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LAUS Technical Memorandum No. S-11-25

MEMORANDUM FOR: STATE WORKFORCE AGENCY ADMINISTRATORS
AND REGIONAL COMMISSIONERS

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SUBJECT : Program Year 2012 Areas of Substantial Unemployment under
the Workforce Investment Act

Purpose: This memorandum provides instructions for the development and transmittal of Program Year (PY) 2012 Areas of Substantial Unemployment (ASUs) under the Workforce Investment Act (WIA).

Background: The Employment and Training Administration (ETA) establishes a time period for States to designate potential ASUs, which are used to determine funding allocations under the Adult and Youth Program Activities of WIA. ETA transmits instructions to the States through a Training and Employment Guidance Letter (TEGL) regarding the designation process. The Bureau of Labor Statistics (BLS) provides instructions and forms for the States to use in developing and submitting employment and unemployment estimates. BLS also validates the data in State submittals. Therefore, issues regarding qualification of ASUs are addressed by ETA, while issues concerning methodology used in developing employment and unemployment estimates are addressed by BLS.

This year's time period for designating ASUs runs through Friday, October 14. States perform this ASU exercise under the LMI Cooperative Agreement, which includes the development of employment and unemployment estimates for designating ASUs as a deliverable under Section B.2. of the Work Statement.

Definitions: Several terms are unique to the annual ASU exercise and are explained more fully below.

- An ASU (or whole ASU) is an area that is composed of any combination of LAUS areas and/or census-shared areas (for example, census tracts within counties, functional minor civil division (MCD) parts of census tracts, place parts of census tracts, and place parts of functional MCDs) that meets the qualification requirements set forth by ETA.

- An *ASU part* can be a LAUS area or a portion of a LAUS area that is census-shared from a whole LAUS area or balance-of-county area.
- A *balance-of-county* area is the remainder of a county that contains one or more population- and claims-based disaggregated cities or atypically census-shared cities in which those cities have been subtracted from the whole county. The remaining area is the balance of county, labeled as BA. The balance-of-county estimate must be used rather than the whole county for census-sharing monthly estimates in these areas.
- A *LAUS area* is an area for which States are required under the Cooperative Agreement to submit employment and unemployment estimates to BLS each month (for example, a labor market area, county, city, or city part).

ASU Qualification Requirements: An area must meet three requirements to be an ASU:

- *Unemployment rate*—the 12-month average unemployment rate for the reference period (July 2010 benchmarked-June 2011 preliminary) must be at least 6.5 percent. Note that ASU *parts* do not need to meet this requirement individually—only the *whole* ASU must meet it.
- *Population*—its population must be at least 10,000 persons based on Census Bureau figures, as described below.
- *Geography*—it must be a contiguous geographic area composed of any combination of counties, balances of counties, cities, census tracts, or other areas within a State. Contiguity may be accomplished if two areas are separated by a body of water (for example, river, lake, ocean) if the two areas are directly across the body of water from one another. Contiguity is also achieved when two areas touch at only one point, as four square counties might touch.

For Program Year 2012, 41 States, the District of Columbia, and Puerto Rico qualify as ASUs in their entireties. Nine States do not qualify as ASUs—Hawaii, Iowa, Nebraska, New Hampshire, North Dakota, Oklahoma, South Dakota, Vermont, and Wyoming—and will need to conduct an ASU search.

Population Data: States have three options this year for the source of the population data to determine if the ASU meets the minimum population level of 10,000 persons. In determining the population for an ASU, a single population option should be used for all of its parts, except where noted below.

- Option 1 is to use the Census 2000 enumerated population from Summary File (SF) 1. This can be used for all of the levels of geography cited in this memorandum.

- Option 2 is to use the Census 2010 enumerated population from SF1. This can be used for all LAUS areas and those census tracts for which the geographic definitions and numbering are unchanged from Census 2000.
- Option 3 is to estimate the Census 2010 enumerated population at the census tract level using the 2000-10 change for the larger area that contains the tract. First, States would divide the Census 2010 population for the larger area, such as a city, county, or balance-of-county, by its Census 2000 population to get the relative change over the 10-year span. Then, that ratio would be multiplied by the Census 2000 population for the census tract(s). The result is an estimate (effectively census-shared using population data) of the Census 2010 population for the tract(s). Option 3 likely would be used when a tract-based ASU falls just short of the 10,000 population figure using Census 2000 data. It should be used only for tracts where the boundaries differ between 2000 and 2010. When this option is used for one or more parts of an ASU, all of the other parts of that ASU must use population data from Option 2.

