The New Politics of Old Age Policy

Edited by Robert B. Hudson

The Johns Hopkins University Press
Baltimore

Contents

Contributors

Robert Applebaum, Ph.D., Professor, Scripps Gerontology Center, Miami University, Oxford, Ohio

Robert H. Binstock, Ph.D., Professor of Aging, Health, and Society, Case Western Reserve University, Cleveland, Ohio

Alan Burnett, M.A., Director, Area Agency on Aging, Ohio Region 9

Chenoa A. Flippen, Ph.D., Research Scientist, Center for Demographic Studies, Duke University, Durham, North Carolina

Judith G. Gonyea, Ph.D., Associate Professor of Social Research, Boston University School of Social Work, Boston, Massachusetts

Colleen M. Grogan, Ph.D., Associate Professor, School of Social Service Administration, University of Chicago, Chicago, Illinois

Madonna Harrington Meyer, Ph.D., Associate Professor of Sociology, Director of the University Gerontology Center, and CPR Senior Research Associate, Syracuse University, Syracuse, New York

Pamela Herd, Ph.D., Assistant Professor, LBJ School of Public Affairs, University of Texas at Austin, Austin, Texas

Martha B. Holstein, Ph.D., consultant in ethics and aging research, Chicago, Illinois

Robert B. Hudson, Ph.D., Professor and Chair, Department of Social Policy, School of Social Work, Boston University

Eric R. Kingson, Ph.D., Professor of Social Work and Public Administration, and CPR Senior Research Associate, Syracuse University, Syracuse, New York

Marc Molea, M.H.A., Director of Planning and Evaluation, Ohio Department of Aging

Marilyn Moon, Ph.D., Vice-President and Director, Health Programs, American Institutes for Research, Silver Spring, Maryland

John Myles, Ph.D., Professor of Sociology and Canada Research Chair, University of Toronto, Toronto, Ontario, Canada

Christy M. Nishita, doctoral candidate, Andrus Gerontology Center, University of Southern California, Los Angeles, California

Angela M. O'Rand, Ph.D., Professor, Department of Sociology, Duke University, Durham, North Carolina

Jon Pynoos, Ph.D., United Parcel Service Professor of Gerontology, Leonard Davis School of Gerontology, and Professor of Urban Planning, University of Southern California, Los Angeles, California

Sarah Poff Roman, M.G.S., Research Associate, Scripps Gerontology Center, Miami University, Oxford, Ohio

Steven M. Teles, Ph.D., Assistant Professor, Department of Politics, Brandeis University, Waltham, Massachusetts

14. Using Local Tax Levies to Fund Programs for Older People

Good Politics and Good Policy?

Robert Applebaum, Sarah Poff Roman, Marc Molea, and Alan Burnett

In the late 1970s a retiree named Lois Brown Dale was looking for financial support to build and operate a senior center in a small county in southwest Ohio. She believed the public would support such an effort through local taxes but was informed that placing such a referendum on the ballot would require special legislation. Undeterred, she successfully lobbied the Ohio legislature to allow counties to earmark local funds for elder services. It is safe to say that neither Ms. Dale nor the members of the legislature envisioned that twenty-five years later 58 of Ohio's 88 counties would have property tax levies raising nearly $85 million for services for older people.

In some metropolitan counties, such as Hamilton (Cincinnati) and Franklin (Columbus), the property tax revenues are large, generating more than $18 million per year for community and in-home services. In nonmetropolitan counties, funds generated by levies range from $9,000 to $860,000, with more than half generating less than $250,000 annually. Levy funds in these counties are typically used to fund services provided by a local senior center. Regardless of the size, each levy has in common that local voters determine the ultimate fate of the program. In several urban counties, umbrella human services property tax levies support multiple community needs, including but not limited to mental retardation/developmental disabilities, health, mental health, children services, and senior services. Several municipalities and townships, most notably where there is no countywide levy, have used property tax levies to support senior services and facilities in their jurisdictions.

