

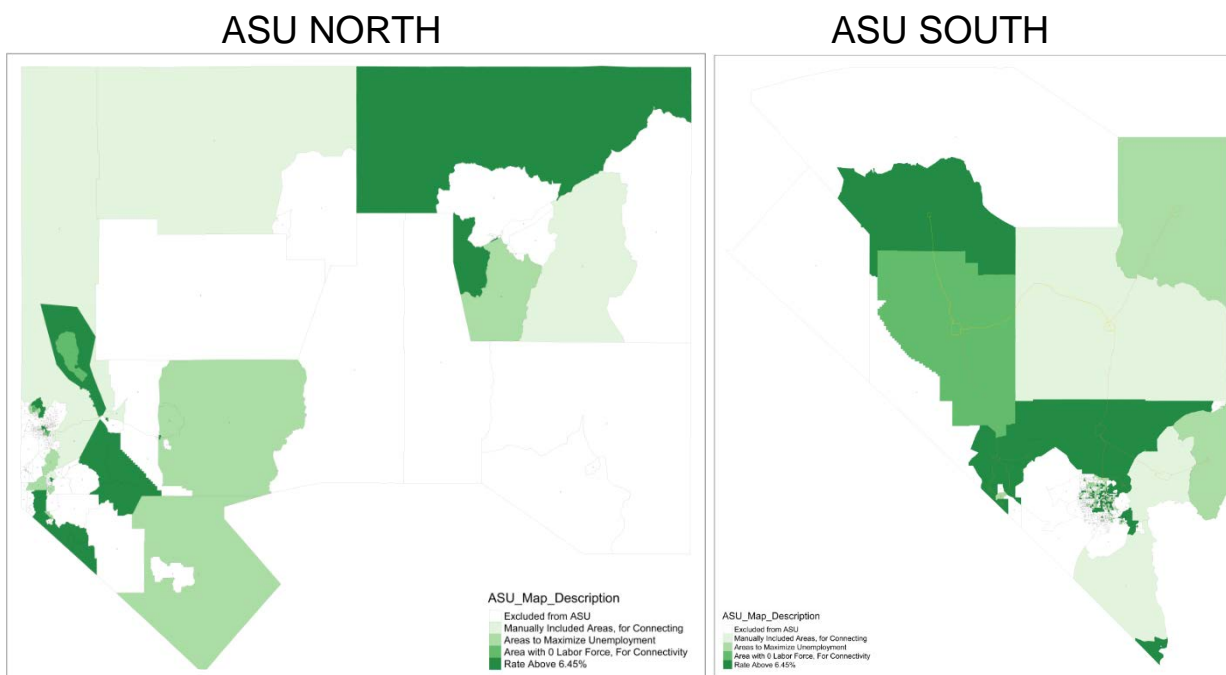
Research Notes



Areas of Substantial Unemployment
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Unemployment level Declined Over the Year in Areas of Substantial Unemployment (ASU); ASU North Had Larger Decline than ASU South



- An Area of Substantial Unemployment (ASU) is a geographic area that has a July–June, 12-month average unemployment rate of 6.5 percent, has a population of at least 10,000 persons, and its geographic components are contiguous.
- Areas of Substantial Unemployment are important because they are used by the Employment and Training Administration (ETA) to allocate funds for adult employment training services and youth activities programs in the United States. Therefore, States try to maximize the number of unemployed persons in their ASUs. The funding is directed by the Workforce Innovation and Opportunity Act (WIOA) which became law in 2014. The Bureau of Labor Statistics (BLS) defines the designation process and the ASU criteria and provides training to the States so they can define their ASUs. The ETA validates the States calculations.
- ASUs can be composed of any combination of: (i) Sub-State Local Area Unemployment Statistics (LAUS) areas: metropolitan areas, counties, cities or towns with a population of 25,000 or more. (ii) Census tracts. (iii) A State can qualify in its entirety as an ASU if the July - June, 12-month average unemployment rate is 6.5%.

