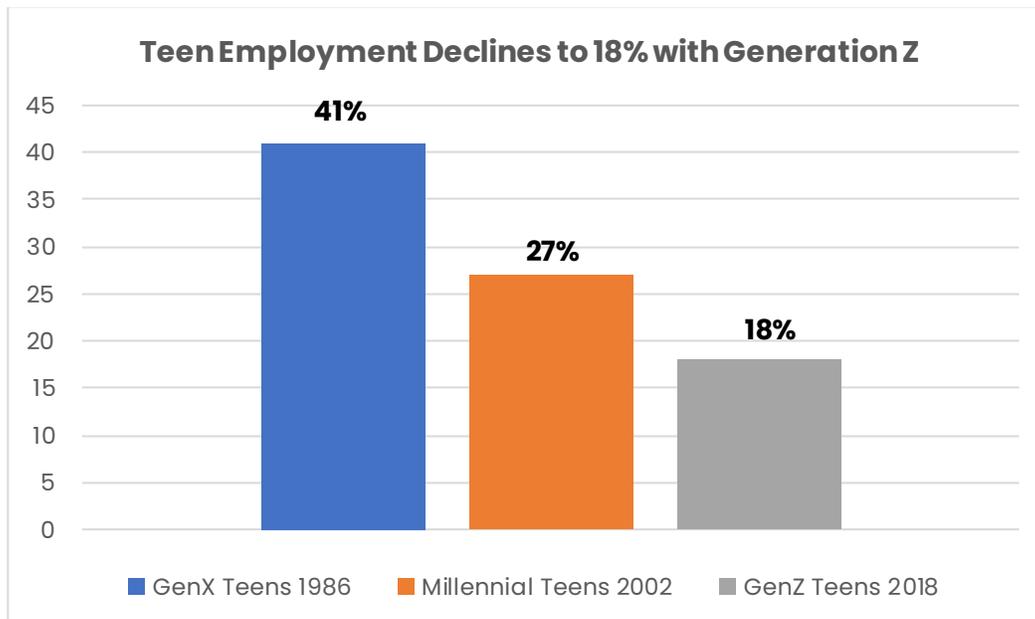
DEED provides additional resources to help employers to find workers, including free job posting on [Minnesotaworks.net](https://www.minnesotaworks.net) and [Careerforcemn.com](https://www.careerforcemn.com). As part of their “Workforce Wednesdays” series, DEED provides videos on engaging workers in the above-mentioned demographics including:

- [Strategies for Engaging Minnesota’s BIPOC Workforce](#)
- [Engaging our Immigrant and Refugee Workforce](#)
- [Recruiting and Retaining People with Disabilities](#)
- [Engaging with Minnesota’s Second Chance Workforce](#)
- [Engaging with Youth in Your Community](#)
- [Hiring Minnesota’s Veterans Tutorial](#)

More videos and resources from DEED/CareerForce MN can be [accessed online here](#). In addition, Minnesota has 16 regional workforce development boards. If you’re not familiar with your regional board or their resources, you can learn more online by [clicking here](#).

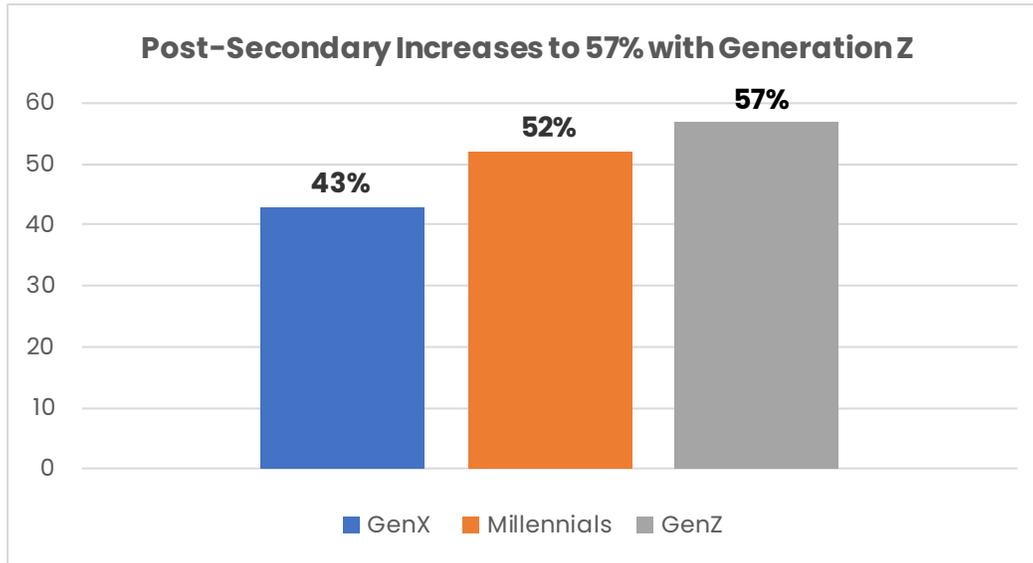
In the Spotlight: Trends in Younger Workers

