

# ECONOMY IN BRIEF



RESEARCH &  
ANALYSIS BUREAU

November 2013

NEVADA'S PREMIER SOURCE OF WORKFORCE & ECONOMIC INFORMATION AND ANALYSIS

## Economic Summary

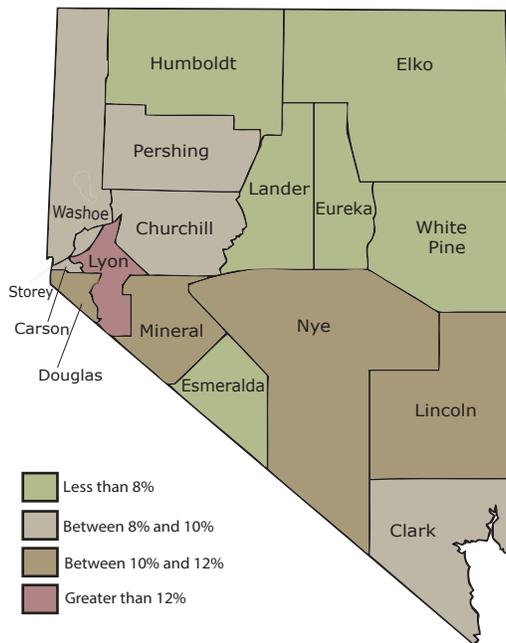
For the second month in a row, employment in Nevada advanced with above average growth. The seasonally adjusted addition of 9,500 jobs in November was above the 2013 average gain of 1,600, as was October's revised estimate of 6,600. Nevada's unemployment rate fell to nine percent in November from 9.3 percent in October. The decline was also remarkable in that a drop of at least 0.3 has not been experienced since November of last year. Still there are 123,000 unemployed Nevadans.

While not directly comparable to the State information reported above, non-seasonally adjusted unemployment rates in the State's three largest population centers fell over the month. More importantly, each area recorded year-over-year declines ranging from 0.6 percentage point in Carson City to 1.2 points in Las Vegas and Reno/Sparks. Carson City remains home to the highest rate of the three metro areas at 9.1 percent. Las Vegas has a rate of 8.6 percent and in the Reno/Sparks area the rate measured 8.2 percent.

Given historical trends, we would expect a slight decline of about 700 jobs from October to November. This November, job levels increased by 8,800. The end result is the seasonally adjusted gain of 9,500 reported above.

The U.S. economy continues to recover as well. Employment has increased for 38 consecutive months and has averaged 189,000 new jobs per month in 2013. The U.S. economy is about 880,000 jobs shy of its former peak, which was set in 2007. At the current

Unemployment Rate by County



rate of job production, employment levels should hit the recovery mark (the previous peak) sometime in 2014 barring any unforeseen impediments. The nation's unemployment rate also fell by 0.3 percentage point from October to November, to seven percent.

Many states, especially in the mid-west, have already put the recession in their rear view mirror. These states have "recovered," meaning current employment levels are above their former peak. Nevada's recovery is less developed because it was one of the last states to begin growing again. Of the jobs lost during 2007 to 2011, about one quarter of them have returned. The State has recovered relatively more jobs than Rhode Island,

## Economic Indicators

UNEMPLOYMENT RATES	NOV 2013
NEVADA *	9.0%
LAS VEGAS-PARADISE MSA	8.6%
RENO-SPARKS MSA	8.2%
CARSON CITY MSA	9.1%
ELKO MICROPOLITAN AREA	5.1%
UNITED STATES *	7.0%
CALIFORNIA *	8.7%
* Seasonally Adjusted	
JOB GROWTH (Y-O-Y)*	
NEVADA*	1.8%
LAS VEGAS-PARADISE MSA	2.4%
RENO-SPARKS MSA	0.9%
CARSON CITY MSA	-2.9%
UNITED STATES*	1.7%
CALIFORNIA*	1.6%
* Seasonally Adjusted	
CONSUMER PRICE INDEX (Y-O-Y)	
UNITED STATES	-0.2%
GAMING WIN (Y-O-Y)	
OCT 2012 - OCT 2013	
NEVADA	-2.6%
CLARK COUNTY	-2.3%
WASHOE COUNTY	0.0%
TAXABLE SALES (Y-O-Y)	
AUG 2012 -AUG 2013	
NEVADA	6.1%
CLARK COUNTY	8.3%
WASHOE COUNTY	9.2%

Alabama, and New Mexico..

Employment counts in the retail trade sector moved above pre-recession levels for the first time. Pre-recession levels peaked in 2007 at 139,800, fell to a low in 2010 at 127,200, and for the first time, reached above to 143,400 jobs in November. If these

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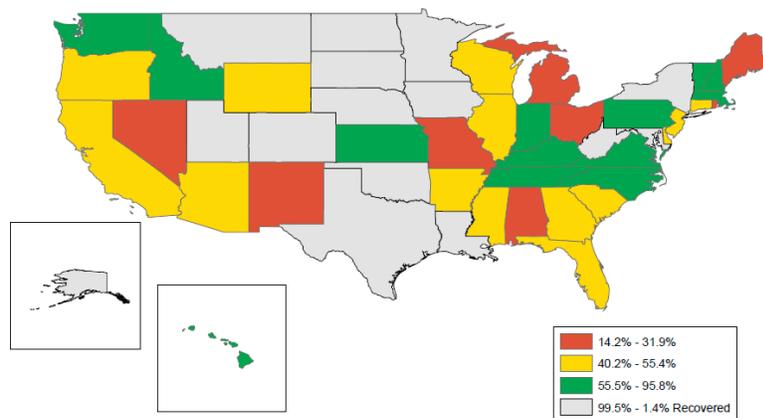
levels hold, retail trade is in an expansionary phase sooner than anticipated. Shopping has become a tourist magnet in the Silver State, and thus is a comparative advantage.

