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Are Welfare Recipients with the Most Severe Work Sanction Particularly Disadvantaged?

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Since the 1996 Personal Responsibility and Work Opportunity Reconciliation Act, welfare recipients have been required to work. In order to fulfill this requirement, adults who receive Temporary Assistance for Needy Families (TANF) must participate in work-related activities for 20 to 30 hours each week. Work-related activities can include looking for work, gaining work experience through volunteering, and participating in short-term training programs, among other options. Those who do not participate may receive a work sanction, which is a financial penalty for non-compliance with the work requirement.

These sanctions may be issued for a variety of reasons (Family Investment Administration, 2014). If a client fails to show up for a scheduled work activity, that client may receive a work sanction. Alternatively, clients may have actually completed all of their hours for the week but neglected to turn in documentation attesting to that fact. Both substantive and procedural violations of the work requirement can result in a work sanction.

Work sanctions are common among Temporary Cash Assistance (TCA, Maryland's TANF program) clients. In a recent brief, we noted that 60% of work-eligible[1] TCA cases that closed during the 2014 federal fiscal year (FFY) experienced a work sanction (Nicoli, 2016). Because clients could receive a sanction before or after this year, this is a conservative estimate of the rate of work-sanctioning in Maryland.

We also investigated the three types of work sanction imposed in Maryland (Family Investment Administration, 2014). The very first instance of noncompliance with the work requirement triggers a 1-day work sanction. This sanction closes the cash assistance case, but that case can be reopened if the client complies with the work requirement for one day. Just over one in ten (11.5%) work-eligible closed cases received this type of sanction as the first or only work sanction in FFY 2014.

Similarly, the second instance of noncompliance with the work requirement also results in case closure. However, 10 days of compliance are required to cure, or end, the sanction. In FFY 2014, about one in seven (13.8%) work-eligible closed cases incurred this type of sanction as the first or only work sanction. Clients can only receive these 1-day and 10-day work sanctions once in their lifetimes, and they do not receive benefits when they are in the process of ending the sanction. If the case has been closed less than 30 days, clients who have cured a sanction can receive the TCA cash benefit again without reapplying.

The third type of work sanction is for the third and any subsequent instances of

[1] Clients who are work-eligible are required to participate in work activities. While most adult recipients are work-eligible, there are some exceptions. For example, parents with a child under 1 year old can be exempted from participation in work activities.

noncompliance with the work requirement. This sanction closes the TCA case and is cured by 30 days of compliance with the work requirement. Clients with this level of sanction lose at least one month's cash benefit and must reapply in order to receive cash assistance. This was the most common type of sanction in FFY 2014, as 35% of work-eligible closed cases received this sanction.

Research has shown substantial differences between work-sanctioned clients and those who did not receive a work sanction. Typically, work-sanctioned clients are more disadvantaged. They are more likely to be African American, and they tend to be younger, less educated, and to have more children (Cherlin et al., 2001; Pavetti, Derr, & Hesketh, 2003; Hasenfeld, Ghose, & Larson, 2004; Ovwigho, Kolupanowich, & Born, 2010). Additionally, they are more likely to have poor health and problems with substance abuse as well (Cherlin et al., 2001; Hasenfeld et al., 2004).

Compared to those without work sanctions, some research indicates those who receive a sanction have less work experience (Pavetti et al., 2003). In contrast, we have found that work-sanctioned clients in Maryland are about as likely to have been employed before exit as other leavers, although they earn less (Ovwigho et al., 2010). Work-sanctioned clients have more months of TCA receipt, however (Ovwigho et al., 2010).

Furthermore, work-sanctioned clients in Maryland have different experiences after leaving TCA than clients who are not work-sanctioned. They are less likely to be employed and more likely to return to TCA (Ovwigho et al., 2010). Those who are employed tend to earn less than their non-sanctioned counterparts (Ovwigho et al., 2010). Relatedly, research in Wisconsin found that sanctions that are more severe or longer in duration increase the likelihood that clients leave without employment or find jobs that do not pay as much (Wu, 2008).

However, previous research has largely not explored differences among the work-sanctioned population (see Wu, Cancian, Meyer, & Wallace, 2006). We do not know if there is anything different about clients who receive 1-day sanctions compared to those with 30-day sanctions. There is evidence that those who receive the most severe sanction available in a state have characteristics that are likely to make finding a job difficult, such as a lack of education and formal work experience (Wu et al., 2006).

