The Great Recession in California and Nevada: Comparing Employment Effects in Two Neighboring Western States

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Introduction

The economic downturn that began at the end of 2008 has become known as the *Great Recession* and by most accounts the economy has been slow to recover from this hit. The standard way of judging the severity of a recession and success of a recovery is to look at labor market information. This poster compares the impact of the *Great Recession* and the subsequent recovery in the two neighboring Western states of California and Nevada to the United States as whole.

Table 1: Annual Total Employment (thousands of jobs)

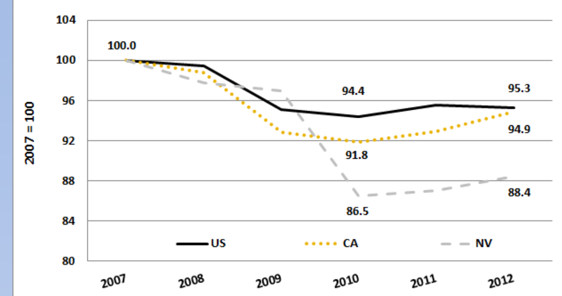
Date	US	CA	NV
2007	137,645.3	15,174.5	1,292.5
2010	129,916.7	13,936.6	1,117.3
2012	131,130.5	14,394.5	1,142.7
Change (2010)	-7,728.7	-1,238.0	-175.1
Change (2012)	-6,514.8	-780.0	-149.8

Annual Total Employment

The story of the *Great Recession* and subsequent recovery for California, Nevada and the United States as a whole can be seen in Figure 1 and Table 1. Overall, the recession was significantly more severe in Nevada and California than the United States as a whole. By 2010 employment in Nevada had fallen 13.5% (over 175,000 jobs), while California employment dropped by 8.2% (over 1.24 million jobs). By comparison, employment across the entire United States fell by 5.6% (over 7.73 million jobs).

The recovery from the *Great Recession* has been somewhat sluggish with 2012 employment in the United States sitting at 95.3% of the 2007 level. Despite being in a deeper hole, California 2012 employment rose to nearly the same level of recovery as the United States, reaching 94.9% of the 2007 level. In contrast, the recovery in Nevada has been nearly non-existent with 2012 employment stuck at 88.4% of the 2007 level.

Figure 1: Annual Total Employment Index



Total Employment by Sector

Overall, employment in 2012 was down 11.6% in Nevada and 5.1% in California compared to 2007. The impact of the recession and the subsequent recovery in California and Nevada can be seen in more detail by looking at employment by sector in each state. Tables 2 and 3 show employment levels and changes for selected sectors in 2007 and 2012 for California and Nevada respectively. In Nevada, 2012 employment was down in eight of the nine selected sectors compared to 2007, while in California 2012 employment was down in seven of the nine selected sectors over the same period.

Construction was by far the hardest hit sector in both states. Nevada 2012 construction employment was down 61.2% compared to 2007, while in California the drop was less severe, but still significant at 34.2%. In contrast 2012 employment in health care and social assistance was up in both Nevada (13.0%) and California (11.1%) compared to 2007. Leisure and hospitality employment also increased in California between 2007 and 2012 (2.5%).

Table 2: California Total Employment by Sector 2007 and 2012 (thousands of jobs)

Date	Manufacturing	Retail Trade	Hlth/Soc/Ass	Leis/Hosp	Financial	Construction	Information	Government	Other	Total
2007	1,464.4	1,689.9	1,388.7	1,560.4	896.6	892.6	470.8	2,494.6	4,316.6	15,174.5
2012	1,252.8	1,561.8	1,543.1	1,599.1	774.6	587.5	430.4	2,375.1	4,270.2	14,394.5
Change	-211.6	-128.1	154.4	38.7	-122.0	-305.1	-40.5	-119.5	-46.3	-780.0
% Change	-14.4	-7.6	11.1	2.5	-13.6	-34.2	-8.6	-4.8	-1.1	-5.1

Table 3: Nevada Total Employment by Sector 2007 and 2012 (thousands of jobs)

Date	Manufacturing	Retail Trade	Hlth/Soc/Ass	Leis/Hosp	Financial	Construction	Information	Government	Other	Total
2007	50.2	139.8	85.9	339.3	64.6	133.7	15.6	156.0	307.4	1,292.5
2012	39.2	132.3	97.0	318.3	54.2	51.8	12.5	148.9	288.5	1,142.7
Change	-11.0	-7.5	11.1	-21.0	-10.4	-81.8	-3.1	-7.0	-19.0	-149.8
% Change	-21.9	-5.4	13.0	-6.2	-16.2	-61.2	-19.9	-4.5	-6.2	-11.6

Unemployment Rate by County

As we can see from the analysis so far, the recession had varying impacts on different states. Similarly, the recession also had varying impacts across counties within a state. We next investigate the impact of the recession on the unemployment rate across counties in both California and Nevada. Figures 2 – 4 show the distribution of unemployment rates across California counties in 2007, 2010 and 2012, while Figures 5 - 7 show the county unemployment rate distribution in Nevada for the same years.

Figure 2: California 2007

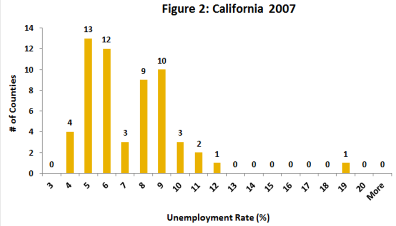


Figure 3: California 2010

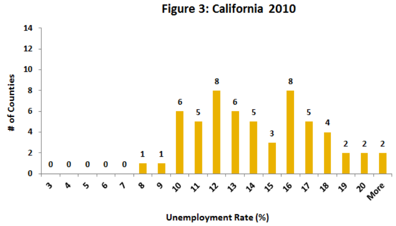
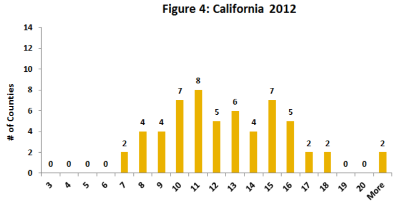


Figure 4: California 2012



California Unemployment Rate by County

The California state unemployment rate in 2007 was 5.4%, rising to 12.4% in 2010 at the height of the recession and recovering to 10.5% in 2012. This state average masks important variation in the impact of the recession across California counties.

Of California's 58 counties, four had an unemployment rate between 3-4% and another 13 counties were between 4-5% in 2007. Overall in 2007, 50% of California counties had an unemployment rate of 6% or less, while the highest rate of unemployment was 18.1% in Imperial County.

In 2010 however, no California counties had an unemployment rate of less than 7%. In addition, 55.2% of the 58 counties had an unemployment rate between 7-15% while 44.8% were above 15% with a high 29.9% in Imperial County.

Despite some recovery in 2012, no California counties had an unemployment rate below 6%, while two counties were between 6-7%. Even more telling is that 31% of California counties still had an unemployment rate of at least 14% with the highest being 28.3% in Imperial County.

Nevada Unemployment Rate by County

The Nevada state unemployment rate in 2007 was 4.7%, rising to 13.8% in 2010 at the height of the recession and recovering to 11.0% in 2012. This state average masks important variation in the impact of the recession across Nevada counties.

Of Nevada's 17 counties, five had an unemployment rate between 3-4% and another seven counties were between 4-5% in 2007. Overall in 2007, 82.3% of Nevada counties had an unemployment rate of 6% or less, while the highest rate of unemployment was 6.8% in Nye County.

In 2010 however, no Nevada counties had an unemployment rate of less than 7%. In addition, 47.1% of the 17 counties had an unemployment rate between 7-11% while 52.9% were between 12-18% with a high 17.8% in Lyon County.

Despite some recovery in 2012, no Nevada counties had an unemployment rate below 5%, while 3 counties were between 5-6%. Even more telling is that 58.8% of Nevada counties still had an unemployment rate of at least 10% with the highest being 15.2% in Lyon County.

Figure 5: Nevada 2007

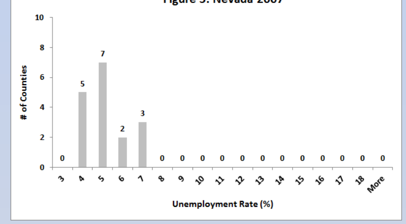


Figure 6: Nevada 2010

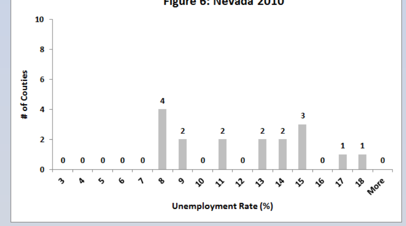
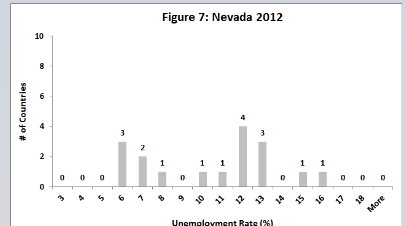


Figure 7: Nevada 2012



Conclusion/Discussion

Most analyses of economic recessions and recoveries focus on employment and/or unemployment. National and even state level analyses can miss the story of how recessions and recoveries have varying impacts and timelines across states and across counties within states. This poster takes a preliminary look at the impact of the *Great Recession* and subsequent recovery in the two neighboring Western states of California and Nevada compared to the United States as a whole. From this analysis we clearly see a large degree of variation in the recession/recovery experiences of these two states both of which were hit harder by the recession than the United States as a whole.

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