

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

**IN THE MATTER OF:**

[REDACTED]

Reg. No.: 14-011965  
Issue No.: 6002  
Case No.: [REDACTED]  
Hearing Date: December 04, 2014  
County: Kent-District 1

**ADMINISTRATIVE LAW JUDGE:** Kevin Scully

**HEARING DECISION**

Following Claimant's request for a hearing, this matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9 and 400.37; 7 CFR 273.15 to 273.18; 42 CFR 431.200 to 431.250; 45 CFR 99.1 to 99.33; and 45 CFR 205.10. After due notice, a telephone hearing was held on December 4, 2014, from Lansing, Michigan. Participants on behalf of Claimant included [REDACTED] and [REDACTED]. Participants on behalf of the Department of Human Services (Department) included [REDACTED], [REDACTED], [REDACTED] and [REDACTED].

**ISSUE**

Did the Department properly close the Claimant's Child Development and Care (CDC) benefits?

**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 May 4, 2014, the Claimant applied for Child Development and Care (CDC) benefits.
2. On May 16, 2014, the Department sent the Claimant a Self-employment Income and Expenses Statement (DHS-431) and the Claimant returned this form reporting expenses but no income.
3. On July 11, 2014, the Department referred the Claimant's application for a Front End Eligibility (FEE) investigation because it involved self-employment income.
4. On July 16, 2014, the Department sent the Claimant a Verification Checklist (DHS-3503).
5. On August 27, 2014, the Department notified the Claimant that it had denied her application for Child Development and Care (CDC) benefits.
6. On September 11, 2014, the Department received the Claimant's request for a hearing protesting the closure of her Child Development and Care (CDC) benefits.

## CONCLUSIONS OF LAW

Department policies are contained in the Department of Human Services Bridges Administrative Manual (BAM), Department of Human Services Bridges Eligibility Manual (BEM), Department of Human Services Reference Tables Manual (RFT), and Department of Human Services Emergency Relief Manual (ERM).

The Child Development and Care (CDC) program is established by Titles IVA, IVE and XX of the Social Security Act, 42 USC 601-619, 670-679c, and 1397-1397m-5; the Child Care and Development Block Grant of 1990, PL 101-508, 42 USC 9858 to 9858q; and the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, PL 104-193. The program is implemented by 45 CFR 98.1-99.33. The Department administers the program pursuant to MCL 400.10 and provides services to adults and children pursuant to MCL 400.14(1) and Mich Admin Code, R 400.5001-.5020.

Clients must cooperate with the local office in determining initial and ongoing eligibility and this includes the completion of necessary forms. Department of Human Services Bridges Assistance Manual (BAM) 105 (April 1, 2014), p 5.

Verification means documentation or other evidence to establish the accuracy of the client's verbal or written statements. Verification is usually required at application/redetermination and for a reported change affecting eligibility or benefit level when it is required by policy, required as a local office option, or information regarding an eligibility factor is unclear, inconsistent, incomplete, or contradictory. The Department uses documents, collateral contacts, or home calls to verify information. A collateral contact is a direct contact with a person, organization, or agency to verify information from the client. When documentation is not available, or clarification is needed, collateral contact may be necessary. Department of Human Services Bridges Assistance Manual (BAM) 130 (July 1, 2014), pp 1-9.

The Department will sent a negative action when:

- The client indicates refusal to provide a verification, or
- The time period given has elapsed and the client has not made a reasonable effort to provide it. Department of Human Services Bridges Administrative Manual (BAM) 130 (April 1, 2014).

On May 4, 2014, the Claimant applied for Child Development and Care (CDC) benefits. On May 16, 2014, the Department sent the Claimant a Self-employment Income and Expenses Statement (DHS-431). The Claimant completed and returned this form to the Department reporting business expenses but no income. On July 11, 2014, the Department referred the Claimant for a Front End Eligibility (FEE) investigation because her case involved self-employment income and expenses that may not have been sufficiently verified.

