

Congratulate our new leaders

Have you congratulated your new state senator and representative yet? Now is our chance to begin to build a working relationship with our new elected leaders. Our issues take a back seat to relationship-building – although if you explain who we are, our agenda is likely to shine through.

Don't delay. Call your local legislators. Congratulate them on their elections, and invite them to work closely with Arise to make Alabama a fairer place for all its citizens.

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Two new groups formed –

Tax reform at center stage

Tax reform is gaining momentum as 2002 draws to a close. Two groups have emerged recently with the intention of spearheading the effort to make tax reform the central social and political issue of the new quadrennium.

“The Citizens’ Commitment” is a new coalition of nonprofit organizations and concerned citizens. VOICES for Alabama’s Children and Arise have called together representatives of public interest organizations, public service agencies, and religious groups that are united in their commitment to make Alabama’s tax structure more “fair, efficient, reliable, simple, transparent, adequate, and revenue-positive.” Other groups that support these principles are invited to join and to participate in the monthly meetings (likely to become more frequent).

The group has hosted tax reform experts such as Tom Carruthers, the Birmingham attorney who chaired the governor’s tax commission a decade ago; Susan Hamill, the University of Alabama law professor who wrote a Samford Divinity School thesis on the immorality of Alabama’s tax structure; and Nick Johnson, coordinator of the State Fiscal Analysis Initiative of the D.C.-based Center on Budget and Policy Priorities. Matt Gardner of Citizens for Tax Justice will be our speaker on January 9.

The other group that has gained attention is “The Campaign for Alabama,” founded by a dozen CEOs who see a progressive tax system and an adequately-funded K-12 education system as keys to a better business environment in Alabama. Bill Smith, CEO of Royal Cup Coffee and Chairman of A+, is one of the organizers. These business leaders believe the state needs a flexible and fairer tax system that will bring in more revenue while instituting heightened accountability in governmental spending. The group has already pooled \$3 million to help promote such a tax plan with legislators and the voters. They are now recruiting CEOs beyond the Birmingham area.

When Gov. Bob Riley appoints his tax reform commission, we don’t want to see a repeat of 1991. That year Gov. Guy Hunt named a tax reform commission of 16 business leaders and no one to represent citizens’ groups. Arise member groups faxed him 49 letters asking for a seat for Alabama Arise. They offered to let Arise and the League of Women Voters share a seat. (We refused to share, hoping they would give us two seats. We got one.) This time there are a number of groups that have knowledge and points of view that are critical to effective reform.

– Kwamena Blankson

ACTION: Write Gov.-elect Riley. Congratulate him on his election, and **urge that he appoint a Tax Reform Commission and that he designate a significant number of seats for citizens' groups such as Arise.** (You might want to suggest other groups as well.)

Governor-elect Bob Riley Transition Office
1694 Hwy 31 S, Suite 176
Hoover, AL 35216

A few words from Kimble –

When we lay good groundwork, things can fall into place rapidly. At a dizzying pace, tax reform coalitions are forming, policy proposals are being laid out, and studies are being released. Our organizers are presenting their new workshop model in a popular education format. It compares the effects on three families of a regressive tax, a flat tax, and a progressive tax. (We use the sales tax, the current Alabama income tax, and the Knight Income Tax Reform Plan to illustrate the point.)

This week we got our first look at a new landlord-tenant bill crafted by the Alabama Law Institute, and we hope to have an analysis on our website soon. We have also seen a draft of a model payday loan bill we can probably support enthusiastically. Both of these issues got the support of Governor-elect Bob Riley in the last Alabama Arise newsletter.

At last, on one issue, we have closure! The \$10 million increase in welfare benefits literally puts \$51 a month in the pockets of thousands of families struggling to survive. It's testimony to the far-reaching effects of citizen advocacy. In this recession as always, we need to be generous to ministries and programs that serve low-income Alabamians, but we also need to exercise our "gift of citizenship" that can improve their lives as well.

We extend our best wishes for fairness and abundance to you and all Alabamians this holiday season and in the New Year.

With peace,

Kimble Forrister

Welfare payments: no longer worst in US

Alabama's cash welfare payments increased to the Southeastern average this month. Gov. Don Siegelman approved an increase of \$51 in the maximum payment for a mother with two children, which had been \$164 a month. The new level for a family of three is \$215.

Arise has promoted higher welfare payments for over a decade. Alabama's 1988 Welfare Reform Commission called for increasing welfare benefits to the Southeastern average. Thanks to the advocacy of Arise members statewide, the payments were increased by 5% in 1991. They had not been increased for 14 years, and were the lowest in the nation at \$118 for a family of three. Arise won two more increases in the early 1990s.

We continued to raise the issue with reporters and elected leaders, especially when Alabama accumulated a surplus of funding in TANF (Temporary Assistance for Needy Families). The surplus grew from reduced caseloads after welfare reform. As the number of adults on the program dropped from 26,000 to below 10,000, the number of child-only cases grew, and the arguments for denying an increase became weaker. However, Gov.

Don Siegelman refused to approve an increase until last month, even though it would be funded by federal dollars.

Human Resources Commissioner Bill Fuller made this issue his personal campaign. He continued to press the Administration as Arise continued to raise the issue in the press. The increase will cost \$10-12 million a year. In a year when states are cutting budgets, this increase stands out nationally as a rare improvement in services for low-income people.

The new maximum payment for a family of one (child-only case) is \$165; for a family of two it's \$190; for a family of three, it's \$215; and then the amount grows by \$30 per person. In the case of a family of three, welfare pays a mother \$3.50 a day per child, up from \$2.70 before this month's increase. By contrast, foster parents receive \$14 a day – still far short of what it costs to raise a child.

Share your new brochure. We hope the new design – and the fact that it's a self-mailer – will attract new members. One copy is enclosed. If you need more, just call the office.

Calendar

Florence cluster meeting 6 pm Tu Jan 7, St. Bartholomew's Episcopal Church

Birmingham cluster meeting 12:00 Tu Jan 14, Greater Birmingham Ministries. *Bring a bag lunch.*

Mobile cluster meeting 7 pm Tu Jan 14, Cody Rd. Boys and Girls Club

Birmingham issue preview 12:00 Th Jan 16, Urban Ministries

Arise Health Caucus meeting 10:00-12:00 Fri Jan 17, Greater Birmingham Ministries

Tuscaloosa cluster meeting 6 pm Tu Jan 21, University Presbyterian Church

Auburn issue preview 6 pm Wed Jan 22, First Baptist Church

Birmingham issue preview 7:00 pm Wed Feb 5, Unitarian-Universalist Church

Arise Lobby Day Th Apr 3, Capitol Auditorium

Members continue issue agenda for 2003

At our September Annual Meeting, representatives of 42 Arise member groups endorsed an issue agenda much like the 2002 agenda. They want to continue our work on tax reform, housing, a moratorium on executions, unfair lending practices, public transportation, and constitutional reform. They reconfigured our work on child care, proposing work on "budget priorities," including the first increase in child care since 1988, full funding for the Children's Health Insurance Program, and adequate funding for Medicaid. These seven issues will constitute our action agenda for 2003.

Members also voted to endorse two issues that will not be on the action agenda:

Voting rights for ex-felons: Alabama should automatically restore the voting rights of ex-felons who have paid their debt to society.

Alternative documentation for driver's licenses: Alabama should allow citizens of other countries who do not have a Social Security number to use other forms of identification, such as consular identification or passport numbers, to obtain a driver's license.

Use your new bumper sticker. It doesn't just help you know an Arise member is in the parking lot! It helps you promote tax reform wherever you go. If you need more than the one enclosed, just let us know.

Personal note

Merika Coleman, former Arise policy analyst and now a policy analyst for Greater Birmingham Ministries, has been elected to the Alabama House of Representatives. Her campaign platform bore a striking resemblance to Arise's policy agenda! Congratulations, Rep. Coleman!

Budget outlook grim for 2003 and 2004

"Grim and grimmer" is the budget picture for Alabama for both the current fiscal year, 2003, and for legislators who must write budgets for 2004. To avoid proration in the Education Trust Fund this year, the new administration will have to tap about 80% (about \$200 million) of the new rainy day fund to avoid teacher layoffs and K-12 program cutbacks. The Legislative Fiscal Office says revenue will be about \$198 million short of the \$4.2 billion budget passed last spring. Contributing \$32 million to the anticipated shortfall is the federal bonus depreciation provision, a corporate income tax benefit that was part of the Bush Administration's tax cut. Alabama could "decouple" its corporate income tax from the federal law, but our leaders have taken no action to prevent this loss of revenue.

Looking to next year, legislators will have to grapple with a projected education fund shortfall of between \$300 and \$400 million for the 2004 budget. Pension and benefit costs will rise by \$176 million, and legislators must replace \$130 million in one-time money they used to balance this year's budget. If the economy does not improve dramatically, education will need \$400 million just to avoid cuts. State Superintendent Ed Richardson has put a price tag of an additional \$1.6 billion for the K-12 education system to reach an adequate funding level.

There is slightly better news for this year's General Fund budget. Revenue is expected to be \$46 million short, but there are two additional revenue sources available: up to \$78 million in an escrow account and \$12.8 million in a rainy day fund. This \$1.2 billion budget is funded with \$147 million in one-time money, but barring expensive court orders or release of \$31 million in conditional appropriations, proration does not look likely.

The '04 picture for the General Fund is somber. First, the one-time \$147 million has to be replaced; employee retirement and benefits increases are estimated at \$31 million in new dollars; Medicaid needs another \$120 million to maintain current services; and Corrections recently announced it needs about \$150 million more. Other programs, such as All Kids (the CHIP program) require smaller increases to continue services. Altogether, state agencies have requested \$433 million more, a 35% increase over 2003 levels. Add up what we know now and the shortfall is \$611 million. Since most state departments are already grossly underfunded, any budget cuts would be devastating to programs and to those served.

The time is ripe for comprehensive tax reform that will create a larger pie to fund Alabama's education system and General Fund agencies.

– *Mary Weidler*

Tenants face displacement

For residents of low-income apartments in Riverside, Alabama, economic development could mean homelessness.

In the early 1960s, the federally funded 515 project was created to provide housing for low-income residents in rural areas. The benefit to developers was low interest mortgages and tax incentives. However, a loophole allowed owners to prepay their loans; once they were paid off, owners were no longer restricted by the project's rules.

Now the owner of River Bend Apartments wants out. For residents of the complex, that means paying a higher rent, moving, or homelessness. For the owner, the new Honda plant across the Coosa River in Lincoln may hire workers who can pay higher rents.

In the mid-1980s Congress made it more difficult for landlords to prepay. Yet after several appeals to the USDA's Rural Housing Services, Riverside was granted its request to prepay without penalties. The Alabama Disabilities Advocacy Program is seeking court intervention on behalf of four residents with disabilities so that they will not lose their homes.

– Karen Brown

We appreciate our contributors!

These contributors gave to ACPP between July and November. We will use these gifts to hire a fourth organizer in the new year.

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