

use funds for travel or room and board associated with training.

Only a limited amount of SCSEP funds are available for training purposes. SCSEP grantees/subgrantees should look to other resources, such as those available under title I of WIA, for training of SCSEP participants.

What Supportive Services May Grantees/Subgrantees Provide to Participants? (§ 641.545)

Section 641.545 lists some of the supportive services that grantees/subgrantees may provide to participants. Supportive services may be provided while a participant is enrolled in the SCSEP and until a participant has been retained by an employer for 6 months. This list of supportive services is not intended to be all-inclusive. Grantees/subgrantees should seek to ensure that participants receive those supportive services necessary for them to participate in the program and to realize the goals set forth in their SCSEP IEPs. Grantees are especially encouraged to ensure that individuals who are placed in unsubsidized positions have the necessary supportive services to enable them to retain those positions. Since only a limited amount of SCSEP funds are available to provide supportive services, grantees/subgrantees should seek to obtain such services from other sources.

What Responsibility Do Grantees/Subgrantees Have To Place Participants in Unsubsidized Employment? (§ 641.550)

Because a major purpose of SCSEP is to increase the number of individuals who may participate in the program, grantees/subgrantees should make every reasonable effort to prepare participants who desire unsubsidized employment for such employment, in accordance with the employability goals listed in their SCSEP IEPs. In offering participants unsubsidized employment, grantees/subgrantees must take into account whether the job will allow participants to achieve economic self-sufficiency. Grantees must also strive to match the participant with the best job instead of just filling jobs with participants. The objective of the program is to place participants in positions that will maximize the use of their skills, based on their job readiness, skills, and preferences. Thus, grantees must contact private and public employers directly or through the One-Stop to develop or identify suitable unsubsidized employment opportunities. Also, grantees and subgrantees must encourage host agencies to assist participants in their

transition to unsubsidized employment by hiring the participants who are placed there through the community service component of the SCSEP.

What Responsibility Do Grantees Have to Participants Who Have Been Placed in Unsubsidized Employment? (§ 641.555)

This proposed section outlines a grantee's responsibilities to participants after they have been placed in unsubsidized positions. This section requires grantees to contact placed participants within 6 months of the starting date to determine whether the employer has retained them. This provision is consistent with the statute, at section 513, which uses retention in unsubsidized positions after 6 months as a performance measure. (Refer also to subpart G on performance measures). Therefore, grantees must contact participants 6 months after placement to ensure that participants are still employed. Grantees/subgrantees are encouraged to conduct follow-up before 6 months when possible, to ensure that the placement is successful. Grantees/subgrantees may also want to check with the employer at this time to see if it has other positions that may be offered to SCSEP participants.

During this period of follow-up grantees are permitted to provide supportive services to participants to the extent possible. The Department encourages grantees to provide supportive services to participants during this time because it ensures that participants are able to remain in the unsubsidized position. The Department distinguishes supportive services from wages, and these services are therefore not considered a subsidy. Supportive services are discussed at § 641.545.

May Grantees Place Participants Directly Into Unsubsidized Employment? (§ 641.560)

This proposed rule emphasizes the importance that grantees serve the most difficult seniors to place. Grantees are encouraged to work with individuals who are in need of skills training, *etc.*, and develop those individuals through the assessment and IEP so that ultimately they may be placed in an unsubsidized position. Individuals who already have employable skills and who may be directly placed in an unsubsidized position without further development should be referred to the services provided under the One-Stop Delivery System.

What Policies Govern the Provision of Wages and Fringe Benefits to Participants? (§ 641.565)

This provision requires grantees to pay participants the highest applicable minimum wage for time spent in orientation, required training, and for work in community service assignments. The applicable minimum wage may be the highest of the Federal minimum wage, the State or local minimum wage, or the prevailing rate of pay for persons employed in similar public occupations by the same employer. The Department is aware that because funding calculations are statutorily based on the Federal minimum wage, when a particular grantee is required to pay at a higher minimum wage for its location, the result is that the program is underfunded for its activities.

A number of stakeholders asked that the Department address the situation of States that have a higher minimum wage than the Federal minimum wage. The two main suggestions were that either grantees in those States should receive additional funding to cover their additional expenses for wages, or that the Department should reduce the number of positions for which grantees in those States will be held accountable, particularly in light of the new emphasis on performance measures.

The Department agrees that grantees in States with a higher-than-Federal minimum wage, or similarly, grantees in areas where the prevailing rate of pay for persons employed in similar public occupations by the same employer is higher than the Federal minimum wage, will not be able to fully fill the authorized level of positions allotted to them. If the Department receives additional appropriations that are not required to create more positions, the funding gap will decrease. Also, it is not the Department's intent for this issue to negatively impact grantees when reviewing whether grantees have met their performance measures. The Department will address this issue and its impact on the number of positions that may be filled through the performance accountability process in subpart G.

Paragraph (b) of this section addresses fringe benefits. With some exceptions, discussed in the regulation, grantees must assure that participants receive the fringe benefits required by law. Fringe benefits must also be administered uniformly among participants of a grantee's projects, unless the Department waives this requirement because it is in the best interest of the participants. Physical examinations are