



# Guidelines:

## Bluegrass State Skills Corporation (BSSC) Grant-in-Aid (GIA) and Skills Training Investment Credit (STIC) Programs

FY 2020-2021

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### Introduction

The Bluegrass State Skills Corporation (BSSC) was established in 1984 by the General Assembly of the Commonwealth of Kentucky to stimulate economic development through customized business and industry-specific skills training programs. The BSSC works with qualified companies and Kentucky's educational institutions to establish programs of skills upgrade and occupational upgrade training.

- *Skills upgrade training* – employee training sponsored by a qualified company that is designed to provide the employee with new skills necessary to enhance productivity, improve performance, or retain employment, including but not limited to technical and interpersonal skills, and training that is designed to enhance computer skills, communication skills, problem solving, reading, writing, or math skills of employees who are unable to function effectively on the job due to deficiencies in these areas, are unable to advance on the job, or who risk displacement because their skill deficiencies inhibit their training potential for new technology
- *Occupational upgrade training* – employee training sponsored by a qualified company that is designed to qualify the employee for a promotional opportunity with the qualified company

An eighteen-member Board of Directors, including representatives of business, government, education, and labor, governs the BSSC. The Board is comprised of private sector individuals as well as public officials who serve as ex-officio members and include the following:

- Secretary of the Cabinet for Economic Development
- Secretary of the Education and Workforce Development Cabinet
- Secretary of the Labor Cabinet
- President of the Council on Postsecondary Education
- President of the Kentucky Community and Technical College System
- Commissioner of the Department of Workforce Investment

The purpose of the BSSC is to improve and promote employment opportunities of the citizens of the Commonwealth by creating and expanding programs of skills training and education, which meet the needs of qualified companies. The BSSC's main functions are:

- To administer and fund customized business and industry-specific training through agreements for Grant-in-Aid and Skills Training Investment Credit incentives;
- To act as a broker by coordinating the resources of providers of skills upgrade training, occupational

upgrade training and employment services; and

- To facilitate the creation of public/private partnerships through education and training programs designed to meet training needs of individual and multiple company (training consortia) training projects.

### Application Submission and Board Meeting Schedule

The schedule for submission deadlines for applications and BSSC Board of Directors meetings are as follows:

Application Submission Deadline	Board Meeting Date
June 15, 2020	July 29, 2020
August 15, 2020	September 30, 2020
October 15, 2020	December 2, 2020
December 15, 2020	January 27, 2021
February 15, 2021	March 31, 2021
April 15, 2021	May 26, 2021

All meetings will begin at 1:00pm and will be held in the 1st floor conference room at the Kentucky Cabinet for Economic Development, Old Capitol Annex, 300 West Broadway in Frankfort. Notices of the meetings will be published in advance. The BSSC reserves the right to schedule, reschedule, cancel or change meeting location designated in advance at its discretion.

### Grant-in-Aid Program (GIA)

The Grant-in-Aid program provides reimbursement dollars to companies/consortia for company specific training activities. The maximum funding amount for applicants during a BSSC fiscal year (July 1 – June 30) is the LESSER of the following:

- 50% of approved costs/eligible training costs
- \$75,000
- \$2,000 per unduplicated eligible trainee

Qualified companies may receive one approved GIA per fiscal year, for one federal employer identification number per county, subject to the availability of funds and the company's application score. Approved companies shall notify the BSSC if they find they are unable to use all or a portion of the funds that have been set aside for them. These unused funds will then be reallocated. Companies that act responsibly in this manner are in no way penalized when applying for future BSSC incentives.

