

## **GENERAL PROGRAM QUESTIONS**

### **GP1: What are Welfare-to-Work grants?**

Welfare-to-Work (WtW) grants to States and local communities are intended to help hard-to-employ welfare recipients move into lasting, unsubsidized jobs. The grants are used to equip long-term welfare recipients and noncustodial parents -- generally those with poor education, low skills, and little job experience -- with the resources and support they need to find and keep good jobs. Local communities have the flexibility to design programs that fit their particular needs.

### **GP2: What is the total funding level?**

The original total funding level for WtW grants was \$3 billion, \$1.5 billion each in Fiscal Years 1998 and 1999. There were two types of grants awarded: formula grants to States and competitive grants to local communities. Less certain set-asides, seventy-five percent of the WtW funds were distributed as grants to States according to a formula and the remaining twenty-five percent of the WtW funds were distributed through a competitive process to various entities.

### **GP3: How are WtW grant funds distributed?**

Seventy-five percent of the WtW funds were distributed to States according to a formula set by the WtW statute and implementing regulations. The States then distributed at least 85 percent of what they received to local Private Industry Councils, which have become Local Workforce Investment Boards (Local Boards) under WIA. The funding formula focuses funding on high poverty areas. The States can use the remaining 15 percent of the formula funds to operate their own WtW projects or to provide additional support for projects operated by the Local Boards.

The Department of Labor distributed the other 25 percent of the WtW funds (through a competitive process) in grants to Local Boards, political subdivisions and other entities (such as community-based organizations) who applied in conjunction with a Local Board or political subdivision. Special consideration was given to rural areas and cities with large concentrations of poverty.

Finally, there were small set-asides from the FY 1998 and 1999 appropriations for special purposes such as for Indian tribes (1% of funds each year for a total of \$30 million), for program evaluations (.6% or \$18 million) and for performance bonuses for the States (\$100 million). However, the set-aside for performance bonuses was eliminated by later legislation.

### **GP4: How can the funds be used?**

Grantees have flexibility in designing welfare-to-work strategies geared to the needs of their own labor markets and economies. Allowable WtW grant activities may include job readiness; short-term pre-employment vocational educational training and job training; community service or work experience; job creation through public-sector or private-sector employment wage subsidies; on-the-job training; job placement services; post-employment services; or job retention and support services.

Although a variety of activities are authorized, program services need to be viewed overall as employment-based developmental steps to help individuals get and keep unsubsidized employment. To this end, each participant must be assessed on workplace skills, prior work experience, and employability. In addition, an individualized strategy for transition to unsubsidized employment must be in place.

#### **GP5: What role do employers have in WtW?**

First and foremost, employers play a critical role in hiring welfare recipients. The WtW program strongly advises its State, local and competitive grantees to conduct regular meetings with business partners in their communities to learn how WtW participants can fit into their future business plans. Additionally, with the knowledge gained from those meetings, WtW services such as job readiness activities, job placement or occupational skills training can be customized to meet the specific workforce needs of the employer. Those employers who wish to find out more about how companies are working together nationwide to encourage and assist private sector businesses with hiring people on public assistance may contact the business-led WtW Partnership at (202) 955-3005 or at <http://www.welfaretowork.org>.

If you are an employer who is interested in the tax benefits of hiring welfare recipients, ETA has information available on the Work Opportunity Tax Credit (WOTC) and the WtW Tax Credit for employers, which may be found online at: <http://workforcesecurity.doleta.gov/employ/WOTC.asp>

#### **GP6: How can nonprofit, faith-based, and other community-based organizations participate in WtW grants?**

As subrecipients of WtW formula grant funds and as recipients of competitive grant awards, non-profit, faith-based, and other community-based organizations are key providers of services to welfare recipients under WtW grants. In particular, the Charitable Choice provision of the federal welfare law allows the use of WtW funds to enter into contracts with faith-based and community-based organizations. One of the major challenges welfare recipients face in the “work first” strategy is not only finding a job, but also keeping a job. The nonprofit, service-provider community can provide key resources -- in conjunction with Local Boards and political subdivisions -- for ensuring that child care, transportation, mentoring, housing, and other crucial supports are available to welfare recipients and noncustodial parents.

**GP7: States and local communities already offer WtW programs. Why are these grants needed?**

In creating the WtW program, Congress emphasized the need for strong relationships between public and private organizations in order to provide the most effective services to the hard-to-employ welfare population and noncustodial parents.

Traditionally, social service agencies have provided case management and supportive services, including cash assistance, to welfare recipients, while workforce development agencies have provided employment and training services to a more general economically-disadvantaged population and dislocated workers who are generally not disadvantaged.

The WtW program forges a stronger partnership between these two service delivery systems to better meet the needs of the hardest-to-employ population, providing transitional employment assistance to move welfare recipients into permanent unsubsidized employment and economic self-sufficiency.

In implementing this program, the Department of Labor has also attempted to foster new partnerships between and among public and private organizations that have traditionally served welfare recipients and noncustodial parents. The formation of these collaborative relationships among a variety of service organizations in local communities to place and support welfare recipients in jobs constitutes a key strategy for reducing welfare dependency in the long-term.

**GP8: Do the WOTC and WtW tax credits follow the participant, or are they employer-based?**

The WOTC and WtW tax credits are incentives to employers, not benefits that follow participants. Since these tax credits are not tied to individual participants, any new employer may be eligible for a full tax credit for an eligible employee. In other words, the duration and/or level of the tax credit is not diminished by the WtW participant's former employer receiving the tax credit. Additional information on these tax credits may be found online at <http://workforcesecurity.doleta.gov/employ/updates.asp>.

