

# North Central Workforce Development Area

---

240 N. Chelan • Wenatchee, WA 98801 • (509) 663-3091 • [www.skillsource.org](http://www.skillsource.org)

## LOCAL DIRECTIVE

Directive #: <u>17-162 (REV 2)</u> Date: <u>March 1, 2019</u>
---

TO: SkillSource Staff and Service Providers

FROM: Dave Petersen, Executive Director

SUBJECT: Incumbent Worker Training

SUPERCEDES: Incumbent Worker Training: 17-162 (REV 1)

---

This Directive sets forth guidance for Incumbent Worker Training (IWT), to include eligibility, training program requirements, and cost sharing requirements when using WIOA Title I funding, as guided by WIOA Section 134(d)(4) sections 20 CFR 680.780 through .820 of the Final Rule, TEGL 19-16, State Policy 1019- Rev 4 and local policy.

Successful IWT allows businesses to grow talent from within, stay competitive in new or emerging markets, and retain and/or promote employees through skills development. IWT is (1) designed to meet the special requirements of an employer (including a group of employers) to retain a skilled workforce or avert the need to lay off employees by assisting the workers in obtaining the skills necessary to retain employment, and (2) conducted with a commitment by the employer to retain or avert the layoffs of the incumbent worker(s) trained.

### ***Employer Eligibility***

Employer eligibility is established by taking into account:

1. The characteristics of the employees to be trained (i.e. individuals with barriers to employment),
2. Whether the training improves the labor market competitiveness of the employees or both the employees and the employer, and
3. Other factors, including:
  - the number of employees to be trained;
  - wage and benefit levels of the employees (both pre- and post-training earnings);
  - the existence of other training and advancement opportunities provided by the employer;
  - credentials and skills gained as a result of the training;
  - layoffs averted as a result of training;
  - utilization as part of a larger sector and/or career pathway strategy; and/or
  - employer size

As per State Policy 5607 Rev 3, Employers applying for IWT must belong to one of the three following industry categories:

1. In-Demand industry/occupation as defined by WIOA Section 3(23) and determined by ESD labor market information; or
2. Balanced industry/occupation as determined by ESD labor market information; or
3. Declining industry/occupation, but there are compelling reasons (e.g., evidence of long-term viability of the employer) justifying investment in incumbent worker training.

*WIOA 3(23) IN-DEMAND INDUSTRY SECTOR OR OCCUPATION.— (A) IN GENERAL.—The term “in-demand industry sector or occupation” means— (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.*

Generally, IWT is provided to private sector employers; however, there may be instances where non-profit and local government entities may be the recipients of IWT funds. For example, IWT may be used in the healthcare industry where hospitals are operated by non-profit or public entities and a nursing upskilling opportunity is available.

### ***Individual Worker Eligibility***

To qualify, incumbent workers need to:

- Be employed,
- Meet Fair Labor Standards Act requirements for an employer-employee relationship, and
- Have established employment history with the employer for 6 months or more.  
(may include time spent as a temporary or contract worker performing work for the employer).

Per 20 CFR 680.780 and Section 13 of TEG 19-16, incumbent workers need not meet the WIOA Title I eligibility requirements for adults or dislocated workers to receive career and training services unless they are also co-enrolled as participants in the WIOA Title I Adult or Dislocated Worker programs. There is one exception to the six-month requirement, which is that in the event incumbent worker training is being provided to a cohort of employees, not every employee in the cohort must have an established employment history with the employer for six months or more as long as a majority (51 percent or more) of those employees being trained meet the employment history requirement.

Employees in managerial or professional positions are not eligible for IWT. Managerial positions are typically charged with fiscal, material, or personnel decision-making authority. First line supervisors are not considered managers. Professional positions are positions typically requiring a baccalaureate degree or higher credential.

### ***Employer Application***

Employers apply for IWT using the application located in [Exhibit A](#). Employee eligibility will be clearly stated in the application. Employers must certify that they meet Fair Labor Standards Act requirements for an employer-employee relationship; that they have not laid off employees within 120 days to relocate to Washington from another state; and that they have current unemployment insurance and workers compensations taxes, penalties and/or interest or related payment plan.

### ***Training Providers for IWT***

IWT will typically be provided by third-party trainers such as consultants, industry-specific training agencies, or community and technical colleges. IWT funds may only be used for company delivered training when the curriculum or course is industry recognized or meets industry standards. IWT may not be used to supplant normal training programs. For example, IWT funding would not be awarded to pay for routine training a business normally conducts, but could potentially be awarded for a special training event that the employer has determined provides needed upskilling or retraining of staff.

### ***Fiscal Requirements***

SkillSource may, upon Board approval, budget up to 20% of Adult and Dislocated Worker funds to provide the federal share of programmatic IWT costs as directed by WIOA sec.134(d)(4). Administrative activities must be paid from administrative funds. Programmatic costs include cost of training, tuition, books, supplies, and examinations or assessments if they are part of the training or are the major objective of the training (i.e. a certification exam for a nursing assistant following a CNA training course). IWT funds may not be used to pay for certifications or assessments as standalone events not related to a training event.

### ***Employer Cost Sharing Requirement***

In accordance with WIOA sec. 134(d)(4)(D), SkillSource requires employers to pay the non-Federal share of the cost of providing IWT. This may be done through cash payments, fairly evaluated in-kind contributions, or a combination. The employer contribution will include the wages the employer pays to the incumbent worker trainee while the worker is attending training, and may also include benefits, and/or training-associated out-of-pocket costs.

Employers applying for IWT funding will pay the following minimum match percentages:

- 25 percent of the cost, for employers with fewer than 100 employees; and
- 50 percent of the cost, for employers with more than 100 employees.

***Example 1 – Wages Equal or Exceed Cost Sharing Requirements.*** Sunnyside Senior Living (a medium-sized nursing home with 75 employees) applies for IWT to upskill a receptionist making \$11.50/hour to a certified nursing assistant making \$14.50/hour.

The NA-C course costs \$1200; other out-of-pocket costs (books, uniforms, assessments, etc.) cost \$400 for a total of \$1600 Total Training Cost. The training will be done during work hours, and so the employee's wages and benefits are counted as Employer Match. Including benefits, the employee's hourly wages are \$12.70. The course is 240 hours, so wages and benefits will total \$3048.

As an employer with fewer than 100 employees, Sunnyside must share a minimum of 25% of the training cost, or \$1162. As the wages and benefits they will pay are in excess of this amount, SkillSource agrees to reimburse the course tuition and other costs totaling \$1600.

***Example 2 – Wages Do Not Equal Cost Sharing Requirement.*** Sunnyside Senior Living requests an IWT for three part-time incumbent receptionists paid \$12.70/hour to attend professional work relations training for six hours to attain full-time, with-benefits status. The cost of the training is \$1200, making the required cost share \$300, but the combined employee wages only total \$229. In computing the required cost share, Sunnyside is allowed to count the wages as part of the cost share and need to identify additional Employer match of \$71 to meet their 25% cost share.

### ***Application Review and Funding Approval***

Staff assists employers to complete applications for IWT and submit to the Managing Director for approval. Completed applications that meet the criteria and limitations described herein will be approved subject to budget availability.

At least **one** of the following conditions must apply to the proposed training:

1. Training will be provided to employees who face barriers to employment
2. Training will avert layoffs
3. Training will increase wage and benefit levels of the employees to be trained
4. Training will result in credentials or certificates for the employees to be trained

IWT funding is approved on a first-come, first-serve basis. The maximum paid for any single incumbent worker trained may not exceed \$4000, and average cost per incumbent worker trained in any organization will not exceed \$3000. Exceptions to average cost per may be made by Director or Managing Director. Employers are limited to a maximum of \$25,000 of IWT funding per program year. SkillSource reserves the right to approve funding in amounts lower than requested, and to negotiate higher cost sharing in order to accommodate multiple employer requests for funding. Upon application approval, an IWT Agreement will be generated for Training Manager and Employer signatures.

### ***Invoicing & Record Keeping***

Employer's expenditures and match must be tracked and recorded on Employer Invoice & Match Forms (**Exhibit B 1-2**) and employer must complete a W-9 form for payment. In addition, the methodologies for determining the value of in-kind contributions must be documented in the contract file and conform to cost sharing requirements at 2 CFR 200.306 and 2 CFR 2900.8.

The employer will be required to calculate its actual non-federal match as a part of the application for training funds and document at the conclusion of the training. Should the employer's non-federal match not meet the required minimum, (full) reimbursement may not be made. Official payroll records, time and attendance records, invoices for costs incurred, etc. must be utilized to determine the amount of the employer's match.

### ***IWT Data Entry & Case Notes***

Incumbent workers served through WIOA Title I funds must be affiliated with an employer, training start date, and funding source to meet PIRL requirements. Follow enrollment procedures as described in Local Incumbent Worker Data Entry Instructions and [WorkSource System Policy 5607 Rev 3](#).

A case note is to accompany each IWT service entry describing the training program provided, and an outcome entered when training is completed. Outcomes should reflect unsubsidized employment for all retained incumbent workers; employment start date, wages, and wage rate must be entered.

### ***References***

- WIOA Section 3(23) , WIOA Section 134(d)(4)
- 2 CFR 200.306
- 20 CFR 680.780, 680.790, 680.800, 680.810, 680.820, 682.210(b), and 682.320(b)(4)
- Training and Employment Guidance Letter (TEGL), 3-15 and 19-16
- WorkSource System Policy 5607 Revision 3 and Policy 1019 Revision 4

**Exhibit A:** Incumbent Worker Training Application

**Exhibit B:** Employer Match Forms I & II

**Exhibit C:** Training Budget (in excel)

**Exhibit D:** W-9 form



### Application for Incumbent Worker Training

**Business Name:** \_\_\_\_\_  
**Address:** \_\_\_\_\_  
**Business Contact Name :** \_\_\_\_\_ **Phone:** \_\_\_\_\_  
**Title:** \_\_\_\_\_ **Email:** \_\_\_\_\_

**Type of Business:**     Private For-Profit     Private Non-Profit     Other: \_\_\_\_\_  
**Number of Employees:**     Fewer than 100 (25% employer cost match)  
     100 or more (50% employer cost match)

**Training:** Briefly describe the proposed incumbent worker training and how it will improve labor market competitiveness of employee and employer, such as improved workplace efficiency, customer service, safety etc. (Attach detail course description or provide a hyperlink in the description below.)

Amount of IWT funds requested: \$ \_\_\_\_\_ Amount of Employer Match: \$ \_\_\_\_\_

Anticipated Training Start date: \_\_\_\_\_ Training End date: \_\_\_\_\_

Training will be provided:  On-site;  at Training Institution;  Online;  Other site (specify): \_\_\_\_\_

<b>Training Provider Information:</b>		
Name of Training Provider:		
Contact Person:		
Street/Mailing Address:		
City/State/ZIP:		
Phone #:	Ext. #:	E-Mail:

**Training Considerations: (Please check all that apply)**

<input type="checkbox"/>	Training will be provided to employees who face barriers to employment <i>Briefly explain:</i>
<input type="checkbox"/>	Training will avert layoffs <i>Briefly explain:</i>
<input type="checkbox"/>	Training will increase wage and benefit levels of the employees trained <i>Describe the increase:</i>
<input type="checkbox"/>	Training will result in credentials or certificates for the employees trained <i>List credential or certificate:</i>

Training Costs & Employer Share: (Exhibit C: [Excel Spreadsheet](#) available with formulas)

