



Incumbent Worker Training

POLICY NUMBER: P-1001, Rev. 2

REVISION DATE: April 9, 2021

Supersedes: WIOA Title 1-B Incumbent Worker Training Policy, effective August 15, 2017

PURPOSE

The purpose of this policy is to communicate employer and employee eligibility for incumbent worker training funded with Workforce Innovation and Opportunity Act (WIOA) funds or statewide Rapid Response funds, and the employer cost sharing requirements for incumbent worker training.

BACKGROUND

WIOA funded incumbent worker training is designed to either increase the competitiveness of employees and employers or avert employee layoffs.

WorkForce Central may reserve and expend up to 20% of its combined WIOA Title I Adult and Dislocated Worker formula funds for incumbent worker training. WorkForce Central may also use WIOA Title I statewide activities funds on incumbent worker training if those funds have been provided by the Governor for that purpose.

WorkForce Central may use state Rapid Response funds provided by the State for incumbent worker training to avert layoffs.

POLICY

Employee Eligibility

An incumbent worker must be:

1. Employed,
2. Meet the Fair Labor Standards Act requirements for an employer-employee relationship; and
3. Have an established employment history with the employer for six (6) months or more.
 - a. If incumbent worker training is provided to a cohort of employees, not every employee in the cohort must have an established employment history with the employer for six (6) months or more as long as a majority (51% or more) of the employees being trained meet the employment history requirement.
 - b. Incumbent workers do not have to meet WIOA Adult or Dislocated Worker program eligibility unless the individual is enrolled in one of the programs.

Employer Criteria

The following employer criteria must be assessed to determine appropriateness and allowability for incumbent worker training:

1. The characteristics of the incumbent workers to be trained, specifically the extent to which they

historically represent individuals with barriers to employment as defined in [WIOA sec. 3\(24\)](#), and how they would benefit from retention or advancement.

2. The quality of the training (e.g., industry-recognized credentials, advancement opportunities).
3. The number of participants the employer plans to train or retrain.
4. The wage and benefit levels of participants (before and after training).
5. The occupation(s) for which incumbent worker training is being provided must be in demand as defined by [WIOA sec. 3\(23\)](#) and as determined by workforce development area-specific labor market information produced by the Washington State Employment Security Department (ESD).
6. The employer:
 - a. Is in an in-demand industry as defined by WIOA Sec. 3(23) as determined by local and ESD labor market information; or
 - b. Is in an in-balance industry as determined by local and ESD labor market information; or
 - c. Is in a declining industry, but presents compelling reasons (e.g., evidence of long-term viability of the employer) justifying investment in incumbent worker training.
 - d. Must not have laid off workers within 120 days to relocate to Washington from another state.
 - e. Must be current in unemployment insurance and worker's compensation taxes, penalties, and/or interest or related payment plan.

WorkForce Central must document the factors that were considered in approving an incumbent worker training project with an employer.

Employer Share of Incumbent Worker Training Costs

Employers participating in incumbent worker training are required to pay the non-WIOA (non-federal) share of the cost of providing training to their incumbent workers. The employer share is based on the size of the workforce (wages paid to the participant while in training can be included as part of that share and the share can be provided as cash or in-kind that is fairly evaluated) as follows:

- At least 10% of the cost for employer with 50 or fewer employees
- At least 25% of the cost for employers with 51 to 100 employees
- At least 50% of the cost for employers with more than 100 employees

Employee Wages

WIOA Title I funds cannot be spent on the wages of incumbent employees during their participation in incumbent worker training. Incumbent worker wages paid by the employer during incumbent worker training cannot be included in the cost of training.

Training

Training can be provided through community and technical colleges, vocational-technical centers, state colleges and universities, licensed and certified private entities/institutions, industry specific consulting or training organizations, professional associations, or credentialing entities, or the business itself (through in-house trainers). If in-house training is provided, it must be for training to support new skills that will make the employer more competitive or avert layoffs.

WorkForce Central Secured Training

When contracting directly with training providers for incumbent worker training on behalf of employers, WorkForce Central must ensure the terms of the procurement are allowable, consistent, and at a reasonable cost, and procured consistent with WorkForce Central's Procurement Policy.

