U.S. Department of Labor   Bureau of Labor Statistics

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LAUS Technical Memorandum No. S-17-18

MEMORANDUM FOR: STATE WORKFORCE AGENCY ADMINISTRATORS
                                        AND BLS REGIONAL COMMISSIONERS

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

SUBJECT   : Program Year 2018 Areas of Substantial Unemployment under the
                                    Workforce Innovation and Opportunity Act

Purpose: This memorandum provides instructions for the development and transmittal of
Program Year (PY) 2018 Areas of Substantial Unemployment (ASUs) under the Workforce
Innovation and Opportunity Act (WIOA).

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 WIOA. The Bureau of Labor Statistics (BLS) provides
instructions, software, and forms for the states to use in developing and submitting employment
and unemployment estimates. BLS also validates the data in state submittals.

This years' time period for designating ASUs begins on Wednesday, August 23rd, and runs
through Friday, October 6th. States perform the 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.

The Office of Field Operations will host WebEx tutorials on ASU concepts and definitions and
on the use of LAUSToo for ASU designations on August 24th and 25th, respectively.

ASU Definition and Qualification Requirements: An ASU is an area that is composed of any
combination of LAUS areas and/or census tracts that meets the three qualification requirements
set forth by ETA:

- *Unemployment rate*—the 12-month average not seasonally adjusted unemployment rate
  for the reference period (July 2016 benchmarked through June 2017 preliminary) must be
  at least 6.5 percent.

- *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 LAUS areas and census tracts 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.

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). State-specific areas are not considered LAUS areas for purposes of the ASU search.

For PY 2018, only Alaska, New Mexico, and Puerto Rico qualify as ASUs in their entireties. The remaining 48 states and the District of Columbia do not qualify as ASUs and will need to conduct ASU searches.

Population Data: States have two options for the population data used to determine if an 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 components.

- Option 1 is to use the 2010 Census 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, 2015, postcensal estimates for LAUS areas and/or BLS-provided estimates of the July 1, 2015, population for census tracts. BLS develops postcensal estimates for tracts by applying tract shares of county enumerated population to the postcensal estimates for counties.

BLS will load both sets of population estimates into the LAUSToo ASU module. The system will automatically fill in the relevant cell on each ASU designation form with the July 1, 2015, population estimates. In the unlikely event that an ASU qualifies using the 2010 Census population data but not the July 1, 2015, estimates, the affected state should contact their regional office. In those cases, BLS can manually modify the form to reflect the 2010 Census estimate.

ACS Employment and Unemployment Data: Census tracts included as geographic components of ASUs will be ACS-shared from counties using the 5-year ACS employment and unemployment data for 2011-2015. BLS will load ACS-shared estimates for each tract in the nation into the LAUSToo ASU module.

Shapefiles for Mapping ASUs: States that verify contiguity of their tract-based ASUs using mapping software should use the vintage 2015 shapefiles produced by the Census Bureau. The shapefile vintage should coincide with the last year in the range of the ACS estimates underlying

the mapped data. See
https://www2.census.gov/geo/pdfs/maps-data/data/tiger/How_do_I_choose_TIGER_vintage.pdf.
Shapefiles can be downloaded at https://www.census.gov/cgi-bin/geo/shapefiles/index.php.
While vintage 2010 shapefiles are often sufficient for most purposes, tract boundary corrections
or changes that only appear in the later shapefiles may, in some cases, affect ASU contiguity.

Methods for Developing ASUs: No submittal of data for substate areas is required from
Alaska, New Mexico, or Puerto Rico. For the remaining 48 states and the District of Columbia,
two basic methods can be used separately or in combination to develop ASUs:

- Addition of areas
- Subtraction 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 an 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.

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

In order to facilitate ASU designations, Excel files of census tract-level ACS employment and
unemployment data are being made available to states. These files also include geographic
identifiers, derivation area ACS and LAUS employment and unemployment estimates, 2010 and
2015 population data, ACS-share ratios, and LAUS-consistent tract-level labor force data for the
July 2016 to June 2017 period. The "fields" worksheet in each file identifies the elements of
each column in this data worksheet. The files also contain an "alternate" worksheet with data for
both census tracts and all LAUS areas. These worksheets may also aid states in creating
addition/subtraction component lists for batch loading of ASUs.

ASU Module in LAUSToo: The ASU module in LAUSToo simplifies the designation process
relative to the ASU State System formerly in use. Most of the inputs required for the ASU forms
are automatically filled by the system. For each ASU, states are required to enter a code, a title,
and a geographic description. Since the system will automatically generate a list of components
for each ASU, states can simply enter "See enclosed list" in the geographic description section.
"Prep method," "Prep switch," "Derivation area," and other information that had to be entered
into the ASU State System are now automatically populated on the ASU Designation Form by
LAUSToo.

The LAUSToo ASU module will contain all necessary population data as well as employment
and unemployment estimates for all LAUS areas and ACS-shared employment and
unemployment estimates for all census tracts. As a result, states will not be required to calculate
any disaggregation ratios. Once an ASU is created by entering a code, title, and geographic

description, states need only specify the geographic components of the ASU. The system will calculate the resulting unemployment rate and population level.

For the 49 states that were required to conduct an ASU search during PY 2017 and that must conduct a search this year, BLS has preloaded the final set of ASUs that were designated by each state into the PY 2018 database. For some, this might serve as a convenient starting point for the PY 2018 search. (Note, however, that these areas may not qualify as ASUs in PY 2018 in their existing configurations as more current LAUS and ACS data are being used in PY 2018.) States that prefer to start with an empty database can simply delete these areas by checking the box next to each one on the main ASU screen and clicking the "Delete" button.

ASUs can be entered into LAUSToo using either screen or batch entry or a combination of both. Batch entry involves two separate files; one contains the code, title, and geographic description, the other contains the addition/subtraction component list. See the attachment for file formats and naming conventions. Note that the ASU must be defined by screen or batch entry of the code, title, and geographic description before the addition/subtraction component list can be batch loaded.

In prior years, states were required to designate and generate forms for each part of an ASU that contained census- or ACS-shared areas. This was necessary to assist BLS with the validation of data. Since the LAUSToo ASU module already contains ACS-shared estimates for all census tracts, the designation of ASU parts is no longer required; states need only designate and generate forms for whole ASUs.

The system will edit each ASU's unemployment rate and population level to ensure that it meets the necessary criteria. States will not be permitted to finalize their ASUs until each ASU passes these edits. Note that the system does not currently contain any edits for contiguity, edits to ensure that areas are not counted more than once in a state's ASU submission, or edits to ensure that a subtracted component is paired with its appropriate geographic parent area. BLS will check these conditions outside of the system after submission.

Once ASUs are finalized, the system can generate all necessary forms: the ASU Designation Form, the ASU Data Collection form, and the addition/subtraction component list for each ASU.

Documentation and Forms Required: Alaska, New Mexico, and Puerto Rico, who each qualify as ASUs in their entireties, should submit one copy of a letter of confirmation to their BLS regional office, the BLS national office, and ETA indicating their 12-month average unemployment rate.

All other states and the District of Columbia should submit one copy of the following items to BLS and/or ETA. Items to be sent to BLS should be submitted to both the national office and the applicable regional office:

Item	Send to	Send to

	BLS	ETA

• A cover letter indicating:
  o Number of ASUs submitted
  o Name of each ASU
  o Method used to create each ASU
  o Types of areas involved in each ASU
	Yes	Yes

• Three forms generated by LAUSToo for each ASU:
  o Designation of Potential ASU form
  o ASU Data Collection form
  o Addition/Subtraction Table (list of ASU components)
	No	Yes

• Maps (optional)	Yes	Yes

States can submit hard copies of these materials through regular mail or courier; however, electronic submissions via email are preferred. 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

Brian Hannon
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) 691-6655
hannon.brian@bls.gov

Changes to ASUs after Initial Submittal: If a state makes any changes or corrections to its ASUs after the initial submission, all required documentation and forms should be updated and resubmitted to both BLS and ETA.

Actions Required: The deadline for ASUs has been set by ETA as October 6th. All submission materials noted above should be received by BLS and ETA by that date.

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

Attachment: Attachment 1 – Batch Input File Formats- included in this Word document.

Batch Input File Formats

ASU Definition File – "ST_ASU_DEF.txt"
- Used to add ASUs.

Position	Description
1 – 8	ASU Code • Must begin with "SU" followed by your state's FIPS code (e.g., "SU01" for Alabama); the last four digits must be numeric
9	Blank
10 – 63	ASU Title • Unused characters following the title must be padded with spaces to ensure proper field alignment
64	Blank
65 up to 358	Geographic description • Unused characters do not need to be filled with spaces (i.e., the record length can be variable, so long as the geographic definition begins at position 65)

ASU Component Selection File – "ST_ASU_Comp.txt"
- Used to specify the components of one or more ASUs and to indicate whether the components are added or subtracted.

Position	Description
1 – 8	ASU Code • ASU must be added first using the "Add ASU" button or by batch loading an ASU definition file (see above)
9	Blank
10	Operation (+ or -) • + or - for addition or subtraction, respectively
11	Blank
12 – 26 or 29	Component Code • 15-character LAUS code or, for census tracts, 18-character GEOID