



DEPARTMENT OF LABOR

Employment and Training Administration

Labor Surplus Area Classification under Executive Orders

AGENCY: Employment and Training Administration, Labor.

ACTION: Notice

SUMMARY: The purpose of this notice is to announce the annual list of labor surplus areas for Fiscal Year (FY) 2013.

EFFECTIVE DATE: The annual list of labor surplus areas is effective October 1, 2012, for all states, the District of Columbia, and Puerto Rico.

FOR FURTHER INFORMATION CONTACT: Samuel Wright, Office of Workforce Investment, Employment and Training Administration, 200 Constitution Avenue, NW, Room S-4231, Washington, D.C. 20210. Telephone: (202) 693-2870 (This is not a toll-free number).

SUPPLEMENTARY INFORMATION: The Department of Labor's regulations implementing Executive Orders 12073 and 10582 are set forth at 20 CFR Part 654, Subpart A. These regulations require the Employment and Training Administration (ETA) to classify jurisdictions as labor surplus areas pursuant to the criteria specified in the regulations and to publish annually a list of labor surplus areas. Pursuant to those regulations, ETA is hereby publishing the annual list of labor surplus areas.

In addition, the regulations provide exceptional circumstance criteria for classifying labor surplus areas when catastrophic events, such as natural disasters, plant closings, and contract cancellations are expected to have a long-term impact on labor market area conditions, discounting temporary or seasonal factors.

Eligible Labor Surplus Areas

A Labor Surplus Area (LSA) is a civil jurisdiction that has a civilian average annual unemployment rate during the previous two calendar years of 20 percent or more above the average annual civilian unemployment rate for all states during the same 24-month reference period. Only official unemployment estimates provided to ETA by the Bureau of Labor Statistics are used in making these classifications. The average unemployment rate for all states includes data for the Commonwealth of Puerto Rico. The basic LSA classification criteria include a "floor unemployment rate." A civil jurisdiction must have an unemployment rate of 6.0% or higher to be classified a LSA and a "ceiling unemployment rate" (10.0%). Any civil jurisdiction that has an unemployment rate of 10% or higher is classified a LSA.

Civil jurisdictions are defined as follows:

- a) A city of at least 25,000 population on the basis of the most recently available estimates from the Bureau of the Census; or
- b) A town or township in the States of Michigan, New Jersey, New York, or Pennsylvania of 25,000 or more population and which possess powers and functions similar to those of cities; or
- c) A county, except those counties which contain any type of civil jurisdictions defined in A or B above and a county in the States of Connecticut, Massachusetts, and Rhode Island; or
- d) A "balance of county" consisting of a county less any component cities and townships identified in paragraphs A or B above; or

- e) A county equivalent which is a town in the States of Connecticut, Massachusetts, and Rhode Island, or a municipio in the Commonwealth of Puerto Rico.

Procedures for Classifying Labor Surplus Areas

The Department of Labor (DOL) issues the labor surplus area list on a fiscal year basis. The list becomes effective each October 1 and remains in effect through the following September 30. The reference period used in preparing the current list was January 2010 through December 2011. The national average unemployment rate (including Puerto Rico) during this period was rounded to 9.4 percent. Twenty percent higher than the national unemployment rate is 11.2 percent. Since the ceiling unemployment rate is 10.0 percent, the qualifying rate for LSA classification is 10.0 percent. Therefore, areas included on the FY 2013 labor surplus area list had an average unemployment rate of 10.0 percent or above during the reference period. When a city (that is a civil jurisdiction) is part of a county and meets the unemployment qualifier as a labor surplus area, then the balance of county, not the county, will be used if the balance of county also meets the unemployment criteria of a labor surplus area. The FY 2013 labor surplus area list and the list of labor surplus areas in Puerto Rico can be accessed, once the 2013 LSA list is published, at ETA's LSA website <http://www.doleta.gov/programs/lisa.cfm>.

Petition for Exceptional Circumstance Consideration

The classification procedures also provide for the designation of labor surplus areas under exceptional circumstance criteria. These procedures permit the regular classification criteria to be waived when an area experiences a significant increase in unemployment

which is not temporary or seasonal and which was not reflected in the data for the 2-year reference period. Under the program's exceptional circumstance procedures, labor surplus area classifications can be made for civil jurisdictions, Metropolitan Statistical Areas or Combined Statistical Areas, as defined by the Office of Management and Budget. In order for an area to be classified as a labor surplus area under the exceptional circumstance criteria, the state workforce agency must submit a petition requesting such classification to the Department of Labor's ETA. The current criteria for an exceptional circumstance classification are: an area's unemployment rate is at least 10.0 percent for each of the three most recent months; a projected unemployment rate of at least 10.0 percent for each of the next 12 months; and documentation that the exceptional circumstance event has already occurred. The state workforce agency may file petitions on behalf of civil jurisdictions, as well as Metropolitan Statistical Areas or Micropolitan Statistical Areas. The addresses of state workforce agencies are available on the ETA Web site at: <http://www.doleta.gov/programs/lsa.cfm>. State Workforce Agencies may submit petitions in electronic format to wright.samuel.e@dol.gov, or in hard copy to the U.S. Department of Labor, Employment and Training Administration, Office of Workforce Investment, 200 Constitution Avenue, NW, Room S-4231, Washington, D.C. 20210 Attention Samuel Wright. Data collection for the petition is approved under OMB 1205-0207, expiration date March 31, 2013.

Signed at Washington, D.C. this 21st day of September, 2012.

Jane Oates,
Assistant Secretary for

Employment and Training Administration

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