



PATHWAY HOME 6 INCENTIVE PAYMENTS POLICY

Policy Number: 263

Effective Date: January 27, 2026

Last Date Revised: January 27, 2026

I. PURPOSE:

The Pathway Home 6 program aims to assist returning citizens in the reintegration process and reduce recidivism through pre- and post-release services in occupational training, career-specific work readiness activities, and meaningful employment opportunities by utilizing the public workforce system's extensive employer networks to cultivate direct employer connections. By implementing these strategies in tandem with comprehensive case management and supportive services, this program intends to provide industry-recognized credentials and successful employment placement in order to lower recidivism rates for justice-involved participants in Yakima and Chelan Counties.

The purpose of this policy is to articulate how incentive payments may be provided to participants in the Pathway Home 6 program in Yakima and Chelan Counties.

II. POLICY:

The U.S. Department of Labor (DOL) has determined that incentive payments are participant support costs as defined in 2 CFR 200.75 and 2 CFR 200.456. Under the Pathway Home 6 FOA-ETA-25-29, incentive payments may be provided to **participants for recognition and achievement tied to training activities and work experiences**. Incentive payments must align with the goals of the grant. The contractor must have policies and procedures in place governing the award of incentives; any incentives provided under the grant must align with these organizational policies. Generally, incentive payments are considered miscellaneous compensation and are taxable. Please consult www.irs.gov for more information. Under this FOA, no more than 5 percent of the grant award can be used for incentive payments.

The total amount of incentive payments to Pathway Home 6 participants in any single program year (July 1 to June 30) may not exceed the limits, if any, cited in the Contractor's local policy. Incentive amounts must be carefully considered (i.e., not arbitrarily set) and documented.

Incentive payments to eligible Pathway Home 6 participants must be justified and documented by service providers.

Incentive payments to Pathway Home 6 participants are limited to participants who have achieved milestones connected to a goal within their Individual Development Plan (IDP) that is directly tied to one of the following activities:

- Work Experience, or
- Training activities, such as:
 - Occupational Skills Training
 - Registered apprenticeship
 - On-the-job training
 - Customized training
 - Entrepreneurial training

At a minimum, the Contractor's incentive policy must include:

- The method and justification for the issuance of incentives;
- The internal controls for incentive awards (e.g., number of signatures required)

All incentives must be in compliance with 2 CFR Part 200 (e.g., federal funds must not be spent on entertainment. This includes tickets to movies or events, gift cards to movie theaters, or other related entertainment). Additionally, internal controls must be established to safeguard the forms of payment used to award incentive payments.

Incentives must be paid by check, direct deposit, or via a prepaid card capable of being used in a manner similar to a debit card. Gift cards are not an acceptable form of payment. Participants cannot receive multiple incentives for the same achievement.

Incentive payments must be administered in a manner that ensures all participants receive equal awards for equal achievements. Incentive payments shall be provided on a case-by-case basis and may include, but are not limited to:

1. Attaining a credential, not including a high school diploma or equivalent, for training activities listed above.
2. Progress or Completion of a work experience or training services, including the obtainment of job-specific skills as specified in the training plan, or specific training or work experience attendance or task completion as documented on the IDP or work experience contracts.

3. Positive Measurable Skills Gain as defined in SCW Policy 264 Program Performance Indicators (only for training activities listed above).
4. Attainment of unsubsidized employment and/or employment retention resulting from a work experience or from a training activity listed above.

Incentive payments are not services but, rather, financial transactions. Contractors must document incentive payments to participants by recording in case notes:

- The work experience or training activity milestone achieved
- The incentive amount paid for the achievement

III. ACTION REQUIRED:

Contractors must have policies and procedures in place that govern the award of incentive payments to Pathway Home 6 participants according to the requirements of this policy. The policies and procedures must be approved by the SCW before implementation.

All incentives are taxable at the full amount of the award and subject to withholding in accordance with Internal Revenue Service (IRS) regulations. It is the responsibility of the Contractors to maintain required documentation detailing the distribution and management of awards.

Additionally, internal controls must be established to safeguard any cash or other forms of payment used to award incentive payments, such as gift cards or gift certificates. Contractors must also internally maintain appropriate and identifiable incentive payment expenditure records for local, state, and federal monitoring and audits.

IV. REFERENCES:

- Pathway Home 6 – FOA-ETA-25-29
- 20 CFR § 683.200(b)(2)
- WorkSource System Policy 5621, Revision 5 – Incentive Payments to WIOA Title I Participants