GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS MICHIGAN ADMINISTRATIVE HEARING SYSTEM

ORLENE HAWKS DIRECTOR



Date Mailed: April 18, 2019 MAHS Docket No.: 19-001246

Agency No.:

Petitioner:

ADMINISTRATIVE LAW JUDGE: Amanda M. T. Marler

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, in-person hearings were held on March 21, 2019 and April 8, 2019 from Detroit, Michigan. The Petitioner was self-represented. The Department of Health and Human Services (Department) was represented by Eileen Kott, Family Independence Manager; Dale Daniely, Eligibility Specialist; and Kywan Jones, Eligibility Specialist.

<u>ISSUE</u>

- 1. Did Petitioner submit a timely hearing request to dispute the Department's determinations of eligibility in the Food Assistance Program (FAP) and State Emergency Relief (SER) program?
- 2. Did the Department properly determine Petitioner's eligibility for the FAP?
- 3. Did the Department properly determine Petitioner's eligibility for SER assistance with home repairs?
- 4. Did the Department properly determine Petitioner's eligibility for SER energy assistance?
- 5. Did the Department properly determine Petitioner's eligibility for SER utility assistance?

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 September 7, 2018, the Department issued a State Emergency Relief Decision Notice (SERDN) to Petitioner informing him that his request for assistance with repairs to his home in the amount of \$ was denied because his shelter was not affordable for him pursuant to SER requirements.
- 2. On September 8, 2018, the Department issued a Notice of Case Action to Petitioner informing him that he would be receiving an increase in his FAP benefit rate effective October 1, 2018, for a new rate of per month, based upon a group size of two, a non-existent Family Independence Program (FIP) benefit, a housing expense, and the heat and utility standard deduction (H/U).
- 3. On September 17, 2018, the Department received Petitioner's application for SER assistance with home repairs in the amount of \$_\text{mass} which included two household members.
- 4. On the same day, the Department issued a SERDN to Petitioner informing him that he had been conditionally approved for a payment by the Department in the amount of \$ for his home repairs (roof) if Petitioner provided proof of payment of his copayment in the amount of \$ by October 16, 2018.
- 5. The Department did not receive proof of the copayment by October 16, 2018.
- 6. On October 19, 2018, the Department received Petitioner's application for FAP benefits listing himself and his son as household members, \$0.00 income, court ordered expenses including child support in the amount of \$\frac{1}{2}\$ home owner's insurance in the amount of \$\frac{1}{2}\$ property taxes in the amount of \$\frac{1}{2}\$ and the responsibility to pay heat, electric, water/sewer, phone, and trash bills.
- 7. On October 22, 2018, the Department issued a Notice of Case Action to Petitioner informing him that he was denied for the cash assistance programs effective August 1, 2018 because he was not a caretaker/relative of a dependent child, and that he was denied FAP benefits because his net income exceeded the net income limit effective October 19, 2018 based upon sin unearned income, housing costs, the standard deduction of and the H/U.
- 8. On November 26, 2018, the Department received another application from Petitioner for the FAP and SER programs requesting assistance with home repairs in the amount of and again listing himself and his son as household members with \$0.00 income, court ordered expenses including child support, utility expenses, medical expense copayments of and property taxes totaling

- 9. For the effectiveness date November 26, 2018, the Department issued Petitioner \$\text{ in FAP benefits based again upon the nonexistent \$\text{ cash benefit, but failed to consider his housing expense or obligation to pay for heat and electric, and instead gave him the water/sewer and telephone standard deductions.
- 10. On November 26, 2018, the Department issued another SERDN to Petitioner informing him that his SER application for home repairs was denied because the shelter was not affordable pursuant to SER requirements.
- 11. On November 30, 2018, the Department issued a Notice of Case Action to Petitioner informing him of the \$ FAP benefit for November 26, 2018 through November 30, 2018; a \$ FAP benefit rate for December 2018; and a \$ FAP benefit rate for January 2019 through October 2019, based upon \$0.00 income, no housing expense, no H/U standard deduction, and including the standard water/sewer and telephone deductions; the Notice of Case Action also informed Petitioner that he was denied cash benefits effective August 1, 2018 because he was not a caretaker/relative of a dependent child.
- 12. For the effectiveness date December 1, 2018, the Department provided Petitioner with a \$ FAP benefit rate again after consideration of the \$ non-existent cash benefit, and without consideration of his housing expense or obligation to pay for heat and electric, but instead provided him the water/sewer and telephone standard deductions.
- 13. On December 6, 2018, the Department received another application from Petitioner for the FAP and SER program specifically requesting assistance with home repairs in the amount of specifically listing himself and his son as household members, \$0.00 income, and expenses including court ordered child support, medical copayments, utilities, and property taxes.
- 14. On December 7, 2018, the Department issued a SERDN to Petitioner informing him that his application for SER had been denied because "the contractor does not have a valid license to provide this service."
- 15. On the same day, the Department issued a Notice of Case Action to Petitioner informing him again that he was denied cash assistance effective August 1, 2018 for the same reasons as previously stated; and, that his FAP benefits would close effective January 1, 2019 because his net income exceeded the net income limit for a group size of two based upon unearned income totaling \$ as well as the standard telephone and water/sewer deductions, but without consideration of his housing expense or obligation to pay for heat and electric.
- 16. On December 19, 2018, the Department received yet another application from Petitioner for the FAP and SER programs, but this time requesting assistance with heat in the amount of \$ electric in the amount of \$ homeowner's insurance in the amount of \$ and \$ and

home repairs in the amount of **\$ including** including himself and his son as household members, \$0.00 income, medical expenses, utilities, child support, home owner's insurance, property taxes, and housing expenses.

