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LAUS Technical Memorandum No. S-17-10

MEMORANDUM FOR: STATE WORKFORCE AGENCY ADMINISTRATORS
AND REGIONAL COMMISSIONERS

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SUBJECT : Instructions for Monthly Local Area Unemployment Statistics
(LAUS) Estimation in 2017

Purpose: This memorandum contains instructions and the outline of the schedule for 2017 monthly production, finalization, and release of LAUS estimates.

Background: BLS is required by Office of Management and Budget Statistical Policy Directive No. 4 to publish monthly estimates on a timely basis. In order to facilitate that goal, it is necessary to establish and follow a schedule of important monthly activities and delivery dates. This memorandum describes the necessary activities and schedule; a comprehensive schedule of dates for these activities was provided in LAUS Technical Memorandum No. S-17-03, *Schedules for Monthly and Annual Processing in 2017*, dated December 2, 2016.

Overview of 2017: Most aspects of production and publication will parallel those of 2016, although there will be some minor changes:

- LAUSToo will continue to be used as the system for official monthly substate estimation.
- STARSToo and the fourth-generation LAUS models introduced in 2015 will continue to be used for all model-based area estimation.
- RedPoint will become the official BLS Residency Assignment System (RAS) beginning with January 2017 estimation. Details are discussed in LAUS Technical Memorandum No. S-17-04, *Availability of New Residency Assignment System for Official Use*, dated December 15, 2016.
- Geography changes will include cities that newly meet the 25,000-population threshold and the Office of Management and Budget updates to the 2010-based

federal statistical area delineations issued on July 15, 2015, which were deferred last year. Details of these changes are discussed in LAUS Technical Memorandum No. S-17-06, *2017 Local Area Unemployment Statistics (LAUS) Area Updates*, dated January 6, 2017.

- An updated version of the Program for Measuring the Insured Unemployed Statistics (PROMIS) software, reflecting all necessary geographic changes and some report enhancements, was issued in late January and should be used for production of 2017 estimates.
- The reference week for January through October will be the standard week including the 12th day of the month; the reference week for both November and December 2017 will be the week including the 5th day of the month.
- States must retain monthly area-specific commuter claims counts received from each neighboring non-PROMIS state. This procedure will facilitate the eventual move to the new interstate microdata claims exchange for PROMIS states.
- Emphasis continues to be placed on states providing comments on data that pass the Questionable Data Edits (QDEs) overall, but fail both over-the-month tests or both over-the-year tests by large margins.

Instructions for monthly estimation:

1. Model-based estimation:

Estimates for all states and the District of Columbia, the Los Angeles-Long Beach-Glendale Metropolitan Division, New York City, the Balance of California, and the Balance of New York State will be produced using the fourth-generation LAUS models with real-time benchmarking to national Current Population Survey (CPS) totals via census division models. BLS will update the State Time Series Analysis and Review System (STARSToo) databases shortly after 8:30 a.m. Eastern Time (ET) on the day of the *Employment Situation* news release, enabling states to view or develop simulated monthly model-based estimates.

The official model-based estimates will be developed using the CPS data, along with the following state-entered inputs: Current Employment Statistics (CES) total nonfarm wage and salary employment estimates and Unemployment Insurance (UI) claims counts. States should continue to enter counts of Unemployment Compensation for Federal Employees (UCFE) claims and strikers, even though they are not used for developing model-based estimates. States should enter preliminary CES, striker, UI, and UCFE data for January 2017 estimation by February 24. In subsequent months, preliminary input data should be entered for the “current” month and revised input data for the prior month. The revised CES inputs reflect more complete sample returns, and the revised UI and UCFE claims counts result from a more complete claims extract. Because of the interdependence involved, a state’s official estimates will not be available until all states in its census division have submitted their inputs and the national office has created the estimates.

Models will be used for five additional substate areas and their respective state balances:

- Chicago-Naperville-Arlington Heights, Illinois Metropolitan Division;
- Cleveland-Elyria, Ohio Metropolitan Statistical Area;
- Detroit-Warren-Dearborn, Michigan Metropolitan Statistical Area;
- Miami-Miami Beach-Kendall, Florida Metropolitan Division; and
- Seattle-Bellevue-Everett, Washington Metropolitan Division.

