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<b>Phoenix Business and Workforce Development Board</b> <small>(approval authority)</small>	<i>Date Approved:</i> 11/14/19	<i>Subject # &amp; Title:</i> .604 Incumbent Worker Training (IWT)	

**I. APPLICABILITY/SCOPE**

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

**II. PURPOSE**

The purpose of Incumbent Worker Training is to provide workers and employers the opportunity to build and maintain a quality workforce. This policy is to establish the rationale and criteria for use and provision of service for the business customer. Incumbent Worker training can be used to:

1. Avoid layoff of employees; and
2. Increase the skill levels of employees so they can be promoted within the company and create backfill opportunities for the employers.

**III. BACKGROUND**

A. Training is designed to help the local area employer’s workforce obtain the skills necessary to retain employment and prevent job loss. The training activities are carried out by the local board in conjunction with employers or a group of employers (which may include employers in partnership with other entities for delivering such training) to assist such workers in obtaining the skills necessary to retain employment or avert layoffs.

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 employer. The Phoenix Business and Workforce Development Board (PBWDB) can 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. When determining the employer’s eligibility for participating in Incumbent Working training, the following factors need to 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 employer and the employees; and
3. Other factors the PBWDB may use to determine employer eligibility may include the number of employees participating, wage and benefit levels (pre-and post), and existence of other training and advancement opportunities by the employer.

**IV. DEFINITIONS**

INCUMBENT WORKER TRAINING - WIOA Section 134(d)(4)(B) defines incumbent worker training as training that 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 is conducted with a commitment by the employer to retain or avert the layoffs of the incumbent worker(s) trained.

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**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 IV.A.2, items a-c. Reportable individuals are not Participants and are not part of performance measures but must have an AJC registration.

**V. POLICY**

**A. Worker Criteria**

To qualify as an incumbent worker, the individual must:

1. Live in the State of Arizona;
2. Meet the Fair Labor Standards Act for an employer-employee relationship; and
3. Be employed by the contract employer with an established work history for at least six months.
4. When a cohort of incumbent workers is being provided WIOA 20 CFR Section 680.780 states 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 of those employees being trained do meet the employment history requirement.

If the incumbent worker is enrolled in WIOA Title IB Adult and Dislocated Worker program, eligibility standards will need to be met. If the incumbent worker is not currently enrolled in WIOA Title IB Adult and Dislocated Worker program, eligibility standards will not be required. However, this incumbent worker is considered a “reportable individual” according to policy 400.403, Data Integrity and the Customer Participation Cycle, Section III., Definitions. The definition of a reportable individual is listed in Section IV. DEFINITIONS of this policy.

**B. Business Criteria**

All businesses must be located and conducting business within the State of Arizona. Incumbent Worker training contracts will not be provided to any business 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 agrees to:

1. Complete an application that meets the Incumbent Worker Training Assessment Rubric and enter into a contract with the City of Phoenix;
2. Demonstrate why and how the training will provide skills necessary to retain or avert layoffs;
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 need and competencies that will be achieved for everyone selected to receive the training (provided in application package);
5. Provide copies of a “Certificate of Completion” for everyone who successfully completes the prescribed training program. Such certificates must contain the individual’s name and the class or course completed through training;
6. Continue to employ an individual upon successful completion of training;
7. Be available for program monitoring on a scheduled basis; and
8. Provide quarterly post-training reports, including information on the retention and/or promotions of trainees and the impact training made on the business, for one year after the completion of the training.

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### C. Training Criteria

1. Requested Incumbent Worker Training 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 one or more of the following training criteria that creates benefit to the individual workers participating in training:
  - a. Layoff aversion;
  - b. Attainment of self-sufficiency as measured by the Lower Living Standard Income Level (LLSIL);
  - c. Individual job pathing via promotion pending successful completion of training;
  - d. Increased wage pending successful completion of training;
  - e. Number of employees participating in the training;
  - f. Relationship to the competitiveness of the employer and the employees; or
  - g. If essential skills training that addresses abilities, traits and behavior rather than formal technical knowledge training, is required, then the submitted application should demonstrate a programmatic approach that results in an increase in competitiveness of the employee.
    - I. The City of Phoenix may reserve up to 20 percent of the total adult and dislocated worker allocations for incumbent worker training through the PBWD Board’s approval of the budget. Maximum contract per company is up to \$50,000 per fiscal year with an option for the PBWDB to approve additional funds based on the organization’s extraordinary ability to impact job seekers. Additional funding determinations are based on the eight training criteria listed in the Business Criteria section V.B. of this policy.
    - II. The Incumbent Worker Training Assessment Rubric, as well as the application form, will be used as sources for the PBWDB to establish relevancy for extension of funds beyond the \$50,000 maximum contract amount.
    - III. Staff should evaluate the employee impact including training criteria, the number of employee’s assisted and competitive factors when considering consecutive contracts. Staggered start contracts are contracts that have not demonstrated successful completion because the first contract has not reached the contract completion date. Staff may consider extending a request to withhold executing a second contract allowing a successful completion history to be demonstrated.

### D. Employer Match

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Employers participating in incumbent worker training must pay a significant portion of cost of the training for those participants in Incumbent Worker training. This can be done through both cash and/or in-kind payments. In-kind funds are defined as hourly wages paid to participants while in training. Rules for matching funds are provided in the Uniform Guidance and Department of Labor (DOL) exceptions at 2 CFR 200.306 and 2 CFR 2900.8 respectively.

Section 134(d)(4)(D)(ii) of WIOA provides the minimum amount of employer share in the Incumbent Worker training is dependent on the size of the employer:

1. The non-federal share depends on the size of the employer and must not be less than:
  - a. Ten percent of the cost for employers with not more than 50 employees;
  - b. Twenty-five percent of the cost for employers with more than 50 employees, but not more than 100 employees; and
  - c. Fifty percent of the cost for employers with more than 100 employees.

**E. Performance Reports**

Performance data will be collected at the end of the contract to ensure employers who are participating in Incumbent Worker training are fulfilling their commitment to retain training participants after they complete the training program. Tracking will include variables defined in the application form including:

1. Layoff aversion;
2. Attainment of self-sufficiency;
3. Individual job pathing via promotion pending successful completion of training;
4. Increased wage pending successful completion of training;
5. Number of employees participating in the training;
6. Relationship to the competitiveness of the employer and the employees;
7. Confirmation of successful skills completion;
8. Within 30 days of completion of training, submit invoices for reimbursement and provide copies of certifications of training completions for each trainee/employee; and
9. Within 60 days of completion of training, provide work related outcomes (promotions, salary increase, etc.) of employees that participated in training.

**VI. POLICY MANAGEMENT REQUIREMENTS**

Administrative revisions to the policy may be made by the Phoenix Business and Workforce Development (PBWD) Board Executive Director, with notice to the PBWD Board’s Executive Leadership Committee. All other substantive revisions will go to the PBWD Board’s Executive Leadership Committee for review and recommendation to the PBWD Board for approval.

**VII. ADDITIONAL OR MISCELLANEOUS INFORMATION**

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