



## WORKFORCE IMPLEMENTATION GUIDANCE (WIG) LETTER

**DATE:** November 1, 2016  
**NO:** WIG LS-16-001  
**TO:** LOCAL WORKFORCE SYSTEM STAKEHOLDERS  
**FROM:** DAVID DIETRICH, Deputy Counsel WFD  
**SUBJECT:** GUIDANCE REGARDING FAITH-BASED ENTITIES' INVOLVMENT IN THE WORKFORCE SYSTEM

- 1. Purpose.** To provide guidance concerning faith-based organizations' inclusion in the workforce system.
- 2. References.** See Attachment A.
- 3. Definitions.** WIOA – Workforce Innovation and Opportunity Act  
LWDA – Local Workforce Development Area  
USDOL – United States Department of Labor  
WFD – Workforce Division
- 4. Background.** WIOA's broad statutory "prohibition on assistance for facilities for sectarian instruction or religious worship" has been further clarified by WIOA's final rules, updated labor regulations, and a final rule implementing Executive Order 13559 which sets forth the fundamental principles and policymaking criteria for partnerships with faith-based and other neighborhood organizations.<sup>1</sup> As LWDA's update their service delivery models, they must be aware of the restrictions placed on them by federal law regarding participants either constructing, operating, or maintaining any part of any facility that is used or will be used for sectarian instruction or as a place of worship.<sup>2</sup> However, in order to ensure service delivery models comply with federal nondiscrimination and equal opportunity provisions, LWDA's must ensure they are not applying an overly narrow interpretation of the restriction.
- 5. Sectarian/ Religious Guidance.** WIOA prohibits participants from being employed to carry out the construction, operation, or maintenance of any part of any facility used for sectarian instruction or as a place of religious worship. However, WIOA specifically allows the maintenance of facilities that are not primarily used for religious instruction or worship which

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<sup>1</sup> 29 U.S.C. § 3248(a)(3)

<sup>2</sup> 29 U.S.C. § 3248(a)(3)

are operated by organizations providing WIOA services to the participant. WIOA's final rules further clarify that USDOL funding may, in certain circumstances, be used to employ or train participants in religious activities.

29 CFR part 2, subpart D, governs the circumstances under which Department support, including WIOA title I financial assistance, may be used to employ or train participants in religious activities. Under that subpart, such assistance may be used for such employment or training only when the assistance is provided **indirectly** within the meaning of the Establishment Clause of the U.S. Constitution, and not when the assistance is provided **directly**. That subpart also contains requirements related to equal treatment in Department of Labor programs for religious organizations, and to protecting the religious liberty of Department of Labor social service providers and beneficiaries. (emphasis added)<sup>3</sup>

The general rule presented above is further defined in additional regulations which clarify that direct funding must not support **explicitly religious activities**. (emphasis added)<sup>4</sup> This is an important distinction as it separates explicitly religious activities from more general religious/sectarian affiliations. Therefore, an entity's religious/sectarian affiliation is not a bar to its receipt of federal funds as long as any explicitly religious activities it conducts are conducted at either a separate time or place from when or where the WIOA services are being provided.

Understanding and distinguishing direct and indirect funding is the most important part of determining how explicitly religious activities may be conducted. In its simplest form, the key to making the determination on whether an entity is a direct or indirect recipient lies in whether the ultimate beneficiary, the participant, determines whether the entity receives funding. Generally, if the participant chooses the entity, then the entity is an indirect federal funding recipient. Conversely, if the LWDA contracts directly with an entity or grants an entity a subaward, the entity is, generally, a direct federal funding recipient. After determining whether an entity is directly or indirectly funded, the restrictions on explicitly religious activities are easily determined. Direct recipients may be religious organizations but, if they are, any explicitly religious activity must be performed at a separate time or location from the DOL-funded services and notification of certain protections must be provided to the participant. Separately, indirect recipients "need not modify [their] program activities to accommodate a beneficiary who chooses to expend the indirect aid on the organization's program."<sup>5</sup>

Additional information on religious/sectarian-affiliated entities involvement in the workforce system is provided in Attachment A. Attachment A also provides several instructional examples.

## **6. Action Requested.**

- a. Take steps to ensure any express assurance reiterating that direct USDOL support for explicitly religious activities is prohibited is included in all legal documents and not only those entered into with religious organizations.
- b. Ensure the required notice form is completed by any participant who agrees to receive WIOA services from a religious organization.

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<sup>3</sup> 20 C.F.R. § 683.255(b)

<sup>4</sup> 29 C.F.R. § 2.33(b)(1)

<sup>5</sup> 29 C.F.R. § 2.33(a)

7. **Inquiries.** Inquiries regarding this guidance should be directed to Deputy Counsel David Dietrichs.
  
8. **Attachment.** See Below.
  
9. **Expiration.** Continuing.



## GUIDANCE REGARDING FAITH-BASED ENTITIES' INVOLVEMENT IN THE WORKFORCE SYSTEM

### **References**

[Workforce Innovation and Opportunity Act Section 188\(a\)\(3\)](#)

[20 C.F.R. Part 683, Subpart B- Administrative Rules, Costs, and Limitations](#)

[29 C.F.R. Subtitle A, Part 2, Subpart D- Equal Treatment in Department of Labor Programs for Religious Organizations; Protection of Religious Liberty of Department of Labor Social Service Providers and Beneficiaries](#)

[Federal Regulations Implementing Executive Order 13559: Fundamental Principles and Policymaking Criteria for Partnerships with Faith-Based and Other Neighborhood Organizations](#)

### **Definitions and Acronyms** (Please note, definitions are directly from the federal regulations.)

- a. *LWDA* - Local Workforce Development Area
- b. *WIOA* – Workforce Innovation and Opportunity Act
- c. *Federal financial assistance* - Assistance that non-Federal entities (including State and local governments) receive or administer in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, direct appropriations, or other direct or indirect assistance, but does not include a tax credit, deduction or exemption. Federal financial assistance may be direct or indirect.<sup>6</sup>
- d. *Direct Federal financial assistance* - Means that the Government or a DOL social service intermediary provider under this part selects the provider and either purchases services from that provider (e.g., via a contract) or awards funds to that provider to carry out a service (e.g., via grant or cooperative agreement). In general, Federal financial assistance shall be treated as direct, unless it meets the definition of indirect Federal financial assistance or Federal financial assistance provided indirectly.<sup>7</sup>
- e. *Indirect Federal financial assistance* - Means that the choice of the service provider is placed in the hands of the beneficiary, and the cost of that service is paid through a

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<sup>6</sup> 29 C.F.R. § 2.31(a)

<sup>7</sup> 29 C.F.R. § 2.31(a)(1)

- voucher, certificate, or other similar means of government-funded payment. Federal financial assistance provided to an organization is considered indirect when:
- i. The Government program through which the beneficiary receives the voucher, certificate, or other similar means of Government-funded payment is neutral toward religion;
  - ii. The organization receives the assistance as a result of a decision of the beneficiary, not a decision of the government; **and**
  - iii. The beneficiary has at least one adequate secular option for the use of the voucher, certificate, or other similar means of Government-funded payment.<sup>8</sup>
- f. *DOL social service intermediary provider* - Means any (US)DOL social service provider, including a non-governmental organization, that, as part of its duties, selects subgrantees to receive DOL support or subcontractors to provide DOL-supported services, or has the same duties under this part as a governmental entity.<sup>9</sup>
- g. *DOL social service provider* - Means any non-Federal organization, other than a State or local government, that seeks or receives DOL support, or participates in DOL programs other than as the ultimate beneficiary of such programs.<sup>10</sup>
- h. *Pass-through entity* - means a non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program.<sup>11</sup>
- i. *Subgrant/subaward* - Means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.<sup>12</sup>
- j. *Subrecipient* - Means a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program, but does not include an individual that is a beneficiary of such program. A subrecipient also may be a recipient of other Federal awards directly from a Federal awarding agency.<sup>13</sup>

## **Governing Laws and Regulations**

### **INTRODUCTION**

Title I of WIOA authorizes the use of federal funds for youth, adult, and dislocated worker employment and training activities. The use of these funds must be in compliance with the provisions of WIOA and any other applicable federal and state laws and regulations. As the funds are awarded and contracted down to the ultimate beneficiary, the applicability of the

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<sup>8</sup> 29 C.F.R. § 2.31(a)(2)

<sup>9</sup> 29 C.F.R. § 2.31(f)

<sup>10</sup> 29 C.F.R. § 2.31(e)

<sup>11</sup> 2 C.F.R. § 200.74

<sup>12</sup> 20 C.F.R. § 675.300

<sup>13</sup> 20 C.F.R. § 675.300

governing laws and regulations may change. This is particularly true for the purposes of WIOA’s “prohibition on assistance for facilities for sectarian instruction or religious worship.”<sup>14</sup> While the statutory prohibition appears to be a general prohibition with broad applicability and scope, it is in fact quite limited and an incorrect application may violate the equal opportunity and nondiscrimination provisions of WIOA. However, as discussed in greater detail in this WIG, the most basic determination is whether the participant, the ultimate beneficiary of WIOA funding, chooses the entity whose sectarian status is in question. This determination forms the basis for deciding whether the entity is a direct or indirect funding recipient and whether any religious activities or status in question are permissible.

#### WIOA’s STATUTORY PROHIBITION AND REGULATORY CLARIFICATION

In determining the scope of WIOA’s “prohibition on assistance for facilities for sectarian instruction or religious worship,” the statutory language and supporting regulations must be reviewed. Section 188(a)(3) of WIOA states:

PROHIBITION ON ASSISTANCE FOR FACILITIES FOR SECTARIAN INSTRUCTION OR RELIGIOUS WORSHIP.—Participants shall not be employed under this title to carry out the construction, operation, or maintenance of any part of any facility that is used or to be used for sectarian instruction or as a place for religious worship (except with respect to the maintenance of a facility that is not primarily or inherently devoted to sectarian instruction or religious worship, in a case in which the organization operating the facility is part of a program or activity providing services to participants).<sup>15</sup>

The language prohibiting participants from constructing, operating, or maintaining any part of any facility that is used or will be used for sectarian instruction or as a place of worship is clear. However, the prohibition contains an exception in that it allows the maintenance of facilities “not primarily or inherently devoted to sectarian instruction or religious worship, in a case in which the organization operating the facility is part of a program or activity providing services to participants.”<sup>16</sup>

The WIOA final rule, which sets forth WIOA’s regulations, provides additional guidance on the limitations imposed on religious activities by WIOA. The regulations restate the language present in WIOA and further clarify the exception which allows participants to maintain “facilities that are not primarily used for instruction or worship and are operated by organizations providing services to WIOA participants.”<sup>17</sup> The regulations reference subpart D of Title 29 of the Code of Federal Regulations (CFR) which specifically “governs the circumstances under which Department (United States Department of Labor) support, including WIOA title I financial assistance, may be used to employ or train participants in religious activities.”<sup>18</sup> The regulations further provide that WIOA Title I “assistance may be used for such employment or training only when the assistance is provided **indirectly** within the meaning of the Establishment Clause of the U.S. Constitution, and **not** when the assistance is provided **directly**.”<sup>19</sup> The distinction between direct and indirect funding is critical to the allowability assessment and is further detailed in subpart D of Title 29.

#### EXECUTIVE ORDER 13559 AND IMPLEMENTING REGULATIONS

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<sup>14</sup> 29 U.S.C. § 3248(a)(3)

<sup>15</sup> 29 U.S.C. § 3248(a)(3)

<sup>16</sup> 29 U.S.C. § 3248(a)(3)

<sup>17</sup> 20 C.F.R. § 683.255(a)

<sup>18</sup> 20 C.F.R. § 683.255(b)

<sup>19</sup> 20 C.F.R. § 683.255(b)

Executive Order 13279, as amended by Executive Order 13559, sets forth general principles regarding the participation of faith-based organizations in programs administered with federal funding.<sup>20</sup> USDOL amended subpart D of Title 29 of the CFR, titled “Equal Treatment in Department of Labor Programs for Religious Organizations; Protection of Religious Liberty of Department of Labor Social Service Providers and Beneficiaries,” in response to the changes presented in Executive Order 13559. Subpart D is meant to “ensure that DOL-supported social service programs are open to all qualified organizations, regardless of the organizations' religious character, and to establish clearly the permissible uses to which DOL support for social service programs may be put, and the conditions for receipt of such support.”<sup>21</sup> Subpart D defines social service programs to include “job training and related services, and employment services.”<sup>22</sup> The definitions section of subpart D also defines and characterizes direct and indirect federal financial assistance, the definitions are provided above in the Definitions and Acronyms section. Using the definitions provided, the specific restrictions placed on religious organizations and the limitations placed on the scope of those restrictions are set forth.

First, the restrictions state that, “DOL social service intermediary providers, DOL social service providers, and State and local governments administering DOL support must ensure that they do not use **direct** DOL support for explicitly religious activities.”<sup>23</sup> (emphasis added) These explicitly religious activities include, but are not limited to, worship, religious instruction, or proselytization.<sup>24</sup> However, the regulations also state:

DOL social service providers **must** be permitted to offer explicitly religious activities so long as they offer those activities separately in time or location from social services receiving direct DOL support, and participation in the explicitly religious activities is voluntary for the beneficiaries of social service programs receiving direct DOL support. For example, participation in an explicitly religious activity must not be a condition for participating in a directly-supported social service program. (emphasis added)<sup>25</sup>

It is clear from these regulations that while DOL prohibits the direct funding of explicitly religious activities, an entity’s religious affiliation is not necessarily a bar to its eligibility to receive direct federal funding **as long as that funding is not used for explicitly religious activities**. Furthermore, a DOL service provider may still offer explicitly religious activities as long as they are provided at either a separate time or at a separate location from where the DOL-funded services are being provided.

Separately, federal regulations provide that indirectly-funded organizations may continue to provide services without separating those which are explicitly religious in nature from the time or location in which they provide the indirectly, federally-funded services. Specifically, “an organization that participates in a program funded by indirect financial assistance need not modify its program activities to accommodate a beneficiary who chooses to expend the indirect aid on the organization's program.”<sup>26</sup> This is reiterated in USDOL’s response to comments received regarding the proposed regulation where USDOL states, “[US]DOL's existing regulations at 29 C.F.R. § 2.33(b)(1) already state that the separation in time or

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<sup>20</sup> 81 Fed. Reg. 19353, 19355 (April 4, 2016)

<sup>21</sup> 29 C.F.R. § 2.30

<sup>22</sup> 29 C.F.R. § 2.30(b)(2)

<sup>23</sup> 29 C.F.R. § 2.33(b)(1)

<sup>24</sup> 29 C.F.R. § 2.33(b)(1)

<sup>25</sup> 29 C.F.R. § 2.33(b)(1)

<sup>26</sup> 29 C.F.R. § 2.33(a)

location requirement for programmatic religious activities only applies to programs funded by direct aid.”<sup>27</sup>

Second, federal regulations require that religious organizations be afforded an equal opportunity to seek USDOL financial support when they are otherwise eligible.<sup>28</sup> Specifically:

DOL social service intermediary providers, as well as State and local governments administering DOL support, must not discriminate for or against an organization on the basis of the organization's religious character or affiliation, although this requirement does not preclude DOL, DOL social service providers, or State and local governments administering DOL support from accommodating religion in a manner consistent with the Establishment Clause.<sup>29</sup>

Furthermore, in the event a DOL service provider is a religious organization, it “must be permitted to continue to carry out its mission” subject to the funding restrictions previously stated regarding explicitly religious activities.<sup>30</sup> In “carrying out its mission,” the “religious organization must be permitted to use its facilities to provide DOL-supported social services without removing or altering religious art, icons, scriptures, or other religious symbols from those facilities and retain its authority over its internal governance, including retaining religious terms in its name, selecting its board members on a religious basis, and including religious references in its mission statements and other governing documents.”<sup>31</sup>

The federal regulations also strictly prohibit written assurances that are solely applied to religiously-affiliated entities. This prohibition states that a LWDA or a DOL social service intermediary “must not require only religious organizations to provide assurances that they will not use direct DOL support for explicitly religious activities” in any grant document, contract or other agreement, covenant, memorandum of understanding, policy, or regulation.<sup>32</sup> The regulations provide that “any such requirements must apply equally to both religious and other organizations.”<sup>33</sup> Therefore, a LWDA’s inclusion of such an assurance or a local DOL social service intermediary’s inclusion of such an assurance must be uniformly included and applied. It is important to note that any unequal treatment of an organization due to its religious affiliation may violate the equal opportunity and nondiscrimination provisions of WIOA. Accordingly, written assurances must be uniformly applied and may not single out religious or faith-based organizations. However, federal regulations do require “religious organizations providing social services to beneficiaries under a DOL program supported by direct Federal financial assistance [to] give written notice to beneficiaries and prospective beneficiaries of certain protections.”<sup>34</sup> The specific contents of this required notice are as follows:

- (1) The organization may not discriminate against a beneficiary or prospective beneficiary on the basis of religion or religious belief, a refusal to hold a religious belief, or a refusal to attend or participate in a religious practice;
- (2) The organization may not require beneficiaries to attend or participate in any explicitly religious activities (including activities that involve overt

