



YOUTH INCENTIVES AND STIPENDS

PURPOSE

The purpose of this policy is to provide guidance to Workforce Alliance of the North Bay (Alliance) service providers of the Workforce Innovation and Opportunity Act (WIOA) youth program regarding incentives and stipends for youth participants so they can develop processes and procedures in conformance with this policy, WIOA, DOL Regulations, and State of California Directives.

SCOPE

Workforce Innovation and Opportunity Act Title I contracted Service Providers

RESPONSIBLE PARTY

Workforce Alliance of the North Bay
Regional Workforce Development Board

REFERENCES

- WIOA (Public Law 113-128)
- Title 20 Code of Federal Regulations (CFR) Sections 681.640 and 687.340
- Department of Labor Training and Employment Guidance Letter WIOA, No.21-16
- Employment Development Department (EDD) Workforce Services Directive WSD17-07

DOCUMENTS

- Youth Incentive Pay Schedule

DEFINITIONS

Incentive – A payment to a WIOA youth participant for the successful participation and achievement of expected outcomes as defined in the youth's Individual Service Strategy (ISS). The incentive must be linked to an achievement and must be tied to training and education, work readiness skills and/or an occupational skills attainment goal as identified in the ISS. Such achievement must be documented in the participant's case notes as the basis for an incentive payment. Incentives are considered awards to WIOA youth for their achievement and participation in WIOA activities.

Stipends – a non-wage payment made to a WIOA youth participant during their enrollment to encourage the WIOA youth to participate in certain activities. The stipend can be used for activities such as classroom instruction. Stipends may not exceed the local or state minimum wage, whichever is higher. Stipends may be paid based on actual hours of attendance. Attendance in the activity must be documented as the basis of stipend payments. Stipends may be paid to participants for their successful participation in and completion of education or training services. Justification of need must be documented in the youth's ISS.

POLICY

- I. Incentive Payments – (20 CFR 681.640) Incentive payments to youth participants are permitted for recognition and achievement directly tied to training activities and work experiences. Therefore, incentive payments for such activities as “assessment workshops” or “checking in during the follow-up period,” are not allowable. Incentives can be paid for workshop completion, if those workshops are tied directly to work experience (includes “WEX”, internships, and OJTs), education, or training. Payment for successful attainment of a degree or certificate or successful completion of a training activity would also be allowable. Service providers must have policies and procedures in place governing the award of incentives and must ensure that such incentive payments are:
 - A. Tied to the goals of the specific program;
 - B. Outlined in writing before the commencement of the program that may provide incentive payments;
 - C. Align with the Alliance’s organizational policies; and
 - D. Are in accordance with the requirements contained in 2 CFR part 200.
- II. Stipends – a non-wage payment, provided to a youth who is enrolled in classroom education as part of the service plan, Individual Service Strategy (ISS). The stipend is an incentive to motivate the youth’s participation in their classroom education. Stipends should be used when there is a risk that the youth may drop out of a classroom educational element because of economic hardships. Stipends are “participation dependent” and not “outcome dependent.”
 - A. Stipends will be in the form of a written agreement between the Service Provider and the youth participant, describing the amount to be paid, the obligations of the youth, and the factors essential to meet participation requirements. Stipends are generally taxable income (although it is expected their tax liability will likely be zero or insignificant). Stipends provide funds to the youth participant to meet every day financial needs.
 - B. At the point in time a stipend is paid, those funds are no longer WIOA, and are not controlled or tracked. They can be used by the youth for any purpose.
 - C. Every stipend must be justified in the case notes, explaining the basis of how the participant was assessed as in need, how the stipend will increase the youth’s commitment in the program, and why this action increases optimism for program participation.
- III. Incentives – awarded to a youth for the measured accomplishment of an agreed upon learning or training objective. These outcomes must be deemed critical to ensuring the youth will achieve educational and career success and to foster gains that are ultimately valued and needed by employers.
 - A. Incentives can be provided for acquiring a soft skill, gaining an educational competency, obtaining a specific certificate, or completing a vocational training.
 - B. Incentives will not be awarded for fulfilling a program administrative requirement.
 - C. Incentives are not intended for all participants and will not be awarded automatically once a youth participant is measured or above a particular milestone. They are reserved for rewarding documented positive gains and demonstrated achievements. Incentives must connect to a critical need.



- D. All incentive awards must be evidenced by pre-tests showing initial deficiency, together with corroborated third-party records, and have a logical expectation that the course of action and outcome rewarded will correct the measured deficiency. The service provider must articulate how the service element that goes hand-in-hand with the incentive will foster success for the youth in education and/or their vocation, and how it remedies their initial deficiency.
 - E. The offer of an incentive is accomplished through a written agreement with the youth, where they agree to achieve a predetermined outcome in exchange for the reward. The rewards can be tangible items, gift certificates or vouchers, or simply a check.
 - F. Cash or unrestricted gift cards become the property of the youth and can be used on whatever that youth chooses. WIOA rules do not follow funds after they are awarded.
 - G. Incentive payments are not classified as a supportive service under WIOA, so financial need does not need to be documented to provide an incentive payment to youth.
 - H. Every incentive must be justified in the case notes to explain how they increase the youth's commitment to the program and how they increase optimism for higher quality outcomes.
- IV. Service providers must have a written incentive payment policy for youth, submitted to the Alliance, prior to offering such payments. This policy shall provide the types of incentive payments being offered and the amount of the incentive payment.
- A. Youth Incentive Pay Schedule (form # – Service providers will utilize the Youth Incentive Pay Schedule to identify the amount, measurement documentation, and criteria for each performance outcome.
 - B. Stipends and incentives can be provided to both In-School Youth (ISY) or Out-of-School Youth (OSY) as long as they comply with the requirements of 20 CFR section 681.640.
 - C. While incentive payments are allowable under WIOA, the incentives must comply with the Cost Principles in 2 CFR part 200. Federal funds must not be spent on entertainment costs. Additionally, the service provider must have internal controls to safeguard cash and gift cards, if using as an incentive.
 - D. During the course of participation, a youth may receive both stipends and incentives. The dollar limits are participant specific, and the maximum limits apply to all participation over the duration of their WIOA service.
 - 1. Stipends will not exceed \$1,500 per participant lifetime.
 - 2. Incentives will not exceed \$150 per accomplishment, or \$500 per participant. Youth may receive multiple incentive awards, but the cumulative is limited to not more than \$500 lifetime.
 - 3. Service providers may request an exception to these dollar limits on a case specific basis if there is compelling reason to exceed the stated limits. Prior written approval from the Alliance Workforce Development Board (WDB) must be obtained prior to modifying the agreement with the participant.
 - E. Appropriate documentation must be available to support payments of stipends and incentives. Provision of incentives and/or stipends without appropriate supporting documentation of need may be considered a disallowed cost. The need for such services must be documented in the youth's ISS and in case notes. Additional documentation should be maintained in the client file, such as:
 - 1. For incentives, test results, copy of credential or certificate, transcripts, etc.



- a) Incentive payments are not classified as a supportive service under WIOA, so financial need does not need to be documented to provide an incentive payment to youth.
 2. For stipends, sign in sheets, classroom/instruction documentation with date, time, class, student and instructor signatures, etc.
 3. For the incentive or stipend payment, youth signature verifying receipt of incentive and a copy of the actual incentive.
- F. Local areas may leverage private funds for incentives that WIOA cannot fund.
- V. The Alliance will review the topic of youth incentives and stipends with service providers at minimum annually to clarify the intent of this policy, oversee the independent development by service providers of fair and consistent processes and procedures, and provide technical assistance.
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POLICY UPDATE HISTORY

September 15, 2023 – New policy.

INQUIRIES

Questions regarding this policy can be sent to Workforce Alliance of the North Bay.

