

STATE OF MICHIGAN  
STATE OFFICE OF ADMINISTRATIVE HEARINGS AND RULES  
ADMINISTRATIVE HEARINGS FOR THE  
DEPARTMENT OF HUMAN SERVICES

IN THE MATTER OF:

[REDACTED]

Reg. No: 201118938  
Issue No: 2001, 3015  
Case No: [REDACTED]  
Hearing Date:  
March 16, 2011  
Kalamazoo County DHS

**ADMINISTRATIVE LAW JUDGE:** Suzanne D. Sonneborn

**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 March 16, 2011. The claimant, [REDACTED] appeared and provided testimony.

**ISSUES**

1. Did the department properly reduce Claimant's Food Assistance Program (FAP) benefits due to a change in his net earned income amount?
2. Did the department properly discontinue Claimant's Adult Medical Program (AMP) benefits due to excess 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. Claimant was a recipient of FAP and AMP benefits at all times pertinent to this hearing.
2. On January 24, 2011, Claimant provided the department with a Verification of Employment (DHS 38) from his employer, as well as weekly pay stubs from November 11, 2010 through December 29, 2010. (Department Exhibits 1-10).

3. On January 28, 2011, the department mailed Claimant a Notice of Case Action (DHS 1605) advising him that, effective March 1, 2011, his FAP benefits would be reduced from \$ [REDACTED] per month to \$ [REDACTED] per month for the reason that his net earned income amount had changed. The Notice of Case Action also advised Claimant that, effective March 1, 2011, his AMP benefits would be discontinued for the reason that his income exceeded the limit for the program. (Department Exhibits 11-16, 17-22, 24).
4. On February 1, 2011, Claimant requested a hearing contesting the department's reduction of his FAP benefits and the discontinuation of his AMP benefits.

### **CONCLUSIONS OF LAW**

The regulations governing the hearing and a appeal process for applicants and recipients of public assistance in Michigan are found in the Michigan Administrative Code, MAC R 400.901-400.951. An opportunity for a hearing shall be granted to an applicant who requests a hearing because his claim for assistance is denied. MAC R 400.903(1)

Clients have the right to contest a department decision affecting eligibility for benefit levels whenever it is believed that the decision is incorrect. BAM 600. The department will provide an administrative hearing to review the decision and determine the appropriateness of that decision. BAM 600.

The Food Assistance Program (FAP) was established pursuant to 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 400.30001-3015. The Adult Medical Program (AMP) was established by Title XXI of the Social Security Act; (1115)(a)(1) of the Social Security Act, and is also administered by the department pursuant to MCL 400.10, *et seq.* Department policies for both programs are contained in the Bridges Administrative Manual (BAM), the Bridges Eligibility Manual (BEM), the Bridges Reference Manual (BRM), and the Reference Tables Manual (RFT).

For FAP purposes, all earned and unearned income available to Claimant is countable. Earned income means income received from another person or organization or from self-employment for duties that were performed for compensation or profit. Unearned income means all income that is not earned, including but not limited to funds received from the Family Independence Program (FIP), State Disability Assistance (SDA), Child Development and Care (CDC), Medicaid (MA), Social Security Benefits (RSDI/SSI), Veterans Administration (VA), Unemployment Compensation Benefits (UCB), Adult Medical Program (AMP), alimony, and child support payments. The amount counted may be more than the client actually receives because the gross amount is used prior to any deductions. BEM 500.

The department determines a client's eligibility for program benefits based on the client's actual income and/or prospective income. Actual income is income that was already received. Prospective income is income not yet received but expected. Prospective budgeting is the best estimate of the client's future income. BEM 505.

All income is converted to a standard monthly amount. If the client is paid weekly, the department multiplies the average weekly amount by 4.3. If the client is paid every other week, the department multiplies the average bi-weekly amount by 2.15. BEM 505.

In this case, Claimant provided the department with employment verification information in January 2011 that reflected, among other things, his receipt of monthly earned income in the amount of \$ [REDACTED]. Claimant was being paid weekly, and the department determined this amount by multiplying the average weekly gross income of \$ [REDACTED], \$ [REDACTED], and \$ [REDACTED] that Claimant earned on December 9, 2010, December 16, 2010, December 23, 2010, and December 29, 2010, respectively, by a 4.3 conversion factor in accordance with the applicable department policy. Therefore, Claimant received a total monthly income of \$ [REDACTED] which was reduced by a 20% earned income deduction of \$ [REDACTED] and a standard deduction of \$ [REDACTED] which left an adjusted gross income of \$ [REDACTED]. An excess shelter deduction of \$ [REDACTED] was also subtracted from Claimant's adjusted gross income of \$ [REDACTED] resulting in a monthly net income total of \$ [REDACTED].

The maximum monthly benefit amount to which a claimant with a group size of one with a monthly net income of \$ [REDACTED] is entitled is \$ [REDACTED] RFT 260. Accordingly, the department properly determined that Claimant's monthly FAP benefits should be reduced to \$ [REDACTED] for the time period in question.

For AMP purposes, Department policy provides that income eligibility exists when the program group's net income does not exceed the program group's AMP income limit. BEM 640. The AMP income limits may be found in RFT 236. The department must use only available income. Available income means income which is received or can reasonably be anticipated. Available income includes amounts garnished from income, joint income, and income received on behalf of a person by his representative. BEM 640. The department averages income received in one month which is intended to cover several months by dividing the income by the number of months it covers to determine the monthly available income. The average amount is considered available in each of the months. When determining income from the past month, the department must use the amount actually received in the past month. BEM 640.

For the individual income deduction, \$ [REDACTED] is deducted from a program group member's gross earnings. An additional 20% is then deducted from the person's remaining gross earnings. The total disregard cannot exceed the person's gross earnings. BEM 640.

In this case, based on the employment verification information that Claimant provided to the department, the department determined that Claimant's actual income for the month of December 2010 was \$ [REDACTED]. In order to determine Claimant's net income, the department subtracted \$ [REDACTED] from his actual income leaving \$ [REDACTED]. The \$ [REDACTED] was then multiplied by 20% for \$ [REDACTED]. The \$ [REDACTED] individual income deduction and the additional 20% deduction of \$138.20, resulted in a combined earned income deduction of \$ [REDACTED]. The earned income deduction of \$ [REDACTED] was then subtracted from Claimant's actual income of \$ [REDACTED] resulting in net earned income of \$ [REDACTED] for the month of December, 2010.

A claimant with a group size of one has a maximum income limit of \$ [REDACTED] RFT 236. Because Claimant's net income of \$ [REDACTED] exceeded the allowable AMP monthly income limit of \$ [REDACTED] the department properly determined that Claimant was not entitled to AMP benefits for the time period in question.

The Administrative Law Judge finds that, based on the material and substantial evidence presented during the hearing, the department acted in accordance with policy in reducing Claimant's FAP benefits due to a change in his net earned income amount and in discontinuing Claimant's AMP benefits due to excess income.

#### DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, decides that the department acted in accordance with policy in reducing Claimant's FAP benefits due to a change in his net earned income amount and in discontinuing Claimant's AMP benefits due to excess income.

The department's actions are AFFIRMED. It is SO ORDERED.

\_\_\_\_/s/\_\_\_\_

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Suzanne D. Sonneborn  
Administrative Law Judge  
for Maura D. Corrigan, Director  
Department of Human Services

Date Signed: March 17, 2011

Date Mailed: March 18, 2011

**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.

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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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