

<b>Central Western Maine Workforce Development Board (CWMWDB) General Policies and Procedures</b>	
<b>Policy: Stipends for Youth</b>	<b>EFFECTIVE DATE: 5/10/2024</b>
<b>Approved by: CWMWDB</b>	

### **I. Purpose**

The purpose of this policy is to provide guidance for CWMWDB's service provider when considering stipends for participants in the WIOA Youth program.

### **II. Background**

The 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, but incentives may be given to youth to reward positive behavior towards achieving goals. CWMWDB's policy #22-02 Youth Incentive Policy and Procedures outlines the use of incentives in the region. *Youth Connections TA on Forms of Payments for WIOA Youth Program Participants* states the difference between wages and stipends:

- **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 standard outlined in the Fair Labor Standards Act (FLSA) apply. Provisions for wages under FLSA apply to all youth participants employed under WIOA.
- **Stipends:** when an employer-employee relationship 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 high school equivalency preparation, work readiness, or employability skills training. States

Youth participants often need work-ready training to prepare for subsidized or unsubsidized employment. This training does not meet the definition of an employer-employee relationship. However, this type of training can demand a significant investment of participants' time and remuneration of some kind helps participants engage in and complete training that will help them move forward with their plan. For this reason, the CWMWDB has developed this policy to enable service providers to award, if funds are available, stipends for WIOA youth participants who attend short-term, occupational skills-based training, pre-apprenticeships, or work-ready programming.

### **III. Stipends for Youth**

Stipends for youth in the CWMWDB region may be paid for participant engagement in a short-term, occupational training, a pre-apprenticeship, or a work-ready program that prepares them for subsidized or unsubsidized employment. Stipends may be paid based on the following: actual hours of attendance or completion of a program. The service provider can choose the method that works best for the activity. The youth's Individual Service Strategy (ISS) should reflect the need for a stipend, the program/training that is planned for the youth, and the method used to pay the stipend (attendance or completion). If the provider chooses attendance as the basis for the stipend, attendance in the activity must be documented in the electronic record by uploading attendance sheets. If the provider chooses completion, a certificate of completion should be uploaded in the electronic record. Online activities are allowable as long as participation/seat time can be verified. Total cost for stipends cannot exceed \$1,500 regardless of whether the participant engages in both training and work-ready activities.

**V. References**

USDOL, Training and Employment Guidance Letter No. 21-16 Workforce Innovation and Opportunity Act (WIOA) Title 1 Youth Formula Program

Youth Connections TA on Forms of Payments for WIOA Youth Program Participants

20 CFR 681.600

**Direct Inquiries:**

**Executive Director**

**Central/Western Maine WDB**

**87 Winthrop Street, Suite 400**

**Augusta, ME 04330**

**207-446-3052**