

Date : August 26, 2014

LAUS Technical Memorandum No. S-14-22

MEMORANDUM FOR: STATE WORKFORCE AGENCY ADMINISTRATORS
AND REGIONAL COMMISSIONERS

FROM : JAY A. MOUSA
Associate Commissioner
Office of Field Operations

SUBJECT : Program Year 2015 Areas of Substantial Unemployment under
the Workforce Investment Act

Purpose: This memorandum provides instructions for the development and transmittal of Program Year (PY) 2015 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 10. 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 shared census tracts within counties or county equivalents that meets the qualification requirements set forth by ETA.
- An ASU *part* can be a LAUS area or a census tract that is shared from a county or county equivalent.
- 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 not seasonally adjusted unemployment rate for the reference period (July 2013 benchmarked through June 2014 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, 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 2015, 26 States, the District of Columbia, and Puerto Rico qualify as ASUs in their entirety. Twenty-four States do not qualify as ASUs—Colorado, Delaware, Hawaii, Idaho, Iowa, Kansas, Louisiana, Maine, Maryland, Minnesota, Montana, Nebraska, New Hampshire, North Dakota, Oklahoma, South Carolina, South Dakota, Texas, Utah, Vermont, Virginia, West Virginia, Wisconsin, and Wyoming—and will need to conduct an ASU search.

Recent Changes: For those States required to conduct an ASU search, there are several aspects of the process that were newly introduced last year:

- As was the case in PY 2014, all sharing will be based on five-year estimates from the Census Bureau’s American Community Survey (ACS). These data replaced the Census 2000 household-only estimates that had been used in previous years. ACS data provide a more timely picture of economic conditions, allow for sharing of the current tract-level geography, and can be updated each year.
- Any State that chooses to include one or more census tracts as components of an ASU can ACS-share those tracts directly from the counties that contain the tracts. Prior to PY 2014, States that used the population- and claims-based method for disaggregation of LAUS cities shared tracts from LAUS cities and minor civil divisions (MCDs), parts of LAUS cities, and balances of counties. The new procedure simplifies and streamlines the process for those States that choose to include census tracts. However, in order to avoid double-counting and maintain additivity to the county level, ASU parts in any given county may consist of either ACS-shared tracts or LAUS cities and city parts, but not a combination of both. States that wish to continue to share tracts from cities, MCDs, parts of LAUS cities, and balances of counties can continue to do so, but BLS will not facilitate this through the provision of modified Excel or Batch Input data files containing the necessary ACS and LAUS data. Assembly of those data will be the State’s responsibility. States that choose to use this sharing basis should contact their Regional Office for further guidance.
- The ASU National System, used by the BLS National Office in the validation of ASU submissions, has been migrated to LAUSOne. To assist with this transition, all States conducting an ASU search are now required to upload their ASU databases as part of their submissions.

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 2010 enumerated population from Summary File (SF) 1. This option can be used for all levels of geography, including census tracts.
- Option 2 is to use the July 1, 2013, postcensal estimates. This option can be used for all levels of geography except census tracts.
- Option 3 is to estimate the July 1, 2013, population at the census tract level using the 2010-13 change for the county that contains the tract. First, States would divide the July 1, 2013, population for the county by its Census 2010 population to get the relative change over the three-year span. Then, that ratio would be multiplied by the Census 2010 population for the census tract. The result is an estimate (effectively census-shared using population data) of the July 1, 2013, population for the tract. Option 3 likely would be used when a tract-based ASU falls just short of the 10,000 population figure using Census 2010 data. When this option is used for one or more parts of an ASU, all of the other parts of that ASU must use Options 2 or 3.

ACS Employment and Unemployment Data: As noted above, States choosing to include census tracts as geographic components of ASUs will use five-year ACS employment and unemployment data for 2008-2012 to share the tracts from counties.

In order to facilitate ACS-sharing, Excel files of census tract-level ACS employment and unemployment data are being made available to States. These are similar to the Excel files provided in past years that contained Census 2000 household-only data but less complicated because census tracts are now ACS-shared directly from counties rather than from cities, minor civil divisions, parts of cities, and balances of counties. These files are being made available to all States to aid in possible substate allocations of ASU funds. (BLS is not involved in substate ASU searches.)

In addition to the tract-level ACS employment and unemployment estimates, these files also include geographic identifiers, derivation area ACS and LAUS employment and unemployment estimates, 2010 population data, ACS-share ratios, and LAUS-consistent tract-level labor force data for the July 2013 to June 2014 period. The “fields” worksheet in each file identifies the elements of each column in the data worksheet.

Methods for Developing ASUs: For the 26 States and 2 equivalents that qualify as ASUs in their entirety, no submittal of data for substate areas is required. For the 24 States transmitting ASU data, three basic methods can be used separately or in combination to develop ASUs:

- Addition of areas
- Subtraction of areas
- ACS-sharing of areas

In the addition and subtraction methods, LAUS areas and/or ACS-shared census tracts 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 ACS-shared out of two counties.

The ACS-share method is used to designate a census tract as either an ASU part or a whole ASU. A tract that has been ACS-shared can be designated as a whole ASU if it meets the three qualification criteria cited above. Alternatively, the ACS-shared tract can be added to or subtracted from other areas to create a whole ASU.

In order to avoid double-counting and maintain additivity to the county level, ASU parts in any given county may consist of either ACS-shared tracts or LAUS cities and city parts, but not a combination of both.

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

In order to create LAUS estimates for an ACS-shared area, two ACS-share ratios need to be created—one for employment and one for unemployment—and applied. Tract-level LAUS estimates are developed as follows:

- For employment, (1) create the employment ratio by dividing the five-year ACS employment for the tract by the five-year ACS employment for the county; (2) multiply that ratio by the current monthly employment for the county (July 2013 benchmarked through June 2014 preliminary); and (3) round the result for each month to the nearest whole number (that is, number of persons).
- For unemployment, use an analogous formula with five-year ACS unemployment data for the tract divided by the five-year ACS unemployment for the county, along with the current monthly unemployment estimates for the county.

The following rounding rule is used when ACS-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 BLS has already created these ratios for each tract; they can be found in the provided Excel file.

Documentation and Forms Required: The 26 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 24 States that do not qualify as ASUs should submit the following items:

- A cover letter.
- ASU data, either (a) the attached hard copy of forms (attachments 1 and 2), or (b) 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, or ACS-shared portions of areas).

A Designation of Potential ASU Form (attachment 1) *must be submitted for each whole ASU and each ASU part that is derived using the ACS-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 ACS-share) used to develop labor force estimates for parts of LAUS areas or for whole ASUs. Names and eight-character 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, States should use the appropriate area designation code (beginning with “MT,” “MC,” or “DV,” respectively) on the forms.

If an ACS-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). 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 ACS-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 five-year ACS employment and unemployment and Census 2010 enumerated or July 1, 2013, postcensal population data for the ASU or ASU part that is created. The ACS employment and unemployment levels are the numerators in the ACS-share ratios.
2. The name and eight-character area code of the county or equivalent from which the ASU or ASU part is derived. (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 ACS employment and unemployment levels for the derivation areas are the denominators in the ACS-share ratios.
3. The ACS-share employment and unemployment ratios used to develop estimates for the ASU or ASU part.

The ASU Data Collection Form (attachment 2) 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 an ACS-shared ASU, click on “Populate Census-Share Data Collection Form,” under the Input option in the toolbar, after the Designation Form has been created for an entire ACS-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 2013 and ending with preliminary estimates for June 2014. 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 3 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 4 contains examples of supplemental information that is also required.

A spreadsheet or text file containing the eight-character area codes of the LAUS areas being added or subtracted and a list of census 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: 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 2015 ASU exercise, States will use version 2013.1.4 of the ASU State system. Last year, changes to the system consisted of updates to the versions of ASA and PowerBuilder used within the system. States that did not complete an ASU search during PY 2014 will find that older ASU databases opened with this version will be automatically upgraded for compatibility. Note that the term “census-share” continues to be used throughout the system and accompanying documentation instead of the more current and accurate term “ACS-share.”

A copy of the software on CD will be shipped to the 24 States required to complete an ASU search via two-day delivery on August 21. Also included on the CD are a User’s Guide, the aforementioned Excel files, and Batch Input data files. The Batch Input files contain the following information: LAUS eight-character area codes and titles (area definitions), Census 2010 population estimates, five-year ACS employment and unemployment data for those areas that may be used as derivation areas for ACS-sharing purposes, and 12 months of LAUS estimates for the reference period. All of these materials also will be available to all States through EUS Web. Additional States who wish to receive these files on CD should request this through their regional office.

The ASUS system runs on a Windows XP or a Windows 7 platform. Note that the ASUS system cannot be run on a computer at the same time that PROMIS is running on the computer; attempting to run both systems simultaneously may result in unpredictable behavior from one or both systems. 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.

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 1 and 2 of this memorandum.

3. States using the ASUS system will upload an ASU transmission file through EUS Web (using the “LAUS ASU Files” file type) 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 on the forms blank.
5. States using the ASUS system will upload their entire ASU database through EUS Web using the “LAUS ASU Files” file type.

Note that the ASUS system still uses the 8-character LAUS codes. As a reminder, the 15-character LAUSOne codes can be connected to the 8-character codes using the LAUSOne conversion utility if necessary.

Actions Required: The deadline for ASUs has been set by ETA as October 10. 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:

Daniel Ryan
U.S. Department of Labor
Employment and Training Administration
Office of Policy Development and Research
Room N-5641
200 Constitution Avenue, N.W.
Washington, D.C. 20210
(202) 693-3649
Ryan.Dan@dol.gov

James Hamilton
Bureau of Labor Statistics
Division of Local Area Unemployment Statistics
Mail Code 140, Room 4675
2 Massachusetts Avenue, N.E.
Washington, D.C. 20212-0001
(202) 691-7877
Hamilton.James@bls.gov

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



Bureau of Labor Statistics **U.S. Department of Labor**
 Designation of Potential Area of Substantial Unemployment (ASU)

This report is authorized by law 29 U.S.C. 2. Your voluntary cooperation is needed to make the results of this survey comprehensive, accurate, and timely. Data are used to verify estimates used by the Employment and Training Administration in fund allocation.

We estimate that it will take an average of 1 hour to complete this form. If you have any comments regarding these estimates, send them to the Bureau of Labor Statistics, Division of Local Area Unemployment Statistics (1220-0017), 2 Massachusetts Ave., NE, Washington, DC 20212

*O.M.B. 1220-0017
 Approval expires March 31, 2015.
 Persons are not required to respond unless this form displays a currently valid OMB control number.*

Region

Date _____

State

ASU Name _____

Area Type (Check one): Labor Market Area County City Contiguous Census Tracts/ MCD's Other

Precise Geographical Definition: _____

Preparation Method (Check one): Independent Estimate Claims/Population Census-share Other (specify) _____

Card 1 Census Data:

Employment _____ (10-17) Unemployment _____ (19-26) Population _____ (28-36)

If ASU is census-shared, enter name and code of area from which ASU is derived.

Name _____ Area Code (38-45)

Employment Ratio _____ (47-54) Unemployment Ratio _____ (56-63)

BLS Use Only Below This Line

ASU Type (65) State Code (67-68) Card 1 (80)

Card 2

ASU Code (1-8) Prep Switch (16)

ASU Title _____
 _____ Card 2 (80)
 (20-73)



Bureau of Labor Statistics
Area of Substantial Unemployment (ASU) Data Collection Form

U.S. Department of Labor

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*O.M.B. 1220-0017
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Region: _____ State: Date Submitted: _____
FIPS: (1-2)

ASU Code: ASU Name: _____
(4-12)

Check here if resubmitting data

Year/Month (20-24)	Civilian Labor Force (26-34)	Employment (36-44)	Unemployment (46-54)	Rate (to one decimal place) (56-64)
July 20 13-07				
Aug. 20 13-08				
Sept. 20 13-09				
Oct. 20 13-10				
Nov. 20 13-11				
Dec. 20 13-12				
Jan. 20 14-01				
Feb. 20 14-02				
March 20 14-03				
April 20 14-04				
May 20 14-05				
June 20 14-06				
12-mo. Average				

ASU Checklist

General

- The ASU unemployment rate rounds to at least 6.5% (6.451% does, 6.449% does not).
- The ACS five-year estimates were used for ACS-sharing all employment and unemployment estimates for any census tracts that are included as part of an ASU.

Designation of Potential ASU Form

- A Designation Form was created for each whole ASU and each ASU part that is derived via the ACS-share method. A Designation Form is not needed if the ASU part is a LAUS area.
- Eight-character LAUS area codes were used in the addition or subtraction of ASU parts.
- Population data were reported for each whole ASU, and the reference period was noted.
- The MT, MC, and DV codes were used for single-county labor market areas that are metropolitan areas, micropolitan areas, or metropolitan divisions, respectively.
- For shared ASU parts and whole ASUs, the ACS five-year employment and unemployment data, ratios, and derivation areas (names and codes) were reported on the Designation Form.
- The correct rounding rule was used.

ASU Data Collection Form

- A Data Collection Form was created for each whole ASU.
- The 12-month average employment and unemployment levels listed on the form are the precise averages of the monthly data on the form, rounded to the nearest whole person.
- The sum of employment and unemployment equals the corresponding labor force total for individual months and the 12-month average.
- The unemployment rate is calculated from the unemployment and labor force levels for individual months and the 12-month average. 12-month average unemployment rates are not calculated by averaging the 12 monthly unemployment rates.

File Showing Addition and Subtraction of LAUS Areas

The following *hypothetical examples* illustrate the layout of the spreadsheet or text file that should be used to identify the LAUS area codes in cases of addition and subtraction.

The examples also illustrate the layout of the Add/Sub map in the ASUS system.

State name:		Nebraska	
ASU name:		Northeast Nebraska	
Method:		Addition	
Area codes:	+	CN311730	Thurston County
	+	SU310503*	Burt County ASU part
	+	SU310504*	Wayne County ASU part

State name:		South Dakota	
ASU name:		Sioux Falls ASU	
Method:		Subtraction	
Area codes:	Base	PA460150	Sioux Falls city
	-	PT460151	Minnehaha County part

* A State would create an "SU" code only if using the ASUS system.