

## Dislocated Worker (WIOA & State)

### Incumbent Worker Training Programs

#### Summary

Incumbent worker training (IWT) is designed to increase the competitiveness businesses and incumbent workers by ensuring they acquire the skills necessary to retain employment, advance within the business or to provide the work skills necessary to avert a layoff. An ideal IWT allows a participant to acquire new skills to move into a higher skilled and higher paid job within the business, thus allowing the organization to hire a job seeker to backfill the incumbent worker's position.

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Policy  
**Local Policy Required?** No.

#### Use of Funds

Up to a combined 20% of federal Dislocated Worker and Adult funds can be used to provide incumbent worker training (IWT) at the local level. Similarly, up to 20% of state funds can be used for IWT. Administrative activities are not allowed to be paid out of this pot of funds – only incumbent worker training programmatic costs are allowable, and administrative activities must be paid for out of the local Board's administrative funds.

Allowable costs for incumbent worker training are the same as the allowable costs for all other types of training. For example, costs that qualify for reimbursement include (but are not limited to):

- Instructors/trainers' salaries
- Curriculum development
- Textbooks and manuals
- Materials and supplies
- Tuition expenses
- Off-site training space (i.e. classroom rental)

Non-reimbursable costs include (but are not limited to):

- Administrative costs
- Trainee's wages
- Purchases of capital equipment or capital improvement
- Purchases of items or services that will be used primarily outside of the incumbent worker training
- Travel expenses for trainers or trainees
- Assessment, testing or certification fees
- Advertisement or recruitment

Funds provided to employers for IWT must not be used directly or indirectly to assist, promote, or deter union organizing.

#### Training Provider Eligibility

Training can be provided through Minnesota's public or private educational institutions, private training organizations, trainers employed by the business, training provided in-house or a combination of training providers. Types of training not allowed include:

- Self-paced learning,
- Personal development courses,
- Non-skill related assessments,
- Mandated safety training (such as OSHA),
- English as a second language,
- Basic skills or remedial education, and
- Non-job related training

Additionally, IWT contracts cannot be written to provide skills for seasonal, temporary or intermittent employment.

#### Minnesota's Eligible Training Provider List and Contract for Services

Training providers for work-based training, including IWT, are exempt from being included on the state's Eligible Training Provider List (ETPL). They are therefore also exempted from the performance reporting requirements associated with being on the ETPL. Contracts for services can be used to provide IWT instead of using an Individual Training Account (ITA). The Local Plan must describe the process to be used in selecting the providers under a contract for services. The contract must be between the Local Workforce Development Area (WDA) and the eligible employer. The contract commits the business to complete the training criteria as proposed in its application, as well as committing to compliance with all applicable local, state, and federal laws.

#### Business Eligibility

Financially viable private sector employers and certain non-profit and local government entities (for example, a non-profit or county hospital) are eligible to receive incumbent worker training funds. The business or businesses *must* have been in operation for at least one year, not currently or recently be experiencing bankruptcy, be current on all local, state and federal tax obligations, and not appear on any federal suspensions or debarment lists. The Local Workforce Development Board (WDB) must consider the following to determine whether an employer is eligible to receive incumbent worker training funds:

- The characteristics (job titles, skill levels, employment sector, barriers to employment, wages, etc.) of the individuals being considered for training
- How effectively the training will increase the competitiveness of those individuals and the employer
- Any other factors the Local WDB considers necessary, such as the number of employees to be trained, wages and benefits pre- and post-training, credentials or skills gained during the training, layoffs averted because of the training, employer size, and the availability of other training through the employer. These criteria should be included in the Local Plan.

Incumbent worker training is available to help employers remain competitive by retaining a skilled workforce or to avert a layoff by increasing the skills of their current workforce. These are two distinct, though not mutually-exclusive, goals, and may result in different IWT strategies and the types of employees selected for training. In both instances, there is an expectation that the incumbent worker will be promoted or retained by the company after they receive training. Ideally, this would also create additional back-fill opportunities for other workers.

#### Cost Sharing Requirements

Employers participating in IWT are required to pay the entire non-federal share of the cost of the training for their employees. This amount can be paid either through cash payments or fairly evaluated in-kind contributions, including the wages the employer pays to the trainee while they are attending the training. The minimum amount of employer share for IWT depends on the size of the employer and cannot be less than:

- 10% of the cost for employers with 50 or fewer employees;
- 25% of the cost for employers with between 51 to 100 employees; and
- 50% of the cost for employers with more than 100 employees

Employer size is determined by the number of employees currently employed at the local operation where the incumbent worker training placements will be made at the time of the execution of the training contract. The employer share cost contributions must be documented in the contract for service and must be tracked through invoices during the contract term.

**Incumbent Worker Eligibility**

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

- Be 18 years of age or older at the time the training begins;
- Be a U.S. citizen or otherwise be legally entitled to work in the U.S.
- Comply with Selective Service registration requirements (see DEED's Selective Service Registration policy)
- Be employed for at least 6 months by their current employer\*
- Meet the Fair Labor Standards Act requirements for an employer-employee relationship

\* If the incumbent worker training is provided to a cohort, or group, 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 (at least 51%) of those employees being trained do meet the employment history requirement.

Underemployed or part-time individuals are also eligible. Time spent as a temporary or contract worker for the employer can be included in the 6 month requirement. Local WDBs must establish a process for documenting the 6 month work-history requirement, and it must be included as a term of the contract between the LWDB and the employer. The individual incumbent worker does not need to meet the eligibility criteria for the WIOA Dislocated Worker or WIOA Adult program in order to receive IWT; however, they cannot receive career services, support services, or other types of non-work-based training unless they are also enrolled as a participant in either of those programs.

**Workforce One and Performance Reporting**

Each individual incumbent worker must be enrolled in Workforce One and must meet DEED's case management requirements (see DEED's Case Management Policy). In order to fulfill the 90-day live contact requirement for Workforce One, the local provider must provide evidence that they have been in live contact with either the business or the training provider at some point every 90 days since the incumbent worker(s)'s enrollment. Case managers must include this documentation in each individual's case notes, but can use the same live contact event for each participant. A participant's case file must also contain proof of their attendance at the training (i.e. their signature on a sign-in sheet), as well as a copy of any credentials obtained through the training (if applicable).

If an individual is receiving only incumbent worker training, and no other WIOA title I services, they are not considered a "participant" for the purposes of performance reporting and are therefore not included in the state's federal performance metrics.

However, the provider is required to collect the following performance information to demonstrate the efficacy of the training in Workforce One:

- Demographic information
- Employment in the 2nd and 4th quarters after exit
- Median earnings in the 2nd quarter after exit
- Credential attainment

The exit date for an individual who has received only incumbent worker training will be the last date of training, as indicated on the training contract.

Alternate formats such as Braille, audio-visual and large print are available upon request.