



COUNTY OF SAN LUIS OBISPO
DEPARTMENT OF SOCIAL SERVICES
WORKFORCE DEVELOPMENT BOARD

3433 South Higuera Street, P.O. Box 8119, San Luis Obispo, CA 93403-8119
(P) 1-805-781-1908

POLICY NO: 12-19
TO: Service Providers
FROM: Department of Social Services
EFFECTIVE: January 01, 2020; REVISED: February 05, 2026
SUBJECT: WIOA Participant Stipends and Incentive Payments

REFERENCES:

- WIOA (Public Law 113-128)
- 20 Code of Federal Regulations (CFR) Part 6810, 681
- 2 CFR Part 200 (Uniform Guidance)
- EDD Directive 23-08, Stipends and Incentive Payments

PURPOSE:

The purpose of this policy is to provide guidance regarding the provision of stipends and incentive payments for eligible participants enrolled in the Workforce Innovation and Opportunity Act (WIOA) programs and other state-funded workforce programs in accordance with state and federal guidance.

DEFINITION:

Stipend – A fixed payment provided to a participant to help offset costs associated with participation in training or workforce activities that require a substantial and ongoing time commitment. A stipend is not a wage and does not create an employer-employee relationship.

Incentive Payment – A payment issued to a participant as recognition for achievement of specific, documented milestones or outcomes related to education, training, employment, or career advancement. Incentive payments are considered awards, not compensation.

POLICY:

Stipends and incentive payments may be provided to eligible program participants, subject to available funding. Each participant is limited to a maximum stipend of \$950 and a maximum incentive payment of \$650 per enrollment cycle.

Stipends and incentive payments are not an entitlement and are subject to funding availability and programmatic approval.

Stipends and incentive payments may not be used in lieu of wages for any workforce service or activity.

Stipends

Activity Requirements

Stipends may be issued to support participation in approved activities, including: occupational skills training, pre-apprenticeship or apprenticeship preparation, work-based learning or structured training activities, or other intensive program activities requiring a substantial time commitment.

For purposes of this policy, substantial time commitment generally refers to activities requiring consistent participation over multiple weeks or months, as determined by the Service Provider and documented in CalJOBS.

Required Documentation

At a minimum, the participant CalJOBS files must include:

- Description of the activity requiring the stipend
- Frequency and duration of participation
- Written justification for why the stipend is being provided
- Explanation of how the stipend supports successful participation
- Description of how the stipend amount was determined and why it is reasonable and necessary.

Appropriate CalJOBS activity codes must be recorded to reflect the issuance of stipend payments. Case notes and activity codes must be entered within 5 days of participant receipt of the stipend payment.

Incentive Payments

Payment Requirements

Incentive payments may be issued for achievement of pre-established and WDB approved milestones, including completion of training or program components, attainment of industry-recognized credentials, educational achievements, or employment placement or job retention outcomes.

Determination of Amount

Incentive amounts must be established prior to achievement, tied to specific and measurable milestones, and be reasonable and consistent.

Incentive payments shall not be issued retroactively for milestones achieved prior to WIOA enrollment or prior to WDB approval of incentive criteria.

Required Documentation

At a minimum, participant CalJOBS files must include:

- Documentation of the milestone or outcome achieved
- Verification of achievement
- Alignment with the participant's IEP/ISS
- Justification for why the incentive is being provided
- Description of how the incentive amount was determined and why it is reasonable and necessary.

Appropriate CalJOBS activity codes must be recorded to reflect the issuance of incentive payments. Case notes and activity codes must be entered within 5 days of participant receipt of the incentive payment.

Eligibility Requirements

For stipends, participants must:

- Be enrolled in a WIOA Title I or applicable state-funded workforce program
- Be actively participating in an approved activity requiring substantial time commitment
- Meet all funding source eligibility requirements
- Have the stipend documented in the Individual Employment Plan (IEP), Individual Service Strategy (ISS), or equivalent case plan.

For incentive payments, participants must:

- Be enrolled in a WIOA Title I or applicable state-funded workforce program
- Achieve a documented, pre-established milestone or outcome
- Meet all funding source eligibility requirements
- Have the incentive documented in the Individual Employment Plan (IEP), Individual Service Strategy (ISS), or equivalent case plan.

Service Provider Responsibilities

Service Providers shall develop written internal policies and procedures governing stipends and incentive payments and must receive prior written approval from the WDB Program Manager before implementation. The Service Provider shall submit proposed policies and procedures by no later than August 1st of each program year. Failure to submit yearly updates may result in any recommended changes not being approved.

At a minimum, these policies and procedures must:

- Clearly distinguish between stipends and incentive payments
- Identify eligible program activities and milestones
- Explicitly spell out stipend and incentive payment amounts or schedules
- Describe eligibility criteria and issuance procedures
- Address documentation, fiscal controls, and participant notification
- Align with WIOA, WSD 23-08, and this Local Policy

Payments shall be made equitably to all program participants who meet established criteria. Payments shall not be issued for entertainment-related costs.

All stipend/incentive payments and collection of back-up documentation (i.e., credentials, certificates, timesheets) will be the sole responsibility of the Service Provider. Service Provider must ensure:

- a. Payment records will be maintained, completed and readily available for monitoring or audit reviews.
- b. Participant records and financial records will meet the standards for financial management and participant data systems.
- c. Records will be maintained in accordance with records retention requirements.

Service Provider shall ensure that the total expenditures for each participant do not exceed allowable limits and are within the approved budget.

Should gift cards be offered as an option for payment of incentives, Service Provider must ensure the use and purchase of gift cards complies with restrictions identified in 2 CFR Part 200, Uniform Guidance.

Failure to secure and maintain appropriate documentation for expenditures may result in questioned or disallowed costs.

Availability of Funding

Service Providers shall manage their budget to provide services throughout the program year to participants who meet the criteria for receipt of stipend and incentive payments based on planned incentives.

ACTION:

All WIOA Service Providers shall comply with this policy. This policy will remain in effect from the date of issue until such time that a revision is required.

INQUIRIES:

Any questions regarding this policy may be directed to the DSS WIOA Program Manager at 805-781-1838.

Workforce Development Board (WDB) Approval Required? Yes X No

Initial approval date: 10/09/2019

WDB revision approval date: 02/05/2026