



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
MICHIGAN OFFICE OF ADMINISTRATIVE HEARINGS AND RULES

ORLENE HAWKS
DIRECTOR

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Date Mailed: May 14, 2020
MOAHR Docket No.: 19-013942
Agency No.: [REDACTED]
Petitioner: [REDACTED]

ADMINISTRATIVE LAW JUDGE: Ellen McLemore

HEARING DECISION

Following Petitioner's request for a hearing, this matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9 and 400.37; 7 CFR 273.15 to 273.18; 42 CFR 431.200 to 431.250; 42 CFR 438.400 to 438.424; 45 CFR 99.1 to 99.33; and 45 CFR 205.10; and Mich Admin Code, R 792.11002. After due notice, a telephone hearing was held on May 7, 2020, from Detroit, Michigan. Petitioner was present and represented herself. The Department of Health and Human Services (Department) was represented by Mary Peterson, Recoupment Specialist.

ISSUE

Did Petitioner receive an overissuance of Food Assistance Program (FAP) benefits that the Department is entitled to recoup?

FINDINGS OF FACT

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

1. Petitioner was an ongoing FAP recipient between the period of June 1, 2019 through September 30, 2019 (Exhibit A, p. 56).
2. On November 7, 2018, Petitioner submitted an application for FAP benefits and reported that she did not have any earned income (Exhibit A, pp. 9-16).
3. On November 16, 2018, the Department sent Petitioner a Notice of Case Action informing her that she was approved for FAP benefits based an earned income amount of \$0 (Exhibit A, pp. 19-25).
4. On March 19, 2019, Petitioner submitted a pay statement from her income from employment (Exhibit A, p. 32).

5. On April 4, 2019, Petitioner submitted a Message Form notifying the Department of her new employment and requesting that her FAP benefits be recalculated (Exhibit A, p. 33).
6. On October 7, 2019, the Department sent Petitioner a Notice of Overissuance informing her that she was overissued FAP benefits for the period of June 1, 2019 through September 30, 2019, in the amount of \$2,020 due to agency error (Exhibit A, pp. 82-87).
7. On [REDACTED], 2019, Petitioner submitted a request for hearing disputing the Department's actions.

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), Department of Health and Human Services Reference Tables Manual (RFT), and Department of Health and Human Services Emergency Relief Manual (ERM).

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-.3011.

In this case, Petitioner submitted a pay statement verifying her income from employment on March 19, 2019. On April 4, 2019, Petitioner sent the Department notification that she had obtained new employment and that her FAP benefits needed to be recalculated.

All countable earned and unearned income available to the client must be considered in determining a client's eligibility for program benefits. An employee's wages include salaries, tips, commissions, bonuses, severance pay and flexible benefit funds not used to purchase insurance. The Department counts gross wages in the calculation of earned income. BEM 501 (July 2016), pp. 6-7.

Despite the information provided by Petitioner, the Department did not include the earned income in the calculation of her FAP benefit amount throughout the period of June 1, 2019 through September 30, 2019. As such, the Department testified that Petitioner's FAP benefit amount was improperly calculated, as Petitioner's earned income from employment should have been included in her FAP budget. The Department testified that Petitioner was overissued FAP benefits for the period of June 1, 2019 through September 30, 2019, in the amount of \$2,020 due to agency error.

When a client group receives more benefits that it is entitled to receive, the Department **must** attempt to recoup the overissuance. BAM 700 (October 2016), p. 1. An agency error is caused by incorrect action by the Department staff or department processes. BAM 700, p. 4. The amount of the overissuance is the benefit amount the group actually received minus the amount the group was eligible to receive. BAM 705 (January 2016), p. 6. If improper budgeting of income caused the overissuance, the Department will use actual income for the past overissuance month for that income source when determining the correct benefit amount. BAM 705, p. 8.

The Department presented the pay statement submitted by Petitioner on March 19, 2019. The Department also submitted the notification provided by Petitioner to the Department on April 4, 2019, stating that she had new employment. The Department presented employment verifications showing Petitioner's wages during the period of June 1, 2019 through September 30, 2019 (Exhibit A, pp. 69-79). Additionally, the Department presented a Notice of Case Action issued on December 7, 2018, showing that Petitioner was approved for FAP benefits in the amount of \$505 based on an earned income amount of \$0 (Exhibit A, pp. 28-31). Petitioner continued to receive a monthly FAP benefit amount of \$505 during the period of June 1, 2019 through September 30, 2019 (Exhibit A, p. 56). As such, the Department correctly determined Petitioner's earned income was not properly budgeted, and she was overissued FAP benefits as a result of agency error.

The Department presented Petitioner's Benefit Summary, which showed she was issued \$2,020 in FAP benefits for the period of June 1, 2019 through September 30, 2019 (Exhibit A, p. 56). The Department presented overissuance budgets for the same time period (Exhibit A, pp. 58-66). The Department recalculated Petitioner's FAP benefits by adding Petitioner's earned income for each month as shown on the employment verifications. The budgets show that for the period of June 1, 2019 through September 30, 2019, Petitioner was entitled to receive \$0 in FAP benefits. Therefore, the Department established it properly determined Petitioner was overissued FAP benefits in the amount of \$2,020.

DECISION AND ORDER

The Administrative Law Judge, based on the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, finds that the Department acted in accordance with Department policy when it determined Petitioner received an overissuance of FAP benefits in the amount of \$2,020.

