

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

**Annual Performance Report
Workforce Information Core Products and Services Grant
Program Year 2007 (July 1, 2007 – December 31, 2008)**

Introduction

Nevada's Department of Employment, Training and Rehabilitation was awarded a Department of Labor-Employment and Training Administration grant totaling \$387,101 to partially support the labor market information work of the Research and Analysis Bureau. The grant covers the 2007 program year from July 1, 2007 – June 30, 2008. However, as allowed, the Research and Analysis Bureau utilizes the grant resources over an 18-month period, through December 31, 2008.

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 four sections:

- an overview of Nevada economic conditions and trends
- a summary of the Research and Analysis Bureau's accomplishments, measured against required work deliverables
- a summary of customer consultations and interactions
- recommendations for improvements or changes to work deliverables

Economic Overview

Nevada's economic performance over, roughly, the 2003-2006 period was nothing short of remarkable. Job growth reached a peak of 6.1% during 2005, and was still a strong 4.6% in 2006. All told, during the four-year period ending in 2006, job growth in Nevada averaged 5% per year. Nationally, the comparable figure was just 1.1%.

The State's unemployment rate rose to 5.7% in 2002, a result of the national economic recession in the early part of the decade. By 2005, it had declined to 4.2%, and it held steady through 2006.

However, since 2006, economic growth in Nevada has eased considerably. For instance, job growth during PY 2006 eased to 2.6%. Job levels struggled to hold steady in the 12-month PY 2007 period. In June of 2006, the State's unemployment rate stood at a seasonally adjusted 4.2%. A year later, in June 2007, it had increased to 4.8%. In June 2008, at the end of PY 2007, Nevada's jobless rate came in at 6.4%. Initial claims for unemployment insurance were up by one-third in June, relative to a year ago, while the number of claimants exhausting their benefits rose by 1,700 over a year ago.

Three factors appear to be driving Nevada's economic slowdown: continued weakness in the housing sector, credit market difficulties which first impacted the residential construction sector but have since spilled over into the commercial sector, and high travel-related costs, which have impacted visitor volume and spending in Nevada. New home closings in southern Nevada in June 2008 were 50% less than a year ago. Several well-publicized megaresort projects have been postponed due to a lack of available funding. Las Vegas visitor volume in June was off 3.1% from the same month in 2007.

Public finances have come under considerable pressure in recent months as a result of the economic slowdown. Taxable sales activity in the State declined 2.5% during the 12-month PY 2007 period. State and local budget cuts have been implemented, and additional cuts appear to be a near-certainty.

Despite the slowdown, there is reason to be optimistic about the future. However, a repeat of the boom-like conditions from earlier this decade is not expected to occur. Job losses are forecast through the remainder of 2008. Next year, in 2009, a more stable labor market environment is expected, with a return to modest growth beginning in 2010.

Accomplishments

Work Deliverable A: 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, and consumer prices.

Usage of the Bureau's web site (*nevadaworkforce.com*), which provides public access to the workforce information database, was up 68% from a year ago during the 12-month plan year.

Work Deliverable B: Produce and Disseminate Industry and Occupational Employment Projections...The Research and Analysis Bureau satisfied all requirements associated with this work deliverable. Both long-term (2006-2016) and short-term (2007-2009) industrial and occupational projections were produced and disseminated. Long-term industry and occupational projections are available for the State, as well as sub-State areas.

Employment projections are utilized by State budget officials in forecasting State General Fund revenues. Given weak revenue collections, 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 2011 in order to be useful for the biennial budget development process.

Work Deliverable C: Publish an annual economic analysis report for the Governor and the State Workforce Investment Board...The Research and Analysis Bureau satisfies this requirement via the publication of a quarterly economic analysis report that is designed for the Governor, his cabinet, the State Workforce Investment Board, and local boards. The Bureau has determined that publishing such an analysis only on an annual basis would not provide policymakers with timely information needed to make sound decisions, especially since the economic outlook is so uncertain at this time.

In addition to Bureau of Labor Statistics information from the various Federal-State cooperative programs, the analysis also includes:

- unemployment insurance (claims, duration, and exhaustions) information from the State of Nevada Employment Security Division
- 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
- residential housing permit information from the Census Bureau
- Southern Nevada residential real estate and construction indicators from a private consultant, Home Builders' Research

This quarterly analysis offers information on trends in the State as a whole, as well as sub-State regions.

Work Deliverable #D: Post products, information, and reports on the Internet...There were a variety of reports and information posted on the Bureau's web site. Efforts designed to enhance the usefulness and availability of unemployment insurance data and to incorporate that information into assessments of Nevada's labor market and economic trends continued. For the first time, sub-State claims information was made available to our customers.

R&A's monthly newsletter, the *Economy in Brief*, was also made available via the web site. As a cost savings measure, the physical publication and mailing of the document has been discontinued. This change will result in annual savings of approximately \$40,000 in printing and postage costs.

Other notable features on the Research and Analysis Bureau's web site include county profiles, Local Employment Dynamics data, demographic information, and access to the Nevada Career Information System, to name just a few.

Work Deliverable E: Partner and consult on a continuing basis with workforce investment boards...The Bureau continued to work closely with the State Workforce Investment Board, as well as both the Southern and Northern Boards, in PY 2007. 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.

Work Deliverable F: Conduct special studies and economic analyses...The Bureau conducted a variety of studies designed to provide additional insight into underlying labor market and economic trends in Nevada. For example (to name just several):

- R&A worked with a private consultant to assess occupational wage differentials between the public and private sectors.
- R&A worked with a private consultant to assess the impacts of possible modifications to the State’s payroll tax.
- A new working papers series, *Nevada Perspectives*, was introduced. In the *Perspectives* series, the Bureau presents timely overviews of specific trends and issues impacting Nevada’s economy that will be of interest to a variety of our traditional customer groups, including policymakers, the business and education communities, and economic development officials, to name a few. Initial installments have dealt with a structural analysis of Nevada’s economy from an occupational perspective and a presentation of the Bureau’s near-term employment projections.

Expenditures...During the 12-month plan year, ending June 2008, approximately 85% of the grant monies were expended. During the six-month period ending December 2008, all remaining grant monies will be expended.

PY to Date	Expenditures	Encumbered	Total
June 30, 2008	\$330,330	\$0	\$330,330
December 31, 2008	\$387,101	\$0	\$387,101

Customer Consultations

In the final weeks 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. For PY 2007, our customer satisfaction scores were very encouraging. This conclusion is based upon 48 responses.

Specifically, the Bureau surveys two groups of customers: economic development agencies, chambers of commerce, and other business associations; and private and public economic research entities. There were no respondents in either customer group who were dissatisfied with our various information products.

Recommendations for Improvement or Changes to the Deliverables

Nevada's Department of Employment, Training and Rehabilitation has embarked on a new initiative to institutionalize regional sector strategies. The Research and Analysis Bureau will provide necessary research support designed to identify regional and sectoral workforce needs. We feel that the existing work deliverables adequately capture the work that we do as part of this new initiative.

The Bureau has become more proactive in providing research and analysis in support of the State's policymaking efforts. We will continue to focus on producing information products (reports, data releases, etc.) that meet the needs of State officials.