

Consolidated Business Grants Policy

Effective Date: 10/01/2018

Duration: Indefinite



Consolidated Business Grants

The Tennessee Department of Labor and Workforce Development (TDLWD) and the State Workforce Development Board (SWDB) have established Consolidated Business Grants (CBG) policies to assist businesses by providing their workers an opportunity to enroll in training programs such as:

- Incumbent Worker Training (IWT),
- On-the-Job Training (OJT), and
- Apprenticeship Training Grants (ATG).

These programs provide the skills necessary for participants to compete in the current economic environment. The CBG may provide funds to the Local Workforce Development Areas (LWDA) to sponsor these programs based on the needs of the employer allowing LWDA's the flexibility in utilizing the appropriate funding as needed.

Business Eligibility Criteria:

A. Criteria for Employers to Qualify for Consolidated Business Grant:

For a business to qualify for a CBG it must meet all the following criteria:

- The grantee must be classified as a Tennessee for-profit business (or a not-for-profit business in healthcare).
- The grantee must be in operation for at least one (1) year. (IWT Only)
- The grantee must employ at least five full-time employees.
- The grantee must be a financially viable business neither currently in, nor expecting to file for bankruptcy, or have filed bankruptcy in the past twelve (12) months.
- The grantee must not appear on any federal suspensions or debarment list.
- The grantee must be in an in-demand or in-balance industry as determined by the LWDB or be in a declining industry with justifying reasons for eligibility of a CBG.
- The grantee must be current on unemployment insurance and workers' compensation, taxes, penalties, interest and are up-to-date on all fees, fines, local, state and federal taxes.

Each of the above requirements must be documented and placed in the contract file.

B. The following factors should be taken into consideration when determining the eligibility of a business or employer to receive the CBG:

- Characteristics of the workers to be trained: consideration should be given to employers who propose to train individuals with barriers to employment, as defined in WIOA Section 3(24).
- Training should benefit workers in regard to retention, advancement or increase in wages.
- Training should allow the participant to gain industry experience leading to recognized credentials, certificates and/or an increase in wages.
- The number of participants the employer plans to train.
- Whether the business is in distressed areas.
- Will the training be associated with an in-demand occupation?

- Will the training provide a skills upgrade?
- Will the training create new jobs?
- Will the training prevent layoffs?
- Will the training improve the long-term wage level of the trainees?
- Will the training improve the short-term wages of the trainees?
- Will the training provide a certification?
- Will the training enhance process improvement for the business?

Costs That May Qualify for Reimbursement:

Grant funding may reimburse all or part of the costs associated with training criteria referenced above and based on allowability. The employer must have proper documentation of training eligible employees.

Military Selective Service Act Requirement:

The Business shall ensure that each employee participating in any program or activity receiving any assistance or benefit under this program, is in compliance with section 3 of the Military Selective Service Act (50 U.S.C. App. 453). The Act requires all male U.S. citizens, regardless of where they live, and male immigrants, whether documented or undocumented, residing in the United States, born on or after January 1, 1960 and 18 years old or older, are required to register with the Selective Service System.

Reimbursable Training Expenses (IWT/ATG):

- Instructors/trainers salaries capped at the actual amount or \$50/hour if company trainers are used (whichever is less)
- Curriculum development not to exceed five percent (5%) of total State obligation (curriculum development is defined as the time necessary for company officials to determine training needs or the actual development of curriculum)
- Textbooks and manuals
- Materials and supplies
- Tuition expense (tuition is defined as instruction provided by an institution regulated by the Tennessee Higher Education Commission)

Non-Reimbursable Costs:

- Trainee's wages (IWT only)
- Purchases of capital equipment
- Purchase of any item or service that may be used outside of the training project
- Travel expenses of trainers or trainees
- Assessment, testing, or certification fees
- Language training unless specific to terms of employment
- Advertisement or recruitment
- Any costs not approved in the final sub-recipient agreement

Grant Activities and Grantee/Applicant Requirements: Training Services:

- All training should have specific start and end dates that fall within the grant contract.
- Training can be provided through Tennessee's public or private educational institutions, private training organizations, trainers employed by the business, or a combination thereof.
- Training can be conducted at the business's location, the training provider's facility, or a combination thereof.

Grant Award Requirements:

- The contract for funding commits the business to complete the training as proposed.
- The business must be compliant with all applicable local, state and federal laws.
- Businesses approved for funds must enter into a contract with their LWDA.
- Approved budget items are reimbursed upon presentation of adequate documentation and evidence that the training expense incurred has been paid.
- Businesses must submit reimbursement requests with required supporting documentation as specified in the contract presented to their LWDA representative.
- Businesses will keep accurate records of the project implementation process and certify that all information provided, to request reimbursements and report training activity, is accurate and true.
- Businesses approved for funds may be required to complete an online monthly status report (reporting requirements will be outlined in the contract).
- Any other provisions as established by the contract.

Project Completion:

All grant projects shall be performance and/or competency-based on specific, measurable outcomes including:

- Successful completion of the training
- Number of employees trained
- Beginning and ending wages of trainees
- Customer satisfaction

Final payment for businesses receiving CBG funds will be withheld until the final report is submitted and all performance criteria specified in the grant have been achieved. Businesses shall provide sufficient documentation (including proof of eligibility to work in the U.S. and all males are in compliance with the Military Selective Service Act) to the LWDA for identification of all employee participants for calculation of performance measures required by WIOA, and for any other outcomes deemed pertinent to the grant administrator. When a CBG award is made it is for the completion of specific training components. If the company does not complete those training components by the end of the contract period then the final reimbursement will be pro-rated to bring its total reimbursement for the project in line with the actual training components completed.

Incumbent Worker Training

WIOA permits use of WIOA funds for provision of training to Incumbent Workers (IW). Incumbent Worker Training (IWT) may be funded through both State and Local funds. When local IWT funds are used, the Northeast Tennessee Local Workforce Development Board (NETLWDB) has defined an Adult priority for such approved training. IWTs are generally defined as individuals who are employed prior to entry into the WIOA program. These services may be provided through specialized local funds or awarded and contracted from the TDLWD. In TN, IWT is one component of the State's Consolidated Business Grants.

- TDLWD annually allocates a finite sum of money to LWDAs to be used to provide IW training. TDLWD mandates approval processes and the use of specific rating guides for review of Statewide TDLWD proposals.
- Upon receipt of notification that IWT funds are available, NETLWDB conducts a broad based information campaign to notify area employers that the NETLWDB will be accepting proposals. These notices include links to the TDLWD website where the application format is published.
- Local areas are required to utilize, at a minimum, the aforementioned review criteria provided by TDLWD, to evaluate the effectiveness of employer applications.
- Employer applications for local formula funded IWT will follow all defined competitive

procurement processes.

CBG funds will be awarded to businesses based on their needs as defined by local policy and guidance. For grants up to \$25,000, no additional approval by the TDLWD is required. Requests exceeding \$25,000 will require review from the TDLWD to ensure the utilization of funds is appropriate and in accordance with regional and local plans.

Provisions: Direction for the utilization of grant funds is provided by TDLWD. If a consortium of businesses within a sector requests funds then there will be a cap of \$75,000. A consortium must consist of at least three (3) employers. The IWT expenditures (less the 5% admin costs) will be included when factoring the Minimum Participant Cost Rate (MPCR). A pre-application must be completed for all IWT requests using the Jobs4TN online Grants for Training Pre-Application. If grant funding is less than \$25,000, a copy of the signed contract and cover sheet must be provided to designated TDLWD staff for tracking. If grant funding is greater than \$25,000, TDLWD requires a copy of the documentation used by the local area to determine eligibility for approval prior to the signage of the contract agreement. (Note: Once the contract is signed, a copy must be sent to TDLWD to include a cover sheet.) IWT grantees may be required to submit a monthly status report by the fifth of the month following the signing of the contract.

On-the-Job Training and Apprenticeship Training Grant – Individual Participant Eligibility

All individuals taking part in an On-the-Job Training (OJT) Grant or Apprenticeship Training Grant (ATG) must meet the eligibility criteria of an Adult, Dislocated Worker or Youth, as defined by WIOA, and be fully registered in Jobs4TN. Individuals taking part in Incumbent Worker Training (IWT) do not have to meet eligibility as described above. However, they must be entered in VOS with all the information necessary to record them as an IWT recipient.

On-the-Job Training – OJT means training by an employer in the private, private non-profit or public sector given to a WIOA registered participant who, after comprehensive assessment, will be employed in productive work.

1. The job must provide knowledge or skills essential to the full and adequate performance of the job.
2. The OJT Contract provides reimbursement to the employer of up to 75% of the wage rate of the customer, for the extraordinary costs of providing the training and additional supervision related to the training.
3. The OJT Contract will be limited in duration as appropriate to the occupation for which the customer is being trained, taking into account the content of the training, the prior work experience of the customer, basic skills to attain competency, workplace ethics and life management skills and the service strategy of the customer, as appropriate.
4. OJT contracts must be limited to the period of time required for a participant to become proficient in the occupation.
5. Employers may be reimbursed up to 50 percent of the wage rate of an OJT participant (not to exceed the Federal hourly wage rate maximum). This reimbursement rate may be increased for OJT contracts described in § 680.320(a)(1) up to 75 percent, when taking into account the following factors:
 - The characteristics of the participants taking into consideration whether they are “individuals with barriers to employment,” as defined in WIOA sec. 3(24);
 - The size of the employer, with an emphasis on small businesses;
 - The quality of employer-provided training and advancement opportunities, for example if the OJT contract is for an in-demand occupation and will lead to an

- industry-recognized credential; and
- Other factors which the NETLWDB may determine to be appropriate. These factors may include the number of employees participating, wage and benefit levels of the employees (both at present and after completion), and relation of the training to the competitiveness of the participant.
- Local WDBs must document the factors used when deciding to increase the wage reimbursement levels above 50 percent up to 75 percent.

OJTs may be provided to eligible and appropriate Adults, Dislocated Workers and Youth aged 18 and above. OJTs may be provided under contract with an employer in the private sector, private non-profit sector or public sector and developed based upon assessed employer need. Individuals may be identified as a candidate for OJT contracts by NETLWDA staff, by sub-recipient and partner staff or by employers, as appropriate. WIOA funds may be used to reimburse up to 50% of wages paid by employer for extraordinary costs of training. Employers are not required to document such extraordinary cost. Incremental training/performance benchmarks will be outlined in each contract. Reimbursement will be provided upon submission of all required documentation. Contracts may not be executed with an employer who has exhibited a “pattern of failing” to provide participants with continued long-term employment with wages, benefits and working conditions that are equal to those provided regular employees who have worked a similar length of time and are doing similar work. No funds shall be used to provide OJT opportunities for any business which has relocated to an area until 120 days from the date the company opened, with staff working at the Tennessee and LWDA location, if such relocation has resulted in the loss of employment at the company’s original location. An employer must provide documentation of a valid workers’ compensation policy. The employer must provide documentation that no employees are on layoff status in the training job classification and training must be full time and result in full time employment. Where possible, training should result in job advancement, increased earnings and additional skills and opportunity should exist for job advancement.

For an employed worker, the individual must be earning less than or equal to the self-sufficiency wage as determined by the NETLWDB at the time of training. The training outlined for an employed worker must indicate that the occupational skills to be acquired are an upgrade of existing skills and that a specified earnings increase will occur upon successful completion. OJT contracts will be primarily executed for unemployed individuals prior to enrollment. An OJT program may be executed for an employed worker when the employee is not earning a self-sufficient wage, other requirements are met as outlined in this policy statement, and the training relates to the introduction of new technologies; introduction to new production or service procedures; the upgrading to new jobs that require additional skills; workplace literacy, or other appropriate purpose identified by the NETLWDB.

Funding for OJT programs will be limited to the period of time required for a participant to become proficient in the job for which the training is designed. In determining the appropriate length of the contract, consideration should be given to the skill requirements of the job, the academic and occupational skill level of the participant, prior work experience and the participant’s Individual Employment Plan/Individual Service Strategy. Contracts will be executed only for occupations classified at a Level 3 or above, as outlined in the Specific Vocational Preparation (SVP) rating system. OJT contracts will be time limited and may not exceed twelve months. OJT contracts may be written for jobs which pay at least \$9.50 per hour. Preference may be given to those positions that enable the NETLWDA to achieve mandated performance criteria. Payments made to an employer may not exceed \$12,000 total reimbursement per individual being trained. Payment will be made to the employer upon the participant’s

documented successful completion of training.

If an employer fails to provide a participant with long-term employment, wages, benefits and/or working conditions equal to those provided to regular employees, the employer has failed the OJT contract and will not be eligible for future contracts. Such employers may be provided another opportunity to participate in training if they make a request for reconsideration and if the circumstances attributed to the failure have changed. However, an employer who exhibits or has exhibited a pattern of failure will not be eligible to participate in future OJT contracts. To determine a pattern of failure, the following will be taken into consideration: the number of individuals who participated in training programs; number of participants who completed training and continued employment with the employer; length of time participants were employed after training; average length of employment for other “new hires” in similar occupations; average hourly wage of participants after training; and average hourly wage of other individuals (similarly employed) following a length of time equal to the training received by the participants.

