

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

**Annual Performance Report
Workforce Information Core Products and Services Grant
Program Year 2008 (July 1, 2008 – December 31, 2009)**

Introduction

Nevada's Department of Employment, Training and Rehabilitation was awarded a Department of Labor-Employment and Training Administration grant totaling \$408,405 to partially support the labor market information work of the Research and Analysis Bureau. The grant covers the 2008 program year from July 1, 2008 – June 30, 2009. However, as allowed, the Research and Analysis Bureau utilizes the grant resources over an 18-month period, through December 31, 2009.

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 2008 was -4.3%. This came on the heels of flat job readings in PY 2007. Conditions deteriorated markedly as the year unfolded. In June 2008, the State's unemployment rate stood at a seasonally adjusted 6.4%. A year later, in June 2009, it had increased to 12%. Initial claims for unemployment insurance were up by two-thirds in June 2009, relative to a year ago, while the number of claimants exhausting their State benefits rose by 175% (6,600) 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 weak discretionary consumer spending, which has impacted visitor volume and spending in Nevada. New home closings in southern Nevada in June 2009 were 50% less than a year ago and totaled only 476 units. Several well-publicized megaresort projects have been postponed or delayed due to a lack of available funding. Las Vegas visitor volume in June was off 3.1% from the same month in 2008.

Public finances have come under considerable pressure in recent months as a result of the economic slowdown. Taxable sales activity in the State declined 12.4% during the 12-month PY 2008 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 2010. Beyond that, labor market conditions are expected to hold steady with relatively stable employment readings.

Accomplishments

Work Deliverable 1: 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, including unemployment insurance statistics, 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 down 23% from a year ago during the 12-month plan year. This is not surprising in light of a 68% gain recorded during the previous plan year.

Work Deliverable 2: Produce and Disseminate Industry and Occupational Employment Projections...The Research and Analysis Bureau satisfied all requirements associated with this work deliverable. Both sub-State long-term (2006-2016) and Statewide short-term (2008-2010) industrial and occupational projections were produced and disseminated.

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. These projections cover the period through 2012 in order to be useful for the biennial budget development process.

Work Deliverable 3: 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 #4: 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. Sub-State claims information is also made available to our customers. A variety of State and federal unemployment benefit extension initiatives made this information very crucial in policy debates.

R&A's monthly newsletter, the *Economy in Brief*, was also made available via the web site. Special topics were also introduced into the publication during the plan year. Each quarter, an expanded *Economy in Brief* is produced, providing our readers with information on the unemployment insurance program, county profiles, industry overviews, occupational summaries, and an assessment of national and global macroeconomic conditions.

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 5: 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 2008. R&A staff provides a workforce information and economic overview report at every meeting of the State Board. Staff also consults on a regular basis with the two local boards and makes 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 6: 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:

- R&A worked with a private consultant and the State Legislature to assess the impacts of possible modifications to the State’s payroll tax.
- In the *Nevada 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. Plan Year 2008 installments dealt with two overviews of Occupational Employment Statistics and a summary of the annual Current Employment Statistics benchmarking process.

Expenditures...During the 12-month plan year, ending June 2009, approximately 80% of the grant monies were expended/encumbered. During the six-month period ending December 2009, all remaining grant monies will be expended.

<u>PY to Date</u>	<u>Expenditures</u>	<u>Encumbered</u>	<u>Total</u>
June 20, 2009	\$306,895	\$13,934	\$320,829
December 31, 2009	\$408,405	\$0	\$408,405

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 2008, our customer satisfaction scores were very encouraging. This conclusion is based upon 43 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 is in the second year of a new initiative to institutionalize regional sector strategies. The Research and Analysis Bureau provides 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.