



TANF Caseload Changes

The Well-Being of Parents and Children Leaving WorkFirst in Washington State

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Report to the DSHS Economic Services Administration, Office of the Assistant Secretary and the Community Services Division

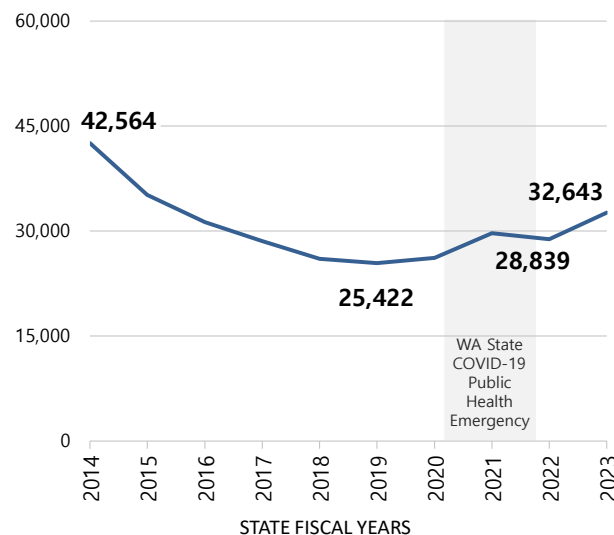
THE Temporary Assistance for Needy Families (TANF) program provides cash assistance to low-income families with children in Washington state. Adults receiving TANF participate in WorkFirst, which provides employment and training opportunities in order to build financial stability. Starting in 2020, waivers were implemented in response to the COVID-19 pandemic that made policy and service delivery changes to the TANF and WorkFirst programs. This report examines how COVID-19-related program changes were associated with the well-being of parents and children leaving TANF by comparing families leaving TANF during state fiscal year (SFY) 2022 to families leaving TANF in SFY 2017.

Key Findings

1. **Fewer clients left TANF in SFY 2022 compared to SFY 2017.** While the number of clients receiving at least one month of TANF was similar in SFY 2022 (n = 40,529) compared to SFY 2017 (n = 40,659), the number who left TANF and remained off benefits for 12 months was lower in SFY 2022 (n = 15,584 or 38 percent) compared to SFY 2017 (n = 22,769 or 56 percent).
2. **TANF leavers in SFY 2022 had slightly higher rates of barriers to employment and spent 2.4 months longer on TANF before leaving as compared to TANF leavers in SFY 2017.** Leavers in SFY 2022 also had higher rates of diagnosed mental health conditions, substance use disorders, and chronic health conditions.
3. **TANF leavers in SFY 2022 had slightly lower rates of homelessness, and child protective services intakes, compared to TANF leavers in SFY 2017.**
4. **While TANF leavers in SFY 2022 had similar quarterly rates of employment to leavers in 2017, in 2022, those who were employed earned significantly more.** Additionally, at the household level, leavers in SFY 2022 had higher annual household incomes corresponding to about 80 percent of the federal poverty level during the 12 months after leaving, whereas leavers in SFY 2017 had household incomes at about 68 percent of the federal poverty level during the 12 months after exit.

TANF Caseload Dynamics Have Changed Over the Past Decade

FIGURE 1
Average Monthly TANF Caseload
By State Fiscal Year



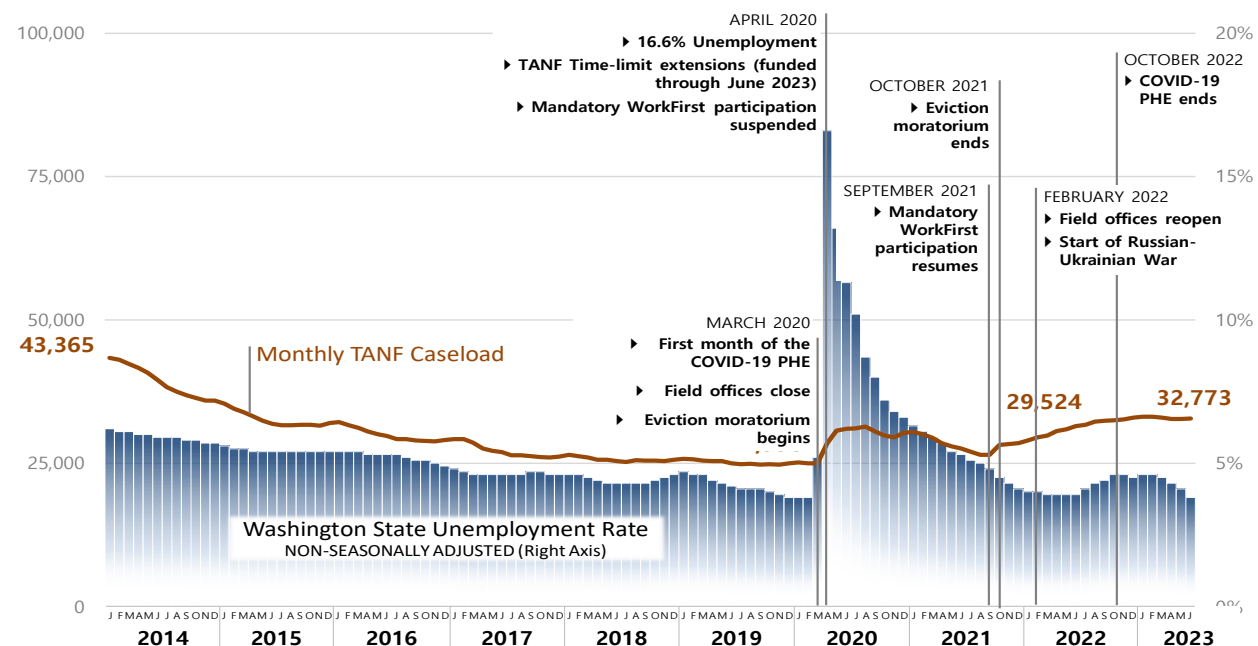
Note: The lower axis shows State Fiscal Years, which end June 30 of the year noted. The Washington State COVID-19 public health emergency was in effect February 29, 2020, to October 31, 2022.

