



May 15, 2009

**EASTERN CAROLINA LOCAL AREA ISSUANCE NUMBER 2008-07**

**SUBJECT:** WIA Summer Youth Employment Program Stipend Policy

**PURPOSE:** To establish a local policy on the use of stipend payments as a service strategy in the WIA Summer Youth Program.

**BACKGROUND:** The Workforce Investment Act of 1998, Section 129(a)(5), states that WIA youth funds can be used to provide incentives for recognition and achievement to eligible youth. The U. S. Department of Labor published Training and Employment Guidance Letter No. 14-08 to provide information on implementing the WIA Youth funds provided in the Recovery Act, including guidelines for summer youth employment activities. The Employment and Training Administration encourages states to develop policies to ensure local areas adhere to current workplace safety guidelines and applicable federal/state wage laws. For information and resources on safety and child labor laws, consult <http://www.youthrules.dol.gov/about.htm> and <http://www.osha.gov/teens>. Provisions for wages under the amendments to the Fair Standards Act (FLSA) apply to all youth participants employed under WIA. Current law specifies a minimum wage of \$6.55 per hour effective July 24, 2008; and \$7.25 per hour effective July 24, 2009. Depending on the facts, FLSA regulations may apply only to the workplace portion, and not to the classroom portion, of summer employment. Any hours spent in classroom training as part of the summer employment opportunity may or may not fall under the FLSA. States and local areas may provide wages or stipends to youth in a class-room based component of a summer employment opportunity. States and/or local areas should have a policy guiding the payment of a classroom-based stipends and wages.

**ACTION:** Service Providers are required to adhere to the attached policy and procedures for payment of stipends to youth in a classroom-based component of a summer employment opportunity.

**EFFECTIVE DATE:** Immediately

**EXPIRATION DATE:** Indefinite

**CONTACT:** Executive Director

**DISTRIBUTION:** WIA Service Providers



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Tammy L. Childers  
Executive Director

Attachment Policy and Procedures for Payment of Stipends for Classroom-Based Component of a Summer Youth Employment Opportunity.

**Overview:** Stipends are allowable to youth enrolled into the WIA Title I Youth program. They are intended to be used to encourage and motivate WIA youth to reach specific program goals and obtain positive outcomes. Stipends are not an entitlement and are subject to the availability of funding.

**A.** If all six items exist the work experience can be considered a training situation:

1. The training, even though it includes actual operation of the facilities of the employer is essentially a training experience similar to a vocational school.
2. The participant is primarily the beneficiary of the experience
3. Regular employees are not displaced and the experience is closely supervised.
4. The “employer” that hosts the experience derives no immediate or significant advantage (and may experience an actual downside)
5. The participant is not necessarily entitled to a job at the conclusion
6. There is mutual understanding between the participant and the host agency that the participant is not entitled to wages for this time because the activity is essentially a training experience

To be considered a training situation, the focus on mentoring and exposing youth to real-life experience, rather than on getting them to produce a certain amount of work.

**B. Stipend:** A stipend is a fixed regular small payment made to a WIA youth participant during his/her enrollment to encourage the WIA youth to participate in certain activities (seat time payments). The stipend can be used for activities such as a classroom based component of a summer employment activity or work readiness activity. Stipends shall be paid at the rate of \$7.25 per hour effective the date of this Issuance or at the Federal or North Carolina minimum wage, whichever is higher. Stipends may only be paid based on actual hours of attendance. Attendance in this activity must be documented as the basis of stipend payments. Before a WIA youth participant can qualify for a stipend payment the service provider must establish the need for a stipend payment, such as the classroom-based training is required to complete work readiness component or is a requirement of the work place learning component. This need should be documented on the Individual Service Strategy.

Payments must be based on actual (seat) time of participation in the activity as documented on an attendance roster. The attendance roster must be signed by the participant and the instructor. Participants will not be paid a stipend for the lunch break. A copy of the attendance roster must be maintained in the participant file.