

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

IN THE MATTER OF:

[REDACTED]

Registration No: 201413341
Issue No: 3005, 6005
Case No: [REDACTED]
Hearing Date: March 5, 2014
Wayne County DHS #55

ADMINISTRATIVE LAW JUDGE: Suzanne D. Sonneborn

HEARING DECISION

Upon the request for a hearing by the Department of Human Services (Department), this matter is before the undersigned Administrative Law Judge pursuant to MCL 400.9, and in accordance with Titles 7, 42 and 45 of the Code of Federal Regulation (CFR), particularly 7 CFR 273.16, and with Mich Admin Code, R 400.3130 and R 400.3178. After due notice, a hearing was held on March 5, 2014, at which Respondent failed to appear. The hearing 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 400.3178(5). The Department was represented by [REDACTED] a lead 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 Child Development and Care (CDC) program and whether Respondent received an over issuance of FAP and CDC 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 CDC benefits received as a result of a determination that Respondent committed a first IPV in these programs. The agency further requested that Respondent be disqualified from receiving further FAP benefits for a period of one year.
2. On October 8, 2009, Respondent completed an assistance application (DHS-1171), seeking FAP, CDC, and Medical Assistance (MA) benefits. Therein, Respondent reported that she was employed as a child care assistant at [REDACTED] working 30 hours per week. In completing the application, Respondent certified with her signature, under penalty of perjury, that all the information she had written on the form or told to a

specialist was true. Respondent further certified with her signature that she received and reviewed a copy of the 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 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 2, pp. 14-18)

3. On March 1, 2011, Respondent completed a redetermination (DHS-1010) and Respondent reported therein that she was attending Ferndale Adult Community Trade School. In doing so, Respondent requested CDC benefits because of her school attendance and her volunteer work at the Grandmont DHS district office. In signing the redetermination, Respondent certified with her signature, under penalty of perjury, that the redetermination 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 and reviewed the sections of DHS Publication 1010, Important Things About Programs & Services. (Department Exhibit 4, pp. 20-23)
4. On September 7, 2011, the Department obtained verification that, despite having been referred to the Work First program five times since September 22, 2010, Respondent never attended the program. (Department Exhibit 3, p. 19)
5. On September 7, 2011, the Department also obtained verification that Respondent never volunteered at Grandmont DHS district office, and that Ferndale Adult Community Trade School does not exist. (Department Exhibit 5, p. 24)
6. On September 29, 2011, the Department also obtained verification that Respondent was employed with Home Depot from April 8, 2011 until July 8, 2011, which employment Respondent failed to timely and accurately report to the Department. (Department Exhibit 6, pp. 25-26)
7. As a result of Respondent's refusal or failure to properly and timely report her employment income and that she no longer had a need for CDC benefits, she received an over issuance of FAP benefits in the amount of \$ [REDACTED] for the time period April 1, 2011 through July 30, 2011 and an over issuance of CDC benefits in the amount of \$ [REDACTED] for the time period January 6, 2011 through March 30, 2011, for a total over issuance amount of \$ [REDACTED] (Department Exhibit 8, pp. 28-32; Department Exhibit 9, pp. 33-37; Department Exhibit 10, p. 38)

8. 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 employment earnings and her lack of a need for CDC benefits, to the Department within ten days of the occurrence, as required by agency policy.
9. There was no apparent physical or mental impairment present that limited Respondent's ability to understand and comply with her reporting responsibilities.
10. This was the first determined IPV committed by Respondent.
11. Subsequent to the scheduling of the hearing and prior to the hearing date, the Notice of Disqualification Hearing and accompanying documents that were mailed to Respondent at the last known address, and which constituted due notice, were not returned to the Michigan Administrative Hearing System (MAHS) by the United States Postal Service as undeliverable.

CONCLUSIONS OF LAW

Department policies are contained in the Department of Human Services Bridges Administrative Manual (BAM), Department of Human Services Bridges Eligibility Manual (BEM), and Department of Human Services Reference Tables Manual (RFT). Prior to August 1, 2008, Department policies were contained in the Department of Human Services Program Administrative Manuals (PAM), Department of Human Services Program Eligibility Manual (PEM), and Department of Human Services Reference Schedules Manual (RFS).

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 Mich Admin Code, R 400.3001 through R 400.3015.

The Child Development and Care program was 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 of Human Services (DHS or Department) provides services to adults and children pursuant to MCL 400.14(1) and MAC R 400.5001-5015. Department policy provides that for CDC eligibility to exist for a given child, the client must apply for CDC, meet the requirements of an eligibility group, have a valid need reason, and use an eligible provider. BEM 703.

Each parent/substitute parent (P/SP) must demonstrate a valid need reason during the time child care is requested. Each need reason must be verified and exists only when each parent/substitute parent is unavailable to provide the care because of: (i) family preservation; (ii) high school completion; (iii) an approved activity or (iv) employment. BEM 703. In two parent households, both parents' need reasons must be verified with the appropriate verification. BEM 703. A determination of eligibility must be made in the following descending order.

In the present matter, the Department requested a hearing to establish an over issuance of FAP and CDC benefits, claiming that the over issuance was a result of an IPV committed by Respondent. Further, the Department asked that Respondent be disqualified from the FAP 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.

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 12.

Department policy dictates that when correspondence to a Respondent concerning an Intentional Program Violation (IPV) is returned as undeliverable, the hearing cannot

proceed except with respect to the Food Assistance Program (FAP). Department of Human Services Bridges Administrative Manual (BAM) 720 (2012), p. 12.

A 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 reporting responsibilities.

BAM 700 (2013), p. 6; BAM 720, p. 1.

An IPV is also suspected for a client who is alleged to have trafficked FAP benefits. BAM 720, p. 1.

An IPV requires that the Department establish by 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, p. 1 (emphasis in original); see also 7 CFR 273(e)(6). Clear and convincing evidence is evidence sufficient to result in a clear and firm belief that the proposition is true. See M Civ JI 8.01.

A court or hearing decision that finds a client committed IPV disqualifies that client from receiving program benefits. BAM 720, p. 12. A disqualified recipient remains a member of an active group as long as he lives with them, and other eligible group members may continue to receive benefits. BAM 720, p. 13.

Clients who commit an IPV are disqualified for a standard disqualification period except when a court orders a different period, or except when the OI relates to MA. BAM 720, p. 13. Refusal to repay will not cause denial of current or future MA if the client is otherwise eligible. BAM 710 (2013), p. 2. 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 FAP concurrent receipt of benefits. BAM 720, p. 16.

When a client group receives more benefits than they are entitled to receive, the Department must attempt to recoup the OI. BAM 700, p. 1.

In this case, at the March 5, 2014 disqualification hearing, the OIG provided credible, sufficient, undisputed testimony and other evidence establishing that, on October 8, 2009, Respondent completed an assistance application (DHS-1171), seeking FAP,

CDC, and Medical Assistance (MA) benefits. Therein, Respondent reported that she was employed as a child care assistant at [REDACTED] [REDACTED] working 30 hours per week. In completing the application, Respondent certified with her signature, under penalty of perjury, that all the information she had written on the form or told to a specialist was true. Respondent further certified with her signature that she received and reviewed a copy of the 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 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 1, 2011, Respondent completed a redetermination (DHS-1010) and Respondent reported therein that she was attending Ferndale Adult Community Trade School. In doing so, Respondent requested CDC benefits because of her school attendance and her volunteer work at the Grandmont DHS district office. In signing the redetermination, Respondent certified with her signature, under penalty of perjury, that the redetermination 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 and reviewed the sections of DHS Publication 1010, Important Things About Programs & Services.

The OIG further established that, on March 6, 2012, Respondent completed an assistance application (DHS-1171), and reported therein that her household included her son, James Watson. In signing the application, Respondent certified with her electronic signature, under penalty of perjury, that all the information she had written on the form or told to a specialist was true. Respondent further certified with her signature that she received and reviewed a copy of the Acknowledgements, 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 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 September 4, 2012, Respondent completed a redetermination (DHS-1010) and Respondent reported therein that her household included her son, James Watson. In signing the redetermination, Respondent certified with her signature, under penalty of perjury, that the redetermination 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 and reviewed the sections of DHS Publication 1010, Important Things About Programs & Services.

The OIG further established that despite having been referred to the Work First program five times since September 22, 2010, Respondent never attended the program, never volunteered at Grandmont DHS district office, and did not in fact attend Ferndale Adult Community Trade School as the school could not be located. The OIG further established that Respondent was employed with Home Depot from April 8, 2011 until

July 8, 2011, which employment Respondent failed to timely and accurately report to the Department. Finally, the Department established that, as a result of Respondent's refusal or failure to properly and timely report her employment income and that she no longer had a need for CDC benefits, she received an over issuance of FAP benefits in the amount of \$ [REDACTED] for the time period April 1, 2011 through July 30, 2011 and an over issuance of CDC benefits in the amount of \$ [REDACTED] for the time period January 6, 2011 through March 30, 2011, for a total over issuance amount of \$ [REDACTED]

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 was, or should have been, fully aware of her responsibility to timely report her employment income and that she no longer had a need for CDC benefits. Moreover, Respondent's signature on her assistance application and 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.

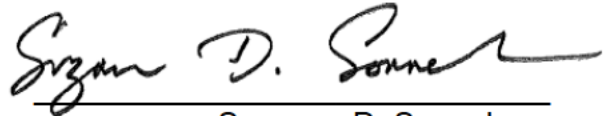
Based on the credible and undisputed testimony and other evidence presented by the OIG, this Administrative Law Judge finds that the OIG established, under the clear and convincing standard, that Respondent committed an IPV in this matter, resulting in an over issuance of FAP benefits in the amount of \$ [REDACTED] for the time period April 1, 2011 through July 30, 2011 and an over issuance of CDC benefits in the amount of \$ [REDACTED] for the time period January 6, 2011 through March 30, 2011, for a total over issuance amount of \$ [REDACTED]. Further, because the OIG established that 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, and for the reasons stated on the record, this Administrative Law Judge decides that Respondent committed an intentional program violation involving the FAP program and received an over issuance of FAP benefits in the amount of \$ [REDACTED] for the time period April 1, 2011 through July 30, 2011 and an over issuance of CDC benefits in the amount of \$ [REDACTED] for the time period January 6, 2011 through March 30, 2011, for a total over issuance amount of \$ [REDACTED]

It is therefore ORDERED THAT:

- The Department shall initiate recoupment procedures in the amount of \$ [REDACTED] as a result of Respondent's intentional program violation involving the FAP and CDC programs; and
- Respondent is personally disqualified from participation in the FAP for a period of one year. The disqualification period will begin IMMEDIATELY as of the date of this order.



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

Date Signed: March 12, 2014

Date Mailed: March 12, 2014

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 she lives.

SDS/hj

cc:

