

Northeastern Workforce Development Board (NWDB) General Policies and Procedures YOUTH STIPENDS	
Policy 020	EFFECTIVE DATE: 5/13/2022; Revision 5/24/2024
Approved by: Northeastern Workforce Development Board	Signed By: Galan Williamson <i>Galan Williamson</i>

PURPOSE

WIOA Federal regulations require that the Northeastern Workforce Development Board (NWDB) provide policy guidance prior to use of WIOA funding. In this revision, stipends and incentives become their own policies. Stipends will remain Policy 020. Guidance on incentives is found in Policy 021.

REFERENCES

WIOA Section 129 Use of funds for youth workforce investment activities.
WIOA - TEN 22-19
WIOA TEGL 21-16
2 CFR Part 200; 2 CFR 200.43820; 2 CFR 681.640; 2 CFR 200.403
[Policy No:](#) PY23-01 USE OF FUNDS FOR CO-ENROLLED APPRENTICES/PRE-APPRENTICES

BACKGROUND

The Workforce Innovation and Opportunity Act (WIOA) youth program allows for several types of payments for participants engaged in activities such as work experience, occupational skills training, classroom activities and more. The two main types of compensation are wages and stipends.

DEFINITIONS

WAGES: A wage is a form of compensation that an employer provides to an employee for personal services rendered under Federal award as defined by the Internal Revenue Service (IRS). If an employer-employee relationship exists, then wages must be paid, and labor standards outlined in the Fair Labor Standards Act (FLSA) apply. Provisions for wages under the FLSA apply to all youth participants employed under WIOA. Additionally, the FLSA requires that all covered nonexempt employees receive not less than the federal minimum wage of \$7.25 per hour for all hours worked and overtime pay of at least one and one-half times their regular rate of pay for all hours worked over 40 in a work week.

STIPENDS: When an employer-employee relationship (see below) does not exist, a stipend may be used as an allowable payment for participation in activities such as occupational skills training or classroom activities, including adult education high school diploma or equivalency preparation, work readiness, or employability skills training.

The first step in determining whether a participant can receive a stipend is to first verify the training or internship opportunity does not have an employer-employee relationship. In determining whether an employer/employee relationship does NOT exist in a training opportunity, all training conditions listed must exist.

- The training is for the benefit of the trainees or students.
- The trainees or students do not displace regular employees but work under close supervision.
- The employer that provides the training receives no immediate advantage from the activities of the trainees or students and, on occasion, their operations may even be impeded.
- The trainees or students are not necessarily entitled to a job at the conclusion of the training period.
- The employer and the trainees or students understand that the trainees or students are not entitled to wages for the time spent in training.

In determining whether an employer/employee relationship does NOT exist for an internship opportunity, any, or all the terms of the internship listed must exist.

- The intern and the employer clearly understand that there is no expectation of compensation. Any promise of compensation, express or implied, suggests that the intern is an employee—and vice versa.
- The internship provides training that would be like that which would be given in an educational environment, including the clinical and other hands-on training provided by educational institutions.
- The internship is tied to the intern's formal education program by integrated coursework or the receipt of academic credit.
- The internship accommodates the intern's academic commitments by corresponding to the academic calendar.
- The internship's duration is limited to the period in which the internship provides the intern with beneficial learning.
- The intern's work complements, rather than displaces, the work of paid employees while providing significant educational benefits to the intern.
- The intern and the employer understand that the internship is conducted without entitlement to a paid job at the conclusion of the internship.

Applying these considerations requires weighing and balancing all the circumstances and whether an intern or trainee is an employee under the FLSA depends on the unique circumstances of each case.

Other information on student versus intern can be found in The Field Operations Handbook – Chapter 10 https://www.dol.gov/sites/dolgov/files/WHD/legacy/files/FOH_Ch10.pdf which provides scenarios to clarify situations when a student or intern would be considered an employee or not.

