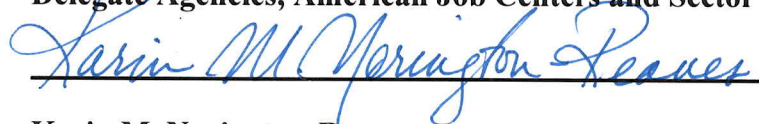




**Local Workforce Innovation And Opportunity Act (WIOA) Policy No. 2018-PL-06**

**To:** Delegate Agencies, American Job Centers and Sector Centers

**From:**



**Karin M. Norington-Reaves**  
**CEO, Chicago Cook Workforce Partnership**

**Subject:** YOUTH STIPENDS AND INCENTIVE

**Date:** September 25, 2018

**Purpose:**

The purpose of this letter is to establish The Chicago Cook Workforce Partnership's (The Partnership) policy and provide comprehensive guidance that ensures compliance with the WIOA requirements for the provision of for incentive payments to youth under Title I of the Workforce Innovation Opportunity Act.

**References:**

WIOA Section 129 - Use of funds for youth workforce investment activities  
2 CFR part 200 of the OMB Uniform Guidance-Cost Principles  
WIOA Final Rules, Part 680, Subpart F – Work-based training  
WIOA Final Rules, Part 681, Subpart D – One-stop services to youth  
TEGL 21-16: Third WIOA Title 1 Youth Formula Program Guidance

**Background:**

WIOA provides for a workforce system that is universally accessible and customer centered, with an emphasis on work based learning and paid work experience for youth. Youth incentive payments are one of the many service options available to youth participants. WIOA encourages the use of incentive payments whenever appropriate to ensure successful program participation in work experiences, education or training. Following are guidelines for implementation of youth incentive payments.

**Requirements:**

**A. General Requirements:**

The Youth Delegate Agency may provide youth incentives and/or stipend payments pursuant to the terms and conditions set forth within this policy and within their Sub-grant Agreement. The Partnership encourages Career Coaches to consult with public assistance case managers where applicable to ensure that the receipt of incentives or stipends does not negatively impact the youth participant's receipt of public assistance.

1. Stipends:

WIOA, Title I is silent on using the term “stipend”. Stipends involve payment via check. Reasonable stipends are allowable expenditures for unpaid work experience for youth when the provision of stipend is included in the participant’s ISS. Stipends are not considered income for WIOA eligibility purposes and are not required to meet minimum wage requirements, are not to be dispersed as payroll and income tax is not to be withheld.

2. Incentives:

Unpaid work experiences participants may receive remuneration in cash or non-cash incentives. The incentive must equate to an achievement and must be tied to training and education, a work readiness skill attainment and/or an occupation skill attainment goal identified in the ISS. Incentives for youth may include plaques, certificates, book bags, school supplies and/or calculators, recognition ceremonies for participants, caps and gowns and/or payment by check. One time activation fees for gift cards are an allowable expense. WIOA funds cannot be used to pay for incentives for recruitment or securing eligibility documentation.

Stipends and/or incentives are permitted when the following conditions are satisfied:

- The cost of the incentive/stipend program is included in the youth delegate agency budget and sub-grant agreement
- The incentives are reasonable and necessary
- The incentives or stipend must equate to an achievement , tied to reaching a measurable point as part of training and education, a work readiness skill attainment and/or occupational skill goal identified on the youth’s individual service strategy
- Incentives must be earned and paid during the period of youth participation in the program (after enrollment and prior to program exit).
- The incentive plan must be outlined in writing before the commencement of program activities related to the program; and compliance with 2 CFR part 200 of the Uniform Administrative Requirements

B. Uniform Administrative Requirements:

Incentives must be distributed in compliance with the requirements of 2 CFR part 200 of the Uniform Administrative Requirements and **cannot be spent on entertainment costs** (e.g. movie or sporting events, gift cards to movie theaters or other venues whose sole purpose is entertainment). Additionally there are requirements related to internal controls to safeguard cash, which also apply to the safeguarding of gift cards, which are essentially cash.

C. Case File Documentation:

The following documentation is required when youth incentive payments are being used:

- An ISS that ties the incentive payment to a training, education, work readiness skill attainment and/or occupational skill goal and that is dated prior to the commencement of the activities
- Entries into Career Connect that update the ISS with corresponding case notes that identify the achievement of skill resulting in an incentive payment

- If the payment is related to an outcome with its own documentation requirement such as a credential, the outcome must be documented.

NOTE: Although not required, placing a copy of the incentive payment issuance document in the case file is recommended.

**Action Required:**

This information should be disseminated to all service provider staff responsible for issuing youth stipend and incentive programs such as career coaches, directors, placement staff; and to staff responsible for budgeting, vouchering and accounting.

**Inquiries:**

Delegate agencies should contact their assigned Regional Manager with questions regarding any aspect of this policy letter.

**Effective Date:**

Immediately upon approval of the Board.