Prior to the start of the COVID-19 pandemic in 2020, the TANF caseload had been declining since SFY 2014 (Figure 1). In SFY 2014, the average monthly caseload was 42,564 assistance units.¹ By SFY 2019 the average monthly caseload reached its lowest point in the recent past with 25,422 assistance units (see Patton, et al. 2015 for detailed trends information prior to SFY 2014).

After SFY 2019, the TANF caseload increased in response to economic conditions during the COVID-19 pandemic in SFY 2020 and SFY 2021. It then dipped slightly in SFY 2022 to 28,839 assistance units and rebounded to 32,643 assistance units in SFY 2023.

Figure 2 below displays the monthly TANF caseload on the line graph (left-axis) and the unemployment rate on the bar graph (right-axis). Key program changes and social and economic factors that may be associated with changing caseloads are also identified along the x-axis.

FIGURE 2
Monthly TANF Caseload and Unemployment Rate



¹ An assistance unit is a group of people who live together and whose income or resources are counted in determining TANF eligibility and benefit amounts. TANF/WorkFirst assistance units generally included parents and their minor children who reside together.

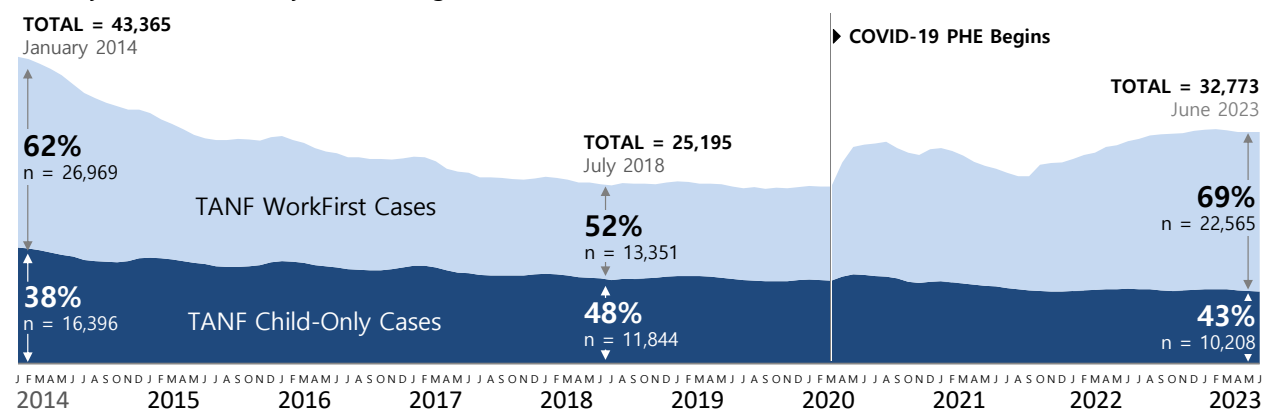
WorkFirst Families Drove Increases in Caseloads During and After the Pandemic

WorkFirst cases made up a declining proportion of the TANF caseload between January 2014, when WorkFirst cases were 62 percent of the caseload, and November 2016, when WorkFirst cases made up 54 percent of the TANF caseload. Thereafter, the proportion of WorkFirst cases stabilized to around 52 percent of the caseload until March 2020. After that point, the proportion of the caseload made up of WorkFirst cases rose to 69 percent in June 2023. Therefore, much of the growing caseload due to the economic conditions brought on by the COVID-19 pandemic was driven by growth in the WorkFirst caseload.

FIGURE 3

Change in the Composition of the TANF Caseload: WorkFirst and Child-Only Cases

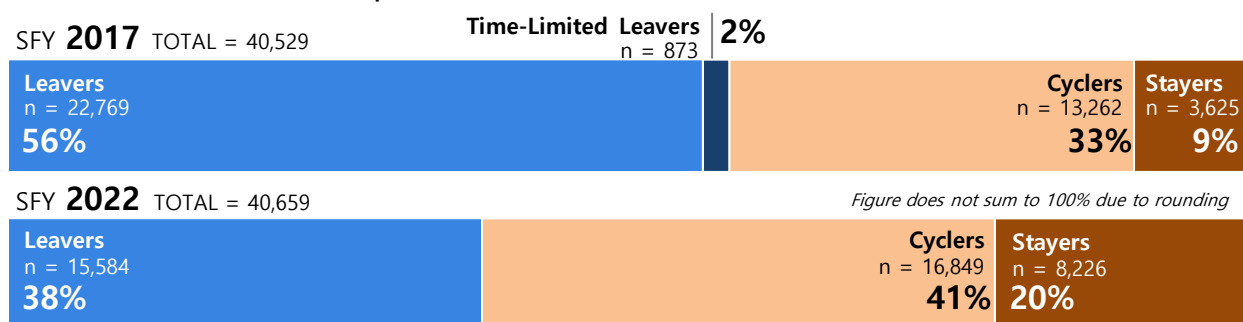
Monthly Caseload, January 2014 through June 2023



For this study, we compared a cohort of adult WorkFirst recipients, and their children, from SFY 2017 with a cohort from SFY 2022, the latter of whom were subject to relaxed TANF rules due to the COVID-19 pandemic. Clients within each cohort were grouped according to their pattern of TANF receipt over the 12 months after their last month on TANF in SFY 2017 or SFY 2022. **Leavers** in both time periods remained off TANF for 12 consecutive months after their last month on TANF in the cohort year. **Time-limited leavers** also remained off TANF for 12 months, but this was due to the 60-month TANF time limit rule that was in effect only for the SFY 2017 cohort. Therefore, time-limited leavers only appear in SFY 2017. **Cyclers** in both time periods received at least one month, but less than 12 months of TANF in the 12 months following their last month of TANF in the cohort year. Finally, **Stayers** remained on TANF for 12 consecutive months after their last month in the cohort year. A higher percentage of WorkFirst adults in SFY 2022 were classified as stayers and a lower percentage were classified as leavers when compared to the SFY 2017 cohort of WorkFirst adults (see Figure 4).

FIGURE 4

TANF WorkFirst Adult Recipient Cohorts

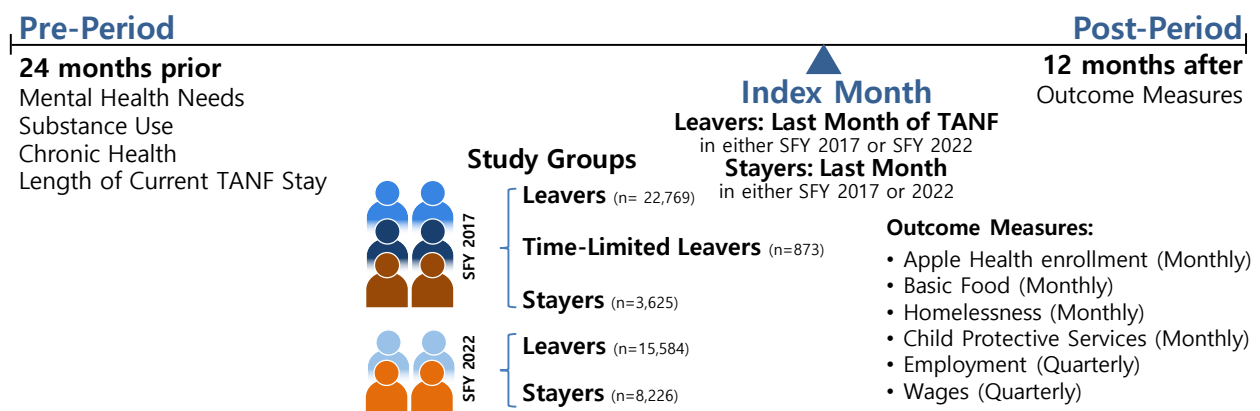


Two Cohorts of TANF Leavers Compared: SFY 2017 and SFY 2022

This report focuses on families that left WorkFirst in SFY 2022 and compares them to families that left in SFY 2017. In SFY 2017, the 60-month limit was still enforced except in limited cases where families qualified for a time-limit extension. Therefore SFY 2017 leavers are divided into two groups: time-limited leavers and all other leavers. In SFY 2022, all families qualified for time-limit extensions, so there were no time-limited leavers in that cohort. Time-limit extensions due to COVID expired June 30, 2023.² This study compares leavers in SFY 2017, both those who left due to time limits and those who left for any other reason, to leavers in SFY 2022 on baseline characteristics and 12-month outcomes (see Figure 5). We also include stayers in each time period (those who remained for 12 months after the end of SFY 2017 or SFY 2022) as a comparison. For leavers the 12-month outcome period includes the 12 months after they exited TANF, while for stayers the 12-month outcome period includes the 12 months they remained on TANF.

FIGURE 5

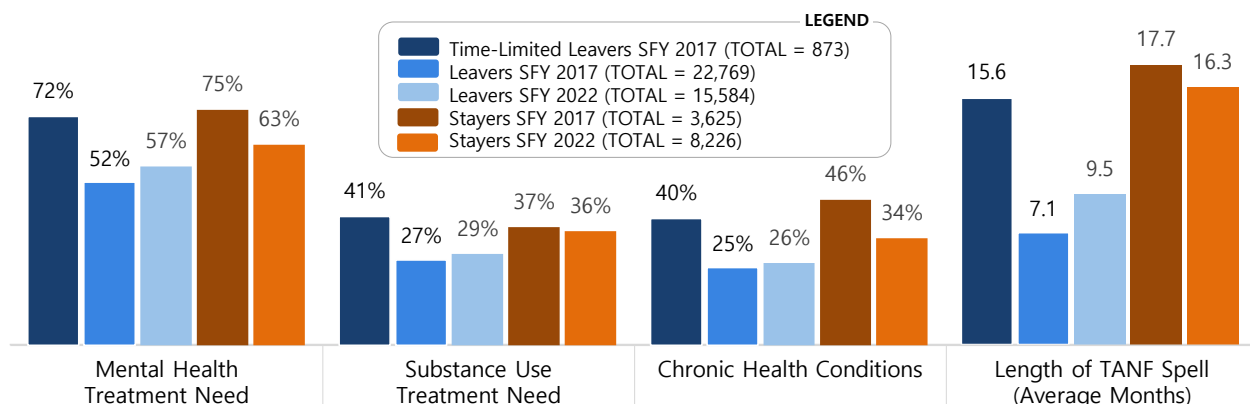
Study Timeline



Differences in Rates of Baseline Risks Across the Cohorts

FIGURE 6

Baseline Risks for TANF Leaver and Stayer Cohorts



² Other pandemic-related TANF/WorkFirst policy changes can be found in Appendix 8 of the ESA Briefing Book, which outlines major changes in ESA programs by month: <https://www.dshs.wa.gov/esa/manuals/briefing-book>.

