



SUBJECT: INCENTIVES

700 BACKGROUND AND PURPOSE

This section contains policy and requirements for the payment of incentives to Workforce Innovation and Opportunity Act Title I-B Adult, Dislocated Worker, and Youth Program participants. This section also contains the policy and requirements for Local Workforce Development Board (LWDB) and tribal entities including instructions on how to request pre-approval from the Arizona Department of Economic Security for the payment of incentives to Adult and Dislocated Workers.

References: Workforce Innovation and Opportunity Act (WIOA) of 2013 (P.113-128), WIOA Final Rules 20 CFR 681.640, 2 CFR 200.75, and 2 CFR 200.456.

701 INCENTIVES TO ADULT AND DISLOCATED WORKERS

Incentives may be provided to WIOA Title I-B Adult and Dislocated Worker Program participants with written approval from DES in the manner outlined in Section 701(C) and (D).

- A. When the LWDB or tribal entity decides to reserve the option to provide incentives to WIOA Title I-B Adult and Dislocated Worker Program participants, the LWDB or tribal entity must have written policies and procedures that govern the award of incentive payments to participants. Policy and procedures must include:
 1. Incentives must be directly related to a training service or work experience;
 2. Incentives must not be paid to maintain employment in the second and fourth quarters after exit.
 3. Incentives may only be paid to a participant:
 - a. Upon receipt of a federally-recognized credential during participation or within one year after exit;
 - b. When the credential is related to a training service that was provided prior to exit from the program;

- c. For achievements during a work experience or training activities, including demonstration of soft skills, such as attendance/ punctuality and interpersonal relationships, obtainment of job skills as specified in the training plan, and specific task completion; and.
 - d. Upon successful completion of a work experience.
 - 4. All incentives must be in compliance with 2 CFR part 200 (e.g., federal funds must not be spent on entertainment).
- B. LWDBs or tribal entities that chose to provide incentives to WIOA Title I-B Adult and Dislocated Worker participants must request and receive state approval annually prior to expending any new WIOA Title I-B formula grants on such payments.
- C. Written requests for approval to provide incentives to the WIOA Title I-B Adult and Dislocated Worker Program must include the following:
 - 1. The local incentive policies of the LWDBs or tribal entities for the WIOA Title I-B Adult Program;
 - 2. An explanation of the justification for an incentive payment (i.e., why such payments are important to the success of the participant and the grant); and
 - 3. A description of the circumstances under which the LWDB or tribal entity anticipates the need to provide incentive payments to participants (i.e. external factors that may discourage a participant from obtaining a federally-recognized credential, such as availability of employment in the field that does not require a federally-recognized credential, when obtaining the federally-recognized credential will increase the participants employment opportunities and long-term employability along a career pathway).
- D. The LWDB or tribal entity must complete the *Exhibit 3-700A WIOA Title I-B Adult and Dislocated Worker Incentive Approval* form to request approval to pay WIOA Title I-B Incentives to Adults and

Dislocated Workers. The completed form must be submitted to DES via e-mail at WIOAFiscalReports@azdes.gov.

- E. All incentives must be justified and documented in the Individual Employment Plan (IEP), or Individual Service Strategy (ISS) and in AJC by LWDA staff, or tribal entity staff. The *Incentives/ bonuses* service must also be added to the S & T plan in AJC when incentives are provided.
- F. LWDA or tribal entity staff must document the following in the IEP or ISS and in AJC system case notes for each participant receiving the incentive(s):
 - 1. The justification for the contribution to the participant's success as a result of the incentive payment; and
 - 2. How the incentive payment was calculated.
- G. LWDA or tribal entity staff must also internally maintain appropriate and identifiable expenditure records of incentive payments for the purposes of local, state, and federal monitoring/audits.
- H. LWDA or tribal entities must safeguard cash and other similar items (e.g., gift cards) in accordance with internal controls as defined in policy for the LWDB or tribal entity.
- I. Request to pay incentives to WIOA Title I-B Adult and Dislocated Worker may be submitted any time during the program year. The DERS Finance and Budget must approve or deny the request to WIOA Title I-B Adult and Dislocated Worker incentives within 15 business days. Once approved, the state approval is valid for the period of performance, that the funds are available at the LWDA level.
- L. The LWDA may limit the total amount of incentives payment to WIOA Title I-B Adult and Dislocated Worker participant in a program year (July 1 through June 30). The LWDA must not exceed the limits, if any, established in local policy.

702 INCENTIVES TO YOUTH

Incentives may be paid to youth without pre-approval from DES and are permitted for the purposes of recognition and/or achievements when directly related to training activities and work experience.

- A. The LWDB or tribal entity must have written policies and procedures in place governing the award of incentives. The policies and procedures must:
 - 1. Ensure that such incentive payments are tied to the goals of a specific program;
 - 2. Be outlined in writing before the commencement of the program that may provide incentive; and
 - 3. Align with organizational policies of the LWDB or the tribal entity.
- B. Incentives must not be paid to maintain employment in the second and fourth quarter after exit.
- C. Incentives must only be paid:
 - 1. Upon successful completion of a work experience or upon receipt a federally-recognized credential by the participant;
 - 2. When it is related to a training service that was provided prior to exit from the program;
 - 3. For achievements during a work experience or training activities, including demonstration of soft skills, such as attendance/ punctuality and interpersonal relationships, obtainment of job skills, and specific task completion; and
 - 4. When the participant obtains a federally-recognized credential during participation or within one year of exit.
- D. All incentives must be justified and documented in AJC by LWDA or tribal entity staff.
- E. LWDA or tribal entity staff must document the following in the AJC system case notes for each participant that receives the incentive(s):

1. The justification for contribution to the participant's success as a result of the incentive payments; and
 2. How the incentive payment was calculated.
- F. All incentives must be in compliance with 2 CFR 200 (e.g., federal funds must not be spent on entertainment).
- G. LWDBs and tribal entities must safeguard cash and other like items (e.g., gift cards) in accordance with internal controls as defined in LWDB or tribal entity policy.