



Written by [Brian Koenig](#) on October 21, 2011

Michigan Considers Food Stamp Recipients' Assets in Anti-fraud Test

In moving to combat in-state welfare fraud, Michigan is requiring food stamp recipients to provide information on their assets to determine whether they should continue to qualify for benefits. Under the new rules launched earlier this month, current recipients are obligated to report the values on their homes, vehicles, stocks, bonds, and even lottery winnings. Residents with \$5,000 in liquid assets or driving a vehicle worth over \$15,000 may no longer qualify for benefits. So far, the state has identified about 15,000 people who could lose their food stamp benefits.



Although the Supplemental Nutrition Assistance Program (SNAP) commonly known as food stamps is administered by the U.S. Department of Agriculture, states distribute the benefits and have the authority to make certain decisions on eligibility. (In Michigan, the program is called the Supplemental Nutrition Assistance Program, [FAP Food Assistance Program] and is administered by the Department of Human Services [DHS], which has offices in every county of Michigan.) Michigans policy change is a shift from the trend for states to request information only on recipients income. Texas and Indiana are among other states that consider assets, while Oregon and New York are among those who check only income when determining eligibility for the program. As the U.S. economy has continued to decay, eligibility requirements for food stamps have loosened, with 35 states now having abolished asset tests for food stamp recipients.

Brian Rooney, Deputy Director of the Michigan Department of Human Services, says that in order to save taxpayers' dollars and provide benefits to only those who sincerely need them, the state wants to weed out people who are gaming the system. He admonished welfare recipients, "If youre driving an Escalade, maybe its time to find a car that better fits your current economic situation."

The number of Americans collecting SNAP benefits [topped](#) 45 million last May an astounding 18-million increase from October 2007 the highest number since the program began in 1939 and the 37th consecutive monthly increase. Naturally, costs for the SNAP program have exploded, spiking from \$33 billion in 2007 to \$77 billion now. According to the U.S. Department of Agriculture, food stamp recipients receive an average monthly benefit of \$134 per person or \$290 per household.

Michigans new policy is veering off from the programs intended purpose, complains Jennifer Brooks, a director at the nonprofit Corporation for Enterprise Development. "Telling them they cant have assets, youre undermining the premise of the program, which is helping people create a personal safety net," she asserted. "A lot of these benefits go to people that were, a few years ago, solidly within the middle class and now need some help. Its probably going to be temporary help."

But many SNAP recipients remain on food stamps for years and thousands others are, like Rooney said,



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“gaming” the system, as was the case of a Michigan man who won two million dollars from a state lottery late last spring and was still eligible for SNAP benefits. Fox News [reported](#) in May:

Leroy Fick of Bay County, Mich., said in an interview with WNEM-TV that he still uses his bridge card at stores despite winning a jackpot on “Make Me Rich!” last June.

“I even called them and asked about the bridge card and [the Department of Human Services] said you can go ahead and keep it if you want to,” Fick reportedly told the station.

At the time, State Department of Human Services spokeswoman Gisgie Gendreau told MyFoxDetroit.com that federal guidelines do not count lottery winnings as income if a person collects a lump-sum amount; the money is considered income only if the person receives ongoing payments. Ficks lawyer, John Wilson, said his client had done nothing illegal. “He did call the state,” Wilson [told](#) the *Bay City Times* in an interview. “Not to mention, the state knows he won. They issued the check.”

So although such a scenario may seem blatantly fraudulent, skewed food stamp guidelines legally permitted Fick, with his two million dollar lottery winnings, to continue reaping money from his fellow taxpayers. Could this be why Michigan wants to require assets such as lottery winnings to determine eligibility?

Fraud in the SNAP program is widespread, as in 2009, the Office of Inspector General probed more than 2,600 food stamp complaints and discovered over five million dollars in fraudulent benefits. Much of the fraud stems from lax administration rules, which have become increasingly careless over the past couple of years. The USDAs Food and Nutrition Service has downsized to only 40 inspectors to oversee almost 200,000 businesses which accept food stamps. Further, the Government Accountability Office [reported](#) last year that retailers who illegally purchase stamps for cash “are less likely to face criminal penalties or prosecution” than in years past.

Such fraud has been rampant in Wisconsin where SNAP benefits are distributed on debit (Quest) cards, which may be used only to buy government-approved food items. But many recipients bypass the restrictions by selling their Quest cards for cash. Ratijah Harland told FOX6 that a Quest card with a \$100 balance typically sells for \$50. “Some people take the cash and get drugs and buy drinks and weed and everything,” she [said](#).

An investigation by the *Milwaukee Journal Sentinel* earlier this month found that “nearly 2,000 recipients claimed they lost their card six or more times in 2010 and requested replacements.” But the Department of Agriculture requires that “lost” cards be promptly replaced. The Wisconsin Policy Research Institute came to the conclusion that “prosecutors have simply stopped prosecuting the vast majority of [food stamp] fraud cases in virtually all counties, including the one with the most recipients, Milwaukee.”

The fact is, the Obama administration has been more supportive of inflating SNAP enrollment than implementing reforms to prevent corruption. Federally-funded campaigns by nonprofit organizations, the AmeriCorps service program, and other groups have encouraged people to cash in on government handouts and abolishing policies which check recipients income has only exacerbated the problem.



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