

RESEARCH AND  
ANALYSIS  
BUREAU



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September 29, 2015

Ms. Virginia Hamilton, Regional Administrator  
U.S. Department of Labor  
Employment and Training Administration  
Suite 17-300  
90 7<sup>th</sup> Street  
San Francisco, CA 94103-1516

Dear Ms. Hamilton:

Please find enclosed Nevada's Program Year 2014 Workforce Information Core Products and Services Grant Annual Report covering the period of July 1, 2014 through December 31, 2015. The Annual Report has been reviewed in consultation with the Governor's Workforce Development Board. An electronic copy of the report has been submitted as well.

Please feel free to contact Bill Anderson, Chief Economist in the Research and Analysis Bureau at (775) 684-0387 or [wbanderson@nvdetr.org](mailto:wbanderson@nvdetr.org) if you have any questions regarding the Annual Report.

Sincerely,

Don Soderberg  
Director

Luther W. Mack, Jr., Chair  
Governor's Workforce Development Board

wda  
Enclosures

**Nevada Department of Employment, Training and Rehabilitation  
Research and Analysis Bureau**

**Annual Performance Report  
Workforce Information Core Products and Services Grant  
Program Year 2014 (July 1, 2014 – December 31, 2015)**

**Introduction**

Nevada's Department of Employment, Training and Rehabilitation was awarded a Department of Labor-Employment and Training Administration grant totaling \$411,954 to partially support the labor market information work of the Research and Analysis Bureau. The grant covers the 2014 program year from July 1, 2014 – June 30, 2015. However, as allowed, the Research and Analysis Bureau utilizes the grant resources over an 18-month period, through December 31, 2015.

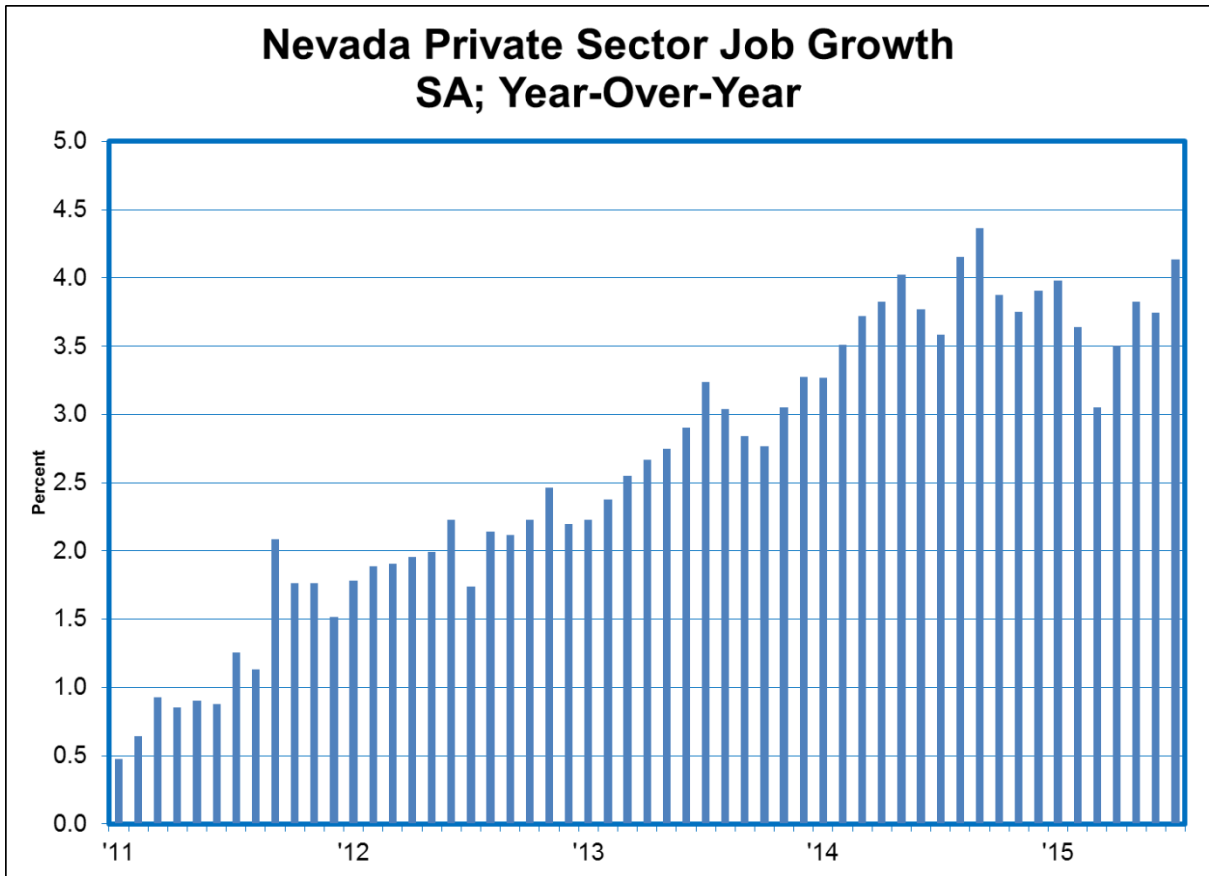
Grant recipients are required to submit an annual performance report summarizing a variety of activities funded via the grant. This report satisfies this requirement for the Research and Analysis Bureau. It consists of three sections:

- an overview of Nevada economic conditions and trends
- a summary of the Research and Analysis Bureau's accomplishments and activities, measured (where appropriate) against required work deliverables
- a budget summary

**Economic Overview**

Nevada's economy continued on a path of improvement over the July 2014 to June 2015 (PY14) program year, with year-over-year job growth averaging 40,800 leading to a growth rate of 3.4 percent. Las Vegas continues to lead the State in taxable sales growth, as well as, visitor volume with positive domestic and international visitor growth. Nevada's smaller metropolitan areas, Reno-Sparks and Carson City, continued to show steady economic growth during this time period. Overall, the Nevada labor market has stayed in a period of expansion with growth in employment and a reduction in unemployment, however the rate of the decreases in unemployment may be slowing due to an increase in the number of individuals in the overall labor force.

Nevada non-farm payrolls increased by almost 40,400 jobs over-the-year in the calendar year 2014, averaging around 3,700 new jobs added per month. Private payrolls accounted for approximately 39,000 of these jobs in 2014, averaging about 3,300 of the total jobs added per month. Government sector employment also expanded, adding 1,400 total new jobs over-the-year. The private sector has been experiencing positive job growth for 54 consecutive months; January 2011-June 2015.



Employment growth during PY14 saw the addition of an annual average of 40,800 seasonally adjusted jobs in the workforce, growing at 3.4 percent. Private payrolls have contributed 39,400 to this total, with government growing by 1,400 jobs. Sector growth in Nevada has been led by leisure & hospitality, the State’s largest employer.

Leisure & hospitality has added 14,400 jobs in PY14, growing at an annual average of 4.4 percent. The leisure & hospitality sector relies on disposable income spending from in-State and out-of-State visitors, and can be considered a barometer of the overall health of the national economy and consumer confidence. This program year’s growth does show that Nevada and the national economic conditions continue to recovery.

