



**Continuing the Investment in
A Competitive Workforce and
A Brighter Economic Future
For Arkansas:**

**A Policy Agenda for
Investing In Arkansas'
Working Families**

**A Report by the
Public Policy Program
of the Good Faith Fund**

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Introduction

Arkansas is putting together the pieces of an ambitious investment plan to develop the state's economy and increase the living standard of all Arkansans. New tax incentives for business development recently were enacted to enhance the state's ability to create good jobs. And soon the state will be investing a substantial amount of new funds to improve the public education system, given the mandate of the Lake View case. Both of these investments will help Arkansas achieve greater economic and social prosperity.

Despite the substance and potential of these investments, however, more will be required to secure a brighter economic future for Arkansas and particularly all Arkansans. An investment in Arkansas' working families, particularly those who are struggling to meet their basic needs and achieve economic self-sufficiency, also is needed. This investment is vital to creating a competitive workforce, which increasingly is becoming the most critical resource for economic success, surpassing tax structure and other factors. And it is vital to increasing state revenues, and reducing the need for social services and taxes as more working families achieve economic self-sufficiency.



The additional funding Arkansas will soon invest in the public education system is a substantial step toward improving the competitiveness of the state's workforce, the future workforce to be precise. But the state's current workforce is equally as important and in need of investment. The working adults that make up the current workforce will in 20 years still make up over half of the state's workforce. And many of these adults currently have low levels of education and training, as well as face other barriers to making a greater contribution to the labor market and the economic success of the state.

Because working adults are so important to achieving a competitive workforce and a brighter economic future for Arkansas, this report focuses on this population. More specifically it focuses on that part of the working adult population that have children and do not earn enough to meet their families basic needs for housing, food, transportation, health care and child care. Working poor families is the term often used to describe this population.

A greater investment in working poor families is sound long-term economic policy. Working poor families make up a substantial part of the current workforce. Data in this report indicates that a substantial number of working families in Arkansas are poor and many more have very low-income. Furthermore, working poor families are families who are "playing by the rules" by working and contributing to the productivity and prosperity of Arkansas, but yet struggle day-to-day to meet their basic needs and thus continue to be contributing workers and citizens. With adequate support, these families can overcome this struggle, achieve economic self-sufficiency, and begin to make a greater contribution to the productivity and prosperity of Arkansas. Without adequate support, there is a real danger that they will never achieve these goals, that their potential will continue to languish or worse they give up on the struggle. And because these are families with children, either outcome will likely disadvantage yet another generation of Arkansans.

Determining the level of support Arkansas is providing to working poor families is a key objective of this report. One goal of the chapters that follow is to assess a broad range of state policies relevant to assisting working poor families achieve economic self-sufficiency, particularly in the context of achieving success in the labor market. This range of policies address the three key barriers or challenges working poor families often face in achieving greater success in the labor market: 1) a lack of basic educational competencies and occupational skills necessary to obtain family-supporting jobs, 2) a lack of family-supporting job opportunities, and 3) a lack of public policies that support and reward work. Another key objective of the report is to give state policymakers specific policy ideas for changing state policy to improve the support provided to working poor families to achieve economic self-sufficiency. The other key objective of the report is to present some facts about working poor families in Arkansas: how many there are, and what specific challenges they often face in achieving economic self-sufficiency.

The report's assessment of state policy reveals that Arkansas has many policies in place that support or help facilitate the achievement of economic self-sufficiency among working poor families. The state is making a major investment in adult basic education services, and tuition at the state's two year colleges is relatively affordable. But the assessment also reveals that Arkansas could adopt many more policies to improve the support the state is providing to working poor families. Arkansas is not making full use of TANF and WIA, two large federal programs available to every state to help working poor families, to create access to adult education and training opportunities. And Arkansas could adopt certain policies and encourage certain practices to improve the ability of post-secondary institutions to educate relatively low-skilled, low-income populations. Creating greater access to education and training opportunities is critical to helping working poor families achieve economic self-sufficiency because many working poor families include an adult with a very low level of educational attainment, which makes it difficult to find a well paying job (see Chapter One).

The state also could do more to ensure that job creation and other economic development efforts benefit low-income workers. Finally, the state could be further supporting working poor families by creating broader access to health insurance and child care for working adults, and establishing an overall tax structure that boosts the earnings and incomes of working adults. State policies to achieve these goals are needed because data in the report indicates that access to good jobs, health insurance and other work supports are indeed barriers that working poor families in Arkansas often face in achieving greater labor market success and thus economic self-sufficiency.

Recognizing these opportunities to provide greater support to working poor families, the report articulates specific recommendations for changing state policy. These ideas are listed in the Executive Summary, and discussed in detail in Chapters Two, Three and Four.

Organization and Background

The report is organized into four chapters. Chapter One presents data on the number, characteristics and conditions of working poor families in Arkansas. Chapters Two, Three and Four examine several of the key challenges that individuals in working poor families often face in achieving success in the labor market, and which potentially explain why these families work but remain poor. Those challenges include: 1) a lack of basic educational competencies and occupational skills necessary to obtain family-supporting jobs, 2) a lack of family-supporting job opportunities, and 3) a lack of public policies that support and reward work. Each of these chapters begins with data that confirms that many working poor families in Arkansas face these challenges. Since state policy can impact all of these challenges to some extent, each chapter then examines a range of specific policies that could help working poor families overcome these challenges. Finally, each chapter provides some data on the state's progress in helping working poor families overcome these challenges.

Combined Chapters Two, Three and Four provide a comprehensive view of state policy relevant to helping working poor families achieve economic self-sufficiency, which is a distinguishing and valuable feature of the report. Such a view enables a holistic approach to policy development to address the problem of the working poor, which is necessary because of the complexity of challenges these families face as they try to achieve economic self-sufficiency.

Much of the data in the report was prepared by the Population Reference Bureau (PRB) in Washington D.C. using U.S. Census Bureau files. This data is very unique; Census data has rarely been manipulated to focus exclusively on the population of working poor families. Also the data generated by PRB are estimates, the midpoint among a range of possible precise calculations. Definitions and sources for all the data are provided in Appendix A. Good Faith Fund is one of five state policy organizations that participated in this pilot project. The other organizations are in Wisconsin, Michigan, Florida and Texas, each of whom produced a similar report for their state. Five more states have been funded to produce similar reports in 2004.

Executive Summary

Arkansas is putting together the pieces of an ambitious investment plan to develop the state's economy and increase the living standard of all Arkansans. New tax incentives for business development recently were enacted, and soon the state will be investing a substantial amount of new funds to improve the public education system, given the mandate of the Lake View case. Both of these investments will help Arkansas achieve greater economic and social prosperity.

But more will be required to secure a brighter economic future for Arkansas and particularly all Arkansans. An investment in Arkansans working families, particularly those who are struggling to meet their basic needs and achieve economic self-sufficiency, also is needed. This investment is vital to creating a competitive workforce, increasing state revenues, and reducing the need for social services and taxes as more working families achieve economic self-sufficiency.

Reforming the state's public education system is a substantial step toward improving the competitiveness of the state's workforce, the future workforce to be precise. But the state's current workforce is equally as important and in need of investment. The working adults that make up the current workforce will in 20 years still make up over half of the state workforce. And many of these adults currently have low levels of education and training, as well as face other barriers to making a greater contribution to the labor market and the economic success of the state.

This report focuses on the current workforce, particularly that part of the working adult population that have children and do not earn enough to meet their families basic needs for housing, food, transportation, health care and child care. Working poor families is the term often used to describe this population.

A greater investment in working poor families is sound long-term economic policy. Working poor families make up a substantial part of the current workforce. An estimated 12% of working families have incomes below the federal poverty line, and 38% of working families incomes below 200% of the federal poverty line, which is considered a reasonable proxy for achieving economic self-sufficiency.

Furthermore, working poor families are families who are "playing by the rules" by working and contributing to the productivity and prosperity of Arkansas, but yet struggle day-to-day to meet their basic needs and thus continue to be contributing workers and citizens. With adequate support, these families can overcome this struggle, achieve economic self-sufficiency, and begin to make a greater contribution to the productivity and prosperity of Arkansas. Without adequate support, there is a real danger that they will never achieve these goals, that their potential will continue to languish or worse they give up on the struggle. And because these are families with children, either outcome will likely disadvantage yet another generation of Arkansans.

Three of the key challenges working families often face in achieving greater success in the labor market and thus achieving economic self sufficiency include: 1) a lack of basic educational competencies and occupational skills among adult family members that are necessary to obtain a family-supporting job, 2) a lack of family-supporting job opportunities, and 3) a lack of public policies that support and reward work.

Indeed, data in this report confirms that many working poor families in Arkansas face these challenges. An estimated 42% of working families in poverty have a parent without a high school degree. Thirty-seven (37) percent of all jobs in Arkansas are in occupations with median pay below poverty, which suggests good jobs are indeed hard to find for many working families. Finally, 17% of working families lack health insurance, and 635 low-income working families are on a waiting list to receive state child care assistance. Health care and child care are critical supports for working poor families struggling to meet their basic needs and continue to advance their careers.



Arkansas has influence over many policies and programs that can help working poor families overcome these challenges. The state controls policies that create access to education and training opportunities, it controls policies aimed at creating good paying jobs, and it controls policies that support work by making it pay better and by providing access to key work-enabling benefits such as health care and child care.

A key objective of this report is to assess how well Arkansas' polices and programs are helping working poor families overcome these challenges. To that end a variety of state policies are assessed, as well as data on the outcomes of the state's efforts to help working poor families over-come these challenges. This assessment produced many insightful findings and good ideas for policy change. In general, Arkansas has adopted many policies to help working poor families overcome these challenges and achieve economic self-sufficiency, but there are many policies that the state could adopt to improve the level of support it provides.

These ideas for policy change are embodied in the policy recommendations below. These recommendations are intended to improve the support state policy provides to working poor families to overcome the aforementioned key challenges they often face in achieving economic self-sufficiency. The recommendations are organized under the broad categories of Education and Training, Economic Development, and Work Support, which correspond to the key challenges often faced by working poor families. For the specific policies assessed and the specific key findings that led to the development of these policy recommendations, please see Chapters Two, Three and Four.

Combined the policy recommendations below represent a comprehensive or holistic policy agenda for helping working poor families in Arkansas achieve economic self-sufficiency. This agenda, because it addresses several of the key challenges working poor families often face in achieving economic self-sufficiency, is not only unique but potentially powerful in terms of being able to affect real change in the lives of working poor families. If any significant combination of these recommendations can be achieved, many more working poor families in Arkansas would indeed achieve greater success in the labor market and ultimately economic self-sufficiency.

Policy Recommendations

Education and Skills Training Policy Recommendations

These policies are aimed at expanding access to quality education and training opportunities for working poor families. For a more detailed discussion of these recommendations, see Chapter Two.

Post-secondary Policy Recommendations:

- Increase the state investment in need-based financial aid, particularly for adults by increasing the state investment in the Arkansas Workforce Improvement Grant Program which provides need-based aid to older students enrolled in post-secondary degree and non-degree career training programs.
- Provide the two-year colleges with incentive funding for high performance in remedial education.
- Encourage the development of "career pathway" training strategies that facilitate the successful transition of remedial and other relatively low-skill students into post-secondary training programs and careers.
- Revise the FTE funding formula for the two-year colleges to provide funding for non-credit career courses.
- Direct more Perkins funds to post-secondary institutions so that they can develop more vocational training programs for adults.
- Establish student job placement and earnings as performance measures for all post-secondary career and technical programs.
- Establish job placement and earnings as performance measures for the two-year colleges.

Workforce Investment Act (WIA) and Temporary Assistance to Needy Families (TANF) Policy Recommendations:

- Require at least 50% of WIA funds for adult services be spent on training services.
- Enroll more TANF participants in education-related activities, particularly since education-related activities can count as a work activity for meeting federal work participation rates.
- Allow full-time participation in GED and other adult basic education training activities alone to satisfy the TANF work requirement, as Arkansas recently did for full-time participation in post-secondary training activities.
- Establish a uniform policy or methodology for local Workforce Investment Boards to determine when WIA adult services funds are limited so that limited funds can be consistently and fairly prioritized for low-income participants.
- Create a committee to study and make policy recommendations for improving the integration of WIA program partner services, particularly adult education services, into the WIA workforce centers system.
- As the state recently did for the TANF program, establish earnings above poverty and earnings above 200% of poverty as performance measures for exiters of the WIA program.
- Increase the amount of TANF funds dedicated to IDA accounts, which can be used to pay for post-secondary education.



Adult Education Policy Recommendations:

- Maintain the current state investment in adult education services, which is substantial and well beyond the investment of most states.
- Encourage the development of contextualized adult education programs, a key component of “career pathway” training strategies, to facilitate the successful transition of adult education students into post-secondary training programs and careers.
- Establish job placement and earnings above poverty as performance measures for adult education programs.

Economic Development Policy Recommendations

These policies are aimed at creating access to good jobs, particularly for lower-income workers. For a more detailed discussion of these recommendations, see Chapter Three.

- Create an incentive for or require the Existing Workforce Training Program and the Business and Industry Training Program, Arkansas’ primary customized industry training programs, to target some low-income and entry-level workers.
- Establish wage standards for Arkansas’ primary business assistance programs, and create an incentive for or require these programs to create some entry-level jobs or jobs for low-income workers.
- Use state economic development or workforce development resources to encourage sectoral development initiatives.
- Adopt performance measures for key state economic development policies and programs that measure the impact of such policies and programs on low-income workers.

Work Support Policy Recommendations

These policies are aimed at providing various key supports to workers, ranging from supports that increase earnings and income, to supports that create access to health care and child care. For a more detailed discussion of these recommendations, see Chapter Four.

Income Support Policy Recommendations:

- Establish a state minimum wage rate above the federal minimum wage rate, and establish a broad living wage policy that applies to all state contractors and public employees.
- Increase the progressivity of the state tax structure, including enacting a state Earned Income Tax Credit (EITC).
- Encourage greater use of the federal EITC via advertising and free or low-cost tax preparation assistance.

Health Care and Child Care Support Policy Recommendations:

- Expand Medicaid to cover more working adults, and create a program to provide health care insurance assistance to small employers.
- Increase the family income limit for eligibility for state child care assistance to 85% of the median state income.
- Increase and stabilize funding for state child care assistance.

Unemployment Insurance Policy Recommendations:

- Establish an alternative base period for determining earnings for Unemployment Insurance (UI) eligibility, and protect UI coverage for temporary workers.

Work Protection Policy Recommendations:

- Expand family medical leave coverage to employers with less than 50 employees, and expand state wage and hour law coverage to all categories of workers.

CHAPTER 1

WORKING POOR FAMILIES IN ARKANSAS

There are many families in Arkansas who are working yet remain poor. These are families who are “playing by the rules” by working and contributing to the productivity and prosperity of Arkansas, but yet struggle day to day to meet their most basic needs. The data in Table 1 tell the following story about working poor families in Arkansas.

- **The majority of poor families in Arkansas work.** Over half, (51%) of families with incomes below the federal poverty line are engaged in work. This suggests that most poor families in Arkansas are trying to earn a living by participating in the labor market. Arkansas fares well compared to other states. The rates for all states range from 24% to 61%.
- **Although many families work, a significant number of these families remain in poverty.** Over 1 in 10 working families in Arkansas (12%) have incomes below the federal poverty line. Almost 4 in 10 working families in Arkansas (38%) have incomes below 200% of the federal poverty line. Double the poverty line is a common proxy for achieving economic self-sufficiency. These percentages rank Arkansas 47th and 49th, respectively, among all states, meaning Arkansas has more working poor families than most states.
- **A common characteristic of adults in working poor families is a very low level of educational attainment.** Many working families in poverty in Arkansas (42%) have a parent without a high school degree. This suggests a lack of education and training is a significant factor in explaining why some families work but remain poor.
- **Many working poor families lack access to health insurance and affordable housing.** The majority of working poor families in Arkansas (53%) have at least one parent without health insurance. Most working families in poverty (75%) spend over 1/3 of their income on housing. A common definition of affordable housing is housing that costs less than a 1/3 of a families income.

In summary, Arkansas has many families that are working but still poor. A possible explanation for this condition, is a lack of educational attainment, which can make it difficult to obtain a job that provides a family-supporting income. Some of the particular challenges of these families are a lack of health insurance and affordable housing, both of which can make it difficult for these families to stay employed and meet their basic needs.

Table 1: Number, Characteristics and Conditions of Working Poor Families in Arkansas

Data Definition	U.S.	Range Among States	AR	Rank Among States
Percent of Poor Families Engaged in Work	47.2%	24%-61%	51.4%	
Percent of Working Families That Are in Poverty	7.5%	2.4%-13.4%	11.9%	47
Percent of Working Families With Incomes Less Than 200% of Poverty	27.8%	14.7%-39.9%	37.6%	49
Percent of Working Families in Poverty Spending Over 1/3 of Their Income on Housing	72.5%	50%-89.4%	74.5%	32
Percent of Working Families in Poverty With a Parent Without HS Degree or GED	43.6%	12.7%-62.2%	42.2%	36
Percent of Working Families in Poverty With at Least One Parent Without Health Insurance	46.7%	16.5%-66.6%	52.6%	

Note: See Appendix C for detailed data definitions and sources.

CHAPTER II EDUCATION AND SKILLS TRAINING

Chapter One indicated that a significant number of adults in working poor families have low levels of educational attainment. A lack of basic educational competencies and occupational skills can make it difficult to obtain a job that provides an income above poverty.

