

3. On September 22, 2022, the Department Caseworker sent the Petitioner a Notice of Case Action, DHS 1605, that the Petitioner was approved for FAP benefits for a household group of 2 for August 29, 2022, through August 31, 2022, for \$█; September 1, 2022, through September 30, 2022, for \$█; and from October 1, 2022, through July 31, 2023, for \$█ per month. Department Exhibit 5.
4. On █ 2022, the Department received a hearing request from the Petitioner, contesting the Department's negative action.

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 Food Assistance Program (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.

In this case, the Petitioner applied for FAP benefits and reported self-employment income and expenses with a █ Individual Income Tax Return on August 29, 2022. Department Exhibit 1-2. On September 14, 2022, the Department Caseworker conducted the required interview guide to determine FAP eligibility for the Petitioner where it was explained that the Petitioner had to submit a Self-Employment Income and Expense Statement, DHS 431, with receipts to verify actual expenses for FAP eligibility, but the Department would use the 25% in expenses allowed because the Petitioner did not want to submit a DHS 431 with receipts of her expenses. Department Exhibit 4. On September 22, 2022, the Department Caseworker sent the Petitioner a Notice of Case Action, DHS 1605, that the Petitioner was approved for FAP benefits for a household group of 2 for August 29, 2022, through August 31, 2022, for █; September 1, 2022, through September 30, 2022, for █ and from October 1, 2022, through July 31, 2023, for \$█ per month. Department Exhibit 5. On █, 2022, the Department received a hearing request from the Petitioner, contesting the Department's negative action. BEM 502.

During the hearing, the Department stated that the Petitioner's FAP benefits ended on July 31, 2022, because the Petitioner did not complete the required interview. The Petitioner admitted that she did not call to reschedule her telephone interview, but rather reapplied on █, 2022. Since there was no telephone interview by July 31, 2022, the Petitioner's FAP benefits ended. The Petitioner reapplied for FAP benefits on █, 2022.

BEM 502

Self- Employment Income

- Primary source - Income tax return provided:
 - The client hasn't started or ended self-employment, or received an increase/decrease in income, etc.
 - The tax return is still representative of future income.
 - The client filed a tax return.
- Secondary source - DHS-431, Self-Employment Statement, with all income receipts to support claimed income.
- Third source - DHS-431, Self-Employment Statement, without receipts.

Self- Employment Expenses

All Programs except Medicaid

DHS-431, Self-Employment Statement, with receipts.

Medicaid

Form 1040, U.S. individual federal income tax return.

Form 1040NR, Non-resident alien federal income tax return.

Schedule C, Profit or Loss From Business, if accompanied by a tax return.

Schedule F, Farm Rental Income and expenses if accompanied by a tax return.

**COUNTABLE
SELF-
EMPLOYMENT
INCOME**

The amount of self-employment income before any deductions is called total proceeds. Countable income from self-employment equals the total proceeds **minus** allowable expenses of producing the income. If allowable expenses exceed the total proceeds, the amount of the loss cannot offset any other income **except** for farm loss amounts; See Farming Expenses in this item.

Example: An individual operates a retail store. Total proceeds for the month are \$3,200. Allowable expenses total \$3,800. The \$600 deficit **cannot** be used to offset any other income.

Allowable expenses (except MAGI related MA) are the higher of 25 percent of the total proceeds, or actual expenses if the client chooses to claim and verify the expenses.

Note: MAGI related Medicaid uses adjusted gross income as declared on the federal tax return.

As a result, the Department properly determined the Petitioner's eligibility for FAP benefits based on the 25% deduction of the Petitioner's total proceeds for expenses from her self-employment income because the Petitioner did not want to nor did she submit the required DHS 431 with receipts.

DECISION AND ORDER

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 determined FAP eligibility based on 25% deduction of the Petitioner's total proceeds because the Petitioner failed to submit a DHS 431 with receipts.

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



Carmen G. Fahie
Administrative Law Judge

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