

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

**Annual Performance Report
Workforce Information Core Products and Services Grant
Program Year 2015 (July 1, 2015 – December 31, 2016)**

Introduction

Nevada's Department of Employment, Training and Rehabilitation was awarded a Department of Labor-Employment and Training Administration grant totaling \$411,778 to partially support the labor market information work of the Research and Analysis Bureau. The grant covers the 2015 program year from July 1, 2015 – June 30, 2016. However, as allowed, the Research and Analysis Bureau utilizes the grant resources over an 18-month period, through December 31, 2016.

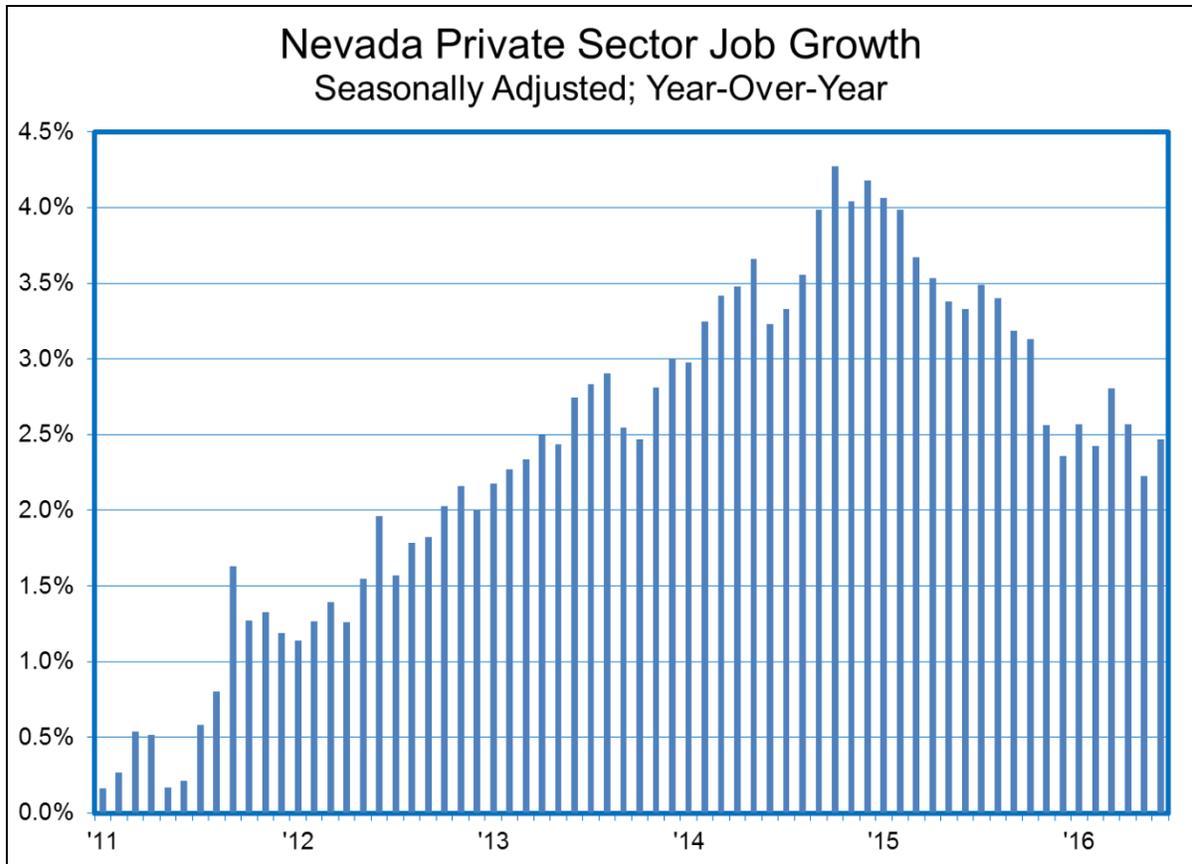
Grant recipients are required to submit an annual performance report summarizing a variety of activities funded via the grant. This report satisfies this requirement for the Research and Analysis Bureau. It consists of three sections:

- an overview of Nevada economic conditions and trends
- a summary of the Research and Analysis Bureau's accomplishments and activities, measured (where appropriate) against required work deliverables
- other accomplishments
- recommendations going forward
- a budget summary

Economic Overview

Nevada's economy continued on a path of improvement over the July 2015 to June 2016 (PY15) program year, with year-over-year job growth averaging 34,200 leading to a growth rate of 2.8 percent. Las Vegas continues to lead the State in taxable sales growth, as well as, visitor volume with positive domestic and international visitor growth. Nevada's smaller metropolitan areas, Reno-Sparks and Carson City, continue to show steady economic growth during this time period. Overall, the Nevada labor market has stayed in a period of expansion with growth in employment and a reduction in unemployment, however the rate of the decreases in unemployment may be slowing due to an increase in the number of individuals in the overall labor force.

Nevada non-farm payrolls increased by almost 40,600 jobs over-the-year in the calendar year 2015, averaging around 3,400 new jobs added per month. Private payrolls accounted for approximately 38,000 of these jobs in 2015, averaging about 3,200 of the total jobs added per month. Government sector employment also expanded, adding 2,600 total new jobs over-the-year. From January 2011 to June 2016, the private sector experienced positive job growth for 66 consecutive months.



Employment growth during the PY15 saw the addition of an annual average of 34,200 seasonally adjusted jobs in the workforce, growing at 2.8 percent. Private payrolls have contributed 31,600 to this total, with government growing by 2,600 jobs. Sector growth in Nevada has been led by trade, transportation, & utilities.

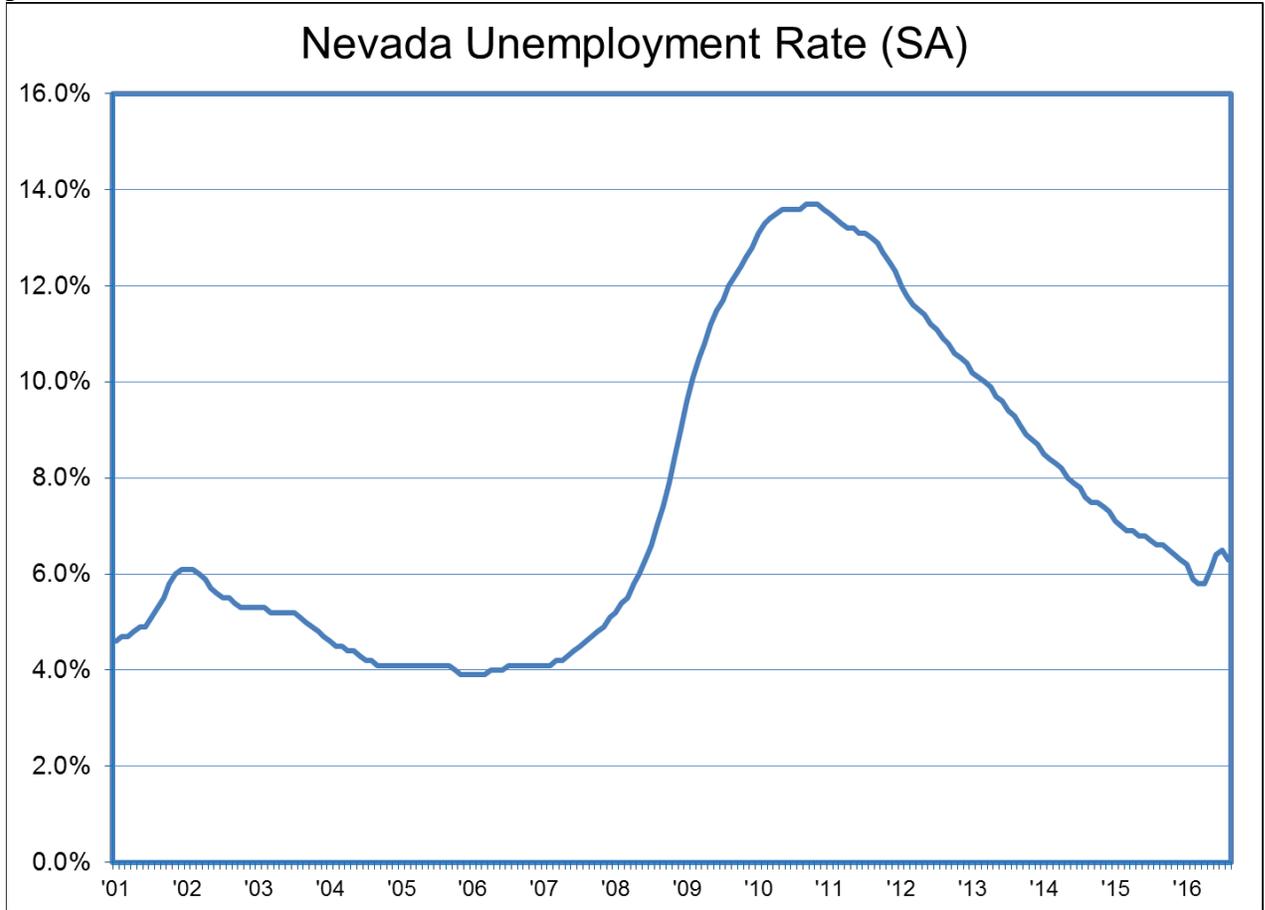
The trade, transportation, & utilities (TTU) sector is the State's second largest employer. Over PY15, 7,900 jobs were added in this industry, for an annually averaged growth rate of 3.3 percent. The subsector within TTU with the largest over-the-year growth was retail trade, with an additional 4,600 jobs over PY14.

Following close behind is professional & business services (PBS), the third largest employer in the State. This sector gained an annual average of 7,400 jobs in PY15 for a 4.6 percent growth rate. This sector houses professional, scientific & technical services; management of companies; and administration & waste management services subsectors. In terms of percentage growth, construction is the fastest growing industry in Nevada, with an over-the-year employment increase of 9.8 percent in PY15. This industry ranks third out of ten industries for job growth in numerical terms, with 6,500 jobs added over PY14.

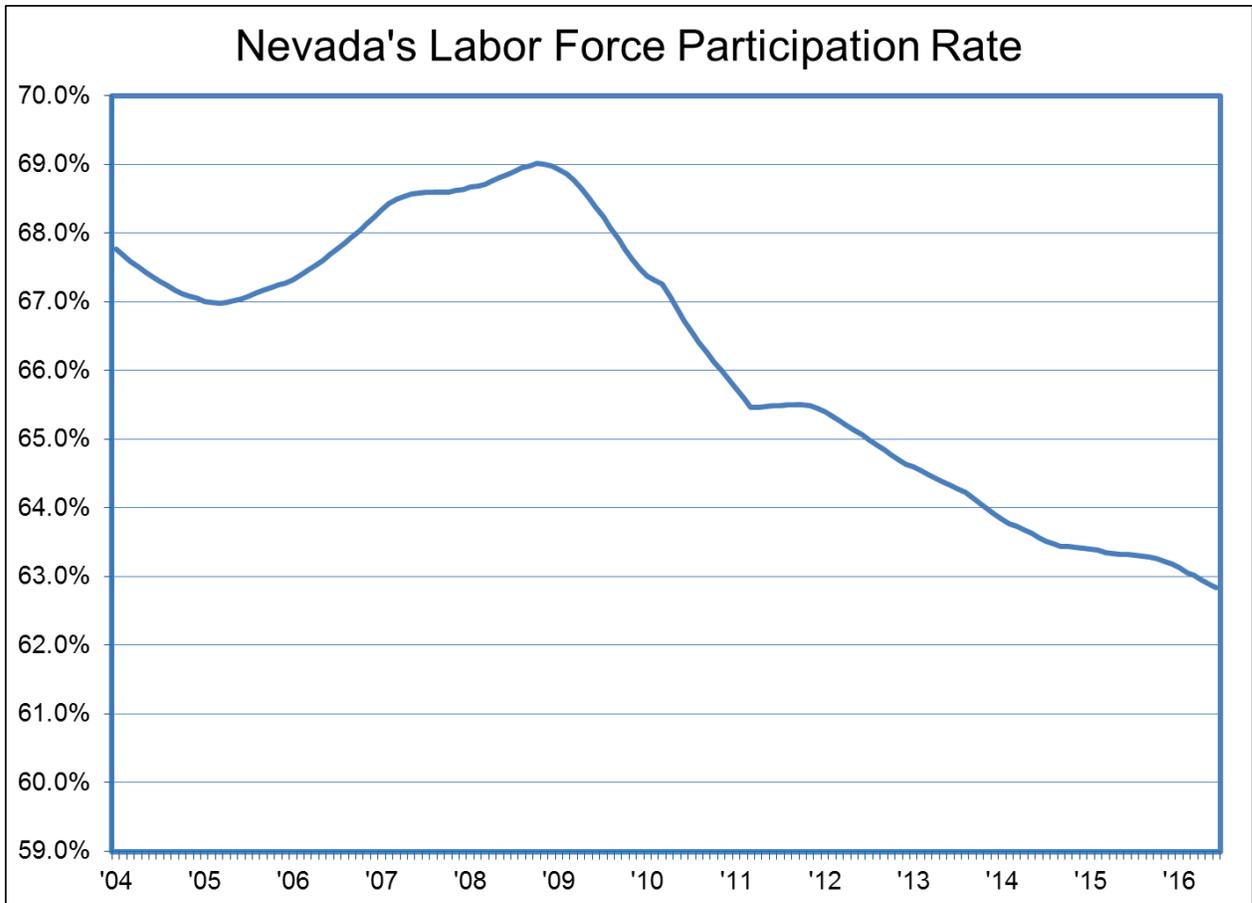
Growth in the State's metropolitan statistical areas has been positive. The State's largest MSA, Las Vegas, added 26,600 jobs during PY14 equating to a three percent growth rate. The Reno-Sparks MSA added 8,000 jobs during this time frame; this MSA grew at 3.9

percent. Job growth in Carson City, the State's smallest MSA, held steady over the year, totaling 28,000 jobs in both PY14 and PY15.

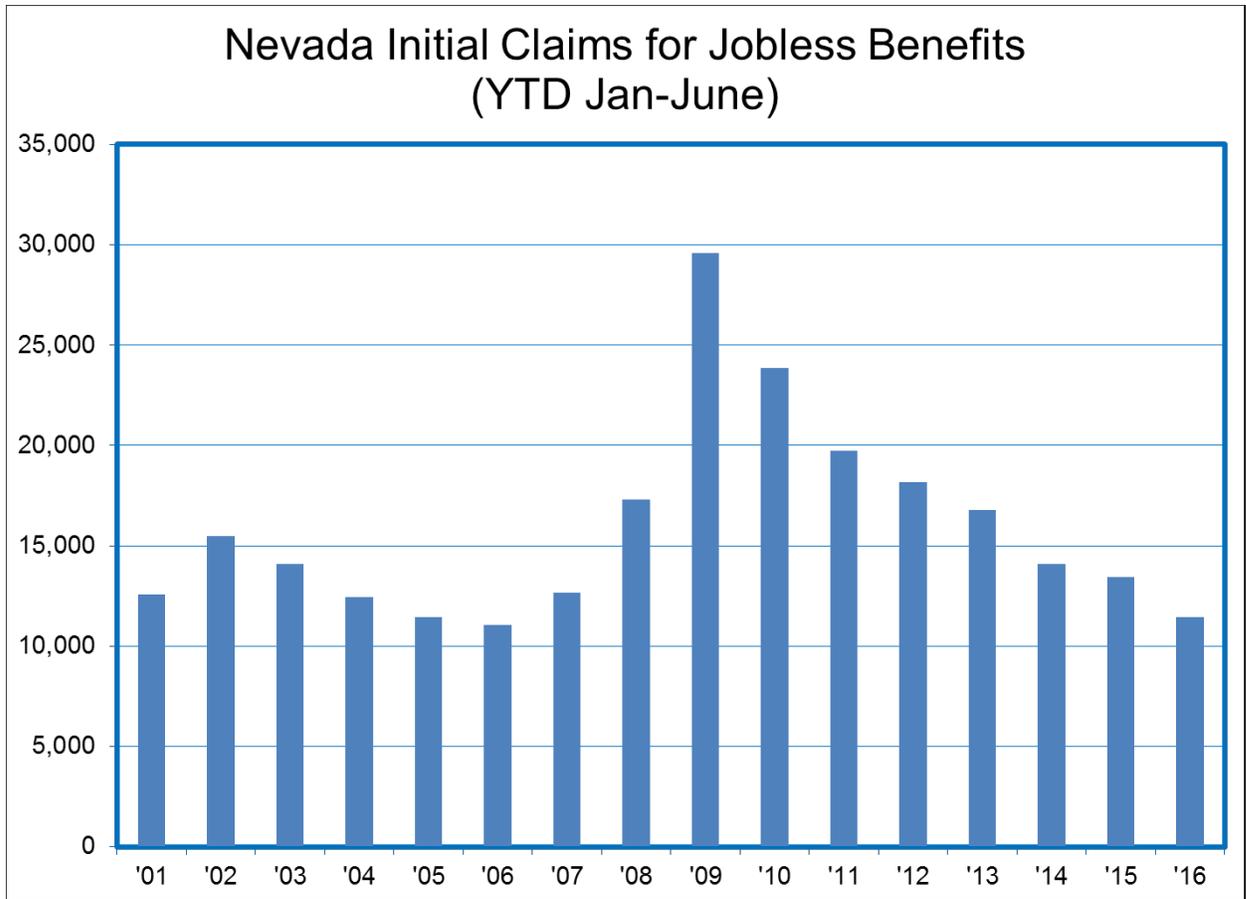
As more jobs are added to Nevada's economy, we expect the unemployment rate to continue falling. In June 2015, Nevada had the second highest unemployment rate in the nation, ahead of Alaska. The unemployment rate has dropped 0.9 percentage points in PY15 to an average of 6.3 percent. In PY14 the unemployment rate fell or held steady every month, with the exception of May and June of 2016, where it increased by 0.3 percent for each month.



Nevada's labor force participation rate for PY15 averaged 63.1 percent, down from 63.4 percent in PY14. Recent rates are some of the lowest participation rates Nevada has experienced since modern tracking of the data series began in 1976. Many factors could have contributed to the decline in labor force participation ranging from planned retirement of the baby boom generations, to the expiration of extended unemployment compensation (EUC), but one primary factor was likely a lack of employment opportunities during the recession.



Another measure of labor market conditions can be found by the examination of initial unemployment insurance claims. In 2016 initial claims for the first six months of the year averaged 11,500, which are nearly 2,000 claims below the initial claims for the first six months of 2015. Significant progress has been made in the first six months of 2016, as this average is only 420 claims higher than 2006, the lowest average in the series. Since 2009, initial jobless claims have been declining towards the long-term trend, although it appears to be losing momentum as we approach. To illustrate, there were 19 percent fewer claims throughout the first half of 2010; in 2011, there were 17 percent fewer claims. In 2012 this rate slowed to an 8 percent decline, slowing again in 2013 to 7.6 percent. In 2014 the rate of decline accelerated with 16 percent fewer claims in the first 6 months than the same time period in 2013, but the previous trend resumed in 2015 with a decline of 4.7 percent. In 2016, the rate accelerated once again, decreasing by 14.7 percent.



Leading economic indicators are mixed, but support the view of continued moderate strengthening of Nevada’s economy. When we compare the most recently available gaming win statistic, annual PY15 increased by 0.7 percent from PY14. Statewide taxable sales data for the first six months of 2016 indicates an increase of 4.3 percent year over year. Las Vegas’ visitor volume has increased 1.6 percent year to date through June as compared to the previous year. Last year, Las Vegas received an all-time high of over 42,000,000 visitors. If trends continue, the Silver State’s largest metro area will attain a new visitation record in 2016. Nevada’s total gross domestic product (in current dollars) a measure of the State’s output, has increased for the last five consecutive years 2010-2015, growing by 5.4 percent in 2015.

To summarize, Nevada’s economy is in the sixth year of its recovery. Private sector employment has shown steady growth, while government levels are also increasing, albeit at a slower pace. Given the recent increases in taxable sales it is likely that government job growth may start to increase on the state and local levels. Due to the continued job growth, the overall trend in the unemployment rate continues to decline, although a growing labor force has moderated the pace of decline. Finally, initial claims for unemployment insurance continue to trend down. Over the PY15, Nevada’s economy continues to improve at a slow and steady pace.

PY 2015 Accomplishments/Activities/Required Products/Deliverables

Accomplishment/Activity/Required Products/Deliverable a: 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, consumer prices, and unemployment insurance claim information.

