

NEVADA'S ECONOMY

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NEVADA WEEKLY EARNINGS REMAIN WELL OFF NATIONAL PACE

Nevada lags well behind the nation during the recovery from the Great Recession. At 52.4 percent, Nevada still has the highest percentage of homeowners underwater on their mortgages. Nevada's unemployment rate remains the highest in the nation at 9.5 percent. Nevada lost 14.4 percent of its jobs during the Great Recession, and as of July, statewide employment was still 11.3 percent below the high-water mark of 1.297 million set in May 2007. As a point of comparison, the United States as a whole lost 6.3 percent of its jobs during the

Great Recession, and as of July, nationwide employment was 1.5 percent below the high-water mark of 138.056 million set in January 2008.

The limited extent of Nevada's employment recovery, however, understates just how far Nevadans have fallen behind the pace of the national recovery. At the national level, average weekly earnings in the private sector are 15.7 percent above their respective January 2007 figures. For Nevadans employed in the private sector, average weekly earnings are 8.7 percent below the January 2007 figure. Smaller gains in hourly earnings have been seen in Nevada than have been seen nationally, and those who are employed are working fewer hours per week than they did in 2007.

As shown in Chart 1, Nevadans have fared poorly on average weekly earnings in recent years. Private sector average weekly earnings were higher in Nevada than in the United States as a whole at the beginning of 2007. Since January 2007, however, U.S. private sector average weekly earnings have increased by 15.7 percent. Over that same time period, private sector average weekly earnings in Nevada and Las Vegas have declined by 8.7 percent and 8.4 percent, respectively. In comparison to U.S. private sector average weekly earnings, the Nevada and Las Vegas figures are now 18.7 percent and 18.3 percent lower, respectively¹.

The relatively slow growth of hourly earnings in Nevada accounts for some of the weakness in average weekly earnings. As shown in Chart 2, the Nevada and Las Vegas average hourly earnings in the private sector were 6.5 percent lower than those for the U.S. in January 2007. Since January 2007, U.S. average hourly earnings in the private sector have increased by 15.0 percent. Average hourly earnings in Nevada's private sector are up by only 2.7 percent from January 2007 and up 4.2 percent from the low that occurred in late 2010. Similarly, hourly earnings in Las Vegas' private sector are up by 3.5 percent from January 2007 and up 3.4 percent from the low that occurred in late 2010. Compared to the U.S., private sector employees in Nevada and Las Vegas have average hourly earnings that are 16.5 percent and 15.9 percent lower, respectively.

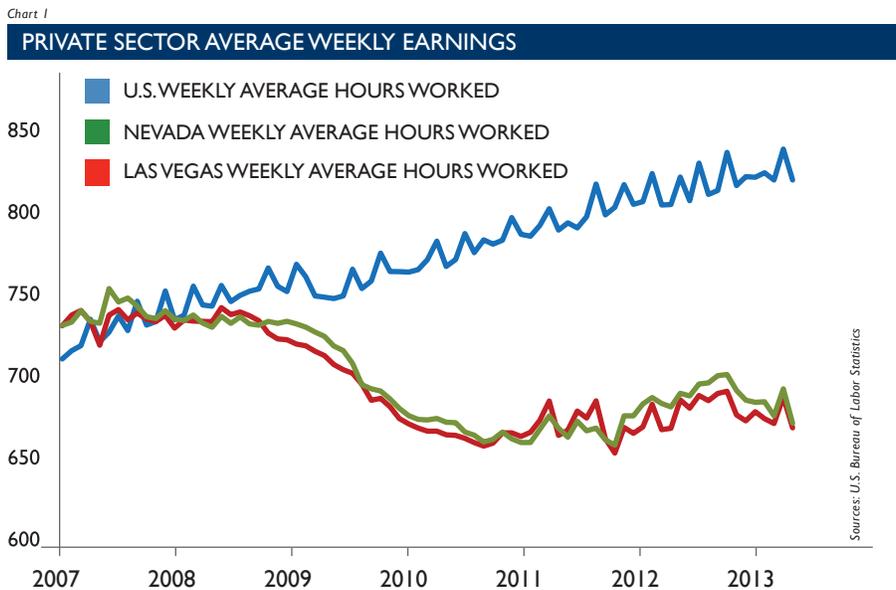
The combination of a decline in weekly earnings and weak recovery in hourly earnings that we have seen in Nevada points to a sharp decrease in weekly hours worked. In January 2007, prior to the Great Recession, private sector workers in Nevada and Las Vegas worked 10.3 percent more hours than the national average as seen in Chart 3. Since January 2007, the average weekly hours worked in the Nevada and Las Vegas private sectors have declined by 11.2 percent and 11.4 percent, respectively. As of July 2013, the average hours worked in Nevada and Las Vegas are 2.9 percent and 3.2 percent lower than the national average, respectively.

