



HOW THE LATEST UNEMPLOYMENT DATA AND THE 2020 DECENNIAL CENSUS IMPACT EB-5 TARGETED EMPLOYMENT AREAS (TEA)

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New Unemployment Data from ACS and LAUS

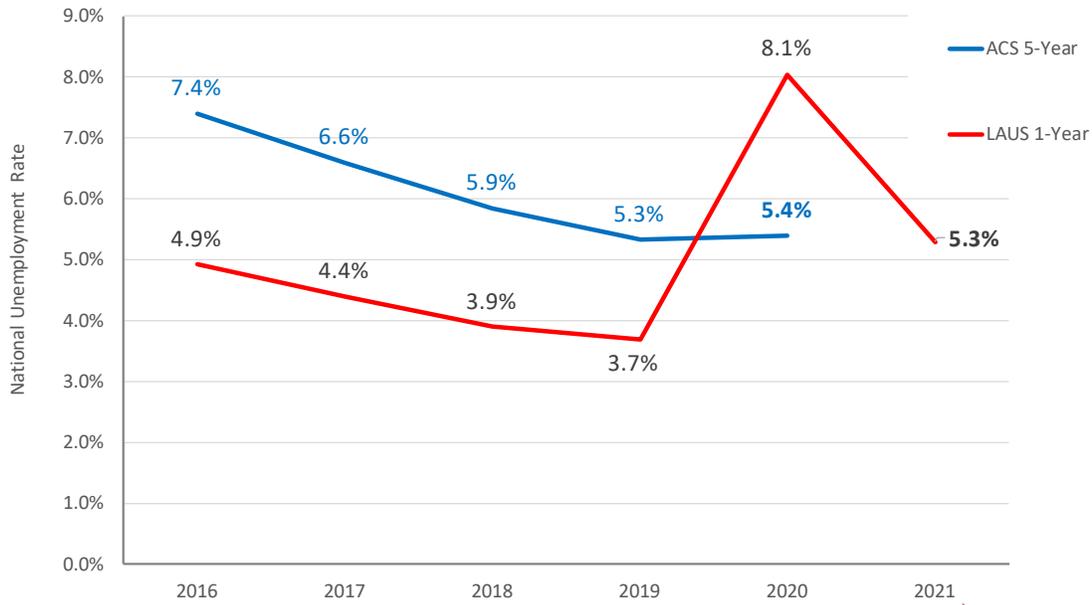
Earlier this year, the U.S. Census Bureau released new statistics for the American Community Survey (ACS) 2016-2020 five-year estimates, unveiling a new national average unemployment rate of 5.4%. As a result, the new benchmark for a census tract or contiguous census tracts to qualify as a high unemployment area¹ based on ACS now is 8.1%. The latest ACS data are critical to the EB-5 community because they, as one of the labor force employment measures that is accepted by USCIS, determine whether an EB-5 project is in an area that is eligible for a lower required investment amount and benefits from visa set aside in the allocation of EB-5 visa numbers.

In addition to the Census Bureau's ACS data, another "reliable and verifiable" data source that is accepted by USCIS is the Local Area Unemployment Statistics (LAUS) published by the Bureau of Labor Statistics (BLS). According to the latest LAUS annual data for 2021 (released in April 2022), the current national average unemployment rate is 5.3%, indicating that any census tract(s) with a LAUS unemployment rate of 7.95% or higher now qualifies as a high unemployment area.

Figure 1 below visualizes the changes of the national average unemployment rate over the past six years, comparing the ACS 5-year estimates and the LAUS 1-year statistics. Generally speaking, the unemployment data based on the ACS 5-year estimates are more stable and predictable than the data from LAUS because the ACS data reflect the nation's socioeconomic status over a 5-year span. For example, the unemployment rate measured by LAUS increased significantly in 2020, jumping from a historic low of 3.7% to an unprecedented high of 8.1% due to the COVID-19 pandemic. In comparison, the average unemployment rate based on ACS 5-year estimates only increased by 0.1% from 5.3% in 2019 to 5.4% in 2020 despite the impact of COVID-19.

