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

RICK SNYDER
GOVERNOR

SHELLY EDGERTON
DIRECTOR

Date Mailed: ███

MAHS Docket No.: 16-006766

Agency No.: ███

Petitioner: ███

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 ███ from Detroit, Michigan. Petitioner appeared and was unrepresented. The Michigan Department of Health and Human Services (MDHHS) was represented by ███, specialist, and ███, specialist.

ISSUE

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

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 ███, Petitioner applied for SER seeking assistance for $600 in rent, $1,250 in security deposit, and $500 in moving expenses (and energy assistance).

2. Petitioner's application reported ongoing employment income of 26 hours per week for $10.25 per hour.

3. MDHHS did not request updated proof of Petitioner's income.

4. Petitioner verified a rental obligation of $500.

5. On ████████, MDHHS denied Petitioner's SER's request for relocation costs due to Petitioner's failure to afford housing, in part, based on a rent of $600 and net countable income of $615.

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 the denial of an SER application requesting various relocation expenses. MDHHS presented a State Emergency Relief Decision Notice (Exhibit 1, p. 21) dated ████████ The notice stated MDHHS denied Petitioner's application because Petitioner's rent was not affordable.

Housing affordability is a condition of eligibility for SER and applies to Relocation Services. ERM 207 (March 2013), p. 1. [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. *Id.* The percentage increases up to 100 percent, depending on which utilities are included in the client's housing obligation.

MDHHS testimony indicated a rent of $600 was factored. Petitioner listed this amount as the amount needed on her SER application (see Exhibit 1, p. 8). Had Petitioner not reported an updated rent amount, MDHHS would have properly factored $600.

As part of the SER verification submission process, Petitioner submitted a lease (Exhibit 1, pp. 18-20) to MDHHS verifying the amount of rent needed. The lease verified Petitioner's rental obligation was $500. Petitioner testimony clarified she listed a different rental amount needed on her SER obligation because she was not yet sure of the rent amount she'd need to move.

It is found MDHHS improperly factored Petitioner's rental obligation. This was not MDHHS' only SER application processing error.

MDHHS testimony stated Petitioner's net countable income, for purposes of housing affordability, was calculated to be $615. The income was calculated based on a single pay stub (Exhibit 1, p. 17) of Petitioner's submitted to MDHHS before she applied for

SER. Petitioner testimony indicated the submitted stub happened to be her first from recently obtained employment.

MDHHS presented Petitioner's SER application (Exhibit 1, pp. 1-16). Petitioner's SER application listed employment income of 26 hours per week for $10.25 per hour. Petitioner's reported income was substantially higher than the amount of income Petitioner previously reported.

Bridges [the MDHHS database] 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. BEM 206 (⬛⬛⬛⬛) p. 1. Self-employment and unearned income must be entered using paydates that fall within the 30 day SER period to be budgeted. *Id.* [MDHHS is to] verify and budget all nonexcluded gross income the SER group expects to receive during the countable income period. *Id.*

Clients must be informed of all verifications that are required and where to return verifications. ERM 103 (⬛⬛⬛⬛), 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.*

Upon Petitioner's reported change in income, MDHHS should have mailed Petitioner an SER Verification Checklist (VCL) requesting proof of Petitioner's recent pay stubs. The purpose of mailing the VCL would be to verify Petitioner's updated income. MDHHS testimony conceded Petitioner's income verification was not requested. The failure to request updated income verification is reversible error.

The below order requires MDHHS to process Petitioner's application based on the circumstances as of the date of application. This insures that resourceful clients are not harmed for resolving emergencies after MDHHS processing errors.

DECISION AND ORDER

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS improperly processed Petitioner's SER application. It is ordered that MDHHS begin to perform the following actions within 10 days of the date of mailing of this decision:
   (1) Reinstate Petitioner's SER application dated ⬛⬛⬛⬛;
   (2) Process Petitioner's application subject to the following findings:
        a. Petitioner verified a rental obligation of $500;
        b. MDHHS failed to request proof of Petitioner's employment income; and

       c. MDHHS is to process the SER based on the circumstances of Petitioner's SER application date.

The actions taken by MDHHS are **REVERSED**.

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 ███████; 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

Petitioner