Purpose: 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. This policy provides guidance regarding Participant Eligibility for Incumbent Worker Training and Employer Eligibility for Incumbent Worker Training Reimbursement.

References: Workforce Innovation and Opportunity Act (WIOA) Section 134(d)(4), Section 181(d)(2), and Section 194(13). WIOA Proposed Regulations §§ 680.780 – 680.820; § 683.200(c)(9); § 680.320(a)(1); and § 680.530

Incumbent worker training is allowed under WIOA Section 134(d)(4). The following points provide overall guidance for funding this activity:

- Local areas may use up to 20 percent of their local **adult and dislocated worker** funds to pay for the **federa**l 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. See Cost Sharing Section below for more information on the non-Federal share. The maximum expenditure per individual will be $5,000. Exceptions may be requested from the board designee.
- 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) [§ 680.320(a)(1)], or may use the ITA process to pay the federal share if it is more expedient to meet the employer's and the workers' training needs. Agreements with employers regarding incumbent worker training must be in writing.
- Providers of incumbent worker training are not subject to the same requirements as entities listed on the Eligible Training Provider List (ETPL), but, as outlined at § 680.530, one-stop operators must collect any performance information the Governor may require to determine whether the providers meet the Governor's performance criteria. For Indiana, performance information that may be collected on 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 **skills** for which the incumbent workers were trained, by employer;
    - (D) The **percent** of incumbent workers who completed training who attained an **industry recognized credential**, by credential type and by employer;
    - (E) 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;
    - (F) Of those incumbent workers who completed the training and received a wage increase, the **average hourly wage increase** by employer.

Services to incumbent workers must be recorded in the state case management system.

- In accordance with WIOA Section 181(d), 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.

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.   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. **(see attachment A)**
  *__The agreement with the employer must include the 6 month work history verification (see attachment B)__

Eligibility of Employers

Contract funds are paid to the employer for incumbent worker training to either:

- Avert a lay-off; or
- Otherwise help workers retain employment. This determination of need is at the discretion of the 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 allowing him or her to 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 backfill is not a requirement of receiving incumbent worker training funds.

For the purpose of determining the eligibility of an employer to receive funding, several factors must be taken into account (Sec. 134(d)(4)(A)(ii) and § 680.810):

- 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 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. Pursuant to Sec. 134(d)(4)(D)(i) & (ii), the Region 4 Workforce Development Board established that 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.

Calculation of the Non- Federal Share:

Pursuant to Sec. 134(d)(4)(D)(iii) 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. The Region 4 Workforce Development Board has determined that the nature of the non-federal share of the employer may be provided by wages paid by the employer to a worker while in training, by cash, or by local (non-federal) grants available.

Scenario:

Training vendor ABC provides incumbent worker training to 5 eligible employees of the Acme Co. The training vendor cost is $1500 per employee for a total cost of $7500. Acme Co. paid their employees' wages of $800 each (total $4000) while in training.   The Acme Co. employs 45 employees so their non-federal share is 10% or $ 750 in this scenario. The employer may use the amount paid in wages ($4000) to cover their non-federal share. WIOA funds will reimburse the employer $7500 for the training vendor cost.

Effective date: July 2017

Attachment A

WIOA Incumbent Worker - Employee

First Name: _____   Last Name: _____

Address:_____ City:_____ State:_____ Zip:_____

Social Security Number:_____ Phone Number:_____

Date of Birth _____   Gender: _____M   _____F

Highest Education Level, please circle:

1. attained secondary school diploma
2. attained secondary school equivalency
3. participant with disability receives a certificate of attendance/completion
4. completed one or more years of post-secondary
5. attained a post-secondary technical or vocational certificate
6. attained an associated degree
7. attained a bachelor's degree
8. attained a degree beyond bachelors
0 no educational level completed

Current Wage:_____ Current Position:_____ Employment start Date:_____

Type of Training:_____ Trng Start Date:_____ Trng End Date:_____

Why taking the training?_____

_____

Signature of Employee:_____ Date:_____

WorkOne *West Central*

<table>
<tr><td colspan="2" align="center">**WIOA INCUMBENT WORKER TRAINING**
Employer AGREEMENT</td></tr>
</table>

Employer Eligibility

I. Identifying Information:

Company:

Address: City: State: Zip:

Contact Person (name & title):

Contact Phone: Contact Email:

Other names (including successors) under which the above company has conducted or is currently conducting business.

II. Employer Information:

1. Has the above company, any subsidiary, affiliates, or part thereof, relocated within the last 120 days?
   ☐ Yes   ☐ No

2. If Yes, please indicate the date in which operations began at the new facility. _____

3. If the establishment relocated within the last 120 days, did the move result in a loss of employment for any employee of the company at the original location?   Yes ☐   No ☐

4. What is the company's current employment level? ☐ 50 or less   ☐ 51-99   ☐ 100 +

5. Have the employees who will be trained been **employed with the company for at least 6 months**?
   ☐ Yes   ☐ No

III. Describe the Training that is Requested

1. Course title: Number of employees:
   Does this training result in a certification?
   What is the name of the credential?
   Cost of training: Start date: End date:
   Training provider:

IV. Explain Why this Training is Needed

1. Is this training needed to prevent a layoff?
2. Is training is needed to upskill workers for company to remain competitive?
3. Will the trainee(s) move into a higher skilled position as a result of this training?
   If answered Yes, what will the new job title be?
4. Will the trainee(s) receive a wage increase within 6 months of completing the training?
   If answered Yes, what will the new wages be?
5. Is this training required for the company to be sufficiently competitive to retain workers?
   If answered Yes, please provide an explanation. Please be as detailed as possible.

V. Cost Sharing

Employers participating in the program are <u>required</u> to pay for the non-Federal share of the cost of the training. Pursuant to Sec. 134(d)(4)(D)(i) & (ii), the Region 4 Workforce Development Board established that the <u>non-Federal share may not be less than</u>:

- 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 Region 4 Workforce Development Board has determined that the nature of the non-federal share of the employer may be provided by wages paid by the employer to a worker while in training, by cash, or by local (non-federal) grants available.

Please Note – Employer must pay training provider for training costs up front, the Fiscal Agent will reimburse employer for the federal share of the training costs after training has been completed.

Reimbursement and Performance

I. Terms

1. JobWorks, Inc. is a service provider for the Region 4 Workforce Development Board and is the Fiscal Agent for the Incumbent Worker Training Program. Payments to the employer by JobWorks shall not exceed the total amount of reimbursement due employer listed in the Cost Sharing Calculation.

2. Reimbursement for training will be provided after trainees have completed training and copies of invoices and proof of training payment (checks, e-payment) are submitted to JobWorks exhibiting that the employer has paid for the training.

II. Performance Data

1. The State requires that the Regional Workforce Board track performance criteria of Incumbent Worker Training programs. Within 90 days of completion of training, employer agrees to provide the following performance data:

    (G) **The number** of incumbent workers **engaged** in training for the project.

    (H) The **percent** of incumbent workers engaged in training for each employer who **completed** the training;

    (I) The **skills** for which the incumbent workers were trained.

    (J) The **percent** of incumbent workers who completed training who attained an **industry recognized credential**, by credential type.

    (K) 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;

    (L) Of those incumbent workers who completed the training and received a wage increase, the **average hourly wage increase**.

Attestation and Validation:

The company official hereby attests, under penalty of perjury, that the information provided to determine eligibility for the reimbursement of training costs is correct.

_____
Name and Title of Company Official (Printed)

_____
Signature of Company Official   Date

Approval

_____
Name and Title of WorkOne Staff Approving Request (printed)

_____
WorkOne Staff Signature   Date