The results of the FEE investigation were submitted as evidence and were admitted into the hearing record as a routine business record. A Department investigator had been unable to contact the Claimant directly and left several phone messages. The FEE investigation report indicates that on July 8, 2014, the Department sent the Claimant a Verification Checklist (DHS-3503) requesting a detailed financial statement of the Claimant's self-employment income and expenses, a copy of the federal income tax statements of the Claimant and her spouse, a copy

of any assets held in trust, and medical records confirming that the Claimant's husband is unable to care for the Claimant's children.

The Verification Checklist (DHS-3503) form sent on July 16, 2014, was submitted as evidence. The form requests that the Claimant "Bring/send records for all assets that you have," "Bring/send records of all income that you have," and "Please bring in proof of ALL requested items." The evidence presented on the record does not support a finding that the Department provided the Claimant with any additional instructions concerning verification of her eligibility for benefits, and the FEE investigation confirms that the investigator was unable to contact the Claimant by telephone.

On August 27, 2014, the Department determined that the Claimant had not provided sufficient verification in response to the July 16, 2014, Verification Checklist (DHS-3503). As a result, the Department notified the Claimant on July 27, 2014, that it had denied her Child Development and Care (CDC) application.

This Administrative Law Judge finds that the July 16, 2014, Verification Checklist (DHS-3503) provides insufficient instructions to the Claimant for her to provide the information listed in the FEE investigation report. The Claimant provided the Department with basic information concerning self-employment income and the balance of her bank account with her income tax return and an account balance report from her bank. Based on the evidence and testimony available during the hearing, this Administrative Law Judge finds that the Claimant made a reasonable attempt to provide the Department with the information necessary to determine her eligibility for the Child Development and Care (CDC) program.

The Administrative Law Judge, based on the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, finds that the Department did not act in accordance with Department policy when it denied the Claimant's Child Development and Care (CDC) application. This Administrative Law Judge finds that it is not necessary to make a finding of whether the Claimant's husband had a verified need for Child Development and Care (CDC) benefits since that can be determined while re-processing her May 4, 2014, application.


### **DECISION AND ORDER**

Accordingly, the Department's decision is **REVERSED**.

THE DEPARTMENT IS ORDERED TO BEGIN DOING THE FOLLOWING, IN ACCORDANCE WITH DEPARTMENT POLICY AND CONSISTENT WITH THIS HEARING DECISION, WITHIN 10 DAYS OF THE DATE OF MAILING OF THIS DECISION AND ORDER:

1. Reprocess the Claimant's May 4, 2014, application for Child Development and Care (CDC) benefit and initiate a determination of her eligibility for Child Development and Care (CDC) benefits.
2. Provide the Claimant with a Notice of Case Action (DHS-1605) describing the Department's revised eligibility determination.

3. Issue the Claimant any retroactive benefits she may be eligible to receive, if any.

  
Kevin Scully  
Administrative Law Judge  
for Maura Corrigan, Director  
Department of Human Services

Date Signed: **12/8/2014**

Date Mailed: **12/8/2014**

KS/las

**NOTICE OF APPEAL:** A party may appeal this Hearing Decision in the circuit court in the county in which he/she resides, or the circuit court in Ingham County, within 30 days of the receipt date.

A party may request a rehearing or reconsideration of this Hearing Decision from the Michigan Administrative Hearing System (MAHS) within 30 days of the mailing date of this Hearing Decision, or MAHS may order a rehearing or reconsideration on its own motion.

MAHS may grant a party's Request for Rehearing or Reconsideration when one of the following exists:

- Newly discovered evidence that existed at the time of the original hearing that could affect the outcome of the original hearing decision;
- Misapplication of manual policy or law in the hearing decision which led to a wrong conclusion;
- Typographical, mathematical or other obvious error in the hearing decision that affects the rights of the client;
- Failure of the ALJ to address in the hearing decision relevant issues raised in the hearing request.

The party requesting a rehearing or reconsideration must specify all reasons for the request. MAHS will not review any response to a request for rehearing/reconsideration. A request must be *received* in MAHS within 30 days of the date this Hearing Decision is mailed.

A written request may be faxed or mailed to MAHS. If submitted by fax, the written request must be faxed to (517) 335-6088 and be labeled as follows:

Attention: MAHS Rehearing/Reconsideration Request

If submitted by mail, the written request must be addressed as follows:

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

cc:

