



**Family Assistance Letter #103**

May 3, 2011

TO: Directors, County Departments of Job and Family Services

FROM: Trudie J. Bormann, Deputy  
Family Assistance, Office of Families and Children

SUBJECT: **Purchase of Gift Cards**

The United States Department of Health and Human Services (HHS), Administration of Children and Families has issued further clarification concerning the purchase and use of gift cards using Temporary Assistance to Needy Family (TANF) funds. The clarification is attached to this letter. The purchase of gift cards may be considered to be meeting the requirements of short term non-reoccurring benefits as defined in 45 CFR 260.31. While the use of gift cards is still permissible, restrictions and limitations have been placed on the use and reporting of gift cards. In addition, these restrictions apply to all types of gift cards such as gas cards, cards from retailers that may be used like cash at that retailer (e.g., Walmart and Kroger), and prepaid credit cards (e.g., Visa).

**Purchase of Gift Cards**

The Office of Families and Children cautions county agencies to use gift cards as sparingly as possible. While gift cards are a popular and easy item for the client to use, county agencies should be cognizant of the necessary restrictions on the use of the cards. Where gift cards are provided to TANF beneficiaries, the related usage must meet a valid TANF purpose. Such cards may not be used for costs which are unallowable to federal programs (e.g., entertainment, alcohol, etc.) or to the TANF program (e.g., medical services).

County agencies are required to undertake steps to ensure that gift cards are used on allowable expenditures that meet the purposes of TANF.

**Unused Gift Cards and Unexpended Amounts on Gift Cards**

The guidance from HHS states that while the costs incurred for the purchase of gift cards is federally reimbursable, any unspent funds on a gift card must be returned to the funding source. Gift cards that are either unused or have funds remaining on them must be returned and the funds recovered for future use by the TANF program. These requirements will necessitate an agreement between the county agencies and the retailer

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involving the return of any unexpended amounts. Clients will either be required to return the gift cards or expend the dollars on the cards. County agencies will need to develop agreements that define a mechanism for refunding the dollars, as well as laying out the time frame necessary to complete these actions.

Because of the fiscal requirements of 45 CFR 92.20, and the HHS clarification, our office recommends that county agencies track the expenditures against a gift card. The county agency should implement procedures that afford the agency accurate and clear reporting on balances on gift cards. In addition, our office recommends that county agencies limit the number of gift cards purchased as well as restrict the dollar amount on the cards to help ensure that the county agency is in compliance with federal requirements.

If you have any questions or concerns, please contact the TANF-FSTA mailbox at [TANF-FSTA@jfs.ohio.gov](mailto:TANF-FSTA@jfs.ohio.gov) or call 1-866-886-3537 (option 6).

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