

Nevada's Plan for  
Recovery and Resilience  
*February 2021*



# Nevada: Ground Zero

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## The Global Situation

The global pandemic, COVID-19, has put a strain on all public health and economic systems. It has led to another worldwide recession.



## Nevada's Outlook

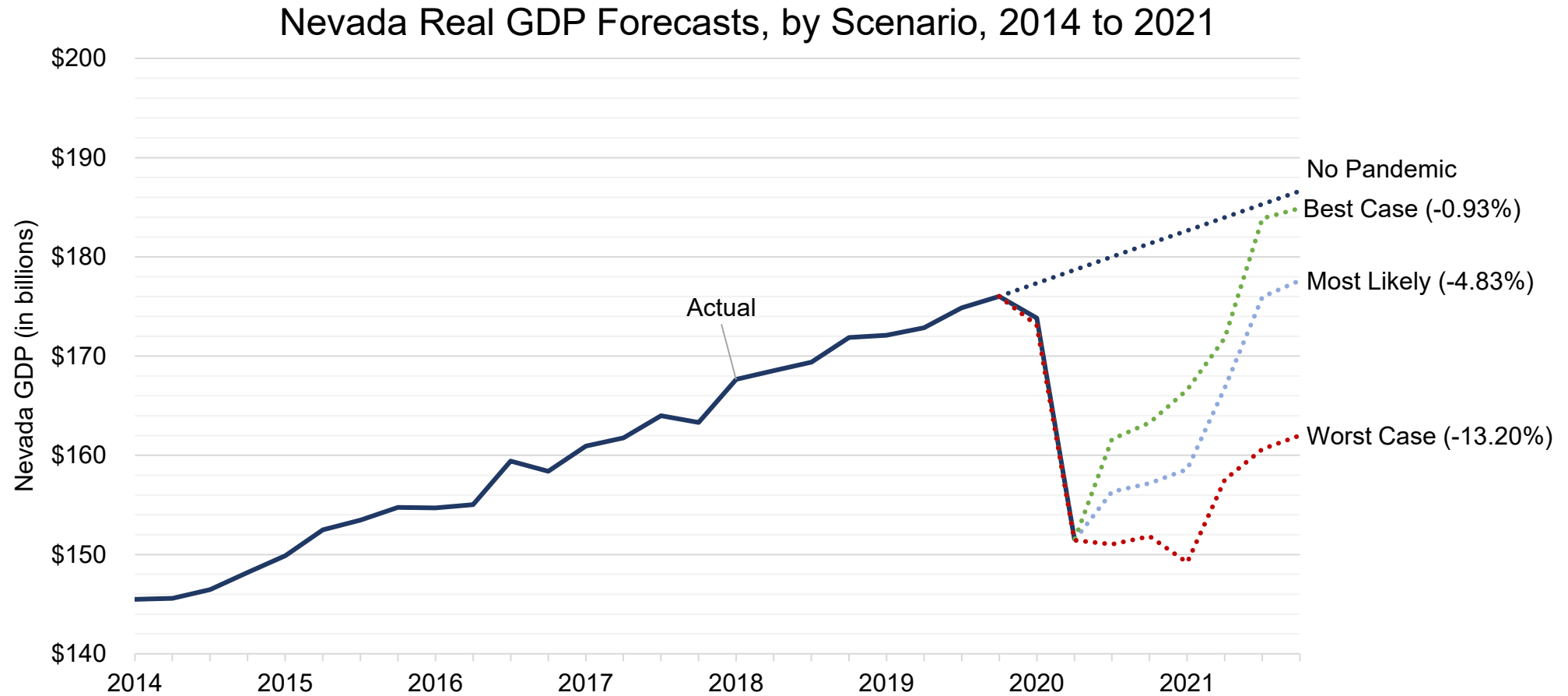
Nevada is particularly exposed with a procyclical economy. The added impact of the pandemic on travel and hospitality makes this exposure worse.

