The Role of Sanctions in Work-Based Welfare Reform

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Statement of Research Problem

Temporary Assistance for Needy Families (also known as TANF) Program replaced the entitlement program, Aid to Families with Dependent Children (AFDC) in 1996. This made some important changes in cash assistance for welfare recipient families. One of significant policy changes is that welfare recipients are required to work after receiving assistance for two years and are eligible to receive benefits for a maximum of five years during their lifetime. If welfare recipients fail to comply with work requirements, they are sanctioned and their benefits are reduced. Sanctions have been used for more than a couple decades, but the significance of their role in enforcing program requirements has increased under TANF because more families are subject to work requirements and because of the emergence of full-family sanctions that remove a family's entire cash grant (Pavetti & Bloom, 2001). In addition, noncompliance with work requirements can also result in partial or full sanctions on Food Stamps and Medicaid (Cherlin et al., 2001; General Accounting Office, 2000). Hence, many of these families have experienced a great loss of welfare benefits.

The growth in the number of people leaving welfare due to sanctions has increased concern about the impacts of sanctions on welfare recipients. A few studies on sanctions have examined the characteristics of families who have been sanctioned, the reasons these families have not met their participation requirements, and what has happened to them after sanctions. The findings from available studies suggest that sanctioned welfare recipients have greater barriers to employment, less education, more limited work experience, and are more likely to be African American and long-term recipients than the other families receiving welfare (Cherlin et al., 2001; Fein & Lee, 1999; General Accounting Office, 2000; Goldberg & Schott, 2000; Hasenfeld et al., 2004; Kalil et al., 2003; Pavetti & Bloom, 2001; Westra & Routley, 2000; Wood & Clark, 2003). In addition, those who have physical and mental health problems, have experienced domestic violence, have no child care and lack adequate transportation are more likely to be sanctioned (Cherlin et al., 2001; Goldberg & Schott, 2000; Oggins & Fleming, 2001).

Sanctions that remove recipients' benefits may have a wide range of effects on welfare recipients' behavior and well-being, including their economic, psychological, and social well-being. If sanctions lead to increased compliance and participation in work-

related activities, the effects may be increased economic well-being. However, other effects might be increased stress and depression or other mental health problems, greater levels of economic hardship, and decreased welfare use, for example. Little is known about the relationships between sanctions and employment, and the degree of impact on changing welfare recipients' behavior and their well-being. As a result, it is important to investigate what happens when welfare recipients are sanctioned.

Research Purposes

The purpose of this study is to examine the incidence and consequences of financial sanctions in the context of a work-first TANF program. Dynamic patterns of sanctioning and the patterns of benefits following a sanction are documented. This study also examines the factors associated with being sanctioned and the severity of sanctions and demonstrates the sensitivity of results to alternative specifications, comparing a traditional model with an event history model. Furthermore, this dissertation documents the sensitivity of results to alternative measures of sanctions over time. As a result, I am able to explore the severity, timing, and duration of the effects of sanctions on single mothers' employment, level of earnings, and welfare participation. Finally, to better estimate sanction effects, I used an instrumental variable estimation strategy to minimize the potential sample selection bias in identifying the effects of sanctions. Specifically, in this study I examined the following three key research questions: (1) what are dynamic patterns of sanctioning?, (2) what are the factors associated with being sanctioned, and with the severity of sanctions? (3) To what extent can we identify the effects of sanctions on welfare recipients' well-being?

Theoretical Perspectives and Hypotheses

Neoclassical Economic Theory

This study draws on neoclassical economic theory and social control theory to explain sanctions. The central concept of neoclassical economic theory is rational choice. According to this concept, human behavior is, to a large extent, goal-directed behavior. The means to understand human behavior comes from studying the choices available to people at a given point in time, and it is believed that altering the available choices can induce changes in behavior (Bane & Ellwood, 1994). The economic theory is based on the idea that people are rational and act according to their economic self-interests. Following this analysis, I may assume that whether welfare recipients choose to comply or not depends on the balance of financial benefits and costs of sanctions. That is, when individual are sanctioned, the loss of benefits may lead them to comply with program requirements (Fein & Lee, 1999; Pavetti & Bloom, 2001). Therefore, I may expect that sanctions should induce welfare recipients to change their behavior to comply with work requirements because of the financial incentives of maintaining their status in the welfare system.

Neoclassical economic theory suggests that sanctions are used to encourage compliance with work requirements, providing the incentive to comply with requirements in order to prevent additional punishments and help people move from welfare

dependency to self-sufficiency through the labor market. An underlying assumption is that employment will result in self-sufficiency. The theory seems to suggest that work requirements and the use of sanctions as a tool have a positive effect on welfare recipients' economic well-being. Therefore, based on the tenets of neoclassical economic models, I would expect that imposing sanctions for non-participation would increase the employment and earnings of welfare recipients. They should be less likely to depend on welfare assistance and more likely to leave the welfare system.

Social Control Theory

While the neoclassical economic model focused on the individual level, social control theory provides an alternative perspective, with an emphasis on the structural level from a historical class-based viewpoint. It attempts to explain changes in social welfare policies, their effects, and the motivations behind them. Social control theory, especially as presented in Piven and Cloward's classic work, Regulating the Poor, has been an influential framework for understanding the development of American antipoverty policy (Dodenhoff, 1998). This theory includes important concepts such as social control, class conflict, and power analysis of social policy.

Social control theory provides an alternative perspective for thinking about the function of sanctions and the effects of sanctions on welfare recipients' well-being in the political and economic context of welfare reform. In general, social control theory critiques the analysis of sanctions as neutral changes in incentives. While sanctions are seen as a motivational tool from the neoclassical economic perspective, in social control theory, sanctions can be viewed as punishments that move recipients away from behavior seen by those in power as undesirable. For example, if engaging in paid employment is the desired behavior or goal, then welfare recipients who do not work may be viewed as deviants, given that work is assumed as the norm. In order to enforce a stronger work ethic and change undesirable behavior, sanctions for not participating in the formal labor force can be used to modify deviant behavior. The resultant policy may thus require participants to participate in work-related activities in exchange for benefits or be sanctioned as a means of controlling their deviant behavior. Ultimately, sanctions could result in the termination of aid for inappropriate behavior, or in this case, withdrawal from the paid labor market (Piven, 1998). I might also expect that the state will use sanctions as a tool to reduce the number of people eligible for welfare and deter other potentially eligible participants from applying for the benefits because they are deemed able to work (Lindhorst et al., 2000; Piven, 1998). Moreover, I may predict sanctioned recipients will be more likely to leave the welfare system than non-sanctioned recipients. Overall, I might see a negative effect of sanctions on recipient families' well-being. The number of economic hardships will increase because sanctioned recipients will be less likely to experience increased earnings than non-sanctioned recipients.

Research Methods

Sample and Data

The sample in this study included all women who received TANF cash benefits in Wisconsin during the first year W-2 was implemented, September 1, 1997 to August 31, 1998 (N=17,119). Data were used from Wisconsin administrative datasets, Client Assistance for Re-employment and Economic Support (CARES), and Unemployment Insurance (UI) systems for the period from September 1997 to June 2003. CARES data provide monthly information on the timing and severity of sanctions over time and have extensive information on program participation, welfare status and welfare history (e.g., tier placement, application status, number of months receiving AFDC benefits prior to TANF participation), and demographic information (e.g., work experience, earnings, education, marital status, race, number of children, and family composition). UI data contain quarterly earnings records for individually covered workers that allow tracking of the work records and earnings of W-2 participants over time.

Measures

As mentioned earlier, the previous study on sanctions, generally did not consider the duration and severity of sanctions. In this study, I measured sanctions in different ways: first, I looked at whether a participant was sanctioned or not in a given month over four years. Secondly, I measured the severity of sanctions, as monthly benefit reduction amount, relative to the monthly benefit. In addition, I included the variable of "ever been sanctioned", to capture the history of sanction experience. Finally, I measured the duration of sanctions as number of months continuously sanctions in a row. In doing so, I could measured the severity, timing, and duration of sanctions effects.

The outcome in study included a detailed combination of employment, and welfare exits status, at the first complete quarter post-exit. Four categories were used: staying on welfare and remaining unemployed, leaving welfare without a job, leaving welfare with a lower earning job, and leaving welfare with a higher earning job.

There were four sets of explanatory and control variables in this study: (1) individual characteristics—age, race, education, language, employment experience, county of residence; (2) family characteristics—number of children, age of youngest child, household structure; (3) welfare history and current welfare status—number of months of AFDC recipiency in two years before entry, entry cohort, initial W-2 tiers; and (4) unemployment rates in the county of residence.

Data Analysis

This study documented patterns of sanctioning over the 48 months after participants entered a W-2 tier that provides cash benefits. Among the descriptive analyses, I presented information on the "hazard" rate of being sanctioned, that is, the probability that a woman is sanctioned given that she is still receiving benefits and has not yet been sanctioned. I then examined the severity of sanctions, differentiating between those who experienced full and partial sanctions.

To examine the characteristics of those sanctioned, I conducted two analyses. First, I used a traditional multinomial logistic regression, examining whether a woman was sanctioned or not during her first spell of welfare receipt. However, traditional regression approaches using cross-sectional data do not consider the length of time sanctioned nor whether the participant remains at risk of being sanctioned. Second, I further used event-history to capture the timing of benefit receipt and sanctions and to examine the predictors of being sanctioned and their severity. Using the event history allowed me to explore how long participants were sanctioned, and how quickly they left the welfare system after sanctioning.

Finally, I used two approaches in determining the sanction effects on single mothers' employment and welfare exits. The first approach uses a discrete-time model, considering the effect of observed monthly sanction status on welfare exit and employment outcomes, controlling for individual and family background characteristics. Using this event history analysis allowed me to determine the effect of longer welfare spell from higher probability of being sanctioned. With this method, however, there may still be unobserved factors that are related to both being sanctioned and outcomes. For example, sanctioned and non-sanctioned recipients may be different in some very important ways. In order to avoid potential sample selection bias due to unobserved individual heterogeneity, therefore, I also adopted the instrumental variables (IV) estimation approach, using variation in sanction rates over time within counties/agencies as an instrumental variable.

Results

Dynamic Patterns of Sanctioning

The first research question concerned the dynamic pattern of sanctioning and found very high rates of sanctioning (especially partial sanctions): nearly two-thirds of those who entered Wisconsin's TANF program in its first year were sanctioned at some point during the next four years. The results suggested that even within a given cohort the precise definition of "sanction" is important in determining the frequency of sanctions. For example, the maximum one-month sanction rate is 14 percent when I examined the entire sample; limiting the sample to those at risk of being sanctioned leads to a maximum of 34 percent. Expanding the time period is also quite important: in the first six months after entering W-2, about 35 percent of the sample were sanctioned, a rate that rises to 64 percent when I considered four years. Finally, the severity of sanctions is important: if I limited the definition to only those with "full sanctions," the four-year rate was only 25 instead of 64 percent. Comparisons with other states are difficult because of these different approaches. Nonetheless, it appeared that Wisconsin was more likely to use sanctions, especially partial sanctions, a finding consistent with its emphasis on imposing sanctions for short periods of missed work.

This study also found that multiple sanctions are fairly common: 40 percent of the women were sanctioned more than once, and 14 percent of the women were sanctioned four or more times. Sanction spells were quite short, and the most common transition from a sanction is back to full benefit receipt. Even among those with full sanctions, only 16 percent continued to have a full sanction in the second month. The fact that sanction

spells were short and that the most common pattern was back to full benefits could be interpreted as suggesting that sanctions were having their desired effect of changing behavior toward compliance with program requirements.

Characteristics of Those Sanctioned

This study examined the characteristics of those more likely to be sanctioned by comparing a traditional model with an event history model. The first approach replicated the simple model used in some of the prior studies. I examined the first spell of benefit receipt in our four-year period, differentiating between those ever sanctioned, and those never sanctioned during this period.[1] The first columns of Table 1 showed that those more likely to be sanctioned were women of color, those with less education, those whose primary language was English, and those who had a longer history of welfare receipt and less formal employment history. Distinguishing Milwaukee County (the largest urban county in the state) from other urban and from rural counties, I found that participants in Milwaukee County were most likely to be sanctioned,[2] those in rural counties least likely. Those who lived alone or with other adults were more likely to be sanctioned than those who lived with a husband. Sanction rates were no different for those with more children or those in counties with higher unemployment. These results were generally consistent with research from other states that have different types of sanction policy.

A key disadvantage of the simple multinomial logistic model shown in the first columns of Table 1 was that it did not account for variation in the length of time participants were receiving benefits. Long-term recipients had a greater period in which they could be sanctioned. The simple model did not distinguish factors that may be associated with a higher probability of being sanctioned in a given month of receipt from those factors that may simply be associated with a higher probability of remaining on cash assistance longer (with no increase in the probability of sanction in a given month). In the remainder of Table 1 I used an event history model to consider the factors associated with being sanctioned, in a context that explicitly accounts for whether a woman was still at risk of being sanctioned (that is, whether she continued to receive benefits). In these columns, I again examined the first spell of receipt, but in this case I explicitly considered three potential outcomes for a woman receiving cash: she could be sanctioned, she could continue to receive her full cash benefit, or she could go off cash benefits. In this analysis, I examined each woman only until she either is sanctioned or goes off benefits.