Mental Health Needs

Leavers in SFY 2022 had indications of a mental health need at a higher rate (57 percent) than leavers in SFY 2017 (52 percent). However, time-limited leavers in SFY 2017 had the highest rates of mental health needs (72 percent). Since time limits were not in place during SFY 2022, it is likely many of the individuals with mental health needs that might have exited the TANF program only because of time limits were able to maintain benefits. Time-limited leavers in 2017 had rates of mental health needs similar to stayers in 2017 and higher than stayers in 2022.

Substance Use

Leavers in SFY 2022 had a slightly higher rate of substance use disorder (SUD) treatment need (29 percent) compared to leavers in SFY 2017 (27 percent). However, time-limited leavers in SFY 2017 had the highest rates of substance use (41 percent). Without time limits in SFY 2022, higher numbers of families impacted by substance use were able to remain supported by the TANF program. Interestingly, time-limited leavers in 2017 had rates of SUD treatment need that were higher than stayers in both 2017 (37 percent) and 2022 (36 percent). This suggests that SUD treatment need is associated with remaining on TANF long enough to reach the time limit.

Chronic Health

Leavers in SFY 2022 and SFY 2017 had similar rates of probable chronic health conditions (26 percent and 25 percent, respectively). As with previous measures, time-limited leavers had the highest rate of probable chronic health conditions (40 percent). With time limits relaxed in SFY 2022, individuals with higher rates of these conditions could remain connected to the TANF cash benefit. Stayers in 2017 had the highest observed rates of chronic health conditions (46 percent), while stayers in 2022 had rates of chronic health conditions (34 percent) above that of leavers in 2017 and 2022, but lower than stayers in 2017.

Length of Current TANF Spell

Leavers in SFY 2022 spent about 2.4 more months during their current TANF spell than leavers in SFY 2017 (9.5 months versus 7.1 months). Time-limited leavers in SFY 2017 had a current TANF spell of 15.6 months. Stayers in 2017 had a current TANF spell of 17.7 months and stayers in 2022 had a slightly lower current TANF spell of 16.3 months. Since time-limited leavers in 2017 had slightly shorter current TANF spells than stayers in either year, they likely had cycled on and off TANF in the years previous to the current spell in order to reach the 60-month time limit.

Outcomes for Leavers and Stayers in SFY 2017 and SFY 2022

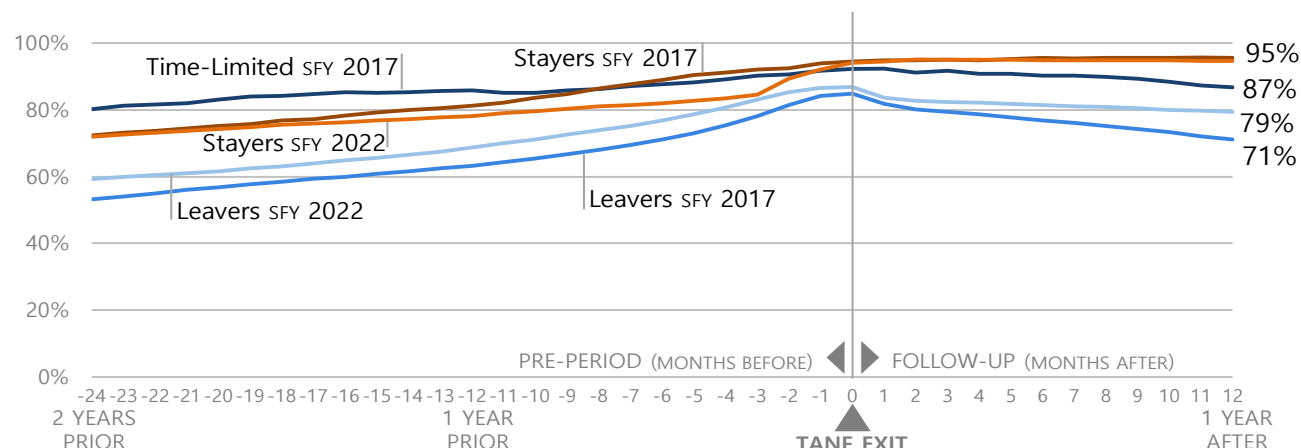
Apple Health Enrollment

Leavers in both 2017 and 2022 had a similar pattern of enrollment in Apple Health in the two-year period leading up to leaving TANF (Figure 7). Both cohorts of leavers also had similar participation in the month of TANF exit (85 percent for the 2017 cohort and 87 percent for the 2022 cohort). After exiting, leavers in 2022 maintained connection to Apple Health enrollment at higher rates than leavers in 2017. While TANF leavers from both cohorts likely exited TANF due to increases in income, the majority would still be eligible for programs like Apple Health and Basic Food that have higher income thresholds than TANF. Also, during the COVID-19 era, the Health Care Authority suspended regular Medicaid eligibility checks and did not resume them until April 1, 2024 (Washington Health Benefit Exchange, 2024). Time-limited leavers in 2017 experienced slowly declining connections to Apple Health enrollment after exit (from 92 percent to 87 percent), which is concerning as their exits from TANF were not related to increases in income. Contrast time-limited leavers to stayers, who maintained steady connections to Apple Health in both 2017 and 2022 at high rates (95 percent or above for both groups).