Although some areas of the labor market are bouncing back, real wages, which account for inflation, are not. Comparing the first six months of the year relative to the same period in the previous year, total wages have grown by 0.8 percent. However, inflation has grown at a rate of 1.5 percent, indicating that Nevada's average weekly wages are not keeping up with inflation.

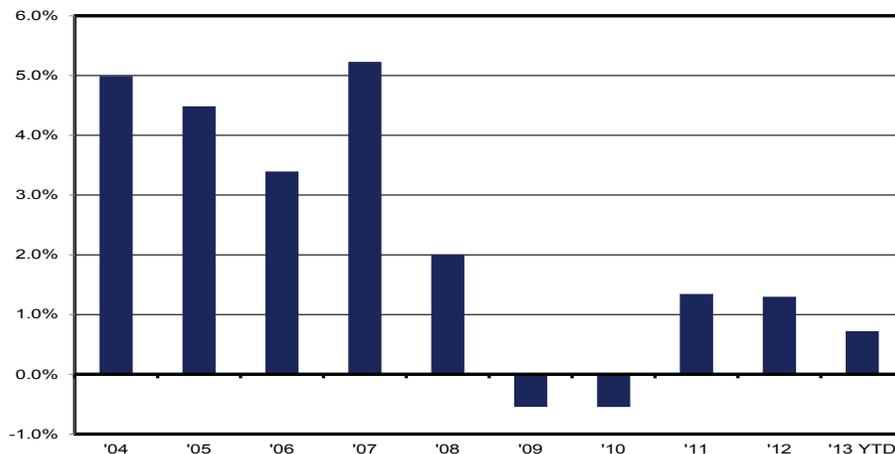
The Bureau of Labor Statistics reports six alternative measures of labor underutilization, deemed the U1-U6 rates, with the official unemployment rate most similar to the U-3 rate. The official ranks of the unemployed include all people without jobs who are ready to work and have actively sought employment in the prior four weeks. The other measures are provided to analyze the rate by redefining the official concept. Of the six other measures of underemployment, most attention is paid to the discouraged workers (U-4) and involuntary part-timers (U-6). Including all the people discouraged over jobs prospects (not included in the official definition because of failing to meet the job search criteria), the unemployment rate would increase by about 0.8 percentage point. The broadest measure of labor underutilization rates, U-6, includes involuntary part-timers, defined as those working part-time, but who would prefer full-time work. The U-6 rate, at 18.1 percent, peaked in the four-quarters ending in 2011:IQ at 23.7 percent.

In the Reno-Sparks area a cold front led to a record consumption of natural gas in a 24 hour period in early December. A cold winter in most of the U.S. and Nevada has halted gains in the construction industry; the sector lost 1,200 seasonally adjusted jobs over the month. The financial activities sector may also be struggling to lock in gains. In November it contracted by 1,000

Percentage of Jobs Lost During the Recession Recovered by State



Growth in Nevada Average Weekly Wages



Alternative Measures of Labor Underutilization (Through September 2013)

Measure	Underutilization Concept	Rate
Official Rate	jobless persons available to take a job who have actively sought work in the past four weeks	9.4%
U-1	jobless 15 weeks or longer	5.6%
U-2	job losers and persons losing a temporary job	5.4%
U-3	similar to official rate	9.7%
U-4	U-3 plus discouraged workers	10.5%
U-5	U-4 plus others marginally attached to the labor force	11.6%
U-6	U-5 plus those employed part-time for economic reasons	18.1%

# Economic Summary

positions, and year-over-year figures are flat.

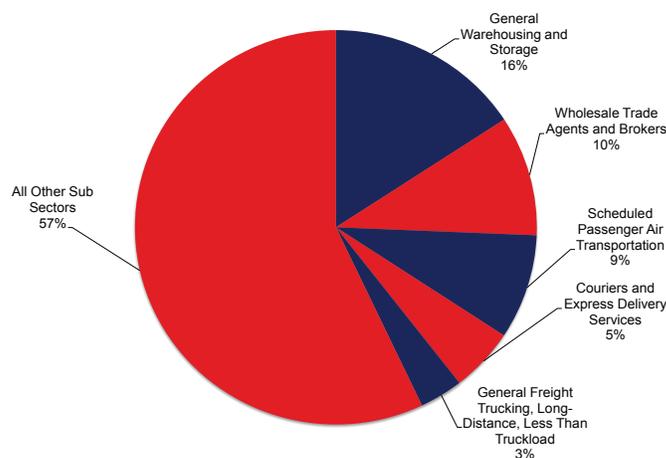
This month we look at employment in the logistics and operations industries, which are housed in the trade, transportation, and utilities sector. Nevada stands to emerge as a hub, so to speak, due to the State's location in the western U.S. Many companies have moved their operations to Nevada partly because most major western cities are within one or two days driving distance. Approximately 63,000 people are currently employed in these industries in Nevada, and logistics and operations employment as a whole has grown by nine percent since 2002.

