



State of New Jersey

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The following Decision is distributed for your information. This Decision has been made in consideration of the specific facts of this case. This Decision is not to be interpreted as establishing any new mandatory policy or procedure otherwise officially promulgated.

STATE OF NEW JERSEY  
DEPARTMENT OF HUMAN SERVICES

FINAL DECISION

OAL DKT. NO. HPW 15420-18 D.B.

AGENCY DKT. NO. C132417015 (OCEAN COUNTY BOARD OF SOC. SVCS.)

Petitioner challenges the correctness of the Respondent Agency's reduction of Supplemental Nutrition Assistance Program ("SNAP") benefits. Because Petitioner appealed, the matter was transmitted to the Office of Administrative Law for a hearing. On November 30, 2018, the Honorable Judith Lieberman, Administrative Law Judge ("ALJ"), held a plenary hearing, took testimony, and admitted documents. On December 13, 2018, the ALJ issued an Initial Decision, affirming the Agency's determination.

No Exceptions to the Initial Decision were received.

As the Director of the Division of Family Development ("DFD"), Department of Human Services, I have reviewed the ALJ's Initial Decision and the record, and I hereby MODIFY the ALJ's Initial Decision, and MODIFY the Agency's determination. Specifically, the ALJ's conclusion as to Petitioner's monthly SNAP benefit amount has been adjusted to reflect the correct calculation, when combined with the correct deductions, as outlined in this decision, thereby also modifying the Agency's determination.

Based on an independent review of the record, while I concur with the ALJ's finding that Petitioner is self-employed as a 50 percent co-owner of a business, I disagree with the ALJ's final conclusion that Petitioner's monthly SNAP benefit, as calculated by the Agency, was correctly reduced to \$92, and find that the Agency's calculations, utilized to determine Petitioner's net income for SNAP purposes, was incorrect, as discussed below. See Initial Decision at 3-9; see also Exhibits P-5, R-2, R-3, R-4, R-5, R-7, and R-8 at 7.

In order to determine Petitioner's eligibility for SNAP benefits, as a household with income from self-employment, Petitioner's income and resources must be below a certain threshold. First, N.J.A.C. 10:87-5.4(a)(3), -5.9(a)(15), -7.2, -7.3, -7.5, and DFD Instruction ("DFDI") 13-12-01 outline the procedures used to calculate gross income for self-employed SNAP recipients. See Exhibit R-9. Here, Petitioner's household income is derived from Petitioner's self-employment. See Initial Decision at 3; see also Exhibit R-4 at 2. The record reflects that Petitioner's gross self-employment income during the time at issue was \$108,932.07. Ibid. I find that the \$24,000 salary amount must be included in the gross income, as it appears on the profit and loss statement, and not subtracted from the gross income,



and then added back in later in the calculation, as done by the Agency. Ibid. Thus, after applying the standard self-employment deduction of 51 percent to this amount, or \$55,555, results in a balance of \$53,377. See Exhibit R-9. That amount is then divided by 2, in order to account for Petitioner's half interest in the business, for a gross income of \$26,689. See Initial Decision at 8-9. Finally, that amount is divided by 12 in order to arrive at Petitioner's gross monthly earned income of \$2,224. See N.J.A.C. 10:87-7.2, -7.3, -7.5. Based on the foregoing, and taking into consideration Petitioner's household size of 5 persons, Petitioner is income eligible for SNAP benefits. See DFDI 18-09-01 at 15.

Next, N.J.A.C. 10:87-6.16 outlines the procedures used to calculate net income for SNAP purposes and benefit levels for SNAP recipients. The regulation provides that the applicant's monthly net income is determined by adding together all earned and unearned income, then subtracting all income exclusions. Then, the standard deduction, based upon the size of the household, is subtracted from the income.

Thereafter, the Agency evaluates the household to determine whether a medical deduction is appropriate, and if so, determines further if the household has medical expenses that exceed \$35.00. See N.J.A.C. 10:87-6.16(b)(5). If the household is entitled to a medical deduction, then the amount in excess of \$35.00 is subtracted from the applicant's income. Next, the applicant is evaluated for an excess shelter deduction. See N.J.A.C. 10:87-6.16(b)(8). Such a deduction is permitted when the individual's shelter costs exceed 50% of their net income. Ibid. If this deduction is allowable, then the difference between the shelter costs and the 50% net income, or up to the maximum allowable amount, is subtracted from the individual's income. See N.J.A.C. 10:87-6.16(b)(9). The remaining figure is Petitioner's net income. This net income is then compared against the maximum allowable net income amount for the household's size, as outlined at N.J.A.C. 10:87-12.3, to determine eligibility. If eligible, the household's monthly SNAP allotment shall be equal to the maximum SNAP allotment for the household's size, reduced by 30 percent of the household's net monthly income. See N.J.A.C. 10:87-12.6(a)(1).

As stated above, Petitioner's household is comprised of five people. See Exhibits R-1 at 2, R-7 at 3. The household's monthly earned income, as determined above, is \$2,224. See Exhibits R-4, R-9, and See N.J.A.C. 10:87-7.2, -7.3, -7.5. In accordance with regulatory authority, the household's net monthly earned income totals ( $\$2,224 \times .8$ ), or \$1,779. See N.J.A.C. 10:87-6.16(b)(2). Petitioner's household has no unearned income. See N.J.A.C. 10:87-6.16(b)(3). After subtracting the correct standard deduction for a household of five of \$204, from the net earned income total of \$1,779, Petitioner's household income is reduced to \$1,575. See N.J.A.C. 10:87-6.16(b)(4). Next, it must be determined if Petitioner receives a shelter deduction and, if so, how much. Petitioner's shelter costs are \$1,535 rent, plus \$542 for the Heating and Cooling Standard Utility Allowance ("HCSUA"), totaling \$2,077. See N.J.A.C. 10:87-6.16(b)(8). Subtracted from the total shelter costs of \$2,077, is 50% of Petitioner's net income after the deductions noted above, or half of \$1,575, which is \$787.50, resulting in a positive number ( $\$2,077 - 787.50 = 1,289.50$ ) and therefore, Petitioner receives the maximum shelter deduction of \$552. See N.J.A.C. 10:87-6.16(b)(8); see also DFDI 18-09-01 at 14. Accordingly, Petitioner's total net monthly SNAP income is ( $\$1,779 - 204 - 552$ ), or \$1,023. See N.J.A.C. 10:87-6.16(b)(8). Finally, Petitioner's net monthly SNAP income of \$1,023 is then multiplied by .3, or \$307. See N.J.A.C. 10:87-12.6(a)(1)(i),(ii). That amount is then subtracted from the maximum benefit for a household of five, ( $\$762 - \$307$ ), or \$455. See N.J.A.C. 10:87-12.6(a)(1)(iii). Therefore, Petitioner's correct monthly SNAP benefit is \$455. The ALJ's Initial Decision, and the Agency's determination, are modified to reflect the above findings and calculations analysis.

Accordingly, the Initial Decision is hereby MODIFIED, and the Agency's action is MODIFIED, as outlined above.



Officially approved final version.

**JAN 16 2019**

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Natasha Johnson  
Director

