

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

<b>CHANGE TRANSMITTAL</b>	
CHANGE NUMBER: 17	DIRECTIVE IDENTIFICATION AND NUMBER: FNS Handbook 501
DIRECTIVE TITLE: The Food Distribution Program on Indian Reservations	

This change reflects the following revisions to the FNS Handbook 501.

- Revise page iii, Exhibits, to correctly identify Standard Form 425 at Exhibit C.
- Revise paragraph 1250 to correctly reference FNS Instruction 113-1, Civil Rights Compliance and Enforcement - Nutrition Programs and Activities.
- Revise paragraph 3504 B to include reference to Medicare Part D Prescription Drug Coverage premiums.
- Delete reference to Exhibit M-3 (obsolete) in paragraphs 4100 and 4510.
- Revise paragraphs 4434 and 4543 to reflect that funds paid to American Indians and Alaska Natives that are excluded by law are listed on the FDPIR web site.
- Revise paragraphs 4440 and 4549 E to correctly reference paragraph 4530 I.
- Revise paragraphs 4530 D and 4544 to correctly reference paragraph 4543 D.
- Revise Exhibit M to update the FDPIR net monthly income standards for fiscal year 2011.
- No changes were made to pages 4-13 and 4-15 other than a shifting of text due to revisions listed above.

**PAGE CONTROL CHART**

Remove Pages	Dated	Insert Pages	Dated
iii	2/2010	iii	8/2010
1-7	2/2010	1-7	8/2010
3-13	8/2005	3-13	8/2010
4-1	2/2010	4-1	8/2010
4-6 and 4-7	2/2010	4-6 and 4-7	8/2010
4-8	3/2010	4-8	8/2010
4-9	2/2010	4-9	8/2010
4-11 and 4-12	8/2008	4-11 and 4-12	8/2010
4-13 and 4-14	8/2005	4-13 and 4-14	8/2010
4-15	8/2008	4-15	8/2010
Exhibit M	2/2010	Exhibit M	8/2010



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 Acting Associate Administrator  
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DISTRIBUTION: AD, F2, I	MANUAL MAINTENANCE INSTRUCTIONS: Retain and file Change Transmittal in front of directive until further notice. Remove and insert page(s) if applicable.	OPI: FDD-200	
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**EXHIBITS**

- A Food Distribution Program on Indian Reservations Plan of Operation Guidance
- B Sample Copy of Form FNS-74
- B-1 Sample Copy of Form AD-1049
- C Sample Copy of SF-425
- D (Reserved)
- E Sample Copy of Form FNS-101
- F (Reserved)
- G Sample Copy of Form FNS-152
- H Principles for Determining Costs Applicable to Administration of the Food Distribution Program on Indian Reservations
- I Sample Copy of SF-424
- J (Reserved)
- K Food Distribution Program Sample Worksheet for Manually Calculating an Overissuance Claim
- L Sample Demand Letter for an Overissuance Claim
- M Food Distribution Program on Indian Reservations Net Monthly Income Standards for the 48 Contiguous United States and Alaska
- N Sample Copy of Form FNS-7
- O Food Distribution Program on Indian Reservations Monthly Distribution Guide Rates by Household Size
- P (Reserved)
- Q Sample Copy of Form FNS-52
- Q-1 Sample Copy of Form FNS-53
- R (Reserved)
- S Sample Copy of Form FNS-57
- T Sample Copy of Form KC-269-A
- U (Reserved)
- V-1 Stacking - Example No. 1
- V-2 Stacking - Example No. 2
- W Identification Card for USDA Donated Foods
- X Sample Issuance Receipt Card for USDA Donated Foods
- Y 7 CFR Part 277
- Z 7 CFR Part 3016

(1231)

interviewing skills) and USDA foods receipt, storage, distribution and accountability practices. The content of training programs must be reviewed by the appropriate FNS Regional Office and changes made where necessary. Changes in policy or procedures arising from court actions or revisions to legislation and regulations must be promptly reflected in ITO/State agency training programs.

#### **1240 ANNUAL REVIEW REQUIREMENTS**

The ITO/State agency must monitor and review its operations, and local agency operations, as appropriate, at least annually to ensure compliance with all the requirements for administration of the Food Distribution Program. Program deficiencies must be documented and specific plans for corrective action must be initiated to correct the deficiencies noted.

#### **1241 Reviews**

Reviews must include, but not be limited to certification of households, determination of food preferences, distribution of USDA foods, compliance with Title VI of the Civil Rights Act of 1964 and other applicable civil rights legislation, fair hearing procedures, warehousing and inventories, and timeliness and accuracy of reports to FNS. Program reviews and corrective action plans must be available to FNS upon request.

#### **1242 Technical Assistance**

The ITO/State agency must provide assistance to local agencies, as needed, to prevent and/or correct program deficiencies. This assistance may include providing written instructions and on-the-job training as well as formal training sessions.

#### **1250 NONDISCRIMINATION**

ITOs/State agencies must not discriminate and must not allow discrimination against any applicant or participant in any aspect of program administration, including, but not limited to, the certification of households, the distribution of USDA foods, the conduct of fair hearings, or the conduct of any other program service for reasons of age, race, color, sex, disability, religious creed, national origin or political beliefs. Enforcement action may be brought under any applicable Federal law. Title VI compliance must be processed in accord with 7 CFR Part 15, USDA's regulations on nondiscrimination, and FNS Instruction 113-1, Civil Rights Compliance and Enforcement – Nutrition Programs and Activities.

#### **1260 FNS NONDISCRIMINATION COMPLAINT PROCEDURES**

People who believe that they have been subject to discrimination may file a complaint with USDA, Director, Office of Adjudication and Compliance, Room 326-W, Whitten Building, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call toll free (866) 632-9992 (Voice). TDD users can contact USDA through local relay or the Federal Relay at (800) 877-8339 (TDD) or (866) 377-8642 (relay voice users).

#### **1261 Complaint Requirements**

Complaints should contain the following information to facilitate investigations:

A. Name, address and telephone number or other means of contacting the person alleging

**(3502B)**

Once the household has supplied the name of a collateral contact or has asked the ITO/State agency for assistance in locating a collateral contact, the ITO/State agency must promptly contact the collateral contact or otherwise assist the household in obtaining the necessary verification.

- C. Home Visits. Home visits may be used as verification only if documentary evidence and collateral contacts can not be obtained. The ITO/State agency must attempt to schedule a visit in advance with the household.

**3503 Discrepancies**

Where information from another source contradicts statements made by the household, the household must be given a reasonable opportunity to resolve the discrepancy prior to an eligibility determination.

**3504 Mandatory Verification**

- A. **ITOs/State agencies must verify all gross nonexempt income prior to certification.** Verification does not need to be to the exact dollar amount unless the household's eligibility would be affected. However, where all attempts to verify income have been unsuccessful either because the person or organization providing the income has failed to cooperate or because sources of verification are unavailable, the ITO/State agency must determine an amount to be used for certification based on the best available information.
- B. **ITOs/State agencies must verify the household expenses to support the allowance of the child support deduction and the Medicare Part B Medical Insurance and Part D Prescription Drug Coverage Premium deduction (see paragraph 3539, below).**

**3505 Verification of Questionable Information**

Eligibility criteria, other than income, including residency on or near the reservation must be verified prior to certification, only if they are questionable. To be considered questionable, the information on the application must be inconsistent with statements made by the applicant, inconsistent with other information on the application or previous applications, or inconsistent with information received by the ITO/State agency (see paragraph 3510, below).

**3506 Verification for Joint PA or GA and Food Distribution Program Applications**

For households filing a joint PA or GA and food distribution application, the verification procedures described in Section 5 of this Chapter must be used for eligibility factors which concern only the household's eligibility for food distribution. Those factors that concern both PA and food distribution eligibility, or both GA and food distribution eligibility, may be verified according to PA or GA procedures.

**3507 Verification of Reported Changes**

Changes reported during the certification period must be subject to the same verification procedures as apply at initial certification, except that the ITO/State agency is not required to verify income if the source has not changed and the amount has changed by \$50 or less since the last verification.

**CHAPTER IV  
ELIGIBILITY CRITERIA****SECTION 1 - DETERMINING HOUSEHOLD ELIGIBILITY****4100 DETERMINING HOUSEHOLD ELIGIBILITY**

The following steps will lead to the final eligibility determination of a household.

- A. Establish household composition (membership).
- B. Establish the household's residency on the reservation or status as an Indian Tribal Household, if living in a near area.
- C. Determine if the household automatically meets the financial eligibility criteria requirements without testing resources and income (PA, GA, and SSI households).
- D. Determine if the nonassistance household meets financial eligibility criteria requirements:
  1. Test the household's net food distribution resources against the resources standards in paragraph 4400, below.
  2. Test the household's net food distribution income against the food distribution income standards (see Exhibit M for the contiguous United States and Alaska, attached) for the appropriate household size.

