



## INCUMBENT WORKER TRAINING

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### PURPOSE

This policy provides guidance, along with tools and methods relative to decisions about which potential Incumbent Worker Training (IWT) projects should be funded with WIOA funds. It requires WIOA service providers to create local procedures and processes by which employers, workers, or groups of workers should be selected as priority incumbent worker training projects, it provides a uniform method to assess the suitability of these projects to receive WIOA funds for Incumbent Worker training, and it sets the minimum parameters to determine the shares of cost for WIOA and employer co-financing of Incumbent Worker training projects.

### SCOPE

Who is the policy meant for (e.g. Workforce Innovation and Opportunity Act Title I contracted Service Providers)

### RESPONSIBLE PARTY

Workforce Alliance of the North Bay  
Regional Workforce Development Board

### REFERENCES

- Workforce Innovation and Opportunity Act (WIOA) (Public Law) Sections, 122(h)(i), 134(d)(4), 134(G)(ii), 134(c)(3)(H), and 194(4)
- Title 20 Code of Federal Regulations (CFR) Sections 680.790 - 680.820
- California Employment Development Department, Workforce Services Directive (WSD) 19-01

### DOCUMENTS

- WANB 125- Employer Eligibility Criteria: Incumbent Worker Training (IWT)

### DEFINITIONS

For the purposes of the policy, the following definitions apply:

**Business and Employer** – A private sector, local government, for profit or not-for profit place of business. Business and Employer are used interchangeably in this policy.

**California Employer Account Number** – An eight-digit payroll tax number issued to a registered employer by the Employment Development Department, also known as the Employer Payroll Tax Account Number, State Employer Identification Number, or state ID.

**Eligible Employer (WIOA Section 134(d)(4)(A)9II)**– For an employer to be eligible for IWT services, the Alliance must consider the following:

- Whether the employer can provide a valid California Employer Account Number.
- The characteristics of the individuals in the program (see the IWT definition below).

*Workforce Alliance of the North Bay is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities.*

- The relationship of the training to the competitiveness of an individual and the employer.
- Other factors the Alliance determines appropriate, such as the number of employees trained, wages and benefits including post training increases, and the existence of other training opportunities provided by the employer.

*Employer Share* – Employers are required to pay for a significant cost of the training for those individuals in IWT. The minimum amount of employer share in IWT depends on the size of the employer.

*Follow-up* – Shall be performed six months after reported completion of IWT to determine outcomes (retained employment, advancement, and increased wages).

*Incumbent Worker (Title 20 CFR Section 680.780)*– To qualify as an Incumbent Worker, the employee must meet the following:

- Be a current employee of an eligible employer and have established employment history with the employer for six months or more. An individual is not held to the six-month employment requirement if the IWT is being provided to a cohort of employees. In this instance, not every employee must meet the employment history requirement as long as a majority of the employees being trained do meet the requirement.
- Meet the Fair Labor Standards Act requirements for an employer-employee relationship.
- Meet the Selective Service requirements.

*Incumbent Worker Training (IWT) (20 CFR 680.790)* – The following characteristics define IWT:

- Designed to meet the special requirements of an employer (including a group of employers) to retain a skilled workforce, avert the need to lay-off employees by assisting the workers in obtaining the skills necessary to retain employment, and/or provide training that will result in progression on a career pathway and income mobility.
- Conducted with a commitment by the employer to retain employees, avert the layoff(s) of the incumbent worker(s) trained for a period of six months following completion of the training, or promote incumbent workers to higher paying positions.
- Increases the competitiveness of the employer or employee.
- Gives employees the opportunity to progress on their career pathway by providing opportunities to obtain certificates or credentials based on the employers need.

*IWT Allowable Costs (WIOA Section 134(d)(4)(C)-(D))* – The Alliances' share of the cost of training (teacher, books, materials) for the delivery of IWT. This amount excludes the cost of individual wages paid by the employer while the employee is attending/participating in the training.

*Qualified Trainer (WIOA Section 134(d)(4)(C)-(D))* – Qualified training can be provided in-house, by a training agency, or by a third party. Training providers should be California-based, unless the training is so unique that a training provider cannot be found in California. The choice and method of training are determined by the employer. Definition (list definitions alphabetically)

*Training Method (WIOA Section 134(d)(4)(C)-(D))* – The following are types of training methods allowable for IWT:

- Classroom training is instruction in a classroom setting that is provided to a group of trainees and conducted by a qualified instructor.
- Laboratory training is hands-on instruction or skill acquisition under the constant and direct guidance of a qualified trainer. Laboratory training may require the use of specialized equipment



or facilities. Laboratory training may be conducted in a simulated work setting, or at a productive work setting, also known as Productive Laboratory.

- Computer-based training is delivered through a computer program at a pace set by the trainee. There is no requirement for delivery by a live trainer and training does not have to be interactive.
- Video Conference training is live, interactive instruction provided by a trainer through a video communications session.
- E-Learning instruction is delivered through a web-based system, conducted in a virtual environment utilizing a web meeting/webinar.

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## POLICY

- I. Background - Incumbent Worker Training (IWT) increase both a participant's and a company's competitiveness. An ideal IWT provides participants with new skills that allow them to acquire a higher paid job within the company, while allowing the company to backfill the incumbent worker's vacated position. IWT projects are designed to meet the special requirements of an employer (including a group of employers) to retain a skilled workforce and/or to avert lay-offs.

The Workforce Alliance of the North Bay (Alliance) adopts the methodology contained in this policy for assessing employer training plans and employee benefits, which can establish the viability of each proposed IWT project. The intent is to limit the financing of IWT projects to those projects that show a worthwhile return on WIOA investment.

II. Eligibility for IWT

Each WIOA service provider, with concurrence from their governing subcommittee, will identify a minimum score that employers must reach in order to qualify for WIOA financing of a proposed IWT project. That scoring threshold will allow the Service Provider to use up to 20 percent of its total Adult and Dislocated Worker funds for IWT.

The Service Provider must work with The Alliance business service representative and execute a contract with the employer detailing the intent of the program, the obligations of the employer, and how payments are contingent on the employer fulfilling the training and retaining commitments used in the uniform scoring determination.

- A. An employer's eligibility for participating in IWT in order to evaluate whether training would increase the competitiveness of the employees and/or employers is based on the following factors:
1. The characteristics of the individuals in the program (e.g. individuals with barriers to employment).
  2. The relationship of the training to the competitiveness of the individual and employer.
  3. The additional factors the Alliance determines are appropriate.

These criteria are to be measured and scored using the Alliance Employer Eligibility Criteria: Incumbent Worker Training (IWT) form (WANB 125) to ensure consistent application for all employers.

- B. For an employer to receive IWT funds, the individual(s) participating in the IWT must meet the following:
1. A U.S. citizen or otherwise legally entitled to work in the U.S.
  2. Age 18 or older.
  3. Registered for the Selective Service (males who are 18 or older and born on or after January 1, 1960) unless an exception is justified.



4. Be employed.
  5. Meet the Fair Labor Standards Act requirements for an employer-employee relationship.
  6. Have an established employment history with the employer for six (6) months or more. This may include time spent as a temporary or contract worker performing work for the employer. It should be noted that an individual is not held to the six-month employment requirement if the IWT is being provided to a cohort of employees. In this instance, not every employee must meet the employment history requirement as long as a majority of the employees being trained do meet the requirement. (Title 20 CFR Section 680.780)
- C. An eligible individual participating in IWT is not required to meet the eligibility requirements for the Adult or Dislocated Worker program, unless they are also co-enrolled as a participant in the WIOA Adult or Dislocated Worker program and will receive WIOA funded services in addition to the IWT.

### III. Funding

- A. IWT is part of a comprehensive business engagement strategy designed to meet the special requirements of an employer (including a group of employers) to upskill current employees. To implement this strategy the Alliance will allow service providers to use up to 20 percent of their total Adult and Dislocated Worker formula allocations for IWT activities. This 20 percent can only be used for programmatic activities, and cannot be used for administration functions.
- B. Under WIOA, layoff aversion is now a required Rapid Response activity (Title 20 CFR Section 682.330). The Alliance can leverage Rapid Response funds by including IWT as part of a robust layoff aversion strategy for the Alliance area. Service providers should consult with Alliance Business Engagement Representatives to determine which strategies and activities are applicable in a Rapid Response / Layoff Aversion situation.
- C. The WIOA defines IWT as a business service, therefore, the delivery of IWT does not require the use of an Individual Training Account or that the training program be listed on the Eligible Training Provider List.

### IV. Employer Share of Training Costs (WIOA Section 134(d)(4)(C)-(D))

- A. Employers are required to pay for a significant cost of the training for those individuals in IWT. This can be done through cash payments and fairly evaluated in-kind contributions.
- B. The employer required share of cost will increase with the number of workers they have. Smaller employers may qualify for a greater WIOA share of cost on a sliding scale formula as follows:
1. Employers with 50 or fewer employees must pay at least 10 percent of the cost
  2. Employers with 51 to 100 employees must pay at least 25 percent of the cost
  3. Employers with more than 100 employees must pay at least 50 percent of the cost
- The local WIOA service provider may negotiate employer shares of cost at a greater level than the sliding scale above.
- C. The reimbursable “cost of training” will be limited to booked costs that include third party education and training, in house trainer staff that are teaching/training/coaching incumbent workers, and any space or other atypical business costs incurred for the sole purpose of training incumbent workers. The cost of salaries and wages paid to the incumbent workers (while they are participating in training) will only be considered “training costs” when those



incumbent workers are not engaged in productive work. If incumbent worker trainees are doing work that is/will create employer revenue, those wages/salaries will not constitute “training costs.”

- D. A 20 percent hold on reimbursement must be held by the Service Provider and released 90 days after the incumbent worker has completed training, and has been retained in the higher paid job.
- E. IWT expenditures can be counted toward the training expenditure requirement (WSD18-10). The employer contributions for IWT can be counted as leveraged dollars.

V. Documentation:

Alliance service providers, in partnership with the employer, must complete and retain the documentation for each IWT project. This includes ensuring all training is completed and certificates of completion are obtained for each trainee and retained locally. This documentation will be subject to monitoring.

VI. IWT Performance and Reporting Requirements

Alliance service providers will be responsible for the collection of individual information and performance and reporting requirements. All recipients of IWT must be reported to DOL. Service providers will register all individuals who participate in IWT into CalJOBS<sup>SM</sup>.

- A. The following participant and performance data is required on all individuals participating in IWT:
  1. Demographic information.
  2. Information necessary to calculate employment in the 2<sup>nd</sup> and 4<sup>th</sup> quarters after exit.
  3. Median earnings in the 2<sup>nd</sup> quarter after exit.
  4. Measurable skill gains.
  5. Credential attainment.

For the purpose of calculating these metrics for IWT-only individuals, the exit date is the last date of training, as indicated in the training contract.

- B. The collection of Social Security Numbers (SSNs) will be part of the training contract with the employer to allow EDD to conduct a base wage match to obtain their employment and earnings. For those individuals that have a pseudo SSN, the service provider is responsible to provide supplemental data.
- C. Individuals who only receive IWT are not included in the WIOA Adult and Dislocated Worker program performance calculations. If the individual in IWT becomes a participant in the Adult or Dislocated Worker program at any point, they are included in performance calculations for the core program that provides additional services.
- D. Service providers must ensure that the employer participating in the IWT is registered as a preferred employer (recruiting employer) in CalJOBS<sup>SM</sup>, and the CalJOBS<sup>SM</sup> activities code E68-IWT is added to the employer’s account.

## POLICY UPDATE HISTORY

May 10, 2017 – Original Incumbent Worker Training policy approved by Workforce Alliance of the North Bay Regional Workforce Development Board



## **INQUIRIES**

Questions regarding this policy can be sent to Workforce Alliance of the North Bay.

