

QUESTIONS & ANSWERS ON THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 (Recovery Act)

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) PROGRAM EMERGENCY FUND

Purchase of Gift Cards

Q1: Can a TANF jurisdiction purchase gift cards for TANF recipients?

A1: Yes, providing gift cards as an award to TANF recipients is a permissible use of Federal TANF funds (including TANF related ARRA funds) and State maintenance-of-effort (MOE) funds so long as the expenditure can be justified as meeting one or more of the statutory purposes of the TANF program as described in section 401 of the Social Security Act. Depending on their purpose, gift cards may be considered as basic assistance or non-assistance (including as a non recurrent short-term benefit provided that the regulatory requirements at 45 CFR 260.31(b)(1) for States or 45 CFR 286.10(b)(1) for Tribes are satisfied) depending on the purpose of the cards. Further, TANF jurisdictions must adhere to their disclosure and confidentiality requirements with regard to the sharing of TANF case information with retailers.

Q2: At what point do expenditures for gift cards occur?

A2: For TANF program purposes, the expenditure occurs at the time the gift cards are purchased from a retailer. However, any unredeemed portion of a gift card must be returned to the TANF agency and treated as a rebate or credit (see 2 CFR Part 220 Appendix A, C5). The returned amount must be spent on an allowable TANF purpose. These requirements will necessitate an agreement between the TANF jurisdiction and the retailer involving the return of any unredeemed amounts (and the time frame for doing so) to the TANF jurisdiction. The fiscal control and accounting procedures explained in the regulations at 45 CFR 92.20 as well as the audit requirements at 45 CFR 92.26 will apply to these expenditures. TANF jurisdictions must exercise sufficient oversight to ensure that unredeemed amounts on these gift cards are identified and documented.

Note: We understand that not all businesses will be able to meet the requirement mandating the return of unredeemed amounts, and we recognize that in some cases, this will preclude purchasing gift cards from them, but we have concluded that this policy is needed in order to ensure that program funds are actually spent for the purposes for which they're intended under the statute.

Q3: If the retailer of the gift cards agrees to donate a portion of the card's value to the State TANF agency, can the donated amount be treated as a third-party contribution to the State TANF agency's MOE requirement?

A3: Yes, the retailer's donation can be treated as a third-party in-kind contribution to the State TANF agency's MOE requirement provided that the regulatory requirements at 45 CFR 92.3, 92.24, and 263.2(e) are met. A key feature of these requirements is the need to establish a documented agreement between the State TANF agency and the retailer that allows the State TANF agency to count the value of the retailer's contribution toward its MOE requirement. Further, the State TANF agency will count the retailer's donation to the value of the gift cards as an MOE expenditure at the time the gift cards are actually purchased by the State TANF agency.