



Date Mailed: November 25, 2025
Docket No.: 25-032122
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.

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Docket No.: 25-032122

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; 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 by telephone commenced on October 20, 2025, and was completed on November 20, 2025. Petitioner appeared and was represented by their Authorized Hearing Representative (AHR), [REDACTED]. The Department of Health and Human Services (Department) was represented by Jason Morris, Overpayment Establishment Analyst.

ISSUE

Did the Department properly determine Petitioner received an overpayment (OP) of Food Assistance Program (FAP) benefits due to agency error (AE) in the amount of \$2,378?

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 [REDACTED] 2024, the Department received a completed application for FAP benefits from Petitioner for herself. Petitioner reported that she worked for Pet Supplies Plus (Employer) an average of 18 hours per week, earned \$ [REDACTED] per hour, and was paid bi-weekly. Petitioner also reported that she received \$ [REDACTED] per week in Worker's Compensation (WC). (Exhibit A, pp. 96 – 102).
1. On May 30, 2024, the Department interviewed Petitioner. Petitioner confirmed that she worked for Employer, received WC payments, and that her WC payments may be lowered. The Department noted that Petitioner's WC payments were long term care (LTC) payments that did not have to be verified. (Exhibit A, pp. 103 – 109).
2. On May 30, 2024, the Department sent Petitioner a Notice of Case Action (NOCA) that approved her for FAP benefits of \$291 per month, prorated from May 16, 2024, for a one-person FAP group based on \$ [REDACTED] per month in earned income and \$ [REDACTED] per month in unearned income. (Exhibit A, pp. 68 – 69).

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3. On October 3, 2024, the Department received a completed redetermination application from Petitioner. Petitioner reported that she continued to work for Employer and receive WC payments. (Exhibit A, pp. 111 – 112).
 4. On October 4, 2024, the Department sent Petitioner a NOCA that approved her for FAP benefits of \$292 per month, effective from November 1, 2024, for a one-person FAP group based on \$█ per month in earned income and \$█ per month in unearned income. (Exhibit A, pp. 75 – 76).
 5. On March 30, 2025, the Department received a completed redetermination application from Petitioner. Petitioner reported that she was no longer employed and that her only income was from LTC insurance payments. (Exhibit A, pp. 113 – 115).
 6. On April 15, 2025, the Department interviewed Petitioner. Petitioner reported that she received WC/LTC payments of \$█. (Exhibit A, pp. 116 – 122).
 7. On April 22, 2025, the Department discovered that since May 1, 2024, it had not properly budgeted Petitioner's income from WC when it determined her FAP eligibility and monthly benefit amount. (Exhibit A, p. 124).
 8. On April 25, 2025, the Department sent Petitioner a NOCA that approved her for FAP benefits of \$172 per month, effective May 1, 2025, for a one-person FAP group based on \$█ per month in earned income and \$█ per month in unearned income. (Exhibit A, pp. 80 – 81).
 9. From August 1, 2024 to July 31, 2025, Petitioner received FAP benefits in the amount of \$3,358. (Exhibit A, pp. 25 – 26).
 10. On July 24, 2025, the Department sent Petitioner a Notice of Overissuance informing Petitioner that she received a FAP OP for the period of May 1, 2024 to April 30, 2025, due to AE, for a total OP of \$2,378. (Exhibit A, pp. 14 – 16).
 11. On August 27, 2025, the Department received Petitioner's request for hearing disputing that she received an OP of FAP benefits. (Exhibit A, pp. 5 – 13).

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

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(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 that she received an OP of FAP benefits. The Department alleged that it incorrectly failed to budget Petitioner's WC income, which resulted in Petitioner receiving an OP of FAP benefits from May 1, 2024 to April 30, 2025, in the amount of \$2,378, due to AE.

When a client group receives more benefits than entitled to receive, the Department must attempt to recoup the OP. BAM 700 (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 705 (June 2024), p. 6; 7 CFR 273.18(c)(1). An OP can be caused by client error (CE), AE, or an intentional program violation (IPV). BAM 700, pp. 5 – 9; 7 CFR 273.18(b). An AE is caused by incorrect actions by the Department, including not using available information. BAM 700, p. 2; 705, p. 1; 7 CFR 273.18(b)(3). When an AE OP in excess of \$250 is discovered, the Department is required to establish a claim for repayment of the OP. BAM 700, p. 5; BAM 705, p. 7; 7 CFR 273.18(d)(3).

