

Incumbent Worker Training Policy #P-8-5.22

Re: Guidance on utilizing WIOA funds to support Incumbent Worker Training (IWT).

Updated February 27, 2026
Revision Approved: No changes were made.
Originated: May 26, 2022
Original Approval: August 4, 2022

References: WIOA Section
(3)(44) WIOA
Section 134(c)
(3)(h) 20 CFR
§680.530
20 CFR §680.780-820
Workforce System Guidance (WSG) No. 06-PY 2015, April 1, 2026

Relevant Forms SCPa Works Incumbent Worker Training Application
SCPa Works Employer Desk Guide

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I. **Background:**

- A. Incumbent worker training (IWT) is 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.
- B. Criteria for determining employer eligibility are detailed in this policy, which includes:
 1. How the employers' share of the incumbent worker training cost will be established;
 2. Employer and incumbent worker requirements for eligibility;
 3. IWT application, approval, and reimbursement processes; and
 4. The process for the collection and dissemination of performance information through the local workforce system.
- C. IWT funding targets participants who are already established within in-demand industry sectors to acquire new skills, allowing the worker to move into a higher-skilled and higher-paid job within the company.
 1. This strategy is directly focused on moving incumbent workers into positions that pay a living wage.
 2. A living wage is defined as the hourly rate that an individual must earn to support a family, depending on location, the number of dependents, and the number of working adults in the household.
 - a. Lower Living Standard Income Level (LLSIL) income charts can be found at: dol.gov/agencies/eta/llsil
 3. Incumbent Worker Training funding preference will be given to IWT programming that results in an industry-recognized credential or certificate for the participant.

II. **Definitions:**

- A. **High-Priority Occupation (HPO)** is an in-demand occupation that has higher skill needs and is likely to provide a family-sustaining wage. Statistical data, regional expert, and local area inputs are combined to determine whether or not an occupation

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This document is reviewed for updates annually by the SCPa Works Policy Department and was last reviewed on 02.27.2026.

Auxiliary aids and services are available upon request to individuals with disabilities. Equal Opportunity Employment/Program

meets the high-priority criteria.

- B. Incumbent Worker is an individual who is employed, meets Fair Labor Standards Act requirements for an employer-employee relationship, and has an established employment history with the employer for six (6) months or more.
- C. Incumbent Worker Training (IWT) is training provided to an incumbent worker that is designed to meet the needs of an employer(s) to retain a skilled workforce or avert the need to lay off employees; increase the competitiveness of the employer or employee; and be conducted with a commitment by the employer to retain or avert the layoffs of the incumbent worker trained. Such training may also include the up-skilling of an employer's current workforce, which may lead to additional opportunities for potential job seekers.
 - 1. Note: IWT must exist within an in-demand occupation as determined at the local level (see section III of this policy), but does not necessarily have to lead to a high-priority occupation (HPO).
 - 2. High-priority occupations are also in-demand occupations, and such occupations are eligible for incumbent worker training funding if all other eligibility requirements are met.
- D. In-Demand Industry Sector is an industry sector that has a substantial current or potential impact (including through jobs that lead to economic self-sufficiency and opportunities for advancement) on the state, regional, or local economy, as appropriate, and that contributes to the growth or stability of other supporting businesses, or the growth of other industry sectors.
- E. In-Demand Occupation is an occupation that currently has or is projected to have a number of positions (including positions that lead to economic self-sufficiency and opportunities for advancement) in an industry sector so as to have a significant impact on the state, regional, or local economy, as appropriate.

III. Reservation and Use of Funds:

- A. In-Demand Industry Sector Priority
 - 1. SCPa Works prioritizes IWT funding through serving the following industry sectors prior to funding sectors outside of this parameter:
 - a. **Healthcare & Social Assistance**
 - b. **Transportation, Warehousing, & Logistics**
 - c. **Advanced Manufacturing**
 - d. **Information Technology (IT) & Information Sector**
 - e. **Professional & Technical Services**
 - f. **Construction & Skilled Trades**
 - g. **Energy (Including Natural Gas & Emerging Clean Energy)**
 - h. **Business Services & Management of Companies**
- B. Reimbursement Allowance and Limitations
 - 1. SCPa Works will provide a lifetime maximum amount of \$7,500.00 per eligible incumbent worker as a reimbursement payment to eligible employers to subsidize eligible IWT in the form of classroom instruction, on-the-job learning, or a combination of both.
 - 2. Reimbursement is distributed to employers following the completion of the IWT by SCPa Works upon receipt of an invoice, proof of employer payment for the cost of training and educating incumbent workers, and proof of incumbent worker training completion in the form of a credential, a certificate, or a final report indicating completion.
- C. SCPa Works determines funding based upon eligibility requirements as follows:
 - 1. For an incumbent worker to qualify for participation in IWT under the

