

# Consumer Economics of Property Tax Policy for Senior Citizens: Needs Assessment Phase

**Kathleen Browne Ittig**  
**Barbara Brandi Spencer**

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*Property tax relief is a very high priority for senior citizens. This study reports the results of a needs assessment designed to identify the needs of senior citizens that relate to the property tax and property tax policy. This needs assessment was the first phase of a federally funded program designed to develop and test consumer education materials to prepare senior citizens for participation in the state and local decision making process involved in the development and implementation of real property tax policy.*

While sixty-nine percent (or 13.2 million) of older people own their homes with mortgages paid off, they do not have all the advantages generally associated with homeownership (Butler, 1975). One of the major problems facing the senior citizen homeowner is property taxes.

The typical urban household spends approximately 3.4 percent of its income for property taxes, (Source) but elderly homeowners fre-

quently find the burden more substantial. Their taxes average 8.1 percent of their retirement income, but can go as high as 20 to 40 percent (U.S. Bureau of Census, 1973). More than half the states offer a minimal break on property taxes to older homeowners. Tax relief is a very high priority for senior citizens. A recent study of the elderly found that tax relief ranked second only to income on a list of eighteen needs (Avant and Dressel, 1980).

Rutgers University and the New Jersey Federation of Senior Citizens have been awarded a grant by the United States Office of Education, Office of Consumer Education, entitled "Consumer Economics of Property Tax Policy and Senior Citizens." The main thrust of the project is to develop and test consumer education materials

*Kathleen Browne Ittig is Assistant Professor of Home Economics in the Department of Urban Education, University College, at Rutgers, The State University of New Jersey, New Brunswick, New Jersey.*

*Barbara Brandi Spencer is Assistant Professor of Adult Education, Department of Higher and Adult Education, Teachers College, Columbia University, New York, New York.*

that prepare senior citizens for participation in the state and local government decision making process with respect to the development and implementation of real property tax policy.

The first phase of this project was a needs assessment. This was designed to determine the areas of property tax policy of concern to senior citizens. It was also developed to identify senior citizen values, attitudes, and perceptions that relate to property taxes.

### **Needs Assessment Methodology**

The method of needs assessment employed in this program was a non-directive, group interview approach utilizing visual stimuli as the basis of group discussion. This innovative approach has proven successful in identifying the needs and perceptions of adult populations who have been educationally underserved (AIM, 1973-74; Irish, n.d.). As a needs assessment method, the non-directive group interview has important implications for program planning designed to serve the needs of older adults. With its emphasis on the affective as well as cognitive levels, it enables planners to center educational experiences on the real concerns, values, and attitudes of the potential population. Rather than deal with the assumed needs of learners in a predetermined learning situation, this method is a process for the clarification and specification of learning needs based on the generative themes that emerge from the learners' own reality and experiences. Education programming which reflects this orientation has the potential to foster self-awareness and promote commitment to action.

The non-directive group interview approach employs dialogue as its primary technique for determining the knowledge, feelings, and beliefs which adults bring to the problem situations they encounter. This approach utilizes visual stimuli as the basis for group discussion within a representative sample of potential program participants. Most effective as an associative tool are photo-

graphs which symbolize or portray real life experiences.

In using the photographic materials within a non-directive group interview setting, the educator has two responsibilities: first, to elicit responses from all participants so as to achieve the broadest possible range of opinions and experiences; and, second, to move the discussion from specific and immediate reactions to the pictures toward a discussion of the larger issues and concerns symbolized by the pictures. In this way, participants are encouraged to express their attitudes and perceptions, and to demonstrate areas of both knowledge and uncertainty.

A minimum of six but preferably 10 to 12 sessions are needed to provide a sufficient data base for analysis. A session can last from 50 minutes to an hour and a half. Interview sessions are tape recorded and transcribed.

A content analysis of the transcriptions is done to identify specific topics and themes of the groups. The number of times a particular subject, problem or situation is mentioned in discussion indicates its importance as a topic area. This usually provides important information concerning the knowledge and common practices of participants.

The identification of themes is more complex. Themes emerge from what group members say both explicitly and implicitly about their experiences. Often there are direct statements about attitudes and feelings which provide the basis for identifying themes. However, sensitivity to those values and beliefs which lie submerged within comments is required also.

### **Application**

In developing the needs assessment phase of the project, an educational gerontologist worked in conjunction with the New Jersey Federation of Senior Citizens. The educational gerontologist was responsible for adapting the needs assessment method, preparing the visual materials, leading the sessions, and analyzing the results.

