

# Expanding Opportunities for Nebraska's SNAP Recipients: How to Structure Successful SNAP Employment and Training Partnerships

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## Nebraska Appleseed

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## Introduction

The Supplemental Nutrition Assistance Program (SNAP, formerly known as the Food Stamp Program) provides approximately 174,000 Nebraskans with critical food assistance every month.<sup>1</sup> While SNAP is widely known for helping needy families purchase nutritious food, the program also includes an Employment and Training (E&T) component. SNAP E&T is a skills and job training program for SNAP participants administered by the U.S. Department of Agriculture's (USDA) Food and Nutrition Service (FNS).<sup>2</sup> It provides resources states can use to help SNAP participants gain skills and training to move into jobs that pay a living wage and off of SNAP.

Using SNAP E&T to connect SNAP participants with job training would not only benefit the participants and their families, but it would help bolster the state's economy as well. In Nebraska, as is the case across the country, more and more job opportunities require some level of postsecondary education.<sup>3</sup> Over 6,000 working families in Nebraska have at least one parent without a high school level education and fall under 100% of the federal poverty level.<sup>4</sup> Nationwide, 40 percent of SNAP participants are not high school graduates and are more likely to participate in SNAP for a longer period of time than their peers with higher levels of education.<sup>5</sup>

While Nebraska does utilize federal SNAP E&T resources, the scope and reach of current E&T programming in the state is limited. Programs are offered only in central Nebraska and reach fewer than 600 participants annually. Moreover, with Nebraska's current budgetary constraints, SNAP E&T offers a means to draw down significant federal support for education and training activities that do not require significant general fund investments. In other words, Nebraska could expand SNAP E&T programming to reach more people in more locations without a sizeable state expenditure by contracting with third-party partners.

Example of a third-party partnership: State A enters into a contract with State A Community College under which the community college will offer education and/or training programs to SNAP recipients. Fifty percent of the funds expended by the community college to offer the programs will be reimbursed by the federal government. The state will refer SNAP participants who would benefit from the programming to the community college, ensure the community college is accurately reporting data regarding the programs, and administer the federal reimbursements.

Under the third-party partnership model, a state agency can work together with a community college or other community based organization to provide E&T programs. To do this, a state may contract with a third party organization to provide an E&T component. The third party then may use non-federal funds to pay for allowable expenses and submit a claim

for reimbursement through the state. FNS reimburses the state for 50% of the allowable expenses, and the state passes the reimbursement to the third party organization.<sup>6</sup> For example, if a community college is offering a training program that a SNAP recipient enrolls in, the state could pull down matching funds to reimburse the community college for a portion of the cost of the program. Using third party partnerships allows money that is *already* being spent on employment and training programs to go farther through federal reimbursement.

While the benefits of a well-structured third party partnership program are clear, in order to successfully establish such a program agencies must have the capacity to identify appropriate potential partners, broker and manage contracts, and track multiple variables like cost, participation, and outcomes.<sup>7</sup>

Nebraska Appleseed authored a report on SNAP E&T in December of 2016 that recommended, among other things, that Nebraska use third party partnerships to expand SNAP programming.<sup>8</sup> This report is intended to supplement that report and serve as a practical guide for implementing successful third-party partnerships in Nebraska. It will discuss who can be third-party partners, the various types of E&T programming partners could provide, how the funding of these partnerships would work, and generally how to go about identifying, educating, and onboarding partners. Nebraska should test the process by initiating a third-party partner pilot program. There is already a pilot program in Nebraska targeting SNAP recipients with Department of Labor employment and skills programming. That pilot program was recently expanded.<sup>9</sup> Nebraska should supplement those efforts with another pilot program expanding SNAP E&T by forming third-party partnerships.

### **Who can be a third-party partner?**

Third party partners can take many forms. In general, any entity that is offering employment and training programs, or has the capacity to and interest in providing employment and training programs, should be considered as a potential partner. Frequently, third-party partners are education institutions like community colleges, vocational training centers, or high school equivalency preparation centers. Third-party partners could also be non-profits like libraries or the Boys and Girls Club, businesses like banks, factories, or hospitals, or other community-based organizations like food banks or homeless shelters.

There are several items to consider when evaluating a third-party partner. Maintaining a third-party program can require an administrative investment for the partner agency, therefore potential partners must have the capacity to assess, place, and track participants, as well as

track costs of the program. The USDA recommends examining capacity of a potential partner by looking at service capacity and financial capacity.<sup>10</sup>

**Service Capacity** – To evaluate whether a potential partner has the capacity to provide E&T services, the FNS recommends asking the following questions:

- **Does the partner agency offer appropriate and allowable E&T activities or will it have to create new activities for SNAP E&T clients?** This is an important question to ask because even if the partner agency is already offering services that seem in line with E&T components, they may not be eligible for reimbursement under their current structure. This report will discuss this later in detail.
- **Can the partner verify that a participant is receiving SNAP benefits and not receiving cash assistance from ADC?**<sup>11</sup> In some cases, verification is made possible by an information-sharing agreement between the state and the partner in which the partner has limited access to SNAP records.
- **Does the partner agency have the ability to assess and place E&T participants in appropriate E&T activities?** This is an important question, but the bearer of the obligation to assess and place participants depends on how the state decides to structure the E&T program. For instance, a non-profit offering employment-focused English as a Second Language (ESL) courses could be brought in as a third-party partner without assuming the obligation to assess and place participants in other programs.
- **What support services can the partner agency provide?** If partner agencies are able to provide supportive services such as transportation, participant reimbursements, or referrals to additional services, they can potentially draw down federal reimbursement for costs associated with providing those services as well.
- **Can the partner agency monitor and report on the participation of SNAP E&T clients?** Regardless of how the partnership is structured, the partner agency will take on some level of monitoring and reporting to the state. This is critical for the state because the state needs to report to FNS and track outcome measures.

**Financial Capacity** – To evaluate whether the potential partner has adequate financial resources to support programming and staff:

- **Does the partner agency have the cash flow to support E&T programming and handle delays between outlays and reimbursement?** There can be a delay between when the partner expends resources to administer an E&T program and when the federal reimbursement comes in. Partner agencies must have sufficient cash flow to handle these delays.
- **Does the partner agency have experience with federal grants?** The federal grant process can be complicated. Additionally, the partner agency should have the ability to track federal funds and guarantee that the source of matching funds is non-Federal and allowable.
- **Does the partner agency have the capacity to track and invoice staff time spent on the E&T program?** A partner agency can bill for staff time spent on administering an E&T program, but only if it is capable of maintaining E&T program-specific time records for its staff.
- **Can the partner agency retain and store records?** Because the partner agency is partnering with, and receiving money through the state, there may be state audits and reviews of the agency's records. The agency must have the capacity to keep records.

In determining who could be a productive third-party partner, it is important to consider not only the type of entity considered (community college, GED center, non-profit) but the service and financial capacity of the partner as well. Third party partnerships are a good way of expanding access to E&T programming but partners must have adequate capacity to implement programming and comply with tracking and record retention requirements.

### **What types of programs can a third-party partner provide?**

The following are descriptions of each of the types of E&T programs that states are allowed to provide.

#### **1. Job Search Program:**

Job search programs are known to be the least administratively burdensome and inexpensive E&T component. A job search program requires participants to make a pre-determined number of inquiries to prospective employers over a specified period of time. This usually

should entail approximately 12 contacts with employers per month for two months. State agencies are given broad discretion to establish program requirements within certain parameters set out by the federal government.<sup>12</sup>

## **2. Job Search Training Program:**

Job search training programs are designed to enhance job readiness of participants by teaching job seeking techniques and increasing job search motivation. These programs may include job skills assessments and job placement services as well as other direct training or support activities. Generally, a job search training program will require more resources than a job search program. States may set up job search training programs so long as they comply with the certain federal parameters.<sup>13</sup>

## **3. Work Experience Program:**

Work experience training programs are designed to improve employability of participants through actual work experience and/or training that enables participants to move into regular employment. These programs can be offered by private, for-profit corporations. The program must be designed to improve the employability of household members through actual work experience or training, or both, and to enable individuals employed or trained under such programs to move promptly into regular public or private employment. Such an employment or training experience must not provide any work that has the effect of replacing the employment of an individual not participating in the employment or training experience program and must provide the same benefits and working conditions that are provided at the job site to employees performing comparable work for comparable hours.

## **4. Education Program:**

A SNAP E&T Education component is intended to improve the basic skills and employability of SNAP participants. Education programs can include:

1. Adult Basic Education
2. Basic literacy
3. English as a Second Language
4. High school equivalency
5. Post-secondary education
6. Vocational training

Notably, education programming will only be approved if there is a direct link to job-readiness. Educational programs or activities must be designed to improve basic skills or otherwise improve employability. Further, E&T funds can only be used to pay for tuition and mandatory school fees that are charged to the general public. E&T funds cannot be used to pay for state

or local education entitlements. For example, if a state or local government guarantee that all adults under 21 years of age are entitled to GED classes at no cost and the state funds this activity, E&T funds cannot be used to pay for these services. This is an example of a federal rule requiring that E&T funds be used to “supplement” rather than “supplant” non-federal funds used for education components.<sup>14</sup>

Community colleges offering SNAP E&T education programming are at the heart of some of the more successful third-party partnership models in the country (for example, the BFET program in Washington state).<sup>15</sup> Community colleges are particularly well situated to be partners because they generally have existing connections to career pathways, adult basic education, and other valuable programs and agencies that facilitate the transition from education to employment. Further, community colleges are a generally accessible entry point for low-skilled job seekers.<sup>16</sup>

### **How exactly do the cost policies work?**

Every year, the state of Nebraska receives a federal grant for the administration of E&T programs. If the state accrues additional administrative expenses above that grant amount, those expenses are reimbursed by the federal government at 50%. In other words, the federal government reimburses DHHS for half of the allowable administrative E&T costs accrued in excess of the grant. This same principle applies to third-party partner agencies. Either the state agency can fund all of the administrative costs at a partner agency with 100% grant money, or the partner agency can put up the cost of the program and receive federal reimbursement through DHHS. This model allows third party partners to leverage existing non-federal funds in a way that makes each dollar go farther.

In order to be reimbursable, expenses must be “directly related to an approved E&T program component.”<sup>17</sup> The cost must also be reasonable and necessary. A reasonable cost is defined as a cost that in its nature and amount does not exceed that which a prudent person would pay under the circumstances prevailing at the time the decision was made to incur the cost.<sup>18</sup> A necessary cost is defined as one incurred to carry out essential functions, that cannot be avoided without adversely impacting the operation of the E&T program, and do not duplicate existing efforts.<sup>19</sup>

Beyond the general requirement that E&T funds be used for reasonable and necessary expenses, there are a few specific restrictions on E&T funding. For instance, E&T funds may not be used to make SNAP eligibility determinations, nor may they support sanction activities or participant wages.<sup>20</sup>

To identify allowable costs for SNAP E&T purposes, FNS suggests asking the following three questions:<sup>21</sup>

1. Are the proposed services appropriate for E&T?
2. What is the source of the partner agency funding (is it an allowable match?)
3. Are other federal, state, and local programs charged the same?

As stated above, community colleges are often the bedrock of a third-party partnership model. However, while they are well situated to be partners, SNAP E&T funding rules for education are complex. This is due to the SNAP E&T program being subject to federal grant rules and the prohibition on using federal E&T funds to supplant non-federal funds for existing educational activities (the federal grant challenges exist with any potential partner, the prohibition on supplanting non-federal funds is specific to those offering education components). FNS provides a “dos and don’ts” chart for forming partnerships with institutions for higher learning to help clarify the rules around education funding. That chart is attached to this report as Exhibit A. (USDA SNAP E&T Toolkit, pg. 49).

## **Models for Administration**

States have broad flexibility in designing a third party partnership model that works best for that state. That said, there are two general models for administering third-party partnerships that differ in the level of responsibility assumed by the state and the partner agency. The more restricted model assigns many more of the responsibilities to the State agency, rather than to the partner, while the comprehensive model involves the partner taking on more responsibility.

### **Restricted model**

- Partner agency delivers the services of an E&T component.
- State agency refers clients to its partner agency but the State agency retains responsibility for recruitment, assessment, placement and tracking.
- Partner agency may put up the cost of allowable E&T services and is then reimbursed by the State agency.

### **Comprehensive model**

- Partner agency takes on the State agency’s responsibility for recruitment, assessment, placement and tracking in addition to offering E&T activities.
- Partner agency could put up the cost for program operations including assessment, case management, E&T activities and participant reimbursements.
- State agency would then reimburse the partner for allowable E&T expenses.

### **In both models**

- Partnering agencies may put up funds for the allowable costs of E&T components and receive reimbursement with either 100 percent Federal grant money or 50 percent Federal reimbursement money.

### **Prospective third-party partner: Center for People in Need**

Nebraska Appleseed has met with the staff at the Center for People in Need to discuss SNAP E&T and third-party partnerships and to gauge their level of interest in, and capacity to, join a potential pilot program in Nebraska.

The Center for People in Need (CFPIN) is located in Lincoln, and is a non-profit organization with a mission to enhance current services, enabling people to address issues of poverty with greater dignity and resolve. CFPIN operates through four core areas of impact, which are hunger prevention, social support, adult education, and second chances for re-offenders. The vast majority of the clients CFPIN serves are either currently receiving SNAP or would likely be eligible to receive SNAP. Further, CFPIN currently offers employment centered ESL classes to 300-350 students every week and uses private funds to support those classes. Further, CFPIN likely has the financial resources and service capacity necessary to implement and maintain an effective and sustainable SNAP E&T component. CFPIN staff have indicated an interest in potentially becoming a third-party partner and seem very well situated to do so.

If CFPIN entered into a partnership with DHHS to offer ESL classes to SNAP recipients, it could potentially draw federal reimbursement for half of the cost it accrues. Not only would this allow CFPIN to reach more people in need of ESL programming, it would be an opportunity for SNAP recipients in the Lincoln area to access valuable E&T programming which, as of now, is confined to central Nebraska. SNAP caseworkers in Lincoln could refer clients who need ESL classes to CFPIN, CFPIN would provide the programming supported by the 50% federal reimbursement, and SNAP recipients in need of ESL training could receive it.

### **Steps in Building a Partnership**

FNS provides the following step-by-step guide to building a third-party partnership: (found in the SNAP E&T Toolkit)

1. Put together a partnership packet, including the purpose of the E&T program, the responsibilities and requirements for an E&T program, and the services a partner could offer.
2. Compile a list of potential partner organizations and share your partnership packet.
3. Assess interested organizations for administrative capacity to operate an E&T component or program.
4. Draft a memorandum of understanding or contract.

5. Share contract with FNS to ensure all proposed costs are allowable.
6. Revise state E&T plan (or plan amendment) and submit to FNS. Be sure to submit new tables and cost estimates along with proposed changes.
7. Implement. Collect participation data from community partners. Review invoices to ensure information is correct.
8. Audit community partner on a regular basis to ensure fiscal and program integrity.

## Conclusion

In order to implement a successful third-party partnership program in Nebraska, there is a lot of work to do. The structure of the program must be designed in advance, there must be buy-in from the state, and the state and community partners must learn to navigate the administrative complexities of the program. However, the work would allow Nebraska to realize the many benefits that come from forming and maintaining productive third-party partnerships. Nebraska could expand the scope and reach of its SNAP E&T program, maximize dollars already being spent to serve SNAP recipients, allow community-based organizations and community colleges to grow and serve more individuals, and ultimately increase the employability of SNAP participants. The time is right for Nebraska to pilot a SNAP E&T third-party partnership program.

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*This report is also supported by the Lincoln Community Foundation. The mission of LCF is to provide leadership and resources to help build a great city. For more information: <https://www.lcf.org/>.*

## Endnotes

1. USDA Supplemental Nutrition Assistance Program: Numbers of Persons Participating (Data as of July 7, 2017), available at <https://www.fns.usda.gov/sites/default/files/pd/29SNAPcurrPP.pdf>.
2. USDA, SNAP to Skills, Why Now is the Time for States to Build Their SNAP E&T Programs, Policy Brief 1, April 2016.
3. *Id.*
4. Working Poor Families Project, generated by Population Reference Bureau, analysis of 2014 American Community Survey Microdata.
5. Using SNAP E&T to Support Job-Drive Training Programs, Kaila Wilson, SNAP Office of Employment and Training, FNS, presentation at NCWE Conference – Keeping the Promises of Workforce Education, October 12, 2016.
6. National Skills Coalition, Tools for Skills-focused SNAP E&T Programs, April 30, 2015.
7. DeRenzis, Brooke National Skills Coalition, Skills-Based SNAP Employment and Training Policy Toolkit (Skills Equity Agenda) pg. 4 (October 2016).
8. Nebraska Appleseed, *SNAP Employment and Training: Opportunities for Growth in Nebraska*, December 2016.
9. *Gov. Ricketts Unveils Program Connecting SNAP Clients to Better Job Opportunities*, Office of Governor Pete Ricketts, July 17, 2017. Available at <https://governor.nebraska.gov/press/gov-ricketts-unveils-program-connecting-snap-clients-better-job-opportunities>.
10. The inquiries around service and financial capacity come from the SNAP E&T toolkit (2013) pp. 33-34.
11. E&T funds must not be spent on households receiving cash assistance. But note, the Food and Nutrition Act of 2008 allows Vermont, Wisconsin, Colorado, and Utah to spend a limited amount of E&T funds on TANF recipients.
12. The state agency may require an individual to participate in a job search from the time an application is filed for an initial period established by the agency. Following this initial period, the state agency may require an additional job search period in any of the 12 consecutive months. The state agency may establish a job search period that, in its estimation, will provide participants a reasonable opportunity to find suitable employment. The state agency should not, however, establish a continuous, year round job search requirement. Lastly, if a reasonable period of job search does not result in employment, placing the individual in a training or education component to improve job skills is recommended. 7 CFR 273.7.
13. The program must include reasonable job search training and support activities and a direct link between the job search training activities and job-readiness must be established for a component to be approved. 7 CFR 273.7.
14. Educational activities and expenses are treated differently by federal regulations when it comes to drawing down reimbursements. Federal funds for education components must not be used to supplant non-federal funds used for existing services and activities. See Section 6(d)(4)(h). For example, if a state guarantees that all adults under 21 are entitled to GED classes at no cost (supporting the program with state funds) E&T funds cannot be used to pay for the services, nor can the funds expended by the state be used as a match.
15. See Nebraska Appleseed's previous report on SNAP E&T for more information on Washington State's BFET program.
16. Using SNAP E&T to Support Job-Drive Training Programs, Kaila Wilson, SNAP Office of Employment and Training, FNS, presentation at NCWE Conference – Keeping the Promises of Workforce Education, October 12, 2016
17. SNAP E&T Toolkit pg. 46 (2013).
18. *Id.*
19. *Id.*
20. 7 CFR 273.7.
21. SNAP E&T Toolkit, *supra*, pg. 46

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