STIPEND OPTIONS

WORK EXPERIENCES may be paid or unpaid, but they all must include academic and occupational education components. The academic and occupational education components may occur concurrently or sequentially with the work experience, based on a participant's Individual Service Strategy and individual needs. The academic and occupational education component may occur inside or outside the work site. The worksite employer can provide the academic and occupational components, or such components may be provided separately in the classroom or through other means. Local areas have the flexibility to decide who provides the academic and occupational education component.

The 20% Youth Work Experience Expenditure Requirement Title I of WIOA includes a requirement that a minimum of 20% of local area youth funds must be spent on work experience.

OCCUPATIONAL SKILLS TRAINING that results in attainment of a credential, license, or diploma, and that prepares the participant to perform the occupation at an entry, intermediate, or advanced level; or, adult education and literacy activities, including high school credential attainment, activities of English language acquisition and integrated education and training programs, when performed in conjunction with attainment of an occupational skills training course.

WORK READINESS PROGRAMS taught by qualified instructors are designed to prepare participants for the attitudinal and disciplinary rigors of employment and to provide a highly structured simulated work environment that encourages the behavior required for workplace success.

In work readiness training, participants develop concrete skills necessary to get a job, such as resume writing and interviewing. Before leaving, participants learn the basic qualities that constitute a good employee: reliability, punctuality, a strong work ethic and a positive demeanor.

Work readiness programs cover personal motivations and challenges, plans for employment, working with others, effective communication, the principles of getting a job, employee rights and work-related safety information.

Other recognized work readiness curricula may include digital literacy, money management, leadership, and entrepreneurial skills training.

PAYMENT PROCEDURES

- Youth stipend payments are not guaranteed, nor are participants entitled to receive them. Stipend dollars are based on budget availability. The use of youth stipend dollars is on a case-by-case basis depending on the Employment & Training Plan.
- Participants may receive a maximum \$1500 youth stipend during their enrollment period.
- To estimate the amount a participant will receive for a stipend while attending occupational skills training, the service provider will identify the total number of hours a participant needs to successfully complete an approved training class and multiply the total training hours by \$5.00 per hour. Similarly, to estimate the amount a participant will receive for courses offered in credit hours, the service provider will identify the total number of credit hours a participant is registered to complete over a given period and multiply the credit hours by \$5.00 hourly.
- Reasonable stipend payment amounts for pre-apprenticeship and work readiness training can be agreed upon between service provider and pre-apprenticeship, work readiness programs.
- At any point in time that a participant decides to drop or add course hours, the original stipend authorized will be adjusted accordingly and updated in Maine JobLink (MJL).
- A participant may receive a stipend for more than one approved Youth activity provided a balance remains on the maximum amount of stipend a participant may receive.
- Alternative methods to determine stipend amounts can be utilized for individuals participating in unique/cohort projects, and can factor in size of project, and alignment with other funding streams. The Service Provider will consult with NWDB Director whenever alternative methods are proposed.

PAYMENT STEPS

LIMITATION: Any approved youth activities completed prior to WIOA enrollment do not qualify for youth stipends. Stipend opportunities must be documented in a signed employment/training plan before the goal is started.

- Stipends must be identified in the participants' training plan.

- The WIOA Service Provider may make stipend payments to eligible enrolled/active participants based on properly documented participation and attendance in the Employment/Training Plan.
- The Service Provider will complete an authorization form that includes the stipend payment schedule for approval by their respective agency. Once approved, the Service Provider will put a copy of the form in the participant's case file in the appropriate case file section that relates to the stipend requested/being paid and upload the completed form.
- Stipend payments can be issued in accordance with the stipend payment schedule once documentation verifying a participant has satisfactorily attended and participated in the approved youth activity for the agreed upon period. Verifiable documentation must include a pay stub, signed attendance log, or other written or printed proof deemed authentic and containing the information required to issue a stipend payment.
- All documentation collected to verify attendance and participation is uploaded in MJL.
- The Service Provider will issue a check or other appropriate payment mechanism as required. If the request is denied, the Service Provider must enter a case note in program notes explaining why it was denied. The Service Provider will be responsible for presenting the payment to the participant.

Questions may be directed to:

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