Because work sanctions are so common, it is important to determine who receives a sanction and what their outcomes are. While there is considerable research comparing those who are work-sanctioned with those who are not, there is little research that investigates whether those who receive the most stringent work sanctions are even more disadvantaged than other work-sanctioned clients. In this brief, we examine those with 1-day, 10-day, and 30-day work sanctions, comparing those with each type of work sanction to clients who did not receive a work sanction. This should help caseworkers and program managers better understand the work-sanctioned population.

Data

Data comes from the Client Automated Resources and Eligibility System (CARES) and the Maryland Automated Benefits

System (MABS), which are the administrative data systems for TCA and Unemployment Insurance (UI), respectively. MABS only reports data on a quarterly basis, which means that it is not possible to calculate weekly or monthly employment and earnings. Another limitation is that MABS does not contain data on informal employment, so earnings from under-the-table jobs are not included. Finally, MABS has no information on employment outside Maryland. Because out-of-state employment is common in Maryland,[2] we are likely understating the percentage of clients with employment and may be missing some earnings.

All analyses are based on the entire population of work-eligible cases that closed between October 2013 and September 2014, which is federal fiscal year (FFY) 2014. Some cases closed more than one time during this year, but the dataset includes only one closure for each case. Cases that were considered work-exempt at the time of closure for all closures during FFY 2014 were excluded. The adults on work-exempt cases, such as a grandmother caring for her grandchild or a mother who receives Supplemental Security Income (SSI), are not required to work, so they cannot receive work sanctions.

For this brief, cases are categorized according to the first case closure due to a work sanction during FFY 2014. This means that cases in the 1-day work sanction category may receive a subsequent 10-day work sanction, and cases in the 30-day category may have been sanctioned for 30 days again during FFY 2014. Cases in the no work sanction category did not receive a work sanction at all during FFY 2014, although they may have received a work sanction previously. For these cases without a work sanction, the first closure as a work-eligible case is included in the analysis. The final number of cases for the analysis is 15,326.

Demographic Characteristics

In order to determine whether there are substantial differences between cases with different types of work sanctions, we examine clients' demographic characteristics. As shown in Table 1, clients across all four groups are fairly similar: they are never-married African American women around 30 years old who have finished high school but have no further education.

Nonetheless, those with 30-day work sanctions are distinctive. Compared to those with no work sanctions and those with 1-day and 10-day work sanctions, clients who received 30-day work sanctions are more likely to be female, more likely to be African American, less likely to have ever married, and less likely to have finished high school. Those with 1-day and 10-day sanctions are comparable to those with no work sanctions; it is clients with 30-day work sanctions who stand out.

This pattern may stem from the fact that over half (52.5%) of clients with 30-day work sanctions live in Baltimore City. Around 30% of those with 1-day and 10-day sanctions live in Baltimore City, and slightly more than 40% of clients who did not receive a work sanction reside there.

Baltimore City TCA recipients differ from recipients in the rest of the state in the same

[2] More than one in six (17.3%) Maryland residents works out of state, which is over four times greater than the national average (3.8%) (U.S. Census Bureau, 2015).

way that 30-day work sanction clients differ from other clients. They are younger, more likely to be female, more likely to be African American, less likely to have married, and less likely to have finished high school (Hall & Passarella, 2016). Thus, some of the differences between clients with 30-day work sanctions and the other groups may reflect demographic differences in the caseloads in Baltimore City and the remainder of the state. When we investigated this, however, we found that differences across types of work sanctions stayed the same when we excluded clients living in Baltimore City. This indicates that the concentration of Baltimore City clients in the 30-day work sanction category does not affect the larger pattern.

