



P. O. Box 1188  
Montgomery, AL 36101  
Street address: 207 Montgomery St. #900  
(800) 832-9060; www.arisecitizens.org  
*Newsletter printed on recycled paper with 100%  
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## Bulletin Board

### VOLUNTEERS NEEDED!

**Who:** Anyone interested in “untaxing groceries.”

**What:** Spend an hour or two signing up voters who agree.

**When:** Tuesday, July 13.

**Where:** Any polling place in Alabama.

**Why:** Because the more supporters we identify, the louder our message to the Legislature!

Call Rebecca at (800) 832-9060 or e-mail [rebecca@alarise.org](mailto:rebecca@alarise.org) to volunteer or get more information.

BECOME A FAN OF ARISE ON

Just search for “Alabama Arise” and join the growing group of fans who get our frequent posts and action alerts. Then recommend our page to your friends!

**Annual Meeting**  
**Sat., Sept. 18,**  
**9:30-3:00,**  
**Montgomery.**  
**Mark your calendar**  
**and stay tuned**  
**for more details!**

# Report

*This newsletter made possible by the Marguerite Casey Foundation*  
Vol. 13, No. 5

June 30, 2010

## As BP oil slick looms offshore Coden members host summer meeting

By *Jim Carnes, communications director*

A shrimping community paralyzed by the ongoing BP oil well rupture formed a dramatic backdrop for ACPP’s summer membership meeting in Coden on June 12. ACPP members, staff and board representatives from Birmingham, Mobile, Montgomery, Tuscaloosa and Tuskegee attended the gathering in a show of solidarity with ACPP’s coastal member groups in Mobile and Baldwin counties. South Bay Communities Alliance hosted the meeting at the Coastal Response Center, which has served as a base for local advocacy groups since Hurricane Katrina devastated the area five years ago. Recovery from that crisis remains incomplete as the oil spill approaches the coastline.

Local members offered a firsthand perspective on efforts to mitigate the environmental and economic impact of the oil disaster. South Bay Communities Alliance secretary Stephenie Bosarge challenged the hiring practices being used for coastal cleanup teams.

**“I don’t have a problem with anybody working,” Bosarge said.** “But work my people that you’ve put out of work first. We live paycheck-to-paycheck as it is.” Now, she said, paychecks have stopped for workers in the local fishing industry. Other speakers on the issue were Paul Nelson, an ACPP board member representing South Bay Communities Alliance, and Nick Pozzi, a Houston-based environmental disaster expert who called for a more aggressive oil collection plan using supertankers. Pozzi recounted his own experience using this cleanup



*Paul Nelson of South Bay Communities Alliance displays a sample of “black gunk” collected from a nearby estuary.*

method on large-scale oil spills in the Middle East.

After a recap of the 2010 legislative session by ACPP senior policy analyst Ron Gilbert and a gumbo lunch prepared by the hosts, members helped the staff and board evaluate this year’s “untax groceries” campaign. Small-group conversations covered Arise’s organizational capacity and ways to increase it; the design of HB 1, our plan for removing the state sales tax on groceries; and the politically polarized atmosphere of the Alabama Legislature. In the coming months, ACPP staff will use this input to begin mapping out next year’s tax reform strategy.

Also attending the meeting was documentary filmmaker Margaret Brown, a Mobile native whose award-winning 2008 film *The Order of Myths* examined the racial dimensions of Mobile’s Mardi Gras. Brown and her film crew are chronicling the impact of the BP oil rupture on coastal communities.

## A few words from Kimble —

What a year it has been! ACPP ends its fiscal year on June 30, so we've been scrambling to raise the last \$2,000 to meet our goal, but we've also reflected on our year gone by.

We conducted two campaigns, one on health care and one to "Untax Groceries." Our normal rhythm of summer listening sessions and fall preparation for the spring legislative session was interrupted (or maybe I should say "complicated") by health care reform. During the summer and fall we held at least 27 briefings around the state on the reform effort. Then we jumped straight into the grocery tax campaign with our new "Untax Groceries" bumper stickers, weekly "Untax Tuesdays" e-mail alerts and coalition strategy meetings to target our organizing to 22 priority districts. I don't know about you, but to me it almost felt like ACPP did two years of work in one.

Along the way we expanded our capacity. Our members came very close to restoring their giving to pre-recession levels. We expanded our donor base by 121 people and grew our overall list of sign-ups for "untaxing groceries" or health care reform by 2,434 names. (You can help us sign up more if you give an hour of your time at a high-traffic precinct on July 13. *See Page 1.*) Our Facebook page gained nearly 850 fans, and *arisecitizens.org* underwent a thorough renovation. It looks great! What better way to start your morning than to check the Daily News Digest on our website?

**Final note: Help us change the discussion on stimulus spending.** Don't people remember that George W. Bush cut taxes *and* increased spending to boost the country out of recession? Yes, eventually we must take responsible steps to live within our means, but we can't do so prematurely. Forcing Medicaid cuts and laying off health care workers won't help the recovery!

Yours in hope,

Kimble

## Issue update

# No summer recess for economic woes, capital punishment

By Stephen Stetson, policy analyst

Some Arise priorities, such as untaxing groceries, leave the front burner when the Legislature adjourns, while others draw new attention during the summer doldrums. Here's a round-up of policy matters we're following this season:

### Unemployment insurance

With Alabama's unemployment rate stalled in double digits, claims continue pouring in to the state's unemployment trust fund. The unemployment insurance (UI) system has been forced to go into debt to cover the vast sums being paid out. As of May, the fund was nearly \$300 million in debt. Still, many state policymakers remain opposed to taking \$100.5 million in federal money available through the Unemployment Insurance Modernization Act (UIMA). Efforts to approve acceptance of the funds failed in the last two legislative sessions, though the state will have one more bite at the apple next year.

Taking the funds merely requires that Alabama make a few tweaks to the UI system to modernize it and bring it into line with what most states are already doing. But extending UI benefits to groups like people who are unemployed because they are victims of domestic violence thus far has been insufficiently persuasive to legislators to get them to approve the UIMA reforms. Watch for a new ACPP fact sheet on the modernization effort in the coming weeks.

### Predatory lending

Congressional action on the proposed Consumer Financial Protection Bureau (CFPB) is heating up. ACPP has long called for regulation of predatory lending, and the creation of a CFPB would provide new oversight for the kinds of loans and other financial products that can drive people deeper into debt. Both houses have passed financial reform bills, and the differences appear to have been ironed out in conference committee in late June.

Among the key provisions for the new CFPB outlined in the conference report are:

- an independent bureau with its own director, housed in the Federal Reserve;
- independent funding, including automatic adjustments for inflation; and
- enforcement authority over payday lenders.

The Consumer Federation of America, while applauding the bill overall, has raised a couple of concerns:

- a special-interest "carve out" that exempts auto dealers from the bureau's oversight on loans (new authority granted to the Federal Trade Commission addresses this gap); and
- a provision that grants small lenders a "sneak peek" at proposed new rules.

When the conference committee released its report on June 25, most observers expected swift passage. The death of Sen. Robert Byrd, D-W.Va., three days later sent Democrats scrambling for a 60th vote to pass the measure.

### Death penalty moratorium

The State of Alabama has carried out its first two executions of 2010. It remains to be seen how aggressive Attorney General Troy King will be in seeking additional execution dates before he leaves office in January. King lost in the Republican primary race to Luther Strange in early June. In November, Strange will face the winner of the July 13 Democratic runoff between James Anderson and Giles Perkins. Perkins has publicly endorsed a moratorium on the death penalty, and Anderson indicated he would consider a moratorium if he found problems that warranted it. In other death penalty news, the Alabama Supreme Court has granted a review of the death sentence of Esau Jackson. The Equal Justice Initiative says the case raises important questions about the possibility of wrongful conviction.

# New law closes Medicare gaps

By Anna Blair, health policy analyst

The Patient Protection and Affordable Care Act (PPACA), the health reform package that Congress passed in March, includes significant changes to Medicare, the federally run health insurance program for the elderly and disabled. Among these are added benefits for enrollees, new taxes to shore up Medicare's financing and cutbacks in the growth of payments to providers. This article describes some reform provisions affecting Medicare beneficiaries. There are no cuts to traditional Medicare benefits.

## Background

**Medicare, the largest health insurance program in the country, has four divisions:** Part A, primarily for inpatient services; Part B, for outpatient services such as doctor visits; Part C, for private insurance that provides Medicare benefits, known as Medicare Advantage; and Part D, for outpatient prescription drugs. Most beneficiaries are in traditional, fee-for-service Medicare, where health providers bill the government directly for services covered by Parts A and B. About 25 percent of beneficiaries are enrolled in Medicare Advantage.

## What's changed?

**Expanded prescription drug coverage:** Medicare Part D, as originally structured in 2003, includes a coverage gap or "doughnut hole" that varies in size from year to year. In 2010, after beneficiaries accrue their first \$2,830 in covered prescription drug costs, they must pay 100 percent of further drug costs until the total reaches \$6,154. At that point, Medicare's 95 percent "catastrophic coverage" begins. This year, PPACA will provide a \$250 rebate for about 3.4 million beneficiaries falling into this coverage gap. In 2011, beneficiaries will get prescription drugs at half-price. By 2020, the dreaded "doughnut

hole" will disappear, with Medicare covering 75 percent of drug costs.

**Improved low-income subsidy for drug coverage:** Medicare subsidizes drug benefits for people whose incomes are at or below 150 percent of the federal poverty level and who have limited assets. PPACA improves this subsidy. For example, if a couple qualifies for the subsidy and a spouse dies, the surviving spouse continues to receive the subsidy for a full year before his or her eligibility for the subsidy is determined again. Additional funding will allow the government to publicize this fact to ensure that eligible people know about and sign up for the subsidy.

**Expanded coverage of preventive services:** Medicare now covers only certain preventive services, such as mammograms and colonoscopies, with beneficiaries paying 20 percent of the allowed charges. But in January 2011, that coverage will improve. Beneficiaries will receive these and other preventive care services for free. Medicare also will begin paying for annual physical exams, or wellness visits. (Medicare now pays for a general checkup only when a beneficiary enters the plan.) Regular checkups should help improve the overall health of elderly people by providing better coordination of care for those with chronic conditions.

**Offering these and many more benefits, the health care reform law demonstrates a goal to improve the health, both physically and financially, of Medicare beneficiaries.** To learn more, visit [medicare.gov](http://medicare.gov) and [eldercare.gov](http://eldercare.gov) or call (800) MEDICARE. TTY users can call (877) 486-2048.

**As of July 1, more than 1 million Alabamians with pre-existing conditions** now can purchase health insurance through the new federal high-risk pool. Visit [arisecitizens.org](http://arisecitizens.org) to read our news release.

## A taste of things to come

By Chris Sanders, policy analyst

**Alabama will face an almost \$200 million shortfall in next year's General Fund budget if the U.S. Senate fails to pass jobs legislation.** But that budget hole – and the service cuts that would follow – could be only the beginning of what lies ahead for state budgets as revenues continue to slump and as temporary federal assistance dries up.

**The U.S. Senate failed in late June to approve additional federal aid to state governments.** Alabama's share of that aid would be \$197 million, all of which was built into the \$1.6 billion fiscal year (FY) 2011 General Fund budget that starts Oct. 1. Senators voted 57-41 to bring the bill to the floor, three short of the 60 votes needed to block a filibuster. The path ahead for the bill is uncertain, but it is unlikely to receive another vote until at least mid-July, if at all.

**The federal aid would come as an extension of the enhanced federal Medicaid matching rate that states are receiving under the American Recovery and Reinvestment Act (ARRA).** The enhanced Medicaid assistance is set to expire at the end of 2010, but Alabama approved a FY 2011 General Fund budget that assumed Congress would extend the assistance for six months, through June 2011. Without the aid, Alabama will have to slash spending in the General Fund, which provides money for courts, prisons, public health and other non-education services.

**ACPP executive director Kimble Forrister said the consequences of further inaction could be devastating in Alabama.** "The cuts to health care and other public services will come during tough economic times, when many Alabamians are in the greatest need of those services," Forrister said.

**Even if Congress eventually approves additional aid, tough times are ahead for Alabama budgets.** With the state's unemployment rate lingering in the double digits, General Fund revenues through May were down more than 20 percent compared to a year ago. For the Education Trust Fund (ETF), the decline was 6.9 percent. Consecutive years of budget cuts already have caused a state employee hiring freeze, double-digit tuition increases at many

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# We appreciate your gifts!

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## Methodists show support

Delegates to the 2010 Annual Conference of the Alabama-West Florida Conference of the United Methodist Church renewed their call for tax reform in Alabama when they met in Montgomery in early June. They passed a resolution calling for fairness, adequacy, transparency and simplicity in the state tax structure. A copy of this resolution will be sent to the governor, lieutenant governor, speaker of the House, and every member of the Alabama Legislature.

Also at the annual conference, Ruth Gynther, ACPP's contact person at Auburn United Methodist Church, was chosen by the Commission on the Role and Status of Women to receive the 2010 Alice Lee Award in recognition of her advocacy work on social justice issues. Congratulations, Ruth!

## State budgets

*[Continued from Page 3]*

universities and longer waiting lists for community mental health services. Falling revenues could force layoffs and even deeper service cuts in coming years.

**Alabama is running out of budgetary safety nets.** ARRA money that has prevented deep service cuts since 2009 will disappear after next year. That could mean FY 2012 shortfalls of about \$150 million for the General Fund and more than \$500 million for the ETF. The state has \$179 million in a General Fund rainy day account, but Gov. Bob Riley can access only \$74 million of that amount this year. The ETF rainy day account is empty, and the legal duty to repay it will cut into eventual revenue growth.

Whether the budget holes will lead lawmakers to revisit the state's tax system remains to be seen. Alabama has the nation's lowest per capita state and local taxes, and almost 90 percent of tax dollars are earmarked. The ETF is bankrolled mainly by income taxes and sales taxes, leaving it vulnerable to economic downturns. And the General Fund gets revenues from a hodgepodge of taxes that are slow to grow even in good times, meaning the budget struggles to keep pace with the normal rising costs of Medicaid and other programs. The budget situation soon will force Alabamians to choose whether to keep cutting public services or take a more balanced approach, combining spending cuts with new revenue..