

Sanctions and Material Hardship under TANF

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Relatively little is known about families who have been sanctioned since the 1996 Welfare Reform Act. We use panel data from the Women's Employment Survey to examine the predictors of sanctioning and consequences for material hardship among a sample of welfare recipients under the Temporary Assistance for Needy Families program. Approximately 12 percent reported being sanctioned by fall 1998. Statistically significant predictors include being African American and lacking a high school education. Controlling for a wide range of personal and demographic characteristics, we find that sanctions predict utility shutoffs, engaging in hardship-mediating activities, and subjective perceptions of economic hardship.

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) changed the nation's welfare program from an income-support to a work-based system, ending poor families' entitlement to cash assistance and implementing a 5-year time limit on receipt of that assistance. While these changes represent a wholesale shift in social policy, the increased use of sanctions allowed under the 1996 act may be a more important policy for clients than a time limit they may not face immediately. Unlike the former Aid to Families with Dependent Children (AFDC) system, under which only certain recipients could be financially penalized (sanctioned) for not participating in employment and training activities and whose penalty was specified at the federal

Social Service Review (December 2002).

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0037-7961/2002/7604-0005\$10.00

level, PRWORA allows states to define the types of penalties that can be imposed for noncompliance with work-related rules and the circumstances governing them. These include grant reductions and immediate case closure.

Although a number of studies provide descriptive information about families who have been sanctioned, relatively little is known about the characteristics of families that may predict sanctioning. Drawing on data from a new panel survey of current and former Temporary Assistance for Needy Families (TANF) recipients in one urban Michigan county, we describe the economic and personal characteristics of families that were sanctioned. Controlling for a wide range of demographic, human capital, psychosocial, and mental health characteristics, we investigate the baseline predictors of which recipients are sanctioned and the extent to which this contributes to material hardships.

The Evolution of Sanction Policies

There are many reasons why a family receiving welfare, both under AFDC and TANF, might have its cash benefits reduced or its case closed. For example, increases in earnings could cause benefits to decrease, or the family might lose financial eligibility for welfare altogether if earnings go above a certain level. Benefits and program eligibility can also be affected by the number of children in the family; if a child leaves the home, the family's cash grant might be reduced, or the case could close if there are no other eligible children. Families might also have their welfare cases closed, or never be determined eligible for welfare benefits, for failure to follow administrative rules such as completing required paperwork or providing welfare office staff with verification items (e.g., birth certificates, Social Security numbers). Other analysts categorize this type of case closure as "procedural case closings" (Cherlin et al. 2001).

Sanctioning is also a form of benefit reduction or case closure for individuals and families who do not comply with welfare regulations, but sanctioning, as the policy is generally understood, almost always occurs because of noncompliance with work or child-support rules. The practice of sanctioning predates PRWORA. For example, under the Job Opportunities and Basic Skills (JOBS) program, the employment and training program instituted by the Family Support Act of 1988, participants faced financial penalties of increasing severity for noncompliance with program requirements. However, benefits were never terminated, and only certain groups of individuals were subject to JOBS participation requirements.¹

In the early to mid-1990s, the welfare system began transforming from an income-maintenance system to one focused on moving recipients into work. With that change, sanction policies took on increased im-

portance as a tool for enforcing participation in work-related activities. Starting in 1992, states began requesting and receiving approval from the U.S. Department of Health and Human Services (HHS) to alter their sanction policies. By 1996, 28 states had received approval to modify the JOBS sanction policy, including 14 states that had waivers to terminate benefits for the entire case on the first or subsequent instance of noncompliance (Crouse 1999).²

According to PRWORA's requirements, states must penalize recipients who, without good cause (as defined by the state), do not participate in required work activities. As was the case before 1996, recipients can be penalized if they do not comply with efforts to establish paternity and collect child support. States have near total autonomy in choosing their sanction policy.³ With the exception of Wisconsin, sanctions for work-related noncompliance fall into four broad categories: partial reduction, but never termination, of benefits (14 states); partial reduction of benefits followed by termination of benefits for repeated noncompliance (22 states); termination of benefits at the first (and subsequent) instance of noncompliance (14 states); and lifetime bans on assistance if a family is repeatedly out of compliance (7 states) (Seefeldt 2002).⁴

In general, sanction policies for noncompliance related to child-support requirements (e.g., failing to provide information about the absent father or otherwise not cooperating with efforts to establish paternity or collect support) are comparable to work-related sanctions. Only one state, Nevada, has a lifetime ban on assistance for repeated noncooperation with the child-support program (U.S. General Accounting Office 2000).

Philosophy behind Sanctions

The application of sanction policies may serve a number of roles within the welfare system. The metaphor of "carrots and sticks" is often invoked to describe the nature of the current work-based system, whereby supports such as child care, transportation assistance, and increased earned income disregards are incentives ("carrots") to clients who comply with work requirements, and sanctions are punishment ("sticks") for clients not meeting their obligations. Sanctions are supposed to teach recipients respect for rules by imposing negative consequences for failure to follow those rules (Kaplan 1999). A corollary to this view is that sanctions imitate the work world (U.S. General Accounting Office 2000): because employees who miss work do not get paid, clients who do not participate should not receive benefits.

Others believe sanction policies in and of themselves motivate clients. According to this view, the potential loss of benefits provides an incentive for clients to comply with requirements. Ideally, no client would ever be sanctioned because the threat of financial loss will keep her in compliance (Fein and Lee 1999).

