

Chapter 6 Low-Income Assistance

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INTRODUCTION

While the federal poverty line remains the official metric to distinguish those who are poor from those who are not, almost all experts believe that the way the US government measures poverty is badly outdated. In the case of the elderly, for example, it greatly underestimates the number of older Americans facing financial hardship. In 2008 an elderly individual with an income lower than \$10,400 (\$14,000 for a couple) is considered poor (the threshold is slightly higher for the nonelderly), according to US Department of Health and Human Services guidelines. (The guidelines, which are used to establish eligibility for federal and other benefits, are slightly different from the threshold the Census Bureau uses to measure the number of individuals in poverty.) These figures grossly underestimate what it takes to make ends meet. AARP defines “low-income” individuals as those with income less than or equal to twice the poverty level. Examining both the number of low-income individuals and the number who are poor helps paint a more accurate picture of how many elderly (and nonelderly) Americans face significant financial hardship.

Despite a sharp decline in the elderly poverty rate since 1959, when a third of the elderly lived in poverty, a large number of the elderly remain poor. In 2007 nearly 3.6 million elderly individuals (9.7 percent) had an annual income below the Census Bureau’s poverty threshold. That same year about 13.3 million people ages 65 and older, or 36 percent, could be classified as having low incomes (with incomes below 200 percent of the federal poverty line). In fact, although older adults are less likely than younger individuals to live in poverty, they are more likely than people of working age (ages 18 to 64) to have an income below 200 percent of the poverty line (see Figure 6-1).

Poverty among the elderly increases with age. Although the overall elderly poverty rate was 9.7 percent in 2007, those ages 65 to 69 had a poverty rate of 8.5 percent, while those ages 80 and up had a poverty rate of 11.5 percent. Similarly, 30 percent of people ages 65 to 74 had an income below 200 percent of the poverty level in 2007, compared with 43 percent of those ages 75 and older.

Poverty afflicts older women more than older men. Among all women ages 65 and older, 12 percent had income below the federal poverty threshold in 2007 while 41.5 percent had income below twice that threshold. Comparable rates for men ages 65 and older were 6.6 percent and 28.8 percent, respectively. The higher rate of poverty among women results from several factors, namely lower salaries, lower savings, and lower pensions. Additionally, the problem of poverty among older women can be exacerbated by divorce or the death of a spouse. Finally, since women live longer than men, they are more likely to deplete their financial resources during their later years.

The segments of the older population that are disproportionately low-income include minorities, women, and older people who live alone (see Figure 6-2).

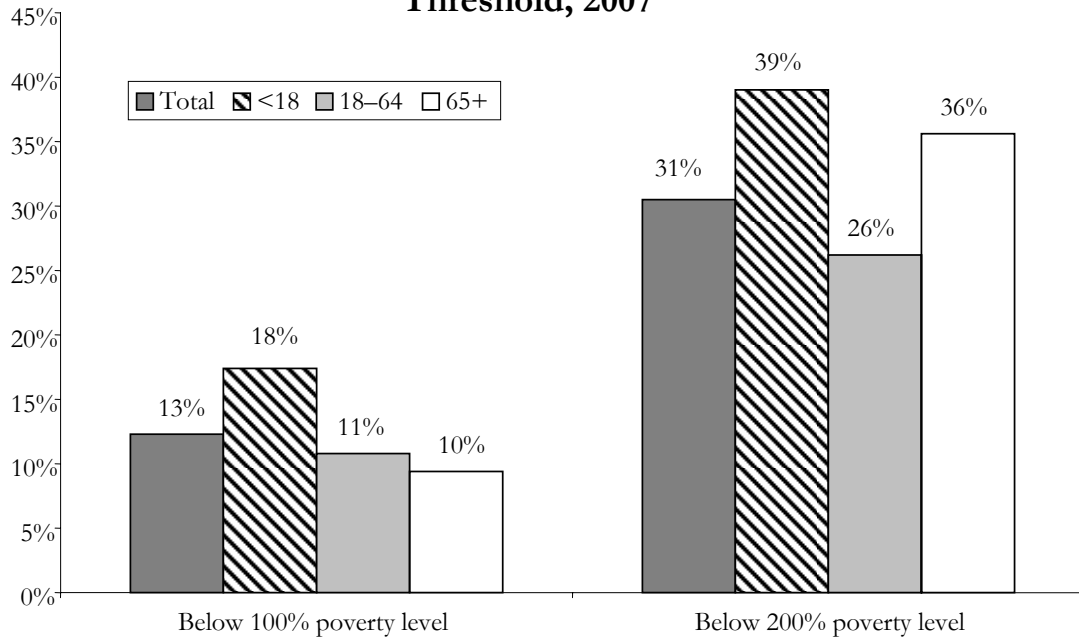
Much of the progress that has been made in alleviating poverty among the elderly in the last half-century can be attributed to Social Security. It is estimated that 44 percent of the elderly—over four times the current rate—would be in poverty if this critical program did not exist.

Efforts to balance federal and state budgets during the 1990s prompted a historic shift from support for public-assistance programs to an emphasis on personal responsibility for escaping poverty, largely through private-sector employment. This shift resulted in a substantial reduction in programs for low-income people, including children and people with disabilities. Although the welfare reforms reduced caseloads and increased employment, the record shows that low-income working families have not made much economic progress. Many families receive help from tax credits, food stamps, and child-care subsidies, for example, but often that assistance does not close the gap between earnings and expenses, or goes to too few families that need them.

The large budget deficits projected for the coming decades could bring further efforts to reduce spending on safety-net programs. These efforts are shortsighted because they worsen the difficulties low-income people have in acquiring food, health care, shelter, and education and make it harder for them to form and maintain families. Short-term savings to state and federal budgets from such cuts ignore the human costs and other unintended consequences such as emergency room visits by those without health insurance, inappropriate institutionalization of disabled people, and a less educated and productive workforce. All of these impose significant societal costs in the long run and hence cannot be considered true “savings” at all.

Figure 6-1

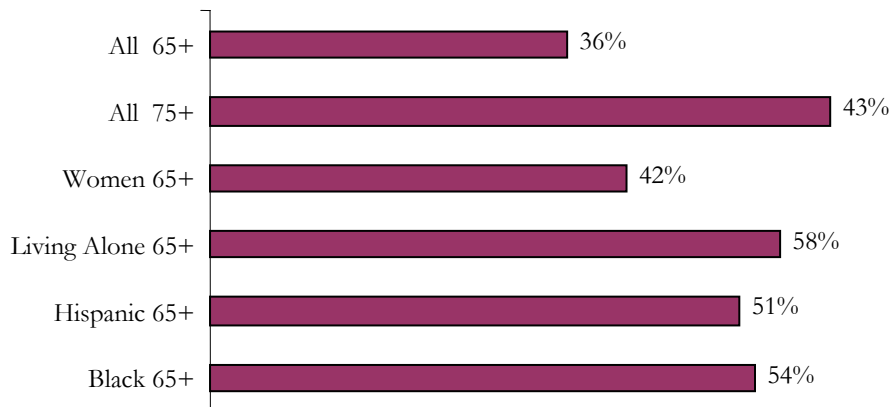
Percentage of Population Below 100% and 200% of Poverty Threshold, 2007



Source: US Census Bureau, *Current Population Survey*, 2008. Annual Social and Economic Supplement, Detailed Poverty Tabulations, POV01, Age and Sex of All People, Family Members and Unrelated Individuals Iterated by Income-to-Poverty Ratio and Race. Prepared by AARP Public Policy Institute.

Figure 6-2

Percentage of Various Elderly Subgroups with Incomes Below 200% of Poverty Threshold, 2007



Source: US Census Bureau, *Current Population Survey*, 2008. Annual Social and Economic Supplement, Detailed Poverty Tabulations, POV01, Age and Sex of All People, Family Members and Unrelated Individuals Iterated by Income-to-Poverty Ratio and Race. Prepared by AARP Public Policy Institute.

AARP PRINCIPLES

Adequate resources—The nation should devote sufficient resources to meeting the needs of low-income individuals.

Participation—Government has a responsibility to design and implement programs in ways that promote, rather than discourage, participation by all who are eligible.

Respect—Service providers should treat people seeking assistance fairly, justly, and with respect and dignity.

Support for caregivers—Programs should be designed and implemented in ways that support people in caring for family members and others.

Responsibility—It is government’s responsibility to provide low-income assistance; involvement by charitable organizations, while essential, can only augment those efforts.

Meaningful measures—Official poverty measures should determine the extent to which families have sufficient income to allow a minimal, socially acceptable level of consumption that meets their basic physical needs, including food, shelter (including utilities), clothing, and other necessary items.

LOW-INCOME ASSISTANCE PROGRAMS

The major sources of federal assistance for low-income older people are Supplemental Security Income (SSI), Medicaid, the Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp Program), and federally subsidized housing. The Low-Income Home Energy Assistance Program (LIHEAP), the Legal Services Corporation (LSC), and employment training programs provided under the Senior Community Service Employment Program (SCSEP) also improve the quality of life for older people with limited incomes. Needs-based pensions and significant medical benefits for low-income veterans and their dependents and survivors are also offered by the Department of Veterans Affairs. Some older Americans, such as those in grandparent-headed families, also benefit from the nation's welfare program for poor families with children,

Temporary Assistance for Needy Families (TANF) (for related discussions, see Chapter 7, Health; Chapter 9, Livable Communities; and Chapter 10, Utilities: Telecommunications, Energy and Other Services).

Federal and state programs help many struggling individuals and families, but serious gaps remain: Many households do not qualify for assistance, many people who are eligible for assistance do not participate, some programs provide inadequate benefits, and some are underfunded. Especially in times of crisis, adequate resources must be devoted to program administration—notably, at the state and local levels—to ensure that individuals and families receive the benefits for which they are eligible. Today, the safety net needs to be shored up, not cut further.

LOW-INCOME ASSISTANCE PROGRAMS: Policy		
Low-income assistance programs	FEDERAL STATE	Federal and state governments should make appropriate investments in low-income assistance programs to address large and growing unmet needs for assistance and to make more substantial progress toward eliminating poverty. Further changes to low-income assistance programs should not reduce benefits to low-income people in legitimate need in order to save money at the federal or state level.

Supplemental Security Income

Supplemental Security Income (SSI) is a poverty program that provides monthly cash benefits to people who are aged, blind, or disabled and whose incomes and resources are low enough to meet eligibility standards. The program guarantees a minimum, federally provided level of income, which states may supplement. SSI eligibility often allows older people to receive other important means-tested benefits such as Medicaid and the food benefits through the Supplemental Nutrition Assistance Program (SNAP, formerly known as Food Stamps).

More than 7 million people received SSI benefits in 2006. Of these beneficiaries, 1.2 million qualified because they were 65 years or older and poor. Approximately 770,000 of the recipients who were blind or had a disability were also 65 or older. People under age 65 who were blind or disabled constituted the remaining SSI recipients.

SSI does not provide recipients with an income that meets the poverty guidelines established by the

Department of Health and Human Services. The maximum federal SSI benefit is less than 75 percent of the poverty guideline for an individual and just over 80 percent for a couple. The maximum annual federal SSI benefit in 2009 is only \$8,088 for an individual and \$12,132 for a couple.

Certain SSI program restrictions reduce eligibility. For example the SSI asset limit restricts participation in the program to people whose countable assets fall below \$2,000 for individuals and \$3,000 for couples. Countable assets exclude an individual's home, household goods and personal effects, life insurance, burial spaces and certain burial funds, and automobiles valued at less than \$4,500 (vehicles of higher value are exempt if used to provide necessary transportation). Yet many people with low monthly incomes who would otherwise qualify for SSI are excluded because their assets, though meager, still exceed the limit.

Other SSI program restrictions reduce benefits. For example, under the one-third maximum reduction rule, benefits are reduced for recipients who live in

someone else’s household—a restriction that creates a financial hardship for family caregivers.

A number of applicants are inappropriately denied benefits based on documentation submitted with their initial application. Those who are denied benefits may not know that they can appeal this decision.

In the past few years Congress has considered legislation to change key components of the SSI program. One proposal would have increased the age for SSI benefits from 65 to 67 for those who qualify under the aged category. Although some of the individuals age 65-67 might qualify for SSI on the basis of disability, many would likely be left out.

Another proposal addressed the level of supplemental benefits that states provide to some categories of SSI recipients. Current law requires states to maintain a minimum level of SSI benefits. Congress has considered eliminating the federal maintenance-of-effort provision that requires states to pass along annual federal cost-of-living adjustments to SSI recipients. Reducing or eliminating the SSI maintenance-of-effort provision could jeopardize the already fragile economic situation of SSI recipients.

Most legal immigrants whose SSI benefits would have been eliminated as a result of the 1996 welfare

reform legislation had their benefits reinstated as part of the 1997 budget agreement. The 1997 legislation also loosened the restrictive SSI eligibility standards for children with disabilities, which had been tightened dramatically under the welfare reform law. The 1997 legislation allows refugees and other legal immigrants in the US for humanitarian reasons to receive benefits for a period of seven years. Another law, the SSI Extension for Elderly and Disabled Refugees Act, extended SSI eligibility for these immigrants, allowing them to receive at least two more years of SSI, effective October 1, 2008.

Federal law has established rules to prevent poor people from entering the US and then immediately qualifying for SSI and other benefits. All immigrants admitted to the US must demonstrate to a consular or immigration officer that they can support themselves economically. One way to help demonstrate this is to have a sponsor sign an affidavit of support. Under the affidavit the income and resources of the sponsor and sponsor’s spouse are considered the immigrant’s income and resources for determining eligibility for SSI, Temporary Assistance for Needy Families, and SNAP benefits during the three years following the immigrant’s entry into the US. It is unclear, however, how well these requirements are enforced.

SUPPLEMENTAL SECURITY INCOME: Policy		
Benefit level	FEDERAL	The federal SSI payment level should be increased to bring beneficiaries up to the poverty level. The one-third reduction rule for SSI should be eliminated in order to support informal caregiving arrangements.
Eligibility	FEDERAL	The asset limits should be increased and then indexed to keep up with inflation. The age of eligibility for SSI should not be raised. Congress should restore SSI eligibility to all legal immigrants, and the federal government should take effective measures to implement the affidavit of support.
State contributions	STATE	States should continue to provide additional SSI payments to needy individuals, even if changes in federal law permit them to stop. States that do not supplement SSI should be encouraged to develop plans for doing so.
Outreach	STATE	States should intensify their outreach efforts to people who appear to be eligible for SSI but have not applied for it.

Food Assistance

The Supplemental Nutrition Assistance Program (formerly the Food Stamp Program) and the Emergency Food Assistance Program are the primary forms of federal food assistance for low-income people. Meals provided through the Older Americans Act are also significant sources of nutrition assistance for low-income older people, although people age 60 and older of all income levels are eligible for these programs. Some older people also receive food aid through the Commodity Supplemental Food Program.

Supplemental Nutrition Assistance Program

The 2008 Farm Bill updated the Food Stamp Program (FSP) and renamed it the “Supplemental Nutrition Assistance Program” (SNAP). The law also eliminates food stamp coupons, raises and indexes for inflation the program’s standard deduction and minimum benefit, supports working-poor families by eliminating the cap on the dependent-care deduction, and promotes saving by improving the program’s resource limits and excluding tax-preferred retirement accounts and education accounts from those limits.

Who receives SNAP benefits and what do they receive? Issued by the US Department of Agriculture (USDA) to low-income households, SNAP benefits play an important role in providing an adequate diet for older people who are poor. In 2005 17 percent of all households receiving SNAP benefits included at least one individual age 60 or older; 1.9 million older households received these benefits.

In the past the FSP provided a federally mandated, uniform benefit structure that equalized disparities in state cash-assistance programs. The 1996 welfare reform law—Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act—changed this by expanding states’ ability to use waivers to alter the benefit structure or other features of their food assistance programs.

Food assistance is allotted based on a low-cost diet plan called the Thrifty Food Plan (TFP). Unfortunately the TFP has been artificially constrained to reduce its cost: It was intended to be only for very short-run, emergency rations and is not based on realistic assumptions about food-preparation time and consumption patterns. Thus food-assistance benefit levels are lower than actual food costs for nearly all low-income households. For fiscal year (FY) 2008 the maximum monthly food benefit for a single person was \$162.

The minimum food benefit is particularly important to older people because half (53 percent) of the households that receive the minimum benefit include an individual over age 60. In 2008 Congress raised the minimum benefit from \$10 to 8 percent of the maximum benefit (or TFP) for a one-person household—\$14 per month as of October 2008. The minimum benefit (and the standard deduction) will be indexed for inflation beginning in FY 2010. Most of the households that receive the minimum benefit have members who are elderly or disabled. However the vast majority of food-assistance households with seniors or persons with disabilities receive more than the minimum benefit (in 2006, the average benefit in these households was \$80).

As noted above, households, not individuals, receive SNAP benefits. Regulations that define what constitutes an eligible household can discriminate against extended families that live together out of economic or other necessity. For instance two widowed sisters with low incomes who share a home and purchase and prepare their food together are considered one household. Because their combined incomes are considered when determining eligibility for benefits, the sisters may have more difficulty qualifying for food assistance or may receive less in benefits than if they had lived separately. Differing state interpretations of federal guidelines have resulted in contradictory standards for people who would be deemed eligible. (This issue also affects grandparents raising their grandchildren; see this chapter’s section Assistance for Grandparents and Other Relatives Raising Children.)

Federal officials are looking for ways to make SNAP easier to manage on the state level. One approach would create a standard benefit for all individuals within a qualifying group. This proposal is problematic because it does not account for differences in individual circumstances. Although it is administratively complex to calculate benefits on an individual basis, this methodology nevertheless ensures that the amount of assistance is tailored to actual need.

Since 2002 states have been required to issue food benefits through electronic benefit transfer (EBT) systems. The 2008 Farm Bill eliminates food stamp coupons and prohibits beneficiaries from redeeming coupons at stores after June 17, 2009. While EBT systems have some potential for reducing food-benefit theft, consumer choice of retail outlets may be reduced because stores are not required to install EBT terminals. While EBT terminals are common in

major supermarkets, they are found less often in smaller stores. Another concern is that beneficiaries could be stigmatized because retailers are allowed to segregate them into special lines equipped with EBT

terminals. Finally, because the evaluation of EBT pilot projects inadequately sampled older participants, the impact of this change in technology on older participants is not fully known.

SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM: Policy		
Benefit level	FEDERAL	Food benefits should be increased to ensure nutritional adequacy for the most vulnerable Americans. The US Department of Agriculture (USDA) should revise the Thrifty Food Plan to account more accurately for the actual food costs borne by low-income households. “Standard” benefits for categories of beneficiaries should not be established.
Electronic benefit transfer (EBT)	FEDERAL STATE	Congress and the USDA should ensure that food benefits can be used widely by providing broad access to EBT terminals. Evaluations of EBTs should oversample older people to ascertain whether the reluctance or inability of many older individuals to use unfamiliar technology might impede their access to benefits. States should incorporate strong consumer protection provisions into their EBT systems to ensure that beneficiaries are not harmed under these systems.
Supplemental Nutrition Assistance Program (SNAP) eligibility	FEDERAL STATE	SNAP regulations defining “household” should be changed to make it easier for extended families to qualify for and receive adequate benefits. Congress should amend SNAP to allow grandparent and other nonparent caregivers to apply for benefits on behalf of the children in their care. At a minimum states should retain existing program requirements that facilitate access to SNAP benefits for older people and people with disabilities. States should review their interpretation of federal guidelines governing food-assistance eligibility to ensure that all eligible people receive benefits.
Outreach	STATE	States should take advantage of the 2008 Farm Bill’s changes to the federal food-assistance program to reach out to elderly people, who have historically had low rates of participation. States should take advantage of the Hunger Prevention Act of 1988, which provides matching funds to states that have food-assistance outreach programs for low-income families.

Food Commodity Programs

The Emergency Food Assistance Program (TEFAP) and the Commodity Supplemental Food Program (CSFP) are designed to alleviate hunger.

TEFAP was originally created to reduce government surpluses in agricultural commodities such as cheese, butter, nonfat dry milk, flour, cornmeal, rice, and

honey. The products were provided to charitable institutions for distribution to low-income people. Planned as a temporary program, TEFAP has been renewed each year because of the continuing demand for food assistance.

During fiscal year 2006 total federal funding for TEFAP was \$189.5 million. These funds paid for the purchase, processing, and distribution of

commodities, which are given by states to food distribution centers such as soup kitchens and food banks. The need for emergency food assistance has grown as people who would have been eligible for food stamps and other public assistance prior to the 1996 welfare reform law are now denied benefits.

The CSFP was originally designed to serve pregnant women and young children who did not have access to the Women, Infants and Children Program, but it also included elderly people at high risk for poor nutrition. In recent years participation by the elderly has grown, so that 90 percent of participants are now age 60 and older. People with incomes up to 185 percent of the poverty line qualify; until 2008 elderly participants had a lower income threshold.

Each month CSFP participants receive a nutritionally balanced food package, which contains protein-rich foods (such as tuna and peanut butter), fruits and vegetables, juice, and a carbohydrate (such as rice or pasta). The program depends on federal appropriations, and the number of participants is determined by the availability of funds. The CSFP operates in 32 states, the District of Columbia, and two tribal nations. Congress has increased federal authorizations to allow more states to participate in the CSFP and provide nutritious food to a greater number of vulnerable elders. This program is particularly important to elderly households whose incomes or assets are too high to qualify for the Supplemental Nutrition Assistance Program or other federal assistance.

FOOD COMMODITY PROGRAMS: Policy		
Funding levels	FEDERAL	Congress should continue to fully fund The Emergency Food Assistance Program. Congress should, at a minimum, maintain real (inflation-adjusted) funding levels for the Commodity Supplemental Food Program (CSFP) but try to increase funding so all states can participate.
Eligibility	STATE	All states should apply to administer the CSFP and should include elderly participants in their caseload outreach.

Assistance for Grandparents and Other Relatives Raising Children

Grandparents and other caregiver relatives play an increasingly important role in family well-being, especially in low-income families. According to the 2006 American Community Survey, approximately 2.45 million grandparents are responsible for raising their grandchildren. These grandparent caregivers are disproportionately poor and disproportionately African-American. Nearly two in five grandparent caregivers are poor, with poverty rates as high as 30 percent in some states. African-Americans make up 29 percent of grandparent caregivers but less than 13 percent of the population. Grandparent caregiver households are likely to need help meeting the significant costs of child care, health coverage, housing, food, clothing, and other expenses for their grandchildren, but very few of them receive any such financial assistance.

The two major dedicated sources of federal funding for child welfare are found in Titles IV-B and IV-E of the Social Security Act. These funding sources are critical to low-income grandparents. Foster care and

adoption-assistance payments are necessary to meet the needs of abused and neglected children, who are increasingly being raised by grandparents.

The nation's traditional welfare program is Temporary Assistance for Needy Families (TANF). The TANF program is a block grant that gives states more latitude in deciding how to assist vulnerable populations (for a more detailed discussion of block grants, see Chapter 2, Budget and the Economy). States administer the TANF program to provide assistance for children, including those who live with grandparents and other caregiver relatives and are deprived of parental support. All grandparents caring for a grandchild are eligible regardless of income. Payment amounts differ from state to state and average just a few hundred dollars per month.

The Supplemental Nutrition Assistance Program (SNAP) provides additional resources to purchase food. Income-eligible grandparent households can receive SNAP benefits to supplement their food supply and can include their grandchild in their SNAP grant. However, current program rules can make it difficult for some grandparents and other caregiver relatives to obtain SNAP benefits on behalf

of children in their care. Children who are younger than 18 and under the control of an adult who is not their parent are automatically treated as a member of that adult’s household. And because benefits are awarded to households, not individuals, grandparents and other caregiver relatives ineligible for SNAP cannot obtain benefits solely on behalf of a child.

Nevertheless, SNAP benefits are an important supplement for grandparents raising grandchildren. Of children in low-income grandparent-care families, 43 percent live in families receiving food-assistance benefits.

Negotiating the process of obtaining proper education, medical, and other help for these children can be especially challenging. Medicaid offers one of the few options for providing children with health insurance.

Several kinds of laws or programs can also help grandparents care for children, including:

- navigator programs, which make benefits programs more transparent and easier to access;

- medical consent laws, which allow informal caregivers to get medical care for children and gain access to their medical records without producing signed documents from parents who cannot be located;
- educational consent laws, which allow informal caregivers to enroll children in school without necessarily having to produce signed documents from parents who cannot be located; and
- subsidized guardianship programs, which provide cash assistance to caregiver relatives when the children have been in state custody. Assistance is provided for at least six months, and, in some states, for up to two years. The guardianship gives a caregiver the opportunity to become the child’s legal guardian, replacing the state in that role. Guardianship also gives a caregiver access to state and federal foster-care funding and adoption assistance (for more on the legal aspects of grandparent caregiving, see Chapter 12, Personal and Legal Rights).

ASSISTANCE FOR GRANDPARENTS AND OTHER RELATIVES RAISING CHILDREN: Policy		
Benefit level	FEDERAL STATE	States, with the assistance of the federal government, should reduce the disparity between benefits paid to grandparents and other caregiver relatives and benefits paid to foster parents. For households headed by grandparents and receiving child-only grants under the Temporary Assistance for Needy Families (TANF) program, states should increase the size of such grants to, for example, approximately 80 percent to 85 percent of what the state would provide a foster-care household. For households receiving multiple TANF child-only grants, the grant amounts should be equal for all the children, rather than declining for each additional child, as is now typically the case.
Reducing caregiver burdens	FEDERAL STATE	Public-benefit programs should ensure that families headed by grandparents and other caregiver relatives receive sufficient support for economic security and well-being. Federal and state governments should create policies and regulations that encourage grandparents and other caregiver relatives to keep families intact whenever possible. To allow grandparents and other caregiver relatives to meet their obligations to the children in their care, states should pass legislation that makes it as simple as possible for the children to be enrolled in school and treated by medical professionals. States also should adopt navigator programs, which make it easier for grandparents and other caregiver relatives to access available resources that can help them provide for the children in their care, and subsidized guardianship programs, which increase the cash assistance to caregiver relatives and enable them to become the children’s legal guardians.

Programs for Migrant and Seasonal Farmworkers and Other Low-Wage Workers

Migrant and seasonal farmworkers are among the most poorly paid and ill-housed workers in the nation. Federal programs to assist farmworkers are

poorly designed and inadequately funded. As income inequality has widened, too many workers suffer from low wages, poor working conditions, and limited prospects for raising their incomes and achieving economic security in their working years. For many, retirement may be short or nonexistent. To achieve economic security for all, prosperity must be broadly shared.

PROGRAMS FOR MIGRANT AND SEASONAL FARMWORKERS AND OTHER LOW-WAGE WORKERS: Policy		
Housing, income assistance and other needs	FEDERAL STATE	<p>Governments should:</p> <ul style="list-style-type: none"> • pay greater attention to the plight of low-wage and unskilled workers in both rural and metropolitan settings; • place greater emphasis on meeting the housing needs of migrant and seasonal farmworker families, concentrating on older or disabled people; and • develop outreach programs to ensure greater participation by migrant and seasonal farmworkers in all low-income assistance programs.

Social Services and Community Services Block Grants

The Social Services Block Grant (SSBG) program, formerly Title XX of the Social Security Act, helps states provide a broad range of social services. Programs most important to older people include those that help them live independently and maintain self-sufficiency, prevent or remedy abuse or exploitation, provide in-home services to prevent unnecessary institutionalization, and provide services to individuals in institutions.

Federal spending for social services continues to be limited and has not kept pace with inflation. At the same time, demand for services will continue to grow as the number of older people increases. Moreover cutbacks in one program may indirectly affect

participation in another. For example, community action agencies funded under the Community Services Block Grant (CSBG) program perform important outreach and support functions, linking low-income older people isolated by culture or geography with energy assistance, emergency food aid, home-repair programs, and other federally funded services. Reductions in the CSBG program could make it difficult for many vulnerable older adults to obtain these benefits.

Proposals that would allocate federal funds to “faith-based” charities that provide social services raise a number of concerns, including adequate separation of church and state and possible discrimination against or imposition of religious practices. The impact that such efforts could have on the social services delivery system has not been examined.

SOCIAL SERVICES AND COMMUNITY SERVICES BLOCK GRANTS: Policy		
Funding	FEDERAL STATE	<p>Congress should increase funding for the Social Services Block Grant (SSBG) program. Funding levels should be increased to reflect the increased population of older Americans.</p> <p>Congress should increase funding for the Community Services Block Grant (CSBG) program to help meet the service needs of low-income communities.</p>

Community input	FEDERAL STATE LOCAL	<p>The federal government should require state SSBG officials to consult with state and local agencies and organizations representing older people and other groups served by the SSBG program to ensure that the services provided are appropriate to meet community needs.</p> <p>Along with local governments, states must devote a fair proportion of their block-grant funds to meeting the needs of older people. States and localities should comply strictly with public hearing and reporting requirements.</p>
Reporting	FEDERAL STATE	<p>Congress should require states to prepare yearly expenditure reports with age-specific and uniform data on program activities related to the social service needs of specific populations, such as minorities, rural residents, and people with physical or mental disabilities. Federal requirements for states to provide a yearly report to the Department of Health and Human Services should be retained.</p>
Eligible agencies	FEDERAL STATE	<p>States should ensure that public revenue is distributed only to social service agencies that are formally accountable to taxpayers, as demonstrated by performance-based measures; maintain separation of church and state; and do not discriminate against or impose religious practices or beliefs on those who apply for or receive services.</p>

CROSS-CUTTING ISSUES

The Need for Better Measures of How Many Americans are “Poor” and “Low-Income”

There are two important aspects of measuring poverty: specifying in dollar terms what society deems to be a minimally adequate standard of living and determining what resources an individual has available to provide for life’s necessities. The federal poverty measure was created in the early 1960s, based on a minimally adequate living standard and the cost of food in the federal Thrifty Food Plan (TFP). The Census Bureau continues to use this calculation, adjusted for inflation, to determine the poverty threshold, which determines how many people are classified as poor. In turn, eligibility for individual and family poverty-alleviation programs, as well as the amount of federal aid distributed to states, is calculated using the poverty threshold as a starting point.

However, most economists believe that continuing to use a poverty measure that was developed nearly 50 years ago is problematic. The poverty measure was created when food expenditures equaled about one-third of a family or individual’s cash income, so the cutoff points for poverty were set at three times the

cost of the TFP. Today, families and individuals spend only about 16 percent of their disposable income on food. In addition, the TFP was intended to be used only as a temporary or emergency (30-day) diet.

This sharp decline in spending on food as a share of family budgets is just one example of an important change that has occurred in the past several decades and that the existing poverty measure fails to address. Other examples include the failure to account for tax credits and in-kind benefits provided to the poor through current government programs (such as housing subsidies and food assistance); changes in medical care, housing and child-care expenses (all of which have become a larger share of family budgets and risen at a rate outpacing inflation); differences in family size and composition; and disparities in geographic costs of living. Additionally the existing poverty measure for those age 65 and older is lower than the threshold for the rest of the population, inaccurately assuming that spending on basic needs decreases with age.

In 1995, after two years of study, the Panel on Poverty and Family Assistance of the National Academy of Sciences (NAS) released a comprehensive study of poverty measurement and

issued recommendations for modernizing the poverty measure. The NAS recommendations address the two most significant flaws in the current poverty measure: The poverty line (or threshold) is too low because it is based on outdated assumptions about family expenditures, and the method used to determine whether a family is poor does not accurately count family resources.

The NAS panel recommended determining the poverty line based on a budget for food, clothing, and shelter (including utilities), plus other needs (e.g., household supplies, personal care, and non-work-related transportation). The report emphasized the importance of updating this calculation regularly to reflect changes in spending on necessities over time.

The NAS panel also recommended a new definition of “family resources” that is more inclusive than the current measure of cash income before taxes. The recommended definition is based on disposable income, which measures the resources available to low-income families after they pay medical bills, work expenses, and taxes (or receive any refundable tax credits, such as the Earned Income Tax Credit (EITC)), and receive any public

assistance. The definition excludes nondiscretionary costs (e.g., work-related child-care expenses and out-of-pocket medical spending), but includes in-kind benefits (such as food assistance and subsidized housing).

Some aspects of the NAS recommendations would raise the poverty line; others would lower it. Updating the thresholds (e.g., to include work expenses and out-of-pocket medical spending) would increase the poverty rate, while expanding the definition of “income” (e.g., to include EITC refunds and in-kind benefits) would reduce it. Overall the new measure would result in more Americans being classified as poor, especially elderly Americans (reflecting the significant burden of out-of-pocket medical spending on the low-income elderly).

Since a single measure cannot capture every important aspect of family well-being, the poverty threshold may also need to be supplemented, such as with a measure of the income necessary to achieve a decent standard of living. Proposals to modernize the poverty measure and develop alternative measures of economic well-being are currently being considered in Congress.

THE NEED FOR BETTER MEASURES OF HOW MANY AMERICANS ARE “POOR” AND “LOW-INCOME”: Policy		
Updating the poverty threshold and its effects on assistance programs	FEDERAL	<p>Congress should instruct the Census Bureau to develop a modern poverty measure based on the 1995 National Academy of Sciences (NAS) recommendations, to publish these numbers regularly, and to update this measure as new data and statistical approaches become available.</p> <p>Following the NAS approach, the Census Bureau should eliminate the age differential used in the current determination of poverty thresholds for people ages 65 and older.</p> <p>Poverty thresholds (in dollar amounts) should be substantially increased. Following the NAS approach, the poverty line should represent a budget for food, clothing, and shelter (including utilities), plus a little more to allow for other needs (e.g., household supplies, personal care, and non-work-related transportation).</p> <p>“Family resources” should be defined as the sum of money income from all sources together with the value of near-money benefits (e.g., food assistance and housing subsidies) available to buy goods and services minus the expenses that cannot be used to buy these goods and services.</p> <p>Congress should adopt the new poverty measure in defining eligibility for assistance programs as they are reauthorized.</p>

Coordinating and Simplifying Low-Income Assistance Programs

Many older Americans do not participate in the low-income assistance programs for which they are eligible. In 2004 the Census Bureau reported that among older households with incomes below 100 percent of the poverty level, less than one-half (43 percent) received any means-tested assistance. Thirty-three percent received Medicaid, 17 percent received food stamps, 17 percent received cash assistance, and 15 percent lived in public or subsidized housing.

Additionally, a substantial portion of low-income veterans and their family members who qualify for Supplemental Security Income (SSI) benefits are not receiving the needs-based pensions and significant medical benefits offered by the Department of Veterans Affairs. Participation in these programs could be improved by coordinating eligibility criteria and application procedures among the various programs, increasing outreach efforts, and improving the application process.

Lack of coordination among the different programs leads to inefficiencies in program administration and reductions in participation. Applicants may be required to provide the same information to demonstrate eligibility for several different programs, and they likely will have to apply separately for benefits, often in different locations. Moreover applicants who contact one government agency to apply for a particular benefit may not be told about other programs for which they might be eligible. By making those who qualify for Medicaid automatically eligible for Supplemental Nutrition Assistance Program (SNAP) benefits (as they are for SSI), older people's access to SNAP would be improved.

Outreach efforts are necessary to inform low-income older people about program benefits and assist them with their applications. Although private foundations and community organizations have conducted drives to expand participation in SSI, Medicaid, SNAP, and the Qualified Medicare Beneficiary program, private initiatives should not be viewed as a substitute for government outreach efforts. There is a need for better coordination between the government and community-based

organizations to inform low-income older people about program benefits.

In addition to lack of knowledge about low-income assistance programs, administrative obstacles can create barriers to program participation. These obstacles include the length and complexity of public benefit application forms, discourteous treatment or cultural insensitivity by caseworkers, long waiting periods, hard-to-reach locations, transportation problems, complicated appeals processes, and lack of materials and assistance in languages other than English. Studies have shown that between 5 percent and 14 percent of potentially eligible food-assistance applicants do not apply because of the difficulty associated with the application process. The application forms range from ten pages to 36 pages in more than half the states and, with only one exception, were written for ninth- to 12th-grade reading levels. The application process for public benefits can be made simpler by improving the design and wording of the application forms. Application forms tend to be long and complicated and lack helpful graphics. In addition current forms frequently use colored paper, small type, and a mix of type styles, which make the materials difficult to read.

Changes in federal provisions can affect states' ability to improve program participation. In the past, Congress established several program requirements to facilitate access by older people and people with disabilities. The 1996 welfare reform law repealed several of these requirements, permitting, but not requiring, states to conduct telephone interviews or home visits instead of in-office interviews, take applications over the phone or by mail, and issue food assistance by mail in rural areas.

Finally the Americans with Disabilities Act, as well as Section 504 of the Rehabilitation Act and other federal, state, and local civil rights laws, apply to the activities of agencies responsible for administering these programs. In addition to providing physical access, these agencies must in most instances provide "reasonable accommodations" in their rules and policies so that people with disabilities, including those with sensory, cognitive, developmental, or mental impairments, can fully access and participate in the agencies' programs.

COORDINATING AND SIMPLIFYING LOW-INCOME ASSISTANCE PROGRAMS: Policy		
Improving coordination	FEDERAL STATE	<p>Governments should streamline and coordinate application procedures among different assistance programs and inform potential beneficiaries of the range of benefits for which they may be eligible. Creating a single application form and access point for applicants should be a high priority.</p> <p>Governments should develop and implement a training program to give all who work on low-income assistance programs basic knowledge about the availability of other programs and resources for low-income people and families.</p> <p>Congress should eliminate small and arbitrary differences in eligibility criteria for public benefit programs to reduce unnecessary administrative complexity and improve awareness of and access to important public benefits.</p> <p>Elderly Medicaid beneficiaries not residing in institutional settings should be automatically enrolled in the Supplemental Nutrition Assistance Program.</p>
Improving the application process	FEDERAL STATE	<p>Application forms and program notices should be shortened and simplified to make them less intimidating and easier to understand. Legal concepts, such as the Privacy Act's requirements or definitions of fraud, should be written in plain language. Materials should be available in large type and in English and other languages. All applications should be written so that people with fourth-grade literacy can understand them.</p> <p>States should:</p> <ul style="list-style-type: none"> • ensure that the agencies responsible for administering low-income assistance programs have complied with federal law by providing applicants who have impairments with reasonable accommodations in the application process and procedures; • ensure that employees who process benefit application forms have appropriate training and serve clients with understanding and sensitivity; and • provide one-on-one assistance to applicants and establish advocate programs to help low-income people negotiate all phases of the various benefit systems.
Outreach	STATE	<p>States should make outreach efforts an integral component of these programs and undertake outreach strategies that have proven to be effective in expanding program enrollment.</p> <p>States should develop partnerships with organizations serving the low-income elderly.</p>

Addressing Low Literacy Among Poor and Low-Income Older Americans

Among the most vulnerable older Americans are those who lack literacy proficiency and therefore the

basic skills for daily living. Moreover a lack of literacy skills isolates people, causing their exclusion from public-benefit programs, and can perpetuate a cycle of poverty over generations. Literacy rates are generally lower among older people than younger people and are much lower for older minorities than for older whites.

ADDRESSING LOW LITERACY AMONG POOR AND LOW-INCOME OLDER AMERICANS: Policy		
Improving literacy rates	FEDERAL STATE	<p>Federal agencies should continue to collect comprehensive data on literacy rates among older people, including minorities and people with disabilities. When the data are available the federal government must ensure that all individuals can acquire basic literacy skill.</p> <p>The federal government should create incentives for private and public agencies to provide educational opportunities to older people with literacy difficulties.</p> <p>States should support initiatives that assess the prevalence of illiteracy and seek to remedy it. In addition states should support the use of older people as employees in literacy training programs.</p>