2011

The Economic Crisis Facing Seniors of Color

Background and Policy Recommendations

JACOB DUMEZ and HENOCH DERBEW Summer Associates | The Greenlining Institute

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About the Greenlining Institute

The Greenlining Institute is a national policy, research, organizing, and leadership institute working for racial and economic justice. We ensure that grassroots leaders are participating in major policy debates by building diverse coalitions that work together to advance solutions to our nation's most pressing problems. Greenlining builds public awareness of issues facing communities of color, increases civic participation, and advocates for public and private policies that create opportunities for people and families to make the American Dream a reality.

About the Greenlining Academy

The Greenlining Leadership Academy was established in 1996 to prepare the next generation of multi-ethnic leaders to address the most critical policy issues facing our nation. The Academy offers policy training and hands-on public policy experience to students and young people seeking to acquire these skills and build vital social networks that will enhance their effectiveness as future leaders. Greenlining's vision is to empower a cadre of leaders ready to enter non-profit, private and public sectors and work collaboratively to create social change. Through its programs, the Academy has trained and nurtured over 700 young leaders.

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Executive Summary

The Situation:

- By 2050, over 60% of California's senior population will be nonwhite.

- Independent measures find that 91% of African American and Latino seniors are financially vulnerable. Data on Asian American seniors is more sparse, but some Asian ethnic groups have poverty rates three to four times the rate of white seniors.

- Current federal standards for measuring poverty are flawed and fail to consider factors that disproportionately affect elders. More accurate measures like the "Elder Index" developed at UCLA find shockingly high levels of seniors struggling to make ends meet. For example, 71,000 seniors in Alameda County, California alone are unable to meet their basic needs. Measurements using the federal poverty threshold would miss about 85% of these individuals, many of whom do not qualify for assistance programs.

- The "three-legged stool" of retirement security (pension, savings and Social Security) is collapsing. For a variety of reasons, seniors of color have had less access to all of these sources of support, including less access to employee retirement plans.

- The longstanding "wealth gap" between people of color and whites has actually worsened in recent decades. The ongoing foreclosure crisis has disproportionately affected black and Latino families, draining over $213 billion in wealth from these communities.

- Budget cuts are crippling vital services for seniors, while asset caps that limit enrollment in many programs force low income seniors to drain their meager savings in order to qualify for life-saving assistance.

Solutions:

- Develop and utilize newly updated poverty measurement tools that accurately reflect the costs for senior households on a localized basis, such as the "Elder Index." Pass pending California legislation, AB 138, that would expand use of this measure.

- Increase access to matched and tax-deferred savings and pension plans for people of color and low-income groups, including universal retirement savings accounts which will help employees save for retirement regardless of the pension offerings of their employers. In California, SB 262 would create such a program.

- Promote greater research of and attention to hidden pockets of senior poverty, including Asian American ethnic groups.

- Support asset protection through strengthened regulations and consumer protections in the banking and lending sectors, to be enforced by a funded federal agency such as the new Consumer Financial Protection Bureau. Curb the abusive practices of businesses such as payday lenders, which tend to cluster in communities of color.

- Protect the social safety net (including Supplemental Security Income, food stamps, adult day health care centers and more) from budget cuts which may bring heavy burdens for seniors, and often ultimately higher costs for state and federal governments.

- Lift asset limits that currently force poor seniors to obliterate their savings before they can participate in public benefits programs

Introduction

This report summarizes the economic crisis facing seniors of color, particularly in California. It is increasingly difficult for older Americans – traditionally among the most economically vulnerable populations in our society – to live with dignity and economic well-being. This is particularly true in California, where the actual cost of living far exceeds traditional measures of income sufficiency. Seniors of color face even greater risk of economic insecurity. Historic discrimination and current economic realities have long-term economic implications for people of color, who are entering retirement today in a more unstable position than their white counterparts.

The Greenlining Institute's work in racial and economic justice has historically confronted many of the policy areas linked to economic insecurity among seniors of color; however, minority aging and retirement security have not previously been a focus of Greenlining's work. Given the severity of current trends and the importance of policies promoting the enduring well-being of seniors of color, Greenlining believes increased action is needed to address this issue.

