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Community Resources

Date: April 30, 2025

To: WIOA Subrecipients of the Orange County
Workforce Development Board

From: Nancy Cook
Director of Workforce and Economic Development

DS
MC

Subject: WIOA Youth Incentives and Stipends Policy
Information Notice No. 25-OCWDB-05
Supersedes Information Notice No. 21-OCWDB-13,
15-OCWDB-05

PURPOSE

This policy provides guidance for the allowable use of incentives and stipends for eligible participants enrolled in Title I Youth Programs under the Workforce Innovation and Opportunity Act (WIOA).

EFFECTIVE DATE

This policy is effective on the date of issuance.

REFERENCES

- Workforce Services Directive (WSD) 23-08, Stipends and Incentive Payments
- WSD 24-05, CalJOBS Activity Codes
- Title 2 CFR Section 200.438, Entertainment Costs
- Title 20 CFR Part 681, Youth Activities under Title I of the WIOA

BACKGROUND

Under WIOA law and applicable State regulations, stipends and incentive payments are allowable for eligible participants. These supports are designed to encourage engagement, reinforce positive participation, and promote successful outcomes in workforce programs.

DEFINITIONS

Incentives – Payments awarded to youth participants to recognize and reinforce achievement directly tied to program participation: work experience, education, training, employment goals, or other program activities. Incentives may be awarded for, but are not limited to, the following goals/accomplishments:

- Attainment of skill goals (basic skills, work readiness, and/or occupational)
- Attainment of degree or recognized certificate (post-enrollment)
- Placement in employment or education
- Retention of employment or education



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Stipends – Fixed payments provided to youth participants for participation in a training or other workforce activity that requires a substantial or regularly scheduled time commitment. Stipends are intended to offset costs as a form of financial support paid to a participant to help cover the costs associated with expenses, travel, and/or materials needed to participate and be successful in training or other workforce activities that contribute to achieving their goals. Stipends may be awarded for, but are not limited to, the following activities:

- Participation in Earn & Learn Program
- Participation in workshops
- Participation in community service projects, service-learning projects, and/or job shadowing

POLICY

The Orange County Workforce Development Board (OCWDB) permits Youth Service Providers to develop a youth incentive and stipend plan, which shall be directly linked to the youth's attainment of WIOA performance outcomes, key benchmarks toward those outcomes, and/or successful engagement in the program and follow-up activities. The youth plan must be submitted and approved by the OCWDB Contract Administrator and Program Manager, at minimum, contain the guidelines and elements identified in this policy as well as articulate the awarded amount for each associated activity. WIOA Youth Service Providers are strongly encouraged to be strategic with establishing incentive and stipend plans for youth to ensure the best utilization of funds based upon budget constraints. Although, providing incentives and stipends is an option, Service Providers are not required to provide unless OCWDB requires it for a specific program.

Incentive and Stipend Logs

All WIOA Youth Service Providers who implement a youth incentive and stipend plan shall include all incentive/stipend details in the participant's designated log.

- All incentive details must be specified in the participant's Incentives Log (Attachment I), including the amount awarded to the participant, accomplishment description with supporting documentation, funding source used, issuing case manager's signature, and participant's acknowledgement of receipt.
- All stipend details must be recorded in the participant's Stipends Log (Attachment II), including the amount paid to participant, activity attended, participant's actual time in the activity, funding source used, issuing case manager's signature, and participant's acknowledgement of receipt.

Payment Requirements

All participant and financial records related to incentive and stipend payments must be maintained in compliance with WIOA financial management standards. These records must be made available upon request by local, state, or federal monitors and must include:

- Comparison of actual expenditures with the budgeted amounts of each contract.
- Supporting documentation for accounting records to ensure proper charging of costs and cost allocation.

Payments to participants shall not exceed the following:

- **Incentives:** Total cumulative stipend payments to any participant may not exceed \$800 in a participant's lifetime. Exceptions to the maximum for incentives require prior OCWDB Director approval.
- **Stipends:** Total cumulative stipend payments to any participant may not exceed \$800 in a participant's lifetime.

Documentation

All incentive and stipend payments must be relevant to the youth's objective assessment in the Individual Service Plan (ISP) and be documented in CalJOBS through case notes and appropriate activity code(s). When providing incentive and/or stipend payments, the following must be documented in the participant case file (case note):

1. Justification for why incentives and/or stipends are being provided.
2. Explanation of how the contribution it makes to the participant's success.
3. Calculation method used to determine the amount awarded

Appropriate activity code(s) shall be entered in CalJOBS at the start of the service, updated during the participation in the program, and closed on the actual end date of the service. Activity codes entered in CalJOBS must be as follows:

- Youth Incentives: Activity Code 419 (Supportive Service: Incentive Payment)
*If participants receive incentives during follow-up, designated activity code for follow-up incentives shall be used and entered in CalJOBS.
- Youth Stipends: Activity Code 494 (Supportive Service: Stipend)

Service Providers must verify that the associated activity or achievement actually occurred, as documented in the participant's case file, before issuing payments. Attendance records or achievement verification must be retained for monitoring and audit purposes.

Limitations

According to federal guidelines, WIOA funds may not be used to pay for administrative fees related to incentives, including gift card activation fees and digital funds transfers fees. Therefore, funds used for incentives and stipends cannot be spent on entertainment costs (e.g. movie or sporting events, gift cards to movie theaters or other venues whose sole purpose is entertainment).

In addition, incentives and stipends cannot be paid in lieu of wages and therefore are not considered payroll. Stipends may be paid based on actual hours of attendance and must not exceed eight (8) hours a day for the activity. Payment must be based on actual (seat) time of participant in the activity as documented on the attendance sheet and signed by the appropriate staff and participant. It shall be noted that, Online Earn & Learn programs are allowable if participation/seat time can be verified.

WIOA Youth Service Providers must not withhold taxes from incentive or stipend payments. These payments are considered miscellaneous income and are taxable. Participants are responsible for reporting them on their personal tax returns.

Service Providers are responsible for informing participants of potential tax implications and must also advise that these payments may affect eligibility for public benefits, particularly those impacted by earned or unearned income.

ACTION

Bring this policy to the attention of all staff and relevant parties.

INQUIRIES

If you have any questions regarding this policy, please email info@ocworkforcesolutions.com.

ATTACHMENTS

Attachment I – Incentives Log

Attachment II – Stipends Log