SCPa Works guidelines, the following will be considered for program eligibility:

- a. The incumbent worker is legally employed with the employer;
 - b. The employer-employee relationship meets the Fair Labor Standards Act requirements; and
 - c. The incumbent worker must have an established employment history with the employer for at least six (6) months or more.
 - d. The incumbent worker cannot have started the IWT prior to the date of the application.
2. For a training to be eligible for IWT reimbursement, the industry sector must be included on the in-demand sectors list in section III(A)(1) of this policy.
- a. The start date of the training cannot have occurred prior to the application date.
 - b. The end date of the training cannot have occurred prior to the application date.
3. For an employer to receive training cost reimbursement for eligible IWT under the SCPa Works guidelines, the following will be considered for program eligibility:
- a. The employer's mission should align with the strategy of SCPa Works in fulfilling the vision and goals established for the local area;
 - b. The characteristics of the incumbent workers to be trained in relation to individuals with barriers to employment as defined in WIOA Section 3(24), and how such individuals would benefit from a skill gain that results in retention or advancement;
 - c. The training should result in measurable gains to include industry-recognized credentials, advancement opportunities, etc.
 - d. The number of participants the employer plans to train or retrain;
 - e. The wage and benefit levels of participants before and after training;
 - f. Employer's industry status and incumbent worker occupation or anticipated occupation should reflect the following:
 - i. An in-demand industry as defined by WIOA Section 3(23) and determined by CWIA labor market information; or
 - ii. A stable industry as determined by CWIA labor market information; or
 - iii. A declining industry, but there are compelling reasons (e.g., evidence of long-term viability of the employer) justifying investment in incumbent worker training.
 - g. Recent lay-offs and relocations. The employer must not have laid off workers within 120 days;
 - h. The employer must be current in unemployment insurance and workers' compensation taxes, penalties, and/or interest or related payment plan;
 - i. The incumbent worker positions cannot be for seasonal or temporary employment; and
 - j. The incumbent worker position must be for full-time employment, i.e., a minimum of 32 hours per week.

IV. Occupational Eligibility:

- A. IWT dollars must be used for in-demand industry sector occupations and lead to employment opportunities that enable the participant to become economically self-sufficient, which will contribute to the participant's occupational development and

upward professional mobility.

V. SCPa Works Incumbent Worker Training Application Guidelines and Standards:

- A. Data pertaining to employers, workers, dollar amounts, contracts, and measurable skill gains are recorded in the Commonwealth Workforce Development System (CWDS), which is managed and maintained by the SCPa Works Policy Manager.
- B. SCPa Works accepts incumbent worker applications from employers on a quarterly basis, adhering to the following quarterly schedule of submission deadlines:
 - 1. First Quarter Submissions Deadline - September 30
 - 2. Second Quarter Submissions Deadline - December 31
 - 3. Third Quarter Submissions Deadline - March 31
 - 4. Fourth Quarter Submissions Deadline - June 30
- C. To request incumbent worker funding, employers are required to complete the questions in the SCPa Works Incumbent Worker Training application using the fillable drop-down options and text-fill boxes where applicable on the application, including the attachments to the IWT application as follows:
 - 1. Employer W-9
 - 2. Employer EFT Form
 - 3. New Employer Relationship Form
- D. Employers are required to submit the following documentation to SCPa Works in addition to a completed IWT Application, for formal approval of the training as an IWT:
 - 1. Proof of Coverage by Fidelity Bonding
 - 2. Proof of Certificate of Liability
 - 3. Payroll records as proof of six months of employment for each incumbent worker
 - 4. Payroll records as proof of the total number of employees who are employed with the business on the date of this application.
- E. Following the completion of the IWT, employers are required to submit an invoice for payment to SCPa Works with the following attachments:
 - 1. Proof of payment or invoicing for the cost of incumbent worker training/up-skilling; and
 - 2. Proof of employer cost share in the form of paid training invoices or payroll records during the training. (*Employer-paid wages during training serve as a cost share.*)
- F. Employers are asked to submit the completed version of the application with all attachments and documentation to the following email address:
Cynthia Picht – cpicht@scpaworks.org

