
**NORTH CENTRAL
COUNTIES CONSORTIUM**

**STIPENDS AND INCENTIVES
PROCEDURE**

9/2026

I. Purpose

This procedure establishes North Central Counties Consortium (NCCC) requirements for the use, approval, calculation, documentation, and monitoring of participant stipends and incentive payments. The procedure is intended to ensure that stipends and incentives support program goals, are reasonable and necessary for participant success, are allowable under the applicable funding source, and are not used in lieu of wages.

II. Scope

This procedure applies to NCCC, its AJCC/One Stop operators, service providers, subrecipients, and other entities issuing stipends or incentive payments with WIOA Title I or other NCCC-administered grant funds. A stipend or incentive may be provided only when permitted by the applicable law, regulation, grant award, contract, and NCCC policy.

III. References

- Workforce Innovation and Opportunity Act (WIOA) and applicable implementing regulations
 - EDD Workforce Services Directive WSD23-08, Stipends and Incentive Payments (May 23, 2024)
 - 2 CFR Part 200.438, Entertainment Costs
- Applicable federal cost principles and the terms and conditions of the funding source
- NCCC contracts, fiscal policies, and other applicable administrative procedures

IV. Definitions

A. Stipend

A stipend is a participant payment intended to support participation in an approved program activity, education, or training when the payment is necessary to help the participant successfully engage in or complete the activity. A stipend is not compensation for productive work and may not be based on hours worked.

B. Incentive Payment

An incentive payment is a participant payment provided in recognition of achievement of a pre-established program goal, milestone, or outcome. Incentives must be tied to program participation or achievement and must not be used as compensation for productive work.

C. Wages

Wages are compensation paid for work performed. When a participant is performing productive work or an activity for which wages are the appropriate form of payment, the participant must be paid wages in accordance with applicable wage and hour requirements. A stipend or incentive may never be substituted for wages.

V. General Requirements

- Stipends and incentives must meet all of the following requirements:
 - Be allowable under the funding source and consistent with the applicable grant, contract, and NCCC organizational and fiscal policies.
 - Be reasonable, necessary, and directly connected to the participant's approved program activity, training plan, Individual Employment Plan (IEP), or Individual Service Strategy (ISS), as applicable.
 - Be provided consistently and equitably to similarly situated participants using written, objective criteria.
 - Not be used for an unallowable cost, personal benefit unrelated to program participation, or any purpose prohibited by the applicable funding source.

Not be used in lieu of wages. Staff must evaluate the nature of the activity before authorizing payment and use wages when the participant is performing productive work or participating in a work-based learning activity for which wages are appropriate.

Be approved and documented before payment, except when a program-specific written schedule authorizes payment automatically upon verified completion of a specified milestone.

Payments may be issued in forms permitted by the applicable funding source and NCCC fiscal procedures, including cash, check, gift card, electronic payment, app-based payment, or other type of card. Any additional funding-source restrictions or grant-specific requirements shall apply.

VI. Stipends

A. Justification and Appropriate Use

A stipend may be used when it advances the goals of the program and is necessary to support successful participation by the population being served. Before implementing stipends for a project or activity, the service provider must identify the target population, the education or training activity involved, the program purpose served by the stipend, and the participation barrier or need the stipend is intended to address.

Examples of circumstances that may support the use of a stipend include participation in an approved classroom, occupational skills, work-readiness, or other structured training activity when a participant payment is necessary to reduce a documented barrier to participation and the payment is allowable under the funding source.

B. Determining Participant Need

Staff must determine and document that the stipend is appropriate for the individual participant. The determination must consider the participant's program plan, the nature and duration of the activity, identified barriers to participation, other reasonably available resources, and whether another form of assistance or payment is more appropriate.

C. Determining Stipend Amounts

Stipend amounts must be reasonable and proportionate to the activity and participant need. Before stipends are issued, the program or project must establish a written stipend schedule or methodology that identifies the eligible activity, payment amount or calculation method, frequency, any maximum amount or duration, and the documentation required for payment. The schedule or methodology must be approved by NCCC or otherwise authorized in the applicable contract or grant. Similarly situated participants must be treated consistently unless the case file documents a participant-specific basis for a different amount.

D. Stipend Documentation

The participant file and/or fiscal record must document, as applicable:

The participant's eligibility for the program and approved activity.

The reason the stipend is necessary and how it supports successful participation.

The approved stipend schedule or calculation methodology.

Attendance, participation, or other evidence supporting the payment.

The amount, date, funding source, approval, and proof that the participant received the payment.

A case note or other record sufficient for a reviewer to understand the basis for the stipend determination.