# Nevada: Ground Zero

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- December jobs: 1,328,300
  - Up 8.5 percent in June; 1.3 percent in July; 0.8 percent in August; 0.6 percent in September; 0.5 percent in October; 0.9 percent in November; 0.6 percent in December;
- April lost 287,300 jobs with an unemployment rate of 30.1 percent
- As of December, we have recovered 66 percent or 189,300 of lost jobs
- 241,900 of the 287,200 lost jobs were in Clark County (84 percent)
- Service based industries most exposed to the economic downturn
  - Service producing down 22 percent vs. goods producing down 3 percent
- December state unemployment: 9.2 percent
  - Las Vegas unemployment at 10.4 percent and Reno at 5.0 percent
- Week ending January 16 total continued UI claims at 284,195
- Labor Force Participation Rate is now below 60 percent
- Headwinds
  - Severity of COVID-19 through fall and winter and into 2021
  - Vaccine availability and efficacy
  - Fear and uncertainty
  - Additional tranche of financial virus-related relief

# Nevada: Ground Zero



Nevada Real GDP Forecasts, by Scenario, 2014 to 2021. Source: RCG Economics and U.S. Bureau of Economic Analysis.

# Nevada: Action Plan for Recovery & Resilience

The Governor's Office of Economic Development (GOED) has worked with stakeholders, elected officials, business organizations, workers, and employers to develop an action plan for immediate economic recovery and long-term resilience.

## Immediate Recovery

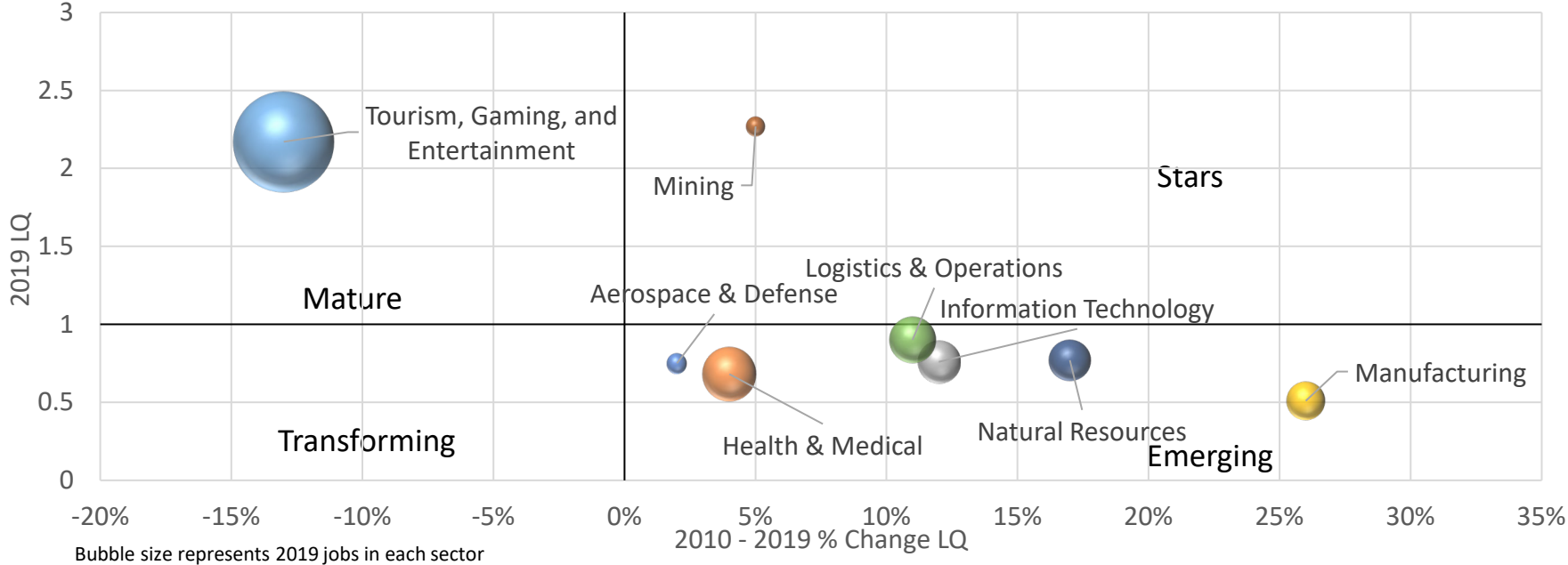
GOED and partners are targeting a variety of coordination, information, and leadership challenges (workforce, regulation, business services).

## Long-Term Resilience

GOED is working with stakeholders to pursue visionary policies that set Nevada apart for the future, continuing the state's drive for resilience and diversification.

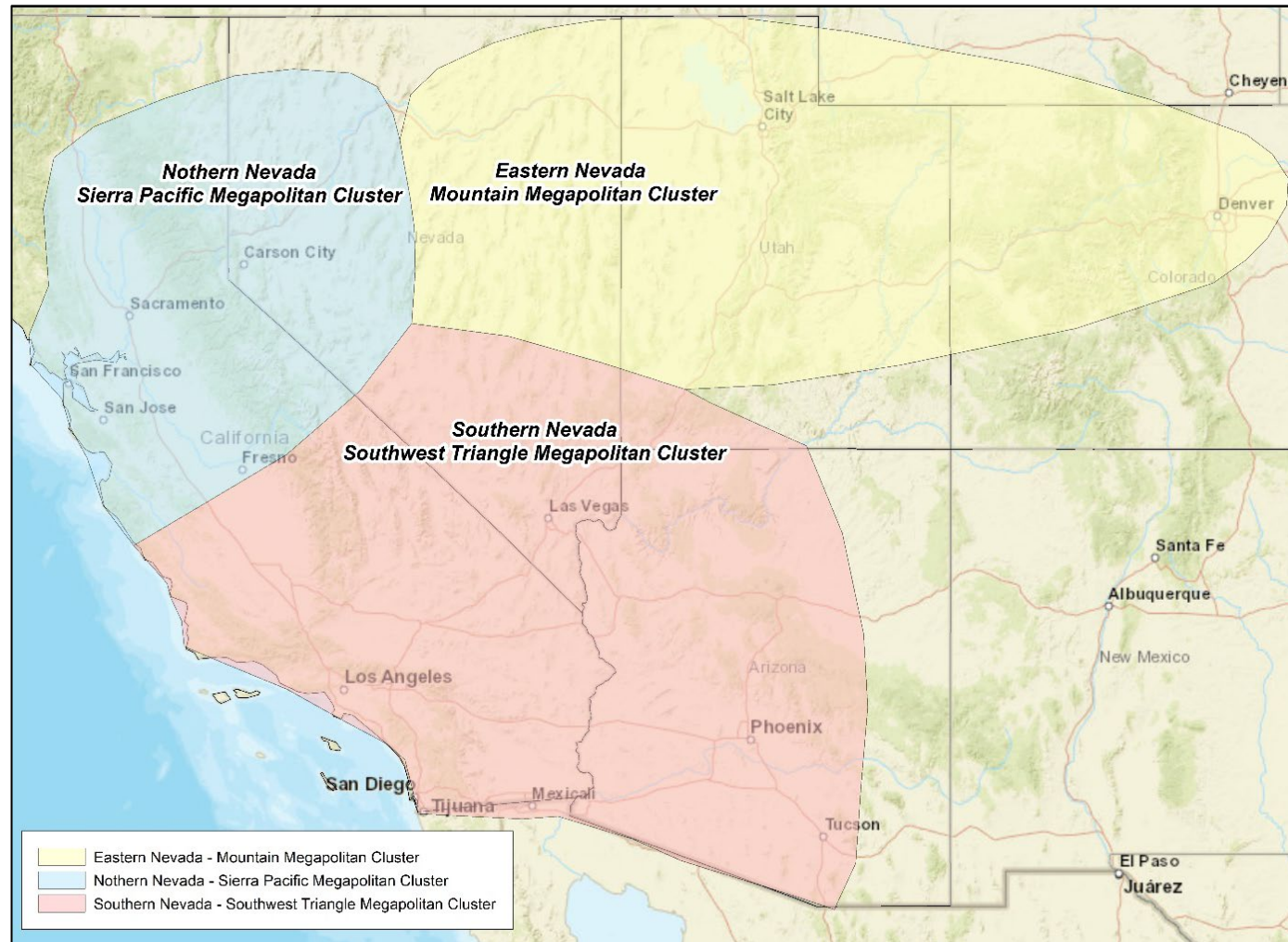
**The goal: Good jobs today, better jobs tomorrow**

# Overview: Nevada's Industry Base



Sector	2019 Jobs	2010 LQ	2019 LQ	Percent Change LQ
Manufacturing	60,749	0.4	0.51	26%
Natural Resources	73,152	0.66	0.77	17%
Information Technology	76,497	0.68	0.76	12%
Logistics & Operations	92,930	0.81	0.9	11%
Mining	14,875	2.16	2.27	5%
Health & Medical	124,353	0.65	0.68	4%
Aerospace & Defense	16,250	0.73	0.75	2%
Tourism, Gaming, and Entertainment	433,405	2.51	2.17	-13%

# Overview: Nevada's Three Megapolitan Clusters



Map Source: Robert E. Lang and Jaewon Lim, Brookings Mountain West—UNLV, 2020

# Overview: Asset Map

The SRI team mapped Nevada's assets and identified state-wide strengths and weaknesses in six principal areas: innovation ecosystem, economy, physical infrastructure, quality of life, governance, and natural resources.

