

**REPORT TELLS WAYS TO BUILD STATE UP BY ASSISTING POOR**

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By Michael Rowett, Arkansas Democrat-Gazette

An expanded state investment in educational and job-training opportunities for low-income families would boost the competitiveness of Arkansas' work force and reduce the need for social services, a study by an advocacy group says. The Good Faith Fund of Little Rock's 59-page report on the state of low-income families in Arkansas makes recommendations the organization says will help the poor and the state's economy. Among its recommendations: Enact a state Earned Income Tax Credit. The federal version of this credit allows lower-income wage-earners to deduct a set amount from their income taxes, depending on family size and other factors. Increase funding for the Arkansas Workforce Improvement Grant Program, which provides financial need-based aid to older students enrolled in postsecondary degree and nondegree training programs. Allow welfare recipients' fulltime participation in a General Educational Development or other adult education training program to satisfy federal welfare reform work requirements. Expand the Medicaid program to cover more working adults and increase the family income limit to qualify for state child-care assistance. The report does not say what it would cost to implement the recommendations. The fund describes itself as a nonprofit that operates programs aimed at helping lower-income Arkansans increase their incomes and assets. This report is titled "Continuing the Investment in a Competitive Workforce and a Brighter Economic Future for Arkansas: A Policy Agenda for Investing in Arkansas' Working Families." Mike Leach, director of the fund's public policy program, said research for the report shows that 38 percent of working families in Arkansas earn less than twice the federal poverty level, and 12 percent, or 38,000 families, earn below the poverty level. These figures derive from data from the 2000 U.S. Census Supplementary Survey. In 2000, the federal poverty level was \$ 14,150 for a family of three and \$ 17,603 for a family of four. Double the poverty level is a more accurate measure of what it actually costs to support a family, the report said. It describes this as the income a family needs to pay for such basic needs as housing, food, clothing, health care, transportation, child care. Leach said these families are struggling to make ends meet. According to the Population Reference Bureau of Washington, D.C., using U.S. Census Bureau files: 42 percent of low-income working families in Arkansas include an adult without a high school diploma. "A low level of educational attainment can make it difficult to find a well-paying job in today's economy," Leach said. 38 percent of jobs in Arkansas pay a median wage below the poverty level. 16 percent of workers in Arkansas lack health insurance, and 635 working families are on a waiting list for child-care assistance. "Helping low-income working families achieve economic self-sufficiency is not only the right thing to do, it is sound economic policy," Leach said. Leach said that because these families "make up a substantial part of the state work force," helping them is "absolutely critical to achieving a competitive work force, which in turn is critical to the state's desire and efforts to attract new business, create more well-paying jobs and develop the state's economy." Linda Beene, director of the state Department of Higher Education, said Thursday that the report offers several valuable suggestions for improving access to higher education, especially for adults. Beene said the Arkansas Workforce Improvement Grant Program cited in the study is in its first fiscal year. It was created under Act 1796 of 2003 by Sen. Shane Broadway, D-Bryant. The program was appropriated \$ 500,000 this fiscal year and the same amount next year, Beene said. An estimated 32,000 Arkansans 24 and older are potentially eligible for the program, she said. "I would expect that the need and utilization of that scholarship will be strong. We have had many calls about it," Beene said. "We will review the success of that program during this first year, actually, and certainly the biennium, and evaluate additional funding possibilities." Joni Jones, director of the state Department of Human Services' County Operations Division, said the study's proposal to allow welfare recipients' education participation to satisfy the work requirement would be difficult to implement for several reasons. First, under current federal welfare reform rules, states are required to balance the number of recipients in jobs with those in

education programs to avoid federal sanctions, Jones said. Also, some of the welfare reform reauthorization measures pending in Congress would toughen the work requirements, she said. "It's going to be a little bit more of a challenge to meet those work participation rates," Jones said. "Some of the flexibility we may have had with placing people in educational components may not be quite as permissive as they were before." On the issue of expanding Medicaid and eligibility for child care assistance and enacting a state Earned Income Tax Credit, Jones said those are commendable ideas but coming up with the money to pay for them is challenging. "It all comes down to money," she said. "Could these things help to get low-income people in jobs and retain those jobs and encourage earnings gain? Sure." A full copy of the Good Faith Fund study is available at [www.goodfaithfund.org/pub/pub\\_working.html](http://www.goodfaithfund.org/pub/pub_working.html).

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