



RICK SNYDER  
GOVERNOR

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

SHELLY EDGERTON  
DIRECTOR



Date Mailed: June 17, 2016  
MAHS Docket No.: 16-006312  
Agency No.: [REDACTED]  
Petitioner: [REDACTED]

**ADMINISTRATIVE LAW JUDGE: Lynn M. Ferris**

### **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 16, 2016, from Detroit, Michigan. The Petitioner was represented by herself. The Department of Health and Human Services (Department) was represented by Brenda Drewnicki, Hearing Facilitator.

### **ISSUE**

Did the Department properly close the Petitioner's Child Development and Care (CDC) case based on excess income?

### **FINDINGS OF FACT**

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

1. The Petitioner completed a CDC redetermination for April 2016.
2. Based upon the Petitioner's earned and unearned income reported on the redetermination and based upon the Child Support Consolidated Inquiry the Department determined that the Petitioner's earned and unearned income exceeded the CDC income limit for a group of two. Exhibits 2, 3 and 4.
3. The Department issued a Notice of Case Action on April 15, 2016, closing the Petitioner's CDC benefits effective May 1, 2016. The reason for the closure was the Petitioner's income exceeded the income eligibility limits of \$2,394.00. Exhibit 1.

4. The Petitioner requested a timely hearing on May 6, 2016, protesting the Department's actions.

### **CONCLUSIONS OF LAW**

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

In this case, the Petitioner requested a hearing when the Department closed her CDC case after a redetermination in April 2016. The Department Issued a Notice of Case Action on April 15, 2016, closing the Petitioner's CDC effective May 1, 2016, ongoing due to the Petitioner's earned and unearned income exceeding the CDC income limit. Exhibit 1. The Petitioner had one child for whom she was receiving CDC benefits. The Petitioner confirmed that the paystubs utilized by the Department were the correct paystubs for the preceding 30-day period for the April 2016 redetermination. The gross earned income confirmed by the Petitioner as correct was \$1,671.00. Exhibit 2. In addition, the Petitioner received child support arrearages, which were averaged and calculated by the Department as \$865.76 monthly. Although the Department determined total gross income lower than it should have been because child support income used to calculate the CDC eligibility was lower than the actual average, the Petitioner's total gross income still exceeded the CDC income eligibility limit of \$2,394.00 even using the lower child support income. Exhibits 3 and 4.

At the hearing, the budget for CDC eligibility was presented, which demonstrated that based upon the Petitioner's earned income of \$1,671.00 and unearned income based on child support arrearages of \$865.00 the Petitioner's income of \$2,519.65 exceeded the CDC income limit of \$2,394.00. Exhibits 2, 3 and 4. RFT 270 (July 1, 2016) p. 1. At the hearing, the Petitioner protested the inclusion of child support arrears by the Department when calculating her eligibility. The Petitioner inadvertently did not include child support arrearages as unearned income during her redetermination. Department policy requires that the Department determine CDC eligibility based upon the gross earned and unearned countable monthly income. Department policy found in BEM 503 requires that child support arrearages be deemed unearned income, and thus, the Department correctly included these arrearages. The Department was unaware of any

changes to child support income as none were reported by the Petitioner. The Department based its evaluation of eligibility based upon the best available information provided to it at the time. Department policy provides:

**Computation  
of Income**

Use the gross (before deductions) countable, monthly income to determine the amount the department will pay towards the group's child care costs. BEM 525, (April 1, 2016) p. 1.

**CDC Only**

This type of child support income (arrearages) has no effect on CDC eligibility when received by FIP recipients because they are categorically eligible for CDC.

When received by a non-FIP recipient, this is countable unearned income. BEM 503, (July 2016), p.8

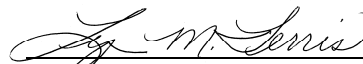
Based upon a review of the evidence presented, it is determined that the Department properly closed the Petitioner's CDC case due to excess income.

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 acted in accordance with Department policy when it closed the Petitioner's case based upon excess income.

**DECISION AND ORDER**

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

LMF/jaf



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**Lynn M. Ferris**

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]  
21885 Dunham Rd  
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**Petitioner**

[REDACTED]

cc: BSC4  
Macomb (12)  
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L. M. Ferris  
MAHS