

# WELFARE 101:

## busting myths about welfare



### myth 02:

Welfare is full of fraud and no one's doing anything about it.

#### fact:

Clients who receive Food Assistance (FAP) benefits are restricted to purchasing food and related products. The federal Government Accountability Office estimates that for every \$1 in food stamps, about 1 cent is obtained fraudulently. Families with children receiving cash under the Family Independence Program can spend the benefits as they choose. There are no legal or programmatic restrictions on these benefits, which recipients earn by participating in Work First activities, including developing and adhering to written plans to achieve independence.

#### fact:

In fiscal year 2009, the Michigan Department of Human Services Office of Inspector General continued its focus on ensuring that public assistance is used for those with a legitimate need and expanded the department's fraud prevention efforts. During that year the office:

- Completed 5,214 recipient fraud investigations in which agents identified fraud of \$18.6 million. Recouped \$4.90 for every \$1 spent investigating fraud.
- Denied, reduced or withdrew program benefits in 1,742 instances through the Front End Eligibility, the department's fraud prevention program. Saved taxpayers \$9.3 million.
- Expanded its Special Investigations Unit that performs the most complex investigations involving vendors, service providers and employee allegations. It completed 126 cases, identifying more than \$1.3 million of alleged fraud.
- Partnered with the U.S. Department of Agriculture and Michigan State Police in multiple FAP trafficking investigations. In one instance, the investigation and arrests of four suspects associated with a Detroit-area convenience store resulted in the seizure of about \$90,000 during the arrests. Some \$670,000 in trafficking transactions has been associated with this convenience store; the owner was ordered to pay restitution.
- Contacted 7,730 child care providers and reviewed time and attendance records for compliance with Child Development and Care program requirements. As a result, 3,659 providers were terminated from the program for significant non-compliance. The efforts resulted in \$6.6 million in cost savings to taxpayers.
- Was recognized by the U.S. Department of Agriculture as first in the Midwest region for new fraud claims established, fraud claims recouped, amount of fraud determined and total disqualifications.
- Anyone who suspects fraud in the welfare system is encouraged to report it by calling 800-222-8558 or at [www.michigan.gov/dhs](http://www.michigan.gov/dhs).

Defining the scope and effectiveness of public assistance is difficult when people are unfamiliar with programs and services. Misunderstandings lead to myths; we prefer to discuss the facts.