# Federal memo (example)

## To establish protocol on paying research participants

**What this is:** An example memo from a federal agency on allowing compensation for research participants for service design and delivery.

**How to use this:** Read this carefully before you try to use it to adopt a research compensation practice. Work with your attorneys on what will work in your organization.

{Letterhead]

**Date:**

**To:** [Typically executive directors or other officers]

**From:** [High-ranking official as far up the chain of command as possible]

**Subject:** MEMORANDUM on the purchase and distribution of gift cards using federal funds to encourage participation in research for service design and delivery

This memo describes acceptable conditions and the process for seeking approval and documentation to purchase and distribute gift cards. This memo applies to the use of federal funds by an authorized [Department] employee for the purchase of gift cards, whether directly or indirectly through a contract.

This memo does not supersede any other applicable statutes, policies, internal control requirements, or regulations that may apply to particular funding streams or activities (such as terms and conditions, directives, or other agency policies).

Gift cards are considered “personal gifts” in appropriations law and may be purchased only for activities necessary to carry out an appropriation with either a necessary expense justification or specific statutory authority.

**Necessary expense justification.** The program staff responsible for any transaction involving the purchase of gift cards is responsible for preparing and securing required approvals on a “Necessary expense justification.”

Before purchasing gift cards, the program staff with understanding of the target population, information to be collected, and the need for the gift cards should write a necessary expense justification using the form that follows this memo.

The individual responsible for the obligation and use of the appropriation (such as the program manager or senior program official) must review the written justification, determine if the expense justification is sufficient, approve or disapprove it, and provide a copy to the requestor. The justification must also be provided to the purchasing official (such as the Contracting Officer or Government Purchase Card holder) for their records. To ensure appropriate separation of duties, the developer/requestor and approver of the justification must be two separate individuals.

The necessary expense justification must include:

* The number and monetary amount of gift cards to be purchased and the means to distribute them (for example, electronically or in person). If you are proposing to purchase and distribute physical gift cards, you should also describe why electronic distribution is not possible as well as your plan for secure storage and inventory management.
* The population that will be receiving the gift cards and the selection/recruitment process.
* The activity that is being incentivized and that activity’s role in a statutorily-approved program purpose.
* Justification for why the incentive is needed to achieve adequate response / participation in the activity.
  + Justifications should include specific information about the target population and activity and demonstrate that attempts to achieve program goals have been limited by a lack of participation from the relevant population in the past.
  + Justifications should cite relevant, recent experiences with the specific or reasonably comparable program and/or population. Studies or other literature on the use of gift cards as incentives in general that are not relevant to your effort are not sufficient for this justification.

In addition to determining if the justification is sufficient, the approving official should also assess if gift cards are reasonable for the situation and if the amount of the incentive is appropriate. There is no set dollar amount over which a gift card may not be used. As of 202\_, reasonable incentive amounts for your consideration are $30 - $100 per hour, depending on the target population, the program budget, the nature of the activity being compensated, the sensitivity of the topic being discussed, and other conditions specific to the program. The approving official should determine what’s reasonable and ask for additional justification if needed.

**Statutory authority.** Programs may have statutory authority to purchase and distribute gift cards. In that case, agencies should follow their usual acquisition procedures instead of those outlined in this memo, which may require a different process or documentation. This should be explored on a program-by-program basis.

**FAQs:**

1. Are there limits on the dollar amounts for gift cards?

No. The amount of the incentive should be determined by the target population, the program budget, the nature of the activity being compensated, the sensitivity of the topic being discussed, and other conditions specific to the program. In 202\_, gift card amounts generally range from $30 to $100 per hour. If you have questions about appropriate amounts, refer to the resources in #5 below or your agency’s research coordinator or research office.

2. Should I purchase traditional physical gift cards or digital gift cards?

Digital gift cards are strongly encouraged because the companies that provide them offer built in tools to easily and securely distribute and track them. Physical gift cards should only be used in situations where it is absolutely necessary (for example, where the respondents have no access to the internet).

3. Am I allowed to purchase gift cards with a government purchase card (GPC)?

Different operating divisions within [agency] have different policies related to the purchase of gift cards with GPCs. Please refer to your agency’s policy and your relevant GPC Agency/Organization Program Coordinator (A/OPC) for more information. If this is not allowed by your policy, gift cards may still be purchased through an acquisitions process.

4. What is the scientific and trade literature on using gift cards in research?

You can read a recent meta-analysis on the use of research incentives in randomized controlled trials [here](https://www.ncbi.nlm.nih.gov/pmc/articles/PMC9032371/) and also see “Participants in a Focus Group” in *Focus Groups: A Practical Guide for Applied Research* (5th ed. pp. 78) by Richard Krueger and Mary Casey from 2014 and “Compensate Participants,” in *Handbook of Usability Testing* (2nd ed. Pp. 150) by Jeffrey Rubin and Dana Chisnell. Although useful for your program design and research plan, you will need more than this to support your justification for gift cards because it is not specific to your program or the population you are trying to learn from.

