

**TEXAS WORKFORCE COMMISSION**  
**Workforce Development Letter**

<b>ID/No:</b>	WD 15-19
<b>Date:</b>	May 21, 2019
<b>Keywords:</b>	NCP Choices; TANF; TWIST; WIOA
<b>Effective:</b>	June 20, 2019

**To:** Local Workforce Development Board Executive Directors  
Commission Executive Offices  
Integrated Service Area Managers



**From:** Courtney Arbour, Director, Workforce Development Division

**Subject:** **Guidelines for the Provision of Incentives for Workforce Innovation and Opportunity Act Youth and Choices, including NCP Choices Participants**

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**PURPOSE:**

The purpose of this WD Letter is to provide Local Workforce Development Boards (Boards) with current guidance on developing guidelines for the provision of incentives for Workforce Innovation and Opportunity Act (WIOA) Title I Youth, NCP Choices, and Choices participants, specifically on:

- identifying participants eligible to receive nonmonetary incentives;
- establishing time frames for attaining achievements;
- developing strategies for issuance of nonmonetary incentives;
- developing a menu of nonmonetary incentives;
- funding availability; and
- entering and tracking information in The Workforce Information System of Texas (TWIST).

**RESCISSIONS:**

WD Letter 27-08, Change 1

**BACKGROUND:**

Incentives help promote positive employment, training, and education outcomes. Incentives are items or rewards such as gift cards, gift certificates, vouchers, or other nonmonetary gifts provided to a customer as a reward for meeting specified goals defined by the Board. Incentives do not include support services such as child care, transportation, or reimbursement of work-related expenses.

The aim of incentives is to move a participant toward self-sufficiency. Incentives are a way to encourage the participation of workforce customers and to reward participants for achieving goals in a family employment plan, individual employment plan, or individual development plan.

The Texas Workforce Commission (TWC) limits Boards' use of incentives to nonmonetary incentives only, because a participant's receipt of monetary assistance (cash or checks) can adversely affect the participant's eligibility for other services, such as Temporary Assistance for Needy Families and Supplemental Nutrition Assistance Program (SNAP) benefits.

Under WIOA, Title I, adults and dislocated workers are not eligible to receive incentives. TWC has also determined that the nonmonetary participant incentives described in this WD Letter are not an allowable use of allocated SNAP Employment and Training (E&T), Employment Services, or Child Care funds.

**PROCEDURES:**

**No Local Flexibility (NLF):** This rating indicates that Boards must comply with the federal and state laws, rules, policies, and required procedures set forth in this WD Letter and have no local flexibility in determining whether and/or how to comply. All information with an NLF rating is indicated by "must" or "shall."

**Local Flexibility (LF):** This rating indicates that Boards have local flexibility in determining whether and/or how to implement guidance or recommended practices set forth in this WD Letter. All information with an LF rating is indicated by "may" or "recommend."

**LF:** Boards may offer nonmonetary incentives to WIOA Youth, Choices, and NCP Choices participants.

**NLF:** Boards that offer nonmonetary incentives must develop guidelines and strategies that award nonmonetary incentives only to WIOA Youth, Choices, and NCP Choices participants who exceed the minimum requirements of a program, employer, educational institution, or training provider. The participants must achieve or exceed goals that are not included as a basic requirement of participation in WIOA Youth, Choices, and NCP Choices programs. Boards must also ensure that the incentive provided is allowable based on the funding stream.

**NLF:** To ensure the protection of participants' due process rights, Boards must adhere to TWC's Chapter 823 Integrated Complaints, Hearings, and Appeals rules.

**Cash or Check Incentives**

**NLF:** Boards must not offer cash or check incentives to WIOA Youth, Choices, or NCP Choices participants.

### **Nonmonetary Incentives**

**NLF:** Boards must be aware that nonmonetary incentives are any items or experiential rewards that can be assigned a monetary value but that have no actual redeemable monetary value other than through acquisition of the good or service.

Examples of nonmonetary incentives include merchant gift cards, gift certificates, vouchers that cannot be redeemed for cash, and prepaid mobile phones or devices.

**NLF:** Boards must not use entertainment as a nonmonetary incentive. Entertainment includes amusement, diversion, and social activities and their associated costs. Examples of entertainment include movie or sporting event tickets or gift cards to movie theaters or other venues whose sole purpose is entertainment. Entertainment costs are unallowable under the federal Cost Principles at 2 CFR Part 200.

### **Identifying WIOA Youth, Choices, and NCP Choices Participants Who Are Eligible for Nonmonetary Incentives**

**NLF:** Boards that offer nonmonetary incentives must develop guidelines and strategies that:

- require incentives to be connected to the recognition of achievement of milestones in the program in which the participant is involved;
- require that a participant be informed about the opportunity to receive an incentive before the participant completes the activity or milestone that the incentive is intended to encourage;
- ensure that incentives are outlined for the participant in writing prior to the commencement of the program or service;
- describe conditions for the receipt and use of incentives (for example, conditions that a participant must meet to receive an incentive, time frames during which specified activities must be accomplished—if applicable—and limitations on participants' use of such items as merchant gift cards, gift certificates, and vouchers);
- ensure that the incentives are accurately documented in TWIST in a timely manner consistent with WD Letter 17-18, issued October 1, 2018, and entitled "Workforce Automated Systems Data Entry Deadlines for Board Contract Year 2019";
- develop a menu of available nonmonetary incentives;
- require internal control measures to track and control inventories of items used as nonmonetary incentives;
- align with the local program's organizational policies; and
- ensure that incentives are provided in conformance with the Cost Principles contained in 2 CFR Part 200, as supplemented by the Texas Uniform Grant Management Standards.

**NLF:** Boards must ensure that WIOA Youth incentives are connected to the recognition of achievement of milestones in a program tied directly to education, training, or

the successful completion of a work experience. Such incentives for achievement could include improvements marked by testing or other successful outcomes.

**NLF**: Although incentives for WIOA Youth may be provided for successful completion of a work experience, Boards must ensure that incentives are not tied to the “academic or occupational education component” of a work experience.

**NLF**: Boards must ensure that WIOA Youth funding is not used to fund incentives for completing job readiness training or classes.

**NLF**: Boards must be aware that Choices and NCP Choices incentives may be connected to recognition of achievement of milestones or to successful program participation.

Examples of activities or milestones completed that could result in the provision of an incentive for WIOA Youth, Choices, and NCP Choices participants are:

- attainment of a high school diploma or certificate of high school equivalency;
- completion of an industry-recognized certificate or credential or completed occupational skills training;
- successful completion of training services, vocational educational training, or other educational services;
- attainment of unsubsidized employment directly related to the training program; and
- successful completion of a work experience program.

Additional examples of activities completed that could result in the provision of an incentive for Choices and NCP Choices participants are:

- attainment of full-time unsubsidized employment;
- working and participating in educational services full time;
- successful completion of a subsidized or unsubsidized internship or work experience program; and
- voluntary participation in Choices or NCP Choices services when the participant is exempt.

#### **Establishing Time Frames for Attaining Achievements**

**NLF**: Boards must establish guidelines that set forth realistic minimum and maximum time frames for WIOA Youth, Choices, and NCP Choices participants working toward a nonmonetary incentive.

**NLF**: Additionally, Boards’ guidelines must include deadlines for claiming nonmonetary incentives. This provision will ensure that participants are responsible for notifying Workforce Solutions Office staff and providing verification when they attain a goal within a designated time frame.

Example: An exempt Choices teen head of household successfully completes two weeks of job readiness activities and enters part-time employment. The

participant is notified that he or she has up to 15 days to provide appropriate verification to claim a nonmonetary incentive.

### **Strategies for Issuing Nonmonetary Incentives**

**NLF**: Consistent with Cost Principles, 2 CFR Part 200, which requires all costs under an award to be reasonable, Boards must ensure that the value of a nonmonetary incentive is:

- tied to the size and nature of the achievement for which the incentive exists to encourage; and
- scaled to inspire participants to work toward the associated achievements.

### **Developing a Menu of Nonmonetary Incentives**

**NLF**: Boards' guidelines must include a menu of nonmonetary incentives available to the WIOA Youth, Choices, and NCP Choices participants and provide the menu of nonmonetary incentives to the participant before starting the activity for which the incentive exists.

**LF**: Additionally, it is recommended that Boards provide a menu with at least three incentives of comparable value—for example, a \$30 prepaid credit card, a \$30 prepaid gas card, and a \$30 gift certificate—from which the participant may select. Some examples of nonmonetary incentives include the following:

- Prepaid credit cards such as a VISA Incentive Card—for example, in the amounts of \$10, \$20, \$25, or \$30—with no cash-back option;
- Prepaid merchant gift cards with no cash-back option;
- Prepaid gas cards—for example, in the amounts of \$10, \$20, \$25, or \$30;
- Prepaid mobile phone or Go Cards;
- Specialty gift certificates or vouchers for discounted or free goods or services—for example, car washes, car rentals, carpet cleaning, grocery stores, beauty salons;<sup>1</sup>
- Surplus supply and equipment inventory eligible for disposition (for example, surplus computers that have been wiped clean of data, licensed software, and other nontransferable files).<sup>2</sup>

**NLF**: Boards must ensure that:

- effective internal control and accountability exists for all grant and subgrant cash, real and personal property, and other assets, in accordance with 2 CFR Part 200, Uniform Grant Management Standards (UGMS), and TWC's Financial Manual for Grants and Contracts;

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<sup>1</sup> Items such as merchant and specialty gift cards or vouchers are allowable if they are reasonable and support enhanced program performance and self-sufficiency.

<sup>2</sup> As used in this WD Letter, surplus supply and equipment inventory refers to supplies and equipment that are eligible for disposition in accordance with 2 CFR Part 200, UGMS, and Chapter 13 of TWC's Financial Manual for Grants and Contracts, which includes thresholds for determining when prior TWC approval is required to dispose of such property.

- all such property is adequately safeguarded and used solely for authorized purposes; and
- the actions outlined in WD Letter 53-09, issued December 23, 2009, and entitled “Guidelines for Safeguarding the Issuance of Nonmonetary Incentives for Workforce Investment Act and Choices Participants,” and any subsequent issuances are followed.

### **Funding Availability**

**NLF**: Boards that offer nonmonetary incentives must ensure that sufficient funds are budgeted from available resources to support the Boards’ nonmonetary incentive policy, particularly as it applies to participants who choose to target long-term achievements.

Example: A participant starts training in Fiscal Year 2018 (FY’18) and is informed that he or she may be eligible to receive a nonmonetary incentive. The training will not be completed until FY’19. The Board must plan accordingly for the incentive.

**LF**: Boards may leverage private funds for incentives that WIOA, Choices, and NCP Choices may not fund.

### **TWIST**

**NLF**: To evaluate the effectiveness of strategies for the provision of nonmonetary incentives, Boards must ensure that, once WIOA Youth, Choices, or NCP Choices participants have been determined to be eligible to receive a nonmonetary incentive, accurate documentation is entered into TWIST under support service code *219-incentives*.

Additionally, Boards must ensure that when information is entered into TWIST under support service code *219-Incentives*, the:

- *Start Date* is the date the participant received the nonmonetary incentive;
- *Planned End Date* is the same as the start date;
- *End Date* is the same as the start date;
- *Actual Amount* is the value of the incentive; and
- *Comments* section contains:
  - the date the nonmonetary incentive payment (or voucher) was issued;
  - the type of payment (TOP); and
  - what the customer achieved—for example, “Issued 6/1/08: TOP—prepaid gas card for attaining GED before target date.”

### **INQUIRIES:**

Send inquiries regarding this WD Letter to [wfpolicy.clarifications@twc.state.tx.us](mailto:wfpolicy.clarifications@twc.state.tx.us).

### **REFERENCES:**

Office of Management and Budget “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,” 2 CFR Part 200

WIOA Regulations at 20 CFR §681.640  
Audit Report on The Texas Workforce Commission’s Temporary Assistance for  
Needy Families Choices Program, October 2007, State Auditor’s Office  
Report No. 08-002  
Texas Workforce Commission Chapter 823 Integrated Complaints, Hearings, and  
Appeals Rules  
Texas Workforce Commission Financial Manual for Grants and Contracts,  
Chapter 2: Internal Controls, and Chapter 13: Property  
Choices Guide, <https://twc.texas.gov/choices-guide>  
WIOA Guidelines for Adults, Dislocated Workers, and Youth,  
[https://twc.texas.gov/workforce-policy-guidance-workforce-innovation-and-  
opportunity-act](https://twc.texas.gov/workforce-policy-guidance-workforce-innovation-and-opportunity-act)  
NCP Choices Guide, [https://twc.texas.gov/programs/noncustodial-parent-choices-  
program-guide](https://twc.texas.gov/programs/noncustodial-parent-choices-program-guide)  
WD Letter 53-09, issued December 23, 2009, and entitled “Guidelines for  
Safeguarding the Issuance of Nonmonetary Incentives and Workforce  
Investment Act and Choices Participants”  
WD Letter 17-18, issued October 1, 2018, and entitled “Workforce Automated  
Systems Data Entry Deadlines for Board Contract Year 2019”