

Policy Points

Good Faith Fund

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2003 Legislative Session Produces Laws To Help Low-Income Families In Arkansas

The 2003 session of the Arkansas General Assembly produced many new laws that will impact low-income families in Arkansas. This issue of Policy Points highlights these new laws. Most of these new laws are grouped under the broad categories of education and training (workforce development), work supports, and economic development.

Good Faith Fund uses these same categories to organize its public policy work because the most permanent and long-term solution to poverty, from GFF's perspective, is to help those with low-incomes increase their incomes through greater success in the labor market. Greater success in labor market means getting and keeping a well-paying job and climbing the career ladder.

Achieving labor market success is often difficult for low-income families because they frequently face one or more key barriers to getting a better job, staying employed, and advancing their careers. Those barriers include: 1) a lack of basic educational competencies and occupational skills necessary to obtain well-paying jobs; 2) a lack of well-paying job opportunities; and, 3) a lack of public policies that support and reward work. Education and training policies create access to education and training opportunities, economic development policies create access to more well-paying jobs, and work support policies create access to key work-enabling benefits such as health care, early care, and housing.

A public policy strategy that addresses each of these policy areas provides a comprehensive approach to helping low-income individuals achieve greater labor market success and thus ultimately economic self-sufficiency.

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New Education and Training Policies

Again, education and training policies focus on creating access to quality education and training opportunities for low-income adults who often have low levels of educational attainment and thus find it difficult to obtain well-paying jobs.

Temporary Employment Assistance (TEA)

ACT 1306 allows vocational and post-secondary education activities alone to satisfy a Temporary Employment Assistance (TEA) participant's required work activity for up to 24 months, so long as allowing this does not compromise the state's ability to meet the state's federal work participation rate. As long as a TEA

participant is engaged in education activities for the number of hours required to count toward the federal work participation rate, which is 20 or 30 hours per week depending on family make-up, then the participant will not be required to do any other work activity. Prior to this policy change, TEA participants may have been required to combine education and work for over 30 hours per week. Act 1306 promotes enrollment in and completion of vocational and post-secondary education. This Act also establishes new outcome measures for TEA participants, including the number of participants earning above 100% and 200% of poverty. The Act allows exempts TEA participants from work activities for 12 months, if they have a child less than one year of age and they actively participate in a quality early education program that requires parental involvement and training.

Workforce Investment Act (WIA)

ACT 1204 requires the Arkansas Workforce Investment Board (AWIB) and the state Adult Education program to create a committee to study the integration of adult education services into the Workforce Investment Act (WIA) workforce centers system and to make recommendations to improve service integration. Adult education services are a key first step in improving the skills of relatively low skilled adults and preparing them for further training. Therefore adult education services must be fully integrated into the WIA system of workforce centers for the centers to be able to provide effective training to relatively low-skilled WIA participants. The committee will begin its work in fall 2003.

ACT 1758 reduces the size of the AWIB to 15 members to be appointed by the Governor. This eliminates many of the mandatory groups that were previously required to be members, for example, groups representing labor and training providers. The legislation also requires local WIB minority membership to be proportional to the minority population of the community at large.

Post Secondary Education

ACT 1796 created the Arkansas Workforce Improvement Grant which provides scholarships to working adults who are at least 24 years old, demonstrate financial need, have been accepted at an institution approved by the Department of Higher Education to pursue a baccalaureate or associate degree or credit certificate, and are enrolled for at least three credit hours. This program will help many low-income students that are ineligible for Pell grants for various reasons. The maximum grant amount is \$1,800 per semester. \$500,000 was appropriated for this program.

ACT 1746 amends the Minority Teacher Scholarship Program by lowering the eligibility GPA to 2.5, establishing a selection process for students with a lower GPA, and reducing teacher time in critical need areas after graduation from two to four years.

ACT 1045 allows state funded colleges and universities to waive up to 25% of the tuition cost for members of the Arkansas Army and Air National Guard who participate in the Arkansas National Guard Tuition Assistance Plan. The Arkansas National Guard Tuition Assistance Plan covers the remaining 75% of tuition costs.

ACT 828 requires the University of Arkansas for Medical Sciences (UAMS) to give additional consideration to individuals from medically underserved populations for admission to medical school. The University of Arkansas will develop rules and resources for Area Health Education Centers to identify and recruit potential medical school candidates.



ACT 1006 permits a person who has been convicted of a felony or a misdemeanor to complete a GED or vocational training program that has been approved by the courts as a condition of a suspended sentence or probation.

ACT 84 creates the Nursing Student Loan Revolving Fund, which provides loan forgiveness and financial aid to nursing students. To be

eligible for a loan, a student must: be enrolled in or accepted in an approved school of nursing program to become a RN or LPN, have an unmet financial need, and intend to practice nursing within the state. \$6,000 is the maximum amount that a person can receive and the Arkansas State Board of Nursing will administer the program. \$60,000 was appropriated for this fund, but private donations are also being raised.

K-12 Education

ACT 1272 requires that all Arkansas public schools participate in the public school choice program. Prior to this policy, schools elected to participate in this program. Act 1272 allows any student to apply through the Department of Education to attend a school outside of his/her school district. The department can accept or deny the transfer to the new district.

New Work Support Policies

Again, work support 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 early care. These supports enable individuals to work and to continue working to advance their careers.

Early Care

ACT 1332 creates The Better Chance for School Success Program, a quality Pre-K program for three- and four-year-old children with family incomes below 200% of poverty. Pre-K programs will be offered by any willing provider willing to abide by the Arkansas Better Chance (ABC) Core Quality Approval Standards of the Department of Education. Special emphasis and priority funding will be given to children living in school districts in academic distress or where more than 75% of students scored below proficiency on the primary benchmark exam during the past two years. Currently, this applies to 18 school districts in Arkansas.

ACT 272 continues the 3% excise tax on beer to fund child care services for low-income families. Eighty percent of the funds will be used to support the ABC program and the remaining 20% will be used to provide child care for non-TEA low-income working families. Since its inception, this tax has reduced the waiting list for subsidized child care from 9,000 children in 2001 to 1,734 as of July 2003.



ACT 28 requires the Department of County Operations at the Department of Human Services (DHS) to make available at least 11% or \$12 million of TANF funds for early care and education for TEA participants and low-income working parents. This policy, first instituted in 2001, also has reduced the waiting list for subsidized childcare.

Health Care

ACT 1044 creates the Arkansas Safety Net Benefits Program for uninsured adults. This creates a program to use nearly \$50-million in State Children's Health Insurance Program (SCHIP) funds to provide assistance to small employers to cover the costs of health insurance for their employees. The participating employers will provide the necessary matching funds to draw down the SCHIP funds. Before the program can be implemented the federal government must grant a waiver or authorization to actually implement the program.

ACT 555 provides the option of continuing ARKids coverage to individuals who on their 19th birthday are enrolled in a post-secondary education program. DHS must obtain a waiver from the federal government to implement the new law.

ACT 660 creates the statutory framework for the establishment of community-based health care access programs for uninsured and low-income working adults. This will apply to those persons having an income not exceeding 200% of the federal poverty guidelines. The goal of this law is to make health care more accessible to those who are uninsured. The programs are intended to be modeled after the Arkansas River Valley Rural Health Cooperative in Franklin, Logan, and Scott counties. This program has enrolled 90 participants to-date, and is a collaborative effort between the enrollees, local health care providers, and community leaders. Enrollees pay a fee to the program and a co-payment for medical treatment. Health care providers file a claim with the program and agree to charge the Medicare fee schedule for procedures and visits.

ACT 676 revises the definition of “general practice” for the Rural Medical Practice Loan program to include general surgery and allows recipients of the loan to complete up to four years of additional training after they have received their degree before beginning to repay the loans.

ACT 1220 creates a Child Health Advisory Committee to coordinate statewide efforts on childhood obesity and related illnesses. The Arkansas Department of Health and the Department of Education will form a 15 member Child Health Advisory Committee responsible for developing nutrition and physical activity standards and policy recommendations. The committee will be comprised of representatives from various state organizations, including the Arkansas Department of Health and the Department of Education.



Housing

ACT 1340 creates the Arkansas Home Loan Protection Act, which limits a borrower’s prepayment penalty; ensures that a borrower talks to a loan counselor before taking out a high-cost loan; and, bans the financing of credit insurance policies. This law is intended to eliminate the extra fees and excessive interest rates some mortgage companies impose on low-income and older Arkansans, which can make it more difficult for them to pay their monthly mortgage payments.

ACT 624 requires municipalities to allow manufactured homes on individually owned lots in at least one or more residential districts or zones within the municipality. The legislation prohibits municipalities from excluding manufactured homes to mobile home parks, subdivisions, or land lease communities, which will help improve the quality and maintain the value of mobile homes.

ACT 120 created the Alternative Fuels Fund and Weatherization Assistance Fund. The Weatherization Assistance Fund will for the first time provide revenue generated from within the state to expand the weatherization assistance program. All residential customers of Entergy can volunteer to pay no more than \$1 a month into the Fund to expand weatherization programs. It is estimated that residents of more than 178,000 homes are eligible for weatherization services, and Act 120 is expected to more than double current efforts. The Alternative Fuels Fund will be used to finance and research alternative fuels.

DHS will administer the funds and make grants available to local governments and nonprofit organizations. The legislation required that DHS report to Legislative Council every year on the type and number of families assisted, the geographic breakdown, and the results of the program.

In 1976, the Weatherization Assistance Program was established to assist low- income residents in creating energy-efficient, safe, and healthy homes. Since the beginning of the program more than 58,000 homes in Arkansas have been weatherized. The program consists of weather-stripping of doors and windows; caulking and sealing of



cracks and holes; insulating attics, walls, and floors; installing storm windows; repairing and retrofitting of furnaces; the detection of leaking gas, and other home improvements. The program is administered by DHS, Office of Community Service and operated by the local community action agencies around the state.

Taxes

ACT 38 adds an additional \$.25 tax on a pack of cigarettes; a 7% tax on all other tobacco products; and, and a 3% surcharge on income liability for both individuals and corporations. Act 38 was passed to deal with the state's budget shortfall.

ACT 645 aligns Arkansas' estate tax with the recent federal estate tax cut by phasing in an increase in estate values that are subject to estate tax in accordance with the federal phase-in.

ACT 1724 repeals the Working Taxpayer Credit, which provided a credit for federal Social Security taxes paid by working taxpayers in Arkansas.

New Economic Development Policies

Economic development policies can shape the number and kinds of jobs that are retained or created in the state. Such policies are critical to helping working families obtain jobs that provide an income above the poverty level.

ACT 1814 requires state agencies to give consideration to minority owned businesses in state contracting for goods and services.

ACT 182 changes the state's major tax incentive programs to include: 1) a new job creation tax credit based on total payroll instead of average wage; 2) a new sales and use tax refund program for targeted businesses; 3) a new payroll rebate program that is tied to a new county ranking system; 4) a new research and development tax credit, and; 5) a new transferable tax credit for targeted businesses. All these changes are tied to a new ranking system for counties that provides greater incentives for higher poverty counties.

ACT 1751 allows the state to issue state bonds to fund development projects related to attract major industry (super projects).

Other Laws Impacting Low-Income Arkansans

Voting

ACT 269 establishes uniform early voting rules for all counties, requiring early voting from 8 a.m. to 6 p.m. on weekdays and from 1 p.m. to 4 p.m. on the last two Saturdays before an election. It also allows counties to expand the sites for early voting.

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