**4101 Determining Eligibility and Benefit Level for Households with a Disqualified Member(s)**

The disqualified member is not included when determining the household's size for purposes of assigning the level of USDA foods to be received by the household, or for purposes of comparing the household's net monthly income with the income eligibility standards. See paragraph 4730 for instructions on the handling of the income and resources of a disqualified household member.

(4431)

- C. The first \$1,500 of the equity value of one bona fide pre-paid funeral agreement per household member. The equity value of a pre-paid funeral agreement is the value that can be legally converted to cash by the household member. For example, an individual has a \$1,200 pre-paid funeral agreement with a funeral home. The conditions of the agreement allow the household to cancel the agreement and receive a refund of the \$1,200 minus a service fee of \$50. The equity value of the pre-paid funeral agreement is \$1,150.

**4432 Disaster Payments**

Any governmental payments that are designated for the rebuilding of a home damaged in a disaster, if the household is subject to a legal sanction if the funds are not used as intended. Some examples are payments made by the U.S. Department of Housing and Urban Development through the individual and family grant program or disaster loans, or grants made by the Small Business Administration.

**4433 Prorated Income**

Resources that are being prorated and counted as income (e.g., grants awarded to students or income from self-employment).

**4434 Resources Excluded by Law**

Following is a listing of resources excluded by express provisions of Federal statute. (This list is not inclusive.)

- A. See [http://www.fns.usda.gov/fdd/programs/fdpi/fdpi\\_guidance.htm](http://www.fns.usda.gov/fdd/programs/fdpi/fdpi_guidance.htm) for a listing of Federal payments to American Indians and Alaska Natives that are excluded by law from consideration as income and a resource under a federal or federally-assisted means tested program.
- B. Reimbursements from the Uniformed Relocation Assistance and Real Property Acquisition Policy Act of 1970 (Public Law 91-646, Section 216);
- C. Payments made as a result an emergency or major disaster in accordance with Section 312(d) of the Disaster Relief Act of 1974 (Public Law 93-288), as amended by the Disaster Relief and Emergency Assistance Amendments of 1988 (Public Law 100-707) (e.g., payments to farmers during natural disasters);
- D. Student financial assistance provided 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);
- E. 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 on at least a halftime basis, as determined by the institution.

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F. Payments provided under Public Law 104-204 to cover the health care of children with spina bifida who were born to Vietnam veterans.

**4440 Exempt Income Treated as a Resource**

Lump sum payments as described in paragraph 4549D, below, must be counted as resources in the month received. Land lease and treaty income distributed on an annual basis are considered lump-sum payments (see paragraph 4549E, below). Land lease and treaty income distributed more frequently than annually are treated as unearned income (see paragraph 4530I, below).

**4450 Jointly Owned Resources**

Resources owned jointly by separate households must be prorated between or among those households, unless the applicant household can demonstrate that the resources are inaccessible to it because access to the value of the resource is dependent upon the agreement of a joint owner who refuses to comply.

**4460 Resources of Disqualified Members**

The nonexempt resources of individuals disqualified from participation in the Food Distribution Program are counted in their entirety when determining the eligibility of the remaining household members (see paragraph 4730, below).

**SECTION 5 - INCOME****4500 INCOME**

This section defines nonexcluded and excluded income and allowable deductions.

Household income includes all income from whatever source, except for the exclusions listed in paragraph 4540, below. Income is categorized as earned or unearned. The ITO/State agency must count nonexcluded that is reasonably anticipated to be received over the proposed certification period.

**4510 BASIS OF NATIONAL INCOME ELIGIBILITY STANDARDS**

In accordance with 7 CFR 253.6(e), the income eligibility standards for the Food Distribution Program are the net monthly eligibility standards for SNAP, increased by the amount of the applicable standard deduction. The income eligibility standards are adjusted each October 1, as necessary, to reflect changes in SNAP income eligibility limits and standard deductions. The income eligibility standards are listed in Exhibit M of this handbook. Revised exhibits will be provided annually by the appropriate FNS Regional Office.

**4511 Income Eligibility Standards for Nonassistance Households**

The ITO/State agency must apply the uniform national income eligibility standards for the Food Distribution Program to nonassistance households. Households that are categorically eligible are treated in accordance with the provisions in paragraphs 4310 and 4320, above.

