



careers  
businesses  
neighborhoods

# Customized Training

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## Program Guidelines

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## The NYC Department of Small Business Services: Our Mission

The [NYC Department of Small Business Services \(SBS\)](#) helps unlock economic potential and create economic security for all New Yorkers by connecting people to good jobs, creating stronger businesses, and building thriving neighborhoods across the five boroughs.

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### I. The Value of Customized Training

#### What is Customized Training?<sup>1</sup>

The Customized Training program provides federally funded grants<sup>2</sup> to help NYC-based businesses train and retain their employees. This competitive, reimbursable, training grant is available for businesses that are for-profit, operating for at least one year, and able to pay for training upfront.

#### What's in it for you?

Financial support to make training your staff more affordable. The right trainings can help your bottom line, reduce employee turnover, improve morale, promote an efficient and productive workforce, and increase your competitiveness in the marketplace.

#### What's in it for us?

As your employees gain new skills and become more valuable, they are compensated with a wage increase. This creates a more highly skilled workforce with more sustainable jobs and careers. Additionally, businesses can increase their profits and revenue which supports economic growth for New York City.

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### II. Eligibility: Businesses and Employees

#### Businesses must be:

- ✓ Located in one of New York City's five boroughs
- ✓ For-profit and in operation for at least one year
- ✓ Able to pay for training costs upfront
- ✓ Able to train at least 10 employees (with no more than 50% as projected new hires<sup>3</sup>)
  - ❖ If you have fewer than 10 employees, see section on [applying as a consortium](#)
- ✓ Able to provide wage increases for trainees post-training

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<sup>1</sup> Customized Training is an incumbent worker training program under the Workforce Innovation and Opportunity Act Section 134. The term "incumbent worker" is defined in WIOA Final Rule [Section § 680.780](#).

<sup>2</sup> The Customized Training Program is funded through the [Workforce Innovation and Opportunity Act](#) and the [Mayor's Office for Economic Opportunity](#).

<sup>3</sup> A new hire is defined as a person who has been employed for less than 6 months at the start of the contract. Employees that have worked at a business for 6 months or more, at time of contracting, are referred to as incumbent workers.

**Employees must:**

- ✓ Be at least 18 years or older
- ✓ Be working in one of New York City's five boroughs
- ✓ Meet Federal and State minimum wage standards<sup>4</sup>
- ✓ Earn less than a pre-deduction wage of \$77,936/year (\$37.47/hour) \*
- ✓ Meet all applicable Federal Selective Service requirements<sup>5</sup>
- ✓ Be paid during training

**\* The majority of trainees must make under \$26.28/hour.**

**NOTE:** Business owners are eligible to participate in training if they meet all the requirements outlined under Employee eligibility above.

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### III. Eligibility: Trainings

Customized Training supports businesses in need of training in one or more of the following areas:

1. Training on recently purchased equipment or software
2. Training to offer new services/products to reach new markets
3. Training to give current staff new skills to advance into hard to fill positions
4. Training to update obsolete skills that are necessary for the business to be competitive

Training can be offered through the following two methods:

1. **Classroom or Online Training (Required)**  
Training activities that occur outside of an employee's day-to-day work activities, which can occur on or off-site.  
**Example:** Taking a class on project management
2. **On-the-Job Training (Optional)**  
Training activities that occur while an employee is engaged in productive day-to-day work.  
**Example:** Shadowing an instructor on a CNC machine

**NOTE:** Applications are required to include classroom or online training to receive a grant; on-the-job training is optional.

Previous awardees recommend cross-training staff, which can be done via classroom, online and/or on-the-job training, to help reduce the negative impact absences (illness, vacations, personal time off) have on production, lead-times, and day-to-day tasks.

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<sup>4</sup> Minimum Wage Requirements: [Federal](#); [New York State](#)

<sup>5</sup> [Federal Selective Service Registration and Information](#)

## IV. Eligibility: Costs

The following costs are eligible for reimbursement:

- ✓ **External Instruction:** the cost of an external training provider (tuition, salary, consulting fee)
- ✓ **Internal Instruction:** wages paid to internal staff providing classroom training to trainees
- ✓ **On-the-Job Wages:** wages paid to trainees while engaging in On-the-Job training
- ✓ **External Space:** space that is rented specifically for training
- ✓ **Books, Materials, and Supplies\*:** materials that are specifically related to training

*\* Books, materials, and supplies used for training cannot be used for anything that will produce goods or services for sale or be used during normal business operations.*

**NOTE:** Instruction, Books/Materials/Supplies, and External Space are only eligible for **Classroom and Online training**. Trainee Wages are the **only** eligible costs for On-the-Job training.

