

**Nevada Department of Employment, Training and Rehabilitation
Research and Analysis Bureau**

**Annual Performance Report
Workforce Information Core Products and Services Grant
Program Year 2009 (July 1, 2009 – December 31, 2010)**

Introduction

Nevada's Department of Employment, Training and Rehabilitation was awarded a Department of Labor-Employment and Training Administration grant totaling \$414,616 to partially support the labor market information work of the Research and Analysis Bureau. The grant covers the 2009 program year from July 1, 2009 – June 30, 2010. However, as allowed, the Research and Analysis Bureau utilizes the grant resources over an 18-month period, through December 31, 2010.

Grant recipients are required to submit an annual performance report summarizing a variety of activities funded via the grant. This report satisfies this requirement for the Research and Analysis Bureau. It consists of four sections:

- an overview of Nevada economic conditions and trends
- a summary of the Research and Analysis Bureau's accomplishments, measured against required work deliverables
- a summary of customer consultations and interactions
- recommendations for improvements or changes to work deliverables

Economic Overview

Nevada's economic performance over, roughly, the 2003-2006 period was nothing short of remarkable. Job growth reached a peak of 6.1% during 2005, and was still a strong 4.6% in 2006. All told, during the four-year period ending in 2006, job growth in Nevada averaged 5% per year. Nationally, the comparable figure was just 1.1%.

The State's unemployment rate rose to 5.7% in 2002, a result of the national economic recession in the early part of the decade. By 2005, it had declined to 4.2%, and it held steady through 2006.

However, since 2006, economic growth in Nevada has eased considerably. For instance, job growth in calendar year 2009 was -9.1%. Job losses eased a bit as PY 2009 unfolded, but still, employment levels were down 2.6% relative to a year ago in June 2010. In June of 2009, the State's unemployment rate stood at a seasonally adjusted 11.9%. A year later, in June 2010, it had increased to 14.2%. This represents the highest unemployment rate in the nation. Unemployment insurance claims activity has risen to historical highs in Nevada as have benefit exhaustion rates. In essence, Nevada's economy has gone from, arguably, the strongest in the nation to the weakest.

Three factors continue to drive Nevada's economic slowdown: weakness in the housing sector, credit market difficulties which first impacted the residential construction sector but have since spilled over into the commercial sector, and tepid discretionary consumer spending, which has impacted visitor volume and spending in Nevada. New residential construction has reached historical lows. Several well-publicized megaresort projects have been postponed or delayed due to a lack of available funding. Las Vegas visitor volume has been stagnant.

Public finances have come under considerable pressure as a result of the economic slowdown. Taxable sales activity in the State declined 10.3% during the 12-month PY 2009 period. State and local budget cuts have been implemented, and additional cuts appear to be a near-certainty.

Expectations are for continued labor market weakness in Nevada. While the worst news may be behind us, it appears that the State is in store for an extended period of relatively flat trends. A repeat of the boom-like conditions from earlier this decade is not expected to occur.

Accomplishments

Work Deliverable 1: Continue to Populate the Workforce Information Database with State and Local Data...The Research and Analysis Bureau continued to maintain and populate the most current version of the workforce information database with all required information. Updates to the database included current data releases, as well as revisions to historical information.

Information from the various BLS-State cooperative programs (Local Area Unemployment Statistics, Current Employment Statistics, the Quarterly Census of Employment and Wages, and the Occupational Employment Statistics Program) was populated in the database. Other information sources were also incorporated into the database, short- and long-term industry and occupational projections, State Demographer population estimates, taxable sales, and consumer prices.

In previous years, the Bureau's analyses were enhanced via the development of a detailed housing database. During PY 2009, additional enhancements were achieved via the development of a historical human service caseload database with the cooperation of the Nevada Department of Health and Human Services. We have found that these caseload trends are very sensitive to the overall health of the economy and the State's labor markets.

Usage of the Bureau's web site (*nevadaworkforce.com*), which provides public access to the workforce information database, was up 2.5% from a year ago during the 12-month plan year.

Work Deliverable 2: Produce and Disseminate Industry and Occupational Employment Projections...The Research and Analysis Bureau satisfied all requirements

associated with this work deliverable. Both long-term (2008-2018) and short-term (2009-2011) industrial and occupational projections were produced and disseminated. Long-term industry and occupational projections are available for the State, as well as sub-State areas.

Employment projections are utilized by State budget officials in forecasting State General Fund revenues. Given weak revenue collections, the Bureau worked with both executive and legislative branch policymakers and analysts in order to ensure that they had access to the most timely and useful projections. Projections designed to assist State policymakers are now being generated on a quarterly basis and are made available on our web site. These projections cover the period through 2013 in order to be useful for the biennial budget development process.

