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AUTHORITY: STANDARD
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Background/Purpose

The Colorado Department of Human Services (CDHS) is committed to engaging and partnering with those they serve to inform systems, policies, programs, and services. Research tells us that when government institutions invest in community engagement and engaging people with lived-experience, it leads to more equitable and sustainable public policy and better health outcomes. This kind of engagement also makes leaders more informed and better able to meet community needs. CDHS recognizes the professional and personal lived-experiences of our partners and values their expertise. Compensation is an important step toward creating more authentic community engagement, reducing barriers to community participation and creating more equitable access to services.

The following policy provides guidance for compensating community members (e.g., family members, community residents, youth, clients, general public, etc. who are not otherwise compensated for time and resources spent) as part of the [CDHS Strategic Plan](#), [Equity, Diversity and Inclusion \(EDI\) Action Plan](#) and the [Family and Community Engagement Plan](#). Community members should be reasonably compensated for time and resources spent when invited to inform, advise, participate, co-create/design, present, collaborate and/or partner. Compensation and reimbursement should be based on equitable principles that include considerations for time spent, travel costs, parking, translation, per diem/food costs, child/elderly/dependent care costs, etc. that anyone might experience as a result of attending a meeting or function.

Definitions

Allowable expenses, compensation rates and program benefits vary by funder. Work with your fiscal team to confirm whether the funding source allows for compensation before entering into a financial agreement with a community member. Note the difference between compensation, reimbursement and program benefits. See definitions below.

- **Compensation:** Participants may be offered compensation or financial award, usually in the form of money for time spent on agreed upon work. Compensation can be awarded in the form(s) of a state warrant (check), Electronic Funds Transfer (EFT), gift card or e-gift card. Honorariums and incentive payments also fit into this category. All methods of compensation are considered income, and shall be tracked per accounting and IRS guidelines. (e.g., a \$100 gift card is given for the community member's time and input at a meeting). If compensation is preferred in the form of a gift card, allow the community member to choose from a few different store or vendor options.
- **Reimbursement:** Reimbursement may be offered when a community member utilizes their own resources in order to participate (e.g. bought gas and drove 50 miles, organized child or adult care, etc.).The State can only reimburse through an established reimbursement process utilizing actual receipts, child or adult care invoices or travel [per diem rates](#) (Office of the State Controller Travel Fiscal Rule) as the required documentation. These reimbursement items must be reasonable, paid via state warrant and not via gift card. *Reimbursement does not count as income.* Any incidental charges to include internet, office space, phone services, etc. are expected to be covered by the agreed upon compensation.
- **Program Benefits:** Some programs have benefits built in to encourage community one-time participation (e.g. survey completion, treatment intake, focus group, etc.). These instances should be determined on a case-by-case basis with your financial team. The recommended participation payment rate is set by the funding source or activity and is generally provided as a gift card. If program benefit payments are given to participants in exchange for attendance to a meeting or event, *these payments are considered income* and IRS practices must be followed.

Clear expectations and qualifications will aid in making sure community members are fairly compensated or reimbursed while also making sure the state is protected from legal action. Before compensating or offering reimbursement, discuss roles, responsibilities, deliverables, and give a timeline for receipt of payment via signed agreement. Example CDHS Family Voice Council [letter of commitment](#).

Policy

Determining Compensation

When a community member is invited to participate in a capacity where other participants are being paid by the organizations they represent, or another source, the host organization or program should compensate the community member on an hourly or flat rate basis. Evaluate the time commitment expected of community members accounting for any orientations or initial training, preparation, meeting frequency, and follow-up actions if applicable. Hourly or flat rate compensation should be documented by an agenda, evidence of

attendance and a signed compensation form or invoice by the host organization and the community member. Only hourly or flat rate compensation is allowed per event, one or the other, and should be determined prior to the event.

Rate Setting

CDHS has chosen to set rates using Colorado-specific data and research. Independent Sector is an organization that researches and publishes the [value of volunteer time](#) (Independent Sector Value of Volunteer Time) by state which takes the state-specific hourly earnings index into account. Volunteer hours are often tracked and reported for grant-in-kind or match requirements. Colorado’s 2022 estimated value of each volunteer hour is [\\$34.36](#) (Independent Sector 2022 Volunteer Time Estimates by State). Other data from the Colorado Center on Law and Policy calculate self-sufficiency wages for families across the state. The 2022 Self-Sufficiency Standard for a family of three (one adult, one preschooler, and one school-age child) living in Denver is [\\$40.46](#) (Colorado Center on Law and Policy Self Sufficiency Standard for Colorado 2022) per hour. To download full reports by county and family size, visit the [Colorado Self-Sufficiency website](#) (University of Washington Self Sufficiency Standard for Colorado). **Based on this research, CDHS recommends a standard minimum compensation rate of \$40 per hour.** If a program would like to pay a higher rate, [justification must be submitted and approved](#) by the Deputy Executive Director of Community Partnerships. Funding for compensation *must* come from program and office budgets as a priority for community engagement. Community members may opt out of compensation if they choose.

This data is the best estimate for recommended compensation for any of the activities listed below. Check with the funding source to see if compensation, or what type of compensation, is allowable or prohibited.

<u>Allowable</u> Activities for Compensation:	<u>Prohibited</u> Activities for Compensation:
<ul style="list-style-type: none"> ● Board / Council participation ● Committee / Sub-committee participation ● Internship ● Special projects where time spent can be verified ● Focus Groups ● Program review or evaluation meetings ● Work group / Task group participation ● Hiring panels ● Request for Application/Proposal or grant selection committees 	<ul style="list-style-type: none"> ● Lobbying, including <ul style="list-style-type: none"> ○ Testifying before State Board ○ Testifying before State Legislature ● Attending a town hall ● Being compensated by another organization or employer for participation (past state employees must wait at least 6 months before being eligible for contract compensation) ● Time while traveling

Flat-Rate Compensation

Flat-rate compensation should be considered when a community member provides a specific, time-limited service, or when participation requires significant preparation that cannot be verified on an hourly basis. The recommended flat-rate compensation rates are \$160-half day or \$320-full day. The following activities are recommended for compensation on a flat-rate basis:

- Keynote speaker/presenter
- Performance (e.g. spoken word, poetry, music)
- Emcee
- Panel discussions
- Independent review of materials to gain community perspective
- Participation in surveys or polls
- Participation in conferences or events representing CDHS in official capacity

Procedures

Accounting and Community Member Guidance for Compensation

Before compensating or providing incentives to community members, it is important to understand the proper internal approvals needed and detailed information to provide to the community member. As community members will be set up in CORE and considered independent contractors, there must be a signed participant agreement that includes an agreed waiver of liability statement. You may use the [Family Voice Council Letter of Commitment](#) as a template with approved liability language included. If there is any material deviation from this template, you must gain approval from the Division of Contracts and Procurement.

Accounting Guidance

1. Confirm if compensation is an allowable expense or if payments would be considered a program benefit.
2. Determine if there are state or federal regulations that prohibit compensation.
3. For fiscal compliance, review the [Accounting Protocol](#) before issuing payments. Within the accounting protocol are forms for the community member to complete and for the program to request approval for the purchase and distribution of gift cards.
4. If a program chooses to procure the work of compensating community members to another agency, there must be contract monitoring procedures for compensation practices built into the statement of work.

Community Member Guidance

1. Schedule meetings to discuss compensation specifics with community member(s).
2. Utilize the following [Compensation Conversation with Community Member guidance](#) for the conversation. The guidance includes information related to public benefit eligibility after receiving compensation and additional tax considerations.
3. CDHS shall inform all community members receiving compensation verbally and in writing that if the total compensation exceeds the \$600 threshold annually, it will be taxable income. Compensation is tracked via the State's financial system, CORE,

across all CDHS programs and including other state agencies regardless of payment method (e.g. check, gift card, EFT). If the community member completes work with multiple state agencies, and is compensated over \$600 collectively in one year, the community member will be issued a Form 1099-NEC, Nonemployee Compensation from the State of Colorado.

Resources

This compensation policy will be re-evaluated annually to factor in determinations at the federal and state levels surrounding compensation practices and to account for cost of living adjustments. If you do not have funding to provide compensation currently, please discuss options with your funder and/or leadership. You may also consider presenting and gathering feedback from the [CDHS Family Voice Council \(FVC\)](#) (Colorado Department of Human Services Family Voice Council) on how to move forward. To present or attend a FVC meeting or learn more, please contact the Director of Family and Community Engagement, Community Partnerships.