Many results are similar, confirming that those who may be least able to succeed in the labor market are most likely to be sanctioned. But important differences emerged,

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[1]We also considered an even simpler model, in which we differentiate between those ever sanctioned and those who were never sanctioned over the full four year period. These results of this alternative analysis are quite similar to those shown here.

[2] In Milwaukee County, there are six agencies provide services to participants. I also considered adding Milwaukee agencies in the multivariate analysis and found some significant differences among agencies. However, we present the simple results here because the coefficients on the other variables are quite similar.

relationships that were hidden by the more traditional analysis. Once I accounted for the shorter exposure of Hispanics, I found that both they and African Americans were more likely to be sanctioned than whites. At the same time, the higher sanction rate for Blacks was substantially accounted for by their longer period of risk. Those who were pregnant at entry and those who entered the caretaker of newborn tier were actually more likely to be sanctioned than others, a difference hidden in the simple analysis. Perhaps most strikingly, I got a different picture of the relationship between location and sanctioning: Milwaukee County, the largest urban area in Wisconsin, actually had a lower rate of sanctioning once I accounted for the typically longer period of participation.

Severity, Timing, and Duration of Sanction Effects

I employed event history analysis to examine the relationship between welfare sanctions and welfare exits/employment outcomes. The results showed that those who are currently sanctioned are at significantly increased risk of leaving welfare either with a no job or with a lower-earning job. For example, the probability of leaving welfare without a job within the first twelve months for those with current sanctions is significantly higher than for those without current sanctions (40 percent vs. 34 percent).

The severity of current sanctions and duration of sanction spells had different effects on welfare exit and employment outcomes. Those who received a small sanction were significantly less likely to leave welfare regardless of their post-welfare employment status. In contrast, women who were sanctioned more severely or for longer durations were significantly more likely to make a transition to leave welfare either without a job or with a lower-earning job rather relative to a higher-earning job. There was no discernible effect on the likelihood of getting higher-earning jobs.
In addition to the current sanction effects, previous sanction experience (no matter how long since the first spell of sanctions) appeared to be an important component of transitions from welfare to work, suggesting there are substantial lagged effects of sanctions on employment outcomes. In general, these results suggested that sanctions work for increasing the probability of finding lower-earning jobs but for most specifications not higher-earning jobs.

Instrumental Variable Estimates of Sanction Effects

Table 2 summarized the results from three alternative specifications of a model estimating the effects of sanctions on welfare exits and employment outcome: a discrete-time multinomial logistic model incorporating actual sanction status, and two models substituting instruments in place of sanctions. I used residual county/agency sanction rates as instrumental variables to avoid the bias associated with unobserved heterogeneity. The first model used actual individual sanction status while Models 2 and Model 3 substitute instruments in place of actual sanction status and found that sanctions increase the likelihood of leaving welfare without a job and the likelihood of leaving welfare with a lower-earning job, but reduce the likelihood of leaving welfare with a higher-earning job. However, because unobserved characteristics of recipients that make them more likely to be sanctioned may also be related to welfare participation and post-welfare employment outcomes, it was difficult to draw strong conclusions from this model.

Model 2 showed results from the first instrumental variable estimate that aims to eliminate the selection bias. The model used a variable that measures the monthly county/agency sanction rate, as a deviation from the county/agency average. The Model 2 results indicated that an increased likelihood of sanctioning, as measured by the residual propensity of sanction rates increases the likelihood of leaving welfare without a job by 27 percent (p<.001), the likelihood of leaving welfare with a lower-earning job by 33 percent (p<.001), and with a higher earning job by 36 percent (p<.001). Relative to Model 1, the results in Model 2 indicated an increased effect of sanctions in determining exits from welfare to higher- and lower-earning employment.

Model 3 controlled for the adjusted residual propensity of monthly county/agency sanction rates as an instrumental variable to account for changes in caseload composition over time. The results from this model indicated that sanction rates have an effect on increasing welfare exits associated with each of the employment outcomes. That said, women in agencies or counties with a high residual propensity for sanction rates were at increased risk of exiting welfare with a higher- or lower-earning jobs relative to exiting welfare with no job. They are also somewhat more likely to exit welfare with a lower-earning job than a higher-earning job, but this effect is small. The direction and magnitude of estimated sanction effects in Model 3 are quite consistent and similar to those in Model 2.

