

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON COMMERCE AND LABOR**

**Seventy-Ninth Session
February 13, 2017**

The Committee on Commerce and Labor was called to order by Chair Irene Bustamante Adams at 1:31 p.m. on Monday, February 13, 2017, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/79th2017.

COMMITTEE MEMBERS PRESENT:

Assemblywoman Irene Bustamante Adams, Chair
Assemblywoman Maggie Carlton, Vice Chair
Assemblyman Paul Anderson
Assemblyman Nelson Araujo
Assemblyman Chris Brooks
Assemblyman Skip Daly
Assemblyman Jason Frierson
Assemblyman Ira Hansen
Assemblywoman Sandra Jauregui
Assemblyman Al Kramer
Assemblyman Jim Marchant
Assemblywoman Dina Neal
Assemblyman James Ohrenschall
Assemblywoman Jill Tolles

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None



STAFF MEMBERS PRESENT:

Kelly Richard, Committee Policy Analyst
Wil Keane, Committee Counsel
Kathryn Kever, Committee Secretary
Olivia Lloyd, Committee Assistant

OTHERS PRESENT:

William D. Anderson, Chief Economist, Research and Analysis Bureau, Department of Employment, Training and Rehabilitation
Don Soderberg, Director, Department of Employment, Training and Rehabilitation
Bob Potts, Research Director, Office of Economic Development, Office of the Governor
Manny Lamarre, Executive Director, Office of Workforce Innovation, Office of the Governor

Chair Bustamante Adams:

[Roll was called. A quorum was present.] We have three presenters today. The first presentations are briefings on the Nevada labor market. Then Manny Lamarre, Executive Director, Office of Workforce Innovation, Office of the Governor will present information on the Governor's workforce development boards, in-demand occupations, and barriers to employment for youth. The Nevada labor market overview and other presentations, especially those on Wednesday, will help us to understand if the labor market in Nevada has recovered, and if it has not, where the weaknesses in the economy still lie.

William D. Anderson, Chief Economist, Research and Analysis Bureau, Department of Employment, Training and Rehabilitation:

My role today is to provide you with background information on the state's labor market and to provide a comprehensive overview ([Exhibit C](#)). I will provide information on the current labor market and our economic recovery and finally, I will be identifying weakness in the labor market. In terms of the structure of my remarks, I will start with a few very broad economic indicators. Then, I will narrow my focus to talk about the unemployment rate, trends in unemployment insurance claims activity, and then I will transition into a discussion of jobs and employment. I will conclude my remarks by providing a peek into where we think the economy is headed, both in the short and long term, in terms of employment growth.

Let me give you a preview of the key points. In terms of the unemployment rate, we are at the lowest level since year-end 2007. The unemployment rate is down by more than one-half. On the employment side of the picture, job levels are at a record high. Small business jobs are at a record high. Wage rates are at record highs in nominal terms. The number of employers in this state is at a record high. Overall, the news is good. That is not to say there are not some weak points. As I go through my remarks today, I will touch on these weak points. Finally, in terms of the outlook, we are looking at an underlying rate of

job growth going forward over the course of the next couple of years at about 35,000 new jobs a year. We think that is going to be strong enough to continue to put some slight downward pressure on the jobless rate. This is my preview. I will move on to the details.

In terms of the broad measures I want to bring to your attention, our broadest measure of economic activity is gross domestic product (GDP); it is very similar to the quarterly measurement used at the national level, shown on page 1 ([Exhibit C](#)). Nevada's economy has grown in each of the past 13 quarters. Over the course of the last year or so, we have started to see our rate of economic growth exceed that for the nation as a whole. We are having a nice run with respect to that measure. Our upward momentum is even more pronounced when we look at total income in this state, shown on page 2. We call this personal income. It is up in 25 of the past 26 quarters; we actually exceeded the national rate of growth in each of the past 11 quarters. Personal income is another broad measure that suggests our overall economy is certainly on the mend and probably will be growing at a pace faster than the nation as a whole. Finally, in terms of population growth, according to the U.S. Census Bureau in 2016, we grew by just a tick over 2 percent, shown on page 3. This is the second-strongest or second-fastest rate of growth in the nation as a whole. I include this because it transitions into my discussion of labor markets. At least some of this growth reflects the fact that individuals are recognizing that our labor markets are improving, job prospects are on the mend, and as a result, we are getting a relatively large inflow of new residents in search of those job opportunities.

In terms of the unemployment rate, we ended the year at 5.1 percent, shown on page 4 ([Exhibit C](#)). That is the lowest it has been since the end of 2007. To put that in historical perspective, we peaked at around 14 percent at the height of the recession. The nice thing about this is that we have narrowed the gap with respect to Nevada and the United States. At the height of the recession, Nevada's unemployment rate was close to 4.5 points higher than the nation as a whole. Now we are only 0.4 percent higher. The national rate was 4.7 percent in December. That compares to our 5.1 percent, shown on page 5. We have narrowed and almost eliminated that gap. That is good news.

Keep in mind that people can be unemployed for any number of reasons. They can be new entrants into the workforce, they can voluntarily leave their jobs, or they can involuntarily lose their jobs. The best correlation with the overall health of the labor market is those people who have involuntarily lost their jobs. We peaked at about 116,000 Nevadans at the height of the recession, shown on page 6. Now we are all the way down to about 35,000 residents who are unemployed because they involuntarily lost their jobs. That is slightly above where we were pre-recession.

Every month, when we release our assessment of the labor market, we talk about the unemployment rate and things of that nature. Without fail, I receive comments to the effect of, "Okay, here is the official unemployment rate, but what is the real unemployment rate?" Often what people really want to know when they ask this is, what the unemployment rate would actually be if we add in those people who have given up in their search for work.

Some people think there is not a job out there for them; we label these people "discouraged workers." I have highlighted this information in this table, shown on page 7 ([Exhibit C](#)). It shows the different measures of unemployment, including what the jobless rate would be if we used these measures of unemployment. These are annual unemployment rates looking back over the last 12 months. I will not get into the technical details behind this, but if we add in discouraged workers, it adds about four-tenths of a point to our unemployment rate. Our official rate was about 5.9 percent, if we do not add in the discouraged workers who are not looking for work. In numerical terms, discouraged workers total about 6,600 Nevadans, shown on page 8. At the height of the recession, it was 18,000.

Assemblywoman Neal:

The December unemployment rate for African Americans is 13.3 percent; this is still in the double digits. What factors are affecting the unemployment rate for African Americans? How many are discouraged workers? Is there a breakdown on how many have given up looking for work or how many are holding temporary jobs?

Bill Anderson:

When we talk about discouraged workers, we are talking about people who would like to work, who are available to work, but they simply do not feel that there is a job out there for them. These are not part-time workers. These people are not working, and the sole reason for this is they do not think there are ample job opportunities for them. We base the demographics behind these figures on a national monthly household survey conducted by the U.S. Census Bureau and the U.S. Department of Labor. In Nevada, it covers about 1,100 households. In terms of the quality of the data, drilling down to specific details such as gender, race/ethnicity, or other components of those discouraged workers would really be a stretch for us. In the next few pages ([Exhibit C](#)), I will be showing unemployment rates at the demographic level by race/ethnicity, gender, age.

Assemblywoman Neal:

I have been collecting statistical data on unemployment among African Americans in Nevada since 2011. I have been updating this every three months. The unemployment rate for African Americans has remained in double digits. The unemployment rate among other groups, Latinos, for example, has decreased to single digits. What I want to know is what factors contribute to this disparity in employment. How can we focus on this? Why is unemployment among other groups decreasing yet the unemployment rate for African Americans is still in the double digits? The unemployment rates do give us information on demographic groups. I have to ask for this breakdown; it is not readily available. I want to highlight this fact. The information you are presenting does not include the reasons unemployment for this group remains in double digits and unemployment for other groups is decreasing.

Bill Anderson:

We report this information every month in a Department of Employment, Training and Rehabilitation (DETR) publication, *Economy in Brief*. We report unemployment rates by gender, age, and race/ethnicity. That information is out there. Keep in mind this goes back

to a data quality issue. Any economist, myself included, in any other state, including large states like California and Texas or New York, cannot say that in December, our most recent month, the African-American rate was a certain percentage. What we can say is that over the 12 months ending in December, the unemployment rate averaged a certain amount. This is because of data quality issues.

In terms of the underlying factors for differences across race and ethnicity, this comes right from the Bureau of Labor Statistics, U.S. Department of Labor. They note those differences are likely due to several factors, not all of which are measurable. Some of the factors they bring up have to do with the various industries and occupations that employ these different groups, access to education, and geographical location—whether someone is in an urban or rural region. A number of factors can explain differing outcomes across demographic groups.

