

## Testimony of Jeremy A. Aguero

U.S. House of Representatives Committee on Education and the Workforce

August 30, 2011

Chairman Kline, Congressman Heck, and members of the Committee on Education and the Workforce, I appreciate the opportunity to testify before you here today. Your staff has asked me to provide a brief synopsis on employment and workforce conditions in southern Nevada. In addition to my remarks, I have also provided a series of exhibits entitled, *Southern Nevada Employment and Workforce Trends*. I hope you find this information helpful.

It is appropriate you are holding this hearing here today because this region, state, and community have been acutely impacted by the recession. After leading the nation in nearly every measure of economic prosperity, including population growth, job creation, personal income growth and new investment, for more than 20 years, southern Nevada now ranks at or near the nation's highest in terms of unemployment, housing price declines, foreclosure and bankruptcy.

The numbers are nothing short of staggering. The local unemployment rate now stands at 14 percent and has been above 10 percent for 31 consecutive months. Although the unemployment rate is below peak levels, its decline is attributable to the exodus of would-be workers from the labor pool as opposed to new job creation. Since the recession officially began in December 2007, southern Nevada has lost more than 140,000 jobs, 15 percent its workforce. An average of 3,200 jobs have been lost each month for more than three and a half years; 1 in every 6.5 workers has been displaced. Although unemployment has fallen from 15.7 percent to 14.0 percent during the past 12 months, total employment has declined by 3,100 positions.

For those lucky enough to remain employed, hours and wages have been cut. The underemployment rate is currently estimated at 23 percent. Average hours worked among private sector workers have fallen by 11.7 percent; average weekly wages by 10.7 percent. The Bureau of Economic Analysis ranked Nevada dead last in terms of income growth between the first quarter of 2010 and first quarter of 2011 (the latest available data); and, while the recession may have ended nationally, the Bureau also noted that Nevada's economy continued to contract in 2010, shrinking by 0.2 percent.

Even if jobs were being created in Nevada, many displaced workers would likely remain unemployable. This is due to a number of factors, including the disproportionate share of those now unemployed who previously worked in the construction sector. At the economy's peak, construction accounted for more than 12 percent of southern Nevada's workforce – roughly 2.5 times the national average. Since that point, more than 72,000 construction workers have lost their jobs, roughly two in every three. The transferability of these skill sets is limited in today's economy, a challenge also confronting scores of service industry and lower-level administrative employees whose jobs have been eliminated.

Not all of our challenges are the result of cyclical or structural changes in the economy. Some of our wounds are self-inflicted. Nevada reports among the nation's lowest levels of education attainment for its adult population. Adding to this challenge, the state has neglected its K-12 education system for more than a generation, a fact reflected by the lowest high school graduation rate in the United States and frighteningly low reading, math and science test scores among elementary and secondary students. Notwithstanding the best efforts of some, our college and university system has never had the resources nor standing to effectively contribute to the state's economic development goals.

I do not want to leave you with the impression southern Nevada is a sinking ship. Although unmoored and struggling to find a safe harbor, there are some notable pockets of prosperity. The tourism industry has reported strong improvements during the past 12 months, adding nearly 8,000 positions. Moreover, core employment – defined as total employment less construction and government jobs – has been positive for most of the 12 months and is up more than 13,000 positions since bottoming out in August 2009.

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While some businesses continue to struggle, others are again profitable. Conditions are far from good, but they are markedly improved when compared to conditions 12 or 24 months ago. While our community is fatigued and fragile; it is also resilient and resourceful.

I for one appreciate your continued efforts on our behalf. Thank you again for being here today and for allowing me to join you.