

Lottery Match Report 2014

Department of Human Services

LAW	PA 77 of 2012 established the foundation for weekly cross-checks of lottery winners of \$1,000 or more with people receiving public assistance.	GOAL	Be a good steward of taxpayer dollars and stop those gaming the system to help those most in need.
RESULTS	To date, the current Lottery Match law has helped us save \$2 million .	POTENTIAL SAVINGS	We've identified 7,216 Michigan Lottery winners of \$1,000+ who also receive benefits. Closing loopholes could save nearly \$44 million annually .

October 2014

Dear Members of the Michigan Legislature:

We are pleased to highlight the Lottery Match accomplishments in the past year. This report builds on the first Lottery Match report DHS issued in the spring of 2013.

The premise behind Lottery Match is simple: Be a good steward of taxpayer dollars and stop those gaming the system to help those most in need.

Under Public Act 77 of 2012, a weekly cross-check allows DHS to accurately evaluate a recipient's eligibility since lottery winnings can be considered assets in some instances – like the Food Assistance Program and State Emergency Relief (SER). Asset tests are now conducted in these areas.

Some 7,216 Michigan Lottery winners of \$1,000 or more were matched and identified in 2013 as living in households that were receiving some sort of public assistance. This adds up to nearly \$44 million in lottery proceeds with average lottery winnings of \$6,056 per case. Federal and/or state law still prohibits closure of many assistance benefits to the majority of Michigan lottery winners who are matched. This means a multi-million dollar lottery winner can still qualify for certain assistance and benefits.

Clearly, there is potential for big savings should regulations be changed to allow for lottery winnings to be considered assets when determining eligibility for certain federal assistance programs.

Of these total cases, DHS closed 810 cases receiving 977 benefits among recipients who had lottery winnings of more than \$1,000. Most of these benefits closures involved food assistance, followed by Medicaid. While modest when compared to the total number of lottery winners who also receive assistance, these closed cases represent nearly \$2 million in savings.

When state and federal law allows a recipient's benefits to be closed due to lottery winnings, the benefits *have been closed*.

18 PEOPLE ON PUBLIC ASSISTANCE IN MICHIGAN WON JACKPOTS WORTH \$100,000 IN 2013

Big Lottery Winners = Benefits Closure

In 2013, 18 lottery winners of jackpots valued at \$100,000 or more were receiving public assistance benefits in Michigan at the time they won. Seven of those cases involved Food Assistance Program benefits, including one in which the lottery winnings were in the millions. Thanks to the Lottery Match law, DHS quickly closed that case.

Recently, an even larger winner of more than \$4 million was identified rapidly thanks to the match. That recipient's food assistance case was also shut down immediately.

Where allowed by law through the Lottery Match, DHS continues to successfully identify and close assistance benefits.

Early Identification = Quicker Closure

With the match, DHS has improved the rate and shortened the time frame it takes to identify winners.

In addition, DHS frontline workers are often identifying winnings before the client has reported them to DHS, as they are all required to do.

DHS Office of Inspector General (OIG) agents take a closer look at all cases involving winnings of \$5,000 or more.

OIG reports very few cases where the frontline lottery match failed to identify and close a case the first time through.

By quickly identifying lottery jackpot winners, DHS has identified another area of potential savings —households containing both lottery jackpot winners and clients who claim to buy and prepare their meals separately. Eliminating duplicate food assistance groups in one household could result in significant savings.

Farm Bill of 2014

The most recent Farm Bill merits a special mention for a current reform opportunity on the federal level. The major item pertaining to the lottery is this directive from section 4009 (emphasis added below):

*“Any **household** in which a member receives substantial lottery or gambling winnings, as determined by the Secretary, shall lose eligibility for benefits immediately upon receipt of the winnings.”*

This would constitute a major change from the current stance related to food assistance. While federal regulations that would implement this section have not yet been written, this change to federal law is an important step in the right direction toward curtailing fraud/waste of public assistance dollars.

Strengthening State Law

DHS appreciates the continued partnership with the Michigan Legislature in the effort toward reform and change. After the release of the first Lottery Match report in 2013, members in both the Michigan House and Senate expressed interest in doing more and the following legislation was introduced:

SB 338 (Emmons) – Requires an asset test for the Child Development Care program, now housed in the Michigan Department of Education.

SB 339 (Moolenaar) – Requires the payback of certain public



Lottery
Winnings
\$1,000+



State & Federal
Assistance
Benefits

BY ELIMINATING
LOOPHOLES, LOTTERY
MATCH COULD SAVE
MICHIGAN TAXPAYERS \$44
MILLION OR MORE A YEAR.

assistance through means of a lottery intercept.

SB 384 (Moolenaar) – Allows for the withholding of a lottery prize over \$600 consistent with SB 339.

HB 4855 (Kurtz) – Allows for the withholding and intercept of lottery prizes over \$1,000 for debts owed to DHS.

Each will help DHS ensure that taxpayer dollars are used efficiently and effectively, and targeted to those most in need. DHS looks forward to continuing to work with sponsors and supporters of these bills as they move through the legislative process.

Next Steps

With many lottery winners either receiving assistance benefits or living in a household where others receive benefits, the integrity of state and federal safety net programs is still at risk.

Taxpayers do not like it when people game the system. They rightfully reject the premise that those who have won thousands of dollars should continue to benefit from programs aimed at providing a helping hand to the truly needy.

The data available by cross-checking lottery winners with benefits recipients in this latest report indicates more than 10 percent of the winners will be required to put their proceeds towards self-sufficiency. While the lottery match works, federal and state law often conflict, prohibiting an asset test in some instances and allowing recipients with thousands of dollars at their disposal to continue on assistance.

DHS will continue to advocate for change, advocate for clients who strive toward self-sufficiency and advocate always for maintaining the integrity of these vitally important assistance programs.

Sincerely,

A handwritten signature in cursive script that reads "Maura D. Corrigan".

Maura D. Corrigan
Director of the Michigan Department of Human Services