Decennial Census Household-Only Employment and Unemployment Data: States will continue using Census 2000 household-only employment and unemployment data to census-share subareas within LAUS areas. Updated Excel files of Census 2000 household-only employment and unemployment data are again being made available to States and reflect the inclusion of new LAUS areas added in early 2011 and use of the latest 12-month average LAUS data. These files are being made available to all States to aid in a possible substate allocation of ASU funds, even though most States qualify as ASUs in their entirety. (BLS is not involved in substate ASU searches.)

The Excel files are in the same format as in previous years and include data for the following area types, which are referred to as summary levels: States (040), census tracts (140), places within counties (155), and census tract parts of places (158). For the 20 States with functioning MCDs, the following summary levels also are included: MCDs (060), place parts of MCDs (070), and census tract parts of MCDs (080). Note that *an area is included in the file only if:* (1) it had household-only population greater than zero during Census 2000; and (2) those households received and returned the long-form questionnaires as part of the census. A number of tract parts and even some full tracts are absent because they contained strictly Group Quarters population or had no long forms returned.

State files contain the following data:

- Area identifiers [summary level codes, State Federal Information Processing Standards (FIPS) codes, county FIPS codes, MCD FIPS codes, place FIPS codes, tract codes, MCD titles, and place titles] and household-only data (total population 16 years and older, employment, and unemployment) taken from the Census Bureau's special tabulation obtained by ETA. (Note that the household-only data are rounded to the nearest 10 persons. Furthermore, the household-only

employment and unemployment reflect the summing of male and female data, each rounded to the nearest 10 persons; hence, there was “double rounding.”) Census 2000 total enumerated population, obtained separately, appears after the household-only unemployment data field.

- The next two fields display LAUS codes and titles for the areas provided in the special tabulation that are LAUS areas (places, place parts, and MCDs).
- For the majority of areas in the special tabulation that are not LAUS areas, the next several fields contain information on the derivation areas for calculating census-share ratios. Area codes and titles for the LAUS areas serving as the bases (that is, denominators) for the census-share ratio calculations, as well as descriptions of the type of derivation relationship, are provided.
- Census 2000 household-only employment and unemployment for the derivation areas and census-share ratios calculated from the household-only employment and unemployment appear next.
- LAUS employment and unemployment estimates averaged over the current ASU period (July 2010-June 2011 preliminary) follow.
- The last three fields contain “final” census-shared employment, unemployment, and unemployment rate estimates for the areas included in the Census Bureau special tabulation. These reflect the application of the household-only census-share ratios to the employment and unemployment estimates for the LAUS derivation areas averaged over the ASU period.

For all States using population- and claims-based disaggregation for their cities and city parts, balance-of-county area data again have been created by the national office and are included in the data files made available to States for developing census-share ratios for the MCDs, places, census tracts, and parts thereof located in the non-LAUS county balances. In such States, numerous areas (most notably census tracts) were identified as being split across LAUS places and balance-of-county areas. The final employment and unemployment estimates for these areas are summed from the census-shared estimates for the corresponding LAUS area and county balance parts. The derivation type field for such areas indicates the summation methodology, while the rest of the derivation information fields are blank.

Attachment 1 shows several rows of data from a State without MCDs. Attachment 1a (Field_descrip. worksheet) defines each of the fields in the first attachment and is color-coded to correspond to the first worksheet. For States with MCDs, note the descriptions for the columns that contain an asterisk. These two additional fields appear toward the left of the spreadsheet and shift the remaining data to the right by two columns, compared with the files for non-MCD States.

Due to rounding, the lower levels of geography may not add to their larger areas and may be off by substantial amounts. Therefore, States should use the derivation area data provided in the columns highlighted in yellow for the denominator when creating census-share ratios. Due to the “double-rounding” issue, some States may calculate ratios larger than 1.0. In such cases, States should not use the calculated ratio. Instead, the computed ratio should be replaced with a value of 1.0, and the entire area should be included in the ASU. The ASU State system will not accept a ratio larger than 1.0, which, other than due to rounding, is not logically possible.

Methods for Developing ASUs: For the 41 States and 2 equivalents that qualify as ASUs in their entireties, no submittal of data for substate areas is required. For the nine States transmitting ASU data, three basic methods can be used separately or in combination to develop ASUs:

- Addition of areas
- Subtraction of areas
- Census-sharing of areas

In the addition and subtraction methods, LAUS areas and/or census-shared parts of LAUS areas are added together, or subtracted from a larger geographic area, to arrive at a whole ASU. The addition method often is used by States with lower statewide unemployment rates, while the subtraction method typically is used when rates are closer to the 6.5-percent threshold. Despite these generalities, States should use the most advantageous approach based on their actual data and geography. An example of addition is the sum of seven whole counties and nine “partial counties,” that is, contiguous census tracts within those counties; an example of subtraction is the State minus tracts that have been census-shared out of two counties.

The census-share method is used to designate *part* of a LAUS area as either an ASU part or a whole ASU. An area that has been census-shared can be designated as a whole ASU if it meets the three qualification criteria cited above. Alternatively, the census-shared area can be added to or subtracted from other areas to create a whole ASU. As noted, census-sharing is used to create estimates for areas that are not LAUS areas—generally they are parts of counties, parts of cities, or parts of balances of counties.

Labor force estimates for the parts are developed by applying census-share ratios to the current employment and unemployment estimates for the larger LAUS area(s) from which they are derived. See Chapter 10 of the *LAUS Program Manual* for a detailed description of the census-share procedure. The next paragraph also provides guidance on this method.

In order to create LAUS estimates for a census-shared area, two census-share ratios need to be created—one for employment and one for unemployment—and applied, as described below using the special tabulation of household-only data.

- For employment, (1) create the employment ratio by dividing the Census 2000 employment for the part by the Census 2000 employment for the LAUS area (the derivation area data in the yellow highlighted section of the Excel file); (2) multiply that ratio by the current employment for the LAUS area (July 2010-June 2011 monthly employment estimates); and (3) round the result to the nearest whole number (that is, number of persons).
- For unemployment, use an analogous formula with Census 2000 unemployment data for the part divided by the Census 2000 unemployment for the LAUS area (from the yellow highlighted section), along with the current unemployment estimates for the LAUS area.

The following rounding rule must be used when census-share ratios are calculated: the number of digits in the ratio should be one more than the number of digits in the larger number upon which the ratio is based. For example, if the numerator is 6,440 and the denominator is 20,130, the ratio would be 0.319921. (Since the denominator has five digits, the ratio should have six digits.) *The last digit should be rounded, not truncated.* Thus, both 0.319920 and 0.3199205 would be incorrect; the former is rounded incorrectly, and the latter has the wrong number of digits. Note that, even though the household-only data are rounded to the nearest 10 persons, the standard rounding rule—as stated here—should be used.

Balance-of-County Areas: BLS again has included balance-of-county areas in the data files provided to States. The BA codes are used only for ASU purposes and are not considered “official” LAUS area codes. (Note that the “BA” prefix still is being used in the ASU system, though other state-specific prefixes are also used in LSS Plus and LAUSOne.) As in past years’ ASU exercises, States should use the BA codes as the derivation area when census-sharing county parts from a county with *population- and claims-based disaggregated* (or atypically census-shared) cities. A list of the area titles and codes corresponding to areas that were subtracted from the county to create each balance-of-county area is contained in a separate file.

Documentation and Forms Required: The 41 States, District of Columbia, and Puerto Rico that each qualify as an ASU should submit a letter of confirmation to BLS and ETA indicating the 12-month average unemployment rate. The nine States that do not qualify as ASUs should submit the following items:

- A cover letter
- ASU data, either
 1. on hard copies of Designation of Potential ASU Forms (Attachment 2) and Data Collection Forms (Attachment 3), or
 2. in a transmit file
- Supplemental items, which are described below.

The cover letter should indicate:

- The number of ASUs being submitted.
- The name of each ASU.
- The method used to create each ASU (for example, addition of areas or subtraction of areas from the State or other total).
- The types of areas involved (for example, counties, cities, balances-of-counties, census-shared portions of areas).

A Designation of Potential ASU Form (Attachment 2) *must be submitted for each whole ASU and each ASU part that is derived using the census-share method*. States should *not* submit a Designation Form for an ASU part that is a LAUS area. The Designation Form is used to provide information concerning the geographic definition and methodology (addition, subtraction, or census-share) used to develop labor force estimates for parts of LAUS areas or for whole ASUs. Names and *LAUS area codes* of all LAUS areas that are added or subtracted to arrive at the whole ASU should be included. For single-county metropolitan areas, micropolitan areas, and metropolitan divisions that are parts of ASUs, the State should use the appropriate area designation code (beginning with “MT,” “MC,” or “DV,” respectively) on the forms. The “BA” codes should be used for balance-of-county areas.

If a census-shared part of a LAUS area is to be included as an ASU part, then the State should assign an “SU” code for the area if they are using the ASU State system (ASUS), following the example in the User’s Guide. If the State is sending paper copies, it should not assign a code, but should provide the name of the partial LAUS area, such as “Washington County part.” That will help BLS to understand what areas are included in each ASU.

When the census-share method is used to derive the whole ASU or the ASU part, the following information must be provided on the Designation Form:

1. The Census 2000 household-only employment and unemployment and Census 2000 enumerated or Census 2010 enumerated population data for the ASU or ASU part that is created. The Census 2000 employment and unemployment levels become the *numerators* in the census-share ratios.
2. The name and area code of the LAUS area from which the ASU or ASU part is derived. The balance-of-county areas with “BA” codes should be used for the derivation area codes for ASU parts with balance-of-county areas. (Again, area names and codes of single-county metropolitan areas, micropolitan areas, and metropolitan divisions should be used, rather than the county names and codes.) The Census 2000 employment and unemployment levels for the derivation areas become the *denominators* in the census-share ratios.
3. The census-share employment and unemployment ratios used to develop estimates for the ASU or ASU part.

The ASU Data Collection Form (Attachment 3) is used to calculate the 12-month average unemployment rate and *must be submitted for each whole ASU*. Within the ASUS system, the Data Collection Forms can be filled in automatically. When creating a census-shared ASU, click on “Populate Census-Share Data Collection Form,” under the Input option in the toolbar, after the Designation Form and Add/Sub Map have been created for an entire census-shared ASU. The Data Collection form also can be filled in using the Data Validation edit. The second option is enabled using the “Copy to DCF” button within the Data Validation edit. States can use this option to fill in the Data Collection Form in the system, rather than entering the data. States should verify that the resulting 12-month average unemployment rate is at least 6.5 percent.

The Data Collection Form provides for the entry of data for the 12-month period beginning with benchmarked estimates for July 2010 and ending with preliminary estimates for June 2011. States must provide data for the entire potential ASU for each month of this period, along with the qualifying 12-month averages. Those averages must be derived *precisely* from the monthly employment and unemployment data. States should enter the 2-digit BLS region code (01, 03, 04, 05, 06, or 08), State FIPS code, date submitted, and ASU name in the spaces provided. The box for the ASU code may be left blank if States are submitting paper copies.

Attachment 4 contains a checklist for State use in defining the ASUs and completing the report forms. All of the items should be confirmed before submitting the ASU data.

Attachment 5 contains examples of supplemental information that is also required. A spreadsheet or text file containing the area codes of the *LAUS areas* being added or subtracted and a list of census tracts or partial tracts that are either included or excluded to create an ASU is required. Additionally, maps, which are very effective in describing ASU boundaries, are requested in cases of complicated geographic configurations.

Changes to ASU Definition after Initial Submittal: It should be noted that, *if a State resubmits its ASU data or otherwise makes a change that affects the geographic definition of the ASU, the new area definition must be transmitted in hard copy to both ETA and BLS. It is imperative that the geographic definitions on file match the final data that BLS provides to ETA.*

Use of the ASU State (ASUS) System: For the PY 2012 ASU exercise, BLS is staying on the 2009.1.0 version of the software, which automatically defaults to processing for the current period (Year 2011). A copy of the software on CD is being shipped to all States in case they need it; also included are an updated User’s Guide, with minor modifications, and a Batch Input data file. These materials will be mailed using 2-day FedEx shipping, so States should receive them on about August 23. The ASUS system runs on a Windows XP platform. If States experience any problems with the software, they should contact their BLS regional staff, who will contact the national office about remedying the problem. The Batch Input file contains the following information: LAUS and balance-of-county area codes and titles (area definitions), Census 2000 population

and household-only employment and unemployment data, and 12 months of LAUS estimates (benchmarked July-December 2010 and unbenchmarked January-June 2011).

As in previous years, reporting requirements for States using the ASUS system are the same as those not using the system, with the following exceptions:

1. States using the ASUS system will *not* need to mail hard copies of the Designation Forms or Data Collection Forms to the BLS national office. They will complete only the electronic forms in the system, which can print completed forms.
2. States using the ASUS system will print completed forms using the system, whereas States not using the system will enter data on copies of the blank forms in Attachments 2 and 3 of this memorandum.
3. States using the ASUS system will upload an ASU transmission file to the general folder on EUS Web instead of mailing hard copy forms to the BLS national office.
4. States using the ASUS system will enter ASU codes on the Designation Forms in the system, while States not using the system will leave the ASU code field blank on the forms.

This year, no changes were made to the ASUS system, other than updating the year on the forms.

Actions Required: The deadline for ASUs has been set by ETA as October 14. For States *not* opting to use the ASUS software, copies of the entire ASU submittal, including the cover letter, Designation Forms, Data Collection Forms, and supplemental information, should be sent to ETA (one copy), the BLS national office (two copies), and the BLS regional office (one copy). States using the ASUS software should transmit the same items, except that the BLS national office does not need the hard copy Designation Forms or Data Collection Forms, as noted above. The contact names, phone numbers, and addresses for ETA and the BLS national office are, respectively:

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Inquiries: All inquiries relating to methodological issues should be directed to the appropriate BLS regional office. Questions regarding qualification of ASUs should be addressed to ETA.

Effective Date: These instructions are effective upon receipt of this memorandum.

Workload Impact: None. This activity is already covered by the LMI Cooperative Agreement.

Attachments