

**REPORT TO THE LEGISLATURE**

**WorkFirst Wage Progression Report – 2017 Second Quarter**

As Required by RCW 74.08A.411

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## **WorkFirst Wage Progression and Returns Report: through second-quarter 2017**

### **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 appropriate fiscal and policy committees of the legislature for families who leave assistance, 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. [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 2017 unemployment insurance wage data (covered employment wages) to provide updates for clients who exited TANF in second-quarter 2014, second-quarter 2015 and second-quarter 2016 (*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 2014 through second-quarter 2016

Source: Employment Security Department/WITS; 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 2014	April-May-June 2014	2014 Q2
January-February-March 2015	April-May-June 2015	2015 Q2
January-February-March 2016	April-May-June 2016	2016 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 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 2016 are adjusted to real dollars using the 2016 annual average CPI-W as a base year.

**Figure 2.** Median quarterly earnings for adult TANF exiters (2016 CPI-W dollars)

Washington state, second-quarter 2014 through second-quarter 2016

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

TANF cohort	Number exiting TANF in cohort Q2	Quarter of exit	After 12 months	After 24 months	After 36 months
2014 Q2	10,241 <sup>1</sup>	\$3,588	\$4,282	\$4,852	\$5,517
		n = 4,513 <sup>2</sup>	n = 4,604	n = 4,633	n = 4,474
2015 Q2	8,797	\$3,690	\$4,445	\$5,175	n/a <sup>3</sup>
		n = 4,139	n = 4,031	n = 3,866	n/a
2016 Q2	7,588	\$3,854	\$4,728	n/a	n/a
		n = 3,674	n = 3,478	n/a	n/a

<sup>1</sup>The second-quarter 2014 TANF cohort is defined as those on TANF at least one month during first-quarter 2014 and off TANF all three months of second-quarter 2014.

<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 2014 through second-quarter 2016

Source: Employment Security Department/WITS, 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
2014 Q2	19.4%	13.3%	13.7%	53.8%
2015 Q2	20.5%	16.4%	n/a <sup>2</sup>	40.2%
2016 Q2	22.7%	n/a	n/a	22.7%

<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 (2016 CPI-W dollars)  
 Washington state, second-quarter 2014 through second-quarter 2016  
 Source: Employment Security Department/WITS, 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
2014 Q2	\$10.78	\$11.83	\$12.77	\$14.00
	n = 4,424 <sup>1</sup>	n = 4,500	n = 4,532	n = 4,387
2015 Q2	\$11.15	\$12.21	\$13.58	n/a <sup>2</sup>
	n = 4,059	n = 3,964	n = 3,801	n/a
2016 Q2	\$11.79	\$13.25	n/a	n/a
	n = 3,631	n = 3,422	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 2014 through second-quarter 2017  
 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
2014 Q2	10,241	2015 Q2	968	9.5%	2016 Q2	753	7.4%	2017 Q2	536	5.2%
2015 Q2	8,797	2016 Q2	862	9.8%	2017 Q2	717	8.2%	n/a <sup>3</sup>	n/a	n/a
2016 Q2	7,588	2017 Q2	711	9.4%	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."