Assemblywoman Carlton:

You have touched on why I am having a hard time with these numbers. When you compile these numbers, do you base them on the national numbers and not on Nevada numbers, or is it a combination of the two?

Bill Anderson:

We base the numbers for discouraged workers on a national household survey, including approximately 1,100 households in Nevada. The data comes from the survey of these 1,100 households.

Assemblywoman Carlton:

I have a problem with this data, and I think others do as well. Nevada does not fit the national norm. I believe we have many more discouraged workers than are reflected in this report. I am trying to figure out how these numbers fit together. Later in your presentation, you get into long-term unemployment. Do we include construction workers who have been out of work for three, possibly four years? Are they included as discouraged workers? If they are looking for work, are they not included, or are they counted as underemployed?

Bill Anderson:

If a construction worker has been unemployed long-term and he or she would like to work, but has simply concluded there are no jobs out there, then that person would be included in the discouraged worker category.

Assemblywoman Carlton:

My problem is that we are basing these numbers on numbers from a national average. Nevada does not fit this norm. Everyone is talking about our unemployment rate getting better, but every time I talk to somebody in the construction trades, it is not getting better for them. This is a significant portion of the employees in this state. Is there a way for us to figure out what is really happening? I am here to work on numbers for Nevadans, not national numbers. Is there a way for us to figure out what is really happening in Nevada and have the numbers reflect what is actually happening?

Bill Anderson:

These numbers come out of the 1,100 Nevada households surveyed. These are not national numbers. They come solely from those 1,100 households included in the national survey. We are not pulling in any information from California, Texas, New York, Michigan, or any other place. This is Nevada information.

Assemblywoman Carlton:

I do not think they have talked to the people in my district. This does not reflect what I see in my district. Every district is different, but I have a high proportion of service workers and construction workers. Eleven hundred households is not a decent number for an accurate poll. It is hard for me to base anything off these numbers. I do not think they give us a feel for what is really going on in Nevada. I want to figure out how we can analyze this.

The earlier information on personal income shows a break-off point of approximately \$70,000. This is on page 2 ([Exhibit C](#)). It says, "Personal Income on the Rise in 25 of the Past 26 Quarters; Growth Exceeds National Average in past 11 Quarters," but the graph looks like \$70,000 is the break-off. There is zero percent on one side and \$70,000 on the other. How does this work? I do not think these income levels are correct.

Bill Anderson:

This graph, shown on page 2 ([Exhibit C](#)), shows total income in the state as a whole. What you are reading as \$70,000 is actually \$70 billion. There is no break-off point. I have included this graph because it is one of the broader measures of economic activity. It captures the economy as a whole.

Assemblywoman Carlton:

This is not useful to me. When we talk about what is actually happening with income, I need to see something that is realistic and not based in billions. Billions does not answer the questions my constituents have about why they have not had a raise for four years. We need to get to what is happening on the ground.

Chair Bustamante Adams:

Is there a breakdown, by Assembly district, showing the unemployment rate for the 1,100 households surveyed for this report? I am talking about the unemployment rate for each Assembly district. Is that information available?

Bill Anderson:

That information is essentially impossible to get. It is not through any fault of our own. This is a national survey. My strong guess is that there are some districts in Nevada that do not show up in this data. They are not included in the survey. To drill it down below the state level would be a risk.

Chair Bustamante Adams:

That is why we have a problem with this information.

Assemblyman Paul Anderson:

How does Nevada compare with the national averages or percentages that you are showing on page 2 ([Exhibit C](#))? In just about every category, we are growing faster than most states surrounding us as well as the nation as a whole. We are making significant headway. Do you have any national numbers to show how we compare? Can we drill down into metropolitan statistical areas (MSAs)? I have seen reports from you that do not specifically include unemployment, but they do discuss urban versus the rural areas.

Bill Anderson:

We have information at the metro level. We make that available every month. In terms of how these numbers compare with the national average, keep in mind that during the recent recession, Nevada was arguably the hardest-hit state in the nation in terms of the labor market. Our unemployment rate overall was the highest for roughly a three-year period from 2010 to 2013. We had a big hole to dig out of. Using the six economic indicators, our measures were the highest in the nation at that time. We are starting to pick off other states and moving up the rankings, but because we had such a big hole to dig out of, these numbers are still, as a whole, a bit higher than the nation as a whole. As I mentioned, for the overall unemployment rate, our December rate at 5.1 percent compares to 4.7 percent nationwide.

Assemblyman Ohrenschall:

To follow up on Assemblywoman Carlton's questions about construction workers, do you factor in workers who have gone out of state? Are they counted as employed in Nevada, unemployed, or discouraged?

Bill Anderson:

We only count workers in Nevada. If somebody has left the state and moved to Wyoming, North Dakota, or somewhere else, these workers are counted at their new location. Our figures only reflect workers currently in Nevada.

Assemblyman Ohrenschall:

You are saying that if they work out of state, they will not be counted in Nevada, even if they are affiliated with a local union and have kept their Nevada residency.

Bill Anderson:

Correct.

Assemblyman Ohrenschall:

This morning in another committee, we had testimony that the prison population in Nevada is reaching new highs. How do you factor in people incarcerated at a state facility or those intermittently incarcerated at a county or city jail? Are they considered unemployed while they are incarcerated? Is this large incarcerated population included in your figures?

Bill Anderson:

We count residents only. We do not count people who are in institutions, including correctional facilities.

Assemblyman Ohrenschall:

Do you count the prison industries program workers?

Bill Anderson:

No, we do not count them.

Assemblyman Ohrenschall:

What about people intermittently incarcerated at a county or city facility? They might be working part of the year but not working for another part of the year. How does this factor in?

Bill Anderson:

If they were out of a facility and working, we would include them, but if incarcerated, they are not counted for that month. There are several other important points I want to cover.

When we look at the unemployment rate for veterans, the news is good. This is shown on page 9 ([Exhibit C](#)). The unemployment rate for veterans has been below the national average continuously since 2012; that is certainly good news.

Here we show the unemployment rate by race [page 10, ([Exhibit C](#))]. In terms of Nevada's economic recovery, this is an area of concern. Unemployment rates for persons of color are higher than the overall rate. The unemployment rates for persons of color is not just a Nevada issue, it is an issue nationwide. Just before coming here, I reviewed the December data for the nation as a whole and the unemployment rate for persons of color. The unemployment rate for persons of color is about two times the overall average. It is an issue of nationwide concern.

The same applies to youth. Unemployment numbers for youth are higher than the overall national average, both in Nevada and nationwide, shown on page 11 ([Exhibit C](#)). The numbers for unemployed youth skyrocketed during the recession. It approached 25 percent. We have seen considerable improvement since then, but it remains well above that of other age groups. In terms of the economic recovery, the unemployment rate for youth is another area of concern. There are some issues with respect to ensuring that all Nevadans and people throughout the nation, reap the benefits of this economic recovery.

The unemployment rate from a gender perspective is one of the more interesting topics. This is shown on page 12 ([Exhibit C](#)). The unemployment rate for males skyrocketed during the recession. Then it came down and now males are even with females. The unemployment rate for males and females is essentially identical. There is a very simple explanation for this. Males make up about 77 percent of construction workers. This industry was the hardest hit by the recession. Coming out of the recession, it is also one of our fastest-growing industries. In terms of percentage, it is the fastest-growing industry in the state as a whole. As a result, the unemployment rate for males now equals that for females.

In terms of long-term unemployment, we have tumbled down from about a 7 percent unemployment rate to about 1.5 percent in terms of people who have been unemployed for more than half a year, shown on page 13 ([Exhibit C](#)). This is typically the common definition of long-term unemployment.

The second area that I am concerned about is more technical; it is the labor force participation rate. This is shown on page 14 ([Exhibit C](#)). This measures the extent to which people are participating in the workforce. This category includes not only those who are employed, but unemployed workers who are searching for work as well. Again, this is not just an issue for Nevada; it is a national issue as well. Every state is grappling with it. You can see a downward trend in our labor force participation rate. In 2010, it was up to about 69 percent. Now we are down to about 63 percent.

There are two main reasons for this. One, many baby boomers are entering into their retirement years and are dropping out of the labor market. There is not a lot we can do about this. The second reason is that when people become discouraged, they give up on their search for employment. This happens in every recession. I would have liked to see this turn around more by now. It is something that we are tracking monthly.

Initial claims for unemployment insurance are the lowest in a decade, shown on page 15 ([Exhibit C](#)). If you look at it on a per-job basis—we look at it per 1,000 jobs—claim activity is at a historical low. This is shown on page 17. There are about 25,000 unemployment insurance claimants in Nevada. It is important to note that when we talk about unemployment, we are not just talking about people who are on unemployment insurance. That is not a qualifying factor to be considered unemployed. At the end of last year, we had about 25,000 unemployment insurance claimants but unemployment totaled about 70,000 people.

Finally, with respect to unemployment insurance, we look at the exhaustion rate shown on page 19 ([Exhibit C](#)). The exhaustion rate measures people who exhaust or run out of their benefits prior to finding new employment. The rate rose to approximately 65 percent at the height of the recession. During the recession, about two-thirds of our unemployment insurance recipients could not find a job prior to their benefits running out. Now, in terms of people who are running out of benefits, the number has dropped. It is near pre-recession levels or approximately 35 percent.

I want to switch the focus to jobs and employment. We ended 2016 with a record level of employment. Page 21 shows the new job level. This is one of the two most important pages in this presentation. The underlying rate of growth is approximately 35,000 jobs. During the recession, we lost about 186,000 jobs. By mid- to late 2016, we regained those jobs. We have now added approximately 195,000 total jobs.

Assemblyman Kramer:

I look at these numbers shown on page 21 and it says we had 1,297,600 jobs in 2007 and 1,306,000 now. These numbers show an increase. What do they mean to the young people

who are now out of school and entering the job market? How do they factor in? What is the percentage of people entering the job market as opposed to those leaving the job market because they have reached retirement age and drop out? It seems as if there are more entrants into the job market than can be accounted for by these 8,000 jobs. It may be progress, but it seems like we have not really gone over the hill yet. That is my concern.

Bill Anderson:

The fact that the unemployment rate is going down shows us that we are creating job opportunities. We are accommodating new entrants into the labor force and still driving down the unemployment rate. I think your concerns tie in with the labor force participation rate. We are not seeing people participate in the labor force at the levels we would like to see. This is an area of weakness in our economic recovery.

Assemblywoman Neal:

I need to know why this is happening. You stated something, but I want to know why. Do you have an answer?

Bill Anderson:

I go back to the answer I gave you previously. There are a number of economic, sociological, and related explanations. In trying to explain disparities, the U.S. Department of Labor identifies such factors as the industries and occupations in which different individuals are employed, where they live—rural versus urban—and their access to educational opportunities. Some of these are measurable, some are not.

Assemblywoman Neal:

Earlier there was a conversation about national data versus data specific to Nevada. When do we get to the point where we focus on Nevadans and their barriers and their issues? When do we start asking the questions about the factors that are intrinsic to this state? How do we pull out information on what is happening locally and statewide and start answering some of these questions? I do not know if I should direct these questions to you or to the Director of the Department of Employment, Training and Rehabilitation (DETR). We have local workforce boards and DETR runs Nevada Job Connect offices. The Department of Employment, Training and Rehabilitation has been doing this for a while. Why are we not collecting any data on local, historical trends?

Bill Anderson:

That requires resources. Our main database of paid-off unemployment records has just four or five data elements. This is the case for most, but not all, states. We know a person's name, social security number, where they worked, and what their wages were. Obviously, we do not distribute this, but we have access to it. We do not have any idea of their gender, their race, or their age. There is an effort under way in Nevada and across the nation to enhance those wage records. They may encourage states to collect more of that kind of information. Nevada is in the same boat as most other states. We collect only the core data; we do not ask for the other information. To collect more detailed data requires significant resources and would be a reporting burden on the part of businesses.

Assemblywoman Neal:

How are we being effective? We hear about barriers to employment in the workforce and we see all these numbers, yet people are still unemployed. We do not have core data to help us answer the question of how we help these people. We have DETR and we have workforce boards. Is there any communication or relationships to engage in strategies that start to dig deeper and ask the question, how do we best serve people in Nevada who are seeking employment? We have this huge data hub, but we lack the ability to drill down and ask questions. I am wondering how you can produce an effective strategy if the data and the people implementing the strategy have no connection to each other.

Bill Anderson:

I am not a policy spokesperson. I am a numbers person. The Director may be able to answer some of your questions. Many of the proposals that the Governor has made and continues to make both in this and prior sessions are designed to bridge these gaps. An effort is being made to coordinate our training efforts across a variety of different entities, including K-12 education, career and technical education (CTE), the higher education system, and the broadly defined workforce development community. I would argue that the Governor's proposal is designed to bridge the gaps that you are talking about.

Assemblywoman Neal:

I have heard some of the Governor's ideas. When Dale Erquiaga was in place there was talk of creating an office to merge these activities and strategies for the benefit of Nevadans. I am now hearing that some of these ideas will not be pursued. Is there still an active effort to follow through on Mr. Erquiaga's plans for a consolidated effort?

Don Soderberg, Director, Department of Employment, Training and Rehabilitation:

Many of Assemblywoman Neal's questions are great questions, and they are questions that I have as well. There is recognition that various facets of the public workforce efforts are fractured. Public workforce efforts are largely determined by the federal government and how they issue money.

For example, Assemblywoman Neal discussed local workforce boards. Local workforce boards get the majority of their money from the U.S. Department of Labor. There are very specific areas in which we are required to concentrate. The Department of Employment, Training and Rehabilitation has an office that regulates these activities; they regulate them for the specific data that the U.S. Department of Labor requests. It is not necessarily everything that DETR may want to know.

The Governor recognizes that, as the economy improves and other issues are addressed, we need to start focusing on this area. When Mr. Erquiaga was with the Office of the Governor, we had many broad-based discussions of how this should work. It all came back to having a central focus to bring all these areas together. Within DETR are certain responsibilities; the local workforce boards have certain responsibilities. The Division of Welfare and Supportive Services, Department of Health and Human Services, runs a number of programs as well. The Department of Education runs a few programs. A big part of all this comes

through the Department of Corrections, and they are not even considered a part of workforce development. Mr. Erquiaga's primary idea was that we needed to have a central place to focus and bring these various state and local groups together with the authority of the Governor's Office.

This proposal, supported by the Governor's Office, is not before this Committee today, but was an item of discussion in one of the budget hearings this morning. This proposal calls for the Governor, either this Governor or his successor, to bring these groups together with a common focus. The heads of every one of the groups that I have discussed spend most of their time running the day-to-day operations of their agencies. This does not leave much time to focus on the strategic issues that many of you raise. It is very important to have someone act as a "point guard" to get us all focusing on these areas of need and finding ways to start answering these questions.

With respect to some of the other things discussed here today, I will say there were discussions about moving certain functions from one agency to another. When it was time to create bill draft requests and the Governor finalized his plan, there was a consensus that some of these changes would be premature.

We need to know what we have and where we need to go before we start shuffling the deck. Instead of spending time shuffling the deck, we need to spend time focusing on identifying the specific needs in Nevada in regards to workforce development. It is a social issue, it is a criminal justice issue, and it is an economic development issue all wrapped up into one. We need to start looking at it that way.

There are things that have been discussed but are not before you this session. They are great ideas, but the actual logic might be different. We did not want to bring you changes that required a complicated chart with lines going everywhere in order to understand it and then have the next Governor return in two years' time to say, well, now that we know more, maybe we should have done this or we should have done that. The Governor's proposal puts us on the road to answering some of these questions. I hope that with these answers we can start addressing some of the needs in a more comprehensive way than we have been doing as individual entities.

Assemblywoman Tolles:

Thank you for all this data. It is very helpful. I was particularly interested in the information on small business and I share Assemblywoman Neal's interest in demographics. What is the definition of a small business? Is it by employees or revenue?

Bill Anderson:

There is no standard way to define "small business;" it is defined differently in different contexts. It is important to be consistent. The Department of Employment, Training and Rehabilitation defines a small business as a business with less than 100 employees.

Assemblywoman Tolles:

Do you have an actual number of how many small businesses there are in Nevada?

Bill Anderson:

Yes, we report this on an annual basis. Surprisingly, in excess of 90 percent of business establishments here in Nevada are small businesses.

Assemblywoman Tolles:

It is 90 percent. Do you have the actual number of businesses?

Bill Anderson:

I have that information, but I do not have it with me today.

Assemblywoman Tolles:

Do we have a demographic breakdown on the ownership of small businesses in Nevada?

Bill Anderson:

We do not ask for that information. We receive basic information on workers in our unemployment insurance system. In terms of business ownership, we do not ask for details. For example, I cannot tell you how many women own businesses or how many African Americans own businesses. It is not something that we are required to report. You can get information that is more general from census-related documents, but that information is several years old.

Assemblywoman Tolles:

You brought up women- and minority-owned businesses. I understand there are various programs available through the U.S. Small Business Administration. Do you know if we are tracking how many programs are available and who is taking advantage of these programs, so we can see what works and what does not in order to encourage small business ownership in those various demographics?

Bill Anderson:

I would guess that the Department of Business and Industry does a lot of that as businesses come in to register. I have no idea if they ask for that information. There is an annual study—I cannot remember who publishes it—it is a report card type of document showing the business climate, et cetera. Nevada fares quite well with respect to growth in women-owned businesses. I do not know where the data comes from, but Nevada tends to come up near the top in terms of the climate for women-owned businesses.

Assemblywoman Tolles:

I heard you say that 90 percent of our businesses are small businesses. What is the percentage of jobs in Nevada created by small business? For example, if we have 600,000 created by small business, how much of a percentage of the whole is that?

Bill Anderson:

We have seen job growth since the recovery began in roughly 2010. In terms of the percentage of jobs created by small businesses, it is almost a 50-50 split. We have a record-high level of employment. We are seeing contributions from both small businesses and larger businesses. Large construction companies, larger resort-type facilities, and other large businesses are contributing as well.

Assemblyman Araujo:

I want to reiterate the comments of my colleagues. It is frustrating to hear this presentation. We are trying to pull and pull and pull to get information, and we are not getting very far.

Do you have information about how many of the jobs shown on page 21 ([Exhibit C](#)) are permanent and how many are temporary? Page 22 shows job growth. Does it offer any opportunities to see what areas of employment we are filling in these months? For example, I see a drop in October. Why did the drop occur? It would be very helpful to have information concerning the job areas we should be focusing on.

Bill Anderson:

These are our monthly numbers. We go through these monthly numbers at the end of the year with our federal partners at the Bureau of Labor Statistics, U.S. Department of Labor. We do this in order to compile complete information. We revise our estimates when we meet.

Many of these variations are going to smooth out once we go through and do some final reconciliation. This happens every year. This chart on page 22 ([Exhibit C](#)), shows the underlying rate of growth, it might be 30,000 one month and 38,000 the next month, but it is about 35,000 jobs on a year-over-year basis. Whenever I brief the Governor or Director Soderberg, I put this in perspective. I do not focus on a particular month; I focus on underlying trends.

Assemblyman Araujo:

My question was, where are we filling in the gaps in the interim? For example, you can have an entire health care force ready to go and the numbers look great, but then there is a change reported for teachers. We do not know this just looking at the graphs and bars. We need to drill down into these numbers to find the areas we need to focus on. As a legislative body, we look to advance policies that help us push our state forward. That is what I am getting at. That type of detailed information would be helpful for me. That is the nature of my original question.

Bill Anderson:

I think that some of the upcoming information will address some of your questions in terms of where we are filling in those gaps and where our jobs are coming from. In terms of where those jobs are coming from, if you look at page 30 ([Exhibit C](#)), over the course of this recovery period measured this way, we have added about 175,000 jobs when we annualize all the numbers. We are seeing job growth in every sector in the economy. Our largest areas of

growth are in transportation and warehousing, and then, because of its size, leisure and hospitality. Health services and professional business services come after these. This recovery is very broad-based; going forward, we should be better able to weather any downturns.

The last point I want to make is the quality of the jobs. Many times people say the jobs being created are all part-time jobs. Available evidence suggests this is not the case. This is shown on page 32 ([Exhibit C](#)). We are seeing the bulk of job growth in full-time jobs; part-time jobs are holding steady. When we look at online job postings through our Silver State Solutions initiative, about 90 percent of the jobs posted in Nevada are for full-time positions.

Looking forward, we are expecting about 35,000 new jobs a year. By the time we reach 2019, we expect 100,000 more jobs compared with where we were prior to the recession. In terms of the industries that are leading the way, manufacturing shows solid growth [page 39 ([Exhibit C](#))]. That, along with construction, will lead the way. Food services and retail are projected to grow at a below-average rate.

Chair Bustamante Adams:

Workforce issues are part of the bigger economic picture. Legislators are very concerned about people in Nevada who are still unemployed. I appreciate your presentation. This information is very important. This type of information goes into the Economic Forum's projections and our funding levels are based on these forecasts.

Bob Potts, Research Director, Office of Economic Development, Office of the Governor:

The purpose of my presentation ([Exhibit D](#)) is to put things into context and provide background on the research and analysis that went into the quantitative component of the data in the in-demand occupations report released last month. We believe that this is a very useful tool to guide funding, policy, and strategic business decisions. Let me give you some background on this report.

About 15 months ago, several people came up with the idea for this report. I had been working with Mike Raponi, then director of the Office of Career, Technical, and Adult Education at the Department of Education. During a manufacturing sector council meeting, Mr. Raponi indicated that the 2015 Legislature had given him extra funding for CTE programs. The use of this funding was restricted to programs and projects that align with economic development priorities.

Mr. Raponi wanted to use this funding to address the question of what occupations are in demand. He had conducted a non-scientific survey of the different industry sector council members. He asked them about programs now being offered and what they see as being important to grow their industry clusters, their sectors. These are the target sectors identified as being important in our efforts to diversify Nevada's economy and grow our base.

When Mr. Raponi finished his survey, we discussed his results. I suggested that we needed to think about ways to roll all the data and information together and use it to come up with a consensus ranking of high-demand occupations that align with economic and workforce development priorities.

All information and data sources have an inherent bias attached to them. The idea behind using Mr. Raponi's survey and combining it with the consensus ranking was to eliminate some of that bias and provide a clearer picture. This helps to provide us with a better understanding of what we want to know in order to get us to where we want to go. This consensus approach comes out of my experience with forecasting. Reliable forecasts combine data from a variety of different sources. They pull in data from utilities, universities, different cities, and other pertinent sources. If you combine the data, it gives you a better sense of what is going on.

Economic development is a very broad term. You often see quotes like this: "The process where both the public and private sector work together to set up an environment where the economic capacity, quality of life and overall well-being improves" [page 2, ([Exhibit D](#))]. That is a real big-picture thing, but how do you get that done?

I am going to focus on the growing regional wealth and well-being, the flow of the money. I want people to think about the flow of money. The point of what we are trying to do is to bring in the kinds of companies where most of the goods and services they sell go to customers who live outside the region. Experts in the world of economics call this a primary company. Think about tourism; we sell fun to people who live somewhere else, but they leave their money behind.

We are trying to diversify by focusing on specific sectors. We are targeting primary companies with primary jobs. It is equally important to seek those that pay an above-average wage. Anything that does not lend itself to these goals is something we must carefully consider. This is the direction we want to go. It is important that the Office of Economic Development work with other agencies such as the Department of Employment, Training and Rehabilitation; the Office of Workforce Innovation (OWINN), and Nevada's Department of Education (NDE); and the Department of Business and Industry. We need to work together to have a holistic picture. Mr. Erquiaga was mentioned earlier. These things are part of his vision and goals.

I think that you understand target sectors and diversification. We are currently focusing on the sectors that appear in bold [page 3, ([Exhibit D](#))]. I am not going to go into all the numbers and the details. The job numbers, including the percent of all Nevada jobs, average annual age, and job multipliers, are included in this presentation. What I want to focus on are the two right columns on this page, the ones titled "Location Quotient" and "Percent above or below National Concentration." The top six sectors listed in bold show a location quotient of less than 1. What that means is that the number of jobs that we have in a particular industry, when taken as a percent of all jobs, is less than the percentage for the United States. We are using the nation as a baseline, as a proxy.

If you have a location quotient less than 1, you have less than the national concentration. If you have a location quotient above 1, you have more than the national concentration. When you look at mining and tourism, gaming, and entertainment, we have numbers that are quite a bit bigger than 1. It is a lot easier to wrap your head around the percent above and below the national concentration. When we look at aerospace and defense, it shows a location quotient of 0.67. This means that we are 37 percent below the national average. I bring this up because understanding the location quotient is key to this analysis.

When we work with economic development, there is really a short list of what really matters to companies when we are trying to get existing companies to expand their operations or to get new companies to move here in order to diversify our economy. At the top of that list is the availability of a qualified and available workforce, shown on page 4 ([Exhibit D](#)).

We started this work about 15 months ago. It coincides with the downward trend of the unemployment rate that we see continuing today. If we are going to keep moving economic development forward and continue to diversify the economy, we need to start thinking about how we are addressing workforce issues. This is true not only for emerging sectors that have low location quotient, but also for our traditional and foundational industries.

My presentation includes information on other things that matter to companies when they are expanding or relocating. I will not discuss these today, but they all feed into the bottom line. Companies need to be profitable or it does not work. Companies consider all of these things. Different companies, for example, service and goods, rank them in different ways, but workforce is always at the top of the list.

We used the data that is out there, Mr. Raponi's survey, and a lot of other data that has been collected. Mr. Anderson referred to some of it in his presentation today. Some of this information is collected at the industry level. All of these have a taxonomy code. Companies belong to industries; the workforce is tied to occupations; and for education, there are programs [page 5, ([Exhibit D](#))]. You can have network administrators or machinists; these are occupations. You have programs, for instance nursing programs, on the education side of things. You can have industries like a machining. There is a whole taxonomy.

