

ISSUE

Did the Department properly determine that Petitioner owes the Department a debt of \$2,535.00 for FAP benefits that were overpaid to her for the months of January 2025 through July 2025?

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 October 21, 2024, Petitioner submitted a redetermination to the Department to renew her eligibility for FAP benefits. In the redetermination form that Petitioner submitted, Petitioner reported the following pertinent information:
 - a. Petitioner's household was composed of four individuals; Petitioner was living with her partner, REDACTED, and her children REDACTED and REDACTED.
 - b. REDACTED's birth date was REDACTED, 2005.
2. On October 30, 2024, REDACTED began working for REDACTED.
3. On November 6, 2024, the Department interviewed Petitioner to obtain additional information to determine Petitioner's FAP eligibility. Petitioner reported the following pertinent information:
 - a. Petitioner's household was composed of four individuals; Petitioner was living with her partner, REDACTED, and her children REDACTED and REDACTED.
 - b. Petitioner was receiving REDACTED per week from workers compensation.
 - c. REDACTED was receiving REDACTED per month from Social Security RSDI.
4. On November 8, 2024, the Department mailed a notice of case action to Petitioner to notify her that she was approved for FAP benefits. The notice informed Petitioner that she was approved for a FAP benefit amount of \$650.00 per month for a group size of four, effective December 1, 2024. The notice of case action stated that Petitioner's FAP eligibility was determined based on the following information:
 - a. Earned income of REDACTED per month
 - b. Unearned income of REDACTED per month
 - c. Standard deduction of \$217.00 per month

- d. Housing expense of \$828.28 per month
 - e. Heat/utility standard of \$664.00 per month
5. Petitioner did not notify the Department that REDACTED began working for REDACTED, and the Department was otherwise unaware that REDACTED began working for REDACTED, so the Department continued to issue FAP benefits to Petitioner as if Petitioner's household had not had a change in income.
6. REDACTED received the following gross income from his employment at REDACTED:
- a. November 8, 2024, paid REDACTED
 - b. November 25, 2024, paid REDACTED
 - c. December 9, 2024, paid REDACTED
 - d. December 23, 2024, paid REDACTED
 - e. January 6, 2025, paid REDACTED
 - f. January 17, 2025, paid REDACTED
 - g. February 3, 2025, paid REDACTED
 - h. February 14, 2025, paid REDACTED
 - i. March 3, 2025, paid REDACTED
 - j. March 17, 2025, paid REDACTED
 - k. March 31, 2025, paid REDACTED
 - l. April 14, 2025, paid REDACTED
 - m. April 28, 2025, paid REDACTED
 - n. May 12, 2025, paid REDACTED
 - o. May 23, 2025, paid REDACTED
 - p. June 9, 2025, paid REDACTED
 - q. June 23, 2025, paid REDACTED
 - r. July 7, 2025, paid REDACTED
 - s. July 21, 2025, paid REDACTED

7. On November 25, 2024, the Department received a new hire alert that notified the Department that REDACTED obtained employment at REDACTED; the Department should have acted on the new hire alert by December 16, 2024, but the Department did not act on the new hire alert.
8. On January 1, 2025, REDACTED began working for REDACTED.
9. Petitioner did not notify the Department that REDACTED began working for REDACTED, and the Department was otherwise unaware that REDACTED began working for REDACTED, so the Department continued to issue FAP benefits to Petitioner as if Petitioner's household had not had a change in income.
10. REDACTED received the following gross income from his employment at REDACTED:
 - a. January 15, 2025, paid REDACTED
 - b. January 31, 2025, paid REDACTED
 - c. February 13, 2025, paid REDACTED
 - d. February 27, 2025, paid REDACTED
 - e. March 15, 2025, paid REDACTED
 - f. March 31, 2025, paid REDACTED
 - g. April 14, 2025, paid REDACTED
 - h. April 30, 2025, paid REDACTED
 - i. May 15, 2025, paid REDACTED
 - j. May 31, 2025, paid REDACTED
 - k. June 15, 2025, paid REDACTED
 - l. June 30, 2025, paid REDACTED
 - m. July 15, 2025, paid REDACTED
 - n. July 31, 2025, paid REDACTED
11. On February 27, 2025, the Department updated Petitioner's case to remove Petitioner's income from workers compensation and to add REDACTED's income from his employment at REDACTED.
12. On February 27, 2025, the Department mailed a notice of case action to Petitioner to notify her that she was approved for FAP benefits. The notice informed Petitioner

that she was approved for a FAP benefit amount of \$975.00 per month for a group size of four, effective March 1, 2025. The notice of case action stated that Petitioner's FAP eligibility was determined based on the following information:

- a. Earned income of REDACTED per month
 - b. Unearned income of REDACTED per month
 - c. Standard deduction of \$217.00 per month
 - d. Housing expense of \$828.28 per month
 - e. Heat/utility standard of \$664.00 per month
13. The Department issued FAP benefits to Petitioner without properly considering the income that REDACTED and REDACTED were receiving from their employment.
14. The Department issued the following FAP benefits to Petitioner:
- a. \$660.00 for January 2025
 - b. \$975.00 for February 2025
 - c. \$975.00 for March 2025
 - d. \$975.00 for April 2025
 - e. \$975.00 for May 2025
 - f. \$975.00 for June 2025
 - g. \$975.00 for July 2025
15. Subsequently, the Department discovered that it did not properly process the new hire report for REDACTED's employment.
16. The Department redetermined Petitioner's FAP eligibility, and the Department considered the income that REDACTED and REDACTED were receiving from their employment.
17. The Department determined that Petitioner was only eligible to receive the following FAP benefits:
- a. \$657.00 for January 2025
 - b. \$620.00 for February 2025
 - c. \$673.00 for March 2025

- d. \$629.00 for April 2025
 - e. \$423.00 for May 2025
 - f. \$495.00 for June 2025
 - g. \$478.00 for July 2025
18. The Department determined that it overpaid Petitioner due to the Department's error.
 19. The Department determined that it overpaid Petitioner \$2,535.00 in FAP benefits because it issued her a total of \$6,510.00 for the months of January 2025 through July 2025 when she was only eligible to receive \$3,975.00 in FAP benefits.
 20. On January 7, 2026, the Department mailed a notice of overissuance to Petitioner to notify her that the Department overpaid her \$2,535.00 in FAP benefits for the months of January 2025 through July 2025.
 21. 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 \$2,535.00 in FAP benefits for the months of January 2025 through July 2025. When a client receives more benefits than she 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 because the Department did not properly budget REDACTED's earned income from REDACTED, and the Department did not properly budget REDACTED's earned income from REDACTED. The Department acknowledged that the overpayment was due to the Department's error. The Department determined that the first month that was affected by the Department's error was January 2025, but the Department did not properly determine the first month that was affected by the Department's error. The Department failed to act on a new hire alert for REDACTED's employment at REDACTED when it was due on December 16, 2024. The Department had 10 days to act on the information, and the Department's negative action could not have taken effect until 12 days after the Department notified Petitioner of her FAP eligibility, so the first month that could have been affected would have been February 2025. Thus, the first month that was affected by the Department's error was February 2025 rather than January 2025.

In February 2025, REDACTED received gross earnings of REDACTED from REDACTED. However, REDACTED's gross earnings must be converted to a standard amount. BAM 705 (June 1, 2024), p. 6. REDACTED's gross earnings were comprised of two paychecks, so REDACTED's average pay was REDACTED. REDACTED was paid biweekly, and biweekly pay is multiplied by 2.15 to convert it to a standard amount. BEM 505 (June 1, 2025), pp. 8-9. Thus, REDACTED's earned income was REDACTED. REDACTED's gross earnings were REDACTED. REDACTED's gross earnings were comprised of two bimonthly paychecks. The standard amount of income received bimonthly is the sum of the income received in a month. *Id.* Thus, REDACTED's earned income was REDACTED. Petitioner's household income was comprised of REDACTED's and REDACTED's earned income, so Petitioner's total household income was REDACTED. Based on Petitioner's earned income of REDACTED, Petitioner's housing cost of \$828.28 per month, a standard deduction, and a heat/utility standard, Petitioner's net income was REDACTED. Based on Petitioner's net income and group size, Petitioner

was eligible for a maximum FAP benefit of \$758.00. The Department issued Petitioner \$975.00 in FAP benefits, so the Department overpaid Petitioner \$217.00.

In March 2025, REDACTED received gross earnings of REDACTED from REDACTED. However, REDACTED's gross earnings must be converted to a standard amount. BAM 705 at 6. REDACTED's gross earnings were comprised of three paychecks, so REDACTED's average pay was REDACTED. REDACTED was paid biweekly, and biweekly pay is multiplied by 2.15 to convert it to a standard amount. BEM 505 at 8-9. Thus, REDACTED's earned income was REDACTED. REDACTED's gross earnings were REDACTED. REDACTED's gross earnings were comprised of two bimonthly paychecks. The standard amount of income received bimonthly is the sum of the income received in a month. *Id.* Thus, REDACTED's earned income was REDACTED. Petitioner's household income was comprised of REDACTED's and REDACTED's earned income, so Petitioner's total household income was REDACTED. Based on Petitioner's earned income of REDACTED, Petitioner's housing cost of \$828.28 per month, a standard deduction, and a heat/utility standard, Petitioner's net income was REDACTED. Based on Petitioner's net income and group size, Petitioner was eligible for a maximum FAP benefit of \$631.00. The Department issued Petitioner \$975.00 in FAP benefits, so the Department overpaid Petitioner \$344.00.

