

Issue Alert
14-04-01 Revised

Program Area: Food Assistance Program (FAP)

Issue Summary: Beginning May 1, 2014, DHS will not automatically use the standard heat and utility allowance when determining eligibility and payment amounts for FAP applicants and recipients; but FAP groups that were receiving the standard allowance on or before February 7, 2014 will be protected from the change for at least 5 months.

Persons Affected: People having their eligibility for FAP determined on or after May 1, 2014, including new applicants, groups having a periodic review of eligibility, and groups reporting changes.

Date: May 13, 2014.

For More Information:

Center for Civil Justice	Michigan Poverty Law Program
436 S. Saginaw St., 4 th Floor	611 Church Street, Suite 4A
Flint MI 48502-1829	Ann Arbor MI 48104-3000
P: (810) 244-8044	P: (734) 998-6100
F: (810) 244-5550	F: (734) 998-9125
E-mail: info@ccj-mi.org	

BACKGROUND

FAP eligibility and benefit amounts are determined by the FAP household's expenses. 'Shelter' is a general expense category that includes utility expenses and housing costs such as rent or mortgage. Shelter expenses affect FAP eligibility. Higher expenses generally result in higher FAP benefits.

From March 1, 2010 through February 7, 2014 all FAP groups in Michigan received a \$1 payment under the Low Income Heat and Energy Assistance Program (LIHEAP). The LIHEAP payment automatically made applicants eligible for a heat and utility standard "expense" (\$553 in 2013-2014) for FAP budgeting and eligibility purposes. The heat and utility standard applied despite actual costs and regardless of whether or not heat or electric was included in rent.

Applications submitted on or before April 30, 2014 will be processed under the \$1 LIHEAP policy as

it currently exists.

As part of the Farm Bill recently passed by Congress, the standard heat and utility allowance can only be provided to households in certain narrow exceptions (outlined below) and LIHEAP is eliminated in toto.

Michigan has chosen not to provide the higher (\$20) LIHEAP payment to FAP households. As a result, as many as 20% of FAP households will lose the standard utility allowance and may receive less (or no) FAP.

WHAT'S HAPPENING?

Applicants who received the \$1 LIHEAP, and resulting heat and utility standard expense, on or before 07 February 2014 will be processed in the following manner:

- ◆ If the applicant has a redetermination or case change on or after May 1, 2014, then the applicant will continue to receive FAP based on the heat and utility standard expense (\$553) for 5 months beyond the redetermination/case change date. In the 6th month, the applicant will lose the heat and utility standard expense; the applicant's heat and utility expense will automatically drop to \$0 unless they verify heat and utility expenses according to the process outlined in the following section.

Applicants who apply before May 1, 2014 but did not receive LIHEAP on or before February 7, 2014 will receive the heat and utility standard expense, but only until their next redetermination/change process.

New applications dated May 1, 2014 and later will be processed in the following manner:

- ◆ If heat costs **are not included** in housing costs, then applicant can use the heat and utility standard "expense" of \$553 **so long as** applicant verifies the independent expense according to BEM554.
- ◆ If cooling costs **are not included** in housing costs, then applicant can use the heat and utility standard "expense" of \$553 **so long as** applicant verifies the independent, non-heat, electric expense according to BEM554.
- ◆ If heat costs **are included** in applicant's shelter costs, then applicant **cannot** use the heat and utility standard "expense" of \$553 **unless** applicant (i) is billed for "excess" amounts and verifies the excess according to BEM554, or (ii) **verifies receipt of the Michigan Home Heating Credit in an amount greater than \$20 in the current month or immediately preceding 12 months (client's statement is insufficient), or (iii) verifies receipt of LIHEAP (including SER or MEAP) in an amount greater than \$20 in the current month or immediately preceding 12 months.**
- ◆ If electricity costs **are included** in applicant's housing costs, then applicant **cannot** use the

Heat Verification

Verify heating separate from housing costs at application, redetermination, or when a change is reported.

Heat Verification Sources

Acceptable verification sources include, but are not limited to:

- Current bills or a written statement from the provider for heating/cooling expenses.
- Collateral contact with the landlord or the heating/cooling provider.
- Cancelled checks, receipts or money order copies, if current. The receipt must contain minimum information to identify the expense, the amount of the expense, the expense address, the provider of the service and the name of the person paying the expense.
- DHS-3688, Shelter Verification.
- Current lease.

heat and utility standard "expense" **unless** applicant is billed separately for cooling costs and verifies so according to BEM554.

FAP groups that do not have heat or cooling expenses, but do have the following expenses, receive the standard deduction for each of the expense categories listed below that the group is responsible for.

The group must verify the following expense at application, redetermination, or change:

- ◆ Non-Heat Electric \$127.00

The group must verify the following expenses only when DHS determines it is "questionable":

- ◆ Water and/or Sewer \$74.00
- ◆ Telephone \$34.00
- ◆ Cooking Fuel \$43.00
- ◆ Trash Removal \$14.00

WHAT SHOULD ADVOCATES DO?

1. Encourage new applicants to apply on or before April 30, 2014.
2. Educate clients and community organizations about these issues.
3. Help clients find legal advice if they need it.

WHAT SHOULD CLIENTS DO?

1. If client pays heat or cooling separate from shelter, they may qualify for heat and utility standard but they must verify that they have the expense.
2. If heat costs are included in shelter costs but the client pays 'excess' heat costs, advise client on the Home Heating Credit, SER and MEAP approaches to retaining the heat and utility standard.
3. Clients that intend to apply for FAP should do so on or before April 30, 2014.

FINDING HELP

Most legal aid and legal services offices handle these types of cases, and they do not charge a fee. You can locate the "free" legal services or legal aid office that serves your county on the Michigan Legal Aid Web Site <http://www.michiganlegalaid.org/> or look in the yellow pages under "attorneys" or call the toll-free lawyer referral number, (800) 968-0738.