

Guidance for Student Stipends within Grant Programs

What is a stipend?

Stipends are monetary awards or any cash or cash-like (gift cards) distributions to students to offset expenses. Within grant funded programs, stipends are used to help students cover basic costs while they are involved in activities supported by grant funds, such as education and training. Basic costs would include income replacement, transportation, and other activities; see below under “What type of costs/services might stipends support?” for a more wide-ranging list. Depending on the grant funding, student stipends (direct monetary awards) may be allowed to support persistence in education and achievement of educational goals.

Stipends would not include student support subsidies where supports are paid to another entity on the student’s behalf. (See Guidance for Student Support Subsidies.)

ICCB does not provide guidance on the impact of stipends on student financial aid or filings with the Internal Revenue Service.

When are stipends allowable?

For all grant awards, while participant support stipends may be allowed, the monies must be expended within the grant project period and to support the grant activities. This will help assure that the expenditure of the funds is allowable and allocable to the grant program. Students and other participants may not be provided funds to use for other purposes. Stipends provided for achieving specific milestones or completing the program should also be accompanied by an explanation on the purpose of the disbursement which aligns with grant goals and purposes.

Federal Grants

With federal pass through grants and grants subject to the Uniform Guidance (2 CFR 200), stipends as participant support costs are allowable with prior approval of the federal awarding agency (§ 200.456 Participant support costs). Continuing participation in the grant funded program or activities would be a criterion for continuing support from grant funds to the participant so that the funds will be expended during the grant project period in pursuit of grant objectives.

State Grants

For state funded grants, the awarding entity may structure stipends as a funded activity for certain purposes. With respect to state funded grants, the definition of “Grant funds” in the Grant Funds Recovery Act (30 ILCS 705/2) specifies that the monies remain grant funds when disbursed and the monies need to be used for the grant purpose. Therefore, stipends need to be accompanied with direction on the intended use of the awarded funds.

When are stipends generally reasonable?

The Notice of Funding Opportunity will indicate whether stipends are an eligible expense for that funding opportunity and may limit the amounts of student stipends. The applicant **will be asked** to provide details on how the stipends will be structured: what the stipends supports, any eligibility criteria, the form of the stipend (cash, gift card, other) and how those funds will be distributed and tracked. Justification for the amount of the stipends will also be necessary. The justification needs to explain how the stipend benefits the grant program and how the stipends are appropriate.

What type of costs/services might stipends support?

The services that would be allowable may vary by the grant funding but typically stipends could be used for: income replacement, transportation subsidies, childcare subsidies, housing costs, food benefits, educational costs such as tuition, books, school supplies including appropriate technology (laptops, tablets, etc.), end-of-program employment assistance and legal barrier assistance (criminal record sealing/expungement fees), driver's license reinstatement fees, liability insurance fees), etc.

If a student is continuing in a program series or “stackable” certificates, then stipends would be allowable to support a program’s continuation, completion, or retention goals.

Also, support provided in the form of gift cards should be called stipends for said purpose; for example: a stipend for transportation in the form of a gift card to Shell, a stipend for food in the form of a Schnucks gift card or a stipend for books in the form of a credit at the ABC Community College bookstore. The idea is that the expense isn’t for “gas gift cards” but rather for “stipends for transportation”.

For approved stipends, what suitable documentation will be necessary for proper administration?

For each stipend awarded, there must be an acknowledgement by the student and a verification by the grantee staff that includes, at a minimum, the following. Note that each disbursement must have this mandatory documentation.

- Acknowledgement:** The acknowledgement must explain to the student the conditions of using the stipend (or the purposes of the stipend) and how it supports / fosters grant activities.
- Student Signature on the Acknowledgement:** The student must sign the acknowledgement.
- Verification:** The verification must include the name of the student provided the stipend, indicate that the grantee staff presented to the student the conditions of the stipend (support grant activities), and the amount of the stipend.
- Grantee Signature on the Verification:** The grantee staff must sign the verification.

The documentation would not need to be submitted but rather retained for the records and available upon request similar to any purchase with grant funds. These documents would support the expense for any state or federal review or audit.