Work Deliverable 3: Publish an annual economic analysis report for the Governor and the State Workforce Investment Board...The Research and Analysis Bureau satisfies this requirement via the publication of a quarterly economic analysis report that is designed for the Governor, his cabinet, the State Workforce Investment Board, and local boards. The Bureau has determined that publishing such an analysis only on an annual basis would not provide policymakers with timely information needed to make sound decisions, especially since the economic outlook is so uncertain at this time.

In addition to Bureau of Labor Statistics information from the various Federal-State cooperative programs, the analysis also includes:

- unemployment insurance (claims, duration, and exhaustions) information from the State of Nevada Employment Security Division
- taxable sales information from the Nevada Department of Taxation
- Las Vegas visitor volume information from the Las Vegas Convention and Visitors Authority
- Nevada gaming win from the Nevada Gaming Control Board
- personal income data from the Bureau of Economic Analysis
- residential housing permit information from the Census Bureau
- Southern Nevada residential real estate and construction indicators from a private consultant, Home Builders' Research

This quarterly analysis offers information on trends in the State as a whole, as well as sub-State regions.

Work Deliverable #4: Post products, information, and reports on the Internet...There were a variety of reports and information posted on the Bureau's web site. The Bureau began posting Power Point presentations made to external audiences. R&A's monthly newsletter, the *Economy in Brief*, was also made available via the web site.

Other notable features on the Research and Analysis Bureau’s web site include county profiles, Local Employment Dynamics data, demographic information, and access to the Nevada Career Information System, to name just a few.

Work Deliverable 5: Partner and consult on a continuing basis with workforce investment boards...The Bureau continued to work closely with the State Workforce Investment Board, as well as both the Southern and Northern Boards, in PY 2009. R&A staff provide a workforce information report at every meeting of the State Board and begin most meetings with a general economic overview. Staff also consults on a regular basis with the two local boards and make regular appearances at their board meetings. All labor market information products produced by the Bureau are made available to board staff and members.

Work Deliverable 6: Conduct special studies and economic analyses...The Bureau conducted a variety of studies designed to provide additional insight into underlying labor market and economic trends in Nevada. For example (to name just several):

- R&A continued working with a private consultant to assess occupational wage differentials between the public and private sectors.
- R&A worked DETR management in assessing a variety of issues pertaining to the State’s unemployment insurance system.
- As part of the continued integration of the State’s workforce development efforts with Nevada’s overall economic development strategy, R&A worked cooperatively on a project-by-project basis, providing a variety of research and technical support, with the State’s various development authorities.

Expenditures...During the 12-month plan year, ending June 2010, more than half of the grant monies were expended or encumbered. During the six-month period ending December 2010, all remaining grant monies will be expended.

PY to Date	Expenditures	Encumbered	Total
June 30, 2010	\$ 119,249	\$ 96,874	\$ 216,123
December 31, 2010	\$ 414,616	\$ -	\$ 414,616

Customer Consultations

In the final weeks of the 12-month plan year (which coincides with the State’s fiscal year), surveys were mailed to various users of the Research and Analysis Bureau’s data offerings in order to gauge customer satisfaction. For PY 2009, our customer satisfaction scores were very encouraging. This conclusion is based upon 38 responses.

Specifically, the Bureau surveys two groups of customers: economic development agencies, chambers of commerce, and other business associations; and private and public economic research entities. There were no respondents in either customer group who were dissatisfied with our various information products.

Recommendations for Improvement or Changes to the Deliverables

Nevada's Department of Employment, Training and Rehabilitation has embarked on a new initiative to institutionalize regional sector strategies, as required by State Statute. The Research and Analysis Bureau will provide necessary research support designed to identify regional and sectoral workforce needs. We feel that the existing work deliverables adequately capture the work that we do as part of this new initiative.

The Bureau has become more proactive in providing research and analysis in support of the State's policymaking efforts. We will continue to focus on producing information products (reports, data releases, etc.) that meet the needs of State officials.

We do have significant concerns about developments relating to Workforce Informer hosting and maintenance. In March 2010, CIBER notified States that they were going to cease hosting and maintenance of the Workforce Informer product. The service agreement with CIBER runs to the end of February 2011. Before then, we will need a replacement product or new hosting option. A number of options are available. We would like to make a decision on how to proceed in October. There are four options available at this point:

1. CIBER's Workforce Informer project manager has created a new, separate company (Osborne Info Services) with the hopes of attaining the CIBER product hosting and maintenance service agreement. For the project to work, Osborne Info Services may need to attract all seven CIBER hosted States. This does not look likely at this point.
2. Bring in a new hosting company and product. Geographic Solutions is currently the only other company with an established LMI product.
3. Montana has offered to host and maintain the Workforce Informer product at a discounted rate. We will need to work with them more to determine if this is a feasible option.
4. A Nevada hosted HTML web site. This is the least desired option. This would be a ten year step backwards in technology and service. Nevada cannot host and maintain the Workforce Informer product due to technology and resource constraints.