

ARKANSAS

2020

*A report on the
changing demographics
and related challenges
facing Arkansas' state
government in 2020.*

Produced in 2007 for Senator Shane Broadway and the
86th General Assembly of the State of Arkansas

FOREWORD, ARKANSAS 2020

To Governor Mike Beebe, Senate and House Members of the 86th General Assembly, and Concerned Citizens:

The following *Arkansas 2020* report provides a comprehensive analysis of the anticipated demographics changes and related challenges that Arkansas' state government will face in 2020.

I would like to express my sincere appreciation to the University of Arkansas for Medical Sciences, University of Arkansas at Little Rock, University of Arkansas-Fayetteville, Arkansas Tech University, and Arkansas State University who encouraged their faculty to assist in organizing and writing this comprehensive report. The report's breadth and quality has exceeded my expectations. I would like to particularly thank Dr. Ty Borders, Associate Professor, UAMS College of Public Health, for coordinating this effort.

It is critical that our state consider the anticipated challenges highlighted in the *Arkansas 2020* report before we are in the midst of them. I encourage our state government to use the findings contained in the report to more effectively and efficiently plan and allocate resources to meet the future needs of Arkansans.

Shane Broadway
State Senator, District 22

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FACULTY COORDINATORS, ARKANSAS 2020

Ty Borders, Ph.D. Dr. Borders served as coordinator of the Health and Human Services subcommittee that prepared a chapter for this report and as coordinator of the overall *Arkansas 2020* project. He is Associate Professor of Health Policy and Management and Epidemiology at the Fay W. Boozman College of Public Health at the University of Arkansas for Medical Sciences. Dr. Borders earned his Ph.D. in Health Management and Policy, M.S. in Epidemiology, and M.A. in Hospital and Health Administration from The University of Iowa. He obtained a B.A. in Psychology (with Honors) from The University of Kansas. Prior to arriving at UAMS, he was Assistant Professor and Chief of the Division of Health Services Research at the Texas Tech University School of Medicine. Dr. Borders' research focuses on the conduct and analysis of population-based surveys to identify subgroups of persons at risk of poor health and problems obtaining access to health services, with an emphasis on rural populations and substance abuse. His research has been funded by the Agency for Healthcare Research and Quality, the National Institute on Aging, and the Centers for Disease Control and Prevention and has culminated in over 40 articles published in prestigious journals including *Medical Care*, *Health Services Research*, *The American Journal of Public Health*, *The Journal of Rural Health*, and *Preventive Medicine*. He may be contacted via e-mail at tfborders@uams.edu.

David R. Montague, Ph.D. Dr. Montague served as co-coordinator of the Public Safety subcommittee that prepared a chapter for this report. He is an Assistant Professor of criminal justice at the University of Arkansas at Little Rock and the Director of the University's Senior Justice Center that targets crime against the elderly via teaching, research, and service using UALR student interns. Dr. David R. Montague completed a Ph.D. at Howard University, an M.A. at George Washington University, and a B.A. at Morehouse College. His research interests include prescription drug crime, crime against the elderly, and social justice. He worked for the United States Drug Enforcement Administration as a federal drug diversion investigator and for the United States JFK Assassination Records Review Board as Senior Investigator. He has also served as a consultant on national security matters with US Investigations Services, Inc.; the largest private investigative company in North America. Dr. Montague periodically taught administrative asset forfeiture at the FBI Academy in Quantico, VA, and taught crime and policy courses in the Departments of Criminology and African-American Studies at the University of Maryland College Park. He actively mentors students via his internship program and is the recipient of the Outstanding Faculty Staff Award for teaching and intellectual development of undergraduate students. He may be contacted via e-mail at drmontague@ualr.edu.

Gregory Russell, Ph.D., J.D. Dr. Russell served as co-coordinator of the Public Safety subcommittee that authored a chapter for this report. Dr. Gregory Russell currently serves as the Director of the programs in Criminology, Criminal Justice and Forensic Science at Arkansas State University, Jonesboro. Previously he was Director of the Criminal Justice Program at Washington State University. He received his Ph.D. from the University of Georgia in 1991, and his Law Degree (JD) from the University of Akron (Ohio) in 1974. He is currently an Associate Professor. Dr. Russell has published three books including *The Death Penalty and Racial Bias: Overturning Supreme Court Assumptions* (Greenwood Press, 1994), and *Law Enforcement in the United States*, 2nd Edition (Jones and Bartlett, 2005). In addition, his research has appeared in *Crime and Justice*; *The American Review of Public Administration*; and the *Justice System Journal*, among others. He may be contacted via e-mail at grussell@astate.edu.

Joe Schriver, Ph.D., L.C.S.W. Dr. Schriver coordinated the Resources subcommittee that authored a chapter for this report. He is Director and Professor, University of Arkansas School of Social Work. Dr. Schriver earned his Ph.D. at The University of Iowa and M.S.W. and B.A. at the University of Arkansas. Previously, he served as Chair or Director of Social Work Departments in Iowa and Kentucky. Schriver is currently writing and publishing in the areas of Human Behavior and the Social Environment, multicultural issues in social work education, international social work, and poverty issues. His book, *Human Behavior and the Social Environment: Shifting Paradigms for Essential Knowledge in Social Work Practice* was published in its 4th edition in 2005. He is the founding Editor of the *Journal of Baccalaureate Social Work*. He serves on the editorial boards of the *Journal of Ethnic and Cultural Diversity in Social Work* and *Families in Society*. He has served on the Boards of Directors of the Council on Social Work Education and the National Association of Baccalaureate Social Work Program Directors and on the National Nominating Committee of the Council on Social Work Education. He has also provided consultation and training to staff of numerous non-profit organizations and social work education programs in Arkansas, Iowa, New York, Louisiana, and Kentucky. He may be contacted via e-mail at jschrive@uark.edu.

David Underwood, Ph.D. Dr. David Underwood coordinated the Education subcommittee that authored a chapter for this report. He is Professor of Education and Associate Vice President of Academic Affairs at Arkansas Tech University. Dr. Underwood has more than 20 years of service in higher education with experience in institutional effectiveness, academic administration, residence life, and career planning and placement in addition to his experience as a faculty member. He has been a faculty member and/or administrator at Western Kentucky University, New Mexico State University, Clemson University, the University of Houston-Clear Lake, and Arkansas Tech University. He has taught at the undergraduate, masters, and doctoral levels. Dr. Underwood holds a B.A. in Sociology with a minor in Social Work and Secondary Education, an M.A.E. and an M.P.S. in Counseling from Western Kentucky University and a Ph.D. in Educational Psychology with a minor in Counseling from Indiana University at Bloomington. He may be contacted via e-mail at david.underwood@atu.edu.

Ashvin Vibhakar, Ph.D. Dr. Vibhakar coordinated the Economic Impact subcommittee that authored a chapter for this report. Dr. is presently Director of the Institute for Economic Advancement and professor of Finance at the University of Arkansas at Little Rock. Prior to assuming this position, he served as Dean of the College of Business Administration. Before becoming Dean, he held the positions of Associate Dean and Chairman of the Department of Economics and Finance in the College. Dr. Vibhakar joined UALR in 1981. Dr. Vibhakar received his Bachelor of Electrical Engineering degree from M. S. University of Baroda, India; his Master's degree in Business Administration from Central Missouri State University; and his Ph.D. in Finance from the University of Arkansas at Fayetteville. Dr. Vibhakar also holds the professional designations of Chartered Financial Analyst. He is a graduate of Class IX of Leadership Greater Little Rock. He may be contacted via e-mail at apvibhakar@ualr.edu.

OTHER MAJOR CONTRIBUTORS

Gregory Hamilton, Ph.D., Terre McLendon, and Vaughan Wingfield of the Demographic Research Center, Institute for Economic Advancement, University of Arkansas at Little Rock, provided the demographic projections for the state of Arkansas.

Martha Phillips, Ph.D., M.P.H., M.B.A., Director, Center for Public Health Practice, Division of Health, provided projections of disease estimates for the health and human services section of the report.

Willa Sanders, M.P.A., Assistant Dean for Governmental Affairs at the Fay W. Boozman College of Public Health, UAMS, worked with Sen. Broadway to initiate the conduct of *Arkansas 2020* and organize the group of faculty coordinators.

Introduction and Summary, *Arkansas 2020*

Arkansas 2020 was initiated by Senator Shane Broadway in December, 2005. Its objective is to describe projected changes in the demographic composition of the state of Arkansas between 2006 and 2020 and examine state agencies' preparations and plans to respond to those changes. Of particular concern was the aging of the state's population, but other demographic shifts, including expanding numbers of children and Hispanics were also addressed.

The University of Arkansas for Medical Sciences (UAMS) agreed to coordinate the *Arkansas 2020* report effort and developed a working plan to gather the necessary information and research assistance that included faculty members from other willing public universities in the state. Senator Broadway approved the working plan, solicited assistance from all public universities in the state, and ultimately organized a team of professors from UAMS, University of Arkansas at Little Rock, University of Arkansas-Fayetteville, Arkansas Tech University, and Arkansas State University. Professors from these universities volunteered their time to coordinate subcommittees related to health and human services, state resources, education, public safety, and economics. The names of the faculty "coordinators" are listed at the beginning of this report.

The faculty coordinators requested that state agency directors or their designees provide descriptions of how the core populations that they serve would change from 2006 to 2020, perform internal scans to assess each agency's capacity to respond to changing population demographics, and prioritize issues of concern. Faculty coordinators then compiled and edited the information provided by the state agencies.

The following report describes the major findings of the *Arkansas 2020* project. Each chapter begins with an executive summary and follows with more detailed findings. Chapter 1 provides a description of changes in the demographic make-up of Arkansas, including projected changes in the age, gender, race, ethnic, and rural/urban composition of the state. Chapter 2 describes implications of Arkansas' changing demographics for the Department of Health and Human Services' divisions, beginning with sophisticated epidemiological projections of Arkansas' health status in 2020 and related implications for the Division of Health, and follows with descriptions of priority concerns pertaining to divisions serving the health and social service needs of children, persons with physical and mental disabilities, and older adults. Chapter 3 provides a range of information and analyses of the concerns and strategies for addressing projected demographic changes in the broad area of resources ranging from the Social Security Disability Determination Division to colleges within the University of Arkansas for Medical Sciences. Chapter 4 describes a number of issues and concerns related to the effects of demographic shifts on public education within the state. Chapter 5 addresses public safety issues and concerns, particularly for senior citizens. Finally, Chapter 6 provides a summary of how changing the demographic mix will impact economic and finance related agencies.

While it is impossible to succinctly summarize the findings of this broad report, we have identified several themes of concern common across many state agencies, which are highlighted below.

- Common causes of concern are the increasing number of older persons who will require new or expanded social services and the increasing number of Hispanics, many of whom do not speak English, which will necessitate the hiring or training of bilingual workers.
- The majority of Arkansas' departments and divisions are preparing for these anticipated demographic changes.
- Most state agencies have identified a current need for additional resources, which could be further exacerbated by the state's expanding population. However, population growth will also likely generate additional tax revenues to meet those demands.
- Many state agencies have inadequate technological infrastructures, including computer databases and trained personnel, to monitor and project future needs.
- State-mandated salary scales limit the agencies' abilities to compete with the private sector to hire a sufficient number of personnel with expertise in strategic planning. Beyond the department/division directors, some state agencies have no staff members who can assist with these functions.
- Many state agencies are forced to allocate resources and services according to the availability of state and federal funds. The available funds do not always match the agencies' priority needs. Reliance on federal funds, which have been dwindling, restricts state agencies' abilities to plan for the future.

Again, these are just a few of the issues and concerns identified in this report, which we urge you to read in its entirety.

-Arkansas 2020 Faculty Coordinators

Chapter 1.

The Changing Demographics of Arkansas

INTRODUCTION

This chapter describes the populations in Arkansas in 2000 and in 2020. Estimates are derived from U.S. Census Bureau data, with projections and analyses prepared by the Demographic Research group at the Institute for Economic Advancement, University of Arkansas at Little Rock. Four basic demographic characteristics of a population are included in the analysis: gender, age, race, and ethnic origin. Methodologies and terminology used in the study conform to U.S. Census Bureau and professional demographic research standards.

As described in more detail here, the demographic profile of Arkansas is changing. Projections show that there will be substantial increases in the number of older persons over the next 14 years, as well as other modest changes in the racial and ethnic makeup of the state of Arkansas.

Substate classifications used for this report include Metropolitan Statistical Areas (MSAs), a combination of MSAs and micropolitan statistical areas, and non-metropolitan or rural areas. The report provides projections of the number and percent of Arkansans by age, race, and gender; their growth rates; their changes relative to the U.S.; the state as a whole; and the substate areas. Demographic statistics regarding economic dependency (ratio of the elderly to the working age population) and other ratios are also included in the report.

HISTORIC AND PROJECTED POPULATION TRENDS OF ARKANSAS

Growth in the State's Population from 2000 to 2020

The U.S. Census Bureau reported that in 2000 there were 2,673,400 persons in Arkansas, or approximately 0.95% of the total U.S. population. According to Interim State Population Projections, Arkansas' ranking is expected to rise to 31st in the nation, with a total population of 3,060,219, by 2020. Its percentage of the U.S. population is expected to decline slightly, to 0.91%. The increase in its ranking is a result of a population growth rate higher than many other states, but slightly less than the nation as a whole. Between 2000 and 2020, the population in Arkansas is anticipated to grow at an annualized rate of 0.68%, while the U.S. is forecast to grow at a rate of 0.89% (281,421,906 persons in 2000 to 335,804,546 persons in 2020).

Population Projection Methodologies

Population projections vary according to the methods used to construct them, as displayed in Table 1 below. The methods used by the U.S. Census Bureau and the UALR Institute for Economic Advancement differ somewhat. Both methods are equally correct from a technical standpoint. The choice of method depends on preferences for the assumptions underlying the projections. Because the Census Bureau does not issue population projections for substate geographic areas, all subsequent projections for Arkansas in this report were constructed using

the IEA Cohort-Component Method.¹

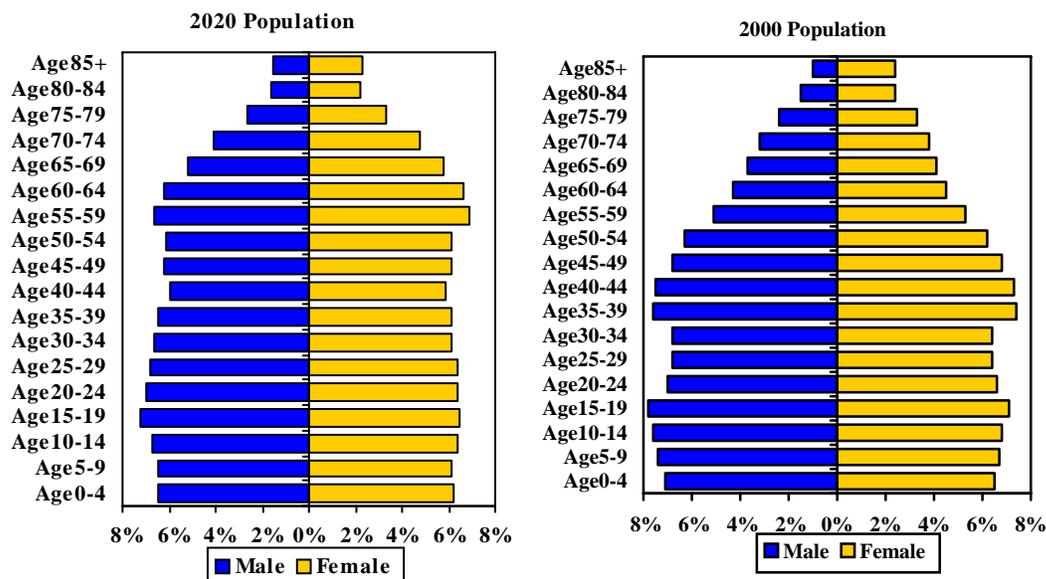
Table 1. Population Projections by Method

Projection Method	2000	2020	Annualized Growth Rate	Source
Census Population Trend	2,631,099	3,221,550	1.02%	Derived from U. S. Census Bureau data, Internet Release; September 13, 2002.
Census Interim Projections	2,673,400	3,060,219	0.68%	U.S. Census Bureau, Population Division, Interim State Population Projections, 2005.
IEA's Cohort-Component	2,673,400	3,577,247	1.47%	Demographic Research, IEA
IEA's Time Series	2,673,400	3,139,334	0.81%	Demographic Research, IEA

Source: Hamilton, Gregory "Cohort-Component Population Projections for Arkansas By County, Race, and Gender 2005-2030." Demographic Research, Institute for Economic Advancement, University of Arkansas at Little Rock, February 2005.

Age Distribution, 2000 and 2020

In 2000, the median age for Arkansas' population was 36.0 years, compared to 35.3 years for the nation as a whole. Population pyramids in Charts 1 and 2 portray the age distribution of males and females for Arkansas.



Charts 1 and 2. Population Pyramids for Arkansas, 2000 and 2020

Source: U.S. Census Bureau, Population Division, Interim State Population Projections, 2005.

Table 2 shows the actual and percentage growth in population as forecasted within each age category from 2000 to 2020. The largest growth is expected to occur among the groups highlighted in yellow. The population ages 55-74 will experience the most growth.

¹ Hamilton, Gregory "Cohort-Component Population Projections for Arkansas By County, Race, and Gender 2005-2030. Demographic Research, Institute for Economic Advancement, University of Arkansas at Little Rock, February 2005. (<http://www.demography.uarl.edu/population/Proj.pdf>)

Table 2. Age Distributions for Arkansas, 2000 and 2020

Age Group	Census 2000		Projection 2020		2000 - 2020 Change	
	Number	Percent	Number	Percent	Total	
	Total	Total	Total	Total	Number	Percent
Total	2,673,400	100.0	3,060,219	100.0	386,819	14.5
0 - 4	181,585	6.8	201,970	6.6	20,385	11.2
5 - 9	187,224	7.0	203,460	6.6	16,236	8.7
10 - 14	192,935	7.2	207,306	6.8	14,371	7.4
15 - 19	198,765	7.4	205,031	6.7	6,266	3.2
20 - 24	181,598	6.8	185,737	6.1	4,139	2.3
25 - 29	176,674	6.6	178,659	5.8	1,985	1.1
30 - 34	176,171	6.6	180,776	5.9	4,605	2.6
35 - 39	200,340	7.5	191,138	6.2	-9,202	-4.6
40 - 44	197,787	7.4	189,333	6.2	-8,454	-4.3
45 - 49	181,913	6.8	186,860	6.1	4,947	2.7
50 - 54	167,606	6.3	186,277	6.1	18,671	11.1
55 - 59	139,393	5.2	208,558	6.8	69,165	49.6
60 - 64	117,390	4.4	204,086	6.7	86,696	73.9
65 - 69	105,175	3.9	174,655	5.7	69,480	66.1
70 - 74	93,159	3.5	140,081	4.6	46,922	50.4
75 - 79	76,517	2.9	93,516	3.1	16,999	22.2
80 - 84	52,676	2.0	58,047	1.9	5,371	10.2
85+	46,492	1.7	64,729	2.1	18,237	39.2

Source: U.S. Census Bureau, Population Division, Interim State Population Projections, 2005.

As demonstrated in Table 3, Arkansas' economic dependency ratio is projected to increase from 73.7 (2000) to 86.3 (2020). Although this ratio was higher than the U.S. ratio of 63.9 in 2000, it is considerably lower than the U.S. ratio of 117.2 in 2020. Of the dependents, the old age dependency ratio forecast moves from 24.3 in 2000 to 29.2 in Arkansas, and from 27.6 to 64.9 in the U.S. The youth dependency ratio in Arkansas is anticipated to increase from 49.4 to 57.1, while in the U.S. it increases from 36.3 to 52.3. The ratio of aged persons to youth is also projected to rise from 49.2 in 2000 to 60.7 in 2020.

Table 3. Median Age and Dependency Ratios, Arkansas and U.S., 2000 and 2020

	Year	Arkansas	U.S.
Median Age	2000	36.0	35.3
	2020	37.3	38.0
Economic Dependency Ratio (Per 100)	2000	73.7	63.9
	2020	86.3	117.2
Youth Dependency Ratio (Per 100)	2000	49.4	36.3
	2020	57.1	52.3
Old Age Dependency Ratio (Per 100)	2000	24.3	27.6
	2020	29.2	64.9
Ratio of Aged Persons to Youth (Per 100)	2000	49.2	76.0
	2020	60.7	124.1

Economic Dependency Ratio = (Age under 20 + Age 65 and over) / (Age 20-64) X 100

Youth dependency ratio = Age under 20 / Age 20- 64 X 100

Old age dependency ratio = Age 65 and over / Age 20 - 64 X100

Gender Ratio

As shown in Table 4, the gender ratio in Arkansas is expected to increase slightly between 2000 and 2020, with 95.3 males per 100 females in 2000, and 98.8 males per 100 females in 2020.

**Table 4. Gender Ratios, Arkansas,
2000 and 2020**

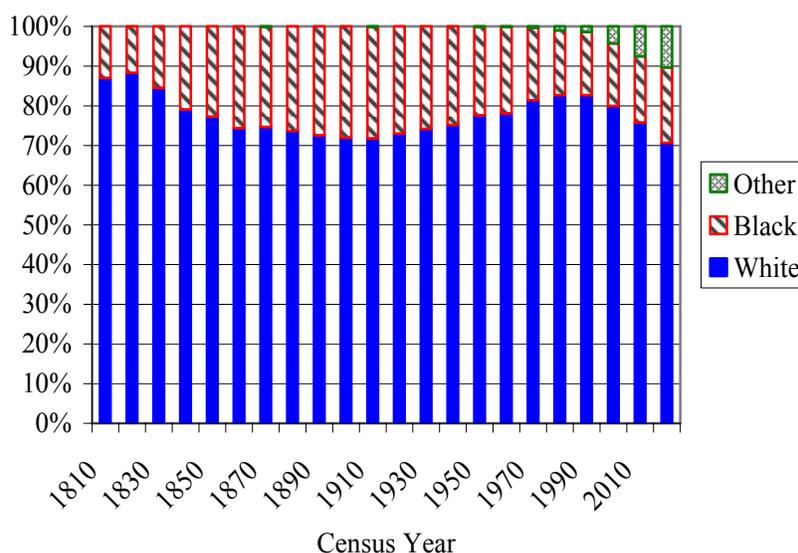
Gender Ratios (M/F*100)		
Age category	2000	2020
Age 0-4	104.2	104.2
Age 5-9	105.1	105.6
Age 10-14	106.1	103.4
Age 15-19	105.6	108.2
Age 20-24	102.1	107.8
Age 25-29	101.6	105.4
Age 30-34	100.3	107.3
Age 35-39	98.2	104.8
Age 40-44	97.9	101.3
Age 45-49	96.0	101.5
Age 50-54	96.1	99.4
Age 55-59	92.5	94.5
Age 60-64	90.9	92.6
Age 65-69	86.4	89.4
Age 70-74	79.2	85.8
Age 75-79	69.8	78.0
Age 80-84	58.8	72.3
Age 85+	41.2	66.7
Age 65+	70.3	81.6
Total	95.3	98.8

The gender ratio decreases as the ages of the groups increase. Within the population of Arkansans ages 65 and older, the ratio of males to females was 70.3 per 100 females. By 2020, this proportion is expected to increase to 81.6 per 100 females, indicating that either males will be living longer lives or females will be dying younger, or some combination of the two.

Racial Composition

The population of Arkansas has historically been predominantly white, with the minority population exceeding 20% from 1840 until 1970. As shown in Chart 3, beginning with a net population loss (due mainly to out-migration) between 1940 and 1960, the nonwhite population dropped to 21.8% in 1960 and 18.4% in 1970. The percentage of the population that is Black is expected to increase from 2000 to 2020, as shown in Chart 3.

Chart 3. Racial Composition in Arkansas, 1810 to 2020



Ethnic Composition

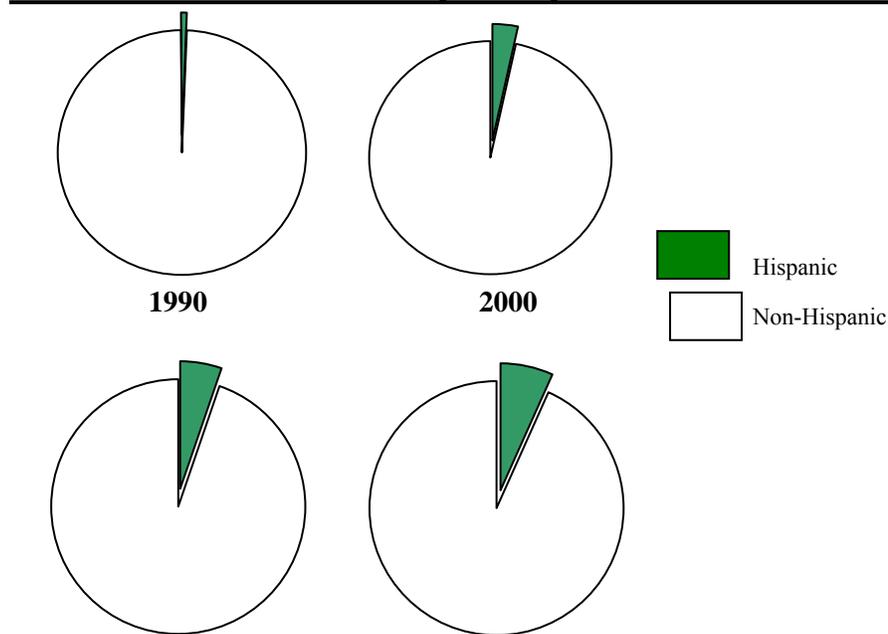
The Hispanic population in Arkansas increased substantially between 1990 and 2000. (Hispanics are by definition not a racial group but an ethnic group that may include blacks, whites, and other races). From 1990-2000, Arkansas' Hispanic population grew by 337%, the second highest growth rate in the nation. As shown in Table 5 and Chart 4, the number of Hispanics grew from 19,875 in 1990 to 86,866 in 2000. The number of Hispanics is projected to increase to 240,404 by 2020. These numbers do not include undocumented Hispanics.

Table 5. Arkansas Hispanic Population Counts, 1990-2020

	1990	2000	2010	2020
Hispanic	19,876	86,866	162,182	240,404
Non-Hispanic	2,330,849	2,586,534	2,926,299	3,336,843
Total	2,350,725	2,673,400	3,088,481	3,577,247

Source: IEA estimates and projections based upon U.S. Census Bureau data and projections from Regional Economic Modeling INC.

Chart 4. Arkansas Hispanic Composition, 1990-2020



Population Changes Within Metropolitan Statistical Areas

Urban areas are frequently defined according to Metropolitan Statistical Area status. A Metropolitan Statistical Area (MSA) is defined as an urbanized area of 50,000 or more population and may include adjacent counties that have a minimum of 25 percent of workers commuting to the central counties of the Metropolitan Statistical Area.² MSAs are defined by the U.S. Census Bureau according to standards created by the federal Office of Management and Budget.

As displayed in Chart 5 below, there are eight MSAs within Arkansas: Fayetteville-Springdale-Rogers, Fort Smith, Hot Springs, Jonesboro, Little Rock-North Little Rock, Memphis, Pine Bluff, and Texarkana. Four of these MSAs extend beyond the borders of Arkansas; for the purposes of this study, only the portions located within Arkansas are included in the analysis.

² Standards for Defining Metropolitan and Micropolitan Areas, Office of Management and Budget, Federal Register, Vol 65, No. 249. December 27, 2000, p. 32238.

Chart 5. Metropolitan Statistical (Urban) Areas in Arkansas

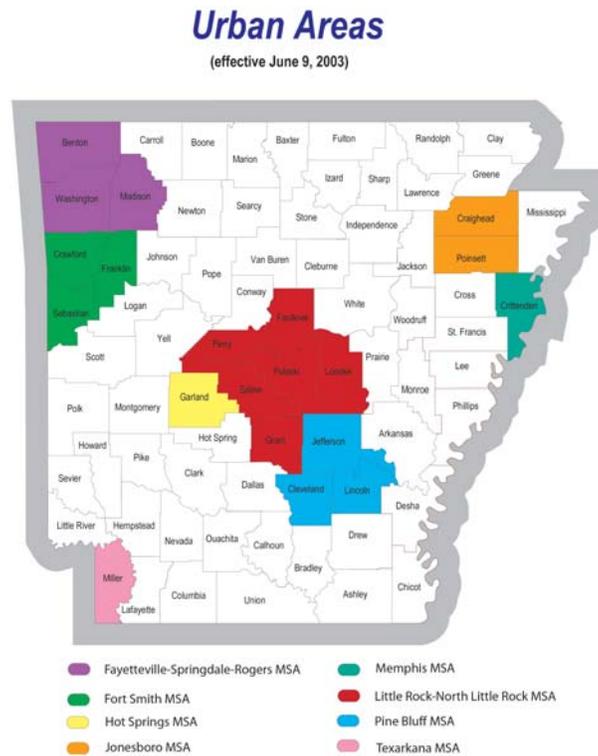


Table 6 below shows the current and projected populations for each MSA. In 2000, the largest of the MSAs was the Little Rock-North Little Rock MSA, with 22.8% of the state's population. The smallest was Texarkana, with 1.5% of the population. Little Rock-North Little Rock is projected to grow at an annualized rate of 1.46%, remaining the largest MSA within the state in 2020. Fayetteville-Springdale-Rogers is projected to be the state's fastest growing MSA, with an annualized growth rate of 3.1% and a share of the state's population moving from 12.2% to 16.8%. At the other extreme, the Arkansas portion of the Texarkana MSA (Miller County) will remain the smallest MSA and the Arkansas portion of the Memphis TN-AR-MS MSA (Crittenden County) will grow at an annualized rate of only 0.63%.

Table 6. Population Changes in Arkansas' Eight MSAs

MSA	2000	2020	% Change	Annualized Growth Rate
Fayetteville-Springdale-Rogers	325,364	599,305	84%	3.10%
Fort Smith	186,089	262,574	41%	1.74%
Hot Springs	88,068	126,151	43%	1.81%
Jonesboro	107,762	150,616	40%	1.69%
Little Rock-North Little Rock	610,518	815,445	34%	1.46%
Memphis	50,866	57,617	13%	0.63%
Pine Bluff	107,341	122,642	14%	0.67%
Texarkana	40,443	46,654	15%	0.72%

Table 7 displays the median age, economic dependency ratio, youth dependency ratio, old age dependency ratio, and ratio of aged persons to youth for each MSA in both 2000 and 2020. As of 2000, the median age among MSA dwellers ranged from 32.0 in the Memphis MSA to 42.4 in the Hot Springs MSA. By 2020, it is projected that the lowest median age will be in the Jonesboro MSA, at 33.5 and the highest will still be in the Hot Springs MSA, at 46.1 years.

The economic dependency ratio among the MSAs varied in 2000 from a low of 67.3 in Little Rock-North Little Rock to 81.8 in Hot Springs. In 2020, the relative positions of Little Rock-North Little Rock and Hot Springs will not have changed, though their age dependency ratios will both have increased, to 68.2 and 86.8, respectively. In three of the MSAs the economic dependency ratios are projected to increase by 2020: Texarkana, Fort Smith, and Fayetteville. A lower economic dependency ratio indicates a larger workforce, proportionate to the whole population.

In 2000, the ratio of aged persons to youth (persons aged 65 and over per 100 persons under 20) ranged from 105.1 in the Hot Springs MSA down to 36.6 in the Memphis MSA. These MSAs are projected to hold the same relative positions in 2020, when the Hot Springs MSA is forecasted to have a 109.3 ratio and the Memphis MSA a ratio of 38.3.

The outlier rankings of the ratios of aged persons to youth in the Hot Springs and Memphis MSAs are due substantially to the numbers of children in those MSAs. In 2000, the youth dependency (a measure of persons under 20 per 100 persons aged 20-64) was highest in the Memphis MSA at 55.9 and lowest in Hot Springs at 39.9. By 2020 the ratio is expected to decline slightly to 54.5 in Memphis, while in Hot Springs it will increase to 41.4, keeping the two MSAs in the same relative positions. Only two of the MSAs are expected to experience an increase in their youth dependency ratios: Hot Springs and Jonesboro, with Jonesboro's ratio increasing 8.7% over the 20-year span.

Table 7. Age Distribution Changes from 2000 to 2020, by MSA

	Year	Fay-Spr- Rog	Ft. Smith	Hot Spr.	Jones.	LR/ NLR	Mem.	Pine Bl.	Tex.
Median Age	2000	33.3	35.6	42.4	34.0	34.8	32.0	35.2	34.9
	2020	35.4	37.3	46.1	33.5	37.5	35.0	36.1	38.5
Economic Dependency Ratio (Per 100)	2000	72.9	74.7	81.8	71.2	67.3	76.4	79.5	75.5
	2020	69.3	73.5	86.6	73.5	68.2	75.4	76.1	70.8
Youth Dependency Ratio (Per 100)	2000	49.2	48.8	39.9	46.3	45.2	55.9	51.6	48.0
	2020	46.2	47.2	41.4	50.3	43.6	54.5	49.7	44.6
Old Age Dependency Ratio (Per 100)	2000	23.7	25.8	41.9	24.9	22.0	20.5	27.9	27.5
	2020	23.1	26.3	45.2	23.2	24.5	20.9	26.4	26.2
Ratio of Aged Persons to Youth (Per 100)	2000	48.3	52.9	105.1	53.9	48.7	36.6	54.0	57.3
	2020	50.1	55.6	109.3	46.2	56.2	38.3	53.2	58.7

Economic Dependency Ratio = (Age under 20 + Age 65 and over) / (Age 20-64) X 100

Youth dependency ratio = Age under 20 / Age 20- 64 X 100

Old age dependency ratio = Age 65 and over / Age 20 - 64 X100

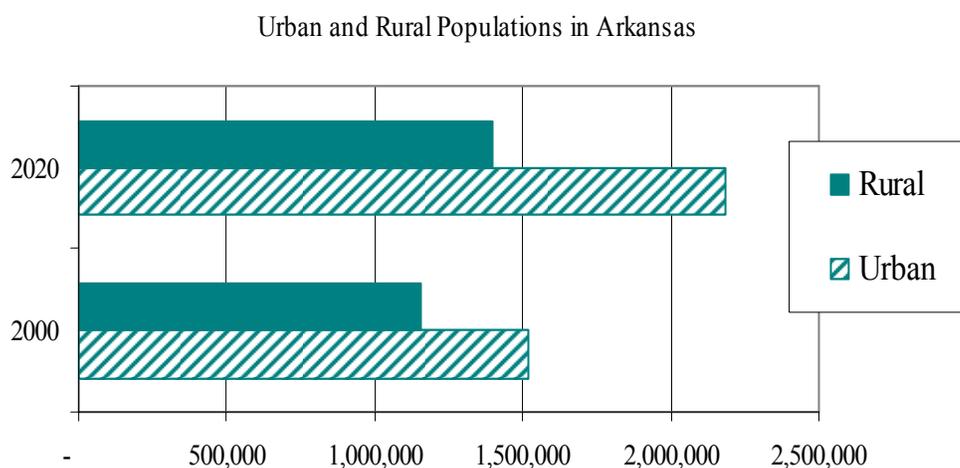
Urban vs. Rural Demographic Changes

By definition, urban refers to Metropolitan Statistical Areas (MSAs) and rural refers to all areas outside of MSAs. Table 8 displays growth rates and percent changes for urban and rural populations. Chart 6 graphically displays the total population sizes in urban vs. rural areas in 2000 and 2020. The urban areas of the state are growing in their total share of Arkansas' population compared with the rural areas. In 2000, 56.7% of the total Arkansas population lived in urban areas. By 2020, that percentage is projected to increase to 61%.

Table 8. Population Growth Rates and Percent Change, Arkansas' Urban and Rural Areas

	2000	2020	% Change	Annualized Growth Rate
Urban	1,516,451	2,181,005	44%	1.83%
Rural	1,156,949	1,396,242	21%	0.94%

Chart 6. Urban vs. Rural Population Sizes, Arkansas, 2020 and 2000



As shown in Table 9 below, urban dwellers in Arkansas tend to be younger, with a median age of 34.9 years, versus 37.7 years in rural counties. This difference will be a bit more distinct in 2020, when urban and rural residents are projected to have median ages of 36.8 and 41.3, respectively.

In terms of dependency ratios, the rural area of Arkansas had an economic dependency ratio of 79.0 in 2000; that ratio is expected to increase slightly to 80.2 in 2020. The economic dependency ratio of urban residents is projected to remain at 71.7 in 2020, the same as it was in 2000. The difference between the urban and rural economic dependency ratios may have implications for economic development, as a higher economic dependency ratio is associated with a smaller total workforce. The youth dependency ratio in rural Arkansas was 50.3 in 2000 and is projected to decline to 44.8 in 2020, while the ratio in urban areas is projected to drop to 45.7 from its 2000 level of 47.1.

The rural old age dependency ratio was 28.7 in 2000 and is projected to increase to 35.4 in 2020. The old age dependency ratio in urban areas is expected to increase, but only slightly, from its 2000 level of 24.6 to 25.4 in 2020.

The 2000 ratio of aged persons to children was 57.1 in rural areas and is expected to increase considerably by 2020, to 79.1. This increase points to an aging population within rural areas of the state. In urban areas, the ratio of aged persons to children is expected to move only slightly upward, from 52.3 in 2000 to 55.5 in 2020.

Table 9. Median Age and Dependency Ratios, Urban and Rural Areas of Arkansas, 2000 and 2020

Area/Statistic	Year	Total MSA (urban) population	Total Rural Counties
Median Age	2000	34.9	37.7
	2020	36.8	41.3
Economic Dependency Ratio (Per 100)	2000	71.7	79.0
	2020	71.1	80.2
Youth Dependency Ratio (Per 100)	2000	47.1	50.3
	2020	45.7	44.8
Old Age Dependency Ratio (Per 100)	2000	24.6	28.7
	2020	25.4	35.4
Ratio of Aged Persons to Youth (Per 100)	2000	52.3	57.1
	2020	55.5	79.1

Economic dependency ratio = (Age under 20 + Age 65 and over) / (Age 20-64) X 100

Youth dependency ratio = Age under 20 / Age 20- 64 X 100

Old age dependency ratio = Age 65 and over / Age 20 - 64 X100

Emerging Urban Areas

Several substate regions were identified in the course of this study as emerging urban areas. The regions are areas of potential population growth in Arkansas. They were identified using combined Metropolitan Statistical Areas and Micropolitan Statistical Areas in Arkansas. A Micropolitan Statistical Area has at least one urban cluster of at least 10,000 but less than 50,000 population and may include adjacent counties that have a minimum of 25 percent of workers commuting to the central counties of the micropolitan statistical area.³ There are 14 Micropolitan Statistical Areas in Arkansas, four of which are multicounty areas.

Micropolitan Statistical Areas may be looked upon as emerging urban areas. Outside of these micropolitan and metropolitan areas, the population may be categorized demographically as rural, displaying the characteristics described above. Within the areas, the populations may be

³ *Ibid.*, p. 82238.

characterized as either urban or emerging urban. There are six emerging urban areas including Northwest Arkansas (NWAR), Southwest Arkansas (SWAR), Central Arkansas (CAR), MidNorth Arkansas (MidNorth), and White River as shown in Chart 7. Chart 8 shows the population sizes for the emerging urban areas.

Chart 7. Emerging Urban Areas of Arkansas

Emerging Urban Areas



Chart 8. Population Sizes of Emerging Urban Areas

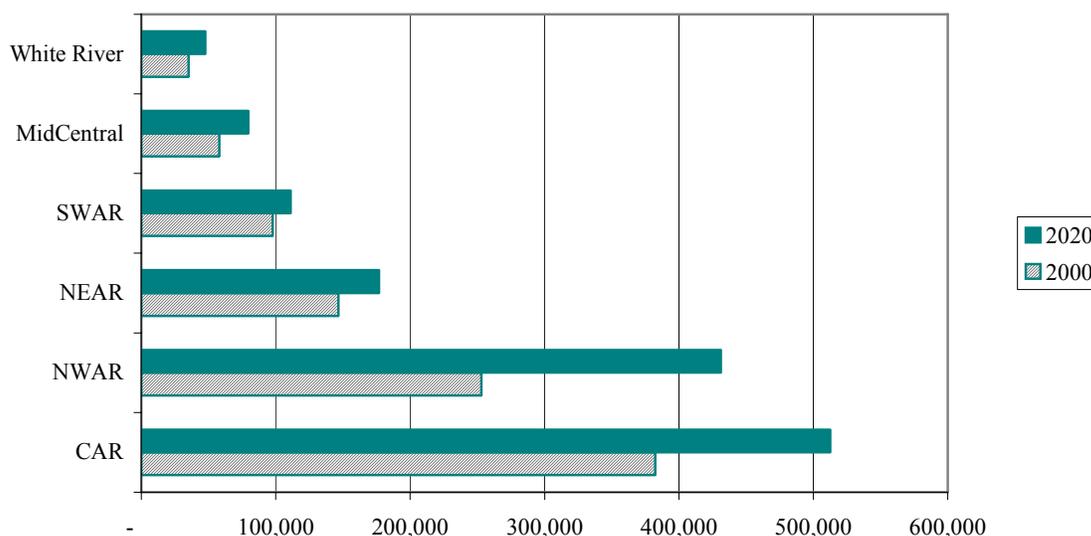


Table 10. Growth Rates of Emerging Urban Areas

	2000	2020	% Change	Annualized Growth Rate
CAR	382,495	512,449	34.0%	1.47%
NWAR	253,059	431,178	70.4%	2.70%
NEAR	146,747	176,765	20.5%	0.93%
SWAR	97,666	111,087	13.7%	0.65%
MidNorth	57,997	79,668	37.4%	1.60%
White River	35,218	47,557	35.0%	1.51%

Table 10 describes growth rates for the emerging urban areas. In 2000, the population in the emerging urban areas ranged from a high of 382,495 in Central Arkansas to a low of 35,218 in the White River area. Northwest Arkansas, which had the second largest population in 2000 (253,059), is the fastest growing area and is projected to grow more than 70% by 2020, to a population of 431,178. Projected annualized population growth rates in the areas range from 2.70% in Northwest Arkansas to 0.65% in Southwest Arkansas. Four out of the six regions are expected to experience growth rates exceeding the state's average rate of 1.47%.

Table 11 describes demographic characteristics of the merging urban areas. Northeast and Northwest Arkansas tend to have the youngest populations while the White River region has the oldest. In 2000, the median age of these residents ranged from 32.2 in Northeast Arkansas to 41.2 in the White River area. By 2020 the median age is projected to increase in all the areas, with a low of 34.4 in Northeast Arkansas and 47.0 in White River.

In 2000, the proportion of the workforce to the entire population was the largest in Central Arkansas, with an economic dependency ratio of 65.5, while it was the smallest in the White River area, with a high 81.7 economic dependency ratio. By 2020, these ratios are expected to decrease in Southwest Arkansas (from 76.3 to 73.2), and marginally in Northwest Arkansas

(from 69.3 to 68.3). They are expected to rise in every other emerging urban area, most markedly in the White River area where it is anticipated to increase to 89.9. It is interesting to note that in every emerging urban area except the White River area the economic dependency ratio is lower than the state's ratio as a whole, in both 2000 and 2020. This suggests a proportionately larger potential labor force among the populations of the emerging urban areas than in the state as a whole.

With regard to specific youth dependency and old age dependency ratios, the youth dependency ratios appeared lowest in the White River area (46.8) and highest in Northeast Arkansas (56.4) in 2000. By 2020, the youth dependency ratio is expected to range from a low of 46.8 in the White River region to a high of 52.2 in Northeast Arkansas.

In 2000, the old age dependency ratio ranged from a low of 16.0 in Central Arkansas to a high of 34.9 in the White River region. In 2020, the White River area's ratio is expected to remain the highest among emerging urban areas, at 48.8, while the Northeast region barely edges out Central Arkansas for the lowest ratio, at 21.4 and 21.5, respectively.

Finally, the ratio of aged persons to youth ranged from 30.3 to 74.6 in 2000, Northeast Arkansas and White River representing the lowest and highest ratios. By 2020, their positions will not have changed, but their ratios will both be considerably higher, with Northeast Arkansas at 41.1 and White River at 119.0.

Table 11. Demographic Characteristics for Emerging Urban Areas

Area/Statistic	Year	NWAR	SWAR	CAR	MidNorth	NEAR	White River
Median Age	2000	32	32.9	33.6	34.3	35.2	41.2
	2020	34	35.1	35.6	37.2	37.9	47.0
Economic Dependency Ratio (Per 100)	2000	69	76.3	65.5	72.3	73.5	81.7
	2020	68	73.2	67.8	74.8	73.6	89.9
Youth Dependency Ratio (Per 100)	2000	51	54.8	49.6	51.0	56.4	46.8
	2020	47	46.7	46.2	46.1	52.2	41.0
Old Age Dependency Ratio (Per 100)	2000	18	21.5	16.0	21.2	17.1	34.9
	2020	22	26.5	21.5	28.7	21.4	48.8
Ratio of Aged Persons to Youth (Per 100)	2000	35	39.3	32.2	41.6	30.3	74.6
	2020	47	56.7	46.6	62.2	41.1	119.0

Economic dependency Ratio = (Age under 20 + Age 65 and over) / (Age 20-64) X 100

Youth dependency ratio = Age under 20 / Age 20- 64 X 100

Old age dependency ratio = Age 65 and over / Age 20 - 64 X100

CONCLUSIONS

Both population and demographic changes have dynamic effects that may occur very rapidly or evolve over a very long period of time. In 2020, Arkansas may not be unrecognizably different from today, but significant changes among the population of the state may have occurred. The projected changes are the result of assumed fertility and mortality rates and migration, both into and out of Arkansas. There are three major trends that may affect Arkansas' population, their needs, and the resources available to them. The trends are:

Aging of Arkansans

As in other states, the aging of the Baby Boom generation is driving the shape of the population of Arkansas. The median age of Arkansas is expected to increase from 36.0 years to 37.3 years; and the old age dependency ratio is expected to increase from 24.3 to 29.2. The ratio of aged persons to youth in 2020 is anticipated to be 60.7 aged persons per 100 youth, a climb from 49.2 in 2000. This increase in the number and proportion of aged persons has implications for health and social services, education, workforce availability, and many other facets of life in Arkansas.

Greater Diversity

Since 1990, there has been a trend of increasing racial and ethnic diversity among the Arkansas population. This trend is expected to continue into 2020, at which time the nonwhite population is projected to approach 30% of the total population. In addition, further significant increases in the Hispanic ethnic population in Arkansas are expected, similar to the increase from 1990 to 2000.

Increasing Urbanization

The Arkansas population is expected to slowly shift from rural to more urban areas of the state by 2020. Urban and rural populations differ significantly in age, income, and growth rates, with growth rates highest among the Metropolitan Statistical Areas of the state and lowest in the rural areas.

Acknowledgments:

Written by Terre McLendon, Vaughan Wingfield, and Gregory Hamilton, Ph.D.
With additional contributions and edits by Ty Borders, Ph.D.

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Questions concerning this series or this particular publication shall be directed to Gregory L. Hamilton at glhamilton@ualr.edu, (501) 569-8571.

Maps provided by GIS Applications Laboratory.

Chapter 2.

Health and Human Services Concerns for 2020

Introduction and Executive Summary

Chapter 2 provides further information about the potential impact of Arkansas' changing demographics on the following divisions within the Department of Health and Human Services (DHHS):⁴ Division of Health, Division of Children and Family Services, Division of Developmental Disabilities Services, Division of Youth Services, Division of Aging and Adult Services, Division of Volunteerism, and Division of County Operations. Each division's director or his/her designee(s) was asked to provide the following information: a brief description of the division's core mission, a summary profile of the population subgroups that the division currently serves, projections of changes in the makeup of the population subgroups that the division will serve in 2020 as a result of Arkansas' anticipated demographic changes, a list of priority concerns which the division will need to address by 2020, and potential strategies to address priority concerns. Major findings for each participating division are highlighted below:

Division of Health: The Division of Health produced sophisticated projections of the prevalence rates for common diseases/conditions and risky health behaviors. The findings illustrate that Arkansas' changing demographic make-up will contribute to substantial increases in the proportion of the population that has serious chronic health conditions, including diabetes, hypertension, and obesity. The Center for Health Advancement, within the Division of Health, stresses a need for expanded prevention and health promotion programs to slow the expansion of chronic diseases and unhealthy behaviors. The Center for Health Protection, within the Division of Health, expects that the growing number of older persons will necessitate more TB screenings. An increase in the number of older persons will also likely contribute to the expansion of health care systems, including hospitals and nursing homes. The Center for Health Protection anticipates a need for additional resources to regulate these and other health care organizations.

Division of Children and Family Services (DCFS): The division cites that it currently has inadequate resources which will only be exacerbated by modest growth in the number of children in Arkansas over the next 14 years. The division also stresses a need to address substance abuse from a systems/societal standpoint to prevent and treat addictions that are forcing children out of their homes and into the child welfare system

Division of Youth Services: Like DCFS, the Division of Youth Services is concerned about modest growth in the population of children. Also, the division cites a need for additional Spanish-speaking personnel to deal with the expanding population of Hispanic children, many of whom do not speak English.

⁴ Note: Similar information was requested from the Division of Medical Services, Division of Behavioral Health Services, and Division of Child Care and Early Childhood Education. At the time of production of this report, these divisions had only submitted summary statistics and/or brief descriptions of the populations that they currently serve and had not submitted requested information regarding projected needs, priority concerns, and related strategies. Therefore, these divisions are not included in the *Arkansas 2020* report.

Division of Developmental Disabilities Services: As they age, many parents will be unable to care for their developmentally disabled children, which will place a substantial burden on the division. The division also cites concerns about reliance on federal funding and state policies restricting their abilities to hire competent workers.

Division of Aging and Adult Services: As expected, the growing number of older persons in Arkansas will impact the Division of Aging and Adult Services. The division cites a need for additional resources, a reorganization of the long-term care system, and expansion of other services, including transportation assistance.

Division of Volunteerism: The growing number of older persons, many of whom will be retired from paid employment, will create new opportunities for volunteerism. In particular, the division cites a need to develop volunteer programs that interest older males.

Division of County Operations: The Division of County Operations is the gateway to Arkansas' health and human services programs. Thus, any demographic shifts will affect the division. The division anticipates that it will need to expand and simplify program access by investing in internet applications and an electronic records system. It also cites a need for additional personnel who can speak Spanish to assist the growing number of Hispanics in the state.

In addition to these division-specific concerns, several common themes cutting across divisions were identified. Most divisions stressed workforce concerns, including potential difficulties in replacing retired workers and state policies restricting their abilities to offer competitive salaries. As one can deduce from reading this report, the divisions differ widely in their capabilities to monitor and interpret data which could better enable them to plan for anticipated demographic shifts. Many divisions do not have sufficient investment in technology and personnel to appropriately plan for future service needs. Finally, many divisions have cited concerns about the growing number of Hispanics residing in the state. Much of this concern pertains to a potential need for Spanish-speaking personnel and materials to communicate with those Hispanics who do not speak or understand English well.

Chapter 2, Part A.

How Healthy Will Arkansas Be in 2020?

Estimates of Chronic Disease and Risky Behaviors

OVERVIEW OF CHRONIC DISEASE AND RISKY BEHAVIOR ESTIMATES

The purpose of this section is to describe the impact of Arkansas' changing demographics on the prevalence of major chronic diseases and risky health behaviors in 2020. The findings indicate that the aging of Arkansas' population will likely contribute to sharp increases in the prevalence of adult diabetes, hypertension, obesity, high cholesterol, asthma, and arthritis. Implications for the Division of Health, including the expansion or potential expansion of prevention programs, are discussed.

METHODS

Projected population estimates by race (white and nonwhite) and age for years 2005 through 2020 were obtained from UALR Institute for Economic Advancement. These projections incorporated mobility, mortality, and fertility factors. Data were combined to create six population groups by race (white and nonwhite) and age (19- 44; 45-64; ≥ 65) for each year at a 5-year interval in the period (i.e., 2005, 2010, 2015, and 2020).

Baseline disease prevalence rates were calculated from the 2005 Arkansas Behavioral Risk Factor Surveillance Survey (BRFSS). The BRFSS is a population-based telephone survey of a sample of adults (ages 18 and older) conducted annually under guidance by the U.S. Centers for Disease Control and Prevention. The survey includes questions about common health conditions (diabetes, hypertension, asthma, arthritis, high cholesterol, and obesity) and risky health behaviors (smoking). Weighted analyses generated prevalence estimates for each disease or condition of interest for each of the six race/age groups.

Two different methods were used to estimate the future prevalence of the aforementioned health conditions and behaviors. In the arrested rate method, we assumed that the incidence rate of disease would hold constant over time. Prevalence estimates were then applied to the population projections to calculate the estimated number of persons with a disease in each race/age group; the group-specific estimates were summed to obtain the total number of adult persons expected to have the disease or condition in that year. These processes were completed for 2005, 2010, 2015, and 2020. Estimates were generated for diabetes, hypertension, asthma, arthritis, high cholesterol, and smoking. Increases or decreases in the number of persons estimated to have a disease/behavior were related to changes in population size only and not to increases or decreases in incidence of disease/behavior within the population. These projected numbers of persons affected by disease are likely underestimates of actual disease burden, given that the prevalence of disease is typically not static and that the percentage of individuals suffering from a given disease or condition is usually increasing.

In the trending rate method, we accounted for dynamic trends in disease. Historical disease prevalence data were obtained and arrayed by year (note: these data were available only for diabetes, smoking, hypertension, and obesity, and not for asthma, arthritis, and high cholesterol). We calculated differences for each 2-year pair. To obtain a single expected 5-year

increase/decrease in disease rate, we calculated 5-year moving averages. The expected number of persons with disease in years 2010, 2015, and 2020 (as calculated above) were then adjusted by applying the expected increase/decrease. Thus, estimates of disease burden, accounting for projected population changes, baseline (2005) prevalence of disease, and historical trends in disease rates were calculated for a subset of diseases and conditions.

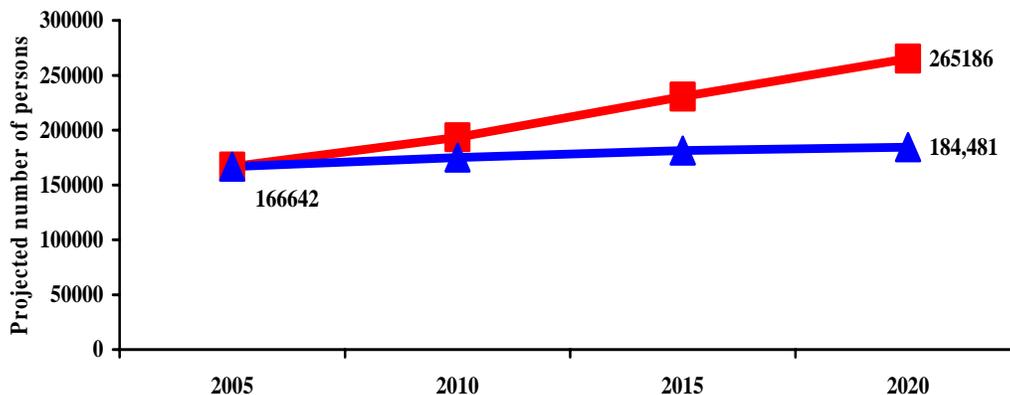
FINDINGS

The following charts describe the expected number of cases of major chronic diseases and risky health behaviors using the arrested and trending rate methods.

Diabetes

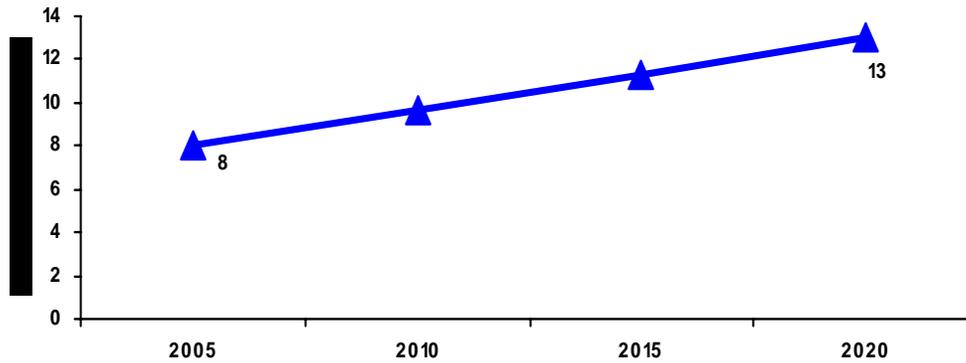
Chart 9 below illustrates the number of cases of diabetes in Arkansas projected in 2020 using 2005 estimates of the prevalence of diabetes. The number of persons projected to have diabetes in 2020 based on an arrested rate is 184,481. The number of persons projected to be smokers in 2020 based on a trending disease rate is higher (265,186). Chart 10 shows that the prevalence of diabetes among adults is projected to increase from 8.0 to 13.0%.

**Chart 9. Projected Adult Diabetes Cases, Arkansas,
Arrested Versus Trending Disease Rates**



Data Sources: Behavior Risk Factor Surveillance Survey; UALR Institute for Economic Advancement

Chart 10. Projected Diabetes Prevalence Arkansas, Accounting for Historical Trends

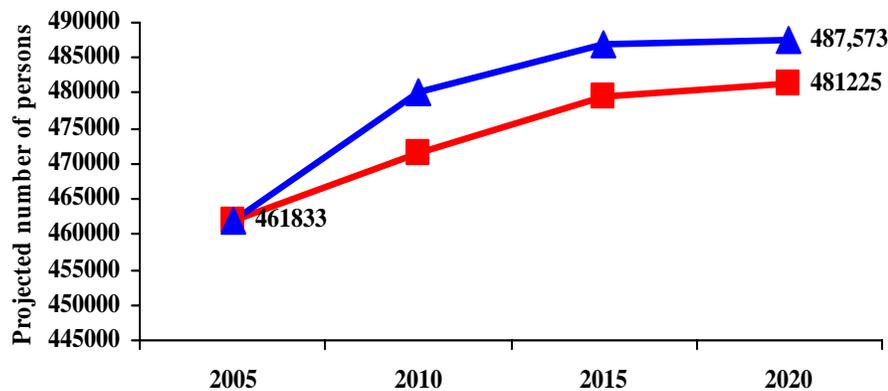


Data Sources: Behavior Risk Factor Surveillance Survey; UALR Institute for Economic Advancement

Smoking

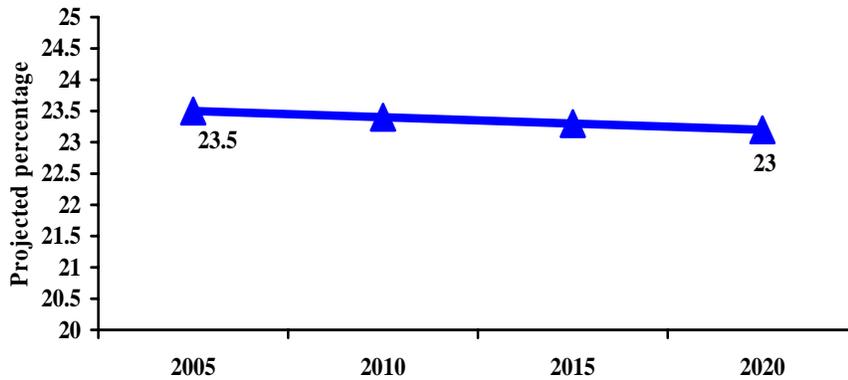
Chart 11 displays the projected number of adult smokers in 2020. The number of persons projected to be smokers in 2020 based on an arrested rate basis (the 2005 rate applied to the 2020 population characteristics) is 487,573. Because smoking is declining in Arkansas, the number of persons projected to be smokers in 2020, based on a trending disease rate, is slightly lower (481,225). Chart 12 displays the expected prevalence of smoking in 2020 when accounting for the declining smoking rates. In summary, after adjusting for the changing demographics of Arkansas and expected declining smoking rates, approximately 23% of Arkansans are expected to smoke in 2020.

Chart 11. Projected Adult Smoking Cases, Arkansas, Arrested versus Trending Disease Rates



Data Sources: Behavior Risk Factor Surveillance Survey; UALR Institute for Economic Advancement

**Chart 12. Projected Adult Smoking Prevalence, Arkansas,
Based on Historical Trend**

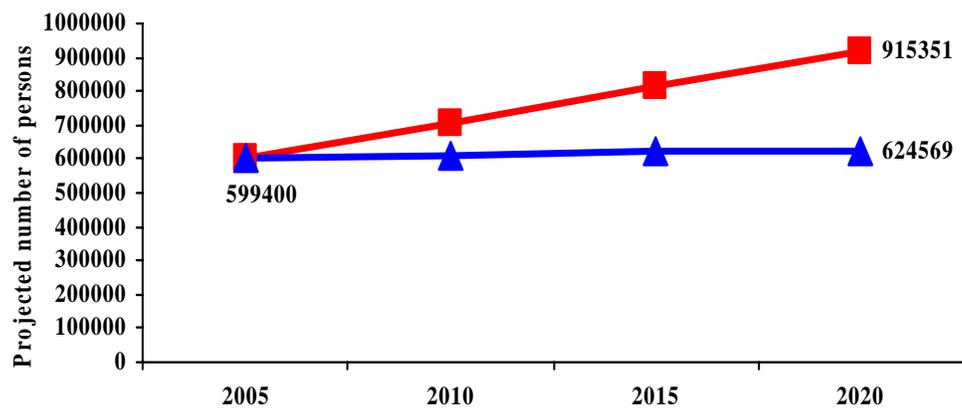


Data Sources: Behavior Risk Factor Surveillance Survey; UALR Institute for Economic Advancement

Hypertension

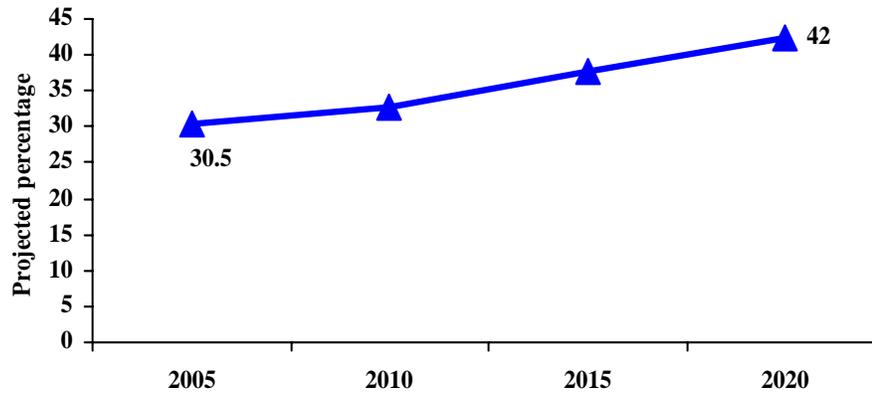
Chart 13 displays the projected number of hypertension (high blood pressure) cases among adults in Arkansas using arrested and trending disease rates. Applying the 2005 rate of hypertension in Arkansas to the 2020 demographic projections yields a projected 624,569 cases. Applying the trending rate of hypertension (which has been increasing over time) to the 2020 demographic projections yields a much higher number of projected cases (915,351). Chart 14 displays the projected prevalence of hypertension based on the trending rates and 2020 demographic projections. The prevalence of hypertension is predicted to increase from 30.5% in 2005 to 42% in 2020.

**Chart 13. Projected Adult Hypertension Cases, Arkansas,
Arrested versus Trending Disease Rates**



Data Sources: Behavior Risk Factor Surveillance Survey; UALR Institute for Economic Advancement

Chart 14. Projected Adult Hypertension Prevalence, Arkansas, Based on Historical Trend

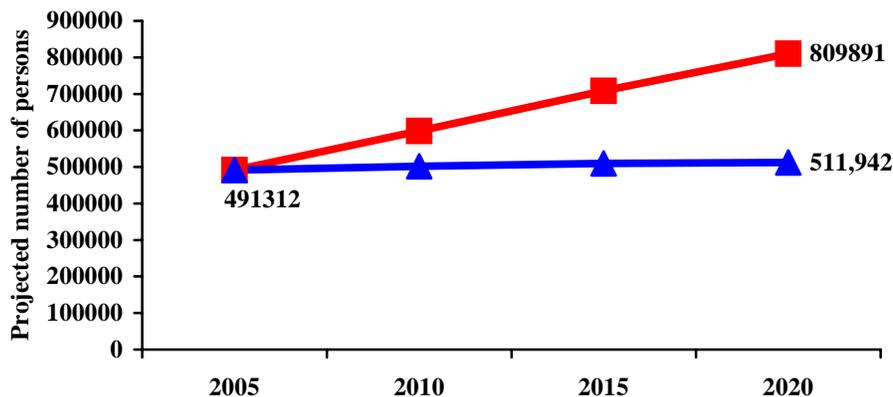


Data Sources: Behavior Risk Factor Surveillance Survey; UALR Institute for Economic Advancement

Obesity

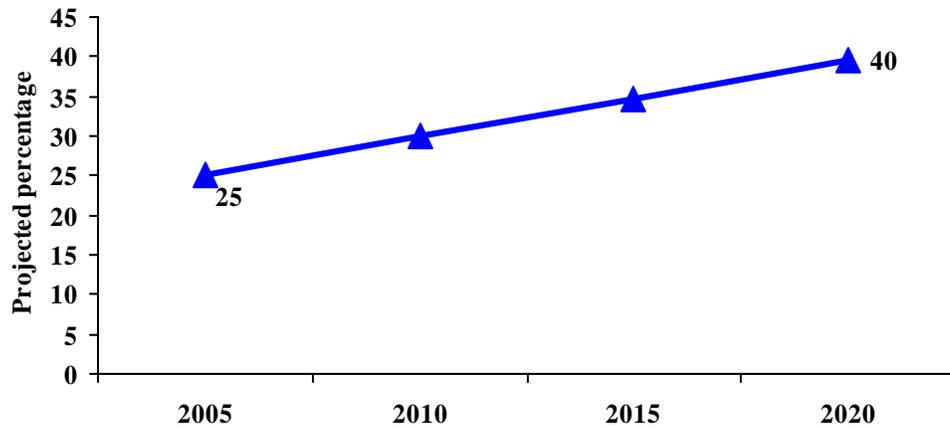
Chart 15 displays the projected number of adult obesity cases in Arkansas using arrested and trending disease rates. Applying the 2005 obesity rate in Arkansas to the 2020 demographic projections yields a projection of 511,942 cases. Applying the trending rate of obesity (which has been increasing over time) to the 2020 demographic projections yields a much higher number of projected cases (809,891). Chart 16 displays the projected prevalence of obesity based on the trending rates and 2020 demographic projections. The prevalence of obesity is predicted to increase from 25% to 40%.

Chart 15. Projected Adult Obesity Cases, Arkansas, Arrested versus Trending Disease Rates



Data Sources: Behavior Risk Factor Surveillance Survey; UALR Institute for Economic Advancement

**Chart 16. Projected Adult Obesity Prevalence, Arkansas,
Based on Historical Trend**

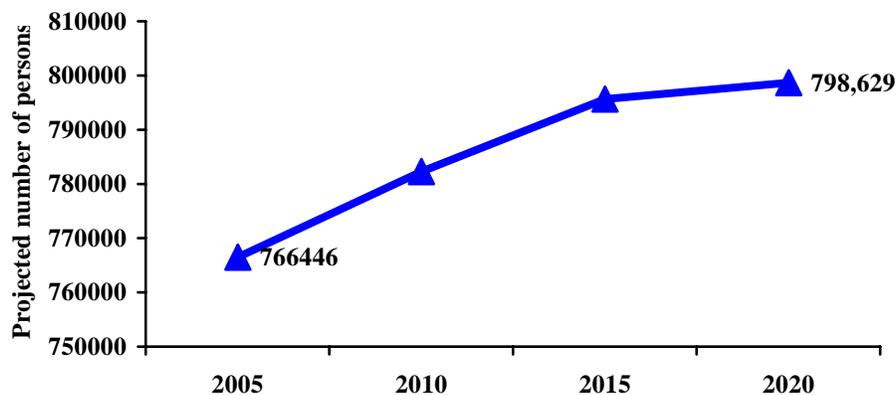


Data Sources: Behavior Risk Factor Surveillance Survey; UALR Institute for Economic Advancement

High Cholesterol

Chart 17 displays the projected number of high cholesterol cases in 2020 based on the application of 2005 arrested rates to the 2020 demographic projections. Historical trend data were not available, so rates based on historical data were not calculated. The number of cases of high cholesterol among adults in Arkansas is predicted to rise from 766,466 to 798,629 by 2020.

**Chart 17. Projected High Cholesterol Cases, Arkansas,
Based on Arrested Disease Rate**



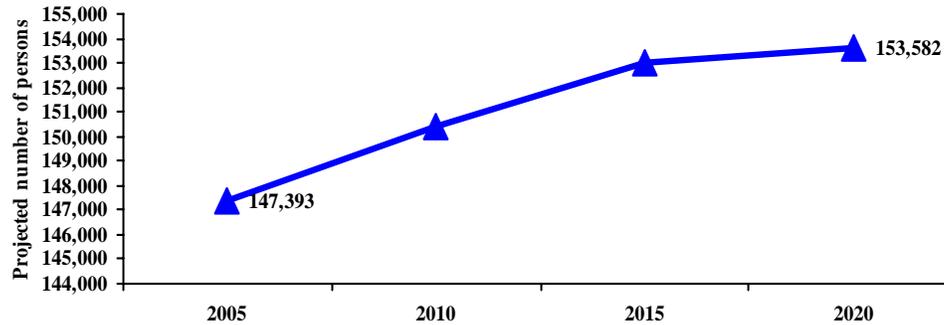
Data Sources: Behavior Risk Factor Surveillance Survey; UALR Institute for Economic Advancement

Asthma

Chart 18 displays the projected number of asthma cases in 2020 based on the application of 2005

arrested rates to the 2020 demographic projections. Historical trend data were not available, so rates based on historical data were not calculated. The number of cases of asthma among adults in Arkansas is predicted to rise from 147,393 to 153,582 by 2020.

**Chart 18. Projected Asthma Cases, Arkansas,
Based on Arrested Disease Rate**

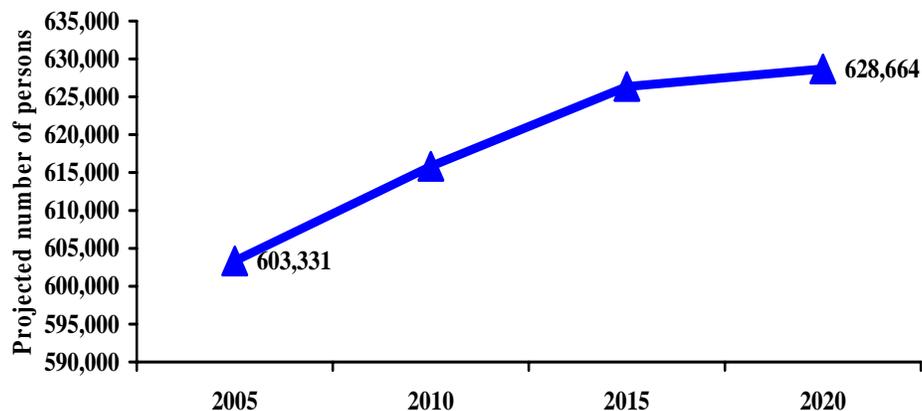


Data Sources: Behavior Risk Factor Surveillance Survey; UALR Institute for Economic Advancement

Arthritis

Chart 19 displays the projected number of arthritis cases in 2020 based on the application of 2005 arrested rates to the 2020 demographic projections. Historical trend data were not available, so rates based on historical data were not calculated. The number of cases of arthritis among adults in Arkansas is predicted to rise from 603,331 to 628,664 by 2020.

**Chart 19. Projected Arthritis Cases, Arkansas,
Based on Arrested Disease Rate**



Data Sources: Behavior Risk Factor Surveillance Survey; UALR Institute for Economic Advancement

Acknowledgments:

Martha Phillips, Ph.D., M.P.H., M.B.A., Director, Center for Public Health Practice, Division of Health, wrote the methodology section, calculated the disease estimates, and prepared graphs.

Ty Borders, Ph.D., Associate Professor, Fay W. Boozman College of Public Health, University of Arkansas for Medical Sciences, and Arkansas 2020 Coordinator, organized and edited this section and wrote descriptions about the findings.

Chapter 2, Part B.

Implications of Chronic Disease and Risky Behaviors Estimates For the Center for Health Advancement / Division of Health

OVERVIEW OF CENTER'S MISSION

The Center for Health Advancement promotes health among Arkansans of all ages through evidence-based health promotion activities, preventive health services, and public health policies.

POPULATION SUBGROUPS SERVED

The Center for Health Advancement serves Arkansans through the course of their lives by:

- Improving the health of infants, children, and childbearing women through food supplements and nutrition counseling.
- Improving the safety and health of pregnant women, children, adolescents, and families through abstinence education as well as maternity and reproductive health services.
- Promoting healthy behaviors among all demographics along with targeted prevention services to control and mitigate the burden of chronic disease.
- Promoting the reduction of disease, disability, and death related to tobacco among all users and educating all citizens about the danger of exposure to environmental tobacco smoke.
- Promoting oral health at the community, healthcare professional, and family levels through education and primary prevention.
- Providing technical assistance and capacity building to partners across the State in support of Healthy People 2010 goals.

MAJOR PROGRAMS AND SERVICES

Six branches work together to support the Mission and Vision of the Center for Health Advancement. First, the Lifestage Health/Healthy Arkansas Branch provides technical assistance and capacity building in support of Healthy People 2010 goals related to reducing overweight and obese rates among children and adults as well as reducing rates of tobacco use among adolescents. Sections within the Branch target children in schools, adults in worksites, older adults in communities and focus on tobacco prevention/cessation, nutrition, and physical activity.

The Family Health Branch promotes safety and health among children, adolescents, women and their families. The Chronic Disease Branch promotes healthy behaviors and provides prevention services targeting heart disease, stroke, cancer, arthritis, diabetes, and obesity. The Nutrition/Women, Infants, and Children (WIC) Branch improves the health of infants, children, their mothers, and pregnant women by providing vouchers for supplementing their diets with nutrient-rich foods. Additionally, WIC provides nutrition education services, counseling, and

referrals to other services as necessary. The Tobacco Prevention and Cessation Branch promotes the reduction of disease, disability, and death related to direct tobacco use and to exposure to second-hand smoke. Promotion activities are designed to prevent the initiation of tobacco use among young people, to encourage quitting among young people and adults, to eliminate exposure to second-hand tobacco smoke, and to identify and eliminate disparities related to tobacco use and effects on population subgroups. The Oral Health Branch promotes primary prevention of dental disease through community water fluoridation and use of dental sealants. Education regarding oral health issues and prevention of abuse/neglect are provided to both lay and professional groups. This Branch also provides surveillance activities to assess the burden of oral disease in Arkansas.

PRIORITY CONCERNS FOR 2020

Impact of Age Cohort Changes

In the twenty years from 2000 to 2020, the population is expected to increase by close to 400,000 people. The greatest increases are expected in the older age cohorts. Implications for the programs and services provided by the Center for Health Advancement are discussed below by age cohort.

Table 12. Impact of Age Shifts on the Center for Health Advancement

AGE (yrs) COHORT	2000 CENSUS	2020 CENSUS	Change	Impact of Age Demographic Changes Alone
0-4	181,585	201,970	20,385	<ul style="list-style-type: none"> - Increased need for WIC nutrition services - Increased need for Family Health services geared to neonates and children - Increased need for Oral Health services
5-14	380,159	410,766	30,607	<ul style="list-style-type: none"> - Increased need for Lifestage Health (children in schools) services - Increased need for Oral Health services
50-85+	798,408	1,129,949	331,541	<ul style="list-style-type: none"> - Increased need for Lifestage Health (older adults in communities) services - Increased need for Oral Health services

Counts of the adolescent subpopulation (15-19) and the cohort aged 20-49 are expected to remain essentially unchanged in 2020. As a result, services provided by the Lifestage Branch and Family Health Branch to these groups are likely to continue at the same levels.

Impact of Growing Hispanic Population

The Center for Health Advancement expects that the growing Hispanic population will require special services from the six branches, including culturally competent healthcare providers in the local health units and program support staff in the central office; culturally appropriate health education materials; help in negotiating the healthcare system so that access to quality care is assured; interpreter and translator services; and health promotion, prevention, and intervention programs geared to the special needs of the Hispanic population.

STRATEGIES FOR 2020

Implement Policies to Maintain/Improve the Health of Arkansans

- Increased use of evidence-based practices that can be implemented statewide by executive, legislative, or judicial order; examples: fluoridated water, planning for safe communities that favor physical activity, etc.
- Increased awareness among legislators regarding health issues and a heightened focus by legislators on minimizing the burden of chronic disease.
- Refocus clinic services at the local health units to provide for the needs of patients in 2020 (examples of possible changes: cut back on reproductive health services and add psychosocial health services in response to an increase in number of 50+ adults and an expected decrease in the 20-49 group).

Build a Well-Prepared Workforce

- Encourage students from junior high through graduate school to prepare for careers in healthcare.
- Provide opportunities for Arkansas students to become certified in the allied health professions predicated on their return to their hometowns to practice.
- Encourage older adults (50+) to pursue training in public health.
- Implement creative solutions to today's health care worker (HCW) shortage (example: develop volunteer programs in the local health units for high school students to introduce them to nursing, environmental, and administrative careers at the Arkansas Division of Health (DOH)).

Minimize the Impact of Chronic Conditions on Arkansans in 2020

- Partner with the private sector (pharmaceutical companies, Wal-Mart, philanthropic organizations, etc.) to secure resources for an all-out health promotion-prevention effort that targets poor nutrition, inadequate physical activity, inadequate access to screening and treatment services, and unhealthy behaviors (tobacco use, domestic violence, etc.)
- Implement the chronic care model in communities; mount an intensive education campaign to teach the chronically ill to manage their condition (example: foot care for diabetics; in-home monitoring for hypertension; practical nutrition counseling (e.g., low fat/low calorie recipes) among those at risk for overweight/obesity).

RESOURCES REQUIRED FOR 2020

If the focus of public health continues to shift from treating infectious diseases to promoting healthy behaviors, the Center for Health Advancement will need to increase its capacity and broaden its resources. As advances in molecular biology, information systems, and data management proceed, there will be an increasing need for qualified personnel to transfer new technologies to the Division of Health. The required skill mix would include more health

educators and program planners/administrators. Expertise in marketing, media, coalition building, and targeted outreach would become more valuable. A culturally competent workforce would be mandated not only to deal with issues of race and ethnicity, but also to address potential ageism. Finally, confronting the challenges of 2020 will cost money. Traditionally less than 20% of DOH's budget has come from State sources. As the population ages, neither federal nor state tax revenues (at current rates based on a diminished taxpayer pool) will be sufficient to fund all of the Division's needs. Perhaps the greatest impact on this continuing problem will come from creative partnerships (Arkansas and other states, Arkansas and the private sector, etc.) established in 2006 and 2007. Strategic alliances formed now and cultivated through the years can enable the Center for Health Advancement and Division of Health to attract and retain skilled workers, build capacity in preparation for the science and technology changes expected in 2020, and nurture community coalitions empowered to provide for their own.

Acknowledgments:

Jane Costello, M.P.H., Center for Health Advancement, provided the majority of the content for this section.

Ty Borders, Ph.D., Associate Professor, Fay W. Boozman College of Public Health, University of Arkansas for Medical Sciences, and Arkansas 2020 Coordinator edited this section.

Chapter 2, Part C. Estimates of Infectious Disease

OVERVIEW OF INFECTIOUS DISEASE ESTIMATES

Infectious disease incidence (the number of new cases of a disease in a given time frame) data were not available by age category. Therefore, the impact of Arkansas' changing demographics on infectious disease could not be directly estimated. However, to illustrate the likely increase/decrease in various infectious diseases in the foreseeable future, we present historical data with trend lines.

METHODS

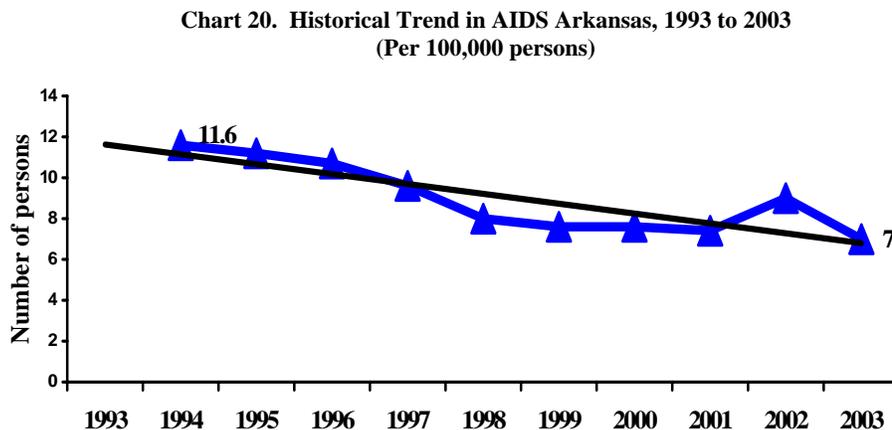
Data reflecting the number of new cases of infectious reportable diseases – including HIV/AIDS, chlamydia, gonorrhea, hepatitis A, hepatitis B, meningococcal disease, pertussis, salmonellosis, shigellosis, syphilis, and tuberculosis – were obtained from the Centers for Disease Control and Prevention (CDC) website. Data for the years 1993 through 2003 were available for download, including the population of the state at that time. Annual incidence rates (per 100,000 population) were calculated for each disease (new cases / population x 100,000) for each year. Incidence rates were graphed by disease and a linear trend line was generated to highlight the upward or downward trend of disease over the 11-year period.

FINDINGS

The following charts describe incidence rates for major infectious diseases.

AIDS

As shown in Chart 20 below, the AIDS incidence rate declined from 11.6 cases per 100,000 persons in 1993 to 7 cases per 100,000 persons in 2003.

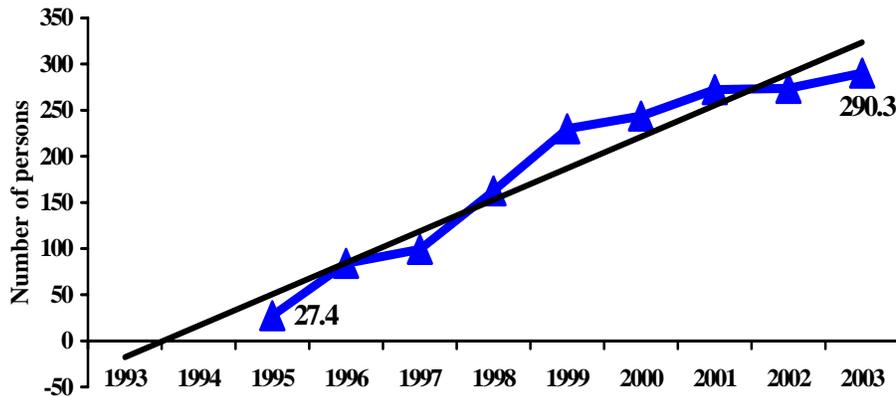


Data Sources: AR Division of Health

Chlamydia

Chart 21 shows that the number of cases of chlamydia per 100,000 persons rose from 27.4 in 1993 to 290.3 in 2003.

Chart 21. Historical Trend in Chlamydia, Arkansas, 1993 to 2003
(Per 100,000 persons)

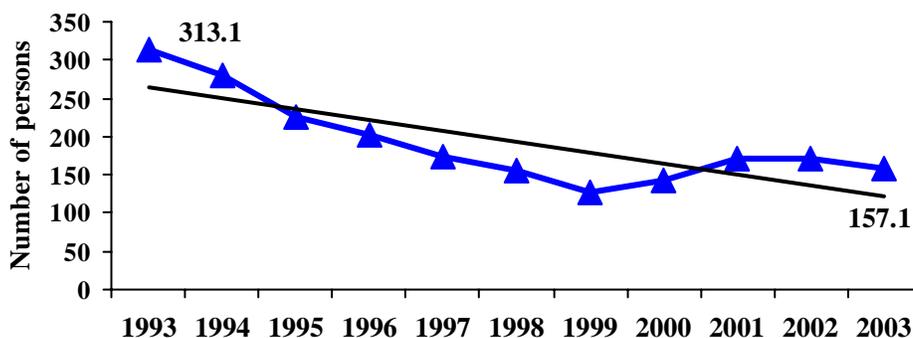


Data Sources: AR Division of Health

Gonorrhea

Chart 22 illustrates that the number of cases of gonorrhea declined from 313.1 per 100,000 persons in 1993 to 157.1 per 100,000 persons in 2003. Because the trend line incorporates this historical trend, it suggests that the gonorrhea incidence rate will continue to decline into 2020.

Chart 22. Historical Trend in Gonorrhea, Arkansas, 1993 to 2003
(Per 100,000 persons)



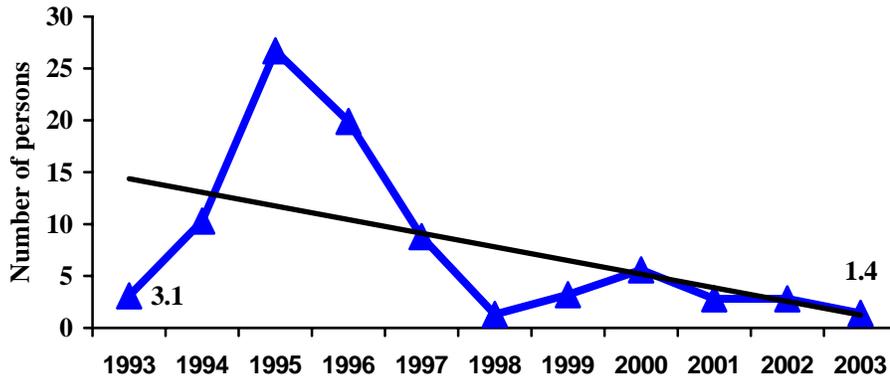
Data Sources: AR Division of Health

Hepatitis A

Chart 23 illustrates the hepatitis A incidence rate declined from 3.1 per 100,000 in 1993 to 1.4

per 100,000 in 2003. With the trend line based on this historical decline, it suggests that the incidence rate will continue to decline into 2020.

Chart 23. Historical Trend in Hepatitis A, Arkansas, 1993 to 2003
(Per 100,000 persons)

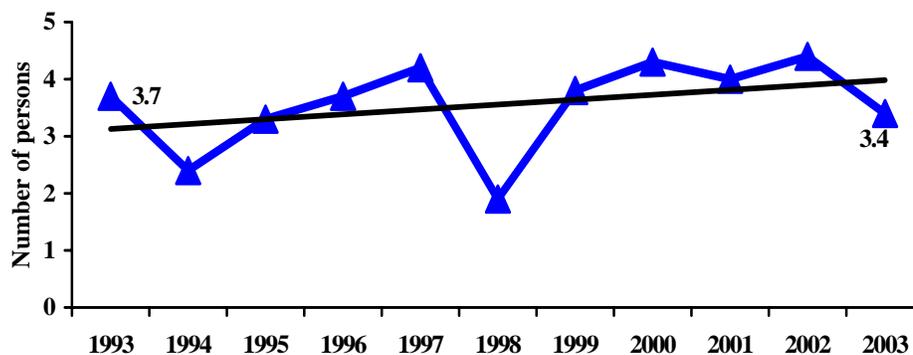


Data Sources: AR Division of Health

Hepatitis B

Chart 24 shows that the hepatitis B incidence rate has fluctuated just slightly, from 3.7 per 100,000 persons in 1993 to 3.4 per 100,000 persons in 2003. It is thus difficult to predict what the incidence rate will be in 2020.

Chart 24. Historical Trend in Hepatitis B, Arkansas, 1993 to 2003,
(Per 100,000 persons)



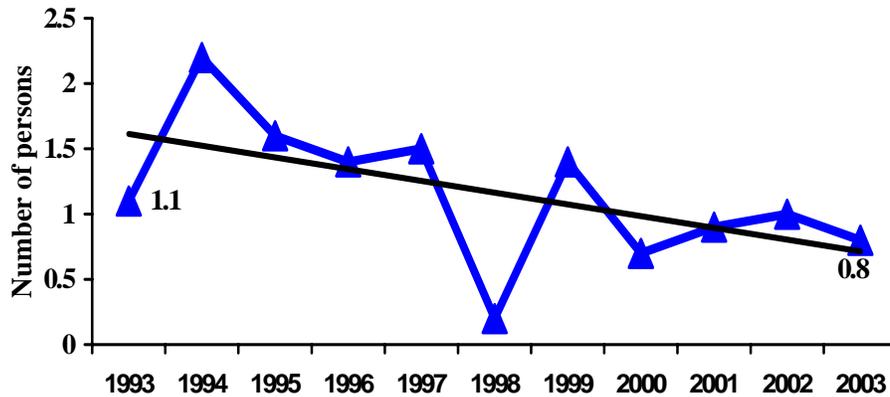
Data Sources: AR Division of Health

Meningococcal Disease

Chart 25 illustrates that the incidence of meningococcal disease declined from 1.1 per 100,000 in

1993 to 0.8 per 100,000 in 2003. Incorporating this historical trend, the trend line suggests that the incidence rate will continue to decline in future years.

Chart 25. Historical Trend in Meningococcal Disease, Arkansas, 1993 to 2003 (Per 100,000 persons)

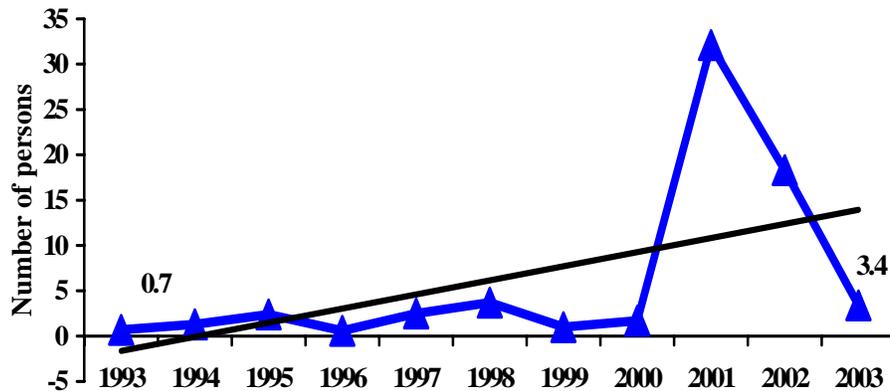


Data Sources: AR Division of Health

Pertussis

Chart 26 shows that the incidence of pertussis increased from 0.7 per 100,000 persons in 1993 to 3.4 per 100,000 in 2003. Using this historical trend, the trend line indicates that incidence will continue to rise into 2020.

Chart 26. Historical Trend in Pertussis, Arkansas, 1993 to 2003 (Per 100,000 persons)

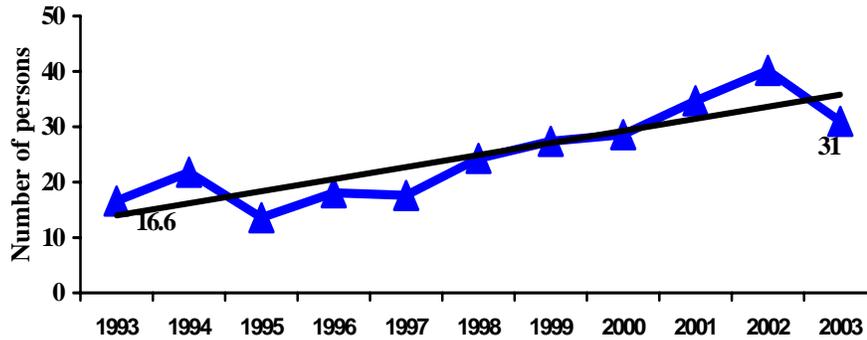


Data Sources: AR Division of Health

Salmonellosis

Chart 27 shows that the salmonellosis incidence rate increased from 16.6 per 100,000 in 1993 to 31 per 100,000 in 2003. Based on the historical trend, the trend line suggests that the incidence rate will continue to rise in future years if left unchecked by public health measures.

Chart 27. Historical Trend in Salmonellosis, Arkansas, 1993 to 2003
(Per 100,000 persons)

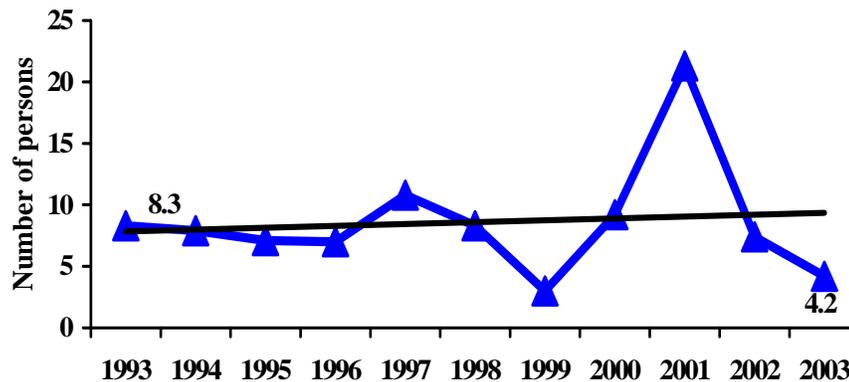


Data Sources: AR Division of Health

Shigellosis

Chart 28 shows that the incidence of shigellosis declined from 8.3 per 100,000 in 1993 to 4.2 per 100,000 in 2003.

Chart 28. Historical Trend in Shigellosis, Arkansas, 1993 to 2003, (Per 100,000 persons)

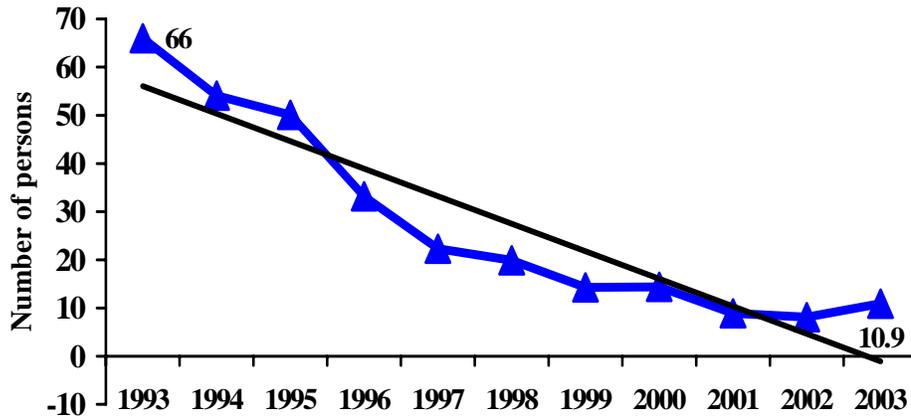


Data Sources: AR Division of Health

Syphilis

Chart 29 shows the syphilis incidence rate declined from 66 per 100,000 in 1993 to 10.9 per 100,000 in 2003. Thus, the trend line suggests the incidence rate will continue to decline into 2020.

Chart 29. Historical Trend in Syphilis, Arkansas, 1993 to 2003
(Per 100,000 persons)

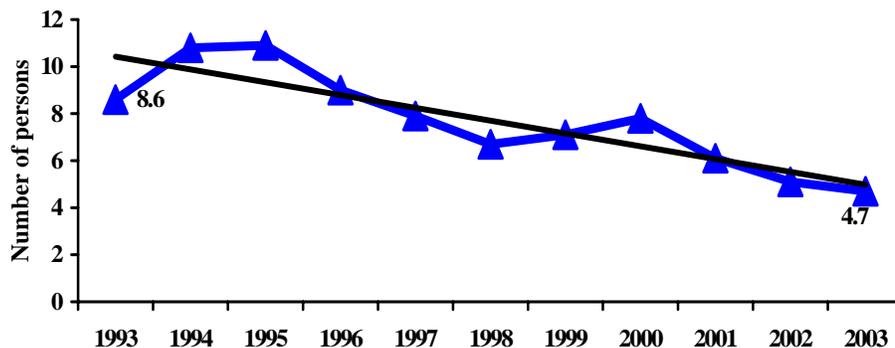


Data Sources: AR Division of Health

Tuberculosis

Chart 30 illustrates that the tuberculosis incidence rate declined from 8.6 per 100,000 in 1993 to 4.7 per 100,000 in 2003. The trend line reflects this historical trend, indicating that the incidence rate will continue to decline in future years.

Chart 30. Historical Trend in Tuberculosis, Arkansas, 1993 to 2003
(Per 100,000 persons)



Data Sources: AR Division of Health

Acknowledgments:

Martha Phillips, Ph.D., M.P.H., M.B.A., Director, Center for Public Health Practice, Division of Health, wrote the methodology section, calculated the disease estimates, and prepared graphs.

Ty Borders, Ph.D., Associate Professor, Fay W. Boozman College of Public Health, University of Arkansas for Medical Sciences, and Arkansas 2020 Coordinator, organized and edited this section and wrote descriptions about the findings.

Chapter 2, Part D.

Implications of Infectious Disease Changes for the Center for Health Protection / Division of Health

OVERVIEW OF THE CENTER FOR HEALTH PROTECTION

The Center for Health Protection assists communities in protecting the health and safety of the people of Arkansas by preventing, detecting, and responding to infectious diseases; preparing for and responding to natural disasters and intentional health threats; preventing injuries; and assuring the quality of health care facilities and services. There are four branches under the Center for Health Protection: 1) Infectious Disease, 2) Preparedness and Response, 3) Health Systems Licensing and Regulation, and 4) Injury Prevention and Control. Major 2020 concerns and issues for each branch are discussed below.

THE INFECTIOUS DISEASE BRANCH

The Infectious Disease Branch within the Center for Health Protection of the Division of Health provides HIV, STD, and TB services which could be impacted by Arkansas' changing demographics.

HIV Programs

The *HIV Prevention Program* develops and implements plans to prevent the spread of HIV in Arkansas. It provides education and training on HIV transmission, ways to avoid infection, federal regulations regarding HIV in the workplace, and information on federally required counseling. The budget for the HIV prevention program was derived as follows: federal (CDC) FY05: \$1,847,747, and state FY05: \$5,938.

The *HIV Services Program* provides accessible medical and support services to individuals infected with HIV. It offers low income persons with HIV case management, reimbursement for physician services, insurance continuum/co-pay, mental health/substance abuse assessment, lab monitoring, dental care, vision care, transportation, and nutritional supplements. The budget for the HIV services program was derived as follows: federal FY05: \$5,161,119, and state FY05: \$10,263.

The *HIV Surveillance Program* systematically collects information on patients infected and diagnosed with HIV. The program conducts surveillance to ensure reporting of diagnosed individuals as routinely as possible. The budget for the HIV surveillance program was composed of federal (CDC HIV Surveillance) FY05: \$218,993, and state FY05: \$0.

Housing Opportunities for People With AIDS (HOPWA) provides accessible housing and support services statewide to low-income individuals infected with HIV. Its budget sources were as follows federal (HUD) FY05: \$723,000, and state FY05: \$0.

HIV Priority Concerns for 2020

The HIV program reports that there are insufficient data to accurately project the impact of Arkansas' changing demographics on the need for HIV services. However, as noted earlier, the AIDS incidence rate is expected to continue to decline.

STD Prevention Programs

The sexually transmitted disease prevention program provides testing, treatment, and prevention interventions to African Americans in Arkansas between the ages of 15 to 34 years. Its budget by source is: CDC federal FY05: \$1,191,571; state FY05: \$428,033; Medicaid FY05: \$326,133; PHS Block Grant FY05: \$260,654.

STD Priority Concerns for 2020

Table 12 describes the HIV/STD section's projections of needs for STD services in 2020. Based on expected changes in the population between 2005 and 2020, it is projected that there will be increases in the need for counseling, testing, and education services related to the prevention of syphilis, gonorrhea, and chlamydia.

Table 13. Impact of Changing Demographics on Need for STD Services

Gender	Age	Site	Service provided	No. served 2005	No. served 2020
SYPHILIS					
Male / Female	¹ . Sexually active age 15-45	STD Clinic	Counseling & testing	20,257	20,419
Female	² . childbearing age 15-45	Family Plan. Clinic	Counseling & testing	45,505	49,145
Female	³ . childbearing age 15-45	Maternity Clinic	Counseling & testing	7,846	8,474
Male / Female	⁴ . All ages at risk TB	TB Clinic	Counseling & testing	639	728
Male / Female	Undefined	Other Clinic	Counseling & testing	2,845	2,862
Male / Female	Incarcerated population <17 years	JDC	Counseling, testing, & education	366	N/A
Male / Female	Incarcerated population ≥17 years	County Jail	Counseling, testing, & education	967	N/A
Male / Female	Junior / High school	Schools	education	1,867	N/A
¹ 0.6% increase by 2020 among sexually active men and women 15-45; ² 0.8% increase by 2020 among sexually active women age 15-45; ³ 0.6% increase by 2020 among <30-year-old women; ⁴ 14% increase by 2020 among men and women of all ages.					
GONORRHEA AND CHLAMYDIA					
Male / Female	Sexually active age 15-45	STD Clinic	Counseling & Testing	16,629	16,729
Female	<30 years old	Family Planning	Counseling & Testing	42,567	4,2822
Female	Sexually active- age 15-45	Maternity Clinic	Counseling & Testing	7,671	7,732

TB Programs

The TB section conducts TB contact investigations to detect secondary TB cases, screens nursing home residents and employees for TB, screens Arkansas Department of Corrections inmates for TB, and provides TB treatment to infected individuals.

TB Priority Concerns for 2020

The growing number of older persons will necessitate more TB screenings. Persons who are

currently 65 years or older were born in an era of high TB transmission. Of those infected in childhood, 40% of their risk of developing TB would have been in the immediate two years after infection. However, 60% of their risk of developing TB would be spread over their lifetime. Thus, there is a need to maintain TB vigilance in this population.

A growing nursing home population will necessitate more TB screenings. The nursing home population projections are likely to increase into 2020 as the cohort born after 1945 starts entering nursing homes.

The growing number of foreign-born persons (particularly Hispanics) in Arkansas will necessitate more TB screenings. A new phenomenon is the steady increase in the proportion of cases within the state's foreign-born subpopulation, which peaked at 36% in 2004. Within the foreign-born subpopulation, Hispanics are the fastest growing sector. The TB case rate in Hispanics is currently 5 times higher compared to the state's overall rate. This disparity is expected to continue into 2010.

TB Program Strategies for 2020

Arkansas has a three-pronged strategy to address the increasing TB cases among foreign-born residents. One involves screening foreign-born children before school entry. The second is screening international students (attending colleges and universities in the state) who come from TB endemic countries. The third strategy is pre-employment TB screening of foreign-born workers, many of whom work in the poultry industry.

Chapter 2, Part E.

Other Implications of Population Changes for the Center for Health Protection / Division of Health

PREPAREDNESS AND RESPONSE BRANCH

Mission and Programs

Public Health Preparedness seeks to ensure that the state, including those citizens with special needs, and the Department of Health are prepared for bioterrorism, infectious disease outbreaks, or other public health threats and emergencies.

The HRSA Hospital Preparedness Program was initiated to standardize and finance emergency preparedness efforts for hospitals. The program began with a grant from the federal Health Resources and Services Administration (HRSA) in April 2002 (PL107-188). The Hospital Preparedness program continues to be 100% federally funded with grant periods running from September 1 through August 31.

The *Nuclear Planning and Response Program* serves 46,607 citizens in a 10-mile Emergency Planning Zone surrounding Arkansas Nuclear One. The Program is responsible for all emergency planning and response activities associated with an accident at Arkansas Nuclear One. The goal of the Program is to ensure the public that county and state emergency responders are well prepared for an incident at Arkansas Nuclear One. Biannual Federal Emergency Management Agency (FEMA) exercises have continually validated the success of the Program.

Preparedness and Response Branch Priority Concerns for 2020

As the population ages, the number of people with special needs will also increase.

An increase in the percentage of the population that is Spanish-speaking will necessitate bilingual Emergency Information Bulletins. Federal guidance dictates that if the population of any ethnic group in a county reaches 5%, all emergency information must be provided in that group's language as well as in English.

HEALTH SYSTEMS LICENSING/REGULATION BRANCH

Mission and Programs

Health Facility Services (HFS) serves Arkansans through State licensing and Medicare certification of healthcare facilities.

EMS & Trauma Systems ensures the quality of care provided to Arkansans in the pre-hospital setting and facilitates safe emergency/non-emergency transportation to the nearest appropriate facility.

Health Systems Licensing/Regulation Priority Concerns for 2020

- The aging of the population will result in increased use of hospitals, home care, and laboratory visits and more consumer complaints.
- The Section anticipates a considerable increase in the number of ambulance vehicle permits issued by 2020.
- It is anticipated that the number of ambulance requests will increase from 2005 to 2020.
- The Fayetteville-Springdale-Rogers area will have particularly greater needs for greater ambulance services.
- The increase in ambulances will require additional time and resources to continue annual inspections.
- The Section must implement a recruitment program to increase the number of Arkansas certified EMTs.
- Arkansas Ambulance services and EMTs will have to adjust to the anticipated population increase in the Hispanic ethnic group. EMTs who only speak English will encounter difficulties when trying to communicate with patients who only speak Spanish.

Acknowledgments:

Staff from the Center for Health Protection, Division of Health, provided the major content for this section.

Ty Borders, Ph.D., Associate Professor, Fay W. Boozman College of Public Health, University of Arkansas for Medical Sciences, and Arkansas 2020 Coordinator, organized and edited this section.

Chapter 2, Part F.

Implications of Arkansas' Changing Demographics for the Division of Children and Family Services

DCFS MISSION AND PROFILE

The Division of Children and Family Services (DCFS) provides families experiencing turmoil services to prevent the need to place children outside their homes. When a child must be separated from the family, the DCFS provides a healthy and safe environment and will make appropriate and timely efforts to provide services to reunite the family. The DCFS provides four major types of services, which are discussed in more detail below.

- *In-Home Protective Services* are provided to families in which there has been an identified need for child protection through a founded maltreatment report or by court order. Services are provided according to the families' needs as documented by the case plan and include child care, family support services, crisis counseling, cash assistance, transportation, family therapy, physical, psychiatric or psychological evaluation, counseling, treatment, and casework services.
- *Out-of-Home Protective Services* involve cases in which the court has determined that the children must be removed from the home. Services provided are determined by the case plan and court order and include the same services as listed above, in addition to visitation with the children in care. If appropriate, the agency also provides Independent Living Services to teens to enable them to become self-sufficient adults, and support from the Educational Training Voucher (ETV) program allows them to continue their post-secondary education.
- *Adoption Services* are needed when children in foster care cannot return home to their families. The agency recruits, trains, and approves adoptive parents and selects the family that is best able to suit the needs of the individual child.
- *Supportive Services* are offered to families that do not have a documented instance of child maltreatment, but who seek services on a voluntary basis to prevent maltreatment or improve family functioning. The same services are available to Supportive Services clients as are available to Protective Services clients, but the acceptance of services is voluntary and may be terminated by the family at any time.

DCFS PRIORITY CONCERNS FOR 2020

- There are several major areas of concern that DCFS will continue to address over the next decade and beyond. The Division must address substance abuse from a systems/societal standpoint to prevent and treat addictions that are forcing children out of their homes and into the child welfare system. While newer and more potent drugs invade the state, additional laws, such as Garrett's Law and laws mandating long prison sentences for drug offenders, put the agency in the position of responsibility for children almost literally from the womb until majority at a time when drug treatment resources are not keeping pace with the need. *DCFS is ill-equipped and inadequately staffed to deal with youth who are experiencing many of the issues of children.* This group, which falls between dependent/neglected children and

adjudicated delinquents, is composed of juveniles with behavior problems, truants, runaways, severely emotionally disturbed youth, and youth seen by their parents and communities as “incorrigible.”

- Many youth that come into foster care enter the system because of severe emotional problems or they have developed such problems as a result of the maltreatment that caused them to be placed in state custody. These youth are quite challenging to our staff in finding appropriate long-term placement that will address their needs. Many of these youth experience multiple placements because of their behavior and mental health issues and eventually become almost impossible to place and serve due to a lack of resources. Some of these youth go out of state for treatment. Some continue to bounce from placement to placement, worsening their conditions and wearing out their caseworkers.
- Another issue is the increasing population of immigrants who do not speak English and for whom we cannot use federal funds to serve. Since these families are not eligible for Medicaid or other federally funded programs, all services to them must be paid for with scarce state dollars. We are also trying to recruit workers, foster parents, and providers who are bilingual and are spending increasing amounts of money on purchasing interpreter services.

STRATEGIES TO ADDRESS ISSUES AND CONCERNS

- First and foremost, the DCFS reports a need for additional staff. Despite the fact that an optimal caseload is 15 cases per worker, many of its workers are carrying case loads well in excess of that level. Studies have shown that workers with fewer cases are able to provide better services and achieve reunification or permanency more quickly. With an increasing number of children anticipated from 2006 to 2020, the DCFS expects that referrals for investigation of maltreatment, protective and foster care cases, and demands for other types of services will increase.
- The DCFS reports increased needs for a variety of resources, including foster homes, adoptive homes, therapeutic foster homes, and substance abuse treatment. As mentioned earlier, the DCFS must have adequate resources for substance abuse treatment, including in-patient treatment programs in which the children can reside with the parent, in order to respond to the burgeoning number of substance abuse cases.

Acknowledgments:

Roy Kindle, Director, and Cecile Blucker, of the Division for Children and Family Services, provided the majority of the content for this section.

Ty Borders, Ph.D., Associate Professor, Fay W. Boozman College of Public Health, University of Arkansas for Medical Sciences, and Arkansas 2020 Coordinator, organized and edited this section.

Chapter 2, Part G. Implications of Arkansas' Changing Demographics for the Division of Youth Services

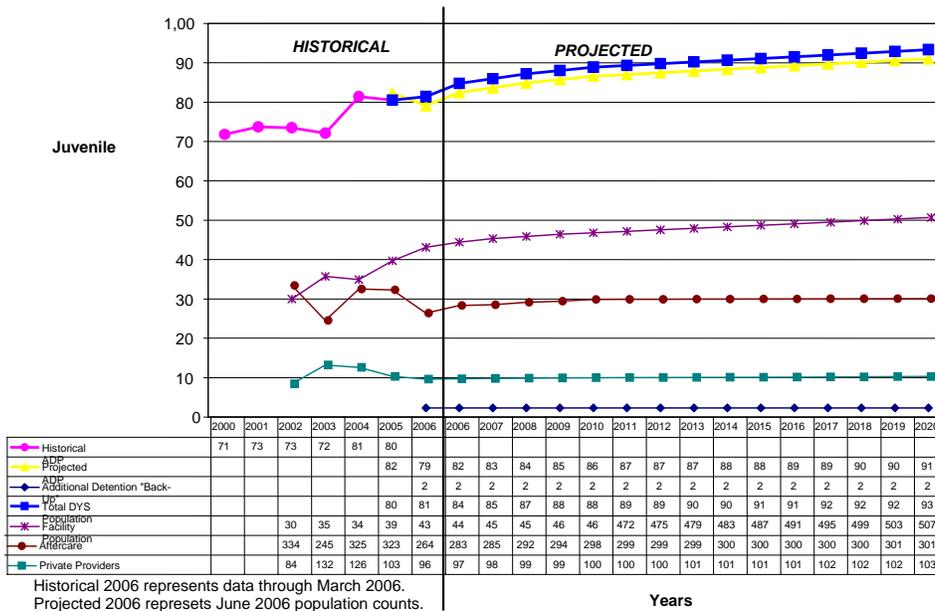
DYS MISSION AND PROFILE

The Division of Youth Services (DYS) provides a system of programs to address the needs of juveniles who come in contact with, or are at risk of coming into contact with, the juvenile justice system. To accomplish this mission the DHS provides 1) safe, secure, and effective individual treatment for juveniles to enhance integration back into society by teaching the life skills that promote a crime-free productive life style, 2) a forum for coordination, collaboration, and improvement of the juvenile justice system continuum, and 3) effective community-based early intervention, prevention, diversion, and community reentry programs.

Persons served by the Division of Youth Services (DYS) fall within four general categories: 1) adjudicated juvenile offenders committed to the Division of Youth Services for incarceration, treatment, and supervision, 2) adjudicated juvenile offenders and members of an adjudicated "Family in Need of Services" under court supervision and receiving community-based services financed by DHS, 3) youth receiving services and supervision in the community as financed by DHS to divert them from being delinquent or Family in Need of Services adjudication, and 4) youth at risk of becoming a Family in Need of Services or delinquents receiving community-based prevention services financed by DHS.

2020: MAJOR ISSUES AND CONCERNS FOR DHS

Chart 31. Historical and Projected Average End of Month Population, FY 2000-2016



The number of youth served by community based providers and the annual budget associated

with the services is as follows:

	<u>Total Served</u>	<u>Budget</u>
FY04	8,615	\$15,463,043
FY05	7,755	\$15,496,671

We have no projection data on youth served by community-based providers and therefore would base any projection of need on the growth or decline in the state's census of youth ages 10-17.

STRATEGIES TO ADDRESS PRIORITY ISSUES AND CONCERNS

DYS is currently contracting with the firm Kaplan, McLaughlin, Diaz (KMD Justice) for an in-depth study and development of a Juvenile Operational and Facilities Master Plan. The Master Plan will include recommendations for future bed space, programming and staffing based on the analysis of current and future juvenile justice population and programming needs projections. The final report is scheduled to be completed and presented to DYS Director Kenneth Hales in the near future. DYS will be able to provide information regarding the future strategies to address priority issues and concerns by utilizing that report.

Acknowledgments:

Kenneth Hales, Director, and staff member from the Division of Youth Services provided the major content for this section.

Ty Borders, Ph.D., Associate Professor, Fay W. Boozman College of Public Health, University of Arkansas for Medical Sciences, and Arkansas 2020 Coordinator, edited this section.

Chapter 2, Part H.

Implications of Arkansas' Changing Demographics For the Division of Developmental Disabilities Services

DDS MISSION AND PROFILE

The Division of Developmental Disabilities Services (DDS), the DDS Board, and its providers are dedicated to the pursuit of the following goals: 1) advocating for adequate funding, staffing, and services to address the needs of persons with developmental disabilities; 2) encouraging an interdisciplinary service system to be utilized in the delivery of appropriate individualized and quality services; 3) protecting the constitutional rights of individuals with disabilities and their rights to personal dignity, respect, and freedom from harm; 4) assuring that individuals with developmental disabilities who receive services from DDS are provided uninterrupted essential services until such time a person no longer needs to depend on these services; 5) encouraging family, parent/guardian, individual, and public/community involvement in program development, delivery, and evaluation; and 6) engaging in statewide planning that ensures optimal and innovative growth of the Arkansas service system to meet the needs of persons with developmental disabilities and to assist such persons to achieve independence, productivity, and integration into the community.

DDS Programs and Services

Persons with developmental disabilities make up approximately 2.0 to 2.5% of the population. The following paragraphs highlight the various services available to Arkansans with a developmental disability.

Human Development Centers (HDCs): Arkansas currently has six state-managed residential training facilities located in Alexander, Arkadelphia, Booneville, Conway, Jonesboro, and Warren. The HDCs provide services and support to people with developmental disabilities. These services include medical care, special education, psychology, habilitation training, employment training, and domestic and personal skills development.

Each HDC specializes in serving a particular segment of the population. Conway HDC focuses on serving those individuals who are medically fragile and is the only HDC that serves school age children. Alexander focuses on serving males ages 18 years and older who have a dual diagnosis of developmental disability and mental illness. Alexander has a special behavioral treatment unit. Booneville focuses on serving adult males and females who have a dual diagnosis. Arkadelphia and Jonesboro focus on serving those individuals who are in a transition mode and need increased vocational opportunities. Warren has a special behavioral treatment unit for women ages 18 years and older.

Home and Community Based Waiver Program: The Adult and Waiver Services Section refers and secures services for people with developmental disabilities to live in the community setting of their choice. Central to this objective is the Home and Community Based Waiver program. This program currently provides comprehensive services to a maximum number of 3598 eligible persons. All persons with a developmental disability, from birth to death, may receive services through this program. It is the program of choice for people desiring to remain in the community

versus residing in a facility-based program (i.e., Intermediate Care Facility/Mental Retardation (ICF/MR) or Nursing Facility (NF)). In addition to the people currently being served, there is a waiting list that exceeds 600 eligible people, with new applications processed at the current, average rate of 15 per week. There are an additional 500+ applications pending the receipt of various forms of required documentation or updated contact information. Because of the limited number of spaces available, priority is given to any person residing in ICF/MR/NF/Arkansas State Hospital (ASH) or any emergency as deemed by the Division Director. Although the service model is comprehensive, improvements in technology and core services are needed.

First Connections Program: First Connections is a federal program for children aged birth to three years of age and their families that provides developmental, speech/language, physical/occupational therapy, adaptive equipment, consultation, training, and related services. These services must not be billable to Medicaid, Private Insurance, or other funding sources. The Arkansas Department of Health and Human Services, Division of Developmental Disabilities Services is the “lead agency” for administering this program within the State of Arkansas. Current funding for Part C of the Individuals with Disabilities Education Act (IDEA) in Arkansas is approximately \$3.7 million annually. Although each state’s participation in the Part C Program is optional, the requirements under Part C are mandatory, so whether a state receives funding for Part C or not, each state must enforce the IDEA, which is federal law. Arkansas serves approximately 3000 children through the Part C Program.

Early Childhood Program: Part B of the Individuals with Disabilities Education Act (IDEA) is a federal program for children ages 3–5 years with special needs. In Arkansas, the lead agency for Part B of the IDEA is the Arkansas Department of Education (ADE). However, since DDS contract agencies deliver services to children ages 3–5 years, DDS receives funding from the ADE through PART VI-B of the IDEA. Current funding provided to DDS for services to children ages 3–5 that are not billable to Medicaid is approximately \$160,000 per year.

Title V: Title V is a federal program that provides funding to the state “to provide and assure mothers and children (in particular those with low incomes or with limited availability of health services) access to quality maternal and child health services; to reduce infant mortality and the incidence of preventable diseases and handicapping conditions among children, to reduce the need for inpatient and long-term care services, to increase the number of children appropriately immunized against disease...” and for other purposes described under SEC. 501. [42 U.S.C. 701]. Formerly known as Children’s Medical Services, DDS administers approximately \$3.1 million in federal funds and \$1.7 million in state funds for this program.

MAJOR ISSUES AND CONCERNS FOR DDS

As persons with developmental disabilities age, there are several concerns, which are highlighted below:

- Many aging parental caregivers will no longer be able to care for their developmentally disabled family members.
- Many individuals with developmental disabilities are living longer and outliving their parents.

- Aging individuals with developmental disabilities are experiencing increased medical/health issues and require increased skilled nursing care.
- Individuals with developmental disabilities frequently have mental health problems that make living independently in the community difficult.

The population being served by the HDCs is living longer, which brings the need for a shift in focus from teaching independent living skills to providing increased training in retirement skills. Serving this aging population also involves working with individuals with medical problems associated with older adults such as Alzheimer's, dementia, Parkinson's, etc. The HDCs will need to retrain their staff on new teaching techniques to accommodate this change in consumer needs, as well as work with local and state agencies that provide services to the aging population in general. Many programs already in place for seniors, such as senior centers, can be accessed by the aging individual with developmental disabilities if some minor adjustments are made such as increased support and supervision.

The aging DD population also impacts the HDCs' need for increased nursing care and skilled nursing care. The HDCs are experiencing the same nursing shortage problems as the rest of Arkansas. As our DD population ages and medical problems become more prevalent, nursing will need to be available on-site at all HDCs around the clock. These nurses will need to be trained not only in aging issues but also in how to work with individuals with developmental disabilities. The HDCs need to begin "growing their own nurses."

For instance, if the HDCs have staff who are excellent at working with consumers and understand developmental disabilities, but want to go back to school and further their education, the HDCs could offer to pay for all or part of the employee's nursing education with an understanding that once the employee obtains his/her degree he/she will return to the HDC to work.

There is a need for expansion of specialized services for individuals with unique developmental disabilities, such as pica disorder, Prader-Willi Syndrome, and autism. These specific disabilities often require settings designed specifically to address the unique environmental needs of these disorders. Specialized treatment facilities and programs need to be put in place, which will require being creative with funding and/or locating new funding to construct new facilities or renovate current facilities.

The final issue is that of the increased need for trained direct care staff to handle the mounting demands created by the increased medical, behavioral, and aging issues that the HDCs are facing. We must find ways to reward staff for their efforts and continued employment at the HDCs. We need to research recruitment and retention methods that have been used by other states to retain employees.

Internal adjustments of existing community resources have now reached the maximum saturation point. DDS must increase staffing or contracting abilities and have the necessary ancillary supports to operate expanded programs. DDS will maintain statistical data that serve to identify increases in the affected population growth and increases in individual service needs. These needs will be monitored closely with requests for remediation incrementally as each biennial

milestone is reached. DDS will continue to research, identify, cultivate, and secure any generic resources that may become available that could serve to alleviate some of the needs people have or will have in the future.

The influx of Spanish speaking persons in Arkansas will necessitate the training and employment of more bilingual staff and the presentation of mass media announcements or educational programs in Spanish as well as English.

STRATEGIES TO ADDRESS PRIORITY ISSUES AND CONCERNS

Programs need to be developed to reward those staff members who are excellent at providing direct care services, but due to personal financial issues, apply for higher grade positions in order to increase their salary. Good direct care staff is hard to find and should be rewarded and compensated to stay in those positions, so our client population will always get the best of care by those who have a true calling and desire to provide that daily care.

In addition, the need for services far exceeds the current capacity for delivery to people in need. The ability to process, approve, provide technical assistance and other administrative functions to assure timely and quality service delivery is stretched beyond the capacity of existing workforce. Whereas the Home and Community Waiver Program was expanded by 1,000 persons during the year 2004, no additional staff was added for the program. Rather, there was internal re-alignment of functions within the organization, but the re-aligned organization still falls short of adequate staffing to enable other job responsibilities to occur, such as general intake and referral. The integral function of Waiver application processing causes the former one-page application to pale in comparison. The additional requirements for determining Waiver eligibility (with applicants knowing that it may be years before the application can actually be processed to receive Waiver services) is the result of a lawsuit settlement in the year 2003 known as Tessa G. It is not expected that this process can be shortened or changed in the near future. Further, this part of the process is considered a high risk as 1) DDS may be unable to move at a reasonable pace as required within Olmstead legislation, 2) errors in assignment of numbers for the waiting list are subject to sanction by the Centers for Medicare and Medicaid Services, and 3) there may be private litigation on the part of people applying for the program. In addition to possible sanctions, good will is negatively impacted, if not lost.

The ever-decreasing federal dollars for the Medicaid Program will negatively impact DDS' ability to provide appropriate services to children with disabilities from now into the foreseeable future. At the same time the federal government is cutting Medicaid, it is planning to cut funding for other programs such as the IDEA Part C Early Intervention program and the Title V Program that provide vital services to children with disabilities in Arkansas. Without the appropriate therapies and related developmental services early in life, we will continue to see Arkansans with lifelong disabilities that will cost more for support services over the long term. Additional concerns include a rise in the numbers of children diagnosed with autism, Asperger's Syndrome, and other related disorders. As parents become better educated regarding these and other disabilities and about their legal rights in relation receipt of services, they are demanding more of the services that benefit their children, placing an increased burden on a system that is already stretched too thin. The lack of availability of residential facilities to treat children with violent, sexually inappropriate, and other behavior problems has negative consequences on a daily basis.

Need for Additional Resources

If current trends continue, we will see an increase in the numbers of children with developmental disabilities as well as a decrease in Medicaid dollars, an increase in public awareness, and an increased demand for services that will result in the need for additional resources that may not be forthcoming from the federal government.

While funds are cut at the federal level there is an increased demand for accountability, which results in the need for more staff to monitor programs to ensure that appropriate services are being delivered as required by federal and state law. Current economic trends (if continued) will result in an increase in the cost of doing business, resulting in the need for additional resources into the foreseeable future.

The need for waiver services is projected to be at least 600 additional persons per year with an average plan of care of \$32,000 that is ever-escalating due to increases in the costs for services/goods as well as increasing needs as people age. In order to provide an adequate quality service delivery system, it is projected that an additional service specialist for every 100 persons added to the system will be needed. In addition, support staff in the form of area supervisors, area managers, and administrative support staff to process, maintain, track, trend, revise, and change federal and state quality frameworks (inclusive of discovery and resolution of individual and system problems) must increase on a proportional basis as the number of persons served increase. To help alleviate the need for additional staff increases, information technology must be engaged. Such an endeavor will not be cost-effective on a short-term basis but rather will provide for cost-effectiveness over time once systems are designed and operational. As the general population increases, so will the number of persons with a developmental disability. If Arkansas continues to see increases in general, additional staffing and maintenance and operational costs will also be needed in the areas of general intake and referral.

Plans to Alter the Organization and /or Delivery of Programs and Services in Response to Priority Concerns

Arkansas must find ways to use funds optimally to endure the draw-down of federal dollars. We must do a better job of monitoring programs and collecting and reporting data in order to show that funds are being well spent in Arkansas and that dollars invested now will save dollars in the future. DDS must ensure that all available resources are expended so that they can have the greatest impact upon the greatest numbers of Arkansans with disabilities. DDS Children's Services must continuously review, monitor, and adapt the ways in which we are doing business to ensure that we continue to meet federal and state requirements, eliminate deficient practices, increase the use of technology, and invest in the long-term success for both children with disabilities and employees of the division. We must be creative. We must look to other states that have successfully adapted to the increased demands for accountability at the federal level. We must hold employees and contracted provider agencies accountable and demand that positive outcomes result from the delivery of services. We must increase our cooperation with other state and federal agencies to ensure that services are not being duplicated and that we are all working together to better address the need of Arkansas children with disabilities. We must return to the basics of what is actually required by federal and state legislation and adapt our policies and procedures accordingly. We must increase the professional training that employees receive and hold them accountable for ensuring that services are being delivered in the most efficient, cost-

effective, and professional way possible. Finally, and perhaps most importantly, we must be responsive to the needs of the citizens that we serve. We must do our best to decrease the amount of red tape involved in navigating the bureaucracy so that people can see that we are here to serve their best interests in meeting the needs of their children.

Acknowledgments:

Charlie Green, Director, Division of Developmental Disabilities Services, provided the content and information contained in this section.

Ty Borders, Ph.D., Associate Professor, Fay W. Boozman College of Public Health, University of Arkansas for Medical Sciences, and Arkansas 2020 Coordinator, edited this section.

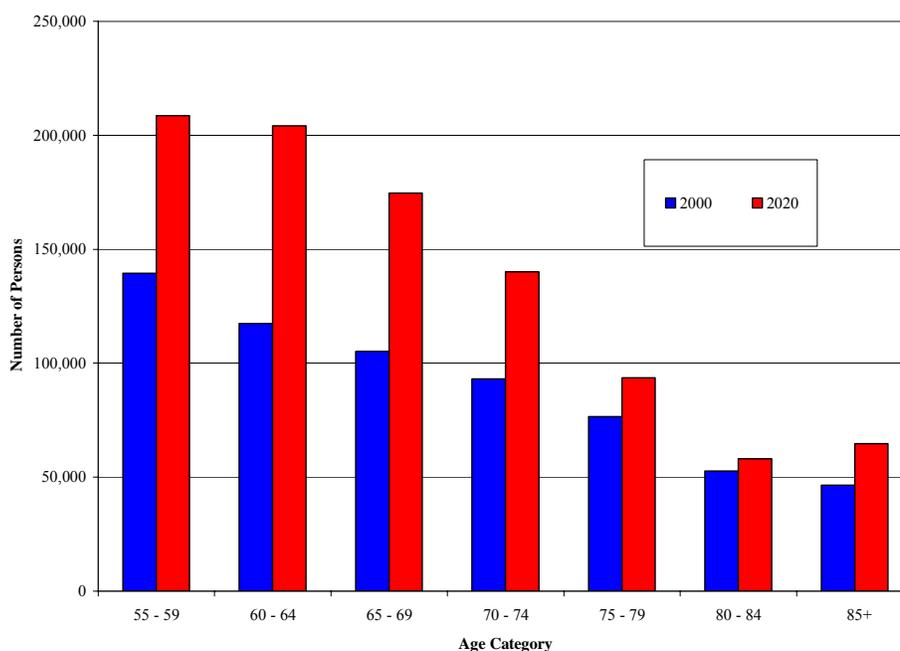
Chapter 2, Part I.

Human Services Needs for Older Arkansans in 2020

REVIEW OF PROJECTED INCREASES IN THE NUMBER OF OLDER ARKANSANS

As discussed earlier in this report, the aging of the Baby Boom generation will contribute to substantial increases in the number of persons entering the older years of their lives. The numbers of persons ages 55-59, 60-64, 65-69, and 70-74 are expected to increase substantially from 2000 to 2020. These changes are graphically displayed in Chart 32.

Chart 32. Projected Increases in the Number of Older Arkansans by Age Category



Data Source: U.S. Census Bureau, Population Division, Interim State Population Projections, 2005.
Internet Release Date: April 21, 2005

Review of Health and Human Services Needs Associated with Aging

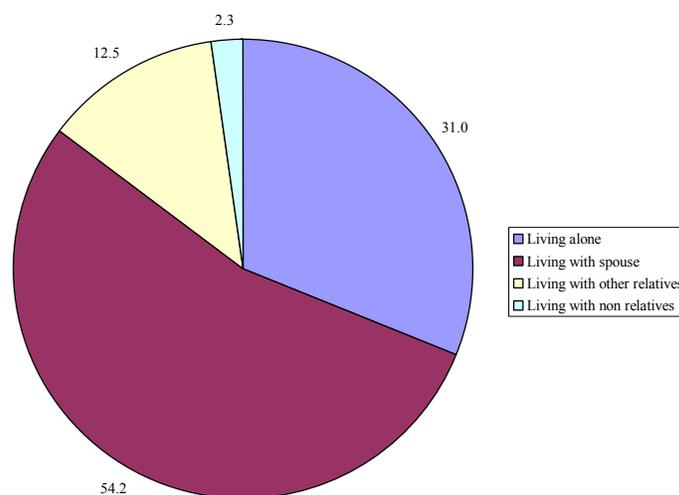
The federal government routinely conducts population-based surveys of Americans to assess their health status and well-being. Some of these surveys can be used to describe the frequency of health and functional problems among older persons, but they can rarely be used to produce state-specific estimates. Limited health-related data are available from the Behavioral Risk Factor Surveillance System (BRFSS) survey, which the Centers for Disease Control and Prevention require every state to conduct yearly. Because data specific to Arkansas are limited, nationally representative indicators are used to describe the frequency and distribution of key health and functional problems associated with older age. Selected indicators are shown in Table 14 and Charts 33-36.

**Table 14. Difficulty Performing Activities of Daily Living
Among Persons Ages 65 and Older, U.S., 2003**

Type of ADL	All Persons %	Type of Residence	
		Community %	Facility %
Bathing/Showering	13.9	10.9	90.3
Dressing	9.6	6.8	77.3
Eating	4.6	2.6	49.9
Getting in/out of bed/chairs	14.7	12.8	61.5
Walking	25.1	23.9	64.1
Using toilet	8.0	5.4	69.5

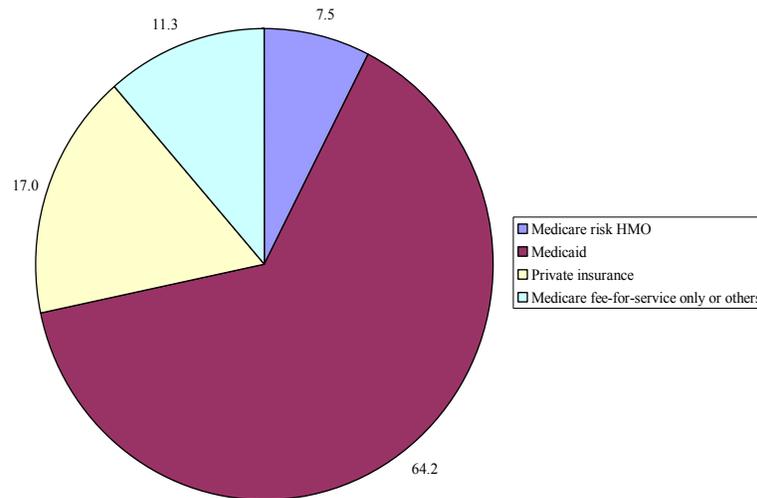
Source: National Center for Health Statistics, Trends in Health and Aging.
<http://www.cdc.gov/nchs/agingact.htm>. Accessed on June 8, 2006.
Original Data: Medicare Beneficiaries Survey, 2003.

**Chart 33. Living Arrangements of
Persons Ages 65 and Older, U.S., 2004**



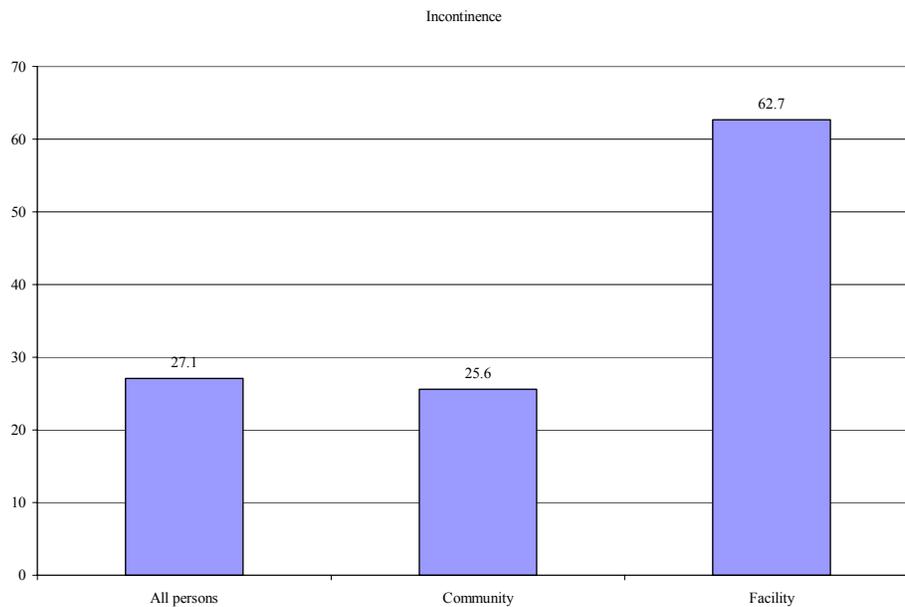
Source: National Center for Health Statistics, Trends in Health and Aging.
<http://www.cdc.gov/nchs/agingact.htm>. Accessed on June 8, 2006.

Chart 34. Insurance Coverage of Medicare Beneficiaries Residing in Long-Term Care Facilities, U.S., 2003



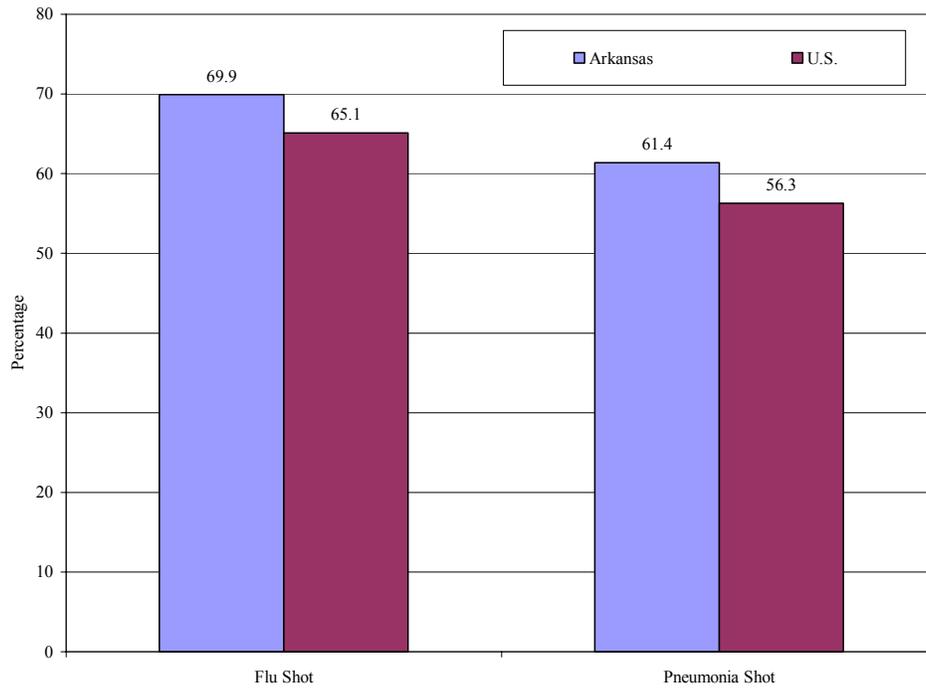
Source: National Center for Health Statistics, Trends in Health and Aging.
<http://www.cdc.gov/nchs/agingact.htm>. Accessed June 8, 2006.
 Original Data: Medicare Beneficiaries Survey, 2003.

Chart 35. Incontinence by Living Arrangement, Medicare Beneficiaries, U.S., 2003



Source: National Center for Health Statistics, Trends in Health and Aging.
<http://www.cdc.gov/nchs/agingact.htm>. Accessed on June 8, 2006.
 Original Data: Medicare Beneficiaries Survey, 2003.

**Chart 36. Influenza and Pneumonia Vaccinations,
Persons Ages 65 and Older, 2004**



Source: National Center for Health Statistics, Trends in Health and Aging.
<http://www.cdc.gov/nchs/agingact.htm>. Accessed on June 8, 2006.
Original data: Arkansas data from the BRFSS; U.S. data from the NHIS.

Acknowledgments:

Ty Borders, Ph.D., Associate Professor, Fay W. Boozman College of Public Health, University of Arkansas for Medical Sciences, and Arkansas 2020 Coordinator, organized and edited this section.

Chapter 2, Part J.

Implications of Arkansas' Changing Demographics for the Division of Aging and Adult Services

DAAS MISSION AND PROFILE

A growing nationwide awareness of the opportunities and challenges of an aging society led to the passage of the Older Americans Act in 1965. The legislation created the Administration on Aging at the federal level and mandated the establishment of a “state unit on aging” in each state to administer the programs under the Act. In Arkansas that unit is the Division of Aging and Adult Services (DAAS). The Division’s role has been expanded several times over the years, and it now provides or administers a number of programs for individuals age 19 and above. The mission of the Division is to promote the health, safety, and independence of older Arkansans and adults with physical disabilities. The Division is guided by the following five beliefs: adults should choose how and where they receive long-term care services, adults should be able to age well, adults should be safe, access to information enhances choice, and an aging society requires innovation and change.

DAAS Population Subgroups Served

The DAAS serves the following population subgroups:

- Adults age 19 and older who are abused, neglected, or exploited and lack the capacity to understand their condition.
- Adults age 55 and older who seek employment opportunities.
- Adults age 60 and over who attend senior centers, need transportation and/or need meals.
- Adults age 65 and older who are at risk of institutionalization.
- Adults age 19–64 with physical disabilities who are at risk of institutionalization.
- Adults age 19 and older with disabilities who want to work.

DAAS Programs and Services

The array of programs and services offered by the DAAS are described below:

- *Adult Day Care:* A group program designed to provide care and supervision to meet the needs of functionally impaired adults.
- *Adult Foster Care:* A family living environment that provides supportive services such as bathing, dressing, grooming, and assistance with toileting.
- *Adult Day Health Care:* A continuing, organized program of rehabilitative, therapeutic, and supportive health and social services and activities for individuals who are functionally impaired and not capable of fully independent living.

- *Attendant Care for Persons with Physical Disabilities:* Attendant care for those who would otherwise require intermediate nursing home care.
- *Chore Service:* Running errands, preparing food, completing simple household tasks, performing heavy cleaning or yard and walk maintenance which the client is unable to perform alone.
- *Client Representation:* An activity under which a client's needs are assessed and services to meet those needs are either provided directly by the Client Representative or arranged for in an organized and consistent manner.
- *Employment Services:* An organized program of counseling, assessment, training and placement in employment, either subsidized or unsubsidized.
- *Health Promotion:* Provision of information concerning diagnosis, prevention, treatment, and rehabilitation of age-related disease and chronic disabling conditions; education programs on the availability, benefits, and appropriate use of preventive health services, such as smoking cessation, weight loss and control, and stress management; nutritional counseling; and programs regarding physical fitness.
- *Homemaker Services:* Basic upkeep and management of the home and household assistance.
- *Information and Assistance:* Information that links the individuals to the opportunities and services that are available.
- *Legal Assistance:* Legal advice and representation as well as benefits and rights counseling.
- *Material Aid:* Goods or payment of bills to meet or prevent an imminent emergency.
- *Meals (Congregate):* Meals that are served in a group setting such as a senior center or elderly housing facility and are usually associated with activities to promote social interaction and reduce social isolation.
- *Meals (Home Delivered):* Meals delivered to clients who are homebound and unable to prepare nutritionally adequate meals.
- *Ombudsman Services:* Statewide advocacy program for residents of nursing facilities, assisted living facilities, and residential care facilities.
- *Personal Care Services:* Assistance with bathing, grooming, dressing, and toileting; food preparation and feeding; performance of incidental household services essential to the client's health and comfort in his/her home.
- *Personal Emergency Response System:* An in-home, 24-hour electronic support system with two-way verbal and electronic communication with an emergency control center.
- *Repair/Modification/Maintenance:* Services to make the dwelling more accessible to individuals with a physical disability.

- *Respite*: Temporary relief for caregivers at home or in a facility through a substitute caregiver.
- *Socialization*: This service is generally associated with Senior Center activities to reduce social isolation and promote interaction and well-being.
- *Telephone Reassurance*: Telephone calls at appointed times to check client status; if contact is not made, assistance is sent.
- *Transportation*: Road transportation to needed services such as medical services, shopping, bill paying, etc.

PRIORITY CONCERNS FOR 2020

While we are entering unknown territory, we know two things for certain. First, the number of older Arkansans will increase dramatically. According to the Arkansas Healthy Aging Report, in 2000, 14 percent of Arkansans were 65 years and older. By 2025, that percentage is expected to increase to 24 percent. This increase will mean that one out of every four Arkansans will be 65 or older. Secondly, the aging of America and Arkansas will affect the entire fabric of our society.

This demographic “age quake” has already redefined retirement. The aging workforce is not retiring en masse, creating a catastrophic labor shortage as some predicted. Rather the definition of retired is evolving to mean working in some capacity. Now, with many boomers predicted to live into their 80s and 90s, up to 80 percent expect to continue to hold at least part-time jobs into their 70s, according to American Association for Retired Persons (AARP).

Current Need for Services Provided by the DAAS

Demand for publicly funded services is currently greater in Arkansas than in other states. Table 15 shows that Arkansas has a higher proportion of the 85+ population than the US. This is significant because people in the 85+ group are the most frequent users of health care. Arkansas also has a higher proportion of persons with disabilities than the US and a higher proportion of persons who experience difficulty in self-care.

Table 15: Need Characteristics, Arkansas and U.S.

	AR	US
Percent of Persons with Disabilities (2003) ¹	21.3%	14.8%
Percent of Persons with Difficulty in Self-Care (2003) ¹	4.1%	2.7%
Percent of Persons with Difficulty in Self-Care Living Alone (2003) ²	9.3%	23.5%
Number of informal caregivers (percentage of total population, 2004) ²	300,000 (11.1%)	27,200,000 (9.26%)
Number of informal caregiving hours (2004) ²	279,000,000	29,182,000,000
Annual market value of informal caregiving (2004) ²	\$2,457,800	\$257,096,000,000

Sources: ¹ National Center for Personal Assistance Services, State Disability Statistics;

² Friss Feinberg, et al. (2004)

Anticipated Long-Term Care Spending

Nationally over 30% of all Medicaid dollars in FY2001 were spent on the 65+ age group. And when the baby boomers become the “old old” around year 2040 demand will soar.

Long-term care expenditures for the elderly could nearly quadruple by 2050 according to the Congressional Budget Office. In 2002 national spending on long-term care was about \$137 billion for persons of all ages. The CBO forecasts that long-term care spending could reach \$379 billion in constant dollars for the elderly alone. Because Medicaid is the primary funding source for long-term care, increased demand will directly affect the state budget.

STRATEGIES TO ADDRESS MAJOR ISSUES AND CONCERNS

A first step in developing a plan to address the aforementioned issues and concerns is to recognize that the current system fails many. The National Academy of Elder Law Attorneys (NAELA) defined the issue in a paper titled, *White Paper on Reforming the Delivery, Accessibility and Financing of Long-Term Care in the United States*. The report states that the existing long-term care system lacks many, if not most, of the features that the system should have: "Perhaps the greatest failing of the current system is the focus of available resources on care in the most acute and expensive setting, the nursing home. This focus has resulted in the wholly inadequate development and support of long-term care in other settings, including people's own homes and less restrictive residential settings such as assisted living facilities and board and care homes. This focus minimizes personal independence and maximizes cost. The limited long-term care services which do exist outside of nursing homes are under-funded, riddled with gaps in essential services, and virtually bereft of quality assurance."

The need to improve both our state's and nation's long-term care system is also reflected by the 2005 White House Conference on Aging. Two important recommendations were to 1) develop a coordinated, comprehensive long-term care strategy by supporting public and private sector initiatives that address financing, choice, quality, service delivery, and the paid and unpaid workforce and 2) promote innovative models of non-institutional long-term care.

In Florida, the AARP established four principles to improve long-term care that Arkansas would be well served to adopt as it develops strategies for 2020:

- *Real Choice.* Giving people choice over what care they get and in what setting sounds costly, but it's not. Studies show that people don't over-consume long-term care; if anything, they under-consume. That is, if you give people the power to choose, they will want only the least amount of help necessary to get by. Older people do not like others interfering in their lives.
- *Right Care.* No system can accurately determine what care someone needs without a consistent tool for evaluating what each person needs. A person's needs change over time. Case management has to include regular needs assessments and care evaluations.
- *Right Setting.* Individuals almost always prefer to remain independent in their home and their community. This avenue is almost always less expensive as well.

- *Right Price.* The real savings in long-term care is in shifting the caseload from institutional care (people in nursing homes) to less expensive home-based or community-based services. This shift is called rebalancing.

At the direction of the Governor of Arkansas, a Governor's Integrated Services Taskforce (GIST) was created to develop a plan to improve care and services for people of all ages and disabilities. The GIST spent an extraordinary amount of time and energy developing the plan. After hearings were held around the state, the plan was adopted in March of 2003. The majority of the following strategies are taken from the plan. Some have been modified to reflect changes in events, legislation, and/or policy. With the exception of strategy Number 39, these strategies do not address individuals with developmental disabilities because they are being addressed separately in Arkansas 2020.

- *Use existing funding efficiently and effectively.* Use state general revenue to leverage Medicaid federal funds when possible.
- *Use existing housing funds to finance* integrated housing and community facilities.
- *Promote universal design.* (Universal design encompasses those home design features that make a home safe and comfortable for everyone, young or old, whether they have a disability or not. It involves making a home for all ages.) The Arkansas Development Finance Authority (ADFA) should award extra points to proposals from developers who incorporate universal design into their projects.
- *Reduce use of institutional care,* which is not integrated and generally costs more than home and community supports and services. Provide information to applicants about alternatives to institutionalization.
- *Reduce admissions to institutions* through independent eligibility assessment and choice of alternatives.
- *Help residents of institutions transition to community.* Continue the Passages Program to help residents of institutions move back into the community by providing case management, access to Medicaid services and assistance with the costs of housing and setting up a household.
- *Improve access to cost-effective home and community-based services* by making them as easy or easier to access as institutional services.
- *Reduce response times for obtaining home and community services.* The state should reduce the time necessary to access community services to equal that required to access institutional services.
- *Improve access of underserved groups* through amended or new waivers. DHS should amend current Medicaid waivers or create new waivers to better serve those individuals not receiving adequate care.
- *Review and adjust Medicaid rates* for home and community services.

- Review Medicaid reimbursement for home and community services at least every two years and *adjust rates to insure that providers can hire and retain good workers* by offering competitive pay and benefits.
- Identify and *eliminate institutional bias* in Medicaid long-term care eligibility, services, and reimbursement.
- *Ensure that home and community services meet the needs of people with severe disabilities* so they can successfully live in the community. Increase consumer direction for waiver and State Plan services.
- *Amend the waivers and home and community services in the Medicaid State Plan* to include more consumer direction of services, and a cash and counseling<what is that?> option that enables consumers to obtain appropriate supports and services that best meet their needs.
- *Equalize access to services between community and institutions.* The menu of service options should never be less than what is available in institutions for a comparable population.
- *Improve quality of life in institutions through strategies to increase community integration,* and/or encourage home-like living arrangements, such as the “Eden Alternative” and “Greenhouse.”
- *Promote volunteer caregiving programs.* The state should encourage volunteer programs that mobilize people to help provide care in the community, such as the *Faith In Action* projects that encourage congregations to sponsor caregiving programs. Churches and other non-profits should also be encouraged to play a greater role in developing and operating housing and long-term care facilities.
- *Encourage increased private spending on long-term care.* The State of Arkansas should offer a high quality, high benefit group long-term care insurance plan to all state employees as an employee benefit. Employees would pay the full premium.
- *Promote group long-term care insurance among private employers.* The state should encourage private employers to provide group long-term care insurance to their employees and pay a portion or all of the premium, as a means of lowering premiums for employees, thereby increasing coverage and reducing future long-term care costs to the state
- *Develop plans to reduce future demand for long-term care.* Arkansas should identify risk factors that lead to acquired disabilities and institutionalization and identify which populations are at greatest risk. For example, among the elderly, factors may include noncompliance with prescription drugs, fall hazards in the home, lack of caregiver support, malnutrition, and muscle atrophy due to inactivity. Programs should be developed to reduce or postpone acquired disabilities and institutionalization.
- Medicaid should reimburse providers of home and community services for training of attendants, as they reimburse nursing facilities for aide training.

- The General Assembly should enact mental health parity legislation to *require health insurers to cover mental health care* as they cover treatment of physical illnesses.
- Arkansas Medicaid conducted a successful marketing and enrollment campaign for ARKids First. Some of the approaches utilized in the ARKids First program should be utilized in Medicaid programs for people with disabilities to *inform people about the programs and make eligibility determination more user-friendly*.
- *Medicaid asset limits should be adjusted*, especially for persons with disabilities who are unable to work and acquire assets. Homeowners living in their homes should be allowed at least \$10,000 in savings for contingencies, such as replacing their roof or furnace.
- DHS should *study the feasibility of a spend-down option for selected Medicaid programs* to enable applicants to “buy into” Medicaid when they exceed income limits.
- Targeted case management is an important service to help people with disabilities arrange and monitor the services they need to live in the community. *A new reimbursement system for targeted case management* should be developed that is adequate to cover supervision, training, travel time, employee benefits, office expenses, etc.
- Policy makers need a *coordinated, inter-agency system of data collection* to estimate current, and project future, needs for direct care workers to evaluate existing data on the healthcare labor market.
- *Create a direct care worker registry or “Caregiver Database”* that will be accessible (by Internet, phone, or in County, City, and local Workforce Investment Centers) to both providers and consumers wishing to hire and direct their own personal care attendant.
- Allow funding to follow the individual from setting to setting.
- *Develop an overall state plan for transportation* that can reasonably accommodate people with disabilities, building upon existing transportation systems.
- Develop and implement a statewide one-stop system for long-term care services and alternatives.
- *Develop and implement a comprehensive quality management strategy* consistent with Arkansas' transformation of its long-term support system.
- *Transform Information Technology to support systems change that includes* applications that support program practices and processes that are individual-centered and enable persons to direct their own services.
- *Develop and implement AR SOURCE*, a system of primary care case management targeting dually eligible persons and others with chronic illnesses.
- Increase staffing and after-hours capability of the Adult Protective Services Program.

- *Transform Senior Centers into Wellness Centers* focusing on disease prevention and education.
- As expenditures for long-term care increase, invest more in the detection and elimination of waste, fraud and abuse.
- Study and *provide options for individuals with developmental disabilities* who did not enter the DHHS Developmental Disability System before age 22. These individuals have been cared for by families and upon the death of their primary caregiver are sometimes left without a guardian or support system.

Acknowledgments:

Herb Sanderson, M.P.A., Director, Division of Aging and Adults Services, provided the majority of the content and information contained in this section.

Ty Borders, Ph.D., Associate Professor, Fay W. Boozman College of Public Health, University of Arkansas for Medical Sciences, and Arkansas 2020 Coordinator, edited this section.

Chapter 2, Part K.

Implications of Arkansas' Changing Demographics For Division of Volunteerism

DIVISION OF VOLUNTEERISM MISSION AND PROFILE

The Division of Volunteerism (DOV) is guided by the principle that national service and volunteering is the responsibility of all citizens and that all people will experience an improved quality of life as a result of this service. The Division provides volunteer recognition and technical assistance and training in volunteer program development.

The DOV serves the entire state of Arkansas through six Area Representatives that provide technical assistance to nonprofit, government, and corporate sectors on all aspects of volunteer management. The division has many programs and services that are available to the state:

- *Arkansas Mentors Program.* Community volunteers, by serving as positive role models, provide support to those families who are moving from welfare to independence.
- *AMIGOS "Friends Learning Together" Program.* Supports and enhances the lives and academic skills of students who speak English as a learned language by encouraging individuals from the community to serve as tutors attending public schools.
- *Arkansas Service Commission.* A grantee of the Corporation for National Service, which subgrants to AmeriCorps programs in Arkansas, administers and monitors grants, serves as an information clearinghouse, and provides collaborative training opportunities for national service programs in Arkansas.
- *Faith-Based & Community Initiative.* Through the Faith-Based & Community Initiative, DOV provides capacity building training and technical assistance in these areas: financial, organizational, programmatic, networking, and outreach. Capacity building promotes the long-term sustainability of both faith-based and grassroots organizations and makes organizations more fundable or grant ready. Further assistance to this group is provided by our annual Summit conference that we sponsor in partnership with the Arkansas Community Foundation.
- *Economic Impact of Arkansas Volunteers.* A DOV annual survey prepared by UALR that documents the economic impact of volunteers in Arkansas.
- *Volunteer Recognition.* The DOV provides certificates, Governor's letters, and recognition bookmarks to nonprofits and community groups for their volunteers. The Arkansas Community Service Awards is an annual recognition event sponsored by KARK - TV Channel 4, the Governor's Office, and DHHS/DOV. It honors seven adult individuals, two corporations, one youth, and one distinguished citizen. Twelve communities are chosen for the Arkansas Volunteer Community of the Year Awards based on volunteer citizen involvement. These Awards are co-sponsored by the Arkansas Municipal League, the Governor's Office, and DHHS/DOV.

MAJOR ISSUES AND CONCERNS FOR DIVISION OF VOLUNTEERISM

One of the top priority concerns for the Division of Volunteerism will be the growth of rural programs. More training for smaller groups will be the norm. This will turn more of our training trips into technical assistance trips.

Statistics show that citizens are living longer. Therefore, a need for more programs for seniors to engage in and to volunteer for will rise. In particular, there is a need for programs for which men would be interested in volunteering for. As college costs increase, youth will become even more interested in volunteering to help qualify for scholarships and receive on the job training, so we expect to see an expansion of youth programs and youth wanting to volunteer. Another concern is the emergence of urban areas and the effects it will have on our programs. As the population increases additional staff will be necessary. Additional program developers will need to be specialists in the needs and skills of youth, seniors, and Hispanics, and specialists in higher computer skills in order to develop volunteer opportunities for the occasional volunteer and virtual (computer) volunteer.

In addition to the staff needs listed above, there is a current need for additional resources to provide Spanish language classes for program developers. The hiring of Spanish speaking Hispanic employees to engage the emerging population would provide an excellent resource. Strong partnerships with statewide agencies such as DHHS Division of Aging, DHHS Division of Health, AARP, RSVP, etc., will be a very important resource. These partnerships will connect Arkansans statewide on the local level. The DOV has already started partnering by providing resources to AARP and DHHS Division of Health volunteer coordinators.

STRATEGIES TO ADDRESS MAJOR ISSUES AND CONCERNS

As the population increases, the demand for DOV services will increase. As faith-based and community organizations are forming and growing, demand for DOV assistance through the Faith-Based Program will grow. The DOV is a member of the web-site program GrantStation, which it will use to secure additional funding for Faith-Based organizations.

As mentioned earlier in the demographics section of this report, the gender ratio (males to females) in Arkansas is expected to increase slightly between 2000 and 2020, from 95.3 males per 100 females in 2000 to 98.8 per 100 in 2020. As expected, the gender ratio decreases as the age of the population subgroup increases. Within the group of Arkansans ages 65 years and older, the ratio in 2000 was 70.3 males per 100 females. By 2020, this proportion is expected to increase to 81.6 per 100. Thus, there will be an increase in the senior male population. *Male volunteer interests will need to be addressed. The DOV has piloted a very successful volunteer program at Mt. Magazine and is planning to expand this program at other state parks. Volunteer opportunities include trail blazing, nature walks, and other outdoor activities.*

Because of the growth of the Hispanic population, DOV projects that the AMIGOS Program will expand from the current target population among Little Rock and North Little Rock School District children to a major state-wide program. Also, the Arkansas Mentors Program will provide mentors to new Arkansas residents. The program has already been expanded to address Hispanic women and their needs in Montgomery County.

Because of the fast growth of the working age group in the Little Rock-North Little Rock MSA and the Fayetteville-Springdale-Rogers MSA, these two areas will be targeted for a new recruitment training that will include episodic (one time) and virtual (computer) volunteering.

Because of the growing youth population in Jonesboro, DOV will target this area of the state to pilot youth volunteer programs, both for and by youth. DOV will partner with Hot Springs senior programs, perhaps serving as a conduit to network both areas using the Division's United Community Organizations of Arkansas (UCOA) concept of forming a roundtable of all local groups who serve as a center for information sharing and problem solving.

There will be a larger potential labor force among the populations of the urban areas than in the rest of the state. DOV will target the White River area by connecting with Arkansas' senior volunteer programs (AARP, Senior Corps RSVP, etc.) in that area. This will create a network of similar organizations that will provide better services by identifying specific needs and resources. Again, the UCOA concept will be used.

The organization and delivery of programs and services would need to be expanded to include volunteer opportunities to meet the needs of senior males, with expansion of senior opportunities in general for both male and female. There will be fewer working age people. The volunteer manager will need to provide specific job descriptions that meet these needs and that are highly attractive. The volunteer will be able to pick and choose their volunteer opportunity. The volunteer will use these opportunities as a low-cost social, mental and educational outlet for themselves and even for their family.

Acknowledgments:

Sherry Anderson-Davis, CVA, CEL, Director, Division of Volunteerism, provided the major content for this section.

Ty Borders, Ph.D., Associate Professor, Fay W. Boozman College of Public Health, University of Arkansas for Medical Sciences, and Arkansas 2020 Coordinator, edited this section.

Chapter 2, Part L.

Implications of Arkansas' Changing Demographics For the Division of County Operations

DIVISION OF COUNTY OPERATIONS MISSION AND PROFILE

The Division of County Operations (DCO) is best described as the “doorway” through which Arkansans access a wide array of public assistance programs administered by the Department of Health and Human Services. Approximately *one-third of Arkansas' population* receives some form of human services from the DCO. The most common public assistance programs for low-income individuals are Food Stamps, Medicaid, and Transitional Employment Assistance.

The number of clients served by DCO has grown significantly over the past ten years and by approximately 35% over the past four years. The growth, found most significantly in the Food Stamp and Medicaid programs, can be tied to economic conditions and the implementation of new health programs for children and pregnant women, the growing number of older persons, and expanded family planning services. Some of this growth is attributable to the Medicaid Expansion initiatives funded by the Tobacco Settlement.

The agency has produced an Annual Statistical Report since the mid-1930s that contains information regarding the programs administered during the year and the number of clients participating in each program. The demographic breakdown of the caseload for the three major public assistance programs (Food Stamps, Medicaid, and Transitional Employment Assistance) is available for the past thirty years in hardcopy format from the DCO. Electronic copies of these reports are available for 1999 – 2004 on the DHHS Website at the following link under the section for the Division of County Operations: <http://www.arkansas.gov/dhhs/NewDHS/DHSAnnualStats.html>

MAJOR ISSUES AND CONCERNS

The DCO will serve a greater proportion of older persons in 2020. This change has several implications for DCO as the intake agency for DHHS, as noted below:

- Applications for services that require a disability determination or medical assessment are much more complex and costly to administer. These are typically applications for Medicaid under a disability category or applications for Long Term Care services. Even applications for alternative placements or in-home services are more difficult to process as determinations must be made as to the applicant's functional level.
- The primary method that DHHS has used to keep up with current caseload increases in an environment of stagnant or diminishing administrative resources has been through advances in computer technology. However, the use of computers could present problems for older Arkansans, some of whom may not be familiar with computer usage.

The expected increase in the number of Hispanics will place new burdens on the DCO.

- Many Hispanics, especially those who do not speak English well, will need access to Spanish-speaking personnel. The DCO must hire and train bilingual personnel.

Other Related Issues and Concerns

It is a common misconception that only unemployed individuals receive “welfare assistance.” The reality is that many DCO clients are either employed or recently unemployed. Thus, the DCO provides many services to the “working poor.” This is an important distinction for the DCO as it projects its service needs for the future. As job-related expenses for child care and transportation increase, families may face significant financial barriers to employment. Increases in gas prices and declines in the economy have a significant impact on the number of people needing to access public assistance programs. Often, the weekend or evening shifts being worked by the DCO’s clients are discontinued during periods of economic downturns. Such economic changes can have a devastating impact on former clients of the Division’s programs that are subject to a 24-month lifetime limit of cash assistance benefits. It should be noted that Arkansas often lags behind the national increases in service needs resulting from economic changes. The impact of economic downturns is realized 8 – 12 months after the fact and lingers long after the national economy begins to recover.

Another significant factor to consider is the impact of high priority funding demands on Congress, such as the war in Iraq and this country’s new emphasis on disaster preparedness. Spending for domestic programs is often decreased when federal funds are needed to support the cost of military actions and wars. The DCO must also consider the added cost of trying to prepare this nation for disasters of cataclysmic proportions. Disaster planning for a world-wide avian flu pandemic or a mega-quake along one of the nation’s fault lines has revealed that such events would devastate the world’s economy and our nation’s infrastructure. Public services typically funded through federal, state and local taxes would be greatly reduced or non-existent as the economy reacts to the long-term financial devastation resulting from the disaster. Although the occurrence of such disasters is an uncertainty, the costs associated with preparing for these disasters will be staggering. Funds diverted for this purpose at the state and national levels will most certainly restrict the availability of funding for other purposes, such as public assistance programs.

STRATEGIES TO ADDRESS MAJOR ISSUES AND CONCERNS

To prepare for the aforementioned major concerns, the DCO seeks to:

- Strategy 1. Simplify application procedures.
- Strategy 2. Implement additional internet applications and computerized verification systems.
- Strategy 3. Adopt an electronic records system, thereby achieving a truly “paperless” environment. As part of this system, a common client identifier crossing multiple public and private service agencies will be created.
- Strategy 4. Enhance call center and information and referral capabilities.
- Strategy 5. Establish central processing units.
- Strategy 6. Develop improved service outreach capability.

- Strategy 7. Implement web-based training capability
- Strategy 8. Offer bilingual services for the growing Hispanic population.

DIVISION'S CAPACITY TO RESPOND TO DEMOGRAPHIC CHANGES

DCO has limited capacity to respond to the demands of the projected population increases and demographic shifts. The agency has been very successful in dealing with the current caseload changes through automation, waivers of burdensome federal requirements, centralized processing units, mail-in applications, and telephone interviews. These innovations have proven very successful to date, and we plan to undertake similar efforts in the future. Information systems technology is constantly changing, bringing new opportunities into focus for continued advances in productivity. The most significant barrier is funding. Keeping our offices equipped with state-of-the-art computer equipment and maintaining the intricate maze of computer programs is very expensive. DCO has not received any state general revenue funds to develop or maintain our current information systems technology. All programs and equipment have been purchased with federal award funds from the United States Department of Agriculture for outstanding administration of the Food Stamp Program in Arkansas. If we are to meet the demands of future caseload changes, it is imperative that the state commit to an ongoing budgetary investment in information systems technology.

Acknowledgments:

Joni Jones, Director, Division of County Operations, provided the major content for this section.

Ty Borders, Ph.D., Associate Professor, Fay W. Boozman College of Public Health, University of Arkansas for Medical Sciences, and Arkansas 2020 Coordinator, edited this section.

Chapter 3. Resources

Highlights/Executive Summary

AGENCIES, SCHOOLS, DIVISIONS ASSIGNED TO RESOURCES SUBCOMMITTEE

DFA–Office of Driver Services, Susan Sims, Acting Administrator

DFA–Office of Motor Vehicles, Mike Munns, Administrator

DFA–Office of Child Support Enforcement

Arkansas State Building Authority, Anita Murrell, Director

UAMS–College of Nursing, Linda Hodges, PhD, Former Dean

UAMS–College of Pharmacy, Stephanie Gardner, Pharm D, EdD, Dean

UAMS–College of Health Related Professions, Ron Winters, , PhD, Dean

Disability Determination for Social Security Administration, Arthur Boutiette, Director

UAMS–I. Dodd Wilson, MD, Chancellor

UAMS–College of Public Health, Jim Raczynski, PhD, Dean

UAMS–College of Medicine, E. Albert Reece, MD, PhD, MBA, Former Dean

Arkansas Employment Security Department, Artee Williams, Director

Arkansas Development Finance Administration, Mac Dodson, President

Chapter 3. Resources

Highlights/Executive Summary

CROSSCUTTING THEMES

- Aging of the workforce within state agencies/colleges
- Need to increase diversity of staff/faculty/students (especially Latino/as and African Americans)
- Need for more staff/faculty fluent in Spanish and materials translated into Spanish
- Need for more space, faculty, staff, and students to meet current and future needs
- Need for more (and more sophisticated) technology to deliver services/education (for example, distance education, paperless service delivery systems)
- Need for more resources (fiscal, physical, and human) to meet current and future needs
- Expand programs/services to other areas of the state beyond Central Arkansas

Chapter 3. Resources

Highlights/Executive Summary

UAMS – College of Health Related Professions

MAJOR ISSUES AND CONCERNS

- Continuing need to educate allied health professionals for Arkansas.
- Need to increase activities in the areas of professional continuing education, evidence-based practice research, and interdisciplinary education.
- Need to expand programs to meet workforce needs including those in the laboratory and imaging sciences, health information management (medical records), and respiratory care.
- Additional and expanded UAMS College of Health Related Professions programs in Northwest Arkansas needed.
- Need to increase in the number of faculty and support staff.
- Need to increase the number of minority faculty members.
- The College has minimal resources to meet its mission and current obligations.
- More space will be required at UAMS and at other locations where existing programs will need to be expanded and/or new ones will be added.
- Due to the aging of the professoriate and the lure of high clinical salaries, there will likely be a continuing or worsening shortage of allied health educational program faculty.

STRATEGIES TO ADDRESS CONCERNS

- Continue to develop new and innovative ways of achieving its mission and serving the needs of the people of Arkansas (for example, distance education).
- Increase number of minority employees.
- Increase number and diversity of students.
- Increase enrollment in existing programs.
- Expand current offerings to additional underserved areas of the state.
- Consider the addition of new programs, including programs to prepare health professions faculty.
- Further develop research and related activities to optimize patient outcomes and provide for evidence-based practice.

UAMS – College of Pharmacy

MAJOR ISSUES AND CONCERNS

- Faculty retention and diversity: faculty salaries are not competitive at the Associate & Full Professor level, resulting in diminished retention of seasoned researchers and teachers resulting decreased research productivity and diminished excellence in educational student outcomes (decreased faculty:student ratios).
- There are minimal reimbursement opportunities (limited clinical revenue) for the provision of direct patient care by pharmacists.
- There are no endowments in the College of Pharmacy (COP) to support the research mission, and there is a limited amount of functional space to grow the research initiatives of the College.
- There are limited dedicated educational facilities with the necessary technology to meet the needs of the increasing class size and a satellite campus.
- We are experiencing a decreasing pool of qualified in-state COP student applicants with limited numbers of qualified underrepresented minority applicants.

STRATEGIES TO ADDRESS CONCERNS

- Adequate fiscal (both state and endowments) and physical resources to recruit and retain excellent faculty members in adequate numbers at the rank of Associate and Full Professor to build a diverse and stable core faculty committed to achieving the College's mission.
- Increased physical facilities and technology to meet the needs of an expanded student body on separate geographic campuses.
- Enhance K-12 public education across the state as well as incentivize undergraduate higher education institutions that promote entry into professional degree programs. This will allow for the recruitment of a highly qualified and diverse COP student body leading to improved healthcare of Arkansans.

UAMS – College of Nursing

MAJOR ISSUES AND CONCERNS

- Number of employees (number, age, gender, race, ethnicity) – need to have more part-time employees as the national nursing faculty shortage continues
- Need more employees fluent in Spanish
- We will need to identify creative ways for fiscal resources to support new approaches to nursing education.
- Not being able to meet the demand of students wishing to become nurses
- Inadequate supply of qualified nursing faculty

STRATEGIES TO ADDRESS CONCERNS

- Creative ways to recruit and retain qualified nursing faculty to help alleviate the nursing shortage in Arkansas and provide the highest caliber care to our aging population of residents
- Need additional funding sources to support accepting more nursing students
- Funding for students to attend school
- Increasing the number of member of underrepresented groups among faculty, staff, and students
- Replacing aging nursing faculty.
- Improving technological mechanisms for managing and delivering nursing education (for example, distance education, on-line learning)

UAMS – College of Public Health

MAJOR ISSUES AND CONCERNS

- Inability to increase ethnic diversity (Latino and African American) of faculty
- Inability to increase ethnic diversity (particularly Latino) of students
- Significant space constraints without a clear plan to meet inevitable acute and chronic needs
- A small college that inherently must focus and develop priorities rather than cover the broad scope of public health
- Insufficient ethnic diversity (Latino) among faculty
- Insufficient racial diversity, particularly among upper-level, primary faculty
- Constraints on foundation development opportunities
- No pool of graduates from whom to solicit financial support and support for student preceptorships and integrative projects
- Paucity of support for student scholarships and stipends
- Insufficient classroom space in COPH-allocated space (should improve with construction of education building)
- No space for students in doctoral programs
- Need for a centralized UAMS plan for newer distance-learning technologies and sufficient resources
- Need to increase ethnic (Latino) diversity of students<this issue already mentioned above>

- Only an evolving intra-college infrastructure to support research
- A very slowly evolving university infrastructure for supporting efficiency in research
- Insufficient faculty time to meet service needs in face of needs for development of extramural research and educational programs

STRATEGIES TO ADDRESS CONCERNS

- Research projects are relative to the needs of Arkansans. UAMS is known nationally for its work with the elderly.
- Existing projects at the COPH are targeting the Hispanic populations in counties when relevant. As the Latino population increases, services and research should increase accordingly.
- Existing plans include seeking additional Latino students/faculty.

Division of Finance and Administration – Office of Child Support Enforcement

MAJOR ISSUES AND CONCERNS

- Currently no efforts are being made to plan for demographic changes as we feel changes projected to occur through 2020 will have an insignificant impact on OCSE based on its current mission and activity and the population served.

STRATEGIES TO ADDRESS CONCERNS

- Based on current available information, no changes are expected to occur through 2020 that would impact OCSE significantly in any of these areas.

Arkansas Development Finance Authority

MAJOR ISSUES AND CONCERNS

- Need to remain flexible to match demand and resources
- Additional staff person needed
- Continue marketing programs to “Average Arkansas Citizens”
- Sustainable relationships with professionals
- Marketing plan by program/service which is easily implemented
- Prompt notification and training when federal regulations are implemented or revised for our federal programs such as HOME

- Readily available demographic data
- Lack of participation by state financial institutions
- Poor interest rates

STRATEGIES FOR ADDRESSING CONCERNS

- The percentage of the ADFA’s workforce that is from racial minorities should continue to increase as it did from 2003 to 2006, when it grew from 18% to 23%
- An aggressive strategy to determine where the “coming of age” baby boomers who are also first time homebuyers (federal regulation – cannot have owned a home in the past three years) are in the state is needed.
- Once this is determined, a marketing strategy with incentives for this age group needs to be established.
- Partnerships with Area Agencies on Aging and independent living facilities would be beneficial.
- There is a need to determine a more consistent method of tracking race of the borrower(s) to determine if the business is a minority or non-minority business.
- If it is determined we are not adequately serving a particular group, a marketing strategy needs to be implemented.
- Of the counties ADFA currently serves, 61% are urban and 39% are rural. No changes are anticipated.
- ADFA is committed to securing new resources to improve programs/services.

Arkansas Department of Finance and Administration – Office of Motor Vehicles

MAJOR ISSUES AND CONCERNS

- Additional Spanish speaking staff
- Documents translated and printed in Spanish
- Health care and retirement costs resulting from aging employees

STRATEGIES TO ADDRESS CONCERNS

- The Arkansas Department of Finance & Administration is currently doing extensive study and planning for the aging and increasing Hispanic population in Arkansas.

Arkansas Disability Determination for Social Security Administration

MAJOR ISSUES AND CONCERNS

- Increasing numbers of persons retiring
- Increasing numbers of persons reaching regular age for Social Security benefits
- Impact of increased numbers on agency's internal workforce
- Impact of increased numbers on types of claims that will need to be processed
- Increasing numbers of cases moving from the Social Security Disability Program to the regular Social Security Program

STRATEGIES TO ADDRESS CONCERNS

- It will continue to be essential for DDSSA to maintain a trained work force.
- One of the greatest strengths/assets is the move of the Federal Social Security Administration and DDSSA to a paperless, electronic work/case environment.

Chapter 3. Resources

Details of Findings (By Unit)

UAMS – College of Health Related Professions

MISSION AND PROFILE

The mission of the University of Arkansas for Medical Sciences (UAMS) is to provide excellent educational opportunities for students of the health care professions in a stimulating environment of basic and clinical research, integrated with the delivery of superb, comprehensive health care services. The mission of the College of Health Related Professions (CHRP) parallels that of UAMS, including education, service, research and scholarship, and patient care. The CHRP mission is achieved through the varied offerings of its departments.

The primary service provided by CHRP is educating future allied health professionals for the state of Arkansas. Programs are offered in 17 different professional areas through 10 academic departments. While the overwhelming majority of CHRP students are Arkansans, and while most graduates remain in Arkansas to practice their professions, CHRP also delivers educational services in six other states.

Total enrollment in programs offered by the CHRP, including both graduate and undergraduate students, was 601 students for Fall 2005. Applicants for Fall 2005 numbered 1507 from which approximately 330 new students were accepted. This represents an overall ratio of ~4.6 applicants for every student who enrolled in CHRP. There were 237 graduates (certificate, AS, BS, and advanced certificate in the 2004-2005 academic years).

There were 108 courses with total enrollment of 1356 students (some of whom enrolled in more than one course) offered by CHRP in 2004–2005. The delivery method varied with offerings using the Internet, compressed (interactive) video, and videotapes or CDs. Seven CHRP programs offered classes in these formats.

CHRP employs 72 core faculty and 23 support staff. In addition, there are over 200 part-time, adjunct, and clinical faculty with appointments in CHRP.

The College has annual revenues of approximately seven (7) million dollars.

MAJOR ISSUES AND CONCERNS FOR 2020

The following list highlights major issues and concerns for CHRP heading into the future:

- Continuing need to educate allied health professionals for Arkansas.
- Increasing activities in areas of continuing professional education, evidence-based practice research, and interdisciplinary education.
- Expanding programs to meet workforce needs, including those in the laboratory and imaging sciences, health information management (medical records), and respiratory care.
- Expanding and adding UAMS CHRP programs in Northwest Arkansas.

- Increasing the number of faculty and support staff.
- Increasing the number of minority faculty members.
- Increasing CHRP resources to meet its mission and current obligations.
- Acquiring more space at UAMS and other locations where existing programs need to expand and/or new ones will be added.
- Addressing the continuing or worsening shortage of allied health educational program faculty due to the aging of the professoriate and the lure of high clinical salaries.

Detail: In order to meet the health care needs of a growing and aging population, there will be a continuing need to educate allied health professionals in Arkansas for the foreseeable future. Projected workforce increases in various health fields nationally for 2004–2014 range from 9 to 50%. Demand in Arkansas is expected to be similar and may be greater due to the large number of retirees relocating to the state, as well as an increase in the overall population.

In addition to providing educational programs, CHRP will need to increase activities in professional continuing education, evidence-based practice research, and interdisciplinary education. As a leading provider of allied health professionals, CHRP must also maintain professional service activities through leadership and consultation regarding the development of allied health professions in Arkansas.

Enrollment in CHRP has increased at an average compounded rate of 6% per year for the past 15 years, and the College will need to continue to educate health care professionals in all of the professional areas currently provided. Programs that should expand to meet workforce needs include those in laboratory and imaging sciences, health information management (medical records), and respiratory care. Additional and expanded UAMS CHRP programs in Northwest Arkansas should also be considered in order to serve the rapidly growing population in that part of the state.

Increased overall enrollment and additional program offerings, both in Little Rock and Northwest Arkansas, will require increases in the number of faculty and support staff. There is also a need to increase the number of minority faculty members to better represent the increasing diversity of Arkansas and help with minority student recruitment and retention. There will be a need to increase the number of doctoral-level faculty, both to conduct research and assist in educating future allied health professions program faculty.

The CHRP student body is among the most diverse at UAMS. This diversity will likely increase in concert with changes in state demographics. It is also anticipated that the number of applicants to the College will continue to increase.

Currently, CHRP has minimal resources to meet its mission and obligations. Increased enrollments, the addition of new programs, and the expansion of existing programs to sites outside of Little Rock will require significant additional funding. More space will also be required at UAMS and other locations where existing programs need to expand and/or new ones will be added. Shortages of allied health practitioners and faculty will continue to drive salaries

upward, increasing financial pressure on the University and College.

Due to the aging professoriate and the lure of high clinical salaries, there will likely be a continuing or worsening shortage of allied health educational program faculty, which will inhibit the College's ability to meet its current mission and expand and offer needed programs and services. This shortage will probably worsen for the period 2006-2020.

STRATEGIES TO ADDRESS ISSUES AND CONCERNS

- Continue developing new and innovative ways of achieving its mission and serving the needs of the people of Arkansas (for example, distance education)
- Increase number of minority employees.
- Increase number and diversity of students.
- Increase enrollment in existing programs.
- Expand current offerings to additional underserved areas of the state.
- Consider the addition of new programs, including programs to prepare health profession faculty.
- Further develop research and related activities to optimize patient outcomes and provide for evidence-based practice.

Detail: CHRP needs to continue developing new and innovative ways of achieving its mission and serving the needs of Arkansans. This will likely include new programs, increased enrollment in existing programs, additional outreach activities, growth in distance education, provision of some clinical services as a part of the educational enterprise, expansion of professional development and continuing education to meet the needs of practicing professionals, further development of research, and the provision of more scholarship support to our students. The number of minority employees (faculty and staff) will also need to increase. The student body will continue to reflect changes in the general population demographics, including significant increases in the number and diversity of students. Specific needs for additional research include the areas of health promotion (nutrition, exercise, healthy lifestyle, etc.); disease prevention (e.g., tobacco control, obesity and weight loss, etc.); chronic disease management (e.g., heart disease, diabetes, stroke, asthma, COPD); evidence-based and best-practices research in allied health; and the provision of interdisciplinary health care services. In addition, the College will need to develop additional clinical services to support the education of students and provide needed clinical services.

Source: Report prepared by UAMS–College of Health Related Professions

University of Arkansas for Medical Sciences - College of Pharmacy

MISSION AND PROFILE

The mission of the UAMS College of Pharmacy is to provide excellent education in a stimulating environment where delivery of superb pharmaceutical care is integrated with nationally and internationally recognized research. In order to achieve this mission, the College will:

- Apply innovative and proven educational methods to produce pharmacists who possess the knowledge and skills required to serve their patients in an ethical and professional manner while keeping pace with rapidly evolving pharmacotherapies.
- Provide pharmaceutical care services that are recognized locally and nationally as models of world-class medication utilization.
- Conduct competitive basic, clinical and social and administrative science research that translates into improved pharmacy education, pharmaceutical care & public policy.
- Model outstanding leadership and service in pharmacy education, pharmaceutical research, and practice for the world community.
- Recognize and cultivate diversity and promote cultural proficiency among our students, faculty, and staff.

The College of Pharmacy (COP) provides essential services across the state of Arkansas, including supplying well-educated pharmacists across the state, staffing and maintaining the Regional Poison Control Center, serving as a consultant for statewide medication programs (Medicaid, State Employees, etc.), and assisting in the provision of individualized patient care in clinics, hospitals, and pharmacies across the state.

The College of Pharmacy currently employs 51 faculty and 32 staff. These faculty and staff represent a diverse ethnic population, including African American, Asian, Hispanic, and Caucasian members. UAMS COP also has 5 faculty members located in 5 of the 7 Area Health Education Centers. Volunteer faculty are spread all over the state and housed in all types of traditional pharmacy sites as well as in some direct patient care areas where pharmacists work (managed care, professional organizations, government, etc.). The College currently has a total enrollment of 351 students, and the enrolled student population is similarly diverse with African American, Asian, Hispanic, Native American, and Caucasian members.

Currently fiscal resources for the College of Pharmacy total \$6.5 million for Fiscal Year 2006. The College has combined physical resource space of 36,394 ft², including education, administrative, and research space in the UAMS Education II, Biomedical Research, and College of Public Health buildings. Additional off-site faculty are housed at Arkansas Children's Hospital, Central Arkansas Veterans' Healthcare Administration, St. Bernard's Hospital, St. Joseph's Mercy Hospital, and Reynolds Institute on Aging.

MAJOR ISSUES AND CONCERNS FOR 2020

The following highlights major issues and concerns for the College of Pharmacy in the future:

- Faculty salaries are not competitive at the Associate Professor & Professor levels, resulting in diminished retention of seasoned researchers and teachers, decreasing research productivity and diminishing excellence in educational student outcomes (decreased faculty:student ratios).
- There are minimal reimbursement opportunities for the provision of direct patient care by pharmacists.
- There are no endowments in the College to support research and a limited amount of functional space to grow research initiatives.
- There are few dedicated educational facilities with the necessary technology to meet the needs of the increasing class size and a satellite campus.
- The College is experiencing a decreasing pool of qualified in-state student applicants with limited numbers of qualified minority applicants.

Detail: There is a national shortage of qualified pharmacy faculty members, and currently, the College of Pharmacy is short ~5–9 faculty members. Therefore, recruitment and retention planning is a mandatory and continual process. Our strategic plan focuses on development of faculty and retention initiatives centering around incentive plans, excellent work environments, family-friendly flexibility, etc.

The new faculty development begins with programs to encourage pharmacy students to seek careers in academia. The elective portion of the curriculum offers opportunities for cultivation of this interest. Student-run professional organizations also host speakers to discuss residency, fellowship, and graduate education opportunities. Increasing the number of students entering post-graduate training will increase the pool of qualified candidates for faculty positions. In addition to the elective opportunities in the curriculum, the College also supports summer research programs to further develop student interest, and upon graduation, the College supports graduate student stipends and resident and fellow salaries.

The College's strategic plan has focused on enhancement of its research mission, development of a pharmaceutical evaluation and policy graduate program, and initiatives focused at contractual relationships based on consulting/managing medication programs such as Medicaid. Expansion in these areas will lead to faculty and non-faculty growth over the next 14 years.

The addition of a second College of Pharmacy in this state will increase the local faculty shortage as well. Harding University plans to admit its first class of pharmacy students in Fall 2007. Its class size is anticipated to be ~60 students annually. The impact on the local faculty shortage will be significant both for paid and volunteer faculty.

Non-faculty personnel consist of support staff, research staff, and professional staff, all of which are critical to the College's mission. Programs to enhance non-faculty staff development and

planning for adequate space and available technology are ongoing.

To meet the needs of a larger student body, we plan to move a portion of the program to Northwest Arkansas. This will improve our ability to meet the healthcare needs of the most rapidly growing region of the state. We anticipate that tuition will continue to rise by 5-10% annually, placing additional emphasis on the need for increasing student scholarships in an effort to defray some of these costs.

Class size expansion has placed a large burden on the facilities that house classrooms, laboratories, the library, and student resources. The College will need more office and research space for faculty and for facilities to expand direct patient care and consulting services. Current facilities on the UAMS campus need updating with technological capabilities allowing students to use computers in the classroom.

Satellite campus expansion planning is ongoing. The College is engaging in recruitment efforts to place faculty members in Northwest Arkansas. These faculty members are currently housed in space provided by institutions that are sharing in the recruitment and retention of these individuals. It is envisioned that a second facility in Northwest Arkansas with the technological and staffing capability to deliver real-time synchronous educational activities between the two campuses will be required. This will significantly impact our physical needs on both campuses.

STRATEGIES TO ADDRESS ISSUES AND CONCERNS

- Adequate fiscal (both state and endowments) resources to recruit and retain excellent faculty members in adequate numbers at the Associate Professor and Professor rank to build a diverse and stable core faculty committed to achieving the College's mission.
- Increased physical facilities and technology to meet the needs of an expanded student body on separate geographic campuses.
- Enhance K–12 public education across the state as well as incentivize undergraduate higher education institutions that promote entry into professional degree programs. This will allow for the recruitment of a highly qualified and diverse student body, ultimately leading to improved healthcare for Arkansans.

Detail: We anticipate the College's main focus will continue to be educating the next generation of pharmacists. However, we also anticipate that our service role will expand as a function of expanded service roles for pharmacists in healthcare delivery. This will allow the College a prominent role in policy as well as the delivery of individual patient care, while supporting these initiatives with innovative research.

Currently ~40% of faculty members are 50 years old or older, suggesting that most of these members will retire within 14 years. With the anticipated class expansion, natural attrition rates secondary to retirement, the current attrition rate of 2–5 faculty members per year for other reasons, and the current shortage, we anticipate an annual need of ~5 new faculty members over the next 14 years.

In addition to increased numbers, the faculty demographics will change. The faculty will consist

of more women, as a percentage, at all academic ranks, not just at the assistant professorship rank, which is the current case. In fact, we anticipate that the College of Pharmacy faculty will be predominantly women (~65%). Our faculty will need to be more racially and ethnically reflective of the population. This will depend in large part on the success of efforts to increase minority student recruitment, as well as creative faculty recruitment strategies focused on foreign pharmacy graduates and incentives to get minority practitioners to move into faculty roles.

Programmatic expansion for the education of students and the enhancement of services will lead to increased needs for faculty and non-faculty staff over the next 14 years.

Currently, only ~22% of non-faculty staff are 50 years old or older. This is a more youthful group that has rapid turnover (most are less than five-year employees). This is partly because the College supports these employees continuing their education. As these employees receive advanced degrees, they find more lucrative employment opportunities. We anticipate that these employees will be similar over the next 14 years in terms of turnover, gender, and age distribution, but the racial and ethnic distribution will be more reflective of general demographic changes.

The College of Pharmacy is in the process of a ~50% class expansion that began three years ago and will continue for the next three years, reaching 105–120 graduates annually by 2010. Currently, the College's student body is predominately women (67%) and Caucasian (91%). We anticipate that by 2020 the student body will be more diverse but will continue to consist of primarily women. The average age of entering students will probably continue to be 22–25, and the proportion of students with previous degrees will most likely remain stable at about one-third of the entering class. Initiatives to enhance both the quantity and quality of College of Pharmacy applicants are underway through a plan to send faculty and staff teams to colleges and universities across the state to talk to students about taking prerequisite math and science course work. Our strategic plan emphasizes recruitment of qualified underrepresented minority students through initiatives such as the University of Arkansas at Pine Bluff early entry program, which is designed to enhance interest and assure qualified underrepresented minority pharmacy student candidates. Plans are also underway to enhance summer programs on the UAMS campus for underrepresented minority high school students. In addition, alliances with minority professional associations will help identify and create interest in pharmacy-related careers in middle school and high school students. We hope the impact of these initiatives yields a more diverse and highly qualified pool of applicants (~2 applicants for every available position). Out-of-state student recruitment could increase our ability to recruit applicants that will enhance excellence and provide diversity to the candidate pool.

By 2020, we anticipate a budget of at least \$15 million dollars to provide the services outlined above. Increased numbers of faculty members will be required to meet the needs of the class expansion, as well as the anticipated expansion of pharmacist-delivered patient care services. In addition, we expect that this budget will be necessary to maintain both the main campus in Little Rock and the satellite campus in Northwest Arkansas and establish real-time communication between the two.

In 2020, we hope to be primarily housed in Little Rock with an additional satellite campus in Northwest Arkansas. The Northwest Arkansas campus will be smaller than the UAMS campus,

most likely accommodating 30–60 pharmacy students in their third and fourth years of the program. The main campus in Little Rock will require additional space to meet the needs of the educational mission, as well as having technology capable of connecting the two campuses. We anticipate having a telecommunications system that will allow real-time synchronous classroom experiences for students based at either campus.

Sources: UAMS–College of Pharmacy Report provided by Stephanie Gardner, PharmD, EdD; Dean and Cindy D. Stowe, Pharm.D., Associate Dean of Academic Affairs

University of Arkansas for Medical Sciences - College of Nursing

MISSION AND PROFILE

The UAMS College of Nursing is committed to scholarly excellence in undergraduate and graduate nursing education, research, and service to the university, profession, and society.

The College of Nursing collaborates with Area Health Education Centers, other colleges of nursing, and the health care community to provide degree and continuing education programs. The College enhances access to education in this rural, agrarian state by offering degree programs and courses for nurses through distance education. Scholarship includes the dissemination of research findings and the translation of research into practice. Faculty members practice as skilled clinicians, consultants, and professional experts in health care organizations and in the community.

Number of employees (number, age, gender, race, ethnicity): 135 part-time and full-time employees, ranging in age from 27–63 and with varying ethnic backgrounds; 95% of our employees are female.

Clientele/consumers (number, age, gender, race, ethnicity): We currently have over 500 students enrolled in our undergraduate and graduate programs, with 16% minority representation at the undergraduate level and 13% minority representation at the graduate level.

Resources (fiscal, physical, and human): Our budget is set by the UAMS Chancellor although the College of Nursing attends an annual budget hearing to identify accomplishments and make budgetary requests for the future.

MAJOR ISSUES AND CONCERNS

- Need more part-time employees as the national nursing faculty shortage continues.
- Need more employees fluent in Spanish.
- Identify creative ways for fiscal resources to support new approaches to nursing education.
- Not being able to meet the demand of students wishing to become nurses.
- Enhance recruitment and retention strategies to increase the number of qualified nursing faculty.

Detail: The U.S. Department of Labor, Bureau of Labor Statistics, projects that by 2010, the state must have between 27,303 and 30,458 Registered Nurses (RNs) and 16,031 Licensed Practical Nurses (LPNs) to meet the health care needs of Arkansans. Arkansas currently has a lower number of nurses per 100,000 population than the bordering states of Mississippi, Tennessee, and Louisiana.

Currently, there are 25,724 RNs residing in Arkansas. Of these, 954 are not working in nursing. It is estimated that of the remaining 24,700, 82% (20,311) are working full-time, and 18% (4446) are working part-time. The number thought to be employed may be artificially high because

1813 did not list any employment setting and 1812 listed “other” on the 2004/5 license renewal forms.

Of the 25,724 licensed RNs, 9268 are 50 years or older and can be expected to leave the workforce within 10 years. The number of RNs 40 years and older is 17,168 or 67% of the total number licensed. Within 10 years one can expect a steep decline in the number of 40–49-year-old nurses in the workforce. Only 2567 (10%) are below 30 years of age, and only 33% are below 40.

Of the 14,447 LPNs currently licensed in Arkansas, 818 are not working in nursing, 1572 do not list an employment setting, and 1079 listed “other” on their 2004/05 license renewal forms. No data are available on how many LPNs are working full-or part-time. Of the 13,629 assumed to be in the labor force, 5049 (37%) are over 50 years of age and can be expected to leave the workforce within 10 years. The number of LPNs 40 years of age and older is 63%, leaving 37% below age 40. Many of those over 40 can be expected to leave the labor force within 10 years.

The number of students admitted to RN programs during 2005 was 2111. Of these, 370 were LPNs. A total of 521 applicants met admission requirements but were not admitted due to lack of school capacity. During the past three years, a total of 1380 qualified applicants to RN schools in Arkansas were turned away due to lack of capacity. Of admitted and returning students, 17% withdrew or were dismissed during 2005 for multiple reasons with “dismissed academically” the major cause.

The number of students admitted to LPN programs during 2005 was 1201. A total of 1144 qualified applicants were not admitted due to inadequate capacity. Among returning and admitted students, 1545 were enrolled in 2005 while 315 (20%) were dismissed or withdrew during the year with “dismissed academically” the major cause.

During 2005, 1315 RN and 759 LPN students graduated. Total enrollment in RN schools during 2005 was 3235, a drop of 17% from 2003. Total enrollment for LPN schools during 2005 was 2030, an increase of 35% since 2003. Based on the numbers of students enrolled in RN and LPN schools and attrition rates, we anticipate that the number of graduates from RN programs in 2006 will be approximately 1117 or 15% less than 2005, and the number of LPN graduates will be approximately 820 or 8% more than in 2005.

We estimate that approximately 10–15% of all new graduates accept employment outside of Arkansas following graduation, and approximately 13% fail to pass the NCLEX exam on the first try. With 1315 new RNs in 2005, this could mean as few as 1117 remain in Arkansas, and of these, only 972 pass the NCLEX on the first try. For new LPNs in 2005, this could mean only 680 remaining in Arkansas and 623 passing the NCLEX-PN on the first try. In 2006 given the same formula for determining graduates who will remain in Arkansas, as few as 826 RNs will pass the NCLEX and 641 LPNs will pass the NCLEX-PN on the first try and remain in the state. If these numbers hold steady for 2007-2010, subtracting the 4630 RNs and the 2524 LPNs expected to retire and adding the number expected to graduate and remain in the state, a total of 24,920 RNs and 15,128 LPNs can be expected to be licensed in Arkansas by 2010. Given the labor participation rate of Arkansas RNs at 83% estimated by a 2004 National Sample Survey of RNs for Arkansas, this would leave an employed nursing work force of 20,683 RNs and 12,556

LPNs in 2010. Using this number, when comparing the U.S. Department of Labor's projected numbers of RNs and LPNs needed in the state, Arkansas could have an RN shortage of between 24% and 32% and an LPN shortage of 21% in 2010. These shortages are expected to be even greater given Arkansas's health care statistics, the percentage of elderly in Arkansas, and the number of Arkansans without insurance and living in poverty. Given these factors, the need for RNs and LPNs can be expected to exceed that projected by the Department of Labor by 2010.

Our capacity to produce greater numbers of RNs and LPNs is limited by the capacity of Arkansas' RN and LPN schools. The major reasons cited for the inability to take all qualified applicants are low numbers of prepared faculty to teach these programs, the salary gap between nursing educators and those in practice, the limitations of school physical facilities, and the lack of clinical slots available for students to obtain clinical experience.

Of the 332 Arkansas nursing faculty members teaching in RN programs, only 59% hold the appropriate degree to be eligible to teach. Thus, 41% do not have the appropriate credentials to teach in an accredited school of nursing. Of the 175 faculty teaching in LPN programs, only 40% have appropriate credentials to teach these programs.

The average age of academic faculty is increasing. In 2001, 50% of doctoral faculty in Arkansas was 54 years of age or older with an average age of 53.7. The average age of all other nurse educators in RN programs was 47.25 with 46% older than 50. Now in 2006, approximately 50% of the doctoral-level faculty members are 59 or older. In 2001, the average age of LPN faculty was 45. Five years later, the average age is anticipated to be approximately 50. In the SREB (Southern Regional Education Board) region, the average age for retirement in nursing faculty teaching RN programs is 62. The average age of faculty in both Arkansas RN and LPN programs is 62 years of age. Over the next five years, we expect to lose ~50% of our doctoral-level faculty and a number of those with less than a doctoral degree teaching RN and LPN programs. These projected faculty retirements will further cripple our capacity to educate more RNs and LPNs.

Based on faculty statistics collected in 2003, the median annual salary for RNs was \$44,810, while nursing faculty educated at the master's level had a median salary of \$44,080—\$730 less than those of RNs in the workforce. Today, a master's prepared nurse educator and practitioner can earn as high as 57% more in practice than in a faculty role.

Schools of nursing in the state often have inadequate physical facilities and operating budgets for additional students. For many, their labs are antiquated and inadequate. The availability of clinical sites appropriate for student experiences is limited, particularly in mental health, obstetrics, and pediatrics. This is another barrier to accepting additional students.

STRATEGIES TO ADDRESS ISSUES AND CONCERNS

- Establish creative ways to recruit and retain qualified nursing faculty to alleviate the nursing shortage in Arkansas and provide the highest caliber of care to our aging population.

- Identify additional funding sources to support accepting more nursing students. Secure scholarship funding for students to attend school.
- Increase the number of underrepresented minority groups among faculty, staff, and students
- Improve technology for managing and delivering nursing education (e.g. distance education, online learning)

Detail: The following information is excerpted from the Goals, Action Plans, and Outcome Measures presented in the College of Nursing “5 Year Plan 2002-2007” (updated 8/6/04). The information was excerpted for its apparent relevance to the charge of the Arkansas 2020 Subcommittee.

- **GOAL: Education:** *By the year 2007, the College of Nursing will be nationally recognized for its excellent educational programs designed to meet the needs of generic baccalaureate and returning RN students.*

Objective: Create a learning environment and implement a nursing curriculum at the undergraduate level that produces highly skilled and competent BSN nurses and a 95% NCLEX annual pass rate

Action Plan: Incorporate health care and educational trends including use of distance education technologies into the courses in the undergraduate curricula. For example: cultural diversity, underserved populations, varied clinical settings, ethical decision-making, critical thinking, research-based curriculum, research utilization, informatics, managed care, health policy, and health care economics

Objective: Increase enrollment in the baccalaureate program by 10%.

Outcome Measures: 15% of the undergraduate class admitted per year is minority. Recruitment activities emphasize minority populations. Partnerships are maintained with two elementary and three senior high schools in 2003-2005. Potential minority students are identified for the master's program annually

- **GOAL: Education:** *By the year 2007, the College of Nursing will be recognized at the state and national level for its excellent graduate educational programs designed to meet the educational needs of master's and doctoral students. These programs will provide comprehensive nursing education which addresses the health care needs of citizens at the state and national level.*

Action Plan: At least 50% of graduate courses will use some form of distance technology by 2007. Facilitate online learning. Offer select doctoral courses through distance education technology.

Objective: Sustain an environment in the education program that encourages success in a highly qualified and culturally diverse student body that adequately reflects the minority population of the state.

Action Plan: Implement a culturally diverse student body that adequately reflects the minority population of the state. Make program accessible geographically.

Outcome Measures: At least 16% of the graduate student body admitted annually adequately reflects the minority population of the state. Annual recruitment activities focus on diverse populations and students for master's and doctoral programs.

- **GOAL: Education:** *To further enhance the implementation of the service and research initiatives, by the year 2007, the College of Nursing faculty will provide comprehensive nursing education that addresses the health care needs of citizens at the state and national level.*

Action Plan: Support and encourage faculty development of innovative teaching skills including distance education technologies.

- **GOAL: Service:** *By the year 2007, the College of Nursing faculty will provide service to clients and will serve in key leadership roles in university, community, and professional organizations to enhance the implementation of the educational programs and research initiatives.*
- **GOAL: Research:** *To further enhance the implementation of educational programs and service projects, by 2007 the College of Nursing will maintain a minimum of four active research areas.*
- **GOAL: Administrative:** *Utilize appropriate administrative functions to facilitate the successful achievement of the College of Nursing goals in education, service and research.*

Objective: Increase the College of Nursing development activities.

Objective: The College of Nursing's organizational work will become more streamlined, efficient, less costly, and effective

Action Plan: Create and maintain an active inventory of computers and technical equipment. Review and implement the College of Nursing 5-year plan for use of computers and other technology.

Objective: To develop a profitable continuing nursing education program by 2007.

Outcome Measures: The CON web-based CE program breaks even 2005. The CON web-based CE program makes a 10% profit.

Objective: College of Nursing will implement mechanisms to support online, other distance education resources, and nursing informatics to support the missions of education, research, and service.

Source: Facts on the Nursing and Nursing Shortage in Arkansas, Executive Summary: June 2006. Prepared by Faith Fields, MSN, RN, Executive Director ASBN; UAMS – College of Nursing, 5 Year Plan 2002-2007 (updated 8/6/04), Legislative Subcommittee Report prepared Linda Hodges, Dean and Claudia Barone, Associate Dean.

University of Arkansas for Medical Sciences - College of Public Health

MISSION AND PROFILE

The mission of the College of Public Health (COPH) at UAMS is to improve health and promote well-being of individuals, families, and communities in Arkansas through education, research, and service.

The COPH includes the shared missions of 1) meeting the public health workforce needs for the future and 2) demonstrating how public health approaches can address the health needs of Arkansans via model community programs. Pilot sites for teaching and learning also serve as innovative laboratories for new and creative approaches to old problems. Students learn with the expert aid of local citizens, schools, hospitals, and faith groups about community-based health improvement. A statewide approach to education includes partnerships with other universities and institutes of learning.

Table 16. COPH - Number of Employees
(number, age, gender, race, ethnicity)
as of May 2006

	FTE Supported	%
<i>American Indian</i>	0	0%
<i>Asian</i>	2	4%
<i>Black</i>	6	12%
<i>Hispanic</i>	1	2%
<i>Caucasian</i>	41	82%
Total	50	100%
<i>Female</i>	25	50%
<i>Male</i>	25	50%
Total	50	100%

Table 17. COPH - Students
(number, age, gender, race, ethnicity)
– Spring Semester – 2006

	Number	%
<i>American Indian</i>	2	1%
<i>Asian</i>	11	5%
<i>Black</i>	55	26%
<i>Hispanic</i>	3	1%
<i>Caucasian</i>	140	67%
Total	211	100%
<i>Female</i>	165	78%
<i>Male</i>	46	22%
Total	211	100%

MAJOR ISSUES AND CONCERNS

The COPH anticipates a significant increase in the Latino population in Arkansas. The five-year UAMS strategic plan emphasizes the medical center's mission to teach, to heal, to search, and to serve. Our strategic plan, developed in alignment with the overall UAMS mission/strategic plan

wherever applicable, focuses around our mission to improve health and promote the well-being of individuals, families, and communities in Arkansas through education, research, and service. Changing demographics will not have a major impact on our method of operation. When established, the COPH formed a Minority Recruitment and Retention Committee that identified the need to increase the number of Latino/a students. In addition, the Dean's Executive Committee prepared a summary listing of our strengths, weaknesses, opportunities, and threats, which indicated insufficient Latino diversity among faculty and a need to increase Latino diversity of students as a weakness.

General

- Need more space and a clear plan to meet inevitable acute and chronic needs
- Expand the College to be able to cover the broader scope of public health and not just focus and develop priorities
- Expand ethnic diversity (Latino) among faculty
- Ensure racial diversity, particularly among upper-level, primary faculty
- Broaden foundation development opportunities
- Work toward identifying a pool of graduates from whom to solicit financial support and support for student preceptorships and integrative projects

Educational

- Enhance support for student scholarships and stipends
- Expand classroom space beyond current COPH-allocated space (should improve with construction of a new education building)
- Ensure space for students in doctoral programs
- Need a centralized UAMS plan for newer distance-learning technologies and sufficient resources
- Need to increase ethnic (Latino) diversity of students

Research

- Expand the evolving intra-college infrastructure to support research
- Enhance the slowly evolving university infrastructure for supporting efficiency in research

Service

- Provide protected faculty time to meet service needs in the face of needs for development of extramural research and educational programs

STRATEGIES TO ADDRESS ISSUES AND CONCERNS

Mission: No change anticipated. Mission reflects the focus of this academic institution regardless of demographic changes.

Services provided: No change anticipated. Research projects are relative to the needs of Arkansans. UAMS is known nationally for its work with the elderly. Existing projects at the COPH are targeting the Hispanic populations in counties when relevant. As the Latino population increases, services and research should increase accordingly.

Resources (fiscal, physical, and human): No fiscal, physical change anticipated. Existing plans include seeking additional Latino students/faculty, increasing ethnic diversity (Latino and African American) of faculty, and increasing ethnic diversity (particularly Latino) of students.

Source: UAMS Fay W. Boozman College of Public Health, Summary of Strengths, Weaknesses, Opportunities, and Threats, Prepared by the COPH Dean's Executive Committee (DEC) – 2/06

Division of Finance and Administration - Office of Child Support Enforcement

MISSION AND PROFILE

The Office of Child Support Enforcement (OCSE) will assure assistance is available to all citizens in obtaining child support. Services provided by OCSE include location services for establishing paternity and support orders; establishing paternity through paternal acknowledgment, DNA testing, and court action; initiating, establishing and modifying child and medical support orders through Arkansas courts; enforcing delinquent intra- and inter-state cases with established support orders; collecting and disbursing child support obligations and related recordkeeping through the Arkansas State Disbursement Unit.

Number of employees (number, age, gender, race, ethnicity): Authorized OCSE positions total 893. Employee ages range from 18–70, with most employees between 25 and 45. OCSE staff is 86% is female and 14% male. Sixty-six percent of staff are white, and 34% are black. Three staff members are of another unknown racial minority or ethnic group.

Clientele/consumers (number, age, gender, race, ethnicity): Based on our current caseload of 151,897 cases, OCSE serves 303,794 adult males and females and 168,605 related children. Ages of the adults are as follows: less than 21 (1%), 21 to 40 (67%), 41–60 (31%), greater than 61 (1%). Ages of children served are as follows: less than 6 (23%), 6–11 (30%), 12–17 (32%), 18–23 (23%), greater than 24 (5%). No information is available for race and ethnicity.

Resources (fiscal, physical, and human): Funding is currently provided from four sources. Federal funding provides 63% of the OCSE budget. Other sources include general state revenues (21%), fees charged and collected from customers (13%), and state share of public assistance collections (3%). OCSE collaborates with various partners, primarily state and federal agencies, local law enforcement agencies, and the courts, to accomplish its mission.

MAJOR ISSUES AND CONCERNS

Currently, no efforts are being made to plan for demographic changes as we feel changes projected to occur through 2020 will have little impact on OCSE based on its current mission, activity, and population served.

STRATEGIES TO ADDRESS ISSUES AND CONCERNS

Based on current knowledge, no changes are expected to occur through 2020 that would impact OCSE significantly in any of these areas.

Source: Report prepared by Dan McDonald, Administrator

Arkansas Development Finance Authority

MISSION AND PROFILE

The Arkansas Development Finance Authority (ADFA) provides and supports affordable financing for the housing, economic, agricultural, and governmental needs of Arkansas. ADFA administers several different programs in each of these areas that further the cause of each goal. With the flexibility afforded ADFA by its statutory charge and, under the guidance of an active and professional Board of Directors, ADFA has added and discontinued programs from time to time based on demand and resource availability. Almost all programs are self-sustaining from interest margins, negotiated fees, and other revenues, and all programs, in the aggregate, are fully funded and sustained from self-generated ADFA revenue (2005-2007 Biennial Budget Request).

Services/Programs:**Economic Development Programs**

- *Arkansas Venture Capital Investment Program* – Increase the availability of equity and near equity capital for emerging, expanding, relocating and restructuring enterprises in Arkansas.
- *Aquaculture Program* – Coordinates the aquaculture industry in Arkansas.
- *Capital Access Program* – Creates a method for making slightly higher risk loans more attractive to participating lending institutions.
- *Cooperative Revolving Loan Fund* – Provides low interest rate loans to agricultural cooperatives that are producing /marketing fruit and vegetable products.
- *Disadvantaged Business Enterprises Program* – Provides banks with working capital guarantees for disadvantaged business enterprise contractors.
- *Crop and Livestock Loan Program* – Provides a 50% guarantee to a commercial lender making a loan to a 4-H or FFA member.
- *Export Finance Program* – Assists small service companies, manufacturers and agri-businesses insure against risk to foreign buyers.
- *Farm Mediation Program* – Provides a forum for farmers and lenders to resolve loan debt service payment problems.
- *Farm Link Program* – A listing service that links up retiring farmers with aspiring farmers.
- *Industrial Development Bond Guaranty Program* – Provides long-term, below-market fixed interest rate loans to manufacturing industries.
- *Port Facilities Revolving Loan Program* – Supports investment of port facilities for Arkansas' eligible waterways.
- *Special Building Loan Program* – Provides a source of financing to Industrial Development Corporations interested in building speculative industrial facilities.

- *Tourism Development Loan Program* – Loans for new business start-up or expansion in the tourism industry.
- *Wastewater Revolving Loan Fund* – Provides low interest rate financing to municipalities wishing to improve their waste water treatment facilities.

Homeownership Programs

- *HomeToOwn (Mortgage Revenue Bond Program)* – Low interest rate loans to low and moderate income first-time homebuyers.
- *Down Payment Assistance Program* - Provided to qualifying lower-income Arkansans.
- *ADFA's New American Dream Downpayment Initiative* – Downpayment assistance for lower-income Arkansans.

Affordable Rental Housing Programs

- *Low Income Housing Tax-Credit Program* – Assists in the development of apartments for low-income Arkansans.
- *HOME Program* – Federally funded program with housing grant funds targeted to assist low and very low income Arkansans.
- *Tax-Exempt Multi-Family Housing Bonds* – Below-market-rate mortgages provided to developers who agree to set rents that are affordable to low- to moderate-income families.

**Table 18. ADFA - Number of Employees
(number, age, gender, race, ethnicity) Total=57**

Age Category	Percentage
20s	7%
30s	26%
40s	30%
50s	30%
60s	5%
70s	2%
Gender Breakdown	Percentage
Males	40%
Females	60%
Race Breakdown	Percentage
Minorities	23%
Non-Minorities	77%

As a state agency, ADFA is subject to EEOC laws.

Clientele/consumers (number, age, gender, race, ethnicity): ADFA clients include aquaculturalists, agriculturalists, very low- to moderate- and higher-risk borrowers, disadvantaged businesses, financial institutions, manufacturers, industrial development corporations, tourism industry, colleges and universities, medical facilities, developers, and local and state government.

Demographic profiles of two of the programs:

**Table 19. Economic Development's Capital Access Program
Number Loans since program initiation=365**

Race	Percentage
Minority-Owned Businesses	17%
Non-Minority Owned Businesses	83%
Community Type	Percentage
Rural	90%
Urban	10%
Age of Business	Percentage
Startup	11%
1 – 4 Years	37%
5 – 9 Years	28%
10+ Years	24%

**Table 20. Homeownership's HomeToOwn Program
Number of loans FY2005 = 758**

Race	Percentage
Minorities	31%
Non-Minorities	69%
Community Type	Percentage
Rural	28%
Urban	72%

Average Age=31.2

ADFA's housing programs are subject to Fair Housing laws.

Resources (Fiscal, Physical and Human)

- Federal Resources and Partners, i.e., HUD, Private Activity Volume Cap
- National Investors
- Bond Professionals
- Financial Advisors
- Federal and State Tax Credits
- Professional Organizations lobbying on federal issues
- Housing – National Counsel of State Housing Agencies
- Economic Development – Council of Development Finance Agencies

MAJOR ISSUES AND CONCERNS

- Remain flexible to match demand and resources
- Need one additional staff person

- Continue marketing programs to “Average Arkansas Citizens”
- Provide good interest rates
- Establish sustainable relationships with professionals
- Create a marketing plan by program/service that is effective and easily implemented
- Provide prompt notification and training when federal regulations are implemented or revised for our federal programs, such as HOME
- Create readily available demographic data
- Increase participation by state financial institutions

Detail: As indicated in the agency’s budget requests for the 2005–2007 biennium budget, ADFA is very flexible in adding and discontinuing programs as needed, based on demands and available resources. We expect to restore one position in the 2005–2007 biennium budget requests for ADFA. ADFA also continues to utilize extra help in the housing division.

Clientele/Customers: No anticipated changes in the near future.

- Housing staff continues to market our programs to partners who in turn work with the average Arkansas citizens to meet their financial needs for housing.
- Economic Development staff continues to work with partners to help businesses that need financial help in sustaining or starting up businesses.
- Communications Director publicizes information on all programs as needed through local and statewide media as well as the agency’s website.

Resources

- Always searching for ways to have “greater return” on our investments, thus increasing the funds available to clientele / customers
- Disaster Recovery Plan completed in calendar year 2005
- Annual or bi-annual audits of ADFA Housing and Economic Development Programs
- Anticipated strategic planning process in 2007
- Federal Legislation Tracking to determine possible new programs and the impact to ADFA and the citizens of Arkansas State
- Legislation Tracking to determine changes to statutory charge, changes in existing programs and new programs
- Comparative demographic analysis included in the annual report of program activities

- Increase in 2006 Purchase Price Limits for existing and new construction – HomeToOwn Program
- Increase in 2006 Income Limits for 1-2 member and 3+ member households – HomeToOwn Program
- Tax Reconciliation Bill signed into law that increases the use of small-issue industrial development bonds from the current \$10 million to \$20 million

STRATEGIES TO ADDRESS ISSUES AND CONCERNS

- The percentage of the ADFA’s workforce from racial minorities should continue to increase as it did from 2003 to 2006, from 18% to 23%.
- An aggressive strategy to determine where the “coming of age” baby boomers who are also first-time homebuyers (federal regulation – cannot have owned a home in the past three years) are in the state is needed.
- Once this is determined, a marketing strategy with incentives for this age group needs to be established.
- Partnerships with Area Agencies on Aging and independent living facilities would be beneficial.
- There is a need to determine a more consistent method of tracking race of the borrower(s) to determine if the business is a minority or non-minority business.
- If it is determined we are not adequately serving a particular group, a marketing strategy needs to be implemented.
- ADFA is currently serving 61% urban and 39% rural counties. No anticipated changes are expected.
- ADFA is committed to securing new resources to improve programs/services.

Detail

Mission: Probably will remain unchanged due to the built-in capacity to be flexible in programs and services

Services: ADFA will continue to be flexible in adapting its statutory charge to the capital needs of citizens and businesses of Arkansas. One upcoming area ADFA may be called upon to assist in is tax-exempt bond issuance for private utilities. (Sen. Craig Thomas of Wyoming will be introducing a bill which allows private utilities to sell tax-exempt bonds.)

- **Employees:** ADFA is committed to having professional staff to successfully administer its programs and services. The percentage of the ADFA’s workforce from racial minorities should continue to increase as it did from 2003 to 2006, from 18% to 23%.

Clientele / Customers: ADFFA is committed to serving the citizens and businesses of Arkansas as charged in its enabling legislation and its amendments.

Aging of Arkansans

“As in other states of the U.S., the aging of the Baby Boom generation is driving the shape of the population of Arkansas. The median age of Arkansas is expected to increase from 36.0 years to 37.3 years; and the old age dependency ratio is expected to increase from 24.3 to 29.2. The ratio of aged persons to youth in 2020 is anticipated to be 60.7 aged persons per 100 youth, a climb from 49.2 in 2000. This increase in the number and proportion of aged persons has implications for health and social services, education, available workforce, and many other facets of life in Arkansas.”

Source: “Arkansas 2020” by Dr. Gregory Hamilton, Terre McLendon and Vaughan Wingfield

ADFFA’s Projection Concerning Its Services By Age

The average age of ADFFA mortgagors in 2005 was 31.2 in the homeownership programs. An aggressive strategy to determine where the “coming of age” baby boomers who are also first-time homebuyers (federal regulation – cannot have owned a home in the past three years) are in the state is needed. Once this is determined, a marketing strategy with incentives for this age group needs to be established. Partnerships with Area Agencies on Aging and independent living facilities would be beneficial.

Greater Diversity in the Arkansas Population

“Since 1990, there has been a trend of increasing racial and ethnic diversity among the Arkansas population. This trend is expected to continue into 2020, at which time the nonwhite population is projected to approach 30% of the total population. Additionally, a significant increase in the population of the Hispanic ethnic group in Arkansas from 1990 to 2000 is projected to continue.”

Source: “Arkansas 2020” by Dr. Gregory Hamilton, Terre McLendon and Vaughan Wingfield

ADFFA’s Projection Concerning Its Services by Race

ADFFA is already succeeding in serving the projected non-minority population in the housing programs. No change is anticipated.

In the economic development services of ADFFA, we need to determine a more consistent method of tracking race of the borrower(s) to determine if the business is a minority or non-minority business. If it is determined we are not adequately serving a particular group, a marketing strategy needs to be implemented.

Increasing Urbanization of Arkansas

Arkansas populations are expected to slowly shift from rural to more urban areas of the state by 2020. Urban and rural populations differ significantly in age, income, and growth rates, with growth rates highest among the Metropolitan Statistical Areas of the state, and lowest in the rural areas.

Source: “Arkansas 2020” by Dr. Gregory Hamilton, Terre McLendon and Vaughan Wingfield

ADFA’s Projection Concerning Its Services by Rural & Urban

When the counties listed in “Arkansas 2020” as emerging as urban are reviewed with the data for Economic Development’s Capital Access program, the counties ADFA is currently serving are 61% urban and 39% rural. No changes are anticipated.

Source: Judy Brummett, Research & Special Projects Manager, May 18, 2006.

Arkansas Department of Finance & Administration - Office of Motor Vehicle

MISSION AND PROFILE

- The Office of Motor Vehicle administers licensing, registration and titling of all vehicles subject to registration. The Office consists of five sections; Administration, Systems Support, Direct Services, Registration and Title and International Registration Plan. The Systems Support section provides customer service for motor vehicle automated systems.
- Number of employees: The Office has 174 total employees consisting of the following:

Administration	3
System Support	31
Direct Services	51
Title and Registration	63
International Registration Plan	<u>26</u>
Total	174

- Clientele/consumers: In calendar year 2005, the Office of Motor Vehicle processed 3,270,875 vehicle registrations, 93,077 direct liens, and issued 926,976 titles.
- Resources: The Office of Motor Vehicle budget for fiscal year ending June 30, 2007, totals \$9,165,615 which includes salary and benefits of \$5,797,747. Of the total budget amount, \$1,341,520 is license plate inventory held for resale.

MAJOR ISSUES AND CONCERNS

- Additional Spanish-speaking staff
- Documents translated and printed in Spanish
- Health care and retirement costs resulting from aging employees

Detail: It is projected that one additional Transportation Services Representative who could speak Spanish would be needed in each of these units (4 new employees). Also, it is estimated that motor vehicle registration certificates, certificates of title, title applications, etc., would need to be printed in Spanish. There would be system programming costs to be estimated as well as the potential for increased printing and supplies. Without the increase in employees and changes in services, Hispanic customers would not receive the same level of service as English-speaking customers.

The impact of the aging population would affect health care and retirement costs of the Office of Motor Vehicle employees. This exact cost has yet to be estimated.

STRATEGIES TO ADDRESS ISSUES AND CONCERNS

The Arkansas Department of Finance & Administration is currently doing extensive study and planning for the aging and increasing Hispanic population in Arkansas. This Arkansas 2020 report is under review by the Agency Director and Administrative personnel.

The greatest strengths currently are the experienced employees, updated equipment, and flexibility to move employees as needed, good working relationships with administration and other sections or units.

Source: Report prepared by Mike Munns, Department of Finance and Administration, Office of Motor Vehicle

Arkansas Disability Determination for Social Security Administration

MISSION AND PROFILE

The Mission of the Disability Determination for Social Security Administration is: to determine medical eligibility for Social Security disability benefits on behalf of Arkansas citizens in an accurate, courteous and timely manner by adhering to relevant Social Security laws, regulations and instructions.

The social security disability program consists of two distinct benefit areas: Social Security disability insurance under Title II of the Act and supplemental security income (SSI) under Title XVI of the Act. Title II benefits are partial replacement for the worker's and his family's lost earnings when the worker suffers a severe disability. Title II claimants must have been gainfully employed for 5 of the last 10 years in work covered by social security. Worker benefits are based on the worker's earnings. After 24 months of Title II benefits, claimants are eligible for Medicare coverage.

Title XVI disability benefits program provides income for individuals with severe disabilities who have limited income and resources. Title XVI benefits are funded through general tax revenues and individuals who qualify under these provisions also qualify for Medicaid assistance.

DDSSA has 226 regular salaried employees, 11 extra help employees, and 6 contract employees. Our internal workforce (excluding contract employees) composition is: 187 Caucasians; 50 Blacks; 171 Females; and 66 Males. Further, our internal workforce reflects the following numbers in each age span: 26 in ages 21 to 30; 36 in ages 31 to 39; 51 in ages 40 to 49; 93 in ages 50 to 59; 29 in ages 60 to 69; and 2 in ages 70 and above.

DDSSA is 100% federally funded.

MAJOR ISSUES AND CONCERNS

- Increasing numbers of persons retiring
- Increasing numbers of persons reaching regular age for Social Security benefits
- Impact of increased numbers on agency internal workforce
- Impact of increased numbers on types of claims that will need to be processed
- Increasing numbers of cases moving from the Social Security Disability Program to the regular Social Security Program

Detail: With so many individuals (baby boomers) retiring or reaching the regular age for social security benefits, DDSSA acknowledges that this will have an impact on both its internal workforce and the types of claims it will process in the future.

DDSSA has found it beneficial to both former employees and the Agency to rehire some of its trained and retired employees back into extra help positions.

Further, with much of the State's population reaching regular social security retirement age, many of DDSSA's cases/claimants will move from the Social Security Disability Program to the regular Social Security Program.

STRATEGIES TO ADDRESS ISSUES AND CONCERNS

- It will continue to be essential for DDSSA to maintain a trained work force.
- One of the greatest strengths/assets is the move of the Federal Social Security Administration and DDSSA to a paperless, electronic work/case environment.

Detail: The Federal Social Security Administration studies and publishes a multitude of statistics and reports that include projected and actual demographics that affect its various programs and ultimately DDSSA. A copy of the Federal Social Security Administration's Strategic Plan FY 2006-FY 2011 (48 pages) can be found at www.socialsecurity.gov.

DDSSA will continue to follow the leadership and priorities the Federal Social Security Administration establishes for it. It will continue to be essential for DDSSA to maintain a trained work force. DDSSA will continue to maintain a trained and productive workforce by hiring and training adequate staff.

DDSSA has the strengths and assets of the Federal Social Security Administration, plus a well trained workforce. One of the greatest strengths/assets is the move of the Federal Social Security Administration and DDSSA to a paperless, electronic work/case environment. This new paperless process allows multiple users to work on the same case file at the same time. Specialized and experienced staff at the Federal or State level (both in Arkansas and outside of Arkansas) can have simultaneous access to claims. Thus, resources and workload can easily be shifted to other in state and out of state resources. This was especially helpful during the recent Louisiana and Mississippi hurricanes. Cases were not destroyed and pending cases were diverted quickly and easily to other states for processing. Additionally, disability determination staff in Louisiana quickly re-established their operation with just accessibility of a computer terminal in another site location.

Source: Report prepared by Donna Lipsmeyer, Arkansas Disability Determination for Social Security Administration

Missing Information

DFA – Office of Driver Services, Susan Sims

Arkansas State Building Authority, Anita Murrell, Director

UAMS – College of Medicine, Office of the Dean

Arkansas Employment Security Department, Artee Williams, Director

Chapter 4. Education

Highlights/Executive Summary

There appear to be five overriding issues that cut across the educational areas included in this report. Each area, including recommendations, is discussed in greater detail within the report, along with additional issues that are more specific to the participating agencies. The central issues of concern related to the demographic changes that are projected to take place in Arkansas between now and the year 2020 are:

Funding – A mandate for funding public education, while no such mandate exists for funding higher education, has increased teacher salaries to the point that higher education and workforce education are beginning to compete with public education for professional staff. Salaries for beginning teachers have risen due to increases in public school funding, but the number of students choosing teaching as a career is decreasing with many new teachers leaving after five years. Close to 50% of newcomers leave the profession during the first five years (Darling, Hammond, & Schlan, 1996). Impending retirements are expected to exacerbate the need for additional teachers entering the profession. The state-funded portion of the cost of a college education has been decreasing for several years. If the observed rate of decline continues, the state will only be funding about 13% of the cost of a college education by 2020.

Retirements – Retirements will cause difficulties in terms of filling positions, many of which are already difficult to fill, by 2020. Forty-four public school districts in Arkansas could lose between 40% and 64% of their teaching staff to retirement by 2020. Forty-one school districts could lose between 40% and 100% of their administrators by 2020. Twenty-six higher education institutions could lose between 33% and 53% of their faculty by 2020. By 2020, there will be approximately 1.23 individuals working and contributing to the Arkansas Teacher Retirement System for each member who is retired.

Accessibility – The national and local focus on merit-based, rather than need-based, scholarships has increasingly made college attendance more difficult for lower income students who are less likely to score well on standardized tests. There is currently a lack of minority participation in teaching and other professions. Although the minority population is expected to grow significantly in the next few years, minorities are less likely to attend college and are disproportionately affected by increases in the cost of higher education. Based on the rate of increase in the cost of college attendance, the average cost of tuition and fees in Arkansas (\$4,010 in the 2005-2006 year) could be nearly \$8,000 by 2020.

Diversity – Neither high school nor college faculty reflect the diversity of the Arkansas population. Although both careers require a college degree, the Arkansas Hispanic population, one of the fastest growing population segments in Arkansas, has a college-attendance rate that is 20% lower than the national Hispanic college-attendance average. Nationally, about 4 out of every 10 students is a minority, yet the teaching profession is overwhelmingly white (90% white according to the National Education Association, 2003).

Skill Shortages – There are already shortages in critical areas such as nursing, teaching, and health care. As the baby boomer generation begins to retire at an increasingly rapid rate, these shortages, particularly in health care professions, are likely to increase significantly. Arkansas

higher education could lose as much as 35.5% of the faculty in health fields and 38.7% of the faculty in science fields to retirement by 2020, areas that are already critical and difficult to fill.

Chapter 4. Education

Details of Findings (By Unit)

State Board of Education

The Arkansas State Board of Education is a nine-member board. In keeping with the requirements of Act 885 of 1999, the Board is to be composed of two members from each of the state's four congressional districts, and the remaining member is selected at-large. The Governor appoints members for six-year terms.

Composed of business and community leaders, the State Board is representative of the diverse population of Arkansas. The Board meets on the second Monday of each month. The Board is the policy making body for public elementary and secondary education in Arkansas.

MISSION STATEMENT

The purpose of the Arkansas Department of Education (ADE) is to provide the highest quality leadership, service, and support to school districts and schools in order that they may provide equitable, quality education for all students in Arkansas public schools. With a staff of approximately 300 professionals, the ADE is firmly committed to this mission. The ADE strives to ensure that all children in the state have access to a quality education by providing educators, administrators, and staff with leadership, resources, and training.

Table 20. Education Fast Facts

Number of School Districts	246
Number of Required School Days in School Calendar Year	178
Average Daily Membership*	450,910
Student Enrollment**	463,922
Instructional Staff**	33,140
Graduates 2000-01**	26,621
Graduation Rate 2000-01**	81%

*Source: [Annual Statistical Report 2004-2005](#)

** Source: [2005-2006 Statewide Information System Database](#)

MAJOR ISSUES AND CONCERNS

Arkansas Teacher Retirement System

"T-DROP" means that, effective July 1, 1995, in lieu of terminating employment and accepting a service retirement benefit, any active member of the Arkansas Teacher Retirement System may elect to participate in the Teacher Deferred Retirement Option Plan (T-DROP), continue to work without the earnings limitation restriction of Arkansas Code §24-7-708 in a position covered by the Teacher Retirement System, and defer receipt of retirement benefits until a later date.

- The rule states that teachers who have T-Dropped for ten (10) years cannot continue to receive interest in a T-Drop account under the Arkansas Teacher Retirement System (ATRS). This will be detrimental to keeping retirees in shortage areas and this will be a real issue soon and in 2020.

- The limitation of only allowing retired teachers to teach in a shortage area for three (3) years will cause a drastic shortage of teachers in 2020.
- Allowing teachers to retire after twenty-eight (28) years reduces the workforce and is not beneficial to school districts and will be even more devastating in 2020.
- The number of schools utilizing retirees from ATRS for three (3) years is increasing—does this hamper the recruitment of permanent teachers for these subject areas?
- If T-Drop is abolished by 2020, there will be no motivation for the individual to continue teaching after retirement, and it will be difficult for districts to retain some outstanding teachers.
- The large number of teachers expected to retire with the “baby boomers” in the next two to five years will have a devastating impact on school districts.

Demographics by Location

- The limited number of colleges/universities in the Southeast Delta region of the state does not feed student/novice teachers into that region. We need to make plans to implement college satellite sites in the Delta prior to 2020.
- While the Teach for America Program assists many school districts with novice teachers for one to two years, the number of these teachers choosing teaching as a profession and remaining in this region is nominal. Does utilizing these excellent young persons hamper the recruitment of permanent teachers for this region?

Administrative Concerns

- When district administrators make teaching assignments for staff members, based on or pursuant to a staff member’s request, this is not necessarily in the best interest of the district. For example, a fully licensed special education teacher requests to be placed on an Additional Licensure Plan (ALP) to teach out of area. The district must now seek a waiver pursuant to ACT 1623 of 2001, and the teacher (due to the fact he/she is on an ALP) is not highly qualified, and thus it is a violation of No Child Left Behind (NCLB).
- The number of waivers pursuant to Act 1623 of 2001 could be greatly reduced if administrators would review the license areas of current/existing staff members, thus managing the needs of the district, a need now and for 2020.
- More schools need to consider job sharing for teachers, thus creating a larger potential for the utilization of retirees and stay-at-home moms, etc. The image of a classroom and one teacher will not be in place in 2020.

Teachers

- The state is beginning to pursue other licensure ideas in addition to the current traditional/collegiate and non-traditional licensure programs. Currently, we’ll refer to this as an Adjunct License, which will be an asset for districts shortly and in 2020.

- The state is in need of an aggressive recruitment plan to assist in the training and hiring of more minority teachers—Hispanic, African American, and Asian—now and especially for 2020.

Other Issues

- The growth in size and number of private schools, which are now requesting that their teachers have a teaching license and are thus hiring from the public schools' pool of candidates, will be a concern for 2020.
- The consolidation of some schools in the state may be beneficial in some licensure areas where classes are combined and pupil:teacher ratios are increased. This may assist in the distribution of the teaching supply by 2020.
- The requirement of the National Council for the Accreditation of Teacher Education (NCATE) and the accompanying Specialty Program Associations (SPA) is a concern of many colleges and universities in the state. There has been a statement that the amount of work to meet NCATE and the SPAs where there are only two or three education majors in a discipline may cause the colleges to drop the program of study for education/licensure.
- Classroom instructors will have smaller numbers of students to serve, in a project-based learning environment, centered around the student's developmental talents.

Students

- Hispanic culture will be the majority minority in 2020. Arkansas teachers need to be prepared to meet the diverse learning needs of students from many cultures. All teachers need English as a Second Language (ESL) preparation and may need to be bilingual.
- Arkansas students need to be taught critical thinking skills at a much earlier age. Future employers want employees who can problem-solve through tough situations. Teaching facts from a textbook is a way of the past. We need to incorporate technology into all phases of student learning and development. Student learning would move from strictly knowledge-based to knowledge, skills, and performance using critical thinking skills.
- Schools and communities should form holistic community learning alliances, involving students from a very young age in community work and using that environment as a learning platform, which would require critical thinking and problem solving for mutual benefit. Students would be immersed into diverse aspects of municipal community economy and would be led to apply this knowledge to a global society.
- Students will have leadership skills cultivated and opportunities to practice those skills. Practicing leadership skills with reflection and self-evaluation will create stronger skills.
- All students need parents/caregivers who understand the importance of his/her role as a model in the learning community.

The Arkansas Department of Higher Education serves as the administrative staff for the Arkansas Higher Education Coordinating Board (AHECB). The Board consists of 12 members who are appointed by the governor and serve staggered six-year terms. Board policies, as adopted by the coordinating board, may be viewed in the Publications/Directories section of this Web site <http://www.arkansashighered.com/publications.html>. As part of its responsibilities, the staff develops and implements board policies and procedures. Additionally, department staff reviews and makes recommendations to the AHECB for approval of academic programs; administers statewide financial aid programs, and contracts with the Southern Regional Education Board for support of graduate and first professional study outside of Arkansas; recommends institutional operating, capital, and personnel budgets for academic programs; and collects and reports on student and course data as part of a statewide database and academic program inventory for policy studies.

The agency administers the Statewide Career Pathways Initiatives at eleven colleges, the Carl Perkins Grant for academic program improvement, and the Youth Opportunities Unlimited Program—a high school dropout prevention program for economically disadvantaged students.

ACADEMIC AFFAIRS SECTION

This section coordinates, reviews, and administers academic policies and programs. The section's main responsibilities include:

- Policy development and implementation related to the Coordinating Board's statutory responsibilities and major public policy initiatives, including review and approval of new academic programs for public colleges and universities; review of existing programs; transfer and articulation, assessment of general education, and institutional and program certification
- Administration of federally funded grant programs
- Liaison relationships with chief academic officers, state, regional and national groups influencing higher education

FINANCIAL AID SECTION

This section administers all of the state's financial aid programs for higher education in Arkansas. The section's major responsibilities include:

- Printing, distributing, and processing financial aid applications
- Distributing and accounting for funds from financial aid programs to institutions
- Designing and disseminating information to publicize requirements for state-funded scholarships

INSTITUTIONAL FINANCE SECTION

This section collects and analyzes financial and enrollment data to determine equitable funding recommendations and provide them to the governor and legislature for all institutions of higher education (IHE) in terms of operating and capital appropriations and number of personnel

positions needed.

This section works with the finances of public institutions of higher education in Arkansas, providing consultative and data services to the general public, legislative and executive branches, and institutional staffs. The section's main responsibilities include:

- Development and recommendation of funding methodologies
- Collection, review and analysis of financial data
- Publication of data

RESEARCH AND PLANNING SECTION

This section coordinates the Arkansas Higher Education Information System (AHEIS) data collection for all Arkansas Institutions of Higher Education (IHEs), manages AHEIS longitudinal databases, conducts research, produces and publishes reports from AHEIS and other sources, and coordinates state-level data exchanges with the Integrated Postsecondary Education Data System (IPEDS) and the Southern Regional Education Board (SREB).

ARKANSAS HIGHER EDUCATION COORDINATING BOARD CHARGE

The Arkansas Higher Education Coordinating Board (the "Coordinating Board") is charged by state law to coordinate higher education in Arkansas and to assure an orderly and effective development of each of the publicly supported institutions of higher education.

MAJOR ISSUES AND CONCERNS RELATED TO DEMOGRAPHIC CHANGES

Increasing College Graduates to Maintain Competitiveness

- Arkansas is 49th in the nation in the percentage of adults, age 25 and older, with a bachelor's degree or higher.
- Although the United States is second in the world in the percentage of adults, age 25 and older, with an associate or bachelor's degree, the U.S. is tied for seventh in the percentage of adults in the 25–34 age group who have college degrees.
- Among the 30 member countries in the Organization of Economic Cooperation and Development, the U.S. and Germany are the only two countries in which the percentage of young adults with bachelor degrees is lower than the older adults who have degrees.
- These statistics do not bode well for our country's and our state's ability to compete in the global economy.

STRATEGIES TO ADDRESS THESE CONCERNS

- Provide a comprehensive effort to emphasize the need for Arkansans to seek greater attainment in higher education. This would include a comprehensive, public information campaign that focuses on the importance of preparing for and graduating from college.

- Change the state’s culture to one that sets high standards of rigor for all students in preparation for higher education or the workplace.
- Design need-based financial aid programs that will provide incentives for students to pursue degrees in sciences, technology, engineering, mathematics, and teaching. Provide extra financial assistance similar to the new Academic Competitiveness (AC) grants and Science and Mathematics Access to Retain Talent (SMART) grants by the federal government.
- Provide incentives for colleges and universities to increase graduation rates.

MAJOR ISSUES AND CONCERNS FOR NURSING SHORTAGES

Federal projections indicate that by 2020, the U.S. nursing shortage will be 800,000 registered nurses, plus additional shortages at lower skill levels. The state’s 2002 Legislative Commission on Nursing found that the present educational pipeline is not adequate to meet the demand for nurses in Arkansas. The Commission’s report to the Arkansas Legislative Council included the following:

- The greatest need is for Registered Nurses.
- The second greatest need is for nurse educators. Individuals with master’s and doctoral degrees can often find higher-paying positions as practitioners than as educators.
- From 2001 to 2004, nursing program findings were as follows:
 - All state nursing programs report being enrolled at their limits.
 - The number of students enrolled in Practical Nursing, Associate, and Bachelor programs almost doubled.
 - The number of technical certificates awarded in Practical Nursing increased 75%.
 - The number of graduates of Associate’s and Bachelor’s degree programs increased 17 percent. This is not enough to meet current or projected RN needs from either projection.
 - The number of Arkansas graduates of Master’s and Bachelor’s degree programs **decreased** 12%.

STRATEGIES TO ADDRESS THESE CONCERNS

- Continue to support current nursing education initiatives such as the Arkansas Rural Nursing Education Consortium; the offering of online, compressed video and night/weekend programs to reach working adults; partnerships with hospitals; satellite campuses offering nursing classes, and non-traditional clinical rotations.
- Promote a regional approach to the state’s nursing shortage to maximize the efficient use of state resources.
- Encourage colleges and universities to act as conveners and lead the effort to build a health care vision for the future in their communities. Groups should include local health care providers, local business leaders, local government officials, local public school administrators, and local economic developers.

- Encourage colleges and universities to work more closely with high schools and secondary career centers that have allied health programs to increase student interest and create seamless transitions from high school to college.
- Develop financial aid incentives to encourage bilingual RN degree seekers.
- Promote policies and procedures that will positively impact nursing and nursing education through the State Board of Nursing working with colleges, universities, the Arkansas Department of Higher Education, the Arkansas Department of Health, and other organizations.
- Establish a financial aid program similar to the State Teacher Assistance Resource (STAR) program in which students seeking RN degrees will receive incentive funding for agreeing to be a nurse in a shortage area of the state.
- Charge the State Board of Nursing with the statewide coordination of clinical sites. This would replace the current system in which coordination is left to groups of institutions.
- Designate high-need areas (geographic and level of practice) in nursing and develop a statewide effort with all stakeholders to address these areas specifically.
- Develop “Grow Your Own” strategies, particularly in rural areas with a critical need.
- Provide state funding and incentives for the creation and expansion of nursing education programs.

MAJOR ISSUES AND CONCERNS FOR TEACHER SHORTAGES

Nationally, public schools are experiencing critical teacher shortages. The National Education Association has reported that the United States will need more than two million new teachers in the next decade.

In Arkansas, the number of students graduating from Arkansas teacher education programs has been declining. From 1995-2001, the state’s public and independent colleges and universities produced an average of 1,624 teacher education graduates. The highest number of graduates in that period was 1,823 in 1996. During the latest four-year period (2002-2005), the annual average of teacher education graduates has dropped to 1,353.

As indicated below, the number of graduates from 2001-2005 (math, chemistry, physics, biology, Spanish, and French) in critical shortage areas is discouraging.

Table 21. Arkansas Graduates (2001-2005)

Teaching Area	#No. of Graduates
Math	152
Chemistry	5
Physics	2
Biology	42
Spanish	15
French	3

Many school districts struggle with teacher shortages, especially in the areas of math, science, technology, and foreign languages. Thirty percent of new teachers leave teaching within three years, and 40–50% leave within five years. Until the mid-1960s, teaching was the primary career option of large numbers of well-educated women and people of color, for whom other professions were difficult to enter. Comparable candidates today are actively recruited for other careers, many of which might appear more attractive than teaching (Johnson, 2004).

Furthermore, as the student population continues to grow more diverse, the teaching workforce does not reflect this diversity. According to the National Center for Education Statistics, in 2003-2004, only about 17% of all public school teachers were from minority groups (National Center for Education Statistics, 2006).

STRATEGIES TO ADDRESS THESE CONCERNS

- In order to attract more college students into teacher education preparation programs, teaching in Arkansas must become a more attractive profession. While this includes continuing to improve salaries, the enhancement of the working environment must also be addressed. While financial aid programs such as STAR and Minority Teachers Scholarships are quite helpful, teaching must become a more lucrative field in which to work.
- Consider providing incentives for institutions to restrict enrollment in teacher education programs in disciplines where there is an overabundant number of graduates relative to number of teaching positions; i.e., physical education/coaching.
- Enhance financial aid programs, such as Minority Teacher Scholarship, that can assist in increasing the racial diversity of public school teachers.

Changing Demographics of Arkansas High School Students*

- The proportion of high school graduates from minority groups will increase. Changes in high school graduating classes over the next 14 years in Arkansas will parallel those in the nation. The proportion of white and African American high school graduates will decrease between 2006 and 2020, while the proportion of Hispanic graduates will increase significantly.
- In 1990, 39% of Arkansas K-12 students were eligible for free or reduced lunches. By 2004, the percentage had climbed to 56%. With the changing demographics mentioned above, it can be assumed that the percentage of K-12 students who are eligible for free and reduced lunches will continue to increase.
- It is important to note that both African American and white high school graduates will decline numerically during this period. *(SREB, 2006)
- Arkansas college-attendance rates for public universities by ethnicity for 2005 (national rates are in parentheses) are:

White	64 percent (66 percent)
African American	61 percent (58 percent)
Hispanic	36 percent (56 percent)

MAJOR ISSUES AND CONCERNS FOR HIGHER EDUCATION

- Because the growth in high school graduates will be primarily Hispanic students who have historically had a lower college-going rate, the overall college-going rate may decline. The growing percentage of Hispanics means that percentage of students who historically are less well prepared for college will increase. Thus, it is imperative that colleges and universities participate actively in P-16 efforts that will better prepare students for college.
- Higher education will need to examine the academic delivery systems that assist students adjust to college-level work and provides academic support for a larger number of students. Student services programs will need to be assessed to see what changes will need to be made to more effectively serve the changing nature of college students by 2020.
- A reduced college-attendance rate could mean less demand for on-campus housing at universities. Caution should be exercised in building an over capacity of student housing. The cumulative effect on university enrollments of a four-year decline in new freshmen could result in enrollment declines without some intervention on the part of the institutions.

STRATEGIES TO ADDRESS THESE CONCERNS

- Review financial aid programs and determine if the programs currently serve the needs of students in 2020.
- Expand need-based financial aid programs because more high school graduates will be from lower-income homes.
- Develop and strengthen recruiting strategies of minority students into teacher education programs. Because the demographics of the public schools are changing, it is imperative that racial diversity of public school teachers increases.
- Focused professional development targeted for faculty and administrators, who are, for the vast majority, white and will be working with a more significantly racially diverse student population.

MAJOR ISSUES AND CONCERNS FOR FACULTY AND ADMINISTRATORS

Projections of the percentages of present higher education faculty and executive administrators in Arkansas who will retire by 2020 indicates that 41% of current faculty members will retire by 2020, and 53% of the executive administrators will retire. The state could lose approximately 36% of individuals (administrators and faculty) in health fields, as well as 39% (administrators and faculty) of those in science fields. This projection may be conservative because the assumption is that many will work until age 67 when they will be eligible for full social security benefits.

Recent increases in public school teacher salaries have put public colleges and universities at a competitive disadvantage in attracting and keeping faculty. Higher education salaries (particularly two-year colleges) are becoming less competitive with the public school salaries. With the mandate to keep public school funding adequate, salaries of K-12 teachers will continue to increase at a faster pace than the increases for higher education instructors.

STRATEGIES TO ADDRESS THESE CONCERNS

- Fully fund the needs of the colleges and universities in order to provide the resources needed to raise the salaries of faculty and become more competitive regionally and nationally.
- Develop a statewide strategic plan that will focus on recruiting and retaining outstanding faculty and administrators to Arkansas colleges and universities.

Arkansas Teacher Retirement System

The Arkansas Teacher Retirement System was established by Act 266 of 1937 to provide retirement benefits to the employees of the state's education community. Operation of the system began on July 1, 1937. The system was established as an actuarial reserve system, with a financial base derived from employer and employee contributions and income from investments to pay future benefits.

ATRS BOARD OF TRUSTEES

The authority and responsibility for the administration, management, and control of the Retirement System, and for construing and carrying out the provisions of the plan is vested in the Board of Trustees (Board). The Board is responsible for the governance of the system. It is accountable for establishing policies and for supervising the implementation of those policies in compliance with all applicable legal mandates.

The function of the Board is to make certain contributions that lead the Retirement System toward the desired performance and ensure that it occurs. The Board's specific contributions are *unique* to its trusteeship role and *necessary* for appropriate governance and management. Board decisions are to be based on facts and expert opinions.

The Board will approach its task with a style that emphasizes outward vision rather than an internal preoccupation; encouragement of diversity of viewpoints; strategic leadership more than administrative detail; clear distinction of Board and staff roles; future rather than past or present; and proactive rather than reactive.

GUIDING PRINCIPLES

1. The Board is dedicated to the proposition that its paramount purpose is that of providing an adequate and equitable retirement plan for the members of the teaching profession; to protect this group in the event total and permanent disability causes them to be unable to continue employment in their profession; and to provide in part for their dependents in case of death.
2. The Board is responsible for the prudent investment of system funds. The two primary considerations in fund investment are safety and yield, with yield being of first importance, provided such investments comply with legally mandated safeguards.
3. The Board should be fully informed of its financial liabilities, not only to the retirees and beneficiaries, but also to active members of the teaching profession, and to make those liabilities known to members of the state legislature, to other state officials, and to education-related organizations.
4. The Board should provide all interested citizens with information regarding the system's procedures for investing system funds, as well as the budgeting, control, and disbursement of those funds.
5. The Board will actively promote the enactment of state and federal legislation that may improve the economic welfare of ATRS members.

6. The Board endorses programs of counseling and information designed to assist members who are approaching retirement.

7. The Board should be knowledgeable of the most current information regarding effective, efficient governance and operation of state retirement systems that could augment prudent decisions for the benefit of members. To this end, Board members are encouraged to participate actively in regional and national retirement organization programs that offer such information and training.

For the fiscal year ending June 30, 2004, ATRS's total assets equaled \$9.175 billion with 71,462 active members and 22,320 retirees receiving benefits through the system.

A report *Actuarial Projection of the Arkansas Teacher Retirement System for 50 Future Years from July 1, 2003* was completed by Gabriel, Roeder, Smith & Company for the ATRS Board of Trustees in March 2004.

Important Notes From the 50-Year Projection

The report estimates that the ratio of active members to retirees will decline gradually over the next 50 years from the 2003 level of 3.8 to 1 to a low point of 0.9 to 1. This means the number of active members making contributions as compared to those drawing benefits will decrease. Instead of having 3.8 to 1 actives per retiree, we will have only 1 active member per retiree. In 2006, the ratio has declined from a ratio of 3.8 to 1 to 2.21 to 1. By the year 2020, the ratio is projected to be only 1.23 to 1.

The retiree population is expected to be roughly three and a half times its current size by the end of 50 years. By 2020, nearly 76% of the active member population will consist of people entering the system after 2003.

By the year 2020, the amount of benefits payments will exceed the amount of contribution income by 3.2%.

The projected assets of ATRS's pension trust fund (based on 30 year funding) will be approximately \$18 billion. It is currently \$9.8 billion and reached the \$10 billion mark for the first time in its history in April 2006. It has since declined slightly due to the recent decline in the market.

ATRS Serves Three Distinctive Groups:

Active members. An “active member” is defined by statute as “any member rendering service which is covered by the Arkansas Teacher Retirement System.” Active membership in ATRS is overwhelmingly female. On June 30, 2005, of the 65,793 total active members, 52,385 (79.6%) were female. The average age of female active members was 44 with 9.6 years of service; the average age of men was 45 with 9.4 years of service. Active members were about equally “teachers” or “non-teachers.” Of the teachers, 73.5% were contributory, as opposed to 37.6% of the non-teachers. Generally, members in T-DROP (Teacher Deferred Retirement Option Program) are considered active members. Twenty-eight (28) years of credited service is required to enter T-DROP.

Inactive members. An “inactive member” is defined by statute as “any former active member who is: (A) No longer rendering service which is covered by the Arkansas Teacher Retirement System; and (B) Not a retiree.”

Retired members. A “retiree” is defined by statute as “a former member receiving an Arkansas Teacher Retirement System annuity by reason of having been a member.” An active member who attains age 60 and has 5 or more years of actual service or who has 28 or more years of credited service regardless of age may voluntarily retire. An active or inactive member who has 25 or more years of credited service but has not attained age 60 and who is not eligible for age and service retirement may voluntarily retire early. A member must terminate covered employment to be eligible for retirement except if the member has attained normal retirement age (65). Retirants in the ATRS system are also overwhelmingly female. Of the 22,680 retirants receiving annuities July 1, 2005, 73.2% were female. Of the age and service retirees, 545 were over the age of 90.

According to Gabriel, Roeder, Smith & Company’s 50-Year Actuarial Projection Beginning July 1, 2003, the number of retired members in ATRS is projected to increase by 22,491 from 28,260 in 2006 to 50,751 in 2020.

We do not anticipate that the services provided and the cost of service will be impacted by the ethnicity of the individuals served who are primarily educators. However, the services ATRS provides and the cost of those services will be greatly impacted by the ages of the individuals served. For instance, the monthly retiree payroll currently exceeds \$33,000,000 per month. As the number of retired members increases, so will the workload associated with paying these annuities.

Employer and employee contributions currently provide 28% of ATRS revenues that finance benefits for retirees (compared to 37% for all public pension plans), and enlarging the pool of active members becomes increasingly important in supporting the benefits payable to an ever-growing pool of retirees. It is also critical to maintain an adequate level of employer and employee contributions.

Investment earnings currently make up 72% of ATRS’ trust revenues (compared to 63% for all public pension plans). With increasing liabilities, caused in part by having to pay benefits to an increasing pool of retirees over a longer period of time, a serious decline in investment performance would necessitate a good, hard look at whether ATRS can maintain its current benefit structure. As noted, ATRS already relies on investment earnings for a larger portion of benefit payments than the average public pension plan.

ATRS depends upon an adequate number of active members (and an adequate level of contributions for them) to help finance benefits for the growing pool of retirees. According to Gabriel, Roeder, Smith & Company’s 50-Year Actuarial Projection Beginning July 1, 2003, simply to maintain the number of active members at the 2003 level (62,432), an additional 48,876 active members will need to be added by 2020 to replace those lost to death, retirement, etc.

It is of great concern to ATRS that, also according to Gabriel, Roeder, Smith & Company’s

report, assuming that the number of active members stays constant at 62,432, the ratio of active members to retirees is projected to decline gradually over the next 50 years from the 2003 level of 3 to 1 to a 2053 low point of 0.9 to 1. The ratio of active members to retirees in 2020 is projected to be 1.2 to 1.

This concern is supported by a disturbing trend reported by the Bureau of the Census in projecting that the Arkansas school-aged population aged 5–17 will decrease from 484,000 July 1, 2005, to 463,000 July 1, 2025, while the population aged 25–64 will increase from 1,442,000 July 1, 2005, to 1,463,000 July 1, 2025, and the population aged 65 and up will increase from 402,000 July 1, 2005, to 731,000 July 1, 2025.

A key unknown factor in determining the number of active members is what changes may be made by the state in the requirements for teachers and support personnel for the public schools. Will there be a teacher shortage? If so, it is likely that ATRS will experience a shortage of active members.

Additionally, we fear that the increasing shortage of teachers in critical academic shortage areas will accelerate the school districts' recruiting efforts among our retirees. Studies are showing that Work and Retire, Teacher Deferred Retirement Option Plan (T-DROP), and similar programs encourage members to retire earlier than they would otherwise. In such cases, ATRS will pay retirement benefits over a longer period of time. Also, any program that encourages retirees to return to work for an ATRS-covered employer before reaching age 65 impacts staff workload, as well as ATRS liabilities, because the retiree will have to either rescind retirement, work under the earnings limitation, or work under a waiver. We believe that the state would be better served if efforts could be focused and resources devoted to methods of increasing the pool of teachers in critical academic shortage areas by using general fund revenues rather than pension fund resources.

Any increase in our membership impacts the workload of the staff, but this is particularly true for members approaching retirement or in retirement. Should the number of active/inactive members even stay constant, the number of persons nearing retirement or in retirement will continue to grow. Since ATRS is a defined benefit plan, we provide services to our members until death. As longevity increases, the length of time we must provide services and maintain current records increases exponentially.

Currently, ATRS staff consists of 73 full-time employees to serve 126,213 active, inactive, and retired members (1,729 per staff member). We do not believe this number is adequate to provide the quality of service necessary. Based on the projection of the increased number of retirees alone at 2020 (an additional 22,491), ATRS staff will need to be increased by 86 persons, even at the current understaffed level. Also, because ATRS provides services and maintains current records on active, inactive, and retired members until their deaths, staff needs will increase in data processing, counseling, and payroll.

Any program that encourages earlier retirement will impact staff workload as well as ATRS' liabilities. We are seeing that an increasing number of our members who retire at an earlier age later decide to re-enter the workforce. If they return to work for one of our covered employers before the age of 65, staff workload is increased because the retiree will have to either rescind

retirement or work under the earnings limitation, both of which consume vast amounts of staff time.

ATRS does not anticipate that changes in ethnicity of the population will have much of an impact. As the Latino population increases, however, ATRS may need to add staff who are proficient in Spanish to deal with family members who may not be proficient in English.

Because ATRS is subject to the state's classification and compensation system, its ability to move staff internally is somewhat limited. Two possibilities for providing an increased level of service would require that additional positions be approved at the state level: (1) establishing a call center and (2) establishing a satellite center in northwest Arkansas to serve the growing concentration of members there. Currently, 29% of active members are located in northwest Arkansas, an increase from 19% in 1995.

Older members consistently require more staff time. As our members are living longer and to greater ages (as of July 1, 2006, ATRS has 594 retired members above the age of 90) staff has seen a huge increase in the number of Powers of Attorney, trust documents, guardianships, and similar paperwork. Although we strongly advise our members to designate beneficiaries, many do not or do not keep them current, leading to complications in distributing benefits. Since ATRS provides services and maintains current records on active, inactive, and retired members until their deaths, staff needs will increase in data processing, counseling, and payroll.

There is a great need for better understanding and coordination with the legislative and executive branches, as well as our participating employers, to insure that ATRS remains financially sound.

We fear ATRS will continue to be called upon to fund solutions to problems that are not strictly pension problems. In recent years, ATRS has been called upon to use pension trust funds to provide a death benefit for school employees. Death benefits for other state employees are paid from general funds. By providing the benefit from pension trust funds for school employees the basic pension benefit has been rendered less sound. Similarly, pension funds have been called upon to assist with health care costs for retired school personnel and to help solve looming teacher shortages, among other things. ATRS has all it can do to fund the pension benefits already promised to school employees. At this writing, it is \$2.4 billion dollars in debt on those promises. In short, ATRS has NO excess funds to contribute toward solving death benefit issues, health benefit issues, teacher shortages, or any other perceived needs. ATRS should concentrate on providing sound retirement benefits that will be there when ATRS is called upon to pay retirement benefits.

It is critical that the executive and legislative branches and our participating employers understand that if the state wants to have an affordable pension system, ATRS must not be burdened with non-pension related costs. Otherwise, employer and employee contribution rates must rise or benefits must be cut.

Coordination with the Arkansas Department of Education and our employers (particularly school districts) will be critical, particularly in the areas mentioned regarding shortage areas and DROP programs.

Problems with the accuracy of employer reporting will need to be addressed with the assistance

of the employers and the Division of Legislative Audit. ATRS staff spend a significant amount of time correcting reporting errors and making the necessary follow-up changes, as well as documenting that salaries used in the calculation of final average salary are allowable.

Also, coordination with the Employee Benefits Division of the Department of Finance and Administration will be needed to address insurance benefit questions.

ATRS will need more staff and will need to be able to upgrade data processing capabilities. A satellite office in northwest Arkansas would be very beneficial, as would a call center. Additionally, the statutory requirements of ATRS need to be studied and changes proposed to simplify the administration of the system. Simplification of the system would also allow easier communication with the ATRS participating employers and members.

MAJOR ISSUES AND CONCERNS AND STRATEGIES TO ADDRESS CONCERNS

After interviewing various members of the ATRS staff, based on the changing population demographics of the state and the overall growth of the ATRS plan, the following areas will need to be addressed by ATRS in response to the changes:

1. **ATRS Staffing.** With the overall growth of plan assets, number of participating members, and administration of a growing payroll, we anticipate ATRS will need substantial additional staff to administer the System in the future. ATRS is currently understaffed by approximately 20 persons based on staffing levels of comparable -sized public pension plans. The understaffing problem will continue to worsen as the System's work load (size of plan membership and payroll) increases.
2. **ATRS Diversity of Membership and Staff.** ATRS will require staff that speak Spanish fluently to serve as benefit and retirement counselors as well as retirement workshop staff. ATRS covers both teachers and non-teaching staff of the public education entities. As the diversity of our membership changes, we will need to hire staff that are able to communicate effectively with those members.
3. **Northwest Arkansas growth.** Due to the growth in Northwest Arkansas, ATRS is studying the need for a satellite NW Arkansas. office. Currently, our workshop staff based in Little Rock covers the entire state. It will become increasingly expensive and inconvenient to serve NW Arkansas as more time is required to be spent there based on location of our active members attending workshops. Moreover, all in person counseling to our membership is available in Little Rock at present. This is very inconvenient for our members who live in the Northern-most part of the state.
4. **Technology.** Due to the increasing membership, ATRS is studying methods of providing remote benefits and retirement counseling via a video or computer link and teaching the retirement workshops at the schools by satellite. However, this is only helpful for the active members who are not retired and/or afraid of the computer. There are security concerns for transmitting personal data about a member's retirement account over remote access that would have to be worked out.

Arkansas Department of Workforce Education

The Department of Workforce Education (DWE) has been charged with providing the leadership and contributing resources to serve the diverse and changing workforce training needs of the youths and adults of Arkansas. As part of this mission, it oversees career and technical education programs in the secondary schools; secondary area technical centers; adult and youth apprenticeship programs; three postsecondary technical institutes; Arkansas Rehabilitation Services; and adult education programs. DWE partners with other state agencies on programs such as the Governor's Dislocated Worker Task Force and the Career Pathway Initiative. It also works with the Veterans Administration to approve state educational programs for veterans' benefits and oversees the Federal Surplus Property program.

It is in its educational capacity that DWE has been asked to consider the impact on its operations of projected demographic shifts for the year 2020. In undertaking this study, we were to consider three major demographic trends as well as some assumptions based on those trends. Before getting into the study, we feel that we must address a few of the assumptions.

According to the Arkansas Demographic Research Brief (Hamilton, McLendon, & Wingfield, 2006), "Economic dependency is defined in terms of the number of persons of working age to the number of persons not of working age." In determining the age-dependency ratio for 2020, the study considers individuals under 20 and 65 or older to be in the nonworking group. In reality, this discounts a sizable number of young people who go directly into the workforce or the military following high school as well as the growing number of individuals who are continuing to work into their late 60s and early 70s. This trend is already upon us as many of our senior staffers return to work or take on a new career – often high-paying – after retirement. And it is likely to increase over the next 14 years, correlating with the demand for experienced workers. To place such a large pool of working adults – at both ends of the spectrum – into the nonworking category greatly skews this ratio.

Hispanic Stereotype. Another assumption made in the issues we were asked to consider is that, historically, Hispanic young people do not advance to college or graduate from college at a very high rate, and, that because of language barriers and other factors, Hispanics tend to take low-paying, nonprofessional jobs and, subsequently, generate less in tax revenue. Robert P. Treviño, commissioner of Arkansas Rehabilitation Services, has this to say: "The general assumption regarding the educational attainment and earnings and taxpayer potential of Hispanics is grossly inaccurate. By 2020, Hispanics will indeed constitute a larger part of Arkansas' population, but second- and third-generation Hispanics will be speaking English as a first language and earning high school diplomas and college degrees approaching the level of the general population. Moreover, the state must be careful not to generalize the Hispanic population as monolithic. The state's Hispanic population is diverse and includes people with varying socio-economic status" – much like the general Arkansas population.

Metropolitan Statistical Areas. The projections for the MSAs in the state are predicated on little change in the economic opportunities available in each area. The successful recruitment of a large industry – i.e., an auto manufacturing plant – or the discovery of mineral, gas, or oil deposits in any of these areas would throw off the projections.

INTERNAL OPERATIONS

One of the biggest challenges to the Department of Workforce Education as a state agency is the aging and attrition of experienced staff by 2020. DWE usually is staffed with 95-100 employees (this does not include the employees of Arkansas Rehabilitation Services). Of the current staff, 64—slightly more than two-thirds—will be age 60 or older in 2020. Those who are members of the Arkansas Teacher Retirement System can elect to participate in the T-DROP program for an additional 10 years after 28 years of service. Of the 64 employees who will be age 60 or older in 2020, 12 already are participating in T-DROP, and an additional 34 will be eligible upon reaching 28 years of service. T-DROP may serve as an incentive to some of these employees to continue working past the ATRS retirement age of 60 or 28 years of service. Moreover, even after 10 years of participation in T-DROP, employees can continue working, as there is no mandatory retirement age. Thus, although two-thirds of the agency staff will be 60 or older by the year 2020, it is not necessarily the case that two-thirds of the staff will have to be replaced due to retirements. However, a sizable portion of this group most likely will have retired by 2020.

However, there is some dissatisfaction with T-DROP. Current employees who were among the first to participate in T-DROP are expressing some frustrations with the program, mainly because they are forced to pay into the system, albeit at a much lower rate, but they will never be able to benefit from those payments. In essence, they feel as if they are being forced to enrich the system or subsidize the retirement of others. If their issues are not addressed, their disgruntlement with T-DROP may negatively influence the decisions of other state employees to sign on to the program. Instead, highly skilled employees may opt to take their experience elsewhere after putting in 28 years with the state.

Exacerbating this personnel issue is the increasing difficulty DWE is having in recruiting and hiring qualified staff. The majority of its program managers and advisors must be certified teachers. Most of the staff, especially those with teaching or administrative experience, could make higher salaries in the classroom or in school administrative positions than they do at DWE. Thus, these staff members make less than many of the people they oversee in the school districts. And if they were in the classroom, the staff members would get longer Christmas vacations, spring break, and the summer months off—all benefits they do not get at DWE. In the past two years, the agency has lost a number of experienced staff to higher-paying positions in schools and the corporate world. Unless state salaries are increased, this brain drain from state government will become acute as competition for highly skilled employees increases among school districts and the private sector.

ADULT EDUCATION

Funded by both state and federal government, the Adult Education Section provides adults with the opportunity to improve reading, writing, math, and English language skills and to earn the Arkansas High School Diploma by passing the General Educational Development (GED) tests. Since its beginning in 1967, Arkansas' Adult Education Section has been a national leader in many areas.

Arkansas was the first state to initiate a teacher-training workshop in adult education and was a leader in developing teacher certification and graduate degrees in adult education. In the 1980s

and 1990s, Arkansas had the highest ratio of full-time to part-time teachers in adult education in the country. Arkansas was one of the first states to develop training for teaching adults with learning disabilities and to provide adult education in the workplace.

DWE's Adult Education Section offers a variety of programs to meet diverse educational needs, ranging from basic academic skills to workplace education. Every adult education instructor has a state teaching license. All classes are offered free of charge and on a flexible basis that allows students to start and end when they want and to work around their job schedule. The following programs are offered year-round:

- Adult Basic Education—Available to adults who are below the eighth-grade level, this program is tailored to the individual student to address reading, writing, math, or life-coping skills.
- General Adult Education/GED—This program helps adults prepare for the GED exam or improve their educational skills at the high school level. Tailored to the individual student's needs and skill level, instruction is provided in writing skills, social studies, science, reading, and mathematics.
- Workforce Alliance for Growth in the Economy™ (WAGE)—A community-based program, WAGE works with local employers to combine desired academic skills, computer technology, and workplace curriculum to improve the job skills of the unemployed and underemployed. Students in this program can earn certification in industrial, employability, or clerical skills.
- Workplace Education—Offered in partnership with the employer, these classes may be designed to meet education needs in a specific workplace or offer training in academic skills – such as math, reading, or English as a second language (ESL) – taught in the context of the workplace.
- English as a Second Language—Beginning, intermediate, and advanced ESL classes are available to adults whose native language is not English. ESL students also learn how to cope in American society. Some classes prepare students for the citizenship exam.
- Computer Literacy—These introductory classes are designed to help adult education students use technology as a learning tool.
- Family Literacy—Intergenerational programs are used to improve the educational opportunities of children and adults by integrating their needs into a unified program consisting of child development activities, basic skills instruction for adults, parenting and life skills development, and parent/child interaction time.
- Correctional Education—A grant to the Arkansas Department of Correction School District provides adult education services at local, regional, state, and federal correctional facilities in Arkansas.

2006 STATUS

The Arkansas Adult Education Section funds 53 adult education programs (serving all 75 counties) and 30 literacy councils. These programs have an impressive outreach as the following statistics demonstrate:

- About 60,000 adults are served each year, with more than 37,000 enrolled in at least 12 hours of instruction.
- Half of the enrolled students improve their reading or math skills by two or more grade levels each year.
- About 6,500 Arkansans receive their Arkansas High School Diploma by passing the GED tests each year. Arkansas has one of the highest GED pass rates (86 percent) in the country and is the only state to provide the GED tests free to its residents.
- About 17 percent of the students enrolled are Hispanic. Over the past 10 years, Hispanic enrollment in adult education has tripled.

MAJOR ISSUES AND CONCERNS AND STRATEGIES TO ADDRESS CONCERNS

Funding. While the Adult Education Section receives some funding from the federal government, most of its funding comes from the state.

- Despite inflation and a continuing demand for services, state funding for the Adult Education Section has not increased since 1992. As a result, cuts in service, teachers, staff, night classes, locations, instructional materials, and equipment have been mandatory.
- Along with the cuts has come an unfunded mandate for higher teacher salaries – for some of the teachers. Whenever the General Assembly mandates a teacher pay hike, adult education teachers working in the public schools must be given the raise. While the General Assembly provides the money for raises to all the other teachers in the school districts, it does not provide funds for raises for adult education teachers. This further reduces the funding available for all adult education programs.
- A third funding issue that will continue to be a problem unless the General Assembly changes the law involves 16- and 17-year-old students. According to state law, these students may enroll in adult education classes under specific circumstances. (In the 2004-05 program year, 2,355 16- and 17-year-old students enrolled in adult education classes.) The public schools received all or partial payment for these students, while the Adult Education Section received no state funding to provide classes for these younger students.

Teacher Recruitment and Salaries. If the initial analyses from the Arkansas 2020 group are accurate, then adult education programs will experience severe difficulties in recruiting enough teachers to keep up with the demand for services. Currently, adult education teachers are required to have a valid Arkansas teaching license. It will be difficult for adult education programs affiliated with community colleges and technical institutes to keep pace with the

salaries offered at the higher-paying adult education programs affiliated with public school systems. The inequity in salary already is driving qualified, licensed teachers away from the community colleges and toward the more lucrative public school adult education programs. In an effort to boost public school teachers' salaries, legislators unknowingly have contributed to this inequity for adult education teachers across the state.

Hispanic Students. The increase in the Hispanic population already has had a gradually expanding effect on adult education services. Over the past 10 years, there has been a slow and steady increase in ESL student numbers – from 1,948 in 1995 to 5,868 students in 2005. The prediction of statewide increases in the Hispanic population in the state by 2020 will lead invariably to increases in the demand for ESL instruction. If funding for adult education does not increase substantially, the Adult Education Section will be in dire need of additional funding by 2020 to keep up with growing demands for ESL and adult education in general. The Adult Education Section will not be able to function in 2020 at 1992 funding levels.

Changes in Hispanic Educational Needs. Current ESL classes are mostly comprised of older adults who need survival-level English. However, as more and more Hispanic immigrants move into Arkansas, more Spanish-speaking children are arriving who are of school age. The older children – those who are junior high or high school age when they enter the country – will end up dropping out of school if their ESL skills are not strengthened while they are in school. These are the students who will make up adult education classes over the next few decades. As a result, future ESL programs will need to take into account the academic backgrounds of these younger Hispanics who have had some formal English instruction in public school. Rather than teaching survival English skills, the ESL programs of 2020 will need to help these students fill in the gaps in their language abilities to bring them up to more fluent English proficiency levels and prepare them to get a GED and enter postsecondary education.

Employability Skills. In an attempt to increase the employability skills of all Arkansans, adult education works closely with business and industry through Workforce Alliance for Growth in the Economy (WAGE) to design instructional programs that will benefit both employees and employers. In 2020, adult education will need to provide more WAGE programs for the growing number of employers who find themselves with a shortage of qualified employees. According to the 2005 Skills Gap Report (Eisen, Jasinowski, & Kleinert, 2005), “In addition to shortages of various types of employees, manufacturers surveyed reported they are also dissatisfied with the skills of their current employees. Among respondents to this national survey, nearly half indicated their current employees have inadequate basic employability skills, such as attendance, timeliness and work ethic, while 46 percent reported inadequate problem-solving skills, and 36 percent indicated insufficient reading, writing, and communication skills.” This finding was consistent with a 2001 study as well as several other longitudinal industry studies conducted since the 1980s. While schools are working on improving the rigor of academic courses, basic employability skills, or “soft” skills, are not taught in academic classes. Thus, employers can expect the shortage of workers with basic employability skills to continue into the next decade.

Arkansas Rehabilitation Services

To achieve its mission of preparing Arkansans with disabilities to work and lead productive, independent lives, Arkansas Rehabilitation Services (ARS) provides the foundation for a variety of programs and services offered through 19 field offices, the Hot Springs Rehabilitation Center, and special programs and support services. ARS is funded through a federal/state partnership in which federal funding accounts for nearly 80 percent of the budget.

FIELD SERVICES

The field offices, scattered throughout the state, serve people with severe disabilities (except vision disabilities⁵) in all 75 counties.

HOT SPRINGS REHABILITATION CENTER

The rehabilitation center, which consists of a hospital and the Arkansas Career Training Institute, offers both residential and nonresidential medical and vocational services to about 1,000 Arkansans with disabilities a year. The licensed and accredited, 26-bed hospital provides full-time nursing care, physical therapy, occupational therapy, speech/language pathology services, social services, psychological services, and a pharmacy. The hospital also provides specialty clinics to ARS clients. These clinics include orthopedic, amputee, spinal cord injury, urology, dental, and psychiatry.

The training institute prepares ARS clients for employment. It offers vocational training in 29 different programs. Other services include counseling, case management, vocational evaluation, employment readiness, recreation, student living, behavioral enhancement, and job placement.

SPECIAL PROGRAMS AND SUPPORT SERVICES

These programs and services consist of a comprehensive vocational/psychological evaluation network:

- Successful Employment through Assistive Technology program;
- Learning and Evaluation Center, which provides mental health and learning disability services;
- Office for the Deaf and Hearing Impaired;
- Arkansas Kidney Disease Commission; and
- Special projects or separately funded programs, such as the Telecommunications Access Program, CADET transportation program, supported housing project, and an alternative financing program for assistive technology.

⁵ The Department of Health and Human Services serves Arkansans who have a vision disability.

2006 STATUS

Although ARS dates back to the 1920s with the beginning of the federal Vocational Rehabilitation program, the following statistics show its services are needed as much today as they were then:

- About 400,000 people with disabilities make Arkansas their home.
- Arkansas has one of the highest percentages of working-age adults with disabilities in the nation.
- The unemployment rate among Arkansans with disabilities is approaching 60 percent (consistent with the national average).
- Each year, ARS serves about 22,000 individuals with disabilities.
- In FY 2004, Arkansans with disabilities who came to ARS for training had earnings averaging \$67.36 a week. Following training and job placement through ARS, they averaged earnings of \$358.26 a week. They had total combined earnings of \$41.5 million in their first year of employment after using ARS services and programs.

MAJOR ISSUES AND CONCERNS AND STRATEGIES TO ADDRESS CONCERNS

ARS' mission remains firm in helping people with disabilities receive the necessary training and treatments to return to the workforce and be productive, independent members of society. It's how ARS arrives at that success that poses the majority of questions for the future. In tackling the following problems, ARS must work to bring about a change in the public perception that people with disabilities don't contribute to society. Today, for every dollar spent in case services money, \$6 is returned to the economy.

- **Employee Succession.** ARS is full of people who have a long storied success in the field of rehabilitation. Replacing them will be difficult, because someone who has a few years of experience will not be able to produce the same results as a 35-year veteran. In anticipation of this, former Commissioner John Wyvill started a leadership training course within the agency to prepare and transition younger staff into leadership positions.
- **Competitive Salaries.** In addition to the projected loss of talented, committed staff due to retirement, ARS is finding it increasingly difficult to retain counselors and medical professionals because of the imposed state pay scale. It currently cannot compete with the higher-paying private sector, so both recruitment and retention are challenges as the pool of potential candidates shrinks. Projected shortages in the medical professions will intensify this problem, and fewer people with top skills in these areas will opt for low-paying careers in public service.
- **Agency Funding.** Increasing agency funding to adequate operational levels will be another challenge in the future. When funds are not available to serve everyone who may be eligible for services, federal regulations require ARS to serve those individuals with severe disabilities first. Over the past several years, ARS has received only basic cost-of-living increases in state and federal funds, but the cost of services it provides has increased at a

much more rapid pace. As a result, the demand for services significantly exceeds the resources available. Because of limited funding, ARS has had to restrict its services to those classified as severely disabled. This group of clients requires more comprehensive services over a longer period of time and at a greater cost, further limiting the amount of funding available to address the needs of Arkansans with less severe disabilities. The primary funding source for ARS is the federal Workforce Investment Act of 1998. Reauthorization of this act is pending in Congress. While the act is likely to be reauthorized this time around, funding levels may not be increased. And what happens in the future with this act is anyone's guess. Thus, the state may have to contribute more funds to assure that all Arkansans with disabilities get the help they need to become productive residents.

- **Increase in Client Numbers.** In the coming years, ARS expects to see an increase in demand for client services from multiple fronts.
- Today, ARS serves about 22,000 Arkansans with disabilities each year. However, as people are living and working longer, the agency will see an increase in return business as more former clients wanting “second” careers return for training in another field.
- ARS’ client load will be impacted by demographic shifts and changes in lifestyle. To deal effectively with continued growth in minority and immigrant groups, ARS will need to have some staff who are bilingual. (This again comes back to issues with staffing and competitive pay.) The aging population, coupled with a sedentary lifestyle, also will add to ARS’ caseload as more adults develop disabilities related to obesity and diabetes. Working adults who develop disabilities later in life will need some training or assistive technology to remain in the workforce.
- Not to be discounted are the expectations that environmental disabilities, such as chemical sensitivity and workplace injuries, will increase as the workforce ages. Slower reflexes could increase workplace injuries, and the cumulative effect of longer exposure to environmental hazards could take its toll on older working adults.
- Also, as the demand for skilled workers exceeds the supply of traditional employees, more employers will recognize the pool of human resources available in the disability community. More people with developmental disabilities will be entering the workforce, which means ARS will be faced with the challenge of preparing them for the workforce and providing the services required to keep them on the job.
- **Transition.** Rehabilitation itself is in a state of transition when it comes to helping students with disabilities move from high school to postsecondary or job training. The earlier rehabilitation professionals can be included in career planning for high school students with disabilities, the better a plan of training can be carried out. Nationally, rehabilitation experts are looking at 14 as the prime age to begin the transition process with young people. The problem is that these students are still kids – many of whom have no idea what they want to be as they enter high school. How to help students with disabilities better prepare for this transition is an area that needs to be evaluated and more fully developed in the coming years.

- **Special Programs.** The demand on special programs (ICAN, TAP) parallels the increase in the use of technology in the workplace. Again, viable funding streams are going to be the key to keep programs that provide assistive technology. This is not an inexpensive proposition as much of the assistive technology clients will need is costly and becomes obsolete in a relatively short period of time.
- **Transportation.** Transportation is a severe test in rural parts of the state for people with disabilities. What good does it do to invest thousands of dollars in training someone to work when s/he can't get back and forth to the job? Arkansas led the nation with its idea for the CADET program, which provided transportation in the Delta region for people with disabilities. When the federal grant that funded the program ran out, ARS was able to sustain the program for a period of time. While the demand for this service remains, the sources of revenue have not – so the CADET program has been terminated. Meanwhile, transportation for people with disabilities continues to be a major issue throughout the state. Many disabled residents have a fixed income or low-paying jobs. In the absence of adequate public transit, their only recourse is to buy a vehicle with financial assistance through such programs as the ARS Alternative Financing Loan Program. Unfortunately, this is not an option for many disabled Arkansans.
- **Hot Springs Rehabilitation Center.** The Center has been saved for last because not only does it face many of the challenges listed above, it also has its own unique set of issues to deal with in the coming years. The Center has been the crown jewel for ARS as it is one of only nine state-owned, totally comprehensive rehabilitation centers in the country. The facility that houses the Center was deeded to the state in 1960 with the proviso that it be used for rehabilitation. The main building was constructed in 1933, and many of the outbuildings on the 21-acre campus are as old or older. Several of the buildings are in need of major renovation. Some cannot be used because they are in such bad condition. Problems include water damage, mold issues, lead paint, asbestos, and dated electrical and heating systems. It would take about \$4.6 million in 2006 funding to address these needs. This cost will go up the longer the buildings are allowed to deteriorate.

Career and Technical Education

DWE's Career and Technical Education (CTE) Section provides leadership and contributes resources needed to prepare secondary students for work or college by offering specialized training and real-world work experience while reinforcing academic skills. In essence, it is the foundation for all other economic engines in the state. It provides the curriculum frameworks, equipment standards, in-service training, and requirements for programs of study in 16 nationally recognized career clusters, ranging from Agriculture, Food, & Natural Resources to Transportation, Distribution, & Logistics. Arkansas Standards of Accreditation requires each high school to offer at least three programs of study in three different career clusters. The schools choose which programs to offer based on the needs and interest in their communities as well as available resources. CTE also has oversight of the youth and adult apprenticeship programs in the state and federal Perkins and Tech Prep funds (about \$10 million annually).

2006 STATUS

Nationally, CTE programs are leading high school reform efforts as these courses integrate both academic and real-world skills. In Arkansas, Act 675 of 2003 required all high school students to have six career focus units to graduate. In the 2004-05 school year,

- 22,977 secondary students enrolled in agriculture science & technology courses;
- 88,280 enrolled in business/marketing technology;
- 46,332 enrolled in family & consumer sciences;
- 26,480 enrolled in technical & professional (these courses include automotive, aviation, trades, medical professions, etc.);
- 30,706 enrolled in career orientation;
- 2,832 enrolled in principles of technology; and
- 2,804 enrolled in workplace readiness.

The apprenticeship program is available to both youths and adults. While some apprenticeships are voluntary, state law requires workers in specific trades, such as plumbers and electricians, to complete an approved apprenticeship. In the 2004-05 school year,

- 103 secondary and postsecondary schools participated in apprenticeship programs;
- 1,771 employers participated in apprenticeship programs;
- 543 high school students enrolled in the youth apprenticeship program; and
- 6,768 adults worked as apprentices.

MAJOR ISSUES AND CONCERNS AND STRATEGIES TO ADDRESS CONCERNS

Certification. Every year, 35–45 percent of the high school students who have completed a CTE program of study go directly into the workforce (this includes the military) upon graduation. To better equip these students for the workplace, the state of Arkansas should require that every CTE program of study be linked to national certification available in that field. While some CTE programs, like automotive, provide certification, many do not. Such a requirement would provide a consistent offering of quality programs throughout the state and would go a long way in enhancing the skills and professionalism of Arkansas' workforce. It also would help better prepare the 55–65 percent of students who go on for postsecondary training. Requiring such certification is only the first step. Funds to administer national certification exams to Arkansas students are critical. Advanced Placement exams are funded by the Legislature and given at no cost to Arkansas students when they have completed the appropriate curriculum. National certification exams are the AP exams for working students. But presently, funds to pay for these opportunities are not available to the 35–45 percent of our students who go directly to work. These certifications allow our students leaving high school for the world of work to have

advanced placement on the job.

Equipment Costs. For school CTE programs to be effective, they must address needs specific to their community. To offer a new program of study, schools apply to DWE for approval and funding for the instructional equipment, non-consumable supplies, and program software required for that program. DWE receives more than 200 new program applications a year. Because of an appropriation capped at \$2.37 million for new program start-ups, DWE has been able to fund fewer than 40 percent of the applications each year. New programs in the future will become increasingly dependent on technology and subsequently will be more expensive to start and maintain. Currently, the state provides no resources to replace or update more than \$113 million already invested in equipment. When schools cannot replace or update necessary equipment, they are sometimes forced to end a program. Another corollary is that CTE must train students for the workforce of tomorrow; it cannot do that by using yesterday's technology.

Teacher Recruitment. Although there may be fewer schools and fewer teaching positions in the future as the school-age population declines, it will be harder to recruit teachers, especially to CTE fields, because of competition in the higher-paying private sector. Not only are CTE teachers licensed to teach, many of them have developed technical skills that transfer readily into industry and the corporate world. The following are a few suggestions to make the teaching profession more attractive:

- Offer higher teaching salaries. Special attention needs to be given to salaries for industry specialists who use the alternative certification route for a second career in teaching. Current teacher salary schedules only consider teaching experience and education when determining a teacher's salary. Thus, a new business education instructor with 20 years of real-world experience and alternative certification would only be paid a beginning teacher's salary – the same as a new teacher graduating from college with no real-world experience.
- More fully develop the Education Career Cluster at the high school level to get students seriously thinking about a teaching career. To develop this cluster, DWE needs buy-in from the state's colleges and universities and, possibly, additional staff.
- Change the mindset of parents that teaching is a low paying, thankless job.
- Improve the teaching environment. Teachers should not have to worry about guns in the classrooms, violent parents and students, etc. Teachers should not be babysitters, police, or substitute parents.
- Provide more scholarships for prospective teachers. Perhaps the loan forgiveness program could be expanded to encompass CTE teachers.
- Offer financial incentives to teachers. These could be signing bonuses, tax credits, or exemptions from state income tax.

Reaching Hispanic Students. Better career planning, beginning in grade school, should be available to all students, particularly Hispanics. Educators must also do a better job of overcoming language barriers for students and mentoring those secondary students who are entering a U.S. school system for the first time. As a side note, more research is needed on the

educational and career outcomes of second- and third-generation Hispanics in this country. Arkansas is currently dealing with a large first-generation Hispanic population, but by 2020, the third generation will be preparing for or entering the workforce.

Medical Professions. CTE is uniquely positioned to help address a projected shortage in the medical professions through its programs of study in the medical sciences. Through these programs, high school students can be certified in CPR and first aid, get a taste of medical careers, and build a strong foundation for postsecondary training in health sciences. These programs of study could be expanded by adding courses dealing with such areas as geriatrics. To add to students' preparation for the medical field, CTE sponsors Health Occupations Students of America (HOSA) and SkillsUSA chapters across the state. Both national student organizations focus on developing leadership in medical fields and offer state and national competitions in health skills. State and industry support are needed to keep these programs of study and student organizations strong and effective.

Secondary Area Technical Centers

BACKGROUND

Sponsored by high schools, education service cooperatives, or two-year colleges, [secondary area technical centers](#) offer CTE programs to high school students within a 25-mile radius. Each center draws students from several high schools, enabling the schools to provide high-cost programs that they otherwise could not afford. By participating in an area center, a local high school can offer six or more additional CTE programs of study at a greatly reduced cost. The state Board of Education increased the demand for the area centers by requiring all high school students to have six career focus units in order to graduate.

2006 STATUS

The following statistics are for the 2005-06 school year:

- 24 area centers are in operation,
- 187 high schools are sending students to area centers, and
- 36 different [programs](#) are available through the area centers (not all programs are available at each center).

CHALLENGES

Funding for secondary area technical centers comes from two sources – training fees from the high schools that send students to the centers and Vocational Center Aid, which is distributed by DWE. The money for the training fees paid by the high schools is part of the public school funding formula. Vocational Center Aid, the primary source of funding for the centers, is distributed through a DWE formula based on each center's pro rata share of the total full-time enrollment. Although the numbers of centers and students in the centers have grown, the total level of Vocational Center Aid, nearly \$10.3 million, has not changed since July 2000. If maintained at current levels, this funding will not adequately support the area centers in the future or allow for the establishment of centers in unserved areas.

The system of Secondary Area Technical Centers currently operating serves at the pleasure of the surrounding high schools. The center, whether hosted by a public high school or community college, provides technical training to high school students on an elective basis. As high schools consolidate, reducing the number of schools in an SATC service area, the possibility of restructuring the center or even closing it may become a reality. The concept of shared programs may be diminished with consolidation. The funding is designed to support area centers that serve multiple high schools. The reduction in the number of high schools may force SATC programs to become local programs. The question remains whether individual high schools could support some of the high-cost programs now available at the centers.

Arkansas Technical Careers Student Loan Forgiveness Program

BACKGROUND

To meet the increasing demand in Arkansas for a workforce qualified in various technical occupations, the General Assembly passed Act 652 of 1997, establishing the Arkansas Technical Careers Student Loan Forgiveness Program. Available to both full- and part-time students, the program offers forgiveness of up to \$10,000 in student loans – a maximum of \$2,500 for each academic year of student loans for a maximum eligibility of four years. (See <http://dwe.arkansas.gov/LoanForgiveness/atcslfp.htm> for program requirements.) Following graduation, participants must be employed full-time in Arkansas in a career field related to their program of study to be eligible for loan forgiveness; one year of qualifying employment is required for each year of loans to be forgiven.

Nearly 300 technical programs in the fields of computer/information technology, biomedical/biotechnology, and advanced manufacturing have been designated for loan forgiveness. These designated programs cover all undergraduate degree levels, including technical certificates, associate degrees, advanced certificates, and bachelor's degrees.

2006 STATUS

As the following statistics show, the program has been successful in encouraging students to go into these high-demand fields and to seek jobs in these fields in Arkansas after graduation:

- 11 four-year public universities, 27 two-year colleges, two technical institutes, and nine independent universities/colleges offer designated programs.
- 280 designated programs/majors are available in Arkansas in the three high-demand career fields of computer/information technology, advanced manufacturing, and biomedical/biotechnology.
- 1,182 students are “in process,” which means they have submitted an Intent to Apply Form and are enrolled in a designated program.
- 1,457 individuals have received loan forgiveness payments as of February 2, 2006.
- Slightly more than \$3.4 million in loan repayments have been made since August 10, 2000 (the date of first repayment).
- Students receiving loan payments generate an annual payroll in Arkansas of about \$25 million.

CHALLENGES

Funding. The program is funded through the General Improvement Fund. It has never had a solid funding source, so loan repayments have had to be suspended temporarily several times because of a lack of funding. With no increase in funding, it is likely that suspension of repayments will continue to occur as funding is depleted.

Increased Needs. Participation in the program continues to increase although no new career fields have been added since the program's beginning in 1999. If the program is to more aggressively recruit nontraditional students, additional funding will be required to accommodate an increased number of participants. Another issue is that the increasing amounts students can borrow may require the state to raise the per-student cap on loan forgiveness.

Covered Fields. This program was created for students going into high-demand technical fields that addressed critical workforce needs in Arkansas. Every year, the State Board of Workforce Education and Career Opportunities must approve the high-tech fields that qualify for the program. These fields have not changed since the program's inception in 1999. The fields and the training programs approved will need to be evaluated and probably changed as the high-tech demands of 2020 are likely to differ from those of 1999.

GENERAL ISSUES OF CONCERN IN EDUCATION

Accreditation

Colleges and universities are required to spend much time and money on meeting the requirements of the National Council for Accreditation of Teacher Education (NCATE) while the teacher shortage has led the state and federal government to provide a multitude of ways an individual can become a teacher in Arkansas without going through an NCATE accredited program.

Example 1

The Non-Traditional Licensure Program (NTLP) is an alternative route to teacher licensure administered by the Arkansas Department of Education which allows a candidate with a Bachelor's degree or higher* to be employed as a classroom teacher while completing the necessary requirements for an Initial or Standard Arkansas Teaching License.

The Arkansas Department of Education Non-Traditional Licensure Program (NTLP) is a progressive and innovative program designed to prepare eligible candidates to enter the classroom as teacher-of-record while earning an Arkansas teaching license. Each NTL applicant has a minimum of a Bachelor's degree and has met all testing and other requirements. Each NTL teacher attends instructional modules and is assigned a Pathwise certified mentor who provides support and focused feedback to facilitate the NTLP teachers' mastery of successful teaching practices.

Example 2

The Department of Education establishes the operating rules that govern the schools where Troops to Teachers participants who accept financial assistance may fulfill their three-year teaching obligation. There are revised rules which determine these eligible schools. These revised rules will take effect for anyone registering in the Troops to Teachers program on or after the implementation date of September 15, 2005.

Those eligible for elementary and secondary teacher Referral and Placement Assistance Services must meet the following criteria:

- Service Requirements: 1) Military personnel who have retired, 2) Active duty personnel who separate with six or more years of service on or after October 1, 1990, or 3) Current members of the Selected Reserve with six or more years of creditable service towards retirement. The last period of service must be honorable. Those selected to participate in the Program before retirement, separation, or release from active duty may continue to participate only if the last period of service is characterized as honorable.
- Educational Requirements: Must hold a Baccalaureate or advanced degree from an accredited institution at the time of registration for academic teacher referral - or - have the equivalent of one year of college with six years of work experience in a vocational or technical field or meet state requirements for vocational/technical teacher referral.

According to the Department of Education, in the first section of this document, “the State is beginning to pursue other licensure ideas in addition to the current Traditional/collegiate and the

Non-Traditional Licensure Programs. For the time being we'll refer to this as an Adjunct License, which will be an asset for Districts shortly and in 2020." This would appear to offer a third alternative to licensure that does not require the NCATE accreditation that is required for graduates of the universities in the state.

Close to 50 percent of newcomers leave the profession during the first five years of teaching (Darling, Hammond, & Schlan, 1996). Impending retirements are expected to exacerbate the need for additional teachers entering the profession.

Higher Education Funding

Because there is a state mandate for public education but no such mandate for higher education, teacher salaries have increased much more rapidly than salaries for faculty in higher education. The increasing salaries of elementary and secondary education teachers have put the Department of Workforce Education, the Department of Education and, to some extent, the Arkansas Department of Higher Education in competition for those in the education professions at a time when the numbers of individuals pursuing teaching careers are decreasing.

The following table shows the historical percentage of the total Educational and General (E&G) budget for higher education that has been funded by state appropriations (ADHE Data) from fall of 1997 until fall of 2003.

**Table 22. Percent of Total E&G Budget for Higher Ed Funded by State Appropriations
(Fall '97 – Fall '03)**

1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
0.6471095	0.632432	0.6345779	0.6132192	0.5975381	0.5649042	0.549302

Based on these data, and projecting to the year 2020, the state is predicted to be providing only 13.4% of E&G (using Holt's linear exponential smoothing). As the cost of providing education increases due to inflation, salary increases, infrastructure costs, etc., the percentage of funding coming from the state has continued to decline. The difference has historically been made up by increasing tuition and fees.

The table below shows the cost of tuition and fees for the 4-year public institutions in Arkansas from fall of 2001 to fall of 2006 (*Chronicle of Higher Education* data) and compares the Arkansas average to the National average. Although in each year the cost to attend a 4-year public institution in Arkansas is below the national average, if the trend continues, the projected average cost of tuition and fees in Arkansas will reach \$7,952 by 2020 and the national average will be \$12,856 (using Holt's linear exponential smoothing).

**Table 23. Cost of Tuition & Fees for 4-Yr. Public Institutions, AR vs. US
(Fall '01 – Fall '06)**

	2001/02	2002/03	2003/04	2004/05	2005/06
State Average	\$2,785	\$3,006	\$3,387	\$3,714	\$4,010
National Average	\$3,351	\$3,506	\$3,746	\$4,059	\$4,630

College enrollments may begin to decline due to much smaller increases in the youth end of the population age continuum. As a result, colleges may have to develop new clientele to remain viable (older students, retirees, businesses, etc.).

The technology infrastructure must be enhanced to allow more “on demand” educational opportunities and new methods of educational delivery that does not rely on “bricks and mortar”.

The infrastructure in education, both K-12 and higher education, that was developed to handle the large numbers of the boomer generation may result in older and unnecessary buildings and increased maintenance costs.

Hispanics, an increasingly larger portion of the population, are among the least likely groups to continue to college or to graduate if they enroll in college.

Shortage Areas

Nursing is already a shortage area and many more nurses may be needed to deal with an aging population. According to ADHE information provided in an earlier section of this report, all state programs that produce nurses are currently enrolled at their maximum and have been at the maximum since 2001.

There will be a need for increased numbers of health care professionals in all areas and particularly those who are trained in gerontological medicine. Training for nearly all health related occupations may need to be significantly increased. In addition to ramping up the healthcare preparation capacity, some type of incentive and/or educational efforts may need to be identified that will provide an impetus for more individuals to enter the healthcare fields and to encourage the development of more public and private nursing facilities.

Retirement

Projections indicate that by 2020, when all baby boomers will be 55 years or older, people in the 55–64 age group will represent 15.3% of the labor force and those in the 65-and-older age group will account for 5%. Statistics also indicate that the trend in labor force participation has been earlier retirement than in past years. The labor force participation rate for men aged 55 to 64 dropped about 20% from 1950 to 2003. (US Census Bureau, 2005.)

Retirements in all areas of education may create significant shortages, particularly in higher education where some specialties are already difficult to recruit. “Given the decline in the number of PhDs produced in total by U.S. universities in recent years and the large share of American faculty rapidly approaching retirement ages, a major problem facing American higher education is from where our next generation of professors will come” (*Key Issues Currently Facing American Higher Education* by Ronald G. Ehrenberg, paper presented at the NACUBO annual meetings, Milwaukee, WI, July 2004).

Large numbers of retirements in a relatively short period of time may have an adverse effect on the Arkansas Teacher Retirement System. By 2020, the ratio of workers contributing to the ATRS to retirees in the system is projected to be only 1.23 to 1.

The tax base for public schools may be negatively impacted by the projected population changes

(fewer people in the tax producing years, a large increase Hispanics who are historically lower income and therefore pay less in taxes). The baby boomers who are rapidly retiring are typically the highest income and therefore the highest tax paying group.

Data provided by the Department of Education were used to identify issues that might be associated with teacher and administrator retirements by the year 2020. As expected, it was determined that more than 45% of current public school administrators (285 out of 630) and more than 31% of current teachers (11,310 out of 35,690) will be eligible to retire by the year 2020. The figures used are based on a potential retirement age of 67. Obviously, not all teachers or administrators can be expected to retire at age 67. However, just as obviously, some can be expected to retire prior to age 67.

The potential public education retirements in Arkansas are not evenly distributed across school districts. The following 44 school districts will have between 40% and 64% of their current teaching staff eligible for retirement by 2020 (based on a potential retirement age of 67 and using data provided by the Arkansas Department of Education):

Altheimer Unified School District	64%
Augusta School District	45%
Barton-Lexa School District	41%
Cedarville School District	41%
Deer/Mt. Judea School District	41%
Dermott School District	50%
Devalls Bluff School District	50%
Dewitt School District	40%
Dollarway School District	52%
Earle School District	45%
England School District	47%
Eureka Springs School District	46%
Greenland School District	46%
Hampton School District	44%
Hartford School District	41%
Hermitage School District	53%
Hughes School District	46%
Imboden Charter School District	50%
Jasper School District	44%
Jessieville School District	44%
Junction City School District	46%
Kirby School District	42%
Lakeside School district	46%
Lead Hill School District	48%
Marked Tree School District	45%
Mayflower School District	40%
Melbourne School District	47%
Mt. Vernon/Enola School District	42%
Nevada School District	44%
Ouachita School District	47%

Ozark Mountain School District	41%
Parkers Chapel School District	44%
Pine Bluff School District	44%
Prescott School District	41%
Quitman School District	56%
Riverside School District	41%
Rose Bud School District	52%
Scranton School District	40%
Stephens School District	59%
Texarkana School District	43%
Viola School District	46%
Waldo School District	56%
Watson Chapel School District	45%
White Hall School District	43%

The following 41 school districts will have between 40% and 100% of their administrators eligible for retirement by 2020:

Arkansas School for the Blind	100%
Barton-Lexa School District	75%
Blytheville School District	90%
Caddo Hills School District	100%
Cedarville School District	60%
Corning School District	71%
Crossett School District	60%
Dardanelle School District	50%
DeQueen School District	86%
Dermott School District	67%
Dewitt School District	50%
Earle School District	100%
East End School District	57%
Eudora School District	75%
Fountain Lake School District	67%
Hampton School District	50%
Harmony Grove School District	50%
Hillcrest School District	60%
Hope School District	56%
Hot Springs School District	100%
Hughes School District	50%
Izard County Consolidated School District	67%
LaFayette County School District	60%
Magnolia School District	83%
Marvell School District	70%
Mineral Springs School District	100%
Mountain Home School District	54%
Mountainburg School District	67%

North Little Rock School District	63%
Newport School District	56%
Pine Bluff School District	100%
Prescott School District	67%
Pulaski County Special School District	57%
Russellville School District	100%
Smackover School District	50%
So. Mississippi Co. School District	71%
Twin Rivers School district	67%
Waldo School District	50%
Watson Chapel School District	50%
Westside Consolidated School District	69%
White Co. Central School District	100%

The following 26 higher education institutions could lose between 33% and 53% of their faculty by 2020 (based on a retirement age of 67 and using data provided by the Arkansas Department of Higher Education):

Arkansas State University – Beebe	43.8%
Arkansas State University – Jonesboro	41.6%
Arkansas State University – Mountain Home	44.7%
Arkansas State University – Newport	37.8%
Arkansas Tech University	39.2%
Black River Technical College	34.7%
Cossatot Community College	44.4%
East Arkansas Community College	37.5%
Henderson State University	42.5%
North Arkansas College	51.0%
Northwest Arkansas Community College	44.4%
Ozarka College	40.6%
Phillips Community College	38.1%
Pulaski Technical College	36.4%
Rich Mountain Community College	40.0%
Southern Arkansas University – Magnolia	40.9%
Southern Arkansas University – Tech	33.3%
UA Community College – Morrilton	34.7%
UA Community College – Hope	39.5%
University of Arkansas at Little Rock	50.7%
University of Arkansas at Monticello	44.0%
University of Arkansas at Pine Bluff	53.2%
University of Arkansas, Fayetteville	41.9%
University of Arkansas, Fort Smith	43.2%
University of Central Arkansas	39.3%

Other potentially challenging findings based on analysis of the data received from the Arkansas Department of Higher Education

- 1) ATU could lose 84.6% (11 out of 13) of its executive administrators by 2020 and 39% of its current full-time faculty.
- 2) UAMS could lose 79.3% (23 of 29) of executive administrators.
- 3) UAPB could lose 100% (all 5) of its executive administrators and 53% of its faculty.
- 4) Arkansas higher education could be losing as much as 35.5% of the faculty in health fields and 38.7% of the faculty in science fields to retirement by 2020; areas that are already critical and difficult to fill.

Accessibility

College affordability for financially needy students has been in almost continuous and very substantial decline since about 1980. From 1862 to 1980 nearly every federal, state and institutional policy decision was directed toward broadening opportunity for college enrollment. Since 1980 nearly every major federal, state and selective admission 4-year college and university policy initiative and budget allocation has served students born into the most affluent families. Students from lower income family backgrounds who are most dependent on government and institutional policy decisions have been largely ignored for the last twenty-six years. We have shifted course: from progressive policies between 1862 to 1980 to regressive policies since 1980, from inclusive to exclusive, from expanding opportunity for higher education to limiting opportunity.

In the last several years, as noted above, the focus of scholarship growth has been on attracting the most academically prepared students to higher education. While that is an excellent endeavor, it often comes at the expense of those students who may have greater financial need but also have the capability to successfully complete college. Research has long borne out that there is a very high correlation between socioeconomic status and academic preparation. In other words, those students who perform best academically, as determined by ACT scores and high school grade point average, are also likely to be from families with more education and a higher income than those who perform less well. This may be particularly pertinent in Arkansas where the percentage of students qualifying for free lunch in high school (a recognized indicator of poverty) is increasing over the last several years and was at more than 55% in 2004. The current focus on merit scholarships, at the expense of need-based scholarships, is detrimental to providing access to higher education for many Arkansas students.

The differences in college enrollment by family income quartiles is nearly as large today as they were thirty years ago (*Trends in College Pricing 2003*, figure 11). For those families in the lowest income quartile (\$17,900) the cost of attending a four-year public institution now requires 37% of the family income after adjusting for any grant aid the student might receive. For those in the second quartile (\$46,100) only 19% of the family income is required after adjusting for grants (*Trends in College Pricing 2005*).

Arkansas higher education institutions are required to ask citizenship questions on admissions forms in the form of whether the individual is a U.S. citizen and/or the place of birth. If the individual answers honestly that he or she is not a U.S. citizen or that he or she was born in a country other than the United States, he or she is immediately labeled an international student

and required to pay out-of-state tuition. Typically out-of-state tuition is twice the cost of in-state-tuition. It is appropriate to ask questions about residency and place of birth. However, in those cases where the applicant is a graduate of the Arkansas public school system (as is the case for many Hispanic students in Arkansas) it does not seem fair to automatically consider the applicant an out-of-state student.

Hispanic students are typically from a lower socioeconomic background and least likely to afford the cost of college attendance. Hispanics are especially impacted when the cost is doubled by being labeled as international students and therefore charged at the out-of-state rate. As the Hispanic population continues to grow, if something is not done to provide greater access to postsecondary education, we can expect the disparity between the Hispanic income and education gap and the rest of society to continue to grow. Given the out-of-state tuition requirement noted above, it is not surprising that the college going rate of Hispanic high school graduates in Arkansas is 20% less than the national Hispanic college-going average.

Chapter 5, Public Safety

Background on the Senior Justice Center

The Senior Justice Center was founded in 2005 and is housed in the UALR Department of Criminal Justice. It is the only such center in the nation that uses student interns to directly address crime against the elderly. The mission of the Center is to address crime against the elderly at the grass roots level and the policy level by using community seminars, presenting at scholarly conferences, serving on boards/commissions, operating a hotline, and completing research.

The Center has made a positive impact and received extensive publicity via television and radio. The primary visibility of the Center comes from community-based seminars in which student interns present crime information to seniors and actually use scenarios (a criminal justice training technique) to educate seniors on how to avoid crime. Additionally, the Center is at the heart of efforts to educate current professionals and future professionals by working with education and service organizations.

The criminal justice system is scarcely accessible to senior citizens with no prior education in using it and who often have disabilities and impairments, and no access to the internet or a telephone. Thus, if a senior citizen is a victim to a crime, he or she does not have access to the resources necessary to take action and/or prevent further crimes against him or her. Unfortunately, many crimes against seniors could have been prevented with better education on the nature of crimes typically committed against the elderly. According to Susan Herman, the executive director of the National Center for Victims of Crime, as stated in 1999, 20% of senior citizens are victims of fraud.⁶

The Hotline phones are operated by interns of the Center, and these interns come from all backgrounds, including business, criminal justice, medical science, and history. Callers are assisted directly by the interns or referred to an organization that can assist them. Every semester, Senior Justice Center interns give presentations at senior citizen centers professional conferences, and issue Continuing Education Units (CEU) via UALR on Identification, Investigation, and Prevention of Crime Against the Elderly. Some seminar topics presented include: home invasion and robbery, nursing home abuse, identity theft, crime against elderly having developmental disabilities, insurance scams, elder abuse and mandated reporters, and lottery scams.

The Senior Justice Center uses access to many senior citizens and to professionals who work with senior citizens in order to discover more about the issues of crime against the elderly. The Center facilitates the Arkansas Senior Citizen Crime Survey which collects self-reported data on actual crime and perceptions on crime. The importance of the survey is that understanding of current problems is gained and policy-makers can become more aware of views held by senior citizens and those working with senior citizens. Additionally, the Center works with other UALR departmental centers and researchers on various projects (e.g. The Center for the Study of Environmental Criminology).

⁶ Susan Herman, Executive Director, National Center for Victims of Crime (1999)

Chapter 5

Public Safety - Executive Summary

“Today, more and more companies are realizing that they can’t compete successfully in the 21st century with organizations based on 19th-century designs. In the development of architectural design there are four contributing factors: purpose, structural materials, architectural style, and collateral technology.”⁷ A similar approach is needed when addressing public policy formulation and implementation. When applied to public policy, the architectural design model implies that as society moves toward the future, policy-makers must rely on new knowledge and applications, rather than previously accepted knowledge and applications, in order to address new issues. The need for new knowledge and applications is very relevant to the issue of public safety in Arkansas and was the basis for the mandate of the Arkansas Legislature to conduct research to identify needed resources and issues that will arise as the population of Arkansas changes.

This research specifically addressed public safety in Arkansas and provides specific findings on central research questions designed to promote discussion about current and future issues. This public safety study is divided into four major parts. The first part provides information on the study itself and on the methods used to collect and analyze response data on 1) crime, 2) fire and emergency medical services (EMS), 3) homeland security, and 4) other public safety issues. The second part provides an understanding of public safety in general within Arkansas. The third part provides an understanding of specific public safety problems for Arkansas’ senior citizens in the period 2006–2020. The final part provides overall findings and their implications for public safety in Arkansas in terms of similarities and dissimilarities on the issues and perceptions identified by state agencies.

In short, this study found that agencies charged with implementation of public safety in Arkansas are cognizant of the broad scope of this research. Several current factors (e.g., funding priorities and authority) impact the ability to serve the target group(s). Unless resource and public safety organizational cultural issues are addressed soon, the drastic population and technological changes in Arkansas will negatively impact those agencies attempting to deal with future demands; especially public safety needs of senior citizens. The findings of this research indicate that 40 percent of similarities centered on funding to directly impact programs and retention of high-caliber employees to address current and future mission issues. Twenty-five percent of similarities centered on respondents recognizing demographic issues but not feeling that public safety policy should be changed. Thirty-five percent of similarities centered on the belief that more agency employee training is needed. Eighteen percent of the dissimilarities centered on beliefs about the impact of the Hispanic population growth in terms of perceptions identified, with some agency representatives indicating that Hispanics and their needs can surpass the ability of agencies to incorporate programs effectively. Nine percent of the dissimilarities noted by the research team were related to funding inadequacies and concern about the ability to realistically prepare short- and long-term budgets based on the respondents’ beliefs that future funding priorities from the legislature might shift in order to address the “hot topic” of the time (e.g., terror). Seventy-three percent of the dissimilarities centered on priorities; mostly due to the agencies’ differing responsibilities and resources connected to public safety. The theoretical

⁷ Nadler, David A. and Michael L. Tushman, *Competing by Design: The Power of Organizational Architecture* (New York/Oxford: Oxford University Press 1997); pp.7-8.

framework included in this report (Chart 37) was confirmed when the agencies charged with public safety services in Arkansas explicitly indicated their understanding of the role of other agencies (in terms of addressing their agency missions) and advocacy groups in more effectively addressing public safety issues. Agency representatives included within this study indicated that inclusion of additional advocacy groups should be made a priority in legislative policy-making, agency policy-making, and implementation of services; especially underrepresented groups for which there is a broad lack of understanding (e.g., elderly, disabled, and minorities).

Chapter 5, Part A. Introduction to the Study and Methodology

INTRODUCTION

The purpose of this section is to describe the public safety issues impacting Arkansas and the identify resources to address those issues. Much of the data collected points to serious effects from expected demographic shifts and the need for policy-makers, implementers, and the public in general to share responsibility in filling the prescription.

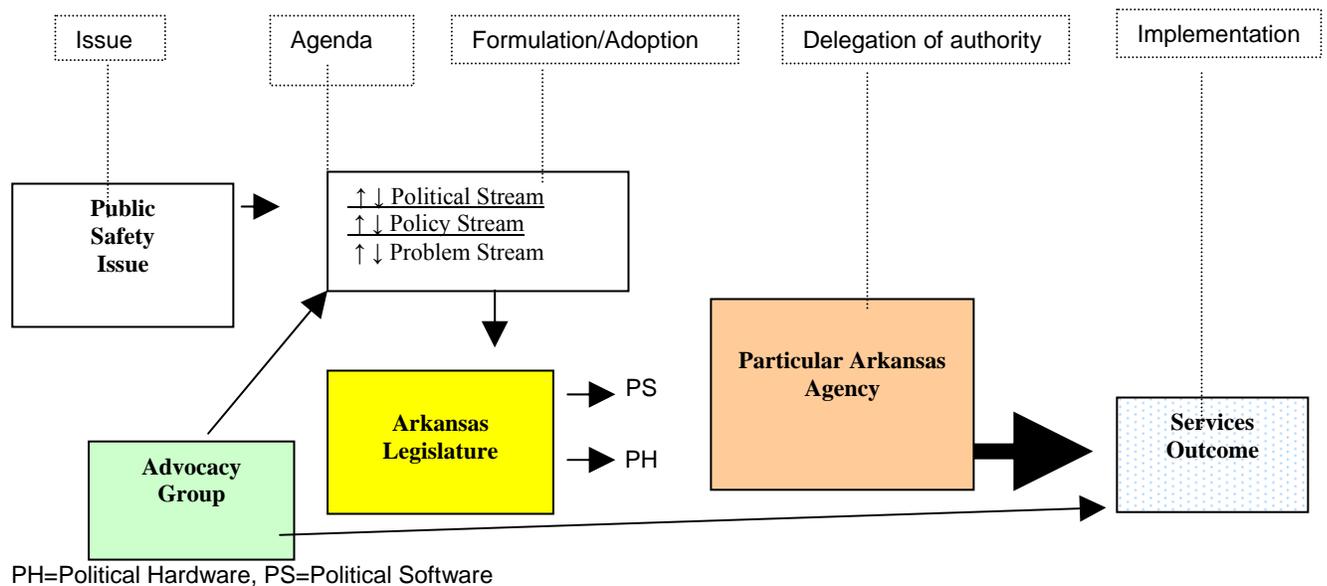


Chart 37. Framework for Analysis: Model of the relationship between a state-level agency's organizational culture and how public safety services are provided.

In order to understand the current and future issues of public safety policy implementation by state agencies within Arkansas, we used eight state agencies as case studies to answer the central research questions. Primary and secondary data was provided by agency officials. We employed triangulation (the application and combination of several research methodologies) of case study aspects to answer our central research questions. The pros and cons of a program implementation type of case study were teased-out based on each agency's responses. A data collection grid was used in order to complete pattern-matching analyses⁸ in terms of similarities and dissimilarities. Where possible, the data collected were quantified using tables (found within each section of this report). The overall theoretical framework and how the variable of implementation was operationalized are shown in Chart 37 (below). Finally, a peer review process with other Arkansas 2020 Subcommittees was completed in order to address issues of uniformity in

⁸ Yin, Robert, K., *Case Study Research: Design and Methods* (Newbury Park, California: Sage Publications, 1989); p.213.

reporting. This process addressed both face validity and reliability.⁹

The focus on public safety policy implementation was current and longitudinal (to the year 2020). This current and longitudinal focus examined the overall population of Arkansas and more specifically looked at the impact of a growing population of older Arkansans due to the significant demographic changes predicted for Arkansas. Toward this end, the research team met with the most relevant stakeholders in person or via phone, email, or facsimile. The result was the compilation of three data sets: 1) a primary set consisting of responses from government official respondents, 2) a secondary set consisting of statistical reports from government agencies, and 3) a mixed primary and secondary set consisting of material from advocacy groups who are focused on public safety issues in Arkansas and who play some role in implementation of public safety directives.¹⁰ This methodological approach was used to understand the issues before the Arkansas Legislature from the standpoints of those agencies implementing programs/services and those directly related to recipients of programs/services (i.e., advocacy groups). This approach (see Chart 38) necessitated the focus on five groups in order to stratify the validity and reliability of resource coverage.

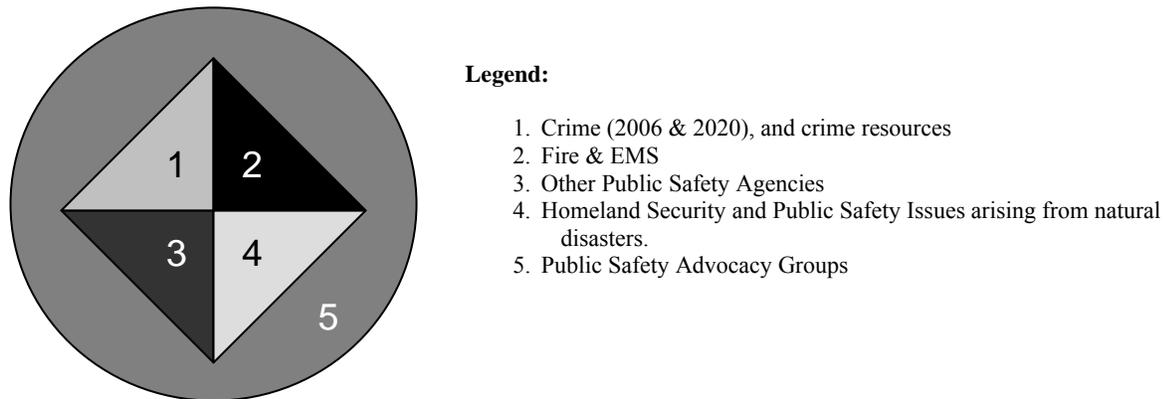


Chart 38. Arkansas 2020 Public Safety Subcommittee Research Focus Diagram

CENTRAL RESEARCH QUESTIONS

Based on the foci identified in Figure 2, the central research questions were formulated in order to understand current and future needs and resources. The central research questions were split into two categories and were provided to state agencies. The first category consisted of seven questions designed to understand each agency, the agency mission, use of resources, responsibilities, and any factors affecting implementation that the agency identified. The second category consisted of three questions designed to specifically delve into senior citizen-related issues. These two sets of questions are provided in Table 24. Chart 39 presents those state agencies that provided responses, although several other agencies were also provided the central research questions based on their attendance at a stakeholder meeting at the Arkansas State

⁹ William, M.K. Pattern Matching for Construct Validity (Trochim: 2001).

¹⁰ Regardless of the advocacy group having an official relationship with state government or not.

Capitol.¹¹

Table 24. Research Questions Asked of Arkansas Agencies

Category 1 Public Safety Agency's Mission, Work, and Anticipated Changes

1. What resources does your agency have to address public safety (please be specific about safety issues) [e.g., employees, equipment, coverage of territory]?
2. Please give a brief description about what your agency does.
3. Can you provide us with a demographic breakdown of your employees? groups of patrons served (if applicable)?
4. What problems does your agency face now in its daily efforts?
5. What problems do you anticipate your agency facing in the year 2020?
6. In order to alleviate these problems, what do you think should be done (in general)?
7. What types of policy change will be necessary to handle the changing demographics of the state within the realm of your agency?

Category 2 Public Safety Agency's Senior Citizens Stances

1. What public safety issues does your agency have impacting Senior Citizens?
2. What current resources does your agency have to deal with issues impacting Senior Citizens?
3. What within your agency would you like to see happen to help Senior Citizens as the population grows in 2020?

Crime -----	Arkansas Crime Information Center, Arkansas Department of Community Corrections, Arkansas Department of Corrections
Fire & EMS -----	Arkansas Forestry Commission Firewise, Arkansas Fire Prevention Commission
Other Public Safety Agencies -----	Arkansas Game & Fish Commission, Arkansas Highway Transportation Department
Homeland Security -----	Arkansas Department of Emergency Management
Public Safety Advocacy Groups -----	Adult Protective Service, Arkansas Disability Rights, Aging and Disability Resource Centers, Partners for Inclusive Communities, Arkansas Coalition Against Sexual Assault

Chart 39. Public Safety Agencies and Advocacy Groups That Address the Foci Shown in Chart 38.

¹¹ See Acknowledgements section for complete list of attendees.

Chapter 5, Part B.

Understanding Public Safety in General in Arkansas

INTRODUCTION

The purpose of this part of the report is to provide a uniform presentation of responses to the central research question from each public safety agency (as shown in Figure 3) on the matter of public safety in general. Several attempts to collect data (i.e., data sweeps) were completed in order to obtain responses for each theme identified herein.

THEMATIC FINDINGS

The following material is presented according to the stratification chosen at the beginning of this study. The five categories of material were: 1) crime, 2) fire and emergency medical services, 3) other public safety issues, 4) homeland security, and 5) public safety advocacy groups.

Crime

ARKANSAS CRIME INFORMATION CENTER

Responsibilities

The Arkansas Crime Information Center (ACIC) is responsible for maintaining a complete and accurate database of criminal history records, including arrests, pleas, sentences, pardons, and expungements. It is also responsible for providing a secure network statewide for criminal justice agencies to enter and receive information.

Resources Addressing Public Safety

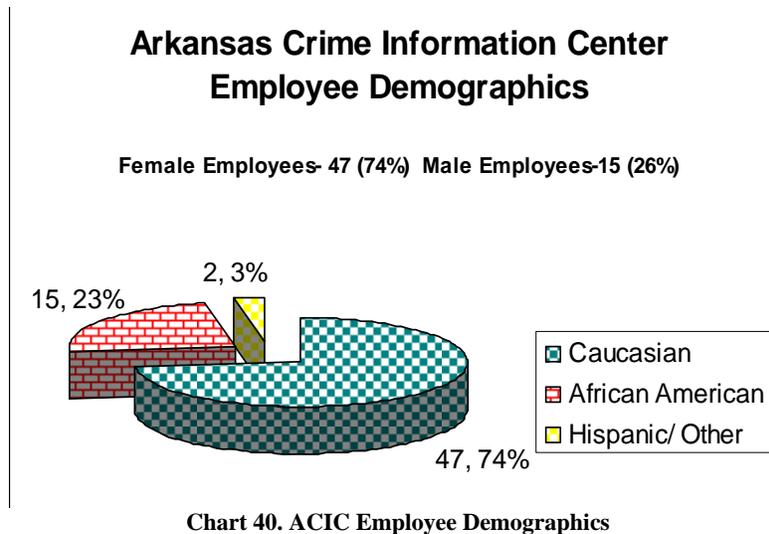
ACIC administers automated criminal justice information for the State of Arkansas in a timely manner in order for the ACIC to include accurate and reliable data to both the public and law enforcement. There are four major resource departments: 1) Operations and Special Services Division, 2) Criminal History Division, 3) Information Services Division, and 4) The Administration Division.

Demographic Breakdown of Employees

ACIC has a total of 64 employees which breaks down as follows: 17 males, 47 females; 15 African Americans, 47 Caucasian, and 2 Hispanic/Other.

**Table 25. Employee
Demographics**

Gender
15 males
47 females
Race/Ethnicity
15 African Americans
47 Caucasians
2 Hispanic



Current Issues

ACIC reports that its area of greatest concern is lack of funding and employees.

Future Issues

ACIC believes that its problems for the year 2020 surround the need for future technology to meet increasing security requirements, based on dramatic demographic changes in the last 15 years.

General Solutions

ACIC believes it can solve some of these concerns by making sure that all employees receive adequate exposure and training to stay knowledgeable in their field.

Recommendation for Policy Change to Handle Changing Demographics

ACIC's only concerns are an increased workload of cases and law enforcement data requests.

ARKANSAS DEPARTMENT OF COMMUNITY CORRECTIONS

Responsibilities

The mission of the Arkansas Department of Community Corrections (DCC) is "To promote public safety and a crime-free lifestyle by providing cost-effective community-based sanctions and enforcing State laws and court mandates in the supervision and treatment of adult offenders."

DCC primarily handles adult probation supervision and supervision of those paroled/released. The agency also provides care, custody, and treatment of minimum security offenders and administers residential programs for technical violators. The Drug Courts function as a means for supervision and administration of drug offenders and rehabilitation programs. It aspires to develop nontraditional alternatives to prison.

DCC Programs

Table 26 is a list of programs offered by DCC to address public safety issues for all demographic groups.¹²

**Table 26. Department of Community Corrections
Programs**

Basic Supervision (Probation & Parole)
Boot Camp
Community Correction Center
Community Service
Community Work Transition
Day Reporting Center
Drug Court
Economic Sanctions
Educational/Employment/Vocational Programs
Electronic Monitoring
Home Detention
Mental Health Services
Residential Substance Abuse Treatment Program for State Prisoners
Restitution
Specialized Caseloads
Substance Abuse Treatment

Resources to Address Public Safety

A disaster plan exists to protect employees of the agency and residents of the agency's programs. It includes contingency locations for offenders housed in corrections centers, alternate supervisory structure, and information to restore service and equipment. DCC has the ability to continue statewide operation given any emergency situations.

Demographic Breakdown of Employees (and Patrons)

Chart 41 provides a breakdown of the Department of Community Corrections' employee demographics based on the representation of only half (555) the number of active employees to provide a representative sampling of the 1,109 active employees. Table 27 provides the same data as Chart 41, but along gender and race/ethnicity lines.¹³

¹² This information on programs is from the DCC website.

¹³ Data provided by the Arkansas Department of Community Corrections. Edited by Sheri Davis and April Jones.

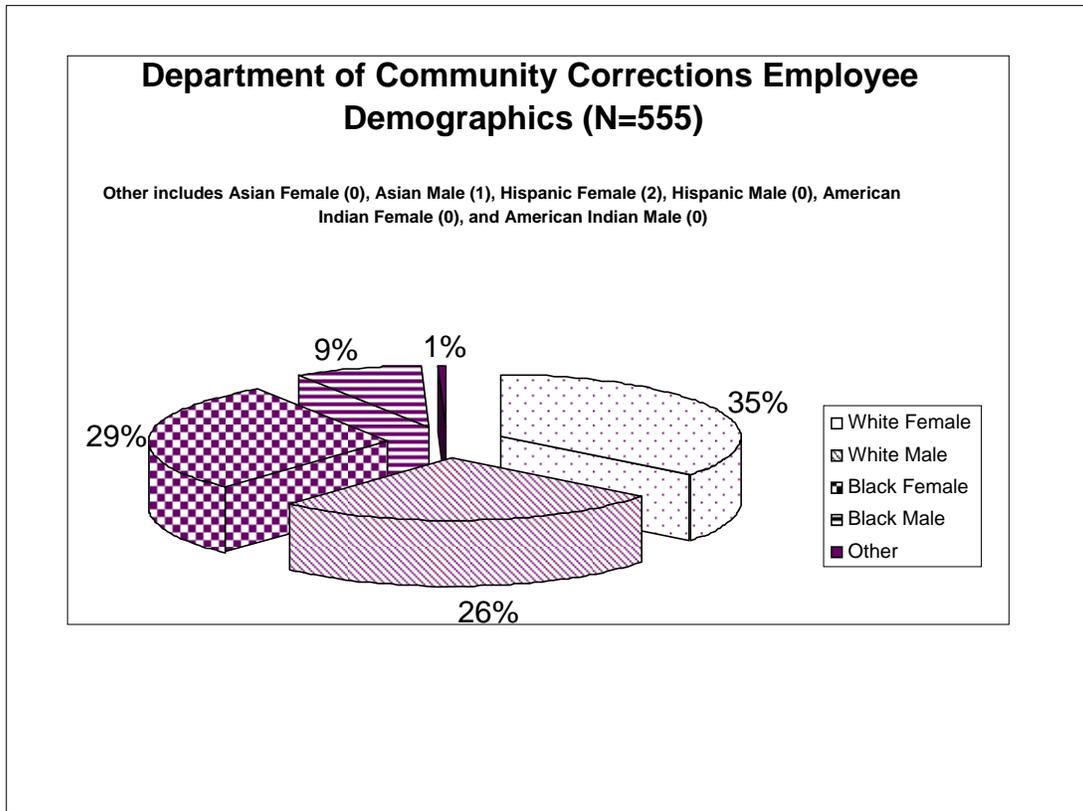


Chart 41. Arkansas Department of Community Corrections Employee Demographics

Table 27. Department of Community Corrections Employee Demographics

Race/Ethnicity & Gender	
White Female	197
White Male	147
Black Female	160
Black Male	48
Asian Female	0
Asian Male	1
Hispanic Female	2
Hispanic Male	0
American Indian Female	0
American Indian Male	0
Total	555

Current Issues

There has been continuous addiction/drug/alcohol abuse among over 50,000 offenders under supervision and a need for mental health services. There remains a need for more intense supervision of the growing number of specialized caseloads such as sex offenders, dually

diagnosed, and substance abusers.

Future Issues

The agency predicts that by the year 2020 there will not be enough treatment beds to handle offenders who need intense substance abuse and mental health treatment, nor enough safe, chemical-free residential facilities for offenders leaving prison to interrupt the crime cycle (keep offenders from having to return to the same area and activities that got them in prison initially).

Future Plans

Based on demographic projections, DCC would like to be in a position to meet several predicted problems. 1) DCC needs to have increased treatment funds to reflect demographic needs. 2) There is a need to more easily offer chemical-free structured living facilities (transitional housing). 3) DCC needs to provide additional supervision. 4) DCC needs to provide increased specialty training.

Recommendation for Policy Change to Handle Changing Demographics

Several recommendations were made in terms of changing either law or promulgation of regulation within DCC. DCC recommends that more Spanish-speaking individuals be employed by DCC. Additional supervision staff and specialized officers are also needed; specifically mental health counselors, polygraphists, and treatment counselors for sex offenders. Additional programming funds will be needed to address demographic changes, and a hopeful expansion of drug courts and transitional housing should be reviewed for adequacy.

ARKANSAS DEPARTMENT OF CORRECTION

Responsibilities¹⁴

The vision of the Arkansas Department of Correction (ADC) is to be an elite correctional organization dedicated to public safety through ethical, innovative, and professional leadership at all levels, delivering superior services to the citizens of Arkansas.

The mission of ADC is to: provide public safety by carrying out the mandates of the courts; provide a safe humane environment for staff and inmates; provide programs to strengthen the work ethic; and provide opportunities for spiritual, mental, and physical growth for inmates.

Resources Addressing Public Safety⁵

A variety of resources, in the forms of administrative policies, employee training, and inmate rehabilitation, enable successful operation of the ADC, all of which are administered by employees of the ADC. There are resources in the forms of publications consisting of Administrative, Procurement, and Religious Services Policy Procedures. And the ADC makes use of Constituent Services for the inmate population to address non-criminal complaints about conditions of confinement. By working to resolve legitimate concerns, communication between the agency and the families and friends of inmates can be enhanced.

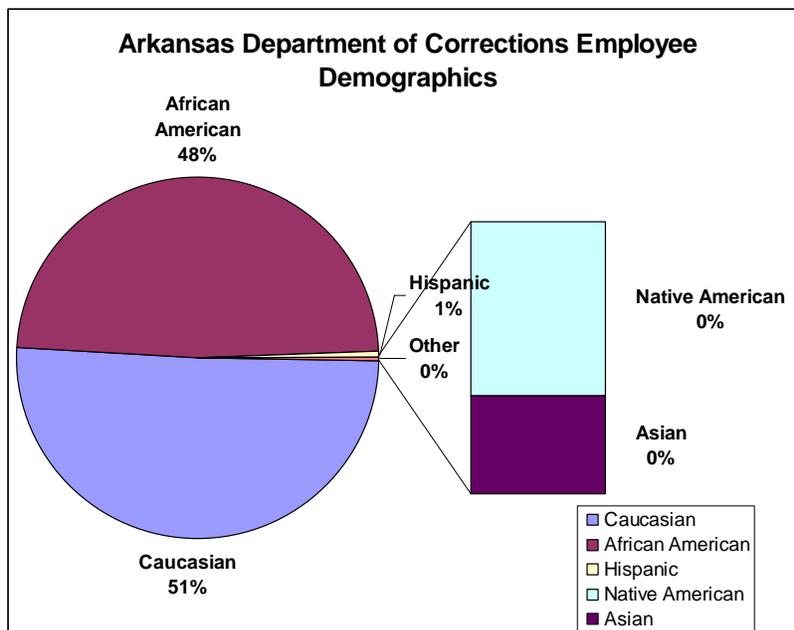
Demographic Breakdown of Employees and Inmates

¹⁴ Information provided by the Arkansas Department of Corrections website.

The following series of tables and figures provide a demographic breakdown of employees and inmates according to gender and race/ethnicity. The figures show the ratio of employees to inmates within the Department of Correction. And they provide important forecasts of demographic areas of high and low concentration as we progress towards the year 2020.

**Table 28. Arkansas Dept. of Corrections
Employee Demographics**

Gender	Total
Male	2,082
Female	1,557
Total	3,639
Race/Ethnicity	
Caucasian	1,841
African American	1,764
Hispanic	20
Native American	9
Asian	5
Total	3,639



**Chart 42. Arkansas Department of Correction
Employee Demographics**

**Table 29. Arkansas Department of Corrections
Statistical Inmate Profile Demographics**

Race/Ethnicity	Gender		Total
	Male	Female	
Caucasian	5,316	684	6,000
African American	5,618	335	5,953
Cuban	7	0	7
Hispanic	141	12	153
Mexican	24	0	24
Native American	9	4	13
Asian	18	1	19
Other	11	0	11
Unknown	1	1	2
Total	11,145	1,037	12,182

Arkansas Department of Corrections Statistical Inmate Profile Demographics

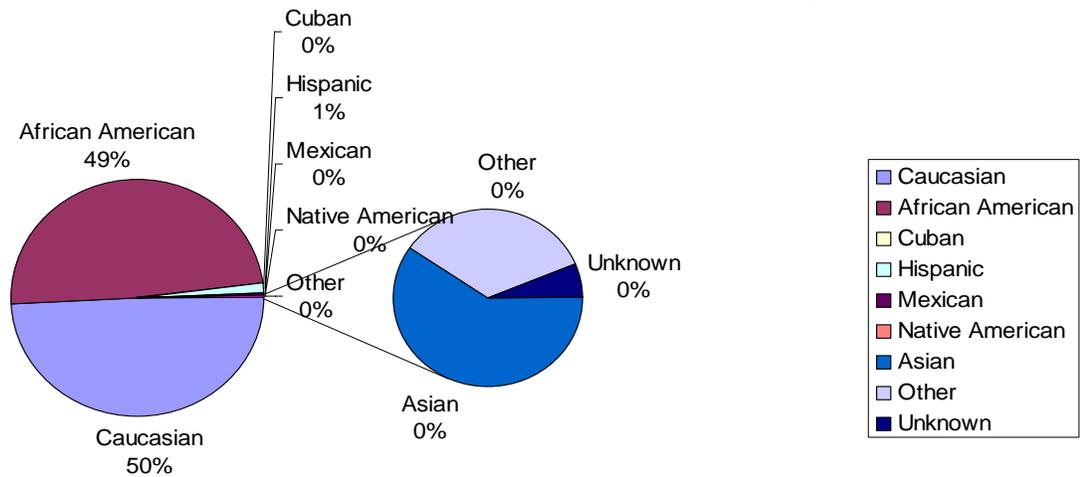


Chart 43. Arkansas Department of Correction Inmate Profile

**Table 30. Arkansas Dept. of Corrections
Inmate Demographics**

Age Group	Total
Under 18	24
18-24	2,141
25-34	4,627
35-44	3,865
45-54	2,147
55-64	568
65-74	124
Over 74	15
Total	13,511

Current Problems

The major concerns for ADC are high employee turnover among entry level correctional officers and the need to extend drug treatment to inmates. Currently, it has a 90-day program that needs to be extended to a 6- or 12-month rehabilitation program. However, getting space, financing, and staff has proven to be a challenge.

Future Issues

Future issues for the ADC consist of continued space problems, continued increases in the inmate population, and the changes that are expected to take place in the inmate population. In 20 years there may be a different illegal drug of choice rather than what is popular now, i.e., crystal meth. With an increase in IV drug use, we may see an increase in hepatitis, HIV, and AIDS cases. Meeting the mental and physical health needs of inmates will present further problems as the population continues to rise. And ADC is seeing an increase in the number of sex offenders.

Drug users now account for the second largest population within the ADC prison system. A lot more treatment space for drug users may be needed if the sex offender population continues to rise at its current rate. Offenses in the ADC system used to follow a crime hierarchy sequence of drug offenses first, then homicides, and then sex offenses. Now, the crime hierarchy sequence is drugs, sex offenses, and then homicides.

General Solutions

The general solutions for current and future problems for ADC are 1) more treatment that works and 2) funding for treatment. Part of the challenge is determining what works. It could be that years ahead something better than what we do now will come along. A lot of what ADC does is reactionary because it does not know what the next year will hold.

Recommendation for Policy Change to Handle Changing Demographics

The ADC is already addressing the issue of an increasing population of older inmates. It has received funding to build a special needs geriatric unit at Malvern.

There is a chance that even this new geriatric facility may not be sufficient in 20 years. The current reality for ADC is that 10% of its population will die in prison, and as growth in inmate population continues, the number will rise. Prison inmates are considered geriatric at age 50, not 65 like in the outside world, due to the typical inmates' early failure to maintain healthy lifestyles because of addiction and abuse of drugs and/or alcohol.

Fire and Emergency Medical Services

ARKANSAS FORESTRY COMMISSION - FIREWISE

Responsibilities

The Arkansas Forestry Commission (AFC) has the responsibility of preventing, detecting, and suppressing wildland fires in Arkansas.

Resources to Address Public Safety

AFC has approximately 329 employees and 98 transport trucks and crawler tractors to suppress wildland fires across the state. It has 15 aircraft to conduct wildland fire detection activities and an extensive statewide radio communication system to dispatch suppression crews.

Demographic Breakdown of Employees (and Patrons)

A breakdown of AFC's 329 employees according to gender and race was not provided.

Current Issues

AFC is currently dealing with a loss of forest industry wildland fire suppression resources. The forest industry traditionally maintained wildfire suppression crews that assisted AFC in suppressing fires on or near industry lands.

Future Issues

The future reality for AFC consists of a continued growth of the wildland–urban interface (WUI), with homes built in or near forested areas. This pattern makes wildland fire suppression difficult and focuses attention on structural protection and away from wildland fire suppression.

Future Plans

AFC's plan is to 1) hire and train additional wildland firefighters to offset loss of forest industry wildland suppression crews; 2) continue to update wildfire suppression equipment; 3) continue to train homeowners of the dangers of living in the WUI; and 4) work with developers and local officials to construct homes that are more fire-safe to withstand wildfires when they occur.

Recommendation for Policy Change to Handle Changing Demographics

AFC responds to all wildland fires in the state. Currently, it does not see any problems with how it responds to those fires in relation to the changing demographics of the state.

ARKANSAS FIRE PREVENTION COMMISSION

Responsibilities

The Arkansas Fire Prevention Commission's (AFPC) mission is to reduce injuries and death due to fire.

Resources to Address Public Safety

AFPC does not have any employees or equipment and covers the entire state. Commission members are appointed by the Governor to oversee fire prevention in the state.

Demographic Breakdown of Employees (and Patrons)

Information on demographics of employees was not provided since there are no employees.

Current Issues

In its daily operation AFPC has noticed a lack of building and fire code enforcement, which directly affects the Commission’s mission of preventing fires. This lack of enforcement in turn puts patrons of establishments that are violating codes and others in surrounding venues at risk.

Future Issues

AFPC believes that these problems will remain as long as buildings continue to fail to comply with fire codes.

Future Plans

In its endeavor to ensure building fire code compliance, the Commission feels it can be successful by initiating more enforcement of building and fire codes.

Recommendation for Policy Change to Handle Changing Demographics

The Arkansas Fire Prevention Commission would be better equipped to handle the changing demographics if more funding from the state for fire prevention was provided.

Other Public Safety Agencies

ARKANSAS GAME & FISH COMMISSION**Responsibilities**

The Law Enforcement Section is a subdivision of the Arkansas Game & Fish Commission (AGFC). The primary roles of the officers are clear. First, they enforce the rules and regulations that protect the wildlife resources and environmental elements of the state as set forth by Amendment 35 to the state constitution. Second, AGFC officers serve as “educators” for the overall mission of the agency. Third, AGFC officers assume the role of general law enforcement for the citizenry of the state by enforcing state and local statutes related to public lands and wildlife. All of these roles help protect Arkansans in the event of any situation. Hunters and fishermen, both resident and non resident, come from all facets of the demographic circle. And AGFC officers interact with the citizenry from across the demographic spectrum when responding to requests for assistance and when enforcing state and federal statutes.

Resources to Address Public Safety¹⁵

AGFC comprises 182 full-time/full police authority and certified law enforcement officers who are distributed across all 75 counties of the state. There are at least two officers in every county. There is also a statewide communication system that is operation 24/7.

Demographic Breakdown of Employees

Data not provided by the agency.

Current Problems

The major area of the most concern is an overall manpower shortage statewide for comprehensive 24-hour coverage in each county to protect the natural resources.

Future Issues

Some future issues include 1) fiscal budget considerations, 2) the need for replacements for long-tenured employees as they reach retirement age, 3) user conflicts regarding the state’s resources, and 4) shrinking natural habitat for wildlife to live and prosper.

General Solutions

General solutions for these problems will likely include long-term planning, close fiscal monitoring of the revenue available, a leadership development focus on younger employees to fill the voids as older employees retire, and acquisition of additional lands for public use and wildlife enhancement programs.

Recommendation for Policy Change to Handle Changing Demographics

Shifting demographics, especially urban population growth, will clearly make wildlife management and environmental concerns paramount. AGFC must strive to spend existing capital wisely to balance the fragile existence between man and habitat. To do this, the agency needs a

¹⁵ Source: Arkansas Game & Fish Commission

more specific and specialized regional assessment of growth trends and the shrinking landscape coupled with land acquisition, where possible, to blend the enjoyment of the users with the wise management of the resources.

ARKANSAS HIGHWAY AND TRANSPORTATION DEPARTMENT

Responsibilities

The Arkansas Highway and Transportation Department (AHTD) is responsible for the planning, design, construction, maintenance, and operation of the state's 16,400-mile highway system.

Resources Addressing Public Safety

The Arkansas Highway Police Department Division has a total of 184 employees that cover the state's 16,400-mile highway system mainly for the purpose of commercial vehicle enforcement to ensure safety. In the Maintenance Division, a signing crew has 10 employees responsible for installing highway signs. These signs are being installed at more frequent intervals and now contain highly reflective materials and Clearview font in order to better accommodate the aging driver population.

Also in the Maintenance Division, a striping crew totaling 23 employees is responsible for the striping on the highway system. The striping crew is using raised pavement markers on the National Highway System (NHS) routes, reflective tape on centerlines and edgelines on freeways and major highways, and larger brads in the paint used to stripe highways for better retroreflectivity and longer durability.

The Traffic Safety Section has 7 employees who are responsible for tracking and analyzing traffic crashes on the highway system, including railroad crossing crashes, and recommending improvements to high crash rate locations.

Demographic Breakdown of Employees

AHTD has 184 employees. A breakdown of those employees according to gender and race was not provided.

Current Problems

AHTD states that a current problem is a lack of adequate funding to meet the state's highway needs. A 2006 study shows that there are \$19 billion in highway improvements needed statewide over the next 10 years, while only \$4 billion in revenue is anticipated to try to meet those needs.

Future Issues

AHTD believes that lack of adequate funding will remain a problem and continuously place a strain on its daily highway safety operations through year 2020.

General Solutions

These current and future issues can be alleviated with the allocation of funds to AHTD from a revenue stream that grows over time.

Recommendation for Policy Change to Handle Changing Demographics

AHTD provides no recommendation to change its current policies. Continuation of its current policies would be appropriate.

Homeland Security

ARKANSAS DEPARTMENT OF EMERGENCY MANAGEMENT
Responsibilities

The Arkansas Department of Emergency Management (ADEM) provides mitigation of, and recovery from, the effects of natural and man-made disasters. It identifies all natural and man-made disasters threatening the state. ADEM also assists state agencies, local governments, volunteer and other organizations in determining the means to mitigate disaster effects. ADEM also develops procedures, exercising and coordinating all plans (see Figure 8).

Resources Addressing Public Safety

ADEM is a state emergency center, with an above-ground modular office building and several mobile offices.

Demographic Breakdown of Employees

ADEM has a total of 66 employees. Table 31 displays a breakdown of the employees according to gender and race/ethnicity.¹⁶

Table 31. ADEM Employees

Gender

30 males

36 females

Race/Ethnicity

3 African Americans

61 Caucasians

2 Hispanic

¹⁶ Data provided by the Arkansas Department of Emergency Management. Edited by Tarrence Rawls, Sheri Davis, and Craig Teague.

Arkansas Department of Emergency Management Employee Demographics

Female Employee- 36(55%) Male Employee-30(45%)

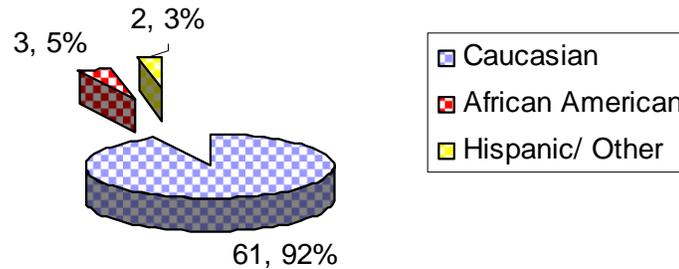


Chart 44. Arkansas Department of Emergency Management Employee Demographics

Current Problems

ADEM reports that grant funding from federal sources is of most concern. Fifty percent of federal funding received goes toward paying personnel. The day-to-day activities are strictly limited to the approved federal funding parameters, so some agency personnel feel more allegiance to the federal Department of Homeland Security than to ADEM, resulting in too much focus on conducting meetings rather than on completing work.

Future Issues

ADEM expects the following: A significant percentage of personnel in senior level positions is due to retire by the year 2020. Many corporations will create their own emergency programs, causing competition (retention issues) among emergency responders.

General Solutions

Potential general solutions for identified problems include 1) significant increases in general revenue funding to reduce reliance on federal requirements; and 2) redefinition of highly specialized positions in order to recognize needs for corresponding pay, to compete with NGOs, and to reduce ADEM'S better than 50% turnover rate.

Recommendation for Policy Change to Handle Changing Demographics

ADEM recommends that the state adapts bilingual public safety education, signs, and services in an effort to assist Hispanics in receiving needed public safety services.

Public Safety Advocacy Groups

ARKANSAS DISABILITY RIGHTS CENTER

Responsibilities

The Arkansas Disability Rights Center (ADRC) is a non-profit organization that advocates and promotes the rights of people with disabilities. It provides information, monitors, investigates, and litigates on behalf of people with disabilities. ADRC strives to assist individuals of any nationality who are being denied services in any part of the state of Arkansas.

Current Problems

ADRC faces many challenges in interacting with other agencies due to the lack of consistent cooperation on a daily basis.

Future Issues

ADRC will face a major challenge in the year 2020 due to the need for a greater number of advocates who can assist with issues that affect the growing number of persons with disabilities in the state.

General Solutions

These current and future issues could be solved with additional funding from the federal government, ensuring sufficient resources to hire advocates by the year 2020 to assist the growing population of elderly and disabled persons.

ARKANSAS COALITION AGAINST SEXUAL ASSAULT

Responsibilities

The Arkansas Coalition Against Sexual Assault (ACASA) provides technical assistance to rape crisis centers statewide. It works as a service advocate for victims and looks at policies that affect victims to encourage just and quality treatment for victims.

Resources Addressing Public Safety

ACASA's resources consist of members of Rape Crisis Centers who address cases of sexual assaults in 24 counties throughout the state. They use printed material, video, and CDs to spread awareness and knowledge about sexual assault and available resources to victims of sexual assault. ACASA also has access to national sexual assault resources.

Demographic Breakdown of Employees

The interviewee is the only employee. Sometimes there is part-time personnel but not at the moment. Whenever possible, work is shared with volunteers, if they are available.

Current Problems

The problems that ACASA sees on a daily basis consist of the general attitude regarding sexual assault victims, lack of funding, and a high burnout rate for social workers due to the stress inherent in the work. It's hard to help victims in the face of the general public's attitudes,

disbeliefs, and preconceived beliefs about sexual assault victims resulting from the public's lack of knowledge about sexual assault.

Future Issues

ACASA expects that because of the aging of the general population it will see more elder abuse. Therefore, it will have to make sure it has the available resources and knowledge needed to deal with that growing subpopulation by the year 2020.

General Solution

In order to alleviate these problems ACASA needs more resources and expertise. Currently, it receives no state funding.

Recommendation for Policy Change to Handle Changing Demographics

ACASA does not foresee a major change in its policies as the demographics of the state change.

GLORIA GORDON: ADVOCATE FOR THE ELDERLY

Responsibilities

Gloria Gordon is an advocate for the elderly and serves many vital roles in addressing public safety and healthcare issues impacting all Arkansans (e.g., caring for children of incarcerated parents and emergency preparedness planning).¹⁷ She is a key figure in understanding elderly issues and provides needed technical assistance at the grassroots and policy level.

Resources Addressing Public Safety

Gloria Gordon believes lack of resources in rural areas and lack of public transportation are among the serious issues of public safety that need to be addressed in Arkansas. She believes the only way to deal with these issues is to involve the churches more directly in personal care and accountability for their congregations. At the very least, the churches can be asked to identify individuals needing assistance.

Demographic Breakdown of Employees

Cultural sensitivity and the availability of translators are always issues for advocates, according to Gloria Gordon.

Current Problems

All agencies face issues related to availability of trained staff, employee retention, and compensation. At the top of the spectrum, the state needs more physicians in rural areas and higher compensation for Ph.D. nurse educators to deal with the nursing shortage. At the low end of the scale, Arkansas needs to incentivize direct care workers with higher pay and the respect due to the caregivers of cherished family members and friends. According to Ms. Gordon, we also have to look to new sources of direct care workers - for example, retirees and people with

¹⁷ Elderly are disproportionately involved with the care of young children in the United States due to many young parents not having the resources to take care of their children themselves. Any issues impacting elderly, then also can impact children for this reason.

disabilities. European communities have elevated the role of the caregiver to one of great respect and gratitude, an issue that can be as important as salary.

Future Issues

Demographic changes will impact the ability to provide adequate public safety services.

General Solutions

If possible, disaster preparedness information should be transmitted by ADEM quarterly to whatever entity—city, municipality—is responsible for disaster response. Readily identifiable patient data could be deleted from the quarterly reports, as the only purpose is to alert disaster response teams of the projected requirements for staff and supplies in an emergency. In the event of a real emergency, the agencies could transmit complete data to assist with locating individuals in the communities who need special care.

In the case of institutional settings (e.g., nursing homes and assisted living facilities), each facility should have an emergency plan that identifies what agencies or services in the community will come to their aid in a disaster. With current minimum staffing at these facilities, they cannot possibly transport their residents without outside help. Ms. Gordon has reported on the lack of cooperation between entities in the community.

Recommendation for Policy Change to Handle Changing Demographics

Some recommendations are 1) higher compensation and benefits for direct-care workers, 2) annual increases for direct-care workers in the community equal to 2/3 of the annual salary increases given to state employees, 3) legislation requiring universal health insurance coverage to allow people in low-paying direct care jobs to obtain health insurance for their families, 4) encouragement from the state for less expensive home- and community-based alternatives to institutional care, e.g., the “Money Follows the Person” (a topic for the next session).

Chapter 5, Part C.

Public Safety Issues for Arkansas' Senior Citizens 2006-2020

INTRODUCTION

The purpose of this part of the report is to provide uniform coverage of responses to central research questions from each public safety agency (as shown in Figure 3) on the matter of public safety as it impacts older Arkansans. Several attempts to collect data (i.e., data sweeps) were completed in order to obtain responses for each theme identified herein.

WHY A FOCUS ON OLDER ARKANSANS IS IMPORTANT

U. S. Census Bureau data identify two important senior citizen policy-related issues that should be considered by the Arkansas Legislature. First, Arkansas fits the pattern of the country as a whole in terms of changing demographics. This comparison is shown in Chart 45. Second, Arkansas' age clusters will be dramatically different by the year 2020 (as seen as Figure 10). Arkansas will have many more senior citizens, especially between ages 55 and 75, as indicated by the red lines within Chart 46. These two issues have serious implications for public safety in Arkansas.

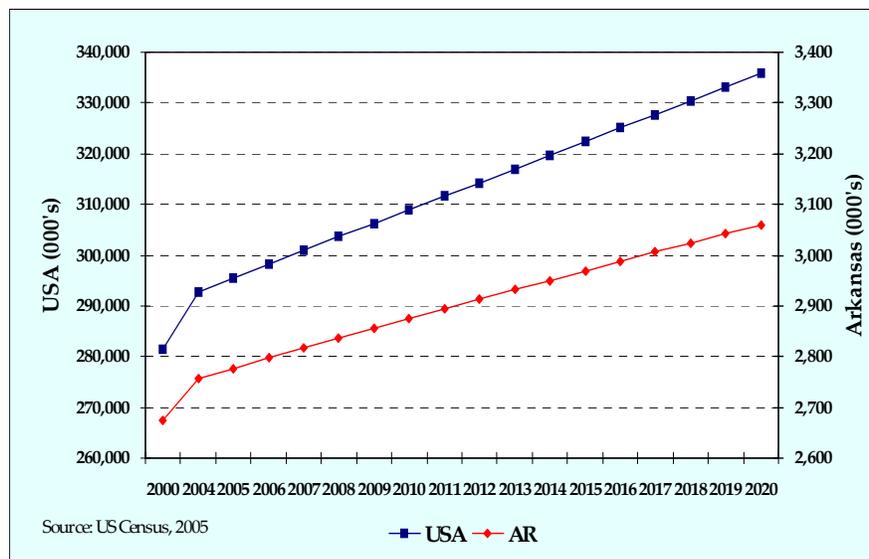


Chart 45. Increase in the Number of Elderly Projected to be Living in Arkansas in the Year 2020

Often, public safety issues impacting elderly go unnoticed until there is a significant incident drawing public attention (e.g., home invasion or death from neglect). Reports do show (from the Arkansas Crime Information Center, for example) that acts detrimental to the physical or emotional well-being of the elderly are a substantive problem commanding our attention. The Senior Justice Center of the University of Arkansas at Little Rock provides resources (available to any individual or organization) regarding crime against the elderly. The indications of abuse listed below provide a breakdown of components of those individual criminal acts.

Indications of Abuse

Many studies have documented problems impacting older people, and a great deal of concern rests on the issue of abuse. With a significant demographic shift underway between now and the year 2020, abuse of the elderly will become more of an issue. Physical abuse can include bruising, broken bones, cuts, and other injuries. Mental abuse can be indicated by signs of fear or withdrawal from day-to-day activities and may result from verbal insults or humiliation. Evidence of neglect can include weight loss (e.g., improper nutrition), unsanitary conditions (e.g., urine and feces), and untreated injuries (e.g., bed sores). Sexual abuse can include forced sexual conduct (including contact) and oral penetration.

The Rise of Scams Against Senior Citizens

As society moves closer to the year 2020, technology is expected to become a more useful tool to help seniors (e.g., improving the ability for seniors to report problems). Unfortunately, technology also translates into increasing ease for confidence artists (i.e., scammers) to create elaborate schemes targeting senior citizens as potential victims. Some of these public safety issues include identity theft, fake lotteries and sweepstakes, mail order scams, insurance fraud, reverse mortgages, wheelchair and prescription drug plan scams,¹⁸ home repair scams, and Internet spamming.

Mandated Reporting¹⁹

The issue of elder abuse is a serious one, involving many aspects. There is a long list of Occupational categories that are listed as mandated reporters, however it is important to consider the scope of how an endangered adult is defined in order to address resources toward this growing problem. “Abuse” is defined as any physical act that inflicts pain or causes harmful injuries. Emotional abuse involves intentionally demeaning anyone verbally, resulting in the victim becoming fearful and withdrawn. The term “endangered adult” is defined as:

A person eighteen (18) years of age or older who

- (i) is found to be in a situation or condition that poses an imminent risk of death or serious bodily harm to that person; AND
- (ii) demonstrates a lack of capacity to comprehend the nature and consequences of remaining in that situation or condition.

The term “impaired adult” means an adult who, as a result of mental or physical impairment, is not able to protect himself or herself against the act of abuse.

¹⁸ It is noted that the Arkansas Senior Medicare/Medicaid Fraud Patrol is on the leading edge in addressing wheelchair scams and predicted large-scale fraud associated with the new Medicare Part D drug plans.

¹⁹ Source Arkansas Code 12-12-1703(5)

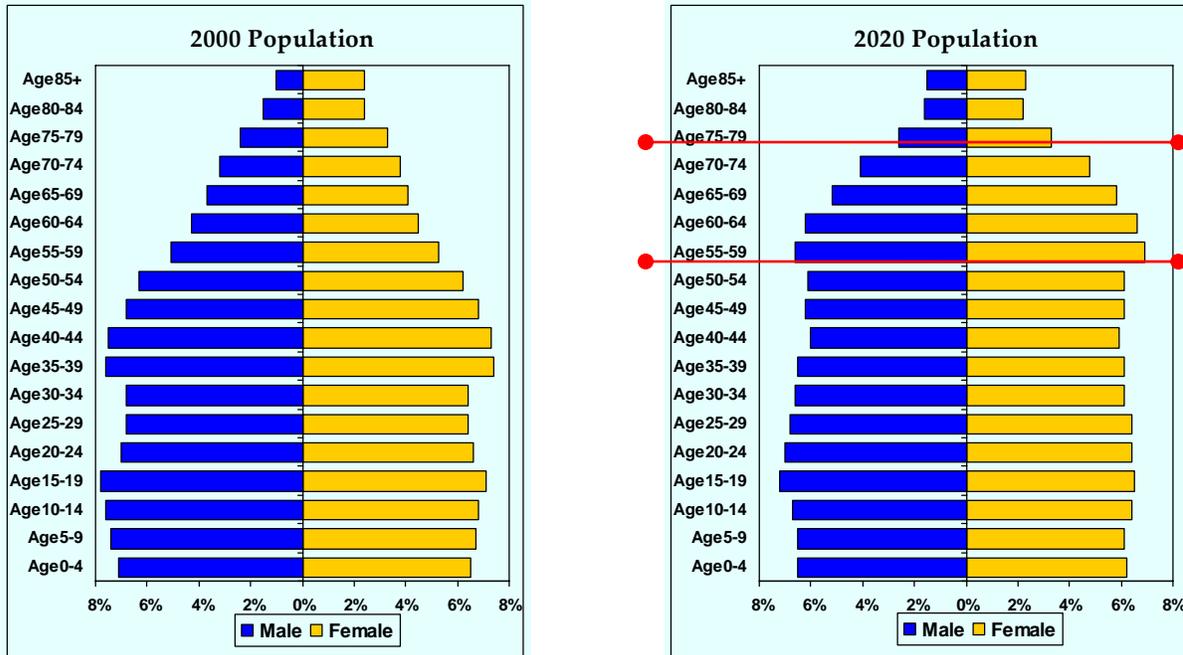


Chart 46. 2000-2020 Projected Arkansas Age Cluster Trends²⁰

THEMATIC FINDINGS

The following material is presented according to the stratification chosen at the beginning of this study. The five categories of material are 1) crime, 2) fire and emergency medical services, 3) other public safety issues, 4) homeland security, and 5) public safety advocacy groups.

²⁰ Source: U.S. Census Bureau, Population Division, Interm State Population Projections, 2005.

Crime

ARKANSAS CRIME INFORMATION CENTER**What Public Safety Issues Does Your Agency Have Impacting Senior Citizens?**

The Arkansas Crime Information Center (ACIC) impacts the general population, including senior citizens, by providing services to law enforcement agencies and others within the criminal justice society.

ACIC's services assist the criminal justice community in performing its primary duties such as apprehending criminals, reducing crime, and disseminating critical information for efficient operation.

Current Resources to Deal with Issues Impacting Senior Citizens

ACIC administers a comprehensive data system that is accessible by criminal justice agencies across Arkansas. These systems include: 1) the FBI's National Crime Information Center and the National Law Enforcement Telecommunications System, which allow Arkansas users to access data contributed by, or hosted by, the other 49 states, U.S. territories, various federal agencies and Canada; 2) the Arkansas Crime Victim Information and Notification System, which allows anyone to check the location and status of offenders and to register for notification of events related to a particular offender.

ACIC collects and publishes statistics on crime through its Statistical Analysis Center. The Statistical Analysis Center manages crime data and statistics that are submitted by law enforcement agencies under the Arkansas Uniform Crime Reporting Program. ACIC also manages the JusticeXchange program. JusticeXchange is an information-sharing solution for criminal justice agencies nationwide that provides instant access to information about current and former offenders held in jails throughout the country.

ACIC also supplies authorized criminal justice users with access to the AlertXpress program that provides agencies with the ability to rapidly create and deliver emergency or large-scale notifications to individuals or groups of people regarding events such as prison escapes and sex offender notifications.

What the Agency Would Like to See Happen to Help Senior Citizens as the Population Grows by 2020

ACIC will continue to provide services that assist the criminal justice community with its operation, including those services that can be used in relation to public safety issues concerning senior citizens. ACIC will continue to adapt to the changes in the technology, particularly relating to the transfer of critical information that is essential to the effective and efficient operation of law enforcement agencies.

ARKANSAS DEPARTMENT OF CORRECTIONS**What Public Safety Issues Does Your Agency Have Impacting Senior Citizens?**

ADC protects the public from people who are felons and have been ordered by the courts

to be removed from society. The ADC has the responsibility to all citizenry to keep the public safe from them, keep them safe from each other, and keep ADC employees safe as well. ADC's goal is to make inmates within the current system better law-abiding citizens so once released they will be contributors to society.

Current Resources to Deal with Issues Impacting Senior Citizens

Resources for inmates who are senior citizens are found primarily within the Pine Buff complex. It has special housing for the elderly and sick but does have hospital facilities. Because the state's needs have outgrown these facilities, ADC is building a special needs geriatric unit. The ADC also realizes that just because an inmate has a special need it does not mean he is an imminent threat to others. Currently, the ADC is in the process of constructing a \$39-million geriatric facility.

The new unit will have a hospice component, something that has very much needed. Arkansas has a law that allows early release for terminal inmates, but if you are terminal (e.g., cancer, stroke victims) and do not have the possibility of parole, the ADC has to find additional space within its facilities to house the inmates. The new hospice component will solve that additional space problem and meet the needs of these ineligible to parole terminal inmates.

What the Agency Would Like to See Happen to Help Senior Citizens as the Population Grows by 2020

Since the senior citizen population will definitely increase and so will their healthcare needs, rehabilitation and treatment need to be offered to prevent inmate drug abuse from continuing.

Fire and Emergency Medical Services

ARKANSAS FORESTRY COMMISSION - FIREWISE

What Public Safety Issues Does Your Agency Have Impacting Senior Citizens?

AFC is responsible for providing adequate fire protection to all citizens in the state, which directly impacts the subpopulation of senior citizens.

Current Resources to Deal with Issues Impacting Senior Citizens

AFC has approximately 329 employees and 98 transport trucks and crawler tractors to suppress wildland fires across the state. It has 15 aircraft to conduct wildland fire detection activities and an extensive statewide radio communication system to dispatch suppression crews. All of these resources are used to deal with fire protection, which impacts senior citizens in the state of Arkansas.

What the Agency Would Like to See Happen to Help Senior Citizens as the Population Grows by 2020

The mission of AFC to prevent, detect, and suppress wildland fires will not be changed based on an increase in the senior citizen population.

ARKANSAS FIRE PREVENTION COMMISSION

What Public Safety Issues Does Your Agency Have Impacting Senior Citizens?

The Arkansas Fire Prevention Commission believes that all in the fire service must enforce all construction codes for the protection of all citizens of the state which includes senior citizens as well.

Current Resources to Deal with Issues Impacting Senior Citizens

AFPC continues to use the same resources it has in the past in dealing with all other issues regarding fire code compliance throughout the state, as needed for the protection of all citizens, including seniors.

What the Agency Would Like to See Happen to Help Senior Citizens as the Population Grows by 2020

AFPC would like to see more community education to help senior citizens as the population grows towards 2020.

Other Public Safety Agencies

ARKANSAS GAME & FISH COMMISSION**What Public Safety Issues Does Your Agency Have Impacting Senior Citizens?**

Senior citizens are users of the state's natural resources, and their access to lands for trail hiking, bird watching, hunting, and fishing is of major importance to AGFC. The provision of emergency management services directly to senior citizens in times of major disaster relief also significantly impacts our agency. In most cases, AGFC officers are the rural rescuers.

Current Resources to Deal with Issues Impacting Senior Citizens

AGFC provides special one-time licensing for hunting and fishing privileges to all senior citizens. It strives to make public lake and land use more readily accessible for their enjoyment.

What the Agency Would Like to See Happen to Help Senior Citizens as the Population Grows by 2020

AFGC could benefit from a closer focus on the needs of seniors by survey analysis and consumer feedback in other forums. The feedback could provide important information regarding the services AFGC offers in fulfilling its mission to provide maximum enjoyment for consumers while wisely managing the resource.

ARKANSAS HIGHWAY AND TRANSPORTATION DEPARTMENT**What Public Safety Issues Does Your Agency Have Impacting Senior Citizens?**

Accommodating an aging population of drivers in Arkansas is a primary public safety issue of the Arkansas Department of Highways and Transportation.

Current Resources to Deal with Issues Impacting Senior Citizens

Many of AHTD's staff members are involved in national committees that focus on safety issues and design issues. These committees continue to research the needs of the state Departments of Highways and Transportation in meeting the challenges of an aging driver population and ensure that the aging population has every possible access to mobility, safety, and accessibility. AHTD administers grants to nonprofit agencies that fund para-transit services for the elderly and persons with disabilities through the Federal Transit Administration's Section 5310. It also provides grant monies to purchase vehicles and to provide operating assistance to non-urbanized public transportation systems through the FTA's Section 5311 program.

The Department is expanding, improving, and maintaining roadway visibility features using highly reflective materials at more frequent intervals and Clearview font on signs as well as other materials for better visibility. The Department offers technical assistance and fiscal management to numerous transportation providers for the elderly and coordinates and collaborates with the state's metropolitan planning organizations to expand transit services and to promote a pedestrian-friendly environment.

What the Agency Would Like to See Happen to Help Senior Citizens as the Population Grows by 2020

ADHT will continue to work with national committees on safety and design issues that affect the aging driver population and implement appropriate changes.

Public Safety Advocacy Groups

ARKANSAS COALITION AGAINST SEXUAL ASSAULT**What Public Safety Issues Does Your Agency Have Impacting Senior Citizens?**

There are various public safety conditions that increase vulnerability to sexual assault for senior citizens. In addition, there is a need for public safety safeguards to protect seniors in various life situations. Scarce government resources exist to focus on sexual assault of senior citizens and the rate of underreporting among senior citizens is higher than other demographic groups.

Current Resources to Deal with Issues Impacting Senior Citizens

As ACASA's responsibility is to all citizenry including senior citizens, its resources are the same for the all citizenry. ACASA's resources consist of members of Rape Crisis Centers who cover sexual assaults throughout 24 counties in Arkansas. They use printed material, video, and CDs to spread awareness and knowledge about sexual assault and available resources to victims of sexual assault. ACASA also has access to national sexual assault resources.

What the Agency Would Like to See Happen to Help Senior Citizens as the Population Grows by 2020

ACASA would like to see staff that could be dedicated to training and assistance to meet the need of the growing senior citizen population.

GLORIA GORDON: ADVOCATE FOR THE ELDERLY

According to Ms. Gordon, transportation is probably the most critical public safety issue impacting Arkansas seniors. There are innovative programs in other states and communities to provide transportation, at least medical transportation. There is an ongoing federal initiative—United We Ride—that is working to identify gaps in coverage in our public transportation system. Then the people of the state will need to do something about filling those gaps. Ms. Gordon has suggested that we put public transportation on the www.ARGetCare.org website, and then ask private nonprofit organizations (churches, clubs) to step up and fill those gaps.

Ms. Gordon also cites affordable housing with the option of on-site services as a big issue. We need more affordable assisted living. In the next session, the legislature should try to raise the Medicaid reimbursement rate to incentivize more affordable ALFs in Arkansas. Also, the Medicaid reimbursement rate for adult foster homes should be raised. The current rate is so low that we don't have any adult foster homes, except through the V.A., which pays a higher rate.

Chapter 5, Part D.

Overall Public Safety Subcommittee Findings and Implications

OVERALL FINDINGS²¹

Based on the methodology of pattern matching, some similarities and dissimilarities between the responding agencies were obtained. The information used to discern similarities and dissimilarities was gathered from the data collection grid. Only responses that were considered more significant in terms of their impact to this study were selected for this section of the analysis.

Similarities

Focus on funding: Most of the agencies stated that their ability to carry out their mission is directly tied to funding. Most stated they need more funding for employees and for programs. With additional funding, each agency said it would be able to better fulfill its mission.

Demographic policy changes: Some agencies stated that the increase in the Hispanic population would draw more heavily on Arkansas resources. Agency representatives presented a wide continuum of approaches to serving the growing Hispanic population. At one end of the continuum, it was stated that increased services should be provided to assist Hispanics to successfully integrate at all levels. In stark contrast, at least one agency representative suggested that Hispanics should “assimilate” without additional services or resources (e.g., Spanish-speaking officers or printed materials) in order to “adopt the new culture of this society.”

Future of agency funding: Several agencies expressed concern over future distribution of state funding to their agencies.

Dissimilarities

Funding: Some agencies were concerned about changing funds to support their agencies in that the legislature might fund what is considered “substantive” (e.g., terror) and the resulting redistribution of funds would impact long-term agency planning.

Priorities: The differing missions of many agencies, yet overlapping responsibilities in some cases, can make it difficult for an agency to be viewed as a priority for allocation of resources. Some agencies clearly see their role as primary with respect to public safety issues, while some see other agencies as relevant-enough to participate more; meaning they are not dedicated public safety agencies, yet have some responsibilities which overlap with public safety issues.

Results

This study found that agencies charged with implementation of public safety in Arkansas

²¹ Please note that specific findings on the central research questions were provided in parts B and C, and that these overall findings represent similarities between agencies in terms of responses and responses which were not similar.

are cognizant of the broad scope of this mandate. Several current issues (e.g. funding priorities and authority) impact the ability to serve the target group(s). Unless resource and public safety cultural issues are addressed soon, the drastic population and technological changes in Arkansas will negatively impact those agencies attempting to deal with future issues; especially public safety needs of senior citizens.

The findings of this research indicate that many similarities on responses were found to exist on perceptions of state agency officials in addressing public safety (see Chart 47). Additionally, forty percent of similarities centered on funding to directly impact programs and retention of high-caliber employees to address current and future mission issues. Twenty five percent of similarities centered on recognizing demographic issues but not feeling that public safety policy should be changed. Thirty-five percent of similarities centered on the belief that more agency employee training is needed.

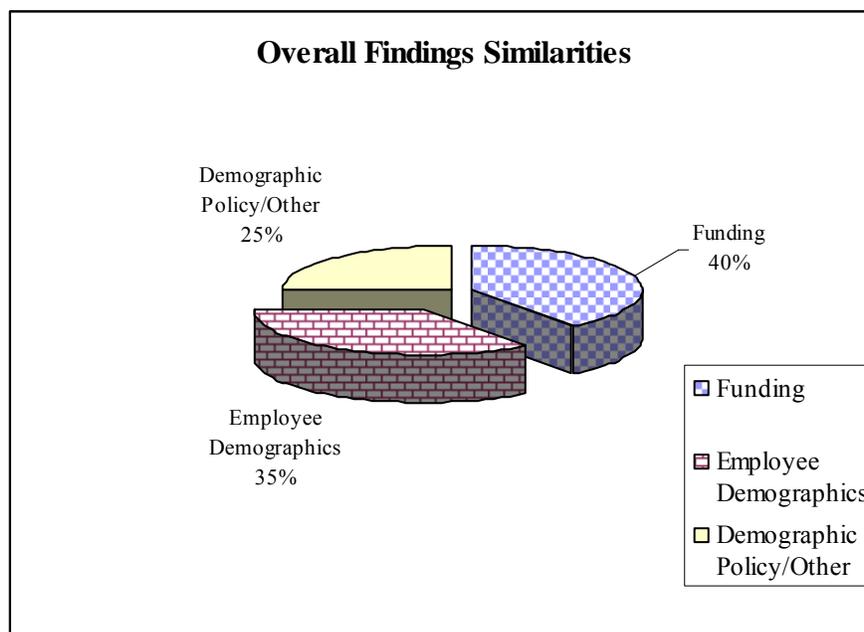


Chart 47. Overall Findings Similarities

This research found many dissimilarities in the perceptions of state agency officials regarding addressing public safety (see Chart 48). Eighteen percent of the dissimilarities centered on beliefs about the impact of the Hispanic population growth, in that societal views (expressed by some agency representatives) about Hispanics and their needs can surpass the ability of agencies to incorporate programs effectively. Nine percent of the dissimilarities noted by the research team centered on funding inadequacies and concern about the ability to realistically prepare short- and long-term budgets based on the respondents' belief that future funding priorities from the legislature might shift in order to address the "hot topic" of the time (e.g., terror). Seventy-three percent of the dissimilarities centered on priorities; mostly due to differing responsibilities and resources connected to public safety. The enclosed theoretical framework (see Chart 37) was confirmed in that the agencies charged with public safety services in Arkansas explicitly indicated their understanding of the role of other agencies and advocacy groups in more effectively addressing public safety issues. They indicated that inclusion of

additional advocacy groups should be made a priority in legislative policy-making, agency policy-making, and implementation of services, especially with respect to lack of understanding of underrepresented groups (e.g., elderly, disabled, and minorities).

Overall Findings Dissimilarities

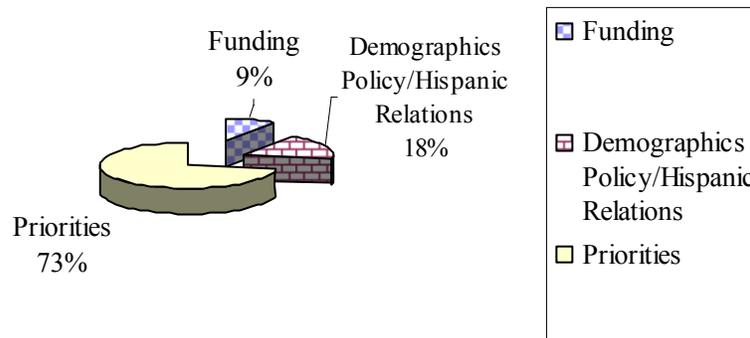


Chart 48. Overall Findings of Dissimilarities

Implications

One implication of this research is that many Arkansas state agencies and advocacy groups are concerned about the impact on public safety of the demographic projections toward the year 2020. A second implication is that dialogue on public safety funding will be paramount in dealing not only with the current residents of Arkansas but also to the people relocating to Arkansas. One facet of this implication is that cultural issues should be considered by any state officials with public safety authority (at all levels). Methods to address the issue could include cyclical training for agency employees on demographic issues and on the resources available in Arkansas. A third implication is that Arkansas agencies are of the mindset to appreciate the growth the state is experiencing, and they have expressed the desire to be ready for those issues. A fourth implication is that a cadre of elderly-related advocacy groups is active in addressing implementation of public safety services. Since no agencies explicitly indicated their involvement with Hispanic advocacy groups, greater networking could possibly be incorporated to address population changes. A final implication is that government cannot “fix” all problems and that (according to the theoretical framework) other organizations (e.g., advocacy groups) have a relevant role to play on the issue of public safety.

Limitations and Future Research

Table 32 displays the directional focus from the state level down to the role of those with no government mandate to provide public safety services. There were many organizational levels of focus for the research team in its effort to compile the public safety portion of this research. However, the time allocated to complete this research and the lack of funding toward that end made it difficult to address levels other than state agencies and advocacy groups. It is recommended that even though this research study by the legislature is a rarity for any state, additional research should be initiated by the

legislature to repeat this process but focus on county and local level agencies. Additionally, given the reality of private sector (for profit) companies that provide public safety services in Arkansas, it is recommended that the legislature initiate a separate study to examine this issue, especially what their future projections are. Several advocacy groups dedicated to the elderly have been closely associated with this research; future research should involve more Hispanic advocacy groups in order to address population changes and public safety implications.

Table 32. Directional Focus.

Organization Levels of Focus
State government
County government
Local government
Advocacy groups
Private sector

Another limitation of this study centered on the lack of uniform data to be collected for this study. Most agencies used their own mission-specific format for what records should be compiled and retained, similar to most other states. Future research should examine each agency compared to each federal counterpart (as applicable) in order to gain a better understanding of the resource-to-service issues. This approach might enable more effective policy formulation because some state agency public safety funds are directly tied to federal funding allotments (e.g., the Arkansas Department of Emergency Management).

Acknowledgments: The facilitators on the Public Safety Subcommittee sincerely appreciate the tremendous assistance provided by many individuals and organizations. Foremost, the effort of Senator Shane Broadway to champion this rare examination speaks for itself. Tyrone Borders, Ph.D., of the University of Arkansas for Medical Sciences provided our subcommittee with significant leadership to effectively meet with and collect data from the most relevant stakeholders. Joel Anderson, Ph.D., of the University of Arkansas at Little Rock (UALR) recommended the Senior Justice Center as a source to aid in this endeavor. Dean Angela Brenton of the College of Professional Studies at UALR and Mary Parker, Ph.D., Chair of the UALR Criminal Justice Department provided significant resources needed to facilitate this endeavor. Gloria Gordon provided significant expertise as an advocate for the elderly. The UALR Institute for Economic Advancement provided useful data, and the facilitators also worked with the UALR Center for the Study of Environmental Criminology.

Many agencies and organizations within Arkansas provided understanding on difficult public safety policy issues and their efforts guided this research. The following individuals in particular were crucial to our work: Kyle Brown, NIBRS Field Agent, Arkansas Crime Information Center; Loren Hitchcock, Arkansas Game & Fish Commission; Jim DePriest, Office of the Arkansas Attorney General; Larry Norris, Director, Arkansas Department of Corrections; Steven Williams, Arkansas Department of Corrections; Cora Gentry, Arkansas State Police; Larry Pullon, Arkansas Department of Emergency Management; John Brackin, Arkansas Department of Emergency Management; Veter Howard, Arkansas Department of Community Corrections; Joseph Cooper, Arkansas Department of Community Corrections; Dan Flowers, Arkansas Department of Corrections; Diana Tyler, Arkansas Highway Transportation Department; Ron Burks, Arkansas Highway Transportation Department; Scott Bennett, Arkansas Highway Transportation Department; Phil McConnell, Arkansas Highway Transportation Department; Frank Vozel, Arkansas

Highway Transportation Department; Charles Pruitt, Arkansas Crime Information Center; Jerry Tomlin, Arkansas Fire Prevention Commission; Dayna Hilton, Arkansas Fire Prevention Commission; Don McBride, Arkansas Forestry Commission-Firewise; Christina Fowler, Arkansas Forestry Commission-Firewise; David Samuel, Arkansas Forestry Commission-Firewise; Vincent McKinney, Arkansas Disability Rights Center; Helen Jane Brown, Arkansas Coalition Against Sexual Assault; Roberta Sick, Partners for Inclusive Communities; Gloria Gordon, Advocate for the Elderly; Sharon Marcum, Arkansas Senior Medicare/Medicaid Fraud Patrol; Connie Parker, Arkansas Adult Protective Services; and Carolyn Singleton, Arkansas Adult Protective Services.

Chapter 6. Economics

Highlights/Executive Summary

This section includes the study findings, survey responses, and most important issues of concern for the state departments, divisions, and agencies falling under the Economic Impact Subcommittee. The agencies participating in this report are: (1) Department of Finance and Administration (DFA), (2) Department of Workforce Services, (3) Department of Labor, (4) Department of Parks and Tourism, (5) Arkansas Public Retirement System (APERS), (6) Department of Economic Development, (7) Arkansas Development Finance Authority (ADFA), and (8) Arkansas Teacher Retirement System. This study focused on two demographic shifts: the increasing population of older people and the increasing population of Hispanics.

Several offices within the Department of Finance and Administration (DFA) expressed concerns about the adequacy of office size, location, hours, staffing, employee training, and the need for large-print publications in order to provide a good level of service to the aging population. The Employee Benefits Division of DFA provided a report by Milliman Consultants and Actuaries. This report addressed the significant impact of the aging population on cost and utilization of healthcare services. Additionally, many other offices within the Department of Finance and Administration showed concern about the expected increase in the Hispanic population in terms of staffing necessary to provide the services. Offices addressed the need for bilingual employees and additional training for existing employees, and whether forms should be revised to include both Spanish and English. It is also critical to examine the effect the aging (retired) population will have in terms of income tax revenues that the state will receive.

The survey responses of the Department of Workforce as well as the Department of Labor demonstrate that these particular departments do not expect to be significantly influenced by the changing demographics. However, these agencies are willing to increase their ability to provide services to the changing customer base. In addition, the Department of Labor pointed out that the cost of providing Spanish language services might become a major concern. Thus, personnel and financial resources will be needed to accommodate this change. The potential for a shortage of workforce is a greater concern of the Department of Labor. The Department may have to encourage older workers to return to the workforce and may need materials to convince employers that they should hire older employees.

The Department of Parks and Tourism's survey responses suggest that changing demographics are not a major concern with respect to the services provided. Changing demographics only make the agency refocus regularly. However, some of the major priority concerns for the Department of Parks and Tourism are the costs of construction, supplies, and work force. The Department of Parks and Tourism explains that as Arkansas is growing and its economy is becoming more robust, the cost of doing business is going up due to the increased competition for resources its cost of doing business is going up as well. The Department is also concerned that its aging employees will retire soon and the cost of replacement will be substantially higher than what the

state salary system allows. This will hinder the Department's ability to hire a qualified workforce.

According to the Arkansas Public Employees Retirement System (APERS), the impact of the aging Arkansas population for this agency is minor. APERS is only concerned about the increase in the "tech savvy" population, which demands more electronic access to both general and personal information. In addition, APERS suggested that the increase in Hispanic population will have minor or no impact on this agency.

Findings from the Department of Economic Development (ADED) demonstrate that the major concerns facing the agency as a result of changing demographics are: (1) adverse effects on the scope of services as labor, energy, and material costs increase faster than the agency's budget; (2) the need for more intensive training necessitated by age and ethnicity changes; (3) the need for recruitment of workers from outside the traditional sources of employment; and (4) the need for more extensive corporate training for workers. In a few words, ADED is concerned about the need for more funding for training, infrastructure, recruitment, and community development planning activities.

The Arkansas Development Finance Authority's survey responses' explain that there are no major concerns due to the change in demographics. However, ADFA's major challenges are the lack of participation by state financial institutions and poor interest rates. In addition, ADFA has already identified and prioritized essential areas. For instance, it needs to develop a marketing program/service that is easily implemented and provides readily available demographic data.

Study findings related to the Arkansas Teacher Retirement System suggest that it does not anticipate any major impact on the services provided nor the cost of service based on changes in the ethnicity of the individuals served. On the other hand, the services provided and the cost of those services will be impacted by the change in ages of the individuals served. The System expects a substantial increase in the membership of the organization as well as an increase in the life expectancy of its members, leading to an increase in the services demanded. In addition, there are issues associated with teacher shortage that may lead to teachers returning to work which would also increase the System's workload. ATRS indicates the need for an increase in staff in order to provide the quality of service necessary. Also, if changing demographics have a significant impact, ATRS would consider the staffing needs of three main service areas as priority: (1) data processing, (2) counseling, and (3) payroll.

In summary, all agencies indicated the need for increased staffing to serve either the aging population or the Hispanic community. Most agencies have not examined what the exact costs of these additional staffing needs will be. Many agencies are also concerned with retirement of their own aging workforce compounded by potential higher costs of replacements. The state salary system makes it very difficult to hire qualified individuals in a competitive market.

Chapter 6. Economics

Details of Findings (By Unit)

Department of Finance and Administration

MISSION AND PROFILE²²

The mission of the DFA is to (1) provide assistance to all state agencies to ensure uniformity, accountability, and efficiency in the management of human, material, and financial resources necessary for agencies to perform their missions, and (2) provide Arkansas citizens convenient, effective, and courteous services which will encourage voluntary compliance with tax, license, and child support laws.

POPULATION SUBGROUPS SERVED

The Department of Finance and Administration (DFA) serves the entire population of the State of Arkansas.

Programs and Services²³

- Office of Administrative Services (OAS): OAS serves agency employees, applicants, and taxpayers. The Office is responsible for the Vehicle Safety Program for DFA employees and the budget function for the Management Services Division. It also provides limited administrative support for the Governor's Office and Governor's Mansion.
- Office of Information Services (OIS): OIS serves the employees of DFA who, in turn, serve the residents of Arkansas. The Office is responsible for managing the Information Technology (IT) resources of the Department of Finance and Administration.
- Alcoholic Beverage Control Administration (ABCA): The duties of this division are to receive applications for and issue, refuse to issue, suspend or revoke permits to manufacture, wholesale, retail, and transport alcoholic beverages in Arkansas.
- Alcoholic Beverage Control Enforcement (ABCE): This division enforces all laws and regulations pertaining to the sale of alcoholic beverages and cigarettes in the State of Arkansas, and provides training and assistance for all law enforcement agencies regarding alcoholic beverages.
- Criminal Detention Facilities Review (CDFR): The Criminal Detention Facilities Review Committees are charged by law with the duties of annually inspecting jails that house city and county prisoners to ensure that the facilities comply with state mandated minimum standards.

22 Source: http://www.arkansas.gov/government_details_expanded.php?id=82

23 Source: <http://www.arkansas.gov/dfa/>

- Employee Benefits Division (EBD): This division manages the group health and life insurance programs and other select benefit programs for active and retired state and public school employees.

Management Services Division

- Office of Accounting (OA): The major statutory responsibilities, functions, and authorities utilized by the Office of Accounting are contained in the State General Accounting and Budgetary Procedures Law, State Revenue Stabilization Law, and State Revenue Classification Law.
- Office of Budget (OB): This office is responsible for (1) the administration of the deficit prohibition law through implementation of the Annual Operations Plans for State Agencies, (2) preparation of the state's Biennial Budget, and (3) providing technical and fiscal expertise to the various branches and agencies of government.
- Office of Personnel Management (OPM): This office has the overall responsibility of administering the state's personnel system and establishing necessary policies, procedures, and regulations to ensure system uniformity in accordance with state and federal laws. OPM offers diversified personnel service programs to all state agencies and institutions of higher education to assist in the achievement of human resource management goals and objectives.
- Office of State Procurement (OSP): OSP has primary responsibility and oversight for the statewide procurement of commodities and technical and professional services for all State agencies, colleges, and universities. OSP provides training in the Procurement Law, regulations, and policies. OSP supports all agencies with reviews of procurement practices and administers the state purchasing and travel card programs. Marketing and Redistribution is responsible for the disposal of surplus state property and equipment.

Revenue Division

- Assistant Commissioner Operations and Administration (ACOA): This office is responsible for the operational, administrative, and financial functions of the Revenue Division, including managing all of the revenues and fees collected by the Revenue Division.
- Assistant Commissioner Policy & Legal (ACPL): This office serves all adult taxpayers within the state.
- Office of Child Support Enforcement (OCSE): OCSE is responsible for the delivery of child support services under Title IV-D of the Social Security Act. OCSE assists both individuals and employers with information and services pertaining to child support laws.
- Office of Drivers Services (ODS): ODS administers the State Driver's License and ID Card program (testing is administered by the Arkansas State Police).

- Office of Excise Tax Administration (ETA): The duties of this office include providing Arkansas taxpayers with courteous and professional assistance in order that they voluntarily comply with Arkansas Excise Tax law.
- Office of Field Audit Administration (FA): This office provides services to a cross section of Arkansas. Its duties include conducting audits to determine compliance with Arkansas tax laws and collecting delinquent tax debts and fees.
- Office of Income Tax Administration (ITA): This office is responsible for overseeing the activities of the Individual Income Tax Section, Corporation Income Tax Section, and Tax Processing and Technology Section. These tax sections provide tax forms and assistance for taxpayers and process tax returns and reports.
- Office of Motor Vehicle Administration (OMV): The Office of Motor Vehicle's primary responsibilities are to administer the State of Arkansas vehicle registration, title, and lien perfection laws. The office establishes and maintains the vehicle registration, title, and lien perfection operating procedures used in the State Revenue Offices.
- Office of Revenue Legal Counsel (Legal): It serves all Arkansans whose tax account, motor vehicle license or registration, or driver's license is subject to questions or concerns involving legal issues.
- State Revenue Office Administration (SRO): The mission of this office is to collect revenue through effective collection and administration of taxes, driver's license fees, and motor vehicle fees according to Arkansas state law.

MAJOR ISSUES AND CONCERNS FOR 2020

The impact of the increasing number of elderly people and Hispanics was addressed on several levels by the Arkansas Department of Finance & Administration.

The Employee Benefits Division submitted a report by Milliman Consultants and Actuaries (Milliman), which is summarized here. The report addresses the increased cost for both older active employees and retirees who are living longer. The Milliman report's key findings are a significant growth in size of the retiree group and a decreasing ratio of active employees to retirees covered under the plan. The study was conducted solely addressing the Arkansas state employee (ASE) population and focusing particularly on the issues surrounding aging and the effect of the trends on future healthcare costs. According to the study, the state's contribution to healthcare costs for active and retired employees is expected to increase nearly fourfold by 2020, impacting the state budget significantly. The following is an excerpt of the data presented in the report:

Table 33: ASE Expected Healthcare Costs for Select Future Years (in \$ Millions)

Year	Total Cost	Total Cost After Member Contributions
2006	\$ 198.5	\$126.7
2010	\$327.6	\$206.7
2015	\$523.2	\$326.8
2020	\$708.5	\$440.2

The aging population is also a concern for several divisional offices. Income Tax Administration indicated that the tax revenues could decrease due to the increased number of exemptions for retirees and to a larger percent of income for retirees coming from tax-sheltered investments or transactions at lower tax levels (i.e., tax-free municipal investment income and capital gains). A larger and more professional staff will be needed to provide taxpayer assistance and to examine these returns. In order to assess the exact impact of changing demographics on the state revenues a special study of differential taxes paid by retirees versus working individuals is needed.

The level of service provided by the State Revenue Offices would increase as the aging population increases. It is anticipated that in order to provide these services, the agency will have to examine office size, location of offices, hours of operation, staffing, employee training, as well as published material (i.e., whether large print forms and additional publications are needed). All of these items are expected to increase the costs of operating the agency.

Another significant impact is expected in the area of serving the increasing Hispanic population. The impact is more significant for the offices that have direct contact with the public. These offices addressed the need for bilingual (Spanish and English) employees, additional training for existing employees, and the need for publications in both languages (Spanish and English).

The various offices of the agency also provided some recommendations of best practices that could be examined. Such practices include a centralized team of Spanish-speaking employees or contracting translation services to an external agency as an alternative to onsite Spanish-speaking employees. The management team will have to make decisions in terms of how this population will be served in order to estimate the costs of providing services to this segment of the population. To aid in projecting these costs, some of the agency's offices provided survey responses with estimates in today's dollars. The costs include both personnel and equipment needs.

Office of Information Services stated that \$1,700 would be needed to equip a new DFA employee with a desktop computer and a prorated share of a printer. An approximate cost to equip an employee with a laptop computer is \$2,000. The average salary of an OIS employee is approximately \$51,000, including 28% for fringe benefits.

Office of Accounting projected the increased costs based on use of a contractor estimated at \$20,000 per year rather than hiring a full-time employee to provide bilingual instructions or procedures.

Office of Field Audit Administration suggested that each of the six offices would need two staff members who are bilingual for a total of 12 new employees.

Office of Motor Vehicle projected the need for four additional Spanish-speaking Transportation Services Representatives, totaling \$88,000 in annual salary excluding fringe benefits.

The State Revenue Office Administration provided per-employee costs for a projected 16 additional employees, totaling \$342,485. Any additional offices could be projected at \$40,000 annually, plus three employees to operate each new office.

The offices that have minimal contact with the public estimated only minor changes in operating costs. These offices include: Office of Administrative Services, Alcoholic Beverage Control Administration, Alcoholic Beverage Control Enforcement, Criminal Detention Facilities Review, Office of Budget, Office of Personnel Management, Office of State Procurement, Assistant Commissioner Operations & Administration, Assistant Commissioner Policy & Legal, Office of Child Support Enforcement, Office of Drivers Services, Office of Excise Tax Administration, and Office of Revenue Legal Counsel. No other office attempted cost projections for meeting the needs due to changes in demographics. It is apparent from the survey results that not all the offices have examined the impact of the changing demographics on their operations and are understating the effects of the changing demographics. It is suggested that some focus group be established to examine the impact of changing demographics on the services provided by each agency and their respective offices.

ASE HEALTHCARE EXPENDITURES (STUDY BY THE EMPLOYEE BENEFITS DIVISION)

Impact of Aging on Healthcare Expenses

Employee Benefits Division conducted an extensive study of the impact of changing demographics on healthcare expenses. The following is the summary of its findings.

An aging population will have a significant impact on the cost and utilization of healthcare services. As an individual grows older, health-related conditions requiring the services of hospitals and physicians will arise. In addition, the mix and intensity of healthcare services will change, generally toward more lengthy and expensive treatment. For a group health benefits insured plan such as the Arkansas State and Public School Employees Life and Health Plan, a significant factor is the ratio of active employees to retirees covered under the plan. New hires will generally be younger, which serves to keep the demographics of the active employee group relatively stable. However, the size of the retiree group will increase over time. A key finding of the projection is the significant growth of the retiree group and the decreasing ratio of active employees to retirees covered under the plan.

Although it is impossible to predict the exact healthcare needs of any one individual at any point in the future, it is possible to estimate the aggregate healthcare costs for a population to illustrate the effect of a growing number of retirees and a decreasing ratio of active to retired employees.

The analysis is based on the GASB 45 (post-employment benefit cost valuation) study completed in October 2005. As the GASB 45 study was conducted solely for the Arkansas State Employees (ASE) population, the findings surrounding aging and its impact on future healthcare costs are based on that sub-group only. A similar study should be conducted for the Public School Employees (PSE) population to estimate future healthcare costs for that population.

The following tables provide the expected benefit payments for current and future active²⁴ and retired employees of the Plan for the ASE population. The estimates of future healthcare costs incorporate the impacts of an aging population as well as increases in both unit cost and utilization (trend). Table 34a shows the estimates of the total cost of the program without accounting for member contributions. Table 34b estimates the net cost to the State of Arkansas after accounting for active and retiree contributions for participation in the Plan. Based on this data, it is evident that the costs of healthcare to the state will increase significantly by 2020.

**Table 34a. ASE Expected Healthcare Costs for Select Future Years – Total Cost
(in \$ millions)**

Year	Actives	Retirees Not Medicare Eligible	Retirees Medicare Eligible	Total
2006	\$159.10	\$20.30	\$19.10	\$198.50
2010	241.5	49.5	36.6	327.6
2015	354.7	88.4	80.1	523.2
2020	459.2	100.4	148.9	708.5

Table 34b. ASE Expected Healthcare Costs for Select Future Years- After Member Contributions (in \$ millions)

Year	Actives	Retirees Not Medicare Eligible	Retirees Medicare Eligible	Total
2006	\$105.00	\$11.20	\$10.50	\$126.70
2010	159.4	27.2	20.1	206.7
2015	234.1	48.6	44.1	326.8
2020	303.1	55.2	81.9	440.2

Methodology and Assumptions

Two distinct dimensions should be considered when estimating future healthcare costs for a given population. The first dimension requires the estimation of both active and retired populations in future years. For the ASE population, Milliman utilized the existing membership of the Plan as the basis for this projection.

The following assumptions were used to project this population to future years.

- As an active employee terminates or retires from active service, a new employee is hired. For the purposes of this study, the average age for the new hire is assumed to

²⁴ When projecting the active population, new employees are assumed to be hired to replace those employees who retire or otherwise terminate service.

be 35 years old; the total number of active participants in the Plan remains constant at 25,885 employees and 48,650 members; spousal coverage, plan election, termination, and retirement assumptions are consistent with the actuarial assumptions for estimating the pension plan liabilities and GASB 45 liabilities.

The expected population used for this study is provided in the following table:

Table 35. Estimated ASE Population for Study

Year	Actives	Retirees Not Medicare Eligible	Retirees Medicare Eligible
2006	25,885	2,647	6,047
2010	25,885	4,984	8,315
2015	25,885	5,845	13,267
2020	25,885	5,051	19,094

Table 35a. Estimated ASE Population for Study

Year	Actives	Average Age	
		Retirees Not Medicare Eligible	Retirees Medicare Eligible
2006	46.55	58.6	74.4
2010	45.71	59.2	73.6
2015	45.35	60.1	72.8
2020	46.06	60.5	73.1

The second dimension for estimating future healthcare costs is the expected cost per member. Note that all estimates provided in this report assume that those who are eligible for Medicare enroll in Medicare at the earliest opportunity.

The first step in developing future per member health care costs was to estimate the costs for the current year at various ages. Although the average cost per member for active employees is expected to vary with age, the study has assumed that the average cost for all active participants remained constant for this study. The cost difference at each age is more pronounced in the retiree population. The expected costs at selected ages for retirees are provided in the table below. Note that these expected costs incorporate the expected Federal Retiree Drug Subsidy (RDS) payment as a result of Medicare Part D.

Table 36. ASE Expected Annual per Member Healthcare Costs at Select Ages for 2006

Age	Male	Female
52	\$4,497	\$5,083
55	5,477	5,620
60	7,194	6,709
64	8,316	7,501
65	2,532	2,278
70	3,075	2,703
75	3,591	3,084
80	3,970	3,470

The second step in developing future per member health care costs is to project these age-

adjusted costs forward in time with trend. The following trend rates were utilized for this projection:

Table 37. Estimated Trend Rates for Future Years

Year	Active and Non-Medicare Eligible	Medicare Eligible
2006	12.00%	10.00%
2007	11.33	9.50
2008	10.67	9.00
2009	10.00	8.50
2010	9.33	8.00
2011	8.67	7.50
2012	8.00	7.00
2013	7.33	6.50
2014	6.67	6.00
2015	6.00	5.50
2016	5.50	5.00
2017	5.00	5.00
2018	5.00	5.00
2019	5.00	5.00
2020	5.00	5.00

The combination of both dimensions results in the annual cost estimates provided in this report. When estimating the net cost to the State of Arkansas, the current (calendar year 2006) subsidy policy is assumed to continue for future years. This results in an average 66% subsidy for actives and 55% for retired members.

Limitations and Caveats

In performing this analysis, Milliman relied on data and other information provided by the Employee Benefits Division of the Department of Finance and Administration of the State of Arkansas. Milliman has not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of their analysis may likewise be inaccurate or incomplete. Milliman performed a limited review of the data used directly in their analysis for reasonableness and consistency and has not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent.

Differences between Milliman's projections and actual outcomes depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions used in this analysis.

STRATEGIES TO ADDRESS ISSUES AND CONCERNS

As stated, the aging population is a concern for several offices. For instance, Income Tax Administration revenues could decrease due to expanded use of exemptions by retirees and a larger percent of income from tax-sheltered transactions or taxable transactions at reduced tax rates. Also, the level of service provided by the State Revenue Offices would

need to increase. There are concerns about office size, location, hours, staffing, employee training, large print forms and publications needed to provide the anticipated services. Additionally, the Employee Benefits Division identified that an aging population will have a significant impact on cost and utilization of healthcare services.

The growth in Hispanic population is another major concern for many offices within the Department of Finance and Administration. Many offices addressed the need for bilingual speaking employees, additional training for existing employees, and whether forms should be revised to include both Spanish and English.

It is clear that additional resources will be needed to address the aging of the population as well as the increasing Hispanic population. These changes will have a substantial impact on DFA's budget, and the Department will have to take steps to provide additional needed services. Some of the strategies that will have to be considered include:

- Strategy 1* Create a centralized team of Spanish-speaking employees or on-site Spanish speaking employees
- Strategy 2* Expand office hours to provide the appropriate level of service
- Strategy 3* Expand office locations where expected service needs are projected
- Strategy 4* Expand office size where needed
- Strategy 5* Train existing employees in the Spanish language
- Strategy 6* Hire bilingual people in departments where needed
- Strategy 7* Provide large print forms and publications
- Strategy 8* Provide print forms and publications in Spanish

Employee Benefits Division provided the report written by Milliman Consultants.
The Department of Finance and Administration provided the majority of the content and information contained in this section.

Department of Workforce Services

Mission and Profile²⁵

Arkansas Department of Workforce Services (DWS) is to be a dynamic organization taking pride in being the provider of choice of employment services. DWS's mission is to enable the Arkansas workforce to compete in the global economy by linking a comprehensive array of services for employers and job seekers. Additionally, DWS's mission is to provide its customers with employment-related services that contribute to the economic stability of Arkansas and its citizens.

POPULATION SUBGROUPS SERVED

Generally, services of the Department of Workforce Services must be provided to all that are eligible.

PROGRAMS AND SERVICES²⁶

The services of DWS are provided to employers, the workforce, and the general public. Services include:

- Linking employers with qualified job applicants;
- Helping the employed and unemployed find work or training;
- Providing unemployment insurance benefits to those eligible;
- Facilitating employer compliance with Arkansas Employment Security Law;
- Collecting unemployment insurance contributions; and
- Producing and communicating labor market information.

MAJOR ISSUES AND CONCERNS FOR 2020

The Department of Workforce Services has examined how changing demographics in Arkansas would affect its structure and how it should respond to these changes.

According to DWS, the services provided and the cost of services are not dependent on the age or the ethnicity of the individuals served, with one exception. Under the Workforce Investment Act (WIA) programs there is specific funding for youth programs for individuals age 14-21. There may also be special initiatives to help older workers find employment and to help employers find those mature workers. Currently DWS is engaged in a Mature Workers Initiative sponsored by AARP. Services are being provided from the agency's regular budget. They consist mostly of awareness promotions, and the services are handled in the same or similar ways those directed to all customers. The services provided and the cost of services for individuals with limited English-speaking ability is different. DWS has made its major processes available electronically in Spanish and other languages. In addition, when an individual seeks its services in person and does not have an interpreter on staff, DWS may have to purchase such services. The current costs of services and the revenue received from this ethnic group are minimal.

25 Source: http://www.dws.arkansas.gov/General/A_AboutADWS.htm

26 Source: http://www.dws.arkansas.gov/General/A_AboutADWS.htm

The following tables provide the demographic characteristics of the population served by DWS.

**Table 38. Unemployment Insurance Claimants
Year Ending 9/30/2005**

Female:	155,113 (47.1%)
Male:	174,523 (52.9%)
Hispanics:	5,269 (1.7%)
Non-Latino	324,368 (98.3%)
American Indian/Alaska Native:	2,445 (0.7%)
Asian:	1,394 (0.4%)
Black/African-American:	104,195 (31.6%)
Native Hawaiian/Pacific Islander:	2,389 (0.7%)
White:	213,924 (65.0%)
Information not available	5,302 (1.6%)
Age	
<22	12,799 (3.9%)
22-24	26,571 (8.1%)
25-34	89,948 (27.3%)
35-44	89,031 (27.0%)
45-54	70,996 (21.5%)
55-59	21,487 (6.5%)
60-64	11,090 (3.4%)
65 & up	7,654 (2.4%)
INA	73 (0.02%)

Table 39. Job Service Registrants Year Ending 9/30/2005

Female:	56,209 (42.1%)
Male:	77,178 (57.9%)
Hispanic:	5,399 (4.0%)
American Indian/Alaska Native:	2,888(2.1%)
Asian:	2,285 (1.7%)
Black/African-American:	39,965 (29.4%)
Native Hawaiian/Pacific Islander:	1,180 (0.9%)
White:	88,392 (65.0%)
More than one race:	1,302 (1.0%)
Age	
18-44	106,511 (80.3%)
45-54	17,892 (13.5%)
55+	7,793 (5.9%)

Table 40. Workforce Investment Act Program Participants Year Ending 9/30/2005

Female:	4,023 (65.3%)
Male:	2,138 (34.7%)
Hispanic:	55 (0.9%)
American Indian/Alaska Native:	66 (1.1%)
Asian:	19 (0.3%)
Black/African-American:	2,852 (46.0%)
Native Hawaiian/Pacific Islander:	6 (0.1%)
White:	3,241 (52.3%)
Other	11 (0.2%)

Table 40. Workforce Investment Act Program Participants Year Ending 9/30/2005

Age	
<22	2,928 (47.5%)
22+	3,233 (52.5%)
55+	Information available by type and results, but not by individuals served overall

For the most part, the agency's services must be provided to all that are eligible. DWS's local office staffing is reallocated annually based on funding and historical information relative to workload. For a portion of the Workforce Investment Act funding, however, the Workforce Investment Board may approve projects for special groups of otherwise eligible individuals. A current example is a special program for mature workers. From time to time there are also opportunities for special project funding from the U.S. Department of Labor or from other agencies. Currently, DWS receives funds from the U.S. Department of Labor for projects for immigrant workers and for youth offenders. DWS is also receiving funds from the Transitional Employment Board for a special training project for Transitional Employment Assistance (welfare) recipients.

There is not a significant difference in the level of services required by various age groups. However, based on ethnicity, communication difficulties may require the agency to purchase the services of an interpreter. DWS also uses the services of the bilingual staff members that are presently employed in the office.

STRATEGIES TO ADDRESS ISSUES AND CONCERNS

The factors that most significantly impact DWS are the economic environment leading to the changing supply and demand of the employment base. The Department of Workforce Services is not significantly influenced budget wise by the changing demographics and hence would not prioritize differently based on the changing demographics. However, the agency would try to increase its ability to provide services to the changing customer base by applying the following key points:

- Include more information on the benefits of hiring older workers as the agency makes presentations to groups of employers and calls on them to list job openings with DWS.
- As the traditional workforce shrinks, focus on attracting older and experienced workers back into the workforce.
- Expand its current pilot program to help workers who are new to the state and to the country access the services they need, including English-as-a-Second Language and workforce preparation instruction. Since this project is dependent on coordination of local resources for continuation, the cost to the state is for new site initiation. For 2006, DWS has a grant from the U.S. Department of Labor for four pilot sites.
- Attempt to hire more bi- or multi-lingual employees.

In addition, the Department of Workforce Services recognizes that it will need

coordination with other agencies, public and private, as key in providing service to special groups, especially older workers and limited-English-speaking workers. DWS suggests the following coordination with other agencies:

- Coordination with the Department of Economic Development to help find or prepare workers for potential new and expanding businesses.
- Coordination with the Department of Workforce Education, Department of Higher Education, the Arkansas Association of Two-Year Colleges, and the two-year colleges and technical institutions. These departments are vital as a resource for providing the short-and long-term training to enable limited English-speaking workers to begin jobs and older workers to change to new types of work.
- Coordination with faith-based groups and community groups to help immigrant workers. These groups can help contact the individuals, foster trust, and provide interpretation and assistance in navigating the service system, help individuals with their immigration issues, and more.
- A high degree of coordination among the workforce partners to effectively operate workforce centers.

Provided by Sharon J. Robinette, Assistant Director, Labor Market Information & Analysis Department of Workforce Services.

Department of Labor

MISSION AND PROFILE

The Arkansas Department of Labor was given the responsibility of enforcing the labor laws of the state in 1913. Today, the mission of the Arkansas Department of Labor is to foster, promote, and develop the health, safety, and welfare of the wage earners of Arkansas by providing services and enforcing laws to improve working conditions and enhance their opportunities for safe and profitable employment.

EMPLOYEES**Table 41. Employment Summary**

	MALE	FEMALE	TOTAL	*PERCENTAGE OF TOTAL
WHITE EMPLOYEES	35	35	70	80%
BLACK EMPLOYEES	8	8	16	18%
EMPLOYEES OF OTHER RACIAL MINORITIES	0	1	1	1%
TOTAL MINORITIES			17	20%
TOTAL EMPLOYEES			87	100%

* Percentage totals may not add due to rounding

POPULATION SUBGROUPS SERVED

The demographic served by the agency as a whole are identical to the Arkansas workforce in general.

PROGRAMS AND SERVICES²⁷

The Arkansas Department of Labor has nine divisions providing a wide variety of services to the public. The services consist of:

Safety Services

- Conducting complaint, accident, and fatality investigations in the public sector,
- Conducting routine inspections,
- Inspecting amusement rides,
- Providing free safety consultation services,
- Providing training classes on safety and health issues (most are free of charge),
- Providing elevator safety inspection,

²⁷ Source: <http://www.arkansas.gov/labor/services/index.html>

- Presenting safety awards, and more.

Wage and Hour Services

- Administering and enforcing the Arkansas laws relating to minimum wage, overtime, student learners, child labor, disabled workers, and equal pay,
- Collecting unpaid wages for employees,
- Licensing and regulating all private employment agencies,
- Administering Arkansas' prevailing wage law.

Other Services

- Licensing electricians,
- Conducting annual surveys of the state's workplace fatalities, illnesses, and injuries,
- Offering mediation and conciliation services in labor disputes,
- Inspecting and certifying boilers and pressure vessels; and licensing boiler operators, installers, and repair firms.

MAJOR ISSUES AND CONCERNS FOR 2020

The demographics served by the agency as a whole are identical to the Arkansas workforce in general. The services provided and the costs of services are not dependent on the age or ethnicity of the individual served. Two cost-related items should be noted that are somewhat age-related. First, employers who violate the state's child labor laws may be subject to a fine, which supports the agency's Labor Standards Enforcement program. Second, certain restricted licenses, such as a master electrician's license or boiler operator license, are available to retirees upon reaching the age of 65. Such restricted licenses are available for a one-time only fee. Additionally, there is one caveat with respect to ethnicity. Obviously, providing Spanish language services increases costs. The cost increase, however, is directly related to the provision of language services, not the ethnicity, of the individual. In addition, age and/or ethnicity do not have an impact on the cost of services or the revenue the agency receives.

Furthermore, in order to provide an increased level of service to the individuals served, the agency has some flexibility in its General Revenue programs to move personnel. Federally funded programs, however, are restrictive and personnel are very program specific. With respect to the levels of service required by the individuals based on their age and/or ethnicity, they do not differ unless the provision of Spanish language services is considered a provision of services based on ethnicity. Also, anecdotally, it is probable that teenage workers and older workers are more vulnerable workers and may need to access the agency's services to a greater degree.

STRATEGIES TO ADDRESS ISSUES AND CONCERNS

The Department of Labor is not dramatically affected by the changing demographics and anticipates no significant difference in the types of services that would have to be provided based on demographics of the individuals served. The Department of Labor also states that increased coordination among agencies is positive and anticipated, but not driven by anticipated changes in demographics.

The only major concern at this point with regard to changing demographics is the extent and cost of providing Spanish language services. The types of additional resources needed to accommodate these changes are funds for the personnel. The department provided no specific estimate of the financial need associated with this concern.

Provided by Denise P. Oxley, Chief Legal Counsel, Arkansas Department of Labor

Department of Parks and Tourism

MISSION AND PROFILE

The Department of Parks and Tourism is one of Arkansas's largest state agencies based on its budget and the number of employees. The primary responsibility of the Department is to manage the state parks system, promote and develop tourism, manage the state archives, and work to prevent litter in the roadsides and parks. The Department is divided into six divisions: the Tourism Division, the Parks Division, the Great River Road Division, the Administrative Services Division, the History Commission, and the Keep Arkansas Beautiful Commission. The mission of the Arkansas Department of Parks and Tourism is to enrich the quality of life and improve the economy of Arkansas by promoting, protecting, interpreting, and managing the State's natural and cultural resources.

EMPLOYEES**Table 42. Total Number of Employees, Based on Gender**

GENDER	MALE	FEMALE	TOTAL
REGULAR SALARY	346	335	681
EXTRA HELP	199	254	453
Total	545	589	1134

Table 42a. Total Number of Employees, Based on Minority/Non-minority Race Classification

MINORITY/NON-MINORITY	WHITE	MINORITY	TOTAL
REGULAR SALARY	606	75	681
EXTRA HELP	413	40	453
Total	1019	115	1134

Table 42b. Total Number of Employees, Based on Ethnic Identity

ETHNIC IDENTITY	Amer. Indian	Asian	Black	Hispanic	White	TOTAL
REGULAR SALARY	10	2	60	3	606	681
EXTRA HELP	4	2	31	3	413	453

Table 42c. Total Number of Employees, Based on Age of Employee

AGE OF EMPLOYEE	< 20	20 to 29	30 to 39	40 to 49	50 to 59	60 +	TOTAL
REGULAR SALARY	1	75	109	203	216	77	681
EXTRA HELP	91	134	70	58	49	51	453

POPULATION SUBGROUPS SERVED

The Department of Parks and Tourism serves the entire population of the State of Arkansas.

PROGRAMS AND SERVICES²⁸

28 Source: <http://www.arkansasstateparks.com/>

The Department of Parks and Tourism provides a variety of services and programs to the public. For instance, special programs for seniors include elder hostel programs. Arkansas is the only state park system to operate its own elder hostel programs. Also, the State Parks system offers over 30,000 interpretive programs each year including guided Lake Tours on park party barges.

MAJOR ISSUES AND CONCERNS FOR 2020

Change is part of what the Department of Parks and Tourism does regularly. Changes in demographics in most cases do not make the Department spend more, but they do make it refocus regularly. In order to market properly, the demographics of its market must be known, and as it changes, the product and the marketing must change as well. This is true for the construction and operation of state parks, as well as the overall promotion of tourism.

➤ Arkansas's Tourism Market Area

The primary market area for the Department's tourism marketing is an oval extending from New Orleans to the south, west through Houston and Dallas, north to Oklahoma City, Iowa and on to Chicago, south through Indianapolis, Memphis and Jackson. Approximately 85 percent of Arkansas' tourists come from this area. There are 40 million people within 400 miles of Arkansas' borders.

➤ The Tourism Demographic

The median age of the Arkansas visitor is 41. The generation shared by most Arkansas overnight leisure travelers (43%) is Generation X (born 1965-1980). Baby Boomers (born 1946-1964) follow at 37%. This composition changes over time. The younger generation is traveling more. For years, the Baby Boomers were the predominant tourism market for everyone. The interest in travel activities is changing as the population ages, and marketing has to change with it. Travelers who perhaps used to be interested in Disney World are more interested in a quiet cabin on a lake.

As far as ethnicity is concerned, the African-American and Latino demographics are becoming more and more important as a target market of travelers. The Department expects this trend to continue. To market to these groups, it may take special programs but not necessarily more money. It will simply be a matter of reacting to the shifting marketplace.

State Parks are there for all citizens, whether wealthy or poor. Where Tourism might market to more upscale travelers, simply because they spend more money, State Parks supply land, facilities, and services to all citizens, no matter what their income level or ethnicity.

With respect to the aging of the general population, facilities and programs need to be shifted to meet demands. If the average age of visitors and/or citizenry gets older, they may need more rocking chairs and fewer water slides. Park facilities wear out and need constant maintenance and replacement. It is anticipated that any changes in facilities that

might be necessitated by age or changes in the market can be accomplished by the replacement process. The Department does not anticipate additional costs due to changing demographics. Some facilities, such as trails, serve both ends of the age spectrum. Where some might consider trails the purview of fit young people, many senior citizens use and expect to have trails for exercise as recommended by their doctors. Multi-use facilities are generally the most cost-efficient for a park agency. On the matter of fees and charges, which help support the park budgets, the Department currently provides senior citizen discounts based on the assumption that the elderly have limited resources. This assumption is out-of-date. According to the department the elderly are among the wealthiest Americans and that the younger family today is resource poor and in need of a discount. The Department believes the old-age discounts should be phased out.

With respect to ethnicity, especially for Latinos, the Department may need to work on signing practices and policies, bilingual employees, especially in law enforcement, and programs and facilities that more closely cater to customer needs. The Department, to some extent, is already addressing these issues. As an example, large family gatherings are common in the Latino community. If there are no areas that accommodate those sorts of recreation, they need to be added. The Department expects to implement such changes over time.

STRATEGIES TO ADDRESS PRIORITY ISSUES AND CONCERNS

Some of the priority concerns for the Department of Parks and Tourism are the costs of construction, supplies, and workforce. As Arkansas grows, and its economy becomes more robust, the cost of doing business is going up very quickly, mainly because of the increased competition for resources.

- *Construction/Supplies* – Parks probably do as much construction as anyone in state government other than K-12 education and colleges and universities. As the economy improves, costs of fuel, construction materials, labor and supplies, and the costs caused by the simple supply and demand of contractors have been going steadily upward. These increases imply that less will get done for “x” amount of money. State government in general has a poor program for ongoing construction and renovation of its assets, and the situation might get worse in the future. Without proper planning, this trend will lead to a deteriorating infrastructure that will adversely affect all state services.
- *Workforce* – The state government personnel management system is a holdover from the 1960’s when jobs were scarce and quality workers were many. It’s just the opposite today. State agencies are in constant competition to attract qualified individuals. The demographics of the Department’s employees suggest that there will be a greater percentage of employees retiring in the near future. The Department spends substantial resources training its employees and often find the trained employees leaving the place of employment for better paying jobs. The pay scales and its wide scale disparity with other opportunities create the single biggest drawback for the department. The Department is currently conducting a study to examine issues associated with the retention of its qualified employees; to change the

pay scale will require action on the part of General Assembly. Looking at the demographics of the workforce at the agency, 73% is over 40 years of age. It is anticipated that by 2020 a large percentage of the workforce will be retiring. The replacement salary of these employees is expected to be much higher than what is being paid to current employees. More than a third of all managers in the Department are eligible to retire, with full benefits, right now. This includes five of seven division directors. Four of the employees filling the top six positions in the State Parks Division have more than thirty years each. They are at the high end of the pay scale. It is unlikely that the department will be able to replace these individuals with similar qualifications under the present pay structure. The state will have to examine the pay structure of state employees in order to solve this issue. It is anticipated that the cost of employment for the division will increase as its elderly work force retires and will have to be replaced with higher pay new employees.

Provided by Richard W. Davies, Executive Director, Department of Parks and Tourism

Arkansas Public Employees Retirement System (APERS)

MISSION AND PROFILE

The Arkansas Public Employees Retirement System (APERS) was established by legislation enacted in 1957 and has subsequently expanded to include state, county, municipal, school, and other political subdivisions. The mission of APERS is to play an integral role in the future financial security of its members. The membership of APERS includes Arkansas State Police Retirement System (ASPRS), Arkansas Judicial Retirement System (AJRS), and Arkansas District Judge Retirement System (ADJRS). The APERS provides prompt and courteous delivery of quality benefits and information which members value and trust through professional plan administration and prudent management of system assets.

POPULATION SUBGROUPS SERVED

APERS administers a statewide public employee retirement program for certain state (including members of the General Assembly and State Constitutional Officers), municipal, school district employees (cafeteria workers, bus drivers, and janitors enrolled before July 1, 1989) and all county employees (including county constitutional officers).

ASPRS covers all state troopers (civilians are covered by APERS).

AJRS covers all circuit, appeals, and supreme court judges (administrative officers are covered by APERS).

ADJRS covers all state district court judges (clerks are covered by APERS).

PROGRAMS AND SERVICES

APERS administers the retirement and disability benefits for the four above-referenced pension systems.

MAJOR ISSUES AND CONCERNS FOR 2020

By its very nature, a retirement system is both a forward-looking and backward-looking entity. The system's actuary produces annual valuations that project the number of retirees into the future, their mortality rates, the future value of present benefits, and the future costs of those benefits.

Six years ago, APERS conducted a 50-Year Actuarial Projection to assess the landscape of tomorrow and begin appropriate preparations. At the time of the report, APERS had 15,550 annuitants. The deterministic projections indicated that there would be 18,960 annuitants by the end of FY2005. The actual count was over 21,000 by that date. The rate of retirement is three years ahead of the official projection. The projection anticipates that the trajectory of new annuitants being added to the rolls will flatten between FY 2017 and FY 2020 once the baby boomers have entered the retirement system.

The impact of the aging Arkansas population on this agency is relatively minor. The agency traditionally deals with the oldest segment of the membership and hence the

agency staff has learned the importance of an office environment that is compliant with the Americans with Disabilities Act and more accommodating to those with age-related infirmities. The agency also makes other accommodations such as large-size print fonts in its publications. The one area that will require change is staffing levels. The aggregate increase in the number of employees needed would not be particularly remarkable. The agency anticipates the need for 3 to 4 additional counselors over the next two to three years. The need is based on anticipated increases in the retirement rates of aging participants. In 10 to 15 years, when the rate of retirement begins to taper off, the agency expects the counseling staff size to slightly decline due to attrition. The current administration of the APERS agency has been promoting an agenda of cross training throughout the system in order to maintain a lean yet flexible workforce.

The major concern for the agency is its own workforce. It is estimated that approximately 15% of APERS' most senior staff will be retiring within the next four years. To offset this loss, the APERS Board of Trustees has approved staff plans to seek eight additional positions in the coming legislative session. If the requests are approved, APERS will be able to proceed with a comprehensive "knowledge transfer" to a new generation of staff.

The agency is also examining providing additional services to the membership. A service not currently available to retirees that will be considered in the near future is some sort of "retired lives" seminar program. The agency currently provides an extensive program of retirement education seminars around the state to assist the active member population in making informed decisions. However, life after retirement is not yet specifically addressed. Other projects under consideration are the development of Internet access to member retirement information and a help desk call-in center.

As the ratio of active members to retirees continues to decline the demands on the investment program will increase substantially. The dual (and often divergent) demands of high returns and high liquidity must be constantly assessed vis-à-vis the existing market environment. APERS has been in a condition of negative cash flow (more benefits paid out than contributions coming in) for nearly ten years now. While the portfolio must be managed in a manner that is sound, APERS must also examine the assets in terms of making sure that the contribution to the portfolio is consistent with the actuarial computations. More focus will be brought to bear in this area when the actuarial valuation for the current fiscal year is delivered this fall.

As the retirement ranks swell in the coming years, it is incumbent upon the agency to be adequately staffed and prepared to provide high-quality services to membership. When an individual requests a benefit estimate – a number upon which he or she will be counting on to determine the economic underpinning of the second half of life – APERS must do everything possible to ensure that not only is the member's wage and service history correct, but that the agency has appropriately and prudently carried out its fiduciary duty to protect member assets – both contributions and assets.

STRATEGIES TO ADDRESS PRIORITY ISSUES AND CONCERNS

One of the concerns APERS points out is the increase in the "tech savvy" population. As the state's population becomes more "tech savvy," APERS anticipates an increased

demand for electronic access to both general and personal information. APERS has indicated that long-range planning is already underway to address this concern. Another concern of APERS is that as the baby boomers begin to retire, the number of individuals the agency will be expected to counsel in the area of benefit-counseling and post-retirement services will increase. Consequently, APERS has anticipated adding more counselors to its staff to serve the anticipated increased demand from the demographic changes.

Provided by Gail H. Stone, Executive Director, Arkansas Public Employees Retirement System.

MISSION AND PROFILE

The mission of the Department of Economic Development (ADED) is to develop and diversify the state's economy to enhance the quality of life for current and future Arkansans through expanding existing business and industry and to stimulate job creation and retention. Additionally, the agency is a source of information for all communities throughout the state regarding economic and community development opportunities. The agency's first goal is to stimulate job creation, retention, and capital investment in the State of Arkansas. The agency's second goal is to support and increase the development capacity of Arkansas communities.

POPULATION SUBGROUPS SERVED

Changing demographic trends, as projected through 2020, will present the Arkansas Department of Economic Development with several challenges that will impact service delivery, staffing, and resource allocation. An aging workforce, increasing immigration, and continuous changes resulting from globalization will require intensified workforce recruitment and more specialized training. The major population subgroups served are:

- Non-retail businesses
- Governor's Office
- General Assembly
- Other state agencies
- Cities and counties
- Public
- ADED sections/units
- Economic developers
- Utilities
- Planning and Development Districts (PDDs)
- Colleges and universities
- Regional economic development organizations

PROGRAMS AND SERVICES

The major types of programs/services delivered to the population subgroups are:

- Information (responses to inquiries, reports, data, etc.)

- Grants
- Training
- Business assistance
- Community development assistance
- Film assistance
- Ideas for legislation/policy
- Incentives
- Collaboration

MAJOR ISSUES AND CONCERNS FOR 2020

Broadly, ADED's core business and community development activities have the potential to impact all the working age demographic segments of Arkansas' population. The agency's business recruitment and retention activities directly target working age Arkansans who comprise the labor force for new and retained jobs created by the businesses that they work with. The indirect and induced benefits accrue to other segments of the population including (1) suppliers and service providers serving these core businesses, (2) employee dependents, and (3) recipients of government services financed through tax revenues whose base is largely dependent upon economic prosperity.

Other core ADED activities such as local community planning, the Arkansas Energy Office, small and minority business assistance, and dissemination of Community Development Block Grant (CDBG) funds cut an even broader swath by affecting recipients of all age, ethnic, and socioeconomic groups. Low- to moderate-income residents (many of whom comprise this changing demographic) are targeted through the CDBG program.

Because ADED's primary sources of revenue are finite general revenues (for basic community and business development activities) and declining federal funds for CDBG and (most) energy programs, ADED must continue to serve the most people that it can given available funding. Although the cost of and level of services provided are not directly tied to customer-based user or applicant fees or revenues, ADED's scope of services will continue to be adversely affected as labor, energy, and material costs increase faster than the agency's budget. ADED cannot plan on increased revenue and must shift both the level and amount of services provided among demographic groups as needs arise. For example, in lieu of increased CDBG funds, funding priorities may shift from a few public health facilities to more senior centers. Additionally, training funds allocation may shift from work processes to basic work skills as skilled employees retire and more unskilled workers enter the labor force. The services ADED provides change depending on changing demographic cohorts. Increased demand in some areas may

decrease emphasis or services in other areas. In order to adequately serve these changing cohorts without reducing the level of services to others, more funding, especially for training and infrastructure will be needed.

Over the past ten years, both the number of new projects and the number of employees per project have trended downward in Arkansas and nationwide. Approximately 70 percent of jobs created in Arkansas are tied to existing industry. Businesses, especially those in counties where population is declining, are finding it more difficult to retain and nurture a workforce. This has resulted in a “renewed” emphasis on existing workforce training and a dire need for recruitment of workers from outside the traditional sources of employment. More complex strategies must be explored such as regional transportation, employer daycare, more intensive pre-employment training, and creative incentives to recruit workers to the region. Although specific costs and staffing needs for these services are not known, it is anticipated that substantially more training funds and more intensive business recruitment and community development planning activities will be needed. Additionally, bilingual training and assimilating retired workers back into the workforce may be needed within certain regions. In summary, workforce recruitment and training needs are increasingly complex and individualized, depending on the region’s demographic variables. ADED’s traditional training methods and definitions of eligible costs must expand to meet the divergent needs of Arkansas’ changing workforce. ADED cannot do this without increased funding and intra-agency cooperation.

Due to past budget cuts; ADED has lost key personnel in many areas including film, community development, and foreign trade. Without the prospect of increased funding and staff, ADED would be forced to either reassign staff or restructure duties to meet any special needs arising from demographic changes. This would result in a reduction in the quality of service provided. Although ADED has adapted as well as possible during the past few years, little more can be done within current budget levels. Fiscal changes require the approval to move money between budgets by the PEER Committee of the Legislative Council.

In addition to more intensive training needs necessitated by age and ethnicity changes stated above, corporate training demands are becoming increasingly more complex and expensive. As technology increases and the effects of globalization intensify, almost all employers are requiring a workforce that is technologically diverse. Arkansas has many mature industries whose core workforce (with decades of educational and technical training) is nearing retirement. Many of these companies are at critical crossroads where they must make technological upgrades to remain competitive. Therefore, workers who fill these new jobs must not only have basic entry-level skills but must also be technologically competent in operating state-of-the-art equipment. If businesses know that they cannot recruit such a workforce, it is conceivable they will not make the investment in Arkansas and will either seek a competitor state or will move production overseas. Additionally, new industries such as automotive assembly facilities will not choose Arkansas unless they are ensured that an adequate (as well as technologically skilled) workforce exists. Therefore, the scope of training, in addition to the complexity, will increase.

STRATEGIES TO ADDRESS PRIORITY ISSUES AND CONCERNS

As explained in the previous section, the major concerns facing ADED are the following:

- ADED's scope of services will be adversely affected as labor, energy, and material costs increase faster than the agency's budget.
- Training funds may increasingly shift from work processes to basic work skills as skilled employees retire and less skilled workers enter the labor force.
- Workers from outside the traditional sources of employment need to be recruited.
- Corporate training demands will become more complex and expensive.

In order to respond to these issues, the ADED proposed the following suggestions:

For the long term, emphasis should be placed on the following:

- Programs should be designed that help our youth develop skills that will allow them to compete for 21st century jobs. Examples of actions that would reflect the benefits of this long-range investment would be an increased emphasis on science and mathematics at an earlier age and in a manner that motivates students to excel in these areas.
- Business recruitment efforts would have to become much more targeted to ensure that our state's competitive advantages meet the needs of potential businesses. At a minimum, a statewide labor skill assessment must be in place and services designed to fit the gaps.

In the short term, emphasis should be placed on the following:

- Significant increases in training must be mandatory.
- Community planning should be scrutinized to ensure that changing demographics are being adequately addressed. For example, significant expansions in the Hispanic population, through both in-migration and an accelerated birth rate, need to be incorporated into community planning efforts.
- The state must determine the extent to which state funding may be affected by expected reductions in federal funds used to address changing demographic variables, especially for infrastructure and health care.

Coordination Among Various Agencies

Enhanced coordination is an integral part of the solution for preparing our workforce for the changing economy. Workforce issues are systemic issues that must be addressed at every point in the continuum. Partners would include:

- Arkansas Department of Education, Arkansas Department of Higher Education, Arkansas Department of Workforce Education, Workforce Investment Board, and the Arkansas Department of Workforce Services.
- Arkansas Department of Highways and Transportation, ADFA, and HUD (housing), Arkansas Science and Technology Authority, Arkansas Capital Corporation, and others.

In addition to the primary concerns, there are some other questions and issues ADED addressed. These Other Questions/Issues are the following:

- ADED must focus on (1) the continuing transformation of the state's economy from one dominated by manufacturing to one with increased emphasis on services, (2) the creation of new companies within the state, and (3) a calculated approach to building the state via in-migration.
- Coordination with educational providers to try and influence the career paths of our youth will require a carefully conceived and implemented plan to change the dynamics of schools to prepare students with specific skill sets.
- Due to the interdependencies among state agencies, the administration should consider initiating a comprehensive, statewide development strategy. If initiated at the chief executive level, ADED could have better success in ensuring continuity, accountability, and coordination. Anything short of this may result in fragmented, single-purpose efforts by agencies without a focus on overall goals.
- Increasingly, local governments will be called upon to contribute to economic development efforts. Local governments currently lack the financial resources, or timely access to those financial resources, to allow them to be a consistent, meaningful economic development partner with the state. Opportunities for funding economic development activities at the local level need to be explored and pursued.
- One of the apparent pitfalls that hampers the economic development of many of Arkansas' smaller towns, and some larger cities, is the lack of leadership that can conceive workable plans and implement them with the support of the local community. Leadership efforts by local communities, the Arkansas Community of Excellence (ACE) program, the Cooperative Extension Service, and others need to be coordinated and refined to insure that communities have the best tools available to stimulate leadership at the local level.

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Source: Provided by the Arkansas Department of Economic Development

MISSION AND PROFILE

The mission of the Arkansas Development Finance Authority is to provide and support affordable financing for the housing, economic, agricultural, and governmental needs of Arkansas.

EMPLOYEES

Total number of employees=57

Table 43. ADFA Employees

<u>Age Category</u>	<u>Percentage</u>
20s	7%
30s	26%
40s	30%
50s	30%
60s	5%
70s	2%
<u>Gender</u>	<u>Percentage</u>
Males	40%
Females	60%
<u>Race</u>	<u>Percentage</u>
Minorities	23%
Non-Minorities	77%

As a state agency, ADFA is subject to EEOC laws.

POPULATION SUBGROUPS SERVED

- Clientele/Customers: Aquaculturalists, agriculturalists, very low- to moderate- and higher-risk borrowers, disadvantaged businesses, financial institutions, manufacturers, industrial development corporations, tourism industry, colleges and universities, medical facilities, developers, and local and state government.

PROGRAMS AND SERVICES

- Services provided: “ADFA administers several different programs in each of these areas that further the cause of each goal. With the business-like flexibility afforded ADFA by its statutory charge and, under the guidance of very active and professional Board of Directors, ADFA has added and discontinued programs from time to time with consideration given demands and resource availability. Almost all programs, in and of themselves are self-sustaining from interest margins, negotiated fees and other revenues and, as stated earlier, all programs, in the aggregate, are fully funded and sustained from the self-generated revenue of the Authority.” (2005-2007 Biennial Budget Request).

SERVICES/PROGRAMS

Services/programs and descriptions are listed below:

Economic Development Programs

- Arkansas Venture Capital Investment Program – Increases the availability of equity and near equity capital for emerging, expanding, relocating, and restructuring enterprises in Arkansas.
- Aquaculture Program – Coordinates the aquaculture industry in Arkansas.
- Capital Access Program – Creates a method for making slightly higher risk loans and more attractive loans to participating lending institutions.
- Cooperative Revolving Loan Fund – Provides low interest rate loans to agricultural cooperatives that are producing/marketing fruit and vegetable products.
- Disadvantaged Business Enterprises Program – Provides banks with working capital guarantees for disadvantaged business enterprise contractors.
- Crop and Livestock Loan Program – Provides a 50% guarantee to a commercial lender making a loan to a 4-H or FFA member.
- Export Finance Program – Assists small service companies, manufacturers, and agribusinesses insure against risk to foreign buyers.
- Farm Mediation Program – Provides a forum for farmers and lenders to resolve loan debt service payment problems.
- Farm Link Program – A listing service that links up retiring farmers with aspiring farmers.
- Industrial Development Bond Guaranty Program – Provides long-term, below-market fixed interest rate loans to manufacturing industries.
- Port Facilities Revolving Loan Program – Provides a source of financing to Industrial Development Corporations interested in building speculative industrial facilities.
- Tourism Development Loan Program – Loans for new business start-up or expansion in the tourism industry.
- Wastewater Revolving Loan Fund – Provides low interest rate financing to municipalities wishing to improve their waste water treatment facilities.

Homeownership Programs

- HomeToOwn (Mortgage Revenue Bond Program) – Low interest rate loans to low and moderate income first time homebuyers.
- Down Payment Assistance Program – Provided to qualifying lower-income Arkansans.

- ADFA's New American Dream Down payment Initiative – Down-payment assistance for lower-income Arkansans.

Affordable Rental Housing Programs

- Low Income Housing Tax-Credit Program – Assists in the development of apartments for low-income Arkansans.
- HOME Program – Federally funded program with housing grant funds targeted to assist low and very low income Arkansans.
- Tax-Exempt Multi-Family Housing Bonds – Below market rate mortgages provided to developers who agree to set rents that are affordable to low- to moderate-income families.

Demographic profiles of two of the programs:

Economic Development's Capital Access Program

Number of loans since program initiation = 365

<u>Race</u>	<u>Percentage</u>
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Minority-Owned Businesses	17%
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Non-Minority-Owned Businesses	83%
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<u>Community Type</u>	<u>Percentage</u>
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Rural	90%
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Urban	10%
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<u>Age of Business</u>	<u>Percentage</u>
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Start-up	11%
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1-4 Years	37%
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5-9 Years	28%
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10+ Years	24%
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Homeownership's HomeToOwn Program

Number of loans FY2005 = 758

<u>Race</u>	<u>Percentage</u>
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Minorities	31%
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Non-Minorities	69%
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<u>Community Type</u>	<u>Percentage</u>
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Rural	28%
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Urban	72%
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Average Age=31.2

ADFA's housing programs are subject to Fair Housing laws.

Resources (Fiscal, Physical and Human)

- Federal Resources and Partners – i.e., HUD, Private Activity Volume Cap
- National Investors

- Bond Professionals
- Financial Advisors
- Federal and State Tax Credits
- Professional Organizations lobbying on federal issues
- Housing – National Council of State Housing Agencies
- Economic Development – Council of Development Finance Agencies

MAJOR ISSUES AND CONCERNS FOR 2020

The agency does not anticipate much change in its mission due to the built-in capacity to remain flexible in the programs and services it provides. ADFFA will continue to be flexible in adapting its statutory charge to the capital needs of citizens and businesses of Arkansas. ADFFA currently has professional staff that successfully administers its programs and services.

With respect to the aging population, the average age of ADFFA mortgagors in 2005 was 31.2 in the homeownership programs. An aggressive strategy is needed to determine whether there are baby boomers who can also be first time homebuyers (federal regulation dictates that mortgagor cannot have owned a home in the past three years). Once this is determined, a marketing strategy with incentives for this age group needs to be established. Partnerships with Area Agencies on Aging and independent living facilities would be beneficial. The agency does not anticipate any changes in terms of serving the minority and Hispanic population in the housing program. It already has a program in place to address this issue

With respect to the economic development services of ADFFA, the agency needs to determine a more consistent method of tracking race of borrower(s) to determine if the business is a minority or nonminority business. At the present time such data are not available to determine if change in strategy is needed. The agency needs to start collecting the data to assess the marketing strategy that is implemented to serve the minority segment of the market.

STRATEGIES TO ADDRESS PRIORITY ISSUES AND CONCERNS

ADFFA's major challenges and concerns are the lack of participation by state financial institutions and poor interest rates. Other than those issues, ADFFA does not expect to need any major changes.

ADFFA is committed to securing new resources to improve programs/services, and it will also continue to utilize all the current resources available for enhancing programs, etc. ADFFA has also identified and prioritized the following essential areas:

- Good interest rates

- Sustainable relationships with professionals
- Excellent Board of Directors
- Marketing plan by program/service which is easily implemented
- Prompt notification and training when federal regulations are implemented or revised for our federal programs such as HOME
- Readily available demographic data

Prepared by Judy Brummett and submitted by Mac Dodson, President of ADFA

MISSION AND PROFILE

The Arkansas Teacher Retirement System is a cost sharing, multiple employer, combination contributory/noncontributory, defined benefit pension plan established by authority of the Arkansas General Assembly on March 17, 1937, pursuant to Act 266 of 1937. ATRS operates as a qualified trust under IRS Code § 401(a) and is a component unit of the State of Arkansas. ATRS provides age and service retirement benefits, disability retirement benefits, survivor benefits, and lump sum death benefits for public school employees and other educationally related employees. The ATRS plan also includes a Teacher Deferred Retirement Option Plan (T-DROP) for eligible employees. ATRS appropriations are funded by its pension trust assets. Trust revenue consists of investment earnings (72%), employer contributions (21%), and employee contributions (7%).

According to the ATRS Board’s governance policies, “The Board of Trustees is dedicated to the proposition that its paramount purpose is that of providing an adequate and equitable retirement plan for the members of the teaching profession; to protect this group in the event total and permanent disability causes them to be unable to continue employment in their profession; and to provide in part for their dependents in case of death.”

EMPLOYEES

- Number of full-time employees: 71 filled.
- Age breakdown: Average age: 45. Oldest: 62. Youngest: 22.
- Gender: 16 male; 55 female
- Race: 55 white; 13 black; 3 other

POPULATION SUBGROUPS SERVED

ATRS serves three distinct groups:

- Active members (85,916 as of 6/30/2006, including 3,840 in T-DROP)
- Inactive members (11,208 as of 6/30/2006)
- Retired members (29,089 in 2006)

PROGRAMS AND SERVICES

- Enrolls and maintains service and pay records on all active, inactive, and retired members from enrollment until death.
- Provides counseling services on retirement related issues to all members and retirees.

- Pays age and service retirement benefits, disability retirement benefits, survivor benefits, lump sum death benefits, and T-DROP benefits for public school employees and other educationally related employees.

MAJOR ISSUES AND CONCERNS FOR 2020

ATRS serves three distinctive groups: active members, inactive members, and retired members. The demographic characteristics of each group are the following:

- **Active members.** An “active member” is defined by statute as “any member rendering service that is covered by the Arkansas Teacher Retirement System”. Active membership in ATRS is overwhelmingly female. On June 30, 2005, of the 65,793 total active members, 52,385 (79.6%) were female. The average age of female active members was 44 with 9.6 years of service; the average age of men was 45 with 9.4 years of service. Active members were about equally “teachers” or “non-teachers.” Of the “teachers,” 73.5% were contributory, as opposed to 37.6% of the “non-teachers.” Generally, members in T-DROP (Teacher Deferred Retirement Option Program) are considered active members. Twenty-eight (28) years of credited service is required to enter T-DROP.
- **Inactive members.** An “inactive member” is defined by statute as “any former active member who is: (A) No longer rendering service which is covered by the Arkansas Teacher Retirement System; and (B) Not a retiree.”
- **Retired members.** A “retiree” is defined by statute as “a former member receiving an Arkansas Teacher Retirement System annuity by reason of having been a member.” An active member who attains age 60 and has 5 or more years of actual service or who has 28 or more years of credited service regardless of age may voluntarily retire. An active or inactive member who has 25 or more years of credited service but has not attained age 60 and who is not eligible for age and service retirement may voluntarily retire early. A member must terminate covered employment to be eligible for retirement except if the member has attained normal retirement age (65). Retirees in the ATRS system are also overwhelmingly female. Of the 22,680 retirees receiving annuities July 1, 2005, 73.2% were female. Of the age and service retirees, 545 were over the age of 90.

According to Gabriel, Roeder, Smith & Company’s *50-Year Actuarial Projection Beginning July 1, 2003*, the number of retired members in ATRS is projected to increase by 22,491 from 28,260 in 2006 to 50,751 in 2020.

Impact of Age and/or Ethnicity on ATRS

ATRS does not anticipate that the services provided and the cost of services will be impacted by the ethnicity of the individuals served who are primarily educators. However, the services ATRS provides and the cost of those services will be greatly impacted by the ages of the individuals served. For instance, the monthly retiree payroll currently exceeds \$33,000,000 per month. As the number of retired members increases, so will the workload associated with paying these annuities. Employer and employee contributions currently provide 28% of ATRS revenues that finance benefits for retirants (compared to 37% for all public pension plans), and enlarging the pool of active members becomes increasingly important in

supporting the benefits payable to an ever-growing pool of retirants. According to Gabriel, Roeder, Smith & Company's *50-Year Actuarial Projection Beginning July 1, 2003*, (Gabriel study) to simply maintain the number of active members at the 2003 level (62,432), an additional 48,876 active members will need to be added by 2020 to replace those lost to death, retirement, etc.

It is also critical to maintain an adequate level of employer and employee contributions.

Investment earnings currently make up 72% of ATRS' trust revenues (compared to 63% for all public pension plans). With increasing liabilities, caused in part by having to pay benefits to an increasing pool of retirants over a longer period of time, a serious decline in investment performance would necessitate a good, hard look at whether ATRS can maintain its current benefit structure. Moreover according to Gabriel's study, assuming that the number of active members stays at 62,432, the ratio of active members to retirees is projected to decline gradually over the next 50 years from the 2003 level of 3 to 1 to a 2053 low point of 0.9 to 1. The ratio of active members to retirees in 2020 is projected to be 1.2 to 1. This creates a major concern for the agency in terms of its ability to meet the future obligations.

This concern is supported by a disturbing trend reported by the Bureau of the Census in projecting that the Arkansas school-aged population aged 5-17 will decrease from 484,000 July 1, 2005, to 463,000 July 1, 2025, while the population aged 25-64 will increase from 1,442,000 July 1, 2005, to 1,463,000 July 1, 2025, and the population aged 65 and up will increase from 402,000 July 1, 2005, to 731,000 July 1, 2025.

The issue gets compounded due to anticipated teacher shortage and the potential changes that the state may make in the retirement for teachers and support personnel for the public schools with respect to retirement qualifications.

Furthermore, ATRS fears that the increasing shortage of teachers in critical academic shortage areas will accelerate the school districts' recruiting efforts among our retirees. Studies are showing that Work and Retire, DROP programs, and similar programs encourage members to retire earlier than they would retire otherwise. In such cases, ATRS will pay retirement benefits over a longer period of time. Also, any program that encourages retirees to return to work for an ATRS-covered employer before reaching age 65 impacts staff workload, as well as ATRS liabilities, because the retiree will have to either rescind retirement, work under the earnings limitation, or work under a waiver.

Any increase in their membership impacts the workload of ATRS staff, but this is particularly true for members approaching retirement or in retirement. It is anticipated that the number of persons nearing retirement or in retirement will continue to grow. Since ATRS is a defined benefit plan, it provides services to its members until death. As longevity increases, the length of time it must provide services and maintain current records also increases.

Currently, ATRS staff consists of 73 full-time employees to serve 126,213 active, inactive, and retired members (1,729 per staff member). ATRS does not believe this number is adequate to provide the quality of service necessary. Based on the projection of the increased

number of retirees alone at 2020 (an additional 22,491), ATRS staff will need to be increased by 86 persons at the current level of service. Since ATRS provides services and maintains current records on active, inactive, and retired members until their deaths, staff needs will increase in data processing, counseling, and payroll. These three services are considered a priority assuming changing demographics significantly influence ATRS. Any program that encourages earlier retirement will impact staff workload as well as ATRS' liabilities. Why? ATRS is seeing that an increasing number of their members who retire at an earlier age later decide to re-enter the workforce. If they return to work for one of their covered employers before the age of 65, staff workload increases because the retiree will have to either rescind retirement or work under the earnings limitation, both of which consume staff time.

ATRS does not anticipate that changes in ethnicity of the population will have much of an impact. As the Latino population increases, however, ATRS may need to add staff members who are proficient in Spanish to deal with family members who may not be proficient in English.

In order for the agency to provide increased levels of service there are two possibilities: (1) establishing a call center and (2) establishing a satellite center in northwest Arkansas to serve the growing concentration of members there. Currently, 29% of active members are located in northwest Arkansas, an increase from 19% in 1995.

Differences in the Level of Services Required by the Individuals Based on Their Age

Older members consistently require more staff time. As more ATRS members are living longer (as of July 1, 2006, ATRS has 594 retired members above the age of 90) staff has seen a huge increase in the number of Powers of Attorney, trust documents, guardianships, and similar paperwork. Although they strongly advise members to designate beneficiaries, many do not or do not keep them current, leading to complications in distributing benefits. Since ATRS provides services and maintains current records on active, inactive, and retired members until their deaths, staff needs will increase in data processing, counseling, and payroll.

STRATEGIES TO ADDRESS PRIORITY ISSUES AND CONCERNS

ATRS visualizes coordination among agencies that would have to occur to provide changing demands in services that ATRS would have to provide. There is a great need for better understanding and coordination with the legislative and executive branches, as well as our participating employers, to ensure that ATRS remains financially sound.

ATRS fears that it will continue to be called upon to fund solutions to problems that are not strictly pension problems. In recent years, ATRS has been called upon to use pension trust funds to provide a death benefit for school employees. Death benefits for other state employees are paid from general funds. By providing the benefit from pension trust funds for school employees, the basic pension benefit has been rendered less sound. Similarly, pension funds have been called upon to assist with healthcare costs for retired school personnel and to help solve teacher shortages, among other things. At the current level of funding, the agency does not believe that it can continue to use funds for purposes other than meeting the retirement needs of its members.

Coordination with the Arkansas Department of Education and ATRS employers (particularly school districts) will be critical. Problems with the accuracy of employer reporting will need to be addressed with the assistance of the employers and the Division of Legislative Audit. ATRS staff spends an inordinate amount of time correcting reporting errors and making the necessary follow-up changes, as well as documenting that salaries used in the calculation of final average salary are allowable. Also, coordination with the Employee Benefits Division of the Department of Finance and Administration will be needed to address insurance benefit questions.

ATRS needs due to changing demographics can be summarized as:

- Hire more staff with upgraded data processing, counseling, and payroll capabilities.
- Establish a call center and a satellite center in northwest Arkansas to serve the growing concentration of members there.
- The statutory requirements of ATRS need to be studied and changes proposed to simplify the administration of the system. Simplification of the system would also allow easier communication with the ATRS participating employers and members.

Provided by Julie M. Cabe, Deputy Director, Arkansas Teacher Retirement System