

REPORT TO THE LEGISLATURE

WorkFirst Wage Progression Report – 2023 Second Quarter

As required by RCW 74.08A.411

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WorkFirst Wage Progression and Returns Report: through second-quarter 2023

INTRODUCTION

RCW [74.08A.411](#) mandates a quarterly report on performance measures for WorkFirst clients twelve months, twenty-four months and thirty-six months after leaving the Temporary Assistance for Needy Families (TANF) program for at least one quarter. Performance measures reported under this requirement are:

1. Changes in earnings and in hourly wages.
2. Percentage of returns to TANF.

STATUTORY REQUIREMENT

RCW [74.08A.411](#) requires DSHS to report WorkFirst outcome measures to the Legislature as follows:

The department shall continue to implement WorkFirst program improvements that are designed to achieve progress against outcome measures specified in RCW [74.08A.410](#). Outcome data regarding job retention and wage progression shall be reported quarterly to the appropriate fiscal and policy committees of the legislature and to the legislative-executive WorkFirst poverty reduction oversight task force for families who leave assistance for any reason, measured after twelve months, twenty-four months, and thirty-six months. The department shall also report the percent of families who have returned to TANF after twelve months, twenty-four months, and thirty-six months. The department shall make every effort to maximize vocational training, as allowed by federal and state requirements. [2019 c 343 § 4; 2009 c 85 § 3.]

PERFORMANCE REPORT

WorkFirst Exiters

Beginning with the October 2011 WorkFirst performance report, an exiter is defined as having been off TANF all three months of a quarter, compared to the previous definition that required only one month off TANF. The three-month requirement more clearly identifies true exiters by minimizing instances where a client cycles off TANF for a single month due to circumstances such as late reporting or one-time changes to monthly income. Information on TANF receipt is obtained from the DSHS AFARRAYS file.

This quarterly WorkFirst performance report provides follow-up data for three groups (cohorts) of TANF exiters. The report uses second-quarter 2023 unemployment insurance wage data (covered employment wages) to provide updates for clients who exited TANF in second-quarter 2020, second-quarter 2021 and second-quarter 2022 (*Table 1*). Covered employment wage data is available with a six-month lag, reflecting employer reporting requirements and data processing time.

For purposes of this report, exiters are defined as TANF clients who:

- Received a TANF grant at least one month during January, February, or March (first quarter) and
- Did not receive a TANF grant at any time during April, May, or June of the following quarter (second quarter).

Table 1: WorkFirst performance report: TANF cohorts
Source: Employment Security Department/DATA; DSHS AFARRAYS file

Received TANF at least once during:	No TANF all three months (exit quarter)	Cohort name
January - March 2020	April - June 2020	2020 Q2
January - March 2021	April - June 2021	2021 Q2
January - March 2022	April - June 2022	2022 Q2

Median quarterly earnings and percentage increase in earnings

Table 2 shows inflation-adjusted median quarterly earnings for exiters. Earnings progressions are shown in *Table 3*. Earnings progression is measured as change in total quarterly earnings over one, two or three years. Earnings are a more accurate reflection of true progression than hourly wages because quarterly earnings reflect both an individual's hourly wage and changes between part-time and full-time work.

Not all TANF exiters will have reported earnings in the exit and follow-up quarters. These individuals may not have worked during the quarter or may have worked in a job not covered by unemployment insurance. Exiters who had missing or no earnings are excluded from the calculations. All earnings prior to 2023 are adjusted to real dollars using the 2023 annual average CPI-W as a base year.

**Table 2. Median quarterly earnings for adult TANF exiters
Washington state, second-quarter 2020 through second-quarter 2022**

Cohort	At Exit	12 months	24 months	36 months
2020 Q2				
Total Exiters ¹	4,624	4,624	4,624	4,624
n ²	1,902	1,883	2,006	1,998
median wage ³	\$5,324.16	\$6,607.30	\$7,258.92	\$7,740.36
2021 Q2				
Total Exiters ¹	5,158	5,158	5,158	5,158
n ²	1,996	2,337	2,289	N/A
median wage ³	\$6,116.85	\$6,958.32	\$7,718.82	N/A
2022 Q2				
Total Exiters ¹	4,407	4,407	4,407	4,407
n ²	2,195	2,064	N/A	N/A
median wage ³	\$6,556.90	\$7,457.68	N/A	N/A

Information not yet available is shown as "N/A."

¹Exiter is defined as those on TANF at least one month during first quarter of a given year and off TANF all three months of second-quarter of the same year.

²The number of TANF exiters who had earnings from covered employment during the quarter is shown as "n."

³Adjusted for inflation (CPI-W 2023 Dollars)

Source: Employment Security Department/DATA, Unemployment Insurance Data Warehouse Wage Tables; Washington State DSHS, AFARRAYS file

**Table 3. Percentage change in quarterly earnings for adult TANF exiters
Washington state, second-quarter 2020 through second-quarter 2022**

Cohort	12 months after exit ¹	24 months after exit ¹	36 months after exit ¹	Latest quarter ²
2020 Q2	24.10%	9.86%	6.63%	45.38%
2021 Q2	13.76%	10.93%	N/A	26.19%
2022 Q2	13.74%	N/A	N/A	13.74%

Information not yet available is shown as "N/A".

¹Rate of change compared to previous 12 month time point.

²Latest available time point compared to exit quarter.

Source: Employment Security Department/DATA, Unemployment Insurance Data Warehouse Wage Tables; Washington DSHS, AFARRAYS file

Median hourly wage rates

The hourly wage rate was obtained by dividing quarterly earnings by hours worked in the quarter. While employers report both quarterly earnings and hours worked to the unemployment insurance program, the hours data is incomplete or, in some cases, inaccurate. Records with missing hours were deleted from the calculations. Hourly wage rates greater than \$50 per hour or less than \$5 per hour were dropped, since these rates most likely reflected employer reporting errors. *Table 4* displays inflation-adjusted, median hourly wage rates for TANF exiters.

Table 4. Median hourly earnings for adult TANF exiters
Washington state, second-quarter 2020 through second-quarter 2022

	At exit	12 months	24 months	36 months
2020 Q2				
n ¹	1,848	1,832	1,944	1,921
median wage ²	\$18.84	\$19.04	\$19.71	\$20.33
2021 Q2				
n ¹	1,934	2,260	2,175	N/A
median wage ²	\$18.62	\$19.74	\$20.49	N/A
2022 Q2				
n ¹	2,130	1,975	N/A	N/A
median wage ²	\$19.16	\$20.21	N/A	N/A

Information not yet available is shown as "N/A."

¹The number of TANF exiters for whom an hourly wage rate could be calculated (both earnings and hours worked were present in the quarterly covered employment data)

²Adjusted for inflation (CPI-W 2023 Dollars)

Source: Employment Security Department/LMEA, Unemployment Insurance Data Warehouse Wage Tables; Washington State Office of Financial Management, AFARRAYS file

WorkFirst return rate

Table 5 shows the return rate for exiters twelve, twenty-four and thirty-six months after leaving WorkFirst.

Table 5. Number and percentage of adult TANF exiters returning to TANF
Washington state, second-quarter 2020 through second-quarter 2022

Cohort	Exiters	12 months after exit			24 months after exit			36 months after exit		
		Quarter of Return:	Number of Returners ¹	Percent of cohort ²	Quarter of Return:	Number of Returners ¹	Percent of cohort ²	Quarter of Return:	Number of Returners ¹	Percent of cohort ²
2020 Q2	4,624	2021 Q2	644	13.9%	2022 Q2	624	13.5%	2023 Q2	614	13.3%
2021 Q2	5,158	2022 Q2	930	18.0%	2023 Q2	837	16.2%	N/A	N/A	N/A
2022 Q2	4,407	2023 Q2	631	14.3%	N/A	N/A	N/A	N/A	N/A	N/A

Information not yet available is shown as "N/A."

¹If the client returned to TANF for at least one month during the follow-up 12, 24 or 36 month quarter, it is counted as a return.

²The number returning to TANF is expressed as a percentage of those with no TANF in the cohort quarter.

Source: Washington State DSHS, AFARRAYS file