FIGURE 7

Apple Health Enrollment Among TANF Leavers and Stayers

Among Adults who Exited or Remained on TANF in SFY 2017 and 2022



Basic Food

Leavers in SFY 2022 and SFY 2017 had similar trends in Basic Food receipt in the 2 years leading up to the month they exited TANF and in the 12 months after exit (Figure 8). Both experienced a large decline in usage 6 months after TANF exit. This corresponds with the end of Transitional Food Assistance, which is available for 5 months after TANF exit. In contrast, for time-limited leavers in SFY 2017, rates of Basic Food receipt increased from above 80 percent to near 100 percent in the month of TANF exit. Time-limited leavers experienced a smaller decrease at 6 months post-exit and connection to Basic Food remained above 80 percent in each month in the follow-up year. This was well below stayers in 2017 and 2022 who maintained almost universal connection to Basic Food (96 percent or above) for the 12 months they remained on TANF.

FIGURE 8

Basic Food Receipt Among TANF Leavers and Stayers

Among Adults who Exited or Remained on TANF in SFY 2017 and 2022



Homelessness

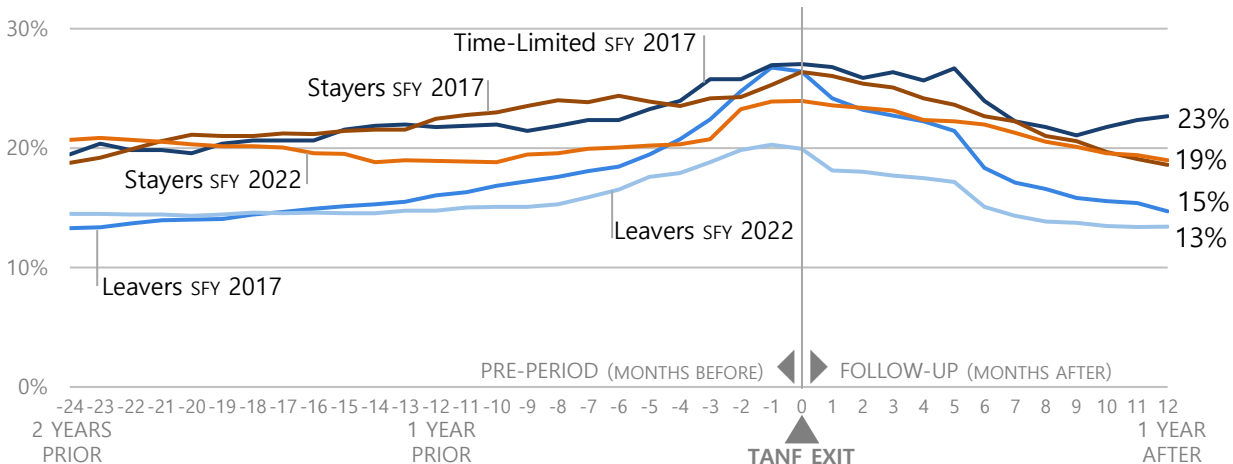
A lower percentage of leavers in SFY 2022 experienced homelessness in month they exited TANF and in the 12 months following their exit, when compared to leavers in SFY 2017 (Figure 9). The difference in homelessness narrowed over this period with a gap of 6 percent in the exit month (26 percent versus 20 percent) and a smaller gap of 2 percent in the 12th follow-up month (15 percent versus 13 percent). In contrast, time-limited leavers in SFY 2017 experienced higher and more consistent rates of homelessness across time. Stayers in SFY 2017 experienced higher rates of homelessness than stayers in SFY 2022 in much of the time period.

In response to the COVID-19 public health emergency Washington enacted an eviction moratorium, which lasted from March 18, 2020, through October 31, 2021. The timing of the eviction moratorium coincided with the first 4 months of SFY 2022. The moratorium may have contributed to lower homelessness rates for part of the baseline period for both stayers and leavers in SFY 2022, though it was not in place for the majority of the baseline or follow-up period of this study.

FIGURE 9

Homelessness Among TANF Leavers and Stayers

Among Adults who Exited or Remained on TANF in SFY 2017 and 2022



Child Protective Services Involvement

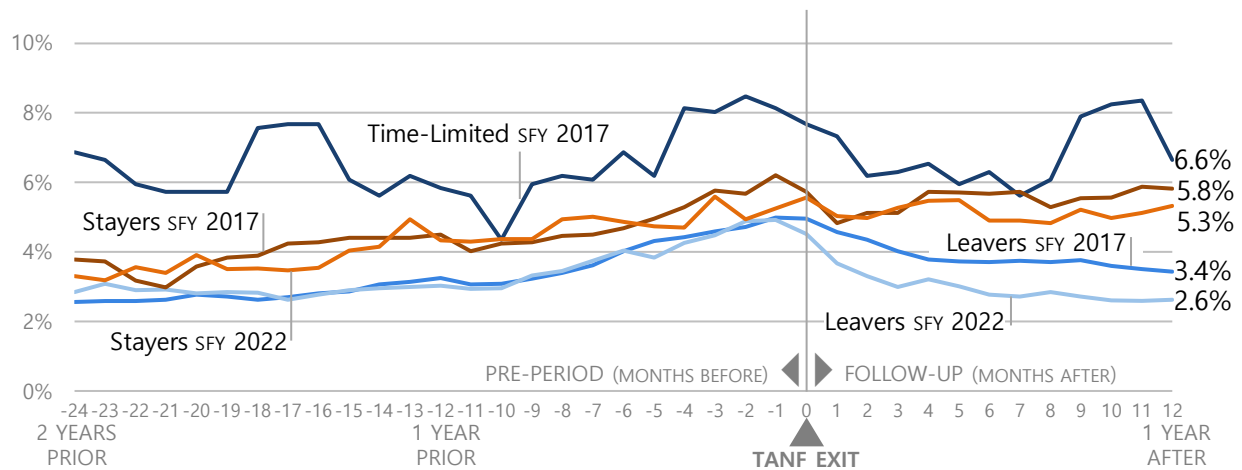
Children of leavers in SFY 2022 had lower rates of child protective services involvement than children of leavers in SFY 2017 in the 12 months following exit from TANF (Figure 10), but the difference was quite small. Rates for time-limited leavers in SFY 2017 were higher than for other leavers across all time frames. Rates for stayers in SFY 2017 and SFY 2022 were higher than rates for leavers in both years, but lower than rates for time-limited leavers. While there was a marked decrease in CPS reports in 2020, and reports remained somewhat lower in 2021, CPS intakes returned to pre-pandemic levels by 2022.³

³ See Child Welfare and Health Service Trends in Washington State at <https://www.dshs.wa.gov/sites/default/files/rda/reports/DCYF covid.pdf>.

FIGURE 10

Child Protective Service Involvement Among Children of TANF Leavers and Stayers

Among Children of Adults who Exited or Remained on TANF in SFY 2017 and 2022



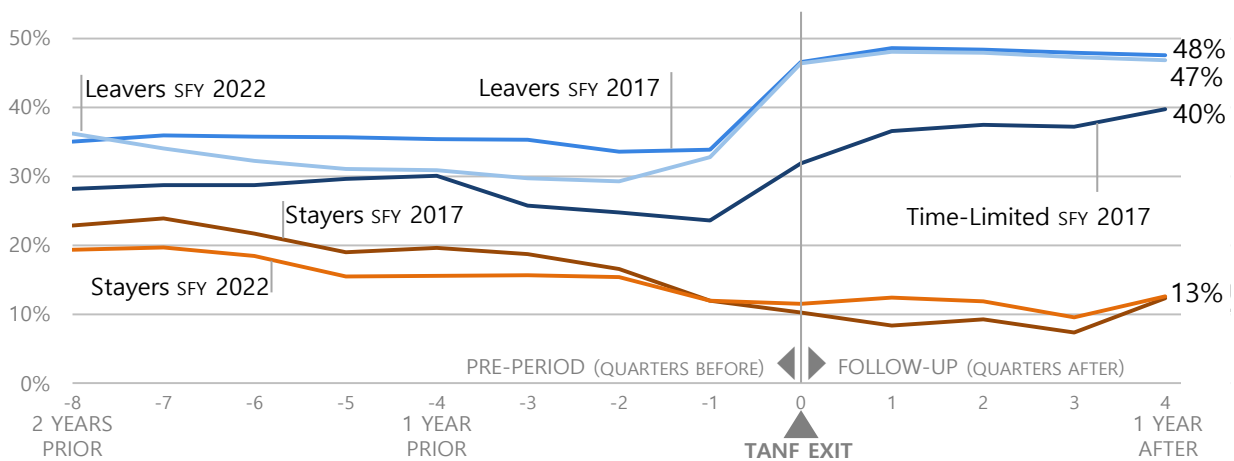
Employment

Compared to leavers in SFY 2017, leavers in SFY 2022 had similar rates of employment in each quarter after exit (Figure 11). Just under half of the members of each cohort were employed in the first quarter after exit and the employment remained about the same for the following 3 quarters. Employment for time-limited leavers in SFY 2017 was lower across all time frames but followed a similar temporal pattern. The quarterly employment rate of stayers in the follow-up period during which they remained on TANF was between 7 and 13 percent in both SFY 2017 and SFY 2022.

FIGURE 11

Quarterly Employment Rates Among TANF Leavers and Stayers

Among Adults who Exited or Remained on TANF in SFY 2017 and 2022



Wages of the Employed

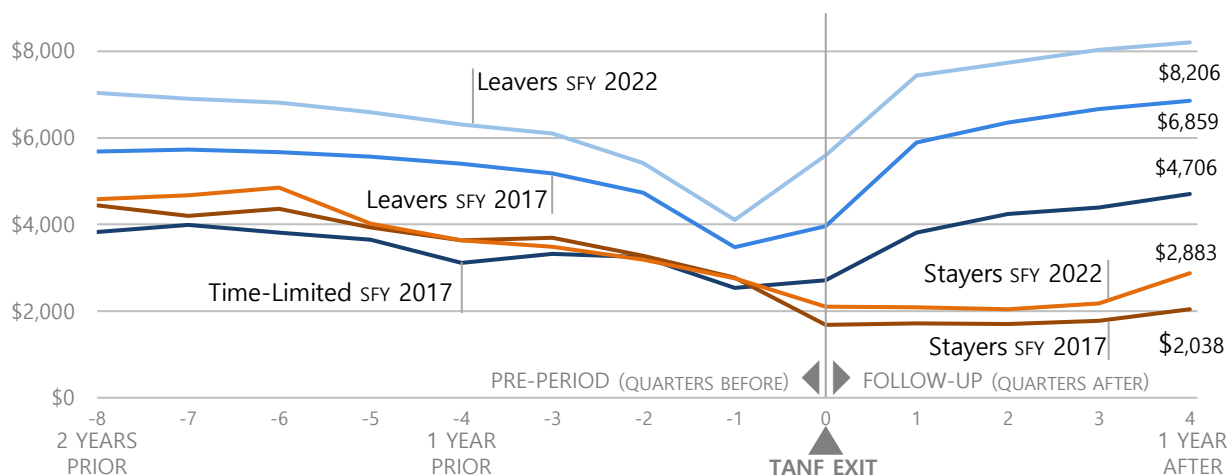
In order to compare across time, in the following sections wages have been adjusted to values in Q2 2023 dollars using the consumer price index (CPI). While leavers in 2022 had similar rates of employment in the 4 quarters following exit as leavers in 2017, among those working after exit, leavers in 2022 had a larger increase in wages following exit (Figure 12). Wages were at the lowest for each group in the quarter before exit. Relative to that quarter, wages grew 14 percent for leavers in 2017 compared to 36 percent growth for leavers in 2022 by the quarter of exit. By the fourth quarter after