1. Overview

1.1 Seniors of Color Are Financially Vulnerable

Economic security means possessing adequate income and assets to support a decent standard of living. This income may derive from a number of sources (such as stable employment at a livable wage, accumulated savings, and diverse investments). Researchers have developed various methods of assessing economic security for seniors; one reliable method developed by the Institute on Assets and Social Policy (IASP) defines financial vulnerability as lacking sufficient economic security to sustain a senior citizen through their projected lifetime.[1] IASP uses five major components to measure financial vulnerability: housing expenses; healthcare expenses; household budget; home equity; and financial assets. By these criteria, IASP finds that 91% of both African American and Latino seniors face financial vulnerability.

While there are relatively very few sources for data on Asian American poverty, it can be estimated that the number of Asian seniors living in poverty in the U.S. increased from 95,244 in the 2000 Census to 144,537 in the 2007 American Community Survey (a 52% increase).[2] Nearly 13% of Asian American elders in the United States live in poverty, compared to 9.9% of the senior population overall and 7.8% of white American seniors. Senior poverty rates range widely among Asian ethnic groups: Hmong (29%), Korean and Cambodian (both 22%) seniors top the list, while Indian (9%), Filipino (8%) and Japanese (5%) seniors have some of the lowest rates of poverty.[3] Clearly the overall data on Asian American seniors mask hidden pockets of poverty.

It should be noted that this information on Asian American seniors is based on federal poverty guidelines that are outdated and underestimate poverty levels (as will be discussed in the next section). Additionally, both the ACS data on Asian seniors and the IASP research data on African American and Latino seniors were collected before the recession of 2008-2009, and therefore likely underestimate seniors' current economic vulnerabilities.

1.2 The Federal Poverty Line is Flawed and Inaccurate

The Federal Poverty Line (FPL) is an insufficient tool for measuring senior financial vulnerability accurately because it is based on 1960s spending patterns, and fails to take into account geographic variation in costs that disproportionately affect elders. The FPL, used by government agencies to assess economic security, does not incorporate housing, transportation and healthcare costs, and vastly undercounts the number of seniors unable to meet their basic needs. The example below highlights the problems caused by using this inadequate measure, as well as providing a better understanding of the true level of financial vulnerability for seniors in northern California.

The Elder Index

A recent study by UCLA's Center for Health Policy Research and Insight Center for Community Economic Development finds that an elderly renter living alone in Alameda County, California needs approximately $25,000 a year to pay for rent, food, healthcare, transportation, and other necessary spending. This "Elder Index "(described in more detail later in this report) shows that:

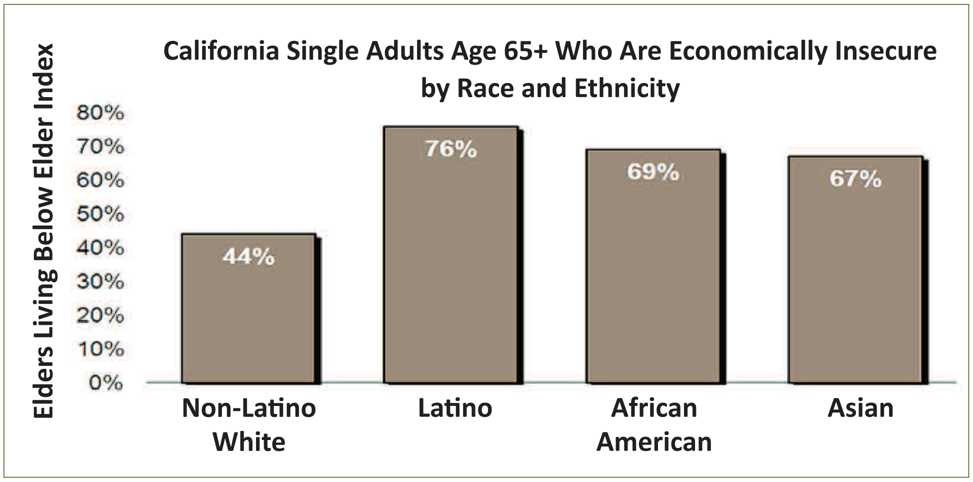
• Half of all elders age 65+ do not have enough income to meet their most basic needs, as measured by the Elder Index. **That's over 71,000 elders struggling to make ends meet in Alameda County.**

• In contrast, according to the Federal Poverty Line (FPL), only 7% (10,000) of Alameda County elders are considered "poor," with individual annual incomes below $10,210.

• But a large number of other elders (62,000 or 42.9%) fall into the "**eligibility gap**," with incomes above the FPL but below the Elder Index. These elders don't have enough money to cover their most basic needs, but have too much to qualify for many public programs.

Source: U.S. Census Bureau's 2006 ACS data, compiled by the UCLA Center for Health Policy Research, http://www.insightcced.org/uploads/eesi/2010%20county%20pages/Alameda/alameda_es.pdf

The same disturbing statistics are found throughout California – for example in Los Angeles County, where 260,000, or 45% of all seniors, fall into the "eligibility gap." While the Elder Index and the Senior Financial Security Index developed by IASP use varying methodologies, they both find that economic insecurity is highest among seniors of color, women and the oldest age groups in the state. For example, the following chart illustrates the number of financially vulnerable seniors in California by race and ethnicity:



Source: U.S. Census Bureau's 2006 ACS data, compiled by the UCLA Center for Health Policy Research

1.3 The "Three-Legged Stool" of Retirement is Collapsing

Traditionally, financial planners and others have likened retirement security to a three-legged stool: employee pensions, personal savings, and Social Security. This analogy reflected the country's fulfillment of a New Deal vision of cradle-to-grave security, underwritten by the federal government and large industrial employers. Unfortunately, not all Americans were able to achieve the educational and employment gains necessary to achieve this vision. And the safety net that big companies wove for many Americans now in retirement – long-term employment, pension security, and retiree health insurance – has long been unraveling.

The traditional vision has been replaced by one that President George W. Bush called the "Ownership Society,"[4] in which the burdens of economic security (and, Bush promised, the rewards) shift back to individuals. Due to many years of a plunging personal savings rate nationally, in addition to the high unemployment and other repercussions of the recent recession, the savings leg has been decimated for many, if not most, Americans. In place of the traditional pension plan, workers who receive retirement plans today are more likely to have a 401(k) plan, under which they, not employers, bear the risk and responsibility of investing enough for retirement. And Social Security, while it remains solvent for the foreseeable future, has come under attack by Pete Peterson and various right-wing think tanks, which would prefer a privatized retirement system.[5] Other changes, such as raising the retirement age, have also been proposed.

Beyond these important political and philosophical shifts lies the more pressing problem, that many people of color in and near retirement age are relying solely on Social Security for their retirement. A typical adult approaching retirement in 2010 was born around 1945 and may have entered the workforce in the mid-1960s at a time of racial segregation in schools and communities, limited access to college for people of color, and employment opportunities with no pensions or retirement savings benefits. The nature of work available to African American and Latino workers at the time often produced more interruptions in employment that led to reduced Social Security benefits. Our nation has worked hard to remedy these inequities, but it has not cured them. Even today, people of color remain less likely to receive pension benefits from their employers, and many people of color, particularly Latinos, are overrepresented in occupations in which worker misclassification limits participation in Social Security.[6]

Wages for minority workers have historically been far below those of whites, and this continues to plague society today, with a senior RAND economist noting, "Among the many disturbing labor market trends in recent years, the stagnation in the racial wage gap may be the most disheartening."[7] To this may be added cultural trends whereby many minority workers use their earnings to help support family members. A recent magazine article highlighted the case of Mauricio Fernandez, an account supervisor for Hispanic marketing at GMR Marketing in San Francisco, who hasn't saved for retirement because he is paying back tuition loans and supporting his aging parents in Colombia: "Every dollar I have been able to save has gone to my family in Colombia."[8]

Substantial research also highlights large disparities in retirement plan savings and participation rates (both pension and 401(k)) by race and ethnicity – even when comparing groups in similar age and income brackets.[9] In 2008, the likelihood of being employed at a firm that sponsored a retirement plan was highest for white non-Hispanic workers and lowest for Hispanic workers, according to a Congressional Research Service report: among whites, 64.2% worked for an employer that sponsored a retirement plan, and 56.6% participated in an employer-sponsored plan. Among Asian-Americans, 56% worked for an employer that sponsored a retirement plan and 47.9% participated. Of workers who classified their race and ethnicity as black non-Hispanic, 55.9% worked for an employer that sponsored a plan and 45.6% participated, while among Hispanic workers, just 38% worked for an employer that sponsored a retirement plan and only 30.3% participated in a plan.[10]

The general retirement landscape is becoming more insecure, and people of color have experienced a disproportionate share of the setbacks in recent decades. From 1979 to 2006, African-American private sector workers saw their overall pension coverage go down from 45.8% to 37.5%. Latinos have the lowest coverage levels and experienced the most significant decline in coverage in the same period, from 38.2% to 22.6% (down 15.5%). In contrast, white workers experienced a much smaller decline of 3.7%, to 48.5%.[11] These figures suggest that younger African Americans and Latinos retiring in the future will face difficulties improving their retirement prospects beyond those of their parents.

