

# New Methodology Used for Calculating 2005 LMI

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**B**usinesses may not see any changes in the data, but there are new methods being used to develop local area unemployment rates. One of the major changes is the way residency adjustments for place-of-work are developed.

The current procedure was developed in 1975, modified in 1994, and is based on the number of employed residents from the decennial census. The estimate of employed residents for an area is divided by that area's March-April average nonfarm wage and salary estimate (place of work job count). Each month, the ratio is applied to the current job count for the area, resulting in a resident nonfarm wage and salary employment estimate for the area. This adjustment is made because employment/unemployment is based on residency, not place of work.

The new procedure assumes that resident employment in a given area is a function not only of the relationship between employed residents and jobs in that area, but also the commuting of area residents to, and the job counts of, other areas within commuting distance. The procedure is more dynamic than the current method insofar as employment changes in commuting areas can affect resident employment, although the commuting ratios themselves are fixed for the period 1990 to 2000. Commuting ratios were developed using 2000 Census employment data containing place of residence cross-tabulated by place of work.

For more information see: LAUS Research Report Bureau of Labor Statistics March 2004, Revised December 2004 at: <http://www.bls.gov/lau/lauschanges2005.htm>

## The WorkSource Asked to Pilot Personal Re-Employment Accounts Project

The U.S. Department of Labor is piloting the use of personal re-employment accounts in seven states, including Texas, as part of President Bush's effort to give unemployed workers flexibility in their job search efforts. The project is designed to motivate individuals to find employment as quickly as possible and reduce the length of time they receive unemployment benefits. The WorkSource is one of two workforce boards in Texas participating in this pilot.

A personal re-employment account provides workers with up to \$3,000 in funds that can be used to buy employment and training services that will help them return to work as quickly as possible.

Only certain unemployment insurance recipients are eligible to participate. Once The WorkSource approves an individual for an account, it makes funds available until they are spent within one year from the date the account is established. Individuals may receive a cash bonus from the account if they are employed full time by the 13th week after they have filed for unemployment benefits.

The WorkSource initially will identify eligible workers from its Northwest, Greenspoint and Heights offices and offer them this one-time opportunity. If successful, the personal re-employment accounts could be expanded throughout the nation in the future.