

Incumbent Worker Training Requirements

Formula Fund Grants

The following requirements apply to any formula fund grantee wishing to utilize the local area's Incumbent Worker Training (IWT) spending authority under the Workforce Innovation and Opportunity Act (WIOA). These requirements are in addition to the requirements found in the policy.

A. General Requirements

1. Local Workforce Innovation Boards (LWIBs) must adopt a local policy that sets parameters on how IWT will be implemented in their areas. In updating or developing IWT policies, the LWIB is encouraged to consider:
 - a. The criteria for identifying eligible employers, targeted industries, and occupations;
 - b. A funding limit per year by employer;
 - c. Creating sufficient flexibility to respond quickly when businesses need to upskill workers;
 - d. Avoiding restrictive policies that create unnecessary barriers to meeting appropriate regional worker training objectives; and
 - e. Establishing local policy waiver criteria for instances where an incumbent worker project would be beneficial to an employer and the regional economy that does not meet the requirements of the policy.
2. LWIBs may consider linking formula funded IWT projects to registered apprenticeship programs.
3. Employers must provide social security numbers and date of birth for employees trained with IWT funds. This information is encrypted and used by secure systems to measure job retention and wage changes as required by federal reporting requirements.
4. IWT projects will be monitored to verify that local and state policies are followed and documentation supports reported outcomes.

B. Formula Grantee On-Going Planning

An LWIB may designate a portion of its Adult and Dislocated Worker allocation to support incumbent worker training programs.

1. Under WIOA, LWIBs may dedicate up to 20% of local combined Adult and Dislocated Worker program funds for IWT.
2. The maximum amount that may be designated is based on the annual allocation, not total availability (i.e., total availability includes funds carried in from prior years).

- a. In the event of rescissions or other adjustments to the local allocation, local areas must not exceed the statutory limit of the adjusted allocation; and
- b. Local areas must adjust their incumbent worker designated amount accordingly.

C. IWT Project Plans

1. Formula funded IWT project plans must:

- a. Identify the skills employees will obtain as a result of the training and how those skills will make both the employees and the employer more competitive; and
- b. Be developed as a planning tool to implement incumbent worker training activities, as well as serve as the communication tool to inform Illinois Department of Commerce and Economic Opportunity (DCEO) Office of Employment and Training (OET) about the strategies being implemented locally for incumbent worker training programs.

2. IWT Project Plan Process

- a. Individual IWT project plans under a formula grant must be submitted in the Incumbent Worker Tracking System (IWTS) of the Illinois workNet portal to be reviewed by OET staff to ensure that they meet the requirements outlined in the Incumbent Worker Training policy.
- b. Formula funded IWT projects do not require DCEO pre-approval to start the projects.
 - 1) All projects must be entered into IWTS prior to signing the required Employer Agreement.
 - 2) Only project activity occurring on and after the date of execution of the Employer Agreement may be reimbursed or count toward the required employer match.
 - 3) Any areas of concern resulting from such reviews will be communicated to the grantee.

3. IWT Project Plan Considerations

IWT projects must improve the competitive position of both the employer and the workers trained. Grantees must consider the following information when developing an incumbent worker project plan:

- a. Benefits to Targeted Sectors
 - 1) The participating employer (or the group of employers) to benefit from the training should be from one of the local area's targeted sectors for the incumbent worker training program or the employer may be from any sector if the proposal is part of an incentive package designed to encourage the

- employer to create or retain jobs in the area.
 - 2) For formula grantees, the targeted sectors must be identified in the LWIB's WIOA Regional or Local plan or the WIOA Unified State Plan.
 - 3) IWT projects for employers in non-targeted sectors may be approved by DCEO on a case-by-case basis.
- b. Quality of the Training: The training proposal must be adequately specified and job specific.
- c. Benefits to Workers: The training should also result in benefits to the workers such as: enhanced employability, job upgrades, increased wages, and/or increased job security.
 - 1) In describing the benefits to the worker, consideration must be given to ensure there is a verifiable skill attainment component.
- d. Appropriateness of Costs: The proposed costs must be judged reasonable in relation to the type of training and the number of workers to be trained.
 - 1) All proposed costs must meet State and Federal WIOA cost-related requirements and limitations.
 - 2) All training must be competitively procured in accordance with local procurement policies and 2 CFR 200.317 – 200.326, as applicable.
- e. Matching Costs: Requirements for employer cost participation must be met as outlined in the IWT Matching and Allowable Costs section of the policy and in the local policy submitted in the local plan.

D. Financial Reporting

- 1. Obligation and expenditure reporting for formula funded projects will be completed in the Departments Accounting System using the guidelines and instructions described in the Reporting of Accrued Expenditures, Obligations and Reallocation section of the policy manual.
 - a. Per the Reporting of Accrued Expenditures, Obligations and Reallocation section of the policy manual, all information must be reported by the 20th day of the following month.
- 2. A line within the adult and dislocated worker funding streams was created to capture the funds budgeted and expended for incumbent workers. If the expenditures associated with the incumbent work program are less than the applicable budget, the unexpended balance may offset over expenditures within the funding stream (to the extent that incumbent worker funds are available) without a plan modification.
- 3. Additionally, grantees must report on a timely basis their accrued expenditures throughout the year and have until the 20th day of the following month to report the prior month's accrued expenditures. Screens 351 and 352 in the Department's Accounting System may be updated on a monthly basis. However, this requires

reconciling the obligations reported on a monthly basis, or once during the month of July for the prior program year.

4. For the Formula grant projects, all allowable costs outlined in IWT Matching and Allowable Costs section of the policy may be applied to the training expenditure requirement per the Training Expenditure Requirement section of the policy manual.