**Incumbent Worker Training Budget Worksheet**

Category	Direct Training Costs <sup>1</sup>	Employer Match <sup>2</sup>	Explanation	Employee Paid Costs
Fee/Tuition	\$ -	\$ -	(Describe cost)	\$ -
Instructor Wages & Benefits (if not included in fee/tuition)	\$ -	\$ -	(Describe cost)	\$ -
Instructor Travel	\$ -	\$ -	(Describe cost)	\$ -
Employee Travel	\$ -	\$ -	(Describe cost)	\$ -
Manuals / Textbooks	\$ -	\$ -	(Describe cost)	\$ -
Materials / Supplies	\$ -	\$ -	(Describe cost)	\$ -
Certification / Testing	\$ -	\$ -	(Describe cost)	\$ -
Training Equipment Purchase		\$ -	(Describe cost)	\$ -
Employer Pd Wages & Benefits		\$ -	(Describe cost)	\$ -
Meals / Refreshments		\$ -	(Describe cost)	\$ -
On-site facility usage		\$ -	(Describe cost)	\$ -
Off-site Training Space (e.g., classroom rental, etc.)		\$ -	(Describe cost)	\$ -
Other (Specify)		\$ -	(Describe cost)	\$ -
<b>TOTAL:</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>

Enter Employer Size:	Employer's Non-Federal Match (%):	Required Employer Match:	Total Eligible IWT Reimbursement <sup>3</sup>
100	50%	\$ -	\$ -

\$0  
over/(under)

**Instructions:**

- 1) Enter Employer size in cell A-19
- 2) Enter Direct Training Costs in column B
- 3) Enter Employer Match in column C (Employer Match Total in C16 must equal or exceed Required Match in C19)
- 4) Enter a description/rationale for the cost in Column D
- 5) If Applicable, enter Employee Paid costs in Column E. Costs covered by Employee are not to be included in Column B (Direct Training Costs)

**Notes:**

- <sup>1</sup> No Direct Training costs in blackened cells
- <sup>2</sup> No employer match may be included in Column C unless it is also entered under Direct Training Costs (column B). Exception: blackened cells
- <sup>3</sup> The maximum paid for any single incumbent worker trained may not exceed \$4000, and average cost per incumbent worker trained in any organization will not exceed \$3000. Employers are limited to a maximum of \$25,000 of IWT funding per program year.

**Trainees:** (Add sheet as necessary)

	Name	Date of Hire	Date of Birth*
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			

\* For data entry purposes

**Employer Certifications:**

<input type="checkbox"/>	If training an employee cohort that includes employees with fewer than 6 months of employment, employer certifies that at least 51% of the cohort has been employed 6 months or longer.
<input type="checkbox"/>	Employer certifies that all listed employees meet the Fair Labor Standards Act requirements for an employer-employee relationship, and are not in managerial or professional positions within the organization.
<input type="checkbox"/>	Employer certifies they are committed to retain or avert the layoffs of the incumbent worker(s) trained.
<input type="checkbox"/>	Employer certifies that requested training does not supplant training that is routinely offered by employer.
<input type="checkbox"/>	Employer certifies they have not relocated from another US labor market within the past 120 days which caused any employee layoffs.
<input type="checkbox"/>	Employer certifies they are current in unemployment insurance, workers' compensation taxes, penalties and/or interest or related payment plan.
<input type="checkbox"/>	Employer understands false information or misrepresentations will result in cancellation and non-payment.
<input type="checkbox"/>	Employer will adhere to all reporting requirements and to respond to a Customer Satisfaction Survey(s) if asked;
<input type="checkbox"/>	The employer will not discriminate against any individual on the basis of race, color, religion, sex (including pregnancy, childbirth, and related medical conditions, sex stereotyping, transgender status, and gender identity), national origin (including limited English proficiency), age, disability, or political affiliation or belief, or, against any beneficiary of, applicant to, or participant in programs financially assisted under Title I of the Workforce Innovation and Opportunity Act, on the basis of the individual's citizenship status or participation in any WIOA Title I-financially assisted program or activity. The nondiscrimination assurances at 29 CFR Part 38.25 apply to this contract.

**As the authorized representative of the employer submitting this application, I hereby certify the information contained in this application is true and accurate and reflects the intentions of the IWT program:**

Employer Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

FOR INTERNAL USE ONLY	
Training occupation is: <input type="checkbox"/> In Demand <input type="checkbox"/> Balanced <input type="checkbox"/> In Decline (justification attached)	
Proposal Review Date: _____ <input type="checkbox"/> Approve <input type="checkbox"/> Disapprove	Approved Funding Amount: \$ _____
Approved by: _____	Date: _____
Notes:	