The differences in estimates of the sanction effect between the basic mode (without controlling for unobserved characteristics) and IV models suggested that the observed negative sanction effect on probability of leaving welfare with a higher-earning job may emerge from unobserved differences in sanctioned cases instead of sanctions themselves. These results were consistent with the hypothesis that recipients that were more disadvantaged with respect to their unobserved characteristics were more likely to be sanctioned, and therefore have worse-post-welfare employment. Overall, these results suggested that there are unobserved differences between sanctioned and non-sanctioned participants. Neglecting these unobserved factors results in biased estimates of the sanction effects. It is important to control for unobserved variables that are both related to who is subject to sanction and welfare participation and post-welfare employment outcomes.

Implications for Practice and Policy

This study had potentially important implications for social work practice and public policy. First of all, this study suggested that sanctions are high and substantially reduce economic support, for vulnerable families. Secondly, given high sanctions, and diversity of exits. The findings of this study suggested that as the severity and duration of sanction spell increases the probability of leaving welfare without a job, or with a lower-wage job increases. Advocates need to pay special attention to those who leave welfare without a job. These people may have multiple employment barriers because of mental health problems, disabilities, substance abuse, or other personal and family challenges. Social service agencies need to provide better services to disadvantaged sanctioned recipients to address their barriers to employment and their needs.

Furthermore, the results also suggested that those more likely to be sanctioned were women of color, those with less education, and those who had a longer history of

welfare receipt, and less formal employment history. These findings suggested that caseworkers ought to target cases at risk of being sanctioned (especially those with more employment barriers, and more disadvantages), and make an effort to identify their personal and family challenges, structural barriers, encourage them to comply with work requirement prior to imposing sanctions.

Finally, PRWORA gave the states, local welfare agencies and caseworkers more discretion and flexibility in determining whether and when sanctions should be imposed. This enhanced discretionary power may be good if front-line workers can establish more flexible criteria for exempting families who have difficulties in complying with work requirements. On the other hand, it may cause considerable harm to welfare recipients if front-line workers are given too much power, resulting in inappropriate sanctions or too much control over recipients' behaviors.

Welfare policies are continually evolving; thus, determining whether sanctions "work" is a crucial element of the debate. In this continuing debate, it is necessary to exercise caution with respect to the disadvantaged who are most likely to be hard hit by policy makers' sanctions. This work contributes to an emerging literature that highlights the importance of considering the needs of sanctioned families, especially hard-to-employ families, when implementing sanction policies.

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Appendix

Table 1. Multivariate Analysis of Predictors of Being Sanctioned

| | Traditional Logistic Model on Sanctions in first spell (compared to no sanctions)1 | | Discrete-Time Multinomial Logistic Model on Sanctions in first spell (compared to no sanctions/,on welfare)2 | | | |
| | Being Sanctioned | | On Welfare Sanctioned | | Off Welfare | |
	Coeff.	S. E.	Coeff.	S. E.	Coeff.	S. E.
Age of Mother (compared to 16-25 years)						
26-30	-0.030	0.051	0.008	0.036	0.003	0.035
31-40	0.084	0.053	-0.033	0.037	-0.168 ***	0.037
41+	0.123	0.082	-0.160 **	0.056	-0.309 ***	0.056
Race of Mother (compared to white)						
African American	0.488 ***	0.051	0.338 ***	0.040	-0.137 ***	0.034
Hispanic	0.076	0.080	0.168 **	0.062	0.078	0.052
Other	-0.187	0.108	-0.269 **	0.093	-0.018	0.065
Education of Mother (compared to less than HS)						
High school diploma or equivalent	-0.380 ***	0.037	-0.151 ***	0.027	0.203 ***	0.026
Beyond High school	-0.599 ***	0.064	-0.363 ***	0.050	0.246 ***	0.041
Language of Mother (compared to non-English)						
English	0.279 **	0.105	0.280 ***	0.084	0.143 *	0.067
Age of Youngest Child at Entry (compared to 1-2)						
Unborn child at entry	-0.047	0.056	-0.258 ***	0.041	-0.152 ***	0.036
3-5	0.027	0.050	0.065	0.034	0.002	0.036
6-12	0.125 *	0.055	0.114 **	0.038	-0.003	0.039
13-17	-0.152	0.083	0.064	0.058	0.273 ***	0.057
Number of Children at Entry (compared to 0 or 1)						
2 children	-0.055	0.046	0.010	0.032	0.060	0.031
3+	-0.035	0.047	0.094 **	0.033	0.112 ***	0.033
Household Structure at entry (compared to mother is only adult)						
Live with husband	-0.392 ***	0.073	-0.299 ***	0.060	0.074	0.043
Live with other adults	0.069	0.038	0.099 ***	0.027	0.014	0.027
AFDC Receipt in the 24 months before entry (compared to 0)						
1-6 months	0.133	0.076	0.148 *	0.059	0.058	0.046
7-18 months	0.234 ***	0.062	0.271 ***	0.047	0.005	0.039
19-24 months	0.326 ***	0.062	0.222 ***	0.046	-0.164 ***	0.041
Employmnet experience in the 8 quarters before entry (compared to no work)						
1-4 quarters	-0.176 ***	0.045	0.025	0.029	0.257 ***	0.033
5-7 quarters	-0.638 ***	0.051	-0.172 ***	0.036	0.489 ***	0.036
8 quarters	-0.984 ***	0.070	-0.315 ***	0.055	0.609 ***	0.044
Initial W-2 Assignment (compared to W-2 Transition)						
Community Service Jobs	0.612 ***	0.051	0.970 ***	0.041	0.453 ***	0.034
Caretaker of Newborn	-0.525 ***	0.076	0.193 **	0.065	0.764 ***	0.043
Location (compared to rural counties)						
Milwaukee County	0.588 ***	0.098	-0.267 **	0.089	-0.905 ***	0.052
Other Urban Counties	0.387 ***	0.103	0.518 ***	0.095	0.055	0.054
Duration of Event (compared to mon 1-3)						
Month 4-6			0.380 ***	0.029	0.750 ***	0.029
Month 7-9			0.586 ***	0.035	0.887 ***	0.035
Month 10-12			0.699 ***	0.044	0.867 ***	0.046
Month 13-18			0.598 ***	0.051	0.601 ***	0.054
Month 19-24			0.371 ***	0.090	0.657 ***	0.081
Month 25-36			0.141	0.133	0.789 ***	0.099
Month 37-48			-0.128	0.326	0.656 **	0.222
Intercept	-1.412 ***	0.169	-4.487 ***	0.145	-3.131 ***	0.105

[1]Traditional logistic mode on sanctions in the first spell: Dependent variable ('0'=no sanctions (N=8,135), '1'= ever sanctioned (N=8,984) in the first spell of cash benefit receipt). * p.<.05   **p.<.01   ***p.<.001

[2]Discrete-time logistical model - multiple observations per case. Dependent variable "0'=On welfare/,no sanctions (N=88,819), '1'= On welfare/, sanctioned (N=8,375), '2'=Off Welfare (N=8,732) in the first spell of cash benefit receipt, considering time since getting cash benefits to event. Model also controls for entry cohort, unknown education, unknown race, and unemployment rate in 2000.

Sample: 17,119 W-2 participants who entered in lower tiers and received TANF benefits during the first year of implementation.

Table 2. Summary Table of Discrete-Time Logistic and Instrumental Variables Estimates of Effect of Sanctions in First Welfare Spell

	Leave Welfare Without a Job				Leave Welfare, Low-Wage Job				Leave Welfare, High-Wage Job			
	Odd ratio	Coeff.	S.E.	P-value	Odd ratio	Coeff.	S.E.	P-value	Odd ratio	Coeff.	S.E.	P-value
Model 1: Discrete-Time Logistic Estimate												
Actual Sanctions	1.14	0.13	0.03	**<.0001**	1.08	0.08	0.04	**0.04**	0.78	-0.25	0.05	**<.0001**
Current sanction status (compared to no sanction)												
Sanctions in current month (actual)												
Model 2: First Instrumental Variable Estimate												
Account for Fixed County Differences	1.27	0.24	0.02	**<.0001**	1.33	0.29	0.03	**<.0001**	1.36	0.31	0.03	**<.0001**
Monthly county/agency sanction rates as a deviation from the average												
Model 3: Second Instrumental Variable Estimate												
Account for Change in Caseload Composition	1.09	0.09	0.04	**0.01**	1.29	0.26	0.04	**<.0001**	1.22	0.20	0.05	**<.0001**
Adjusted residual propensity of monthly county/agency sanction rates												

Models control for individual characteristics, family characteristics, welfare status, and unemployment rate (Detailed variables shown in Table 1).

Sample: Those who lived in larger counties (Milwaukee, Dane, Kenosha, and Racine county) and entered tiers with cash benefits during the first year of implementation (N=11,319).