



Policy Points

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2005 Legislative Session Highlights: New Laws Affecting Low-Income Families in Arkansas

The 2005 regular session of the Arkansas General Assembly adjourned in May after 94 days and passage of 2,325 bills that became law. This issue of Policy Points highlights new laws that will have particular impact on low-income families and other laws that while noteworthy will need to be strengthened in the future.

The laws are grouped into five categories:

- Higher Education
- Early Childhood Education
- Workforce Development
- Taxation/Financial Services
- Long-Term Care/Nursing

The effective date of each law or the major provisions of each law is listed in parentheses. Laws generally take effect 90 days after the Legislature's adjournment without a clause specifying an earlier effective date. For laws dealing with taxes, the effective date is linked with the tax year for which the changes first apply.

Higher Education

Act 2124 (July 1, 2005) is the appropriation for the Department of Higher Education for the next two fiscal years—July 1, 2005, through June 30, 2007. Particularly noteworthy is the law's appropriation of \$3.71 million in each of the two fiscal years for Workforce Improvement Grants. This is a significant increase from the \$500,000 appropriated in each of the last two fiscal years.

The Workforce Improvement Grant 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 post-secondary certificate or degree and are enrolled for at least three credit hours. The grants are

awarded through the institution the student attends, so potentially eligible students should ask their financial aid office about eligibility.

Act 2129 (August 12, 2005) increases the grant amounts available to each student under the Arkansas Workforce Improvement Grant Program. The annual grant increases to \$2,000 (from \$1,800) per academic year or cost of tuition at the institution, whichever is less. The maximum total grant increases to \$8,000 (from \$7,200).

Act 82 (August 12, 2005) amends the National Guard Tuition Assistance Plan tuition waiver to pay up to \$200 per credit hour and up to \$4,000 per year. Previously, the program paid up to \$1,000 per semester for a full-time student. The changes to the waiver take effect August 12.

The waiver is limited to National Guard soldiers in good standing and serving in a critical skill identified by the Adjutant General of Arkansas. It may be used for undergraduate studies only. Recipients must be active drill members and must be enrolled as full-time students at an approved Arkansas institution.

Act 82 is funded at \$500,000 each of the next two fiscal years under Act 2124 (see above), the Department of Higher Education appropriation law.

Act 85 (February 8, 2005) allows students at state-supported colleges and universities who are called into military action to get compensation for costs associated with coursework not completed. To be eligible, students must provide, before activation or deployment, an original or official copy of the military activation or deployment orders to the institution at which they are enrolled.

Students may choose from one of three compensatory options: (1) A complete refund of tuition and general fees that are assessed against all students at the institution; (2)

At least one year to complete the course work after the student's deactivation; or (3) Free tuition for one semester at the institution where the student's attendance was interrupted, unless federal aid is made available to compensate the student for the resulting monetary loss. Federal aid doesn't include Pell Grants, other federal grants, or other monetary benefits paid to the student directly or at the student's direction.

Act 1241 (March 24, 2005) provides an Arkansas Governor's Scholarship (valued at \$4,000 per year) to a qualifying student in each of Arkansas' 75 counties, contingent on available funding. Previous law guaranteed 25 such scholarships per year. The increase applies to students receiving their initial awards beginning in the fall 2005 semester.

Acts 2011/2214 (April 13, 2005) amend the income eligibility requirements for the Arkansas Academic Challenge Scholarship Program and increase the amount of the scholarship, effective with awards made for the 2005-06 academic year.

Freshman year awards are now up to \$2,500; sophomore year awards, up to \$2,750; junior year awards, up to \$3,000; and senior year awards, up to \$3,500. Each award was increased by \$500 per year.

Income eligibility for the awards also was modified for students graduating from an Arkansas high school after December 31, 2004.

An applicant whose family includes one child can have an average family adjusted gross income over the previous two years of up to \$60,000 at the time of application to the program. The limit is \$50,000 for students who graduated before December 31, 2004.

An applicant whose family includes two children can have an average family adjusted gross income over the previous two years of up to \$65,000 at the time of application to the program. The limit is \$55,000 for students who graduated before December 31, 2004.

An applicant whose family includes three or more children can have an average family adjusted gross income over the previous two years of up to \$70,000 at the time of application to the program. For families with more than three children, an additional \$5,000 per year is allowed for each additional child. The limit is \$60,000, plus the \$5,000 per additional child provision, for students who graduated before December 31, 2004.

Any applicant whose family includes more than one child enrolled full time at an approved institution of higher education is entitled to an additional \$10,000 of adjusted gross income for each child enrolled full-time at an

approved higher education institution when the Department of Higher Education calculates financial need.

Act 2127 (August 12, 2005) provides free tuition at state-supported institutions of higher education and technical institutes for children of disabled veterans. A disabled veteran is defined in the law as a person who has been awarded special monthly compensation by the federal Department of Veterans Affairs for service-connected, 100 percent total and permanent disability.

Act 1232 (August 12, 2005) contains two provisions of note. The first is an income tax credit to specific types of employers for tuition paid for training or courses at Arkansas accredited institutions of post-secondary education completed by employees that aid in improving job skills.

Previous law provided the tax credit for tuition reimbursement to employees, not specifically for tuition directly paid by the employer on behalf of the employee. Act 1232 provides that employers must document that the employee successfully completes the course to qualify for the income tax credit. The income tax credit is equal to 30 percent of the cost of tuition reimbursed or paid on behalf of a full-time, permanent employee.

The second provision of note is the Technical Careers Student Loan Forgiveness Program, which encourages Arkansas graduates to stay in the state and receive student loan forgiveness for each year they are employed by an Arkansas company in a high-demand field. The yearly amount for each student's loan forgiveness can't exceed the maximum yearly amount allowed under the Arkansas Academic Challenge Scholarship Program.

Eligible students can participate in the loan forgiveness program for a maximum of four years for a bachelor's degree or its equivalent; two years for a master's degree; four years for a Ph.D.; six years for a bachelor's degree and a master's degree, or a master's degree and a Ph.D.; or nine years for a bachelor's degree, master's degree and a Ph.D.

Act 1256 (August 12, 2005) authorizes publicly supported institutions of higher education to provide additional consideration in college admissions for individuals from medically underserved areas who are interested in pursuing a nursing or other health care career.

Additional consideration may include, among other things, offering programs to prepare identified nursing and other health care candidates from rural, medically underserved areas for meeting admission requirements to postsecondary nursing programs.

Act 1468 (August 12, 2005) aims to expand the opportunities for nurses to receive graduate education through

Advanced Nursing Practice/Nurse Educator Loans, as part of an effort to address the nursing shortage, particularly in rural areas.

Recipients of such loans must sign a binding contract to agree that upon completion of a graduate degree in nursing and upon national certification, they will practice as an advanced nursing practitioner full time in an Arkansas rural community or the Department of Health. Rural communities are defined in the law as having a population of no more than 15,000 people according to the most recent federal census.

For each continuous whole calendar year of advanced nursing practice, the state Board of Nursing will convert the full amount of one year's loan, plus accrued interest, into a scholarship grant. The scholarship grant will be converted back to a loan if the recipient doesn't engage in nursing practice as required under the terms of the original loan contract.

Noteworthy-But Not Quite There Yet

Act 1973 (tax years beginning on or after January 1, 2005) provides that contributions to the Arkansas Tax-Deferred Tuition Savings Program may be deducted from a taxpayer's adjusted gross income for the purposes of calculating Arkansas income tax. Deductible contributions are capped at \$5,000 per taxpayer, per tax year.

Deducted contributions are subject to recapture by the state if the taxpayer makes a subsequent nonqualified withdrawal from the account or rolls the account over to a tax-deferred tuition savings program established by another state or institution.

Act 1973 potentially benefits some low-income families who might have enough savings to make investing in the Arkansas Tax-Deferred Tuition Savings Program. However, the majority of low-income families do not have enough savings. To make the Tax-Deferred Tuition Savings Program more accessible and appealing to low-income families, the state should consider providing a match for contributions made by low-income families. A match will provide an incentive for low-income families to participate, and make their participation worth while in terms of yielding enough savings to actually cover tuition costs for a four-year degree. Several states, including Louisiana, have a match policy.

Early Childhood Education

Act 2188 (June 30, 2005) continues the 3 percent excise tax on beer to fund child care services for low-income families. Originally enacted in 2001, and extended in 2003, the tax was further extended by Act 2188 through June 30,

2007. Act 2188 includes a provision requiring the state to use general revenue to replace the money generated by the beer tax if the Legislature in 2007 does not again extend the tax.

The tax brings in about \$8 million a year. Eighty percent of funds from the beer tax support the Arkansas Better Chance for School Success Program for 3- and 4-year-old children with family incomes less than 200 percent of the federal poverty level. The remaining 20 percent is used to provide child care for low-income families not in the state's Transitional Employment Assistance Program.

Workforce Development

Act 1705 (various effective dates) implements several significant changes in the scope and focus of Arkansas' Transitional Employment Assistance Program. Funding for the new initiatives will come from the state's federal welfare reform funding and bonuses. The new law's major organizational change shifts responsibility for the state's welfare reform program from the state Department of Human Services to the Department of Workforce Services (formerly known as the Employment Security Department).

The major initiative in Act 1705 is **Arkansas Work Pays**, which will provide an additional two years of cash assistance to eligible former Transitional Employment Assistance (TEA) recipients. Work Pays will provide \$204 a month in cash assistance—plus assistance with child care, transportation and other expenses—for up to 3,000 families after the families no longer receive regular TEA checks.

To qualify for Arkansas Work Pays, participants must have custody or responsibility for at least one minor child, be engaged in paid work activities for at least 24 hours a week and meet federal work participation requirements.

Work Pays participants must have incomes below the federal poverty level, which this year is \$16,090 annually for a mother with two children. Work Pays is expected to start July 1, 2006, and the state will spend an estimated \$26 million annually on the program.

Another key initiative in Act 1705 is the **High Wage and Training Initiative**, which incorporates the existing State Pathways Initiative funded by the TEA Board in February 2005. Under the State Pathways Initiative, the state will spend about \$8 million a year for two years to support the development and implementation of career pathways programs at eleven two-year colleges. Career pathways programs represent a unique post-secondary training service delivery model, one that addresses the unique challenges low-income adults face in terms of successfully completing post-secondary training. Career pathways programs provide

training in local high-demand occupations and career fields, in addition to intensive counseling and supplemental services such as child care and transportation assistance. Former and current TEA recipients, Medicaid and food stamp recipients, and any individual with a child younger than 21 and a family income less than 200 percent of the federal poverty level is eligible for the State Pathways Initiative. Potentially eligible students should contact their local two-year college.

Act 1705 also creates the Community Investment Initiative to contract with private, community and faith-based organizations that offer programs to improve outcomes for youth; improve parenting and family functioning; improve fatherhood skills; and provide job training for former prisoners.

Taxation/Financial Services

Act 675 (tax years on and after January 1, 2005) excludes for the purpose of computing Arkansas income tax liability any child care benefits provided to members of the United States military.

Act 2166 (August 12, 2005) regulates reverse mortgage transactions, which are nonrecourse loans secured by a borrower's principal residence that provide cash advances to a borrower based on the amount of equity in the borrower's residence and require no payment of principal or interest until the entire loan becomes due and payable. The law, among other things, requires that lenders provide a "plain language statement" about the terms of the loan and applies to loans executed on or after January 1, 2006.

Long-Term Care/Nursing

Act 1184 (August 12, 2005) sets minimum training hours for nurse aide training programs. Programs must provide at least 90 clock hours of training, including at least 15 clock hours of training specific to Alzheimer's and related dementia. The training program will take effect only if funds are available and will be known as the Barbara Broyles Training Program, after the late wife of University of Arkansas Athletic Director Frank Broyles. Barbara Broyles passed away in 2004 after suffering from Alzheimer's.

Act 1423 (August 12, 2005) authorizes the use of "medication assistive persons" in designated health care facilities to facilitate improvement in the quality of patient care by creating more time for nurses to conduct patient assessments, evaluations and treatments. The new law also aims to ensure that patients receive medication in the most efficient and timely manner, and to improve nursing staff retention in a time of severe nursing shortages across the state.

The State Board of Nursing will set minimum certification standards and curricula for medication assistive persons. Among other things, applicants to be certified as medication assistive persons must be listed in current good standing on the state's certified nurse aide (CNA) registry; have successfully completed a medication assistive person training course of at least 100 hours approved by the Board of Nursing; and have successfully passed tests and other screening processes approved by the Board.

The administering of medication by a medication assistive person shall be limited to prescription and nonprescription medication ordered by an authorized prescriber. Medication assistive persons can't, among other things, calculate drug dosages, order initial medications, or perform treatments.

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