

877—12.11(7B,PL97-300,PL102-367) Incentive grant award system. Exceptional performance in the Title IIA and Title IIC programs is recognized and rewarded through an incentive grant system. Section 202(b)(3) of the Act reserves 5 percent of each state's Title IIA funds to provide incentive grants to SDAs which demonstrate superior performance and to provide technical assistance to those SDAs which do not qualify for incentive grants.

12.11(1) Division of funds.

a. If there are any incentive funds from previous program years which must be awarded due to a redetermination, the amount of those funds will be subtracted from the available funds for the current year.

b. Incentive grant funds are divided into two categories:

- (1) Thirty-three percent of the funds are reserved by the department to provide technical assistance;
- (2) Sixty-seven percent of the funds available are apportioned into formula shares for each SDA using the regular Title IIA formula. These SDA formula shares are further subdivided into specific dollar amounts corresponding to the eight Title IIA performance measures. The department will assign percentage weights to each of the eight performance measures.

12.11(2) Data requirements and time line for incentive awards.

a. The determination of actual performance achievement on the eight performance standards and subsequent incentive awards will be based upon data contained in the management information system (MIS). All final program year data must be entered in the MIS and a final JTPA annual status report generated no later than August 15 following the end of the program year. The information contained on this report will be used for incentive award determinations. No updates to this data will be permitted unless authorized by the department.

b. The initial determination of incentive awards will be made no later than September 1 following the end of the program year. By that time each grantee will be notified of its initial performance and incentive award determination. The grantee will be allowed 15 days to respond to the initial determination. The grantee's response is to be limited to the calculation of the awards. A final determination and the awarding of incentive funds will occur no later than October 1 following the end of the program year.

c. The department reserves the authority to adjust the time lines to award incentive funds if exceptional circumstances warrant an adjustment.

12.11(3) Qualification for incentive awards. To be eligible for an incentive award for any performance measure, a grantee must exceed the base performance standard.

12.11(4) Determination of incentive award amounts.

a. If an SDA qualifies for incentive funds for a given performance measure, its share of the dollars for that measure is combined with the shares of all qualifying SDAs to establish the total incentive funds available for that performance measure. These funds are then divided as described in paragraph "c."

b. If an SDA does not qualify for incentive funds for a given performance measure, its share of those dollars reverts to the department to provide technical assistance to the SDAs that do not qualify for incentive grants. These funds will be pooled and the department will determine how these funds are to be expended for technical assistance. If any of these funds are not expended during the program year, the funds will be carried forward and added to incentive awards in the following program year.

c. The amount awarded to an SDA for each performance measure exceeded will be determined as follows:

(1) The percent each SDA exceeded the performance standard is calculated. These figures are converted into a percent of the total for each of the qualifying SDAs. This percent represents the portion of the total funds for that performance measure each SDA would be entitled to without reductions. This calculation is performed for each of the eight performance measures. An SDA's total incentive award will be the sum of its share of the funds in each of these measures.

(2) An SDA's incentive award may be reduced for any of the following reasons: low expenditure rates; failure to meet service level requirements for dropouts; failure to meet service level requirements for WIN registrants; or late submittal of a required report. An SDA's incentive award will not be reduced to less than 10 percent of its incentive award.

12.11(5) *Redistribution of reduced awards.* The department will redistribute those funds which are reduced from an SDA's incentive awards. The procedure for redistributing these funds will be developed by the department and priority will be given to those SDAs whose incentive awards were not reduced. The department will provide a written description of the redistribution calculation to each SDA.

12.11(6) *Distribution of funds.*

a. Incentive awards, including incentive funds which are redistributed, may not exceed an amount equal to 50 percent of an SDA's formula allocation of new program year funds for Title IIA.

b. Actual distribution of the funds will occur after the end of each program year when final performance standards are calculated. At that time, each SDA's Title IIA performance will be compared against its standards to determine eligibility for, and the amount of, incentive awards.

c. Incentive awards granted during any program year will be distributed based upon performance from the previous program year.