

STATE WAIVER REQUEST

1. Waiver Serial Number (if applicable):

2. Type of request:

Amendment

3. Statutory citation:

Section 6(o) of the Food and Nutrition Act of 2008, as amended

4. Regulatory citation:

7 CFR 273.24

5. State:

Colorado

6. Region:

MPRO

7. Regulatory requirements:

Section 6(o) of the Food and Nutrition Act of 2008, as amended, provides that no able-bodied adult without dependents (ABAWD) shall be eligible to participate in the Supplemental Nutrition Assistance Program (SNAP) as a member of any household if the individual received program benefits for more than 3 months during any 3-year period in which the individual was subject to but did not comply with the ABAWD work requirement. Section 6(o) also provides that, upon the request of the State agency, the Secretary may waive the applicability of the 3-month ABAWD time limit for any group of individuals in the State if the Secretary makes a determination that the area in which the individuals reside has an unemployment rate of over 10 percent, or does not have a sufficient number of jobs to provide employment for the individuals.

8. Description of alternative procedures:

The State of Colorado is requesting to exempt able-bodied adults without dependents (ABAWDs) in 4 counties from SNAP time limits at 7 CFR 273.24.

9. Justification for request:

Under SNAP regulations at 7 CFR 273.24(f)(2)(ii), areas may support a claim of insufficient jobs by submitting evidence that an area has “a low and declining employment-to-population ratio; has a lack of jobs in declining occupations or industries; is described in an academic study or other publications as an area where there are lack of jobs”.

The State of Colorado would like to request a waiver for four counties based on having insufficient jobs, as demonstrated by low and declining employment-population ratios and

evidence of high unemployment, declining industries, and/or described by publications as having a lack of jobs.

The State requests that the total evidence for each county be considered, as the State has provided multiple forms of evidence of insufficient jobs for each county.

- For Delta County, the State provides evidence of a low employment-population ratio that declined from 4.6 percentage points below the national average in 2012 to 6 percentage points below the national average in 2016; an unemployment rate that was greater than 10 percent above the national average for the same 2-year period used to determine Labor Surplus Areas; data demonstrating a decline in the mining and natural resource industry; and a publication from an economic development agency outlining the challenges the area faces due to the economic impacts of declining coal mining jobs.
- For Montezuma County, the State includes evidence of a fast declining employment-population ratio, which declined from above the national average in 2012 to 1.7 percentage points below the national average in 2015, and a publication from a local economic development agency that describes economic setbacks, including the scaling down of the major economic engine of the county, which will likely have wide-ranging economic effects.
- For Pueblo County, the State provides evidence of a low employment-population ratio that declined from 4.9 percentage points below the national average in 2012 to 6 percentage points below the national average in 2016, and an unemployment rate that was greater than 10 percent above the national average for the same 2-year period used to determine Labor Surplus Areas.
- For Rio Blanco County, the State provides evidence of a low employment-population ratio that declined from 3.7 percentage points below the national average in 2012 to 6 percentage points below the national average in 2016; data showing declining jobs in the natural resources industry; and a publication from an economic development agency describing the ongoing trend of disappearing jobs in the oil and gas industries.

The State calculated employment-population ratios by calculating the annual ratio of employed people from an average of employment data from the Bureau of Labor Statistics labor force data for counties, to estimates of the civilian, non-institutionalized population ages 16 and up for counties. These population estimates were calculated by applying county shares of the state population ages 16 and up from the Census Bureau's annual population estimates to BLS estimates for the state civilian, non-institutionalized population ages 16 and up. The data and calculations are included in the attached spreadsheet.

Calculated Employment-Population Ratios					
Geography	2012	2013	2014	2015	Percentage Point Difference, 2012 to 2015
United States	58.6%	58.6%	59.0%	59.3%	0.8%
Colorado	63.6%	63.7%	64.5%	64.1%	0.5%
Delta County	53.9%	52.7%	53.0%	53.3%	-0.6%

Pueblo County	53.6%	53.3%	53.6%	53.4%	-0.3%
Montezuma County	59.8%	59.0%	59.3%	57.6%	-2.2%
Rio Blanco County	54.9%	55.1%	54.4%	53.4%	-1.5%
Percentage Point Difference from US					
Delta County	-4.6%	-5.9%	-6.0%	-6.0%	
Pueblo County	-4.9%	-5.3%	-5.4%	-6.0%	
Montezuma County	1.2%	0.4%	0.3%	-1.7%	-2.9%
Rio Blanco County	-3.7%	-3.5%	-4.6%	-6.0%	-2.3%

All of the requested counties had employment-population ratios that declined during the four-year period of 2012 to 2015, and that were at least one percentage point below the employment-population ratio for the United States in the most recent year, of 2015.

In the four-year period for which the state presented data, 2012 through 2015, Delta, Pueblo, and Rio Blanco Counties had employment-population ratios significantly below the state and national averages, and these fell over this period while both the state and national averages increased. These low averages provide evidence of chronically low employment-population ratios that became relatively worse over time as other areas in the state and country began to improve. Each of these counties began with employment-population ratios that were at least 3 percentage points below the national employment-population ratio in, and at least 8 percentage points below the state employment-population ratio, in 2012.

The national and state context also illustrates that the low starting employment-population ratios for these counties in 2012 was especially significant given that the ratios of comparison, for the nation and the state of Colorado, were low by historical levels in this year. The U.S. employment-population ratio fell significantly during the recession, from 63.1 percent in 2006 to 58.4 percent in 2011, staying flat at 58.6 percent in 2012, and very slowly has begun to increase since 2014, though it is still far below pre-recession levels. Analysis suggests that this lowered ratio is only partially explained by demographic factors such as the aging of the population, since prime-age employment-population ratios also fell and have recovered slowly.¹ Similarly, Colorado's fell by close to 6 percentage points, from 69.3 percent in 2006 to 63.6 percent in 2012, and has since recovered by less than one percentage point.²

Annual Employment-Population Ratios, United States and Colorado										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
United States	63.1	63.0	62.2	59.3	58.5	58.4	58.6	58.6	59.0	59.3
Colorado	69.3	69.5	68.6	65.8	64.2	63.9	63.6	63.7	64.5	64.1

¹ For example, see Sarah Donovan, "An Overview of the Employment-Population Ratio," Congressional Research Service, May 27, 2015. <https://www.fas.org/sgp/crs/misc/R44055.pdf> or Economic Research Service, "Rural Employment and Unemployment". <http://www.ers.usda.gov/topics/rural-economy-population/employment-education/rural-employment-and-unemployment/>

² Data is from the Bureau of Labor Statistics. Due to Census county data limitations, employment-population ratios were not computed for counties prior to 2010.

The employment-population ratio fell between 2012 and 2015 in these three counties, while the employment-population ratios of the United States and Colorado increased, widening the difference between the counties and the state and national averages. All three of these counties had employment-population ratios that were roughly 6 percentage points below the U.S. in 2015, increasing the difference between the county and national ratio by at least 1 percentage point.

Montezuma County began the period with an employment-population ratio higher than the national average, but this ratio fell by 2 percentage points in 2015, suggesting a rapidly declining economy.

All four of these counties have other indicators that also suggest weakening labor markets which when coupled with the very low employment-population ratios or sharply falling ratios presented above, demonstrates that these areas have insufficient jobs.

All of them have unemployment rates that are close to or above the national average for the 24-month period of January 2014 through December 2015. Both Delta and Pueblo Counties had unemployment rates that were at least 10 percent above the national average for this period. This period is the same period used to determine Labor Surplus Area for 2017, which is allowed in the regulations to show evidence of insufficient jobs (with unemployment rates 20 percent above the national average). Areas with low employment-population ratios are expected to have lower unemployment rates due to decreased labor force participation.

Bureau of Labor Statistics Local Area Unemployment Data January 2014 through December 2015			
Counties	Unemployed Total	Labor Force Total	Unemployment Rate
Delta County	327,082	20,714	6.3
Pueblo County	1,735,840	112,501	6.5
Montezuma County	302,381	17,684	5.8
Rio Blanco County	69,520	3,901	5.6
National Average	5.7		
10% Above National Average	6.3		

Delta and Rio Blanco Counties provided evidence of declining industries. 7 CFR 273.24(f)(2)(ii) allows states to support claims of insufficient jobs by submitting evidence that an area “has a lack of jobs in declining occupations or industries”. Both of these counties are classified by the U.S. Department of Agriculture’s Economic Research Service as “mining-dependent” counties owing to an above average portion of jobs in those sectors, and both have seen declining employment in this sector.³ Given the primacy of mining and

³ ERS County Typology Codes, 2015 Edition. <http://www.ers.usda.gov/data-products/county-typology-codes/>

other natural resources to the county economies, declines in these industries likely have ripple effects on other industries, such as supporting industries such as transportation, or consumer-oriented industries, as incomes and consumer demand falls.