In addition to the extensive effort in Ohio, other states, including Michigan, Kansas, Louisiana, and North Dakota, have local levies in place. It seems likely that such efforts will continue and expand as we age as a nation. The growth of this approach, while praised by some as a major innovation, is also accompanied by a series of critical policy questions. Does such an approach represent good public policy? Do such efforts create intergenerational conflict? Are older citizens getting too large a share of societal resources? Are levies designed for older people successful at the expense of other age- and need-based levies such as children's services, mental health, or health programs? Although answers to such questions are difficult to assess, a review of the Ohio experience in the context of national studies on support for local tax initiatives provides some insight into this issue.

Levy Support for Aging Service Programs in Ohio

As noted, the use of local tax levies to support programs for older people has become a core element of the aging network funding base in Ohio. Because of variations in local politics, economic conditions, and aging service organizational structures, the levies vary dramatically in size, scope, host agency, and nature of support (see Table 14.1). For example, about one-third of Ohio levies are relatively small, generating less than \$300,000 annually in financial support. Another third are moderate in size, drawing between \$300,000 and \$900,000 annually. The final group consists of levies with revenues over \$1 million, with one at \$8 million and two over \$18 million annually. Regional differences also exist, with southwestern Ohio accounting for more than one-third of the levy dollars generated for the entire state.

There are also trends in how levy dollars are spent, depending on the size of the levy. The predominant services funded with levy dollars include transportation, senior center operations and maintenance, home-delivered and congregate meals, information and referral, homemaker services, and recreation activities. Levies generating \$300,000 per year or less are typically used to fund services provided by a local senior center. The moderate group (\$300,000–\$900,000) often funds senior centers and an array of social services provided through a combination of local providers and the senior centers themselves. The larger levies (more than \$1 million) have been used to set up extensive in-home care programs, using care management and a variety of providers to deliver a range of community-based services to older people in their communities. Twenty-three (59%) of Ohio's 39 metropolitan counties and 33 (67%) of Ohio's 49 nonmetropolitan counties have levies that exclusively support senior services.

Table 14.1 Summary of aging services levies in Ohio, by revenue, duration, and services funded

Annual Revenue Amount	Number of Levies in Ohio	Duration of Levies		Types of Services and Host Agencies Typically Funded
		3 Years	5 Years	
Less than $300,000	23	2 (8.7%)	21 (91.3%)	Senior center services
$300,00–$900,000	20	0 (0.0 %)	20 (100%)	Senior center/local providers services
$1,000,000+	15	1 (6.7%)	14 (93.3%)	Local AAA's (HCBS programs)
State total: $82,452,687	58	3 (5.2%)	55 (94.8%)	

Source: Ohio Department of Aging 2003

The senior services levies are county based and can be placed on the ballot through citizen petition ("initiative") or by local elected officials ("resolution"). The host agency is determined through the political process by those placing the issue on the ballot. In some instances the local senior center serves as the catalyst for the effort and is the named levy recipient. In many counties, a local council on aging serves as the host agency for the levy. In some communities, the regional entity (the area agency on aging) serves as the host agency for the administration of levy funds.

How Other States Compare

As previously mentioned, levy programs also exist in Kansas, Louisiana, Michigan, and North Dakota. While these programs tend to generate smaller revenues than those in Ohio, they have become reliable sources of funding for aging services at the county level (see Table 14.2 for a comparison of state levy programs). In Kansas, 64 out of 104 counties (62%) had levy programs in 2001, generating a total of $8,025,080 to fund senior services. Annual revenues among these counties ranged from $5,668 to $1,918,887, with 49 of them (77%) under $100,000. Consistent with smaller levy programs in Ohio, levy funds in Kansas are typically used to fund senior center programs and support services such as transportation and nutrition programs.

Levy programs are less common in Louisiana, where 13 out of 46 counties (28%) have a local millage (property tax levy) for aging serv-

Table 14.2 State comparison of aging services levies, 2001

State	Number of Counties with Levies	Total Revenues ($)	Low ($)	High ($)
Kansas	64 of 104 (62%)	8,025,080	5,668	1,918,887
Louisiana	13 of 46 (28%)	6,055,147	50,000	2,700,000
Michigan	59 of 85 (69%)	25,441,562	25,000	3,250,000
North Dakota	50 of 53 (94%)	1,538,141	4,020	278,991
Ohio	58 of 88 (66%)	82,452,687	9,000	18,200,000

Source: Data from 2001, except for North Dakota (2002).

ices administered by area agencies on aging. In 2002 Louisiana levies generated a total of $6,055,147 for senior services programs. Annual county revenues ranged from $50,000 to $2,700,000, with nearly half below the $200,000 mark. In Michigan, 59 out of 85 counties (69%) had levies in 2001, contributing a total of $25,441,562 to senior services. Among these programs, revenues ranged from $25,000 to $3,250,000, with 7 counties over $1 million and 9 under $100,000. Mill levies in North Dakota are common, with 50 out of 53 counties participating in such programs. These levies generated $1,538,141 for senior services in North Dakota in 2002. The size of these levies ranged from $4,020 to $278,991, with 47 (94%) generating less than $100,000 in revenues.

