

Multiple Job Holders in Nevada, 1994-2022

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Introduction

Multiple jobholding is a common phenomenon in the labor force, where some individuals hold more than one job concurrently. While it is often assumed that economic challenges drive individuals to seek additional employment, the reasons behind this practice are multifaceted. While some individuals take on extra work to supplement their income due to insufficient wages from their primary job, others do so as a form of insurance against income uncertainty or to gain experience and skills for future career advancement. Additionally, some individuals may temporarily take on a second job to leverage unutilized resources, such as offering ride-share services, or to meet short-term financial needs (Hirsch et al 2016, 2017). Research suggests that the prevalence of multiple jobholding tends to increase during economic recessions and decrease during periods of economic prosperity, indicating a countercyclical relationship with business cycles. This study aims to investigate the pattern of multiple jobholding in Nevada and compare it with the national average in the United States.

Data

The data on multiple job holders is procured from U.S. Bureau of Labor Statistics. The multiple job holding rate is calculated as the proportion of individuals holding multiple jobs to

the total employed population within a given year. Key labor market variables, including unemployment, employment, labor force, unemployment rate, employment rate and labor force participation rate, are obtained from the regularly estimated labor market data. The dataset used in this study covers the period from 1994 to 2022.

Key Labor Market Variables observed in Nevada

The Multiple Job Holding Rate (MJHR) ranged from 3.3 percent to 5.4 percent during the period under review, with a mean value of 4.2 percent. The lowest values were recorded in 2019 and 2020, while the highest was in 1998.

The Unemployment Rate (UR) averaged 6.7 percent over the period, with a minimum of 3.9 percent in 1999 and a maximum of 13.73 percent in 2020.

The Labor Force Participation Rate (LFPR) ranged from a low of 60.08 percent in 2021 to a high of 70.47 percent in 1994, with a mean rate of 66.39 percent.

The Employment-Population Ratio (EPR) averaged 61.98 percent during the period, with a minimum of 52.96 percent in 2020 and a maximum of 67.42 percent in 2000.

Multiple Job Holding Rate in Nevada and U.S.

The following figure displays the bar charts mapping Unemployment Rate(UR) and Multiple Job holding Rate(MJHR) in Nevada and the U.S. from 1994 to 2022.

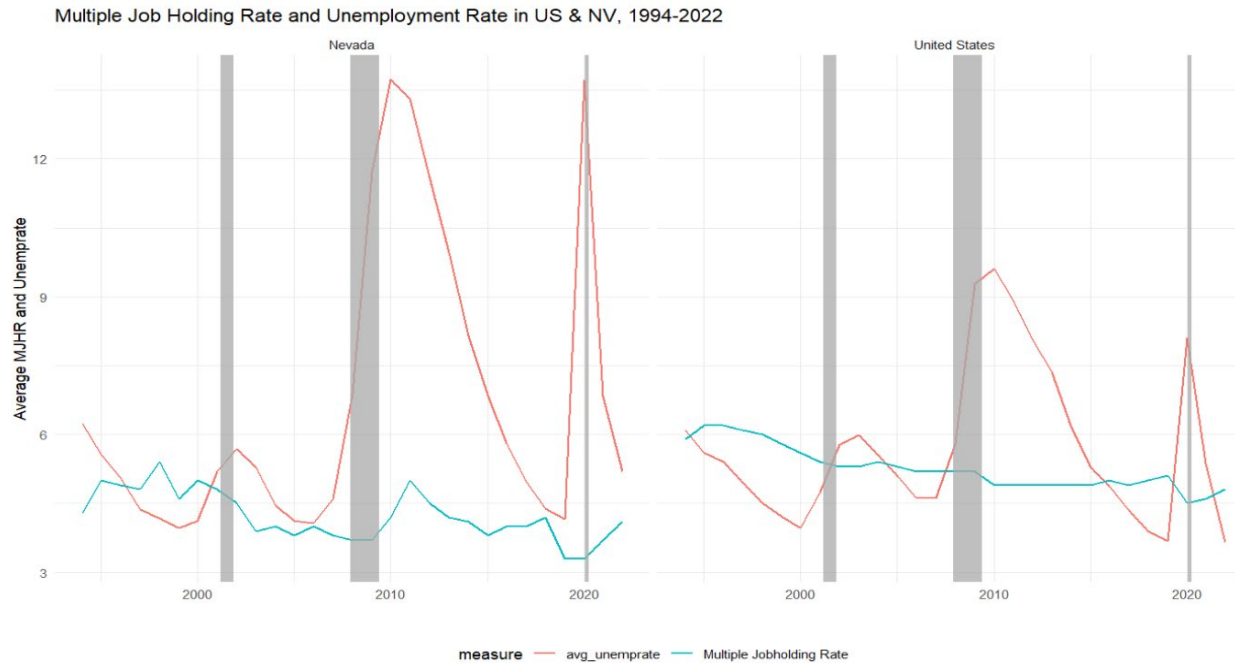


Figure 1: MJHR and UR in Nevada and the U.S., 1994-2022

In the United States, the rate of holding multiple jobs varied between 4.5 percent and 6.2 percent, with the former observed in 2020 and the latter in 1995. The mean multiple job-holding rate in the country during this period was 5.2 percent. In comparison, Nevada's Multiple Job Holding Rate ranged from 3.3 percent to 5.4 percent, with a mean value of 4.2 percent. The lowest values were observed in 2019 and 2020, while the highest was observed in 1998. Interestingly, the MJHR is higher in the U.S. than in Nevada. The Unemployment Rate in Nevada is more volatile than that in the U.S., with relatively higher spikes observed during the Great Recession and the pandemic recession. Post-recession recovery appears to be delayed in Nevada after the Great Recession compared to the rest of the country. However, in the case of the Covid-19 recession, Nevada experienced a speedy recovery, despite experiencing the highest unemployment rate during this period.

To further examine the relationship between the Multiple Job Holding Rate (MJHR) and Unemployment Rate (UR) in Nevada, particularly in light of economic downturns during this period, I divide the study timeframe into four sub-periods: the pre-2001 recession period (1994-

2001), the post-2001 to Great Recession period (2001-2008), the post-Great Recession to Covid-19 recession period (2010-2020), and the post-Covid recession period (2020-2022). This approach allows for a more nuanced understanding of the dynamics within Nevada's labor market.

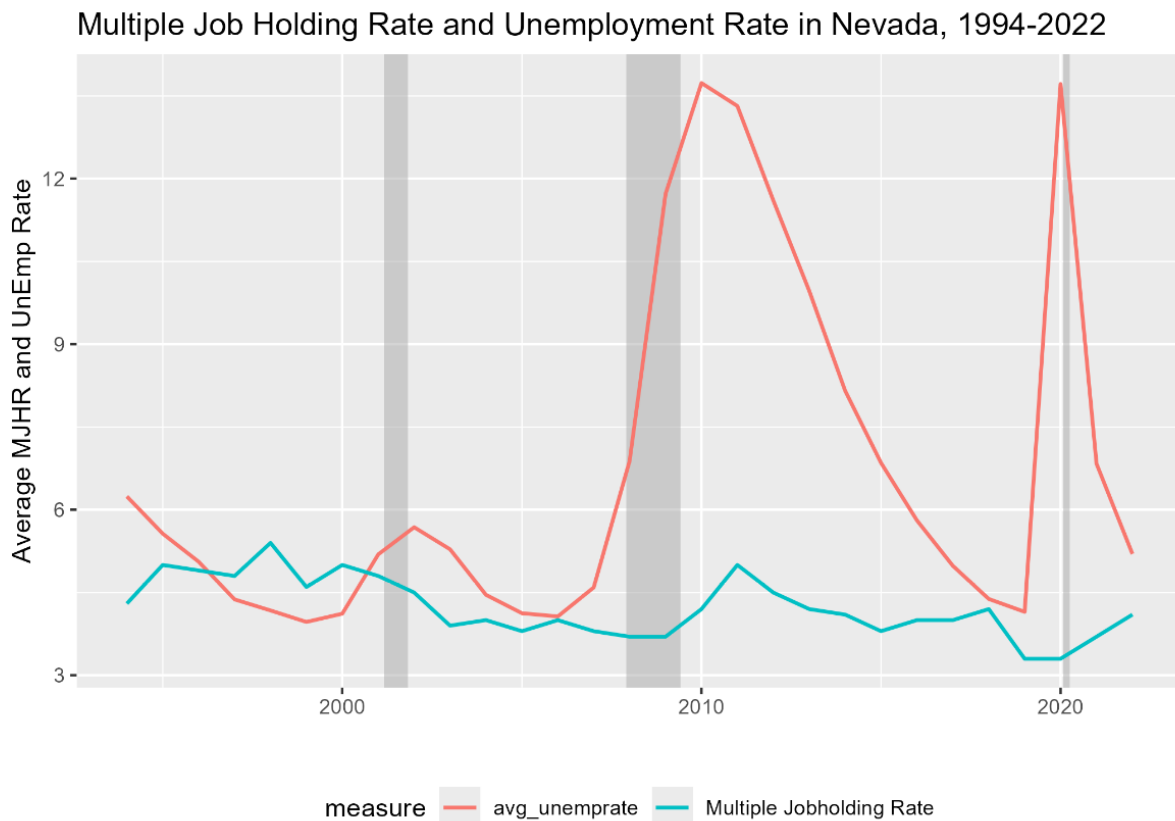


Figure 2: MJHR and UR in Nevada from 1994 to 2022

During the pre-2001 recession period, the MJHR exceeded the UR from 1997 to 2000 but fell below the UR in 2000 as the economy entered the recession. This is the only time during the study period that the MJHR was greater than the UR. The average employment-population ratio during these years was 66 percent, one of the highest rates observed in the state. With a low unemployment rate and more employment opportunities available, it suggests that more individuals from the labor force took on additional jobs.

In the post-2001 to Great Recession period, both the UR and MJHR initially declined as the economy recovered from the downturn. In 2006, after a sharp decline in the UR in preceding years, it remained close to the highest MJHR of 4 percent observed during this period, before the gradual increase in the UR and decrease in the MJHR in the years leading to the Great Recession. Comparing the UR and MJHR during this period, it appears that the MJHR increased as unemployment declined and more jobs became available in the economy.

During the post-Great Recession period, we observed one of the largest gaps between the UR and MJHR in the state's economy. Interestingly, there was a simultaneous spike in the MJHR and UR until 2011, followed by a decline in both. This indicates that in the early years of this post-recession period, more workers were seeking additional jobs despite the unprecedentedly high unemployment rate in the state. This supports the commonly held belief that workers take on additional jobs to cope with economic stress from recessions. However, as the UR gradually declined after 2011, the MJHR also declined (albeit less sharply) until they both approached close to 4 percent in 2018. In subsequent years, as the state's economy experienced a boom, evidenced by a low UR, the MJHR declined again to stay around 3 percent.

Finally, in the post-Covid recession period, as the UR declined sharply due to the economy reopening, the MJHR began to increase again.

Conclusion

Based on this analysis, it appears that in Nevada, workers generally take on additional jobs when the economy is growing or stable, and employment opportunities are relatively higher. This suggests that workers in Nevada may be inclined to capitalize on available employment opportunities. Perhaps this behavior is influenced by memories of the job market turbulence caused by the last recession, motivating them to adopt a 'make hay while the sun shines' mindset. An exception was observed during the initial years after the Great Recession when the unprecedentedly high UR in the state compelled workers to seek additional jobs. These insights

reveal interesting trends in the practice of holding multiple jobs by the state's labor force. Further research should aim to establish the causal relationship between MJHR, UR, and other economic indicators, and identify the predictors that strongly influence workers' decisions.

References:

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