5. Where can I learn more about user research incentives?

[GSA: Doing research at TTS](https://handbook.tts.gsa.gov/18f/how-18f-works/research-guidelines/)

[Digital.gov: Increasing public participation in UX presentation](https://digital.gov/event/2023/02/07/increasing-public-participation-in-user-research/)

[18F: Foundational methods for practicing design research - compensation](https://guides.18f.org/methods/fundamentals/compensation/)

6. Do [agency] operating divisions need to have a gift card policy on file?

No. Operating divisions may choose to develop their own gift card policies, but it is not required.

7. What internal controls should my program implement if we do determine via a necessary expense justification that there is a need to purchase gift cards?

Your program is responsible for an effective oversight and monitoring structure for gift cards, including providing clear guidance on proper handling and use, establishing a documented tracking system for inventory/distribution, and ensuring the program is monitored through regular inspections or documentation audits. For more information, you can refer to the Government Accountability Office’s “Standards for Internal Control in the Federal Government”. The use of digital gift cards, rather than physical cards that need to be stored, is encouraged.

8. Can contractors provide gift cards as incentives to achieve the research participation goals of their contract?

Yes, as long as the terms of the contract allow it and the approved necessary expense justification is provided in advance to the contracting officer. The program office is required to complete a specific necessary expense justification that explains the particular circumstances prompting the need for the use of gift cards.

9. What are some effective examples of justifications to use incentives?

**Best:**

* Include recent past examples in the same or closely related programs serving this population that required incentives to achieve research participation goals: “For each of the last three years, this program has attempted to survey program applicants [e.g. eligible families with children not in child care] but has not reached the [X] participants necessary to draw valid conclusions from the interviews. This has caused the program to miss an opportunity to make more efficient use of program funds by learning of and then eliminating barriers to participation.”
* Describe a logical connection between paying for gift cards and improving the data you’d likely get: “Participants who do participate in our surveys are [wealthier and less demographically diverse than eligible participants we’d expect based on US Census data], which is consistent with feedback we have heard from potential participants that they cannot afford to hire a babysitter, pay travel costs, or miss work to be interviewed. Participants often have limited time to apply for child care, and have already spent substantial time completing required application forms for us.”
* “The appropriation for this program will be effectively carried out only if we are able to improve our application process to reach diverse participants beyond those currently participating and our previous experience over the past three years indicates that will not happen without incentives such as gift cards.”
* Explain why you selected the amount on the gift cards as a function of the benefit to the government. Focus on the nature of the activity being compensated, the sensitivity of the topic being discussed, the target population, and other conditions specific to the program. “Based on a review of industry standards and past experience with our program participants, we anticipate that $75 would be needed to entice participants to respond to and follow through on the user research. This is mid-range based on a comparison group of [similarly situated participants in a sister program operated by another HHS OpDiv]. It is also more than the $50 after inflation to 2024 dollars than was offered in 2019 (the last time we used gift cards) for a survey that did not receive sufficient responses.”

**Second best:**

Include past examples from relevant programs dealing with relevant populations that did not successfully get the necessary feedback sought: “Five years ago, a childcare related program at the Department of Housing and Urban Development, which aims to improve childcare outcomes similar to this program, sought feedback from families experiencing homelessness. They were not able to recruit the necessary number of individuals to complete their study in a 90 day period until they added an incentive through a contractor. After they added the incentive, they were able to complete the study within 60 days. This program targets families at or below the poverty line, even if not specifically experiencing homelessness. Based on this experience and several informal discussions with program participants, program staff believe that gift cards are the only method likely to effectively incentivize enough participants to ensure valid conclusions.”

**Good:**

State reasonable expectations based on past examples from programs and populations that logically imply that necessary feedback will not be available without incentives: “Program staff with 3-5 years of experience working with this population in several federal childcare programs have attempted unincentivized surveys and have only been able to meet an average of 30% of their survey completion goals. Program participants across sites have indicated that they do not have time or cannot afford to sit down for the interview. Therefore, gift cards would resolve the primary barrier to program staff gaining access to the information needed to improve the program. Other research initiatives conducted among this population in the last 3 years have used gift card incentives (averaging $50 per hour) to meet their recruitment goals.”

10. What are some *ineffective* examples of justifications to use incentives?

Examples that merely show incentives are effective but do not connect to your participant population or use your program’s approach/methodology, such as: “Research such as [this](https://www.ncbi.nlm.nih.gov/pmc/articles/PMC9032371/) 2022 study titled ‘the effectiveness of incentives for research participation: A systematic review and meta-analysis of randomized controlled trials’ shows that study participants are more willing to spend substantial time discussing a topic if provided with a financial incentive.”

Examples that make a case on the basis of expedience, timeliness, or fairness, unless those affect the program’s ability to carry out the purpose of the appropriation, such as: “We urgently need feedback on this program on a timeline that precludes us from waiting for the two months it would take without incentives”.

“Our program prioritizes equity and getting feedback from populations we serve, who should be compensated for their time and effort.” While this is true, it does not specify your program’s target population, specify why that population requires incentives in your program’s context, or describe past attempts to successfully or unsuccessfully get feedback from that population.

11. Do I have to attempt and fail to secure user participation in research without incentives before we purchase gift cards?

No, you need only document relevant unsuccessful past attempts to use non-incentivized research. Stronger rationales will document examples of attempts by your own or a similar program, examples with a similar population, or examples in similar settings.