



Date Mailed: September 9, 2025
Docket No.: 25-027618
Case No.: [REDACTED]
Petitioner: [REDACTED]

[REDACTED]
MI [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.

Date Mailed: September 9, 2025

Docket No.: 25-027618

Case No.: [REDACTED]

Petitioner: [REDACTED]

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; 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 via telephone conference on August 26, 2025. Petitioner appeared and was unrepresented. The Michigan Department of Health and Human Services (MDHHS or Department) was represented by Minnie Egbonu, Overpayment Establishment Analyst (OEA).

During the hearing proceeding, the Department's Hearing Summary packet was admitted as Exhibit A, pp. 1-102.

ISSUE

Did the Department properly determine that Petitioner received Food Assistance Program (FAP) benefits that she was not eligible for and must be recouped?

FINDINGS OF FACT

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

1. From June 1, 2024 to August 31, 2024, Petitioner received FAP benefits totaling \$3,837.00. (Exhibit A, pp. 17-18)
2. On January 24, 2024, Petitioner submitted a Renew Benefits form for FAP benefits for her household. The reported household members included [REDACTED] (ZR). Petitioner reported ZR's employment income from Four [REDACTED] as well as child support for three children. Petitioner noted that ZR's employment with [REDACTED] was on hold since December 22, 2023 due to an injury. ZR was currently off for a six week period that was to end the second week of February. (Exhibit A, pp. 79-82)
3. On March 22, 2024, the Department received a statement from [REDACTED] confirming that ZR had an injury in December 2023 and had not been able to return to the work he was doing with the company, so his employment was terminated. (Exhibit A, p. 62)

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4. On March 22, 2024, a Notice of Case Action was issued to Petitioner approving FAP benefits for a household size of six (including ZR) for the month of March 2024, and a household size of seven (including ZR) effective April 1, 2024. A budget summary was included showing no earned income was included in the FAP budget. The Notice indicated Petitioner was a simplified reporter and was only required to report when household gross monthly income exceeded \$4,921.00. A change in income over this amount was to be reported by the 10th day of the following month. (Exhibit A, pp. 71-78)
 5. A report from Equifax documented that ZR had earnings from employment with [REDACTED] from April 5, 2024 to January 24, 2025. (Exhibit A, pp. 30-31)
 6. The Department verified child support income during the overpayment period. (Exhibit A, pp. 42-48)
 7. A Wage Match showed that ZR had employment earnings from [REDACTED] the second and third quarters of 2024. (Exhibit A, p. 50)
 8. On September 30, 2024, the Office of Child Support emailed the local Department office indicating Petitioner reported the father of two of her dependents was living in the home. (Exhibit A, p. 54)
 9. The OEA determined that Petitioner was overissued FAP benefits from June 1, 2024 to August 31, 2024, in the amount of \$3,726.00, due to client error of failing to report when the household income increased and exceeded the simplified reporting limit. (Exhibit A, pp. 1 and 17-28)
 10. On May 21, 2025, the Department sent Petitioner a Notice of Overissuance instructing her that a \$3,726.00 overissuance of FAP benefits occurred from June 1, 2024 to August 31, 2024, due to client error and would be recouped. (Exhibit A, pp. 11-16)
 11. On July 22, 2025, the Department received Petitioner's request for hearing protesting the recoupment of FAP benefits¹. (Exhibit A, pp. 5-9)

CONCLUSIONS OF LAW

¹ Petitioner's hearing request contested three recoupment determinations: Claim ID [REDACTED] for dates June 1, 2024 through August 31, 2024, Claim ID [REDACTED] for dates May 1, 2024 through August 31, 2024; and Claim ID [REDACTED] for dates December 1, 2024 through February 28, 2025. Separate hearings were scheduled for each claim under docket numbers 25-027618, 25-027715, and 25-027717. The hearing under docket number 25-027618 addressed Claim ID [REDACTED] and was held on its own. The hearings under docket number 25-027715 (addressing Claim ID [REDACTED]) and docket number 25-027717 (addressed Claim ID [REDACTED]) were held together because the same OEA represented the Department for both claims.

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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.

Department policy requires clients to completely and truthfully answer all questions on forms and in interview. BAM 105 (March 1, 2024) p. 7. Generally, clients must also report changes in circumstance that potentially affect eligibility or benefit amount within 10 days. BAM 105, pp. 10-12. However, the change reporting requirements are different for FAP simplified reporters. FAP simplified reporting households must report when the household monthly income exceeds the monthly gross income limit for its household size. 7 CFR 273.12(a)(5)(ii)(G)(1) Further, periodic reports are to be submitted on which it is requested that the household report any changes in circumstances. 7 CFR 273.12(a)(5)(iii). Similarly, Department policy regarding change reporting for FAP simplified reporting household indicates that simplified reporting groups are required to report only when the group's actual gross monthly income (not converted) exceeds the Simplified Reporting (SR) income limit for their group size; the group receives a single lottery or gambling winning of \$4,250 or more; A mandatory TLFA participant is working less than 20 hours per week (80 hours a month). 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. BAM 200, July 1, 2023, p. 1. Groups meeting the simplified reporting category at application and redetermination are assigned a 12-month benefit period and are required to have a semi-annual contact. BAM 200, p. 3.

For FAP, the Department will act on a change reported by means other than a tape match within 10 days of becoming aware of the change. BAM 220, November 1, 2023, p. 7. A pending negative action occurs when a negative action requires timely notice based on the eligibility rules in this item. Timely notice means that the action taken by the department is effective at least 12 calendar days following the date of the department's action. BAM 220, p. 13.

When a client group receives more benefits than it is entitled to receive, the Department must attempt to recoup the overpayment. BAM 700, June 1, 2024, p. 1. An agency error

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is a type of overpayment or underissuance resulting from an incorrect action or failure to take action by the state agency. A client error is a type of overpayment or underissuance resulting from inaccurate reporting on the part of the household. BAM 700, p. 5. An overpayment may involve more than one overpayment type. If an agency error and client error occur in the same OP period, process as an agency error. BAM 700, p. 3. Agency and client errors are not pursued if the OP amount is equal to or less than \$250 per program. BAM 700 p. 5.

In this case, the OEA determined that Petitioner was overissued FAP benefits from June 1, 2024 to August 31, 2024, in the amount of \$3,726.00, due to client error of failing to report when the household income increased and exceeded the simplified reporting limit. (Exhibit A, pp. 1 and 17-28).

On January 24, 2024, Petitioner submitted a Renew Benefits form for FAP benefits for her household. The reported household members included ZR. Petitioner reported ZR's employment income from [REDACTED] as well as child support for three children. Petitioner noted that ZR's employment with [REDACTED] was on hold since December 22, 2023 due to an injury. ZR was currently off for a six week period that was to end the second week of February. (Exhibit A, pp. 79-82).

On March 22, 2024, the Department received a statement from [REDACTED] confirming that ZR had an injury in December 2023 and had not been able to return to the work he was doing with the company, so his employment was terminated. (Exhibit A, p. 62). On March 22, 2024, a Notice of Case Action was issued to Petitioner approving FAP benefits for a household size of six (including ZR) for the month of March 2024, and a household size of seven (including ZR) effective April 1, 2024. A budget summary was included showing no earned income was included in the FAP budget. The Notice indicated Petitioner was a simplified reporter and was only required to report when household gross monthly income exceeded \$4,921.00. A change in income over this amount was to be reported by the 10th day of the following month. (Exhibit A, pp. 71-78).

A report from Equifax documented that ZR had earnings from employment with [REDACTED] from April 5, 2024 to January 24, 2025. (Exhibit A, pp. 30-31). The Department verified child support income during the overpayment period. (Exhibit A, pp. 42-48). A Wage Match showed that ZR had employment earnings from [REDACTED] the second and third quarters of 2024. (Exhibit A, p. 50). It appears that the Department determined Petitioner's household, including ZR, began exceeding the simplified reporting limit in April 2024, which should have been reported by May 10, 2025, and would have affected the FAP benefits effective June 1, 2025. The Department asserts that ZR was still a household member and his income should have been included.

Petitioner asserted that she made many attempts to report ZR was out of the household. Petitioner stated that ZR left on May 25, 2025. Petitioner acknowledged that she allowed ZR to use her address to receive mail. However, ZR was living out of his

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truck while working for a trucking company during the relevant time period. (Exhibit A, pp. 5-9; Petitioner Testimony). Petitioner's testimony regarding her multiple attempts to report ZR was out of the home was detailed and is found credible. An August 14, 2024 case comment supports that Petitioner reported ZR was out of the home. (Exhibit A, p. 62). Further, the documentation submitted for Petitioner's companion FAP recoupment cases held later the same hearing date included documentation from the case record showing Petitioner repeatedly reported that ZR was no longer in her home. It appears that the earliest change report was submitted on April 1, 2024. (MOAHR Docket No. 25-027715 Exhibit A). Accordingly, it is understandable Petitioner would not have been including ZR's income when she totaled the household's gross income each month starting in April 2024.

When Petitioner reported the change in household composition, it should have been acted on in a timely manner. There was no evidence that the Department timely processed the reported change. If the Department questioned whether the reported change in household composition was accurate, verification should have been requested at that time. Pursuant to BAM 130, the Department is to request verification when information regarding an eligibility factor is unclear, inconsistent, incomplete or contradictory. BAM 130, January 1, 2023, p. 1. There is no policy found that supports the Department not taking any action when a change in household composition is reported. As stated in the BAM 700 policy, an overpayment may involve more than one overpayment type. If an agency error and client error occur in the same OP period, it should be processed as an agency error.

The OEA noted that on September 30, 2024, the Office of Child Support emailed the local Department office indicating Petitioner reported the father of two of her dependents was living in the home. However, no specific date was stated regarding when he moved into the home. (Exhibit A, p. 54). The overpayment period at issue in this case ended August 31, 2024, which was prior to the September 30, 2024 email. Accordingly, this email does not establish that ZR was in the home during the overpayment period.

The Department also noted that an employer reported ZR would be gone for 3-4 weeks at a time and would have approximately four days off each month subject to staffing needs. (Exhibit A, p. 59). The FAP group composition policy indicates the absence of a group member is only temporary if several conditions are true, including that the absence has lasted or is expected to last 30 days or less. BEM 212, March 1, 2024, p. 3. However, it appears ZR began to work for this employer in March 2025, which is after the overpayment period at issue. (Exhibit A, p. 59). A prior trucking company employer may have required ZR to be out on the road for differing periods of time. Accordingly, this statement from a subsequent employer does not establish that ZR was in the home during the overpayment period.

Overall, the evidence was not sufficient to support the OEA's determination that Petitioner received an overpayment of FAP benefits from June 1, 2024 to August 31, 2024, in the amount of \$3,726.00, due to client error of failing to report when

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the household income increased and exceeded the simplified reporting limit based on ZR being included as a household member and his income being considered in the FAP budgets.

However, the Department may need to redetermine whether an overpayment of FAP benefits otherwise occurred during the alleged overpayment period. For example, if FAP benefits were overpaid based on ZR being included in the FAP group when it was reported that he was no longer in the household and the Department failed to timely act on that reported change.

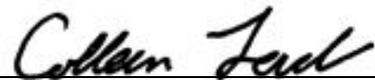
DECISION AND ORDER

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 failed to satisfy its burden of showing that it acted in accordance with Department policy when it determined that Petitioner received an overpayment of FAP benefits from June 1, 2024 to August 31, 2024, in the amount of \$3,726.00, due to client error of failing to report when the household income increased.

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 client error overpayment claim for the period of June 1, 2024 to August 31, 2024, in the amount of \$3,726.00.
2. Redetermine whether an overpayment of FAP benefits occurred during the alleged overpayment period.



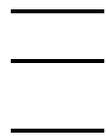
COLLEEN LACK
ADMINISTRATIVE LAW JUDGE

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:

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