




Memorandum of Record #338

DATE: DECEMBER 22, 2008

MEMORANDUM TO: WORKFORCE SOLUTIONS-ALAMO
CONTRACTORS

FROM: FRANCISCO MONCIVAIS
DEPUTY EXECUTIVE DIRECTOR-PROGRAM
OPERATIONS 

SUBJECT: GUIDELINES FOR THE PROVISION OF
NONMONETARY INCENTIVES FOR WORKFORCE
INVESTMENT ACT AND CHOICES PARTICIPANTS

The Texas Workforce Commission released WD 27-08 Guidelines for the Provision of Nonmonetary Incentives for Workforce Investment Act and Choices Participants. WD 27-08 provides local Workforce Boards with information and guidance on developing guidelines for the provision of nonmonetary incentives for Workforce Investment Act (WIA) and Choices participants.

Workforce Solutions Alamo (WSA) allows the use of nonmonetary incentives only for active WIA and Choices participants that meet or exceed participation requirements **and** achieve goals outlined in the individual employment plan. Workforce contractors must ensure that the requirements outlined in WD 27-08 are implemented. Additionally the following guidelines must be followed for the use of non-monetary incentives in the Alamo area:

Funding

Contractors wishing to provide nonmonetary incentives must ensure sufficient funds are budgeted to support the incentive policy particularly as it applies to participants who choose to target long-term achievements.

Example: A participant starts training in FY 2008 and is informed that he or she may be eligible

to receive a nonmonetary incentive. The training will not be completed until FY 2009 so the contractor must budget accordingly.

Eligibility

Only active WIA and Choices participants that are meeting or exceeding participation are eligible for incentives. Goals and actions outlined in the employment plan must be met by participant as part of the eligibility for an incentive.

Milestones eligible for incentives

For example, incentives can be provided when an eligible participant achieves the following:

- retains full-time, paid, unsubsidized employment for ___ months
- receives a wage gain within ___ months of initial employment
- successfully completes a training program i.e. OJT, Vocational Training, Subsidized Employment
- achieves a diploma or credential identified in employment plan
- Choices participants: exempt recipients that participate in workforce services and meet or exceed participation goals.

Menu and Value of nonmonetary incentives

Only **nonmonetary** incentives can be provided for eligible WIA and Choices participants. The receipt of monetary incentives such as cash or checks can adversely affect Choices participants' eligibility for TANF and Food Stamps. The following are examples of nonmonetary incentives can be provided:

- prepaid credit cards in incremental amounts such as VISA, with no cash-back option
- prepaid gas cards in incremental amounts
- prepaid telephone or "Go" cards
- no-contract mobile phone services or pay as you go phone plans
- disposable telephones with prepaid minutes
- specialty gift certificates or vouchers for discounted or free goods or services i.e. movie passes, car washes, video rentals, grocery stores, beauty salons

The value of nonmonetary incentives must be tied to the size and nature of the achievement. Nonmonetary incentives should be benchmarked to allow for incremental payments tied to progressive achievement of goals.

Example: The total incentive amount for a Choices participant is \$300 for completion of training and gaining full time employment, the first \$150 is paid once the training is complete and the second \$150 is paid once the participant enters full time employment. The highest incentive amount that would be paid to this participant for retaining full time paid employment should not exceed \$600 paid out in incremental payments based on retention benchmarks.

Timeframes

Incentives can be provided only when eligible participants reach the identified goal, within the timeframe, outlined in the employment plan i.e. successfully complete vocational training course by (date).

Workforce contractor must notify the eligible participant within one week of completion of the identified milestone that they are eligible to receive the incentive. Notification must be

documented and include information informing the participant of the timeframe they have for providing the necessary verification and documentation requesting the incentive. The participant must provide the requested documentation and verification within 15 days, of receiving notification of eligibility of the incentive, in order to obtain the incentive. Documentation must be entered as required in TWIST.

Internal controls and accountability

Contractors must develop procedures to ensure internal controls and accountability for incentives that are provided to eligible participants. Incentives must be safeguarded and distributed only for authorized purposes.

Contractors must submit procedures and policies for the use and distribution of incentives to WSA, for review and approval, no later than 30 days from the receipt of this policy. No incentives shall be paid until all policies are approved by WSA. Contractor policies must include incentive amounts to be paid for eligible achievements. *Note: This MR, while limiting the provision of incentives to nonmonetary instruments, does not supersede dollar limits on incentives awarded for specific milestones or performance outcomes that were established in previous WSA directives.*

All comments and inquiries pertaining to this policy should be directed to:

Vickie Reece, Senior Workforce Services Specialist

vickie.reece@twc.state.tx.us

(210) 581-1102

or

Tim Dusek, Workforce Services Specialist

tim.dusek@twc.state.tx.us

(210) 581-1101

Attached: WD 27-08 “Guidelines for the Provision of Nonmonetary Incentives for Workforce Investment Act and Choices Participants”

TEXAS WORKFORCE COMMISSION LETTER

| | |
|-------------------|-----------------------------|
| ID/No: | WD 27-08 |
| Date: | October 23, 2008 |
| Keyword: | TANF/Choices; TWIST; WIA |
| Effective: | Immediately |

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



From: Laurence M. Jones, Director, Workforce Development Division

Subject: **Guidelines for the Provision of Nonmonetary Incentives for Workforce Investment Act and Choices Participants**

PURPOSE:

To provide Local Workforce Development Boards (Boards) with guidance on developing guidelines for the provision of nonmonetary incentives for Workforce Investment Act (WIA) adult, youth, and dislocated worker and Choices participants, specifically:

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

BACKGROUND:

Issuing incentives gives Boards opportunities to improve employment, training, and education outcomes. Incentives are compensation in the form of cash, checks, gift cards, and nonmonetary gifts or vouchers provided to a customer in exchange for meeting specified goals as defined by the Board. Incentives do not include support services such as child care, transportation, or reimbursement of work-related expenses.

Moving a participant toward self-sufficiency is the aim of incentives. Incentives are a way to encourage workforce participants' participation or to reward participants for achieving specific elements in a family employment plan.

In October 2007, the State Auditor’s Office (SAO) released an audit report on the Texas Workforce Commission’s (Commission) Choices program. The SAO report highlights concerns surrounding Boards’ use of incentives. Under federal and state law, incentives are allowable for Choices participants; however, the SAO report cites specific concerns about the administration of these incentives, including a lack of procedures, review, and guidance from the Commission to the Boards on their use.

While the SAO audit report contains recommendations specifically on incentives for the Choices program, the Commission believes consistent guidance on the use of any such incentives is needed for other Board-administered workforce programs.

However, because the receipt of monetary assistance (i.e., cash, checks, etc.) can adversely affect participants’ eligibility for other services such as Temporary Assistance for Needy Families and food stamp benefits, this WD Letter only addresses the use of nonmonetary incentives for WIA and Choices participants.

PROCEDURES:

Boards may choose to offer nonmonetary incentives to eligible WIA and Choices participants. **LF**

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

- provide for the use of the incentives (eligibility, limitations, etc.); and
- ensure that the incentives are accurately documented in TWIST in a timely manner.

Additionally, Boards must develop guidelines and strategies that ensure incentives are awarded only to WIA and Choices participants who exceed the minimum requirements of a program, employer, educational institution, or training provider—i.e., the participants must achieve or exceed goals that are not considered requirements of participation. **NLF**

For example, incentives can be awarded for the following:

- Job retention, wage gains, and career progression
- Successful completion of training services
- Attainment of educational goals
- Participation in workforce services by individuals not required to comply with program provisions

To ensure the protection of participants’ due process rights, Boards must adhere to the Commission’s Integrated Complaints, Hearings, and Appeals rules (40 TAC, Chapter 823).

Identifying WIA and Choices Participants Who Are Eligible for Nonmonetary Incentives

Boards must ensure that guidelines include a provision for the identification of WIA and Choices participants who are eligible to receive a nonmonetary incentive.

NLF

Examples include WIA and Choices participants who are:

- working in full-time unsubsidized employment;
- attending training services;
- attending vocational educational training or other educational services;
- working and participating in educational services full time;
- participating full time in a subsidized or unsubsidized internship program; or
- voluntarily participating in Choices services when they are exempt.

Establishing Time Frames for Attaining Achievements

Boards must ensure that guidelines set forth realistic minimum and maximum time frames for WIA and Choices participants working toward achieving a nonmonetary incentive.

NLF

Additionally, Boards must ensure that guidelines include deadlines for claiming nonmonetary incentives. This provision will ensure that participants are responsible for notifying Texas Workforce Center staff and providing verification when they attain an achievement within a designated time frame.

NLF

Example: An exempt Choices teen head of household successfully completes two weeks of job readiness activities and enters part-time employment. The teen is notified that he or she has up to 15 days to provide appropriate verification and to claim a nonmonetary incentive.

Strategies for Issuing Nonmonetary Incentives

Boards must ensure that the value of nonmonetary incentives:

NLF

- is tied to the size and nature of the achievement for which they are awarded; and
- scaled to inspire participants to work toward the associated achievements.