NETLWDB staff will review the status of WIOA participants compared to regular employees to determine the employer’s success or failure with WIOA training contracts, including previous WIOA OJT contracts. Should these findings indicate a pattern of failure, the employer will be asked to provide a narrative explanation that may justify a lower retention rate for participants as compared to regular employees. For example, participants may have quit voluntarily or may have been terminated for cause or unforeseeable changes in business conditions.

Consideration will be given to employers who demonstrate less than 20% turnover.

OJT will follow a procedure with integrity and policies which institutionalize ethical practices. The following outlines the process that will be utilized for review and action of these requests.

- Employers must provide job descriptions that include required skill levels, competencies to be attained, pre-requisites for entering training, etc.; number of individuals to be trained; length of training period; wages to be paid during training; retention assurances; amount of funds requested; and curriculum outline and time frame for recruitment, selection, hiring, training and follow-up.
- If an employer has had previous OJT contracts, data on completion rates, retention rates and wage levels of individuals who participated in an OJT contract must be provided. The Pre-award certification must be provided.
- OJT requests should be submitted in writing at least 10 working days prior to required training start date. Upon receipt of written request, administrative entity staff will review employer training information and request any additional data needed for the decision process. NETLWDB staff will ensure that OJT requests meet basic contract requirements. Requests not meeting requirements will not be forwarded for review.
- A full report will be made of approvals, denials, or requests for additional information at the next regularly scheduled meeting of the NETLWDB. Companies requesting OJT assistance will not be required to provide proprietary information. NETLWDB members have executed a Conflict of Interest Statement in which they have agreed to publicly acknowledge any connections to employers requesting funds.
- OJT programs must be developed in accordance with the needs of an employer, or group of employers, and must specify skill levels, employment competencies, retention outcomes and wage rates which promote achievement of WIOA performance measures. Employers participating in OJT programs must commit to employ/continue to employ those who successfully complete the training program which may include skill upgrade, instruction for workers to promote use of new technologies or new production methods, and/or workplace literacy. Each OJT contract must include a Training Plan which identifies skills/competencies to be acquired, length of training time, measurable

- outcomes, and performance benchmarks.
- Employers participating in an OJT program using WIOA funds must agree to employ and/or retain those workers who successfully complete the training programs. A wage increase may be made available to individuals who successfully complete these training programs contingent upon labor market needs and financial health of the company in accordance with any collective bargaining agreements. Training providers must provide appropriate performance information to the NETLWDB. Funds provided under the WIOA may not be used to provide OJT programs for employers which have a pattern of not retaining WIOA sponsored employees or for non-secular organizations.

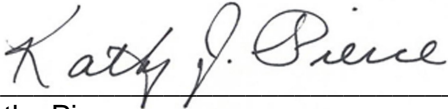
The OJT credential measurable skills gain definition is outlined in USDOL and TDLWD Performance Guidance and includes nationally recognized degrees or certificates or recognized education credentials. Upon completion of an OJT, the employer or instructor will sign a Certificate of Completion acknowledging the participant has obtained skills and competencies recognized by employers for a specific job or occupation, as well as general skills and competencies necessary for a broad range of occupations or job readiness. These skills and competencies are identified in advance in the Training Plan of the Training Contract.

Apprenticeship – Apprenticeship is an "Earn and Learn" training model, providing a unique combination of structured learning with on-the-job training from an assigned mentor. Related instruction, technical training or other certified training is provided by apprenticeship training centers, technical schools, community colleges, and/or institutions employing distance and computer-based learning approaches. The goal is to provide workers with advanced skillsets that meet the specific needs of employers. Upon completion of an Apprenticeship program, participants receive an industry issued, nationally recognized credential that certifies occupational proficiency and is portable.


CONTACT: Questions concerning the above may be addressed to Kathy Pierce, Executive Director of the NETLWDB at kpierce@ab-t.org.

This policy will remain in effect until amended, modified, or set aside by the Northeast Tennessee Local Workforce Development Board.

APPROVED:



Kathy Pierce
NETLWDB Executive Director



Jay Richardson
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