¹ Based on the EB-5 Reform and Integrity Act of 2022, a high unemployment area consists of a census tract, or contiguous and adjacent census tracts, in which the weighted average of the unemployment rate for the census tract(s) is not less than 150% of the national average unemployment rate.

Figure 1: National Average Unemployment Rates - ACS 5-Year Estimates vs LAUS 1-Year Statistics (2016-2021)



Source: U.S. Census Bureau; U.S. Bureau of Labor Statistics
Prepared by: IIUSA



Changes of Census Tracts’ Geographic Boundaries

The Census Bureau also recently released the 2020 Census data, marking “thousands of changes to census geography” across the country. After each decennial census, the Census Bureau reviews the boundaries of census tracts to make sure that the population of each census tract remains between 1,200 and 1,800, with an optimum population of approximately 4,000. As a result, after the 2020 decennial census, thousands of census tracts have either split or merged from the previous tract boundaries. For example, census tract 1701 in Massachusetts was split into two tracts (census tract 1701.01 and 1701.02) after the 2020 Census (see below):

Figure 2: Example of Census Tract Geographic Boundary Changes after the 2022 Census



Source: U.S. Census Bureau

The changes of census tracts’ geographic boundaries have an important impact on the determination of a TEA (including high unemployment areas and rural areas), because an EB-5 project (or an address) may now be located in a different census tract that has a different unemployment rate after the 2020 decennial census.

New Cities and Towns With a Population of 20,000 or More

In addition to the changes of geographic boundaries, the 2020 Census also added 215 cities and towns across the country to the list of places with a population of 20,000 or more. As a result, census tracts within these “new” populated cities and towns no longer qualify as a rural area.²

For example, the 2020 Census data indicate that the population of 22 cities in Florida now have exceeded 20,000, precluding all census tracts within these cities from being qualified as a rural area. Table 1 below highlights a list of the states with the biggest increase in number of cities and towns now having a population of 20,000 or more:

Table 1: States with Most Big Cities/Towns After the 2020 Census

State	Number of New Cities/Towns with 20k Population
Florida	22
Texas	19
Washington	19
California	13
Georgia	10
Virginia	10

Data Source: 2020 Census, U.S. Census Bureau
 Prepared by: IIUSA



In contrast, a total of 25 cities and towns that used to have a population of 20,000 or more no longer do after the 2020 Census, presenting new opportunities for the census tracts in these areas to *potentially* qualify as a rural area. Table 2 below lists all of these 25 cities and towns that now have a population of less than 20,000:

² Based on the EB-5 Reform and Integrity Act of 2022, the definition of a rural area is any area other than an area within a MSA or within the boundary of any city or town having a population of 20,000 or more based on the most recent decennial census.

Table 2: Cities/Towns with New Opportunities for Rural Area Qualification

City/Town Name	Population (2020 Census)
Prichard, Alabama	19,322
Selma, Alabama	17,971
Nogales, Arizona	19,770
Blythe, California	18,317
Isla Vista, California	15,500
Paradise, California	4,764
South El Monte, California	19,567
South San Jose Hills, California	19,855
Charleston, Illinois	17,286
East St. Louis, Illinois	18,469
Liberal, Kansas	19,825
Hammond, Louisiana	19,584
Cumberland, Maryland	19,076
Ferguson, Missouri	18,527
Lake Ronkonkoma, New York	18,619
Havelock, North Carolina	16,621
Kinston, North Carolina	19,900
Lumberton, North Carolina	19,025
Ashland, Ohio	19,225
Miamisburg, Ohio	19,923
Oregon, Ohio	19,950
Portsmouth, Ohio	18,252
Johnstown, Pennsylvania	18,411
West Mifflin, Pennsylvania	19,589
Guayama, Puerto Rico	18,797

Data Source: 2020 Census, U.S. Census Bureau
Prepared by: IIUSA



High Unemployment Areas Across the Country

Under the latest ACS 5-year estimates, we found that a total of 37,541 census tracts across the country now qualify as a high unemployment area, accounting for 42.5% census tracts in the U.S. (excluding territories). In comparison, using the 2021 annual LAUS data with the census-share methodology, we identified 37,329 census tracts across 50 states and District of Columbia that qualify as a high unemployment area. See Table 3 below for a summary of high unemployment areas based on two different data sources.