For example:

- Participants who remain in continuous full-time employment for 90 days receive a \$50 prepaid gas card.
- WIA youth participants who receive a GED or high school diploma while working 30 hours a week receive a disposable phone with 200 free minutes.
- Participants who remain in continuous full-time employment for 120 days receive a \$50 prepaid gas card and a \$50 gift card.
- Exempt Choices participants who participate in an identified core activity for 30 days or more receive a coupon or gift certificate worth up to \$25.

- Participants who remain in continuous employment for 180 days receive a \$200 prepaid gas card and a \$100 gift card to a local merchant.
- Participants receiving substance abuse treatment who work or attend school at least 30 hours a week for 60 days receive a \$50 gift certificate of their choice.

Developing a Menu of Nonmonetary Incentives

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It is recommended that Boards' guidelines include a menu of nonmonetary incentives to be provided at intake or when notifying WIA and Choices participants of their eligibility for an incentive. Additionally, it is recommended that the menu have at least three incentives of comparable value—e.g., \$30 prepaid credit card, \$30 prepaid gas card, or \$30 gift certificate—to select from. Some examples of nonmonetary incentives include the following:

- Prepaid credit cards such as a VISA Incentive card in incremental amounts—e.g., \$10, \$20, \$25, \$30—with no cash-back option;
- Prepaid merchant gift cards with no cash-back option;
- Prepaid gas cards available in incremental amounts—e.g., \$10, \$20, \$25, \$30;
- Prepaid telephone or “Go” cards;
- No-contract mobile phone services or pay-as-you-go phone plans;
- Disposable telephones with prepaid minutes;
- Specialty gift certificates or vouchers for discounted or free goods or services—e.g., movie passes, car washes, amusement parks, video rentals, car rentals, carpet cleaning, grocery stores, beauty salons, toy stores;¹
- Surplus computer inventory.²

To ensure that proper control measures are in place, it is recommended that Boards implement a voucher system by which Texas Workforce Center staff issues WIA and Choices participants who are eligible for incentives a voucher that they redeem for their incentives through other designated Texas Workforce Center staff. Designated Texas Workforce Center staff can serve as the point of contact for:

LF

- issuing incentives;
- reconciling amounts of on-hand incentives with amounts received and distributed; and
- maintaining a receipt log with a record of each incentive issued and the signature of the participant redeeming a voucher for that incentive.

¹ Items such as merchant and specialty gift cards or vouchers are allowable if they are reasonable and support enhanced program performance and self-sufficiency (see WD Letter 118-99, Attachment 2).

² Surplus computer inventory refers to computers that are eligible for disposition in accordance with Chapter 13 of the Financial Manual for Grants and Contracts, which includes thresholds for determining when prior approval is required to dispose of property. In most instances, computers do not meet the threshold; however, if circumstances exist in which a surplus computer does meet these criteria, the appropriateness of a Board's decision to donate it depends on whether or not the Board has requested and received the requisite Commission approval.

Boards must ensure that:

NLF

- policies in Chapter 2 of the Financial Manual for Grants and Contracts (FMGC) are followed to ensure effective internal control and accountability for all grant and sub-grant cash, real and personal property, and other assets; and
- all such property is adequately safeguarded and used solely for authorized purposes.

Funding Availability

Boards choosing to 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.

NLF

Example: A participant starts training in Fiscal Year 2008 (FY'08) and is informed that he or she may be eligible to receive a nonmonetary incentive. This training will not be completed until FY'09 and the Board must budget accordingly.

TWIST

To evaluate the effectiveness of strategies for the provision of nonmonetary incentives, Boards must ensure that, once WIA and Choices participants have been determined eligible for a nonmonetary incentive, accurate documentation is entered into TWIST under support service code *219-incentives*.

NLF

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 was notified of possible eligibility for a nonmonetary incentive;
- *achievement start date* is the date on which activity toward achievement begins;
- *planned end date* is the deadline to reach the achievement;
- *end date* is the actual date of achievement;
- *actual amount* is the value of the incentive; and
- *comments* section notes:
 - the date the nonmonetary incentive payment (or voucher) was issued;
 - the type of payment (TOP); and
 - what the customer achieved—e.g., Issued 6/1/08: TOP – prepaid gas card for attaining GED early.

INQUIRIES:

Direct inquiries regarding this WD Letter to wfpolicy.clarifications@twc.state.tx.us.

RESCISSIONS:

None

REFERENCE:

An 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 Financial Manual for Grants and Contracts, Chapters 2 and 13
WD Letter 118-99, issued December 10, 1999, and entitled "Uses of Temporary Assistance for Needy Families Funds"

FLEXIBILITY RATINGS:

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."