IMPACT OF THE FEDERAL BUDGET ON THE FUTURE OF SERVICES FOR OLDER AMERICANS

JOINT HEARING

BEFORE THE

SELECT COMMITTEE ON AGING
HOUSE OF REPRESENTATIVES

AND THE

SPECIAL COMMITTEE ON AGING
UNITED STATES SENATE

NINETY-SEVENTH CONGRESS

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IMPACT OF THE FEDERAL BUDGET ON THE FUTURE OF SERVICES FOR OLDER AMERICANS

THURSDAY, APRIL 1, 1982

U.S. House of Representatives,
Select Committee on Aging,
and the U.S. Senate,
Special Committee on Aging,
Washington, D.C.

The committees met, pursuant to notice, at 9:20 a.m., in the Sheraton Ballroom, Sheraton Washington Hotel, 2660 Woodley Road, Washington, D.C., Senator John Heinz (chairman, Senate Special Committee on Aging) and Representative Claude Pepper (chairman, House Select Committee on Aging) presiding.

Members present: Senator Heinz of Pennsylvania, Representatives Pepper of Florida, Ferraro of New York, and Shamansky of Ohio.

Staff present: Charles H. Edwards III, chief of staff, Kathleen Gardner, professional staff, Marie Brown, executive secretary, of the House Select Committee on Aging. John Rother, staff director, and Michael Rodgers, professional staff, of the Senate Special Committee on Aging. John Vihstadt, minority staff director, Subcommittee on Human Services, House Select Committee on Aging.

OPENING STATEMENT OF SENATOR JOHN HEINZ

Senator Heinz. Ladies and gentlemen, good morning. I am Senator John Heinz, chairman of the Senate Special Committee on Aging.

I am very pleased to cochair the hearing this morning with my distinguished friend and former colleague in the House, a man who has served in both the Senate and the House and who has been a judge, and the chairman of the House Select Committee on Aging, Claude Pepper of Florida.

It is an honor and a privilege to be here with you at the 32d Annual Conference of the National Council on the Aging.

Let me say that, during my service in the House with Senator and Congressman Pepper, I was very pleased to have a chance to work to establish the Select Committee on Aging which Congressman Pepper now chairs. I have had a chance to work with him on many occasions. I am pleased to say that much of our work has been translated into positive programs to improve the well-being of older Americans today.

Our hearing today represents the continued commitment of our two committees to be vigilant in our oversight of proposals and programs which will affect our older citizens. We are here to examine the impact of the 1983 budget proposals on services for older Americans. Specifically, we wish to review the effect of reductions in the Older Americans Act and the social services block grants on America's elderly.

The Senate Committee on Aging has already assessed the effects of many of these and other proposals. We have held field hearings in my home State of Pennsylvania on low-income energy assistance and the proposal to count it as income in allotting food stamps. Let me say candidly that this proposal is nothing less than an embarrassment to anyone knowledgeable about the program.

The elderly never see low-income energy assistance. It is paid directly to suppliers only when heating is about to be cut off. To have to go hungry when you are already cold is insanity because it is genuinely life-threatening to the elderly poor involved.

At our recent Washington hearings on proposed reductions for food stamps and the Older Americans Act we heard from both the current and former heads of the U.S. Department of Agriculture's Food and Nutrition Service that 90 percent of the elderly poor would be adversely effected by the food stamp proposals with the poorest of the elderly poor to be cut the most and suffer the most.

I frankly find it hard to believe that the President fully contemplated the devastating consequences of this proposal on the elderly poor, and I am today calling upon President Reagan to recall and rescind the proposal.

It cannot be the intention of a President pledged to honor a safety net to reduce food stamp benefits for 1,800,000 elderly poor of the over 2 million elderly poor whose health and nutrition depend on food stamps, but if this is the President's plan, we have no alternative but to reject and override it.

Our work in committee also includes our staff's analysis entitled the "Proposed Fiscal Year 1983 Budget: What It Means for Older Americans". Included in your packet of conference materials is our newsletter, "Aging Reports," which provides a summary of these major budgetary issues.

In addition to food stamps, we have found the following. A $37.7 million reduction for funding of congregate and home-delivered meals would eliminate over 69,000 meals served per day and could very well end up with that number of people going into nursing homes who are not now institutionalized.

A suggested 30-percent decrease in low-income energy assistance would mean severe impairment for 2 million households in paying their soaring heating bills.

The planned elimination of the senior community services employment project would cut over 54,200 jobs now held by seniors and virtually eliminate the community service programs they staff nationwide.

I believe it is time to be very clear as to our Government's responsibilities to our older population. We are the advocates, as members of the Committees on Aging in both Houses, before Congress for all older Americans. We cannot and we will not allow Congress or the administration to balance the Federal budget at the expense of our elderly poor. The fact is that they cannot afford the sacrifice.

The unvarnished reality is that our elderly poor have nowhere else to turn, and their plight is self-evident to anyone who cares to look and to see. We will argue the case of the elderly poor to the Appropriations Committee, on the Senate floor, and on the House floor. We will take the case to the Office of Management and Budget and the agency heads, and we will go to the mat with the President himself, if necessary, to insure that the basic needs of the elderly poor continue to be met.

I look forward to hearing the testimony we are about to receive and promise you that the messages you bring will be heard where they count on Capitol Hill and along Pennsylvania Avenue.

With that, let me turn to my beloved and distinguished colleague, Claude Pepper of Florida.

OPENING STATEMENT OF REPRESENTATIVE CLAUDE PEPPER

Mr. PEPPER. Thank you very much, Senator Heinz, for your very gracious and kind words of introduction.

I am always delighted to work with you, as I was when we were working together in the House. It is always an inspiration for me to see the activity of a man of your age.

I want to tell you that you are an inspiration to us all. I hope you will for a long, long time retain that wonderful vitality and vigor which you have.

As I look out over this fine audience today, it reminds me of the great audience which was assembled in this room when we had, not long ago, the White House Conference on Aging. As I said to the press at the conclusion of that conference, I just hope, with all respect, that the White House will support us in the implementation of the recommendations of the White House Conference on Aging.

I want to take this opportunity to thank especially the National Council on the Aging for inviting our committees to convene this hearing today.

By the way, the Senator and I are contemplating—I believe it is in July—going to Vienna to the World Assembly on the Aging. I believe it is the first world organization of that sort which has ever been held. The Senator and I, if I may say so, had something to do with the passage of the supporting resolution from our Congress, which induced the United Nations to set up that assembly of world scope. We hope it will be meaningful to the elderly people of the world.

It is inspiring that NCOA makes it possible for so many outstanding leaders, who share a particular sensitivity to our older Americans, to come together each year to discuss current issues in the field of aging.

Also, I want warmly to thank my distinguished co-chairman and colleague from the Senate for joining me in calling this joint hearing which will focus on the impact of the Federal budget on the future of services to older Americans.

Many of you may recall that on January 26, 1982, President Reagan delivered his state of the Union address. At that time, the President admonished those of us who dared to suggest that his budget would impose extreme hardship on the elderly. He said:

"Don't be fooled by those who proclaim that spending cuts will deprive the elderly, the needy, and the helpless."

I wonder whether or not those encouraging words of the President, which meant so much to elderly people by way of assurance, are today the factual situation in our country. Have the cuts of last year, which so many of us so vigorously opposed and which we predicted would impact very severely the elderly of the country, had the predicted effect, or have they not?

Incidentally, reference has often been made by the President and by the Director of the Office of Management and Budget to the safety net. In the language which I just quoted, we were given assurance that the pending cuts would not unfavorably affect the needy and the helpless. What is the definition of a safety net? Who is at the bottom of it? Who are the needy?

They often add a modifying word, the really needy. How low does your income have to go? How low does your nutrition have to go? How poor does your housing have to be? How bad does your medical service have to become? How low is the social security minimum which you receive have to be before you are in the official category of the needy or the really needy or the helpless?

The President assured us that the elderly and the poor of our country would not suffer from the budget cuts. Yet the mail from senior citizens which is flooding, I believe, almost every congressional office, should make it clear that the opposite is true.

The elderly will suffer even more from additional cuts which are proposed. I did not bring out of my briefcase, which I have here with me, a headline from the Washington Post of a few days ago: Proposed Cuts Threaten Another Million and a Half Elderly People. They are the category of people living below the poverty level. It concerns the proposal to add more cuts.

I only hope that with your support, Senator Heinz, and others, we will be able to prevent any other raid upon the lives of the elderly people of this country through any further cuts.

Incidentally, I have here a letter. I will not read all of it. It is addressed to the Honorable David Stockman.

It urges him on behalf of our committee in the House not to carry out the proposal which has already been announced by the administration. It would eliminate 54,000 people by October 1, who are receiving the minimum wage. They are elderly people helping other elderly people. They will be cut off on October 1 unless the proposal is not carried out. That is one of the requests in the letter to Mr. Stockman.

The other request in the letter relates to the area offices on the aging. There has been an allowance of funds to help the area offices on the aging raise additional funds to further the cause of the elderly. That little aid, which might have assisted them to provide better for the elderly from sources other than Federal appropriations, is to be cut off unless Mr. Stockman, the White House, or the Congress stops the proposal which has already been announced.

I have respectfully asked Mr. Stockman, of the Office of Management and Budget, not to allow those cuts to go into effect.

Without objection, the letter will be made a part of the record at this point.

[Letter to Mr. Stockman follows:]

U.S. House of Representatives
Select Committee on Aging
Washington, D.C. 20515

TELEPHONE: (202) 225-9375

April 1, 1982

Dear Mr. Stockman:

I am writing you to express my deepest concerns about the impact of two Administration proposals on vital Older Americans Act programs. I strongly urge you to re-examine these issues and consider them in light of these concerns.

As you know, the Administration has proposed the elimination of the Title V Senior Community Service Employment Program. Eliminating this program would be a serious mistake. The program has always enjoyed widespread bipartisan support and was only recently reauthorized by overwhelming margins in both the House and the Senate.