Due to the failure of savings and pensions as reliable supports for retirement security, many seniors are turning to continued employment as a fourth leg of the retirement stool. Data comparing the US to OECD (European) countries show that 20% of Americans age 65-69 are still employed, as well as 5% of those age 70+, more than twice the employment rates in those age brackets of any OECD country. This may be even more crucial for seniors of color, due to the relative weakness of their savings and pensions. As more people need to work longer to be able to afford basic living expenses, the unemployment rate for seniors is also growing, particularly for seniors of color.

1.4 The Roots of Economic Insecurity for Seniors of Color

The current financial vulnerability of seniors of color, both nationally and in California, has its roots in a longstanding racial and ethnic wealth and asset gap stemming from a variety of factors, including different initial wealth endowments and outright discrimination. For example, data compiled by the Corporation for Enterprise Development (CFED), show that median net worth for minorities in California was $51,000 in 2006, compared to $304,982 for whites. The asset poverty rate for minorities was 34.6%, compared to 16.7% for whites. These gaps are not going away; in fact, they are growing: For example, an IASP policy brief from last year found evidence that the wealth gap between white and African-American families has more than quadrupled over the course of a generation.[12]

The racial and ethnic wealth gap results from historical and contemporary factors, but the disturbing four-fold increase in such a short time reflects public policies, such as tax cuts on investment income and inheritance, which benefit the wealthiest and redistribute wealth and opportunities upwards. At the same time, evidence from multiple sources demonstrates the powerful role of persistent discrimination in housing, credit, and labor markets. For example, African-Americans and Hispanics were at least twice as likely to receive high-cost home mortgages as whites with similar incomes.[13] These recklessly marketed high-cost loans unnecessarily impeded wealth building in minority communities and helped trigger the foreclosure crisis that is wiping out the largest source of wealth for minorities.

A Greenlining report highlights the huge loss of wealth and assets suffered by people of color in the foreclosure crisis: African American and Latino subprime borrower losses due to foreclosure represent 46% of total losses to foreclosure, even as these two groups represent only 27.9% of the population of the United States. The loss of wealth African American and Latino subprime borrowers due to foreclosure is estimated at $213.1 billion, compared to a loss of $462.2 billion for subprime borrowers as a whole.[14]

Communities of color are hurt further by a lack of adequate financial literacy necessary to navigate today's complex financial services landscape. As another recent Greenlining report noted, only 54% of blacks and 66% of Latinos own bank accounts nationally, compared to 86% of whites.[15] America is a nation that lives on credit cards, and data collected by the Federal Reserve show that minorities are most at risk of damaging their financial futures due to poor credit card management: Federal Reserve Senior Economist and Project Director Arthur B. Kennickell conducted a survey of consumer finances to determine the distribution of wealth in the U.S. between 1989 and 2001,[16] and found that minority families added on debt at a rate far greater than they increased their incomes, thereby reducing the overall wealth building power of every dollar they earned. Minority families also racked up more than twice the debt of their white counterparts.

While minority communities across the country often lack access to reasonably-priced credit such as prime home mortgages, the deregulated market has brought a proliferation of high-cost lending, including securitized subprime and predatory loans, payday lending and check-cashing stores. These communities too often lack the financial literacy (and the consumer protections) necessary to avoid spiraling debt. John Hope Bryant has given his own update to a quote from Andrew Young ("to live in a system of free enterprise, and yet not to understand the rules of free enterprise, is the very definition of slavery"), noting that "to not understand the language of money (financial literacy) and to not have a bank account, in the 21st century, is slavery."[17]

