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| **Organization: SNAP** | **Date of Submission: 09/05/24** |
| **Approval requested (AO, DUSEC, Both): Both** | **Date response needed: 9/15/2023** |
| **Issue:** Wisconsin Department of Health Services (DHS) requested to waive the time limit for able-bodied adults without dependents (ABAWDs) based on methodology that FNS has historically used only for tribal reservations and in other very limited circumstances. Using this methodology would allow more areas to be eligible for a waiver than using the traditional approved methodology and we have denied a similar request in FY 2023. DHS also provided publications to support waiving the areas in conjunction with the proposed methodology, however, the information provided does not demonstrate a lack of sufficient jobs or a lack of jobs in declining occupations or industries. SNAP recommends a partial approval of this request.  **Background:** DHS is requesting to waive the time limit in 13 individual zip code tabulation areas (ZCTAs) and 10 reservation areas, using a methodology that combines data from Census Bureau’s American Community Survey (ACS) and Bureau of Labor Statistics (BLS). DHS reasoned that this methodology indicates that while the city is not eligible for a waiver on the basis of its 24-month average unemployment rate, its unemployment rate is only 0.2 percentage points lower than the threshold required to meet eligibility. Therefore, the State agency reasoned that this economic indicator does not present an economic picture of the city of Milwaukee that is significantly different than that shown by the analysis of the zip code areas within the city of Milwaukee.  FNS typically only uses Bureau of Labor Statistics (BLS) data to evaluate labor force data, as required by 7 CFR 273.24(f)(2), because it provides specific and recent data. Whereas FNS uses ACS data for reservations because the BLS data does not produce data specific to these areas and other unemployment data is often unavailable. The methodology uses the Census Bureau’s American Community Survey (ACS) 5-year estimates from 2018-2022 to estimate each zip code tabulation areas (ZCTA’s) share of the county, then applies these shares to more recent Bureau of Labor Statistics (BLS) county-level data to estimate an unemployment rate for each ZCTA from May 2022 – April 2024.  SNAP’s analysis of this waiver request using only BLS city-level data (Cities and towns above 25,000 population) for the same time period showed that the city which contain the requested zip codes would not meet the unemployment threshold and therefore, would not qualify for a waiver. **The other areas in DHS’ request that does not use this methodology or is a reservation would qualify for a waiver.**  SNAP has limited precedent for approving waivers based on this methodology other than for reservations. In FY 2023 Minnesota requested an ABAWD waiver using the ZCTA methodology and FNS partially approved Minnesota’s request to waive nine reservation areas using this methodology, but FNS denied the portion of the request to waive 35 groupings of ZCTAs and 16 individual ZCTAs. FNS denied DHS’ request using this methodology because it did not reflect current employment conditions, demographic shifts, and fluctuations.  In FY 2016 SNAP approved New York’s request to waive a grouping of community districts in New York City which also included supporting documentation that the area was an economically distressed area. In FY 2007 SNAP approved California’s request to waive seven zip codes in San Francisco that also included supporting data from the State’s Employment Development Department.  DHS also provided supplemental data to support a lack of jobs or high unemployment in the requested zip codes and ZTCAs (the non-reservation areas.). DHS shared a list of news articles and studies to illustrate that the economy in these zip code areas located within the city of Milwaukee has been plagued by decades-long challenges including concentrated poverty, joblessness, and disinvestment. Per 7 CFR 273.24(f)(2)(ii) this information is allowable to demonstrate a claim of lack of sufficient jobs and a lack of jobs in declining occupations or industries but does not meet the requirements under 7 CFR 273.24(f)(3) as a waiver that is readily approvable. Additionally, only two of DHS’ sources were current as of 2023 and were both news articles. DHS also provided a link to Economic Innovation Group’s Distressed Community Index Map, however, this information is Nationwide and uses Census data to sort zip codes, counties, and congressional districts into five quintiles of well-being: prosperous, comfortable, mid-tier, at risk, and distressed[[1]](#footnote-1). The seven components of the Distressed Communities Index (DCI) are the following:   1. **No high school diploma:** Share of the 25 and older population without a high school diploma or equivalent. 2. **Housing vacancy rate:** Share of habitable housing that is unoccupied, excluding properties that are for seasonal, recreational, or occasional use. 3. **Adults not working:** Share of the prime-age (25-54) population that is not currently employed. 4. **Poverty rate:** Share of the population below the poverty line. 5. **Median income ratio:** Median household income as a share of metro area median household income (or state, for non-metro areas and all congressional districts). 6. **Changes in employment:** Percent change in the number of jobs over the past five years. 7. **Changes in establishments:** Percent change in the number of business establishments over the past five years.   The information contained in the DCI data is based on ACS data and as previously stated FNS has denied the FY 2023 Minnesota request to use this methodology to waive ZCTAs. SNAP recognizes the following pros and cons of approving this approach:  **Pros:**   * Regulations allow at 273.24(f)(6) provide that States may define areas to be covered by waivers. * The precedent set by approving this methodology would provide increased flexibility to States in identifying and waiving unique geographic areas.   **Cons:**   * Approving groupings of ZCTAs for areas where BLS data is readily available is not using the best available data. Some of these areas, such as individual cities, will have more recent and targeted BLS data. * Adjusting BLS data based on older ACS may not accurately reflect the current employment conditions due to the age of the ACS data and the small sample sizes, subject to demographic shifts and fluctuation. * There is risk in compromising standards for ABAWD waiver approvals. * FNS has concerns about the State’s ability to administer the ABAWD time limit by zip code   **Recommendation:** Approve DHS’ request to waive the 10 reservations using this methodology. However, SNAP recommends denying DHS’ request to waive 13 individual zip code tabulation areas (ZCTAs) using ACS data. DHS’ request is much larger in scope than any FNS has approved in the past because it would greatly broaden the areas that may would qualify for an ABAWD waiver and because the data is older and less reliable. In addition, we have denied one other States using this methodology as it has the potential to cover more areas. Finally, SNAP is concerned about the reliability of the publications to demonstrate a lack of sufficient jobs or a lack of jobs in declining occupations or industries. | |

1. About DCI: <https://eig.org/distressed-communities/?geo=zctas&lat=40.1&lon=-89.94&z=3.6&showAbout=true> [↑](#footnote-ref-1)