



**North Carolina Department of Commerce
Division of Workforce Solutions**

DWS Policy Statement Number: PS 17-2017, Change 1

Date: August 16, 2019

**Subject: Guidance for Local Incumbent Worker
Training Policies**

From:

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Assistant Secretary for Workforce**

Purpose: To provide Workforce Innovation and Opportunity Act (WIOA) guidelines, according to WIOA Section 134(d)(4), to Workforce Development Boards (WDBs) choosing to use up to 20 percent of the combined Adult and Dislocated Worker allocated formula program funds to serve Incumbent Workers (IWs).

To rescind PS 17-2017.

Definition: *Incumbent Worker Training (IWT)* is designed to meet the special requirements of an employer (including a group of employers) to retain a skilled workforce or avert the need to layoff employees by assisting the workers in obtaining the skills necessary to retain employment. The IWT should increase the competitiveness of the employee and employer for the purposes of identifying high-quality Incumbent Worker (IW) opportunities. An ideal IWT would be one where a participant acquires new skills allowing him or her to move into a higher paid job within the company; thus, allowing the company to hire a job seeker to backfill the IW's position.

Background: To strengthen the workforce system and to implement the WIOA of 2014, WDBs are permitted the use of up to 20 percent of the combined total of Adult and Dislocated Worker allocated formula program funds for NCWorks IWT. An IW is not subject to eligibility requirements for Adults under the WIOA, but demographic information is required.

Federal requirements mandate that, at a minimum, the following data for each training participant must be entered in NCWorks Online:

- Social Security Number
- Complete Name and Contact Information
- Gender
- Date of Birth
- Citizenship (Right-to-Work Status)

- Selective Service Compliance
- Disability Status
- Ethnicity and Race

WDBs are required to collect and report outcomes based on criteria outlined in their local policy similar to reporting requirements found in the NCWorks Online system and approved by the Division of Workforce Solutions (DWS) upon submission of the local policy. The outcome measures should promote a skilled workforce by assisting workers in obtaining the skills necessary to retain employment or to avert layoffs and must increase both the worker's and the company's competitiveness. The workers served under the WIOA will be reported using the DWS NCWorks Online system.

Definition of Incumbent Worker

An *Incumbent Worker* is:

- at least 18 years of age and a paid employee of the applicant business or businesses;
- in a relationship that meets the Fair Labor Standards Act requirements for an employer-employee;
- an employee with an established employment history with the employer for six (6) months or more;
- a citizen of the United States or a non-citizen whose status permits employment in the United States; and
- an employee to be trained who works at a facility located in North Carolina.

Definition of an Employer-Employee Relationship

An Employer-Employee Relationship must exist between the worker and the employer. Workers who are economically dependent on the business of the employer and will receive a W-2 form for tax filing purposes have an employer-employee relationship.

Individuals who do not meet the definition of employer-employee relationship are:

- those who will receive a 1099 form for tax filing purposes; or
- those who are placed through a temporary agency.

Eligible Businesses

The intent of the Local NCWorks Incumbent Worker Training policy is to provide services for current workers in established North Carolina businesses.

An *Eligible Business* will:

- be current on all tax obligations;
- have an employer-employee relationship with at least five employees; and
- have been in operation in North Carolina 12 or more months.

The WDB's NCWorks IWT policy should be designed to meet the special requirements of an employer (including a group of employers) to retain a skilled workforce or avert the need to layoff workers.

IWT is not permitted to be used to provide the occupational training a new hire needs. IWT can be used to either:

- help avert potential layoffs of employees, or
- obtain the skills necessary to retain employment, such as increasing the skill levels of employees so they can be promoted within the company and create backfill opportunities for less-skilled employees.

Non-Federal Share Requirements

An employer or group of employers must pay for a portion of the cost of providing the training to IWTs. This portion is defined as the non-federal share and rules for matching are provided at Uniform Guidance 2 CFR 200.306 and 2 CFR 2900.8, respectively, WIOA Section 134(d)(4)(D), and the U.S. Department of Labor Training Employment Guidance Letter (TEGL) 19-16.

The non-federal share shall be:

- not less than 10 percent of the cost for employers with not more than 50 employees;
- not less than 25 percent of the cost for employers with more than 50 employees but not more than 100 employees; and
- not less than 50 percent of the cost for employers with more than 100 employees. [WIOA Section 134(d)(4)].

The non-federal share may include the amount of wages paid by the employer to a worker while the worker is participating in IWT. The employer may provide the share in cash or in kind, fairly evaluated. Other examples of an employer's non-federal share are training equipment purchases, onsite facility usage, employee food, travel, or lodging.

Collaborative IWT is designed to meet the common training requirements of a group of employers. All employers and employees must meet WIOA criteria. The contract will be written with the lead employer who must have employees included in the training.