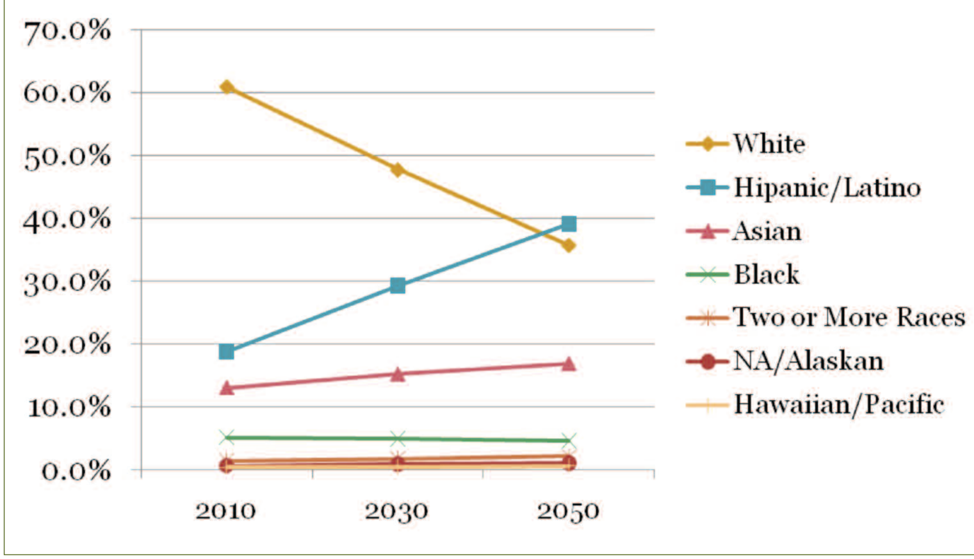
2. An Emerging Crisis

2.1 Demographic Trends

California's population is growing and becoming more diverse. California has long been known for and even defined by its tremendous population growth. No other developed region of the world that is California's size has sustained so much growth over such a long period. Equally remarkable has been the increasing diversity in the state's population. California is home to large groups of immigrants from more than 60 nations, and no race or ethnic group constitutes a majority of the state's population. Although growth rates have slowed during this decade, the state is still growing.[18]

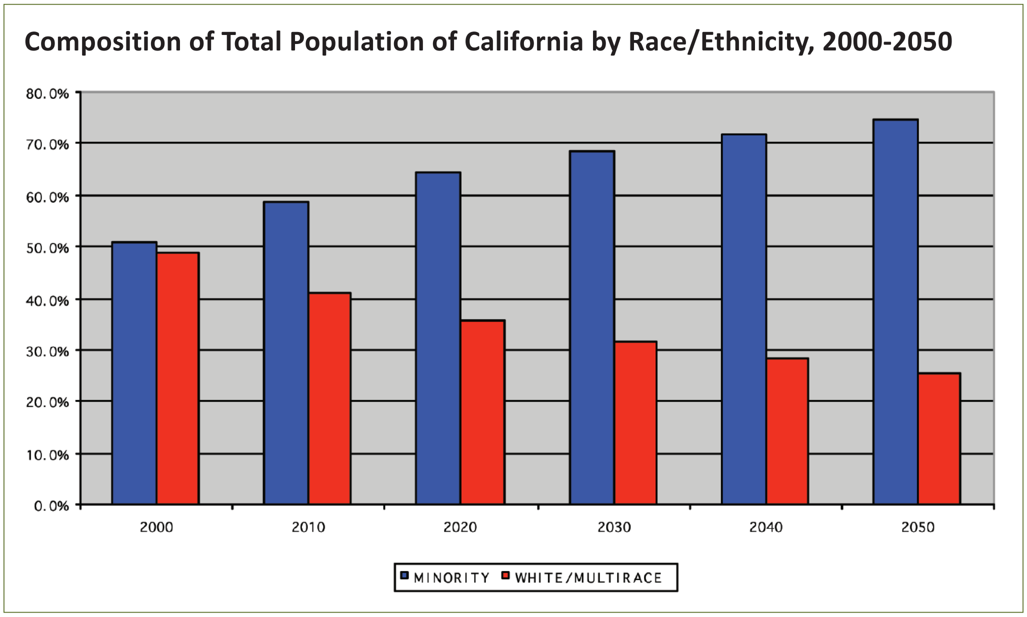
According to the Public Policy Institute of California, in 2008 about 11% of Californians were age 65 and over, compared to only 9% in 1970. By 2025, that share will grow to 16 percent.[19] According to U.S. Census data, California's senior population will nearly double, to 8.3 million by 2050.[20] And by roughly 2025, the majority of California's seniors will be people of color. The chart below depicts this growing senior diversity.

