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LAUS Technical Memorandum No. S-17-20

MEMORANDUM FOR: STATE WORKFORCE AGENCY ADMINISTRATORS
AND BLS REGIONAL COMMISSIONERS

FROM : JAY A. MOUSA
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SUBJECT : Changes in Geography and Methodology for the New England States

Purpose: This memorandum provides information on upcoming changes to substate geography and methodology in the New England states.

Background: Due to persistent, agency-wide funding shortfalls, the majority of BLS programs were asked to reduce their operating budgets for fiscal year (FY) 2018. One cost-saving measure that the LAUS program will be implementing in response to this need involves modifying the estimation framework that supports the unique city- and town-based geography of the New England states. Specifically, the LAUS program will be (1) adopting a population threshold for New England Minor Civil Divisions (MCDs) and (2) reverting to the disaggregation methodology for estimation at the MCD level.

Changes to BLS publication and funding of New England MCDs: In 2018, BLS will cease publication of New England MCDs with 2010 Census populations of less than 1,000. Overall, New England has 441 MCDs that fall below the new threshold. Of these, 36 currently are not published in Labstat, the BLS time-series database of record. Thus, BLS will be removing 405 additional MCDs from Labstat. In prior years, the 36 historically unpublished MCDs were treated as BLS areas and were counted for funding allocation purposes. Going forward, these 36 MCDs and an additional 404 of the other 405 MCDs below the new population threshold will be treated as state-specific areas in LAUSToo and will not be included in the LAUS funding allocation counts. (The remaining MCD with a population below 1,000 that will continue to be included in the funding allocation counts is an intrastate part of an interstate New England City and Town Area, or NECTA). Attachment 1 provides counts by state of the MCDs subject to removal from Labstat and the funding allocation counts based on the new population threshold.

Reduction in the number of Handbook areas: The total number of substate areas for which LAUS estimates must be created will not change. Instead, labor cost savings will be realized by reducing the number of areas for which Handbook estimates must be created and reviewed. In prior years, Handbook estimates were developed for all of New England's 1,605 MCDs. Going forward,

Handbook estimates will be produced for MCD-based Labor Market Areas (LMAs), intrastate parts of interstate LMAs, or NECTA Divisions that subdivide the Boston-Cambridge-Nashua, MA-NH Metropolitan NECTA. Where applicable, Expanded Estimating areas will continue to be used in lieu of LMAs. This will bring the geography of Handbook estimation into alignment with the geography of the place-of-work non-agricultural wage and salary employment (M01) and labor disputant (M02) inputs (areas that often are referred to as 'M01 areas') or the intrastate parts thereof. Existing unemployment insurance claims data in LAUSToo will be aggregated by BLS to generate claims counts (M03 through M12) for backfilling the database. During the 2017 annual processing cycle in early 2018, the change in methodology will be introduced and carried back to January 2010. Attachment 2 summarizes the changes at the Handbook area level.

Use of disaggregation procedure for MCDs: Six MCDs will continue as Handbook areas because they are single-MCD M01 areas or single-MCD intrastate parts of interstate M01 areas. One of the six had a 2010 Census population below 1,000, so the alias 'town' record will be dropped from Labstat and only the primary record for the intrastate LMA part will continue to be published by BLS. The remaining 1,599 MCDs, including the other 440 MCDs with populations below 1,000, will become disaggregated areas. BLS will produce the necessary disaggregation ratio inputs (R01, R02, and R03) to implement the population- and claims- based methodology (method 3 in LAUSToo) from January 2010 forward. Existing unemployment insurance claims data in LAUSToo will be summed by BLS to generate city claims counts (C07) for backfilling the database. Going forward, states will be required to submit C07 inputs only at the MCD level.

Estimation for counties: Counties will continue to be estimated by aggregating LAUS estimates across their component MCDs. Given this, estimates for the newly state-specific MCDs with 2010 Census populations below 1,000 will be required. Fully eliminating these MCDs from LAUSToo would require that the Handbook methodology be applied to the county parts of M01 areas instead of being applied to the intrastate parts of M01 areas. This would complicate matters and make data review and analysis more difficult. It also might require the population threshold for MCDs to be set at a higher level in order to accommodate the county parts of M01 areas that would need to be added to the database as unpublished BLS areas. Attachment 3 lists the numbers of counties in each state that have MCDs with 2010 Census populations below 1,000.

Actions required: None at this time. This is an informational memorandum. Actionable items per implementation of the upcoming changes described herein will be outlined as necessary in the 2017 annual processing and the 2018 LAUS estimation memoranda.

The general guidance to federal-state program offices from BLS management had included that the cost-saving measures selected should be reversible with relative ease, if a more favorable budget environment emerged in the near future. The LAUS program will continue to produce estimates for all New England MCDs. Although BLS will no longer publish those MCDs that fall below the new population threshold, states that publish data for all of their MCDs are encouraged to continue doing so as state-specific areas, with the hope that BLS funding for these MCDs eventually can be restored.

Workload impact: The earliest that changes to LAUS geography can be made is during annual processing. The transition period until annual processing will involve a temporary workload increase in light of the FY 2018 funding cuts that the New England states will experience. After annual processing, these changes will constitute a workload reduction commensurate with the funding reduction. States will not be required to edit estimates for MCDs below the population threshold. Furthermore, the burden of creating and editing estimates for the MCDs that remain BLS areas will be lower given the change from Handbook estimation to disaggregation.

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

Effective date: This memorandum is effective immediately.

Attachments:

1. Summary of Publication and Funding Changes at the MCD Level
2. Summary of Changes at the Handbook Area Level
3. Summary of Counties with MCDs below 1,000 Population that will become State-Specific
4. List of MCDs with 2010 Census Populations below 1,000 Subject to Defunding

Summary of Publication and Funding Changes at the MCD Level

State	Total MCDs	MCDs with less than 1,000 population	Net change in BLS publication	Net change in count used for funding	Notes
CT	169	1	-1	-1	
ME	532	248	-236	-248	BLS currently does not publish 12
MA	351	29	-29	-29	
NH	259	73	-54	-73	BLS currently does not publish 19
RI	39	0	0	0	
VT	255	90	-85	-89	BLS currently does not publish 5; 1 of the other 85 will be retained as an intrastate part
Total	1,605	441	-405	-440	

Summary of Changes at the Handbook Area Level

State	Handbook areas in prior years (all MCDs)	Handbook areas going forward (M01 areas or intrastate parts)	Net change
CT	169	11	-158
ME	532	30	-502
MA	351	24	-327
NH	259	28	-231
RI	39	3	-36
VT	255	20	-235
Total	1,605	116	-1,489

**Summary of Counties with MCDs below 1,000
Population that will become State-Specific**

State	Total Counties	Counties with one or more MCDs below 1,000 population
CT	8	1
ME	16	15
MA	14	6
NH	10	7
RI	5	0
VT	14	13
Total	67	42