

**STATE OF MICHIGAN  
MICHIGAN ADMINISTRATIVE HEARING SYSTEM  
ADMINISTRATIVE HEARINGS FOR THE  
DEPARTMENT OF HUMAN SERVICES**

**IN THE MATTER OF:**



Reg. No.: 201135510  
Issue No.: 3055  
Case No.: [REDACTED]  
Hearing Date: October 26, 2011  
County: Wayne County DHS (41)

**ADMINISTRATIVE LAW JUDGE:** Andrea J. Bradley

**HEARING DECISION FOR INTENTIONAL PROGRAM VIOLATION**

This matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9 and MCL 400.37 upon the Department of Human Services' (Department) request for a hearing. After due notice, a telephone hearing was held on October 26, 2011, from Detroit, Michigan. The Department was represented by [REDACTED] of the Office of Inspector General (OIG).

Participants on behalf of Respondent included: .

Respondent did not appear at the hearing and it was held in Respondent's absence pursuant to 7 CFR 273.16(e), Mich Admin Code R 400.3130(5), or Mich Admin Code R 400.3187(5).

**ISSUES**

1. Did Respondent receive an overissuance (OI) of

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Family Independence Program (FIP) | <input checked="" type="checkbox"/> Food Assistance Program (FAP) |
| <input type="checkbox"/> State Disability Assistance (SDA)            | <input type="checkbox"/> Child Development and Care (CDC)         |

benefits that the Department is entitled to recoup?

2. Did Respondent commit an Intentional Program Violation (IPV)?

3. Should Respondent be disqualified from receiving

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Family Independence Program (FIP) | <input checked="" type="checkbox"/> Food Assistance Program (FAP) |
| <input type="checkbox"/> State Disability Assistance (SDA)            | <input type="checkbox"/> Child Development and Care (CDC)?        |

**FINDINGS OF FACT**

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

1. The Department's OIG filed a hearing request to establish an OI of benefits received by Respondent as a result of Respondent having allegedly committed an IPV.
2. The OIG  has  has not requested that Respondent be disqualified from receiving program benefits.
3. Respondent was a recipient of  FIP  FAP  SDA  CDC benefits during the period of alleged OI and IPV.
4. Respondent  was  was not aware of the responsibility to notify the Department of changes in household income and to provide truthful statements on all Assistance Applications.
5. Respondent had no apparent physical or mental impairment that would limit the understanding or ability to fulfill this requirement.
6. The Department's OIG indicates that the time period they are considering the fraud period is February 1, 2005 through June 30, 2006.
7. During the alleged fraud period, Respondent was issued \$11,081.00 in  FIP  FAP  SDA  CDC benefits from the State of Michigan.
8. Respondent was entitled to \$902.00 in  FIP  FAP  SDA  CDC during this time period.
9. Respondent  did  did not receive an OI in the amount of \$10,179.00 under the  FIP  FAP  SDA  CDC program.
10. The Department  has  has not established that Respondent committed an IPV.
11. This was Respondent's  first  second  third IPV.
12. A notice of disqualification hearing was mailed to Respondent at the last known address and  was  was not returned by the US Post Office as undeliverable.

**CONCLUSIONS OF LAW**

Department policies are contained in the Bridges Administrative Manual (BAM), the Bridges Eligibility Manual (BEM), and the Reference Tables Manual (RFT).

The Family Independence Program (FIP) was established pursuant to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193, 42 USC 601, *et seq.* The Department (formerly known as the Family Independence Agency) administers FIP pursuant to MCL 400.10, *et seq.*, and 1999 AC, Rule 400.3101 through Rule 400.3131. FIP replaced the Aid to Dependent Children (ADC) program effective October 1, 1996.

The Food Assistance Program (FAP) [formerly known as the Food Stamp (FS) program] is established by the Food Stamp Act of 1977, as amended, and is implemented by the federal regulations contained in Title 7 of the Code of Federal Regulations (CFR). The Department (formerly known as the Family Independence Agency) administers FAP pursuant to MCL 400.10, *et seq.*, and 1999 AC, Rule 400.3001 through Rule 400.3015.

The State Disability Assistance (SDA) program, which provides financial assistance for disabled persons, is established by 2004 PA 344. The Department of Human Services (formerly known as the Family Independence Agency) administers the SDA program pursuant to MCL 400.10, *et seq.*, and 2000 AAC, Rule 400.3151 through Rule 400.3180.

The Child Development and Care (CDC) program is established by Titles IVA, IVE and XX of the Social Security Act, the Child Care and Development Block Grant of 1990, and the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. The program is implemented by Title 45 of the Code of Federal Regulations, Parts 98 and 99. The Department provides services to adults and children pursuant to MCL 400.14(1) and 1999 AC, Rule 400.5001 through Rule 400.5015.

When a client group receives more benefits than they are entitled to receive, the Department must attempt to recoup the OI. BAM 700.

Suspected IPV means an OI exists for which all three of the following conditions exist:

- The client intentionally failed to report information or intentionally gave incomplete or inaccurate information needed to make a correct benefit determination, and
- The client was clearly and correctly instructed regarding his or her reporting responsibilities, and
- The client has no apparent physical or mental impairment that limits his or her understanding or ability to fulfill their reporting responsibilities.

IPV is suspected when there is clear and convincing evidence that the client has intentionally withheld or misrepresented information for the purpose of establishing,

maintaining, increasing or preventing reduction of program benefits or eligibility. BAM 720.

The Department's OIG requests IPV hearings for cases when:

- benefit overissuances are not forwarded to the prosecutor,
- prosecution of welfare fraud is declined by the prosecutor for a reason other than lack of evidence, and
- the total overissuance amount is \$1000 or more, or
- the total overissuance amount is less than \$1000, and
  - the group has a previous intentional program violation, or
  - the alleged IPV involves FAP trafficking, or
  - the alleged fraud involves concurrent receipt of assistance,
  - the alleged fraud is committed by a state/government employee.

A court or hearing decision that finds a client committed an IPV disqualifies that client from receiving program benefits. A disqualified recipient remains a member of an active group as long as he lives with them. Other eligible group members may continue to receive benefits. BAM 720.

Clients who commit an IPV are disqualified for a standard disqualification period except when a court orders a different period. Clients are disqualified for periods of one year for the first IPV, two years for the second IPV, lifetime disqualification for the third IPV, and ten years for a concurrent receipt of benefits. BAM 720.

Additionally, the OIG presented evidence and testimony regarding the Respondent's intent to commit an Intentional Program Violation with respect to both FIP and FAP program. Specifically, the OIG testified that the Respondent had unreported income during the period of February 1, 2005 through June 30, 2006. The evidence shows that the Respondent signed an Assistance Application on September 5, 2004, wherein she certified that, among other things, she understood her duty to report changes in household income and to give truthful statements on the application. The evidence also shows that the Respondent signed Assistance Applications with the same certifications on April 21, 2005 and March 3, 2006. On all of the Assistance Applications, the Respondent reported her employment with [REDACTED] as being the sole source of household income. What is more, the notes included on the March 3, 2006 application summarized information reported to the Department by the Respondent. It states in relevant part: "Customer states she is not employed at [REDACTED]. She states she rec'd (sic) a 1 time only payment from them. She states she is in a nursing program and works at the beauty salon."

The evidence and testimony established that the Respondent did in fact work at [REDACTED] from December 1, 2004 until, as least, the time that the OIG agent performed the fraud investigation, which was July 10, 2006. The evidence shows that Respondent grossed \$25,471 from [REDACTED] during the alleged IPV period. This means that the Respondent was employed when she signed each application and made the statements to the Department regarding not having been employed by [REDACTED]. The documentary evidence further established that the Respondent applied for unemployment compensation on August 23, 2005, while employed at [REDACTED], and begin receiving UCB income on September 12, 2005 and continued receiving monthly UCB benefits until November 4, 2005. Respondent received a total of \$2,360 in UCB. Both the employment and unemployment income received by Respondent were unreported to the Department.

The OIG presented documentary evidence as to the OI that occurred as a result of the unreported income. The evidence established that during the period at issue the Respondent received \$4,690.00 in FAP program benefits and \$6,391.00 in FIP benefits. The documentary evidence further established that the Respondent was only entitled to receive \$601.00 in FAP program benefits for that time period and only \$301.00 in FIP benefits for that time period. Therefore, the Department provided credible evidence that an OI occurred due to an IPV in the amount of \$10,179.00

### **DECISION AND ORDER**

The Administrative Law Judge, based upon the above Findings of Fact and Conclusions of Law, and for the reasons stated on the record, concludes that:

1. Respondent  did  did not commit an IPV.
2. Respondent  did  did not receive an OI of program benefits in the amount of \$10,179.00 from the following program(s)  FIP  FAP  SDA  CDC.

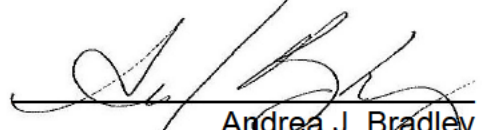
The Department is ORDERED to delete the OI and cease any recoupment action.

The Department is ORDERED to initiate recoupment procedures for the amount of \$10,179.00 in accordance with Department policy.

The Department is ORDERED to reduce the OI to \_\_\_\_\_ for the period \_\_\_\_\_, in accordance with Department policy.

It is FURTHER ORDERED that Respondent be disqualified from

FIP  FAP  SDA  CDC for a period of  
 12 months.  24 months.  lifetime.

  
Andrea J. Bradley  
Administrative Law Judge  
for Maura Corrigan, Director  
Department of Human Services

Date Signed: 12/7/11

Date Mailed: 12/7/11

**NOTICE:** The law provides that within 30 days of receipt of the above Decision and Order, the Respondent may appeal it to the circuit court for the county in which he/she lives.

AJB/hw

cc:

