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Nevada Weekly Earnings Well Behind the National Pace

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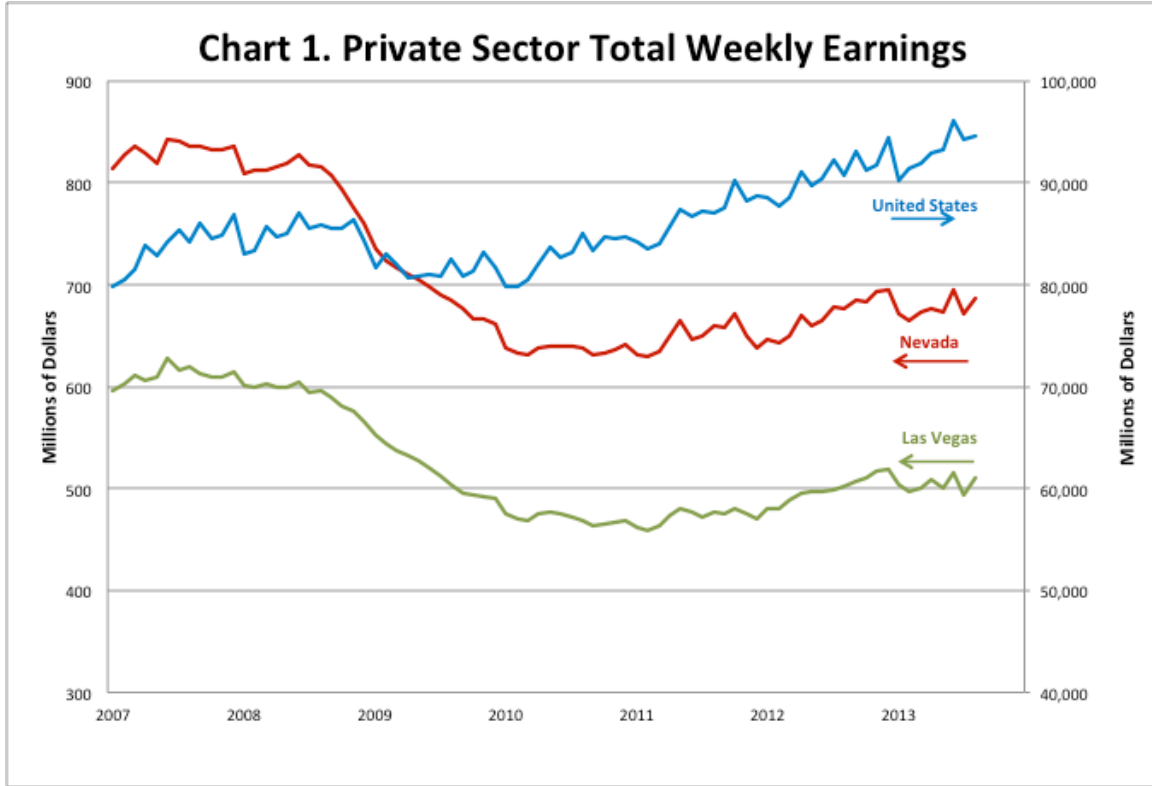
Nevada lags well behind the nation during its recovery from the Great Recession. At 36.4 percent, Nevada still has the highest percentage of homeowners underwater on their mortgages. Nevada's unemployment rate remains the highest in the nation at 9.5 percent. Nevada lost 14.4 percent of its jobs during the Great Recession, and as of August, statewide employment was still 11.0 percent below the high-water mark of 1.297 million jobs 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 August nationwide employment was 1.4 percent below the high-water mark of 138.056 million set in January 2008.

The limited extent of Nevada's employment recovery understates just how far Nevadans have fallen behind the pace of the national recovery. At the national level, average weekly earnings for people employed in the private sector during August 2013 were 15.7 percent above their respective August 2007 figures. For Nevadans employed in the private sector, average weekly earnings for August 2013 were 7.9 percent below the August 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.

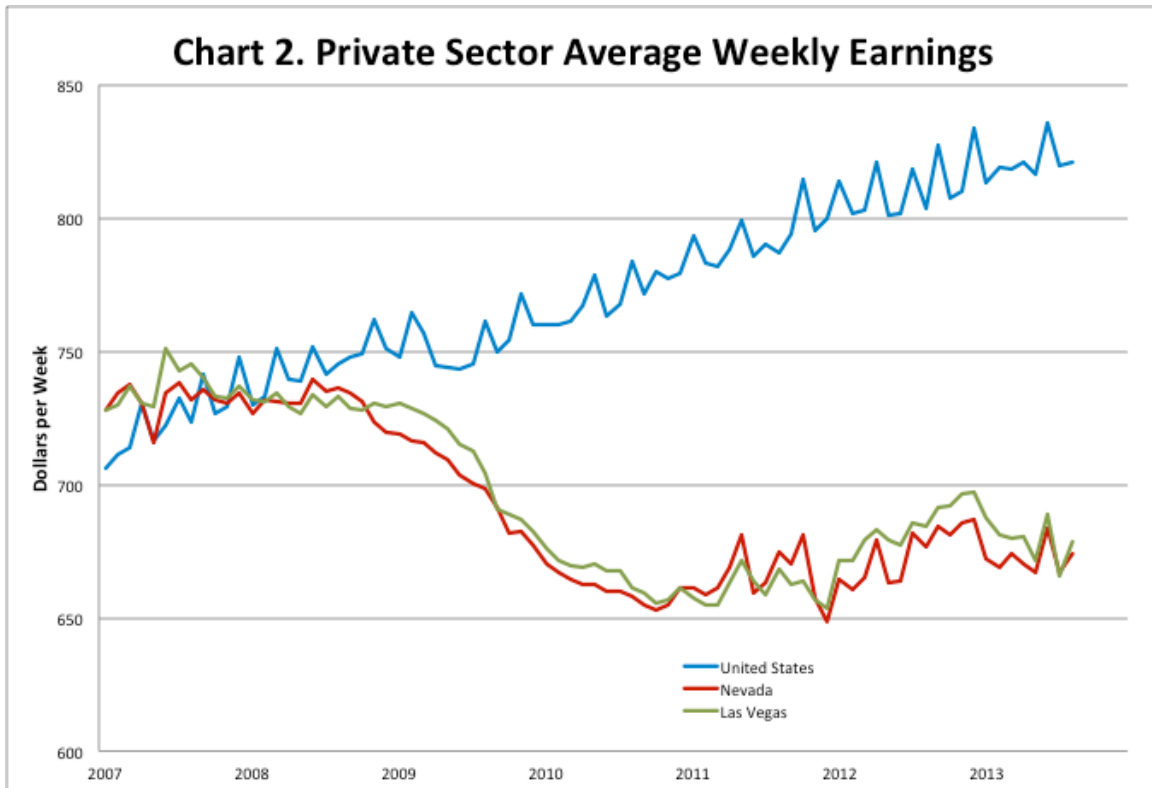
Taking into account the change in employment since August 2007, U.S. total weekly earnings in the private sector have increased by 12.3 percent (Chart 1).¹ In Nevada, total weekly earnings have declined by 17.8 percent since August 2007, and in Las Vegas, total weekly earnings have declined by 17.5 percent. A considerable portion of this difference owes to declines in average weekly earnings in Nevada's private sector.

As shown in Chart 2, sector average weekly earnings were higher in Nevada than in the United States as a whole at the beginning of 2007. Since mid-2008, however, Nevadans have fared poorly on average weekly earnings. As of August 2013, U.S. private sector average weekly earnings were 13.5 percent higher than in August 2007. Over that same six-year period, private sector average weekly earnings in Nevada and Las Vegas declined by 7.9 percent and 8.9 percent, respectively. In comparison to the private sector average weekly earnings for the United States, the Nevada and Las Vegas figures are now 17.9 percent and 17.3 percent lower, respectively.

