

AN OVERVIEW OF WORK SANCTIONS IN MARYLAND

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When Temporary Assistance for Needy Families (TANF) was implemented, sanctions for noncompliance with work requirements were among the most controversial new measures (Sawhill, Weaver, & Haskins, 2001). Unlike its predecessor, TANF mandated that clients participate in work activities, which are intended to help them find jobs. If clients do not attend these activities, which can include employment, volunteering, and searching for jobs, they may receive work sanctions.

Work sanctions, which are financial penalties for noncompliance with the work requirement, vary substantially by state. Some states have partial work sanctions, which means the cash benefit that families receive is decreased. For example, the first work sanction in Connecticut results in a 25% reduction in the cash benefit for three months (Huber, Cohen, Briggs, & Kassabian, 2015). Most states with partial work sanctions eventually progress to full-family sanctions if the client continues to refuse to participate in work activities. A full-family sanction is the total loss of the family's cash benefit for a certain period of time, often including closing the family's TANF case. That is what happens in Georgia; the most severe work sanction in that state is case closure for a minimum of 12 months (Huber et al., 2015).

Maryland employs a somewhat different strategy, called immediate full-family sanctions. Among the 22 states that use immediate full-family sanctions, a client's first work sanction results in the total loss of

the cash benefit, case closure, or both (Huber et al., 2105). In Maryland, the very first work sanction that a client receives closes the case until the client has complied with the work requirement for one day. The second work sanction also closes the case, but 10 days of compliance are required to cure, or end, the 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 TANF cash benefit again without reapplying.

Maryland's most stringent work sanction is for the third and any subsequent work sanctions. This sanction closes the TANF case and is cured by 30 days of compliance with the work requirement. Clients with this sanction lose at least one month's cash benefit and must reapply in order to receive cash assistance. Compared to other states, this is relatively lenient. In some states, such as Indiana, Michigan, Pennsylvania, and Washington, the most severe work sanction is a permanent ban on TANF receipt in that state (Huber et al., 2015).

There is very little recent research on the prevalence of work sanctions, however (see Pavetti, Derr, & Hesketh, 2003; Wu, Cancian, Meyer, & Wallace, 2006). Much of the research focuses on the characteristics and outcomes of sanctioned families (e.g. Hasenfeld, Ghose, & Larson, 2004; Lindhorst & Mancoske, 2006), and studies tend to use samples that were drawn in the late 1990s and early 2000s. Additionally, the

variation in work sanction policies across states makes it difficult to compare work sanctions in one state to those in another. Even the research on work sanctions that we conducted has largely not addressed the prevalence of work sanctions, concentrating instead on describing work-sanctioned families (Born & Caudill, 1997; Born, Caudill, & Cordero, 1999; Ovwigho, Kolupanowich, & Born, 2010).

Furthermore, there are reasons to think that the frequency of work sanctions may have changed since the 1996 welfare reform. The 2005 Deficit Reduction Act (DRA) tightened work requirements, making sanctioning more likely. Furthermore, welfare reform was intended to change the culture in local offices from eligibility determination to helping clients achieve self-sufficiency (Meyers, Glaser, & MacDonald, 1998). As caseworkers familiarized themselves with the new rules and new goals, they may have become more likely to use all the tools at their disposal, including work sanctions.

In Maryland, evidence suggests that work sanctions are more common now than they were in the 1990s. Using all closed TANF cases from October 1996 through March 1998, Born, Caudill, & Cordero (1999) found that 6.2% received a work sanction. Our annual reports on closed cases suggest that the rate of work sanctioning has increased substantially since that time. The most recent report found that 34.2% of cases that closed from October 2013 through September 2014 received a work sanction (Gleason & Passarella, 2015).

Due to the lack of recent research on sanctions, this brief provides an overview of what work sanctions look like in Maryland today. In particular, we show the incidence of each type of work sanction (1-day, 10-

day, and 30-day) and whether cases receive more than one work sanction in a year. Because most studies do not address the type of sanction levied (see Wu et al., 2006), this level of detail is important in understanding exactly how work sanctions are functioning almost 20 years after welfare reform.

Data

Data comes from the Client Automated Resources and Eligibility System (CARES), which is the administrative data system for Maryland's TANF program, Temporary Cash Assistance (TCA). The first figure uses previously reported statistics on all closed cases from our annual caseload exits series (e.g. Gleason & Passarella, 2015).