Table 3: High Unemployment Areas: ACS 5-Year vs LAUS 1-Year

(Excluding census tracts in U.S. territories.)

	CB ACS 5-Year (2016-2020)	BLS LAUS 1-Year (2021)
Single-Tract High Unemployment Areas:		
Number of Census Tracts	17,687	18,303
Percentage of Total Tracts in the U.S.	20.0%	20.7%
Multi-Tract High Unemployment Areas:		
Number of Census Tracts	19,854	19,026
Percentage of Total Tracts in the U.S.	22.5%	21.5%
Total High Unemployment Areas:		
Number of Census Tracts	<u>37,541</u>	<u>37,329</u>
Percentage of Total Tracts in the U.S.	42.5%	42.2%

Data Source: Census Bureau and Bureau of Labor Statistics

Prepared by: IIUSA



Overall, 44,029 tracts (or approximately 50% of all census tracts) across the country qualify as a high unemployment area based on either the ACS 5-year estimates or the LAUS 2021 annual statistics.

Rural Areas Across the Country

Given the addition of 215 cities/towns now having a population of 20,000 or more, the distribution of qualified rural areas has also changed substantially. Based on our analysis, a total of 9,042 census tracts (or 10.2% of all tracts across the country excluding territories) now qualify as a rural area, a decrease of 17.7% from the population data based on the last decennial census.

Table 4: Rural Areas: 2020 Census

(Excluding census tracts in U.S. territories.)

	2020 Census
Number of Census Tracts	9,042
Percentage of Total Tracts in the U.S.	10.2%

Data Source: Census Bureau

Prepared by: IIUSA



TEA Opportunities by State and the District of Columbia

The new unemployment data as well as the population change unveil a new landscape of the TEA distribution across the country. In particular, 84% of Mississippi’s census tracts qualify as a TEA - it has the highest percentage of TEA census tracts in the nation with 52% of state census tracts are high unemployment areas, 8% of state tracts are rural areas, and 24% of state census tracts qualify for both. Other states that have the highest percentage of TEA tracts also include Alaska (80% of state census tracts are TEAs), West Virginia (79%), New Mexico (79%), and Nevada (78%).

