

**Minnesota Now (MPR) | Steve Grove on the latest unemployment numbers
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CATHY WURZER: Unemployment in Minnesota is now at an all-time low, just 2%. That's the lowest since the metric started being tracked in 1976. That sounds great, right? But the numbers are not all good news.

Black and Hispanic Minnesotans are experiencing much higher unemployment rates than white Minnesotans, nearly 7% for Black Minnesotans compared to just 2 and 1/2% for white Minnesotans. Here to break down all the numbers for us is Steve Grove. He's the commissioner of the Minnesota Department of Employment and Economic Development. Welcome, Commissioner.

STEVE GROVE: Hey, Cathy. Thanks for having me.

CATHY WURZER: Let's start with the big picture. 2.2% unemployment rate is obviously very good. What do we know about why unemployment continues to tick down?

STEVE GROVE: Well, the good news is our unemployment rate does continue to go down because people are getting back into the job market. There was a time during the pandemic where that rate was artificially low because people were giving up on finding jobs. That is not the case. Minnesota has, at this point, the sixth highest labor force participation rate in the country.

So people are really getting back to work fast. But with that low unemployment rate and so many jobs available for very few people available to search for them, we now, in our state, have the fifth tightest labor market in the country. So it is just a really tight market right now for employers trying to hire people in a really, really competitive labor market.

CATHY WURZER: And the state keeps adding jobs, though. In what industries?

STEVE GROVE: Well, we're adding jobs in almost every industry. You've seen big upticks in manufacturing, certainly in health care. Leisure and hospitality have bounced back a lot since the pandemic. Of course, that industry was massively hit during the pandemic due to all the challenges there with in-person service.

But you're right. Eight months in a row of job growth in our state, that is a very good thing. And our rates continue to climb there. But as you point out, the growth has not been equal across all groups in our state. And that's something that we're very focused on here in state government.

CATHY WURZER: Can you explain for us what are some of the theories? There is this major inequality here. Why is unemployment so much more prevalent for Black and Hispanic Minnesotans?

STEVE GROVE: Well, a lot of it has to do with the industries for which workers from those backgrounds are most often represented. Black workers in particular often show up in higher numbers in industries that have higher churn, so industries where jobs move in and out more quickly. Some of those jobs are also lower wage jobs as well. And so there's just more movement there.

I think, certainly, there is systemic racism in Minnesota, and in our economy more broadly. There has been some progress over the past decade as it relates to the unemployment rate for Black Minnesotans. It has gotten a lot better in the past 10 years. It's now the fifth lowest Black unemployment rate in the country.

If we compare ourselves to our friends in Wisconsin, over there, the Black unemployment rate is almost 11%. So some of this is relative. But tell that to somebody who's trying to find a job and whose income is, on average, \$35,000 less per year than a white counterpart, and you know we have some equality issues here that we really have to focus in on as a state if we're going to make progress.

And it's something that I think really does matter to everybody. Our labor force is growing, in the next 10 years, 70% from people of color. So this is where all of our labor force is growing. If these inequities don't shift, we're not going to be taking advantage of where our growth is economically.

CATHY WURZER: I was talking to an economist over the weekend who was talking about jobless figures. And the more educated the workforce, the economist said, the lower the unemployment rate usually is. Blacks and Hispanics, if you look at figures, are less likely to have completed high school or college. So I'm wondering, does education, education levels help explain some of this racial and ethnic disparity in unemployment?

STEVE GROVE: It does. If you look at that rate in Minnesota, 43.4% of Black or African-American adults have a high school diploma or less compared to just 29% of whites. Education makes a huge difference. On the whole, Minnesota's secret as an economic success as a state has been our talent. We have some of the highest high school graduation rates, highest college graduation rates, and best investments in education.

But that has not been uniquely distributed. One of the things the governor is trying to do here in working with stakeholders across community is really advance how schools are addressing educational gaps in the system, both hiring more teachers of color, investing more in districts that need extra help, looking for ways to really replicate what was truly the Minnesota Miracle back in the early 1970s, when some property taxes shifted and made this state one of the most inclusive environments for education in the country. That's the kind of attention we need at this inflection point as well. Really, the future of our economy depends on it.