With this in mind, this chapter examines state policies and programs that can help working poor and other low-income adults raise their education and skill levels and thereby obtain family-supporting jobs. Section B examines specific state policies to create access to education and training opportunities, and Section C provides data on the performance of state education and training efforts to improve the skills of low-income adults. The chapter concludes with specific policy recommendations to improve access to education and training opportunities for low-income adults. The chapter begins with data on the educational attainment of adults in Arkansas, which further confirms that a significant number of adults in Arkansas have low levels of educational attainment.

A. Education and Skills Status of Adults in Arkansas.

The data in Table 2 provide a measure of the extent to which adults in Arkansas have the necessary education and skills to engage in employment that leads to economic self-sufficiency. The key findings from the data include:

- **Low levels of educational attainment are a characteristic of a large segment of the adult population in Arkansas, not just those adults in working poor families.** The majority, 56%, of working age adults (age 18-64) have a high school degree/GED or less: 20% have less than a high school degree or GED, and 36% have only a high school degree or GED. Only 24% of adults have an Associates Degree or more, which is well below the national average of 36%.
- **In addition to low levels of educational attainment, the functional skills of many adults are very low.** Among adults 16 and over, 56% have literacy skills at level 2 or below, which is inadequate to function in today's society according to the National Institute for Literacy. Moreover, 71% of students enrolled in Arkansas' two-year colleges require remediation.
- **Arkansas has relatively fewer younger and older working age adults enrolled in post-secondary institutions.** Only 27% of young adults ages 18-24 are enrolled in a post-secondary institution. And only 4% of older adults ages 25-54 are enrolled in post-secondary institutions. The average rate of enrollment for both groups across all fifty states is higher.

In summary, the majority of adults in Arkansas have low levels of educational attainment and functional skills, which can make it difficult to obtain a family-supporting job in today's economy. To do so, these adults need access to quality education and training opportunities.

Table 2: Educational Attainment of Adults in Arkansas

Data Definition	U.S.	Range Among States	AR
Percent of Adults 18-64 Without High School Degree or GED	16.5%	8.4%-22.5%	19.9%
Percent of Adults 18-64 With Only High School Degree or GED	29.2%	20.8%-41.2%	35.9%
Percent of Adults 16 and Older at Literacy Levels 1 and 2			56%
Percent of Adults 25-54 With Associates Degree or Higher	35.7%	21.7%-49.1%	24.2%
Percent of Young Adults 18-24 Enrolled in Postsecondary Institutions	31.4%	20.9%-38.6%	26.6%
Percent of Adults 25-54 Enrolled in Postsecondary Institutions	6.2%	3.9%-8.2%	4.1%
Percent of Students Enrolled in Community Colleges Requiring Remediation			70.6%

Note: See Appendix C for detailed data definitions and sources.

B. State Policies That Support Education and Training for Low-Income Adults

Given the need for adult education and training opportunities, Section B provides an assessment of how well state policy in Arkansas is creating access to education and training opportunities for working poor and other low-income adults. This assessment is largely based on whether or not Arkansas has certain policies, which are listed below, that have been identified as policies that improve access to education and training opportunities, particularly for low-income adults. Post-secondary policies are assessed, as well as policies related to the Workforce Investment Act (WIA), Temporary Assistance to Needy Families (TANF), and adult education, the three federally-supported workforce development programs. The key policy findings that emerged from this assessment are summarized below.

Summary of Key Policy Findings

The overall theme that emerged from the assessment of Arkansas' education and training policies is that the state is not maximizing the potential of post-secondary institutions, WIA and TANF, three key education and training opportunity resources, to create access to education and training opportunities for low-income adults.

Post-Secondary Policy Findings

The assessment of state post-secondary policy indicates that Arkansas has an opportunity to expand access to quality post-secondary training opportunities for low-income adults. In particular, the state could provide more need-based financial aid, direct more education resources to post-secondary institutions, and better encourage the successful transition of students enrolled in remedial education and other types of pre-college training into college-level programs. Specific key policy findings include:

- **Arkansas provides less need-based financial aid than many states, and provides limited financial aid for students enrolling in postsecondary non-degree career programs.** Although tuition at Arkansas' two year colleges is relatively affordable, only 17% of the average family income, Arkansas invests substantially less in need-based financial aid than most states. Arkansas only provides 31% as much state funding for need-based financial aid as it receives in federal Pell grant funding. The range for all states is 0% to 136%. Also, although Arkansas recently created the Arkansas Workforce Improvement Grant Program (AWIGP) to provide need-based financial aid for post-secondary degree and non-degree career training, the funding for this program is very limited (\$500,000 for the 2003-2004 biennium). Non-degree career programs in particular, which are usually vocational in nature, are an important training option for adults that do not want to pursue a traditional degree program. Most traditional financial aid cannot be used for such programs, which is one reason why the AWIGP is such a critical addition to the state's financial aid programs.

- **Arkansas does not provide the two-year colleges funding incentives for performance in remedial education.** Chapter One pointed out that 71% of students enrolled in Arkansas' two-year colleges require remediation. And the postsecondary performance data in Table 3 below indicates that only 16% of remedial students at the two-year colleges graduate with a certificate or degree in three years. Yet the state does not try to encourage higher graduation among remedial education students by offering the colleges incentive funding for doing so, which some states do.

- **Arkansas does not provide funding to the state's two-year colleges for non-credit career courses.** Unlike many states, Arkansas does not provide funding to the two-year colleges for non-credit career courses, which are an important and rapidly growing form of training and skills upgrading for adults.



▪ **Arkansas devotes considerably less federal Perkins program funds to post-secondary institutions than other states.** Arkansas allocates only 25% of its federal Perkins vocational and technical education funds to post-secondary institutions, which is considerably less than most states (the average for all states is 39%). The remaining 75% are allocated to secondary institutions which typically do not serve adults over age 18. This helps explain why the Perkins program is only serving 3% of adults age 18-64 in Arkansas who lack post-secondary training (see Table 3). Perkins funds can be used for the development of either secondary or post-secondary technical and vocational education programs, the later of which are an important type of training for adults.

▪ **Arkansas does not measure career and technical program performance by student placement in high wage jobs, or by low-income student completion and placement, which are very direct measures of how well these programs are improving the employment skills and incomes of low-income students.** However, it should be noted the career and technical programs funded by federal Perkins funds do measure performance by low-income student completion and placement (see Table 3).

WIA and TANF Policy Findings

The assessment of state WIA and TANF policy indicates that currently Arkansas is not making maximum use of these programs to provide education and training opportunities to low-income adults. There is also a lack of state policy direction to ensure WIA is providing effective training services, particularly to low-income adults as required. On the positive side, Arkansas is using TANF to promote asset development among low-income adults. Specific key policy findings include:

▪ **Arkansas is not encouraging the provision of training services under WIA and TANF to the extent that other states are.** Arkansas does not require that a majority of adult WIA funds be spent on training services, which some states do. Instead Arkansas spends well over 60% of WIA funds on non-training services, which explains why only 32% of WIA exiters received training services and why WIA training services are reaching less than 1% of adults most in need of training services: those without a high school diploma or GED (see WIA performance data in Table 4).

Prior to the 2003 legislative session Arkansas did not allow exclusive participation in post-secondary education and training activities to meet the required work activity for TANF participants, which some states do as a means for encouraging enrollment in and completion of post-secondary training among TANF participants. This helps explain why only 11% of TANF participants in Arkansas are enrolled in education related activities (see the TANF performance data in Table 5). However, Arkansas still does not allow exclusive participation in GED and other adult basic education training to meet the required work activity, which would further encourage training among TANF participants.

▪ **Arkansas is not providing state policy guidance to ensure that local Workforce Investment Boards (WIBs) are consistently targeting limited WIA funds for adult services to lower-income populations.** Unlike some states, Arkansas does not have a uniform state policy for determining when local WIB funds for adult services are limited so that priority for adult intensive and training services can be given to lower-income participants, as WIA rules require.

▪ **Arkansas is not providing clear state policy guidance to ensure that adult education, and other key WIA partner programs, have integrated their services into the WIA local workforce center system.** Unlike some states, Arkansas does not provide state policy direction to ensure adult education services are integrated into the WIA local workforce centers system, which is critical to providing effective training services to low-skill, low-income adults who often need adult basic education training as a first step in upgrading their skills. The state also is not providing policy guidance to ensure other WIA partner services such as health care, child care and transportation are being effectively integrated; these services help ensure low-income adults can complete the training they need and successfully transition into good jobs.

▪ **Arkansas is doing more than most states to use TANF to encourage asset development, including continuing education, among low-income adults.** Arkansas is among the few states that use TANF to promote asset building for TANF participants and the working poor by providing matching funds for IDA accounts, which can be used to pay for

WIA Policies

12. *State Mandates Federal and State Programs, Beyond Those Required By WIA, to Be Formal Partners in One Stop System. Yes.*
But the extent to which partner services are integrated into the workforce center system remains an important question.
13. *State Uses Alternative Funding Formula to Allocate Funds to Local Areas with Excess Poverty. No.*
14. *Over Fifty Percent of WIA Funds Dedicated to Training. No.*
15. *State Has Policy for Determining When Local WIA Adult Funds Are Limited and Requires Local WIBs to Establish Priorities for Intensive and Training Services. No.*
16. *State Established Training Provider Eligibility/Performance Criteria Beyond WIA Requirements and Include Data in Consumer Reports. No.*
17. *State Requires Local WIBs to Do Basic Skills Assessment for all Without High School Degree or GED and Refer to Adult Education. No.*
However, the state recently created a state committee to study the integration of adult education services into the local workforce center system and make policy recommendations to the Governor and the legislature for improving the integration of services.
18. *State Requires Local WIBs To Provide Funds for Supportive Services. No.*

TANF Policies

19. *Post-secondary Education/Training alone Satisfies TANF Work Requirement. Yes.*
20. *Post-secondary Education/Training alone Satisfies TANF Work Requirement for More than 12 Months. Yes.*
21. *TANF Time Clock Stopped When Engaged in Postsecondary Education and Training. No.*
22. *TANF/MOE Funds Used for Education and Training for Working Poor Not Receiving Cash Assistance. Yes.*
23. *State Provided Match for TANF IDA/ILA Training Accounts. Yes.*

Adult Education and Literacy Policies

24. *State Resources Allocated for Adult Education and Literacy Places the State in the Top One-Third of States Nationally. Yes.*
25. *State Provides Own Dedicated Resources for Workplace Literacy. Yes.*
26. *State Mandates Adult Education for Prison Inmates with Deficient Basis Skills. Yes.*
27. *States Offers Certified Occupational Skills Training Programs for Prison Inmates. Yes.*

C. Performance of State Education and Training Efforts

The data in Tables 3, 4, 5 and 6 provide some measure of the extent to which state education and training efforts are helping improve the basic education competencies and occupational skills of working poor and other low-income adults. The key findings are summarized below.

Summary of Key Performance Findings

Overall, several key themes emerge from the performance data in Tables 3, 4, 5, and 6. First, the state's education and training efforts are reaching only a fraction of the adult population most in need of education and training services: those adults without a high school diploma or GED. Of course those adults without a high school diploma or GED represent only a portion of the adult population that could potentially benefit from education and training opportunities. Those adults that are being reached or served, however, are successfully upgrading their skills. Finally, the state could be measuring the performance of key education and training institutions and programs in ways that more directly measure their impact on low-income participants.

Post-secondary Performance Findings

The data in Table 3 indicate that a healthy number of high school freshmen enter college, but the rate is not as high as in some states. Furthermore, a healthy number of students at the state’s two-year colleges are returning for a second year. However, far less than half of full-time two-year college students complete their studies in three years, and even fewer remedial students complete their studies over the same time period. Also, very few older adults are enrolled in post-secondary studies. Finally, the state is not tracking the performance of post-secondary institutions in certain ways that are key to determining how well low-income students are being served. Specific key findings include:

- **Only 2.7% of adults ages 25-44 in Arkansas are enrolled at least part-time in some type of post-secondary training, which is a lower rate than in many states.** The range for all states is 1.5% to 6%. This is true despite the fact that tuition at Arkansas’ two-year colleges is relatively affordable.
- **Only 30% of students enrolled full-time in the two-year colleges complete their studies by obtaining either a certificate or degree or by transferring to a four year school.** Significantly more students obtain a certificate, which suggests an emphasis on occupational training, which is an important training option for low-income adults because it often provides relatively quick and direct attachment to the labor market.
- **Only 16% of full-time students enrolled in remedial courses at the two-year colleges move on to obtain a certificate or degree.** This percent does not include those remedial students that transfer to a four-year college, so it does not capture every remedial student that successfully completes their studies. Nonetheless, the success rate for remedial students at the two-year colleges is low.
- **Perkins Career/Technical Programs are serving few low-income students, and they are only reaching a very small percent of the adults in the state who lack post-secondary training.** Only 3.6% of all Perkins students are low-income and receive job placement. Perkins programs are serving only 3.2% of the adult population in Arkansas who lack post-secondary training. However, those students that are participating in a Perkins program are receiving credentials at a relatively high rate: 66%.

Table 3: Post-Secondary Performance Data

Data Definitions	Range Among States	AR
Percent of High School Freshman Enrolling in College	24%-59%	39%
Percent of First Year Community College Students Returning Second Year	40%-67%	55%
Percent of Adults 25-44 Enrolled at Least Part-time in Postsecondary Education	1.5%-6.0%	2.7%
Percent of Full-time Community College Students Obtaining a Certificate/ Degree or Transfer to a Four Year College*		30.2%
Percent of Community College Students Obtaining High-Wage Jobs		Not Collected
Percent of Full-time Community College Students in Remedial Education Moving Ahead**		16%
Ratio of Career Certificates Awarded to Associates Degrees in Community Colleges	.04- 4.72	1.45
Percent of Postsecondary Perkins Students Attaining a Credential		65.8%
Percent of Economically Disadvantaged Postsecondary Perkins Students Achieving Placement		3.6%
Percent of Perkins Postsecondary Students Served Relative to Adults 18-64 Without Postsecondary		3.2%
Percent of Placed Perkins Postsecondary Students Earning Above Poverty and 200% of Poverty		Not Collected

Note: See Appendix C for detailed data definitions and sources.

*Another 12% of students were still enrolled three years after initial full-time enrollment, which was the time period used to calculate this percent.

**This percentage does not include those remedial students who were still enrolled three years after initial full-time enrollment, which as the time period used to calculate this percent.

▪ **Arkansas does not measure the performance of the two-year colleges by student placement in high wage jobs.** Again, this is a direct way in which to measure how well post-secondary institutions are improving the employment skills and incomes of low-income students.

WIA and TANF Performance Findings

The data in Table 4 indicate that WIA and TANF, two key programs for providing education and training opportunities to low-income adults, are reaching only a small fraction of the adult population most in need of education and training services. Also, the state is not tracking the performance of WIA and TANF participants in certain ways that are key to determining how well low-income participants are being served. Specific key findings include:

▪ **The training services WIA and TANF are providing are reaching only a fraction of those adults most in need of education and training services.** Only 32% of those who exited the WIA adult program received training services. More significantly, this represents only .11% of the adult population in Arkansas without a high school degree or GED, meaning WIA is reaching less than one percent of those adults most in need of education and training services. Not surprisingly, only 38% of the WIA adult funds spent in PY 2001 were spent on training services. The other 62% were spent on program administration and core and intensive services, which typically do not involve training activities. With regard to TANF, only 11% of participants are enrolled in education related activities, ranging from post-secondary education to adult basic education. Both TANF and WIA could and should be providing more education and training services given the critical need for such services among a significant percent of the adult population in Arkansas.

▪ **Job retention rates for participants of WIA and TANF are well above 50%, but the state only measures whether successfully employed participants of TANF are earning above poverty.** A very high 89% of WIA adult program participants who were placed in a job were employed six months later. For TANF, 64% of participants who enter employment were employed for three consecutive quarters. But only the TANF program measures whether these employed adults are earning above poverty.

Adult Basic Education and Literacy Performance Findings

The data in Table 6 indicate that adult education services are reaching only a small percent of the adult population in need of such services. But those that are being served are increasing their basic skills. The state also is not tracking the performance of adult education participants in certain ways that are key to determining how well low-income participants are being served.

Table 4: WIA Performance Data

Data Definitions	AR
Percent of Exitters Receiving Training Services	32%
Percent of WIA Dollars Spent on Training	38%
Percent of Exitters Receiving Training Services Relative to Adults 18-64 Without High School Diploma/GED	0.11%
Adult Employment Retention Rate	88.6%
Percent of Exitters Earning Above Poverty and 200% of Poverty*	Not Collected

Note: See Appendix C for detailed data definitions and sources.

Table 5: TANF Performance Data

Data Definitions	U.S.	AR
Percent of TANF Participants Enrolled in Education/Training	5.7%	10.7%
Adult Employment Retention Rate		64%
Percent TANF Leavers Earning Above Poverty and 200% of Poverty		Not Available Yet*

Note: See Appendix C for detailed data definitions and sources.

*Arkansas recently established the percent of TANF participants earning above poverty and 200% of poverty as performance measures for TANF, but data is not yet available.

Table 6: Adult Education Performance Data

Data Definitions	AR
Percent of Students Improving Beginning Literacy Skills	34.1%
Percent of All Students Enrolled in Adult Education Relative to Adults Without High School Degree/GED	8.9%
Percent of Adult Education Students Advancing Relative to All Students Enrolled in Adult Education	26.0%
Percent of Participants Gaining Employment and Earning Above Poverty and 200% of Poverty	Not Collected
Percent of Eligible Prison Inmates Receiving Adult Education	90%

Note: See Appendix C for detailed data definitions and sources.

- **The number of adults enrolled in adult education programs represents only 9% of the adult population without a high school degree or GED.** In other words, adult education programs are reaching very few of those adults most in need of education and training services. This is true despite the state’s substantial investment in adult education services.
- **Those that are enrolled in adult education services are improving their basic skills at an acceptable rate, but there is room for improvement.** Of those enrolled in adult education services, 34% improve their basic literacy skills, and 26% advance to additional education and training.
- **Arkansas does not measure whether graduates of adult education services are placed in jobs and are earning above poverty.** These are direct measures of how well adult education programs are improving the employment skills and incomes of low-income students.

Policy Recommendations

The key policy findings outlined above led to the following policy recommendations. Again, these recommendations are aimed at positioning state policy in Arkansas to provide greater access to education and training opportunities for working poor and other low-income adults.

Post-secondary Policy Recommendations

- **Increase the state investment in need-based financial aid, particularly for adults by increasing the state investment in the Arkansas Workforce Improvement Grant Program (AWIGP) which provides need-based aid to older students enrolled in post-secondary degree and non-degree career training programs.** The policy findings above indicated Arkansas provides relatively little need-based aid. Increased investments are necessary to bring Arkansas up to a level of investment in need-based financial aid comparable to that of other states. These investments also will encourage more adults to enroll in college-level training, which the post-secondary performance findings above indicated is needed (see Table 3).
- **Provide the two-year colleges with incentive funding for high performance in remedial education.** As an incentive to increase the number of remedial students that complete their studies, some states provide additional funding to colleges that achieve high rates of completion among remedial students. This policy will help encourage high performance in remedial education among Arkansas’ two-year colleges, which is needed given the post-secondary performance finding above on the low success rate of remedial students (see Table 3). This policy also should be applied to the state’s remaining technical institutes.
- **Encourage the development of “career pathway” training strategies that facilitate the successful transition of remedial and other relatively low-skill students into post-secondary training programs and careers.** To further facilitate the achievement of higher performance in remedial education, Arkansas should encourage the two-year colleges and other postsecondary institutions to develop “career pathway” training strategies that link remedial and other pre-college-level training, including adult education training, to post-secondary training programs. Such strategies facilitate

enrollment in and completion of post-secondary training among relatively low-skill students. Such strategies are needed given that only 26% of adult education students move on to obtain further training, and only 16% of remedial students at the state's two-year colleges are graduating (see post-secondary performance findings in Table 3). Both rates could be increased by the development of career pathway training strategies. Such strategies not only integrate various levels of training, they integrate work experience that is connected to good jobs that are in high demand by local employers, which helps students successfully transition into specific occupations and careers. This report does not examine such strategies, but two recent reports from the Workforce Strategy Center do: *Building a Career Pathways System: Promising Practices in Community College-Centered Workforce Development*, and *Building Bridges to College and Careers: Contextualized Basic Skills Programs at Community Colleges*. Contextualized basic skills training programs are a key component of career pathway strategies. These reports also offer policy recommendations to facilitate them (for copies of the reports see www.workforcestrategy.org). For example, greater access to need-based financial aid, and state funding for non-credit courses at the two year colleges, two of the policy recommendations included in this report, are policies mentioned in the reports as key to facilitating career pathway training strategies. The state should provide the two-year colleges and technical institutes with seed funding to pilot such strategies and develop a state policy agenda to continue the development of such strategies.

▪ **Revise the FTE funding formula for the two-year colleges to provide funding for non-credit career courses.**

Non-credit career courses are an important and rapidly growing form of training and skills upgrading for adults. Recognizing that, many states provide their community colleges with funding for non-credit courses.

▪ **Direct more Perkins funds to post-secondary institutions so that they can develop more vocational training programs for adults.** This policy is necessary to expand the number of adults that are being served by the Perkins program. Currently very few adults are being served, as the post-secondary performance findings above highlighted (see Table 3). The additional funding that secondary institutions are likely to receive to satisfy the recent Lake View school funding decision by the Arkansas Supreme Court should make it possible to devote more Perkins funds to post-secondary institutions.

▪ **Establish student job placement and earnings as performance measures for all post-secondary career and technical programs.** These are direct measures of how well post-secondary programs are improving the employment skills and incomes of students.

▪ **Establish job placement and earnings as performance measures for the two year colleges.** These are direct measures of how well post-secondary institutions are improving the employment skills and incomes of students.

WIA and TANF Policy Recommendations

▪ **Require at least 50% of WIA funds for adult services be spent on training services.** WIA can be a key program for expanding access to education and training opportunities for adults, but only if the state chooses to use it for that purpose. Currently Arkansas is not as evidenced by the WIA performance findings above that only 38% of adult program funds were spent on training services and only 32% of adult program participants received training services (see Table 4). This policy will encourage a greater emphasis on training services under WIA. An important related issue is to ensure that the training services provided by WIA are effective. For information on a variety of ways in which to achieve this goal, see *The Workforce Investment Act (WIA) in Arkansas: An Assessment of Performance and a Vision for the Future* at www.goodfaithfund.org.

▪ **Enroll more TANF participants in education-related activities, particularly since education-related activities can count as a work activity for meeting federal work participation rates.** TANF also can be a key program for expanding access to education and training opportunities for low-income adults, but again only if the state chooses to use it for that purpose. Currently Arkansas is not as evidenced by the TANF performance finding above that only 11% of TANF participants are enrolled in education and training activities (see Table 5). This policy will encourage a greater emphasis on training services under TANF. The state's new policy of allowing full-time participation in post-secondary training

activities *alone* to satisfy the TANF work activity requirement should further encourage greater enrollment in education-related activities among TANF participants. Also, as recommended below, allowing full-time participation in GED and other adult basic education training activities *alone* to satisfy the TANF work activity requirement will further encourage enrollment and completion of education-related activities.

- **Allow full-time participation in GED and other adult basic education training activities alone to satisfy the TANF work requirement.** Again, this policy will encourage enrollment in and completion of education-related activities among TANF participants.
- **Establish a uniform policy or methodology for local WIBs to determine when WIA adult services funds are limited so that limited funds can be consistently and fairly prioritized for low-income participants.** WIA requires local WIBs to determine when funds for adult intensive and training services are limited and target the limited funds to WIA participants determined to be most in need of such services including low-income participants. This policy is necessary to ensure that this WIA rule is being fairly and consistently applied by all local WIBs.
- **Create a committee to study and make policy recommendations for improving the integration of WIA program partner services, particularly adult education services, into the WIA workforce centers system.** This policy is necessary to ensure WIA participants have access to the variety of services they may need to complete training and transition into a job. Adult education services in particular are key to providing the continuum of training services lower-skilled adults often need. During the 2003 legislative session a state committee was created to study and make policy recommendations for better integrating adult education services into the WIA workforce centers system. This is a good first step; however, the other WIA program partners need equal attention. Also, it should be noted that the integration of program partners must address the issue of financial contributions by the partners to support the workforce centers system. Currently the system is being supported almost entirely by WIA funds, which leaves fewer WIA funds for the provision of education and training services.
- **As the state recently did for the TANF program, establish earnings above poverty and earnings above 200% of poverty as performance measures for exiters of the WIA program.** These are direct measures of how well TANF participants are improving their employment skills and incomes.
- **Increase the amount of TANF funds dedicated to IDA accounts.** The current investment in IDAs (\$550,000 for the 2003-2004 biennium) needs to be increased, since IDA programs are proving effective at helping low-income families increase their assets including the attainment of higher education.

Adult Education Policy Recommendations

- **Maintain the current state investment in adult education services, which is substantial and well beyond the investment of most states.** Given the finding above that 20% of adults in Arkansas lack a high school diploma or GED, the state's investment in adult education services must be maintained (see Table 2).
- **Encourage the development of contextualized adult education programs, a key component of “career pathway” training strategies, to facilitate the successful transition of adult education students into post-secondary training programs and careers.** Career pathways training strategies, as discussed above, link adult education and other types of pre-college level training to post-secondary training programs and thereby facilitate advanced training. A key component of such strategies are contextualized basic skills programs that interest and prepare students to continue their education. Such strategies are needed given that only 1 in 4 adult education students move on to obtain further training (see adult education performance findings in Table 6). For a description of contextualized adult education programs, see *Building Bridges to College and Careers: Contextualized Basic Skills Training Programs at Community Colleges* at www.workforcestrategy.org.
- **Establish job placement and earnings above poverty as performance measures for adult education programs.** These are direct measures of how well adult education program participants are improving their employment skills and incomes. The development of “contextualized” basic skills training programs would help facilitate job placement among adult education students. As described above, such programs integrate basic skills training with continued training and work experience in specific occupations and careers, which creates a direct link to jobs in the labor market.

CHAPTER III: EMPLOYMENT OPPORTUNITY

In addition to a lack of skills necessary to obtain a job that provides an income above poverty, a lack of job opportunities that provide an income above poverty is a challenge some working families face in achieving economic self-sufficiency. According to the data on labor market conditions in Arkansas in Table 7, access to good jobs is indeed a challenge for working families.

With this in mind, this chapter examines state economic development policies and programs aimed at increasing the availability of good jobs, particularly for entry-level and low-income workers. Section B examines specific state policies to create access to good jobs, again particularly for low-income workers, and Section C provides data on the outcomes of the state's efforts to create access to good jobs for low-income workers. The chapter concludes with specific policy recommendations to improve access to good job for low-income workers.

A. Labor Market Conditions in Arkansas

The data in Table 7 provides some indication of the extent to which workers in Arkansas have access to jobs that provide an income above poverty. The data suggests that a lack of jobs that provide such an income is a challenge for working families in Arkansas. The key findings that support this conclusion are summarized below.

▪ **Arkansans participate in the labor market at a lower rate than the U.S. average.**

The labor force participation rate for Arkansas is 63%. The U.S. rate is 67%. A possible explanation for this lower rate, is that there are fewer jobs in Arkansas for potential workers or too few jobs that provide enough incentive for potential workers to enter the labor market.

Table 7: Data on Labor Market Conditions in Arkansas

Data Definitions	U.S.	AR
Labor Force Participation Rate	67%	63%
Percent of All Workers Not Fully Employed	7.8%	8.5%
Percent of All Workers Who Are Unemployed	4.5%	4.9%
Percent of All Workers Who Are Marginally Attached to the Labor Market	0.8%	0.6%
Percent of All Workers Employed Part-Time Due to Economic Reasons	2.6%	2.9%
Percent of Jobs In Occupations with Median Pay Below Poverty Level*	22.3%	37.4%

Note: See Appendix C for detailed data definitions and sources.

*Below poverty level = \$17,603 per year or \$8.47 an hour.

▪ **There are more Arkansans who are not fully employed by various measures than in the U.S.** In Arkansas, 8.5% of all workers are not fully employed. The U.S rate is 7.8%. The 8.5% of Arkansans who not fully employed consist of the following types of workers: workers who are unemployed (4.9%); workers who are marginally attached to the labor market, meaning they have been unemployed for more than 12 months but still want a job (.06%); and workers who are employed part-time for economic reasons, meaning they would like to be employed full-time (2.9%). This data suggests full-time job opportunities are not available for all workers in Arkansas who want a full-time job.

▪ **There are significantly more low-wage jobs in Arkansas than in the U.S.** Well over one-third of all jobs in Arkansas, 37%, are in occupations with median pay below the poverty level. In other words, the job structure in Arkansas is relatively dependent on low-wage jobs. This is strong evidence that the availability of good jobs is a real challenge for working families in Arkansas.

B. State Policies to Influence Employment Opportunities (Economic Development Policies)

Given that the availability of good jobs is a challenge facing working families in Arkansas, Section B provides an assessment of how well state economic development or job creation policies and programs are creating access to better jobs for low-income workers. This assessment is largely based on whether or not Arkansas has certain policies, which are

listed below, that have been identified as policies that create access to better jobs for low-income workers. The key policy findings that emerged from this assessment are summarized below.

Summary of Key Policy Findings

Overall, several key themes emerge from the assessment of Arkansas' economic development policies. First, none of Arkansas' primary business assistance programs, including the state's customized training programs, attempt to ensure lower-income workers benefit from these programs. Nor is the state encouraging sectoral development strategies, which are proven strategies for helping low-income workers transition into better jobs within a particular industry. Specific key policy findings include:

- **Arkansas' customized industry training programs for new and existing businesses do not target low-income or entry-level workers to ensure this population of workers benefit from these programs.** Some states target this population of workers to ensure a broad range of workers, particularly low-income workers, receive customized training opportunities (see Appendix B for specific examples of such policies in other states).
- **Arkansas' primary business assistance programs do not include a wage standard for the jobs created, nor do they target the creation of entry-level jobs or jobs for low-income workers.** Some states have established wage standards and incentives or requirements to target a portion of jobs created be entry-level or otherwise target low-income workers to ensure such workers benefit from the state's business development incentive programs (see Appendix B for specific examples of such policies in other states).
- **Arkansas does not encourage the development of sectoral development initiatives.** Sectoral development initiatives aim to improve access to better jobs for low-income workers within a particular industry sector by providing training that leads to a better job and by improving the quality of jobs in the sector. For a detailed explanation of sectoral development initiatives, see Policy Points, Vol. 17, *Meetings the Needs of Employers and Workers Through Sectoral Employment Strategies*, August 2002 at www.goodfaithfund.org.

Specific Economic Development Policies Assessed

The assessment of Arkansas' economic development policies was based upon whether or not Arkansas has adopted the nine specific policies listed below, which were identified as policies that help create access to good jobs for low-income workers. In most cases these are policies that have been adopted by other states. For a detailed definition of these policies, including insight as to how they improve access to good jobs for low-income workers, see Appendix B. Whether or not Arkansas has these policies is indicated by the yes or no answer that follows the description of each policy. For a detailed assessment of Arkansas' policies, and the sources of information on Arkansas' policies, see Appendix B.

Economic Development Policies

1. *State Customized and Incumbent Worker Training Includes Target to Serve Entry-Level and Low-Income Workers.* **No.**
2. *State Tax Credits Available for Training Entry-Level and Low-Income Workers.* **No.**
3. *State Primary Business Assistance Programs Include Job Creation Goals with Wage Standards and Targets for Serving Entry-Level and Low-Income Workers.* **No.**
4. *State Primary Business Assistance Programs for Distressed Places Include Job Creation Goals with Wage Standards and Targets for Serving Entry-Level and Low-Income Workers.* **No.**
5. *State Has a Formal Business Retention Program.* **No.**
6. *State Supports Sectoral Development Initiatives.* **No.**
7. *State Public Works Projects Utilize Targeted Hiring Agreements.* **No.**
8. *State Resources Used to Support Transitional Employment Programs.* **No.**
9. *State Employment Service and One Stops Systems Fully Integrated.* **No.**



C. Performance of State Efforts to Influence Employment Opportunities

Table 8 provides definitions of data this report attempted to provide to measure the extent to which low-income workers are benefiting from state economic development efforts. Unfortunately, none of this data was available because the state does not collect and/or publish it. Consequently, there are no performance findings to report, which means, in effect, Arkansas has no direct way of knowing to what extent state economic development efforts are impacting low-income workers.

Table 8: Performance Data on State Efforts to Improve Employment Opportunities

Data Definitions	AR
Percent of Low-Income Workers Benefiting From State Business Assistance Efforts	Not Collected
Percent of Benefiting Low-Income Workers Earning Above Poverty After Assistance	Not Collected
Percent of Businesses that Participate in State Business Assistance Efforts Targeting Low-Income Workers	Not Collected
Percent of Low-Income Workers Employed By Companies Participating in State Business Assistance Efforts Targeting Low-Income Workers	Not Collected

Note: See Appendix C for detailed data definitions.

Policy Recommendations

The key policy findings outlined above led to the following policy recommendations. Again, these recommendations are aimed at positioning state policy in Arkansas to provide greater access to good jobs for low-income workers.

- **Create an incentive for or require the Existing Workforce Training Program (EWTP) and the Business and Industry Training Program (BITP), Arkansas' primary customized industry training programs, to target some low-income and entry-level workers.** The policy findings above indicated EWTP and BITP do not target low-income workers explicitly. These policies are needed to ensure low-income workers benefit from these programs (see Appendix B for examples of such policies in other states). In addition to expanding the types of workers that may benefit from EWTP and BITP, the types of industries that are eligible for both programs must be expanded. Currently EWTP and BITP are restricted to a few industries, primarily manufacturing, which excludes many of the state's competitive industries from participation. For a detailed discussion of this issue, see Policy Points, Vol. 18, *Expanding State Business and Industry Training Activities: Some Policy Options Including Making Better Use of the Workforce Investment Act (WIA)* at www.goodfaithfund.org.
- **Establish wage standards for Arkansas' primary business assistance programs, and create an incentive for or require these programs to create some entry-level jobs or jobs for low-income workers.** These policies will ensure low-income workers benefit from these programs; current state policy provides no such assurance as the policy findings above indicated (see Appendix B for examples of such policies in other states).
- **Use state economic development or workforce development resources to encourage sectoral development initiatives.** Such initiatives help to improve access to better jobs for low-income workers within a particular industry sector by providing training that leads to a better job and by improving the quality of jobs in the sector. Usually these initiatives involve workforce training including career pathway-type training strategies, as described in Chapter Two, which are designed to help relatively low-skill, low-income workers acquire the skills they need to get a better job on a career path. For a detailed explanation of sectoral development initiatives, see Policy Points, Vol. 17, *Meetings the Needs of Employers and Workers Through Sectoral Employment Strategies*, August 2002 at www.goodfaithfund.org.
- **Adopt performance measures for key state economic development policies and programs that measure the impact of such policies and programs on low-income workers.** Currently Arkansas, as this report uncovered, has no direct way of knowing to what extent state economic development efforts are impacting low-income workers. Table 8 offers some potential performance measures.

CHAPTER IV: CONDITIONS OF EMPLOYMENT

Another challenge that working poor families often face in achieving self-sufficiency, is a lack of public policies that promote and reward work. Such policies, often referred to as work support policies, improve the conditions of employment in various ways. In particular, they help workers access important work-enabling services and benefits, such as health care and child care, and help workers earn and maintain sufficient income to meet their families basic needs. Section A below provides data on employment conditions in Arkansas which indicate that access to certain work supports is indeed a challenge facing working families in Arkansas.

With this in mind, this chapter examines work support policies in Arkansas. Section B examines specific state work support policies, and Section C provides data on the outcomes of the state's efforts to provide key work supports. The chapter concludes with specific recommendations to improve Arkansas' work support policies.

A. Conditions of Employment in Arkansas

The data in Table 9 provides some indication of the extent to which workers in Arkansas earn insufficient incomes and lack certain key work supports such as health care insurance, a pension, and workers compensation coverage. The data suggest that access to key work supports is a challenge for working families in Arkansas. The key findings that support this conclusion are summarized below.

▪ **Over 1 in 4 workers in Arkansas (26%) earn a wage insufficient to escape poverty.**

A wage rate of \$8.71 an hour is required to earn an annual income of \$18,104, the federal poverty line for a family of four. After adjusting this rate for the relatively low cost of living in Arkansas, 26% of

workers in Arkansas still do not earn enough to keep a family of four out of poverty. This strongly suggests a need for work support policies that have the effect of boosting the earnings and incomes of the state's lowest paid workers.

▪ **A significant number of workers in Arkansas (17%) have no health insurance, and well over half (60%) have no employer-provided pension.** These are essential work support benefits that workers need to be able to meet the basic needs of their families.

▪ **Very few workers in Arkansas are covered by Workers Compensation insurance (only 14%), and most unemployed workers (52%) are not receiving unemployment benefits.** Although these rates are above the national average, the fact remains that many workers in Arkansas do not have access to key income maintenance protections should they ever lose their job through no fault of their own.

Table 9: Data on the Conditions of Employment in Arkansas

Data Definitions	U.S.	AR
Percent of Workers in Low-Wage Jobs	23.7%	25.6%
Percent of Workers Age 18-64 Without Health Insurance	16.2%	16.8%
Percent of Workers Over 18 Without Employer Provided Pensions	54.7%	60.4%
Percent of Workers Not Covered by Workers Compensation Insurance	9.3%	13.7%
Percent of Unemployed Not Receiving Unemployment Insurance Benefits	57%	52%

Note: See Appendix C for detailed data definitions and sources.

B. State Policies to Influence the Conditions of Employment (Work Support Policies)

Given that workers in Arkansas lack access to key work supports, Section B provides an assessment of how well state work support policies are creating access to key work supports, particularly for low-income workers. This assessment is largely based on whether or not Arkansas has certain policies, which are listed below, that have been identified as policies

that create access to key work supports, ranging from supports that increase earnings and income, to supports that create access to health care and child care. The key policy findings that emerged from this assessment are summarized below.

Summary of Key Policy Findings

Overall, several themes emerge from the assessment of Arkansas' work support policies. First, Arkansas could do much more to boost the earnings of low-wage workers, which should be a state policy priority given the finding above that 26% of workers do not earn enough to provide their families with an income above poverty (see Table 9). Second, state policy is doing virtually nothing to provide access to health care for low-income working adults. Boosting earnings and creating access to health care are two of the most critical ways in which state policy can support workers who are struggling to meet their families basic needs. Another critical support is access to child care, which Arkansas is doing a much better job of providing. Last, Arkansas could improve its worker income maintenance supports, such as unemployment insurance and workers compensation, and the state could expand certain worker protections such as family leave, and wage and hour coverage. Specific key policy findings include:

Income Support Policy Findings

The assessment of state income support policy indicates that Arkansas has an opportunity to do significantly more to boost the earnings and incomes of Arkansas' lowest paid workers. Specific key policy findings include:

- **Arkansas' minimum wage law does not set a wage rate above the federal rate of \$5.15, nor does the state have a broad living wage policy.** To boost the earnings of low-wage workers, some states have minimum wage laws that set a rate above \$5.15, which does not provide a full-time worker with an income above poverty. A broad state living wage policy that establishes a minimum wage rate for all public works contractors and public employees is another way in which to boost the earnings of low-wage workers. Such policies are needed given the finding above that 26% of workers in Arkansas do not earn enough to escape poverty (see Table 4).
- **Arkansas does not have a state Earned Income Tax Credit (EITC) to boost the earnings of low-wage workers, and the state's overall tax structure is regressive.** Many states have enacted a state EITC to compliment the federal EITC and provide additional tax relief to low-income workers. In Arkansas, the effective tax rate for the bottom quintile of wage earners is 11%; in contrast, the average effective tax rate for the top five percent of wage earners is 6%.

Health Care and Child Care Support Policy Findings

The assessment of state health care and child care support policy indicates that Arkansas is doing little to create access to health care for working adults. The state is doing a much better job of creating access to child care assistance, but access could be expanded. Specific key policy findings include:

- **Arkansas does virtually nothing to create access to health care for low-income working adults.** In Arkansas, Medicaid coverage is only available to adults with an income below 30% of the federal poverty level, which for one adult is less than \$9,000 a year. This means that very few working adults are eligible for Medicaid coverage. Many states use Medicaid to cover more working adults, including several states that cover adults with incomes up to 200% of poverty. Furthermore, Arkansas provides no assistance to small businesses to provide health care insurance to their workers. Several states provide health care insurance assistance to small employers in various ways. The lack of such policies in Arkansas helps explain the finding above that 17% of workers in Arkansas lack health insurance (see Table 9).



▪ **Arkansas is doing a good job of creating access to child care assistance for low-income working families, but access could be expanded.** Arkansas could expand access to child care assistance by allowing families with incomes up to 85% of the state median income to be eligible, which some states do. Currently Arkansas limits eligibility to families with incomes up to 60% of the state median income.

Unemployment Insurance Policy Findings

The assessment of state unemployment insurance policy indicates that Arkansas could create greater access to unemployment insurance, particularly for low-income workers. Specific key policy findings include:

▪ **Arkansas could improve the temporary income maintenance supports provided to workers under the Unemployment Insurance (UI) program.** In particular, Arkansas could establish an alternative base period for determining earnings for eligibility for UI benefits, which some states have done to help more low-income workers qualify for UI coverage. The state also could protect temporary workers from being excluded from UI coverage, which many states have done. (See Appendix B for details on these policies.)

Work Protection Policy Findings

The assessment of state work protection policy indicates that Arkansas could expand coverage of important worker protections, such as family leave and wage and overtime protections, to more workers, including low-income workers. Specific key policy findings include:

▪ **Arkansas could improve certain worker protections, including establishing broader access to family medical leave and broader wage and hour coverage.** Unlike many states, Arkansas does not expand family medical leave to workers employed by a business with less than 50 employees. Federal family medical leave law only authorizes leave for workers employed by a business with more than 50 employees. Arkansas also excludes large categories of workers, including certain categories of low-wage workers, from the state minimum wage and overtime laws.

Specific Work Support Policies Assessed

The assessment of Arkansas' work support policies was based upon whether or not Arkansas has adopted the twenty policies listed below, which were identified as policies that help create access to key work supports, particularly for low-income workers. In most cases these are policies that have been adopted by other states (those states that have adopted them are identified in Appendix B). For a detailed definition of these policies, including insight as to how they improve access to key work supports for low-income workers, see Appendix B. Whether or not Arkansas has these policies is indicated by the yes or no answer that follows the description of each policy. For a detailed assessment of Arkansas' policies, and the sources of information on Arkansas' policies, see Appendix B.

Income Support Policies

1. *State Has Minimum Wage Law and The Defined Wage Exceeds Federal Level.* **No.**
2. *State Established Living Wage Law.* **No.**
3. *State Has Earned Income Tax Credit.* **No.**
4. *State Tax Burden for Working Families Earning Less Than Poverty.* In Arkansas, the effective tax rate, which includes sales, excise, property and income taxes at the state and local level, for families earning less than poverty is 11%.
5. *State Provides Wage Replacement for Parental Leave.* **No.**

Health and Child Care Support Policies

6. *State Provides Medicaid to Working Poor Adults Earning Up to 200% of Poverty.* **No.**
7. *State Subsidy Available to Small Businesses Who Provide Health Care for Workers.* **No.**

- 8. *State Sets Income Eligibility for Child Care at 85% of State Median Income.* **No.**
- 9. *State Require Child Care Co-Payment for Families Earning Less Than Poverty.* **No.**
- 10. *State Sets Maximum Child Care Reimbursement Rate at 75% or Greater of Market Rate.* **Yes.**

Unemployment Insurance Policies

- 11. *State Eligibility Requirement for Unemployment Insurance(UI) Are Supportive of Low Income Workers.* **Yes.** But an alternative base period for determining earnings would make Arkansas' UI policies more supportive of low-income workers (see Appendix B for details).
- 12. *State Protects Temporary Workers from Being Excluded from UI Coverage.* **No.**
- 13. *State UI Benefits Available to Workers Leaving Employment for Domestic Reasons.* **Yes.**
- 14. *State Unemployment Insurance Maximum Benefits Exceed Poverty Level.* **Yes.**
- 15. *State Provides Temporary Disability Insurance.* **No.**

Workers' Compensation Policies

- 16. *State Workers' Compensation Law Fulfills Recommendations of Report of the National Commission on State Workmen's Compensation Laws.* **No.**
- 17. *Workers' Compensation Minimum Benefits Exceed 80% of Minimum Wage Income.* **No.**

Work Protections Policies

- 18. *State Has Broad Wage and Hour Law Coverage and Does Not Exempt Low-Wage Occupations.* **No.**
- 19. *State Requires Greater Coverage for Family Medical Leave than Federal Law.* **No.**
- 20. *State Has Laws and Regulations to Protect Employment Rights of Day Laborer.* **No.**

C. Performance of State Efforts to Influence the Conditions of Employment

The data in Table 10 provides some measure of the extent to which the state is helping workers, particularly low-income workers, access key work supports including health care, child care, and tax and other income supports. The key findings are summarized below.

Summary of Key Performance Findings

- **Not all eligible low-income workers are taking advantage of the federal EITC.** In 1997, the most recent data available, only 73% of

Table 10: Performance Data on State Efforts to Influence the Conditions of Employment

Data Definitions	AR
Percent of Eligible Families Utilizing State and/or Federal EITC*	73%
Percent of Eligible Workers Without Private Health Insurance Utilizing State Medicaid	Not Available
Percent of Small Business Using State Health Care Assistance**	0%
Percent of Those Eligible for Child Care Assistance on Waiting List	17%
Percent of Unemployment Receiving Benefits that Exceed Poverty***	38.2%

Note: See Appendix C for detailed data definitions and sources.

*This percent represents the estimated number of eligible families utilizing the federal EITC only since Arkansas does not have a state EITC.

**Arkansas currently has no program to provide health care assistance to small businesses.

***The weekly UI benefit amount used to calculate this percent is \$274.40, which is the income amount necessary for a one-parent, two-child family to stay above the federal poverty threshold.

those workers estimated to be eligible for the federal EITC actually received it. The percent of low-income workers benefiting from a state EITC is zero because Arkansas has not adopted such a policy.

- **No small businesses are receiving state assistance to provide health care insurance to their employees.** Again, Arkansas has no program to provide assistance to small businesses to cover the cost of health care insurance for their employees. Some states provide such assistance.
- **There are a significant number of families that are eligible for state child care assistance that are not getting help.** As of February 2003, 17% of those low-income families determined to be eligible for state child care assistance, 635 families, were on a waiting list to receive such assistance. Arkansas recently has made substantial investments in funding child care assistance by dedicating TANF funds and enacting a sales tax on beer. However, these investments are still not enough, especially since both the dedication of TANF funds and the beer sales tax are temporary measures.

Policy Recommendations

The key policy findings above led to the following policy recommendations. Again, these recommendations are aimed at positioning state policy in Arkansas to provide greater access to key work supports, particularly for low-income workers.

Income Support Policy Recommendations

- **Establish a state minimum wage rate above the federal minimum wage rate, and establish a broad living wage policy that applies to all state contractors and public employees.** The findings above indicated that 1 in 4 workers in Arkansas do not earn enough to escape poverty (see Table 9). These policies will help boost the earnings of these workers.
- **Increase the progressivity of the state tax structure, including enacting a state EITC.** These policies also will boost the earnings of Arkansas' many low-wage workers. Many states have a state EITC to compliment the federal EITC and provide further tax relief to low-income workers.
- **Encourage greater use of the federal EITC via advertising and free or low-cost tax preparation assistance.** This policy will encourage more EITC-eligible workers to use the federal EITC, which is needed given the performance findings above that not all eligible workers are filing for the EITC (see Table 10).

Health Care and Child Care Support Policy Recommendations

- **Expand Medicaid to cover more working adults, and create a program to provide health care insurance assistance to small employers.** These policies are needed to expand health insurance coverage to more working adults.

Currently low-income working adults are receiving virtually no state assistance to access health insurance, which helps explain the finding above that 17% of working adults lack health care insurance (see Table 9). The health care policy findings above indicated that Medicaid covers very few working adults, those with incomes at or below 30% of poverty (less than \$9,000 per year). In addition, the state provides no assistance to help small employers cover the cost of health insurance for their employees. When this report was being written, Arkansas was awaiting a Medicaid waiver to expand Medicaid coverage to more adults with incomes below poverty, and a separate Medicaid waiver to create a program to provide health care insurance assistance to small employers. This is a good start, but a broader expansion is needed.



▪ **Increase the family income limit for eligibility for state child care assistance to 85% of the median state income.**

This policy will expand access to child care assistance to more working families who need such assistance. To accomplish this, however, the state will need to increase funding for child care assistance because even at the current eligibility income limit (60% of the median state income) there is a significant waiting list for assistance (see performance findings in Table 10).

▪ **Increase and stabilize funding for state child care assistance.**

This is needed to provide child care assistance to the 635 low-income working families currently on a waiting list to receive such assistance. This also is needed to raise the family income limit for eligibility to 85% of the state median income, as recommended above. A needed first step toward stabilizing funding for child care assistance is making the 15% sales tax on beer a permanent tax. This tax, which was passed the 2001 and 2003 legislative sessions and which has lead to a significant reduction in the state waiting list for child care assistance, is not a permanent tax. The state should make this tax permanent, or find an alternative source of equivalent permanent funding.



Unemployment Insurance Policy Recommendations

▪ **Establish an alternative base period for determining earnings for UI eligibility, and protect UI coverage for temporary workers.** These policies would expand UI coverage to more low-income workers (see Appendix B for details on these policies).

Work Protections Policy Recommendations

▪ **Expand family medical leave coverage to employers with less than 50 employees, and expand state wage and hour law coverage to all categories of workers.** These policies are needed to extend important protections to more low-income workers. Currently family medical leave only applies, by federal law, to employees who are employed by a business with over 50 employees. But states can expand family medical leave coverage to apply to smaller employers, and many states have. Also, Arkansas' wage and hour laws exempt large categories of workers, including several low-wage categories of workers, from minimum wage and overtime protections.

APPENDIX A: PRIMARY DATA SOURCES AND DEFINITIONS OF KEY TERMS

This appendix describes the primary sources for the data-based indicators and defines key terms used in a number of indicators, such as family, working family, family in poverty, and jobs in low-wage occupations.

Primary Sources for Data-Based Indicators: The data-specific indicators are obtained primarily from two sources—the American Community Survey (ACS) and the Current Population Survey (CPS).

The ACS, annually published by the U.S. Census Bureau, provides a detailed socioeconomic and demographic profile of the U.S. population. The ACS is replacing the “long form” of the Decennial Census.

For the years 2000-2003, the ACS form is being used nationwide in a Census Supplementary Survey, using an annual sample of 700,000 households. The purpose of the Supplementary Surveys is to demonstrate the operational feasibility of collecting “long form” information in a separate process from the Decennial Census. This report uses the results of the Census 2000 Supplementary Survey.

The CPS is carried out by the Bureau of the Census on behalf of the Bureau of Labor Statistics (BLS). This report uses three components of the CPS. The CPS Basic Monthly Survey asks questions of over 50,000 households about employment status. The Annual Demographic Survey goes into some detail regarding income and work experience. Every two years, the Contingent Work Supplement asks questions regarding the temporary or permanent nature of employment.

For the Percent of Workers in Low Wage Jobs, the national low wage figure is adjusted by the state’s cost of living index, as published in Annual Federal Budget and the States by the Taubman Center for State and Local Government, Kennedy School of Government, Harvard University.

Percent of Jobs in Low Wage Occupations relies on data published annually through the Occupational Employment Statistics (OES) program of BLS. The OES program, which surveys approximately 400,000 establishments per year, produces employment and median wage estimates for over 700 occupations.

Definitions of Key Terms:

Family: Primary married-couple or single parent family with at least one child under age 18.

Working family: A family where all family members age 15 and over have a combined work effort of 39 or more weeks in the last 12 months or all family members age 15 and over have a combined work effort of 26 or more weeks in the last 12 months and one currently unemployed parent looked for work in the previous four weeks.

The federal government defines family income as based on all family members age 15 and over.

Family in poverty: A family with an income below the threshold for poverty as defined by the U.S. Census Bureau.


Minority: A person who does not classify himself or herself as white, non Hispanic.

Labor force: Persons with a job or without a job and actively seeking one.

Marginally attached to the labor market: Persons who are not in the labor force, have looked for work in the past 12 months, want a job, and are available for work.

Employed part-time for economic reasons: Persons currently working a part-time job and who would prefer, but cannot find, a full-time job.

Low-wage: A wage below the full-time, full-year wage required to keep a family of four out of poverty. In 2000, a family of four required \$17,603 to stay out of poverty (at least \$8.47/hr. on a full-time, full-year basis); in 2001, \$18,104 was



required (at least \$8.71/hr.). For the Percent of Workers in Low Wage Jobs measure, the national low wage figure is adjusted by the state's cost of living index, as published in Annual Federal Budget and the States by the Taubman Center for State and Local Government, Kennedy School of Government, Harvard University.

Workers in contingent jobs: Workers with jobs of limited duration or otherwise not considered to be permanent. Such jobs include temporary work provided by the employer or arranged through a temporary staffing agency; independent contracting; a job with an employee leasing firm; on-call work; and day labor.

Civilian noninstitutional population: Persons 16 years of age and older who are not inmates of institutions (for example, penal and mental facilities and homes for the aged) and who are not on active duty in the Armed Forces.



**APPENDIX B:
POLICY INDICATOR DEFINITIONS AND INFORMATION SOURCES,
AND DETAILED ASSESSMENTS OF ARKANSAS POLICIES**

**APPENDIX C:
OTHER INDICATOR DEFINITIONS AND SOURCES**

**APPENDIX D:
COMPLETE DATA TABLES**

For access to the information in Appendices B, C and D, please see the full copy of the report at www.goodfaithfund.org/pub/pub_other.html

APPENDIX B: POLICY INDICATOR DEFINITIONS AND INFORMATION SOURCES, AND DETAILED ASSESSMENTS OF ARKANSAS POLICIES

This appendix provides definitions and data source information for the policy indicators in Sections B of Chapters Two, Three and Four.

CHAPTER II: EDUCATION AND SKILLS TRAINING

B. State Policies That Support Education and Training for Low-Income Adults

Post-Secondary Policies:

1. *State Need-Based Financial Aid Equal to Pell Grant Resources*

This measures whether a state provides its own resources to support low-income individuals participating in post-secondary programs at a level commensurate with federal Pell Grant aid received by low-income families in the state. Source: National Center for Public Policy and Higher Education, *Losing Ground: A National Status Report on the Affordability of American Higher Education*, 2002.

Arkansas Policy Assessment: No. Arkansas provides state need-based financial aid equal to 31% of the federal Pell Grant aid received by low-income families in the state. This is relatively low given the range for all states is 0% to 136%. Four states provide more state aid than they receive in federal Pell Grant aid: IL, MN, NJ and PA.

2. *Community College Tuition Expenses Are Less Than 25% of Average Family Income*

This measures the extent to which the tuition expenses for attending community college minus financial aid exceeds more the 25% of the median family income in the state. Source: National Center for Public Policy and Higher Education, *Measuring Up 2002: The State-by-State Report Card for Higher Education*, 2002.

Arkansas Policy Assessment: Yes. In Arkansas, average community college tuition expenses are only 17% of the average family income, which is relatively low. The range for all states is 16% to 30%.

3. *State Funding Available to Students Taking Short-term, Non-Degree Career Classes*

This measures whether a state has taken steps to provide funding for adults seeking short-term career training in non-degree classes for which traditional scholarship and support dollars (e.g., Pell grants) are not generally applicable. Source: FutureWorks, *Held Back: How Student Aid Programs Fail Working Adults*, 2002, pg. 53. See: <http://www.thefw-company.com/projects/postsecondary.htm>

Arkansas Policy Assessment: Yes. During the 2003 legislative session Arkansas created a program, the Arkansas Workforce Improvement Grant Program, to provide financial aid for adults seeking traditional degrees and short-term career training in non-degree classes and programs. Such classes and programs, which are often vocational in nature, are an important training option for low-income adults, and traditional aid, such as Pell grants, cannot be used for such classes. Five states provide such aid: GA, VT, VA, WA, and WV.

4. *State FTE Resources Provided to Community Colleges to Support Non-Credit Career Classes*

This measures whether community colleges receive state funding for students taking non-credit career classes, which means that financial support for the classes is based on full-time enrollments (FTE) and not solely dependent on tuition, fees or other outside resources. Source: Community College Policy Center, Education Commission of the States, *State*

Funding for Community Colleges: A 50-State Survey, 2000 (based on a July 2000 survey.)

Arkansas Policy Assessment: No. Arkansas' two-year colleges do not receive FTE reimbursement (i.e., state funding) for the non-credit career classes they offer. They have to fund such classes on their own. Such classes are an important training option for low-income adults. Approximately 20 states provide funding for non-credit courses.

5. *State Able to Monitor and Assess Progress/Completion of CC Remediation Students*

This measures whether state community colleges or systems track the progress of students who take remedial or developmental education classes. Source: Community College Policy Center, Education Commission of the States, *State Policies on Community College Remedial Education: Findings From a National Survey*, pg. 4, September 2002.

Arkansas Policy Assessment: Yes. Arkansas can monitor the progress of students who take remedial or developmental classes at the state's two-year colleges, including whether or not they complete their remedial classes and other college-level programs. Twenty-two states have this monitoring capacity.

6. *Community Colleges Receive State Incentives for Positive Performance in Remedial Education*

This measure reveals whether states encourage colleges to improve the performance of their remedial or developmental education efforts by offering financial incentives. Source: Community College Policy Center, Education Commission of the States, *State Policies on Community College Remedial Education: Findings From a National Survey*, September 2002.

Arkansas Policy Assessment: No. Arkansas' two-year colleges are not encouraged to improve the performance of their remedial education efforts with additional state funding for high performance. Five states have such incentives including FL and TX.

7. *State Allocates Fifty Percent or More of Federal Career/Technical Resources to Postsecondary*

This indicator reveals the choice a state makes in allocating its federal career/technical program resources (i.e., Carl D. Perkins Vocational and Technical Education Act) between secondary and postsecondary education. Source: U.S. Department of Education, Office of Vocational and Adult Education.

Arkansas Policy Assessment: No. Arkansas chooses to allocate only 25% of its Perkins vocational and technical education funds to post-secondary institutions; the remaining 75% are allocated to secondary institutions which do not typically serve adults over 18. The average rate of allocation to post-secondary for all states is 39%. Twelve states allocate more than 50% to post-secondary.

8. *Local Postsecondary Career/Technical Program Applications Reviewed by Local Workforce Board Prior to Submission to State*

This indicator reports whether a state has required that all local applications to the state for career/technical resources first be reviewed and approved by the appropriate workforce development organization or board in the area. Information on this topic is not available at this time for all fifty states. Information for Arkansas was provided by the Arkansas Workforce Investment Board.

Arkansas Policy Assessment: No. Arkansas does not require any local WIB involvement in the approval of post-secondary career and technical programs. Some states require such involvement as a way to coordinate regional workforce development goals and services.

9. *State Measures Career/Technical Program Performance by Placement in High-Wage Jobs*

This measures whether states assess the performance of community colleges relative to their ability to place students in high-wage jobs. Source: Community College Policy Center, Education Commission of the States, *State Funding for Community Colleges: A 50-State Survey, 2000*.

Arkansas Policy Assessment: No. Arkansas does not measure the performance of all post-secondary career and technical programs by the placement of students in high wage jobs. Seventeen (17) states measure job placement, but only FL measures placement in high-wage jobs.

10. State Measures Career/Technical Program Performance by Placement of Low-Income Students

This measures whether states assess the performance of community colleges relative to their ability to place students and graduates in high-wage jobs. Source: Community College Policy Center, Education Commission of the States, *State Funding for Community Colleges: A 50-State Survey*, 2000.

Arkansas Policy Assessment: No. Arkansas does not measure the number of low-income students placed in jobs as a performance indicator for all its post-secondary career and technical programs. Nine states use a performance indicator that measures services to special populations, including TX and FL.

11. State Measures Career/Technical Program Performance by Completion of Low-Income Students

This measures whether states assess the performance of community colleges based on the percentage of low-income students that successfully complete a program of study. At present, limited information on this measure is presented in Table 24 in a report by the Community College Policy Center, Education Commission of the States, *State Funding for Community Colleges: A 50-State Survey*, 2000.

Arkansas Policy Assessment: No. Arkansas does not measure the number of low-income students that complete all post-secondary career and technical programs. Only FL measures program completion for special populations including low-income students.

WIA Policies:

1. State Mandates Federal and State Programs, Beyond Those Required By WIA, To Be Formal Partners in One Stop System

This indicator reveals whether states have integrated key elements of their workforce development system in an effort to optimize resources and improve the delivery of services. At a minimum, formal partners should include the TANF, Food Stamp Employment and Training program, and the Carl D. Perkins postsecondary program. Source: National Governors' Association (NGA). See: http://www.nga.org/center/divisions/1,1188,C_ISSUE_BRIEF%5ED_3748,00.html.

Arkansas Policy Assessment: Yes. Arkansas' unified plan for the implementation of WIA includes several program partners not mandated by WIA: TANF/TEA, Food Stamps, Perkins, and Arkansas' Two Year Colleges. But, the extent to which these partner's services are integrated into the workforce center system remains an important question. The integration of a variety of workforce services, such as health care and child care, is key to helping low-income adults complete the training they need and transition into good jobs. Five other states require additional partner programs.

2. State Uses Alternative Funding Formula to Allocate Funds to Local Areas with Excess Poverty

This measure indicates whether a state utilizes the provision in the WIA legislation that allows for 30% of the WIA funds that go to local areas for adult and youth services to be distributed through an alternate funding formula that recognizes the additional need of areas with excess poverty. Source: NGA. See: http://www.nga.org/center/divisions/1,1188,C_ISSUE_BRIEF%5ED_3748,00.html

Arkansas Policy Assessment: No. Arkansas does not use the alternative funding formula that provides additional funds to local areas with excess poverty. Six states use this provision: FL, WI, AZ, IA, VA.

3. *Over Fifty Percent of WIA Funds Dedicated to Training*

This indicator reflects whether states require local areas to spend at least fifty percent of their adult WIA funds to support training activities. Information on this topic for all states is not available from a published source at this time. Information for Arkansas was provided by the Arkansas Workforce Investment Board.

Arkansas Policy Assessment: No. Florida is one state that attempts to focus WIA funds on the provision of training services by mandating that fifty percent of local workforce area funds for adult services be spent on training services. Arkansas does not have such a policy. There are three categories of services permitted under WIA: core services (which are primarily job search services), intensive services (which are primarily non-training services as well), and training services.

4. *State Has Policy for Determining When Local WIA Adult Funds Are Limited and Requires Local WIBs to Establish Priorities for Intensive and Training Services*

This indicator reveals whether a state sets uniform policy for determining when local WIB adult employment and training funds are limited, and requires local WIBs to establish policies that set priorities for allocating intensive and training services for populations most in need of services. Source: NGA. See: http://www.nga.org/center/divisions/1,1188,C_ISSUE_BRIEF%5ED_3748,00.html.

Arkansas Policy Assessment: No. Six states have a uniform state policy for determining when local WIB funds for adult services are limited to establish accountability and consistency in the application of the limited funding rule. Arkansas does not. It is not clear if any of these states also require local WIBs to establish a process for prioritizing the limited funds. The six states include: AL, DE, IL, NM, VT, VA.

5. *State Established Training Provider Eligibility/Performance Criteria Beyond WIA Requirements and Include Data in Consumer Reports*

This indicator reflects whether a state provides consumers with extensive data and information on training outcomes to better facilitate their choice of a training provider. Information on this topic for all states is not available from a published source at this time. Information for Arkansas was provided by the Arkansas Workforce Investment Board.

Arkansas Policy Assessment: No. Arkansas does not provide consumers with additional data on WIA training providers to facilitate better consumer choice. Furthermore, much of the required performance data is not being reported in the consumer reports.

6. *State Requires Basic Skills Assessment for Entering Local WIBs Without High School Degree or GED and Referral to Adult Education*

This measure reveals the level of cooperation between the state WIA/One Stop system and the state's adult education program, with a particular focus on the extent to which the WIA/One Stop system is trying to serve individuals with low basic literacy skills. Information on this topic for all states is not available from a published source at this time. Information for Arkansas was provided by the Arkansas Workforce Investment Board.

Arkansas Policy Assessment: No. Arkansas does not require local WIBs to do basic skills assessments for adults without a high school degree and refer those individuals to adult education. Nor does Arkansas have any other policy to encourage the integration of WIA and adult education services so that very low-skill adults can get the basic skills training they need. In Arkansas, coordination between workforce centers and adult education providers varies by local WIB area or workforce center site. NJ, in an effort to better coordinate such services, requires all local WIBs to develop an adult education plan for their area, and all adult education program applications must be approved by local WIBs. During the 2003 legislative session the state created a legislative committee to study the integration of adult education services into the local workforce center system and make policy recommendations to the Governor and the legislature for improving the integration of services.

7. *State Requires Local WIBs Provide Funds For Supportive Services*

This indicator reveals whether a state has used its authority to mandates local WIBs provide monies to participants for supportive services such as childcare and transportation when they are necessary for participants to complete intensive or training services. Information on this topic for all states is not available from a published source at this time. Information for Arkansas was provided by the Arkansas Workforce Investment Board.

Arkansas Policy Assessment: No. Arkansas does not mandate that local WIBs provide supportive services. Many low-income adults face multiple barriers to completing training programs and transitioning into good jobs, and a comprehensive workforce development system should make supportive services available to address these barriers.

TANF Policies:

8. *Post-secondary Education/Training alone Satisfies TANF Work Requirement*

This indicator reveals whether a state allows TANF recipients to engage exclusively in education or training prior to placement into employment. Source: Center for Law and Social Policy, *Forty States Likely to Cut Access to Postsecondary Training and Education Under House Welfare Bill*, 2002. See: http://www.clasp.org/Pubs/DMS/Documents/1024591231.74/Postsec_table_I_061902.pdf

Arkansas Policy Assessment: Yes. Arkansas allows full-time post-secondary education and training alone to satisfy the work requirement for 12 months or less. The state enacted this policy during the 2003 legislative session. The other five states that have such a policy include: AL, CT, NV, OR, PA.

9. *Post-secondary Education/Training alone Satisfies TANF Work Requirement for more than 12 Months*

This indicator reveals whether a state allows TANF recipients to engage exclusively in education or training prior to placement into employment for longer than the federal threshold of 12 months. Source: Center for Law and Social Policy. See: http://www.clasp.org/Pubs/DMS/Documents/1024591231.74/Postsec_table_I_061902.pdf

Arkansas Policy Assessment: Yes. Arkansas allows full-time post-secondary education and training alone to satisfy the work requirement for more than 12 months. The state enacted this policy during the 2003 legislative session. Only fifteen states have such a policy.

10. *TANF Time Clock Stopped when Engaged in Postsecondary Education and Training*

This indicator reveals whether a state precludes time spent in education and training from counting against a TANF recipients maximum benefit award period. Source: Center of Law and Social Policy's State Policy Documentation Project. See: <http://www.spdp.org/tanf/timelimits/TLexempt2.PDF>.

Arkansas Policy Assessment: No. Arkansas does not stop the time clock for individuals successfully engaged in post-secondary education and training. Only three states have such a policy: IL, ME, and NC

11. *TANF/MOE Funds Used for Education/Training for Working Poor Not Receiving Cash Assistance*

This measures whether states are using their TANF surplus or state TANF match funds to provide education and training to the working poor in an effort to prevent their need for cash assistance in the future. Recent information for this measure is not available for all fifty states. Information for Arkansas was provided by the Arkansas Department of Human Services.

Arkansas Policy Assessment: Yes. Arkansas provides TANF funds to match individual contributions to IDA accounts, which TANF recipients and working poor families can use for education and training expenses.

13. *State Provided Match for TANF IDA/ILA Training Accounts*

This measure reveals whether states are providing financial resources to TANF participants to match their savings invested in individual development or learning accounts. Source: Corporation for Enterprise Development (www.cfed.org) or the Center for Social Development, George Washington University in St. Louis. See: <http://gwbweb.wustl.edu/csd/statepolicy/stateIDAtable.pdf>.

Arkansas Policy Assessment: Yes. Arkansas is one of twenty three states that authorize matching funds for IDA accounts.

Adult Education and Literacy Policies:

14. *State Resources Allocated for Adult Education and Literacy Places the State in the Top One-Third of States Nationally*

This indicator reveals the level of state funding allocated for adult education and literacy as measured by state funds reported to the U.S. Department of Education divided by the number of adults in the state without a high school or general equivalency degree. Information on this topic for all states is not available from a published source at this time. Analysis and ranking of fifty state computed by project consultant Brandon Roberts and Associates.

Arkansas Policy Assessment: Yes. Arkansas allocates \$49.75 a year for each adult over 18 without a high school degree or GED. The top one-third states allocate \$33.16 or more per adult. The range for all states is \$9.12 to \$155.40.

15. *State Provides Own Dedicated Resources for Workplace Literacy*

This indicator reveals whether state resources other than those received from the federal government are available to support adult education and literacy efforts targeted to employees at a workplace. Such resources can include grant funds or tax incentives/credits. Information on this topic for all states is not available from a published source at this time. Information for Arkansas was provided by the Arkansas Department of Workforce Education.

Arkansas Policy Assessment: Yes. Arkansas allocates funds for two adult education programs that target employees in the workplace: Workplace Education, and Workforce Alliance for Growth in the Economy (WAGE). Few states use adult education funds to upgrade the skills of the incumbent workforce.

16. *State Mandates Adult Education for Prison Inmates with Deficient Basis Skills*

This indicator reveals whether a state requires that state prison inmates who are deficient in basic skills (and perhaps without a high school degree or GED) should receive adult educational services while incarcerated. Information on this topic is forthcoming from a study sponsored by the U.S. Department of Education. Information for Arkansas provided by the Arkansas Department of Corrections.

Arkansas Policy Assessment: Yes. Arkansas is one of twenty-two states that requires state prison inmates who have deficient basic skills, including no high school diploma or GED, to receive adult education services while incarcerated.

17. *States Offers Certified Occupational Skills Training for Prison Inmates*

This indicator reveals whether a state has instituted vocational or occupation skills training program for state prison inmates that awards educational credits that can be applied to postsecondary certificates and degrees. Information on this topic is not available at this time for all fifty states. Information for Arkansas provided by the Arkansas Department of Corrections.

Arkansas Policy Assessment: Yes. One of Arkansas' seven technical institutes, Riverside Vocational Technical School, is dedicated to providing general vocational training for inmates preparing for release from state prisons. Twenty-one apprenticeship programs, all of which are registered with the U.S. Department of Labor Bureau of Apprenticeship Training, are offered.

CHAPTER III: EMPLOYMENT OPPORTUNITY

B. State Policies to Influence Employment Opportunities (Economic Development Policies)

1. State Customized and Incumbent Worker Training Includes Target to Serve Entry-Level and Low-Income Workers

This indicator reveals whether state programs to assist business to train new or exiting workers includes provisions to direct such assistance to entry-level or low-income workers in order to upgrade their skills and wages. Information on this topic for all states is not available from a published source at this time. Information for Arkansas was provided by the Arkansas Department of Economic Development.

Arkansas Policy Assessment: No. The Existing Workforce Training Program (EWTP) and the Business and Industry Training Program (BITP), the state's primary customized and incumbent worker training programs, do not include provisions to direct training to entry-level or low-income workers. Some states target such populations to ensure they receive training under the state's customized training programs. For example, the Minnesota Pathways Program, which is part of the state's customized training program, targets customized training for new jobs and career paths for individuals under 200% of poverty.

2. State Tax Credits Available for Training Entry-Level and Low-Income Workers

This indicator reveals whether a state provides targeted tax credits to businesses that direct upgrade training and education to entry-level or low-wage workers. Information on this topic for all states is not available from a published source at this time. Information for Arkansas was provided by the Arkansas Department of Economic Development.

Arkansas Policy Assessment: No. Tax credits are an option for industries participating in EWTP, but again EWTP does not explicitly target entry-level or low-income workers. Some states use customized training tax credits to target low-income populations. For example, the Missouri Skills Development Tax Credit Program provides tax credits for up to 50% of the training costs for full or part-time workers whose salary does not exceed 200% of the federal poverty level. The trainees upon completion of training also must be promoted into a full-time upgraded position requiring higher skills and paying a higher wage.

3. State Primary Business Assistance Programs Include Job Creation Goals with Wage Standards and Targets for Serving Entry-Level and Low-Income Workers

This measure identifies whether a state's primary business assistance programs (i.e., for infrastructure, equipment, expansion, technology, trade, training, etc.) require wage standards for all created jobs and has specific targets for directing a portion of such jobs to new workers and workers currently in low-wage jobs. For 2001, a low-wage job is one with hourly pay less than or equal to than \$8.41, adjusted for the state's relative cost of living. For this indicator, a wage standard should require an hourly wage greater than the state's low-wage benchmark (\$8.41, adjusted for state cost of living). (By definition for the purposes of Working Poor Families, 20 percent of U.S. jobs are in occupations with median pay of less than or equal to \$8.41.) Information on this topic for all states is not available from a published source at this time. Information for Arkansas was provided by the Arkansas Department of Economic Development.

Arkansas Policy Assessment: No. None of Arkansas' primary business development programs require that a minimum number of jobs be created, and only one requires that jobs pay a certain wage (above the county average). Nor do these programs include provisions to encourage the creation of some entry-level jobs or jobs for low-income workers. Instead of a wage standard most of the programs require a minimum total payroll for the jobs created, which does not in effect establish a minimum wage standard for all jobs created. It should be noted that all the state's primary business development programs target distressed areas with lower minimum total payroll and/or investment thresholds, and several provide bigger incentives for more distressed areas. Some state's incentive programs have provisions that establish some or all of these eligibility criteria.

4. *State Primary Business Assistance Programs for Distressed Places Include Job Creation Goals with Wage Standards and Targets for Serving Entry-Level and Low-Income Workers*

This measure identifies whether a state's primary business assistance programs targeted to distressed places (i.e., for infrastructure, equipment, expansion, technology, trade, training, etc.) require wage standards for all created jobs and has specific targets for directing a portion of such jobs to entry-level and low-wage workers. The wage standard is defined in the prior indicator. Information on this topic for all states is not available from a published source at this time. Information for Arkansas was provided by the Arkansas Department of Economic Development.

Arkansas Policy Assessment: No. Arkansas' primary business development program for distressed areas of the state, does not require that a minimum number of jobs be created, or that the jobs created pay a certain wage. Nor does the program include provisions to encourage the creation of some entry-level jobs or jobs for low-income workers. Instead of a wage standard, the program requires a minimum total payroll for the jobs created, and the incentive is based on a percent of total payroll with the percent increasing for more distressed areas. Some states provide a higher incentive for new jobs created and filled by certain low-income populations. Other state's require specific wage and benefit levels for jobs created. For example, the Wisconsin Enterprise Zone program which allows zone businesses to receive a non refundable jobs credit of up to \$8,000 for new full time jobs being created and filled by members of eligible target group including TANF participants, dislocated workers, federal Enterprise Community residents, vocational rehabilitation program referrals and Vietnam era veterans, ex felons and youth from low income families. A non refundable jobs credit of up to \$6,000 is available for new full time jobs being created and filled by Wisconsin residents who are not members of target groups. The actual amount of job credits is dependent upon wages and benefits. Wages must be at least 150% of federal minimum wage. Full time job means regular, non seasonal, and required to work 2,080 hours per year. Another program example is the Georgia Business Expansion and Support Act Jobs Tax Credit which offers job creation tax credits for depending on a count level of economic distress. Wages for new jobs must exceed the average county wage and include health benefits.

5. *State Has a Formal Business Retention Program*

This measure reveals whether a state has business assistance programs focused on averting a loss of jobs existing firms. Information on this topic for all states is not available from a published source at this time. Information for Arkansas was provided by the Arkansas Department of Economic Development.

Arkansas Policy Assessment: No. Arkansas has no formal business retention program, but many of the business development incentives, including the training incentives, target manufacturing industries and a few other select industries. Consequently there is a concerted effort to retain and expand the manufacturing sector of the state economy. However, given there are many other large and growing industries in the state, the industry focus of the state's business development efforts needs to expand.

6. *State Supports Sectoral Development Initiatives*

The indicator reveals whether state resources are made available to support sectoral development projects that are directed at improving the quality of existing low-wage jobs and improving the access of low-wage workers to higher wage jobs usually through training. Information on this topic for all states is not available from a published source at this time. Information for Arkansas was provided by the Arkansas Department of Economic Development.

Arkansas Policy Assessment: No. Again, Arkansas targets the manufacturing sector with most of its business development programs. But it does not support sectoral development initiatives within this sector or any others. For a detailed explanation of sectoral development initiatives see Policy Points, Vol. 17, *Meetings the Needs of Employers and Workers Through Sectoral Employment Strategies*, August 2002 at www.goodfaithfund.org.

7. *State Public Works Projects Utilize Targeted Hiring Agreements*

This indicator reveals whether a state has taken any effort to link the expenditure of funds on public works projects (e.g. transportation, government buildings, tax-payer financed facilities, etc.) to requirements that call for targeted individuals to receive hiring preferences during construction or operation of the facility. Information on this topic for all states is not available from a published source at this time. Information for Arkansas was provided by the Arkansas Department of Economic Development.

Arkansas Policy Assessment: No. Arkansas does not provide hiring preferences for targeted groups, such as low-income individuals, minorities or individuals from distressed areas near a public works project, for the construction and maintenance of public works projects funded by public funds. Some states require such populations to receive hiring preferences for the construction and operation of public works projects. For example, New Jersey enacted legislation regarding a \$12 billion school construction program that requires local plans that identify the shares of employment and apprenticeship positions for minority groups and women.

8. *State Resources Used to Support Transitional Employment Programs*

This indicator reveals whether a state provides resources for transitional jobs programs that offer subsidized and supported work to hard-to-employ, low-income individuals who need assistance in moving into the formal labor market. Information on transitional jobs programs is available from the Economic Opportunity Institute. See: <http://www.transitionaljobs.net/Programs.htm>. Information for Arkansas was provided by the Arkansas Department of Human Services.

Arkansas Policy Assessment: No. Arkansas has in the past used TANF funds to support transitional jobs programs, but the state currently is not supporting any such programs. Four other states are identified as having state authority to use TANF funds to support local transitional jobs programs: GA, MN, PA, WA.

9. *State Employment Service and One Stops Systems Fully Integrated*

This indicator addresses the extent to which a state has developed a One Stop program that brings key employment assistance resources together into a fully integrated system that has a common set of facilities and management as well as shared staff responsibilities. Information on this topic for all states is not available from a published source at this time. Information for Arkansas was provided by the Arkansas Workforce Investment Board.

Arkansas Policy Assessment: No. Arkansas has not yet achieved full integration of employment services into the WIA local workforce centers system, but this is a goal of state policymakers and progress is being made. Florida is a state in which all One Stops and State Employment Service offices are integrated and staff of the state employment service are managed by the operators of the local one stop system.

CHAPTER IV: CONDITIONS OF EMPLOYMENT

B. State Policies to Influence the Conditions of Employment (Work Support Policies)

Income Support Policies:

1. *State Has Minimum Wage Law and the Defined Wage Exceeds Federal Level*

This is a measure of whether a state has enacted its own minimum wage law and the state wage standard exceeds the federal minimum wage. Source: Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor. See: <http://www.dol.gov/esa/programs/whd/state/state.htm>.

Arkansas Policy Assessment: No. Arkansas' minimum wage law establishes a \$5.15 an hour wage standard, which is the same standard established by the federal minimum wage law. Most states have minimum wage laws, ten of which establish a wage standard above \$5.15.

2. *State Established Living Wage Law*

This indicator reveals whether a state has approved any measure that provides minimum wage and benefit levels for state contractors and/or specific public employees. Information on this topic is not available at this time from a published source. Information for Arkansas provided by the Arkansas Department of Labor.

Arkansas Policy Assessment: No. Arkansas has not established minimum wage and benefit standards for employees of all state contractors and/or all public employees. However, the state prevailing wage law does establish a minimum wage standard, which currently is \$7.75 or higher, for construction workers on certain state public works projects. Also, the state has established a minimum wage standard of \$6.25 an hour for all full-time, non-teacher public school district personnel.

3. *State Enacted Earned Income Tax Credit*

This is a measure of whether a state has enacted its own earned income tax credit for low- and moderate-income workers. Source: Center on Budget and Policy Priorities, *The Poverty Despite Work Handbook* (3rd edition), Washington, DC, August 2001. For the latest status on state laws see: <http://www.cbpp.org/pubs/eitc.htm>.

Arkansas Policy Assessment: No. Arkansas does not have a state EITC. Fifteen states have some form of state EITC to compliment the federal EITC and provide further tax relief for low- and moderate income workers.

4. *State Tax Burden for Working Families Earning Less than Poverty*

This measure indicates the combined state and local tax burden (including sales, excise, property, and income taxes) on working poor families. The measure uses the average state and local total tax rate for families in the bottom quintile of earnings, as provided by The Institute on Taxation and Economic Policy, *Who Pays: A Distributional Analysis of the Tax Systems in All 50 States*, 2nd edition (January 2003). See: <http://www.itepnet.org/whopays.htm>.

Arkansas Policy Assessment: The effective tax rate, which includes sales, excise, property and income taxes at the state and local level, for families earning less than poverty is 11%. The range among states is 4% to 18%.

5. *State Provides Wage Replacement for Parental Leave*

This indicator reveals whether a state allows working parents who meet income requirements to receive a wage replacement subsidy in lieu of child care assistance for caring for infants. Source: National Partnership for Women and Families. See: <http://www.nationalpartnership.org/content.cfm?L1=202&DBT=Documents&NewsItemID=472>.

Arkansas Policy Assessment: No. Arkansas does not provide working parents a wage replacement subsidy for taking parental leave to care for an infant child. Three states provide such a subsidy: MN, MO, MT.

Health Care and Child Care Support Policies:

6. *State Provides Medicaid to Working Adults Earning Up to 200% of Poverty*

This is a measure of whether a state allows working adults eligibility to receive state financed health care for adults. Source: Center on Budget and Policy Priorities. See: Table 3, <http://www.cbpp.org/71901health.htm>.

Arkansas Policy Assessment: No. Arkansas provides Medicaid coverage to very few working adults, only those with incomes up to 30% of the federal poverty level. Many states provide Medicaid coverage for far more low-income working adults, and three states (MN, NJ, WA) and the District of Columbia cover adults earning up to 200% of poverty. Arkansas has requested a waiver to use state tobacco settlement funds to expand Medicaid coverage to more uninsured adults earning below the federal poverty level.

7. *State Subsidy Available to Employers Who Provide Health Care for Workers*

This is a measure of whether a state has provided resources to encourage small businesses to provide health insurance for employees. Source: Sharon Silow-Carroll, Stephanie E. Anthony and Jack A. Meyer, *State and Local Initiatives to Enhance Health Coverage for the Working Poor*, Economic and Social Research Institute, pg. 5, November 2000. See: <http://www.cmwf.org/publist/publist2.asp?CategoryID=4>.

Arkansas Policy Assessment: No. Arkansas does not provide a subsidy to small businesses to provide health insurance for their employees. However, when this report was being written the state legislature had just enacted a program that would allow small employers to use federal Medicaid funds to subsidize the cost of employee health insurance coverage. The state is awaiting approval of a federal Medicaid waiver to implement the program. If implemented, Arkansas will be one of a few states providing such a subsidy to small businesses. Eight states currently provide such a subsidy.

8. *State Sets Income Eligibility for Child Care at 85% of State Median Income*

This indicator reveals whether a state sets an income eligibility standard for child care that meets the maximum allowed by federal law; states may also exceed this standard when using their own funds. Source: Children’s Defense Fund, *Fragile Foundations: State Child Care Assistance Policies*, 2002, pg. 27.

Arkansas Policy Assessment: No. Arkansas has not extended the income eligibility limit for child care assistance to the maximum level allowed by federal law, which is 85% of the state median income. The income limit for eligibility for child care services in Arkansas is 60% of the state median income. The range for all states is 36% to 94%. Four states set a 85% income level: AK, HI, ME, NM.

9. *State Require Child Care Co-Payment for Families Earning Less Than Poverty*

This indicator reveals whether a state requires a family of three with one child in care to make a co-payment toward the cost of child care when their earnings are less than the poverty threshold. Information for Arkansas was provided by Arkansas Department of Human Services, Division of Child Care and Early Childhood Education.

Arkansas Policy Assessment: No. Arkansas does not require families earning below poverty to pay a co-pay for subsidized child care services. Five other states have the same policy: CA, HI, RI, SD, VT.

10. *State Sets Maximum Child Care Reimbursement Rate at 75% or Greater of Market Rate*

This measure reveals whether a state sets a maximum reimbursement rate for child care assistance that is at least equal to or greater than 75% of the market rate for child care. Source: Children’s Defense Fund, *Fragile Foundations: State Child Care Assistance Policies*, 2002, pg. 95.

Arkansas Policy Assessment: Yes. Arkansas sets the maximum reimbursement rate for child care assistance at 75% of the market rate for child care, which is the rate suggested by the federal government. Only 18 states fail to set a 75% rate.

Unemployment Insurance Policies:

11. *State Eligibility Requirement for Unemployment Insurance Are Supportive of Low-Income Workers*

This indicator identifies whether or not a state’s eligibility requirements for unemployment insurance allow low-income workers to participate. The three criteria are: alternate base period available to meet earnings requirements; eligibility of a half-time worker at minimum wage; and eligibility of laid-off workers seeking part-time work, with a previous part-time job, and meeting earnings requirements. Source: Economic Policy Institute, Center on Budget and Policy Priorities, and the National Employment Law Project: *Failing the Unemployed: A State by State Examination of Unemployment Insurance Systems*, March 2002. See: <http://www.epinet.org/briefingpapers/bp122.html>.

Arkansas Policy Assessment: Yes. Arkansas extends UI coverage to low-income workers in two of three key ways in which states can. Arkansas' earnings requirement is low enough that a half-time, year round worker earning minimum wage earns enough to qualify for UI coverage. The state also allows workers seeking part-time work to be eligible for UI benefits. But, Arkansas does not provide an alternative base period for determining earnings for UI eligibility. Some states, as an alternative base period, allow earnings from the most recent completed quarter to count toward the earnings requirement, which enables more low-income workers to qualify for coverage. For a detailed explanation of these UI policies see the above referenced report by National Employment Law Project. Only two states extend UI coverage to low-income workers in all three ways that states can: RI, VT.

12. State Protects Temporary Workers From Being Excluded From Unemployment Insurance Coverage

This indicator reveals whether states have refused to adopt or repeal legislation that requires temporary workers to accept a new temp assignment or else be deemed ineligible for benefits because they are considered to have "voluntarily quit" their jobs. Source: National Employment Law Project, *Temp Work and Unemployment Insurance-Helping Employees at Temporary Staffing and Employee Leasing Agencies*, August, 2001. See: <http://www.nelp.org/pub63.pdf>.

Arkansas Policy Assessment: No. Arkansas does not protect temporary workers from being excluded from UI coverage when they complete an assignment and do not accept a new assignment. Many states (23) protect temporary workers eligibility for UI coverage when they decide not to take a new temporary assignment.

13. State Unemployment Insurance Benefits Available to Workers Leaving Employment for Domestic Reasons

This indicator reveals whether a state has laws that cover workers who leave employment as a result of domestic violence or because of other domestic reasons such as caring for a sick relative. Information on this topic relative to domestic violence is available in a report from the National Employment Law Project: *Unemployment Insurance For Survivors of Domestic Violence: Expanding Unemployment Insurance for Women, Low-Wage & Part-Time Workers*, May 2002. See: <http://www.nelp.org/pub135.pdf>. A forthcoming NELP report will provide comprehensive coverage of this issue.

Arkansas Policy Assessment: Yes. Arkansas is one of 18 states that extend UI coverage to survivors of domestic violence who leave their jobs as result of the violence.

14. Unemployment Insurance Maximum Benefits Exceed Poverty Level

This indicator measures whether a state provides unemployment insurance benefits that exceed the poverty level when the maximum weekly benefit amount is sufficient to prevent a one parent, two child family from living in poverty (\$274.40/week). Source: Economic Policy Institute, *Failing the Unemployed: A State by State Evaluation of Unemployment Insurance Systems*, 2002.

Arkansas Policy Assessment: Yes. The maximum weekly UI benefit in Arkansas is \$333, which is well over the \$274.40 weekly benefit required to keep a one-parent, two-child family above the poverty level. Most states (42) provide a maximum UI benefit that exceeds \$274.40 per week.

15. State Provides Temporary Disability Insurance

This indicator reveals whether a state exercises its authority to use UI funds to support workers who have no earnings as a result of a non-work connected sickness or injury and do not meet the UI program's "able" to work requirement. Source: U.S. Department of Labor. See: <http://ows.doleta.gov/unemploy/pdf/temporary.pdf>.

Arkansas Policy Assessment: No. Arkansas does not allow UI funds to be used to provide temporary wage replacement for disabled workers who are unable to work due to a non-work-connected sickness or injury. Six states allow UI funds to be used for such purposes.

Workers' Compensation Policies:

16. State Workers' Compensation Law Fulfills Recommendations of Report of the National Commission of State Workmen's Compensation Laws

This indicator identifies whether or not a state has fulfilled the 19 essential recommendations of the National Commission on Workmen's Compensation Laws. See: http://www.workerscompresources.com/National_Commission_Report/National_Commission/1-2002/Jan2002_nat_com.htm.

Arkansas Policy Assessment: No. Arkansas fulfills only 8 of the 19 essential workers compensation law recommendations of the National Commission on State Workmen's Compensation Laws. The range among states is 7-16.

17. Workers' Compensation Minimum Benefits Exceed 80% of Minimum Wage Income

This indicator measures whether a state provides workers' compensation benefits that at least exceed 80% of the wages earned working full-time at federal minimum wage (\$165 weekly). Source: U.S. Department of Labor, Employment Standards Administrations. See: <http://www.dol.gov/esa/regs/statutes/owcp/stwclaw/stwclaw.htm>.

Arkansas Policy Assessment: No. Arkansas' minimum weekly workers compensation benefit is \$20, which is well below 80% of the weekly earnings of a full-time minimum wage worker. State minimum weekly benefit levels range from \$20 to \$377. Sixteen states provide a benefit that exceeds the 80% level.

Work Protections Policies:

18. State Has Broad Wage and Hour Law Coverage and Does Not Exempt Low-Wage Occupations

This indicator identifies whether a state has laws or regulations that broadens the wage and hour law coverage for all workers beyond the provisions of the federal law and does not provide exemptions for certain low-wage occupations. Information on this topic for all states is not available from a published source at this time. Information for Arkansas was provided by the Arkansas Department of Labor.

Arkansas Policy Assessment: No. Arkansas's wage and hour laws exempt executive, professional and administrative workers, and certain low-wage workers such as agriculture and wood production workers.

19. State Requires Greater Coverage for Family Medical Leave than Federal Law

This measure reveals whether a state authorizes family medical leave for workers employed in business with less than 50 employees, which is the threshold established by the federal Family and Medical Leave Act. Source: National Partnership for Women and Families.

See: <http://www.nationalpartnership.org/content.cfm?L1=202&DBT=Documents&NewsItemID=259>

Arkansas Policy Assessment: No. Arkansas does not authorize family and medical leave for workers employed in businesses with less than 50 employees. Federal law only authorizes family medical leave for workers employed in any business with 50 or more employees. Seventeen states authorize family leave for workers employed by employers with less than 50 employees.

20. State Has Laws and Regulations to Protect Employment Rights of Day Laborer

This indicator reveals whether a state has explicit laws that protect day laborers from employers who disregard state health and safety rules, charge excessive costs for meals, transportation and supplies, and ignore basic work protection laws. Source: National Employment Law Project, *Drafting Day Labor Legislation: A Guide for Organizers and Advocates*, 2001. See: <http://www.nelp.org/pub39.pdf>.

Arkansas Policy Assessment: No. Arkansas does not have explicit laws that protect day laborers from employers who disregard state health and safety rules, ignore basic work protection laws, and charge excessive fees for meals, transportation, supplies and other work-related expenses. Five state have adopted such explicit laws: AZ, GA, FL, IL, TX. For more details on such laws, see the National Employment Law Project, *Drafting Day Labor Legislation: A Guide for Organizers and Advocates*, 2001. See: <http://www.nelp.org/pub39.pdf>.

21. *State Law Protects Ex Offenders from Employment Discrimination*

This indicator identifies whether a state has explicit laws that make it illegal for a private employer to discriminate against an ex-offender unless the duties of the job is related to a person’s conviction record. Information on this topic is available from the Legal Assistance Center (New York, NY) based on a survey of state laws. Information on this policy was not gathered for Arkansas.

APPENDIX C: OTHER INDICATOR DEFINITIONS AND SOURCES

This appendix provides definitions and source information for the two other types of indicators in the report besides the policy indicators: 1) data-based indicators, and 2) performance indicators. The definitions and data sources for the policy indicators are in Appendix B.

CHAPTER 1: WORKING POOR FAMILIES IN ARKANSAS

1. Percent of Poor Families Engaged in Work

This is a measure of the extent to which families in poverty have members who work, as defined above. Data are drawn from the Census 2000 Supplementary Survey.

2. Percent of Working Families That Are In Poverty

This is a measure of the extent to which working families income below the poverty threshold. Data are drawn from the Census 2000 Supplementary Survey.

3. Percent of Working Families with a Minority Parent That Are In Poverty

This is a measure of the extent to which families with at least one minority working parent are in poverty. A minority parent is defined as a parent who does not classify himself or herself as white, non-Hispanic. Data are drawn from the Census 2000 Supplementary Survey.

4. Percent of Working Families with Income Less Than 200% of Poverty

This is a measure of the extent to which working families have annual income less than double the poverty level. Double the poverty threshold is used as a proxy for economic “self-sufficiency” or “family living standard”, the income a family requires to take care of basic needs, including housing, food, clothing, health care, transportation, and child care. Data are drawn from the Census 2000 Supplementary Survey.

5. Percent of Working Families in Poverty Spending Over 1/3 of Income on Housing

This is a measure of the extent to which working poor families spend over a third of their income for shelter. Data are drawn from the Census 2000 Supplementary Survey.

6. Percent of Working Families in Poverty with at least One Parent without HS Degree or GED

This is a measure of the extent to which working poor families have at least one parent without a high school degree or equivalent. Data are drawn from the Census 2000 Supplementary Survey.

7. Percent of Working Families in Poverty with a Parent with Some Postsecondary Education including College Degrees

This is a measure of the extent to which working poor families have at least one parent with some postsecondary education. Data are drawn from the Census 2000 Supplementary Survey.

8. Share of Income Received by Most Affluent Working Families Compared to Share of Least Affluent

This is a measure of the relative size of the gap between the incomes of the one-fifth of families that are the highest income generators and the one-fifth of families that are the lowest. Data are drawn from the Census 2000 Supplementary Survey.

9. Share of Income Received by Middle Class Working Families Compared to Share of Least Affluent

This is a measure of the relative size of the gap between the incomes of the one-fifth of families that represent the middle quintile of income generators and the one-fifth of families that are the lowest. Data are drawn from the Census 2000 Supplementary Survey.

10. *Percent of Working Poor Families Self-Employed*

This is a measure of the percent of working poor families with at least one parent who is self employed (unincorporated). Data are drawn from the Census 2000 Supplementary Survey.

11. *Percent of Working Families in Poverty with One Parent Between 25-54 Years Old*

This is a measure of the proportion of working poor families' that have an adult in the age range of 25-54 years old, the traditional age range for work. Data are drawn from the Census 2000 Supplementary Survey.

12. *Percent of Working Families in Poverty with at least One Parent without Health Insurance*

This is a measure of the extent to which at least one parent in working poor families does not have health insurance, whether provided through an employer or the government. If one spouse has health insurance and reported having group insurance, the spouse is automatically considered to have health insurance. Data are a three year average, drawn from the Annual Demographic Survey of the CPS.

CHAPTER II: EDUCATION AND SKILLS TRAINING

A. Education and Skills Status of Adults in Arkansas

1. *Percent of Adults 18-64 without High School Degree/GED*

This is a measure of the extent to which residents between the ages of 18 and 64 years old do not have a high school degree or GED. Data are drawn from the Census 2000 Supplementary Survey.

2. *Percent of Adults 18-64 With Only High School Degree/GED*

This is a measure of the extent to which residents between the ages of 18 and 64 years old have only a high school degree or GED. Data are drawn from the Census 2000 Supplementary Survey.

3. *Percent of Adults 16 and Older at Literacy Levels 1 and 2*

This is a measure of the extent to which adults 16 and older have poor literacy skills, defined as Literacy Level 2 or below in the National Adult Literacy Survey (NALS). Source: National Institute for Literacy, based on algorithms that utilize data from the 1992 NALS and the 1990 Decennial Census. See <http://www.nifl.gov/reders/reder.htm>.

4. *Percent of Adults 25-54 without High School Degree/GED*

This is a measure of the extent to which residents between the ages of 25 and 54 years old do not have a high school degree or GED. Data are drawn from the Census 2000 Supplementary Survey.

5. *Percent of Adults 25-54 With Only High School Degree/GED*

This is a measure of the extent to which residents between the ages of 25 and 54 years old have only a high school degree or GED. Data are drawn from the Census 2000 Supplementary Survey.

6. *Percent of Adults 25-54 With Some Post Secondary Education, No Degree*

This is a measure of the extent to which residents between the ages of 25 and 54 years old have some post-secondary education, but no degree. Data are drawn from the Census 2000 Supplementary Survey.

7. *Percent of Adults 25-54 With Associate Degree or Higher*

This is a measure of the extent to which residents between the ages of 25 and 54 years old have an associate degree or higher degree such as a bachelor, master or doctoral degrees. Data are drawn from the Census 2000 Supplementary Survey.

8. *Percent of Young Adults 18-24 Enrolled in Postsecondary Institutions*

This is a measure of the extent to which residents between the ages of 18 and 24 years old are enrolled in college. Data are drawn from the Census 2000 Supplementary Survey.

9. *Percent of Adults 25-54 Enrolled in Postsecondary Institutions*

This is a measure of the extent to which residents between the ages of 25 and 54 years old are enrolled in college. Data are drawn from the Census 2000 Supplementary Survey.

10. *Percent of Students Enrolled in Community Colleges Requiring Remediation*

This is a measure of the extent to which community college entrants do not have sufficient basic skills to effectively undertake college level work. Source: Community College Policy Center, Education Commission of the States, *State Policies on Community College Remedial Education: Findings From a National Survey*, pg. 7, September 2002.

B. State Policies That Support Education and Training for Low-Income Adults

See Appendix B.

C. Performance of State Education and Training Efforts

Postsecondary Performance

1. *Percent of High School Freshman Enrolling in College*

This indicator measures the percentage of high school freshman who four years later enter into a degree granting institution in any state. Source: National Center for Public Policy and Higher Education, *Measuring Up 2002: The State-by-State Report Card for Higher Education*, 2002.

2. *Percent of First year Community College Students Returning Second Year*

This measure reflects the percentage of first year community college students who persist in their education by returning for the second year. Data available from the National Center for Public Policy and Higher Education, *Measuring Up 2002: The State-by-State Report Card for Higher Education*, 2002.

3. *Percent of Adults Enrolled Part-time in Postsecondary Education*

This indicator measures the number of working aged adults (25-44) enrolled at least part-time in some type of post-secondary education. Source: National Center for Public Policy and Higher Education, *Measuring Up 2002: The State-by-State Report Card for Higher Education*, 2002.

4. *Percent of Full-time Community College Students Obtaining a Certificate/Degree or Transfer to a Four Year College*

This indicator measures the percentage of full-time community college students that persist in their studies to obtain a credential or gain access to a four year college within three years of entering community college. Information on this topic for all states is not available from a published source at this time. Information for Arkansas was provided by the Arkansas Department of Higher Education.

5. *Percent of Community College Students Obtaining High-Wage Jobs*

This indicator measures the percentage of community college students who complete or leave school who gain employment in a job that pays wages and benefits that are considered within the state as exceeding low-wage employment. Information on this topic for all states is not available from a published source at this time. At present, Arkansas does not collect or publish these data.

6. *Percent of Full-time Community College Students in Remediation/Developmental Education Moving Ahead*

This indicators measures the number of full-time students initially enrolled in developmental or remedial education that obtain a one year certificate or associates degree in three years. This indicator does not include those remedial students who successfully transfer to another college. Information on this topic for all states is not available from a published source at this time. Information for Arkansas was provided by the Arkansas Department of Higher Education.

7. *Ratio of Career Certificates Awarded to Associates Degrees in Community Colleges*

This indicator measures the extent to which state community colleges are producing graduates in occupationally specific training (certificates) versus general education and liberal arts (associate degrees.) Information for 1996-97 is published by the American Association of Community Colleges based on analysis of data from the National Center for Education Statistics. See: Table 3.5, *National Profile of Community Colleges: Trends and Statistics*. American Association of Community Colleges, Washington, DC, 2000.

8. *Percent of Perkins Postsecondary Students Attaining a Credential*

This is a measure of the extent to which participants in Perkin’s funded vocational programs complete their programs through the achievement of a degree or certified credentials. All states are required to report on this measure to the U.S. Department of Education. Source: Arkansas Department of Workforce Education, *Arkansas Consolidated Annual Report For Perkins Vocational and Technical Education Act, 2000-2001*.

9. *Percent of Economically Disadvantaged Perkins Postsecondary Students Achieving Placement Relative to All Postsecondary Students Served*

This measure shows the percentage of economically disadvantaged Perkins postsecondary students who achieve placement relative to the total number of all Perkins students served through the postsecondary system. Source: Arkansas Department of Workforce Education, *Arkansas Consolidated Annual Report For Perkins Vocational and Technical Education Act, 2000-2001*.

10. *Percent of Perkins Postsecondary Students Served Relative to Adults 18-64 Without Postsecondary*

This measure reveals the number of postsecondary participants enrolled in Perkins supported vocational programs relative to the number of adults 18-64 who may need such training. At present, this indicator is not published. As such, this indicator is computed by using data on enrollments from the Arkansas Consolidated Annual Report For Perkins Vocational and Technical Education Act, 2000-2001 and the data on number of working poor without postsecondary as computed by Population Reference Bureau.

11. *Percent of Placed Perkins Postsecondary Students Earning Above Poverty*

This measures seeks to reveal the percentage of employed Perkins completers that earn above poverty one year after placement. At present, these data are not collected or published.

12. *Percent of Placed Perkins Postsecondary Students Earning Above 200% of Poverty*

This measure seeks to reveal the percentage of employed Perkins completers that earn above 200% of poverty or an established economic self-sufficiency standard for the state one year after placement. At present, these data are not collected or published.

Workforce and Adult Education Program Performance

WIA:

1. *Percent of Exiters Receiving Training Services*

This indicators reports on the number of adults who have received training services relative to all WIA participants that have completed or ended their WIA services. This measure is computed using data from the Arkansas Workforce Investment Act Annual Report Program Year 2001 and the Arkansas Department of Employment Security.

2. *Percent of WIA Dollars Spent on Adult Training*

This indicator reports on the percentage of total WIA dollars received by a state that is used to support adult participants in skills training. Source: Arkansas Workforce Investment Board, *Arkansas Workforce Investment Act Annual Report*, Program Year 2001.

3. *Percent of Adults Receiving Training Obtaining Employment and Credential*

This indicator reports on the percent of adults who engaged in training and then were employed in the first quarter after exit and received a training credential by the end of the third quarter after exit. Source: Arkansas Workforce Investment Board, *Arkansas Workforce Investment Act Annual Report*, Program Year 2001.

4. *Percent of Exiters Receiving Training Relative to Adults Without High School/GED*

This measure reveals the percent of adults engaged in WIA supported training relative to the number of working poor adults age 18-64 who may need such training due to the absence of a high school completion. This measure is computed using data from Arkansas Workforce Investment Act Annual Report Program Year 2001 and data generated by the Population Reference Bureau.

5. *Adult Employment Retention Rate*

This is a measure of the extent to which adult WIA participants who have entered work have retained employment six months after initial placement. Source: Arkansas Workforce Investment Board, *Arkansas Workforce Investment Act Annual Report*, Program Year 2001.

6. *Percent Exiters Earning Above Poverty*

This measure seeks to reveal the percentage of employed adult WIA participants that earn above poverty one year after placement. At present, data are not collected or published for this indicator.

7. *Percent Exiters Earning Above 200% of Poverty*

This measure seeks to reveal the percentage of employed adult WIA participants that earn above 200% of poverty or an established economic self-sufficiency standard for the state one year after placement. At present, data are not collected or published for this indicator.

TANF:

8. *Percent of TANF Participants Enrolled in Education/Training*

This is a measure of the extent to which TANF recipients are being placed in education and training activities. State level data are compiled annually by the U.S. Department of Health and Human Services and include data for on-the-job training, vocational education, skills training and education related to employment. See: Table 3:4.c, *Temporary Assistance for Needy Families: Fourth Annual Report to Congress*, April 2002, (see: <http://www.acf.dhhs.gov/programs/opre/ar2001/chapter03.pdf>.)

9. *Adult Employment Retention Rate*

This is a measure of the extent to which TANF recipients who have entered work have retained employment three (3) consecutive quarters after initial placement. Source: U.S. Department of Health and Human Services. See: High Performance Bonus Rates, Office of Planning, Research and Evaluation.

10. *TANF Leavers Earning Above Poverty*

This measure seeks to reveal the percentage of employed TANF recipients that earn above poverty one year after placement. At present, these data are not collected or published.

11. *TANF Leavers Earning Above 200% of Poverty*

This measure seeks to reveal the percentage of employed TANF recipients that earn above 200% of poverty or an established economic self-sufficiency standard for the state one year after placement. At present, these data are not collected or published.

Adult Basic Education and Literacy:

12. *Percent of Students Improving Beginning Literacy Skills*

This measures reports on the demonstrated improvement in literacy skills in reading, writing, numeracy, problem solving and speaking the English language. All states are required to report on this measure to the U.S. Department of Education. Data presented is for the program year 2000-2001.

13. *Percent of All Students Enrolled in Adult Education Relative to Adults Without High School/GED*

This measure reveals the number of adults engaged in Adult Basic Education programs relative to the number of adults who may need such training due to the absence of a high school completion. All states are required to report enrollments to the U.S. Department of Education. This measure is computed using data for the program year 2000-2001. At present this indicator is not presented in a published report.

14. *Percent of Adult Education Students Advancing Relative to All Students Enrolled in Adult Education*

This measure reveals the extent to which participants in adult education successfully move forward to obtain additional education and training that may necessary to succeed in the labor market. It also provides insight into the extent to which state adult education programs are focused on the objective of preparing participants to succeed in the labor market. All states are required to report the number of students entering other academic or vocational programs to the U.S. Department of Education. This measure is computed by dividing the number of all enrolled students by the number of students entering other academic or vocation programs. Data presented is from program year 2000-2001. At present this indicator is not presented in a published report.

15. *Percent of Participants Gaining Employment and Earning Above Poverty*

This measure reveals the percentage of employed adult basic skills graduates that earn above poverty one year after placement. Although states report the number of participants gaining employment to the U.S. Department of Education, they do not report on earnings.

16. *Percent of Participants Gaining Employment and Earning Above 200% of Poverty*

This measure reveals the percentage of employed adult basic skills graduates that earn above 200% of poverty or an established economic self-sufficiency standard for the state one year after placement. Although states report the number of participants gaining employment to the U.S. Department of Education, they do not report on earnings.

17. *Percent Eligible Prison Inmates Receiving Adult Education*

This measure reports on the percentage of eligible inmates receiving adult education. Information on this topic for all states is not available from a published source at this time. Information for Arkansas was provided by the Arkansas Department of Corrections.

CHAPTER III: EMPLOYMENT OPPORTUNITY

A. Labor Market Conditions in Arkansas

1. *Labor Force Participation Rate*

Percent of civilian noninstitutional population in the labor force. Data are taken from Geographic Profile of Employment and Unemployment, published by the Bureau of Labor Statistics, and based on the Current Population Survey.

basis. See definition of “low wage” in Appendix A.) The indicator is created using data from the Bureau of Labor Statistics’ Occupational Employment Statistics program. See: <http://www.bls.gov/oes/home.htm>.

B. State Policies to Influence Employment Opportunities (Economic Development Policies)

See Appendix B.

C. Performance of State Efforts to Influence Employment Opportunities

1. Percent of Low-Income Workers Benefiting from State Business Assistance Efforts

This indicator compares the number of low-income workers benefiting from state business assistance efforts to the overall number of low-income workers in the state to reveal the extent to which such efforts address the possible need within the state. Information on this topic for all states is not available from a published source at this time. At present, Arkansas does not collect or publish these data.

2. Percent of Benefiting Low-Income Workers Earning Above Poverty After Assistance

This indicator examines whether low-income workers served by business assistance programs are helped to the extent that their earnings one year after assistance are above 200% of poverty. Information on this topic for all states is not available from a published source at this time. At present, Arkansas does not collect or publish these data.

3. Percent of Businesses that Participate in State Business Assistance Efforts Targeting Low-Income Workers

This indicator reveals how many businesses relative to the total number of eligible businesses within the state use business assistance resources targeted to help low-income or entry-level workers. Information on this topic for all states is not available from a published source at this time. At present, Arkansas does not collect or publish these data.

4. Percent of Low-Income Workers Employed by Companies Participating in State Business Assistance Efforts Targeting Low-Income Workers

This indicator shows the percent of low-income workers in the state benefitting from state business assistance efforts that are designed to help low-income or entry-level workers. Information on this topic for all states is not available from a published source at this time. At present, Arkansas does not collect or publish these data.

5. Percent of Unemployed Workers Receiving Intensive or Training Services From the One Stop Centers

This indicator examines the extent to which unemployed workers are receiving One Stop services (i.e., intensive and training) that go beyond helping them look for another job. Information on this topic for all states is not available from a published source at this time. Information for Arkansas can be obtained from the Arkansas Employment Security Department.

CHAPTER IV: CONDITIONS OF EMPLOYMENT

A. Conditions of Employment in Arkansas

1. Percent of Workers in Low-Wage Jobs

This is a measure of the extent to which wage and salary workers earn low wages. (For 2001, a low wage is below \$8.71/hr., adjusted for the state cost of living index. See definition of “low wage” in Appendix A) Data are drawn from the Basic Monthly Survey of the CPS, and do not include self-employed workers.

2. Percent of Workers Over 18 Who Hold Contingent Jobs

This is a measure of the extent to which workers 18 and over hold contingent jobs. Data are drawn from the Contingent Worker Supplement of the CPS.

3. *Percent of Workers Age 18-64 Without Health Insurance*

This is a measure of the extent to which workers 18 to 64 do not have health insurance, whether provided through an employer or the government. (It is assumed that workers over 64 are eligible for government-provided health insurance.) Data are drawn from the Annual Demographic Survey of the CPS.

4. *Percent of Workers Over 18 Without Employer Provided Pensions*

This is a measure of the extent to which workers over 18 do not have an employer-provided pension. Data are drawn from the Annual Demographic Survey of the CPS.

5. *Percent of Workers Not Covered by Workers Compensation Insurance*

This is a measure of the extent to which workers are not covered by workers compensation insurance. Sources: number of workers covered provided by National Academy of Social Insurance, *Workers' Compensation: Benefits, Coverage, and Costs*, 2000 New Estimates (see <http://www.nasi.org/>); data on all wage and salary workers provided by the U.S. Bureau of Economic Analysis (see <http://www.bea.doc.gov/bea/regional/spi/>).

6. *Percent of Unemployed Not Receiving Unemployment Insurance Benefits*

This is a measure of the extent to which unemployed workers do not receive unemployment insurance. This measure is derived from data provided by the Office of Workforce Security, Employment and Training Administration, U.S. Department of Labor. See: <http://workforcesecurity.doleta.gov/unemploy/content/data.asp>.

B. State Policies to Influence the Conditions of Employment (Work Support Policies)

See Appendix B.

C. Performance of State Efforts to Influence the Conditions of Employment

1. *Percent of Eligible Families Utilizing State and/or Federal EITC*

This indicator intends to measure the percent of eligible families that filed for the Earned Income Tax Credit. Source: Arkansas Advocates for Children and Families: *Tax Relief and Working Families: Is Arkansas Ready for a State Earned Income Tax Credit*, October 1999. See: <http://www.aradvocates.org/finances/taxbrief3.pdf>.

2. *Percent of Eligible Workers Without Private Health Insurance Utilizing State Medicaid*

This indicator measures the percent of workers eligible for Medicaid who are not covered by other health insurance that have availed themselves of a state's Medicaid program. Information on this topic was available for every project state except Arkansas. Source: unpublished computations from the Urban Institute's 1999 National Survey of America's Families provided by Amy Davidoff, Ph.D., Health Policy Center, The Urban Institute.

3. *Percent of Small Business Using State Health Care Assistance*

This indicator measures the percent of small businesses (under 500 employees) that utilize state health care assistance, if such assistance is available. Source: Arkansas Center for Health Improvement.

4. *Percent of Those Eligible for Child Care Assistance on Waiting List*

This indicator reveals how many families eligible for child care have yet to receive the assistance. As of February 2003, Arkansas had 635 families on the waiting list for child care assistance, which represents 17% of those families that have applied and therefore are eligible for child care assistance. Source: Arkansas Department of Human Services, Division of Child Care and Early Childhood Education.

5. *Percent of Unemployed Receiving Benefits That Exceed Poverty*

This indicator measures the percent of those receiving unemployment insurance whose payments exceed the poverty level when the maximum weekly benefit amount is sufficient to prevent a one parent, two child family from living in poverty (\$274.40/week). Source: Arkansas Employment Security Department, Division of Unemployment Insurance. The data used to calculate this indicator was for the quarter ending 12/31/02.

APPENDIX D: COMPLETE DATA TABLES

See Appendix C for the sources and detailed definitions of the data in each table below.

Table 1: Number, Characteristics and Conditions of Working Poor Families in Arkansas

Data Definitions	U.S.	Range Among States	AR	Rank Among States
Percent of Poor Families Engaged in Work	47.2%	24%-61%	51.4%	
Percent of Working Families That are in Poverty (State Rank)	7.5%	2.4%-13.4%	11.9%	47
Percent of Working Families With a Minority Parent That are in Poverty	13.1%	3.3%-25.6%	22.0%	45
Percent of Working Families With Incomes Less Than 200% of Poverty	27.8%	14.7%-39.9%	37.6%	49
Percent of Working Families in Poverty Spending Over 1/3 of their Income on Housing	72.5%	50%-89.4%	74.5%	32
Percent of Working Families in Poverty With a Parent Without HS Degree or GED	43.6%	12.7%-62.2%	42.2%	36
Percent of Working Families in Poverty with a Parent with Some Postsecondary Education	32.4%	22.4%-61.1%	39.0%	
Ratio and Rank of the Share of Income Received by Most Affluent Working Families Compared to Share of Least Affluent	8.5	5.8-9.9	6.8	8
Ratio of the Share of Income Received by Middle Class Working Families Compared to Share of Least Affluent	2.9	2.4-3.2	2.7	12
Percent of Working Poor Families Self-Employed	12.9%	2.2%-37.3%	11.7%	
Percent of Working Poor Families With One Parent Between 25-54 Years Old	85.4%	73.3%-95.9%	78.0%	7
Percent of Working Families in Poverty With at Least One Parent Without Health Insurance	46.7%	16.5%-66.6%	52.6%	

Table 2: Educational Attainment of Adults in Arkansas

Data Definitions	U.S.	Range Among States	AR
Percent of Adults 18-64 Without High School Degree or GED	16.5%	8.4%-22.5%	19.9%
Percent of Adults 18-64 With Only High School Degree or GED	29.2%	20.8%-41.2%	35.9%
Percent of Adults 16 and Older at Literacy Levels 1 and 2			56%
Percent of Adults 25-54 Without High School Degree or GED	14.2%	5.9%-20.3%	17.5%
Percent of Adults 25-54 With Associates Degree or Higher	35.7%	21.7%-49.1%	24.2%
Percent of Young Adults 18-24 Enrolled in Postsecondary Institutions	31.4%	20.9%-38.6%	26.6%
Percent of Adults 25-54 Enrolled in Postsecondary Institutions	6.2%	3.9%-8.2%	4.1%
Percent of Students Enrolled in Community Colleges Requiring Remediation			70.6%

Table 3: Post-Secondary Performance Data

Data Definitions	Range Among States	AR
Percent of High School Freshman Enrolling in College	24%-59%	39%
Percent of First Year Community College Students Returning Second Year	40%-67%	55%
Percent of Adults 25-44 Enrolled at Least Part-time in Postsecondary Education	1.5%-6.0%	2.7%
Percent of Full-time Community College Students Obtaining a Certificate/Degree or Transfer to a Four Year College*		30.2%
Percent of Community College Students Obtaining High-Wage Jobs		Not Collected
Percent of Full-time Community College Students in Remedial Education Moving Ahead**		16%
Ratio of Career Certificates Awarded to Associates Degrees in Community Colleges	.04- 4.72	1.45
Percent of Postsecondary Perkins Students Attaining a Credential		65.8%
Percent of Economically Disadvantaged Postsecondary Perkins Students Achieving Placement		3.6%
Percent of Perkins Postsecondary Students Served Relative to Adults 18-64 Without Postsecondary		3.2%
Percent of Placed Perkins Postsecondary Students Earning Above Poverty		Not Collected
Percent of Placed Perkins Postsecondary Students Earning Above 200% of Poverty		Not Collected

*Another 12% of students were still enrolled three years after initial enrollment, which was the time period used to calculate this data.

**This percentage does not include those remedial students were still enrolled three years after initial full-time enrollment, which as the time period used to calculate this percent.

Table 4: WIA Performance Data

Data Definitions	AR
Percent of Exiters Receiving Training Services	32%
Percent of WIA Dollars Spent on Training	38%
Percent of Adults Receiving Training Obtaining Employment and Credential	56.8%
Percent of Exiters Receiving Training Services Relative to Adults 18-64 Without High School Diploma/GED	0.11%
Adult Employment Retention Rate	88.6%
Percent of Exiters Earning Above Poverty	Not Collected
Percent of Exiters Earning Above 200% of Poverty	Not Collected

Table 5: TANF Performance Data

Data Definitions	U.S.	AR
Percent of TANF Participants Enrolled in Education/Training	5.7%	10.7%
Adult Employment Retention Rate		64%
Percent TANF Leavers Earning Above Poverty		Not Available Yet
Percent TANF Leavers Earning Above 200% of Poverty		Not Available Yet

*Arkansas recently established the percent of TANF participants earning above poverty and 200% of poverty as performance measures for TANF, but data is not yet available.

Table 6: Adult Education Performance Data

Data Definitions	AR
Percent of Students Improving Beginning Literacy Skills	34.1%
Percent of All Students Enrolled in Adult Education Relative to Adults Without High School Degree/GED	8.9%
Percent of Adult Education Students Advancing Relative to All Students Enrolled in Adult Education	26.0%
Percent of Participants Gaining Employment and Earning Above Poverty or 200% of Poverty	Not Collected
Percent of Eligible Prison Inmates Receiving Adult Education	90%

Table 7: Data on Labor Market Conditions in Arkansas

Data Definitions	U.S.	AR
Labor Force Participation Rate	67%	63%
Labor Force Participation Rate for Women	60%	56%
Labor Force Participation Rate for Men	75%	70%
Labor Force Participation Rate for Non-whites	66%	64%
Percent of All Workers Not Fully Employed	7.8%	8.5%
Percent of All Workers Who Are Unemployed	4.5%	4.9%
Percent of All Workers Who Are Marginally Attached to the Labor Market	0.8%	0.6%
Percent of All Workers Employed Part-Time Due to Economic Reasons	2.6%	2.9%
Percent of Unemployed Workers Out of Work for More Than 26 Weeks	11.4%	10.9%
Percent of Workers Over 18 Who Hold More Than One Job	5.7%	5.3%
Percent of Jobs In Occupations with Median Pay Below Poverty Level	22.3%	37.4%

Table 8: State Economic Development Performance Data

Data Definitions	AR
Percent of Low-Income Workers Benefiting From State Business Assistance Efforts	Not Collected
Percent of Benefiting Low-Income Workers Earning Above Poverty After Assistance	Not Collected
Percent of Businesses that Participate in State Business Assistance Efforts Targeting Low-Income Workers	Not Collected
Percent of Low-Income Workers Employed By Companies Participating in State Business Assistance Efforts Targeting Low-Income Workers	Not Collected
Unemployed Workers Receiving Intensive or Training Services From One Stop Center	Available Upon Request

Table 9: Data on the Conditions of Employment in Arkansas

Data Definitions	U.S.	AR
Percent of Workers in Low-Wage Jobs	23.7%	25.6%
Percent of Workers Over 18 Who Hold Contingent Jobs	1.2%	1.0%
Percent of Workers Age 18-64 Without Health Insurance	16.2%	16.8%
Percent of Workers Over 18 Without Employer Provided Pensions	54.7%	60.4%
Percent of Workers Not Covered by Workers Compensation Insurance	9.3%	13.7%
Percent of Unemployed Not Receiving Unemployment Insurance Benefits	57%	52%

Table 10: Performance Data on State Efforts to Influence the Conditions of Employment

Data Definitions	AR
Percent of Eligible Families Utilizing State and/or Federal EITC*	73%
Percent of Eligible Workers Without Private Health Insurance Utilizing State Medicaid	Not Available
Percent of Small Business Using State Health Care Assistance**	0%
Percent of Those Eligible for Child Care Assistance on Waiting List	17%
Percent of Unemployment Receiving Benefits that Exceed Poverty***	38.2%

*This percent represents the estimated number of eligible families utilizing the federal EITC only since Arkansas does not have a state EITC.

**Arkansas currently has no program to provide health care assistance to small businesses.

***The weekly UI benefit amount used to calculate this percent is \$274.40, which is the income amount necessary for a one-parent, two-child family to stay above the federal poverty threshold.

For More Information

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