

## **The Dynamics of Labor Force Participation in Post-Pandemic Nevada: A Statewide Analysis**

### **ABSTRACT**

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The UNLV Lee Business School's Center for Business and Economic Research and the Guinn Center conducted research on factors influencing Nevada's pre- and post-pandemic labor force participation rate (LFPR) using data from the Nevada P-20 to Workforce Research Data System (NPWR), the Nevada Department of Employment, Training and Rehabilitation, and the U.S. Census American Community Survey (ACS). Our report, which was released in 2023, found that certain Nevada demographic sub-groups, such as individuals residing in Nevada without college degrees, experienced reduced labor force participation than before the COVID-19 pandemic, despite an historically strong post-pandemic job market.

We build on our previous LFPR research study to determine if structural adjustment continues from the pandemic recession. That is, we include an additional year of data, 2022, to examine whether our conclusions still hold as to who is missing from the labor force and how the adjustment process has unfolded. Our findings suggest that they generally do, particularly with respect to educational differences in participation rates, though some potentially new gaps exist in labor force participation that merit attention.

Using data from the U.S. Census ACS, overall LFPR decreased from 63.1 percent to 62.5 percent between 2019 and 2021, then increased to 62.6 percent in 2022. Despite year-over-year improvement, the overall LFPR remained below pre-pandemic levels. Among those aged 21 to 64, which is the near-prime-age population, labor force participation decreased slightly between 2019 and 2021 but returned to its 2019 level of 77.5 percent in 2022. Distinct patterns in younger and older individuals' LFPR may be emerging in the data, however. Participation rates for those aged 21 to 25 decreased from 79.6 percent in 2019 to 77.5 percent in 2022. Among those aged 55 to 64, the LFPR increased by 2.1 percentage points between 2019 and 2021 from 62.2 percent to 64.3 percent.

The decline in the overall LFPR between 2019 and 2021 may reflect more muted participation among those without college degrees, while the 0.1 percentage-point increase from 2021 to 2022 reflects some renewed strength in this group's labor force participation. In fact, Nevada's LFPR for those with less than a bachelor's degree improved from 60.2 percent in 2021 to 61.1 percent in 2022, while the LFPR for those with a college degree (or higher) decreased from 69.2 percent in 2021 to 67.5 percent in 2022. This contrasts with our earlier findings.

Nevertheless, the educational attainment gap persists, with college-educated individuals' participation outpacing their counterparts without college degrees by 6.4 percentage points in 2022. Migration trends may be intertwined with the relationship between educational attainment and the LFPR in Nevada. For example, 38.7 percent of domestic in-migrants to Nevada ages 21 to 64 held a bachelor's degree or higher in 2022, which is a 9.1 percentage-point increase over 2019. But, the share of those with college degrees who moved out of Nevada in 2022 was 38.4 percent, which exceeds the share in 2019 of 32.1 percent, with a mean age lower than in-migration of 35.4 versus 38.6, respectively.

Potential policy and non-policy remedies to address the identified gaps in labor force participation may include: (1) youth-oriented policies, such as work-based learning, apprenticeships, and credentials, along with pathway navigators; (2) sectoral training and partnerships to align dislocated workers – particularly those without four-year degrees – with jobs in high-demand sectors; (3) elimination of degree requirements for state jobs to be replaced with skills-based training; (4) strengthening relationships between higher education institutions and private industry to ensure those who earn degrees have work opportunities to stay in Nevada; and (5) others, as applicable, including training opportunities and employee supports, such as child care assistance.