

FAQ on Use of Older Americans Act Funding for Incentives

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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 aging network, incentives can be a useful tool. When used thoughtfully, they can increase the success of many programs. State Units on Aging (SUAs), Area Agencies on Aging (AAAs), and tribal organizations may use incentives to:

- Promote awareness of programs and services within the community.
- Increase participation in programs and services (e.g., congregate meals, physical activity classes, nutrition education workshops, caregiver support groups, and evidence-based disease prevention and health promotion programs).
- Increase participation in research or evaluation projects that show the value of the SUA, AAA, or tribal organization's work.

The purpose of this FAQ is to provide Older Americans Act (OAA) grantees with a basic understanding of the most common types of incentives and how to use them effectively.

Q: Can an SUA, AAA, or tribal organization use OAA funding to establish one or more incentive programs?

A: Yes. Gift cards, gift items, giveaways, and prizes may be used in limited circumstances to meet the programmatic goals of the OAA. If an SUA, AAA, or tribal organization chooses to allow and implement an incentive program:

- All costs of the incentive program must meet Federal Cost Principles when purchased with OAA funds (i.e., costs are reasonable, allowable, and allocable).
- 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 OAA and other 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 used effectively, sustainability, evaluation, and equity.

Q: Can the incentive be cash?

A: No.

Q: Can the incentive be a gift card?

A: 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 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.

Q: Is there a limit to how much the incentive can be?

A: 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.

Q: What, if any, reporting must an SUA or tribal organization do if it chooses to provide incentives?

A: ACL requires the SUA or tribal organization to report information related to the use of OAA 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.

Q: Specifically, what should an SUA, AAA, or tribal organization think about and plan for before implementing an incentive program?

A: ACL recommends that SUAs, AAAs, and tribal organizations consider the following seven elements in designing an incentive program:

- a. **Proposed Incentive** (i.e., what incentive will be provided?)
- b. **Justification** (i.e., 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** (i.e., 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** (e.g., cost per person and total allocated funding for the recipient incentives)
- e. **Qualifications for issuance** (i.e., 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** [i.e., 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?]
- g. **Method of evaluation** (i.e., how will the incentive plan be evaluated for effectiveness?)

Q: Can an SUA or AAA use ARP Title III-B funding to incentivize older adults to be vaccinated (first shot, second shot, or potential booster)?

A: Consistent with the purpose of the ARP Title III-B funding that allows for vaccination activities, the terms of the ARP awards as provided in the Notice of Award, and applicable grants regulations and policies, non-cash incentives may be considered to encourage participation in COVID-19 vaccination.