

2008

**ELDERS LIVING ON THE EDGE:  
THE IMPACT OF CALIFORNIA SUPPORTS WHEN INCOME IN RETIREMENT FALLS SHORT**



**Wider Opportunities for Women**



**INSIGHT**  
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# EXECUTIVE SUMMARY

## PROMOTING THE ECONOMIC WELL-BEING OF ELDERS

California's low-income elders currently face financial challenges that threaten their already fragile economic stability and the health of their communities. On one side they are pressured by ever-increasing expenses – housing, health care, fuel and utilities. On the other they see fixed incomes and income supports that do not keep pace with inflation, underfunding of public support programs, and asset limits that prevent those receiving public supports from saving for their retirements.

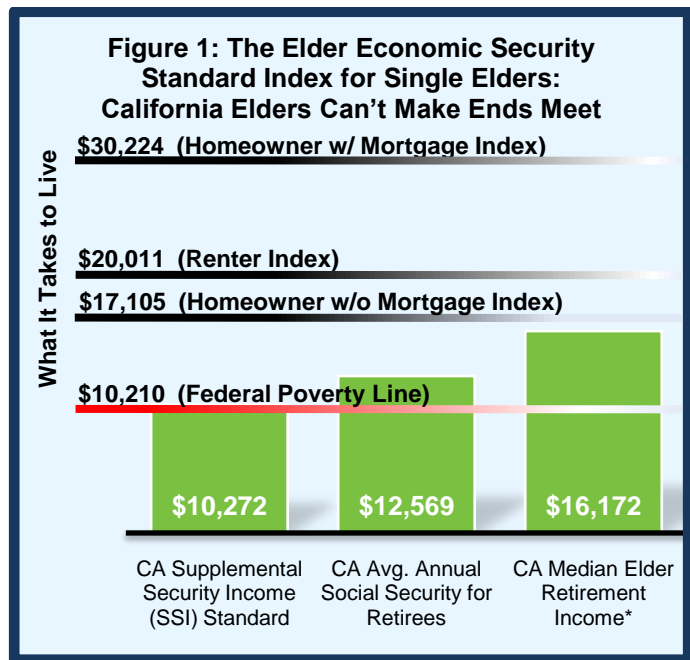
How much income is needed by our growing population of older adults to cover today's rising costs of living? What is the true impact of public support programs, such as Medi-Cal, utility assistance, or housing assistance, on an elder's income, housing needs and health care needs? In order to answer these questions, policymakers, advocates, social service providers and elders require an accurate measure of income security for elders. The Elder Economic Security Initiative (EESI), a multi-year, data-driven initiative raising awareness of and shaping policy on elders' economic needs, offers such a benchmark: the Elder Economic Security Standard™ Index ("the Index"). The Index measures what older adults require to make ends meet and remain in their own homes.

*Elders Living on the Edge* illustrates how a selected group of potentially impactful public supports can help seniors achieve economic security as defined by the Index. The Elder Economic Security Standard Index allows us to:

- define economic security;
- examine the composition of a secure elder's budget;
- measure elders' gaps between income and economic security; and
- determine how well public supports help fill those gaps.

## AVERAGE CALIFORNIAN ELDER RETIREES HAVE INCOMES BELOW THE INDEX

1. Even elders whose incomes are above average retirement income for their counties often fall short of economic security as measured by the Index. This is true not only for those elders entirely dependent on Social Security, but also for many of California's single elders living on retirement incomes which include retirement accounts, private savings, and pensions.
2. Single women with average retirement incomes for their counties find themselves more than \$3,000 below the economic security threshold in low-cost counties, and more than \$10,000 below the economic security threshold in high-cost counties. Even at incomes above \$20,000, nearly double the federal poverty level<sup>1</sup> ("FPL"), elders who rent in high-cost counties commonly lack the income required to make ends meet.



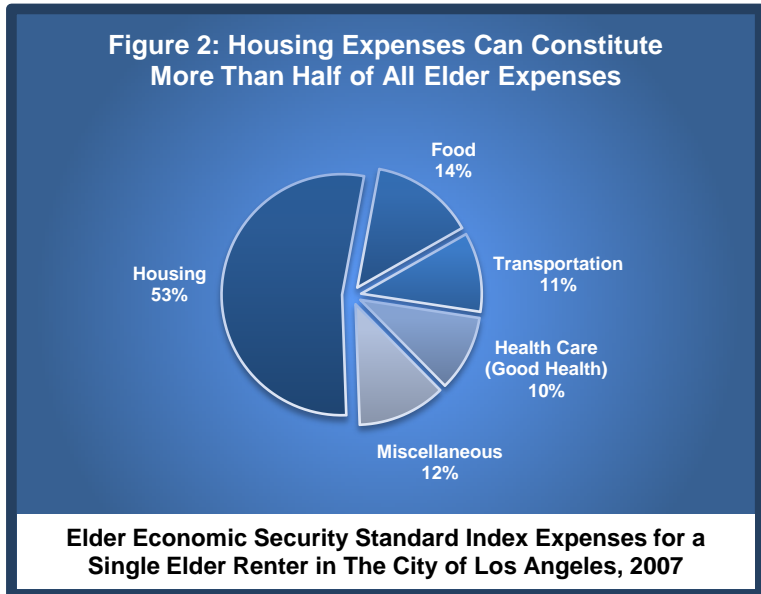
\* The Index assumes full retirement for elders. Median elder retirement income includes all personal income for elders 65(+) who lack earned income. Sources: Social Security Administration, Master Beneficiary Record, December 2005. Data inflated using SSA COLAs. US Census Bureau, 2006 American Community Survey PUMS. Data inflated using DOL CPI.

<sup>1</sup> US Department of Health and Human Services (HHS). <http://aspe.hhs.gov/poverty/07poverty.shtml>. The federal poverty level, officially the "federal poverty guidelines," are used in determination of income eligibility for federal, state and local support programs.

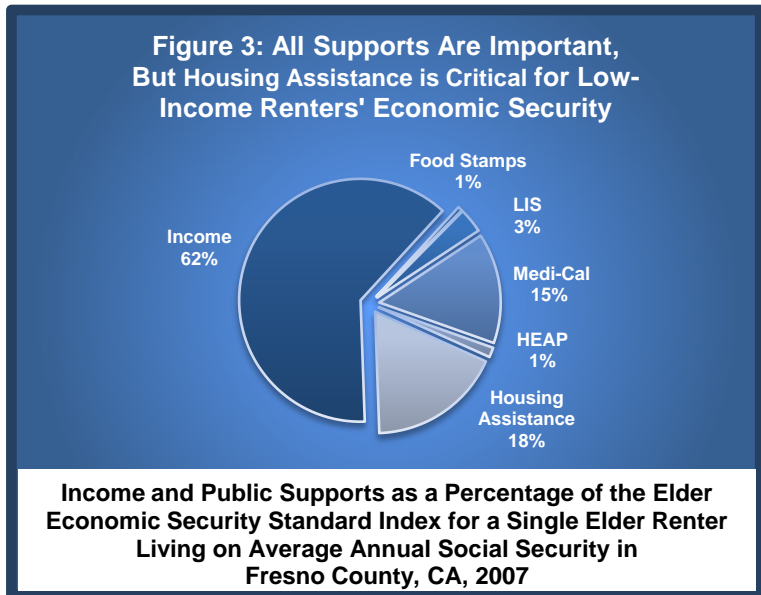
## HIGH HOUSING COSTS THREATEN ELDERS' PROSPECTS OF ECONOMIC SECURITY

1. The Indexes™ for California are driven largely by housing costs. A typical elder may pay 4 times as much for housing as another depending on where he or she lives and whether or not he or she rents, has paid off a mortgage, or is still paying off a mortgage.

In high-cost counties, housing costs for renters comprise more than 50% of total Index expenses, and housing costs for homeowners with mortgages comprise as much as 70% of total Index expenses.



2. Without housing assistance, renters across a spectrum of incomes fall well below the Index; but with geography-based housing assistance and other supports, nearly all low-income renters can come within 5% of attaining their counties' Indexes – including elders living below the 2007 federal poverty level of \$10,210. In low-cost counties, housing assistance may constitute 15% of the Index; in high-cost counties, it may constitute more than 30%.
3. Low-income renters in low-cost counties who don't receive housing assistance may draw near the Index if they receive a variety of other supports.



## DUE TO LOW ELIGIBILITY LIMITS, LOW ASSET LIMITS AND BENEFIT CLIFFS, INCOMES WELL ABOVE THE FEDERAL POVERTY LEVEL DO NOT NECESSARILY CREATE SECURITY

1. Single elders with incomes between approximately \$13,500 (~130% FPL) and \$16,000 (~155% FPL) are the least likely to attain economic security, even if they receive housing assistance. This makes them an especially vulnerable population. Without housing assistance, such elders are unlikely to meet more than 70% of their needs, even if they participate in Medicare Savings Programs at incomes too high for Medi-Cal coverage.
2. Programs with low income eligibility limits based on the FPL are ignoring the majority of elders living above the FPL who are not achieving economic security. Supports with the largest impacts help those with adjusted incomes below 135% FPL, but among California's 25 most populous counties, 20 have Elder Economic Security Standard Indexes that are 200% FPL or greater, and the (weighted) average of all California county Indexes is \$22,709 – 222% FPL.

RECOMMENDATIONS: WE MUST CREATE POLICY WHICH INCREASES RETIREMENT INCOME, SUPPORTS AFFORDABLE HOUSING, AND FILLS GAPS BETWEEN INCOME AND BASIC NEEDS

1. **Defend Retirement Income.** Erosion of the progress that has been made on behalf of elder economic security must be reversed by supporting Social Security, supporting worker savings opportunities such as defined contribution and benefits plans, and resisting the temptation to again balance budgets on the backs of seniors by freezing SSI annual cost of living adjustments (COLA).
2. **Support housing trust funds, affordable housing development, housing assistance and homeowner tax exemptions.** Without affordable housing, attaining economic security is nearly impossible for the majority of California's low-income elder renters and homeowners with mortgages.
3. **Promote equitable and rational policy by using the Elder Economic Security Standard Index in evaluating existing policies and developing new policies for older adults.** The Index is a realistic, geography-based measure of need that can be used to guide policies and programs, and to determine more realistic income eligibility guidelines and funding levels for critical public supports.
4. **Adjust unreasonably low income and asset limits among public support programs.** Average Social Security incomes and average retirement incomes often exceed income eligibility limits, but leave single elders well short of the income needs indicated by their local Indexes.

# **THE ELDER ECONOMIC SECURITY INITIATIVE: CHANGING THE FOCUS FROM ELDER POVERTY TO ELDER ECONOMIC SECURITY**

Over the past century, federal, state and local policies have included a public commitment to elder economic security. In recent years, that commitment has been challenged, and the threats to elder security are many. Some are demographic – elders are living longer, the “baby boomer” generation is retiring, and fewer workers, many of whom earn stagnant wages, are left to support Social Security and entitlement programs. Other threats stem from recent and impending policy changes – the looming inviability of the Medicare program, the growth of “consumer-directed health care” and Health Savings Accounts, a Medicare prescription drug benefit which does not penetrate deeply enough into the vulnerable lower-middle class and fails to cover costs within a “doughnut hole”, and recent attempts to move away from a guaranteed retirement income by privatizing Social Security. Within this unstable policy context, elders suffer from sharp expense increases which contribute to an increasing gap between retirement savings and the Elder Economic Security Standard Index.

Within this challenging policy environment, the Wider Opportunities for Women (WOW) National Elder Economic Security Initiative™ (EESI) offers a conceptual framework and concrete tools to shape public policies and programs and promote the economic well-being of older adults. The EESI combines coalition building, research, education, advocacy and media strategies at the community, state and national levels. EESI tools include the Elder Economic Security Standard™ Index (“the Index”), a benchmark of elder well-being which measures the expenses of older adults who want to live independently and continue to live in their own homes, to “age in place.”

## **California-EESI**

California elders’ need for assistance is clear. In 2006, more than 8% of Californians age 65 and over had incomes below the \$10,210 federal poverty line.<sup>2</sup> Many of those elders were women and people of color living in high-cost cities and counties where residents often lack health care access and suffer the effects of high housing costs. Over one million Californians over age 64 have incomes below \$20,420 (200% FPL), and below their local Elder Economic Security Standard Index. While struggling to meet basic needs, these elders find themselves ineligible for public supports due to low income limits and low asset limits.

While the poverty line, which is not elder-specific, is useful for counting approximately how many Californians are deeply impoverished, it does little to define or measure their actual needs. With the number of seniors in California projected to double to more than 6.5 million by 2020, the need to measure true costs for elders and to define needs is urgent.

Managed by the Insight Center, the California Elder Economic Security Initiative (CA-EESI) provides such a measurement – a geography-based benchmark specific to older Californians. The Elder Economic Security Standard Index for California was tabulated by UCLA’s Center for Health Policy Research using the national methodology developed by WOW and The Gerontology Institute at the University of Massachusetts Boston. California is the second of 5 pilot states developing the Elder Economic Security Standard Index within the national EESI launched by Wider Opportunities for Women. This Initiative will expand to a total of 20 states over the next 5 years.

## **A New Measure of Income Adequacy: The Elder Economic Security Standard Index**

At the center of the initiative lies the WOW-GI National Elder Economic Security Standard Index, a tool developed for policymakers, senior advocates, service providers, public agencies, and older adults themselves. Developed jointly by the Gerontology Institute at the University of Massachusetts Boston and

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<sup>2</sup> US Census Bureau. Current Population Survey, 2006 Annual Social and Economic Supplement.  
[http://factfinder.census.gov/home/?\\_lang=en](http://factfinder.census.gov/home/?_lang=en)

WOW, the Index is first and foremost a benchmark, a measure of the income older adults require to maintain their independence in the community and afford the most basic market costs of living, including affordable and appropriate housing, food, transportation, health care and miscellaneous necessities.

The Index is not a definition of poverty, but rather a deliberate measure of security based on well-established public and current market data. *The Index is geography-specific and measures local expenses at the county level.*<sup>3</sup> Unlike the federal poverty line, which is founded on decades-old spending patterns, the Index uses elder-specific, up-to-date expense data. The Index is also specific to elders' housing situations, health statuses, and household compositions. The Index:

- measures basic living expenses for elders ages 65 and over. This definition of “elder” is based largely on the age at which Medicare (a near-universal entitlement) is received and on the traditional age of retirement;
- measures basic living expenses for seniors in the community (not in institutions, such as skilled nursing facilities or assisted living facilities);
- measures basic living expenses for seniors who live alone or with another elder (versus those living in intergenerational households);
- models costs for retired elders, who no longer face costs of working, such as payroll taxes and commuting, and who meet expenses with retirement income.

## **ELDER ECONOMIC SECURITY IN CALIFORNIA: WHAT DOES IT TAKE TO AGE IN PLACE WITH DIGNITY IN CALIFORNIA?**

To arrive at a standard, the Index sums the 5 major monthly expenses which comprise elder household budgets:

- Housing: Rent or mortgage payments and related costs (heat, utilities, insurance, property taxes) where applicable;
- Food: Costs of food prepared at home, based on the USDA Low-Cost Food Plan for older adults;
- Health Care: Premiums for Medicare Parts B, C, and D, and out-of-pocket costs, including co-pays and deductibles;
- Transportation: Costs of private auto ownership and use, and/or public transportation where widely available;
- Miscellaneous: Essential household and personal items such as clothing, paper products, cleaning products, etc. Miscellaneous expense is estimated at 20% of all other expenses, based on US Department of Labor Consumer Expenditure Survey data.

For further explication of the Index methodology, see [The WOW-GI National Elder Economic Security Standard: A Methodology to Determine Economic Security for Elders](#).

Local differences among these 5 costs of living create a large range of income requirements among California elders. Table 1 contains sample Indexes, including those of the state's least expensive county for renters, Kern County, and the state's most expensive county for renters, San Mateo County. The Index range is \$9,761 for single elder renters, and \$10,791 for elder couple renters.

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<sup>3</sup> WOW and the Gerontology Institute have also produced a *national* Index, found within *The WOW-GI National Elder Economic Security Standard: A Methodology to Determine Economic Security for Elders*. Indexes are sometimes computed for metro-areas, MSAs or cities; the California Index includes a calculation of a separate Index for the City of Los Angeles.

