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Mark your new calendar

Tues., Jan. 5, House District 40 – special primary election to fill the seat of the late Rep. Lea Fite.

Tues., Jan. 12, Montgomery – 2010 legislative session begins.

Thurs., Feb. 4, Montgomery – Arise Lobby Day at the State House.

Tues., Feb. 16, House District 40 – special primary runoff, if necessary; special general election, if no runoff.

Tues., March 30, House District 40 – special general election, if runoff is held Feb. 16.

Mon., April 26, Montgomery – latest allowable legislative day. (*Legislature can adjourn earlier.*)

Tues., June 1 – statewide primary election for all state offices and congressional representatives.

Sat., June 12, Birmingham – Arise summer meeting.

Tues., July 13 – primary runoff election.

Sat., Sept. 18, Montgomery – Arise annual meeting.

Tues., Nov. 2 – general election. *Will this be the year for the grocery tax amendment?*

Have you visited your legislators to share Arise's 2010 legislative agenda? E-mail pres@alarise.org to get our talking points.

Report

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Vol. 12, No. 8

December 4, 2009

After 'decade of lost potential'

What lies ahead for Alabama workers?

By Chris Sanders, policy analyst

This year has been one of the toughest in decades for working Alabamians. The economic recession hit Alabama later than many other states, but once the blow did arrive in late 2008, it was swift and severe for many families. Numerous economic woes provide the backdrop for the Legislature's 2010 regular session, which will begin Jan. 12.

'A decade of lost potential'

Perhaps nothing reflects the recent downturn in Alabama more than the unemployment rate. For years, the state's rate was one of the nation's lowest. Now it is one of the highest. Unemployment in Alabama climbed to 10.9 percent in October and is predicted to go even higher. Adding to the pain, many of the job losses have come in the manufacturing and professional services industries, which pay some of the state's best wages.

But many economic concerns facing Alabama's working families predate the recession. Despite years of solid productivity growth earlier this decade, the state's median household income and median wages have changed little since 2001, according to *The State of Working Alabama 2009*, a November report by ACPP. The shares of Alabamians who live in poverty or lack health insurance also have not decreased appreciably in this decade, the report found. Those findings and others led the report to label the 2000s as "a decade of lost potential" for Alabama.

In tough job markets, some people choose to go to college until the economy improves. But the cost of higher

education is increasing relentlessly for Alabama families. Median undergraduate tuition and fees at the state's public universities, adjusted for inflation, are almost two-thirds higher today than they were in 2000-01. Soaring tuition costs and the scarcity of need-based college aid are among the factors that led the National Center for Public Policy and Higher Education to rank Alabama 48th nationally in college affordability.

Many Alabamians also are paying more for health insurance – or losing coverage altogether. Health insurance premiums in the state have increased four times more than median wages in the last decade, according to a September report by Families USA. And an October report by the group found that almost 83,000 Alabama adults

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untax groceries
untaxgroceries.org

New bumper stickers! Show where you stand on Alabama's grocery tax

If your newsletter envelope felt a little warm this time, that's because it included our hot-off-the-presses "untax groceries" bumper sticker. The simple message is the new theme of our campaign to help Alabama's working families make ends meet.

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A few words from Kimble —

As we close out the decade, we're due for a win. Growing numbers of legislators and voters know that Alabama's tax system is out of whack, and they point to the most glaring example: Only two states still fully tax groceries. Our *untax groceries* theme gives a new name to a plan that wins the support of two-thirds of likely voters.

The economy actually helps our effort. Our proposal will help families make ends meet and move about \$400 million into the retail economy. To protect school funding, it replaces that \$400 million by capping Alabama's unusual state income tax deduction for federal taxes paid. Alabama can't afford to continue a lopsided tax break for the top 3 percent.

Still, we expect determined opposition. It's time to get ready for 2010. What can you do?

- **Sign up for our e-mail alerts** at untaxgroceries.org so you'll know a key vote is coming. The site lets you personalize an e-mail message to your legislator.
- **Letters to the editor** are a great way to put the straight story before legislators and the public. If you need ideas, give us a call.
- **Keep signing people up!** You all have recruited 100 new members this fall, and throughout 2009 you signed up thousands who want to stay informed on the grocery tax campaign. (You can print the sign-up sheet from the website.) Most of all we need to sign up supporters in Republican districts, since most Democratic lawmakers already support the plan. Be sure to ask for signers' e-mail addresses!

Thank you for all you do!

Find out more: All reports cited in this newsletter are available at arisecitizens.org. Just go to the "Media Room" and select "ACPP News Releases."

What lies ahead?

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lost their health insurance in 2009 because of rising unemployment.

Alabama has the nation's lowest per capita taxes, but its taxes are not low for everyone. Low- and middle-income families in Alabama pay a far higher share of their incomes in state and local taxes than do the state's top earners, according to a November report by the Institute on Taxation and Economic Policy. Alabama's income tax threshold – the lowest level at which people must pay income tax – for a family of four was the nation's second lowest in 2008, according to the Center on Budget and Policy Priorities (CBPP). The state also had the nation's highest income tax (\$483) on a family of four at the poverty line last year, according to CBPP. Alabama's tax system leaves many low-income families with a high tax bill but collects less money than most other states for public services that benefit everyone.

Economic conditions for the state's working families may get worse before they get better. ACPP will continue to monitor those conditions, as well as legislation that may affect them. The following are a few areas we will watch during Alabama's 2010 legislative session.

