

STATE OF MICHIGAN  
STATE OFFICE OF ADMINISTRATIVE HEARINGS AND RULES

ADMINISTRATIVE HEARINGS FOR THE  
DEPARTMENT OF HUMAN SERVICES

IN THE MATTER OF: [REDACTED]

Claimant

Reg. No: 2009-1361

Issue No: 4011

Case No: [REDACTED]

Load No: [REDACTED]

Hearing Date:

October 1, 2009

Ottawa County DHS

ADMINISTRATIVE LAW JUDGE: Carmen G. Fahie

HEARING DECISION

This matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9 and MCL 400.37 upon claimant's request for a hearing. After due notice, a telephone hearing was held on Thursday, October 1, 2009. The claimant personally appeared and testified on his own behalf.

ISSUE

Did the department correctly determine the claimant's State Disability Assistance (SDA) grant amount based on his earned income?

FINDINGS OF FACT

The Administrative Law Judge, based upon the competent, material and substantial evidence on the whole record, finds as material fact:

(1) The claimant was eligible for SDA benefits, with a SDA review required in September 2008.

(2) On August 21, 2008, the department caseworker submitted documentation records that the claimant had called and stated that he would be starting to work for his brother for just one week starting this week, but not really sure. (Department Exhibit 2)

(3) On August 28, 2008, the claimant submitted a redetermination report stating that on August 22, 2008 that he was laid off and his final pay was [REDACTED]. (Department Exhibit 3-4)

(4) On September 2, 2008, the department received a Verification of Employment, DHS-38, from the claimant's employer stating that his employment began on October 15, 2008 with a rate of pay of [REDACTED] per hour where he would be working 40 hours per week as needed. (Department Exhibit 6-7)

(5) The claimant submitted pay stubs dated August 22, 2008 for [REDACTED], August 1, 2008 for [REDACTED], and July 28, 2008 for [REDACTED]0. (Department Exhibit 8)

(6) On September 19, 2008, the department caseworker calculated the claimant's continued eligibility for SDA benefits based on a gross earned income of [REDACTED]: (Department Exhibit 9-10)

- The claimant received a \$200 and 20% disregard resulting in a net earned income of [REDACTED]
- The claimant had a deficit of \$16, resulting from the payment standard of \$264 minus the claimant's budgetable income of [REDACTED].

(7) On September 19, 2008, the department caseworker sent the claimant a notice that effective October 1, 2008 that his SDA benefits would be \$16 per month.

(8) On September 26, 2008, the department received a hearing request from the claimant, contesting the department's negative action.

(9) During the hearing, the claimant stated that he did not consistently work for his brother, but the claimant failed to provide the required written verification to the department as is required by policy.

### CONCLUSIONS OF LAW

The State Disability Assistance (SDA) program which provides financial assistance for disabled persons is established by 2004 PA 344. The Department of Human Services (DHS or department) administers the SDA program pursuant to MCL 400.10, *et seq.*, and MAC R 400.3151-400.3180. Department policies are found in the Program Administrative Manual (PAM), the Program Eligibility Manual (PEM) and the Program Reference Manual (PRM).

The department manuals provide the following relevant policy statements and instructions for the caseworkers:

#### **DEPARTMENT PHILOSOPHY**

The Department's income budgeting policies are designed to support financial self-sufficiency by encouraging families to pursue all available means of income. We offer deductions from earned income so that families are financially advantaged by working. Staff should stress to clients the advantages of obtaining outside income. PEM, Item 518, p. 1.

#### **DEPARTMENT POLICY**

##### **FIP and SDA Only**

Financial need must exist to receive benefits. Financial need exists when the eligible group passes both the "**Deficit Test**" and the "**Child Support Income Test**". To perform the deficit test, subtract the **program group's** budgetable income from the **eligible group's** Payment Standard (PEM, Item 515) for the benefit month. To meet the Child Support Income Test, the FIP group's countable income plus the amount of certified support (or amount of support to be certified) must be less than the eligible group's payment standard. PEM, Item 518, p. 1.

The benefit month is the month an assistance payment covers. The income month is a calendar month in which countable income is received or anticipated. The income month is the same as the benefit month. PEM, Item 518, p. 1.

