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### Unemployment Rate Rises to 7.3 Percent in September

The statewide unemployment rate increased to 7.3 percent, the highest the rate has been since November 1985. The rate is up from 7.1 percent in August and up from 5.0 percent in September 2007. Rates in the state's two metropolitan areas increased as well, led by Las Vegas-Paradise at 7.4 percent, followed by Reno-Sparks at 6.9 percent. The national unemployment rate remained steady at 6.1 percent, which can be attributed in part to a larger number of people dropping out of the workforce, said Bill Anderson, chief economist for the Nevada Department of Employment, Training & Rehabilitation. Approximately 121,000 individuals nationwide (*Figures by state are not available*) have stopped actively seeking employment, which means they would not be counted in calculating the unemployment rate, Anderson said.

In Nevada, school employees returned to work accounting for a slight increase in job growth for the month of September. However growth is down by 0.6 percent over the year, which equates to 7,600 jobs, Anderson said. Current projections suggest Nevada's unemployment rate will average around 8.6 percent for 2009, reaching 8.7 percent by the end of the third quarter. This equates to about 120,000 people out of work, Anderson said. This is despite the \$700 billion bail-out which is hoped to help relieve the current national economic crisis.

"Nevada continues to feel the economic pinch that the rest of the nation is experiencing. What was a lingering problem for consumers and commercial developers quickly became a full scale emergency as credit for doing daily business dried up," Anderson said. "The bail-out should free up credit allowing commercial development to continue. Additionally the bail-out may help the residential housing industry nationwide and in Nevada. Just as across the country, Nevada's banks are leery of giving loans. Basically, the bail-out is intended to get money moving again. We are all holding our breath waiting to see how much of a life line the bail-out will provide. However, it will be months before it will reflect in the unemployment rate. There simply is no quick fix."

The number of people filing for unemployment is the highest it's been since October 2001, the month following the September 11<sup>th</sup> attacks. In September initial claims for unemployment topped 21,000, Anderson said. Final payments for unemployment insurance rose to an all-time high, increasing to 4,710 in September, surpassing the

previous high of 4,565 set in April 2002. Due to the rising unemployment rate, the federal government awarded each state funds to extend unemployment benefit payments to recipients. There is currently another proposal being considered to make yet another extension. No decision has been made whether that will happen.

Despite the increase in claims, the State's Unemployment Insurance Trust Fund remains healthy enough to continue paying unemployment benefits to workers who qualify, Anderson said. Some states have begun running out of funds to pay unemployment benefits. Nevada does not foresee such a problem, as the unemployment insurance fund is managed in a counter cyclical manner, meaning the fund builds in times of prosperity and declines when the economy is down. The annual solvency test for Nevada's Unemployment Insurance Trust fund was conducted in September and, to avoid placing additional pressure on Nevada's businesses during this period of economic weakness, the Employment Security Council recommended no change to the average tax rate employers pay on behalf of employees, which is currently 1.33 percent.



*DETR is comprised of the Employment Security Division, Equal Rights Commission, Rehabilitation Division, the Information Development and Processing Division and the Research and Analysis Bureau.*

*DETR works in partnership with the Nevada JobConnect System to connect businesses and workers.*