

PASSAIC COUNTY WORKFORCE DEVELOPMENT BOARD

Subject: Work-Based Learning: Incumbent Worker Training (IWT)

Effective Date: 05/08/26

PURPOSE

The purpose of this policy is to articulate the Workforce Development Board Incumbent Worker Training (IWT) framework in alignment with both federal and state guidelines. The policy provides essential information regarding Incumbent Worker Training as it pertains to federal, State and local policy and guidance.

POLICY

The primary objectives of the WIOA Incumbent Worker Training (IWT) are to prevent potential layoffs of employees and to enhance the skill sets of the workforce, thereby facilitating opportunities for promotion and creating backfill positions within the organization. The policy aims to assist local employers by enhancing the skills of their current employees/workforce while supporting and/or increasing employer competitiveness; at its most effective, Incumbent Worker Training offers advancement opportunities for individuals into new positions, thereby opening up positions that can be made available to existing WIOA program participants. While IWT is primarily intended for private sector employers, there may be exceptions allowing non-profit and local government entities to receive these funds. However, support for IWT in local government entities should not surpass 10% of the combined Title I Adult and Dislocated Worker allocations. The funds will only be utilized if a need and an eligible employer and training group are identified. Use of funds is subject to review and approval by the WDB. The WDB adopts the following federal and State policies regarding IWT.

Federal Policies (WIOA Title I)

At the federal level, IWT is governed by several core requirements:

- **Funding Caps:** Local Workforce Development Boards (LWDBs) can reserve up to 20% of their total combined Adult and Dislocated Worker funds for incumbent worker training.
- **Performance Metrics:** Individuals receiving IWT are considered "reportable individuals" but are generally excluded from official WIOA performance calculations unless they are co-enrolled in other programs.

Non-Federal Share: Employers are required to pay a portion of the training costs, which can include the wages paid to workers while they attend training.

NJDOL Requirements

As outlined in WD-PY21-4, to qualify for Incumbent Worker Training funding, individuals must meet the following criteria:

- Be currently employed.
- Comply with the Fair Labor Standards Act (FLSA) requirements regarding the employer-employee relationship.
- Have a documented employment history with the employer for a minimum of six months. This period may include time as a temporary or contract worker who has performed work for the employer that is receiving IWT funds.

The WDB must take into account specific criteria when assessing eligibility for IWT, including:

- The connection to in-demand occupations.
- The standing and reputation of the employer.
- The potential benefits to employees.
- Characteristics of the trainees.
- The quality of the training provided.

Documentation and Reporting

WD-PY21-4, mandates that specific outcomes data must be collected and reported in the AOSOS system for all individuals participating in IWTs. This includes information regarding employment retention and wage levels. Participants in IWTs who are not enrolled as Title I participants will be reported as WIOA Reportable to USDOL and will not be included in WIOA performance measures. The WDB is required to report the outcomes of all individuals on the primary indicators of performance, e.g., employed 2nd quarter post training, employed 4th quarter post training, median earnings, measurable skills gain, and credential attainment, among other required elements. At some point during or after training, the employee participant could be co-enrolled in additional system services. Individual participants are not required to complete WIOA eligibility documents. However, they are reportable participants for the local area and must be entered into the state's database system, AOSOS, therefore the initial intake form and documents must be collected. Each Incumbent Worker Training participant must fill out the New Jersey initial

intake assessment form; provide a copy of their birth certificate and Social Security card OR a valid passport; provide a copy of their driver's license or state ID; provide proof of selective service. The incumbent worker participants can schedule an appointment with counselor for documentation collection and completion of the intake assessment form remotely. This can be done at one time or in a group, or on any schedule convenient to the employer. The employer also can provide the documentation and have the employee participants complete and sign the forms and then submit for verification of eligibility and update in AOSOS.

Priority of Eligibility

The NJDOL NJWIN WD-PY21-4 prioritizes incumbent work services by providing an assessment of participant characteristics, particularly focusing on those with barriers to employment, as priority should be given to incumbent workers facing such challenges.

When assessing potential participants for incumbent worker training, it is essential to evaluate whether they face specific barriers to employment. Priority should be given to incumbent workers who encounter such challenges, as addressing these barriers can enhance workforce participation and retention.

