

## **Supporting Statement – Part A Local Area Unemployment Statistics**

### **A. Justification**

#### **1. Necessity of the Information Collection.**

The Bureau of Labor Statistics (BLS) has been charged by Congress [Congressional Act of July 7, 1930 (29 USC, Section 1 and 2)] with the responsibility of collecting and publishing monthly information on employment, the average wage received, and the hours worked by area and industry. The process for developing residency-based employment and unemployment statistics is a cooperative Federal-State program that uses employment and unemployment inputs available in State agencies.

Estimates are prepared monthly in the State agencies, transmitted to the BLS for validation and publication, and provided to user agencies. These estimates are used for economic analysis and as a tool in the implementation of Federal policy in such areas as employment and economic development under the Workforce Innovation and Opportunity Act of 2014 (that supplanted the Workforce Investment Act of 1998) and the Public Works and Economic Development Act, among others.

The estimates are used in economic analysis by public agencies and private industry and for State and area allocations and eligibility determinations according to legal and administrative requirements. Implementation of policy and legislative prerogatives could not be accomplished as now written without collection of the data.

The reports covered by the supporting statement are integral parts of the Local Area Unemployment Statistics (LAUS) program insofar as they ensure and measure the timeliness, quality, consistency, and adherence to program directions of the LAUS estimates and related research.

LAUS 8: Reports used annually to transmit information on the geographic definition of the area and estimating methodology used for Areas of Substantial Unemployment (ASU).

LAUS 15: Report prepared periodically to request and detail unusual treatment for estimation.

LAUS 16: Reports used annually to transmit LAUS estimates for ASU submittals.

LAUS 3040: LAUS Program Manual

#### **2. Use of Information.**

The Workforce Innovation and Opportunity Act of 2014 requires these data:

- a. to allocate funds under Title II (Adult Education and Literacy programs);

- b. to implement Title I, which establishes state workforce investment boards, state plans, and local workforce investment areas. The local workforce investment areas are to support a one-stop delivery system that provides core employment-related services and other employment and training services;
- c. to implement Title I, which provides that one of the standards for eligibility for services under the Act is that the ratio of participants being trained on the job in the public sector to participants in the private sector shall not exceed the ratio of civilian government employment to private sector employment in the area.

Other requirements include the use of these data:

- a. to allocate funds to States to establish and maintain public employment offices as required by the Wagner-Peyser Act (29 USC 49 et seq.) and to require that public labor exchange activities be part of the one-stop system and integrated into the state workforce development plan;
  - b. to indicate economic distress in areas to identify political jurisdictions eligible for Federal assistance under the Urban Development Action Grant Program (Section 119 of Title I of the Housing and Community Development Act (PL 93-383)). The standards include local unemployment as an indicator;
  - c. by the Employment and Training Administration to identify Labor Surplus Areas designated under Executive Orders 10582 and 12073 in the implementation of amendments to the Small Business Act (PL 96-302), which provides that Federal procurement contracts be set aside for businesses located in labor surplus areas;
  - d. to allocate Department of Commerce funds for certain programs to areas of high unemployment as required by the Public Works and Economic Development Act of 1965 (42 USC 3121).
3. Use of Electronic Collection Methods.

Increased automation of estimating procedures and the submittal of estimates remains a program objective. The State Time Series Analysis and Review System (STARS), introduced in 1989, and LAUSToo, introduced in 1988 as the State Systems Project (SSP), are statistical software packages designed to assist in the production of employment and unemployment estimates for States and local areas. Both systems are revised and updated on a regular schedule.

BLS continues to explore alternative methods to collect data now submitted on the Designation of Potential ASU (LAUS 8) and the ASU Data Collection Form (LAUS 16). States now have the option to submit these data electronically.

4. Efforts to Identify Duplication.

No other estimate exists of total resident employment and total resident unemployment on a monthly basis at the required level of geographic detail.

5. Impact on Small Businesses.

Small businesses or other small entities are not respondents in any of the information collections.

