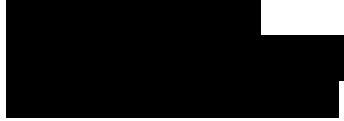


**STATE OF MICHIGAN  
MICHIGAN ADMINISTRATIVE HEARING SYSTEM  
ADMINISTRATIVE HEARINGS FOR THE  
DEPARTMENT OF HUMAN SERVICES**

**IN THE MATTER OF:**



Reg. No.: 14-012875  
Issue No.: 3006  
Case No.: [REDACTED]  
Hearing Date: January 7, 2015  
County: OAKLAND-DISTRICT 3  
(SOUTHFIELD)

**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 telephone hearing was held on January 7, 2015, from Detroit, Michigan. Participants on behalf of the Department included Michelle Corgan, 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. 16-17.

**ISSUE**

Did Respondent receive an OI of

Family Independence Program (FIP)

Food Assistance Program (FAP)

benefits?

State Disability Assistance (SDA)

Child Development and Care (CDC)

**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  FIP  FAP  SDA  CDC benefits from the Department. See Exhibit 1, pp. 9-10.
2. The Department alleges Respondent received a  FIP  FAP  SDA  CDC OI during the period July 1, 2013, through February 28, 2014, due to  Department's error  Respondent's error. See Exhibit 1, p. 3.
3. The Department alleges that Respondent received a \$639 OI that is still due and owing to the Department. See Exhibit 1, p. 3.
4. On September 17, 2014, Respondent filed a hearing request, protesting the OI amount. See Exhibit 1, p. 100.
5. On September 17, 2014, the Department requested a debt collection hearing.
6. On October 20, 2014, the Michigan Administrative Hearing System (MAHS) sent Respondent a Notice of Hearing, which scheduled Respondent for a hearing on November 6, 2014.
7. On or around November 6, 2014, Respondent requested an adjournment of the hearing.
8. On November 6, 2014, the Administrative Law Judge (ALJ) sent Respondent an Adjournment Order.
9. On November 26, 2014, MAHS sent Respondent a Notice of Debt Collection Hearing, which rescheduled Respondent's hearing for January 7, 2015.

### **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 Food Assistance Program (FAP) [formerly known as the Food Stamp program] is established by the Food Stamp Act of 1977, 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 Family Independence Agency) administers FAP pursuant to MCL 400.10, the Social Welfare Act, MCL 400.1-.119b, and Mich Admin Code, R 400.3001 to .3015.

In this case, the Department alleges that Respondent received an OI for her FAP benefits based on agency error because the Department failed to budget an additional group member's reported earned income.

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 705 (July 2014), p. 6.

An agency error is caused by incorrect actions (including delayed or no action) by the Department of Human Services (DHS) staff or department processes. BAM 705, p. 1. Some examples are:

- Available information was not used or was used incorrectly.
- Policy was misapplied.
- Action by local or central office staff was delayed.
- Computer errors occurred.
- Information was not shared between department divisions such as services staff.
- Data exchange reports were not acted upon timely (Wage Match, New Hires, BENDEX, etc.).

BAM 705, p. 1. If unable to identify the type record it as an agency error. BAM 705, p. 1.

On August 26, 2014, the Department sent Respondent a Notice of Overissuance, which notified Respondent that she received more FAP benefits than she was eligible to receive for the time period of July 1, 2013, to February 28, 2014. See Exhibit 1, p. 3. The Notice of Overissuance further indicated the overissuance balance was \$639 based on agency error and due to failure to budget the reported earned income. See Exhibit 1, p. 3.

At the hearing, the Department presented evidence to show why an agency error is present based on the Department's failure to budget the reported earned income.

First, the Department presented Respondent's online application dated July 14, 2013. See Exhibit 1, pp. 52-96. In the application, Respondent properly reported the additional group member's income. See Exhibit 1, p. 70.

Second, the Department presented the group member's employment verification. See Exhibit 1, pp. 28-29 and 97-98. The Department also presented other forms of income that had previously been budgeted. See Exhibit 1, pp. 30-51.

Clients must report changes in circumstance that potentially affect eligibility or benefit amount. BAM 105 (July 2013), p. 8. Changes must be reported within 10 days of receiving the first payment reflecting the change. BAM 105, p. 8.

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, pp. 8-9.

Based on the foregoing information and evidence, the Department did establish a FAP benefit OI to Respondent. The evidence presented that Respondent properly reported the additional group member's earned income in accordance with Department policy. See BAM 105, pp. 8-9. However, the Department can still proceed with recoupment/collection of the OI when there is an agency error present. An agency error OI is present in this case because the Department failed to budget the group member's income at the time of application. See BAM 705, p. 1.

Applying the agency error overissuance period standard and in consideration that the group member received income at the time of July 2013 application, the Department determined that the OI period began on July 1, 2013. See Exhibit 1, pp. 3 and 70. It is found that the Department applied the appropriate OI period begin date. See BAM 705, p. 5.


Additionally, the Department presented OI budgets for the period of July 2013 to February 2014. See Exhibit 1, pp. 11-51. Monthly budgets were provided for the FAP programs using the employer's verification. See Exhibit 1, pp. 28-29 and 97-98. A review of the OI budgets found them to be fair and correct. The Department established that Respondent's overissuance was \$639 in FAP benefits. See Exhibit 1, p. 11. Thus, the Department is entitled to recoup \$639 of FAP benefits. See BAM 705, p. 7.

### **DECISION AND ORDER**

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 \$639.

Accordingly, the Department is AFFIRMED.

- The Department is ORDERED to initiate collection procedures for a \$639 OI in accordance with Department policy.

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

Date Signed: **1/12/2015**

Date Mailed: **1/12/2015**

EJF / cl

**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.

The party requesting a rehearing or reconsideration must specify all reasons for the request. MAHS will not review any response to a request for rehearing/reconsideration. A request must be *received* in MAHS within 30 days of the date this Hearing Decision is mailed.

A written request may be faxed or mailed to MAHS. If submitted by fax, the written request must be faxed to (517) 335-6088 and be labeled as follows:

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 48909-07322

cc:



Linda Gooden  
Oakland-District 3 (Southfield)  
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