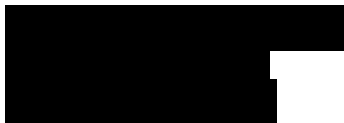


STATE OF MICHIGAN  
MICHIGAN ADMINISTRATIVE HEARING SYSTEM  
ADMINISTRATIVE HEARINGS FOR THE  
DEPARTMENT OF HUMAN SERVICES

**IN THE MATTER OF:**



Registration No: 201128655  
Issue No: 1052, 3055  
Case No: [REDACTED]  
Hearing Date: November 9, 2011  
Wayne County DHS #17

**Administrative Law Judge:** Suzanne D. Sonneborn

**HEARING DECISION**

This matter is before the undersigned Administrative Law Judge in accordance with 7 CFR 273.16, MCL 400.9, MCL 400.37, and Mich Admin Code, R 400.3130, on the Department of Human Services' (the Department's) request for hearing. After due notice, a hearing was held on November 9, 2011, at which Respondent appeared and provided testimony. The Department was represented by its Office of Inspector General (OIG).

**ISSUE**

Whether Respondent committed an intentional program violation (IPV) involving the Food Assistance Program (FAP) and the Family Independence Program (FIP) and whether Respondent received an overissuance of FAP and FIP benefits that the Department is entitled to recoup?

**FINDINGS OF FACT**

Based on the clear and convincing evidence pertaining to the whole record, the Administrative Law Judge finds as material fact:

1. The Department's OIG filed a request for hearing to establish an over issuance of FAP and FIP benefits received as a result of a determination that Respondent committed an IPV. The agency further requested that Respondent be disqualified from receiving further FAP and FIP benefits for a period of one year.
2. Respondent signed an assistance application (DHS-1171) on September 20, 2005. (Department Exhibit 1)
3. By signing the September 20, 2005 assistance application, Respondent acknowledged his obligation to report changes in his circumstances and

that he understood his failure to give timely, truthful, complete, and accurate information about his circumstances could result in a civil or criminal action, or an administrative claim, against him. (Department Exhibit 1)

4. Respondent signed a Semi-Annual Contact Form (DHS 1046) on January 26, 2006, wherein he reported his monthly household income, including monthly Social Security Benefits (RSDI) payments received by his two nephews. (Department Exhibit 2)
5. Between September 20, 2005 and January 26, 2006, Respondent failed to report his full earned income from his self-employment in a pizza business and he failed to report his household's receipt of unearned income from his nephews' RSDI payments. (Department Exhibits 3, 4, 7, 8)
6. As a result of Respondent's refusal or failure to properly report earned income from his employment earnings, he received an overissuance of FAP benefits in the amount of [REDACTED] and an overissuance of FIP benefits in the amount of [REDACTED] for a total overissuance of [REDACTED], for the period December 2005 to February 2006. (Department Exhibits 5, 6, 9)
7. Respondent was clearly instructed and fully aware, or should have been fully aware, of his responsibility to report all changes in circumstances, including his receipt of earned and unearned income, to the Department within ten days of the occurrence, as required by agency policy.
8. There was no apparent physical or mental impairment present that limited Respondent's ability to understand and comply with his reporting responsibilities.
9. This was the first determined IPV committed by Respondent.

### **CONCLUSIONS OF LAW**

The FAP – formerly known as the Food Stamp Program – was established by the Food Stamp Act of 1977, 7 USC 2011, *et seq.*, as amended, and is implemented through federal regulations found in 7 CFR 273.1 *et seq.* The Department administers the FAP under MCL 400.10, *et seq.*, and Mich Admin Code, R 400.3001 through R 400.3015. Department policies are found in the Bridges Administrative Manual (BAM), the Bridges Eligibility Manual (BEM) and the Bridges Reference Manual (BRM).

The Family Independence Program (FIP) was established pursuant to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193, 8 USC 601, *et seq.* The Department of Human Services (DHS or department) administers the FIP program pursuant to MCL 400.10, *et seq.*, and MAC R 400.3101-

3131. Department policies are found in the Bridges Administrative Manual (BAM), the Bridges Eligibility Manual (BEM) and the Reference Tables Manual (RFT).

In the present matter, the Department requested a hearing to establish an overissuance of FAP and FIP benefits, claiming that the overissuance was a result of an IPV committed by Respondent. Further, the Department asked that Respondent be disqualified from the FAP and FIP programs for a period of one year.

Generally, a client is responsible for reporting any change in circumstances that may affect eligibility or benefit level, including a change in income amount, within ten days of the change. BAM 105, p 7. With respect to earned income, a client must report any of the following: starting or stopping employment; changing employers; change in rate of pay; and a change in work hours of more than five hours per week that is expected to continue for more than one month. BAM 105, p. 7. Unearned income means all income that is not earned, including but not limited to funds received from the Family Independence Program (FIP), State Disability Assistance (SDA), Child Development and Care (CDC), Medicaid (MA), Social Security Benefits (RSDI/SSI), Veterans Administration (VA), Unemployment Compensation Benefits (UCB), Adult Medical Program (AMP), alimony, and child support payments.

When a client or group receives more benefits than they are entitled to receive, the Department must attempt to recoup the overissuance. BAM 700, p 1. A suspected IPV is defined as an overissuance where:

- 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. [BAM 720, p 1.]

An IPV is suspected by the Department when a client intentionally withheld or misrepresented information for the purpose of establishing, maintaining, increasing, or preventing a reduction of, program eligibility or benefits. BAM 720, p 1. In bringing an IPV action, the agency carries the burden of establishing the violation with clear and convincing evidence. BAM 720, p 1.

An overissuance period begins the first month the benefit issuance exceeds the amount allowed by Department policy or six years before the date the overissuance was referred to an agency recoupment specialist, whichever is later. This period ends on

the month before the benefit is corrected. BAM 720, p 6. The amount of overissuance is the benefit amount the client actually received minus the amount the client was eligible to receive. BAM 720, p 6.

Suspected IPV matters are investigated by the OIG. This office: refers suspected IPV cases that meet criteria for prosecution to the appropriate prosecuting attorney; refers suspected IPV cases that meet criteria for IPV administrative hearings to the Michigan Administrative Hearings System (MAHS); and returns non-IPV cases back to the Department's recoupment specialist. BAM 720, p 9.

The OIG will request an IPV hearing when:

- Benefit overissuances are not forwarded to the prosecuting attorney's office;
- Prosecution of the matter is declined by the prosecuting attorney's office for a reason other than lack of evidence, and
- The total OI amount for the FAP is \$1000 or more, or
- The total OI amount is less than \$1000, and
  - The group has a previous IPV, or
  - The alleged IPV involves FAP trafficking, or
  - The alleged fraud involves concurrent receipt of assistance or
  - The alleged fraud is committed by a state/government employee. BAM 720, p 10.

The OIG represents the Department during the hearing process in IPV matters. BAM 720, p 9. When a client is determined to have committed an IPV, the following standard periods of disqualification from the program are applied (unless a court orders a different length of time): one year for the first IPV; two years for the second IPV; and lifetime for the third IPV. BAM 720, p 13. Further, IPV's involving the FAP result in a ten-year disqualification for concurrent receipt of benefits (i.e., receipt of benefits in more than one State at the same time). BAM 720, p 13.

A disqualified client remains a member of an active benefit group, as long as he or she continues to live with the other group members – those members may continue to receive benefits. BAM 720, p 12.

Testimony and other evidence must be weighed and considered according to its reasonableness. *Gardiner v Courtright*, 165 Mich 54, 62; 130 NW 322 (1911); *Dep't of Community Health v Risch*, 274 Mich App 365, 372; 733 NW2d 403 (2007). Moreover, the weight and credibility of this evidence is generally for the fact-finder to determine.

*Dep't of Community Health*, 274 Mich App at 372; *People v Terry*, 224 Mich App 447, 452; 569 NW2d 641 (1997).

Here, the OIG provided credible and sufficient testimony and other evidence establishing that Respondent received more earned income from employment earnings than Respondent had accurately reported from December 2005 to February 2006. The OIG further established that Respondent failed to report his household's receipt of unearned income from his two nephews' monthly receipt of RSDI benefits. The OIG further established that, as a result of Respondent's refusal or failure to properly report earned income from his employment earnings and unearned income from his nephews' RSDI benefits, he received an overissuance of FAP benefits in the amount of [REDACTED] and an overissuance of FIP benefits in the amount of [REDACTED] for a total overissuance of [REDACTED], for the period December 2005 to February 2006.

At the hearing, Respondent acknowledged that he failed to report his earned income for the months of December 2005 and February 2006, despite his understanding of his obligation to do so. Respondent further acknowledged that he failed to report his household's receipt of unearned income, specifically his nephews' receipt of RSDI payments, despite his understanding of his obligation to do so. Moreover, Respondent's signature on his assistance application established that he was, or should have been, fully aware that the intentional withholding or misrepresentation of information potentially affecting his eligibility or benefit level could result in criminal, civil, or administrative action. Finally, there was no evidence presented indicating that Respondent suffered from any physical or mental impairment that limited his ability to understand and fulfill his reporting responsibilities. See BEM 720, p 1.

Based on the credible testimony and other evidence presented, it is concluded that the OIG established, under the clear and convincing standard, that Respondent committed an IPV in this matter, resulting in received an overissuance of FAP benefits in the amount of [REDACTED] and an overissuance of FIP benefits in the amount of [REDACTED] for a total overissuance of [REDACTED], for the period December 2005 to February 2006. Further, because this was Respondent's first IPV, the one-year disqualification period is appropriate.

### **DECISION AND ORDER**

Based on the above findings of fact and conclusions of law, this Administrative Law Judge decides that Respondent committed an intentional program violation by refusing or failing to report a change in earned and unearned income.

It is therefore ORDERED THAT:

- Respondent shall reimburse the Department for the FAP and FIP benefits ineligibly received as a result of his intentional program violation in the amount of [REDACTED];

- Respondent is personally disqualified from participation in the FAP and the FIP for one year. The disqualification period will begin to run IMMEDIATELY as of the date of this order.

/s/  
Suzanne D. Sonneborn  
Administrative Law Judge  
for Maura D. Corrigan, Director  
Department of Human Services

Date Signed: November 9, 2011

Date Mailed: November 10, 2011

**NOTICE:** Respondent may appeal this decision and order to the circuit court for the county in which she resides within 30 days of receipt of this decision and order.

SDS/cr

cc:

