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**Annual Meeting**  
**Sept. 13th, 9:30-3:00**  
**Montgomery**

**Location:** Jubilee Community Center, 432 S. Goldthwaite St.

**Directions:**

**From I-65 South**, take exit 172 (Herron). Turn right on Herron, then take third right onto S. Goldthwaite and go 1.5 blocks to the Center.

**From I-65 North**, exit 172 (Clay). Go past Clay St. and turn left on Herron, then take third right onto S. Goldthwaite and go 1.5 blocks to the Center.

**From I-85 South**, exit onto I-65 toward Birmingham and follow directions above from I-65 South.

*What makes this annual meeting special?*

- Individual members who have met eligibility requirements will get to vote! (Make sure your name is on the voter list at [www.alarise.org](http://www.alarise.org).)
- Arise 20th Anniversary T-shirts will be on sale!

(Please bring \$7 for lunch.)

**Save the date —**

**Tues., Feb. 10, 2009**

**3rd biannual Arise  
Poverty & Policy  
Conference**

Birmingham-Southern  
College

Special focus on health policy.  
Stay tuned for details.

# Report

*This newsletter made possible by the members of Arise Citizens' Policy Project*  
Vol. 11, No. 5

August 20, 2008

## **Eight issues vie for priority**

# Members to chart 2009 course

**Issue priorities for the coming year will be on the table** at the Arise annual meeting Sept. 13 (*see calendar*). Members will select up to five issues from a slate of eight, in addition to the two permanent priorities of tax reform and health care funding. The article below proposes a new issue for members' consideration, and the issues up for renewal appear on Page 3. Last month's newsletter outlined the new procedure for individual member voting. What state policy areas present the biggest challenges for low-income Alabamians? Come to the annual meeting and join the discussion!

## **Predatory lending**

*By Stephen Black, Impact Alabama*

**As the cost of basic necessities like food, transportation and health care rises**, pressure is mounting on Alabama's working families to seek a "quick fix" for making ends meet. Glance around any low-income commercial district and you'll see no shortage of storefront operations eager to lend a hand with payday loans, title pawns, refund anticipation loans and other predatory lending services. Alabama has taken steps in recent years to tackle this growing form of economic exploitation, but baby steps aren't enough.

**The 2003 law that brought payday lending under state regulation** allows lenders to charge fees equivalent to an annualized percentage rate (APR) of 455 percent. There are 1,189 payday lenders licensed in Alabama. A proposal for a central database to prevent multiple loans totaling more than \$500 at a time to the

same borrower didn't make it into the final version of the 2003 law. Now there are multiple databases that don't share information, so that safeguard isn't there.

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## **We're growing!**

**Shakita Brooks Jones** joined the ACPP staff as an organizer on Aug. 1. She holds a master's degree in public administration from Auburn University Montgomery and a B.S. in social work from Troy University. She brings to this position her passion for shaping public policy and empowering people to change their lives. She initially will be working in the Montgomery area. Shakita's flair for office decor is putting the rest of the staff to shame. We're glad she's willing to share her style and help her colleagues step up a notch. Welcome, Shakita!

**Stephen Stetson** joined the ACPP staff as a policy analyst on Aug. 1. Stephen has a law degree from the University of Alabama and a B.A. in journalism from the University of Texas. He has been a reporter and photographer and previously worked with the Tuscaloosa Public Defender's Office and the Mississippi Poultry Workers Project. Stephen's first ACPP assignments include policy research on Katrina relief, education reform and predatory lending. He reports that a highlight of his summer was seeing the Cubs sweep the Braves at Turner Field. We're glad to have Stephen on the ACPP team!

## A few words from Kimble —

**Have you noticed how Arise is growing?** Once we fill the health policy analyst position, we'll have 14 around the table for staff meeting. What does it mean? It's tied up in our commitment to two substantial initiatives:

**Over the next three years, we will build support for expanded health coverage in Alabama.**

With a major three-year grant from the Public Welfare Foundation, we're building the capacity of our organizing team and our policy team to explore the issue, educate the public and mount an advocacy campaign. Over the coming year, expect a Feb. 10 conference with a health care emphasis and a new *Alabama Health Coverage Handbook*.

**We're also building a database of voters who support a fairer tax system.** Our "Why Tax Groceries?" petition is designed to identify individuals who agree with our mission. If we can go into the 2010 elections with a list of 20,000 people we can educate and motivate to go to the polls, we can have a far greater chance of passing reforms.

**Both of these initiatives require your involvement.** We're counting on our members to circulate the petitions and talk about the grocery tax and health care. We need alert, feisty newspaper readers who can craft responses to letters to the editor. Please don't think the outcome depends on Arise staff. We're here to enable you and thousands more to be effective advocates.

**I'd like to say a word about my mom.** She died this month after a nine-year battle with cancer. We were blessed that she stayed curious and witty, courageous and creative to the age of 82. She planted in her kids and her students a love for learning and a passion for causes that will live on and bear fruit.

With peace,

## The Measure of America

# New report addresses long-term Katrina recovery

By Stephen Stetson, policy analyst

**Statistics are among the most powerful tools for crafting policies to improve lives.** A new report called *The Measure of America* offers policymakers, advocates and funding organizations a wealth of data aimed at broadening the analysis of human welfare and development in the United States to a global context. The report represents the first full application in the U.S. of a tool called the Human Development Index, which measures well-being in three areas: health, education and income. The index has been used internationally for 17 years, supporting more than 500 national and regional reports like this one.

**The inaugural American Human Development Project report**, released in July, synthesizes tremendous amounts of statistical information in ways not found anywhere else. The report probes beneath the numbers to reveal both stark obstacles and promising approaches to ensuring a long and healthy life, access to knowledge, and a decent standard of living for all Americans.

**Among the eight policy priorities the report identifies** is a comprehensive "Marshall Plan" for reconstruction on the storm-ravaged Gulf Coast. The excerpt below, outlining that recommendation, is reprinted by permission.

## A Marshall Plan for the Gulf Coast

**For generations, Alabama, Louisiana and Mississippi have lagged behind the nation as a whole on key indicators.** Hurricanes Katrina and Rita revealed the significant deprivations that persist in this part of our country while simultaneously exacerbating them. These three Gulf states combined, home to 12 million Americans, have the lowest American H[uman] D[evelopment] Index scores of any region in the country. On key measures of human development, the region today is at the level of development the country as a whole experienced eighteen years ago. It has the nation's lowest levels of educational attainment, shortest life expectancy and lowest incomes. If the whole region were a single state, it would rank second to last – surpassing only Mississippi itself.

**Three years after the storms put the birthplace of jazz under water** and wiped out towns south of I-10 from New Orleans to Mobile, promises of support and rebuilding have yet to bear fruit. Church groups and concerned individuals continue to volunteer their time, showing solidarity and helping some communities rebuild. But tens of thousands of flood victims are still living in FEMA trailers. Families and communities are scattered, many longing to return home. Even those whose homes are intact face tremendous human insecurity and financial hardship as they wait to see if their hometowns are reborn.

**Yet America faced a far greater reconstruction challenge** in the not-too-distant past. Six decades ago, Americans supported a plan to rebuild war-torn Europe. Totaling \$13 billion (equivalent to \$100 billion today), the Marshall Plan reconstructed Western Europe, modernizing the region and setting it on a path to the prosperity it now enjoys. The Gulf states seem equally deserving of reconstruction. Given the need to rebuild many institutions from the ground up, there is also a unique opportunity to test innovative approaches that, if successful, could be applied to struggling communities elsewhere in the United States.

**A Gulf Coast Reconstruction Plan**, encompassing far-reaching humanitarian, social, political and economic aims, would expand choice and opportunity for the people of Alabama, Louisiana and Mississippi. Only a concerted and sustained effort can address the significant shortfalls revealed by the American HD Index.

*The Measure of America: American Human Development Report 2008-2009 is the product of an independent, nonprofit initiative funded by Oxfam America, the Conrad N. Hilton Foundation, the Rockefeller Foundation and the Social Science Research Council (SSRC), with additional funding from the Annenberg Foundation. The report is a joint publication of SSRC and Columbia University Press. To explore the project's interactive human development maps of states and congressional districts or to order the full report, visit [www.measureofamerica.org](http://www.measureofamerica.org).*

### Beefing up food stamps

The 2008 Farm Bill made a number of changes to the federal Food Stamp Program that will help low-income Alabamians put food on their table in the face of rising food and fuel costs. The Congressional Budget Office projects that the Farm Bill will add \$7.8 billion in new resources for the program between 2009 and 2017.

Effective Oct. 1, the new law will:

- change the name of the Food Stamp Program to the Supplemental Nutrition Assistance Program (SNAP);
- end the erosion of the purchasing power of food stamp benefits by raising and indexing for inflation the minimum benefit and the program's standard deduction; and
- eliminate the cap on dependent care deductions.

In May 2008, more than 572,000 Alabamians received food stamp benefits, for a total value of more than \$55 million. The participation rate has increased by 31,000 since May 2007.

USDA has announced that monthly benefits under SNAP for a four-person household will increase from \$542 to \$588, reflecting an increase of 8.5 percent, the largest in more than two decades. At that funding level, the program will provide \$1.63 per person, per meal.

### QI-1 funding gap covered

After a scary summer, most of the nearly 16,000 Alabama seniors and people with disabilities who depend on Medicaid to pay their Medicare Part B premiums for outpatient coverage are breathing a sigh of relief. A new infusion of federal dollars will allow three-fourths of program participants to be reinstated.

We reported in the July newsletter that Congress had allowed the Qualifying Individual Program, or QI-1, to expire in late June before voting on July 9 to extend it until December 2009. However, because Alabama Medicaid already had spent its federal QI-1 allotment for the current year, which runs through September, the renewal left Alabama's recipients in the lurch. Late

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## Recap of current policy priorities

### Permanent issues:

#### Tax reform

Alabama is one of only two states that fully tax groceries. We also have the highest income tax on a family of four at the poverty line. The Tax Fairness Amendment would:

- Remove the state's 4 percent sales tax on groceries;
- increase the income tax threshold to \$20,000 for a family of four; and
- remove the deduction for federal income tax, which favors the highest earners.

#### Health care

An Alabama adult who works 20 hours a week at minimum wage makes too much to qualify for Medicaid. Alabama has made great strides toward insuring children in low-income families. The federal government will pay 69 percent of the cost for Alabama to extend Medicaid coverage to adults, but state matching funds are needed.

### Issues proposed for renewal:

#### Asset-building

When offered incentives, low-income people can save money for education, housing or entrepreneurship. A federal-state partnership called Individual Development Accounts (IDAs) offers low-income people a 2-to-1 match on up to \$2,000 of savings for:

- technical training or college;
- a down payment on a home; or
- starting a small business.

#### Campaign finance reform

The influence of private money distorts the political process and makes it harder for citizens' voices to be heard. In Alabama, political action committees (PACs) transfer funds to each other to hide the true source of the money. Arise supports tougher regulations on money in politics, such as a ban on PAC-to-PAC transfers.

#### Constitutional reform

Alabama's 1901 constitution gives the Legislature too much power. Until we get a new state constitution, local citizens will be denied the right to make decisions affecting their communities. Arise supports a convention to write a new constitution.

#### Environmental justice

Alabama is one of the most heavily polluted states in the country. Most of our environmental laws haven't been updated in 25 years. Arise and the ADEM Reform Coalition are collaborating to search for a legislative proposal that will educate lawmakers about environmental justice and improve the quality of life in low-income communities.

#### Katrina relief

The 2005 storm displaced hundreds of Alabama families. Federal relief has helped only a fraction return home. Effective recovery requires a full assessment of unmet needs in storm-damaged south Mobile County and equitable, timely distribution of adequate funds to help survivors rebuild their lives.

#### Moratorium on executions

In Alabama, money and race play big roles in determining who's on death row. Arise supports a moratorium requiring Alabama to halt executions for three years while it reviews the fairness of the capital punishment system.

#### Public transportation

All public transportation funds in Alabama come from federal or local governments – not a penny from the state. Alabama gas taxes can't be spent on public transportation. Arise supports a constitutional amendment to add public transportation to the list of operations that can be supported by gas taxes and license fees.

# Your support means so much!

*Arise Citizens' Policy Project thanks the following individuals for their gifts received between July 6 and Aug. 8, 2008:*

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Connie Wagnon, Birmingham  
Freda Winegar, Opelika  
William & Christina Wood, Opelika  
Woody & Carol Woodcock,  
Montgomery  
William A. Yon, Chelsea  
Eldon Zimmerman, Birmingham

*In memory of Carolyn Maddux, Kimble's mother: The Arise staff*

## Issue proposal

*[Continued from Page 1]*

**In 1993, the Alabama Supreme Court** upheld the right of pawn shops to hold automobile titles as collateral for short-term loans. For many people, a car is the most valuable piece of property they own, and a typical title-pawn loan amounts to only a fraction of the vehicle's fair market value. These lenders can charge interest at an APR of 300 percent. If the borrower misses one payment, the lender can repossess the car and charge storage fees. The borrower then has just one month to pay off the entire amount owed, or else the lender can sell the car and pocket the money.

**Our organization has gotten a first-hand look at another growing form of predatory lending:** refund anticipation loans (RALs). Through Impact Alabama, college and law students provide free tax preparation for low-income working families at several locations in the state. In the process, they've learned a lot about the pitfalls

facing families who lack the capacity to file their own taxes. These families often fail to benefit from a federal program designed especially to exempt the lowest wages from income taxes.

**The federal government in 1975 established the Earned Income Tax Credit (EITC)** for low-income working individuals and families as a refundable tax credit designed to "make work pay." The EITC is now the largest federal anti-poverty program. In 2005, more than 492,000 working Alabama families claimed an estimated \$1 billion through the federal EITC. However, more than 75 percent of EITC recipients in the state pay a commercial preparer to complete their taxes. The average fee charged to families for tax preparation services, often requiring less than an hour of work, is approximately \$250.

**Additionally, tax preparers often persuade low-income consumers** to take out an RAL – a predatory one-to-two-week loan secured by and repaid directly from the consumer's tax refund, offered at interest rates ranging from an APR of about 50 percent to

more than 800 percent. Because RAL facilitators rarely provide clear disclosures as to the nature of their products, many consumers are unaware that they are paying to borrow their own money at exorbitant interest rates and that they could receive their refunds in as little as one week without an RAL.

**As a result, Alabama families lost more than \$78 million** to tax preparation and refund anticipation loan costs in 2005. That's \$78 million that could have helped families secure health insurance, pay down debts or put food on the table.

## QI-1 funding

*[Continued from Page 3]*

last month, Alabama Medicaid received an additional \$6.3 million in QI-1 funding for the current year. The payment leaves the state's program \$1.4 million short of the amount needed to resume full capacity. As a result, some 4,000 participants – mostly those who enrolled after March 2007 – will lose coverage until Oct. 1.