

ISSUE

Did the Department properly determine Petitioner's Food Assistance Program (FAP) benefit amount effective January 1, 2026?

FINDINGS OF FACT

The Administrative Law Judge, based on the competent, material, and substantial evidence on the whole record, finds as material fact:

1. Petitioner is a REDACTED-year-old disabled individual who receives Retirement, Survivors, and Disability Insurance (RSDI) income, has monthly expenses for lot rent and for a mortgage, and pays heat and other utilities. Petitioner's mortgage expense is \$335 per month. (Exhibit A, pp. 20 – 23, 27).
1. Since at least June 2025, the Department has paid Petitioner's Medicare Part B premiums.
2. On October 17, 2025, the Department sent Petitioner a Notice of Case Action (NOCA) that approved Petitioner for FAP benefits in the amount of \$298 per month for a one-person FAP group, based in part on REDACTED in unearned income, a \$165 medical expense deduction, and total housing costs of \$1,057.59 plus payment of heat and utilities. (Exhibit A, pp. 15 – 16).
3. On December 6, 2025, the Department sent Petitioner a NOCA that decreased Petitioner's FAP benefits to \$121 per month effective January 1, 2026, based on a change in her net income.
4. On December 10, 2025, the Department received verification that Petitioner's lot rent increased from \$688 per month to \$733 per month effective November 1, 2025. (Exhibit A, p. 22).
5. Effective January 1, 2026, Petitioner's RSDI income was increased to REDACTED per month. (Exhibit A, p. 21).
6. On January 16, 2026, the Department sent Petitioner a NOCA that increased her FAP benefits from \$121 to \$124 per month effective January 1, 2026, based in part on REDACTED in unearned income and \$1,068.62 in housing costs plus payment of heat and utilities. (Exhibit A, pp. 10 – 11).
7. On January 16, 2026, the Department received a document regarding Petitioner's lot rent expense.
8. On January 26, 2026, the Department received a request for hearing from Petitioner, disputing the decrease in the amount of her monthly FAP benefit. (Exhibit A, pp. 3 – 6).

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, Petitioner was an ongoing recipient of FAP benefits of \$298 per month based in part on REDACTED in unearned income, a \$165 medical expense deduction, and total housing costs of \$1,057.59 plus payment of heat and utilities. The Department testified that, based on changes in Petitioner's budgeted income and expenses, it sent her a NOCA on December 6, 2025, that decreased her FAP benefit to \$121 per month effective January 1, 2026. On January 16, 2026, the Department sent Petitioner another NOCA that increased her FAP benefits to \$124 per month effective January 1, 2026. Petitioner requested a hearing to dispute the reduction of her FAP benefits from \$298 to \$124 per month.

The Department must complete a FAP budget when either: a) it is made aware of, or the client reports, a change in income or expenses that will affect eligibility or benefit level; or b) it discovers an error in the budget. BAM 115 (October 2025), p. 32; BAM 220 (October 2025), p. 1. Determination of whether the Department properly calculated a client's FAP benefit amount begins with a review of the client's countable earned and unearned income. BEM 500 (January 2026), pp. 1 – 5. The gross benefit amount of RSDI is counted as unearned income. BEM 503 (October 2025), p. 31. Here, there was no dispute that effective January 1, 2026, Petitioner receives REDACTED per month from RSDI and has no other income.

After countable income is calculated, the Department must determine which deductions are available to Petitioner. The record established that Petitioner is disabled and considered a senior/disabled/veteran (SDV) household. BEM 550 (April 2025), pp. 1 – 2. Households with SDV members with unearned income may be eligible for the following deductions only:

- Standard deduction based on group size.
- Dependent care expense.
- Medical expense deduction for medical expenses of the SDV member in excess of \$35.
- Court ordered child support and arrearages paid to non-household members.

- Excess shelter deduction.

BEM 554 (January 2026) p. 1; BEM 556 (November 2025) pp. 3 – 6; RFT 255 (October 2025). An SDV group that has a verified one-time or ongoing medical expenses of more than \$35 for the SDV member will receive a standard medical deduction (SMD) of \$165. BEM 554, pp. 9 – 13. However, if the SDV member has actual medical expenses which are more than the SMD, they have the option to verify their actual expenses instead of receiving the SMD. BEM 554, pp. 9 – 13.

