

WorkFirst Wage Progression and Returns Report: through fourth quarter 2012

Introduction

RCW 74.08A.411 mandates a quarterly report on performance measures for WorkFirst clients 12, 24 and 36 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 percentage 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 (*Figure 1*). The report uses fourth quarter 2012 (2012 quarter 4) unemployment-insurance wage data (covered employment wages) to provide updates for clients who exited TANF in 2009 quarter 4, 2010 quarter 4 and 2011 quarter 4. 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, August or September (quarter 3); and
- Did not receive a TANF grant at any time during October, November or December of the following quarter (quarter 4).

Figure 1. WorkFirst performance report: TANF cohorts
Washington state, 2009 Q3 through 2011 Q4
Source: Employment Security Department/LMEA

| Received TANF at least once during: | No TANF all three months (exit quarter) | Cohort name |
|-------------------------------------|---|-------------|
| July-August-September 2009 | October-November-December 2009 | 2009 Q4 |
| July-August-September 2010 | October-November-December 2010 | 2010 Q4 |
| July-August-September 2011 | October-November-December 2011 | 2011 Q4 |

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 are adjusted to current dollars using the 2012 annual average CPI-W as a base year.

Figure 2. Median quarterly earnings for adult TANF exiters (2012 CPI-W Dollars)

Washington state, 2009 Q4 through 2011 Q4

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

| TANF cohort ¹ | Number exiting TANF in cohort Q4 | Quarter of exit | After 12 months | After 24 months | After 36 months |
|--------------------------|----------------------------------|-----------------------|-----------------|-----------------|------------------|
| 2009 Q4 | 11,398 ¹ | \$3,799 | \$3,979 | \$4,068 | \$4,389 |
| | | n= 4,869 ² | n= 4,389 | n= 4,297 | n= 4,311 |
| 2010 Q4 | 12,186 | \$3,875 | \$4,039 | \$4,451 | n/a ³ |
| | | n= 5,349 | n= 5,039 | n= 5,005 | n/a |
| 2011 Q4 | 12,751 | \$3,563 | \$4,126 | n/a | n/a |
| | | n= 5,417 | n= 5,234 | n/a | n/a |

¹The 2009 Q4 TANF cohort is defined as those on TANF at least one month during 2009 Q3 and off TANF all three months of 2009 Q4.

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

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

Figure 3. Percentage change in quarterly earnings for adult TANF exiters¹

Washington state, 2009 Q4 through 2011 Q4

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 |
|-------------|------------------------------------|------------------------------------|------------------------------------|---|
| 2009 Q4 | 4.7% | 2.2% | 7.9% | 15.5% |
| 2010 Q4 | 4.2% | 10.2% | n/a ² | 14.9% |
| 2011 Q4 | 15.8% | n/a | n/a | 15.8% |

¹Compares a given Figure 2 quarter to the previous quarter.

²Information 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 (2012 CPI-W Dollars)

Washington state, 2009 Q4 through 2011 Q4

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 |
|-------------|------------------------|-----------------|-----------------|------------------|
| 2009 Q4 | \$10.80 | \$11.07 | \$11.08 | \$11.38 |
| | n ¹ = 4,683 | n= 4,217 | n= 4,144 | n= 4,217 |
| 2010 Q4 | \$10.60 | \$10.81 | \$11.29 | n/a ² |
| | n= 5,108 | n= 4,858 | n= 4,914 | n/a |
| 2011 Q4 | \$10.30 | \$12.75 | n/a | n/a |
| | n= 5,205 | n= 5,115 | n/a | 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).

²Information 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

Washington state, 2009 Q4 through 2011 Q4

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 | % of cohort | Returned to TANF during: | Number on TANF | % of cohort | Returned to TANF during: | Number on TANF | % of cohort |
| 2009 Q4 | 11,398 | 2010 Q4 | 2,203 | 19.3% | 2011 Q4 | 1,506 | 13.2% | 2012 Q4 | 1,229 | 10.8% |
| 2010 Q4 | 12,186 | 2011 Q4 | 1,636 | 13.4% | 2012 Q4 | 1,397 | 11.5% | n/a ¹ | n/a | n/a |
| 2011 Q4 | 12,751 | 2012 Q4 | 1,663 | 13.0% | n/a | n/a | n/a | n/a | n/a | n/a |

¹Information not yet available is shown as “n/a.”