



United States Department of Agriculture  
Food and Nutrition Service

Western Region

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Reply to            FSP- Administrative Notice 06-04            December 7, 2005            FS-2-GEN  
Attn of:

Subject:            Use of Food Stamp Program Administrative Funds for Medical Screening to Determine  
                         Eligibility

To:                    ALL WESTERN REGION FOOD STAMP PROGRAM E&T COORDINATORS

In response to a recent inquiry concerning the use of Food Stamp Employment and Training (E&T) Program funds by State agencies to pay for determining an individual's employment status, Food and Nutrition Service (FNS) clarified that Food Stamp Program (FSP) regulations prohibit the use of Federal E&T grants "for the process of determining whether an individual must be work registered, the work registration process, or any further screening performed during the certification process." The same prohibition extends to Federal match funds for State Agency administration costs over and above the Federal E&T grant; and to Federal match funds for participant reimbursements.

In the same response we went further and stated that the use of regular Food Stamp Program (FSP) administration funds for medical screening is also not allowed because such an expense has always been considered beyond the scope of the Program and thus is not a reasonable or necessary cost.

However, the Food Stamp Act of 1977, as amended (the Act) prohibits a State agency from using a meaning of physical or mental fitness, a procedure for determining fitness, or an actual determination, that is less restrictive under the FSP than a comparable meaning, procedure, or determination under the Temporary Assistance to Needy Families (TANF) Program. Therefore, we have reconsidered the Agency's position and are taking this opportunity to clarify that FSP administrative funds can be used to reimburse State agencies 50 percent of their costs of medical screening to establish individual exemption from program work requirements. Our reconsideration is based on the following analysis of TANF policy.

According to information obtained from the Department of Human Services' Administration for Children and Families (ACF), there is no Federal definition or requirements under the TANF program for establishing physical or mental incapacity. However, States have the flexibility to make their own eligibility and payment rules, within the nominal limitations and prohibitions regarding the use of TANF funds. In order for a family to be eligible for assistance, the dependent child must be deprived of parental support or care due to one or more deprivation factors, including disability of the

parent. Further, States may exempt an incapacitated person from TANF work participation requirements.

While States are prohibited from using Federal TANF funds to pay for medical services, the expense associated with a doctor's examination or medical assessment required to substantiate that an individual is unable to participate in work or training activities, or to establish eligibility under the deprivation factor of incapacity, constitutes an allowable agency cost of determining eligibility.

Since FSP requirements cannot be less restrictive—or in this situation, less comprehensive—than TANF requirements, State agencies may obtain medical verification of claimed physical or mental incapacity. Therefore, the use of FSP administrative funds to reimburse State agencies half of their reasonable and necessary expenses for such verification is considered an allowable cost to the Program.

Note that, while we have reconsidered our position vis-à-vis FSP administrative funds, the prohibition against using E&T funds for medical screening remains. We want to stress that this clarification does not apply to E&T funds.

If you have any questions, please contact your State Program Officer.

A handwritten signature in black ink, appearing to read "D. H. Bailey". The signature is stylized and somewhat cursive, with a large loop at the beginning and a long, sweeping tail.

DAVID H. BAILEY, Chief  
Program Operations and Investigations  
Food Stamp Program  
Western Region