

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

IN THE MATTER OF:

[REDACTED]

Registration No: 201321567
Issue No: 1052, 3055
Case No: [REDACTED]
Hearing Date: April 10, 2013
Genesee County DHS #6

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 April 10, 2013, at which Respondent appeared and provided testimony. The Department was represented by [REDACTED], a regulation agent with the Department's 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 over issuance 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 in these programs. The agency further requested that Respondent be disqualified from receiving further FIP benefits for a period of one year, and that Respondent be disqualified from receiving further FAP benefits for a lifetime period.
2. On May 19, 2009, Respondent signed an assistance application (DHS-1171) and reported therein that she was unemployed and had no household income. In signing the application, Respondent certified with her signature, under penalty of perjury, that the application had been examined by or read to her and, to the best of her knowledge, the facts

were true and complete. Respondent further certified with her signature that she received a copy, reviewed, and agreed with the sections in the assistance application Information Booklet, which include the obligation to report changes in one's circumstances within ten days. Respondent further certified with her signature that she understood she could be prosecuted for perjury and for fraud and/or be required to repay the amount wrongfully received if she intentionally gave false or misleading information, misrepresented, hid or withheld facts that may cause her to receive assistance she should not have received. (Department Exhibit 1, pp. 10-17)

3. On March 29, 2010, Respondent completed and signed a redetermination (DHS-1010), wherein Respondent reported that she was employed 32 to 40 hours per week and receiving gross weekly earnings of \$ [REDACTED]. Respondent also provided supporting income documentation of her gross earnings from November 25, 2009 through March 31, 2010. (Department Exhibit 2, pp. 18-22)
4. While Claimant submitted Work First Case Notes at the hearing to demonstrate that she properly reported her earned income to the Department within 10 days of beginning her employment with [REDACTED] in November 2009, the Work First Case Notes do not establish that Claimant did so. On the contrary, the Work First Case Notes indicate that Claimant's last day of participation in the Work First Job Search Job Readiness program was September 29, 2009 and that she did not re-engage with the program until March 1, 2010, when she first reported that was working at [REDACTED] 30-40 hours per week at \$ [REDACTED] per hour. (Claimant's Exhibit A)
5. As a result of Respondent's refusal or failure to properly and timely report earned income from her employment, she received an over issuance of FAP benefits in the amount of \$ [REDACTED] for the time period February 1, 2010 through March 31, 2010 and an over issuance of FIP benefits in the amount of \$ [REDACTED] for the same time period, for a total over issuance amount of \$ [REDACTED] (Department Exhibit 3, pp. 23-24; Department Exhibit 4, pp. 25-33)
6. Respondent was clearly instructed and fully aware, or should have been fully aware, of her responsibility to properly report all changes in circumstances, including her receipt of earned income, to the Department within ten days of the occurrence, as required by agency policy.
7. There was no apparent physical or mental impairment present that limited Respondent's ability to understand and comply with her reporting responsibilities.

8. This was the first determined FIP IPV committed by Respondent and the third determined FAP IPV committed by Respondent.

CONCLUSIONS OF LAW

The Food Assistance Program (FAP) 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. 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 administers the FIP program pursuant to MCL 400.10, *et seq.*, and MAC R 400.3101-3131. Department policies for both programs are found in the Department of Human Services 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 the result of an IPV committed by Respondent. Further, the Department asked that Respondent be disqualified from the FIP program for a period of one year and that Respondent be disqualified from the FAP program for a lifetime period.

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 intentional program violation (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, IPVs 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.

In this case, at the April 10, 2013 disqualification hearing, the OIG provided credible, and sufficient testimony and other evidence establishing that, on May 19, 2009, Respondent signed an assistance application (DHS-1171) and reported therein that she was unemployed and had no household income. In signing the application, Respondent certified with her signature, under penalty of perjury, that the application had been examined by or read to her and, to the best of her knowledge, the facts were true and complete. Respondent further certified with her signature that she received a copy, reviewed, and agreed with the sections in the assistance application Information Booklet, which include the obligation to report changes in one's circumstances within ten days. Respondent further certified with her signature that she understood she could be prosecuted for perjury and for fraud and/or be required to repay the amount wrongfully received if she intentionally gave false or misleading information, misrepresented, hid or withheld facts that may cause her to receive assistance she should not have received.

The OIG further established that, on March 29, 2010, Respondent completed and signed a redetermination (DHS-1010), wherein Respondent reported that she was employed 32 to 40 hours per week and receiving gross weekly earnings of \$ [REDACTED]. Respondent also provided supporting income documentation of her gross earnings from November 25, 2009 through March 31, 2010. Finally, the OIG established that, as a result of Respondent's refusal or failure to properly and timely report earned income from her employment, she received an over issuance of FAP benefits in the amount of \$ [REDACTED] for the time period February 1, 2010 through March 31, 2010 and an over issuance of FIP benefits in the amount of \$ [REDACTED] for the same time period, for a total over issuance amount of \$ [REDACTED].

In response to the OIG's evidence, Respondent testified that she was attending Work First during the time period in question and had provided her Work First case worker with regular reports of her employment with [REDACTED] and the earnings that she received since beginning the employment in November 2009. In support of her testimony, Respondent submitted Work First Case Notes which she testified demonstrate that she properly reported her earned income to the Department within 10 days of beginning her employment with [REDACTED] in November 2009. (Claimant's Exhibit A)

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).

This Administrative Law Judge has carefully considered and weighed the testimony and other evidence in the record and finds that Respondent's Work First Case Notes do not demonstrate that she properly reported her earned income to the Department within 10 days of beginning her employment with [REDACTED] in November 2009. On the contrary, the Work First Case Notes indicate that Claimant's last day of participation in the Work First Job Search Job Readiness program was September 29, 2009 and that she did not re-engage with the program until March 1, 2010, when she first reported that was working at Foutch's Pub 30-40 hours per week at \$ [REDACTED] per hour.

Respondent was, or should have been, fully aware of her responsibility to timely report her receipt of earned income. Moreover, Respondent's signature on her assistance application and her redetermination paperwork established that she was, or should have been, fully aware that the intentional withholding or misrepresentation of information potentially affecting her 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 her ability to understand and fulfill her reporting responsibilities. See BEM 720, p 1.

Based on the credible and sufficient testimony and other evidence presented by the OIG, the Administrative Law Judge finds that the OIG established, under the clear and convincing standard, that Respondent committed an IPV in this matter, resulting in an over issuance of FAP benefits in the amount of \$ [REDACTED] for the time period February 1, [REDACTED] through March 31, 2010 and an over issuance of FIP benefits in the amount of \$ [REDACTED] for the same time period, for a total over issuance amount of \$ [REDACTED]. Further, because this was Respondent's first FIP IPV, the one-year disqualification period from the FIP program is appropriate. Further, because this was Respondent's third FAP IPV, the lifetime disqualification from the FAP program 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 of the FIP and FAP programs by refusing or failing to timely report her receipt of earned income.

It is therefore ORDERED THAT:

- Respondent shall reimburse the Department for the FIP and FAP benefits ineligibly received as a result of her intentional program violation in the amount of \$ [REDACTED] and
- Respondent is personally disqualified from participation in the FIP program for one year. The disqualification period will begin to run IMMEDIATELY as of the date of this order; and
- Respondent is personally disqualified from participation in the FAP program for life. 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: April 12, 2013

Date Mailed: April 15, 2013

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:

[REDACTED]

