



Policy Memorandum 2022-#

Incumbent Worker Training – Effective [Date]

INTENDED AUDIENCE: All partner staff who work with businesses and industry groups or associations

SUBJECT: Using local workforce development funding to provide services to incumbent workers

PURPOSE: Section 134 of the Workforce Innovation and Opportunity Act (WIOA) allows the Local Workforce Development Board to reserve up to 20% of the area’s combined Adult and Dislocated Worker formula funds to pay the federal share for incumbent worker training strategies.

This policy provides guidance to local partners on the use of such funds to create an incumbent worker training program.

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Revision History

<u>Policy Number</u>	<u>Date of Revision</u>	<u>Significant Change</u>
2019-01	7/1/2018	Incorporation of WIOA Final Rule and U.S. Department of Labor guidance
2016-10	7/1/2016	Initial guidance

Approvals

Local Board Chair _____

Local Area Director _____

Policy Statement

The Local Board may elect annually to reserve such funds as it deems appropriate, up to a maximum of 20% of Anne Arundel County's combined Title I Adult and Dislocated Worker formula funds, to meet the federal requirements of a training program for incumbent workers. Anne Arundel Workforce Development Corporation (AAWDC), as administrator of the County's Title I funds, shall be tasked with carrying such a program and may supplement Title I funds as it deems appropriate. The program must meet the requirements laid out in the policy below.

Incumbent Worker Training Program

Incumbent Worker Training (IWT) provides both workers and employers with the opportunity to build and maintain a quality workforce. IWT is a business-driven program designed to meet the needs of an employer or a group of employers to retain a skilled workforce. IWT can be used to:

- Help avert potential layoffs of employees;
- 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; and/or
- Assist an employer or group of employers with the challenges of apprenticeship or pre-apprenticeship programs.

The program is intended to offset a portion of the cost to train and upskill its incumbent workers. Eligible businesses must demonstrate that an IWT grant will not only improve the skills of their workers, but also improve business processes and competitiveness, thus reducing the risk of permanent layoffs.

In order to receive an IWT grant, both the employer and the employees must be eligible.

Eligible Employees

An employee is eligible for training if the employee

- Is at least 18 years old;
- Works at least 32 hours per week (unless the employer can demonstrate that IWT would lead to full-time employment with the employer);
- Has an established employment history with the employer of at least six months or more, inclusive of time spent as temporary or contract worker);
- Is committed to attending all trainings;
- Earns an hourly wage above the state minimum wage; and
- Must agree to cooperate with any data collection requirements.

(NOTE: In the event that IWT is being given to a cohort of employees, not every employee in the cohort needs to have a six-month employment history. For a cohort training, a majority of employee (50% + 1) must meet the requirement.)

Eligible Businesses

Financially viable private sector employer, certain nonprofits and local government entities are eligible to receive IWT funds. The business or businesses must:

- Have been in operations for 18 months;
- Not currently or recently experiencing bankruptcy;
- Be current on all local, state, and federal tax obligations, and not appear on any federal suspensions or debarment lists;
- Must be located in Anne Arundel County; and
- Be registered with the Maryland Department of Assessment and Taxation.

Companies that are in the process of a layoff or have had a layoff in the last six months are not eligible for IWT grants.

IWT Grant Limitations

IWT funds are limited and are therefore awarded on a competitive basis. The maximum award is \$25,000 per grant per year. Awards are subject to the availability of funds and must be completed within 12 months from the award date. Businesses must not be administering a current Maryland Business Works award, a grant or award from the Anne Arundel Economic Development Corporation, or similar award.

IWT grants will cover a maximum of 50% of the total cost of the training with the employer covering the remaining cost either through direct cost contribution or in-kind contribution.

Use of IWT Funds

Allowable costs for IWT include but may not be limited to:

- Instructors/trainer salaries
- Curriculum development costs
- Textbooks and manuals
- Materials and supplies
- Tuition Expenses
- Off-site training space

Non-reimbursable costs include but may not be limited to:

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

Training Requirements

IWT funds can be used only for skills-based training that will result in improved productivity, efficiency, and an increase in the employee's existing wages. Skills include industry- or company-specific skills, technical, and computer skills, and/or "soft skills."

Related Policies and Other Resources

Law

- *Workforce Innovation and Opportunity Act of 2014*, 29 U.S.C. §§ 3101 et seq.

Regulatory Guidance

- *Code of Federal Regulations, 20 CFR § 680 Subpart F – Work-Based Training*

U.S. Department of Labor Guidance

- Training and Employment Guidance Letter (TEGL) 19-16, "Guidance on Services provided through the Adult and Dislocated Worker Program under the Workforce Innovation and Opportunity Act and Wagner Peyser, as amended by WIOA Title III, Under the WIOA Final Rule," dated March 1, 2017.

Maryland Department of Labor Guidance

- Policy Issuance 2021-02, "Maryland Business Works," dated February 8, 2021

Local Area Resources

- Anne Arundel County Local Workforce Development Board 2021 Local Plan