Action:

Prior to the implementation of Local IWT, WDBs must develop a Local NCWorks IWT policy. An attachment is provided to assist WDBs in preparing plans and to serve as a checklist for the required information and documents.

The Local policy must be incorporated into the current year Local Area Plan by submitting in WISE to the DWS Planner and receiving approval prior to solicitation of Local IWT programs to be operated under this policy statement.

Funds for Local IWT may not exceed 20 percent of combined total of Adult and Dislocated Worker allocated formula program funds.

The NCWorks Online system will be used for tracking enrollments of IW participants; therefore, Local WDBs must contact the DWS NCWorks Online staff prior to beginning Local IWT, in order to establish a special system code.

WDBs must report expenditures through regular financial reporting to the DWS for up to the 20 percent of the combined total of Adult and Dislocated Worker allocated formula program funds.

Effective Date: Immediately

Expiration: Indefinite

Contact: DWS Business Services Specialist
DWS NCWorks Online Staff

Attachment: A. Local WDB Incumbent Worker Training Policy Outline
B. Allowable/Non-Allowable Training Costs

Rescinded

Local Workforce Development Board Incumbent Worker Training Policy Outline

The Workforce Development Board's (WDB's) Local Incumbent Worker Training (IWT) policy must address, at minimum, the following elements and a local policy must be submitted to the Department of Workforce Solutions (DWS) for review and approval into the current Program Year Plan.

The WDB's Local IWT Policy must:

- provide the amount designated as available with WDB funds;
- specify the grant award schedule;
- state the maximum funding allowed per grant;
- specify the maximum lifetime limit for businesses and how it will be determined;
- provide Local Program Focus/Priorities Narrative (examples: certain industry sectors, size of business, and the impact on local/regional economies);
- provide Program Outcome Measures to include, but not limited to:
 - measure participants' wage gain;
 - measure participants' employment retention;
 - measure participants' training completion;
- provide the application and selection process to include the length of training. Include the application and the assessment tool;
- provide the applicant criteria (e.g. qualifications, eligibility, and any restrictions);
- define the IW criteria;
- define the Collaborative Grant process, if applicable; and
- provide the Outcomes/Evaluation Process. This should include how each grant will be evaluated and capture the outcomes measures and the actual non-federal share of the business. Include a copy of any tools to be used for the evaluation process.

The final draft of the policy will be submitted to the DWS Planner for review, DWS approval, and incorporation into the current Program Year Plan.

The WDB may begin implementation of Local IWT upon receipt of the approval in WISE. Prior to actual implementation, the Local WDB must contact the DWS NCWorks Online staff for instructions on use of the policy in NCWorks Online.

ALLOWABLE/NON-ALLOWABLE TRAINING COSTS

The following is a listing of reimbursable and non-reimbursable training costs for the NCWorks Incumbent Worker Training Grant:

Allowable Training Costs:

1. Training/Course registration
2. Training that results in participants obtaining an industry-recognized certification or credential to include training preparation for certification exams. Funding must be requested for both the training and the certification exam and completed within the twelve (12) month contract
3. Web-based online training
4. Employee skills assessment that results in primary training funded through the grant
5. Textbooks/manuals used 100% for the training activities
6. Materials and supplies directly related to the funded training
7. Travel for trainers, if the requested training is not available within reasonable proximity to the business
8. Process improvement or quality-related training to support the state's Business Edge initiative

Non-Allowable Training Costs:

1. Employee-related costs such as wages, fringe benefits, and travel
2. Training-related costs incurred prior to the beginning date of the contract with the LWDB or after the contract ends
3. Training that the company or an entity on the company's behalf already provides to its employees
4. Training that a company is mandated to provide on a regular basis to its employees by federal, state, or local laws
5. Continuing Education Units (CEUs) and other training that is specifically required for an employee or entity to maintain licensure, certification, or accreditation
6. Courses that are part of a trainee's pursuit of an educational degree
7. Employment or training in sectarian activities
8. Curriculum design and/or training program development
9. Trainers employed by any business whose employees are being trained to include parent company employees
10. Purchase of employee assessment systems or systems usage licenses (example: site licenses)
11. Company website design and development, website hosting and maintenance, software or hardware upgrades, advice on computer selection for software or hardware upgrades, and advice on computer selection for purchase or upgrade
12. Third party compensation or fees not directly related to the provision of the requested training
13. Any costs that would normally be considered allowable but for which there is no request/cost for training related to the item(s) within the application
14. Capital improvements, purchase of real estate, to include the construction or renovation of facilities or buildings, and capital equipment or other durable (long lasting and/or reusable) training materials
15. Business relocation or other similar/related expenses
16. Travel outside of contiguous United States or costs associated with bringing a trainer into the country
17. General office supplies and non-personnel services costs (example: postage and photocopying)
18. Membership fees/dues
19. Food, beverage, entertainment, and/or celebration related expenses
20. Job/position profiling
21. Publicity/public relations costs
22. Costs associated with conferences