



**Statement of Sandra Nathan, PhD
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**Senate Health, Education, Labor & Pensions Subcommittee on Primary Health and Aging
Hearing on “The Recession and Older Americans: Where Do We Go from Here?”
October 18, 2011**

Chairman Sanders, Ranking Member Paul, esteemed members of the Subcommittee, my fellow witnesses and guests. On behalf of the National Council on Aging (NCOA), I greatly appreciate the opportunity to testify today.

NCOA (www.NCOA.org) is a nonprofit service and advocacy organization headquartered in Washington, DC. NCOA’s mission is to improve the health and economic security of millions of older adults, especially those who are vulnerable and disadvantaged. NCOA is a national voice for older Americans and the community organizations that serve them. Working with nonprofit organizations, businesses, and government, NCOA develops creative solutions to help seniors find jobs and benefits, improve their health, live independently, and remain active in their communities.

Throughout my career, I have examined the issues that we will discuss today in this chamber, from a public, private, and nonprofit perspective. That said, my expertise is not the focus of my remarks today. Today, I am an ambassador on behalf of the older adults who struggle every day just to pay for food, medicine, and a place to live. My remarks will give voice to the 13 million older adults who are living on the edge—living one health incident, one car repair, one missed rent payment, one roof leak, or one layoff away from poverty.

People like Frank from St. Johnsbury, Vermont, who shares, *“I am one paycheck away from foreclosure and bankruptcy. Struggling to make ends meet, I went back to college at age 59. Graduated at age 61, I continued training in my career field learning new, valuable skills but find I can’t seem to get ahead because I am strapped with debt.”*

Or David in Boone, Iowa, who says, *“For myself and many of my friends [living one away] means having to choose whether to buy groceries for the family or the medicines we require for diabetes, high blood pressure, heart disease, chronic pain, etc. My wife and I have even considered whether we may need to sell our home. We didn't live high, but we had money for the necessities of life. Now it mostly goes for food and medicine, and very little else.”*

And then there is Verdella from Warsaw, Kentucky, *“I am a 72-year-old female getting only \$650.00 a month in Social Security. I'm living in a senior citizens subsidized apartment complex in rural Kentucky. I need my medical benefits and food stamps to make ends meet each month. I'm someone's mother and grandmother.”*

The economic reality of old age has changed considerably over the last several decades. As individuals live and work longer, they also have had to take on increasing responsibility with regard to safeguarding their own health and financial status later in life. At the same time, many older Americans have seen their hard-earned personal and employer-supported retirement savings and assets diminish, with no guarantees for the future, and very little time for their assets to rebound.

Homeownership status, once the cornerstone of economic security for so many older adults, has become a source of stress and debt, with many mortgages exceeding home value, and escalating property taxes beyond the reach of those with fixed incomes. Struggling to make ends meet, many low- and moderate-income older adults are either rethinking retirement plans and extending work or trying to return to the workforce. Employment is often the only solution for so many low-income older adults. Yet, unemployment rates for older workers are at record highs with over 1.8 million adults aged 55 and older currently seeking work. Many have been frustrated by the search and have filed for Social Security early, reducing lifetime benefits by 25% and threatening their long-term economic security. Without employment income and with insufficient Social Security benefits, individuals often balance household budgets on credit, forego necessary medical care, and let the bills mount.

This past year, NCOA launched a national video advocacy campaign, entitled *One Away* (www.OneAway.org), which gives voice to older adults who are struggling with economic

insecurity. Working with 14 state and local organizations, including strong partners in Vermont, Kentucky, Iowa, Maryland, North Carolina, and Pennsylvania, the *One Away* campaign captures real stories of seniors to raise awareness and advocate for policy change that will empower them to access the coordinated services and supports they need to live with economic security and dignity.

The *One Away* campaign shines a spotlight on the reality that the “golden years” are not so golden for many older adults. The reality is that 1 in 3, or over 13 million, older Americans live in poverty or right on its edge, with annual incomes of only \$22,000 or less. These seniors have to decide each day whether to pay for medicine or food, rent or utilities. Despite their struggles, they regularly suffer in silence, their voices unheard. The courageous few that reach out for help often find themselves attempting to navigate a system ill-equipped to respond to their full range of economic needs. Of course, family members, caregivers, and friends play an essential role in helping older adults remain in their home and maintain their independence, but often the needs of vulnerable older adults exceed the expertise of friends and family.

As Marcus in Eugene, Oregon puts it, *“My 83- year-old mother is so pressed economically to the extent that she has taken a part-time job to make ends meet.”*

Catholic Charities in Schenectady, New York, shares, *“An emerging trend is “foreclosure and family members that are unemployed that need assistance from seniors.”*

With the population of older individuals expected to grow exponentially in the coming years, the Aging Services Network (ASN) faces incredible challenges associated with the influx of older individuals. Organizations from across the country are experiencing large increases in the demand for core services, such as job training and assistance, help with applying for benefits, and subsidized meals. These aging service organizations also find themselves stretched to try and assist clients with hard-to-solve financial problems that they feel ill-equipped to handle, such as threats of foreclosure or eviction, high credit card debts, and a pervasive and growing sense of economic insecurity.

According a professional at the Area Agency on Aging in Raleigh, North Carolina, *“I am regularly dealing with [seniors who have] credit card debt that has often snowballed into thousands of dollars, with no way possible to get out from under the debt, and credit card payments not leaving enough income to cover basics like food and utilities.”*

In order to measure impact and best structure programming to meet the economic needs of older adults, the network first must adopt and define a measurable goal as a benchmark. The term “economic security” should mean access to the assets, income, and community-based supports necessary to provide for basic human needs. At a minimum, the measure must be geographically based, take into account an individual’s life circumstances (health status, household composition, and housing scenario), and ensure that an economically secure individual can afford all of the following in a manner that is adequate and unsubsidized:

- Housing
- Health care
- Nutrition
- Transportation
- Basic household essentials
- Financial services
- Long-term care, if necessary

In 2006, Wider Opportunities for Women (WOW) and the Gerontology Institute at the University of Massachusetts-Boston created a nationally vetted methodology to measure economic security, known as the Elder Economic Security Standard Index (Elder Index).

The Elder Index stands in stark contrast to traditional measures of economic need, most notably the federal poverty level (FPL). For single older adults, the 2011 FPL amounts to \$10,890. In contrast, annual national averages of the Elder Index total \$16,415 to \$20,326 depending on housing status.

The FPL is a measure of absolute deprivation as opposed to a measure of economic security. Its calculation is based on the cost of food multiplied by three. Further, the FPL does not account for geographic differences in cost. As an outdated, one-size-fits-all measure, the FPL does not reflect

the true cost of living; yet, it drives nearly all federal, state, and local policy design and program delivery. While measures of deprivation are necessary, ensuring that elders are able to age in place with dignity requires the use of a more aspirational goal and a complementary benchmark of economic need. Below you will find the Elder Index national averages for a senior living alone and an elderly couple.

Table 1: The Elder Economic Security Standard Index, U.S. Average Monthly Expenses for Selected Household Types, 2010				
	Elder Person		Elder Couple	
Monthly Expenses/ Monthly and Yearly Totals	Owner w/o Mortgage	Renter	Owner w/o Mortgage	Renter
Housing	\$372	\$698	\$372	\$698
Food	\$231	\$231	\$424	\$424
Transportation (Private Auto)	\$283	\$283	\$346	\$346
Health Care	\$254	\$254	\$508	\$508
Miscellaneous	\$228	\$228	\$330	\$330
Elder Index Per Month	\$1,368	\$1,694	\$1,979	\$2,305
Elder Index Per Year	\$16,415	\$20,326	\$23,751	\$27,663

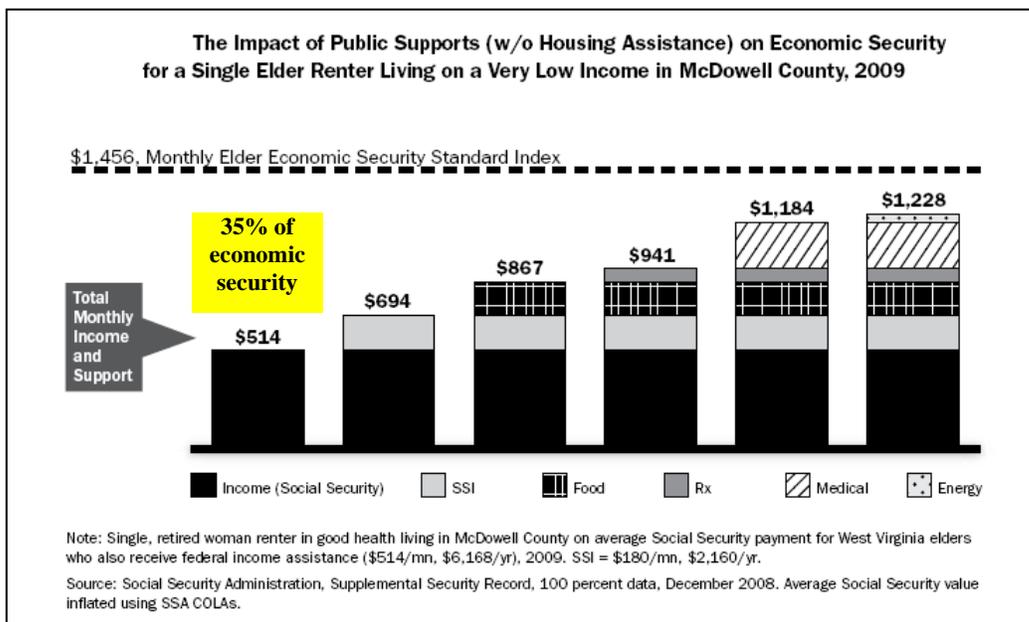
Source: Conahan, Judith, Ellen A Bruce, Laura H Russell, and Wider Opportunities for Women. *The WOW-GI National Elder Economic Security Standard: A Methodology to Determine Economic Security for Elders*. Washington, DC: Wider Opportunities for Women, 2006. Values inflated to 2010 using the Consumer Price Index.

There is a national, state, and local groundswell in regard to reframing the issue using an economic security lens. For example, just last week Governor Brown of California signed bill [AB 138](#), the Elder Economic Planning Act of 2011. This law now requires the California Department of Aging and the local Area Agencies on Aging to use the Elder Index as a guide in making resource allocation decisions and in crafting statewide and local area plans. In addition, over the past 18 months, NCOA has been working with 12 community organizations to use the Elder Index to benchmark client outcomes as a part of our work under the national Economic Security Initiative. From our experience, it is clear that use of the Elder Index in this way will help the aging network, seniors, and their caregivers better measure the impact of the various public and private supports brought to bear on their circumstances. For that reason, NCOA recommends that the tenets of the California law be adopted nationally.

Figure 1 provides an example of the power of benchmarking benefits access against a measure of economic security. According to the Social Security Administration, the average Social Security

payment for an older West Virginian (\$514/month) provides about 35% of a single renter’s economic security as defined by WOW’s Elder Index. Drawing upon critical benefits such as Supplemental Security Income (SSI), Supplemental Nutrition Assistance Program (SNAP, formerly known as Food Stamps), prescription drug assistance, Medicaid, and utility assistance can free up this older adult’s limited income, effectively doubling her economic security. Setting goals and benchmarking outcomes using this framework can be a powerful tool in empowering seniors to explore their options and motivating staff in the network to ensure that all possible supports are brought to bear on an individual’s circumstances.

Figure 1: Measuring Impact: Benchmarking against a Goal of Economic Security



This chart demonstrates the role public and private supports can play in increasing the economic security of an older adult in McDowell County, WV. For more on benchmarking the economic security of older adults using the Elder Index, visit www.wowonline.org.

With the retirement of over 78 million baby boomers ahead of us and the current, but long-lasting, implications of present economic challenges, it is time for renewed energy and innovation to make important, lasting strategic changes that will result in systems change and ensure that older adults are able to access the coordinated public and private resources they need to be financially secure and remain independent.

NCOA believes that the Older Americans Act (OAA) is a critical vehicle in this process. We will share with you today recommendations for the pending reauthorization of the OAA that are grounded in our experience and discussions with ASN partners.

- 1) **Better coordinate existing resources and empower older adults to access and navigate the range of public and private supports that are critical to increasing the economic security of all.** OAA reauthorization should remove barriers and strengthen opportunities for the aging network to take a leadership role in broadening and deepening coordination of existing federal, state, local, and private resources through the implementation of a comprehensive, person-centered approach. In order to ensure the most streamlined, cost-effective strategy, a comprehensive, person-centered approach must:
 - Address a senior's immediate crisis/need.
 - Take all of a senior's financial, housing, health, employment, and transportation needs into account.
 - Inform and empower older adults to draw upon the range of public and private benefits and assistance for which they may be eligible.
 - Provide help navigating supports when needed.
 - Offer one-on-one assistance that is culturally appropriate and provided by a trusted source.
 - Include follow-up to ensure that individuals receive the support they need to navigate and follow through in pursuing options.