**Table 1: Elder Economic Security Standard Indexes for Selected CA Counties, Single Elder and Elder Couples, by Housing Status, 2007**

| County/City                               | Single Elder w/o Mortgage | Single Elder Renter | Single Elder w/ Mortgage | Elder Couple w/o Mortgage |
|---|---------------------------|---------------------|--------------------------|---------------------------|
| Kern County ( <i>low, renters</i> )       | \$15,848                  | \$17,789            | \$24,142                 | \$24,531                  |
| Madera County                             | \$17,424                  | \$17,964            | \$25,342                 | \$26,055                  |
| Fresno County                             | \$16,001                  | \$18,870            | \$25,661                 | \$24,866                  |
| Los Angeles, City of                      | \$16,184                  | \$22,798            | \$33,358                 | \$23,924                  |
| San Diego County                          | \$15,678                  | \$22,822            | \$30,368                 | \$23,912                  |
| Alameda County                            | \$17,602                  | \$25,153            | \$35,569                 | \$27,237                  |
| Contra Costa County                       | \$18,804                  | \$25,353            | \$34,470                 | \$28,438                  |
| Santa Clara County                        | \$17,632                  | \$25,391            | \$37,641                 | \$27,345                  |
| San Mateo County ( <i>high, renters</i> ) | \$18,272                  | \$27,550            | \$42,987                 | \$27,985                  |

Table 2 enumerates the Index expense components for a single elder and elder couple living in the City of Los Angeles. As illustrated, housing status is a primary factor in determining an elder's housing costs. A specific expense for a couple may not differ from the expense of a single elder (e.g. housing), or may be as much as twice the expense of a single elder (e.g. health care).

**Table 2: The Elder Economic Security Standard Index for The City of Los Angeles, 2007**

| Monthly Expenses                | Single Elder       |                     |                   | Elder Couple       |                 |                   |
|---------------------------------|--------------------|---------------------|-------------------|--------------------|-----------------|-------------------|
|                                 | Owner w/o mortgage | Renter <sup>4</sup> | Owner w/ mortgage | Owner w/o mortgage | Renter          | Owner w/ mortgage |
| Housing                         | \$465              | \$1,016             | \$1,896           | \$465              | \$1,016         | \$1,896           |
| Food                            | \$263              | \$263               | \$263             | \$486              | \$486           | \$486             |
| Transportation                  | \$202              | \$202               | \$202             | \$323              | \$323           | \$323             |
| Health Care (Good Health)       | \$194              | \$194               | \$194             | \$388              | \$388           | \$388             |
| Miscellaneous @ 20%             | \$225              | \$225               | \$225             | \$332              | \$332           | \$332             |
| <b>Elder Standard Per Month</b> | <b>\$1,349</b>     | <b>\$1,900</b>      | <b>\$2,780</b>    | <b>\$1,994</b>     | <b>\$2,545</b>  | <b>\$3,425</b>    |
| <b>Elder Standard Per Year</b>  | <b>\$16,184</b>    | <b>\$22,798</b>     | <b>\$33,358</b>   | <b>\$23,924</b>    | <b>\$30,538</b> | <b>\$41,098</b>   |

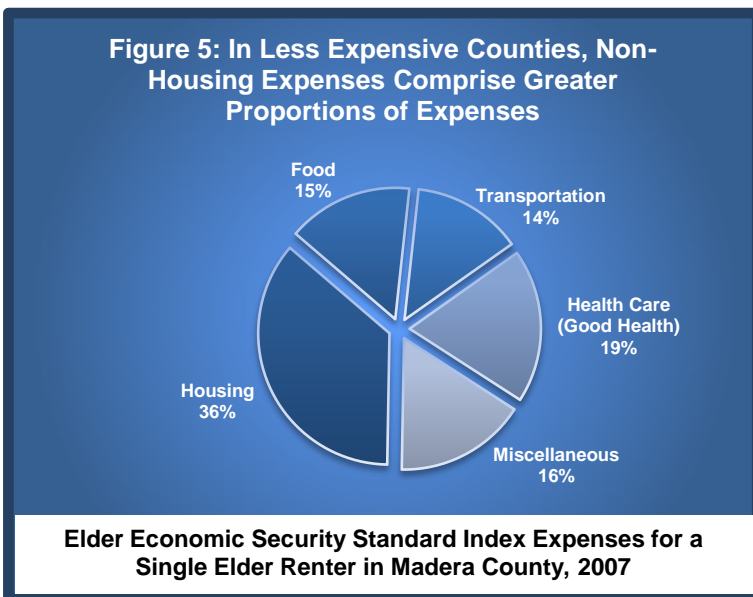
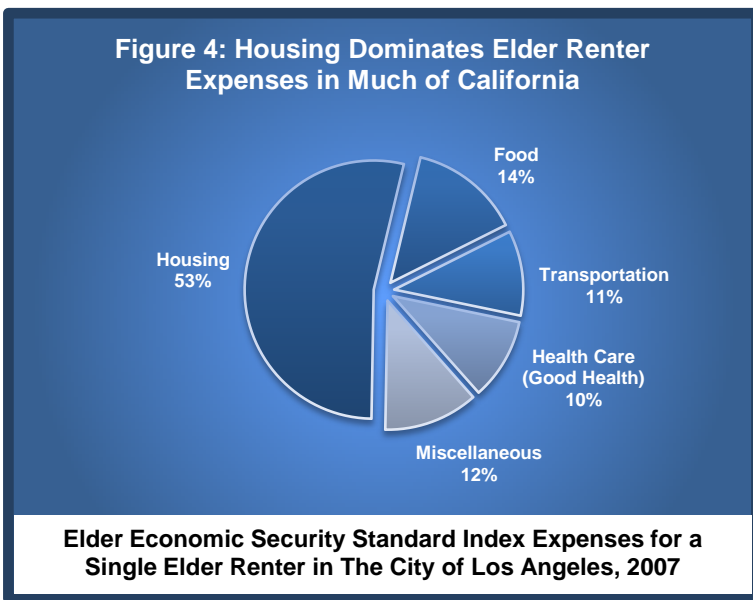
Table 2 illustrates the importance of housing costs and housing status as an elder enters retirement. Within Los Angeles, a high-cost jurisdiction in which home ownership costs and associated taxes are prohibitive, elders who enter retirement holding mortgages will need to pay more than 4 times as much for housing as their counterparts who have paid off mortgages. Renters will pay more than twice as much as those who have paid off mortgages. This difference in housing costs creates a tremendous disparity in annual Index figures for those of different housing statuses.

<sup>4</sup> Rental units for both a Single Elder and Elder Couple are 1-bedroom apartments. Rents are Fair Market Rent (40th percentile rent) as determined by the US Department of Housing and Urban Development.

## Standard Components As Proportion of Total Expense: Housing Dominates

Figure 4 breaks down the expenses of a typical elder renter living at her Index threshold in the City of Los Angeles. Housing expenses clearly dominate the elder’s budget, comprising more than half of total costs. This exceeds the national Elder Standard average of less than 40%. The remaining expenses consume near-equal proportions of total costs. Food comprises approximately one-seventh, 14%, of total expenses.

Figure 5 breaks down the expenses of a single elder renter living on the Index threshold in Madera County. The main difference between the two counties’ Indexes is housing expense; the Los Angeles residents’ expense is nearly twice as large. The Los Angeles resident also pays more for food, but food expenses consume roughly the same proportion of the two elders’ total expenses. Interestingly, the resident of Madera County spends more dollars and a greater proportion of her income on health care, due largely to the distinctive Los Angeles County public health care system (Safety Net).

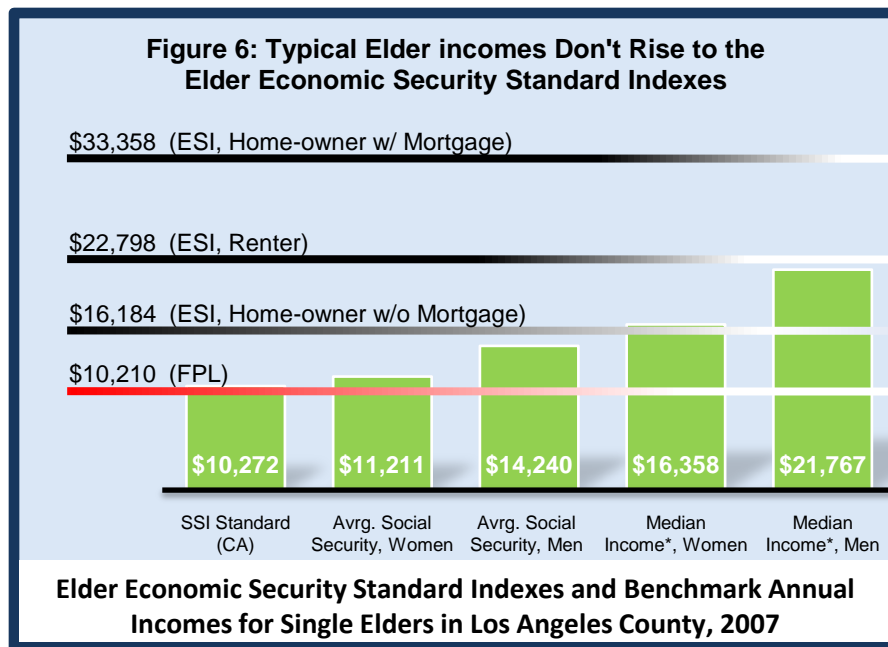


## ELDER ECONOMIC SECURITY IN CALIFORNIA: WHAT DOES IT TAKE TO AGE IN PLACE WITH DIGNITY IN CALIFORNIA?

A comparison of the Index to the FPL and to average elder incomes in the state illustrates the challenge facing many California seniors and clarifies the importance of a new benchmark. Figure 6 compares Indexes for the City of Los Angeles with common, benchmark incomes: the federal poverty guideline for all one-person households, the California SSI standard, average Social Security payment for Los Angeles elders, and the statewide average retirement income of California women. The gaps between Indexes and incomes depict the struggle elders face every day as they attempt to make ends meet in California. Average annual Social Security income for a single woman



renter will provide *only 50%* of the income required to achieve economic security; average annual Social Security income for a single man renter will provide *only 62%* of the income required to achieve economic security. Figure 6 points again to the importance of housing status as Californians enter retirement: the typical single elder who carries a mortgage into retirement can expect to require more income than the median annual income of a full-time female worker in Los Angeles (\$31,520).<sup>5</sup> This is not an unlikely scenario for those who buy homes after the age of 35 and carry a standard 30-year mortgage in an expensive housing market.



\* Income, from all sources, of elders (65+) living alone.  
 Sources: Social Security Administration, Master Beneficiary Record, December 2005.  
 Values inflated using SSA COLAs.  
 US Census Bureau, 2006 American Community Survey. Values inflated using DOL CPI for LA metro area.

## CLOSING THE GAP BETWEEN INCOME AND ELDER ECONOMIC SECURITY: CAN AND DO PUBLIC SUPPORTS HELP?

Once the gap between income and economic security has been recognized, the critical questions for policymakers, service providers, potential support recipients and concerned citizens is obvious: How can the gap be filled? To what extent do/can supports move California elders toward security?

It is possible to answer these questions by modeling the impact of several critical public support programs by creating specific representative scenarios. The scenarios examine hypothetical, but typical, individual low-income elders. The elders are assigned the attributes considered by the Elder Economic Security Standard Index and public support providers when determining eligibility and benefit levels: county of residence, household composition, housing status, health status (always “good health” herein), expenses, income and assets. The Index and Wider Opportunities for Women’s Economic Security Simulator™ are then used to determine: 1. starting economic security; 2. potential support levels, and; 3. gaps between the Index and maximum economic security achievable with supports. The Economic Security Simulator calculates support levels by employing the same eligibility algorithms used by support programs.

WOW has modeled county-specific average Social Security incomes for retirees due to the urgent situations faced by *the approximate 3 out of 10 elders living exclusively on Social Security income*. Average Social Security payments lie slightly above the FPL, but often leave recipients ineligible for major supports. It should be noted that more than half of all beneficiaries, including majorities of women and minorities, receive payments lower than their counties’ averages.

<sup>5</sup> US Census Bureau. Current Population Survey, 2006 Annual Social and Economic Supplement.

## **Supports**

### **Nutrition Assistance – Food Stamps**

The US Department of Agriculture Food Stamp Program provides low-income households with coupons or electronic benefits which participants can use to purchase food. The US Department of Agriculture administers the program at the federal level through the Food and Nutrition Service, and State agencies administer the program at state and local levels, including determination of eligibility and distribution of benefits. A single elder's (net) monthly income must be no more than 100% FPL (\$10,210) after deductions for earned income, child care, and other basic expenses. Elders must also maintain no more than \$3,000 in assets.

### **Prescription Assistance – Medicare Part D Low-Income Subsidy (LIS)**

The Low-Income Subsidy helps low-income elders with prescription drug costs. The Social Security Administration and local Medi-Cal offices administer the program. The federal government pays subsidies to the participant's chosen private Medicare Part D drug (insurance) plan, helping pay premiums, deductibles and co-payments. Those with Medicare and Medi-Cal, or those participating in Medical Savings Programs, automatically qualify for LIS. For full eligibility, a single elder's gross monthly income must be no more than 100% FPL (\$10,210); thereafter the program provides help on a sliding scale to those with incomes up to 150% FPL (\$15,315). Elders must also maintain no more than \$7,620 in assets.

### **Health Care Assistance – Medi-Cal**

Medi-Cal is California's Medicaid program, a public health insurance program serving low-income families with children, seniors, persons with disabilities, pregnant women, and others. Medi-Cal pays for nearly all "medically necessary" health care, adult day health services, home health care, some prescription drugs not covered under the LIS program, essential dental care, prosthetic and orthopedic devices, eyeglasses, hearing aids and medical equipment. Medi-Cal also covers Medicare Part B premiums and Part A and B deductibles and co-payments. Medi-Cal is financed equally by the State and federal governments and administered by county Department of Social Services offices. Those 65 years old or older who receive Supplemental Security Income/State Supplementary Payment (SSI/SSP) are automatically eligible for Medi-Cal. For full eligibility, a single elder's "countable income" after a very modest earnings and unearned income allowance (normally less than \$100/month) must be no more than 127% FPL (\$12,972); elders with slightly higher incomes may be eligible and required to pay a "share of costs"; the share of costs commonly exceeds state average premium, deductible and out-of-pocket costs. Elders must maintain no more than \$2,000 in assets.

### **Utility Assistance – HEAP**

The Low Income Home Energy Assistance Program (LIHEAP) assists low-income households that spend a high proportion of household income on energy, primarily for cooling and heating. The U.S. Department of Health and Human Services gives LIHEAP funding to the states in the form of block grants. California's Home Energy Assistance Program (HEAP) is administered by the Department of Community Services & Development, which distributes funds to contracted community energy service providers, which in turn make direct payments to utilities on assistance recipients' behalves. Assistance is based on income, household size and the cost of utilities within each California county. Funding is fixed annually, and distributed among all applicants. For full eligibility, a single elder's gross monthly income must be no more than 60% of the state median income (\$13,237).

### **Housing Assistance**

Successful applicants receive direct or indirect housing subsidies from 3 programs funded by the U.S. Department of Housing and Urban Development (HUD): The Housing Choice Voucher Program (HCVP, formerly Section 8), Public Housing, and the Section 202 Supportive Housing for the Elderly Program. Recipients of a Section 8 voucher may select any housing, and voucher amounts are based on a local "fair market rent" established by HUD. Public housing for low-income tenants is owned and operated by public housing authorities (PHAs) that are chartered by California and governed by locally-appointed or elected Boards of Commissioners. The Section 202 Supportive Housing for the Elderly program provides assistance with housing and supportive services. The program provides capital and operating funds to

nonprofit organizations that develop and operate senior housing and is HUD's largest directly-funded construction program. The average age of a Section 202 resident is 79, and nearly 39% of residents are over the age of 80.<sup>6</sup> There are currently more than 300,000 Section 202 units serving very low, low and moderate-income seniors.

Housing assistance recipients generally have incomes below 50% of area median income. *Housing assistance programs are not entitlement programs*; HCVP vouchers are limited in number; federal funds for adding to the public housing stock were last appropriated in 1994, and little public housing has been built since the early 1980s. As a result, *demand currently far exceeds supply, and only a small percentage of eligible applicants receive housing assistance*; the majority of applicants languish on waiting lists.

### Supplemental Security Income (SSI)

SSI provides monthly cash payments to people in need. SSI recipients are 65 or older, blind or disabled. SSI is administered by the Social Security Administration. The state of California supplements the federal payment. To qualify, elders must have countable income less than 105% FPL (equal to the 2007 California SSI standard of \$10,272) and no more than \$2000 in assets, excepting a home and one car. In order to receive SSI, participants must also apply for any other cash benefits for which they may be eligible.

## THE IMPACT OF SUPPORTS: ECONOMIC SECURITY IS ATTAINABLE IN LOW-COST COUNTIES – GIVEN THE RIGHT SCENARIO

Table 3 illustrates the impact of work and income supports on the income security of a single elder renter in Fresno County. The elder lives alone and has an annual income of \$11,770 (\$981/month), the average Social Security payment for a retiree in Fresno County.<sup>7</sup> As is the case for 3 in 10 elders, Social Security is her only source of income. She has \$900 in a checking account, and therefore does not exceed the \$2,000 asset limit of programs such as SSI and Medi-Cal. She owns a 1998 Ford automobile with an equity value of \$1,200.

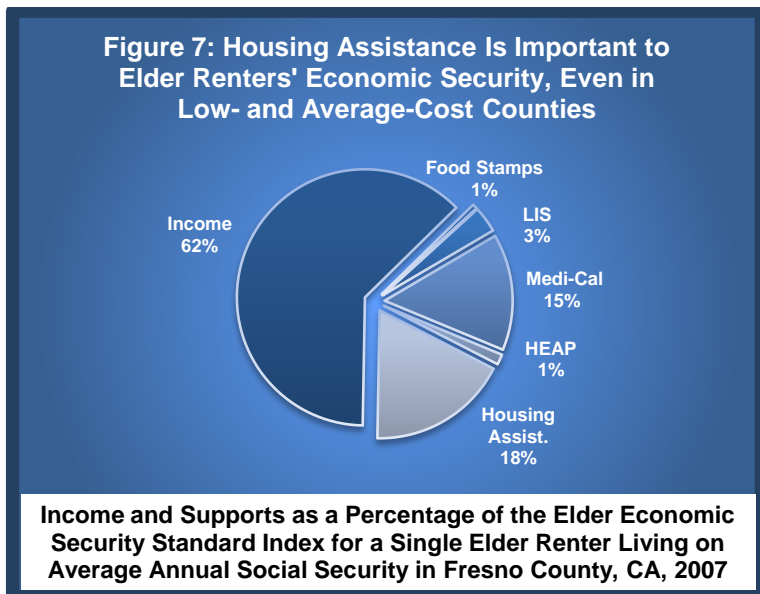
|                                | Elder Standard Expenses | Food Stamps    | Food Stamps, Prescrip. Drug Subsidy (LIS) | Food Stamps, LIS, Medi-Cal | Food Stamps, LIS, Medi-Cal, Energy Assist. (HEAP) | Food Stamps, LIS, Medi-Cal, Housing Assist. |
|--------------------------------|-------------------------|----------------|---|----------------------------|---|---|
| Housing                        | \$615                   | \$615          | \$615                                     | \$615                      | \$594   | \$284                                       |
| Food                           | \$250                   | \$240          | \$240                                     | \$240                      | \$240   | \$240                                       |
| Transportation                 | \$202                   | \$202          | \$202                                     | \$202                      | \$202   | \$202                                       |
| Health Care (Good Health)      | \$283                   | \$283          | \$231                                     | \$0                        | \$0   | \$0   |
| Miscellaneous @ 20%            | \$222                   | \$222          | \$222                                     | \$222                      | \$222   | \$222                                       |
| <b>Total Expenses (/month)</b> | <b>\$1,572</b>          | <b>\$1,562</b> | <b>\$1,511</b>                            | <b>\$1,280</b>             | <b>\$1,259</b>                                    | <b>\$949</b>                                |
| <b>Income (/month)</b>         | <b>\$981</b>            | →              |   |                            |   |   |
| <b>Surplus/Deficit</b>         | <b>-\$592</b>           | <b>-\$582</b>  | <b>-\$530</b>                             | <b>-\$299</b>              | <b>-\$278</b>                                     | <b>\$32</b>                                 |
| <b>Economic Security</b>       | <b>62%</b>              | <b>63%</b>     | <b>65%</b>                                | <b>77%</b>                 | <b>78%</b>  | <b>103%</b>                                 |

<sup>6</sup> National Low Income Housing Coalition. Section 202 Supportive Housing for the Elderly. [http://www.nlihc.org/detail/article.cfm?article\\_id=2803&id=46](http://www.nlihc.org/detail/article.cfm?article_id=2803&id=46).

<sup>7</sup> US Social Security Administration. OASDI Beneficiaries by State and County, 2005: California. [http://www.socialsecurity.gov/policy/docs/statcomps/oasdi\\_sc/2005/](http://www.socialsecurity.gov/policy/docs/statcomps/oasdi_sc/2005/). Values inflated to 2007 using SSA COLAs.

The table measures economic security – the ratio of monthly income to monthly expenses – using the average Social Security payment for retirees in Fresno County<sup>8</sup> and the Renter Index expenses for a single elder renter in Fresno County – \$17,352 (\$1,446/month). Each subsequent column illustrates the decrease in expenses (in bold) which accompanies the elder’s receipt of the supports for which she is eligible.

The elder in this scenario is both income and asset eligible for all 5 supports, and their cumulative impact is expressed as improved income security. Receiving Food Stamps, LIS, Medi-Cal and HEAP moves the elder from 62% income security to 78% income security, with the largest increase coming from Medi-Cal. If the elder is also able to obtain housing assistance, the 100% income security threshold is surpassed, and the elder can achieve basic economic security. Expenses are reduced to approximately 112% FPL. This should not be interpreted as the elder’s enjoying a robust budget surplus; it amounts to little more than a \$380 surplus per year, she holds assets of less than \$2,000, and she has no income source other than Social Security. Any funds “freed up” by supports will likely be spent on basic expenses not included in the bare-bones Elder Economic Security Standard Index.



The dramatic impact of housing assistance and the large impact of Medi-Cal are demonstrated by supports’ marginal contributions to attaining the Index – how much closer receiving each support moves an elder toward economic security. With housing assistance, the supports modeled move her an additional 39%, or \$623 dollars, closer to her local renter Index; without housing assistance, the supports bring her approximately 20%, or \$311, closer to the Index.

## FOOD STAMPS and MEDI-CAL

- Although eligible, the elder receives very little from the Food Stamps program. Despite the elder’s living just above the poverty line, Food Stamps contribute less than 1% to her economic security. This is due primarily to her living alone, living in a less expensive county, having no earned income, and having no medical deductions (due to receipt of Medi-Cal).
- The elder’s income is too high for her to qualify for SSI. If she were eligible, she would lose her tiny Food Stamps allowance, as the California SSI program formally disallows participants’ receipt of Food Stamps; in lieu of a Food Stamps benefit, California “cashes out” Food Stamps for SSI recipients and adds just \$10 to the state supplement to federal SSI payments. In doing so, the state validates the Food Stamps Program’s bias against seniors.
- The elder’s receipt of Medi-Cal is likely critical. If she did not receive housing assistance and Medi-Cal, she would have difficulty rising above 70% economic security – even if she were to become one of relative few elders who participate in Medicare Savings Programs, which could defray some medical costs.

<sup>8</sup> The average retiree payment is larger than the average spouse or widow(er) payment.

## THE IMPACT OF SUPPORTS: WITHOUT HARD-TO-OBTAIN HOUSING ASSISTANCE, ECONOMIC SECURITY IS UNATTAINABLE FOR LOW-INCOME ELDERS IN HIGH-COST COUNTIES

While low-income California elders in lower-cost counties may achieve economic security if they receive all supports for which they're eligible, those living in high-cost counties are unlikely to approach local Elder Economic Security Standard Indexes, even if they receive significant public supports. Table 4 illustrates the impact of work and income supports on the economic security of a single elder renter in Alameda County. The elder lives alone and has an annual income of \$12,642 (\$1,054/month), the mean Social Security payment for a retiree in the county.<sup>9</sup> He maintains the same modest assets as the Fresno elder.

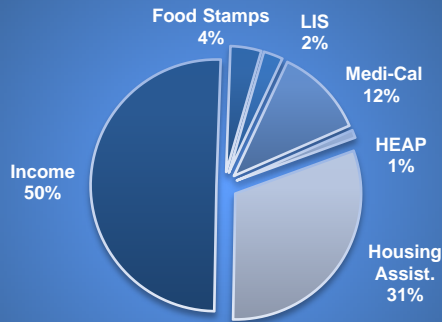
**Table 4: The Impact of Supports on Monthly Costs and Elder Economic Security for a Single Elder Renter Living on Average Annual Social Security (\$12,642) in Alameda County, CA, 2007**

|                                | Elder Standard Expenses | Food Stamps    | Food Stamps, Prescrip. Drug Subsidy (LIS) | Food Stamps, LIS, Medi-Cal | Food Stamps, LIS, Medi-Cal, Energy Assist. HEAP) | Food Stamps, LIS, Medi-Cal, Housing Assist. |
|--------------------------------|-------------------------|----------------|---|----------------------------|--|---|
| Housing                        | \$1,055                 | \$1,055        | \$1,055                                   | \$1,055                    | \$1,034  | \$306                                       |
| Food                           | \$302                   | \$219          | \$219                                     | \$219                      | \$219  | \$219                                       |
| Transportation                 | \$202                   | \$202          | \$202                                     | \$202                      | \$202  | \$202                                       |
| Health Care (Good Health)      | \$293                   | \$293          | \$241                                     | \$0                        | \$0  | \$0   |
| Miscellaneous @ 20%            | \$244                   | \$244          | \$244                                     | \$244                      | \$244  | \$244                                       |
| <b>Total Expenses (/month)</b> | <b>\$2,096</b>          | <b>\$2,014</b> | <b>\$1,962</b>                            | <b>\$1,721</b>             | <b>\$1,700</b>                                   | <b>\$972</b>                                |
| <b>Income (/month)</b>         | \$1,054                 | →              |   |                            |  |   |
| <b>Surplus/Deficit</b>         | <b>-\$1,043</b>         | <b>-\$960</b>  | <b>-\$908</b>                             | <b>-\$667</b>              | <b>-\$646</b>                                    | <b>\$82</b>                                 |
| <b>Income Security</b>         | <b>50%</b>              | <b>52%</b>     | <b>54%</b>                                | <b>61%</b>                 | <b>62%</b>                                       | <b>108%</b>                                 |

Like the Fresno County elder, the Alameda County elder is both income and asset eligible for all 5 supports. The magnitude and impacts of supports are quite different, however, for the Alameda elder. Receiving Food Stamps, LIS, Medi-Cal and HEAP (columns 2 through 5) moves the elder from only 50% to 62% economic security. As Figure 8 illustrates, the marginal impact of each support, other than Food Stamps, is lower in Alameda County than in Fresno County. This is due primarily to Alameda's higher housing expense. *It is only when housing assistance – a geographic- and expense-specific support – is added, that the 100% income security threshold can be surpassed, and the elder can achieve basic economic security.* Housing assistance is very important to the Fresno renter's security; it is critical to the Alameda renter's security. *With housing assistance, the supports modeled contribute 54% of economic security, of the Alameda single renter Index; without housing assistance, the supports contribute approximately 19%.* Without housing assistance, the Alameda renter rises only to the Fresno elder's starting, pre-support economic security level. With housing assistance, both renters may achieve security.

<sup>9</sup> US Social Security Administration. OASDI Beneficiaries by State and County, 2005: California. [http://www.socialsecurity.gov/policy/docs/statcomps/oasdi\\_sc/2005/](http://www.socialsecurity.gov/policy/docs/statcomps/oasdi_sc/2005/). Values inflated to 2007 using SSA COLAs.

**Figure 8: Housing Assistance Is Critical to Elder Renters' Economic Security In High-Cost Counties**



**Income and Supports as a Percentage of the Elder Economic Security Standard Index for a Single Elder Renter Living on Average Annual Social Security in Alameda County, CA, 2007**

## HOUSING ASSISTANCE

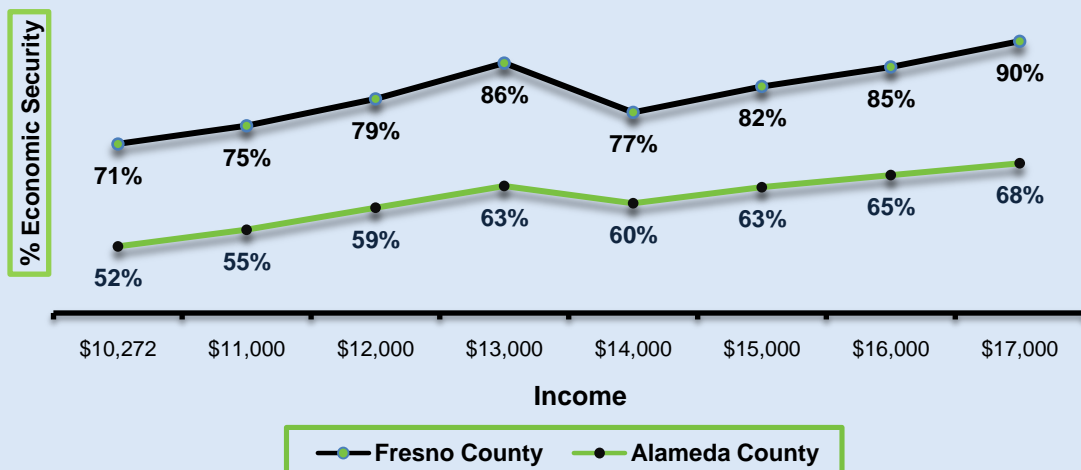
Unfortunately, due to already insufficient public housing, Housing Choice Vouchers, and Section 202 housing, housing assistance is very hard to come by in California. According to the Government Accountability Office, during the previous decade only 13% to 15% of households eligible for Housing Choice Vouchers on the basis of income both received a voucher and were able to successfully lease a housing unit.<sup>1</sup> HUD itself estimated that in 1999 approximately 25% of all households eligible for housing assistance received assistance.<sup>1</sup>

Housing assistance and health insurance are critical. Housing status and geography/market strongly effect, if not dominate, California elders' economic security prospects, wherever they live. This is more pronounced in high-cost areas, and suggests the importance of a geography-specific measure such as the Elder Economic Security Standard Index.

## “BENEFITS CLIFFS”: MORE INCOME OFTEN TRANSLATES INTO DECREASED ECONOMIC SECURITY

Figure 9 presents the two elder renters' prospects of attaining security at increasing income levels. As noted above, they both rely entirely on Social Security for income, and both are eligible for all supports modeled. They receive Food Stamps, LIS, Medi-Cal and HEAP, but like most elders, they do not receive the housing assistance for which they are eligible.

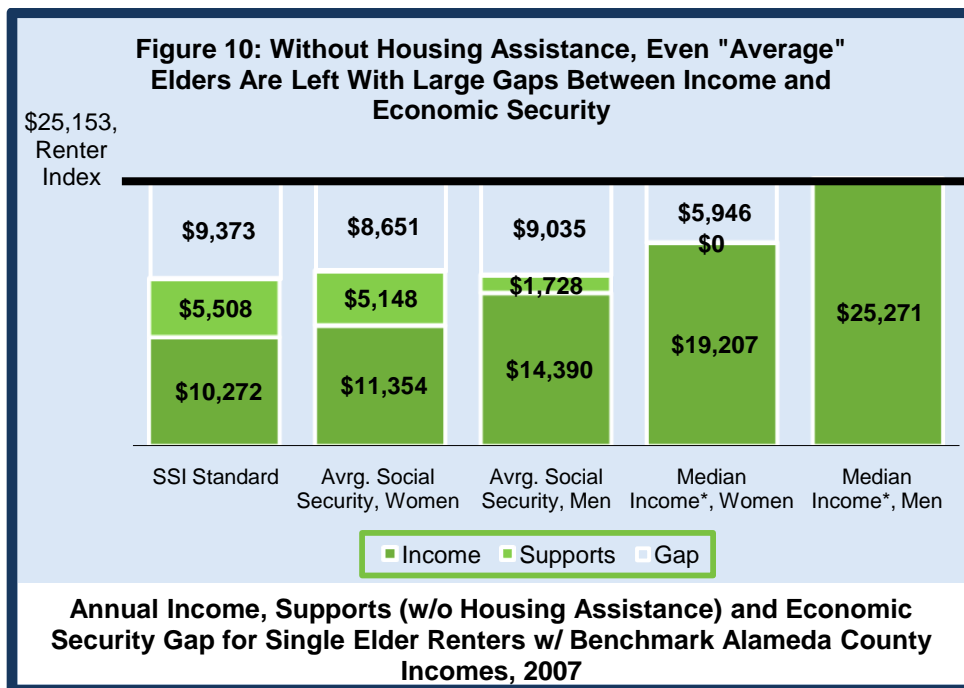
**Figure 9: Benefit Cliffs and Low Support Eligibility Limits Prevent California Elders from Attaining Economic Security**



**Economic Security w/ Supports (w/o Housing Assistance) for Single Elder Renters in Fresno and Alameda Counties, 2007**

Figure 9 begins modeling with an individual income equal to the SSI standard in California, and explores the economic security prospects of single Fresno and Alameda renters at a range of annual incomes. For both renters, economic security peaks at approximately \$13,000, or 127% FPL. Thereafter, total support declines. At an income of \$14,000, supports move the Fresno renter's economic security to 77%; her income allows her 74% economic security and the LIS contributes 3%. Supports move the Alameda renter's economic security from 56% to 60%; his income allows him 56% security and Food Stamps and the LIS contribute 4%. Because supports leave off well short of the economic security threshold, the elders are left with gaps between economic security and the Index – approximately \$4,000 for the Fresno renter, and \$9,000 for the Alameda renter. Above annual incomes of \$14,000, *the elders will effectually only reduce gaps by independently increasing their own incomes.*

Due to benefit cliffs (incomes at which eligibility ends or receipt of one support lowers the benefit value of another), an Alameda County elder with a \$14,000 annual income is only as well off as another with a \$12,000 income, and an Alameda County elder with a \$15,000 income is only as well off as another with a \$13,000 income. In Fresno County, the effect of cliffs is even greater: A Fresno County elder with a \$16,000 income is less well off than an elder with a \$13,000 income. An elder with a \$14,000 income is hardly better off than another with an \$11,000 income and 75% economic security. If she were to take up employment in what should be her retirement years, the elder with \$11,000 in income can earn less than \$2,000 before her economic security declines and she returns to 75% income security.



\* Income, from all sources, of elders (65+) living alone.  
 Sources: Social Security Administration, Master Beneficiary Record, December 2005.  
 Values inflated using SSA COLAs.  
 US Census Bureau, 2006 American Community Survey. Values inflated using DOL CPI.

Figure 10 exhibits gaps between income and economic security within Alameda County using selected mean county-specific and California incomes. At lower incomes, such as the SSI standard, supports, at more than \$5,500, comprise more than one-third of household income. Because Alameda is a high-cost county, however, the elder is left with a \$9,373 gap between income and economic security. As income increases, support decreases; the gap remains consistently large, and even elder women whose incomes approximate the county median household income for all women (\$19,207) find themselves without supports and facing daunting security gaps.

# CONCLUSIONS

The great variation in single elder renter Indexes suggests the importance of geography in ascertaining need, and of a standardized geography-specific benchmark. The Elder Economic Security Standard Indexes for California's counties allow us to:

- define economic security;
- examine the composition of a secure elder's budget;
- measure elders' gaps between income and economic security; and
- determine how well public supports help fill those gaps.

Not only do those who live only on low fixed incomes such as SSI and average Social Security fall well short of income adequacy as defined by the Index, but even California's single elder women with average retirement income – which includes a mix of 401(k), private savings and/or pensions – find themselves below the economic security threshold. This gap between income and the Index is commonly \$1,000-\$3,000 in lower-cost counties, and \$7,000-\$8000 in higher-cost counties.

## THE IMPACT OF HOUSING: HOUSING STATUS MAY PROVE DETERMINATE

### 1. **Elder income and support needs are most heavily influenced by housing and health costs:**

- Housing expenses vary greatly – by as much as a factor of 4 – among housing statuses.
- In high-cost counties, housing costs for renters and mortgage holders comprise more than 50% of Index expenses. Elders who are fortunate enough to have paid off their mortgages face significantly lower expenses.
- Nonetheless, housing-related expenses are still in most counties the largest expense, even in low-cost counties, for those elders who have paid off their mortgages. Health care expenses, however, surpass housing expenses in some less expensive counties which lack robust county health plans.
- In most counties, major non-housing expenses comprise similar proportions of total expense; in some counties, elders spend more on food, and in others, elders spend more on health care. Health care costs vary by as much as 100% county-to-county.

### 2. **Due to disproportionate housing cost burdens, healthy California elders who live on fixed incomes below the Index are highly unlikely to achieve economic security unless they:**

- live in their own homes and have paid off their mortgages; or
- receive scarce housing assistance.

### 3. **Due to their lower housing expenses, low-income elder *homeowners* who enter retirement without a mortgage may reach economic security with the help of the 4 public supports modeled for which they are eligible.**

Housing assistance draws its power to help not only from its sheer, disproportionate magnitude, but also from its proportionality; unlike other supports, it is specific at the local level, and responds annually to local market prices. Its importance reinforces the need for a geography-specific benchmark of elders' financial well-being.



## **THE IMPACT OF HOUSING SUPPORTS: WITH OR WITHOUT HOUSING ASSISTANCE, LOW-INCOME RENTERS ACROSS A SPECTRUM OF INCOMES FALL WELL BELOW THE ELDER ECONOMIC SECURITY STANDARD INDEX.**

The importance of housing assistance in achieving economic security applies to nearly all low-income renters, and cannot be overstated.

1. **With housing assistance and a full complement of supports, nearly all low-income renters can attain their counties' Indexes.** This includes elders living below the 2007 federal poverty level of \$10,210.
2. **Low-income renters in low-cost counties may draw near the Index with the help of supports other than housing assistance. Low-income renters in high-cost counties cannot approach the Index and economic security without housing assistance.** Outside of low-cost regions, housing constitutes up to two-thirds of an elder's total expenses. Even those elder renters who find sub-standard housing and pay rents below fair market rates will not achieve economic security. Low-income elders who enter retirement holding a mortgage face an even more difficult situation – in high-cost areas mortgages may comprise more than 70% of the local Index.
3. **Low-income single elders with incomes between \$13,500 and \$16,000 are unlikely to attain economic security, even if they receive housing assistance.** Those who don't receive housing assistance are unlikely to exceed 70% economic security. Many elders not eligible for full Medi-Cal derive only modest benefits from the program and from the Low-Income Subsidy and Food Stamps programs. If such elders were to participate in federal Medicare Savings Programs, which extend sliding-scale medical expense coverage to those with incomes up to 150% FPL (\$15,315), income security would be attainable. However, as incomes move away from 135% FPL and approach 150% FPL, health care cost coverage and income security fall off sharply. In addition, participation rates for Medicare Savings programs has been estimated, by the Office of Budget and Management and others, to be as low as 15% of those eligible.
4. **Being ineligible for supports, even at incomes above \$20,000, approximately 200% FPL, renter elders in high-cost counties may not rise above 80% income security. These elders are left with gaps between income and expenses as large as \$5,000.**

## **THE IMPACT OF FOOD SUPPORTS: WHILE MANY LOW-INCOME ELDERS ARE ELIGIBLE, FOOD STAMPS FAILS TO SUFFICIENTLY SUPPORT LOW-INCOME ELDERS**

1. **Elder renters with incomes below the poverty level who are eligible for SSI are not eligible for Food Stamps in California;** in lieu of a Food Stamps benefit, California "cashes out" Food Stamps for SSI recipients and adds \$10 to the state SSI supplement to federal SSI payments.
2. **Food Stamps are not properly designed to support retired elders.** Food Stamps are a work support (rather than an income support), and elders who lack earnings, child care and notable medical or medical insurance expenses (when they qualify for Medi-Cal or Medicare Savings Programs, do not pay for medical insurance, or cannot pay for medical insurance) are expected to pay for their own food. Single elder renters in low-cost counties with incomes just above the poverty level will receive less than 1% of their economic security from Food Stamps – no more than \$10 in most cases. Single elder and elder couple renters in high-cost areas fare better, and will likely receive a 4%-7% boost in income security due to their higher housing expenses. Yet, food expenses often comprise 20% of a local Index.

## **THE IMPACT OF HEALTH CARE SUPPORTS: MEDI-CAL AND MEDICARE SAVINGS PROGRAMS CAN BE CRITICAL**

1. **Elders' receipt of full Medi-Cal, which covers most health related costs, is often critical.** Elders who do not receive housing assistance and Medi-Cal are unlikely to rise above 70% income security. At 70% income security, or even higher, elders are unlikely to be able to afford insurance, including Medicare components, and are likely vulnerable to rising, or even catastrophic, health care costs.
2. **Medicare Savings Programs are important to California elders who have too much income to qualify for Medi-Cal or are required to pay a share of costs exceeding average insurance premiums, deductibles and out-of-pocket costs.** Such programs make income adequacy attainable at incomes slightly above the poverty level in some counties. Unfortunately, at an estimated participation rate of less than 20%, the programs are underpromoted and underutilized.