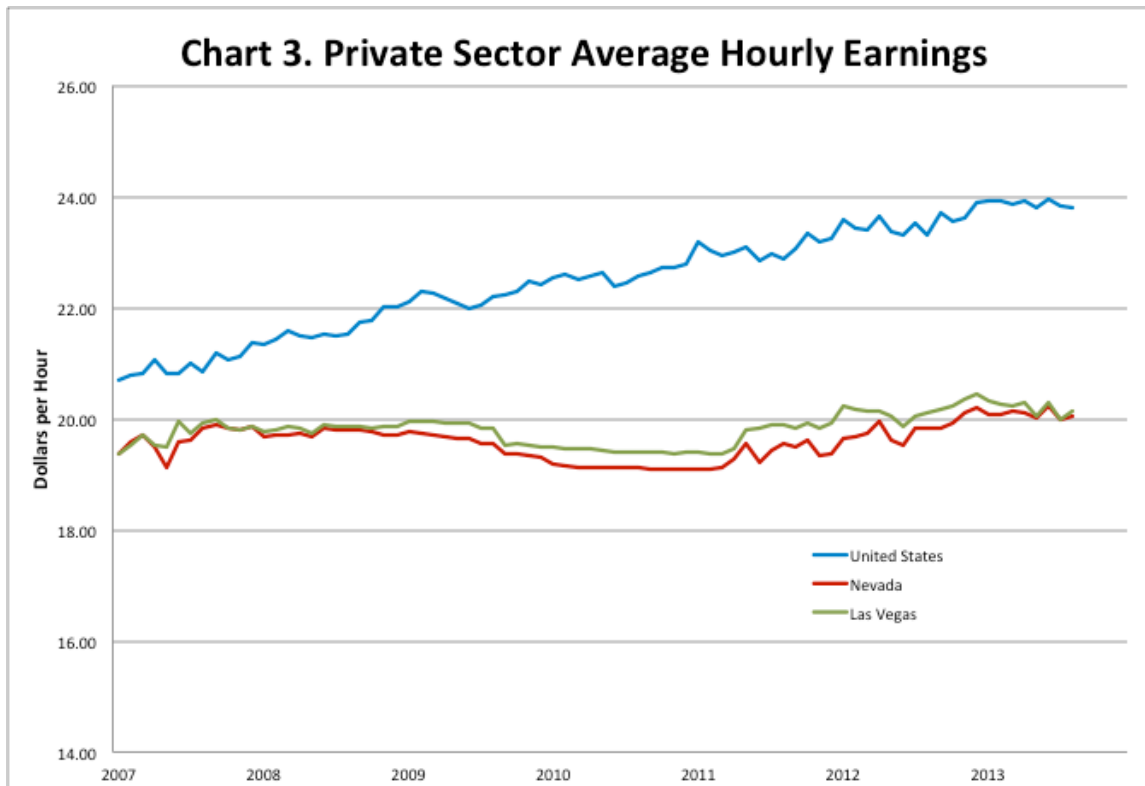
¹ Total weekly earnings are the product of total employment and average weekly earnings per employee.



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



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The relatively slow growth of hourly earnings in Nevada accounts for some of the weakness in the state's average weekly earnings. Compared to the United States as a whole, the Nevada and Las Vegas average hourly earnings in the private sector were 4.9 percent and 4.4 percent lower, respectively in August 2007 (Chart 3). Since August 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 1.2 percent from August 2007 (and up 5.1 percent from the low that occurred in late 2010). Similarly, hourly earnings in Las Vegas' private sector are up by 1.1 percent from August 2007 (and up by 3.9 percent from the low that occurred in late 2010). Compared to figures for the United States, private sector employees in Nevada and Las Vegas now have average hourly earnings that are 15.7 percent and 15.4 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 August 2007, prior to the Great Recession, private sector workers in Nevada worked 6.3 percent more hours than the national average, and those in Las Vegas worked 7.8 percent more than the national average (Chart 4). Since August 2007, the average weekly hours worked in the U.S., Nevada and Las Vegas private sectors have declined by 0.6 percent, 8.9 percent and 9.9 percent, respectively. As of August 2013, the average hours worked in Nevada and Las Vegas are 2.6 percent and 2.3 percent lower than the national average, respectively.

