



FELLOWS OF THE  
WOMEN'S POLICY  
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**The Women's Policy  
Institute is a program of  
the Women's Foundation  
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## PROPOSAL: ELDER ECONOMIC DIGNITY ACT OF 2009

This bill would use the Elder Economic Security Standard™ Index (Elder Index) to craft more effective programs and policies as California's population ages. The Elder Index is a new tool that quantifies the annual cost of living for older adults. The Elder Index measures of basic needs are derived from public data sources of expenditures in each county of California.

Composed of five parts, this legislation would:

- Require California area agencies on aging (AAA) to use the Elder Index to determine poverty in preparing the needs assessment and in the development of the local area plans
- Require the California Department of Aging (CDA) to include compilation of this local Elder Index data in its State area plan
- Require any new California State needs-based program to use the Elder Index in determining eligibility. This requirement would also apply to any current program that is later modified to become needs-based.
- Require the CDA to annually update the Elder Index for each county of California and annually calculate the number and demographic profile of seniors living below the updated Elder Index.
- Require the intake forms for the statewide Linkages program to include use of the Elder Index to identify seniors in economic need and to refer them to other resources and programs

### *Separate Resolution*

A joint resolution by the California Legislature that would memorialize the President and Congress to ensure that the United States is working to achieve the economic security of the aging population in California and beyond by modernizing the way in which poverty among seniors is calculated through the use of the Elder Index instead of the Federal Poverty Level.

### **PURPOSE**

Legislators struggle to create effective policies to promote economic security as they do not have an accurate picture of the income needed to make ends meet in today's economy. Policymakers typically measure poverty and determine benefits eligibility using the Federal Level Guidelines, which is an outdated, methodologically flawed metric developed in the 1960s that vastly understates the number of people struggling to make ends meet in California. Although it is updated annually using the Consumer Price Index (CPI), the Federal Poverty Line (FPL) is based on the cost of only **one** expense item: food; and it inaccurately assumes that households spend one-third of their income on food alone.

Many elders in California struggle to make ends meet (e.g., living below the Elder Index), yet they fail to qualify for public benefits because their income is over the Federal Poverty Guidelines (or some percentage thereof). A better approach to setting eligibility standards would be to use a percentage (e.g., 70%) of these more realistic measures as opposed to 100%, 200%, or even 300% of an antiquated measure, the Federal Poverty Guidelines. A lower percentage of a more realistic benchmark signals to policymakers and the general public that more people need help than perhaps we can provide at this point. In contrast, tripling a deficient measure confuses policymakers and the public. In addition, eligibility guidelines for supports should vary depending on local costs of living; and the Elder Index provides that critical data on the local costs of meeting basic needs.

## RESEARCH

The Elder Index for California documents that the Federal Poverty Guidelines cover less than half of the basic costs experienced by adults 65 and older in the state. The Elder Index sets a new benchmark of income adequacy and true cost of living for policy and program development to help elders meet basic needs and maintain independence. (4)

Current economic needs of elders in California:

- California leads the United States with the most elders living below Federal Poverty Guidelines. (3)
- Close to 400,000 Californians 65 and older live in poverty, the majority of whom are women and people of color. (3)
- Public programs (e.g., Food Stamps, Medi-Cal, Low-Income Housing) are failing to help California's elders out of poverty because eligibility for more than 80 programs is based on the outdated FPL, which ignores the majority of elders living on incomes above the FPL but below what they need today to make ends meet. (1,2, 3)
- California's public programs are also failing to support low-income elders because current programs are delivered by many state and local agencies that do not base the level of need on a uniform statewide needs assessment; therefore, by not implementing a system to accurately measure the full extent of existing benefits-eligibility gaps, low-income elders are not receiving assistance by public programs to meet basic needs and are falling deeper into poverty.

## PRIOR OR SIMILAR LEGISLATION

1. SJR 15 (Alarcón): Requests the President and Congress to begin a process to better calculate the Federal Poverty Guidelines and to use existing models to calculate poverty including geographic costs of living. (2003-2004 Session, Bill Chaptered)
2. July 23, 2008: Los Angeles City Council adopted a Motion (Alarcón-Wesson) that included a request to the City Attorney to draft an ordinance to implement a Self-Sufficiency Standard in Los Angeles.
3. City and County of San Francisco, Resolution 660-04: Adopts the Family Economic Self-Sufficiency Standard as a goal for the City and County to achieve, through legislation, budgetary planning decisions and executive policy directives. (2004)
4. City of Los Angeles City Council, Council File 08-1952: Instructs City departments, including the Chief Legislative Analyst, to report on developing a self-sufficiency index and changes to eligibility under a new index; it also requests the City Attorney to draft an ordinance to implement a Self-Sufficiency Standard in Los Angeles. (2008)
5. There is current legislation (AB 56) for the creation of a "Secretary to End Poverty;" however the role seems to be limited to the review of existing anti-poverty programs and not the reworking of poverty definitions.

There are two other efforts worth mentioning that have addressed this issue.

- July 13, 2008: New York City Mayor Michael Bloomberg announced a new alternative to the Federal Poverty Guidelines. The new poverty measures were developed by the City's Center for Economic Opportunity based on recommendations to Congress from the National Academy of Sciences. New York City is the first local government in the nation to reformulate and modernize the 40-year-old poverty measure.
- September 18, 2008: Congressman Jim McDermott (D-WA), chairman of the Subcommittee on Income Security and Family Support of the Committee on Ways and Means, introduced H.R. 6941, Measuring American Poverty Act of 2008, to provide an improved and updated method for measuring poverty in the U.S. Senator Dodd (D-CT) introduced a Senate version, S. 3636, on September 26, 2008; and President-Elect Obama (then-Presidential Candidate) issued a press statement in support of a modernized measure.

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