## **THE IMPACT OF SUPPORTS: LOW-INCOME ELDERS ARE DENIED CRUCIAL SUPPORTS BY LOW INCOME AND ASSET LIMITS IN AN EXPENSIVE STATE**

1. **Unreasonably low income limits among support programs leave Californians with incomes just above the poverty level, but well below local economic security Indexes, with little, if any, public support.**
2. **Programs with income eligibility limits that are too low ignore the majority of elders living below the Index. These elders have incomes too high to qualify for public supports, but too low to pay for basic expenses; the result is older adults who make daily, often health-threatening sacrifices when they choose which necessities to forgo.** The large majority of Californians – approximately 85% -- live in counties with Elder Economic Security Standard Indexes at least 200% FPL. Of the 25 most populous California counties, 20 have Indexes that are 200% FPL or greater, and the average of all county Indexes for the state of California is \$22,709 – 222% FPL.
3. **Elder incomes can fall short and elders can receive no supports – even in the state's least expensive county.** Even in Kern County, the state's least expensive county for renters, an elder renter who hopes to attain economic security must have an income of "only" \$17,789, 174% FPL. Even in Kern, due to income eligibility limits, an elder can fall short of basic economic security and still be ineligible for all supports.
4. **Asset limits can obviate income limits and prevent all but the indigent from obtaining supports.** Asset limits for essential programs such as SSI, Medi-Cal and Food Stamps do not exceed \$3,000, even for elder couples. Even LIS, with a more reasonable asset limit above \$16,000 for a single elder, denies crucial insurance to most elders who have managed to save even modest amounts for retirement.

## **POLICY RECOMMENDATIONS**

### **WHAT STRATEGIES AND POLICIES CAN BE PUT IN PLACE TO ENSURE ECONOMIC SECURITY FOR ALL ELDERS IN CALIFORNIA?**

Innovative approaches to policies and programs are needed to ensure all can age in their own homes with dignity. The Elder Economic Security Initiative shows that the retirement incomes of many elders fall short of true economic security, and that the greatest out-of-pocket costs elders face are housing and health care. Key, therefore, to economic security later in life are four strategies – increasing retirement income; using a new measure of income adequacy to guide program and policy; supporting affordable housing options; and providing comprehensive health care.

1. **Increase Income in Retirement.** Erosion of the progress that has been made on behalf of elder economic security must be reversed. Programs and policies that are proven strategies for elder economic security must be maintained and strengthened.

#### **Maintain Social Security**

Congress must maintain a strong, solvent, and just Social Security system that continues to meet its obligations for current and future workers. Rather than privatized, Social Security should instead be strengthened as the foundation of economic security in retirement by raising the minimum allotment to a level that better reflects the costs of living for elders as demonstrated by the Index. Congress must add a caregiver's credit to Social Security benefits to account for years spent out of the workforce caring for children, elders, and other dependents.

#### **Strengthen and Expand Retirement Savings Opportunities**

Employers must provide workers with attractive opportunities to save, such as defined contribution and defined benefits plans. Providing workers with opportunities to save for their own futures is critical to their adequate incomes in retirement. Workers in low-income households should also be provided opportunities to save, and should not be limited in early and mid-life by support asset limits which discourage savings throughout a low-income household's financial life-cycle.

#### **Strengthen SSI By Providing Appropriate COLAs, and End the SSI Food Stamps Cash-out**

For those elders who have little to no retirement income, SSI is a critical income support. As the Elder Economic Security Standard Index demonstrates, SSI alone does not provide economic security, but without it, many elders would find themselves destitute, if not homeless. Strengthening SSI is an essential foundation on which elders might build toward economic security. In California the SSI annual cost of living adjustment (COLA) has been frozen since the 2004-2005 state budget, further eroding the ability for an elder living on SSI to achieve security. **The COLA has been suspended, or the State Supplemental Payment reduced, 14 times in the last 19 years.** The California State Legislature must reinstate the COLA for SSI during this budget year to keep up with the rising costs of living in California. In addition, the California State Legislature must repeal the Food Stamps "cash-out" policy, which reaffirms the bias against elders inherent within the Food Stamps Programs' calculation of elder household's expected contribution toward food bills.

2. **Ensure Just Policy and Program Development by Using the Elder Economic Security Standard Index.** A new geographically accurate measure of income that respects the autonomy goals of older adults must be used to guide national, state, and local policies and programs. Such a measure should also be used to determine more realistic income eligibility guidelines and funding levels for critical supports such as Food Stamps, prescription drug subsidies, energy assistance, housing assistance, and Medi-Cal. The Index is a reliable, realistic, and geographically sensitive base-measure of a minimum economic security for seniors. Unlike the poverty level, which guides most public and private policy and program development, the Index uses current expense data which incorporates the rising costs of living seniors experience as they age. In contrast, the federal poverty level is based on non-elder-specific, outdated spending patterns. In addition, the federal poverty level does not allow for local and differing rates of inflation for various living costs.
3. **Support Affordable Housing Options for Elders.** As demonstrated, without housing assistance, attaining the local Index is impossible for the majority of California elders. Many seniors strongly prefer to live independently in their homes for as long as possible, and to help elders age in place with dignity in California, the Initiative supports policy strategies which will assist both elder homeowners and renters. Congress must increase project-basing of Section 8 vouchers by public housing authorities. Vouchers may prove of little value if the current number of Section 8 housing units continues to dwindle. To create more dedicated, affordable housing for elders, **Congress must increase funding of the Section 202 Supportive Housing for the Elderly Program and ensure there are vital capital and operating funds available to nonprofit organizations that construct and operate senior housing.**

In addition, California's state officials must be active in the establishment, funding and support of housing trusts for elder housing.

Finally, to ensure elder homeowners in California can stay in their homes, the California State Legislature must increase annual homeowners' exemptions from \$7,000 to \$27,000 for persons aged 62 or older. In addition, they must raise the credit for older single renters from \$60 to \$151 and for married couples, heads of households and surviving spouses from \$120 to \$430.

4. **Provide Comprehensive Health Care Coverage.** Under the best of circumstances, healthy elders struggle to keep pace with the rising cost of Medicare premium contributions, increased co-payments and deductibles, and other uncovered services such as non-emergency trips to the hospital, prescription drugs, and healthcare equipment. The Index demonstrates that the piecemeal health care coverage Medicare provides makes health care the second largest expense elders incur in California.

Affordable health care services are critical to aging at home with dignity. Erosion of the progress that has been made on health care coverage for elders must be stopped. Programs and policies proven to ensure health stability must be maintained, strengthened, and expanded to ensure elder economic security. To that end, Congress must maintain a universal, comprehensive, and solvent Medicare system that continues to meet its obligations for all current and future workers. Congress must not jeopardize our future health and economic security by means testing aspects of Medicare. Instead, Congress must provide universal coverage and enhance Medicare by:

- repealing the means-testing provisions in the Medicare Modernization Act of 2003;
- expanding Medicare coverage to include home- and community-based long-term care services such as home health care aides and homemakers;
- closing the Medicare Part D prescription drug doughnut hole; and
- freezing cuts in physician reimbursement rates, as cuts would drive doctors to stop accepting new Medicare patients, potentially limiting seniors' access to health care.

**In addition, the California State Legislature must newly-mandated co-payments for 1.25 million very low-income seniors and disabled persons in California** who are eligible for Medi-Cal prescription drug assistance. Medi-Cal had previously covered these co-pays. Since being moved from Medi-Cal to the private Medicare Part D plans, 1.25 million poor seniors and disabled persons in California must pay prescription co-pays. Seniors use an average of 12 prescription drugs per month, equaling an extra \$36 per month in costs out of very low monthly budgets, including SSI budgets of approximately \$850.

The California State Legislature must also continue to maintain and cover under Medi-Cal the full range of services available under In-Home Support Services (IHSS). In addition, IHSS workers' reimbursement rates must keep pace with inflation so that there is a steady, reliable source of caregivers ready to meet the growing demands of today's elders and retiring baby boomers.

Lastly, but importantly, federal and California regulations governing income and asset limits for Medi-Cal coverage of home and community-based long-term care services must be updated to reflect today's costs of living.



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Wider Opportunities for Women's (WOW) intergenerational vision and mission of economic independence for women and girls is met by working nationally, on the state level and in its home community of Washington, D.C. on policies and programs which promote equality of opportunity for women.

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