

**OhioMeansJobs - Lorain County
Workforce Area 4
Incumbent Worker Training (IWT) Policy**

Background:

Incumbent Worker Training (IWT) is one type of work-based training model and is designed to either assist workers in obtaining the skills necessary to maintain, retain or advance in their employment or to avert layoffs. IWT must increase both a worker's and company's competitiveness. Local areas may use up to 20 percent of their local adult and dislocated worker formula funds for IWT. The training should, whenever possible, allow the participant to gain industry-recognized training experience.

Definitions:

Incumbent Worker: a full-time worker employed with the company for at least six months before the IWT starts.

Incumbent Worker Training: training designed to meet the special requirement of an employer (including a group of employers) to retain a skilled workforce, promote an incumbent worker or avert the need to lay off employees, by assisting the workers in obtaining the skills necessary to maintain or retain employment or have the opportunity for increased earnings potential through promotion.

Layoff aversion: a continuum of strategies targeted to specific employers or industries that are experiencing a decline and have the potential to undergo layoffs, or are experiencing a serious skills gap that impacts their ability to compete and retain workers. A layoff is considered to be averted when:

- 1) A worker's job is saved at an existing employer facing a risk of downsizing or closing, or;
- 2) A worker at risk of dislocation faces a brief gap of unemployment when transitioning to a different job with the same employer or is hired at a new job with a different employer.

Types of IWT:

IWT is restricted to skill attainment activities. The training should benefit workers by making them more qualified in their line of business and/or by providing them with skills for new products or processes. It is desired that the training results in credentials or industry recognizable skill that promote the worker's career and increases the overall employability.

Allowable types of training for incumbent workers:

- 1) Skills upgrading and retraining. Short-term training that enhances occupation-specific skills or basic skills that lead to a credential/certificate.
- 2) Customized training. Customized training is conducted with a commitment by an employer or a group of employers to continue the employment of an individual upon successful completion of training.
- 3) Occupational skill training. Training that leads to an industry recognized credential or a certificate.

Employer Eligibility:

For an employer to be eligible it must establish that it meets the following eligibility criteria:

- 1) Federal and State Requirements. The following is the minimum eligibility criteria that must be demonstrated to satisfy federal and state eligibility requirements:
 - a. Must not be presently debarred, suspended, proposed for disbarment, declared ineligible, or voluntarily excluded from participation in transactions by USDOL or the state of Ohio. Businesses that are subject to such exclusion are listed at <https://businesssearch.ohiosos.gov> or <https://sam.gov/content/home>
 - b. Shall not have any outstanding tax liability to that state of Ohio that is six months or more past due, and will disclose any known outstanding tax liabilities with other states prior to entering into contract.
 - c. Must have all of the approvals, licenses, or other qualifications needed to conduct business in the state of Ohio and all must be current. Training under the IWT program will cease if the business is disqualified from conducting business in Ohio during the course of the training.
 - d. Must be in compliance with all applicable federal, state and local laws and regulations related to providing reasonable working conditions.
 - e. Must not have been in operation in the state of Ohio for less than 120 days if the business has laid off workers at a former location in the United States.
 - f. Must not have any outstanding civil, criminal or administrative fines or penalties owed to or pending in the state of Ohio.
 - g. IWT activities will not be permitted when any of the following apply:
 - i. Any other individual is on layoff from the same or any substantially equivalent job with the same business;
 - ii. The business has terminated the employment of any regular, unsubsidized employee or otherwise caused an involuntary reduction in its workforce, with the intention of filling the vacancy with the IWT participant; or
 - iii. The incumbent worker trainee's job is created in a promotional line that infringes in any way on the promotional opportunities of other currently employed workers.
 - h. A business may be deemed ineligible if it has received payments under a previous WIOA contract and exhibited a pattern of failure to provide participating workers continued long-term employment as regular employees with wages and working

conditions at the same level and to the same extent as similarly situated employees of the same business.

Public or governmental entities may be considered eligible to participate as employer for IWT based on the following factors, which help to evaluate whether the training would increase the competitiveness of the employers and/or their employees.

- 1) Sustainability – the training plan should identify how the public entity plans to sustain the training needs of future employees, as WIOA-funded IWT is not intended to be a long-term solution.
- 2) In-Demand/Critical Job – the local area should consider whether the public sector positions receiving IWT are identified as either in-demand or critical per the Ohio Top Jobs list.
- 3) New Technology – the training plan should identify if a new technology has been introduced that requires a skill upgrade for employees.
- 4) Labor Shortages – the local area should identify if Ohio Labor Market Information (LMI) indicates that there is a shortage of labor in the training occupation(s).
- 5) Benefit to the Community – the local area should determine if the training will allow employees to receive skills that will assist in providing essential community services.

State government and local workforce development board employees are not eligible to receive WIOA funds for IWT.

Employee Eligibility:

The incumbent worker must meet each of the following minimum federal, state and local requirements.

