

<u>MESA COUNTY WORKFORCE DEVELOPMENT BOARD</u>	
Policy and Procedure	
Title: WIOA Title I Youth Incentive Payments Program: Career Development Program (WIOA)	State Policy Guidance Letter: WIOA-2017-12 Effective Date: 2/1/2018 Revision Date: N/A
Authorized Signature(s):	

I. REFERENCE(S):

- Workforce Innovation and Opportunity Act, P.L. 113-128 – July 22, 2014
- WIOA Regulations at 20 CFR, part 681
- 2 CFR part 200 of the OMB Uniform Guidance – Cost Principles
- [TEGL 21-16: Third WIOA Title I Youth Formula Program Guidance](#)
- [PGL MIS-2017-01: Guidance on Data Integrity and the Customer Participation Cycle for WIOA Title I and TAA Programs](#)

II. PURPOSE:

To provide comprehensive guidance that Mesa County Career Development Program ensures compliance with the WIOA requirements for the provision of incentive payments to WIOA Title I Youth participants.

III. BACKGROUND:

WIOA provides for a workforce system that is universally accessible and customer centered, with an emphasis on work based learning and classroom training that is job driven. Among the many service options available to WIOA youth participants are youth incentive payments.

WIOA encourages the use of incentive payments whenever appropriate to ensure successful program participation in work experiences, education or training. Following are guidelines for implementation of youth incentive payments.

IV. POLICY/ACTION:

A. Incentive Payments for Youth

It is the policy of Mesa County Workforce Development Board and WIOA Title I Contractor; Hilltop Career Development Program that “incentive payments to youth participants are permitted for recognition and achievement directly tied to training activities and work experiences. Hilltop Career Development Program have written policies and procedures in place governing the award of incentives and ensure that such incentive payments

- Are tied to the goals of the youth program and the youth’s individual service strategy
- Are outlined in writing before the commencement of program activities related to the payments
- Align with the local area’s policies; and
- Are in accordance with the requirements contained in 2 CFR part 200.

While USDOL recognizes that incentives could be used as motivators for various activities such as recruitment, submitting eligibility documentation, and participation in the program, incentives paid for with WIOA funds must be connected to recognition of achievement of

milestones in the program tied to **work experiences, education, or training**. Such incentives for achievement could include improvements marked by acquisition of a credential or other successful outcomes. In addition, because unsubsidized employment is a milestone of the program, as long as it is tied to work experience, education, or training, which in most cases it would be, incentive payments are permitted for the achievement of unsubsidized employment.

NOTE:

- Youth incentives are NOT considered to be supportive services and therefore do not trigger or extend participation in the youth program
- No incentives may be provided with WIOA Adult or Dislocated Worker program funding
- Local areas may leverage non-WIOA funds for incentives that WIOA cannot fund
- Incentive payments may be provided to both ISY (in-school youth) and OSY (out-of-school youth) as long as they comply with the requirements of 20 CFR§ 681.640.
- Incentive payments are allowed only during participation and not during follow-up, per guidance from the US Department of Labor.

B. Case File Documentation

The following documentation is required when youth incentive payments are being used:

- IEP that outlines how incentive payments may result from the achievement of specific work experience, education or training goals, and that is dated prior to the commencement of these activities
- Entry of the IN service in Connecting Colorado when the incentive payment is made, which includes a note referencing the IEP goal that has been achieved.
- If the incentive payment is related to an outcome with its own documentation requirement (such as a credential), the outcome must be documented.

NOTE: Although not required, placing a copy of the incentive payment issuance document in the case file is recommended

C. OMB Uniform Guidance Related to Youth Incentive Payments

USDOL included the reference to the Uniform Guidance at 2 CFR part 200 to emphasize that while incentive payments are allowable under WIOA, the incentives must be in compliance with the Cost Principles in 2 CFR part 200. For example, Federal funds must **not be spent on entertainment costs**. Therefore, incentives must not include entertainment, such as movie or sporting event tickets or gift cards to movie theaters or other venues whose sole purpose is entertainment. Additionally, there are requirements related to internal controls to safeguard cash, which also apply to safeguarding of gift cards, which are essentially cash.

1. How does the Uniform Guidance refer to incentives?

There is no specific provision on incentives in the Uniform Guidance. The Federal Cost Principles states that any cost charged to a Federal grant must be reasonable, necessary, allowable, and allocable. The Uniform Guidance also considers the prudent person test as well. For example, would a prudent person incur that same cost if he/she were using their own monies rather than grant funds?

When providing such payments, the standards of reasonableness using the

prudent person standards prevails. “A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.” (2 CFR 200.404). The use of ATM cards or gift cards (at a reasonable level/amount) has become a common practice over the years. The concern seen throughout the system, it is when the cost becomes high, excessive or beyond the prudent person test that it becomes questionable.

The question of reasonableness is particularly important when the non-Federal entity is predominantly federally-funded. In determining reasonableness of a given cost, consideration must be given to:

- Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award.
- The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state, local, tribal, and other laws and regulations; and terms and conditions of the Federal award.
- Market prices for comparable goods or services for the geographic area.
- Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the non-Federal entity, its employees, where applicable its students or membership, the public at large, and the Federal Government.
- Whether the non-Federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost.

These are all considerations that The Career Development Program considers when determining if an incentive, stipend, or a needs related payment is allowable to our Federal grants.

In regards to incentive payments specifically, the Cost Principles in 2 CFR part 200 (Uniform Guidance) identifies specific items that Federal funds cannot be spent on. Incentive payments may come in many forms and for example, gift cards for entertainment costs such as movie or sporting event tickets or gift cards to movie theaters or other venues whose sole purpose is entertainment. **As outlined in the WIOA Final Rule preamble, these selected items of costs are considered entertainment in nature and would be considered unallowable as incentive payments** cannot be used to pay for items that are strictly prohibited in the Cost Principles in the Uniform Guidance.

2. What factors affect allowability of costs including incentives?

The seven guiding factors determining the allowability of a cost as found in the in Cost Principles at 2 CFR 200.403 (a-g):

- Be reasonable for the performance of the award and be allocable thereto under these principles.
- Conform to any limitations or exclusions set forth in these principles or in the award as to types or amount of cost items.
- Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the organization.
- Be accorded consistent treatment.

- Be determined in accordance with generally accepted accounting principles (GAAP).
- Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.
- Be adequately documented.

3. What other criteria should be considered?

Additionally, there are requirements related to internal controls to safeguard cash and other forms of incentive payments. When the payment takes the form of a gift card, gift certificate, check or other monetary items, it is best practice that written recognition or receipt of the payment should be contained as part of the participant file or **official accounting records**. Similar to currency as being a transferable monetary item, adequate internal controls and safeguards should be installed and considered when purchasing and distributing gift cards, gift certificates and ATM cards. It is recommended that an inventory, log, and periodic reconciliation of such items should also be documented and maintained. Lastly, such items should be kept in a secured and locked area.

The system recognizes that incentives could be used as motivators for various activities such as recruitment, submitting eligibility documentation, and participation in the program; therefore, incentives paid for with WIOA funds must be connected to recognition of achievement of milestones in the program tied to work experience, education, or training. There should be proper documentation to demonstrate to Federal reviewers that incentive payments are used in the recognition of achievements and milestones that have previously laid out in the grantee's policy and procedures and individual training plans.

4. What are some good grant management practices if using incentives?

Written policies that define or distinguish between incentives, needs related payments, and supportive services may be necessary because the criteria to earn or receive such payments vary from program or participant. Award(s) should not be subject to (nor appear to be subject to) arbitrary and capricious judgments. In this respect, it is essential to recognize that the ultimate purpose of workforce programs is individual economic self-sufficiency.

It is best practice that the entity offering such payments must have a policy in place that employs sound management practices and adheres to consistent and equitable treatment. It is reasonable to expect that case managers and staff are trained on such policies to ensure consistent treatment and application across offices, programs, and participants.

D. Local Incentive Payments Policy

Local workforce development boards are responsible for modifying or developing an incentive payments policy that includes, but is not limited to:

1. Eligibility for payments (which milestones or performance goals in the individual service strategy or individual employment plan must be achieved)
2. Establishment of limits regarding the amount of funding for incentive payments and/or length of time payments will be provided
3. Procedures defining when exceptions will be allowed and how these will be

- approved
4. WIOA restriction on incentive payments using youth program funds only
 5. Identification of other sources of funding and which programs will utilize these funds (as appropriate)
 6. Case file documentation requirements
 7. Allowability, safeguarding, documentation, allocability, and internal controls per 2 CFR part 200

E. CAREER DEVELOPMENT PROGRAM INCENTIVES FOR YOUTH PARTICIPANTS

Incentive payments are not considered supportive services and are set up as rewards for the completion of a specific activity, including work experiences. Career Development Staff are to store an “IN” activity code in Connecting Colorado service screen for tracking. Incentives may only be paid to WIOA youth customers, not adults or dislocated workers. According to IRS publications, incentives are considered miscellaneous compensation and are **taxable**.

NOTE: Career Development Program staff must ensure Incentive payments are tied to goals in each Youth’s Individual Employment Plan. Mesa County’s local policy for reasonable amount limits of incentive payments shall not exceed \$400.00 for any one incentive. The use of the term “bonus” should not be used when discussing Incentive payments with participants. Mesa County Local Area process for awarding incentives insures equitability and avoids arbitrary or discriminatory practices.

1. Obtainment of high school diploma, GED or post-secondary certificate. Acceptable forms of documentation include copies of transcripts, certificates or verification from training provider.
 - \$200.00 for earning a High School Diploma
 - \$100.00 for each successfully passed GED subject.
 - \$50.00 for completion of training certificates. Example; CNA.
2. Increasing literacy or Numeracy proficiency by at least one Educational Functioning Level (as defined by TEGL 17-05, change 2). The only acceptable documentation is a copy of the test results.
 - \$50.00 for Increasing L/N by one Educational Functioning Level.
3. Maintaining weekly attendance at a District 51 High School. Hourly attendance reports for GED classroom. Documentation will include attendance reports from schools and GED classroom.
 - \$50.00 for 90% attendance for a given week.
 - \$5.00/hr for positive/on task attendance at GED classroom
4. Academic or Occupational Education attainment through internships and On-The-Job Trainings with completed evaluations forms from employer.
 - \$50.00 for completed milestones documented on evaluations half way through training and/or at completion of training.
5. Obtainment of employment can be verified by receiving a letter, fax, information from the work line from the customer’s employer indicating the start date. Other forms of acceptable information include a documented conversation by the case manager to be included in the confidential notes or current paystub.
 - \$50.00 for verified obtainment of employment after successful completion of education or training.

6. Retention of employment is another way that a customer can earn an incentive. A CUBS wage inquiry must be completed to verify retention of employment. A documented conversation with the customer's employer verifying continued employment is also an acceptable form of proof. Available as a 1 time payment within 6 months of termination.
 - \$50.00 for verified retention of employment after successful completion of education or training.
7. Additional incentives not mentioned but are tied to achievement of milestones in a program tied to **work experiences, education, or training** can be reviewed and approved by Hilltop's Employment and Training Director.

Incentives will be defined on the WIOA cost per Participant Cap list described in the Support Services local policy for Mesa County. Incentive may only be awarded from the attainment of goals established on the participants Individual Employment Plans.

V. IMPLEMENTATION DATE: Effective Immediately.