### Skills Training Investment Credit Act (STIC)

The Skills Training Investment Credit Act provides a credit against Kentucky income tax imposed by KRS 141.020 or 141.040 and the limited liability entity tax imposed by 141.0401 to companies for company specific training activities. The maximum tax credit amount for qualified companies during each two-year biennium (July 1, 2020 – June 30, 2022) is the LESSER of:

- 50% of approved costs/eligible training costs
- \$75,000
- \$500 per full-time, Kentucky resident employee paid a total hourly compensation of at least \$12.51, including benefits, as of the application submission

Qualified companies may receive one approved application per biennium (July 1, 2020 – June 30, 2022). The BSSC has a maximum of \$2.5 million in tax credits to award to eligible companies in each state fiscal year. Investment credits that are not approved by the BSSC by the end of the fiscal year (June 30) shall lapse and not be carried forward to a new fiscal year. A project may not be eligible if it is located in a tax increment financing district that has already pledged the corporate income tax credits to the tax increment financing project.

### Qualified Companies

Qualified companies must be registered and in good standing with the Secretary of State's Office. A qualified company is any person, corporation, limited liability company, partnership, limited partnership, sole proprietorship, firm, enterprise, franchise, association, organization, holding company, joint stock company, professional services corporation, or any other legal entity through which business is conducted that has been or is planning to be actively engaged in one (1) or more of the following activities within the Commonwealth:

- **Manufacturing**
- **Agribusiness**
- **Nonretail service or technology** (company provides a service to or uses technology for customer or affiliate entities predominantly outside the Commonwealth and is designed to serve a multistate, national or international market)
- **National or regional headquarters operations, regardless of the underlying business activity of the company**
- **Healthcare**

Qualified company does not include companies where the primary activity to be conducted within the Commonwealth is forestry, fishing, mining, coal or mineral processing, the provision of utilities, construction, wholesale trade, retail trade, real estate, rental and leasing, accommodation and food services, or public administration services. Any firm, company, consultant, or institution whose primary business is to provide training or training consultation for a fee is not eligible for BSSC incentives.

A qualified company or member of a consortium that has been found (adjudicated) to commit a willful Occupational Safety and Health Administration (OSHA) violation within three previous years is not eligible to apply for BSSC incentives. If a company is approved for funding and is then found (adjudicated) to have committed a willful OSHA violation during the life of a BSSC grant or tax credit, no remaining funds will be paid to the company from the date the willful violation is made known to the BSSC.

A qualified company shall not be entitled to receive investment credits or grants if the company requires that the employee (i.e. trainee) reimburse the employer or otherwise pay for any costs or expenses incurred in connection with occupational or skills upgrade training activities.

**Consortia/Industry Partnerships (GIA ONLY)** – The BSSC Board of Directors promotes collaborative training initiatives and provides priority consideration for training agreements that demonstrate the willingness of multiple companies to work together through training consortia and industry partnership. The consortium application must address the common training and workforce development needs of the participating companies including:

- Effort is industry-driven
- Collaboration by the area providers of employment and training services
- Overall savings in training costs due to the collaborative effort (must be able to document the overall cost savings)
- Project will facilitate the advancement of the host community's economic development efforts

An eligible consortium/industry partnership application shall include two or more BSSC eligible companies participating together in any single activity on the Training Plan page of the application, a listing of the member companies and a "lead company" whose representative is authorized by the consortium/industry partnership to provide his/her signature on behalf of the consortium/industry partnership.

### Co-Applicant

The application may be written and submitted by the company or submitted jointly with a co-applicant. A co-applicant must be either a public or non-public secondary or post-secondary educational institution or an independent (private or proprietary) provider within the Commonwealth authorized by law to deliver a program of skills training or education. With respect to educational institutions only, a statement of the technical assistance and financial support for the program received or pledged from a qualified company must be included in the application.

### Qualified Employee

A qualified employee (i.e. trainee) is any person who meets all of the following criteria:

- Is currently a permanent full-time employee\* of the qualified company;
- Is a resident of the Commonwealth according to KRS 141.010; and
- Is paid a minimum total hourly compensation of \$12.51. \*\*

\* *Full-time employee* is a Kentucky resident who is employed by the qualified company to work for a minimum of 35 hours per week during the most recently ended calendar year and is subject to the tax imposed by KRS 141.020. Full-time employees do not include contract or seasonal labor.

