

Date Mailed: December 23, 2025

Docket No.: 25-042110

Case No.: 140981002

Petitioner: [REDACTED]

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 telephone hearing was held via Microsoft Teams on December 17, 2025. Petitioner did not participate. [REDACTED] Petitioner's daughter, testified and participated as Petitioner's authorized hearing representative (AHR). The Michigan Department of Health and Human Services (MDHHS) was represented by Joanna Rivera, supervisor

ISSUES

The first issue is whether MDHHS properly denied Petitioner's Child Development and Care (CDC) application.

The second issue is whether MDHHS properly denied Petitioner's Food Assistance Program (FAP) application.

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 [REDACTED] 2025, Petitioner applied for CDC and FAP benefits and reported a household including a spouse, [REDACTED] (hereinafter, "Spouse") and two minor grandchildren over which Spouse had guardianship. Petitioner also reported ongoing wages for Spouse, responsibility for two Medicare premiums, a hospital bill of \$4,500, dependent care expenses, annual property taxes of \$4,000, and annual property insurance of \$1,000.
2. As of October 2025, none of Petitioner's household members were homeless, migrant farmworkers, or Family Independence Program (FIP) benefit recipients. Also, no household members were involved with Children's Protective Services (CPS) or foster care.
3. As of October 2025, Petitioner received ongoing gross monthly Retirement, Survivors, Disability Insurance (RSDI) income of [REDACTED]

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4. As of October 2025, Spouse received ongoing gross monthly RSDI income of [REDACTED]
 5. As of October 2025, Petitioner verified annual property taxes of \$2,932 and a responsibility for heating/cooling expenses.
 6. On October 5 and October 19, 2025, Spouse received gross biweekly wages of [REDACTED]
 7. As of October 17, 2025, MDHHS did not request verification of Petitioner's medical, dependent care, or housing expenses.
 8. On an unspecified date, MDHHS denied Petitioner's application for FAP benefits due to excess income based on countable monthly medical expenses of \$165, \$0 dependent care expenses, and housing costs of \$244.34.
 9. On November 5, 2025, MDHHS denied Petitioner's application for CDC due to excess gross income.
 10. On November 17, 2025, Petitioner requested a hearing to dispute the denials of FAP and CDC benefits.

CONCLUSIONS OF LAW

The Child Development and Care (CDC) program is established by Titles IV-A, IV-E and XX of the Social Security Act, 42 USC 601 to 42 USC 619, 42 USC 670 to 42 USC 679c, and 42 USC 1397 to 42 USC 1397m-5; the Child Care and Development Block Grant of 1990, PL 101-508, 42 USC 9857 to 42 USC 9858r; and 42 USC 618 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, PL 104-193. The program is implemented by 45 CFR 98.1 to 45 CFR 99.33. MDHHS administers the program pursuant to MCL 400.10 of the Social Welfare Act, MCL 400.1 *et seq.*, and provides services to adults and children pursuant to MCL 400.14(1) and Mich Admin Code, R 400.5001 to R 400.5020. CDC policies are contained in the Bridges Administrative Manual (BAM), Bridges Eligibility Manual (BEM), and Reference Tables Manual (RFT).

Petitioner requested a hearing, in part, to dispute a denial of CDC benefits. Exhibit A, pp. 4-6. Petitioner applied for CDC benefits on [REDACTED] 2025. Exhibit A, pp. 7-18. Petitioner sought CDC benefits for one of his grandchildren over which Spouse had guardianship. Exhibit A, pp. 19-22. A Notice of Case Action dated November 5, 2025, stated that CDC was denied due to excess income. Exhibit D, pp. 1-5.

There are five types of CDC eligibility groups for which an income determination is waived: involvement with Children's Protective Services, foster care, Family Independence Program recipients, migrant farmworkers, and homelessness. BEM 703

(October 2024) pp. 13-14. If a client's CDC group is not eligible for an income waiver, then the group may be eligible for CDC benefits, subject to a determination of income. *Id.*, p. 16. There was no evidence that Petitioner's group qualified for CDC based on a waiver of income-eligibility.¹ Thus, Petitioner is left to qualify for CDC benefits based on an income determination.

To be eligible for CDC at application, a program group's countable gross monthly income must not exceed the maximum monthly gross income limit by family size associated with the program entry limit. *Id.* Income eligible families may have a co-payment amount called a family contribution. *Id.*

For CDC benefits, MDHHS generally counts gross wages.² BEM 501 (January 2024) p. 7. For non-child support income, MDHHS uses past income to project a CDC group's income. BEM 505 (June 2025) p. 5. Stable or fluctuating biweekly employment income is converted to a monthly amount by multiplying the average income by 2.15. *Id.*, p. 8.

Petitioner's application reported a benefit group including Spouse and two minor grandchildren. Petitioner's group size for CDC is four persons.³

It was not disputed that Petitioner and Spouse received respective gross monthly RSDI of [REDACTED] and [REDACTED]. Generally, MDHHS counts the gross amount of RSDI in determining CDC eligibility.⁴ BEM 503 (January 2025) p. 31. The group's total RSDI is [REDACTED].

It was not disputed that Spouse received ongoing employment income. MDHHS testified that Spouse received gross wages of [REDACTED] on October 3 and October 17, 2025.⁵ Multiplying the average biweekly wage by 2.15 results in a converted monthly employment income of [REDACTED]. Adding the group's RSDI and wages results in a total income of [REDACTED].

For a group size of four persons, the income level for entry into the CDC program is [REDACTED] RFT 270 (October 2025) p. 1. Petitioner's group's income exceeds the income limit. Thus, MDHHS properly denied Petitioner's CDC application due to excess income.

The FAP [formerly known as the Food Stamp program] is funded under the federal Supplemental Nutrition Assistance Program (SNAP) established by the Food and

¹ Petitioner appears potentially eligible to receive FIP benefits as an ineligible grantee (i.e. a caretaker to non-biological children; see BEM 210). However, at the time of denial, Petitioner nor his grandchildren were FIP recipients.

² Exceptions to using gross wages include the following: earned income tax credits, flexible benefits, striker earnings, student disregards, and census worker earnings. BEM 501 (October 2025) pp. 6-9. None of these exceptions apply to the present case.

³ See BEM 205 for determining CDC group composition.

⁴ Exceptions to counting gross RSDI include the following: certain former SSI recipients (e.g., disabled-adult children, 503 individuals, and early widowers), retroactive RSDI benefits, Medicare premium refunds, fee deductions made by qualified organizations acting as payee, and "returned benefits" (see BAM 500). No exceptions were applicable to the present case.

⁵ MDHHS's testimony conflicted with documentation verifying a pay date of October 17, 2025. Exhibit A, pp. 23-24. Nevertheless, the presented wage document verified the same gross wages of [REDACTED].

Nutrition Act of 2008, as amended, 7 USC 2011 to 7 USC 2036d. It is implemented by the federal regulations contained in 7 CFR 273. MDHHS administers the FAP pursuant to MCL 400.10 of the Social Welfare Act, MCL 400.1 *et seq.*, and Mich Admin Code, R 400.3001 to R 400.3031. FAP policies are contained in the Bridges Administrative Manual (BAM), Bridges Eligibility Manual (BEM), and Reference Tables Manual (RFT).

Petitioner also requested a hearing to dispute a denial of FAP benefits. Exhibit A, pp. 3-6. Petitioner applied for FAP benefits on [REDACTED] 2025. Exhibit A, pp. 7-18. MDHHS testified that it denied Petitioner's application due to excess income.⁶

FAP benefit amounts are determined by a client's net income as calculated by MDHHS. 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 partial FAP budget document listing most budget calculations. Exhibit B, pp. 1-3. During the hearing, all relevant budget factors were discussed with Petitioner.

MDHHS factored a benefit group including Petitioner, Spouse, and their two minor grandchildren. Petitioner did not dispute the benefit group size of four persons.⁷

In the CDC benefit analysis, Petitioner's group's countable RSDI was calculated to be [REDACTED] and countable wages were [REDACTED]. The same income is countable for FAP benefits; however, for FAP benefits, MDHHS issues a 20% credit for timely reported employment income which results in countable wages of [REDACTED] (dropping cents). Adding the countable wages and RSDI results in a total countable income of [REDACTED].

MDHHS uses certain expenses to determine net income for FAP eligibility and benefit levels. BEM 554 (October 2025) 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 (see *Id.*). An SDV group that has a verified one-time or ongoing medical expense(s) of more than \$35 for an SDV person(s) 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 their actual expenses instead of receiving the SMD. *Id.* Because Petitioner and Spouse receive RSDI based on disability, Petitioner is a member of an SDV group.

MDHHS issued the SMD of \$165 presumably for responsibility of a Medicare Part B premium. MDHHS also factored \$0 for dependent care expenses. Petitioner's

⁶ MDHHS did not address Petitioner's dispute of FAP benefits in its hearing packet. During the hearing, MDHHS provided a Notice of Case Action dated October 17, 2025, stating that Petitioner's application was denied due to excess income. Exhibit C, pp. 1-4. It can be safely concluded that the notice was for a previous FAP benefit application because the date of notice occurred before Petitioner's disputed application date.

⁷ See BEM 212 for policies on determining group size for FAP benefits.

application reported expenses for dependent care, two Medicare premiums, and a hospital bill of \$4,500.

For all programs, MDHHS is to tell the client what verification is required, how to obtain it, and the due date. BAM 130 (May 2024) p. 3. MDHHS is to use the DHS-3503, Verification Checklist (VCL), to request verification. *Id.* MDHHS is to allow the client 10 calendar days (or other time limit specified in policy) to provide the verification that is requested. *Id.*, p. 7. MDHHS is to send a negative action notice when:

- The client indicates refusal to provide a verification, or
- The time period given has elapsed and the client has not made a reasonable effort to provide it. *Id.*

MDHHS presented no explanation for why it budgeted fewer expenses reported by Petitioner's application. If Petitioner verified fewer expenses than reported, MDHHS would have had to request verification of the expenses. MDHHS's testimony acknowledged that it did not request verification of expenses.

