



**NORTHWEST
WORKFORCE
COUNCIL**

Policy:	Young Adult (Youth) Stipend
Number:	WIOA 02-05
Effective:	July 1, 2024

POLICY AND PROCEDURES DIRECTIVE

PURPOSE

To provide guidance and establish standards for the issuance of stipend to eligible and enrolled Workforce Innovation and Opportunity Act (WIOA) Title I Young Adult (youth) program participants.

BACKGROUND

A Stipend is a small payment made to a WIOA Young Adult (youth) participant during their program enrollment to encourage the WIOA Young Adult to participate in certain activities through successful completion. Stipends have limited time durations and are allowable for certain program elements. Stipends are not considered wages and have no correlation to minimum wage requirements as an employee/employer relationship does not exist. Stipends are paid based on actual hours of attendance or participation in a designated program activity. Online classroom or activity attendance is allowable as long as participation and or seat time can be verified. Attendance in the activity must be documented as the basis of stipend payments. Stipends may be paid to participants for their successful participation in education, career services, or training services (exceptions may not be provided to participants in paid activities including paid work experience and OJT).

Stipend payments made to participants in the Young Adult Program are different from payments made as supportive services. Supportive service payments may only be made when they are necessary to enable an individual to participate in program activities (e.g. a bus pass or internet service to participate in online classes). Stipend payments, however, are used to recognize the time and effort spent participating in program activities.

The issuance of stipends is reliant upon funding availability. Stipends are not an entitlement and staff should articulate this to participants receiving a stipend. Staff must also inform participants that any issuance of stipends, incentives, or a combination of these payments are considered taxable income should the person exceed \$600.00 during a calendar year.

Incentives differ from stipends as incentives are issued upon achievement of a milestone. Participants may receive both a stipend and an incentive for the same activity. E.g. a participant may receive a stipend to participate in a GED course thus allowing the individual to achieve this important credential. The stipend income may prevent the person from dropping out to get

employment to meet basic needs. An incentive may be provided later for the actual attainment of the GED.

A. Eligibility Requirements

Stipends are issued based on individual circumstances and participant need. A young adult who is receiving room and board from a relative while in training would not have the same need as a young adult living fully independent. When an employer-employee relationship does not exist, a stipend may be used as an allowable payment for participation in activities (outlined in the table below). Stipends must be necessary, reasonable, and tied to the goals of the participant’s Individual Service Strategy (the career path plan). The following are the eligibility requirements for stipends:

1. Participants must be active and in good standing with a program.
2. Participants must be enrolled in a training program or actively participating in an allowable activity.
3. Participants must meet the participation or attendance requirements and must submit attendance or similar documentation (e.g. the time on task print out from the learning management system) to their NWC Workforce Coordinator. Attendance records must be signed and dated by the service provider (trainer, instructor, or NWC staff member) and by the NWC participant. Payments will not be made without proper back-up documentation.
4. Participants do not receive funding from another source that provides payment or living expenses for participation in the training or activity.

B. Payments and Limits

1. The stipend amount is set at \$12.00 per hour of attendance or participation. A minimum of one hour must be recorded for the issuance of a stipend. After one full hour, time should be rounded to the nearest quarter hour.
2. Limits per activity:

GED		
Dropout recovery services; participation in a formal GED program through a training or community-based provider	Up to 80 hours	\$ 960
Training		
Occupational Skills Training during the schools work based component (preceptorships, externships, internships, etc.)	Up to 100 hours	\$ 1200
Pre-apprenticeship Training	Up to 100 hours	\$ 1200
Entrepreneurial Skills Training	Up to 15 hours	\$ 180

IBest, other workforce preparation with training for a specific occupation	Up to 80 hours	\$ 960
Other Program Elements		
<u>Job Search</u> (under the program element Labor Market information). 1:1 meeting (in person, zoom or phone) and/or Job Club	Up to 80 hours	\$ 960
<u>Leadership Development</u> (essential skill instruction, work readiness instruction, etc.) for workshop participation, completion of units on the approved Learning Management System, 1:1 skill building with NWC staff, tutor, or service provider	Up to 20 hours	\$ 240
Adult Mentoring	Up to 25 hours	\$ 300

3. Reasonable Cost and Cumulative Stipend Limitations

- a. Stipend payments may not exceed the duration of the related activity recorded in the MIS system.
- b. Stipend payments may not exceed the maximum hours per activity as noted in the table above without an approved waiver.
- c. Stipend payments that equal \$600 or more per calendar year are considered taxable income and NWC must provide a 1099 tax form to the participant by January 31 for the prior calendar year.
- d. The total dollar amount received by any one participant will not exceed \$3,000 during a single participation period. A participation period starts on the individual's enrollment date and ends after one year of program participation.

C. Internal Controls and Safeguards:

1. Funding for Stipend is contingent based on available funding and service budgets.
2. Direct service staff must document the need for a stipend in the Individual Service Strategy (ISS) or a case note that amends the ISS and specify the allowable services that are planned for the young adult to receive a stipend. Should a participant stop receiving stipends due to non-participation or completion of an activity, staff will inform fiscal of the de-obligation. When stipends are suspended due to non-participation, this should be documented in the MIS system.
3. Stipends for two concurrent allowable activities must have prior approval from program management staff. It is expected that this will be a rare occurrence.

4. Program management approve allocations for the allowable activities following the agency's money service request process. Once the allocation is approved, staff may submit reimbursement requests directly to fiscal@workforcenorthwest.org
5. Fiscal staff track stipend disbursements and fund balance, and maintain a copy of transactions in the participant file. Stipends should be processed as accounts payable and not as payroll.
6. Fiscal staff prepare any required 1099 forms as required by the IRS and mail these documents to the participant.
7. NWC Direct Service Staff will record the approved stipend in the MIS system.

D. Policy Exceptions and Waiver Requirements:

Under limited circumstances, NWC senior leadership may grant waivers to the requirements within this policy as long as the stipend falls within the parameters of ESD Policy [5622](#) - WIOA Title I-B Youth Stipends. Waivers request should include:

1. The specific policy requirement for which an exception is being requested.
2. A clear summary of the exception being requested and the reason for the waiver.
3. The name of the participant(s) for which an exception is being requested and the person's MIS number.
4. A description of how a waiver will lead to improved outcomes for the customer(s) being served, and other relevant factors.
5. A summary of stipends received to date.

E. References

- Youth Stipends per WIOA Title I Policy [5622](#)
- WIOA Final Rule- 20 CFR 681.640
- U.S. Office of Management & Budget (OMB), Uniform Guidance, 2 CFR Part 200
- U.S. Department of Labor Wage and Hour Division, Wages and the Fair Labor Standards Act U.S. Internal Revenue Service, Publication 525 (2019), Taxable and Nontaxable Income