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PUBLIC HEARING

before

SENATE COMMITTEE ON AGING

on

"Issues and Concerns of Senior Citizens"

March 9, 1989
Room 362
State House Annex
Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Senator Thomas H. Paterniti, Chairman
Senator John D'Amico, Vice Chairman
Senator Leonard T. Connors, Jr.

ALSO PRESENT:

Anita M. Saynisch
Office of Legislative Services
Aide, Senate Committee on Aging

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FEBRUARY 23, 1989

NOTICE OF A PUBLIC HEARING

THE SENATE COMMITTEE ON AGING
ANNOUNCES A PUBLIC HEARING
ON ISSUES AND CONCERNS OF SENIOR CITIZENS

Thursday, March 9, 1989
Beginning at 10:30 A.M.
Room 362 of the State House Annex
Trenton, New Jersey

The Senate Committee on Aging will hold a public hearing on Thursday, March 9, 1989, beginning at 10:30 A.M. in Room 362 of the State House Annex. The purpose of the hearing is to provide senior citizens and other interested persons the opportunity to communicate their views on the issues affecting the senior citizen community.

Address any questions and requests to testify to Anita Saynisch (609) 292-1646, State House Annex, Trenton, New Jersey 08625. Persons wishing to testify are asked to submit nine copies of their testimony on the day of the hearing. The chairman may find it necessary to limit the number of witnesses or the time available for each witness.

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SENATOR THOMAS H. PATERNITI (Chairman): Good morning. I'd like to get this hearing started. Actually, I have here, this morning, Senator Connors, and we also have Anita Saynisch, whom you people have reached out to, as far as letting us know whether you would like to testify.

Actually, the purpose of these hearings is to have input on senior citizen concerns. Actually, I was Chairman of the Committee on Aging in the Assembly about six or seven years ago, and we started with these hearings, and it really helped us, as far as senior citizen concerns. I believe the Senate followed suit. If I can recall, a lot of the concerns were the inheritance tax, an increase in PAAD, in-home care, and so on and so forth.

Actually, some of these concerns we've addressed in the past. I can recall when we had hearings on the casino revenue funds. I think there is a deep interest in where the moneys are going, and how it should be handled.

I thought I would start a series of public hearings. This will be one of four. We have a number of people who want to testify. It's good to see all of you folks here again.

At this time, I think we'll start with John Tergis, Task Force on Legislative Concerns, and the Commission on Aging. Good to see you again.

J O H N T E R G I S: My name is John Tergis, Commission on Aging, and Task Force on Legislative Concerns.

SENATOR PATERNITI: Our Vice Chairman, Senator D'Amico, has just arrived.

MR. TERGIS: Senator, congratulations on your appointment in heading this Committee. I remember Senator D'Amico. I transferred to Burlington County, but I certainly remember you very well from the time when the Casino Revenue Fund was established.

My testimony is going to be about financial affairs. Senior citizens sat down and said: "What do we think are the priorities for the expenditure of casino revenues? Let's come up with some priorities, think about what are the most important things, rather than just being for everything."

As you know, senior citizens sometimes get the reputation of being for everything -- dollars, dollars, dollars. This isn't true. We have certain priorities. The priorities are: Home health care, rental assistance, and preservation of the Casino Revenue Fund.

Now, home health care: Why home health care? The greatest worry of senior citizens is how they are to be cared for as they grow old and feeble. They are concerned they will be wiped out financially in a matter of months, if nursing homes are the only alternative. They would rather be cared for in their own homes.

Number two, we see an unwarranted burden on the State when people are forced into a nursing home for lack of a home care alternative. Exhaust our savings, and after that, remain in a nursing home on Medicaid at taxpayers' expense. It will be difficult for the State to maintain enough nursing home beds to support our increasing aging population.

Senior citizens, the people I've spoken to, think seriously about what might happen to them. Would they be willing to spend every cent of current income if they could be maintained and helped to maintain themselves in the home setting, rather than being sent to a nursing home? Nursing homes, I've decided -- and many people have decided -- through my own experience, are a poor alternative, if you could have home care. People just sit there and mope, and they don't socialize with one another. People remain in better health and more alert if they can be maintained in their own home. And it's going to be much cheaper for the State.

Now, where are we as far as home care is concerned? There are a number of things that have happened in New Jersey that have fostered this, to some extent.

First, we have the Medically Needy Program, which has been superseded by extending Medicaid to the poverty level. And that involves home care. We have the CCPED Program, and we have a Home Care Expansion Program which is based on the CCPED Program, which is fully State money. And that goes up to eligibility of $21,000 for married people.

We have a new endeavor that we're very much interested in, which is the Home Health and Community Care Demonstration Program -- S-91 by Van Wagner, A-3777 by Singer and Kyrillos, and A-3737 by Duch and Gill.

As you see, these bills have wide, wide bipartisan support. They've been studied to death in various committees. I headed one committee that were people from the various departments studying these bills. They've been changed. The legislators have changed the bills, and the Department of Human Services worked on the bills. They are satisfied with the bills. And it has been passed by the Senate. It is now in the Assembly, and it has passed the Senior Citizens Committee in the Assembly. It's now before the Revenue Committee in the Assembly.

I understand the bill is stalled because of budgetary constraints, although the Casino Revenue Fund is an independent fund which has its own reserves and everything else. I want to say a little bit more about that as I go along.

Rental assistance is another program that we're very much interested in. With the housing shortage and the rising real estate values, rents have risen dramatically, and many people are paying 50%, 60%, 70%, even 90% of their income in rent. There are approximately 520,000 senior citizens' 65-plus households in the State. Of these, 187,000 are renters. Thirty-six or thirty-seven percent of

the senior citizens' households 65-plus are renters. These people are generally poorer than homeowners. We don't hear much about them. They are stuck away, above storefronts, and isolated in many, many ways. They don't come to meetings or anything like that. But, we feel we have to be an advocate for these people.

The State has done nothing for them, even though the Constitution specifically provides, as one of the programs specifically provided, rental assistance. We've done a lot for property owners in the State. But, for some strange reason, we seem to forget renters.

We have bills in the Assembly, but they haven't progressed very far. I'm hoping within the new year we can do something about this.

As far as the preservation of casino revenue funds, we've tried hard to be responsible people and see that the funds were spent on priorities and matters of importance. We've resisted unwise measures and sometimes we act like we're against motherhood in resisting some of these things. Some people get a little bit mad at us, but the consensus of opinion is for the priorities that I have stated.

We have even pointed out that the Fund is being overextended, and Mr. Standiford, the revenue officer to the State, testified and said that same thing; that it is being overextended.

We've set forth our priorities, but the Legislature has not done the same thing. The Governor's Office has not done the same thing. If the Governor's Office would have a little study composed of senior citizens and other experts and say: "This is what we think of the priorities of the Fund," if they differ from our priorities, we would be willing to say, "Maybe we're wrong." I don't know.

But the Legislature and the Governor's Office have never said what they consider to be the priorities. The Governor in his budget comes out with items that we never heard of before, and usually what the Governor suggests goes through. We wanted to get a permanent study commission for the Casino Revenue Fund, to see where this stands. And, of course, Senator Paterniti, you know a lot about this.

In 1983, Senate Concurrent Resolution No. 75 was passed, which called for a legislative study commission. This expired in 1984. Because it was put through, the Legislature passed it. But, in 1984, no appointments had been made, so it expired. And then, again, in 1984, a similar resolution was passed -- SCR-97 -- by the Legislature. And in 1985, appointments were made, and in 1985 they made their final report.

Senator, you were a member of that Committee -- of that Commission. It was a very good report. They essentially came out with the same priorities that we had advocated over a period of years; a very fine report. Actually, nothing was done about it. The bill-- Some of the bills that were suggested by the committee, I see by a hearing that you had a couple weeks ago, are still pending. I don't know what happened to them. But the bills are still pending.

The Legislature continued to put through things that weren't advocated by this committee; things which were of less importance. We still would like a permanent committee, and some effort has been made toward a permanent committee.

In 1983, Senator Costa presented S-315 which was a permanent committee -- which would have been a permanent committee. I think there were 12 members on the Committee. They were appointed by the Senate. Two members of the Senate, appointed by the President of the Senate;

two members of the Assembly, appointed by the Speaker; two senior citizens, one each appointed by the Senate and the Assembly; and two disabled people, one of each, appointed by each of those individuals. And four, you might say, career people -- a 12 member committee. That was passed by the Legislature and sent to the Governor.

The Governor vetoed it, saying he thought he should have some of the appointments. What the Governor wanted was, he wanted the commission to be extended to 14 members, instead of 12. He wanted to appoint two members of the executive branch, who would be added to serve ex officio, people like Mr. Standiford, career people, I would think.

And he wanted the two senior citizens and the two disabled members-- He wanted to appoint them, instead of the President of the Senate and the Speaker. And the Governor wanted to appoint a chairperson, instead of election by commission members.

Now, we didn't think the Governor's ideas were too bad, because, as I've stated, we like to get the Governor on board. We like to see what the Governor thinks about this Fund. Some of the problems have come right from the Governor's Office, and he has never stated what he thought should be done by this Fund. Maybe he went a little bit too far. We don't know.

But what happened was, Mr. Singer, in the Assembly, introduced S-2749, and he took Senator Costa's bill and modified it to agree with the Governor's recommendations. That was passed by the Assembly. That was passed by the Assembly, 76 to 0, and it is now in the Insurance, Institutions, Health and Welfare Committee of the Senate.

Now, Senator Costa's original bill-- She reintroduced it in 1988, and it's in this Committee. But, it would seem to me, if her bill moves, it's the same bill she introduced in 1986, and the Governor is going to veto

it again. I can't see any purpose in moving that bill. That's my own opinion.

But, we still have this conflict: Senator Costa's bill in this Committee, and Senator Singer's bill, which is what the Governor wanted, in the Insurance, Institutions, Health and Welfare Committee. I can't see why the two bills are in different committees.

SENATOR D'AMICO: What is the Assembly bill number?

MR. PATERNITI: 2749.

MR. TERGIS: S-2749 -- A-2749. Yes, I guess it must be, and Costa's bill is S-315. A-2749 -- I have it here -- introduced by Assemblyman Singer and Assemblywoman Smith. That's all well and good, but why doesn't the Assembly and the Senate get together and decide on what to do about it?

SENATOR PATERNITI: We have to do that. That's why we're having these hearings.

MR. TERGIS: It just sits there, and this is awfully important to us.

As I said, we have our priorities. Maybe our priorities are wrong. If the Legislature and the Governor want something else, we'd be willing to consider it, and maybe that's-- But they've never done anything. Bills go through. What the Governor wants goes through without any prior discussion. Sometimes we don't think they are the most important things.

For instance, there's a bill, an endeavor that has gone through, residential -- additional residential care of the developmentally disabled, $24 million coming out of the Fund. Now, of course, these people are disabled. They are, you might say, not fully developed people, physical difficulties, mental difficulties, many of them are children who have to be maintained in a common

setting. They don't need constant supervision, but they need group supervision.

Now, of course, the Constitution does say disabled, but it doesn't have any definition of disabled. But, our point is, however, is this definition going to be considered? If we consider defects from birth, it could be so broad as to cover the entire Fund.

SENATOR PATERNITI: There are over 1000 different kinds of disabilities. As a part of the March of Dimes, on record we have 1000 different types of birth defects.

MR. TERGIS: Yes, these people are under a very broad definition, to say these people are disabled. Under the laws that have been presented at the present time, PAAD law, tax reduction law, they say disabled means being disabled pursuant to the Social Security Act, which means receiving Social Security benefits.

Now, we think there has to be some way to do this. We think, if you want to broaden this, we think a study should be made, because what constitutes permanent disability? You can have fifteen definitions of what you consider to be totally, permanently disabled and very knowledgeable people should work on this, but we can't have something which is quite so broad, I don't think, as the Governor has suggested.

So, one important thing is that we would like to see a permanent Senior Citizen Advisory Commission appointed where we could discuss this type of thing, and discuss just what this Fund is entitled to do.

Now, as I say, maybe the Governor's ideas on it-- Maybe the Legislature might think that he has too much to do with this Commission. There certainly should be some ground for a compromise on this very, very important matter, instead of just having it sit here. Of course, even though this Commission was appointed, even though this

is settled, we must agree, we must state that it would take some time to get the members appointed and get the thing going. So, there should be some kind of a discussion right now as to some kind of an ad hoc Committee to investigate just what this Fund is entitled to do.

So, as I say, our priorities are home health care, rental assistance, and we're trying hard to preserve the Fund. We're trying to be responsible people, and I think it's a shame that this bill, after everything that we've done, and after everything that we've stood for, trying to be responsible and everything else, that this home health care initiative, this additional initiative of S-91, and the additional bills that I cited, are now being held up because they say there's a budgetary constraint.

It seems to me this should move forward out of the Casino Fund. It's reduced funding, and it's been reduced by $3 million. And it's a demonstration program. In the beginning, only five sites would be started. But, as you see, this bill would be for people above $21,000; $21,000 isn't too much these days, when you consider Social Security.

We think the Casino Revenue Fund-- We've stood for, you know, the extension of Medicaid and all of this -- we've stood for this -- but we think that this Fund should be more even-handed.

Certainly, everybody thought that all senior citizens voted for the Fund, and we think that the people above $21,000 should not have very much to lose. If they have to go into a nursing home impoverished, and the spouse at home is impoverished, they have to give up everything for this. And they would like to be cared for, if at all possible, with their own contribution in a home setting.