Countable income is defined in PEM 500. Available income, the amount of income to budget and when to complete a budget are defined in PEM 505. Use this item to determine the program group's budgetable income and financial eligibility. PEM, Item 518, p. 1.

If the group fails either test, the group is ineligible for assistance. Deny the application or close the case for the benefit month unless the group meets the conditions for Temporary Ineligibility of Extended FIP.

At application, if the group is ineligible due to excess income but a change is expected for the next benefit month, process the second month's benefit determination. If eligible, do not deny the application. PEM, Item 518, p. 2.

### **Deficit Test**

#### **FIP and SDA Only**

Compare the program group's budgetable income for the income month to the eligible group's payment standard for the benefit month. The group is ineligible for the benefit month if no deficit exists. PEM, Item 518, p. 2.

### **BENEFIT AMOUNT**

#### **FIP and SDA Only**

A deficit of at least \$10 is required to receive a cash benefit. If the deficit is less than \$10 but at least \$1, financial need exists but no cash benefits are issued. The group is eligible for MA/SMP and must comply with all applicable FIP/SDA eligibility requirements. PEM, Item 518, p. 3.

### **PROSPECTIVE BUDGETING/INCOME CHANGE PROCESSING**

### **DEPARTMENT PHILOSOPHY**

A group's benefits for a month are based, in part, on a prospective income determination. A "best estimate" of income expected to be received by the group during a specific month is determined and used in the budget computation.

Get input from the client whenever possible to establish this "best estimate" amount. The client's understanding of how income is estimated reinforces reporting requirements and makes the client an active partner in the financial determination process. PEM, Item 505, p. 1.

## **DEPARTMENT POLICY**

### **FIP, SDA, CDC and FAP**

A group's financial eligibility and monthly benefit amount are determined using:

- . actual income (income that was already received), and/or
- . prospected income amounts (not received but expected).

Only countable income is included in the determination (see PEM 500).

Each source of income is converted to a standard monthly amount, unless a full month's income will not be received (see Standard Monthly Amount in this item). PEM, Item 505, p. 1.

## **DETERMINING BUDGETABLE INCOME**

### **FIP, SDA, CDC, FAP**

Determine budgetable income using countable, available income for the benefit month being processed. PEM, Item 505, p. 2.

## **WHEN TO COMPLETE A BUDGET**

### **FIP, SDA, CDC, FAP**

Client reporting requirements **do not** necessarily affect when a budget must be completed.

Complete a budget when:

- . the department is made aware of or the client reports a change in income that will affect eligibility or benefit level, or
- . a reported change results in the need to convert income to or from a standard monthly amount. PEM, Item 505, p. 8.

In the instant case, the claimant had a redetermination of his SDA benefits. The department had written verification of the claimant's income of \$340 every two weeks with a gross amount of [REDACTED] of self-employment income, which resulted in a budgetable gross total of [REDACTED]. After the \$200 and 20% earned income disregard, the claimant had [REDACTED] in net earned income which resulted in a deficit of \$16 per month.

Therefore, the department has established that it was acting in compliance with department policy by determining that the claimant was only eligible for \$16 in SDA benefits based on his earned income provided. The claimant failed to provide the department with his earned income, as is required by policy.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides that the department appropriately determined the claimant's eligibility for SDA benefits based on earned income.

Accordingly, the department's decision is **AFFIRMED**.

/s/ \_\_\_\_\_  
Carmen G. Fahie  
Administrative Law Judge  
for Ismael Ahmed, Director  
Department of Human Services

Date Signed: October 27, 2009

Date Mailed: October 27, 2009

**NOTICE:** Administrative Hearings may order a rehearing or reconsideration on either its own motion or at the request of a party within 30 days of the mailing date of this Decision and Order. Administrative Hearings will not order a rehearing or reconsideration on the Department's motion where the final decision cannot be implemented within 90 days of the filing of the original request.

The Claimant may appeal the Decision and Order to Circuit Court within 30 days of the mailing of the Decision and Order or, if a timely request for rehearing was made, within 30 days of the receipt date of the rehearing decision.

CGF/vmc

cc:

