



MAN-TRA-CON
C O R P O R A T I O N

Southern Illinois Workforce Investment Board

Policies & Procedures

Incumbent Worker Training (IWT)

PURPOSE

In order to provide a full continuum of training services to our business customers, Man-Tra-Con will offer the Incumbent Worker Training program for Illinois businesses in the five counties of Franklin, Jackson, Jefferson, Perry and Williamson that make up Local Workforce Area (LWA) #25. Policies and procedures are established in accordance with WIA POLICY LETTER NO. 07-PL-33, Change 4.

The purpose of this program is to assist businesses who have the need to train and re-train existing members of their workforce in order to remain competitive in the local regional economy. This program also addresses the needs of the existing workforce, the unemployed, and underemployed by creating an opportunity for new entrants to the labor force. IWT is “employer driven” and responds to changes in market conditions as well as the introduction of new technology into the workplace.

A maximum of 10% of Dislocated Worker Formula Funds can be set aside by the Southern Illinois Workforce Investment Board (SIWIB) for this initiative to be administered through MAN-TRA-CON, Corp. Incumbent worker training projects can be utilized by a specific employer or a group of related employers in the following industries:

- Mining, Quarrying, and Oil and Gas Extraction
- Construction
- Manufacturing
- Retail Trade
- Transportation and Warehousing
- Information
- Professional, Scientific, and Technical Services
- Administrative and Support and Waste Management and Remediation Services
- Health Care and Social Assistance
- Accommodation and Food Services
- Arts, Entertainment, and Recreation

PROGRAM DESCRIPTION

Incumbent worker training is defined as training designed to keep businesses and workers competitive by keeping workers employed, averting layoffs, upgrading workers' skills, increasing wages earned by employees, and improving employees' marketability.

FUNDING CATEGORIES

Program dollars have been diverted from regular WIA Dislocated Worker formula funds in order to operate this project. To apply for these funds, the incumbent worker training program should result in one or more of the following:

- Ø Enhanced Employability
- Ø Job Upgrades
- Ø Increased Wages
- Ø Increased Job Security

All participants must, upon training completion, be making a minimum of \$9.50 per hour and be classified as fulltime, permanent employees of the company.

SKILL ATTAINMENT

Skill attainment goals must be outlined in detail. The definition of "skill attainment" are skills that directly benefit the workers receiving the training by making them more qualified in their field of employment, and/or provide new skills for new product lines or processes.

INCUMBENT WORKER ELIGIBILITY

Only the employees of the specific businesses listed in the project plan who are to receive training related to a targeted occupation are part of the "eligible group". Therefore, all workers who receive incumbent worker training must be an incumbent worker based on this definition:

- a) An individual in an employment relationship with a participating employer or group of participating employers in a targeted sector that are utilizing IW training to upgrade the skills of their workers.; and
- b) An individual who is receiving upgraded skills training:
 - To increase his or her skills in an occupation in which the individual is already an incumbent; or
 - 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).

LAYOFF AVERSION REQUIREMENT

Companies that apply for Incumbent Worker Training must provide tangible documentation to support the Layoff Aversion requirement.

A layoff is averted when:

- a) A worker's job is saved with an existing employer that is at risk of downsizing or closing; or
- b) A worker at risk of dislocation transitions to a different job with the same employer or a new job with a different employer and experiences no or minimal unemployment.

There are various strategies to consider when averting plant closures or business failures to ensure job retention. The first step in determining the appropriate layoff aversion strategy is to understand the “at-risk” indicators. In many cases, more than one “at-risk” indicator will apply or overlap between the indicators. Below are some of the “at-risk” indicators that have been identified to determine if a business is in need of intervention. It is important to note, that Incumbent Worker Training (IWT) should not be the only option or strategy to address layoff aversion. Consultation with industry experts, economic development organizations, labor organizations, workforce professionals, and other community groups should occur to determine other sources of assistance so that a comprehensive plan for layoff aversion is in place.

