

Subpart F—Private Sector Training Projects Under Section 502(e) of the OAA

§ 641.600 What is the purpose of the private sector training projects authorized under section 502(e) of the OAA?

The purpose of the private sector training projects authorized under section 502(e) of the OAA is to allow States, public agencies, nonprofit organizations and private businesses to develop and operate projects designed to provide SCSEP participants with second career training and placement opportunities with private business concerns. In addition, the OAA provides section 502(e) grantees or contractors with opportunities to initiate or enhance their relationships with the private sector, fostering collaboration with the One-Stop Delivery System, improving their ability to meet and exceed performance standards, and broadening the range of options available to SCSEP participants.

§ 641.610 How are section 502(e) activities administered?

(a) The Department may enter into agreements with States, public agencies, private nonprofit organizations, and private businesses to carry out section 502(e) projects.

(b) To the extent possible, private sector training activities should emphasize different work modes, such as job sharing, flex-time, flex-place, arrangements relating 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.

(c) Grantees must coordinate section 502(e) private sector training activities with programs carried out under title I of WIA and with SCSEP projects operating in the area whenever possible.

§ 641.620 How may an organization apply for section 502(e) funding?

Organizations applying for section 502(e) funding must follow the instructions issued by the Department which will be published in the FEDERAL REGISTER, or in another appropriate medium.

§ 641.630 What private sector training activities are allowable under section 502(e)?

Allowable activities authorized under section 502(e) include:

(a) Providing participants with services leading to transition to private sector employment, including:

(1) Training in new technological skills;

(2) On-the-job training with private-for-profit employers;

(3) Work experience with private-for-profit employers;

(4) Adult basic education;

(5) Classroom training;

(6) Occupational skills training;

(7) In combination with other services listed in paragraphs (a)(1) through (6) of this section or in conjunction with the local One-Stop Delivery System, job clubs or job search assistance;

(8) In combination with other services listed in paragraphs (a)(1) through (7) of this section, supportive services, which may include counseling, motivational training, and job development; or

(9) Combinations of the above-listed activities.

(b) Working with employers to develop jobs and innovative work modes including job sharing, flex-time, flex-place and other arrangements, including those relating to reduced physical exertion.

§ 641.640 How do the private sector training activities authorized under section 502(e) differ from other SCSEP activities?

(a) The private sector training activities authorized under section 502(e) are not required to have a community service project component. However, 502(e) participants must also be co-enrolled in a community service assignment in a SCSEP project.

(b) The private sector training activities authorized under section 502(e) focus solely on providing SCSEP-eligible individuals with second career training, placement opportunities, and other assistance necessary to obtain unsubsidized employment in the private sector.

(c) The Department is authorized to pay all of the costs of section 502(e) activities (*i.e.*, there is no non-Federal

share requirement). However section 502(e) grantees may choose to provide a non-Federal share and are encouraged to do so.

(d) The Department may enter directly into agreements with private businesses for section 502(e) activities.

(e) Grantees may fund private-for-profit and other organizations that do not have the IRS 501(c)(3) designation or are not public agencies to conduct section 502(e) activities if provided for in their grant or contract agreement with the Department.

§ 641.650 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?

Yes, under section 502(c)(6)(B) of the OAA, 75 percent of SCSEP funds made available through a grant must be used to pay for the wages and fringe benefits of participants employed under SCSEP projects. This requirement applies to the total grant, and not necessarily to individual components of the grant. For entities that receive an SCSEP grant for both community service projects and section 502(e) projects, the requirement applies to the total grant. For entities that receive only a section 502(e) grant, the requirement applies to that grant.

§ 641.660 Who is eligible to participate in section 502(e) private sector training activities?

The same eligibility criteria used in the community service portion of the program apply for participation in the private sector training activities. (See subpart E, §§ 641.500, 641.510, 641.520, 641.525, and 641.530).

§ 641.665 When is eligibility determined?

Eligibility is determined at the time individuals apply to participate in the SCSEP. Grantees may also verify an individual's eligibility as circumstances require.

§ 641.670 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?

Yes, an eligible individual must be enrolled simultaneously in section 502(e) private sector training activities and a community service SCSEP project, operated by two different SCSEP grantees. This is known as co-enrollment.

§ 641.680 How should grantees report on participants who are co-enrolled?

Referrals from a regular SCSEP grantee to a 502(e) only grantee that result in an unsubsidized placement may also be credited to the referring SCSEP grantee. However, if the SCSEP grantee is also a 502(e) grantee, the unsubsidized placement of the participant may only be counted once. The Department will issue administrative guidance on additional requirements.

§ 641.690 How is the performance of section 502(e) grantees measured?

(a) The following performance measures apply to section 502(e) grantees. The common performance measures that apply to this program are:

- (1) Entered employment;
- (2) Retention in employment; and
- (3) Earnings.

(b) These measures are defined in and governed by subpart G of this part and the applicable provisions of administrative issuances implementing the SCSEP performance standards.

(c) If a section 502(e) grantee fails to meet its performance standards, the Department may require corrective action, may provide technical assistance, or may decline to fund the grantee in the next Program Year.

[69 FR 19051, Apr. 9, 2004, as amended at 71 FR 35517, June 21, 2006]

**Subpart G—Performance
Accountability**

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