



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
MICHIGAN OFFICE OF ADMINISTRATIVE HEARINGS AND RULES
SUZANNE SONNEBORN
EXECUTIVE DIRECTOR

MARLON I. BROWN, DPA
DIRECTOR

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████████████████████, MI ██████████

Date Mailed: December 23, 2024
MOAHR Docket No.: 24-012938
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; 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 Microsoft Teams hearing was held on December 19, 2024; the parties participated by telephone. Petitioner appeared and was unrepresented. The Michigan Department of Health and Human Services (MDHHS) was represented by Ruby Anderson, supervisor.

ISSUE

The issue is whether MDHHS properly terminated Petitioner's Food Assistance Program (FAP) eligibility.

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 24, 2024, MDHHS received Petitioner's redetermination documents reporting a household including 3 children under the age of 23. Petitioner also reported that all household members were under the age of 60, not disabled, and not disabled veterans.
2. As of October 2024, Petitioner and her two youngest children each received \$898 in gross monthly Retirement, Survivors, Disability Insurance (RSDI).
3. As of October 2024, Petitioner's oldest child in the household was █████ years old and received \$██████ in gross monthly wages.

4. As of October 2024, Petitioner had no day care or child support expenses.
5. As of October 2024, Petitioner reported to MDHHS a monthly housing obligation of \$1,500 and a responsibility to pay for heating and/or cooling expenses.
6. On November 18, 2024, Petitioner requested a hearing to dispute a termination of FAP benefits.
7. On November 26, 2024, MDHHS terminated Petitioner's FAP eligibility beginning November 2024 due to excess net income.

CONCLUSIONS OF LAW

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. MDHHS administers the FAP pursuant to MCL 400.10, the Social Welfare Act, MCL 400.1-.119b, and Mich Admin Code, R 400.3001-.3011. FAP policies are contained in the Bridges Administrative Manual (BAM), Bridges Eligibility Manual (BEM), and Reference Tables Manual (RFT).

Petitioner requested a hearing to dispute a termination of FAP benefits. Exhibit A, pp. 3-4. A Notice of Case Action dated November 18, 2024, stated that Petitioner's FAP eligibility ended November 2024 due to excess net income.¹ Exhibit A, pp. 13-17.

FAP benefit amounts are determined by a client's net income. BEM 556 outlines the factors and calculations required to determine a client's net income. FAP net income is based on group size, countable monthly income, and relevant monthly expenses. MDHHS presented a budget summary listing all FAP budget factors. Exhibit A, p. 14. During the hearing, all relevant budget factors were discussed with Petitioner.

MDHHS factored Petitioner's FAP eligibility based on a benefit group of four persons. Petitioner's redetermination form returned to MDHHS on September 24, 2024, reported a household including three children. Exhibit A, pp. 7-11 All children in Petitioner's household were under 22 years of age. Petitioner contended that MDHHS should have excluded her ■■■■■ year-old daughter who was also a college student. Parents and their children under 22 years of age who live together must be in the same group regardless of whether the child(ren) have their own spouse or child who lives with the group. BEM 212 (March 2024) p. 1. Because all of Petitioner's children in the household were under

¹ Petitioner's hearing request was submitted over a week before MDHHS sent written notice of benefit termination due to net income. Petitioner's hearing request referenced timely returning unearned income documents which suggests that MDHHS initially terminated FAP eligibility due to an alleged failure by Petitioner to verify information. Presumably, MDHHS reconsidered its basis for benefit termination after Petitioner requested a hearing which resulted in a notice of benefit termination after Petitioner requested a hearing.

22 years of age, MDHHS properly determined them to be mandatory group members.² Thus, Petitioner's FAP benefit group is four persons.

It was not disputed that Petitioner's [REDACTED]-year-old daughter received gross monthly wages of \$[REDACTED]. For FAP benefits, MDHHS generally counts gross wages.³ BEM 501 (January 2024) p. 7. MDHHS applies a 20% budget credit for timely reported employment income. Applying the credit results in countable employment income of \$1,286 (dropping cents).