· **Declining sales** - A company has undergone or will undergo (must be confirmed) a significant loss in sales that puts part of their workforce in threat of layoff. Declining sales must be expressed in terms of X dollars or Y units for Z period of time (months or years) along with information that provides known or suspected reasons for the decline. When determining if a decline in sales is the cause of a potential layoff, have considerations been given to the industry as a whole, is the decline a percentage of the market, has product quality, production delays, or pricing contributed to the decline in sales, etc.

· **Supply chain issues** - A company loses a supplier or consumer that threatens the employment of part of their workforce, or acquired a new supplier that requires new skills to maintain the workforce. Supply chain issues must be accompanied by an explanation as to why the change occurred, whether it was the supplier's choice to end the relationship or the company's decision to order from a different firm. When determining whether a supply chain issue will contribute to a potential layoff, have considerations been given to other suppliers' ability to provide same or like products, has the company considered alternative product(s) production and sales that would not require retraining of staff or layoff, can the new training required be conducted by the new supplier, etc.

· **Adverse industry/market trends** - The industry/market standards have changed to the point where new training is needed to retain the current workforce. Adverse industry or market trends are an occurrence that is from no fault of the prospective company. These may be the result of higher standards of construction materials, safety standards, or other factors that require a change in the methods a product may be produced or materials that may be included in the construction. When considering whether adverse trends may cause a potential layoff, has the company consulted with industry experts to determine if assistance is available to assist with upgrades to the manufacturing process or employee knowledge, contacted other companies in the industry to share upgrades in skills training or equipment, etc.

· **Changes in management philosophy or ownership** - A company has undergone a new approach to conducting business or new ownership requires new skills to maintain the employment of part of the workforce. Changes in ownership are generally the result of lack of profitability, but may also occur where a company is profitable, but not profitable enough (this level of profit may meet the profit requirements of another owner)

or the current owners don't have the resources to take advantage of new business strategies. An owner may also pass away unexpectedly without a succession plan in place. New or changes in philosophies will generally accompany new ownership. Changes in philosophy may also occur when operations no longer meet their core business application or are viewed as excess capacity to their overall operations. When considering changes in ownership or philosophy as the cause of a potential layoff, has new ownership been determined (including such options as employee stock ownership plans), have alternatives been considered in the restructuring of the company that might reduce the number of layoffs, have community groups and labor organizations been involved in the discussions to lend their expert advice, etc.

· **Worker does not have in-demand skills** - A worker's skills or functions are no longer "in-demand" and they are at risk of losing their employment with the company without undergoing new training and acquiring new skills. A lack of in-demand skills may be the result of a change in philosophy or product line or a change in the industry demands that results in the need for new technologies and abilities by the current workforce. Products and production lines are ever changing as they adapt to the needs of the market. With this change comes a need for evolving of the skill set of the workers. When considering if the lack of in-demand skills is the cause of potential layoffs, has it been determined which workers have the ability to attain new in-demand skills, are there other considerations to be made with an increase in demand skills such as new equipment/machinery needs or safety devices, etc.

· **Strong possibility of a job if a worker attains new skills** - The workers are in a position that is subject to layoff, and by acquiring new skills training he/she can move into a position that is not subject to lay-off. New skills attainment may avert a layoff for individuals within a company or may make them more attractive to other companies. When considering whether the new skills will provide a strong possibility to prevent layoffs, what considerations have been given towards where the positions would be moved (in-house or with a new company), does the company have the capacity to expand another line of product (new or existing) to support the workers subject to layoff, has the business community shown a need and capacity for additionally trained workers, are the workers willing to relocate if the new opportunities are with another location of the same company or with a new company in a different locale, etc.

· **Other "at-risk" indicators** - Additional causes for potential layoffs may exist that the company and local area need to outline in making a case for assistance for incumbent workers. These may be other criteria that the LWIA can gather with the consultation of the employer that puts part of their workforce "at-risk" for layoff (e.g., trend in company layoffs.)

ALLOWABLE ACTIVITIES

Allowable activities for the IWT program include, but are not limited to skill training to upgrade existing skills or provide new skills to incumbent workers. Training topics and delivery arrangements may be proposed. Training that is closely linked to specific jobs, as well as, job advancement is encouraged. Proposed training that is only loosely related, or is unrelated, to specific jobs, while not linked include: stand-alone adult basic education (ABE), stand-alone English as a second language (ESL), team building training, motivational training, and basic computer literacy skills. Please note that ABE and ESL training that is fully integrated with specific job-linked skill training are allowable.