## Innovation Ecosystem

- + Entrepreneurial and risk-taking population
- Coordination lacking among the state's innovation system

## Economy

### Diversification of Economic Base

- + Shift from tourism and gaming towards high-skill industries
- Many jobs added in lower-skill elements of high-skill industries

### Skilled Workforce Attraction/Retention

- + Attraction of many historically underrepresented occupations
- Highly educated spouses unable to find jobs in some areas



# Overview: Asset Map

## Physical Infrastructure

### Energy

- + Significant renewable energy integration into electrical grid
- Dependent on imports for fuel to meet energy needs

### Broadband

- + Strong connectivity and high speeds in metropolitan areas
- Weak connectivity and lack of redundancy in rural communities

### Transportation

- + Strong air and road connectivity in major metropolitan areas
- Lack of consistent funding for roads that require significant repairs

### Housing

- + New home builds increasing throughout the state
- New homebuyers increasingly priced out in metropolitan areas

## Quality of Life

### Health

- + Positioned for significant growth in healthcare
- Continuing shortage of medical professionals

### Safety

- + Significant progress in reducing property and violent crime
- Crime still a pervasive issue in many communities

### Education

- + K-12 education system contains nationally-ranked high performers
- Underperformance a result of underfunding and overcrowding

### Recreation

- + Open land for exploration and outdoor recreation
- Ability to attract families harmed by an incomplete image of the state (“Sin City”)

# Overview: Asset Map

## Governance

### Institutional Assets

- + Responsive state and local offices for economic development
- Collaboration lacking among economic development organizations

### Taxation

- + Low-tax environment attractive to business
- Low-tax environment limiting to investments that could attract businesses

### Business-Friendly Environment

- + Easy access to decisionmakers
- Tax abatements not meeting the needs of technology companies

## Natural Resources

### Land

- + Majority of the state's land open to the public for recreation
- Extensive federal land ownership problematic for expanding cities and land usage

### Minerals

- + Lithium a new opportunity for the state's mining industry
- Mining industry and its technology not well-understood

### Water

- + Experienced in conservation efforts to save water
- Current water resources threatened by rapid growth

# Overview: SWOT Analysis

A SWOT analysis serves as the basis for strategy by highlighting sources of strength and weakness that may be addressed, opportunities to be realized, and dangers and difficulties to be avoided.

## Strength

### Culture and Quality of Life

- Enterprising migrants
- Frontier spirit
- Artists, musicians, and performers
- Outdoor enthusiasts

### Governance

- Low taxes and regulation
- “Small state” advantage

### Industry

- Increasing diversification
- Value-chain opportunities

### Infrastructure

- Inexpensive energy
- Increasing use of renewable energy
- Advanced water management
- Urban connectivity
- Stable environment

### Innovation

- Connections to the West Coast
- Low barriers for new businesses
- Pervasive small business ethic

### Workforce and Education

- Established models of success
- Workforce Innovations for a New Nevada (WINN) and other career and technical education (CTE) booster programs

## Weakness

### Innovation

- Immature mentor networks
- Lack of early-stage funding
- Underutilized tools and programs
- Weak connections to research institutions

### Infrastructure

- Energy market uncertainty
- Water rights
- Rural broadband connectivity
- Congestion in suburban and urban areas
- Federal land ownership

### Governance

- Tax abatements
- Property tax limitations
- Economic development collaboration

### Culture and Quality of Life

- Housing affordability
- Low trust in government institutions
- Lack of collaboration
- Poor health indicators
- Harsh desert climate

### Workforce and Education

- Weak institutional performance
- Lack of K-12 and higher education funding
- Low educational attainment
- Poor career guidance for mid-skill workers
- Shortages in building and other skilled trades

### Industry

- Persistently low wages

# Overview: SWOT Analysis

There are regional, national, and international developments that represent opportunities for Nevada businesses and policy makers. Some external challenges cannot be addressed directly by Nevada leaders, but only managed.



## Opportunity

- Access to West Coast networks
- Access to Mountain West markets
- Las Vegas world brand
- Opportunities for mining diversification
- Testbed for new technologies
- Mobile Millennials and Generation Z
- West Coast costs and congestion



## Threat

- Impact of climate change
- Exposure to economic cycles
- Uncertain federal policies
- Competition from Mountain West states
- Costs and congestion

# Priorities for Action

1

## Resources for People and Businesses

### Immediate Recovery

Support all Nevada agencies that are part of the flow down of federal funds

### Long-Term Resilience

Support public action to build an appropriate financial infrastructure for “unbanked” workers to help shelter them from future shocks

Activities could include:

- Consider integration of all state administrative and financial systems (to include payments systems to residents such as UI, TANF, WICK, Medicaid, etc.)
- Foster a community banking network and enhance industrial banking and credit unions

# Priorities for Action

## 2

### Business Support and Expansion

#### Immediate Recovery

Provide guidance to small and medium enterprises [SMEs] on the protocols and practices required to operate under these new conditions

#### Long-Term Resilience

Develop and share a set of science-based protocols for all businesses, setting a national standard

Activities could include:

- Open business recovery centers within the network of Nevada's [Small Business Development Centers](#) and the Department of Business and Industry
- Increased funding for technology-based entrepreneurship
- Targeted support for technology-based firms in automation and digital technologies

# Priorities for Action

## 3

### Workforce for the New Normal and Beyond

#### Immediate Recovery

Support community colleges in recruiting and graduating students in areas of need, including non-health sectors experiencing high demand

#### Long-Term Resilience

Support the design of compressed allied health services curricula and other curricula for skills in short supply, with an emphasis on competencies and skills

Activities could include:

- Radical expansion of health services programs at all levels
- Accelerate integration of workforce programs with business needs
- Fund Community College development of accelerated training programs for employers continuing or resuming operations
- Protect funding streams for in-demand and growing academic programs at Nevada's four-year institutions

# Priorities for Action

## 4

### New Technologies for Business

#### Immediate Recovery

Identify appropriate technologies for managing public health and the economy, formulate plans to deploy at scale, and provide guidance to Nevada businesses looking for reliable information

#### Long-Term Resilience

Develop a vision and actionable strategy to make Nevada the recreational haven of the future, fortified by best-in class measures in public health

Activities could include:

- Support the development of websites and e-commerce capabilities for SMEs
- Aggregate and share vendor information for contactless and online payment systems
- Support the increased use of sensors and other technologies for security and safety



# Priorities for Action

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## Data for Decision-Making

### Immediate Recovery

Integrate public health data with economic data in order to provide reliable advice to Nevada's businesses and workforce institutions

### Long-Term Resilience

Become a one-stop data hub for the state, with an emphasis on the credible communication of information regarding the health of the state's economy and society

Activities could include:

- Integrate state-level data with other states in the Western States Pact
- Distribute Real Time Labor Market Information (RLMI) via RDA and Chamber sites

# Visionary Strategies for the Medium Term

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As the recovery and resilience plan is implemented, Nevada's leaders should pursue distinctive ideas and initiatives to ensure Nevada's sustained economic and social resilience in the future:

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Advanced manufacturing hub

Onshore manufacturing, advanced logistics

World-class zero-carbon economy

Renewable energy, battery supply chain, electric vehicle technologies

Technology

Total connectedness, data hubs, digital public services

Health and wellness

Health services, wellness, sports medicine

Remote work playground

Quality housing, outdoor recreation, arts and entertainment

# Capabilities to Realize the Vision

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In order to realize the strategies for the future, Nevada will need to build or rebuild key financial and institutional capabilities, combined with realistic statutory actions:

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Fully fund the state infrastructure bank

Establish a sovereign wealth fund

Build local networks of innovation and evergreen venture funds

Establish a single office for Micro, Small, and Medium Enterprises (MSME)

Redesign governance and funding mechanisms for the community college system

Follow the state-wide climate plan, including and increase in Nevada's Renewable Portfolio Standard (RPS) and emissions reductions targets

# Final Thoughts: How the Pandemic will Reshape the Economy

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2021 will be a year of transition. The “New Normal” will be different.

- As consumer confidence returns, so will spending”
- Pandemic-induced changes in shopping behavior
- Leisure travel will bounce back but business travel will lag (cost efficiency)
- Has sparked a wave of innovation and will launch a generation of entrepreneurs
- Gains in digital technology will accelerate the Fourth Industrial Revolution
- Rebalance and shift of supply chains
- A revolution in biopharma
- Diversification accelerated and restructured

Excerpts from McKinsey & Company *“The next normal arrives: Trends that will define 2021—and beyond”*