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To: Local Workforce Area Signatory Officials
Local Workforce Development Board Chairs
Local Workforce Development Area Administrators
State Grantees

From: Kevin Cummings *geli*
Director of Technical Services, Policies and Reporting

Subject: Rapid Response Incumbent Worker Training During COVID-19 Pandemic Memo

Date: September 11, 2020

References: Workforce Innovation and Opportunity Act (WIOA), Public Law 113 – 128 § 134; 20 CFR 682.300-370; Training and Employment Guidance Letter (TEGL) 19-16, 30-09; and State Instruction (SI) 17-03, Change 1, Incumbent Worker Training

On March 13, 2020, President Trump declared a national emergency in the face of the COVID-19 pandemic, leading to uncertainty in our communities and for employers. Due to an increasing need for flexibility in assisting employers to avoid layoffs and closures, this memo waives certain provisions for Rapid Response Incumbent Worker Training (IWT) and defines terminology used in SI 17-03, Incumbent Worker Training. SI 17-03 and the PY'19 Rapid Response IWT Guidelines govern the use of WIOA funding for IWT.

Purpose of Incumbent Worker Training

Rapid Response IWT provides funding for training to assist a business or group of businesses in averting a layoff or closure. A layoff is considered averted when:

- A worker's job is saved with an existing employer that is at risk of downsizing or closing, or
- 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 a minimal period of unemployment.

Rapid Response IWT can only be used when IWT is part of a broader layoff aversion strategy or activity, and is restricted to skill attainment activities.

As a result of the Coronavirus Pandemic, many companies are faced with the need to diversify into new industries or product lines, introduce new technology, or look for ways to operate more efficiently. Rapid Response IWT will be an essential tool to help businesses upskill and

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retool their existing workforce in order to remain competitive in the post-COVID-19 environment.

Waiver of Payment Terms

IWT agreements are awarded on a reimbursement basis, meaning that the employer is required to pay for the training according to the terms agreed upon between the employer and the training provider(s). With appropriate documentation of training completion, the Local Workforce Development Area (LWDA) or service provider issues reimbursement to the employer. The requirement that employers pay the full cost of training can present a hardship, especially in the case of Rapid Response IWT when the employer is facing financial risks. As a result of the pandemic, many employers are facing economic hardships.

To alleviate this burden to employers during the pandemic, LWDAs and service providers have the option of paying the training provider directly at the completion of training. There must be agreement between all parties—the area/service provider, employer, and training provider—and documentation of training completion.

Definition of “Substantially Similar Review”

A third-party review of the business is required before submission of an application for IWTs funded by Rapid Response funds. SC Manufacturing Extension Partnership (SCMEP) conducts a competitiveness review at no-cost to the business or WIOA. The review can be completed virtually during the pandemic and until businesses lift restrictions on external visitors.

In lieu of the SCMEP competitiveness review, a third-party (an entity other than the business) can be engaged to provide a substantially similar review of the company. Third-parties may include:

- Economic development agencies or organizations
- Chambers of Commerce
- Industry-relevant trade associations
- Other entities or organizations with industry expertise and experience reviewing business systems and processes and recommending process improvement to include employee training

Performance of a competitiveness review is an allowable WIOA Rapid Response activity. The cost of performing a competitiveness review will be included in the \$50,000 maximum funding that an employer may receive, which will potentially reduce the scope of the employer’s training program. If a fee for the review will be charged, prior written approval is required before a competitiveness review is performed.

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The review, whether conducted by SCMEP or another organization, must:

- Reveal/confirm limiting factors holding the business back;
- Provide a snapshot of how the business is performing in comparison to other companies; and
- Provide a roadmap to improve competitiveness, performance, and the bottom line.

The results of the review must reveal that layoffs would be imminent without intervention. The roadmap for improvement must confirm a need for employee training and identify the specific training needs in order to utilize funds for IWT. The employer and worker group assessment criteria outlined in SI 17-03 must be used in making a determination of when and whether IWT is an appropriate response. Consideration must be given as to whether, absent the training, a good job will be lost or degraded, and whether with the training the job will be retained or improved.

Maximum Award

A business match is not required for Rapid Response IWT. As a general rule, eligible businesses may receive up to \$50,000 for Rapid Response IWT. As stated above, performance of a competitiveness review is an allowable WIOA Rapid Response activity. The cost of performing a competitiveness review will be included in the \$50,000 maximum funding that an employer may receive if the employer does not select a no-cost option.

Please note that DEW is not obligated to award the full amount requested by a business. A business's application may be partially funded, at a level less than \$50,000, or denied altogether based on a review of the application, including the competitiveness review and training requested. In limited situations, business circumstances may result in a grant award that exceeds \$50,000.

Review and Evaluation Process

The application submission, review, and evaluation process will remain unchanged:

- Businesses should submit a completed application to the appropriate LWDA. Local staff must conduct and complete the Local Area Assessment before submitting the application to Workforce Grants for final review.
- DEW will review and evaluate the application based on the totality of the circumstances surrounding the businesses current position, as described in the third-party competitiveness review. Factors may include:
 - Temporary or permanent layoffs within the past 12 months,
 - Decreases in revenue and/or profit,
 - Reliance on a small number of customers,
 - Loss of a major customer,

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- Inability to meet customer demand as a result of supply chain or vendor availability, and
 - Other *documented* impacts resulting from the Coronavirus Pandemic.
- Questions or requests for additional information will be submitted to the LWDA with the expectation that the LWDA consult with the business and training provider to resolve and respond to requests for additional information. **Note:** when necessary and appropriate, DEW will directly contact the entity that conducted the competitive review and/or the training provider(s).

Timeframe for Implementation and Completion of Training Program

Because Rapid Response IWT is for the purpose of averting layoffs that are imminent, training should begin within 30 days of the local area executing the Rapid Response IWT grant award. If training does not begin within 90 days of the signed grant award, the grant may be rescinded. Training must be completed within 12 months.

Questions may be directed to PolnPro@dew.sc.gov.