

WIOA Incumbent Worker Training Program

Local Workforce Development Area Procedures

PROGRAM DESCRIPTION

The Incumbent Worker Training (IWT) Program provides funding to help cover the costs of training needed to retain a competitive workforce. Such training is meant to assist with expansion, new technology, retooling, new services/product lines, and/or new organizational structuring, or to be used as part of a layoff aversion strategy. IWT is funded by the Federal Workforce Innovation and Opportunity Act (WIOA). Applications are open to all South Carolina businesses meeting the guidelines listed below.

BUSINESS ELIGIBILITY

Applications are open to all South Carolina employers. Additionally, third parties or consortia may apply for an IWT agreement on behalf of a group of employers, but cannot be the training provider. Common examples of consortia include: business associations, industry councils, chambers of commerce, or downtown/community development corporations. Employers applying for IWT funding must have at least one (1) full-time employee and be current on all state tax obligations.

Businesses receiving services through ReadySC™, training entities, and city, county and state governments are **not** eligible for IWT funding. IWT funds are not available to a business that has relocated, if that relocation resulted in the loss of jobs at the original location, until the company has operated at that new location for 120 days.

BUSINESS MATCH

Businesses/consortia participating in IWT are required to pay for the non-Federal share of the cost of providing training to their employees. The non-Federal share must not be less than:

- 10 percent of the costs for a business location with no more than 50 employees
- 25 percent of the costs for a business location with more than 50 employees, but no more than 100 employees
- 50 percent of the costs for a business location with more than 100 employees

A consortium shares in the cost of training incumbent workers based on the total number of employees from all businesses in the consortium. The minimum contribution from each business in the consortium is determined by the consortia.

A business's/consortium's share of the cost may be paid in cash or in kind, fairly evaluated. Wages paid to incumbent workers while attending training may be considered that business's share of the cost.

No business/consortia match is required for Rapid Response funded IWT (RRIWT).

BUSINESS REPORTING REQUIREMENTS

All businesses/consortia approved for funding must sign an agreement with their Local Workforce Development Area (LWDA) before implementing the proposed IWT project. The IWT agreement includes the Project Work Statement, Training Plan, and Project Budget.

Training projects are performance based with specific measurable outcomes. TEGL 10-16 requires States and LWDA's to report certain participant data on all individuals who receive IWT. The required elements for IWT-only participants are limited to demographic information and the elements needed to calculate employment in the 2nd and 4th quarters after

exit, median earnings in the 2nd quarter after exit, and credential attainment. For performance and reporting purposes, the business/consortium and all IWT participants must be registered and tracked in the SC Works Online System (SCWOS).

Section 116(i)(2) of WIOA requires States to use quarterly wage records, an individual's SSN and the Federal Employer Identification Number (FEIN), consistent with State law, to measure their progress on satisfying State and local performance accountability indicators. Matching a participant's SSN against quarterly wage records information is the most effective means for determining employment status and earnings for a program participant.

In order to report IWT participant data to the Department of Labor, participating businesses and employees will need to be tracked in SCWOS using their FEIN and Social Security Numbers, respectively. When the full SSN is not available for an IWT participant, LWDA's will be required to use Supplemental Wage Data to collect the data elements identified above.

To eliminate the need for the business/consortium to provide the employee's full SSN to the LWDA, employees should register in SCWOS using their full SSN once identified as an IWT participant but no later than the first day of training. Subsequent documentation provided by the business to the LWDA should only need to include the last four digits of the employee's SSN to identify the employee in SCWOS.

Additionally, the business/consortium must provide a list of employees who will participate in training that includes sufficient documentation to identify the correct employee in SCWOS for completion of the WIOA application and entering relevant activities.

- Participant's name
- Date of birth
- Gender
- Ethnicity
- Veteran status
- Highest grade completed
- Training course name
- Actual training start date
- Last four of participant's SSN, or SCWOS User ID or State ID
- Disability status
- Race
- Limited English Proficiency
- Current hourly wage
- ONET code for training
- Projected training end date

The business/consortium must provide and maintain sufficient documentation of the training and resulting outcomes, including:

- Dates of training
- Title and a description of training
- Type and a description of the credential(s) earned
- Number of employees who completed the training program
- Number of employees who earned a credential
- Number of employees who earned a promotion
- Number of employees who earned a wage increase
- Number of existing jobs saved
- Number of new jobs created
- Layoff or closure
- Other outcomes

The business/consortium is required to submit to the LWDA Monthly Program Reports as required by the LWDA, including the Trainee Information and Cumulative Expenditures Forms, and a Final Program Report within 10 days of the training Actual End Date. The information listed above will be required for submission of these reports and SCWOS data entry, and may be needed for any additional reporting required by the LWDA.

The final payment for expenditures incurred as a result of the IWT program will be withheld until the Final Program Report is submitted and all documentation of performance criteria specified in the agreement have been received.

INCUMBENT WORKER DEFINED

To qualify as an incumbent worker, the incumbent worker needs to be:

- employed;
- meet the Fair Labor Standards Act requirements for an employer-employee relationship; and
- have an established employment history with the employer for six months or more, unless the training is being provided to a group/cohort of employees and the majority of employees have been employed with the business for six months or more.

It is the responsibility of the LWDA to develop a process for ensuring that employees participating in training have been employed with the business for six months or more.

Temporary employees that do not have an employer-employee relationship with the business are not considered incumbent workers. However, periods of temporary employment may count towards an employee's time with the company for the purposes of meeting the six month minimum requirement above.

An incumbent worker does not have to meet WIOA eligibility requirements unless they are enrolled as a participant in the WIOA Adult or Dislocated Worker program.

TRAINING SERVICES

- Can be provided through South Carolina's technical colleges, school districts, area vocational-technical centers, state colleges and universities, licensed and certified private entities/institutions, industry specific consulting/training organizations, professional associations/credentialing entities, the business itself (through in-house training providers) or Registered Apprenticeship programs
 - When training is provided in-house by an employee of the business, the business must submit documentation of that employee's time spent providing training and corresponding wages paid as a result.
- Can be conducted at the business's own facility, at the training provider's facility, online or remotely, or at a combination of sites
- Can be taught by either full- or part-time educators or professional trainers from the business
- Periodic safety and refresher courses, including all forms of Occupational Safety and Health Administration (OSHA) trainings and First Aid and CPR certifications, are ineligible for IWT funding.
- International Organization of Standardization (ISO) training may be eligible for the purposes of developing a quality management system in order to earn ISO certification.

LWDA REPORTING

The LWDA must submit a completed IWT Agreement Packet within 20 days of executing the IWT agreement with the participating business/consortium. The IWT Agreement Packet includes the following documents:

- IWT Summary Sheet
- signed agreement with business/consortium
- program work statement
- training budget
- training plan

The LWDA must submit a Quarterly Program Report no more than 30 days after the end of the quarter that includes the Cumulative Expenditures and Trainee Information Forms. No more than 30 days after the end of the grant, the LWDA should submit a Final Program Report using the template provided.

All IWT documents submitted to DEW should include the IWT Cover Sheet.

APPLICATION AND PROCUREMENT:

IWT funding is awarded on a competitive basis. LWDAs must follow local procurement policies and procedures when awarding IWT contracts. Priority should be given to applications that:

- Businesses/Consortia whose training plans will result in an employee skills upgrade, employee wage increase, and/or promotions.
- Businesses/Consortia whose training plans emphasize occupational skills training leading a recognized credential.
- Businesses/Consortia whose training plans will avert an imminent layoff or closure, and provide employee retention opportunities
- Businesses/Consortia/Business locations that have not already received an IWT agreement during the prior or current program year

Applications for Rapid Response funded IWT are submitted to the LWDA for review and completion of the Local Area Assessment. Complete applications, including the Local Area Assessment, results of the competitiveness review conducted by SCMEP, or similar review of business, and training curriculum are forwarded to DEW for final review and approval. The use of Rapid Response funds for IWT requires criteria to determine a layoff risk, and when and whether IWT is an appropriate response. Consideration must be given as to whether, absent the training, a good job will be lost or degraded, and whether with the training the job will be retained or improved. The following employer and worker group assessment criteria must be used in making such determinations.

Employer Assessment

- The company remains open, but it is phasing out a function which will lead to layoffs unless the workers can be retrained to perform new functions.
- A worker's job has changing skill requirements as a result 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.
- The changing skill requirements are outside of normal skill growth and upkeep that would be provided by the employer.
- Training programs reasonably prepare workers to address skill gaps.
- The employer demonstrates a commitment to retain employees or otherwise provide a tangible benefit to employees who receive IWT.

Worker Group Assessment

- Unless provided with training, the potentially laid-off workers do not have marketable, in-demand skills.
- The new skills can be attained in a reasonable period of time.
- The workers have not received formal layoff notices. Such workers can be served with regular WIOA dislocated worker funds.

- There exists a strong possibility of jobs, either with the existing employer or a new employer, if the potentially laid-off workers attain new skills.

REIMBURSABLE TRAINING EXPENSES

- Tuition
- Instructor/Trainer salaries
- Textbooks/Manuals
- Consumable materials and supplies

NON-REIMBURSABLE COSTS

- Administrative costs incurred by the business/consortium
- Trainee wages or travel
- Trainer travel
- Training equipment
- Capital improvements
- Curriculum development
- Purchase of any item or service that may be used outside of the training project (including computer equipment and non-training related software)
- Costs incurred prior to the approval date of the application

STATE INSTRUCTION LETTER – 17-03

Instruction Letter 17-03 – Incumbent Worker Training – provides guidance on the use of WIOA funds for IWT services. LWDAs should carefully read and become familiar with the state instruction letter. Where there are inconsistencies between the Local Area Procedures and the state instruction letter, the guidance provided by the state instruction should be followed.