### Ineligible Training Costs

The following is a non-exhaustive list of costs that are ineligible for reimbursement:

- ✗ Legally mandated training
- ✗ Fringe benefits
- ✗ Purchasing equipment such as laptops, machines, or software
- ✗ Travel, food, or any other hospitality expenses for trainers or trainees
- ✗ Training for non-transferable skills such as a new hire orientation
- ✗ Training that is currently happening or ongoing at the business
- ✗ Renovation of facilities
- ✗ Uniforms
- ✗ Costs related to hiring a temporary worker to perform the duties of an employee being trained
- ✗ Purchase of tools that will facilitate the tracking of outcomes
- ✗ Any items or materials that produce goods or services for sale

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## V. Applying for a Grant

### Step 1: Pre-Application (Eligibility Checklist)

Interested applicants must first fill out an online [pre-application](#), also known as the eligibility checklist.

- ▶ Once the pre-application is completed and submitted, applicants are notified of their eligibility status within 48 hours.
- ▶ If the business is eligible, the Customized Training team will schedule a screening call to discuss the business challenges and training needs.
- ▶ If the business is deemed ineligible based on the responses collected in the pre-application, the Customized Training team will reach out to the business for clarification. Businesses are then able to clarify if any responses in the pre-application were answered incorrectly.

**NOTE:** Important dates/deadlines regarding the pre-application and application process can be [found here](#).

## Step 2: Application

Once it is determined that an applicant is eligible, the two-part application is emailed and must be completed its entirety.

1. Part one includes questions on the business challenge(s) and how this grant can help solve for it.
2. Part two is the training plan proposal, which includes course titles, providers, trainees, and the budget that calculates the grant.

Both parts of the application must be completed by the business in order to be eligible for a Customized Training grant. The Customized Training team will meet with each business upon receipt of a completed two-part application.

- ▶ The Customized Training team will meet at the business' location/office to discuss the application and answer any questions or concerns.
- ▶ Upon submission of the application, the Customized Training team will conduct due diligence to ensure that the business is in good financial standing with New York City, state, and federal governments and that it meets business integrity standards.
- ▶ Only complete applications will be considered for evaluation and potential funding.

**NOTE:** Only eligible businesses may complete an application.

### Training Providers:

Specific training providers **must** be listed in the application. Applications will not be accepted with "TBD", "{business name} staff", or blank spaces listed as the training provider. Business applicants may use the [NYC Training Guide](#) to help identify a training provider, but it is not a requirement to use a training provider from this directory.

### Applying as a Consortium

Businesses that do not have 10 employees can partner with a business in their field, a friendly competitor, or a business that wants to provide similar trainings to their staff. Businesses can pick who they wish to partner with and must identify the consortium business in their application.

- ▶ One business must be the lead contractor.
- ▶ Both businesses should be on the final application.
- ▶ Businesses do not have to provide the same trainings to their employees but should have a cohesive application with similar goals.
- ▶ SBS will send all reimbursement checks to the lead contractor. The contracted businesses are responsible for splitting the payment. SBS can provide the reimbursement amounts owed to each business but cannot issue split payments.
- ▶ Application and reimbursement processes for a consortium are the same as outlined within this document. The business size (for the employer contribution) is determined by the **total** number of employees at **all** businesses within the consortium.

**NOTE:** Interested businesses can [contact us](#) for the Consortium list.

### Step 3: Application Evaluations

Applications are evaluated based on, but not limited to, the following factors:

- ▶ Trainee wage gains and retention
- ▶ New or upgraded skills for trainees
- ▶ Potential impact on economic activity in NYC
- ▶ Business identification of a challenge that can be addressed and solved by training
- ▶ Business return on investment
- ▶ Need for funding
- ▶ Percentage of low-income trainees
- ▶ Feasibility of program (timeframe, number of courses)
- ▶ Capacity for business to manage and oversee the training project
- ▶ Budget and cost-benefit of proposal

**NOTE:** Employers who propose wage gains for low-income workers (those who currently make \$26.28/hour or less) will receive favorable consideration.

The Chief Executive Officer/Owner of the business and all training provider(s) must be willing, upon request, to meet with the Customized Training team and provide additional details regarding the training proposed or experience administering similar training. Training providers may be required to provide references or other appropriate documentation as evidence of qualifications.

