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Sign up for our listserv by clicking
 "Join the Arise discussion list" at
www.alarise.org.

Annual Meeting
Sept. 15th, 9:30-3:00
in Montgomery

Unitarian-Universalist Church
 2810 Atlanta Hwy., Montgomery

Directions: Take I-85 to Ann St.
 (exit #3). Go north to the end of
 Ann at Atlanta Hwy. and turn right.
 UU Church is 2 blocks up, on the
 right. Parking on-site.

 * **Sept. 7th Arise** *
 * **movie benefit** *

Everyone knows that America's health care system is in critical condition, but Michael Moore's brilliant new documentary dares us to imagine a cure. You've heard the hype about it. You may even have seen it at one of its limited Alabama showings. Now you can see it *and* support ACPP! This year, ACPP is working to reduce the number of Alabamians who lack health insurance – currently more than 600,000 adults and 75,000 children.

WHAT: Benefit screening for Arise
WHEN: Friday, September 7
 7 p.m. reception
 7:30 p.m. movie
WHERE: Capri Theatre
 1045 E. Fairview
 Montgomery
HOW: \$20 tax-deductible donation to ACPP (Arise Citizens' Policy Project)

For more information, contact
Brenda Boman at (334) 832-9060
 or brenda@alarise.org.



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 Vol. 20, No. 1

August 16, 2007

Annual Meeting Sept. 15th

Members to choose '08 issues

At the Arise annual meeting on Sept. 15 (*see calendar*), members will choose five legislative priorities from the following seven proposals. Descriptions of our two permanent priorities follow on Pages 5-6.

- Those who are eligible for the federal Earned Income Tax Credit (EITC);
- Those whose income is less than two times the federal poverty line (or \$41,230 for a family of four).

Asset-building

When it takes most or all of a family's income just to get by, there's little hope of saving for the future. A new Individual Development Account (IDA) program allows low-income working people to save toward college tuition or training, a down payment on a home, or starting a business. Families can save up to \$2,000, which is matched 2-to-1 by government and private funds. We propose legislation to provide the state portion of the match. Because some means-tested state programs limit the dollar amount of assets recipients may have, we also propose raising this limit, which has remained unchanged for more than 25 years.

The United Way of Central Alabama administers an Alabama Asset-Building Coalition. Community organizations in the Birmingham area have been able to raise some matching funds from local businesses, but participating organizations in the rural areas of Alabama are having difficulty in raising local matching funds. State funding would allow more families to participate. Eligible clients include:

- Those who are eligible for Temporary Assistance for Needy Families (TANF);

Populations that have benefited from participation in IDA programs include former welfare recipients, youth in disadvantaged urban and rural schools, recent refugees and the working poor. Because this legislation would address one of the root causes of poverty in a proactive manner, it would be a win-win situation for Arise. Research conducted over the last decade on the effects of asset-building on low-income, low-asset families indicates that positive results extend beyond tangible assets accumulated. Families with assets demonstrate an orientation toward the future, a lower rate of marriage dissolution, and greater housing stability. Families engaging in asset-building also tend to experience improved health and well-being, increased civic and community involvement, and decreased rates of transfer of poverty to the next generation. Some Arise member organizations may even decide to provide matching funding themselves to help low-income families enter the financial mainstream.

The estimated annual cost of the legislation would be \$600,000, enough to match the \$2,000 savings of 300 families. The State of Alabama may allocate TANF Block Grant funds to this purpose, or it

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A few words from Kimble —

This year's annual meeting will be a bit different. Instead of voting for up to seven advocacy priorities, members will vote for five. Tax reform and adequate budgets will automatically be on our agenda. Our members amended the by-laws last spring to ensure that we never neglect the two critical financial aspects (income and spending) of our state's programs to provide for the common good.

Arise was created as a coalition of congregations and groups.

Only the member groups have been allowed to choose advocacy priorities, elect the board, approve the budget and vote on new members. The by-laws define individual members but give them no voting rights. This year, the member groups will vote on a proposed by-law amendment that would give each group 10 votes and each individual one vote in future membership meetings.

At *alarise.org*, you can read our letter to Gov. Bob Riley about health care. We praise him for calling on all Alabama members of Congress to support the SCHIP reauthorization (after all Republican members voted against the bill), and we urge him to consider health care for adults as well. Just as he called Alabama's \$4,600 income tax threshold immoral, so should he call it immoral that parents who make more than \$4,391 a year aren't eligible for Alabama Medicaid.

I hope you can join us for our movie benefit at the Capri Theatre. Michael Moore's *Sicko* is a clever documentary. It exposes outrageous injustice in our health insurance system – and he interviews people in other countries who can't fathom why we don't provide free health care to all our people. To them, it's an essential public good.

Yours in peace and hope,

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could match education IDAs from the growing Education Trust Fund.

Constitutional reform

Alabama has the longest constitution in the nation, if not the world. Lewis Lehe's 2006 documentary *It's a Thick Book* captured both the absurdity and the tragedy of this century-old document. With nearly 800 amendments, our "thick book" is inaccessible to ordinary citizens and lawmakers alike, and it's growing every year. For all its notoriety, however, the 1901 constitution's excessive length is only a symptom of deeper problems.

One of the pitfalls of Alabama's constitution – and the reason it's so long – is that it was designed to suppress the power of local governments. By giving the Legislature – also known as "Montgomery" – control over numerous aspects of local policymaking, taxation and spending, the constitution diminishes both the responsibility and the accountability of county officials. To adjust the local property tax, for example, or issue bonds to build a courthouse annex – or even to fund a sheriff's posse – county commissions must get approval from the Legislature. The commissioners have to wait for the legislative session, which lasts only 3½ months of the year, to make their request. They also have to advertise the bill for four weeks before introducing it. Then, if a single legislator votes against the bill, it must go up for a statewide referendum, even though the proposal will affect only a single county.

In the process, county commissions spend large amounts of time and money trying to get simple local issues through the Legislature, and legislators spend large amounts of time sifting through local legislation – time that could be better spent addressing statewide problems and priorities. In addition to the time they require at the State House, these local issues make up a vast majority of amendments to the Alabama constitution, adding each year to its size.

Alabama's constitution divides the state fiscal system into two budgets:

the Education Trust Fund for schools and colleges and the General Fund for all other state needs. Both of these budgets are heavily earmarked. This severely limits flexibility in budget-making. If one budget faces a serious shortfall, funds cannot be shifted from the other to help with that deficit. Nearly 90 percent of Alabama's budget is earmarked.

One reason Alabama's tax system is so regressive is that the constitution forces local governments to rely heavily on the sales tax – the only tax they can adjust without approval from the Legislature. In many poor counties, the local sales tax is a major source of school funding. The sales tax is the most regressive of the three major taxes (income, sales and property) because it takes a much greater portion of the household budget for middle- and lower-income families than for high-income families.

In addition to centralized control and a regressive tax system, the Alabama constitution represents the legacy of White supremacy. Even though laws have changed to protect the rights of all citizens, the constitution still contains references to segregated schools and other instruments of racism.

The bill proposing a referendum on whether to hold a constitutional convention got the farthest it ever has in the Legislature this year. It passed out of both the House and Senate constitution and election committees and received a brief debate on the House floor.

Death penalty moratorium

Arise should renew its call for a three-year moratorium on executions in the state. Factors such as racial disparities in conviction, lack of a state public defender system, and use of judicial override place low-income, minority and disabled Alabamians at unacceptable risk.

Although federal law mandates the provision of court-appointed lawyers for indigent defendants, it is difficult for low-income Alabamians to obtain

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adequate representation because of the state's low cap on attorneys' fees. In Alabama, court-appointed attorneys who take on death penalty cases cannot receive more than \$2,000 for services rendered. Unlike most states, Alabama lacks a public defender system, which would work solely to provide adequate representation for indigents.

Racial disparities plague Alabama's capital punishment system. Eighty percent of death row inmates were convicted of killing people who were White; yet nearly 65 percent of all murders committed in Alabama each year involve an African American victim. Only 6 percent of murders in the state involve African American defendants and White victims, but more than 60 percent of African American death row inmates were convicted of killing people who were White. The overrepresentation of African Americans on death row reflects racial imbalance on the bench, at the bar and in the jury.

Alabama is also one of a few states that still allow the practice of judicial override. Roughly 22 percent of Alabama's death row inmates were sentenced by a jury to life without parole, only to have the decision converted to a death sentence by the presiding judge. In the 2007 legislative session, a bill to prohibit judicial overrides failed to reach the House floor.

Since 1976, Alabama has convicted and sentenced to death 27 defendants whose evident mental illness and/or mental retardation went unrepresented or unexplored at trial. At least four of these have been executed. A moratorium would allow legislators to consult with mental health professionals to draft legislation that would bring Alabama in line with a 2002 U.S. Supreme Court ruling that the execution of people with mental retardation is cruel and unusual punishment.

Alabama does not allow defendants who appeal death convictions to utilize DNA testing. Across the

nation, DNA analysis has proved the innocence of numerous defendants wrongfully convicted of murder. A 2007 bill to allow post-conviction DNA testing died on the Senate calendar.

Alabama shows little sign of slowing down to evaluate the flaws and disparities in its capital punishment system. Yet a July 2005 poll by the Capital Survey Research Center found that 57 percent of Alabamians would support a moratorium.

Environmental justice

Advocates for environmental justice seek to ensure that everyone enjoys the same degree of protection from environmental hazards and equal access to decision-making about the environment in which they live, learn and work. A hybrid of the earlier environmental and Civil Rights movements, environmental justice highlights the unfair burden of pollution and environmental threats on communities of color and people of lower income. This disproportionate burden contributes to public health and economic problems that indirectly perpetuate the cycle of poverty in Alabama.

The EJ movement in Alabama is a loose coalition of environmental associations, social advocacy groups, the legal and health communities, and academia, but at its heart are the people of the affected and potentially affected communities. These communities have formed organizations to keep environmentally unsound and potentially hazardous pollutants out of their neighborhoods. Many have successfully carried out small grassroots campaigns that have had positive results. However, Alabama has a strong need for a more structured and unified EJ campaign.

EJ concerns are arising at an alarming rate across Alabama. They range from battling against hazardous landfill siting to challenging the increasing intrusion of large polluters such as natural gas companies. At the crux of the EJ battle is the ongoing pressure to hold the state's environmental agencies more accountable. The ADEM Reform

Coalition (ARC) continues to work diligently toward making the state's primary environmental agency, the Alabama Department of Environmental Management (ADEM), more "EJ-focused." ARC continues to push for the full use and staffing of the EJ Unit established in 2006, as well as a proficient permitting process that involves conducting an impact study before any permit is issued. Without a strong EJ-focused state agency, Alabama's poor and minority communities stand a greater risk of being exposed to overbearing pollution and health disparities. ARC is working with various community-based environmental justice groups statewide to devise stronger legislation and raise public awareness about what's at stake in environmental justice.

In national EJ circles, Alabama is often considered a "sacrifice zone," meaning the state has a reputation for being negligent in addressing environmental concerns and regulations. As a result of the state's lax behavior, Alabama's poor and minority communities continue to bear an inequitable burden of Alabama's pollution problems. A continued and unified voice in opposition to environmental *injustice* in Alabama is not an option but a necessity.

Fair and adequate Katrina relief

Disbursement of federal disaster relief funds should be based on a professional comprehensive assessment of unmet needs. Such an assessment should include grid surveys and house inspections performed by licensed inspectors. Two years after the storm, the U.S. Dept. of Housing & Urban Development has sent \$74 million in Community Development Block Grant (CDBG) Katrina Disaster Fund Awards to the Alabama Dept. of Economic and Community Affairs (ADECA), which in turn is supposed to allocate these grants to county and city governments on a competitive basis. The amount of these yet-unreleased funds for low- and middle-income people will serve fewer

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than 10 percent of Mobile County Katrina victims.

The current funding process, not based on the documented needs of storm victims, has neglected the unincorporated areas of Mobile County. Federal, state and local governments have failed to provide a comprehensive unmet needs assessment for this area. The lack of such an assessment further disadvantages residents of the unincorporated towns, who must rely only on self-reporting and anecdotal evidence to substantiate their claims. Mobile County grant administrator Kathy McHugh estimates that the cost for inspecting the remaining 476 uninspected homes will be about \$40,000.

The primary beneficiaries of the proposed relief legislation will be low- and middle-income disaster victims – ranging from Katrina survivors in Mobile and Washington counties to the tornado victims in Enterprise. A campaign for such legislation would include the broad spectrum of advocacy and service groups involved with Katrina and tornado victims. It could bring in new members who, once they understand the extreme discrepancies in Katrina relief, will recognize the link with Arise’s mission to advocate for the most vulnerable.

Money and politics

Alabama voters deserve to know who is attempting to influence the political process. Every dollar spent in political campaigns, lobbying and appropriations should be fully disclosed to the public to ensure fiscal accountability. Arise should support the following measures:

- The source of every dollar a candidate receives in political contributions should be a matter of public record.
- The true source of funding for campaign advertisements also should be a matter of public knowledge.
- Disclosure of all lobbying expenses will show voters which interest groups are gaining access to lawmakers.

- Full disclosure of all government spending, including special appropriations, will force legislators to be better stewards of taxpayers’ money.

PAC-to-PAC transfers, though not illegal, create major transparency problems. Because political action committees, or PACs, are allowed to shift funds from one to another, the source of the contributions can be kept hidden. This allows businesses and individuals who represent interests at odds with those of the general public to fund candidates in secret, thus making the candidates subject to improper influence. To combat this problem and restore transparency to PAC activities, many legislators and ordinary citizens are calling for a total ban on PAC-to-PAC transfers.

Under current law, paid political advertising must identify the person, principal campaign committee or PAC that paid for the advertisement. To make this transparency effort more meaningful, Alabama should require disclosure of the sponsoring organization’s sources of funding. This would include any individual or group that contributes funds to the entity paying for the endorsement. Alabamians have a right to know who is funding the political advertising during a campaign season.

Lobbyists in Alabama are allowed to spend money to win influence with elected officials. The Alabama Ethics Commission requires lobbyists to file quarterly activity reports. But Alabama law permits lobbyists to spend up to \$250 a day on each legislator without reporting it. Much like PAC-to-PAC transfers, this excessive lobbying expenditure limit tips the scales of power in favor of those who have money. The best way to monitor lobbyist activity and create transparency is to require full disclosure of all lobbyist spending.

So-called “pass-through pork” is money appropriated to a particular agency for a stated purpose as a means of supporting a special project in a legislator’s district. This practice allows political interests to outweigh good stewardship in the budget process.

Every dollar channeled from the state budget into a local “trophy” project is one more dollar that underfunded state programs have to do without.

Public transportation

Since 1997, Arise has championed the need for Alabama to invest in public transit programs to serve its citizens. During that time, states across the nation have recognized the wisdom of developing transit programs that meet the needs of both consumers and business. Between 1995 and 2005, state investments in public transportation ballooned from \$4.7 billion to \$9.5 billion. What was Alabama’s investment during this period? Zero. In fact, Alabama in 2005 was one of only four states that failed to invest any state revenues in this vital service.

Lack of transportation is consistently noted as one of the primary barriers to employment for Alabama’s low-income residents. Our current transit systems – supported by local and federal dollars – are at best inadequate for consumer needs and at worst non-existent. Seventeen counties in our state have no form of public transportation program. Many rural, poor counties are unable to raise the local revenue to match available federal funds. More affluent urban areas have more expansive systems, but those systems often operate in limited areas during limited hours, and they constantly struggle with shortfalls.

Other states use a variety of revenue streams to provide funding for public transportation. The most widely used source is fuel and road use taxes. But Alabama’s 1901 constitution specifically prohibits using those funds for any purpose other than building and maintaining roads and bridges. In recent years, Arise has sought passage of a proposed constitutional amendment that would add public transit to the purposes for which these funds could be expended. The Alabama Department of Transportation and the Alabama Association of

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Roadbuilders have opposed these efforts, claiming that all available revenue from these sources is needed for highway and bridge construction and maintenance.

The 2008 Legislature will face a number of challenges in the distribution of available revenue. Alabama's current gasoline tax of 16 cents a gallon, plus 2 cents a gallon inspection fee, has not been increased since 1992. Rising fuel costs and consumer conservation have resulted in flat or declining revenues, while construction and maintenance costs continue to escalate. Increased demands and limited growth in the state's General Fund make it hard to find funding for new initiatives.

Despite this bleak outlook, Arise contends that public transportation is a critical issue for state policymakers. In addition to the impact on economic development, the failure to provide funding for public transit is a social justice issue as well as an environmental, health and safety issue.

Adequate budgets for human services

Last year, the Arise board amended the by-laws to designate adequate budgets for human services as a permanent legislative priority, along with tax reform. The programs at risk of cuts during a budget crisis are often the ones on which low-income families depend. Alabama's two-budget system and constitutional earmarking of growth revenues for education mean that, even in flush times, health care and child care receive little benefit. Through the ups and downs of Alabama's economy, Arise will speak out to protect funding for health care (Medicaid, ALL Kids, etc.), child care and education. (In particular, we will support an update of child care reimbursement rates.)

Arise has long been a strong advocate for adequate health care. Given the chronic shortfalls in the General Fund, this advocacy has usually taken the form of fighting cuts to Medicaid. In fact, the state's distorted revenue

reality has made preserving a level, if inadequate, Medicaid budget feel like a victory. And we've mounted our efforts against a harsh political backdrop: Many Alabamians and their elected leaders believe that having the lowest combined state and local taxes in the nation – and the skimpiest per-taxpayer budget for public services – is a point of pride. Alabama has a long tradition of undervaluing the common good.

Last year, our members decided to call for a new Medicaid option in long-term care. We joined the ongoing efforts of AARP, the Independent Living Centers of Alabama, and legislative sponsors Sen. Linda Coleman and Rep. Sue Schmitz to promote Money Follows the Person, which would allow Medicaid dollars to "follow" participants as they transition from nursing homes into home- and community-based care settings. In the course of public hearings and conversations at the Legislature about Money Follows the Person, we discovered that momentum was gathering on several modest Medicaid expansions. The two General Fund committee chairs – John Knight in the House and Roger Bedford in the Senate – eventually found a creative way to bring the efforts together. They added to the Children First Trust Fund appropriation (drawn from tobacco settlement money) four new earmarks for Medicaid – totaling more than \$5 million and including 505 new waiver slots for Home- and Community-Based Services.

We applaud the legislative sponsors, the budget chairs and the entire Alabama Legislature for breaking the logjam on new Medicaid funding. Arise believes this may be the best opportunity we've had in many years for moving beyond the status quo in health care coverage for the most vulnerable Alabamians. We'll continue to push for an expanded Money Follows the Person program, but we hope to target other program areas where Alabama Medicaid lags behind. A comparison of our eligibility levels with those in neighboring states could be a starting point for measuring the adequacy of Alabama's program. Here are two examples:

- Alabama covers pregnant women at or below 133 percent of the federal poverty level. *Florida, Mississippi and Tennessee cover at or below 185 percent; and Georgia covers at or below 200 percent.*
- Alabama covers working parents up to an annual income of \$4,391. *Mississippi covers at or below \$5,496; Georgia covers at or below \$9,068; Florida covers at or below \$9,672; and Tennessee covers at or below \$13,356.*

Tax Fairness Amendment

Like the general public, Arise members are passionate about the sales tax on groceries. We want to harness that passion to win passage of the Tax Fairness Amendment of 2008. By passing this ambitious plan, Alabama can take a giant step toward the day when we no longer tax people deeper into poverty.

Alabama and Mississippi are now the only two states that apply the full sales tax to groceries with no rebate. We propose to remove the 4 percent state portion of the grocery tax, starting in 2009. The local portion of the sales tax would continue to apply to groceries, but a typical family of four would save \$376 a year on its grocery bill.

Sponsored by Rep. John Knight, the proposal is a constitutional amendment to reduce the grocery tax, raise the income tax threshold from \$12,600 to \$19,200 for a family of four, and remove the deduction for federal income taxes – a huge tax loophole for high-income people. The proposal is revenue-neutral, leaving the education funding stream intact. In fact, the Alabama Education Association supports the plan. Removing the deduction for federal income taxes will close a \$600 million loophole; 80 percent of that amount goes to the top 20 percent by income. That \$600 million will be returned to taxpayers through the grocery tax reduction – which helps people at all incomes – and

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through expanding the standard deduction and personal exemption for everyone's income tax.

The challenge of this campaign will be keeping the focus on the grocery tax. We will need to address the deduction for federal income tax forthrightly: It reduces taxes by thousands of dollars for those who make more than \$300,000 a year, but it's worth less than \$100 for most of those in the middle. By contrast, grocery taxes will be reduced by more than \$300 for a family with kids.

Our legislative prospects appear to be very good. Last year, the plan was delayed by the turbulence of the Legislature and the time it took to iron out the plan's details. In the final days of the session, we counted 55 House members in favor of the plan and only

six firmly against it. We need to find only eight more supporters to bring the bill up for floor debate. Initial public opinion polls show more than half the public would favor the proposal, while fewer than a third would oppose it.

This plan would unite our members behind an ambitious plan – a plan that's 10 times as big as the \$60 million tax reduction we helped win in 2006. Finding eight supporters in the House is the easy part. On the Senate side, we will need to work on every senator in hopes that none of them will want to filibuster a popular plan to reduce grocery taxes. Finally, we will have the ultimate challenge of persuading Alabama voters statewide that swapping the federal income tax deduction for a grocery tax reduction is a good deal. If we can win at the ballot box in 2008, Alabama voters will benefit from a fairer tax system in 2009.

You're invited!

New Orleans event to highlight struggle of coastal working families

Gulf Coast business, grassroots and government leaders from Alabama, Louisiana and Mississippi will gather at Dillard University in New Orleans on Aug. 28th to discuss existing and potential legislation supporting recovery for low- and moderate-income Katrina survivors. A large congressional contingent has been invited, and several U.S. senators and representatives have pledged to attend.

Arise will participate in this strategic dialogue. For more information about the event, including arrangements for a carpool from Montgomery, contact Arise organizer Zack Carter at (800) 832-9060 or zack@alarise.org.

Alabama Arise
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