

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	CLASSIFICATION AFDC/TANF/WOTC/WtWTC
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TRAINING AND EMPLOYMENT GUIDANCE LETTER NO. 16-01

TO : ALL STATE WORKFORCE LIAISONS
ALL STATE WORKFORCE AGENCIES
ALL STATE WORKER ADJUSTMENT LIAISONS
ALL ONE-STOP CENTER SYSTEM LEADS

/S/

FROM : EMILY STOVER DeROCCO
Assistant Secretary

SUBJECT : Clarification and Guidance on How to Count Months When Verifying Eligibility Under the Aid to Families With Dependent Children (AFDC) and/or Temporary Assistance to Needy Families (TANF), Target Groups A and I

1. Purpose. To provide State Workforce Agencies (SWAs) guidance on how to count months when verifying AFDC/TANF target group eligibility under the Work Opportunity Tax Credit (WOTC) and the Welfare-to-Work Tax Credits= (WtWTC) Program.

2. References. The Business Job Protection Act of 1996, (P.L. 104-188); the Taxpayer Relief Act of 1997, (P.L. 105-34); Ticket to Work and Work Incentive Act of 1999 (P.L. 106-170) ' 505; Internal Revenue Code (IRC) of 1986, 26 USC ' 51 and ' 51A, as amended; and ETA Handbook No. 408, Second Edition, November 1998.

3. Background. The Small Business Job Protection Act of 1996 (P.L. 104-188), created the "Qualified IV-A Recipient" target group under the Work Opportunity Tax Credit Program. The statutory definition for this target group defines membership in this group as: those individuals who are certified by the Designated Local Agency as members of a family receiving AFDC/TANF, or benefits under a successor program for any nine months during the 18-month period ending on the hiring date. (See definition for "Qualified IV-A Recipient," page II-2, ETA Handbook No. 408, Second Edition, November 1998, and in the IRC of 1986, 26 USC ' 51 and ' 51A, as amended).

RESCISSIONS	EXPIRATION DATE Continuing
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In 1997, The Taxpayer Relief Act (P.L. 105-34), created the Welfare-to-Work Tax Credit and defined membership in the new group: "Long-Term Family Assistance Recipients" as those individuals who are certified by the Designated Local Agency or State Employment Security Agencies (SESAs), as members of a family: A) receiving AFDC/TANF or benefits under a successor program for at least 18 consecutive months ending on the hiring date; or B) who have received AFDC/TANF benefits for a total of at least 18 months (whether or not consecutive), and who have a hiring date that is not more than two years after the end of the earliest 18-month period, or C) whose AFDC/TANF eligibility expired under a Federal or state law after August 5, 1997, for applicants hired within two years after their eligibility expired. (See definition for "Long-Term Family Assistance Recipient," page V-2, ETA Handbook No. 408, Second Edition, November 1998, and in the IRC of 1986, 26 USC ' 51 and ' 51A, as amended).

4. Information. SWAs must verify eligibility in a WOTC and/or WtW target group before they can issue a certification to a timely filed request for certification by an employer or his/her representative. For purposes of the WOTC target group "A," (Qualified IV-A Recipient), verification of eligibility means, establishing that an individual received AFDC/TANF benefits for at least any nine-month period, that ends on the hiring date under the WOTC program. For the WtWTC target group "I," (Long-Term Family Assistance Recipient) verification of eligibility means, that the AFDC/TANF benefits were received by the recipient for at least an 18-month period under the WtW tax credit.

The Department of Labor consulted with the Department of Health and Human Services (HHS), seeking an explanation and clarification of their policy for counting months of welfare benefits received for purposes of the time limit under the AFDC/TANF target group definition. According to HHS:

For purposes of the TANF Program (or a successor), state welfare agencies count as a full month any benefits received in a calendar month. This means that if Jane Smith received AFDC/TANF benefits for one or two days in October 2001, and 10 days of benefits in November 2001, the number of months in which welfare benefits were received are considered and counted as two months.

As a result, "the 1-day = 1 month" method of counting months should be adopted when determining whether or not an individual has met the time eligibility requirements of AFDC/TANF benefits required for the WOTC "Qualified IV-A Recipient" target group category. The same method of counting months applies to the "Long-Term Family Assistance Recipient" target group, under the WtWTC.

Under the above interpretation, states are requested to continue their WOTC and WtWTC verification activities as usual and to adopt and start implementation of this particular method. guidance.

5. Action Required. State Workforce Agencies are requested to share this information with the WOTC/WtW State Coordinators and other related program staff, and to ensure that all tax credits' related staff adopt and use this practice as part of their verification activities. This guidance becomes effective upon receipt of this advisory.

6. Inquiries. Questions should be directed to Carmen Ortiz, National Coordinator, by e-mail at ceortiz@doleta.gov or by telephone at (202)693-2786.