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PROGRAM MEMO

TO: Area Agencies on Aging
NO: PM 21-22
DATE ISSUED: October 28, 2021
EXPIRES: Until Superseded or Rescinded
PROGRAMS AFFECTED: Older Americans Act Programs
SUPERSEDES: N/A
SUBJECT: Use of Older Americans Act Funding for Incentives

Purpose

This Program Memo (PM) provides guidance on using Older Americans Act (OAA) funding for incentives that support OAA initiatives, including COVID-19 vaccination programs. Incentives can include gifts, giveaways, prizes, and gift cards.

This PM is based on guidance recently released by the Administration for Community Living (ACL)— [FAQ on Use of Older Americans Act Funding for Incentives](#) (July 2021).

Note: Two other funding sources, Expanding Access to COVID-19 Vaccines via the Aging Network funds (Vaccine funding) and American Rescue Plan (ARP) funds, may be used for incentive programs that encourage people to receive COVID-19 vaccinations. Unlike OAA funding, however, Vaccine funding and ARP funds may not be used to provide incentives for other initiatives.

The guidance contained in this PM applies to all incentive programs, whether they are funded with OAA, Vaccine, or ARP funding.

Background

Businesses, nonprofit 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 people to take actions they might not otherwise have taken. When used thoughtfully, incentives can increase the success of many programs.

Planning Your Incentive Program

AAAs should consider the following elements when designing an incentive program:

- **Proposed Incentive** (i.e., what incentive will be provided?)
- **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?)

- **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)
- **Defined amount** (e.g., cost per person and total allocated funding for the recipient incentives)
- **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?)
- **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?]
- **Method of evaluation** (i.e., how will the incentive plan be evaluated for effectiveness?)

Requirements for Incentives

- Cash incentives are not allowed.
- Other incentives, including gifts, giveaways, prizes, and gift cards, are allowed.
- If gift cards are offered, they should not be portrayed as an endorsement by the AAA of any store or company. For this reason, a general purpose pre-paid card (e.g., one issued by a credit card network) would more clearly separate the incentive from appearing to be an endorsement versus a card that can be used at a specific store or with a specific company.
- 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 incentive program must adhere to all Uniform Administrative Requirements, Cost Principles, and Audit Requirements for U.S. Department of Health and Human Services Awards found at 45 CFR 75 and other applicable federal laws and regulations.
- If state or local policies, procedures, or requirements are more restrictive than the OAA or other federal laws, regulations, or policies, these more restrictive provisions must be followed.
- AAAs must have written policies and procedures in place for such an incentive program, and these must be presented to the California Department of Aging (CDA) when requested.
- Consideration should be given to the purpose of the incentive, how it can be used effectively, sustainability, evaluation, and equity.
- Lotteries are not allowed.

Note: Under California law, it is illegal to operate a lottery or other scheme where property (or an interest in property) is given away in exchange for purchase of a chance to win said property. (See Cal. Penal Code sections 319; 321.) For example, an organization that operates an incentive or give-away program that requires someone to purchase a ticket for a chance to win a prize is acting illegally under state law. As a result, AAAs should not use a lottery, raffle, or similar system to award or give away gift cards or other incentive items to program participants. This law does not, however, prevent AAAs from giving away gift cards or other incentive items on a “non-chance” basis, such as “first-come, first-served” or “while supplies last.”

Each AAA must use its best judgment and be mindful of the requirements surrounding the funds when creating an incentive program.

Please note that in addition to CDA, the State of California Bureau of State Audits, and/or ACL may also audit the funds. (See 45 CFR 75.400, Subpart E, et seq. (i.e., Cost Principles).)

Regarding Gift Cards: On August 13, 2021, CDA released Program Memo 21-15, which provided guidance regarding Cash/Material Aid expenditures. PM 21-15 stated that AAAs must take specified steps to confirm that purchases made with gift cards provided under Cash/Material Aid constitute acceptable expenditures.

In contrast, ACL has explicitly authorized the use of gift cards for incentive programs. For this reason, itemized receipts, bills of sale, or other proofs of purchase are not required for gift cards provided as part of an incentive program. Program Memo 21-15 will be updated to reflect that gift cards for incentive programs will not require itemized receipts.

Reporting Requirements

- For incentives provided with OAA funds, report expenditures and service data quarterly in the California Aging Reporting System (CARS).
- For incentives provided with AAA Vaccine funds, report both expenditures and service data monthly using [CDA 9047](#).
- For incentives provided with ARP funds, AAAs should track service and expenditure data. CDA will provide reporting guidance at a later date.

Service Category

For OAA funds, AAA Vaccine funds, and ARP funds, report incentives as “Community Education Activities.” Each incentive effort that involves one or more giveaways, prizes, or gift cards should be counted as one activity. For instance, if a AAA offers five prizes as part of an effort to encourage people to get vaccinated for COVID-19, that would count as one “Community Education Activity.” For the full definition of Community Education, see the [CDA Service Categories and Data Dictionary](#).

Inquiries

For inquiries regarding incentive programs, email: CDASupportiveServices@aging.ca.gov.

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