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## I. APPLICABILITY/SCOPE

This policy applies to Incumbent Worker Training (IWT) program and services delivered through the Workforce Innovation and Opportunity Act (WIOA) ~~Title IB~~ grant by Phoenix Business and Workforce Development Board (Board) staff and contracted providers of ARIZONA@WORK City of Phoenix.

## II. PURPOSE

The Incumbent Worker Training (IWT) offers a subsidy that ~~business-customer~~employers can use to build and maintain a skilled workforce. Incumbent Worker Training can be used to:


1. Avoid job loss of employees ~~and provide a wage increase~~; or
2. Increase the skill levels ~~and wages of current~~ employees so they can be promoted within the company and create backfill opportunities for new or less-skilled employees.

## III. BACKGROUND

A. Incumbent Worker Training (IWT) is designed to help business customers in the local workforce area obtain the skills necessary to retain employment, be promoted, or ~~and~~ prevent job loss. The training activities are carried out by the ~~Phoenix Business and Workforce Development Board (Board)~~ in conjunction with or a group of ~~business-customer~~employers, (which may include business customers in partnership with other entities for delivering such training,) to assist such workers in obtaining the skills necessary to retain employment or prevent job loss.

Section 134(d)(4) of the ~~Workforce Innovation Opportunity Act (WIOA)~~, states ~~Incumbent Worker Training (IWT)~~ must increase the competitiveness of the employee and/or ~~business-customer~~employer. The Board may approve up to 20 percent of the Adult and Dislocated Worker funds to provide for the federal share of cost of providing ~~Incumbent Worker Training~~IWT. When determining an ~~business-customer~~employer's eligibility for participating in an ~~Incumbent Working Training~~IWT, the following factors will be considered:

1. The characteristics of the participants in the program (e.g. individuals with barriers to employment);
2. The relationship to the occupational competitiveness of the business customer and the employees; and
3. Other factors the Board may use to determine an ~~business-customer~~employer's eligibility may include:
  - a. ~~Business must be located in the City of Phoenix~~
  - b.a. Number of employees participating;
  - c.b. Wage and benefit levels (pre-and post-training); ~~employee average wage must be below current 450% self-sufficiency Lower Living Standard Income Level (LLSIL)~~
  - d.c. The availability of other ~~business-customer~~employer--provided training and advancement opportunities;
  - e.d. ~~Job loss~~Layoffs avoided as a result of the training;
  - f.e. Utilization as part of a larger sector, and/or career pathway strategy;
  - g.f. ~~Business-customer~~Employer size
  - h. ~~Successful performance on a previous Work-Based Learning contract with the City of Phoenix~~
  - i.g. The type of training being requested; credential, non-credential, professional development; ~~in-demand industries~~
  - j.h. Credentials and skills gained as a result of the training;
  - k. Requested training must be in one of the ~~City of Phoenix~~Boards's targeted industry sectors identified in the Local Workforce Area Plan. ~~The targeted industry sectors are Advanced Business Services, Construction, Healthcare, Manufacturing and Information Technology.~~

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#### IV. DEFINITIONS

Business Services Team – Staff working on behalf of the Board to provide business services to employers within Phoenix.

Incumbent Worker - A full-time employee who is currently employed by a company for at least six (6) months.

Industry Recognized Apprenticeship Program – High quality, apprenticeship programs that provide individuals with workplace-relevant knowledge and skills, resulting in industry credentials.

Registered Apprenticeship Program - A structured, industry-approved career pathway combining paid on-the-job training with related training instruction, leading to a nationally recognized credential.

Related Technical Instruction – A component of apprenticeship programs that provides theoretical knowledge and technical skills to complement the on-the-job training.

Job Loss Prevention – Workforce strategies and measures taken by organizations to prevent or minimize the duration of unemployment due to layoffs during difficult economic times or when facing financial challenges. The strategies include reduction in hours and role, temporary shutdowns, reassigning employees, offering voluntary leave, and job sharing.

Reportable Individual – is an individual who has taken action that demonstrates an intent to use program services and who meets specific reporting criteria for the program described below in Section V.A.2, items 1-3. Reportable individuals are not participants and are not part of performance measures but must have an Arizona Job Connections (AJC) record.


#### V. POLICY

This policy is to establish the criteria for the use and provision of service for the Incumbent Worker Training (IWT) program.

##### A. Employee Eligibility Criteria:

1. Live in the State of Arizona; ~~Maricopa County;~~
- ~~2. Be employed~~
- ~~3.2.~~ Meet the Fair Labor Standards Act for an employer-employee relationship; and
- ~~4.3.~~ Be employed by the business customer with an established work history of at least six (6) months.
  - a. The Business Services Team will be responsible for verifying the minimum six (6) month requirement of work history for employees. Employer will be responsible for providing employee start date to the Business Services Team.
- ~~5.4.~~ When an IWT cohort is being provided not every employee in the cohort must have the established employment history with the business customer ~~as long as a majority of 51% of~~ those employees being trained meet the six month employment history requirement.
- ~~6.5.~~ Employees who are considered underemployed (an individual who is working part-time but desires full-time employment or is working in employment not commensurate with the individual's demonstrated level of education and/or skill achievement) may also participate in an IWT.
- ~~7.6.~~ If the employee is enrolled in a WIOA Adult and Dislocated Worker Program, eligibility requirements will need to be met as a result of receiving other services and will be considered a participant.

##### B. Business Customer Eligibility Criteria Employer Application and Requirements:

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All ~~business customer~~ eligible employers must be located and conduct business within ~~the City of Phoenix~~ Maricopa County. ~~Incumbent Worker Training (IWT)~~ contracts will not be provided to any ~~business employer~~ that has relocated within the previous 120 days of its application if the relocation has resulted in any employee losing his or her job at the original location.

Each ~~business customer~~ employer agrees to:

1. Complete an application with a Section III report. When funding is limited, it will be required that the application meets the Incumbent Worker Training Assessment Rubric (Attachment A).

~~1-2.~~ Upon successful application, the employer must ~~and~~ enter into a contract with the City of Phoenix and provide;

- a. [SAM.gov registration](#)
- b. [Arizona Corporate Commission registration](#)
- c. [eVerify Status Verification](#)
- d. Valid Certificates of Insurance (COI)
- e. [City of Phoenix Procure Phoenix website registration](#)

~~2.~~ Demonstrate how the training will provide skills necessary to retain or prevent job loss;

3. Adhere to applicable WIOA Title 1B administrative requirements as well as the nondiscrimination and equal opportunity provisions of the laws;
4. Provide a Training Development Plan that identifies the training needs and competencies that will be achieved for employees selected to receive the training (provided in application package);
5. Provide copies of a Certificate of Completion for employees who successfully complete the training program. Certificates of Completion must contain detailed information about the employee such as name of the person receiving certificate, name of institution issuing certificate, class/course official date of completion;
6. Provide proof employee remains employed upon successful completion of training;
7. Be available for program monitoring on a scheduled basis; and
8. Submit quarterly post-training reports, including information on the retention and/or promotions of trainees and the outcomes of training made on the business, for one year after the completion of the training.


### C. Training Criteria

1. Incumbent Worker Training ~~(IWT)~~ must not:

- a. Displace any currently employed workers (including a partial displacement such as a reduction in non-overtime work, wage, or employment benefits);
- b. Impair an existing contract for services or a collective bargaining agreement;
- c. Procure, contract for, or incur costs to be paid from WIOA Title IB program funds prior to the start date, as determined by the date when all parties sign the contract;
- d. Include proprietary training specific to a company, unless skills are determined to be transferable to other businesses or industries;
- e. Be used to directly or indirectly assist, promote, or deter union organizing; and
- ~~f. Be used if the organization has internal training programs and/or employee reimbursement programs that are provided to the employees for the requested training.~~

2. Application process will identify job loss prevention and potential wage increase requirements along with training criteria that creates benefit to the employees participating in the training:

- a. Job loss prevention;
- b. Attainment of self-sufficiency as measured by the Lower Living Standard Income Level (LLSIL);

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- c. Employee career pathways/opportunities via obtaining a promotion upon successful completion of training;
- ~~d. Increased wage upon successful completion of training;~~
- ~~e.d. Increased skill level of employees for promotional opportunities and create backfill opportunities for new or less-skilled employees;~~
- ~~f.e. Number of employees participating in the training;~~
- ~~g.f. Relationship to the competitiveness of the business customer and employees; or~~
- ~~h. If an essential skills training is requested that addresses abilities, traits and behavior rather than formal technical knowledge training the business customer should demonstrate in the application how the training results in an increase in competitiveness of the employee.~~

#### D. Apprenticeships:

IWT funds may be used to support apprenticeships and the related technical instruction (RTI) component of a Registered Apprenticeship Program (RAP) or an Industry-Recognized Apprenticeship Program (IRAP) for incumbent workers. When IWT funds are used for apprenticeships, the apprenticeship policy takes precedence over the standard IWT outcome requirements.

#### To be eligible:

- a. The employee must be currently employed and require upskilling to remain competitive, retain employment, or avert layoff;
- b. The apprenticeship must align with local sector strategies or demonstrate clear layoff-aversion or retention benefits;
- c. IWT funds may cover tuition, books, and other RTI-related program costs, excluding electronics, food, travel;
- d. IWT funds cannot cover wages during on-the-job learning or costs already subsidized by another funding source.

#### Documentation required:


- a. Copy of Registered Apprenticeship Standards or IRAP recognition;
- b. Training outline and cost breakdown for RTI; and
- c. Employer commitment to retain the employee upon completion of training.

#### D.E. Training Funds

1. The Board may reserve up to 20 percent of the total Adult and Dislocated Worker funds for IWTs.
  - a. The contract maximum per company is up to \$50,000 per fiscal year and up to ~~\$4,000~~5,000 per employee with an option for the Board to approve additional funds based on the organization's extraordinary ability to impact employees. Additional funding determinations are based on the training criteria listed in section V.B. Business Eligibility Criteria section.
2. The Incumbent Worker Training Assessment Rubric, as well as the application form, will be used as sources for the Board to establish relevancy for extension of funds beyond the \$50,000 maximum contract amount.
3. A second contract ~~will~~ may not be executed until the first contract is successfully completed demonstrating having met all of the performance measures and goals.

#### E.F. Business CustomerEmployer Match

Business CustomersEmployers participating in an ~~Incumbent Worker Training (IWT)~~ must pay a significant portion of the non-federal share cost of the training for those participants providing training to their employees per WIOA Section 134(d)(4)(D)(ii). These payments can be made through both cash and/or in-kind. In-kind funds are defined as contributions may include hourly wages paid to employees while in training. Rules for cost sharing or matching

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funds are provided in the Uniform Guidance and Department of Labor (DOL) exceptions at 2 CFR 200.306(b) and 2 CFR 2900.8.

1. The non-federal share depends on the size of the business customer and must not be less than:
  - a. Ten (10) percent of the cost for employers with not more than fifty (50) employees;
  - b. Twenty-five (25) percent of the cost for business customers with more than fifty (50) employees, but not more than one hundred (100) employees; and
  - c. Fifty percent (50) of the cost for business customers with more than one hundred (100) employees.

#### F.G. Performance Reports


Performance data will be collected quarterly throughout the duration of the contract to ensure business customers are fulfilling their commitment to retain employees after completing the IWT program. Tracking will include variables defined in the application form including:

1. Job loss prevention;
- ~~2.~~ ~~Increased wage pending successful completion of training program;~~
- ~~3.~~ 2. Confirmation of credential attainment;
  - a. Within 30 days of completion of training, provide copies of certifications of training completions for each trainee/employee; and
  - b. Within 60 days of completion of training, provide work related outcomes (Example: promotions, retention, salary increase ~~to include median earnings~~, etc.) of employees that participated in training.
3. Employment rate in the 2<sup>nd</sup> and 4<sup>th</sup> Quarters after completion of training program.