### Step 4: Award Notification

All applicants who have submitted a complete application and passed the internal evaluation are presented to the Workforce Development Corporation (WDC<sup>6</sup>) Board, which approves or denies each application. Grants may be conditionally awarded to applicants and are subject to revisions requested by the Customized Training team or the WDC Board.

Business applicants that are presented at a WDC Board meeting will be notified of their award status via email or phone call within two weeks of the scheduled board meeting.

#### Common reasons for rejection include:

- ▶ Incomplete application
- ▶ Application does not meet eligibility requirements
- ▶ Clear outcomes are not indicated and/or connected to training
- ▶ Wage gains are either too little or unrealistic
- ▶ Project scope is not timely or feasible
- ▶ Costs for training are unreasonable for the number of trainees and/or trainings

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<sup>6</sup> The Workforce Development Corporation (WDC), a 501(c)(3), not-for-profit corporation, is closely affiliated with the NYC Department of Small Business Services. The WDC was established to contribute to the economic vitality of the City by promoting workforce development and job creation through public/private partnerships.

Businesses that are not approved for a Customized Training grant are able to discuss their application and reasons for denial with the Customized Training team via a phone call. Businesses that are denied can reapply with a new and updated application two more times within the calendar year.

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## VI. Project Timeline for Customized Training Grants



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## VII. Calculating the Grant

Customized Training grants are comprised of two parts:

### Part One: Reimbursement of Eligible Training Costs

- ▶ [Eligible training costs](#) are reimbursed over four quarters throughout the one-year contract.
- ▶ Businesses contribute a portion of this amount (determined by the size of the business)<sup>7</sup>:
  - Small Business (124 or less employees) = 40% contribution, 60% reimbursement
  - Large Business (125+ employees) = 50% contribution, 50% reimbursement
- ▶ SBS withholds 20% of each reimbursement for final outcomes (see [outcomes section](#)).

### Part Two: Close-Out Payment

The close-out payment occurs after the business has submitted post-training payroll (submission due no later than six months after the last date of training).

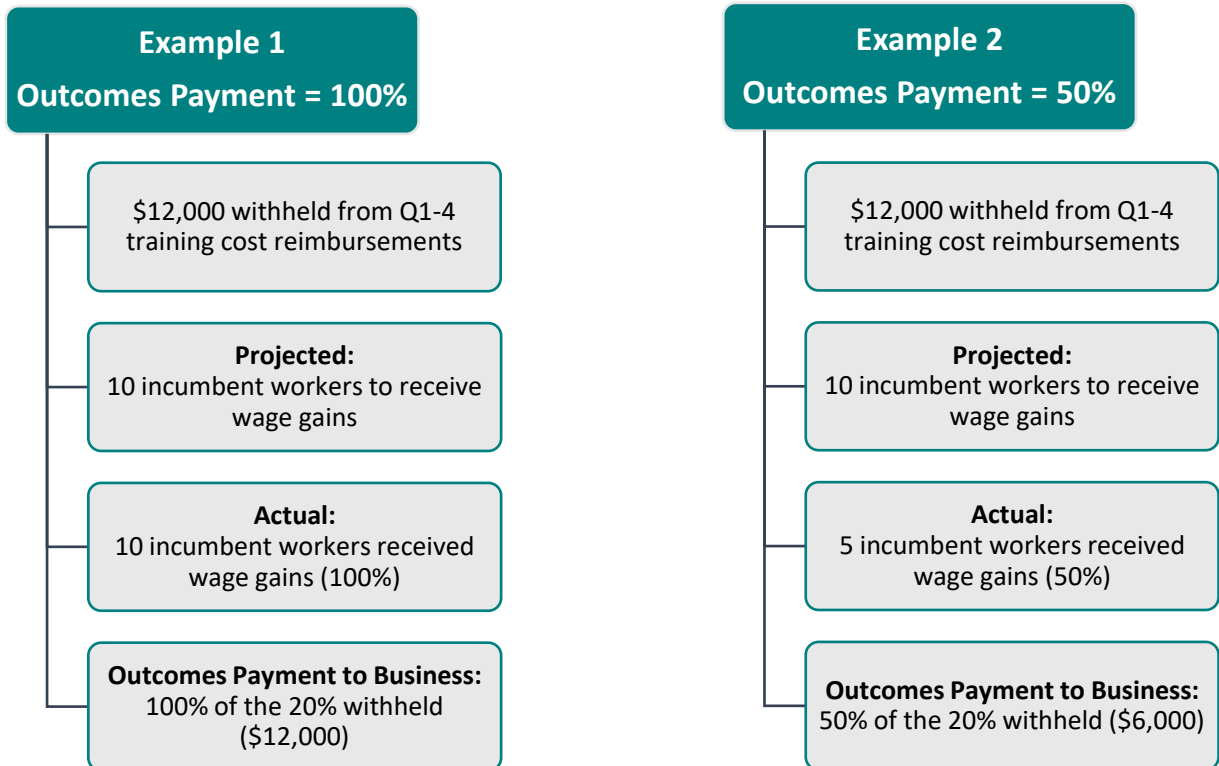
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<sup>7</sup> According to the federal law that funds the City's Customized Training program [Workforce Innovation and Opportunity Act](#) Section 134 (d)(4)(D)(iii)], a graduated scale employer match is permitted for incumbent worker training. SBS reserves the right to adjust the employer match in accordance with these terms. The federal law [[Code of Regulations, Section § 200.306 \(b\)](#)] states that "for all Federal awards, any shared costs or matching funds and all contributions, including cash and third party in-kind contributions, must be accepted as part of the non-Federal entity's cost sharing or matching." The matching funds must be exclusively used for this grant and not be funded by other grants.



There are three components to the close-out payment:

- 1. Outcomes Payment:** SBS withholds 20% of each quarterly reimbursement and releases a prorated payment based on the actual number of **incumbent workers**<sup>8</sup> who received wage increases as compared to the actual number of incumbents registered in WS1. While this payment is only applicable to incumbent workers, it is strongly encouraged that eligible new hires also receive wage gains.



<sup>8</sup> Employees that have worked at a business for six (6) months or longer, at time of contracting, are referred to as incumbent workers.

2. **Trainee Completion Credit (TCC):** The TCC is unique to each business. It is a formulated dollar amount based on **trainee wages** and **training hours** for all trainees. The business will receive a TCC for every trainee who completes **at least 75%** of training hours as projected in the application.

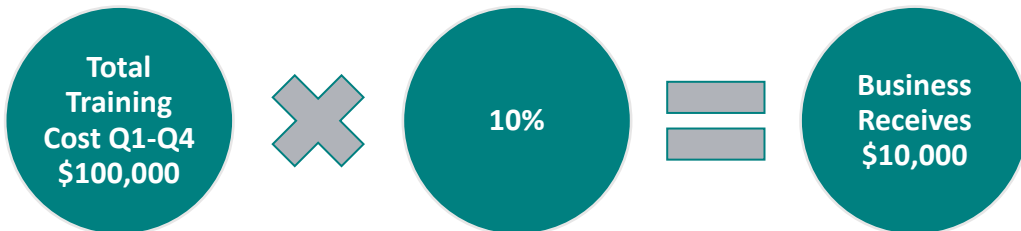
Example:



**NOTE:** All projections regarding **wage gains** and **training hours** are made when a business completes and submits a final application. **On-the-Job** training hours are not included within the TCC calculation.

3. **Administrative Payment:** The administrative payment is 10% of the total training costs. This amount is given back as an acknowledgement of the administrative work the business is responsible for throughout the duration of their Customized Training project.

Example:



**NOTE:** If awarded businesses are unable to fulfill the administrative duties for this program in a timely manner, they risk a deduction from the 10% administrative payment or withdrawal of their grant.

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## VIII. Grant Awarded

Program Manager

Each business that is awarded a Customized Training grant will be assigned a program manager at SBS. This program manager will be the primary contact for help throughout the duration of the business' Customized Training project.

The program manager will work with the business to:

- ▶ Review the scope and budget of the project
- ▶ Execute a final contract
- ▶ Conduct site visits
- ▶ Monitor training progress
- ▶ Review and process reimbursements
- ▶ Evaluate final outcomes after training is completed

### **Kick-off Meeting**

A kick-off meeting will be scheduled within the first few weeks of award notification for businesses to meet the Customized Training team, discuss how we will work together over the duration of the project, answer questions, and review the required documentation for:

- ▶ contracting
- ▶ receiving reimbursements
- ▶ closing out a project

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## **IX. Contracting**

Awarded businesses must sign and execute a contract with the WDC to receive funding. The program manager must collect the following items from the business before a contract is executed:

1. An original Certificate of Insurance and proof of [workers' compensation insurance](#);
2. Online trainee registration confirmation numbers from the [Workforce1 system](#);
3. Copies of date of birth verification for trainees (federal or state issued ID, work permit, etc.). All IDs must be valid and not expired; and
4. Pre-training payroll for all trainees dated 1-2 weeks prior to the contract start date.

