

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION ASU/WIA
	CORRESPONDENCE SYMBOL OPDR
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TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 7-07

TO: ALL STATE WORKFORCE AGENCIES
 ALL STATE WORKFORCE LIAISONS
 ONE-STOP CAREER CENTER SYSTEM LEADS

FROM: EMILY STOVER DeROCCO /s/
 Assistant Secretary

SUBJECT: Designation of Areas of Substantial Unemployment under the Workforce Investment Act (WIA) for Program Year (PY) 2008

1. **Purpose.** To request Area of Substantial Unemployment (ASU) designations in each state as defined in the WIA in order to allot funds under the Act for the period beginning July 1, 2008.
2. **References.** Sections 127(b)(2)(B) and 132(b)(1)(B) (v)(III) of the WIA define Areas of Substantial Unemployment and require that they be designated once each fiscal year. These designations will be used by the Department of Labor for the allotment of WIA title I, subtitle B, Chapters 4 (Youth) and 5 (Adult) funds to states for PY 2008. Section 182 requires all state allotments under WIA title I to be based on the latest available data and estimates satisfactory to the Secretary of Labor.
3. **Guidelines.** The Employment and Training Administration (ETA) establishes an annual "Open Season" for potential Areas of Substantial Unemployment designations. Unemployment estimates for these areas are used in annual fund allocations under the WIA. In coordination with ETA, the Bureau of Labor Statistics (BLS) provides data, forms, and instructions for the states to use in developing and submitting unemployment estimates. BLS also validates the data in state submittals.
 - 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.

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- b. Use of 2000 Census Special Runs for PY 2008 Census Sharing. An error in the processing of the “2000 Decennial Census,” which affected unemployment and labor force data for census tracts including group quarters (e.g., college dormitories), adversely affected the quality of the data. As a result, BLS will not certify state ASU calculations that use these data starting in PY 2006.

To address this issue, beginning with PY 2007, ETA has 2000 Census special data runs that provide employment and unemployment data using only household responses. These data replace the 1990 Census data that were used for census sharing for ASU determinations prior to PY 2007. The 1990 Census data are not to be used for census sharing for PY 2008. Instead, the 2000 Census data transmitted to the states in October 2006 are to be used.

- c. Reference Period. The 12-month reference period for ASU designations shall be July 2006 through June 2007.

4. Procedures. The following are procedures for submitting ASU designations.

- a. If a state has an unemployment rate of 6.5 percent or higher for the reference period, the entire state will be designated as an ASU, for purposes of the state allotments. In this case, no data or forms will need to be transmitted.
- b. If the state does not qualify in total as an ASU, the state should examine all jurisdictions within the state, and designate contiguous combinations of counties, cities, towns, townships, other minor civil divisions, and/or census tracts as Areas of Substantial Unemployment. These designated areas should be described using the largest appropriate defining units. If Local Area Unemployment Statistics for the area designated as an ASU are already routinely collected by the BLS, the state should report it, but no data need to be submitted.
- c. For those designated Areas of Substantial Unemployment for which data are not routinely collected by BLS, the state should submit the designation and data collection forms to BLS according to their instructions. The forms should include data for the 12-month period ending June 2007. A copy of each form should be sent to the ETA and BLS National Offices. (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 people. States should either include maps with the submission or keep the maps available in case questions arise.
- e. BLS is now issuing specific procedures and ASU designation forms to states.

5. Action Requested. States should ensure that all forms are in the ETA and BLS National Offices by October 12, 2007. The copy for ETA should be sent to: U.S. Department of Labor, Employment and Training Administration, 200 Constitution Avenue, N.W., Room N-

5641, Washington, D.C. 20210. Attention: Mr. Daniel Ryan. 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.** Please direct any questions to Ms. Maria K. Flynn, Administrator, Office of Policy Development and Research, at (202) 693-3700 or to the appropriate ETA regional office.