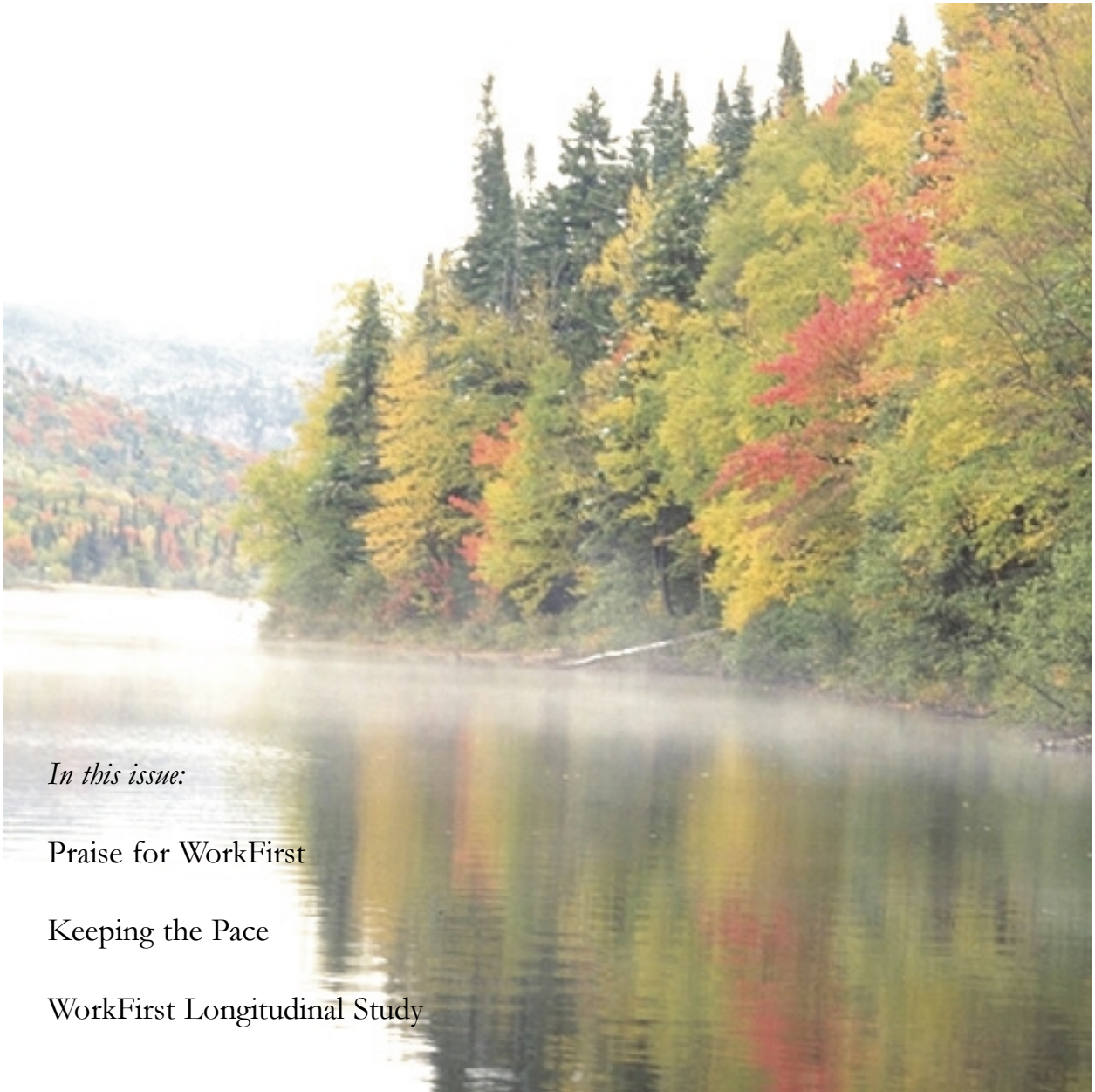


Washington State Employment Security Department

LABOR MARKET INFORMATION

REVIEW

A Quarterly Review of Washington State Labor Market and Economic Trends



In this issue:

Praise for WorkFirst

Keeping the Pace

WorkFirst Longitudinal Study

August 2000

(Revised September 2000)

The *LMI Review* is published by the Labor Market and Economic Analysis Branch of the Washington State Employment Security Department.

The purpose of the *LMI Review* is to provide timely information and analysis of the state labor market conditions in support of public and private activities that expand employment opportunities and reduce unemployment.

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For additional labor market information, contact our

- homepage at ***www.wa.gov/esd/lmea***
- On-line database (WILMA) at ***www.wilma.org***
- Labor Market Information Center (LMIC) at ***1-800-215-1617***

Praise for WorkFirst

Commissioner
Carver Gayton

COMMENTARY

Since WorkFirst was implemented as an integral part of welfare reform in Washington State, I have shared the progress and successes of the program. Again in this *LMI Review* we have good news to report.

The WorkFirst partnership effort exceeded its entered employment goal for the third consecutive year. The year-end report shows 38,473 participants went to work between July 1, 1999 and June 30, 2000. The final entered employment count is 1,740 beyond the goal of 36,733 or 105 percent of goal.

Consistent with past performance, a tremendous effort among the WorkFirst partner agencies in tandem with each area's local employer community made this happen, according to Bob Bergman, WorkFirst Management Information Administrator.

Congratulations are in order for all WorkFirst staff. A special thank you is extended to all the employers who made work pay for WorkFirst participants.

My previous commentaries dedicated to WorkFirst have been an effective way to inform our business partners, policy makers, economists, and employment and training practitioners of what is going on with WorkFirst. Many of them are partners in welfare reform in Washington State.

High praise from Secretary of Labor Alexis Herman for Washington's pioneering record in welfare reform came after the first few months of the program, during a visit to the Rainier Community Service Office to see Washington's WorkFirst in action.

Governor Gary Locke was encouraged by the state's success in helping people find jobs and make a better life for themselves and their families.

"The caseload is dropping because people are going to work and earning enough to stay off welfare. That doesn't always happen in one step," he said. "Our state's efforts are becoming a national model in preventing those who leave welfare from becoming the working poor."

WorkFirst continues to garner recognition as one of the nations most innovative and progressive government programs. In August we were notified that the WorkFirst Post Employment Labor Exchange (WPLEX) had been named to receive the prestigious Architect of Change Award for innovation in customer service in the 2000 National Customer Service Awards Program. The awards program is sponsored by the U.S. Department of Labor and Interstate Conference of Employment Security Agencies (ICESA).

The award will be presented at the ICESA Annual Conference in September. WPLEX will be featured in a national catalogue of winners, receive a \$25,000 grant award and a trophy. A plaque naming WPLEX a winner will be permanently displayed at the U.S. Department of Labor office in Washington, D.C.

"WPLEX laid a strong foundation for services to clients through a pro-active, aggressive post-employment service approach," said Jim Shober, deputy assistant commissioner for WorkFirst.

This issue of the *LMI Review* features preliminary reports as part of a five-year study that will track Washington families as they make the transition from welfare to work. The study is designed to help state policy-makers understand how best to help move these families out of poverty and dependence on government cash aid.

These reports provide details that have never been available in the state, helping us paint a more complete picture than one-time surveys or administrative records alone, according to Greg Weeks, Ph.D., who is directing the study from the Employment Security Department. ■

Keeping the Pace

First Quarter 2000

*QUARTERLY
ANALYSIS*

Quarterly State Review

The Washington State economy turned in a mixed performance for the first quarter of 2000. Overall, the mix was positive enough to mark the 17th consecutive year of the state's current economic expansion. The state's economic performance is tracked by looking at personal income and employment. Employment was up 2.5 percent at a seasonally adjusted annual rate over the fourth quarter 1999. Personal Income, on the other hand, was down 3.2 percent in nominal terms—6.2 percent in real terms—but with qualification.

Employment

Taking account of seasonal factors, employment in Washington's nonagricultural industries was up by 16,500, or 2.5 percent, in the first quarter 2000. This gain masks the differing results among major employment divisions. Manufacturing employment fell 6.7 percent from 357,700 to 351,700, while nonmanufacturing employment increased 9.8 percent from 2,310,000 to 2,332,600.

Manufacturing employment fell for the seventh consecutive quarter, off 6.6 percent. This is more significant than the drop of 3.5 percent for the fourth quarter 1999. However, this drop was greatly influenced by the 38-day SPEEA strike at Boeing—which subtracted 15,000 workers from the payrolls for February. This strike had a profound impact on total employment growth. To see this, note that with the 15,000 workers added back in to manufacturing employment, as if the strike had not occurred, manufacturing employment would have been down only 1.2 percent and total wage and salary employment would have been up 3.3 percent. Excluding aircraft and parts employment from the calculation altogether, total

employment would have been up by 3.5 percent. The significance of this experiment is that it reveals the diversity of the state's economy, which only a decade ago seemed inextricably bound to the fate of the aircraft industry.

Growth in wage and salary employment can be primarily sourced to three industry divisions: construction, retail trade, and services. Specifically, general building contractors, eating and drinking establishments, and business services were strongly up in the first quarter. The combination of demand and the relatively mild winter meant construction work was able to—and needed to—get an early start in the spring, causing the seasonal growth-spurt to occur earlier than usual. Construction employment was up a strong 7.3 percent for the quarter, after a very strong 10.3 performance in the previous quarter. This is directly linked to the growth in residential construction, the growth of which can be measured in housing permits and housing starts. With respect to the former, fourth quarter growth was 6.8 percent, and the first quarter was only slightly less at 5.3 percent. Housing starts were up a full 10.0 percent for the first quarter, compared to 2.5 percent for the fourth quarter.

Business services employment was up an eye-opening 11.1 percent for the quarter, surpassing the 9 percent gain of the previous quarter. This is primarily due to the continued very strong growth in the software industry. Other strong services industries were educational services, engineering and management services, and temporary workers. Together these industries pushed services employment up a bit over 4.0 percent for the first quarter, following the 4.9 percent growth for the fourth quarter.

Retail trade put in another powerful performance. Employment growth in this dynamic sector was 4.9 percent for the quarter, compared to 5.6 percent in the previous quarter. Much of this growth is due to the buoyant eating and drinking industry, which garnered 9.5 percent growth for the quarter, well above the previous quarter's 4.6 percent growth.

Unemployment

Unemployment, on a seasonally adjusted basis, for the first quarter was up two-tenths of one percent to 4.6 percent, but below the 4.9 percent figure for the first quarter of 1999.

At first glance, it may seem odd to track both employment and unemployment. We often think that these are just two ways of looking at the same thing; if the one goes up, the other must be going down. However, as these data show, it is possible for both employment and unemployment increase.

What we see happening in Washington is an increase in labor force participation and labor force churning to fill jobs in new and growing industries, while we also see layoffs from existing and restructuring industries. For example, the combined divisions of retail trade and services added 14,400 workers, while manufacturing lost 6,100 jobs during the first quarter. These changes simultaneously increased employment and unemployment. This happened because the skills needed in, say, software programming are not the same skills possessed by those laid off in aircraft production. The result is that the growing industry must look outside the existing labor force for new workers and the restructuring industry sheds workers that add to the present level of unemployed workers.

Personal Income

When discussing income, there are two ways to approach the topic: nominal and real. Nominal income is the actual amount of money earned, as if it were all in cash or written on a check. Real income, on the other hand, is a measure not of the dollars earned, but of what those dollars can buy (relative to some base year). In other words, real income accounts for inflation by deflating the nominal income. The benefit of this measure is that real incomes can be compared across time, whereas such comparisons of nominal income can be misleading. Real incomes are reported in 1996 dollars.

Seasonally adjusted personal income was up 1.3 percent in the first quarter 2000. This follows

a quarterly jump of 3.9 percent in the previous quarter. In levels, income rose from \$184.6 billion to \$186.9 billion. There are at least two factors associated with the lower first quarter rate. The first factor has to do with the exercised stock options. Part of wages and salaries paid to software industry employees is exercised stock options, or equity shares that employees purchased at discounted prices. The stock value of many high-tech companies fell significantly during the quarter, resulting from both a general decline in technology stock value and from factors specific to one of the state's major producers. As a result, exercised stocks were worth less. The second factor tied up with lower income growth is a quirk of mathematics. Because incomes jumped by 3.9 percent in the fourth quarter, the level against which the first quarter's income is compared was that much higher. Thus, even though first quarter income was up 7.2 percent over 1999 income, the run-up in earnings during the fourth quarter makes the first quarter's growth seem relatively small.

Personal income derives from, broadly, two sources: Net earnings (comprised of wage and salary disbursements, other labor income, and proprietor's income) and non-wage income. Generally, net earnings accounts for between 55 and 60 percent of total income. In the first quarter, net earnings were up 0.9 percent. Non-wage incomes—dividends and transfer payments—however, were up 4.0 percent. In terms of contributions to income growth, net earnings accounted for 0.6 percent, dividends 0.4 percent, and transfer payments 0.2 percent (these do not sum to 1.3 percent because of rounding).

Wage Growth

The first quarter's wages and salaries were up 1 percent, well below the 5 percent rates of the two previous quarters, and below the 2.5 percent rate of the first quarter of 1999. Much of this was due to a drop in services wages growth, from 10 percent in the fourth quarter to 2.1 percent in the first quarter. Retail trade wage and salary growth was off 1 percent for the first quarter, compared

Continued page 4

Quarterly Analysis *continued*

to a jump of 4.9 percent for the fourth quarter. Manufacturing wages dropped 3 percent, a decline from the fourth quarter's contraction of 1.3 percent.

Prices

There is one variable that accounts for the difference between real and nominal income, and that variable is inflation, or changes in the price level. As prices rise relative to income, command over resources, or purchasing power, is eroded. In other words, as prices increase, workers seek equally large increases in wages and salaries in order to maintain their current level of consumption. Of course, wages and salaries themselves are part and parcel of rising prices (as production costs increase, so too with the prices of products).

Prices are tracked at both the national level and more locally via the Seattle-Tacoma-Bremerton Metropolitan Statistical Area. (The national data are seasonally adjusted, whereas the metropolitan area data are not seasonally adjusted.) The price index of interest is the consumer price index. The S-T-B index was up 3.2 percent over the year ending in the first quarter, matching 3.2 percent at the national level. These measures of inflation were both up from the year ending in December, which were, respectively, 2.5 percent and 2.7 percent.

International Trade

Washington is the most trade-dependent state in the country, measured in terms of the per capita average value of product exports. In 1999, exports were valued at \$7,408 per person, versus the national average of \$2,606. State exports totaled \$40.2 billion for the year. To put this into perspective, it is worth comparing this to gross state product. Between 1994 and 1997 (the last year for which gross state product data are available), goods exports as a percentage of GSP averaged 16.5 percent. For 1997, the share was 18.4 percent. This figure excludes services exports—a category that includes pre-packaged

software—because such data are unavailable at the state level. The Washington State Community, Trade, and Economic Development office calculates that one out of every three jobs in the state is associated with exports. That would mean that approximately 708,800 Washington jobs are directly and indirectly linked to exports.

According to numbers released in May, state merchandise exports were up 22 percent between 1990 and 1999, with the largest dollar-earning contribution coming from the sale of transportation equipment (largely aircraft). Transportation equipment sales accounted for 70 percent of total exports in 1999. The strongest export performing industries over the decade, measured in terms of growth, were industrial machinery/computer equipment and electronic/electrical equipment. The former realized 218.9 percent growth in exports, while the latter experienced merely 137.5 percent growth.

For 1999, Asian countries bought 50 percent of the state's exports, followed by NAFTA-partners Canada and Mexico, which accounted for a combined 25 percent. Japan, the largest export target, bought \$5.9 billion in exports in 1999, down 7.9 percent from the previous year. China, the fifth largest, bought \$2.1 billion in exports in 1999, down 34.4 percent from 1998.

With the growth in Washington's high tech sector—including both manufacturing and business services—exports are likely to play an increasingly important role in the state's economy during the coming years. This growth will be especially strong in the Seattle metropolitan area. In 1999, Seattle and environs accounted for 85 percent of the state's total exports, with exports valued at \$34 billion dollars. Of this figure, \$27.7 was of transportation equipment.

It is worth noting that neither the Census Bureau, nor the Commerce Department publishes data on the export of services at the state level—even though they have the raw data. However, the Community, Trade, and Economic Development office estimates that \$7 billion dollars worth of services were exported in 1999, half of which were software. Service exports include not only software, but also insurance, banking, law, and transportation services.

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Figure 1

Nonagricultural Wage and Salary Workers

Washington State, Seasonally Adjusted, In Thousands, Benchmarked: March 1999

Source: Employment Security and Office of the Forecast Council

	1st Qtr 2000	4th Qtr 1999	1st Qtr 1999	Numeric Change	
				4th Qtr 1999 to 1st Qtr 2000	1st Qtr 1999 to 1st Qtr 2000
TOTAL NONAGRICULTURAL EMPLOYMENT	2,684.3	2,667.7	2,633.9	16.5	50.4
MANUFACTURING	351.7	357.8	371.0	-6.1	-19.4
Durable Goods	242.6	249.0	263.2	-6.4	-20.5
Lumber & Wood Products	33.6 ²	33.7	34.0	-0.2	-0.4
Logging	7.4	7.6	7.3	-0.3	0.1
Sawmills & Plywood	22.8	22.6	22.8	0.1	-0.1
Furniture & Fixtures	4.9	4.8	4.8	0.2	0.2
Stone, Clay, & Glass	8.8	8.9	8.8	-0.1	0.0
Primary Metals	12.4	12.2	11.6	0.1	0.8
Aluminum	7.8 ²	7.7 ²	7.1 ²	0.1	0.7
Fabricated Metals	14.7	14.6	14.6	0.1	0.2
Industrial Machinery & Equipment	25.2	25.1	25.1	0.1	0.1
Computer & Office Equipment	6.3	6.5	6.6	-0.2	-0.3
Electronic & Other Electrical Equipment	19.0	18.7	18.5	0.4	0.5
Transportation Equipment	100.6	107.7	122.5	-7.1	-21.9
Aircraft & Parts	84.4	91.7	106.6	-7.3	-22.2
Instruments & Related	14.8	14.7	14.8	0.1	0.0
Miscellaneous Manufacturing	8.6	8.6	8.6	0.0	0.0
Nondurable Goods	109.0	108.7	107.8	0.3	1.2
Food & Kindred Products	41.8	41.6	40.9	0.3	1.0
Preserved Fruits & Vegetables	14.6	14.1	14.0	0.5	0.6
Textiles, Apparel, & Leather	8.5	8.7	8.8	-0.2	-0.3
Paper & Allied Products	15.6	15.8	15.8	-0.2	-0.2
Printing & Publishing	24.3	24.2	24.2	0.1	0.1
Chemicals & Allied Products	6.2	6.1	6.1	0.0	0.1
Petroleum, Coal, Plastics	12.6	12.4	12.2	0.3	0.4
MINING & QUARRYING	3.2	3.3	3.4	0.0	-0.2
CONSTRUCTION	160.4	157.6	150.6	2.8	9.8
General Building Contractors	44.0	43.5	41.7	0.5	2.3
Heavy Construction, ex. Buildings	20.3	20.5	19.5	-0.1	0.9
Special Trade Contractors	96.0	93.6	89.4	2.4	6.6
TRANSPORTATION, COMMUNICATION & UTILITIES	140.0	139.5	138.2	0.5	1.9
Transportation	91.0	90.7	91.6	0.2	-0.6
Trucking & Warehousing	30.9	32.2	32.7	-1.3	-1.7
Water Transportation	8.2	8.4	9.2	-0.2	-1.0
Transportation by Air	28.2	26.4	25.7	1.8	2.5
Communications	33.4	33.1	31.3	0.3	2.2
Electric, Gas & Sanitary Services	15.6	15.7	15.3	-0.1	0.3
WHOLESALE & RETAIL TRADE	650.1	643.2	634.0	6.9	16.1
Wholesale Trade	156.3	155.2	154.6	1.1	1.8
Retail Trade	493.8	487.9	479.5	5.8	14.3
General Merchandise	51.5	51.5	48.4	0.0	3.1
Food Stores	70.8	71.1	69.7	-0.4	1.0
Eating & Drinking	183.5	179.4	179.5	4.1	4.0
FINANCE, INSURANCE, & REAL ESTATE	137.1	137.3	137.6	-0.2	-0.6
Finance	60.8	60.6	60.6	0.1	0.1
Insurance & real estate	76.3	76.7	77.0	-0.3	-0.7
SERVICES	759.7	752.2	728.5	7.5	31.2
Hotels & Lodging	28.1	28.3	28.9	-0.2	-0.8
Personal Services	23.2	23.4	23.2	-0.2	0.0
Business Services	178.7	174.0	162.5	4.6	16.2
Health Services	189.4	188.7	187.8	0.7	1.6
Educational Services	37.0	36.3	35.4	0.7	1.6
Social Services	60.1	60.3	58.6	-0.1	1.5
Engineering & Management Services	71.3	69.6	65.1	1.7	6.3
GOVERNMENT	482.1	477.0	470.5	5.2	11.6
Federal	68.6	67.2	67.4	1.4	1.1
State	139.8	138.7	136.8	1.1	3.0
State Education	74.7	73.8	72.6	0.9	2.1
Local	273.8	271.1	266.3	2.7	7.5
Local Education	144.6	143.8	140.9	0.9	3.7
Workers in Labor-Management Disputes	7.2	2.2	2.1	5.0	5.1

1/ Excludes proprietors, self-employed, members of the armed forces, and private household employees. Includes all full- and part-time wage and salary workers receiving pay during the period that includes the 12th of the month. 2/ Excludes workers on strike.

