

# The Nevada Plan for Recovery and Resilience

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## The Current Situation

Over the last ten years, Nevada has made significant strides in recovering from the Great Recession of the late 2000s, exceeding expectations and growing new industries that provide opportunities for all Nevadans. However, the recent global pandemic, COVID-19, has put a strain on all public health and economic systems and threatens another recession. Once again, Nevada is especially exposed. The state's economy is historically procyclical, and the impact of the pandemic on travel and hospitality makes this exposure worse.

While recommendations for social distancing and stay-at-home orders have been highly effective at limiting the spread of the virus and saving lives, the impact on consumer spending has been severe. In particular the leisure and hospitality industries have experienced unprecedented contraction, with most resorts and venues indefinitely closed and workers facing prolonged uncertainty.

The reality is that some of Nevada's workers will not return to the same job that they had before the COVID-19 pandemic—either because of business closure, lack of customers, or drop in demand for certain industries. However, other industry sectors will see growth as Nevada and the nation recovers from the economic impact. It will be imperative that workforce training programs be used to help retrain displaced workers by leveraging state and private sector resources.

## A Call for Recovery and Resilience

Economic activity over the next 18 to 24 months will require close collaboration between the state's employers and state and local government to ensure that the gradual lifting of pandemic restrictions does not lead to an uncontrolled increase in COVID-19 cases. In addition, state and local leaders need to understand the challenges the state will face in the medium term. As with the Great Recession, consumer confidence—which sustains travel, hospitality, and entertainment—will be slow to return no matter what political leaders say. Fostering this confidence will require a visible change in business practices.

In order to support this reopening, the Governor's Office of Economic Development (GOED) will work with stakeholders, elected officials, business organizations, workers, and employers to target immediate recovery and long-term resilience. When Nevada leaders begin to reopen the state's economy, GOED's actions should serve the immediate needs of business in order to accelerate the reopening in line with the public health response. At the same time, GOED will start to map key changes for the future for which business will need to be prepared.

In short, GOED will target **immediate recovery** and **long-term resilience**. When Nevada leaders begin to reopen the state's economy, GOED's actions should serve the immediate needs of business in order to accelerate the reopening in line with the public health response. At the same time, GOED will start to map key changes for the future. This plan, along with immediate and long-term efforts to recover and reimagine Nevada's economy, will be completed through collaborative efforts with state and local leaders, stakeholders from the business community, higher education, and workers.

#### Immediate Recovery

The re-opening will be driven by the reasonable urgency of businesses trying to get back on their feet. But a variety of coordination, information, and leadership challenges will have to be addressed to make it as fast and smooth as possible and GOED has a critical role to play in meeting these challenges.

#### Longer-Term Resilience

The "new normal" once re-opening has occurred will be different, and state and local government has a special responsibility to support business under these changed conditions, together with a responsibility to design and pursue policies that set Nevada apart for the medium term.

#### Economic Forecast

The plan will be grounded in a high-level 12-24 month economic and fiscal analysis and projection for the state of Nevada and its two MSAs based on three economic/fiscal scenarios and projections (best, most likely and worse case). Covid-19-related key indicators to be included in the analysis will include:

- Total employment
- Initial unemployment claims
- Visitor volume
- Taxable retail sales
- U-3 (headline) unemployment rate and workforce participation rate
- Sales and Use Tax Collections
- Aggregation of other relevant tax revenues

#### Priority Areas for Intervention

There are five policy areas in which GOED and the Department of Business and Industry (B&I) should provide leadership, even if the principals in some cases are other institutions. There will be a need to make connections (for example, between community college health programs and the labor market) and find and disseminate information.

## Resources for People and Businesses

Modernize Nevada’s financial, technological, and administrative capabilities.

*Immediate recovery:* GOED must actively support any Nevada agency that is part of the flow down of federal funds. It will be necessary for firms to receive guidance and advocacy assistance to secure the funding they need to keep employees on the roster. Capacity will need to be increased at the state’s career centers to help process individuals’ unemployment claims. Gig workers and other independent contractors (a significant population in Southern Nevada) who can participate in the Pandemic Unemployment Assistance (PUA) program will need significant assistance for a program that is especially confusing.

*Longer-term resilience:* 31% of Nevadans are unbanked or underbanked, according to a 2017 FDIC report. Without a bank account, it is difficult for individuals to receive stimulus checks and other government assistance. In the medium term there is a role for public action to build an appropriate financial infrastructure for workers that will help shelter them from future shocks. This could take a variety of forms, including a one-stop public assistance program that includes digital accounts and mobile payments (TANF, WIC, unemployment payments, and other benefits could be integrated into one system).

Activities could include:

- Update and integrate all state administrative and financial systems (to include payments systems to residents such as UI, TANF, WICK, Medicaid, etc.)
- Foster a community banking network
- Develop a protocol guide (or, “Safe to Return to Work Guidelines”) for SMEs that mitigate the risk of reopening
- Employ a “Buy Nevada” tactic in which local purchases are steered towards local firms where possible
- Establish a “Nevada badge of approval” system that is a brand for the state’s public health response

## Business Support and Expansion

Increased support for entrepreneurship and Small and Medium Sized Enterprises (SME) combined with investment in new technology applications. Review of target clusters and onshoring opportunities.

*Immediate recovery:* While large corporate enterprises can develop protocols for operating within the context of the new normal, main street business (small and medium enterprises [SMEs]), will need guidance on the protocols and practices required to operate under these new conditions. They will need guidance on how to use open spaces, enforce social distancing, expand onsite sanitary capabilities. This guidance will be accompanied by onsite training of incumbent workers.

*Longer-term resilience:* GOED should take the lead in developing and sharing a standard set of science-based protocols for all businesses, adapted to the needs of different sectors. Credible protocols that are simple and easily publicized and widely implemented will go a long way to restoring consumer confidence. Ideally Nevada should be a national leader in this area, recognized for the highest standards.

Actions could include:

- Open business recovery centers within the network of Nevada’s [Small Business Development Centers](#)
- Increased funding for technology-based entrepreneurship
- Targeted support for technology-based firms in automation and digital technologies
- Support for Entrepreneurship in Digital Arts and Outdoor Recreation

*Workforce for the New Normal and Beyond*

Full implementation and expansion of existing workforce initiatives combined with fundamental reorganization of NSHE governance

*Immediate recovery:* GOED should play a leadership role in the transformation of occupational licensing constraints in critical areas, including the recognition of qualifications from other states. Based on real-time labor market data GOED will support community colleges in recruiting and graduating students in areas of need. In particular, in spite of the general downturn there will be sectors experiencing high demand that will need newly trained workers (this includes sectors beyond health services).

*Longer-term resilience:* In order to accelerate workforce adjustment and preparation in critical areas GOED should support the design of compressed health services curricula and other curricula for skills in short supply. The whole workforce pipeline should be re-worked so that workers from hospitality can be fed into public health and other needed fields, with an emphasis on competencies and skills rather than formal credentials.

Actions could include:

- Radical expansion of health services programs at all levels
- Integration of workforce programs with business needs
- Allowing Community Colleges to develop accelerated training programs for employers continuing or resuming operations
- Protect funding streams for in-demand and growing occupations’ academic programs at Nevada’s four-year institutions
- Accelerate the use of “badges”, competence bundling, credit aggregation in building workforce skills
- Provide incentives to U.S. citizens who work remotely to relocate to Nevada

### New Technology Businesses

Review and redesign of Nevada’s approach to retention and business development that provides wrap-around support to technology adoption by SMEs.

*Immediate recovery:* The State will identify the most appropriate technologies and formulate plans for state and local government to deploy them at an extraordinary scale. It will provide guidance to Nevada businesses looking for reliable information on useful technologies. 67 million visitors came to Southern Nevada in 2019 creating a unique public health challenge.

*Longer-term resilience:* If Nevada succeeds in mobilizing technologies at scale, it will have laid the groundwork for repositioning the state in the national and world marketplace. Consumers may be reluctant to travel at present, but the desire for recreation will endure. Nevada can be the recreational haven of the future, fortified by best-in class measures in public health. Nevada’s Regional Economic Development Authorities will continue to recruit companies to Nevada to strengthen the health care system.

Activities may include:

- Support the development of websites and e-commerce capabilities for SMEs
- Aggregate and share vendor information for contactless and online payment systems
- Support the increased use of sensors and other technologies for security and safety

### Data for Decision-Making

Nevada must complete the transition to smart government and the state and local level.

*Immediate recovery:* Any decisions made on reopening Nevada’s economy must be made based on all available data. Assisting organizations with collecting and sharing data is a critical supporting role for GOED. In particular, GOED will be responsible for integrating public health data with economic data. This will enable GOED to provide reliable advice to Nevada’s businesses and workforce institutions.

*Longer-term resilience:* Confidence in Nevada’s future economy will depend more than ever on complete, transparent information that integrates public health and economic data. GOED should own this responsibility and become the one-stop data hub for the state with an emphasis on the credible communication of information regarding the health of the state’s economy and society.

Activities may include:

- Integrate state-level data with other states in the Western States Pact
- Distribute Real Time Labor Market Information (RLMI) via RDA and Chamber sites

## Visionary Ideas for the Medium Term

As the recovery and resilience plan is developed and implemented state leaders will need to turn their attention to strategic initiatives that ensure Nevada’s economic and social resilience into the future. Such initiatives could fall into the following key categories:

### Cluster strategies

- Review and refresh target industries, differentiated by region
- Pursue a reshoring/onshoring recruitment strategy
- Development new tools for business retention

### Infrastructure

- Design and initiate the development of a smart logistics hub in Southern Clark County
- Design an associated advanced manufacturing park
- Complete a multi-modal transportation hub in Fernley
- Invest in “total connectivity” for Las Vegas and Reno Sparks metro areas.

### Technology

- Establish Southern Nevada as a world data hub
- Target recruitment of technology-based firms in automation and digital technologies
- Fund technology-based entrepreneurship
- Support for entrepreneurship in the digital arts

### Cleantech

- Become the world center for energy storage supply chain
- Transition to a low-carbon, low-emissions economy
- Transition to a water-wise economy

### Remote Work

- Complete the development of comprehensive health services across Nevada
- Ensure the availability of quality housing at reasonable prices,
- Foster outdoor recreation and lifestyle entrepreneurs
- arts and entertainment

## Capabilities to Realize the Vision

In order to realize these strategies for the future, Nevada will need to build or rebuild key financial and institutional capabilities, combined with realistic statutory actions:

- Fully fund the state infrastructure bank
- Establish a sovereign wealth fund
- Reinvent the Knowledge Fund and build a network of innovation and evergreen venture funds
- Reform local finance (for example, through changes to property tax rates or caps)

- Redesign governance and funding mechanisms for the community college system
- Increase Nevada’s renewable energy and emissions reductions targets through fast, flexible rule making based on SB300

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