

**REPORT TO THE LEGISLATURE**

**WorkFirst Wage Progression Report – 2020 Third Quarter**

As Required by RCW 74.08A.411

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## **WorkFirst Wage Progression and Returns Report: through third-quarter 2020**

### **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 the Department of Social and Health Services 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 Temporary Assistance for Needy Families 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 Office of Financial Management's AFARRAYS file.

This quarterly WorkFirst performance report provides follow-up data for three groups (cohorts) of TANF exiters. The report uses third-quarter 2020 unemployment insurance wage data (covered employment wages) to provide updates for clients who exited TANF in third-quarter 2017, third-quarter 2018 and third-quarter 2019 (*Figure 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 April, May, or June (second quarter) and
- Did not receive a TANF grant at any time during July, August, or September of the following quarter (third quarter).

**Figure 1.** WorkFirst performance report: TANF cohorts  
Washington state, second-quarter 2017 through third-quarter 2019  
Source: Employment Security Department/LMEA; Washington State Office of Financial Management, AFARRAYS file

| Received TANF at least once during: | No TANF all three months (exit quarter) | Cohort name |
|-------------------------------------|---|-------------|
| April - May - June 2017             | July - August - September 2017          | 2017 Q3     |
| April - May - June 2018             | July - August - September 2018          | 2018 Q3     |
| April - May - June 2019             | July - August - September 2019          | 2019 Q3     |

## Median quarterly earnings and percentage increase in earnings

Figure 2 shows inflation-adjusted median quarterly earnings for exiters. Earnings progressions are shown in Figure 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 are hourly wages because quarterly earnings reflect both an individual's hourly wage and any changes between part- 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 2020 are adjusted to real dollars using the 2020 annual average CPI-W as a base year.

### Figure 2. Median quarterly earnings for adult TANF exiters (2020 CPI-W dollars)

Washington state, third-quarter 2017 through third-quarter 2019

Source: Employment Security Department/LMEA, Unemployment Insurance Data Warehouse Wage Tables;

Washington State Office of Financial Management, AFARRAYS file

| TANF cohort | Number exiting TANF in cohort Q3 | Quarter of exit        | After 12 months | After 24 months | After 36 months  |
|-------------|----------------------------------|------------------------|-----------------|-----------------|------------------|
| 2017 Q3     | 7,096 <sup>1</sup>               | \$4,583                | \$5,344         | \$5,884         | \$6,493          |
|             |                                  | n = 3,563 <sup>2</sup> | n = 3,378       | n = 3,366       | n = 2,763        |
| 2018 Q3     | 5,707                            | \$4,829                | \$5,720         | \$6,165         | n/a <sup>3</sup> |
|             |                                  | n = 2,919              | n = 2,783       | n = 2,318       | n/a              |
| 2019 Q3     | 5,597                            | \$5,097                | \$5,630         | n/a             | n/a              |
|             |                                  | n = 2,900              | n = 2,283       | n/a             | n/a              |

<sup>1</sup>The third-quarter 2017 TANF cohort is defined as those on TANF at least one month during second-quarter 2017 and off TANF all three months of third-quarter 2017.

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

<sup>3</sup>Information not yet available is shown as "n/a."

**Figure 3.** Percentage change in quarterly earnings for adult TANF exiters<sup>1</sup>  
 Washington state, third-quarter 2017 through third-quarter 2019  
 Source: Employment Security Department/LMEA, Unemployment Insurance Data  
 Warehouse Wage Tables; Washington State Office of Financial Management, AFARRAYS  
 file

| TANF cohort | Change in earnings after 12 months | Change in earnings after 24 months | Change in earnings after 36 months | Latest quarter compared to exit quarter |
|-------------|------------------------------------|------------------------------------|------------------------------------|---|
| 2017 Q3     | 16.6%                              | 10.1%                              | 10.4%                              | 41.7%                                   |
| 2018 Q3     | 18.5%                              | 7.8%                               | n/a <sup>2</sup>                   | 27.7%                                   |
| 2019 Q3     | 10.5%                              | n/a                                | n/a                                | 10.5%                                   |

<sup>1</sup>Compares a given *Figure 2* quarter to the previous quarter.

<sup>2</sup>Information not yet available is shown as “n/a.”

### 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 are 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. *Figure 4* displays inflation-adjusted, median hourly wage rates for TANF exiters.

**Figure 4.** Median hourly earnings for adult TANF exiters (2020 CPI-W dollars)  
 Washington state, third-quarter 2017 through third-quarter 2019  
 Source: Employment Security Department/LMEA, Unemployment Insurance Data  
 Warehouse Wage Tables;  
 Washington State Office of Financial Management, AFARRAYS file

| TANF cohort | Quarter of exit        | After 12 months | After 24 months | After 36 months  |
|-------------|------------------------|-----------------|-----------------|------------------|
| 2017 Q3     | \$13.52                | \$14.69         | \$15.57         | \$17.12          |
|             | n = 3,507 <sup>1</sup> | n = 3,320       | n = 3,289       | n = 2,691        |
| 2018 Q3     | \$14.05                | \$15.34         | \$16.83         | n/a <sup>2</sup> |
|             | n = 2,877              | n = 2,724       | n = 2,255       | n/a              |
| 2019 Q3     | \$15.02                | \$16.54         | n/a             | n/a              |
|             | n = 2,845              | n = 2,213       | n/a             | n/a              |

<sup>1</sup>The 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) is shown as “n.”

<sup>2</sup>Information not yet available is shown as “n/a.”

## WorkFirst return rate

Figure 5 shows the return rate for exiters 12, 24 and 36 months after leaving WorkFirst.

**Figure 5.** Number and percentage of adult TANF exiters returning to TANF<sup>1</sup> Washington state, third-quarter 2017 through third-quarter 2020  
Source: Washington State Office of Financial Management, AFARRAYS file

| TANF cohort | Number with no TANF in cohort quarter | 12 months later          |                |                                | 24 months later          |                |                   | 36 months later          |                |                   |
|-------------|---------------------------------------|--------------------------|----------------|--------------------------------|--------------------------|----------------|-------------------|--------------------------|----------------|-------------------|
|             |                                       | Returned to TANF during: | Number on TANF | Percent of cohort <sup>2</sup> | Returned to TANF during: | Number on TANF | Percent of cohort | Returned to TANF during: | Number on TANF | Percent of cohort |
| 2017 Q3     | 7,096                                 | 2018 Q3                  | 748            | 10.5%                          | 2019 Q3                  | 644            | 9.1%              | 2020 Q3                  | 776            | 10.9%             |
| 2018 Q3     | 5,707                                 | 2019 Q3                  | 621            | 10.9%                          | 2020 Q3                  | 751            | 13.2%             | n/a <sup>3</sup>         | n/a            | n/a               |
| 2019 Q3     | 5,597                                 | 2020 Q3                  | 865            | 15.5%                          | n/a                      | n/a            | n/a               | n/a                      | n/a            | n/a               |

<sup>1</sup>If 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.

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

<sup>3</sup>Information not yet available is shown as “n/a.”