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Nevada's Unemployment Rate Holds at 13 Percent

Nevada's unemployment rate remained at 13 percent for the month of January from December.

"As usual, in January, employers made seasonal cuts to employment, though this year's decline was not as drastic as last year's," said William Anderson, chief economist for Nevada Department of Employment, Training & Rehabilitation (DETR). "In January 2009, job losses broke from long-term trend when employers cut 40,300 jobs in response to both seasonal and recessionary pressures. This year's job loss is more in line with typical seasonal layoffs."

Nevada employers shed 25,300 jobs, just 450 more than the average decline over the past ten years. In response, the seasonally adjusted unemployment rate remained unchanged at 13.0 percent, with an estimated 187,700 Nevadans unemployed and actively seeking work, Anderson said.

Unemployment in the state's metropolitan areas increased, largely due to seasonal forces. The unemployment rate in the state's largest metropolitan area, Las Vegas, increased eight-tenths of a percent to 13.8 percent. The unemployment rate in the Reno-Sparks and Carson City areas increased one full percentage point each to 13.5 percent and 13.8 percent, respectively. (Unemployment rates for the state's metropolitan areas are not adjusted for seasonality. For comparison purposes, the state's unadjusted unemployment rate was 13.7 percent in January.)

Industry employment trends followed their typical seasonal pattern. The elimination of temporary holiday positions caused statewide retail trade employment to fall by 4,600 from December to January, Anderson said. The over the month change was the smallest during the past ten years, as fewer workers were needed to staff the state's retail establishments. State government decreased 5,100 in response to the break the university system takes between semesters. Construction employment, which traditionally shrinks in January due to weather conditions, was down 3,200. Overall, the year-over-year

employment decrease of 6.2 percent still shows significant job loss and aligns with the expectation that Nevada employers will struggle to maintain job levels in the year ahead.

In keeping with the statewide trend, total non-farm employment in all three metropolitan statistical areas showed decreased employment levels. The magnitude of these over the month changes were not outside pre-recession patterns, but were significant none-the-less in light of an already struggling workforce. The Las Vegas area lost 17,100 jobs, Reno-Sparks lost 7,100, and Carson City lost 900.

On a percentage basis, this year's benchmark (our annual revision process) of Nevada's 2009 employment was the largest in the history of the Current Employment Statistics program, Anderson said. The new employment levels show that Nevada lost 39,000 more jobs in 2009 than originally estimated. Instead of losing 76,100 jobs from 2008 to 2009, Nevada actually lost 115,100 jobs, or 9.1 percent. Nevada's private sector lost 38,800 more jobs than originally estimated, resulting in a 10.1 percent loss over-the-year.

“The large variation is directly attributable to known shortcomings in the Bureau of Labor Statistic’s (BLS) methodology,” Anderson said. “By limiting local analyst input, relying on weak sample response and applying inflated business birth-death factors, the estimate process failed to gauge the true extent of the employment downturn.”

Anderson said based on results from the monthly Current Population Survey (CPS) (a monthly Census Bureau survey encompassing approximately 50,000 households in the nation, about 1,000 of which are in Nevada) the recession continues to impact Nevada’s population differently based on demographics.

“Due to the nature of the recession, particularly the negative effect on the construction sector, a traditionally male dominated industry, some have come to term the downturn as a “mancession,” Anderson said. “The CPS numbers appear to bear this out. The unemployment rate for the state’s male population averaged about 13.4 percent in the 12 months ending in January. The female unemployment rate over the same period is 9.4 percent, a four percentage point difference. Just one year ago, the male and female unemployment rates were roughly equal.”

Race and ethnicity also appears to affect the likelihood that an individual is unemployed. The unemployment rate for the state’s Black population was 18.2 percent on average in the 12 months ending in January. The unemployment rate for the state’s Hispanic population was roughly 17.0 percent, and the unemployment rate for the state’s White population was 11.4 percent over the same period.

DETR recently released new wage information for the third quarter of 2009. Analyses of recent trends highlight the disparate effects the recession has had on Nevada’s industry sectors. At the height of the business cycle (third quarter 2006), Nevadans were averaging \$751 per week. The figure grew by \$58 per week in 2008, but fell by \$4 per week to \$805 over the year in the third quarter of 2009. By industry, over-the-year changes were mixed. The biggest improvement came in the natural resources and mining

industry where wages grew by \$59 per week. Improvements were also seen in the education and health services sector, up \$21 per week and the manufacturing and public administration sectors, where average weekly wages were \$18 per week higher in 2009:QIII than in 2008:QIII.

Conversely, declining sectors include leisure and hospitality where average weekly wage fell \$15, followed by financial activities, down \$11 per week, and trade, transportation and utilities whose average weekly wage fell by \$4 per week. Despite the over-the-year losses, average weekly wages across all industries are still \$54 higher than the third quarter of 2006. The only industry with lower wages in 2009 than in 2006 is the financial activities sector where wages have fallen by \$3 per week since the height of the business cycle.



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

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