It is crucial to consider how the proposed training initiative will enhance the competitiveness of the employer. Training efforts that provide clear advantages to the employer's market position should be prioritized, as they contribute to overall organizational growth and sustainability.

The training opportunity should offer unique professional development or training experiences that do not duplicate existing programs within the organization. It should complement and enhance current professional development strategies, thereby providing additional value to both the employees and the employer.

The six-month work history of participating employees must be documented, ensuring compliance and accountability via email and/or phone monthly.

To verify an employee's employment history of at least six months, the following steps are followed:

- Collection of Employment Records: Obtain official documentation such as pay stubs that clearly indicate the employee's start date and ongoing employment status.
- If necessary, request the employee to provide an employment verification letter on company letterhead, detailing the start date, current employment status, and position held.

Employer Contributions

As specified in TEGL 19-16, employers are responsible for covering the non-Federal share of the costs associated with incumbent worker training. WIOA Sec. 134(d)(4)(D). The WDB has established policies regarding this non-Federal share, which can include both cash payments and appropriately evaluated in-kind contributions.

The minimum employer contribution is determined by the size of the organization, as follows:

- 10% of the training cost for employers with 50 or fewer employees.
- 25% of the training cost for employers with 51 to 100 employees.
- 50% of the training cost for employers with more than 100 employees.

Required Letter from Employer

To be eligible for funding from this program, the employer (private company, non-profit or government entity) must send a letter attesting compliance with federal and State criteria for IWT funding. The following is a template for the letter:

(Name of company and location in New Jersey) is a (private company, non-profit or government entity) which meets the Fair Labor Standards Act requirements. All (number of employees)employees are U.S. Citizens or otherwise authorized to work in the United States. The proposed training program for Incumbent Worker Training (IWT) will broaden our services to allow (provide reasoning/purpose of training employees), which will help to increase our business and provide those certified employees with the opportunity to earn higher wages. As required, the following trainees,(names, age and length of employees to be trained). The (company name) share of the training cost will be in-kind and in the form of employee wages during the training period. After successful completion of the training and testing (trainer name, location of training and length of training), the trainees will continue employment and may receive wage increases based upon the skills they attained. The(company name) attests that business and employee wage taxes are current and there are no outstanding liabilities. (company name)acknowledges that it must provide a copy of the tax clearance certificate prior to receiving training reimbursement, which is to be submitted using the State of New Jersey Premier Business Services website. The (company name) agrees that it could take a minimum of 30 days and will apply immediately. The (company name) agrees to participate in follow-up efforts to evaluate the Incumbent Worker Training's effectiveness and outcomes, and attests that the funds will not be used for the business' relocation or for any other purposes not set forth in federal or State policy.

Additional NJDOL IWT Training Grants

Upskill: New Jersey Incumbent Worker Training Grants

The NJDOL operates an IWT program through local Workforce Development Boards and state-level grants like UPSKILL: New Jersey Incumbent Worker Training Grants (UPSKILL: NJ).

Employee Eligibility in NJ

To qualify as an incumbent worker in New Jersey, an individual must typically:

- **Employment History:** Have an established employment history with the employer for at least 6 months.
- **Employment Type:** Be employed by a private sector employer, though non-profits and local governments may be eligible in certain circumstances.
- **Age and Status:** Be at least 18 years old and authorized to work in the U.S.

Employer Eligibility and Requirements

- **Tax Compliance:** Employers must be current on all New Jersey unemployment insurance and workers' compensation taxes.
- **Layoff History:** The employer must not have laid off workers in another state to relocate to New Jersey within the last 120 days.
- **Employer Cost Share:** The percentage of the cost-share is based on the company's size:
 - 50 or fewer employees: Minimum 10%.
 - 51–100 employees: Minimum 25%.
 - More than 100 employees: Minimum 50%.

POLICY REVISION

The WDB Workforce Innovation and Opportunity Act (WIOA) policies are reviewed and amended annually by the WDB to remain in compliance with all federal mandates and state-level policy changes issued by the New Jersey Department of Labor and Workforce Development. Local partners are notified of all changes to WDB policies.