

WIOA Youth Program and Work Experience Activities

The Workforce Innovation and Opportunity Act (WIOA) Youth program prioritizes work experience for enrolled youth (WIOA section 129(c)(4)). This document provides a summary of the policies and program design considerations to assist local program operators developing work experience activities for WIOA Youth program participants. Please note that information in this document is not meant to cover all aspects of the work experience program element.

Understanding the work experience program element: Under WIOA, a work experience is a planned, structured learning experience that takes place in a workplace for a limited period of time. Work experiences may be paid or unpaid, as appropriate. A work experience may take place in the private for-profit sector, non-profit sector, or public sector. Work experiences must include academic and occupational education.¹ The types of work experiences include the following categories:

- Summer employment opportunities and other employment opportunities available throughout the year;
- Pre-apprenticeship programs;
- Internships and job shadowing; and
- On-the-job training opportunities.

Understanding the academic and occupational education component: Work experiences must include academic and occupational education which:

- Refers to contextual learning that accompanies a work experience;
- May occur concurrently or sequentially with the work experience;
- May occur inside or outside the work site;
- Includes information needed to understand and work in specific industries or occupations; and
- Can be provided by the employer, or may be provided separately in the classroom or through other means.

For example, if a youth is working in a hospital, the occupational education might be learning about different types of hospital occupations such as a phlebotomist, radiology tech, or physical therapist, whereas the academic education could be learning some of the information individuals in those occupations need to know such as why blood type matters, the name of a specific bone in the body, or the function of a specific ligament. Local programs have the flexibility to determine the appropriate type of academic and occupational education necessary for a specific work experience.

¹ Please note work experiences under WIOA are not considered training, which has performance implications for the credential and measurable skills gain indicators. Participation in a work experience alone does not trigger inclusion in those two indicators. For more information about performance indicators, visit <https://www.doleta.gov/performance/>.

Expenditure Requirement: A minimum of 20 percent of local area funds must be spent on work experience. Program expenditures on this program element may include more than just wages paid to youth. Allowable expenditures may include items such as:

- Wages or stipends paid for participation in a work experience;
- Staff time working to identify and develop a work experience opportunity, including staff time spent working with employers to identify and develop the work experience;
- Staff time working with employers to ensure a successful work experience, including staff time spent managing the work experience;
- Staff time spent evaluating the work experience;
- Participant work experience orientation sessions;
- Employer work experience orientation sessions;
- Classroom training or the required academic education component directly related to the work experience;
- Incentive payments directly tied to the completion of work experience; and
- Employability skills or job readiness training to prepare youth for a work experience.

When determining the types of expenditures that are allowable to help meet this requirement, additional information can be found in TEGL 8-15 and TEGL 21-16, p.15.

Considerations for Program Design -- Work Experience Opportunities

Worksites: Employers committed to helping participants attain work experiences that will provide them with career pathway opportunities are optimal partners. When worksites match participants' interests and goals both the employers and youth benefit. A combination of public sector, private sector, and non-profit employers, as well as summer and year-round employment opportunities will help in meeting participants' needs.

Compensation: When compensating youth with wages or stipends for work experiences, local workforce areas or employers of record are expected to adhere to Internal Revenue Service (IRS) guidelines. Understanding the difference between a stipend and wage has specific implications in relation to IRS deductions. The classification of a participant, specifically the employer-employee relationship, is a key factor used by the IRS to determine whether withholding taxes is applicable. Other related factors which impact payments in the form of wages or stipends associated with work experience are that they are counted as earnings when a participant is currently collecting Unemployment Insurance (UI). The income from these wages or stipends may affect the amount and duration of a participant's UI claim in the same manner as regular wages. Compensations may include:

- **Wages:** A wage is generally a payment for services rendered where an employer/employee relationship exists. This form of compensation is usually paid through a payroll system and subject to the taxes applicable to the employer of record and participants. Paying a wage usually indicates that a program views the youth as an employee or a trainee. Paid work experiences and internships may fall under the Fair Labor Standards Act (FLSA). The FLSA implemented by the DOL's Wage and Hour Division requires that individuals must be compensated under the law for the services they perform for an employer. To determine whether a paid work experience or internship falls under the FLSA, contact DOL's Wage and Hour Division offices in your state by visiting: <http://www.dol.gov/whd/america2.htm#Map>;
- **Stipends:** A stipend is an allowable payment for participation in activities such as work experience or classroom activities, including work readiness or employability skills training. States and locals have flexibility when determining local policies on stipends based upon local program design and participant needs. States and local areas should have a policy guiding the payment of classroom-based stipends. State policies and procedures for youth stipend payments need to align with Uniform Guidance at 2 CFR parts 200, <https://www.gpo.gov/fdsys/granule/CFR-2014-title2-vol1/CFR-2014-title2-vol1-part200/content-detail.html>;
- **Incentives:** Incentive payments are allowable to youth participants for recognition and achievement directly tied to training activities and work experience, such as a successful completion of a work experience. The local program must have written policies and procedures in place governing the award of incentives and must ensure that such incentives payments are:
 - (a) tied to the goals of the specific program;
 - (b) outlined in writing before the commencement of the programs that may provide incentive payments;
 - (c) align with the local program's organizational policies; and
 - (d) in accordance with the requirements contained in 2CFR part 200. See 20 CFR 641.640 for additional information.

It is also allowable to provide incentives post-exit or during follow-up if there are written policies in place to address the following: The purpose of offering an incentive is to induce behavior toward achievement of a specific goal. In order for an incentive to be effective, participants must:

- be aware of the existence of such incentive, and
- understand the terms and standards of its award to improve the likelihood of success and lead to a successful outcome or achievement of grant performance measures.

Withholdings: When determining whether to pay taxes on incentives or stipends, local areas should adhere to IRS guidelines. IRS publication 525 provides information on taxable and non-taxable income. To access the website visit: <https://www.irs.gov/forms-pubs/about-publication-525>.

Resources: To learn more about innovative practices for developing work experiences and guidelines for employers on youth employment, see:

- Reinvesting in America’s Youth: Lessons from the 2009 Recovery Act Summer Youth Employment Initiative at <https://wdr.doleta.gov/directives/attach/TEN/ten2009/ten33-09acc.pdf>. This document describes an evaluation of summer work experience activities in 20 local areas, identifying recruitment strategies, job matching and innovative practices; and
- Youth Connections Community of Practice Work Experience Program Element page: <https://youth.workforcegps.org/resources/2017/01/19/14/27/Paid-and-Unpaid-Work-Experience>.
- Youth Employment Compliance Assistance Toolkit: <https://www.dol.gov/whd/regs/compliance/cakits/youth.htm>. This toolkit developed by the Department of Labor’s Wage and Hour Administration provides guidelines for employers on youth employment and Fair Labor Standard Youth Provisions laws.

More information on work experiences can be found in the following Training and Employment Guidance Letters (TEGLs).

- TEGL No. 23-14 provides information on the expansion of work experience, its designation as a critical component under the 14 program elements, and how to calculate expenditures to meet the requirement. https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=4244.
- TEGL No. 8-15 provides details on allowable expenditures for work experience activities. https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=4244.
- TEGL No. 21-16 further defines the work experience program element and elaborates on allowable expenditures for work experience activities. https://wdr.doleta.gov/directives/attach/TEGL/TEGL_21-16_Acc.pdf.