CATHY WURZER: What's DEED's focus when it comes to education and retraining?

STEVE GROVE: Well, DEED is the state's primary workforce development agency. We are charged with training workers for the businesses that need them in our economy today. And so we focus very heavily on putting hundreds of millions of dollars into workforce training across dozens and dozens of partners through our workforce development system.

And I'll tell you, Cathy, we're trying to do things differently here. We know that if you just do the same things you've been doing for a couple of decades, you're going to get the same result. And at a really unique time, when the labor market is so tight, when people access training differently, and where you have these disparities, you should expect something different from government.

So we have massively increased the amount of money we're directing towards workforce development. We have shifted significantly the percentage of people of color who avail themselves of our training. And we've been pushing the legislature, who, of course, dictate the budget that we get to put to work for Minnesotans, to really prioritize communities of color in their work.

We had a number of programs that were left on the table here in this last legislative session when the Senate walked away that would have significantly advanced workforce training for immigrants and refugees, people of color, those in greater Minnesota who lack access to some of this training. In a big shift like we're seeing in our economy today, where people are trying new jobs, you oftentimes need training to just to reskill the shift industries. Things are changing our economy quickly. And your government should be here to help and to help businesses access stronger talent.

CATHY Are you seeing any movement, any needle moving with some of these programs at all?

WURZER:

STEVE GROVE: We are, yeah. We're seeing significantly more people back into the labor force. Like I said before, we have one of the highest labor force participation rates in the country. People in Minnesota do work hard. And we're seeing record drop-offs in those who are taking in unemployment insurance benefits at our department every week and a lot of folks getting back into the market on the backs of this training.

One of the things we're trying to do is look out into the future. What are the jobs that are going to be most in demand in the next 10 years, and how do we train for those? I think the pandemic gave every worker in the state the chance to step back and say, all right, well, what is a good job in today's economy?

And with automation accelerating and technology being a central focus of the job market today, no matter what company you're in, how do I get a job that allows me to work in that space? And so we are putting a lot of money into training people for technology jobs, for jobs that involve manufacturing from an automation standpoint, really, the jobs of the future. And that's how you're going to get a state that can win this next chapter. If we continue to do what we've been doing for several decades, we're going to have the same workforce that might not match completely what employers need. So we are moving to modernize as quickly as we can.

CATHY So going back to the most recent jobless figures in Minnesota, I'm just kind of curious, how low do you think that this unemployment rate can go?

WURZER:

STEVE GROVE: Well, it's an interesting question. I'll be honest. When I talk to our economists here at the agency, we all kind of scratch our head. And the idea that it could be under 2% is just kind of-- it's a head-scratcher. It really is.

I don't know how much lower it can go. I will say that, of course, everyone's watching the national story as it relates to the Fed's movements and where inflation will go and if we'll see a bit of a cool-off here. This is a moment where I think most folks are holding their breath a little bit. But largely, a low unemployment rate is a good thing, so long as it shows that people are getting back into the labor market, which has been the case here in Minnesota.

So we'll take further dips so long as it means more people are getting into the market and helping workers. We just need to get more people to come to the state. And I think for a long time, Minnesota hasn't been as aggressive on recruiting talent. We haven't been as, I don't know, boastful of ourselves or aggressive in marketing Minnesota. We think we think that needs to change.

Minnesota needs to be out there telling the rest of the country, hey, come and live and work here. We've got challenges like every state, but we're working on them. And this happens to be one of the best economies in the country to work or to start a business.

For example, you start business in Minnesota, more likely to be around in five years than in any other state in the country. So we have built a really strong economy here. We just need to celebrate it to others and get more folks to think about coming and taking part in it.

CATHY All right, Commissioner, I appreciate your time. Thank you so much.

WURZER:

STEVE GROVE: Yeah, thanks, Cathy. Talk to you soon.

CATHY Steve Grove is the commissioner for the Minnesota Department of Employment and Economic Development.

WURZER: