

**BEFORE THE ALASKA OFFICE OF ADMINISTRATIVE HEARINGS ON
REFERRAL FROM THE COMMISSIONER OF HEALTH AND SOCIAL SERVICES**

In the Matter of)
) OAH No. 17-0297-SNA
T Q) Agency No.
)
_____)

DECISION

I. Introduction

The Division of Public Assistance (Division) approved T Q’s March 2, 2017 Food Stamp application.¹ After accounting for Ms. Q’s housing subsidy, it authorized benefits of \$66 for March 2017, and \$69 for April 2017. In April 2017, the Division determined that it had incorrectly accounted for the housing subsidy. It recalculated benefits and notified Ms. Q that it was adjusting her Food Stamps to \$19 per month for May 2017 and subsequent months in the certification period. Ms. Q appealed and argued that the approved amounts are insufficient to meet her needs.

The Division is required to account for Ms. Q’s housing subsidy payments in its Food Stamp calculations. Ms. Q did not meet her burden to show that she is entitled to more Food Stamp benefits than the Division calculated. Therefore, the Division’s decision is affirmed.

II. Facts

Ms. Q is 58 years old. She lives in No Name City, Alaska, in a one-person household. She owns her home, and she pays a monthly mortgage of \$711.44.² Ms. Q’s monthly income includes \$735 from the Social Security Supplemental Security Income program (SSI) and \$362 from the Adult Public Assistance program.³ She also receives a \$578 monthly housing subsidy from the Alaska Housing Finance Corporation (AHFC), because she participates in its Home Ownership Program. The AHFC directly deposits \$578 into Ms. Q’s bank account every month, and Ms. Q then pays her full mortgage directly to her mortgage company.⁴

1 The Food Stamp program is also known as the Supplemental Nutrition Assistance Program.
2 Exhibits 2, 3.3.
3 Exhibits 3.1, 3.4.
4 Exhibit 3.3.

Ms. Q has received Food Stamps in the past. Her most recent certification period expired on February 28, 2017.⁵ When it approved Ms. Q's benefits for the prior certification period, the Division did not know about her housing subsidy, so the benefit calculation assumed she paid her full mortgage without any assistance. In that calculation, her Food Stamp benefits were approximately \$185 per month.⁶

Ms. Q submitted a new application for Food Stamps on March 2, 2017.⁷ She did an in-person interview with the Division the same day. During the interview, the Division learned about the AHFC housing subsidy for the first time.⁸ When it processed the application, it treated the housing subsidy as if AHFC paid it directly to Ms. Q's mortgage company. The Division therefore did not include the housing benefit as income to Ms. Q, and it allowed Ms. Q a mortgage deduction of \$133.44 per month in the monthly shelter cost calculation.⁹ Had AHFC paid the mortgage directly to Ms. Q's mortgage company, this sum would have been Ms. Q's out-of-pocket mortgage expense.¹⁰

This calculation resulted in a monthly Food Stamp benefit amount of \$69.¹¹ On March 3, 2017, the Division notified Ms. Q that it approved her application for \$69 per month, starting in April 2017.¹² It approved pro-rated benefits of \$66 for March 2017, because of the March 2nd application date.¹³ Ms. Q requested a hearing and argued that the housing subsidy should not have been included in the calculation.¹⁴

On the date of the scheduled hearing in April 2017, the Division submitted new benefit calculations, which concluded that it should have approved normal monthly benefits of \$19 per month.¹⁵ In the new calculation, the Division treated the \$578 AHFC payment as unearned income to Ms. Q, because she in fact receives the money. The Division then allowed Ms. Q a full \$711.44 mortgage expense deduction when it calculated her monthly shelter costs.¹⁶

5 *See* Exhibit 3.5.

6 Exhibit 3.5

7 Exhibit 1.

8 Exhibit 3.

9 *See* Exhibits 7, 8, and Replacement Exhibits 7, 8.

10 Exhibit 3. ($\$711.44 - \$578 = \$133.44$).

11 *See* Exhibit 5.

12 Exhibit 5.

13 *Id.*

14 Exhibit 6.

15 Exhibit 11 - 11.1.

16 *Id.*

The hearing was rescheduled, so the Division could send Ms. Q notice of its corrected benefit determination as well as revised documentation to support its calculations. The Division sent its revised notice on April 19, 2017. The Notice informed Ms. Q that, beginning May 2017, her Food Stamp benefits would be adjusted to \$19 per month.¹⁷ Ms. Q's appeal of that determination was consolidated with her appeal of the Division's prior benefit calculations.

The hearing took place on May 5, 2017. Ms. Q appeared by telephone, represented herself, and testified on her own behalf. Jeff Miller, a Public Assistance Analyst with the Division, also appeared by telephone and represented the Division. The hearing was recorded. The record closed on May 5, 2017, after the Division submitted revised Food Stamp worksheets that incorporated Ms. Q's \$20 monthly garbage collection expense in the monthly shelter cost calculation.¹⁸ That correction did not result in any changes to Ms. Q's Food Stamp benefits.

III. Discussion

Ms. Q did not file a timely recertification application before her last certification period ended on February 28, 2017.¹⁹ As a result, her March 2, 2017 application was a new application for benefits. Ms. Q therefore bears the burden of proof in this appeal to show that the Division should have approved benefits exceeding \$66 for March, \$69 for April, and \$19 for May and subsequent months. She did not meet that burden.

Food Stamps is a federal program administered by the State.²⁰ In Alaska, the Division follows federal regulations to determine both Food Stamp eligibility and benefit amounts.²¹ Benefit amounts are calculated based on a household's monthly net income and the number of people living in the household.²² To determine monthly net income, the Division subtracts specified allowable deductions from the household's gross monthly income.

Ms. Q's gross monthly income includes \$735 in SSI income, \$362 in adult public assistance income, and \$578 from the AHFC housing payment.²³ Federal regulations specifically exempt certain housing assistance payments from income, but only if they are paid

17 Exhibits 18, 19.

18 See Replacement Exhibits 7 - 7.1, 8 - 8.1; Exhibit 20 - 20.1.

19 Exhibit 2.

20 7 C.F.R. § 271.4(a).

21 7 AAC 46.010.

22 7 C.F.R. § 273.9(b), (d); 7 C.F.R § 273.10(e).

23 7 C.F.R. § 273.9(b)(2)(i) (unless specifically exempt, public assistance based on need counts as unearned income, including SSI and adult public assistance).

to a third party and not the Food Stamp applicant.²⁴ Ms. Q's housing assistance payments are direct-deposited into her own bank account; they are not paid to a third party on her behalf. Therefore, starting with its calculations for May 2017, the Division correctly included Ms. Q's monthly AHFC housing payment in her gross income. This resulted in gross monthly income of \$1,675.²⁵ For March and April 2017, the Division did not include the AHFC payment as income.²⁶ For those months, her gross income was calculated to be \$1,097. This gross income figure resulted in a higher Food Stamp benefit amount.²⁷

After determining Ms. Q's gross income, the Division reduced that figure by the standard deduction, \$268. Because the household includes a disabled person, the Division also allowed Ms. Q a deduction for medical expenses that exceed \$35 per month.²⁸ On her Food Stamp application, Ms. Q estimated her monthly out-of-pocket medical expenses at \$30 per month.²⁹ Because this amount falls below the \$35 threshold, it would not qualify for any excess medical cost deduction. However, based on documentation Ms. Q submitted, the Division allowed her an excess medical cost deduction of \$18.98 per month.³⁰

During the hearing, Ms. Q protested that her medical deduction should be even higher, because her transportation costs to get to and from medical appointments are significant. She estimated them at \$70-80 per trip. However, given Ms. Q's residence in the No Name, this estimate is not reasonable.³¹ It also is not substantiated by documentation in the record, and Ms. Q has not shown that she is entitled to a larger excess medical cost deduction.³²

24 7 C.F.R. § 273.9(c)(1) (excluding from income public assistance benefits that are not paid directly to the household); 7 C.F.R. § 273.9(c)(1)(i)(E) (housing assistance payments are excluded if they are made "to a third party on behalf of the household").

25 Exhibit 20 – 20.1.

26 See Replacement Exhibits 7, 8.

27 During the hearing, the Division's hearing representative explained the efforts he has made to work with Ms. Q so that, in the future, her housing subsidy can be paid directly to her mortgage company.

28 7 C.F.R. § 273.9(d)(1) and (3). *Alaska Food Stamp Manual Addendum 4.*

29 Exhibit 2.3.

30 See Exhibits 7, 8; Replacement Exhibits 7, 8; Exhibit 20. The submitted documentation substantiates medical expenses of \$32.98 for December 2016, \$36.98 for January 2017, and \$51.98 for February 2017. Exhibits 4 – 4.3. Based on these figures, the Division's excess medical cost calculation did not disadvantage Ms. Q.

31 Cf. 7 C.F.R. § 273.9(d)(3). Ms. Q did not indicate how often she incurs the claimed expense.

32 The Food Stamp application requires documented proof of claimed medical expenses. It states: "Failure to report or verify any of the above listed expenses will be seen as a statement by your household that you do not want to receive a deduction for the unreported expense." See Exhibit 2.3.

Once the standard deduction and any excess medical expense deduction are subtracted from a household's gross monthly income, the household's "monthly shelter costs" are taken into account. These expenses include mortgage or rent, home insurance, property taxes, garbage collection, heating fuel, and other utility expenses for telephone, electricity, water and sewer. After the Division included Ms. Q's monthly garbage collection expense in this calculation, the only remaining issue of dispute regarding shelter costs involves the treatment of her mortgage.³³

The Division's revised May 2017 benefit calculation appropriately allowed Ms. Q a full \$711.44 deduction for her mortgage expense, since she actually pays this amount every month. There is no error in this calculation. The Division's calculations for March and April 2017 allowed a mortgage deduction of \$133.44, because the Division did not include the AHFC housing payment as income. Instead, it allowed a mortgage deduction for Ms. Q's presumed net, out-of-pocket mortgage expense. This calculation resulted in a higher Food Stamp benefit determination, and Ms. Q has not shown that the Division's shelter cost calculations for March or April 2017 prejudiced her.

Ms. Q did not challenge other sums that the Division relied on in determining her Food Stamp benefits, and the record does not show any errors in the Division calculations. As shown on the Division's budget worksheets, the Division correctly applied the Food Stamp formula to calculate Ms. Q's monthly net income.³⁴ It also correctly calculated thirty percent of the household's monthly net income, and it then subtracted that amount from the \$237 maximum Food Stamp benefit amount for a household of one in No Name City, Alaska.³⁵ This resulted in the household's Food Stamp benefit amount.³⁶

Ms. Q argued that she has many expenses, as well as significant health and housing problems. She asserted that Food Stamp benefits of \$66, \$69 or \$19 per month are all insufficient to meet her needs for food. As discussed during the hearing, however, the Food

33 For her heating, telephone, electric, water and sewer costs, Ms. Q received the standard utility deduction amount, \$360. See Replacement Exhibits 7, 8, 20. This is the highest possible deduction for those expenses. Exhibit 11.1 (*Food Stamp Manual Addendum 4*, Central Region utility standards).

34 7 C.F.R. § 273.9(d)(6)(2)(ii). The Division correctly determined total adjusted income by subtracting the standard deduction and excess medical costs deduction from total gross income. It calculated monthly net income by subtracting the portion of her total shelter costs that exceed 50% of total adjusted income from her total adjusted income.

35 See Exhibit 11 (*Food Stamp Manual Addendum 4*).

36 7 C.F.R. § 273.10(e)(1) and (2).

Stamp program requires a uniform and detailed benefit calculation process that is set out in federal Food Stamp regulations. The benefit formula is based solely upon the household's income and authorized deductions, and the Division is required by law to implement the program as it currently exists.³⁷

IV. Conclusion

The Division is required to account for Ms. Q's housing assistance benefits in its Food Stamp calculations. When it authorized her Food Stamps for May 2017 and subsequent months in the certification period, the Division properly included the AHFC housing payment as income to Ms. Q. It then allowed her a full \$711.44 mortgage deduction in the monthly shelter cost calculation. This correctly resulted in a Food Stamp benefit of \$19 per month.

For March and April 2017, the Division accounted for Ms. Q's housing subsidy differently. This resulted in Food Stamp benefits of \$66 for March, and \$69 for April 2017. Ms. Q has not shown that she was entitled to a higher benefit amount.

The Division's decision is affirmed.

DATED: May 9, 2017.

Signed _____
Kathryn Swiderski
Administrative Law Judge

Adoption

The undersigned adopts this Decision, under the authority of AS 44.64.060(e)(1), as the final administrative determination in this matter.

Judicial review of this decision may be obtained by filing an appeal in the Alaska Superior Court in accordance with Alaska R. App. P. 602(a)(2) within 30 days after the date of this decision.

DATED this 18th day of May, 2017.

By: *Signed* _____
Name: Kathryn A. Swiderski
Title: Administrative Law Judge

[This document has been modified to conform to the technical standards for publication.]

37 7 AAC 46.010.