The top employing sub-sector is general warehousing and storage with 10,000 employees, which is 16 percent of the total employment for the logistics and operations industry. General warehousing and storage has experienced a growth of 133 percent since 2002, more than doubling in ten years. The national growth rate for this sub-sector was at 36 percent for the same time period. Another top growth sub-sector is local specialized freight trucking. This subsector has grown by 107 percent since 2002, compared to a 13 percent national growth rate.

The health care and social assistance sector is a stalwart creator of new jobs. It sits 3,600 jobs above last year's reading as of November. Near-term demand is likely to increase due to the implementation of the Affordable Care Act. The increased demand for healthcare services should lead to more jobs in the sector.

Some are concerned that employers will cut back positions in response to the Affordable Care Act. Employers near the 50 full-time equivalent threshold may find it less expensive to stay below that level than to provide health care. Anecdotal evidence concerning the extent to which this is actually happening can be obtained by examining the employment records that nearly all Nevada employers must submit in compliance with unemployment insurance laws.

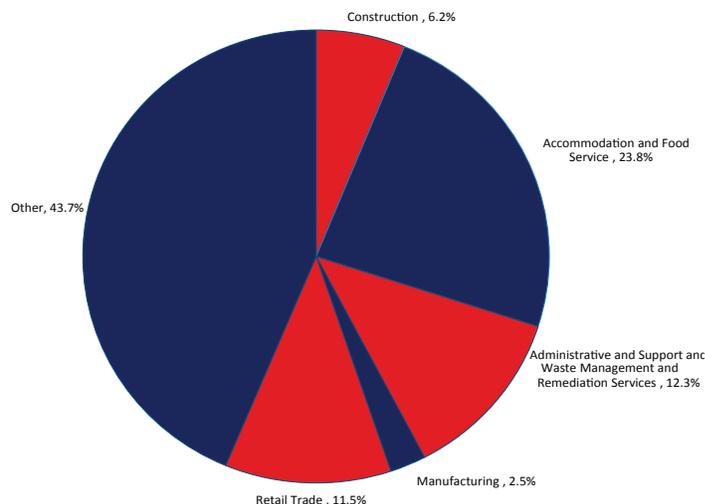
Employment Distribution: Logistics/Operations Sector



A Brief Examination of 2012-2013 Business-Size Changes from an Affordable Care Act Perspective

Business Size Relative to the 50-Employee ACA Threshold	Number of Businesses
Stayed Above	2,558
Stayed Below	58,709
Fell Below	228
Rose Above	323
Total	61,818

Black Employment by Industry in Nevada: 2006 (industries shown are those hardest-hit by the recession.)



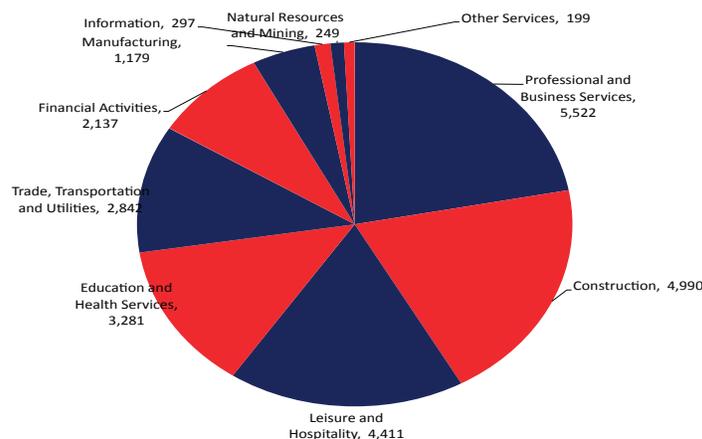
# Economic Summary

Over 60,000 unique business establishment records were examined with the vast majority (58,700) of businesses staying either above or below the 50 employee threshold between 2012:IIQ and 2013:IIQ. About 230 establishments fell below 50 employees when they were above a year earlier, and about 320 establishments rose above the 50 employee mark when they were below a year earlier. (It should be noted that the ACA threshold refers to full-time equivalent employees. Employers in Nevada do not report hours worked in submitting unemployment insurance records, hence, an FTE count cannot be calculated.)

