

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION WIA/ASUs
	CORRESPONDENCE SYMBOL OPDR
	DATE September 6, 2005

ADVISORY : FIELD MEMORANDUM NO. 16-05
TO : ALL REGIONAL ADMINISTRATORS
 /s/
FROM : JACK H. RAPPORT
 Administrator
 Office of Field Operations
SUBJECT : Designation of Areas of Substantial Unemployment for
 the Workforce Investment Act during Program Year
 (PY) 2006

1. Purpose. To request the designation of Areas of Substantial Unemployment (ASUs) in each state as defined in the Workforce Investment Act (WIA) in order to allot funds under the Act for the period beginning July 1, 2006.

2. Background. Sections 127(b)(2)(B) and 132(b)(1)(B)(v)(III) of the Workforce Investment Act define an ASU and require that ASU determinations be made once each fiscal year. These ASU designations will be used by the Department of Labor for the allotment of Title I, Chapters 4 and 5 funds to states for PY 2006.

3. Guidelines

a. Definition. An ASU is a contiguous area with a current population of at least 10,000 and an average unemployment rate of at least 6.5 percent for the 12-month reference period.

b. Technical Adjustment for PY 2006. Due to an anomaly in data collection or processing 2000 census, it will no longer be possible for the Bureau of Labor Statistics (BLS) to certify the state use of census tracts to calculate unemployment in determining ASUs in the methodology employed in the past.

An ETA working group was formed to recommend a solution. The group solicited comments from BLS and enlisted a third party contractor, SPR Associates, to perform data analysis.

The group examined four options, all of which would be feasible with existing Local Area Unemployment Statistics (LAUS) data: 1) individual counties as ASUs, 2) WIA local workforce investment areas as ASUs, 3) combinations of contiguous counties into ASUs,

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and 4) combinations of any available LAUS areas into ASUs.

After a review of the prepared analysis and consultation with BLS, the workgroup recommends the use of LAUS area combinations (option 4) because this would give states the greatest geographic flexibility and most closely approximate past results. BLS staff have reviewed our options and concur with this recommendation. BLS has also proposed a technical adjustment for the handling of New England cities under 25,000 population - LAUS areas include cities under 25,000 predominantly in New England states. This gives those states an unfair advantage in forming ASUs by providing more opportunities to make combinations. Following BLS's suggestion, ETA has determined that the use of cities under 25,000 population will not be allowed in creating ASUs.

c. Reference Period. The 12-month reference period for the designation shall be July 2004 through June 2005.

4. Procedures

a. If a state has an unemployment rate of 6.5 percent or higher for the reference period, the entire state will be designated an ASU, for purposes of the state allotments. In this case, no data or forms need to be transmitted.

b. If the state does not qualify in total as an ASU, the state should examine all LAUS-defined areas within the state, with a view toward designating as ASUs contiguous combinations of LAUS areas (with the exception of New England cities under 25,000 population, as noted previously). ASUs designated under this section should be described using the largest appropriate defining units. If Local Area Unemployment Statistics data for the total area designated as an ASU are already routinely collected by the BLS as a unit, the state should report it, but no data need to be submitted.

c. For those designated ASUs for which data are not routinely collected by BLS, the state should prepare an ASU designation form and send it according to BLS instructions. The form should include data for the 12-month period ending June 2005. A copy of each form should be sent to the National Offices of BLS and ETA. (See Section 5)

d. The state should describe the geographic components of each ASU in sufficient detail for a knowledgeable reviewer to verify that they are contiguous, do not overlap and have a total population of at least 10,000 persons. States should either include maps with the submission or keep the maps available in case questions arise.

e. BLS is now issuing specific procedures to states, for preparation of the ASU data.

5. Action Required. Regional Administrators are requested to:

a. Provide the above information to appropriate regional staff and state WIA officials; and

b. Ensure that all designation forms are in the ETA and BLS National Offices by October 7, 2005. The copy for ETA should be sent to U.S. Department of Labor, Attention: Wayne S. Gordon, Room N-5637, 200 Constitution Avenue, N.W., Washington, D.C. 20210.

The copy for BLS should be sent to 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, Attention: Ms. Lisa Williamson.

6. Inquiries. Direct questions to Wayne S. Gordon at gordon.wayne@dol.gov.

7. Attachment. Questions and Answers on the Revised Methodology for Determining Areas of Substantial Unemployment