VI. SCPa Works IWT Application Review, Approval, and Denial Processes:

- A. IWT application packages are reviewed for completion, integrity, compliance, and relevance relating to WIOA-funded workforce development programming.
- B. IWT applications are approved or denied within two weeks of the quarterly deadline dates as follows:
 - 1. First Quarter Approval/Denial Deadline – October 14
 - 2. Second Quarter Approval/Denial Deadline – January 14
 - 3. Third Quarter Approval/Denial Deadline – April 14
 - 4. Fourth Quarter Approval/Denial Deadline – July 14
- C. If an application is denied, employers are welcome to reapply using new or improved criteria in the following quarter of the program year.
- D. If an application is approved, an IWT agreement is drafted and submitted for SCPa

Works' executive committee or full board approval, depending upon the month of the program year.

VII. Employer Payment of Non-Federal Share:

- A. Employers receiving funds for incumbent worker training are required to pay for the non-federal share of the cost of providing such training.
- B. The employer share is based on the size of the workforce (wages paid to the participant while in training can be included as part of that share) as follows:
 - 1. At least 10 percent of the cost for employers with 50 or fewer employees;
 - 2. At least 25 percent of the cost for employers with 51 to 100 employees; and
 - 3. At least 50 percent of the cost for employers with more than 100 employees.
- C. The employer size means the number of employees currently employed at the local operation where the incumbent worker training placements will be made at the time of the IWT application.

VIII. SCPa Works IWT Reimbursement Invoicing, Backup, and Payment:

- A. Upon full board approval, the employer and SCPa Works sign the IWT Agreement.
 - 1. A request for an invoice with proof of expenditures will be issued from SCPa Works to the employer; and
 - 2. Upon completion of the IWT, the employer approved for IWT reimbursement will submit the line-item invoice to SCPa Works, indicating each incumbent worker and the cost of training that was paid for each incumbent worker as proof of payment by the employer.
 - a. Invoices must reflect the agreed-upon reimbursement amount as stated in the IWT Application, the IWT Agreement, and CWDS.
 - 3. Reimbursement by SCPa Works for IWT can only be issued to employers who:
 - a. Provide proof of employer cost-share (as detailed in section VIII(A)(2-3);
 - b. Provide proof of payment for the approved IWT.
 - 2. In addition to submitting an invoice to SCPa Works for IWT cost reimbursement, employers must submit proof of having paid for at least 50% of the cost of training.
 - a. Paid wages can serve as proof of IWT costs. If wages paid during an IWT period equal 50% of the IWT cost, employers may submit payroll records as proof of having paid 50% of the cost during that period.
 - b. Employers are required to submit proof of completion of the IWT with the invoice for reimbursement.
 - i. Proof of IWT completion can be submitted in the form of an industry-recognized credential, a skill gain certificate, a proof of incumbent worker wage increase, a training progress report indicating training completion, proof of incumbent worker professional advancement, or other agreed-upon documentation.
- B. SCPa Works IWT reimbursement payments will be issued after the incumbent worker training is completed, and contingent on the collection of all required documentation.

IX. Additional SCPa Works IWT Stipulations:








- A. Funding for IWT is determined by SCPa Works on a case-by-case basis.
- B. IWT agreements shall not be made with employers who have previously exhibited a pattern of failing to provide IWT participants with continued long-term employment with increased wages, benefits, and working conditions that are equal to those

- provided to other existing employees who have worked a similar length of time and are doing the same type of work.
- C. IWT agreements are developed by the SCPa Works Policy Department, and are unique to each IWT request and approval.
 - D. When funds are available for IWT within the SCPa Works service area, IWT contracts will be created for eligible individuals, constituted and carried out by SCPa Works, employers, and all contracted service providers involved in the IWT process and under the following guidelines:
 - 1. Preference will be given to incumbent workers who currently earn less than a living wage, based on location and the number of dependents supported by the employee, and who will receive a living wage after the training.
 - 2. Preference will be given to those who are veterans.
 - E. All requests for exceptions to this policy are accepted by SCPa Works and considered for approval on a case-by-case basis.
 - F. Although IWT candidates do not need to prove WIOA eligibility, SCPa Works adheres to 20 CFR 683.200(g) to indicate that no individual may be placed in an employment activity if a member of that person's immediate family is directly supervised by or directly supervises that individual.
 - 1. For the purpose of this policy, the term "immediate family" includes a spouse, child, parent, son-in-law, daughter-in-law, mother-in-law, father-in-law, sibling, brother-in-law, sister-in-law, aunt, uncle, niece, nephew, stepparent, stepchild, grandparent, and grandchild.
 - G. The maximum time frame for an IWT is 12 months.
 - H. Employers are not eligible to receive SCPa Works IWT more frequently than once per program year.
 - I. SCPa Works incumbent worker training funds may not be used to pay for the wages of workers who are entering employment with the employer for the first time.
 - J. IWT funds provided are to be used for the cost of providing the training of existing employees, including the cost of developing the training or fees associated with the training program or training provider.
 - K. Employers who have financial responsibilities related to the receipt and disbursement of funding under the Agreement shall be covered by fidelity bonding.
 - L. The incumbent training to be provided will be in accordance with all Federal, State, and local labor laws and standards of operation.
 - M. The employer agrees to cooperate with monitoring efforts established by SCPa Works and applicable to local, state, and federal rules and regulations.
 - N. IWT funds are not used directly or indirectly to assist, promote, or deter union organizing.
 - O. The employer agrees to respond to SCPa Works/PA CareerLink® staff requests for wage and retention information of participants.
 - P. The employer commits to retaining the trained employees following the completion of training. Failure to do so may result in the employer being ineligible to receive further SCPa Works training funds.
 - Q. If the participating employer(s) has recently relocated, resulting in the loss of employment of any employee of such business at the original location in the U.S., incumbent worker training contracts may not be granted to the employer until after 120 days have passed since the relocation.
- X. Funding Exceptions:**
- A. SCPa Works is aware that extenuating circumstances may require additional funding beyond the cap outlined in this policy and will consider exceptions based on

employer input.

- B. Written requests for policy exceptions should be submitted to SCPa Works via email communication from the employer, service provider leadership, or Registered Apprenticeship employer/sponsor to the SCPa Works Strategic Development Department via Cynthia Picht at cpicht@scpaworks.org.

XI. Summary of Changes: This policy is reviewed every 180 days by the SCPa Works Policy Department for necessary changes, edits, updates, and revisions.

Date of Change:	Changed by:	Summary of Change(s):	Effective Date
05/26/2022	Saranne Miller 	Increased maximum dollar amount to \$7500.00. Increased minimum wage to \$15.00 per hour. Increased maximum wage to \$18.00 per hour. Established program end wage at \$19.00 per hour. Removed irrelevant/outdated content.	08/04/2022
10/05/2022	Saranne Miller 	1. Sec. III: Removed employment duration exception and defined WIOA enrollment requirements. 2. Sec. VII: Defined local requirements, updated wage range to \$14.00-\$22.00, added veteran priority, add low-income priority, established protocol for employees who do not meet SCPa Works' eligibility requirements.	11/10/2022
10/14/2022	Saranne Miller 	1. Sec. IV(d): Added full-time employment requirement. 2. Sec. IV(e): Updated wage requirement 3. Sec. IV(C)(1)(g): Added/reiterated the requirement of proving existing employment	11/10/2022
10/26/2023	Saranne Miller 	1. Sec. I(C) – added RAP content 2. Sec. IV(A)(1)(c)(i) – added RAP exception 3. Sec. V(A) – added RAP content 4. Sec. VI(A)(1) – added RAP content 5. Sec. VII(C)(3)(d)(i) – added RAP content 6. Sec. VII(F)(1) – added RAP content	11/11/2023
04/16/2024	Saranne Miller 	Reviewed for edits. No revision necessary. Re-formatted header page. Added website access to the revised and updated IWT form for employers.	04/16/2024
09/10/2025	Saranne Miller 	This policy has been completely rewritten based on new IWT strategy development, new process creation, and the development of a new IWT application, employer packet materials, employer desk guide, CWDS process, internal IWT approval process, and the implementation of new IWT documentation requirements as established by a collaboration between the SCPa Works Strategic Initiatives and Operations departments.	09/25/2025
02/27/2026	Saranne Miller 	Reviewed for updates. No changes were made.	02/27/2026