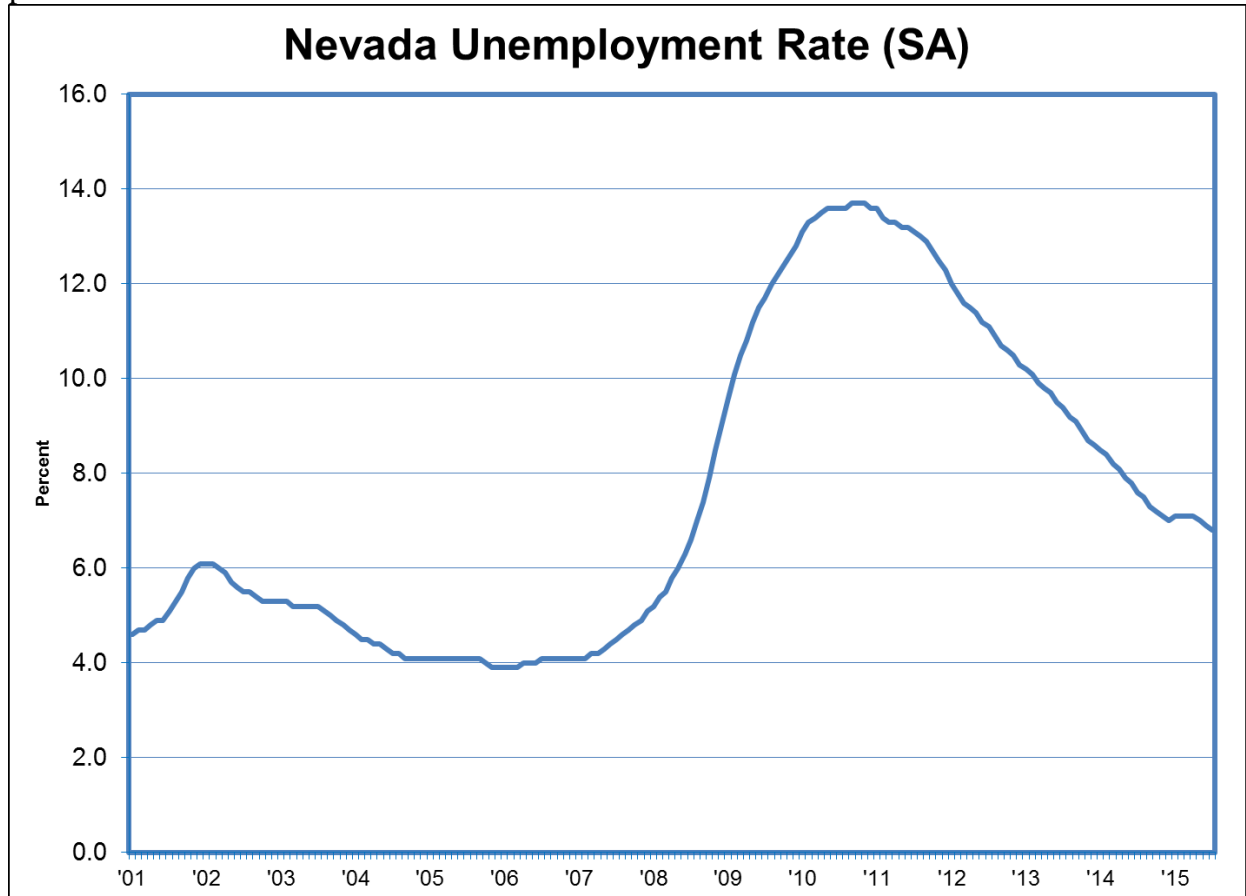
Trade, transportation, & utilities also experienced significant growth. As the State’s second largest employer this sector expanded the workforce by and annual average of 7,600 positions during PY14. This equates to a growth rate of 3.4 percent.

Following close behind is professional & business services (PBS), the third largest employer in the State. This sector gained an annual average of 5,600 jobs in PY14 for a 3.7 percent growth rate. This sector houses professional, scientific & technical services; management of companies; and administration & waste management services subsectors.