All this information is collected on a regular, systematic basis. This allows us to make apples-to-apples comparisons over time and establish relationships between all of these. When we are trying to grow one of these target sectors, we can look at the industry mix, we can see what kind of staffing and workforce that industry needs to grow. Then we can match it up to currently available programs in this state that train for those in-demand occupations and see what our capacity looks like. We can determine if we need to maintain the capacity, grow it, or know if we have an excess capacity.

In order to make good decisions about any of this information, you have to start somewhere. My goal was to think about how we could quantify this data. Later, we had the opportunity to present it to the industry sector councils and talk to people on the ground, people in various industries, who vetted the data. We wanted to get their input on how this matches up

and if the data is saying the right thing. Now we can actually roll out a report that really helps to provide guidance on a whole host of issues. That is the background of this report.

Page 6 ([Exhibit D](#)) shows the data sets that I ended up including in the analysis. All research analysis goes through growth stages. The first sets of data that I compiled included the target sector approach, the staffing patterns of the industries we are focusing on, and abatement and incentive contracts. All companies that apply for incentives have to provide information about their staffing needs, high-demand occupations, and economic development priorities.

A product from Burning Glass Technologies, also known as Silver State Solutions, is a product that utilizes a relationship between the Nevada System of Higher Education (NSHE) and DETR; they look at online job postings. Roughly 40,000 websites are scraped every day to see what is specific to Nevada and what companies are looking for as far as workforce is concerned.

I want to begin with The Brookings Institution's study, *The Hidden STEM Economy*. They looked at a variety of occupations and put together information on occupations that included knowledge, skills, and abilities and other different attributes. They came up with a score and gave a science, technology, engineering, and mathematics (STEM) ranking to each of these different occupations. I rolled in the information from The Brookings Institution and included another data set, Job Openings and Labor Turnover Survey (JOLTS). It includes new openings because of job creation as well as openings caused by turnovers and layoffs.

In my original analysis, I included the top five shown on page 6 ([Exhibit D](#)). I eliminated the abatement and incentive contracts and the sector council survey in the second iteration of my analysis. I then added the Brookings STEM score and job openings. There are several reasons I did that. I needed to get down to a detailed occupation level. With nearly 800 of them, I could not do that with Mr. Raponi's survey, I could not do that off our abatement act contract application. It only got to a broad level. I had to get down to the details so that I can say that a registered nurse required this kind of program, this kind of education, to get them there. We could not talk about health care workers at a detailed level without doing this. Adding the other data sets allowed me to do that.

It also helped me address some of the issues that are specific to occupations that fall outside the indices, the target sectors that are incredibly important, like teachers. If you think about it, we do not incentivize schools. When Mr. Raponi conducted his survey of sector council members, teachers were not included. I wanted to make sure we could include all occupations into this analysis as well.

I am going to go over page 7 ([Exhibit D](#)) very quickly. I will talk about my new rankings first. The old rank is on the far right. This is the top 30 of 94 occupational groups. There is a lot of detail here. With 1,000 industries, 800 occupations, and 1,700 programs, we can really go into the detail in this conversation. I want to point out a couple of things. When I brought in the new data set, it moved construction workers from twelfth to fourth

place. It moved metal and plastic workers from sixteenth place to sixth place. Teachers, including Preschool, Primary, Secondary, and Special Education School Teachers, shown in the middle of the page, moved from thirty-fifth to fifteenth, as shown on page 7.

The point is that we keep cleaning this up to get something that is really useful. We can talk at a detail level. Now I can talk about southern Nevada, northern Nevada, or rural Nevada. We can talk about specific industries. We can look at just the manufacturing and logistics category or the aerospace and defense category to see their specific staffing needs and what we have for capacity.

Page 8 ([Exhibit D](#)) compares statewide and regional rankings. This is a breakdown by occupation for southern Nevada, northern Nevada, and northeastern Nevada. Occupations with the highest ranking are at the top of the page. We see groups such as Health Diagnosing and Treating Practitioners there; these groups are the most important. If you look at the columns to the right, you can see the regional ranking for these jobs. It is useful to separate the rankings this way, especially when you start talking about northern Nevada and then northeastern Nevada. Northeastern Nevada includes five rural counties. It has a need for mining workers. If you look at northern Nevada, which includes Douglas, Storey, Washoe, and Lyon Counties as well as Carson City, you can see that the industry mix tends to move toward manufacturing and logistics and the type of workforce needed in those industries. Again, this is just at the group level.

Page 9 ([Exhibit D](#)) shows the top 20 high-demand occupations in the state. I have highlighted the educational requirements for each job and the entry levels of education. We are able to look at this list and see if a specific occupation requires a bachelor's degree, an associate's degree, or a postgraduate degree. I have also listed occupations that require a high school diploma or less and/or some on-the-job training. This is kind of a loose fit because we are talking at the group level. What we need to be able to do is to get to the detail level.

When we talk about typical entry level of education, we mean the education you typically need to enter an occupation. When we talk about typical on-the-job training, we are talking about the amount of experience needed to obtain competency in an occupation. The Bureau of Labor Statistics, U.S. Department of Labor, defines this at a national level. There can always be regional and state variations.

Talking to the sector council members helped us to clean up this information. All of the occupations with arrows on the right hand side are important. They are important because they are high on the list as far as the consensus ranking or are way below the national average. This information is shown in the two middle columns [page 9, ([Exhibit D](#))]. The numbers in red show the number of jobs needed in order to match national levels for these occupational groups. If you look at the top row, Health Diagnosing and Treating Practitioners, we have roughly 37,000 people employed in that occupational group. In order

to meet the national average, we would have to add another 10,000 jobs. We have actually been able to pull the bias out of these numbers because we ran it through a consensus ranking and then cleaned up this information.

I want to look specifically at the category of Health Diagnosing and Treating Practitioners on page 10 ([Exhibit D](#)). This is a scattergram of the top occupations within that category; these are details of occupations within that occupational group. The bottom is the x-axis, the further to the right, the higher the consensus ranking. If you look on the y-axis, the lower down you go, the farther we are behind the national average. You want to look at the ones that matter in the lower right corner.

The lower right corner shows registered nurses. We are roughly 5,000 below the national average. I believe the ranking on that was 7 out of 800. If you look at the point in the upper right-hand corner, it shows the category of Physicians and Surgeons, All Other. This broad group includes anesthesiologists, neurologists, urologists, and specialty surgeons. This group was ranked number three. We are below the national average by about 1,400 jobs.

This data was used to build the chart on page 11 ([Exhibit D](#)). This chart shows that the consensus ranking for Physician and Surgeons, All Other is three; Registered Nurses are ranked eight. The second column shows the number of jobs in this category. The difference with this data is that now all of a sudden we have this information on the typical entry-level education and typical on-the-job training requirements. This is the kind of information we can present to the health care sector council members and ask for their feedback. We can use this data to build capacity and take it to the next level by looking at what we have in this state now.

Page 12 ([Exhibit D](#)) is scattergram for computer occupations. I have included this information because we are way behind the national average. Page 13 shows the consensus rankings for computer occupations. The number one occupation description is Software Developers, Applications. The fourth column shows the number of jobs above or below the national average. Nevada is 3,700 below the national average, yet the category of Software Developers, Applications ranks number 1 out of 800 occupations [page 14, ([Exhibit D](#))].

Chair Bustamante Adams:

The industry sector councils are still intact, is that correct?

Bob Potts:

Yes.

Chair Bustamante Adams:

What did we do differently? Did we remove people and put new people on?

Manny Lamarre, Executive Director, Office of Workforce Innovation, Office of the Governor:

In March 2016, Governor Sandoval issued Executive Order 2016-08. This created the Office of Workforce Innovation in the Office of the Governor. The industry sector councils were revised at that time. There are seven members. The majority of members are employers, but now there is an education representative and a labor representative. This was done to provide information and insights into the issues surrounding the top in-demand occupation skills and needs for particular industries.

Chair Bustamante Adams:

The health care sector is intact, correct? The sector councils now have health care employers on them as well as labor and education representatives. Is that correct?

Manny Lamarre:

Yes, the majority of members are employers, and there is one sector council member for education and one for labor.

Assemblywoman Neal:

How is this information used? Do you share this information with nonprofits who do workforce training so that they can assess and change their programs if necessary? The Nevada System of Higher Education provided me with a list of workforce programs and certificates they offer. Do you give this type of information to nonprofits along with a list of all certificates and degrees available throughout the state?

Bob Potts:

Multiple audiences can use this data because of its dynamic capacity. Career and technical education is using it right now to vet new programs. I know that the Office of Science Innovation and Technology, Office of the Governor, is using it for STEM grants. The Workforce Consortium, here in northern Nevada, is using it for all their training providers. They look at this information as a way to provide guidance for the programs they establish so they can make strategic decisions.

Manny Lamarre:

This is the first time we have compiled this information. It serves as a foundation to move the workforce ecosystem forward. This is part of an effective strategy—determine what occupations are the most in-demand and then align that information with credentials and certifications.

Assemblywoman Neal:

What were they doing before? In past years, we discussed projections for specific fields. How were these projections and the previous information used or accessed by training groups? Would they see the data making a projection of growth in a particular field, yet be unable to use the information effectively?

Bob Potts:

I understand what you are saying and I think in part, you are right. One of the issues in the past was that different groups worked in silos. I think right now what the Governor is trying to do is to bring all the agencies together. Dale Erquiaga started this process and it is continuing with Manny and OWINN.

This has been an opportunity for me to bring in the data series that I was aware of and combine it with DETR's information about the top 100 occupations. This is a great data set because it talks about the past and makes projections into the future. It does a great job of capturing our existing and traditional foundational industries so that we make sure that we take care of that space.

Until recently, there was not much discussion about our emerging sectors and the direction we wanted to go. Mr. Raponi ran into this issue. How can he develop programs and curriculums that will align with some of the emerging sectors into which we are trying to diversify. Based on my knowledge of data and my understanding of a way to put this together, we have come up with a model and a system to create at least a baseline conversation for all kinds of different audiences. This includes nonprofits, higher education, community colleges, four-year schools, sector councils, and others.

It is important to create a system that has the capacity to take out bias and combine things such as real time data, information on traditional and foundational industries, staffing patterns, and economic development priorities. In the past, people have thrown up their hands and acted on anecdotal knowledge. This is a way to talk about these things. That was the idea behind all this.

Bob Potts:

I want to let the members of the committee know that I am happy to sit down individually with any of them to go over the information in this presentation ([Exhibit D](#)) and discuss the process, the content, and the other information that went into the sector council report that Manny will present next.

The latter part of this presentation covers manufacturing and logistics specifically. I have pulled out one of the target sectors that we talked about in September. The information presented then is very similar to the overall statewide information today. I pulled out only the staffing that is specific to this sector.

At this point, I would like Manny to review the in-demand occupations report. His remarks are germane at this stage of the conversation.

Assemblyman Brooks:

I wanted to go back to page 3 of your presentation ([Exhibit D](#)). Of the seven industries, listed, clean energy has the highest wages. It is second only to aerospace and has the highest jobs multiplier of any sector in there, with a 3.12 job multiplier. Am I correct that we are 19 percent below the national average?

Bob Potts:

That would be correct. We are 19 percent below the national average as far as workers specific to clean energy as it is defined in our statewide plan. This plan, *Unify, Regionalize, Diversify: An Economic Development Agenda for Nevada* was done by The Brookings Institution in 2011. There is a whole set of occupations included in that plan; based on those occupations, that is correct. We are 19 percent below the national average for clean energy.

Manny Lamarre:

I will continue the conversation that Mr. Potts began in his presentation. I will be covering workforce development boards and provide an overview on the in-demand occupations report ([Exhibit E](#)). Some of the pieces that I will be talking about are the context, the limitations, and the implications of the in-demand occupations report. The education analysis portion of the report is also very important.

I define workforce development as the intersection between economic development and education. Economic development is bringing companies into the state to thrive, and education is the training/skills piece. The Office of Workforce Innovation sits in the middle of this intersection. The reason this is important in terms of understanding the in-demand occupations is that, regardless of the stakeholder, it is important to understand which occupations are in demand and what employers are seeking.

The sector councils were revised via an executive order in March of 2016. Governor Sandoval created OWINN (the Office of Workforce Innovation) that same year. The makeup of the sector councils has changed, the majority of the council members are employers, but now there are also labor and education representatives.

Page 6 ([Exhibit E](#)) shows the duties and responsibilities of the sector councils. The sector councils are made up of both traditional and emerging industries. We have narrowed down the duties and responsibilities of the industry sector councils to three items. This was done to make the duties very clear and succinct. We want to make it worthwhile for these sector councils to convene. We want to facilitate data-driven recommendations so that the sector councils have a clear understanding of the take-aways and outcomes. Sector councils meet twice a year to go over labor market data.

There are a total of eight sector councils [page 7, ([Exhibit E](#))]. They consist of traditional sector councils, or traditional industries. Tourism, construction, and mining, for example, are represented along with emerging industries such as aerospace, technology, and manufacturing. Sector councils convene to facilitate data-driven recommendations.

Information on the procedures and outcomes for the sector councils is on page 8 ([Exhibit E](#)). We recently convened these councils to go over the data we had collected and to have them provide their on-the-ground expertise. Then we regionalized this data and provided context to it. We have made it specific to Nevada and published this information. When we talk

about the information and data we use, it is important to note that some of the data we use comes from the Bureau of Labor Statistics, U.S. Department of Labor. What we are doing is regionalizing the data to make it Nevada-specific.

Our goal is to provide information on the top in-demand occupations for Nevada. This information will be revised annually. In the strategic workforce ecosystem, you leverage two kinds of data. You leverage labor market data with programmatic data and combine that with funding data to help direct your efforts to programs that facilitate strong outcomes. This allows individuals to get the biggest bang for their buck.

What I will discuss today is a more synthesized, community-friendly version of this report. We are getting the word out about this recently published report. We have been having conversations with K-12 and with higher education to present this information. We have also synthesized it so that we can take it wherever we need to go in order to get this information out. We think it is a strategic investment in terms of return on investment to say, "Here are the pieces where you can get the biggest bang for your buck if you invest." This is true whether it is on the education side or on the individual side. It is important to invest in occupations or skill sets that get you the greatest return.

We want individuals to leverage this data to inform their decision-making [page 10, ([Exhibit E](#))]. We think it is important. It will provide security to students and adults pursuing various skills and training pathways. They will know that when they are done with their education or training, it will provide them with an opportunity for employment.

I want to go over some of the limitations of this report, shown on page 11 ([Exhibit E](#)). We have the eight industry sector councils, but certain industries are not represented, mainly education. In the report, I provided an analysis of this as well as some context. Education was not left out of my analysis. We can now see areas where we are below the national averages for in-demand occupations and take steps to make progress.

The implications of this information are covered on pages 12 and 13 ([Exhibit E](#)). Our goal is to leverage labor market data, employer input, and use it to engage both educational and workforce stakeholders to create explicit strategies utilized to create a skilled, diverse, and aligned workforce. It is our intention that people leverage this information both in terms of strategic planning and funding as well as for information and communication.

An example of this is the conversation we have begun with the Department of Education (NDE) in terms of career and technical education alignment. We are discussing programs that we know are in demand which lead to occupations that are in demand. These are programs where we know that individuals pursuing this pathway can graduate with opportunities. We want to make sure that individuals do not pursue pathways that offer limited job opportunities. That data has not been leveraged before.

Post-secondary and workforce training providers are another piece. When you think about the Workforce Training and Opportunities Act (WIOA) for example, the dollars come from the federal government to the states. These dollars then go to the Department of Employment, Training and Rehabilitation (DETR) or to workforce boards. This provides funding for the majority of their training recipients. Again, it is important that all the stakeholders within the workforce ecosystem work together to leverage programs that are being created or scaled that lead to occupations that provide individuals with a livable wage.

Another important thing about in-demand occupations: they are one of the biggest security blankets a worker can have. With the proper education or skills, you can go to different regions and know that these are the occupations where employers are looking to hire workers. That is why we expanded it to the eight industry sectors.

Leveraging student engagement in STEM, CTE, outreach, and work-based learning are key. The sector councils serve as a way for employers to provide input. Traditionally, education and industry did not work together. We can no longer work in silos in terms of employers doing one thing and K-12 and higher education doing another. We need to integrate all the stakeholders. To do that we need to have sector council input, particularly regarding the skill sets needed, and then work to meet these needs. We need to work with K-12 and higher education and labor representatives to produce this outcome.

Technology is the one thing that really stands out across the eight industry sectors [page 13, [Exhibit E](#)]. Today we have automation, the Internet of things, sensors, and software. Software is changing every sector; whether it is construction, tourism, or mining, the variety and speed of changes are incredible. You name a sector, and technology is affecting it because of automation, the Internet of things, sensors, and the speed at which software is changing.

Pages 14 through 20 ([Exhibit E](#)) cover the top occupations and provide a labor market overview. This is where we really start to summarize. These pages show rankings of the occupational titles at the six-digit level—which is a much broader level. It shows 2016 wages and total employment in 2016 and new jobs in occupations due to growth by 2024. When we convene with employers, this is a useful tool. Some employers feel that certain sectors are going to grow significantly more than is indicated by this information.

We are able to focus on Nevada jobs. Nevada employers are able to provide us with information on particular employment sectors and tell us where we need to increase our efforts. These sectors have a strong need for employees. Even anecdotally, when you speak to people in K-12 and higher education, they tell us that they have programs where individuals are being offered jobs before they even finish a program.

If you look at the right hand side of this table, [page 14, ([Exhibit E](#))], it shows the number of jobs Nevada is above or below the national average and the typical level of education required for entry into these jobs. The full report ([Exhibit F](#)) lists the 93 top, in-demand occupations.

I want to go to the education analysis [page 21, ([Exhibit E](#))]. This is very important for this conversation and is included in the final report as well. When we think about the eight industry sectors, education is not an industry sector, per se. The sectors are private but education is important, and we want to look at this data to see where education stakeholders fall. We know that this is a relevant conversation, so we have included this information in the data set.

Assemblywoman Jauregui:

I have a question regarding the eight sector councils. Five of these sectors were listed on Mr. Potts' report as underperforming; they do not meet the national average. Do the eight sector councils focus on bringing industries here and training the employees they need? Is that what the industry sector councils do?

Manny Lamarre:

Sector councils do not focus on recruiting. The Governor's Office of Economic Development and the Governor's regional development authorities (RDAs) do. Individual companies focus on recruiting for their specific needs, but that is not the focus of the sector councils. The focus of the sector councils is to look at occupations, skill sets, and training that employers need to be successful. This is a succinct version of the focus of the sector councils.

Assemblywoman Tolles:

Thank you for this presentation. It is extremely useful as we chart our course moving forward aligning industry needs with educational outcomes. Do you plan to present this information to the Assembly Committee on Education?

Manny Lamarre:

We are not scheduled to do so, but we would love to. We want to get the word out there.

Chair Bustamante Adams:

I agree with Assemblywoman Tolles. Sometimes workforce development connects with the Assembly Committee on Commerce and Labor because we have boards and commissions and other industries that we oversee, but it connects to education as well because it involves the future workforce.

Manny Lamarre

The final page that I will show is an analysis of typical entry-level education [page 23, ([Exhibit E](#))]. It is relevant to this conversation, and it ties into the report on connecting young adults to training and employment. I will be presenting that report shortly. If you look at the data on page 23, you see that about 47 percent of all the in-demand occupations are middle-skill jobs. These jobs require more than a high school diploma but less than a four-year degree. There is a huge knowledge gap about middle-skill jobs. I will cover this again in my presentation on young adults and barriers to employment. We do not provide enough information about what career readiness really means, especially for Nevada's young adults.

When we talk to young adults, they express an all-or-nothing belief. They think they need to get a four-year degree in order to be successful or they have nothing. This is true not only in Nevada but nationally as well. National research conducted by groups such as the National Skills Coalition and Georgetown University's Center on Education and the Workforce show that the majority of existing jobs and jobs now being created are middle-skill jobs—they require more than a high school diploma but less than a four-year degree. This is important information, and we need to communicate it to stakeholders so that they can understand this and pursue occupations that provide livable wages. In many instances, the wages and jobs provide not only a livable wage they provide high wages.

Nevada currently has 375,000 individuals without a high school diploma according to the most recent research. This is important because if you do not have a high school diploma, you are excluded from 90 percent of the in-demand occupations. A high school diploma is very important in terms of moving forward. What you see here [page 23, ([Exhibit E](#))] is that about 34 percent of jobs require a bachelor's degree, 10 percent require no formal education, and only 8 percent require more than a bachelor's degree. This is not intuitive, especially when we get to the report on young adults. Most people, not just young people, are not aware of this nuance within the labor market.

If you look at the information on pages 24 through 28 ([Exhibit E](#)), you will see that in-demand occupations show up across industry sectors. This table is very important. You can look at an occupation and see how many times it shows up across industries. If you train to be a first-line supervisor, for example, you are not just training to work in the manufacturing sector (page 25). You are training for a variety of industry sectors. Individuals with these skill sets can be successful in a variety of industries. This is another reason why the top occupations are important. You are not just training for one industry; you are training for multiple industries.

I am going to transition to the report, *Connecting Nevada's Young Adults to Training and Employment: Perspectives from Nevada's Young Adults and Employers* ([Exhibit G](#)). We presented this report to the Assembly Committee on Education recently, and we plan to go to various boards and school districts and report these findings. This report is very important. It began as a way to identify what young adults in Nevada were saying about employment. We wanted to reach out to young adults and get their perspective on what they feel are the barriers they face in regards to obtaining training and employment.

The U.S. Department of Labor defines young adults as people 16 to 24 years of age. For our purposes, we defined young adults as 16 to 29 years of age. We did this to get a larger sample size. We reached out to a variety of stakeholders, including education stakeholders and boards to help publicize our efforts. We had a large response rate to this survey, which is very exciting. Part of the reason for this large response rate was that we kept the number of questions short.

This presentation ([Exhibit H](#)) is based on the report you have been sent. There are economic consequences for young adults who are unemployed. Young adults who are unemployed will cost their respective states about \$4,100 annually per person. Ninety-three percent of that is due to loss of tax revenue [page 4, ([Exhibit H](#))].

I want to note that employers are concerned with the aging workforce, and they have voiced this concern during sector council meetings. During the Great Recession, many people left the workforce and many have not returned. Employers are concerned that young people entering the workforce today do not have the appropriate skill sets. We wanted to reach out to young people and get their perspective about the barriers they face in accessing training and employment. I mentioned middle-skill jobs earlier. The graph on the bottom of page 4 ([Exhibit H](#)) shows the number of middle-skill jobs. The majority of jobs in Nevada in 2015 onwards are projected to be middle-skill jobs.

Page 6 ([Exhibit H](#)) shows the data on the distribution and age of survey respondents. The majority of counties in Nevada are represented including Carson City. The response rate is shown by county. We had 782 web-based responses, and we complemented that with three focus groups. These focus groups were held in Elko, Carson City, and Clark County. We conducted a variety of individual conversations with young adults in order to combine the qualitative aspect of the data with the quantitative. There are some implications in doing this. We asked survey respondents about their educational level and whether they were employed (page 7). The majority of young adults participating in the survey were unemployed (page 8). We also show this data aggregated by age group (page 9).

One of the things that stood out most in terms of the qualitative aspect of the information is the number of young adults who have never held a job. There are accumulating disadvantages if you do not have a job as a young adult. The Bureau of Labor Statistics, U.S. Department of Labor, has conducted a study that shows that you lose about \$408 to \$482 dollars weekly as an adult if you went without any form of employment when you were a young adult.

The take-away from this survey is that there are several perceptions about barriers to employment for young adults [page 10, ([Exhibit H](#))]. We asked young adults what they felt was keeping them from gaining meaningful employment. The majority of young adults said that they felt education was a barrier to employment. Many young adults feel that only a four-year degree will provide them with employment opportunities. We know this is not true. Many jobs require less than a four-year degree but more than a high school degree. You will see that young adults are split into some of the other categories, and there is a context for this that I will talk about later. Page 10 ([Exhibit H](#)) provides information on the percentage of young adults who felt that job function skills and soft skills were barriers to employment. Another finding was that young adults consistently expressed frustration with the lack of opportunities available to provide them with work experience. Young adults say, "How can I get experience if every job I apply to requires experience?" Young adults do not

have opportunities to gain experience. In terms of workforce development, we need to be strategic and provide individuals with opportunities for experience, including apprenticeships.

Chair Bustamante Adams:

I appreciate this presentation. It is exactly the drill-down to the information we need. I want to go back to Assemblywoman Carlton's questions from the previous presentation. Can we dig down and compile this type of information on adults and the barriers to employment that they face? Is this possible?

Manny Lamarre:

Technically, yes. In terms of data, it is just a matter of getting a sample size and committing an individual to do the research. It can be done, but it requires a much broader data set. You cannot tell the Bureau of Labor Statistics, U.S. Department of Labor, what data to collect. That is not how they collect the data.

We are able to be specific in this report because we saw a need in terms of this age group, and we specifically created the questions, the surveys, and had the individual conversations. This was a commitment of time and resources, but it is important to the sector councils.

Chair Bustamante Adams:

How much money and resources did this survey require?

Manny Lamarre:

In order to get the research out, I did a lot of this on my own time. I do not have a dollar amount for you. The information in this report is important, so I committed to reaching out to stakeholders to get their responses. If you want certain information, you can create your questions and identify a representative sample size. You can conduct the survey, collect the responses, and hold both focus groups and individual conversations in order to get that information.

Chair Bustamante Adams:

Just to clarify, is it \$482 dollars a week that we lose when a young adult is not employed?

