

Tepid Job Growth in Hospitality & Leisure in April 2021: Industry Remains Down 80,000 jobs

Despite the Governor’s March dial turns to allow increased capacity for events, pools and foodservice venues, April saw tepid job growth according to the newest report from the [Department of Employment and Economic Development](#). The report notes that hospitality and leisure gained 3,100 jobs in April, a 1.4% increase. While this represents an annual increase of 85,732 from April 2020 (when restaurants were shut down and travel restricted), the industry is still down nearly 84,000 jobs (208,530 today, down from 292,500 in December of 2019).

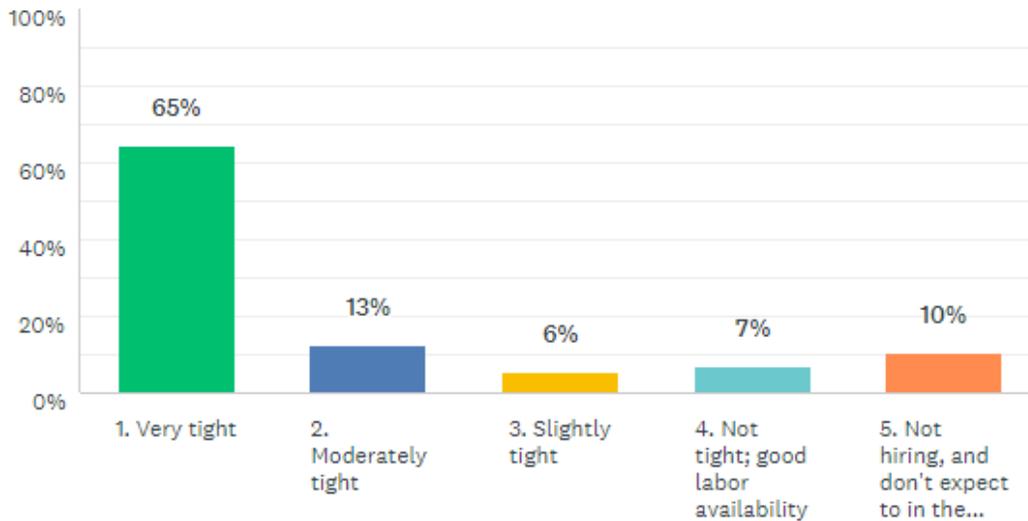


(*all numbers in thousands)

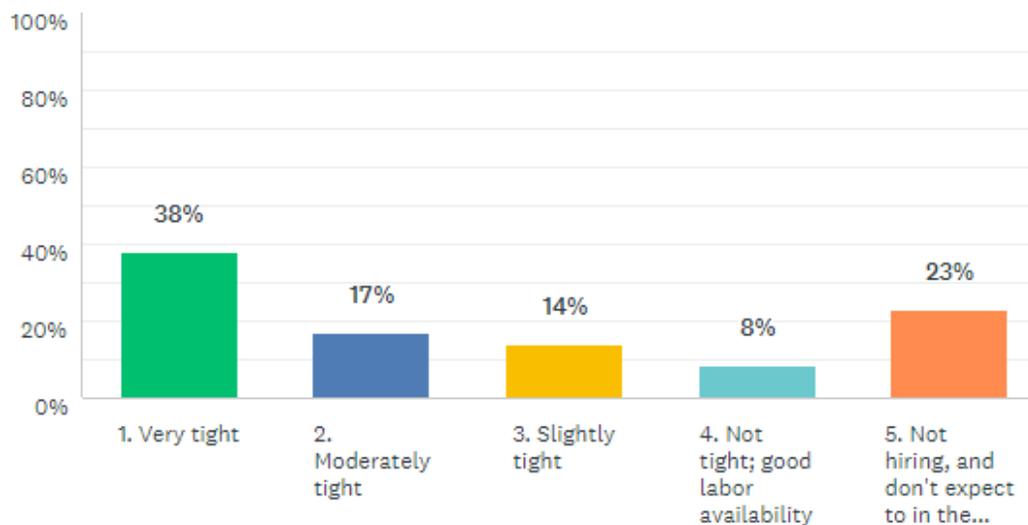
The DEED report indicates that as of April, Minnesota had regained 235,300 of the 416,300 jobs lost last year. It appears that 46% of the 181,000 jobs that have *not* been regained are in the leisure and hospitality industry.

Despite Labor Needs, Availability Increasingly Tight. In the May survey that Hospitality Minnesota conducted with the Minneapolis Federal Reserve Bank and Explore Minnesota Tourism, 69% of operators indicated they were hiring over the past three months and 73% said they will be hiring over the next three months. 65% described labor availability as “very tight” and an additional 19% responded “moderately” or “slightly” tight. In March, 38% of operators had responded “very tight” compared to 31% indicating “moderately” or “slightly” tight.

May 2021 | Hospitality Labor Availability



March 2021 | Hospitality Labor Availability



The events of the last year have unfortunately culminated in a perfect storm of challenges when it comes to finding workers, including:

- Structural shortage (even pre-pandemic projections indicated MN needs to add 25,000 jobs);
- Unemployment benefits dis-incentivizing some workers from returning to work;
- Workers leaving the industry for other jobs due to repeat shutdowns and layoffs (according to this [DEED report](#), as many as 18-20% of accommodation/foodservice workers moved on to other employers after last summer's shutdown/layoffs).
- Unavailability and/or high cost of childcare for workers with children;
- Employee safety concerns (both related to COVID and regional public safety concerns); and
- Limits on international workers due to federal visa caps.

There is [an ongoing national conversation](#) about whether the additional federal unemployment benefits slated to last through September may have outlived their purpose, with some states opting out. While this isn't the only factor suppressing labor availability, it is certainly having an impact. Hospitality Minnesota conducted the following analysis based on several state wage ranges to provide perspective. Assuming that an individual worked 40 hours/week, here's how the current benefits project:

Hourly wage pre-unemployment	Annual with extra \$300 per week	Adjusted hourly wage
\$10.21 <i>(state minimum)</i>	\$26, 218	\$12.60
\$13.25 <i>(Mpls-large employer)</i>	\$29,380	\$14.13
\$15.00	\$31,200	\$15.00
\$25.00	\$41,600	\$20.00
\$30.00	\$46,800	\$22.50

Note: These projections do not include direct stimulus checks over the last year, for which the baseline for an individual w/out children equals \$3,200 between the 3 rounds of checks.

From this analysis, the current benefit structure might incentivize anyone making \$15.00 or less an hour to remain on U/I (as well as other workers depending on their individual situation).

Childcare. Workers who need childcare are likely dis-incentivized from returning to work even at the higher wage rates. According to [this source](#), childcare in MN is currently \$125-370/week (depending on location and type of care) which works out to \$6,500 to \$19,240.

Industry Advocacy. While there is no silver bullet solution to the current workforce shortage, Hospitality Minnesota is taking the following actions to address the issue:

- Pressuring DEED to aggressively enforce work requirements and audit interview/job offers;
- Supporting [state legislation](#) to incentivize workers to return now;
- Working to expand the [ProStart and Hospitality Tourism Management Program](#);
- Supporting comprehensive immigration reform and increase of international visa workers;
- Working with national and local partners to solve workforce challenges and share best practices across states and among operators.