

Title: Incumbent Worker Policy	Date of Issue: 07/01/2021
Approved By: Heather Powell	Last Reviewed: 01/12/2026

BACKGROUND:

Incumbent Worker Training provides both workers and employers with the opportunity to build and maintain a quality workforce and is governed by sections [20 CFR 680.780 through 820 of the Final Rule](#). Incumbent worker Training is designed to meet the needs of an employer or a group of employers to retain a skilled workforce or avert layoffs. Incumbent worker training is not permitted to be used to provide the occupational training needs of a new hire ([TEGL 19 - 16](#)).

POLICY:

Program Highlights

- Carroll County Workforce Development's incumbent worker training program helps businesses to avert potential layoffs of employees
- Obtain the skills necessary to retain employment, such as increasing the skill levels of employees so they can be promoted with the company and create a backfill of opportunities for less-skilled employees.
- Employer-based training projects targeted for in-demand industries, and industry sectors identified in the most recent Carroll County Workforce Development Strategic Plan.
- Up to 50% match of approved training cost by eligible business is required.
- Up to 20% of federal Workforce Innovation and Opportunity Act (WIOA) Adult and Dislocated Worker funds may be used for training incumbent workers (contingent on funding availability) following Department of Labor Training and Employment Guidance Letter [WIOA \(TEGL\) No. 19-16](#) and [section 134\(d\)\(4\) of WIOA](#) and [20 CFR 680.800](#).

Business eligibility criteria for participation

- Carroll County area companies that operate under the provision of Maryland law with a permanent Carroll County location. Business must comply with the requirements of Fair Labor Standards Act (FLSA) or the state minimum wage law; whichever is greater.
- Private sector businesses with a minimum of five employees and a physical work location outside of a personal residence.
- Incumbent worker training is allowable for full time (32 hours a week or more), benefited employees or underemployed workers - e.g. workers who would prefer full-time work but are working part-time for economic reasons. [TEGL 19-16](#).

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- Priority is given to businesses with 50 employees or less in the targeted in- demand industries, and industry sectors identified in the most recent Carroll County Workforce Development Strategic Plan.
- Business must not have laid-off employees within the past 120 days prior to the proposed start of the training project.
- Business must attest, in writing that is not on the federal debarred list and is a business in good standing with the State of Maryland and Carroll County.

Training participant eligibility

- The participant has an established employment history with the employer for six months or more which may include time spent as a temporary or contract worker performing work for the employer receiving incumbent worker funds ([TEGL 19-16](#)) and:
 - Receives a W-2 as opposed to at 1099, is not a contractor or vendor for the business and is a regular employee who is currently employed, not a temporary worker.
 - The business pays unemployment insurance and workers' compensation premiums on the individual's behalf.
 - The work performed is considered to be integral to the business.

NOTE: There is one exception to the six-month requirement, which is that in the event that incumbent worker training is being provided to a cohort of employees, not every employee in the cohort must have an established employment history with the employer for six months or more as long as a majority of those employees being trained meet the employment history requirement. [TEGL 19-16](#). An incumbent worker need not meet WIOA Adult and Dislocated Worker eligibility requirements, however they must provide sufficient documentation of age, citizenship, Social Security Number and Selective Service status (for males born after December 31, 1959) in order to enroll the individual into the Maryland Workforce Exchange.

Training requirements

Incumbent worker training is designed to meet the needs of an employer or group of employers to retain a skilled workforce or avert layoffs. Incumbent worker training is not permitted to be used to provide the occupational training for a new hire needs. Incumbent worker training provides both workers and employers with the opportunity to build and maintain a quality workforce and is governed by sections [20CFR680.700 through .820 of the Final Rule](#). Incumbent worker training can be used to either:

- Help avert potential layoffs of employees or
- Obtain the skills necessary to retain employment, such as increasing the skill levels of employees so they can be promoted within the company and create backfill opportunities for less-skilled employees. [TEGL 19-16](#).

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Businesses awarded funds through the program must take the necessary steps to provide incumbent worker training in specific, job-related skills that result in workers gaining transferable skills or an industry-recognized certification or credential. Training must be aligned with the company's strategic goals and objectives.

- Needs and costs must be reasonable and clearly related to the project as described in the training plan. Additionally, the method of training must be approved by Carroll County Workforce Development prior to start of training.
- Carroll County Workforce Development may reimburse up to \$2,500 per person for training that leads to a recognized credential. Training per person maximum is limited to a three-year period.
- Maximum per company is \$25,000 per fiscal year contingent upon funding availability. Exceptions may be made on a case-by-case basis.

The minimum amount of employer share in the incumbent worker training depends on the size of the employer, funding availability and may not be less than:

- 10 percent of the cost, for employers with 50 or fewer employees
- 25 percent of the cost, for employers with between 51 to 100 employees
- 50 percent of the cost, for employers with more than 100 employees. [TEGL 19- 16](#).

Restrictions on funds

The U.S. Department of Labor has placed the following restrictions on incumbent worker funds:

- Businesses who participate in an incumbent worker training project must agree to comply with the requirements of the Fair Labor Standards Act (FLSA), including maintaining the employment and compensation of participants for the duration of the project, unless the maintenance of employment or compensation would be inconsistent with similarly situated employees who are not participating in the project.
- Incumbent worker training cannot consist of On-the-Job Training (OJT).
- Incumbent worker training cannot be used to pay for participant's wages.

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- A participant in an incumbent worker training project may not displace a current employee as of the date of project participation. Displacement is a reduction in hours, wages, or benefits, either in whole or in part.
- An incumbent worker training project cannot impact an existing contract for services or collective bargaining agreement (CBA). If the terms of a training project are inconsistent with a CBA, the labor organization must agree, in writing, to allow the project.
- A participant in a training project shall not be funded for training if:
 - Any other individual is on layoff from the same or equivalent job in the same unit or department;
 - The business has terminated the employment of any regular employee or otherwise reduced their workforce with the intention of filling the resulting vacancy with the participant.
- Businesses participating in a training project must maintain the same health and safety standards, and working conditions for participants as the business does for non- participants.
- Funds may not be used to entice a business to relocate to Carroll County. Incumbent worker funds are intended to assist existing Carroll County businesses. A business must be established in Carroll County for a minimum of 120 days prior to beginning an incumbent worker training project.
- Incumbent worker participants will complete a WIOA application that will be entered into the Maryland Workforce Exchange, Carroll County Workforce Development Incumbent Worker award process.
- Project applications must be submitted and approved by the Carroll County Workforce Development review team prior to the start of training.
- No reimbursement of training funds will be granted without prior application, approval and authorization.
- Carroll County Workforce Development staff is responsible for executing contracts with successful applicants and oversight of the training projects.
- Businesses take necessary steps to provide for the training of incumbent workers in specific skills that result in the employee obtaining an industry recognized certification or credential.
- The business must explain how the training will support lay-off aversion or retention and growth of their workforce.



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- All training recipients must complete a WIOA Maryland Workforce Exchange application.
- Payment is by reimbursement only after submittal to the Carroll County Workforce Development team of proof of training attendance, successful completion of training and credential received.

REFERENCES:

[20 CFR 680.780 through 820 of the Final Rule](#)
[TEGL 19 – 16](#)
[section 134\(d\)\(4\) of WIOA](#)
[20 CFR 680.800](#)