



Oklahoma Office of Workforce Development
900 N. Portland Ave.
Oklahoma City, OK 73107

OKLAHOMA WORKFORCE DEVELOPMENT ISSUANCE #09-2019

TO: Workforce Development Board Chairs
Workforce Development Board Staff
Workforce Development Fiscal Agents

FROM: Don Morris, Executive Director

DATE: October 29, 2019

SUBJECT: Guidance on Incumbent Worker Training Services Provided Under the Workforce Innovation and Opportunity Act (WIOA)

PURPOSE: The purpose of this policy is to provide guidance to local workforce development boards (LWDBs) regarding participant eligibility for Incumbent Worker Training (IWT) and employer eligibility for IWT reimbursement.

REFERENCES:

- WIOA 134(d)(4)
- WIOA 133(b)
- WIOA 181(d)(2)
- WIOA 194(13)
- 20 CFR §§ 680.320, 680.530, and 680.780 – 840
- 20 CFR § 683.200
- 2 CFR § 200
- TEGL 10-16, Change 1
- TEGL 19-16
- 29 CFR § 38.25

MESSAGE: Incumbent Worker Training (IWT) is designed to meet the special requirements of an employer, or a group of employers within the same industry, to retain a skilled workforce or avert the need to lay off employees. Incumbent workers benefit by acquiring the skills necessary to retain employment and/or advancement within the company, or acquire the skills necessary to avert a layoff. IWT must be conducted with a commitment by the employer to retain or avert the layoff of the incumbent worker or workers participating in the training.

RESCISSIONS
None

EXPIRATION DATE
Continuing



OOWD is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities.

Incumbent Worker Eligibility

To qualify as an incumbent worker, an individual must:

1. Be employed,
2. Meet the Fair Labor Standards Act requirements for an employer-employee relationship (29 USC Chapter 8), and
3. Have an established employment history with the employer for six (6) months or more.

In the event that IWT is being provided to a cohort of employees, not every employee in the cohort must have an established employment history with the employer for 6 months or more, as long as a majority (51% or more) meet the requirement. It must be noted however, that IWT may not be used to provide the occupational training a new hire needs.

Individuals receiving incumbent worker services are not subject to the eligibility criteria that apply to participants in the Adult or Dislocated Worker (DLW) programs, unless they are receiving other services under those programs. Therefore, individuals who only receive IWT and no other WIOA title I career or training service(s) are not included in WIOA performance indicator calculations for the core programs.

Performance indicator reporting requirements for IWT only individuals are addressed on pages 6 - 7 of this issuance.

Development of Local Incumbent Worker Training Strategies

Local workforce development areas are required to establish policies and definitions to determine which workers, or groups of workers, are eligible for incumbent worker services. IWT policies must be consistent with the State and Local Plan, as well as with career pathway and sector strategy approaches for in-demand occupations.

IWT is generally provided to private sector employees. The local IWT policy should address instances where non-profit and local government entities may be the recipients of IWT funds. For example, IWT may be used in the health care industry where hospitals are operated by non-profit or local government entities and an upskilling opportunity for nurses is available.

IWT may be utilized for underemployed incumbent workers that would prefer full-time employment but are working part-time within a company for economic reasons. These employees may have accepted part-time employment to gain or maintain employment with the company. Or, a previous dislocation has led them to accept reduced employment and often lower wages. This strategy focuses on increasing skills for underemployed frontline workers in an effort to advance the workers to more skilled positions with the same employer or industry sector, thus leading to an increase in earnings through more work hours and an increase in pay.

As part of an incumbent worker upskilling strategy, local boards are encouraged to develop an upskilling/backfill strategy that involves filling jobs with other WIOA participants when the positions have been vacated by workers who are moving into more advanced positions in the company.

Funding Incumbent Worker Training

Local workforce development boards (LWDBs) may use up to 20 percent of their combined total of Adult and DLW allocations to pay for the Federal share of IWT. Adult and DLW funding for IWT may only be

used for activities that are programmatic in nature. Related administrative activities must be paid out of the LWDB's administrative funds.

Employers participating in the program are required to pay the non-Federal share of the cost of training. The non-Federal share may not be less than:

- 10 percent of the cost, for employers with not more than 50 employees;
- 25 percent of the cost, for employers with more than 50 employees but not more than 100 employees; and
- 50 percent of the cost, for employers with more than 100 employees.

The non-Federal share provided by a participating IWT employer may include the amount of the wages paid by the employer to a worker while in incumbent worker training. The employer may provide the share in cash or with fairly evaluated in-kind contributions. The employer and the local board must track and document employer cost share contributions. An accurate accounting of the non-Federal share must be kept, including how the value of any in-kind contributions have been determined. In-kind contributions will only count toward satisfying the cost-sharing requirement if the cost would be allowable if the employer was paying the cost instead of receiving the third party contribution. Allowable costs are determined by the tests of reasonableness, necessity, and allocability defined in 20 CFR 200.402-405 – Basic Considerations.

Statewide Incumbent Worker Training Activities

The State may use statewide activities funds and Rapid Response (OWDI #14-2017) funds for statewide incumbent worker training activities, as per 20 CFR §§ 682.210(b) and 682.320(b)(4). The State or the Governor's Council may make recommendations to the LWDBs for providing IWT that has a statewide impact. The LWDBs are encouraged to cultivate opportunities for employers to develop a more competitive workforce or avert potential layoffs, and to provide incumbent workers with opportunities for advancement and wage gains within their company.

Funding Priorities

Preference is to be given to any of the following:

- Smaller businesses with less than 50 employees;
- Businesses located in an Opportunity Zone as defined by Oklahoma Statutes Title 68, Section 3603 Definitions;
- Businesses located in a rural county (i.e., not a part of a metropolitan area);
- Training for occupations on the Critical Occupations list as presented on oklahomaworks.gov;
- Training provided to increase employee skills as a layoff avoidance strategy; or
- Training that leads to a significant upgrade in employee skills.

Employer Eligibility Criteria

The LWDB must take the following into consideration when determining the eligibility of an employer to receive IWT funding:

- The characteristics of the individuals in the program, including the extent to which these individuals represent populations with barriers to employment, as defined in WIOA 3(24);
- The relationship of the training to the competitiveness of the individual. For example, extra consideration might be given to employers who propose to increase the competitiveness of individuals with barriers to employment, such as how these individuals would benefit from a skills gain that results in retention or advancement;

- The relationship of the training to the competitiveness of the individual and the employer;
- The occupation for which the incumbent worker is training must be an in-demand industry as defined by WIOA 3(23) or as determined by the LWDB or planning region; and
- Other factors the LWDB determines to be appropriate, which may include:
 - the number of employees participating in the training;
 - the wage and benefit levels of the participating employees at the beginning of training and anticipated upon completion of training. The new wage rate after training is completed must be higher than the employee's prior wage rate;
 - the existence of other training and advancement opportunities provided by the employer;
 - the quality of the training, as evidenced by industry-recognized training experience and credentials;
 - layoffs averted as the result of the training; and
 - utilization of IWT as part of a larger sector and/or career pathway strategy.

IWT is designed to increase the competitiveness of the employer by developing a highly skilled workforce that will result in increased business financial viability, stability, competitiveness, and productivity. To avert the risk of closing, IWT may be developed with a business or business association to maintain their competitive status, incorporate new technology, or prevent downsizing. Process improvements that contribute to the competitiveness and productivity of a business are allowed as a component of IWT, when combined with training that results in new skill attainment for incumbent workers. However, training that is necessary for employers to meet federal "safe workplace" requirements, (e.g., OSHA, food handler certifications, etc.) is not considered IWT.

The competitiveness of workers participating in IWT may be increased by enhancing existing skills, learning new skills, and earning employer or industry-recognized credentials, in addition to retaining employment, maintaining their careers, and/or increasing their earnings potential. An ideal IWT project allows the opportunity for employers to promote incumbent workers with increased skill levels, which creates backfill opportunities for other WIOA participants, such as less skilled or underemployed employees within the company, or for WIOA participants seeking employment.

Procurement of Training

Contracts are the mechanism used to provide IWT. Contracts must be established through proper procurement procedures, as found in OWDI #10-2017. Although the employer generally selects and procures the training provider, LWDBs may help identify training providers, such as those on the Eligible Training Provider List (ETPL).

The IWT Contract must include:

- the process for documenting the incumbent worker's six month work history requirement with the employer;
- the amount of the employer's non-Federal share, based on the size of the employer's workforce;
- a statement regarding the expectation that once incumbent workers advance with the employer, the employer then provides an opportunity to the LWDB to fill the now vacant position with a local WIOA participant, whenever possible;
- the process for documenting how employer cost match contributions will be tracked and documented in the employer's, the LWDB's, and Service Provider's contract file;

- the methodologies for determining the value of in-kind contributions and how contributions are documented in the contract, all of which must conform to the cost match requirements at 2 CFR § 200.306;
- local monitoring requirements;
- other documentation required by the local area;
- assurances as required in the Regulatory and Prohibited Activities section of this issuance;
- commitment by the employer to share required performance data with LWDB
- nondiscrimination and Equal Employment Opportunity (EEO) assurances, including complaint processing and compliance reviews;
- start and end date of the contract; and
- contract limits, including length of contract and funding amounts.

Allowable and Unallowable Costs

Allowable costs may include only costs directly related to training. Allowable costs may include:

- Instructor/trainer salaries;
- Curriculum development, textbooks, manuals, training software, materials and non-consumables; and
- Other necessary and reasonable costs directly related to training.

Unallowable costs include, but are not limited to:

- Foreign travel;
- Purchase or lease of capital equipment;
- Encouragement or inducement of a business or part of a business to relocate from any location in the United States; and
- Use of IWT funds to pay for a worker's training wages.

Regulatory Limitations and Prohibited Activities

Businesses that fail to meet any of the following criteria are not eligible to receive funds for IWT:

- Businesses must not be presently debarred, suspended, proposed for disbarment, declared ineligible, or voluntarily excluded from participation in transactions by USDOL or the State of Oklahoma. Below are some websites that may be helpful in checking tax, environmental compliance, and debarment status.
 - Federal Exclusion and Debarment Site: <http://www.sam.gov>
 - Oklahoma Tax Commission: <https://www.ok.gov/tax/>
 - Oklahoma Employment Security Commission: www.ok.gov/oesc
 - Business Filing Search: <https://www.sos.ok.gov/>
 - Oklahoma Department of Environmental Quality: <http://www.deq.state.ok.us/OEA/index.html>
- Businesses shall not have any outstanding tax liability to the State of Oklahoma for over six months. LWDBs will require the businesses to disclose any known outstanding tax liabilities, including those with other states, prior to entering into the contract. The LWDBs shall consider existing out-of-state violations when determining eligibility to receive IWT funds. The local WDB must document any resolution of outstanding tax liability, which may include letters from the business or from the State in which the tax liability occurred.
- Businesses must ensure that they have no more than one unfair labor practice contempt of court finding. <http://www.oklegal.onenet.net/ok.agency.decisions.basic.html>

- Oklahoma businesses must have all of the approvals, licenses, or other qualifications needed to conduct business in the state and all must be current. Should this status change during the course of the local IWT program activities, resulting in the business's disqualification from conducting business in Oklahoma, all training under the IWT program must cease.
- IWT funds may not be used, or proposed for use, to encourage or induce the relocation of a business or part of a business if the relocation would result in a loss of employment for any employee at the original location, when the original location is within the United States.
- Businesses that have relocated to Oklahoma and have laid-off workers at their former location in the United States may not be considered for this program until they have been in operation at the new location for 120 days.
- To verify that a business is not relocating employment from another area, a pre-award review must be undertaken and documented by the local WDB. The review must include the names under which the establishment conducts business, including predecessors and successors in interest; the name, title, and address of the company official certifying the information, and whether WIOA assistance is being sought in connection with past or impending job losses at other facilities of their company. The pre-award review should also include a review of whether appropriate notices have been filed, as required by the Worker Adjustment Retraining Notification (WARN) Act. The review may also include consultations with labor organizations and others in the affected local area(s).
- Businesses must not have any outstanding civil, criminal or administrative fines or penalties owed to or pending in the state of Oklahoma.
- Funds provided to employers for IWT must not be used to directly or indirectly assist, promote, or deter union organizing.
- Funds provided to employers may not be used to directly or indirectly aid in the filling of a job opening what is vacant because the former occupant is on strike, or is being locked out in the course of a labor dispute, or the filling of which is otherwise an issue in a labor dispute involving a work stoppage.
- All general fiscal and administrative rules listed at 20 CFR, Chapter V, Part 683, Subpart B – Administrative Rules, Cost, and Limitations apply.

Performance Indicator Reporting Requirements

Although individuals receiving IWT are not participants for the purpose of inclusion in WIOA performance indicator calculations, local areas are still required to report certain participant and performance data on all individuals who receive only IWT. The required elements for these incumbent worker individuals are limited to basic information (name, address, date of birth, social security number, etc.) and the elements needed to calculate IWT performance indicators for:

- Employment in the 2nd and 4th quarters after exit;
- Median earnings in the 2nd quarter after exit;
- Measurable Skills Gains; and
- Credential Attainment.

For the purposes of calculating the above metrics, the exit date for an individual who has received only IWT will be the last date of training, as indicated in the training contract.

