

THE ADVOCATE

June 2011

KEY PROGRAMS FOR SENIORS SPARED FROM STATE BUDGET CUTS

The state legislature demonstrated its commitment to Michigan’s vulnerable older adults with a FY 2012 budget that retains funding for key aging programs. This budget ends three years of painful cuts to home- and community-based programs which help older adults live independently. Unfortunately, some smaller programs were trimmed or eliminated. In addition, while older Michiganians were called upon to “share the sacrifice” through reduced income tax preferences and exemptions, lawmakers softened the impact on the lowest income seniors. Here are the provisions of the FY 2012 state budget with the most significance to older adults:

Thank You

Advocates

PROGRAMS

- **Older Michiganians Act programs** administered through the Office of Services to the Aging (OSA) will receive state funding at 2011 levels.

Nutrition Services (Meals on Wheels).....	\$8,787,000
Community Services (in-home supports, caregiver respite)....	\$12,353,500
Senior Volunteer Programs.....	\$4,465,300

The OSA had experienced a 28% budget cut (\$10 million) in state funding over the past three years and level funding in 2012 will prevent further cuts to meal services and help to reduce wait lists for in-home supports. One OSA program has been eliminated, the Tribal Elders Program.

- **MI Choice** – The MI Choice Medicaid waiver program will receive a funding increase of \$26 million to be used to maintain the successful nursing facility transition program. The 2012 MI Choice budget, at \$230 million, is still \$16 million less than necessary to achieve the Governor’s benchmark of 1,500 transitions, and monies will be transferred from Medicaid’s long term care services line item to bridge the gap, if necessary.
- **Nursing Homes** – Nursing homes, as a part of Medicaid long-term care services, will see a gross funding cut of approximately \$1 million from federal and state sources. State general fund monies (\$75.6 million) were added to backfill the hole left as federal stimulus funding (American Recovery and Reinvestment Act of 2009—ARRA) ends.
- **PACE** – The Program for All-Inclusive Care for the Elderly will receive a 30% funding increase, \$7.1 million.

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KEY AGING PROGRAMS SPARED FROM STATE BUDGET CUTS—continued from page 1

- **Home Help** – Individuals who receive assistance only with IADLs (Instrumental Activities of Daily Living) such as shopping and bill paying, will no longer be eligible for the Home Help Program, saving the state \$6 million. Those who receive Home Help care for ADLs (Activities of Daily Living) such as personal care, may continue receiving IADL care through Home Help.
- **MQCCC** – The Michigan Quality Community Care Council has not been allocated specific line item funding for 2012. Tasks may be reassigned to county offices of the Department of Human Services. Savings to the state, \$500,000.
- **Managed Care Program for “Dual-Eligibles”** – A policy change to implement a managed care program for individuals eligible for both Medicare and Medicaid is estimated to save the state \$10 million; the state must apply for a federal waiver to begin such program.
- **Mental Health** – Non-Medicaid community mental health funding was cut 3%, \$8.5 million.
- **Public Transit** – Funding for public transit such as bus service was maintained. Early versions of the budget bill proposed a transfer of \$15-20 million from public transit to the state’s general fund.

INCOME TAX

- **Senior Exemption**—The personal exemption for individuals age 65 and over of \$2,300 will be eliminated. Special exemptions for disabled individuals and disabled veterans are retained.
- **Earned Income Tax Credit (EITC)** – Michigan residents eligible for the federal EITC can claim a state EITC equal to 6% of their federal credit, down from 20%.
- **Homestead Property Tax Credit** – The senior preference for receiving the credit ends in 2012. The new credit will equal 100% of homestead property taxes that exceed 3.5% of household income for those with annual household incomes of \$21,000 or less. For taxpayers with incomes of more than \$21,000 but less than \$50,000, the credit will be given at a reduced rate. The maximum credit allowed is \$1,200. Certain conditions exclude taxpayers from receiving the credit: incomes of \$50,000 and over, and homes with a taxable value of more than \$135,000. Generally a home’s taxable value is 50% or less of market value.
- **Pension Tax** – Beginning 2012, exemptions for most public and private pensions will be reduced or eliminated, depending on the age of the taxpayer. The legislature voted to shield adults age 67 and over from increased pension taxation, acknowledging that this group may be unable to adjust their household budgets to absorb the new tax. For younger pensioners, age 60-66, pensions above \$20,000 (single filer) and \$40,000 (joint filer) will be taxed. At age 67, all income up to a \$75,000 (single)/\$150,000 (joint) ceiling is subject to the \$20,000/\$40,000 exemption. Expecting that public employee groups will fight the tax plan, the Governor has requested that the state Supreme Court rule on its constitutionality. Refer to the chart on the next page for pension tax details.

Sources: House Fiscal Agency, Senate Fiscal Agency, Area Agencies on Aging Association of Michigan, Transportation Riders United



The Area Agency on Aging 1-B (AAA 1-B) is a nonprofit agency serving the needs of older adults in Livingston, Macomb, Monroe, Oakland, St. Clair, and Washtenaw counties. For more information about the Senior Advocacy Network (SAN) or to receive future editions of The Advocate, contact Ann Langford at (248) 262-1282 or by e-mail at alangford@aaa1b.com.

PENSION TAX REFORM

The pension tax changes include a phase-in provision based on age.
To see how the changes in the law will effect you, please refer to the chart below.

Age Group	Public & Private Pensions	Other Retirement Income (401ks/IRAs/Social Security)
67 & older as of January 1, 2012	Public pensions are fully exempt. Private pensions are exempt up to \$45,120 (single filer)/\$90,240 (joint filer) per current law.	401ks/IRAs are exempt up to \$45,120 (single filer)/\$90,240 (joint filer) per current law. Social Security & military pensions are exempt.
60-66 as of January 1, 2012	\$20,000 (single filer)/\$40,000 (joint filer) exemption against all retirement income. At age 67 the exemption applies to retirement and non-retirement income.	Same as pensions. Social Security, military pensions and personal exemptions are exempt from the income tax. If total household resources exceed \$75,000 for a single return, or \$150,000 for a joint return, the \$20,000/\$40,000 exemption is eliminated
Younger than 60 as of January 1, 2012	No exemptions until they turn 67. When 67 and older they will receive a \$20,000 single/\$40,000 joint special senior exemption against all types of income. This exemption can be taken instead of the Social Security and personal exemptions if it would result in more generous tax treatment.	If total household resources exceed \$75,000 for a single return, or \$150,000 for a joint return, the \$20,000/\$40,000 exemption is eliminated.

Chart courtesy of State Senator John Pappageorge, District 13

Hearings Begin on Older Americans Act Reauthorization

The U.S. Senate Special Committee on Aging held a hearing in late May to explore ways to reshape and modernize aging services through the reauthorization of the Older Americans Act (OAA). Kathy Greenlee, Assistant Secretary for Aging, testified on reports from more than 60 listening sessions held throughout the country and online input from interested organizations and individuals. To read Secretary Greenlee's remarks, "Meals, Rides, and Caregivers: What Makes the Older Americans Act so Vital to America's Seniors," go to <http://aging.senate.gov/hearings.cfm>. For a paper copy, contact Ann Langford at (248) 262-1282.

Also testifying at the hearing was former First Lady, Rosalynn Carter, who spoke on behalf of the Rosalynn Carter Institute for Caregiving. One of the priorities for Committee Chairman Senator Herb Kohl (D-WI) is to help the nearly 44 million family members providing care to an older relative.



Join the Senior **WAVE** at
Older Michiganians Day 2011

Wednesday, June 15
State Capitol Lawn
10 am – 2 pm

**Older Adults Will Play a
Role in Michigan's
Reinvention –
Make Your Voice Heard!**



We Advocate, Vote & Enrich Communities

The Long Term Care Services and
Supports employment sector
creates more jobs than most
industries in Michigan

Source: Michigan Olmstead Coalition

Participate from Home!

Call your state legislators and urge them to
support senior programs.

Senators (517) 373-2400
Representatives (517) 373-0135

Operators will direct you to the legislator
who represents you.

2011 – 2012 Legislative Platform

- #1** – Invest in quality Long Term Care options focused on cost-effective solutions that meet the needs of citizens
- #2** – Provide suitable housing, transportation and health care choices to support independent living and strengthen the economy
- #3** – Ensure safety and security through elder abuse protection

Contact Ann Langford at Area Agency on Aging
1-B for more information by e-mail at
alangford@aaa1b.com or by phone at (248) 262-1282.

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