All other figures and tables are based on the entire population of cases that closed between October 2013 and September 2014, which is federal fiscal year (FFY) 2014. Work-exempt cases, which are not required to participate in work activities, are excluded. Because the adults on these cases, such as a grandmother caring for her grandchild or a mother who receives Supplemental Security Income (SSI), are not required to work, they cannot receive work sanctions.

Some cases close more than one time during course of a year. For this brief, the first case closure due to a work sanction during FFY 2014 is included in the analysis; the same case may have closed previously during FFY 2014 for other reasons, or it may have closed subsequently in FFY 2014 for an additional work sanction or a different reason. For cases that did not experience a work sanction during FFY 2014, the first closure as a work-eligible case is included

in the analysis. This means that each case is only included in the analysis once, even if that case closed multiple times during the year. The final number of cases for the analysis is 15,326.

Findings

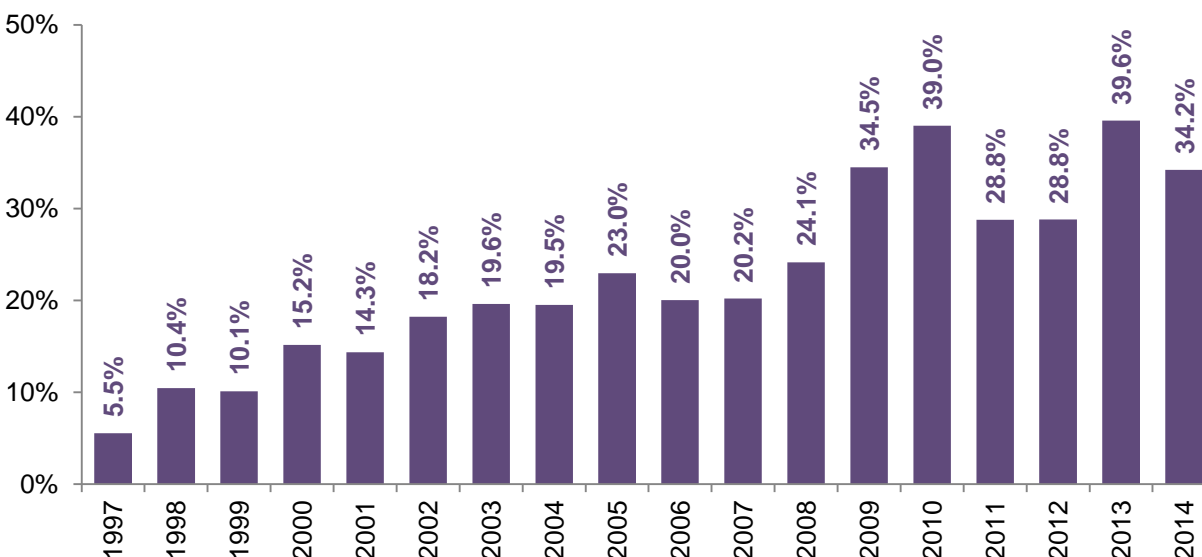
We begin by examining the percentage of all closed cases—including both work-eligible and work-exempt cases—that received a work sanction in each federal fiscal year, shown in Figure 1. In the first five years of TANF, no more than 15% of cases closed due to a work sanction each year. By FFY 2002, the percentage started to inch a little higher, but it remained below 25% until FFY 2009. Between FFY 2008 and FFY 2009, the percentage of case closures that were the result of a work sanction rose 10 percentage points, reaching 34.5%. Since FFY 2009, over 25% of cases have closed due to a work sanction in each year. FFY 2010 and FFY 2013 had

particularly high work sanction rates: about two in every five case closures was a work sanction.

Clearly, work sanctions have become more common over time. This could be one of the effects of the DRA, which strengthened work requirements. States were required to fully implement DRA provisions at the beginning of FFY 2008, so the big increase between FFY 2008 and FFY 2009 makes sense. In effect, the DRA raised the work participation rate for Maryland and many other states, narrowed the definition of work activities, and mandated monthly verification of hours spent in work activities (Center on Budget and Policy Priorities and Center for Law and Social Policy, 2007). All of these changes created incentives for states to issue work sanctions.

Additionally, this figure suggests that research examining the rate of work sanctioning in other states may find

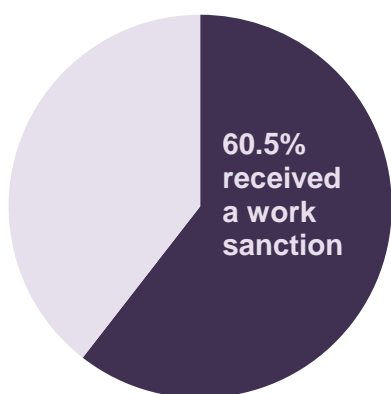
Figure 1. Percentage of Closed Cases with a Work Sanction



Note: The source for this data is annual reports on closed cases in Maryland, available here: <http://www.familywelfare.umaryland.edu/caseloadexitsreports.htm>. The years in the figure refer to federal fiscal years, which begin in the October of the previous calendar year (e.g. FFY 2014 is October 2013 through September 2014). Both work-eligible and work-exempt cases are included in this analysis.

something different today. Compared to other states, Maryland had a relatively low work-sanction rate in TANF's early years (Pavetti et al., 2003). Maryland has always employed immediate full-family sanctions, however, so the severity of sanctions may have led to caseworker reluctance to utilize sanctions, at least at first. Since Maryland's work sanction rate has risen to one in three closed cases, other states may currently sanction substantial portions of their caseloads.

Figure 2. Percentage with a Work Sanction
Work-Eligible Closed Cases

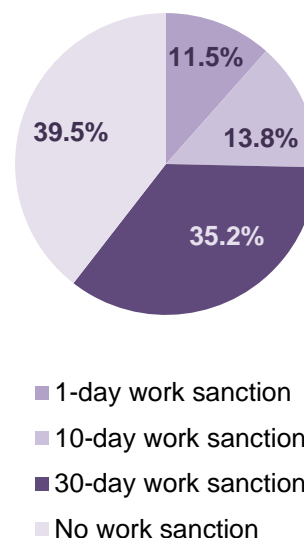


For the rest of this report, we focus on the last year in the previous figure, FFY 2014, and we only examine cases that are required to participate in work activities. Once the cases that cannot receive a work sanction are removed, the percentage of closed cases with a work sanction increases dramatically. As shown in Figure 2, three in every five (60.5%) work-eligible closed cases experienced at least one work sanction during FFY 2014. Because we are only investigating one year—cases may have received a work sanction in the past or may receive one in the future—this likely understates the percentage of cases that receive a work sanction at some point in time.

Next we explore what percentage of work-eligible closed cases received each type of work sanction. Figure 3 displays the percentage of work-eligible closed cases with 1-day, 10-day, and 30-day work sanctions as well as the percentage with no work sanction. About one in ten (11.5%) work-eligible closed cases received a 1-day sanction, and another 13.8% had a 10-day sanction. More than one in three (35.2%) work-eligible closed cases had a 30-day work sanction, however. This means that the percentage of work-eligible closed cases with a 30-day sanction (35.2%) is almost as high as the percentage with no work sanction (39.5%). Because clients can be sanctioned for 30 days multiple times, it is not surprising that the percentage with a 30-day sanction is higher than the percentages with 1-day and 10-day sanctions.

Most research on work sanctions simply examines whether or not an individual was sanctioned and does not take the type or severity of the sanction into consideration

Figure 3. Percentage with Work Sanction by Sanction Type
Work-Eligible Closed Cases

