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Mark your 2011 calendar

Tues., Jan. 11 – 2011 legislative organizing session begins.

Tues., March 1 – 2011 regular session begins.

Fri., March 4 – Arise 2011 Policy Conference, “Share the Vision: A Better Alabama for All,” at Auburn University Montgomery. Keynote speakers, a legislative panel and breakout sessions will address the challenges and opportunities facing Alabama as the Great Recession subsides and new leaders take charge. *(Date subject to change.)*

Thurs., March 31 – Arise Lobby Day at the State House.

Mon., June 13 – latest allowable legislative day. *(Legislature can adjourn earlier.)*

Sat., Sept. 17 – Arise annual meeting.

Have you . . . ?

- **visited your legislators to share Arise’s 2011 legislative agenda?** E-mail pres@alarise.org to get our talking points.
- **recommended Alabama Arise’s Facebook page to your friends?** Help us reach 1,000 fans!
- **seen (and used!) the new “Donate Now” button at arisecitizens.org?**

Report

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Vol. 13, No. 8

December 16, 2010

Special session tackles ethics reform

New Legislature gives Riley parting gift

By Stephen Stetson, policy analyst

Fresh off its orientation retreat, the new Alabama Legislature managed to pass several significant measures in the recent special session on ethics. The seven bills (at press time, all still awaiting the signature of outgoing Gov. Bob Riley) introduce a variety of new regulations on who can participate in the political process and how.

The centerpiece of the package was Riley’s proposal to tighten restrictions on what Alabama lobbyists can spend and to increase lobbyists’ requirements for reporting to the state Ethics Commission. It broadens the definition of “lobbyist” to include people who attempt to influence the executive and judicial branches of government. In addition, it requires most public officials to undergo ethics training.

Another important bill passed was a ban on PAC-to-PAC transfers, exchanges of money between political action committees (PACs). This bill addressed a longtime Arise priority issue, prohibiting a practice that has made it impossible to track the influence of money on Alabama’s political process. In its final negotiated form, the bill included the controversial “527” entities, which raise and spend money for issue-related political activities but don’t call for action on a particular candidate.

The session was far from collegial, with considerable debate erupting over bills alleged to target state employees. For example, the Legislature passed a bill

that will prohibit state workers from using an automatic payroll deduction to donate money to professional associations such as the Alabama Education Association and the Alabama State Employees Association. This proposal sparked a major outcry – and a House filibuster that ran past 3 a.m. one day – against what some saw as political payback. In the end, the new Republican majority eked out a 52-49 vote for the bill.

The proposal to prevent legislators from holding other state jobs also met resistance. Supporters of the ban describe dual employment as “double dipping” and contend it is inappropriate for state legislators to work for entities that depend on the Legislature for their

[Turn to Page 2]

State moves forward on implementing health care reform law

By Jim Carnes, health policy analyst

After campaigning against “Obama-care” in the fall election, Gov.-elect Robert Bentley says he plans to carry out the state’s responsibilities under the Affordable Care Act (ACA) as long as it remains “the law of the land.” He has named as an early priority the creation of a state Health Insurance Exchange, an online “marketplace” where consumers can compare and purchase health

[Turn to Page 3]

A few words from Kimble —

Building relationships is the key to advocacy. Sure, we would like you to share our 2011 policy agenda with your newly elected legislators, but most of all they need to see you as the face of Arise in the district. As we have introduced ourselves at the State House, several have thanked us for the fact sheets and other resources we sent to the candidates. In my testimony at the ethics session, I described y'all as "hopeful, not cynical, about [legislators'] commitment to public service." I went on: "That democratic trust is eroded [by] the influence of money on politics." Your views should matter more to them than money.

There's no sugarcoating what a challenging year we face. As in 1999 and 2003, the incoming governor and legislators likely will find the financial bind much worse than they imagined. Unless the economy surges, we may face thousands of teacher layoffs statewide. At this writing, we hope Congress extends unemployment benefits and tax measures to boost the economy. The tax breaks aren't as directly targeted to low- and middle-income families as we want, but an economy that creates jobs is good for us all.