- 17. On the same day, the Department issued a SERDN to Petitioner informing him that he was denied energy services (heat and electric) because his group did "not meet program requirements" and because his countable income was higher than the maximum amount allowed for the program; denied home ownership services (insurance and taxes) because his income/asset copayment was equal to or greater than the amount needed to resolve the emergency and there was no notice of judicial foreclosure hearing; and denied non-energy home repairs (his roof) because the contractor did not have a valid license to provide the service.
- 18. On the same day, the Department also issued a Notice of Case Action to Petitioner informing him that he was denied FAP benefits effective January 1, 2019 because his net income exceeded the net income limit after consideration of the standard, water/sewer, and telephone deductions, but no housing expense, medical expense, child support expense, or the obligation to pay for heat and electric.
- 19. On December 28, 2018, the Department received Petitioner's application for FAP and SER requesting the same assistance and including the same household information as his December 19, 2018 application.
- 20. On January 2, 2019, the Department issued another SERDN to Petitioner informing him that his application for energy services was denied because his countable income was higher than the maximum amount for the program; denied for non-energy home repairs because the contractor does not have a valid license for the service; and denied for home ownership services because the total income/asset copayment, shortfall, and contribution is equal to or greater than the amount needed to resolve the emergency, and because there was no notice of judicial foreclosure hearing.
- 22. On January 11, 2019, Petitioner submitted another application for FAP and SER including the same requests for assistance and household information as was provided in his applications December 19th and 28th.
- 23. On January 16, 2019, the Department received an application from Petitioner for SER assistance with heat in the amount of \$ electricity in the amount of

\$ and home repairs totaling \$ he included the same household information as his three most recent applications, but was not given the opportunity to list his specific utility obligations.

- 24. On January 16, 2019, the Department issued a Verification Checklist (VCL) to Petitioner requesting proof of his checking account, property taxes, and home insurance by January 28, 2019.
- 25. On the same day, the Department issued a SERDN to Petitioner informing him that his request for energy services had been denied because his countable income was higher than the maximum amount allowed for the program, but did not address his request for home repairs.
- 26. On January 16, 2019, the Department issued a Notice of Case Action to Petitioner informing him that he was denied Cash Assistance effective August 1, 2018 because he was not the caretaker/relative of a dependent child.
- 27. On January 19, 2019, the Department received another application for FAP and SER requesting assistance with heat in the amount of second property taxes in the amount of homeowner's insurance in the amount of and home repairs in the amount of he listed the same or similar household circumstances as his four most recent applications.
- 28. On January 23, 2019, the Department issued a SERDN to Petitioner informing him that his request for home ownership services was denied because there was no notice of judicial foreclosure hearing and his income/asset copayment was equal to or greater than the amount needed to resolve the emergency; energy services were denied because his countable income was higher than the maximum allowed for the program; and non-energy home repairs were denied because the contractor does not have a valid license to provide the service.
- 29. On the same day, the Department issued a Notice of Case Action to Petitioner informing him that he was denied cash assistance, effective August 1, 2018, because he was not a caretaker or relative of dependent child, but did not address his request for FAP benefits.
- 30. On January 28, 2019, the Department received another application for FAP and SER requesting assistance with a heat bill, letter electric bill, water/sewer bill, in property taxes, for homeowner's insurance, and for home repairs; Petitioner included the same or similar household information as the previous five applications.
- 31. On January 29, 2019, the Department issued a SERDN to Petitioner informing him that his request for non-energy home repairs was denied because the contractor did not have a valid license to provide the service; denied home ownership

services because there was no notice of judicial foreclosure hearing and the group did not meet program requirements; denied energy services because countable income was higher than the maximum allowed for the program; denied utility services because the total amount of his income/asset copayment and shortfall was equal to or greater than the amount needed to resolve the emergency.

- 32. On the same day, the Department issued a Notice of Case Action to Petitioner informing him that he was denied cash assistance effective August 1, 2018 because he was not the caretaker/relative of a dependent child and denied FAP benefits effective January 11, 2019 because his net income exceeded the income limit and he had failed to provide verification of his checking account.
- 33. On January 31, 2019, the Department received another application for FAP and SER requesting assistance with a heat bill, lead electric bill, water/sewer bill, in property taxes, for homeowner's insurance, and for home repairs; Petitioner included the same or similar household information as the previous six applications.
- 34. On February 5, 2019, the Department issued a SERDN to Petitioner informing him that his home ownership services request was denied because he did not have an emergency, and services requested were not covered by SER policy; denied non-energy home repairs because his need did not meet program requirements; denied utility services because he did not have an emergency; and denied energy services because his countable income is higher than the maximum amount allowed for the program.
- 35. On the same day, the Department issued a Notice of Case Action to Petitioner informing him that his FAP application had been denied effective January 31, 2019 because his net income exceeded the net income limit after consideration of in unearned income, the standard deduction, housing costs totaling and the H/U.
- 36. On the same day, the Department received Petitioner's hearing request disputing the denial of SER and also checked the box to dispute FAP benefits.
- 37. On February 12, 2019, the Department received Petitioner's second hearing request also disputing the denial of benefits in the FAP and SER, as well as cash assistance.

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).

In all programs, policy provides that the Department must receive a client's request for hearing within 90 days of the notice of action taken by the Department. BAM 600 (October 2018), p. 6. In this case, Petitioner has received 20 different notices regarding Department actions between September 7, 2018 and his first hearing request on February 5, 2019. Looking back from his first hearing request on February 5, 2019, 90 days prior to the hearing request would cover notices of actions taken by the Department from November 7, 2018 through February 5, 2019. Therefore, any SERDN or Notice of Case Action issued by the Department prior to November 7, 2018 will not be addressed by this decision except as those notices relate to Department actions on or after November 7, 2018 and the hearing request as it relates to Department Actions or Notices between September 7, 2018 and November 6, 2018 is DISMISSED.

Cash Assistance Programs

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.

The State Disability Assistance (SDA) program is established by the Social Welfare Act, MCL 400.1-.119b. The Department of Health and Human Services (formerly known as the Department of Human Services) administers the SDA program pursuant to 42 CFR 435, MCL 400.10 and Mich Admin Code, R 400.3151-.3180.

Both the FIP and SDA programs are cash assistance programs. The FIP is temporary assistance for needy families. BEM 100 (October 2018), p. 1. It provides assistance to families with children and its goal is to help maintain and strengthen family life for children and the parent or other caretakers with whom they are living, and to help the family attain or retain capability for maximum self-support and personal independence. *Id.*

The SDA program provides financial assistance to disabled adults who are not eligible for the FIP. BEM 100, p. 5. Its goal is to provide financial assistance to meet a disabled person's basic personal and shelter needs. *Id.* During the 90-day period of review in this case discussed above, the Department issued five separate notices regarding Petitioner's ineligibility for cash assistance. Based upon the language from each Notice of Case Action, he was denied because he was not a caretaker/relative of a minor child. However, Petitioner's minor child was included as a household member on each and every application during the relevant period. In addition, the child was considered a a household and group member for purposes of both the FAP and SER forms of assistance. The Department presented no evidence on the issue of his denial of cash benefits other than to say he had not applied for cash assistance since sometime in the summer of 2018.

Each time the Department issues a Notice of Case Action, it creates a right and an opportunity for the client to request a hearing and dispute the Department's actions,

even if the Department's notice pertains to case actions several months before the notice was issued. BAM 220 (January 2019); BAM 600, pp. 2, 6. Policy only provides that the request for hearing must be received within 90 days of the notice from the Department, not within 90 days of the actual action by the Department. Therefore, Petitioner's request for hearing as it relates to the issue of the denial of cash assistance is in accordance with Department policy.

The Department presented no evidence to support its denial of cash assistance via the Notices of Case Action dated November 30, 2018; December 7, 2018; January 16, 2019; January 23, 2019; and January 29, 2019. The Department has not met its burden of proof. Therefore, the Department's denials of Petitioner's request for cash assistance are REVERSED.

Food Assistance Program (FAP)

The FAP [formerly known as the Food Stamp program] is established by the Food and Nutrition Act of 2008, as amended, 7 USC 2011 to 2036a and is implemented by the federal regulations contained in 7 CFR 273. The Department (formerly known as the Department of Human Services) administers FAP pursuant to MCL 400.10, the Social Welfare Act, MCL 400.1-.119b, and Mich Admin Code, R 400.3001-.3011.

Petitioner's multiple applications for FAP assistance were denied due to excess income over the net income limit. Policy provides that all clients must have net income below the net income limit to be eligible for FAP benefits. BEM 550 (January 2017), p. 1. The net income limit for a group size of one was \$1,012.00 per month and \$1,371.00 per month for a group size of two effective October 1, 2018. RFT 250 (October 2018), p. 1.

For FAP cases, group size is determined based upon who lives together, the relationship of the people living together, whether those individuals purchase and prepare food together, and whether there are other eligible living arrangements. BEM 212 (January 2017), p. 1. Parents and their children under 22 years of age who live together must be in the same group. *Id.* In situations where a child lives with both parents separately, the primary caretaker is the person who is primarily responsible for the child's day-to-day care and supervision in the home where the child sleeps more than half of the days in a calendar month, on average, in a 12-month period. BEM 212, p. 2. Only one person can be considered the primary caretaker, the other is considered the absent caretaker. BEM 212, p. 3. The child must be in the FAP group of the primary caretaker. *Id.* To determine primary caretaker status, the Department must consider:

- How many days the child sleeps at the client's home in a calendar month.
- The client's statement unless questionable or disputed by another caretaker.
- Verifications if the primary caretaker status is questionable or disputed.
- Statements from both caretakers.

BEM 212, p. 4. If a child spends virtually half the days of each month averaged over 12-months with each caretaker, then the caretaker who applies and is found eligible first is the primary caretaker. *Id*.

During the hearing, a question arose as to the amount of time Petitioner's child spends in his home versus the mother's home. Petitioner adamantly stated that he had provided the Department with a copy of the child support and custody order on multiple occasions and had used the document to verify his parentage with the Department. The Department was unable to confirm receipt of the order. Petitioner provided a copy of the Consent Judgement as evidence; however, because the Department never questioned Petitioner specific to his custody of the child prior to its many decisions, no decision will be made of whether the child should be included in the FAP group. Since the Department included the child in the FAP group on each Notice of Case Action and did not specifically exclude the child from the FAP group on any of the Notice of Case Action, this decision will proceed as if the child is and should be included in the group.

All countable earned and unearned income available to the group must be considered in determining a client's eligibility for program benefits and group composition policies specify whose income is countable. BEM 500 (July 2017), pp. 1-5. The Department determines a client's eligibility for program benefits based on the client's actual income and/or prospective income. Prospective income is income not yet received but expected. BEM 505 (October 2017), p. 1. In prospecting income, the Department is required to use income from the past 30 days if it appears to accurately reflect what is expected to be received in the benefit month, discarding any pay if it is unusual and does not reflect the normal, expected pay amounts. BEM 505, pp. 5-7. A standard monthly amount must be determined for each income source used in the budget. BEM 505, pp. 8-9.

Effective January 2018, Petitioner began receiving \$ per month as a Retirement, Survivors, Disability Insurance (RSDI) benefit. In January 2019, Petitioner's RSDI benefit increased to \$ This income is received on a monthly basis; therefore, no further calculation is required to standardize the income.

Petitioner's child began receiving RSDI of per month effective January 2018 and per month effective January 2019. However, Petitioner is not the payee of the RSDI benefit for his child; the child's mother is the payee of the RSDI benefit. Ordinarily, RSDI income is considered to be the benefit of and income of the person for whom it is paid regardless of the payee. Since the RSDI benefit is considered the income of the intended beneficiary, Petitioner's child, and because the child is being considered part of Petitioner's FAP group, the income must be counted. The total household income is for November and December 2018. The total household income for January 2019, ongoing, is

However, policy also provides that child support expenses can be deducted from income. BEM 554 (August 2017), p. 6. In this case, Petitioner has provided a Consent

The Department also considers the following deductions to income:

- Dependent care expense.
- Excess shelter.
- Standard deduction based on group size.
- Medical deduction.

BEM 550 (January 2017), pp. 1-1; BEM 554, p. 1; BEM 556 (April 2018), p. 3.

No dependent care expenses were budgeted and Petitioner did not dispute that he did not have these expenses. The Department also budgeted the standard deduction of \$158.00 for a group size of two in accordance with Department policy. RFT 255 (October 2018), p. 1. The Department did not consider any medical expenses for Petitioner. However, as an RSDI recipient, Petitioner is considered disabled and qualifies as a Senior, Disabled, or Disabled Veteran (SDV) group member and is eligible for deductions based upon reported medical expenses greater than \$35.00. BEM 554, p. 1. Petitioner listed medical expenses on at least two of his applications to the Department. Once Petitioner informed the Department that a medical expense existed. the Department should have sought verification of the medical expense. BEM 554, p. 12; BAM 130, p. 1. No evidence was presented that the Department ever sought verification of his medical expenses listed in his application which included copayments, prescriptions, hospital bills, and dental procedures. Failure to request verifications of the medical expenses was an error of the Department. At this point, since no verifications of the expenses have been requested or received, the medical expenses cannot be considered as part of this decision. However, if the expense is verified and considered an allowable expense pursuant to BEM 554, p. 10, then the expense would reduce Petitioner's net income further making him potentially eligible for FAP benefits or a greater FAP benefit rate. After consideration of all of these expenses, the group's Adjusted Gross Income (AGI) was \$ for November and December 2018 and for January 2019 ongoing.

Once the Adjusted Gross Income (AGI) is calculated, the Department must then consider the Excess Shelter Deduction. The Department sometimes budgeted a housing expense, sometimes it did not, and when it did, it considered different amounts each time. Each of Petitioner's applications lists a housing expense and the housing expense varies. Housing expenses which may be considered as part of the FAP budget include rent, mortgage, a second mortgage, home equity loans, condo/maintenance fees, lot rent, or other payments including interest leading to the ownership of a home. BEM 554, p. 13. In addition, property taxes, state and local assessments, and insurance of the structure are considered allowable housing expenses. BEM 554, p. 14. As seen above, the Department presented no evidence that it ever sought verification of Petitioner's housing expenses in compliance with Department policy. Id. In addition, it used different amounts for the housing expense on each of its decisions. Petitioner listed housing expenses of as much as \$ year and as little as \$ per year. The Department budgeted as little as \$0.00 per month and as much as \$ Neither of these figures appears to be an accurate housing expense based upon the information provided by Petitioner in his applications and no evidence was presented on how the Department calculated these numbers as his housing expense.

If the Department had properly considered Petitioner's housing expense, the Department would then consider potential deductions based upon Petitioner's responsibility to pay utilities. The H/U standard covers all heat and utility costs including cooling, except actual utility expenses such as installation fees. BEM 554, p. 15. The H/U for the period in question in this case was \$ per month. RFT 255 (October 2018), p. 1. A FAP group which has a heating expense or contributes to the heating expense separate from rent payments, must use the H/U standard. Id. In addition, effective August 1, 2017, FAP groups that receive a \$20.01 LIHEAP payment by having a shelter expense greater than zero, are not homeless, and do not meet any other eligibility factors or receive the H/U standard, will receive the H/U standard because of the \$20.01 LIHEAP payment. The Non-Heat Electric Standard is provided to a group which has no heating/cooling expense, but has a responsibility to pay for non-heat electricity separate from the rent. BEM 554, p. 21. In addition, if the FAP group does not have a heating/cooling expense, but has other expenses for water, sewer, telephone, cooking fuel, or trash, the FAP group may be eligible for a standard deduction for these items. BEM 554, pp. 21-24. Petitioner's multiple applications clearly state that he is responsible for the heat and electric bills at his home. In addition, Petitioner specifically requested SER assistance with his heat and electric utilities from the Department. Therefore, Petitioner should have been provided the H/U in each determination of his FAP eligibility. The Department failed to do so.

Once the housing expense and H/U standard are added together, 50% of Petitioner's AGI is subtracted to achieve Petitioner's Excess Shelter Deduction. BEM 556, p. 5. If the Excess Shelter Deduction calculation results in a negative value, the client is not eligible for this deduction. Since the value of Petitioner's housing expense is still in question as is his

AGI after consideration of any potential medical expenses, no determination can be made here of the value of Petitioner's Excess Shelter Deduction.

Next, the Excess Shelter Deduction is subtracted from Petitioner's AGI to achieve his Net Income. Again, this cannot be calculated because Petitioner's housing expense and AGI has not yet been confirmed. After all of these calculations, if Petitioner's net income is less than the Net Income Limit discussed above, his net income would be compared against the Food Assistance Issuance Tables found in RFT 260 to determine his FAP benefit rate. BEM 556, pp. 5-6.

Since the Department did not provide evidence of a verification of medical expenses or housing expenses, and because the Department failed to consider Petitioner's child support obligation, the Department's Notices of Case Action dated November 30, 2018 discussing the November 26, 2018 application; December 7, 2018 discussing the December 6, 2018 application; December 19, 2018 discussing the application from the same day; January 2, 2019 discussing the application from December 28, 2018; and February 5, 2019 discussing the January 31, 2019 application are REVERSED.

The Department also denied Petitioner's January 11, 2019 FAP application on January 29, 2019 based upon the net income limit as discussed above as well as Petitioner's failure to verify his checking account. Petitioner did not identify a date upon which he submitted the requested proof of his bank account. Policy provides that clients are provided 10 calendar days to provide requested verifications. BAM 130, p. 7. If a client fails to provide the requested proof within 10 days and the client has not made a reasonable effort to provide it, the Department is required to send negative action notices. *Id.* Since Petitioner did not provide sufficient evidence of the submission of his bank statements after the request made by the Department on January 16, 2019, the Department's January 29, 2019 Notice of Case Action is AFFIRMED.

Finally, Petitioner submitted an application for FAP benefits on January 19, 2019 which was not addressed by any of the Department's Notices of Case Actions. Department policy provides that when the Department receives a FAP application the Department must either issue an expedited decision within six calendar days of the application or for regular applications within 29 days of the application. BAM 115 (October 2018), p. 17. Since the Department failed to present any evidence that the January 19, 2019 application was processed, the Department's failure to process is REVERSED.

