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Congratulations!

Best wishes to Arise policy analyst **Kwamena Blankson** and **Mary LaPlante**, who will have tied the knot by the time you read this. Their wedding took place on May 30th near Mary's home outside Portland, Maine. After a week in New Haven, the newlyweds will return to Montgomery for a brief stay.

The couple plan an August honeymoon in Ghana, Kwamena's place of birth, where they will help install equipment to process palm oil. They plan to make their home in New Haven until Mary finishes nursing school at Yale. And we hope one day to have them both in Alabama!

For two years, Kwamena's keen mind and gentle spirit have enriched the work of Arise. Anyone interested in helping us carry on without him should see the notice below.

Staff position open

Policy analyst on tax and poverty issues in Alabama. Requires economic expertise and strong writing skills. Master's degree preferred. Salary based on experience. Health and retirement plan. Applications accepted until position filled. Send resume, writing sample to ACP, Box 1188, Montgomery, AL 36101.

Report

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Lasting solutions ignored

Piecemeal revenues save Medicaid

If you've been reading the papers and your Arise newsletters, you know that the 2004 legislative session was unusual and frustrating. Throughout the session, opportunities for progress on Arise issues such as tax reform, transportation, the moratorium and tenants' rights took a back seat to budget wrangling.

In this first regular session since last fall's failure of tax

reform, we have been especially concerned about how budget cuts and patchwork revenue measures would affect low-

income Alabamians. There was some good news at the outset, when the Governor's budget proposal largely spared the three programs Arise most wanted to protect – Medicaid, subsidized child care and CHIP. We're making progress when the Governor gets our message!

As the revenue crisis unfolded, we asked our members to call on their legislators to "save Medicaid" from cuts in the General Fund. Here, too, we made headway: Over the course of the session, it became the general and oft-stated goal of practically all lawmakers that Medicaid must be funded.

How to make this happen has been more challenging. Faced with the huge \$330 million gap in the General Fund, legislators floated – and sank – new plans almost every day. Some were torpedoed

along partisan lines; others had holes punched in them by major special interests. The Legislature and the Governor repeatedly blamed each other for the lack of progress in agreeing on anything.

Among the first to go were a number of the Governor's proposals that threatened to cut the take-home pay of state employees and teachers, limit their

retirement options and reduce their holidays. Then a special Legislative Committee was appointed to come up with a revenue package. That plan

was on the water only a few hours before it disappeared from view.

Finally, House Government Finance and Appropriations chairman John Knight and his committee members cobbled together several revenue measures not particularly friendly to low-income people – raising court costs and increasing taxes on tobacco products. Some increased taxes on special interests – oil and gas producers and contractors – are temporary.

Other decisions are simply bad public policy, such as:

- delaying a \$21.5 million payday into the next fiscal year;
- further reducing agency budgets already cut 18 percent last year;

Action:
Contact your legislators and say that you expect a different kind of session next year — one that will address long-term budget needs.

(Continued on page 2)

A few words from Kimble —

I keep running into people who ask how it went this year, and then they say, “Yeah, things won’t change until we throw ‘em all out and elect a whole new bunch.” But that won’t solve the problem. No legislature could fund growing health care and corrections costs with dwindling funds. Alabama has cut these areas far below what any other state is willing to do.

A light went on for me recently in a conversation with our policy team leader, Mary Weidler. She was upset about the shift of the 27th payday to FY 2006. I said, “Well, at least the economy may improve by then.” Mary replied, “But that won’t help the General Fund!”

I finally got it. I’d been thinking that once things got back to normal, the natural growth in revenue would allow responsible legislators to craft a General Fund budget that would in turn allow our state to “live within its means.” But that formula won’t work for the General Fund, which depends on small or stagnant sources like interest on the Alabama Trust Fund, the estate tax and court fees.

Fortunately, our legislative leaders and our Governor know all this. So does AEA and BCA. (That’s right, Paul Hubbert is worried about the General Fund predicament.) For each of these parties, the responsible path ahead requires work in two areas: negotiating a plan to put revenue growth into the General Fund, and informing the Alabama public about the fund — what it is, what it pays for, and why it’s starving. The first task will be far easier than the second.

Yours in hope,

Listening sessions take new direction

We will be running Arise’s listening sessions a little differently this summer. For several years, we have used the time between mid-May (when the Legislature goes home) and early September (when we determine our issue agenda at our Annual Meeting) for listening sessions. We asked members, especially low-income people, how they thought we did in the legislative session and what they thought we should work on next year. Our organizers tried to be in “listening mode,” limiting their own talking to a brief overview of the past year’s work.

One main thing has changed this year: The membership selected a three-year issue agenda at our Annual Meeting last fall. Our stated intention was to give a greater commitment to those issues over a longer period, and thus to free up time from the issue selection process, devoting that time to building strategy.

Some have asked whether we would consider proposals to amend the three-year goals. The board and the membership have set three-year goals, but a member could make the case for dropping an issue and replacing it with another. We just want to make sure that the person realizes that the three-year goals are there.

So ... what will the listening sessions be like? As before, our organizers will be in a listening mode. Except that this time, we’re not asking so much for *which* issues to work on, but *how* we should work on our three-year issue goals. For example, folks might have opinions on how to make the case for health funding more effectively, or someone might have ideas on the petition campaign on public transportation. These are the discussions organizers love to have!

We said we want to spend more time at the Annual Meeting discussing strategy instead of choosing issues. It’s going to be a challenge for 80 people to have a strategy discussion, but we still have time to figure out how to have a meaningful conversation.

If you want to schedule a listening session, contact your Arise organizer. As you can imagine, this has proven a good way to introduce people to Arise, since our emphasis in these meetings is on welcoming their input.

Finally, if a listening session isn’t a possibility for you, you can just phone your organizer and share your thoughts.

Medicaid saved

(Continued from page 1)

- cutting doctor visits and hospital days for Medicaid patients;
- passing an interest swap for state bonds that may cost a lot more money further down the road;
- planning to transfer additional unrealized capital gains from the Alabama Trust Fund; and
- transferring more than \$10 million from various commissions’ earmarked funds.

It was very difficult to find points of advocacy for Arise beyond “don’t cut Medicaid.” In a year when the entire session has been consumed with budget fights and standoffs, keeping Medicaid cuts at a minimum is a worthy accomplishment in itself — but the people of Alabama deserve better.

This year’s General Fund crisis points to a deeper problem: Alabama doesn’t take in enough money from year to year to support state services at an adequate level. The enclosed fact sheet offers an Arise perspective on this problem, which economists call a *structural deficit*. Next year’s budget writers face at least a \$250 million General Fund shortfall.

Our position on the need for tax reform has not changed — We continue to press for fairness, new revenue and no more cuts. As the recent session shows, we won’t always get what we want, but Arise and our allies are changing the debate at the statehouse.

The three tests of government accountability

Note: Arise will be distributing the following op-ed to papers around the state in early June. If your local paper runs it, please send us a clipping!

Alabamians won't get accountability in government until we decide what it is. With a special session on the topic likely this summer, legislators and the Governor need to move beyond the slogans and promises we've heard thus far. It's time for a working definition.

An accountable state government must meet three tests:

1. It lives within its means.
2. It responds to the needs of the people.
3. And it shows them that they're getting their money's worth.

The Alabama Constitution already requires us to meet the first test:

We have to balance the budget. That's an accountability measure we can be proud of and build upon. We compromise accountability, however, when we use one-time revenues to get there. A truly balanced budget wouldn't throw next year's out of whack.

But meeting the first test makes the second test harder. The budget we balanced this year is simply not sufficient for meeting our population's basic needs. Alabama's Medicaid program is one of the sparsest in the country. More than 14,000 children wait for openings in the subsidized child care program.

The failure of our tax system to provide adequate revenue is an accountability issue. The state is accountable for the safety and general well-being of its citizens. We've cut our trooper force to a level that makes no one feel safe. With

thousands of acres of timberland and corporate farmland sitting practically tax-free, our schools are scraping the bottom. The soaring cost of health care keeps Medicaid in a bind every year.

Of the revenue we do bring in, earmarking locks 87 percent out of reach for new needs that arise. The state can't fund public transportation, for example, because a 1952 amendment set aside gas taxes for roads and bridges.

Meeting needs also means treating people fairly. By taxing Alabamians at incomes as low as \$4,600 a year, we're not just failing to meet needs – we're making families worse off.

The second test raises the daunting challenge of setting priorities: Whose needs should we meet, and in what order? The federal government sets one baseline in mandated services and programs that require matching state dollars. State law sets further priorities, such as minimum school funding. And court orders have spelled out pressing needs in the areas of corrections and mental health.

Beyond these legal requirements, however, the matter of priorities is often up for grabs. It's an open secret in Alabama that corporate lobbyists do much of the grabbing. Which leads us to Test #3.

A number of neighboring states have opened up their governmental processes to the light of day. Researchers at the UCLA School of Law recently ranked Georgia third in the nation on campaign disclosure laws (Alabama rated 47th). Florida has a legislative office that works with state agencies to set performance goals and see that they're meeting

them. Former Governor Siegelman offered a promising "performance-based budgeting" plan but wasn't able to implement it fully. It deserves another look.

Several measures will take the state a long way toward giving us our money's worth – and proving it:

- A stronger open meetings law;
- A stronger campaign finance reporting law;
- A stronger lobbying expenditure reporting law;
- A current on-line listing of all no-bid contracts, with an explanation for each;
- An annual on-line listing of all community service grant awards, with an explanation for each;
- An annual on-line listing of the taxes that Alabama corporations pay on their profits;
- An annual on-line listing of tax expenditures – the amount of revenue lost through tax credits and exemptions; and
- A transparent budget process that allows the public to "follow the money" from taxation through appropriation to distribution.

"If we're going to provide the services our people need, we have to be willing to pay the bill," says Kimble Forrister, state coordinator for Alabama Arise. "For those who believe we're not getting what we pay for, more openness in government is the best remedy."

When our leaders convene this summer, let's call on them to apply the three tests of accountability. Special sessions are expensive, but real progress will be worth the price.

We appreciate our contributors!

June 30 will mark the end of Arise's budget year, and what a year it's been! Last summer, we led or presented at 170 tax reform meetings and workshops. As we enter the 12th month, we've led or helped lead 287 meetings on Arise issues all over the state this year.

It's members like those listed below who make possible Arise's unique blend of issues, organizing and advocacy. So far this year, we've received contributions from 107 member groups and 326 individuals. You're the secret to our success! The following gave to ACPP between April 16 and May 25:

Jim Allen, Lanett
Will & Laura Anderson, Birmingham
Ann Askew, Birmingham
Adrian B. Boone, Tuskegee Institute
Vicki Martin Bowers, Daphne
Cathy Brechtelsbauer, Sioux Falls, S.D.
Charlie & Chip Busch, LaFayette
William Clark, Birmingham
Mr. & Mrs. James E. Cobb, Alcoa, Tenn.
Anne D. Cottle, Mobile
Robert Cowan, Montevallo
Joe & Pat Crowley, Montgomery
Bruce & Evonne Cunningham, Jacksonville
Edith Davis, Montgomery
Lynn Douglas, Birmingham
Carolyn Edwards, Huntsville
Tom Edwards, Montgomery
Virgene & Roland Ficken, Tuscaloosa
Lois Field, Tuscaloosa
Elaine Fuller, Montgomery
William Giardini, Brownsboro
Barbara Grant, Montgomery
Paul E. Grisham, Opelika
Margaret Harris, Tuscaloosa
Peter Horn, Birmingham
Phillip & Harriette Huckaby, Sterrett
Trudie Hudson, Birmingham
Dorothy Dale Hughes, Fairhope
Harvey Jackson, Jacksonville
John Keith, Montgomery
Jim & Jan Kimble, Birmingham

Kathy King, Montevallo
April Lane, Northport
Philip Lasater, Montgomery
Margaret Latimer, Auburn
Carmen B. Madison, Montgomery
Larry Menefee & Laurie Dill, Montgomery
Brad Moody, Montgomery
Sr. Mary Robert Oliver, Birmingham
David Owens, Fairhope
David & Anne Patten, Prattville
Louise Pittman, Montgomery
Julie Reardon, Birmingham
Joan Turner Rodgers, Montgomery
Jeff Rosser & Barbara Allen-Rosser, Montgomery
Nell Rush, Birmingham
M. Wayne Sabel, Montgomery
Michael Scarborough, Huntsville
Doris Smith, Furman
James H. Starnes, Birmingham
Annabel Stephens, Northport
Joseph & Frances Sutton, Wetumpka
Jackie Tipper, Town Creek
Rick & Nancy Turpen, Birmingham
Charlotte Ward, Auburn
Gerald & Carol Wheelock, Normal
Mary White, Florence
Mary Wilson, Montgomery
Manly & Harriet Yeilding, Birmingham
Phyllis Zimmerman, Montgomery

Federal policies add to Alabama budget woes

A study released this month by the Center on Budget and Policy Priorities finds that federal policies, including tax cuts and the No Child Left Behind law, are costing Alabama nearly 10 percent of the total state budget every year. Even with temporary federal relief grants provided in 2003, Alabama faces a net cost of \$2.1 billion over four years, the Washington-based Center reports.

According to the study, *Passing Down the Deficit: Federal Policies Contribute to the Severity of the State Fiscal Crisis*, the

largest burden comes from unfunded mandates – responsibilities that the federal government imposes on states without adequately funding them. But the most direct impact has been felt in the health-care sector. Because the federal Medicare program fails to cover the cost of prescription drugs, low-income elderly and disabled Alabamians depend on state Medicaid for these medications, at a price tag of \$295 million over the four years.

To read the full report, visit www.cbpp.org.

Mailbox

Dear Mary,

“Eye-opening” was the adjective that the class used most often to describe the self-sufficiency exercise you presented at our retreat in Tuscaloosa. ... Thank you for helping us to expose the group to the harsh realities of getting by.

Sincerely,

Barbara Larson
Executive Director
Leadership Alabama

Dear Melissa,

Thank you so much for escorting us around the State House. ... It saved us much invaluable time and your up-to-the-minute information made our words to legislators more relevant. We enjoyed the day and wanted you to know how much we appreciate your help.

Sincerely,

Paula Copeland
Dothan

Another Arise citizen-lobbyist sent a personalized copy of the following letter to each of the 15 lawmakers she visited:

Dear Legislator:

Cecilia Street and I want to thank you for the opportunity to visit with you at the Alabama State House last Thursday.

It was reassuring to hear from so many Senators and Representatives that they are determined not to let anything happen to Medicaid. I know you feel as we do that Alabama hospitals are at risk with two-thirds of them having operated in the red for three years. They and the poor cannot handle cuts in Medicaid.

As members of Quest for Social Justice and Alabama Arise we are grateful to you for your commitment to the well-being of Alabama and know that you will keep in mind our responsibility to protect those less fortunate than we.

Sincerely yours,

Sister Magdala Thompson, RSM
Mobile