

## STIPENDS AND INCENTIVE PAYMENTS

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### PURPOSE

The purpose of this policy is to provide guidance regarding the issuance of stipends and incentive payments to Workforce Development Board of Ventura County (WDBVC) enrolled participants.

This policy supersedes Local Policy Bulletin #2023-07. Retain this policy until further notice.

### SCOPE

The Workforce Development Board of Ventura County (WDBVC) contractors, and subrecipients.

### REFERENCES

- WSD23-08 Stipends and Incentive Payments
- Title 2 Code of Federal Regulations (CFR) Part 200
- Title 20 CFR Part 681: “Youth Activities under Title I of the WIOA”
- U.S. Department of Labor Field Operations Handbook – Chapter 10: “FLSA Coverage: Employment Relationship, Statutory Exclusions, Geographical Limits”

### POLICY AND PROCEDURES

The Workforce Innovation and Opportunity Act (WIOA) and specific workforce development programs allow for stipends and incentive payments for participants engaged in work experience, occupational skills training, classroom activities, and more.

Stipends and incentive payments to participants are strong motivators that help enable participation and lead to more successful outcomes for workforce program participants.

When an employer-employee relationship does not exist, a stipend may be used as an allowable payment for participation in occupational skills training or classroom activities, including high school equivalency preparation, work readiness, or employability skills training. Stipends can alleviate financial stress by providing participants with the funds they need to be successful in the program. Stipends cover the costs associated with attending training, lost wages due to time spent in training, and ultimately ensure that participants do not drop out and return to lower-wage, lower-skilled occupations to meet immediate financial needs. Stipends cannot be used in lieu of wages. A stipend is usually a set amount given for participation/completion of an activity. Stipends can be paid in a lump sum at specific intervals or bi-weekly. For example, a stipend may be provided instead of an hourly pay rate for attendance or participation in an activity. The participant case file must contain documentation of the activity to be completed or the goal that must be achieved to result in a stipend.

Incentive payments, on the other hand, are provided as recognition for achievements and can help motivate participants to achieve successful outcomes that will lead to long term financial self-sufficiency. Incentive payments are considered awards and are used to encourage participants to complete training, remain in jobs, or for achievement in other program activities. Incentives may be given for a participant's achievement in training, education, work readiness skills, and/or an occupational skills attainment goal as identified in the Individual Service Strategy or Individual Employment Plan.

Each WDBVC subrecipient that provides stipend and incentive payments must maintain a clear and concise written policy that outlines a uniform and consistent strategy for awarding stipends. The policy must be reviewed and approved by WDBVC before implementation.

At a minimum, the program service provider's stipend and incentive payments policy must include:

- Justification for how the provision of incentive payments is aligned with the goals of the program(s), including who is being served, and what type of activities and outcomes are being incentivized with the payments.
- Ensures that incentive payments will not be used in lieu of wages. In cases where wages are the most appropriate form of payment to the participant, wages must be paid in accordance with existing work-based learning and other policies.
- Outlines methodology for determining the appropriate use of incentive payments based on how they will help participants achieve goals, milestones, or outcomes; incentive payment amounts; and how determinations will be documented.
- Appropriately differentiates criteria between stipends and incentive payments if both types of payments are allowed.

### **Form of Payment**

Payments may be awarded in the form of cash, check, gift card, electronic payment, app-based payments, or other type of card.

### **Requirements for Provisions of Stipends**

Each WDBVC subrecipient that provides stipend payments must maintain a clear and concise written stipend policy that outlines a uniform and consistent strategy for awarding stipends. The stipend policy must be reviewed and approved by WDBVC before implementation.

At a minimum, the program service provider's stipend policy must include:

1. The method and justification for the issuance of stipends
2. The amount and timelines for which stipends will be provided
3. The source of stipend funding

4. The internal controls and documentation requirements for stipend payments, (e.g., number of signatures required)
5. Maximum allowable stipend amounts per type of stipend issued and total maximum allowable stipend amounts.

WDBVC contractors and subrecipients must be aware of the following:

- Stipends must be tied to the goals of the specific program.
- Stipends must be linked to an Individual Employment Plan (IEP) or Individual Service Strategy (ISS) goal and related activity.
- Stipends will not be used in lieu of wages. In cases where wages are the most appropriate form of payment to the participant, wages must be paid in accordance with the existing work-based learning and other policies.
- Stipends are provided at the rate equivalent to the local minimum hourly wage at the time of enrollment into the training activity.
- Stipends are outlined in writing before the commencement of the programs that may provide stipend payments.
- Stipends shall be aligned with the local program's organizational policies and under the policy contained in 2CFR Part 200.
- Stipend payments that equal \$600 or more *per calendar year* are considered taxable income, and the service provider must provide a 1099 tax form to the participant.
- Stipends are to be carefully distinguished from regular supportive services, incentives, tuition, and other similar needs-related payments, and any allotment for stipends is exclusive of these services.
- All stipend details must be specified in CalJOBS or other required systems and should include a stipend log (Attachment I) showing the date, the amount provided, the funding source used, justification for issuance, and staff initials.
- A copy of the payment issued shall be placed in the participant's file.
- Stipend payments must be scheduled and documented in each participant's Individual Employment Plan (IEP) or Individual Service Strategy (ISS) and case notes.
- Backup documentation for stipends must be in the participant's case file. Acceptable documentation includes, but is not limited to, performance reports, attendance records, educational certificates, etc.
- Participant and financial records about stipend payments must be made available for review by local, state, and federal monitors. They must meet financial management standards, including sufficient information to provide:
  - A comparison of actual expenditures with the budgeted amounts of each contract.
  - Support for accounting records to ensure proper charging of costs and cost allocation.

Recipients of funds from the state are not required to provide stipends, unless mandated through legislation for specific programs. Recipients may, through their own policies, be more restrictive

than the state policy or not allow the use of stipends. Policies must be in place before stipends are paid with funds granted by the state. To incorporate the use of stipends into non-formula funded grants and/or programs, including WIOA discretionary grants or state-funded grants, policies and implementation must follow any grant-specific requirements and be incorporated into approved budgets, as applicable.

### **Requirements for Provision of Incentive Payments**

Incentive payments must be for recognition and achievement directly tied to work experience, education, training, employment, or other program activities, and cannot be paid in lieu of wages.

- Incentive payments must be tied to the WIOA Youth program elements or the WIOA Performance Measures and must be relevant to the objective assessment of each participant's IEP or ISS.
- Incentive payments are intended to be used to encourage and motivate participants to reach specific goals and obtain positive outcomes.
- Such awards are not an entitlement and are subject to the availability of program funds.
- Incentive payments must be allowable, necessary for the participant's success in the program and reasonable.
- Program operators have the option of including in their program design those incentive payments that they deem most appropriate for their participants; but these awards must conform to the guidelines set forth in the WIOA and this policy.
- A statement of incentive payments will be a part of the contract of each program operator and must be approved by the WDBVC.
- No more than \$800 may be allotted for incentives for any one participant for their lifetime in a WDBVC program. Exceptions to this maximum allotment require the prior approval of the Executive Director of the WDBVC, or WDBVC designee.
- Incentive payments are to be carefully distinguished from regular supportive services, tuition, and other similar needs-related payments; and any allotment for incentive payments is exclusive of these services.
- All incentive payment details must be specified in the participant's Incentives Log, including the amount that was provided, the funding source used, staff's (Attachment II) acknowledgement of issuance, and the participant's acknowledgement of receipt.
- A copy of the payment issued shall be placed in the participant's file, with the participant's signature and date received.
- Incentive payments must be scheduled and documented in each participant's ISS or IEP and case notes.

- Backup documentation for incentives must be in the participant’s case file. Acceptable documentation includes, but is not limited to pre-and-post-tests to measure literacy and numeracy gains, attendance records, educational certificates, paystubs, etc.
- Incentive payments must not be spent on entertainment costs – they do not include items such as movie or sporting event tickets or gift cards to movie theaters or other venues whose sole purpose is entertainment.
- Participant and financial records pertaining to incentive payment must be made available for review by local, state, and federal monitors and must meet financial management standards including sufficient information to provide:
  - A comparison of actual expenditures with the budgeted amounts of each contract
  - Support for accounting records to ensure proper charging of costs and cost allocation

### **Documentation of Stipends and Incentive Payments**

All stipends and incentive payments must be documented in CalJOBS through case notes and appropriate activity code(s). When providing stipends and/or incentive payments, the following must be documented in the participant case file (case note): (1) Justification for why stipends and/or incentives are being provided, (2) the contribution it makes to the participant’s success, and (3) how the stipend or incentive payment was calculated and why the dollar amount provided is necessary and reasonable.

Contractors and subrecipients must verify that participation or achievements occurred in accordance with the terms of the payments documented in the participant case file prior to providing payments. Contractors and subrecipients must maintain documentation sufficient to verify that participation or achievements occurred, for the purposes of local, state, and federal monitoring/audits.

Stipends must be recorded using the appropriate activity code:

- Stipends to Adult participants must be recorded using activity code 197 Supportive Services: Stipends.
- Stipends to Youth participants must be recorded using activity code 494 Supportive Services: Stipends.

Incentive Payments must be recorded using the appropriate activity code:

- Incentive Payments to Adult participants must be recorded using activity code 183 Supportive Service: Incentives/Bonuses.

- Incentive Payments to Youth participants must be recorded using activity code 419 Incentive Payment.

For more information, refer to the Workforce Services Directive, *CalJOBS Activity Codes*. Recipients of funds from the state must maintain appropriate and identifiable expenditure records of stipends and incentive payments for the purposes of local, state, and federal

**ACTION**

Bring this policy to the attention of all affected staff.

**INQUIRIES**

Inquiries regarding this policy can be addressed to the WDBVC at 805-477-5306.

/S/ Rebecca Evans, Executive Director  
Workforce Development Board of Ventura County

**ATTACHMENTS:**

- Attachment I - Stipends Log
- Attachment II - Incentive Payments Log

Participant Name: \_\_\_\_\_

## Stipends Log

#	Date	Amount Provided	Funding Source	Justification	Staff Initials
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					

Participant Name: \_\_\_\_\_

## Incentive Payments Log

#	Date	Amount Provided	Funding Source	Justification	Staff Initials
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
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