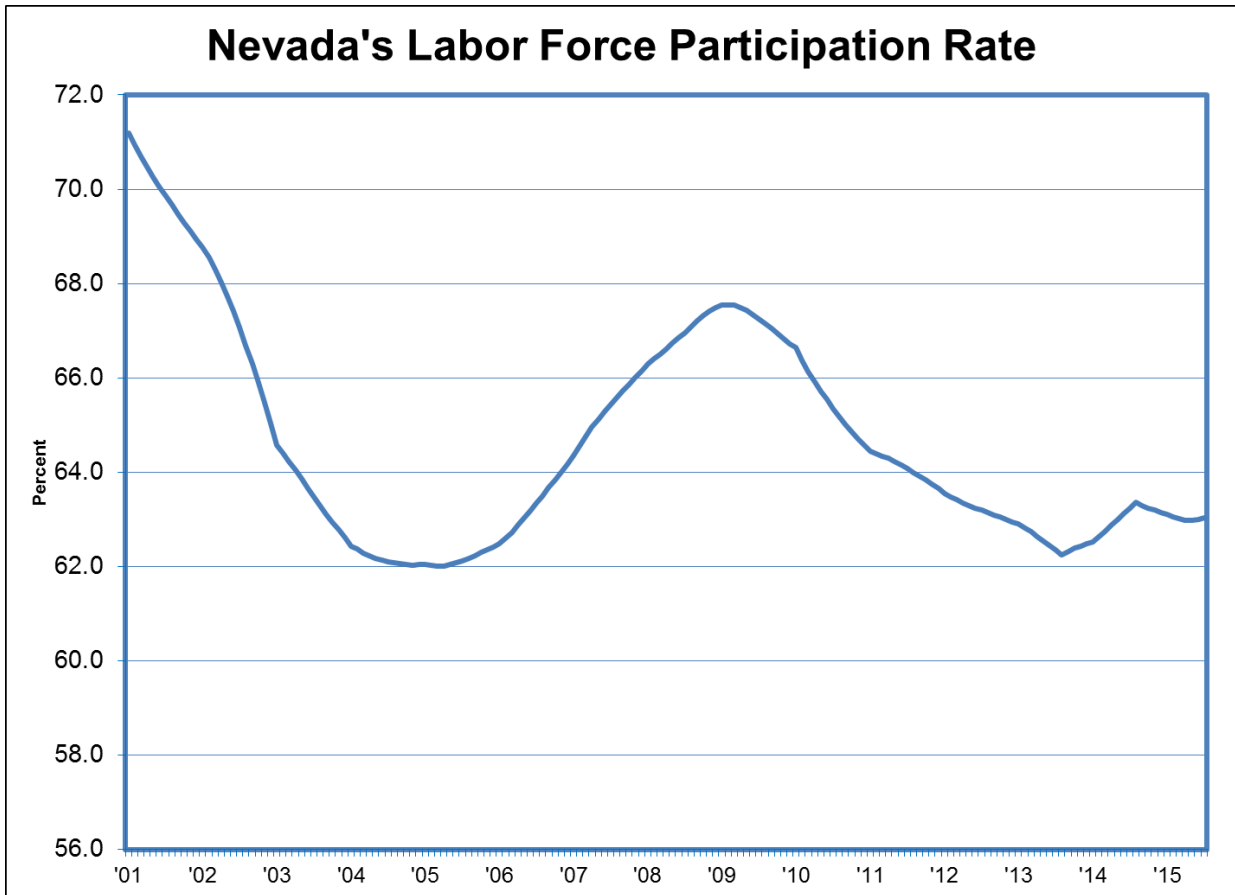
Growth in the State’s metropolitan statistical areas has been positive. The State’s largest MSA, Las Vegas, added 30,400 jobs during PY14 equating to a 3.5 percent growth rate.

The Reno-Sparks MSA added 5,500 jobs during this time frame; this MSA grew at 2.8 percent. Job growth in Carson City, the State's smallest MSA, added 300 jobs during PY14 equating to a 1.1 percent growth rate

As more jobs are added to Nevada's economy, we expect the unemployment rate to fall. In June 2015, Nevada had the third highest unemployment rate in the nation, ahead of West Virginia and the District of Columbia. The unemployment rate has dropped 0.9 percentage points in PY14 to 6.9 percent for June of 2015. In PY14 the unemployment rate fell or held steady every month except January of 2015, where it increased by 0.1 percent.

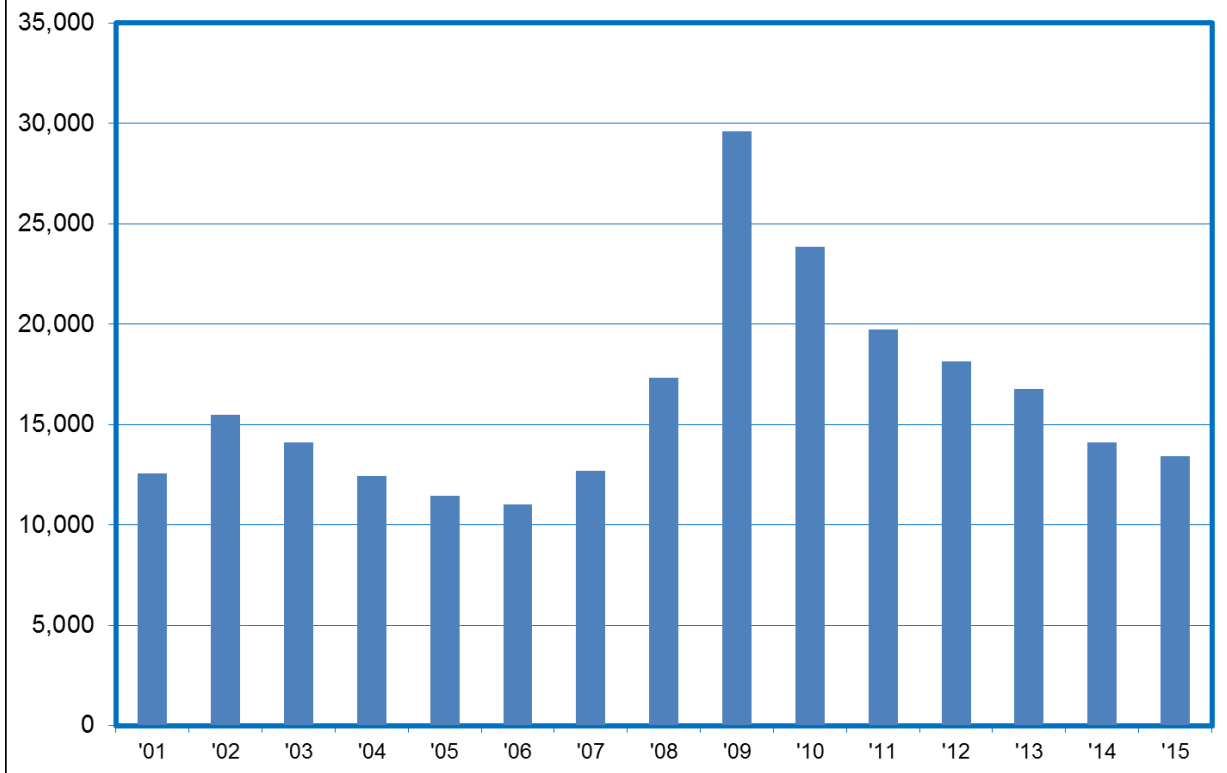


Nevada's labor force participation rate started trending upward in the second half of PY14. The labor force participation rate for PY14 averaged 63 percent. Recent rates are some of the lowest participation rates Nevada has experienced since modern tracking of the data series began in 1976. The recent change in direction in the participation rate is encouraging and shows the increasing health of the Nevada economy. Many factors could have contributed to the decline in labor force participation ranging from planned retirement of the baby boom generation, to the expiration of extended unemployment compensation (EUC), but one primary factor was likely a lack of employment opportunities during the recession. The recent increase in the rate signals a growing confidence in the labor market and the ability to find work.



Another measure of labor market conditions can be found by the examination of initial unemployment insurance claims. Over the period 2001 through 2008, initial claims averaged 13,400 for the first half of the year. In 2015 initial claims for the first six months of the year averaged 13,400, which are 670 claims below the initial claims for the first six months of 2014. Significant progress has been made in the first six months of 2015, as this average is even with the seven year average from earlier in the millennium. Since 2009, initial jobless claims have been declining towards the long-term trend, although it appears to be losing momentum as we approach. To illustrate, there were 19 percent fewer claims throughout the first half of 2010; in 2011, there were 17 percent fewer claims. In 2012 this rate slowed to an 8 percent decline, slowing again in 2013 to 7.6 percent. In 2014 the rate of decline accelerated with 16 percent fewer claims in the first 6 months than the same time period in 2013, but the previous trend resumed in 2015 with a decline of 4.7 percent.

## Nevada Initial Claims for Jobless Benefits (YTD Jan-June)



Leading economic indicators are mixed, but support the view of continued moderate strengthening of Nevada's economy. When we compare the most recently available gaming win statistic, annual PY14 decreased by 1.6 percent from PY13. Statewide taxable sales data for June indicates an increase of 7.1 percent over the year. Las Vegas' visitor volume has increased 1.5 percent year to date through June as compared to the previous year. If recent trends continue, Las Vegas is on pace to receive over 40,000,000 visitors in 2015. Nevada's total gross domestic product, a measure of the State's output, has increased for the last five consecutive years 2009-2014, growing by 3.2 percent in 2014.

