



AARP New York

**Testimony before the
Joint Legislative Budget Committee
Senate Finance and Assembly Ways and Means**

**Human Services
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**Legislative Office Building
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Introduction

Good afternoon Senator Young, Assemblymember Weinstein, and members of the Committee. I am Beth Finkel, and I am the State Director for AARP New York. AARP is a social mission organization with over 2.6 million members in New York State. I would like to submit the following testimony regarding the Human Services portion of the Executive Budget. My statement will focus on critical issues facing older New Yorkers and their families and the economic impact of the 50-plus.

I would like to start my testimony with some information that needs to be incorporated into the aging policy discussions in New York - the economic impact of the 50- plus on New York's economy, referred to as the "Longevity Economy."

The Longevity Economy is the sum of all economic activity in New York that is supported by the consumer spending of households headed by someone age 50 or older—both in New York, as well as spending on exports from New York to other states and Washington, DC. This includes the direct, indirect and ripple effects from the spending of those employed either directly or indirectly. I have attached a brief of the study that AARP conducted with Oxford Economics that provides data sources and more detailed information on the following points I am going to discuss.

In New York State, people over 50 represent 35 percent of the state's population. However, they contribute to the economy in a positive, outsized proportion to their share of the population. The total economic contribution of people over 50 – **the Longevity Economy - accounted for 50% of New York's GDP, equaling a staggering \$704.4 billion. This supported 55% of New York's jobs (6,638,000), 51% of labor income (\$456.6 billion), and 47% of state and local taxes (\$75.2 billion).**

The \$704.4 billion impact of the Longevity Economy was driven by \$391.1 billion in consumer spending by age 50-plus households in New York, or 56% of total comparable consumer spending. The

categories where Longevity Economy spending accounted for the largest share of total consumer spending were health care (66%), utilities (56%), and entertainment (56%).

People over 50 also make a significant contribution to New York's workforce, with 67% of people 50-64 employed, compared to 78% of people 25-49. Overall, people over 50 represent 34% of New York's workforce. Among employed people, 13% of those 50-64 are self-employed entrepreneurs, compared with 9% of those 25-49.

Clearly the 50-plus in our state are having a great economic impact. These individuals may also be engaging in caregiving activities for older relatives, as well as caring for their own children and deserve our help. We need to make investments in this population in a way that can ease some of the burdens they face when trying to care for an elderly parent or spouse. This investment would go a long way in their lives.

Caregiving – Help For Middle Class New York Families

The Governor's FY 2018-2019 Executive Budget does not provide sufficient funding for the New York State Office for the Aging's (SOFA) non-Medicaid funded home- and community-based programs for older persons and their family caregivers. These programs are vital for keeping older persons out of expensive taxpayer-funded institutions and are of great value to the millions of caregivers in our state.

Caregivers are the backbone of the long-term care system. According to SOFA, there are approximately 3 million caregivers in New York who provide more than 2.6 billion hours of care to loved ones each year. The annual economic value of this care is \$32 billion.

Unfortunately, there is a statewide waiting list of approximately 20,000 people seeking non-Medicaid-funded home- and community-based services through programs such as the Community Services for the Elderly (CSE) and Expanded In-home Services for the Elderly (EISEP) programs, senior

transportation services, and home-delivered meals. Many counties do not keep waiting lists, and there are an unknown number of eligible people who are not even aware of these programs.

Family support is a key factor in determining an older person's ability to remain in his or her home and community and out of taxpayer-funded institutional care settings such as nursing homes. However, the care provided by family members comes at a cost, both to the caregiver and to their families.

A recent survey conducted by Siena College shows that the majority of New York State Generation Xers and Baby Boomers would prefer to receive long-term care services at home rather than in a long-term care facility. It is clear from "Countdown: New York's Vanishing Middle Class," a survey conducted by Siena for AARP, that middle class New Yorkers face a looming crisis. They are ill-prepared to pay for long term care services and may require Medicaid-funded nursing homes or home care. This current situation is indicative of the need for public policy changes and funding that will help people age and be cared for at home.

The situation is especially dire in communities of color, as reported in AARP New York's recent "Disrupting Disparities" brief; nationally, African American/Blacks, Hispanic/Latinos and Asian American/Pacific Islanders are going to nursing homes at the highest rates, suggesting unequal access to home and community-based services (HCBS)¹.

