

Michigan attacks assistance for state's unemployed and vulnerable residents

Debra Watson
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In a case similar to the “robo-fraud” scandal that saw tens of thousands improperly thrown off their state unemployment benefits and hounded for repayment, the Michigan Department of Health and Human Services has denied food support to thousands of eligible claimants.

The attack on claimants takes place under conditions where the state of Michigan has been drastically curtailing unemployment insurance benefits and Supplemental Nutrition Assistance Program (SNAP) benefits, also known as food stamps.

Over the last several years, just as happened at the Michigan Unemployment Insurance Agency (UIA), a computer program used at the Michigan Department of Health and Human Services (MDHHS) improperly denied food assistance to eligible claimants. The computer program used databases that erroneously matched some SNAP food assistance recipients to fleeing felon warrants, triggering a cut-off of benefits.

It was not until late August 2016 that a federal appeals court ruled against the MDHHS on the matter over objections by lawyers for the state, who were determined to stiff recipients. At one point in the SNAP case lawyers for the administration of Republican Governor Rick Snyder argued the state was not responsible for errors on the law enforcement database they used and so should not have to pay claimants.

MDHHS was ordered by a federal judge in Cincinnati to pay \$3,120 lump sum payments to 18,700 people unjustly cut off benefits. By late April 2017 the state claimed it had found and paid 15,000 people upwards of \$47 million.

The class action suit in the parallel “robo-fraud” UIA case is still pending. It was filed against the state in September 2015 by Royal Oak attorney Jennifer Lord and is expected to finally be heard this month.

Little has been paid back to those UIA claimants owed money by the state. By late 2016, \$5.4 million had been returned to just 2,571 claimants while the UIA Contingent Fund, where money from improper fines levied in UIA cases composed a substantial part of the revenue, went from \$3.1 million in 2011 to \$160 million in 2016.

The UIA unemployment benefits scandal has a sinister tie in to the tax cuts already doled out so freely to businesses in the state. Earlier this year Governor Snyder signed a bill authorizing the diversion of \$10 million from the Contingent Fund to fill a hole in the state's general budget, which has been chronically starved for funds due to tax cuts to big business.

The stories in the SNAP legal brief are as harrowing as those found in Lord's UIA complaint. For example, one mentally disabled man was cut off food benefits when he was erroneously tied to a 1989 felony warrant—an undisputed case of mistaken identity. Nevertheless his benefits were cancelled several times despite the efforts of advocates who undertook individual appeals on his behalf.

The details outlined in the ongoing UIA class action suit are equally shocking. From August 2013 until late 2015 a computer program in the state's Unemployment Insurance Agency (UIA) flagged unemployed workers as perpetrators of “civil fraud” related to unemployment benefits they received as far back as 2007.

In February of this year an audit conducted by UIA itself showed a 93 percent error rate in 31,000 of the UIA cases where fraud determinations were made solely as the result of a computer program. Another tranche of 28,000 cases had some human input after the computer program initially flagged them. So far among the latter group where fraud was alleged, a whopping

44 percent error rate has been detected.

The false determinations of civil fraud were devastating to the workers charged. They were the basis for egregious penalties in the form of 12 percent interest fees and fines of four hundred percent on benefits they received.

Lives were shattered by punitive actions that followed the false-fraud charges. Many of the accused workers were unaware they were even victims until their income was targeted by aggressive collection tactics on the part of state officials. Wages were garnished, tax returns seized, future benefits denied. One lawyer noted the dramatic uptick in bankruptcy cases involving victims of the false fraud charges. Another law office involved in unemployment cases set up a hotline for clients contemplating suicide.

The improper denial of benefits by the state goes hand in hand with the gutting of social supports at the state and federal level. With Medicaid under assault now in Washington, and ongoing changes at the state level across the country, the post-war social safety net is being assaulted from all sides.

In 2011, Michigan imposed a five-year lifetime limit on cash welfare relief. TANF goes solely to families with children at home. With the new policy left in place after back benefits were temporarily restored in some cases, the number of TANF recipients in Michigan as a whole continued to fall. There were 46,500 cash welfare recipients in Michigan in May 2017, down from about 162,500 in December 2011.

There are roughly 1.5 million currently on SNAP in Michigan. SNAP is a federally funded program administered by states. Because many no longer qualify for curtailed UIA benefits in the first place, a large proportion of Michigan workers exist on only SNAP food assistance benefits during periods of layoff.

Late last year, DHHS notified 15,000 SNAP recipients in four counties that their benefits would be terminated if they did not comply with the state's decision to demand work requirements under a federal SNAP option. A news release at the time from MDHHS indicated a work requirement allowed under federal law would be implemented across the state some time before the fall of 2018.

Workers in part-time contingent and low-wage jobs will face a double penalty as these policies unfold. First, during the periods when they are without work,

which now occur with alarming regularity, they could lose the SNAP benefits they currently rely on for subsistence. Such low-paid workers are often disqualified from receiving state unemployment benefits because their hours or pay are too low to meet benchmarks for the program.

Further, as anyone who has ever applied for government assistance knows, the onerous qualifications and paperwork required to get SNAP contain trip wires designed to allow recipients to be disqualified.

Just accounting for fluctuating work hours to match monthly SNAP awards is a challenge. Those who manage to qualify get only 20 weeks UIA in total, and many may face destitution without some additional support coming in.



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