



Frequently Asked Questions about Targeted Employment Areas

What is a TEA?

A targeted employment area (TEA) is an area which, at the time of the EB-5 investment, is either a rural area, or an area with an unemployment rate of at least 150 percent of the national average. In designated TEAs, the minimum investment for an EB-5 investor is \$500,000 instead of \$1,000,000.

How do areas qualify as TEAs?

There are three ways that an area can qualify as a TEA for EB-5 investment purposes:

- An area qualifies as a **rural area TEA** if it is not within either (1) a designated metropolitan statistical area (MSA) as determined by the federal Office of Management and Budget (OMB), or (2) the boundary of a city or town with population over 20,000.
- An area qualifies as a **high unemployment TEA** if it is an area, MSA, county or city with an unemployment rate of at least 150 percent of the national average as measured by the U.S. Department of Labor's Bureau of Labor Statistics through its Local Area Unemployment Statistics program.
- A **smaller geographic area within an MSA, county or city** can qualify as a TEA if it meets the unemployment rate requirement through a designation letter issued by the appropriate state authority based on the latest federal data.

How do states designate TEAs?

Each state appoints an agency, board or other appropriate governmental body – typically, a state's labor department or workforce agency – to review and designate TEAs using federal sources of unemployment data. For areas where the federal Bureau of Labor Statistics does not produce employment estimates, states are required to use the U.S. Department of Labor's Local Unemployment Statistics Program methodology to calculate unemployment rates.

Why are states given the authority to designate TEAs for a federal program?

Federal regulations give states discretion in how TEA boundaries are drawn and the size of a TEAs geographic area similar to the discretion given to states for other federal programs that use unemployment data.

Are there federal standards and oversight of TEA designations made by states?

Yes. As the agency with primary oversight of the EB-5 Program, U.S. Citizenship and Immigration Services (USCIS) reviews all proposed state TEA designations to ensure use of the most recent federal statistics and compliance with high unemployment requirements under the EB-5 Program. USCIS regularly issues requests for evidence for state TEA designation letters to assess the data and methodologies used by the state agencies, and USCIS retains the authority to approve or deny a state's determination of a TEA if it finds the data or methodology to be flawed. The U.S. Department of Labor provides the states with guidance, including technical instructions on proper methodology for determining EB-5 TEAs.

Does an EB-5 project need to be located in an economically distressed area to qualify as a TEA?

The TEA designation applies to a geographic area that, as a whole, is either a rural area or meets the high unemployment threshold. An EB-5 project may be located anywhere within the designated TEA. In cases where the project site itself is not in a high unemployment census tract, the TEA includes adjoining tracts with high unemployment.

This takes into account the flow of labor and economic impact in regional economies and is consistent with how the federal Bureau of Labor Statistics calculates unemployment and how economists study economic impacts. The U.S. Department of Labor's Bureau of Labor Statistics measures unemployment based on a worker's place of residence, not place of employment. Typically, workers do not reside in the census tract of the business or job site where they work. Rather, the labor pool for any business is drawn from a commuter area that comprises surrounding communities. Economists also look at surrounding communities when they calculate the economic impact of a business or economic development project. This recognizes that when they leave the work site, workers go home and spend wages at local businesses – buying groceries, clothes and other goods and services.

Why aren't all TEAs geometric shapes?

Federal regulations give states discretion to configure TEAs as long as the areas are contiguous. The purpose of qualifying TEAs through state designation is to permit a state to identify irregular areas not encompassed by typical political subdivisions as high unemployment TEAs.

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