



Workforce Innovation and Opportunity Act Policy
Employment System Administration and Policy

Washington envisions a nationally recognized fully integrated One-Stop system with enhanced customer access to program services, improved long-term employment outcomes for job seekers and consistent, high quality services to business customers. In order to achieve this vision, Employment System Administration and Policy sets a common direction and standards for Washington's WorkSource system through the development of WorkSource system policies, information memoranda, and technical assistance.

Policy Number: 5621, Revision 3
To: Washington WorkSource System
Effective Date: November xx, 2021
Subject: Incentive Payments to WIOA Title I Participants

1. Purpose:

To provide clarification and guidance on incentives and stipend payments to eligible participants under Title I of the Workforce Innovation and Opportunity Act (WIOA).

2. Background:

There has been some confusion regarding the use of incentives and/or stipends for participants in WIOA Title I programs. Although there is specific reference in the WIOA final rules regarding incentive payments to youth at 20 CFR 681.640, there is no similar reference to incentive payments or stipends to adults and dislocated workers. Further, although the WIOA final rules and WIOA operating guidance state that guidance in this area is forthcoming, the one-stop system is still awaiting such guidance. Therefore, to provide needed clarification to Washington's WorkSource (one-stop) system, the Employment Security Department (ESD) is issuing this policy to eliminate confusion and support comprehensive service delivery. If and when federal guidance is issued, ESD will review this state policy and make necessary and appropriate revisions.

3. Policy:

a. Incentive Payments to Youth. Prior state approval is not required for incentive payments to WIOA Title I youth participants so long as the criteria in 3(a)(i-iv) are satisfied.

Per 20 CFR 681.640, incentive payments to WIOA Title I youth participants are permitted for recognition and achievement directly tied to training activities and work experiences. **All Local Workforce Development Boards (LWDBs) must have policies and procedures that govern the award of incentive payments to Title I youth participants** and must ensure that incentive payments are:

- i. Tied to the goals of WIOA Title I.
- ii. Outlined in a written local policy prior to the start date of programs that might provide incentive payments.
- iii. Aligned with the LWDB's organizational policies.
- iv. In accordance with the requirements and cost principles in 2 CFR Part 200.

Per 20 CFR 681.640 and TEGL 21-16, incentive payments to youth participants can only be for recognition and achievement directly tied to training, education, and work experiences (e.g., improvements marked by acquisition of a credential or other successful outcome).

The total amount of incentive payments to WIOA Title I youth participants in any single program year (July 1 to June 30) may not exceed the limits, if any, cited in the aforementioned local policy as they relate to WIOA Title I youth program formula grants for that program year.

The allowance for and limits on incentive payments to WIOA Title I youth participants in projects funded by WIOA Title I statewide activities discretionary funds will be outlined by the State in the contracts' special terms and conditions.

- b. **Incentive Payments to Adults and Dislocated Workers.** The U.S. Department of Labor (DOL) has determined that incentive payments are participant support costs as defined at 2 CFR 200.75 and 2 CFR 200.456. Both 2 CFR 200.456 and 2 CFR 200.407(t) direct that participant support costs require prior written approval of the Federal awarding agency. Per 20 CFR 683.200(b)(2), DOL, as the Federal awarding agency, delegates approval authority to the Governor for participant support costs provided with funds allotted under WIOA Section 132 (adults and dislocated workers). Incentive payments to adult participants can only be for recognition and achievement directly tied to training, education, and work experiences. LWDBs must therefore receive written prior approval from the State before offering incentive payments to WIOA Title I adult and dislocated worker participants (see [Attachment A](#)).

All Local Workforce Development Boards (LWDBs) that reserve the option to provide incentive payments to WIOA Title I adult and dislocated worker program participants must have policies and procedures that govern the award of incentive payments to those participants.

Procedurally, LWDBs that want to provide incentive payments to WIOA Title I participants must annually request and receive state approval prior to expending any new WIOA Title I formula grant funds on such payments (see Attachment A). The requests must include the following:

- The LWDB's local incentive payment policy for the adult and/or dislocated worker programs (which can be one policy or two separate policies);
- An explanation of the business case for incentive payments (i.e., why such payments are important to the success of the participants/recipients and the grant); and

- A description of the circumstances under which the LWDB anticipates the need to provide incentive payments to participants.

Once approved, the state approvals are good for the life of those particular funds.

The total amount of incentive payments to WIOA Title I adult participants and WIOA Title I dislocated worker participants in any single program year (July 1 to June 30) may not exceed the limits, if any, established in local policy for WIOA Title I adult program formula grants and dislocated worker program formula grants, respectively, in that program year (e.g., an LWDB may choose to cap the total amount of incentive payments at no more than 5 percent of a Title I adult or dislocated worker formula grant).

- c. **Local Justification and Documentation of Incentive Payments.** It is the State's policy that incentive payments to eligible Title I Youth, Adult, and Dislocated Worker participants must be justified and documented by service providers.

Example: Completion of a registered apprenticeship program results in a recognized post-secondary credential. However, a service provider may have difficulty retaining apprentices in training because trainees are lured away by employers offering jobs that don't require journey level skill and incentive payments could encourage apprentices to complete the program. LWDBs may incentivize completion of the registered apprenticeship program. Incentive amounts, though, must be carefully considered (i.e., not arbitrarily set) and documented. For instance, there is no need to use limited funds to provide \$2,000 incentive payments when \$500 incentive payments would suffice and net the same results (e.g., program completion versus leaving the program to accept another position for a minimal wage increase). By way of example, assume a scenario where apprentices are being lured away by employers offering \$1 per hour more in wages and that it is another six months before apprentices obtain that wage level. One could derive the amount of an incentive payment by equating this to an extra \$40 per week or \$160 per month. Multiplied by six months, this would be \$960. By this calculation, it would be reasonable to offer a \$1,000 incentive to apprentices for remaining with the program versus leaving for other employers. In this case, there is programmatic necessity and a rationale for the documented incentive amount.

Service providers must document (case note) the following in the case management system for each participant that receives an incentive payment(s): (1) the business case for the incentive payment's contribution to the participant's success and (2) how the incentive payment was calculated.

Service providers must also internally maintain appropriate and identifiable expenditure records of incentive payments for the purpose of local, state, and federal monitoring and audits.

- d. **Stipends.** The term "stipend" is used in the WIOA regulations pertaining to YouthBuild participants and participants in WIOA Native American (Section 166) programs. Though the term appears in the preamble of WIOA within the body of Title I comments provided to the

Notice of Public Rule Making (NPRM), it is neither defined nor cited in any actual Title I regulation. However, a common definition of stipend implies a fixed sum as a periodic payment. An example would be a specific allowance for books each semester. ESD recommends that the term “stipend” not be used with respect to Title I participants to avoid unnecessary confusion. In the example cited, payments for books would be categorized as supportive services.

4. **Definitions:**

Participant support costs – Direct costs for items such as incentives, stipend or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences or training projects that are allowable with the prior approval of the Federal awarding agency [2 CFR 200.75 and 2 CFR 200.456]

5. **References:**

- [WIOA Final Regulations, 20 CFR 681.640 – Are incentive payments to youth permitted?](#)
- [WIOA Final Regulations, 20 CFR 683.200\(b\)\(2\) – Allowable Costs and Cost Principles](#)
- [OMB Uniform Guidance, 2 CFR 200.456 – Participant Support Costs](#)
- [OMB Uniform Guidance, 2 CFR 200.75 – Participant Support Costs](#)
- [OMB Uniform Guidance, 2 CFR 200.407\(t\) – Prior Written Approval](#)
- [Training and Employment Guidance Letter \(TEGL\) 21-16](#)
- [Training and Employment Guidance Letter \(TEGL\) 19-16](#)

6. **Supersedes:**

N/A

7. **Website:**

<http://www.wa.wpc/policy/state>

8. **Action:**

Local Workforce Development Boards and their contractors must distribute this policy broadly throughout the system to ensure that WorkSource System staff are familiar with its content and requirements.

Additionally, Local Workforce Development Boards should review their current policies to ensure consistency with this state policy. If no local policy incentive payment policy exists, LWDBs must develop one as a pre-condition for requesting state approval for incentive payments.

9. Attachments:

[Attachment A](#) – Request for Approval of Incentive Payments to WIOA Title I Adult or Dislocated Worker Participants (PDF version)

[Attachment A](#) - Request for Approval of Incentive Payments to WIOA Title I Adult or Dislocated Worker Participants (Word version for local use)

Direct Policy Inquiries To:

*Employment System Administration and Policy
Employment System Policy and Integrity Division
Employment Security Department
P.O. Box 9046
Olympia WA 98506-9046
SystemPolicy@esd.wa.gov*

Direct Processing Inquiries To:

*Grants Management Office
Employment System Policy and Integrity Division
Employment Security Department
P.O Box 9046
Olympia, WA 98507
ESDGPWorkforceInitiatives@esd.wa.gov*

Attachment A

PY / FY Request for Approval – Part I

Incentive Payments to WIOA Title I Adult or Dislocated Worker Participants

Local Workforce Development Board:

Address:

Contact person:

Phone number:

E-mail address:

This request is for (check all that apply): Adults Dislocated Workers

Please attach the following documents to this request form:

- The LWDB’s local incentive payment policy for the adult and/or dislocated worker programs (it can be one combined policy or two separate policies);
- An explanation of the business case for incentive payments (i.e., how and why they are important to the success of the participants/recipients and the grant); and
- Brief descriptions of the situations in which the LWDB anticipates the need to provide incentive payments to participants.

Signature of Local Approving Authority

Date

Instructions to Local Workforce Development Boards:

E-mail this completed request form to ESD’s Grants Management Office at ESDGPWorkforceInitiatives@esd.wa.gov.

Attachment A

PY / FY Request for Approval – Part II

Incentive Payments to WIOA Title I Adult or Dislocated Worker Participants

Local Workforce Development Board:

To be completed by the Employment Security Department:

Incentive payments approved:

Incentive payments denied:

Reason for denial (if applicable):

Signature of Employment System Policy and Integrity (ESPI) Division Director (or designee)

Date

Instructions to Grants Management Office:

E-mail Parts I and II to the ESPI Division Director (Subject Line: WIOA Title I Incentive Payment Approval) with a Grants Management Office recommendation in the e-mail to which the forms are attached, then transmit Part II with the State's decision to the Local Workforce Development Board.