February 2, 2004

SUBJECT: FSP - Michigan - Request to Waive 7 CFR 273.24

TO: Tim English, Regional Director
Food Stamp Program
Midwest Regional Office

This is in response to your request to exempt individuals residing in the State of Michigan from the work requirements of 7 CFR 274.24. The waiver has been approved for 12 months, effective March 1, 2004, with the below comments.

- To ensure the State maintains adequate program integrity, we recommend that they notify former clients of the revised rules, and invite them to re-apply. Because circumstances change, former clients may not be automatically approved without completing a new application.

- The State should modify its Simplified Reporting Waiver to include ABAWDs; however, because caseworkers should monitor the employment activities of an approved ABAWD, we recommend a 6-month certification period.

Our detailed response is attached. Please let us know if you have any questions.

/s/

Harriet Kornegay
Acting Chief
Certification Policy Branch
Program Development Division

Attachment

cc: PAD-SAB w/Attachment
PAD- QCB w/Attachment

FINAL:USDA:FNS:FSP:PDD:CPB:DRicker:1/28/04
FILE:I:CPB:WAIVERS:Fiscal Year 2004: 2030035:

WAIVER RESPONSE

1. **Waiver serial number**: 2040025

2. **Type of request**: Initial

3. **Primary regulation citation**: 7 CFR 273.24

4. **Secondary regulation citation**:

5. **State**: Michigan

6. **Region**: MWRO

7. **Regulatory Requirements**: The Food Stamp Program (FSP) Regulation at 7 CFR 273.24(b) provides that no individual shall be eligible to participate in the FSP 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, averaged 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 or a comparable program established by the State; or received benefits because he/she was exempt from these requirements.

   The FSP Regulations at 7 CFR 273.24(f) also provide that, at 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 determines that the area in which the individuals reside has an unemployment rate of over 10 percent, or does not have enough jobs to provide employment for the individuals. The Food and Nutrition Service (FNS) will approve State agency waivers where FNS confirms that data from the Bureau of Labor Statistics (BLS) or the BLS cooperating agency that an area has a 24-month average unemployment rate that exceeds the national average by 20 percent for any 24-month period no earlier than the same period the Employment and Training Administration used to designate the Labor Surplus Areas (LSAs) for the current fiscal year. In addition, under 7 CFR 273.24(f)(2)(ii) states may support a claim of lack of sufficient jobs by submitting evidence that an area is: "determined by the Department of Labor's Unemployment Insurance Service as qualifying for extended unemployment benefits; 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."

8. Description of the proposed alternative procedures:

Michigan is requesting a 12-month statewide waiver from the work requirements of 7 CFR 274.24 because the State has qualified for and is now operating an Unemployment Insurance Extended Benefits Program.

In order to qualify for extended benefits (EB), a state's unemployment rate must meet one of the following criteria[1]:

1. The states' 13-week average insured unemployment rate (IUR) in the most recent 13 weeks is at least 5.0 percent and at least 120 percent of the average of its 13-week IURs in the last 2 years for the same 13 week calendar period;

2. The state's more recent 13-week average IUR is at least 6.0 percent;

3. The state's most recent 3-month average total unemployment rate (TUR) exceeds 6.5 percent and is at least 110 percent of the 3-month average TUR for the corresponding period in either of the prior two years; or

4. The state's average TUR exceeds 8 percent and meets the same 110 percent test.

Michigan first qualified for EB benefits under the third trigger on May 11, 2003. The state has continued to qualify for EB under one of the above listed criteria every week since that date. On August 14, 2003, under new state legislation Michigan began to operate an EB program based on its eligibility under the optional trigger. The extended unemployment benefits were available to claimants who qualified on or after the week ending May 24, 2003, and before the week ending December 27, 2003

9. Action and reason for approval or denial: We are approving the State Agency's request to exempt the residents of the State of Michigan because the State has qualified for the Unemployment Insurance Extended Benefits program.

10. Regulatory or legislative basis for action: 7 CFR 273.24, which allows the Secretary to waive the applicability of the work requirement provision for any group of individuals in the State if the Secretary makes a determination that the area in which the individuals reside as an unemployment rate of over 10 percent or an insufficient number of jobs.

[1] Section 201 of P.L. 102-318.

11. **Conditions or Reasons**: N/A

12. **Information required for extension**: Please submit supporting unemployment data that relies on standard BLS data and/or methods that indicates unemployment rates over 10 percent or a lack of sufficient jobs.

13. **Expiration date**: February 28, 2005

14. **Limitation on regional office approval of like requests**: The waiver is limited to the Michigan State Agency.

15. **Quality Control Procedures**: N/A

16. **Date of national office action**:

17. **Date of State agency's request**: December 30, 2003

18. **Date of regional office transmittal of response to National office**: January 12, 2004