The Federation was responsible for selecting the interviewing sites, recruiting participants, and scheduling the sessions.

In modifying the non-directive group interview methodology to meet the goal of the project and to develop and test a consumer education program in property tax policy for seniors in New Jersey, there were two important considerations: first, that the adaptation to the model suit the planning of a specific, single-purpose program, and, second, that it reflect the unique social, educational, and cultural characteristics of older adults.

To reflect the specific purposes of the project, a set of 11 visual materials, portraying scenes that would be generally recognizable to a variety of communities, was prepared. Photographs were chosen according to their ability to symbolize a specific tax program, policy, or situation, and to evoke a personal response. The set of visual materials included pictures of the following: New Jersey and Federal Income Tax Forms; a private house, an apartment house, and a senior citizen housing center; a tax collector's office; a New Jersey property tax appeal form; a sanitation truck; a local business complex; a public school building; a picture of Howard Jarvis; and an Atlantic City roulette wheel and playing table.

The unique characteristics of older adults were reflected in specific modifications to the approach. To ensure that seniors would be able to view the pictures, the visuals were prepared as slides for large size viewing. Sessions ran between 45 minutes and one hour. Also, the educational gerontologist did provide some degree of direction to the interviews, so as to ensure that those group members who had little experience in an educational activity of this nature would feel comfortable enough to participate. At times, this meant restating questions in a number of different ways, answering direct questions, and turning to a new topic when disagreements arose.

During the summer and fall of 1979, ten group interview sessions were held in the following New Jersey cities: Denville; Atlantic City (two sessions — Central and West Atlantic City); Mil-

ltown; Highland Park; Spotswood; Trenton (two sessions — East and Central Trenton); Hamilton Township; and Jersey City. The sessions were planned to reflect a wide range of diversity among senior citizens. Because of the qualitative nature of the needs assessment methodology, no specific statistics on participant characteristics were gathered. However, it was apparent that group members varied with respect to the following categories: sex; income; ethnic/racial background; occupation; type of residence — private house, apartment house, or senior citizen housing; and type of community — urban, suburban, and rural.

After the sessions were completed, the interview transcripts and field notes were analyzed for the identification of topics and themes. Two measures were used. First, the emergence of a given concern or situation in a variety of groups served as a measure of the generalizability of the topics and themes to the total population. Second, an extensive discussion of a single topic or theme demonstrated its importance to specific groups. In total, eight topics and eight themes were identified. The topics included: problems of senior citizens in this society; senior citizen housing lifestyles; property tax payment — determination and calculation; property tax appeal process; relationship of property tax to local services; industry and property tax payment; public school education and property taxes; and property tax alternatives — casino gambling and Proposition 13. The themes were: powerlessness; anger at injustice to senior citizens; a time of struggle; past and present/life goes on; anger at government and politicians; need for knowledge; conflict regarding personal action; and belief in senior citizen action. These topics and themes will be addressed in fuller detail within the next section.

### **Findings**

Not surprisingly, the majority of those who participated in the interview sessions expressed concern with rising property taxes and reported

some difficulty in meeting their tax burden. In their most general forms, these concerns emerged during complaints about inflation and the rising cost of living. As such, the older adults surveyed viewed themselves within a broad societal context — increasing costs for food, transportation, health care, and housing, as well as property taxes, were seen as forces putting a strain on the budgets of most citizens.

Yet, in a very real sense, many participants felt particularly threatened. The key reason was the frequent reliance on fixed incomes, or income from assets which were now declining in value relative to the cost of living. Even more important, however, was the frequently expressed belief that the present property tax system was especially unfair to older adults. Specifically, it was argued that such citizens were overpayers of taxes and under-consumers of services. Two aspects of this theme were most often cited. First, as residents of older, established sections, they had to pay for the development of a service infrastructure for their communities. Now they were also being asked to support the extensions of such services to newer (and often more affluent) sections of their towns. Second, some groups expressed the view that older adults should not be taxed to support school costs since they had no school-age children.

As a result of such grievances and their difficulty in paying property taxes, most of the session participants expressed great interest in a variety of tax relief measures. Some favored immediate and direct relief, such as the total exemption of older adults from property taxes or a substantial shift of the tax burden onto other segments of the population.

