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Testimony to the U.S. Administration on Aging
on the Older Americans Act Reauthorization
March 3, 2010 – San Francisco, CA

My name is Susan Smith, and I am the Director of the California Elder Economic Security Initiative at the Insight Center for Community Economic Development (Insight Center). Based out of Oakland, California, the Insight Center is a 40-year old national, research, legal and consulting organization dedicated to building economic health in vulnerable communities.

As director of the California Elder Economic Security Initiative, I represent a broad-based coalition of over 100 California-based Area Agencies on Aging, senior advocates, service providers and foundations—many of whom have joined us today at this Listening Session.

Our coalition's mission is to help older adults become and remain economically secure by first identifying the true cost of making ends meet in the community and then offering effective solutions to help close the gap between elders' income and their ever-increasing expenses. Our coalition is also part of a growing national movement with over 35 state partners—led by Wider Opportunities for Women— to redefine what it takes to reach economic security in the U.S.

As you will see from the data I will present, over a million older adults in California fall through the cracks of our support system, with incomes above the official poverty line but below what it takes to make ends meet in today's economy.

Underlying this state and national Initiative is the Elder Economic Security Standard Index (Elder Index), developed by the Gerontology Institute at the University of Massachusetts-Boston and WOW, and applied in California by the UCLA's Center for Health Policy Research. Drawing from credible national and state data sources (e.g. US HHS's Medical Expenditure Panel Survey, US Department of Agriculture, US Department of Housing and Urban Development), the Elder Index provides county-by-county data on the real cost-of-living for elders living in the community.

The Elder Index incorporates the minimum cost of housing, health care, transportation, food and other basic needs, including add-on costs for home and community-based long-term care. The Elder Index is modest, including only local travel and excluding expenses like eating out, internet access or cable TV, and it is specific to household size, geographic area, and life circumstances.

Why do we need such a customized measurement? Because it is difficult to create the most effective public policy and elder-specific programs to help seniors struggling to make ends meet if you do not have an accurate understanding of what their true economic needs are in the first place.

We applaud that the Older Americans Act requires that limited funding is prioritized "among planning and service areas of older individuals with **greatest economic need** and older individuals with greatest social need, with particular attention to low-income minority older individuals."

However, in many states including California, greatest economic need is defined as "the need resulting from an income level **at or below the poverty threshold** established by the Bureau of the Census" (California Welfare and Institutions Code 9014). This definition is not only far too narrow but it is virtually meaningless in high cost states, where so few people can survive on incomes below the $10,830 Federal Poverty Guidelines for an adult living alone.

As the Obama Administration rightly acknowledged with the recent announcement to calculate a "Supplemental Poverty Measure", the Federal Poverty Guidelines is an outdated metric which does not provide an accurate assessment of economic needs in today's economy. The FPL is based on 1950's consumer expenditure patterns and assumes households today still spend *one third* of their after tax income on *food*.

Even more importantly, the FPL is the same dollar amount ($10,830 for an individual), whether that person lives in Mobile, Alabama or the San Francisco Bay Area. And it is the same dollar amount for a family of two, whether that household consists of a mother and her infant or a 90 year old couple. Simply put, this is the wrong metric on which to prioritize funding and services in the Older Americans Act.

In California, according to a recent study by UCLA's Center for Health Policy, 1.56 million older adults have incomes *above* the official poverty threshold ($10,830 for an individual) but *below* what they really need to make ends meet ($21,010 for a senior renter), according to the Elder Index.

These seniors 'in the gap' are faced with impossible decisions like whether to cut their pills, put food on their table, or defer rent payment for the month in order to survive. And yet they are often invisible to policymakers just because their incomes may be one dollar above the FPL. In short, they are overlooked and undercounted.

On behalf of our state and national coalition, I ask that the Assistant Secretary include in her recommendations to the President the use of the Elder Index, or a similar geographic- and age-specific measure which takes into account the *actual* costs of living in today's economy, to define greatest economic need in the reauthorization of the Older Americans Act.

Expanding the definition of "economic need" to include older adults with incomes below the Elder Index but above the FPL would be a critical first step in recognizing the large and diverse population of over 1.56 million elders in California alone who are unable to make ends meet. Over the years, the OAA has rightly expanded the definition of greatest social need to more accurately reflect today's socially vulnerable populations; we should do the same for today's economically vulnerable populations.

As is often the case, this Elder Index is already being used on the ground by state and local leaders, including by Area Agencies on Aging, State Units on Aging, United Way affiliates for several purposes. Many of these groups are using it to inform strategic planning efforts and to target programming and resources, where allowable. Not only does the Elder Index provide an opportunity to more accurately assess economic vulnerability, but it also allows providers to more accurately evaluate how well their services and supports enable seniors to close the income gap.

Today, we've heard a lot about infusing innovative concepts and tools into the reauthorization of the Older Americans Act. With this in mind, we also **recommend making economic security a concrete goal of the Older Americans Act (OAA) and suggest using the framework of economic security and the Elder Index for planning, evaluation and programming.** With an increasing number of boomers likely to find themselves in financial crisis as they age, now is the time to use the power of the Older Americans Act to ensure that *all* older adults have the opportunity to get on a path to economic security.

Thank you for the opportunity to allow me to offer these recommendations. If you have any questions, I am happy to answer them.

- **Susan E. Smith, Director, Elder Economic Security Initiative**
Insight Center for Community Economic Development
(415) 307-3291, ssmith@insightcced.org