



Date Mailed: February 14, 2025

Docket No.: 25-000788

Case No.:

Petitioner:

«RECIP_FULL_NAME»

«RECIP_ADD0»

«RECIP_ADD1»

«RECIP_ADD2»

«RECIP_CITY», «RECIP_SPCODE»

«RECIP_POSTAL»

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هذه وثيقة قانونية مهمة. يرجى أن يكون هناك شخص ما يترجم المستند.

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

Este es un documento legal importante. Por favor, que alguien traduzca el documento.

这是一份重要的法律文件。请让别人翻译文件。

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

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 hearing was held by telephone on February 6, 2025. Petitioner appeared and represented herself. The Department of Health and Human Services (Department) was represented by Krysenda Slaton, Overpayment Establishment Analyst.

ISSUE

Did the Department properly determine Petitioner received an overpayment (OP) of Food Assistance Program (FAP) benefits in the amount of \$535 for the period of December 1, 2020 through December 31, 2020 due to client error (CE)?

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 May 12, 2020, the Department sent Petitioner a Notice of Case Action (NOCA) that approved Petitioner for \$470 per month in FAP benefits for a three-person FAP group, prorated from May 12, 2020 ongoing. The NOCA informed Petitioner she was a simplified reporter (SR) and had a SR reporting limit of \$2,311. (Exhibit A, pp. 40 – 42).

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2. Petitioner and group member, [REDACTED] (JS), both had earned income.
 3. On or about October 1, 2020, Petitioner's employment with [REDACTED] (Old Employer) ended and she received her final paycheck for \$[REDACTED].
 4. On or about October 15, 2020, Petitioner began working for [REDACTED], Inc. (New Employer) and received her first bi-weekly paycheck on October 29, 2020 in the gross amount of \$[REDACTED]. (Exhibit A, p. 23).
 5. On November 10, 2020, the Department sent Petitioner a New Hire Client Notice regarding her employment with New Employer. (Exhibit A, pp. 30 – 31).
 6. On November 23, 2020, the Department received the completed New Hire Client Notice from Petitioner for New Employer with two paystubs, dated October 29, 2020 and November 12, 2020. (Exhibit A, pp. 30 – 31).
 7. On November 30, 2020, the Department sent Petitioner a NOCA that decreased her FAP benefits to \$148 per month effective January 1, 2021 ongoing, based on \$[REDACTED] in monthly earned income. (Exhibit A, pp. 48 – 52).
 8. On December 20, 2024, the Department sent Petitioner a Notice of Overissuance (NOP) that notified Petitioner she had received an OP of FAP benefits in the amount of \$535 for the period of December 1, 2020 to December 31, 2020, because she had failed to report when her income exceeded the SR limit. (Exhibit A, pp. 7 – 12).
 9. On January 2, 2025, the Department received a request for hearing from Petitioner disputing that she received an OP of FAP benefits. (Exhibit A, pp. 4 – 5).

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.

Petitioner requested a hearing in this matter to dispute a finding by the Department that she received an OP of FAP benefits. The Department alleged that Petitioner's income

exceeded the SR limit beginning in October 2020 and that she failed to report that her earnings exceeded the SR limit. The Department concluded that as a result of Petitioner's failure to report that her monthly gross income exceeded the SR limit in October 2020, she received an OP of FAP benefits from December 1, 2020 through December 31, 2020 (OP period) in the amount of \$535.

When a client group receives more benefits than it is entitled to receive, the Department must attempt to recoup the OP as a recipient claim. BAM 700 (October 2018, June 2024), p. 1; 7 CFR 273.18(a)(2). The amount of a FAP OP is the benefit amount the client actually received; minus the amount the client was eligible to receive. BAM 715 (October 2017), p. 6; BAM 715 (June 2024), pp. 4 – 6; 7 CFR 273.18(c)(1). A FAP OP can be caused by client error (CE), agency error (AE), or an intentional program violation (IPV), and a CE occurs when the OP was caused by inaccurate reporting by the client. BAM 700, p. 2. When an OP in excess of \$250.00 is discovered, the Department is required to establish a claim for repayment for the OP. BAM 700, p. 5; 7 CFR 273.18(d)(3).

SR groups are FAP households with countable earnings that are required to report only when the group's actual gross monthly income exceeds the simplified reporting limit for their group size; no other change reporting is required, including changes in employment. BAM 200 (January 2020), p. 1. At the end of each month, the SR group must calculate the total gross income of the household for the month, and if the gross income exceeds the group's SR income limit, the group must report the increased income to the Department by the tenth of the following month. BAM 200, p. 1; RFT 250. For SR groups, the first month of the OP period is two months after the actual monthly income exceeded the SR limit. BAM 715, p. 5. The Department must use the actual income when determining whether a client should have reported. BAM 200, p. 6; BAM 715, p. 5.