exit, wages grew 97 percent for leavers in 2017 compared to 100 percent for leavers in 2022. Time-limited leavers on the other hand did not experience the same level of wage growth in the quarter of exit (7 percent increase) and experienced a smaller rate of wage growth in the following 4 quarters. Stayers experienced relatively flat wages until the fourth quarter of the outcome year at which point both groups experienced a slight increase in wages. Wages were likely influenced by state and local minimum wage increases during this time period. For example, the statewide minimum wage in January 2017 was \$11.00 whereas the statewide minimum wage in January 2022 was \$14.49

FIGURE 12

Quarterly Wages Among TANF Leavers and Stayers

Average Wages of Working Adults who Exited or Stayed Enrolled in TANF in SFY 2017 and SFY 2022



Note: All wages expressed as quarterly wages in 2023 Q2 dollars.

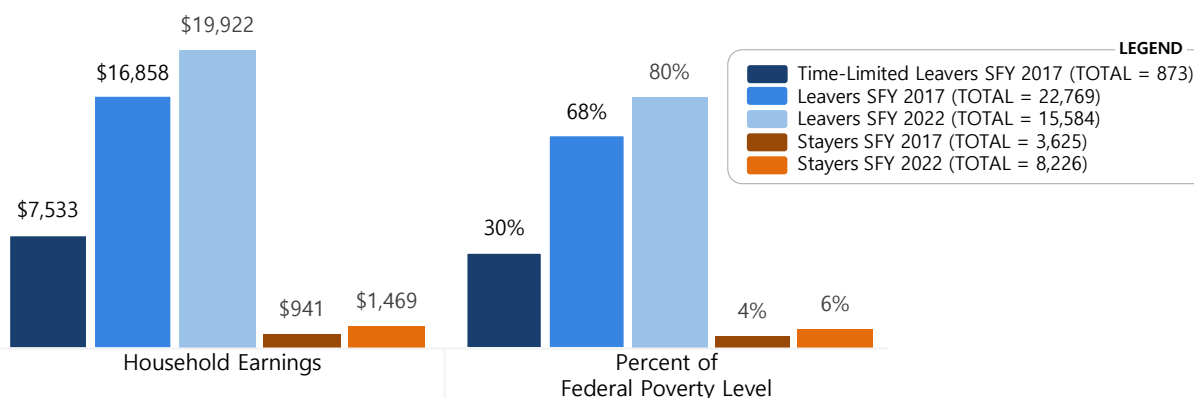
Household Earnings

In addition to individual wages of WorkFirst adults who were working after exit, we also looked at household earnings for all WorkFirst families. We summed the wages across the 4 quarters after exit (or after the end of the cohort year for stayers) for adults in the household and took the average for each group. Household earnings were \$16,858 on average for leavers in 2017, \$19,922 on average for leavers in 2022, and \$7,533 for time-limited leavers, all expressed in Q2 2023 dollars. For stayers in 2017 or 2022, household earnings were \$941 and \$1,469, respectively.

FIGURE 13

Household Earnings and Percent of FPL Among TANF Leavers and Stayers

Household Earnings of Household Adults who Exited or Stayed Enrolled in TANF in SFY 2017 and SFY 2022



To compare these household earnings, it is important to take into account how many adults are in the household, as they are the potential earners. While the proportion of two-parent households on WorkFirst was higher in SFY 2022 than SFY 2017, the average number of adults among leavers was lower in SFY 2022 (1.35) than in SFY 2017 (1.37). Time-limited leavers had the fewest adult household members on average (1.19), while stayers in SFY 2022 had more adults (1.26) than stayers in SFY 2017 (1.22).

These annual earnings can also be expressed as a percentage of the Federal Poverty Level (FPL) in the given year. The FPL was \$24,860 for a family of three in 2023.⁴ Leavers in 2022 earned about 80 percent of FPL for a family of 3 in the year after exit, while leavers in 2017 earned about 68 percent of FPL and time-limited leavers earned only 30 percent of FPL in the year. Stayers' wages corresponded to 4 percent of the FPL in 2017 and 6 percent of the FPL in 2022. Overall, all leavers earn below poverty incomes. Leavers who are time-limited have very low incomes in the 12 months after being removed from the caseload and are unable to supplement their incomes with cash assistance.

Discussion

While TANF leavers in 2022 had similar though slightly higher health and behavioral risk factors than leavers in 2017, they had better economic outcomes in the year after exit. Those who were working after exiting TANF experienced greater wage growth in the year after exit, and at the household level, combined adult earnings were higher both in CPI-adjusted dollars and in percentage of FPL. Also, a lower percentage of leavers in 2022 experienced homelessness when they exited and in subsequent months. Leavers in 2022 remained on TANF only 2.4 more months than leavers in 2017, even with relaxed program rules around time limits, WorkFirst participation, and benefit recertifications. However, it is important to note that, even though leavers in 2022 experienced better economic outcomes upon leaving, fewer people left TANF in 2022 (15,584 clients or 38 percent) than in 2017 (22,769 clients or 58 percent). Relaxed pandemic-era program rules, including suspending time limits, allowed TANF clients with barriers to employment to remain connected to benefits while working on resolving those issues. At the same time, relaxed program rules allowed those who did leave TANF to have a few additional months of support and experience better economic outcomes once they left.

