



California Elder Economic Security Initiative & Elder Economic Security Standard Index

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California Elders Living on the Edge

New Measure Proves Federal Poverty Line Grossly Underestimates Seniors' Needs

- *Legislative Hearing* -

Myth of the Golden Years:

Introducing an Alternative to the Flawed Federal Poverty Line
Tuesday, February 26 – 10:00am-12:00pm – Hearing Room 113
Press Briefing – 9:30am-9:45am – Governor's Press Room 1190

An innovative measure of the basic cost of living for California's elderly will be released Tuesday at a Senate Aging and Long-Term Care Subcommittee hearing chaired by Senator Elaine Alquist. **The groundbreaking *Elder Economic Security Standard™ Index (Elder Standard Index)* transforms the way seniors' basic needs are calculated – exposing the real costs seniors struggle to cover, including housing, healthcare and food, on a county-by-county basis.** The California *Elder Standard Index* is the second measure of its kind to be released as part of a national initiative.

“With the senior age wave hitting California, we need good data to understand how much it really costs for a senior to live in this state. I am pleased that we now have a viable alternative, the *Elder Standard Index*, which will provide us a true measure of the senior cost of living,” said Senator Alquist, “The antiquated Federal Poverty Line (FPL) can no longer provide an accurate picture of what it takes to keep a roof over your head, maintain your health, pay for prescription medications, eat nutritious meals, and have basic utilities if you are a senior. In fact, the FPL underestimates the cost of living for California seniors by at least 50%.”

The *Elder Standard Index* for California, calculated by the UCLA Center for Health Policy Research, reveals that the FPL covers only a fraction of the basic costs experienced by adults age 65 and older – yet the FPL is used to determine income eligibility for most public programs and state and federal resource allocations to local communities. **Even seniors who have worked their entire lives and are now living on incomes comprised of Social Security, retirement accounts and pensions are finding that they are unable to cover the most basic expenses included in the *Elder Standard Index*.**

The Federal Poverty Line is a four-decades-old, one-size-fits-all measure based solely on the cost of the basic food budget needed to meet minimum nutritional requirements. The FPL is lower for

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elders than middle-aged adults, reflecting an inaccurate assumption that elders need less to live on than younger people. The FPL fails to take into account housing and transportation costs and, most importantly, medical costs, which can be particularly debilitating for the elderly.

"LA's elderly population deserves every opportunity and resource to overcome obstacles to a secure retirement," Mayor Antonio Villaraigosa of Los Angeles commented. "The *Elder Standard Index* is an objective standard that identifies the real costs and challenges confronting seniors each and every day. We look forward to using it to more effectively tackle and address the housing needs and economic distress of all of our City's seniors."

The *Elder Standard Index* methodology, originally developed by D.C.-based Wider Opportunities for Women (WOW) and the Institute of Gerontology at the University of Massachusetts-Boston, uses widely accepted and credible national and state data sources such as the U.S. Census Bureau and the U.S. Department of Housing and Urban Development (HUD). The UCLA Center for Health Policy Research used geographically relevant data for each county in California to calculate the California data, reflecting local market rates for items such as housing, health care, transportation and long-term care. The *Elder Standard Index* is the only elder-specific financial measure of its kind.

"This new data provides an accurate tool with which legislators can evaluate existing and future policy decisions, direct service providers can assess their communities' unique needs and secure necessary funding, advocates can better express their priorities, and individuals can plan for retirement," said Susie Smith, Director of *Cal-EESI* at the Insight Center for Community Economic Development. "We urge the State of California to officially adopt the *Elder Standard Index* to help ensure that all older Californians can live with dignity and economic well-being."

Cal-EESI is a part of a national campaign led by WOW. "Since 1996, WOW has been working with the Insight Center for Community Economic Development and other state partners across the country to design sound public policies and strong programs that help elders and families reach economic security," says Ramsey Alwin, Director of the National Elder Economic Security Initiative at WOW.

Tuesday's release will feature the announcement of statewide as well as county-specific data for California. Data will be available online at www.insightccd.org.

Cal-EESI is a statewide, research-driven initiative at the forefront of a national effort to raise awareness and promote policy change to ensure that older Americans can live with dignity and economic well-being in their own homes. *Cal-EESI* is led by the Insight Center for Community Economic Development (formerly NEDLC), in coordination with the national effort, led by Wider Opportunities for Women (WOW). Using the *Elder Standard Index*, *Cal-EESI* provides education, advocacy and outreach to policymakers, advocates, foundations and direct service providers.

For more information on *Cal-EESI* or the *Elder Standard Index*, go to www.insightccd.org, or contact Susie Smith by phone at 510.251.2600 x108 or email at ssmith@insightccd.org.

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Wider Opportunities for Women

www.wowonline.org



www.healthpolicy.ucla.edu