



Work Supplementation or Support Guidance Questions and Answers

SECTION 16 (b) OF THE FOOD STAMP ACT

Q. What is the goal of work supplementation or support?

A. The goal of work supplementation or support is to help move public assistance food stamp recipients into non-subsidized jobs and promote self sufficiency.

Q. What is work supplementation?

A. Work supplementation allows the value of food stamp benefits to be paid in cash as a wage subsidy to an employer who agrees to hire and employ recipients.

Q. What households can participate in wage supplementation?

A. Any household receiving cash public assistance that is also paid as a wage subsidy.

Q. How does a State exercise this option?

A. States that wish to select this option should prepare a State plan amendment describing their proposed work supplementation or support program. This amendment must follow the parameters set forth in the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) and specify how public assistance recipients in the proposed program shall, within a specified period of time, be moved from supplemented or supported employment to employment that is not supplemented or supported. The State plan amendment should be sent to the appropriate FNS Regional Office. These submissions will be forwarded to the National Office for review.

Q. How will work supplementation or support program plans be reviewed?

A. The National Office will review each submission and provide guidance and technical assistance as necessary before programs are implemented.

Q. Can an employer offer only part-time jobs for work supplementation or support programs?

A. Yes. Both full and part-time jobs qualify for work supplementation or support programs.

Q. Will limits be placed on the amount of time a public assistance recipient may participate in a work supplementation or support program?

A. This question will be addressed in regulations. PRWORA specifies that State agencies must provide a description of how public assistance recipients participating in work supplementation or support programs will, within a specified period of time, be moved from supplemented or supported employment to employment that is not supplemented or supported.

Some work supplementation or support demonstration projects had time limits on the length of time a public assistance recipient could participate of one year or less. (Some States choose a lesser period of time - three, six or nine months - and some allowed for extensions for good cause.) The Department expects that the length of the wage subsidy will be sufficient to motivate employers to hire persons they otherwise would not hire, but not longer than participants would otherwise stay on the Food Stamp Program.

Q. What would constitute good cause for an extension of participation in work supplementation or support program?

A. Good cause will be defined by the State. However, good cause could mean, for example, that additional training or experience is recommended because of the technical aspect of the job; excusable health or family problems have caused a significant loss of time on the job; or the work supplementation or support assignment is part-time and additional job training would help increase the recipient's marketability.

Q. How are wages set for work supplementation or support programs?

A. Wages for work supplementation or support programs must be higher.

The contents of this guidance document do not have the force and effect of law and are not meant to bind the public in any way. This document is intended only to provide clarity to the public regarding existing requirements under the law or agency policies.

Q. What happens to the participant's food stamp allotment?

A. The participant's allotment is paid to the employer as a wage subsidy. PRWORA specifies that the participant shall not receive a separate food stamp allotment while participating in a work supplementation or support program. However, in cases where the wages paid are less than the allotment, the participant is entitled to a supplemental issuance.

Q. What if the food stamp allotment exceeds the wage subsidy amount paid to participants?

A. If, for example, a participant is only working part-time or a participant misses work because of illness, and does not receive at least the amount of the food stamp allotment from wages, the State agency shall provide the amount of the allotment in excess of the wage subsidy as a supplement to the participant in the form of coupons, or, as an electronic food stamp benefit accessed through point-of-sale machines in areas where an EBT system is operating. No food stamp benefits shall be provided in the form of cash.

Q. Is the food stamp allotment "frozen" at the beginning of participation in a work supplementation or support program?

A. This question will be addressed in regulations. In the meantime, State agencies have the option to freeze the food stamp allotment at the current level, or at a level which anticipates the income from the work supplementation or support program, as long as the public assistance grant is also frozen in the same way.

State agencies also have the option to act on changes as long as adjustments are made to both food stamp and public assistance benefits.

Q. Do recipients receive the 20% earned income deduction for wages received in a work supplementation or support program?