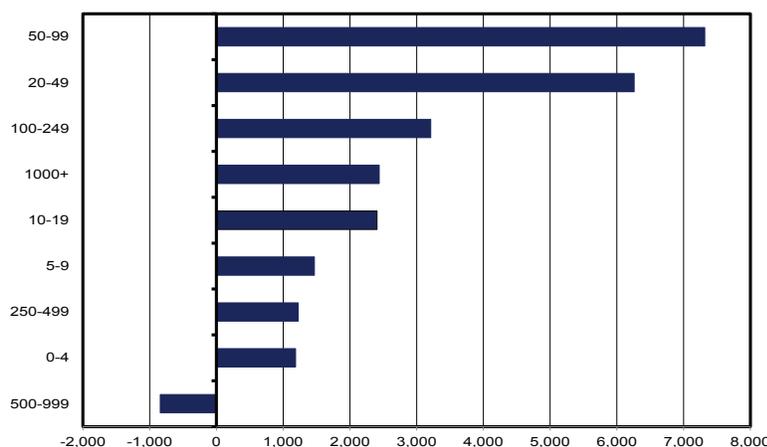
The Research and Analysis Bureau continues to investigate the relatively high unemployment rates for Blacks. One hypothesis is that Blacks were more concentrated in industries that lost a disproportionate amount of jobs over the recession. The five industries that lost the most jobs from 2006 to 2010 were construction (-83,600), accommodation and food services (-23,600), administrative/support/waste management (-19,000), manufacturing (-12,400), and retail (-9,600). Prior to the recession, Blacks were more concentrated in administrative/support/waste management/remediation services, but less concentrated in construction. The differences between the share of Black employment in these hardest hit industries compared with the share of jobs economy wide do little to explain the differences seen in the unemployment rates.

The end of the year means the beginning of the benchmarking process where the sample based Current Employment Statistics (CES) reported each month are realigned with the most accurate levels of employment available. Approximately 98 percent of all employment in Nevada is recorded in the unemployment insurance records and reported in the Quarterly Census of Employment and Wages (QCEW). The CES program is the more visible of the two because it provides a snapshot of current movements in

Quarterly Census of Employment and Wages Job Growth by Industry (YTD through IIQ; year-over-year; NSA)



Nevada Job Growth by Establishment Size (year-over-year)



Nevada's labor market versus a six month delay in the QCEW series.

Recently the Research and Analysis Bureau released 2013:IIQ QCEW results. Comparing them to CES estimates, we can see how some sectors will likely be changed in the benchmark. For example, the professional and business services sector has struggled according to CES estimates, but QCEW shows the sector has added the most jobs in the first half of 2013 compared to 2012. The construction industry had the highest growth rate in the QCEW series, increasing by ten percent. In the CES estimates, it was up by 4.5 percent in the first half of the year. We can now conclude that every major sector in Nevada's economy is adding to payrolls except government.

Although, its loss was a mere 60 jobs.

In the second quarter, the total number of jobs in the private sector was up by 25,400 jobs according to QCEW estimates. Small businesses with zero to 99 employees created more than three quarters of the total private sector jobs. Establishments in the 50 to 99 size class accounted for 7,300 jobs. Jobs among employers with 1000+ employees accounted for about ten percent of the gains, or 2,400 jobs from a year ago. The exception to employment growth by size class, are the establishments with 500-999 workers, where job readings fell 800, relative to 2012:IIQ.

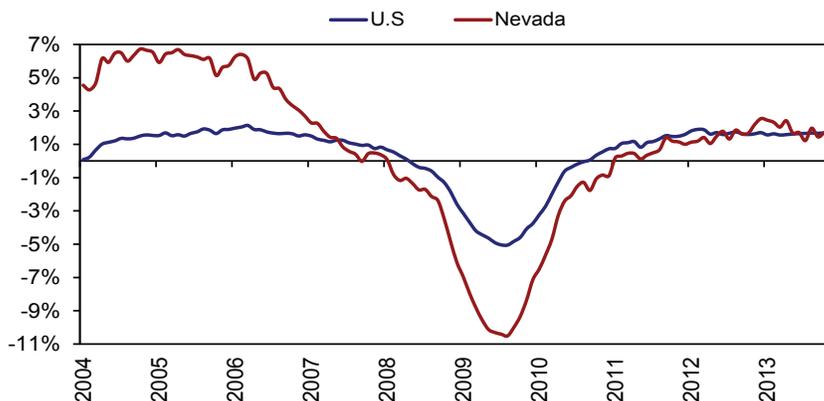
*Bill Anderson, Chief Economist  
Leandra Copeland, Supervising Economist*

# Trends at a Glance

## Industrial Employment

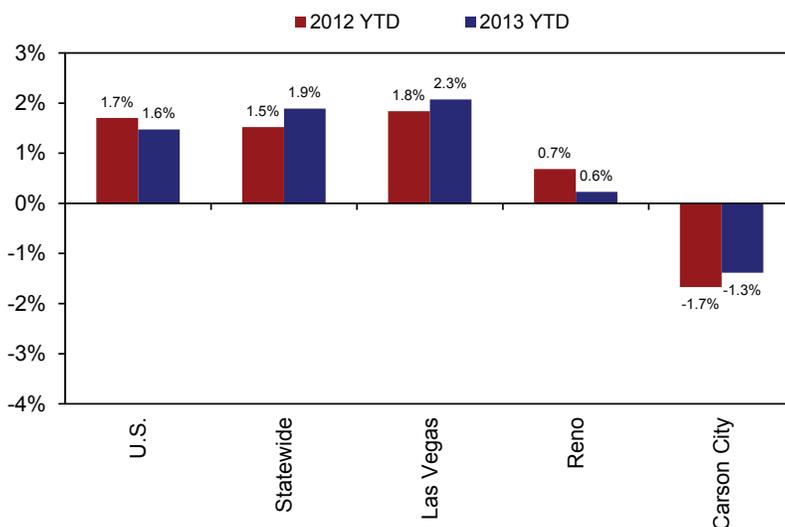
- Nevada's year-over-year job growth rate is above the nation's by 0.1 percent in November.
- Industrial employment in Nevada grew at a rate of 1.8 percent relative to a year prior, equating to a gain of 21,400 jobs.
- For the U.S., November job readings were up 1.7 percent relative to November 2012, equating to a gain of 2,306,000 jobs.

**Job Growth**  
(Year-Over-Year Percent Change)  
U.S. vs Nevada



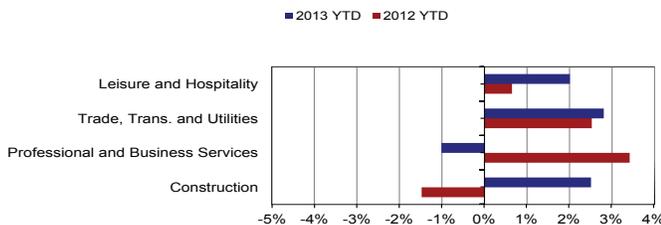
- The year-to-date annual rate of change in jobs remains better than a year ago for Nevada and its metro areas.
- The Las Vegas MSA's job count is 2.3 percent higher YTD in November relative to the same period in 2012.
- In the Reno-Sparks MSA, YTD job readings have increased by 0.6 percent since 2012.
- In Carson City, employment fell 1.3 percent YTD, and is the only metro area to have fewer jobs now than the same period as last year.

**Job Growth by Region**  
(YTD through November, Not Seasonally Adjusted)



- Jobs in the State's largest industry, leisure and hospitality, are up 2.0 percent YTD through November. A year earlier, YTD job readings were up 0.6 percent over the same time frame.
- Jobs in the trade, transportation, and utilities sectors are up 2.8 percent YTD relative to the same time frame in 2012.
- The professional and business services sector decreased 1.0 percent YTD through November 2013 from a year earlier.
- Jobs in construction increased over the past year equating to a 2.5 percent YTD increase.

**Job Growth by Industry**  
(YTD through November, Not Seasonally Adjusted)

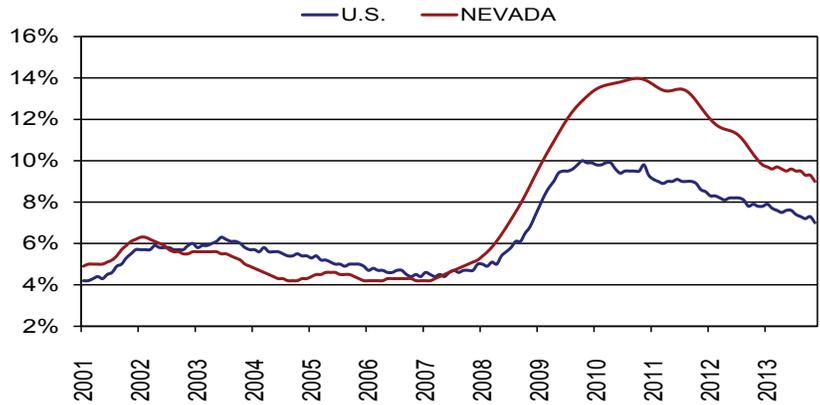


# Trends at a Glance

## Unemployment

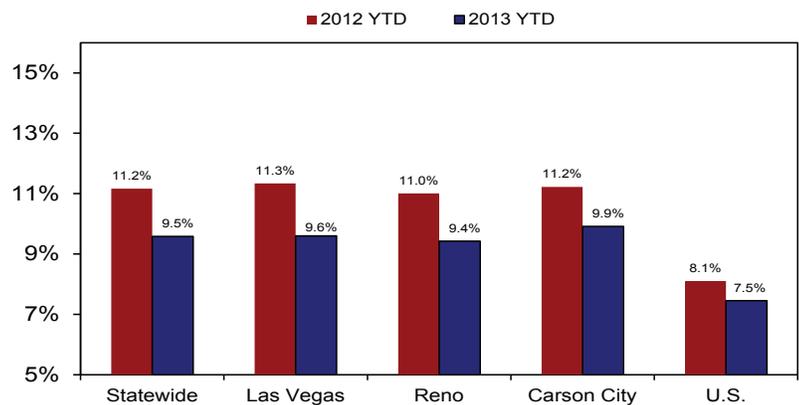
- November's seasonally adjusted unemployment rate in Nevada decreased by 0.3, to 9.0 percent.
- Nationally, the unemployment rate decreased by 0.3 percentage point from October to November to 7.0 percent.
- Nevada has the same unemployment rate as Rhode Island.

**Unemployment Rates U.S. vs Nevada (Seasonally Adjusted)**



- At 9.5 percent, the statewide unadjusted unemployment rate decreased 1.6 percentage points YTD from 2012 to 2013.
- The Las Vegas-Paradise MSA recorded an unemployment rate of 9.6 percent YTD through November, a 1.7 point decrease over-the-year.
- The Reno-Sparks MSA's jobless rate was 9.4 percent YTD through November. This equates to a decrease of 1.6 percentage points compared to the same period last year.
- The jobless rate in Carson City was 9.9 percent YTD through November, down 1.3 percentage points over the first 11 months of 2013.

