

# **CHILD POVERTY IN NORTHWEST ARKANSAS**

## **POLICY SOLUTIONS TO BUILD A STRONGER COMMUNITY**



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Arkansas Advocates for Children and Families

Central Arkansas Office:  
Union Station  
1400 W. Markham St., Suite 306  
Little Rock, AR 72201  
(501) 371-9678

Northwest Arkansas Office:  
614 E. Emma Avenue, Suite 235  
Springdale, AR 72764  
(479) 927-9800

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# CHILD POVERTY IN NORTHWEST ARKANSAS

## POLICY SOLUTIONS TO BUILD A STRONGER COMMUNITY

by Laura Kellams, Northwest Arkansas Director

As the Northwest Arkansas economy surges out of the Great Recession, not all families have ridden the wave of prosperity.

- Child poverty has decreased sharply since its recession peak, but many families still struggle to get by. Almost half of children in Northwest Arkansas – 48 percent – are growing up in families with low incomes, or combined incomes that aren't more than \$41,560 for a family of three.

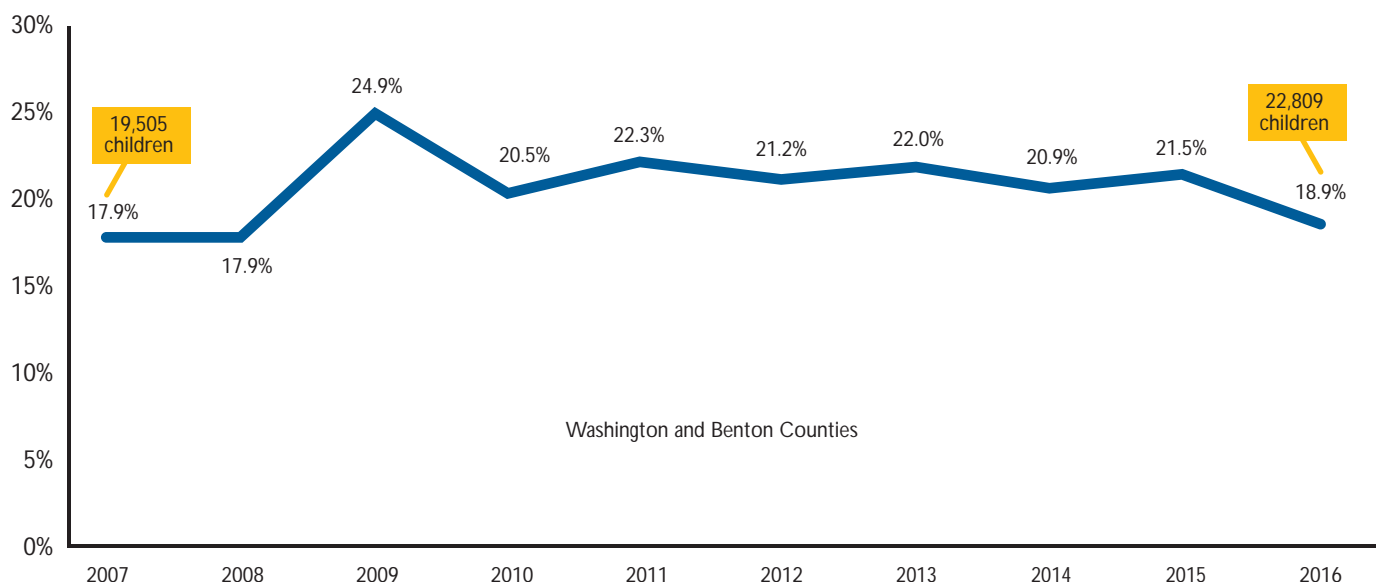
- Income inequality has widened in Northwest Arkansas. In a study by the Economic Policy Institute, the region ranked 15th in inequality out of 916 metropolitan areas nationally. The top 1 percent of income earners made 37.5 times the income of the bottom 99 percent. That matches the gap in some of the nation's wealthiest enclaves, where affordable housing is increasingly hard to find.

- A living wage in Northwest Arkansas for one adult with two children would be \$25.06 per hour, triple the minimum wage. Almost half the region's children live in households with incomes lower than that.

- Racial and ethnic income disparities persist, with children of color twice as likely to live in poverty as their white peers.

- Almost 50,000 children in Northwest Arkansas have access to medical care through ARKids First or Medicaid. That's about 38 percent of all children in Washington, Benton, Madison and Carroll counties.

NORTHWEST ARKANSAS CHILDREN IN POVERTY, 10-YEAR TREND



Source: U.S. Census Bureau American Community Survey, multi-year estimates, 2007-16

## WHY DOES CHILD POVERTY MATTER?

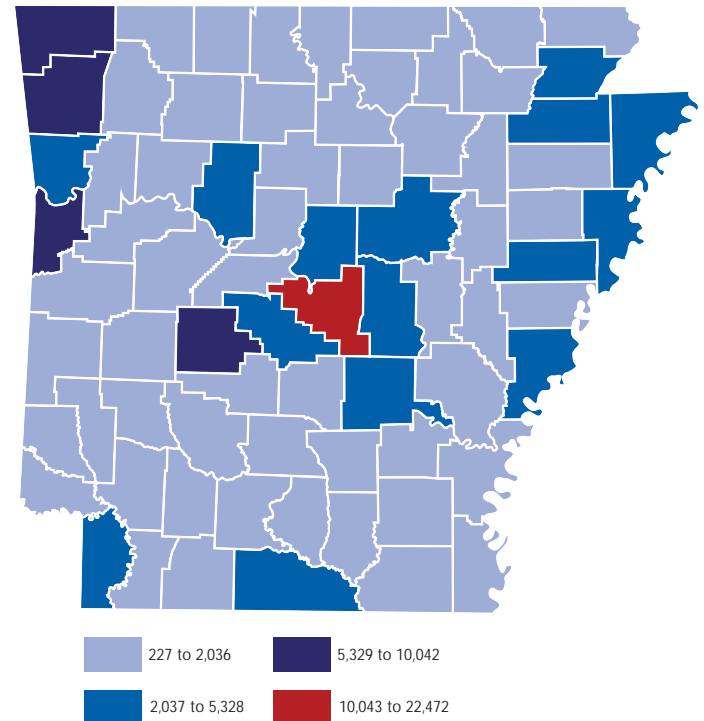
Addressing the barriers to success for low-income families is not just about meeting children's needs. It's an investment in the region's – and the state's – economic future. The policy decisions we make today could help create thriving communities and a better-educated workforce, or they could further exacerbate growing inequality.

While the region's poverty percentage is lower than most of the state, the number of children living in poverty in both Washington and Benton counties is still higher than in any county in the Arkansas Delta. Of course, one of the advantages to living in Northwest Arkansas is that opportunity is available to many. But the region's leaders shouldn't kid themselves that the rungs on the economic ladder are accessible to all. Through no fault of their own, many parents in Northwest Arkansas, and throughout the state, struggle to afford the basics and end up raising their children in poverty. If all hardworking parents are able to provide for their children, we all benefit from a stronger community.

How does poverty affect kids? It hurts their ability to grow up healthy and successful. When kids are hungry, they can't learn and are more likely to have behavioral problems and worse health outcomes. In the early years, children in poverty hear roughly 30 million fewer words

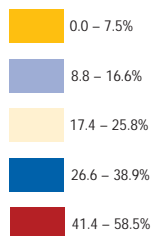
than kids from wealthier families, which can put them at a disadvantage later. If students aren't able to catch up to their peers' reading skills by 3rd grade, they are four times as likely to drop out before graduating from high school.

## NUMBER OF CHILDREN IN POVERTY BY COUNTY

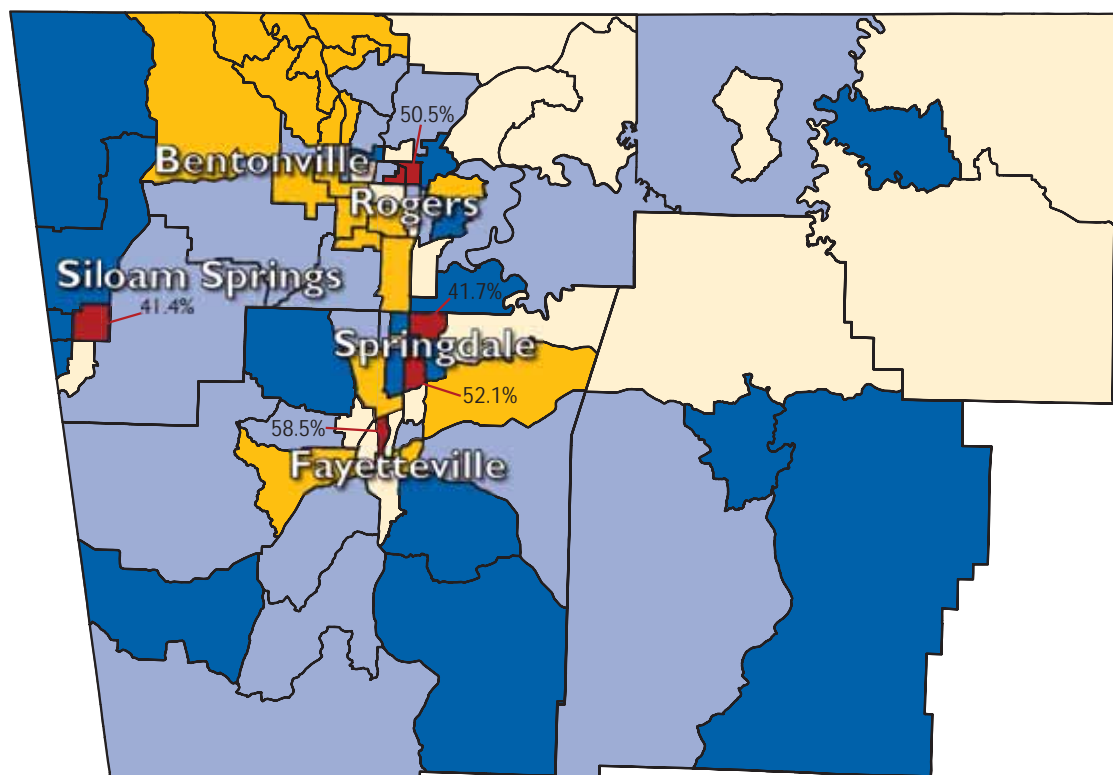


Source: Annie E. Casey Foundation Kids Count Data Center, based on 2016 U.S. Census estimates.

## AREAS OF HIGHER CHILD POVERTY IN NORTHWEST ARKANSAS



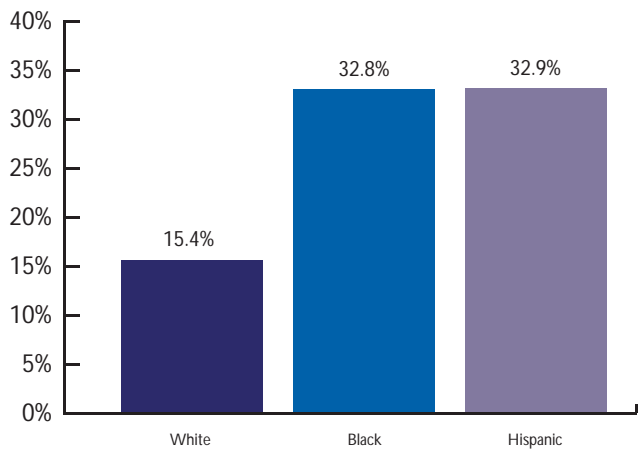
Source: U.S. Census Bureau, American Community Survey, based on 2011-2016 5-year poverty estimates.



Children of color are much more likely to live in poverty, or to be low-income. Black and Hispanic children are more than twice as likely to live in poverty as white children. Those racial and ethnic disparities are not unique to Northwest Arkansas, and in fact, the differences aren't as stark as they are the state level. But they do underscore the necessity to address the opportunity gaps that create these differences. Our nation's long history of inequality, based in laws that closed the doors of opportunity to many children, helped create the persistent disparity we see today.

The Northwest Arkansas Council estimates that the region's population will have grown from 4 percent minority (in 1990) to 31 percent minority by 2022. Addressing gaps in opportunity for children of color today will ensure that inequality doesn't continue to grow as the region does.

NORTHWEST ARKANSAS CHILDREN OF COLOR ARE MORE LIKELY TO LIVE IN POVERTY



Source: U.S. Census Bureau American Community Survey, 2011-2016. Data for Benton and Washington counties.



Poverty measurements are important for tracking family economic well-being

and for determining eligibility for many financial support programs.

The 2018 federal poverty guidelines for the 48 contiguous states and the District of Columbia are listed at right. If a family's annual income is equal to or lower than those amounts, they are considered by the federal government to live in poverty.

Family of two	\$16,460
Family of three	\$20,780
Family of four	\$25,100



## A RAPIDLY CHANGING ECONOMY

Northwest Arkansas long prospered as a more egalitarian economy, as a mountainous Southern region in which income and even opportunity were more evenly distributed. But that is changing. A recent study by the Economic Policy Institute showed that the Fayetteville-Springdale-Rogers metropolitan statistical area was

among the worst regions for income inequality. The top 1 percent of income earners in the region make, on average, more than 37 times the average income of the bottom 99 percent. In contrast, none of the “peer regions” that economic developers measure Northwest Arkansas’s success against are listed even in the top 50. (Peer regions are Des Moines-West Des Moines, Raleigh, Durham-Chapel Hill, Madison and Austin-Round Rock.)

## RATIO OF TOP 1% INCOME TO BOTTOM 99% INCOME FOR ALL U.S. METROPOLITAN AREAS, 2015

Rank	Metropolitan area	Average income of top 1%	Average income of bottom 99%	Top-to-bottom ratio
1	Jackson, WY-ID	\$16,161,955	\$122,447	132.0
2	Naples-Immokalee-Marco Island, FL	\$5,590,120	\$62,053	90.1
3	Key West, FL	\$4,741,192	\$58,295	81.3
4	Sebastian-Vero Beach, FL	\$2,921,375	\$43,473	67.2
5	Bridgeport-Stamford-Norwalk, CT	\$6,290,951	\$101,213	62.2
6	Miami-Fort Lauderdale-West Palm Beach, FL	\$2,345,381	\$42,319	55.4
7	Port St. Lucie, FL	\$1,737,118	\$38,212	45.5
8	Glenwood Springs, CO	\$2,968,276	\$66,015	45.0
9	Hailey, ID	\$3,115,982	\$69,399	44.9
10	Gardnerville Ranchos, NV	\$2,272,387	\$51,276	44.3
11	Summit Park, UT	\$4,784,667	\$110,003	43.5
12	North Port-Sarasota-Bradenton, FL	\$1,810,660	\$42,021	43.1
13	New York-Newark-Jersey City, NY-NJ-PA	\$2,425,384	\$61,550	39.4
14	Cape Coral-Fort Myers, FL	\$1,673,922	\$43,148	38.8
15	Fayetteville-Springdale-Rogers, AR-MO	\$1,961,857	\$52,723	37.2
16	Midland, TX	\$2,911,700	\$81,551	35.7
17	Steamboat Springs, CO	\$2,507,070	\$71,006	35.3
18	Easton, MD	\$1,982,671	\$56,900	34.8
19	Las Vegas-Henderson-Paradise, NV	\$1,418,143	\$40,770	34.8
20	San Jose-Sunnyvale-Santa Clara, CA	\$3,445,220	\$99,486	34.6
21	Crestview-Fort Walton Beach-Destin, FL	\$1,441,439	\$41,977	34.3
22	San Francisco-Oakland-Hayward, CA	\$2,812,641	\$82,321	34.2
23	Santa Maria-Santa Barbara, CA	\$1,846,469	\$54,667	33.8
24	Los Angeles-Long Beach-Anaheim, CA	\$1,803,340	\$53,904	33.5
25	Charlottesville, VA	\$2,062,751	\$61,677	33.4

Source: Economic Policy Institute: “The new gilded age: Income inequality in the U.S. by state, metropolitan area and county,” July 19, 2018.

One thing many of those high-inequality metropolitan areas have in common is that workers in the lower-income range have trouble finding housing they can afford. Northwest Arkansas economists are watching housing numbers closely, said Mervin Jebaraj, director of the Center for Business and Economic Research at the Sam M. Walton College of Business at the University of Arkansas.

“We’re a lot more affordable than other regions, but we’re increasingly becoming unaffordable,” Jebaraj said. “We’re trying to get ahead of that problem.”

The unemployment rate dropped considerably since the height of the recession, which has lowered the poverty rate overall, but lower-wage workers’ pay hasn’t gone up much at all, he said.

“More people have jobs, but by and large, for what we consider nonsupervisory production workers, wage growth is pretty much nonexistent,” Jebaraj said.

The Massachusetts Institute of Technology developed a living wage calculator to estimate the true cost of living in communities based on real expenses. The “living wage” in the Fayetteville-Springdale-Rogers metropolitan statistical area would be \$25.03 for an adult with two kids. Among the workers making less than that amount as a mean hourly wage in Northwest Arkansas, according to the U.S. Bureau of Labor Statistics, are firefighters, police officers, child care workers and construction workers. The Economic Policy Institute’s Family Budget Calculator, which is a tool similar to the MIT calculator, estimates a family income in Northwest Arkansas would need to be even higher than that to maintain self-sufficiency.

MIT LIVING WAGE CALCULATOR

Northwest Arkansas Living Wage	1 Adult, 2 Children	2 Adults (1 Working), 2 Children
Living Wage	\$25.03	\$23.57
Wage to Reach Poverty Level	\$9.00	\$11.00

“A lot of people still have the ‘pull yourself up by the bootstraps’ mentality, but the world doesn’t work like that. People can work 60 hours a week and still not have enough money to buy diapers.”

— Sarah Wendell  
Family/Community Service Director  
Economic Opportunity Agency  
of Washington County



## TYPICAL FAMILY EXPENSES IN NORTHWEST ARKANSAS

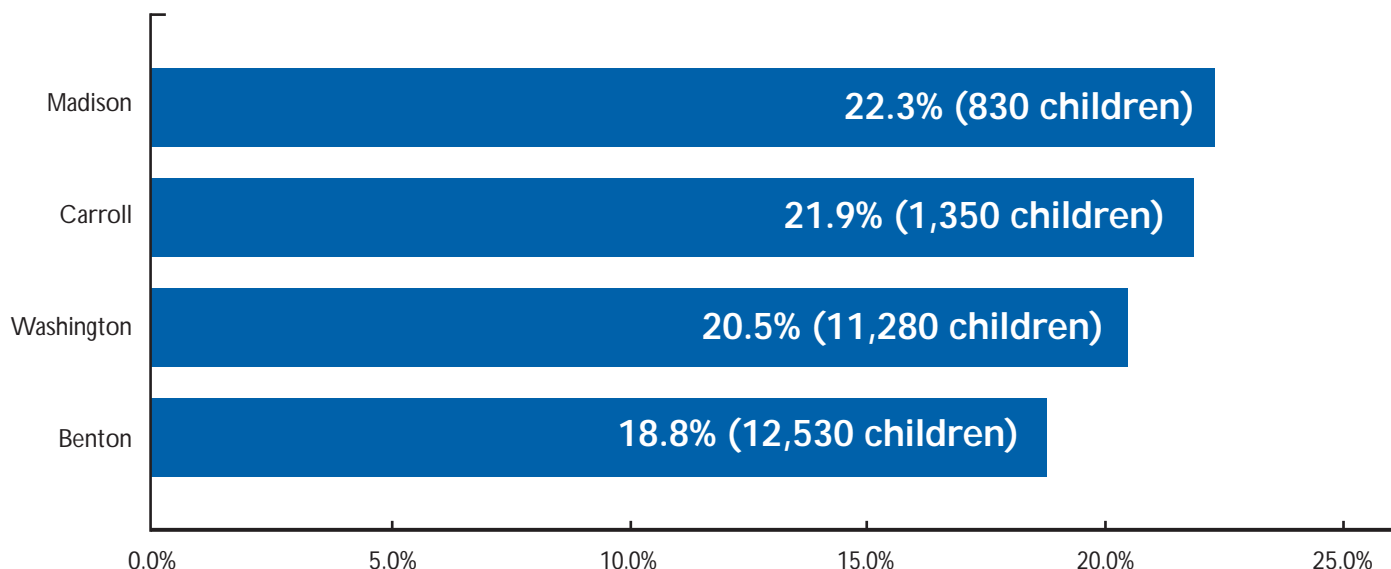
	1 Adult, 2 Children	2 Adults (1 Working), 2 Children
Minimum Wage	\$8.50	\$8.50
Food	\$6,613	\$8,786
Child Care	\$7,919	\$-
Medical	\$6,637	\$6,394
Housing	\$8,976	\$8,916
Transportation	\$9,189	\$11,032
Other	\$4,736	\$6,059
Required annual income after taxes	\$44,071	\$41,547
Annual taxes	\$8,053	\$7,543
Required annual income before taxes	\$52,063	\$49,030

Source: MIT Living Wage Calculator for Fayetteville-Springdale-Rogers Metropolitan Statistical Area: <http://livingwage.mit.edu/metros/22220>

When families don't earn wages high enough to make ends meet, many use programs like the Supplemental Nutrition Assistance Program, or SNAP, to ensure their children have enough food to eat. Most of the 5,907 households in the four-county area that receive food stamps have

children. Thousands of families remain "food insecure" in Northwest Arkansas, or without reliable access to enough affordable, nutritious food. Across the four-county area, more than 25,000 children were food-insecure in 2016, according to the organization Feeding America.

## FOOD INSECURITY AMONG CHILDREN IN NORTHWEST ARKANSAS

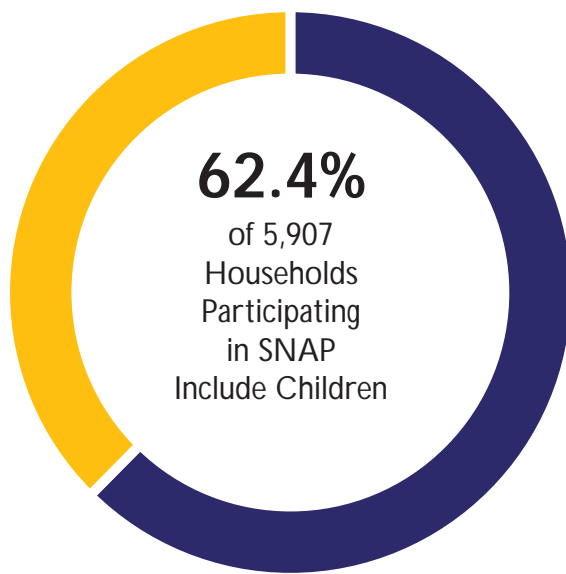


Source: Feeding America, "Map the Meal Gap," 2016.



**Lack of reliable transportation options** – combined with the spread-out nature of the region's urban hubs – was the most commonly cited barrier to family economic success among service agencies in Northwest Arkansas.

#### SNAP IN NORTHWEST ARKANSAS



Source: American Community Survey, 2012-2016. Benton, Washington, Carroll and Madison counties.

“Many low-income families do not have cars and rely on foot transportation to travel to many places. Traveling from Springdale to Fayetteville is just not feasible on foot, especially during the summer with children.”

— Staff, Community Clinic of Northwest Arkansas

#### Other common themes:

- Lack of child care options
- The time it takes to get access to available resources
- Low wages

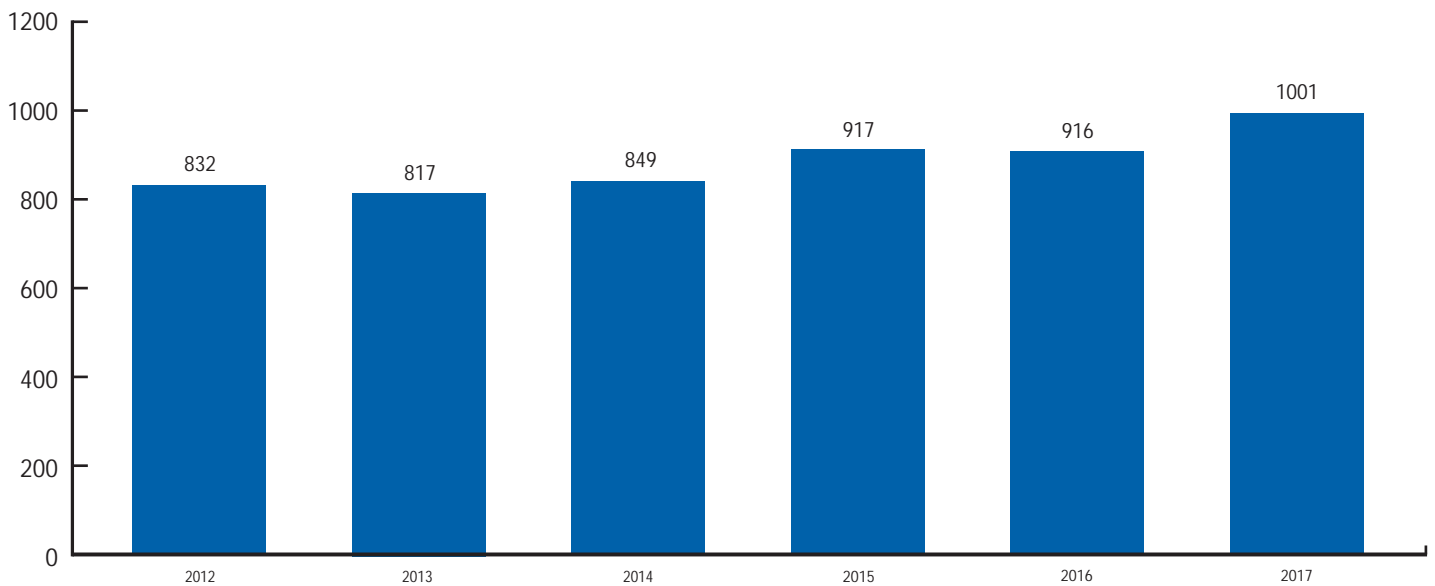


## FOSTER CARE CRISIS

As the region has grown, the number of children in foster care has grown even faster. The most common reason for children entering the foster system is their parents' substance abuse, followed closely by neglect (some children enter foster care for both reasons). The number of children in foster care in Northwest Arkansas grew more than 20 percent from 2012 to 2017, far outpacing the overall population increase of 8 percent during the same time period. The increase in the number of foster children, which also grew rapidly statewide, led to ever-

higher caseloads in the state's Division of Children and Family Services and an overall crisis in the child welfare system. Governor Hutchinson and the Legislature increased funding last year in an effort to raise salaries, keep more workers on the job and lower those average worker caseloads, and, therefore, better serve children in foster care. But over the past year, the average caseload numbers have begun going up again in Northwest Arkansas. Washington and Benton counties both had averages of about 30 cases per worker, twice as high as the recommended national standard of 15 cases per worker.

NORTHWEST ARKANSAS CHILDREN IN FOSTER CARE  
Washington, Benton, Madison and Carroll Counties



Source: Arkansas Department of Human Services Annual Reports



## REASONS FOR CHILDREN'S ENTRY INTO FOSTER CARE

Statewide, 2017

Substance Abuse	54%
Neglect	51%
Parent Incarceration	22%
Physical Abuse	12%
Inadequate Housing	9%
Sexual Abuse	5%
Caretaker Illness	4%
Child's Behavior	3%
Abandonment	2%
Truancy	1%
Other	3%

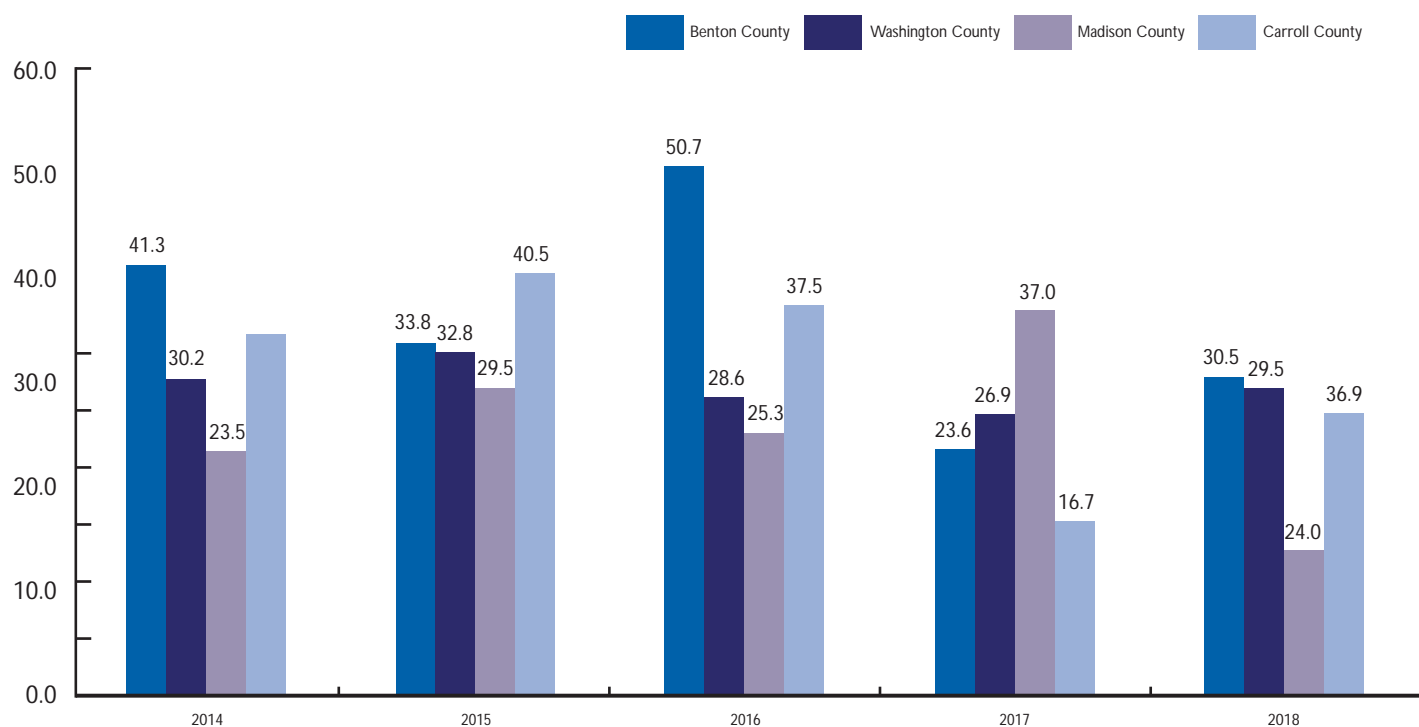
*A child may have more than one reason for entry.*

Source: DHS Division of Children and Family Services Annual Report Card, 2017



## AVERAGE FOSTER CARE CASELOAD PER CASEWORKER, BY COUNTY

As Reported for Last Quarter of Fiscal Year\*



\*2018 Figures are for 3<sup>rd</sup> Quarter of 2018 Fiscal Year (Ending March 2018)



## CHILDREN IN IMMIGRANT FAMILIES

About 82,000 children in Arkansas have at least one parent who is an immigrant, or 11 percent of children statewide. Most of those kids, more than 90 percent, are U.S. citizens. Children in immigrant families in Arkansas have a tougher economic climb than their peers in any other state, according to the 2017 Race for Results report by the Annie E. Casey Foundation. They are more likely to live in poverty than children in immigrant families in any other state. More than two-thirds of those children



– or 69 percent – are growing up in low-income families, or those whose incomes are not higher than \$41,560 for a family of three. In comparison, 52 percent of Arkansas children whose parents were both born in the United States live in low-income families.

These indicators underscore the importance of federal and state policy decisions – and even just the tone of the rhetoric – on the lives of children growing up in Arkansas today. When national discussions center around children separated from their parents by the U.S. government, local service organizations see the repercussions at the local level.

“We’ve seen families who are scared to sign their children up for school, or even to take them to doctor’s appointments,” said Mireya Reith, executive director of Arkansas United.

Melisa Laelan, president of Arkansas Coalition of Marshallese, said she’s seen the same reaction among the Marshallese community, even though federal law gives Marshallese-born residents legal status outside of the immigration system.

That’s not the kind of welcoming atmosphere that produces thriving communities, and business leaders understand this. The Northwest Arkansas Council, a group of economic development leaders in the region, emphasized this summer that the area’s success depends on creating a welcoming community. Nelson Peacock, the organization’s President, described the goal as making sure everyone who wants to live here “feels welcome to stay here, feels comfortable moving here to contribute to our community and to our regional economy.”

One way children of immigrants have contributed is by obtaining permits to live and work under the Deferred Action for Childhood Arrivals policy, or DACA. More than 5,000 people in Arkansas obtained DACA permits under the Obama administration policy to defer deportation for undocumented immigrants who came to the United States as children. President Trump said the order establishing the policy was illegal, putting the status of those immigrants in limbo, and Congress has yet to act to give these young immigrants assurance that they’re welcome to stay.

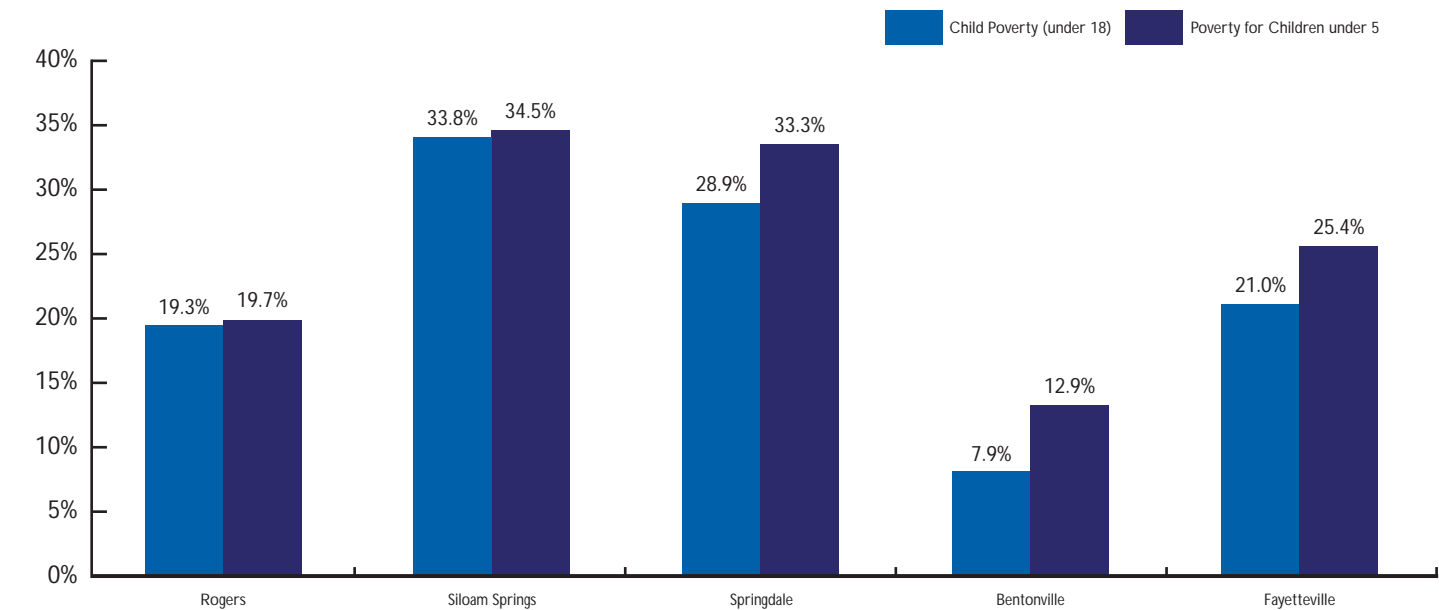
EDUCATION

Young children are more likely to live in poverty and to experience harsher consequences of poverty. And as decades of research shows, the first eight years of life are the most important for healthy brain development and success in school. If children are reading and succeeding in school by the time they're 8 years old, they're much more likely to thrive. One way to make that outcome more likely is to ensure that young children from lower-income families have access to quality early childhood education, giving them the solid educational foundation they need. In Northwest Arkansas, and throughout the state, those families have access to quality pre-K programs through state-funded Arkansas Better Chance, or ABC, programs and through the federally funded Head Start and Early Head Start programs. In addition, some child care centers accept federally funded vouchers to cover

costs, and home visiting programs help reinforce parents' good habits as their children's first teachers.

We're not meeting the need, however. School districts that offer ABC programs report high waitlists, sometimes equal to or double the number of children who are served in the programs. At Head Start and Early Head Start programs in Washington County, for example, the waitlist for services is double the number of children served (545 on the waitlist, compared to 272 served). School districts report long waitlists with their ABC programs, as well. In Fayetteville, which serves 160 children in school-based ABC programs, 111 children are on waitlists. Pea Ridge stopped putting names on the waitlists because it's too lengthy, and so few spaces open up during the school year.

NORTHWEST ARKANSAS CHILDREN LIVING IN POVERTY



Source: U.S. Census, American Community Survey, 5-year estimates, 2011-2016.





HEALTH COVERAGE

Statewide, the uninsured rate for children is 4 percent, but it’s somewhat higher in Northwest Arkansas counties. Washington County’s uninsured rate is 7 percent, while Carroll and Madison counties’ uninsured rates are both at 9 percent. Benton County’s is even with the state average of 4 percent. Across the region, a large percentage of children have health insurance through ARKids First or Medicaid: 38 percent, or almost 50,000 children. ARKids First is the state’s Children’s Health Insurance Program, or CHIP program, which insures children whose family incomes are below 200 percent of the poverty level (\$41,560 for a family of three).

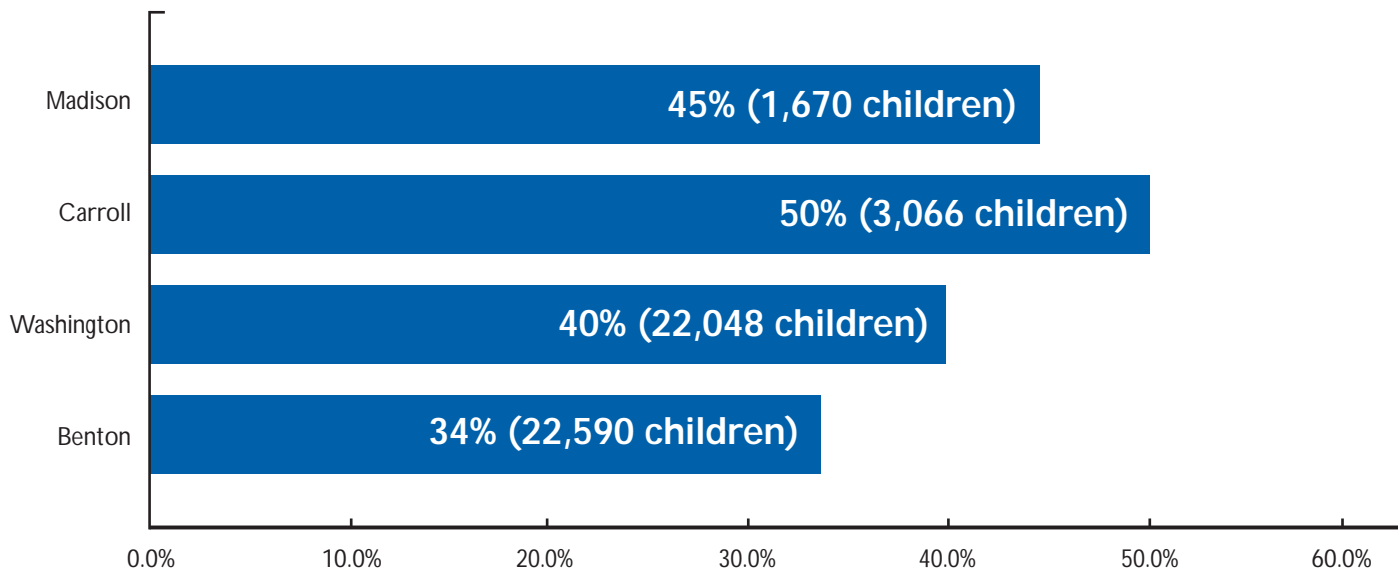
Arkansas Works, the state’s version of a Medicaid expansion under the Affordable Care Act, extended health care to hundreds of thousands of low-income

adults in Arkansas in 2014. When adults signed up for insurance, many discovered that their children had been eligible for ARKids First, and the state and regional children’s uninsured rate dropped dramatically.

Mervin Jebaraj, director of the Center for Business and Economic Research at the Sam M. Walton College of Business at the University of Arkansas, said Arkansas Works helped the state and regional economy. It freed up more of low-income families’ income that had been going toward health care costs and medications, and it helped people enter the workforce because their health needs were being met, he said.

Those coverage gains are under threat today, with new requirements that will drop thousands of people from Arkansas Works if they don’t log in to report work hours at an online portal.

NORTHWEST ARKANSAS CHILDREN COVERED BY MEDICAID/CHIP



## WHAT TO DO ABOUT IT

Public policy helped create the gaps in children's opportunity that exist today, and policy can help create the solutions. From early childhood education to tax policies that move us closer to equity in the tax system, there are pragmatic solutions that would work in Arkansas. For example:

- **A state-level Earned Income Tax Credit.** With Northwest Arkansas near the top in terms of income inequality and lackluster wage growth, it's no time for the Legislature to favor a top-level tax credit over one that would be targeted to lower-income working people. Earned Income Tax Credits, or EITCs, are targeted to low-wage workers. They're favored by many in the business community, with business owners understanding that targeted tax relief to low-income families would be returned to the local economy almost immediately.
- **Protect public investments for children and families** by limiting higher-income tax cuts. The state doesn't really have a "surplus" when we've shortchanged the foster care budget and don't have enough to adequately fund early childhood education or afterschool programs. If tax cuts are on the table in the 2019 legislative session, they should be limited to ensure that the state has revenue to meet all its needs.
- **Invest in quality early childhood education.** One proven way to close the educational opportunity gap is to ensure that kids from lower-income families have access to high-quality learning experiences from birth to age 5.
- **Fund afterschool and summer programs.** They are proven to close the achievement gap while also helping parents who are working hard. Schools and nonprofit organizations use a hodgepodge of funding to put these together. We can do better.
- **Raise the minimum wage.** On the ballot in November, voters will have the choice to raise the state minimum wage to \$9.25 next year from its current level of \$8.50. The measure, if passed, would increase incrementally, culminating in a minimum wage of \$11 in 2021. It's still not the level necessary for a "living wage," but it would be an improvement.

- **Advocate for the extension of DACA permits,** those documents that allow young immigrants to stay in the United States under the Deferred Action for Childhood Arrivals Policy. More than 5,000 young people in Arkansas will lose their permit status if Congress and the President don't reverse course.
- **We need a state-level DREAM Act,** which would allow undocumented high school graduates to pay in-state tuition rates at our state colleges and universities. It's not a special rate, but rather the same rate as other Arkansas high school graduates. Even students with up-to-date DACA status would have to pay out-of-state tuition without a state-level DREAM Act. In a region that works hard to be competitive by raising the percentage of residents with bachelor's degrees, we can't afford not to do this.
- **Defend funding for crucial federal programs** like Supplemental Nutrition Assistance Program, or SNAP. These are lifelines for thousands of children in Northwest Arkansas whose families are food-insecure.
- **Defend the Affordable Care Act and access to Arkansas Works,** our state version of Medicaid expansion. Extending health insurance to low-income families has been good for the regional economy.

If we make public policy changes that invest in kids and their parents, we could become a regional and national leader in child economic well-being. Northwest Arkansas has the advantage of a good economy and the knowledge of what has and hasn't worked for other regions. We know what does work: Investment in kids.

Arkansas Advocates for Children and Families  
1400 West Markham, Suite 306  
Little Rock, AR 72201  
(501) 371-9678

Northwest Arkansas Office  
614 East Emma Avenue, Suite 235  
Springdale, AR 72764  
(479) 927-9800



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