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## **State Comptroller audit finds inmates inappropriately received millions of dollars in benefits from government assistance programs**

### **Some state agencies did not cross-check participants in the programs with data from correctional institutions**

The state of New Jersey spent millions of dollars to provide unemployment benefits, Medicaid coverage and other financial assistance to individuals who did not qualify for such government help because they were incarcerated at the time, an Office of the State Comptroller (OSC) audit has found.

The OSC audit found that state agencies administering a series of public assistance programs failed to review county inmate data, and in some cases state prison data, before awarding government assistance. One agency told OSC it relied on a review of New Jersey newspapers to determine if any of its thousands of program participants had been arrested or convicted of a crime.

In total, the audit – which covered the 22-month period of July 2009 to April 2011 – identified more than \$23 million in benefit payments made to or on behalf of incarcerated individuals who did not appear to be entitled to such payments. In addition to unemployment benefits and Medicaid coverage, inmates in county and state custody improperly received benefits from the Supplemental Nutrition Assistance Program (SNAP), which provides financial assistance to purchase groceries; Work First New Jersey, which provides temporary cash assistance and other support services; and the state pension program.

“These are vitally important social programs,” State Comptroller Matthew Boxer said. “Our audit identifies simple but critical steps that will help ensure that tax dollars spent on these programs are reserved for those who actually qualify for benefits.”

The state departments responsible for administering each of these programs have committed to recovering misspent funds and improving oversight measures so that going forward all inmate data is cross-checked to verify participant eligibility.

More than \$10 million of the benefit payments identified by the audit derived from unemployment insurance benefits paid out to more than 7,600 incarcerated individuals. State law provides that only individuals who are “able to work” and “available for work” are eligible for those benefits.

“Suffice it to say that when thousands of inmates are collecting unemployment checks from behind bars, there is a serious gap in program oversight,” Boxer said. “The good news is that as a result of our audit, changes are being made that will save millions of dollars for taxpayers.”

OSC found that one individual received more than \$39,000 in unemployment payments for well over a year while imprisoned for a drug-related offense. Another individual, convicted of unlawful possession of a firearm, began receiving unemployment payments only after he already had been in prison for three months. That individual received more than \$25,000 in improper unemployment benefits over the course of one year.

In many cases, the improper benefit payments involved services that correctional institutions already provide to inmates in their custody, such as food and health care. For example, OSC identified more than \$5 million in payments to incarcerated individuals from the SNAP and Work First New Jersey programs. State law specifically prohibits incarcerated individuals from participating in either program. In both cases, program participants were not being screened through a review of county correctional data.

Additionally, the audit identified more than \$7.1 million in apparently improper Medicaid payments on behalf of incarcerated individuals. Of that amount, more than \$5.3 million went to pay monthly fees to Medicaid managed care organizations to provide health care for individuals who were incarcerated, while the remainder was paid to individual health care providers such as pharmacies, hospitals and health clinics. Some of the payments may have been the result of Medicaid being billed for services rendered to individuals fraudulently using someone else’s Medicaid card. OSC is continuing to investigate these cases and will make criminal referrals as appropriate.

OSC’s audit also identified individuals receiving inappropriate state pension payments. State law mandates that pension payments shall not be made to individuals incarcerated as a result of a conviction of a crime involving “moral turpitude.” OSC found, however, that the state agency responsible for the pension program does not match its database of public retirees against state or county incarceration data. OSC conducted such a match and presented its findings to agency staff, who concluded that more than \$350,000 in pension payments to retired public employees over the period in question should not have been made.

Although all final determinations must be made by the state pension board itself, the disqualifying offenses in these cases included crimes such as robbery, official misconduct

and kidnapping. The largest improper payment during the audit period – more than \$37,000 – went to an individual incarcerated for sexual assault of a minor. The state is now in the process of recovering these payments.

During the course of the audit, OSC also found a series of instances where state employees were incarcerated and used sick leave during their term of incarceration, a violation of state regulations. OSC has provided the names of those individuals to each of the responsible state agencies so that they may recover the payroll funds in question.

In total, the audit identified more than 20,000 incarcerated individuals who were beneficiaries of what appear to be improper payments. OSC will follow up to ensure that the misspent funds are recovered and each of the audit's recommendations to improve oversight measures is implemented.

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Click [here](#) to view the audit report.

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