



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
MICHIGAN ADMINISTRATIVE HEARING SYSTEM  
Christopher Seppanen  
Executive Director

SHELLY EDGERTON  
DIRECTOR

[REDACTED]

Date Mailed: May 25, 2016  
MAHS Docket No.: 15-016689  
Agency No.: [REDACTED]  
Petitioner:  
Respondent: [REDACTED]

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

### **HEARING DECISION**

Upon the request for a hearing by the Department of Health and Human Services (Department), this matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9, and in accordance with Titles 7, 42 and 45 of the Code of Federal Regulation (CFR), particularly 7 CFR 273.16 and 45 CFR 235.110; and with Mich Admin Code, R 400.3130 and 400.3178. After due notice, a telephone hearing was held on [REDACTED], from Detroit, Michigan. The Department was represented by [REDACTED], Recoupment Specialist. The 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 Health and Human Services Bridges Administrative Manual (BAM) 725 (July 2014), pp. 16–17.

### **ISSUE**

Did Respondent receive an overissuance (OI) of Food Assistance Program (FAP) 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 FAP benefits from the Department.
2. The Department alleges Respondent received an FAP OI during the period [REDACTED], through [REDACTED], due to **Respondent** error.

3. The Department sent the Respondent a Notice of Overissuance dated [REDACTED] [REDACTED] alleging client error due to failing to report income rising above the Simplified Reporting limit of \$ [REDACTED] for group size of six (6) causing an FAP OI. Exhibit 1, pp. 1-5.
4. The Department alleges an FAP Client Error OI occurred on [REDACTED].
5. The Respondent failed to report earnings above the Simplified Reporting Limit for the period [REDACTED], through [REDACTED].
6. The Department alleged an FAP overissuance of \$ [REDACTED] for the period in question.
7. The Department issued a Notice of Overissuance sent to the Respondent on [REDACTED]. Exhibit 1, pp. 1-5.
8. The Respondent requested a hearing on [REDACTED]. Respondent was advised to request a hearing by [REDACTED], in order to suspend the proposed recoupment.
9. The Department, as of the date of the hearing, had recouped \$ [REDACTED] the OI amount.
10. The Department alleges that Respondent received \$ [REDACTED] OI that is still due and owing to the Department.

### **CONCLUSIONS OF LAW**

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

The Food Assistance Program (FAP) [formerly known as the Food Stamp program] is established by the Food and Nutrition Act of 2008, as amended, 7 USC 2011 to 2036a and is implemented by the federal regulations contained in 7 CFR 273. The Department (formerly known as the Department of Human Services) administers FAP pursuant to MCL 400.10, the Social Welfare Act, MCL 400.1-.119b, and Mich Admin Code, R 400.3001 to .3015.

Additionally, in this case, the Department seeks a recoupment of an OI of FAP benefits allegedly due to the Respondent's failure to report when household income exceeded the Simplified Reporting Limit. The Simplified Reporting (SR) Limit for the period in question was \$ [REDACTED] for an FAP group of six (6) members. RFT 250 (October 1, 2011), p. 1. The Department presented a benefit summary inquiry which established the Respondent received FAP in the amount of \$ [REDACTED] for the months of [REDACTED] and [REDACTED], which she was not entitled to receive as the household income

exceeded the SR limit. Exhibit 1, p. 6. Because the Department had already proceeded to collect \$ [REDACTED] last posted [REDACTED], for a payment received [REDACTED], the Department was uncertain if any further payments had been received but not posted. As of the hearing, the Department testified that Respondent's current OI amount has been paid down to \$ [REDACTED]. The Department alleged the OI resulted from a client error due to the failure of the Respondent to report when the group income exceeded the SR limit.

BAM 200 addresses the requirements for simplified reporting FAP groups:

Simplified Reporting Groups are required to report **only** when the group's actual gross monthly income (**not** converted) exceeds the SR income limit for their group size. **No** other change reporting is required.

If the group has an increase in income, the group must determine their total gross income at the end of that month. If the total gross income exceeds the group's SR income limit, the group must report this change to their specialist by the 10th day of the following month, or the next business day if the 10th day falls on a weekend or holiday. Once assigned to SR, the group remains in SR throughout the current benefit period unless they report changes at their semi-annual contact or redetermination that make them ineligible for SR.

Simplified Reporting (SR) does not change reporting requirements for any other program. BAM 200, (December 1, 2011) p.1.

In addition, the responsibility to report for both underissuances and overissuances requires:

The only client error overissuances related to simplified reporting that can occur for FAP groups in SR are when the group fails to report that income exceeds the group's SR income limit, or the client voluntarily reports inaccurate information. For failure to report income over the limit, the first month of the overissuance is two months after the actual monthly income exceeded the limit. BAM 200, p.5.

Thus, in this case the Department correctly began the simplified reporting to begin [REDACTED].

The overissuance budgets were reviewed for the two months in question and were compared with the earned income information provided by Respondents husband's employer by way of Wage Verification and information provided by Respondent's employer for the periods in question. Exhibit 1, pp. 12-20 and pp. 21-23. Based upon this evidence and a review of the budgets, it is determined that the Department properly found that the total unreported income caused the Respondent's fab group to be ineligible for benefits for the months in question. Exhibit 1, pp. 7-11.

The Administrative Law Judge, based upon the above Findings of Fact and Conclusions of Law, finds that the Department **did** establish a FAP benefit OI to Respondent totaling \$ [REDACTED] however, the Department must reduce the OI by any amounts repaid by the Respondent.

**DECISION AND ORDER**

Accordingly, the Department is **AFFIRMED**.

The Department is **ORDERED** to initiate collection procedures for an \$ [REDACTED] FAP OI in accordance with Department policy and shall credit the Respondent with amounts already paid to the Department as part of its ongoing collection on the FAP OI.

LMF/jaf



---

**Lynn M. Ferris**  
Administrative Law Judge  
for Nick Lyon, Director  
Department of Health and Human Services

**NOTICE OF APPEAL:** A party may appeal this Order in circuit court within 30 days of the receipt date. A copy of the circuit court appeal must be filed with the Michigan Administrative Hearing System (MAHS).

A party may request a rehearing or reconsideration of this Order if the request is received by MAHS within 30 days of the date the Order was issued. The party requesting a rehearing or reconsideration must provide the specific reasons for the request. MAHS will not review any response to a request for rehearing/reconsideration.

A written request may be mailed or faxed to MAHS. If submitted by fax, the written request must be faxed to (517) 335-6088; Attention: MAHS Rehearing/Reconsideration Request.

If submitted by mail, the written request must be addressed as follows:

Michigan Administrative Hearings  
Reconsideration/Rehearing Request  
P.O. Box 30639  
Lansing, Michigan 48909-8139

**DHHS**

[REDACTED]

**Respondent**

[REDACTED]

**cc:**

[REDACTED]