

Subsidized Employment Program (SEP) Employer Fact Sheet

- The Alabama Department of Human Resources (DHR), the Department of Rehabilitation Services, and the Alabama Career Center System are collaborating to provide time-limited, paid employment to Family Assistance (FA) recipients to help them become self-supporting.
- Subsidized employment means jobs for which the employer receives a subsidy from the Department of Human Resources to cover the employee's gross wages.
- Subsidy payments directly through DHR are available for FA recipients in all 67 counties. In addition, subsidy payments are available in all counties for FA recipients with disabilities who are participating in DHR's Independence through Employment (ITE) program through the Alabama Department of Rehabilitation Services (DRS).
- Employers may not hire an employee through this program to fill a vacant employment position if another individual is on strike/layoff from the same or an equivalent job or terminate or reduce the hours of a regular employee to hire an SEP participant.
- The employee should be hired to work 35-40 hours per week.
- The employee is paid wages by the employer and s/he should receive the same pay and employee benefits as any other employee who is performing similar work.
- Employers will be reimbursed for 100% of the employee's gross wages, including mandatory withholdings such as the employee's cost of FICA, but excluding the employer's costs for FICA and other mandatory taxes. The employer must withhold FICA (Social Security and Medicare) taxes from the employee's wages.
- Workman's Comp must be purchased by the employer, but is not reimbursable.
- Reimbursement of the employee's gross wages will be provided by DHR for up to six months or until the employee's Family Assistance (FA) benefits terminate or the employee quits or is terminated, whichever is earliest. The first month of the subsidy period is the month in which the paid hours begin. For example, the individual is hired on August 27, 2009. S/he starts work and is paid for hours worked beginning September 2. The first month of the subsidy period for this employee is September.
- **When the employer hires the client, s/he must:**
 - Complete the JOBS Subsidized Employment Program (SEP) Agreement form and return it to the Career Center representative or County DHR JOBS Program.
 - Notify the Career Center representative or DHR contact person immediately if the employee does not start work.
 - Complete the Subsidized Employment Program (SEP) Paid Hours Verification form after the first "full" pay period for the employee and return it to the county DHR contact person in the self-addressed envelope, by email or by fax within five

(5) calendar days. A “full” pay period is one for which the employee was paid for the number of weekly hours as stated in the JOBS SEP Agreement.

- Employers must pay the wages to the client before requesting reimbursement from DHR. Wages may not be paid in cash.
- **To receive reimbursement for wages paid, the employer should:**
 - Submit a reimbursement form after the first pay period, regardless of whether it was for a “full” pay period as described above.
 - Attach verification of wages paid, i.e., pay stub or other payment record that clearly documents the pay period, gross pay, net pay and mandatory withholding.
 - Attach a copy of the W-9 form with the first request for reimbursement form that is submitted to the Alabama State Department of Human Resources (SDHR).
- Requests for reimbursement must be submitted to:
 - State Department of Human Resources
 - ATTN: Family Assistance Division
 - 50 Ripley St.
 - Montgomery AL 36130
- Employers may expect to receive reimbursement 10 to 15 business days after an accurate reimbursement request is received by the SDHR.
- Employers must be agreeable to record retention and review by DHR.
- The fiscal agent (DHR) reserves the right to perform periodic audits to review corroborating proof of payment documentation or other compliance data at the employer’s work site. Corroborating sources of evidence include, but are not limited to:

Cancelled checks	Electronic references	Time and effort records
Bank statements;	Timesheets	Payroll reports
- The employer will receive notification of termination of the subsidy from the County DHR JOBS case manager. If the subsidy is terminated before the end of the last month in an authorized subsidy period and the individual remains employed, the termination notice will be provided 14 days in advance of the termination of the subsidy.
- The employer is encouraged to retain the employee after the subsidy has ended.
- Employers may be able to claim the Work Opportunity Tax Credit (WOTC) for non-reimbursed employee expenses they paid during the subsidy period and afterwards.
- For additional information contact the local County Department of Human Resources’ JOBS Program.