



WIA POLICY LETTER NO. 07-PL-33, Change 3

TO: Chief Elected Officials
Local Workforce Investment Board Chairpersons
Local Workforce Investment Board Staff
WIA Fiscal Agents and Grant Recipients
Program Services Administrators
Illinois workNet™ Operators
WIA State Agency Partners
Other Interested Persons

SUBJECT: Incumbent Worker Training (IWT)

DATE: October 28, 2010

I. SUBJECT INDEX

Special Projects

II. PURPOSE

This policy provides grant recipients with guidance on implementing incumbent worker training (IWT) using either formula funds or awarded statewide discretionary funds.

Changes to WIA Policy Letter 07-PL-33, Change 2 are being made as a result of new guidance by USDOL-ETA and a new definition for layoff aversion. Requirements to identify at least one of seven "at-risk" indicators as part of a project plan are being implemented through this policy. Changes to the Incumbent Worker Tracking System (IWTS) of Illinois workNet™ have been made to accommodate these changes. Requirements for including the "at-risk" indicators in the project plan apply to all formula grant IWT projects initiated on or after June 14, 2010.

III. ISSUANCES AFFECTED

A. References:

Workforce Investment Act of 1998, 117 (e), 118 (c), and Section 134
(a)(3)(iv)(I)

Workforce Investment Act Final Rule; Section 661.345, 665.220, and 667.268
29 CFR 97.24
USDOL-ETA Training and Employment Guidance Letter (TEGL) 30-09, Layoff
Aversion Definition and Appropriate Use of Workforce Investment Act
Funds for Incumbent Worker Training for Layoff Aversion Using a Waiver
(June 8, 2010)
PY'00 WIA Policy Letter No. 00-14, Pre-Award Survey for Relocating
Establishments (December 28, 2000)
WIA Policy Letter No. 07-PL-33, Change 1 Incumbent Worker Training
Waiver (May 13, 2009)
WIA Policy Letter No. 07-PL-40 Training Expenditure Requirement
(November 14, 2007)
WIA Policy Letter No. 07-PL-41, Change 1, Local Plan Modifications
(October 29, 2008)
WIA Policy Letter No. 10-PL-58, Reporting of Accrued Expenditures,
Obligations and Reallocation (July 1, 2010)
U.S. Dept. of Labor Waiver Approval Letter (November 16, 2009)

B. Rescissions:

WIA Policy Letter No. 07-PL-33, Change 2, Incumbent Worker Training (May
26, 2010)

IV. DEFINITIONS

Employed Worker	An individual who is employed and is determined to be in need of intensive service to obtain or retain employment.
Grant Recipient	<p>A grant recipient (or grantee) for Incumbent Worker Training programs may include:</p> <ul style="list-style-type: none">a) Formula grant projects funded with local ten percent (10%) transfer authority:<ul style="list-style-type: none">1) Established grantee of WIA formula funds.b) Statewide discretionary grant projects funded with fifteen percent (15%) state discretionary funds:<ul style="list-style-type: none">1) Training providers;2) Employers whose incumbent workers are receiving the training; or3) Other organizations qualified to receive Department of Commerce and Economic Opportunity (DCEO) WIA incumbent worker grants.

Incumbent Worker	<ul style="list-style-type: none">a) An individual (or group of individuals) with an employment relationship with a participating employer or group of participating employers in a targeted industry (as cited in the local plan); andb) An individual who is receiving upgraded skills training:<ul style="list-style-type: none">1) to increase his or her skills in an occupation in which the individual is already an incumbent; or2) to prepare the worker for entry into a new occupation within the targeted workforce (i.e., the workforce of the participating employer or group of employers).
Layoff Aversion	<p>ETA considers a layoff averted when:</p> <ul style="list-style-type: none">a) A worker's job is saved with an existing employer that is at risk of downsizing or closing; orb) A worker at risk of dislocation transitions to a different job with the same employer or a new job with a different employer and experiences no or minimal unemployment.
Participating Employer	<p>The primary customers for incumbent worker training services are the participating employers or group of employers, as cited in "a" above and may be locally defined. Such employers must be actively participating in a WIA funded incumbent worker training program. And, such employers must be industry focused. For example, a group of employers may be associated due to supply relationships, such as an original equipment manufacturer (OEM) and the firms in the OEM's supply chain. Or, a group of employers may be associated through an industry-related organization.</p>

V. BACKGROUND

A priority in Illinois is to build a highly skilled and globally competitive workforce throughout the state. Toward this end, the Department of Commerce and Economic Opportunity continues to link economic development and workforce programs through various initiatives and strategies.

