

POLICY TITLE: Participant Incentives Policy

Policy Number: ECT-FIS-###

Effective Date: [Insert Date]

Approved By: Escambia Children's Trust Board of Directors

Next Review Date: [Insert Date]

Supersedes: None (New Policy)

1. Purpose

The purpose of this policy is to define when and how participant incentives may be used in ECT-funded programs. Incentives are allowable only when they are reasonable, necessary, and directly related to achieving approved program outcomes. This policy ensures consistent application across all providers, fiscal integrity, and compliance with applicable funding rules.

2. Scope

This policy applies to all ECT-funded programs, contracts, subcontracts, and grants. It governs the use of Trust funds for incentives provided to program participants and beneficiaries.

3. Definitions

- **Participant Incentive:** Any item, or service of value given to a participant to encourage engagement, retention, or attainment of specific program outcomes.
 - **Incentive Plan:** A written description provided by the funded organization outlining the purpose, method of distribution, eligibility, documentation, and cost of participant incentives.
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4. Policy Statement

ECT recognizes that limited incentives can support engagement and improve outcomes in child- and family-serving programs. Incentives are allowable **only** when:

1. Included in the approved program budget or specifically authorized through written ECT approval.
2. Directly tied to program outcomes and participation milestones.
3. Reasonable in amount, equitable in distribution, and fully documented.

5. Allowable Incentives

Examples include:

- Modest non-cash items (e.g., books, diapers, educational materials, or event tickets) related to the program's purpose.

6. Prohibited Incentives

The following are **not allowable** unless ECT grants prior written exception:

- Incentives not listed in the approved budget.
- Incentives that duplicate employee pay, create conflicts of interest, or appear as compensation for service provision.
- Cash or gift cards of any kind
- Incentives disbursed prior to contract effective date.

7. Approval and Amendment Process

- Incentives must be budgeted and described in the provider's **Incentive Plan** submitted with the proposal or through a **budget amendment**.
- Minor amendments ($\leq 10\%$ of total budget) may be approved administratively by ECT staff as detailed in the Provider Budget Adjustments Policy; greater changes require Board approval.
- Requests must include:
 - Purpose and justification
 - Type and value of incentives
 - Estimated number of recipients
 - Method for distribution and documentation

8. Documentation Requirements

Providers must maintain:

- Participant sign-in sheets, logs, or acknowledgment forms.
- Receipts or proof of purchase.
- Distribution records matching budget quantities.
- Reports describing how incentives supported participant engagement or achievement.

Records are subject to ECT fiscal monitoring and audit.

9. Limits

ECT may establish per-participant or aggregate caps for incentive spending, defined in each contract or guidance document. Caps are based on program type, duration, and intended outcomes.

10. Tax and Legal Compliance

Providers are responsible for determining whether incentives create a tax liability for recipients and for complying with applicable IRS or state reporting requirements.

11. Monitoring and Enforcement

ECT will review incentive use through fiscal and program monitoring. Misuse or undocumented incentives may result in disallowed costs, required reimbursement, and potential contract termination.

12. Exceptions

ECT may approve limited exceptions for workforce stabilization, emergency response, or pilot programs, provided written justification and documentation are maintained.

PROVIDER GUIDANCE: Participant Incentives in ECT-Funded Programs

Purpose

ECT allows participant incentives to support engagement, reduce barriers, and recognize achievement — when used appropriately and approved in advance.

When Incentives Are Allowed

- Your approved budget or Scope of Work includes a specific line for incentives.
 - The incentive has a **clear connection** to your program goals (e.g., parent participation, workshop completion, improved attendance).
 - The incentive is **reasonable and equitable** — not a form of payment for services.
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Examples of Acceptable Incentives

- ✓ \$25 grocery for completing a parent training series.
 - ✓ Backpacks or school supplies for attending readiness events.
 - ✓ Diapers or developmental toys for milestone completion.
 - ✓ Clothes for youth completing an employment training module.
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What's Not Allowed

- ✗ Incentives that are not pre-approved or listed in your budget.
 - ✗ Cash or large gift cards not linked to participation milestones.
 - ✗ Employee bonuses or payments disguised as participant incentives.
 - ✗ Untracked or undocumented distribution.
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How to Request or Change Incentives

If your approved budget does not include incentives:

1. Submit a **Budget Amendment Request** to ECT staff.
2. Include an **Incentive Plan** that explains:

- Purpose and intended impact
 - Incentive type and amount
 - Number of participants to receive incentives
 - How you'll track and document distribution
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ECT staff will review for compliance.

If the amendment is **10% or less of your total budget**, it may be approved internally. Larger changes require Board approval.

Tracking and Reporting

- Keep receipts and distribution logs.
 - Have participants sign for items received.
 - Record dates, amounts, and purpose.
 - Report total number of incentives and amount spent in quarterly or final reports.
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Audit Readiness Checklist

- ☐ Incentives appear in your approved budget
 - ☐ Documentation matches budget line
 - ☐ Signed logs/receipts are on file
 - ☐ Incentives align with program goals
 - ☐ No duplication of staff pay or double-dipping
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Questions?

Contact your ECT Program Manager before purchasing or distributing any incentive not previously approved.

Summary Statement

ECT supports the thoughtful use of participant incentives to enhance engagement and program success. Incentives must always be transparent, approved, reasonable, and well-documented.