

Date: March 7, 2013  
To: Workforce Development Board Directors  
From: Jane Pawasarat, Director  
Bureau of Workforce Training  
Subject: **Workforce Investment Act Policy 13-02: Youth Incentive Awards and Stipend Payment Policy**

### Purpose

To provide the State policy for granting incentive awards and stipend payments to youth enrolled in the Title 1 Workforce Investment Act (WIA) youth program.

### Legislative/Regulatory References

- Section 129(a)(5) of the WIA
- OMB Circular No. 122 (Cost Principles for Non-profit Organizations), Attachment B, Item 30
- Training and Employment Guidance Letter (TEGL) #28-01, "Program Guidance for Implementation of Comprehensive Youth Services Under the Workforce Investment Act" (May 20, 2002)
- TEGL #18-00, "Program Guidance for Implementation of Comprehensive Youth Services Under the Workforce Investment Act" and Attachment (April 23, 2001)

### Background

The WIA Section 129(a)(5) allows for youth engaged in a WIA youth funded program to be awarded incentives and/or stipend payments for recognition and achievement in WIA related activities. They are intended to be used to encourage and motivate WIA youth to reach specific goals and obtain positive outcomes. Incentive and stipend awards are not an entitlement. All incentive awards and stipend payments are subject to the availability of WIA youth funds. Stipends and/or incentive awards are not allowable costs in the Adult and Dislocated Worker programs.

### Policy

Reasonable incentives and stipends are allowable expenditures under the WIA youth program, provided that the provision of an incentive or stipend is included in the participant's individual service strategy and in accordance with an approved local policy. Workforce Development Boards (WDB) should take into account the costs and effectiveness of providing incentives and/or stipends based upon local youth funding levels and the capacity of the local youth program to provide a quality offering of the required youth program elements as well as incentives and/or stipends. WDBs must have board-approved written policies and procedures

governing incentives and stipend payments. Before implementing these policies, WDBs are required to have Division of Employment and Training (DET) approval, which can be obtained through the local plan review process or separately at the time the WDB develops a policy. When implementing a system of incentive and/or stipend payments for program participants, the WDB must adhere to the following guidelines:

#### A. Definitions

1. Stipend: A fixed regular small payment made to a WIA youth participant during his/her enrollment to encourage the youth to participate in certain activities. Stipends may not exceed the Federal or State minimum wage, whichever is higher.

Stipends may be paid to participants for their successful participation in and completion of education or training services (except to participants in On-the-Job Training). Justification must be documented in the individual service strategy.

Stipends may be awarded for the following activities:

- Attending General Equivalency Degree (GED) classes or earning a GED
- Attending secondary school or earning a high school diploma
- Attending an alternative school or graduating from an alternative school
- Attending GED classes for the purpose of basic skills enhancement (individual must be basic skills deficient) or passing one or more GED tests
- Attending or completing a Work Readiness Skills class
- Participating in community service projects, service learning projects, job shadowing

The payment must be based on actual hours of participation in the activity as documented by the attendance or time sheet. The attendance sheet must be signed by the participant and the instructor and maintained in the youth's file. Stipends may not be awarded for on-line or virtual classroom participation.

2. Incentive: An inducement intended to motivate achievement. An incentive is most effective and true to the law's intent when contingent upon achievement of specific and measurable levels of attainment. Incentives may be in the form of plaques, gift certificates/cards (restaurants, video, retail, bank and school book stores), gifts, movie tickets or vouchers. Incentive awards may also be provided to youth as a follow-up service.

The frequency and maximum number of times a participant may receive an incentive will be determined by the WDB. The incentive must be linked to an achievement and be tied to training and education, work readiness skills training and/or occupational skills attainment or training as identified in the individual service strategy. Such achievements must be documented in the participant's file as the basis for an incentive.

#### B. Documentation

Incentives and stipends may be awarded provided that it is included in the participant's Individual Service Strategy (ISS) and is in accordance with the WDB's policy. At a minimum, the following documentation must be maintained in the youth's file:

- An ISS specifying the goal or training that must be met in order to qualify for the incentive and/or

- An ISS documenting the need for a stipend and specific services that are planned in order for the youth to receive a stipend
- Justification for issuance of incentives or stipends and a description of the type of payment method and amount
- Time sheets or attendance sheets for the payment of stipends
- Evidence that the goal or training was achieved
- Evidence that the participant received the incentive or stipend

The WDB and/or service providers must also maintain documentation to detail the distribution of incentives and stipends and management of incentives which have not been distributed.

#### C. Equal Treatment

Incentives and stipend payments must be administered in a manner to ensure that all participants receive equal rewards for equal achievements.

#### D. Procurement

The procurement of non-cash incentives must follow standard procurement procedures. The WIA Policy Manual provides further guidance relating to procurement methods.

### **Monitoring**

The WDB must have monitoring policies and procedures in place to ensure that service providers are complying with the WDB's youth incentive and stipend payment policy. DET Local Program Liaisons will review the WDB's incentive and stipend policies and procedures along with other program records as appropriate, during regular monitoring visits.

### **Automated System Support for Employment and Training (ASSET) Reporting**

The provision of incentives or stipend payments is recorded in ASSET under Manage Services, "Needs Related Payments (Stipends for Youth in Training)." Currently, there is no separate service for incentives.

### **Questions and/or Technical Assistance and Training**

If you need additional information regarding this policy, please contact the Local Program Liaison assigned to your area.