

## ISSUE

Did the Department properly determine that Petitioner owes the Department a debt of \$372.00 for FAP benefits that were overpaid to her for the months of September 2025 through December 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 May 12, 2025, Petitioner submitted a redetermination to the Department to renew her eligibility for FAP benefits.
2. On July 16, 2025, the Department mailed a notice of case action to Petitioner to notify her that she was eligible to receive a FAP benefit of \$515.00 per month, effective July 1, 2025. The notice of case action stated that Petitioner's FAP eligibility was determined based on the following information:
  - a. Group size of four
  - b. Earned income of REDACTED per month
  - c. Standard deduction of \$217.00 per month
  - d. Internet deduction of \$50.00 per month
  - e. Housing expense of \$1,204.00 per month
  - f. Heat/utility standard of \$664.00 per month
3. The earned income of REDACTED per month that the Department budgeted when it determined Petitioner's FAP eligibility was Petitioner's earned income from her employment at REDACTED.
4. Petitioner applied for State Emergency Relief (SER), which caused the Department to redetermine Petitioner's FAP eligibility.
5. On August 1, 2025, the Department mailed a notice of case action to Petitioner to notify her that she was eligible to receive a FAP benefit of \$579.00 per month, effective September 1, 2025. The notice of case action stated that Petitioner's FAP eligibility was determined based on the following information:
  - a. Group size of four
  - b. Earned income of REDACTED per month
  - c. Standard deduction of \$217.00 per month

- d. Internet deduction of \$50.00 per month
  - e. Housing expense of \$1,254.00 per month
  - f. Heat/utility standard of \$664.00 per month
6. The earned income of REDACTED per month that the Department budgeted when it determined Petitioner's FAP eligibility was Petitioner's earned income from her employment at REDACTED.
7. Petitioner applied for SER again, which caused the Department to redetermine Petitioner's FAP eligibility again.
8. On September 10, 2025, the Department mailed a notice of case action to Petitioner to notify her that she was eligible to receive a FAP benefit of \$562.00 per month, effective October 1, 2025. The notice of case action stated that Petitioner's FAP eligibility was determined based on the following information:
  - a. Group size of four
  - b. Earned income of REDACTED per month
  - c. Standard deduction of \$223.00 per month
  - d. Housing expense of \$1,254.00 per month
  - e. Heat/utility standard of \$682.00 per month
9. The earned income of REDACTED per month that the Department budgeted when it determined Petitioner's FAP eligibility was Petitioner's earned income from her employment at REDACTED.
10. The Department issued the following FAP benefits to Petitioner:
  - a. \$579.00 for September 2025
  - b. \$562.00 for October 2025
  - c. \$562.00 for November 2025
  - d. \$735.00 for December 2025
11. Petitioner received the following gross wages from her employment at REDACTED:
  - a. REDACTED paid June 6, 2025
  - b. REDACTED paid June 20, 2025
  - c. REDACTED paid July 3, 2025

- d. REDACTED paid July 18, 2025
  - e. REDACTED paid August 1, 2025
  - f. REDACTED paid August 15, 2025
  - g. REDACTED paid August 29, 2025
  - h. REDACTED paid September 5, 2025
  - i. REDACTED paid September 12, 2025
  - j. REDACTED paid September 26, 2025
  - k. REDACTED paid October 10, 2025
  - l. REDACTED paid October 24, 2025
  - m. REDACTED paid October 31, 2025
  - n. REDACTED paid November 7, 2025
  - o. REDACTED paid November 21, 2025
  - p. REDACTED paid December 5, 2025
  - q. REDACTED paid December 19, 2025
12. The Department reviewed Petitioner's case as part of a quality control audit, and the Department determined that it did not properly budget Petitioner's earned income on July 16, 2025, when it determined Petitioner's FAP eligibility for August 2025. The Department determined that it did not properly budget Petitioner's earned income because the Department excluded flexible benefit payments when the Department calculated Petitioner's earned income. The Department determined that it should have included the flexible benefit payments, which would have resulted in an earned income amount of REDACTED. The Department forwarded its quality control audit findings to an overpayment establishment analyst for further review.
13. The overpayment establishment analyst determined that the Department should have budgeted earned income of REDACTED for the month of September 2025, and the overpayment establishment analyst determined that the Department overpaid Petitioner as a result of the improperly budgeted earned income. The overpayment establishment analyst determined that Petitioner was only eligible to receive a \$389.00 FAP benefit for the month.
14. The overpayment establishment analyst determined that the Department should have budgeted earned income of REDACTED for the month of December 2025, and the overpayment establishment analyst determined that the Department overpaid Petitioner as a result of the improperly budgeted earned income. The overpayment

establishment analyst determined that Petitioner was only eligible to receive a \$553.00 FAP benefit for the month.

15. The overpayment establishment analyst determined that the Department overpaid Petitioner due to the Department's error.
16. The overpayment establishment analyst determined that it overpaid Petitioner a total of \$372.00 in FAP benefits.
17. On January 26, 2026, the Department mailed a notice of overissuance to Petitioner to notify her that the Department overpaid her \$372.00 in FAP benefits for the months of September 2025 through December 2025.
18. 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 a total of \$372.00 in FAP benefits for the months of September 2025 through December 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 Petitioner's earned income from REDACTED. The Department acknowledged that the overpayment was due to the Department's error. The Department properly determined that the first month that was affected by the Department's error was September 2025 because the Department's error occurred on July 16, 2025. The Department was required to apply the 10-day standard of promptness for change processing and the 12-day negative action suspense period. BAM 705 (January 1, 2026), pp. 3-5. This meant that the first month that was affected by the Department's error was September 2025.

In September 2025, Petitioner received three paychecks from REDACTED, but the REDACTED check that Petitioner received from REDACTED on September 5, 2025, was not a regular biweekly paycheck, so it must be excluded. Petitioner received regular

gross earnings of REDACTED from REDACTED. However, Petitioner's gross earnings must be converted to a standard amount. BAM 705 (June 1, 2024), p. 6. Petitioner's regular gross earnings were comprised of two paychecks, so Petitioner's average pay was REDACTED. Petitioner 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, Petitioner's earned income was REDACTED. Based on Petitioner's earned income of REDACTED, Petitioner's housing cost of \$1,254.00 per month, a standard deduction, an internet 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 \$497.00. The Department issued Petitioner \$579.00 in FAP benefits, so the Department overpaid Petitioner \$82.00.

In October 2025, Petitioner received three paychecks from REDACTED, but the REDACTED check that Petitioner received from REDACTED on October 31, 2025, was not a regular biweekly paycheck, so it must be excluded. Petitioner received regular gross earnings of REDACTED from REDACTED. However, Petitioner's gross earnings must be converted to a standard amount. BAM 705 at 6. Petitioner's regular gross earnings were comprised of two paychecks, so Petitioner's average pay was REDACTED. Petitioner was paid biweekly, and biweekly pay is multiplied by 2.15 to convert it to a standard amount. BEM 505 at 8-9. Thus, Petitioner's earned income was REDACTED. Based on Petitioner's earned income of REDACTED, Petitioner's housing cost of \$1,254.00 per month, a standard deduction, and a heat/utility standard, Petitioner's net income was \$817.00. Based on Petitioner's net income and group size, Petitioner was eligible for a maximum FAP benefit of \$748.00. The Department issued Petitioner \$562.00 in FAP benefits, so the Department underpaid Petitioner \$186.00.

In November 2025, Petitioner received regular gross earnings of REDACTED from REDACTED. However, Petitioner's gross earnings must be converted to a standard amount. BAM 705 at 6. Petitioner's regular gross earnings were comprised of two paychecks, so Petitioner's average pay was REDACTED. Petitioner was paid biweekly, and biweekly pay is multiplied by 2.15 to convert it to a standard amount. BEM 505 at 8-9. Thus, Petitioner's earned income was REDACTED. Based on Petitioner's earned income of REDACTED, Petitioner's housing cost of \$1,254.00 per month, a standard deduction, and a heat/utility standard, Petitioner's net income was \$1,074.00. Based on Petitioner's net income and group size, Petitioner was eligible for a maximum FAP benefit of \$671.00. The Department issued Petitioner \$562.00 in FAP benefits, so the Department underpaid Petitioner \$109.00.

In December 2025, Petitioner received regular gross earnings of REDACTED from REDACTED. However, Petitioner's gross earnings must be converted to a standard amount. BAM 705 at 6. Petitioner's regular gross earnings were comprised of two paychecks, so Petitioner's average pay was REDACTED. Petitioner was paid biweekly, and biweekly pay is multiplied by 2.15 to convert it to a standard amount. BEM 505 at 8-9. Thus, Petitioner's earned income was REDACTED. Based on Petitioner's earned income of REDACTED, Petitioner's housing cost of \$1,254.00 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 \$553.00. The Department issued Petitioner \$735.00 in FAP benefits, so the Department overpaid Petitioner \$182.00.

In summary, the Department overpaid Petitioner for two months, September 2025 and December 2025. However, for the entire overpayment period of September 2025 to December 2025, the Department underpaid Petitioner \$31.00. Accordingly, the Department did not properly determine that Petitioner owed the Department a debt for an overpayment. Therefore, the Department's decision is reversed. The Department must offset the overpayment months with a supplement for the underpayment months in accordance with BAM 406, and the Department must issue Petitioner a \$31.00 FAP supplement for the net underpayment in accordance with BAM 406.

### **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 did not act in accordance with its policies and the applicable law when it determined that it overpaid Petitioner \$372.00 in FAP benefits for the months of September 2025 through December 2025.

**IT IS ORDERED** that the Department's decision is **REVERSED**. The Department must offset the overpayment months with a supplement for the underpayment months in accordance with BAM 406, and the Department must issue Petitioner a \$31.00 FAP supplement for the net underpayment in accordance with BAM 406.

The Department must begin to implement this order within 10 days of the mailing date of this hearing decision.