Labor Market And Economic Indicators

Figure 2
Total Nonagricultural Employment Change
Washington State & Nation, Seasonally Adjusted
 Source: *Employment Security Department*

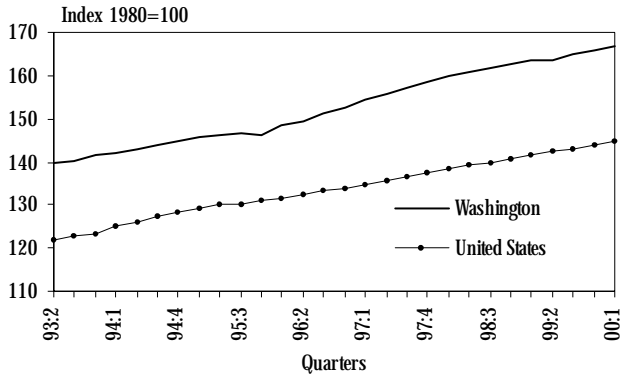


Figure 5
New Housing Units Authorized
Washington State, Seasonally Adjusted
 Source: *U.S. Department of Commerce*

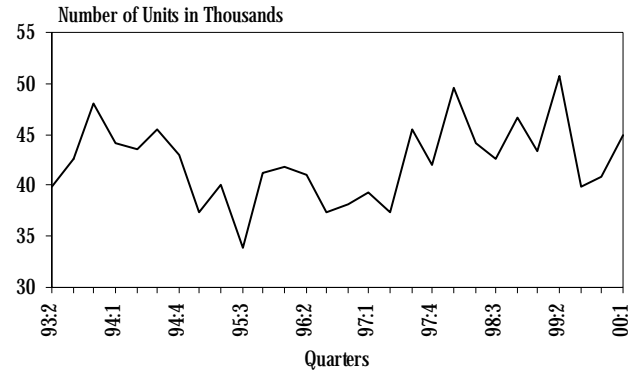


Figure 3
Manufacturing & Nonmanufacturing Employment Change
Washington State, Seasonally Adjusted
 Source: *Employment Security Department*

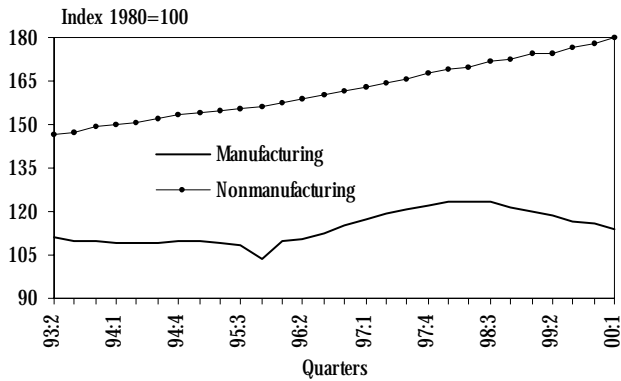


Figure 6
Consumer Price Index
All Urban Customers
 Source: *Bureau of Labor Statistics*

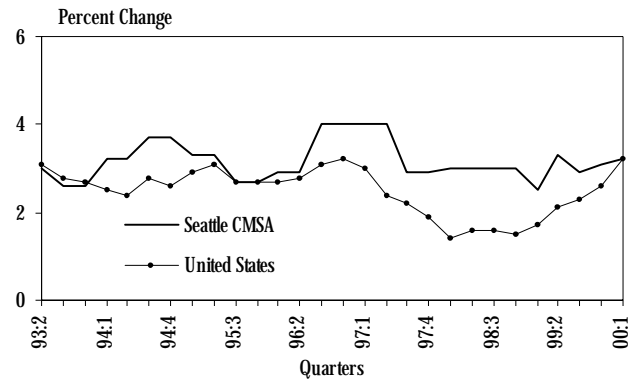


Figure 4
Unemployment Rates
Washington State & Nation, Seasonally Adjusted
 Source: *Employment Security Dept., U.S. Dept. of Labor*

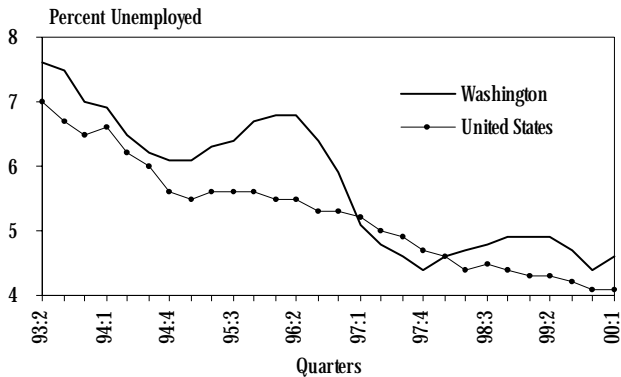
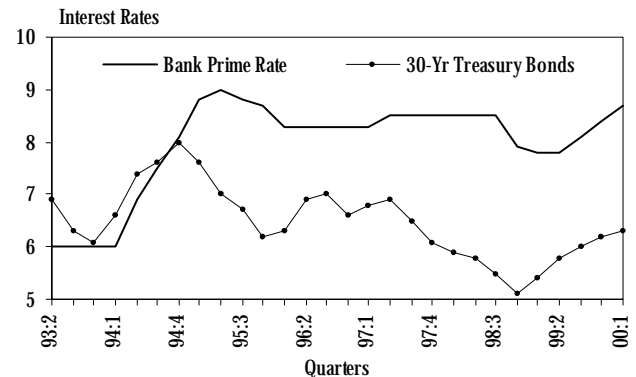


Figure 7
Selected Interest Rates
Percent Annual Rate
 Source: *Federal Reserve Board*



Quarterly Analysis *continued*

Seattle Metro Area and the State

The Seattle-Bellevue-Everett Metropolitan Statistical Area accounted for 52.5 percent of the Washington's total employment at the end of the first quarter 2000. (The S-B-E area is used to track employment, whereas the S-T-B area is used for prices.) This means that 1.39 million—out of a total 2.65 million—of the state's workers were employed in the metro area. If these two areas experience divergent growth patterns, then changes in Seattle's employment would tend to obscure changes in the rest of the state.

There are some surface similarities between the Seattle metro area and the rest of the state, i.e., the state minus the metro area. Because both the Seattle area and the non-Seattle state area are linked to one another (and to the booming U.S. economy), it is reasonable to assume employment growth in both areas. Indeed, this is the case, with the Seattle-less state employment figures growing by 1.6 percent, while the Seattle area grew by 1.7 percent. The details, however, are revealing.

There are several key differences between the two areas. Manufacturing employment in the Seattle metro area was off 6.4 percent at the end of the first quarter. For the rest of the state, manufacturing was down a much more modest 1.2 percent. The Seattle drop was driven by a decline of 15.6 percent in aircraft and parts employment. Employment in that same industry for the rest of the state was off 23.3 percent. An increase of 6 percent in electronics employment in the rest of the state—versus a decrease of 3 percent in Seattle—accounts for the difference in the manufacturing results. Construction employment in Seattle jumped 4.7 percent during that time. However, the state number was an even higher 5.9 percent, driven by a jump of 9.4 percent in heavy construction jobs. Transportation, communication, and utilities employment increased 5.4 percent in Seattle, while dropping 5.1 percent outside of that area. Seattle's increase is largely due to a jump of 13.7 percent in communications. The state's drop was caused by precipitous declines of 25.6 percent in transportation by air

and 16.1 percent in water transportation. Employment in the services division was up 3.2 percent in the Seattle area, but up by 4.0 percent elsewhere. The greater increase in the rest of the state was driven by a sharp increase of 12.9 percent in business services, which itself was caused by a 32.4 percent jump in computer and data processing employment.

The Seattle area's goods producing sector (including manufacturing, mining, and construction) dropped 3.6 percent of its workers, while its service producing sector (comprised of all other divisions not in goods) added 3.2 percent to its work force. The rest of the state posted gains in both sectors, with figures of 1.0 and 1.7 percent, respectively.

Finally, the seasonally unadjusted unemployment rates in the two areas are significantly different. In the first quarter 2000, unemployment in the Seattle metro area was 3.5 percent, unchanged from the previous quarter. In contrast, the unemployment rate for the rest of the state was 6.6 percent in the first quarter, down six-tenths from the previous quarter's 7.2 percent.

Quarterly National Review

Overview

The nation's economy surged forward at a 5.5 percent growth rate during the first quarter 2000. However, inflation became a real threat. To combat this, the Federal Reserve increased the Federal Funds Rate to 6.5 percent. This marked the sixth increase since June 1999. The first five rate hikes were quarter-point increases; the sixth, in May, was a full half-point increase reflecting the worrying combination of continued extraordinary economic growth and an increasingly tight labor market.

The "final" economic indicators of the first quarter of 2000, from the Bureau of Economic Analysis, show that real gross domestic product (RGDP) surged ahead at a seasonally adjusted annual rate of 5.5 percent. The RGDP is the inflation-adjusted value of final goods and services produced within the United States, by both domestic and foreign-supplied corporations. Growth was

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Quarterly Analysis *continued*

less than the blistering pace of 7.3 percent in the fourth quarter of 1999, but up from the 3.7 percent rate of growth in the first quarter of 1999. Despite the slowdown from the fourth quarter, this quarter's growth marks the third consecutive quarter in which growth has exceeded the expansion average rate of 3.6 percent.

Imports and motor vehicle production combined to slow the economy down, whereas production of equipment and software boosted the economy's performance. Negative net exports caused a reduction of RGDP growth by 1.12 percent. A significant drop of 7.9 percent in motor vehicle production further slowed growth by .5 percent. However, production of equipment and software, which includes both computer hardware and aircraft, added 2.35 percent to growth. Of particular importance within equipment and software, final sales of computers shot up an astonishing 78.9 percent, lifting growth an additional .6 percent.

Like previous quarters, the strong growth in the first quarter was driven largely by real personal consumption expenditures (RPCE), which were up 7.5 percent from the previous quarter. RPCE growth accounted for two-thirds of the quarter's economic activity, was at its highest rate since 1985, and came in at over twice the 3.65 percent average annual rate of RPCE for the economic expansion. Expenditures on durable goods—products that are made to last more than three years—were up a whopping 22.4 percent, close to double the 13 percent rate in the final quarter of 1999. Durable goods sales are thought to be particularly sensitive to interest rate changes, given a sufficient time lag for rate hikes to take effect, and therefore are of particular interest to inflation watchers. Judging from the numbers, the Federal Reserve's rate hikes, which began last June, didn't slow consumers down during the first quarter. The nation's buying power, as measured by Real Disposable Personal Income (RDPI), increased by 2.2 percent, down from the 4.7 percent rate from the fourth quarter 1999. The decrease is largely due to a sharp drop

in farm proprietors' income, which itself resulted from a significant decline in farm subsidies.

The National Labor Scene

The labor market continues to show evidence of a strong and growing economy. Approximately 857,000 jobs were added to the U.S. economy in the first quarter of 2000, as measured in nonfarm wage and salary employment data collected by the Bureau of Labor Statistics. This translates into a seasonally adjusted annual growth rate of 2.6 percent for the quarter, surpassing the 2.1 percent growth from the previous quarter. The unemployment rate for the quarter remained at the previous quarter's rate of 4.1 percent.

Warning Signs

The effects of growing incomes and surging consumption are beginning to be seen in overall prices. The GDP price index, a more comprehensive measure of changing prices than the CPI, was up 2.7 percent for the quarter, higher than the 2.0 percent rate from the last quarter and the highest since the first quarter 1997 rate of 2.8 percent.

The quarter's Personal Consumption Expenditures price index was up 3.1 percent, significantly higher than even the Fed's prediction of 1.75-2.0 percent. However, the PCE price index for durable goods fell by 1.9 percent, continuing a long-running trend that reaches back to the first quarter of 1996. This decrease served to moderate the overall PCE price index.

The costs of gross private domestic investment inched higher for the quarter at .8 percent, up from the .4 percent of the fourth quarter 1999. But the costs of equipment and software, part of gross private domestic investment, fell by 1.0 percent and continued a downward trend that began in the second quarter of 1995. The falling prices in equipment and software, part of durable goods, are due mainly to surging productivity—which drives down unit costs—in the computer hardware industry. The effect of this is seen in the fact that the GDP price index, excluding final sales of computers, would have been .2 percent higher at 2.9 percent.

A further sign that inflation is edging upwards is seen in labor costs. There are two measures of interest: unit labor costs and Employment Cost Index (ECI). With a first quarter unemployment rate of 4.1 percent, employers are facing a dwindling pool of qualified applicants at all skill levels. Thus, employers are forced to pay premium wages to less and less qualified workers. The result is that firms face a mounting wage bill and a slower rate of productivity growth; or in other words, increasing labor costs per unit of output.

Unit labor cost is the difference between hourly compensation and productivity gains. If the latter increase by as much as the former, then unit labor costs remain steady. For the first quarter of 2000, the Bureau of Labor Statistics estimated productivity in the business sector and nonfarm business sector to be 1.8 percent and 2.4 percent, respectively. The increases in hourly compensation were 3.7 percent and 4.2 percent in these same sectors. Thus, for the first quarter of 2000, unit labor costs have increased by 1.9 percent in the business sector and 1.8 percent in the non-farm business sector. An important exception to this is in the durable manufacturing sector where unit labor costs fell by 6.2 percent, again reflecting the huge productivity gains in computer hardware production.

The ECI measures changes in wages and salaries, and employer costs for employee benefits. The rate of change in the ECI measured over the previous 12-month period was 4.3 percent for the first quarter 2000. This is the highest first quarter rate since 1991 and the highest quarterly rate since the fourth quarter of 1991. The comparable figure for the fourth quarter 1999 was 3.4 percent.

The first quarter of 2000 saw the longest economic expansion in history move into the new century. The benefits of this continued growth in the economy are tempered only by the specter of inflation.

■ *William S. Dillingham,
Senior Economic Analyst*

WorkFirst Longitudinal Study

FEATURE ARTICLE

Introduction

Known as WorkFirst, the state's implementation of the federal Temporary Assistance for Needy Families (TANF) welfare reform program began in August of 1997. This program replaces the previous welfare program, Aid to Families with Dependent Children (AFDC).

WorkFirst is a major change from the AFDC program, differing from it in at least three significant ways. Perhaps the biggest change is that the WorkFirst program, unlike the old AFDC program, is not an entitlement program. Further, while there was no time limit on eligibility for AFDC, there is a 5-year lifetime limit on eligibility with WorkFirst. Finally, AFDC was an income support program that emphasized voluntary education and training for welfare recipients. Under WorkFirst, the emphasis is on employment. Indeed the program's name underlines this emphasis, as does the program's credo: "get a job, get a better job, get a career."

The program has successfully moved large numbers of participants into the labor force and off of welfare. By May 2000, the welfare caseload had dropped by 41 percent from January 1997. This has allowed the State to decrease spending on welfare grants by 55 percent, while almost trebling investments in childcare.

However, there are other questions regarding WorkFirst participants that cannot be answered by looking at existing program data. Such questions include:

- What happens to families after they leave the WorkFirst program?
- How can the program help families stay off of welfare after they leave?

Continued page 10

Feature Article *continued*

- What program elements help participants and former participants reach their income potentials?

Finding the answers to such questions requires a different research methodology, one focused on individuals—not aggregate numbers—and how the current program affects them through time.

Thus, the **WorkFirst Longitudinal Study** was developed to assist policy makers and WorkFirst managers in understanding how best to move participants from welfare to work and self-reliance. The Study director is Employment Security Department LMEA Director Greg Weeks. Marieka Klawitter, of the Daniel J. Evans School of Public Affairs at the University of Washington is leading the study analysis team. John Tarnai and Washington State University’s Social and Economic Sciences Research Center are conducting the data collection.

Through annual interviews, the study will track 3,000 families over five years to examine the long-term process of getting off and staying off welfare. The study sample was drawn from the statewide list of adults receiving TANF money in March 1999. The sample is designed to represent Eastern and Western Washington, urban and rural counties, one and two-parent families, and minority clients in sufficient numbers to analyze trends for various sub-groups.

The information collected by this survey will be merged with data from state agency records, such as grant levels, and receipt of food stamps and Medicaid. This gives a total picture for each family over time. Important policy questions will be addressed through analysis of the survey data, providing state administrators with relevant, comprehensive information regarding the WorkFirst program.

Interviewing began in December 1999. Interviews are conducted by telephone and are supplemented with in-person interviews of those who do not have phone service. Preliminary findings from the first 931 interviews were made available in six reports over the first half of 2000.

The early results most likely under-represent groups that are hard to reach, such as those with limited English abilities. The characteristics of the preliminary sample group are contrasted with the characteristics of all TANF families as of July 1998 in the following table:

Figure 8
WorkFirst/TANF
March 1999, Washington State
Source: Employment Security Department

	WorkFirst Study Families (preliminary survey results for 931 families)	TANF Sample Frame Families (48,192 families)
Percent Female	95 percent	93 percent
Median Age	30 years	30 years
Percent Married	19 percent	21 percent
Percent Never Married	41 percent	41 percent
Median Number of Children	2 children	2 children
Percent African American	8 percent	11 percent
Percent Native American	8 percent	5 percent
Percent Hispanic or Latino	9 percent	9 percent
Percent White	75 percent	68 percent
Median Years of School	12 years	12 years
English as Primary Language	98 percent	89 percent

The main texts of the first six reports are presented in the remainder of the chapter. The reports are organized as follows:

- The first report describes survey data on respondents’ impressions of the WorkFirst program and how helpful it has been in assisting them to achieve self-sufficiency. Most respondents reported a positive impression of WorkFirst, and believed that it has helped them become self-sufficient.
- The second report gives a picture of respondents’ education and training levels. Respondents were asked about school degrees, if respondents dropped out of school, and about vocational or occupational training. The results show that education levels of respondents are much lower than the state’s population as a whole.
- The next report depicts survey data on respondents’ employment activities, such as about their labor market experiences, including periods of employment, looking for work, and out of the labor market. In general, there is a high degree of labor market attachment, with high employment rates of respondents while both on and off of TANF.

- The fourth report, using data from administrative records and the telephone survey, describes the patterns of TANF cash payments and the explanations given by families for starting and leaving the program. The report shows that fewer than one-half of the families on TANF in March 1999 were still receiving TANF in December 1999; most families left public assistance because of new jobs or increased earnings.

- The next report focuses on childcare arrangements during the time the respondent was working, looking for work, or training for work. Children younger than six had the highest rates of childcare center use, while most children younger than twelve were cared for by a family member. Older children often cared for themselves.

- The sixth and most recent report in this series looks at the issues of child health and school outcomes. Respondents reported that most young children in TANF families had well-baby care and vaccinations, although some children still faced health challenges. Very few children were reported to have been doing unsatisfactorily in school.

The reports and more information about the studies can be found on the internet at the following address: <http://www.wa.gov/WORKFIRST/about/StudyIndex2.htm>. Future reports will also be made available at the same address. Questions about the WorkFirst Longitudinal Study should be directed to: Greg Weeks, Study Director, at (360) 438-4800 or gweeks@esd.wa.gov, or Michele Petritz, Study Manager, at (360) 438-4834 or mpetritz@esd.wa.gov.

Report One Welfare Impressions

Marieka M. Klawitter
Daniel J. Evans School of Public Affairs
University of Washington
March 2000

This report describes survey data on respondents' impressions of the WorkFirst program and how helpful it has been in assisting them to achieve self-sufficiency.

Figure 9
Overall Impression of WorkFirst Program
Washington State
Source: University of Washington

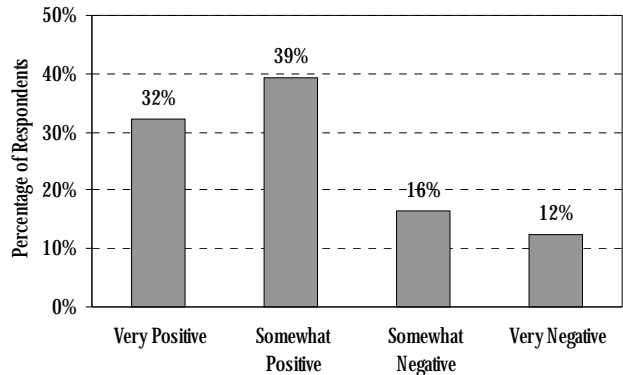
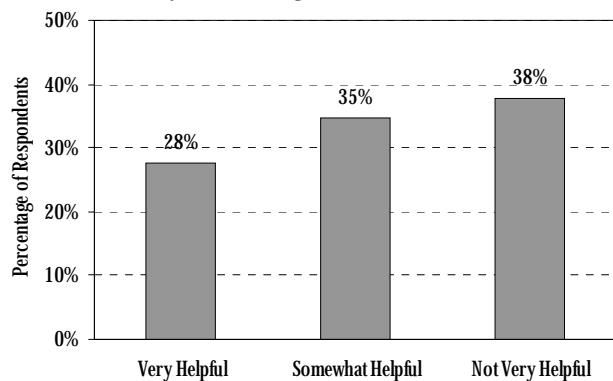


Figure 10
How Helpful WorkFirst has been for Self-Sufficiency
Washington State
Source: University of Washington



Impression

Most respondents reported a positive impression of the WorkFirst program (71 percent). **Almost a third of the survey respondents reported a very positive impression of WorkFirst (32 percent) and another third (39 percent) reported a somewhat positive impression. Sixteen percent had a somewhat negative impression and 12 percent had a very negative impression (see Figure 9).**

Self-Sufficiency

Almost two-thirds of respondents believed that WorkFirst has helped them become more self-sufficient (63 percent). However, 38 percent reported that WorkFirst has not been very helpful (see Figure 10).

