

DEPARTMENT OF LABOR**Employment and Training
Administration****Labor Surplus Area Classification
Under Executive Orders 12073 and
10582****ACTION:** Notice.**EFFECTIVE DATE:** The annual list of labor surplus areas is effective October 1, 2002 for all States.**SUMMARY:** The purpose of this notice is to announce the annual list of labor surplus areas for Fiscal Year 2003.**FOR FURTHER INFORMATION CONTACT:** Gay Gilbert, Division Chief, U.S. Employment Service, Employment and Training Administration, 200 Constitution Avenue, NW., Room C 4512, Washington, DC 20210. Telephone: (202) 693-3046.**SUPPLEMENTARY INFORMATION:** The Department of Labor regulations implementing Executive Orders 12073 and 10582 are set forth at 20 CFR part 654, subparts A and B. These regulations require the Assistant Secretary of Labor 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 the Assistant Secretary of Labor is hereby publishing the annual list of labor surplus areas.

In addition, the regulations provide an 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.

Dated: January 16, 2003.

Emily Stover DeRocco,
*Assistant Secretary of Labor.***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.

A civil jurisdiction is classified as a labor surplus area when its average unemployment rate was 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 six percent for each of the three most recent months; projected unemployment rate of at least six 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. The reference period used in preparing the current list was January 2000 through December 2001. The national average unemployment rate during this period (including data for Puerto Rico) fell below five percent. As a result, the six percent "floor" rate explained in the second paragraph, went into effect for the Fiscal Year 2003 labor surplus area classifications. Therefore, areas are included on the current annual labor surplus area listing because their average unemployment rate during the reference period was six percent or above. During the course of the fiscal year, the annual listing is updated on the basis of exceptional circumstances petitions submitted by State Workforce Agencies and approved by the Employment and Training Administration. The Fiscal Year 2003 classifications will be in effect from October 1, 2002, through September 30, 2003.

State Workforce Agencies

Alabama	Department of Industrial Relations, 649 Monroe St., Montgomery 36130.
Alaska	Department of Labor & Workforce Development, PO Box 25509, Juneau, 99802.
Arizona	Arizona Department of Economic Security, PO Box 6123, Phoenix 85005.
Arkansas	Employment Security Department, Department of Labor, PO Box 2981, Little Rock 72203.
California	Employment Development Department, 800 Capitol Mall, Sacramento 95814.
Colorado	Department Of Labor and Employment, 1515 Arapahoe Street, Denver 80233-2117.
Connecticut	Connecticut Labor Dept., Office of Workforce Competitiveness, 805 Brook Street, Building #4, Rocky Hill CT 06067.
Delaware	Delaware Department of Labor, Division of Employment & Training, 4425 North Market Street, Wilmington, 19802.
District of Columbia	Department of Employment Services, 609 H Street, NE Washington, DC 20002.
Florida	Agency for Workforce Innovation, Atkins Building, 1320 Executive Center Drive, Tallahassee 32399-0667.