The Department introduced a budget to show how it determined Petitioner's FAP benefit amount effective January 1, 2026. (Exhibit A, pp. 24 – 25). There was no dispute that Petitioner was entitled to a standard deduction of \$209 based on her one-person FAP group. The Department testified that although it previously budgeted a medical expense deduction of \$165, that deduction was based on Petitioner's payment of Medicare Part B and, because the Department has paid that expense on her behalf since at least June 2025, it removed that deduction from her budget. Petitioner's AHR confirmed that Petitioner does not have medical expenses in excess of \$35 per month and further testified that she does not have any dependent care expenses or child support obligations. Thus, the budget properly reflected that Petitioner received only a standard deduction from her countable income based on her one-person FAP group size. BEM 550, p. 1; RFT 255.

Next, the Department determines any excess shelter expense deduction. To start, the Department first calculates Petitioner's adjusted gross income (AGI) by subtracting the allowable deductions outlined above from the countable income. Based on Petitioner's countable income of REDACTED and standard deduction of \$209, her AGI was REDACTED.

To complete the excess shelter deduction calculation, the Department must review the client's housing and utility expenses. Effective October 1, 2025, when a FAP group has or contributes to payment for heating and other utility expenses, separate from the mortgage or rent payment, it is entitled to a heat and utility (h/u) standard amount of \$682 to be included in the calculation of the excess shelter deduction. BEM 554, p. 19; RFT 255. This is the highest amount available to FAP groups who pay utilities and the group is not entitled to individual utility expenses in the calculation of the deduction. BEM 554, p. 19.

Once the Department has determined the client's housing expense and whether the client is eligible for the h/u standard, it must add those amounts together for a total shelter amount. BEM 556, pp. 5 – 6. Although Petitioner's AHR questioned the Department's failure to deduct 100% of Petitioner's shelter expenses from her income, the excess shelter deduction is a portion of a client's total shelter expenses. BEM 556, p. 6, Line 34 – 36. Specifically, the Department subtracts 50% of the client's AGI from the total shelter expense and the amount remaining is the amount of the excess shelter deduction. BEM 556, p. 6. The excess shelter deduction is then subtracted from the client's total AGI to determine net income. BEM 556, p. 6.

The evidence established that at the time of the Department's determination, Petitioner's reported lot rent was \$733, and she had a mortgage expense of \$335, for a total housing expense of \$1,068 per month. Because Petitioner also pays for heat and other utilities, the Department properly determined that based on her monthly housing of \$1,068 plus the h/u standard of \$682, her total shelter expense was \$1,751. (Exhibit A, p. 25). When 50% of Petitioner's REDACTED AGI, in the amount of REDACTED, was subtracted from the total shelter expense of \$1,751, Petitioner's excess shelter deduction was \$975, which is the amount the Department included on the budget. When Petitioner's excess shelter deduction of \$975 was subtracted from her AGI of REDACTED, Petitioner's net income was REDACTED.

Once the net monthly income has been determined under the FAP program, the Department determines what benefit amount Petitioner is entitled to, based on the group size, according to the Food Assistance Issuance Table found in RFT 260. Based on Petitioner's one-person FAP group size and net income of REDACTED, the Department properly determined Petitioner's monthly benefit amount of \$124 effective January 1, 2026. RFT 260 (October 2025), p. 9.

It is noted that Petitioner's AHR testified that Petitioner reported an increase in her lot rent to the Department in January. The Department confirmed that it received a document from Petitioner on January 16, 2026, regarding her lot rent. However, the record was insufficient to confirm that Petitioner's lot rent increased or the effective date of any increase. Additionally, the Department has at least 10 days to act on changes reported by a client; and changes are generally not effective until the first allotment issued 10 days after the date the change was reported. BAM 220, p. 8. Therefore, the record was insufficient to establish that the Department failed to act in accordance with policy with regard to the document Petitioner submitted on January 16, 2026.

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 approved Petitioner for FAP benefits of \$124 per month effective January 1, 2026.

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