A. PRWORA disallows the earned income deduction for the subsidized public assistance and food stamp portion of wages received under a work supplementation or support program. PRWORA does not specify how the unsubsidized portion of the wages paid by the employer should be treated, but this will be addressed in regulations. In the meantime, if the unsubsidized wages are excluded from income, the earned income deduction would not apply because deductions cannot be given for excluded income.

However, if the unsubsidized wages are considered as income, the 20% earned income deduction would apply to the unsubsidized wages. For example, if a recipient would normally receive \$350 in public assistance and \$277 in food stamp benefits, these amounts are combined by the State agency into a \$627 wage subsidy paid to the employer. When the employee receives a monthly check from the employer for \$713 as payment for hours worked, \$627 of the check represents the subsidized portion and \$86 represents the unsubsidized portion. An earned income deduction of 20% is applied to the \$86 (-\$17) resulting in the counting of \$69 of earned income. If the state elects this option, then it must adjust the wage subsidy in the following month to reflect the counting of the food stamp allotment.

Q. What other conditions apply to jobs provided under work supplementation or support programs?

A. These job positions must comply with the Fair Labor Standards Act. Additionally, recipients must receive the same benefits (sick and personal leave, health coverage, workmen's compensation, etc.) as similarly situated co-workers who are not participating in work supplementation or support.

Q. Will States that select a work supplementation program be required to increase food stamp benefits to compensate for sales tax?

A. States are not required to increase food stamp benefits to compensate for sales tax, but may do so at State option using State funds.

Q. Are recipients participating in work supplementation programs required to meet other work requirements?

A. No. As long as a recipient is participating in a work supplementation or support program, the recipient is not required to meet other work requirements.

Q. What is the employer's role in a work supplementation program?

A. An employer receives a cash subsidy for each participant in a work supplementation or support program which is intended to subsidize wages. In return, the employer must treat the participant the same as other similarly situated unsubsidized employees by providing the same benefits and wages. The Department expects that the employer will agree to offer the participant a regular unsubsidized position at the end of the subsidy program, if the participant meets all expectations and presents no reason for dismissal. The employer must maintain records to account for Food Stamp funds that are received and disbursed.

Q. Can an employer hire wage supplemented or supported participants to replace current employees who are not part of the program?

A. No. PRWORA mandates that wage supplemented or supported participants not displace other non wage supplemented or

supported employees currently working for the employer. Additionally, the wage supplemented worker must not be working for the employer prior to participation in the program.

Q. How does the employer receive the cash subsidy?

A. The employer will receive the cash subsidy from the State. States must establish procedures to cover the payment of the subsidy and ensure accountability.

Q. Are there different reporting requirements for States that implement work supplementation or support programs?

A. Yes. States will be required to report the amount of benefits contributed to employers as a wage subsidy on the FNS-388, State Issuance and Participation Estimates; FNS-388A, Participation and Issuance by Project Area; FNS-46, Issuance Reconciliation Report; and SF-269, Addendum Financial Status Report. States are also required to report administrative costs associated with work supplementation or support programs on the FNS-366A, Budget Projection and SF-269 Financial Status Report. Special codes will be assigned for reporting purposes.

Q. Are optional work supplementation or support programs required to have an evaluation component?

A. No. Unlike current work supplementation or support demonstration projects, optional work supplementation or support programs under PRWORA are not required to have an evaluation component. However, States will be required to specify how public assistance recipients in the proposed work supplementation or support program will be moved from subsidized work to non-subsidized work within a specified period of time and show how the goal of self sufficiency will be met.

Q. Is there a cost neutrality requirement attached to work supplementation or support programs?

A. Unlike demonstration projects, there is no cost neutrality requirement attached to optional work supplementation or support programs under PRWORA. However, optional work supplementation or support programs will be required to be efficient and effective in the use of FSP funds by limiting the amount of time recipients can participate in subsidized jobs and by moving recipients as quickly as possible from subsidized to unsubsidized employment.

Q. Work supplementation or support demonstration projects conducted under Section 17(b) of the Food Stamp Act were excluded from Quality Control. Will optional work supplementation or support programs be reviewed for payment accuracy?

A. Until regulations are issued to address this question, Quality Control will code these cases as not subject to review.