#### H. Industry Skills Grant (ISG)

The Industry Skills Grant (ISG) is a federally funded, employer-driven training initiative administered through the Arizona Department of Economic Security (DES) and implemented locally by the City of Phoenix Community and Economic Development Department on behalf of the Phoenix Business and Workforce Development Board (Board). This grant is specifically designed to support advanced manufacturing employers in strengthening and upskilling their existing workforce.

1. Purpose: The Industry Skills Grant supports employer-led training designed to:
  - a. Address critical workforce skill gaps within the advanced manufacturing sector;
  - b. Strengthen industry talent pipelines;
  - c. Increase the skill levels and competitiveness of incumbent workers; and
  - d. Support retention of employees through targeted upskilling strategies.
2. Funding Structure
  - a. Employers may receive reimbursement of up to eighty percent (80%) of approved training costs, not to exceed four thousand dollars (\$4,000) per participant.
  - b. Employers must provide a minimum twenty percent (20%) contribution, which may include:
    - Cash contributions; and/or
    - In-kind contributions such as employee wages during training, equipment, facility use, or staff time;
  - c. Reimbursement will be issued on a performance-based structure as follows:
    - Fifty percent (50%) of the approved training cost (up to \$2,500 maximum) will be reimbursed upon successful completion of training by the employee, with the employer required to provide a training certificate of completion.
    - The remaining thirty percent (30%) will be reimbursed after the employee retains employment with the employer for a minimum of six (6) months following completion of training, with the employer

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required to provide proof of employment from the date of training completion.

- d. Employers are responsible for covering upfront training costs prior to reimbursement;
- e. The maximum amount an employer may receive is four thousand dollars (\$4,000) per participant, and no employer may receive more than seven hundred fifty thousand dollars (\$750,000) in total training reimbursements.
- f. ISG funding requirements differ from standard Incumbent Worker Training (IWT) cost-sharing requirements and must follow grant-specific guidance.

3. Employee Eligibility: Employees participating in ISG-funded training must:

- a. Be currently employed by the participating employer;
- b. Have a minimum of six (6) months tenure with the employer; and
- c. Participate in training that results in measurable skill advancement.

4. Employer Eligibility: Employers must:

- a. Be located and operating within the City of Phoenix service area;
- b. Operate within the advanced manufacturing sector;
- c. Demonstrate a need to upskill their workforce to address identified skill gaps
- d. Commit to retaining employees following completion of training.

5. Allowable Training Activities

Training funded under ISG may include:

- a. Industry-recognized credentials and certifications;
- b. Technical and occupational skills training; and
- c. Employer-driven upskilling aligned with emerging technologies and industry demand.

All training must result in measurable outcomes, including increased skill attainment or improved employee performance.

6. Relationship to Incumbent Worker Training (IWT)

- a. The Industry Skills Grant is a separate funding source from WIOA-funded Incumbent Worker Training;
- b. ISG funds will be administered independently and in accordance with DES grant requirements;
- c. When multiple funding sources are available, the Business Services Team will determine the appropriate funding stream based on employer need, training scope, and funding availability.


7. Performance and Reporting

Employers must:

- a. Provide documentation of training completion;
- b. Demonstrate measurable skill gains;
- c. Verify employee retention at six (6) months post-training for final reimbursement;
- d. Report employee outcomes, including retention and wage progression (if applicable); and
- e. Comply with all DES and City of Phoenix reporting requirements.

## VI. POLICY MANAGEMENT REQUIREMENTS

Administrative revisions to the policy may be made by the ~~Phoenix Business and Workforce Development Board~~ Board Executive Director, with notice to the Board's Executive Leadership Committee. All other substantive revisions will go to the Board's Executive Leadership Committee for review and

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recommendation to the Board for approval.

**VII. ADDITIONAL OR MISCELLANEOUS INFORMATION**

- A. Incumbent Worker Training Application Assessment Rubric – See Attachment A

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