INCUMBENT WORKER TRAINING

Incumbent Worker Training (IWT), an allowable training service under WIOA, is designed to meet the special requirements of an employer (including a group of employers) to avert the need to lay off employees by assisting the workers in obtaining the skills necessary to retain employment or increasing the skill level of employees so they can be promoted within the company and create backfill opportunities for less-skill employees.

FUNDING

DLR may reserve up to 20% of their combined total of adult and dislocated worker allocations for incumbent worker training or the state may use their statewide set-aside and Rapid Response funds for incumbent worker training. IWT funds cannot cover costs incurred prior to the IWT agreement. Each business may receive IWT funding up to $20,000 per program year, July 1 to June 30. Payment is not a guarantee but rather based on DLR's funding from U.S. DOL and will be offered on a first come, first serve basis.

ELIGIBILITY REQUIREMENTS

Employer

IWTs may be written for private-for-profit businesses, private non-profit organizations, and public sector employers.

The **employer** must:

- Have a presence in South Dakota.
- Have been in business for a minimum of one (1) year.
- Not have an individual on layoff from the same or equivalent position.
- Agree to the terms identified in Conditions and Assurances Form 10B.

Employers receiving IWT are exempt from the Eligible Training Provider List requirements.

Employee

An incumbent worker does not have to meet the eligibility requirements for WIOA Title I Adult and Dislocated Worker programs unless they are also enrolled in these programs. However, all incumbent workers must be enrolled in Title III Wagner-Peyser program and the Title I Incumbent Worker program. IWT may also be used for the Related Technical Instruction as required by a Registered Apprenticeship program.

For an employer to receive incumbent worker training funds, the **employee** must:

- Be employed full-time (minimum of 32 hours per week) in a permanent position with the employer (seasonal and temporary employees are not eligible for incumbent worker training).
- Meet the Fair Labor Standards Act (FLSA) requirements for an employer-employee relationship.
- Have their current position, or if transitioning to new position, listed on South Dakota's Hot Careers as determined by the DLR Labor Market Information Center.
- Have an established employment history with the employer for six months or more.
    - **Exception**: if there is a cohort of incumbent workers, not every employee in the cohort must have an established employment history with the employer for six months or more if a majority of those being trained meet the employment history requirement.
- Once the application/agreement has been approved all incumbent workers must meet with the Business Services Specialist for IWT program enrollment.

APPLICATION

Employers seeking IWT must complete an Incumbent Worker Training Application and Conditions and Assurances Form 10A at least 30 days prior but not more than 180 days to the start of training. IWT funding is not guaranteed for all eligible applicants.

Once an application is received, DLR will contact the employer for more information or make a determination **within fifteen business days**. If the application is approved, this will be the formal agreement between DLR and the employer.

Employer Share

Employers participating in the IWT are required to pay any cost not covered by the DLR to the third-party training provider. Prior to the release of payment from DLR, the employer must submit verification of payment to the third party to DLR. Employer Share Calculation:

- The employer share is 10% of the tuition/registration/credential test cost for employers with not more than 50 employees in South Dakota.
- The employer share is 25% of the tuition/registration/credential test cost for employers with more than 50 employees but not more than 100 employees in South Dakota.
- The employer share is 50% of the tuition/registration/credential test cost for employers with more than 100 employees in South Dakota.

Employer Agreement

If the application is selected for award, an agreement between the DLR and the employer will be established by the Incumbent Worker Training Application, which includes the total cost of the training and training dates.

TRAINING

Specifications

- The incumbent worker program is not permitted to provide the occupational training needs of a new hire.
- The training program may not last longer than 12 months.
- Training must be conducted through a third-party training provider.
- The training is to be held at a future date.

Outcomes

- Layoff aversion and retention opportunities; or
- Increase the skill levels of employees so they can be promoted within the company and create backfill opportunities for the employer; or
- Credentials and skills gained as a result of completing the training; or
- The training improves the labor market competitiveness of both the employer and employees.

Upon completion of the IWT, an employee must remain employed full-time (minimum of 32 hours per week) in a permanent position with the employer and receive a wage increase.

Reimbursement

Reimbursement to the employer will be issued upon completion of the training. Payment will be provided for those employees who:

- Are enrolled in DLR's Wagner-Peyser and Incumbent Worker program through SDWORKS.
- Provide verification of authorization to work in the United States to DLR.
- Successfully complete the training.

Payment is not reliant on the employee's ability to pass the certification test.

For payment to be released, DLR requires the following to be submitted:

- An itemized invoice from the training provider.
- Verification of non-DLR share paid to the training provider.
- Copy of the completion certificate issued by the trainer for each employee that received the training.
- Copy of certifications earned, if applicable.
- If no completion certificate or certification is received, Work-Based Training Progress Report Form 19B will be completed.

Grievances

To address a grievance regarding DLR's workforce services that is not discriminatory in nature, an employer should contact a DLR Business Services Team Manager by calling (605) 773.3372.

20 CFR § 680.780 – 680.840
WIOA sec. 134(d)(4)
TEGL 19-16