To summarize, Nevada's economy is in the fifth year of its recovery. Private sector employment has shown steady growth, while government levels are also increasing, but at a slower pace. Given the recent increases in taxable sales it is likely that government job growth may start to increase on the State and local levels. The unemployment rate is being pulled down by continued job growth, although a growing labor force has moderated the pace of decline. Finally, initial claims for unemployment insurance continue to trend down. Over the PY14, Nevada's economy continues to improve at a steady pace.

## **PY 2014 Accomplishments/Activities/Deliverables**

**Accomplishment/Activity/Deliverable i: Continue to Populate the Workforce Information Database with State and Local Data...**The Research and Analysis Bureau continued to maintain and populate the most current version of the workforce information database with all required information. Updates to the database included current data releases, as well as revisions to historical information.

Information from the various BLS-State cooperative programs (Local Area Unemployment Statistics, Current Employment Statistics, the Quarterly Census of Employment and Wages, and the Occupational Employment Statistics Program) was populated in the database. Other information sources were also incorporated into the database--short- and long-term industry and occupational projections, State Demographer population estimates, taxable sales, consumer prices, and unemployment insurance claim information.

Usage of the Bureau's web site (*nevadaworkforce.com*), which provides public access to the workforce information database, held steady during the 12-month plan year, with 288,000 website visits. This is a very volatile indicator. Over the past four years, annual growth has ranged from -13% to +86%.

**Accomplishment/Activity/Deliverable ii: Produce and Disseminate Industry and Occupational Employment Projections...**The Research and Analysis Bureau satisfied all requirements associated with this work deliverable. Methodologies, software tools, and guidelines developed by the Projections Workgroup and the Projections Managing Partnership were utilized. Projections staff received required training via both in-person and webinar-based environments. Statewide short-term (2014-2016) industrial and occupational projections were produced, published, and disseminated. Sub-State long-term (2012-2022), a required deliverable for PY 2014, were also produced, published, and disseminated. Sub-State short-term projections (2014-2016), an "allowable and encouraged" (not required) activity, were also produced, published, and disseminated.

Employment projections are utilized by State budget officials in forecasting State General Fund revenues. The Bureau worked with both executive and legislative branch policymakers and analysts in order to ensure that they had access to the most timely and useful projections. Projections designed to assist State policymakers are now being generated on a quarterly basis and are made available on our web site. These projections cover the period through 2017 in order to be useful for the biennial budget development process.

The biennial Licensed Occupation Survey was conducted and the required tables were submitted to the NCSC in December 2013. It will be conducted again in December 2015.

**Accomplishment/Activity/Deliverable iii: Statewide Annual Economic Analysis Report and Other Reports...**The Research and Analysis Bureau's most visible publication is our regular newsletter, the *Economy in Brief*. The *EiB* provides a regular

comprehensive overview of economic conditions throughout the State of Nevada, including sub-State regions.

In addition to Bureau of Labor Statistics information from the various Federal-State cooperative programs, these analyses also include:

- unemployment insurance (claims, duration, and exhaustions) information from the State of Nevada Employment Security Division
- labor market/demographic information from the Census Bureau's Current Population Survey and Local Employment Dynamics Program
- Real-time labor market information utilizing Burning Glass Technologies tools
- taxable sales information from the Nevada Department of Taxation
- Las Vegas visitor volume information from the Las Vegas Convention and Visitors Authority
- Nevada gaming win from the Nevada Gaming Control Board
- personal income data from the Bureau of Economic Analysis
- export activity from Haver Analytics
- business license information from the Secretary of State's Office
- residential housing permit information from the Census Bureau
- housing start information from Haver Analytics
- Southern Nevada residential real estate and construction indicators from a private consultant, Home Builders' Research
- Department of Health and Human Services caseload information

Targeted audiences include the business community, Nevada residents (especially the unemployed searching for work/growth opportunities), policymakers (including the State and local workforce development boards), researchers, etc.

The *EiB*, published solely with WIG resources, is posted on our website and disseminated via our e-mail subscription list (approximately 400). It is made available to members of Nevada's nine sector councils (discussed below). We also announce its availability via Twitter.

