
Incumbent Worker Training (IWT)

PURPOSE

This policy provides the criteria to determine which worker, or group of workers, are eligible for incumbent worker training services and the cost sharing required for incumbent worker training projects.

BACKGROUND

Incumbent Worker Training (IWT) provides both workers and employers with the opportunity to build and maintain a quality workforce. IWT is designed to meet the special requirements of an employer or a group of employers to retain a skilled workforce or avert potential layoffs. IWT is not permitted to be used to provide occupational training for new hire needs. IWT can be used to either:

- Help avert potential layoffs of employees, or;
- Obtain the skills necessary to retain employment, such as increasing the skill levels of employees so they can be promoted within the company and create backfill opportunities for less-skilled employees.

Under Section 134(d)(4) of WIOA and 20 CFR 680.800, Local Workforce Development Boards can use up to 20 percent of their Adult and Dislocated Worker funds to provide for the federal share of the cost of providing IWT.

POLICY

A. Incumbent Worker Eligibility Criteria

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.

There is one exception to the six month requirement, which is in the event that IWT is being provided to a cohort of employees, not every employee in the cohort must have an employment history with the employer for six months or more as long as a majority of those employees being trained meet the employment history requirement.

The six month employment history requirement for IWT must be well documented and maintained in the contract file. The contract between Pacific Gateway Workforce Development Board and the employer must include this as a term of the contract.

An incumbent worker does not have to meet the eligibility criteria for career and training services for Adults and Dislocated Workers under WIOA, unless they are also enrolled as a participant in the WIOA Adult or Dislocated Worker program.

B. Employer Eligibility Criteria

The following factors must be considered when determining the eligibility of employers to receive the WIOA share of funds to provide training to incumbent workers using either Adult and/or Dislocated Worker formula funds or WIOA statewide discretionary funds:

1. The characteristics of the incumbent workers to be trained and how they would benefit from retention or advancement. Consideration should be given to employers who propose to train individuals with barriers to employment as defined in WIOA Section 3(24).
2. The quality of training. Whenever possible, the training should allow the participant to gain industry-recognized training experience and/or lead to industry-recognized credentials, an increase of wages, and/or advancement opportunities.
3. The size of the employer.
4. The number of employees the employer plans to train.
5. The wage and benefit levels of employees (before and after training).
6. The occupation(s) for which incumbent worker training is being provided is in demand.
7. The employer is:
 - a. In an in-demand industry; or
 - b. In an in-balance industry; or
 - c. In a declining industry, but there are compelling reasons (i.e., evidence of long-term viability) justifying investment in incumbent worker training.
8. The employer has not laid off workers and relocated within 120 days of receiving IWT services.

Each of the above factors determining employer eligibility and leading to the approval of an IWT project must be documented, approved by Pacific Gateway's Workforce Development Board Director and maintained in the employer's contract file.

C. Employer Share of Training Costs

Employers are required to pay the non-Federal share of the cost of providing IWT. Employers are required to pay a portion of the training for those individuals in IWT, which may be through both cash payments and fairly evaluated in-kind contributions. The employer contribution may include the wages the employer pays to the incumbent worker trainee while the worker is attending training. Under Section 134 (d)(4)(D) of WIOA, the following must be taken into consideration when establishing the employer share of cost: the number of the employees participating in the training, the wage and benefit levels of the employees (pre- and post-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 minimum amount of the employer share in the IWT depends on the size of the employer:

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

Employer cost share contributions must be tracked and documented in the contract file. In addition, the employer share must be reported on the ETA-9130 quarterly financial report.

REFERENCES

- WIOA (Public Law 113-128) Sections 3(23) and 134(d)(4)
- Title 20 CFR “WIOA Final Rule”, Sections 680.780, 680.790, 680.800, 680.810, 680.820
- Training and Employment Guidance Letter (TEGL) 19-16 “ Operating Guidance for the Workforce Innovation and Opportunity Act” (March 1, 2017)

INQUIRIES

For questions or assistance related to this policy, please contact Pacific Gateway Workforce Innovation Network staff at (562) 570-3762.

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