6. Consequences of Less Frequent Collection.

29 USC Section 2 states, “The Bureau of Labor Statistics, under direction of the Secretary of Labor, shall collect, collate, and report at least once each year, or oftener if necessary, full and complete statistics on the conditions of labor and the products and distribution of the products of the same ...” It also states “The Bureau of Labor Statistics shall also collect, collate, report, and publish at least once each month full and complete statistics on the volume of the changes in employment, as indicated by the number of persons employed ...” If the data were developed less frequently than monthly, certain of the allocation programs and trigger mechanisms referred to in items 1 and 2 would not be completed properly.

7. Special Circumstances.

Monthly collection of information is necessary in connection with the process outlined in LAUS 3040. Other data series are not available that are conceptually consistent with monthly national labor force measures, comparable across relevant geographies, or timely enough to implement the assistance programs for which LAUS estimates are used.

The collection of information in LAUS 8 and LAUS 16 regarding Areas of Substantial Unemployment occurs on an annual basis.

The collection of information in LAUS 15 regarding requests for exceptions or atypical treatment within LAUS methodology only occurs on an occasional basis in response to unusual situations or isolated data deficiencies. An atypical is defined as an unusual situation that is limited in time and usually in geographic applicability. Generally, it affects only a single month and/or a single labor market area. Examples include:

1. Absence of claims data due to state agency computer failure;
2. Absence of claims data due to inability of a border state to provide information;
3. Double counting laid-off workers – once as an unemployed claimant during the week of the 12<sup>th</sup> and once as employed in the establishment’s payroll period which contains the 12<sup>th</sup>.

8. Federal Register Notice and Consultation Outside the BLS.

No comments were received as a result of the Federal Register Notice published in 83 FR 2217 on January 16, 2018.

Over the past three years, the goals and objectives of the LAUS program have been discussed extensively with federal and state stake holders. Plans and improvements to the methodology to promote data quality were vetted through the LAUS Policy Council. The Policy Council is comprised of representatives from the BLS and State Workforce Agencies (SWAs) and promotes the effective management and technical direction of the LAUS Program. The Policy Council is under the guidance of the BLS/LMI Oversight Committee (BLOC), which is comprised of higher level BLS and state personnel, including the OEUS associate commissioner, assistant commissioners, regional commissioners, and state LMI directors. Furthermore, information regarding all Policy Council activities is shared with all states. States provide feedback on potential program changes, participate in testing new procedures, and evaluate the results. Major program changes discussed with the Policy Council and states and recently implemented include the 2015 LAUS Redesign, the introduction of seasonally adjusted metropolitan area estimated, and improvements to the fourth generation of LAUS state time-series models.

9. Payment to Respondents.

Data for the program are collected and assembled by State staff. BLS is unaware of any arrangements to provide payments or gifts to respondents.

10. Assurance of Confidentiality.

An assurance of confidentiality is not provided to respondents.

11. Justification for Sensitive Questions.

Questions of a sensitive nature are not asked.

12. Estimate of Respondent Burden.

The LAUS program itself does not conduct any surveys, but rather uses other survey information and administrative data as sources for inputs. State Workforce Agencies (SWAs) are the source for many critical inputs, particularly at the substate level. The “respondents” of this package are the States and the costs to fund positions in the SWAs to prepare enter and edit inputs, as well as to validate LAUS estimates, are covered under the LMI Cooperative Agreement (Office of Management and Budget (OMB) Control No. 1220-0079).

The hour burden of the collection of information is detailed below.

	LAUS 3040	LAUS 8	LAUS 15	LAUS 16
Number of respondents	52 (with 6,962 reporting units)	52	6	52
Annual frequency of response	13	11	1	1
Annual responses	90,506	572	6	52
Estimated hours/response	1.5	1.0	2.0	1.0

Annual burden	135,759	572	12	52
Total annual responses	<b>91,136</b>			
Total annual burden hours	<b>136,395</b>			

Notes:

- LAUS 3040: The regular program submissions are monthly with an additional annual submission each year, making 13 submissions per State, the District of Columbia, and Puerto Rico (52 respondents) each year. Monthly submissions consist of total nonfarm wage and salary employment estimates and Unemployment Insurance claims counts. The respondents provide monthly submissions for their jurisdiction as a whole and all of the labor market areas controlled by each of them. Labor market areas (LMAs) are an exhaustive level of substate geography published by the LAUS program. Metropolitan and micropolitan areas are delineated by OMB and considered “major” LMAs. The balance of the United States is grouped into “small” LMAs which consist of one or more counties or county equivalents. These are redefined after each decennial census and based on commutation data from the American Community Survey. Current small LMAs are based on the 2006-2010 dataset. There are a total of 6,962 responses for the Nation as a whole. The 52 respondents – the 50 States plus DC and Puerto Rico – submit 6,962 responses per month plus an annual submittal for all the labor market areas identified for the program –  $13 \times 6,962 = 90,506$  responses. Submissions of monthly and annual inputs from states are conducted via two web interfaces: the State Time Series Analysis and Review System (STARS) for statewide estimation, and LAUSToo for substate estimation.
- LAUS 8: This is an annual activity, but some States need to submit more than one, and it averages to 11 submissions per State per year.
- LAUS 15: Not every State needs to submit a LAUS 15 each year. Based on past experience, about six States submit one during a given year.
- LAUS 16: This is an annual activity– each State submits one per year.

13. Estimate of Cost Burden.

The cost burden to respondents is borne by the Federal Government as defined within the cooperative Federal State program.

14. Cost to the Federal Government.

Listed below are the estimated FY 2017 Federal government costs for the LAUS program.

Personnel	\$ 7,000,000
Non-Personnel, Non-SWA funding, Includes contracts	\$ 4,000,000
State Workforce Agency Funding*	\$ 9,000,000
<b>TOTAL</b>	<b>\$20,000,000</b>

\*BLS funds positions in the State Workforce Agencies through the cooperative agreements.

#### 15. Changes in Respondent Burden.

The current information collection request is considered a revision. The collection instruments themselves (LAUS 8, LAUS 15, LAUS 16, and LAUS 3040) are unchanged or changed only slightly; however, the burden, costs, and some of the instructions (the LAUS Technical Memoranda) have been updated. Below is a brief overview of the LAUS Technical Memoranda included with this information collection request:

- LAUS Technical Memorandum S-17-10 provides updated instructions for monthly LAUS estimation activities. Included are updates to the yearly production schedule, explanations of new or updated software and platforms used in monthly LAUS estimation, and any updates to geography due to cities newly meeting the 25,000 population threshold or updates to the 2010-based federal statistical area delineations. Annual population estimates for various geographic areas are developed by the Census Bureau's Population Estimates Program (PEP). Each year, LAUS checks whether any city has met the population criterion.
- LAUS Technical Memorandum S-17-18 provides updated instructions development and transmittal of Program Year 2018 Areas of Substantial Unemployment (ASUs). Included are requirements for the definition and qualification of potential ASUs
- LAUS Technical Memorandum S-17-19 provided State Workforce Agencies (SWAs) information on proposed improvements to the fourth generation of LAUS models. The improvements included use of newly calculated generalized variance functions (GVFs) that became available after the Current Population Survey (CPS) sample redesign in 2014, new methodology to calculate seasonal factors, and use of a new smoothing filter.
- LAUS Technical Memorandum S-17-20 outlined changes in geographies and methodology used for substate estimation in New England States.
- The LAUS Program Manual has been updated to reflect the implementation of the fourth generation of LAUS models and related changes from the 2015 LAUS redesign.

BLS's estimate of respondent burden was adjusted to reflect the decreased number of responses required due to the decrease in the number of geographic areas estimated from 7,403 to 6,962. Changes in the number of estimated geographic areas resulted from changes in population thresholds rendering fewer areas eligible for estimation for New England Minor Civil Divisions (LAUS Technical Memorandum S-17-20).

16. Plans for Publication.

See attached publication schedule in LAUS Technical Memorandum S-17-10.

17. Request to Not Display Expiration Date.

The agency will display the expiration date.

18. Exceptions to the Certification Statement.

This request complies with 5 CFR 1320.9.