CASE STUDY: AB 138 The Elder Economic Planning Act

California embraces the Elder Index

About the Insight Center for Community Economic Development

The Insight Center for Community Economic Development is a 42-year-old national research, legal and consulting organization dedicated to building economic health in vulnerable communities.

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INSIGHT® CENTER FOR COMMUNITY ECONOMIC DEVELOPMENT

Background: A flawed Measure of Poverty

For half a century the Federal Poverty Guidelines (FPL) has inaccurately assessed poverty in America. Currently, the measure is based on the cost of food (at 1960 prices, adjusted for inflation). It does not directly include expenses that account for the bulk of the average family's budget: housing, child care, transportation and (especially for seniors) medical costs. Especially detrimental for high costs states like California, the FPL is also the same dollar amount, whether one lives in San Francisco or Fargo, ND.

Yet the Federal Poverty Guidelines is *the* official measure used to determine eligibility for many government benefits and other essential programs nationwide. The FPL is also used to allocate state and federal resources to local public agencies.

As a result of its methodological flaws, federal guidelines identify only 8% of California's seniors as “poor” and thus in need of supports. The reality, when all costs of living are taken into account, is much different.

The Elder Index: A more accurate approach

About six years ago, Wider Opportunities for Women (WOW) began a pilot project with the University of Massachusetts, Boston to develop a new measure of economic well-being for older adults. The result is the “Elder Economic Security Standard™ Index,” which is the key research and organizing tool for WOW’s “National Elder Economic Security Initiative.”

Instead of calculating poverty based on a multiple of food expenditures alone, the “Elder Index” looks at the *actual* cost of living in specific locations, taking into account what elders need for rent, food, transportation, health care and other basic items.

The national initiative aims to redefine poverty according to modern standards and partners with state-based groups to implement the measure across the country. In California, the Insight Center for Community Economic Development (Insight Center) spearheaded the effort to build a coalition around elder economic security in California and introduce the Elder Index into state law. But Insight needed a scientific partner to calculate the Elder Index. They chose the UCLA Center for Health Policy Research.

UCLA CENTER FOR HEALTH POLICY RESEARCH

An "Elder Index" for California

In 2008, the UCLA Center for Health Policy Research (the Center) developed the first Elder Index for all of California's 58 counties, based on a national methodology but refined for the golden state's unique context. These calculations were grounded in an analysis of local market rates for housing, food, health care, transportation and other basic necessities.

As a result, the Center found that to meet basic expenses, California seniors in most counties required *twice* what the FPL allows. Taking into account California's cost of living, almost half of seniors do not have enough income to make ends meet according to the Elder Index, a sobering conclusion compared to the relatively rosy 8% identified by the FPL.

"The UCLA Center for Health Policy Research provides the rigorous and credible research basis for our advocacy campaign to build political and public will for 1.76 million seniors struggling to make ends meet in California."

- Susan Smith, Insight Center for Community Economic Development

Momentum to make the Elder Index law

Meanwhile, the Insight Center worked to build a strong coalition of supporters to persuade California legislators to implement the Elder Index in state and local planning. Organizations such as the California Alliance of Retired Americans, the California Association of Area Agencies on Aging, AARP and countless others, joined the cause.

As a result, many non-profits and local governments began to use the Elder Index to support seniors.

For example, ElderHelp of San Diego, a home care assistance program that supports struggling seniors, uses the Elder Index to provide a sliding scale payment plan. San Francisco County uses the Elder Index to establish eligibility for one of its long-term care programs. Senior Community Center uses the Elder Index to measure the impact of its affordable housing and congregate meal programs—quantifying the return on investments for its funders. Additionally, over 60% of California's Area Agencies on Aging (AAA) use the Elder Index for planning, education and advocacy purposes.

As awareness of the usefulness of the Elder Index grew, California Assemblymember Jim Beall, Chair of the Assembly Human Services Committee, introduced the Elder Economic Dignity Act of 2009. The legislation required the California Department of Aging and all Area Agencies on Aging (AAAs) to incorporate the Elder Index in their strategic planning.

In 2011, the concerted efforts of a growing group of advocates helped propel a revised version of the legislation, AB138, through both houses. The Elder Economic Planning Act of 2011 was signed into law by Governor Jerry Brown in fall 2011.

With AB 138 now in effect, all of California's AAAs will begin using the Elder Index, bringing California's seniors one step closer to financial security.

Impact: The Elder Index gives hope to millions of struggling seniors

The UCLA Center for Health Policy Research's calculation of the Elder Economic Security Standard Index gives California's seniors hope for a better future. And the Elder Index itself gives legislators both an understanding of the flaws of traditional metrics like the FPL, as well as a 21st century tool to make smarter, data-driven decisions about how to use existing, limited resources.

"The best decision we made early on in launching the California Elder Economic Security Initiative was to partner with the UCLA Center for Health Policy Research," said Susan Smith of the Insight Center for Community Economic Development. "The Center provides the rigorous and credible research basis for our advocacy campaign to build political and public will for 1.76 million seniors struggling to make ends meet in California."