In Delta County, a county where coal mining is a major industry and employer, two major coal mines have shut down in recent years due to decreased demand for coal. The Elk Creek mine was closed in 2013, and the Bowie #2 mine was closed in February 2016.⁴ According to data from the Bureau of Labor Statistic's Quarterly Census of Employment and Wages, the county's employment in the natural resources and mining sector fell by 37 percent from 2012 to 2015, and fell from 13 percent of all employment in the county to 8 percent.⁵ Preliminary data from the first quarter of 2016 suggests that this decline continued, with natural resource and mining jobs falling to 506, less than half of the 2012 jobs. It is likely that the impact on employment overall is much larger, as other industries in the county also help support the coal industry.

Delta County	Annual averages					
Employment (Quarterly Census of Employment and Wages)	2012	2013	2014	2015	Q1 2016	Change, 2012 to 2015
Total, all industries	8,468	8,434	8,320	8,228	7,947	-3%
Natural resources and mining	1,092	1,073	954	689	506	-37%
Natural resources and mining as share of total employment	13%	13%	11%	8%	6%	-35%
Population ages 18 to 64 (Census Bureau Population Estimates)	17,289	16,999	16,717	16,597		-4%

Rio Blanco County, also a mining-dependent county based on the ERS typology, has also experienced a decline in jobs in the natural resources and mining sector, as well as the goods producing sectors. Declines in this sector began in the mid-2000s, falling from 1,019 jobs in 2006 (28 percent of employment) to 817 in 2012 (a decline of 20 percent), 26 percent of employment, and have continued to fall in recent years, reaching 620 jobs in 2015, about 21 percent of the county's total employment in the quarter. Preliminary data from the first quarter of 2016 also suggest that this trend continues.

Rio Blanco County	Annual averages						
Employment (Quarterly Census of Employment and Wages)	2006	2012	2013	2014	2015	Q1 2016	Change, 2012 to 2015
Total, all industries	3,628	3,129	3,194	3,071	2,925	2,647	-7%

⁴ For example, see Aldo Svaldi, "Delta County loses another big coal mine with closure of Bowie #2," *Denver Post*, February 26, 2016. <http://www.denverpost.com/2016/02/26/delta-county-loses-another-big-coal-mine-with-closure-of-bowie-2/>

⁵ Please note that employment estimates given here differ from the employment estimates used to calculate employment-population ratios.

Natural resources and mining	1,019	817	748	674	620	494	-24%
Natural resources and mining as share of total employment	28%	26%	23%	22%	21%	19%	-19%
Goods producing	1,612	1,062	1,087	965	900	713	-15%
Goods producing as share of total employment	44%	34%	34%	31%	31%	27%	-9%
Population ages 18 to 64 (Census Bureau Population Estimates)		4,213	4,178	4,131	4,094		-3%

Delta, Montezuma, and Rio Blanco Counties also provided examples of publications describing declining jobs in those counties. Regulations at 7 CFR 273.24(f)(2)(ii) give states the option to provide evidence that an area “is described in an academic study or other publications as an area where there are lack of jobs” to support a claim of lack of jobs. Because there are very few academic studies with research on county level economic indicators that are sufficiently recent enough to support a waiver request, these publications were from local economic development agencies or consulting firms contracting with these agencies. These agencies analyzed current economic conditions and available jobs in order to recommend strategies to improve the counties’ economies, and thus provide valuable insight into county-level job prospects for residents.