Employer Secured Training

In-house Training: When in-house training is provided by an employee of the employer, the reimbursement amount is based on the employer share calculation. For example, the employer purchases new machinery, but now must train staff on its use. One employee has been trained to use it, and has the capacity and skill to train others, but calculations indicate it will be costly to devote that employee to the task because they would not be able to perform their own job while training staff. That employee's wages when providing the training would be included in the cost of training, and therefore, part of the cost share calculation.

Employer Secured Training: When the training provider is secured by the employer, procurement is not required. WorkForce Central enters into an agreement with the employer to reimburse for the WIOA federal share cost of the training. The agreement with the employer must document, at a minimum:

- The training being provided.
- That the cost is reasonable for what is being provided.
- The approximate dollar amounts, both paid by the employer and paid by WorkForce Central for the federal share.

Rapid Response Layoff Aversion Incumbent Worker Training

An incumbent worker training program funded with rapid response funds must be tied to a layoff aversion strategy for a threat of layoff.

An incumbent worker training as part of layoff aversion must be above and beyond the normal training offered by businesses to their employees and reasonably prepare workers to address skill gaps. Rapid response resources must not supplant private funds in these situations.

The overall goal of layoff aversion is to save jobs. Layoff aversion is intended to prevent or minimize a potential period of unemployment for employees of companies that have announced layoffs or are struggling and at risk for layoffs. Layoff aversion focus is on saving jobs, putting people back to work, shortening the length of layoff, and revitalizing communities.

1. Employee Criteria

- a. The worker must be considered for layoff because they do not have marketable, in-demand skills, unless provided with training.
- b. The new skills can be attained in a reasonable period.
- c. There exists a strong possibility of a job, either with the existing employer or a new employer, if new skills are attained.

2. Employer Criteria

- a. The company remains open but is phasing out a function that will lead to layoffs unless the workers can be retained to perform new functions.
- b. A worker's job has changing skill requirements because of external economic or market forces, significant changes in technology or operating processes, rapidly changing industry or occupational job requirements, or emergence of new products.
- c. The changing skill requirements are outside of normal skill growth and upkeep that would be provided by the employer.

- d. The employer demonstrates a commitment to retain employees or otherwise provide a tangible benefit to employees who receive incumbent worker training.

3. How to Identify “at risk” Employers

- a. The most common “at risk” indicators include declining sales, supply chain issues, adverse industry or market trends, changes in management philosophy or ownership, and workers lacking in-demand skills.
- b. Establish Early Warning Networks (EWNs); a multi-stakeholder approach to identifying companies at risk early enough to be able to mount an effective layoff aversion strategy.
- c. Monitoring trends and understanding the early warning indicators can buy time to develop an alternative to job loss. Economic trend monitoring issued to analyze industry trends within a region. The function of trend monitoring is to identify firms at risk of leaving, or closing, prior to actual decisions by companies to shut down or relocate.

Reporting Requirements

Incumbent workers being served through incumbent worker training who are not enrolled in WIOA Adult or Dislocated Worker programs, are not included in the WIOA performance indicator calculations for state outcomes. However, WorkForce Central is still required to report certain data elements on all individuals who receive only incumbent worker training. See [Attachment A](#) for reporting details.

DEFINITIONS

Incumbent Worker – An individual who is employed, meets Fair Labor Standards Act requirements for an employer-employee relationship, and has an established employment history with the employer for six (6) or more months.

Incumbent Worker Training – Training designed to meet the special requirements of an employer (or group of employers) to retain a skilled workforce or avert the need to lay off employees by assisting workers in obtaining the skills necessary to retain employment and conducted with a commitment by the employer(s) to retain or avert laying off incumbent worker(s) that are trained in order to increase the competitiveness of the employee and/or employer.

Individuals with Barriers to Employment – (WIOA Sec. 3(24) and 20 CFR 680.320(b)):

- Displaced Homemaker
- Low-income individuals
- Indians, Alaska Natives and Native Hawaiians
- Individuals with disabilities
- Older individuals
- Individuals who have exited the criminal justice system
- Homeless individuals
- Youth who are in or have aged out of the foster care system
- Individuals who are English language learners, low levels of literacy or facing substantial cultural barriers
- Eligible migrant and seasonal farm workers
- Individuals within 2 years of exhausting lifetime eligibility under Part A of Title IV of the Social Security Act
- Single parents (including pregnant women)
- Long-term unemployed

In-Demand Industry Sector or Occupation – In general, (i) an industry sector that has a substantial current or potential impact (including through jobs that lead to economic self-sufficiency and opportunities for advancement) on the state, regional, or local economy, as appropriate, and that contributes to the

growth or stability of other supporting businesses, or the growth of other industry sectors; or (ii) an occupation that currently has or is projected to have a number of positions (including positions that lead to economic self-sufficiency and opportunities for advancement) in an industry sector so as to have a significant impact on the state, regional, or local economy, as appropriate. The determination of whether an industry sector or occupation is in-demand shall be made by the state board or local board, as appropriate, using state and regional business and labor market projections, including the use of labor market information.

Layoff Aversion – A layoff is averted when: 1) a worker’s job is saved with an existing employer that is at risk of downsizing or closing; or 2) a worker at risk of dislocation transitions to a different job with the same employer or a new job with a different employer and experiences no time or a minimal time on unemployment.

REFERENCES

- WIOA sec. 3(23) and 3(24)
- WIOA sec. 134(d)(4)
- WIOA sec. 181(b)(1)
- 20 CFR 680.780, 680.790, 680.800, 680.810, 680.820, 682.210(b), 682.320(a), (b)(4), 683.250(a)
- 2 CFR 200.320
- TEGL 10-16, Change 1
- TEGL 19-16
- ESD WIOA Policy 5607, Rev. 4 – Incumbent Worker Training

ATTACHMENTS

- [Attachment A – Incumbent Worker Training Data Entry](#)

APPROVED

Katie Condit

Katie Condit (Apr 9, 2021 09:18 PDT)

Apr 9, 2021

Katie Condit, WFC CEO

Date

EQUAL OPPORTUNITY - EQUAL ACCESS

WorkForce Central is an equal opportunity employer/program.
Auxiliary aids and services are available upon request for individuals with disabilities. Washington Relay Service – 711.

ATTACHMENT A

Incumbent Worker Training (IWT) Data Reporting Instructions

The WA State Employment Security Department (ESD) is developing a permanent solution in the State's Management Information System, commonly referred to as "ETO", to replace the following incumbent worker training data entry "work-around" and a revision to this policy will be issued to communicate that solution when it becomes available. Until such time as that solution is implemented, please use the process described below.

Incumbent workers who are served through WIOA Title I (i.e., Adult Formula, Dislocated Worker Formula, National Dislocated Worker Grant, Governor's 15% Discretionary, Statewide Rapid Response) grant funds must be affiliated with an employer, training start date, and fund source in order to satisfy requirements of the U.S. Department of Labor's WIOA-affiliated Participant Individual Record Layout (PIRL).

To meet this requirement, staff are instructed to record the following in ETO:

1. Select the WIOA Eligibility Application TouchPoint.
 - a. In the drop-down box, select Full WIOA Eligibility.
 - b. Check the Dislocated Worker box option.
 - c. Under the tabs select the "Employment" tab
 - d. Under the "Applicant May Be Eligible for" statement, select the Dislocated Worker box then "None of the above" radio button under Dislocated Worker Status.
 - e. Record the training start date in the Date of Actual Dislocation field and the employer name in the Employer of Dislocation Address field on the Employment tab.
2. Select the Program Enrollment TouchPoint
 - a. Enroll the participant in the program that reflects the funding source. For example, if the funding source is WIOA Adult, select that program rather than WIOA Dislocated Worker
3. Select the Individualized, Training and Supportive Service (ITSS) TouchPoint.
 - a. Enter the Activity Start Date,
 - b. Projected Activity Start Date, and
 - c. Projected Activity End Date.
 - d. Then select the Incumbent Worker Training service from Service Provided drop down menu.
 - e. Select the Active Program Enrollment to associate the service with the active program and save the TouchPoint.
 - f. When IWT has been completed, edit the same TouchPoint and enter the Activity End Date and Actual Outcome.

Important Note: If multiple funding sources are used for the training, a separate Program Enrollment TouchPoint and ITSS Incumbent Worker Training service are needed for each program funding the training. A new WIOA Eligibility Application is not needed. Each Program Enrollment TouchPoint taken will utilize the same WIOA eligibility application.