

Policy Area: Programs and Services	
Title of Policy: Incumbent Worker Training	Number: 403-04 (2016)
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I. Purpose

This policy describes the use of Workforce Innovation and Opportunity Act (WIOA) formula funding to support incumbent worker training efforts.

II. Summary and Impact

WIOA funds may be expended for incumbent worker training (WIOA section 133(b)(4)).

WIOA funds are available through a process designed to assist Virginia businesses, which may include a single firm or a group of firms that share similar workforce needs, using a sector strategy approach to meet the skills training needs of their incumbent workforce.

A core principle of the Virginia workforce development system is to prepare a highly-skilled and job-ready workforce that meets the needs of employers. This includes ensuring that existing workforce development services are coordinated and designed for rapid access by job seekers and workers tied to the employment needs of Virginia businesses. Incumbent worker training is an important tool for improving the education and skill levels of the current workforce and increasing the ability of businesses to effectively compete in the global market. This policy provides the framework and guidance for the state and local workforce development system to utilize incumbent worker training in a consistent and effective manner.

III. References

- Workforce Innovation and Opportunity Act (Pub. L. 113-128)
- United States Department of Labor, Workforce Innovation and Opportunity Act; Final Rule, 20 CFR, Part 680 Subpart F, Work-Based Training
- Training and Employment Notice No. 03-15, *Guidance on Services Provided through the Adult and Dislocated Worker Program under the Workforce Innovation and Opportunity Act and Wagner Peyster, as Amended by WIOA, and Guidance for the Transition to WIOA Services*

IV. Policy

Statewide Rapid Response and local WIOA formula funds are available to provide incumbent worker training. Local Workforce Development Boards may reserve and use up to 20 percent of the WIOA Title I Adult and Dislocated Worker funds allocated to the local area to pay for the federal share of the cost of providing a training program for incumbent workers, subject to the procedures detailed below.

V. Procedures

Incumbent Worker Employee Eligibility

All employees participating in incumbent worker training must meet the eligibility below.

An incumbent worker is:

- At least 18 years of age;
- A citizen of the United States or a non-citizen whose status permits employment in the United States;
- A male born on or after January 1, 1960, who has registered with the selective service system within 30 days after their 18th birthday or at least before they reach the age of 26;
- An employee as defined by the Fair Labor Standards Act, and has an established employment history with the employer for 6 months or more; and
- An employee who works at a facility located in Virginia or works for a staffing agency and placed at a Virginia facility.

Determination of Employer Eligibility

The following general criteria shall be used for determining employer eligibility, and Local Workforce Development Boards (LWDB) are expected to develop local policies that conform to these criteria:

1. There must be a demonstration of linkages of the training activity to demand occupations and/or regionally targeted industries.
2. There must be a demonstration of the positive relationship of the training to the competitiveness of a participant and the employer.
3. There must be a projected relative wage and benefit level for employees undertaking incumbent worker training (pre-training and anticipated upon completion of the training).
4. There must be an expressed potential state and regional economic impact, if any, of the incumbent worker training.

The Governor and the Virginia Board of Workforce Development may make recommendations to a Local Workforce Development Board for providing incumbent worker training that has statewide impact. WIOA Rapid Response funds may also be used for incumbent worker training. These funds will be made available to provide Virginia businesses with early intervention to avoid layoff situations.

Non-Federal Share

Employers participating in incumbent worker training are required to pay for the non-federal share of the cost of providing the training to incumbent workers of the employers.

The non-Federal share shall not be less than—

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

The non-federal share provided by an employer participating in an incumbent worker training project may include the amount of the wages paid by the employer to a worker while the worker is participating in the training activity. The employer may provide the share in cash or in-kind, fairly evaluated.

Prohibition on Use of Funds to Encourage or Induce Relocation

No funds provided under this policy shall be used, or proposed to be used, to encourage or induce the relocation of a business or part of a business if such relocation would result in a loss of employment for any employee of such business at the original location and such original location is within the United States.

Restrictions on Use of Funds After Relocation

No funds provided under this policy for an employment or training activity shall be used for customized or skill training, on-the-job training, incumbent worker training, transitional employment, or company-specific assessments of job applicants or employees, for any business or part of a business that has relocated, until the date that is 120 days after the date on which such business commences operations at the new location, if the relocation of such business or part of a business results in a loss of employment for any employee of such business at the original location and such original location is within the United States.

Business Services

Incumbent worker training is an important business services initiative that is designed to benefit business and industry by assisting with existing employees' skill development and by increasing employee productivity and company growth. LWDBs must detail incumbent worker training in the business services plan. Incumbent worker training will be tracked in the business engagement report and will be reported to the VBWD.

Outcomes

Strategies for developing new workforce skills in the existing workforce shall be designed to benefit business and industry in ways that encourage and support the integration of new technology and business processes, increase employee productivity and support the competitiveness of the company. Incumbent worker programs create a number of positive outcomes including:

- Improving the alignment of existing workers' skills with new job requirements;
- Providing individuals access to new career opportunities within a business;
- Encouraging the retention of existing personnel who otherwise may become dislocated because of skills deficiencies; increasing the wages of newly trained workers; and
- Creating new opportunities for entry-level workers through the promotion of existing workers; and supporting the overall enhancement of local and regional economic development efforts.