

# Office of Adult Career Pathways

## Guidance on the use of Incentives and Stipends

### Definitions:

- **Stipend:** Fixed, regular monetary payment to the participant for ongoing, successful participation in the program. Not defined with milestones, but by active participation in the program. A stipend is a payment made to a trainee or learner for living expenses, unlike a salary or wages which are paid to an employee. Though the terms "stipend" and "salary" are often used interchangeably, the U.S. Department of Labor has specific criteria that must be met to pay a stipend.

An analysis of relevant guidance from the Office of Grants Management and DEED indicated that incentives, which are based on milestones, more closely align with that guidance than do stipends. **As of July 1, 2020, the Office of Adult Career Pathways will no longer allow the use of Stipends. Grantees who are offering Incentives must follow the incentive guidance below.**

If you have questions about this decision, please contact your coordinator.

- **Incentive:** Non-cash vendor (gift) card (i.e. retail, bus, or gas-only cards) to a participant for successful participation and achievement of expected outcomes as defined in the approved workplan and the Individual Employment Plan (IEP). Incentive funds and timelines are defined by pre-set milestones. Incentives per participant exceeding \$500 will be carefully reviewed by DEED.

### Guidance:

- All incentives must be:
  - outlined specifically in a separate document (see example below) as part of the DEED approved work plan, and/or work plan modification, and
  - listed on the Participant's Individual Employment Plan, and
  - justifiable/earned by the participant.
- Grantees utilizing incentives are required to have an organizational:
  - policy regarding incentives that defines:
    - when incentives will be provided,
    - to whom they will be provided and
    - the maximum amount that will be provided.
  - Support Services policy to accompany the use of incentives. This needs to cover what vendor cards may and may not be used for.
- Grantees should carefully review the definitions of "Incentive," "On-the-Job Training," and "Work Experience" when creating their work plan proposal to ensure that their program activities are aligned to the correct activities and being billed to the correct [cost categories](#).

### Participant Tracking:

Incentives must be:

- tracked in Workforce One Case Notes and in the Support Service tab.
- listed on the Participant's Individual Employment Plan.

**Fiscal:**

Incentives must be:

- necessary, reasonable, appropriately allocated, and consistently applied.
- billed to the [Support Services cost category](#) on the Reimbursement Payment Request (RPR).
- traceable to source.

Clients must sign for the receipt of vendor cards (i.e. retail, bus, or gas-only cards).

Clients must sign that they understand the appropriate use of vendor cards (i.e. no alcohol, no tobacco, no firearms, etc.).

**Incentive Outline Example:**

ABC Organization Incentive Plan:

Grantee will provide ABC Gas Station (or a similar vendor) card to participants for successful participation and achievement related to their individual educational achievements. Upon receiving a vendor card, participants will sign a form indicating they received a card and for what purpose.

ACP Incentives- <b>EXAMPLE</b>				
Description of Incentive	How it is Earned	Cost Per Participant	Estimated Number of Participants	Total Cost
ABC Gas Station /similar vendor Cards	Completion of the five required modules for the NorthStar Digital Literacy On-Ramp Certification	\$50.00	40	\$2000
ABC Gas Station /similar vendor	Perfect Attendance in class each week and successfully passing each test	\$200.00	20	\$4,000
Total Incentive costs from Support Services Budget				\$6,000.00