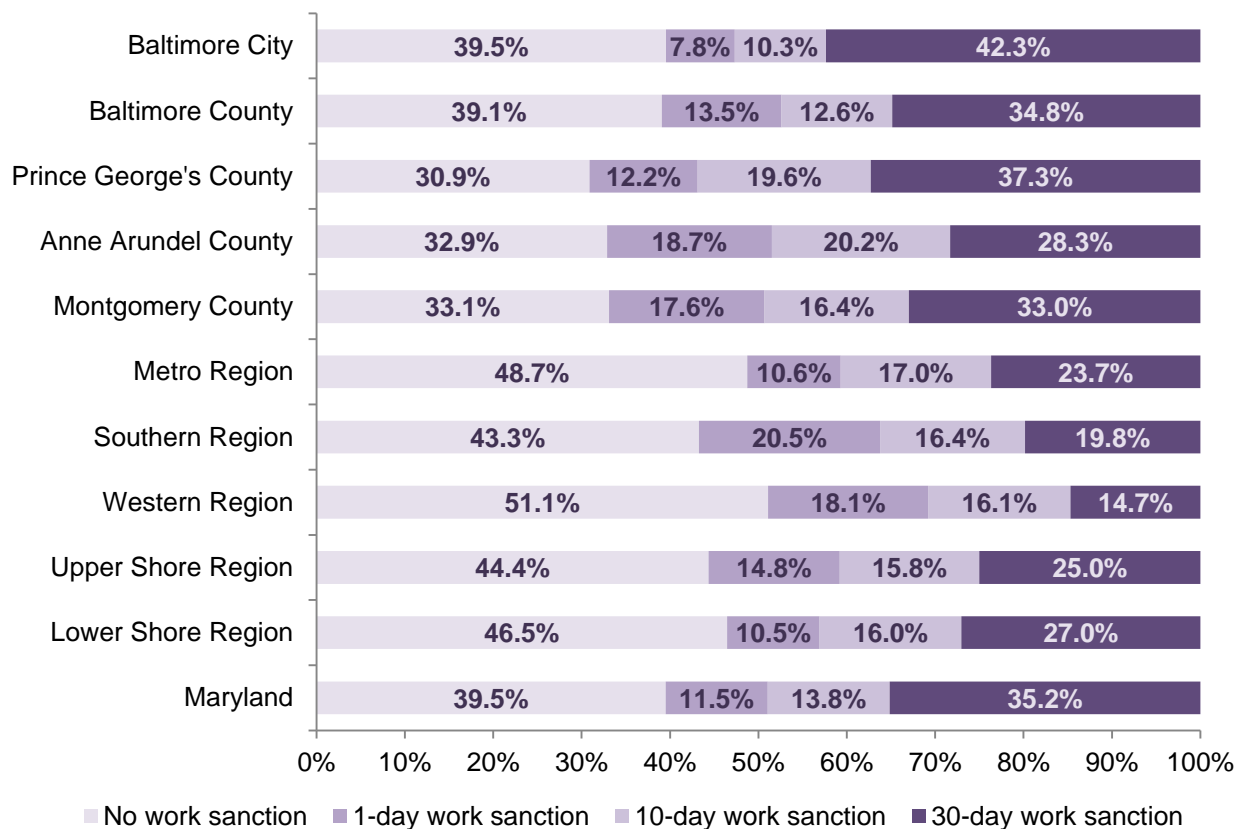


(Wu et al., 2006; Pavetti, Derr, Kirby, Wood, & Clark, 2004). What we have found—that harsher sanctions are more common—contradicts what other researchers discovered.¹ Wu et al. (2006) report that partial sanctions occur more frequently than full sanctions in Wisconsin, at least among women who received TANF in the first year of welfare reform’s implementation. Similarly, Pavetti et al. (2004) noted full-family sanctions were not as common as partial sanctions among TANF recipients in New Jersey and Illinois in the early 2000s.

¹ Other research is entirely on states that have partial work sanctions; Maryland has only full-family sanctions. That may account for the observed differences.

In order to understand what work sanctions look like across the state, we present work sanctions by region and sanction type in Figure 4. The general pattern is that more populated areas had somewhat higher rates of work sanctioning. For example, the percent of work-eligible closed cases in Prince George’s, Anne Arundel, and Montgomery counties with no work sanctions was lower than the state as a whole (39.5%), suggesting that they are more likely to use work sanctions. In contrast, the smaller jurisdictions in the Metro, Southern, Western, Upper Shore, and Lower Shore regions had percentages above the state average in the no work sanction category, indicating that work sanctions are less common in those

Figure 4. Type of Work Sanctions by Region
Work-Eligible Closed Cases



Note: The regions are: Metro (Carroll, Frederick, Harford, & Howard Counties); Southern (Calvert, Charles, & St. Mary’s Counties); Western (Allegany, Garrett, & Washington Counties); Upper Shore (Caroline, Cecil, Dorchester, Kent, Queen Anne’s, & Talbot Counties); and Lower Shore (Somerset, Wicomico, & Worcester Counties).

regions. The percentage of the caseload in the two largest jurisdictions, Baltimore City and Baltimore County, was very similar to the state average, however.

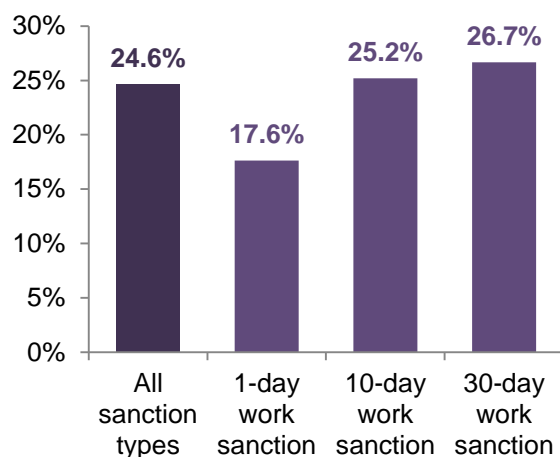
This pattern shifts once the type of sanction is taken into account, though. Baltimore City has a very high percentage of work-eligible closed cases with 30-day sanctions and relatively low percentages of cases with 1-day and 10-day sanctions. This is not the case in any other region. In most regions, the percentage of work-eligible closed cases with 1-day and 10-day sanctions is higher than the state average. The concentration of 30-day work sanctions in Baltimore City could be related to the fact that TANF recipients in Baltimore City tend to have substantially longer cash assistance histories than their counterparts in the rest of the state (Nicoli & O'Donnell, 2015). With more time receiving welfare, they have more time to be work sanctioned.

Up to this point, we have only considered the first work sanction that a case received in FFY 2014. Cases can be work-sanctioned multiple times within one year, though. Figure 5 displays the percent of work-sanctioned cases that were sanctioned at least one more time in FFY 2014. One in four (24.6%) work-sanctioned cases received an additional work sanction during the same federal fiscal year, which is in line with what other research has found (Pavetti et al., 2003). This could be considered good news: three in four work-eligible closed cases that received a work sanction were not sanctioned subsequently. It also indicates that some clients have considerable difficulty meeting the work requirement, though.

We also examine whether there are differences in the likelihood of receiving an additional work sanction by the type of sanction that the client initially received. As shown in Figure 5, those who initially received a 1-day work sanction were less likely to be work-sanctioned again in FFY 2014. Only 17.6% of those with a 1-day work sanction were subsequently work-sanctioned, compared to 24.6% of all work-eligible closed cases who had at least one work sanction. The percentage of those with 10-day work sanctions who were sanctioned again in FFY 2014 (25.2%) was much closer to 24.6%, and the percentage of those with 30-day work sanctions who received a subsequent work sanction was only a couple of percentage points higher (26.7%). It is difficult to say why clients with 1-day sanctions were less likely to be sanctioned again. Perhaps they never cured the sanction, which means their cases did not reopen and they could not receive an additional work sanction during FFY 2014.

Figure 5. Percentage Received Additional Sanction by Sanction Type

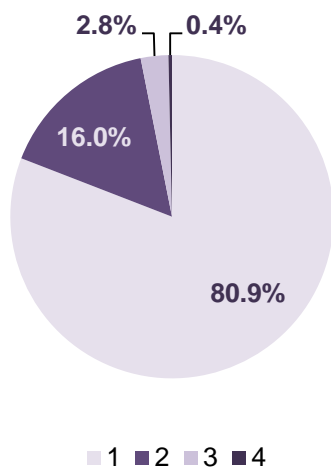
Work-Eligible Closed Cases with a Work Sanction



Those with an additional sanction may actually receive more than one additional work sanction. In Figure 6 we present the number of subsequent work sanctions that those with two or more work sanctions received. Overwhelmingly, those with an additional work sanction only received one more work sanction (80.9%), for a total of two work sanctions in FFY 2014. About one in six (16.0%) had two additional sanctions, and very few (2.8%) had three additional sanctions. A handful of clients (0.4%) were work-sanctioned four more times, meaning they had five total work sanctions during the year.

While this may seem like a lot of work sanctions, it is important to keep in mind that the vast majority of work-sanctioned clients received only one work sanction in FFY 2014, and those who received more than one work sanction typically only received one additional work sanction. Clients with three or more total work sanctions clearly need further assistance in meeting the work requirement, but they are a small minority of work-eligible work-sanctioned closed cases.