State Emergency Relief (SER)

The State Emergency Relief (SER) program is established by the Social Welfare Act, MCL 400.1-.119b. The SER program is administered by the Department (formerly known as the Department of Human Services) pursuant to MCL 400.10 and Mich Admin Code, R 400.7001-.7049.

In this case, Petitioner's applications for SER assistance were denied by the Department for a multitude of reasons. Each will be discussed below, but generally the

SER program helps to prevent serious harm to individuals and families who are experiencing emergencies which threaten the health or safety of people in the home but can be resolved with SER assistance. ERM 101 (March 2013), p. 1. Each type of SER assistance has financial and non-financial requirements which must be met in order to be eligible. *Id*.

As discussed above, any SERDN made by the Department prior to November 7, 2018 will not be discussed by this decision except as they relate to decisions made after that same date.

November 26, 2018 Application

Beginning with the November 26, 2018 application and corresponding SERDN from the Department from the same day, Petitioner's application for assistance with \$ in home repairs was denied because the shelter was not affordable according to SER requirements. Housing affordability is a condition of eligibility for SER and applies to both relocation services and home ownership services. ERM 207 (October 2015), p. 1. Home ownership services include the following items:

- house payments (mortgage, land contract, mobile home sales contract), including principal and interest, legal fees, and escrow accounts for taxes and insurance
- property taxes and fees
- mobile home lot rent for owners or purchasers of mobile homes
- home insurance premiums required pursuant to the terms of a mortgage or land contract
- energy-related home repairs
- non-energy-related home repairs

ERM 304 (October 2018), p. 1. To be considered affordable, the SER group must have sufficient income to meet ongoing housing expenses including rent, house payments, property taxes, lot rent, required insurance premiums, and any utility obligations. ERM 207 (October 2015), p. 1. The SER group is determined by considering the adults and dependent children who normally live together. ERM 201 (October 2015), p. 1. The total housing obligation cannot exceed 75% of the group's total net countable income. Id. To determine the group's household income, the Department must verify all nonexcluded income, expenses, and deductions. Erm 206 (February 2017), p. 6. The Department determined that Petitioner had RSDI income of \$ per month for November and December 2018 and \$ for January 2019 ongoing based upon a State Online Query, an interface between the Department and the Social Security Administration (SSA) which allows the Department to confirm receipt of SSA benefits. The Department also considered Petitioner's child's RSDI benefit in the amount of for 2018 and \$ for 2019 which is consistent with policy since Petitioner's child was listed as a household member. ERM 206 (February 2017), pp. 1-2; ERM 201, p. 1. However, like the policies in FAP cases, SER policy also allows an expense deduction for court ordered child support. ERM 206, pp. 4-5. Petitioner provided proof of a child support obligation in the form of the RSDI benefit for his child via a court order for the hearing. He put the Department on notice of a court ordered child support obligation via his multiple applications. When the Department was unable to confirm Petitioner's statements through its resources, the Department should have sought verification from Petitioner of his child support obligation. ERM 206, p. 6. Therefore, the child's RSDI income is first added to the budget as unearned income for the child but then deducted as a child support expense for Petitioner. Effectively, the household income is equal to Petitioner's RSDI Benefit for the month in question. Therefore, in order to be eligible for SER home ownership services, Petitioner's total housing obligation must be less than or equal to 75% of Petitioner's household income, or \$\textstyle{\text

The Department presented DTE Energy Account information effective January 1, 2019. At that time, Petitioner was enrolled in a payment plan for \$ per month. Petitioner presented a DTE bill which showed that he was enrolled in a payment plan for \$ per month for the bill due on April 4, 2019. Neither of these bills reflects the account status as of November 2018 when Petitioner submitted his application. In addition, Petitioner provided a Water and Sewerage Department bill due on April 18, 2019 for but did not provide a bill from the period of his application in November 2018. The Department failed to provide any water and sewer obligation for Petitioner. Petitioner indicated on his November 26th application that he is responsible for the property taxes, heat, electrical, and water/sewer bills. Without documentation to show the actual costs of these items, it is impossible to determine with certainty whether Petitioner's home would be considered affordable pursuant to SER policy. If Petitioner's water/sewer bill was approximately the same, and his utility bill payment plan was per month as shown by the Department's evidence, and if Petitioner's valuation of his property taxes from his application was correct (\$ annually), Petitioner may be eligible for home ownership services because the total value of his monthly housing obligation would only be \$ which is significantly less than 75% of his monthly countable net income. Since there was no evidence of verified expenses from November or December 2018, the Department has not met its burden of proof in establishing that it correctly determined Petitioner was not eligible for home ownership services based upon his housing affordability.

December 6, 2018 Application

The next application for SER assistance was submitted by Petitioner on December 6, 2018 wherein he requested assistance for home repairs in the amount of \$\frac{1}{2}\text{DECEMBER}\$. On December 7, 2018, the Department issued a SERDN to Petitioner informing him that his application for non-energy home repairs was denied because the contractor does not have a valid license to provide this service. As discussed previously, Petitioner had been attempting to secure funding for the repair of his roof in the amount of \$\frac{1}{2}\text{DECEMBER}\$ via multiple applications. The Department initially approved this request on September 17, 2018 with the condition that Petitioner pay a \$\frac{1}{2}\text{DECEMBER}\$ copayment with proof of the copayment submitted to the Department by October 16, 2018. Petitioner did not change the contractor for the project between the time of the Department's initial

decision and the December application and decision. If the Department approved a payment for SER services in the amount of \$\frac{1}{2} \text{ in September with the condition} in September with the condition of payment of a copayment, and no changes were made to the contractor in the interim, there is no reason to believe that the contractor somehow lost their license in the interim and the Department presented no evidence to that effect. The only difference between Petitioner's original application and the application from December is that Petitioner stopped seeking the full \$\frac{1}{2} \text{ cost of the repair and began seeking only the payment that he believed he was entitled to, based upon the September 17, 2018 SERDN. Therefore, the Department has not met its burden of proof as it relates to the Department's December 7, 2018 SERDN.

December 19, 2018 Application

On December 19, 2018, Petitioner submitted another application for SER and this time requested assistance with heat and electric in the amount of \$ each, \$ in property taxes, \$ for home owner's insurance, and \$ for home repairs (his roof).

The Department denied Petitioner's application on the same day the application was received for energy services (heat and electric costs) because he did "not meet program requirements" and countable income is higher than the maximum allowed for the program. SER assistance for energy services is available to low-income households that meet eligibility requirements. ERM 301, p. 1. A household may receive one SER payment for heat and one SER payment for non-heat electricity per fiscal year up to the SER cap. *Id.* In order to receive assistance, the heat or electric service for the client's current residence must be in past due status, in threat of shut off, or already in shut-off status. ERM 301, p. 3. Payments are limited to the minimum amount necessary to prevent shut off or restore services up to the fiscal year cap. *Id.* Any payments made by the Department must restore service or allow service to continue for at least 30 calendar days. *Id.* Any current bill which is not included in the shut-off amount is not considered. ERM 301, p. 4.

In determining SER Energy Services eligibility, all household members are considered as part of the group; and each person's income is budgeted. ERM 301, p. 6. Energy-related services do not require an income copayment; however, to qualify, the household income must be at or below the Low Income Home Energy Assistance Program (LIHEAP) income limit for the group. *Id.* The SER Income Need Standard for Energy/LIHEAP Services is \$2,058.00 for a group size of two, effective October 1, 2018. ERM 208 (October 2018), p. 6. In energy cases, a client is eligible or not. ERM 208, p. 1. For a group to be eligible for energy services, the combined monthly net income that is received or expected to be received by all group members in the 30-day countable income period cannot exceed the standard for SER energy/LIHEAP services for the number of group members. As discussed above in the section related to housing affordability, Petitioner's total countable net monthly income was \$ for January 2019, ongoing. Petitioner's net countable total income is less than the income limit for energy services; therefore,

the Department erred in denying his application for energy services based upon countable income. Finally, the Department's denial of energy services based upon a failure to meet program requirements is overly vague and as a result does not provide Petitioner or the undersigned an explanation which is understandable, disputable, or verifiable. Therefore, the Department has not met its burden of proof in denying Petitioner's December 19, 2018 application for energy assistance.

Next the Department denied the portion of Petitioner's application attributable to home ownership services because his income/asset copayment was equal to or greater than the amount needed to resolve the emergency and there was no notice of judicial foreclosure. As discussed above, home ownership services include payments to prevent foreclosure, repairs to the home to fix threats to health and safety, and house insurance premiums required pursuant to a mortgage or land contract. BEM 304, p. 1. Home ownership payments are only issued to save homes threatened with loss due to mortgage foreclosure, land contract forfeiture, and tax foreclosure or sale. ERM 304, pp. 1-2. No evidence was presented that Petitioner was facing foreclosure; therefore, the denial of payment of property taxes and home owner's insurance was in accordance with policy.

The denial of Petitioner's home ownership services based upon an income or asset copayment equal to or greater than the amount needed to resolve the emergency is based upon Petitioner's request to repair his roof in the amount of SER groups are required to use their available income and cash assets to help resolve the emergency. ERM 208 (October 2018), p. 1.

Asset copayments are created when the client has cash assets greater than \$50.00. Any amount of cash assets greater than \$50.00 must be used to help resolve the emergency. *Id.* No evidence was presented that Petitioner had cash assets greater than \$50.00; therefore, he is not responsible for an asset copayment.

Finally, the non-energy home repair (Petitioner's roof) denial based upon the contractor's license was unsupported by evidence and the Department's previous actions as discussed above; therefore, the Department has not met its burden of proof.

The Department is AFFIRMED as it relates solely to the denial of home ownership services for payment of taxes and insurance; the Department is REVERSED with respect to all other aspects of this SERDN.

Applications December 28, 2018 through January 19, 2019

Petitioner submitted applications on December 28, 2018; January 11, 2019; January 16, 2019; January 19, 2019; and January 28, 2019. His applications for SER assistance requested help identical to the application from December 19th on some and increased heat and electric costs on others.

The Department issued SERDN in response to these applications on January 2, 2019; January 16, 2019; and January 23, 2019.

Policy provides that if additional SER services are requested during the approved 30-day eligibility period, beginning with the date of the first application, a new application is not needed, and the application date cannot be changed. ERM 103 (October 2018), p. 2. Every additional request made during the approved-30-day eligibility period is entered in Bridges as an additional SER service request and is subject to the original 30-day eligibility period. *Id.* Therefore, even though the Department did not issue SERDN in response to every application submitted by Respondent, the Department was not required to do so because it was required to treat each application as part of the same request.

The Department denied Petitioner's applications for assistance for energy services (heat and non-heat electricity) because his countable income was higher than the maximum allowed for the program; for home ownership because there was no notice of judicial foreclosure hearing and the income/asset copayment was equal to or greater than the amount needed to resolve the emergency; and for non-energy home repairs because the contractor did not have a valid license to provide the service.

These are the same reasons presented by the previous SERDN for the December 19, 2018 application. The Department did not present any alternative evidence based on these applications as opposed to the applications from November 26th, December 6th, and December 19th. In addition, Petitioner received the same income in December as he did in November. Therefore, the reasoning and conclusions discussed above apply here as well and are incorporated by reference.

The Department is AFFIRMED as it relates solely to the denial of home ownership services for payment of taxes and insurance; the Department is REVERSED with respect to all other aspects of these SERDN.

Applications from January 28, 2019 and January 31, 2019

Petitioner submitted additional applications on January 28, 2019 and January 31, 2019 which were denied by the Department via SERDN on January 29, 2019 and February 5, 2019. Via these applications, Petitioner requested the following items: heat and electric costs in the amount of \$ each, water and sewerage costs in the amount of

then \$ property taxes in the amount of \$250.00, homeowner's insurance in the amount of \$ and home repairs in the amount of \$ and home repairs in the amount of \$ applications were denied for non-energy home repairs because the contractor did not have a valid license to provide the service and Petitioner's "need for the requested service does not meet program requirements;" for home ownership because there was no notice of judicial foreclosure hearing, the group did "not meet program requirements," the service requested "is not covered under SER policy," and he did not have an emergency; for energy services because countable income was higher than the maximum for the program; for utility services because the total amount of the income/asset copayment and shortfall (unmet requirement payments) was equal to or greater than the amount needed to resolve the emergency and because he did not have an emergency.

