DETR
Nevada Department of Employment, Training and Rehabilitation

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ECONOMIC OVERVIEW: June 2010

	UNEMPLOYMENT RATES			JOB GROWTH RATES		
	Jun '10[1]	Jun '09	May '10	Jun '10[1]	Jun '09	May '10
Nevada[2]	14.2%	11.9%	14.0%	(2.3)%	(10.3)%	(2.8)%
Las Vegas-Paradise MSA[3]	14.5	12.4	14.1	(2.9)	(10.7)	(3.8)
Reno-Sparks MSA[3]	13.6	11.6	13.3	(2.8)	(10.4)	(2.5)
Carson City MSA[3]	13.4	11.5	13.2	(2.7)	(7.4)	(2.7)
United States[2]	9.5	9.5	9.7	(0.1)	(4.9)	(0.4)

Segments of Nevada's private sector showed signs of life in June, but overall, labor market weakness persisted. Reaching a new record high, Nevada's unemployment rate ticked up two-tenths of a percentage point to 14.2 percent, with an estimated 193,300 out of work. At the national level, the unemployment rate declined to 9.5 percent from 9.7 the previous month. This is a good sign, since a national economic rebound is a prerequisite for improvement in Nevada. But with stimulus dollars running short and private employers thus far sitting on the sidelines, expectations for near-term economic growth have diminished somewhat of late.

Statewide, total employment decreased by 1,400, even though private sector employers added 3,400 jobs. Seasonal declines in state and local government offset improvement in the private sector. Employers in the trade, transportation and utilities industry, which include wholesale and retail trade, added 2,000 jobs. The previous month's unusual job contraction in the education and health services sector reversed itself in June with an over-the-month employment increase of 2,100. Preliminary data in the construction industry brought an unanticipated loss of 2,400 jobs as many participants in the survey indicated the end of specific projects as the reason for the lower employment numbers.

State and local government employers shed 4,800 jobs, but most were seasonal, tied to the end of the school year. The temporary census hiring which fueled the previous increases in federal government employment has ended, and the positions will cease to exist in the next couple of months.

[1] Preliminary estimates

[2] Unemployment rates are seasonally adjusted for the State of Nevada and the United States

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

The Las Vegas-Paradise MSA total nonfarm employment decreased by 100 jobs. The employment situation in Las Vegas mirrored statewide changes. The private sector created 3,700 jobs, while the public sector shed 3,800. Employment in the Reno-Sparks MSA decreased by 1,100 as private sector hiring stalled and the public sector dropped a 1,000 jobs. Total nonfarm employment in the Carson City MSA decreased by 100.

The unemployment rate in the State's metro areas increased due to seasonal layoffs. In Las Vegas, the rate increased four-tenths to 14.5 percent. In the Reno-Sparks area, the jobless rate reached 13.6 percent, an increase of three-tenths of a percent from the previous month. In Carson City, the unemployment rate ticked up to 13.4 percent from 13.2 percent in May. In the Elko micropolitan area (includes Elko and Eureka counties), the unemployment rate increased to 8.5 percent from 8.3 the previous month. (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 June, up from 13.8 percent in May.)

One thing that many Nevadans have come to realize during the current recession is that economic forces beyond our borders have the potential to significantly impact performance in the Silver State. Along those same lines, policy decisions at the national level can potentially have significant ramifications here in Nevada. Federal unemployment benefits extensions implemented between July 2008 and November 2009 expired in June, affecting a growing number of Unemployment Insurance (UI) recipients as the number of potential weeks of unemployment benefits dropped from 99 weeks to 26 weeks. These recipients fall into three categories: those who exhausted their initial unemployment benefits and have no extensions available (Regular UI); those who were in an existing tier of federal Emergency Unemployment Compensation (EUC) benefits; and those who were receiving State Extended Benefits (SEB), which was being fully funded by the federal government on a temporary basis but triggered off with the expiration of these extensions.

In the week ending July 10th, benefit expirations impacted approximately 7,300 additional individuals, and to date, nearly 40,000 people have exhausted UI benefit eligibility. At an average payment of around $300, this removed almost $12 million in federally-paid unemployment benefits from Nevada's economy in just one week.

Looking ahead, the additional impact from the expiration of the EUC program will be spread unevenly across the next four months. EUC is divided into four tiers of benefits, ranging from 6 to 20 weeks in duration, for a total of up to 53 weeks. Most claimants who were in the shortest tier of benefits when the program expired will have exhausted all benefits by the end of July, while those who were near the beginning of the longest tier could be eligible for continuous benefits through the end of October.

Even at the height of the recession, employees move from job to job -- sometimes at the will of the employee and sometimes the employer. "Churn" in the labor market, called employment dynamics, represents job flows in the economy. Workers transitioning from one job to another are measured as "separations" when they leave one job and "new hires" as they enter another. This type of information is available via Local Employment Dynamics (LED), a cooperative program between the U.S. Census Bureau and the Nevada Department of Employment, Training and Rehabilitation. The program merges UI administrative records with census data to track the flow of workers in the economy.

An analysis of the information, as expected, shows that the business cycle strongly influences separations and new hires, though in unexpected ways. In an economy like Nevada's, with large shares of service and construction jobs, instability is common. In fact, separations outnumber new hires most of the time. At the height of the business cycle, separations and new hires tend to surge, though the difference between the two shrinks, as was the case at the height of the business cycle, in the third quarter of 2006. At the time, separations totaled 344,622 and new hires reached 319,766, a difference of 24,856. At the depths of the recession, in the second quarter of 2009, both measures were lower overall, but the difference more than doubled. There were 204,769 separations and 153,896 new hires for a difference of 50,873. Two apparent explanations are: 1) employers are shedding a far greater number of employees than they are hiring; and 2) employees' opportunities shrink in a recession and they become less likely to voluntarily give up a job to move to another company, where they may have less seniority and job security.

New hire and separation data is also available by industry. Many industries continue to fill vital positions even when the labor market is contracting. During the worst of the recession, top hiring industries included leisure and hospitality who added 40,020; professional and business services added 30,746 new employees; and trade, transportation and utilities hired 29,175. In all, employers hired 153,896 new employees in the second quarter of 2009. The trend shows that while competition is extremely high, opportunities are out there, even in a declining labor market.

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NEVADA JobConnect

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.