

Eligible Labor Surplus Areas

Procedures for Classifying Labor Surplus Areas

Labor surplus areas are classified on the basis of civil jurisdictions. Civil jurisdictions are now defined as all cities with a population of at least 25,000 and all counties. Townships of 25,000 or more population are also considered as civil jurisdictions in 4 states (Michigan, New Jersey, New York, and Pennsylvania). In Connecticut, Massachusetts, Puerto Rico, and Rhode Island where counties have very limited or no government functions, the classifications are done for individual towns/municipios.

A civil jurisdiction is classified as a labor surplus area when its average unemployment rate is at least 20 percent above the average unemployment rate for all states (including the District of Columbia and Puerto Rico) during the previous two calendar years. During periods of high national unemployment, the 20 percent ratio is disregarded and an area is classified as a labor surplus area if its unemployment rate during the previous two calendar years was ten percent or more. This ten percent ceiling concept comes into operation whenever the two-year average unemployment rate for all states was 8.3 percent or above (i.e., 8.3 percent times the 1.20 ratio equals ten percent). Similarly, a “floor” concept of six percent is used during periods of low national unemployment for an area to be classified as a labor surplus area. The six percent “floor” comes into effect whenever the average unemployment rate for all states during the two-year reference period was five percent or less.

The classification procedures also provide for the designation of labor surplus areas under exceptional circumstance criteria.

The exceptional circumstance 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 adequately reflected in the data for the two-year reference period. 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 U.S. Department of Labor’s Employment and Training Administration (ETA).

The current conditions for exceptional circumstance classification are: an area unemployment rate of at least 6.4 percent for each of the three most recent months; projected unemployment rate of at least 6.4 percent for each of the next twelve months; and documented information 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 Primary Metropolitan Statistical Areas, as defined by the Office of Management and Budget. The addresses of State Workforce Agencies are available at the end of this description.

The Department of Labor issues the labor surplus area listing on a fiscal year basis. The listing becomes effective each October 1 and remains in effect through the following September 30.