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- In Nevada there are have two local workforce boards that set WIOA policy within local areas. Nevadaworks in northern Nevada covers Carson City, Churchill, Douglas, Elko, Eureka, Humboldt, Lander, Lyon, Mineral, Pershing, Storey, Washoe, and White Pine. Workforce Connections in southern Nevada covers Clark, Lincoln, Nye, and Esmeralda. Therefore, two ASUs were defined in Nevada using census tracts in each area, verifying that the tracts are contiguous and maximizing the unemployment level in each area.
- To calculate the “ASUs estimates” for census tracts, the American Community Survey (ACS) 5-year data (2013-2017 ACS estimates) was used to calculate each census tract employment and unemployment share ratio. Those ratios are multiplied by the County LAUS estimates. The result is the tract LAUS employment and unemployment estimates. Population figures are from the July 1, 2017, Postcensal Estimates from the Population Estimates Program (PEP).
- In 2019, the July 2018 to June 2019 12-month average official unemployment rate in Nevada was 4.1%, this is down from 4.8% in previous year (see table below). In 2019 the unemployment averaged over 62,000 which is down from over 70,000 last year. In other words, the unemployment level declined 12.3% over the year. Employment averaged over 1.47 million in 2019 up from 1.40 million in 2018, this reflects an increase of 4.6% in employment over the year. Both employment and unemployment contributed to a decline in the unemployment rate, although the over the year percentage change in unemployment was larger. See table below for details.
- Overall trends in the Silver State unemployment have been declining. This decline resulted in lower unemployment rates across the State. With lower unemployment rates not all census tracts qualify as part of an ASU. This reduces the total ASU unemployment level.

	Nevada-Seasonally Adjusted			
	labor force	employment	unemployment	URate
July 2017- June 2018, 12-month average	1,478,519	1,407,578	70,941	4.8%
July 2018- June 2019, 12-month average	1,516,767	1,472,103	62,236	4.1%
Difference:	38,249	64,525	-8,705	0.7 percentage points

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- In 2019 the Silver State combines 687 census tracts, for a total unemployment of 64,323 and 1,455,646 employment. The July 2018 to June 2019 12-month average unemployment rate was 4.2%. Therefore, the State in its entirety does not qualify as an ASU.
- In 2019 the ASU North combines 186 census tracts. Of all tracts, 53 census tracts have an unemployment rate of 6.5% or over. The unemployment came out at 6,460 and employment at 93,327. Because the tracts included in the ASU must be contiguous, some tracts had to be removed to meet this requirement. After maximizing the unemployment level and verifying that all the tracts are contiguous, the ASU North includes 50 tracts, with 5,240 unemployment and 75,910 employment, for an unemployment rate of 6.5%. In 2018, the unemployment in the ASU North was 7,790 while employment was 112,470. For details see table below.
- In 2019 the ASU South combines 500 census tracts. Of all tracts, 230 census tracts have an unemployment rate of 6.5% or over. The unemployment came at 50,280 and employment at 1,079,690. After maximizing the unemployment level and to make the tracts included were contiguous, some tracts were removed. The ASU South includes 238 tracts, with 30,940 unemployment and 448,280 employment, for an unemployment rate of 6.5%. In 2018 the ASU South had 43,380 unemployment and 628,810 employment. The relative decline in unemployment was larger in the ASU North. For details see table below.

Nevada Areas of Substantial Unemployment				
July 2017-June 2018, 12-month average				
area	labor force	employment	unemployment	Urate
North ASU	120,260	112,470	7,790	6.5%
South ASU	672,190	628,810	43,380	6.5%
July 2018-June 2019, 12-month average				
area	labor force	employment	unemployment	Urate
North ASU	81,150	75,910	5,240	6.5%
South ASU	479,220	448,280	30,940	6.5%
Over the year change				
area	labor force	employment	unemployment	
			absolute change	% change
North ASU	-39,110	-36,560	-2,550	-32.7%
South ASU	-192,970	-180,530	-12,440	-28.7%

- According to the BLS the funding to provide training services for adult employment and youth activities is based on 1/3 of relative number of unemployed in ASUs. In Nevada since the unemployment level has declined over the last year, unemployment in each ASU is also lower over the year. Nevada's portion of the funding will depend on the relative unemployment in our ASUs compare to other States.

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