



Food and  
Nutrition  
Service

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DATE: November 17, 2021

SUBJECT: Supplemental Nutrition Assistance Program (SNAP) –  
Employment and Training Subsidized Work-Based Learning (SWBL)  
Activities<sup>1</sup>

TO: All SNAP State Agencies  
All Regions

<b>Issuing Agency/Office:</b>	FNS/SNAP
<b>Title of Document:</b>	SNAP Employment and Training Subsidized Work-Based Learning Activities
<b>Document ID:</b>	
<b>Z-RIN:</b>	
<b>Date of Issuance:</b>	November 17, 2021
<b>Replaces:</b>	N/A
<b>Summary:</b>	Document provides guidance on implementing subsidized wages in work-based learned activities in SNAP E&T.

As a result of changes made by the Agriculture Improvement Act of 2018 and codified by the final rule, Employment and Training Opportunities in SNAP (86 FR 358), State agencies are permitted to use SNAP Employment and Training (E&T) funds to provide subsidized wages to SNAP participants in work-based learning (WBL) activities. In addition, State agencies are also allowed to offer work-based learning activities where wages of participants are not subsidized, or where wages are subsidized by non-E&T funds (i.e., wages are subsidized by other Federal, State, or local dollars and no reimbursement for wages is requested from SNAP E&T funds). The following provides guidance to State agencies implementing work-based learning activities as part of the State E&T program where participant wages are subsidized including programs where wage subsidies are not reimbursed with Federal E&T funds (E&T funds). These activities will be collectively referred to as subsidized work-based learning (SWBL) activities.

This guidance is designed to help State agencies implement SWBL activities that meet the intent of a subsidized wage program within the broader SNAP E&T program. FNS will examine SWBL activities closely to ensure programs comply with the requirements at 7 CFR 273.7(e)(2)(iv) and are improving participants' employability while moving participants toward better jobs. To this end, FNS will examine State outcome and other data pertaining to SWBL implementation. SWBL activities that do not improve employability or lead to better job outcomes may be disallowed.

**How are subsidized work-based learning (SWBL) activities defined?**

Within SNAP E&T, SWBL activities are defined at 7 CFR 273.7(e)(2)(iv) and 7 CFR 273.7(d)(1)(ii)(A) as employment in the private for-profit sector, the non-profit sector, or the public sector where a portion of an E&T participant's wages are subsidized. These subsidized wages may or may not be reimbursed with E&T funds.

In accordance with 7 CFR 273.7(e)(2)(iv) and 7 CFR 273.7(e)(2)(iv)(A)(2), SWBL activities must:

- Improve employability and enable participants to move promptly into regular public or private employment.
- Be a planned, structured learning experience that takes place in a workplace or simulated environment.
- Include sustained interactions with industry or community professionals in a real world or simulated environment.
- Foster in-depth firsthand engagement with the tasks required in a given career field.
- Be aligned with a curriculum (i.e., an instructor's plan for providing training and skill development) and instruction.
- Emphasize employer engagement in the development and/or execution of the training.
- Have specific training objectives (i.e., goals for what a participant is expected to learn and be able to do by the completion of the training).
- Follow an articulated and documented path that leads to regular, unsubsidized employment.
- Pay the individual a wage at least equal to the State or Federal minimum wage, whichever is higher. Note this refers to the wage including the subsidy.
- Operate in compliance with all applicable labor laws.
- Not displace or replace existing employment of individuals not participating in E&T.
- Provide the same benefits and working conditions as non-E&T participants doing comparable work for comparable hours.

In addition, SWBL activities should:

- Follow an evidence-based training plan with a clearly defined skills element that aligns with the participant's training plan.
- Be limited to six months (with exceptions noted on page seven for registered apprenticeships and other compelling programs).
- Permit individuals to participate only once per twelve-month period with some exceptions as described on page seven.
- Not constitute more than three percent of the workforce for private, for-profit employers and E&T providers.

### **What are SWBL activities?**

SWBL activities include activities categorized under the work-based learning component where the wages earned by participants are subsidized by either E&T funds or non-E&T funds. These activities can include:

- Internships
- Pre-apprenticeships
- Apprenticeships
- Customized training
- Transitional jobs
- Incumbent worker training
- On-the-job-training as defined under the Workforce Innovation and Opportunity Act (WIOA), and
- With prior FNS approval, other activities that meet the above definition of SWBL activities.

### **What should a State agency consider when thinking about providing a SWBL activity in E&T?**

While SWBL is a new activity for SNAP E&T, it is not new for the workforce development field. The Department of Labor (DoL) funds a number of different subsidized employment programs, and has rigorously evaluated certain models (i.e., the Enhanced Transitional Jobs Demonstration). Similarly, the Administration for Children and Families (ACF) at the Department of Health and Human Services (DHHS) rigorously evaluated State subsidized employment programs funded with Temporary Assistance for Needy Families (TANF) Emergency Funds under the American Recovery and Reinvestment Act (ARRA).

There are also several workforce development best practices, such as those highlighted in the [SNAP E&T Best Practices Report](#). State agencies should prioritize work-based learning programs that incorporate strategies like sector partnerships, career pathways, and client centered design (including robust case management and participant reimbursements). Work-based learning activities should be designed to

meet the skilled workforce needs of employers, in addition to helping participants obtain the certificates and credentials employers use to make hiring decisions. State agencies should support work-based learning programs that train for in-demand occupations that pay a living wage, or at least be part of an articulated career pathway that leads to a living wage. State agencies should not support programs that train for low-wage occupations or occupations without room for advancement.

It is also the goal of E&T programs in general to ensure individuals are placed into appropriate activities and provided with the necessary supports to persist, succeed in, and complete their E&T activities. FNS expects State agencies to develop evidence-based and data-driven SNAP E&T programs that meet the purpose of the program: increasing the employability of participants and meeting State or local workforce needs. Well-designed work-based learning activities provide an especially good opportunity to meet these purposes.

**What should a State agency consider before entering into an agreement with an employer or other provider to offer a SWBL activity?**

All E&T providers or employers engaged in SWBL activities should provide actual training to E&T participants and have a plan to move participants into unsubsidized, regular employment as a result of the SWBL experience, either with the same employer or with another employer. In addition, in accordance with 7 CFR 273.7(e)(2)(iv)(B)(1), SWBL participants must not displace or replace existing workers or positions subsidized by other programs. An employer is not permitted to lay off workers or fill openings that were previously held by unsubsidized workers and replace them with SWBL participants. SWBL participants must not be used to cross strike lines as this would have the effect of replacing existing workers (7 CFR 273.7(e)(2)(iv)(B)(1)). As a best practice, employers should use E&T funding to expand the number of job slots in their company or organization, creating new positions for SWBL participants tailored to the training needs of E&T participants. E&T funding should not supplant funds used to pay for existing employment slots.

When identifying employer partners for SWBL activities, E&T State agencies should consider employers who would be willing to hire SWBL participants even if the subsidy goes away, or in the case of participants receiving a wage subsidy reimbursed with E&T funds, who are able to subsidize the SNAP participant in another way if the participant loses SNAP eligibility. Former SNAP participants who lose eligibility for SNAP but are hired by employers into alternative positions with a good wage, are on a path towards self-sufficiency and should be supported. Employers who are not consistently hiring E&T participants, or not moving participants into other good paying positions, are not operating programs that meet the objectives of the SWBL activity.

State agencies should also consider the broader needs within their local workforce development system, the types of jobs that are in-demand, and the training needs in the community. This information should be coupled with information about the skills, knowledge, and experience of E&T participants in their communities to determine the types of employer partnerships that are likely to help E&T participants gain the skills they need for better employment. These considerations will also help the State agency best target SWBL activities to those E&T participants who are ready to benefit from the opportunity.

**What potential models exist for the design of SWBL activities?**

State agencies have some flexibility in how they design their SWBL activities. Consider these examples:

- The State agency contracts with an E&T provider who acts as the employer of record and the E&T provider receives the funding for the wage subsidy as the employer.
- The State agency contracts with an E&T provider who acts as an intermediary between the State agency and one or more employers. In this case, either the E&T provider or the employer receives the funding for the wage subsidy.
- The State agency contracts with both the E&T provider and the employer. The E&T provider provides the training service and the employer acts as the employer. The employer and/or the E&T provider receives the funding for the wage subsidy depending on when and where the participant receives the subsidized wage.

**What does it mean for a SWBL activity to improve employability?**

SWBL activities in accordance with 7 CFR 273.7(e)(2)(iv) must be designed and administered to improve the employability of E&T participants through actual work experience, training, or both, and to enable individuals employed or trained under such programs to move promptly into regular, unsubsidized public or private employment. Improving employability means providing the participant with new knowledge, skills and work experience that enable the participant to get a better job. Subsidized positions that do not train for new skills, convey new knowledge, and provide new work experiences are not eligible for reimbursement. SWBL activities should prepare participants to move into better jobs that set them on the path towards self-sufficiency.

**How much of the wage can be subsidized?**

SNAP regulations do not specify what portion of the wage earned by the participant may be subsidized with E&T funds or non-E&T funds. State agencies should provide adequate justification in the E&T State plan regarding how much of the wage will be subsidized, and how much, if any, reimbursement will be requested from E&T funds.

FNS encourages State agencies to consider how the level of subsidization not only affects the willingness of providers to participate in a SWBL activity, but how the level of subsidy may impact the quality of the training and later employability of participants. For instance, does the level of subsidy motivate the provider to offer meaningful training to E&T participants to improve work-related skills and job performance? Are E&T participants hired by the employer or other employers after the subsidy ends? Are employers invested in the training aspect of the work-based learning activity, or are they more motivated by the subsidy?

State agencies can also consider other characteristics of the employer in determining the level of the subsidy. For instance, the State agency may consider higher subsidies for small and medium-sized employers, and smaller subsidies for larger employers. Other employer characteristics the State agency may consider when determining the level of subsidy are if the employer is paying minimum wage or a higher wage and whether the employer provides health insurance or paid leave. The State agency might also consider varying the subsidy by the type of job, for instance, if the job is tied to a high-demand industry position or has a clear wage progression.

**How much of SWBL wages will FNS reimburse?**

FNS will reimburse State agencies for subsidized wages in the same manner that FNS reimburses other allowable E&T expenses. In the case of 50/50 E&T funds, FNS will reimburse State agencies 50 percent of allowable costs. State agencies can also use their E&T 100 percent funds for wage subsidies. State agencies may also operate SWBL activities where the E&T participant's wages are subsidized by non-E&T funds (i.e., wages are subsidized by other Federal, State, or local dollars and no reimbursement for wages is requested from SNAP E&T funds).

**Can FNS provide an example of how wage subsidy reimbursement from E&T funds would work?**

A State agency has a Memorandum of Understanding (MOU) with a third-party provider (TPP), which requires the TPP to pay 100 percent of the costs to run the SWBL activity (i.e., participants' wages and administrative costs) and for the State agency to reimburse the provider 50 percent of the total allowable costs of the program. The SWBL program will run for four weeks and serve 10 E&T participants who participate for 20 hours a week per person that includes 5 hours of classroom time and 15 hours in the field. Participants earn the State minimum wage of \$15 per hour. The TPP's administrative cost to run the program (e.g., cost of instructors, materials, indirect etc.) equals \$1000 per participant. Allowable non-Federal funds are used by the TPP to fund the SWBL program. The State agency may request reimbursement from FNS for 50 percent of the TPP's costs (i.e., participants' wages and administrative costs). The following table illustrates reimbursement amounts for the State agency and the TPP.

<b>Category</b>	<b>Program costs:</b> Incurred to run the SWBL activity	<b>FNS Reimbursement of State agency:</b> 50 percent of State agency program costs	<b>State Agency reimbursement of TPP:</b> 50 percent of program costs per the MOU
Wages for 10 E&T participants at \$15 per hour for 80 hours.	\$12,000	\$6000	\$6000
Administrative costs for 4-week program	\$10,000	\$5000	\$5000
<b>TOTAL</b>	<b>\$22,000</b>	<b>\$11,000</b>	<b>\$11,000</b>

**What types of wages are eligible for reimbursement with E&T funds?**

The following types of wages may be subsidized with E&T funds as part of a SWBL activity, provided they meet all other Federal criteria as an allowable cost:

- Wages earned through participation in an approved work-based learning component.
- Wages paid for classroom training or simulated work that readies participants for employment.
- Stipends paid as a form of a wage.

**What types of wages are NOT eligible for reimbursement with E&T funds?**

The following types of costs are not considered wages eligible for reimbursement with E&T funds (7 CFR 273.7(d)(1)(ii)(A)):

- Benefits such as health and dental insurance, although employers must provide the same benefits to program participants as any other worker doing comparable work.
- Disability insurance.
- Life Insurance.
- Bonuses and other incentive payments (including, but not limited to, recruitment and retention bonuses and performance-based bonuses).

**What types of administrative costs associated with running a SWBL activity are allowable for reimbursement with E&T funds?**

The following types of administrative costs are allowable for reimbursement with E&T funds, provided they meet all other Federal criteria as an allowable cost:

- Workers' compensation.
- Payroll taxes paid by the employer.
- Direct and indirect costs associated with training and administering the program.

**Can participant wages in On-the-Job-Training, as defined by WIOA, be reimbursed with E&T funds as part of a SWBL activity?**

On-the-job-training (OJT) as defined by WIOA<sup>1</sup> is a type of work-based learning in which the State agency agrees to pay up to 50 percent of the wage of participants for the extraordinary costs of providing the training and additional supervision related to the OJT. On-the-job training payments to employers are deemed to be compensation for the extraordinary costs associated with training participants and the costs associated with the lower productivity of the participants (20 CFR 663.710). E&T funds can be used to reimburse the portion of the wage allotted as the employer's cost to train the participant. Thus, since OJT activities do not actually subsidize the participant's wage (rather OJT providers receive reimbursement for training costs), they are not technically a SWBL activity, and wage subsidies using E&T funds are not appropriate.

**How should State agencies list subsidized wages in their plan budgets?**

FNS is revising the E&T State plan budget template for FY 2023 which will provide a designated space for State agencies to list the projected value of subsidized wages to be reimbursed with E&T funds. The plan will also allow the State agency to document how the amount of subsidized wages was determined, such as a budget narrative showing the number of participants expected to participate, the hourly wage amount, the portion of the wage to be subsidized with E&T funds, and the number of hours (e.g., 10 E&T participants at \$15 per hour for 80 hours with 50% of wages to be reimbursed with E&T funds).

**How long can an individual participate in an E&T SWBL activity?**

In general, SWBL activities are meant to be of relatively short duration, allowing a participant to gain the skills needed to move into unsubsidized employment. Thus, SWBL activities should last six months or less to allow an individual to move promptly into unsubsidized employment. In addition, SWBL activities should be limited to once every twelve months per SNAP participant, unless the participant had to drop out of the SWBL activity due to no fault of their own (e.g., because of illness or a provider determination). FNS encourages State agencies to consider how the

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<sup>1</sup> <https://ion.workforcegps.org/resources/2017/12/01/11/19/On-the-Job-Training-Toolkit>



length of the program affects both the willingness of employers to participate, and the ability of E&T participants to move from subsidized employment to unsubsidized, regular employment. For instance, do program participants engage with the SWBL activity long enough to gain important skills that allow the participant to move into unsubsidized, regular employment? How likely is a longer program to improve a participant's skills? Have participants gained sufficient skills after a shorter duration to move into unsubsidized, regular employment or the next step on their career path?

An exception to the six-month guideline applies to registered apprenticeship programs. FNS strongly encourages apprenticeship programs using SNAP E&T funds to comply with CFR Title 29, Parts 29 and 30. State agencies are encouraged to review 29 CFR 29.5(b)(2), which provides program standards on the terms of an apprenticeship. Some registered apprenticeship programs may last longer than six months, and in this case, E&T participants should be permitted to complete the full apprenticeship program.

FNS may also consider approving SWBL activities that extend more than six months if there is compelling evidence that the activity provides training and experience that leads most participants towards self-sufficiency, and the longer duration is necessary to achieve those outcomes.

**Is there a limit to how many E&T participants can be engaged with an employer or other E&T provider in a SWBL activity?**

Employers and E&T providers in the private for-profit sector may employ up to 3% of their workforce as SWBL participants at any one time. FNS may consider proposals through the E&T State plan process allowing employers to have a larger portion of SWBL participants, so long as the employer is able to provide high-quality services to all participants in accordance with 7 CFR 273.7(e)(2)(iv), the SWBL positions do not displace or replace existing employment, and outcome data provides evidence that participation moves most participants toward self-sufficiency. All employers, regardless of size, may have one SWBL participant provided other conditions discussed in this guidance are met. Subsidized positions from programs outside of E&T do not count towards the total number of SWBL participants.

**Can providers use SWBL participants to fill open positions that would have otherwise been filled by non-E&T participants?**

SWBL positions must not displace or replace existing employment in accordance with 7 CFR 273.7(e)(iv)(B)(1). That is, the SWBL participant should not take the place of a non-E&T participant who would have otherwise been hired for that same position. FNS believes this approach is important to ensure SWBL participants are truly engaged in a work-based learning activity, and not merely filling a job vacancy. FNS also believes this approach reduces the likelihood that employers will use SWBL

subsidies primarily as a way to underwrite their existing payroll, rather than viewing SWBL subsidies as a way to build the skills and experience of potential employees who may be hired into regular positions when the subsidy ends.

**What is the impact of the subsidized wage on SNAP benefits and eligibility?**

For purposes of SNAP eligibility and benefit determination, income from SWBL activities is subject to the same considerations as income from other sources in accordance with 7 CFR 273.9. Countable income from a SWBL activity may change household benefits levels, and potentially make a household ineligible for SNAP, and consequently SNAP E&T.

While State agencies cannot disregard income that must be counted under program rules, State agencies can determine how many hours a given participant can participate in a SWBL activity before the household income exceeds household eligibility. A conversation should be had with the participant so that they understand that SNAP eligibility and/or benefit levels may be impacted. The participant should also be reminded of their reporting requirements. In addition, providers can work with the SNAP E&T staff to determine the number of hours an E&T participant can earn the subsidized wage before affecting eligibility.

**Must participants in SWBL activities receive case management?**

Yes. As an E&T participant, the State agency in accordance with 7 CFR 273.7(c)(2) must provide an individual participating in a SWBL activity with case management.

**Are participants in SWBL activities eligible to receive participant reimbursements?**

Yes. State agencies in accordance with 7 CFR 273.7(d)(4) are required to reimburse E&T participants for expenses that are reasonably necessary and directly related to participating in an E&T component, including expenses related to participating in a SWBL activity.

**Should SWBL activities where E&T funds are used to subsidize the wage be listed and tracked separately from SWBL activities or other work-based learning activities where E&T funds are not used to subsidize the wage?**

Yes. FNS will separately track SWBL activities where E&T funds are used to subsidize participant wages from all other work-based learning activities where E&T funds are not used to subsidize participant wages (e.g., SWBL activities where E&T funds are not used to reimburse participant wages and other work-based learning activities with no participant wage subsidies). SWBL activities where E&T funds are used to subsidize the wage should be listed separately from all other work-based learning activities where E&T funds are not used to subsidize the wage in the E&T State plan.

