

Incumbent Worker Training Eligibility and Guidance

Incumbent Worker Training (IWT) is designed to meet an employer's (including a group of employers) specific need to upskill and retain its current workforce or avert the need to lay off employees. By assisting eligible employers to identify training options and provide resources to train workers, the IWT should result in increased competitiveness of the employee and the employer. An ideal IWT would be one where a participant acquires new skills allowing him or her to move into a higher wage job within the company, thus allowing the company to hire a job seeker to backfill the IW's position.

To implement the WIOA's focus on employer-driven services based on industry demand and employer need, WDBs are permitted the use of up to 20% of the combined total of Adult and Dislocated Worker allocated formula program funds for employee trainings to meet a specific employer need. Individual employees are not subject to eligibility requirements for Adults under the WIOA; however, demographic information is required to be gathered and maintained in NCWorks.gov and is identified within this document.

Local Policy Requirements:

The WDB IWT policies must include the minimum IWT requirements outlined in this operational guidance. In addition to the criteria above, the WDB IWT policy must:

- provide the amount designated as available with WDB funds or indicate the percentage of formula funds to be used;
- specify the grant award schedule, or indicate if the schedule is open or ongoing;
- state the maximum funding allowed per grant;
- specify the maximum lifetime limit for businesses and how it will be determined, or disclose if there is no lifetime limit;
- provide a narrative of the WDB's focus or priorities for IWT (examples: certain industry sectors or size of business) and the impact on local/regional economies;
- provide the application and selection process to include the length of training and how each grant will be evaluated. Include the application and the pre-assessment award tool;
- provide the applicant criteria (e.g. qualifications, eligibility, optional funding resources to be used, and any restrictions);
- define the IWT criteria;
- define the Braided Funding process, if appropriate; and
- provide the Outcomes/Evaluation Process.

This should include how each grant will be evaluated and capture the outcome measures and the actual non-federal share of the business. Include a copy of any tools to be used for the evaluation process.

The WDB's IWT policy must be submitted to the DWS Planner for review prior to solicitation of local IWT grants.

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 (*see exception);
- 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.

*If training within a cohort, not every employee in the cohort is required to have an established employment history with the employer for six (6) months or more as long as more than 50% of those employees being trained meet the employment history requirement as stated in Training and Employment Guidance Letter (TEGL) 19-16.

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.

Employer Eligibility:

An eligible employer will:

- be current on all tax obligations;
- have an employer-employee relationship with at least (insert minimum number of employees based on a local board decision);
- have been in operation in North Carolina for 12 or more months; and
- be willing and able to meet the program's non-federal share requirements.

IWT is not permitted to be used to provide occupational training for new hires. IWT can be used by employers to either:

- help avert potential layoffs of employees, or
- provide training toward 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.

The WDBs are encouraged to seek IWT opportunities with employer industry and size proportionate to the make-up and priorities of the geographic service area.

Non-Federal Share Requirements

An employer or group of employers must pay for a portion of the cost of providing the training to the IWTs. This portion is defined as the non-federal share. 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% of the cost for employers with not more than 50 employees;
- not less than 25% of the cost for employers with more than 50 employees but not more than 100 employees; and
- not less than 50% of the cost for employers with more than 100 employees. [WIOA Section 134(d)(4)(D)].

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, employees' food, travel, or lodging.

How IWT Can Be Used for Apprenticeships:

The IWT funds can be used to upskill incumbent workers who are already employed and are enrolled in - or are candidates for - Registered Apprenticeship programs. This includes:

- Classroom instruction (Related Technical Instruction, or RTI);
- Customized training tied to progression within the apprenticeship; and
- Skills upgrades needed for new equipment, technology, or processes.

The IWT can help current employees gain the foundational skills they need to enter a Registered Apprenticeship, especially when:

- Workers lack specific competencies for RA entry; or
- Employers are expanding apprenticeship programs internally and need to prepare their workforce.

Funding Resources

The WDBs are encouraged to leverage all available resources, internal and external, to maximize the impact of WBL opportunities for employers and individuals.

- Formula funds – The WDBs may use up to 20% of the combined total of Adult and Dislocated Worker allocated formula program funds for employee trainings to meet a specific employer need.
- Braided Funding - Braided funding helps encourage collaboration with partner programs, such as apprenticeship, customized training, Career and Technical Education, Employment and Independence for People with Disabilities (EIPD), and others, can help streamline processes and offer multiple employee training options. Braided funding helps WBL programs stretch their funding to help more employers.
- Other funding grants/opportunities – Eligibility criteria and/or specific training needs may best align with criteria for other workforce grants. The WDBs are encouraged to explore all options to help stretch federal WIOA formula funds.

Reporting Requirements

- Federal requirements mandate that, at a minimum, the following data for each employee in training must be captured. The NCWorks Online system will be used for tracking enrollments of IWT participants; therefore, WDBs must contact DWS NCWorks Online staff prior to beginning local IWT, in order to establish a special system code. The information below must be entered in the NCWorks System:
 - Complete Name
 - Contact Information
 - Social Security Number
 - NC Driver's License or State ID
 - Gender
 - Date of Birth
 - Citizenship (Right-to-Work Status)
 - Selective Service Compliance (male gender)
 - Disability Status (if disclosed)
 - Ethnicity and Race
 - Highest School Grade Completed
 - Highest Education Level Completed

The WDBs may track performance outcomes deemed as relevant of IWT participants.

The Work-Based Learning Training Programs and Grants Commission Policy Statement (CPS) states “...strengthening data collection and tracking of employers participating in (WBL) opportunities will position North Carolina to better assess the impact in areas such as employer location, size, and industry”.

In order to strengthen employer related data associated with WBL activities, data entry in the Salesforce system for WIOA funded IWT WBL is strongly encouraged for PY 25 and will be required for PY 26.

Reimbursable/Non-Reimbursable Training Costs

The following is a listing of reimbursable and non-reimbursable training costs:

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
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. The terms of ‘reasonable proximity’ should be discussed with the WDB Business Services Representative (BSR) before application submission.
8. Process improvement or quality-related training to support the state’s Layoff Aversion initiatives

Non-Allowable Training Costs:

1. Employee-related costs such as wages, fringe benefits, etc.
2. Training-related costs incurred prior to the beginning date of the Agreement
3. Training that the business or an entity on the business’s behalf already provides to its employees
4. Training that a business 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 business 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 business employees

10. Purchase of employee assessment systems or systems usage licenses (example: site licenses)
11. Business website design and development, website hosting and maintenance, software or hardware upgrades, advice on computer selection for purchase and 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 conference