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New Cal Law Could be Game-Changer on Elder Poverty

By Susan E. Smith

When President Johnson declared the War on Poverty in 1964, the government needed a poverty line to determine who would be eligible for new benefits like Medicaid and food stamps. But that measure, based only on the cost of food, has become so outdated that the country needs more accurate formulas today.

More than one in three California seniors are struggling to survive on a fraction of the income they need to make ends meet—and the proportion is even higher for black, Latino or other ethnic elders—but you don't often hear them complain.

In fact, most local agencies on aging or senior centers probably don't know how many seniors are actually struggling in their community or where they live for that matter.

As of Oct. 9, however, California agencies and organizations have a new state-mandated tool enabling them to tailor their plans and more sharply determine who needs assistance in meeting basic needs for their health and safety.

This change took effect last Sunday, when Gov. Jerry Brown signed the Elder Economic Planning Act of 2011 — a little-known bill to help seniors that was previously vetoed by Gov. Arnold Schwarzenegger.

Due to the high cost of living in California and a one-size-fits-all federal poverty measure, the official poverty rate used to determine eligibility for dozens of programs, leaving thousands of California seniors invisible to the public eye.

That's because the federal poverty line—based on a formula developed over a half-century ago—does not include such essential costs of living as housing or health care and does not adjust for where you live.

The official U.S. measure is so outdated that for a single older adult it sets the poverty line at $10,890/year, an amount easily exceeded for most people by housing costs alone.

Because seniors have to be poorer than poor to be considered impoverished under the federal formula, parents and grandparents struggling to make ends meet disappear from the American system in a resulting "eligibility gap". They have too much money to qualify for many public and private support programs, but not enough to cover their most basic needs.

But for California agencies, dependence on only the federal poverty line to evaluate who is in genuine need, has changed with the new statute.

With this new law on the books, the Elder Economic Security Standard™ Index (Elder Index for short) becomes the new standard for all California aging agencies to assess how many seniors in any county can or cannot make ends meet.

Overall, the federal measure showed that in California the poverty rate for all seniors was eight percent in 2008-09. The figures are somewhat higher for different ethnic groups.

But using the Elder Index the Center for Health Policy Research at the University of California, Los Angeles (UCLA) showed a much higher percentage of seniors in need: in 2006—before the recession—47 percent of all older Californians and a stunning 76 percent of Latino elders, 69 percent for blacks, 67 percent for older Asians and—still very high—44 percent for non-Latino whites.

Importantly, given current resources, this new law won't cost the state a dime in general-fund dollars. It won't create new state-funded social programs or impose new regulations on businesses. Instead, this bill will quietly empower agencies and program administrators to make better decisions regarding their allocation of precious resources.

This act will help California's policymakers and administrators understand and support our parents and grandparents as they age, and allow them to plan ahead for the wave of aging boomers, who are now beginning to consider their retirement options.

The Elder Index provides the state's policymakers and local agencies a 21st century planning tool to make smarter, data-driven decisions about how they use existing, limited resources.

Every year new Elder Index data is released for each of California's 58 counties by the UCLA health policy center and the Insight Center for Community Economic Development.

The Elder Index measures the actual costs of basic necessities for older adults, so decision-makers are able to account for the real difference between the cost of living in rural Kern County, say, versus what it takes to make ends meet in San Francisco, Monterey or Los Angeles County.

The Elder Index shows that housing costs alone can differ from county to county by as much as $8,000 a year.

Public agencies and private service providers can use the Elder Index to quantify how much closer their programs bring seniors to true economic security.

Standardized use of the Elder Index will improve the efficiency of agencies or companies. For instance, it can help them save staff time by identifying where the most vulnerable adults reside in their communities and around California, so they can allocate more of their limited resources to assisting seniors needing help the most.

Seniors are the backbone of our communities, our state and our nation. It's time we heard them, saw them, understood their struggle. The Elder Economic Planning Act is a little law that brings us a big step closer to ensuring that no Californian ages into invisibility.

For more information on the statewide California Elder Economic Security Initiative Cal-EESI or the Elder Index, go to http://www.insightcced.org/www.insightcced.org

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