The evidence did not establish that MDHHS properly calculated Petitioner's medical and dependent care expenses. Thus, Petitioner is entitled to a reprocessing of FAP benefits and an opportunity to verify medical and dependent care expenses.

Petitioner's FAP benefit group size justifies a standard deduction of \$223 (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. MDHHS factored Petitioner's standard deduction (\$223) and countable non-shelter expenses (\$165) from the group's countable income [REDACTED] resulting in an adjusted gross income of [REDACTED].

MDHHS credited Petitioner with monthly housing expenses of \$244.34 based on submitted documentation verifying property taxes of \$2,932 for summer or winter. Petitioner's application reported \$4,000 in property taxes and \$1,000 for property insurance. Again, MDHHS did not allege that a VCL was sent requesting proof of Petitioner's reported expenses. Thus, the reprocessing of FAP benefits shall also factor Petitioner's reporting of housing expenses.

MDHHS credited Petitioner with a standard heating/utility (h/u) credit of \$682. RFT 255 (October 2025) p. 1. Generally, the h/u credit covers all utility expenses and is the maximum credit available.⁸

MDHHS only credits FAP benefit groups with an "excess shelter" expense. The expense is calculated by subtracting half of Petitioner's adjusted gross income from Petitioner's total

⁸ 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 2025) p. 15. There was no evidence of applicable exceptions.

shelter obligation. Based on the factors budgeted by MDHHS, Petitioner's excess shelter expense is \$0.

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 [REDACTED] in net income for Petitioner's group. A chart is used to determine the proper FAP benefit issuance.⁹ RFT 260 (October 2024) pp. 1-5. Based on Petitioner's group size and net income, Petitioner's FAP issuance for October 2025, based on the factors used by MDHHS, is \$0: the same amount as calculated by MDHHS.

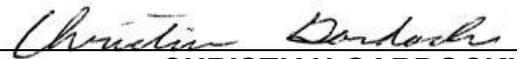
As discussed above, Petitioner is entitled to a reprocessing of FAP benefits based on MDHHS not establishing that it properly calculated medical, dependent care, and housing expenses. Petitioner should be aware that MDHHS may require verification of expenses. Petitioner should also be aware that the reprocessing may again result in application denial. If Petitioner disputes the accuracy of the reprocessing, Petitioner may again request a hearing.

DECISION AND ORDER

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS properly denied Petitioner's application for CDC benefits dated [REDACTED] 2025. Concerning CDC benefits, the actions taken by MDHHS are **AFFIRMED**.

The administrative law judge, based upon the above findings of fact and conclusions of law, finds that MDHHS improperly determined Petitioner's FAP eligibility. It is ordered that MDHHS commence the following actions within 10 days of the date of mailing of this decision:

- (1) Reprocess Petitioner's application for FAP benefits dated [REDACTED] 2025, subject to the finding that MDHHS failed to establish that it properly calculated Petitioner's medical, dependent care, and housing expenses; and
 - (2) Issue notice and supplements, if any, in accordance with policy.
- Concerning FAP benefits, the actions taken by MDHHS are **REVERSED**.


CHRISTIAN GARDOCKI
ADMINISTRATIVE LAW JUDGE

⁹ 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.

APPEAL RIGHTS: Petitioner may appeal this Hearing Decision to the circuit court. Rules for appeals to the circuit court can be found in the Michigan Court Rules (MCR), including MCR 7.101 to MCR 7.123, available at the Michigan Courts website at courts.michigan.gov. The Michigan Office of Administrative Hearings and Rules (MOAHR) cannot provide legal advice, but assistance may be available through the State Bar of Michigan at <https://lrs.michbar.org> or Michigan Legal Help at <https://michiganlegalhelp.org>. A copy of the circuit court appeal should be sent to MOAHR. A circuit court appeal may result in a reversal of the Hearing Decision.

Either party who disagrees with this Hearing Decision may also send a written request for a rehearing and/or reconsideration to MOAHR within 30 days of the mailing date of this Hearing Decision. The request should include Petitioner's name, the docket number from page 1 of this Hearing Decision, an explanation of the specific reasons for the request, and any documents supporting the request. The request should be sent to MOAHR

- by email to MOAHR-BSD-Support@michigan.gov, **OR**
- by fax at (517) 763-0155, **OR**
- by mail addressed to
Michigan Office of Administrative Hearings and Rules
Rehearing/Reconsideration Request
P.O. Box 30639
Lansing Michigan 48909-8139

Documents sent via email are not secure and can be faxed or mailed to avoid any potential risks. Requests MOAHR receives more than 30 days from the mailing date of this Hearing Decision may be considered untimely and dismissed.



Via Electronic Mail:

Respondent
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MDHHS-OAKLAND-6303-HEARINGS@MICHIGAN.GOV

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