The Administration has proposed a "special targeted program" be created to replace Title V, but since this new program would be funded at a drastically reduced level and would serve a wide variety of other groups of disadvantaged workers in addition to the elderly, the new program would not begin to meet the needs that Title V addressed.

In addition, even Secretary Schweiker has conceded in testimony before the Education and Labor Committee that eliminating Title V would have a significant effect in reducing other Older Americans Act programs now being provided with the assistance of Title V workers. Thus the grim consequences of this proposal will be felt in reduced social services for thousands of older persons. For the 76,000 older workers who will be sentenced to unemployment, the consequences will be even more severe.

The second matter I am hoping you will review relates to a new rule being proposed by the Administration governing the use of Title III-B funds. I have already written to Secretary Schweiker expressing my strong opposition to those proposed changes and asking that the proposed rule be withdrawn. Since O.M.B. clearance is required for issuance of this rule, I wanted to express these concerns to you as well.

This proposal would cause a drastic reduction in services if implemented, while creating an administrative nightmare for local officials. By imposing a cap on program development and coordination, the proposal would deny area agencies one of their most effective means of generating service funds from other sources.

This Administration has emphasized with its "New Federalism" proposal that one of its main goals is to reduce regulation on states and local governments. Yet this rule would require costly revisions in area plans, public hearings, and a rewriting of Service Contracts. All this might have to be done in a matter of days after the rule were issued, while area agencies would be awaiting a second set of regulations to be issued in June.

With regard to both of these issues, hearings and other discussions held to date have demonstrated that whatever the Administration's stated rationale in developing these proposals, they will result in significant reductions in the availability of needed services. For this reasons, I hope O.M.B. will reconsider both of these initiatives.

With warmest personal regards, and

Believe me,

Always sincerely,

Claude Pepper
Chairman

Honorable David Stockman
Director
Office of Management and Budget
Executive Office Building
Washington, D. C. 20503

Mr. PEPPER. I add only that another successful and worthwhile service for elderly people, funded under the Older Americans Act, is the nutrition program. If I may say so without impropriety, I am proud to recall that I was the original author of the nutrition program in the House. It provides one nutritious meal a day, 5 days a week, to older Americans.

Only half of the older Americans who are entitled to that service are able to get it because of the limited funding we have now. Thousands of seniors are now waiting to take advantage of the program. The administration is recommending a 10-percent cut in funding from the budget of 1981 for congregate and home-delivered meals.

Is it because the elderly are getting too fat? Do they need to be restrained a little bit in their intake of food? Have they been abusing the privileges of the nutrition program so that their wrongs have to be righted? Have we become so poor in America that we even begrudge a good nutritious meal, 5 days a week, to the elderly people of this country?

This will result in 14 million fewer congregate meals and 4.5 million fewer home-delivered meals than were served in fiscal year 1981.

The litany of misery which will result from the proposed Federal budget is not confined to the Older Americans Act programs. Of the 2.5 million elderly now receiving food stamps, 26 percent would lose their benefits altogether, and another 66 percent would have their benefits reduced if the Administration's budget proposal is approved.

Can we not have adequate defense of America and can we not maintain the other obligations of government without having to make that cut in the food of the elderly people of this country?

Over 26 million elderly now covered by medicare will be asked to pay a greater share of their health care costs. You know, medicare only provides 44 percent of the medical needs of the elderly now. They will be cut further if the proposed budget is carried out. In addition, up to 1 million medicare beneficiaries will have to pay up to $1,000 more for in-home visits.

No new section 8 low-income housing units will be constructed in fiscal year 1983. We have had witness after witness before our Aging Committee saying about social security that, if they did not live in publicly subsidized housing, they would not be able to get enough to eat. Yet they are proposing almost entirely to cut out subsidized housing, therefore making the already long waiting lists simply longer.

Unfortunately, older persons are the primary tenants of such low-income housing, and literally thousands of elderly and disabled persons will lose homemaker and other vital in-home services provided through the social services block grant, formerly title XX. These in-home services, which enable seniors to remain in their homes and out of nursing homes, may be cut 32 percent from the fiscal year 1981 appropriation.

Balancing the budget is a noble goal for the Government to pursue, and we all agree that reducing the Federal deficit is an important objective. I think we should come nearer to a balance in the budget. It is the only way in which we will get our interest rates down.

However, promised benefits and programs for the elderly and needy cannot be used to balance the books of the Federal Government.

When we made the tax cuts of last year, 25 percent across the board, 85 percent of the benefits of those tax cuts went to people with incomes over $20,000 a year, but two-thirds of the burden of all of the cuts in the social security programs fell upon people making less than $20,000 a year.

We, as concerned lawmakers, must scrutinize each pertinent budget proposal to make sure that the President's past promises are kept and that cuts are not aimed at our elders who are precisely the most vulnerable to the ravages of our current economy.

It is nothing short of a national tragedy that one out of every six elderly Americans already exists on an income below the poverty level. Cuts in services such as I have described would bring shame to our Nation—or should—and misery to millions of older Americans.

Today, we will hear from service providers, State and local aging program officials, and elderly consumers themselves. They will outline for us how the proposed Federal budget will impact on the health and well-being of our Nation's elderly.

Thank you, Mr. Chairman.

Senator HEINZ. Thank you, sir. At this time, if there are no objection, I would like to submit the prepared statement of Senator John Glenn for the hearing record. Hearing no objections, so ordered.

[The prepared statement of Senator John Glenn follows:]

Prepared Statement of Senator John Glenn

Mr. Chairmen, it is appropriate that the Senate Special Committee on Aging and the House Select Committee on Aging are holding this joint hearing on "The Federal Budget: Services for Older Americans" as part of the 32nd Annual Conference of The National Council on the Aging, Inc. The program for this year's NCOA Conference reflects the wide range of activities in which the professional and volunteer members of the NCOA are involved as advocates for the elderly. I commend you on your continuing efforts to ensure the highest possible quality of life for all older people.

I am particularly pleased to welcome one of today's witnesses -- Anna Brown -- who is Director of the Cleveland, Ohio Office on Aging, as well as President of the Urban Elderly Coalition. It has been a very special pleasure to work with Anna during my years in the Senate, and to be able to call upon her expertise in all areas affecting the elderly.

Both the Senate Special Committee on Aging and the NCOA's Leadership Council of Aging Organizations have analyzed the impact of President Reagan's proposed Fiscal Year 1983 budget on our elderly citizens. Their analyses have clearly demonstrated that the cutbacks in funding proposed by the President, coming on top of the deep cuts already made last year, would be devastating for many older people, particularly the elderly poor.

I might add that figures recently released by the government have shown that older Americans constitute the fastest growing segment of the poverty population. According to the Census Bureau, 15.7 percent of those over 65 years of age were below the poverty line in 1980, and another 10 percent were just above that line. That means that over 25 percent of America's elderly are already poor; cutting whatever meager benefits they receive will make them poorer still. In my opinion, that is just not acceptable. We can -- and we must -- do better than that in this country.

But income support programs are only the tip of the iceberg. Other problems abound. For example, one of the major themes emerging from a survey of delegates to the 1981 White House Conference on Aging was the need to expand home health and in-home services. There are a good many reasons -- both personal and economic -- for encouraging home- and community-based health and social services as an alternative to long-term institutional care.

What is the Administration's response? Well, first they propose a five percent copayment under Medicare for all home health visits. Then they want to reduce funding, both for the Older Americans Act -- which provides nutrition, services, and employment for senior citizens -- and for the Social Services

Block Grant, which provides funding for noninstitutional social support services such as homemaker/chore and adult day care through the Title XX program. It is on these cuts that today's hearing focuses.

In a hearing held by the Senate Aging Committee on February 25, we heard from several witnesses about the impact of proposed cutbacks in the Food Stamp Program and the Older Americans Act congregate and home-delivered meals programs, which are instrumental in providing adequate food for many older Americans. Indeed, these programs are often the only thing standing between elderly people and nursing homes. The hearing also clearly showed that low-income elderly receiving food stamps are having trouble getting by as it is, let alone in the face of even larger cuts in the program. And Martin Janis, Director of the Ohio Commission on Aging, said that adequately serving our needy, elderly population would require expanded nutrition programs under the Older Americans Act. In view of these facts, I cannot support the budget cuts proposed by the Reagan Administration.

In conclusion, Mr. Chairmen, I believe that the proposed cutbacks in the Older Americans Act, social and community services, food stamps, low-income energy assistance, housing, and a multitude of other programs raise serious questions about this Administration's willingness to provide adequately for the needs of older Americans. In my opinion, failing to do so is economically unnecessary and morally indefensible. Last year, 70 percent of the $35 billion Congress cut from the budget came

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from programs that affect the poor. This year, roughly 90 percent of the new cuts the Administration has proposed come from these same programs.

Now I fully recognize the need to restrain federal spending. In the past, too many programs were allowed to spin out of control -- and we all know that there was abuse and waste in many of our social programs. But many of last year's cuts went beyond the fat and into the muscle. And I say that Congress must reject the counsel of those who would now have us cut into the heart. Because while prosperity without sacrifice may be unattainable, sacrificing the defenseless is simply unacceptable.

Mr. PEPPER. Mr. Shamansky, we are pleased to have you here.

STATEMENT OF REPRESENTATIVE BOB SHAMANSKY

Mr. SHAMANSKY. Thank you, Chairman Pepper and Chairman Heinz.

I will just report on two aspects of my work on the Housing Subcommittee. I think it is important to note that last year, Mr. Philip Abrams of the Housing and Urban Development Department, came before our subcommittee. He presented the administration's plan for housing for the elderly.

It became apparent that the whole so-called plan assumed the success of the administration's economic recovery plans. I was presumptuous enough to ask Mr. Abrams: "Do you have any plans in case the economic recovery plans do not work?" His reply was: "No."

I asked him whether there was no tiny possibility that the national economic recovery plan of the administration might not work. He said: "No. It has to work."

He came back recently. I said: "Mr. Abrams, I am sure you will forgive me for pointing out that it did not work, and you do not have any plans." Obviously, the plans are simply to cut back on the things which older Americans need. We will have, as Chairman Pepper pointed out, virtually no housing built for the elderly.

The voucher plans suggested by the administration will not get anything whatsoever built.

The other point I would like to note is the composition of the elderly in our country. They are mostly women. The burden being borne by the people in this country are being borne mostly by women and children. That seems strange to me.

I think somehow, under the leadership of Chairman Pepper and Chairman Heinz, we can address this thing and look to see who in fact is being hurt. Older women are bearing the brunt of it.

I thank you, gentlemen, for having this hearing.

Mr. PEPPER. Senator Heinz wishes to make an announcement.

Senator HEINZ. Mr. Chairman, let me say that now I know why, although I invited you to start off this hearing, you wanted me to go first. I understand after hearing you compliment me on what remains of my youthful vigor. I wish I had had an equal shot at that.

Let me say, inasmuch as you quite properly mentioned the letter you are sending on title V, the fact that the Senate Committee on Aging, in a letter signed by 13 of the 15 members of the Committee on Aging, to the President of the United States, urge him to retain the full funding of title V at the 1982 level of $277.1 million. It has been sent by me and our committee to the President. It will be released later today.

I thought that, inasmuch as your letter is very strong on that point, our letters make a nice pair.

Mr. PEPPER. Good. I am glad that both of us are fighting. I hope our petitions will be granted.

Senator HEINZ. I am very pleased, Mr. Chairman, that it is a bipartisan letter. It is signed by Republicans and Democrats alike. I think that it strengthens our case for maintaining a program which we know has paid for itself many times over each year.

It is a valuable program. It is vital to the people who are in it. It provides community service which could not be afforded any other way. I endorse wholeheartedly your initiatives in this regard.

Mr. PEPPER. Thank you, Senator. I commend you and your committee for sending that letter to the President.

May I now call the first witness? He is Mr. Jack Ossofsky. Mr. Ossofsky is the executive director of the National Council on the Aging and the chairman of the Leadership Council of Aging Organizations.

On behalf of both the House and the Senate Aging Committees, I would like to thank you, Mr. Ossofsky, and the National Council on the Aging for extending to us the opportunity to convene this hearing today in conjunction with the NCOA's 32d annual conference.

I want to commend you especially and your fine organization and for what you have done to help the elderly in this country.

Mr. Ossofsky, we will be glad to hear your testimony.

STATEMENT OF JACK OSSOFSKY, EXECUTIVE DIRECTOR, NATIONAL COUNCIL ON THE AGING, INC.; AND CHAIRMAN, LEADERSHIP COUNCIL OF AGING ORGANIZATIONS, ACCOMPANIED BY EDWARD HOWARD, GENERAL COUNCIL, NCOA

Mr. OSSOFSKY. Thank you, Chairmen.

This is an historic occasion for us. We are delighted that you accepted our invitation. Chairman Heinz and Chairman Pepper, you give us considerable hope that bicameral, bipartisan, and by God, we will not forget the older people of this country.

I am Jack Ossofsky, the executive director of the National Council on the Aging and the cochairman of the Leadership Council of Aging Organizations.

I am accompanied by a colleague of ours, Ed Howard, the general counsel of the National Council, who is an alumnus of your committee.

I would like to suggest, if it is agreeable to you, that I submit my statement for the record and make some comments from it as well, perhaps, as some others.

Knowing the difficulty of the congressional schedule at this time, we are particularly grateful that you have come to this meeting. Before you, are part of the 3,000 workers in the field of aging and older people, who will be at this meeting. They come here terribly concerned about their capacity to continue to serve the vulnerable, the frail, and the needy aged as well as to maintain services which prevent vulnerability and frailty.

We have examined carefully the study done by the Senate Special Committee in analyzing the administration's budget, and we have also looked very carefully and appreciate the analysis done by the House Select Committee in analyzing the impact on older people of the budget proposals on medicare and medicaid.

If I may, I would like to submit for the record as well an analysis of the budget prepared by the Leadership Council of Aging Organizations and have it included in the record as well.

Mr. PEPPER. Without objection, so ordered.

[See appendix, p. 73 for material submitted by Mr. Ossofsky.]

Mr. OSSOFSKY. It is called "The Administration's 1983 Budget: A Critical View From an Aging Perspective." We submit it for your use and consultation.

The Senate committee has calculated that, of the roughly $30 billion in program cuts proposed in 1983, $11.7 billion are concentrated in programs serving older people. Even more strikingly, more than two-thirds of the $11.7 billion in cuts is concentrated in those programs serving our most vulnerable citizens, including the elderly poor.

It is a sorry litany. It certainly underscores to us that the safety net is rent. It has holes in it big enough for whales to swim through, and it appears as though the older people are being thrown to the sharks once again.

Let me look at some of the specifics. In the Older Americans Act, proposed cuts would amount to 12 percent from the 1981 levels. That translates into about 50 million fewer meals per year and lesser amounts proportionately for transportation, in-home services, and senior centers.

The community services block grant, almost all that remains of our once highly vaunted war on poverty, would be slashed to about one-fifth its 1981 levels. Instead of some 1,450 grantees in 1981, there would be about 220 in 1983.

The administration seeks to end altogether the home weatherization program, which saved an average of 19 to 27 percent of the energy consumed by the approximately 1 million homes weatherized under the program. Following that recommendation would mean that tax dollars literally will seep out through the uncaulked windows and sashes of older people's homes.

The social services block grants, see title XX, would be reduced from $2.4 billion in 1982, and almost $3 billion in fiscal year 1981, to just $1.9 billion in 1983. One estimate is that about 172,000 persons could receive homemakers services each quarter at the funding level being proposed. That represents a 44-percent reduction from the approximately 305,000 people who receive such services each quarter now.

We cannot accept the nonsense that there is no cut, that we are simply slowing down the rate of spending. This is not slowing growth or cutting fat. This is chopping into the bone and muscle of programs which maintain the lifeline for the growing numbers of older people of our country.

The truth must be said on this issue. This trend must be stopped.

We are speaking primarily about social services here. There is a chart before you which points out the significance of the cuts in real dollars. It is in a context in which we are also cutting or are hearing proposals to cut medicare and medicaid benefits, housing programs, congregate services, in-home services, and a variety of other programs.

The most optimistic thing I have heard in months in Washington is the statement from Chairman Heinz of the commitment of his committee, which I believe will be followed by Members of the other House, namely, that title V will not be cut. It must not be cut.

This is not only because of the income involved for the older people who need that income. Let us remember that the guidelines of that program require that the people who are enlisted in the employment program are poor or near poor.

As we talk of social services, ending the title V program cuts the heart out of the capacity of the service providers who have in many instances depended upon the older workers in the program to serve meals, to maintain senior centers, to do outreach work, and to maintain transportation. It is, if you will, a double whammy on the older poor to undo that program.

It not only undoes the jobs and income for older poor people, it undoes the services which they provide in the community.

Let me give you just some examples of the impact of these cuts in a few communities.

In Fairfax County, Va., 57 elderly clients were terminated from home care in November 1981, 69 others had their hours of service reduced.

In West Virginia, county homemaker services, chore services, and protective services to the elderly have been cut at least 25 percent.

In Pennsylvania, a senior center reported that State lottery receipts will preserve programs through June 1982. After that, 25 percent of the center's services will be lost.

In Maryland, nutritional and transportation services have already been reduced. One nutrition site in Chesterton was shut down. Others were cut from 5 days a week to 4 days a week.

Is this simply slowing the rate of growth?

In Mississippi, an area agency director told us that, as of next July 1, her State will no longer fund congregate meals or leisure recreation activities for the elderly under title XX and that group eligibility will end for older people.

In Arlington, Va., day care services will end for the frail elderly. The immediate result would be to save $54,000 in home health funds under title XX and increase medicaid nursing home expenses by at least $216,000. If that is economy, at whose expense is it, and in what way do we defend the reducing of one program to quadruple the cost of another?

You will hear many more such experiences from other witnesses on the panel which follows.

We have received a copy of a letter written by an official of the Department of Health and Rehabilitation Services of the State of Florida, in Tallahassee. He writes: "We do expect to have to reduce the level of most of our title XX services for the elderly, such as information and referral, homemaker services, adult day care, home-delivered meals, transportation, counseling, and social services."

May I share with you an experience I had just a few months ago? I spent a day last fall in upstate New York, visiting my family. I went with my father-in-law and a friend of the family. My father-in-law is 78. Our friend is 94. Those two went out to serve some older people who needed help. As volunteers, they were delivering meals on wheels. I went with them that day.

I saw many older volunteers, talked with them, saw the impact of the program, talked with the people receiving the meals, and visited over a dozen homes that afternoon. No one can tell me that the people in that program are by any definition not the truly needy. They were sick. They were frail. They were isolated. Many of them lived in substandard housing.

Nevertheless, that program, even though it depends so heavily upon volunteers, will have to cut back its services if this budget is permitted to go forward.

I heard this week at a meeting of the National Association of Meals programs, that in Erie County the home-delivered meals programs now serves 900 people, providing them two meals a day. There are 400 older people on the waiting list.

However, by this spring, in a few weeks, they will have to reduce the number of people to 730. They are not adding to their service. They are adding to their waiting list.

Can we talk about a balanced budget when people do not have balanced meals? I do not believe this country will tolerate it.

Let me suggest that the distinguished record of these two committees and the advocacy of all of the organizations and providers of services on behalf of older people is not at all in divergence with the views of the American people. You may recall that NCOA recently commissioned its second national Harris poll.

With your permission, I would like to have entered into the record an article about some data in the poll, which appears in the current issue of NCOA's magazine, Perspective on Aging, written by Dr. Harold Shepard, our associate director for research and evaluation.

Mr. PEPPER. Without objection, the article will be made a part of the record.

[See appendix, p. 126 for material submitted by Mr. Ossofsky.]

Mr. OSSOFSKY. It excerpts some of the data from the Harris poll. When people of all ages were asked who should be doing more on behalf of older people—government, children of the elderly, the elderly themselves, employers, or religious and charitable organizations—55 percent of the public felt that government should be doing more, not less.

Your work and the work of the people attending this conference is indeed in keeping with the best traditions of our country. I do not for a moment believe that our people have given up the compassion and concern which they have traditionally shown for the aged among us.

I ask you to use your roles to further that thrust by the American people, to put an end to the devastation being visited upon us, and to undergird the value of life.

We hear so much about the terrible burden and the cost of the aged, forgetting that what we have before us is one of our country's greatest achievements. We have stretched the mortality of our people, and more of us are living longer. Let us together look for ways to make that life a life of quality, of security, and of hope, for in doing so, we are affecting the future, not only of today's older people but of tomorrow's.

I know that the question being asked on the Hill these days is: "Well, it is nice to have all these old folks, but can we really afford them?" I suggest to you that we have no option in this regard.

One of the things being discussed is the cutting back of the cost of living provision in social security. I suggest that you reject that notion vigorously.

Up to 1.2 million elderly people would be pushed below the Government's official poverty level by 1985, and 2.1 million by 1980, if Congress were to approve proposals to cut annual cost of living adjustments for social security.

One reason why we have made some progress is precisely because of the wisdom of our Nation and your enactment of the cost of living provisions. Are we to undo that progress?

Even now, the proportion of older people falling into poverty has grown in the last 2 years. I ask you to act to put a halt to that fall, to undergird the futures of our older people, and to protect that which we have built with your help in a bipartisan, unified manner which brings to fruition the best aspirations of our people.

Thank you very much.

Mr. PEPPER. Without objection, your full statement will be made a part of the record at this point.

[The prepared statement of Jack Ossofsky follows:]

Prepared Statement of Jack Ossofsky, Executive Director, National Council on the Aging, Inc.

Chairman Heinz, Chairman Pepper let me take this opportunity to thank you for inviting me to testify for the National Council on the Aging, and for convening this historic hearing in conjunction with NCOA's 32nd Annual Conference.

I am Jack Ossofsky, the Executive Director of the National Council on the Aging, and the current chair of the Leadership Council of Aging Organizations.

NCOA appreciates you agreeing to convene and conduct this hearing at a very difficult time in the Congressional schedule. We hope to keep the testimony brief, brisk and to the point. The point, as I understand it, is to examine the proposed federal budget figures for social service programs affecting older people. The point must be exceedingly sharp, for it hurts.

The Senate Special Committee has done an excellent job of analyzing the Administration's budget request for Fiscal Year 1983 in the area of social services for older persons. If I may paraphrase the findings of that study, major questions are raised about the continued welfare of older Americans if the cuts proposed in that budget are agreed to. The Senate Committee has calculated that, of the roughly $30 billion in program cutbacks proposed in 1983, $11.7 billion are concentrated in programs serving older people. Even more striking, more than two-thirds of the $11.7 billion in cuts is concentrated in programs serving our most vulnerable citizens, including the elderly poor.

It is a sorry litany, gentlemen and ladies, but let me list just a few items:

In the Older American Act, cuts proposed would amount to about 12% from 1981 levels, which translates into about <u>50 million fewer meals per year</u>, and proportionately lesser amounts for transportation, in-home services and senior centers.

The community services block grant, which is almost all that remains of the "war on poverty" from the Sixties, would be slashed to about <u>one-fifth</u> its 1981 level. Instead of some 1,450 grantees in 1981, there would be about 220 in 1983.

The Administration seeks to end altogether the home weatherization program, which saved an average 19-27% of the energy consumed by the approximately one million homes weatherized under the program. Tax dollars will literally seep out through uncaulked windows and sashes.

The social services block grant, <u>nee</u> Title XX, would be reduced from $2.4 billion (almost $3 billion in FY 1981) to just $1.9 billion in 1983. One estimate is that about 172,000 persons could receive homemaker services each quarter at the funding level -- a 44% reduction from the approximately 305,000 who received them each quarter in 1981.

Congregate housing services demonstrations, designed to tie housing and related services together in an efficient package, would receive <u>no</u> new funds in 1983.

Legal services for low-income persons, many of them old, would be ended completely.

I submit, ladies and gentlement of the Committees, that such a parade of cuts would be, in a word, devastating. But perhaps I should start more simply by saying that these cuts would be, in a word, cuts.

Many of those defending these proposals have asserted that they represent merely a trimming away of the rate of growth, that no actual cuts are involved. For graphic evidence to the contrary, I refer you to the chart, which shows the impact of the proposals in just three programs. These are not constant dollars, that is, there is no adjustment for inflation in these representations. Funds are being cut.

What do these reductions mean, in human terms? You will hear in the panels this morning expert testimony on many of the specific items I have mentioned. Let me just supplement that with information NCOA has gathered from a once-over-quickly survey of the leadership of some of our technical/professional units. In response to a question about the impact of cuts in Title XX funds already imposed, here is a sampling of what our respondents said:

In Fairfax County, Virginia, 57 elderly clients were terminated from home care in November 1981; 69 others had their hours of service reduced.

In a West Virginia county homemaker services, chore services and protective services to the elderly have been cut at least 25 percent.

In Pennsylvania, a center director reported that state lottery receipts will preserve programs through June 1982; after that, 25 percent of the center's services will be lost.

In Maryland, nutrition and transportation services have been reduced. One nutrition site in Chesterton was shut down, others cut from five days a week to four. One of two vans in operation now operates only one day a week, with a volunteer driver, in a county with no public transportation at all.

In Mississippi, an area agency director tells us that, as of next July 1, her state will no longer fund congregate meals or leisure/recreation activities for the elderly under Title XX, and that group eligibility will end for older people.

In Arlington County, Virginia, day care services will end for the frail elderly. The immediate result would be to save $54,000 in home health funds under Title XX -- and increase Medicaid nursing home expenses by a minimum of $216,000!

This information is anedcotal, to be sure, mere snippets of reality. NCOA is attempting to collect information more systematically about the impact of cuts, proposed and enacted, by surveying the 3,000+ participants at this conference. We would be most pleased to share the results of that survey with these distinguished committees.

What the information we have already gathered hints at, however, is the fundamental argument that has begun almost without our noticing: should the Federal Government play a central role -- any role -- in assuring a decent level of services for our elderly population? The Administration seems to be saying, at least in the long run, no, that sates and local governments and the private sector are more effective ways to meet those needs. That stands in stark contradiction to the judgments of the White House Conference on Aging, concluded at this very hotel not four months ago. In recommendation after recommendation, in committee after committee, the Federal Government's responsibility to guarantee some minimal level of services to older persons was reaffirmed. The Committee on Public Sector Roles summed up the general mood very well in one of its recommendations:

> (The) Federal Government has the responsibility to provide basic entitlements for older people (and to provide leadership) in the development of policy for delivering services to the elderly. Any lessening of this commitment would be an abdication of the Federal Government's responsibility toward its older citizens.

NCOA agrees wholeheartedly with that judgment. How else can we assure a minimal, national standard of decent living for our older population?

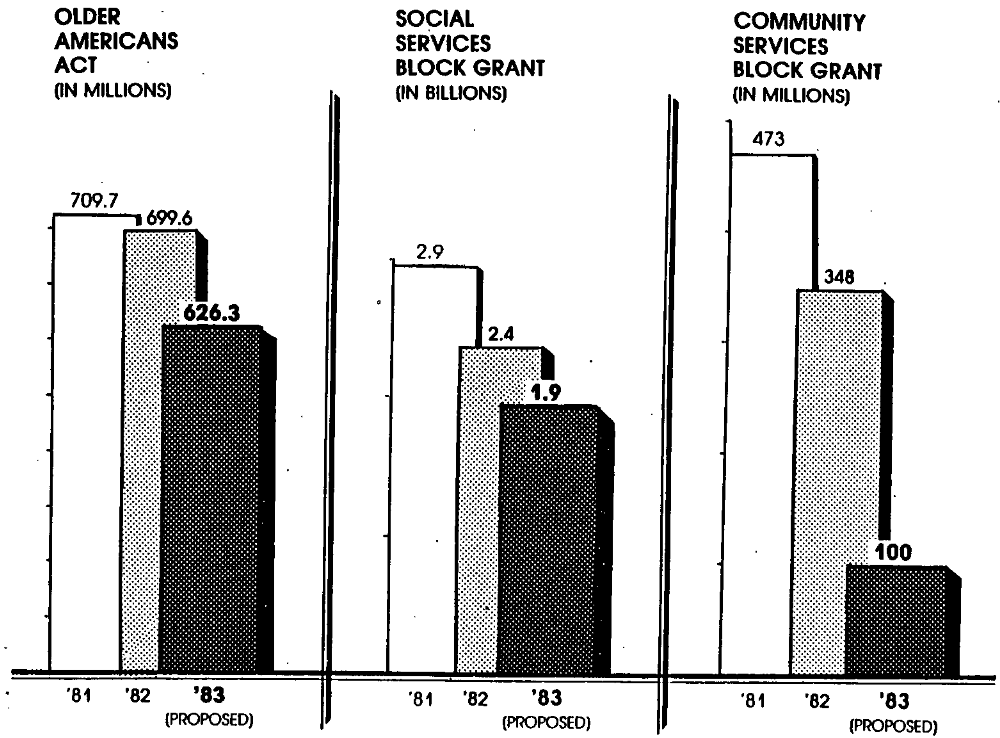
How can standards even be developed if the Federal Government refuses to collect information that can be exchanged, let alone provide guidance on best practices?

Let me make two final observations about these budget proposals to the Members of the House and Senate assembled here. First, while many Members of Congress have assured NCOA that they will fight the cuts in social programs outlined here, others have suggested that shortfalls in revenue caused by not cutting social programs could be made up relatively painlessly instead by delaying, eliminating or limiting cost-of-living increases in "entitlement" programs, notably social security. I urge you to step cautiously down that path. The average social security benefit is about $385 per month, only about $20-25 per month above the poverty threshhold. At a time when the most vulnerable older people have just been hit by multi-billion dollar cuts in food stamps, housing subsidies and other service cuts, any proposal that takes money out of their pockets is suspect, regardless of how small the amounts may seem to us. The recent study done for the American Association of Retired Persons shows that two commonly suggested proposals -- to forego the July 1982 cost-of-living adjustment and limit subsequent adjustments either to the consumer price increase minus three percentage points, or to two-thirds of the CPI -- would force 1.2 million persons and 500,000 persons into poverty, respectively, by 1985. Is this the direction our society really wants to take?

The other observation I bring to you has to do with the mythical picture of older persons feeding at the federal trough at rates far in excess of their share of the population. The Office of Management and Budget calculates that almost 28% of the President's budget in 1983 would go to persons age 65 and over. Yet the vast majority of that amount comes not from what we think of as federal spending at all. Most of it comes from trust funds, paid for out of earmarked taxes. Some of it comes from premiums paid by the elderly themselves for supplemental medical insurance under Medicare. Is that a true picture of "federal spending" on older persons? When those distortions are removed, as the chart attached to my statement shows, the share of the budget going to older persons is a more realistic 8.4% -- and falling.

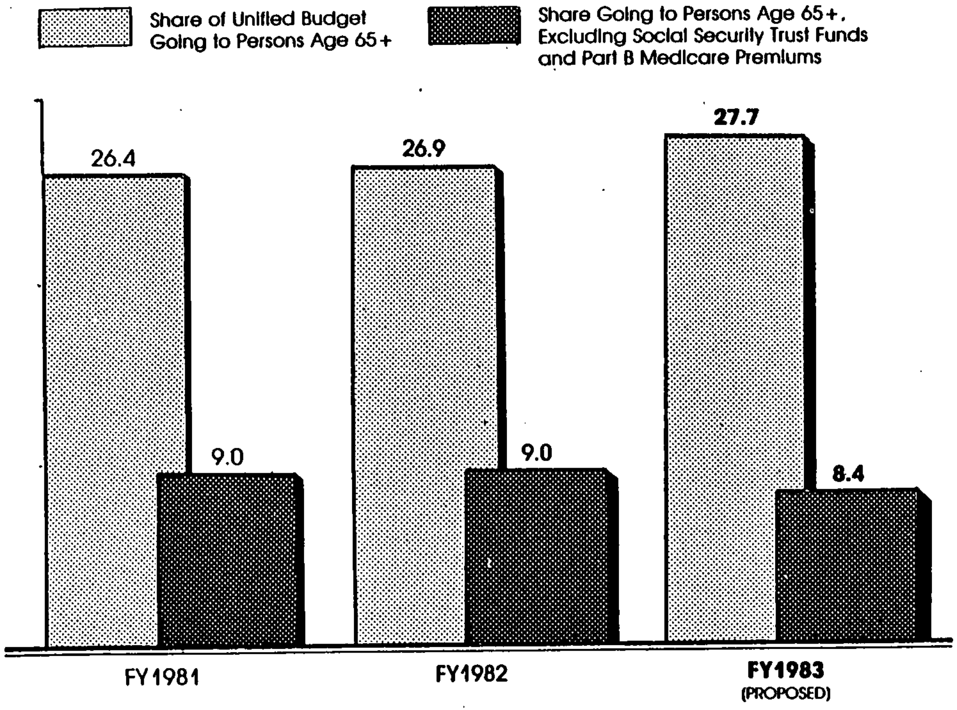
Mr. Chairman, Mr. Chairman, members of the Committees older persons are not the only ones affected by these proposed reductions in federal spending. We recognize that other vulnerable populations would be harmed if they are implemented. But whether we are discussing older Americans or some other threatened target group, we believe that these proposals -- and the initial "freezing entitlements" responses they have evoked -- are bad economics, bad social policy and bad political strategy. We urge you to reject them categorically.

COMBINED EFFECTS OF BUDGET CUTS ON SOCIAL SERVICES FOR THE ELDERLY



Appendix A

ELDERLY'S SHARE OF THE FEDERAL BUDGET— WITH AND WITHOUT SOCIAL SECURITY



Appendix C

THE FEDERAL BUDGET AND THE ELDERLY: IMPACT OF TRUST FUNDS

	$ in Billions		
	1981	1982	1983
Total Federal Outlays, including trust funds	657.2	725.3	757.6
Social Security trust funds and premiums	125.6	142.8	159.2
Revised Budget Total	531.6	582.5	598.4
Adjustments:			
OASI	97.1	109.7	121.2
Medicare Part A	25.5	29.6	34.1
Medicare Part B Premiums	3.0	3.5	3.9
Total to be excluded	125.6	142.8	159.2
Outlays benefitting elderly:			
OMB Figures from U.S. Senate	173.3	195.1	209.6
Less adjustments (see above)	125.6	142.8	159.2
Revised total	47.7	52.3	50.4
Share of Revised Budget	9.0%	9.0%	8.4%

NOTE: Federal Civilian retirement, if excluded, would further reduce the share of the revised budget to 6.9%, 6.9 % and 6.2% for the years 1981-83. The amounts are $11.6 billion, $12.8 billion, and $13.9 billion, respectively

Mr. PEPPER. Thank you, Mr. Ossofsky, for a very excellent statement. I have three questions I want to ask you.

Before I do so, I want to commend your general counsel, who is with you today and who served so ably as general counsel of the House Committee on Aging. He is one of the fine people working for the elderly in America, Edward Howard.

By way of summary, Mr. Ossofsky, what would you say the effect would be on the elderly of America of the proposal of the administration to practically cut out public housing?

Mr. OSSOFSKY. There are several aspects to that which would confound us.

First of all, there are already enormous numbers waiting to get in. There would be fewer people in any kind of public housing programs. The cost of the existing pool of housing would go up, and those being pushed at the same time into increasing poverty would have decreased resources to turn to.

The White House Conference on Aging urged that we start building at least 200,000 new units a year. The administration suggests that we build 10,000 units, starting this year.

Clearly, it would be devastating. Older people live in disproportionate numbers in the most substantial housing in our country. Their houses are the old dilapidated housing in considerable numbers, not all, but many—too many. If we reduce the public thrust which supports low-income housing for the elderly and throw them into competition with younger people in the open marketplace, we are throwing them into an untenable situation.

We must build public housing for older people and, indeed, have to undergird it with adequate services as well.

Mr. PEPPER. Thank you.

Under title V of the Older Americans Act, there are 54,000 elder employees, I believe, who will be cut off on October 1 under the action already taken if it is not rescinded. How many of those 54,000 senior citizens and elderly people, do you think, will be able to find jobs?

Mr. OSSOFSKY. In a situation where we have 10 percent of our population already unemployed and walking the streets, Mr. Chairman, to throw those who have been most discriminated against by virtue of age and by virtue of being women and members of minority groups—their chances of employment would be nil.

We have made some considerable progress in that program to move people from the enrollment state to private employment or unsubsidized employment. There have been some successes.

We have a long way to go in our country before we adequately eliminate age discrimination in employment. Many of the people in the program are already the victims of that discrimination.

You mentioned 54,000 people. There are 54,000 job slots. However, in effect by virtue of turnover, by virtue of deaths, illnesses, and the like, and by virtue of people leaving, there are some 80,000 people who in any one year benefit from the program. Thousands more will benefit from the services of the program.

Those people are not the ones likely to get new jobs. They were the long-term unemployed hiring in order to be eligible to join the program. They were the poor to start with in order to get into the program. They are largely the undereducated and undertrained. Their chance in this competitive market of getting a job is zilch.

Mr. PEPPER. Thank you.

I have one other question. We hear a lot about the administration's proposing block grants to the States in lieu of Federal programs which are now in operation. We know that agencies of the Federal Government are restrained by Federal law from discriminating against the elderly. Do you know of any provisions in the proposed grant programs to the States forbidding them from discriminating against the elderly?

Mr. HOWARD. If I may, Mr. Chairman, I will answer that. Congress did put into the Reconciliation Act last year some general prohibitions against discrimination.

The problem is that, even when the Federal Government was running block grants—it already was running title XX—data were not being collected so that one could tell whether the antidiscrimination provisions were being complied with.

Now, the administration tells us that they will not even collect the information. The monitoring of compliance, even with their own laws, will be impossible.

Mr. PEPPER. Thank you. I just want to add this comment.

The chairman of the appropriations committee of the Florida State Senate, Mr. Jack Gordon, has told me that the best estimate they could get at the State level was that Florida was losing, because of the cuts made last year in their social programs, over $500 million in funds for the aged.

The legislature has already come to the end of its session. They have had problems enough trying to meet some of the needs of roads and crime, as well as other things. My information is that not a dollar has been provided by the State to take the place of the Federal funds which were cut off last year.

Do you anticipate that there will be need because of those cuts among the elderly people of the country, which will not be met by the States, counties, and cities?

Mr. OSSOFSKY. There are a few States which still seem to have surpluses, which have indicated that they may make some investments in the field of aging, but overwhelmingly, the reports we are receiving from across the country indicate that they cannot make up in most States for the devastating cuts in these programs.

There are two aspects I would like to touch upon. One is that the sum total of the parts somehow add up to less than we had before. That is Stockman arithmetic, I guess.

The other is that there is a Federal responsibility to establish standards of quality services across our country, which are good for all people regardless of where they live. The Federal Government cannot back off from its responsibility to see to it that people in every jurisdiction, regardless of what side of the Potomac one lives on—or the Hudson, or any other river in America—receive the same level of care and subsistence when they are in need or become ill.

Mr. PEPPER. Thank you, Mr. Ossofsky.

Senator Heinz?

Senator HEINZ. Thank you, Mr. Chairman.

Jack, let me first say that one of the things done by your organization, for which we are immensely grateful is this. As a very major subcontractor—involving some 21 States, you have responsibility for the title V program in those areas. Because of your knowledge, because of your commitment, because of your basic ability, you have pioneered in getting the private sector to change its way of thinking and to start breaking down the stereotypes that older workers somehow cannot produce, are not as experienced, and do not have the good judgment which one acquires over the course of a lifetime.

You have been marvelously successful, in my judgment, in educating the private sector and helping people to make transitions from the title V program into the private sector.

Indeed, one of the reasons I so strongly support continuing title V and, if possible, expanding it is that we have a very limited amount of time, not withstanding the fact that we have over 9 million unemployed, to draw on the full abilities of our older citizens and change employers' habits to keep older workers employed or to rehire them.

We have little time to draw on the abilities of these people for one simple reason. Between now and 1990, the conventional work force in this country, the group between 18 and 45 years of age, will have stopped growing and will actually start declining. Yet, as long as older Americans keep living longer—and we hope we all do—and as long as people still produce families the population as a whole will expand. Because the traditional work force will decline as a proportion of the population, we will need to increase the role of older workers if we are to maintain our standard of living.

We will need our senior citizens and older Americans to voluntarily extend their working lifetimes. Most of them do want to continue to work. Two-thirds of the people who take early retirement would like to be able to continue to work.

What you do, it seems to me, is more than just a matter of personal fulfillment or survival for individual older Americans, but also a matter of the survival of our society, of our country, and of our democracy as we know it.

This is a preamble to a question which is this. Given the fact that you are the major subcontractor under title V, what would be the consequences to your organization if the administration's budget proposal to eliminate the program were in fact agreed to?

Mr. OSSOFSKY. First of all, Mr. Chairman, I would like to say this. We are not the major contractor, though we are one of the larger contractors. We were at one time equal to the other large ones, but because of a peculiar blip in our history, our role was reduced.

We are, nonetheless, a significant contractor. There are some 6,000 to 7,000 older people employed through our program.

The impact on our own organization would be significant. Out of staff of about 130, I would guess that it might affect some 30 people, both directly and indirectly.

However, I must say that our concern about this issue has never been a concern about that. We are concerned about the 6,000 people employed at any one moment, not the 30 people involved.

Not that I am not concerned about those people. Our organization has, with good fortune, growing support from the private sector. The growth and breadth of our programs continues to increase. We hope we can find places for all of the people on our staff.

Our agency would without a doubt be affected by that, as would other national agencies.

I might say, however, that some of the national contractors which are part of the leadership coalition, like the American Association of Retired Persons, would barely be effected. Their 13 million members who pay dues to the organization far outweigh the impact of the proposals.

I can assure you that our concern on this issue is in no way related to our concern about organizational survival. We are concerned about the people we serve. That is what we are in business to do, if you will.

Lest there be any misunderstanding, we have over a period of 32 years pulled in our belts time and time again. Our hope is not to have to for this kind of reason.

While it would certainly have an impact on our organization, we will survive. We can survive. We have no intention of going under by virtue of some peculiarity in the trends of our political situation in the country.

Senator HEINZ. However, what do you estimate the effect on the 6,000 or 7,000 people will be?

Mr. OSSOFSKY. It will be devastating. From their point of view, the additional income from this program makes the differences in some cases between bread on the table or no bread. In many other cases, it is the difference between butter on the bread and no butter.

Many years ago, Senator, when I came into this work, I worked in a pension plan. That is where I first got to know older people. I remember a man coming in to see me, who said: "The pension benefits are pretty good. I might be able to put some bread on the table, but I am not sure it is enough for me to buy gifts for my grandchildren."

For most of the people in this program, it really is not a matter of gifts for the grandchildren. It is a matter of survival.

It is also a matter of dignity. Many of the people in this program have a reason to wake up in the morning and to go and do something for someone else. Economically, psychologically, and socially, the program cuts would be devastating.

NCOA, thank God, will survive. I wish I were confident about the thousands of older people we serve in the program.

Senator HEINZ. Let me recognize Congresswoman Geraldine Ferraro, who has joined us.

Mr. PEPPER. She is a very important member of the House Select Committee on Aging. I am very glad to have you here.

STATEMENT OF REPRESENTATIVE GERALDINE A. FERRARO

Ms. FERRARO. Thank you, Mr. Chairman.

First of all, I want to congratulate both you and Senator Heinz, and the National Council on the Aging, for having this hearing. I think it is important that we focus on the particular instances of how the cuts will affect the elderly of this country.

I will not be staying for the full course of the hearing. As you know, Mr. Chairman, the House goes into session at 11 o'clock. We are considering an urgent supplemental appropriation. Included in that appropriation is $82 million for the Bureau of Government and Financial Operations.

I think that would be of interest to you people because, without the supplemental appropriation of $82 million, the office will not operate after mid-May. That means that no social security checks or veterans' checks would go out.

Therefore, I do want to go back to the floor [of the House of Representatives] to make sure that the appropriation is included.

Your testimony, Mr. Ossofsky, has been very complete. I only want to ask one question.

We are dealing, as you know, with a rather large budget and a very large deficit. You have spoken very eloquently on the human side of the cuts. You have spoken about bread on the table, the psychological and emotional effects.

Has the National Council on the Aging—and let us assume that we leave out the compassion. Let us assume that all we in Government are concerned about are numbers. Has the National Council on the Aging done any sort of study to find out the effects which the elimination of title V would have on numbers and economy?

For instance, in hearings which I had, we were told by some title V workers that, instead of working and contributing to the Treasure they will go on welfare, receive medicaid, and receive food stamps. Have there been any studies of that, of Meals on Wheels, which you mentioned before, the frail elderly at home and how many of them will go into nursing homes at $24,000 a year in New York State, for example? Is there any study of that?

Mr. OSSOFSKY. There are some figures. There is not yet a comprehensive analysis of that.

At least one study has shown that for every dollar spent in the title V program, $1.15 gets paid back into the U.S. Treasury. It is a winning proposition.

If, indeed, we are concerned about the budget, that is one of the best investments we could make.

Many of the people in the program would otherwise find themselves seeking SSI, needing a variety of other supplemental benefits.

While you say that we should, for that purpose at least, set aside compassion, I do not know how one measures the numbers of people who, without that program, would require a variety of social services and support services because of what it would do to their lives.

At least for title V, we do know the answer.

Ms. FERRARO. Do you know about any of the other programs?

Mr. OSSOFSKY. No, we do not know in such clearcut terms. We would like to have such figures.

One of the things we are doing now is asking the people at this conference to give us some estimates of the impact of the cuts on their communities and what they think the implications will be.

We are looking for some ways to measure that in a cohesive fashion.

Ms. FERRARO. I certainly appreciate your testimony.

I do not agree that one should leave the compassion out of government, but I must say that the dollar figures are the most important argument for any of us to use when we go to the House. Any additional information which your organization might be able to present to us would certainly be most welcome.

Mr. OSSOFSKY. We will do our best to get it to you.

We know your record. We appreciate it. Thank you.

Ms. FERRARO. Thank you for your testimony.

Mr. PEPPER. Now, Senator Heinz will call forth the second panel. Thank you very much.

Mr. OSSOFSKY. Thank you both for your advocacy. We appreciate enormously what you do.

Senator HEINZ. Our next group of witnesses is a panel consisting of five people: Mary Lyman, Mary-Louise Ansak, Gorham Black, Anna Brown, and Janet Sainer.

While they are coming forward, I might give you a little background on each of them. Ms. Lyman is the director of the Waxter Senior Center in Baltimore, Md. She is also the deputy director of the Commission on Aging and Retirement Education, the advisory body to the mayor of Baltimore. Ms. Lyman has been at the Waxter Center for 8 years, the last 2 years as director. She has intimate knowledge of funding sources and the budget.

She will be accompanied, I am told, by two participants of the center, Ms. Farah Barron and Ms. Loreda Ward.

I might add that Baltimore has 140,000 over the age of 60, nearly 20 percent of the population.

Ms. Ansak has been executive director of the On Lok health project since its inception some 10 years ago. It is in San Francisco, Calif. The On Lok project serves approximately 275 clients in the Chinese community in San Francisco. It currently operates as a medicare demonstration project with a full emphasis on perspective reimbursements. They provide a full spectrum of health and social services to their clients. Mrs. Ansak has her MSW from Smith College and was a former director of social services for the San Francisco General Hospital.

Gorham Black, a dear friend of mine, is the first secretary of the Pennsylvania Department of Aging. From 1971 to 1977, Mr. Black served as director of region III's Department of Health, Education, and Welfare and, by presidential appointment, as Chairman of the Mid-Atlantic Federal Regional Council from 1973 to 1974. He also has considerable administrative experience in the private sector. From 1968 to 1971, he was vice president of the Community and School Food Services Division of ARA Services, Inc. He is also a retired Army colonel.

Anna Brown is currently the director of the Mayor's Commission on Aging in Cleveland, Ohio. She was the former director of the Cleveland Area Agency on Aging. Ms. Brown is the current president of the Urban Elderly Coalition and a member of the National Council on the Aging's board of directors. She was vice chairperson of the 1981 White House Conference on the Aging's Advisory Board.

Janet Sainer is the commissioner of the New York City Department for the Aging. She has been commissioner since 1978. The New York City Department for the Aging is the largest area agency on aging in the Nation. The city of New York has 1.3 million persons over the age of 60.

I might add that Ms. Sainer has a long and varied background in aging and social work. She was the founder of the pilot service which became the model for the current RSVP program under Action.

I hope I have not left anyone out. I do not think so.

Ladies and gentleman, may I welcome all of you to our joint hearing today with the National Council on the Aging. Congressman Pepper and Congresswoman Ferraro are delighted that you are all here, as am I.

I would like to ask the first witness, Mary Lyman, to give us her comments. Then we will recognize each of the witnesses in turn. We will then have questions for you as a panel.

I will ask you to proceed, Ms. Lyman.

STATEMENT OF MARY JANE LYMAN, DIRECTOR, WAXTER CENTER FOR SENIOR CITIZENS, BALTIMORE, MD.

Ms. LYMAN. Good morning. We have been asked to be brief and to the point, so I will talk fast.

