P.O. Box 995
1550 Gadsden Street
Columbia, SC 29202
dew.sc.gov

Henry McMaster
Governor

William H. Floyd, III
Executive Director

STATE INSTRUCTION NUMBER 25-01

To: Local Workforce Area Signatory Officials
Local Workforce Area Board Chairs
Local Workforce Area Administrators
DEW Area Directors
DEW Regional Managers

Subject: **Local, Statewide, and Rapid Response Incumbent Worker Training**

Issuance Date: September 5, 2025

Effective Date: September 5, 2025

Purpose: To provide guidance on the operation of Incumbent Worker Training (IWT) programs funded through local Workforce Innovation and Opportunity Act (WIOA) Title I Adult and Dislocated Worker program funds (local IWT), Governor's Reserve or Statewide program funds (statewide IWT), and Rapid Response IWT programs. **This policy guidance replaces State Instruction 20-08 and 20-13, Change 1.**

References:

- Workforce Innovation and Opportunity Act, Public Law 113-128 §§ 134(d)(4), 181(d)
- 20 CFR §§ 680.780 – 680.820; 682.200(b)(2); 682.310(b)(4)
- Training and Employment Guidance Letters (TEGLs) 10-16, Change 3; 19-16; 21-22
- Training and Employment Notices (TENs) 3-10, 9-12
- State Instruction 19-01, 20-11

Background: IWT must satisfy the WIOA Section 134(d)(4) requirements and increase the competitiveness of employees or employers. Training is intended to assist with expansion, new technology, retooling, new services/product lines, restructuring, or to be used as a part of a layoff aversion strategy. IWT requires employers to retain the trained workers and provide the opportunity to build and maintain a skilled workforce.

Policy: All IWT providers and participants must comply with the criteria, information requirements, and procedures established within this policy. All forms and templates needed by Local Workforce Development Areas (LWDAs) to manage IWT can be found under Staff Online Resources on SC Works Online Services (SCWOS): https://jobs.scworks.org/vosnet/Default.aspx.

Types of IWT

IWT allows the opportunity for both employers and employees to build and maintain a quality workforce. IWT can be used for one of the following:

- Obtain the skills necessary to retain employment
- As part of a layoff aversion strategy

The state recognizes three types of IWT:

Local and Statewide

1. Local: Local Workforce Development Boards (LWDBs) can reserve up to 20% of their combined total Adult and Dislocated Worker allocations to cover the federal share of IWT.
    - For example: If a LWDB received $1.5 million in adult funds and $1 million in dislocated worker funds, it may use up to $500,000 (20% of the total) for IWT. This 20% can only be used for program-related IWT activities.
2. Statewide: The State Workforce Development Board (SWDB) can use Governor's Reserve funds to cover the federal share of IWT.

Rapid Response

3. Rapid Response IWT can only be used when the IWT is part of a broader layoff aversion strategy or activity and is restricted to skill attainment. Generally, eligible employers may receive up to $50,000 for Rapid Response IWT, with the specific amount being determined on a case-by-case basis.

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

    - A worker's job is retained with the current employer that is at risk of downsizing or closing.
    - A worker at risk of dislocation transitions to a different job with the same employer.
    - A worker at risk of dislocation transitions to a different job with a different employer and experiences a minimal period of unemployment.

IWT programs must **not** be used to provide the occupational training required for a new hire.

Employer Eligibility

The Department of Employment and Workforce (DEW) requires employers to meet the following stipulations to be eligible for IWT:

- Identify as a South Carolina for-profit employer, non-profit employer, or local government entity, such as hospitals operated by non-profit or local government entities with a nursing upskilling opportunity available
    - Importantly, where and when it is possible, priority of IWT funding must be given to private sector employers
- Employ at least one full-time employee other than the owner of the business
- Register in SCWOS and have an active employer account
- Remain in good standing and current on state unemployment insurance taxes
    - LWDBs are required to use the DEW Unemployment Insurance Tax Lien Registry at https://uitax.dew.sc.gov/LienRegistry/#/registry/home to determine whether an employer is in good standing and current on state unemployment insurance taxes. LWDBs must not approve employers for IWT until all liens are fully satisfied.

Ineligible Employers. Training entities are not eligible for IWT funding. Employers receiving services through readySC™, and/or other training providers, may be eligible if the training funded is not a duplication of services provided through another funding source.

Employer Relocation. IWT funds are not available to an employer that has relocated if that relocation results in the loss of jobs in the original location until the employer has operated at that new location for 120 days. If an employer has relocated to, or expanded into, a LWDA, they must complete the WIOA IWT Program Pre-Award Review to receive IWT funding from that LWDA.

Training Consortia. A group of employers may form a training consortium to receive IWT funds. Common examples include business associations, industry councils, chambers of commerce, or downtown/community development corporations. Training consortia, or a third-party representative on behalf of the consortium, may apply for an IWT but cannot serve as the training provider and are not eligible to receive any funding as payment for their services. A training consortium that includes a training entity may not use IWT funding.

Rapid Response IWT Employer Review. A third-party review of the employer is required before submission of an application for Rapid Response IWT. The review must do the following:

- Reveal or confirm limiting factors holding the employer back
- Provide a snapshot of how the employer is performing compared other companies

- Detail 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 IWT and identify the specific training needs.

The third parties may include:

- SC Manufacturing Extension Partnership (SCMEP), who conducts employer competitiveness reviews at no-cost to the employer or WIOA
- Economic development agencies or organizations
- Chambers of Commerce
- Industry-relevant trade associations
- Other entities or organizations with experience reviewing employer systems/processes and recommending process improvements, including employee training

Performance of a competitiveness review is an allowable WIOA Rapid Response activity. The cost of performing a competitiveness review, if the employer does not select a no-cost option, will be included in the $50,000 maximum funding that an employer may receive, potentially reducing the scope of the employer's training program. If a fee for the review will be charged, prior written approval is required.

Worker Eligibility

To qualify as an incumbent worker, the individual must meet the following requirements:

- Employed by the employer or an employer in a training consortium
- Meets the Fair Labor Standards Act requirements for an employer-employee relationship
- Has an established employment history with the employer of six months or more

Employer-Employee Relationship. Individuals who do not have an employer-employee relationship include the following:

- Employees who are placed through a staffing or temporary agency
- Employees who receive a 1099 for tax filing purposes

Six Month Employment History Exception. If IWT is provided to a cohort of employees, not everyone in the cohort must have an established employment history of six months or more as long as a majority do. Periods of temporary employment may also count toward employment. LWDBs, in agreement with employers, must develop a process to document the employment history of IWT participants. LWDBs may use the Employer Self-Attestation Form to document the employment history requirement.

An individual does not have to meet the eligibility requirements for career and training services for Adult and Dislocated Worker programs under WIOA, unless they are also enrolled as a participant in the WIOA Title I Adult or Dislocated Worker programs.

Reimbursements

IWT is a reimbursement grant program wherein the employer is reimbursed for actual training costs following the completion of training.

Costs that can be reimbursed through the grant include the following:

- Training/Course Registration
- Textbooks/Manuals
- Training Materials and Supplies

Costs that cannot be reimbursed through the grant include the following:

- Administrative costs incurred by the employer/training consortium
- Trainee wages or travel
- Trainer travel
- Training equipment
- Capital improvements
- Curriculum development
- Purchase of any item or service that may be used outside of the training project (including computer equipment and non-training related software)
- Costs incurred prior to the approval date of the application

Rapid Response Exception. For Rapid Response IWT, LWDAs can establish a payment strategy that aligns with their policies, the provider's payment terms, and the employer's needs. Such flexibility expands access to IWT when employers are facing financial hardship, especially for smaller companies. LWDAs should consider the following criteria when assessing the need for payment flexibility:

- Nature, extent, and anticipated duration of the hardship, as documented by the employer or through the competitiveness review
- LWDA policies and procedures
- Training provider payment/reimbursement policies
- Completion rate for Rapid Response IWT participants
- Regularity of employees not completing training
- Other factors as deemed appropriate by the LWDA

NOTE: LWDAs are not required to offer these flexibilities and can instead follow normal reimbursement processes.

IWT Employer Share

Employers must pay the non-federal share of the cost of providing IWT. The minimum amount of employer share depends on the size of the employer and may not be less than:

- 10% of the cost — For employers with 50 or fewer employees
- 25% of the cost — For employers with between 51 and 100 employees
- 50% of the cost — For employers with more than 100 employees

The employer share requirement does not apply to Rapid Response IWT.

Employer Share Payment. The employer share may be paid in cash payments and fairly evaluated in-kind contributions, including wages paid to incumbent workers while attending training. It cannot be paid from federal funds. When wages are used as the employer share, documentation of actual wages paid to each individual worker during training must be provided. When the training concludes, if the amount of actual wages paid falls short of the required non-federal share, the employer must pay the difference in cash.

Training Consortia Share. The training cost is based on the total number of employees from all employers in a training consortium. It is the responsibility of the consortium to determine how to split the cost between its employers. While not required, it is recommended that costs are divided based on each employers' proportionate share of employees.

LWDB Policy. When establishing policies regarding employer shares, LWDBs must consider the same factors that were used to determine the employer's eligibility.

NOTE: LWDAs must include employer contributions on the monthly Financial Status Report (FSR).

Training Services

Training providers can be any of the following:

- Technical Colleges
- School Districts
- Adult Education Programs
- Area Vocational-Technical Centers
- State Colleges and Universities
- Licensed and Certified Private Entities/Institutions

- Industry-Specific Consulting/Training Organizations
- Professional Associations/Credentialing Entities
- Registered Apprenticeship Programs

Training Restrictions. Employers cannot provide IWT funded training, regardless of staff positions or credentials. Training must be provided by an external provider, and may be conducted at the employer' facility, the training provider's facility, online or remotely, or at a combination of sites.

The following types of training are **not eligible** for IWT funding:

- Periodic safety and refresher courses, such as all forms of Occupational Safety and Health Administration (OSHA) trainings
- First Aid and CPR certifications
- Hazardous material-handling training
- Onboarding training required for newly hired employees

NOTE: International Organization of Standardization (ISO) training may be eligible for the purposes of developing a quality management system to earn ISO certification.

IWT Application, Review, and Evaluation

Local and Statewide. IWT funding is awarded on a competitive basis. When evaluating applications, LWDAs must consider the following:

- The characteristics of the individuals in the program
- Whether the training improves the labor market competitiveness of the employees or both the employees and employer
- Other factors the LWDAs determines to be appropriate, including but not limited to:
    - The number of participating employees
    - The wage and benefit levels of the employees (at present and anticipated upon completion of the training)
    - Other employer provided training and advancement opportunities
    - Credentials and skills to be gained from the training
    - Whether training will avert layoffs

LWDBs are strongly encouraged to prioritize the following:

- Technical skills training that results in, or provides a significant step towards achieving, an industry-recognized certification or credential
- Training that will result in a pay increase or promotion
- Small employers that are in rural areas of the state

- High-growth or high-demand industries in the area or statewide
- Upskill/backfill strategies: fill jobs with other WIOA participants that are vacated by workers who move into more advanced positions in the company because of IWT

LWDAs must submit a completed IWT Agreement Packet (sub-tier agreement) to DEW for each employer or training consortium that received IWT funding within 30 days of executing the IWT agreement with the participating employer or training consortium.

Additionally, LWDAs must submit a Final Program Report, including a trainee list, no more than 30 days after the end of the sub-tier agreement. LWDAs are not required to submit sub-tier agreements or final reports on an IWT funded through local adult or dislocated worker funds.

Rapid Response IWT. Employers must submit a completed application to the LWDA. Local staff must conduct and complete the Local Area Assessment before submitting the application to DEW for final review.

DEW reviews and evaluates applications based on all circumstances surrounding the employer's current position, as described in the competitiveness review. Consideration is given as to whether, a) without IWT, a good job will be lost or degraded, and b) with IWT, the job will be retained or improved. DEW will assess the following:

- Whether circumstances point to the likelihood of layoffs or closure if not addressed
- Whether the requested training will address the current negative circumstances
- Which employees will receive training
- Cost per participant receiving training
- Any other indicators that IWT is an appropriate response to current circumstances

Questions or requests for additional information from DEW are submitted to LWDAs. They must consult the employer and training provider to respond. When necessary and appropriate, DEW will contact the entity that conducted the competitiveness review and/or the training provider(s).

Because Rapid Response IWT is to avert imminent layoffs, training must begin within 30 days of the LWDA executing the Rapid Response IWT award. If training does not begin within 90 days of the signed award, the grant may be rescinded. Training must be completed within 12 months.

Administrative Funds. Upon request and approval from DEW, the LWDAs may utilize additional program funds to cover costs associated with the administration of a Rapid Response IWT. These costs may include:

- Performance of overall administrative functions, including:
    - Goods and services

    - Travel costs
- Financial, property, and personnel management
- Oversight and monitoring responsibilities
- Costs associated with data entry
- Indirect costs deemed appropriate by the LWDA

Administrative costs may not exceed 5% of total expenditures on the sub-tier agreement. However, the up-to 5% administrative funds may exceed the $50,000 total award limit. For example, if a LWDA asked for 5% of a $50,000 request, DEW may award $2,500. This would bring the total award to $52,500. To receive the up-to 5% administrative funds, LWDAs must submit the Program Administration Cost Request form at the time of submitting the signed grant award to document additional program funds for administration of the Rapid Response IWT grant.

NOTE: DEW is not obligated to award the full amount requested by an employer. An application may be partially funded or denied altogether based on the application review, which includes the competitiveness review and training request. In limited situations, employer circumstances may result in a grant award that exceeds $50,000.

Performance Accountability and Reporting

IWT must be tracked in SCWOS as both an employer service and a participant activity.

- Employer Services: the appropriate activity code must be entered within 15 days of executing the IWT agreement.
- Participant Activity: the appropriate activity code must be entered within 15 days of the activity start date and closed within 15 days of the last date of activity.

IWT Only Individuals. Individuals who only receive IWT are not considered participants for WIOA performance indicator calculations. However, DOL requires that federal reporting includes all individuals receiving IWT. The required elements for IWT individuals are limited to demographic information and the elements needed to calculate IWT performance indicators, including employment, earnings, measurable skills gains, and credential attainment. In calculating these metrics, the exit date is considered the last date of training, as indicated in the training contract.

Employee List and Data Collection. Prior to the start of training, the employer or training consortium must provide the LWDA with a list of employees who will participate.

Social Security Number (SSN) Collection. WIOA § 116(i)(2) requires quarterly wage records be used to measure progress on satisfying state and local performance accountability indicators. DOL encourages the collection of employee SSNs as part of the IWT employer contract to ensure the availability of wage records. If no SSN is available, LWDAs may utilize supplemental wage

information to verify the wages reported. See SI 20-11, *Follow-Up Services for WIOA Title I Program Participants*, for more information on supplemental wage information.

To eliminate the need for employers to provide full SSNs, employees identified as IWT participants should register in SCWOS using their full SSN no later than the first day of training. Subsequent documentation provided by the employer only needs to include the last four digits of the employee's SSN or SCWOS State Identification Number to identify the employee in SCWOS. Employees may contact their local SC Works center to register without an SSN.

IWT Outcomes. Local and Statewide IWT must result in training completion, credential attainment, employee retention, wage increases, and promotions. Rapid Response IWT must additionally result in layoff and employer closure aversion.

Throughout training, employers must maintain sufficient documentation of training occurrence and outcomes, including:

- The title and a description of training
- The dates of training
- The number of employees who completed the training program
- The type and a description of the credential(s) earned
- The number of employees who earned a credential
- The number of employees who earned a wage increase
- The number of employees who earned a promotion
- The number of new jobs created
- The number of existing jobs saved
- Any layoffs or closures
- Other outcomes

Employers must submit Trainee Progress Reports at least quarterly and a Final Program Report within 30 days of the actual end date of the IWT grant. The information listed above is required for these reports and SCWOS data entry and may be needed for other reporting required by the LWDA or SWDB.

The final payment for IWT expenditures incurred must be withheld until the Final Program Report is submitted and all performance criteria documentation specified in the agreement is received.

IWT Forms, Templates, and Instructions

DEW will provide LWDAs with standardized forms and templates for the administration of local, statewide, and Rapid Response IWT programs. The forms are available for download from Staff Online Resources. At a minimum, DEW will maintain the following forms and templates:

- IWT Employer Application
- IWT Employment History Self-Attestation Form

- IWT Local Assessment
- IWT Trainee Information Spreadsheet
- IWT Pre-Award Agreement
- IWT Employers Sub-Tier Agreement
- IWT Modification Form
- IWT Quarterly/Final Reporting Form

NOTE: DEW may create additional forms and templates as deemed necessary. LWDAs are required to use the most current version of these forms.

Provisions for Temporary Waiver

LWDBs may request a temporary waiver of specific requirements described in this state instruction. To determine the appropriate action to take in requesting a waiver, LWDBs must follow the guidance in State Instruction 21-05, Change 1, *Requesting a Waiver of State Specific Requirements*: https://scworks.org/sites/scworks/files/State%20Instruction%2021-05%2C%20Change%201%2C%20Requesting%20a%20Waiver%20of%20State%20Specific%20Requirements.pdf.

Personally Identifiable, Medical, and Legal Information.

Staff must maintain and store participant information in a manner that ensures confidentiality in accordance with 29 CFR 38.41 and State Instruction 16-11, Change 1, C*onfidentiality of Equal Opportunity Records*, including keeping all Personally Identifiable Information (PII), medical information, or legally sensitive information (e.g., information about divorce proceedings or custody battles) in a separate locked file. PII, medical information, and legally sensitive information must never be included in a case note or document uploaded to SCWOS.

Action: Ensure that all appropriate staff receive and understand this policy.

Inquiries: Questions may be directed to WorkforcePolicy@dew.sc.gov.

Nina Staggers
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Nina Staggers, Assistant Executive Director
Workforce Development Division