

## **WIOA TRANSMITTAL #4**

### **WIOA PROGRAM POLICY**

**October 26, 2016**

**TO:** Workforce Development Council

**FROM:** Rogelio (Roy) Valdez, Deputy Director

**SUBJECT:** WIOA Training Options Policy

**ACTION REQUESTED:** Recommend approval of the proposed policy.

**HISTORY:** Former Workforce Development Council policy

**REFERENCE:** WIOA Sec. 134(c)(3)(D); ) Sec. 134(d)(4)

#### **BACKGROUND:**

The Workforce Development Council's previous policy under Workforce Investment Act (WIA) limited the types of training allowed to participants and employers. The Workforce Innovation and Opportunity Act (WIOA) slightly revised the allowable training services and the revision warrants a policy review.

Attachment 1 lists the the available training options under WIOA. Attachment 2 provides detailed descriptions and required conditions of the training options to be reviewed in this transmittal.

Transitional jobs are a new training option under WIOA. These subsidized jobs are intended to help individuals with inconsistent employment and the chronically unemployed establish a work history. No more than 10% of funds may be spent on transitional jobs.

Under Idaho WIA policy, Idaho did not allow incumbent worker training or customized training. The rationale was that the Workforce Development Training Fund is the mechanism Idaho uses to provide training to employers and limited WIA funds should be directed to individual participants. WIOA also limits the amount of funds used for these training activities (20% each).

On-the-job training (OJT) is a widely used training service across Idaho. Under WIA, Idaho received a waiver from USDOL to provide training reimbursement to employers at a rate

greater than 50%. Under WIA and WIOA, reimbursement rates greater than 50% must be justified with certain factors.

Under the WIA waiver, reimbursement rates were made solely on employer size. The following was the WIA guidance to service providers:

OJT payments may be reimbursed up to 75 percent of the participant's training wage based on the following employer sizes:

- Employers with 50 or fewer employees, up to 75 percent cost reimbursement
- Employers with 51-250 employees, up to 65 percent cost reimbursement
- Employers with 251 employees or more, up to 50 percent cost reimbursement

OJT training payments over 50 percent cost reimbursement may not last longer than three months. If an employer qualifies for training payment of more than 50 percent, but the OJT is expected to last longer than three months, the employer must be reimbursed on a monthly basis. The first three months would be reimbursed at the higher amount, and the remaining weeks/months would be reimbursed at no more than 50 percent of the employee's wages.

The case manager must consider many factors when determining the employer's training payment. Considerations include but are not limited to: the occupation of training, receipt of an industry-recognized credential after training, the number of employees participating, the participant's work history, labor market conditions, hourly wage, fringe benefits, promotional opportunities, the case manager's overall training budget, etc. In some cases the employer's training payment may be less than 50 percent of the gross wages paid during the training period and in some cases the amount may be significantly less.

Under the WIOA, OJT reimbursement rates are allowed up to 75% without waiver. However, the factors considered for reimbursements greater than 50% must include:

- 1) the characteristic of the participants;
- 2) the size of the employer;
- 3) quality of employer-provided training and advancement opportunities; AND
- 4) such other factors the council deems appropriate.

Attachment 3 contains a proposed WIOA policy for OJTs. It includes adjusted reimbursement rates up to 75% based on the factors listed above.

### **Staff Recommendation**

- 1) Remove transitional jobs as a training option for WIOA participants.
- 2) Continue disallowing incumbent worker training and customized training with WIOA funds.
- 3) Approve WIOA OJT policy with updated reimbursement rate conditions.

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## WIOA Training Options

Depending on what is appropriate for the individual, WIOA allows several different types of training services to be provided to participants.

These training services include:

- a. Occupational skills training
- b. On-the-job training
- c. Incumbent worker training
- d. Programs for workplace training and instruction (including cooperative education)
- e. Skill upgrading and retraining
- f. Entrepreneurial training
- g. Transitional jobs
- h. A training service provided under a. through h. combined with job readiness training
- i. A training service provided under a. through h. combined with adult education and literacy
- j. Customized training

On-the-job training, customized training, incumbent worker training, and transitional jobs are exempt from the WIOA Eligible Training Provider and Individual Training Account requirements.