In Delta County, the City of Delta, Delta County, and Delta County Economic Development, Inc. contracted with economic development consulting firm Better Cities to develop a strategic plan to diversify the county’s economy, published in 2016. This report explains how declining jobs in the mining industry contribute to overall lack of jobs in the region: “extraction related employment in certain areas of the County is subject to changes in global commodity prices and the regulatory environment. Recent changes in these external factors have resulted in continuing coal mining job losses that have exacerbated declining economic conditions and reduced the availability of higher paying jobs with benefits.”⁶

Montezuma County provided a report by the Region 9 Economic Development District of Southwest Colorado, which described several setbacks in recent years that have contributed to declining jobs. This report describes how the county has experienced a loss of mining, utilities, and construction jobs in 2015, such as the closing of the engineering and construction firm Skansa. It also described how the reduction in the demand and price for oil has lowered the demand for carbon dioxide has caused a sharp decline in the production of Kinder-Morgan carbon dioxide facilities. The Kinder-Morgan facility forms the economic base of the county, generating over 60 percent of tax revenues, supporting employment in both the company and supporting sectors. Officials estimate a drop in revenue of 25 to 35 percent in 2017, and out migration as workers leave given the dearth of job opportunities. The report also describes how the county is a designated “Enterprise Zone”, meaning the county meets certain criteria indicating economic distress, namely population growth rate

⁶Better City. “Economic Development Strategic Plan Executive Summary: Delta County, CO.” 2016. <http://www.deltacountyed.org/resources/Documents/EDA%20Study%20Summary%202016.pdf>

that is 25 percent below the state average and per capita income less than 75 percent of the state average.⁷

The state also provided a report that Rio Blanco County contracted with the Better Cities firm to produce to explore opportunities for growth in the County, particularly in the towns of Rangeley and Meeker, following the loss of jobs due to the weakening oil and gas sectors. This report describes the diminishing job opportunities given the decline of key economic sectors: “Historic economic success in the County has been reliant upon the economic clusters of the oil and gas industry, and public administration. These industries are still heavily concentrated within the County, but are losing jobs and activity relative to the region which is an area of concern.” The report describes in detail the reasons behind the decline in the oil and gas industry: “[T]he oil and gas industry has been a mainstay of the local economy for 17 decades... However, recent discoveries and improvements in hydrocarbon exploration and extraction technologies have not significantly impacted the County in a positive way. Instead, investment and exploration activity has shifted to other parts of the State and the Nation.”⁸ Given that the deterioration of the oil and gas industries in the county is a continuation of long-term trends, a 2012 article from the *New York Times* is also instructive in understanding the effect of declines in jobs in the region, which the data provided above demonstrates continued through 2015: “But here, in a region rich in natural resources, where oil and gas jobs form the bedrock of the local economy, the boom has dried up. Energy jobs have flowed to Wyoming, Texas and Pennsylvania. Main Street businesses are struggling, and big new schools built to accommodate a surge of students from the last energy rush are now watching their enrollments dwindle.”⁹

Finally, the state would like to emphasize that with the exception of Pueblo County, which is considered metropolitan because of the city of Pueblo, Delta, Montezuma, and Rio Blanco Counties are considered rural as classified by the USDA’s Economic Research Service’s rural classification system. Rio Blanco is considered completely rural.¹⁰ Montezuma County is also home to the Ute Mountain tribe and a portion of the Ute Mountain Indian Reservation.

10. Anticipated impact on households and State agency operations:

This waiver will provide consistency for households and State agency operations in areas where unemployment remains higher than the national average.

11. Caseload information, including percent, characteristics, and quality control error rate for affection portion (if applicable):

The caseload for these areas, as of **DATE**, represent **XX%** of the caseload for the state. There are no quality control procedures involved.

12. Anticipated implementation date and time period for which waiver is needed:

⁷ Region 9 Economic Development District of Southwest Colorado. “Comprehensive Economic Development Strategy, Montezuma County Update 2016”, July 1, 2016. <http://scan.org/index.php?strategy=yes>

⁸ “Rio Blanco County Economic Development Strategy: Phase III, Market Analysis.” *Better City* for the Rio Blanco County Economic Development Department. <http://www.co.rio-blanco.co.us/DocumentCenter/Home/View/531>

⁹ Jack Healy. “Western Colorado Struggles as Energy Jobs Fade,” *New York Times*, June 28, 2012.

¹⁰ <http://www.ers.usda.gov/topics/rural-economy-population/rural-classifications/>

The State is requesting a one-year waiver, from October 1, 2016 through September 30, 2017.

13. Proposed quality control review procedures:

There are no special quality control procedures needed in conjunction with this waiver.

14. State agency submitting waiver request and State contact person:

15. Signature and title of requesting official:

Title:

Email for transmission of response:

16. Date of request:

17. State agency staff contact (name/email/telephone):

18. Regional office contact person (*to be completed by FNS regional office*):