As part of the 2009-2011 Strategic State Plan for Title I of the Workforce Investment Act of 1998 and the Wagner-Peyser Act, DCEO renewed the incumbent worker waiver from USDOL to align workforce and economic

development programs. The waiver authority allows LWIAs to transfer up to ten percent (10%) of their Dislocated Worker formula allocation to support incumbent worker training programs as part of a layoff aversion strategy.

Illinois' continued approach to layoff aversion is to make every effort to keep our employers competitive in their regional and global economies. To meet this and ETA's new definition for layoff aversion, seven "at-risk" indicators have been identified. Formula grantees should identify at least one of these indicators as part of their project plans and provide information to support the selection.

Local Workforce Investment Boards are encouraged to actively recruit private sector partners and market Incumbent Worker Training (IWT) as a key resource to keep employers, and the jobs they provide, viable. Layoff aversion may begin as soon as an employer becomes aware of new threats and opportunities that impact its profitability or provide opportunities for growth.

As described in the State's waiver request to DOL, this authority will:

- allow LWIBs to develop a full continuum of training services that address the needs of the existing workforce, the unemployed, underemployed, and new entrants to the labor force;
- attract greater participation in the system by local businesses, encouraging the creation of strong public-private partnerships;
- help LWIBs increase the market penetration of their local employer base; and
- reach new customers for the Illinois workNet™ System.

Although the waiver further allows the State and local areas to use up to ten percent (10%) of their Adult funds to support incumbent worker training programs only if serving the low-income adult population, the State has determined that local areas may not use Adult funds to support IWT programs at this time.

The waiver requires that all incumbent workers of IWT projects must be reported in the Workforce Investment Act Standardized Record Data (WIASRD) file. The reporting mechanism will be through the Incumbent Worker Tracking System (IWTS) of Illinois workNet. The goal of using Illinois workNet is to provide a user-friendly and value-added format for grantees, employers, and DCEO in tracking and reporting all IWT programs.

In addition to the ability to utilize Formula funds to support Incumbent Worker Training through the waiver, the State has set aside a portion of its fifteen percent (15%) statewide discretionary funds to be used for IWT projects as allowed per WIA Section 134(3)(A)(iv). Incumbent worker projects funded with statewide discretionary funds do not have to meet the layoff aversion requirement.

The provisions of this policy apply to all Incumbent Worker Training initiated (signed agreement) on or after November 16, 2009. However, the information

required for identifying the "at-risk" indicators is only required for projects initiated on or after June 14, 2010. For all projects initiated prior to November 16, 2009, the requirements of WIA Policy Letter No. 07-PL-33, Change 1 (May 13, 2009) will apply.

VI. POLICY

This policy provides general guidance for all IWT projects, as well as specific guidance for the Formula fund grants (refer to Attachment A) for Local Workforce Investment Areas when utilizing their ten percent (10%) authority and Discretionary fund grants (refer to Attachment B) for grantees of the Statewide fifteen percent (15%) funds.

A. General Requirements

The following requirements apply to ALL incumbent worker training programs whether funded through the Discretionary grants or through the Formula grants.

1. Incumbent workers must meet the definition above, (see Part IV, Definitions) and be:
 - a. Employed in targeted sectors and occupations (or working for an employer being provided incumbent worker training as part of an economic development incentive package regardless of industry);
 - b. Employed by a participating company or organization, as cited in a project plan; and
 - c. Scheduled to receive training related to a targeted occupation, also as cited in a project plan.
2. Information on the participating employer(s) and incumbent workers will be collected and reported to DCEO as outlined in the reporting section of this policy guidance.
3. The prohibition against using WIA Title I funds to encourage business relocation, as described in the WIA Rule at 667.268 applies to incumbent worker training funds.
 - a. If the relocation resulted in any employee losing his or her job at the original location, the 120-day rule set forth in PY'00 WIA Policy Letter No. 00-14 and subsequent changes must be observed.

- b. In such cases, incumbent worker training services may not be provided until the company has operated at the new location for 120 days.

B. Incumbent Worker Training Program Application Process

All Incumbent Worker Training Program applications (and subsequent activity documentation, including required reporting elements) initiated from November 16, 2009 forward must be entered and submitted in the Incumbent Worker Tracking System of Illinois workNet.

- a. The system will allow access using roles and role definitions.
 - 1) All users with access to initiate, enter, view, or report information about incumbent worker training events will be required to have an Illinois workNet account.
 - 2) Instructions on registering for an Illinois workNet account are available on the website.
 - 3) User roles define access based on their affiliation with the incumbent worker training projects and include DCEO staff, grant recipients, employers, and participating incumbent workers.
- b. Grant recipients are responsible for the submission of all Training Program Project Plans and other required reporting elements.
 - 1) Responsibility for data input into IWTS may be shared with the employer and/or participating incumbent workers.
 - a) Sharing of data input will allow maintenance of confidentiality of incumbent worker information. (Social security numbers are required to be entered to verify the employer/incumbent worker relationship, but the number will be encrypted and will not be visible on any reports.)
 - b) The grant recipient is responsible for accuracy of all data input by the employer/incumbent workers.
- c. A process has been developed and outlined to describe the user's key interactions with IWTS.
 - 1) All users must interact with the system and the order of events as depicted in the process workflow.
 - 2) The process workflow is available on IWTS.
 - 3) The process workflow consists of the following steps:
 - a) Identification of the grant recipients for the IWT project, including contact information and reporting elements;
 - b) Submission of IWT project plans to DCEO to initiate the training activities (further requirements of Project Plans are found in Attachments A and B.

- i) The Plan must include layoff aversion "at-risk" indicators (as outlined in Attachment C);
 - (a) For Formula funded IWT, the project plan descriptions should include information on each of the "at-risk" indicators that apply to the layoff aversion strategy. (See Attachment A for information required to be entered into IWTS.) The information should include (but is not limited to):
 - (1) Company specific information outlining facts and figures that support the "at-risk" indicators checked, a detailed description of the warning signs that have led to the decision or conclusion that plant layoffs or closures are imminent without assistance, the anticipated timeframe of the plant layoffs or closure, and additional information to support the need for assistance.
 - (2) Industry specific information outlining the current and historical market share of the company and the industry that support the need for assistance.
 - (3) Physical documentation of the information submitted in the project plans do not need to be provided to DCEO in order to be considered, but the information should be reviewed for accuracy, maintained, and made available by the local area staff.
 - (b) Requirements for including "at-risk" indicators in the project plan apply to all formula funded IWT projects initiated on or after June 14, 2010.
 - c) Identification of the employers participating in the IWT project;
 - d) Identification of each worksite where IWT projects will be conducted;
 - e) Identification of the training provider and specific training activities for the project;
 - f) Identification of the incumbent workers participating in the training;
 - g) Documentation of training outcomes for each incumbent worker;
 - h) Submission of Quarterly and Final reports documenting progress and completion information (further requirements of Quarterly and Final reporting is found in VI.D. below).
 - i) All information in a)-g) above must be entered and submitted within ten (10) days of the end of each month.
- d. Alternate application and data reporting procedures:
- 1) In those instances where direct entry and submission of the required information into IWTS is not possible (such as those projects initiated between November 16, 2009 and the system

- 2) launch or technical difficulties with entry into the system), the information should be gathered on the Incumbent Worker Training forms attached to WIA Policy Letter No. 07-PL-33, Change 1 for entry at a later date when the system is available.
- 3) Instructions for the completion of the IWT forms are provided in the Microsoft Excel file which contains all of the forms including:
 - a) Project Plans should be documented on DCEO/IWT Form # 001 Incumbent Worker Training Program Project Plan which provides DCEO with grantee information, project details, training program and provider details, business information and occupation information such as green initiatives and codes for sector/industry, occupation, and training programs.
 - i) For Formula funded IWT, the project plan descriptions should include information on each of the "at-risk" indicators that apply to the layoff aversion strategy. (See Attachment A for information required to be entered into IWTS.)
 - ii) Requirements for including "at-risk" indicators in the project plan apply to all IWT projects initiated on or after June 14, 2010.
 - b) Quarterly Reports should be documented and submitted on DCEO/IWT Form # 002 Incumbent Worker Training Program Quarterly Report which documents project progress including outcomes achieved, barriers, training completion status, and other related reporting information.
 - c) Participant information for each incumbent worker should be documented on DCEO/IWT Form # 003 Participant Detail Form to gather personal data about the worker including gender, ethnicity, and veterans' status.
- 4) All information should be entered and submitted into IWTS:
 - a) Within thirty (30) days once the system is launched; or
 - b) Within ten (10) days of the system being operational following a system upgrade or failure.

C. Matching and Allowable Costs

1. Matching Requirements

- a. Employers participating in the program are required to provide matching support (in-kind or direct financial support) for the costs of providing the training to incumbent workers.
- b. Grantees should not add the employer match to the cost of training when entering project plans.
- c. All matching contributions must clearly relate to incumbent worker training.

- 1) Costs must meet the requirements described in 29 CFR 97.24, Matching and Cost Sharing.
 - 2) Employers must provide a minimum of ten percent (10%) in matching contributions.
 - 3) There is no maximum limit to the amount of matching contributions an employer must provide.
 - 4) All matching contribution levels for each employer will be on a prorated scale based on the ratio of the overall project costs and may be negotiable.
 - a) Discretionary grants must meet matching requirements as stated in the Request for Proposal (RFP) or application.
 - b) Formula grants must meet matching requirements as outlined in the local policy submitted in the local plan.
- d. The match paid by an employer or group of employers may include the amount of the wages paid by the employer(s) to an incumbent worker while the incumbent worker is attending a training program and may include other in-kind contributions.

2. Allowable Costs

Costs that are reasonable and necessary for the conduct of the training are allowable.

- a. Listed below are costs that may be reimbursed through the grant or used as the matching contribution.
- 1) Training development;
 - 2) Instructor wages;
 - 3) Tuition;
 - 4) Training materials and supplies;
 - 5) Fees required to complete training;
 - 6) Travel for trainers and trainees beyond normal commute;
 - 7) Training facility costs (off-site);
 - 8) Training facility costs (on-site);
 - 9) Cost for use of firm's equipment during training;
 - 10) Wages of trainees while in training (matching costs only);
 - 11) Fringe benefits of trainees while in training (matching costs only);
or
 - 12) Fees for technical or professional certifications and/or licensures.
- b. Trainee wages and fringe benefits while in training may be used to meet the employer's match requirement, but are not reimbursable costs to the WIA grant.
- 1) Also, although not prohibited, costs associated with supportive services are discouraged.

- 2) Generally, since incumbent workers are employed, the need for supportive services underwritten with WIA funds is expected to be minimal.

D. Programmatic Reporting

1. Reporting on incumbent worker training programs will occur quarterly for each project identified in the approved grant or plan submitted pursuant to the requirements of this letter.
2. The quarterly reporting periods will be January through March, April through June, July through September, and October through December.
3. Quarterly reports are to be completed and submitted to DCEO within 30 days from the end of each quarter.
4. Reporting methodology
 - a. Effective with this policy, all IWT projects submitted on or after November 16, 2009 must submit reporting information electronically using the Illinois workNet system.
 - b. All IWT projects submitted prior to November 16, 2009 should continue to comply with reporting requirements of WIA Policy Letter No. 07-PL-33, Change 1.

E. Performance Requirements

1. Incumbent workers are not required to be determined WIA eligible, thus they are not considered WIA participants.
2. However, they will be reported in the Federal Workforce Investment Act Standardized Record Data file.
 - a. As a result, they will not count towards local performance standards.
 - b. They will, however, count towards the State performance measures.

VII. **ACTION REQUIRED**

All grantees of Incumbent Worker Training must ensure that appropriate staff are apprised of and comply with the requirements in this policy letter, as well as the requirements of reporting in the Incumbent Worker Training System of Illinois workNet.

VIII. INQUIRIES

Inquires regarding Formula grant projects funded through the ten percent (10%) local transfer authority should be directed to Michael Baker, (217) 558-6423 or michael.baker@illinois.gov.

Inquiries regarding the Discretionary grant projects funded through the Statewide funds should be directed to Jill Meseke, (217) 558-2425 or jill.meseke@illinois.gov.

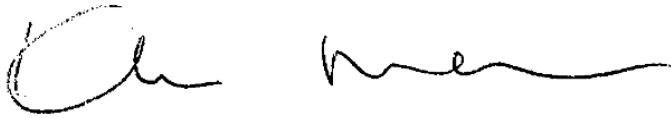
IX. EFFECTIVE DATE

This policy is effective on release.

X. EXPIRATION DATE

This policy will remain in effect until amended or rescinded by the Office of Employment & Training.

Sincerely,

A handwritten signature in black ink, appearing to read 'Therese McMahon', with a stylized, cursive script.

Therese McMahon, Deputy Director
Office of Employment & Training

TM:mb

Attachment(s): A - Incumbent Worker Training Requirements Formula Fund Grants
B - Incumbent Worker Training Requirements Discretionary Fund Grants
C - Incumbent Worker Training Requirements - Layoff Aversion "At-Risk" Indicators