**Unemployment Rate by Region (YTD through November, Not Seasonally Adjusted)**



- **Unemployment Insurance Statistics:**  
We are not reporting UI information this month due to potential volatility in the data as a result of the conversion to UInv, DETR's modernized computer system. Once data is available, we will look at all affected periods and make every attempt to provide a clearer picture of claim activity during the transition period.

**Nevada Unemployment Insurance: Initial Claims and Exhaustions (final payments)**

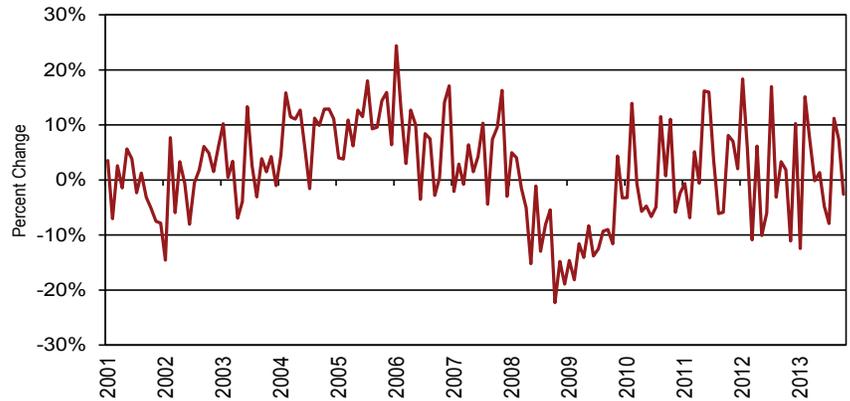


# Trends at a Glance

## Economic Indicators

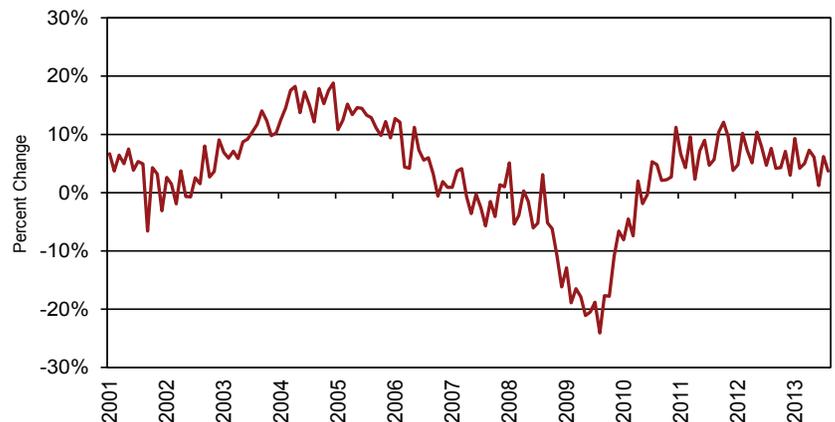
- Nevada’s non-restricted gaming licensees reported a 2.6 percent decrease in gaming win compared to October 2012.
- For the fiscal year-to-date, gaming win has increased 1.5 percent.

**Nevada Gross Gaming Win**  
(Year-Over-Year Percentage Change)



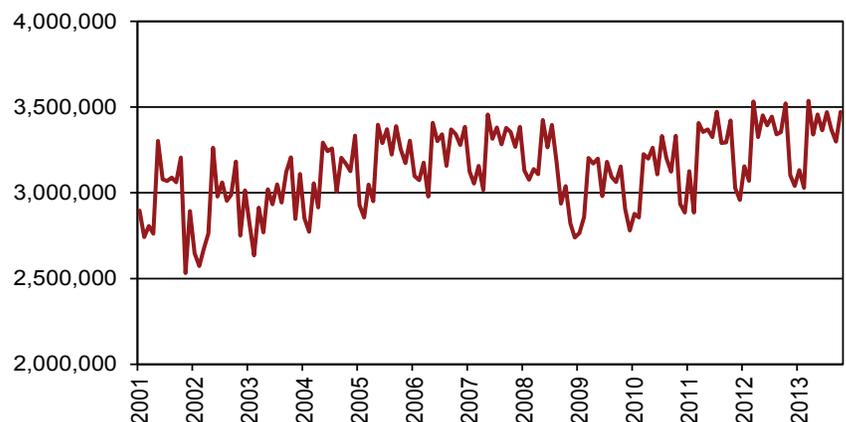
- In October, taxable sales increased 6.1 percent over October 2012 with collections totaling 3.89 million.

**Statewide Taxable Sales**  
(Year-Over-Year Percentage Change)



- Las Vegas visitor volume decreased 49,614 in October relative to a year prior, a 1.4 percent decrease.
- Year-to-date, visitor volume decreased 0.3 percent in 2013 compared to a year earlier.