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<sup>27</sup> 81 Fed. Reg. 19353, 19392 (April 4, 2016)

<sup>28</sup> 29 C.F.R. § 2.32(a)

<sup>29</sup> 29 C.F.R. § 2.32(a)

<sup>30</sup> 29 C.F.R. § 2.32(b)

<sup>31</sup> 29 C.F.R. § 2.32(b)(1-2)

<sup>32</sup> 29 C.F.R. § 2.32(c)

<sup>33</sup> 29 C.F.R. § 2.32(c)

<sup>34</sup> 29 C.F.R. § 2.34(a)



religious content such as worship, religious instruction, or proselytization) that are offered by our organization, and any participation by beneficiaries in such activities must be purely voluntary;

(3) The organization must separate out in time or location any privately-funded explicitly religious activities (including activities that involve overt religious content such as worship, religious instruction, or proselytization) from activities supported with direct Federal financial assistance;

(4) If a beneficiary objects to the religious character of the organization, the organization must make reasonable efforts to identify and refer the beneficiary to an alternative provider to which the beneficiary has no objection. The organization cannot guarantee, however, that in every instance, an alternative provider will be available; and

(5) Beneficiaries or prospective beneficiaries may report violations of these protections to, or file a written complaint of any denials of services or benefits by an organization with, the U.S. Department of Labor's Civil Rights Center. The required language of the notice is set forth in appendix A to these regulations and may be downloaded from the Civil Rights Center's Web site at <http://www.dol.gov/oasam/programs/crc> or at the Center for Faith-Based and Neighborhood Partnerships' Web site at <http://www.dol.gov/cfbnp>. DOL social service providers may post and distribute exact duplicate copies of the notice, including through electronic means.<sup>35</sup>

This notice must be provided to the beneficiary, participant, before they enroll in the program or receive services from the program.<sup>36</sup>

#### BACKGROUND: SUBRECIPIENT-CONTRACTOR DISTINCTION

The Uniform Administrative Requirements, also known as the Super Circular, set forth the regulations which govern federal awards. In Subpart D's "Subrecipient Monitoring and Management" section, the regulations provide guidance on determining whether an entity is a subrecipient or contractor.<sup>37</sup> The regulations state that "a pass-through entity must make case-by-case determinations whether each agreement it makes for the disbursement of federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor."<sup>38</sup> Subrecipients, defined above, receive a federal subaward and are tasked with performing a component of that federal award's specific program.<sup>39</sup> Subrecipient characteristics are also enumerated in the Super Circular as follows:

The characteristics which support the classification of the non-Federal entity as a subrecipient include when the non-Federal entity: (1) Determines who is eligible to receive what Federal assistance; (2) Has its performance measured in relation to whether objectives of a Federal program were met; (3) Has responsibility for programmatic decision making; (4) Is responsible for adherence to applicable Federal program requirements specified in the Federal award; **and** (5) In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as

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<sup>35</sup> 29 C.F.R. § 2.34(a)(1-5)

<sup>36</sup> 29 C.F.R. § 2.34(b)

<sup>37</sup> 2 C.F.R. § 200.330

<sup>38</sup> 2 C.F.R. § 200.330

<sup>39</sup> 2 C.F.R. § 200.330(a)

opposed to providing goods or services for the benefit of the pass-through entity. (emphasis added)<sup>40</sup>

Similar to how subrecipients are defined by their federal award, contractors' relationships with non-federal entities are defined by their procurement, which is typically used to obtain a specific service or good.<sup>41</sup> Contractor characteristics are further detailed as well.

Characteristics indicative of a procurement relationship between the non-Federal entity and a contractor are when the contractor: (1) Provides the goods and services within normal business operations; (2) Provides similar goods or services to many different purchasers; (3) Normally operates in a competitive environment; (4) Provides goods or services that are ancillary to the operation of the Federal program; **and** (5) Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons. (emphasis added)<sup>42</sup>

Utilizing the federal definitions and characteristics provided for both contractors and subrecipients, any entity determined to be either a contractor or a subrecipient should be considered a **direct** recipient of federal funding.

