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## PRESS RELEASE

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### Nevada's Unemployment Rate Rises to 13.4 Percent in August

	UNEMPLOYMENT RATES			JOB GROWTH RATES		
	Aug '11 <sup>1</sup>	Aug '10	Jul '11	Aug '11 <sup>1</sup>	Aug '10	Jul '11
Nevada <sup>2</sup>	13.4%	14.9%	12.9%	(0.1)%	(1.6)%	(0.5)%
Las Vegas-Paradise MSA <sup>2</sup>	14.2	15.5	14.0	0.0	(1.7)	(0.6)
Reno-Sparks MSA <sup>3</sup>	13.0	13.9	13.0	(1.7)	(1.5)	(1.9)
Carson City MSA <sup>3</sup>	12.7	13.6	12.6	(1.7)	(1.7)	0.0
United States <sup>2</sup>	9.1	9.6	9.1	1.0	(0.1)	0.9

In August, Nevada's unemployment rate rose to 13.4 percent, up from 12.9 percent in July. After declining in each of the first five months of the year, this is the third consecutive month the state has seen an increase in the number of jobless. The rate equates to 176,200 people out of work in the state.

For Nevada's sub-state labor markets, measures of unemployment changed little or trended up slightly. In the Las Vegas Valley, the unemployment rate increased two-tenths to 14.2 percent<sup>4</sup>. It marks the fourth consecutive monthly increase. In that time, the unemployment rate added 2.2 percentage points, though some of the increase is attributed to seasonal variation. The jobless rate in the Reno-Sparks area remained unchanged at 13 percent. In the Carson City area, the rate of joblessness increased just one-tenth to 12.7 percent. In the Elko region, the unemployment rate fell one-tenth to 7.4 percent in August.

<sup>1</sup> Preliminary estimates

<sup>2</sup> Unemployment rates are seasonally adjusted for the State of Nevada and the United States. The seasonal adjustment process takes into account normal and predictable fluctuations in labor market activity due to such reoccurring factors as changes in the weather, the beginning and end of the academic year, the timing of holidays, etc., in estimating the unemployment rate. As a result, month-to-month changes in the rate offer a more precise measure of the labor market's underlying health and do not simply reflect normal seasonal patterns.

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

<sup>4</sup> Unemployment rates for the State's metropolitan areas reported here are not adjusted for seasonality. Hence, comparisons to the State's seasonally adjusted rate should be avoided. Legitimate comparisons, however, can be made to the State's unadjusted rate --13.8 percent in August, up from 13.7 percent in July.

“The August job’s report confirms what has been evident since the beginning of summer, that Nevada’s labor market is not improving as well as many would hope,” said Bill Anderson, chief economist for the Nevada Department of Employment, Training and Rehabilitation (DETR). “The market continues to experience flat employment readings and an increasing jobless rate. The good news is that dramatic job losses have subsided; unfortunately, it is not enough to consistently bring the unemployment rate down. The poor condition of the construction industry continues to contribute heavily to Nevada’s economic stalemate.”

Through the first eight months of 2011, employment levels are down just 0.2 percent, which translates into a loss of 2,000 jobs. For comparison, in 2009, employment in Nevada fell by 9.1 percent relative to the previous year, equating in a loss of 115,000 jobs. In 2010, job losses eased to -2.8 percent (or 33,000).

“The latest unemployment figures are a clear indication that we must do more to get Nevadans working again,” said Governor Brian Sandoval. “I have been in conversations with my Cabinet and we are preparing programs to address workforce training, better coordination of eligibility for many state services, and specific efforts for veterans and other populations. We have no higher priority than addressing this challenge.”

The ranks of the long-term unemployed in Nevada continue to swell. On an annual basis, the percentage of workers unemployed for over 26 weeks is the largest segment of the unemployed, and continues to grow. In the 12 months ending in August, the number of long term unemployed accounted for 50 percent of all unemployed workers. That is up from 27 percent just two years ago.

“The ramifications of extended joblessness for this segment of the workforce are potentially profound and long lasting,” Anderson said. “When a person is out of work for a long period of time, skills and experience diminish making it more difficult to find employment as time goes on.”

On a positive note, Nevada’s rate of job growth was slightly better than expected, resulting in a seasonally adjusted increase in both July and August, Anderson said. On an unadjusted basis, Nevada employers added 600 jobs in August. Over-the-year, employment is down just 0.1 percent – essentially flat. Employers in the Las Vegas area added 800 jobs over the month, pushing employment into positive territory on an over-the-year basis. In the Reno-Sparks area, employment declined by 100 jobs, while on an over-the-year basis, employment is down 3,300 jobs or -1.7 percent. Carson City’s employment level was unchanged in August, but compared to last year, employment is still down 500 jobs or -1.7 percent.

At the industry level, a number of sectors saw improvement in August. The construction industry gained 1,200 jobs, which is not untypical for this time of year. The trade, transportation and utilities industry added 600 jobs, with improvement in retail (+400) and wholesale (+200) trade. The professional and business services industry added 900 jobs with a strong showing in the employment services sub sector. On the downside though, a number of industries contracted in August, lead by a decline of 1,000 in the leisure and hospitality sector. Educational and health services lost 500 jobs, followed by losses of 300 jobs in both government and financial activities sectors.

Difficulties in Nevada’s residential mortgage markets have been well-publicized over the past half-decade. According to the Mortgage Bankers Association, 8.1 percent of all residential mortgages were past due in the second quarter, after peaking at 10.4 percent in late 2009. In the Silver State, the most current delinquency rate is 10.4 percent, down from a high of 14.9 percent, also in late

2009. In Nevada, the number of residential mortgages entering into the foreclosure process totaled 11,300 in the second quarter, down from a peak of 20,700, but well above pre-recession levels. All told, the total number of residential loans in the foreclosure process is approximately 41,000, down from a peak of 56,000.

Construction employment has suffered greatly in such an environment. Since the start of the recession, employment in Nevada is down over 90,000 jobs, based on seasonally adjusted data. Construction employment peaked nearly one year before total employment, in June 2006. Since then, construction employment fell from 146,600 to 54,600. Since peaking in May 2007 at 1,297,400, total employment in Nevada has fallen considerably, and now stands at 1,116,700, a decline of 180,700. Of all the jobs lost in Nevada during the downturn, roughly one of every two was from the construction industry, a disproportionate share considering even at its peak construction employment only made up about 11 percent of total employment.

“Despite some stability in August, the construction industry continues to be a drag on the broader economy, as seen by recent trends in taxable retail sales collections,” Anderson said. “Taxable sales in Nevada recovered in fiscal year 2010, gaining 5.7 percent over the previous year, despite an 18.4 percent decline in construction related sales activities.”

Without the decline in construction related activities, taxable retail sales would have gained an additional 0.5 percent, pushing fiscal year growth to 6.2 percent. In a similar sense, construction employment is affecting the broader labor market in Nevada, too. When construction employment is removed from the broader economy, a more stable picture comes into view, Anderson said. At the worst of the downturn, in 2009, Nevada lost nine percent of its employment base. Without the construction losses, the over-the-year loss would have been -7.0 percent. More recently, construction continues to pull down employment. Through August, total employment is up 0.03 percent on an annual basis using seasonally adjusted data. Without the losses in construction employment, over-the-year growth would be 0.37 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 provide training and job placement services to job seekers and to assist employers in hiring practices.**