

UNITED STATES DEPARTMENT OF AGRICULTURE
FOOD AND NUTRITION SERVICE
ALEXANDRIA, VA 22302-1500

CHANGE TRANSMITTAL	
CHANGE NUMBER: 10	DIRECTIVE IDENTIFICATION AND NUMBER: FNS Handbook 501
DIRECTIVE TITLE: The Food Distribution Program on Indian Reservations	

This change reissues the net monthly income standards for the 48 contiguous United States and Alaska under the Food Distribution Program on Indian Reservations. This change also reflects revisions to paragraph 4543, Income Excluded by Law, to add an income exclusion for pay received by military personnel as a result of deployment to a combat zone; paragraph 4552, Dependent Care, to eliminate the cap on the amount of the dependent care deduction; and paragraph 4633, retitled as Fluctuating Expenses and Converting to a Monthly Amount, to clarify that deductible expenses that fluctuate may be averaged.

PAGE CONTROL CHART

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page 4-15	5/2007	page 4-15	8/2008
page 4-18	8/2005	page 4-18	8/2008
Exhibit M	8/2007	Exhibit M	8/2008

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(4542.1)

B. Example 2.

1. Income. All or part of a public assistance grant that would normally be provided to the household is diverted to a third party or to a protective payee for purposes such as managing a household's expenses.
2. Vendor Payment. A payment by the State agency that would not normally be provided to the household, and is over and above normal public assistance grant, and is made directly to a third party for a household expenses. This rule applies even if the household has the option of receiving a direct cash payment.

C. Example 3.

1. Income. Money deducted or diverted from a court-ordered support or alimony payment (or other binding written support or alimony agreement) to a third party for a household expense.
2. Vendor Payment. Support payments not required by a court order or other legally binding agreement (including payments in excess of the amount specified in a court order or written agreement) that are paid to a third party rather than the household, even if the household agrees to the arrangement.

4543 Income Excluded by Law

The ITO/State agency will not count any income that is specifically excluded by any other Federal statute from consideration as income. The following laws provide exclusion. (This list is not inclusive.):

- A. Reimbursements from the Uniform Relocation Assistance and Real Property Acquisition Policy Act of 1970 (Public Law 91-646, Section 216). The following payments are included under Title II of this Act:
 1. Payments to persons displaced as a result of the acquisition of real property;
 2. Relocation payments to a displaced homeowner toward the purchase of a replacement dwelling. Such payment may only be made to a displaced owner who purchases and occupies a dwelling within one year following displacement; and
 3. Replacement housing payments to displaced persons not eligible for a homeowner's payments.
- B. Up to \$2000 per year per individual of payments received under the Alaska Native Claims Settlement Act (ANCSA) (Public Law 92-203, Section. 21(a)). This exclusion applies to bonds and cash dividends on stock received from a Native Corporation under ANCSA.
- C. Payments to volunteers under the Domestic Volunteer Services Act of 1973 (Public Law 93-113, as amended), including the Retired and Senior Volunteer Program (RSVP), Foster Grandparent Program, Senior Companion Program, and Americorps*VISTA are excluded as income. Also, payments received by individuals participating in the Senior Community Service Employment Program authorized under the Older American Act of 1965 (Public Law

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89-73) are excluded as income. Under these programs, participants may receive an hourly tax-free wage, reimbursement for transportation expenses, an end-of-service stipend, or an education award.

- D. Income derived from certain submarginal land of the United States that is held in trust for certain Indian Tribes (Public Law 94-114, Section 6).
- E. Payments received by certain Indian Tribal members under Public Law 94-540 regarding the Grand River Band of Ottawa Indians.
- F. Student financial assistance received from a program under Title IV of the Higher Education Act, and/or funds received under a Bureau of Indian Affairs student assistance program (20 U.S.C.1087uu).
- G. Up to \$2,000 per year of income received by individual Indians that is derived from interests in trust or restricted lands.
- H. Payments made as a result of an emergency or major disaster (e.g., payments to farmers during natural disasters) in accordance with Section 312(d) of the Disaster Relief Act of 1974, as amended by the Disaster Relief and Emergency Assistance Amendments of 1988 (Public Law 100-707).
- I. Allowances, earnings and payments received by individuals participating in programs under the Workforce Investment Act of 1998.
- J. Stipends paid to Indian vocational training students under the Carl D. Perkins Vocational and Applied Technology Education Act (Public Law 101-392). Stipends are defined as a subsistence allowance to cover attendance costs. Attendance costs are tuition and mandatory fees, rental or purchase of any equipment required of all students in the same course of study, books, materials and supplies, transportation, dependent care, and miscellaneous personal expenses for a student attending the institution on at least a halftime basis, as determined by the institution.
- K. Payments provided under Public Law 104-204 to cover the health care of children with spina bifida who were born to Vietnam veterans.
- L. Payments made to members of the Standing Rock Sioux Tribe and the Three Affiliated Tribes (Ft. Berthold Indian Reservation) under Section 3505 of Public Law 102-575, the Reclamation Projects Authorization and Adjustment Act of 1992. Locally, these payments may be identified as Joint Tribal Advisory Committee funds, Standing Rock Sioux Tribe Economic Recovery funds, or Three Affiliated Tribes Economic Recovery funds.
- M. Additional pay received by military personnel as a result of being deployed to a combat zone (i.e., combat pay) that is made available to the applicant or participating household via a direct deposit, military allotment, or other means. Only combat pay is excluded; other types of incentive, bonus or special military pay are not excluded.

The source and amount of the payments received under any of the authorities identified above must be verified before they are excluded.

4552 Dependent Care

Households may deduct the actual cost of care for a child or other dependent when necessary for a household member to search for, accept, or continue employment or to attend training or pursue education that is preparatory to employment. Dependent care expenses are only deductible if the care is provided by a non-household member and the household makes a money payment for the service. For example, a deduction is not allowed if another household member provides the care, or compensation for the care is provided in the form of an in-kind benefit such as food. If dependent care expenses are incurred on a weekly or bi-weekly basis, the expense shall be converted to a monthly amount in accordance with paragraph 4621, below.

4553 Child Support

Legally required child support payments paid by a household member to or for a nonhousehold member, including payments made to a third party on behalf of the nonhousehold member (vendor payments). The ITO/State agency must allow a deduction for amounts paid towards overdue child support (arrearages). Alimony payments made to or for a nonhousehold member can not be included in the child support deduction. See paragraph 3539A, above, on verification requirements for the child support deduction.

4554 Medicare Part B Medical Insurance and Part D Prescription Drug Coverage Premiums

- A. The full amount of the Medicare Part B Medical Insurance premium that is withheld from the monthly Federal retirement or disability payment of a household member, or is paid by a household member directly to Medicare. The amount of the Part B premium is adjusted January 1 of each year by Medicare. The current Part B premium amount is available at http://questions.medicare.gov/cgi-bin/medicare.cfg/php/enduser/std_alp.php.
- B. The monthly amount of the Medicare Part D Prescription Drug Coverage premium paid by the household member. The Part D premiums will vary based on the plan selected by the household member. Most Food Distribution Program recipients will pay no premium because of their low incomes.
- C. An income deduction for the Part B or Part D premiums is not allowed in situations where the household member is not required to pay a premium. In some instances, the premiums are paid on behalf of the Medicare beneficiary. Also, a household member may not be a Medicare beneficiary because they receive their health care through the Indian Health Service.
- D. See paragraph 3539B, above, on verification requirements for the Medicare Part B and Part D premiums.

4622 Averaging Income -- Optional

In cases where the receipt of income is reasonably certain but the monthly amount may fluctuate and the household's income is close to the income eligibility limit, the ITO/State agency may elect to average income provided that such averaging does not disadvantage the household. The averaging must be based on income that is anticipated to be available to the household during the certification period.

4623 Averaging Income -- Mandatory

- A. Contract or Self-Employment Annual Income. Contract employees or households whose self-employment income represents the household's annual support, including the net profit from the sale of any capital goods or equipment related to the business, must be annualized over a 12-month period. These households may include school employees, share croppers, farmers, and other self-employed households. The procedures for averaging self-employed income are described in paragraph 4725, below.
- B. Non-Annual Contract or Self-Employment Income. Households whose contract or self-employment income represents only a part of the household's annual support, must have their income averaged over the period of time it is intended to cover. For example, self-employed vendors who work only in the summer and supplement their income from other sources during the balance of the year must have their self-employment income averaged over the summer months rather than a 12-month period.
- C. Educational Grants, etc. Households receiving scholarships, deferred education loans, or other educational grants must have such income, after exclusions, averaged over the period for which it was provided. See paragraph 4710, below, for instructions on handling student income.

4630 DETERMINING DEDUCTIONS**4631 Limitation on Allowable Deductions**

The income deductions allowed under the Food Distribution Program are limited to those listed in paragraph 4550, above.

4632 Billed Expenses Deducted in Month Due

Deductions are allowed in the month the expense is billed or otherwise becomes due, regardless of when the household intends to pay the expense. Amounts carried forward from past billing periods are not deductible even if included with the most recent billing and actually paid by the household. Expenses can only be deducted once.

4633 Fluctuating Expenses and Converting to a Monthly Amount

If the expense fluctuates, the household may elect to have the expenses averaged.

If the household is billed on a weekly or biweekly basis, the ITO/State agency must use the applicable conversion procedure in paragraph 4621, above.

**FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS
NET MONTHLY INCOME STANDARDS*
(Effective October 1, 2008)**

<u>Household Size</u>	<u>48 Contiguous United States Income Limits</u>	<u>Alaska Income Limits</u>
1	\$1,011	\$1,330
2	\$1,311	\$1,705
3	\$1,611	\$2,080
4	\$1,914	\$2,455
5	\$2,239	\$2,830
6	\$2,564	\$3,205
7	\$2,864	\$3,580
8	\$3,164	\$3,955
Each additional member:	+ \$300	+ \$375

* The net monthly income standard for each household size is the sum of the applicable Supplemental Nutrition Assistance Program (SNAP) net monthly income eligibility standard and the applicable SNAP standard deduction.

Income Deductions - see 7 CFR 253.6(f)

Dependent Care Deduction – Households that qualify for the dependent care deduction are allowed a deduction of actual dependent care costs paid monthly to a non-household member.

Earned Income Deduction - Households with earned income are allowed a deduction of 20 percent of their earned income.

Medicare Part B Medical Insurance and Part D Prescription Drug Coverage Premiums - Households that incur the cost of Medicare Part B medical insurance and/or Part D prescription drug coverage premiums are allowed a deduction for the monthly cost of the premiums.

Child Support Deduction - Households that incur the cost of legally required child support to or for a non-household member are allowed a deduction for the amount of monthly child support paid.