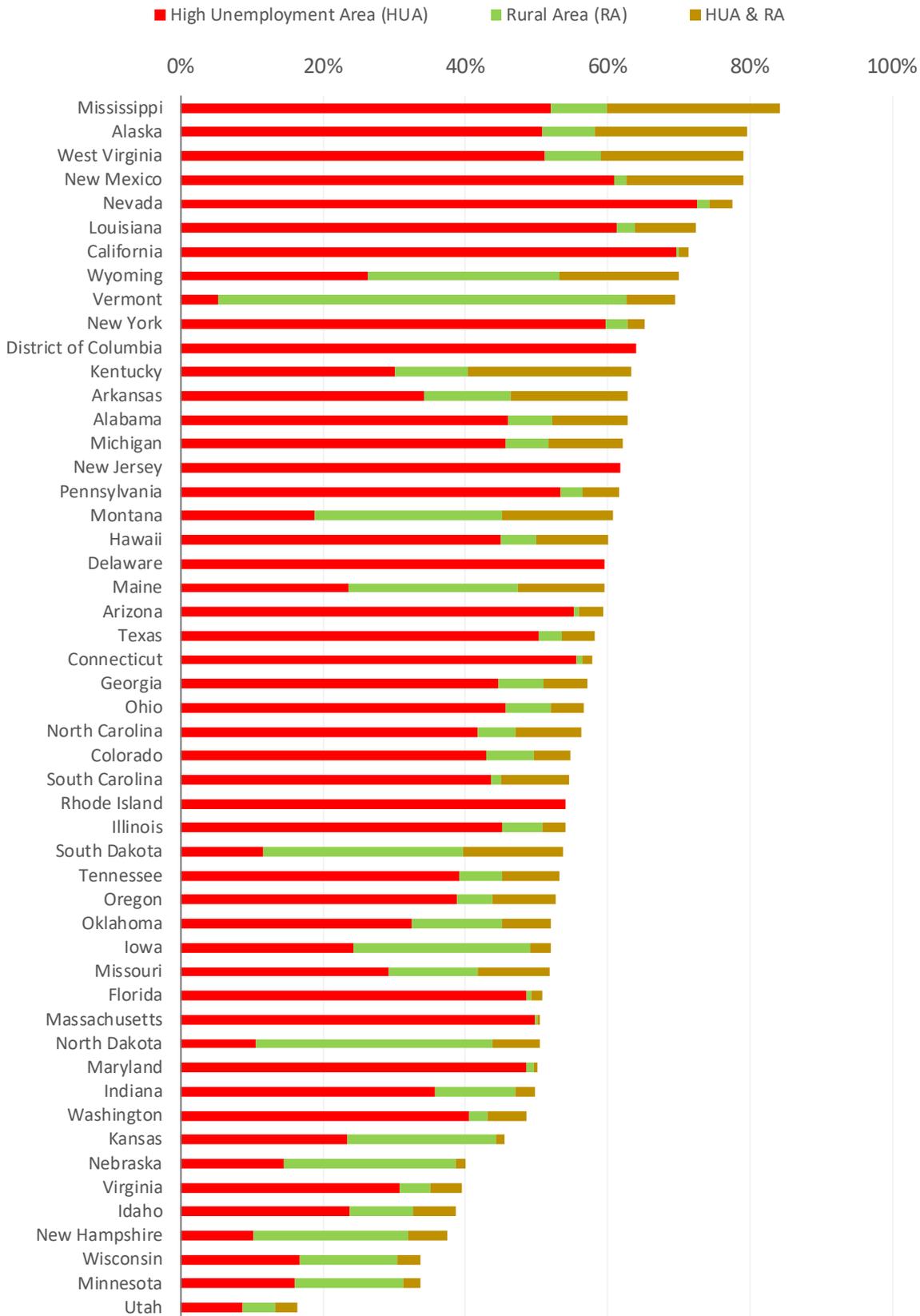
Among the states with the largest amount of EB-5 investment in the past, more than 70% of California’s census tracts now qualify as a TEA with the majority of them (or 71%) qualifying as a high unemployment area. Additionally, 65% of the census tracts in New York now are TEAs. In Texas, 58% of the state census tracts are TEAs. And in Pennsylvania, TEAs account for 62% of the census tracts. However, in comparison, only 51% and 49% of the state census tracts in Florida and Washington are TEAs.

In terms of rural areas, Vermont has the highest percentage of rural census tracts among all states (64% of the census tracts in Vermont are rural areas), followed by Wyoming (44%), South Dakota (42%), Montana (42%), and North Dakota (40%). On the contrary, New Jersey, Delaware, Rhode Island and the District of Columbia do not have any rural areas since all of the census tracts in these states and the District are within a metropolitan statistical area (MSA).

Figure 3 below presents the TEA qualification by high unemployment area (HUA) versus rural area (RA) in all 50 states and the District of Columbia:

Figure 3: TEA Qualification by Type by State

Percentage of State Census Tracts Qualify as a TEA



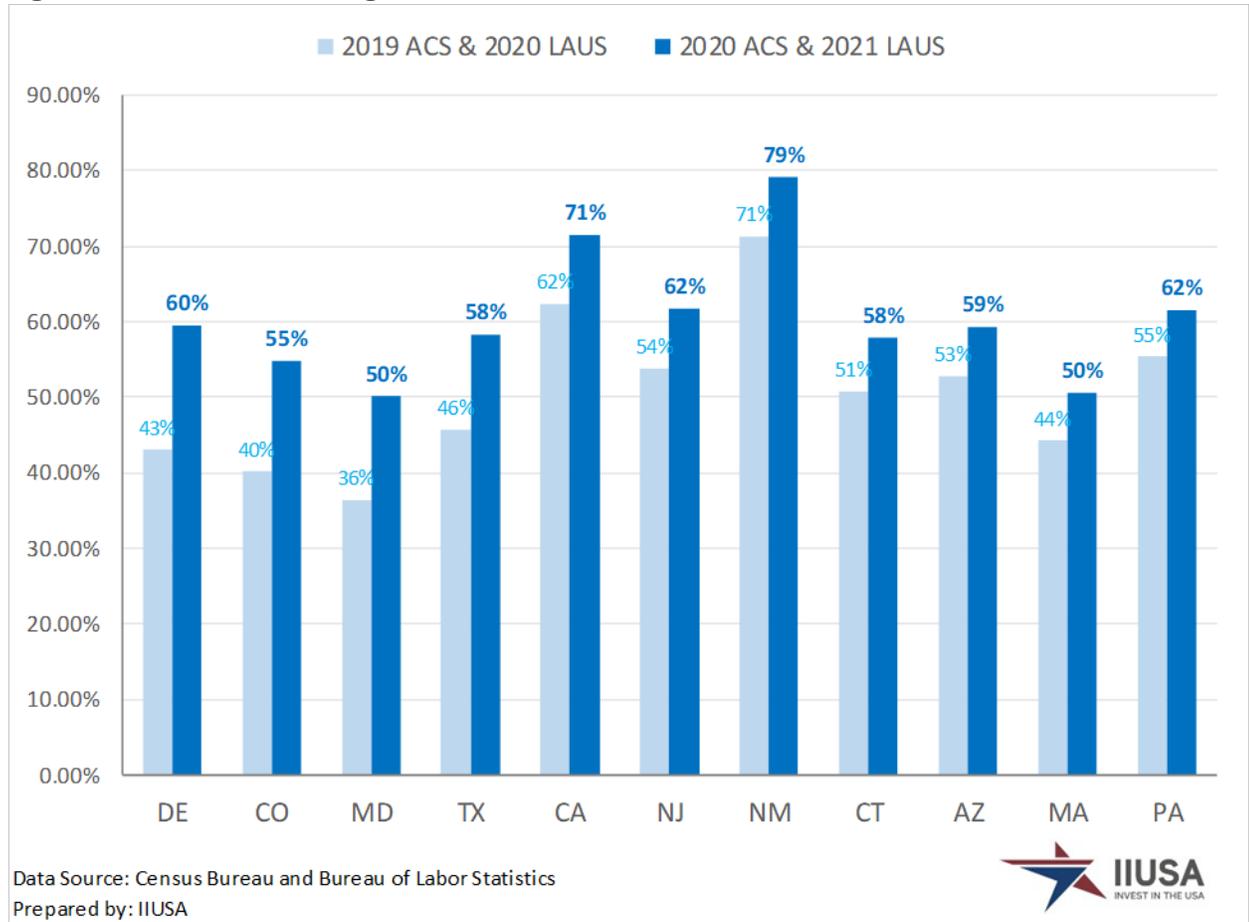
Data Source: Census Bureau
Prepared by: IIUSA



The latest unemployment data also presented new opportunities in the states that experience a high growth of TEA census tracts. For example, 60% of the census tracts in Delaware now qualify as a TEA under the latest ACS and LAUS data, an increase of 17% from the previous data. Other states that saw the biggest increase of TEA census tracts also include Colorado (an increase of 15%), Maryland (an increase of 14%), Texas (an increase of 12%) and California (a 11% increase).

See Figure 4 below for a list of states with a highest increase of TEA census tracts under the latest ACS and LAUS data:

Figure 4: States with the Highest Increase in TEA based on the Latest Data

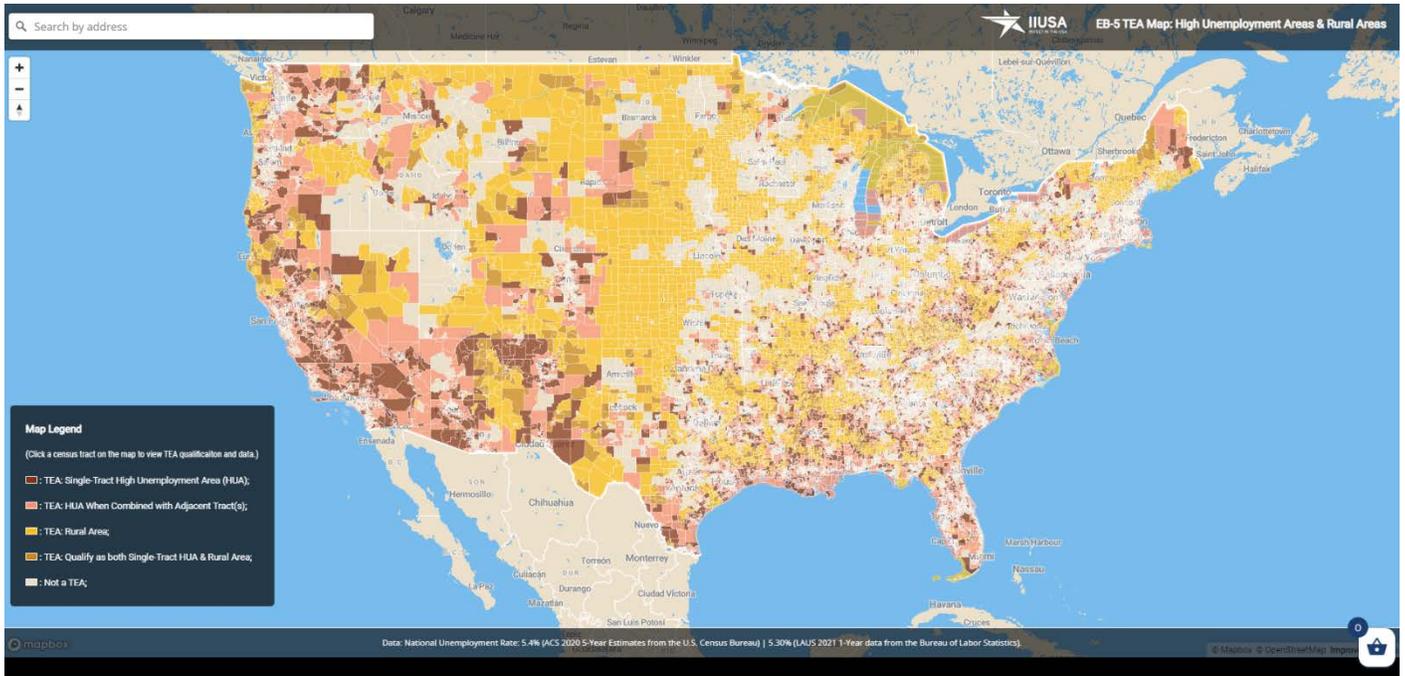


IIUSA TEA Mapping Tool

IIUSA is pleased to update its EB-5 TEA Mapping Tool with the latest unemployment data from ACS and LAUS as well as the newest geographic boundaries for each census tract across the country. In addition, the mapping tool is also updated based on the definitions of a high unemployment area and a rural has from the EB-5 Reform and Integrity Act of 2022.

Among many features, this updated EB-5 TEA mapping tool lets you:

- Search any location in the U.S. to check TEA qualification;
- View whether any location qualifies as a single-tract high unemployment area, multi-tract high unemployment area, or rural area;
- Retrieve the latest ACS and LAUS employment statistics for any census tract, county, MSA and city/town with a population of 20,000 or more.



IIUSA's EB-5 TEA Mapping Tool is available to the public here: https://iiosa.org/eb5_tea_mapping_tool (FREE).



IIUSA, a national 501(c) (6) not-for-profit, is the unifying voice for thousands of diverse stakeholders who contribute to economic development and job growth in the U.S. through the EB-5 Regional Center Program.

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