Both approaches assume that sanctions will cause clients to change their behavior; as rational actors they will choose to comply or not, based on their economic situation. For example, a client who is punished via a sanction is expected to come back into compliance (and remain compliant) or seek other forms of economic support, with the end goal of avoiding further financial punishment. Similarly, clients who are not motivated by sanctions or who do not feel punished may have other sources of income. In this function, sanctions may reveal those who do not truly need cash assistance (e.g., individuals committing welfare fraud).

There are questions, though, as to whether or not sanctions change client behavior and result in so-called rational decisions (Handler 1995; Fein and Lee 1999). Clients may have undetected and serious barriers to compliance, such as physical and mental health problems (Danziger et al. 2000). Clients may not be fully aware of or understand program expectations and sanction policies. In these cases, sanctioning may result in economic or other hardships.

Extent of and Reasons for Sanctioning under PRWORA

According to data supplied by states to the federal government, in a given month in fiscal year 1998, about 5 percent of families on cash assistance were in sanction status and receiving reduced benefits. The variation among states is great, ranging from zero to 29 percent of families. In their data not all states provide reasons for imposing a sanction, but, of those that do, failure to comply with work requirements is much more common than failure to cooperate with child-support requirements, although this varies by state (U.S. General Accounting Office 2000).⁵

The proportion of welfare cases closed as a result of sanctions is not large. In fiscal year 1998 about 6 percent of all case closings were due to sanctions, compared with 22 percent that were closed because of employment. However, this figure may be an undercount because more than half (56 percent) of cases were closed for other, unspecified reasons (U.S. Department of Health and Human Services 1999). "Other" could include procedural reasons, such as failing to turn in certain forms or other eligibility-related requirements. However, since states do not consistently define the circumstances that can lead to a sanction, "other" reasons could also include noncompliance with work or work-related rules. In Michigan, for example, a recipient can be sanctioned if she quits attending a job search program, meaning that her benefits would be reduced and her case could eventually be closed. If she quits her job, the state's sanction policy does not apply, but her case could be closed under other program rules. In other states, quitting employment could result in application of the states' sanction policies.

Looking at the proportion of sanctioned families on the TANF rolls

in any given month may also underestimate the extent of sanctioning because this figure does not include families who remain off welfare because of sanctions imposed in earlier months (Pavetti and Bloom 2001). Taking this into account, Heidi Goldberg and Liz Schott (2000) estimate that approximately 540,000 families nationwide lost assistance between 1997 and 1999. Of those, 360,000 remained off TANF at the end of 1999, a figure that is approximately 28 percent of the total caseload decline during this same time period.⁶

What Is Known about Sanctioned Families?

A few state studies analyze the circumstances of sanctioned families. The methodologies of the studies vary tremendously (Goldberg and Schott 2000; Tweedie 2000; U.S. General Accounting Office 2000; Pavetti and Bloom 2001). Key findings suggest that sanctioned families have lower employment rates compared with families who leave welfare for other reasons (Goldberg and Schott 2000; Moffit and Roff 2000; Cherlin et al. 2001). They also have fewer earnings and less income compared with families who left welfare for other reasons (Moffit and Roff 2000). Sanctioned families also may have more barriers to employment (Goldberg and Schott 2000), including lower education levels (Colville et al. 1997; Fein and Lee 1999; Goldberg and Schott 2000; Westra 2000), mental health problems (Derr 1998), and child-care and transportation difficulties (Colville et al. 1997; Fein and Lee 1999; Pavetti and Bloom 2001).

Many of these studies do not distinguish the effects of sanctions on economic or material hardship from those characteristics that lead to a sanction in the first place (e.g., mental health problems). Our analyses extend the research on the characteristics and circumstances of sanctioned families by using a panel data set of current and former welfare recipients that contains a wide array of information about their personal characteristics, whether or not they were sanctioned, and their experiences with material hardship after the sanction occurred.

Method

Sample

This article uses data from the Women's Employment Study (WES), a panel study of a sample of women drawn from the welfare rolls in February 1997. The first wave of interviews was completed between August and December 1997 with a random sample of 753 single mothers who were welfare recipients in an urban Michigan county in February 1997. Michigan's Family Independence Agency provided names and addresses of all single-parent cases. A stratified random sample was drawn, and completed interviews represent an 86 percent response rate.

The second wave of interviews was completed in the fall of 1998 with 693 respondents, representing a response rate of 92 percent, and the third wave in fall 1999 with 632 respondents (91 percent response rate). Because our analysis also makes use of some background characteristics (see below) that were not measured until the third-wave interview, our sample is drawn from the 632 women remaining in the study in 1999. When cases with missing data are excluded, our effective N is 562.⁷

Michigan's Sanction Policy

Michigan has a two-stage sanction policy. Until 2002, the policy called for a 25 percent reduction in the TANF and food stamp grants (first stage), followed by case closure after 4 months if the recipient did not come back into compliance (second stage).⁸ The case had to remain closed for at least 1 month. According to data reported to the U.S. Department of Health and Human Services (1999), about 4.1 percent of families receiving welfare (just over 5,000 families) in Michigan in fiscal year 1998 had their benefits reduced because of sanctions. This proportion is slightly higher than the national average of 3.8 percent. Of the approximately 107,000 cases closed in Michigan during fiscal year 1998, 5.6 percent (just under 6,000 families) were because of sanctions. Nationally, about 6.2 percent of all case closures were due to sanctions.

Compared with other states, Michigan's sanction policy is fairly strict, in that both TANF and food stamp benefits are affected (Pavetti and Bloom 2001). However, unlike nearly all other states, Michigan does not impose a time limit on benefit receipt and uses state funds to support families who have received assistance for more than 60 months.

At the time the data were collected, single-parent welfare recipients in Michigan had to be working or participating in work-related activities for 20 hours (those with a child under age 6) or 25 hours (parents with older children) a week. Participation in Work First, the state's job search and employment program for welfare recipients, is the primary way most recipients meet participation requirements if they are not already employed. Sanctions may be imposed if the recipient fails to attend or drops out of Work First or is determined by Work First and welfare office staff to be out of compliance with the program (e.g., is disruptive and threatening toward staff, does not show up for appointments, does not search for employment, does not show up for job interviews). As noted earlier, clients may also be terminated from assistance if they refuse a job offer or quit or are fired from a job, but these rule violations are not covered by the sanction policy. Sanctions may also be imposed for noncooperation with child-support policies, including not assisting in efforts to locate absent fathers or not providing child-support workers with requested information.

Before a sanction is levied in Michigan, recipients must be given

written notice 10 days in advance of the impending action. During these 10 days, recipients can attempt to show “good cause” for the noncompliance if, for example, they were unable to attend Work First due to illness, a family emergency, or some other reason deemed acceptable by welfare office staff or, in the case of child-support noncooperation, pursuing child support is determined not to be in the best interest of the child. Additionally, welfare caseworkers in Michigan were mandated to visit clients in their home prior to imposition of a sanction in an attempt to discover good cause and to bring clients back into compliance (this policy was subsequently changed so that a home visit is no longer mandatory).

Extent of Sanctioning in the Sample

Among the 562 women in the sample, 12 percent ($N = 68$) reported (at wave 2) that they had their check reduced at some point in the previous year “because their welfare worker said they didn’t follow the rules.” Since failure to turn in required paperwork or comply with other eligibility procedures would result in case closure (rather than benefit reduction), this question captures the extent of sanctioning in our sample.⁹ Within this group, 26 individuals reported that after the benefit reduction they “stopped receiving checks altogether because the welfare worker said they didn’t follow the rules.” That is, they did not come back into compliance after 4 months, and their cases were closed as specified by the state’s sanction policy. Because of the relatively low number of sanctions resulting in case closures in our sample, we focus on the broader group that experienced the first stage of sanctioning—benefit reduction. We compare this group with the nonsanctioned group on a wide variety of economic and personal characteristics.

Measures

We draw on a variety of measures available in the WES to predict the likelihood of being sanctioned, as well as the effects of sanctions on material hardship. The construction of most of these measures is described in detail elsewhere (see Danziger et al. 2000 for an extensive description) and so is outlined only briefly here and in the appendix.

Measures of sanctioning.—Information on respondents’ experience of sanctioning was gathered at wave 2. In the analysis predicting who gets sanctioned, we use the question “Did your welfare worker reduce your check because they said you weren’t following the rules?” to create a dummy variable to measure sanctioned (partial or full; coded 1) versus not sanctioned (coded 0). In the analyses investigating the consequences of sanctioning on material hardship, we use this measure in combination with a host of other variables assessing personal and demographic characteristics to predict hardship at wave 2.

Measures of hardship.—We investigate the association of sanctioning with three different indicators of material hardship at wave 2. The first measure is a single item asking respondents whether their gas or electricity has been turned off at any time in the previous year because they could not afford to pay the bill. For the second measure, respondents were read a list of activities and told that “people might do these when times are hard to make extra money or to get the things they need.” The list included (a) pawning or selling personal possessions, (b) taking food or items from stores without paying for them, (c) searching in trash cans or begging, (d) engaging in any illegal activity, and (e) selling or trading food stamps. Respondents indicated whether they had engaged in any of these behaviors in the past 6 months. The information was coded as a dummy variable reflecting participation in at least one of these behaviors (coded 1) versus no participation in any of the activities (coded 0). The third measure assesses respondents’ subjective perceptions of economic hardship with a question that asks “In the next two months, how much do you anticipate that you and your family will experience actual hardships such as inadequate housing, food, or medical care?” Responses of “not at all” or “a little” were coded zero to reflect low levels of anticipated hardships; responses of “some,” “pretty much,” or “a great deal” were coded one to indicate substantial expectations of short-term future hardships.

Background variables.—The multivariate analysis predicting who gets sanctioned by wave 2 draws on a wide variety of information on respondents’ characteristics drawn from the wave 1 survey (with the exception of a few questions about the respondents’ families of origin that were asked in the wave 3 survey). In other words, the measurement of our predictor variables precedes the measurement of the sanction variable.

Demographic variables include two dummy variables reflecting marital status (married and cohabiting, with unmarried and living alone as the omitted category), race (1 = African American, 0 = white), and age (dummies for 25–34 and 35 and older are included; ages 18–24 is the omitted group). Economic status is captured through a dummy variable reflecting whether or not the respondent had received AFDC or TANF for at least half the years (or months) since age 18 and a dummy variable reflecting the presence of another earner in the household (1 = other earner, 0 = no other earner). The presence of other earners in the household might also increase the willingness of a respondent to risk sanction if she knows there are nonwelfare resources available. The presence of a spouse or live-in partner could have the same effect. A recipient in either of these living arrangements may be less willing to cooperate with child-support rules if her husband is not the father of her children or if her live-in boyfriend is the father and contributes support informally.

We also include a number of variables found in the previously cited studies as potential predictors of sanctioning, as well as other characteristics that could affect a recipient's ability to comply with program requirements to attend welfare-to-work programs; search for, find, and maintain employment; or cooperate with child-support policies. In the existing literature, these measures often fall under the heading "barriers to employment." These variables include several measures of respondents' human capital: low education, learning disabilities (as reported by the respondent), and low skills. Three measures capture potential transportation and child-care barriers: lack of transportation (no car or license); having a child age 5 or younger; and having a child with a learning, mental, or physical health problem, as reported by the respondent. Also included are experiencing severe domestic violence within the past year, having a physical health problem, and having one or more mental health problems (1 = respondent meets the screening criteria for at least one of five disorders [major depression, generalized anxiety disorder, alcohol dependency, drug dependency, and post-traumatic stress disorder]; no mental health problems is the omitted group). All of these barriers may make it difficult for respondents to perform entry-level job tasks, get work, or find time to work or attend welfare-to-work programs.

Finally, we control for a number of personal and family background characteristics that are often omitted in other studies but that are important to assess because they might reflect aspects of motivation, attitudes, or expectations about the world of work and therefore might also be related to sanctions. In our data, these measures include having low levels of personal efficacy (indicating by being in the lowest quartile of the Pearlin Mastery scale [Pearlin and Schooler 1978], compared with a national sample); expecting to be on welfare in the next year (coded on a 1 to 5 scale, with 5 being most likely to be on welfare and 1 being least likely); growing up in a household that received AFDC; growing up in a household where the most educated parent did not complete high school; and reporting a mother who had a drug, alcohol, or mental health problem when the respondent was a child.¹⁰ In addition to the dummy variables assessing sanction status at wave 2 (as described), the three logistic regressions predicting the three different indicators of hardship include the set of barriers to work and the group of personal and family background characteristics of the respondents.¹¹

A limitation of our data is that the information on sanctions is self-reported, and it is likely that some respondents may not have been sanctioned despite that report. For example, their checks may have been reduced for other reasons, such as earnings or other sources of income. However, our respondents understood the reduction as a sanction, that is, as a result of "not following the rules." Another limitation is that we do not know the exact timing of the sanction. In particular, because the question on sanction experience and the three questions on material

hardship were asked in the same survey wave (wave 2), it is not possible, given the question wording, to identify the length of time between recipients' sanctions and their experiences with material hardship. We cannot be entirely sure of the order of the events. As additional waves of survey data become available, these issues of temporal order can be better addressed, as can questions related to long-term consequences of, and recovery from, sanctions.

Results

Table 1 presents information on the independent variables. With respect to the total sample, column 1 indicates that about 10 percent of the respondents were married and 15 percent cohabiting at wave 1, and 55 percent were African American. At wave 1, 47 percent of the sample was between the ages of 25 and 34, 25 percent were 35 or older, and the remainder were between the ages of 18 and 24. Just over a quarter had another household member with earnings, and more than three-quarters of the sample had been on welfare at least half of their adult lives.

With respect to the barriers to compliance, 29 percent lacked a high school degree, 19 percent had very low literacy, 15 percent reported being diagnosed with a learning disability, and 21 percent had low job skills. Just over two-fifths lacked a car or driver's license, while more than two-thirds had at least one very young child. Twenty-three percent had a child with a learning, emotional, or physical health problem. Sixteen percent met the criteria for severe domestic violence, 17 percent were in limited physical health, and more than one-third met the screening criteria for at least one mental health problem.

Examining the variables measuring personal characteristics and family background, 13 percent had a low mastery score, 45 percent lived in families that received welfare while they were growing up, 24 percent had parents with low education, and 48 percent reported that their mothers had a substance abuse or mental health problem while they were children. The mean score, with one indicating highly unlikely and five highly likely, for expected welfare receipt in the next year was 3.82.

Columns 2 and 3 of table 1 show these descriptive statistics separately by sanctioned status (recall that 12 percent of the sample reported a sanction at wave 2). Significant differences ($p < .10$) were found for cohabiting, race, age between 25 and 34, low education, transportation barrier, domestic violence, and welfare receipt as a child. For the most part, those who were sanctioned were less advantaged; that is, the sanctioned group was more likely to have low education, lack a car or driver's license, or experience domestic violence. They were also less likely to be ages 25–34 and more likely to be in the youngest group of mothers.

Table 2 presents the results from a logistic regression predicting who

Table 1

SANCTIONED AND NONSANCTIONED MEAN DIFFERENCES ON VARIABLES USED IN
MULTIVARIATE ANALYSES

	Total Mean (<i>n</i> = 562)	Sanctioned (<i>n</i> = 68)	Nonsanctioned (<i>n</i> = 494)
Married	.10 (.30)	.06 (.24)	.11 (.31)
Cohabiting	.15** (.36)	.04 (.21)	.16 (.37)
African American	.55** (.50)	.68 (.47)	.53 (.50)
Ages 25–34	.47** (.50)	.34 (.48)	.49 (.50)
Ages 35 and older	.25 (.43)	.25 (.44)	.25 (.44)
Other earner in the household	.26 (.44)	.22 (.42)	.26 (.44)
Received AFDC for at least half the years since age 18	.75 (.44)	.82 (.38)	.73 (.44)
Less than high school education	.29*** (.46)	.44 (.50)	.27 (.45)
Reads at fifth-grade level or below	.19 (.39)	.12 (.32)	.20 (.40)
Diagnosed with learning disability	.15 (.36)	.12 (.32)	.16 (.37)
Fewer than four job skills	.21 (.41)	.19 (.40)	.21 (.41)
No car or license	.43*** (.50)	.59 (.50)	.41 (.49)
Has a child age 5 or younger	.67 (.47)	.69 (.47)	.67 (.47)
Child has learning/mental/physical health problem	.23 (.42)	.25 (.44)	.23 (.42)
Severe abuse within the past year	.16** (.37)	.25 (.44)	.15 (.36)
Age-specific physical limitations or fair or poor health	.17 (.38)	.24 (.43)	.16 (.37)
Any mental health problem	.35 (.48)	.40 (.49)	.34 (.48)
Low mastery score (<2.69)	.13 (.33)	.13 (.34)	.13 (.33)
Expects to be on welfare next year	3.82 (1.29)	3.71 (1.16)	3.83 (1.30)
Family received AFDC when growing up	.45* (.50)	.54 (.50)	.44 (.50)
Most educated parent did not complete high school	.24 (.43)	.26 (.44)	.23 (.42)
Mother had substance abuse/mental health problem when respondent was a child	.48 (.50)	.54 (.50)	.48 (.50)
Experienced utility shutoff	.10*** (.30)	.21 (.41)	.09 (.28)
Engaged in hardship activities	.17*** (.37)	.34 (.48)	.14 (.35)
Expect to experience hardship	.31*** (.46)	.49 (.50)	.28 (.45)

NOTE.—Numbers in parentheses are standard deviations; AFDC = Aid to Families with
Dependent Children.

* $p < .10$.

** $p < .05$.

*** $p < .01$.

Table 2

ESTIMATED COEFFICIENTS OF LOGISTIC REGRESSION MODEL PREDICTING SANCTIONING

	Model	Odds Ratio
Married	-.63 (.60)	.53
Cohabiting	-1.50** (.66)	.22
African American	.55* (.32)	1.73
Ages 25-34	-.64* (.35)	.53
Ages 35 and older	-.36 (.46)	.70
Other earner in the household	.51 (.37)	1.67
Received AFDC for at least half the years since age 18	.15 (.37)	1.16
Less than high school education	.72** (.32)	2.06
Reads at fifth-grade level or below	-.84** (.43)	.43
Diagnosed with learning disability	-.42 (.44)	.66
Fewer than four job skills	-.44 (.37)	.64
No car or license	.46 (.30)	1.58
Has a child age 5 or younger	-.22 (.36)	.80
Child has learning/mental/physical health problem	.10 (.33)	1.10
Severe abuse within the past year	.41 (.35)	1.50
Age-specific physical limitations and fair or poor health	.27 (.36)	1.31
Any mental health problem	-.04 (.31)	.96
Low mastery score (<2.69)	.12 (.43)	1.13
Expects to be on welfare next year	-.10 (.11)	.90
Family received AFDC when growing up	.07 (.29)	1.07
Most educated parent did not complete high school	.05 (.33)	1.05
Mother had substance abuse/mental health problem when respondent was a child	.23 (.29)	1.26
Constant	-2.01 (.73)	
Log likelihood	-185.84	
χ^2	42.97***	
Pseudo R^2	.104	

NOTE.—Numbers in parentheses are standard deviations; AFDC = Aid to Families with Dependent Children.

* $p < .10$.
 ** $p < .05$.
 *** $p < .01$.

gets sanctioned. The chi-square for this analysis is statistically significant ($p < .01$), and the regression has a pseudo R -squared of .104. The results from the multivariate analysis are similar to the univariate results. With all of the variables in the equation, statistically significant predictors of sanctioning include being African American and having low education. The odds ratios show that the effect of being African American and lacking a high school diploma or General Equivalency Diploma (GED) are particularly strong: women who are African American are 1.73 times more likely to be sanctioned, and women with low education are more than twice as likely to be sanctioned (compared with those with a high school degree). Interestingly, and seemingly at odds with the finding related to low education, women reading at or below the fifth-grade level are significantly less likely to be sanctioned. Also, those who were cohabiting and those who were older than age 24 were less likely to have been sanctioned.

Table 3 presents the results from the three logistic regression analyses predicting the three different indicators of hardship at wave 2. Columns 1 and 2 present the results for the likelihood of having a gas or utility shutoff. The model has a pseudo R -squared of .076, but the model itself is not statistically significant. However, in this model, respondents who were sanctioned have a higher likelihood of utility shutoffs than their counterparts who were not sanctioned; the former are more than two and one-half times more likely to have had a disruption in service. In addition, women with a self-reported learning disability and those who had a mental health problem at wave 1 were more likely to experience a utility shutoff. Although the significance levels of these variables are marginal ($p < .08$ and $.09$, respectively), the odds ratios are fairly large (1.94 and 1.72).

Columns 3 and 4 present the results for the likelihood of engaging in any one of the hardship-mediating activities. The chi-square value is statistically significant, and the model has a pseudo R -squared of .112. As in the previous analysis, women who were sanctioned have a higher likelihood of engaging in hardship-mediating activities (more than three times) than their counterparts who were not sanctioned. Also statistically significant in this equation is having a preschool-age child (odds ratio = 1.69), having a mental health problem (odds ratio = 2.29), and expecting to be on welfare in the following year (odds ratio = .78), although the latter is negatively related to engaging in hardship-mediating activities. That is, women who expected to be on welfare are less likely to have engaged in these types of activities.

Finally, columns 5 and 6 present the results for the likelihood of encountering short-term future economic hardship. Again, the chi-square value is statistically significant, and the model has a pseudo R -squared of .079. As with the two other models, respondents who were sanctioned were more than twice as likely to report expectations of

future hardships compared with respondents who were not sanctioned. Mental health problems and low mastery are also statistically significant and fairly large; women who have these problems are nearly twice as likely to expect future hardships. Two of the family background variables are also predictive: parent's education (albeit at a level of $p < .1$ and in a negative direction) and mother's poor mental health status when the respondent was a child.

Discussion and Policy Implications

Predictors of Sanctioning

We find that limited education and being African American predict sanctioning when we control for a wide range of other personal and demographic characteristics. In contrast, being in a cohabiting living arrangement, being older than age 24, and having very low literacy characterize the respondents in the present sample who are less likely to have been sanctioned.

Specifically, having less than a high school education is a predictor of sanctioning. Because we control for respondents' actual literacy skills (surprisingly, low literacy was associated with a lower likelihood of sanctioning), it is possible that not having a high school degree is a proxy for "noncognitive skills" of the respondents in the study. For example, perhaps these respondents have less experience in negotiating program rules, interacting with others, or meeting appointments or deadlines. Or it could reflect some unmeasured aspect of motivation or aspirations. If so, welfare offices should take steps to ensure that rules regarding participation and the consequences for not following through are explained in easy-to-understand terms and are conveyed at multiple points during the intake process and during continued interactions.¹² Understanding welfare office procedures, and not just work requirements, may be particularly important, given that a study of recipients in three large cities who were sanctioned or had their cases closed found that the most common reasons respondents gave for being sanctioned were missing an appointment and failing to turn in required paperwork (Cherlin et al. 2001).

We also find that being African American is associated with an increased risk for sanctioning. Our finding is consistent with two state leaver studies (Arizona, Illinois) that examine reasons for welfare exits. Both of these studies find that minority welfare leavers are more likely to have had their cases closed as a result of sanctions than non-Hispanic white welfare leavers (Lower-Basch 2000).

Despite the fact that all of the respondents in the WES study were quite economically disadvantaged, it may be that African-American respondents were even more economically stressed or faced other stressful

Table 3

ESTIMATED COEFFICIENTS AND ODDS RATIOS OF LOGISTIC REGRESSION MODEL
PREDICTING EFFECTS OF BEING SANCTIONED

	UTILITY		HARDSHIP		EXPECTED HARDSHIP	
	Coefficient	Odds	Coefficient	Odds	Coefficient	Odds
Sanction	.98*** (.37)	2.66	1.11*** (.32)	3.03	.88*** (.29)	2.41
Married	-.20 (.57)	.82	.04 (.45)	1.04	.21 (.36)	1.24
Cohabiting	.40 (.48)	1.49	.17 (.39)	1.19	-.08 (.33)	.93
African American	.05 (.33)	1.05	-.24 (.27)	.79	-.02 (.22)	.98
Ages 25–34	-.46 (.39)	.63	.08 (.32)	1.09	.00 (.26)	1.00
Ages 35 and older	-.11 (.49)	.90	.23 (.41)	1.25	.00 (.33)	1.00
Other earner in the household	-.25 (.40)	.78	.21 (.33)	1.23	-.27 (.27)	.77
Received AFDC for at least half the years since age 18	.13 (.38)	1.14	-.18 (.31)	.84	-.15 (.24)	.86
Less than high school education	.15 (.35)	1.16	.23 (.29)	1.26	.01 (.24)	1.01
Reads at fifth-grade level or below	-.20 (.42)	.82	.02 (.35)	1.02	-.20 (.28)	.82
Diagnosed with learning disability	.66* (.38)	1.94	-.09 (.35)	.91	.35 (.28)	1.41
Fewer than four job skills	-.19 (.40)	.82	.24 (.31)	1.27	-.17 (.26)	.84
No car or license	.02 (.33)	1.02	.31 (.28)	1.36	.15 (.22)	1.16
Has a child age 5 or younger	.08 (.37)	1.08	.52* (.31)	1.68	-.35 (.24)	.71
Child has learning/mental/physical health problem	.42 (.34)	1.53	.28 (.28)	1.32	.06 (.24)	1.06
Severe abuse within the past year	-.15 (.41)	.86	-.28 (.34)	.75	.01 (.27)	1.01
Age-specific physical limitations and fair or poor health	.24 (.37)	1.28	.45 (.31)	1.57	.42 (.26)	1.52
Any mental health problem	.54* (.32)	1.72	.83*** (.27)	2.29	.54** (.21)	1.71
Low mastery score (<2.69)	.61 (.39)	1.84	.07 (.36)	1.07	.56*** (.29)	1.75
Expects to be on welfare next year	.04 (.12)	1.04	-.25*** (.09)	.78	-.04 (.08)	.96
Family received AFDC when growing up	-.53 (.33)	.59	-.20 (.27)	.82	-.29 (.21)	.75
Most educated parent did not complete high school	-.07 (.35)	.93	.04 (.29)	1.04	-.41* (.24)	.67
Mother had substance abuse/mental health problem when respondent was a child	.12 (.31)	1.13	.40 (.26)	1.50	.47** (.21)	1.60

Table 3 (Continued)

	UTILITY		HARDSHIP		EXPECTED HARDSHIP	
	Coefficient	Odds	Coefficient	Odds	Coefficient	Odds
Constant	-2.81*** (.80)		-2.17*** (.63)		-.83 (.51)	
Log likelihood	-170.53		-225.37		-318.64	
χ^2	27.85		56.77***		55.00***	
Pseudo R^2	.076		.112		.079	

NOTE.—Numbers in parentheses are standard deviations; AFDC = Aid to Families with Dependent Children.

* $p < .10$.

** $p < .05$.

*** $p < .01$.

life events that we were unable to assess and that interfere with compliance with work or child-support requirements. If so, welfare offices and workers should take steps to identify and address race-specific barriers to compliance or other conditions that might prevent African-American (or any) recipients from meeting program requirements.

It may also be that African-American respondents in our study receive differential treatment in the labor market or in the welfare office compared with their white counterparts. Employer audit studies demonstrate that African Americans and Latinos are less likely to receive job offers than are whites with comparable credentials (Turner, Fix, and Struyk 1991), and qualitative data suggest that employers negatively stereotype African Americans (Kirschenman and Neckerman 1991). Almost half of African-American women in a Los Angeles survey report having experienced job-related discrimination (Bobo 1995). African-American workers might lose or leave jobs more often because of this discrimination, and this could increase their risk for sanctions. On the other hand, it may be that African-American welfare recipients are less likely than whites to report employment to the welfare office and are sanctioned for noncompliance even though they are working. Results from Arizona's leaver study suggest this may be the case for sanctioned African Americans in that state (Lower-Basch 2000).

It is also possible that welfare caseworkers mete out sanctions differently in the two groups. Jodi Sandfort, Ariel Kalil, and Julie Gottschalk's qualitative research (1999) shows that in the reform-era world of greater welfare office discretion, frontline workers discussed their clients in terms of three general categories: clients who abuse the system, clients who are hostile, and clients who are deserving of assistance. Clients were seen as abusing the system if they purposefully try to manipulate it to their own ends. For some, this behavior entailed doing certain things

to avoid work. Frontline workers in this study acknowledged that they often did not give second chances to clients they viewed as “abusers.” It is possible that frontline workers’ interactions with clients varies by the race of the client, the race of the worker, or both. Exploratory qualitative work by Susan Gooden finds that African-American welfare recipients were less likely than whites to report encouragement from their caseworkers in continuing their education and a willingness on the part of the caseworker to help the recipient with transportation. However, although fewer African-American than white recipients reported that their caseworker treated them fairly, the difference was not statistically significant (Gooden 1998).

In contrast, we find that respondents who were cohabiting (relative to those who were single) and those who were over age 24 (relative to younger respondents) were less likely to be sanctioned. Possibly, the presence of a cohabitor reflects some supportive function that makes it easier for women to manage work. If the cohabitor is the father of any of the respondent’s children, then cooperation with child-support requirements might be easier since the father is easily locatable. The benefit of being older might reflect greater experience in the work world or greater personal maturity that makes it easier to manage work and welfare requirements.

Effects of Sanctioning on Families

Our second series of analyses shows that being sanctioned is associated with an increased likelihood of encountering hardship and expecting to encounter economic hardship in the near future. This is true for all three measures of material hardship and also true after controlling for a wide range of personal and demographic characteristics. Among the other background factors we examine, the most consistent predictor of material hardship is having a mental health problem. Issues of cause and effect need further investigation, but these findings are important to the extent that material hardship could, in itself, interfere with future work efforts and also has been shown in a wide range of studies to interfere with family functioning and children’s development.

For recipients who are sanctioned, efforts to help bring them back into compliance and to monitor their well-being could be implemented. Several states provide services to sanctioned families in an effort to address some of the barriers that may have led to the sanction. For example, the Safety Net program in Cuyahoga County, Ohio, uses contracted private social service agency staff to conduct home visits to families in sanction status. These staff conduct assessments, make referrals to community agencies, and work with welfare office staff to lift the sanction. Although during the first 10 months of program operations only 46 percent of all sanctioned families received services through the

program, nearly all of these families had their cases reopened (Goldberg and Schott 2000).

Another option is to review cases at risk of being sanctioned prior to imposition of the sanction. Tennessee implemented a “customer service review” policy for cases facing sanctions. Reviewers from outside the welfare agency determine if caseworkers’ recommendations for sanctions are correct or if recipients had good cause or barriers to noncompliance. Clients are also given a second chance to comply. Approximately one-third of families recommended for sanctions in 1999 never were sanctioned. In most of these cases (70 percent), recipients came back into compliance. In the remaining 30 percent of these cases, customer service reviewers found errors in caseworkers’ implementation of Tennessee’s sanction policy (Goldberg and Schott 2000).

In sum, sanctions are having the intended effect according to one philosophy of sanctions (the “stick” theory): they appear to be associated with increased economic stress. Presumably, according to this theory of sanctions, the discomfort of this economic stress should spur these families back into compliance. The concern, however, is with whether families can cope with these economic stressors and figure out how to regain compliance status without the economic problems escalating and possibly bringing greater stress to the mothers and their children.

Appendix

Description of Measures Included in the Analyses

Low education: Respondent lacks a high school diploma or GED (self-report).

Very low literacy: Respondent reads at the fifth-grade level or below, as measured by the Wide Range Achievement Test (WRAT).

Learning disability: Diagnosed when the respondent was a child or adult, as reported by the respondent.

Low skills: Indicated by the respondent’s having experience with fewer than four job skills (out of nine) in previous or current jobs (the job skills include whether she has used reading, writing, mathematical/computational skills, or computers or other electronic instruments in a job). These are skills that Harry Holzer (1996, 1998) found used in the majority of entry-level jobs;

Lack of transportation: Respondent has no car or driver’s license.

Young child: Respondent is the primary caregiver for a child age 5 or younger.

Child with a learning, mental, or physical health problem: Respondent reported that one or more of the children for which she is the primary caregiver has one or more of these problems.

Experience of severe domestic violence within the past year: As indicated by the Conflict Tactics Scale-2 (Straus et al. 1996), which is designed to assess the use of physically aggressive behavior, such as hitting,

kicking, or shoving toward the respondent by her partner.

Physical health problem: Respondent scores below the twenty-fifth percentile for her age and sex based on answers to the SF-36 Health Survey (Ware and Sherbourne 1992), which measures degrees of limitations in performing various physical activities, and respondent reports she is in fair or poor health.

One or more mental health problems: Respondent meets the screening criteria for one or more mental illnesses (major depression, generalized anxiety disorder, alcohol dependency, drug dependency, and post-traumatic stress disorder) as measured by the Composite International Diagnostic Interview (CIDI). The CIDI is a standardized instrument for assessing various mental disorders according to the definitions and criteria of the *Diagnostic and Statistical Manual of Mental Disorders*, version 4 (DSM-IV), which is used by psychiatrists, psychologists, and other mental health professionals to determine diagnoses.

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Notes

A previous version of this article was presented at the Annual Research Conference of the Association for Public Policy and Management, November 2000. We thank Sheldon Danziger, Thomas DeLeire, Nathaniel Anderson, Rachel Dunifon, Jennifer Phillips, and Rucker Johnson for helpful comments. This research was supported in part by grants from the Charles Stewart Mott, Joyce, and John D. and Catherine T. MacArthur Foundations; the National Institute of Mental Health (R-24M551363) to the Social Work Research Development Center on Poverty, Risk, and Mental Health; and the Office of the Vice President for Research at the University of Michigan to the Program on Poverty and Social Welfare Policy.

1. When only one individual received AFDC, full benefit loss could occur. This happened in cases where the single parent received AFDC and her only child received Supplemental Security Income (SSI), only the child was on the grant, or a teen received a one-person

grant (Savner and Greenberg 1995). Participation in JOBS was not mandatory for parents of children under age 3 (or age 1 at state option) or parents with children under age 6 unless child care was guaranteed.

2. Not all of these waivers were implemented, and some were implemented on a pilot basis in select areas of the state.

3. States are prohibited from sanctioning single parents with a child under age 6 when child care is not available.

4. In Wisconsin, families receiving TANF can have a grant reduced by an amount equal to the minimum wage for every hour they do not comply with work requirements. In more severe instances of noncompliance, the family is issued a "strike." Families who accumulate three strikes may be ineligible for further assistance for their lifetime.

5. A substantial number of sanctions are also due to noncompliance with requirements that children attend school or be immunized, although not all states have these policies (U.S. General Accounting Office 2000).

6. According to data from the U.S. Department of Health and Human Services, Administration for Children and Families, there were about 1.3 million fewer families receiving TANF in 1999 than in 1997.

7. Because they are not subject to the work requirement, we also drop from our sample 18 cases that moved onto the SSI rolls by fall 1998.

8. New applicants for TANF must be in compliance during their first 60 days of benefit receipt, or their case closes immediately. Michigan's sanction policy as of 2002 calls for immediate case closure for noncompliance for both new applicants and ongoing recipients.

9. Unfortunately, we do not have information on the reason the sanction was issued. For purposes of the analyses, we are assuming a failure to comply with work or child-support requirements. During this time period, the majority (70 percent) of sanctions in Michigan were imposed for work requirement violations, with nearly all of the remainder due to noncompliance with child-support enforcement efforts (U.S. General Accounting Office 2000).

10. We consider the effect of only the mother's health because a significant portion of our sample provided no information about a father.

11. We use single equation logistic regressions for each of the analyses. In doing so, we assume that the error terms of the sanction and hardship equations are not correlated. However, if there are unobserved common factors that contribute to both the likelihood of being sanctioned and the likelihood of experiencing one of the hardship measures, then this assumption is incorrect, and the results would be biased. Moreover, there is the concern about the endogeneity of the sanction variable with respect to hardship; for example, some recipients may have friends and family willing to help out during times of financial crises. With this knowledge, these recipients may be more willing to risk noncompliance and get sanctioned without experiencing hardship. A two-stage model such as a bivariate probit could correct for this problem. To specify the bivariate probit model correctly requires that at least one variable (an instrument) be correlated with and predictive of whether or not a respondent is sanctioned but not correlated with her unobserved propensity to experience hardship (see, e.g., Mellor 1996). We attempted these analyses using the bivariate probit but could not find a valid instrument. We also attempted fixed effects models, which partially address the problem of omitted variables. We do not present these results for two reasons. First, an assumption of the fixed effects model is that unobserved, person-specific factors do not change over the time period of the analysis. However, our primary concern of endogeneity means that such unobserved factors interact with sanctioning and could change over time. Second, a fixed effects model would require us to use at least two periods of data for all variables (e.g., mental health problem at wave 1 and mental health problem at wave 2). Since we do not know the timing of the sanction in relation to other wave 2 characteristics, we would be unable to determine whether changes in the independent variables contributed to being sanctioned or were a result of being sanctioned. However, as noted above, in our single equations we attempt to control for many factors that could be proxies for unobservables such as motivation and family background.

12. A recent study of administration of sanctions reports that most caseworkers talk to clients multiple times about sanctions (Office of the Inspector General 1999). However, this finding is not generalizable because of the very limited and nonrandom sample of caseworkers interviewed.