Why Seek Levy Funding?

Our analysis suggests several major reasons why Ohio counties have embraced this strategy: the limitations of the state's long-term care system, the lack of a comprehensive approach to serving older people with chronic disability at the federal level, and the failure of the Older Americans Act to keep pace with inflation and with the rising number of older people. At the state level, Ohio has relied primarily on the home and community-based Medicaid waiver program to support in-home services. State funds are used to provide the required match to Medicaid. Dollars from a state-funded community services block grant and a state Alzheimer's Respite Program supplement aging network services. Ohio does not have the general revenue dollar support that is available in many states to supplement the limitations associated with the Medicaid program. Two major criticisms of the federal Medicaid waiver programs are that they are designed for very low-income people, and that those participating must be severely disabled, meeting the nursing home level of care criteria for the state. This is problematic because many low-income older people are ineligible for Medicaid assistance because of Ohio's stringent $1,500 asset limitation. Also, many individuals may need in-home assistance in such areas as bathing, shopping, and meal preparation, but would not meet the criteria for nursing home entry, making them ineligible for the federal program. With these major limitations in the existing system, and with little or no action expected at the state or federal levels, local counties have decided to act on their own to develop a more comprehensive long-term care service delivery system in their communities.

In the communities that have large levies, these dollars have typically been used to actually create a community-based system. Used in conjunction with Medicaid waiver dollars, programs established in these counties have tried to develop a comprehensive service system. With a centralized intake and assessment process, older residents in these communities can call a well-publicized telephone number to receive detailed information on available services and an assessment or referral, depending on client circumstances. This approach has generated a larger volume of telephone calls and applications for long-term care assistance. Because most state home care programs rely heavily on Medicaid and restrict access to home care based on income and disability, a centralized information and intake process does not typically exist across the state or the country.

In some communities, local tax dollars supplement funding from the Older Americans Act, which has been considerably underfunded over the past two decades. The Act has remained at essentially the same level of federal funding for the past twenty-five years. Given inflation and the growth in the older population, the program faces serious limitations in its ability to make services available to older people. Although it remains important as a foundation for the aging network, the Older Americans Act has never achieved an adequate level of support to operate even basic programs for all older adults.

Engaging local levies by local constituencies receives both praise and criticism. On the positive side, such efforts provide an example of communities stepping up to meet the needs of the local citizenry. Program sponsors often discuss the fact that if they waited for the state and federal government to develop a comprehensive long-term care policy, most of the consumers and families that they are helping would be long gone. With a federal or state program unlikely any time soon, advocates argue that the local approach is the only alternative. The local strategy also provides considerable recognition and support at the community level, something that does not always occur in state and federal efforts. Interestingly, the levy renewals in Ohio have drawn even more positive support than the initial levy votes, typically winning between 60 and 80 percent of the votes. These margins are rarely seen in other tax issues placed on the ballot. In communities that have implemented such levies, local citizens and politicians are well aware of the programs and tend to be proud of their community's investment. Levies earmarked for older people do indeed appear to be good politics.

While this approach has garnered widespread support in Ohio and other states, there are some that contend that such initiatives do not represent a good public policy strategy. They argue that such a system has many of the same limitations as experienced in local funding of schools. One argument is that it creates a class system across the state, with wealthy counties having a greater ability to raise funds than poorer counties. In other words, a two-tiered long-term care system is being created, depending on which county one resides in. Critics also argue that because the property tax is not based on income, it places a proportionally higher burden on older people who are likely to own their homes but be on fixed incomes. Some have also argued that the expansion of local strategies allows and even encourages the state or federal government to ignore the policy issue because the problem is being addressed at the local level. Finally, it is suggested that this approach represents one more incremental step in the creation of a fragmented system, with different funding levels, eligibility criteria, host agencies, and services provided.

