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AN ANALYSIS OF NEVADA'S PRE- AND POST-PANDEMIC LABOR FORCE PARTICIPATION RATE

Policy Brief

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UNLV | LEE BUSINESS SCHOOL
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BACKGROUND

The COVID-19 pandemic sent shocks through the global economy, inducing a recession that was not only unevenly felt across different localities but continued to impact certain economic sectors well after the initial crisis waned. The contrast between the unemployment rate and the labor force participation rate (sometimes referred to as LFPR) in Nevada is a great example of this tension.

In April 2020, Nevada recorded an unemployment rate of 30.6 percent.¹ As of February 2023, the unemployment rate had fallen to 5.5 percent and the state had more than recovered the total number of jobs lost during the pandemic. This growth across sectors, though, was not uniform. As recently as February 2023, leisure and hospitality employment had not yet returned to its pre-pandemic peak of 360,400.²

Conversely, Nevada's labor force participation rate—the number of people employed or seeking employment divided by the number of people ages 16 and over (excluding certain populations, such as those in the military or incarcerated)—decreased by 2.9 percentage points, from 64.3 percent in February 2020 to 61.4 percent in February 2023.³

Nevada's civilian labor force *decreased* by 245 individuals, while the state population *grew* by an additional 87,001 residents in about the same period, between 2019 and 2022.⁴ In other words, from the time prior to the pandemic to the period following, Nevada netted just over three new workers for every 100 new residents. **This represented the third-largest drop among all states following the COVID-19 pandemic** (after seasonally adjusting the labor force participation rate), according to the U.S. Bureau of Labor Statistics (BLS).

When ranked against other states, Nevada's labor force participation rate worsened, ranking **20th** in February 2020 and **32nd** in February 2023, as shown in Figure 1 below. Over the same period, the labor force participation rate increased in eight states: Alaska, Illinois, Louisiana, New Jersey, North Dakota, Oklahoma, Oregon, and Utah.⁵ As of October 2023, Nevada's LFPR was 62.1 percent, still below its pre-pandemic level.⁶

¹ U.S. Bureau of Labor Statistics, "Unemployment Rate in Nevada [NVUR]," retrieved from FRED, Federal Reserve Bank of St. Louis, accessed April 2023, <https://fred.stlouisfed.org/series/NVUR>.

² U.S. Bureau of Labor Statistics, "Quarterly Census of Employment and Wages," accessed November 2023, https://data.bls.gov/cew/apps/data_views/data_views.htm#tab=Tables.

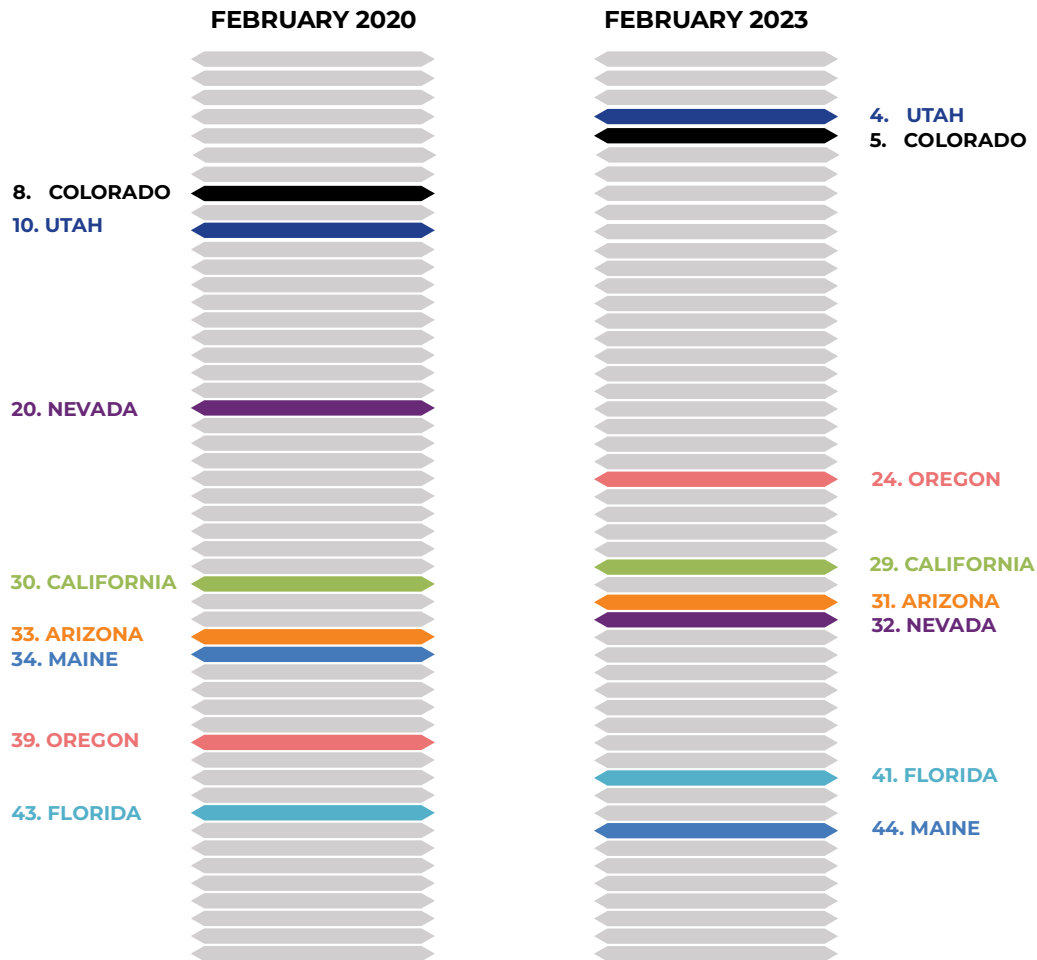
³ U.S. Bureau of Labor Statistics, "Release Tables: Labor Force Participation Rate," retrieved from FRED, Federal Reserve Bank of St. Louis, <https://fred.stlouisfed.org/release/tables?eid=784070&rid=446>.

