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**Arkansas' Working Poor Families:
An Assessment of Conditions and
Policies to Support Economic
Self-Sufficiency**



Building communities. Changing lives.



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Executive Summary

In August 2003, Southern Good Faith Fund's Public Policy program released a report that presented data on the status of Arkansas' working families. That report, titled *Continuing the Investment in a Competitive Workforce and a Brighter Economic Future for Arkansas: A Policy Agenda for Investing in Arkansas' Working Families*, also made a range of policy recommendations to improve these families' lives.

This updated report begins by taking a look at newer data to determine the areas in which Arkansas is making progress and the areas where Arkansas still needs to make improvement—and when national data is available, compares Arkansas' performance to that of neighboring states and all 50 states.

The latest available data shows that while Arkansas' working families are making progress in some areas, the progress in many cases is minimal. In other areas, Arkansas is falling behind where it was in the 2003 report.

Nearly four in 10 Arkansas working families (39 percent) were considered low-income in 2005— meaning they are employed but earned less than double the federal poverty threshold, a fairly accurate measure of what it takes to meet a family's basic needs for housing, food, clothing, health care, transportation, and child care. More than one in 10 Arkansas working families (11 percent) had incomes that were officially below poverty in 2005—which means meeting basic needs is an even greater challenge. “Working poor families” is the term often used to describe families in these income ranges.

Arkansas in 2005 had the third-highest percentage in the nation of low-income working families—a mixed measure of progress from 2000, when Arkansas had the second highest percentage of low-income working families but a lower percentage (38 percent).

Arkansas made some progress in the measurement of its poorest working families, improving to having the nation's 10th highest percentage of working families in poverty in 2005 from having the fourth-highest percentage in 2000. The percentage of poorest families also decreased slightly from 2000, when it was 12 percent.

One of the particular challenges of the poorest Arkansas working families is that nearly half (49 percent) had at least one parent who lacked health insurance coverage in 2005. This was a slight improvement from 2000, when 53 percent of these families in Arkansas fit this category. Similarly, nearly seven in 10 of these families (69 percent) lacked affordable housing in 2005, compared with 75 percent in 2000. A lack of parental health insurance and unaffordable housing are two key barriers to families staying employed and meeting basic needs. Unfortunately, low-income working families are not doing much better on these measures of economic self-sufficiency.

In 2005, three in 10 Arkansas working families in poverty had at least one parent who didn't have the most basic educational credential—a high school diploma or a GED. This level of educational attainment makes it very difficult to earn a family-supporting wage. The lack of a high school diploma or GED is almost twice as common among adults in working poor families (27 percent to 30 percent) than among adults generally (16 percent.)

Arkansas' working poor families' conditions have improved since 2003. However, these families still face a variety of challenges to achieving greater economic security, not least of which is a lack of educational attainment.

Because improvements in educational attainment have proven to be a very successful strategy for improving income, the remainder of this report examines this particular strategy for helping working poor families achieve greater economic security. A recent study by the College Board found that median annual earnings are 29 percent higher for women and 30 percent higher for men who have received an associate's degree, compared with those who have received only a high school diploma. The median earnings premiums over a high school diploma jump to 60 percent for women and 65 percent for men who receive a bachelor's degree.

It must be noted that increased education is not only critical to improving incomes; it is critical to meeting the workforce needs of today's knowledge-based economy. By one estimate, Arkansas will face a shortage of 200,000 skilled workers over the next two decades even if high school graduation rates improve. So the imperative to improve the education of adults in Arkansas is economic as well as social.

The good news for Arkansas is that a more detailed view of adult educational attainment measures shows that that the state has made improvements on many measures. Despite these improvements, however, Arkansas is still ranked in the lower tier of states on most measures.

The percentage of adults in Arkansas 18 to 64 without a high school diploma or a GED decreased to 15.8 percent in 2005 from 19.9 percent in 2000. The percentage of adults in Arkansas 25 to 54 with an associate's degree or higher increased to 27.2 percent in 2005, from 24.2 percent in 2000.

Despite these improvements, Arkansas' rates of educational attainment are still among the lowest in the nation. More than half of Arkansas' working age adults—52 percent—have a high school diploma or GED or less. Of this population, 16 percent have less than a high school diploma or GED, and 36 percent have only a high school diploma or a GED. Just 27 percent have an associate's degree or higher; Arkansas ranks dead last regionally and next to the bottom nationally in this critical measure of educational attainment.

Clearly, many adults in Arkansas need opportunities to improve their education and training. Such opportunities are critical to improving the incomes and ultimately the economic self-sufficiency of these adults and the families they support.

Given this need, the later sections of this report examine how well Arkansas' key education and training programs are providing education and training opportunities to adults, particularly low-income adults. Later sections also analyze how well state policy is maximizing these programs' potential to provide such opportunities, and make recommendations for changing state policy to better maximize the opportunities these programs provide.

The key programs examined include postsecondary institutions; the Workforce Investment Act (WIA) program; the Temporary Assistance for Needy Families (TANF) program; and the adult education program.

A performance and policy analysis of each of these programs showed some significant strengths. It also indicated room for improving the education and training opportunities these programs are providing adults in Arkansas. Key areas for improvement include:

- The enrollment, retention, and completion rates at Arkansas' postsecondary institutions are low relative to the national average and most states in the region.
- Tuition is becoming less affordable for Arkansas' lowest-income families and access to state need-based financial aid is low relative to many states.
- The WIA program could be spending more resources on education and training services.
- The TANF program is offering substantial educational and training opportunities, given the recent creation of the Arkansas Career Pathways Initiative and increased funding for Individual Development Accounts (IDAs), but these efforts need to be sustained.
- The adult education program is reaching only a fraction of the adult population in need of such services, and there could be more emphasis on helping those students who are enrolled transition to postsecondary training.

To address these challenges and better maximize the education and training opportunities that these programs provide, the following policy recommendations are offered:

- **Increase funding for the Workforce Improvement Grant (WIG) program.** WIG targets adult students 24 and older with unmet financial aid need who are not served by either of the state’s two primary need-based financial aid programs—the GO! Opportunities Grant and the Academic Challenge Scholarship. WIG is funded at a relatively modest \$3.7 million annually.
- **Extend need-based financial aid to young adults who have been out of high school for more than a year but are younger than 24.** Because WIG only reaches adults 24 and older, and the state’s other two primary need-based aid programs reach young adults recently out of high school, there is a critical gap in need-based financial aid eligibility. The fact is, there is very little need-based financial aid for young adults ages 19 through 23.
- **Provide incentive funding for high performance in remedial education.** Seventy-eight percent of first-time students entering Arkansas’ two-year colleges require at least one remedial course, and these students have a lower completion rate (24 percent) than students who do not take remedial courses (29 percent). Given that the overwhelming majority of two-year college students take remedial courses and that such courses clearly present a barrier to completion, the state should provide incentives for improved performance in remedial education.
- **Require that at least 50 percent of state Workforce Investment Act (WIA) funds for adult services be spent on training services.** Increasing Arkansas’ percentage of WIA funding for adult services that is spent on training to at least 50 percent, as some states have mandated, would further maximize the education and training opportunities provided under WIA.
- **Establish a uniform policy or methodology for local Workforce Investment Boards (WIBs) to determine when WIA adult services funds are limited so that such funds can be consistently and fairly allocated to low-income participants.** WIA requires local WIBs to determine when funds for adult intensive and training services are limited and target those funds to WIA participants determined to be most in need of such services, including low-income participants. This policy would help ensure that limited WIA funds are spent on those most in need of services consistently by all local WIBs.
- **Continue to fund the Arkansas Career Pathways Initiative (ACPI) and the state Individual Development Account (IDA) program at current levels using Temporary Assistance for Needy Families (TANF) funds.** ACPI and the recent \$1.2 million annual increase in IDA funding were initiated when Arkansas had a surplus of TANF funds. The state should budget carefully so both of these initiatives can continue at their current scale under normal TANF funding levels.
- **About 86 percent of adults without a GED or a high school diploma are not currently receiving adult education services.** Additional funding is needed to provide adult education services to these adults.
- **Provide funding for a state demonstration on adult education to college transition practices.** To improve the number of adult education students who transition to college, several states have initiated demonstration projects to provide local adult education programs with funding to develop practices deliberately aimed at encouraging adult education students to transition to college. Arkansas should adopt a similar demonstration. Several adult education programs in Kentucky and New England states have demonstrated the potential of transition practices. For more information on transition practices, see *The Next Frontier in Adult Education: Adult Education to College Transition Programs* (www.southernngff.org); *Transitioning Adults to College: Adult Basic Education Program Models* (www.collegetransition.org); *Strengthening State Adult Education Policies for Low-Skilled Workers* (www.workingpoorfamilies.org).

Introduction

Employment or paid work should provide economic self-sufficiency—the ability to provide for one's family without outside support. This is one of America's fundamental beliefs, and it is this opportunity that attracts many to make their home in the United States.

This report examines the working adult population in Arkansas, particularly those who have children and do not earn enough to meet their family's basic needs for housing, food, transportation, health care, and child care. "Working poor families" is the term often used to describe this population.

Data in this report indicates that a substantial number of working families in Arkansas are living below the federal poverty threshold, and many more have very low incomes, meaning their income is less than double the federal poverty threshold. Double the federal poverty threshold is a much more realistic measure of what it takes to meet a family's basic needs.¹

This report examines recent data and data from a similar 2003 report to identify trends in income and other conditions facing working poor families. The data indicates that these families have made progress but still face numerous challenges to achieving economic self-sufficiency. A particular challenge facing working poor families in Arkansas is that such families often include adults with low levels of educational attainment. In fact, the lack of a high school diploma or GED is almost twice as common among adults in working poor families (27 percent to 30 percent) than among adults generally (16 percent).

Numerous studies have documented the strong positive correlation between increased educational attainment and increased earnings. Median annual earnings are 29 percent higher for women and 30 percent higher for men who have received an associate's degree, compared with those who have received only a high school diploma. The median earnings premiums over a high school diploma jump to 60 percent for women and 65 percent for men who receive a bachelor's degree.²

Given that increased educational attainment has proven to be an effective strategy for improving incomes, the later sections of this report focus on this particular strategy. These sections assess the performance of the state's key adult education and training institutions and programs in terms of providing education and training opportunities for adults. Those programs include postsecondary institutions, the Workforce Investment Act (WIA) program, the Temporary Assistance for Needy Families (TANF) program, and the Adult Education program. Whether state policy related to these institutions and programs is maximizing their potential to provide education and training opportunities to adults in Arkansas is also assessed. Finally, state policy recommendations to better maximize the opportunities these programs provide are offered.

It should be noted that access to education and training opportunities is not only critical to improving family incomes; it is critical to meeting the state's needs for a skilled workforce. Like many states, Arkansas is facing a shortage of skilled workers—200,000 by 2020 according to one estimate.³ The knowledge-based economy and certain demographic shifts, particularly the aging of the working age population, are driving this trend. States like Arkansas must increase the education and training of the workforce to meet this important economic challenge.

Working Poor Families in Arkansas: Doing Better but Still Struggling

While Arkansas' working poor families have made some progress toward greater economic self-sufficiency in recent years, a sizeable number still struggle to meet basic needs.

The tables below offer a snapshot of how well Arkansas' working poor families are doing with regard to various measures of economic self-sufficiency in 2005 compared with 2000. ⁴

Income

Working poor families are grouped into two categories for purposes of examining income: working families in poverty, and low-income working families.

A family is considered to be in poverty if their income falls below the U.S. Census Bureau's poverty threshold, which in 2005 was \$19,971 a year for a family of four. See Appendix A for more details on poverty thresholds by family size.

A family is considered low-income if their income is double the federal poverty threshold, which in 2005 was \$39,942 a year for a family of four. Double the poverty threshold offers a more realistic picture of the income a family actually requires to take care of basic needs, including housing, food, clothing, health care, transportation, and child care.

According to the table below, Arkansas' performance in 2005 compared with 2000 was mixed on these two indicators:

- The percentage of Arkansas working families in poverty decreased slightly, to 11 percent in 2005 from 12 percent in 2000. Nationally, the percentage of working families in poverty increased slightly, to 8 percent from 7.5 percent.
- The percentage of Arkansas working families who are low-income increased slightly, to 39 percent in 2005 from 38 percent in 2000. Nationally, the percentage of working families who are low-income also increased, to 29 percent from 28 percent.

Any decrease in the percentage of Arkansas families in poverty is a positive sign, but when nearly four in 10 Arkansans still fall below the more realistic threshold for just getting by, there is cause for concern.

Working Poor Families in Arkansas: Income

Data definition	Ark. 2005 (rank)	U.S. 2005	Ark. 2000 (rank)	U.S. 2000
Percentage of working families in poverty	11% (41)	8%	12% (47)	7.5%
Percentage of working families who are low-income	39% (48)	29%	38% (49)	28%

SOURCES: See Appendix A.

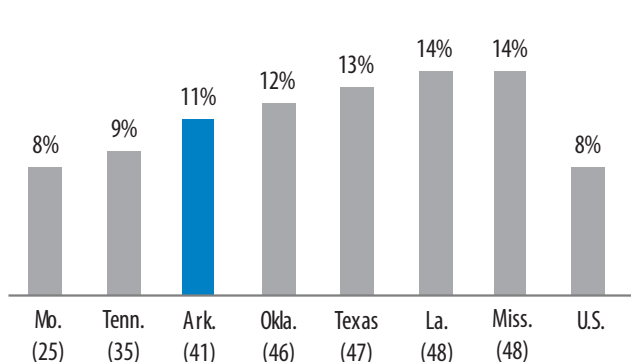
Comparing Arkansas' performance on these data measurements with its six bordering states—Louisiana, Mississippi, Missouri, Oklahoma, Tennessee, and Texas—is a useful means of putting the data in further context.

Arkansas' percentage of working families in poverty is lower than four of the seven states in the region (Louisiana, Mississippi, Oklahoma, and Texas). Missouri and Tennessee have lower working family poverty rates than Arkansas.

For working families who are considered low-income, however, Arkansas fares less well than most other states in the region, ranking 48th nationally with 39 percent of working families falling in this income range.

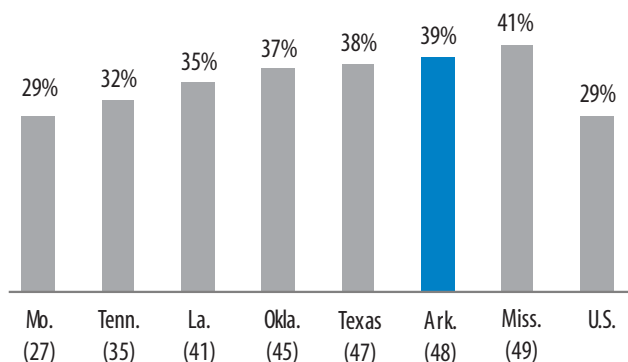
Percentage of working families in poverty

Parentetical rankings represent each state's national rank



Percentage of working families who are low-income

Parentetical rankings represent each state's national rank



SOURCE: Population Reference Bureau, analysis of 2005 American Community Survey

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Any decrease in the percentage of Arkansas families in poverty is a positive sign, but when nearly four in 10 Arkansans still fall below the more realistic threshold for just getting by, there is cause for concern.

Housing

A standard measure of housing affordability accepted by the U.S. Department of Housing and Urban Development is that housing should cost no more than one-third of a family's income. As the next table shows, the percentage of Arkansas working families in poverty who spend more than one-third of their income on housing decreased to 69 percent in 2005 from 75 percent in 2000. Nationally, the percentage of working families in poverty who spend more than one-third of their income on housing increased to 79 percent from 73 percent in 2000.

Working Poor Families in Arkansas: Housing

Data definition	Ark. 2005 (rank)	U.S. 2005	Ark. 2000 (rank)	U.S. 2000
Percentage of working families in poverty spending more than 1/3 of income on housing	69% (8)	79%	75% (32*)	73%
Percentage of working families who are low-income spending more than 1/3 of income on housing who are low-income	37% (2)	58%	NA	NA

SOURCES: See Appendix A.

* In 2000, the rankings were out of 49 states; there was no data for Alaska in this measurement.

The decrease in the proportion of Arkansas working families in poverty who spend more than a third of their income on housing is good news. But it is tempered by the fact that even with the decrease, nearly seven in 10 of these families still pay more than what the federal government considers a reasonable share of their income for housing.

Arkansas' showing in this measurement is the best regionally and the 8th best nationally. In Mississippi, 71 percent of working families in poverty spend more than one-third of their income on housing (9th out of 50 states), followed by Louisiana and Oklahoma (both 74 percent, ranked 17th); Missouri and Texas (both 76 percent, ranked 21st); and Tennessee (78 percent, ranked 27th).

The statistics for low-income working families are more encouraging, but still unacceptably high; 37 percent of these families in 2005 struggled to afford housing.

Health Insurance

The percentage of Arkansas working families in poverty with at least one parent without health insurance decreased to 49 percent in 2004-06, from 53 percent in 1999-2001. Nationally, this measurement increased to 49 percent, from 44 percent in the earlier period.

It is encouraging that Arkansas is showing progress in this measurement, especially given the lack of progress overall nationally. However, the fact remains that almost half of Arkansas working families in poverty include an adult who lacks health insurance coverage.

Arkansas, with a national rank of 27th, is in the middle of the range shown by the states in the region—faring better than Louisiana (56 percent, national rank 43rd); Oklahoma (69 percent, ranked 49th); and Texas (70 percent, ranked 50th). Arkansas fares worse in this measurement than Tennessee (39 percent, 15th nationally); Missouri (40 percent, 17th nationally); and Mississippi (44 percent, 20th nationally).

More than a third of low-income working families include an adult who lacks health insurance coverage, which indicates the challenge of affordable health insurance extends up the income ladder.

Working Poor Families in Arkansas: Health Insurance

Data definition	Ark. 2004-2006 (rank)	U.S. 2004-2006	Ark. 1999-2001 (rank)	U.S. 1999-2001
Percentage of working families in poverty with at least one parent without health insurance	49% (27)	49%	53% (39)	44%
Percentage of working families who are low-income with at least one parent without health insurance	37% (29)	39%	NA	NA

SOURCE: See Appendix A.

It is encouraging that Arkansas is showing progress in this measurement, especially given the lack of progress overall nationally. However, the fact remains that almost half of Arkansas working families in poverty include an adult who lacks health insurance coverage.

Education

The percentage of Arkansas' working families in poverty with at least one parent without a high school diploma or a GED decreased to 30 percent in 2005 from 42 percent in 2000. Nationally, this measurement also decreased, to 40 percent from 44 percent in 2000. Arkansas' low-income working families in 2005 included almost as many adults (27 percent) who lack a high school diploma or GED as did families in poverty.

Working Poor Families in Arkansas: Education

Data definition	Ark. 2005 (rank)	U.S. 2005	Ark. 2000 (rank)	U.S. 2000
Percentage of working families in poverty with at least one parent without a high school diploma or a GED	30% (19)	40%	42% (38)	44%
Percentage of working families who are low-income with at least one parent without a high school diploma or a GED	27% (25)	33%	NA	NA

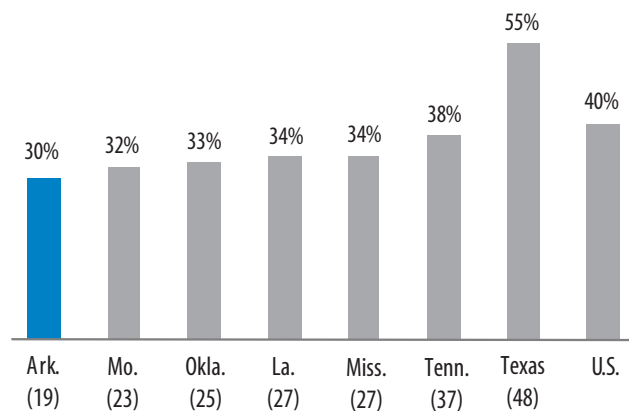
SOURCES: See Appendix A.

Although this trend suggests more working families in poverty are earning a high school diploma or a GED, a very positive trend, many such families still have low levels of educational attainment. Countless studies have shown that low levels of educational attainment, particularly a lack of a high school diploma, make it difficult to get a better-paying job in today's economy and achieve financial security.⁵

Arkansas fares best among the seven-state region in the percentage of working families in poverty with at least one parent without a high school diploma or a GED. Almost every state in the region fared better than the national average.

Percentage of working families in poverty with at least one parent without a high school diploma or a GED (2005)

Parenthetical rankings represent each state's national rank



SOURCE: Population Reference Bureau, analysis of 2005 American Community Survey

Summary

Comparing U.S. Census data from 2005 with data from 2000 indicates that on certain measures of economic self-sufficiency, Arkansas' working poor families have made some progress. Slightly fewer families have incomes below poverty, more families can afford housing, and fewer families have parents without health insurance. Also, fewer families include an adult without a high school diploma or a GED.

Despite this progress, Arkansas is still among the bottom of states in the proportion of working families who are in poverty (11 percent, a ranking of 41st) or have low-incomes (39 percent, a ranking of 48th). On the latter measure, the number of low-income families (those with incomes less than double the poverty threshold) actually increased to 39 percent in 2005 from 38 percent five years earlier. Almost four in 10 Arkansas working families still have difficulty taking care of basic needs, including housing, food, clothing, health care, transportation, and child care.

Moreover, large percentages of working poor families have at least one adult without health insurance and still struggle to afford housing.

Thirty percent of Arkansas' working poor families in poverty—and 27 percent of Arkansas' low-income working families—have at least one parent who doesn't have the most basic educational credential—a high school diploma or a GED. This level of educational attainment makes it very difficult to earn a family-supporting wage in today's economy.

Given that low educational attainment can be the single biggest barrier to higher incomes and ultimately economic self-sufficiency, the remainder of this report focuses on this particular issue.

An assessment of how well Arkansas' key education and training institutions and programs are providing education and training opportunities concludes this report, including policy ideas to improve such opportunities.

Thirty percent of Arkansas' working poor families in poverty—and 27 percent of Arkansas' low-income working families—have at least one parent who doesn't have the most basic educational credential—a high school diploma or a GED. This level of educational attainment makes it very difficult to earn a family-supporting wage in today's economy.

Adult Educational Attainment in Arkansas: A More Detailed View

In today’s knowledge-based economy, low levels of education and training make it difficult to find and keep a job that lifts a family out of poverty. As data presented previously indicated, a significant number of adults in Arkansas’ working poor families have low levels of educational attainment.

The table below provides a more detailed view of the adult educational challenge facing Arkansas by examining the educational attainment of all Arkansas adults.

Working Poor Families in Arkansas: Education

Data definition	Ark. 2005 (rank)	U.S. 2005	Ark. 2000 (rank)	U.S. 2000
Percentage of adults 18-64 without a high school diploma or GED	15.8% (39)	14.1%	19.9% (41)	16.5%
Percentage of adults 18-64 with only a high school diploma or GED	36.5% *	29.3%	35.9% *	29.2%
Percentage of adults 25-54 with associate’s degree or higher	27.2% (49)	37.9%	24.2% (49)	35.7%

SOURCES: See Appendix A.

*States are not ranked on this value because it is unclear whether a state with a high percentage is better or worse off than another state with a lower percentage.

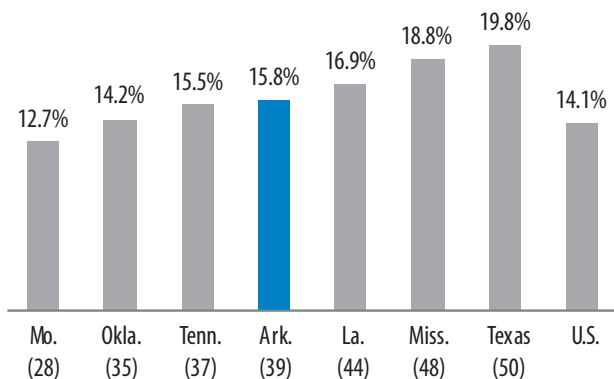
While Arkansas improved on most measures of adult educational attainment over the five year comparison period, the state still ranked in the lower tier of states in most of these measurements. Key findings include:

- The percentage of adults in Arkansas 18 to 64 without a high school diploma or a GED decreased to 15.8 percent in 2005 from 19.9 percent in 2000. Nationally, this measure also decreased, to 14.1 percent from 16.5 percent in 2000. The lack of a high school diploma is almost twice as common among adults in working poor families (30 percent) than among adults generally, suggesting this lower level of educational attainment is associated with poverty.

Arkansas fares better than Louisiana, Mississippi, or Texas in this measurement, but worse than Missouri, Oklahoma, or Tennessee.

Percentage of adults 18-64 without a high school diploma or a GED (2005)

Parenthetical rankings represent each state’s national rank



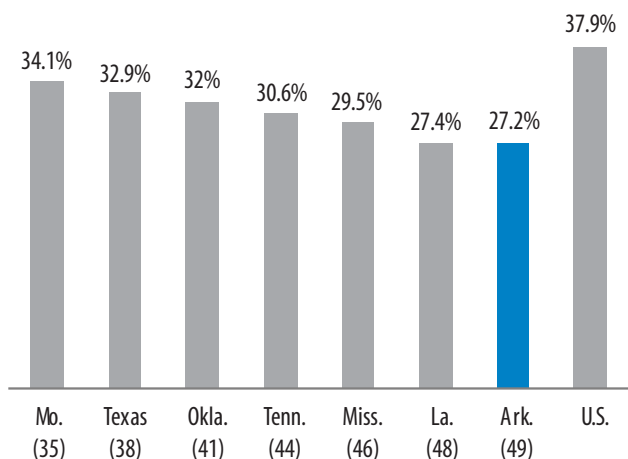
SOURCE: Population Reference Bureau, analysis of 2005 American Community Survey

- The percentage of adults in Arkansas 18 to 64 with only a high school diploma or a GED stayed roughly the same at 36.5 percent in 2005, compared with 35.9 percent in 2000. Nationally, the measurement also was fairly static—29.3 percent, compared with 29.2 percent in 2000.
- The percentage of adults in Arkansas 25 to 54 with an associate's degree or higher increased to 27.2 percent in 2005 from 24.2 percent in 2000. However, this increase was not significant enough to move Arkansas out of next to last place nationally in this measurement. Only West Virginia, at 25.9 percent, had a lower percentage than Arkansas of adults with at least an associate's degree. Nationally, the percentage of adults with at least an associate's degree increased to 38 percent from 36 percent in 2000.

Regionally, Arkansas is last on this measure:

Percentage of adults 25-54 with associate's degree or higher (2005)

Parenthetical rankings represent each state's national rank



SOURCE: Population Reference Bureau, analysis of 2005 American Community Survey

These findings make it clear that low levels of educational attainment are a challenge facing many adults in this state. To secure a job that provides an income that can support a family, many adults in Arkansas need access to quality education and training opportunities.

To this end, the remainder of this report examines how well the state is providing education and training opportunities for adults in Arkansas, and offers policy recommendations to expand such opportunities.

The lack of a high school diploma is almost twice as common among adults in working poor families (30 percent) than among adults generally, suggesting this lower level of educational attainment is associated with poverty.

Adult Education and Training Programs: Performance Analysis and Policy Recommendations

Like every state, access to education and training opportunities in Arkansas is largely provided by the state's two-year colleges and universities and three specific state programs: the Workforce Investment Act (WIA), Temporary Assistance for Needy Families (TANF), and adult education.

The following sections highlight key data on these institutions' and programs' performance in creating access to education and training opportunities for adults in Arkansas; assess whether state policy is maximizing the education and training these programs provide; and conclude with policy recommendations to help these institutions and programs educate and train this important population more effectively.

Postsecondary Institutions

Postsecondary institutions are a critical part of the infrastructure in every state for educating adults. Such institutions offer a variety of training, ranging from non-credit workforce training to vocational certificates and associate's degrees.

Performance Assessment

This section provides some measures of how well postsecondary institutions in Arkansas are performing in providing postsecondary training opportunities.

Enrollment

Despite mostly very positive trends over the comparison periods in terms of college enrollment, Arkansas still ranks near the bottom of all states on certain key measures of postsecondary enrollment.

Data definition	Ark. 2002 (rank)	U.S. 2002	Ark. 1998 (rank)	U.S. 1998
Percentage of high school freshmen enrolling in college	31% (39)	35%	39% (27)	40%
Data definition	Ark. 2005 (rank)	U.S. 2005	Ark. 2000 (rank)	U.S. 2000
Percentage of young adults 18-24 enrolled in postsecondary institutions	29.3% (45)	35.1%	26.6% (44)	31.4%
Percentage of adults 25-54 enrolled in postsecondary institutions	5.8% (35)	6.6%	4.1% (49)	6.2%
Data definition	Ark. 2004 (rank)	U.S. 2004	Ark. 2000 (rank)	U.S. 2000
Percentage of adults 25-44 enrolled at least part-time in postsecondary education	2.8% (46)	3.7%	2.7% (43)	3.6%

SOURCES: See Appendix A.

Key findings include:

- The percentage of high school freshmen in Arkansas enrolling in college decreased to 31 percent in 2002 from 39 percent in 1998. During the same period, the national average also decreased to 35 percent from 40 percent in 1998. Arkansas in 2002 ranked 39th among all states in this measure. Regionally, Arkansas scored lower than Missouri or Tennessee (both 33 percent, ranked 30th nationally), but higher than Texas (30 percent, 40th nationally); Louisiana or Mississippi (both 29 percent, ranked 45th nationally); or Oklahoma (28 percent, 48th nationally).
- The percentage of adults in Arkansas ages 18 to 24 enrolled in postsecondary institutions increased to 29.3 percent in 2005 from 26.6 percent in 2000. Nationally, this measurement also increased, to 35.1 percent from 31.4 percent in 2000. Arkansas ranked 45th among all states on this measure, and last regionally—the same as Tennessee. Scoring higher were Louisiana (33.3 percent, ranked 27th nationally); Missouri (32.6 percent, ranked 30th nationally); Oklahoma and Texas (both 32 percent, ranked 34th nationally); and Mississippi (29.8 percent, ranked 42nd nationally).
- The percentage of adults in Arkansas ages 25 to 54 enrolled in postsecondary institutions increased to 5.8 percent in 2005 from 4.1 percent in 2000. Arkansas' national rank improved to 35th from 49th in 2000. Nationally, improvement in this measurement was less substantial—an increase to 6.6 percent from 6.2 percent in 2000. Regionally, Arkansas ranked the same as Louisiana; lower than Oklahoma (6.6 percent, ranked 17th nationally) or Texas (6.4 percent, ranked 24th nationally); but higher than Mississippi or Missouri (both 5.7 percent, ranked 39th nationally), or Tennessee (5.1 percent, ranked 48th nationally).
- The percentage of adults in Arkansas 25 to 44 enrolled at least part-time in postsecondary education increased slightly to 2.8 percent in 2004 from 2.7 percent in 2000. Nationally, a similar slight increase was shown, to 3.7 percent from 3.6 percent in 2000. Arkansas ranked 46th among all states on this measure. Regionally, only Mississippi (2.4 percent, ranked 49th) and Tennessee (2.6 percent, ranked 47th) scored lower. Louisiana (3.1 percent, ranked 39th), Texas and Oklahoma (both 3.9 percent, ranked 16th), and Missouri (4 percent, ranked 13th) scored higher than Arkansas.

Retention and Completion

On certain measures of postsecondary retention and completion, Arkansas' performance has actually declined.

The percentage of first-year community college students in Arkansas returning the second year decreased slightly to 53 percent in 2004 from 55 percent in 2000. Nationally, the second-year return rate increased slightly to 53 percent from 52 percent in 2000.

Regionally, Arkansas (20th nationally) ranked lower than Mississippi and Tennessee (both 58 percent, ranked 7th) and higher than Missouri (51 percent, 27th nationally), Louisiana and Texas (both 49 percent, 40th nationally) and Oklahoma (47 percent, 46th nationally).

Data definition	Ark. 2004 (rank)	U.S. 2004	Ark. 2000 (rank)	U.S. 2000
Percentage of first-year community college students returning second year	53% (20)	53%	55%*	52%

SOURCES: See Appendix A.

* No comparable national ranks because just 43 states measured in 2000 data.

Trends are similar for several other key measures of retention and completion highlighted in the table below. Specific findings include:

- The percentage of full-time community college students obtaining a certificate/degree or transfer to a four-year college decreased to 28.9 percent in 2003 from 30.2 percent in 1999.
- The percentage of full-time community college students in remedial education moving ahead decreased to 24 percent from 25.3 percent in 1999. “Moving ahead” means completing a certificate or degree or transferring to a four-year university. This lower rate of completion for students taking remedial education courses is particularly concerning given the very high remediation rate (78 percent) among first-time students at Arkansas’ two-year colleges.

Data definition	Arkansas Fall 2003 cohort	Arkansas Fall 1999 cohort
Percentage of full-time community college students obtaining a certificate/degree or transfer to a four-year college within 3 years	28.9%	30.2%
Percentage of full-time community college students in remedial education moving ahead within 3 years	24%	25.3%
Data definition	Arkansas Fall 2006 cohort	Arkansas Fall 1999 cohort
Percentage of Students Enrolled in Community Colleges Requiring Remediation	78%	70.6%

SOURCES: See Appendix A.

Although no national data in these measures is available for comparison purposes, these completion rates are low, particularly in light of the fact that Arkansas has some catching up to do with most states and the nation in terms of the number of college graduates.

Policy Assessment

This section reviews whether Arkansas has policies that have been shown to improve access to and completion of college credentials, particularly for low-income adults, and assesses whether state policy related to postsecondary institutions in Arkansas is maximizing the opportunities available to adults to enroll in and complete postsecondary education. For a further explanation of each policy, including why a given policy increases access to education and training, see Appendix B.

Arkansas has many of the postsecondary policies this report identifies as helping to create access to and completion of postsecondary training among lower-income adults. The one policy Arkansas does not have in place is incentives for performance in remedial education. Given the high remediation rate and the low completion rate for remedial students noted in the previous section, such a policy should be considered.

The percentage of full-time community college students obtaining a certificate/degree or transfer to a four-year college decreased to 28.9 percent in 2003 from 30.2 percent in 1999.

State policy also influences both access to financial aid and tuition costs, particularly at public colleges. The amount of need-based financial aid a state provides is a strong indication of how well a state is providing access to college for lower-income students. Arkansas' need-based financial aid as a percentage of federal Pell Grant funding decreased to 22 percent in the 2005-06 school year, from 31 percent in the 1999-2000 school year. This means that for every \$1 in federal Pell Grant funding to students in Arkansas, the state in 2005-06 offered just 22 cents in need-based financial aid. Pell Grants are the federal government's main need-based financial aid program. This trend most likely is due to an increase in the amount of Pell grants received by Arkansas students, as there have been few changes in state need-based aid over the past few years that would be reflected in the available data.⁶

Policy to Increase Adults' Access to and Completion of College	Adopted in Arkansas?
State Funding Available for Short-term, Non-degree Career Classes	Yes
State Full-Time Equivalent (FTE) Resources Provided to Community Colleges to Support Non-Credit Career Classes	Yes
State Able to Monitor and Assess Progress/Completion of Community College Remediation Students	Yes
Community Colleges Receive State Incentives for Positive Performance in Remedial Education	No

Postsecondary Policy Indicators	Ark. 2005-2006 (rank)	Range among states 2005-2006	Ark. 1999-2000 (rank)	Range among states 1999-2000
State Need-Based Financial Aid as Percentage of Federal Pell Grant Funding	22% (28)	0%-95%	31% (22)	0%-132%
Percentage of income that poorest families need to pay tuition at lowest-priced colleges	18% (24)	6%-34%	17% (4)	16%-30%

SOURCES: See Appendix A.

Nationally, the range among states in 2005-06 was from 0 percent to 95 percent. Arkansas was one of 29 states where need-based financial aid as a percentage of Pell Grant funding decreased over the four-year period. Regionally, Arkansas' percentage and national ranking (28th) was higher in 2005-06 than Louisiana and Mississippi (both 1 percent, ranked 43rd nationally); Missouri (10 percent, 36th nationally); or Tennessee (16 percent, 31st nationally). However, Arkansas' percentage and ranking were lower than Oklahoma (25 percent, 25th nationally) or Texas (34 percent, 18th nationally).

Arkansas' performance in this measure likely will improve with the enactment of Act 1030 of 2007, which created the GO! Opportunities Grant Program. This program, effective with the 2007-08 school year, provides need-based scholarships of up to \$1,000 per year for students in lower income-families. The adjusted gross income limit is \$25,000 a year for a family with one child; for each additional child, a family is allowed an additional \$5,000 in income to qualify for the program.

The cost of tuition is another indication of how well a state is providing access to college, particularly for lower-income students. The percentage of income the poorest families need to afford tuition at the lowest-priced colleges increased to 18 percent in Arkansas in 2005-06 from 17 percent in 1999-2000. Nationally, the range among states in 2005-06 was from 6 percent to 34 percent.

Regionally, tuition affordability is the same as Arkansas in Missouri and Oklahoma. Tuition is more affordable in Texas (11 percent, ranked 3rd nationally), Louisiana (16 percent, 18th nationally) and Mississippi (17 percent, 19th nationally). Tuition in Tennessee (23 percent, 34th nationally) is less affordable than Arkansas.

Performance and Policy Summary

Rates of enrollment in Arkansas' postsecondary institutions have increased over the past five years for most categories of younger and older adults, which is very encouraging. Despite this progress, however, enrollment rates are still relatively low for both young adults and working-age adults and rank below the national average for both populations.

Furthermore, retention and graduation rates at Arkansas' two-year colleges, which enroll the bulk of older adult students statewide, are very low. The state must further address these challenges, in addition to the significant steps that have been taken recently such as the creation of the Arkansas Career Pathways Initiative.⁷

Arkansas must do better at enrolling both young and older adults in college and retaining and graduating all students who enroll if it is ever going to catch up with other states in the number of college graduates.

Compounding these challenges, Arkansas was one of 20 states in which tuition became less affordable for the poorest families over the six-year period of comparison. Arkansas was one of 12 states in which both the state's need-based scholarships as a percentage of Pell Grant funding decreased and tuition became more costly to the poorest families.

Recent increases not reflected in the data demonstrate that Arkansas is making progress in providing need-based financial aid. However, there are states that are providing significantly more.

Furthermore, a deeper analysis of Arkansas' financial aid programs shows that need-based aid is disproportionately available to younger adults—those transitioning to college within a year of high school graduation. Older adults in Arkansas have significantly less access to state need-based aid. In fact there is only one program serving adults exclusively—the Workforce Improvement Grant—and it is modestly funded.

Likewise, institutional aid—the aid provided directly to students by colleges—largely favors high achieving students rather than those most in need of assistance. A recent report by Southern Good Faith Fund highlighted these and other facts regarding Arkansas' financial aid programs.⁸ Arkansas must increase its commitment to funding need-based financial aid, particularly for adult students.

Finally, postsecondary policy in Arkansas is not providing incentives for two-year colleges to improve performance on remedial education. The vast majority of two-year college students enroll in remedial courses, and just 24 percent of students in remedial education move ahead within three years. This is particularly concerning given that the population of adult students at two-year colleges grew more than twice as fast as the population of younger students between 2001 and 2005.⁹ Improving performance in remedial education would be one way to improve student completion rates.

Arkansas must do better at enrolling both young and older adults in college and retaining and graduating all students who enroll if it is ever going to catch up with other states in the number of college graduates.

The above findings related to postsecondary institution performance and policy lead to the following policy recommendations, which again are aimed at increasing access to postsecondary education and training opportunities for adults, particularly lower-income adults.

Policy Recommendations

- **Increase funding for the Workforce Improvement Grant (WIG) program.** One relatively simple way to increase enrollment and ease the burden of rising tuition costs is to increase access to financial aid. The analysis in the previous section showed that financial aid that is both need-based and targets adult students is particularly lacking in Arkansas. The state's two largest need-based financial aid programs, the GO! Opportunities Grant Program and the Academic Challenge Program, target only traditional students – those transitioning from high school to college within a year of high school graduation. Lower-income adults who have been out of high school for more than a year are not eligible for either program. One program that does meet the needs of adults is the WIG program, which targets adult students 24 and older with unmet financial aid need. Over the next two fiscal years (2008 and 2009) WIG will be funded at \$3.7 million annually. This is a fraction of the annual funding for Academic Challenge (\$30.2 million a year in both fiscal years) or the GO! Opportunities Grant Program (\$7.2 million in fiscal 2008 and \$11.2 million in fiscal 2009).¹⁰
- **Extend need-based financial aid to young adults who have been out of high school for more than a year but are younger than 24.** Because WIG only reaches adults 24 and older, and the state's other two primary need-based aid programs reach young adults recently out of high school, there is a critical gap in need-based financial aid eligibility for younger adults ages 19 through 23. Some very limited aid is available for this population but students have to meet some very specific eligibility criteria such as being in the National Guard or pursuing certain high-demand training.¹¹ Extending access to need-based financial aid could be accomplished by lowering the age eligibility for WIG, raising the age eligibility for the GO! Opportunities Grant Program, or creating an entirely new program. No matter the mechanism, the state simply must extend access to need-based financial aid for young adults.
- **Provide incentive funding for high performance in remedial education.** In addition to expanding access to financial aid, student retention and completion rates could be increased by providing incentives for improved performance in remedial education. This report shows that the overwhelming majority of two-year college students take remedial courses, and that such courses clearly present a barrier to completion. Given that the population of adult students at two-year colleges grew more than twice as fast as the population of younger students between 2001 and 2005, such a policy could significantly impact the chances of college completion for adult students.

The state recently created a higher education performance incentive formula that rewards student retention and graduation. But the formula is not funded adequately and it does not address performance in remedial education directly. Additionally, the state recently revised its main higher education funding formula to provide two full-time equivalent resources (FTEs) for each remedial course. Most credit courses are funded at one FTE. The double funding provided for remedial courses arguably could be used to employ new technology or other resources to increase performance in remedial courses. Or it could provide an incentive to enroll students in remedial courses and prolong the amount of time they are enrolled. The outcome being encouraged, however, is certainly not clear.

Consequently, a more direct incentive is needed. As a direct incentive to increase the number of remedial students who complete their studies, some states provide additional funding to colleges that achieve high rates of completion among remedial students. Arkansas should consider such a policy. The recently created Arkansas Legislative Task Force on Higher Education, Remediation, Retention, and Graduation Rates has a unique opportunity to consider and recommend such a policy for Arkansas.

Workforce Investment Act

The Workforce Investment Act (WIA) is a federal workforce services program administered by every state. WIA represents one of the primary programs each state has to provide access to education and training opportunities for adults. How states choose to implement the program, however, can impact the degree to which the program offers such opportunities.

Performance Assessment

Reviewing measures of how well WIA in Arkansas is performing in terms of providing opportunities for adults to increase their education and training provides the following key findings:

- A large percentage of WIA exiters are receiving training services under WIA.¹² The percentage of exiters receiving training services significantly increased to 79 percent in 2005 from 32 percent in 2001, according to the Arkansas Workforce Investment Board. This is a very positive trend.
- The percentage of exiters receiving training relative to adults 18-64 without a high school diploma or GED also increased, to 0.60 percent from 0.11 percent over the same time period.

While both trends are encouraging, the fact remains that WIA is only able to serve a small fraction of the potential adult population most in need of training.

WIA Performance	Arkansas 2005	Arkansas 2001
Percentage of Exiters Receiving Training Services	79%	32%
Percentage of WIA Dollars Spent on Training	42%	38%
Percent of Exiters Receiving Training Relative to Adults 18-64 Without High School Diploma/GED	0.60%	0.11%
Adult Employment Retention Rate	91.7%	88.6%

SOURCES: See Appendix A.

Unfortunately, there is no national source of data on these measures to make comparisons to other states and to the nation.

Policy Assessment

A review of whether or not Arkansas has certain policies that improve access to education and training under WIA provides an assessment of whether state policy is maximizing WIA's potential to provide education and training opportunities to lower-income adults. For a further explanation of each policy, including why these policies increase access to education and training, see Appendix B.

WIA policy in Arkansas does mandate federal and state programs beyond those required by WIA to be formal partners in the workforce center system. State WIA policy does not include the host of other policies that could be put in place to maximize quality education and training opportunities for adults under WIA.

WIA Policies to Increase Access to Education and Training for Adults	Adopted in Arkansas?
State Mandates Federal and State Programs, Beyond Those Required By WIA, to Be Formal Partners in One Stop System	Yes
State Uses Alternative Funding Formula to Allocate Funds to Local Areas with Excess Poverty	No
Over 50 Percent of WIA Funds Dedicated to Training	No
State Has Policy for Determining When Local WIA Adult Funds Are Limited and Requires Local Workforce Investment Boards (WIBs) to Establish Priorities for Intensive and Training Services	No
State Established Training Provider Eligibility/Performance Criteria Beyond WIA Requirements and Include Data in Consumer Reports	No
State Requires Local WIBs To Provide Funds for Supportive Services	No

Performance and Policy Summary

In terms of performance, WIA is increasing the education and training opportunities it provides to adults in Arkansas. It appears to be operating near capacity as a provider of education and training opportunities based on how many adult exiters received training services. But there appears to be some capacity for greater emphasis on education and training at least from an expenditure standpoint. Only 42 percent of WIA adult funds were spent on training services in 2005.

WIA policy in Arkansas does not include many of the policies this report deemed positive for increasing access to education and training opportunities for adults. The most critical policies that could be adopted are most directly related to ensuring WIA is being maximized as an education and training program particularly for lower-income adults. To that end, the following policy recommendations are made.

Policy Recommendations

- **Require that at least 50 percent of WIA funds for adult services are spent on training services.** Increasing the percentage of WIA adult funds spent on training services to 50 percent would further maximize the education and training opportunities provided under WIA.
- **Establish a uniform policy or methodology for local Workforce Investment Boards (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 would help ensure that limited WIA funds are spent on those low-income adults most in need of services consistently by all local WIBs.

Temporary Assistance for Needy Families

Temporary Assistance for Needy Families (TANF) is another federal program administered by every state that can be used to provide access to education and training opportunities for adults, particularly lower-income adults. TANF is primarily an income support program for single parents, but it also can be, depending on how each state administers the program, an education and training program.

Performance Assessment

Assessing measures of how well TANF in Arkansas is performing in terms of providing opportunities for adults to increase their education and training provides some key findings:

- The percentage of TANF recipients in Arkansas enrolled in education and training decreased to 9.6 percent in 2004 from 10.7 percent in 2000. Nationally, the percentage of TANF recipients enrolled in education and training increased to 7.6 percent from 5.7 percent in 2000. In 2004, Arkansas' rank among all states was 20th. Regionally, Arkansas' percentage is lower than Oklahoma (15.8 percent, ranked 9th nationally), Louisiana and Missouri (both 11.7 percent, 14th nationally) but higher than Texas (5.2 percent, 35th nationally), Mississippi (4.2 percent, 43rd nationally), and Tennessee, which reported no TANF recipients enrolled in education or training and thus ranked 50th nationally.
- Arkansas' adult employment retention rate for TANF recipients decreased to 61.2 percent in 2004 from 63.8 percent in 2000. Nationally, the adult employment retention rate also decreased to 59 percent from 65 percent in 2000. Arkansas' rank among all states in 2004 was 24th. Regionally, Missouri (64.9 percent, ranked 11th nationally) and Texas (65.2 percent, 8th nationally) had higher rates than Arkansas. The majority of states in the region—Mississippi (56.8 percent, 37th nationally), Oklahoma (53.8 percent, 42nd nationally), Tennessee (52 percent, 44th nationally), and Louisiana (50.7 percent, 45th nationally) —showed lower rates.
- The percentage of TANF leavers in the December 2004 cohort earning higher than the federal poverty level was 12 percent, and the percent earning higher than double the federal poverty level was just 1 percent. Clearly, the overwhelming majority of those transitioning out of the TANF program are struggling to earn an income that supports a family. Arkansas recently began tracking the earnings of TANF exiters or leavers.

TANF Performance Data	Ark. 2004 (rank)	U.S. 2004	Ark. 2000 (rank)	U.S. 2000
Percentage of TANF participants enrolled in education/training	9.6% (20)	7.6%	10.7% (8)	5.7%
Adult employment retention rate	61.2% (24)*	59%	63.8% (25)	65.2%
Percentage of TANF Leavers Earning Above Poverty	12%	No national data source	Data not collected	No national data source
Percentage of TANF Leavers Earning Above 200% of Poverty	1%	No national data source	Data not collected	No national data source

SOURCES: See Appendix A.

* In 2004, the rankings were out of 49 states; California did not report its adult employment retention rate.

Policy Assessment

A review of whether or not Arkansas has certain policies that have been identified as policies that improve access to education and training under TANF provides some assessment of whether state policy related to TANF in Arkansas is maximizing TANF's potential to provide education and training opportunities to lower-income adults. For a further explanation of each policy, including why they increase access to education and training, see Appendix B.

Arkansas has implemented almost every policy identified in this report as policies that maximize the education and training opportunities provided under TANF. Most notably, Arkansas has undertaken two very ambitious efforts recently. One such effort is a statewide expansion of Individual Development Accounts (IDAs). Arkansas recently tripled its TANF investment in IDAs by increasing annual funding by \$1.2 million, for a total annual appropriation of \$1.7 million. For the past eight years, annual funding had been only \$550,000.

Another effort has been the creation of the Arkansas Career Pathways Initiative (ACPI). ACPI is a \$12 million per year initiative involving all 22 two-year colleges in the state and three other postsecondary institutions. The initiative provides grants to these colleges to enroll TANF participants and low-income adults with incomes up to 200 percent of poverty. The colleges are required to provide intensive counseling and support services, in addition to modifying curriculums and undertaking other strategies to improve student success. ACPI is significantly expanding the education and training opportunities available to lower-income adults in Arkansas. To date, ACPI has enrolled 6,725 students, of which 1,577 have completed some kind of credential ranging from vocational certificates to associate's degrees.

TANF Policies to Increase Access to Education and Training for Adults	Adopted in Arkansas?
Postsecondary Education/Training alone Satisfies TANF Work Requirement for 12 months or less	Yes
Postsecondary Education/Training alone Satisfies TANF Work Requirement for More than 12 Months.	Yes
TANF Time Clock Stopped When Engaged in Postsecondary Education and Training	No
TANF/Maintenance of Effort (MOE) Funds Used for Education and Training for Working Poor Not Receiving Cash Assistance	Yes. Arkansas recently created the Arkansas Careers Pathways Initiative.
State Provided Match for TANF IDA/ILA Training Accounts	Yes. Arkansas recently increased funding for IDAs by \$1.2 million a year.

Performance and Policy Summary

The TANF performance data provided above shows the number of TANF participants receiving training services could be improved. Unfortunately, this data does not reflect recent efforts that the state has made to improve the education and training opportunities provided using TANF resources. Those efforts include an increase in funding for IDAs and the creation of the Arkansas Career Pathways Initiative. Together these efforts represent a substantial investment of TANF funds in expanding the education and training opportunities available to adults in Arkansas, particularly low-income adults.

Both of these new efforts also should improve the earnings of TANF leavers, which as noted above is a measure on which the state needs to improve its performance. The earnings of TANF leavers will also be impacted by another innovative program the state recently created, Work Pays, which is an income supplement program. Work Pays is intended to encourage and reward work by TANF leavers by providing supplemental income payments for staying employed. Arkansas is one of only a few states that have enacted such a program.

In summary, the TANF program in Arkansas is providing substantial education and training opportunities for adults, and the only policy recommendation to be made is to maintain current efforts.

Policy Recommendation

Continue to fund ACPI and IDAs at current levels. ACPI and the expansion of IDAs were initiated when Arkansas had a surplus of TANF funds. This surplus will not always be available, so the state needs to carefully budget to ensure both these initiatives can continue at their current scale under normal TANF funding levels.

Adult Education

Adult education is another primary program each state has to provide access to education and training opportunities for adults.

Performance Assessment

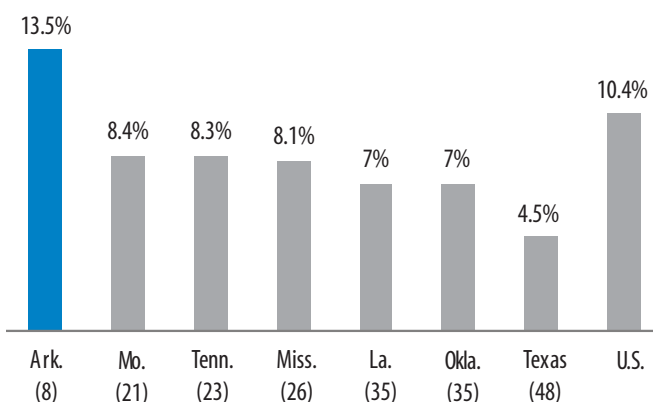
A review of adult education performance measures provide some key findings on how well this program is providing education opportunities for adults in Arkansas:

- The percentage of all students enrolled in adult education relative to the total population of adults without a high school diploma or a GED increased to 13.5 percent in 2003-04 from 8.9 percent in 2000-01. This is an encouraging trend; it means more adults in need of adult education services are getting such services.

Arkansas scores in the Top 10 states nationally, higher than the national average, and the highest regionally on this measure, as the chart shows.

Percentage of all students enrolled in adult education relative to all adults without a high school diploma or a GED (2003-04)

Parenthetical rankings represent each state's national rank



SOURCE: U.S. Department of Education, Office of Vocational Education, Division of Adult Education and Literacy, State-Administered Adult Education Program Year 2003-2004 Enrollment

- The percentage of adult education students in Arkansas improving beginning literacy skills also increased to 55 percent in 2003-04 from 34.1 percent in 2000-01.¹³ This, too, is a positive trend.
- The percentage of adult education students who transition to postsecondary or vocational education was only 7.6 percent in 2005-06. Unfortunately, earlier data is not available to determine a trend on this measure.

Adult Education Performance Indicator	Arkansas 2003-2004	Arkansas 2000-2001
Percentage of all students enrolled in adult education relative to all adults without a high school diploma or GED	13.5%	8.9%
Percentage of adult students improving beginning literacy skills	55%	34.1%
	Arkansas 2005-2006	Arkansas 2000-2001
Percentage of adult students who transition to postsecondary or vocational education	7.6%	NA*

SOURCES: See Appendix A.

* This measure requires inter-agency data matching capabilities that were not available in 2000-2001.

Policy Assessment

Reviewing whether or not Arkansas has certain policies that improve access to adult education services provides some assessment of whether state adult education policy is maximizing the education and training opportunities available to lower-income adults. For a further explanation of each policy, including why the policies increase access to education and training, see Appendix B.

Arkansas has adopted all of the policies identified in this report as policies that improve access to adult education services. Arkansas' most notable policy is the amount of funding the state provides for adult education services. The financial investment a state makes in adult education services is a critical policy measure of a state's commitment to provide adult education services.

TANF Policies to Increase Access to Education and Training for Adults	Adopted in Arkansas?
State Provides Own Dedicated Resources for Workplace Literacy	Yes
State Mandates Adult Education for Prison Inmates with Deficient Basic Skills	Yes
State Offers Certified Occupational Skills Training Programs for Prison Inmates	Yes
State Resources Allocated for Adult Education and Literacy Places the State in the Top One-Third of States Nationally	Yes. Arkansas spends \$66.34 for every adult older than 18 without a high school diploma or a GED

Arkansas spends \$66.34 for every adult older than 18 without a high school diploma or a GED, which places Arkansas in the top 10 states in terms of investment in adult education services and above the national average. In Arkansas, a significant amount of these funds are state funds. Arkansas' investment is much more significant than any of the six other states in the region.

Performance and Policy Summary

The adult education program in Arkansas is making positive strides on several performance measures. The program has increased the percentage of students enrolled relative to the population that needs adult education services, and more students who are enrolled are experiencing positive results. One weakness to note, however, is the program is still reaching a small percentage of adults needing adult education services—just 13.5 percent.

Another evident weakness is a very small percentage of adult education students who transition to postsecondary training. This fact is particularly concerning given the diminishing value of a GED or a high school diploma in today's job market. Some states are establishing innovative policies to encourage more adult education students to continue their training at the college level.

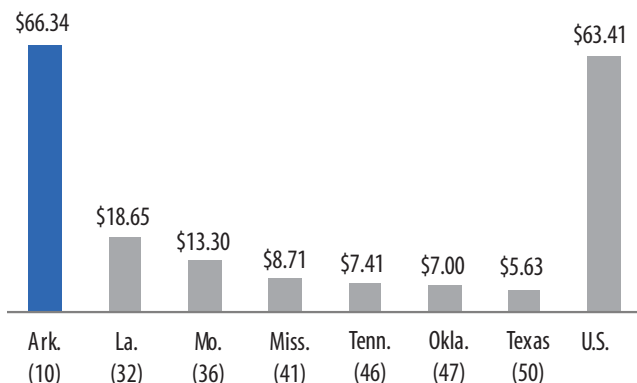
Arkansas policy related to adult education has room for improvement. Arkansas provides more funding for adult education than 40 other states, which is remarkable given the relatively small size of the state. However, given the great need for adult education services in Arkansas, too many adults in need of such services are still not being served. Assuming this is mostly a matter of funding resources, this suggests current levels of funding for adult education services are not enough. The following policy recommendations address Arkansas' weaknesses in adult education.

Policy Recommendations

- **About 86 percent of adults without a GED or a high school diploma are not currently receiving adult education services.** Additional funding is needed to provide adult education services to these adults.
- **Provide funding for a state demonstration on adult education to college transition practices.** To improve the number of adult education students who transition to college, several states have initiated demonstration projects to provide local adult education programs with funding to develop practices deliberately aimed at encouraging adult education

State Resources Allocated for Adult Education and Literacy per Adult without High School Diploma or GED

Parenthetical rankings represent each state's national rank



SOURCE: U.S. Department of Education, 2003 for dollars, and 2005 American Community Survey for adults without high school diploma/GED

Arkansas spends \$66.34 for every adult older than 18 without a high school diploma or a GED, which places Arkansas in the top 10 states in terms of investment in adult education services and above the national average.

students to transition to college. Arkansas should adopt a similar demonstration. Several adult education programs in Kentucky and New England states have demonstrated the potential of transition practices. The New England states are doing so under a Nellie Mae Foundation funded initiative called the New England ABE to College Transition Project. For more information on transition practices, see *The Next Frontier in Adult Education: Adult Education to College Transition Programs* at (www.southernngff.org); *Transitioning Adults to College: Adult Basic Education Program Models* (www.collegetransition.org); *Strengthening State Adult Education Policies for Low-Skilled Workers* (www.workingpoorfamilies.org). Transition practices are catching the attention of the U.S. Department of Education, which recently undertook the Ready For College: Adult Education Transitions Program grant initiative to begin to document successful transition practices.

Conclusion

Employment or paid work should provide economic self-sufficiency—the ability to provide for one's family without outside support. Unfortunately, the data presented in this report indicates that a substantial number of working families in Arkansas are living below the federal poverty threshold, and many more can be identified as having low incomes which make it difficult to meet their basic needs.

The challenges these working poor families face in terms of achieving economic self-sufficiency are numerous, ranging from a lack of affordable housing and health insurance to low levels of educational attainment. The lack of a high school diploma is almost twice as common among adults in working poor families (27 percent to 30 percent) than among adults generally (16 percent), strongly suggesting this lower level of educational attainment is associated with poverty. This level of education makes it very difficult to obtain a family supporting job in today's economy.

Numerous studies have documented the positive correlation between increased education and increased earnings and income. Given this strong connection, Arkansas simply must maximize the opportunities provide adults to improve their education and training.

An assessment of state policy reveals that Arkansas has many policies in place that create access to education and training opportunities for adults. But this assessment also reveals that Arkansas could adopt additional policies to improve such access so that every adult education and training resource available in the state is more fully employed. This report offers some specific policy recommendations to more fully employ these resources which the state should carefully consider.

Endnotes

1. Arkansas Advocates for Children and Families in its *State of Working Arkansas 2005* report described double the poverty threshold as “One commonly accepted measure of the income needed to meet basic needs” of families.
2. Baum, Sandy, and Ma, Jennifer. *Education Pays: The Benefits of Higher Education for Individuals and Society*, the College Board, published September 2007. Median annual earnings in 2005 for females with high school diplomas were \$26,300, compared with \$33,900 for females with associate’s degrees and \$42,200 for females with bachelor’s degrees. Median annual earnings in 2005 for males with high school diplomas were \$36,300, compared with \$47,200 for males with associate’s degrees and \$60,000 for males with bachelor’s degrees.
3. Jones, Dennis, and Kelly, Patrick. *Mounting Pressures Facing the U.S. Workforce and the Increasing Need for Adult Education and Literacy*, prepared for the National Commission on Adult Literacy, published May 2007.
4. It is important to note that national ranks in any statistic are very relative to the overall performance of the entities being measured. A state may rank higher in one year than in an earlier year—or lower—even though the actual statistic may not have changed significantly.
5. See National Center on Education and the Economy, *Tough Choices or Tough Times: The Report of the New Commission on the Skills of the American Workforce*, published December 2006.
6. Southern Good Faith Fund Public Policy Program, *An Arkansas Higher Education Trust Fund: Making College Possible for Every Arkansan*, published December 2006. Available online at http://southernngff.org/_pdf/Ed_Trust_Fund_final.pdf
7. The Arkansas Career Pathways Initiative (ACPI) is a \$12 million per year initiative involving all 22 two-year colleges in the state and 3 other postsecondary institutions. The initiative provides grants to these colleges to enroll TANF participants and low-income adults with incomes up to 250 percent of poverty. The colleges are required to provide intensive counseling and support services, in addition to modifying curriculums and undertaking other strategies to improve student success. ACPI is significantly expanding the education and training opportunities available to lower-income adults in Arkansas.
8. Southern Good Faith Fund Public Policy Program, *An Arkansas Higher Education Trust Fund: Making College Possible for Every Arkansan*, published December 2006. Available online at http://southernngff.org/_pdf/Ed_Trust_Fund_final.pdf
9. Arkansas Department of Higher Education, *Arkansas Public Two-Year Institution Fall On-Campus Enrollment Profile, 2001-2005*. The population of students ages 24 and younger increased by 3.8 percent (from 23,743 to 24,643) between fall 2001 and fall 2005. The population of students ages 25 and older increased by 8.1 percent (from 17,284 to 18,677) during the same period.
10. Act 1229 of 2007, the appropriation law for the Arkansas Department of Higher Education for fiscal 2008 (July 1, 2007 to June 30, 2008) and fiscal 2009 (July 1, 2008, to June 30, 2009). The GO! Opportunities Grant Program was titled the Higher Education Opportunities Grant Program in the legislation. The program name was subsequently changed. Available online at <ftp://www.arkleg.state.ar.us/acts/2007/public/Act1229.pdf>

11. For a more complete analysis of state financial aid programs and gaps, see *An Arkansas Higher Education Trust Fund: Making College Possible for Every Arkansan*, available online at http://southernngff.org/_pdf/Ed_Trust_Fund_final.pdf
12. An exiter is someone who is no longer receiving WIA services because they have either completed their planned services or ceased to participate in the program.
13. This represents the percentage of adults enrolled in basic literacy programs who acquired the most basic skills needed to complete one or more levels of instruction in which they were initially enrolled. Demonstrated improvement includes literacy skills in reading, writing, numeracy, problem solving and speaking the English language.

APPENDIX A: Data Sources

There are three types of indicators: data-based indicators; policy indicators; and performance indicators. For each indicator, a definition, if necessary, and a source is provided, along with the data.

The data-specific indicators are obtained primarily from the American Community Survey (ACS).

The ACS, published annually 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; the advantage of the ACS is annual collection, compared to collection once every 10 years through the Decennial Census. Since 2000, the ACS form has been conducted nationwide with an annual sample of 700,000 households. This report uses the Census 2005 ACS.

For this and other measurements in this report, a *working family* is defined as a family in which (a) all family members age 15 and older have a combined work effort of 39 or more weeks in the last 12 months, or (b) all family members age 15 and older 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 older.

Percentage of working families in poverty: This measurement represents the percentage of working families who earn income below the U.S. Census Bureau’s poverty threshold, which in 2005 was \$9,973 a year for an individual; \$12,755 for a family of two; \$15,577 for a family of three; and \$19,971 for a family of four. Poverty thresholds for larger families are available at

<http://www.census.gov/hhes/www/poverty/threshld/thresh05.html> Data source: Population Reference Bureau, analysis of 2005 American Community Survey.

For the 2000 data, the U.S. Census Bureau’s poverty threshold was \$8,794 for an individual; \$11,239 for a family of two; \$13,738 for a family of three; and \$17,603 for a family of four. Poverty thresholds for larger families are available at <http://www.census.gov/hhes/www/poverty/threshld/thresh00.html> Data source: Census 2000 Supplementary Data Microsurvey.

Percentage of working families who are low-income: This measurement represents the percentage of working families who earn income at or below twice the federal poverty threshold, which can be calculated for the 2005 data and the 2000 data by multiplying the above income levels by two. Double the poverty level 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 sources: Population Reference Bureau, analysis of 2005 American Community Survey; Census 2000 Supplementary Data Microsurvey.

Percentage of working families in poverty and percentage of working families who are low-income spending more than one-third of income on housing: A standard measure of housing affordability accepted by the U.S. Department of Housing and Urban Development is that housing should cost no more than one-third of a family’s income. Data sources: Population Reference Bureau, analysis of 2005 American Community Survey; Census 2000 Supplementary Data Microsurvey.

Percentage of working families in poverty and percentage of working families who are low-income with at least one parent without a high school diploma or a GED: Data sources: Population Reference Bureau, analysis of 2005 American Community Survey; Census 2000 Supplementary Data Microsurvey.

Percentage of working families in poverty and percentage of working families who are low-income with at least one parent without health insurance: For this data measurement, if one spouse has health insurance and reported having group insurance, the spouse is automatically considered to have health insurance. Data

sources: Population Reference Bureau, analysis of data from Current Population Survey Annual Social and Economic Supplement (three-year average), 2004-2006; Population Reference Bureau, analysis of data from Current Population Survey Annual Social and Economic Supplement (three year average), 1999-2001

Data sources for the following three data measurements are Population Reference Bureau, analysis of 2005 American Community Survey, and Census 2000 Supplementary Data Microsurvey.

Percentage of adults 18-64 without a high school diploma or a GED

Percentage of adults 18-64 with only a high school diploma or GED

Percentage of adults 25-54 with associate's 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's degree or higher degree such as a bachelor's, master's or doctoral degrees.

Percentage of high school freshmen 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. National Center for Public Policy and Higher Education, *Measuring Up 2006: The National Report Card on Higher Education and Measuring Up 2002: The State-by-State Report Card for Higher Education.*

Percentage of young adults 18-24 enrolled in postsecondary institutions: Population Reference Bureau, analysis of 2005 American Community Survey, and Census 2000 Supplementary Data Microsurvey.

Percentage of adults 25-54 enrolled in postsecondary institutions: Population Reference Bureau, analysis of 2005 American Community Survey, and Census 2000 Supplementary Data Microsurvey.

Percentage of adults 25-44 enrolled at least 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 2006: The National Report Card on Higher Education and Measuring Up 2002: The State-by-State Report Card for Higher Education.*

Percentage 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. National Center for Public Policy and Higher Education, *Measuring Up 2006: The National Report Card on Higher Education and Measuring Up 2002: The State-by-State Report Card for Higher Education.*

The Arkansas Department of Higher Education is the source for the following three measurements:

Percentage of full-time community college students obtaining a certificate degree or transfer to a four-year college within three years. The data for the fall 2003 cohort does not include the 12.4 percent of students who were still enrolled after three years. The data for the fall 1999 cohort does not include the 12 percent of students who were still enrolled after three years.

Percentage of full-time community college students in remedial education moving ahead within three years. The data for the fall 2003 cohort does not include the 13.2 percent of students who were still enrolled after three years. The data for the fall 1999 cohort does not include the 13.4 percent of remedial students who were still enrolled three years after initial full-time enrollment.

Percentage of students enrolled in community colleges requiring remediation: The fall 2006 cohort is of first-year, degree seeking students both part-time and full-time. The fall 1999 cohort is of first-year, full-time degree seeking students.

State need-based financial aid as percentage of federal Pell Grant funding: This measures the degree to which a state provides its own resources to support low-income individuals participating in post-secondary programs at a level compared with federal Pell Grant aid received by low-income families in the state. National

Center for Public Policy and Higher Education, *Measuring Up 2006: The National Report Card on Higher Education and Losing Ground: A National Status Report on the Affordability of Higher Education*, published 2002.

Percentage of income that poorest families need to pay tuition at lowest-priced colleges: The poorest families include those in the 40 percent of the population with the lowest incomes. National Center for Public Policy and Higher Education, *Measuring Up 2006: The National Report Card on Higher Education and Measuring Up 2002: the State-by-State Report Card for Higher Education*.

Percent of exiters receiving training services: This indicator reports on the number of unemployed WIA adults who have received training services relative to all unemployed WIA adult participants that have completed or ended their WIA services. Sources: Arkansas Workforce Investment Board, *Workforce Investment Act Title 1-B Annual Report, Program Year 2005*, published October 2006, and *Workforce Investment Act Annual Report, Program Year 2001*, published October 2002.

Percent of WIA dollars spent on 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. Sources: Arkansas Workforce Investment Board, *Workforce Investment Act Title 1-B Annual Report, Program Year 2005* and *Workforce Investment Act Annual Report, Program Year 2001*.

Percent of exiters receiving training relative to Adults 18-64 without high school diploma/GED: This measure reveals the percentage of adults engaged in WIA supported training relative to the number of adults age 18-64 who may need such training due to the absence of a high school completion. Sources, 2005 data: Arkansas Workforce Investment Board, *Workforce Investment Act Title 1-B Annual Report, Program Year 2005* and 2005 American Community Survey (total population of Arkansas adults without high school diploma/GED). 2001 data: Workforce Investment Act Annual Report, Program Year 2001 and 2000 Census Supplementary Survey (total population of adults without high school diploma/GED).

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. Sources: Arkansas Workforce Investment Board, *Workforce Investment Act Title 1-B Annual Report, Program Year 2005* and *Workforce Investment Act Annual Report, Program Year 2001*.

Percentage 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, job skills training, and education related to employment.

Sources: U.S. Department of Health and Human Services, Memorandum No. TANF-ACF-IM-2006-1, Table 6C, *Average Monthly Number of Adults with Hours of Participation by Work Activity as a Percent of the Total Number of Adults, Fiscal Year 2004*, released January 2006; (see <http://www.acf.hhs.gov/programs/ofa/particip/2004/IM04RATE.htm>) and *2001 TANF Annual Report to Congress*, Table 3:4:c, *Average Monthly Number of Adults with Hours of Participation by Work Activity as a Percent of the Total Number of Adults, Fiscal Year 2000*, released April 2002 (see <http://www.acf.hhs.gov/programs/ofa/opreweb/ar2001/indexar.htm>)

Adult employment retention rate: This is a measure of the extent to which TANF recipients who have entered work have retained employment three consecutive quarters after initial placement. Sources: U.S. Department of Health and Human Services, *High Performance Bonus Awards, Performance Year 2004, Table 3(a)* (see <http://www.acf.hhs.gov/programs/ofa/HPB/2004/index2004.htm>) and *High Performance Bonus Awards, Performance Year 2000, Table 5:3* (see <http://www.acf.hhs.gov/programs/ofa/annualreport5/0503.htm>)

Percentage of TANF leavers earning above poverty and percentage of TANF leavers earning above 200 percent of poverty: The group studied is the December 2004 cohort of TANF leavers. Source: Kaiser Group Inc., *Evaluation Of Arkansas' Transitional Employment Assistance (TEA) Program, Fourth Biannual Report*, published August 2006.

Percentage of all students enrolled in adult education relative to all adults without a high school diploma or 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. Sources: U.S. Department of Education, Office of Vocational Education, Division of Adult Education and Literacy, *State-Administered Adult Education Program Year 2003-2004 Enrollment and Program Year 2000-01 Enrollment*; 2005 American Community Survey; 2000 Census Supplementary Survey.

Percentage of adult 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. Source: U.S. Department of Education Office of Vocational and Adult Education, *Adult Education and Family Literacy Act Program Year 2003-2004 Report to Congress on State Performance and Adult Education and Family Literacy Act Program Year 2000-2001 Report to Congress on State Performance*.

Percentage of adult students that transition to postsecondary or vocational education: This measure reveals the extent to which participants in adult education are seeking and effectively taking action to improve their educational and/or labor market opportunities. This indicator focuses on all adult education participants (not just those who enter with a goal of additional education) in an effort to assess the extent to which state adult education programs are focused on the objective of preparing participants to succeed in the labor market. Source: Arkansas Department of Workforce Services.

APPENDIX B: Policy Indicator Definitions

Postsecondary Policy Definitions

State Funding Available for Short-term, Non-Degree Career Classes: 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.

State Full-Time Equivalent (FTE) Resources Provided to Community Colleges to Support Non-Credit Career Classes: 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.

State Able to Monitor and Assess Progress/Completion of Community College Remediation Students: State community colleges or systems track the progress of students who take remedial or developmental education classes, including as the number who complete prescribed remedial courses or who are successful in completing a college-level program and go on for additional education.

Community Colleges Receive State Rewards for Positive Performance in Remedial Education: States reward colleges for remedial program performance.

Workforce Investment Act (WIA) Policy Definitions

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

State Uses Alternative Funding Formula to Allocate Funds to Local Areas with Excess Poverty: A state uses 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.

Over Fifty Percent of WIA Funds Dedicated to Training: States require local areas to spend at least fifty percent of their adult WIA funds to support training activities.

State Has Policy for Determining When Local WIA Training Funds Are Limited and Requires Local Workforce Investment Boards (WIBs) to Establish Training Priorities: 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.

State Established Training Provider Eligibility/Performance Criteria Beyond WIA Requirements and Include Data in Consumer Reports: A state provides consumers with extensive data and information on training outcomes to better facilitate their choice of a training provider.

State Requires Local WIBs Provide Funds for Supportive Services: 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.

Temporary Assistance for Needy Families (TANF) Policy Indicators

Postsecondary Education/Training Alone Satisfies TANF Work Requirement for 12 Months or Less: A state allows TANF recipients to engage exclusively in education or training prior to placement into employment.

Postsecondary Education/Training Alone Satisfies TANF Work Requirement For More Than 12 Months: 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.

TANF Time Clock Stopped When Engaged in Postsecondary Education and Training: A state precludes time spent in education and training from counting against a TANF recipient's maximum benefit award period.

TANF/Maintenance of Effort (MOE) Funds Used for Education/Training for Working Poor Not Receiving Cash Assistance: 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.

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.

Adult Education Policy Indicators

State Provides Own Dedicated Resources for Workplace Literacy: 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.

State Mandates Adult Education for Prison Inmates with Deficient Basic 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.

States Offers Certified Occupational Skills Training for Prison Inmates: A state has instituted vocational or occupation skills training program for state prison inmates that awards educational credits which can be applied to postsecondary certificates and degrees.

State Resources Allocated for Adult Education and Literacy: 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.



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