Usage of the Bureau's web site (*nevadaworkforce.com*), which provides public access to the workforce information database, was down ten percent during the 12-month plan year. This is a very volatile indicator. For instance, during Plan Year 2011, visits to our website were up 86%. In PY 2014, visits were up 3.7%. All told, there were 260,000 website visits during the 12 months ending in June 2016, a decline of 30,000 from the prior year. The decline is largely attributable to the rollout of a new website in the spring of 2016. As that rollout occurred, website access was limited. Additionally, once the rollout was complete, users had to adjust to new and improved tools.

In addition, we have converted to the newest version of the WIDb, version 2.6.1.

Accomplishment/Activity/Required Products Deliverable b: Produce and Disseminate Industry and Occupational Employment Projections...The Research and Analysis Bureau satisfied all requirements associated with this work deliverable. Methodologies, software tools, and guidelines developed by the Projections Workgroup and the Projections Managing Partnership were utilized. Projections staff received required training via both in-person and webinar-based environments. Statewide long-term (2014-2024) industrial and occupational projections were produced, published, and disseminated. Statewide short-term (2015-2017) industrial and occupational projections were produced, published, and disseminated. Sub-State long-term projections (2014-2024), a non-required activity, were also produced, published, and disseminated, as were Sub-State short-term (2015-2017) projections.

Employment projections are utilized by State budget officials in forecasting State General Fund revenues. 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 2019 in order to be useful for the biennial budget development process.

The biennial Licensed Occupation Survey was conducted and the required tables were submitted to the NCSC in PY 2015. It will be conducted again during PY 2017.

Accomplishment/Activity/Required Products/Deliverable c: Statewide Annual Economic Analysis Report and Other Reports... The Research and Analysis Bureau's most visible publication is our regular newsletter, the *Economy in Brief*. The *EiB* provides a regular comprehensive overview of economic conditions throughout the State of Nevada, including sub-State regions.

In addition to Bureau of Labor Statistics information from the various Federal-State cooperative programs, these analyses also include:

- unemployment insurance (claims, duration, and exhaustions) information from the State of Nevada Employment Security Division
- labor market/demographic information from the Census Bureau's Current Population Survey and Local Employment Dynamics Program
- Real-time labor market information utilizing Burning Glass Technologies tools
- 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
- export activity from Haver Analytics
- business license information from the Secretary of State's Office
- residential housing permit information from the Census Bureau
- housing start information from Haver Analytics
- Southern Nevada residential real estate and construction indicators from a private consultant, Home Builders' Research
- Department of Health and Human Services caseload information

Targeted audiences include the business community, Nevada residents (especially the unemployed searching for work/growth opportunities), policymakers (including the State and local workforce investment boards), researchers, etc.

The *EiB*, published solely with WIG resources, is posted on our website and disseminated via our e-mail subscription list (approximately 400). It is made available to members of Nevada's nine sector councils (discussed below). We also announce its availability via Twitter.

One of our more popular information products/publications is a series of one-page *Research Notes*, each dealing with a special topic concerning Nevada's workforce and economy. Since July 2015, the beginning of PY 2015, we have produced 86 separate *Notes*. Sample topics include alternative measures of labor underutilization, Nevada job growth rankings, unemployment duration, reasons for unemployment, etc.

As for satisfying this specific deliverable, a 2015 analysis of Information Technology occupations in Nevada is being submitted as part of this Annual Report. That report can be found here:

http://nevadaworkforce.com/Portals/139/Research%20Papers/Nevada_IT_Report.pdf

PY 2015 Other Accomplishments

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 2015, our customer satisfaction scores were very encouraging.

Specifically, the Bureau surveys two groups of customers: economic development agencies/chambers of commerce/other business associations (100% customer satisfaction); and private and public economic research entities (100% customer satisfaction). As an aside, customer satisfaction results have been adopted as one of the Bureau's performance measures and are reported as part of the State's biennial budget process.

On a more informal note, over the course of PY2015, the Research and Analysis Bureau was provided the opportunity to present to a variety of customer groups (economic development entities, business organizations, State/local WIBS, etc.). Feedback received was extremely positive. We are typically invited back for future presentations/updates. The Bureau also posts Power Point presentations made to external audiences, when appropriate.

Activities Undertaken to Meet Customer Needs...The Bureau continued to work closely with the State Workforce Development Board, as well as both the Southern and Northern Boards, in PY 2015. 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.

As discussed above, R&A has become an active partner with the State's various economic development entities. We work closely with the Governor's Office of Economic Development and collaborate extensively with their research staff. We also have solid working relationships with several sub-State economic development entities, assisting them with site-selection issues.

Our on-going work with the eight sector councils has proven to be quite productive. An R&A economist is assigned to every council and provides technical support, in addition to making regular presentations.

Each month, our most important reports and analyses are packaged together for dissemination to our various customer groups. These *Monthly Highlights* are designed to serve as an easy reference guide to our various products and releases. They highlight our monthly newsletter, Power Point summaries, press releases, R&A in the media, Research Notes, and presentations. Our *Highlights* are distributed to our e-mail subscription list of 400.

New Tools and Resources... While a lack of budgetary resources did not allow for access to new tools beyond those utilized historically by R&A, we continued to rely heavily on a variety of “non-traditional” tools utilized by WIG-funded staff. We utilize tools developed by Economic Modeling Specialists, Inc. (EMSI), especially in working with the various sector councils. R&A also relies heavily upon the Haver Analytics tool, which provides us with quick and easy access to their economic databases. We also utilize an online job ad posting database developed by Burning Glass and packaged as part of the Department’s Silver State Solutions initiative.

During PY 2011, the Bureau partnered with several other states in the beginning stages of a new website consortium, with Montana as the host. During PY 2015, the development of a new website infrastructure was completed and rolled out.

Efforts to Create and Support Partnerships and Collaborations... The Research and Analysis Bureau is recognized throughout the State as the “premier” provider of labor market and economic information. There are countless interactions with outside entities over the normal course of our work. Some of these partnerships involve the leveraging of WIG funding.

Some specific examples of our collaborations include:

- R&A worked with 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. Access to various EMSI analytical tools proved to be critical in successfully responding to these types of economic development-related inquiries.
- The Chief Economist served on the Census Bureau’s Local Employment Dynamics Steering Committee.
- The Chief Economist served on the Board of the Labor Market Information Institute.
- The Chief Economist served on the Workforce Information Council/BLOC.
- The State Treasurer’s Office utilizes the Bureau’s skills and expertise as part of the periodic bond sale process (and provides funding to support our efforts).
- Workforce information is regularly shared with researchers/faculty in the State’s higher education system.

During PY 2011, the Governor announced sweeping changes to the State's economic development efforts. This new approach is sector-driven. As these efforts have unfolded, eight separate sectors that are the driving focus of State economic development efforts have evolved. The Research and Analysis Bureau has played a major role in steering the work of the various Sector Councils which have been formed to help advise and guide the State's workforce training programs.

Our partnership with EMSI has proven to be especially valuable in our sector-driven work. Typically, at each sector council meeting, R&A presents a technical and detailed overview of sector labor market conditions/trends. These reports/presentations rely heavily upon EMSI tools and offer a structural overview of each of the sectors, utilizing such techniques as location quotient and shift/share analysis, amongst others.

Activities to Leverage LMI-WIG Funding...In addition to the minimal support from the State Treasurer's Office mentioned above (approximately \$5,000 annually), the Department of Employment, Training & Rehabilitation recognizes the value of the WIG-related activities undertaken by R&A. On an as-needed basis, non-WIG federal/State funds are made available to support the work undertaken by WIG-supported staff.

Recommendations for Changes and Improvements to WIG Requirements

The Research and Analysis Bureau will continue to strive to meet the needs of our customers. Our priorities will remain supporting the Workforce Development Board community, economic development entities, employers, job seekers, and public policymakers. We feel that the existing work deliverables adequately capture the work that we do as part of these efforts. As PY 2016 unfolds, we are hoping to identify more efficient means to deliver our information to our customers.

As for suggested improvements, we stress the importance of financial support for the overall labor market information infrastructure. Tools such as the Local Employment and Wage Information System (LEWIS) and the work of the Analyst Resource Center (ARC) and the Projections Managing Partnership (PMP) are critical to the overall LMI infrastructure. Going forward, solid funding for these, and other, tools/activities is critical.

In addition, we would request that utilizing the resources of the Census Bureau's Local Employment Dynamics Program be specifically mentioned as an "allowable" or "encouraged" activity under the Grant.

Budget Summary

During the 12-month plan year ending June 2016, 100% of the grant monies were expended or encumbered.