

Planning for Nevada's Economic Future

Commissioned by the Clark County Education Association
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For many years, Nevada's economy has been defined by the hospitality, tourism, and mining industry clusters. The outsized role these clusters play in the state's economy has left it prone to wide swings in economic growth and decline. Nevada is currently in the midst of one of the largest economic downturns in history as the state grapples with the COVID-19 pandemic.

The need for a new economic development strategy has never been as apparent as it is now. Policymakers must begin laying the new foundation for the future economy. The Clark County Education Association retained Anderson Economic Group to analyze Nevada's economy, identify industry clusters that can promote stable and sustainable economic growth, and provide recommendations on how to support those clusters.

Promising Growth in New Clusters

Nevada has seen robust growth in several industry clusters since 2012—the year the Brookings Institution and SRI International provided GOED with its current economic development plan.¹ These new and emerging clusters have the potential to play an increasing role in Nevada's future economy.

Nevada Industry Clusters with High Employment Concentrations and Significant Growth Potential

Cluster Name	2019 Employment	Employment Growth, 2012-2019	Business Types	Occupations
Business Services	113,600	+ 39,300	Corporate headquarters Data Centers Call Centers	Data Center Technician Customer Service Associate
Distribution and E-Commerce	54,200	+ 17,400	Distribution Centers	Shipping & Receiving Clerk Inventory Planner
Transportation and Logistics	18,300	+ 4,000	Air Passenger Services Freight Transportation Freight Support Activities	Dispatcher Truck Mechanic
Aerospace Vehicles and Defense	5,200	+ 4,700	Defense Contractors Unmanned Aerial Vehicle Research and Development	Aircraft Mechanic Drone Operator

Source: Anderson Economic Group analysis of base data from the U.S. Clustermapping Project, U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis, Esri Business Analyst.

Supporting Future Cluster Growth

Nevada's current economic development plan focuses on making Nevada competitive and attracting new clusters. Now, eight years later, the state's economy has indeed attracted new clusters, and it is time for policymakers to refine the state's economic development plan to include cluster specific strategies. We identify several such strategies the next page.

1. Brookings Institution and SRI International (2012). *Moving Nevada Forward: A Plan for Excellence in Economic Development 2012-2014*, prepared for Nevada Governor's Office of Economic Development.

Recommended Policies to Support Future Target Industry Cluster Growth

Area of Focus	Directive	Recommendation
Workforce Development	Work to improve coordination among the state's workforce development system, including K-12, Community Colleges, Universities, Workforce Development Boards, Chambers of Commerce, and private sector employers.	<ul style="list-style-type: none"> Engage all workforce development entities in a comprehensive review to identify the occupational needs of target industry clusters. Identify how existing institutions can support skill and credential development for quickly growing occupations. Conduct a comprehensive review of workforce development funding to ensure funding is distributed in a way that matches employer needs to programs provided by each institution. Ensure existing workforce development funding is not resulting in duplicated efforts.
Workforce Development	Provide increased credential opportunities to high school students.	<ul style="list-style-type: none"> Provide WorkKeys exam to all high school students. Develop a dedicated logistics CTE program. Expand Aerospace and Aviation CTE programs to additional high schools.
Infrastructure	Improve connectivity to businesses and residents outside of Nevada.	<ul style="list-style-type: none"> Implement transportation improvements that provide access to growing populations and businesses in California. Support future intermodal freight growth near airports and major highway nodes. Fund State Infrastructure Bank to ensure Nevada has full access to federal transportation funds.
Infrastructure	Identify ways to increase housing affordability to ensure workers have access to housing that matches wages in target industry clusters.	<ul style="list-style-type: none"> Work with local governments to ease restrictive zoning practices. Ensure that municipalities that will be home to relocating businesses have an adequate supply of affordable housing before granting incentives.
Incentives	Ensure incentives are directed to businesses that would have otherwise not located in Nevada.	<ul style="list-style-type: none"> Limit incentives to distribution and logistics businesses that strategically choose to locate in Nevada for geographic reasons. Limit incentives to data centers that locate in Nevada because of the state's existing fiber optic networks, affordable electricity, and data center-friendly climate.
Incentives	Increase incentives to small businesses in target industry clusters.	<ul style="list-style-type: none"> Increase the size of Battle Born Ventures fund. Market Battle Born Ventures fund to businesses in target clusters, especially aerospace.

Source: Anderson Economic Group, "Nevada Economic Diversification: Planning for Nevada's Economic Future in the Wake of the COVID-19 Epidemic," December, 2020.

For more information, see our full report, "Nevada Economic Diversification: Planning for Nevada's Economic Future in the Wake of the COVID-19 Epidemic."

About the Study Authors: Anderson Economic Group is a boutique economics and policy consulting firm with offices in Chicago, Illinois and East Lansing Michigan. The firm has conducted economic and fiscal analysis for public and private sector clients across the country. For more information, see www.AndersonEconomicGroup.com.