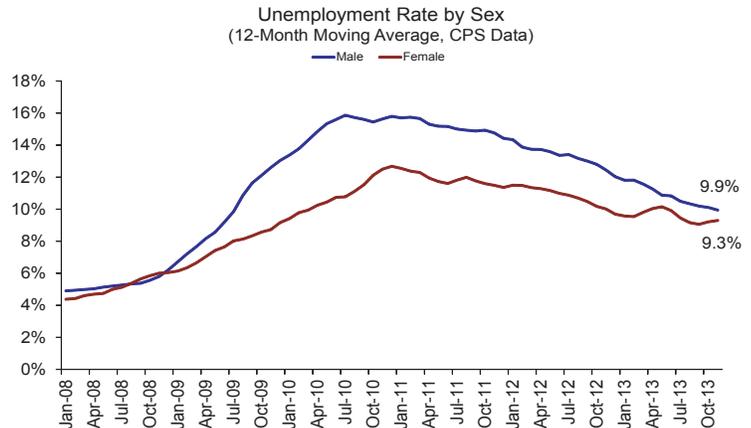
**Las Vegas Monthly Visitor Volume**



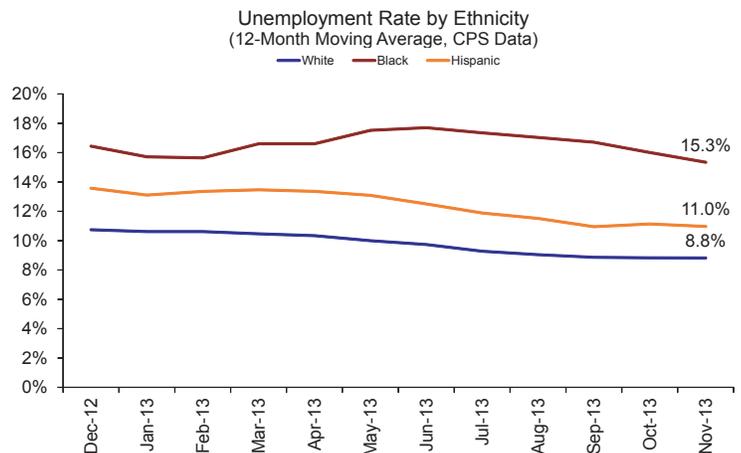
# Trends at a Glance

## Demographics of the Unemployed

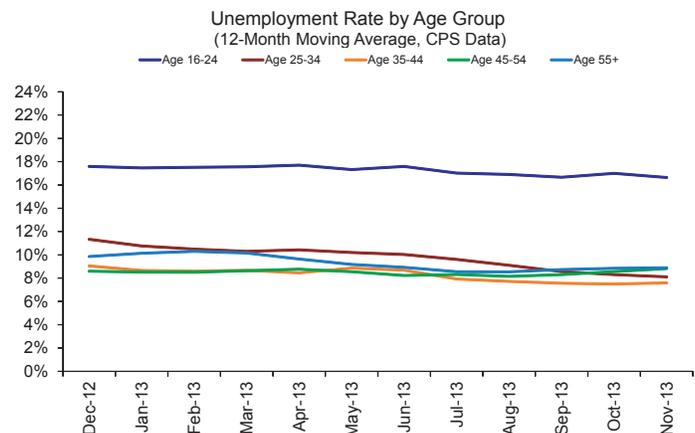
- The 12 month average unemployment rate for men in Nevada was 9.9 percent in November, down 0.2 percentage point from last month.
- Continuing its trend, the female unemployment rate increased to 9.3 percent from 9.2 percent.
- This is the lowest the male unemployment rate has been since July of 2009.



- The 12 month avg. unemployment rate for Nevada's Hispanic labor force decreased by 0.1 percentage points to 11.0 percent from October to November.
- The rate for Nevada's unemployed Black labor force decreased by 0.7 to 15.3 percent.
- The unemployment rate for Nevada's white labor force remained constant since last month at 8.8 percent.



- Nevada's youngest workers, age 16-24 experienced the highest unemployment rate of any age group in the State, coming in at 16.6 percent for the 12 month avg. ending in November.
- The unemployment rate for workers age 25-34 was 8.1 percent and is down by 0.2 percentage point since last month.
- The lowest unemployment rate for any age group in Nevada goes to the 35-44 year olds. For the 12 month avg. ending in November this group had an unemployment rate of 7.6 percent.

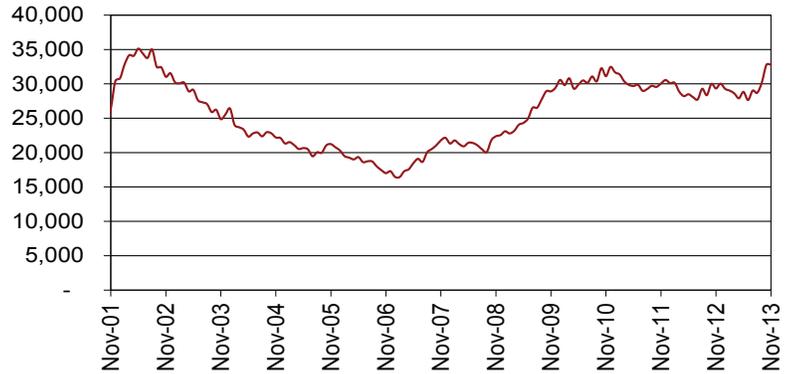


# Trends at a Glance

## Welfare Indicators

- The Temporary Assistance for Needy Families (TANF) program provides time-limited cash assistance to low-income families with children so they can be cared for in their own home. TANF also seeks to reduce dependency by promoting job preparation, reducing out-of-wedlock pregnancies and encouraging the formation and maintenance of two-parent families. As an economic indicator, TANF reveals information on the relative well-being of Nevada's low-income families. The number of recipients in the program is strongly influenced by the ups and downs of the business cycle.
- In November, 32,800 individuals were receiving assistance. Since November of last year, the level of assistance increased by 11.8 percent, or 3,469 more recipients.

