SOP 15-07
Workforce Innovation and Opportunity Act
Incumbent Worker Training and Reimbursement
Standard Operating Procedures
Grow Southwest Indiana Region 11
PENDING WDB Approval Date: 04/29/2015

Purpose

To establish guidelines for participant eligibility for incumbent worker training and employer eligibility for incumbent worker training reimbursement.

Recission

DWD Policy 2010-04, Using Rapid Response Funds for Incumbent Worker Training for Layoff Aversion

Content

The Workforce Innovation and Opportunity Act (WIOA) allows Workforce Development Boards (WDBs) to expend up to 20% of their Adult and Dislocated Worker funds for training workers who are already employed.

General

The following points provide overall guidance for funding of Incumbent Worker training:

- Local areas may use up to 20 percent of their local Adult and Dislocated Worker funds to pay for the federal share of Incumbent Worker training. Employers participating in the program are required to pay for the non-federal share of the cost of the training. The 20% is applied to the combined amount of Adult and Dislocated Worker funds.
- Individuals enrolled in Incumbent Worker training will not be considered in calculating Adult participants who receive priority of service. The state case management system will be modified to track Incumbent Workers as a separate funding stream.
- Application and enrollment is required, but may be completed on paper and entered by staff. Incumbent Workers do not need to come to the WorkOne. No supporting documentation is required for Incumbent Workers as they will not be included in the data validation sample.

- The training should, wherever possible, allow the participant to gain industry-recognized training experience, and ultimately should lead to an increase in wages.
- Local areas may contract for incumbent training rather than use Individual Training Accounts (ITAs) or may use the ITA process to pay the federal share if it is more expedient to meet the employer's and the worker's training needs.
- On-the-Job Training (OJT) is an acceptable training option for Incumbent Workers. Cost-sharing requirements will follow requirements for Incumbent Worker Training rather than for OJTs. All other provisions of this policy must be met.
- Providers of Incumbent Worker training are not subject to the same requirements as entities listed on the Eligible Training Provider List, but operators must collect any performance information the Governor may require to determine whether the providers meet the Governor's performance criteria. Indiana performance information that must be collected from providers of Incumbent Worker training includes:
  A. The number of Incumbent Workers engaged in training for the project (by employer when there are multiple employers involved);
  B. The percent of Incumbent Workers engaged in training for each employer who completed the training;
  C. The percent of Incumbent Workers who completed the training who attained an industry-recognized credential, by credential type and by employer;
  D. The percent of Incumbent Workers by employer who completed the training and received a pay increase within 60 days of the end of training as a result of gaining skills;
  E. Of those Incumbent Workers who completed the training and received a wage increase, the average hourly wage increase by employer.

  The data will collected through employer and training provider reports to the WDB and/or Operator and submitted in an end-of-contract report to DWD within 90 days of the end of an Incumbent Worker training project. DWD will review submitted data for the value of development of a statewide list of providers that have met the performance criteria for dissemination, to baseline the value of Incumbent Worker training, and determine the need for additional policy or policy changes in the future.

- Incumbent Worker funds may not be used for any business or part of a business that has relocated, until 120 days after the date on which the business commences operations at the new location, if the relocation of the business or part of a business results in a loss of employment for any employee of the business at the original location, and the original location is within the United States. A pre-award survey similar to that used for on-the-job training contracts to document that no relocation has occurred) or, if it has, when operations commenced).

Fee for Service Activities and Incumbent Worker Training

Employers may use services, facilities, or equipment funded under Title I on a fee-for-service basis as long as:

- The services, facilities, or equipment are not in use for serving eligible participants under Title I;
- Using the facility or equipment for Incumbent Worker training does not have an adverse effect on the provision of services to eligible participants; and
- The income derived from fees is used to carry out the programs authorized under Title I.

Eligibility of Participants

To receive Incumbent Worker training under WIOA, a worker must:
- Be employed with the company when the Incumbent Worker training starts;
- Have an employer-employee relationship. Individuals working through staffing services contract are considered to have an employer-employee relationship.
- For PY 15-16, Region 11 will require that the individual must have an established employment history with the employer of at least 6 months; and
- Be determined to be in need of Incumbent Worker services to retain employment.

Eligibility of Employers

Contract funds are paid to the employer or training provider for Incumbent Worker training to either:
- Avert a lay-off; or
- Otherwise help workers retain employment. This determination of need is solely at the discretion of WDB and may include consideration of whether the employing firm(s) would likely be unable to remain sufficiently competitive to retain workers unless the workers receive the training.

An ideal Incumbent Worker training would be one where a participant acquires new skills that allow a move into a higher skilled and higher paid job within the company, thus allowing the company to hire a job seeker to backfill the Incumbent Worker's position. An intent to back fill is not a requirement of receiving Incumbent Worker training funds.

The local WDB must take into account several factors in the determination of eligibility of an employer to receive funding, including:
- The characteristics of the participants in the program;
- The relationship of the training to the competitiveness of a participant and the employer; and
- Other factors the local board may determine to be appropriate, which may include the number of employees participating in the training, the wage and benefit levels of those employees (at present and anticipated upon completion of the training), and the existence of other training and advancement opportunities provided by the employer.

Cost Sharing

Employers participating in the program are required to pay for the non-Federal share of the cost of the training. The local board shall establish the non-Federal share, considering:
- The number of employees participating in the training;
- The wage and benefit levels of the employees (at the beginning and anticipated upon completion of the training)
- The relationship of the training to the competitiveness of the employer and employees; and
- The availability of other employer-provided training and advancement opportunities.

The non-Federal share may not be less than:
- 10 percent of the cost for employers with not more than a total of 50 employees or less (regardless of the number enrolled in training);
- 25 percent of the cost for employers with a total of more than 50 employees but not more than 100 employees; and
- 50 percent of the cost for employers with a total of more than 100 employees.

The non-Federal share provided by an employer participating in the program may include the amount of the wages paid by the employer to a worker while the worker is attending the training program, but the nature of the non-Federal share is a decision by the WDB. The employer may provide the share in cash or in kind, fairly evaluated.