

RESEARCH NOTES



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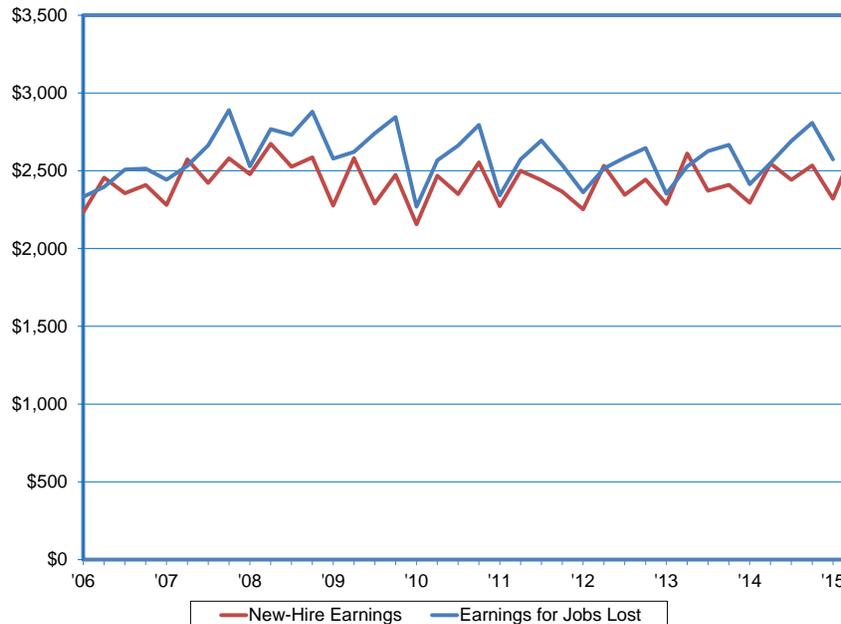


Earnings for Jobs Lost vs. New-Hire Earnings
Bill Anderson, Chief Economist; Marianne Segurson, Economist

Note: 2016:39
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Earnings for Jobs Lost are Just Slightly Higher than Those for New Hires

(average monthly earnings for jobs lost vs. new-hire earnings)



- The Census Bureau's Local Employment Dynamics (LED) Program offers insight into underlying trends, producing a collection of enhanced labor market statistics. Among other things, LED information allows for an analysis of new-hire earnings relative to those for jobs that are being lost in the economy in order to enhance our understanding of important labor market trends.
- There has been much debate about the "quality" of new jobs being generated in Nevada, and, for that matter, throughout the nation. Previous research, utilizing information from the Current Population Survey suggests that employment growth in Nevada is concentrated in full-time positions. Information from DETR's Silver State Solutions Initiative shows that about 90% of online ads for Nevada jobs are for full-time jobs. Information from Unemployment Insurance records submitted by Nevada employers show wages, on average, are on the rise. We have examined those industries adding and losing jobs, and found just a minimal difference in wages across these two groups.
- This Research Note adds to this debate from a slightly different angle. The latest available LED information shows that new-hire earnings for employees are just over \$2,300/month. Earnings for those jobs that are lost in the economy pay just a bit above \$2,500. This difference represents a continuation of a structural trend evident over time.
- LED information points to just a marginal wage trade-off between those jobs being added in Nevada, and those jobs that are lost.
- Some have argued that the quality of jobs being generated in Nevada of late leaves something to be desired. It seems that, all too often, these arguments suggest that good, high-paying jobs are being lost, while the new jobs are part-time, low-wage positions. Available evidence, including from the LED Program, does not support this characterization. At most, there appears to be a minimal trade-off. Although available information cannot confirm this, the findings reported above suggest that much of the labor market "churn," both new jobs added and existing jobs lost, appears to take place at the lower end of the relative pay scale.