Good Politics versus Good Policy

Perhaps the most controversial issue about the property tax levies targeted for older people is the question of intergenerational equity and fairness. Are levies receiving support at the expense of other groups in need? What role does the older voter play in supporting local tax levies? Do individuals support only those levies that will benefit themselves? Although policy analysts have speculated about the effects of such initiatives, there is limited empirical data from which to draw conclusions. Because of the relative newness of levy-supported programs for older adults, there is a dearth of information about the effects on local politics and social policies.

Review of Existing Data

Whether supporting levies for older people hurts other populations in need of services, and how older voters affect passage of such initiatives is a difficult question to answer empirically. We identified a series of articles on this topic, with somewhat mixed results. For the past two decades, policy analysts have raised questions about intergenerational equity and the distribution of societal resources (Preston 1984; Heclo 1988; Van Parijs 1999; Silverstein et al. 2000). Two main points of dissension are debated in this body of work: whether older people are getting too big a share of societal resources, and whether older people are supportive of other age and need groups. Exploring both sides of these debates offers insight into the viability of property tax levy initiatives. As will be presented, this approach to funding could potentially be criticized in both of these areas.

Distribution of Societal Resources

Questions about the distribution of social resources are ultimately answered subjectively, depending on one's values and beliefs of societal equity. The contention that increased local spending on older adults will come at the expense of other need groups (especially children) is based on the assumption that these populations are in direct competition for resources. Although there has been considerable publicity about the graying of the federal budget, an argument largely driven by the funds allocated by beneficiaries themselves to the Social Security and Medicare trust funds, such expenditure patterns do not exist at the state and local levels. For example, the three leading expenditure categories in Ohio's budget are education, corrections, and Medicaid. Even the Medicaid program, which represents about one-fifth of the entire state budget, spends only about one-third of its revenues on older people. Education and corrections are clearly not targeted toward older people, as is the case for other major expenditure categories such as transportation, welfare and employment assistance, public safety, and emergency assistance. At the local level, schools, libraries, and public services such as water, sewer, and refuse disposal dominate budget allocations. Service levies designed for special populations such as mental health, children with special needs, and older people round out the local funding but are small in comparison to the primary expenditure group. Funding for senior services is not in direct competition with any one need group, suggesting that high spending for seniors does not necessitate low spending on children. Studies have shown that in many states an increase in the proportion of older people and a subsequent decrease in the proportion of younger people often translates into higher spending per child (Adams and Dominick 1995). Based on this analysis of state and local budget allocations, it is difficult to make the argument that older people are receiving an excessive share of state and local resources in comparison to other age groups.

Support for Other Need Groups

The other side of the equity debate is whether older people are supportive of other groups at the polls. Because of their growing numbers and high voter turn-out, questions have been raised about the effect older people will have on the passage of funding for other interest groups. Relative to local taxation, critics have argued that increasing support for aging services might be catastrophic for education and other programs for children.

A body of work does indicate that a high proportion of older voters in a community may result in resistance to supporting local initiatives (Button 1992; Poterba 1997). Panel data from a national study over a thirty-year period concluded that an increase in the proportion of older people in a state resulted in a decrease in per child student expenditures (Poterba 1997). This argument suggests that local taxes for schools might be viewed as resources that do not offer the same benefit for older residents as for the rest of the population. It has also been argued that older people who migrate may have less commitment to their new community and are thus less likely to support initiatives that do not directly benefit them (Button 1992).

Some studies, however, have found that there might be other variables at play, and that these trends are not related entirely to an aging population. These data reveal distinct trends in support for educational spending, depending on the ethnic background and socioeconomic status of the voting public. For example, studies have found that older voters are less likely to support spending on education and children's programs when the majority of the younger population is of a different racial background (Poterba 1997; Ladd and Murray 2001). Additionally, analysts have reported the majority of "selfish" voting patterns among older people with low incomes (Button and Rosenbaum 1990).

