

WorkFirst Wage Progression and Returns Report: through second 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. The report uses second quarter 2012 (2012 Q2) unemployment-insurance wage data (covered employment wages) to provide updates for clients who exited TANF in 2009 Q2, 2010 Q2 and 2011 Q2. (*Figure 1*) 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 (Quarter 1) and
- Did not receive a TANF grant at any time during April, May or June of the following quarter (Quarter 2).

Figure 1. WorkFirst performance report: TANF cohorts
Washington state, 2009 Q1 through 2011 Q2
Source: Washington state Office of Financial Management, AFARRAYS file

Received TANF at least once during:	No TANF all three months (exit quarter)	Cohort name
Jan-Feb-Mar 2009	Apr-May-Jun 2009	2009 Q2
Jan-Feb-Mar 2010	Apr-May-Jun 2010	2010 Q2
Jan-Feb-Mar 2011	Apr-May-Jun 2011	2011 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 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 Q2 through 2011 Q2

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

TANF cohort ¹	Number exiting TANF in cohort Qtr 2	Quarter of exit	After 12 months	After 24 months	After 36 months
2009 Q2	10,533	\$3,528	\$3,826	\$3,959	\$4,194
		n= 4,396 ²	n= 3,845	n= 3,838	n= 3,809
2010 Q2	11,806	\$3,593	\$3,685	\$4,073	n/a ⁴
		n= 4,597	n= 4,448	n= 4,378	n/a
2011 Q2	19,425 ³	\$3,070	\$3,510	n/a	n/a
		n= 7,064	n= 7,146	n/a	n/a

¹The 2009 Q2 TANF cohort is defined as those on TANF at least one month during 2009 Q1 and off TANF all three months of 2009 Q2.

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

³The high number of exiters reflects a large drop in the TANF adult caseload from 2011 Q1 to 2011 Q2. ESA Program Briefing Book 2012, TANF/WorkFirst, page 16.

⁴Information not yet available is shown as "n/a."

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

Washington state, 2009 Q2 through 2011 Q2

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

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 Q2	8.4%	3.5%	5.9%	18.90%
2010 Q2	2.6%	10.5%	n/a ²	13.40%
2011 Q2	14.3%	n/a	n/a	14.30%

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 Q2 through 2011 Q2

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

TANF cohort	Quarter of exit	After 12 months	After 24 months	After 36 months
2009 Q2	\$10.79	\$10.92	\$10.87	\$11.00
	n ¹ = 4,137	n= 3,725	n= 3,696	n= 3,725
2010 Q2	\$10.59	\$10.68	\$10.94	n/a ²
	n= 4,463	n= 4,309	n= 4,291	n/a
2011 Q2	\$10.21	\$10.40	n/a	n/a
	n= 6,755	n= 6,976	n/a	n/a

¹The number of observations used in this analysis is shown as "n."

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 Q2 through 2011 Q2

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 Q2	10,533	2010 Q2	2,043	19.4%	2011 Q2	1,559	14.8%	2012 Q2	1,148	10.9%
2010 Q2	11,806	2011 Q2	1,683	14.3%	2012 Q2	1,492	12.6%	n/a ¹	n/a	n/a
2011 Q2	19,425	2012 Q2	2,246	11.6%	n/a	n/a	n/a	n/a	n/a	n/a

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