Figure 6. Number of Subsequent Work Sanctions
Work-Eligible Closed Cases with 2+ Work Sanctions



Conclusions

This brief begins to fill a gap in research on work sanctions by providing some insight into how work sanctions are functioning in Maryland. Over time, work sanctions have become more frequent. In each of TANF's first five years, 15% or fewer closed cases received a work sanction in Maryland. That percentage started to rise in the mid-2000s, and over one third of all closed cases were sanctioned in recent years. Most likely, this increase reflects the fact that the 2005 Deficit Reduction Act (DRA), in effect, increased the percentage of states' caseloads that needed to participate in work activities, and it required greater documentation of clients' participation in those activities. Both of these developments created incentives for states to use work sanctions more regularly.

When only cases subject to work sanctions are considered, it becomes apparent exactly how common work sanctions are. Of all work-eligible cases that closed between October 2013 and September 2014 (FFY 2014), 60% received a work sanction. Because some cases may have been work-sanctioned in the past and others may be work-sanctioned in the future, this is a conservative estimate of the likelihood of any particular case receiving a work sanction. Furthermore, one in four work-sanctioned closed cases had at least one subsequent sanction in the same year.

We also investigated the type of work sanction clients received. Most work sanctions are 30-day sanctions, meaning that the family has lost the entire cash benefit for at least one month. One-day and 10-day sanctions, each of which a client can only receive once, are not used as frequently. In examining rates of work

sanctioning across Maryland, we find that 30-day work sanctions are particularly common in Baltimore City.

These results imply that work sanctions are an important part of how TANF operates, at least in Maryland. The fact that work sanctions are so common means that Maryland is taking the work requirement very seriously. Since states are judged on the percentage of their caseloads participating in work activities, this makes sense. However, it also suggests that Maryland is committed to ensuring that work-eligible clients pursue employment.

For families receiving assistance who are subject to work requirements, it appears that losing benefits due to a work sanction is a persistent issue. Obviously, clients can avoid this problem if they spend the required hours in eligible activities and submit documentation, but the prevalence of work sanctions suggests that difficulty in meeting the work requirement is pervasive.

Previous research has shown that families who receive sanctions tend to be significantly more disadvantaged than families who do not receive sanctions. Sanctioned TANF recipients tend to be younger and less educated in addition to having less work experience (Cherlin et al., 2001; Pavetti et al., 2003; Hasenfeld et al., 2004). They are more likely to have problems with substance abuse (Cherlin et al., 2001; Hasenfeld et al., 2004) as well as more likely to have long cash assistance histories (Pavetti et al., 2003). Sanctioned TANF recipients even have less access to cars and live in tougher neighborhoods (Cherlin et al., 2001). With all of these issues, it is no wonder that participating in work activities is challenging for sanctioned clients.

Sanctioned families also struggle when they leave TANF. They are more likely to return to cash assistance than other leavers (Ovwigo et al., 2010), and they are less likely to be employed (Ovwigo et al., 2010; Pavetti et al., 2003). Those who are employed earn less too (Fording, Schram, & Soss, 2013; Ovwigo et al., 2010). Because sanctioned families are more likely to have barriers that prevent them from engaging in work activities—and difficulty in the labor market after they leave TANF—work-sanctioned clients who return may require additional interventions.

Receiving more than one work sanction during a year, in particular, may be a sign that a family needs further support. While work sanctions are intended to incentivize program compliance, they can also identify families who will cycle off and on assistance. Families with multiple work sanctions in a relatively short time frame may benefit from referrals to community organizations that can help them resolve recurrent problems.

Work sanctions are intended to be a tool to encourage compliance with the work requirement, and it is important to know how frequently this tool is being used. The level of work sanctioning in Maryland suggests that caseworkers are aware of this tool and use it often. However, it also indicates that some clients subject to the work requirement are not able to meet expectations, and families are losing cash benefits as a result. With support from community partners for those with more than one work sanction in a year, more families may be able to transition successfully from welfare to work.

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ACKNOWLEDGEMENTS

The author would like to thank Jamie Haskel and Somlak Suvanasorn for their assistance in the collection and processing of data for this research brief as well as Elizabeth Gleason, Lauren Hall, Ann James, and Letitia Passarella for their assistance with editing. This brief was prepared by the Family Welfare Research and Training Group with support from its long time research partner, the Maryland Department of Human Resources.

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