It is with appreciation on behalf of the NCOA and the Waxter Center for Senior Citizens that I am here to testify before this joint hearing of the Senate Special Committee on Aging and the House Select Committee on Aging in the public forum.

Before I begin my formal remarks, I would like to commend the Senate and the House Committees on Aging for their advocacy roles in highlighting the very real needs of America's older people and for their efforts to spare, whenever possible, good and worthy programs for the aged from budgetary cutbacks.

I am Mary Jane Lyman, director of the Waxter Center for Senior Citizens in Baltimore, Md. I am here to share with you the impact of proposed Federal budget cuts on the Waxter Center. I speak to you today as Waxter Center director, but more than that as an advocate for the 7,000 senior centers across the United States. While Waxter Center is one of the largest centers in the country and is multifunded from a variety of public and private sources, each senior center, regardless of its size, is our partner in today's quest to restore full Federal support for aging services.

The Waxter Center for Senior Citizens is an 8-year-old, 55,000 square foot, barrier-free facility, open 7 days a week, and available to all Baltimore City residents of age 60 years or older. We serve an ever-increasing client population. According to the 1980 census, Baltimore City is the home of 140,000 elderly people. These seniors comprise nearly 20 percent of the city's total population. Our current membership at Waxter Center is 7,600 older Baltimoreans. Between 300 and 500 of our members visit the center each day.

The Waxter Center for Senior Citizens is known nationally for its comprehensiveness and as one of the first true multiservice senior citizen centers. We offer a full continuum of services to our members. Health services provided include primary care, dentistry, optometry, occupational and physical therapies, podiatry, and health monitoring. Our social services unit provides traditional casework services; group counseling; legal assistance to victims of crime; self-help resources, including a buddy approach to telephone reassurance; information and referral; and transportation. We offer a wide range of educational opportunities through high school and college level courses taught on-site and in our creative skills center. Recreational services are increasingly popular at the center, with physical fitness classes and dance instruction often oversubscribed.

We provide day care for frail members, and for those who are visually or hearing impaired, we offer specialized and individualized services to help members fully utilize the Waxter Center. We have sought ways to involve nursing home and hospitalized patients at the Waxter Center, and a highly successful centercare program has brought patients to Waxter Center on a regular basis for some years now.

We are an eating together in Baltimore, title III–C nutrition program for the elderly, breakfast and lunch site. In conjunction with the mayor's office of manpower resources we offer skills training and employment services to the Waxter Center members, most recently through the use of computer terminals. Volunteer opportunities at Waxter Center abound.

Finally, what we do not provide within the center itself, we bring to the center. Federal offices of the Social Security Administration and our State department of social services colocate staff at Waxter, as do consumer and insurance representatives.

We brought our interpreter with us today for the hearing impaired.

The Waxter Center was built with a 1967 city bond issue of $3.8 million. Baltimore City and its mayor, William D. Schaefer, who is well known to congressional hearings, are committed to its older citizens. Baltimore City provides $1.2 million a year from its general funds to the Waxter Center. We also receive funds for special services from the Department of Labor through CETA II B, title XX of the Social Security Act, and for the public health services through the Health Resources Administration, that is, for the geriatric health education center. We receive Title III, V, and model money from the Older Americans Act and private sector funds for specialized buses to transport the impaired.

Our members benefit from public housing where many of them live. By the way, there are 5,000 elderly Baltimoreans on the waiting list for public housing right now. Our members benefit from UMTA 16(b)2 funds for handicapped transportation and from a variety of social security benefits. Fifty-six percent of our members derive their incomes from social security alone. While our center serves persons who range from the disadvantaged, frail, and poor to ambulatory active retirees, the majority of our members are most interested in controlling their own lives, maintaining themselves in the community, and finding employment and/or significant enriching and volunteer activities. To do this, they must have a focal point for opportunities and services if they are to retain that control.

During the Federal fiscal year 1982, we have already lost eight full-time public service employees through CETA cuts to the city of

Baltimore. Additionally, 12 senior citizens working in federally subsidized part-time employment were laid off. The older workers provided crucial services in assisting Waxter Center members and, in particular, the disabled members, in negotiating appropriate services at the center and in their own neighborhoods. Our older workers also served as bus escorts.

In addition to our manpower losses, we now face more reductions in services. Because of the generally diminishing Federal resources to Baltimore City, which affect our general revenues, the center's staff and members must raise $200,000 to maintain our present service level. If we are not successful, we will be forced to charge fees for membership, services, and activities; close the center on weekends; and terminate all part-time staff who instruct classes in arts, crafts, dancing, music, and education.

We also will reduce or terminate our clothing sharing and volunteer services and, most significantly, will eliminate our services to over 300 impaired persons by the loss of two deaf interpreters for our 75 deaf elderly who sign and aides and escorts for our blind and mobility impaired.

We have a brandnew, privately funded bus for the handicapped with appropriate equipment to transport wheel chairs and a van, both with drivers but no escort services. Those persons who need assistance in getting from their homes to the bus and the blind, who need escorts, simply cannot be served with the few dollars we will have.

Another significant loss will be our skills development and employment services for low-income elderly. Through title V of the Older Americans Act, title II-B of CETA, and special Department of Labor/NCOA funds, we have developed a computer-assisted training program which has in a 6-month period trained 67 people age 55 and over of poverty-level status to reenter the job market. We are extremely proud of this program's success in placing nearly 60 percent of its participants in unsubsidized jobs.

At Waxter Center we can project that over 300 persons a month with a variety of disabilities will not be served because of actual and proposed cuts in CETA, the Older Americans Act, and title XX of the Social Security Act. For fiscal year 1983, proposed cuts in public health service funds to area health education centers, a decrease of 35 percent over the 1982 30-percent decrease, will result in reduction of services of primary care to senior adults in medicine and allied health fields. Nineteen eighty-four will see a potential cessation of services and the training of medical students, nurses, dentists, and pharmacists in ambulatory care sites.

Proposed 1983 cuts in the Older Americans Act will terminate senior aides, reduce meals in Baltimore City both in congregate and homesites by 650 a day, close the breakfast programs, reduce transportation services to all older persons, diminish day care to the frail older Baltimoreans, and endanger a number of other programs.

The complexity and interdependency of the funding of senior centers is such that severe reductions in funding for social services, employment, housing, health care, transportation, and particularly, the Older Americans Act will finish off many centers.

I, therefore, request that you seriously consider the long-range implications of reduced funding to senior centers and aging services. Not only will older persons lose their opportunity to overcome isolation and to avail themselves of vital services enabling them to remain in the community, but as taxpayers we will need to look at the high cost of possible institutionalization. The successful advocacy of these two outstanding congressional committees for our older populations has created a constituency which will not disappear.

Thank you.

I have two seniors with me who would each like to speak for a minute on their own particular areas.

Mr. PEPPER. We would be pleased to hear them.

Ms. LYMAN. We have, first, Ms. Sarah Barron, who is a volunteer and a member—Do you mind if I tell your age? May I?

Ms. BARRON. Yes.

Ms. LYMAN. She is 81 years old. She is one of our most effective advocates.

Ms. Barron?

STATEMENT OF SARAH BARRON, CONSUMER OF SERVICES, WAXTER CENTER FOR SENIOR CITIZENS, BALTIMORE, MD.

Ms. BARRON. Good morning. I am very happy to be here today.

I appeared many years ago with a group of hungry girls to ask Congressman Pepper for a 40-cent minimum wage. Now, I am appearing on behalf of Waxter Center. I have been there for many years, from its inception.

I want to speak about what is happening and what will happen if they continue to cut. Many hundreds of people, my friends, depend upon the nutrition program. Some live in single rooms. They have no cooking facilities. They are underfed.

Therefore, they come to Waxter Center, to the Northwestern and the other senior centers, to get a nutritious meal.

In Waxter Center, of which I am very proud, 7 days a week we serve food, and we even serve breakfast. What would happen to those people if they cut down on services?

They are handicapped. They are old. They are sick. They need help. They need us to speak for them, that is, those volunteers who can. That is why I am here.

They need the senior aides to come and take them to doctors and bring them back. We have found people at home on the floor, who have no one. If they take away the 9-to-5 help or the nutrition program or senior services, they will just die. They do not want to die, and we do not want to kill them. We want to help them.

I appeal to all of you. We can be good lobbyists. We have gone through experience. We can help elderly people including me, although I do not need it, thank God. I will lobby until we save some of the programs because we need them. I will lobby to the people, to the Congress, and to the President.

We do not need cuts. We need help.

I ask you, on behalf of Waxter Center and all the senior centers which I love—I do volunteer work. I go to nursing homes, but we do not want people in nursing homes. It would be cheaper for the

Government to keep them at home and give them home care. They will be much better off.

Thank you very much.

Mr. PEPPER. I am proud of your performance as your age twin, Ms. Barron. We are glad to have you here.

Ms. BARRON. I do not think I am your age. I think I am a little older.

Ms. FERRARO. Do you think, Mr. Chairman, that we could get permission from the Speaker of the House to let Ms. Barron come up and argue against these cuts for us on the floor? She was terrific.

Mr. PEPPER. I hope you can see the President while you are here. Do you have another associate which you wish to have heard?

Ms. LYMAN. I have with me Ms. Loreda Ward, who is 68 and is employed in our employment program. She will speak very briefly about the success of that and her own employment dilemmas.

Ms. Loreda Ward?

STATEMENT OF LOREDA WARD, CONSUMER OF SERVICES, WAXTER CENTER FOR SENIOR CITIZENS, BALTIMORE, MD.

Ms. WARD. Good morning, everyone. I have three or four cards here which I will throw away.

First, as she said, I am 68 years old. I will be 69 in July. I am a widow. I receive social security. I should say that I was receiving it until I made too much money. Now they are taking all my social security checks, and I live on my salary. There is a $14.88 difference, believe it or not. They will start this in April and go through December.

I have a job which I love. I began by volunteering at the Waxter Center. From there, I went to title V. Then I became a CETA prime sponsor. I am a placement counselor, general clerk.

