NORTHWEST OREGON WORKS	**POLICY P04: INCENTIVES AND STIPENDS**
	Effective Date: 10/28/2016
	☒ **NEW** ❒ **REVISED**

PURPOSE

This policy implements and interprets State of Oregon and Federal WIOA requirements governing the use of incentives and stipends for WIOA enrolled youth, adults, and dislocated workers while conducting the business of the Northwest Workforce Area. It is intended to establish the use of incentives and stipends as a service strategy available to all WIOA providers in the Northwest Workforce Area.

BACKGROUND

Incentives and stipends are a key form of positive reinforcement to sustain motivation and provide encouragement, especially when tied to benchmarks such as earning academic credentials or acquiring specific competencies. They also can be an important source of support to meet the economic challenges these participants face. Incentives can motivate individuals toward completing various grant related activities.

DEFINITIONS

Incentive: An incentive is a payment to a WIOA participant for the successful participation and achievement of expected outcomes as defined in a participant's personal employment plan (PEP) and individual service strategy (ISS). The incentive must be linked to an achievement and must be tied to training and education, work readiness skills and/or an occupational skills attainment goal as identified in the ISS or PEP. Such achievements must be documented as the basis for an incentive payment. While incentives are exempt from social security withholding, the participant may have to pay income taxes on incentive payments.

Stipend: A Stipend is a fixed small payment made to a WIOA participant during his/her enrollment to encourage the participant to engage in certain activities. The stipend can be used to support the participant during activities such as classroom instruction, internships or apprenticeships. A stipend is a payment made to a participant for living or other expenses, and shall not be based on wages for hours worked. Although the terms "stipend" and "salary" are often used interchangeably when providing a stipend, the U.S. Department of Labor has specific criteria that must be met to pay a stipend for a work-based learning activity. The work-based activity for which a participant receives a stipend must focus on training rather than employment. The placement must be predominantly for the benefit of the participant, not the employer. The participant cannot be entitled to a job at the end of training or displace regular employees. The trainee and the employer must both acknowledge that the participant isn't entitled to wages for time spent in the activity for which the stipend is issued. Because the stipend it not a wage, it is exempt from minimum wage requirements and social security withholding. However, a stipend is still considered taxable income and the participant should

be prepared for the possibility that s/he may have to pay income taxes on the stipend. Participation in the activity must be documented as the basis of stipend payments.

POLICY

It is the policy of Oregon Northwest Workforce Investment Board doing business as Northwest Oregon Works (NOW) to utilize the provision of incentives and/or stipends as provided in the WIOA. No more than $2500 may be expended on incentives and/or stipends for a WIOA participant.

Stipends and incentives must be necessary, reasonable, and allowable. Any use of stipends or incentives to participants must, at the very least, meet these criteria.

Every incentive or stipend awarded must have a clear connection to a specific participant goal as documented in their ISS or PEP. There must be clear goals and expectations set forth as to what the participant must do to earn an incentive award or stipend.

Incentives may be provided to those participants who successfully benchmark from one (1) significant activity to another. Programmatic progress as such shall be measured and evaluated by service provider staff during the tenure of the activity.

Stipends may be awarded to those participants who are engaged in class room based and/or work based learning.

Under 2 CFR part 200, Federal funds may not be spent on entertainment costs. Therefore, incentives may not include entertainment, such as movie or sporting event tickets or gift cards to movie theaters or other venues whose sole purpose is entertainment.

ELIGIBILITY

An eligible participant must be WIOA enrolled, having initiated an ISS or PEP, and met all WIOA required eligibility. The participant must be in good standing, fully participating in necessary activities, and demonstrating adequate follow-through.