SENATOR PATERNITI: Thank you very much.

SENATOR CONNORS: Just as an aside, I'd like to hear your views, if you have any, on catastrophic care of the Federal government.

MR. TERGIS: I've gone into this quite a bit. The benefits haven't been extended very much; really, they haven't been extended very much. And the cost is going to be horrendous for middle-income people. It really is. When you consider that natural increases of the Part B premium, which was about $27 this year, going up to $31 this year -- $27 last year -- you've got two things that are going to affect that: natural increases, then the increasing Part B premium, which is going to go up to $10 in 1993.

So, in 1993, your senior citizens are going to be taking, for two people, almost $100 out of their check for Part B.

As far as what the supplemental charge on your income tax is going to be, it's $15 this year in 1989. It's going to jump to 26% additional.

SENATOR CONNORS: Twenty-two dollars and fifty cents per $150 of tax.

MR. TERGIS: That's a 15% increase. In 1990, a 26% increase -- a 27% increase. In 1993, it's going to be a 28% increase on your income tax. This is going to cost people an awful lot of money. And you're not going to get, I don't think, very much out of it, because on the Part A hospital expense insurance, what they are doing is waiving the co-payment between the sixth and the ninth day, and the co-payment between the ninth day and the one hundred and fifty-- They are waiving that co-payment and making this continuous.

Well, all those things were provided if you had a Medicare supplement. Medicare supplement already did that. And the $1370, which they call a cap on Part B, a lot of people are not going to understand that. That cap merely applies to your out-of-pocket expenses for charges which are recognized by Medicare.

In other words, we're talking about the 20% out-of-pocket. When your 20% gets to $1370, that means that your total expense for recognized charges will be about $6800 of Medicare's stated charges, and then overcharges, what they call overbilling, to the physicians' and surgeons' charges, which are not recognized by Medicare, $3000 or $4000 extra. Your total bill could very well be $10,000 before you reach this so-called cap of $1370. And then next year you have to start all over again. This only applies for one year.

SENATOR CONNORS: Have you discussed this with other groups or organizations?

MR. TERGIS: Yes.

SENATOR CONNORS: What's their feeling?

MR. TERGIS: The senior citizens are very much upset about this. And our organization down in Burlington County -- the senior citizens club -- has sent 300 cards. We're going to talk to all the senior citizen clubs in Burlington County.

SENATOR CONNORS: Do you think it could be a consensus opinion that the State should come up with some type of resolution opposing it?

MR. TERGIS: I think it would be wonderful if the State would memorialize the Federal government.

SENATOR CONNORS: I want to introduce such a resolution. That's one of the reasons I'm here, to find out what kind of support it would receive.

I think it's exorbitant. That's my own feeling, and it's not going to do as much as it initially said it was going to do. And I think that it's just an awful lot of money that's going to be taken away from senior citizens over 65, and very little gain.

MR. TERGIS: It's going to be very hard on the middle income. Take the very rich people, they are not going to pay the 15% extra, because the limit is $800 for an individual, $1600 for a family. The very rich person is

going to come up against that. Instead of the 18%, some of them are going to be paying, like, 8%, or something like that. So, it hits right in the middle income.

SENATOR CONNORS: That's where it's going to hurt the most, the people that need it the most.

MR. TERGIS: Yes, yes, and the people that have the most to lose. So, senior citizens are very upset about it. And they are writing to their congressmen and their senators about this.

SENATOR CONNORS: Thank you.

SENATOR PATERNITI: Thank you very much. The next person is Ann Zahora, Division on Aging.

SENATOR CONNORS: Mr. Chairman, I'm going to run to that other meeting. (Senator Connors excused)

A N N J. Z A H O R A: Good morning, very nice to see you again. Congratulations. I'm really glad to be working with you again. We certainly enjoyed working with you in the past.

I am Ann Zahora, Director, Division on Aging. I'm really grateful to you for giving me this opportunity to testify today. And, as you well know, the Division on Aging is an advocate for the senior citizens of New Jersey, and we fully agree with John Tergis in his priorities. We certainly are in agreement with his top three priorities.

I didn't come to discuss them today, because I felt that John would do a really good job of doing that himself. I would like to discuss some other things on which legislation has already been introduced.

If you'll just take a minute to consider the accelerating rate of increase in all the population of the United States, that's also true for the State of New Jersey. In fact, in New Jersey, we're expected to have a higher rate of increase than the rest of the nation.

So, therefore, we must be acutely aware of the challenges that are being presented by this aging population. Some general statistics that we do like to emphasize in comparing the youngest group, the under 25 group, and the older people, 55 and older-- The age grouping illustrates the significant changes that we're going to be facing.

In 1970, the under 25 year old group comprised 43% of New Jersey's population. By 1990, it will have fallen by 10 percentage points to 33%. And, by the year 2000, it will fall again to 29% . In contrast to this, the population over 50 years of age will increase from 25% in 1970 to 27% in 1990, and will reach 31% in the year 2000. That's when it will exceed the total population of those under 55 years of age by over 100,000 people.

This is the most remarkable shift in population in our history. The consequences will be substantial, and that is only the first phase. In the succeeding decades of the next century, that trend will continue and even grow in intensity.

Today, approximately one in eight New Jerseyans is over 65, or 12.3% of the State's population. The 1990 estimate is that there will be over one million persons over 65.

Today, I would like to address the three priorities on which we are presently waiting for legislation. Bills have already been drafted and introduced on these priorities. With regard to the Senior Health Insurance Program, A-2960, because of the many choices of private health policies available, the decision of which, if any, to purchase causes confusion among many consumers. The New Jersey Department of Insurance publishes a brochure, "Bridging the Medicare Gap," as a guide. However, from the public inquiries received by the

Division on Aging and the county offices, it appeared that providing a pamphlet was not a guarantee that a consumer would understand the comparative benefits and costs involved. Some means of providing a more personalized explanation would be beneficial.

Thus, the Senior Health Insurance Program was designed to assist seniors with Medicare and supplemental health insurance claims or problems, and with the selection of supplemental health insurance policies.

The objective of this Program is to provide health insurance assistance services to elderly New Jerseyans, by recruiting and training volunteers to counsel senior citizens on a one-to-one basis in participating counties. Volunteers assist clients in filling out claim forms, understanding responses from insurance carriers, and in evaluating their health insurance needs. Volunteers perform these services without charge, and do not sell, solicit, or endorse insurance policies.

The local SHIP coordinator is responsible for recruiting and training volunteers. Training is provided by representatives from the U.S. Health Care Financing Administration, HCFA, and the New Jersey Department of Insurance. The training is comprised of nine hours of Medicare information, and six hours devoted to private health insurances. The training emphasizes the importance of not making decisions for the clients. All decisions on what coverage to carry are the responsibility of the consumer. More than 500 volunteers have completed the training. The Program has provided service to over 7000 older persons throughout the State. Volunteers are located at various sites in their communities, and they are expected to serve one day weekly for three to four hours. By appointment, they assist older persons, on a one-to-one basis, and free of charge to: Understand their Medicare benefits; file for Medicare reimbursement; interpret

Medicare or other health insurance responses to claims for reimbursement; and compare available commercial health insurance coverages.

Functional illiteracy among older adults is a major problem, not only in New Jersey, but nationwide. These persons are unable to, or have great difficulty in, reading directions, filling out applications, and the like. Here in New Jersey, it is estimated that some 35% of the senior population -- those 60-plus -- are functionally illiterate.

For the past few years, the Division on Aging has been attempting to address this problem, and has undertaken a two-part program. The first step was the development of materials to be used to motivate persons to become students or tutors. One of the products of this effort has been the production by New Jersey Network of an 18-minute documentary and videotape, "It's Never Too Late," which was aired by New Jersey Network in prime time.

Following the development of these materials, the Division conducted a series of workshops for aging service personnel, librarians, adult educators, and journalists to increase their awareness of older adult functional illiteracy, and to share with them available resource materials.

In addition, two local level demonstration projects have been funded to implement outreach campaigns to motivate functionally illiterate older New Jerseyans to participate in literacy improvement programs, and to recruit and provide for training of other older adults as volunteer literacy tutors and peer supports.

Next is the Gerontological Intern Program, A-1046. This program is an effort by State government to encourage students to consider careers in the field of aging, to encourage intergenerational activities, and to provide additional services to enhance the quality of life for older citizens of the State. New Jersey colleges and

universities, selected through an RFP process, receive funds to provide $1500 stipends to students eligible for participation in the program who agree to provide 200 hours of service to older adults in nutrition centers, nursing homes, adult day-care centers, congregate housing sites, and other facilities, which must be nonprofit and provide direct services to New Jersey residents. Schools must identify students and sites for internships, assist students in designing specific activities, monitor students' progress, and provide reports to the Division on Aging. Payment is made to the schools for the number of students who are required to submit written reports upon completion of their projects. The eight colleges and universities participating in the program are: Jersey City State College, Kean College, College of Saint Elizabeth, Seton Hall University, Stockton State College, Trenton State College, Union College, and The University of Medicine and Dentistry of New Jersey-New Jersey Dental School. Fifty-nine internships have been funded under the initial grants to these institutions. The program is administered by the Division on Aging.

The Division on Aging prides itself on its ability to approach the issues of the elderly in New Jersey efficiently, effectively, and compassionately. We are asking each of you, individually and as a Committee, to look at these programs and help to make them into laws that will help our senior citizens. Thank you.

SENATOR PATERNITI: Thank you very much. That was an excellent report. I appreciate it.

Next we have the President of the New Jersey Association of Area Agencies. (no response) Okay, the next person I'd like to call upon is Sam Fierra.

S A M U E L F I E R R A: My name is Samuel Fierra. I am Vice President of the New Jersey Association of Health Care

Facilities. The Association represents more than 200 nursing homes and licensed residential health care facilities across the State.

I am pleased to appear today on behalf of the residential health care facilities -- RHCFs -- that are licensed by the Department of Health.

The RHCFs in New Jersey are facing a crisis which, at best, will result in lower levels of care and, at worst, will lead to increasing homelessness of New Jersey's frail elderly.

There are approximately 11,000 residential health care beds in 260 different facilities across the State. Many of the residents occupying these beds are considered disabled, and are likely to be over 60 years of age. Most of these residents are Supplemental Security Income recipients who must live on $17.03 per day. Of that, $15.16 is paid to the RHCF. For $15.16, the RHCF must provide shelter, food, personal care, housekeeping, 24-hour supervision, mandatory health monitoring by a registered nurse on a regular basis, and supervision of medications.

Therefore, it is not surprising that at $15.16 per day, over 120 homes have closed, and most remaining facilities can no longer afford to accept SSI recipients. There is a corresponding increase in State hospital clients languishing in county institutions with no place to go, and a corresponding increase in the ranks of New Jersey's homeless population.

It should be noted that residential health care facilities have long been relied on as New Jersey's initial alternative to homelessness for the single elderly or disabled adult on SSI.

About two years ago, a series of Star-Ledger articles examined conditions in residential health care facilities and boarding homes. Indeed, a front page article in today's Star-Ledger addresses that.

At subsequent hearings, one singular, critical step was strongly urged by all respondents -- an updating of the Supplemental Security Income reimbursement rate in New Jersey.

As a result of this issue, our Association commissioned a study of cost and SSI reimbursement in New Jersey's RHCFs. The study was performed by the Urban Health Institute of Roseland.

The study reveals New Jersey's serious underfunding of SSI for more than 6000 frail, disabled, and mentally ill living in residential health care facilities. This population's future access to adequate shelter, food, and care is threatened by a decreasing number of beds available to them, according to the study.

The study also reveals that: While the Federal government's SSI monthly share has increased from $157 to $368 since 1976, a 134% rise, the State's SSI share has increased only 13% in 13 years -- $132 to $150. Twenty-three other states reimburse at higher rates than New Jersey.

The study showed the cost of shelter, food, and care for a resident in a residential health care facility in New Jersey to be $21.05 per day in November, 1987. At the current reimbursement rate of $15.16 to the facility, a $6.00 per day increase per resident is needed to just cover costs.

We urge the Legislature and the Governor to increase the State portion of the SSI reimbursement. With an appropriate increase, the RHCFs will be in a better position to deliver the quality residential care we all seek. Our Association applauds the efforts of the Committee, both collectively and individually, and we stand ready to assist you in any way we can. Thank you.

SENATOR PATERNITI: Thank you very much. Do you have any questions?

SENATOR D'AMICO: Yes. One of the bills that I inherited from Senator Pallone was S-1911, which would increase the State's supplement for SSI by $6.6 million. Is that a bill that your Association supports?

MR. FIERRA: Absolutely.

SENATOR D'AMICO: It's pending in the Insurance, Institutions, Health and Welfare Committee. We'll have to look into that.

MR. FIERRA: We would like to see that bill moved, absolutely.

SENATOR PATERNITI: Thank you. The next person I would like to call upon would be Stephen Maskaleris, Senior Lawyer Division, American Bar Association. Is he here? (no response) Ed Hubschmitt, Legislative Chairman, Advisory Council of the Passaic County Office on Aging.

E D H U B S C H M I T T: I'm Ed Hubschmitt, Legislative Chairman of the Advisory Council to the Passaic County Office on Aging. I'm speaking for 77,000 senior citizens in Passaic County. According to the notice, this hearing is to communicate senior citizen views on issues affecting us.

First, we would like to give our opinion of who a senior citizen is, through the eyes of the Passaic County senior citizens. First we think we are someone's mother and someone's father. We enjoy life, and live life in more relaxed ways than we ever have, and, we prepared a lifetime for this opportunity. Most of us are very happy in our old age, and, very few of us would want to go back. Our needs and wants are smaller in most ways, but, can stand no tampering, as we are no longer in the work force and have done our share of sacrificing.

Most societies have had answers for the senior citizens for hundreds of years. The Chinese say, "Honor thy mother and thy father," and that shouldn't be a problem.

We are asking you to honor your responsibilities to the senior citizens. The fears most of us have had to live with are almost criminal.

With this picture of a senior citizen in mind, we traveled the county interviewing senior citizens in our nutrition centers, and senior citizen clubs, from Clifton to West Milford, as many as 500.

Real estate taxes have just about taken the number one spot for grievances, because of their incessant increases. My taxes in Wanaque have increased 226% since I retired in 1980. No one could have foreseen this in 1980. We feel tax relief should come instantly in 1989. We would like to see co-sponsors for bill S-3372, introduced by Senator Cardinale on March 3, 1989, and we would like to see a companion bill introduced for A-4044. This bill would cap an individual's property tax payment at an amount equal to 8% of his income, up to a maximum of $1000. We would like this accompanied by the quick action in the Senate which is so necessary.

Rental assistance is also an ongoing problem for senior citizens.

Home health care, or lack thereof, can be a disaster. In fact, health care of all kinds, including nursing homes, are priorities for improvement. Most senior citizens are in favor of a national health care system like the European countries have.

Here in New Jersey, we are asking this Committee to co-sponsor S-1649, the Mandatory Medicare bill, and senior citizens are also asking this Committee to stop New Jersey Transit from carrying out their plans to cut service and raise prices.

Sears, Roebuck did just the opposite. They raised service and cut prices. We know someone is wrong. Many individuals who depend on the buses would like a

little more time, perhaps one hour, added on the daily schedule.

Some senior citizens think PAAD should be increased, or perhaps a sliding scale could be used. In case people go over the maximum a few dollars, they wouldn't be out altogether.

Some senior citizens suggested first aid equipment at gathering places of senior citizens. We know from past experience this equipment would be used on a more than casual basis. We think this Committee should investigate this problem.

We also discussed financing the needs of senior citizens. We are asking our legislators, this Committee in particular, to look at where the money is, to the entertainment field, all kinds of entertainment: theater, music, sports events, baseball, football, basketball, shore games, and the casinos. We are sure our legislators will find entertainment a fertile field for taxation.

Thank you for listening to us senior citizens. As a matter of fact, Senator Paterniti, I sent you a letter of congratulations, and in return I got a call for Valentine's Day that you were going to co-sponsor 1649.

SENATOR PATERNITI: That's right.

MR. HUBSCHMITT: That would be very nice. I was down to Clifton, and then you go to Paterson and West Milford, and you get different kinds of people in different places. But a lot of these people there, they need the buses extremely bad. Most of us, we have cars. These people have a real problem with this.

And also in the paper that particular day, they came out and said they were going to cut their services and so forth -- New Jersey Transit. I think they meant oxygen and things like that. I don't know, but we have had, quite often, disasters at our meetings.

We came up with, after a lot of discussion, hell, we have $1 million a year baseball pitchers and so forth. There's a lot of money here. You know, the casino-- I don't think Donald Trump needs any sympathy. They are very much afraid they are going to kill the goose that lays the golden egg. Believe me, that goose is plenty plump.

SENATOR PATERNITI: Thank you very much. Do you have any questions?

SENATOR D'AMICO: Just an observation. The New Jersey Transit discussions quite often ignore the fact that you pointed up quite properly; that many senior citizens either don't have an automobile or, because of age or disability, are unable to drive.

And when we talk about cutting service or raising fares, the discussion seems to focus on commuters like me, and we tend to forget the people who are dependent on transportation. That should be a factor that should be brought to the Appropriations Committee.

SENATOR PATERNITI: You mentioned home health care. You also mentioned the financing for seniors and so on and so forth. When was it, on Sunday in the Star-Ledger? There was an article on the adult day-care programs. And we know one of the concerns of senior citizens is that they try to put them in nursing homes because of long-term care. We always felt that four or five people could be treated in-home with what it costs to keep someone in a nursing home. And they would rather be with their own families.

I started to think, and I said, maybe we can go a little further. Some seniors have to be taken care of at home. Some may need just administered medication or probably just routine care. Maybe they should encourage them to create a lot more day-care centers. These people could be dropped off, and the same person who has to come in and administer to the needs of that person, can do it in

a setting dealing with in-home care. They can have that many more people in the day-care center. You may take someone who is working, a working daughter, they are very experienced. They left that mother at home. It puts their mind at rest. Sometimes you can go according to the income. Maybe they might want to contribute. Maybe we can come up with some kind of State financing, or some kind of Federal program.

I started to think about this. The senior citizen population is increasing. Back about 1911 we had three million senior citizens in this country. A while back, I guess in the early '40s, early '50s, we were up to about 11 million or 12 million. We're up to 27 million or 28 million senior citizens. Because of the baby boom, the funds to support these programs are going to be restricted.

And, you know, since we've had these public hearings, we've eliminated a lot of duplication. I was thinking, maybe, instead of putting people in nursing homes, let's go to in-home health care. Maybe we can extend this with the costs. Maybe we can have eight or ten for the same amount of money, that normally it would cost to keep someone in a nursing home.

I think we should kick this idea around and maybe we can come up with another way of addressing the care of senior citizens, because, you know, the children-- People are having very small families lately, and they are going to have to support these programs.

So we have to find ways of spreading our dollars. Maybe this is one way of doing it. Maybe you could mull that over in your mind and come in with more input, and help us come up with some legislation that we can use to address this type of problem. I want to thank you for your statement. Thank you.

The next person on our list is Arlene Nash.

A R L E N E N A S H: My name is Arlene Nash, and I am a board member of the Alzheimer's Caregivers Support Network of Mercer County. My comments will be rather brief, briefer than my prepared testimony.

I first want to thank you, as present Chairman and thank the past Chairman of this Committee, for really having a great deal of sympathy and understanding for the problems of Alzheimer's. I think New Jersey has done quite well in terms of its legislative response to this problem. The areas that I'm going to speak to are of relatively small concern. Some of the things that we are concerned about are the concerns of all senior citizens: access to health care, long-term care insurance, expansion of home health care. But I'm going to really address some comments to some specific Alzheimer issues.

And the first of those is funding for Alzheimer training of health care professionals. This is going on right now, but it needs to be supported, and it really needs an ongoing, stable support. And I'm not looking for the senior funds. I'm not suggesting that. I think it should be an ongoing appropriation in the Department of Health.

Right now they have been doing this program and it's a very successful program. I can speak from personal experience, that it's a very necessary kind of training, because no matter how many of you would like not to have your Alzheimer person end up in a nursing home, they frequently do. It's a very difficult place for Alzheimer people to be, when there's really people who don't understand the disease.

The other issue, the next issue, I should say again, addresses funding, as all these things come down to. We would also like to see funding of the South Jersey Diagnostic Center that is located in Stratford. This is very similar to the center in New Brunswick, which I'm sure

you're familiar with. It is quite an important center to support. We need to have a South Jersey facility. And I think that the legislation, which I noted in this testimony, is going through the process. But nothing looks very promising with the budget deficit that we're seeing, and it really is quite important. And it's not a lot of money.

And the last area that I'd like to address, is a special unit in veterans' homes. I only have two in here, but I noted in one of the "Legislative News" reports there's another Bergen County facility. As every other segment of our population, the veterans are also falling prey to Alzheimer's. Again, Alzheimer's patients in a nursing home really need some special kind of care and special attention, which I'm sure I don't really have to tell you about.

I would be happy to answer any questions. I really appreciate the opportunity to get this on the record, and I do appreciate your responsiveness to these issues.

SENATOR PATERNITI: Thank you very much. I'm glad you brought up this point on the veterans' nursing home. In fact, I have one in Menlo Park, in my own district. I visit that on a continuous basis. In fact, they all know me by name when I go there.

MS. NASH: That's nice.

SENATOR PATERNITI: I'm glad you brought that up.

SENATOR D'AMICO: This is very good. Thank you.

MS. NASH: There are some very big issues. I share our stuff with California, where my father had Alzheimer's, and I used to be very much involved with that. In fact, I get this regularly from California--

SENATOR PATERNITI: The next witness I'd like to call upon is Dr. Ben Shimberg. (no response) Frank Power, Senior Staff, Bergen County Division on Aging.

F R A N K P O W E R: I asked to be put on late. Here's the materials. (hands package to Committee Aide) There was a major break in the Hackensack Water Company today. None of us have any water, and the schools were canceled, and single parents-- We had to make last minute arrangements to get our kids taken care of. But, I'm happy to be here.

SENATOR D'AMICO: I heard the water was going back on around 11 o'clock. But you have to boil the water before you drink it for 24 hours.

MR. POWER: All right. I would like to welcome the Committee to Bergen County at your convenience sometime. The Assembly Senior Citizens Committee did meet up in Bergen County on tax deferral, and that's what I'd like to talk to you about. I'm not going to read my entire statement, but I want it in the record.

We have been working hard in Bergen County in some fashion for a number of years. I attended every single subcommittee meeting but two for a year of the Governor's Task Force on Senior Housing Options, and worked very hard to try to get a tax deferral recommendation to the Governor on behalf of Bergen County's 55,000 owner-occupied senior households.

Bergen County, as you know, has about 10% of the seniors in the State. We have an average tax load of 300, in contrast to about 2000 in the State.

There are many seniors I serve who I have helped with reverse mortgages who are living in $200,000 homes, but are also living on food stamps, because they are the epitome of these older adults who are what we call, "house rich and cash poor."

And senior advocates know, through studies like this, a major study by Transamerica Corporation, that the overwhelming majority of seniors want to stay in their own homes. They do not want to be forced to sell because of high taxes. They do not want to pack up their full life

and go someplace else simple because they cannot afford to meet those taxes.

And in a county like Bergen, where about one out of every five owners is a senior household, it is not possible to have the seniors stop paying taxes. Municipalities could just not handle that.

Also, there are many problems with regard to tax relief, which you are well aware of as legislators. There is the tax justice issue, which I mentioned, which we think should be addressed. But our purpose is tax deferral through home equity conversion. And we urge you to consider the recommendations that are in this study. And any legislation or any bills that would be offered in the Senate comparable to the Assembly bills, we would urge you to give what's in there primary consideration, particularly on behalf of Bergen County seniors.

I only want to read two paragraphs and then I will entertain some questions, if you have any. The last paragraph on the first page is simply, since the main complaint senior homeowners have is the high taxes, I would like to make three brief remarks about tax reform, tax relief, and tax deferral. We believe tax deferral is the answer in Bergen. It's an acceptable financial practice. It's not a charity. It allows seniors to pay their bills. And I work extensively with seniors in this area, and know that seniors, through a reverse mortgage process, are able to get some moneys to pay their taxes. It allows seniors to pay their bills without all these worries that they have -- how am I going to meet the next quarterly tax bill? Seniors are worried about this. They deny themselves all kinds of commodities, health care, etc., in order to avoid, at least in their minds, the tax man coming and taking their home.

So, we believe that tax deferrals should be a first choice for seniors. It's not a panacea. We know that.

And then I've given a couple examples of things about flexibility and simplicity. I have talked at length to over 250 seniors, anywhere from 30 minutes to an hour, in explaining to them what home equity conversion is and some of the things that they have to know.

And, lastly, I would just like to point out on the last page -- page four -- we are aware that because of this study, and we feel the irony intensely, that we have worked as hard as anyone to get tax deferral considered on the statewide option, but some of the plans that would be put forth would effectively eliminate 95% of Bergen County's seniors, and I'm talking about putting tax deferral with urban aid communities.

And, if that is done, only one municipality in Bergen County would qualify as an urban aid community, and it would effectively eliminate 95% of these 55,000 homeowners, particularly the 22,000 that are on the bottom 40%.

Obviously, seniors in the upper income bracket, and even in the middle-income bracket, are not going to be concerned about this. It's the seniors who are in the lowest 40%. And I remind you that 40% of the lowest income seniors are homeowners. These are the seniors who are having these horrendous taxes, the maintenance problems, and the pressure to sell their beloved home in which they raised their children, and go someplace.

And, lastly, the amounts that have been suggested in some bills in the Assembly, as I understand, would be coming forth from the executive, from the Governor, and would have a limitation of $1000. I urge you to raise that at least to $2000, or to 50% of whatever the tax bill is for the senior, for equity and fairness.

If we're going to have an income guideline, which we would urge you-- Whatever your income guideline is, it's not fair, in our opinion, to have a senior whose tax bill is very high, to only have $2000 deferred, where someone's tax bill might be $1000, and they can defer that tax. So, this is the most important point. I know it may not be on the top of your agenda right now, but we do know it is coming to the agenda soon. So, we urge you to consider this.

SENATOR PATERNITI: A lot of things have gone through my mind. I know the seniors have had a real difficult problem on fixed income, as far as taxes. The gentleman pointed out, since 1980 his taxes went up 228%. Addressing it on a State level, it's very, very limited. I've been kicking around an idea which should be addressed for seniors on the Federal level, and they should go according to income.

First of all, they should have a home appraised and know what the house would cost. What you would do is, more or less, contemplate on the State level a reverse mortgage type of setup. The Federal government would pick up the cost of whatever the taxes are on that home. When they would exhaust the entire net worth of the house, the person would continue to live in that house, but he would come under what we call a Section 8 type of setup, where a person would pay maybe 30% of the income, and the Federal government pick up the rest of the cost of those taxes. When the person passes away, the State would take over the property. They have a right to sell it and get those revenues back, and so on and so forth.

I think things like this throughout the country would really be tax relief for senior citizens, and I think that probably would be the best answer. They would never be put out of the home that they've worked for all their life. Because most of these homes, probably in most cases,

would be paid off, and then they discovered the reverse mortgage. The fear would be in 10 or 12 or 15 years, or 20 years, "I'm going to be put out in the street." Once that bottoms out, they would trigger into, more or less, something like Section 8 housing. The Federal government owns the home, and they would continue to live there the rest of their life. They will have 30% of their income, and the rest they would have to live on.

But, I've been mulling a lot of things over in my mind, and I was thinking of this on a Federal level. On a State level, we have a lot of budget restrictions, and we're beating our head against the wall. I wanted to increase the business corporate tax, and if somebody qualified under three times per capita through the county, they would be entitled to either having half their taxes paid, or get paid up to a maximum of $1000, because you can generate 2%, $300 million. And I had studies that showed most senior citizens could get back about $1000.

Say, if they paid $1600 in tax for the house, they would get back $800. If they paid $3000 or $4000, they could get up to a maximum of $3000 or $4000. The bill is in the hopper. I don't know if it's going to go anywhere. I know it's been on my mind, like other legislators. We're really beating our heads against the wall to try to get the seniors some tax relief. I'm glad you brought this point up.

SENATOR D'AMICO: We're going to need to look at our tax policy in this State, particularly as it pertains to relief of senior citizens' property tax burdens, because it's becoming an outrageous situation.

There is one bill, again, that Senator Pallone had initiated, which I've taken over as sponsor -- S-1472 -- which would establish a program of reverse mortgages which the HMFA-- That's a $5 million program. That's

in the Labor, Industry and Professions Committee. I don't know whether that is a workable approach.

MR. POWER: May I comment on that? The approach through the HMFA, I believe, and I attended every session on the reverse mortgage-- A number of my colleagues believe that that is not the way to go, because when they were asked, the cost factor that they brought back was very high. Whereas, with the tax deferral program, which is a very simple mechanism, the senior goes to the tax collector.

SENATOR D'AMICO: You're referring to the cost of administration being too high?

MR. POWER: The cost of administration is very high; was really stunningly high when they brought back how much it would cost them to do that. So, that really soured us from that perspective.

If I may add one more thing, the Federal government has now a reverse mortgage insurance program. And only one mortgage bank, being Comfed in, I believe, Mount Laurel, New Jersey, was chosen by the lottery recently to get the insurance. I believe, if the Legislature decides to go with the reverse mortgage, it would be better to go through private lenders, local banks like Laurel Springs Savings and Loan in Rutherford, New Jersey, utilizing the insurance mechanism across the State. That, I think, is a much better way to go. And a big problem with that is, many banks do not want to pay out and not get the money back. That's a major obstacle.

SENATOR D'AMICO: So, the insurance, obviously--

MR. POWER: Because they don't want to do that. That throws you back into income tax.

SENATOR D'AMICO: Regardless of whether insurance is available, they just don't want to lay the money out. Is that the point?

New Jersey State Library

MR. POWER: Even Howard Savings Bank has a high interest in this. They are not-- They almost went for it, but they have backed away from it. So, I do not see -- and I'm up-to-date on this -- those banks coming into the field.

SENATOR D'AMICO: Okay, thank you for your statement.

SENATOR PATERNITI: Next we have Carl West.

C A R L W E S T: I am the Legislative Chairman for the New Jersey Association of Area Agencies on Aging, and a member of the National Board of the National Association of Black Aged.

I am very concerned over the fact that poverty is still alive and well in the State of New Jersey, particularly as it relates to its older people. My purpose for being here today is to propose to this Committee the creation of a Joint Legislative Task Force that would examine the problem of poverty among the elderly, and what measures could be developed for the purpose of eliminating poverty among the elderly.

There are four states in this United States which supplement SSI payments to bring SSI recipients up to poverty level: California, Massachusetts, Connecticut, and Alaska. We think that because the poverty programs no longer exist in New Jersey that we have eliminated poverty.

It is also disturbing to find that of the elderly people who are in poverty, over 40% of them are minority, which we feel is a very inadequate situation, particularly when they represent only 12% of the elderly population.

SENATOR PATERNITI: And most of them are elderly women.

MR. WEST: Yes, definitely. We think that is a matter that needs to be addressed, and we would suggest that this august Committee talk to the leadership of the Legislature for the purpose of proposing a task force that would examine this very serious problem.

We are supportive of those other programs which are designed to prevent premature and inappropriate institutionalization, and also to provide relief to middle income taxpayers who are assuming much of the burden for many of the services that are being provided. However, we feel it is also appropriate to recognize there are a vast number of -- thousands of -- older people in the State of New Jersey who heretofore have not been recognized as living in poverty.

We also know, and it has been admitted by the Department of Human Services, there are a substantial number of people who are eligible for SSI who are not receiving it. We think the Committee should examine that aspect in terms of what needs to be done to reach out and bring those people into the system, because we feel that oftentimes, many folks do not participate in these programs for any number of reasons. And because they do not participate, I think we have a moral obligation to find out why, and, where possible, to bring them into the system, so they can receive the services that were created for them.

So, I would leave you with that proposal and would be very much willing to assist you in any way that we can.

The National Caucus and Center on Black Aging conducted a study through the Special Senate Committee on Aging, and it was discovered that there were a substantial number of elderly people-- Unfortunately, we did not conduct a congressional hearing in New Jersey. We did a study in New York, California, Mississippi, Alabama, and Georgia, if I can recall, and we feel that the situation here in New Jersey warrants an examination. And we feel that the Legislature can provide an opportunity to eradicate, or move in some way, to resolve the issue of poverty among the elderly.

SENATOR D'AMICO: Thank you very much.

SENATOR PATERNITI: Thank you. Anyone else that would like to come before this Committee to testify? (no response)

If not, I would like to thank all of you who are here today. This is a first in a series of public hearings we're going to have throughout the State. The next one will be in Middlesex County, the Edison Township Municipal Building, a week from today, at 10 a.m.

You're going to be conducting one--

SENATOR D'AMICO: March 23, Long Branch City Hall, Council Chambers.

SENATOR PATERNITI: And the fourth will be up in Hudson County. I guess Senator Jackman will be setting up the particulars, as far as that hearing is concerned.

So, again, thank you for coming, and we appreciate your input.

(HEARING CONCLUDED)

APPENDIX

TESTIMONY BY FRANK POWER

on behalf of

GLORIA LAYNE, DIRECTOR
THE BERGEN COUNTY DIVISION ON AGING

at the

PUBLIC HEARING OF THE
SENATE COMMITTEE ON AGING

THURSDAY, MARCH 9,1989

STATE HOUSE ANNEX
TRENTON, NEW JERSEY

1.X.

Good Morning.

I am speaking on behalf of Gloria Layne, the Director of the Bergen County Division on Aging and, of course, in my own capacity as a senior staff member whose area is housing, especially home equity conversion. Mrs. Layne, her Director, Joan Wright of the Bergen County Department of Human Services, County Executive, Mr. Mc Dowell and Freeholder Vandervalk have given considerable attention to this concept of home equity conversion as a way to help alleviate the serious financial challenges that beset Bergen County senior home-owners. In my capacity as a senior housing specialist, I have spoken at various public hearing, served on the Governor's Task Force on Senior Housing Options representing the New Jersey Association of Area Agencies on Aging. I attended nearly all the sessions of the Task Force, usually in Trenton for about a year. Finally I have spoken in depth to Bergen Seniors by the hundreds and have taken official depositions for state hearing on seniors in Bergen who enjoy the benefits of home equity conversion.

The Bergen County Division on Aging is the federally mandated Area Agency on Aging with official responsibilities to foster the goals of the Older Americans Act of 1965, As Amended, among the 160,000 senior citizens of Bergen County. Bergen County has the largest number of seniors in any county and as a rule of thumb has about 10% of the seniors in the State of New Jersey. Several of the primary goals of the Older Americans Act are being compromised and jeopardized by the harsh financial circumstances facing our county's 55,000 senior owner occupied households. For example, it has become increasingly difficult to retire with dignity and honor in Bergen County because what was supposed to be adequate income has proved not to be. The goal of suitable and affordable housing, the American Dream, has become a nightmare to all too many senior homeowners whose worthy goal, is scarcely achievable when constant worry about meeting the tax bill forces many seniors to compromise the care of their teeth, healthy socialization and nutritious food. However, I'm sure Bergen Seniors will bring those difficulties to your attention better than I.

Since the main complaint senior homeowners have is their high taxes, I would like to make three brief remarks about tax reform, tax relief and tax deferral. Tax reform is a justice issue; the mix of income, sales, property, and corporate taxes is obviously an important issue. Efforts to change the mix more equitably for seniors are obviously worthy. Second, Tax relief is what many seniors want and are calling for. However, as many as 20% of the homes in Bergen County are owned by seniors. Municipalities must continue to meet their responsibilities and tax relief in the sense of tax forgiveness and charity is fraught with diviseness.

2X

Tax deferral we believe is the answer, Tax deferral is a loan; it is an eminently acceptable financial practice. It is not a charity, it allows seniors to pay their bills ultimately from their own resources. It alleviates quarterly tax worries: it provides discretionary monies for needed commodities. For this reason the Bergen County Division on Aging Advisory Council three years ago passed a resolution that the Division should work hard to make tax deferral a reality for Bergen County seniors. Tax deferral we believe is the best way to help seniors achieve their overwhelming first choice: to "age in place" - to live out their lives in their own homes with sufficient income to purchase needed services.

At this point I intend to sketch briefly the principles needed to make property tax deferral work.

The principles are three: keep the program simple so that it is as easily understood as possible: keep it flexible so that other programs such as home improvement loans, home health care equity lines, or long term care insurance can be piggy-backed onto the program if and when that is desired, needed and available. Finally, maintain adequate consumer safeguards such as adequate disclosure and counselling at the origination of the loan.

Keep it simple. Seniors will resist a program that is too complex especially as they are reluctant to undertake new financial obligations on their house and they remember and fear the foreclosures of the thirties. Therefore, keeping the proposed program within one agency the Tax division, one easily understandable pool of eligibility the $250 property tax deduction. Keep the interest low and constant as 5% or 6% compounded annually. Make it worthwhile, $85 a month won't do it.

Keep the loan clearly related to their own home and their own tax needs. An arbitrary ceiling of $1,000 or a particular goal of helping urban communities such as Garfield confounds the issue. Counselors will have to explain loan to value ratio anyway. Therefore the amount borrowed should be clearly within that context. For example, a younger senior with very meager resources and high taxes will have to consider the long payout period with the effects of the compounding of interest. This is the same principle that a senior must understand at 65, 75, or 85.

New Jersey State Library

Keep it flexible. Under present home equity conversion programs, especially the private ones, subsequent liens are very difficult. A 50% loan to value ratio allows for other liens more easily. Home improvement liens are often desirable and available at very low interest deferred payment. These obviously can repair the roof or replace a boiler and maintain both the value of the house and the quality of life. Other states are addressing the costs of home health care from home equity conversion. New Jersey may also. Credits of $5,000 per year may be given and available when needed. LTC insurance may be reasonably available and save the state much money. We recommend that any Senate bills regarding tax deferral for seniors follow closely the recommendations of the Task Force on Senior Housing Options submitted to Govenor Kean in 1988.

Consumer Safeguards are outlined in the Final Report of the Task Force on Seniors Housing Options and need not be repeated here. However, the program should be truly voluntary and treated as a loan and not income. It should not jeopardize seniors homeowners access to public benefit programs.

In conclusion, for the 22,000 or 40% of lowest income Bergen County senior owner occupied households, the following is recommended.

1. For simplicity the $250 Real Property Tax Deduction eligibility pool and low fixed interest rates should be utilized. Seniors are used to the tax collector, and the $250 deduction. The relate better of course, to low fixed interest- 5% - 6% If the PAAD Guidelines are chosen, we urge that higher guidelines for PAAD eligiblilty be used namely: $15,000 for single income and $21,500 for married seniors.

2. For flexibility, the 50% loan to value ratio recommended by the Tax Defferal Sub-Committee of the Task Force on Senior Options is best. Building in a 30% share of the equity from the beginning for alternate opportunities for home equity conversion is crucial. It's the equity in their homes that is sufficient to pay for home health care- the second most serious problem for many seniors.

3. Consumer safeguards
Seniors will be much more prone to take a tax deferral loan where guarantees are made of no foreclosures. They also want something left for their heirs. The program should strive to achieve these goals as well.

4X

4. Most importantly, no state tax deferral program should be established which effectively eliminates 95% of Bergen County homeowners as will be the case if only urban aide municipalities are targeted in a demonstration program. Furthermore, Bergen County's approximately 22,000 owner-occupied households which make up the lowest 40% in income need and deserve fair consideration. The amounts deferred in a state program to effectively help them, should be at least $2,000 or 50% of their annual property tax bill whichever is greater.

5X