U.S. Department of Labor   Bureau of Labor Statistics
2 Massachusetts Ave., N.E.
Washington, D.C. 20212

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LAUS Technical Memorandum No. S-20-15

MEMORANDUM FOR: STATE WORKFORCE AGENCY ADMINISTRATORS
                 AND BLS REGIONAL COMMISSIONERS

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

SUBJECT   : Program Year 2021 Areas of Substantial Unemployment under the
                 Workforce Innovation and Opportunity Act

Purpose: This memorandum provides instructions for the development and submission of Program Year (PY) 2021 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.

Timing: This year's time period for designating ASUs begins on <u>Thursday, August 27</u>, and runs through <u>Friday, October 9</u>. 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 Tuesday, September 1, and Thursday, September 3, 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 2019 benchmarked through June 2020 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, assuming the body of water is not part of a different census tract that is not included in the ASU. 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 2021, 16 states and a state equivalent qualify as ASUs in their entireties: Alaska, California, Delaware, Hawaii, Illinois, Louisiana, Michigan, Mississippi, Nevada, New Jersey, New York, Ohio, Pennsylvania, Puerto Rico, Rhode Island, Washington, and West Virginia. The remaining 34 states and the District of Columbia do <u>not</u> qualify as ASUs and will need to conduct substate 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 <u>all</u> 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, 2018, postcensal estimates for LAUS areas and/or BLS-provided estimates of the July 1, 2018, 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 the relevant cell on each ASU designation form with the July 1, 2018, population estimate. In the unlikely event that an ASU qualifies using the 2010 Census count but not the July 1, 2018, estimate, the affected state should contact their regional office. In those cases, BLS can manually modify the form to reflect the 2010 Census count.

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 2014-2018. (The lone exception is Rio Arriba County, NM, for which ACS 2014-2018 estimates are not available; tracts in Rio Arriba County will be ACS-shared using the latest available data, the 2013-2017 5-year ACS estimates.) 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 2018 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. Additional information and downloadable shapefiles are available at https://www.census.gov/geographies/mapping-files/time-series/geo/tiger-line-file.2018.html. 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: For Puerto Rico and the 16 states that qualify as ASUs in their entireties, no submittal of data for substate areas is required. For the District of Columbia and the 34 states that are required to conduct an ASU search, 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 whichever approach they prefer.

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 2018 population data, ACS-share ratios, and LAUS-consistent tract-level labor force data for the July 2019 to June 2020 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 also may aid states in creating addition/subtraction component lists for batch loading of ASUs.

ASU Module in LAUSToo: Most of the inputs required for the ASU forms are automatically filled by the ASU module in LAUSToo. 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. All other necessary information is 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. 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.

Note that, on rare occasions, a state may designate an ASU that seems to meet the unemployment rate criterion based on calculations using the BLS-provided Excel file but that does not meet that criterion when the rate is calculated in the LAUSToo ASU module. This is due to the way rounding is handled in the two sets of calculations. In the Excel file, 12 months of data are averaged for each area and the averaged area data are summed to get an approximate ASU estimate. In the LAUSToo ASU module, area data are summed for each month, creating monthly estimates for the ASU, as required by the ASU Data Collection form. The average rate for the ASU is then computed from the 12 months of summed data. The Excel-based calculation is simpler, but the LAUSToo ASU module calculation is the correct method. Users that designate an ASU that meets the unemployment rate criterion based on calculations in the Excel file but not in LAUSToo will need to make modifications (typically minor) to the geographic components of the ASU until it meets the rate criterion in LAUSToo.

For the District of Columbia and the 34 states that were required to conduct an ASU search during PY 2020 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 2021 database. For some, this might serve as a convenient starting point for the PY 2021 search. (Note, however, that these areas may not qualify as ASUs in PY 2021 in their existing configurations as more current LAUS and ACS data are being used in PY 2021.) 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 Attachment 1 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 entered.

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. BLS will perform additional edits after state finalization.

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

Documentation and Forms Required: Puerto Rico and the 16 states that qualify as ASUs in their entireties should submit a letter confirming their 12-month average unemployment rate to their BLS regional office, the BLS national office, and ETA.

All other states and the District of Columbia should submit 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 BLS	Send to 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 must submit all required materials electronically, via email. The contact names, phone numbers, and email addresses for ETA and the BLS national office are, respectively:

Neil P. Ridley
U.S. Department of Labor
Employment and Training Administration
Office of Policy Development and Research
(202) 693-3649
Ridley.Neil.P@dol.gov

Brian Hannon
U.S. Bureau of Labor Statistics
Division of Local Area Unemployment Statistics
(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 9. All submission materials noted above must be received by BLS and ETA on or before 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 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 (found in BLS-provided Excel file)