1. **PURPOSE.**

The purpose of this circular is to establish the Indian Health Service (IHS) Grant Programs Incentives Policy.

2. **DEFINITIONS.**

   **Incentives.** Items purchased with IHS grant funds; may not exceed $30 per item; used to encourage patient participation in various IHS grant programs in order to adequately fulfill the goals and objectives of the project.

3. **AUTHORITIES.**

   A. Uniform Administrative Requirements, Cost Principles located at 2 C.F.R. Part 200
4. POLICY.

The incentives policy applies to all IHS grant programs, unless otherwise specified. Incentive items are allowable costs and may be purchased with IHS grant funds. Incentives may be used to support participants in such activities that include, but are not limited to, health fairs, and fitness programs. The items purchased by grantees may include, but are not limited to vouchers for the purchase of fruits and vegetables, water bottles, coupons for fitness activities, workout equipment (jump ropes, etc.), pedometers, duffle bags, stress balls, and other reasonable items that can be associated with the programmatic goals and objectives of the project. Notwithstanding the above, the provision of incentive items to participants must comply with all applicable existing laws and regulations.

5. PROCEDURES.

All incentive costs must be justified and carefully listed so the appropriate Grants Management Specialist (GMS) and the Project Officer (PO) can conduct a thorough cost analysis and prior approval review. Incentive items must not exceed $30 costs per item. However, if the items does exceed the $30 threshold, the request must be reviewed by the GMS, PO and the Director of the DGM for approval to deviate from the required threshold. Each incentive item must be allowable, reasonable, and necessary to carry out the objectives of the grant project. The incentive funds should be reflected under the “other expenses” category in the budget. This Policy requires grantees to justify the costs, in accordance with applicable Uniform Administrative Requirements Cost Principles for Grants located at 2 C.F.R Part 200, to the Division of Grants Management in the budget justification. Please contact your GMS for guidance. Incentives purchased without prior approval from your GMS and Project Officer may result in disallowed costs to your grant project.

There are various items that do not meet the definition of an incentive and, therefore will be considered unallowable costs that cannot be purchased with grant funds. Generally, items that are not considered incentives may include, but are not limited to, gifts, cash and/or cash prizes, door prizes, or any type of entertainment (e.g., movie passes). As previously stated, any item that cannot be associated with the overall goals and objectives of the grant program will not be approved. The purchase and provision of incentive items must comply with existing laws. Consult with your Grants Management Specialist if there are any questions prior to making purchases to remain compliant with prior approval requirements and the Terms and Conditions of the grant award.

Grantees may also want to consult their own legal counsel or the Office of the Inspector General (OIG) with questions regarding the anti-kickback provisions of the Social Security Act to ensure that items comply with existing laws.
6. **RESPONSIBILITIES.**

A. **Grants Management Specialist and Project Officer.** The GMS, in conjunction with the PO administer a detailed costs analysis and programmatic review on the grant to ensure that the incentive costs outlined in the budget are allowable, allocable, and reasonable to the goals and objective of the intended IHS program.

B. **Grantee.** The grantee will submit a budget and budget justification for all incentive costs to the GMS/PO.

C. **DGM Director.** If the incentive request exceeds the $30 threshold, the GMS, PO, and Director of DGM must approve the request to deviate from the required dollar threshold of this policy.

7. **SUPERSEDURE.** Circular 05-06.

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Mr. Robert McSwain, Director
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Indian Health Service

Grant Program Incentive Policy
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