⁴ U.S. Bureau of Labor Statistics, "Civilian Labor Force in Nevada [NVLFN]," retrieved from FRED, Federal Reserve Bank of St. Louis, accessed November 2023, <https://fred.stlouisfed.org/series/NVLFN>; and U.S. Census Bureau, "Resident Population in Nevada [NVPOP]," retrieved from FRED, Federal Reserve Bank of St. Louis, accessed July 2023, <https://fred.stlouisfed.org/series/NVPOP>.

⁵ U.S. Bureau of Labor Statistics, Release Tables: Labor Force Participation Rate, retrieved from FRED, Federal Reserve Bank of St. Louis, <https://fred.stlouisfed.org/release/tables?eid=784070&rid=446>. Seasonally adjusted.

⁶ U.S. Bureau of Labor Statistics, "Labor Force Participation Rate for Nevada [LBSSA32]," retrieved from FRED, Federal Reserve Bank of St. Louis, accessed August 2023, <https://fred.stlouisfed.org/series/LBSSA32>.

FIGURE 1. Labor Force Participation Rate Overall Ranking for Nevada and Selected States (February 2020 – February 2023)



Source: U.S. Bureau of Labor Statistics. Note: Replication of figure constructed by the UNLV Center for Economic Research (CBER). For the original, see: Andrew Woods, Stephen M. Miller, Jinju Lee, Jaylin Hendricks, Meredith Levine, and Michael Stewart, “An Analysis of Nevada’s Pre- and Post-Pandemic Labor Force Participation Rate: Trends Analysis,” University of Nevada, Las Vegas (UNLV), Lee Business School, Center for Business and Economic Research, and Kenny C. Guinn Center for Policy Priorities, December 2023, <https://guinncenter.org/wp-content/uploads/2023/12/Nevada-LFPR-Trends-Analysis.pdf>.