Tax reform

Elimination of the state's 4 percent sales tax on groceries is the central goal of ACPP's member advocacy for 2010. (See "Show where you stand," Page 1.)

Health care

Health insurance reform has been the center of attention on Capitol Hill for much of 2009. But if Congress passes a health care bill, much of the debate may continue at the state level. The health care bill approved in the U.S. House last month would expand Medicaid to cover all individuals with incomes up to 150 percent of the poverty line and would require states to chip in 9 percent of the cost starting in 2015. Alabama officials say the expansion would extend coverage to 300,000 additional working adults and their children.

The State Children's Health Insurance Program (SCHIP) and the proposed public option insurance plan also could become hot topics at the state level. The House health care bill would repeal SCHIP

in 2014, ending ALL Kids, Alabama's insurance program for low-income children not eligible for Medicaid. Instead, the bill would provide subsidies for families with incomes up to 400 percent of the poverty line to buy health insurance through an "exchange," or marketplace. The U.S. Senate is debating whether to set up exchanges at the state or national level. Senators also are debating whether to include a public option in the exchange and whether states could opt into or out of offering it.

State budgets

Federal stimulus money helped Alabama avoid massive cuts this year. The state used funds from the American Recovery and Reinvestment Act (ARRA) to boost available General Fund revenues by \$1 billion in fiscal year 2010. But only \$148 million of ARRA money remains for the General Fund in FY 2011, according to the Legislative Fiscal Office. With GF revenues declining and the education budget in its second straight year of proration, lawmakers may have to decide between revenue increases or cuts to public services – or both, as we did in the last recession – unless Congress offers more help to states.

Unemployment benefits

Alabama thus far has declined \$100 million in ARRA money for its unemployment insurance fund. To receive the "unemployment modernization" funds, Alabama would need to consider more recent employment in determining benefits eligibility and extend benefits to groups such as part-time workers or people who leave their jobs to flee domestic violence. Legislation to expand eligibility and accept the money died in the Alabama Senate this year but is expected to return in 2010.

Housing trust fund

Housing struggles were a fact of life for many Alabama families even before the recession. Almost half of the state's renters cannot afford the monthly fair market rent for a two-bedroom apartment, according to *Locked Out*, a 2008 ACPP report. The report also found that about 46 percent of state households did not make enough to buy a median-priced home in 2006. More than three-fourths of states have set up housing trust funds to provide low-income housing, emergency rental aid and other affordable housing services. Lawmakers

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We appreciate your support!

Arise Citizens' Policy Project thanks the following donors for their generous gifts received between Sept. 21 and Nov. 25, 2009:

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Untax groceries

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The goal of the campaign is the repeal of the state's 4 percent sales tax on groceries. Alabama is one of only two states that continue to tax groceries fully. (The other is Mississippi.) The effort to end that grim distinction has picked up editorial endorsements across the state over the last two years. The plan passed the House in 2008, falling one vote short in the Senate, and dominated House debate in 2009. Rep. John Knight, D-Montgomery, has pre-filed a grocery tax measure as the very first bill on the 2010 House roster, HB 1.

Elimination of the grocery tax would cut the average annual grocery bill for a family of four by \$468, based on food expenditure estimates from the U.S. Department of Agriculture. Knight's bill would pay for the loss of grocery tax revenue by capping the state deduction for federal income taxes paid, a provision that favors the highest earners. The swap would protect school funding.

Getting the bill through the Legislature would be only the first step. Because our outdated tax system is largely embedded in the state constitution, the proposed changes require a constitutional amendment by a vote of the people. If it is successful at the State House, the amendment would be on the ballot for the Nov. 2 general election.

"We've designed the 'untax groceries' campaign to span both phases of the process," ACPP executive director Kimble Forrister said. "We want legislators to see the message on the streets and hear it from their constituents this winter and spring. Then we'll use the same simple theme to build voter support over the summer and fall. Opponents of reform have become skilled at conveying their messages in a few memorable words. We're taking a page from their playbook. Who doesn't want to untax groceries?"

Thank you!

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Judy Roy, Bessemer
Kathleen Rozic, Montgomery
Mark Sabel, Montgomery
Dick Sales, Birmingham
Elaine Sanders, Goodwater
Earle & Rosemary Sandy, Elberta
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In memory of Charlie Harris Jr., brother of Arise organizing team leader Presdelane Harris, a gift by Ruthie Sherrill, Tuscaloosa

What lies ahead?

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may consider legislation to establish such a fund in Alabama.

Worker savings incentives

Low-income families often struggle to save enough money to buy a house or pay for college. More than two-thirds of states have established Individual Development Account (IDA) programs to try to bridge this gap. IDA programs allow low-income participants to save up to \$2,000 and receive matching money from both the state and federal governments. Participants can use the funds to attend college, buy a first home or start a small business. Legislation by Sen. Wendell Mitchell, D-Luverne, and Rep. Mike Ball, R-Madison, would establish an IDA program in Alabama and allow the state to provide matching funds.

Help us grow!

Our \$15 introductory membership drive has been so successful, we're extending the deadline through Dec 31. During the holidays, please urge family and friends to join the growing number of Alabamians who are speaking up for the common good. Call (800) 832-9060 or e-mail brenda@alarise.org to request brochures. Or pass this newsletter along and direct them to the membership form at arisecitizens.org. Even better, give the gift of advocacy by sending \$15 for a one-year introductory membership. Be sure to include names and addresses. We'll put them on the mailing list and send a card announcing your gift.

Happy Holidays!
Brenda Boman
Development Director