SEP 11 2006

SUBJECT: Treatment of gift cards for Food Stamp Program (FSP) purposes

TO: Program Directors
All Regions

We have received an inquiry from the Mid-Atlantic Regional Office pertaining to the treatment of gift cards for FSP purposes. Since this issue has not been addressed previously, we are providing the following guidance for your information.

Gift cards can be used like cash to purchase goods and services at establishments offering the cards. While they may be used in this manner, they are, strictly speaking, not cash and their use is restricted to establishments offering the cards. Most of these establishments do not offer food for sale.

FSP legislative and regulatory provisions do not, either directly or indirectly, address the treatment of gift cards for program purposes. While these rules can potentially be interpreted to count gift cards as a resource, we believe this would be inadvisable since attempts to verify the existence and value of the cards during the certification process would be extremely difficult, problematical and subject to error. Gift cards are usually restricted to purchasing a limited range of goods, and are analogous to household goods that have been excluded from resources by longstanding regulations. Gift card amounts are also generally insufficient to significantly affect a household's ability to purchase food. In view of these considerations, gift cards are to be excluded from consideration as income or resources in determining a household's eligibility or level of benefits for FSP purposes.

Please forward this information to all States

If you have questions concerning this matter, please contact John Knaus at (703) 305-2098.

Arthur T. Foley
Director
Program Development Division

The contents of this guidance document do not have the force and effect of law and are not meant to bind the public in any way. This document is intended only to provide clarity to the public regarding existing requirements under the law or agency policies.