

November 8, 2007

SUBJECT: Overuse of the 15 Percent Able Bodied Adults Without Dependents (ABAWD) Exemptions by State Agencies

TO: All Regional Directors
Food Stamp Program

Food Stamp Program regulations at 7 CFR 273.24(g) provide each State agency with an annual allocation of exemptions from the work requirements of 7 CFR 273.24 for able-bodied adults without dependents (ABAWDS). Unused exemptions in a given fiscal year may be carried forward and added to the State agency's allocation for the subsequent fiscal year. Similarly, longstanding Food and Nutrition Service (FNS) policy has been to adjust each State's annual allocation downward for exemptions that the State agency issued in excess of the allocation for the previous year.

In the past, only a few States issued more exemptions than the annual allocation. Typically, the number of overused exemptions exceeded the allocation by a small amount and was able to be offset within a year's time. Recently, however, several States have granted exemptions that far exceeded the annual allocated amounts; in some cases requiring a number of years to fully offset against future allocations. As a result, FNS believes that offsetting a large cumulative balance of overused ABAWD exemptions against future allocations is no longer an appropriate policy response because it severely restricts State policy choices to aid future applicants.

Granting exemptions in excess of the allocated number allows participants who would otherwise be ineligible to receive food stamp benefits and results in Federal spending that is not authorized by law. Effective immediately, FNS will consider 15 percent ABAWD exemptions issued in excess of a State's allocated amount to be unauthorized allotments. Beginning with FY 2008, FNS will estimate the amount of such allotments at the end of each fiscal year and allow States 1 year to offset the overused amount against the subsequent year's allocation. If the excess amount is not offset within a year, FNS will bill the State for the unauthorized allotment associated with the overused exemptions. While FNS intends to closely monitor State agency use of the 15 percent ABAWD exemptions, it is the responsibility of the State agency to carefully track such use and to cease granting these exemptions when the allocation is exhausted.

Please notify your State agencies of this policy. If you have any questions, contact Sandra Clark at 703-305-2407.

/s/

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