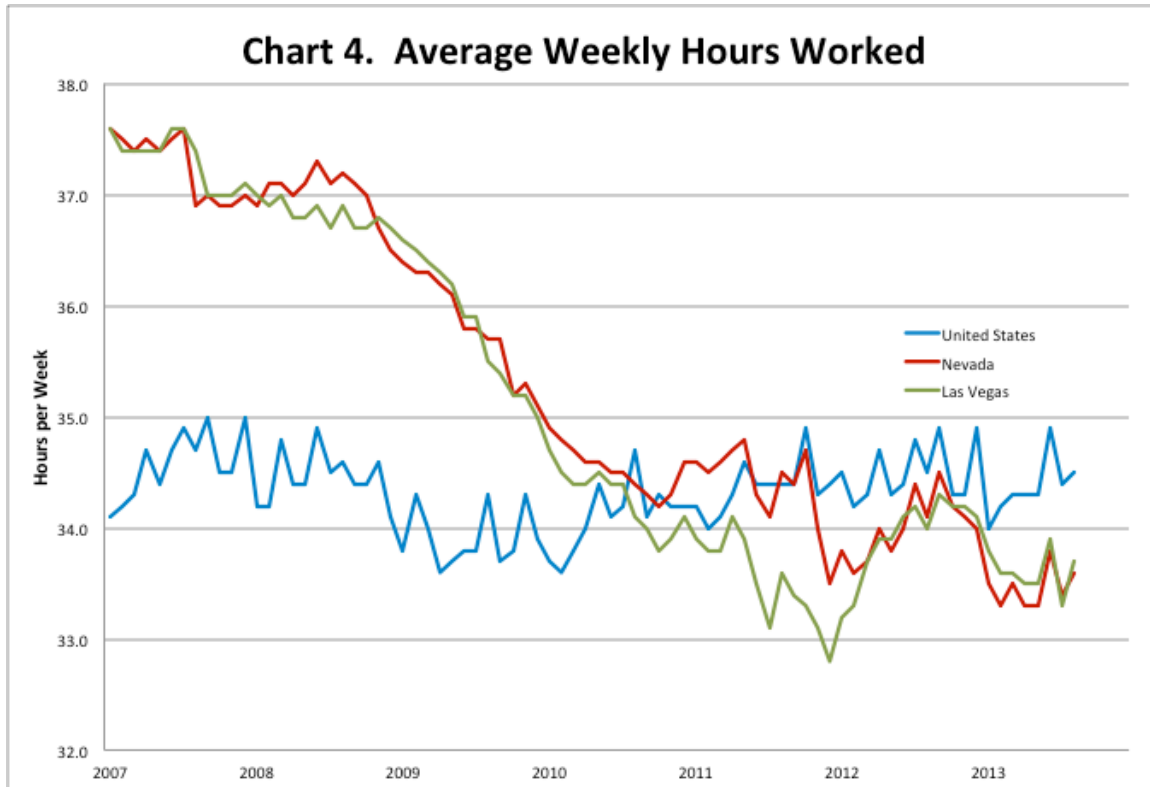


Table. Percent Change in Labor Market Indicators (August 2007 to August 2013)

	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	13.5	14.1	-0.6	-7.9	1.2	-8.9
Goods Producing	16.1	13.8	2.0	-2.0	1.9	-3.7
Construction	16.9	13.7	2.8	-0.2	-1.0	0.8
Private Service Providing	13.9	14.6	-0.6	-5.9	3.2	-8.8
Trade, Transportation and Utilities	12.8	12.8	0.0	-8.3	2.7	-10.7
Financial Activities	19.7	17.7	1.7	-4.4	-5.1	0.8
Professional and Business Services	17.0	15.1	1.7	-11.4	-8.0	-6.8
Leisure and Hospitality	7.8	8.6	-0.8	-14.2	0.4	-14.5

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

Anecdotal reports indicate that with the boom in the Nevada leisure and hospitality sector, the hours worked in the industry 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 (Table). 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 8.9 percent since August 2007. In goods producing, the weekly hours worked declined by 3.7 percent, and in private service providing, the weekly hours worked declined by 8.8 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.

As the result of longer working hours, Nevadans saw average weekly earnings in the private sector than were higher than the U.S. average in 2007. After the onset of the Great Recession, however, average weekly earnings in Nevada's private sector dropped below the national average. Much of the difference is in the loss of weekly hours worked in Nevada's private sector, but weak growth in Nevada's hourly earnings also has contributed. 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.

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