California's Projected Population Age 60+ by Race as Percentage of Total 60+ Population, 2010-2050



Source: US Census, California Projected Population age 60+by race as percentage of total 60+ population.

Additionally, future overall population trends are even further dominated by people of color, as the chart below indicates (thus predicting an even larger minority share of the elderly population in years to come):



Source: State of California, Department of Finance, Population Projections by Race/Ethnicity, Gender and Age for California and Its Counties 2000-2050, Sacramento, California, May 2004.

2.2 Economic Trends

It is no mystery that the recent recession and resultant weak economy, in addition to their negative impacts upon individuals, continue to cause great fiscal distress among states and the federal government. New budget gaps have opened up in many states for the current fiscal year. According to the Center on Budget and Policy Priorities, the state budget gaps for this year and next year combined are estimated to total more than $112 billion nationally.[21] As of April 2011, California's governor and legislature were still struggling with a state budget gap of $26 billion.[22]

Perhaps foremost among the states, California therefore faces very difficult choices about state priorities. A particular concern for future state budgets, and one of interest to seniors, is retirement liabilities. Unfunded retirement-related liabilities of state entities may exceed $130 billion after declines in their investments in 2007-08 and 2008-09.[23] Of perhaps even greater worry is that some categories of retirement costs – particularly retiree health costs and costs for the University of California's pension plan – may rise significantly for decades, as the state has no plan to fully address those liabilities.

Given the gloomy trends in personal and pension savings for seniors of color discussed earlier, and the looming retirement of millions of baby boomers, the implications are dire for elderly Americans. Many seniors of color are being squeezed between a rock and a hard place by earnings and savings that continue to drop, and costs that continue to rise. Although food, transportation, and other costs within a household budget are challenging, two primary areas of concern are housing and healthcare expenses.

PPIC notes that meeting the needs of a large and growing elderly population will pose more challenges in health and human services. For example, even though Medi-Cal enrolls a far larger share of children, elderly adults account for a much higher share of expenditures. Annual costs per enrollee are at least five times higher for adults over age 50 than for children, and nursing home care is especially expensive.

Federal healthcare reform seeks to help aging Americans meet their healthcare cost needs; however the long-term funding picture is unclear, and may place a burden on the state (including Medi-Cal) that is unsustainable given current and projected budget deficits.

Many healthcare programs and services for the elderly are not protected by federal reforms, and a recent *New York Times* article notes that since the start of the recession, at least 25 states and the District of Columbia have curtailed programs that include meal deliveries, housekeeping aid and assistance for family caregivers.[24] That threatens to reverse a long-term trend of enabling people to stay in their homes longer. In California, critical health services for seniors, such as adult day health care centers, have already been hit with significant cuts, and will likely be reduced further, depending on the final outcome of the ongoing budget struggle.

The Institute on Assets and Social Policy at Brandeis found that more than one-third of African American and Latino senior households (34% and 39% respectively) are financially at risk based on their current health expenses, meaning that medical expenses, including supplemental health insurance, take up 15% or more of total before-tax income.[25] Hopefully, as the healthcare reform law is implemented, this situation will improve. But given the continuing overall rise in U.S. health costs, healthcare premiums are rising disproportionately to income for seniors on fixed incomes, potentially posing an even larger burden for senior economic security in the future.[26] Recent congressional proposals to convert Medicare into a voucher system could aggravate this problem further.

Furthermore, asset restrictions for programs such as SSI and Medicaid, which include all holdings in 401(k) or individual retirement accounts, can force low-income older adults to spend their modest savings in order to qualify for assistance that is literally life-saving. Ninety-six percent of Americans age 65-69 who have income below the poverty threshold possess retirement savings of less than $10,000. Eliminating the relatively low levels of savings held by poor older adults places these individuals increasingly at risk by removing their small financial cushion – funds that could be used for emergencies or maintaining their health, home or automobile.[27]

