

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.: 2010-21592

Issue No.: 3003

Case No.: [REDACTED]

Load No.: [REDACTED]

Hearing Date:

March 24, 2010

Macomb County DHS (20)

ADMINISTRATIVE LAW JUDGE: Christian Gardocki

HEARING DECISION

This matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9 and MCL 400.37 upon the Claimant's request for a hearing. After due notice, a telephone hearing was conducted from Detroit, Michigan on March 10, 2010. The Claimant appeared and testified. On behalf of Department of Human Services (DHS), [REDACTED], Specialist, appeared and testified.

ISSUE

Whether DHS properly calculated Claimant's Food Assistance Program (FAP) benefits effective 1/2010.

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 applied for FAP on 1/21/10.
2. DHS requested proof of Claimant's shelter expense.

3. On 1/26/10, Claimant timely submitted a form regarding an obligation for a home equity loan.
4. Claimant's form did not specifically identify an obligation for a home equity loan.
5. DHS processed Claimant's FAP benefits without giving Claimant a home equity loan obligation.
6. DHS informed Claimant of the problem with her document and why it was insufficient to verify the home equity loan obligation.
7. Claimant's unemployment compensation was verified as biweekly amounts of \$190.65 (12/28/09) and \$211.07 (1/11/10).
8. Claimant's twice per month employment income was verified as \$456.65 (1/15/10) and \$538.42 (12/31/09)
9. DHS calculated Claimant's monthly FAP benefit to be \$16/month
10. Claimant submitted a hearing request on 2/5/10 regarding absence of a credit for a home equity loan expense in calculation of her FAP benefits.

#### CONCLUSIONS OF LAW

The Food Assistance Program, 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"). DHS, formally known as the Family Independence Agency, administers the FAP program pursuant to MCL 400.10, *et seq* and MAC R 400.3001-3015. Departmental policies are found in the Bridges Administrative Manual ("BAM"), the Bridges Eligibility Manual ("BEM"), and the Reference Tables ("RFT").

Claimant's primary concern was whether DHS properly denied Claimant a home equity loan obligation based on Claimant's submitted verification. The form Claimant submitted had a transaction history but it did not, on its face, identify any home equity obligation. The form did not indicate an address or even clearly identify a specific amount of obligation. It is found that DHS correctly denied Claimant's shelter expense credit. Claimant has since sufficiently verified the home equity obligation.

Claimant submitted twice per month pay stubs to verify her employment income. The 12/31/09 stub verified a gross payment amount of \$538.42. The 1/15/10 stub verified a gross payment of \$456.65. The checks are added together to calculate a monthly employment income of \$995 (cents dropped).

DHS used a UC database to verify Claimant's UC income. Claimant's 12/28/09 UC payment amount was \$190.65. Claimant's 1/11/10 UC payment was \$211.07. The average check was multiplied by 2.15 to convert the income into a full month resulting in a monthly gross income of \$431 (cents dropped).

BEM 556 requires calculating FAP benefits based on 80% of a client's earned income. That total, dropping cents, is \$796 ( $\$1096 \times .8$ ). BEM 556 also requires a standard deduction based on Claimant's FAP group size (2 persons) of \$132. Adding the unearned income (\$431) to 80% of the employment income (\$995) results in an amount of \$1426. Subtracting the standard deduction from \$1426 creates an adjusted gross income of \$1294.

Claimant's housing expense is \$0 due to the failure to adequately verify the home equity obligation. By paying heat, Claimant receives the maximum \$555 utility standard expense. Claimant's total shelter expenses are calculated by adding her housing expenses credit with utility expenses. Claimant's total shelter expense is \$555.

Claimant's excess shelter amount is \$0; the difference between Claimant's housing costs (\$555) and half of Claimant's adjusted gross income (\$647). In Claimant's circumstances, the excess shelter amount (\$237) is less than the shelter maximum deduction of \$459.

The lesser of the excess shelter costs or maximum shelter deduction is to be subtracted from Claimant's adjusted gross income to determine Claimant's net income. In the present case, Claimant's net income is \$1294. Per RFT 255 the correct amount of FAP benefits for a group of 1 with a net income of \$1294 is \$16 per month.

The above calculations do not perfectly match the DHS submitted budgets. However, because the FAP benefit is unchanged, any error is harmless error to Claimant. Claimant is not prevented from disputing her FAP benefits in future months where the benefit would be affected though the error may be due to the above calculation lacking information known to DHS but not provided at the hearing.

It should be noted that DHS now automatically updates FAP benefits based on payments of unemployment compensation. For those DHS clients that receive under-employment benefits, automatic UC updates will often unfairly reduce FAP benefits unless employment income is also updated. The burden of reporting and verifying employment income is not automatic; thus, it is in a client's best interest to report and verify changes in employment income if under-employment income changes.

DECISION AND ORDER

The actions taken by DHS are AFFIRMED. The Administrative Law Judge, based upon the above findings of fact and conclusions of law, finds that DHS properly calculated Claimant's FAP case.

*Christian Gardocki*

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Christian Gardocki  
Administrative Law Judge  
for Ismael Ahmed, Director  
Department of Human Services

Date Signed: 4/8/2010

Date Mailed: 4/8/2010

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.

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