New York State needs to make an additional investment in non-Medicaid home- and community-based care that not only assists older persons but their family caregivers as well. New York State's lack of commitment to older residents and their caregivers comes at the wrong time, as our

¹ https://18672-presscdn-pagely.netdna-ssl.com/wp-content/uploads/2018/01/AARP_DisparitiesPaperSummary_Booklet_FINAL.pdf

population ages there are fewer caregivers to care for more frail elderly while the waiting list grows every year.

AARP is requesting an additional \$25 million investment in non-Medicaid home- and community-based care to help clear the waiting lists, assisting older persons and providing much-needed respite to their family caregivers.

Middle Class Caregiver Tax Credit

A new approach to help people age in their communities and support caregivers is the creation of a caregiver tax credit. While respite is essential to providing caregivers relief from their duties, caregivers also need help with the financial toll of caring for their loved ones.

Caregiving expenses could include payments made by the caregiver for goods and services such as home health agency services, adult day care, personal care attendant services, homemaker services, respite care, health care equipment, home modifications, and transportation, all of which work to keep the older person living independently in their home.

AARP conducted a study among family caregivers caring for an adult over the age of 18 to explore the out-of-pocket costs and the financial strain on the family caregiver. In addition to out-of-pocket costs, this study explores other financial and personal strains that family caregivers may experience as result of caregiving.

- The new AARP report, which determined the amount of money that family caregivers spent over the last year, yielded striking findings: More than three quarters (78%) of caregivers are incurring out-of-pocket costs as a result of caregiving. This report estimates that family caregivers, on average, spent roughly \$6,954 per year on out-of-pocket costs related to caregiving in 2016.

- Household expenses garner the largest share of family caregivers' out-of-pocket spending with 41% of total spending. This includes rent/mortgage payments, home modifications, as well as other household expenses. Medical expenses account for the second largest share of caregivers' spending (25%) which includes assisted living or skilled nursing facilities, insurance costs, and other medical expenses.
- Family caregivers for adults with dementia reported nearly twice the out-of-pocket costs (\$10,697) than those caring for adults without dementia (\$5,758).
- A financial strain measure (annual caregiver expense divided by their annual income) shows caregivers are spending, on average, nearly 20% of their income on caregiving activities.
- Hispanic/Latino family caregivers spend an average of \$9,022, which represents 44 percent of their total income per year. By comparison, African American family caregivers spend \$6,616, or 34 percent; white family caregivers spend \$6,964, or 14 percent; and Asian Americans/Pacific Islanders spend \$2,935, or 9 percent.
- Long-distance family caregivers had the highest out-of-pocket costs at \$11,923 compared with family caregivers living with or nearby their care recipients.
- Many family caregivers also need to cut back on other spending which can undermine the family caregiver's future financial security. One in six (16%) have reduced contributions to their retirement savings.

AARP recommends that the legislature include a middle class caregiver tax credit in the final state budget. The tax credit would be for individuals with a gross income of \$75,000 or less and couples with a gross income of \$150,000 or less. The credit we propose would not exceed \$3,500, or fifty percent, of the total amount expended. This modest but well-deserved tax break for the middle class

saves all New York taxpayers money in the long run by keeping older adults out of taxpayer-funded institutions across the state.

Senior Financial Exploitation

Unfortunately, many older adults fall victim to financial exploitation when an individual misuses a vulnerable person's wealth and assets for their own personal gain. This can result in older adults losing their often limited income, and with that, their ability to pay for necessities such as food, rent and health care costs.

Financial exploitation of older adults is a growing problem in New York State and across the country. According to a 2016 study by the New York State Office of Children and Family Services (OCFS), approximately five million older adults are exploited every year nationwide. In New York State, the number of reported cases of financial exploitation increased by more than 35% between 2010 and 2014.

We also know that financial exploitation is widely underreported. A Lifespan study estimates that 260,000 older New Yorkers fall victim every year, and for every one case that is brought to the authorities, approximately 23 cases go undetected. The OCFS Bureau of Adult Services estimates that elder financial exploitation in New York costs a total of \$1.5 billion dollars, which is a cumulative figure of the damage done to victims and the state.

We are pleased that the Governor maintained the funding (\$500,000) for the Enhanced Multidisciplinary Teams (EMDTs). Is our understanding that this funding will be used to draw down \$2 million in Federal funding through the Office of Victim Services to maintain and expand the EMDT program.

However, AARP was disappointed the Governor did not include language in his budget that would train and legally authorize bank employees to place a hold on the bank account of a vulnerable

adult if there is a reasonable basis to believe that the adult is a victim of actual or attempted financial exploitation. This would enable banks to act quickly when they suspect a case of financial exploitation, while still allowing the account holder to access funds for housing and emergency expenses.

AARP recommends that the legislature accept the funding for the EMDTs and include language in the final budget that trains and legally authorizes bank employees to place a hold on the bank account of a vulnerable adult if there is suspicious activity identified.

Kinship Care

Kinship care refers to grandparents, other relatives, and family friends who are raising children. More than 200,000 children live in kinship families, but less than 3,400 are in foster care, despite the similar causes for care.

The New York State Kinship Navigator program has stated that the heroin/opioid crisis is forcing more children into the arms of relatives and that Kinship care has become one of the state's most valuable child welfare resources, and is a vital part of providing safe and stable homes for children impacted by the opioid epidemic.

Currently, the 22 OCFS-funded kinship care programs cover 22 counties, with the Navigator covering the remaining 40. The local programs and the Kinship Navigator are vital to the local kinship communities, enabling new kinship families to care for children, especially those whose parents have succumbed to drug/opioid abuse.

The Governor's proposed FY2018-19 budget only provides \$338,750 for local kinship programs and \$220,500 for the navigator program, which greatly hampers the ability of these programs to carry out their missions.

AARP requests that the legislature add \$1.9 million, as it has done in the last two budget cycles, to the kinship care programs in order to maintain the progress the state has made in in kinship care services, as well as add \$380,000 to the Kinship Navigator program so it can continue to provide services to counties not covered by the existing OFCS kinship programs.

Access to Retirement Savings Programs

AARP supports the Governor's Executive Budget proposal to create the New York State Secure Choice Savings Program, a voluntary-enrollment payroll deduction Roth IRA to be administered by the Deferred Compensation Board. This program would be available to private businesses that do not currently offer a retirement savings plan to their employees and would like to do so.

This proposal is similar to one championed by Senator Savino and Assemblymember Rodriguez, which has received broad bipartisan, bicameral support.

More than 3.5 million private sector workers in New York State have no access to a retirement savings account through their employer². That means more than half of the private sector workforce has no way to build their financial future at work, even though workers are 15 times more likely to save for retirement if their employer offers a plan³. That's why it is vital that all workers in the state have access to payroll deduction plans.

New York State can help New Yorkers save for their future through Secure Choice, which would be voluntary for the employer and the employee. Through a highly-effective automatic enrollment option that has been shown to result in a participation rate of around 90 percent, employees will be contributing to their own Roth IRA. This provides a convenient way for people to save on the job and continue saving if they change jobs. This program gives employees control over their own financial

² <http://www.aarp.org/content/dam/aarp/ppi/2015-08/aarp-new-york-fact-sheet.pdf>

³ <https://blog.aarp.org/2014/06/24/greater-saving-can-increase-retirement-security-and-economic-growth/>

future – they choose if they want to contribute, and how much they will contribute. In a recent survey of New Yorkers aged 50-plus, 77% said they favor the creation of such a savings program⁴.

Not only does Secure Choice offer a safe, portable investment option for people who lack a way to save through their place of employment, it would not rely on any ongoing state costs. Further, by making increasing access to retirement savings, fewer people will be retiring in or near poverty, making them less likely to be in need of taxpayer-funded services down the line.

AARP believes the enactment of Secure Choice is one of the most effective ways to ensure that all New Yorkers have the tools they need to be financially secure in their retirement. AARP urges the Legislature to include Part X of the Public Protection and General Government Executive Budget into the final state budget to establish the Secure Choice Savings Program.

Conclusion

Thank you again for allowing AARP to submit testimony on behalf of our 2.6 million New York State members regarding the Human Services Budget in New York State. The programs I have highlighted will not only help thousands of New Yorkers and their families, but will undoubtedly save taxpayer money now and in the future.

⁴ http://www.aarp.org/content/dam/aarp/research/surveys_statistics/general/2014/2014-State-of-the-50-Plus-in-New-York-State-AARP-res-gen.pdf