## Transitional Jobs

### **WIOA Sec. 134(d)(5); § 680.190**

Up to 10% of local funds may be used for transitional jobs

#### **Transitional Job Definition**

A transitional job is one that provides a time-limited work experience, that is wage-paid and subsidized, and is in the public, private, or non-profit sectors for those individuals with barriers to employment who are chronically unemployed or have inconsistent work history, as determined by policy. Transitional jobs are designed to enable an individual to establish a work history, demonstrate work success in an employee-employer relationship, and develop the skills that lead to unsubsidized employment.

Transitional jobs must also be provided with comprehensive career and supportive services.

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## Incumbent Worker Training

### **WIOA Sec. 134(d)(4); § 680.780; § 680.790; § 680.800; § 680.810; § 680.820**

Up to 20% of local funds (except Rapid Response funds) may be spent on incumbent worker training, Incumbent worker training provided as part of a layoff aversion strategy may be paid from Rapid Response funds.

#### **Incumbent Worker Training Definition:**

Incumbent worker training is training:

- (a) 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.
- (b) Conducted with a commitment by the employer to retain or avert the layoffs of the incumbent worker(s) trained.

Incumbent worker training is to assist workers in obtaining the skills necessary to retain employment or avert layoffs and must increase both a participant's and a company's competitiveness. It is intended for workers with an established work history with the current employer, and who have the knowledge, skills, and abilities needed by their current employer but because of changes in the necessary skills to remain in their position, to advance in the company, or to avoid a layoff, the employees now need additional training.

#### **Incumbent Worker Definition:**

The minimum requirements to be an incumbent worker are to be employed, meet Fair Standards Act requirements for an employer-employee relationship, and have an established employment history with the employer for 6 months or more.

The state is required to establish additional policies to determine incumbent workers eligibility.

Incumbent workers do not have to meet the eligibility criteria for WIOA Title I, unless they are enrolled as a participant and receive additional career or training services.

If training is provided to a cohort of individuals, the majority of whom meet the requirements above, not every individual receiving training has to meet the 6 month employment history requirement.

### **Employer Eligibility**

When determining if an employer is eligible for to receive incumbent worker training, the Workforce Development Council must consider the following factors:

- 1) Characteristics of the individuals in the program;
- 2) Relationship of the training to the competitiveness of an individual and the employer; AND
- 3) Other factors deemed appropriate, such as number of employees trained; wages and benefits including post training increases, and other training opportunities provided by the employer.

### **Employer Payment of Non-Federal Share**

The cost to the participating employer (non-Federal share) will be established by the Workforce Development Council considering factors such as number of employees participating, wage and benefit levels of employees, relationship of the training to the competitiveness of the employer and employees, availability of other employer-provided training and advancement opportunities.

The cost must not be less than:

- 50% for employers with more than 100 employees.
- 25% for employers having between 51 and 100 employees
- 10% for employers with 50 or fewer employees

### **Purpose for Incumbent Worker Training:**

A “model” incumbent worker training would be one where a participant acquires new skills allowing him or her to move into a higher skilled and higher paid job within the company, thus permitting the company to hire a job seeker to backfill the incumbent worker’s pre-training position.

Incumbent worker training may be an appropriate service that would help an individual move up a career ladder within an apprenticeship program.

It may also be a valuable layoff aversion tool used within the context of rapid response to business closure or downsizing.

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## **Customized Training**

**WIOA sec. 3(14); § 680.760; § 680.530; § 680.770; § 680.710(c)**

Up to 20% of local funds

### **Customized Training Definition:**

Designed to meet the specific requirements of an employer (or group of employers);

- 1) Conducted with a commitment by the employer to employ all individuals upon successful completion of the training; and

- 2) The employer pays for significant cost of the training as determined by policy.\*

### **Description**

In general customized training is used to train individuals who are not employed with the participating employer at the start of participation. Generally classroom based and often provided by a third party for the employer. This training does **not** have to be on the WIOA eligible training provider list.

In cases where the individual is already employed, the following criteria apply:

- 1) The employee is not earning a self-sufficient wage or a wage comparable to wages from previous employment.
- 2) The training includes the introduction of new technologies, introduction to new production or service procedures, upgrading to new jobs that require additional skills, workplace literacy, or other appropriate purposes identified by policy.

Customized training is generally for hiring new or recent employees and not for retraining existing employees. Incumbent worker training may be used to provide training for current employees as a layoff aversion strategy.

The Workforce Development Council determines training service investments based upon an analysis of the employment needs of the employers in current and emerging in-demand industry sectors and occupations and the needs of the area's labor force.

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## **On-the-Job Training**

**WIOA sec. 3(44); §680.700**

### **OJT Definition**

The term "on-the-job training" means training by an employer that is provided to a paid participant while engaged in productive work in a job that –

- 1) Provides knowledge or skills essential to the full and adequate performance of the job;
- 2) Is made available through a program that provides reimbursement to the employer for the extraordinary costs of training and supervisions (up to 50% of the participant's wage rate); AND
- 3) Is limited in duration as appropriate to the occupation for which the participant is being trained, taking into account the content of the training, the prior work experience of the participant, and the service strategy of the participant, as appropriate.

### **OJT Requirements**

OJT is provided under contract with an employer (or registered apprenticeship program sponsor) in the private, public, private non-profit sectors.

The employer is expected to provide the OJT participant continued long-term employment as a regular employee with the same working conditions, employment benefits (including health benefits) and wages as similarly tenured regular employees performing the same work.

## ATTACHMENT #2

OJT contracts must be limited to the period of time required for the participant to become proficient in the occupation for which the training is being provided. Contract length is determined by the participant's individual service strategy including the prior work experience, academic and occupational skill levels and the skill requirements of the occupation.

To account for the extra costs of training, supervision and possible lower productivity, employers may be reimbursed up to 50% of the wage rate of an OJT participant or up to 75% when certain conditions are met.\*

Employers do not need to document the extraordinary costs of training to receive reimbursement.



## Idaho Workforce Development Council

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# Idaho Policy for WIOA On-The-Job Training Updated October 26, 2016

**Reference:** WIOA sec. 3(44); §680.700

**History:** Former WDC policy

**Purpose:** To establish reimbursement rates to employers for on-the-job training

**Policy:**

### ***OJT Definition***

The term “on-the-job training” means training by an employer that is provided to a paid participant while engaged in productive work in a job that –

- 1) Provides knowledge or skills essential to the full and adequate performance of the job;
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participant’s individual service strategy including the prior work experience, academic and occupational skill levels and the skill requirements of the occupation.

To account for the extra costs of training, supervision and possible lower productivity, employers may be reimbursed up to 50% of the wage rate of an OJT participant or up to 75% when certain conditions are met.\*

Employers do not need to document the extraordinary costs of training to receive reimbursement. However, any employers receiving financial reimbursement for training must complete WIOATAA19C, ensuring that no workers are displaced.

**\*Conditions for reimbursements rates greater than 50%:**

- 75% reimbursement rate for hiring an individual with barriers to employment\*\*
- 70% reimbursement rate for hiring individuals earning an industry standard credential (recognized by other employers statewide or nationally) as part of the employer-provided training
- 70% reimbursement rate for employers with 10 or fewer employees at the worksite

**\*\*Individuals with Employment Barriers** (as determined by the WIOA career planner)

- Displaced homemakers
- Low-income individuals
- Indians, Alaska Natives, and Native Hawaiians
- Individuals with disabilities
- Older individuals
- Ex-offenders
- Homeless individuals
- Youth in or aged out of foster care
- English language learners, individuals with low levels of literacy, and individuals facing substantial cultural barriers
- Eligible migrant and seasonal farmworkers
- Former TAFI recipients with benefits exhausted within two years
- Single parents (including pregnant single women)
- Long-term unemployed individuals
- Other as determined by the Governor