

Businesses, non-profit organizations, and research entities have long used incentives to raise awareness and encourage participation in their programs and services. Incentives such as gift cards, vouchers, giveaways, or prize items can motivate an individual to take action when they may not have otherwise. Within the AoD network, incentives can be a useful tool. When used thoughtfully, they can increase the success of many programs.

The purpose of this FAQ is to provide AoD grantees that received funding to address the COVID-19 pandemic<sup>1</sup> with a basic understanding of the most common types of incentives and how to use them effectively.

## 1) Can an AoD grantees use funding to establish one or more incentive programs?

Yes. Gift cards, gift items, giveaways, and prizes may be used in limited circumstances to meet the programmatic goals. If a CIL, DDC, P&A, or UCEDD chooses to allow and implement an incentive program:

- All costs of the incentive program must meet Federal Cost Principle (i.e., costs are reasonable, allowable, allocable and necessary to meet program objectives).
- The program must adhere to all Uniform Administrative Requirements, Cost Principles and Audit Requirements for HHS Awards found at [45 CFR 75](#) and other applicable federal laws and regulations.
- State, local, and tribal policies, procedures, and requirements may be more restrictive than applicable federal laws, regulations and policies, and these state and local restrictions must be adhered to.
- Consideration should be given to purpose of the incentive, how it will be effectively and appropriately implemented?

It is the grantees responsibility to demonstrate how these requirements were met for each instance when federal funds were used for the purpose of offering an incentive.

## 2) Can the incentive be cash?

No. Recent reports of ability to use Federal funds to pay cash incentives to individuals to receive a vaccine are related to American Rescue Plan (ARP) funds only. The use of federal funds to pay cash incentives are not allowable with funding under the CARES Act and from the CDC Vaccine funding.

## 3) Can the incentive be a gift card?

Yes. While gift cards are allowable, they can present several challenges in security and accounting. In addition, such incentives are not and should not be portrayed as an endorsement by HHS or ACL of any company (or its goods, services, or policies) associated or affiliated with the incentive. For

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<sup>1</sup> The AoD grantees that received funding to address the COVID-19 pandemic are the Centers for Independent Living, State Councils on Developmental Disabilities, Protections and Advocacy Systems, and University Centers for Excellence in Developmental Disabilities.

example, if an incentive is funded by grant funds, a general purpose pre-paid card (e.g., one issued by a credit card network brand) would more clearly separate the incentive from appearing to be an endorsement vs. a card to be used only at a specific store or with a specific company. To the extent practicable given the proposed incentive, such non-endorsement should be clearly articulated.

Please note, grantee requirements to follow all applicable regulations and 45 CFR 75 for the expenditure of federal funds also applies to use of gift cards, including by the recipient of the gift card. All expenses that are unallowable uses for a federal grantee are also unallowable uses of a gift card, even if the grantee has no way to control use of the gift card. This should be taken into consideration when determining if, and how, to use gift cards.

#### **4) Is there a limit to how much the incentive can be?**

While there is no specific dollar amount limit, the amount of the incentive must be allocable and reasonable. Policies and procedures should be developed to ensure adherence to [45 CFR 75](#) and other applicable laws and regulations. A policy related the maximum amount of an incentive should be included in the policies and procedures developed.

#### **5) What, if any, reporting must a grantee do if it chooses to provide incentives?**

ACL requires the grantees to report information related to the use of federal funding in its annual programmatic reporting. Incentive programs may be mentioned in the reporting categories according to the programmatic guidance provided on expenditures. Financial reporting is also required as outlined in the grant's terms and conditions included in the Notice of Award.

#### **6) Specifically, what should an AoD grantee think about and plan for before implementing an incentive program?**

ACL recommends that grantees consider the following seven elements in designing an incentive program:

- a. **Proposed Incentive:** i.e., what incentive will be provided?
- b. **Justification:** what is the purpose for the incentive and what is the specific reason for selecting this incentive? What evidence indicates that an incentive is needed, and what evidence suggests that the selected incentive will be effective at achieving the desired result?
- c. **Anticipated gains:** explain how providing such an incentive will defray societal costs or have a positive return on investment, for example by increasing overall participation. Additionally, describe potential unintended negative consequences and how those are outweighed by the benefits.
- d. **Defined amount:** cost per person and total allocated funding for the recipient incentives.
- e. **Qualifications for issuance:** what makes a person eligible for the incentive? Does it take into consideration issues related to equity in your community?
- f. **Method of issuance and tracking:** how will the incentive be delivered? Does the proposed plan and implementation align with any relevant policies and procedures governing your

organization (e.g., procurement, ethics, etc.)? How will the budget and supply be tracked? Can the grantee assure usage will only be for allowable expenses?

g. **Method of evaluation:** how will the incentive plan be evaluated for effectiveness?