Your support "helps us help you" to advocate for change. We can send e-mail alerts to more than 3,000 people, with messages you can personalize and forward to lawmakers with the click of a button. As you make year-end gifts, be sure to support both ministries and charities that serve people in need *and* advocacy groups that protect their state and federal funding. I'm giving to ACPP and buying GBM's 2011 calendar (\$15) that has a constitutional reform message for each month. Order at www.gbm.org/weneedyourhelp.

With peace,

Special session

[Continued from Page 1]

operating funds. Opponents of the ban claimed that legislators (who usually maintain jobs in addition to their part-time legislative responsibilities) have always been drawn from the ranks of teachers and state employees and insisted there was no conflict of interest. The bill passed amid allegations of racism from some House members, who said state jobs have been a traditional source of employment for Black legislators.

A bill giving subpoena power to the Alabama Ethics Commission passed without controversy. Long considered a paper tiger at enforcing state ethics laws, the commission no longer will have to turn to county district attorneys and the Attorney General for subpoenas during the investigation of ethics complaints. Under the new law, the commission can compel testimony and production of documents if four of the commission's

five members vote to do so. Thanks to an effort by Alabama Appleseed, the process will follow the Alabama Rules of Criminal Procedure to ensure legal protections for all parties involved.

While these ethics reforms won't eliminate the influence of money in politics, several of the provisions represent solid progress. When it comes to shaping legislative policy, ordinary citizens now face the titans of special interest on a more level playing field. A proposal by Arise to improve fiscal transparency by requiring an annual tax expenditure report (a listing of all tax breaks) did not gain support but may emerge later. (To read Kimble Forrister's testimony on the issue, go to arisecitizens.org.)

The special session offered a preview of how the new Legislature might operate during the coming regular session. Understanding the new partisan dynamics, the new personalities, the new procedural rules and the new leadership will be crucial as Arise pursues its 2011 legislative goals.

Medicaid 'express lane' removes barriers

By Jim Carnes, communications director

In its first year of operation, Alabama Medicaid's Express Lane Eligibility (ELE) process has expedited enrollment in health coverage for more than 40,000 children in low-income families. Express Lane allows Medicaid workers to accept income findings from other state programs in determining children's eligibility for Medicaid coverage. Before the procedural change, all applying and renewing families had to undergo an income review by Medicaid, even if they were already deemed eligible for another program with similar or lower income limits.

ELE was one of several simplification options made available to states in the Children's Health Insurance Program Reauthorization Act (CHIPRA) of 2009. Technical assistance from ACPP helped Alabama become one of the first states to implement the new ELE process.

Under current Medicaid rules, Alabama children up to age 19 are eligible for coverage when their family income does not exceed the federal poverty level (FPL; \$22,050 for a family of four this

year); and children under age 6 are eligible up to 133 percent FPL (\$29,327). Under ELE, Medicaid eligibility workers can use data from the Supplemental Nutritional Assistance Program (SNAP, formerly known as food stamps and administered by the Department of Human Resources), which has a net income limit of 100 percent FPL. Income data from the Temporary Assistance for Needy Families (TANF) program, which has a much lower limit, also meets ELE guidelines.

Introduced in October 2009 to simplify the annual renewal process for children already on Medicaid, Alabama's ELE has since expanded to new applicants. Plans call for automation of the data-matching process late next year, followed by the addition of other partner programs, such as subsidized child care.

Arise, other advocacy groups and the state agencies themselves have long recognized the administrative costs and client frustrations that result from redundant eligibility screenings across public services. As one SNAP administrator observed last week, "Express Lane is just good government."

Washington update

Compromise on tax cuts, UI set to pass

By Chris Sanders, policy analyst

Congress likely will approve temporary extensions of emergency unemployment insurance (UI) benefits and a range of tax cuts soon. The U.S. Senate voted 81-19 Wednesday for the measure. The House still was debating the bill at press time, but it ultimately is expected to become law.

The legislation would provide emergency UI benefits through 2011 and continue Bush-era federal tax cuts through 2012. The package also would provide tax benefits for small businesses, create a one-year payroll tax cut for all eligible workers, and extend for two years several tax credit improvements for low-income families under the American Recovery and Reinvestment Act (ARRA). The estate tax, repealed for 2010, would return next year, but with much larger exemptions than in 2009.

Economists say the package would reduce unemployment, help jobless workers and shore up economic recovery. The measure would add an extra percentage point to U.S. economic growth in 2011, according to a Moody's Analytics forecast. That would create an extra 1.3 million jobs and cut unemployment from 9.8 percent to 8.7 percent by December 2011. The UI extension alone would prevent 600,000 job losses by allowing 7 million jobless workers to avoid cutting back drastically on spending, according to the Center on Budget and Policy Priorities (CBPP).

The bill would offer relief to an estimated 27,000 jobless Alabamians and 2 million jobless Americans who have lost emergency UI benefits since the program expired Dec. 1. Emergency UI, created by ARRA, provides up to 73 weeks of additional UI benefits for workers who have exhausted their 26 weeks of regular benefits. The one-year payroll tax cut, meanwhile, would increase U.S. workers' take-home pay by \$120 billion next year by reducing the employee share of Social Security taxes from 6.2 percent to 4.2 percent. (The employer share would not change.) The bill would replace lost revenue for Social Security.

What to do with Bush-era tax cuts is at the heart of the tax debate. Most Democrats and Republicans say they want permanent cuts for 98 percent of Americans. However, GOP lawmakers also want the tax cuts to be permanent

Health care reform

[Continued from Page 1]

plans. Starting in 2014, uninsured Alabamians with incomes up to 400 percent of the federal poverty level (or around \$88,000 for a family of four in 2010) will receive federal subsidies to help them buy insurance in the exchange. At that time, all Alabamians with incomes below 133 percent of the poverty level (over \$29,000 for a family of four) will become eligible for Medicaid coverage.

The Alabama Department of Insurance (DOI) began gearing up for the exchange and other state requirements as soon as the ACA became law last spring. In September, Alabama received a \$1 million

exchange planning grant from the U.S. Department of Health and Human Services. ACPP serves on the exchange stakeholder committee, which held its first meeting this week.

In outlining the daunting technical, legislative and fiscal challenges involved in designing and building an exchange, DOI staff attorney Kathleen Healey urged stakeholders to "remember SCHIP." After Congress authorized the creation of State Children's Health Insurance Programs in 1997, Alabama led the nation with ALL Kids, the first state program to win federal approval. "If we're smart about this," Healey said, "we can make Alabama's exchange a national model."

for the top 2 percent of households – couples making above \$250,000 annually and individuals making above \$200,000 annually – saying the cuts would aid job creation. Democratic leaders say the country cannot afford to add an estimated \$1 trillion to the national debt over the next decade to provide tax cuts to people who are still doing well in a sluggish economy. With the tax cuts set to expire Dec. 31, the bill would postpone the debate by renewing them all for two more years.

The package also would extend ARRA improvements to low-income tax credits for two years. The bill would renew Earned Income Tax Credit and Child Tax Credit expansions to help ensure that people who take lower-paying jobs can earn enough to support their families. Both renewals would benefit more than 200,000 Alabama children, the CBPP estimates. An extended American Opportunity Tax Credit also would help make college more affordable for low- and middle-income families.

Estate tax changes are of special concern to many House Democrats, who say the provisions will add to the deficit but do little for the economy. Bush-era legislation reduced the estate tax throughout the decade before eliminating it this year. If Congress does nothing, the tax will return next year at 2001 levels. Democrats sought

to make permanent the 2009 estate tax thresholds, with a \$3.5 million exemption per person and a 45 percent top marginal tax rate. The tax deal would increase the per-person exemption to \$5 million and drop the top marginal rate to 35 percent for two years.

The tax package is a compromise between the White House and congressional Republicans, but it is not without detractors. Many critics say the deal is too generous to wealthy taxpayers, with more than a quarter of the tax benefits going to the top 1 percent of households, according to Citizens for Tax Justice. Others are upset that the bill's cost will add to the budget deficit. Some opponents worry the temporary payroll tax cut could become permanent, risking deep Social Security cuts in the future.

Supporters say the bill is a temporary compromise to secure protections for low- and middle-income families. Despite objections to the upper-income provisions, CBPP executive director Robert Greenstein urged the bill's passage, saying "its rejection will likely lead to a more problematic package that does less for middle- and low-income workers and less for the economy." Obama, pushing for the bill's approval in early December, said the upper-income tax cuts are unsustainable in the long run and vowed to fight to end them in 2012.

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