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Bulletin Board

EQUAL VOICE CAMPAIGN

Auburn 9 am – 3 pm, Sat., Feb. 9, town hall meeting & advocacy training to develop a “working family agenda” for the election year, Boykin Community Center. *Contact FOCAL for details, (334) 262-3456.*

Birmingham Sat., April 5, details TBA, statewide town hall meeting. *Keynote: U.S. Rep. Artur Davis.*

CLUSTER MEETING

Auburn Noon – 1 pm, Thurs., Feb. 21, UU Busch Center.

ARISE LOBBY DAY

Montgomery – Thurs., Feb. 28, 9:30 am - 2 pm, State Capitol, morning briefing in Capitol Auditorium, followed by legislative office visits and noon reception in the Capitol Tunnel. *We need you in Montgomery on February 28!*

NATIONAL KATRINA RALLY

Mobile – 9:30 am, Sat., March 1, Bay Area Women, 1700 Jessie St., followed by 12:30 lunch & music, South Bay Communities Alliance, 7385 Hwy. 188, Coden.

Two staff openings!

Policy analyst on health coverage issues. Health policy experience, strong writing required. Master's degree a plus.

Organizer. Field experience, statewide travel required.

See arisecitizens.org for full descriptions. Send resumes, writing samples, references by Feb. 18 to ACPP, Box 1188, Montgomery, AL 36101. An equal opportunity employer.

Report

This newsletter made possible by the members of Arise Citizens' Policy Project
Vol. 11, No. 1

January 29, 2008

New ACPP report finds **Policy gap hinders low-wage workers**

By Jim Carnes, ACPP communications director

As the nation's economy loses steam, some experts believe Alabama is better equipped than most states to endure the slowdown. Recent successes in industrial recruitment, they point out, have fueled momentum that will carry the state through the slump. Yet, even if this assessment is accurate, too many Alabama working families watch the prosperity train from a distance, struggling to make ends meet. A new ACPP report finds that Alabama's workforce development efforts are failing to reach a large segment of low-income working families.

Bridging the Gap offers 30 achievable recommendations,

modeled on best practices of nearby states, that can help ensure opportunities for advancement across the entire workforce. The report is part of the national Working Poor Families Project, which evaluates and compares state approaches to workforce development.

Since its release on Jan. 14, *Bridging the Gap* has garnered front-page and editorial coverage around the state. A sampling of media commentaries appears on Page 2. ACPP has distributed the report to the governor's staff and state

agency heads, legislators, college administrators, and other public officials and opinion leaders.

At the State House event marking the publication's release, ACPP senior policy analyst Ron Gilbert, author of the report, and ACPP executive director

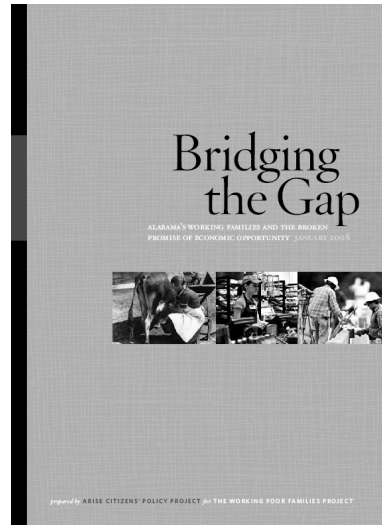
Kimble Forrister led a discussion that included state Reps. John Knight, Patricia Todd and Pebblin Warren and members of the media.

“If the economy worsens,” Gilbert said, “the need for such measures will only increase. As overall conditions get back on track, the changes we're recommending will make sure Alabama's low-income workers don't get left behind.”

***Bridging the Gap* addresses four broad policy questions:** Who are Alabama's working poor families? How do we train workers? How do we promote job creation? How do we support working families? Major findings include:

- More than a third of all working families in Alabama are low-income, earning less than 200 percent of the federal poverty threshold.

[Continued on Page 4]



A few words from Kimble —

Our *Bridging the Gap* report is making a splash. Study author Ron Gilbert, researchers Rebecca Jackson and Chris Sanders, and editor Jim Carnes did fine work. Valerie Downes' design sets a new high-water mark for Arise. The national Working Poor Families Project provided both funding and data, as it does for all of the 26 participating states. Our good media coverage should be no surprise – We visited editorial boards in six cities before the release. Most of the editorials praising the report also put in a plug for our tax fairness plan.

We're sending a beautiful full-color copy of the report to anyone who gives a tax-deductible gift of \$50 or more to ACPP or a non-deductible gift of \$50 to Alabama Arise. (You can always download a free copy from our website, but it won't be nearly as pretty!)

As the legislative session begins, we're hopeful and wary. We're hopeful that the time has come to lower the grocery tax, but we're not sure if the state senate is ready to stop bickering and attend to the people's business. We hope the proposal for state investment in Individual Development Accounts will be as popular as mom and apple pie. But we're not sure if our leaders can listen to good ideas amid a budget crisis.

We're also paying closer attention to federal budget issues. For example, a well-designed economic stimulus package could make a big difference in Alabama's ability to protect Medicaid and ALL Kids from cuts. Since states, unlike Congress, must balance their budgets, many resort to cutting spending, which only exacerbates a recession. Another pressing issue is the Farm Bill. At this writing, the House version has permanent food stamp increases; in the Senate version, the increases expire after five years. For timely updates, join the discussion list at alarise.org.

With peace,

What others are saying about *Bridging the Gap*

"If a Republican 'human capital agenda' is to mean anything, it will need to address many, if not most, of the recommendations on the Arise list. Arise has offered Alabama Republicans a unique opportunity to help their party, their state and the nation."

— *Anniston Star*

"Alabama's economy is arguably the best it has ever been. Unemployment is at an all-time low – lower even than the national average. The state's growing auto industry, space and biotech industries mean thousands of good-paying jobs. Unfortunately, the boats of all Alabamians have not risen with the state's rising tide of recent prosperity. As a report released this week by the Arise Citizens' Policy Project makes clear, too many state residents have been left behind."

— *Birmingham News*

"If there were ever any doubt that Alabama Arise is in it for the long haul, the group erased it Monday, releasing a report with numerous and wide-ranging recommendations on ways the state can help low-income working families. Leaders of the group say some of the changes could be made immediately. But they concede that others may take years to enact, given the state's chronic revenue problems. There is, however, a sense of urgency as Alabama competes with its neighbors for jobs and economic development. ... The new report shows that more than a third of all families in Alabama are considered working poor. Progress moves at a snail's pace in Alabama. We're glad that doesn't discourage the efforts of Alabama Arise and other advocates of long-needed changes."

— *Tuscaloosa News*

Report expected in mid-February

Poverty Task Force considers legislation

By *Jim Carnes, communications director*

The House Task Force on Poverty, chaired by Reps. Patricia Todd and Mike Ball, is wrapping up four months of study on the causes and effects of poverty in Alabama. ACPP has had a strong voice in the effort, with executive director Kimble Forrister serving as one of two non-legislative members of the Task Force and numerous ACPP staff and members on subcommittees. The group plans to deliver its report to the governor by Feb. 15. Those attending the Jan. 15 meeting, held in conjunction with the Head Start Executive Leadership Conference, got a preview of legislation likely to be proposed in the report.

Potential legislation presented for discussion included:

- The Knight Plan for removing the state sales tax on groceries, raising the state income tax threshold closer to the poverty line, and eliminating the state deduction for federal income taxes paid (*several members favored phasing out the grocery tax over several years in exchange for phasing out the deduction*);
- Requiring the Department of Revenue to inform low-income filers that they

may be eligible for the federal Earned Income Tax Credit (EITC).

- Removing the sales tax from thrift store purchases on military bases;
- Raising or removing the cap on the business privilege tax (*Rep. Todd noted the possibility of tying this change to the governor's proposed double tax deduction for small businesses for health coverage*);
- A task force on affordable housing;
- A coordinated "master assessment" of needs for human services programs;
- Authorization of state funding for Individual Development Accounts (IDAs) to help low-income workers build assets;
- A bill to prohibit hospitals from charging uninsured patients more than insured patients for the same service;
- Stricter regulation of payday lending;
- An increase in the "wage floor" required in economic incentive packages (*Forrister recommended basing the minimum on the prevailing area wage, and Rep. Ball suggested indexing it for inflation*); and
- A state commission to reduce poverty.

As the Legislature convenes next week, watch to see how these proposals take shape.

We appreciate your support!

It is so gratifying when members respond generously to a specific need! ACPD thanks the following for helping us raise the \$40,000 match we needed to secure \$50,000 grants from the Ford and Charles Stewart Mott foundations. These gifts were received between Nov. 15 and Dec. 31, 2007:

Catherine & Edward Friend Fund
The Gratitude Foundation, Birmingham
Montgomery Transportation Coalition
Prudential Foundation Matching Gifts,
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Mary Beth Allison, Mobile
Dot Baker, Birmingham
Norm Baldwin, Tuscaloosa
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Robert Becker, Prattville
Agnes Helen Belle, Montgomery
Thomas Bernier, Montgomery
Laura Binger, Huntsville
James & Mary Blacksher, Birmingham
Dr. Velma Blackwell, Tuskegee Institute
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Margaret Gordon, Mobile
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Sophia Bracy Harris, Montgomery
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Madeleine Hill & Bill Winternitz,
Tuscaloosa
Horace & Linda Holderfield,
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Stan & Gracie Johnson, Birmingham
Mary Jolley, Moundville
Mary Jones, Birmingham
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Paul & Jarcia Kosinski, Huntsville
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April Lewis, Tuscaloosa
Betty Likis, Birmingham
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Emily Livant, Auburn
Cindy Lowry, Birmingham
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Ron Manning, Brierfield
Dorcas Mansell, Tuscaloosa
Grace Marquez, Birmingham
Suzanne Martin, Birmingham
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Jim Winkates & Rita Winkates,
Montgomery
Emmadene T. Winston, Montgomery
Fred Woods, Opelika
Shirley Worthington, Pelham
Harriet Yeilding, Birmingham
Eldon Zimmerman, Birmingham
Carole B. Zugazaga, Auburn

Thank you, movie buffs!

Church of the Reconciler and Birmingham Arise board members hosted a lively Jan. 11 benefit screening of Michael Moore's movie *Sicko*. Thanks to all those who helped make the event a success. If you're interested in hosting an Arise benefit in your area, contact brenda@alarise.org.

Budget watch **Shortfalls loom large**

By *Chris Sanders, policy analyst*

How will Alabama balance a budget that faces a shortfall of more than \$800 million during a national economic slowdown? Gov. Bob Riley has said he will propose spending cuts, but some legislators have suggested the crunch may require tax increases. Whatever answer Alabama's lawmakers settle on, their decision could affect the quality of state services for years to come. The following are a few areas ACPP will be watching closely in the governor's 2009 budget proposal and legislative responses to it.

Medicaid. The agency will be at the heart of budget talks, as state Medicaid Commissioner Carol Steckel has requested almost \$150 million in additional General Fund money in 2009 to offset inflation and the loss of one-time federal assistance for states hit by Hurricane Katrina. But even with that increase, the agency proposes to eliminate three 2008 expansions (505 "money follows the person" waiver slots, an adult prosthetics program and a fifth brand-name prescription drug), which would cost a further \$4.5 million to preserve. Many legislators have expressed frustration with the proposed cuts and said Alabama instead should look for ways to ease eligibility requirements and enhance services.

Human resources. DHR Commissioner Page Walley asked legislators last week for an extra \$32.2 million to continue his department's services in 2009. He also requested an additional \$4.4 million to increase food stamp participation and child support collections, boost payments to foster parents, and enhance adult services.

Bridging the Gap

[Continued from Page 1]

- Though employment opportunities are increasing, most jobs available to working Alabamians are in low-wage sectors.
- Alabama's public policies have failed to provide low-income workers with the education, skills certification or training that a 21st-century economy demands.
- Alabama's low-income workers bear an unfair share of state taxes and face a shortage in workforce supports.

To bridge the opportunity and prosperity gap for Alabama's working poor families, the report offers a range of policy recommendations, including the following:

- Alabama should increase its need-based financial assistance for postsecondary education.
- To encourage low-income families to save, Alabama should provide state matching funds for Individual Development Accounts (IDAs) to be used for education and other asset-building expenses.
- Alabama should modify its industrial tax credit statutes to require qualifying industries to provide an average hourly wage equivalent to

Budget cuts could force DHR to make hard choices, Walley warned, such as eliminating adult day care services, reducing subsidized child care or slicing dozens of staff positions.

Prisons. The Department of Corrections is gaining about 60 inmates per month. It hasn't built a new facility since 1998. And its ratio of officers to prisoners is twice the national average. Those facts and others prompted DOC Commissioner Richard Allen last week to seek \$63.4 million in new state money to fund a variety of needs, including prison repairs and 400 new officers. Allen also wants a 10 percent pay increase for corrections officers to make his department's salaries more

the prevailing average annual wage in the state.

- Alabama should require an industry-specific annual report of taxpayer-funded incentives and qualifying tax credits.
- Alabama should raise the income cap for Medicaid participation by working parents to 130 percent of the federal poverty level (equal to the income cap for food stamps). The current cap, with adjustments known as "income disregards," is at 26 percent of the poverty level, among the lowest in the nation.
- Alabama should raise the state income tax threshold to the federal poverty level and index it to inflation to ensure ongoing tax fairness.

"Some of our recommendations involve administrative changes that may be easy to accomplish,"

Forrister said. "The more ambitious legislative measures will require strong advocacy over the long haul. But our preliminary conversations with lawmakers have been encouraging. As successful as our economic incentive program has been, most folks seem to agree that the benefits should have a broader reach."

The full Bridging the Gap report is available at www.arisecitizens.org.

competitive with those in other law enforcement agencies.

Education. The shortfall in the Education Trust Fund is projected to reach \$574 million, but state school Superintendent Joe Morton has asked for an extra \$245 million, including \$15 million increases for both the Alabama Reading Initiative and the Alabama Math, Science and Technology Initiative, and \$10 million increases for both distance learning and school nurses. Meanwhile, the state's two-year college system has requested an additional \$31.86 million, while the Alabama Commission on Higher Education has recommended \$45.3 million more for four-year institutions.