Manny Lamarre:

No, it is \$4,100 dollars annually for each young adult who is unemployed. What I was referencing before is an ongoing longitudinal study conducted by the Bureau of Labor Statistics, U.S. Department of Labor. The study shows that young adults who were unemployed for six weeks or more as teens earned \$402 to \$487 less a week than individuals who did not experience long gaps in employment as young adults.

Again, a key take-away is that many young adults believe that education, particularly a four-year degree, is their greatest barrier to employment [page 13, ([Exhibit H](#))]. This is why we are working with the Department of Education (NDE), higher education, and a variety of stakeholders. We recommend that individuals should not graduate from

high school without knowing that there are a variety of opportunities out there. Certain things should become common vocabulary. The words "middle-skill jobs" should become common vernacular. Young adults should understand all the available opportunities.

As mentioned previously, young adults consistently express frustration with the lack of opportunities available to provide them with work experience. Our survey looked at the respondents by zip code. Only respondents in North Las Vegas said that transportation was a barrier to employment. They felt it was the biggest barrier to employment. In individual conversations and in focus groups when they were asked, "What if we were able to provide you with a training program to get you into a job with X amount of salary," the unanimous response was that they would figure out a way to get to the training program. This is why both quantitative and qualitative information are important.

The perceptions young adults have about industries are limited to the occupations of their parents or other close adults or to industries with strong regional presences. We need to provide more nuance about what we mean by career readiness. When we say college and career readiness, young adults graduating should really understand that there are a variety of options. If they choose to go to an apprentice program or a community college, they should know this is not a second-tier option. It is a first-tier option because it leads to an in-demand occupation and it leads to a meaningful life.

Another thing that stood out was that students from the career and technology education and Jobs for America's Graduates (JAG) programs were much more optimistic about the ability of school to remove barriers for them. This piece is somewhat intuitive because these students are also more likely to have work experience or an orientation to what employers expect. Page 14 ([Exhibit H](#)) has several quotes from young adults: "How can we get experience if every job we apply to requires experience?" "I want to get an internship or job." Young adults are asking for these opportunities. It is not that they do not want to work or take advantage of these opportunities.

Some of the most effective ways of communicating with young adults are shown on page 15 ([Exhibit H](#)). Sometimes adults say that there is so much information out there; getting job information should not be an obstacle. However, young adults say they do not know where to start because there is almost too much information. Young adults would appreciate having one centralized place to seek opportunities. They would like something that would post opportunities to their phone and notify them when new information is posted. Young adults say that putting signs on buildings is not effective. They do not look at them. We want to be strategic on how we reach out to youth.

Finally, page 17 ([Exhibit H](#)) provides information on employers' perspectives and how they align to the young adult survey. Employers consistently say that they want individuals with both technical skills and soft skills. The lack of technical and soft skills is the biggest concern of employers.

Page 18 shows the similarities and differences between employers and young adults. Young adults are more likely to say that education is a barrier and believe that a four-year degree is needed. Employers were more likely to focus on work experience, as long as the young adult had a high school diploma and sometimes a college education. These differences are important for us to drill down into so that people can understand these nuances. Young people need to know that they have options; they do not need to be discouraged about their job prospects.

To summarize, young adults believe that a lack of education is a barrier to employment; they are not knowledgeable about the availability of middle-skill jobs. They felt that they needed a four-year degree; without one, they are considered a failure. This is not true; the majority of jobs are middle-skill jobs. It is important to provide young adults with job experiences and reach out to them in a way that they are comfortable with if you want to expand, because the workforce is aging, particularly in Nevada. There are many opportunities out there for young adults; yet young adults consistently express frustration with the lack of opportunities they have to gain professional experience. It is important to provide young adults with experiences and reach out to them in ways that they are comfortable with. Traditional methods of sharing information about jobs and training such as flyers, posters, and signs are ineffective for young adults. Young adults would prefer a website or social media that would provide them with reminders and notifications.

Assemblywoman Neal:

Middle-skill jobs are those that are above a high school diploma but before a four-year degree. Your young adult presentation notes that the highest educational levels for those between the ages of 19 and 22 was a high school diploma at 76 percent. For those between the ages of 23 and 29, the highest educational level was high school diploma at 61.2 percent [page 7, ([Exhibit H](#))]. The bulk of the 19- to 29-year-olds surveyed have only a high school diploma. Knowing that this data is out there and that we have the ability to drill down, what interventions are proposed to help people bridge this gap and do what they need to in order to get a job?

Manny Lamarre:

One of the most effective interventions is working with Department of Education in terms of their career and technical education program. We are working with the institutions to get the information out to the stakeholders. The reason this data point is important is that if you speak to a majority of those with a high school diploma or those who have passed the test of general education development (GED), they do not believe that this is an entry point to a job. They feel that they must get a four-year degree in order to get a good job. Getting this information out to schools is only one part.

The second part is to align programs and create career pathways. We are working with the Governor's Office of Economic Development (GOED) and employers to create pathways that clearly tell students that if you follow a certain sequence of courses in high school you will get these credentials. These credentials in turn lead to certain types of jobs, and these are the salaries that you will earn. We are creating these pathways and working to get the

information out to people. Another thing that is important, and has been included as a recommendation in this report, is that everyone should graduate by twelfth grade. They should know where their local board is; and where they can get information and support if they need a job or training.

Assemblywoman Neal:

These are long-term goals. Chair Bustamante Adams had mentioned boards and commissions earlier. These are other pathways in terms of licensing and other things that can lead to employment. Have these been part of the conversation?

Manny Lamarre:

The Governor's Office has a bill, Senate Bill 516, that ties into workforce development directly. I cannot speak specifically about this bill.

Chair Bustamante Adams:

I believe that Nevada has over 200 boards and commissions. These include the State Board of Nursing and the Nevada State Board of Optometry to name a few. Career pathways fit into this.

Assemblyman Kramer:

You have pointed out that it does not take a four-year degree to get a good job, and I fully agree with you. Many jobs, such as X-ray technician or cosmetologist, do not require a four-year degree. I also believe that many jobs will become available in the next ten years that will not require a four-year degree. It is good that we are getting the word out about this to as many people as possible, as fast as we can.

Manny Lamarre:

I want to add that our office worked with the Nevada Department of Education to get a NewSkills for Youth grant. It is a \$2 million grant, funded by JPMorgan Chase to help break down barriers surrounding entry into career pathways and to help improve career pathways across the state. This ties in with the previous report about in-demand occupations. Currently, we are building a foundation to lead this work. We did not want to sprint ahead without a solid foundation. It was important to gather the information we have presented today so that we could make data-driven decisions. The qualitative aspects of this conversation are very important.

Chair Bustamante Adams:

Aligning the workforce with economic development is a big undertaking. These reports about in-demand occupations and giving young adults information about what they need to be successful are steps in the right direction.

Are the additional questions? [There was no response.]

We will go to public comment. Is there any public comment in Carson City? [There was none.] Is there any public comment in Las Vegas? [There was none.] This meeting is adjourned [at 3:38 p.m.].

RESPECTFULLY SUBMITTED

Kathryn Keever
Committee Secretary

APPROVED BY:

Assemblywoman Irene Bustamante Adams, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is a copy of a PowerPoint presentation titled "Nevada Labor Market Briefing, Department of Employment, Training and Rehabilitation," presented by William D. Anderson, Chief Economist, Department of Employment, Training and Rehabilitation.

[Exhibit D](#) is a copy of a PowerPoint presentation titled "Using Data and Information to Align Economic and Workforce Development," presented by Bob Potts, Research Director, Office of Economic Development, Office of the Governor.

[Exhibit E](#) is a PowerPoint overview of the report, "In-Demand Occupations: Leveraging Labor-Market Data with Industry Insights to Strategically Align Nevada's Education and Workforce," presented by Manny Lamarre, Executive Director, Office of Workforce Innovation, Office of the Governor.

[Exhibit F](#) is a copy of a publication titled "In-Demand Occupations: Leveraging Labor-Market Data with Industry Insights to Strategically Align Nevada's Education and Workforce," dated January 2017, presented by Manny Lamarre, Executive Director, Office of Workforce Innovation, Office of the Governor.

[Exhibit G](#) is a publication titled "Connecting Nevada's Young Adults to Training and Employment: Perspectives from Nevada's Young Adults and Employers," dated November 2016, submitted by Manny Lamarre, Executive Director, Office of Workforce Innovation, Office of the Governor.

[Exhibit H](#) is a copy of a PowerPoint overview of the report titled "Connecting Nevada's Young Adults to Training and Employment: Perspectives from Nevada's Young Adults and Employers," presented by Manny Lamarre, Executive Director, Office of Workforce Innovation, Office of the Governor.