

**Key Issues in Aging Policy in North Carolina**  
**Presentation to the North Carolina General Assembly's**  
**Study Commission on Aging**  
**by Ran Coble**  
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Good morning, and thank you for inviting me to be with you today. My name is Ran Coble, and I serve as Director of the N.C. Center for Public Policy Research. I'm going to do 3 things this morning: (1) first, tell you quickly about the Center for Public Policy Research; (2) second, talk about our research on key issues affecting the aging, particularly focusing on fraud committed against the elderly; and (3) third, give you recommendations on 2 other issues that you might also address in the 2011 legislative session.

**I. ABOUT THE N.C. CENTER FOR PUBLIC POLICY RESEARCH**

So first, a word about the N.C. Center for Public Policy Research. The Center is not a state agency but a private nonprofit that was formed in 1977 to study important public policy issues facing North Carolina.

Our 23-member Board of Directors is designed to mirror the population of North Carolina in terms of race, gender, geography, and political party affiliation in its proportions of Democrats, Republicans, and Independents on our Board.

The Center takes no government money but receives its funds from 4 sources – foundation grants, corporate contributions, sales of publications, and individual members and donors across the state. I want to thank Commission member Joan Pellettier for being a Center member.

I'm here today because we published research on aging issues in our journal, *North Carolina Insight*, earlier this year, and we've been invited to share our findings and recommendations with you today.

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## II. DEMOGRAPHIC TRENDS IN THE GROWTH OF THE AGING POPULATION IN NORTH CAROLINA

In terms of sheer numbers, the biggest demographic change in North Carolina is the aging of our population. In 1900, North Carolina had one of the nation's youngest populations with half our people younger than 18. Only 3½ percent of all Tar Heels then were 65 and older. Even in 1960, North Carolina was still an extremely young state with just 7 percent of all residents 65 or older. But now, North Carolina has about 1.2 million people who are 65 years old or older. That's about 13% of our population. Twenty-eight of North Carolina's 100 counties have more people over 60 than young people under 25.

But by 2030, our 65 and over population will almost double and constitute almost 18% of our population. In 4 counties, more than 30 percent of the people will be 65 and older – Carteret County on the coast, and Cherokee, Clay, and Transylvania counties in the mountains. In 15 other counties, more than a fourth of the people will be 65 and over. This includes 6 counties along the coast – Brunswick, Dare, Hyde, Pamlico, Perquimans, and Tyrrell; it includes Moore County in the Sandhills; and 8 counties in the mountains – Alleghany, Ashe, Avery, Haywood, Henderson, Macon, Polk, and Yancey counties. Three of these mountain counties are in Senator Queen's district.

The most obvious reason for this growth in the aging population is people are living longer. It used to be that men could expect to live about 68 years and women 72 years. But North Carolinians who are 65 years old today are expected to live, on average, to about 83 years old.

The second reason is that North Carolina is a retirement mecca. Older folks want to retire near our beaches, our mountains, and our golf courses in the Sandhills.

And, the third reason for this growth is the aging of the Baby Boomers – those born between 1946 and 1964. The Baby Boom generation is the second largest generation in American history. It is like a pig in a python, a big lump passing through the population, which creates various issues as it ages. For example, the Baby Boom generation created a huge demand for public school construction when it was young, and now Baby Boomers' children are having babies and creating a huge demand for day care. Soon, the aging of Baby

Boomers will accentuate the demand for nursing home care, pharmaceuticals, and all programs serving the elderly.

The number of people 65 and over will begin to explode as the first Baby Boomers start turning 65 this year. In North Carolina alone, more than 84,000 Baby Boomers will turn 65 this year. Globally, by 2050, the number of elderly will exceed the number of children for the first time in human history.

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### **III. OPPORTUNITIES FOR THE LEGISLATIVE STUDY COMMISSION ON AGING IN 2011 AND BEYOND**

Now I'm going to shift to 3 areas of opportunity for you as policymakers on aging issues in 2011 and the years ahead.

#### **A. Preventing and Reducing Fraud Committed Against the Elderly in North Carolina**

The first opportunity is to find ways to prevent and reduce fraud committed against the elderly. Let me explain what I'm talking about with four examples from our research.

First, a 92-year-old Army Colonel in Raleigh was bilked out of more than \$227,000 by home repair con artists who brought in rotten pieces of wood and a jar of termites and convinced him that his perfectly sound attic needed substantial repairs. Later, the Colonel said he knew he'd been defrauded and he wanted to help prosecute the scammers. But, after a storm struck his neighborhood, the Colonel contracted with the same scammers again to make bogus repairs. The scammers then took another \$22,000 of the Colonel's money.

Second, a man in Carrboro received an e-mail as part of a scam claiming that there was a problem with his online Bank of America checking account. The e-mail asked him to provide personal financial information and passwords to sensitive accounts. He did, and he became a victim of identity theft and fraud.

The third example involves former N.C. State University basketball player Hal Blondeau, who was a financial advisor with Morgan Keegan. In August, Blondeau was convicted of fraud after he bilked an elderly female client out of nearly \$3 million.

The client, Martha Capps, had inherited \$4 million in 1989 and turned it over to Blondeau to invest. Capps gave Blondeau power of attorney after she began to show early signs of Alzheimer's disease.

Blondeau dipped into Capps' account for a \$350,000 beach house near Morehead City and \$24,000 in wine and other personal expenses. The beach house was in Capps' name but would have been given to Blondeau upon her death. Blondeau pled guilty to taking \$531,000 out of the nearly \$3 million that the Capps' family says was stolen. He was sentenced to 36 months in prison and ordered to pay almost \$423,000 in restitution.

The fourth example is the story of Mary and Fred who lived in the mountains of Western North Carolina and gave all of their discretionary income to the local church or to televangelist ministries. They saw a California evangelist on television who said he wanted to spread Christianity to the Middle East, and they started giving money to him. Over time, he started visiting them at their home. Eventually, Fred needed more care than Mary could provide at home, so he moved to a local nursing home.

One day, the minister visited them in the nursing home. He brought legal documents that had been drafted by a local attorney, and the minister asked them to sign health care powers of attorney, a general power of attorney, wills, and a deed to their house, retaining only a life estate. All of the money was to go to his ministry.

The owner of the nursing home called the sheriff. The documents were destroyed, the minister was chased out of the county, and Medicare fraud charges were filed. But, Fred passed away shortly thereafter, and Mary was not able to testify because of her mental capacity, so the charges were dropped.

The minister returned weeks later, and Mary signed the legal documents again. This time, there was no one there to protect her.

North Carolina ranks 28<sup>th</sup> among the 50 states in the number of fraud complaints per capita and 21<sup>st</sup> in the number of identity theft complaints per capita. The Federal Trade Commission says that people over 50 account for more than a third (35%) of all consumer fraud complaints and 28 percent of all identify theft complaints.

Many scam artists specifically target seniors because they are more likely to respond to telephone or door-to-door calls, they are more trusting of others, their memory can be poor, and their assets often are easily converted into cash.

We at the Center made 4 recommendations to prevent and reduce fraud committed against the elderly in North Carolina.

**1. First, in 1973, North Carolina enacted the nation's first elder abuse law. But that act [Protection of the Abused, Neglected, and Exploited Disabled Adult Act] has not been updated since 1981. The Center recommends that the General Assembly clarify and strengthen the laws to support a broader system of protection for older adults for abuse and fraud.** The act needs to be amended to include physical, emotional, and sexual abuse; financial exploitation; neglect; and abandonment of older adults. And, to make the state law consistent with the federal Older Americans Act, older adults should be defined as those over 60. To make sure this does not have an unforeseen budgetary impact, the Center recommends piloting the redefinition of Abused, Neglected, and Exploited Adults in Adult Protective Services programs in 9 counties and evaluating the results before making the new law apply statewide.

**2. Second, the Center recommends that the legislature require reporting on the statewide incidence and prevalence of fraud and mistreatment of the elderly.** North Carolina needs better data if we're going to tackle fraud against the elderly and know whether we're succeeding. We need to know who is perpetrating these crimes and how often so that we can better protect our senior citizens.

**3. Third, the Center recommends that the General Assembly establish a study commission to examine how the N.C. Commissioner of Banks, the financial management industry, and law enforcement agencies can partner to prevent fraud against the elderly.** The purpose of the study commission would be to assess whether training for bank employees can help them recognize, report, and reduce the incidence of fraud against the elderly. We think banks are the first line of defense against these scams because they are in the best position to give consumers information at the key moment they need it – when they are depositing checks or withdrawing money.

Efforts in other states have demonstrated the value of bankers' roles in preventing fraud. For example, a bank in Illinois reduced losses to these scams by 85 percent by doing three simple things: (1) training the tellers to talk to seniors more fully when they ask questions and explain the difference between funds "being available" and the check "being good"; (2) handing everybody who comes in to deposit or withdraw \$1,000 or more a flyer about fake check scams; and (3) using technology to try to flag suspicious checks.

There is a similar success in an arrangement between Ohio's Attorney General and its banks and credit unions. And, four states – California, Florida, Georgia, and Mississippi – require bank employees to specifically report financial abuse of elders. I don't know about you, but I don't like being behind Mississippi in anything.

Our county Departments of Social Services are seeing some opposition from some banks to share information. And, that's why we recommend that you establish a study commission to report to the 2012 or 2013 legislature so you can bring all the interested parties together and build consensus before introducing a particular piece of legislation in 2012 or 2013.

**4. Fourth, the Center recommends that the legislature give the state Attorney General the authority to initiate prosecutions for fraud against the elderly.** We're one of only four states that do not give its Attorney General any authority to initiate local prosecutions of any kind (North Carolina, Arkansas, Connecticut, and Texas). So, criminal prosecutions for fraud against the elderly have to be referred either to federal authorities or to local district attorneys. But both of these options have problems.

Many times, the dollar amount of the loss fails to satisfy the minimum amount needed for the federal government to prosecute. And, at the local level, district attorneys do not have enough funding or time to handle complex cases that can involve multiple jurisdictions. Often, one scammer will target seniors in several different counties across the state, and the losses to one person aren't significant in one county but add up to thousands of dollars overall.

Twenty-eight (28) states give their Attorney General the authority to initiate local prosecutions under certain statutes for particular crimes. In 18 other states, the Attorney General has the authority to initiate local

prosecutions on their own initiative upon request by the Governor, the legislature, a local prosecutor, or when it is in the state's best interest.

And, in another recent development, the Secretary of State's office recently announced its own initiative to train doctors to identify and report fraud against the elderly. Our hope is that the combination of these approaches – a tougher law; better reporting; the training of banks, doctors, and law enforcement to identify and report this crime; and an Attorney General with the power to prosecute scammers – together will all reduce and prevent fraud against the elderly in North Carolina. So, I hope you'll include our recommendations on ways to prevent and reduce fraud against the elderly in your recommendations to the 2011 legislature.

### **B. Addressing Our Work Force Shortages in Nurses and Other Health Care Workers**

A second issue that affects the aging is work force shortages – shortages of nurses, doctors, social workers, pharmacists, physical therapists, and other health care workers. The question is, how can we attract people to work in these fields, and how can our public and private colleges, universities, and community colleges gear up quickly to help the state fill these shortages?

For example, North Carolina will need about 104,000 nurses by 2016 – about 25,000 more than we have now. Nearly a third of our current nurses are 41 to 50 years old, and most retire at age 55, so that means things are going to get worse fast in 5 to 10 years. The shortage will be much worse in our rural areas. And, the highest turnover rates (57%) are for nurses who work in long term care, the field of greatest need.

You don't have any extra money to step up production of nurses, but there are two things that this Commission could recommend to the 2011 General Assembly that will get more bang for your bucks – (1) evaluating the already existing loan forgiveness programs designed to produce more nurses, and (2) setting specific goals and deadlines for the number of nurses the state needs by, say, 2020. The Center recommends an evaluation of what are called work force loan forgiveness programs. These programs provide money for college in exchange for an individual's commitment to work in occupations or regions of the state that have difficulty attracting employees. Our state has 14 work force loan forgiveness programs that make loans to students to encourage them to go into nursing, other health professions, or other fields of shortage like teaching.

In 2005, these programs provided a total of \$27.5 million to more than 4,200 (4,230) students in higher education institutions. By 2008-09, the programs cost almost \$34 million for more than 6,000 (6,049) students.

But, one of our findings is that the state is not evaluating the effectiveness of these programs. We believe you should require in the 2011 budget bill that the legislature's Program Evaluation Division evaluate all the work force loan forgiveness programs and give you answers to these 4 questions by the 2012 session:

- (1) To what degree do students honor their commitments to serve as nurses, teachers, etc.?
- (2) How many participants drop out of loan repayment programs before fulfilling their work obligation?
- (3) Do they attract people who might otherwise have not entered that occupation?
- (4) Does the program help reduce work force shortages? (There are additional questions in our report you might also refer to the Program Evaluation Division).

To the credit of another legislative study committee on financial aid, and to the credit of the UNC System and Community College system, a great deal of progress is being made on consolidating 12 of those 14 work force loan forgiveness programs. This is important because the current system of 14 different programs with different sets of rules creates undue administrative burdens on all public universities, community colleges, and private colleges and universities and is especially cumbersome for the smaller institutions. It's also really confusing to parents and students.

But consolidation is only one goal. Your goal should be to evaluate the nursing and allied health loan forgiveness programs in particular and find out if they indeed are producing nurses who study and work in North Carolina.

We also suggest you set specific goals for the University System and Community Colleges and set a deadline for reaching your goals in producing more nurses and allied health workers.

### **C. The Positive Civic Contributions of the Aging in NC and Ways To Tap Seniors as Volunteers**

Pat Sprigg, the CEO of Carol Woods Retirement Center and a member of this Commission, has been dealing firsthand with the shortage of nurses and other workers to serve seniors. She told me once about trying



to get a group of young people interested in careers in the field of aging. She asked them, “When I say the word ‘elderly’ to you, what do you think of?” She was really sad to hear that their answers were words like: dementia, wheelchairs, they live in institutions, decrepit, depressed, crabby, and lonely.

The young people all had negative connotations of the aging, and that is a sobering challenge for all of us. And yet, when I visit Carol Woods, I always think, I’d like to live there someday. It’s such a learning community.

That got me to thinking about some of the strengths of older adults and the opportunities here. For example, our Center for Public Policy Research has long supported measures to improve North Carolina’s voter turnout, regardless of party. And who has the highest rate of voter turnout?

\*Nationally, older adults born between 1910 and 1940 vote at nearly double the rate of younger generations (80-85% vs. 45-50%). They’re also nearly twice as interested in politics, they return the Census at higher rates than other age groups, they’re twice as likely to attend church regularly, twice as likely to work on a community project, more than twice as likely to trust other people, and they’re almost three times as likely to read a daily newspaper. They’re what former NBC News anchor Tom Brokaw called “The Greatest Generation.”

\*Volunteering among seniors has nearly doubled over the last quarter century. (*Bowling Alone*, p. 129). I fondly remember my mother and father, both over 80 years old volunteering to deliver Meals on Wheels in Alamance County in Representative Bordsen’s district to those they called “old people.”

\*Those 70 and over also give the highest percentage of their income in charitable contributions to nonprofits in their communities.

These are all positive indicators of community engagement, positive measures of older people doing something for others. So seniors are a civic resource for our state – one I hope we'll take advantage of.

So one huge opportunity for the state is to better utilize our elderly as a civic resource – to tap seniors' talents in helping the state increase volunteerism, voter turnout, charitable contributions, and other forms of civic engagement. Now we've got to motivate Baby Boomers to meet the standards of the Greatest Generation, especially in volunteering.

And here's why: Overall, North Carolina ranks only 38<sup>th</sup> among the 50 states in volunteering, since only about a quarter of our citizens volunteer.

- We rank 37<sup>th</sup> in volunteering by those 65 and over (22%).
- We rank 34<sup>th</sup> in volunteering by Baby Boomers (28.5%).
- And, we rank a dismal 44<sup>th</sup> in volunteer retention rates (59.5%).
- Even more discouraging, our rate of volunteering has declined over the last two years.

Now, your opportunity here is that last December, Governor Perdue re-established the North Carolina Commission on Volunteerism and Community Service in Executive Order #41. This Commission then adopted a State Service Plan for 2010-2013 that specifically aims to harness the experience of Baby Boomers. We at the Center suggest that you ask the Commission to testify here and then work with them to discuss the best way to match seniors with opportunities to volunteer at nonprofits and public agencies. For example, what if you use Baby Boomers as volunteers in their own cars or vans to provide transportation services that are badly needed in rural areas?

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As you consider these recommendations, we all have to remember that the state is short-term poor in its current budget challenges, but also remember that you must plan for the long term between now and 2030. Then you have to think, “What progress can we make in 2011-12 toward our long-term goals in 2030?”

So to summarize the opportunities and challenges, I think you should focus on these 3 things:

(1) First, identify ways to prevent and reduce fraud committed against the elderly;

(2) Second, identify ways to evaluate our already existing work force loan forgiveness programs and how well they're producing nurses and other health care workers;

(3) And third, work with the Governor's Commission on Volunteerism and Community Service to identify ways to utilize our elderly and soon-to-be-65 Baby Boomers as volunteers in producing services to seniors through local government agencies and nonprofit organizations.

These are all great opportunities, but if the state does not act soon, the sheer demographics of the Baby Boom will overwhelm you as policymakers and the state budget.

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Thank you all for your public service, thank you for your interest in issues affecting our aging population, and thank you very much for inviting us to be with you today.

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Mr. Chairman/Madam Chair,

I'd like to introduce Mebane Rash, an attorney and editor of our *North Carolina Insight* journal, who led our study of issues affecting the aging, and ask her to join me in answering your questions and hearing your comments.