In terms of housing, while home equity is the largest asset of seniors, a substantial portion of African American seniors (44%) and Latino seniors (37%) are at risk, meaning they either rent or have no home equity, according to IASP. Moreover, housing related expenses are high. Sixty percent of both African American and Latino seniors are economically at risk based on their housing expenses, meaning that housing consumes 30% or more of their income.[28] Housing costs eat up too much of many seniors' budgets, and this is particularly true in areas with high costs of living. For example, in Los Angeles, according to the Insight Center, about a third of elders who own their own homes outright cannot make ends meet, while the proportion of elder renters living alone who do not have adequate income to meet expenses is 75%.[29]

The fact that seniors living alone face the heaviest burden of financial vulnerability indicates the importance of family and caregivers. Minority households, particularly recent immigrants, may be more likely to take their parents into their own household as they age. However, when these families are themselves struggling, this becomes a fragile situation, with the entire household potentially at risk. An estimated 5.5 million adults aged 65 and older, or 16% of the U.S. population 65 and older, receive long-term care services and supports.[30] Of those older Americans who receive long-term care, most receive some form of informal, or unpaid, care, primarily by spouses and adult children.[31] Many believe that the demand for family caregiving is likely to increase with further increases in life expectancy and the aging of the baby-boom generation.

In addition to assistance with personal care needs such as bathing, dressing or eating, family caregivers may support older family members in accessing the health care and social service systems, communicating and advocating for care recipients who may not be able to receive culturally or linguistically competent care. We do not address fully the impact of culture and language on seniors of color in this report, but these pose serious challenges. Seniors who mistrust government and do not have the language capacity to understand limited outreach and services may have trouble accessing quality social services, financial services, and healthcare, and may struggle to live on their own.

3. Policy Reforms and Legislation

Implementation of the following reforms would go a long way to solving the problems outlined in this report:

- Develop and utilize newly updated poverty measurement tools that accurately reflect the costs for senior households on a localized basis, such as the California Elder Economic Security Standard Index created by Insight Center for Community Economic Development and the UCLA Health Policy Research Center.

- Increase access to matched and tax-deferred savings and pension plans for people of color and low-income groups, including universal retirement savings accounts which will help employees save for retirement regardless of the pension offerings of their employers (see below for California legislation to address this issue).

- Promote greater research of and attention to hidden pockets of senior poverty, including Asian American ethnic groups.

- Promote and expand financial literacy for all ages, an important part of helping families of color achieve long-term financial stability. By using schools, community centers, non-profits, churches, and senior centers as access points for financial education, public and foundation resources could make an important impact on the financial health of today's and tomorrow's senior population (note: CFED research shows that California lacks crucial state policies and standards promoting financial literacy in schools, as personal finance is not included in state curriculum standards and is not a graduation or testing requirement[32]).

- Support asset protection through strengthened regulations and consumer protections in the banking and lending sectors, to be enforced by a funded federal agency such as the new Consumer Financial Protection Bureau; promote the development of fair and responsible asset-building loan products, examples of which are already offered by small community development lending institutions.

- Protect the social safety net (including Supplemental Security Income, food stamps, adult day health care centers and more) from budget cuts which may bring heavy burdens for seniors, and often ultimately higher costs for state and federal governments.

- Lift asset limits in public benefits programs: Many programs – like cash welfare or Medicaid – limit eligibility to those with few or no assets, but personal savings and assets are precisely the kind of resources that allow families to move off of these programs. States should eliminate asset limits from public benefit programs to encourage self-sufficiency.

- Continue to monitor and address the healthcare crisis, including health insurance and under-insurance and other rising healthcare expenses, as well as implementation of the Affordable Care Act, enacted in 2010, to ensure continuing progress toward universal coverage, access to care for all persons and the reining in of rising costs.

- Promote increased representation by minorities in the healthcare workforce, including particular attention to appropriate cultural and language capacity for healthcare recipients

- Promote a caregiver tax credit on both the state and federal level to offer financial support for individuals taking care of parents, grandparents, family members and others. California had a modest ($500) tax credit for caregivers that expired in 2005, and various federal legislation has been proposed, including the Caregiver Assistance and Relief Effort (CARE) Act of 2010 (allowing taxpayers a credit of $2,500 in 2010, with a reduction of $100 for every $1,000 the taxpayer earns over $75,000, increasing to $2,750 in 2011 and $3,000 in 2012).[33]