In April 2025, REDACTED received gross earnings of REDACTED from REDACTED. However, REDACTED's gross earnings must be converted to a standard amount. BAM 705 at 6. REDACTED's gross earnings were comprised of two paychecks, so REDACTED's average pay was REDACTED. REDACTED was paid biweekly, and biweekly pay is multiplied by 2.15 to convert it to a standard amount. BEM 505 at 8-9. Thus, REDACTED's earned income was REDACTED. REDACTED's gross earnings were REDACTED. REDACTED's gross earnings were comprised of two bimonthly paychecks. The standard amount of income received bimonthly is the sum of the income received in a month. *Id.* Thus, REDACTED's earned income was REDACTED. Petitioner's household income was comprised of REDACTED's and REDACTED's earned income, so Petitioner's total household income was REDACTED. Based on Petitioner's earned income of REDACTED, Petitioner's housing cost of \$828.28 per month, a standard deduction, and a heat/utility standard, Petitioner's net income was REDACTED. Based on Petitioner's net income and group size, Petitioner was eligible for a maximum FAP benefit of \$574.00. The Department issued Petitioner \$975.00 in FAP benefits, so the Department overpaid Petitioner \$401.00.

In May 2025, REDACTED received gross earnings of REDACTED from REDACTED. However, REDACTED's gross earnings must be converted to a standard amount. BAM 705 at 6. REDACTED's gross earnings were comprised of two paychecks, so REDACTED's average pay was REDACTED. REDACTED was paid biweekly, and biweekly pay is multiplied by 2.15 to convert it to a standard amount. BEM 505 at 8-9. Thus, REDACTED's earned income was \$543.13. REDACTED's gross earnings were REDACTED. REDACTED's gross earnings were comprised of two bimonthly paychecks. The standard amount of income received bimonthly is the sum of the income received in a month. *Id.* Thus, REDACTED's earned income was REDACTED. Petitioner's household

income was comprised of REDACTED's and REDACTED's earned income, so Petitioner's total household income was REDACTED. Based on Petitioner's earned income of REDACTED, Petitioner's housing cost of \$828.28 per month, a standard deduction, and a heat/utility standard, Petitioner's net income was REDACTED. Based on Petitioner's net income and group size, Petitioner was eligible for a maximum FAP benefit of \$534.00. The Department issued Petitioner \$975.00 in FAP benefits, so the Department overpaid Petitioner \$441.00.

In June 2025, REDACTED received gross earnings of REDACTED from REDACTED. However, REDACTED's gross earnings must be converted to a standard amount. BAM 705 at 6. REDACTED's gross earnings were comprised of two paychecks, so REDACTED's average pay was REDACTED. REDACTED was paid biweekly, and biweekly pay is multiplied by 2.15 to convert it to a standard amount. BEM 505 at 8-9. Thus, REDACTED's earned income was REDACTED. REDACTED's gross earnings were REDACTED. REDACTED's gross earnings were comprised of two bimonthly paychecks. The standard amount of income received bimonthly is the sum of the income received in a month. *Id.* Thus, REDACTED's earned income was REDACTED. Petitioner's household income was comprised of REDACTED's and REDACTED's earned income, so Petitioner's total household income was REDACTED. Based on Petitioner's earned income of REDACTED, Petitioner's housing cost of \$828.28 per month, a standard deduction, and a heat/utility standard, Petitioner's net income was REDACTED. Based on Petitioner's net income and group size, Petitioner was eligible for a maximum FAP benefit of \$494.00. The Department issued Petitioner \$975.00 in FAP benefits, so the Department overpaid Petitioner \$481.00.

In July 2025, REDACTED received gross earnings of REDACTED from REDACTED. However, REDACTED's gross earnings must be converted to a standard amount. BAM 705 at 6. REDACTED's gross earnings were comprised of two paychecks, so REDACTED's average pay was REDACTED. REDACTED was paid biweekly, and biweekly pay is multiplied by 2.15 to convert it to a standard amount. BEM 505 at 8-9. Thus, REDACTED's earned income was REDACTED. REDACTED's gross earnings were REDACTED. REDACTED's gross earnings were comprised of two bimonthly paychecks. The standard amount of income received bimonthly is the sum of the income received in a month. *Id.* Thus, REDACTED's earned income was REDACTED. Petitioner's household income was comprised of REDACTED's and REDACTED's earned income, so Petitioner's total household income was REDACTED. Based on Petitioner's earned income of REDACTED, Petitioner's housing cost of \$828.28 per month, a standard deduction, and a heat/utility standard, Petitioner's net income was REDACTED. Based on Petitioner's net income and group size, Petitioner was eligible for a maximum FAP benefit of \$549.00. The Department issued Petitioner \$975.00 in FAP benefits, so the Department overpaid Petitioner \$426.00.

The Department properly determined that it overpaid Petitioner, but the Department did not properly determine the overpayment amount. The Department overpaid Petitioner \$2,310.00 in FAP benefits for the months of February 2025 through July 2025. Although this overpayment was caused by the Department's error, the Department was still

required to pursue Petitioner for the overpayment. A FAP overpayment that results from the Department's error must be pursued by the Department when the amount is greater than or equal to \$250.00. BAM 700 at 5 and BAM 705 (June 1, 2024), p. 1. The amount of the overpayment was greater than or equal to \$250.00. Thus, although Petitioner received an overpayment due to the Department's error, the Department acted in accordance with its policies when it pursued the overpayment.

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, 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 amount of the overpayment is reversed. The Department must redetermine the overpayment amount consistent with this hearing decision. The Department must begin to implement this order within 10 days of the mailing date of this hearing decision.