

Description of Labor Surplus Areas

Procedures for Classifying Labor Surplus Areas and Petition Criteria

Labor surplus areas are classified on the basis of civil jurisdictions rather than on a metropolitan area or labor market area basis under the basic labor surplus area program procedures. Civil jurisdictions are defined as all cities with a population of at least 25,000 and all counties. Townships with a population of 25,000 or more are also considered as civil jurisdictions in 4 states (Michigan , New Jersey , New York , and Pennsylvania). In Connecticut, Massachusetts, Puerto Rico, and Rhode Island where counties have very limited or no government functions, the classifications are done for individual towns.

A civil jurisdiction is classified as a labor surplus area when its average unemployment rate was at least 20 percent above the average unemployment rate for all states, the District of Columbia and Puerto Rico during the previous two calendar years. During periods of high national unemployment, the 1.20 percent ratio is disregarded and an area is classified as a labor surplus area if its unemployment rate during the previous two calendar years was 10 percent or more. This 10 percent ceiling comes into effect whenever the two-year average unemployment rate for all states was 8.3 percent or above. Similarly, a floor of 6.0 percent is used during periods of low national unemployment in order for an area to qualify as a labor surplus area. The 6 percent floor comes into effect whenever the average unemployment rate for all states during the two-year reference period was 5.0 percent or less.

The Department of Labor issues the labor surplus area list on a fiscal year basis. The list becomes effective each October 1 and remains in effect through the following September 30. The reference period used in preparing the current list was January 2005 through December 2006. The national average unemployment rate during this period was 4.9 percent. Therefore, areas are included on the FY 2008 labor surplus area list because their average unemployment rate during the reference period was 6.0 percent or above.

Petition for Exceptional Circumstance Consideration

The classification procedures also provide for the designation of labor surplus areas under exceptional circumstance criteria. These procedures permit the regular classification criteria to be waived when an area experiences a significant increase in unemployment which is not temporary or seasonal and which was not reflected in the data for the two-year reference period. Under exceptional circumstance procedures, labor surplus area designations can be made on the basis of civil jurisdictions, Metropolitan Statistical Areas or Primary Metropolitan Statistical Areas. In order for an area to be classified as a labor surplus area under the exceptional circumstance criteria, the state workforce agency must submit a petition requesting such classification to the Department of Labor's Employment and Training Administration. The current conditions for exceptional circumstance classification are: an area unemployment rate of at least 6.0 percent for

each of the three most recent months; projected unemployment rate of at least 6.0 percent for each of the next 12 months; and documentation that the exceptional circumstance event has already occurred. The state workforce agency may file petitions on behalf of civil jurisdictions, as well as Metropolitan Statistical Areas or Primary Metropolitan Statistical Areas, as defined by the Office of Management and Budget. The addresses of state workforce agencies are available on the LSA section of this Web site at <http://www.doleta.gov/programs/lsa.cfm>.

State workforce agencies may submit petitions, in electronic or hard copy format, to dais.anthony@dol.gov in the Employment & Training Administration, Office of Workforce Investment, 200 Constitution Ave NW , Room S4231, Washington , D.C. 20210 . Data collection for the petition is approved under OMB 1205-0207.