

# 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 CalFresh (SNAP) benefits.

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

See below for a list of resources.

## What are CalFresh or SNAP benefits?

SNAP is a federal program that provides benefits to low-income households to help pay for food at local grocery stores. In California, SNAP benefits are called CalFresh benefits and are administered by the Department of Social Services (DSS) at the state level and in your community by your local county social services office. CalFresh eligibility rules may differ from SNAP eligibility and program rules in other states.

## How could my USDA DFAP award affect my CalFresh benefits?

Your eligibility for CalFresh depends on your household's income and assets/resources. The lump-sum payment you receive as your USDA DFAP award is not income, but rather is considered a resource. In California, the resource limit has been removed for most categories of CalFresh applicants and beneficiaries.

**However, there are exceptions where a resource limit is still applied in the CalFresh program:**

- For households with aged and disabled individuals and household income above 200 percent of the federal poverty level; OR
- If a household fits within a narrow group of cases where it has been disqualified because of an intentional program violation, or some other specific compliance requirement (e.g. work requirements). (See All County Letter ACL 13-32 and ACL 14-56.)

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

A one-time, lump-sum payment by the government, like the USDA DFAP award, is never considered income for CalFresh 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 CalFresh resource limits in my state?

Again, the resource limit does not apply to most people applying for or receiving CalFresh. However, if you fit into those limited exemptions referenced above you must be aware of the resource limits. You may not qualify for CalFresh if you keep enough of the USDA DFAP award the month after you receive it to push your total countable resources above the maximum allowed.

In California, for the above referenced exception categories the CalFresh resource limits are:

- \$4,250 for households that:
  - Contain at least one member who is age 60 or older, or disabled; OR
  - Receive Supplemental Security Income (SSI); OR
  - Receive Temporary Assistance for Needy Families (TANF, or welfare)
- \$2,750 for all other households that are subject to a resource limit.

In determining the value of a resource, the CalFresh program only counts the equity or fair market value of property, minus any loans or encumbrances owed on the resource. [See CDSS MPP § 63-501.1; 7 C.F.R. § 273.8(c)(2).] If the property cannot be readily converted into cash then it may not count towards the resource limit.

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

If you are in a category of CalFresh with a resource limit and receipt of the USDA DFAP award will increase your resources above the limit, you can avoid its impact on your CalFresh 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 local county CalFresh eligibility worker 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 ABL account (savings for people who were disabled before age 26). Neither of these accounts are considered resources for CalFresh.

**DO NOT GIVE THE MONEY AWAY.** Giving away the money could make you ineligible for the CalFresh 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 county CalFresh agency asks you to prove you no longer have the funds available to you.

In California, if you spend the whole award in the month you receive it, you do not need to report it. If you have any money left over in the month afterward, and it pushes your resources above the limit, you should report it.

## How do I get information about my SNAP benefits?

Contact your local county social services agency that administers CalFresh. You can find contact info online at <https://www.cdss.ca.gov/county-offices> or by calling 1-877-847-3663. You can also apply for CalFresh online at <https://www.getcalfresh.org/?source=dssfood>.

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

For questions about the USDA DFAP awards and where to go for more information about the impact on other benefits, call the Health Consumer Alliance (HCA) at 1-866-834-3536. You will be prompted to enter your preferred language and zip code, and then be routed to free local assistance. If you need more information about CalFresh benefits you may be referred to a CalFresh specialist within the HCA partner's office or another free legal service provider in your area.

Many USDA DFAP award recipients can request brief legal advice through the American Bar Association 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 percent of the federal poverty guidelines. When answering questions about your assets, do not include your USDA 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 DFAP award, contact the DFAP Call Center at 1-800-721-0970.