



## **Economic Security**

### 2011 Older Americans Act Reauthorization

#### ***Background***

The Older Americans Act (OAA) provides social services and assistance to millions of low- and moderate-income seniors. The aging network, which is supported by the OAA, currently reaches and serves more than ten million seniors annually, of which 29.3% are poor (by federal poverty standards, a much higher percentage by other measures of economic security and insecurity, such as the Elder Economic Security Standard Index<sup>i</sup>), 23.7% are minority and 34.8% live in rural areas.

A key component of the OAA that has historically proven to be successful to providers is the targeting requirement. This targeting will allow for the provision of services to those in greatest need. This will be very useful in addressing financial, housing, employment and other needs under the act, as those older Americans with the greatest needs will be treated with priority.

#### ***Current Status***

In recent years, many older Americans have seen their hard earned personal and employer supported retirement savings diminish with no guarantees that they will rebound. Without employment income, individuals often balance the books on credit, forego necessary medical care, and are forced to let the bills mount. According to the Federal Reserve, 20 percent of families age 50 and older living in poverty in 2007 had debt payments in excess of 40 percent of their total income.<sup>ii</sup> Household credit card debt among older Americans, aged 65 and over, increased by 26 percent, from \$8,138 in 2005 to \$10,235 in 2008.<sup>iii</sup> Older Americans' homeownership status, once the cornerstone of economic security for older adults, has become a source of stress and debt with some mortgages exceeding home value and many providing very little equity. By the end of 2007, Americans 50 and older represented 28 percent of all delinquencies and foreclosures.<sup>iv</sup>

As well, even after decades of outreach efforts, large percentages of vulnerable seniors and younger people with disabilities are not participating in need-based programs for which they are eligible. Many people are not aware of these programs, do not believe they qualify, do not understand the value of the assistance, or need help filling out the application forms. Because there are limited resources available to find and enroll people with limited means into Federal and State benefits, it is critical that the OAA identify strategies to enroll eligible people into benefit programs.

Finally, as low-income seniors living on a fixed income juggle their financial obligations they become increasingly vulnerable to predatory lending, debt, foreclosure, bankruptcy, and arrearages on utilities and other bills. NCOA partner community agencies from across the country are reporting that they are overwhelmed with a greater than ever number of pleas for 'traditional' assistance, such as navigating the complexities of applying for public benefits, but

they are also hearing about economic problems commonly calling for complex solutions that aging service organizations have not typically been involved with, like debt collection, foreclosure assistance and financial counseling.

### *Opportunities in the Older Americans Act Reauthorization*

The economic challenges facing older Americans across the country can be addressed by the reauthorization of the OAA. The legislation will provide an opportunity to modernize critical systems and supports designed to assist older adults experiencing economic distress. With an increasing number of boomers likely to find themselves in economic distress in old-age, now is the time to shore up strategies through the OAA to ensure all older adults have the opportunity to get on a pathway to economic security.

Leveraging 21<sup>st</sup> century strategies and technology, the OAA can be strengthened and, therefore, better positioned to meet the increasingly complex needs of vulnerable and disadvantaged boomers and seniors. Critical to this transformation is ensuring the OAA contains three elements:

- 1) a goal of economic security;
- 2) policy and program guidelines which ensure the improved coordination of public benefits; and
- 3) resources and guidance on implementing a person-centered holistic approach to providing economic casework.

Starting with the 2011 Older Americans Act reauthorization and continuing into future reauthorizations, NCOA will work to ensure that following are included:

- Economic security is established as a goal of the aging service network nationwide and funding is provided for economic casework. The core components of the economic casework will include:
  - Person-centered approach to economic case management;
  - Comprehensive assessment upon intake, including financial, legal, health, housing, employment and training, and benefits needs;
  - Assistance and advocacy in securing the full range of benefits and supports needed;
  - Community-wide engagement of diverse service providers attuned to challenges facing seniors and knowledgeable of the full range of options available;
  - Public-private partnerships to finance and expand integrated services; and,
  - Geographically-based realistic measures of economic security used to benchmark progress.
- Economic security should be one of the listed goals of the OAA and infused through the legislation. We recommend including it in the description at the beginning of the legislation and including a definition. The reauthorization should be used as an opportunity to include this important tenet in the legislation and help to ensure that older Americans receive the services and assistance they need to stay independent, self-sufficient and in their own homes for as long as possible.
- Program interventions should be measured and evaluated against the goal of economic security.

- Authorization of a two-year, interagency Economic Security Task Force for Older Adults which will: create an inventory of federal programs aimed at reducing poverty and increasing economic security; analyze program effectiveness; serve as the clearinghouse for information on programs focused on increasing the economic security of older adults; recommend and draft the necessary regulatory and legislative changes to increase economic security among older adults; and issue interim and final reports to the Administration and Congress documenting and presenting the results of their work.

### *Summary*

Although economic security has long been a concern among older adults, the recent economic downturn and resulting negative impact it has had on the housing, employment and financial markets has made it an even more pressing matter for those concerned with the well-being of older adults. The reauthorization presents a timely opportunity to address economic security concerns and make important, strategic changes to the Older Americans Act that will result in more older adults being able to access the resources they need to be economically secure. NCOA is committed to playing a leadership role in this area as we collectively move forward.

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<sup>i</sup> Wider Opportunities for Women's Elder Economic Security Standard Index:

<http://www.wowonline.org/ourprograms/eesi/eess.asp>

<sup>ii</sup> Federal Reserve Bank of San Francisco, <http://www.frbsf.org/economics/>.

<sup>iii</sup> T. Draut and J. Garcia, *The Plastic Safety Net*. Demos. New York: New York. 2009.

[http://www.demos.org/publication\\_list.cfm?mediatype=093801F1%2D3FF4%2D6C82%2D59E2BFE85C22C326](http://www.demos.org/publication_list.cfm?mediatype=093801F1%2D3FF4%2D6C82%2D59E2BFE85C22C326)

<sup>iv</sup> AARP Solutions Forum: Foreclosure Crisis and Older Americans, Washington, DC. 2008.

[http://assets.aarp.org/rgcenter/ppi/foreclosure\\_transcript.pdf](http://assets.aarp.org/rgcenter/ppi/foreclosure_transcript.pdf).