

**REPORT TO THE LEGISLATURE**

**WorkFirst Wage Progression Report – 2021 Second Quarter**

As Required by RCW 74.08A.411

April 1, 2022

Economic Services Administration  
Community Services Division  
PO Box 45470  
Olympia, WA 98504-5470  
(360) 725-4888

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## **WorkFirst Wage Progression and Returns Report: through second-quarter 2021**

### **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 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 second-quarter 2021 unemployment insurance wage data (covered employment wages) to provide updates for clients who exited TANF in second-quarter 2018, second-quarter 2019 and second-quarter 2020 (*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 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).

### Figure 1. WorkFirst performance report: TANF cohorts

Washington state, first-quarter 2018 through second-quarter 2020

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
January - February - March 2018	April - May - June 2018	2018 Q2
January - February - March 2019	April - May - June 2019	2019 Q2
January - February - March 2020	April - May - June 2020	2020 Q2

## 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 hourly wages because quarterly earnings reflect both an individual's hourly wage and 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 2021 are adjusted to real dollars using the 2021 annual average CPI-W as a base year.

**Figure 2.** Median quarterly earnings for adult TANF exiters (2021 CPI-W dollars)

Washington state, second-quarter 2018 through second-quarter 2020

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
2018 Q2	5,611 <sup>1</sup>	\$4,817	\$5,742	\$5,766	\$6,894
		n = 2,806 <sup>2</sup>	n = 2,660	n = 2,770	n = 2,163
2019 Q2	5,115	\$4,857	\$4,817	\$6,273	n/a <sup>3</sup>
		n = 2,494	n = 2,076	n = 1,983	n/a
2020 Q2	4,592	\$4,715	\$5,834	n/a	n/a
		n = 1,894	n = 1,856	n/a	n/a

<sup>1</sup>The second-quarter 2018 TANF cohort is defined as those on TANF at least one month during first-quarter 2018 and off TANF all three months of second-quarter 2018.

<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, second-quarter 2018 through second-quarter 2020

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
2018 Q2	19.2%	0.4%	19.6%	43.1%
2019 Q2	-0.8%	30.2%	n/a <sup>2</sup>	29.2%
2020 Q2	23.7%	n/a	n/a	23.7%

<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 (2021 CPI-W dollars)

Washington state, second-quarter 2018 through second-quarter 2020

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
2018 Q2	\$14.63	\$15.98	\$17.58	\$17.85
	n = 2,766 <sup>1</sup>	n = 2,626	n = 2,166	n = 2,096
2019 Q2	\$15.24	\$17.36	\$17.47	n/a <sup>2</sup>
	n = 2,457	n = 2,009	n = 1,919	n/a
2020 Q2	\$16.87	\$16.93	n/a	n/a
	n = 1,848	n = 1,815	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, second-quarter 2018 through second-quarter 2021

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
2018 Q2	5,611	2019 Q2	611	10.9%	2020 Q2	702	12.5%	2021 Q2	590	10.5%
2019 Q2	5,115	2020 Q2	804	15.7%	2021 Q2	625	12.2%	n/a <sup>3</sup>	n/a	n/a
2020 Q2	4,592	2021 Q2	579	12.6%	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.”