

**STATE OF MICHIGAN
MICHIGAN ADMINISTRATIVE HEARING SYSTEM
ADMINISTRATIVE HEARINGS FOR THE
DEPARTMENT OF HUMAN SERVICES**

IN THE MATTER OF:

[REDACTED]

Reg. No.: 201247221
Issue No.: 2006, 3008
Case No.: [REDACTED]
Hearing Date: June 11, 2012
County: Wayne DHS (17)

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 following Claimant's request for a hearing. After due notice, a telephone hearing was held on June 11, 2012 from Detroit, Michigan. Participants included the above named claimant. Participants on behalf of Department of Human Services (DHS) included [REDACTED], Specialist, and [REDACTED], Manager.

ISSUE

The issue is whether DHS properly denied Claimant's application for Food Assistance Program (FAP), Family Independence Program (FIP) and Medical Assistance (MA) benefits due to an alleged failure by Claimant to submit verifications.

FINDINGS OF FACT

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

1. On 2/12/12, Claimant applied for FAP, FIP and MA benefits.
2. On 3/22/12, DHS mailed Claimant a Verification Checklist requesting the return of multiple verifications.
3. The requested information was to be returned to DHS by 4/2/12.
4. On an unspecified date, prior to 4/2/12, Claimant submitted all requested information.

5. On 4/4/12, DHS denied Claimant's application for FAP, FIP and MA benefits due to an alleged failure by Claimant to verify: self-employment income for his spouse, checking account information, shelter amount, proof of citizenship for his spouse and the value of vehicles.
6. On 4/10/12 Claimant requested a hearing to dispute the FAP, FIP and MA program denials.

CONCLUSIONS OF LAW

The Food Assistance Program (formerly known as the Food Stamp 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 administers the FAP pursuant to Michigan Compiled Laws 400.10, *et seq.*, and Michigan Administrative Code R 400.3001-3015. DHS regulations are found in the Bridges Administrative Manual (BAM), the Bridges Eligibility Manual (BEM) and the Reference Tables Manual (RFT). Updates to DHS regulations are found in the Bridges Policy Bulletin (BPB).

A request for program benefits begins with the filing of a DHS-1171 or other acceptable form. BAM 110 at 1. Before processing an application, DHS may require a client to verify information within their application. Verification is usually required at application. BAM 130 at 1. DHS must give clients at least ten days to submit verifications. *Id.* Verification means documentation or other evidence to establish the accuracy of the client's verbal or written statements. *Id.* DHS must tell the client what verification is required, how to obtain it, and the due date. *Id.* at 2. DHS is to use the DHS-3503, Verification Checklist (VCL) to request verification. *Id.* at 3.

DHS testified that Claimant's application requesting FAP, FIP and MA benefits dated 2/12/12 was denied due to an alleged failure by Claimant to verify the following: stopped self-employment income for Claimant's spouse, checking account information for Claimant's spouse, citizenship of Claimant's spouse, shelter information and vehicle value. DHS contended that Claimant's failure to verify any of the above items justified the application denial.

During the hearing, DHS discovered a Shelter Verification, birth certificate and a recent checking account statement for Claimant's spouse; all were found in Claimant's case file. It is irrelevant whether DHS had the verifications before or after requesting them. DHS cannot deny an application for a failure to verify information when DHS possessed documents verifying the information. For each of these items, DHS had no basis to deny Claimant's application.

DHS also denied the application due to an alleged failure by Claimant to verify that his spouse's self-employment income stopped. DHS is to verify income at application and at redetermination. BEM 505 at 11. DHS is to verify income that stopped within the 30

days prior to the application date or while the application is pending before certifying the group. *Id.*

DHS stated that Claimant's spouse must have had self-employment income in 2011 because the income was listed on a tax return. DHS provided no other basis to justify the request. DHS contended that the stopped self-employment income had to be verified as stopped for the application dated 2/12/12. DHS failed to establish why Claimant's spouse's self-employment had to be verified as stopped if there was nothing to verify that the income was received in the 30 days prior to the application date. It is found that DHS had no basis to verify income that stopped more than 30 days prior to the application date.

Lastly DHS contended that Claimant failed to report vehicle ownership. DHS alleged that Claimant reported owning one vehicle, but a Secretary of State report revealed other vehicles were licensed to Claimant. Vehicle value is not relevant to a FIP or FIP-related MA benefit determination. Claimant presumably was eligible for FIP-related MA benefits as a caretaker of children. Thus, DHS erred in denying FIP and FIP-related MA benefits on the basis of failing to verify vehicle values.

Vehicles are relevant to a FAP and SSI-related MA benefit determination. BEM 400 at 27. To determine value of the vehicle, DHS is to use Kelley Blue Book at (www.kbb.com) or NADA Book at (www.nadaguides.com) wholesale (trade-in) value. BEM 400 at 46.

In the present case, DHS requested Claimant provide the value of his vehicles and denied Claimant's application when the values were not verified. The request by DHS was again inappropriate. DHS should have used Kelley or NADA as required by their policy to determine the value of Claimant's vehicles rather relying on Claimant supplying the values. Whether Claimant reported the vehicles on the application is not relevant. If DHS uncovered that Claimant owned vehicles, it remained DHS' responsibility, not Claimant's, to determine the value of the vehicles.

DHS supplied five different reasons for denying Claimant's application dated 2/12/12. Each of the DHS supplied reasons was faulty. Accordingly, it is found that DHS improperly denied Claimant's application for FAP, FIP and MA benefits dated 2/12/12.

DECISION AND ORDER

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, finds that DHS improperly denied Claimant's application for FAP, FIP and MA benefits. It is ordered that DHS:

- (1) reinstate Claimant's application for FAP, FIP and MA benefits dated 2/12/12;
- (2) process Claimant's application subject to the findings that Claimant already verified citizenship and checking account information and that DHS had no basis to verify stopped self-employment income and vehicle value.

(3) supplement Claimant for any FAP, FIP and MA benefits not received as a result of the improper FAP, FIP and MA denials

The actions taken by DHS are REVERSED.



Christian Gardocki
Administrative Law Judge
for Maura Corrigan, Director
Department of Human Services

Date Signed: June 22, 2012

Date Mailed: June 22, 2012

NOTICE: Michigan Administrative Hearing System (MAHS) 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. MAHS 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. (60 days for FAP cases).

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.

Claimant may request a rehearing or reconsideration for the following reasons:

- A rehearing **MAY** be granted if there is newly discovered evidence that could affect the outcome of the original hearing decision.
- A reconsideration **MAY** be granted for any of the following reasons:
 - misapplication of manual policy or law in the hearing decision,
 - typographical errors, mathematical error, or other obvious errors in the hearing decision that effect the substantial rights of the claimant:
 - the failure of the ALJ to address other relevant issues in the hearing decision.

Request must be submitted through the local DHS office or directly to MAHS by mail to:

Michigan Administrative Hearings
Reconsideration/Rehearing Request
P. O. Box 30639
Lansing, Michigan 48909-07322

CG/hw

CC:

[REDACTED]