



Youth Incentives POLICY #: 3042

Date of Original Policy: 12/12/2023

PURPOSE:

Workforce Southwest Washington is issuing this policy to provide guidance on the expected use of incentives for youth enrolled in Title I of the Workforce Innovation and Opportunity Act (WIOA) to support comprehensive service delivery. Incentives may be used as an allowable payment for participation in WIOA Title 1-B youth work readiness and work experience (WEX) activities.

BACKGROUND:

Incentive payments to youth participants are permitted for recognition and achievement directly tied to training activities and work experiences (WIOA final rules, 20 CFR 681.640). Local policies govern the use of incentives and ensure that incentive payments are tied to the goals of the enrolled young adult's Individual Service Strategy (ISS). The incentive plan must be outlined in writing before the commencement of the Title I Youth services and be in accordance with the requirements contained in 2 CFR part 200.

Incentives for participants in the youth program are different from stipends. Incentive payments are made to incentivize participant attainment or achievement of program activity milestones; stipends, rather, are used to recognize the time and effort spent participating in program activities.

POLICY:

Incentive payments to WIOA Title I youth participants are for recognition and achievement of milestones directly tied to work experiences (see Attachment A). Service providers must ensure that the incentive payments are:

- a. Awarded in recognition and achievement directly tied to work experiences (see Attachment A),
- b. Aligned with the program elements identified in Attachment A,
- c. Tied to participant goals expressly determined in their ISS,
- d. Aligned with our WIOA Title I youth program policies, and
- e. Provided in accordance with the requirements and cost principles in 2 CFR part 200.

Incentive payments must be in compliance with the Cost Principles in 2 CFR part 200 and such incentive payments **cannot be spent** on entertainment costs, such

as movie or sporting event tickets, gift cards to movie theaters, or other venues whose sole purpose is entertainment. Additionally, internal controls must be established to safeguard any cash or other forms of payment used to award incentive payments, such as gift cards.

Any participant receiving an incentive must accurately complete a W-9 form before incentive payments are made. Participants receiving more than \$599.99 in incentive payments in one calendar year will be issued an Internal Revenue Service (IRS) Form 1099-MISC by January 31 for the prior calendar year in which incentives were provided for tax reporting purposes. Incentives are taxable miscellaneous income.

The allowance for and limits on incentive payments to WIOA Title I youth in projects funded by WIOA Title I statewide activities discretionary funds will be outlined by WSW in the contracts' special terms and conditions.

Incentive payments are not services, but, rather, financial transactions. Youth service providers must document incentive payments to youth by recording in ETO case notes and participant files the youth program element and milestone achieved, along with the incentive amount paid for achievement.

PROCEDURES:

Documentation and Data Entry Requirements

- a. **Full WIOA registration** – A Full WIOA Title I eligibility determination and enrollment into a WIOA Title I youth program is required to receive an incentive payment. Refer to [WSW Eligibility Handbook – Attachment A](#), for more information on documenting eligibility and enrollment for WIOA Title I youth programs.
- b. **Create and Document Service in ETO** - incentive payments may only be awarded for recognition of success in completing Youth Program Elements listed in Attachment A.
- c. **Document Incentives in ETO Case Notes** - Service providers must meet data entry requirements by documenting the following:
 - a. Justification for each participant who receives an incentive payment by providing the business case for how the incentive payment contributes to the participant's success.
 - b. Details of the incentive provided, including amount, funding source, date of issue/receipt, and the service participant completed.
 - c. An acknowledgement form detailing the incentives completed while developing ISS, must be signed by the participant and service provider and attached to case note.
 - d. An acknowledgement form detailing the **receipt** of incentive(s) must be signed by the participant and attached to the case note.

ACTION REQUIRED:

Providers of WIOA Title I youth services must have policies and procedures in place that govern the award of incentive payments to WIOA Title I youth participants according to the requirements in this policy.

REFERENCES/RESOURCES:

[ESD #5621 Rev 5 Incentive Payments to WIOA Title I Participants](#)

[WSW Eligibility Handbook – Attachment A](#)

[TEGL 21-16, Section 5](#)

20 CFR 681.640

20 CFR Part 200

ATTACHMENTS:

- Attachment A

WEBSITE:

<http://workforcesw.org/providers#OperationsPolicies>

INQUIRIES:

Please contact Lyn Love llove@workforcesw.org (360) 559-4500 for questions.

Attachment A

Youth Program Elements for which incentive payments are or are not allowed

No.	Program Element	Allowable	Frequency*	Amount
1	Tutoring, study skills training, instruction, and dropout prevention	No		
2	Alternative secondary school services or dropout recovery services	No		
3	Paid and unpaid work experience – minimum 100 hours	Yes	One Time	\$300
4	Occupational skills training	No		
5	Education offered concurrently with workforce preparation and training for a specific occupation—when in preparation for a WEX	Yes	One Time	\$200
6	Leadership development opportunities	No		
7	Supportive services	No		
8	Adult mentoring	No		
9	Follow-up services	No		
10	Comprehensive guidance and counseling	No		
11	Financial literacy education	No		
12	Entrepreneurial skills training	No		
13	Services that provide labor market information	No		
14	Post-secondary preparation and transition activities	No		

*One Time frequency indicates per participant lifetime, not per participant enrollment.