For California and New York, where there are no statewide models, the statewide estimates, both smoothed seasonally adjusted and not seasonally adjusted, are derived by summing the substate area and balance-of-state model estimates. In contrast, not seasonally adjusted data for the other five areas and their respective balances of state will be forced to sum to the separately calculated model-based estimates (reflecting real-time benchmarking) for the state. Smoothed seasonally adjusted estimates for those five areas are not controlled to the statewide smoothed seasonally adjusted estimates.

States are reminded that, for the production of both preliminary and revised model-based estimates, only the official CES employment data should be used, unless an atypical/exception has been granted. The national office compares the STARSToo inputs with the CES estimates to ensure conformity. Any differences beyond those attributable to rounding are likely to delay the production of estimates for all states in the census division.

2. **Substate estimation:**

- A. As with the statewide estimates, preliminary estimates will be produced for all months, and revised estimates will be produced for January–November. In developing the revised estimates, states will incorporate revised CES employment inputs for all CES areas (primarily metropolitan areas and metropolitan divisions) and more complete UI and UCFE counts for all areas. Depending on the state’s method for developing small area nonfarm wage and salary employment inputs, monthly revisions may be needed for those as well. For example, a method that uses monthly CES statewide and/or metropolitan area estimates or ACESWeb to derive small area employment should incorporate the monthly revisions at all levels of geography.
- B. Monthly and quarterly BLS-supplied substate inputs will be loaded into LAUSToo_ by BLS according to the schedule in attachment 2 of S-17-03. BLS-supplied inputs include (1) statewide unemployed new entrants and reentrants, (2) statewide agricultural employment and all-other employment, (3) Railroad Retirement Board (RRB) claims, and (4) survival rates and unemployment rate ranges for unemployed exhaustee estimation. Of those, only RRB claims counts will be revised each month. Inputs that are provided by BLS once per year for annual revisions and 2017 production are discussed in separate memoranda.

- C. Given the complexity of interstate areas and the use of Dynamic Residency Ratios (DRRs), the state-to-state exchange of data continues to be critical. LAUSToo is designed to facilitate this exchange. Attachment 3 of S-17-03 contains a schedule of dates for the exchange of various data items.
- D. The reference periods for the continued claims counts and final payments data are provided in attachment 4 of S-17-03. As noted above, the November and December reference periods will be one week earlier than the standard week.

3. State finalization and due dates:

LAUS due dates for 2017 are similar to those of recent years. As is typically the case, due dates for January statewide inputs and substate estimates will be relatively later than for other months, due to the time required to perform annual processing. The due dates for February and most later months will be based on the “regular” schedule, that is, the Friday after the *Employment Situation* release for statewide estimates and the Friday two weeks after the *Employment Situation* release for substate estimates. The exception to this is the statewide due date for October inputs; those data are due on Thursday, November 9, due to the legal public holiday for Veterans Day being on Friday, November 10. See attachment 1 of S-17-03 for specific dates.

The January due date will pertain to January preliminary data only. Revised data for the prior month, December 2016, will be included as part of annual processing. Due dates for February through December will pertain to preliminary data for the “current” month and revised data for the prior month.

States are reminded that timely completion of LAUS data is a requirement in the Labor Market Information (LMI) Cooperative Agreement. Therefore, states are required to finalize their inputs in STARSToo and finalize area estimates in LAUSToo by the due dates—and are encouraged to do so earlier whenever possible. However, inputs and estimates should not be finalized early unless they have been thoroughly reviewed.

A. Model-based estimates:

States will use STARSToo to enter monthly inputs for statewide models no later than the dates specified in attachment 1 of S-17-03. The due dates for the model-based substate and balance-of-state areas, as well as Puerto Rico, will be the same as those for states. (Estimates for Puerto Rico are developed from a household survey and not through STARSToo, although the Commonwealth will transmit estimates by entering them into STARSToo.)

The deadline for entering model inputs via STARSToo is 12:00 noon ET on the due date. States should alert their regional offices if the availability of their CES inputs has been delayed. Given the interdependence of estimation within census divisions, timely entry of model inputs is critical.

Monthly DEMECON files containing demographic and economic characteristic data will be made available to each state via EUSWeb shortly after the *Employment Situation* release at 8:30 a.m. ET. Twelve-month moving-average data for the same components will be made available to each state at the same time. On the day of the *Employment Situation*, each state will receive data for that state only. Shortly after the corresponding *State Employment and Unemployment* news release, all 12-month moving-average tables will be made available to all states.

B. Substate estimates:

Substate estimates are due on the Friday of the week after the statewide inputs are due, as shown in attachment 1 of S-17-03. Estimates should be finalized by 4:45 p.m. ET.

States will need to have effective communication with nearby states in order to ensure timely data finalization. The schedule in attachment 3 of S-17-03 should help in this regard, as should the data exchange functionality in LAUSToo. It should be noted that those dates are generally the latest dates that will allow states to meet the BLS due date. States may want to share data items with neighboring states earlier than those dates, especially if a state has an early publication schedule.

States will not be able to finalize estimates unless they have run all the required edits. Additionally, in response to QDE failures, comments continue to be required. As always, clear and meaningful comments should be provided regarding any potentially questionable data, not just those that fail the QDEs. In addition to overall failures, states should examine data values that fail both over-the-month tests or both over-the-year tests by large margins and provide comments. These results, which are shown in yellow on the screen, also may indicate erroneous data. Edits are to be run on preliminary data for January–December and revised data for January–November.

C. Late finalization or corrections:

In the case of statewide inputs, states must notify their regional office if they believe that a correction is necessary. Because of the interdependence of estimation, it is likely that a correction will affect the other states in the census division.

Regarding substate estimates, states should contact their regional offices as early as possible if they know that they will be finalizing substate data after the due date. BLS can extend the processing period in LAUSToo for selected states, if needed. Data corrections more than one week after the due date will be submitted using the LAUSToo corrections module.

BLS publication of LAUS data: Publication dates for the first two reference months of the year will be relatively later than for other months, due to the time required to complete the model-based portion of annual processing. Following publication of February substate data, the schedule becomes much more “regular” for March–December, though it is still affected by holidays and conflicts with other BLS releases.

Both monthly news releases—*State Employment and Unemployment* and *Metropolitan Area Employment and Unemployment*—will be available via the BLS website at 10:00 a.m. ET on the dates that they are issued. (See attachment 1 of S-17-03.)

In the January and February *Metropolitan Area* news releases, the prior year’s data will be the annual processing data that have been only partially reviewed and are not yet in LABSTAT. Those data are the most comparable to the 2017 estimates. A box note in the releases will highlight this.

The national office will update the time series database on the BLS website with preliminary data for the current reference month, revised data for the prior month (except when December is the prior month), and any historical revisions or corrections on the dates listed in attachment 1 of S-17-03. The issuance dates for all-area (also known as “small area”) data will coincide with those for the *Metropolitan Area* news release.

Regional offices and states should access LABSTAT or LAUSToo’s LAUS Estimates (BLS RELEASED) report to obtain published BLS data for areas outside their region/state. For security reasons, LABSTAT may not be available until approximately 10:30 a.m. ET. Once the time series database has been updated, the “At a Glance” and “Latest Numbers” features of the BLS website are updated. In LAUSToo, data for other states will become available by approximately 10:30 a.m. ET.

Alternative measures of labor underutilization: The national office will continue its practice of issuing four-quarter moving averages of the alternative measures of labor underutilization, also known as U-1 through U-6, at the state level each quarter. Issuance of those data will occur on the Friday after the *State Employment and Unemployment* news release is issued for the last month of each quarter. See S-17-03 for specific dates.

Actions required: States should enter inputs and generate and finalize LAUS estimates, including monthly revisions, and provide comments according to the instructions and schedules contained in this memorandum and S-17-03.

Workload impact: Neutral.

Inquiries: All inquiries should be directed to the appropriate regional office.

Effective date: These instructions are effective immediately.