\*\* Each qualified employee must be paid a minimum base hourly wage (*defined as the minimum wage amount paid to an employee of a qualified company, which shall not be less than one hundred fifty percent (150%) of the federal minimum wage =  $\$7.25 \times 150\% = \$10.88$* ) plus employee benefits equal to or greater than fifteen percent (15%) of the minimum base hourly wage. If the company does not provide employee benefits equal to at least fifteen percent (15%) of the minimum base hourly wage, the company may still qualify if it provides the full-time employee total hourly compensation equal to or greater than one hundred fifteen percent (115%) of the minimum base hourly wage through increased hourly wages combined with at least one (1) company-paid employee benefit;

### Eligible Training Provider

A company may choose to use in-house trainers, educational institution regular or adjunct faculty, training consultants or a combination thereof. Companies are free to use any provider they choose. BSSC does not recommend, endorse, or advertise for any particular training providers. Training Providers are not permitted to use the BSSC name in any of their advertisements, brochures, or other promotional materials for the purpose of soliciting or obtaining customers.

### Eligible Training Costs

Specific skills and occupational upgrade training programs may be customized for a particular company/consortium to encompass one or more of the eligible training costs identified below. The BSSC gives preference to training projects that create, maintain and promote higher wage jobs given its statutory mandate to improve and promote the employment opportunities of the citizens of the Commonwealth. BSSC may approve incentives for up to fifty percent (50%) of total eligible costs up to the maximum allowable funding cap. Only training costs incurred after approval of the BSSC incentive may be considered in determining eligibility.

The application may contain no more than twenty-five percent (25%) of the total training hours for safety, mandated and/or regulatory training. Safety, mandated or regulatory training can include but is not limited to: safety management, safety recording keeping, blood borne pathogens, control of hazardous materials, lockout/tag out, emergency action plan, emergency response, hazard communication, hearing conservation, safe electrical workplaces (all OSHA), and stand-alone safety (including first aid, cardiopulmonary resuscitation (CPR), emergency medical technician (EMT), etc.). Given the nature of work required for medical personnel, what would be deemed safety training for other areas of industry might not be deemed safety for healthcare providers. Therefore, concerning ONLY healthcare providers, additional safety hours will be evaluated on a training-by-training basis and may or may not count as strictly safety hours.

### **In-House Training**

BSSC may award incentives to the company/consortium for fees or salaries required to be paid to instructors who are employees of the company in connection with an occupational or skills upgrade training program sponsored by a company that includes company specific classroom and on-the-job training. For eligibility, training must be a minimum of 0.5 hours, and may be claimed in quarter-hour (15 minute) increments above the 0.5 hour minimum, rounded down to the nearest quarter.

BSSC may award incentives to the company/consortium at a rate of \$25 per hour for instruction where company employees serve as in-house training instructors. The company/consortium shall provide a match of \$25 per hour for in-house instructor training costs. This match may be in the form of in-kind contributions such as company-paid wages to the trainer and trainees. (Note: \$25 per hour as used herein is equal to fifty percent (50%) of the total eligible rate of \$50 per hour).

### **Educational Institution and Consultant Training**

BSSC may award incentives to the company/consortium for fees or salaries required to be paid to full-time, part-time, or adjunct instructors with an educational institution; instructors who are consultants on contract with a company; and per employee training costs. Eligible training in this circumstance shall include job related classroom training, tuition courses, certifications, trainer development, licensing, online training, and video conferencing. Registration fees for annual meetings, conferences, or seminars without proof of training are not eligible. It is not the intent of the BSSC to provide funds for Continuing Education Units or tuition courses that are not specifically related to the employee's current or future job function. In addition, tuition courses that are for the sole purpose of obtaining a bachelor's or master's degree are not allowed.

### **Instructional Materials and Supplies**

BSSC may award incentives for the actual reasonable costs of instructional materials, and supplies used exclusively in an occupational or skills upgrade training program sponsored by a company/consortium. Instructional materials include training manuals and textbooks in hard copy or electronic formats and instructional materials (overheads, photocopies, etc.). The BSSC will only approve incentives for supplies not used in daily operations, and shop training materials (welding rods, scrap metal, etc.) used for classroom instruction and not for on-the-job training activities.