Monthly FAP benefits are based, in part, on the client's income, and the Department must consider all countable earned and unearned income available to determine an eligible client's monthly FAP benefit amount. BEM 500 (April 2022), pp. 1 – 5; BEM 505 (October 2023), pp. 1, 10. For purposes of FAP, the gross amount of WC income is countable unearned income, and the gross amount of wages from employment is countable earned income. BEM 501 (January 2024), pp. 6 – 7; BEM 503 (April 2024), p. 43.

In this case, the Department testified that although Petitioner properly reported her income from WC, it incorrectly disregarded that income as LTC income and did not budget it when it determined her FAP benefit eligibility for each benefit month of the OP period. The Department alleged that because it failed to budget Petitioner's WC income, she received an OP of FAP benefits due to AE. BAM 705, p. 1.

The evidence established that Petitioner received FAP benefits in the total amount of \$3,358 during the OP period, and the Department alleged that when it properly included Petitioner's WC income, she received an OP of FAP benefits in the amount of \$2,378. In support of its allegation, the Department presented budgets for each month of the OP period. (Exhibit A, pp. 28 – 51). The Department testified that to calculate the OP, it used Petitioner's actual income from Employer based on the Work Number by Equifax, updated her budgeted earned income, and added Petitioner's unearned WC income in the amount of \$ [REDACTED] per week.

A review of the evidence established that when the Department prepared the OP budgets, it did include the previously disregarded WC income and recalculated

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Petitioner's previously budgeted earned income into a standardized monthly amount for each month of the OP period based on her actual earnings from Employer. However, policy requires that any income properly budgeted in the issuance budget remains the same in the corrected OP budgets. BAM 705, p. 8. Because the Department was required to use the earned income amount that it had originally prospected and budgeted for Petitioner in the revised budgets, the Department failed to satisfy its burden of showing that it acted in accordance with Department policy when it recalculated Petitioner's earned income to determine the OP amount.

Additionally, Petitioner disputed the Department's calculation of her WC income, and her AHR testified that Petitioner's weekly WC was reduced during various periods based on her income from Employer. Petitioner's AHR introduced a document at the continued hearing and testified that it was obtained from Petitioner's WC carrier and established that Petitioner did not receive the full amount of her reported WC every week when she was employed. (Exhibit 1, pp. 1 – 2). Although the document did not identify the Petitioner or the issuing party, or clearly corroborate her AHR's testimony, and the Department introduced several paystubs and other documents related to Petitioner's WC income, the evidence established that the Department did not request verification of Petitioner's WC income when she initially reported it. (Exhibit A, p. 107); BEM 503, p. 44. There was also no evidence that the Department requested verification of Petitioner's WC income for the entire OP period when it determined the OP amount. Thus, the Department did not establish that it acted in accordance with Department policy when it determined Petitioner's actual income from WC.

Therefore, although the Department properly determined that Petitioner received an OP of FAP benefits due to AE because the Department failed to budget her WC income, it did not satisfy its burden of showing that it acted in accordance with Department policy when it determined the amount of the FAP OP.

It is noted that Petitioner's AHR also testified that Petitioner did not have the means to repay an OP. The Department may compromise, i.e. reduce or eliminate, an OP if it determines that the client's economic circumstances are such that the OP cannot be paid within three years. BAM 725 (January 2021), pp. 16 – 17. A request for a policy exception must be made from the Department to the Overpayment, Research and Verification Section (ORVS) office outlining the facts of the situation and the client's financial hardship, and the manager of OVRS has final authority on the determination for all compromised claims. BAM 725, p. 16. Therefore, the undersigned has no authority to consider Petitioner's ability to repay an OP of benefits, and any concerns Petitioner has in that regard must be directed to the Department.

DECISION AND ORDER

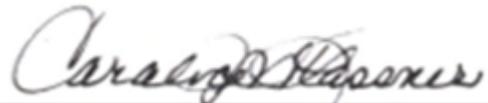
The Administrative Law Judge, based on the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, if any, finds that the Department failed to

satisfy its burden of showing that it acted in accordance with Department policy when it determined the amount of the FAP OP Petitioner received due to AE.

Accordingly, the Department's decision is **REVERSED as to the amount of the FAP OP only**.

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. Rebudget Petitioner's properly budgeted earned income from the issuance budgets in the corrected budgets;
1. Recalculate the amount of Petitioner's FAP OP, if any, due to AE, from May 1, 2024 to April 30, 2025, requesting additional verifications of Petitioner's WC income if necessary; and
2. Notify Petitioner of its decision in writing in accordance with Department policy, including any hearing rights required by policy.



CARALYCE M. LASSNER
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.



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