

January 14, 1998

970045 and 970046

SUBJECT: FSP - Kentucky - Request to Extend Waivers of Section 6(o) of the Food Stamp Act, as Amended by Section 824 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996

TO: Crayton Lankford, Director
Food Stamp Program
Southeast Region

This is in response to the Kentucky State Agency's request for a modification and extension of two waivers which exempted individuals residing in several counties from the work requirement for able-bodied adults without dependents.

Our response is attached. If you have any questions, please contact Moira Johnston at 703-305-2515.

/s/

Arthur T. Foley
Director
Program Development Division

Attachment

cc: John Knaus, Joe Shea, Maurice Tracy, All Regions (except MWRO), Civil Rights
CPB (circulate)

FCS:FSP:PDD:CPB:MJohnston:Final:01/12/98/ebw
FILE: ABAWDS

DIR: I:970045 - ky - memo

WAIVER RESPONSE

1. **Waiver Serial Number:** 970045
2. **Type of Request:** Extension/Modification
3. **Primary regulation citation:** Section 6(o) of the Food Stamp Act, as amended by Section 824 of the Personal Responsibility and Work Opportunity Reconciliation Act (PROWRA) of 1996, P. L. 104-193
4. **Secondary regulation citation:** N/A
5. **State:** Kentucky
6. **Region:** Southeast
7. **Regulatory Requirement:** Section 6(o) of the Food Stamp Act, as amended, by Section 824 of the PROWA, provides that no individual shall be eligible to participate in the Food Stamp Program as a member of any household if, during the preceding 36 month period, the individual received food stamp benefits for not less than 3 months (consecutive or otherwise), during which the individual did not work 20 hours or more per week, average monthly; did not participate in and comply with the requirements of a work program for 20 hours or more per week; did not participate in and comply with requirements of a program under Section 20 or a comparable program established by the State; or received benefits because they were exempt from these requirements.

Section 6(o) of the Food Stamp Act, as amended by Section 824 of the PROWRA, also provides that, upon the request of a State agency, the Secretary may waive the applicability of the above provision 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 proposed alternative procedures.** The State agency is requesting an extension/modification of this waiver. The counties that were originally approved in this waiver under the 10% criteria are being added to waiver number 970046 as these counties have been identified by the Employment and Training Administration as being Labor Surplus Areas. The only county the State agency wants addressed in this waiver is Taylor County because it had an unemployment rate of 17.5% for the month of October, 15.2% for the month of November, and a preliminary unemployment rate of 16.3 for the month of December. The county has recently experienced a severe downturn in the economy due to the loss of 1,482 jobs in its Fruit of the Loom, Inc. factory, the county's largest employer. On December 1, 1997, the county sustained a loss of an additional 100 jobs when the drying unit of a wood products business was

destroyed by fire. The loss of jobs due to the massive layoffs and the fire are documented in the attached articles from the Lexington Herald Leader.

9. **Action and reason for approval or denial.** The State agency submitted unemployment data which indicates that for the month of October the county had an unemployment rate of 17.5% and for the month of November it had an unemployment rate of 15.2%. In addition, the county sent in preliminary figures indicating an unemployment rate of 16.3% for the month of December. Generally, we prefer finalized data indicating at least a 3-month average unemployment rate over 10%. However, in light of the massive layoffs at the factory and due to the fire, we recognize that the recent downturn in the economy has yet to be reflected in unemployment statistics. Because of the immediacy of the situation, we are approving this waiver for a period of four months, January, February, March and April. At this later date, the State agency will be able to obtain more data reflecting final figures (at least a three month average unemployment rate) concerning the economic situation in Taylor County.
10. **Regulatory or legislative basis for action:** This waiver is approved pursuant to Section 6(o) of the Food Stamp Act, as amended by Section 824 of the PROWRA, which allows the Secretary to waive the applicability of the work requirement provision in Section 6(o) 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 individuals residing in the area.
11. **Conditions and reasons:** N/A
12. **Information required for extension:** To receive an extension the State agency must provide at least a three month average unemployment rate of over 10%.
13. **Expiration date:** This waiver is retroactive to January 1 and will expire April 30, 1998.
14. **Limitation, if any, on regional office approval of like requests:** This waiver is limited to the Kentucky State Agency.
15. **Quality control procedures:** N/A
16. **Date of national office action:**
17. **Date of State agency's request:** December 8, 1997
18. **Date of regional office transmittal of request:** December 16, 1997
19. **Date of regional office transmittal of response to State agency:**