It was also not disputed that Petitioner and her two youngest daughters received \$898 in gross monthly RSDI benefits. For FAP benefits, gross RSDI is countable. BEM 503 (January 2023) p. 29. Adding the household's RSDI benefits results in a total unearned income of \$2,694. Adding the benefit group's countable wages and unearned income results in a total countable income of \$3,980.

MDHHS uses certain expenses to determine net income for FAP eligibility and benefit levels. BEM 554 (February 2024) p. 1. For groups without a senior (over 60 years old), disabled or disabled veteran (SDV) member, MDHHS considers the following expenses: shelter expenses (housing and utilities) up to a capped amount, dependent care costs, and court-ordered child support and arrearages paid to non-household members. *Id.* Groups with an SDV member with a verified one-time or ongoing medical expense(s) of more than \$35 will receive the standard medical deduction (SMD) of \$165. *Id.*, p. 9. If the group has actual medical expenses which are more than the SMD, the group has the option to verify actual expenses instead of receiving the SMD. *Id.* Groups with an SDV member also have an uncapped excess shelter expense. *Id.*

Petitioner acknowledged having no SDV members in the benefit group; thus, medical expenses are not countable. Petitioner did not allege having any dependent care or child support expenses. The evidence established that Petitioner's group's non-shelter expenses were \$0.

Petitioner's FAP benefit group size justifies a standard deduction of \$217 (see RFT 255). The standard deduction is given to all FAP benefit groups, though the amount varies based on the benefit group size. The standard deduction and countable non-shelter expenses are subtracted from the countable monthly income to calculate the group's adjusted gross income. Subtracting the standard deduction (\$217) and countable non-shelter expenses (\$0) from the group's countable income (\$3,980) results in an adjusted gross income of \$[REDACTED].

² MDHHS explained that Petitioner's oldest daughter was a previous mandatory group member, though ineligible due to her status as a half-time or more college student (see BEM 245). Though Petitioner's daughter remains a half-time or more college student, she now works 20 hours per week; Petitioner's daughter's employment renders her eligible to receive FAP benefits. Based on Petitioner's complaint that she received more FAP benefits when her daughter was an ineligible group member, it is presumed that this occurred when Petitioner's daughter was not employed.

³ Exceptions to using gross wages include the following: earned income tax credits, flexible benefits, striker earnings, student disregards, and census worker earnings. BEM 501 (January 2024) p. 7. The evidence did not suggest any applicable exceptions for the present case.

MDHHS credited Petitioner with monthly housing expenses of \$1,500; Petitioner did not allege having additional housing expenses. MDHHS credited Petitioner with a standard heating/utility (h/u) credit of \$664. RFT 255 (October 2024) p. 1. Generally, the h/u credit covers all utility expenses and is the maximum credit available.⁴ Adding Petitioner's housing expenses and utility credits results in total shelter expenses of \$2,164.

MDHHS only credits FAP benefit groups with an "excess shelter" expense. The excess shelter expense is calculated by subtracting half of Petitioner's adjusted gross income from Petitioner's total shelter obligation. Petitioner's excess shelter amount is \$283 (rounding up to nearest dollar).

The FAP benefit group's net income is determined by subtracting the excess shelter expense from the group's adjusted gross income; doing so results in \$3,480 in net income for Petitioner's group. A chart is used to determine the proper FAP benefit issuance.⁵ RFT 260 (October 2024) pp. 1-5. Based on Petitioner's group size and net income, Petitioner's proper FAP issuance is \$0: the same amount calculated by MDHHS. Thus, MDHHS properly terminated Petitioner's FAP eligibility beginning November 2024 due to excess net income.

DECISION AND ORDER

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS properly terminated Petitioner's FAP eligibility beginning November 2024 due to excess net income. The actions taken by MDHHS are **AFFIRMED**.

CG/nr



Christian Gardocki
Administrative Law Judge

⁴ MDHHS allows additional credits for "actual utility expenses". Such expenses are only allowed for utility installation charges, water well installation and maintenance, and septic installation and maintenance. BEM 554 (October 2019) p. 15. There was no evidence of applicable exceptions.

⁵ FAP eligibility can also be calculated by multiplying the net income by 30% and subtracting the amount from the maximum FAP issuance for the group.