As was discussed previously, denial of Petitioner's request for assistance with roof repairs (non-energy home repairs) was improperly denied based upon the contractor not having a valid license.

The denials of Petitioner's request for assistance with non-energy home repairs and home ownership services because his need for the service did not meet program requirements are vague. Neither Petitioner, nor the undersigned is adequately informed by these explanations. No informed decision can be made regarding whether the denial was in accordance with policy based upon these explanations.

The denial of Petitioner's application for home ownership services because the service requested was not covered by program requirements was issued in error. During the hearing, the Department asserted that homeowner's insurance payments are not covered forms of assistance by SER policy. This statement is inaccurate. Insurance payments can be made under home ownership SER policy if the payments are required pursuant to the terms of a mortgage or land contract. ERM 304, p. 1.

As was seen in the previous applications and discussed previously, the Department did not receive proof of a judicial foreclosure proceeding; therefore, denial of the request for assistance with taxes and insurance is in accordance with policy and AFFIRMED.

Petitioner's application was denied for utility services and home ownership services because there was no emergency. As discussed previously, the SER program assists applicants when an emergency situation arises. ERM 101 (March 2013), p. 1. The emergency situation must threaten health or safety in order for a client to be eligible for assistance. *Id.* For utility services, this means that the client is either currently without water or sewer services or is facing shut off of water and sewer services. ERM 302 (October 2018), p. 1. The emergency for utility services must be verified by a disconnect notice from the utility, information from the utility provider's website, an overdue or delinquency notice when the services are disconnected. ERM 302, p. 4. Clients must be informed of all verifications that are required and where to return the verifications. ERM 103 (October 2018), p. 6. The due date for all verifications is eight

calendar days from the date of application. *Id.* If the application is not processed on the application date, the deadline to return verifications is eight calendar days from the date the verification is requested. *Id.* No evidence was presented that a verification of emergency was requested for utility services nor was any evidence presented that the Department verified the lack of an emergency via the utility provider's website. Petitioner testified that he had provided the necessary documents to the Department at application, but that information was not provided for the hearing. Instead, Petitioner provided a current water and sewer bill showing that he owed by April 18, 2019 but also that he was part of a Payment Plan Agreement and if he failed to make the payment by the due date, he would be removed from the payment plan and would be due immediately. It is unclear what the circumstances of Petitioner's water and sewer account were at the time of his application; however, if Petitioner had an emergency, the emergency has been resolved. Petitioner is not in shut off status and his water and sewer services are active. Therefore, the Department's denial of utility services is AFFIRMED.

For home ownership services, by the time of Petitioner's application in January 2019, Petitioner was not facing foreclosure and his roof had been repaired. Therefore, he was not facing eviction and there was no threat to his household's member's health and safety. The Department's denial of home ownership services (taxes, insurance, and roof) based upon a lack of emergency is AFFIRMED.

In January 2019, Petitioner had RSDI income of \$ and his child had an RSDI benefit of \$ As discussed previously, the total net household income is equal to Petitioner's RSDI benefit because his child's RSDI benefit is considered as both income because the child is in the home and deducted as child support pursuant to the court order and policy. The SER Income Need Standard for Energy/LIHEAP Services remained unchanged from \$2,058.00 for a group size of two in January 2019. ERM 208, p. 6. Since Petitioner's total countable net income was less than the SER Income Need Standard, Petitioner was eligible for energy services. The Department erred in denying Petitioner's application for energy assistance and is REVERSED.

Finally, the Department denied Petitioner's application for assistance with utilities (water and sewer costs) because the total amount of the income/asset copayment and shortfall (unmet requirement payments) was equal to or greater than the amount needed to resolve the emergency. However, as discussed on the previous page, utility assistance was also denied because Petitioner was not experiencing an emergency. Since the service was properly denied based upon a lack of an emergency, no evaluation is necessary of whether the combined copayment and shortfall was less than amount needed to resolve the emergency.

After reviewing the January 28th and January 31st applications, as well as each of the Department's explanations for denial of services, the Department is AFFIRMED with respect to each element of its decisions from January 29th and February 5th except the

denial of energy services; the Department is REVERSED with respect to the denial of energy services based upon an income/asset copayment greater than the need.

Conclusion

After a complete review of the record and based on the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, the undersigned finds that the Department acted in accordance with Department policy when it

- issued the Notice of Case Action on January 29, 2019 denying FAP benefits based upon a failure to verify checking account information;
- issued the SERDN on December 19, 2019 denying assistance with property taxes and insurance;
- issued the SERDN on January 2, 2019 denying assistance with property taxes and insurance;
- issued the SERDN on January 23, 2019 denying assistance with property taxes and insurance:
- issued the January 28, 2019 and January 31, 2019 SERN denying Petitioner's non-energy home repairs (roof), home ownership services (taxes, insurance, and roof), and utilities (water and sewer);

but did not act in accordance with Department policy or failed to satisfy its burden of showing that it acted in accordance with Department policy when it

- issued the Notices of Case Action from November 30, 2018; December 7, 2018; January 16, 2019; January 23, 2019; and January 29, 2019 for denials of cash benefits;
- issued the Notices of Case Action for the FAP on November 30, 2018; December 7, 2018; December 19, 2018; January 2, 2019; and February 5, 2019 for income over the net income limit;
- failed to issue a Notice of Case Action or process Petitioner's January 19, 2019 application for FAP;
- issued the November 26, 2018 SERDN denying home ownership;
- issued the December 7, 2018 SERDN denying home ownership services;
- issued the December 19, 2018 SERDN denying energy services, home ownership services, and non-energy related home repairs;
- issued the January 2, 2019; January 16, 2019; January 23, 2019 SERDNs denying energy services, home ownership services, and non-energy related home repairs:
- issued the January 29, 2019 and February 5, 2019 SERDNs denying energy services.