VII. Incentive Payments

A. Justification and Appropriate Use

Incentive payments may be used when they support the goals of the program by encouraging or recognizing achievement of clearly defined participant milestones or outcomes. Before implementing an

incentive structure, the service provider must identify the population being served, the program goal supported by the incentive, and the specific activities, milestones, or outcomes that will qualify for payment.

B. Eligible Milestones and Outcomes

Incentives must be linked to objective, pre-established participant goals, milestones, or outcomes. Examples may include completion of an approved program component, attainment of a credential or measurable skill gain, achievement of an education or training milestone, or another documented outcome that is directly related to the program's purpose and allowable under the funding source.

C. Determining Incentive Amounts

The program or project must establish a written incentive schedule before payments are issued. The schedule must identify each eligible milestone or outcome, the amount associated with that milestone or the method used to determine the amount, any limits on the number or total value of incentives, and the documentation required to verify achievement. Incentive amounts must be reasonable, consistent, and commensurate with the significance of the milestone or outcome.

D. Incentive Documentation

The participant file and/or fiscal record must document, as applicable:
The approved incentive schedule and the participant goal, milestone, or outcome being incentivized.
Objective evidence that the participant achieved the required milestone or outcome.
The amount, date, funding source, approval, and proof that the participant received the incentive.
A case note or other record sufficient for a reviewer to understand the basis for the incentive payment.

VIII. Distinguishing Stipends, Incentives, and Wages

Payment Type	Purpose	Basis for Payment	May Replace Wages?
Stipend	Support successful participation in an approved program activity or training.	Documented participant need and an approved stipend schedule/methodology.	No
Incentive	Recognize or encourage achievement of a defined program milestone or outcome.	Verified achievement of a pre-established goal, milestone, or outcome.	No
Wages	Compensate an individual for work performed.	Hours worked or other lawful basis for compensation.	Not applicable

IX. Approval, Payment Controls, and Recordkeeping

Service providers must maintain adequate internal controls over stipends and incentives. Payments must be authorized by staff with appropriate approval authority and processed in accordance with NCCC and service provider fiscal procedures. Cash, checks, gift cards, or other cash-equivalent instruments, when used, must be safeguarded, tracked, reconciled, and supported by proof of distribution. No employee may approve a payment to themselves.

Program and fiscal records must be sufficient to trace each payment from the approved program methodology to the individual participant and the supporting activity, milestone, or outcome. Records must be retained in accordance with applicable record-retention requirements.

X. CalJOBS Documentation and Activity Codes

All stipend and incentive payments shall be documented in CalJOBS through participant case notes and the appropriate activity code(s). Before payment is issued, staff must verify that the participation or achievement required for the payment occurred and retain documentation sufficient for local, state, and federal monitoring or audit.

The participant case note must document: (1) the justification for why the stipend or incentive is being provided; (2) how the payment contributes to the participant's success; and (3) how the payment amount was calculated and why the amount is necessary and reasonable.

Stipends shall be recorded using Activity Code 197, Supportive Services: Stipends, for Adult participants and Activity Code 494, Supportive Services: Stipends, for Youth participants. Incentive payments shall be recorded using Activity Code 183, Supportive Service: Incentives/Bonuses, for Adult participants and Activity Code 419, Incentive Payment, for Youth participants.

NCCC and its subrecipients shall maintain appropriate and identifiable expenditure records for all stipend and incentive payments. Documentation must establish both the expenditure and the participant's receipt of the payment, as applicable.

XI. Tax and Public Benefit Considerations

NCCC and its subrecipients shall determine whether stipend or incentive payments provided to participants are deemed taxable and shall inform participants of potential tax implications. Participants shall also be informed that stipend or incentive payments may affect public benefits that are based on earned or unearned income. Questions regarding the effect of a payment on a specific public benefit shall be referred to the agency paying the benefit or to a certified benefits professional, as appropriate.

XII. Monitoring and Corrective Action

NCCC may review stipend and incentive practices during programmatic and fiscal monitoring. Reviews may include the written payment methodology, participant eligibility and need determinations, documentation of participation or achievement, payment records, proof of receipt, allowability, consistency, and whether wages should have been paid instead. Unsupported, unallowable, or improperly classified payments may be subject to corrective action and disallowance.

XIII. Program-Specific Schedules

A service provider proposing to use stipends or incentives must maintain a program-specific written schedule or methodology consistent with this procedure. The schedule should be established before payments begin and retained with program records. At a minimum, it must identify: the funding source; target population; eligible activity, milestone, or outcome; payment type; amount or calculation method; frequency and maximum, if applicable; required supporting documentation; and approval authority.