

STATE OF MICHIGAN  
MICHIGAN ADMINISTRATIVE HEARING SYSTEM  
ADMINISTRATIVE HEARINGS FOR THE  
DEPARTMENT OF HUMAN SERVICES

IN THE MATTER OF:  
Issue

[REDACTED]

Reg. No.: 2009-33993  
No.: 1030  
Case No.: [REDACTED]  
Hearing Date: May 31, 2011  
DHS County: Oakland County (02)

**ADMINISTRATIVE LAW JUDGE:** Lynn M. Ferris

**HEARING DECISION**

This matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9 and MCL 400.37 upon the Claimant's request for a hearing. After due notice, a telephone hearing was conducted from Detroit, Michigan on February 16, 2011 and May 31, 2011. The Claimant appeared and testified. [REDACTED] Recoupment Specialists, appeared on behalf of the Department.

**ISSUE**

Whether the Department of Human Services (Department) is entitled to a recoupment of the Claimant's FIP benefits in the amount of \$2327.50 for a FIP over-issuance for the period from April 2008 through September 2008 due to Agency Error arising from the Department's failure to properly include Claimant's son's RSDI unearned income.

**FINDINGS OF FACT**

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

1. The Claimant was an active Family Independence Program (FIP) recipient of cash assistance benefits during the period September 1, 2008 through March 31, 2009.
2. The Department sought a recoupment due to an over-issuance of FIP benefits in the amount of \$2327.50 (FIP). Exhibits 4-5.
3. The period of over-issuance began September 1, 2008 and ended March 31, 2009.

4. The Claimant provided the Department notification that she was receiving unemployment compensation benefits.
5. The Claimant was over-issued FIP benefits in the amount of \$2327.50 during the period because the Department did not include the unemployment compensation as unearned income in the FIP budget. Exhibit 4.
6. The Department caused an Agency Error to occur when it failed to include the Claimant's unemployment benefit income in the amount of \$636 when computing the FIP benefits. Exhibits 5-11.
7. The Department provided monthly budgets for the period of over-issuance, which calculated the FIP benefits the Claimant should have received during the period which were \$0.
8. During the period September 1, 2008 through March 31, 2009, the Claimant was not entitled to receive the FIP benefits which she received. Exhibits 5-11.
9. The Budgets as calculated by the Department are correct except the Claimant was credited for money remaining on her bridge card which was never used and this amount was credited to the Claimant's over-issuance balance. Exhibit 5.
10. The Claimant's child support was not received during the over-issuance period as there was no order for child support until March 16, 2009. Exhibit 8.
11. On July 23, 2009, the Department received the Claimant's written request for a hearing protesting the proposed request for over-issuance and the Department's action to collect a debt from the Claimant for the over-payment of FIP benefits.

### **CONCLUSIONS OF LAW**

FIP was established pursuant to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193, 8 USC 601, *et seq.* The Department (formerly known as the Family Independence Agency) administers the FIP program pursuant to MCL 400.10, *et seq.*, and MAC R 400.3101-3131. The FIP program replaced the Aid to Dependent Children (ADC) program effective October 1, 1996. Department policies are found in the Bridges Administrative Manual (BAM), the Bridges Eligibility Manual (BEM) and the Program Reference Manual (PRM).

In this case, the Department seeks recoupment of an over-issuance of FIP benefits due to the Department's failure to include the Claimant's unemployment compensation income which was received during the period of over-issuance in the FIP budget calculation.

An over-issuance ("OI") occurs when a client group receives more benefits than they are entitled to receive. BAM 700, p. 1. A claim is the resulting debt created by the over-

issuance of benefits (OI). Id. Recoupment is an action to identify and recover a benefit. Id. The Department must take reasonable steps to promptly correct any overpayment of public assistance benefits, whether due to Department (agency error) or client error. BAM 700, 705, 715 and 725.

An agency error OI is caused by incorrect actions by DHS, DIT staff, or Department processes. BAM 705, p. 1. In general, agency error OIs are not pursued if OI amount is under \$500 per program. BAM 705, pp. 1-3. In this case the amount of both OIs exceeds \$500 so the Department is entitled to pursue the FIP OI involved in this matter.

In the subject case, the Department paid the Claimant FIP benefits without including the unemployment compensation income in the amount of \$636 a month when calculating the FIP allotment. The Department's failure to include this unearned income caused an OI of FIP benefits. The Claimant made no error and provided the Department with the correct unearned income amounts received from RSDI. The undersigned has reviewed the FIP budgets for the entire period and the OI summaries and finds that there was an OI and that the Department is entitled to a recoupment in the amount of \$2327.50 in FIP benefits. Accordingly, the Department's action for OI and recoupment of the Claimant's FIP benefits is correct and the Department is entitled to recoupment and to initiate collection procedures in accordance with Department policy.

**DECISION AND ORDER**

The Administrative Law Judge, based upon the above findings of fact and conclusions of law, finds that the Department properly calculated the Claimant's FIP benefits to be over-issued in the amount of \$2327.50, and that the Claimant received OIs in FIP benefits in that amount, thus the Department is entitled to a recoupment in that amount.

It is, therefore, ORDERED:

1. That the Respondent reimburse the Department for the FIP benefit OIs in the total sum of \$2327.50.
2. That the Department is entitled to and shall initiate collection procedures in accordance with Department policies.

Administrative  
for  
Department

  
Lynn M. Ferris

M. Ferris  
Law Judge  
Maura Corrigan, Director  
of Human Services

Date Signed: June 20, 2011

Date Mailed: June 20, 2011

**NOTICE:** The law provides that within 30 days of receipt of the above Decision and Order, the respondent may appeal it to the circuit court for the county in which he/she lives.

LMF/cl

cc:

