

UNTAPPED SOURCES OF REVENUE TO SUPPORT SERVICES TO OLDER ADULTS

*An Interim Report of the Area Agency on Aging 1-B
Ad Hoc Study Committee on
Revenue Sources for Aging Services*

The Area Agency on Aging 1-B is dedicated to preserving the independence, dignity, and quality of life of older adults, family caregivers, and adults with disabilities residing in Livingston, Macomb, Monroe, St. Clair, Oakland, and Washtenaw counties by supporting a comprehensive service delivery system and providing access to community-based care.



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Untapped Sources of Revenue to Support Services to Older Michigianians

Preface

Public funding and support for community-based services for older adults in Michigan has been stagnant in the new millennium. Maintenance-level annual funding, combined with a rapidly growing population and rising inflation, has eroded the purchasing power of state and federal funding, resulting in significant reductions in the number of individuals served and units of services delivered. Since 2002, the number of meals served through the congregate and home delivered meals senior nutrition programs has decreased by more than 1 million meals, and the number of Medicaid long term care consumers served through the MI Choice program has been cut almost in half.

Recognizing that these trends pose serious problems for an aging population and the aging network's ability to respond to their needs, the Area Agency on Aging 1-B (AAA 1-B) Advisory Council and Board of Directors established a joint study committee to seek solutions. This study was undertaken with the recognition that Michigan is mired in a recession, surrounded by a national stagnant economy, and that the state has a structural budget deficit that makes significant increases in general revenues unlikely. The Committee therefore accepted as its charge to examine sources of public and private revenue that are utilized or available to support older adult programs and services, and recommend new strategies to support aging programs. The Committee's work plan included:

- Comparing Michigan's support for older adult services with other Great Lakes states and additional innovative states.
- Examining sources of public funding for older adult services in other states.
- Identifying private sources of funding utilized by other states and Area Agencies on Aging to support older adult services.
- Recommending actions to increase state and other funding for older adult services.
- Assessing the adequacy of the AAA 1-B advocacy infrastructure to develop recommendations and new strategies.
- Reporting its findings, recommendations, and implementation strategies to stakeholders, legislators, and other public officials.

This report represents the findings and conclusions of the first phase of the Committee's work, and aims to place the ideas and solutions studied into the public realm for consideration and action. It is hoped that aging network leaders, advocates, and public officials will embrace these ideas, and work together to develop and secure new sources of revenue that support home and community-based services needed by a growing population of older adults.

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INTRODUCTION

The Area Agency on Aging 1-B (AAA 1-B) was established in 1974 under a federal mandate of the Older Americans Act and the state Older Michigianians Act to serve the needs of over 465,000 older adults who reside in the southeast Michigan counties of Livingston, Macomb, Monroe, Oakland, St. Clair, and Washtenaw. The AAA 1-B is dedicated to: 1) educating and advocating on issues of concern to older persons; 2) allocating federal and state funding for social and nutritional services; 3) developing new older adult services; 4) coordinating activities with other public and private organizations; and 5) assessing the needs of vulnerable older persons and linking them with community-based long term care services. The AAA 1-B depends upon a strong network of direct service providers to achieve its mission of preserving the independence, dignity, and quality of life of older adults, family caregivers, and adults with disabilities.

The AAA 1-B Advisory Council and Board of Directors help achieve the agency mission by identifying needs and concerns of Region 1-B residents, and planning and developing appropriate actions that assure older persons have access to high quality, efficient and effective services. Each summer, the AAA 1-B establishes an ad hoc study committee to explore selected issues of concern to older adults. For 2007, the Advisory Council chose to seek strategies that will result in additional revenues to support the provision of services to the increasing population of older adults in Region 1-B, and the state. To assist in its search, the Committee called on a wide range of experts from across the region that included representatives from state government, other Area Agencies on Aging, aging network service providers, elected officials, and a lobbyist. This report is an outcome of that investigation and contains significant findings as well as recommendations for the AAA 1-B and senior advocates throughout Michigan to support that will enhance revenue from alternative sources.

Robert McMahan, AAA 1-B Board of Directors, Committee Co-Chair

Robert Hull, AAA 1-B Advisory Council, Committee Co-Chair

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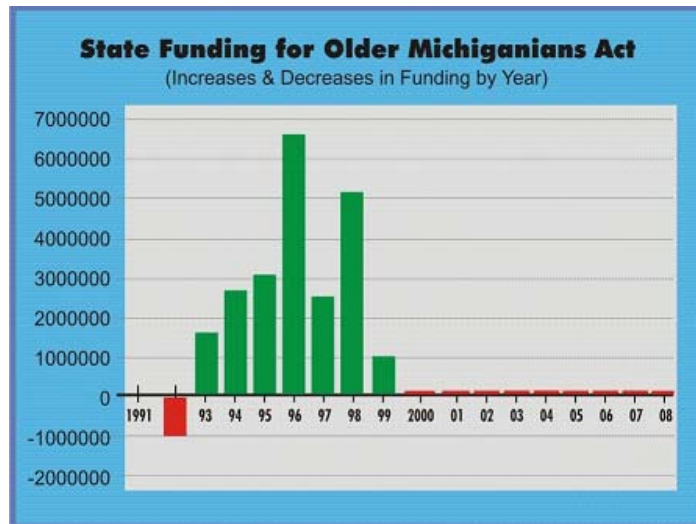
EXECUTIVE SUMMARY

FINDING A WAY FORWARD

The Struggle to Meet Increasing Older Adult Needs Against a Headwind of Stagnant Funding and Structural Budget Deficits

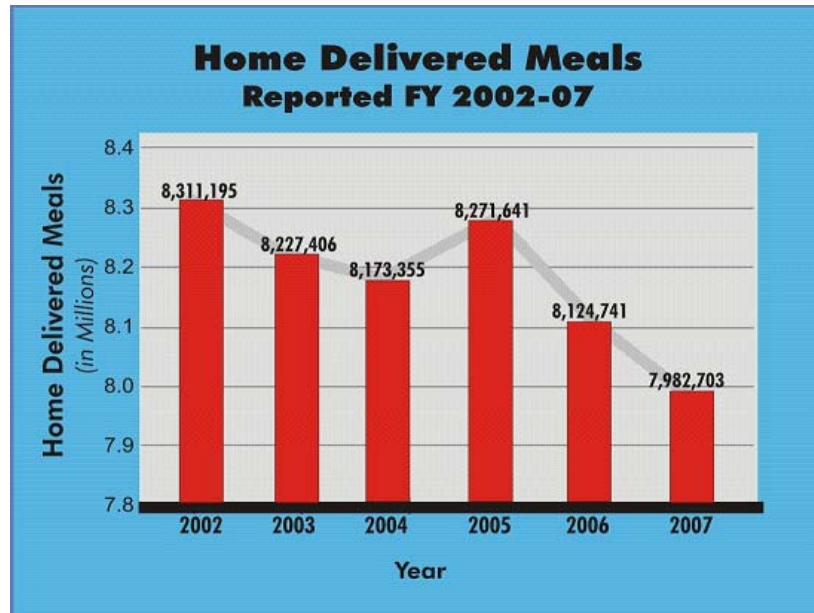
From 2000 to 2006, the Region 1-B (Livingston, Macomb, Monroe, Oakland, St. Clair, and Washtenaw counties) population age 60 and older grew at a rate of 14.4%, which is twice as high as the state growth rate over that six year period. Of perhaps greater significance is the population of individuals age 85 and older, which increased by over 25%. Since 2006, the Region 1-B growth rate equals an average annual increase of 10,000 older adults each year, or approximately one person per hour. Since the turn of the century, the region’s population age 100 and older has been in a trend of doubling in size every seven years, and this phenomenon will continue through 2020.

This demographic shift has brought a concurrent increase in the number of individuals and families who are in need of AAA 1-B supported services. Unfortunately, there has not been a simultaneous increase in state Older Michigianians Act or federal Older Americans Act funds in Region 1-B to help keep pace with demand. With the exception of the new National Family Caregiver Program funds in 2000, funding from these sources has been essentially flat for the past decade (see table below).



Since 2002, the growth in demand directly related to the increasing older adult population, coupled with inflation, has eroded the purchasing power of aging funding by approximately 20%. For example, during

this period, the number of congregate and home delivered meals provided by senior nutrition programs has declined by over one million meals (see chart below). There has been no evidence of a decline in demand over that same period.



When federal funding is held steady, or increased only slightly, there is a negative effect in Michigan, because our share of the nation's older adult population and federal Older Americans Act dollars decline in tandem. For example, from FY 2007 to FY 2008, there was an overall national increase of \$7.9 million in Older Americans Act Title III-B funding, but Michigan lost \$172,532 in Title III-B funding due to the population-based funding formula which adjusts annually based on population changes. Because of Michigan's slow 60+ population growth, in FY 2008 the AAA 1-B was forced to administer a \$60,000 cut in services, despite an overall increase in federal funding. Census population projections indicate this trend will continue at least through the year 2030. Michigan's age 60+ population will grow 57.9% from 2005 to 2030, according to the Census, while the national 60+ population will increase by 83.3%

This pressure of increasing demand on aging service funding exacerbates the funding problem in a state where we were already behind other states in support for community-based services according to some measures. For example, Michigan has historically been a state that spends less than the national average on Medicaid long term care services, and its percentage of Medicaid long term care expenditures on home and community-based services, in comparison to institutional care, is low.

Michigan's ongoing recession has provided little opportunity to reverse the negative funding trend for state general revenues, and the future outlook for state funding is bleak due to increasing

unemployment, foreclosures and bankruptcies, and the structural deficit. At the federal level, President Bush consistently calls for cuts in Older Americans Act funding, and the Administration on Aging's (AoA) message has been to seek alternative sources of revenue. In fact, the most recent amendments to the Older Americans Act make it clear that the aging network can work to secure private pay and third party reimbursement for services, and AoA is encouraging the development of alternative sources of funding in the absence of their support for significant federal increases. The following are the Committee recommendations to move the aging network in Michigan forward toward increasing revenues, and enhancing their ability to service additional older adults.

Recommendation 1 – Income Tax Return Check-Off

Advocate that the Legislature create an income tax return check-off program for home delivered meals in Michigan. Page 15

Five states have income tax check-off programs to benefit older adults with annual amounts raised ranging from \$11,406 for home delivered meals in Missouri, to \$250,000 to fund the Senior Legislature in California. In Michigan, the Children's Trust Fund check-off raised \$20 million from 1983 – 2000.

Recommendation 2 – Special Cause License Plate

Advocate that the Legislature approve creation of a special cause license plate that will raise revenue for senior center wellness programs. In addition, it is recommended that Area Agencies on Aging, the Michigan Office of Services to the Aging, and the Michigan Association of Senior Centers develop a plan to allocate and utilize revenues, and promote the purchase of the plates. Page 18

Michigan's eight special cause plates raised over \$1.3 million in FY 2006.

Recommendation 3 – Foundation Partnerships- Senior Wellness Fund Endowment Challenge

It is recommended that the proposed Senior Wellness Fund Endowment Challenge project be discussed and promoted among aging network and foundation groups, and implemented at a future date as soon as the climate for successful endowment building improves. Page 22

Recommendation 4 – Local Funds Dedicated for Medicaid Match

The Committee recommends that the Michigan Department of Community Health change policies to allow a county to receive a full return of local and matched Medicaid MI Choice funds to the county's MI Choice program. In addition, the Committee recommends that the AAA 1-B identify and encourage a Region 1-B county to establish a Medicaid Long Term Care Local Match Partnership demonstration project. Page 26

Recommendation 5 – Medicaid Estate Preservation

The Committee recommends that SB 627 of 2007 be scheduled for hearings by the legislature in order to subject the concept to public scrutiny. This scrutiny will help assess its potential as a viable mechanism to address federal estate recovery requirements, and its potential as a dedicated source of revenue to support long term care supports and services. In addition, the Committee recommends that the Estate Preservation Fund be placed on the work plan of the Long Term Care Commission for the same purposes. Page 28

Recommendation 6 – Social Services Block Grant

The Committee recommends that the AAA 1-B monitor future federal SSBG allocations to identify when an overall increase in funding occurs, and advocate that a portion of additional funds are allocated to support priority aging services. Page 29

Recommendation 7 – Racino Tax Revenue

The Committee does NOT recommend that Michigan allow or prohibit racinos. However, if a valid proposal to allow the creation of racinos is put before the Legislature or voters, the Committee recommends that any such proposal provide that a portion of new tax revenues resulting from their creation be dedicated for aging service programs. Page 31

The Committee also believes that there are additional sources of revenue that should be studied to assess their potential as a source of revenue for aging services, and intends to investigate the following possibilities in 2009:

- Veteran’s Services
- Private Pay
- Long Term Care Licensure Surcharges
- Medicare Advantage Plan Partnerships
- Project 2020
- Tax Expenditures
- Long Term Care Licensure Surcharges
- Long Term Care Insurance

PART I: HOW MICHIGAN COMPARES TO OTHER STATES

Michigan leaders often look at other states to assess the state’s performance on behalf of its citizens, particularly as part of its effort to find innovative budget solutions, and maintain a competitive business environment as part of the strategy to revive the economy. Therefore, the Committee reasoned that the aging network should also look at other states for measures of the charity of state support for older adult services, and new ideas for revenue generation. A study of FY 2007 general revenue and other state funds in the budgets of Great Lakes region state units on aging found that Michigan is behind most of its peers in state support. The table below shows that Michigan appropriates \$24.05 in state revenues to aging programs through the Michigan Office of Services to the Aging for every citizen age 60 and older. Illinois, the most generous state, allocates about \$245.41 per capita, about ten times that amount.

FY 2007 State Funds Allocated for Aging Programs Through State Units on Aging

	Michigan	Illinois	Indiana	Ohio	Pennsylvania
Age 60+	1,725,900	2,075,672	1,065,124	2,051,875	2,480,895
General revenue FY 2007	\$33,749,100	\$426,465,300	\$48,413,616	\$18,844,840	\$19,929,000
<i>Per Capita</i>	<i>\$19.55</i>	<i>\$205.46</i>	<i>\$45.45</i>	<i>\$9.18</i>	<i>\$8.03</i>
Other state revenue	\$6,563,618	\$10,035,900	NA	\$2,390,577	\$190,048,506
<i>Per Capita</i>	<i>\$3.80</i>	<i>\$4.84</i>		<i>\$1.17</i>	<i>\$76.60</i>
Total State Revenue	\$40,312,718	\$436,501,200	\$48,413,616	\$21,235,417	\$209,977,506
<i>Total State revenue per capita</i>	<i>\$24.05</i>	<i>\$245.41</i>	<i>\$45.45</i>	<i>\$10.35</i>	<i>\$84.64</i>

US Census State Population Estimates July 1, 2006

State Revenue Sources for Special Program Funding FY 2007

Michigan does dedicate funds from two other sources of revenue to support aging services – tobacco settlement funds and funds that escheat to the state from un-cashed health insurance reimbursement payments. However, Michigan is not alone in dedicating other sources of revenue for aging services, and the state is well behind neighboring states in this area (see table below). When evaluating state charity based on total dollar amount of unique programs, Michigan allocated \$7.8 million of tobacco settlement and escheats funds for aging services in FY 2007. Comparable allocations from other Great Lakes states ranged from \$7.5 million (Indiana) to \$50.6 million (Illinois).

State	Amount	Revenue Source	Purpose of Funds
Michigan	\$5 million	Tobacco Settlement Revenue (called Merit Trust Fund)	Allocated to AAAs and MI Choice Waiver Agents for Respite for elderly and disabled adults. (AAA 1-B FY 2008 plan allocated \$867,462 for In-Home Respite and Adult Day Service)
	\$2,767,000	Escheats Funds	Allocated to AAAs for Respite (AAA 1-B FY 2008 plan allocates \$232,670 for In-Home Respite, Adult Day Service, and Out of Home Respite)
Illinois	\$2 million	Affordable Housing Trust Fund	Enhanced Housing Transition and Home Modifications
	\$2 million	Tobacco Settlement Revenue	Senior Help Line
	\$50,686,900	Tobacco Settlement Revenue	Circuit Breaker/Illinois Cares Rx (Means tested assistance for property taxes, Medicare Part D Expenses and license plate fees)
Minnesota	??	LTC licensure surcharge funds	Supports LTC Ombudsman program and development of LTC Councils

	??	LTC facility penalty funds	Penalties are placed in a special account for elder abuse prevention
Indiana	\$7,549,554	Social Services Block Grant	Services may include attendant care, transportation, adult day services, home delivered meals, homemaker, respite care, home health services and supplies or other services

Unique State Unit on Aging Programs Supported by State Funds FY 2007

The allocation of funding is not the only area where other Great Lakes states surpass Michigan in their commitment to supporting services for older residents. A review of the sheer number of unique programs created by state governments through their state unit on aging shows Michigan also lags in this area (see table below). Michigan dedicated state funding for two distinct programs: respite services and care management. In contrast, Illinois supports nine unique state-only programs, while the next most parsimonious state, Minnesota, has four unique programs.

Number of Unique State-Funded Aging Services of Great Lakes States FY 2007

State	State Budget Line-Item Programs	Amount	Revenue Source	Description
Michigan	Respite Care Program	\$5,000,000	Tobacco Settlement	Funds allocated to AAAs and MI Choice Waiver Agents for Respite services, including adult day service
2	Care Management		General	Funds allocated to AAAs to support

		\$6,825,500	Revenues	care management teams
Illinois 9	Enhanced Transition and Home Modifications	\$2,000,000	Affordable Housing Trust Fund	Funds for transitions from nursing homes, and to pay for home modifications
	Senior Help Line	\$1,500,000	Tobacco Settlement	Information and Referral
	Elder Abuse and Neglect	\$10,041,400	State General Funds	Protective Services
	Circuit Breaker/Illinois Cares Rx	\$50,686,900	Tobacco Settlement	Means tested assistance for property taxes, Medicare Part D expenses, and license plate fees
	Senior Health Assistance Program	\$1,600,000	State General Funds	Counseling and enrollment assistance for Circuit Breaker/Illinois Cares Rx programs
	Red Tape Cutters			
	Grandparents Raising Grandchildren/Intergenerational			
	AAA Planning and Service Grants	\$2,241,700		
	CBS - AAA Equal Distribution	\$1,955,000		
Indiana 6	Room and Board Assistance	\$11,421,472	Non-Medicaid	Room and board assistance for eligible individuals requiring assisted living
	Older Hoosiers Act	\$1,842,109	General Funds	

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	Adult Guardianship Services	\$491,863	Other	
	Assisted Living Ombudsman	\$492,547	Other	Ombudsman for assisted living facility residents
		\$48,765,897	Non-Medicaid	Community and Home Options to Institutional Care for the Elderly and Disabled
	Hoosier RX			Pays Medicare Part D premiums, means tested, Non-Aging administration
Ohio 4	Golden Buckeye Card	\$467,614	State General Funds	Retail Discount Cards
	Senior Olympics	\$15,638	State General Funds	Senior fitness event
	Alzheimer's Respite	\$4,085,888	State General Funds	Respite and support
	JCFS Transportation	\$100,000	State General Funds	Transportation for Jewish agencies
	Senior Community Outreach and Education	\$372,677	Registration fees	Funds statewide Senior Citizens day, Governor's Conference on Aging, Senior Hall of Fame
	Regional LTC Ombudsman	\$935,000	Fees on LTC beds (tax)	Local ombudsman programs

	LTC Consumer Guide	\$829,400	Nursing facility fees	Annual nursing home/residential care guide
	Resident Services Coordinator program	\$262,500	Ohio Housing Trust Fund	Senior Housing Service Coordinators
Pennsylvania 2	Pharmaceutical Assistance Contract for the Elderly	\$190,000	Lottery Fund	Prescription payment assistance
	PACENET	\$48,506	Tobacco Settlement funds	Enhanced prescription program for middle-income seniors

While Michigan has fared poorly in comparison to other states by several measures in recent years, the Governor and Legislature do deserve credit for making significant improvements in state support for services to older adults and persons with a disability for fiscal year 2009. The 2009 budget includes an expansion of PACE (Program of All-inclusive Care for the Elderly) options, increases for MI Choice and Care Management, supporting Senior Olympics, and establishing a new affordable assisted living program, and fully funding nursing home costs.

PART II: POTENTIAL REVENUE SOURCES FOR AGING SERVICES

The search for alternative sources of revenue included both a look at the best practices identified in other states, as well as developments in Michigan that may yield potential revenues. The initial study focused on seven potential sources of revenue. Other possibilities were identified, but were not studied in the first phase of Committee work. They are summarized in Part III, and may be the subject of future committee investigations. Many of the seven items studied can be accomplished with relative ease if there is sufficient political will, while others require more complex policy and systems change, as well as considerably more time and effort to achieve. For this reason the recommendations are categorized into three levels of precedence:

- High Priority Near Term Options
- High Priority Long Range Options
- Long Term Possibilities on the Advocacy Watch List

High Priority Near Term Options

Income Tax-Check Off for Home Delivered Meals

Income tax return check-off programs generate revenue when a taxpayer “checks off” a contribution to a favored program on their state personal income tax return form. Under an income tax check-off program, a fund is established in the Department of Treasury to allow taxpayers to contribute a portion of their income tax refund to the fund. For example, monies could be collected in a home delivered meal fund would then be available for distribution to home delivered meals programs throughout the state, presumably through the Michigan Office of Services to the Aging (OSA) utilizing the existing intrastate funding formula. An alternative strategy would be to deposit tax check-off dollars into a Home Delivered Meals Trust Fund, and establish a specific fundraising goal, such as \$20 million, to endow the fund over a multi-year period. Applying this approach, the investment earnings on the Home Delivered Meal Trust Fund would be allocated annually by formula to provider organizations through OSA and Area Agencies on Aging. A survey conducted by the Tax Administration on 2002 state income tax returns identified 220 check-off programs available to taxpayers in 41 states and the District of Columbia. Every state with a broad-based income tax has at least one check-off program. Five states have programs to benefit older adults as outlined in the table below. The annual amounts raised range from \$11,406 for home delivered meals in Missouri, to \$250,000 to fund the Senior Legislature in California.

STATE	TYPE OF CHECK OFF	REVENUE GENERATED
Alabama	Senior Services Trust Fund (funds Commission on the Aging)	2002 - \$18,813
California (2)	Seniors Special Fund (funds AAAs)	2004 – \$57,606 2005 - \$55,524 2006 - \$61,161 2007 - \$43,871
	California Fund for Senior Citizens (funds Senior Legislature)	2006 – \$250,000*
Kansas	Meals on Wheels	2006 - \$219,000

Missouri	Funds Home Delivered Meals Trust Fund	2006 – \$11,406 2007 – \$11,860
Virginia	Funds Department of Aging	2002 - \$91,209 2003 - \$65,932 2004 - \$68,073

*Minimum amount required in order for the check-off to remain on a ballot. The minimum amount has been met since being required in 2001.

Michigan Check-off Programs

Michigan has four successful income tax return check-off programs, and in 2007, the Legislature approved another new program for breast cancer. Any new income tax check-off in Michigan would have to compete on the income tax return with Michigan’s other existing check-off programs, as well as any other constituency groups advocating to have a check-off created for their cause. **The following summarizes existing Michigan check-off programs:**

Nongame Fish and Wildlife Trust Fund

The Nongame Fish and Wildlife Trust Fund was created in 1986 to provide revenue to the Department of Natural Resources to identify, protect, manage, and restore native plant and animal species, natural communities, other natural features, and to promote the knowledge, enjoyment, and stewardship of Michigan's native species and ecosystems for present and future generations.

Originally, the Nongame Fish and Wildlife Trust Fund received contributions from the check-off on state income tax forms, with at least 20 percent of the revenue deposited into the Nongame Fish and Wildlife Trust Fund until it reached \$6 million. In 2000, PA 291, the Nongame Fish and Wildlife Trust Fund, was fully funded, eliminating the income tax check-off. Future revenues will be generated from the sale of specialty license plates and interest and earnings.

Political Campaign Check-off

Michigan’s political campaign check-off, in the year 2002, generated \$1.6 million, an increase from 2000 when \$1.18 million was raised through the check-off.

Children’s Trust Fund (CTF)

From 1983 through 2000, the CTF was a check-off on the income tax form allowing an individual to donate \$2 or more of his or her refund to support efforts to prevent child abuse and neglect through public awareness campaigns, trainings and technical assistance and funding for community-based programs. During that time, over 2.2 million Michigan tax returns generated over \$14.8 million for the CTF. After 2000, the check-off was discontinued in accordance with a provision in the Income Tax Act that required the removal of the check-off when the fund’s balance exceeded \$20 million. Only the interest and earnings of the CTF have been available for disbursement.

Because fluctuations in the stock market resulted in slower growth than was expected for the CTF’s assets, concerns were raised as to whether the \$20 million fund balance would be adequate to cover its future obligations. As a result of these concerns, the CTF was reinstated as an income tax check-off item, beginning January 1, 2005.

Children's Trust Fund	
Year	Amount generated
1996	\$778,838
1997	\$650,923
1998	\$805,172
1999	\$859,009
2000	\$938,349
2006	\$100,000

Military Family Relief Fund

The Military Family Relief Fund is a check-off program created in 2004 (viable through 2007), in which taxpayers can donate \$1 to the fund that in turn provides up to \$2,000 in assistance to needy families of Michigan military personnel serving in active duty. A portion of the fund is also dedicated to the Michigan Soldiers’ Home. The check-off generated \$75,000 in 2005.

Benefits of an Income Tax Return Check Off for Home Delivered Meals

- This mechanism gives taxpayers an easy choice of donating money to the fund, and it is not a tax.
- Michigan citizens have a strong track record of donating significant amounts of funds through its income tax return check-off programs.
- Home delivered meals is probably the aging network’s most visible and well-supported service, and is the service that is most likely to generate the greatest level of taxpayer contributions.
- Home delivered meal tax return check-offs have been successful in other states.
- The administrative costs to the state would be minimal since a structure already exists to collect and manage funds, and produce annually updated income tax return forms.
- The proposal allows the Legislature to respond to the increasing needs of disabled and homebound older adults, including the many individuals on home delivered meal program wait lists throughout the state, without incurring an additional cost to the state.

Disadvantages of an Income Tax Return Check-Off Proposal for Home Delivered Meals

- Other advocacy groups have requested an income tax check-off to support their cause, and other aging service programs, such as in-home services, may have longer wait lists and greater unmet needs. Establishing a new check-off for home delivered meals would be a demonstration of favoritism for one group over another.
- Adding a new check-off item to the income tax return may not increase the overall amount of returns donating to the listed causes, resulting in donations being redirected from existing check-off programs.
- The Michigan Income Tax form has a limited number of enumerated lines, and adding an additional check-off item will further crowd and complicate the form.

Committee Recommendation:

Advocate that the Legislature create an income tax return check-off program for home delivered meals in Michigan.

Special Cause License Plate

Special cause license plates are vehicle license plates that differ in design from the standard state designs, and promote a specific organization, cause, or theme that is incorporated into the design. The purchaser of a special cause plate to support a special interest pays a fee that is in addition to the regular registration fee. The use of special license plate fees to fund specific programs has become an increasingly popular method of supporting various causes. Special cause license plate fees are attractive strategies for states to raise revenue for public and charitable purposes because they can provide new income; state investment costs are minimal (approximately \$15,000) since they are limited to creating and advertising the availability of the plate; and as an “opt-in” program, only citizens who wish to

support the program pay a fee. The fee can be as small or large as desired with 100 percent of the revenue over and above the standard license fee going to the specified purpose. Additionally, these plates provide a type of free advertising.

Michigan Special Cause License Plate Fees	
University License Plate	\$35 plus registration fee
Special Cause License Plate	\$35 plus registration fee
Patriotic License Plate	\$35 plus registration fee
Olympic License Plate	\$25 for 12 months prorated – based on registration

States vary in how many special cause plates are allowed. For example, New Yorkers can choose from over 200 options, while Hawaii only recently introduced their first specialty plate. Michigan has 15 public university plates to choose from, and eight special cause plates. Special cause plates were first issued in Michigan in 2001 (Olympic plates have been issued since 1995).

The chart below illustrates the number of plates issued in Michigan as well as the amount of revenue generated per plate type. Both university plates and special cause plates show an overall steady increase in the number of plates issued and revenue generated.

Michigan Special Cause License Plate Revenue

Michigan’s eight special cause plates raised over \$1.3 million in FY 2006.

Special Cause/University	FY2006		FY2007 thru 06/30/07	
	Count	Amount	Count	Amount
Central Michigan University	5,350	\$ 62,850	4,565	\$ 59,420
Eastern Michigan University	2,612	30,890	2,074	25,705
Ferris State University	3,489	41,325	2,841	35,740
Grand Valley State University	2,492	30,620	2,132	28,370
Lake Superior State University	1,237	14,660	1,024	12,965
Michigan State University	40,635	476,450	32,459	393,485
Michigan Technological University	3,094	36,415	2,629	33,100

Northern Michigan University	1,607	19,030	1,297	15,965
Oakland University	1,698	20,160	1,392	18,345
Saginaw Valley State University	741	8,950	601	7,515
University of Michigan - Ann Arbor	29,477	345,335	24,199	303,325
University of Michigan - Dearborn	712	8,420	591	7,545
University of Michigan - Flint	624	7,485	493	6,295
Wayne State University	2,378	27,685	1,951	24,345
Western Michigan University	<u>6,020</u>	<u>69,950</u>	<u>4,870</u>	<u>60,900</u>
Total - University	102,166	\$1,200,225	83,118	\$1,033,020
Agricultural Heritage*	3,901	\$ 46,640	3,359	\$ 44,695
Children's Trust Fund*	16,585	191,500	12,418	146,765
Critical Non-Game Wildlife Habitat*	20,465	240,580	16,196	198,520
Lighthouse Preservation*	13,756	157,230	10,520	125,505
Olympic Training Center (#)	5,059	122,987	3,040	72,736
USA Plate**	39,552	447,180	29,729	342,245
Veteran Memorial*	5,053	62,185	4,046	52,470
Water Quality Fund*	<u>6,393</u>	<u>77,350</u>	<u>5,110</u>	<u>64,475</u>
Total - Special Cause	110,764	\$1,345,652	84,418	\$1,047,411

While some states have special cause license plates that specifically promote their support of older adult programs such as home delivered meals or senior centers, plates containing messages with broader public appeal may hold the greatest potential for raising revenue for aging programs. For example, in Texas, the state has a state-pride plate that raises money for deaf older adult programs, pictured below, bearing a patriotic message, "I Love Texas."



The Committee favors an approach similar to Texas that would take advantage of the public's desire to display their state pride, combined with charitable support for older adult programs.

The preferred beneficiary of specialty plate revenues is Michigan senior centers, which have recently experienced a loss of access to state funding due to budget cuts, and often depend on city and county budgets which are also under pressure. Senior centers are important because they play a central role in valued efforts relating to wellness, prevention, civic engagement, quality of life, and elder-friendly communities. The funding could serve as a revenue source to implement recommendations of the AAA 1-B's Healthy Aging report that call for dedicated funding for senior center wellness programs. A system would need to be developed for allocating raised revenue to senior centers. One practical approach would be to establish a fund within the Michigan Office of Services to the Aging (OSA) to receive revenues, and distribute the funds annually to Area Agencies on Aging based on the intrastate funding formula. Area Agencies on Aging would issue grants to senior centers in accordance with criteria established by OSA, and under an approved area plan. OSA, Area Agencies on Aging, and senior centers should work collectively to develop the specific priorities for use of the funds.

Benefits of a Special Cause License Plate for Senior Center Wellness Programs

- There is an existing infrastructure in Michigan for the development, collection, and distribution of special cause license plates, so the program can be implemented with minimal administrative effort and cost.
- Michigan has been battered economically and politically in recent years, and citizens who love the state would welcome an opportunity to display their pride and love for the state.
- Michigan citizens have a strong track record of purchasing special cause license plates.
- Other states have demonstrated that residents will purchase special cause license plates that display state pride, and support older adult causes.
- The proposal provides legislators a method to make up for the recent elimination of state funding for senior centers.
- Senior centers and home delivered meals are the aging network's two most visible programs among the general public. The proposed income tax check-off is recommended for home delivered meals, so dedicating special cause plate revenue for senior centers addresses a second major service system, which has a huge constituency.
- Older adult wellness and prevention programs have no dedicated source of revenue, and funding is given low priority because basic needs are unmet. However, many consider the cost of current public health insurance benefits through Medicare and Medicaid unsustainable in the future due to population growth, health care inflation, and other factors. Effective wellness and prevention programs are essential to managing the future health needs of the aging population.

Disadvantages of a Special Cause License Plate for Senior Center Wellness Programs

- There is competition with other causes and groups to be approved for a special cause license plate, and legislators may find it difficult to support one cause at the expense of others.
- There is no assurance that a special cause plate for senior center wellness programs, or any other cause, will recoup the estimated \$15,000 initial cost to develop the plate, or produce excess revenue to be allocated for services.
- Law enforcement officials are concerned that the more plate variations available in the state, the more difficult it becomes for police officers to quickly recognize it as a Michigan license plate.

Committee Recommendations:

Advocate that the Legislature approve creation of a special cause license plate that will raise revenue for senior center wellness programs. In addition, it is recommended that Area Agencies on Aging, the Michigan Office of Services to the Aging, and the Michigan Association of Senior Centers develop a plan to allocate and utilize revenues, and promote the purchase of the plates.

High Priority Longer Range Options

Foundation Partnerships- Senior Wellness Fund Endowment Challenge

While charitable giving is not intended to supplant public support for older adult services, it can play an important role in the development and implementation of programs and services for older adults. Grants often serve as the research and development funding of an industry. Foundation funding is ideally suited for starting new programs, testing innovative ways to improve service quality and efficiency, responding to crisis and unique environmental challenges, and supporting time-limited investments needed to expand service capacity.

Despite our difficult local economy, Michigan ranks fifth in the United States with \$27.3 billion in total foundation assets, and the Foundation Center reports that 92 new foundations were created in Michigan in 2007. A 2007 Council of Michigan Foundations report, Transfer of Wealth in Michigan, estimates that between 2005 and 2015, the estimated transfer of wealth in Michigan will be \$140 billion, or \$34,000 per household. If just 5% of this wealth were captured for charitable purposes, an estimated \$7 billion would be realized. According to the Internal Revenue Service, there were 88,000 Michigan individuals and families with a net worth of \$1 million (2001).

The Committee believes there is tremendous unrealized potential for aging network organizations to expand their roles as collaborators with, and grantees of, foundations in Michigan. A significant barrier to increasing future partnerships is the lack of priority among foundations for aging issues in comparison with other populations, most notably children. This obstacle is so profound that a recent project, the EngAGEment Initiative, was developed by the national Grantmakers in Aging group and funded by the Atlantic Philanthropies. The Council of Michigan Foundations received a grant to implement an EngAGEment Initiative project in Michigan. The purpose was to explore new ways to introduce the needs of the aging population to grantmakers and to find ways to get the grantmakers involved in improving life for older adults and their communities. While this project has increased awareness through the distribution of materials and conducting educational sessions, more significant systemic changes have been successfully implemented in other areas of the United States. The Committee reviewed the following best practice models of foundation/aging network collaboration:

Colorado

The Colorado Aging Dialogue is an informal group of grantmakers who share an interest in funding programs related to aging. The group provides a forum to exchange ideas about grantmaking in aging, to discuss whether or not there are ways to collaborate and/or leverage resources, and to identify areas of interest for educational opportunities, collaborative efforts, and/or improved decision making strategies. The group meets quarterly and locations are determined prior to each meeting. There is no fee to join.

The group is comprised of: foundation program officers, State Unit on Aging, Area Agencies on Aging, AARP, United Way, Denver Commission on Aging and the Colorado Gerontological Society. Foundations take turns hosting and organizing the agenda. Mostly the Colorado Aging Dialogue invites speakers to come and present on a topic, such as on the White House Conference on Aging, Naturally Occurring Retirement Communities (NORCs), transportation, end-of-life care, understanding federal, state and local funding, etc.

Achievements/Projects:

- Connected grantees with other funders
- Greater communication between foundations
- Establishing workgroups around NORCs, transportation and end of life issues

Ohio (Cleveland – Cayahoga County)

The Successful Aging Initiative was launched by The Cleveland Foundation, and included community planners, aging experts and health care professionals. The three-year, \$4 million initiative looked to provide opportunities and resources to assist Cleveland’s older adults in remaining active in the community.

Achievements/Projects:

- Developed a public awareness campaign on the impact of an aging population on communities
- Developed elder-friendly communities (with incentive grants provided by Cleveland Foundation)
- Requests For Proposals were issued to develop Lifelong Learning and Development Centers
- Expanded Civic Engagement opportunities, including RSVP and Seniors in Schools
- Developed specific plan for older adult employment

South Florida

Donors Forum of South Florida is a nonprofit regional membership association made up of private and public funders that support nonprofits. Members include private foundations, corporate giving programs, public foundations, government agencies and individuals.

Achievements/Projects:

Seniors Count is a project that will:

- Survey existing conditions for seniors
- Catalogue programs serving seniors and their funding streams
- Identify gaps in services and funding
- Educate funders about the issues facing older adults in South Florida

Baltimore, MD

The Affinity Group on Aging (through The Association of Baltimore Area Grantmakers) is a collective group of funders dedicated to promoting and strengthening grantmaking for an aging society. The group collaborates with foundations and corporations active in the field of aging to identify opportunities to engage in philanthropy and convene resources in a collaborative and meaningful way. The group collaborates with and funds both public and private organizations.

Achievements/Projects:

Foundations have been matched with public and private entities to provide programs and initiatives to promote successful aging, including:

- Communities of Care – an intergenerational housing program
- Respite Home on South Haven – a 10-bed facility which delivers short-term relief for caregivers
- Senior Friendly Fitness Centers
- Experience Corps – places volunteers 55 and older as tutors and mentors in elementary schools

The Committee identified one new proposal to address the dearth of foundation funding opportunities for senior programs. Preliminary discussions have been held to create a Senior Wellness Fund Endowment Challenge Partnership, which would create and support local collaborations between Michigan's 60+ community foundations, and their local Area Agencies on Aging and senior service agencies. The challenge would create and raise funds for an endowed Senior Wellness Fund to serve local communities. Each local Senior Wellness Fund would be administered by the local community foundation, and once endowed would provide grants to local programs that promote the wellness and fitness of older adults.

Community Foundations and aging organizations, including nonprofits and senior centers in their area, would work together to raise funds to build the endowment from individual contributors and businesses, and through fundraising. The foundation would be responsible for managing the fund and grant making. The Council for Michigan Foundations and Area Agencies on Aging would support the program by providing training and technical assistance to local collaborations. In addition, efforts would be made to create a statewide incentive match fund of at least \$1 million, so that dollars raised for local Senior Wellness Funds will be matched on a one-to-one basis, thus providing a greater enticement to local donors.

Key collaborating partners in this statewide initiative would include the Council of Michigan Foundations, Michigan Association of Area Agencies on Aging, Michigan Association of Senior Centers, Michigan Directors of Services to the Aging, and Michigan Grantmakers in Aging. A concept paper describing the proposal is attached as appendix D. While considerable interest and excitement for the Senior Wellness Fund Endowment Challenge Partnership has been generated in the foundation and aging communities, there is serious trepidation about launching the project in the current economic climate in Michigan. Foundations are experiencing unprecedented difficulty in raising endowment pledges for existing efforts, and some endowment building projects have failed due to the inability of potential donors to commit funds in this uncertain economic time. Therefore the timing of initiating such a project must coincide with an economic climate which will enable the effort to secure endowment contributions from individual and corporate donors.

Recommendation

It is recommended that the proposed Senior Wellness Fund Endowment Challenge project be discussed and promoted among aging network and foundation groups, and implemented at a future date as soon as the climate for successful endowment building improves.

Local Funds Dedicated for a Medicaid Long Term Care Local Match Partnership

For decades, county governments in Michigan have been committing general revenue funds to the state of Michigan for mental health services to county residents, and these funds have been used by the state to match federal Medicaid dollars that are returned to the county through community mental health authorities. This is a common, legal, and fully acceptable practice that is authorized under Medicaid rules which allow states to draw down additional federal Medicaid funds for most Medicaid programs that are a part of their approved Medicaid State Plan by committing additional non-federal matching funds. Medicaid dollars expended in Michigan are approximately 57 cents federal funds and 43 cents state funds. A dollar of local funds committed for Medicaid match can return an additional \$1.33 to the community through a qualified Medicaid program, including MI Choice.

The Committee recognizes that there are significant non-federal dollars being utilized to provide services to older adults and persons with a disability who qualify for Medicaid long term care dollars and believes there is greater potential for communities and counties to leverage their local resources and capture more Medicaid dollars and services. Under such an arrangement local communities and counties would benefit economically from a higher level of Medicaid expenditures, through the creation of jobs in the county, and socially through greater support provided to disabled residents and family caregivers.

This model for a Medicaid Long Term Care Local Match Partnership is consistent with the recommendation drafted by the Governor’s Medicaid Long Term Care Task Force Finance Committee (Workgroup B) in its preliminary report:

“Recommendation 7: Workgroup B recommends that Michigan identify sources of non-federal tax revenue that are utilized to provide long term care and support services for Medicaid consumers, and create policies and procedures that will allow these funds to be used as local match to capture additional federal Medicaid dollars for long term care and supports.”

How It Could Work

A source of local dollars (county or city/township general funds, or senior millage) would need to be transferred directly to the state Medicaid program by a unit of government. The state registers this receipt of funds to qualify them as federal match, and returns these dollars immediately under a contractual agreement with a MI Choice Waiver Agent, through an amended budget that reflects the contributed local funds and additional federal match. A key restriction on the funds is they must be expended in accordance with MI Choice rules, and only for MI Choice services. This provision is a barrier that now prevents MI Choice funds from being targeted to a single county or city within a large multi-county region. Under current rules, the funds would have to support an extension of services to the next eligible person on the wait list, regardless of where that person lives. Thus, funds contributed by one county might be diverted to pay for services for the resident of another county if they are next on

the MI Choice wait list. This restriction does not affect single-county MI Choice areas, but would be a significant disincentive for participation by counties of a multi-county area like Region 1-B. Discussions about this barrier were held with officials from the Michigan Department of Community Health, and an effort is underway to identify a solution to the problem.

Another option might be for an area agency on aging to allocate a portion of its Older Michigianians Act funds for MI Choice expansion to match additional federal Medicaid funds. Many Area Agencies on Aging already use a portion of their state in-home service and care management funds to assist consumers who are on the MI Choice wait list, so this change may not divert current funding or significantly affect access to funding for in-home service consumers who are not eligible for MI Choice. However, the diversion of care management funds for MI Choice match would paradoxically reduce the total amount of funds available for care management, while increasing the total care management burden by enrolling additional consumers into the MI Choice program.

Example of Medicaid Long Term Care Local Match Partnership

A Region 1-B county commits \$100,000 in senior millage or county general funds to expand MI Choice services and drawing down additional federal Medicaid matching funds by sending the funds to the state. The \$100,000 in county funds, plus an additional \$133,000 in Medicaid funds, would be returned to the AAA 1-B MI Choice program through a \$233,000 budget amendment for expenditure in that year. At an average cost of \$11,000 to serve one MI Choice consumer per year, an additional 20 to 23 MI Choice consumers would receive services. In a county the size of St. Clair County, for example, this could represent a 50% increase in the MI Choice program.

This system is already working for Wayne County, which has committed a significant portion of its \$500,000 in county general funds allocated to provide chore services, to grow their total chore funding pot to \$800,000 with matching Medicaid funds that will provide enhanced services for MI Choice. Genesee County plans to commit \$255,000 in senior millage funding in FY 2009, and receive back a \$600,000 increase in MI Choice funding.

Recommendation

The Committee recommends that the Michigan Department of Community Health change policies to allow a county to receive a full return of local and matched Medicaid MI Choice funds to the county's MI Choice program. In addition, the Committee recommends that the AAA 1-B identify and encourage a Region 1-B county to establish a Medicaid Long Term Care Local Match Partnership demonstration project.

Medicaid Estate Preservation

The federal Omnibus Budget Reconciliation Act (OBRA) of 1993 requires states to seek repayment of amounts the state has paid under its Medicaid program for services provided to a person of any age in a nursing facility, intermediate care facility for the mentally retarded, or other medical institution. For individuals age 55 or older, states are required to seek recovery of payments from the individual's estate for nursing facility services, home and community-based services, and related hospital and prescription drug services. In 2005, Michigan was the only state that did not have a Medicaid estate recovery program, which was a violation of federal law, and placed Michigan in jeopardy of federal penalties. A law creating an estate recovery program was passed in 2007, but one has yet to be developed or implemented.

The 2005 Governor's Medicaid Long Term Care Task Force report, Modernizing Michigan Medicaid Long Term Care, recommended that Michigan comply with federal regulations by establishing an alternative estate recovery model program. Under this program, homeowners would qualify to protect their homes from estate recovery by making payments in advance of qualifying for Medicaid long term care. The report's recommendation is as follows:

“Recommendation 12: Subject to appropriate reviews for actuarial soundness, overall state budget neutrality, and federal approvals, Michigan should establish a mandatory estate preservation program instead of establishing a traditional Medicaid Estate Recovery Program.

This program should consist of an assessment for all residential property, based on a mortgage fee of approximately \$1.00 monthly, coupled with a LTC Insurance State Tax Deduction of at least \$1,000 annually for LTC Insurance Policies with at least \$100,000 in lifetime benefits. With an estimated 2.6 million residential mortgages in Michigan, the assessment would raise \$31 million. If necessary to comply with federal requirements for a traditional estate recovery program, consideration should be given to combining a traditional estate recovery provision with an optional estate preservation provision.”

On June 28, 2007, Senator Deb Cherry introduced Senate Bill 627, which would create an estate preservation program in Michigan. A key bill provision is the creation of the Estate Preservation Fund (EPF) to collect the estate preservation premiums, with a requirement that the expenditure of EPF funds is to support long term care services. If successful, this program could become a significant source of long term care funding in the future. SB 627 has not been scheduled for committee action, and the Long Term Care Commission has not taken action toward implementing the recommendation.

Recommendation

The Committee recommends that SB 627 of 2007 be scheduled for hearings by the legislature in order to subject the concept to public scrutiny. This scrutiny will help assess its potential as a viable mechanism to address federal estate recovery requirements, and its potential as a dedicated source of revenue to support long term care supports and services. In addition, the

Committee recommends that the Estate Preservation Fund be placed on the work plan of the Long Term Care Commission for the same purposes.

Long Term Possibilities on Watch List

The Committee identified two sources of new revenue that may hold some potential as a future source of revenue for aging services, but are not viable possibilities at this time. These sources may become viable if certain political actions occur. Therefore, these sources should be put on a “watch list” and aging advocates should monitor the progress of political decisions relating their future. At such time that they become sources of new revenue, advocacy will be needed to direct these resources to support aging programs.

Social Services Block Grant

The Social Services Block Grant (SSBG) provides funds to assist states with providing social services to adults and children. The Office of Community Services, Administration for Children and Families, the U.S. Department of Health and Human Services allocates funds in proportion to each state's population using available population data from the Bureau of the Census.

States have substantial discretion in the use of SSBG funds. Each state determines what services are provided, who is eligible to receive them, and how funds are used. States may provide the services directly or purchase them from qualified agencies or organizations. States also may use these funds to support administrative functions.

Each year, states must prepare a pre-expenditure report, also known as the intended use plan. Prior to expenditure by a state of payments, the state shall report on the intended use of the payments the state is to receive, including information on the types of activities to be supported and the categories or characteristics of individuals to be served. The report is made public and open for review and comment as part of the development process, similar to an Area Agency on Aging area plan.

SSBG National Goals

Services funded by the SSBG are directed at one or more of these five federal goals:

- achieving or maintaining economic self-support to prevent, reduce or eliminate dependency
- achieving or maintaining self-sufficiency, including reduction or prevention of dependency
- preventing or remedying neglect, abuse or exploitation of children and adults unable to protect their own interest, or preserving, rehabilitating or reuniting families
- preventing or reducing inappropriate institutional care by providing for community-based care, home-based care or other forms of less intensive care
- securing referral or admission for institutional care when other forms of care are not appropriate or providing services to individuals in institutions

Services Funded by the SSBG

There are uniform definitions for 28 social services. The services listed below in **bold** are comparable to those funded by Area Agencies on Aging, and those with an asterisk are services that Michigan has chosen to fund, with the services being provided through the Michigan Department of Human Services. These definitions do not limit a state's use of SSBG funds or restrict the services a state may provide; rather, they provide guidelines for reporting purposes. The 29 service categories (28 social service categories plus the "other services" category) are listed below.

- Adoption services*
- **Case management***
- **Congregate meals**
- Counseling services
- **Day care- adults**
- Day care- children*
- Education and training services
- Employment services
- Family planning services
- Foster care services—adults*
- Foster care services—children*
- **Health-related services**
- **Home-based services**
- **Home-delivered meals**
- Housing services
- Independent/transitional living
- **Information and referral***
- **Legal services**
- Other services
- Pregnancy and parenting
- Prevention and intervention
- Protective services—adults*
- Protective services—children*
- **Recreation services**
- Residential treatment*
- Special services- disabled
- Special services- youth at risk*
- Substance abuse services
- **Transportation**

Under the Other Service category, the following unique services are also provided:

- Guardianship Services*
- Volunteer Services*
- Migrant Services*
- **Homemaker and Indian Outreach Services***

Potential Opportunity

Funding for the SSBG has been stable at \$1.7 billion since at least FY 2005. Many years ago the Michigan Office of Services to the Aging was active in advocating that some SSBG dollars be allocated for the home delivered meals program, but was unsuccessful. Redirecting SSBG dollars in Michigan for new older adult services is feasible, but would result in a reduction in other needed services provided through the Department of Human Services, unless it occurred in conjunction with a funding increase. For the FY 2008 budget, President Bush proposed \$1.2 billion for the SSBG, compared to \$1.7 billion that was allocated to the program in fiscal 2007. Both the House and Senate appropriations subcommittees have approved budgets calling for a \$1.7 million maintenance allocation for FY 2009. If there is an increase in SSBG funds in the future, it may present a viable opportunity to advocate for additional older adult services to be supported through the SSBG, without putting support for other critical social services in Michigan at risk.

Recommendation

The Committee recommends that the AAA 1-B monitor future federal SSBG allocations to identify when an overall increase in funding occurs, and advocate that a portion of additional funds are allocated to support priority aging services.

RACINOS – Race Track Casinos

Racinos are horse or greyhound racetracks which have casinos. Eleven states have already approved the operation of racinos (see table below). In some states, the casino games are limited to slot machines or video lottery terminals only. However, many locations are beginning to include table games such as blackjack, poker, and roulette. Several states commit a portion of gaming revenues to support older adult services, making them a potential source of funding.

Michigan does not allow racinos under current law. However, there are many interests in the state (including the Michigan Racing Association) that have backed the concept, and periodically they actively advocate for their adoption. Racinos are viewed as desirable because they potentially provide an economic boost to the struggling horse racing industry, and are a mechanism to create jobs and boost state gaming tax revenue. A 2007 prediction by one track owner stated that if all seven Michigan horse racing tracks became racinos, it would produce \$576 million in annual revenues for the state.

STATES WITH RACINOS					
STATE	# of Racinos	Gross Revenue	Distributions to State/Local Government	Percentage to State/Local Government	How Taxes Spent
Delaware	3	\$651.73 million	\$232.55 million	36%	General Fund
Florida	3	\$10.31 million	\$5.15 million	50%	Statewide Education

Iowa	3	\$399.61 million	\$105.46 million	26%	Infrastructure improvements, local gov't, general fund, schools and universities, the environment
Louisiana	3	\$375.36 million	\$69.27 million	18%	General fund, local gov't
Maine	1	\$37.52 million	18.07 million	48%	Education, health care, agriculture and gambling control board administration
New Mexico	5	\$238.31 million	\$61.96 million	26%	General fund, problem gambling treatment
New York	8	\$423.76 million	\$217.95 million	51%	Public education
Oklahoma	3	\$73.67 million	\$9.6 million	13%	Education
Pennsylvania	4	\$31.57 million	\$17.36 million	55%	Property tax relief, economic development, tourism, horse racing industry, local government
Rhode Island	2	\$405.50 million	\$255.79 million	63%	General Fund
West Virginia	4	\$975.99 million	\$445.59 million	46%	Education, senior citizens and tourism

West Virginia receives funding for in-home care programs through initial and annual licensing fees for racetrack casinos. The West Virginia Bureau of Services to the Aging received \$1.5 million for the initial licensing fee when a local (county) referendum was passed, and \$2.5 million each year thereafter. Three of the four referendums were passed resulting in \$4.5 million in funding for 2007, and \$7.5 million in 2008.

The revenues fund in-home care, with the majority going to fund the “Lighthouse Program,” which is similar to Michigan’s MI Choice Medicaid waiver program, but includes a sliding fee scale for those who are not income-eligible for the Medicaid waiver. The funds also support transportation and home delivered meals.

While the Committee discussed the possibility of racino establishment in Michigan, this was done as a reaction to a proposal that was put forth by others, and was not done as a means of promoting the concept further. In fact, many committee members were clearly not in favor of racinos, and it was recognized that many older adults are at risk of compulsive gambling that can lead to other more serious emotional and economic consequences. However, older adults are a primary target market for casino revenues, and if racinos are allowed to operate in Michigan, a significant portion of the resulting state tax revenue should be dedicated for older adult services.

Recommendation

The Committee does NOT recommend that Michigan allow or prohibit racinos. However, if a valid proposal to allow the creation of racinos is put before the Legislature or voters, the Committee recommends that any such proposal provide that a portion of new tax revenues resulting from their creation be dedicated for aging service programs.

PART III. Other Potential Sources of Revenue for Future Consideration

The seven potential sources of revenue discussed in the first section of this report were the subject of many months of Committee investigation and discussion. The Committee determined that it was necessary to pause its work in order to publish these initial findings and make the recommendations known, and to stimulate public consideration. However, there are many other possible strategies and means of generating additional revenue to support aging services that the Committee intends to consider, which will be a focus of its second phase work plan. The following is a list and brief description of areas the Committee may review as it completes its mission:

Veterans Services

The Veterans Administration supports many social, health-related, and long term care services for veterans and their spouses, depending on their service history. Historically, the Veterans Administration has favored providing these services within their own service delivery structure by building their own hospitals, clinics and nursing homes. In recent years, the system has looked to expand service options to beneficiaries by contracting with community-based organizations such as

nursing homes, adult day service centers, and home care agencies to provide services. This trend, coupled with significant increases in funding for veterans benefits, is creating new opportunities for aging service providers to secure revenue.

Project 2020

Project 2020 is a proposal developed by the National Association of Area Agencies on Aging and the National Association of State Units on Aging, to develop a coordinated national long term care strategy that will generate savings in Medicaid and Medicare at the federal and state levels, and allow older adults to successfully age in place. The approach builds on the existing aging network infrastructure, and incorporates best practices in community-based long term care that have been demonstrated to reduce the need for more expensive long term care. The key elements of the approach are person-centered access to information, evidence-based disease prevention and health promotion, and enhanced nursing home diversion services. This \$2.4 billion five-year program will potentially reduce federal Medicare and Medicaid costs by \$2.7 billion, and produce a five year net savings of \$300 million.

Tax Expenditures

Tax expenditures are tax revenues that are foregone as a result of preferential provisions such as tax credits, exemptions, deferrals, exclusions, or lower tax rates. They are considered tax expenditures because they allocate resources for specific public purposes, but do so through the tax system, rather than through expenditures. Michigan tax expenditures totaled approximately \$31 billion in FY 2007. The elimination of certain tax breaks to corporations and/or individuals could be a source of revenue to support aging services.

Private Pay

Many nonprofit aging network organizations provide services that have considerable value on the private market, and some competitive advantages which may allow them to generate a profit if their services were made available for sale at market rates. The 2005 amendments to the Older Americans Act specify conditions under which private pay arrangements are acceptable for Area Agency on Aging-supported services, and the Administration on Aging is encouraging agencies to explore private payment arrangements with individuals and third-party payers.

Long Term Care License Surcharges

Some states have dedicated the fees generated from the licensure of professionals or long term care facilities toward services provided within those industries. New or enhanced licensure fees could be a source of revenue for long term care programs.

Lawsuit Awards and Settlement Funds

States have a history of recovering funds from businesses or industries that have caused harm to the public due to fraudulent or illegal business practices. The most significant such settlement is the Tobacco Settlement Agreement, but many other lesser suits have also been won, settled, or are pending. The funds received by states under these actions can be dedicated by law for specific purposes, such as aging services.

Long Term Care Insurance

Most modern long term care insurance policies allow beneficiaries to receive insurance policy payments if they become disabled, and choose to receive long term care in their home or another community-based setting, such as assisted living. These payments can be a source of reimbursement for community-based long term care service providers.

Appendix A

Area Agency on Aging 1-B Advisory Council/Board of Directors
Ad Hoc Study Committee on
Revenue Sources for Aging Services

COMMITTEE MEMBERS

Advisory Council

Robert Hull, Co-Chair
Sue Burns
Kellie Boyd
Ardemis Kalousdian
Kay Miller
Tom Rau
Robert Sanchez
James Siegert
Margaret Warner
Don Ziemer

Board of Directors

Robert McMahon, Co-Chair
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Jerry DeMaire
Mae Derdarian
Jan Dolan
Walter Ernst
Andrew Hetzel
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Tom Miree
Ron Szumski
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