

Stipends

A stipend payment may be included as part of a training program, where the intent of the program is to assist a participant in acquiring the skills necessary to obtain employment and to subsequently retain employment. A stipend may be for a nominal amount and may be paid hourly, daily, or weekly. If the payment qualifies as a stipend, it should be budgeted under category two (2) CONTRACTED SERVICES AND STIPENDS. However, while contracted services require a formal contract between parties, stipends only require some type of log be kept to prove that each recipient participated in the activities required for payment. This log should include at minimum the recipient's name, date of receipt, period covered, amount received and signature of the recipient.

Stipend programs:

- must promote the general welfare and be operated by a private, not-for-profit organization and promote community service

- may be utilized for programs that provide only classroom training

A stipend cannot be:

- used to displace an employee or position, including partial displacement such as a reduction in hours and wages.

- used to supplant the hiring of employed workers or to perform such services that would otherwise be performed by an employee, including an employee who recently resigned or was discharged; an employee who is subject to a reduction in work force; or an employee who is on leave.

- used to benefit or perform services for the agency.

- used to avoid payment of FICA, unemployment insurance, or workmen's compensation insurance.

Any questions regarding stipends and whether a payment is a stipend or a wage should be addressed to either the NYS Department of Labor or the IRS.

Source: NY State Division of Youth, Fiscal Policies & Procedures, January 1997