

USDA Discrimination Financial Assistance Awards and Public Benefits

The information below is for the farmers and ranchers who applied for and received a one-time, lump-sum payment/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 awards understand the potential impact of that money on other public benefits.

**THE USDA AWARD MAY AFFECT YOUR ELIGIBILITY FOR PUBLIC BENEFITS.
EVERYONE'S SITUATION IS DIFFERENT. ALABAMA CITIZENS SHOULD BE SURE TO CONSULT AN ATTORNEY
OR ADVOCATE KNOWLEDGEABLE IN ALABAMA FOR SPECIFIC ADVICE.
IN ALABAMA CALL (866) 278-2440.**

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, SNAP (Food Stamps) 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, 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 the money is received, 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, if the person 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 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.

You should report to your SSI and Medicaid workers the amount of the award you receive as soon as you get the money. If you do not report the award, you may have to pay back benefits or face other penalties.

In addition, the USDA DFAP is taxable income, so you must include it in your 2024 annual tax return.

See <https://extension.usu.edu/ruraltax/dfap> for more details.

Where can I find out more 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)

A 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.** *More information about the impact of the USDA DFAP award on SSI benefits is coming soon.*

Medicaid

The USDA DFAP awards 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 get an SSI check also get Medicaid. Medicaid has income limits and the USDA 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.

More information about the impact of the USDA DFAP award on Medicaid benefits in each state is coming soon.

Social Security Disability Insurance (SSDI)

The USDA DFAP award does not affect SSDI payments.

Where can I get more information or help related to how the USDA DFAP award affects my benefits?

- For questions about the USDA DFAP awards in Alabama and where to go for more information about the impact on other benefits, call the **Legal Services Alabama DFAP Hotline at (866) 278-2440.**
- To learn more about how the USDA DFAP awards affect SSI and Medicaid, visit:
<https://www.nlada.org/USDA-DFAP/payment-recipients>
**State specific information and resources are listed.*
- If you are looking for legal advice related to the USDA DFAP award and your benefits, you may qualify for free legal advice if your household income is below 250% of the federal poverty guidelines. **Visit <https://abafreelegalanswers.org/> to learn more.**

More resources will be posted soon for states that do not participate in ABA Free Legal Answers.



JUSTICE FAIRNESS HOPE

**Legal Services
Alabama**