


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

IN THE MATTER OF:



Registration. No: 2011-955  
Issue No: 4060  
Case No:   
Hearing Date: July 7, 2011  
Monroe County DHS

**Administrative Law Judge:** Mark A. Meyer

**HEARING DECISION**


This matter is before the undersigned Administrative Law Judge in accordance with 7 CFR 273.18, 45 CFR 233.20(a)(13), MCL 400.9, MCL 400.37, MCL 400.43(a), MCL 24.201, *et seq.*, and 1999 AC, R 400.941, upon a hearing request by the Department of Human Services (the Department) to establish a debt based on an overissuance of benefits to Respondent. Following due notice mailed to Respondent, a hearing was held on July 7, 2011. Respondent appeared at hearing and provided testimony. The Department of Human Services (the Department) was represented by agency personnel.

**ISSUE**

In dispute was whether Respondent received an overissuance of Family Independence Program (FIP) benefits, which entitles the Department to recoupment.

**FINDINGS OF FACT**

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

1. At all times relevant to this matter, Respondent was receiving FIP benefits. (Department's Exhibits D-1; D-2; D-3; D-4; D-5; D-8.)
2. For the time period in issue – March 1, 2010, through June 30, 2010 – Respondent received FIP benefits in the amount of  per month. (Department's Exhibits D-5; D-8.)
3. Respondent was also receiving Food Assistance Program (FAP) benefits until his certification expired on March 31, 2010. (Department's hearing summary, dated August 27, 2010.)
4. Respondent reapplied for FAP benefits on July 8, 2010. In the course of verifying Respondent's employment for FAP purposes, the Department

received earned income information from his employer for the period November 13, 2009, through June 25, 2010. (Department's Exhibit D-6.)

5. Based on this earned income information, the agency determined that Respondent received an overissuance of FIP benefits totaling [REDACTED] for the period March 1, 2010, through June 30, 2010. (Department's Exhibits D-1; D-2; D-3; D-4; D-5.)
6. The overissuance of FIP benefits was broken down as follows:

[REDACTED] in March 2010  
[REDACTED] in April 2010  
[REDACTED] in May 2010  
[REDACTED] in June 2010

(Department's Exhibit D-5.)

7. The Department notified Respondent of the overissuance on July 14, 2010. (Department's Exhibit D-5.) Although the notice indicated that the cause of overissuance was client error, the Department admitted at hearing that it was actually due to agency error. (Department representative's hearing testimony, July 7, 2011.)
8. From the Department's notice of overissuance, Claimant filed a request for hearing. (Claimant's hearing request, dated September 16, 2010.)

### **CONCLUSIONS OF LAW**

The FIP was established under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, 8 USC 601, *et seq.* The Department administers the FIP in accordance with MCL 400.10, *et seq.*, and Rules 400.3101 through 400.3131. The FIP replaced the Aid to Dependent Children (ADC) program, effective October 1, 1996. Agency policies pertaining to the FIP are found in the Bridges Administrative Manual (BAM), Bridges Eligibility Manual (BEM), and program reference manuals. The program's purpose is to provide temporary cash assistance to support a family's movement to self-sufficiency. BEM 230A, p. 1.

In determining FIP eligibility or benefit level, the entire amount of countable and available income – both earned and unearned – is used. BEM 505, p. 2.

Clients receiving cash assistance are responsible for reporting changes in circumstances that have the potential for affecting eligibility or benefit amount. BAM 105, p. 7. This includes the proper and correct reporting of income – both earned and unearned – including wages received from employment. BAM 105, p. 7. The Department admitted that Respondent did so here.

When the Department is made aware of, or the client reports, a change in income that will affect eligibility or benefit level, a new FIP budget must be completed. BEM 505, p. 7. In the present matter, when the agency received the amounts of Respondent's earned income from employment for the period in issue – March 2010 through June 2010 – it used this information to recompute his FIP budget for those months. In doing so, it was determined that Respondent received an overissuance of FIP benefits in an amount totaling [REDACTED].

An overissuance is the amount of benefits issued to a client in excess of what he or she was entitled to receive. BAM 700, p. 1; see also BAM 705, p. 5. When this occurs, the Department must attempt to recoup the overissuance. BAM 700, p. 1.

There are agency errors and client errors that result in benefit overissuances. An agency error occurs when incorrect action is taken by the Department. BAM 700, p. 3; BAM 705, p. 1. A client error occurs when the client received more benefits than he or she was entitled to because the client provided incorrect or incomplete information to the Department. BAM 700, p. 5. The threshold for pursuing recoupment of an overissuance, whether the result of Department or client error, is [REDACTED] or more. BAM 700, pp. 4, 7; BAM 705, p. 1

Generally, when a client is currently in an active FIP benefits case, the Department will seek to recoup the determined overissuance from those benefits. See BAM 705, pp. 8-9; BAM 715, pp. 8-9. In those situations, it is the client who must file a timely request for hearing to contest the recoupment action. BAM 705, pp. 8-9; BAM 715, pp. 8-9. But, when an overissuance is determined and the client is not currently within an active benefits case, the Department must request a hearing to establish the outstanding debt. See BAM 705, p. 9; BAM 715, p. 9.

Overissuances on active programs are repaid by:

- Lump sum cash payments.
- Monthly cash payments (when court ordered).
- Administrative recoupment (benefit reduction).

[BAM 725, p. 4.]

Overissuance balances on inactive cases must be repaid by lump sum or monthly cash payments unless collection is suspended. BAM 725, p. 7.

Repayment of an overissuance is the responsibility of:

- Anyone who was an eligible, disqualified, or other adult in the program group at the time the overissuance occurred.
- A [FAP] authorized representative if they had any part in creating the FAP overissuance. [BAM 725, p. 1.]

The Department will attempt to collect an overissuance from all adults who were a member of the benefits case. BAM 725, p. 1.

Here, the Department provided sufficient and credible evidence establishing that Respondent received an overissuance of FIP benefits for the period March 2010 through June 2010, in the amount of [REDACTED], based on earned income information provided to the agency. Claimant did not dispute the amount of earned income used by the Department in making this determination. Likewise, he did not dispute the budgeting process used by the agency to determine the overissuance amount. Finally, there was no evidence presented by either party indicating that the agency's overissuance computation was in error, incorrect, or otherwise improper.

Respondent asserted that the overissuance in this matter was due to agency error; at hearing, the Department admitted that such was the case. But, whether it was agency error or client error that caused the overissuance, the Department was required to recoup the amount of benefits to which Claimant was not entitled. BAM 700, p. 1.

It appeared from the record, however, that for the month of July 2010, Respondent was entitled to receive [REDACTED] in FIP benefits, but only received [REDACTED] because the Department recouped [REDACTED] of the outstanding overissuance amount [REDACTED] ([REDACTED]). (See Department's Exhibit D-5, p. 4.) Therefore, the remaining balance of overissuance in this matter is [REDACTED] (See Department's Exhibit D-5, p. 4.)

### **DECISION AND ORDER**

Based on the above findings of fact and conclusions of law, the Administrative Law Judge decides that Respondent received an overissuance of FIP benefits for the time period March 2010 through June 2010.

Therefore, the Department is entitled to recoup the remainder of FIP overissuance from Respondent in the amount of [REDACTED]

It is SO ORDERED.

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Mark A. Meyer  
Administrative Law Judge  
for Maura D. Corrigan, Director  
Department of Human Services

Date Signed: \_\_\_\_\_

Date Mailed: \_\_\_\_\_

2011-955/MAM

NOTICE: Respondent may appeal this decision and order within 60 days of the above mailing date. The appeal may be made to the circuit court for the county in which Respondent resides or has his or her principal place of business in this State, or in the circuit court for Ingham County. Administrative Hearings, on its own motion, or on request of a party within 60 days of the above mailing date, may order a rehearing.

MAM/sc

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