



Policy: Local Youth Incentives and Stipend Policy

Effective Date: 5/19/2026

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Summary

The Workforce Innovation and Opportunity Act (WIOA) and Department of Employment and Economic Development (DEED) allows for payment of stipends and the provision of incentives to eligible Minnesota Youth Program (MYP), WIOA Youth, and Youth at Work participants. These services are intended to encourage and motivate participants to reach specific goals, earn competitive wages, and obtain positive outcomes outlined in their Individual Service Strategy (ISS).

Incentives and stipends are not intended as emergency assistance, but rather as a compliment to services provided and/or recognition of goal attainment outlined on the ISS. Participants in need of emergency assistance must be referred to appropriate resource/service providers.

Relevant Laws, Rules, or Policies

2 CFR Part 200

20 CFR 681 Subpart C §681.640

TEGL 21-16

TEGL 19-16

TEGL 8-15

DEED's Office of Youth Development Policies

MN Statute 116L.561

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Purpose

Local workforce areas must have written policies and procedures in place governing the use of incentives and stipends and must ensure that such payments follow federal regulations and state statutes. This policy provides guidance on the issuance of stipend and incentive payments for WIOA Youth, Minnesota Youth Program, and Youth at Work eligible participants.

Background

As described in Section 129 of WIOA, local elements and requirements include utilizing the WIOA Title I Youth Program funds for:

- Activities leading to the attainment of secondary school diploma or its recognized equivalent, or a recognized postsecondary credential;
- Preparation for postsecondary educational and training opportunities;
- Strong linkages between academic instruction and occupational education that lead to the attainment of recognized postsecondary credentials;
- Preparation for unsubsidized employment opportunities, in appropriate cases; and
- Effective connections to employers, including small employers, in in-demand industry sectors and occupations of the local and regional labor markets

Stipend and Incentive payments made to participants are different from payments made as a support service. Support service payments may only be made when they are necessary to enable an individual to participate in program activities (refer to Hennepin-Carver Local Support Services Policy). Stipend and Incentive payments, on the other hand, are designed to be used as a way of recognizing achievement and rewarding participation in program activity. Incentive payments must be tied to the goals of the specific program and outlined in writing before the commencement of the program that may provide incentive payments.

When providing stipends and incentives, service providers must be mindful of the requirements of the State and Federal funding sources and requirements as well as other Board policies. This policy does not mandate that stipends and incentives are paid but only establishes guidelines, minimum requirements, and procedures to be followed should the service provider decide to provide stipends and/or incentives.

Policy

Incentives:

Definition: An incentive is a payment to an eligible program participant for the successful completion of expected outcomes in the participant's ISS and core program activities. The incentive must be linked to an achievement and must be tied to training and education, work readiness skills, and/or an occupational skill as identified in their ISS. Such achievements must be documented in the participant's file as the basis for an incentive payment.

Service providers of Hennepin-Carver workforce area may use WIOA Youth, MYP, and Youth at Work funds for incentive payments to youth to recognize achievement of program milestones directly tied to work experience, education, or training. Program milestones may include but are not limited to:

- attaining a credential
- achieving a certain grade point average
- graduating from secondary school or an equivalent program
- completing a work experience
- entering unsubsidized employment
- being accepted into a post-secondary school
- showing improvements marked by testing

While incentive payments are allowable under WIOA Youth, MYP, and Youth at Work program policies, the Department of Labor does not allow incentive payments for activities such as recruitment, submitting eligibility documentation, or for just simply showing up for the program for WIOA participants. MYP and Youth at Work program policies do not prohibit or limit the use of funds for incentives for eligible youth participants. Incentives must be awarded following the parameters below:

- Incentives must be awarded equitably to eligible participants
- Incentives are awarded upon completion of activities that are tied to goals in each participant's ISS and service provider staff have the ability to determine when and if a participant receives incentives
- Incentives must be tracked in Workforce One (WF1) utilizing the Support Services section and a case note must be entered for each incentive awarded
- All incentives may be limited by program funding availability
- Typical incentives may include but are not limited to retail gift cards, gas cards
- Incentives may never be issued for entertainment establishments (i.e. movie or sporting event tickets, or gift cards to movie theaters or other venues whose sole purpose is entertainment); Cost Principles 2 CFR part 200

Incentives are not to exceed \$300 in a 12-month calendar year for a program participant. An exception to exceed this incentive limit can be considered under special circumstances to be determined by the service provider. The exception to exceed the \$300 limit must be documented in the participant's file via case notes.

Service providers of the Hennepin-Carver Workforce Development Area (WDA) have sole discretion of the amount payable for an incentive based on the achievement made while participating in programming. **Service providers of the Hennepin-Carver WDA must**

have a written internal policy that sets parameters and/or amounts for incentives and the types of achievements. The types of achievements made as well as the required file documentation can include, but are not limited to:

Type of Achievement	File Documentation
Completion of GED test (incentive can be offered for each test completed)	Copy of official document showing passed test
Attainment of Diploma	Copy of diploma or transcript
Measurable skills gain	Measurable skills gained related to ISS
Securing permanent employment (30 hours/week for 90+ days)	Employment information (wage, start date, hours) AND a copy of hire letter or pay stub
Credential earned (during program enrollment or up to one year after exit)	Copy of credential (degree, certificate, license, etc.)
Employment retention – 2 nd and 4 th quarter after exit	Copy of pay stub or letter from employer
Individualized incentives	Service providers may award an incentive that is tied to an educational or work experience goal that is outlined in the ISS that is tailored to the individual needs of the youth and approved by program staff (i.e. attainment of driver’s permit/license).

Stipends:

Definition: A stipend is a fixed payment made to an eligible program participant during program enrollment to encourage participation in and completion of certain education or training activities. Stipends may be paid to participants for their successful participation in education, career services, or training services. Stipends may be paid based on actual hours of attendance and attendance must be documented in the participant’s file as the basis for a stipend payment.

Service providers of Hennepin-Carver workforce area may use WIOA Youth, MYP, and Youth at Work funds for stipend payments to eligible participants from direct services funding and contracted service providers have authority to determine a participant’s eligibility to receive stipends. Program participants can obtain stipends through work readiness, leadership and professional skills development, training, and online learning activities following the parameters below:

- Education or training must be approved and included in the participants’ ISS
- Stipends may be paid based on actual hours of attendance; Participants must document participation time, hours must be verified by the training provider or program counselor, and verification must be maintained in the participant’s file
- Attendance records and/or evidence of completion must be submitted prior to a stipend being awarded
- Online learning and classroom attendance is allowable if participation time can be verified, and appropriate documentation is provided
- Stipends must be tracked in WF1 utilizing the Support Services section and a case note must be entered for each

stipend awarded

- Stipends may be paid weekly
- Stipends may not exceed the state's current hourly minimum wage

Stipends may be awarded for attendance or participation in:

- Short-term training programs (i.e., CNA, Computer Training)
- Work readiness training
- Completion of entrepreneurship training and developing a business plan
- Verifiable in-person workshops

Stipends are intended to encourage and motivate participants to reach goals and complete assignments as they relate to career exploration and learning skills needed for employment. Stipends are not an entitlement and are subject to availability of funds as well as contingent upon the individual's progress and follow-through. Stipends are considered taxable income to program participants and participants (and their parent/guardian) must be notified of Internal Revenue Services (IRS) implications.

Stipends may not be provided to participants in paid activities including work experience, on -the-job training, and internships. In emergency or unforeseen circumstances (i.e. health/medical, sudden change in stability or accessibility, called to active duty, institutionalized, other), partial payment of stipends may be made to participants that fail to complete a portion of their training/activity. The participant's case file must contain documentation (at a minimum, a case note) regarding the reason for failure to complete and the period of time or activities that were completed.

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