**NOTE:** If awarded businesses are unable to provide the above documents, register trainees, execute a contract, and launch training within three months of the award date, they risk a deduction from the 10% administrative payment or withdrawal of their grant. Businesses will only be reimbursed for expenses incurred within the contracted period.

## **Contract Modification**

Awarded businesses have up to 30 days after the contract execution date to propose any modifications to the original Customized Training grant. Modifications proposed after 90 days may result in withdrawal of the award or denial of proposed changes.

Modifications to the project scope must be approved by the Customized Training team. SBS reserves the right to approve or deny these requests based on review of modified application materials submitted by the business.

## **Contract Extension**

Awarded businesses can extend their contracts by up to 3-months through a contract amendment; these requests must be made in writing to the Customized Training team. A justification must be made by the business that outlines, in detail, the need for an extension. If a contract extension is approved the business' close-out date remains the same; no additional time is added to submit the close-out documentation.

## **Trainee Turnover**

A business has until the end of the second quarter to replace trainees on the training roster if an employee drops out of the training program or leaves the company.

- ▶ If the original trainee completed 75% or more of their projected training hours prior to leaving, the business is eligible for that trainee's TCC.
- ▶ Replacement trainees are not eligible for the TCC. However, if the replacement trainee is an incumbent worker, the business could receive the outcomes payment for that trainee if they are retained and receive a wage gain upon completion of training.
- ▶ Replacement trainees that are new hires are only eligible for reimbursement of eligible training costs.

## **Project Monitoring and Reimbursements**

**Site Visits:** Program managers will conduct at least one site visit during the contract term to evaluate training.

**Interviews:** Program managers may conduct interviews on training progress by phone, email or in person at any time.

**Reimbursement Documentation:** Documentation that demonstrates approved training-related expenses must be submitted by the awarded business on a quarterly basis; due dates will be provided to each awarded business in the kick-off meeting. Reminders of these dates will be sent out during the lifecycle of the project. Failure to submit documentation by the provided deadlines may result in a deduction of the 10% administrative payment and/or delay or denial of payment.

Businesses must provide all supporting documentation listed below for each expenditure.

Types of Costs	Supporting Documentation Required for Reimbursement
<b>External Instruction</b>	<ol style="list-style-type: none"> <li>1. Invoice from training provider detailing training</li> <li>2. Cancelled checks (front and back) or Bank/credit card statements</li> <li>3. Copies of sign-in sheets</li> </ol>
<b>Internal Instruction &amp; On-the-Job Trainee Wages</b>	<ol style="list-style-type: none"> <li>1. Payroll for each instructor <b>or</b> trainee</li> <li>2. Copies of sign-in sheets</li> </ol>
<b>Tuition/Fees</b>	<ol style="list-style-type: none"> <li>1. Invoice from training provider detailing training</li> <li>2. Cancelled checks (front and back) or Bank/credit card statements</li> </ol>
<b>Books and/or Other Training Materials</b>	<ol style="list-style-type: none"> <li>1. Receipts <b>or</b> invoices</li> <li>2. Cancelled checks (front and back) <b>or</b> Bank/credit card statements</li> </ol>
<b>External Training Space</b>	<ol style="list-style-type: none"> <li>1. Receipts <b>or</b> invoices</li> <li>2. Cancelled checks (front and back) <b>or</b> Bank/credit card statements</li> </ol>
<b>Confirmation of Hourly Rate</b>	<ol style="list-style-type: none"> <li>1. Payroll for each trainee dated 1-2 weeks prior to contract start date</li> <li>2. Payroll for each trainee dated up to six months after last day of training</li> </ol>

**NOTES:** For audit purposes, every awarded business must keep sign-in sheets, for each instance of training, for at least six years. All sign-in sheets are subject to review to determine eligible expenses.

All documentation can be scanned and emailed directly to the program manager.

SBS reserves the right to request payroll at any point during the contract term, either during or after the contract is over, to ensure employees are being paid during training.

## X. Re-Applying

Businesses interested in applying for another Customized Training grant are required to wait three months between the close-out of the prior project and submission of a new application. To be eligible for a new grant, businesses must have:

- ✓ Completed at least 50% of training in their prior Customized Training project; and
- ✓ Provided wage gains to at least 75% of incumbent workers

Businesses who have received Customized Training grants can be awarded up to three times in a six-year period.

Businesses who have been denied can reapply up to two times in one calendar year. However, they are required to meet with SBS prior to submission of another application.

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## **XI. Contact the Customized Training Team**

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