



BSSC Training Documentation Requirements

May 2021

This guide is designed to help Bluegrass State Skills Corporation (BSSC) applicants understand the documentation and eligibility requirements for training to be claimed under the Grant-in-Aid (GIA) and Skills Training Investment Credit (STIC) programs. This document supplements the information found in the BSSC Guidelines.

BSSC board approval of a GIA or STIC does not guarantee that the approved company will receive a specific grant or tax credit amount. In addition, BSSC board approval does not mean that any specific planned training listed in the application is pre-approved as eligible training. BSSC board approval means that the approved company has a defined time period in which to complete training and request incentives up to a maximum potential amount established by the board. The actual incentive amount earned is subject to the approved company completing eligible training and providing acceptable documentation so that BSSC staff can verify incentive eligibility. Generally, it is much easier to collect appropriate documentation as training occurs, so having a good understanding of the requirements up front should make the task of documenting easier.

Soon after BSSC board approval and submission of a signed agreement, the approved company will be provided with a Training Incentive Request Packet. This Microsoft Excel based workbook contains a training summary worksheet that the approved company will use to summarize its eligible training activities. To complete the worksheet, access to Microsoft Excel software is required. The incentive claim may not be processed if an incomplete worksheet is submitted.

All trainings listed on the training summary worksheet must be supported by acceptable documentation. Do not list a training on the training summary worksheet unless documentation meeting the criteria described in this document is available, and the training meets all other BSSC eligibility requirements. The documentation required for different types of training is explained in more detail below.

The eligible training period begins on the day a GIA or STIC application is approved by the BSSC board and ends one year from the BSSC board approval date. The eligible training period is included in the agreement sent to the approved company after the BSSC board approves a planned training project. The company, at its option, may accelerate the training end date and request an early close-out to the project if it wishes to claim incentives more quickly.

For a training to be eligible for consideration of incentives, it must:

- (a) Not be funded with public/government funding other than BSSC (the BSSC training incentive amount must be matched by private company funding)
- (b) Include one or more eligible trainees (full-time, Kentucky resident employees of the approved company);
- (c) Last at least thirty minutes in length (if the same training occurs over several days, cannot combine multiple training sessions that are less than thirty minutes in length to meet the minimum

requirement; each stand-alone training session must be at least thirty minutes in length to qualify);

- (d) Occur within the eligible training period;
- (e) Meet BSSC requirements regarding training topic and method (training must be job-specific/focused on the trainee's current or future promotional job to be eligible; with the exception of new-hire orientation, it is not the intent of BSSC to use training incentives on company-specific general administrative training such as time clock procedures, health insurance options, etc.); and
- (f) Be properly documented.

Training should be focused on improving a trainee's job skills. Examples include training to reach various certification/qualification levels for a job, training to upgrade skills for new jobs tasks, etc. In general, committee meetings, board meetings or similar "meetings" do not qualify as eligible training. Refer to the BSSC Training Eligibility Flowchart at the end of this document for an overview of training eligibility and documentation requirements.

Training Types

There are four basic types of training that can be listed on the training summary worksheet:

1. Training conducted by a live, on-site instructor who is an in-house employee of the approved company
2. Training conducted by electronic means where the training content is owned and controlled by the approved company
3. Training conducted by a live, on-site instructor who works for a third-party consultant or educational institution
4. Training conducted by electronic means whereby access to the training content is owned and controlled/time limited by a third-party consultant or educational institution

Training types one and two are considered in-house training. Training types three and four are considered third-party training.

Training with a Live On-Site Instructor

To determine training eligibility and documentation requirements, we look at whether the training is considered "in-house training" of the approved company, or training conducted by a third-party consultant or educational institution. For trainings with a live, on-site trainer, a training instructor is considered an in-house employee if the instructor is employed by (1) the approved company; or (2) the parent company of the approved company; or (3) an affiliated sister company of the approved company. All other live, on-site instructors are considered third-party (consultant or educational institution) trainers. "On-site instructor" does not necessarily mean that the training is conducted at the company's site. It simply means that the instructor and the trainee are both in the same location when the training is conducted.

Electronic Training

For training delivered by electronic means (video, computer-based training, webinar, etc.), the "instructor" is determined by who owns the training content and how the company pays to access the training. If a third-party owns the training content, and the company pays to access the information via a time-limited subscription or pay-per-view, the training is considered third-party training. If the company owns the electronic training content via a one-time purchase, with no time limits on accessing the content, the training is considered in-house training.