It should be noted that the Order which follows below will be repetitive for the Department to process, but some of the conclusions will be the same from application to application and decision to decision. Although some decisions of the Department were

reversed in this case for one reason, another reason for denial of a benefit might correctly apply, but has not yet been applied by the Department, which was discussed by this decision. Since this decision cannot assume facts or decide issues which the Department has not previously decided, the parties are encouraged to work together to reprocess the applications to determine whether the parties are in agreement about eligibility of a particular aspect of a decision.

DECISION AND ORDER

The portion of the hearing request attributable to the Department's actions, Notices of Case Action, and SERDN prior to November 7, 2018 is DISMISSED.

The Department's decision is **AFFIRMED IN PART** with respect to

- the Notice of Case Action on January 29, 2019 denying FAP benefits based upon a failure to verify checking account information;
- the SERDN on December 19, 2019 denying assistance with property taxes and insurance:
- the SERDN on January 2, 2019 denying assistance with property taxes and insurance;
- the SERDN on January 23, 2019 denying assistance with property taxes and insurance;
- the January 28, 2019 and January 31, 2019 SERDN denying Petitioner's nonenergy home repairs (roof), home ownership services (taxes, insurance, and roof), and utilities (water and sewer);

and **REVERSED IN PART** with respect to

- the Notices of Case Action from November 30, 2018; December 7, 2018; January 16, 2019; January 23, 2019; and January 29, 2019 for denials of cash benefits:
- the Notices of Case Action for the FAP on November 30, 2018; December 7, 2018; December 19, 2018; January 2, 2019; and February 5, 2019 for income over the net income limit;
- the Department's failure to process Petitioner's January 19, 2019 application for FAP;
- the November 26, 2018 SERDN denying home ownership services;
- the December 7, 2018 SERDN denying home ownership services;
- the December 19, 2018 SERDN denying energy services, home ownership services, and non-energy related home repairs;
- the January 2, 2019; January 16, 2019; January 23, 2019 SERDNs denying energy services, home ownership services, and non-energy related home repairs;
- the January 29, 2019 and February 5, 2019 SERDNs denying energy services.

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. Reinstate Petitioner's last application for cash assistance;
- 2. Redetermine Petitioner's eligibility for cash assistance based upon his family's circumstances as well as his disability;
- 3. Reinstate and reprocess Petitioner's November 26, 2018 application for FAP;
- 4. If Petitioner is eligible for FAP benefits based upon the November 26, 2018 FAP application, issue supplements to Petitioner for benefits not previously received;
- 5. If Petitioner is ineligible based upon the November 26, 2018 application, reinstate and reprocess Petitioner's December 6, 2018 application for FAP;
- 6. If Petitioner is eligible for FAP benefits based upon the December 6, 2018 FAP application, issue supplements to Petitioner for benefits not previously received;
- 7. If Petitioner is ineligible based upon the December 6, 2018 application, reinstate and reprocess Petitioner's December 19, 2018 application for FAP;
- 8. If Petitioner is eligible for FAP benefits based upon the December 19, 2018 FAP application, issue supplements to Petitioner for benefits not previously received;
- 9. If Petitioner is ineligible based upon the December 19, 2018 application, reinstate and reprocess Petitioner's December 28, 2018 application for FAP;
- 10. If Petitioner is eligible for FAP benefits based upon the December 28, 2018 FAP application, issue supplements to Petitioner for benefits not previously received;
- 11. If Petitioner is ineligible based upon the December 28, 2018 application, reinstate and reprocess Petitioner's January 11, 2019 application for FAP;
- 12. If Petitioner is eligible for FAP benefits based upon the January 11, 2019 application for FAP, issue supplements to Petitioner for benefits not previously received;
- 13. If Petitioner is ineligible based upon the January 11, 2019 application, reinstate and reprocess Petitioner's January 19, 2019 application for FAP;
- 14. If Petitioner is eligible for FAP benefits based upon the January 19, 2019 FAP application, issue supplements to Petitioner for benefits not previously received;

- 15. If Petitioner is ineligible based upon the January 19, 2019 application, reinstate and reprocess Petitioner's January 31, 2019 application for FAP;
- 16. If Petitioner is eligible for FAP benefits based upon the January 31, 2019 FAP application, issue supplements to Petitioner for benefits not previously received;
- 17. Reinstate and reprocess Petitioner's November 26, 2018 through December 19, 2018 applications for SER as one application for energy and home ownership/non-energy related home repair services (roof);
- 18. If Petitioner is eligible for SER benefits based upon the combined applications from November 26, 2018 through December 19, 2018, issue supplements to Petitioner or on his behalf for benefits not previously received;
- 19. If Petitioner is not eligible based upon the November 26, 2018 through December 19, 2018 combined application, reinstate and reprocess Petitioner's December 28, 2018 through January 19, 2019 applications for SER energy and home ownership services/non-energy home repairs (roof) and process these applications together;
- 20. If Petitioner is eligible for SER benefits based upon the December 28, 2018 through January 19, 2019 SER combined applications, issue supplements to Petitioner or on his behalf for benefits not previously received;
- 21. If Petitioner is not eligible based upon the December 28, 2018 through January 19, 2019 combined application, reinstate and reprocess Petitioner's January 28, 2019 and January 31, 2019 applications for SER energy and process these applications together; and,
- 22. If Petitioner is eligible for SER benefits based upon the January 28, 2019 and January 31, 2019 SER combined applications, issue supplements to Petitioner or on his behalf for benefits not previously received.
- 23. Notify Petitioner in writing of its decisions with regard to his cash assistance, FAP, and SER applications.

AMTM/

Amanda M. T. Marler

Administrative Law Judge for Robert Gordon, Director

Department of Health and Human Services

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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) 763-0155; 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

Dora Allen MDHHS-Wayne-76-Hearings



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