



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
MICHIGAN ADMINISTRATIVE HEARING SYSTEM
Christopher Seppanen
Executive Director

SHELLY EDGERTON
DIRECTOR

[REDACTED]

Date Mailed: July 12, 2016
MAHS Docket No.: 16-005961
Agency No.: [REDACTED]
Petitioner: [REDACTED]

ADMINISTRATIVE LAW JUDGE: Christian Gardocki

HEARING DECISION

Following Petitioner'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; and Mich Admin Code, R 792.11002. After due notice, a telephone hearing was held on June 13, 2016, from Detroit, Michigan. Petitioner appeared and was unrepresented. The Michigan Department of Health and Human Services (MDHHS) was represented by [REDACTED], hearing facilitator.

ISSUE

The issue is whether MDHHS properly denied two of Petitioner's State Emergency Relief (SER) applications.

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 [REDACTED], Petitioner applied for SER seeking assistance with a rent arrearage.
2. Petitioner's rent amount was \$775/month and no utilities were included with the rent obligation.
3. Petitioner's net income as of [REDACTED], was \$622.68.
4. On [REDACTED], MDHHS denied Petitioner's SER application due to Petitioner's rent not being affordable.

5. On [REDACTED], Petitioner again applied for SER seeking assistance with a rent arrearage.
6. On [REDACTED], MDHHS again denied Petitioner's SER application due to Petitioner's rent not being affordable.
7. On [REDACTED] Petitioner requested a hearing to dispute the SER application denials.

CONCLUSIONS OF LAW

The State Emergency Relief (SER) program is established by the Social Welfare Act, MCL 400.1-119b. The SER program is administered by MDHHS (formerly known as the Family Independence Agency) pursuant to MCL 400.10 and Mich Admin Code, R 400.7001 through R 400.7049. MDHHS policies are contained in the Services Emergency Relief Manual (ERM).

Petitioner requested a hearing to dispute a denial of two different SER applications. Both applications requested assistance with rent arrearage. MDHHS presented corresponding State Emergency Relief Decision Notices dated [REDACTED] (Exhibit 1, pp. 1-2) and [REDACTED] (Exhibit 1, pp. 3-4). Both notices stated Petitioner's SER applications were denied due to Petitioner being unable to afford her rent.

Housing affordability is a condition of eligibility for SER and applies to Relocation Services. ERM 207 (October 2015), p. 1. Relocation services including assistance for a rent arrearage (see ERM 303).

[MDHHS is to] authorize SER for services only if the SER group has sufficient income to meet ongoing housing expenses. *Id.* An SER group that cannot afford to pay their ongoing housing costs plus any utility obligations will not be able to retain their housing, even if SER is authorized. *Id.* [MDHHS is to] deny SER if the group does not have sufficient income to meet their total housing obligation. *Id.*

The total housing obligation cannot exceed 75 percent of the group's total net countable income [if no utilities are included in the rent obligation]. *Id.* The percentage increases up to 100 percent, depending on which utilities are included in the client's housing obligation (see *Id.*, p. 3). Petitioner testified that no utilities were included with her rent; thus, her rent is only affordable if 75% of her total net countable income equals or exceeds her rent obligation.

Petitioner testified she sought SER for a rent obligation of \$775. Petitioner's testimony concerning rent obligation was not disputed.

MDHHS calculated Petitioner's income to be \$622.68. Presented evidence concerning Petitioner's income was not stellar.

During the hearing, MDHHS checked Petitioner's case to determine which pay stubs were factored in the SER income determination. MDHHS testimony indicated Petitioner's most recent income submission before her SER application dates was on [REDACTED]. MDHHS testified Petitioner submitted a weekly pay check for a gross amount of \$105.75 from one job, and a pay check for one work day for a gross amount of \$61.25 from a different job.

Bridges establishes the SER countable income period and determines the SER group's net countable income based on the application date and entry of income information in the data collection screens. ERM 206 (October 2013), p. 1. The SER budget computation period is 30 days. This is referred to as the countable income period. The first day of the countable income period is the date the local office receives a signed application for SER. [MDHHS is to] verify and budget all [non-excluded] gross income the SER group expects to receive during the countable income period. Expenses of employment are limited to the following... mandatory withholding taxes (25 percent of the gross)... *Id.*, p. 5.

MDHHS appeared to multiply each of Petitioner's pay stubs by 4 to convert the weekly income into a monthly period. MDHHS appeared to multiply that amount by .75 to convert the gross income into a net income. Finally, MDHHS appeared to multiply the net income by .75 to account for the lack of utilities included with Petitioner's rent obligation. The MDHHS calculation appears to be correct and compliant with policy.

Petitioner testified she submitted more pay stubs than indicated by MDHHS. Petitioner did not bring any of the allegedly submitted pay stubs to the hearing. MDHHS did not verify their testimony either, though it was supported with slightly better details than Petitioner's testimony. Based on presented evidence, it is found that Petitioner's most recent income submission occurred on [REDACTED].

Petitioner reported having several different jobs around the times she applied for SER. Petitioner's testimony eventually conceded she had only one job as of the dates of her SER application submissions. Petitioner testified her pay stub for \$61.25 represented only her first day of work for that job. Petitioner testified she worked up to 60 hours per week for that job. Petitioner testimony implied she reported her hourly wages to MDHHS in her SER application. Petitioner testimony contended MDHHS should have requested verification of her employment changes.

Clients must be informed of all verifications that are required and where to return verifications. ERM 103 (October 2015), p. 6. [MDHHS is to] use the DHS-3503, SER Verification Checklist, to request verification and to notify the client of the due date for returning the verifications. *Id.* The due date is eight calendar days beginning with the date of application. *Id.* If the application is not processed on the application date, the

deadline to return verification is eight calendar days from the date verification is requested. *Id.*

If Petitioner's testimony concerning a reported change in income is accepted as accurate, it could be found that MDHHS erred by not requesting verification of Petitioner's income. The dispute could have been resolved by submission of Petitioner's SER applications. It is tempting to find against MDHHS for being unable to access Petitioner's SER applications during the hearing (due to the lack of computer in the hearing room). Ultimately, Petitioner's testimony was more problematic than MDHHS' inability to access the SER applications during the hearing.

Among Petitioner's dissatisfactions expressed in her hearing request was having to repeatedly submit check stubs. Petitioner's subsequent complaint that MDHHS should have requested further check stubs seems insincere when factored with her hearing request complaint of having to submit too many check stubs. It is found MDHHS did not err by requesting income information from Petitioner.

It is found that MDHHS properly determined Petitioner's reported income for purposes of SER eligibility. It is further found that MDHHS properly determined that Petitioner's reported income rendered her rent to be unaffordable. Accordingly, it is found MDHHS properly denied Petitioner's SER application. As discussed during the hearing, Petitioner can always reapply for SER.

One of Petitioner's dissatisfactions was not knowing how much net income she would need to make her rent affordable. Based on a monthly rent of \$775, with no utilities included, Petitioner would have to verify \$1,033.34 in net countable income. In terms of gross income, Petitioner appears to need to verify \$1378 in monthly earnings. It should be emphasized that these amounts are unofficial and only provided as a courtesy to Petitioner.

DECISION AND ORDER

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS properly denied Petitioner's SER applications dated [REDACTED] and [REDACTED], based on Petitioner's rent not being affordable. The actions taken by MDHHS are **AFFIRMED**.

CG/hw



Christian Gardocki

Administrative Law Judge

for Nick Lyon, Director

Department of Health and Human Services

NOTICE OF APPEAL: A party may appeal this Order in circuit court within 30 days of the receipt date. A copy of the circuit court appeal must be filed with the Michigan Administrative Hearing System (MAHS).

A party may request a rehearing or reconsideration of this Order if the request is received by MAHS within 30 days of the date the Order was issued. The party requesting a rehearing or reconsideration must provide the specific reasons for the request. MAHS will not review any response to a request for rehearing/reconsideration.

A written request may be mailed or faxed to MAHS. If submitted by fax, the written request must be faxed to (517) 335-6088; 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 48909-8139

DHHS

[REDACTED]

[REDACTED]

Petitioner

[REDACTED]