In this case, the record established that Petitioner was a SR for the certification period of May 12, 2020 through April 30, 2021. There was no dispute that Petitioner had a change of employment in October 2020. Specifically, Petitioner stopped working for Old Employer at the beginning of October 2020 and earned a total of \$[REDACTED] from Old Employer that month. Petitioner began working for New Employer on October 15, 2020 and earned a total of \$[REDACTED] from New Employer that month. There was no evidence presented to establish the actual amount of any other household income for the month of October 2020.

In support of its determination that Petitioner exceeded the SR limit in October 2020, the Department obtained a quarterly wage match, which reported Petitioner earned \$[REDACTED] from New Employer in the fourth quarter of 2020 (Exhibit A, p. 19), and testified that it divided the reported quarterly earnings by three to determine that Petitioner had unreported earned income of \$[REDACTED] from New Employer in the month of October 2020. The Department further testified that the FAP group also had budgeted earned income of \$[REDACTED] per month for Petitioner from a second job (DR)

and budgeted earned income of \$ [REDACTED] per month for JS. The Department explained that it added the \$ [REDACTED] averaged income from New Employer, Petitioner's \$ [REDACTED] gross income from Old Employer, and previously budgeted income from DR and JS, to determine that Petitioner's total income was \$ [REDACTED] for October 2020. Based on the income it budgeted, the Department concluded the group's income exceeded the SR limit for October 2020 which Petitioner had failed to report. (Exhibit A, p. 29).

However, Department policy required Petitioner only to report to the Department, by November 10, 2020, if the group's actual gross income, not standardized monthly income, for October 2020 exceeded \$2,311. BAM 200, p. 1. And, because the Department had evidence that Petitioner earned only \$ [REDACTED] from New Employer in October 2020, the Department did not properly budget \$ [REDACTED] in income for Petitioner from New Employer for that month. BAM 715, pp. 5, 8. Additionally, although it was undisputed that Petitioner received \$ [REDACTED] in income from Old Employer in October, there was no evidence regarding the actual income earned from DR or by JS that month. BAM 715, p. 5.

Based on the foregoing, the Department failed to satisfy its burden that Petitioner exceeded the SR limit for October 2020, or that she had an obligation to report the group's income to the Department by November 10, 2020. Because the Department did not establish that Petitioner exceeded the SR limit for October 2020, it did not establish that Petitioner failed to report that the group's income exceeded the SR limit for that month. Therefore, it did not establish that Petitioner received an OP of FAP benefits two months later, from December 1, 2020 to December 31, 2020.

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 did not act in accordance with Department policy when it determined Petitioner received an OP of FAP benefits in the amount of \$535 for the period of December 1, 2020 through December 31, 2020.

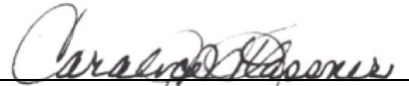
DECISION AND ORDER

Accordingly, the Department's decision is **REVERSED**.

THE DEPARTMENT IS ORDERED TO BEGIN DOING THE FOLLOWING, IN ACCORDANCE WITH DEPARTMENT POLICY AND CONSISTENT WITH THIS HEARING DECISION, WITHIN 10 DAYS OF THE DATE OF MAILING OF THIS DECISION AND ORDER:

1. Delete the \$535 FAP OP in Petitioner's case for the period of December 1, 2020 through December 31, 2020 in its entirety and cease any recoupment/collection action as to that period and amount; and

2. Notify Petitioner of its decision in writing.



CARALYCE M. LASSNER
ADMINISTRATIVE LAW JUDGE

NOTICE OF APPEAL: You may appeal to the circuit court for the county in which you reside within 30 days from the mailing date of this decision. The appeal should be filed with your local court and not MAHS. Contact your local court for information on how to file an appeal. You may also ask for a rehearing or reconsideration **if** the original hearing is not complete for the circuit review, if there is **newly** discovered evidence that existed at the time of the original hearing that could change the original hearing decision, if the ALJ did not correctly use manual policy or law, if there are obvious mistakes that change the rights of the Petitioner or if the ALJ did not address all of the issues you wrote in your hearing request. A request for rehearing/reconsideration **cannot** be granted if you only disagree with the decision itself. All rehearing or reconsideration requests must be received by MAHS within 30 days of the date on this decision.

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