

Report identifies ways for Nevada to diversify economy

By Sean Whaley, Nevada News Bureau

CARSON CITY – A report outlining how Nevada can grow and diversify its economy says much more could be done now in the areas of health and medical services, and that clean energy and aerospace/defense are emerging sectors that could bring skilled jobs to the state.

The report, a joint effort by the Brookings Institution and the Stanford Research Institute, now known as SRI International, was presented this week to Gov. Brian Sandoval and the other members of the Board of Economic Development, a new panel created with bipartisan support from the 2011 Legislature.

It identifies seven economic sectors, some already in existence such as gaming and tourism, and some emerging such as clean energy, where Nevada should focus its efforts.

Sandoval has made job creation his top priority as governor, and said the report should help the state direct its economic diversification efforts in more targeted ways. In an interview in September, Sandoval said Nevada can't take a "shotgun" approach to economic development, but instead must focus on those areas that can produce the desired result of economic diversification and job production.

Steve Hill, executive director of the Governor's Office on Economic Development, said the study is "meant to inform Nevadans, and inform our office, as we work to develop a state plan, a state plan we will now begin to work on."

"We obviously have a sense of urgency in the state right now," he said.

The report, titled "Unify/Regionalize/Diversify: An Economic Agenda for Nevada," notes that the state has lost nearly 170,000 jobs since the recession began in December 2007. Nevada continues to have the highest unemployment rate in the nation.

An overview of the research was presented to the board by Bruce Katz, vice president of the Metropolitan Policy Program of the Brookings Institution.

"There is much work to do," he said. "Fortunately we believe AB449, which you signed into law over the summer, sets the frame for a new kind of economic development operating system for the state. And what our report, our agenda, has tried to do, is help put you on a path to a different kind of economic growth.

"Obviously more innovative growth, more balanced growth so you're not subject to the same volatility that you were during the recession, and growth that is more globally engaged, so you can take advantage of rising global demand, particularly in emerging nations," Katz said.

Nevada in the past has lacked an overarching strategy for economic diversification, he said.

"Nevada doesn't lack for assets and opportunities, but it needs to do a better job of aligning diverse efforts, supporting creative initiatives in the regions, and putting in place a platform of innovation efforts, global outreach, and workforce upgrading on which regional clusters and sectors can grow," said Mark Muro, a senior fellow at the Metropolitan Policy Program at Brookings and the lead author of the report. "That's why we are calling this agenda "Unify/Regionalize/Diversify."

The health and medical services sector was identified as underperforming in Nevada. Nationally this sector has a 9 percent share of employment, but represents only 5.9 percent

of employment in Nevada.

Emerging industries Nevada should focus on are business information technology ecosystems, clean energy, logistics and operations and aerospace and defense, the report says.

The report also highlights ways Nevada can capitalize on its existing core industries of tourism, gaming and employment and mining, materials and manufacturing.

Southern Nevada, for example, is the global hub of the gaming industry, and it has the potential to develop in the areas of online gaming, among other opportunities, the report says.

Sandoval last week announced he will be convening the Gaming Policy Committee as part of an effort to preserve Nevada's leadership role in gaming given the changing technology, including the potential of online gaming.