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PRESS RELEASE

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	<u>UNEMPLOYMENT RATES</u>			<u>JOB GROWTH RATES</u>		
	<u>Aug '10¹</u>	<u>Aug '09</u>	<u>Jul '10</u>	<u>Aug '10¹</u>	<u>Aug '09</u>	<u>Jul '10</u>
Nevada ²	14.4%	12.5%	14.3%	(1.8)%	(10.6)%	(2.2)%
Las Vegas-Paradise MSA ³	14.7	13.0	14.8	(2.0)	(11.1)	(2.3)
Reno-Sparks MSA ³	13.3	11.7	13.6	(3.5)	(10.1)	(4.1)
Carson City MSA ³	13.1	11.6	13.2	(2.3)	(8.3)	(3.3)
United states ²	9.6	9.7	9.5	0.2	(5.0)	0.1

NEVADA'S UNEMPLOYMENT RATE RISES TO 14.4 PERCENT

Nevada's unemployment rate rose to 14.4 percent in August, continuing to break previous records. Nevada's rate remains the highest in the country, and well above the national average of 9.6 percent.

The 14.4 percent rate represents 192,000 people out of work in the state with 142,000 of them in the Las Vegas area. More than 10,000 workers left the labor force to either seek employment out of state or became too discouraged to look for work, said Bill Anderson, chief economist for the Nevada Department of Employment, Training and Rehabilitation.

"The hot summer days of August did little to stimulate Nevada's economic fortunes," Anderson said. "Readings of key labor market indicators continue to show moderating losses. Private employers added 2,300 jobs, which offset a reduction of 3,000 jobs in the public sector," Anderson said. The 2010 Census began to wind down, bringing an end to employment for about 1,900 workers, while local government shed about 1,000 jobs, brought on by continued budget cuts."

Seasonal improvement in the Las Vegas-Paradise metropolitan area pushed the unemployment rate down one-tenth to 14.7 percent. In the Reno-Sparks area, the unemployment rate declined three-tenths of a percentage point to 13.3 percent. In Carson City, the unemployment rate fell one-tenth

¹Preliminary estimates

²Unemployment rates are seasonally adjusted for the state of Nevada and the United states

³Metropolitan Statistical Area (Las Vegas-Paradise MSA = Clark County; Reno-Sparks MSA = Washoe & Storey counties; Carson City MSA = Carson City)

to 13.1 percent in August. In the Elko region of the state, the unemployment rate dropped by three-tenths of percentage point to 7.7 percent. (Unemployment rates for the state's metropolitan areas are not adjusted for seasonality. For comparison purposes, the state's unadjusted unemployment rate was 14.2 percent in August, down from 14.4 percent in July.) Despite seasonal improvements, unemployment rates are up in all areas of the state from a year earlier.

Total non-farm employment fell by 700 overall, but private employer's added 2,300 jobs to offset an expected reduction in the public sector. Employment is down just 1.8 percent from August 2009 — a far cry from the 10.6 percent decline Nevada's employment based experienced just a year ago. Despite moderating losses, a weak economic outlook will constrain any serious labor market improvement for the foreseeable future.

The construction industry added 700 jobs; most were in road improvement projects. Employers in the professional and business services sector added 500 jobs. In the leisure and hospitality industry, food and beverage services and accommodation added 700 jobs to offset a loss of 700 in casino hotels and gaming. Since January, employment in leisure and hospitality is up by 7,600, but the increase is largely due to seasonal improvement. Based on seasonally adjusted data, employment is actually down by 1,300, meaning this year's seasonal increase is less than normal. Retail and wholesale trade continued to show modest improvement, reaching a high of 160,800 for the year, an increase of 3,700 since January.

Fortunes varied by region in August. In the Las Vegas area, employers shed 1,500 jobs from July to August. Similar to the state as a whole, public employment losses surmounted improvement in the private sector. In all, governments in the area shed 2,700 jobs. Those losses were partially offset by small improvements in a variety of industries, most notably construction and education and health services. Employers in the Reno area added 700 jobs overall. Government added 200 jobs, while the private sector expanded by 500. Expanding industries included construction with 200 jobs, and professional and business services with an additional 200. Carson City held steady at 29,100 jobs for the third straight month. Over-the-year, employment is down 700 or 2.3 percent.

As noted in past analyses, the unemployment rate for younger workers is significantly higher than other age groups – nearly twice as high in recently reported figures.

“The causes for higher rates of joblessness among young workers are many, but generally include weak labor market attachment and increased competition from more experienced workers,” Anderson said. “Weak labor market attachment results in high turnover, which is not really unexpected, as young workers tend to move from job-to-job in search of better opportunities.”

The Local Employment Dynamics (LED) program, a cooperative data sharing agreement between the U.S. Census Bureau and state workforce agencies provides a measure of turnover by age and metropolitan area. The turnover rate allows for comparisons between different age groups within the labor force. A review of the statistics reveals that indeed younger workers have higher turnover in Nevada. Turnover rates for workers age 14-24 range from 15 to 27 percent, while the turnover rate for all workers runs about nine percent from quarter-to-quarter. The notion of higher turnover rates for younger workers holds up across the state's regional economies, as well. Of the state's metropolitan areas, Carson City has the highest turnover rate for teenage workers at 27 percent; followed by Reno-Sparks with 24 percent; and Las Vegas-Paradise at 22 percent.

“Another factor affecting the unemployment rate for the state's youngest workers is increased competition from the oldest workers,” he said. “Older workers are entering the labor force due to recessionary factors, as well as the fact that their numbers have increased. The “graying” of the Baby Boom generation accounts for a growing population of workers age 65 and older. The recession has devastated household wealth in Nevada, including the retirement accounts of older

workers, pushing many of them back into the labor force or making them work longer than expected. Many of these workers are competing for jobs traditionally filled by younger workers.”

A significant shift occurred recently as a result of the recession. In May 2009, the number of workers age 65 and older surpassed the number of workers age 16-19 in Nevada’s labor force. As the recession unfolded, a divergence developed, where significantly older workers entered the labor force, while younger workers dropped out. From January 2008, the number of older workers increased from about 55,000 to almost 70,000, while the number of younger workers fell from roughly 56,000 to around 48,000. As of August, there were roughly 22,000 more workers 65 or older than teenage workers in the labor force.

Not only are there more older workers competing for a limited amount of jobs, these workers bring many favorable attributes to the labor market, including a lifetime of work experience, a strong work ethic and a strong degree of loyalty. With the high cost of recruitment and training, it’s no surprise employers are hiring and keeping older workers. A review of LED turnover rates bares this out. The turnover rate for workers age 65 or older is just 7.8 percent, compared to 9.1 for all workers and 23.5 percent for teen workers. Given shifts in the distribution of Nevada’s population and expectations for future job growth, older workers will continue to crowd out younger workers for some time.

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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 provide training and job placement services to job seekers and to assist employers in hiring practices.