Similarly, these two types of activities should be tracked separately in reporting on the FNS-583 and outcome reporting measures.

For instance, if a State agency offers subsidized wage and unsubsidized wage pre-apprenticeships, the State should list and describe the subsidized and unsubsidized pre-apprenticeship programs separately in the E&T State Plan. The State agency should also track and count participants in the subsidized pre-apprenticeship program separately from participants in the unsubsidized pre-apprenticeship program on the FNS-583 and component outcome measures.

Further, if a State agency offers two types of apprenticeship programs - one where E&T funds subsidize the participant's wage and another where other funds subsidize the wage without reimbursement from E&T – the State agency should track these two types of apprenticeship programs separately in the E&T State plan and on FNS reports.

**Must the State agency track outcomes for participants engaged in SWBL activities?**

Outcomes of individuals engaged in SWBL activities must be tracked and measured in accordance with the E&T outcome reporting regulations at 7 CFR 273.7(d)(17) for all E&T components. The following outcome measures are provided as examples:

- The number and percentage of SWBL participants with an unsubsidized job immediately upon completion of the SWBL activity.
- The number and percentage of SWBL participants hired into an unsubsidized position by the employer in the SWBL activity.
- The average unsubsidized wage of SWBL participants after completion of the SWBL activity.

**Can E&T funds be used to continue to subsidize wages while a participant is in job retention? In this situation, a household's income could exceed SNAP income eligibility, but the participant could still be eligible for the subsidized wage as a participant in job retention.**

No. Job retention helps participants retain regular employment by providing services like job coaching, case management, and participant reimbursements. Participants in a SWBL activity are engaged in a separate E&T component as part of an E&T program. Subsidized wages are allowed under work-based learning within the work experience component, not the job retention component.

**If a State agency used general funds to pay for subsidized wages in FY21, can the State agency submit a plan for FY22 without the general fund and request funds from SNAP E&T instead (i.e., supplant the general funds)?**

As a best practice, E&T funding should be used to expand a State agency's capacity to offer employment and training opportunities to SNAP participants.

Thus, FNS All encourages E&T funds to be used to create additional SWBL opportunities in the State, rather than replace funding for existing slots.

Please note, however, that State agencies and their partners are prohibited from using E&T funds to supplant State and local funding for educational activities.

**Must SWBL activities comply with labor laws?**

All SWBL activities must comply with the regulations at 7 CFR 273.7(e)(2)(iv).

These requirements include:

- Participants must receive the same benefits as other comparable workers would, including holidays, sick pay, vacation, and medical insurance.
- The employer or provider must provide worker's compensation coverage.
- Participants must be paid the same amount as other comparable workers.

All SWBL activities must also comply with the Fair Labor Standards Act (FLSA) and all other applicable labor laws in accordance with 7 CFR 273.7(e)(2)(iv). FNS encourages State agencies to reach out to their State Labor Departments with questions regarding labor laws.

**Can a self-employment position qualify as a SWBL activity?**

Only payroll positions with State and Federal withholdings qualify. Independent contractor and self-employment situations are not payroll positions and may not be part of a SWBL activity.

**How can SWBL activities coordinate with WIOA title I programs?**

SWBL programs can be combined or performed sequentially with WIOA title I Programs. The following are examples of how the two programs can coordinate:

- SWBL programs can transition to a WIOA title I subsidized wage program after the SNAP case closes.
- WIOA Title I can provide the subsidized wage using title I funding, and E&T can provide other components and participant reimbursements.

Note, however, that WIOA Title I funding is Federal funding, so State agencies cannot request reimbursement with E&T funds for WIOA activities.

Sincerely,

Moira Johnston  
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Supplemental Nutrition Assistance Program