

Frequently Asked Questions

USDA Discrimination Financial Assistance Program (DFAP) Awards and Public Benefits

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 that money on other public benefits.

The USDA DFAP award may affect your eligibility for public benefits. Everyone's situation is different. Be sure to consult an attorney or advocate knowledgeable in your state for specific advice.

See below for a list of resources.

Which public benefits ARE NOT affected by the USDA DFAP award I receive?

Your USDA DFAP award will not affect your eligibility for public benefits that have no income or asset tests. Most Medicare plans and Social Security have no income or asset tests. DFAP awards will not affect most people on Medicare or receiving Social Security benefits. If you also receive other public benefits, keep reading to learn if those benefits may be affected by your DFAP award.



Which benefits MAY BE affected by the USDA DFAP award?

USDA DFAP awards *may* affect any benefits you receive that are based on your household income or assets. These include benefits such as Supplemental Security Income (SSI), Medicaid, SNAP (food stamps), VA pension benefits, and housing subsidies (e.g., Section 8 or other rent below market value).

What is income?

Unless a particular program exempts a particular payment, any money a person receives each month is considered income for that month. After the month in which the money is received ends, remaining money is usually considered a resource.

What is an asset or resource?

Any cash, including money in the bank and personal property that can be converted to cash, counts as an asset or a resource if the person who has it is not legally restricted from using it. Your home and one car along with household goods and personal items do not count as assets or resources.

Do I need to report the USDA DFAP award to anyone?

Yes. If you receive benefits based on having limited income or assets, you should report the amount of the USDA DFAP award to your SSI, Medicaid, and SNAP case workers as soon as you get the money. If you do not report the DFAP award, you may have to pay back benefits or face other penalties.

In addition, the DFAP award is taxable income, so you must include it in your 2024 annual tax return. See <https://extension.usu.edu/ruraltax/dfap> for more details.

Further information about specific benefits

Social Security Retirement

The USDA DFAP award does not affect Social Security retirement benefits.

Social Security Disability Insurance (SSDI)

The USDA DFAP award does not affect SSDI payments.

Basic Medicare (including Medicare Advantage)

The USDA DFAP award does not affect Basic Medicare or Medicare Advantage eligibility or benefits. But Medicare premium assistance through Medicare Part B and drug coverage through Medicare Part D may be affected by your income.

Supplemental Security Income (SSI)

The USDA DFAP award may affect SSI benefits. SSI is paid by the Social Security Administration to older adults and persons with a disability who have limited income and assets and limited work history. If you get SSI benefits, and the DFAP award pushes your assets above the applicable limit, you can avoid becoming ineligible for SSI if you spend the DFAP award on allowable expenses. **DO NOT GIVE THE MONEY AWAY.**

Medicaid

The USDA DFAP award may affect Medicaid benefits. Medicaid provides health coverage, including help paying Medicare premiums, for people who have limited income. Some people have both Medicare and Medicaid coverage. Most people who receive an SSI check also get Medicaid. Medicaid has income limits, and the DFAP award will be counted as income for Medicaid. Medicaid also has asset limits for those who are disabled or over age 65. If a DFAP award pushes your assets above the applicable limit, you can avoid becoming ineligible for Medicaid by spending the DFAP award on allowable expenses. **DO NOT GIVE THE MONEY AWAY.** Medicaid rules differ by state.

Supplemental Nutrition Assistance Program (SNAP, EBT or Food Stamps)

The USDA DFAP award may affect SNAP benefits. SNAP provides households with limited income additional money to buy food at local grocery stores. The DFAP award is not income for purposes of SNAP. But any part of the DFAP award left over the month after you receive it will be counted as a resource. Many states have resource limits for SNAP, but others do not. If the DFAP award pushes your assets over the applicable resource limit, you can avoid the impact of your SNAP eligibility if you spend the money the month you receive it. **DO NOT GIVE THE MONEY AWAY.** SNAP rules differ by state.

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

Many USDA DFAP award recipients can request brief legal advice through the ABA Free Legal Answers platform at <https://abafreelegalanswers.org/>. You will need to select the

state where you live and provide income and asset information to determine eligibility for free legal advice, which is generally available to people with household income below 250% of the federal poverty guidelines. When answering questions about your assets, do not include your DFAP award. Once you are approved, you can create an account to ask a question and get advice from a volunteer attorney.

You can also contact the legal aid office that serves your community. Not all legal aid programs can assist with these kinds of questions, and they only serve people who meet financial and other eligibility requirements. You can look up your local legal aid at <https://www.lsc.gov/about-lsc/what-legal-aid/i-need-legal-help>.

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

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