KEY FINDINGS

- **Nevada and Clark County’s reductions in labor force participation post-pandemic appear tied to both the economy and education.** The decrease in Nevada’s labor force participation rate may be due to comparatively low levels of educational attainment and economic concentration in leisure and hospitality with underdevelopment in other sectors.
- **Post-pandemic, over one in five jobs in Nevada and one in four jobs in Clark County are still tied to leisure and hospitality.** This exceeds its tourism-dependent peers, such as Orlando, Florida, and New Orleans, Louisiana.
- The leisure and hospitality sector, which accounts for over 22.7 percent of employment in Nevada, **recorded the largest decrease in labor force participation rates** (for those ages 16 and over), from 88.3 percent in 2019 to 82.4 percent in 2021.
- **Nevada’s labor force participation for those with less than a bachelor’s degree (ages 21 to 64) declined from 75.4 percent in 2019 to 74.3 percent in 2021.** Labor force participation for those with a bachelor’s degree or higher increased slightly during this time—from 83.8 percent in 2019 to 83.9 percent in 2021.
- In 2021, while 38.5 percent of domestic in-migrants to Nevada ages 21 to 64 held a bachelor’s degree or higher (an increase from 2019), **this rate placed Nevada in the bottom 10 states for attracting college-educated workers.** Nevada attracts relatively fewer college-educated in-migrants when compared to other states. In 2021, among those who moved to other states in the United States (ages 21 to 64), more than half (50.2 percent) held a bachelor’s degree or higher.
- **Nevada’s lower LFPR in 2021 partly reflected a slightly larger share of the population ages 65 and over compared to 2019.** Nevada’s share of the population ages 65 and over was 16.5 percent in 2021, as compared to the 2019 share of 16.2 percent. In 2021, 12.2 percent of Nevada’s total domestic in-migrants were ages 65 or older, compared to 11.0 percent in 2019. Increases in the population ages 65 and over are associated with decreases in the LFPR.
- **Nevada has reported some of the lowest labor force participation rates among those between the ages of 55 and 64.** Looking at this indicator, Nevada ranked 41st and 42nd out of the 50 states and Washington D.C., respectively, in 2019 and 2021.
 - The labor force participation rate for individuals between the ages of 55 and 64 declined from 62.2 percent in 2019 to 61.8 percent in 2021.
 - Nevada ranked among the lowest labor force participation rates for educated workers between the ages of 55 and 64 from 2019 to 2021.
 - Nevada also experienced a decrease in the LFPR among less educated workers (non-college degree holders) between the ages of 55 and 64, from 60.5 percent in 2019 to 59.6 percent in 2021.
 - This decline is comparable to that for individuals between the ages of 21 and 54, with the LFPR of non-college degree holders declining from 79.5 percent in 2019 to 78.5 percent in 2021. This may suggest that the decline in the LFPR among persons between the ages of 55 and 64 could have been influenced by their education levels. These levels of educational attainment may have limited their job-seeking opportunities during the pandemic and resulted in exits (in the form of early retirements) from the labor force temporarily or permanently.

CONCLUSIONS

Nevada and Clark County’s reductions in labor force participation primarily appear to be tied to both the economy and education. When leisure and hospitality perform well, so does Nevada’s economy. When the leisure and hospitality sector is affected by a global pandemic or a financial crisis, the effects ripple not only through southern Nevada but the entire state. In both Nevada and the United States, the leisure and hospitality industry has struggled to return to its pre-pandemic employment peak, despite strong labor demand.

The decrease in Nevada’s labor force participation rate may be a function of the interplay between comparatively low levels of educational attainment and economic concentration in leisure and hospitality. Nevada’s LFPR for those with less than a bachelor’s degree (ages 21 to 64) declined from 75.4 percent in 2019 to 74.3 percent in 2021. Labor force participation for those with a bachelor’s degree or higher, however, experienced a small increase, from 83.8 percent in 2019 to 83.9 percent in 2021.

Nevada’s sector-specific dependence, along with ongoing underinvestment in a skilled and educated workforce, appears to have reduced the job opportunities for workers during economic downturns. Nevada continues to see a depletion in its pool of workers, who either permanently leave the job market in frustration, move to another state (which is more likely to occur with college-educated workers), or “sit on the sidelines” until jobs and wages improve enough to a point that they return to the labor force. This can be harmful to local, state, and national economies, as a lack of workforce means a reduction in real GDP.

Preliminary findings suggest that the considerable decrease in labor force participation pre- and post-pandemic in Nevada reflects an economy that remains dependent on one industry and, as many subject matter experts argue, is characterized by underinvestment in education and workforce training.

FURTHER RESEARCH

The UNLV Lee Business School’s Center for Business and Economic Research and the Guinn Center will build on the labor force participation rate research study outlined here to determine if structural adjustment continues one year further out from the pandemic recession. We will see if the extra data supports our conclusions as to *who* the missing workers from the labor force were and *how* the adjustment process has unfolded since the pandemic. This means reexamining the connection with education, age, migration, marriage status, industry, and gender. We will also examine any relationship with wages by industry using the Nevada P-20 to Workforce Research Data System (NPWR) and other sources. In addition, the Guinn Center will provide potential evidence-based policy solutions based on our findings.

This policy brief is adapted from: Andrew Woods, Stephen M. Miller, Jinju Lee, Jaylin Hendricks, Meredith Levine, and Michael Stewart, “An Analysis of Nevada’s Pre- and Post-Pandemic Labor Force Participation Rate: Trends Analysis,” University of Nevada, Las Vegas (UNLV), Lee Business School, Center for Business and Economic Research, and Kenny C. Guinn Center for Policy Priorities, December 2023, <https://guinncenter.org/wp-content/uploads/2023/12/Nevada-LFPR-Trends-Analysis.pdf>.



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