



Date Mailed: April 29, 2025

Docket No.: 25-012341

Case No.: [REDACTED]

Petitioner: [REDACTED]

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এটি একটি গুরুত্বপূর্ণ আইনি ডকুমেন্ট। দয়া করে কেউ দস্তাবেজ অনুবাদ করুন।

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Ky është një dokument ligjor i rëndësishëm. Ju lutem, kini dikë ta përktheni dokumentin.

HEARING DECISION

On March 27, 2025, Petitioner [REDACTED] requested a hearing to dispute a Food Assistance Program (FAP) overpayment determination. As a result, a hearing was scheduled to be held on April 24, 2025. Public assistance hearings are held 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; 45 CFR 205.10; and Mich Admin Code, R 792.11002.

The parties appeared for the scheduled hearing. Petitioner appeared and represented herself. Respondent Michigan Department of Health and Human Services (Department) had Overpayment Establishment Analyst Mary Peterson appear as its representative. There were no other participants.

Both parties provided sworn testimony, and one exhibit was admitted into evidence. A 63-page packet of documents provided by the Department was admitted collectively as Exhibit A.

ISSUE

Did the Department properly determine that Petitioner owes the Department a debt of \$[REDACTED] for FAP benefits that were overpaid to Petitioner for the months of July 2021 and September 2021?

FINDINGS OF FACT

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

1. On April [REDACTED] 2021, Petitioner applied for public assistance from the Department, including FAP benefits. Petitioner reported in her application that she was not working and had no income.
2. On April [REDACTED] 2021, the Department interviewed Petitioner, and Petitioner reported that she was off work because she had COVID-19. Petitioner reported that she was receiving unemployment benefits, and she was receiving income from her employer, [REDACTED] [REDACTED]. Petitioner reported that she expected to return to work in about two weeks.
3. On April [REDACTED] 2021, the Department mailed a notice of case action to Petitioner to notify Petitioner that she was approved for FAP benefits. The notice informed Petitioner that she was approved to receive a FAP benefit of \$[REDACTED] per month for a group size of two. The Department determined Petitioner's FAP benefit amount based on \$[REDACTED] per month in unearned income, a \$[REDACTED] per month housing cost, a standard deduction, and a heating/cooling standard. The notice instructed Petitioner to monitor her household income each month and notify the Department within 10 days if her household income exceeded \$[REDACTED] in a month.
4. Petitioner received the following gross pay from her employer, [REDACTED] [REDACTED]:
 - a. \$[REDACTED] paid May 14, 2021.
 - b. \$[REDACTED] paid May 21, 2021.
 - c. \$[REDACTED] paid May 28, 2021.
 - d. \$[REDACTED] paid June 4, 2021.
 - e. \$[REDACTED] paid June 11, 2021.
 - f. \$[REDACTED] paid June 11, 2021.
 - g. \$[REDACTED] paid June 18, 2021.
 - h. \$[REDACTED] paid June 25, 2021.

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- i. \$[REDACTED] paid July 2, 2021.
 - j. \$[REDACTED] paid July 9, 2021.
 - k. \$[REDACTED] paid July 16, 2021.
 - l. \$[REDACTED] paid July 23, 2021.
 - m. \$[REDACTED] paid July 30, 2021.
 - n. \$[REDACTED] paid August 6, 2021.
 - o. \$[REDACTED] paid August 13, 2021.
 - p. \$[REDACTED] paid August 20, 2021.
 - q. \$[REDACTED] paid August 27, 2021.
 - r. \$[REDACTED] paid September 3, 2021.
 - s. \$[REDACTED] paid September 10, 2021.
 - t. \$[REDACTED] paid September 17, 2021.
 - u. \$[REDACTED] paid September 24, 2021.
- 5. Petitioner did not notify the Department when her household income exceeded \$[REDACTED] in May 2021.
 - 6. The Department was unaware that Petitioner's household income had changed, so the Department continued to issue FAP benefits to Petitioner as if her household income had not changed.
 - 7. The Department issued Petitioner the following FAP benefits.
 - a. \$[REDACTED] for July 2021.
 - b. \$[REDACTED] for August 2021.
 - c. \$[REDACTED] for September 2021.
 - 8. On September [REDACTED] 2021, Petitioner submitted a semi-annual contact report to the Department to renew her eligibility for FAP benefits, and Petitioner reported that her household income had changed by more than \$100.00 from the \$0.00 earned income that the Department was currently budgeting.
 - 9. The Department reviewed Petitioner's case and discovered that Petitioner began receiving earned income in May 2021.

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10. The Department reviewed Petitioner's case and redetermined Petitioner's eligibility for FAP benefits based on the income she received from her employment at [REDACTED]
 11. The Department determined that Petitioner was eligible to receive the following FAP benefits:
 - a. \$[REDACTED] for July 2021.
 - b. \$[REDACTED] for August 2021.
 - c. \$[REDACTED] for September 2021.
 12. The Department determined that it overpaid Petitioner FAP benefits because Petitioner did not notify the Department when her household income exceeded the limit in May 2021. The Department considered this a client error.
 13. On March [REDACTED] 2025, the Department mailed a notice of overissuance to Petitioner to notify her that the Department overpaid her \$[REDACTED] in FAP benefits for the months of July 2021 and September 2021.
 14. Petitioner requested a hearing to dispute the overpayment.

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) 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 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, the Department determined that it overpaid Petitioner FAP benefits. When a client receives more benefits than the client was entitled to receive, the Department must attempt to recoup the overpayment. BAM 700 (June 1, 2024), p. 1. The overpayment amount is the amount of benefits in excess of the amount the client was eligible to receive. *Id.* at 2.

The Department determined that it overpaid Petitioner FAP benefits because Petitioner did not notify the Department when her household income exceeded the \$1,868.00 limit in May 2021. Based on the evidence presented, Petitioner's household income was \$[REDACTED] in May 2021, so Petitioner's household income exceeded the limit, and Petitioner was required to notify the Department. Petitioner did not notify the Department

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that her household income exceeded the limit in May 2021, so the Department continued to issue FAP benefits to Petitioner as if her household income had not changed. This resulted in the Department overpaying Petitioner FAP benefits. The overpayment was caused by Petitioner's error because Petitioner did not notify the Department when her household income exceeded the limit.

The Department properly determined that the overpayment started with the FAP benefits that it issued to Petitioner for July 2021. For failure to report income over the simplified reporting limit, the first month of the overpayment is two months after the client's household income exceeded the simplified reporting limit. BAM 200 (October 1, 2024), pp. 6-7. If Petitioner would have notified the Department that her household income exceeded the \$1,868.00 limit in May 2021, then the Department would have reduced or closed Petitioner's FAP benefits effective July 2021. Thus, Petitioner still would have been eligible to receive the FAP benefits that were issued to her for May 2021 and June 2021.

For the month of July 2021, Petitioner's gross household income was \$[REDACTED]. Petitioner's household income consisted solely of Petitioner's earned income from FCA US. The 200% gross income limit for categorically eligible groups applied to Petitioner. BEM 213 (October 1, 2020), p. 1. The 200% gross income limit was \$2,874.00 per month for a household size of two. RFT 250 (October 1, 2020). Gross household income is the total of all earned and unearned income that a household receives. 7 CFR 273.10(e)(1)(i)(A) and 7 CFR 273.10(e)(2)(B). Petitioner's gross household income exceeded the applicable income limit to be eligible for FAP benefits. The Department issued Petitioner a FAP benefit of \$[REDACTED] for July 2021, so the Department overpaid Petitioner \$[REDACTED]. The Department properly determined that it overpaid Petitioner \$[REDACTED] for July 2021.

For the month of August 2021, Petitioner's gross household income was \$[REDACTED]. Petitioner's household income consisted solely of Petitioner's earned income from [REDACTED]. The 200% gross income limit for categorically eligible groups applied to Petitioner. BEM 213 at 1. The 200% gross income limit was \$2,874.00 per month for a household size of two. RFT 250. Gross household income is the total of all earned and unearned income that a household receives. 7 CFR 273.10(e)(1)(i)(A) and 7 CFR 273.10(e)(2)(B). Petitioner's gross household income did not exceed the applicable income limit to be eligible for FAP benefits. Petitioner was eligible for a standard deduction of \$167.00 per month. Thus, Petitioner's net income was \$[REDACTED]. Based on Petitioner's net income of \$[REDACTED] and Petitioner's group size of two, Petitioner was eligible for a maximum FAP benefit of \$[REDACTED]. RFT 260 (May 1, 2021), p. 29. However, in August 2021 all clients who were eligible for FAP benefits were eligible for the maximum FAP benefit for their group size pursuant to a policy that was in effect due to the COVID-19 pandemic. Accordingly, Petitioner was eligible for the \$[REDACTED] FAP benefit that the Department issued to her. Therefore, the Department properly determined that it did not overpay Petitioner any FAP benefits for August 2021.

For the month of September 2021, Petitioner's gross household income was \$[REDACTED]. Petitioner's household income consisted solely of Petitioner's earned income from [REDACTED]. The 200% gross income limit for categorically eligible groups applied to Petitioner. BEM 213 at 1. The 200% gross income limit was \$2,874.00 per month for a household size of two. RFT 250. Gross household income is the total of all earned and unearned income that a household receives. 7 CFR 273.10(e)(1)(i)(A) and 7 CFR 273.10(e)(2)(B). Petitioner's gross household income did not exceed the applicable income limit to be eligible for FAP benefits. Petitioner was eligible for a standard deduction of \$167.00 per month. Thus, Petitioner's net income was \$[REDACTED]. Based on Petitioner's net income of \$[REDACTED] and Petitioner's group size of two, Petitioner was eligible for a maximum FAP benefit of \$[REDACTED] RFT 260 at 32. However, in September 2021 all clients who were eligible for FAP benefits were eligible for the maximum FAP benefit for their group size pursuant to a policy was in effect due to the COVID-19 pandemic. Accordingly, Petitioner was eligible for the \$[REDACTED] FAP benefit that the Department issued to her. The Department did not properly determine that it overpaid Petitioner \$[REDACTED] for September 2021.

In summary, the Department overpaid Petitioner \$[REDACTED] in FAP benefits for July 2021. The Department did not overpay Petitioner FAP benefits for August 2021 or September 2021. Thus, the Department properly determined that it overpaid Petitioner FAP benefits, but the Department did not properly determine the overpayment amount.

Petitioner asserted that she should not have to repay the overpayment because it was not caused by her error. Based on the evidence presented, the overpayment was caused by Petitioner's error. However, the overpayment amount would be the same regardless of whether it was caused by a client error or an agency error, and the Department would have been required to pursue Petitioner for repayment of the debt regardless of whether it was caused by a client error or an agency error. The overpayment amount would have been the same either way because the overpayment was caused by Petitioner's gross household income exceeding the 200% gross income limit. The Department would have been required to pursue Petitioner for repayment of the debt either way because the amount involved is greater than or equal to \$250.00, and the Department is required to pursue an agency error overpayment that is greater than or equal to \$250.00. BAM 700 at 5 and BAM 705 (June 1, 2024), p. 1.

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 its policies and the applicable law when it determined that it overpaid Petitioner FAP benefits, but the Department did not act in accordance with its policies and the applicable law when it determined the overpayment amount.

IT IS ORDERED that the Department's decision is **AFFIRMED IN PART and REVERSED IN PART**. The Department's decision that it overpaid Petitioner FAP benefits is affirmed, but the Department's overpayment amount is reversed. The Department must pursue

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the overpayment amount of \$[REDACTED] consistent with this decision. The Department must begin to implement this order within 10 days of the mailing date of this hearing decision.



JEFFREY KEMM
ADMINISTRATIVE LAW JUDGE

APPEAL RIGHTS: Petitioner may appeal this Hearing Decision to the circuit court. Rules for appeals to the circuit court can be found in the Michigan Court Rules (MCR), including MCR 7.101 to MCR 7.123, available at the Michigan Courts website at courts.michigan.gov. The Michigan Office of Administrative Hearings and Rules (MOAHR) cannot provide legal advice, but assistance may be available through the State Bar of Michigan at <https://lrs.michbar.org> or Michigan Legal Help at <https://michiganlegalhelp.org>. A copy of the circuit court appeal should be sent to MOAHR. A circuit court appeal may result in a reversal of the Hearing Decision.

Either party who disagrees with this Hearing Decision may also send a written request for a rehearing and/or reconsideration to MOAHR within 30 days of the mailing date of this Hearing Decision. The request should include Petitioner's name, the docket number from page 1 of this Hearing Decision, an explanation of the specific reasons for the request, and any documents supporting the request. The request should be sent to MOAHR

- by email to MOAHR-BSD-Support@michigan.gov, **OR**
- by fax at (517) 763-0155, **OR**
- by mail addressed to
Michigan Office of Administrative Hearings and Rules
Rehearing/Reconsideration Request
P.O. Box 30639
Lansing Michigan 48909-8139

Documents sent via email are not secure and can be faxed or mailed to avoid any potential risks. Requests MOAHR receives more than 30 days from the mailing date of this Hearing Decision may be considered untimely and dismissed.

Via Electronic Mail:

Agency Representative

ANNA PETERSON
OVERPAYMENT ESTABLISHMENT
SECTION (OES)
235 S GRAND AVE STE 811
LANSING, MI 48933
**MDHHS-RECOUPMENT-
HEARINGS@MICHIGAN.GOV**

Respondent

ST CLAIR COUNTY DHHS
1430 MILITARY ST UNIT 4
PORT HURON, MI 48060
**MDHHS-STCLAIR-
HEARINGS@MICHIGAN.GOV**

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MOAHR

Via First Class Mail:

Petitioner

