

**WIA POLICY LETTER NO. 07-PL-33, Change 1**

**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 Waiver

**DATE:** May 13, 2009

**I. SUBJECT INDEX**

Special Projects

**II. PURPOSE**

This policy provides Local Workforce Investment Boards (LWIBs) with updated information and guidance on implementing the approved waiver granting authority to transfer up to ten percent (10%) of adult and dislocated worker allocations to support incumbent worker training programs. As of July 1, 2008, youth allocations are no longer allowed to be used to support incumbent worker training programs.

These programs will assist Economic Development Regions (EDRs) and/or Local Workforce Investment Areas (LWIAs) in developing a full continuum of training services that address the needs of the existing workforce, the unemployed, underemployed, and new entrants to the labor force.

**III. ISSUANCES AFFECTED**

A. References:

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

Internet Address <http://www.commerce.state.il.us>

Workforce Investment Act Final Rule; Section 661.345, 665.220, 665.268,  
and 667.268  
29 CFR 97.24  
PY'00 WIA PL 00-14, Pre-Award Survey for Relocating Establishments  
(December 28, 2000)  
PY'01 WIA PL 01-31 Change 2, Reporting of Obligations and Re-allotment  
under the Workforce Investment Act (WIA) (March 11, 2004)  
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)  
U.S. Dept. of Labor Waiver Approval Letter (July 12, 2005)  
U.S. Dept of Labor Waiver Approval Letter (February 26, 2008)

B. Rescissions:

WIA PL 07-PL-33, Incumbent Worker Training Waiver (July 27, 2007)

**IV. DEFINITIONS**

Employed Worker	An individual who is employed and is determined to be in need of intensive service to obtain or retain employment.
Incumbent Worker	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); and  b) An individual who is receiving upgraded skills training: <ul style="list-style-type: none"><li>• to increase his or her skills in an occupation in which the individual is already an incumbent; or</li><li>• 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).</li></ul>
Participating Employer	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.

## 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 (DCEO) has been working to link economic development and workforce programs through various initiatives and strategies.

As part of the 2007-2009 Strategic State Plan for Title I of the Workforce Investment Act of 1998 and the Wagner-Peyser Act, DCEO renewed a 2005 waiver from USDOL to align workforce and economic development programs. The waiver authority allows LWIAs to use up to ten percent (10%) of the funds allocated to them under WIA in the same manner as statewide activity funds. Specifically, LWIAs may utilize up to ten percent (10%) of their Adult and Dislocated Worker allocations to support incumbent worker training programs as allowed in WIA Section 134 (a)(3)(iv)(I). By ensuring that Illinois' workforce system is demand-driven, this waiver gives LWIAs maximum flexibility in tailoring service delivery and making strategic investments in workforce development activities to meet the needs of state and local economies and labor markets.

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.

An extension of this waiver was granted on May 1, 2007 which allowed LWIAs to continue their incumbent worker programs through 2009. A condition of the waiver extension stipulated that Youth allocations may not be used to support incumbent worker training programs as of July 1, 2008.

## VI. **POLICY**

An LWIB may designate up to 10 percent (10%) of ***each*** of its adult and dislocated worker formula allocations to support incumbent worker training programs. The percentage of funds transferred from each program may be less than the maximum and may vary across programs. For example, an LWIB may choose to designate ten percent (10%) of its adult and five percent (5%) of its dislocated worker formula allocations to support incumbent worker training programs.

