

USDA Discrimination Financial Assistance Program (DFAP) Awards and Supplemental Nutrition Assistance Program (SNAP)

The information below is for the farmers and ranchers who applied for and received a one-time, lump-sum award from the United States Department of Agriculture (USDA) under the USDA Discrimination Financial Assistance Program (DFAP). DFAP was created to address the consequences of prior discrimination by USDA in USDA farm lending. This general information will help people who receive these USDA DFAP awards understand the potential impact of the money on SNAP benefits.

The USDA DFAP Award may affect your SNAP eligibility. Everyone's situation is different. Be sure to consult an attorney or advocate knowledgeable about SNAP in your state for advice.

See below for a list of resources.

What are SNAP benefits?

SNAP is a federal program that provides benefits to low-income households to help pay for food at local grocery stores. SNAP benefits are administered by state human service agencies. SNAP eligibility and program rules differ in each state.

How could my USDA DFAP award affect my SNAP benefits?

Your eligibility for SNAP depends on your household's income and assets/resources. The lump-sum award you receive from the USDA DFAP is not income, but a resource. If your total resources increase above the maximum allowed by SNAP, **you will no longer be eligible for SNAP**. But if you remain eligible, your DFAP award will not affect the amount of SNAP you receive.

When is my USDA DFAP award considered “income” for SNAP?

A one-time, lump-sum payment by the government, like the USDA DFAP award, is never considered income for SNAP purposes.

When is my USDA DFAP award considered a “resource?”

Any of the USDA DFAP award left over after the month you receive it is a resource. For example: if you receive an award of \$5,000 in June, and you spend \$1,000 in June, the remaining \$4,000 is a resource beginning in July and continuing each following month you have the money.

What are the SNAP resource limits in my state?

If you still have enough of the USDA DFAP award the month after you receive it to increase your total resources above the maximum allowed in your state, you will not be eligible for SNAP.

In Michigan, there is no asset limit for categorically eligible groups. Most households are categorically eligible, but there are some exceptions.

Groups which contain a Senior, Disabled Individual or Veteran member and whose gross income is above 200 percent are not categorically eligible. Also, a group is not categorically eligible if any member of the group is disqualified for an Intentional Program Violation, being a “fleeing felon,” or for employment-related activity **only** when the disqualified person is the head of household.

There is an asset limit for non-categorically eligible groups:

- \$2,750 or less for groups that have a non-Senior, Disabled individual or Veteran (non-SDV), and
- \$4,250 or less for groups that have a Senior, Disabled individual or Veteran (SDV).

What can I do to avoid or minimize the impact of the USDA DFAP award on my SNAP benefits?

If your USDA DFAP award will increase your resources above the limit, you can avoid its impact on your SNAP benefits by spending it in the month you receive it. It is a good idea to save receipts or other documentation of how you spent it, just in case your state agency has questions.

Some permissible ways to spend the DFAP award include: paying off bills (e.g. past due rent, utilities, credit cards); buying new furniture or household goods; buying new farm equipment; buying an irrevocable prepaid burial policy; buying gift cards for stores you often shop at (Wal-Mart, grocery store). Generally, it is not a good idea to pre-pay rent. If you have a large amount of money, consider funding a 529 account (for children's educational expenses) or an ABLA account (savings for people who were disabled before age 26). Neither of these accounts are considered resources for SNAP.

DO NOT GIVE THE MONEY AWAY. Giving away the money could make you ineligible for the SNAP program for up to one year.

Do I need to report the USDA DFAP award to the human services agency in my state?

Best practice is to report all significant income and resource changes within 10 days of the change. Keep all receipts and other documentation of how the funds were spent in case your state agency asks you to prove you no longer have the funds available to you.

In Michigan, you must report changes in assets within 10 days of becoming aware of them.

How do I get information about my SNAP benefits?

You can find contact info at the Michigan Department of Health and Human Services: 517-241-3740.

Where can I find more resources related to the impact of the USDA DFAP award on my SNAP benefits?

Lakeshore Legal Aid is accepting calls from USDA DFAP recipients 60 years of age or older, and under the 200 percent poverty guidelines for limited advice or referral services. Call 888-783-8190.

Additional resources and information are available at <https://www.nlada.org/USDA-DFAP/award-recipients>.

For general questions about your DFAP award, contact the DFAP Call Center at 1-800-721-0970.