

The Division processed the recertification application on October 24, 2022, and requested additional information the next day about B. D.'s change in income, in light of the anticipated reduction in his hours in September 2022.³ The D family supplied the requested information.⁴

Based on the application and other information provided, the Division estimated the household's monthly gross income to be \$6,344.31. To arrive at this amount, the Division added the gross pay on four of B. D.'s paystubs from May 6, 2022 to July 1, 2022, excluding the paystub from June 17, 2022 because it was uncharacteristically high, resulting in \$11,803.36.⁵ That amount was divided by 4 to obtain an average amount per pay period of \$2,950.84, and the result was then multiplied by 2.15 pay periods per month for an estimated monthly gross income of \$6,344.31.⁶ The Division then calculated the household's monthly net income by taking a 20% earned income deduction, a standard deduction of \$308.00, a mortgage deduction of \$1,584.91, and a standard utility deduction of \$380.00, to obtain \$4,767.45.⁷

The Division then assumed, erroneously, that the D family had eight people in their household, when they actually have seven. Because the household's estimated monthly net income of \$4,767.45 exceeded the maximum allowable amount of \$4,654.00 for a household of eight under the Food Stamp program, the Division denied the recertification application on January 5, 2023.⁸

Ms. Dial also calculated the D family's monthly income two other ways, to try to find a pathway to eligibility for the household. First, she used the year-to-date earnings on the July 1, 2022 and September 23, 2022 paystubs to calculate the household's gross earnings between July 1 and September 23, 2022.⁹ The resulting amount was \$24,660.44, which Ms. Dial then divided by 3 to arrive at an average monthly gross income of \$8,220.14. This amount is greater than the estimated monthly gross income using the Division's original methodology.

Second, Ms. Dial added the gross income on the September 9, 2022 and September 23, 2022 paystubs, resulting in \$8,284.92 for the month of September; divided that amount by 2 to

³ Ex. 3.

⁴ Ex. 4.1-4.6.

⁵ $\$2,722.17 + \$3,590.76 + \$2,716.34 + \$2,774.09 = \$11,803.36$. \$11,803.36.

⁶ $\$11,803.36 / 4 = \$2,950.84$; $\$2,950.84 \times 2.15 = \$6,344.31$.

⁷ $\$6,344.31 - ((\$6,344.31 \times .20) - (\$308.00 + \$1,584.91 + \$380.00)) = \$4,767.45$.

⁸ Ex. 5.

⁹ Ms. Dial determined the household's earnings before July 1, 2022 by subtracting the gross pay amount of \$2,774.09 on the July 1, 2022 paystub from the year-to-date (YTD) earnings on that paystub (\$35,653.64), resulting in \$32,879.55. She then subtracted that amount from the YTD earnings on the September 23, 2022 paystub (\$57,539.99) to obtain \$24,660.44 earned between July 1 and September 23, 2022.

obtain an average amount per pay period of \$4,142.46, and then multiplied the result by 2.15 pay periods per month for an estimated monthly gross income of \$8,906.29.¹⁰ Again, this amount is greater than the estimated monthly gross income using the Division's original method. Thus, the Division concluded that under any of the three methods (the Division's original method and the two scenarios run by Ms. Dial), the D family's monthly income exceeded the allowable amount under the Food Stamp program.

III. Discussion

The Food Stamp program is a federal program administered by the states. The Division administers the program in Alaska and follows the rules contained in the Code of Federal Rules to determine eligibility for benefits. The Food Stamp program contains financial eligibility requirements. A household with at least one elderly person, defined to include a person over the age of 60, is considered a Special Category household.¹¹ To be eligible for Food Stamps, the monthly net income of a Special Category household may not exceed the monthly net income limit for a household of its size.¹² The net income of the household consists of its gross income minus specific deductions.¹³ Those deductions include an earned income deduction of 20% of gross earned income, a standard deduction, out-of-pocket monthly medical expenses over \$35.00, and shelter costs that exceed 50% of the household's income after other deductions are taken.¹⁴ A household under the Food Stamp program consists of all individuals who live together, customarily purchase food, and prepare meals together.¹⁵

When calculating a household's eligibility for Food Stamp benefits, the Division is required to engage in prospective budgeting - that is, to make an estimate of a household's income.¹⁶ For a recertification application, the Division is required to estimate the income for two months: the first month of the certification period (August 2022) and the following month (September). The Division has the discretion to engage in income averaging when a household's income fluctuates, as part of its obligation to anticipate income.¹⁷ That is exactly what the Division did in this case, when it added the gross pay on four of B. D.'s paystubs from May 6 to

¹⁰ \$5,492.90 + \$2,792.02 = \$8,284.92. \$8,284.92/2 pay periods x 2.15 pay periods/month = \$8,906.29.

¹¹ 7 C.F.R. 271.2.

¹² 7 CFR § 273.10(e)(2).

¹³ 7 C.F.R. §§ 273.9(b)(2)(ii) and (a)(3); Ex. 29.

¹⁴ 7 C.F.R. § 273.9(d); Alaska SNAP Manual, §602-4E.

¹⁵ 7 C.F.R. § 273.1(a)(3).

¹⁶ 7 C.F.R. § 273.21(a)(2).

¹⁷ 7 C.F.R. §273.10(c)(1)-(3).

July 1, 2022, divided the result by four to determine an average amount per biweekly pay period, and then multiplied by 2.15 to obtain an estimated monthly gross income of \$6,344.31.¹⁸

K. D. correctly pointed out at the hearing that the size of her household is seven, not eight as the Division originally determined. Indeed, the household here for determining Food Stamp eligibility consists of B. D. and K. D. and their five children, for a household size of seven. Because B. D. is more than 60 years old, the household is a Special Category household subject to the net income limit. The monthly net household income is calculated by taking the \$6,344.31 in gross income, minus an earned income deduction of 20% of gross income (which equates to \$1,268.86), and a standard deduction of \$308.00 for a household of more than five people, for a total adjusted net income of \$4,767.45. The D family are not entitled to a deduction for their out-of-pocket medical expenses, because they did not submit any documentation of them. Nor are they entitled to a deduction for excess shelter costs, because their monthly mortgage of \$1,584.00 plus a standard utility allowance of \$380.00¹⁹ (collectively, \$1,964.91) is not more than half of their total adjusted income of \$4,767.45, which is \$2,383.72.²⁰

The monthly net income limit for a household of seven under the Food Stamp program is \$4,181.00.²¹ The D family's net household income of \$4,767.45 exceeds this amount. Accordingly, the Division correctly determined that K. D.'s household is no longer eligible for Food Stamps.²²

K. D. stated that she understood the Division's calculations, but she expressed considerable frustration regarding the amount of time the Division took to process her application. She also claimed she was given incorrect information by Division employees regarding the information she needed to supply. For example, she said she was told in November 2022 to continue providing her husband's paystubs for November and for subsequent months, because they could be considered in determining eligibility for those months. If she had known those paystubs could not be considered in her recertification application, she would have

¹⁸ This method of calculating the household's gross income was the most favorable of the scenarios the Division ran, as the two scenarios Ms. Dial used resulted in higher amounts of gross income than the Division's original methodology.

¹⁹ Ex. 9.1.

²⁰ Ex. 8.

²¹ Ex. 9.

²² The Division's error in determining the size of the D family's household to be eight rather than seven was immaterial, because the maximum allowable amount for a household of seven, \$4,181.00, is less than the allowable amount of \$4,654.00 for a household of eight.

waited until the winter to apply for Food Stamps when her family especially needed them because of the reduction in her husband’s wages during the off-season. Despite K. D.’s very legitimate concerns about the Division’s delays in processing her application and the challenges her family is undoubtedly facing, the Division is obligated by law to apply the Food Stamp regulations as they are written. “Administrative agencies are bound by their regulations just as the public is bound by them.”²³ The regulations compel the outcome here.

IV. Conclusion

The Division correctly determined that the D family were not eligible for Food Stamps benefits beginning August 1, 2022. Therefore, the Division’s denial of the D family’s July 11, 2022 recertification application is affirmed.

DATED: March 6, 2023.

By: *Signed* _____
Lisa M. Toussaint
Administrative Law Judge

²³ *Burke v. Houston NANA, L.L.C.*, 222 P.3d 851, 868-869 (Alaska 2010).

Adoption

The undersigned, by delegation from the Commissioner of Health, 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 21st day of March, 2023.

By: *Signed* _____
Lisa M. Toussaint
Administrative Law Judge

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