- Employed by the employer doing the training for six months or more. If IWT is being provided to a cohort of employees, not every employee in the cohort must have the six-month employment history, if the majority of employees being trained meet this requirement.
- The employee meets the Fair Labor Standards Act requirement/definition for an employer-employee relationship.
- Employee must be 18 years old or older and legally authorized to work in the U.S.

Employer Application Process:

Businesses requesting IWT funds must submit a training application. The training plan must be approved before reimbursement may be made to the Employer. The approval process will take into consideration the following criteria and must lead to one or more of the following:

- Improve the occupational skills of the employers' workforce
- Assist employers in averting lay offs
- Help employees continue their skill building and maximizing their potential
- Raise the skill level of workers that leads to promotion

- Provide career progression that opens entry-level positions to others
- Increase retention in employment
- Increase individuals' wages

The training plan will identify the following:

- The provider(s) of training
- Type of training
- Planned start and end dates
- Number of individuals to be trained
- Name(s) and Date(s) of Birth of individuals to be trained
- The pre and post training wages of individuals to be trained
- The projected cost of training
- Any other information that may be requested in order to determine appropriateness of training

While employers may suggest a trainer or educational institution, the provider must be approved prior to the onset of training. In determining whether a trainer/educational institution is acceptable or not, the following criteria will be considered:

- Satisfactory past performance
- Accreditation
- Curricula that leads to credentials
- Relevant training experience, accredited instructors
- Proven high job placement rates
- Proven high training completion rates
- A proposed training environment that supports learning and is within a reasonable proximity to the trainees

The Lorain County Workforce Development Agency (LCWDA) has several options to determine how best to provide the training needed by a business as described below:

- LCWDA may enter into contracts with eligible training providers (ETP) without any additional procurement requirements. Utilization of the state of Ohio's ETP list is for universally applicable off-the-shelf employer training and is not intended to include unique, specialized or employer-specific training.
- A business may be considered a beneficiary of this federal program and receive incumbent worker training assistance on a reimbursement basis. WIOA sub-recipients and vendors are not considered to be beneficiaries.
- All training costs must be allowable as defined in this policy. Training plans must be approved by the LCWDA prior to the start date of training. Beneficiaries must agree to provide all documentation required by the LCWDA in order to be reimbursed for the training.

Due to the limited funding and the need for cost effective training, the first preference of training provider will be training opportunities available at the lowest-cost option locally and according to the following hierarchy:

- Lorain County publicly supported institutions
- Publicly supported institutions beyond Lorain County
- Private/proprietary institutions

Allowable and Unallowable Costs for Incumbent Worker Training:

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

- 1) Instructor/trainer salaries; provider must be 3rd party, and cannot be an employee of the business;
- 2) Curriculum development, textbooks, manuals, training software, materials and non-consumables; and
- 3) Other necessary and reasonable costs directly related to training;
- 4) Use of IWT funds may be allowed to train employees in management skills such as Six Sigma and LEAN only if promotional opportunities or increased wages can be identified post training;
- 5) Travel costs (e.g. hotel, mileage, meal reimbursement, etc.).

Unallowable costs include but are not limited to:

- 1) Foreign travel;
- 2) Purchase or lease of capital equipment;
- 3) Encouragement or inducement of a business or part of a business to relocate from any location in the United States;
- 4) Use of IWT funds to pay for a worker's training wages;
- 5) Use of IWT funds to train employees may not be used for Six Sigma and LEAN for the purpose of layoff aversion.
- 6) Use of IWT for seminars, conferences, retreats or other such meetings.

Cost Sharing Requirements for Incumbent Worker Training:

Employers participating in the IWT shall be required to pay a share of the cost of providing the training.

As part of the application process, the local policy shall establish the non-Federal share of such cost by taking into consideration such factors as the number of employees participating in the training, wage and benefit levels of the employees, the relationship of the training to the competitiveness of the employer and employees and the availability of other employer-provided training and advancement opportunities. The non-federal share that has been established for employers shall not be less than 50 percent of the cost of the proposed training.

The share provided by the employer participating in the program may include the amount of wages paid by the employer to a trainee while the trainee is attending an IWT program. The share may also include any travel costs that have been included and approved in the IWT training plan.

The maximum benefit any individual employer can receive through IWT and/or On-the-Job Training funds during a program year is \$15,000.

The employer shall be solely responsible for paying the trainer and/or educational institution pursuant to the terms and conditions agreed upon. LCWDA shall be responsible for compensating the employer for an agreed upon share of the actual expenses incurred by the employer, after the completion of training and following the employer submission of all of the following:

- An invoice,
- A copy of all supporting documentation provided to the employer by the educational provider,
- A copy of each of the certificates of training earned by each participant,
- The employer's proof of payment showing the amount paid to the trainer/educational provider,
- Where required in the contract, proof that the individuals trained received a raise.

Program Reporting & Monitoring:

The OMJ Lorain County staff will enter all required information is entered into the state case management system as defined by the WIOA Policy Letter.

The LCWDA will monitor implementation of the IWT Program, including an employer file review and possible site visits during the time that the training is taking place. Any issues identified will be handled through the state's monitoring resolution process.

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