A copy of the *EiB* from June 2015 (the end of PY 2014), summarizing economic conditions throughout the State has been submitted in satisfaction of this the WIG Grant's Annual Economic Report deliverable.

One of our more popular information products/publications is a series of one-page *Research Notes*, each dealing with a special topic concerning Nevada's workforce and economy. Since July 2014, the beginning of PY 2014, we have produced nearly 100 separate *Notes*. Sample topics include alternative measures of labor underutilization, Nevada job growth rankings, sector trends, wage growth, etc.

As discussed below, R&A became a client of Burning Glass Technologies. This allowed for the publication of monthly Real Time Labor Market Information Reports for the State



as a whole, the northern and southern WDB regions, and a variety of sectors. These reports have been very well received by our customers.

**Accomplishment/Activity/Deliverable iv: Customer Consultations...** Following the conclusion of the 12-month plan year (which coincides with the State's fiscal year), surveys were mailed to various users of the Research and Analysis Bureau's data offerings in order to gauge customer satisfaction. Preliminary results for PY 2014 suggest our customer satisfaction scores are very encouraging.

Specifically, the Bureau surveys two groups of customers: economic development agencies/chambers of commerce/other business associations (100% customer satisfaction); and private and public economic research entities (100% customer satisfaction). As an aside, customer satisfaction results have been adopted as one of the Bureau's performance measures and are reported as part of the State's biennial budget process.

On a more informal note, over the course of PY2014, the Research and Analysis Bureau was provided the opportunity to present to a variety of customer groups (economic development entities, business organizations, State/local WDBS, etc.). Feedback received was extremely positive. We are typically invited back for future presentations/updates. The Bureau also posts Power Point presentations made to external audiences, when appropriate.

**Accomplishment/Activity/Deliverable v: Activities Undertaken to Meet Customer Needs...** The Bureau continued to work closely with the State Workforce Development Board, as well as both the Southern and Northern Boards, in PY 2014. R&A staff provide a workforce information report at every meeting of the State Board and begin most meetings with a general economic overview. Staff also consults on a regular basis with the two local boards and make regular appearances at their board meetings. All labor market information products produced by the Bureau are made available to board staff and members.

As discussed above, R&A has become an active partner with the State's various economic development entities. We work closely with the Governor's Office of Economic Development and collaborate extensively with their research staff. We also have solid working relationships with several sub-State economic development entities, assisting them with site-selection issues.

Our on-going work with the nine sector councils has proven to be quite productive. An R&A economist is assigned to every council and provides technical support, in addition to making regular presentations.

As an aside, effective July 1, 2015, the Research and Analysis Bureau was given responsibility for the oversight and administration of the sector councils. This was done in an effort to steer the councils' deliberations in the direction of data-driven decision-making.

Each month, our most important reports and analyses are packaged together for dissemination to our various customer groups. These *Monthly Highlights* are designed to serve as an easy reference guide to our various products and releases. They highlight our monthly newsletter, Power Point summaries, press releases, R&A in the media, Research Notes, real-time labor market information products, and presentations. Our *Highlights* are distributed to our e-mail subscription list of 400.

**Accomplishment/Activity/Deliverable vi: New Tools and Resources...**As noted above, R&A is now a client of Burning Glass Technologies. While Burning Glass resources will have Department-wide applications, the Bureau utilizes the Labor Insight tool to assess labor market demand on a real-time basis. This allows us to, among other things, provide workforce development policymakers with critical information to drive possible training efforts.

In addition, we continued to rely heavily on a variety of “non-traditional” tools utilized by WIG-funded staff. Tools developed by Economic Modeling Specialists International (EMSI) allow for the structural analysis of the State’s labor market that has a variety of applications as they pertain to the Department’s sector council work. R&A also relies heavily upon the Haver Analytics tool, which provides us with quick and easy access to their economic databases.

Until recently, R&A was part of the CIBER-based website consortium. During PY 2011, the Bureau partnered with several other states in the beginning stages of a new website consortium, with Montana as the host. As PY 2014 unfolded, the efforts continued to evolve and development on a new website infrastructure is well underway and should be in operation in PY 2015.