Anecdotal reports indicate that with the boom in the Nevada leisure and hospitality and construction industries, the hours worked in both industries were quite long in 2007. As the economy slipped, however, the opportunities and requirements for overtime gradually fell. In fact, weekly hours worked were reduced in a number of Nevada industries as seen in Table 1. Leisure and hospitality saw the largest decline in weekly hours worked. Trade, transportation and utilities and professional and business services also saw relatively large declines in weekly hours worked.

Overall, weekly hours worked by employees in Nevada's private sector have slipped by 11.2 percent since January 2007. In goods producing, the weekly hours worked declined by 7.1 percent, and in private service providing, the weekly hours worked declined by 10.7 percent. The percentage decline in the private sector hours worked is greater than in either goods producing or private service providing, because we also saw a shift in workers from goods production to private service providing, and the average number of weekly hours worked is considerably fewer in the latter sector.

Overall, we find that average weekly earnings in the Nevada private sector have slipped since 2007, while average weekly earnings have increased in the U.S. private sector. The weak growth in Nevada's hourly earnings accounts for some of the difference between the Nevada experience and average U.S. experience, but the decline in average weekly hours worked accounts for most of the difference. The loss in hours worked is the highest in the leisure and hospitality industry, but the decline in the hours worked is widespread across Nevada's industries.

¹Taking into account the loss of employment since January 2007, Nevada's total weekly earnings in the private sector have decreased by 19.4 percent.



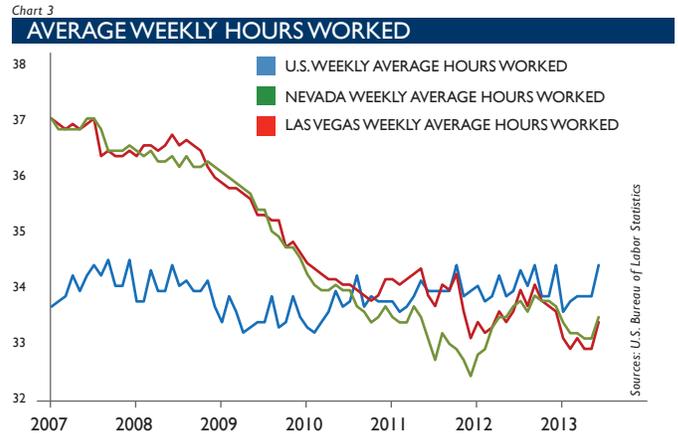
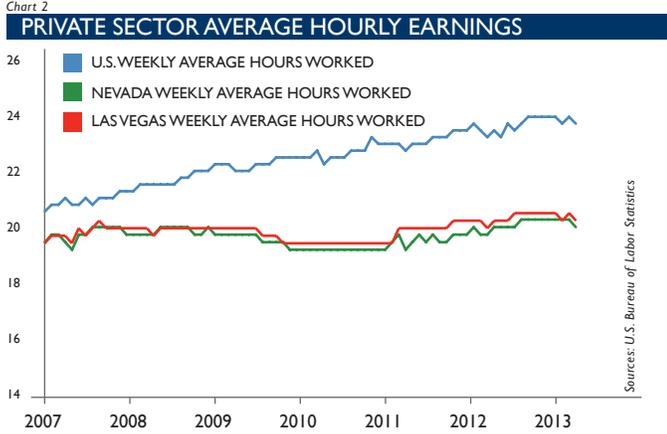


Table 1

PERCENTAGE CHANGE IN LABOR MARKET INDICATORS						
	United States			Nevada		
	Average Weekly Earnings	Average Hourly Earnings	Average Weekly Hours Worked	Average Weekly Earnings	Average Hourly Earnings	Average Weekly Hours Worked
Private Sector	15.7	15.0	0.9	-8.7	2.7	-11.2
Goods Producing	18.9	15.1	3.6	-3.4	4.0	-7.1
Construction	21.7	15.1	5.9	-0.4	5.4	-5.5
Private Service Providing	16.0	15.3	0.6	-6.2	5.1	-10.7
Trade, Transportation and Utilities	15.8	13.4	2.1	-4.3	6.6	-10.2
Financial Activities	21.1	19.8	0.8	-6.1	-8.4	2.5
Professional and Business Services	19.1	15.8	3.2	-17.2	-10.6	-10.2
Leisure and Hospitality	12.1	8.7	3.1	-16.3	-1.5	-15.0

Source: Authors' calculations based on data from the U.S. Bureau of Labor Statistics





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