

**WIOA Region #5 (South Central and Southwest)
Policy Letter #5-2017**

Effective Date: September 13, 2017

Last Updated:

Background: Under section 134(d)(4) of WIOA and 20 CFR 680.800, a Local WDB can use up to 20 percent of their Adult and Dislocated Worker funds to provide for the federal share of the cost of providing Incumbent Worker Training (IWT). The Local WDB is encouraged to develop policies that can appropriately support employers in their efforts to develop a more competitive workforce or avert potential layoffs and that provide incumbent workers with opportunities for advancement and wage gains within their company.

Incumbent Worker Training Program Policy

The Incumbent Worker Training Program (IWTP) is a business-driven program designed to provide direct financial assistance to train current employees to avert a layoff and/or improve the economic competitiveness of regional businesses. The program is intended to offset a portion, via reimbursement, of the businesses' costs to train and upgrade the skills of its incumbent workers. Additionally, the program will provide reimbursement to eligible businesses for specific training costs accrued during the course of training. Eligible businesses must demonstrate that by receiving funding assistance through the program that their business will not only improve the skills of their workforce but also improve their business processes and competitiveness and/or avert a layoff.

Outcomes

Incumbent Worker Training is a shared investment in workforce development that benefits employees and employers within key industries. To ensure training quality, training outcomes are defined as but are not limited to: increased productivity, reduced waste, earnings gains, job retention, layoff aversion, certification/licensing, close skill gaps, job advancements, return on investment, cost savings, increased profits, progress toward skill standards, new skill transferable across industries, introduction of new technologies, new job creation (upskill/backfill strategy).

What is an incumbent worker?

An incumbent worker is a person who is currently employed and could benefit themselves and their employer by upgrading their skills through educational and training opportunities.

Who is an eligible employee for the Incumbent Worker Training Program?

An eligible employee is someone who is directly employed by the company at a facility located within Minnesota and meets the following requirements:

- Employee must be at least 18 years of age.
- Employee must work at least 32 hours per week.
- Employee must be registered for the Selective Service (males who are 18 or older and born on or after January 1, 1960) unless an exception is justified.
- Employee must have been employed at the business for at least 6 months, documented through payroll records.*
- Employee must be committed to attendance at all trainings.
- Employee must earn an hourly wage above the state minimum wage.
- Employee must agree to cooperate with data collection requirements.

*If a cohort of employees is being trained, the majority of the cohort must meet the 6-month requirement.

Who is an eligible business for the Incumbent Worker Training Program?

An eligible business must be located in Minnesota and must be registered with the Minnesota Secretary of State's office as a(n): association, corporation, LLC, partnership, nonprofit, government entity, including school districts, or sole proprietor. This entity must be in continuous operation for 18 months, immediately prior to the application submittal. Businesses are encouraged to provide training to a group of employees and not individual training, although the number of employees in the company will be taken into consideration. Companies that are in the process of a layoff are not eligible for the IWTP. If a layoff occurs in a company while they have an open IWTP grant, the current workers will be able to complete the training. A group of employers who need the same training for their workers may submit a joint application.

Incumbent worker training funds are limited, and are therefore awarded in a competitive bid process. The maximum award per grant, per year is \$10,000.00 and the initial training agreement duration may not exceed twelve months. **maximum award may be adjusted based upon funding availability each program year.*

Preference will be given to businesses that:

- Are in demand industries, as determined by LWDA labor market information.
- Provide wage and/or benefit level increases upon completion of the training, and the existence of other training and advancement opportunities provided by the employer.

What is the employer's responsibility?

The business (or small group of employers) must complete an Incumbent Worker Training Program application to be considered for a grant. Businesses will be required to provide a portion of the training costs dependent upon the size of the business and number of employees (e.g., instructors' wages, curriculum development, and training manuals/textbooks) either through direct cost contribution and/or in-kind contribution.

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

Examples of employer contribution, ***in addition to the direct costs***, may include wages paid to trainees during the training period, equipment purchased to be used in the training project, manuals and textbooks, curriculum development, facility usage and travel.

The business will keep accurate records of the project's implementation process and certify that all information provided, for the purpose of requesting reimbursements and reporting training activity, is accurate and true, including evidence that the business has paid the training expenses in accordance with the terms of the agreement prior to requesting reimbursement of allowable training costs.

If applicable, the business will submit monthly reimbursement requests, with required support documentation, to the WIOA Service Provider.

All IWTP grants are subject to federal Workforce Innovation and Opportunity Act (WIOA) and State Dislocated Worker Program reporting requirements and performance standards. All training sessions must have signed attendance sheets or digital confirmation of attendance. The business must submit to the WIOA Service Provider copies of all credentials, certificates of completion, or other documentation of the employee's participation within 30 days of the end of training to be considered eligible for reimbursement.

What is the WIOA Service Provider's responsibility?

The WIOA Service Provider will review the proposal from the individual employer(s) and notify the employer(s) of the award.

Once a grant is awarded, the WIOA Service Provider staff will track all participants using the Workforce One database and follow all required state and federal statutes. The WIOA Service Provider is responsible for collecting attendance sheets of training, training assessments or “tests” given if employees attend a workshop or seminar, and certificates of completion/credential. The WIOA Service Provider will assign its staff to provide follow-up services with the business to ensure the training plan is being fulfilled.

Who can provide training and what activities are included?

Public or private educational institutions, trade associations, community-based organizations, economic development agencies, unions, or government agencies may provide incumbent worker training, and training can be conducted at the business's own facility, at the training provider's facility, or at a combination of sites.

Training must be skills-based and must result in a certificate or accreditation for the employee; training should result in improved productivity, efficiency, and an increase in the employee's existing wages.

Training opportunities should expand and improve an employee's workforce skills and develop his or her opportunities for growth or promotion within the company (or a future company.) The business (or the employee with the employer's approval) will select the training provider. It may be a public or private trainer.

All proposals must show an end date that completes training within 12 months of award date. All training should have specific start and end dates.

The Incumbent Worker Training Program does not limit the kinds of training that businesses may request. Training may include industry or business-specific skills, technical and computer skills, and/or “soft skills,” such as leadership and management training.

The following are examples of the types of training that would be acceptable:

- Training to gain or maintain an ANSI-recognized certificate/credential.
- Human Resource (HR) Certification (e.g., PHR, SPHR, GPHR, or SHRM). Please note that an HR training credential must be attained and a copy of the certification will be sent to the WIOA Service Provider within 30 days of completion.
- ICD-10 training – training that teaches coding professionals how to become proficient in the ICD-10-CM and ICD-10-PCS coding or other similar systems.
- Training for improved process efficiency as identified by industry professionals.
- Training from a national, regional, or state trade association that offers an independently certified training curriculum and testing.
- Training provided in conjunction with the purchase of a new piece of equipment.
- Upgrade of computer skills (e.g., Microsoft Excel, Access).
- Seminars/workshops/webinars are eligible, however, they must have an assessment or “test” tied to it to be eligible for this program. ***Businesses must indicate in the application what assessment of skills is included for this type of training to justify it will improve economic competitiveness.*** Failure to include this may exclude the application from consideration.
- English Language Learning for managers or staff to enable them more effectively communicate with limited English employees.

These are examples of the types of activities that would **not** be covered by this grant; this is not a definitive list:

- Required/regulatory training – training mandated by any other public agency or department is not eligible. These trainings may include, but are not limited to, EPA, Hazardous Waste, FDA, Workers Compensation, OSHA, etc.

- Training costs associated with professional fields in which continuous education is necessary to retain professional certification, such as Certified Public Accountants, degreed medical professionals, insurance providers, attorneys, etc.
- Training which would result in advanced degrees such as associate, bachelor, master, or doctorate.
- Training that leads to a professional license (e.g., doctors, lawyers, CPA accountants, etc.).
- Employee travel, food, or lodging costs related to program participation.
- Wages of trainees while being trained.
- Purchases of capital equipment or other durable (long lasting/reusable) training materials/equipment.
- Training in sectarian activities.

Addendum: Local Guidelines, Eligibility Checklist, and Application are attached.