**Accomplishment/Activity/Deliverable vii: Efforts to Create and Support Partnerships and Collaborations...**The Research and Analysis Bureau is recognized throughout the State as the “premier” provider of labor market and economic information. There are countless interactions with outside entities over the normal course of our work. Some of these partnerships involve the leveraging of WIG funding.

Some specific examples of our collaborations include:

- As part of the continued integration of the State’s workforce development efforts with Nevada’s overall economic development strategy, R&A worked cooperatively on a project-by-project basis, providing a variety of research and technical support, with the State’s various development authorities. We are an EMSI client. Access to their various analytical tools proved to be critical in successfully responding to these types of economic development-related inquiries.
- The Chief Economist served on the Census Bureau’s Local Employment Dynamics Steering Committee.
- The Chief Economist served on the Board of the Labor Market Information Institute.

- The Chief Economist served on the Workforce Information Council/BLS Labor Market Information Oversight Council (State Co-Chair).
- The State Treasurer's Office utilizes the Bureau's skills and expertise as part of the periodic bond sale process (and provides funding to support our efforts).
- Workforce information is regularly shared with researchers/faculty in the State's higher education system.

During PY 2011, the Governor announced sweeping changes to the State's economic development efforts. This new approach is sector-driven. As these efforts have unfolded, nine separate sectors that are the driving focus of State economic development efforts have evolved. The Research and Analysis Bureau has played a major role in steering the work of the various Sector Councils which have been formed to help advise and guide the State's workforce training programs.

Our partnership with EMSI has proven to be especially valuable in our sector-driven work. Typically, at each sector council meeting, R&A presents a technical and detailed overview of sector labor market conditions/trends. These reports/presentations rely heavily upon EMSI tools and offer a structural overview of each of the sectors, utilizing such techniques as location quotient and shift/share analysis, amongst others.

**Accomplishment/Activity/Deliverable viii: Activities to Leverage LMI-WI Funding...**In addition to the minimal support from the State Treasurer's Office mentioned above (approximately \$5,000 annually), the Department of Employment, Training & Rehabilitation recognizes the value of the WIG-related activities undertaken by R&A. On an as-needed basis, non-WIG federal/State funds are made available to support the work undertaken by WIG-supported staff.

**Accomplishment/Activity/Deliverable ix: Recommendations to ETA for Changes and Improvements to WIG Requirements...**The Research and Analysis Bureau will continue to strive to meet the needs of our customers. Our priorities will remain supporting the WDB community, economic development entities, employers, job seekers, and public policymakers. We feel that the existing work deliverables adequately capture the work that we do as part of these efforts. As PY 2015 unfolds, we are hoping to identify more efficient means to deliver our information to our customers. With the anticipated launch of our new website, we hope to achieve these efficiencies.

As for suggested improvements, we stress the importance of the Estimates Delivery System (EDS; now LEWIS) in this period of uncertain funding. We would find it difficult to meet our occupational projections deliverables and our publication objectives without the EDS/LEWIS product. Utilizing EDS/LEWIS, we are able to customize our occupation publications to areas, levels and categories that are meaningful for our different customer groups. In addition to the benefit to our publications and projections, EDS/LEWIS provides the best way to review OES estimates and microdata for quality control. It has been our experience that the quality of the information we provide to our customers is improved by having access to EDS/LEWIS. In more general terms, occupational information is key to the work that we do, especially as it pertains to our

support of the sector councils and workforce development policy. Any erosion in the quality of that data, as well as our ability to generate that information, will have severe negative consequences for these efforts. Continued ETA support for these activities is strongly encouraged.

In addition, as we transition from the WIA to the WIOA environment, the WIAC is positioned to play a proactive and positive role. We strongly encourage ETA to support the work of the WIAC.

Finally, we would request that utilizing the resources of the Census Bureau's Local Employment Dynamics Program be specifically mentioned as an "allowable" or "encouraged" activity under the Grant.

**Budget Summary**

During the 12-month plan year ending June 2015, 91% of the grant monies were expended or encumbered. During the six-month period ending December 2015, expectations are for all remaining PY 2014 grant monies to be expended.

PY to Date	Expenditures	Encumbered	Total
June 30, 2015	\$ 373,603	\$ -	\$ 373,603
December 31, 2015	\$ 411,954	\$ -	\$ 411,954