

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

**IN THE MATTER OF:**

████████████████████  
████████████████████ ██████████  
████████████████████

Reg. No.: 14-013180  
Issue No.: 6006  
Case No.: ██████████  
Hearing Date: March 23, 2015  
County: VAN BUREN-80

**ADMINISTRATIVE LAW JUDGE: Eric Feldman**

**HEARING DECISION**

Upon a hearing request by the Department of Human Services (Department) to establish an overissuance (OI) of benefits to Respondent, this matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9, 400.43a, and 24.201, *et seq.*, and Mich Admin Code, R 400.941, and in accordance with 7 CFR 273.15 to 273.18, 42 CFR 431.200 to 431.250, 45 CFR 99.1 to 99.33, and 45 CFR 205.10. After due notice, a three-way telephone hearing was held on March 23, 2015, from Detroit, Michigan. Participants on behalf of the Department included ██████████, Recoupment Specialist. Respondent did not appear. This matter having been initiated by the Department and due notice having been provided to Respondent, the hearing was held in Respondent's absence in accordance with Department of Human Services Bridges Administrative Manual (BAM) 725 (July 2014), pp. 1-17.

**ISSUE**

Did Respondent receive an OI of Child Development and Care (CDC) benefits?

**FINDINGS OF FACT**

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

1. Respondent was a recipient of CDC benefits from the Department.
2. On August 19, 2014, the Department sent Respondent a Notice of Overissuance (OI notice) informing her of a CDC overissuance (OI) for the period of November 3, 2013 to May 17, 2014, due to client error. See Exhibit 1, pp. 3-8. The OI notice also indicated that the OI balance was ██████████ due to Respondent's failure to report earnings from her employment. See Exhibit 1, p. 3.

3. On October 3, 2014, Respondent filed a hearing request, protesting the Department's action. See Exhibit 1, pp. 1-2.
4. On October 3, 2014, DHS requested a debt collection hearing.

### **CONCLUSIONS OF LAW**

Department policies are contained in the Department of Human Services Bridges Administrative Manual (BAM), Department of Human Services Bridges Eligibility Manual (BEM), and Department of Human Services Reference Tables Manual (RFT).

The Child Development and Care (CDC) program is established by Titles IVA, IVE and XX of the Social Security Act, 42 USC 601-619, 670-679c, and 1397-1397m-5; the Child Care and Development Block Grant of 1990, PL 101-508, 42 USC 9858 to 9858q; and the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, PL 104-193. The program is implemented by 45 CFR 98.1-99.33. The Department administers the program pursuant to MCL 400.10 and provides services to adults and children pursuant to MCL 400.14(1) and Mich Admin Code, R 400.5001-.5020.

When a client group receives more benefits than they are entitled to receive, the Department must attempt to recoup the OI. BAM 700 (May 2014), p. 1. The amount of the OI is the benefit amount the group or provider actually received minus the amount the group was eligible to receive. BAM 715 (July 2014), p. 6.

A client/CDC provider error OI occurs when the client received more benefits than they were entitled to because the client/CDC provider gave incorrect or incomplete information to the department. BAM 715, p. 1.

Clients must report changes in circumstance that potentially affect eligibility or benefit amount. BAM 105 (October 2013), p. 9. Changes must be reported within 10 days of receiving the first payment reflecting the change. BAM 105, p. 9.

Income reporting requirements are limited to the following:

- Earned income:
  - Starting or stopping employment.
  - Changing employers.
  - Change in rate of pay.
  - Change in work hours of more than five hours per week that is expected to continue for more than one month.

BAM 105, p. 9.

Other changes must be reported within 10 days after the client is aware of them. BAM 105, pp. 9-10. These include, but are not limited to, changes in child care needs or providers. BAM 105, pp. 9-10.

In this case, the Department alleges that Respondent failed to timely report her employment earnings, which resulted in excess income and her ineligibility for her CDC benefits. Specifically, the Department testified that it received information from Child Protective Services (CPS) on June 6, 2014, that Respondent had different employment, but had not reported it to DHS. See Exhibit 1, pp. 1 and 50.

First, the Department presented Respondent's claim summary/detail screen, CDC benefit summary inquiry, OI budgets, and employment verifications. See Exhibit 1, pp. 9-50.

Second, the Department presented Respondent's application dated May 28, 2013 and her Notice of Case Action dated July 31, 2013, to show that she acknowledged her responsibility to report changes as required. See Exhibit 1, pp. 51-79.

For income eligible CDC determinations, the income of all program group members must be considered. BEM 525 (July 2013), p. 1. The Department uses the gross (before deductions) countable, monthly income to determine the amount the department will pay (department pay per-cent) towards the group's child care costs. BEM 525, p. 1. CDC program groups in the income eligible group must have gross income that falls within the income scale outlined in RFT 270 to be eligible for subsidy benefits. RFT 270 (October 2011 and December 2013), p. 1. The Department will not contribute to child care when the gross monthly income for a group size of 1 or 2 is over \$ [REDACTED] RFT 270, p. 1.

Based on the foregoing information and evidence, the Department did establish a CDC benefit OI to Respondent from November 3, 2013 to May 17, 2014. There is a client error present in this situation because the evidence presented that Respondent failed to timely notify the Department of her employment income. See BAM 105, p. 9 and Exhibit 1, pp. 1 and 50.

Applying the overissuance period standard, it is found that the Department applied the appropriate OI begin date of November 3, 2013. See BAM 715, pp. 4-5 and Exhibit 1, pp. 42-50.

The Department also presented CDC budgets. See Exhibit 1, pp. 14-41. The budgets included Respondent's income that was not previously budgeted. See Exhibit 1, pp. 42-49. A review of the OI budgets found them to be fair and accurate. A review of Respondent's employment verification also found that her gross countable income exceeded the CDC income limits. Claimant's gross income for the period of November 3, 2013 to May 17, 2014 for a group size of 1-2 is over the [REDACTED] CDC income limit.


See RFT 270, p. 1 and Exhibit 1, pp. 14-50. As such, the Department is entitled to recoup [REDACTED] for the period of November 3, 2013 to May 17, 2014.

### **DECISION AND ORDER**

The Administrative Law Judge, based upon the above Findings of Fact and Conclusions of Law, finds that the Department did establish CDC benefit OI to Respondent totaling [REDACTED]

Accordingly, the Department is AFFIRMED.

The Department is ORDERED to initiate collection procedures for a [REDACTED] OI in accordance with Department policy.

  
Eric Feldman  
Administrative Law Judge  
for Nick Lyon, Interim Director  
Department of Human Services

Date Signed: **3/24/2015**

Date Mailed: **3/24/2015**

EJF/tm

**NOTICE OF APPEAL:** A party may appeal this Hearing Decision in the circuit court in the county in which he/she resides, or the circuit court in Ingham County, within 30 days of the receipt date.

A party may request a rehearing or reconsideration of this Hearing Decision from the Michigan Administrative Hearing System (MAHS) within 30 days of the mailing date of this Hearing Decision, or MAHS may order a rehearing or reconsideration on its own motion.

MAHS may grant a party's Request for Rehearing or Reconsideration when one of the following exists:

- Newly discovered evidence that existed at the time of the original hearing that could affect the outcome of the original hearing decision;
- Misapplication of manual policy or law in the hearing decision which led to a wrong conclusion;
- Typographical, mathematical or other obvious error in the hearing decision that affects the rights of the client;
- Failure of the ALJ to address in the hearing decision relevant issues raised in the hearing request.