Limitations

This analysis uses only descriptive statistics and cannot establish causality between pandemic-era program changes and the economic outcomes of interest. This analysis can only identify associations between these changes and the outcomes and is unable to establish whether these changes caused the outcomes. There may be other factors which explain the differences, including differences in the characteristics and composition of the two cohorts. Further research could use statistical techniques to establish causality, such as an interrupted time-series approach.

⁴ Leavers in 2022 and in 2017 had assistance units comprised of 3.2 members on average. Time-Limited leavers had a slightly higher average assistance unit size at 3.5 members. Therefore, we use a 3-person household for this comparison.

TECHNICAL NOTES

STUDY DESIGN AND OVERVIEW

This study compares risk factors and outcomes for families that left WorkFirst in two different time periods, SFY 2022 and SFY 2017. Leavers in 2022 were not subject to TANF time limit and recertification rules due to the COVID-19 pandemic, while leavers in 2017 were subject to these rules.

STUDY POPULATION

TANF adults were classified into four different groups (leavers, time-limited leavers, cyclers, and stayers) based on their TANF use over 12 months. Two of the four groups were the focus of the report: leavers, and time-limited leavers.

- **Leavers** left the TANF caseload in either SFY 2017 and SFY 2022, stayed off for the 12 months following their last month on TANF in SFY 2017 or SFY 2022, and did not leave due to time limits.
- **Time-limited leavers** left the TANF caseload in either SFY 2017 and SFY 2022, stayed off for the 12 months following their last month on TANF in SFY 2017 or SFY 2022, and their TANF exit reason code indicated they left due to time limits. Note that all TANF clients were given extensions due to the pandemic starting in April 2020, so there were no time-limited leavers in SFY 2022.
- **Cyclers** left the TANF caseload in either SFY 2017 or SFY 2022, but received at least 1 additional month of TANF in the 12 months following exit.
- **Stayers** continued receiving TANF for 12 consecutive months after their last month on TANF in either SFY 2017 or SFY 2022.

DATA SOURCES AND MEASURES

RDA leveraged the Integrated Client Databases (ICDB) to create baseline and outcome measures.

Baseline measures were measured either in the months prior to the last month of TANF in SFY 2017 or SFY 2022 or as of the last month on TANF in SFY 2017 or SFY 2022 as outlined below.

- **Mental Health Needs:** Any indication of a mental health condition, including mental health diagnosis or mental health treatment in ProviderOne claims or encounters. Measured in the 24 months prior to last month on TANF in SFY 2017 or SFY 2022.
- **Substance Use:** Any indication of substance use condition, including substance use disorder diagnosis or substance use disorder treatment in ProviderOne claims or encounters, or substance-related arrests in Washington State Patrol arrest data. Measured in the 24 months prior to last month on TANF in SFY 2017 or SFY 2022.
- **Chronic Health:** Based on the Chronic Illness and Disability Payment System (CDPS) risk scoring algorithm which uses diagnosis and prescription information from ProviderOne claims or encounters to identify Apple Health clients who likely have conditions associated with increased medical costs. Individuals were flagged as having chronic health conditions if they were predicted to have medical costs at or greater than an average SSI participant. For more information see: <https://hwsph.ucsd.edu/research/programs-groups/cdps.html>
- **Length of Current TANF Spell:** Length of TANF spell was calculated by summing up the number of months the client was a recipient on the TANF assistance unit during the current benefit spell. Measured as of the last month on TANF in SFY 2017 or SFY 2022.

OUTCOME MEASURES

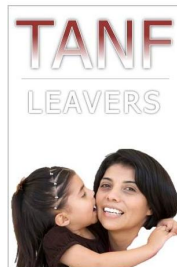
- **Apple Health:** Identifies individuals enrolled in one of these types of publicly funded health insurance in Washington state: full-benefit Medicaid under Title XIX of the Social Security Act (SSA); full-benefit State Children's Health Insurance Program (SCHIP) under SSA Title XXI. Individuals enrolled in the state-only CHP program were not included.
- **Basic Food:** Identifies individual recipients of Basic Food benefits by month during the 12 months following last month on TANF in SFY 2017 or SFY 2022.

- **Homelessness:** Identifies individuals who were homeless or unstably housed in each month during the 12 months following last month on TANF in SFY 2017 or SFY 2022.
- **Child Protective Services:** Identifies children associated with accepted Child Protective Services referrals in each month during the 12 months following last month on TANF in SFY 2017 or SFY 2022.
- **Employment:** Identifies quarterly employment for each of the 4 quarters following last month on TANF in SFY 2017 or SFY 2022. Employment data come from the Employment Security Department and do not include non-covered employment including federal or self-employment. An individual is considered employed in the quarter if they had earnings above \$0 in the quarter.
- **Wages:** Identifies wages for each of the 4 quarters following the last month on TANF in SFY 2017 or SFY 2022. Employment data come from the Employment Security Department and do not include non-covered employment including federal or self-employment. An individual's earnings are combined across all employers in the quarter.
- **Household Income:** Identifies annual incomes for the year after last month on TANF in SFY 2017 or SFY 2022, which includes incomes from all adult assistance unit members. Employment data come from the Employment Security Department and do not include non-covered employment including federal or self-employment. An individual's quarterly earnings are combined across all employers in the quarter, and earnings for all adults in the assistance unit are combined. Household income is also expressed as a percentage of the federal poverty line assuming a household size of 3 people.

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