Table 1. Demographic Characteristics

	1-Day Work Sanction (n=1,769)		10-Day Work Sanction (n=2,116)		30-Day Work Sanction (n=5,388)		No Work Sanction (n=6,053)	
Percent Female	92.1%	(1,630)	94.8%	(2,005)	97.0%	(5,229)	94.0%	(5,687)
Average [Median] Age	29.0	[26.8]	28.9	[26.7]	30.3	[28.8]	31.6	[29.9]
Percent Never Married	82.6%	(1,449)	85.9%	(1,791)	89.8%	(4,822)	81.1%	(4,868)
Percent in Baltimore City	29.3%	(519)	32.7%	(691)	52.5%	(2,829)	43.6%	(2,642)
Race and Ethnicity								
Caucasian^	27.6%	(470)	19.9%	(409)	9.9%	(527)	18.8%	(1,108)
African American^	67.7%	(1,154)	76.6%	(1,572)	88.0%	(4,674)	77.1%	(4,535)
Hispanic	3.2%	(54)	2.2%	(45)	1.5%	(82)	2.8%	(164)
Other^	1.6%	(27)	1.2%	(25)	0.6%	(30)	1.3%	(77)
Education								
Did not finish high school	25.8%	(449)	29.1%	(610)	37.7%	(2,027)	28.2%	(1,689)
Finished high school	63.3%	(1,102)	63.0%	(1,322)	57.0%	(3,066)	63.0%	(3,764)
Additional education after high school	11.0%	(191)	7.9%	(166)	5.3%	(286)	8.8%	(526)

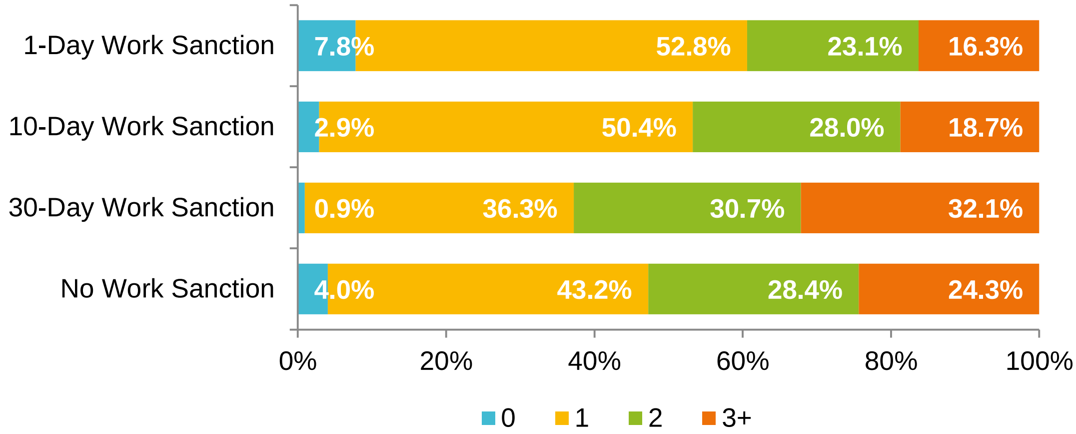
Note: ^=non-Hispanic. Due to small instances of missing data, cell counts may not sum to column totals. Valid percentages are reported.

According to other research, clients who receive work sanctions tend to have more children than non-sanctioned clients (Pavetti et al., 2003). This is not exactly what we find in Figure 1, which shows the number of children clients have by type of work sanction. About half of clients with 1-day (52.8%) and 10-day (50.4%) sanctions have only one child, and less than 20% of each category have three or more children. In contrast, a little over one in three (36.3%) clients with a 30-day work sanction have one child, and only slightly fewer (32.1%) have three or more children. The no work sanction group falls in between, with less than half (43.2%) having one child and about one quarter (24.3%) with three or more children.

This analysis presents a more complicated picture of work sanctions and the number of children receiving assistance in a household. Only clients with 30-day work sanctions have more children than non-sanctioned clients; those with 1-day and 10-

day sanctions have fewer children than non-sanctioned clients. Having more children may help explain why those with 30-day work sanctions are having difficulty participating in work-related activities. Being solely responsible for three or more children can present a number of challenges, from finding affordable, high-quality daycare to managing children's illnesses.

Figure 1. Number of Children

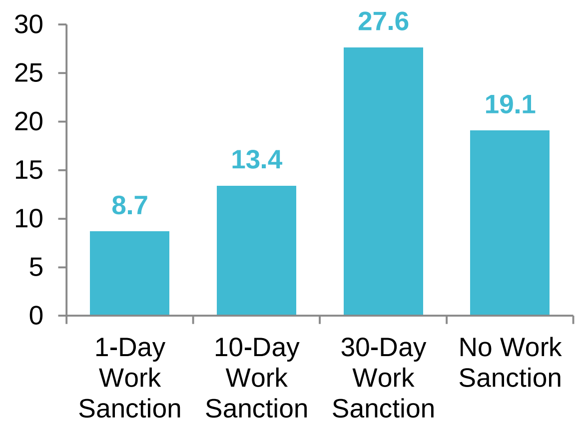


Program Participation

Because the types of work sanctions we examine are progressive—those with 30-day work sanctions necessarily have at least two prior instances of noncompliance with the work requirement—it may be the case that those with 1-day and 10-day sanctions are simply newer to TCA. That is largely what we find in Figure 2, which displays the average number of months of TCA receipt in the previous five years. Those with a 1-day work sanction have received TCA for just 9 months, on average, during the five years prior to case closure, and clients in the 10-day work sanction category have received assistance for an average of only 13 months in the same time frame. Non-sanctioned clients have 19 months of cash assistance receipt, on average, in the previous five years.

Clients with 30-day work sanctions have, by far, the most TCA receipt. In the previous five years, they received TCA for an average of 28 months. This suggests that those with 1-day and 10-day work sanctions do, indeed, have less experience with welfare than clients with 30-day work sanctions. In fact, clients with 1-day and 10-day sanctions have considerably less prior receipt than clients with no work sanction. On average, they have 10 and 6 fewer months of receipt, respectively, than those without work sanctions.

Figure 2. Average Number of Months of TCA Receipt in Previous 5 Years



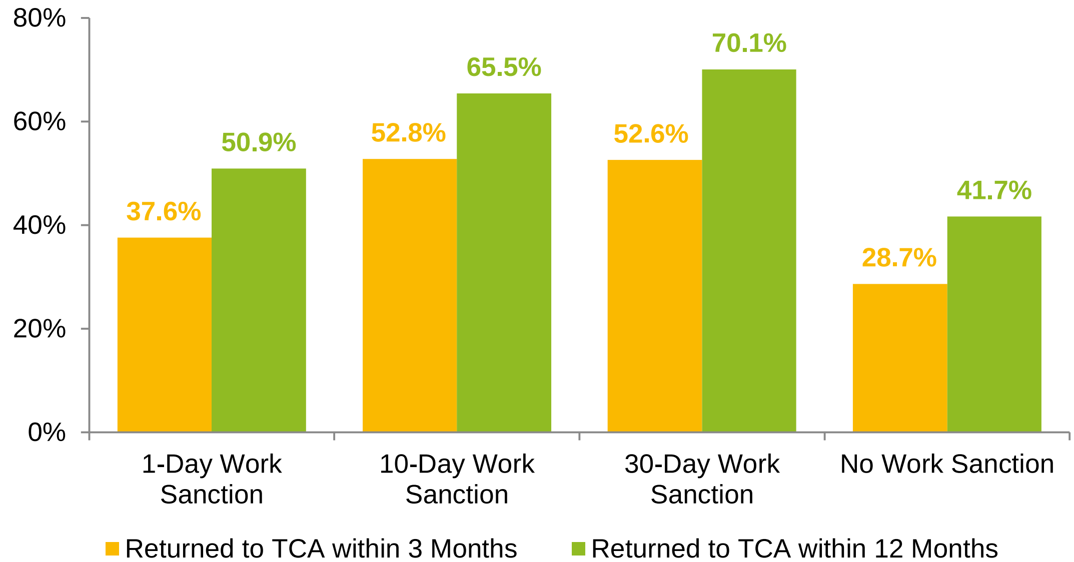
All of the clients we examine here had their cases close. For those who received work sanctions, case closure was intended to encourage compliance with the work requirement, so returning to TCA is expected. Those without work sanctions are more likely to have had their cases close due to events that may preclude returning to TCA, such as finding and maintaining a job that pays enough to render them ineligible for cash assistance. Thus, those with work sanctions should be more likely to return to TCA than those without work sanctions.

As Figure 3 shows, non-sanctioned clients are the least likely to return to TCA. Fewer than three in 10 (28.7%) return in three months, and just over 40% (41.7%) return within one year. Clients with 1-day work sanctions are somewhat more likely to return, as more than one in three (37.6%) come back within three months, and half (50.9%) return to TCA at some point during the year after case closure. Those with 10-day and 30-day sanctions are almost equally likely to return. Slightly more than half return within three months, and around two thirds come back by one year after case closure.

It is also important to note how quickly clients return. For clients in all categories, most of those who return do so within the first three months after case closure. Over half of all clients with 30-day work sanctions return in three months; in the subsequent nine months, an additional 17.5% return at some point. This is the largest gap for any of the categories, suggesting that returns often occur soon after case closure, regardless of whether the client received a work sanction.

The high rates of return, particularly for clients with 10-day and 30-day sanctions, point to another issue related to the prevalence of work sanctions. Because a work sanction closes a case, clients who receive sanctions and then cure them may cycle off and on cash assistance. This can create an administrative burden for both clients and caseworkers. Recently, we found that more than one in four churners—that is, clients who return to TCA within 30 days of case closure—received a work

Figure 3. Percent Returned to TCA

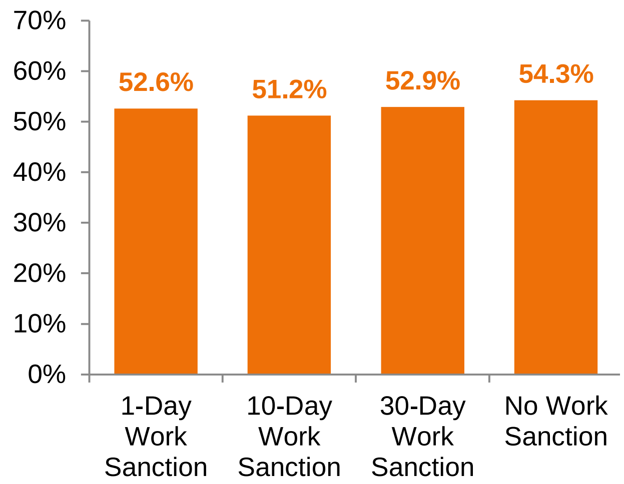


sanction (Passarella, 2015). Work-sanctioned churners were also more likely to churn a second time within one year (Passarella, 2015). This suggests that work sanctions may be creating more paperwork for caseworkers in addition to incentivizing participation in work-related activities.

Employment and Earnings

Examining prior work experience may provide some insight into why clients receive work sanctions. Other research has found that work-sanctioned clients are less likely to work before receiving welfare than non-sanctioned clients (Hasenfeld et al., 2004). As Figure 4 shows, this is not what we find. Just over half of clients in all categories—1-day work sanction, 10-day work sanction, 30-day work sanction, and no work sanction—worked in the year before they began the welfare spell that ended with the case closure in this study.[3]

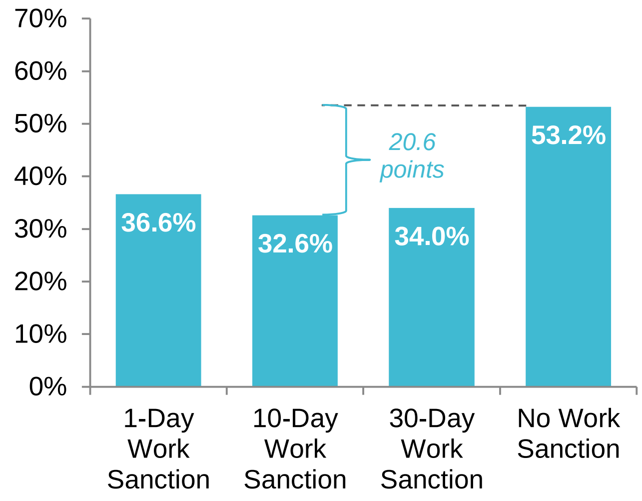
Figure 4. Percent Employed in Year Prior to Spell Entry



This indicates that clients are equally likely to have prior work experience, regardless of the type of work sanction, if any, they receive later.

Despite this comparable prior work experience, there are differences in employment in the quarter in which clients' cases closed. Over half (53.2%) of non-sanctioned clients worked in that quarter, as shown in Figure 5. In contrast, roughly one in three clients from each work sanction category were employed in the quarter in which they were sanctioned. Those with 1-day sanctions (36.6%) were slightly more likely to be employed than those with 10-day (32.6%) and 30-day (34.0%) sanctions. Some work-sanctioned clients may either already be employed when they are sanctioned, or they are able to find work quickly after their cases close.

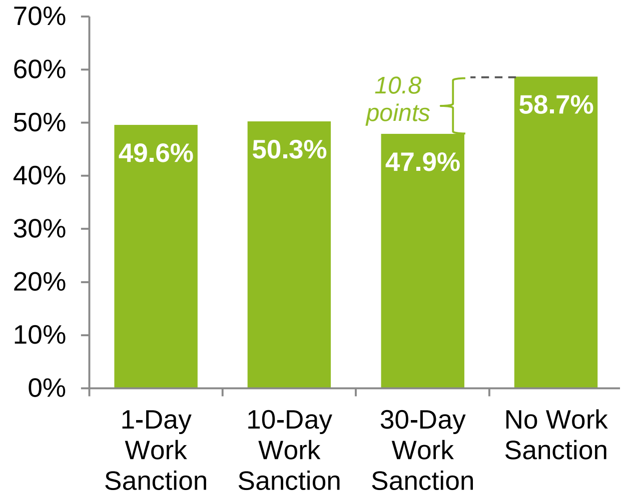
Figure 5. Percent Employed in Case Closure Quarter



[3] A "welfare spell" is a period of continuous cash assistance receipt. Clients may have received TCA prior to the spell that is included in this study, so it is not necessarily the first month that a client received TCA.

By six months after case closure, clients in all four categories were more likely to be employed, as displayed in Figure 6.[4] Non-sanctioned clients were still the most likely to be employed (58.7%), but the percentage employed only increased by about five percentage points from the quarter in which the case closed. In contrast, the percentage employed in each work sanction category increased by 13 to 18 percentage points. Half of those with 1-day (49.6%) and 10-day (50.3%) sanctions worked during the six months after they were sanctioned, which was only marginally higher than those with 30-day sanctions (47.9%).

Figure 6. Percent Employed in Six Months after Case Closure



The employment gap between non-sanctioned clients and sanctioned clients shrank dramatically from the quarter of case closure to the following six months. There are 20 percentage points separating non-sanctioned clients from the work-sanctioned category with the lowest employment in the case closure quarter (Figure 5). However, the percentage of non-sanctioned clients who are employed in the six months after case closure is only 11 percentage points higher than the work-sanctioned category with the lowest employment in that time frame (Figure 6). Because the percentage of non-sanctioned clients did not rise substantially, the narrowed gap is due almost entirely to increases in employment among work-sanctioned clients.

The larger trend, however, is that work-sanctioned clients' employment still lags behind non-sanctioned clients' employment, even six months after case closure. Despite very similar rates of employment in the year before spell entry, substantial differences in employment emerge in the quarter in which the case is closed. Those differences do not go away by six months after case closure, although they are reduced. This echoes what we found in a previous report on work-sanctioned clients: there was little difference in employment before some clients received a work sanction, but non-sanctioned clients were more likely to be employed after case closure (Ovwigho et al., 2010).

It is also important to note that employment is the only characteristic or outcome that we have examined in which there are no substantial differences by type of work sanction. Up to this point, analyses have revealed significant diversity by type of work sanction. Those with 30-day work sanctions appear be quite different from their counterparts with 1-day and 10-day sanctions—just not when it comes to employment.

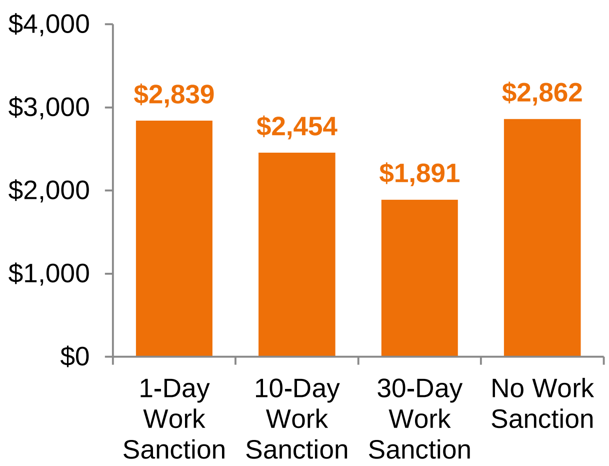
In contrast, the pattern for earnings resembles what we have seen for other

[4] Employment and earnings data for a year after case closure were not available at the time that data analysis was conducted.

characteristics and outcomes.[5] Although just over half of all clients were employed in the year before their welfare spells began, there are differences by work sanction category in earnings. Figure 7 presents average quarterly earnings in that year—and shows that clients with 30-day work sanctions ($1,891) earn substantially less than their counterparts in other categories.

Clients with no work sanctions earn the most ($2,862), but those with 1-day work sanctions are not far behind ($2,839). Clients with 10-day work sanctions ($2,454) earn about $400 less than those with no work sanction and over $500 more than clients with 30-day work sanctions. Thus, it appears that those with no work sanctions and those with 1-day work sanctions had higher-paying jobs prior to receiving TCA than clients with 10-day and, particularly, 30-day work sanctions.

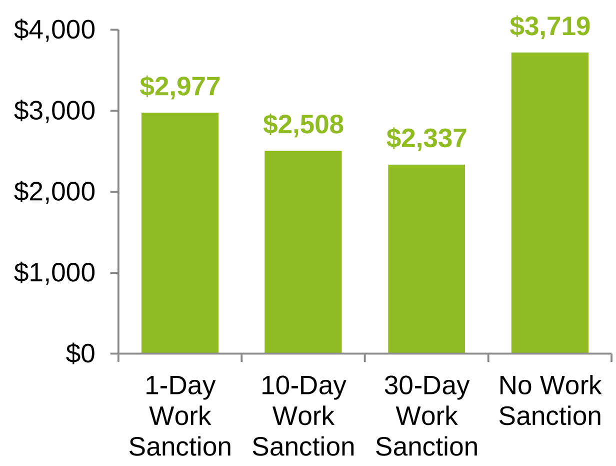
Figure 7. Average Quarterly Earnings in Year before Spell Entry



The pattern for average quarterly earnings across categories looks similar both for the quarter in which the case closed (not shown) and for six months after case closure (shown in Figure 8). Again, non-sanctioned clients earn the most ($3,719). Their average quarterly earnings in the six months after case closure are much higher than both their earnings before spell entry ($2,862) and the post-closure earnings for those with 1-day work sanctions ($2,977).

Work-sanctioned clients also have higher earnings than they did before spell entry, but the increase for all three categories is much smaller. Clients with 10-day work sanctions only earn about $50 more per quarter than they did before their welfare spells, although clients with 30-day work sanctions earn over $400 more. Despite this increase, clients with 30-day work sanctions still earn the least ($2,337). When paired with the fact that they tend to have more children, this suggests that clients with 30-day work sanctions may have a particularly difficult time finding employment that pays enough to support their families.

Figure 8. Average Quarterly Earnings in Six Months after Case Closure



[5] Earnings are only available on a quarterly basis, so it is impossible to compute weekly or monthly wages. We use average quarterly earnings in order to compare earnings from the year before spell entry to earnings in the six months after case closure.

Conclusions

Most research about welfare clients who receive work sanctions simply lumps all work-sanctioned clients together. In this brief, we explored the characteristics and outcomes of clients who received 1-day, 10-day, and 30-day work sanctions, comparing them to clients who did not receive a work sanction. We found that there is considerable diversity within the work-sanctioned population, suggesting that it may be inaccurate to treat work-sanctioned clients as a monolithic group.

On one hand, clients with 1-day work sanctions tended to have more advantageous characteristics. For example, they had the highest percentage with education beyond high school of any category, higher even than non-sanctioned clients. Those with 1-day sanctions were also less likely to return to TCA than other work-sanctioned clients and typically earned more as well. The largest difference, however, is in their prior welfare receipt. In the previous five years, clients with 1-day work sanctions only received cash assistance for nine months, on average, far less than clients with 30-day sanctions and those with no work sanctions. Those with 1-day work sanctions actually appear to have characteristics more in line with non-sanctioned clients than with other work-sanctioned clients, although their outcomes are still less positive than the outcomes of non-sanctioned clients.

On the other hand, clients with 30-day work sanctions seem to be particularly disadvantaged. They are the least likely to finish high school, and they are the most likely to have three or more children. Seven in ten return to cash assistance within one year of receiving that 30-day work sanction, which is more than clients with 1-day and 10-day sanctions. Clients with 30-day sanctions who are working after receiving a work sanction even earn less than other work-sanctioned clients. Consistently grouping all work-sanctioned clients together has obscured the fact that those with 30-day work sanctions, in particular, have characteristics that make achieving positive outcomes difficult.

While it may make sense to continue combining all clients with work sanctions into one category in future research, it is important to be mindful of the differences within the work-sanctioned population that we find here. The bulk of work-sanctioned clients have 30-day sanctions, and those with 30-day work sanctions typically face greater challenges in transitioning to self-sufficiency than other work-sanctioned clients. This is very useful information as caseworkers try to help work-eligible clients secure gainful employment and permanently leave cash assistance.

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