

Joint Informational Hearing *of the* Assembly Committees
on
Human Services and Aging & Long Term Care

Fiscal Forecast for Older Women:
POOR



FINAL REPORT

Friday, December 9, 2011
1:00 to 3:00pm

Ronald Reagan State Building, Auditorium
300 South Spring Street
Los Angeles, CA 90013

**JOINT INFORMATIONAL HEARING
of the
ASSEMBLY COMMITTEE ON HUMAN SERVICES
Jim Beall, Jr. Chair
and
ASSEMBLY COMMITTEE ON AGING AND LONG-TERM CARE
Mariko Yamada, Chair**

**Friday, December 9, 2011
Ronald Reagan State Building, Auditorium
300 South Spring Street
Los Angeles, CA 90013**

**Fiscal Forecast for Older Women:
POOR**

Contents

Item

Agenda

Issue Paper

Key Graphics

Articles, Studies, and Related Topics

Presenter Biographies

Presenter Testimony

**JOINT INFORMATIONAL HEARING
of the
ASSEMBLY COMMITTEE ON HUMAN SERVICES
and
ASSEMBLY COMMITTEE ON AGING AND LONG-TERM CARE**

**Friday, December 9, 2011
Ronald Reagan State Building, Auditorium
300 South Spring Street
Los Angeles, CA 90013**

**Fiscal Forecast for Older Women:
POOR**

AGENDA

- I. Welcome and Opening Remarks:**
Assembly Member Beall, Chair, Assembly Human Services Committee
Assembly Member Yamada, Chair, Assembly Aging and Long-Term Care Committee
- II. Why this hearing? Moving Forward: Guiding Principles to Build Economic Security for Older Women in California**
Jenny Chung Mejia, Program Manager/Attorney, Insight Center for Community and Economic Development
- III. Facilitator**
Caroline Cicero, PhD, MSW, MPL,
Pepperdine University School of Public Policy, Gerontologist Southern California Health and Aging Public Policy Institute
- IV. Economics of aging disproportionately disadvantage women and threatens their fiscal well-being**

- a) **Donna Addkison**, Executive Director, Wider Opportunities for Women (WOW)
- b) **Jean Ross**, Executive Director, California Budget Project
- c) **Laura Trejo**, MSG, MPA, General Manager, Los Angeles Department of Aging

V. Weathering the storm: Testaments of older women and their financial struggles and experiences

- a) **Carol Occhino**
- b) **Louise Lelah**
- c) **Mitsuye Chan**

VI. Unveiling of the Guiding Principles and Recommendations

VII. Public comments

VIII. Closing comments

**JOINT INFORMATIONAL HEARING
of the
ASSEMBLY COMMITTEE ON HUMAN SERVICES
Jim Beall, Jr. Chair
and
ASSEMBLY COMMITTEE ON AGING AND LONG-TERM CARE
Mariko Yamada, Chair**

**Friday, December 9, 2011
Ronald Reagan State Building, Auditorium
300 South Spring Street
Los Angeles, CA 90013**

**Fiscal Forecast for Older Women:
POOR**

ISSUE PAPER

It is a disturbing fact that older women face some of the greatest challenges achieving economic security late in life. Decades of research, data, studies, reports and findings tell us that there are several well-known causes for why older women struggle financially, including:

- A longer life expectancy;
- Foregone earnings and Social Security benefits due to caregiving;
- Continued gender pay disparity;
- Aging alone (e.g. not remarrying); and,
- Women's attitudes and behaviors toward money.

Arguably, cycles that impact a woman's economic security late in life begin early in life. Marginalization of women, gender stereotyping for professional roles and careers, gender discrimination, sexual harassment, caregiving, and the impact of child bearing and child rearing all work against a woman's ability to secure a dignified and independent late-in-life lifestyle.

While women have made economic strides over the last decade by enhancing their earning power and increasing their participation in the workforce, there still exist acute economic disparities between men and women, suggesting that additional work is yet to be done. It is well known that this disparity impacts older women planning for their economic security. But, what has been proposed, and what has been done to reverse this trend? As the baby-boom generation ages, and a much larger and more empowered cohort of women find themselves facing an inclement fiscal forecast, what strategies and policies exist to enhance the economic independence of today's older California women, as well as those of the generations to come? Answering these questions is the focus of this hearing.

Aging

California is home to the largest number of seniors in the nation and this population is expanding at a pace unprecedented in history. The California Department of Finance's Demographic Research Unit estimates that California's 65+ population will grow by 43 percent, from 4.4 million in 2010 to 6.35 million by 2020. Then, the 65+ cohort will grow another 39 percent, to 8.83 million by 2030; and then by an additional 21 percent to an astounding 10.5 million Californians over the age of 65 by 2040. Even more graphic is the proportion of the population who are 65+, which will transform our social landscape. Today roughly one in ten people are 65 or older. By 2040, roughly one in five people will be 65 or older.

Among various factors contributing to a disproportionate number of older women living in poverty is life expectancy. Because women's life expectancy is longer than men's, they are more likely to outlive their resources and slip into poverty. Though women comprise roughly half of the general population, by age 65 their proportion increases to about 57%. In the 85+ group, women outnumber men nearly two-to-one (64%/36%).

According to the U.S. Census Bureau (Bureau), at age 65, a woman can anticipate an additional 19.9 years of life expectancy. Men, on the other hand, can anticipate 17.2. Though longer life spans are a remarkable achievement for a society, the gift of additional years of life may not be so comfortable for older women.

Poverty

Recent reports by the Bureau cite that the number of Americans living below the official poverty line is the highest since the Bureau began tracking such statistics nearly 53 years ago. The Bureau reports that the number of Americans living below the poverty line last year reached 15.1 percent of the population. In California, that number was 16.3 percent. According to the Elder Economic Security Standard Index, a tool that measures the basic needs of a person ages 65 and older, over half (54%) of the older women in California living alone, and more than a quarter (27%) of those living with others, such as spouses, struggle to make ends meet. It is within the intersection of historical economic disparity and the incidence of poverty among the elderly that older women find themselves in a stormy statistical double jeopardy. Even more confounding is the bleak outlook for elderly women of color.

For older people, Social Security has proven to be a substantial stop-gap mechanism to reduce poverty. According to the Bureau, since 1959 when statistics were first compiled, the poverty rate for older Americans dropped from 35.2 percent to roughly 9.7 percent. Nonetheless, closer scrutiny reveals that the poverty rate among older women is 10.7 percent, while the rate for older men is only 6.6 percent. Drilling deeper, marital status offers a revealing glimpse at a root cause of impoverishment. In the year 1999 when comparisons were last made by the Bureau, the data demonstrated that divorced women, and women who never married, were four to five times (20.4%, 18.9%) as likely to face impoverishment after reaching the age of 65, than women who remained married (4.3%).

Caregiving

Caregiving is the leading reason why women spend less time in the work force than men. Caring for children, or elderly and disabled family members, falls disproportionately upon women, which consequently causes breaks from employment that diminishes retirement benefits. In California, according to the Family Caregiver Alliance, (a California-based think tank on caregiving), 75% of caregivers are women with an average age of 51--an age when most other people are entering the highest income earning phase of their careers. Besides the financial pressures of caregiving, caregivers also endure costly legal quandaries, problems with their own health, emotional turmoil and depression, all at a time in their lives when their non-caregiving (typically male) counterparts are peaking in their income earning potential. Women are also less likely to receive pension income and have lower net capital worth. Older women of color, in particular, tend to be the least economically secure cohort in our society, and most involved in caregiving.

Financial planning

As discussed previously, older women encounter extra risks to their retirement than men. With these extra risks, it begs the question of whether or not women are aware of them and whether they are taking action. This question was recently addressed in a study performed by the MetLife Mature Market Institute in conjunction with the Scripps Gerontology Center of Miami University. The study revealed that there exists a "perilous paradox" of women's retirement and their response to their own economic security. The study found that women in general have greater concerns about their retirement security but do less than needed to plan for adequately addressing those concerns. It could be argued that it is self-evident that women who are caring for their children and/or elders and perhaps working outside the home as well have little time to manage the complexities of planning for their retirement. However, there are additional, less obvious reasons for this lack of planning.

For example, the study suggests that women do not have the confidence to plan for their retirement due to lack of experience. According to the study this is because only one-third of the participants reported that they are most responsible for the financial health of their household and retirement planning. Additionally, the study reports that women are less likely to use Internet

tools for items such as retirement calculators to assist them with their financial planning, had less of an understanding of their retirement income and expenses than men, and were less likely than men to "do the math" required to calculate their retirement needs. With this lack of basic financial literacy, coupled with the other challenges, it is no wonder that older women find themselves in a perilous paradox.

Solutions

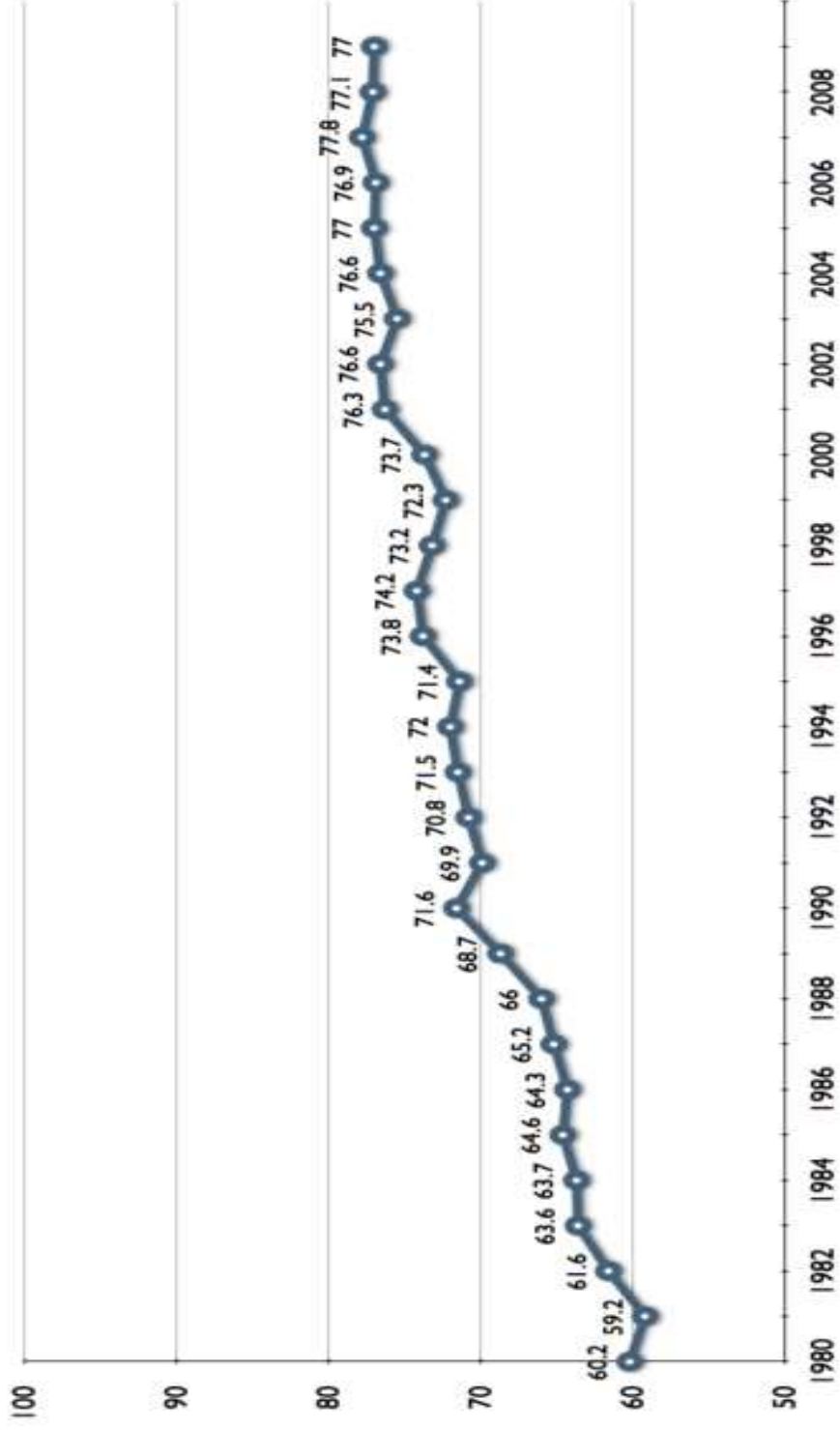
With this knowledge in hand, how can policy makers, program planners, the policy development community in general, and older women themselves respond? What strategies can be deployed to change attitudes toward policies that impact women and their efforts to secure themselves economically, late in life, against seemingly insurmountable forces? How can cycles that have long contributed to financial insecurity of older women be broken and reversed? With all the accumulated knowledge demonstrating that women face a far greater degree of uncertainty and economic insecurity late in life, have there been no efforts to resolve these inequities, or at least stop feeding the cycles that contribute to this alarming late-life disparity?

In conclusion, participants and presenters of the joint Assembly Human Services and Assembly Aging and Long-Term Care committees informational hearing titled "Fiscal Forecast of Older Women: Poor" offered a range of guiding principles to policy makers and policy analysts. The guiding principles may help stem the erosive effects that some decisions have upon the financial security of women. Those principles are as follows:

1. What measure of economic security was utilized to evaluate the impact of proposed program and policy actions—has the policy been subjected to the Elder Economic Security Index analysis?
2. Will the proposed program or policy action detract from, or enhance, services and supports that allow low-income older women, and their households make ends meet?
3. Will the proposed program or policy action force choices between the current well-being of older/younger family members and the well-being of caregivers?
4. Will the proposed program or policy action exacerbate the gender income gap, and thus contribute to the risk of lower retirement savings and greater economic insecurity for older women?
5. Will the proposed program or policy action ensure that girls and women have access to the education, training and employment opportunities that will place them on a path toward life-long economic security?

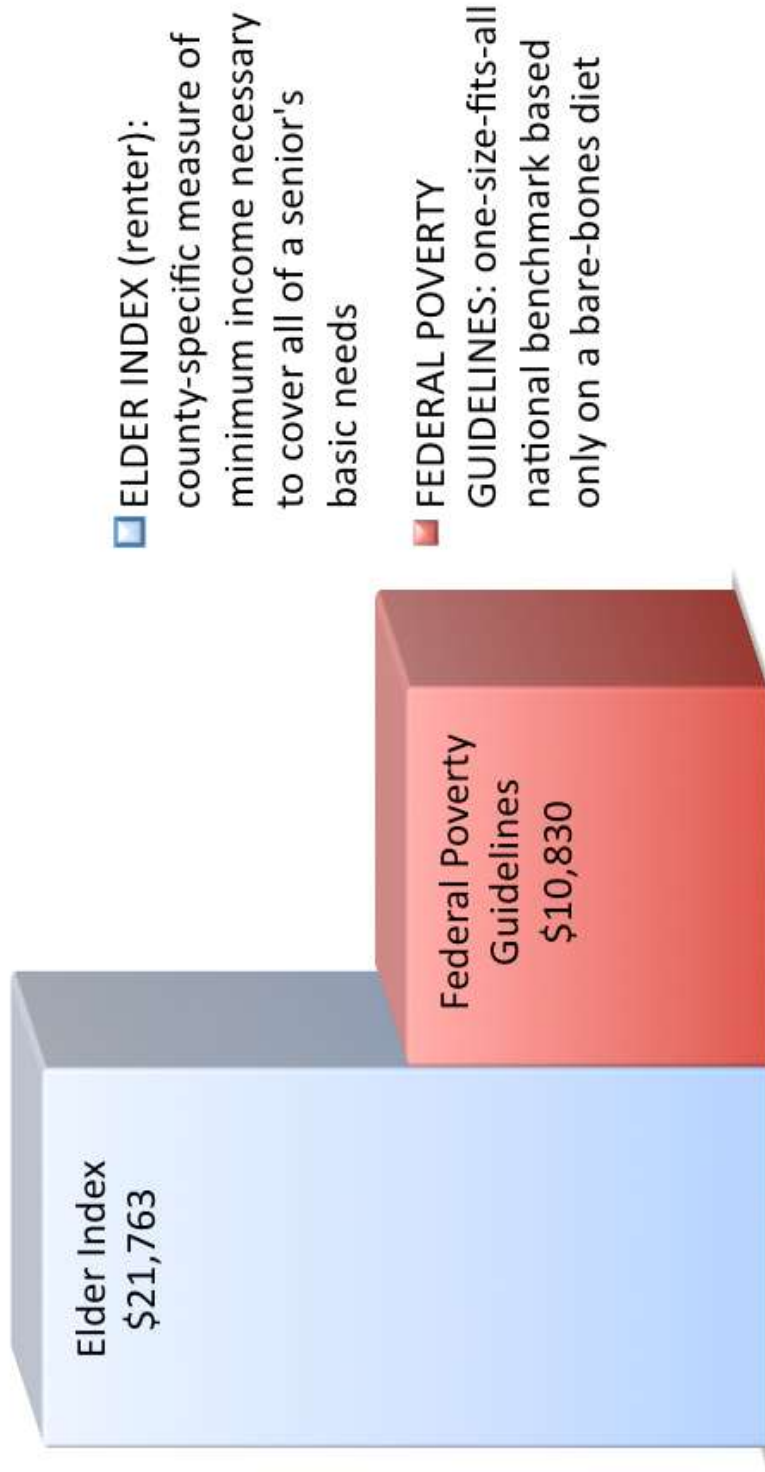
Key Graphics

Female-to-Male Earnings Ratio, 1980-2009



Elder Index vs Federal Poverty Guidelines (FPL): Where the FPL Falls Short

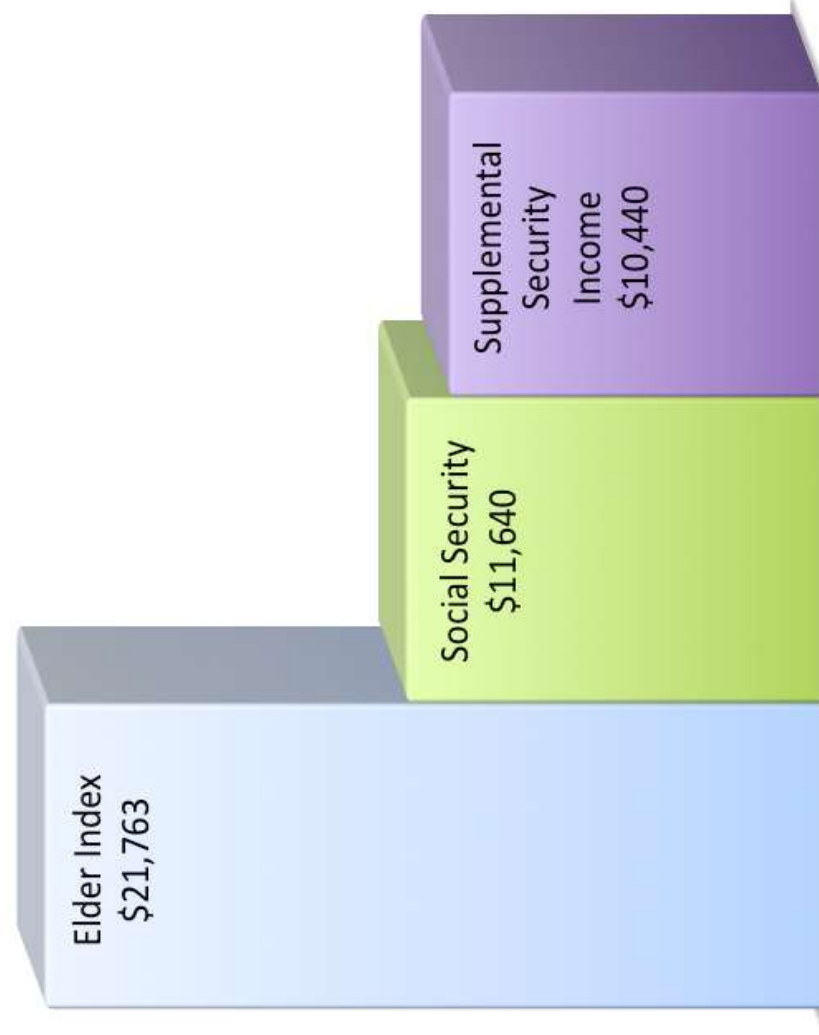
(California Statewide Average, 2009, One-Person Household)



Source: UCLA Center for Health Policy Research

Elder Index vs Common Income Sources for Seniors: Where Income Falls Short

(California Statewide Average, 2009, One-Person Household)



□ ELDER INDEX (renter): county-specific measure of minimum income necessary to cover all of a senior's basic needs

■ SOCIAL SECURITY (median payment): national pension program for workers who have paid into the system

■ SUPPLEMENTAL SECURITY INCOME (maximum payment): cash assistance program for low-income seniors

Source: UCLA Center for Health Policy Research

Articles, Studies and Related Topics

Executive Summary

Like the classic news vendor's famous street corner shout of "Extra! Extra! Read all about it!" *The MetLife Study of Women, Retirement, and the Extra-Long Life: Implications for Planning*, produced by the MetLife Mature Market Institute, in conjunction with the Scripps Gerontology Center of Miami University, examines mature women's retirement-related thinking and behaviors in the context of all the "extra" challenges women experience in retirement. It exposes the "perilous paradox" of women's retirement income security needs and their response to them.

Women in the U.S. live extra-long lives (8% longer than men on average), and these "bonus" years may be a blessing of extra living, but also have their costs, including that women's resources must last an extra-long time. Women's lives are also extra-complicated by some very particular susceptibilities and risks. First, they are more likely than men to age solo, that is, to be widowed, divorced, or otherwise live alone, shouldering the costs of retirement on their own. Second, over the life course they have significantly higher health care expenditures and more than half of their higher total expenditures is explained by their longer lives.¹ Third, they have greater health care affordability issues because they are less likely to be insured or to be adequately and reliably insured. Fourth, women are more likely to provide long-term care, with a cost impact in lost wages, and ultimately on Social Security benefits and pensions. Fifth, they are more likely to need long-term care themselves; women's purchased long-term care averages \$124,000, nearly three times the total cost for men (\$44,000).² And finally, women have significantly lower annual retirement incomes than men. The average retirement income from all sources for men (age 65+) in 2009 was \$37,509; women's income was just 57% of that amount, or \$21,519.

This study reports additional findings from the 2011 study, *Best-Case Strategies for a Flexible Retirement: The MetLife Study of Thinking About Retirement in Uncertain Times*. This national survey of 1,007 retired and employed men and women ages 50 to 70 explored behaviors and attitudes related to retirement planning with a particular focus on planning for unexpected expenses and life events in retirement. In-depth structured interviews were also conducted with 50 individuals and couples for additional experiences and personal insights. For the current study, data were analyzed to identify the nature and level of women's retirement concerns as well as the characteristics and level of their planning behaviors. Implications for both women and men as well as findings related to couples are included.

What does the survey tell us about women's attitudes and behaviors related to planning? It reveals a paradox that imperils their extra years with extra risks: Women in general have greater concerns about their retirement security yet do less than needed to plan for adequately addressing those concerns. Moreover,

even when they are on par with men in some planning behaviors, women fall short, along with some men, of incorporating basic and important planning principles into their strategy and activity. It seems self-evident that, if anything, in their own self-interest, women should actually out-plan men. That is, we should see women taking charge of their futures in a more forceful way that accounts for their unique set of risks. Findings from this study reveal that this is not the case, although they certainly have the capacity to do so.

Key Findings

An “Extra-Long” Life Means an “Extra-Long” Retirement As Well

- Women acknowledge their extra-long lives. In fact, two in five women (39%) expect to live to age 90+, an age that exceeds the actual average life expectancy at a comparable age to those surveyed. Men in the study anticipated living to 90+ at half that rate (20%).
- Women expect to retire at about the same age as men. In this study, the women and men have retired or expect to retire at age 62 on average, but with longer life expectancies. Women in the study can expect to have retirements 16% longer than those of the men (22 years vs. 19 years).
- Retirement timing is not always predictable or controllable. Nearly one in four women (23%) experienced a change in their planned retirement age, 16% retiring later than expected and 7% earlier than expected.

Concerns About the Future

Across the board, women in the study indicate greater concern about their retirement security, particularly in the areas of affording health care, long-term care costs, and the adequacy of their income and assets in retirement.

- **Affording health care.** Seven out of ten women (71% vs. 62% of men) say they are either very or somewhat concerned about being able to afford health care in their retirement years.
- **Long-term care costs.** Seven of ten women (71% vs. 63% of men) report being either very or somewhat concerned about providing for their own or their spouse’s long-term care needs and are nearly twice as likely as men to be very concerned (27% vs. 15%).

- **Adequacy of income and confidence.**

- More than half of the women (54% vs. 44% of men) report that they are very or somewhat concerned about outliving their retirement resources.
- Of women who were at least somewhat confident about their ability to live comfortably in retirement, 66% attributed this to having a guaranteed stream of income (70% of men concurred). Of those not confident, 61% of women cited not having sufficient savings to last their anticipated lifetime (58% of men agreed).

Planning for Extra Challenges in Retirement: How Do Women Do?

Women have not matched their concerns about the issues in their extra-long lives with extra attention to retirement planning. Even when they are on par with men in some of their planning behaviors there is considerable room for improvement, especially given their particular financial risks.

- **Taking charge.** Only one in three women (34%) said they are most responsible for financial and retirement planning in their households, compared to six in ten men (61%). Seven percent of women said they were not at all responsible for retirement planning and decisions, and only two men in the entire sample said the same.

- **Planning for contingencies.** More than half of women (53%, and an equal percentage of men) respond to unexpected financial emergencies by dealing with them “if and when they happen” as opposed to planning for possible scenarios and contingencies.

- **Gathering information and using resources.**

- Almost six in ten women (58%) spend fewer than ten hours in information gathering or planning over a six-month period, compared to 45% of men.
- There are gender differences in the use of other resources. Women are far more likely than men to consult with their spouses/partners (55% vs. 37%) and/or with other family members (15% vs. 9%). Women are less likely than men to use the Internet or other calculation tools or media publications. More men than women rely on their own calculations (65% vs. 51%).

- **Doing the math.** Women are less likely than men to “do the math” required to calculate retirement income and expenses.

- Slightly over half of women (55%) have estimated retirement income, compared to two-thirds of men (65%). Less than half of women (44%) have estimated retirement expenses (compared to 58% of men).

- Only one-quarter of women (25%) and fewer than one-third of men (31%) have estimated long-term care and health costs.

- Just under one-third of women either have only a vague notion of their retirement income and expenses or have not done any calculations or estimates at all, compared to one-fifth of men.

- **Getting serious.** A few gender differences were found related to when adults start to get serious about retirement planning.

- More men than women (34% vs. 28%) report getting serious about retirement income and expense decisions/calculations in their 20s and 30s. About one-third of men and women (32% and 36%) got serious in their 40s. One in three men (32%) and over one in four women (28%) did not get serious until their 50s and 60s.

- **Looking back.** There are gender differences in looking back at one’s own planning behaviors.

- One in three men (32%) and just under one in four women (23%) indicate that they would have started saving sooner.

- About one in ten men (9%) and one in six women (17%) report that they would have saved/invested/contributed more.

Couples Findings: The “Three Cs” Pay Off

- An equal and overwhelming number of men and women (91% and 92%) “see eye-to-eye” with their spouses/partners when it comes to retirement financing.

- The vast majority (84% of men and 89% of women) also report that they make retirement financing decisions together.

- The degree of compatibility and communication among couples appears to have some impact on confidence in retirement security:
 - Over half (55%) of the confident vs. just over one-fifth (22%) of the not confident agree strongly that they see eye-to-eye with their spouses or partners.
 - Over half (56%) of the confident vs. under one-third (30%) of the not-confident agree strongly that they make decisions together.
 - The “Three Cs” approach: Communication + Compatibility = Confidence. There appears to be an important association between confidence and couples’ communication and compatibility, with advantages to those who maximize their active planning together.

Findings from this study strongly indicate that women have real concerns about their long lives and their retirement futures yet they do not match these concerns with a corresponding level of engagement in planning activities, creating a “perilous paradox” between their needs and response. The risks and costs of “living long and living female” call for an “affirmative action” in planning on the part of women. Women, in their own interests and for that of their family, need to do a better job to take charge, plan for contingencies, actively gather information, do the math, and get serious about planning.

Biographies



Wider Opportunities for Women



DONNA ADDKISON, PRESIDENT & CEO, WIDER OPPORTUNITIES FOR WOMEN

Donna Addkison is a nationally recognized leader and advocate for the economic security of women and families. As President and CEO of Wider Opportunities for Women, Ms. Addkison leads a national organization with a 45-year track record of working to improve economic security for women through job training and career literacy programs in the District of Columbia, an innovative research and policy agenda that is the cornerstone for programs and organizing in more than 40 states and efforts to educate policymakers at all levels of government.

WOW addresses women's economic security across their lifetimes –from access to education and training to life in the workforce, including the challenges of integrating the demands of home and work and of creating their own jobs. This work informs ongoing campaigns to improve economic security by maintaining or increasing minimum wage levels, reforming the unemployment insurance system to be more innovative and responsive and advancing workplace flexibility policies such as paid sick leave. Additionally, WOW is focused on increasing access to green jobs training opportunities and addressing the myriad of obstacles facing older workers through collaborative efforts across the country.

Since joining Wider Opportunities for Women in 2008, Ms. Addkison has advanced the organization's work as the Family Economic Security Program Director. Under her guidance, WOW developed the national BEST (Basic Economic Security Tables) Index, an innovative and comprehensive calculation of what it costs families to make ends meet and plan for the future. The measure is widely regarded as a baseline for economic security for families by advocates, policy makers and national media. Ms. Addkison also led WOW's green jobs technical assistance projects, WOW's work to address the economic security needs of domestic violence survivors and technical assistance projects for advocates, service providers and others at the state and local levels.

Embracing the strong work ethic and entrepreneurial spirit of her parents and grandparents, Ms. Addkison has built a reputation as a dedicated advocate committed to breaking ground on policies and programs to improve the lives of women and their families, often in underserved communities. Ms. Addkison established herself as a strong political strategist, leading several successful state-level and federal campaigns. Ms. Addkison served as Deputy Chief of Staff and Special Assistant for Economic Development for Mississippi's governor nearly a decade ago. In that position, she helped secure the largest capital investment in the U.S. for that year by bringing the first automotive manufacturer to the state and fought to increase salaries for the state's educators.

A champion of community development, Ms. Addkison worked in the Mississippi Delta and later in New Orleans to bring mainstream financial services to communities and neighborhoods without access to basic banking. Working with residents of the Central City neighborhood, New Orleans faith and business leaders, Ms. Addkison worked with Hope Community Credit Union to build a facility in the neighborhood

that would provide otherwise unavailable banking services to seniors on Social Security, families and children opening their first savings accounts, and individuals looking to start businesses and buy homes. An educator at heart, Ms. Addkison also spent several years as a university instructor early in her career. Ms. Addkison holds a Bachelor of Arts degree in English with Honors in Political Science from Mississippi University for Women, which honored her with a Distinguished Alumna Award in 2000, and Master's degrees in Political Science from Mississippi State University and in Criminal Justice from Troy State University.

Ms. Addkison invites you to contact her at daddkison@wowonline.org or (202) 464-1596.

Caroline Cicero, PhD, Gerontologist

Instructor at Pepperdine University

Director, Southern California Health and Aging Public Policy Institute

Caroline Cicero has a PhD in Gerontology from the University of Southern California and masters degrees in Social Work and Urban Planning.

Over the last 20 years, she has worked in public settings, such as the County of Los Angeles Community Development Commission where she helped develop affordable and special needs housing; nonprofit settings, such as Little Tokyo Service Center and Jewish Family Service where she worked directly with frail and low income older adults; and a private urban planning consulting firm where she wrote California Housing Elements, AB 1290 Implementation Plans, Environmental Impact Reports, and HUD Consolidated Plans.

Dr. Cicero teaches public policy and sociology courses at Pepperdine University and writes on issues related to aging and health for the Huffington Post. She is developing the Southern California Health and Aging Public Policy Institute to focus specifically on the needs of the diverse demographic and geographic population of older women and men in the Los Angeles Region. She is a member of California Council on Geriatrics and Gerontology and is working tirelessly to get more students interested in the growing field of aging.

Caroline Cicero is an expert in the benefits, challenges, and policies related to aging in the local community, including social service and health care delivery, intergenerational relations, fall prevention, faith-based congregations, senior housing, and the design of the built environment. In addition to directing SoCalHAPPI and the Center for Visual Gerontology, she teaches as an Adjunct Instructor at the Pepperdine University School of Public Policy. Dr. Cicero also counsels families and faith-based congregations on caring for aging relatives and parishioners and making safer living environments.

She earned a Ph.D. in Gerontology, with an emphasis in Public Policy, from the University of Southern California's Leonard Davis School of Gerontology. While there, Dr. Cicero became an expert in analyzing the geography and demographics of the Los Angeles Region's aging population, including projections for aging Southern California's culturally diverse Baby Boomers. She worked for the Fall Prevention Center of Excellence where she examined the financial costs and consequences of fall-related hospitalizations, advocated for fall prevention initiatives in local communities, studied the prevalence of outdoor falls, and conducted neighborhood walkability audits.

In addition to her Ph.D., Dr. Cicero earned a Masters degree in Urban Planning at the USC School of Policy, Planning, and Development. She also earned a Masters in Social Work, with an emphasis on Community Organization, Planning, and Administration from the USC School of Social Work. For 20 years, she has lived in the Los Angeles area, working in public, private, and nonprofit settings. At the County of Los Angeles Community Development Commission, Dr. Cicero worked as a project manager to develop affordable and special needs housing. In addition, working for a private urban planning firm, she wrote California Housing Elements, AB 1290 Implementation Plans, Environmental Impact Reports, and Consolidated Plans. As a social worker and geriatric care manager, Dr. Cicero worked with Holocaust Survivors and low income, frail seniors at Jewish Family Service.

Jenny Chung Mejia, JD
Attorney/Program Manager
Insight Center for Community Economic Development

Jenny is an Attorney and Program Manager at the Insight Center for Community Economic Development in the Building Economic Security for All (BESA), state-based economic security initiatives in California and Mississippi, and legal services programs. Californians for Economic Security (CFES) and California Elder Economic Security Initiative (Cal-EESI), the California-based economic security initiatives, are data-driven policy coalitions comprised of legislators, advocates, direct service providers and foundations who support policies and programs that build economic security for families, elders, and the communities in which they live.

As the BESA Program Manager, Jenny builds and facilitates partnerships, conducts research on issues pertaining to economic security, and develops and trains on tools that help move individuals and families to economic security. As a staff attorney, Jenny supports legal services program attorneys and nonprofit organizations engaged in community economic development projects, drafts nonprofit corporation documents, and trains legal services program attorneys on issues related to nonprofit development and governance.

Jenny rejoined the Insight Center in 2007 after working for the Center as a law clerk. Jenny received her undergraduate degree in Legal Studies with a minor in Business Administration from the University of California at Berkeley and her law degree from the University of California at Los Angeles School of Law. Jenny serves on the Board of the Legal Aid Association of California.

Thanks,
Jenny

Jenny Chung Mejia
Attorney/Program Manager
Insight Center for Community Economic Development (formerly NEDLC)
3701 Wilshire Boulevard, Suite 208
Los Angeles, CA 90010
Phone: (213) 235-2614

2201 Broadway, Suite 815
Oakland, CA 94612-3024
Phone: (510) 251-2600 Ext. 124

Helping people and communities become, and remain, economically secure.

www.insightcced.org

 **Think Green** before printing this e-mail.

Jean Ross

Jean Ross joined the California Budget Project (CBP) as its first executive director in 1995. The CBP is a nonprofit, nonpartisan organization established to promote a better understanding of state fiscal and economic policy issues and their impact on low- and- middle income Californians. Her prior professional experience includes serving as Principal Consultant to the Assembly Revenue and Taxation Committee; Senior Consultant to the Assembly Human Services Committee, where she staffed the California Legislature's Joint Select Committee on the Changing Family; and Assistant Research Director of the Service Employees International Union in Washington, DC, where she was responsible for coordinating the union's research on tax, budget, and employment policy issues. Jean serves on the Board of the Washington, DC-based Institute on Taxation and Economic Policy; the Advisory Board of the Tax Policy Center, a joint project of the Urban Institute and Brookings Institution; the Advisory Committee of California's Franchise Tax Board; and the Board of the California Tax Reform Association. Ms. Ross is a frequent speaker on fiscal and economic policy issues and has published numerous reports and articles. She has authored articles published by the *Los Angeles Times*, *Sacramento Bee*, *State Tax Notes*, *San Francisco Chronicle*, *San Diego Union Tribune*, UC Berkeley's Intergovernmental Studies Press, Cornell University Press, National Academy Press, and other publications.

Ms. Ross graduated from the University of California, Santa Cruz and has a master's degree in City and Regional Planning with a concentration in Regional Economics from the University of California, Berkeley. Ms. Ross was selected as a Senior Fellow of the University of California, Los Angeles' School of Public Policy and Social Research in 2000-01.

Contact Information:

Jean Ross, executive director
California Budget Project
1107 9th Street, Suite 310
Sacramento, CA 95814
(916)444-0500
(916)444-0172 (fax)
jross@cbp.org
www.cbp.org

1107 9th Street, Suite 310
Sacramento, California 95814
P: (916) 444-0500
F: (916) 444-0172
cbp@cbp.org
www.cbp.org



LAURA TREJO
General Manager of the Department of Aging

Responsible for the overall administration of the department; serves as technical and policy advisor to the Mayor and City Council; and represents the City of Los Angeles before the public, community and private groups on matters affecting senior citizen affairs.

In over 25 years of service to older adults and their family caregivers, Ms. Trejo has consulted and trained extensively throughout the United States, has worked with individual countries and international organizations on the development of programs for the elderly.

Ms. Trejo's work and commitment to excellence have earned recognition, including the Robert Wood Johnson Foundation Community Health Leadership Award, considered the nation's highest honor in community health and the American Society on Aging Gloria Cavanaugh Award for Excellence in Training and Education. The United States Library of Congress has recognized her accomplishments as a force for social change. Most recently, Ms. Trejo was named by Los Angeles Magazine among the "50 Most Influential Women."

Ms. Trejo is a gerontologist with a Master of Science in Gerontology, Master of Public Administration and Graduate Certificate in Long Term Care Administration all from the University of Southern California. Her work has been published in professional journals and newsletters, book chapters, and major reports.

Testimony

**Testimony Prepared at the Request of
Assembly Committee on Human Services
California**

December 9, 2011

Donna Addkison, President & CEO, Wider Opportunities for Women

Good afternoon. Please accept my thanks to you all for hosting this hearing examining the fiscal forecast for older women and for allowing me to represent Wider Opportunities for Women's (WOW) Elder Economic Security Initiative™ (Elder Initiative). WOW envisions a society where women, girls and their families have moved beyond poverty to economic stability and security, security that lasts a lifetime. This vision is grounded firmly in the belief that by working collaboratively with partners across the country, we can root out inequity, discriminatory practices and behaviors and other barriers that preclude women, girls and low-income families from achieving a level of economic security that affords them the basic necessities of life at all ages.

WOW works through applied and scholarly research, capacity-building and technical assistance, organizing and advocacy with coalitions in nearly forty states representing over 2,500 advocates, service providers, policy makers, administrators, labor groups and others to promote economic security over the life span. Together we inform the decision-making processes leading to the creation or refinement of policies as well as the development and implementation of programs intended to elevate American households so that all may have the opportunity to be economically secure. WOW works with a number of partners in California including our Elder Initiative partner, the Insight Center for Community Economic Development.

WOW's Elder Initiative offers concrete tools to shape public policies and programs to promote the economic well being of older adults who are fully self-reliant or are in need of public supports to age in place with dignity. Underpinning the Elder Initiative is the Elder Economic Security Standard Index, or Elder Index, developed by WOW and the Gerontology Institute at the University of Massachusetts-Boston. The Elder Index measures the income that older adults require to maintain their independence in the community and meet their daily costs of living. The Elder Index sums five major monthly expenses, which constitute the basic elder household budget: housing, food, health care, transportation and miscellaneous expenses. While the Federal Poverty Guideline measures what we all struggle to avoid—abject deprivation—the Elder Index measures the minimum income older adults need to remain economically secure given living costs in their own communities.

Based on the Elder Index, the cost of living in California is higher in all expense categories compared to the national averages. A single elder renter needs \$21,763 to make ends meet compared to \$20,326. In California, 47% of all elders age 65+ do not have enough income to meet their most basic needs according to a study conducted by the UCLA Center for Health Policy Research and the Insight

Center for Community Economic Development. With such a startling number of older Californians struggling to make ends meet, something must be done now.

When we think about older Californians, our minds produce images of seniors who have left the workforce voluntarily, who are enjoying retirement with their spouses, children and grandchildren, who are reaping the rewards of their lifetimes of hard work through defined pension and voluntary retirement plans. Only when we look at the data and around our neighborhoods and communities does the truth of the matter become clear, offering a stark contrast to the rosy picture of retirement conjured earlier. Looking more closely, we see older Californians, indeed older Americans in general, who are entirely dependent upon Social Security income for their daily needs. In fact, one in five elders has only Social Security income. This issue is compounded for women who are 60% more likely than men to spend their golden years in poverty.

The Government Accounting Office issued a report in October that reflects another reality of aging in America – the recession of 2007 to 2009 has affected older adults who now face an even greater burden because they have a smaller window for recovery. Depleted retirement savings, reduced home equity, increased medical costs – all of these factors and more are making ‘retirement’ a dream deferred or a nightmarish existence. Older workers are less likely to find employment when they lose jobs, intensifying the need to have policies and structural supports to catch elders who are falling down the financial ladder. On the heels of our seniors 65 and over are those nearing retirement, ages 55 to 64, who as a group face higher poverty rates. GAO also acknowledges that when medical expenses are factored in, poverty rates for seniors are even higher than those based on the official federal poverty rate.

What does the forecast look like for women?

Let’s begin by looking at the status of women in the workforce, that critical period of time in our lives that sets the stage for our senior years. Working age women earn significantly less than their male counterparts. Of the 505 occupational categories tracked by the Bureau of Labor Statistics, two-thirds of women are concentrated in just 51 occupations, one-half in 26 occupations and one-third in 13 job classifications. Because women are clustered primarily in low-wage jobs, their median weekly wage continues to lag behind men’s by nearly \$200 per week or \$10,000 per year. Many, if not most, cycle in and out of the workforce to fulfill caregiving responsibilities for their children, parents, in-laws, siblings and other dependents.

All of this adds up to a reduced capacity to contribute to personal retirement savings in addition to a lower Social Security payment, one that provides inadequate income when it is needed most. Indeed, the average annual Social Security income for all women provides a single older woman only 55% of the income required to achieve economic security. Women of color struggle most to meet their basic needs in retirement. According to the Elder Index, the average Social Security income for an African

American homeowner woman (without a mortgage) provides only 64% of the income she needs to meet her basic needs. If she rents, her average annual Social Security income will provide only 52% economic security.

