

Lower-Income Baby Boomers

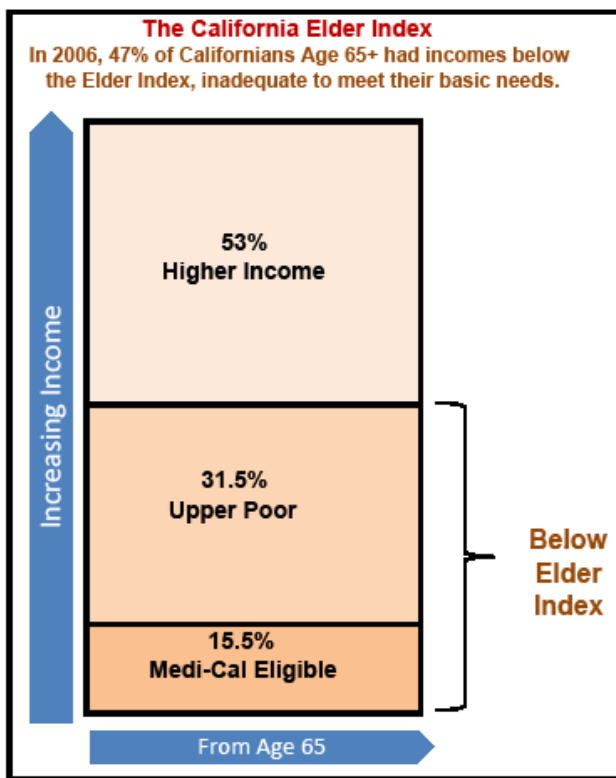
A Quiet Crisis

By Lamar Turner

Much has been written about California's wave of baby boomers (born 1946 to 1964) now entering the final third of their lives. However, far less attention has been given to the lower-income component of this aging wave. If current trends continue, in a few years the number of California boomers with incomes inadequate to meet their most basic needs could exceed 5.6 million.¹ To put this number in perspective, in 2008 the bay area counties of Alameda, Contra Costa, Marin, San Francisco, San Mateo, Napa and Sonoma Counties had a total combined population below 5.6 million.

Inadequate Income for Aging

The U.S. Census office does not provide adequate data of combined age and income information to allow careful study of this population. Other data sources provide better insight into California's lower-income elders. One such source is the California Department of Aging's analysis of the state's Medicaid (called Medi-Cal in California) population. In 2009, the California Department of Aging determined that 15.5% (952,000) of California's age 60+ population was eligible for Medi-Cal.² However, the 60+ Medi-Cal population accounts for only the poorest of lower-income elders in the state, and does not include the "upper poor". The upper poor fall into a gap, having inadequate financial resources to cover their most basic needs, but too much to qualify for Medi-Cal programs.



A useful source that does include this "upper poor" population is the California Elder Economic Security Standard Index developed by Wider Opportunities for Women and the Gerontology Institute at the University of Massachusetts-Boston. It measures how much income is needed for a retired adult, age 65 and older, to adequately meet his or her basic needs, including housing, food, out-of-pocket medical expenses, transportation, and other necessary spending. For example, the statewide average Elder Index for an elderly renter living alone in California was determined to be \$21,000 per year in 2009, 54% of the state median income for a single person. In 2006, the California Elder Index estimated that 47% of older adults (approximately 1.76 million), had income inadequate to meet their most basic needs.³

Minority to Become the Majority

The California Department of Finance estimated that the age 60+ population would increase from 5.5 million in 2005 to 12 million in 2040. If the percentage of older adults living below the Elder Index remained the same, by 2040 the number of elders unable to meet their most basic needs (adjusted to 60+ population), would increase from approximately 2.6 million to 5.6 million.⁴

The future picture for racial minorities is even more bleak than these numbers indicate. Consider the following:

- Seventy percent of Asian, Latino and African American older adults (in 2006) lived below the Elder Index, a much higher percentage than white older adults.⁵
- Racial ethnic minority seniors (in 2005) made up 36% of the older adult population, but it is projected that by 2040 they will make up 64% of the older adult population.⁶

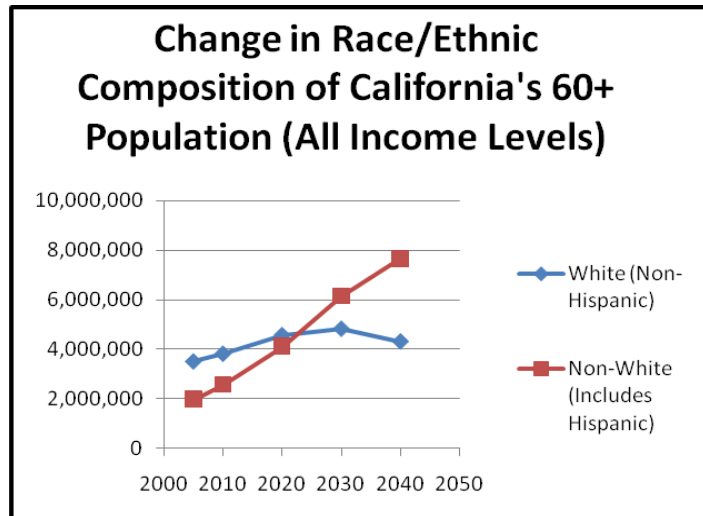
The increasing number of older adults and the increasing percentage of racial ethnic minority older adults work in tandem to create an impending crisis of huge proportions.

Housing Crisis

A 2009 analysis of the lower-income age 55+ population living in apartment properties managed by one of Northern California's largest nonprofit affordable housing companies, EAH Housing, revealed surprising information; 56% of the seniors lived in family properties rather than in age-restricted senior properties. Furthermore, the older the family property was, the greater was the percentage of seniors living there. Properties over 20 years old had 38% more seniors than properties less than 10 years old. Ominously, if the current 45-54 age group remains in their apartments, the number of seniors in these family properties would more than double in ten years, reducing opportunities for younger families to find affordable rental housing. It seems likely that other below-market family apartments throughout California also have un-noted, ever-increasing populations of low-income seniors.

Housing alternatives for low-income seniors are very limited. The supply of both Housing & Urban Development (HUD) Section 202 and Low Income Housing Tax Credit (LIHTC) housing is inadequate to meet the growing numbers of low-income older renters, as evidenced by long waiting lists and low vacancy rates.⁷ Nationally, in 2006, on average, there were 50 applicants waiting for an apartment to become available in a Section 202 property, and an average vacancy rate of 2.6%. For a LIHTC property for seniors, there were 38 applicants waiting for an apartment and a 1.5% vacancy rate.⁸

Older adults usually want to remain in their home as they age. When, due to growing frailty, low-income residents begin needing assistance, their reluctance to move becomes more extreme – because they have no place to go. They cannot afford the usual intermediate housing alternatives such as congregate care and assisted living. Save for California's modest Medicaid Assisted Living Waiver Pilot



Program, no government programs in California provide low-income housing choices that bridge the gap between independent living and nursing-home care.

Funding for state and federal programs for lower-income seniors, particularly those programs providing home-based care, are often the first to be trimmed. For instance, California's fall 2009 budget ended the Linkages program that helped the frail elderly remain in their homes; crippled the In Home Support Service (IHSS) program, which provides essential help for those unable to perform without assistance; and significantly altered the Adult Day Health Care (ADHC) program, now restricting eligibility to only the most frail.

Elders, their families, and their landlords now have fewer resources for maintaining health and independence, increasing the necessity of earlier moves to more costly institutional care. The lack of adequate housing and programs places an increasing burden on taxpayers, who must fund this expensive, Medi-Cal supported end-of-life care. The low income age-wave will produce an impact felt at many levels – by the elders and their families, by the service, health care and housing providers that serve them, and by the greater population.

The New Homeless

There are now more homeless seniors than ever before. In the last five years, some studies show their numbers have increased by over 200%. However, they are not likely to be seen on the streets or huddled in back alleys. These are the invisible homeless, living in their cars, or on the couches of friends.⁹ With low-income elders facing increasingly fewer housing alternatives, the number of homeless seniors will perhaps also double again, as California's elder population doubles.

Addressing the Problem

Addressing this quiet crisis is like addressing climate change, and in both cases the problem does not go away – the impact only becomes more serious over time until the clamor rises to the level when it becomes extremely difficult and expensive to resolve. To address effectively the needs of this certain, expanding population of lower-income elders:

- The public must be made more aware of the problem. Public awareness of this quietly-developing crisis must go beyond those actively working in the field and those most affected. The public does not naturally rally around the less apparent needs of low-income elders. By coming together, program providers must create, fund and implement strategies intended to educate, inform and influence the broader public toward a public mandate to address these needs. Education and advocacy are fundamental to effective change.
- Program providers must come together. The wave of lower-income elders will bring unprecedented challenges to the current complex infrastructure of service, health-care and housing programs established to serve this population. All too often these programs operate as if on separate islands, segregated by government divisions and targeted funding streams. This segregation discourages communication and cooperation, and is a critical barrier to more effective, efficient and economically viable program delivery systems. Working together is difficult since each program has had its own complex struggle for survival. Comprehensive change will remain elusive if this fragmentation is left unaddressed.

Encouraging signs of leadership are now emerging as entrepreneurs stitch together disparate service, health care and housing programs in unique ways, to serve lower-income older adults

more comprehensively. These creative pioneers, and the growing ranks of so many others, alarmed by the urgency of this emerging crisis, will accomplish more working together than working alone.

- Structural change must occur. The current makeup of programs and services for lower-income elders has evolved over the years through the intersection of need and funding. Structural change to more efficient and comprehensive program delivery systems and restructured funding streams must now occur, with particular emphasis on home based care. Restructuring must occur at governmental levels, led by organized advocates for legislative change. Health care reform may make valuable contributions.

Conclusion

The lower-income, hidden age wave is already here – and growing. While California’s Medi-Cal program partially addresses the needs of our very low-income elders, even fewer programs exist for the upper poor. As a result, the most underserved may well be the growing population of upper poor, those that do not meet the requirements for Medi-Cal programs, yet lack sufficient funds to adequately meet their needs.

Whether motivated by a sense of ethical justice, a desire to be good stewards of scarce public financial resources, or both, effectively integrated programs and services for lower income-elders will optimize health and maximize independence. Our elders will live healthier, longer lives, enjoy a higher quality of life, and live in their homes longer. Effective integration of services, housing and health care is a win, win – good for our elders and their families, and sound economic strategy.

1. *Insight Center for Community Economic Development.* “Elders Who Can’t Make Ends Meet in California As Measured by the California Elder Economic Security Standard™ Index.” www.insightcced.org/uploads/cfess/New%20Elder%20Fact%20Sheets/State%20templates/Statewide%20Chart%20Template.pdf.
(Also see)
State of California, Department of Finance. 2005-2009 State Plan on Aging. “Race/Ethnic Population with Age and Sex Detail, 2000-2050, Sacramento, CA. May 2004.”
2. *California Department of Aging.* “California Population Demographic Projections by County and PSA for 2009.” www.aqing.ca.gov/stats/default.asp. (Medi-Cal is a “safety-net” program providing medical services for California’s lowest income group. The precise eligibility formula for Medi-Cal is complex, but in rough terms, and subject to various adjusting factors, a single older adult can have no more than \$2,000 in assets and no more than approximately \$13,500 in annual income.)
3. *Insight Center for Community Economic Development.* (*The Elder Economic Security Standard™ Index is the basic income needed to make ends meet for persons age 65 and older. It reflects actual costs at the county level for housing, health care, food, transportation, and other costs in different housing types.*)
4. *State of California, Department of Finance.*
5. *Insight Center for Community Economic Development.*
6. *State of California, Department of Finance.*
7. *AARP.org.* “Developing Appropriate Rental Housing For Low-Income Older Persons: A Survey Of Section 202 And LIHTC Property Managers.” www.aarp.org/research/ppi/liv-com/housing/articles/dd149_lihtc.html.
8. *AARP Public Policy Institute.* Developing Appropriate Rental Housing For Low-Income Older Persons: A Survey Of Section 202 And LIHTC Property Managers.” http://assets.aarp.org/rgcenter/consume/dd149_lihtc.pdf.
9. *Suite 101.com.* “Homeless Grandparents, Seniors Without Shelter: A growing Problem, Julie Burtinshaw. http://aginggrandparents.suite101.com/article.cfm/homeless_grandparents#ixzz0Ved2dmTl.