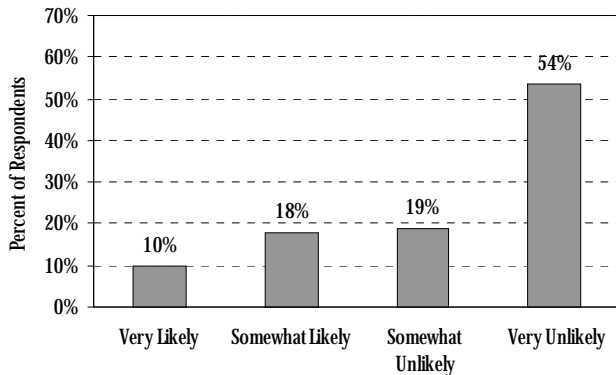
Continued page 12

Feature Article *continued*

Figure 11

How Likely Receiving WorkFirst Benefits 12 Months From Now
Washington State

Source: *University of Washington*



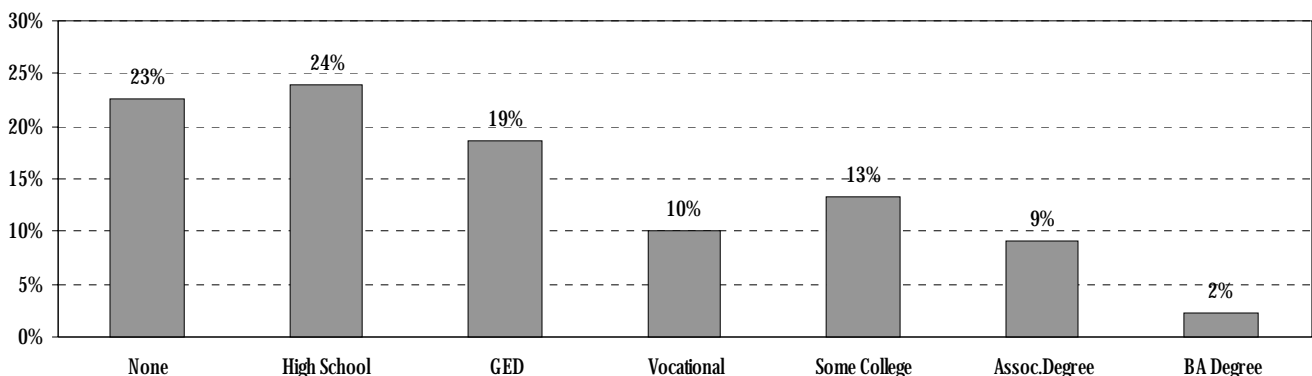
WorkFirst Benefits

Most respondents thought it very unlikely that they will be receiving TANF benefits in one year (54 percent). Survey respondents were asked about how likely they thought it is that they would be receiving WorkFirst program benefits 12 months after their interview. Nineteen percent reported that they thought it somewhat unlikely. Twenty-eight percent thought it very or somewhat likely that they will be receiving WorkFirst 12 months after the interview. In later reports, we will analyze how these expectations are affected by the length of time on TANF and current work status (see *Figure 11*).

Figure 12

Highest Degree or Diploma
Washington State

Source: *University of Washington*



Report Two Education and Training

Marieka M. Klawitter

Daniel J. Evans School of Public Affairs

University of Washington

March 2000

This report describes survey data on education and training. Respondents to the survey were asked about school degrees earned, if respondents dropped out of school, and about vocational or occupational training.

Educational Attainment and Vocational Training

The education levels for the WorkFirst sample are much lower than for the general Washington State population. Almost a quarter of the respondents reported no high school diploma or GED (23 percent). A little more than half of the sample dropped out of grade school or high school at some point (54 percent). Most dropped out at age 16 or 17 with the most common reason being parenthood. About half later returned to complete a high school diploma or GED.

Figure 12 shows the highest school degree or diploma earned by survey respondents and by the Washington State population. About a quarter of respondents reported less than a high school education. Another 19 percent had a GED as their highest degree. About one-quarter, 24 percent, had a high school diploma as their highest de-

gree. Ten percent of the sample reported some vocational training beyond high school and 24 percent, had at least some college education.

These education levels are much lower than in the general population. The 1998 Washington State Population Survey found that only seven percent of state residents had no high school degree or GED degree. Over half of the state's population (over age 25) had at least some college—more than twice the rate of this TANF sample.

However, the educational levels for the WorkFirst Study survey sample were higher than those found by the 1987 Family Income Study of welfare recipients.

In addition, the earlier study found that a high school diploma (but not a GED degree) was a powerful influence on employment and wage rates.

More than half the WFS respondents (54 percent) dropped out of grade school or high school at some point. Many of these later returned to school as evidenced by only 23 percent having less than a high school degree.

Figure 13 shows, of those who left school, most left at age 16 or 17 (59 percent total). Seventeen percent left at age 15 and another 12 percent left prior to age 15. Respondents gave many reasons why they dropped out of school and most answers did not fit neatly into categories (53 percent had “other” reasons). The most common

reasons were becoming a parent (21 percent) and because they didn't like school (12 percent).

Vocational and Occupational Training

Forty-two percent of the respondents attended vocational or occupational school or training since July 1998. The most common type of training was on-the-job training (45 percent). Most had attended only one kind of program (33 percent), but nine percent reported attending multiple programs (see Figure 14).

Of the total number of trainings, almost 80 percent were completed and only 21 percent were not completed.

These high participation rates in education and training could pay off in the labor market. The 1987 Family Income Study showed significantly higher rates of employment earnings and lower rates of welfare use for women who were enrolled in a vocational education or training program.

The most common type of training respondents reported was on-the-job training (45 percent), consistent with the WorkFirst emphasis on early employment. About a quarter of respondents had training in each of the categories of Public Vocational-Technical Program, Basic Adult Education, and some other type of training (see Figure 15 on the next page).

Continued page 14

Figure 13
Age Quit High School For Those Who Dropped Out
Washington State
Source: University of Washington

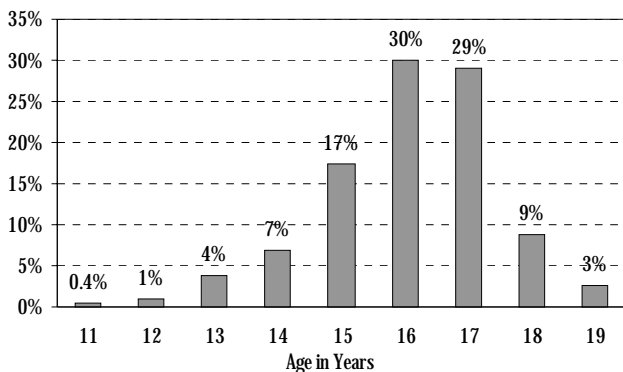
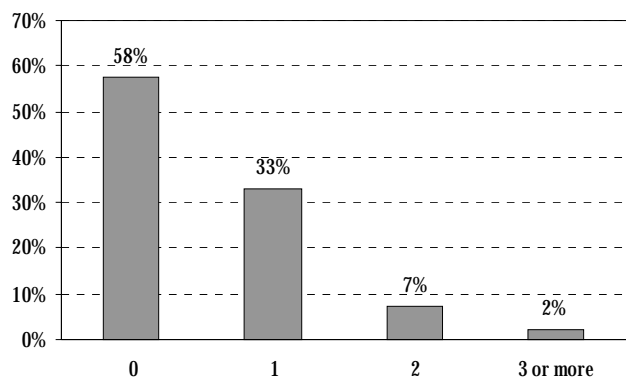


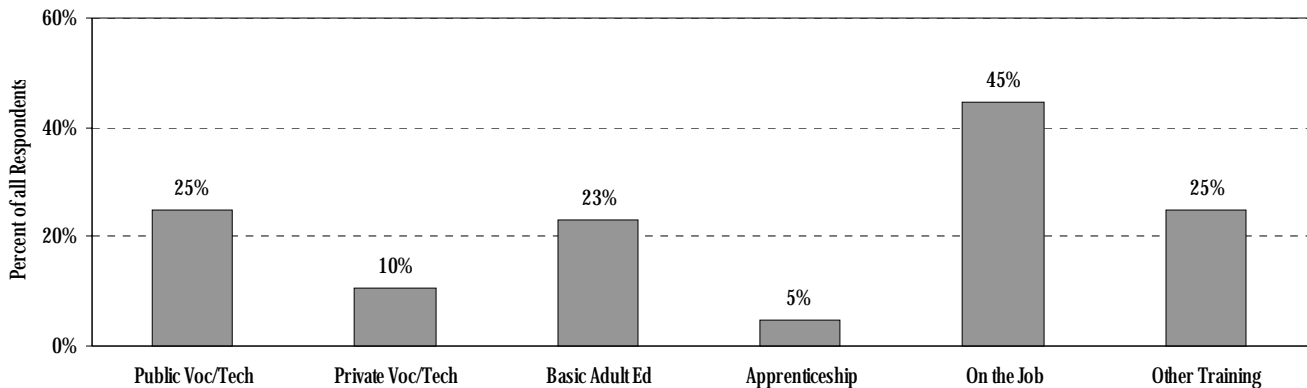
Figure 14
Number of Times in School or Training Since July 1998
Washington State
Source: University of Washington



Feature Article *continued*

Figure 15

Types of Vocational/Technical Training Ever Received
 Washington State
 Source: University of Washington



Report Three Employment Activities

Greg Weeks
 Washington State
 Employment Security Department
 March 2000

This report describes survey data on sample members' employment activities. Respondents were asked about their labor market experiences, including periods of employment, looking for work, and out of the labor market.

Employment Activities

High labor market attachment. Nearly two-thirds (65 percent) of the sample worked in the first year covered by the data (July 1998-June 1999).

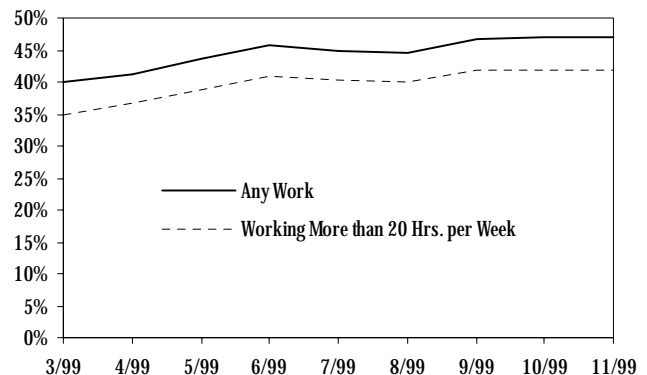
Respondents in this preliminary sample were much more attached to the labor market than a similarly designed sample who were first interviewed in 1987. That study, the Family Income Study, found that 41 percent of all welfare recipients (then the Aid to Families with Dependent Children or AFDC program) had worked at some point during the first year of study data. The current study, surveying a sample of Temporary Assistance to Needy Families (TANF) participants, found that 65 percent reported working within the first year for which we have survey information. Washington's TANF program, called WorkFirst, encourages employment through

mandatory job search, expanded support services such as childcare subsidies, and a 50 percent earned income disregard when calculating the TANF grant.

This increased reliance on the labor market is reflected in *Figure 16*, which shows the frequency of employment for the sample. In general, employment rates rose steadily after March 1999, when everyone in the sample was receiving a TANF grant. By November 1999, the last month for which data are available, 47 percent of the sample reported some earnings, and 42.7 percent of the sample reported working 20 hours or more per week during the month.

For those who worked, the average number of months worked during the first study year is

Figure 16
 Percent of March 1999 TANF Adult Caseload Employed
 by Month, Washington State
 Source: Employment Security Department



nine, which was also the median number of months worked. Sample members who worked 20 or more hours per week averaged 7.5 months of employment during the first study year. The median number of months worked was also 7.5.

Average Hours

Average weekly hours fluctuated between 31 and 35 hours per week. Figure 17 shows the average hours per week for those who reported work activity during the month. The average weekly hours fluctuated between about 31 and 33 hours per week over the period covered by the data. Between 13 and 18 percent of the working sample members reported working less than 20 hours per week.

Median Earnings

Sample members who worked earned \$5,409 in median annual earnings (\$6,890 mean or average annual earnings) for the first study year. Sample members who worked earned approximately \$870 per month in median monthly earnings. During the study's first reference year (from July 1998 through June 1999), sample members who worked averaged \$6,890 in total earnings for the year. Median earnings for those who worked were \$5,409. For those who worked and reported 20 or more hours of work per week, the median

Figure 17
Average Hours Worked Per Week for the March 1999 TANF Adult Caseload Who Were Employed During the Month
Washington State
Source: Employment Security Department

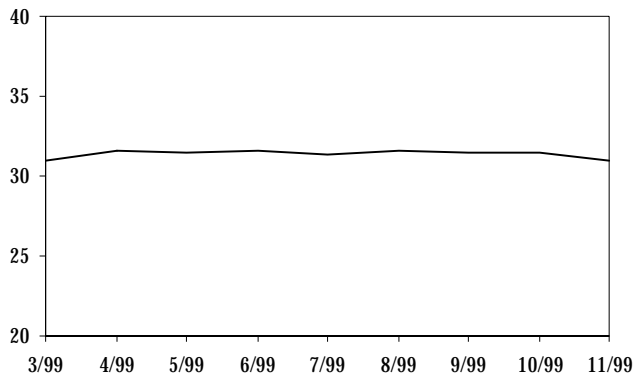
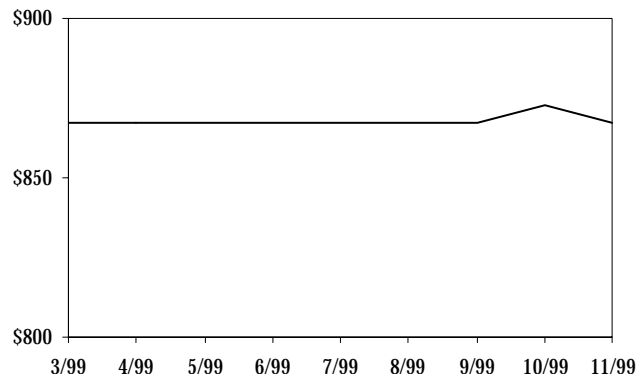


Figure 18
Median Earnings for March 1999 TANF Adult Caseload Who Worked 20 or More Hours Per Week in the Month
Washington State
Source: Employment Security Department



annual earnings were \$5,460, while the mean earnings for this group was \$7,006.

Figure 18 shows that for sample members who reported working 20 or more hours per week, the median monthly earnings were relatively constant at about \$870 per month throughout the period.

Report Four Welfare Patterns and Reasons

Marieka M. Klawitter
Daniel J. Evans School of Public Affairs
University of Washington
May 2000

This report uses data from administrative records and the telephone survey to describe the patterns of cash payment (TANF) receipt and the explanations given by families for starting and leaving public assistance.

Patterns of Welfare Use

Administrative records show that fewer than half the survey respondents on TANF in March 1999 were still receiving TANF in December 1999. The proportion of families receiving cash payments steadily decreased between March 1999 when all were on TANF and December, when only 47 percent received cash assistance (see Figure 19 on the next page).

Average cash payments dropped from \$449 per month to \$212 between March 1999 and December 1999. Payments dropped

Continued page 16

Feature Article *continued*

Figure 19
Percent of Sample Receiving a TANF Grant
March 1999 - December 1999, Washington State
Source: University of Washington

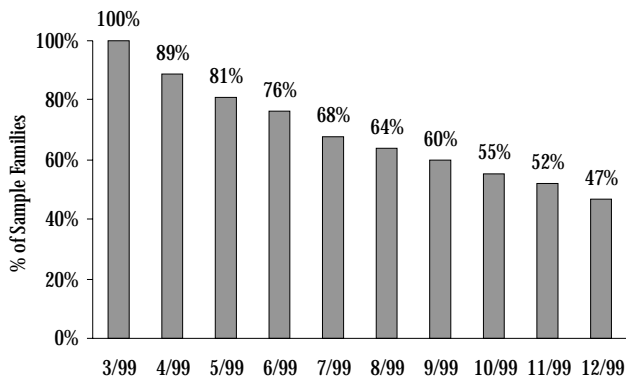


Figure 20
Average TANF Benefits for all Survey Families
and for those Still Receiving Benefits that Month
Washington State
Source: University of Washington

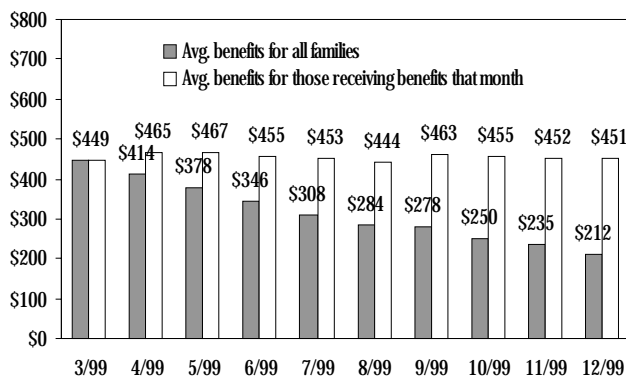
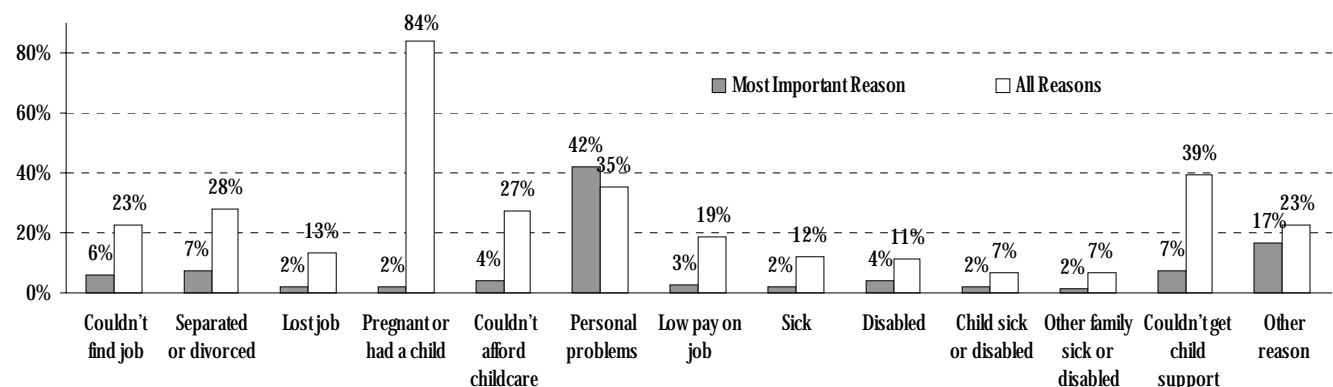


Figure 21
Reasons Went on Public Assistance First Time
Washington State
Source: University of Washington



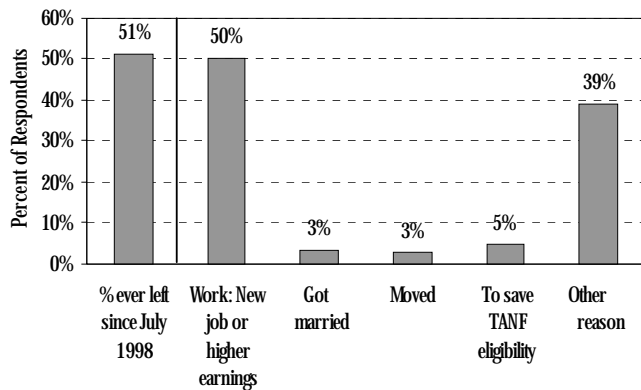
from \$449 per month in March (when all families received a payment) to \$212 per month in December 1999. Most of the payment decrease was for families who left welfare, rather than reduced grants for families who remained on TANF. While average payments for families still on TANF decreased when family earnings increased, the data suggest that most earnings increases were large enough for the family to leave the TANF rolls (see Figure 20).

Fluctuating family finances have meant that some families left and returned to TANF even within this short time period. Only 38 percent of families remained on TANF the entire 10-month period (March-December 1999). Of the 62 percent of families with at least one month off TANF, nearly a quarter later returned to receive TANF payments (24 percent).

Reasons for Receiving Public Assistance

Survey respondents listed parenthood, personal problems, and the lack of child support payments as the most common reasons for initially receiving public assistance. The telephone survey asked why families initially started receiving TANF and why they were able to leave. Almost all respondents mentioned parenthood as a reason for going on public assistance (84 percent), and many mentioned personal problems (35 percent) and the lack of child support payments (39 percent). About a quarter of the families mentioned the lack of a job, separation or divorce, lack of childcare, low

Figure 22
 Percentage Ever Left Welfare and Reasons for Leaving
 Washington State
 Source: University of Washington



Reasons include only those who left after July 1998 and add to 100 percent.

pay, and “other” reasons. The most common reason given as being most important to going on public assistance was personal problems (42 percent) (see Figure 21 on the previous page).

Reasons for Leaving Public Assistance

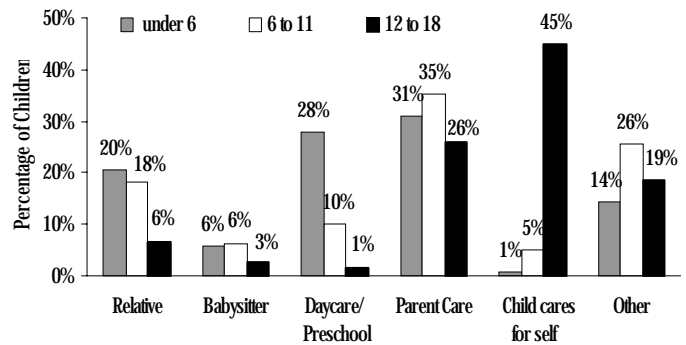
Most families left public assistance because of new jobs or increased earnings (50 percent). The telephone survey asked families if they had been off welfare since July 1998 and their reason for leaving. About half of the families had been off for some time since July 1998. Most of those leaving welfare left because they got a new job or increased their earnings (50 percent) or for “other” reasons (39 percent). Very few reported that they got married (3 percent), moved (3 percent), or left to save their eligibility (5 percent) (see Figure 22).

Report Five Childcare for Fall 1999

Erin Burchfield and Marieka M. Klawitter
Daniel J. Evans School of Public Affairs
University of Washington
 May 2000

This report describes survey data on the childcare arrangements for fall 1999 during the time that the respondent was working, looking for work, or in training. Respondents to the survey were asked questions about childcare arrangements and payments. They were also asked if they

Figure 23
 Type of Child Care by Age
 Fall 1999, Washington State
 Source: University of Washington



had lost work or school time because of childcare. Finally, respondents were asked about their use of DSHS childcare subsidies.

Types of Childcare Arrangements

The WFS survey asks about childcare arrangements for summer and fall 1999 during the time that the respondent was working, looking for work, or in training. Questions focus on the non-school based care arrangements for each child up to age 18. There were only slight differences between reports about summer and fall, so only the fall 1999 results are reported here.

Most children under 12 were cared for by their parents or by relatives. Children under 6 had the highest proportion of childcare center use (28 percent). Most of the older children either cared for themselves (45 percent) or were cared for by the respondent (26 percent) (see Figure 23).

Children Under 6: The chart shows the type of childcare arrangement by the child’s age. Respondents themselves cared for about a third of the children under age 6. This age group had the highest proportion of both childcare center/preschool use (28 percent) and care by relatives (20 percent).

Respondents reported that a small percentage of children under 6 were cared for by a babysitter (6 percent) or cared for themselves (1 percent). Fourteen percent of the young children were in other types of arrangements that fall outside the survey categories.

Continued page 18

Feature Article *continued*

Children 6-11: Respondents themselves cared for a slightly higher percentage of children ages 6 to 11 (35 percent). Eighteen percent of the children ages 6 to 11 were cared for by relatives, and 10 percent were in a childcare center or preschool setting.

Only a small percentage of this group was cared for by a babysitter (6 percent) or cared for themselves (5 percent). This age group had a higher percentage of children in other types of arrangements (26 percent) than the group of children under age 6.

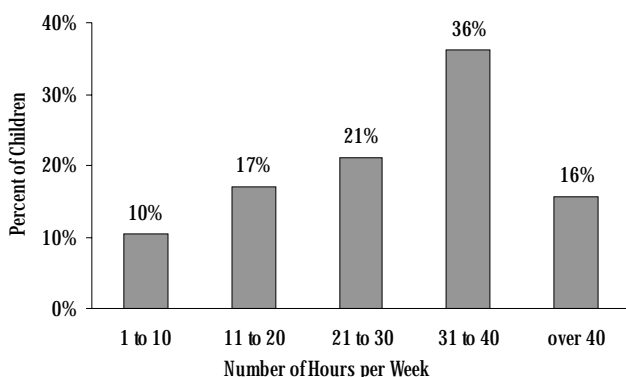
Children 12-18: Most of the children age 12 to 18 either cared for themselves (45 percent) or were cared for by the respondent (26 percent). Only 6 percent of this group were cared for by relatives, 3 percent by a babysitter, and 1 percent in a childcare center. Nineteen percent of this age group were in other types of childcare arrangements.

Because school age children are much less likely to use formal arrangements, the remainder of the data are presented for children under six years old.

Hours and Cost of Childcare

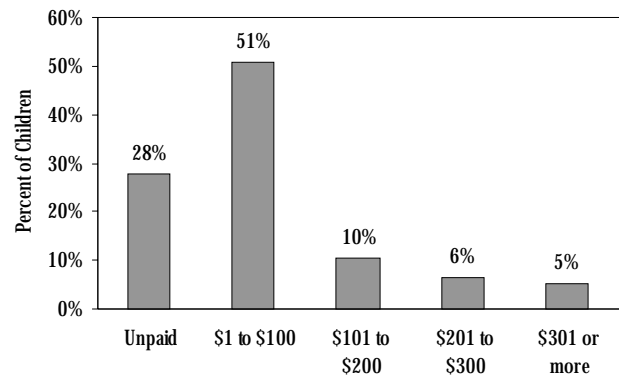
On average, children under 6 were in childcare for 31 hours each week. Most children were in non-parent childcare for be-

Figure 24
Number of Childcare Hours for Children Under 6
Fall 1999, Washington State
Source: University of Washington



Includes only children with one non-parent childcare provider.

Figure 25
Monthly Childcare Payments for Children Under 6
Washington State
Source: University of Washington



Includes only children with one childcare provider.

tween 21 and 40 hours per week (57 percent) (see Figure 24).

Only 16 percent of children were in care for more than 40 hours per week. A total of 27 percent of children were in care for fewer than 20 hours per week.

A 1998 survey of the Washington State Population found that, on average, children under 6 were in childcare for 28.5 hours per week.

Most families paid less than \$100 per month for childcare. For 28 percent of children, the care was unpaid and for just over half of children, the cost was between \$1 and \$100 per month. For 21 percent of children, monthly childcare costs were over \$100 (see Figure 25).

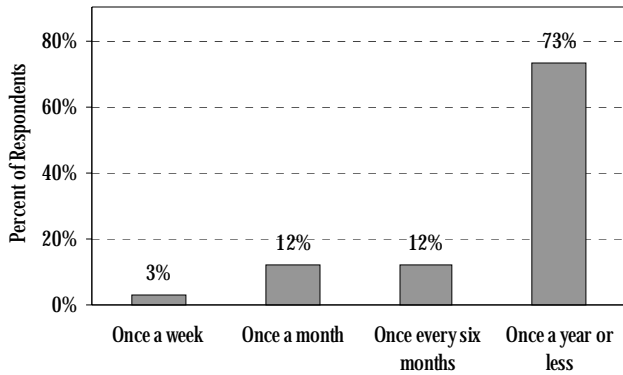
The low cost of childcare may reflect the high use of relative care, low number of care hours, or the use of DSHS childcare subsidies. DSHS childcare subsidies require a co-payment from the family.

For those who paid for childcare, the average monthly payment was \$91.41.

Few Miss School or Work Due to Childcare

Survey respondents reported very little work or school time lost because the usual childcare provider was unavailable. Eighty-five percent reported lost time only one or two times per year. However, 15 percent reported missing work or school once a month or more (see Figure 26).

Figure 26
 Frequency of Missed Work or School Because Childcare Was Not Available, for Children Under 6
 Washington State
 Source: University of Washington



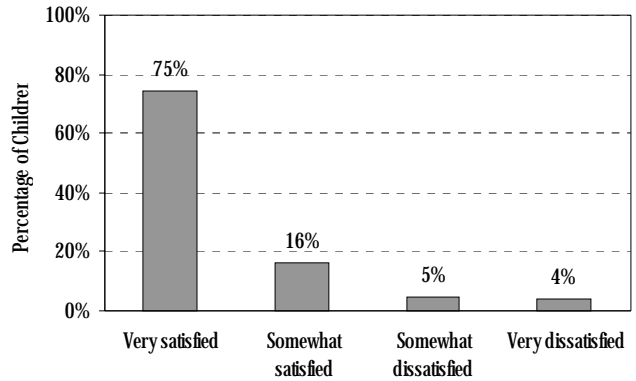
Childcare Choices for Children Under 6

Nearly half the respondents chose childcare arrangements because of the convenience (for 25 percent of children) or because they know and trust the provider (21 percent) (see Figure 27).

Only 6 percent of respondents chose their care primarily based on cost, and 5 percent because the provider accepts DSHS childcare subsidies. Quality was the primary reason for arrangements for only 6 percent of children. Thirty-four percent gave reasons outside of the categories on the survey.

Respondents were very satisfied with childcare arrangements for almost all children (75 percent). Another 16 percent of

Figure 28
 Satisfaction for Childcare Arrangement for Children Under 6
 Fall 1999, Washington State
 Source: University of Washington



Includes only children with one childcare provider.

children were in arrangements judged to be somewhat satisfactory (see Figure 28).

Parents were somewhat or very dissatisfied with arrangements for only 9 percent of children.

These results are similar to those in the 1988 survey of welfare recipients (Family Income Study) in which 78 percent of the respondents were satisfied with their childcare arrangements.

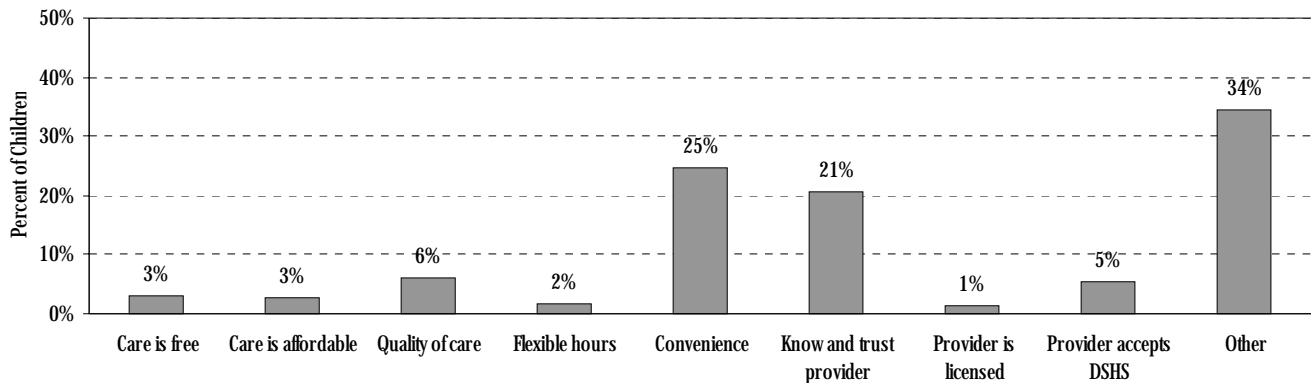
Childcare Subsidies for Children Under 6

Just over two-thirds of children under age 6 with non-parental providers had DSHS childcare subsidies (69 percent) (see Figure 29 on the next page).

Out of the entire group of children under age 18, 23 percent had DSHS childcare subsi-

Continued page 20

Figure 27
 Reason for Childcare Choice for Children Under 6
 Fall 1999, Washington State
 Source: University of Washington

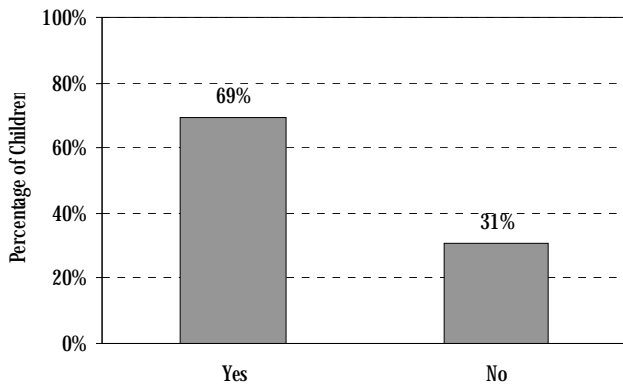


Includes only children with one childcare provider.

Feature Article *continued*

Figure 29

Children Under 6 with DSHS Childcare Subsidies
Fall 1999, Washington State
Source: University of Washington



Includes only children with one non-parental childcare provider.

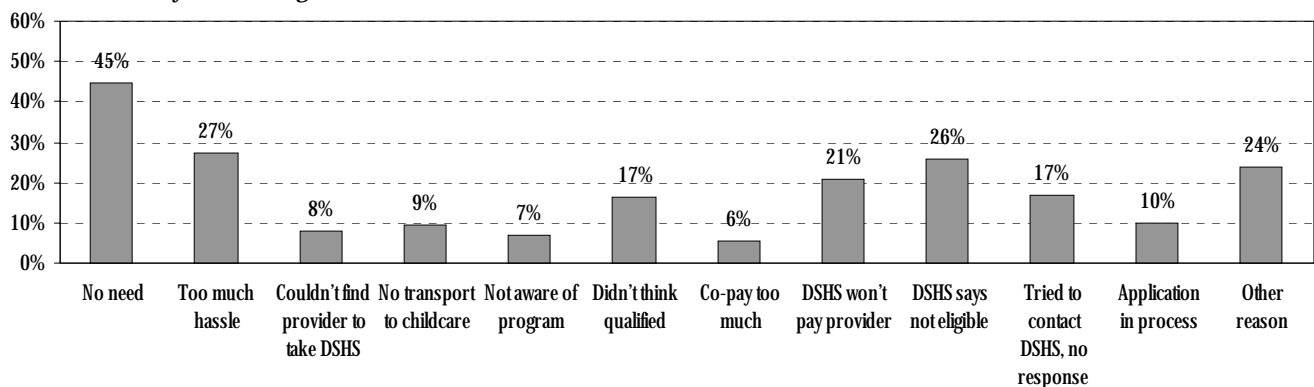
dies. A fall 1998 survey of TANF exiters also found that 23 percent of families used DSHS childcare subsidies.

For nearly half of the children not using DSHS childcare subsidies, respondents reported that DSHS subsidies were not needed (45 percent). Respondents reported that the process was “too much hassle” for 27 percent of children without DSHS subsidies. In a survey of Spring 1999 TANF exiters, respondents also ranked these as the top two reasons they did not use DSHS subsidies.

Another group of respondents did not use the subsidies for ineligibility reasons: 26 percent reported being ineligible (according to DSHS)

Figure 30

Reasons for no DSHS Childcare Subsidies for Children Under 6
Fall 1999, Washington State
Source: University of Washington



Includes only children with no DSHS childcare subsidies.

and 17 percent thought that they were ineligible. Another 17 percent of parents reported that they contacted DSHS but received no response.

For other children, respondents reported that they couldn't find a provider to take DSHS childcare subsidies, they had no transportation to childcare, they were not aware of the program, the co-pay was too much, or DSHS won't pay their provider (*see Figure 30*).

Report Six Child Health and School Outcomes

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May 2000

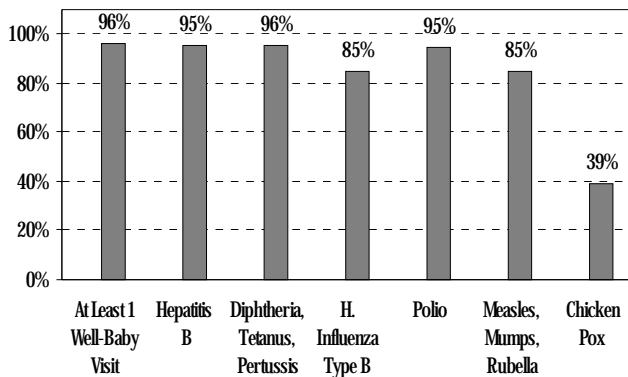
This report addresses child health and school outcomes. Respondents were asked child health questions for the youngest child under 3. Questions about school outcomes were asked for the youngest child between the ages of 5 and 18.

Health for Children Under 3

Respondents were asked about health status and health care for the youngest child under 3 years old.

Preventive health care is extensive for young children in the WFS survey. *Figure 31* shows preventive health care for young children. Respondents reported that almost all children had at least one well-baby visit to a doctor or public health clinic (96 percent). Similar numbers of

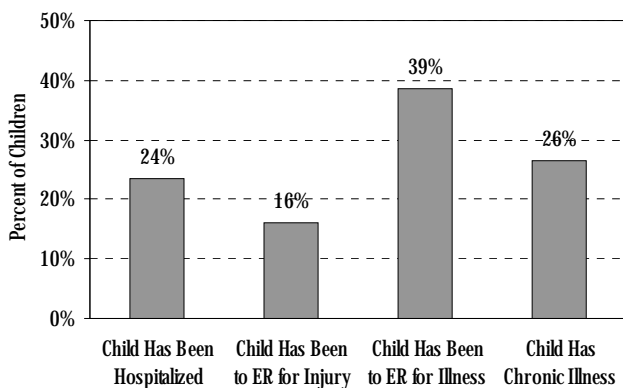
Figure 31
Preventive Health Care for Children Under 3
Washington State
Source: University of Washington



children had received most vaccinations (Hepatitis B; Diphtheria, Tetanus and Pertussis; and Polio). Slightly lower levels of vaccination coverage were evident for H. Influenza Type B and Measles, Mumps, and Rubella (85 percent). Chicken Pox vaccinations were much less common (39 percent), most likely because they are not recommended by all health professionals. The levels of reported vaccinations are very similar to levels reported for all young Washington State children as reported by the Centers for Disease Control and Prevention.

Many children face significant health challenges. Figure 32 shows respondents' reports of health issues for young children. About a quarter of all young children in the WFS had been hospitalized at some time. Sixteen percent

Figure 32
Health Issues for Children Under 3
Washington State
Source: University of Washington



had been to the emergency room for treatment of an injury and 39 percent had been for treatment of an illness. Emergency room visits may substitute for doctors' offices.

Twenty six percent of young children had chronic or recurring illnesses such as chronic ear infections or heart murmurs.

School Outcomes for Children Aged 5 to 18

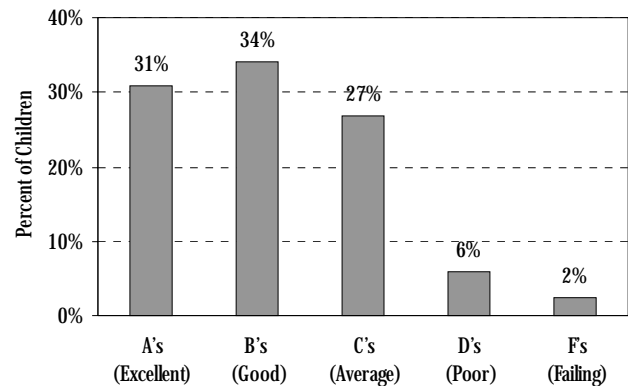
The survey asked respondents for school outcome information for the youngest child between 5 and 18 years old.

Most children in WFS families did well in school. Respondents reported that 65 percent of the school age children earned A's or B's on their last report card. Another 27 percent earned C's. Only 8 percent earned D's or F's (see Figure 33).

However, a significant number of children have had problems in school. Eleven percent of children were reported to have repeated a grade at some time in the past. Ten percent had been expelled this school year or last. The Urban Institute's National Survey of America's Families found a slightly higher rate of 14 percent expulsions for all children (not only the youngest school age child). The higher rate might be due to the older sample of children in the national study (see Figure 34 on the next page).

Continued page 22

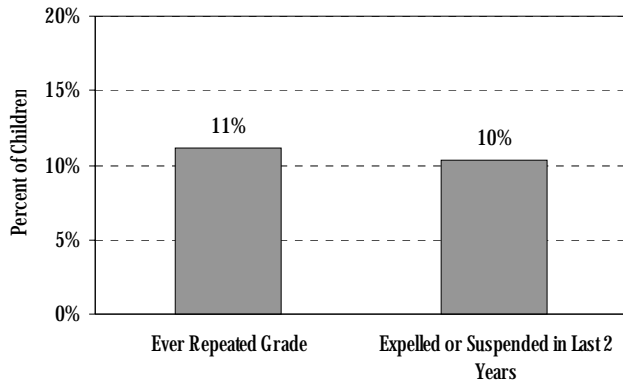
Figure 33
Grades on Child's Last Report Card
Washington State
Source: University of Washington



Includes only youngest child 5 to 18 years old.

Feature Article *continued*

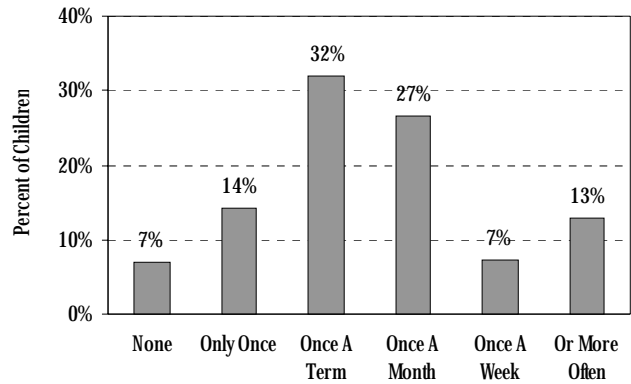
Figure 34
Percent of Children with School Difficulties
Washington State
Source: *University of Washington*



*Includes only youngest child 5 to 18 years old.
Multiple responses possible.*

Respondents reported wide variation in the number of school absences for children in the WFS. Most children were absent from school less than once per month (53 percent). However,

Figure 35
Frequency of Child's School Absences in Last 2 Years
Washington State
Source: *University of Washington*



Includes only youngest child 5 to 18 years old.

about a quarter were absent once a month and 20 percent were absent once a week or more (*see Figure 35*).

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Now Available

Washington Occupational Wage Information

Washington Occupational Wage Information provides a comprehensive collection of wage data to assist job seekers, employers, career planners, and others needing wage rates for specific occupations. The occupations are listed alphabetically, instead of by occupational groupings, for more convenient and faster access.

The data are presented at the statewide level (Part 1), and then at the metropolitan level for the three largest areas in Washington: the Seattle-Bellevue-Everett PMSA (Part 2), the Tacoma PMSA (Part 3), and the Spokane MSA (Part 4).

The occupational data presented here were obtained through surveys for the last quarter of 1998. The data for the year 2000 are expected to become available after the next survey cycle is completed, in late 2001. Also, it is important to note that wage rates can vary greatly by industry and firm size. In addition, the rates can vary according to experience or education requirements. The indicated wage rates are for 1998. To approximate a more current wage rate you may wish to use some index of change.

One widely used index is the consumer price index (CPI), which rose 3.0 percent from 1998 to 1999 for the Seattle-Tacoma-Bremerton area, and 2.2 percent for the U.S. City Average. As of June 2000, the year-to-year change was 3.7 percent for both indexes. Another important index is the Employment Cost Index (ECI), which provides

month-to-month changes by occupation, industry group, union/nonunion status, region and area size. Wages and salaries, according to the ECI index, rose 3.3 percent nationally from September 1998 to September 1999. These indexes are published by the U.S. Bureau of Labor Statistics. The CPI can be found at <http://stats.bls.gov/cpihome.htm>, and the ECI at <http://stats.bls.gov/ecthome.htm>.

To accurately identify wages for a particular occupation, be sure to match the skills and responsibilities of that job with the skills and responsibilities as defined under the Occupational Employment Statistics (OES) code and title. To view OES descriptions on-line visit <http://www.wa.gov/esd/lmea> and click on *Career Information*, and then *Occupational Wage Rates*. At this point, to see an occupation's definition, click on its OES code, then scroll through the definitions or use your browser's find feature to find the matching OES code.

Please note that the LMEA home page also provides occupational wage rates for other counties and metropolitan areas of Washington State at: <http://www.wa.gov/esd/lmea/labrmrkt/aws/awshome.htm>.

For specific questions concerning this survey or for other labor market information, contact the Labor Market Information Center at 1-800-215-1617 or email: lmic@esd.wa.gov.