*Please note: The ten percent (10%) maximum applies to each program allocation independently. No more than ten percent (10%) of the annual allocation may be transferred from any single program. Also note that the maximum amount that may be transferred is based on the annual allocation; **not** total availability (i.e., total availability includes funds carried in from prior years). In the event of rescissions or other adjustments to the local allocation, local areas must not exceed the ten percent (10%) limit of the adjusted allocation, and thus may need to adjust their incumbent worker designated amount.*

#### **A. Participation Requirements**

1. Involvement in the waiver is voluntary and open to any LWIB.
2. A plan modification that describes the use of the locally transferred funds for incumbent worker training must be submitted and include the following components:
  - a. A narrative discussion of the industry sector(s) that will be targeted for incumbent worker training.
  - b. The percentage and amounts (up to 10 percent) in the workforce area's adult and/or dislocated worker formula allocations that will be re-designated as incumbent worker training programs for use that is consistent with the activities described in the plan modification using the latest WIA Funding Forms.
  - c. Assurance that all WIA-required services will continue to be provided using the LWIBs' adult and dislocated worker formula allocations.
  - d. Assurance that the LWIB will continue to meet its performance and expenditure benchmarks for adult and dislocated worker formula allocations.
  - e. In addition, the plan modification must be submitted following the guidelines in WIA Policy Letter No. 07-PL-41 Change 1, Local Plan Modifications.
3. Local areas must submit project plans to DCEO that further refine the targeting by specifying which employers within the targeted industries are participating and which occupations are targeted for training.
4. Incumbent workers must meet the definition above, (see Part IV, Definitions) and be:

- a. Employed in a targeted industry cited in the local plan (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.
5. Because incumbent workers are not formally registered in WIA, incumbent workers need not meet eligibility requirements for Adults or Dislocated Workers. As a result they will not count for federal performance standards.
6. 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 guideline.
7. Additionally, LWIBs must be aware of, and continue to comply with, the following requirements:
- a. The current ten percent (10%) limit on local administrative costs still applies. No additional amount shall be set aside for administrative costs associated with incumbent worker training activities.
  - b. LWIBs are still subject to the reallocation policy as described in WIA Policy Letter No. 07-PL-41, Change 1. These requirements include funds transferred for incumbent worker training.
  - c. In the event of rescissions or other adjustments to the local allocation, local areas must not exceed the ten percent (10%) limit of the adjusted allocation, and thus may need to adjust their incumbent worker designated amount.
  - d. 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. 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 00-14, must be observed. In such cases, incumbent worker training services may not be provided until the company has operated at the new location for 120 days.
  - e. LWIBs may transfer their adult or dislocated worker formula allocations for incumbent worker training programs while the waiver is in effect.

## **B. Project Plans**

Individual project plans are not subject to formal approval by DCEO and, once submitted, local areas may proceed with implementation. However, DCEO will review all project plans as described below. Any areas of concern resulting from such reviews will be communicated to the local area.

### **1. Project Plans**

- a. A project plan must be developed utilizing DCEO/IWT Form # 001 as a planning tool for an LWIB to implement incumbent worker training activities, as well as serve as the communication tool to inform DCEO about the strategies being implemented locally for incumbent worker training programs.
- b. All project plans (DCEO/IWT Form # 001) must be submitted to DCEO, Bureau of Workforce Development (BoWD), Planning Unit.
- c. All project plans must be submitted to DCEO prior to formal arrangements being made to carry out training (i.e., contracts with trainers, etc.).

### **2. Project Plan Components**

LWIAs must consider the following information when developing an incumbent worker project plan:

- a. **Benefits to Target Industries:** The participating employer (or the group of employers) to benefit from the training must be from one of the targeted industries identified in the five-year plan for the incumbent worker training program or the employer may be from any industry if the proposal is part of an incentive package designed to encourage the employer to create or retain jobs in the area.
- 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.
- 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. And, all proposed costs must meet State and Federal WIA cost related requirements and limitations.

- e. Matching Costs: Requirements for employer cost participation must be met.

### **C. Ongoing Planning**

1. The LWIB must submit a plan modification in the following situations:
  - a. When adding or changing a targeted industry sector, or to change the distribution of the incumbent worker training funds.
  - b. When LWIBs may want to return unobligated incumbent worker funding to the funding stream of origin. This can be done at any time prior to the grant end date. The funds must retain their original adult or dislocated worker identity.
2. After submitting and receiving approval of a plan modification, LWIBs may continue to analyze the needs of their workforce areas and, if needed, add additional projects up to the amount set aside for incumbent worker projects to address targeted local level occupations using instructions as outlined above.

### **D. Programmatic Reporting**

1. General Reporting Requirements
  - a. 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.
  - b. The quarterly reporting periods will be January through March, April through June, July through September, and October through December. Quarterly reports are to be completed and submitted to DCEO within 30 days from the end of each quarter.
  - c. Reporting will be done electronically using one, or a combination of, Microsoft Word, Excel, and/or IWDS.
2. Local Level Project Reporting
  - a. For each employer participating in incumbent worker training, there must be an incumbent worker employer service episode entered into IWDS.
  - b. A Quarterly Report (DCEO/IWT Form # 002), and Incumbent Worker Tracking Summary (generated from IWDS) must be completed and submitted to the Planning Unit.

## **E. Financial Reporting**

1. Obligation and expenditure reporting for local level projects will be completed in DCEO's Grant Reporting System (GRS) using the guidelines and instructions found in PY'01 WIA Policy Letter 01-31 Change 2, Reporting of Obligations and Re-allotment Under the Workforce Investment Act (WIA).
2. A line within each funding stream 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 applicable 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 last state work day of the following month to report the prior month's accrued expenditures. Table 351 & 352 in the GRS 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.

## **F. 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. Do not add employer match to the cost of training when submitting project plans (DCEO/IWT Form # 001).
  - b. The match paid by an employer or group of employers may include the amount of the wages paid by the employer(s) to a worker while the worker is attending a training program and may include other in-kind contributions.
  - c. All matching contributions must clearly relate to incumbent worker training. Costs must meet the requirements described in 29 CFR 97.24, Matching and Cost Sharing.
  - d. Matching contribution may be up to a maximum of fifty percent (50%).
2. Allowable Costs

Costs that are reasonable and necessary for the conduct of the training are allowable. Listed below are costs that may be reimbursed through the

grant or used as the matching contribution. These costs may also be applied to the forty percent (40%) training expenditure requirement per WIA Policy Letter No. 07-PL-40 Training Expenditure Requirement.

- a. Training development;
- b. Instructor wages;
- c. Tuition;
- d. Training materials and supplies;
- e. Fees required to complete training;
- f. Travel for trainers and trainees beyond normal commute;
- g. Training facility costs (off-site);
- h. Training facility costs (on-site);
- i. Cost for use of firm's equipment during training;
- j. Wages of trainees while in training (**matching costs only**);
- k. Fringe benefits of trainees while in training (**matching costs only**); or
- l. Fees for technical or professional certifications.

*Please Note: 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. Also, although not prohibited, costs associated with supportive services are discouraged. Generally, since incumbent workers are employed, the need for supportive services underwritten with WIA funds is expected to be minimal.*

## **VII. ACTION REQUIRED**

LWIBs must ensure that appropriate staff are apprised of and comply with the requirements in this policy letter for the use of the ten percent (10%) funds for incumbent worker training programs.

## **VIII. INQUIRIES**

Inquiries should be directed to DCEO, Lora Dhom, (217) 558-2429 or [lora.dhom@illinois.gov](mailto:lora.dhom@illinois.gov).

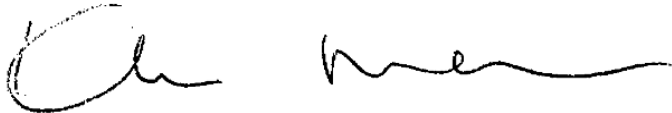
## **IX. EFFECTIVE DATE**

This policy is effective on release.

**X. EXPIRATION DATE**

This policy will remain in effect until amended or rescinded by the Bureau of Workforce Development.

Sincerely,

A handwritten signature in black ink, appearing to read 'Therese McMahon', written in a cursive style.

Therese McMahon, Deputy Director  
Bureau of Workforce Development

TM:sg

Attachment(s): DCEO/IWT Form # 001 Incumbent Worker Training Program Project Plan  
and Instructions  
DCEO/IWT Form # 002 Incumbent Worker Training Program Quarterly  
Report and Instructions