For example, if the approved company pays ABC Consulting an annual subscription fee to access online training videos developed and owned by ABC, that would be considered third-party training

because ABC Consulting continues to own the training content, and the approved company pays a fee to access the content during a limited time period. Conversely, if the approved company purchased a training video from ABC Consulting, it now owns the video and controls when and where the training occurs, without having to pay ongoing access fees. In this scenario, the training would be considered in-house training.

Basic Level of Acceptable Documentation

Regardless of the training type, a basic level of acceptable documentation is required before training incentives can be considered. All training must be documented by records that identify, at a minimum: eligible trainees, type/subject of training, date of training, hours of employee training, eligibility of trainees, instructional hours, and training instructor. This documentation must be maintained on file at the company's site. BSSC reserves the right to request this documentation to verify the information listed on the training summary worksheet submitted by the company. The documentation must be specific and provide a clear audit trail. Training and instructional hours must be accurate and must not include non-instructional time. Failure to maintain this basic level of documentation may result in the company not achieving its maximum training incentive.

See page six for a sample training documentation form. This form is optional. However, detailed documentation for trainees and trainers may be required before incentives can be considered. The form on page six is best suited as a sign-in/verification sheet for on-site training, but all types of training, including training conducted by electronic means, must be documented. If the training includes an agenda, please maintain a copy of the agenda with the training documentation. At a minimum, you must maintain either an agenda or a summary description of the training and provide it if requested by BSSC staff.

For in-house training, the approved company must document the training with a basic level of acceptable documentation as described above. The documentation must be maintained on file at the company and provided upon request to BSSC staff for auditing or verification purposes.

Third-party training with a live, on-site instructor may occur at the company's site or at an off-site location. In most, but not necessarily all, third-party trainings, the approved company pays a fee to the third party for the delivery of specialized training information. Sometimes, training services may be bundled with other products or services. To be eligible for training incentive consideration, documentation for third party training costs must be clearly defined and separated from non-training costs.

Consulting services and training services are not the same. Only direct training costs (not including travel costs and ancillary fees, if broken out separately) associated with training for eligible trainees can be considered for training incentives. For third-party training, the approved company must document the training with a basic level of acceptable documentation as described above. The documentation must be maintained on file at the approved company and provided upon request to BSSC staff for auditing or verification purposes.

For training conducted by electronic means and claiming trainee wages, the basic documentation described above must be submitted with the training summary worksheet.

Additional Requirements for Third-Party Training

In addition to the basic training documentation, third-party training documentation requires an invoice and proof of payment of the third-party instructor's costs (if the training was provided at no cost, a statement from the training provider stating such is generally sufficient proof). Proof of payment must be from outside the approved company (documentation from internal accounting systems is not

acceptable proof). Examples of proof of payment include, but are not necessarily limited to, (1) documentation from the vendor showing that the invoice has been paid in full/zero balance (invoices stamped "Paid" are not sufficient; must show zero balance or full payment of amount due); or (2) documentation from a bank/financial institution showing the payment has been processed, such as the front and back of a cancelled check. The front of a check by itself is not sufficient, because we cannot verify that the check has been processed. For third party training, invoices and proof of payment must be submitted when the training summary worksheet is submitted to BSSC. Note: invoice and proof of payment for third-party training costs must be provided to BSSC, even if employee wages are the only incentive claimed.

Types of Costs that can be Claimed

Once the training type and applicable supporting documentation requirements have been identified, the approved company should determine the training costs it intends to claim. These costs are claimed on the training summary worksheet. There are three general categories of eligible training costs: trainee wages, instructor costs, and instructional materials.

Trainee Wages

Trainee wages can be claimed for the actual training time that eligible trainees spend in eligible training. The GIA and STIC programs are tax-id based programs, which means potential trainees include only employees who are reported under the tax-id number of the approved company.

Eligible trainees do not include employees working for the company in non-qualified activities. For example, a distillery may be approved for BSSC incentives under the "manufacturing" category, but the company may have some employees that work in an on-site gift shop. The employees working in the gift shop would be classified as retail employees, even though they work for the approved distillery (manufacturing) company. Retail workers are not eligible to be claimed for BSSC training purposes. For companies approved under the "headquarters" designation, only executive and central administration (accounting, HR, etc.) personnel in the headquarters facility are eligible for BSSC incentives.

Trainee wages can be claimed only if the trainee is paid wages for the time spent attending the training. For example, if a trainee attends a night course at the local technical college, and the course meets after the trainee's work day is done and he/she is not paid wages for the time attending the after-hours course, trainee wages cannot be claimed for the training.

The approved company should review its training documentation, and then enter accurate training information for eligible employees on the training summary worksheet. Note: ineligible trainees may attend an eligible training, but no costs associated with ineligible trainees can be included on the training summary worksheet. For example, suppose an employee living out-of-state attends a training, along with nine eligible trainees (full-time, Kentucky resident employees of the approved company). The training documentation sheet may show ten trainees, but only nine can be claimed on the training summary worksheet because the employee who lives out-of-state is not an eligible trainee. Ineligible trainees must be removed or identified as ineligible on supporting documentation.

If trainee wages are claimed, training hours for eligible trainees are multiplied by the approved company's average wage rate (as reported in the company's application for BSSC incentives). Training time must be a minimum of 30 minutes and should be reported in 15 minute (quarter-hour) increments above the 30-minute minimum. All training times should be rounded down to the closest quarter-hour. No employee can train on his/her own without an eligible trainer (a live, on-site instructor or eligible electronic instruction). Training documentation for trainee wages must be able to document specific days and hours of training.

Instructor Costs

Instructor costs for in-house training can be claimed at a flat rate of fifty dollars per hour of actual unduplicated instructional time for an in-house trainer. If instructor costs are claimed, documentation that tracks unduplicated instructional time for the trainer may be verified. Trainer costs can only be claimed when the trainer is physically present with the trainee and providing training instruction. As an example, for a trainee in on-the-job training status, trainer/instructor costs can be claimed only for the time that the instructor is physically present and training the trainee.

No employee may be claimed as both a trainer/instructor and a trainee for the same training. If a specific training has more than one trainer, instructor time can be claimed only during the time that one instructor is providing training. For example, suppose there are two trainers for a one-hour training. The first trainer provides instruction for the first 30 minutes, and then the second trainer provides instruction for the second 30-minute segment. In this example, only one hour of instructional time can be claimed, even if both instructors were in the room for the full hour. Instructional time cannot be claimed when the trainer is in the room but not providing instruction. This would also apply to situations such as showing a group training video. If a company employee provides 30 minutes of instruction before a 30-minute video, trainees can claim one hour of training time, but instructor time is limited to 30 minutes in such a scenario.

Instructor costs for third-party training may include fees paid to consultants and/or educational institutions for direct instructional costs. If a per-trainee cost is charged, only direct training costs associated with eligible trainees can be included. If costs are paid for a specified time period, such as an annual fee to access online training content, only the proportional cost for the time period covered by the training project can be included as an eligible cost. Third-party instructor costs must be documented by an invoice and proof of payment.

Instructional Materials

Instructional materials include direct training costs associated with an eligible training for support materials needed to complete the training. Examples include required textbooks or manuals for an eligible training. Claimed instructional materials must be required components of the training. Only materials for eligible trainees can be included on the Training Summary worksheet. Invoices and proof of payment for instructional materials must be forwarded to BSSC at the time the training summary worksheet is submitted.

Summary

Documentation is a critical component of the BSSC training program. It is also important to understand the types of eligible training and the costs that can be claimed for those trainings. Please use the BSSC Guidelines and this document to plan eligible training programs and organize the documentation.

Because BSSC incentives involve public funding, a review of sample documentation supporting the training listed on submitted training summary worksheets may be requested. In addition, KRS 154.12 requires documentation to be maintained by the approved company for a period of five years.

Questions regarding BSSC training eligibility or documentation can be emailed to ced.bsscgrp@ky.gov.

BSSC Training Documentation Form for (Company Name)

Training Title/Subject: _____

One Sentence Description/Summary of Training: _____

Instructor Name(s)/Please Print: _____

Training Date and Start/End Time: _____

| # | Printed Trainee Name (Please Print Legibly) | Trainee Signature | Training Hours Completed | Full-Time, KY Resident Employee of (Company Name)? |
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I, _____, as instructor for the training listed above, certify that the trainee time and attendance information on this form is accurate. I further certify that _____ hours of unduplicated instructional time were provided during this training.

Signature: _____

Date: _____

BSSC TRAINING ELIGIBILITY FLOW CHART