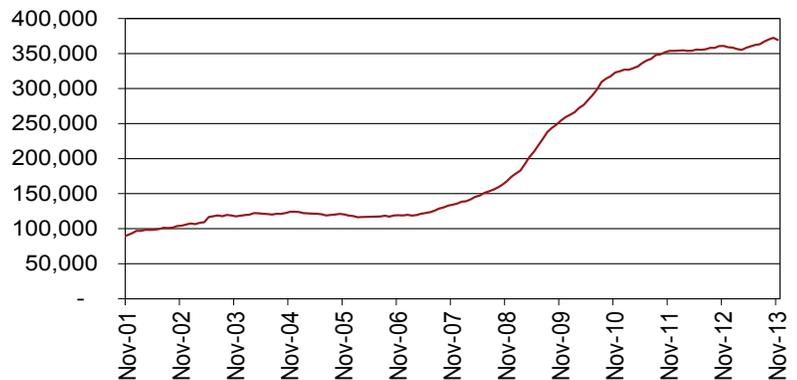
**Temporary Assistance for Needy Families in Nevada, Number of Cash Recipients**



Source: Nevada Department of Health and Human Services

- The Supplemental Nutrition Assistance Program (SNAP), formerly known as “food stamps”, provides the means to increase food purchasing power to raise the nutritional level among low-income households and is the first line of defense against hunger for thousands of Nevadans.
- In November, 369,352 Nevadans participated in the program. Over-the-year, the number of participants receiving assistance had an increase of 2.4 percent, or 8,575 more recipients.

**Supplemental Nutrition Assistance Program, Number of Participating Nevadans**



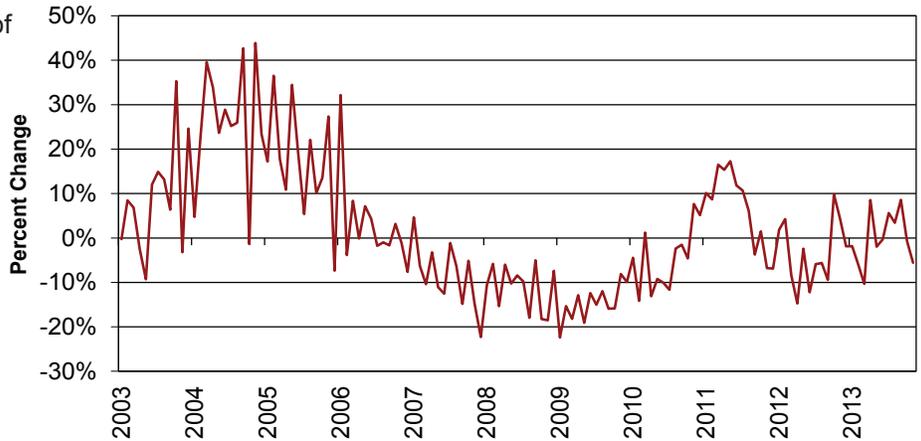
Source: Nevada Department of Health and Human Services

# Trends at a Glance

## Business Activity

**Business Entity Formations**  
(Year-Over-Year Percentage Change)

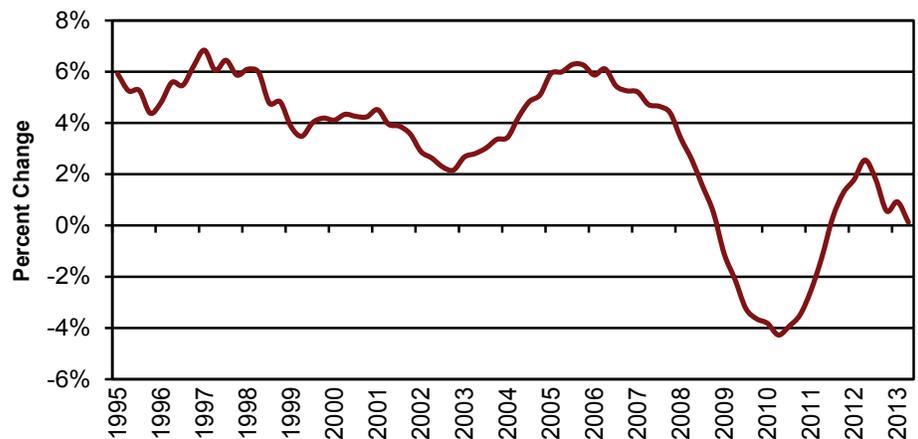
- New business entity formations are comprised of both domestic and foreign entities forming/registering in the State. Trends indicate directional insight into business formation and investments.
- In November, new business filings were down 5.6 percent over November 2012. Year-to-date the formation of new businesses are up 2.1 percent compared to the same period last year.



Source: Nevada Secretary of State

**U.I. Contributory Employers**  
(Year-Over-Year Percentage Change)

- The State unemployment insurance (UI) contribution operations report identifies the number of UI-liable employers processed each quarter.
- During the second quarter of 2013 there were 57,595 employers subject to UI taxes. Compared to the same quarter in 2012, there are 72 more employers in the program, a 0.1 percent increase.



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