### **Employee Wages**

BSSC may award eligible company/consortium incentives for employee (i.e. trainee) wages paid while training during an occupational or skills upgrade training program sponsored by a company. The wage used will be the average wage submitted on the approved application.

## Registered Apprenticeship

Apprentices enrolled in a registered apprenticeship program during the term of the approved agreement may be eligible for training costs or wages with the same criteria and maximums set forth in these Guidelines. Participation in a registered apprenticeship program will be verified by the Kentucky Education & Workforce Development Cabinet.

**Consortia/Industry Partnership Expenses (GIA ONLY):** Due to the unique training and workforce development needs and functions that exist within training consortia and industry partnerships, the BSSC recognizes that additional eligible training costs could be required for these entities to be successful. In addition to the eligible costs previously listed, the following are also eligible costs specifically for consortia and industry partnerships:

- Pre-employment training and certification activities
- Equipment purchased by the consortia/industry partnership, used solely for training purposes and to be used for training listed on the BSSC application. BSSC shall not make reimbursements based on the value of donated equipment. Reimbursement for equipment shall not exceed 25% of the approved grant amount.

## Ineligible Training Costs

Ineligible training costs include, but may not be limited to retroactive training, pro/con union training, employee assessments/evaluations, curriculum development, unrelated industry training, and training provided through the KCTCS TRAINS program.

## BSSC Process

**Completion of BSSC Application** – The GIA/STIC application is available on the BSSC website at <http://ced.ky.gov/Workforce/BSSC.aspx>. Potential applicants may complete and submit an application as long as the minimum program eligibility requirements are met. All applications will be arrival date and time stamped upon receipt as long as required signature pages are included. Applications must include a minimum of \$12,000 in planned training costs, which equates to \$6,000 in potential incentives.

**Submission of Application** – Complete, signed applications and a copy of the Request for Taxpayer Identification Number and Certification ([W-9 Form](#)) are due in the BSSC office by the submission date found under the Application Submission and Board Meeting Schedule of these guidelines.

**Review Application** – BSSC staff review applications for eligibility, completeness and accuracy and verify the calculation of the score. Staff may contact the applicant if there are any questions. Upon completion of staff's review and subject to incentive caps, eligible applications are submitted to the BSSC Board for funding consideration.

**Approval of Training Application** – If the BSSC Board of Directors approves the training application, an approval letter indicating the amount of BSSC incentives awarded is emailed to the company contact and educational institution contact, if applicable. An agreement is also sent to the company for execution. Upon receipt of the executed agreement from the applicant, the agreement will be signed by BSSC and then becomes effective. A copy of the agreement will be returned to the applicant. Eligible training may begin after the approval of the incentives by the BSSC Board.

**Length of Agreement** – Agreements will require training to be completed within one year from the BSSC Board approval.

**Submission of Completed Training** – Upon completion of training, all requests for reimbursement or



tax credits will be submitted on a form provided by the BSSC, along with any other required documentation. To expedite the process, a reminder of the training end date may be sent to the company. After BSSC staff reviews the documentation and it is found to be complete and satisfactory, the applicant will be notified of the amount of reimbursement or tax credit. Grant-in-Aid projects will receive either a check or electronic deposit into the company's account.

**Interim Reimbursement Process (GIA ONLY)** – Up to one (1) interim reimbursement may be requested before the training program is completed. The interim reimbursement must include at least \$37,500 in total eligible training costs to request a potential reimbursement of no less than \$18,750. Similar process as outlined above.

**Closeout Process** – The company is responsible for notifying BSSC staff once the training is completed to initiate the final closeout process. If notification is not received within one year after the date of approval, BSSC staff will contact the company and provide the requirements for closeout. When the training has been completed and the final closeout is requested, the company will sign and forward the required documentation to the BSSC. **All training documentation is required to be submitted within two (2) months of the training completion date and no later than two (2) months after the agreement term date. If requested in advance, staff may authorize a one-time extension not to exceed three (3) months for the project to finalize and submit the documentation (not to complete training).**

**\*\*STIC ONLY:** The amount of skills training investment credit awarded by the BSSC shall be claimed as a credit on the tax return of the approved company in the year of the closeout of approved training costs. The investment credit awarded may be carried forward for three successive fiscal years of the company. This may become necessary if the amount of allowable credits exceeds the income tax liability of the company during the initial fiscal year or the three successive fiscal years.

**Modification (Consortium Only)** - A consortium may request a modification to add additional eligible companies in order to allow additional companies to participate. Requests must be made in the form of a letter or email to BSSC Staff providing justification for the request. Modifications will not become effective until BSSC staff has reviewed and responded with an approval.

## Training Documentation

All potential training costs must be adequately documented. Applicants should ensure that they have methods in place to sufficiently document all claimed training costs. Training costs are required to be summarized on a form provided by BSSC. This form will be provided soon after BSSC board approval of the planned training project. The training summary document requires that summary information be provided on training activities including, but not limited to: training start and end dates; training class titles; instructor name and hours taught; number of eligible trainees per class; total number of unduplicated trainees; types of costs claimed; and a statement requiring signature by an authorized company official certifying that all trainees reported on the form are eligible full-time Kentucky residents.

Sign-in sheets or other similar documentation verified by the trainer, must support training. Educational institution and consultant led training requires additional documentation, including invoices and proof of payment for training costs. Without adequate documentation, otherwise eligible training will not be considered for incentives.

Supporting documentation from the training summary document must be maintained on-site by the company/consortium for a period of five years from the end date of the project and must be available to independent auditor(s) and/or the staff of BSSC upon request.

The BSSC may allow deviations from the original application with no written modification request if the approved amount of the grant does not increase and the change(s) is in accordance with the BSSC Guidelines. See <http://ced.ky.gov/Workforce/BSSC.aspx> for complete instructions and forms.

### Organized Labor

When a collective bargaining unit exists at the work site where the proposed training will be provided, the company shall provide written notification to the on-site collective bargaining agent of the company's intention to apply for BSSC incentives. Notification shall include a summary of the proposed curriculum and shall occur prior to the time that the company files the proposal with the BSSC. A copy of the notification indicating the date the notice was provided, the sender, and the recipient, shall be filed with the BSSC application.

One of the goals of the BSSC is to promote cooperative training activities between a company and its employees. Therefore, a proposed skills training application will not be approved during a legal work stoppage and an active training application will be postponed during a legal work stoppage.

### Equal Opportunity

Persons shall not be discriminated against in accordance with KRS 344.040. The BSSC is interested in training a diverse array of individuals under its programs. The BSSC has not set numerical goals for the types of individuals to be trained because it recognizes that the trainee profile of the individual training programs will vary depending upon the employee profile of the applicant company.

### Application Scoring

In order to qualify for BSSC funding, a grant-in-aid or skills training investment credit application must earn a minimum score of **60 points**. Applications that do not meet this requirement will not be considered by the BSSC Board of Directors and will be returned to the applicant.

No.	Description	Criteria	Points
1	Company/Consortium Status***	<i>(Total number of Kentucky residents employed in permanent, full-time positions)</i> Existing company of 100 or less Existing company of 101 – 500 Existing company of 501 – 1,000 Existing company of 1,001 or more	20 15 10 5
2	Area of Need (Range of BSSC Index)	(See Area of Need Chart) 0 to 70 70.01 to 80 80.01 to 90 90.01 to 100 100.01 to 110 110.01 or Higher	20 17 15 10 7 5
3	Trainees Average Hourly Wage Rate (excluding Benefits)	\$16.00 or less \$16.01 or more	15 20
4	Progressive Company Initiatives	See details on next page	40 (max)



\*\*\*The employment figures for all participating consortium member companies are averaged to determine the proper category for criteria #1.

**Progressive Company Initiatives - maximum of 40 points**

Description	Points
This application is a consortium/industry partnership application	40
Company was not approved for any BSSC incentives during previous BSSC fiscal year (July 1, 2019 – June 30, 2020)	15
Expanding Company adding more than 10% new, full-time jobs for Kentucky residents paying a total hourly compensation of at least \$12.51, including benefits	10
Expanding Company adding more than 5% and up to 10% new, full-time jobs for Kentucky residents paying a total hourly compensation of at least \$12.51, including benefits	5
Expanding Company adding 5% or less new, full-time jobs for Kentucky residents paying a total hourly compensation of at least \$12.51, including benefits	2
Career growth: trainee receives pay increase as a result of training project. Must include percent or dollar amount of pay increase and identification of class title (example required)	7
Participates in development of future workforce through activities that prepare students for work including, but not limited to: co-op, work study, school-to-work, TRACK, etc. (specific example required)	4
Grant includes training that is part of a Registered Apprenticeship program (as defined by the Education & Workforce Development Cabinet)	5
Includes training for at least one or more American Veterans who served on active duty and were discharged or released for other than dishonorable discharge	3
Company is an active member of an organized consortia that is primarily focused on training and workforce development (example required; see consortia list at <a href="http://ced.ky.gov/kyedc/pdfs/BSSC_Consortia_List.pdf">http://ced.ky.gov/kyedc/pdfs/BSSC_Consortia_List.pdf</a> )	3

The scores for criteria 4 are based on information contained in the application regarding the company's philosophies and role in Kentucky's economy. Listed above are the criteria and potential points associated with each. In order to receive the point(s) for a criterion, the applicant company/consortium must demonstrate in the application that it is already participating in the activity. The point(s) will not be given if the applicant is just beginning to train in the activity. When a criterion requires examples, points will only be given if examples are provided in the application.

## Area of Need

Percentage Above or Below Kentucky's Average BSSC Index

The points below are for BSSC applications submitted for approval during the 2020-2021 fiscal year.

County	Points	County	Points	County	Points	County	Points
Adair	17	Edmonson	17	Knox	20	Nicholas	17
Allen	15	Elliott	20	Larue	15	Ohio	15
Anderson	7	Estill	17	Laurel	15	Oldham	5
Ballard	15	Fayette	5	Lawrence	20	Owen	15
Barren	15	Fleming	17	Lee	20	Owsley	20
Bath	20	Floyd	17	Leslie	20	Pendleton	10
Bell	20	Franklin	5	Letcher	20	Perry	17
Boone	5	Fulton	17	Lewis	20	Pike	15
Bourbon	10	Gallatin	10	Lincoln	17	Powell	17
Boyd	7	Garrard	17	Livingston	10	Pulaski	15
Boyle	10	Grant	15	Logan	10	Robertson	17
Bracken	15	Graves	15	Lyon	15	Rockcastle	17
Breathitt	20	Grayson	17	Madison	10	Rowan	17
Breckinridge	17	Green	17	Magoffin	20	Russell	17
Bullitt	7	Greenup	15	Marion	10	Scott	5
Butler	15	Hancock	5	Marshall	7	Shelby	7
Caldwell	15	Hardin	7	Martin	17	Simpson	7
Calloway	15	Harlan	20	Mason	10	Spencer	7
Campbell	7	Harrison	15	McCracken	7	Taylor	15
Carlisle	15	Hart	15	McCreary	20	Todd	15
Carroll	5	Henderson	7	McLean	10	Trigg	15
Carter	20	Henry	10	Meade	10	Trimble	7
Casey	17	Hickman	15	Menifee	20	Union	10
Christian	10	Hopkins	10	Mercer	7	Warren	7
Clark	10	Jackson	20	Metcalfe	17	Washington	10
Clay	20	Jefferson	5	Monroe	15	Wayne	20
Clinton	17	Jessamine	7	Montgomery	15	Webster	10
Crittenden	17	Johnson	20	Morgan	20	Whitley	15
Cumberland	15	Kenton	5	Muhlenberg	15	Wolfe	20
Daviess	7	Knott	20	Nelson	7	Woodford	5

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