The U.S. Department of Labor (DOL) encourages the collection of incumbent worker social security numbers (SSNs) as part of the training contract with the employer, the purpose of which is to ensure the

availability of wage records for these individuals. If no SSN is available, the LWDB may utilize supplemental wage information, as per OWDI #07-2018, to verify the wages reported. Incumbent workers receiving any WIOA service in addition to IWT must meet the eligibility and data validation requirements for which they are enrolled.

EQUAL OPPORTUNITY AND NONDISCRIMINATION STATEMENT: All recipients, and sub-recipients/sub-grantees must comply with WIOA's Equal Opportunity and Nondiscrimination provisions which prohibit discrimination on the basis of race, color, religion, sex (including pregnancy, childbirth, and related medical conditions, transgender status, and gender identity), national origin (including limited English proficiency), age, disability, political affiliation or belief, or, for beneficiaries, applicants, and participants only, on the basis of citizenship status or participation in a WIOA Title-I financially assisted program or activity.

ATTACHMENTS:

- Attachment A Project Funding Proposal/Application
- Attachment B Grantee Worksheet
- Attachment C Employee List
- Attachment D Anticipated Outcomes
- Attachment E Project Rating Form

ACTION REQUIRED: This Oklahoma Workforce Development Issuance (OWDI) is to become a part of your permanent records and made available to appropriate staff and sub-recipients.

INQUIRIES: If you have any questions about this issuance, please contact Policy and Program Staff in the Oklahoma Office of Workforce Development. Contact information can be found at <http://www.oklahomaworks.gov/about/>.

Incumbent Worker Project Funding Proposal

(local workforce board logo)

This agreement is between **(enter your business here)**, and **(local workforce development board)**. Both parties agree to the terms of this agreement as set forth below. Project is expected to commence on **(enter start date here)** and terminate on **(enter end date here)**.

Project Lead

Contact Name:	Title:
Phone:	Email:
Business/Organization:	

EMPLOYER INFORMATION

Legal Business Name:	
Owner/Officer:	Phone:
Address:	
Mailing Address (if different):	
Employer Sector: Healthcare Manufacturing Transportation Construction Finance Other:	
Is Employer expanding: YES NO	Length of time in business at this address:
Has the employer laid off workers within 120 days prior to relocation in OKLA from another state: YES NO	
Employers FEIN #:	UBI #:
The employer is current in unemployment insurance and workers' compensation taxes, penalties, and/or interest or related payment plan: YES NO	
Number of employees scheduled to participate in training:	
Total number of employed by employer in state and nationally:	
Is the company located in an area that gives preference as per OKLAHOMA WORKFORCE DEVELOPMENT ISSUANCE #09-2019?	

What is the type of preference?

Provide a brief description of what is done at this location:

Project Overview

Description of Need:

List of Partners:

Project Timeline:

Will the Project Result in: *Increased Employee Wages* *Avert Future Layoffs* *Other:*

EMPLOYER RESPONSIBILITIES

1. Provide the information below as required for employer and each employee participating in the approved project opportunity utilizing approved documentation.
2. Agrees to work with *(local wdb)* to identify and provide the employers process for complying with the required cost sharing requirements for this training, as determined by the size of the employer’s workforce. *(Wages paid to the participant while in training can be included as part of that share and the share can be provided as cash or in-kind that is fairly evaluated and approved by (local WDB)).*
 - At least 10 percent of the cost for employers with 50 or fewer employees
 - At least 25 percent of the cost for employers with more than 50 employees but not more than 100 employees; and
 - At least 50 percent of the cost for employers with more than 100 employees
3. Complete required close out report within 30 days of completion of training.
4. Complete the following regarding the total cost of the program, including employer contribution:

Employer Cash:	Total Cost of Project:
Employee Wages:	Percentage Covered by Employer:
Employer In-Kind:	Total Requested From Board:
Total Employer Contribution:	Percentage Covered by Board:

Describe Employer Contribution:

Training Provider Justification

Training Provider:

Training Description:

Training Timeline:

Will training include local, state, or nationally recognized certificate? YES NO

If so, list here:

Preferred Fiscal Contact for Training Provider: *Project Lead* *Employer* *(local WDB)*

The selection made will be responsible for coordinating any fiscal payments with the training provider.

Required Project Documentation

Employer

- *Employer Request Letter on Company Letterhead*
- *Project Funding Proposal, Attachment A*
- *Final Project Report*
- *IW Training Contract*

- *Grantee Worksheet, attachment B*
- *Incumbent Worker Training Employee List, attachment C*
- *Anticipated Outcomes, attachment D*
- *Project Rating Form (Required if state money is requested), attachment E*

Employee

- *Employee Enrollment Form*
- *Grievance & Complaint Procedures*
- *Photo ID*
- *Consent for Sharing of Confidential Information*
- *Form I-9, Employment Eligibility Verification*
- *OKJobMatch Account*

Project Lead & EMPLOYER ASSURANCE

EQUAL OPPORTUNITY AND NONDISCRIMINATION STATEMENT: All Recipients, and Sub-recipients/Sub-grantees must comply with WIOA's Equal Opportunity and Nondiscrimination provisions which prohibit discrimination on the basis of race, color, religion, sex (including pregnancy, childbirth, and related medical conditions, transgender status, and gender identity), national origin (including limited English proficiency), age, disability, political affiliation or belief, or, for beneficiaries, applicants, and participants only, on the basis of citizenship status or participation in a WIOA Title-I financially assisted program or activity.

Project Lead:

Employer – Owner/Designated Officer:

Print First/Last

Print First/Last

Signature

Signature

Date

Date

This Incumbent Worker Training (IWT) opportunity is funded through the Workforce Innovation and Opportunity Act (WIOA) provided by the U.S. Department of Labor. This is a project led by the (local workforce development board).

Grantee Worksheet

BUDGET NARRATIVE

(local WDB)

Add additional pages as necessary

TRAINING COSTS

Description	Detail	Amount	Match
		0.00	0.00
		0.00	0.00
		0.00	0.00
		0.00	0.00

Subtotal \$ - \$ -

PERSONAL SERVICES

Description	Detail	Amount	Match
		0.00	0.00
		0.00	0.00
		0.00	0.00
		0.00	0.00

Subtotal \$ - \$ -

TRAVEL

Description	Detail	Budget	Employer
		0.00	0.00
		0.00	0.00
		0.00	0.00
		0.00	0.00

Subtotal \$ - \$ -

CONTRACTUAL

Description	Detail	Amount	Match
		0.00	0.00
		0.00	0.00

Subtotal \$ - \$ -

SUPPLIES

Description	Detail	Amount	Match
		0.00	0.00
		0.00	0.00

Subtotal \$ - \$ -

ADMINISTRATION

Description	Detail	Amount	Match
		0.00	0.00
		0.00	0.00

Subtotal \$ - \$ -

Total \$ - \$ -

Grantee Name
Program, File#
Original Agreement

Anticipated Outcomes of Incumbent Worker Training

Employer:

Section 1. Check all that are applicable

- Will help prevent possible relocation of operations (layoff aversion)
- Will assist in the training of target groups or make employees more competitive
- Will contribute to the long term viability of our company
- Will be an important component of our company's overall workforce development efforts, such as sector or career pathway strategy

- Will make this location more competitive
- Important to the stated mission of our company
- Will contribute to the short term viability of our company
- Will assist in the improvement of international trade opportunities

Section 2. At least six of the following ten must be completed

Will save _____ jobs within the company

Will create _____ openings in entry-level positions

Will create _____ new jobs within our company

Will improve unit or labor costs by _____ percent

Will lower turnover in our company by _____ percent

Will increase overall efficiency by _____ percent
Will increase or retain sales by _____ percent over the next _____ months

Will increase profit margin by _____ percent over the next _____ months

Will improve the short-term wage levels of trainees by _____ percentage

Will improve the long-term wage levels of trainees by _____ percentage

Return on Investment Information

Planned ROI is expected to be _____ percentage over _____ months / years

Project Rating Form – Future of Work	
APPLICANT:	
Contact Name & Title:	
County:	
REVIEWER NAME:	
REVIEW DATE:	
Interview Questions:	
Please rate project on the questions below. The scoring range goes from 0 – 5, 0 being the worst, 5 being the best. Please score the project and make any comments or notes needed.	
1. What is the training? How many employees will attend? What is the duration? What is the requested funding? What is the company contribution? Who is the training entity?	Score:
Comments:	
2. How will the training benefit the region, the employees, and the employer? Why is this training needed? Will it avert future layoffs or upskill employees to meet promotional requirements?	Score:
Comments:	
3. Is the training and/or employer directly associated with one of the local/regional priority ecosystems (Healthcare, Energy, Manufacturing, Transportation, Construction or Finance?)	Score
Comments:	

4. Will the training include a nationally, regionally, or industry recognized certificate?	Score:
Comments:	
5. Is the project aligned with an industry association partnership, such as an EDC, or other such business supported agency?	Score:
Comments:	
6. Beyond the required in-kind/cash match, does the application for funds include additional funding to support the project?	Score:
Comments:	
Reviewer signature: _____ Date _____ Overall Score: _____/30	

