

Aspire Actions



**Taking Action to Address Poverty and
Make Arkansas a Land of Opportunity for All**



ACTION STEPS TO ADDRESS POVERTY

- 1 Improve high school graduation rates.
- 2 Promote healthy, stable families.
- 3 Increase family assets and earning capacity.

The Perils of Poverty in Arkansas

In 2011, 19.3 percent of Arkansans lived in poverty, while the same was true for 15.9 percent of the residents of the United States as a whole. That means over half a million Arkansans live in poverty. While the state's relative poverty rate has improved modestly in recent years, Arkansas's rate of poverty remains fourth across the fifty states.¹

Poverty limits individuals' future opportunities and those of their children. The collective economic impact on the community is just as profound. Lost economic development opportunities and community prosperity are only two of the costs. In 2007, the cost of reduced productivity, increased crime, compromised health and related health expenditures due to childhood poverty in the United States totaled almost \$500 billion per year.²

Undeniably, public policy changes must be part of the discussion about reducing poverty. Communities, however, can play just as important a role. Actions by informed and engaged community members can be a crucial component of the formula for decreasing poverty — and enhancing economic vitality — across Arkansas.

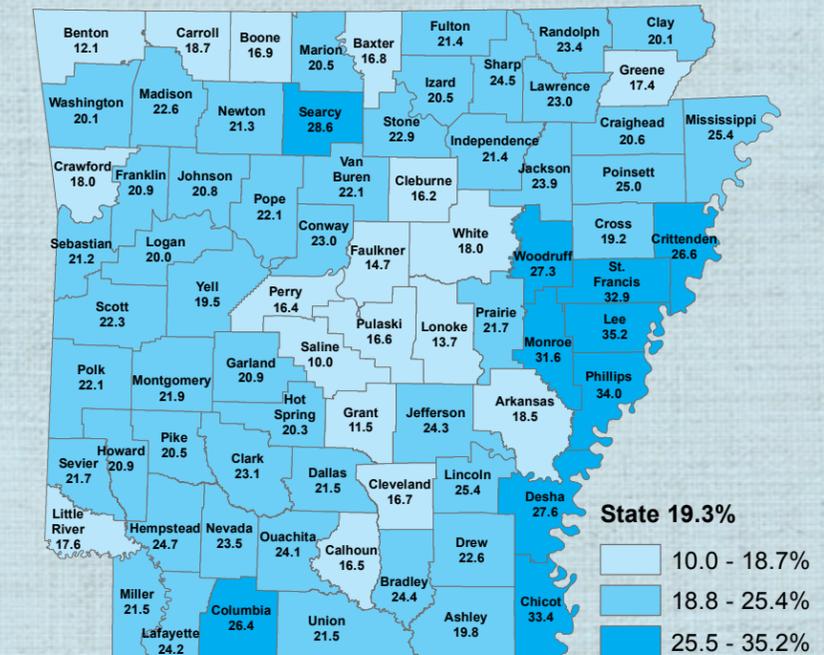
Defining Poverty

Poverty is more than a person's spending money beyond his or her means. Poverty is being unable to afford life's essentials, including food, clothing and shelter. In many instances, federal social service programs provide the essentials of life to people who cannot afford them. Those programs, however, do not necessarily provide a greater foundation on which people can build skills, job opportunities and a life than many Americans take for granted. Here, philanthropy has a great opportunity to make a difference.

For the purposes of this report, "poverty" is defined in relation to federal income guidelines. Our figure for Arkansas's poverty rate as of 2011 (19.3 percent) is derived from the U. S. Census Bureau's Small Area Income Poverty Estimates. The U. S. Census Bureau uses a system of income thresholds based on the number and age of people in a household to determine poverty. A simplified version of these thresholds is reported on the inside front cover of this report; for the complete U. S. Census Bureau poverty matrix (including calculations by number of dependents under 18 years of age), visit www.arcf.org/aspirearkansas.

people living in poverty

Percent of population;
Arkansas by County, 2011



Source: U.S. Census Bureau, Small Area Income and Poverty Estimates

What Explains Arkansas's Poverty?

Identify the drivers of poverty in Arkansas: that was the charge given to Gregory L. Hamilton, Ph.D., and Melody Muldrow of the Institute for Economic Advancement at the University of Arkansas at Little Rock. Hamilton and Muldrow undertook a thorough analysis of the subject, including a review of previous research on poverty in the United States. They also used a mathematical analysis to compare individual factors against county poverty rates and identify the issues that have the closest correlation with poverty in Arkansas.³

From this research process, we've identified three key strategies for addressing poverty in Arkansas:

Improve high school graduation rates.

Promote healthy, stable families.

Increase family assets and earning capacity.

The remainder of this report examines those strategies with an eye to how communities themselves can make a difference and become part of the effort to make Arkansas a true land of opportunity for all its citizens.

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U.S. Census Bureau Poverty Thresholds, 2011

SIZE OF FAMILY UNIT	WEIGHTED AVERAGE THRESHHOLDS
One person (unrelated individual)	\$ 11,484
Under 65 years	\$ 11,702
65 year and older	\$ 10,788
Two people	\$ 14,657
Householder under 65 years	\$ 15,139
Householder 65 years and older	\$ 13,609
Three people	\$ 17,916
Four people	\$ 23,021
Five people	\$ 27,251
Six people	\$ 30,847
Seven people	\$ 35,085
Eight people	\$ 39,064
Nine people or more	\$ 46,572



Improve High School Graduation Rates

The UALR study found that failure to complete high school is a significant contributor to poverty in Arkansas. Many negative consequences result from dropping out of high school. According to the most recent data from the Bureau of Labor Statistics, while the overall unemployment rate is 6.8 percent, the unemployment rate for those without a high school diploma is 12.4 percent.⁴ Moreover, at present, high school dropouts make just 58 percent of the average worker's weekly wage.⁵ A high school dropout will make \$1 million less over the course of his or her lifetime than a college graduate.⁶ With the job market now requiring at least a high school diploma to be competitive, dropouts are now twice as likely as their better educated peers to slip into poverty from one year to the next.⁷

Not only do individuals suffer, but society also pays a high price for students dropping out. Communities lose productive workers and the added tax revenue that comes with them. Just as high school dropouts make significantly less income, they contribute half as much in tax revenue as high school graduates.⁸ Four out of 10 people without high school diplomas or an equivalent receive some form of social welfare assistance, and these people are eight times as likely to be incarcerated over the course of their lifetime.⁹ If everyone graduated from high school, the United States could save between \$7.9 billion and \$10.8 billion in expenditures for food stamps and housing projects.¹⁰ If the male graduation rate increased by a mere five percent, communities would save \$4.9 billion dollars annually from decreased spending on crime costs.

Action Steps to Improve High School Graduation Rates



Early Childhood Opportunities: Communities can help reduce dropouts by helping children prepare for school and supporting efforts that will empower and fully engage parents in the education process. Efforts such as Arkansas's HIPPPY (Home Instruction for Parents of Preschool Youngsters) program have been proven to close the achievement gap for low-income children. Through home visits and one-on-one training, children and parents gain self-confidence. Arkansas can build on these targeted successes to encourage broader community-based organization to train parents in methods of developing their children's school readiness.

Libraries and Reading Programs: Homes need books to keep children excited about reading. Access to good libraries is crucial, especially for low-income families for whom buying books is often difficult. Unfortunately, compared to libraries elsewhere in the United States, Arkansas's library system is decidedly challenged. In 1999, the state carried out a comprehensive study of Arkansas's public libraries.¹¹ The consultants who carried out the study concluded that Arkansas's libraries were dramatically underfunded as compared to other states, including others in the region. Specifically, the total support for Arkansas's public libraries was approximately one-half of the national average (52.6 percent).¹² More recent data indicates things have only gotten worse for Arkansas's libraries.

Like libraries, programs that move reading materials into homes can make a big difference as well. *Reach Out and Read Arkansas*, which is a nonprofit organization based in Little Rock, serves children throughout Arkansas by channeling children's books to pediatricians' offices. A child walks into the doctor's office for a regular appointment but walks out carrying an age-appropriate book of his or her own.

High-Quality Out-of-School Experiences: For low-achieving students, out-of-school learning programs provide the opportunity to catch up to peers and allow students to see the relevance of education for life after school. Eighty-one percent of dropouts reported that having real-world learning would have made them more likely to stay in school.¹³ These programs can occur after school and during the summer. High-quality, sustainable

programs often involve active community partners. Internship programs, for example, can financially benefit students and businesses, and they can incorporate ongoing mentoring and counseling for young people by caring adults in the community. Effective programs can be relatively inexpensive, costing as little as \$500 per student.¹⁴

Supplemental Academic Services: Supplemental academic services that focus on remedial education, tutoring and homework assistance can help improve students' success in the classroom.¹⁵ Data demonstrate the effectiveness of these programs — the dropout rate for students exposed to supplemental academic services is only half of the rate for students not exposed to such programs.¹⁶

Supplemental academic service programs already exist in some communities in Arkansas. In both Little Rock and Pine Bluff, for example, Volunteers in Public Schools (VIPS) match volunteer adult tutors with students who need extra help in school. Longtime Little Rock VIPS volunteer Philip Burch observed how well the program lets students know "how important it is to stay in school [and] how important it is to do their best."¹⁷ Burch concluded, "We need to keep doing it."¹⁸

Mentoring and Counseling Programs: Programs that pair high school students with adult mentors make a big difference in the lives of young people. The chance that a high school student who is mentored by an adult will drop out of high school is less than half the rate of students generally.¹⁹

Across Arkansas, Big Brothers Big Sisters programs offer young people the opportunity to connect with adult role models. Mark Norfleet remembered the positive influence his Big Brother, John Breen, provided in Mark's teenage years.²⁰ "John allowed me to do things I wouldn't have had a chance to do with my mom and sisters," Norfleet said. "It can be the little things that can take you down the wrong path, but John was really a positive influence for me to make the right choices."²¹



Promote Healthy, Stable Families

A household may be led by a single parent for one of several reasons — death of a spouse, divorce, incarceration or childbirth outside of marriage. Most single-parent homes, but certainly not all, are headed by single women. No matter the reason, single-parent families in Arkansas are, as a group, distinctly fragile economically.

Arkansas ranks above the national average with 19.8 percent of its families being single female-headed, according to the most recent Census data; 7.0 percent are single male-headed (below the national average).²² According to Census data, Arkansas has the highest divorce rate in the United States for men (13.5 divorces per 1,000 Arkansas men) and fifth highest divorce rate in the nation for women (12.8 divorces per 1,000 women).²³ Another reason for the relatively large percentage of female-headed households is the fact that Arkansas is tied for seventh among the 50 states in the percentage of births to unmarried women.²⁴ A significant number of these births are to women still in their teens; Arkansas ranked 3rd in 2010 in the percentage of births to teenage mothers in the nation with over 5,000 women under the age of 20 giving birth that year in the state.²⁵ While the teenage pregnancy rate dropped 29 percent in Arkansas between 1988 and 2008, that reduction is significantly less than the national reduction of 39 percent in that same period.²⁶

Setting the stage for a life in poverty, only four in 10 teen mothers go on to complete high school.²⁷ Even more striking, only one in 50 finishes college by the age 30.²⁸

No matter their age, and even if they are able to advance in their educations, single mothers are disadvantaged as they attempt to enter the workforce. Employers may worry that single mothers will have difficulty balancing childcare responsibilities with their jobs. The availability and cost of quality childcare further limits a mother's options. While vouchers in Arkansas help some low-income families cover the cost of childcare, unmet needs remain, particularly in some of the most economically challenged areas of the state.



Action Steps to Promote Healthy, Stable Families

Addressing Unintended and Early Pregnancies:

Unintended and early pregnancies imperil the health, education and economic well-being of the mother and the child. Providing young women a vision of a successful future, culturally sensitive education about reproductive health and access to reproductive health services are pieces of a comprehensive approach to limiting unintended pregnancies in our local communities.

In Arkansas, nonprofit organizations and school-based programs succeed in educating and counseling young women and men about unintended and early pregnancies. In Lee County, for example, an ongoing partnership between the Arkansas Department of Health and the faith-based community has impacted the lives of young people.²⁹ That partnership's success is apparent — in 2011, Lee County's occurrence of births to teens was nearly half of the rate of surrounding counties.³⁰ The 2011 number is only the latest chapter in historical data that shows counseling and intervention efforts have paid dividends in Lee County.³¹

A summary of effective teen pregnancy prevention efforts, published in the *Journal of Extension*, suggests multiple effective methods of reaching young people — both young women and young men — about pregnancy. These strategies include 1) efforts to boost teens' self confidence and preparation for the future through youth development programs and opportunities for employment and meaningful community service, 2) community-wide campaigns and efforts to involve parents and other caring adults in helping teens make good decisions, 3) sexuality and AIDS education targeted to young women and young men and 4) access to reproductive health services for teens who are sexually active to provide support in using contraception effectively and consistently.³²

High Quality Early Childhood and Out-of-School Programs:

While such programs are crucial to keeping students on the path to graduation, they also provide crucial assistance to working parents who worry about the safety of their children in the after-school and summer hours. Moreover, evidence is clear that they can be important tools in keeping young people from making unwise decisions, both by enhancing their self-confidence and providing structure during periods when risky sexual activity is common among unsupervised teens.

Grandparent Support Programs: Grandparents in Arkansas often raise their grandchildren for significant periods of time. Because of their ages and fixed incomes, they often are challenged in their ability to provide appropriate homes for these children. This arrangement can be

less than ideal for both children and grandparents. Therefore, providing the unique support needed for this group of guardians is crucial. Arkansas Voices for the Children Left Behind is one organization that offers direct services and training to family members—including grandparents—who are raising children as a result of incarceration or other situations that separate parents from their children.

Educational Opportunities for Single Parents:

Young women who become pregnant must be offered every chance to continue their educational progress. Each year hundreds of Arkansas young women drop out of school because of their pregnancies. Likewise, women who already are single parents often have their college educations disrupted. The state Single Parent Scholarship Program, with local affiliates in most Arkansas counties, can be a crucial resource for these women in providing financial assistance as well as mentoring programs.





Increase Family Assets and Earning Capacity

Among the forces that contribute to poverty in Arkansas, the lack of assets, income and opportunity for many Arkansans is the highest. While that truth may seem obvious, recognizing it is the first step toward beginning to remedy it.

Multiple factors play a role in the assets/income/opportunity dilemma. Every day, companies are looking to fill high-tech, high-paying jobs. Sadly, too many would-be workers lack the skills needed for these jobs. Some individuals who have necessary job skills lack presentation, résumé preparation and interview skills to make themselves attractive to prospective employers. Also damaging to prospective workers are negative perceptions associated with poor dental care. Poor dental health is prevalent because of the absence of dental insurance and the lack of access to dentists in Arkansas and much of the United States.³³

For many workers and would-be workers, childcare, as mentioned previously, is a challenge. In some communities, quality childcare may not be available. Even when available, however, quality childcare in the United States is expensive, and workers often need childcare at odd hours. In fact, research indicates that fully one-third of all poor mothers not in the workforce report that they are not employed because of childcare problems.³⁴

Workers also vary in their ability to manage their financial resources. Financial illiteracy, meaning the lack of an understanding of the fundamental concepts of economics and finance that are part of everyday life, is widespread in the United States. Research has shown a variety of ways in which such illiteracy has severe ramifications for the health of households financially.³⁵ Financially illiterate individuals are more likely to take out mortgages with high interest rates, be delinquent on debt and have damagingly high debt levels.

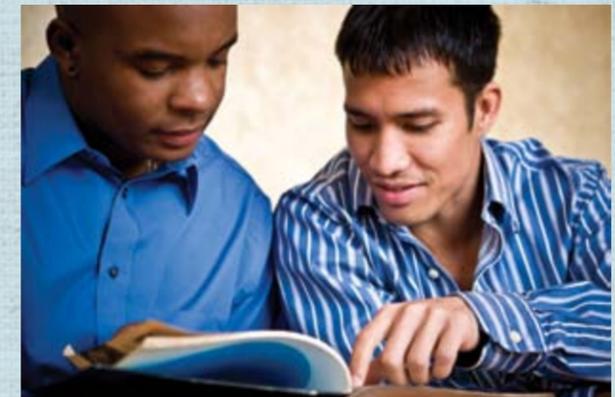
For Arkansas, the rate of financial illiteracy is high. A 2011 analysis of state variation in financial literacy prepared by the Social Security Administration showed that Arkansas ranked fourth in the financial illiteracy levels of its population.³⁶



Action Steps to Increase Family Assets and Earning Capacity

Literacy Training: One of the most critical skills for almost any job is the ability to read and write. Literacy has improved dramatically in recent decades, but, in a number of Arkansas counties, one in four adults still lack basic literacy skills.³⁷

Local literacy councils, including those operating under the auspices of Arkansas Literacy Councils, are an important force in alleviating poverty in Arkansas. They offer free instructional tutoring to adults who want to learn or improve their ability to read, write or speak English. Across Arkansas, forty councils provide such support services to individuals in sixty of Arkansas's seventy-five counties.³⁸



Healthy Workers: Even in an era of expanding access to health insurance coverage, the providers of health services (including mental and dental health) remain limited in the state. According to the Association of American Medical Colleges, Arkansas ranks second in the nation in the shortage of medical doctors with the supply of providers a particularly dire situation in rural Arkansas. The data on dentists is even more problematic, with a dozen Arkansas counties either having no dentist in the county or a 5,000:1 ratio of persons to dentists.³⁹ Free charitable health clinic services, while a stopgap measure, can be crucial in keeping individuals well enough to stay at work through preventative care.



Financial Literacy Work: A variety of local organizations in Arkansas provide financial education for low-income citizens to help them protect limited assets and prepare for further financial security, such as home ownership. Because of Arkansas's high financial illiteracy rates, such services are crucial. Organizations that aid the working poor in their tax preparation, such as the Volunteer Income Tax Assistance (VITA), can have an immediate impact through increasing the rate of Earned Income Tax Credit claims by eligible families.



Next Steps

Poverty is complex, and there is no single step that can eliminate poverty in Arkansas. There are, however, numerous points of entry to attacking poverty. While public policy plays an important role, local communities can be a crucial player in reducing poverty and collectively can contribute to major poverty reduction and alleviation. Poverty has been a defining characteristic of the state's history, but — when focused on attacking it by improving high school graduation rates; promoting healthy, stable families; and increasing family assets and earning capacity — communities can make a real difference in making Arkansas a more prosperous state for all of its people and all of its communities.



notes

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