An equal number of articles found that an increased aging population has little to no effect on the ability of a local community to raise revenue for education or other locally supported programs (Button and Rosenbaum 1990; Ladd and Murray ; Harris, 2001Evans, and Schwab 2001). A range of reasons were identified to explain this outcome. Primarily, these analysts argue that the economic and social diversity of the older population makes it unlikely that they will vote as a block on any political issue (Button 1992; Adams and Dominick 1995). Additionally, older people who migrate to a new area can choose their new location based on the local tax structure, thus choosing to live in communities that best meet their needs (Button 1992; Adams and Dominick 1995; Poterba 1998). If these migratory elders elect to live in communities where there is minimal taxation for education or children's programs, they should have little effect on the tax structure in the community (Poterba 1998).

Ohio's Experience

With some of the largest, longest-running, and most successful property tax initiatives to fund services for older people, Ohio should provide experience that sheds light on the applicability of this approach. Although data are not available state-wide on the effect of the Ohio tax levies, the experience of the two largest counties shows that existing community levies continue to receive support and that new funding initiatives are not jeopardized. For example, Hamilton County (Cincinnati) continues to support such diverse efforts as the zoo and the children's hospital, while levies for new football and baseball stadiums were passed, along with a new levy for the largest school district. Also noteworthy is the huge success and public support that these levies have had. To illustrate, the levy in Hamilton County has received an increasing majority of the vote since its inception in 1992 and has grown from $12 million to $18 million today.

Local Levies as Good Public Policy: Policy Directions for an Aging Society

While the implications of using property tax levies to fund programs for older people raise some interesting policy questions, it is clear that new policy directions to support an aging society are critical. Given the current economic climate and the political focus on reduced domestic spending and federal taxes, it seems unlikely that major federal initiatives to support services for older people outside of the current Social Security and Medicare frameworks will occur. With the incredible demographic shifts to be experienced, the pressure on states to provide supportive services for older people with chronic disability will continue to mount. In many states the response to these pressures is primarily through the Medicaid program, allowing states to focus on the most disabled and lowest income population while at the same time receiving federal match. This excludes the majority of older people residing in the community who are not eligible for Medicaid because of the stringent income and asset requirements and the strict disability requirements and leaves local communities to address the problem.

As evidenced through this review, the feasibility of implementing a local approach depends on the community in question and its unique sociodemographic characteristics. In the case of Ohio, property tax levies have become a viable alternative, and these programs are an essential backbone to the aging network. Such efforts have certainly proven to be good politics. It appears that the lack of federal and state policy may mean that such efforts represent sound future policy as well.

References

Adams, P., and Dominick, G. L. 1995. The old, the young, and the welfare state. *Generations* 19(3):38–42.

Button, J. W. 1992. A sign of generational conflict: The impact of Florida's aging voters on local school and tax referenda. *Social Science Quarterly* 73(4):786–97.

Button, J. W., and W. Rosenbaum. 1990. Gray power, gray peril, or gray myth? The political impact of the aging in local sunbelt politics. *Social Science Quarterly* 71(1):25–37.

Harris, A. R., W. N. Evans, and R. M. Schwab. 2001. Education spending in an aging America. *Journal of Public Economics* 81:449–72.

Heclo, H. 1988. Generational politics. Pp. 381–411 in J. Palmer, T. Smeeding, and B. B. Torrey, eds., *The Vulnerable*. Washington, D.C.: Urban Institute Press.

Ladd, H. F., and S. E. Murray. 2001. Intergenerational conflict reconsidered: County demographic structure and the demand for public education. *Economics of Education Review* 20:343–57.

Poterba, J. M. 1997. Demographic structure and the political economy of public education. *Journal of Policy Analysis and Management* 16(1):48–66.

Poterba, J. M. 1998. Demographic change, intergenerational linkages, and public education. *American Economic Review Papers and Proceedings* (May):315–20.

Preston, S. H. 1984. Children and the elderly: Divergent paths for America's dependents. *Demography* 21(4):435–57.

Silverstein, M., T. M. Parrott, J. J. Angelelli, and F. L. Cook. 2000. Solidarity and tension between age-groups in the United States: Challenge for an aging America in the 21st century. *International Journal of Social Welfare* 2000(9):270–84.

Van Parijs, P. 1999. The disenfranchisement of the elderly, and other attempts to secure intergenerational justice. *Philosophy and Public Affairs* 27(4):292–333.