**GP9: Must participants in WtW employment activities be paid the minimum wage?**

The minimum wage and other provisions of the Fair Labor Standards Act (FLSA) apply to working welfare recipients just as they apply to all other workers. If welfare recipients are employees under the FLSA's broad definition -- and if their job is covered by the FLSA -- they must be paid the Federal minimum wage. Welfare recipients are most likely employees in many of the work activities listed in TANF and WtW, including work experience and community service. The Department of Labor encourages grantees to place participants in jobs paying the minimum wage or higher whenever possible, whether or not the employer is covered by the minimum wage requirements. For more information on how the FLSA and other federal laws

apply in the welfare context, consult the Department's guide entitled, "How Workplace Laws Apply to Welfare Recipients," available on the WtW website at <http://www.dol.gov/dol/asp/public/w2w/welfare.htm>. For additional guidance on other applicable workplace laws please see Q&A TA7.

**GP10: Would the Secretary of Labor approve waivers on a state-wide or county-wide basis rather than on a local workforce level?**

State-wide or county-wide waivers will not be granted. The WtW statute and implementing regulations provide that the Governor of a State may seek a waiver with respect to one or more local workforce areas within the State. The Secretary would approve a waiver request covering all of the local workforce areas within a State only if the Governor established on a local workforce area-by-area basis that it was appropriate to do so.

**GP11: Are faith-based organizations eligible to contract to provide job readiness training?**

Yes. The Charitable Choice provision of federal welfare law allows the use of WtW funds to enter into contracts with faith-based and community-based organizations to operate WtW activities; all applicable state and local procedures must be followed. Note: The OMB circulars require that an entity's procurement procedures must require that all procurement transactions shall be conducted, as practical, to provide free and open competition.

**GP12: Does an individual's participation in a WtW job readiness activity count against that individual's TANF five-year lifetime limit on the receipt of assistance?**

No. Job readiness does not meet the definition of "assistance" under TANF. For a comprehensive explanation of what constitutes TANF assistance and "WtW cash assistance," please see Q&A E3.

**GP13: Can a State establish a WtW reallocation process to move funds from one Local Board to another based on a Local Board's expenditure levels or other circumstances?**

No. A State cannot take funds from one Local Board and move funds to another. Since the WtW funds provided to the State are formula-based, such funds are meant to serve the residents of a certain area. A number of situations may arise at the local workforce area level such that the funds cannot be used as intended. The Local Board (or alternate administering agency) may have difficulty operating the program itself for administrative or technical reasons and therefore may enter into a contractual arrangement with another service provider to deliver the services in that area. A local workforce area might find that the eligible population is well below what was estimated. Lack of performance may be another reason for funds not being utilized. There is, however, no provision for redistribution of funds from one area to another under the WtW statute.

A Governor may seek a waiver from the Department of Labor to designate an alternate administering agency to replace an under-performing Local Board. The WtW Regulations provide for the designation of alternate administering agencies at 20 CFR ' 645.400. Although waiver requests are usually included with the submission of the annual State WtW plan, a modification requesting a waiver may be made at any time. The review/approval process should ensure that all parties are aware of the proposed change. The intent of a waiver is to “improve the effectiveness or efficiency of the amounts distributed...for the benefit of the area or areas.” (Section 403(a)(5)(vii)(III) of the Act). A justification should be submitted that documents the lack of performance and how the proposed alternate administering agency will improve the effectiveness or efficiency of the administration of WtW funds in the area. Note that the WtW statute (Section (403(a)(5)(A)(vii)(II)) and regulations (20 CFR ' 645.400(a)(2)) state that waivers can be sought when the Governor determines that the Local Board or other alternate administering agency has not coordinated its expenditures with the expenditure of TANF funds. The non-expenditure of formula funds would appear to satisfy the criteria for such a waiver.

It should be noted that under the Workforce Investment Act (WIA), each local workforce area develops a five-year WIA plan with WtW as a required partner. Please also note that States cannot deny funds to or remove funds from a local workforce area because that local workforce area is unable to provide any match. States are responsible for coming up with matching funds. The formula funds are to serve a particular area, and they cannot be taken back or redistributed by the State due to lack of match at the local workforce area level.

**GP14: If a Local Board turns down the funds that it is to receive by formula and the State is unable to find another local entity to serve as an alternate administrative entity for these funds, what happens to the funds?**

The funds will revert to the Department of Labor at the end of the grant period as unobligated funds. There is nothing in the Act that would allow the Governor to add the unclaimed funds to his/her 15% funds or to distribute them to other Local Boards through the formula distribution process.

**GP15: What are the roles and responsibilities of the State(s) versus the Local Boards or alternate administering agencies under the WtW program?**

Federal WtW regulations provide clear and distinct definitions of the roles and responsibilities of the State(s) and Local Boards or alternate administering agencies at 20 CFR 645.425.

**GP16: What is the Code of Federal Domestic Assistance Number (CFDA) for the WtW Competitive grants?**

The CFDA number for the WtW Competitive grants is 17-253, the same as for the overall WtW program.

**GP17: Must a State receiving formula funds obtain a waiver in order to designate an entity other than the Local Board to operate the WtW program in a local workforce area?**

Yes, a State must obtain a waiver if it wishes to designate an entity other than the Local Board to operate the WtW program in a local workforce area. This requirement includes cases where a Local Board performs an oversight role under WIA, but does not administer the WIA program, and chooses, in cooperation with the Chief Elected Official, an entity other than the current Local Board to operate its WtW program. It is the intent of the WtW legislation that the workforce development system is the presumptive administering entity for the WtW program.