

What Is the Purpose of the Private Sector Training Activities Authorized Under Section 502(e) of the OAA? (§ 641.600)

The purpose of section 502(e) is to facilitate the unsubsidized employment of program participants in the private sector, particularly in different work modes such as job sharing, flex-time, flex-place, and to encourage the development of arrangements related to reduced physical exertion, and innovative work modes with a focus on second career training and placement in growth industries in jobs requiring new technological skills.

The amendments to the OAA eliminated the reference to "experimental" activities under section 502(e). The Department interprets this action to mean that section 502(e) funds may be used to fund private sector training activities whether or not they are experimental in nature; however, the Department encourages section 502(e) grantees to be innovative.

How Are Section 502(e) Activities Administered? (§ 641.610)

This section discusses how the Department administers section 502(e) projects. It generally provides that the Department may enter into agreements with States, public agencies, private nonprofit organizations, and private businesses to fund proposed projects. It also emphasizes the types of activities that should occur, such as job sharing, flex-time, flex-place, etc. Finally, this section reiterates the importance of coordinating section 502(e) activities with programs carried out under WIA and with other SCSEP projects in the area.

How May an Organization Apply for Section 502(e) Funding? (§ 641.620)

This proposed section provides that eligible organizations may apply for section 502(e) funds through a full and open competitive process. If the Department competes these funds through a full and open competition it will issue a Solicitation for Grant Applications for these funds for each Program Year in which a competition is held.

What Private Sector Training Activities Are Allowable Under Section 502(e)? (§ 641.630)

Proposed § 641.630 lists the activities that are authorized for private sector training under section 502(e). This list is not intended to be exhaustive. Section 502(e) grantees should note that many of these activities align with activities under WIA. Section 502(e) grantees are statutorily required to

coordinate section 502(e) projects with the WIA programs.

How Do the Private Sector Training Activities Authorized Under Section 502(e) Differ From Other SCSEP Activities? (§ 641.640)

Generally, the provisions in subpart E also apply to private sector training activities, including equitably distributing positions by region of the country. Because most participants work at a private sector worksite, however, section 502(e) activities are not required to have a community service component. One major difference between the general SCSEP program and the section 502(e) program is the list of applicants that are eligible to receive section 502(e) funds. For section 502(e) only, the Department is authorized to enter into agreements with private business concerns, in addition to nonprofit organizations, States, and public agencies. Also, where in the general SCSEP program participants may be placed with a nonprofit organization, State agency (when permissible), or Federal agency (when permissible), section 502(e) specifically requires participants to be placed in employment opportunities with private business concerns. Section 502(e) organizations that serve as training sites (on-the-job or other), or provide work experience that lead to unsubsidized employment do not have to be designated as section 501(c)(3) organizations as defined in the Internal Revenue Code. Finally, the Department may pay all of the costs of a 502(e) project, which is not authorized for the general SCSEP program.

Does the Requirement That Not Less Than 75 Percent of the Funds Be Used To Pay Participant Wages and Fringe Benefits Apply to Section 502(e) Activities? (§ 641.650)

This proposed rule clarifies that the requirement to use 75 percent of funds for wages and fringe benefits applies to all grants awarded under title V of the OAA. Section 502(c)(6)(B) of the OAA specifically requires that 75 percent of the grant funds be used to pay wages and benefits for older individuals who are employed under SCSEP projects. The Department has interpreted this section to mean that when a SCSEP grantee receives section 502(e) funds and funds for community service projects under a single grant, the 75 percent requirement will apply to the total amount of SCSEP funds that the grantee received. The Department is not authorized to waive this requirement.

Who Is Eligible To Participate in Section 502(e) Private Sector Training Activities? (§ 641.660)

This rule adopts the eligibility criteria used in subpart E to determine an eligible participant. According to subpart E, section 502(e) grantees are required to serve low-income individuals who are age 55 and over. Priority must also be given to those eligible individuals who are age 60 or over and to veterans and qualified spouses under the Jobs for Veterans Act. Section 502(e) grantees must also give special consideration to those individuals who have incomes below the poverty level, who have poor employment prospects and who have the greatest social and/or economic need or who are minorities, limited English speaking, or who are Indians. Preference may also be given to former SCSEP participants who reapply after having left the program because of illness or to take an unsubsidized job.

When Is Eligibility Determined? (§ 641.665)

This provision mirrors the requirements at § 641.505, however, it has been modified to address the nature of this program as a job placement program. As such, grantees are not required to verify a participant's income every 12 months since it is a single Program Year project, but grantees may verify income as often as circumstances require verification.

May an Eligible Individual Be Enrolled Simultaneously in Section 502(e) Private Sector Training Activities Operated by One Grantee and a Community Service SCSEP Project, Operated by a Different SCSEP Grantee? (§ 641.670)

This proposed rule clarifies that an eligible individual may be simultaneously enrolled in section 502(e) and a community service SCSEP project operated by two different SCSEP grantees. The Department encourages co-enrollment when participants can benefit from services provided by two different grantees. For example, participants may receive training from a section 502(e) activity while they continue to receive wages, benefits, and supportive services from a community service project. Under these circumstances, the Department expects grantees to work jointly to ensure that they are providing complementary and not duplicative services.