



RICK SNYDER  
GOVERNOR

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

SHELLY EDGERTON  
DIRECTOR

[REDACTED]  
[REDACTED]  
[REDACTED]

Date Mailed: August 7, 2017  
MAHS Docket No.: [REDACTED] 17-006825  
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; 42 CFR 438.400 to 438.424; 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 [REDACTED], from Detroit, Michigan. The Petitioner was represented by himself. An [REDACTED] translator, [REDACTED] appeared on behalf of the Petitioner. The Department of Health and Human Services (Department) was represented by [REDACTED].

**ISSUE**

Did the Department properly reduce the Petitioner’s FIP Cash Assistance (FIP)?

**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 was an ongoing recipient of FIP benefits.
2. On [REDACTED], the Department sent the Petitioner a Notice of Case Action decreasing the Petitioner’s FIP benefits to [REDACTED] effective [REDACTED]. Exhibit C
3. On [REDACTED], the Department received a notice that Petitioner was employed by [REDACTED] at [REDACTED] hourly, 35 hours a week and was paid weekly and began employment on [REDACTED]. Exhibit A

4. The Petitioner also provided the Department two pay stubs for [REDACTED] in the amount of [REDACTED] and [REDACTED] in the amount of [REDACTED]. Exhibit B
5. The Petitioner requested a timely hearing on [REDACTED], 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 Family Independence Program (FIP) was established pursuant to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Pub. L. No. 104-193, and 42 USC 601 to 679c. The Department (formerly known as the Department of Human Services) administers FIP pursuant to 45 CFR 233-260, MCL 400.10, the Social Welfare Act, MCL 400.1-.119b, and Mich Admin Code, R 400.3101-.3131.

In this case, the Department completed a new budget for Petitioner's FIP cash assistance benefits due to his reporting starting employment with [REDACTED]. The Petitioner received and provided the Department two pay stubs for [REDACTED] a week from his employment. The Department determined that based upon the employment income the Petitioner's FIP benefits had to be reduced to [REDACTED]. The Department provided a FIP budget that is reviewed hereafter. The Petitioner's household group size was a group of 6. Exhibit C. At the time of the hearing the Petitioner testified that he had lost his employment approximately 2 weeks prior to the hearing. It was unclear whether the Petitioner had reported this change at the time of the hearing. The Department testified that it had not received any verification or notification from the Petitioner that he had lost his employment.

The FIP budget presented at the hearing has been reviewed by the undersigned, and based upon the income reported of [REDACTED] weekly and a group size of 6 is determined to be correct. Exhibit D. The weekly income of [REDACTED] must be converted to a standard monthly amount. This is done by taking the weekly earnings (which in Petitioner's case does not vary) and multiplying it by 4.3 which results in earned income of [REDACTED]. ([REDACTED] x 4.3 = [REDACTED]). BEM 505 ([REDACTED]), p. 8. This conversion takes into account fluctuations due to the number of scheduled pays in a month. When calculating FIP benefits the Department is required to reduce the earned income by [REDACTED], which results in [REDACTED].

To determine the amount of FIP benefits a client is eligible to receive, income received by the certified FIP group is subtracted from the payment standard, which is the maximum benefit amount that can be received by the certified group. BEM 515

(October 2015), p. 1; BEM 518 (October 2015), p. 1. The payment standard is dependent on the client's FIP certified group size. BEM 515, p. 3. In this case, the Department testified that there were six individuals in Petitioner's FIP group. Based on a certified FIP group size of six, the applicable payment standard is [REDACTED]. RFT 210 (December 2013), p. 1.

For ongoing FIP recipients which is the case here, the Department applies the issuance deficit test to determine whether the client is eligible for FIP and the amount of the FIP grant. The issuance deficit test compares (i) the group's budgetable income for the income month decreased by the issuance earned income disregard to (ii) the certified group's payment standard for the benefit month, or, in this case, [REDACTED]. BEM 518, p. 3. The issuance earned income disregard reduces each person's countable earning by [REDACTED] and then by an additional 50% of the person's remaining earnings. BEM 518, p. 5. If the issuance deficit test results in no deficit or a deficit of less than [REDACTED], the client is ineligible for FIP for the benefit month. BEM 518, p. 3.

In this case the earned income was [REDACTED] (decreased by the earned income disregard of [REDACTED] leaving [REDACTED]). The earned income is then decreased by an additional 50% leaving [REDACTED], which is the earned income Deduction percentage and Net Earned Income. [REDACTED]. [REDACTED] is the countable income. Here the deficit is [REDACTED] and thus the Petitioner is eligible for FIP because there is a deficit between the payment standard and the net income is more than [REDACTED]. The final FIP benefit is determined by deducting the [REDACTED] net earned income from the Payment Standard of [REDACTED] resulting in FIP grant of [REDACTED]. Exhibit D

The Petitioner may provide proof of loss of employment to the Department by having the employer verify loss of employment. Once this is accomplished the Department can recalculate FIP without including employment income and can include Petitioner's newborn child.

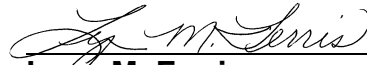
The Administrative Law Judge, based on the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, finds that the Department acted in accordance with Department policy when it decreased the Petitioner's FIP cash assistance.

### **DECISION AND ORDER**

Accordingly, the Department's decision is

**AFFIRMED.**

LF/hw



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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]  
[REDACTED]  
[REDACTED]  
[REDACTED]

**Petitioner**

[REDACTED]  
[REDACTED]  
[REDACTED]