- Support passage of new bills that strengthen measurement, oversight, regulations, and services for seniors. Two bills that are active within the current California legislative session are of particular interest. Earlier versions of both have come close to becoming law in past sessions. They are:

- **AB 138 (Beall): Aging: Elder Economic Security Standard Index.** This legislation would use the Elder Economic Security Standard Index (Elder Index) developed by Insight/Cal-EESI to provide an alternative measure of poverty to plan for the needs of California's growing aging population. The Elder Index is an established tool that accurately quantifies the annual cost of meeting basic needs for older adults in each California county. The basic idea of alternative poverty measurements such as the Elder Index is that the federal poverty level is flawed and underestimates actual poverty. As Mayor Michael Bloomberg of New York City has said of the need for newer and more accurate poverty measurement tools: "If you can't measure it, you can't manage it."

  Specifically, this bill would:

  - Require California Area Agencies on Aging (AAA) to use the Elder Index and demographic profile of seniors living below the Elder Index to determine poverty in preparing their needs assessment and in developing local area plans (no cost).

  - Require the California Department of Aging (CDA) to include a compilation of this local Elder Index data in its State area plan (minor and absorbable cost).

  - Require state-funded Senior and Community Employment Programs (SCSEP) to use the Elder Index in tracking participants' progress toward economic sustainability (no cost).

  This bill does not:

  - Change eligibility requirements for any means-tested programs.

  - Require the state to spend any money updating the index, or analyzing or disseminating data. Data will be gathered, analyzed and made available by UCLA using outside funding.

  - Replace the Federal Poverty Guidelines (FPL) or require that any agency cease use of the FPL for planning and other purposes.

- **SB 262 (De Leon): Retirement: California Employee Savings Program.** This legislation is sponsored by the New America Foundation and AARP California, and would expand retirement security for California workers not covered by workplace retirement plans. If enacted, the bill would create a seamless, lifelong retirement savings system, allowing workers to save through payroll deductions into a universal, voluntary account that they can take from job to job.

  As noted earlier in this report, today, millions of Californians do not have the option to save for retirement through payroll deductions. Approximately six million Californians, roughly 43 % of the state's workforce, work at a job that does not offer them a pension or a retirement savings plan to supplement Social Security. As a result, around 40% of today's baby boomer retirees rely on Social Security benefits for more than 90% of their income. However, Social Security payments alone, which average to $1,081 per month in California, will not be enough to sustain Californians in their retirement.[34]

  In addition to the above, it is important to bear in mind that senior economic security is a multi-faceted issue, and certain policy areas not directly related to seniors or retirement will need continuing attention:

- **Payday lending and other consumer/financial protection.** Predatory payday lending refers to the practice of repeatedly making small, short-term loans at annual interest rates averaging about 400%, trapping borrowers in a cycle of debt. Payday lenders are nearly eight times more concentrated in California's African American and Latino neighborhoods than in white neighborhoods, draining these communities of $247 million in payday loan fees each year.[35] The *Wall Street Journal* has recently found that payday lenders are increasingly targeting recipients of Social Security and other government benefits, and that many payday lenders are clustered around government-subsidized housing for seniors.[36]

- **Healthcare workforce diversity and other health initiatives.** The National Quality Forum (an organization working on improving healthcare quality) defines cultural competency as the ongoing capacity of healthcare systems, organizations, and professionals to provide diverse patient populations with high-quality care that is safe, patient- and family-centered, evidence-based, and equitable.[37] Currently, disparities pervade healthcare to the point that healthcare is fundamentally unequal.[38] For seniors of color, language and cultural barriers form distinct challenges for a population that often needs complex, intensive healthcare services; an adequate force of healthcare workers with appropriate language and cultural skills will be essential.

Conclusion

Economic insecurity among seniors of color, both in California and nationally, is a growing crisis. Economic insecurity is caused by factors that include the high costs of basic necessities and inadequate income. Those most at risk include African American and Latino seniors, seniors living alone, elderly women, and those aged 75 and above. The state of financial vulnerability in these groups was already disturbing before the recent foreclosure crisis and recession. When new data that fully capture the recession's impact become available, the updated figures will likely show an even larger number of seniors of color without adequate income to support their basic needs into retirement and through the remainder of their lives. Urgent action is needed to help provide financial stability and a decent standard of living for millions of seniors in California and across the U.S.

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