**4520 EARNED INCOME**

The following types of income are considered earned:

- A. Wages. All wages and salaries of an applicant household. The portion of wages that is garnished for court-ordered support or alimony is considered income (see paragraph 4542.1, below).
- B. Self-employment. The gross income from a self-employment enterprise, including the net profit from the sale of any capital goods or equipment related to the business. Payments from roomers and returns on rental property are considered self-employment income (see paragraph 4720, below).
- C. Training Allowances. Training allowances from vocational and rehabilitative programs sponsored by Federal, State, or local governments to the extent they are not a reimbursement.
- D. Work Study Earnings. College work study earnings are considered earned income, unless excluded by law. Work study programs authorized by Title IV of the Higher Educational Act (20 U.S.C. 1087uu) are excluded; however, some Federal work study programs are not Title IV programs.

**4530 UNEARNED INCOME**

The following types of income are considered unearned. (This list is not inclusive.)

- A. Assistance Payments. Assistance payments from Federal or federally aided public assistance programs, such as supplemental security income (SSI) or Temporary Assistance for Needy Families (TANF); general assistance (GA) programs, or other assistance programs based on need.
- B. Pensions, Disability Payments and Social Security. Annuities; pensions; retirement accounts; veteran's or disability benefits; workman's or unemployment compensation; old-age, survivors' or social security benefits; strike benefits. The gross amount of these payments is always used, even if taxes and/or other amounts are withheld.
- C. Foster Care, Support and Alimony. Foster care payments for children or adults counted as members of the household in which they reside. However, foster care payments for individuals that are categorized as boarders would not be counted as unearned income (see paragraph 3415, above). Support, such as child support, or alimony payments made directly to the household from nonhousehold members.
- D. Student Financial Assistance. Scholarships, educational grants, fellowships, deferred payment loans for education, veteran's educational benefits and the like, unless excluded by law. Student financial assistance provided under Title IV of the Higher Educational Act (20 U.S.C. 1087uu) is excluded (see paragraph 4543D, below).
- E. Grants, Interest Payments. Payments from government-sponsored programs, dividends, interest, royalties, and all other direct money payments from any source that can be construed to be a gain or benefit.
- F. Income from Disqualified Members. The earned income (less the 20 percent earned income deduction) and unearned income of a disqualified household member less the pro rata share for the disqualified individual. If, for example, there are six members of a household and one of those persons is disqualified, the pro rata share is one-sixth of the income. The household receives five-sixths of the disqualified member's income for Food Distribution Program eligibility purposes.
- G. Federal Housing Administration's "Family Living Plan". Payments received on a monthly basis for household expenses.
- H. Per Capita Payments from Gaming and Other Tribal Enterprises. Profits from gaming and other tribal enterprises paid to tribal members on a regular basis, regardless of the frequency.
- I. Land-Lease and Treaty Income. Land lease and treaty income payments, if payments are received more frequently than annually. See paragraph 4549E for treatment of land-lease and treaty income distributed on an annual basis.
- J. Adoption Subsidies. Adoption subsidies, if they are received on a recurring basis.

## (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. See [http://www.fns.usda.gov/fdd/programs/fdpi/fdpi\\_guidance.htm](http://www.fns.usda.gov/fdd/programs/fdpi/fdpi_guidance.htm) for a listing of Federal payments to American Indians and Alaska Natives that are excluded by law from consideration as income and a resource under a federal or federally-assisted means tested program.
- B. 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.
- 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

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Service Employment Program authorized under the Older American Act of 1965 (Public Law 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. 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).
- E. 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).
- F. Allowances, earnings and payments received by individuals participating in programs under the Workforce Investment Act of 1998.
- G. 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.
- H. Payments provided under Public Law 104-204 to cover the health care of children with spina bifida who were born to Vietnam veterans.
- L. 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.

**4544 Allowable Educational Expenses Paid From Nonexcluded Student Financial Assistance**

Student financial assistance includes deferred educational loans, grants, scholarships, fellowships, and veterans' educational benefits. The portion of student financial assistance not excluded in paragraph 4543D, above, which is used to pay allowable educational expenses, is excluded from income. Allowable educational expenses include tuition and mandatory fees, books, supplies, transportation, and miscellaneous personal expenses, other than normal living expenses. Mandatory fees are those charged to all students, or are charged to all students within a certain curriculum. For example, uniforms, lab fees, or equipment charged to all students in order to enroll in a chemistry course would be excluded. (See paragraph 4710, below.)

Student financial assistance used for or earmarked by the provider for normal living expenses is counted as income. Also, the exclusion in this paragraph does not apply to allowable education

(4544)

expenses paid from sources other than student financial assistance, such as student earnings, public assistance, or household resources (e.g., savings account or negotiable bonds).

**4545 Loans**

All loans, including loans from private individuals as well as commercial institutions, other than deferred educational loans.

**4546 Reimbursement for Expenses**

Reimbursements for past or future expenses are excluded to the extent that they do not exceed actual expenses. For example, household members may receive reimbursements or flat allowances for travel expenses they incur (e.g., mileage, lodging, and meals) while attending training or working a temporary duty assignment. Household members may also be reimbursed for books, uniforms, equipment, tools and other job or training related expenses.

**4547 Third Party Payments**

Monies received and used for care and maintenance of a third party beneficiary, who is not a member of the household.

**4548 Earnings of Children**

The earned income of members of the household who are students at least halftime, and who are not yet 18 years old. Their income is excluded even during temporary interruptions in school attendance due to semester or vacation breaks, provided the child's enrollment will resume following the break. Individuals are considered children for this exclusion if they are under the parental control of another household member. Emancipated minors are not considered children for the purposes of this provision.

**4549 Miscellaneous Exclusions**

- A. Irregular Income. Any income in the certification period that is received too infrequently or irregularly to be reasonably anticipated, but not in excess of \$30 in a quarter.
- B. Costs of Self-Employment. The cost of producing self-employment income. See paragraphs 4723 and 4724, below, for the procedures on computing the cost of producing self-employment income.
- C. Recoupments. Monies withheld from an assistance payment, earned income, or other income source that are voluntarily or involuntarily returned to repay a prior overpayment received from that income source.
- D. Lump-Sum Payments. Money received in the form of a lump-sum payment, including, but not limited to income tax refunds, Tribal per capita payments received less frequently than monthly, rebates, or credits; retroactive lump-sum social security, SSI, PA, railroad retirement pension or other payment; retroactive lump-sum insurance settlements; or refunds of security deposits on rental property or utilities. Unless specifically excluded by Federal law (see paragraph 4434, above), these payments must be counted as resources in the month

**(4549D)**

they are received, and each month thereafter that the funds are still available to the household.

- E. Land-Lease or Treaty Income. If annual payments are distributed to tribal members, such payments are considered nonrecurring lump-sum payments. If received more frequently than annually, the payments must be counted as income (see paragraph 4530I, above).
- F. Title IV-D Payments. Child support payments received by TANF recipients that must be transferred to the agency administering Title IV-D of the Social Security Act of 1935, as amended, to maintain TANF eligibility.

**4550 DEDUCTIONS FROM INCOME**

The deductions allowed for the Food Distribution Program are listed below. See paragraph 4630, below on determining deductions.

Under paragraphs 4552, 4553 and 4554, below, expenses covered by excluded reimbursements or vendor payments are not deductible.

**4551 Earned Income Deduction**

A 20 percent deduction is applied to gross earned income, including self-employment income.

- A. Self-Employment Income. The 20 percent earned income deduction is applied after the costs of doing business are subtracted from the gross self-employment income (see paragraph 4640, below).
- B. Unearned Income Subject to Withholdings. The 20 percent earned income deduction is **not** applied to unearned income that is subject to withholdings (e.g., unemployment compensation).
- C. Disqualified Household Member. The 20 percent earned income deduction is applied to the earned income of a disqualified household member (see paragraph 4731B, below).

**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](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.

FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS  
NET MONTHLY INCOME STANDARDS\*  
(Effective October 1, 2010)

<u>Household Size</u>	<u>48 Contiguous United States Income Limits</u>	<u>Alaska Income Limits</u>
1	\$1,045	\$1,371
2	\$1,357	\$1,761
3	\$1,668	\$2,151
4	\$1,991	\$2,541
5	\$2,329	\$2,931
6	\$2,666	\$3,334
7	\$2,978	\$3,724
8	\$3,290	\$4,114
Each additional member:	+ \$312	+ \$390

\* 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.

**Resource Standards – see 7 CFR 253.6(d)**

**\$3,000** for households with at least one elderly or disabled member

**\$2,000** for households without any elderly or disabled members