

REPORT TO THE LEGISLATURE

WorkFirst Wage Progression Report – 2023 Fourth Quarter

As required by RCW 74.08A.411

October 1, 2024

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STATUTORY REQUIREMENT

RCW [74.08A.411](#) requires DSHS to report WorkFirst outcome measures 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 12 months, 24 months, and 36 months. The department shall also report the percent of families who have returned to TANF after 12 months, 24 months, and 36 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.]

WorkFirst Wage Progression

Reporting Period: PY23Q4

Created: September 2024

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 Department of Social and Health Service's AFARRAYS file.

This quarterly WorkFirst performance report provides follow-up data for three groups (cohorts) of TANF exiters. The report uses Q4 2023 unemployment insurance wage data (covered employment wages) to provide updates for clients who exited TANF in Q4 of 2020, 2021, or 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 July - September (Q3) and
- Did not receive a TANF grant at any time during the following quarter, October - December (Q4).

Table 1: WorkFirst performance report: TANF cohorts

Cohort Name	Received TANF at least once during	No TANF all three months (exit quarter)
Q4 2020	July - September 2020	October - December 2020
Q4 2021	July - September 2021	October - December 2021
Q4 2022	July - September 2022	October - December 2022

Source: Source: Employment Security Department/DATA; Washington State Department of Social and Health Services, AFARRAYS file

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 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 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 Q4 2020 through Q4 2022

	At Exit	One Year Later	Two Years Later	Three Years Later
Q4 2020				
Exiters (total) ¹	6,514	6,514	6,514	6,514
Exiters (with wages) ²	2,623	2,784	2,976	2,814
Median Wage Amount ³	\$6,658.80	\$7,291.07	\$7,750.78	\$8,388.27
Q4 2021				
Exiters (total) ¹	4,330	4,330	4,330	4,330
Exiters (with wages) ²	2,075	2,014	1,855	NA
Median Wage Amount ³	\$6,931.78	\$7,102.74	\$7,813.35	NA
Q4 2022				
Exiters (total) ¹	5,939	5,939	5,939	5,939
Exiters (with wages) ²	2,885	2,583	NA	NA
Median Wage Amount ³	\$6,963.69	\$7,848.82	NA	NA

Information not yet available is shown as "NA"

¹Exiter is defined as those on TANF at least one month during Q3 of a given year and off TANF all three months of Q4 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 Department of Social and Health Services, AFARRAYS file

Table 3: Percentage change in quarterly earnings for adult TANF exiters

Washington state, Q4 2020 through Q4 2022

Cohort	One year after exit ¹	Two years after exit ¹	Three years after exit ¹	Latest quarter ²
Q4 2020	9.50%	6.31%	8.22%	25.97%
Q4 2021	2.47%	10.00%	NA	12.72%
Q4 2022	12.71%	NA	NA	12.71%

Information not yet available is shown as "NA"

¹Rate of change compared to previous timepoint

²Latest available timepoint compared to exit quarter

Source: Employment Security Department/DATA, Unemployment Insurance Data Warehouse Wage Tables; Washington State Department of Social and Health Services, 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 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. *Table 4* displays inflation-adjusted, median hourly wage rates for TANF exiters.

Table 4: Median hourly earnings for adult TANF exiters

Washington state, Q4 2020 through Q4 2022

	At Exit	One Year Later	Two Years Later	Three Years Later
Q4 2020				
n ¹	2,560	2,696	2,833	2,698
medianhourly ²	\$19.57	\$20.82	\$21.20	\$21.76
Q4 2021				
n ¹	2,026	1,921	1,793	NA
medianhourly ²	\$20.04	\$20.82	\$21.09	NA
Q4 2022				
n ¹	2,775	2,483	NA	NA
medianhourly ²	\$20.47	\$20.96	NA	NA

Information not yet available is shown as "NA"

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/DATA, Unemployment Insurance Data Warehouse Wage Tables; Washington State Department of Social Health Services, AFARRAYS file

WorkFirst return rate

Table 5 shows the return rate for exiters one year, two years, and three years after leaving WorkFirst.

Table 5: Number and Percentage of adult TANF Exiters returning to TANF

Washington state, Q4 2020 through Q4 2022

Cohort	Exiters	One Year Later		Two Years Later		Three Years Later	
		Number of Returners ¹	Percent of Cohort ²	Number of Returners ¹	Percent of Cohort ²	Number of Returners ¹	Percent of Cohort ²
Q4 2020	6,514	638	9.8%	1,098	16.9%	894	13.7%
Q4 2021	4,330	628	14.5%	595	13.7%	NA	NA
Q4 2022	5,939	898	15.1%	NA	NA	NA	NA

Information not yet available is shown as "NA."

¹If the client returned to TANF for at least one month during Q4 one, two, or three years after exiting, 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 Department of Social Health Services, AFARRAYS file