20. Actual implementation date:

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8. **Description of proposed alternative procedures.** The State agency is requesting an extension/modification of this waiver for individuals residing in 56 counties because the areas have been identified as Labor Surplus Areas (LSAs) by the Employment and Training Administration (ETA).

The State agency is also requesting that the waiver be modified to include 2 counties because part of the counties have been identified as being LSAs. The City of Henderson (less Henderson County, and Warren County (less the City of Bowling Green) have been identified as being LSAs. The State agency asserts that waiving geographic areas within counties is error prone and administratively inefficient. It has determined that only 41 individuals who reside in Henderson County and 64 individuals who reside in Warren County are potentially subject to the above

referenced work requirement. Many, if not all of these 105 individuals reside in areas of these counties that are designated as LSAs. Due to the insignificant number of individuals who may not reside in an LSA, the State agency is requesting that the entire counties of Henderson and Warren be exempt.

9. **Action and reason for approval or denial.** Based on information provided by the State agency and a review of recent data from the ETA, we are approving this waiver for individuals residing in the following 56 counties: Adair, Ballard, Bath, Bell, Boyd, Breathitt, Butler, Caldwell, Carter, Clay, Clinton, Crittenden, Cumberland, Edmonson, Elliott, Floyd, Fulton, Graves, Grayson, Green, Greenup, Hancock, Harlan, Hickman, Hopkins, Jackson, Johnson, Knott, Knox, Lawrence, Lee, Leslie, Letcher, Lewis, Lyon, McCreary, McLean, Magoffin, Marion, Martin, Menifee, Morgan, Muhlenberg, Nelson, Nicholas, Ohio, Perry, Pike, Powell, Rockcastle, Russell, Union, Wayne, Webster, Whitley, and Wolfe.

We are approving a waiver for individuals residing in Henderson City (less balance of Henderson County) and in Warren County (less the City of Bowling Green). We are not approving a waiver for individuals residing in the counties as a whole. The State agency did submit information regarding the number of individuals residing in the counties that may be subject to the work requirement, however, that information is not sufficient to prove that one area of the county has dominance over the other. We did consult information from the Census Bureau and found that Henderson City accounts for 69.5% of the population in Henderson County, and 48.4% of the population of Warren County lives in Bowling Green. This information is not sufficient to prove that one area of the county has dominance over the other. Therefore, we are not approving a waiver for the counties as a whole. We suggest the State agency consider using the 15 percent exemptions permitted by the Balanced Budget Act to exempt the individuals residing in the parts of the counties that are not waived.

Please note that the waiver is being modified to include 2 additional counties, Caldwell and Nelson, that were not approved in the original waiver.

10. **Regulatory or legislative basis for action:** This waiver, as modified, is approved pursuant to Section 6(o) of the Food Stamp Act, as amended by Section 824 of the PROWRA, which allows the Secretary to waive the applicability of the work requirement provision in Section 6(o) 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 individuals residing in the area.
11. **Conditions and reasons:** N/A
12. **Information required for extension:** To receive an extension the State agency must provide data which indicates these areas have insufficient jobs.

13. **Expiration date:** This waiver will expire December 31, 1998.
14. **Limitation, if any, on regional office approval of like requests:** This waiver is limited to the Kentucky State Agency.
15. **Quality control procedures:** N/A
16. **Date of national office action:**
17. **Date of State agency's request:** December 8, 1997
18. **Date of regional office transmittal of request:** December 16, 1997
19. **Date of regional office transmittal of response to State agency:**
20. **Actual implementation date:**