

TITLE: Incumbent Worker Training Policy #2.5.1-R1

Type: Program Policy

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Status: Final

Supersedes: PacMtn Policy # 2.5.1

Purpose

Incumbent Worker Training (IWT) provides both workers and employers with the opportunity to build and maintain a quality workforce and is governed by sections 20 CFR 680.780 through .820 of the Final Rule.

Incumbent worker training 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 lay off employees by assisting the workers in obtaining the skills necessary to retain employment and conducted with a commitment by the employer to retain or avert the layoff of the incumbent worker.

An ideal incumbent worker training would be one where a participant acquires new skills allowing him or her to move into a higher skilled and higher paid job within the company, thus allowing the company to hire a job seeker to backfill the incumbent worker's position. Incumbent Worker training must increase both a participant's and a company's competitiveness.

This following policy outlines the allowance for and criteria to determine which workers, or groups of workers, are eligible for incumbent worker training services and the cost sharing required for incumbent worker training projects. (WIOA Section 134(d)(4)).

Policy

PacMtn may allocate up to twenty (20) percent of its WIOA Adult and Dislocated Worker funds to provide the federal share of the cost for Incumbent Worker Training (IWT), in accordance with WIOA Section 134(d)(4) and 20 CFR 680.790. These funds must be used for IWT programmatic activities, as administrative activities must be covered under Board administrative funds. PacMtn follows the Incumbent Worker Eligibility Criteria outlined in WorkSource System Policy 1019-12 (Effective 7/9/2025), WIOA Title I-B Policy 5607 Revision 3, and TEGE 19-16. Employers must meet the cost-share requirements of IWT per 20 CFR 680.820, which requires an employer contribution of 10%, 25%, or 50% based on workforce size.

Employer Eligibility & Training Prioritization

PacMtn will adhere to Employer Eligibility Criteria as outlined in WIOA Title I-B Policy 5607-3. Additionally, PacMtn will:

1. Assess the potential for layoffs averted as a result of training.
2. Evaluate training utilization within a larger sector and career pathway strategy aligned with regional priority industry clusters.
3. Prioritize training funds based on regional workforce needs if funding is limited.

Funding and Compliance

IWT is only available if all eligibility criteria are met, and the employer can meet the required cost share. Supportive services are NOT available for IWT participants unless they are co-enrolled in WIOA Adult or Dislocated Worker programs, per TEGL 10-16, Change 3. Follow-up services do NOT apply to IWT participants unless they are co-enrolled in WIOA Adult/Dislocated Worker programs per WIOA Title I-B Policy 5620-1. Rapid Response funds may be used for layoff aversion, and WIOA Governor's discretionary funds may be used for IWT per WIOA Section 134(a)(3)(A)(i) if funding opportunities are available.

All IWT activities must be documented in participant files and the WorkSource MIS system to ensure compliance with WIOA Title I-B Policy 5602-5 and WorkSource System Policy 1020 (Rev2).

Policy Guidelines

Incumbent Worker Eligibility Criteria:

An incumbent worker must be:

1. Employed;
2. Meet the Fair Standards Act requirements for an employer-employee relationship <http://www.dol.gov/> and
3. Have an established employment history with the employer for six (6) months or more.

An incumbent worker does not have to meet the eligibility requirements for career and training services for adults and dislocated workers under WIOA, unless also enrolled as a participant in the WIOA adult or dislocated worker program.

If incumbent worker training is provided to a cohort of employees, not every employee in the cohort must have an established employment history with the employer for six months or more as long as a majority (51 percent or more) of the employees being trained meet the employment history requirement.

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

Employer Eligibility Criteria:

PacMtn must determine an employer's eligibility for participating in IWT based on the following factors which help to evaluate whether training would increase the competitiveness of the employees or both the employees and the employer:

1. The characteristics of the incumbent workers to be trained and how historically they represent individuals with barriers and how such individuals would benefit from retention or advancement. Consideration should be given to employers who propose to put forth extra effort to train individuals with barriers to employment as defined in WIOA Section 3(24). (See Attachment A);
2. Provide a quality of training which would, whenever possible, allow the participant to gain industry-recognized training experience and/or lead to industry-recognized credentials and/ or an increase in wages;
3. The number of participants the employer plans to train or retrain;
4. The wage and benefit levels of participants (before and after training);
5. The occupation(s) for which incumbent worker training is being provided must be in demand;
6. The employer is:
 - a. In an in-demand industry as determined by ESD labor market information; or
 - b. In an in-balance industry as determined by ESD labor market information; or
 - c. In a declining industry, but there are compelling reasons (e.g., evidence of long-term viability of the employer) justifying investment in incumbent worker training.
7. The employer must not have laid off workers within 120 days to relocate to Washington from another state;
8. The employer is currently in unemployment insurance and workers' compensation taxes, penalties, and/or interest or related payment plan.

PacMtn will also evaluate the potential number of layoffs averted as a result of this training and utilization as part of a larger sector and career pathway strategy that aligns with our identified industry clusters in the region to prioritize training funds if needed. PacMtn may also prioritize employers based on their overall efforts to develop a more competitive workforce within the region and those that show ongoing apprenticeship training models. Additionally, employers that show continued opportunities for incumbent workers to advance and increase wages within their company may be prioritized.

Each of the above factors leading to the approval of an incumbent worker training project with an employer must be documented and placed in the contract file.

Generally, IWT should be provided to private sector employers; however, there may be instances where non-profit and local government entities may be the recipients of IWT funds. For example, IWT may be used in the health care industry where hospitals are operated by non-profit or local government entities, and a nursing upskilling opportunity is available.

Employer Share of Training Costs:

Employers participating in incumbent worker training are required to pay the non-WIOA (non-federal) share of the cost of providing training to their incumbent workers. (WIOA Sections 134(d)(4)(C) and 134(d)(4)(D) and proposed 20 CFR 680.820).

The employer share is based on the size of the workforce (wages paid to the participant while in training can be included as part of that share and the share can be provided as cash or in-kind that is fairly evaluated) as follows:

- At least 10 percent of the cost for employers with 50 or fewer employees
- At least 25 percent of the cost for employers with 51 to 100 employees
- At least 50 percent of the cost for employers with more than 100 employees

Employer cost share contributions must be tracked and documented in the contract file. In addition, the methodologies for determining the value of in-kind contributions must be documented in the contract file and conform to cost sharing requirements at 2 CFR 200.306.

Incumbent Worker Training Data Entry:

Incumbent workers who are served through WIOA Title I (i.e., Adult Formula, Dislocated Worker Formula, National Dislocated Worker Grant, Governor’s 15% Discretionary, Statewide Rapid Response) grant funds must be affiliated with an employer, training start date, and fund source in order to satisfy requirements of the U.S. Department of Labor’s WIOA-affiliated Participant Individual Record Layout (PIRL).

Any discrepancies arising between PacMtn policy and or procedures with federal and state provisions due to current or future revisions will default to the current minimum federal and state regulations and guidance available. PacMtn policy and or procedures may set forth stricter requirements than provided by federal and state guidance, but in no case will PacMtn policy and or procedures not meet minimum federal and state policy.

Definitions

NA

References

Workforce Innovation and Opportunity Act of 2014
WIOA Final Rule; 20 CFR Parts 676,677, and 678; Federal Register, Vol. 81, No. 161, August 19, 2016
WIOA Final Rule; 20 CFR Parts 603, 651, 652, et al; Federal Register, Vol. 81, No. 161, August 19, 2016

WIOA Section 3(23)
WIOA Section 134(d)(4)

Training and Employment Guidance Letter (TEGL), 19-16 and 10-16, Change 3

WIOA Title I-B Policy 5602 – Supportive Services & NRPs
WIOA Title I-B Policy 5607 (Rev3) – Incumbent Worker Training
WIOA Title I-B Policy 5620 (Rev1) – Follow-Up Services
WorkSource System Policy 1019 (Rev12) – Eligibility Policy and Handbook
WorkSource System Policy 1020 (Rev2) - Data Integrity and Performance Policy and Handbook

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