Costs that are reasonable and necessary for the conduct of training are allowable. The list below provides examples of costs that may be reimbursed through the grant or used as the matching contribution.

Example of allowable costs:

- | | |
|--|--|
| - Training Development | - Training facility costs (off-site) |
| - Instructor wages | - Wages of Trainees while in Training* |
| - Tuition | - Fringe benefits of Trainees while in Training* |
| - Training materials and supplies | - Fees for technical or professional certifications |
| - Fees required to complete training | - Expenses paid for rental costs of equipment associated with training |
| - Travel for trainers and trainees beyond normal commute | |

** Matching Costs Only - 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.*

Training services can be provided through local community colleges, area vocational-technical centers, state universities, licensed and certified post secondary private institutions and from subject matter experts, consultants, or authorized trainers from the business.

Training can be conducted at the business's own facility, at the training provider's facility or at a combination of sites.

Projects which include costs for attendance at conferences, conventions or trade show events will not be considered.

The program will not reimburse a company for training in the following areas:

- Self-paced learning
- "Outward bound" or experiential training programs
- Personal development courses
- Administrative costs
- Safety, regulatory compliance training mandated for the workplace (i.e. OSHA)
- "Off the shelf" computer software training

PROCUREMENT PROCESS

All training programs, provided as part of the application, must be competitively procured in accordance with Man-Tra-Con's local procurement policies. The following two procedures would satisfy the project obligations:

1) Small Procurement Procedures (preferred)

Small purchase procedures are to be used when the good or service being procured will not cost more than \$100,000 in the aggregate with a single vendor during a fiscal year.

Best Practice Techniques

- a. It is relatively easy to conclude that small purchase procedures are appropriate for one-time purchases under \$100,000 and difficult, however, to make this determination when the same goods or services costing under \$100,000 for the initial procurement may need to be purchased again in the future. As a result, the future need for the item being procured must be carefully considered at the time of the initial procurement.
- b. It is recommended that a minimum of three bids be obtained for each small procurement purchase.
- c. If possible and time allows, bids or quotes should be obtained in writing.

Suggested documentation of this form of the procurement process includes:

- a. a description of the item(s) being procured;
- b. price or rate quotations documented and on file for each vendor from whom a price quote or bid was sought;
- c. the date on which the price or rate quotation was provided by each potential vendor contacted;
- d. the name of the selected vendor or provider;
- e. the amount of the procurement; and,
- f. the delivery date of the good or service.

2) Noncompetitive Proposals

Procurement by noncompetitive proposals may be used only when procurement is not feasible using any other procurement method. In addition, one of the following situations must exist:

- a. the good or service is available only from one source;
- b. the public exigency or emergency for the good or service will not permit a delay resulting from competitive solicitation;
- c. competition is determined inadequate after a number of sources have been solicited.

Best Practice Techniques

This method of procurement should not be used unless absolutely necessary because it reduces competition among potential vendors to provide goods and services. Under certain procurement situations, however, there is no alternative. Examples of situations in which procurement by noncompetitive proposals may be necessary include:

- a. when there is only one source in the area, such as in rural areas, able to provide the needed goods or services.
- b. when a sudden massive layoff or plant closing requires that Title III services be immediately provided and there is not sufficient time to competitively solicit providers.

Suggested documentation of this method of the procurement process includes:

- a. complete description of why procurement by noncompetitive proposals was used;
- b. an indication of who approved the noncompetitive procurement;
- c. the name(s) of the provider(s) contacted to provide the goods or services;
- d. the date and amount of the procurement; and,
- e. Evidence that a cost analysis was conducted and the results of the analysis.

PROGRAM FUNDING

Incumbent worker training is a collaborative effort between private and public resources. Therefore, it is expected that employers make some contribution to the overall program cost. Applications will be required to identify value of cash or in-kind contributions to the incumbent worker program and the costs must be reasonable.

The application should be submitted prior to the actual training; however, reimbursement will only be released upon receipt of the following items:

- Invoices, Receipts and Proof of Payment
- Attendee List/Timesheets
- Proof of Training Completion for Incumbent Workers
- Matching documentation provided

Reimbursement will occur only for employees who successfully complete training.

MATCHING

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. Applications will require the identification of cash or in-kind contributions and the costs must be reasonable and directly related to the training which will be received. The match paid by an employer or group of employers may include the amount of wages paid by the employer(s) to a worker while the worker is attending a training program and may include other in-kind contributions. All matching contributions must clearly relate to incumbent worker training. Costs must meet the requirements described in the Department of Labor’s 29 CFR 97.24, Matching and Cost Sharing requirements

http://www.dol.gov/dol/allcfr/Title_29/Part_97/29CFR97.24.htm.

The grid below provides a guideline of the maximum reimbursement for a company within a given program year as well as a maximum amount considered reasonable for each individual being trained. This is based on company size as follows:

# of Employees	Company Match	MAN-TRA-CON Match	Company Max	Per Employee Max
1-50	10%	90%	\$10,000	\$4,000
51-99	25%	75%	\$20,000	\$4,000
100+	50%	50%	\$30,000	\$5,000

APPROVAL PROCESS

Applications will be reviewed by the members of the Southern Illinois Workforce Investment Board (SIWIB) through the Business & Economic Development Committee. The following criteria will be used in the evaluation process:

- Benefits to Targeted Industries
- Quality of the Training
- Benefits to Workers
- Appropriateness of Costs
- Matching Costs
- Non-duplication of past training programs

Applications will be processed on a first-come, first-served basis until all program funds are expended or the period ends. All training programs must have a reasonable completion date and may not supplant existing training programs. Applications must be submitted and approved prior to the start of training. Therefore no costs can be paid prior to contract approval.

All WIA-required services will continue to be provided using LWA 25's Dislocated Worker formula allocations and other funding made available. The required performance and expenditure benchmarks will continue to be met.

Employers must complete a "Pre-Award Review" survey (included in Attachment A). Employers seeking funds for training assistance under the Workforce Investment Act must verify compliance with WIA Section 181:

<http://www.commerce.state.il.us/NR/rdonlyres/E6F8DBC4-C60D-4D43-869F-FE933D0EE3BF/0/0014PreawardSurveyforRelocatingEstablishments.pdf>

APPLICATION PROCESS

Receipt of the following documents must be included as part of the application requirements:

- Attachment A – IWT – Employer Project Description Form
- Attachment B – Incumbent Worker/Detailed Participant Forms (1 for each employee to be trained)

SPECIAL GRANT PROGRAMS

Local Workforce Investment Area #25 routinely receives and supports special grant programs. These projects, which target the most severe worker shortages in the region, often require matching funds and/or the targeted use of WIA allocated funds to support the goals of the project. In some cases funds received for special grant programs are separate from the regular WIA formula funds. In either case the SIWIB reserves the right to allocate incumbent worker funds for these special projects using up to the maximum allowable cost per participant/employer and minimum matching requirements for

employers as allowed under state of Illinois WIA POLICY LETTER NO. 07-PL-33, Change 4.

MONITORING

If the applicant is awarded funds, Man-Tra-Con, and or officials from the Department of Commerce and Economic Opportunity, and or the Department of Labor, may conduct at least one desk monitoring to verify that the applicant's financial management system is structured for accurate, current and complete disclosure of the financial results of the program. The monitoring will also verify employee wage records, training rosters, and invoices and receipts associated with the approved training.

ADMINISTRATION REQUIREMENTS

As a part of this program, the Illinois Department of Commerce and Economic Opportunity requires that participating employers provide a list of employees who were trained with these funds along with their Social Security numbers. This information must be provided in order to be reimbursed for training. All safeguards and security measures are taken to ensure the privacy and confidentiality of Workforce Investment Act participants according to the Illinois Personal Information Protection Act (815 ILCS 530 et.seq.) and other federal and state laws regarding the protection of personal information.

For more information, contact:

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Or visit our website: <http://www.siwb.org>

<http://www.census.gov/naics/2007/NAICOD07.HTM#N31>

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