## CONCLUSION

Understanding and distinguishing direct and indirect funding is the most important part of determining how explicitly religious activities may be conducted. In its simplest form, the key to making the determination on whether an entity is a direct or indirect recipient lies in whether the ultimate beneficiary, the participant, determines whether the entity receives funding. Generally, if the participant chooses the entity, then the entity is an indirect federal funding recipient. Conversely, if the LWDA contracts directly with an entity or grants an entity a subaward, the entity is, generally, a direct federal funding recipient. After determining whether an entity is directly or indirectly funded, the restrictions on religious activities are easily determined. Direct recipients may be religious organizations but, if they are, any explicitly religious activity must be performed at a separate time or location from the DOL-funded services and notification of certain protections must be provided to the participant. Separately, indirect recipients "need not modify [their] program activities to accommodate a beneficiary who chooses to expend the indirect aid on the organization's program."<sup>43</sup>

## **Sample Application**

**Example 1:** A LWDA enters into a youth provider agreement with Entity A. Entity A will be responsible for determining participant eligibility, reporting performance outcomes, and making programmatic decisions. This means the agreement is a subaward and that Entity A is a subrecipient, possibly a DOL social service intermediary provider. In order to carry out its youth services, Entity A contracts Entity B to provide GED classes to youth that Entity A will determine eligible for the class. Entity B, a contractor and not a subrecipient, is a religious organization and provides the GED classes in a local church's recreation center on weekdays. The recreation center is attached to a chapel which is used for Sunday school.

Entity B, due to its contractual relationship with Entity A, is **directly** funded by a federal program. Therefore, Entity A as the subrecipient is responsible for ensuring that no explicitly religious activities take place in the recreation center while the GED classes are provided.

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<sup>40</sup> 2 C.F.R. § 200.330(a)

<sup>41</sup> 2 C.F.R. § 200.330(b)

<sup>42</sup> 2 C.F.R. § 200.330(b)

<sup>43</sup> 29 C.F.R. § 2.33(a)

Additionally, the required written notice must be provided by Entity A to any participant who is placed in Entity B's GED class prior to the participant attending the GED class. Also, Entity A may not order or request Entity B to alter or remove any religious art, icons, scriptures, or other religious symbols from the recreation center.

**Example 2:** A LWDA enters into a youth provider agreement with Entity A. Entity A will be responsible for determining participant eligibility, will be responsible for reporting on its performance, and will be able to make programmatic decisions. This means the agreement is a subaward and that Entity A is a subrecipient, possibly a DOL social service intermediary provider. Entity A plans to provide eligible youth with Work Experiences to satisfy the terms of its agreement. Work Experiences are “planned, structured learning experiences that take place in a workplace for a set period of time.”<sup>44</sup>

In this example, a youth participant, Joey, is matched with a religiously affiliated charity for his Work Experience. Before proceeding with entering into a worksite agreement, Entity A must ensure that Joey is notified of the charity's religious affiliation. To ensure Joey's placement in the religiously affiliated charity satisfies the federal requirements, Joey (or his guardian if he is under 18) must sign the notice document which is detailed above prior to his placement with the charity. Additionally, the charity must ensure that any explicitly sectarian/religious activities are conducted at a separate time or location from where Joey is provided his WIOA services. Lastly, Joey may not maintain, construct, or operate any part of the charity's facilities which are used primarily for sectarian/religious activity. After satisfying those requirement, Entity A may enter into a worksite agreement with the religiously affiliated charity and sends Joey there for services.

Importantly, the religiously affiliated charity may not continue to carry out its religious activities unless they occur at a separate place or time due to its receipt of direct funds. So, if a religious service is held onsite while Joey's Work Experience is taking place, the religiously affiliated charity must ensure Joey is not present.

**Example 3:** Bob, a WIOA participant, uses the Eligible Training Provider List (ETPL) to find a training provider that suits his interests and skillset as identified during his career assessment. Bob chooses to attend an Eligible Training Provider (ETP) that is religiously affiliated and notifies his case manager. The LWDA creates an Individual Training Account (ITA) to fund Bob's training services at the ETP. The use of an ITA and Bob's decision to attend the religiously affiliated ETP, assuming other non-religiously affiliated ETPs were also available, mean that the ETP is a recipient of indirect federal funding.

As an indirect recipient of federal funding, the ETP may continue to carry out any of its religious activities without modification due to its receipt of indirect funds. So, if a religious service is held onsite while Bob's training is taking place, no action may be taken against the religiously affiliated ETP as Bob knowingly chose to have his training provided by an ETP which provides religious services or conducts religious activities.

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<sup>44</sup> WFD Policy and Procedure Manual 3.4.1.5