- 2) **Define economic security and explicitly state it as an objective of the OAA and evaluate and replicate comprehensive, person-centered approaches to economic casework and assistance.** Although economic security has long been an implied goal of the OAA, the recent economic downturn and its negative impact on the housing, employment, and financial markets have made it an even more pressing matter for those concerned with the well-being of older adults.

- 3) **Modernize, expand, and protect training and employment assistance services for mature workers under the OAA, including the Senior Community Service**

Employment Program (SCSEP). Training and job placement assistance is essential to individual and community economic stability.

- 4) **Protect and strengthen the foundational role that Social Security, Medicare, and Medicaid play in ensuring the economic security of older adults.** In light of the stories we have shared today, NCOA supports the Leadership Council of Aging Organization’s (LCAO) OAA recommendation to provide resources for the Bureau of Labor Statistics to take a closer look at the methodology of the Consumer Price Index for the Elderly (CPI-E), developed in 1987 via reauthorization of the OAA, laying the groundwork to use CPI-E to calculate annual Social Security cost of living adjustments.

In addition, NCOA recommends the following changes in other programs crucial to elder economic security:

- 1) **Streamline access to critical, lifeline supportive services and public benefits,** such as SNAP, Medicare Part D Extra Help, and the Low-Income Home Energy Assistance Program (LIHEAP). Benefits are a critical instrument to provide economic support to seniors in need, offering food, medical, home energy, and other assistance that not only alleviates their poverty, but also allows them to live with dignity.

But benefits do more than help individuals. They are a genuine source of economic development in the community, supporting local hospitals, pharmacies, and grocery stores. Research from the USDA, for example, found a “multiplier effect” for the expansion of SNAP benefits in a community: Every \$5 in new SNAP benefits generates as much as \$9 in local economic activity.¹

- 2) **Strengthen housing counseling and assistance for renters and homeowners,** including ensuring access to trusted, independent counseling regarding reverse mortgage options.

¹ See K. Hanson, The Food Assistance National Input-Output Multiplier Model and Stimulus Effects of SNAP, Economic Research Service, USDA, October 2010, <http://www.ers.usda.gov/Publications/ERR103/ERR103.pdf>.

- 3) **Expand financial literacy, budgeting, and money management services for seniors,** as well as protections against financial abuse, scams, and exploitation.

A more detailed overview of NCOA’s policy recommendations can be found in the following two documents: “[*A Blueprint for Increasing the Economic Security of Older Americans: Recommendations for the Older Americans Act*](#)” and “[*Strengthening the Voice of Older Adults and the Aging Network: A Vision for the Reauthorized Older Americans Act.*](#)”

I would like to close today with a story from Baltimore, Maryland. Ms. Perry worked hard, played by the rules, paid into the system, and thought she was on her way to enjoying a peaceful retirement at age 70. But when her daughter encountered mental health issues, Ms. Perry found herself raising her two teenage grandchildren. When her pension and Social Security were not enough, Ms. Perry got a part-time job. This worked well until she landed in the hospital. Without sick pay, Ms. Perry’s expenses quickly began to mount—mortgage, utility, and credit card bills piled up. Unsure how to navigate the complex maze of social services, Ms. Perry sought help from the Baltimore CASH Campaign (Creating Assets, Savings, and Hope), an NCOA Economic Security Service Center. With their assistance, Ms. Perry established personal goals and action steps. Coordination of local public and private supports helped her receive housing counseling, apply for assistance to pay her prescription and utility bills, and get budgeting education and tools. Today, Ms. Perry is back on the path to economic security because she was able to:

- Prevent a shut-off of her utilities and receive energy assistance to help pay her bill.
- Receive a free cell phone and monthly minutes.
- Adjust the terms of her mortgage to more affordable payments.
- Find a Medicare Part D plan best suited to her prescription needs.
- Free up limited income thanks to the help of SNAP.

And perhaps most important of all, Ms. Perry has set a positive example for her grandchildren. Today, the oldest child is working part-time to contribute to the household expenses.

Needless to say, the multiple, complex challenges facing today's older Americans with limited resources often do not lend themselves to a one-size-fits-all quick fix, and they frequently require coordinated public, private, and nonprofit sector solutions. We urge you to remember Ms. Perry and the others we have brought voice to today as you consider the role government should play in ensuring the economic stability of our older adults.

Thank you again for this opportunity to share our views. We look forward to working with you and other members of the committee to develop more specific recommendations to help ensure all older adults have the opportunity to age with economic security and independence.