A minority of elders receives pension income, and older women are less likely than older men to have significant income from pensions to add to Social Security. Nonetheless, when their incomes are measured against the Elder Index, women with retirement income—pension, annuities, interest, income and 401(k) and IRA accounts—are clearly better off than those without. Even with income beyond Social Security, women struggle to reach the Elder Index for renters and the average woman of color only approaches economic security when she is in good health and owns a home without a mortgage. As her housing status varies, so does her ability to achieve economic security.

To close the income gap many elders must draw on state and federal supports including Medicaid, Supplemental Security Income, Food Stamps, the Low-Income Home Energy Assistance Program and the Medicare Part D Low Income Subsidy —most of which determine eligibility relative to the federal poverty level – just \$10,890 for a single elder in 2011. While millions of elders live in counties with Elder Indexes approaching 200% of the federal poverty level, most accessible support programs continue to utilize income eligibility limits of between 100 and 135% of the federal poverty level. WOW will continue to work with partners and policy makers across the country and in Washington to promote the adoption of the Elder Index for use in framing debates, determining eligibility, and more so that our common goal becomes assuring the economic security of our elders, not their relegation—particularly those of color—to living out their lives at or below the threshold of abject poverty.

To address these issues and help older women build economic security, we must accurately measure what it takes to get by in retirement. As you know, California recently passed the Elder Economic Planning Act of 2011, thanks to the leadership of Assembly Member Beall and the California Elder Initiative, making it the first state to institutionalize the Elder Index as a tool for planning. By using the Elder Index as a planning tool, program administrators will be able to focus programs in areas where there is the most need in the state based on a geographically-based measure of what it takes to make ends meet. The passage of this Act is a critical first step in serving older adults in California and serves as a beacon for other state leaders who are searching for a guiding light through these times wrought with difficult decisions.

While the conversation in Washington seems to focus almost exclusively on deficit reduction and states struggle to balance their budgets, I am reminded of lessons learned from my grandfather while growing up in the deep South where hard financial times have been around for a long time. What we prioritize is what can accomplish.

It is imperative that we prioritize supports and services for elder households, providing their lifelines and increasing their spending power. In economic development, we call it a multiplier effect – whatever we call it, the same holds true. Our older residents are consumers in our communities, consumers of basic necessities like food and clothing, consumers of services like public transit and utilities, and consumers of health care. Putting resources into their hands fuels our local, state and national economies.

Prioritizing workforce services for older Californians could have a dramatic effect on their ability to find good paying jobs. WOW is promoting a collaborative approach in other jurisdictions to connect senior services and workforce development programs to more holistically address the income needs of older Americans who must continue to work to make ends meet. We are finding anecdotal evidence in the media and in our own public opinion research that suggests addressing ageism in the workplace may be necessary as well.

For older Americans who can no longer work, we must prioritize those services and supports that fill the gaps, alleviating income, food and health care insecurity. Let's look at food insecurity for just a moment – every day hundreds of thousands meals are delivered to older Americans who would otherwise go without. The Older Americans Act provides the funding for “Meals on Wheels,” a program which garners tremendous public support according to WOW's research from 2010. However, we also found little or no connection between the community-based programs Americans identify as “Meals on Wheels” and the public sector funding that supports the programs. Perhaps there is value in more clearly delineating the role government plays in alleviating need as well. But I digress.

Public sector initiatives that fill the gaps for older adults affect the lives of more than one generation. We know that economic insecurity translates from generation to generation. When we assure the economic security of older Americans, we create opportunities for the generations who follow to seek out their own economic security as well rather than make the difficult choices with life-altering implications. For example, choosing to take in an older parent rather than send a child to post-secondary training or college.

In these uncertain economic times, setting priorities and sticking to principles seems like an uphill battle at best. It is a battle we must win as the costs of losing are simply too great to be borne by current and future generations. We encourage you and your colleagues in statehouses across the country to meet the present challenge with sound and informed decision-making, with the determination and tenacity of the American spirit, and with a commitment to aiding those who cannot achieve economic security alone.

With appreciation for your time and attention, I welcome your comments and questions.



Wider Opportunities For Women

December 2011

Guiding Principles that Promote Economic Security

Wider Opportunities for Women asks policy-makers to take a balanced approach in setting priorities, combating budgeting shortfalls and safeguarding the interests of current and future Americans by asking the following questions:

1. Are we using a realistic measure of economic security to evaluate the impact of program and policy actions?

Note: With the passage of the Elder Economic Planning Act of 2011, California took an important step toward accurately measuring cost of living for elders. By using a measure of economic security instead of the federal poverty level, the state will ensure that older adults have the income, resources and services and supports necessary to meet all basic needs, including housing, health care, transportation, food, miscellaneous essentials and, when necessary, long-term care.

2. Will this program or policy action detract from or allow for the services and gap-filling supports that allow low-income elders, with special attention to older women, and their households to make ends meet?

3. Will this program or policy action put families in the position of having to choose between the current well-being of older family members and the future well-being of aging caregivers?

4. Will this program or policy action exacerbate the income gap between women and men in the workforce or contribute to lower retirement savings and earnings for women?

5. Will this program or policy action ensure that girls and women have access to the education, training and employment opportunities that will put them on a path toward life-long economic security?

FISCAL FORECAST FOR OLDER WOMEN: POOR
Testimony for Joint Hearing of the
Assembly Committee on Human Services and
Assembly Committee on Aging and Long Term Care

Laura Trejo, General Manager, City of Los Angeles Department of Aging

December 9, 2011

Good Afternoon, my name is Laura Trejo, General Manager of the Los Angeles Department of Aging. I am a trained gerontologist with over 25 years of experience in public sector programs serving older adults. I want to thank Chairman Beall and Chairwoman Yamada for hosting this joint hearing on a such a timely and important topic, and welcome you to the City of Angels.

As a member of the California's Aging Network thank you for letting me share the challenges and opportunities before us.

The City of Los Angeles Department of Aging is one California's 33 federally designated Area Agencies on Aging and one of 629 in the nation. The Los Angeles County region is unique in the nation, in that it has two designated AAAs within its boundaries – we have a City and a County operated AAA combined we are responsible for nation's largest concentration persons 60 years and older. AAAs were established in 1973 under the Older Americans Act (OAA) to respond to the needs of persons 60 and over in every local community to provide a range of options that allow older adults to choose the home and community-based services and living arrangements that suit them best. AAAs make it possible for older adults to remain in their homes and communities as long as possible.

Our major funding source is the the Older Americans Act (OAA) of 1965, passed by Congress in response to concerns by policymakers about a lack of community social services for older persons. Although older individuals may receive services under various other federal, state and local programs, today the OAA is considered to be the major vehicle for the organization and delivery of social and nutrition services to senior, and family caregiver supports. The OAA also includes community service employment for low-income older persons and vulnerable elder rights protection activities. In keeping with the spirit of the Older Americans' Act, in 1980 California enacted the Older Californian's Act. Among its stated purpose, that "It shall be the policy of this state to give attention to the unique concerns of our most frail and vulnerable older individuals," this hearing is evidence that we are keeping true to that purpose.

As a City Department our charge is to provide leadership in addressing issues that relate to older persons and their family caregivers by supporting development of community-based systems of care that support independence, protect the quality of life of older person's and persons with functional impairments; and to promote involvement in the planning and delivery of services. According to the California Department of Aging's latest estimates, the City of Los Angeles is home to 669,747 older adults 60 years and older. Our City is home to the nation's largest number of persons 65 years and older and largest concentration of boomers. Our community is widely diverse and older ethnic/racial populations represent 48.64% of our older adult

FISCAL FORECAST FOR OLDER WOMEN: POOR
Testimony for Joint Hearing of the
Assembly Committee on Human Services and
Assembly Committee on Aging and Long Term Care

Laura Trejo, General Manager, City of Los Angeles Department of Aging

December 9, 2011

population. The greater Los Angeles County area is home to 1.5 million or 1/3 of all older persons 60 years and older in our state.

Our services as mandated by the OAA target those who are most frail, at greatest social need and greatest economic need. Older women represent the majority of the clients we serve and among the highest risk for economic insecurity.

Our programs focus on the needs of older women because the major issues of aging are the issues effecting older women. As a segment, they disproportionally represent the current aging population. The good news is that women live longer. The challenges this presents are only now becoming more evident as the population ages. We find that the low visibility of older women concerns; their life-long experience with sexism; and late-life experience with ageism create additional challenges that must be considered in the context of policy and programs.

Our state must ensure that our policy and budget priorities appreciate the unique needs of older women, that we, keep in mind the average profile of the older women we serve, they are more likely to be widowed, live alone, live at low or poverty level, live in substandard housing, have inadequate medical care coverage, and experience little chance for employment to supplement their income. In addition, the challenges for immigrant older women are often compounded by the type of work they performed throughout their lives that may result in inadequate resources in late life such as, lack of pensions, savings and lower level of access to health care resources throughout their lives, while also increasing the likelihood of major medical conditions resulting from a life of more physical labor. Today, I have brought for your consideration a recently published report developed by the Los Angeles Partnership For Evidenced-Based Solutions In Elder Health titled "The State of Aging and Health Among Older Latinos in Los Angeles -- *A Call to Action.*" I had the honor of convening local leaders and major stakeholder who over a two year period who devoted their time to prioritizing the top challenges affecting the health of older Latinos, among them economic security, and developing a set of recommendations that I hope you will consider in your ongoing deliberations.

Rosalyn Carter said it best: "There are only four kinds of people in the world – those who have been caregivers, those who are currently caregivers, those who will be caregivers and those who will need caregivers". In 2000, the Older American's Act added the National Caregiver Program as a responsibility of the local Area Agencies on Aging. This was recognition of the estimated 65% of care that women who represent 65-75% of all caregivers provide for their loved ones. Overall, women can expect to spend more time caring for an aging parent than raising children. Nearly half of caregivers are providing care for their mothers, making the

FISCAL FORECAST FOR OLDER WOMEN: POOR
Testimony for Joint Hearing of the
Assembly Committee on Human Services and
Assembly Committee on Aging and Long Term Care

Laura Trejo, General Manager, City of Los Angeles Department of Aging

December 9, 2011

issues of caregivers that of women. We are only now beginning to understand the role of caregiving and its impact on the caregiver and care recipient. Among the most difficult challenges to overcome is self-identification. Most people who are caring for an elderly spouse or loved one rarely identify themselves as a caregiver. This self-awareness is a process that evolves from caring actions of support to full responsibility for the decision-making and instrumental care of a loved one.

I want to thank Chairman Beall for his steadfast leadership in getting the Elder Economic Index approved as a planning tool. Economic security in late-life is more difficult to single out as a factor, as it permeates the life of older people. It affects how they eat, where they live, how they feel, socialize and what type of care they can receive. Everyday in Los Angeles older adults, most of the women, make decisions that compel us to act. They are choosing between buying their medications, paying the rent or buying food. Let me share one small example of how we can help. Our department has been actively assisting seniors enroll for the extra help under Medicare Part D (the drug benefit). Awhile ago, an older woman approached staff and asked a simple questions. Can I buy food with the money I'm saving? She was afraid someone would ask that she return the few dollars she was saving. As the staff person relayed this exchange to me, she said, I get it now, why you wanted us to do this.

In Los Angeles we have been exploring economic case management. As one of six sites nationally working with the National Council on Aging to see how we can identify, assess and coordinate a plan to address the economic issues impacting our clients. The concept is similar to case management for social and health conditions. A systematic evaluation to address needs in a coordinated approach. We in a learning mode and hope to develop a model that can serve the lowest income seniors maintain or improve the economic status.

The current economic situation is having dramatic and damaging effects on California's services safety net. The cumulative effect in the last three years alone is alarming. California has now defunded all of the Older Californian's Act programs with the exception of small amount dedicated to nutrition services. We have reduced In Home Supportive Services, decrease the State's share of Supplemental Security Income and much more. And now, we are attempting to prepare for the elimination of Adult Day Health Care (ADHC) scheduled for March 1, 2012. Los Angeles County is home to 23,000 of the 35,000 ADHC participants in California, half of those frail participants live in the City of Los Angeles. The cumulative effect of all these budget reductions is singling out the most old, frail and lowest income who are often women.

FISCAL FORECAST FOR OLDER WOMEN: POOR
Testimony for Joint Hearing of the
Assembly Committee on Human Services and
Assembly Committee on Aging and Long Term Care

Laura Trejo, General Manager, City of Los Angeles Department of Aging

December 9, 2011

Chairwoman Yamada, on behalf of the 23,000 Angelenos currently in ADHC, thank you for leading the charge to extend the program thru March.

In 2010, our Nation and State entered the dawning of the Boomer generation while we experienced the reduction or elimination of the services and programs designed to ensure that California would be a good place to grow old. As professionals in the field of aging we appreciate the need to transform our services to ensure the most effective use of our limited public resources, however, it has been difficult to understand how as a state we can engage in such consistent and significant budget driven change in the absence of dialogue with major stakeholders. The Aging Network is California's stands ready and prepared to work with policymakers, state agencies and other stakeholders to help inform decisions that are in keeping with one of our strongest shared values – caring and honoring our elders. It's what's best for making good policy, older people and California's budget.

In closing, I offer the following guiding principles in support of older women for your consideration:

Guiding Principles in Support Older Women

- What is the proposed policy/program/budget change's impact on older, frail, low income women?
- How will the propose solution impact other systems?

For example: a cut in one service may result increased use of other more costly services

- What other alternatives (within and outside California) have been tried/tested to produce the desired outcome?
- How can this policy/program/budget change strengthen California's support of its growing older adult population, specially those who are most old, frail, socially isolated and lowest income?
- How can California's Area Agencies on Aging network and other major stakeholder (including older persons) groups be engaged in developing the solution(s) to address the issue(s) at hand?

FISCAL FORECAST FOR OLDER WOMEN: POOR
Testimony for Joint Hearing of the
Assembly Committee on Human Services and
Assembly Committee on Aging and Long Term Care

Laura Trejo, General Manager, City of Los Angeles Department of Aging

December 9, 2011

- What are the implications of the policy/program/budget change on family caregivers, mostly women, who bear the financial and social burden of caring for our State's aging population?

We in the City of Angels stand ready and look forward to working with you in ensuring the well being of all older people and their family caregivers in our great State. Thank you for this opportunity. I welcome your comments and questions.