



**United States
Department of
Agriculture**

April 28, 2004

Food Stamp Regional Letter 04-19

Subject: ABAWD Waivers – New Method for Calculating Average Unemployment Rates

Food and
Nutrition
Service

Northeast Region

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Background

Over the past few years the Food Stamp Program has developed a method for calculating average unemployment rates. These averages encompass 24 months when an ABAWD waiver is based on an average unemployment rate that is 20% above the national average. The averages encompass shorter periods for unemployment rates of at least 10%.

FNS now believes this is not the most accurate method available. The old method also differed from the method for calculating average unemployment rates for an area that was composed of more than one county (or other civil jurisdiction).

Calculating 24-Month Average Unemployment Rates for One County or Jurisdiction

In order to use the most accurate method, and in order to be consistent in our calculations, we are adopting a new method which is enclosed. An example is also enclosed. For this spring and summer, if your State Agency does not use this new method, FNS will recalculate average unemployment rates the new way.

The most obvious characteristic of the new method is that State Agencies never average monthly unemployment rates. That is no longer acceptable.

If a State Agency calculates a 24-month average for a period other than a calendar or fiscal year, the State Agency will also have to use this new method to calculate the national average unemployment rate for the same 24-month period. The only difference is that the rounding to one decimal place (please see Step Seven in the attachments) would not occur until after the State Agency calculated 120% of the national average.

Calculating Other Averages

This same general method applies to ABAWD waivers that are based on an unemployment rate of more than 10%.

For Indian reservations, the same method also applies. The significant difference here is that the census share ratios have six decimal places and we never shorten these ratios to four.

We are asking State Agencies to adopt the new method in future waiver requests. If you have any questions regarding the enclosed information, please feel free to contact Adam Schuster at (617) 565-6400.

Sincerely,



Mary Ann Ferris, Chief
State Program Improvement
Food Stamp Program
Northeast Region

Enclosure

Attachment One

Method for Calculating a 24-Month Average Unemployment Rate for One County:

Step One

Obtain 24 labor force numbers

Step Two

Total the 24 labor force numbers

Step Three

Obtain 24 unemployed numbers

Step Four

Total the 24 unemployed numbers

Step Five

Divide the total in Step Four by the Total in Step Two. If the quotient in Step Five has more than four decimal places, drop the fifth and all subsequent decimal places.

Step Six

Multiply the quotient in Step Five by 100, to express it as a percentage.

Step Seven

Round the number in Step Six to one decimal place. This is the county's average unemployment rate for the 24-month period. The state would compare this number to 120% of the national average unemployment rate to see if the county qualifies for an ABAWD waiver.

Attachment Two

An Example of the Method for Calculating a 24-Month Average Unemployment Rate for One County

Step One

Step Two

Year	Period	labor force
2002	Jan	16449
2002	Feb	16467
2002	Mar	16298
2002	Apr	16457
2002	May	17037
2002	Jun	16943
2002	Jul	17220
2002	Aug	16579
2002	Sep	15994
2002	Oct	15850
2002	Nov	15817
2002	Dec	15749
2003	Jan	15653
2003	Feb	15825
2003	Mar	15703
2003	Apr	15840
2003	May	16148
2003	Jun	16311
2003	Jul	16605
2003	Aug	16483
2003	Sep	16257
2003	Oct	16047
2003	Nov	15852
2003	Dec	15630

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2003	Feb	15825
2003	Mar	15703
2003	Apr	15840
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2003	Jun	16311
2003	Jul	16605
2003	Aug	16483
2003	Sep	16257
2003	Oct	16047
2003	Nov	15852
2003	Dec	15630

389214

Step Three

Year Period unemployment		
2002	Jan	1128
2002	Feb	1221
2002	Mar	1051
2002	Apr	1071
2002	May	1432
2002	Jun	1348
2002	Jul	1609
2002	Aug	1107
2002	Sep	749
2002	Oct	846
2002	Nov	917
2002	Dec	917
2003	Jan	1000
2003	Feb	1117
2003	Mar	998
2003	Apr	917
2003	May	928
2003	Jun	918
2003	Jul	1093
2003	Aug	955
2003	Sep	804
2003	Oct	796
2003	Nov	801
2003	Dec	736

Step Four

Year Period unemployment		
2002	Jan	1128
2002	Feb	1221
2002	Mar	1051
2002	Apr	1071
2002	May	1432
2002	Jun	1348
2002	Jul	1609
2002	Aug	1107
2002	Sep	749
2002	Oct	846
2002	Nov	917
2002	Dec	917
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24459

Step Five

$24459 / 389214 = 0.063099$, which becomes 0.0630

Step Six

$0.0630 \times 100 = 6.30\%$

Step Seven

6.30% is rounded to 6.3%. This is the county's average unemployment rate for the 24-month period. The State Agency would compare this number to 120% of the national average unemployment rate to see if the county qualifies for an ABAWD waiver.