Over the last five years, Hospitality Minnesota Education Foundation has been focused on young workers and developing the workforce pipeline of the future through the ProStart and Hospitality Tourism Management programs. One-in-three Americans get their start in hospitality and our industry traditionally employs a higher proportion of youth workers than other sectors. However, trends in younger workers have been shifting in a manner that negatively impacts our industry. While the World Economic Forum projects that Generation Z will make up 27% of the workforce in the next several years, the percentage of teens working has been declining even prior to the pandemic:





At the same time Gen Z is pursuing post-secondary education at a higher rate:



Source: Annie E. Casey Foundation

To dive further into these statistics, visit the [Annie E. Casey Foundation](#). Additional analysis of Generation Z in the workplace (and other issues) can be found in a new report by [Murmuration and Walton Family Foundation](#), which notes the following trends:

“In contrast to the work of the previous generation, environments that are creative (20%), unconventional (21%), and employ social skills (20%) offer the most appeal to Gen Z ... Zoomers will not accept a work model that is foisted upon them, they want to be involved in the design of the next model of work.”

In addition to wanting to be involved in providing meaningful input about their workplace, younger workers want purpose-driven work that aligns with their values. This can include hospitality positions which are by their nature creative, engaging and designed to provide special experiences and “be-of-service” to guests and communities. Young workers are valuing work-life balance and schedule flexibility higher than previous generations and are more interested in workplaces with a culture that supports mental health and personal wellness programs.

Younger workers are also acutely focused on career development. Even entry-level workers want to know how an employer is going to develop them and help them “ladder up.” Employers that can help young workers envision their future *career* in the hospitality industry through career pathways, certifications, etc. are better positioned to take advantage of these conditions. Strengths-based recognition, appreciation from managers, mentorship and coaching, and real-time communication through team meetings and technology are also valued highly.



Given the growing role Generation Z will play in the hospitality workforce in the coming years, employers who begin adapting now are more likely to be successful in meeting their workforce needs over the next decade.

Closing Note

The current increase in hospitality workers and strong summer revenue projections are positive signs that our industry's multi-year economic recovery is moving in the right direction. However, in order to truly recover to a statewide position of robust growth we must grow the workforce pipeline. This includes expanding training programs and industry engagement in the ProStart and Hospitality Tourism Management programs currently taught in over 100 Minnesota high schools.

In closing, we would like to thank HM member Andy Thilges for hosting and curating the SE Minnesota/Rochester Hospitality 1st Roundtable: "Where to Find Workers." Stay tuned for future regional workforce networking events.

You Can Help in Small but Important Ways

- Be the change you want to see. Hospitality Minnesota members can help advance our workforce initiatives by:
- Becoming a regional leader to organize a meet-up; contact ann@hospitalitymn.com
- Joining the Hospitality Minnesota Advocacy Group; contact ben@hospitalitymn.com
- Facilitating the expansion of the ProStart and HTMP programs in high schools by financially supporting the Hospitality Minnesota Education Foundation, becoming a mentor to a high school team and/or advocating for expansion in your local school(s)/district(s); contact cyndi@hospitalitymn.com

Your engagement is so important in helping us make an impact for your business and our industry - every little bit matters!

For more information:

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