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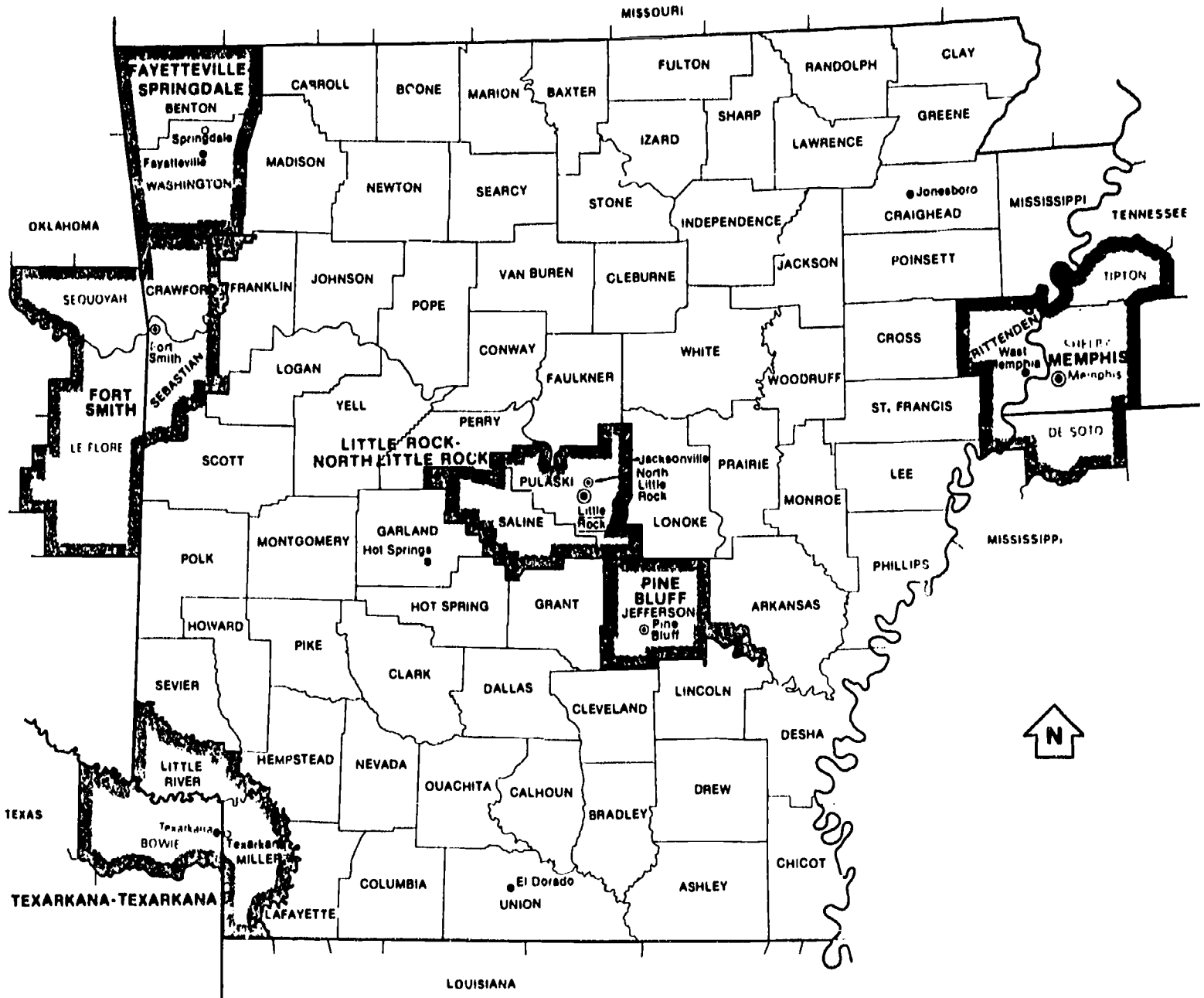
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ABSTRACT

Arkansas has a small, rural, undereducated population; few people move either in or out. Youth poverty is a major state problem, affecting the white and black and the rural and urban residents alike. The state's economy needs more diversification as there is little activity in the well-paying end of the service sector at the present; however, while most other states have been losing manufacturing jobs, Arkansas has held onto--and even added to--the jobs in this sector. This base can provide some stability as the state diversifies its work force by moving into other areas of business. Education does not make jobs, but a lack of education can certainly make jobs disappear. While raising educational standards is reasonably cheap, getting a larger percentage of youth to achieve these higher standards is quite costly but well worth it. Additional efforts must be made to fund educational programs, including those for the vital preschool years. Arkansas' higher education is in comparatively better shape than the public schools, and would benefit greatly if more talented and well-prepared graduates from the state's high schools could attend its colleges and universities. (23 references) (KM)

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**THE STATE
AND ITS
EDUCATIONAL
SYSTEM** BY HAROLD L.
HODGKINSON

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Thanks are due also to the Winthrop Rockefeller Foundation and the Frost Foundation (especially Ted Kauss) for the financial support that made this report possible.

This having been said, it should be clear that numbers have various sources and interpretations. The selection of data and interpretation is the sole responsibility of the author.

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COVER NOTE:

One gets a big surprise just from a first look at the "people map" on the front cover—The largest metropolitan area in Arkansas is Memphis! (A city that today is shared among Tennessee, Arkansas and Mississippi). Arkansas' six metro areas contain only 39 percent of its people. In addition to Memphis, Fort Smith is shared with Oklahoma, and Texarkana with Texas. Eventually, state and local governments will have to take account of these demographic realities. Demographic maps like this one are increasingly used by planners, marketers of goods and services, politicians and even educators!

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ARKANSAS: THE STATE AND ITS EDUCATIONAL SYSTEM

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ARKANSAS: THE STATE AND ITS EDUCATIONAL SYSTEM

One look at the cover map of Arkansas will show some surprises—the largest metropolitan area in Arkansas is *Memphis*! (Much of Crittenden County in Arkansas is in the Memphis metro area.) It would be simpler if cities just stopped growing when they came to a state line, but we're not so lucky. Over half of the Fort Smith metro area (one of the 25 poorest metros of 400 in the U.S.) is in Oklahoma, and about the same is true for Texarkana, bulging into Texas. The situation is hardly unique to Arkansas, in that St. Louis is now the second largest metro in Illinois, and of the seven metro areas in Kentucky, *five* are shared with another state. States like Arkansas and Kentucky have to pay a lot of attention to what their neighboring states are up to, in that they share cities.

The state has several geographic regions—the hill country (very white) and the low land of the Mississippi Delta (very black). Poverty can be found in either place. (There are also the coastal plain and Arkansas River Valley areas.) In addition, Arkansas has a complex history. First would have to be the Orval Faubus Arkansas, Little Rock's Central High, the National Guard and school segregation. Second, the Arkansas of Winthrop Rockefeller, certainly an improbable person to govern this state, but one who brought jobs and cultural opportunities to a population that had not had an abundance of either one. Third is the Bill Clinton Arkansas, a heavy education reform agenda linking education and the state's economic future. It is ironical, yet positive, that Little Rock's Central High "... became a symbol, first for racial bigotry in 1957, but by 1987 for racial progress and academic excellence." (Robert L. Brown, *The Second Crisis of Little Rock*, 1988).

One characteristic of Arkansas politics is the tendency for major players to throw *one* bone to the state's past. Thus, J.W. Fulbright was able to pass some remarkable legislation in the Foreign Relations Committee, while voting against almost every civil rights matter. Senator John McClellan in Appropriations and Representative Wilbur Mills in Ways and Means were also extremely powerful in Washington, yet managed to retain a pleasing image to the folks at home. (Even Governor Clinton, a remarkably astute and almost radical educational thinker, must be careful about not threatening fundamentalist supporters too much.) In many ways, the state has had better and

more visible political leadership than many other states, both in the Governor's chair and in Washington.

However, today Arkansas is still behind the pack in most dimensions, and will have a tough time reaching the national average on most measures relating to quality of life. New initiatives have not yet changed most of the state's economic numbers, and school reform, while well along, will take some years to prove out. Both Arkansas and South Carolina, having accomplished major educational reform, will have to ask the voters to wait awhile before passing judgment—a tricky political maneuver when most politicians are running for re-election almost constantly—while the national mood seems to favor no tax increases but major improvements in public services like education.

Let's now try to paint a statistical profile of Arkansas that will help to define the educational, social and economic terrain with the chart of page 2.

Behind these numbers are some very important generalizations. Arkansas has a small population, of whom a very small percentage are "city folk." Rural problems are very real, including teenage marriages and children born outside of marriage, plus high infant mortality. The black population, although not large comparatively, is a fairly large *percentage* of the state's total due to the small number of people in the state. The black population is growing, but slowly. Given the *very* high percentage of older citizens in the state, and a slightly high number of children, what is lacking is a large number of people in their mid-thirties moving into their peak earning years! People needing services are high, people *paying* for these services through taxes are low.

Both the Social Security and Food Stamp Programs suggest a state with more program needs than income. Low levels of personal income lead to low tax revenue, a vicious circle. Fortunately, crime rates are fairly low, but Arkansas does not have the revenue base to provide for this very expensive servicing of prisoners. Being second in teenage births and 11th in infant mortality also suggests lots of high cost services. One bright spot is the state's ability to hang onto its manufacturing sector jobs, even increase them a trifle, when in the region, most states were losing 10 to 22 percent of their manufacturing jobs. One of the most depressing things about Arkansas is the

ARKANSAS PROFILE*

Population, 1980	2,286,435	33rd largest state
Population, 1987	2,388,000	still 33rd
Population Growth, 1980-87	4.5%	27th
Black Population, 1980	373,768	9th—16.3%
Black Population, 1988	384,000	11th—16%
People per square mile	46.0	35th
People under 18	27.2%	17th
People over 65	14.5%	5th
Metro Residents	39.3%	41st
Births to Teenage Mothers, 1985	19.2%	2nd
Infant Mortality, (per 1000 live births), 1985	11.6	11th
Abortions (per 1,000 females), 1985	10.1	41st
Divorce Rate, 1980	864 per 1,000 marriages	1st**
Crimes per 100,000, 1986	3,925	39th
State and Local Per Capita Tax Expenditure, 1985	\$1,695	50th
Personal Income per Capita, 1986	\$11,073	47th
Social Security Recipients per 1,000 people, 1986	189	2nd
Food Stamp Recipients per 1,000 people, 1986	97.4	10th
Unemployment Rate, 1986	8.7%	11th
Unemployment Rate, 1988	7.8%	
Manufacturing Jobs, 1980-86	+ 1.4%	12th in growth rate
Adults who are college graduates, 1980	10.8%	49th
Adults who are high school graduates, 1980	54.9%	48th

*1987 data unless otherwise specified.

**Andrew Hacker, U/S: A Statistical Portrait of the American People, 1983, p. 107.

high divorce rate, ranking first or sixth, depending on the measure used. The reasons for this rate are not clear.

Underlying almost all of these conditions, as Governor Clinton has so clearly realized, is the *very* low educational level of Arkansas citizens. Everything above, from teenage pregnancies to prisons, is related to educational level (80 percent of America's prisoners are high school dropouts, and each prisoner costs the American taxpayer an average of \$24,000 a year. The Arkansas rate is a very low \$8,624 a year, enough to send three students to an Arkan-

sas college or provide Head Start programs for three little children in Arkansas. Per head, prisoners are as expensive as you can get, plus the limited return on the investment. Because Head Start kids do not go to jail as often as the controls (see chart on page 7), a dollar invested in Head Start saves the American taxpayer \$7 in later services (like jails) that don't need to be provided. If Arkansas educators had \$8,624 to spend on each child, the state would be a different place.

Education doesn't create jobs, but poor education can

certainly drive jobs away. As we'll see in a moment, there are some optimistic things about the Arkansas educational system which may get the state rolling in creating new jobs. Because so many Arkansas children will live out their lives in Arkansas, education is of vital importance—today's Arkansas child will become tomorrow's Arkansas adult (unlike Nevada, in which 70 percent of the citizens were born in another state). We can learn some useful things by looking at who moved in and out of Arkansas from 1975 to 1980, the last years for which such data are available:

ARKANSAS POPULATION MOVEMENT: 1975–1980				
	<i>All</i>	<i>White</i>	<i>Black</i>	<i>Hispanic</i>
<i>In</i>	275,727	248,519	19,716	4069
<i>Out</i>	206,074	173,727	27,794	2930
<i>Net</i>	69,653	74,792	–8,078	1139

For a state of over two million to have a "new" population of only 69,792 in a five-year period is to suggest real stability. Even the movement out of 27,000 black persons is almost matched by a group of 19,000 moving *in*. What would be nice to know, and cannot be determined from existing sources, is whether or not those who moved out are better educated and wealthier than those who moved

in. Colorado, for example, leads the country in percentage of adults who possess a college degree, but a substantial number of them earned their degree in another state, then moved to Colorado. The taxpayers of Michigan, Indiana and Ohio paid for the degree, and Colorado gets a "freebie."

Arkansas is not yet in a position to attract significant numbers of college-trained people, due to the dearth of jobs that pay well and require college-level skills. In the chart below, the first column represents the percentage of the Arkansas work force in that area, the second represents an index of the importance of that sector to the state's economy, using 100 as the U.S. average.

The Arkansas work force is heavily invested in difficult areas! The vulnerabilities of agriculture and mining are well known, yet Arkansas has a large percentage of workers in this first category. Construction is a good area for middle-income jobs, but a large number of Arkansas construction workers are unemployed. Although manufacturing is an unstable area, Arkansas has managed to maintain its jobs in this area and has considerable potential compared to other states which must convert their \$15 per hour machinists into \$4 an hour clerks. However, the "high end" of the service economy—finance, insurance, real estate, business services—is conspicuously low in

ARKANSAS: WORK FORCE AND INDUSTRIES

	PERCENT	INDEX
AGRICULTURE, FORESTRY, FISH, MINING	6.8%	170
CONSTRUCTION	7.0%	119
MANUFACTURING	25.1%	112
TRANSPORTATION, COMMUNICATION	7.1%	97
RETAIL, WHOLESALE TRADE	19.8%	97
FINANCE, INSURANCE, REAL ESTATE	4.3%	72
BUSINESS, REPAIR, PERSONAL SERVICE	7.0%	83
PROFESSIONAL SERVICES	19.0%	94
PUBLIC ADMINISTRATION	4.0%	75

Arkansas. Adding a lot of jobs for janitors, security guards, maids, clerks and cashiers won't help the Arkansas economy very much. Last year, 3.5 million Americans worked full time and yet were eligible for poverty benefits! If we look at the actual structure of jobs in Arkansas, we can see this tendency:

ARKANSAS JOBS Total Work Force 875,700	
Finance managers	2,300
Accountants	5,300
Wholesale, Retail Buyers	1,100
Purchasing Agents	1,400
Engineers (all fields)	6,100
Doctors	2,800
Dentists	700
Lawyers	2,700
Computer Programmers	900
* * * * *	
Secretaries	29,700
Janitors	24,300
Guards	4,100
Fast food	34,400
Maids	6,600

Source: *Occupational Outlook Quarterly*, Winter, 1986.

This table is designed to show the "top" and "bottom" of the Arkansas job structure, in terms of the education needed and compensation received. In Arkansas, as in the U.S., for every new job created for a computer programmer, we are creating about *nine* new jobs for cashiers! Although the point of adding jobs is to get people off welfare, it is very possible in Arkansas, and elsewhere, to work full time and *still* be eligible for poverty programs. This issue will not be solved by a 20 cent an hour increase in minimum wage, either for the country or for Arkansas. Because only 45 percent of Arkansas women work outside the home, the chance of putting together two low-paying salaries so that the family can survive is not easy in Arkansas. We need to look both at the *percent increase* of jobs in various categories as well as the *total number* of new jobs created (See page, opposite).

Although the motivation to increase the number of new jobs is certainly commendable, we need to look carefully at the wages they provide. While "smokestack chasing" has yielded some new jobs in some southeastern states, the best plan seems to be to increase the number of new small business starts, particularly in the well-paying sectors of the service economy and in small specialty manufacturing operations. Arkansas ranked 20th in new business incorporations in 1987, a plus for the economy. The allure of the large factory with its thousands of jobs may be good public relations, but may not be as good a long term investment as some might think, compared to a strategy of diversification of the economy into the middle of the service economy, with new businesses *owned by Arkansans*, plus small flexible manufacturing operations.

For example, the Sanyo plant in Forrest City has transferred operations to Tijuana, reducing the work force from 2,000 to 190 as of August, 1988.

ARKANSAS EDUCATION

We have described a series of tough state problems, not easily solved. (The only thing tougher than urban poverty is *rural* poverty, plus the combination of the two.) To think of education as the White Charger, running off to solve these problems, is asking a lot. Let's begin by looking at some of the basic educational numbers for the state as outlined on page six.

This profile of the state's educational system reflects the state's demography with great accuracy. The long, gradual decline in enrollments from 1970 to 1982 is now over, and elementary enrollments are showing a slight increase. The state is still investing far less per student and per teacher than the nation as a whole. Just when we discover that education gets better one school at a time, meaning that local leadership is vital to school improvement, Arkansas education funding in 1987 comes 60 percent from the state. This trend toward increased proportion of the state funding is a national trend. It is hard for local board members, administrators and teachers to feel "in charge" when the Golden Rule is in effect—he who has the gold makes the rule. Little Rock is calling the shots.

Private school enrollments, about 12 percent nationally, are only 4 percent in Arkansas, but constitute 18,000 students, and produce a disproportionate share of high school graduates.

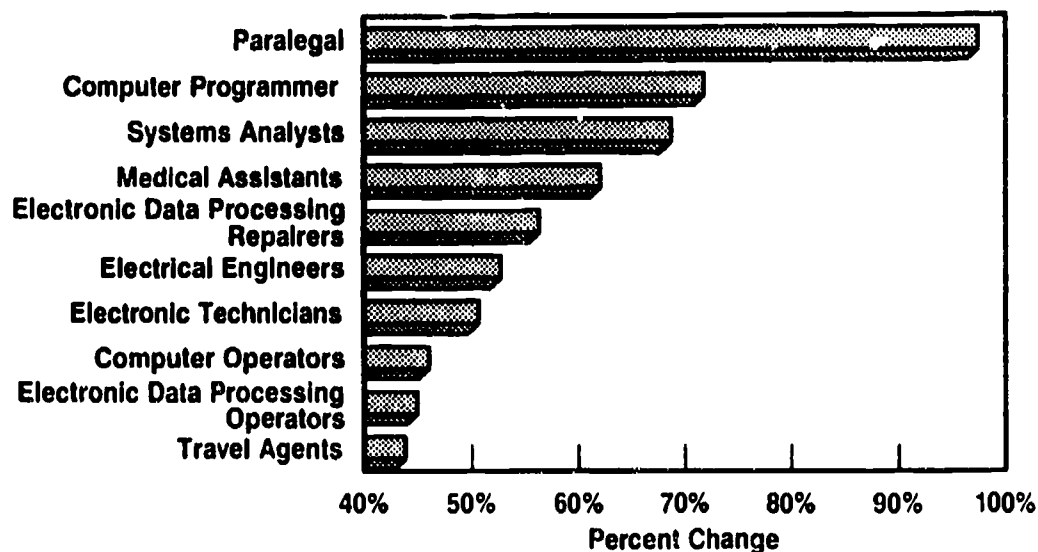
One of the strong features of Arkansas education is the retention rate to high school graduation, ranking 15th in the nation with 78 percent of sophomores graduating as seniors "on time." To this extent, Arkansas has a better track record on this crucial indicator than wealthy states like New York, California, Texas and Florida, all in the bottom ten on retention. Even though quite a few children in Arkansas have dropped out *before* the ninth grade and are therefore not included in these numbers, the overall performance on retention is very good.

Although retention rates are favorable, scores on the ACT, taken by 56.9 percent of graduating students, are not. Arkansas ranks 24th of the 28 states using the ACT, in terms of students who score over 26. Minorities, making up 25 percent of school enrollments, have shown some improvement, another good base to work from. The one most difficult indicator to work with is the percentage of children in poverty, ranking fifth in the nation, a problem for white and black citizens alike.

As a result of landmark legislation passed in 1983, Arkansas now has higher graduation requirements (as of June 1987), a competency testing program for grades 3, 6 and 8 (the "promotional gates" program), a longer school day and year, increases in the state sales tax for education in 1983 plus a record 281 school districts with higher

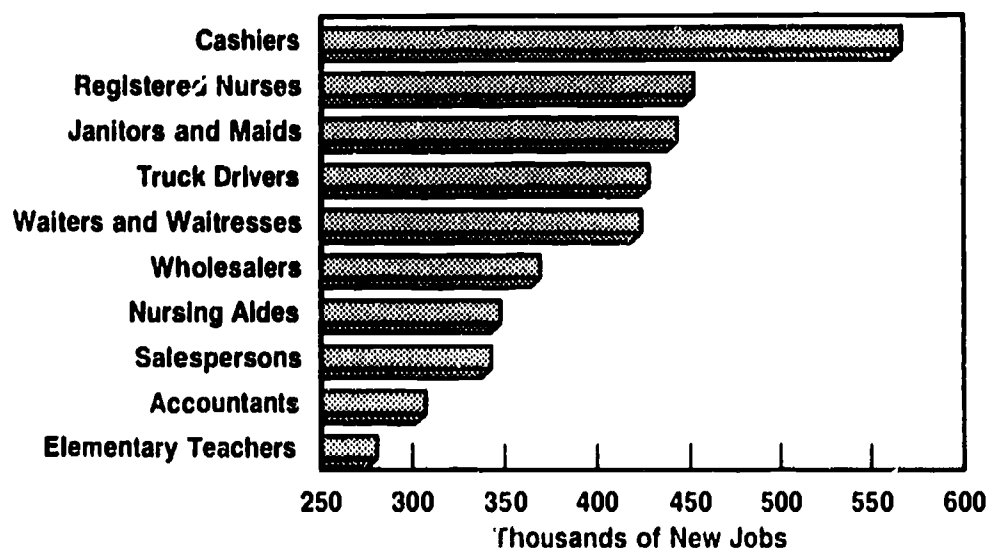
FASTEST GROWING JOBS IN TECHNICAL AREAS

(Fastest Relative Growth, 1985 to 1995)



MOST NEW JOBS IN TRADITIONAL OCCUPATIONS

(Fastest Absolute Growth, 1985 to 1995)



ARKANSAS SCHOOL PROFILE

Total Enrollment	1970	1985	1987 (Fall)
K-8 Enrollment	463,000	433,000	437,036
9-12 Enrollment	330,000	303,000	307,086
	133,000	130,000	129,950
<hr/>			
Per-Pupil Expenditure	1973-74	1985-86	
	\$ 806 (U.S. \$ 1,147)	\$ 2,642 (U.S. \$ 3,677)	
Teachers Salaries	\$8,651 (U.S. \$11,690)	\$19,538 (U.S. \$25,257)	
School Funding: Federal	17.4%	10.3%	
State	47.5%	61.3%	
Local	35.1%	28.3%	
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Private School Enrollment, 1980	18,423		
Catholic	7,223		
Other private	11,200		
<hr/>			
Percent of 1978 9th graders graduating in 1982	78% (15th)		
Percent of 1982 9th graders graduating in 1986	73.4% (23rd)		
<hr/>			
Per capita income, 1986	\$11,073 (47th)		
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Children in poverty, aged 5-17, 1980	22.7% (5th) U.S. 15.3%		
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Pupil-teacher ratio, 1982	18:6 (29th) U.S. 18:9		
Pupil-teacher ratio, 1987	17:5 (30th) U.S. 17:8		
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Handicapped Students, 1987	11% (26th) U.S. 11%		
Gifted Students, 1985	1.4% (U.S. 3.2%)		
Bilingual Students, 1984	0.2% (U.S. 2.9%)		
Minority enrollment, 1980	25% (21st) U.S. 30%		
Minority enrollment, 1987	23.5% (U.S. 26.7%)		
<hr/>			
ACT score, 1982	17.7		
ACT score, 1987	17.8 (rank 24th of 28 states in ACT)		
Percent scoring 26 and over, 1987	9.9% (rank 25th of 28 states)		

millage for schools as well as equalization funding from the School Finance Act of 1983. New programs for the gifted are operational in twelve districts with 300 programs under development, plus enrichment programs throughout the curriculum, stressing reading skills workshops for 2,300 teachers starting in 1984. In order to increase the efficiency of the educational system, the number of school

districts has been reduced from 361 to about 329, and 15 educational cooperatives were established in 1985 to support teacher centers and provide for a variety of local school needs.

As this is written in fall, 1988, results of the state's reform package are still unclear, but there is some good news in the form of scores in the Minimum Performance

Testing Program, with ninety-three to ninety-six percent of the 95,850 students being tested scoring at or above mastery levels in reading and mathematics. A higher percentage passed at each of the 3rd, 6th and 8th grade levels this year than last. In addition, scores on the Metropolitan Achievement Tests showed most Arkansas students above national averages. This is good news for the state as a whole. However, some caution is provided by a well conceived study directed by Sara Murphy which pointed to some outcomes in the February, 1988 interim report. Although there continues to be widespread support for educational reform activity, "... there is considerable unease about the way the reform effort has been implemented ... almost universal disappointment in the inadequacy of fiscal support to implement the reforms ... at the level of schools, the reform has a heavy regulatory quality, and after two years, seems to most teachers and school administrators to have only limited potential ... teachers, school administrators and school board members see the basic skills' emphasis and its related monitoring efforts as narrow, overly prescriptive, and filled with debilitating and degrading paperwork requirements which limit their work with students ... they feel left out on issues of great importance to them and because of the failed promise of increased resources." In addition, the report notes a sharp increase in students who are being held back a grade due to poor performance, but little carefully structured remediation efforts are provided for these students. Clearly, it is in individual classrooms that the reforms will prove out, and teacher morale is currently low, due in part to inadequate funding of the reform package.

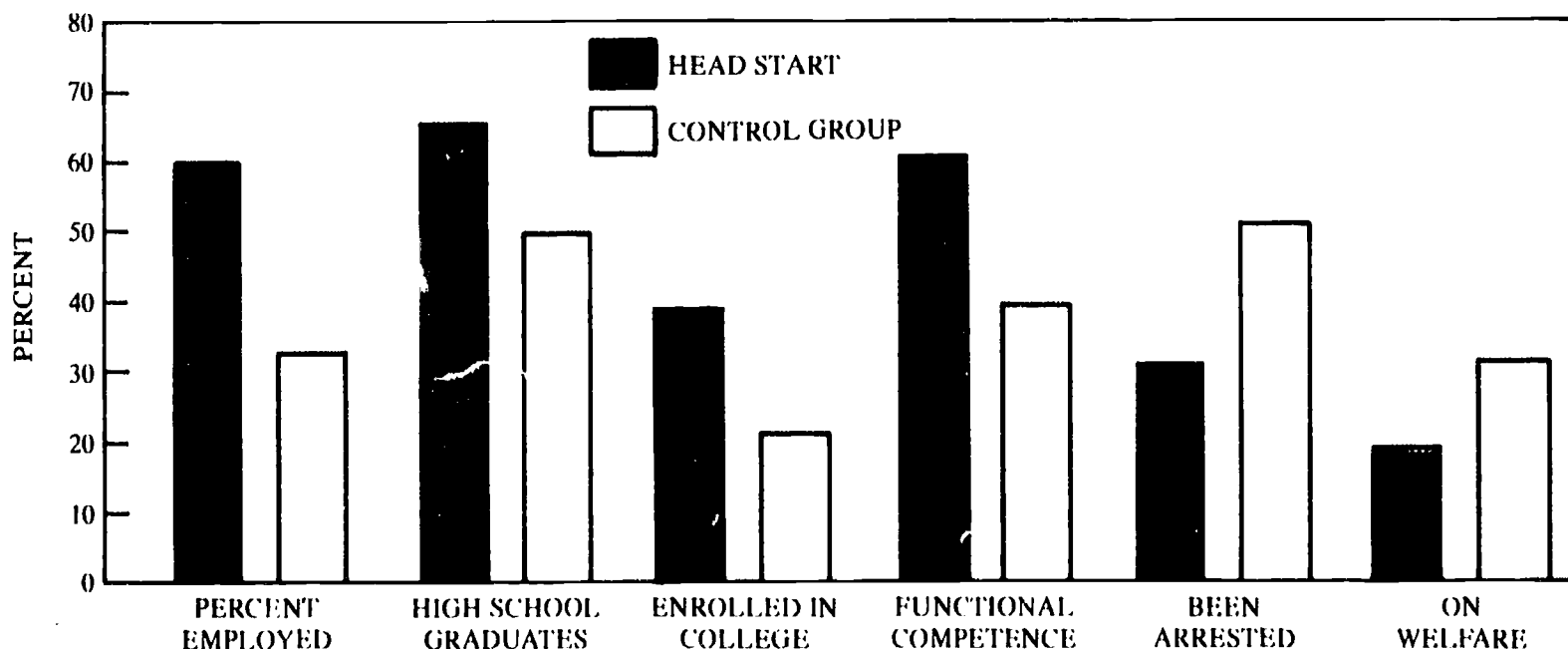
The overall thrust of these changes is entirely commendable. However, the state will have to watch equity

issues very carefully, including *a renewed concern for desegregation*. It is certainly possible that one of the unintended consequences of the reforms will be a *reduction* of the graduation rate, especially for black and poverty students. Some of the early reform efforts may have been responsible for a drop in the number of high school graduates in the state from 29,000 in 1980 to 26,300 in 1985, going up to only 26,900 in 1987. (For example, the present very favorable class sizes could be increased in certain cases under the new regulations. For a student body containing a large number of at-risk students, no classes have ever been too small.) Raising standards doesn't help if students don't get the extra training to allow them to meet these higher standards.

No state can do everything at once, and raising standards is less expensive than increasing equity. The job of the state is not only to *pick* winners but to *create* winners in its public schools. Anti-poverty and early childhood programs, vital though they are in any program to reduce poverty in children, are also very expensive. A rising tide does raise all boats but only those that are afloat. At-risk students, like sunk boats, do not respond easily to rising tides. Special efforts need to be made to assure that the maximum number of students attains the higher standards. For example, although Head Start programs seem expensive, they save about seven dollars in later services that do not need to be provided for every dollar spent on the Head Start program. Not every eligible Arkansas child is being served.

When there is debate in Arkansas on the cost of early childhood programs, the argument should be tempered by a discussion of the cost of *not* having such programs. In fact, Arkansas has several excellent programs in the early childhood area, such as the Good Beginnings program and some very cost effective Head Start types of programs.

HEAD START CHILDREN AT AGE 19



From High/Scope Foundation, Ypsilanti, Michigan, 1984

Arkansas Higher Education

As of 1988, Arkansas higher education consisted of 32 institutions, 20 public and 12 private, enrolling a total of 79,182. Of these, some 11,709 (or 14.7 percent) were minority, including 10,520 black students, 323 Hispanics, 540 Asian Americans, 326 Native Americans and 1,666 students who were citizens of another country or "non-resident aliens." The minority percentage has not changed much since 1972 when it was 15 percent.

In 1986, 3,912 Arkansas high school graduates went out of state to study, while 3,347 students from other states came to Arkansas for college, a "net" loss of 565 students. On the in-state picture, the state graduates about 26,000 students a year from high school, and enrolls about 21,000 new college students. At first glance, one of the most encouraging things about Arkansas education is the increase in students enrolling for advanced degrees, up from 2,018 in 1965 to 4,133 in 1975 and up to 6,227 in 1984. However, in 1984 Louisiana had 19,378 such students and Mississippi had 7,889. Even though Louisiana and Mississippi have larger populations, Arkansas needs to work harder on graduate degrees.

In fall of 1986, 68,760 students were enrolled in public institutions of higher education, 10,422 in private ones. While public enrollments have gone up from 43,599 in 1970 to the above 68,760 in 1986-87, private enrollments have also increased, from 8,440 in 1970 to the current 10,422. Compared with other states, Arkansas' public two-year colleges are enrolling a small percentage of the total, with 14,410 students or 18 percent of the state total. Nationally, over forty percent of college students are enrolled in community colleges.

The average faculty salary in Arkansas was \$27,427 in 1985-86, compared with a national figure of \$32,392. Public two-year faculty averaged \$22,479 in that year, while senior institutions paid faculty an average of \$29,100. Private institutions were around \$21,000, except for two-year faculty at a rather low \$13,100 average. Although "level of effort" measures are hard to interpret, it is very clear that in terms of appropriations for higher education operations, \$196 million in 1987, is well away from the bottom of the list, when applied to each student's education. The Arkansas figure is \$3,438 dollars per FTE student, fairly close to the U.S. average of \$3,871 in 1987, and much higher than other states in the region like Texas, Oklahoma, Louisiana and Mississippi. In addition, students paid \$59.7 million into the system in tuition in 1987, or \$1,051 per student, compared with a U.S. average of \$1,183. This suggests that the state is making a reasonable effort in funding higher education, and that students are not being asked to make up the shortfall by inequitable tuition levels. However, faculty salaries need more effort.

Compared to national norms, it would appear that Arkansas has worked harder on its higher education system than its public schools. The next step will be to increase the effectiveness of the whole system, not by reducing the effort in higher education but by seeing the entire educational system, pre-kindergarten through graduate school, as a single investment in the state's human resources. The question is: where can the biggest gains be made in the entire system with the smallest, most targeted investments? We will consider this crucial question in the General Conclusions section.

GENERAL CONCLUSIONS

1. To paraphrase the Orient once again, Arkansas at present is in a condition of "threatening opportunity." An able governor has seen the handwriting on the wall and has done something about it, concentrating on the educational system to move the state forward. 1988 is "mid-reform," not an easy time, even with test scores improving. The greatest difficulty is Great Expectations, given the very limited dollars that have been made available. If the reforms do work, they will work classroom by classroom, school by school. It is vital that teachers and administrators are made to feel a major part of this vital process. To make this happen will require real efforts on the part of the state's elected officials. These efforts should begin immediately.

2. The reform package does not touch the number one problem in the state—youth poverty. Particularly difficult is the problem of *rural* youth poverty. The problem of developing a large group of productive, well-paid, middle-age citizens (absolutely key to the state's economic future) will not be solved if rural youth poverty is allowed to fester. Head Start-type programs should be mandated for all eligible children in the state, particularly for the parent participation element, given the large percentage of parents who are not high school graduates themselves. Arkansas has some excellent early childhood programs, and can lead from this strength so that *every* eligible child is in a program. Youth poverty includes black and white, rural and urban. The current school reform package starts too late in a young person's life. Research shows that by age three, some major environmental forces have already begun to hold some children back.

3. It is vital to stay the course with the existing reform package, and do what must be done to *make it work*. Efforts to reduce youth poverty must involve not only the educational system in Arkansas but the entire range of youth-oriented services, from health and nutrition to day care to social work to housing. These services are seldom working together today, with the child as the client in common. To make this happen will require gubernatorial and legislative leadership, but it can happen. The school reform package can stay in place (working harder to get teachers and administrators back on board), while this new effort gets going. It will not cost a large fortune. The hardest challenge is virtually costless—to get the various bureaucracies serving Arkansas children to realize that they must work together, as they are all *serving the same kids!* The Good Beginnings program is an excellent example of what can be done.

4. A truly diversified economy will mean more new small businesses begun by Arkansans, especially in the high end of the service economy—business services, financial services, computer services, professional services, services for the state's increasing elderly population.

5. There is a need in Arkansas to increase people's sense of what is *possible*, and then work to make this come about. How you get people to *expect* real progress and therefore work to make it come about is a mystery, but if it could happen in Arkansas, the result would be wonderful to behold.

SOURCES USED IN PREPARING THIS REPORT:

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ARKANSAS: SUMMARY OF MAJOR POINTS

1. Arkansas has a small, rural, undereducated population. Few people move either in or out, meaning that Arkansas' future is quite literally today's Arkansas children grown up. Youth poverty is a major state problem, affecting white and black, rural and urban. The state ranks second in births to teenage mothers. It is clearly short on middle-age workers who make middle income salaries and thus can provide a tax base for the services that must be delivered to the rest!
2. The current school reform effort is in midstream, and a major question is whether or not the state's political forces will give enough time to let it work. Teachers and administrators tend to see the reform effort as heavy-handed, underfinanced for the task at hand, and top-down with little local support. It is vital that statewide efforts be made to improve the morale of teachers and administrators, who do not yet feel that they "own" the reform package. With test scores improving there is good reason to believe this can be done.
3. The state's economy needs more diversification—there is little activity in the well-paying end of the service sector. Small business starts in business and financial services would help a great deal to diversify the state's economy and would increase the middle-class population, a group that is too small on any measure. Arkansas has made a good start on this agenda. There are too many dependent people in need of services, and too few middle-income workers generating a tax base to pay for those services.
4. There is one good aspect to the state's economic development—while most other states have been losing manufacturing jobs, Arkansas is one of the very few states that has held onto their jobs in this sector, and has even added a few new jobs in manufacturing. This base can provide some stability as the state diversifies its work force by moving into other areas. The low-paying end of service jobs has a large share of Arkansas workers, given the fact that the Bureau of Labor Statistics reports a total of only 900 computer programmers at work in the state, but 24,300 janitors, 6,600 maids and 34,400 fast food workers. More jobs are needed in the state, but one should remember that in 1986, 3.5 million Americans worked full time yet were eligible for poverty benefits. More jobs are needed that will truly lift people out of poverty.
5. Education does not create jobs. But the lack of education can certainly make jobs disappear. Raising educational standards is reasonably cheap—getting a higher percentage of youth to *achieve* these higher standards is quite costly, but well worth it. Eighty percent of America's prisoners are high school drop-outs, and each prisoner costs American taxpayers \$24,000 a year. (If only the schools had not the usual \$3,450 but \$24,000 to spend on each child!) A state like Arkansas has no choice—the tax base is not large enough to take care of any more prisoners. Additional efforts must be made to fund educational programs, including the vital pre-school years. Arkansas higher education is in better shape comparatively than the state's schools, and would benefit greatly if more talented and well-prepared graduates from Arkansas high schools could become college freshmen in Arkansas colleges and universities.
6. There is a need for all the educational levels to begin to see the single goal that should drive Arkansas education, kindergarten through graduate school. When one part of the educational system improves, everyone benefits.