

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: 2009-17384

Issue No: 3002

Case No: [REDACTED]

Load No: [REDACTED]

Hearing Date:

June 16, 2009

Ingham 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, an in-person hearing was held on June 16, 2009. The claimant personally appeared and testified on his own behalf.

ISSUE

Did the department properly determine the claimant's Food Assistance Program (FAP) benefits?

FINDINGS OF FACT

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

- (1) Claimant was a recipient of FAP benefits with an eligibility review.
- (2) The claimant received [REDACTED] in [REDACTED]

[REDACTED]).

(3) On March 4, 2009, the department caseworker calculated the claimant's continued eligibility for FAP benefits based on his [REDACTED] (Department Exhibit A-B):

- A standard [REDACTED] deduction was subtracted, leaving [REDACTED] in adjusted gross income for FAP purposes.
- The claimant's shelter cost was [REDACTED], which included rent of [REDACTED] and heating/cooling/utilities (including telephone) of [REDACTED].
- The claimant was given an excess shelter deduction of [REDACTED], which was determined by subtracting 50% of adjusted gross income of [REDACTED], from his total shelter cost of [REDACTED].
- The claimant's net income of [REDACTED] was determined by subtracting his excess shelter deduction of [REDACTED] from his adjusted gross of [REDACTED].
- A one person household with [REDACTED] in net income is eligible for a [REDACTED] FAP allotment.

(4) Due to the increase in the claimant's [REDACTED], the claimant received a reduction in FAP benefits from [REDACTED] to [REDACTED] per month.

(5) On March 4, 2009, the department caseworker changed the amount of FAP benefits received by the claimant and sent the claimant a notice that effective March 16, 2009, the claimant's FAP benefits would be [REDACTED] per month.

(6) On March 17, 2009, the department received a hearing request from the claimant, contesting the department's negative action.

#### CONCLUSIONS OF LAW

The Food Assistance Program (FAP) (formerly known as the Food Stamp (FS) program) is established by the Food Stamp Act of 1977, as amended, and is implemented by the federal regulations contained in Title 7 of the Code of Federal Regulations (CFR). The Department of Human Services (DHS or department) administers the FAP program pursuant to MCL 400.10, *et*

*seq.*, and MAC R 400.3001-3015. 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 caseworkers:

## **INCOME**

### **DEPARTMENT POLICY**

#### **All Programs**

The group composition and program budgeting items specify whose income to count. The program budgeting items might also contain program-specific income deductions or disregards.

Income means benefits or payments measured in money. It includes money a person owns even if NOT paid directly such as stock dividends automatically reinvested and income paid to a representative.

Earned income means income received from another person or organization or from self-employment for duties that were performed for remuneration or profit. Unearned income means all income that is NOT earned income. The item specifies whether the income is earned or unearned.

The amount of income counted may be more than the amount a person actually receives, because it is the amount before any deductions including deductions for taxes and garnishments. The amount before any deductions is called the **gross** amount. PEM, Item 500, p. 1.

**Exception:** The amount of self-employment income before any deductions is called **total proceeds**. The **gross** amount of self-employment income means the amount after deducting allowable expenses from total proceeds, but before any other deductions. PEM, Item 500, p. 1.

Income remaining after applying the policy in this item is called **countable**.

Count all income that is NOT specifically excluded. PEM, Item 500, 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.

## **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.

### **Standard Monthly Amount**

#### **Stable and Fluctuating Income**

A standard monthly amount must be determined for each income source used in the budget.

Convert stable and fluctuating income that is received more often than monthly to a standard monthly amount. Use one of the following methods:

- . Multiply weekly income by 4.3.
- . Multiply amounts received every two weeks by 2.15.
- . Add amounts received twice a month.

This conversion takes into account fluctuations due to the number of scheduled pays in a month.

***Exception:*** Do not convert income for the month income starts or stops if a full month's income is not expected in that month. Use actual income received or income expected to be received in these months. PEM, Item 505, p. 7.

## **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.

When determining eligibility for FAP benefits, the household total income must be evaluated. All unearned income of each household member must be included unless specifically excluded. RSDI benefits are not excluded and must be counted in determining FAP eligibility. PEM Item 500.

The department in calculating the budget utilized the written verification of the claimant's [REDACTED]. After subtracting the standard [REDACTED] deduction, the claimant's adjusted gross income was [REDACTED]. In addition, the claimant received an excess shelter deduction of [REDACTED]. As a result, the claimant's net income was determined to be [REDACTED].

The department in compliance with federal regulations has prepared the appropriate Food Assistance Table located PRM, Tables, Charts and Schedules 260, which indicates that a one person benefit group with a net income of [REDACTED] is entitled to receive a FAP allotment of [REDACTED] per month (7 CFR 273.10).

In this case, the Administrative Law Judge has reviewed the FAP budget and finds that the department properly completed the claimant's net income and properly determined the claimant's FAP allotment of [REDACTED].

#### DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides that the department properly determined that the claimant's allotment should be [REDACTED] per month in FAP benefits.

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

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

Date Signed: June 23, 2009

Date Mailed: June 23, 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 60 days of the filing of the original request.

The Claimant may appeal the Decision and Order to Circuit Court within 30 days of the receipt 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/db

cc:

