



**SECURITY FOR
GENERATIONS.**

PROGRESS TOWARD ECONOMIC SECURITY

Progress Report on Recommendations from the

**Arkansas Legislative Task Force on Reducing
Poverty and Promoting Economic Opportunity**

May 2011

Advocates and lawmakers focused on cutting poverty in Arkansas in half by 2020 helped pass several pieces of legislation during the 2011 session of the Arkansas General Assembly. These new laws and others show that the partners, community leaders and citizens who contributed to the work of the Arkansas Legislative Task Force on Reducing Poverty and Promoting Economic Opportunity are committed to moving all Arkansans toward economic security. See the check marks below to learn about the progress.

SOLUTIONS FOR SHARED PROSPERITY

Community and Economic Development

1. **SHORT TERM:** Alter tax incentive programs to better meet the needs of low-income communities. The state's tax incentive programs disproportionately benefit the highest-income counties. The lowest-income counties, which need the jobs the most, benefit the least.
2. **SHORT TERM:** Enact L3C legislation in Arkansas. L3C legislation would provide an incentive for foundations to invest in social enterprises, which may be good options for business development in low-income parts of the state.
3. **SHORT TERM:** Invest more in programs for developing small businesses. Arkansas should expand efforts to provide assistance to rural and minority-owned businesses that would provide both working capital loans of up to \$50,000 and technical assistance to rural and minority small business entrepreneurs.
4. **LONG TERM:** Facilitate markets for locally produced goods and services. The rise in consumer interest in local foods has been accompanied by increased participation of state departments of agriculture in promoting locally grown foods.

Education and Workforce Development

1. **SHORT TERM:** Expand access to quality early childhood education for children age birth to 5 years, especially for at-risk children.
2. **SHORT TERM:** Expand the Career Coaches (Arkansas Works!) program to every county in the state, and increase funding for the Aspiring Scholars Matching Grant Program.
 ✓ **Act 743 establishes Arkansas College and Career Readiness Standards to develop criteria to evaluate, support, promote and fund Arkansas career and technical education programs.**
3. **SHORT TERM:** Expand access to quality before- and after-school programs, summer programs, and programs for targeted populations by better using National School Lunch Act (NSLA) funding and other sources.
 ✓ **Act 1220 requires schools to spend 85 percent of NSLA money within school year distributed.**
 ✓ **Act 166 creates a framework for after-school programs and sets up the Positive Youth Development Grant program.**
 ✓ **Act 1039 allows school districts with high transportation costs to receive additional money through an enhanced transportation funding formula.**
4. **SHORT TERM:** Restructure the Arkansas developmental/remedial education system to improve student success.
 ✓ **Act 879 provides for the development and implementation of postsecondary preparatory programs including statistical analysis and reporting on the programs' effectiveness.**
 ✓ **Act 988 directs school districts to provide data on whether they offer college preparation or remediation for students who took the ACT exam before their senior year.**
 ✓ **Act 1203 reworks the funding formula to be partly needs-based and partly based on out-comes.**
5. **SHORT TERM:** Increase retention and graduation rates at two-year and four-year higher education institutions in the state.

6. SHORT TERM: Other Education Issues: 1. More official state emphasis on school board training, mentoring, and cross-fertilizing. 2. More emphasis on health issues, especially obesity (e.g., BMI indexing and recording). 3. Develop policies that foster interest and interaction among interest groups such as civic groups, PTAs, economic development committees, etc. (The “social capital” represented by school boards, administrators, PTAs, athletic/band/arts groups, and other civic groups could become a powerful constituency for change). 4. Form a study group to accrete and evaluate “best practices” of non-public educational institutions.

Health

1. SHORT TERM: Implement the ARKids First expansion to 250 percent of the federal poverty level, as passed during the 2009 legislative session (currently on hold).

Act 771 cuts red tape in ARKids First enrollment procedures to prevent as many as 20,000 eligible kids from falling off the rolls each year.

2. SHORT TERM: Expand school wellness centers/coordinated school health initiatives. This will provide preventative well-child services through the schools and reduce direct costs for medical treatment by improving services access.

3. SHORT TERM: Implement substance abuse treatment under Medicaid for pregnant women and teens, agreed upon during 2009 legislative session.

4. *LONG TERM*: Conduct health impact assessments on all new policies/initiatives at state and community levels. This will help ensure the health and wellness of citizens and community members is appropriately considered before state or local policy decisions are made.

5. SHORT TERM: Ensure that the “navigator” required by health care reform is adequate to help consumers with the healthcare.

6. *LONG TERM*: Establish a Center for Health Literacy to coordinate and fund activities that improve health literacy of Arkansans. This could include, but is not limited to developing educational materials, coordinating public education and outreach efforts, and reaching out to underserved populations.

Individual Employment Supports

1. SHORT TERM: Improve case management services for young mothers seeking assistance through Temporary Assistance for Needy Families to better place them in career paths and to help them link with resources.

2. SHORT TERM: Improve access to subsidized child care by using all available TANF funding for child care (the state’s federal welfare reform grant).

3. SHORT TERM: Expand outreach and access to federal food assistance benefits under the Supplemental Nutrition Assistance Program.

4. *LONG TERM*: Fund the Housing Trust Fund that was established in the 2009 legislative session.

5. SHORT TERM: Improve access to critical economic and work supports to help low-income working families meet basic needs and stay employed.

6. SHORT TERM: Review and consider the recommendations of the Prison Reform Workgroup.

Act 570 enacts a package of prison reform recommendations to improve safety and slow corrections growth.

7. *LONG TERM*: Create a Consumer Advisory Council that includes clients receiving benefits from the Department of Human Services, the Department of Health, and the Department of Workforce Services. This council will be called upon to identify areas for improvement as well as to vet changes to policies and programs.

Tax Relief

1. **SHORT TERM:** Fix the low-income tax threshold problem and provide comparable relief for single parents with two or more children. A 2007 law designed to substantially exempt families with children at incomes below the poverty line from state income taxes (and to cut taxes for those with incomes slightly above the poverty line) contained a technical flaw and did not provide comparable benefits to taxpayers filing as heads of households with two or more children (most heads of households are single parents).

Act 736 fixes this problem.

2. **LONG TERM:** Create a refundable State Earned Income Tax Credit (EITC) to economically support low- and lower-middle income working families. State EITCs, which have been adopted in 24 of 42 states with state income taxes, are set at some percentage of the federal EITC received by a family, typically at a rate of 5% to 40%.

3. **SHORT TERM:** Continue efforts to cut the state sales tax on groceries. Arkansas should gradually continue its efforts to mostly eliminate the remaining 1 and 7/8 cent state sales tax on groceries (the 1/8th cent sales conservation tax required under Amendment 75 cannot be eliminated).

Act 755 reduces the grocery tax by a half cent.

4. **SHORT TERM:** Close corporate income tax loopholes by adopting a combined reporting law for state corporate income taxes. Under loopholes in current Arkansas law, some corporations are allowed to reduce the income they report as earning in Arkansas (and thus avoid Arkansas taxes) by shifting this income to another state where they pay little or no taxes.

5. **LONG TERM:** Reduce or eliminate the 30 percent exemption currently allowed for capital gains under Arkansas income taxes. This exemption heavily and disproportionately favors upper income taxpayers.

6. **SHORT TERM:** Adopt the “Amazon Law” for collecting state taxes owed on internet purchases. Recently adopted in New York and Rhode Island, the law requires many internet retailers operating “affiliate programs” in the state to charge sales tax on the retailers’ sales to state residents.

Act 1001 adopts the “Amazon Law.”

Act 291 allows Arkansas to collect online sales taxes if and when the federal government requires all remote sellers to collect it.

System Needs

1. **SHORT TERM:** Develop a common client database. A common client database is a system improvement to the efficient and effective provision of both governmental and non-governmental organizational services. It eliminates repeated efforts by clients to establish eligibility and reduces duplications of services by the agencies.

2. **SHORT TERM:** Form a permanent advisory council for poverty reduction and economic opportunity. The recommendations made by this Taskforce need to be part of an on-going effort to monitor accomplishments, make adjustments to plans when needed, assess new situations that need response, and evaluate research suggesting new solutions to existing problems.

Note: Cost estimates, when available, are included in the main report text with the discussion of the recommendations. See the full task force report at www.aradvocates.org/poverty

Prepared by Arkansas Advocates for Children and Families for members of the former Arkansas Legislative Task Force on Reducing Poverty and Promoting Economic Opportunity. See the full task force report at www.aradvocates.org/poverty.