Much more frequently, however, interest was directed toward alternatives to property taxes. Casino gambling was the most often mentioned subject and the program about which the participants were best informed. There was generally favorable response to the prescription plan for older adults and the Lifeline plan to reduce seniors' utility bills. Yet, appreciated though these

benefits might be, the consensus view was that casino gambling had failed to live up to expectations. Despite promises of substantial relief, property tax reductions for New Jersey's older adults had been negligible.

California's Proposition 13 was another alternative often mentioned. Given the nature of media coverage accorded this topic, it was not surprising that most participants were familiar with its general provisions and goals but lacked specific knowledge of its mechanics or benefits. Moreover, perhaps because of their own disenchantment with casino gambling, many were skeptical about Proposition 13; they expressed the view that they would want to know more about its implementation and effects before they would support such a proposal for New Jersey.

Few participants had direct or detailed knowledge of other property tax relief measures such as circuit breakers, New Jersey's program of reductions for older adults, or California's plan whereby senior citizens can defer tax payments with the debt ultimately representing a lien against their estates.

The varying levels of participants' knowledge regarding tax relief measures was, in fact, indicative of a more general trend regarding their familiarity with tax issues. Most had a surface knowledge of the property tax system and its impact, yet few gave evidence of the detailed, sophisticated understanding of the system necessary to affect its change. For example, virtually every homeowner recognized that he/she contributed to local government revenue by a property tax based upon assessed value and an annual tax rate. Similarly, most renters appreciated that they too were taxpayers since a portion of their rent went to pay the landlords' tax bills. But very few of the participants had an understanding of such factors as the local assessment ratio, differentials between residential and industrial property, the frequency of assessments, the mechanics of the appeals process, and their rights of access to local property tax records.

Likewise, many participants failed to understand the complexities of federal, state, and local funding formulas, in which reduction of local property taxes might threaten outside sources of revenue and force the curtailment of services. This was especially true with regard to support of school systems; many older adults expressed the view (either implicitly or explicitly) that property taxes were the sole or predominant source of funding.

The last, and perhaps most important theme to emerge during the needs assessment sessions, was the reticence of the participants to become involved in tax reform efforts. Although most complained about property taxes and wished to see some reductions or alternatives adopted, most had little faith that they were capable of affecting change, either to lessen their own tax burden or to improve the overall system in any meaningful way.

There were several underlying reasons for this skepticism. One was the aforementioned lack of specific knowledge of the tax system. It is difficult to reform procedures or policies that one does not fully understand. Also important as a factor in limiting involvement was distrust of the entire political and governmental system. The interview sessions revealed a deep strain of pessimism; clearly, older adults are as disenchanted with public officials as are other portions of the population. Bitter statements such as, "Politicians are all crooks," or "They don't care what people think," seemed to represent the consensus view at the sessions and expressed deeper doubts as to the responsiveness of the government to pluralistic forces. It is not just that politicians don't care about what constituents feel, but that they ignored older adults in particular.

The last and most significant factor was the self-images presented, both implicitly and explicitly, by the older adults. Many questioned their own competency and ability to cause change. In part this was tied to themes already mentioned. It was not just that they lacked spe-

cific knowledge, but that the subject was "too complicated" for them to grasp.

There are also personal crises older people encounter which may erode their sense of efficacy. Crises related to role changes, loss of loved ones, social isolation, and other personal problems may precipitate an extreme sense of loss of control and helplessness. Anxieties attendant upon these crises, as well as those in anticipation of such problems, strongly interfere with their ability to function effectively in a variety of everyday situations.

In conclusion, however, it should be noted that the interview sessions revealed an untapped potential for older adult involvement in tax reform efforts. Most participants expressed beliefs that citizens should take part in such activities and also indicated that they too might like to become active "if only we could," or "if only I knew how."

This tension between the participants' pessimistic assessment of the tax system and their abilities, and their practical and idealistic desire to get involved if possible, must be addressed by the proposed consumer education programs on property tax policy for senior citizens in New Jersey. It also must be noted that the problem of low participation in the political system is not unique to the elderly. Olson (1978) has compared the costs and benefits of alternative courses of action and showed that certain small groups can provide themselves with a collective good on the merit of the collective good alone, for example, a property tax rebate. Programs should be designed to increase the participants' knowledge of tax issues and their appreciation of the political and tactical strategies which can be used to achieve reform. However, attitudinal change must be an equally important program goal. The older adults must feel that both as individuals and as a group they can take their new knowledge and use it in an effective manner to improve their own lives and make a contribution to the larger society.

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