

April 7, 2005

SUBJECT: Food Stamp Employment and Training Program – Bonuses for Job Placements

TO: Program Directors
All Regions

This is to clarify policy regarding the use of Food Stamp Program (FSP) Employment and Training (E&T) funds to pay bonuses to contractors for placing an E&T participant in full or part time employment.

A State agency may use Federal E&T funds to pay bonuses to E&T contractors for job placements up to 30 days after the placement. Federal E&T funds must not be used to award bonuses for a client's retention of employment after placement, however. By statute, E&T funds are for the purpose of assisting members of households in the FSP in gaining skills, training, work, or experience that will increase their ability to obtain employment. The emphasis of the E&T Program is on job placement.

We are aware that in the past some E&T plans may have been approved when they provided for bonuses that do not meet the standards in the paragraph above. However, for fiscal year (FY) 2006, regional offices should not approve the use of Federal E&T funds for payment of bonuses for job placements after the initial 30 days of employment or for payment of bonuses for job retention. Please advise your State agencies of this clarification and alert them that they must come into compliance beginning Federal FY 2006.

If you have any further questions, or need additional information, contact Dale Walton at 703-305-2432 or Micheal Atwell at 703-305-2449. We appreciate your cooperation.

/s/

Arthur T. Foley
Director
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