



Food and
Nutrition
Service

Park Office
Center

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SUBJECT: Revised Treatment of Gift Cards in Determining SNAP Eligibility

TO: All Regional Directors
Supplemental Nutrition Assistance Program

QUESTION: How are gift cards counted for SNAP purposes?

SHORT ANSWER: Establishment-specific gift cards are not counted as a resource or as income. Credit card company gift cards that cannot be reasonably anticipated are counted as a resource, and should not be counted as income. Credit card company gift cards that can be reasonably anticipated are counted as income.

MEMORANDUM

The memorandum that follows is intended to update earlier guidance provided to State agencies on the treatment of gift cards in determining Supplemental Nutrition Assistance Program (SNAP) eligibility and benefits. This memorandum replaces the previous guidance on the treatment of gift cards that was distributed on September 11, 2006.

The Food and Nutrition Service (FNS) has identified and is treating distinctly two different types of gift cards for SNAP purposes, establishment-specific gift cards and prepaid credit card company gift cards. Gift cards should be treated differently for SNAP eligibility and benefits depending on the type of gift card. Establishment-specific gift cards can be used to purchase goods and services at the establishment offering the card. The use of such establishment-specific gift cards are restricted to establishments offering the cards and cannot be spent in the same manner as cash. Credit card companies, such as American express, MasterCard, or Visa, offer a second type of gift card. These prepaid credit card company gift cards do not include the same limitations as gift cards for specific establishments and can be spent as cash in any store.

The Food and Nutrition Act of 2008, as amended, and SNAP regulatory provisions do not directly or indirectly address the treatment of gift cards for program purposes. FNS determined it is inadvisable to include establishment-specific gift cards in the resource test. Attempts to verify the existence and value of establishment-specific gift cards during the certification process would be extremely difficult, potentially problematic, and subject to error.

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Establishment-specific 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 regulations at §273.8(e)(2). The value of these gift cards is also generally insufficient to significantly affect a household's ability to purchase food. In view of these considerations, establishment-specific gift cards are excluded as a resource in determining a household's eligibility or level of benefits for SNAP purposes.

Establishment-specific gift cards are also excluded as income. SNAP regulations in section §273.9(c)(8) exclude money received in the form of a nonrecurring lump-sum payment. Establishment-specific gift cards provide households with a one-time lump sum credit that can be used only at the establishment. Since the establishment-specific gift cards are a nonrecurring lump sum credits to the establishment, such gift cards are excluded as income for determining SNAP eligibility or benefit levels.

However, credit card company gift cards, as they can be spent in the same way as cash, should be counted for program purposes. These gift cards are a resource for households and should be included in the resource test. Alternatively, in specific cases credit card company gift cards should also be counted as income.

Section 5(g)(6)(B)(i) of the Act prohibits State agencies from excluding cash from countable financial resources. FNS has determined that credit card company gift cards should be counted as cash on hand for the purpose of the SNAP resource test. The verification of credit card company gift cards should follow the same verification guidelines as all other resources. SNAP regulations at §273.10(b) requires State agencies to use available resources at the time of the household is interviewed to determine eligibility. If a SNAP applicant declares that they have a credit card company gift card, SNAP eligibility staff should accept household statements regarding the amount(s) on such card(s) without further verification, unless the information is questionable.

FNS has further determined that credit card company gift cards that are provided regularly and can be reasonably anticipated should be counted as income. The amount of the credit card company gift card must be verified through the provider of the card in accordance with section §273.2(f)(1)(i) of the regulations. This regulation requires that State agencies verify all gross nonexempt income prior to certification; however, if attempts to verify the income are unsuccessful because the income provider failed to cooperate with the household and the State agency, and all other sources of verification are unavailable, the eligibility worker shall determine an amount to be used for certification purposes based on the best available information.

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If you have questions, please contact Sarah Goldberg via email at Sarah.Goldberg@fns.usda.gov or by phone at (703) 305-4397.

Sincerely,

/S/
Lizbeth Silbermann
Director, Program Development Division
Supplemental Nutrition Assistance

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