We place people age 55 and over. We even put a 92-year-old man to work in an apartment complex answering a PBX, until last week when he decided to quit because he worked the midnight shift and was afraid to walk the streets.

Our people come in in all sorts of disarray. They are desperate. They are hungry. They ask for 2 or 3 hours a day for 4 or 5 days a week. They say they do not want to make over the amount which Uncle Sam or Social Security says they can make because they are afraid of losing their checks. Believe it or not, their checks are only for $234 a month. That is, most of them are.

They have even come in, receiving SSI, and we have to tell them that if they work, they will have their SSI taken away. They cannot take a job if they are on the program. If they are veterans, or veterans' widows, we have a problem. If they make any kind of money, they take it away from these people.

We have incidents wherein it is so frightening. You touch these people. I am glad that I am 68 years old so that I can touch them in the right way. They are not afraid when they walk into my office. They see old people. They say: "Thank God. I have found someone I can talk to." This makes a big difference. We are happy to have them.

I will tell you this. We have put 59 percent of the people in title V in unsubsidized jobs. I have been kissed on the street and thanked because they could work. I have had my hand almost wrung off because they are so glad that they can buy a little bit of oil for their heaters. They may have had $5 extra from the social security program, and they would not give them oil.

This is a most surprising thing. We cannot even use title V if they have $5 too much; $4,310 is 70 percent of the minimum low standard. That will not, as you know, hardly feed one person all year, let alone pay their bills.

I am crying for these people. I know that they need it. I like my job. I will give up my social security checks for awhile. I do not know how long I can because I live in unsubsidized housing. I cannot find subsidized places which will let me in because I make too much money.

There is also the fact that there are already 400 people before me. They do not want me in there because of the cripples and others who really need it. I do not want to take it away from someone who really needs it.

I would like to say this in closing. We need help from everybody, from the Congress and from everybody else, for all of these programs, whether they use volunteers or whether they get paid to do it. If we do not get help, you will see people like I saw in a store the other day. I saw a lady of about 80 years old with a jar of coffee under her arm. She had eased over to the potato chip rack and opened a bag of 79-cent potato chips and was stuffing it into her mouth and looking around to see who saw her.

I went and paid for them for her. When the man gave her the receipt, she threw it on the ground. She said: "I do not want to be paid for. I have some pride."

These are the things we are facing in America.

I saw a man put a package of bologna down into his pants this winter, close up his coat, and go pay for a little box of crackers.

We went on television the other day complaining about Blue Cross and Blue Shield going up. A man sat there with us and said that he had been eating onion and bread sandwiches for weeks. He said he could not afford to pay any more to Blue Cross and Blue Shield.

Think about it and help us to help ourselves.

Thank you.

Mr. PEPPER. Very good.

Chairman Heinz, as you just heard Ms. Ferraro say, I will have to excuse myself because the House goes into session at 11. We want to be over there to vote on that supplemental appropriation bill. I do not want to miss that.

I want to express my deep appreciation to you for your agreement to stay on and conclude this excellent hearing, to the panel which is giving such valuable information and inspiration, to Jack Ossofsky, and to all of you here today, who are participating in this hearing.

I will simply say that I think it reflects the spirit of the elderly people of America. That was the spirit of John Paul Jones, one of our great naval commanders in the War of 1812. His ship was pretty well shot to pieces. The enemy called upon him to surrender. He sent back a defiant refusal. He said: "We have just begun to fight."

The elderly people of this country have just begun to fight for a better life. Thank you.

Senator HEINZ. There is a possibility that that was eyewitness testimony.

Let me ask Marie-Louise Ansak to proceed.

STATEMENT OF MARIE-LOUISE ANSAK, EXECUTIVE DIRECTOR, ON LOK SENIOR HEALTH SERVICES, SAN FRANCISCO, CALIF.

Ms. ANSAK. Senator Heinz, thank you for allowing me to talk about my favorite subject, On Lok Senior Health Services, of which I have been the director since 1971.

We started as a very small day health center project and have been dependent on Federal and State funds for 10 years. We have come through many problems with the Federal Government as well as with the State government.

In looking at some of the cuts, I wonder why we do not cut some of the bureaucracy instead. When I look at how many times we have gone through reorganizations in the Administration on Aging in HCFA, in HUD, and in every Federal organization we have dealt with, I wonder how many millions of dollars are lost because of this.

I do want to talk to you about a more constructive alternative rather than to elaborate more on the cuts. Of course, we agree with what has been said.

On Lok Senior Health Services started because of a community need to provide services to the frail elderly, to those who would otherwise have to go to nursing homes. Our clientele is 70 percent Chinese. The rest are Italians and various other minority groups.

We felt that we needed nursing home services in the community. This was not feasible, so we were almost forced into looking for an alternative. We developed the day health center. We asked people to come during the day, provided them with all of the services, and sent them home at night.

We soon recognized that that was not really sufficient to keep people out of nursing homes. We developed a continuum of care which, today, includes a day health center, in-home services, an acute hospital, primary medical care, and even a nursing home when people need to go to a nursing home.

I think we have developed a very comprehensive and consolidated model of health care, which is very satisfying to the elderly but is also quite cost effective.

To make it short because I know you are anxious to proceed with the hearings, I would like to tell you what the significant kinds of issues were with which we have dealt and what we have demonstrated.

Senator HEINZ. Let me only add that your entire statement—which I read and which is very very good—will appear in its entirety in our record.

Ms. ANSAK. Thank you.

The summary of it is that we have reduced institutional placements. While all program participants were certified as appropriate for institutional care, today 94 percent are out of any kind of institution and living in the community.

We have reduced expensive hospitalization. Usually about 5 percent of the population we are serving, which are people who are certified for either intermediate care or skilled nursing care, are in an acute hospital. When we first started our project, which is funded by medicare waivers at the present time, we expected 2.5 to 3 percent to be in an acute hospital. Today, we have only 1.5 percent at any one time in hospital.

The reason for that is a very coordinated supportive program. We have had some participants who had to leave because they moved into another area. One comes to my mind in particular. He was very ill. As soon as he left us, he was rehospitalized. He left us about 3 months ago, and he has been rehospitalized four times since then, about 2 weeks each time, at a cost of, I believe, of $500 a day. You can imagine what that comes to.

On the other hand, we provide the services at On Lok for an average of $1,000 a month.

On Lok's costs have been kept below traditional institutional care. In California, it was estimated that a person in an institution costs the State approximately $1,600. That is medicaid and medicare. On Lok's cost, including the SSI payment, is approximately $1,300 per month per participant. That is a saving of $300 a month per person.

Most importantly, I think that the quality of life has been improved. The senior citizens wish to remain at home, and they have been able to do so.

Some of the conclusions and recommendations I would like to make are these. Service systems really have to be fully integrated and comprehensive in order to effectively meet the multiple and interrelated needs of the frail aged. It is no longer acceptable to meet the many needs of the frail aged with multiple and uncoordinated services. We cannot allow our diminishing resources to be squandered on interagency rivalries, duplication of administration, and wasteful paperwork.

Funding must be consolidated, and freedom has to be given to the provider to find the most cost-effective solution to the problem and the most effective solution to the person himself.

The cost of freedom is responsibility. We must develop mechanisms to insure the accountability of the providers, which does not necessarily increase with unproductive paperwork.

Payment systems, such as prospective reimbursement with provider assumption of risk, should be encouraged as one mechanism which provides freedom over the use of resources on the one hand and the incentive for cost control on the other.

If the program has to pay $400 for each hospital day or has an alternative to pay $35 for a day health center day, I think we know what the choice will be. So often, people are hospitalized because there is no alternative and because there is no supportive system in the community.

The problem is that we need legislation to provide secure support for these innovative programs. There are a number of programs all over the United States which are trying to provide an alternative to institutional placement, but they depend on waivers and on temporary demonstration projects, like On Lok. We at On Lok are doomed with extinction next February 1 when the medicare waivers come to an end.

Recently we discussed this with HCFA, and they said this: "Why do you not go into the fee for service reimbursement system." Interestingly enough, they encouraged us to spend more Federal dollars than we actually have to, just in order to accommodate the methods by which the Government pays for services.

In other words, if we have a patient who has a lot of needs, we cannot in the future, if we go through the fee for service system, keep him at home. In order to get paid, we have to put him into the hospital at $500 a day.

Thank you very much.

Senator HEINZ. Thank you very much. Without objection, your complete statement will be made a part of the record at this point.

[The prepared statement of Ms. Ansak follows:]

PREPARED STATEMENT OF MARIE-LOUISE ANSAK, EXECUTIVE DIRECTOR, ON LOK SENIOR HEALTH SERVICES, SAN FRANCISCO, CALIF.

I am Marie-Louise Ansak, Executive Director, of On Lok Senior Health Services in San Francisco. I realize that these hearings are primarily concerned with the impact of the budget cuts for social services for the elderly in Title XX and Title III of the Older Americans Act. We concur with others regarding the critical need for these services and regret the cutbacks. We fear that the new developments demanding a block grant approach will intensify the competition for the limited resources, pitting children against the elderly and diverting attention from the basic problem of inadequate financial support for all.

I would like to focus my presentation today on some constructive alternatives rather than lamenting the problems any further. The solutions were generated from our experiences in dealing with the frail elderly at On Lok Senior Health Services.

On Lok developed in response to the needs in the community. Back in 1972 developed a day care center to serve the multiple but interrelated needs of the community's frail elderly who choose to stay in their own homes. Some of these first participants were isolated either by their physical limitations, their housing or their fears and loneliness. These are the core problems which do send most of our innercity elderly into nursing homes.

On Lok's first day health center provided a variety of services through its multidisciplinary social/health team. Participants were offered nursing supervision, therapies, social services, meals and an opportunity to share with and support each other.

It became clear to us with increasing experience that the multiple and interrelated needs of the frail elderely was to be dealt with holistically and comprehensively. Medical and social services have to complement each other as a true "health" care delivery response.

Medical problems are often the symptoms which arise from unknown and unmet social needs. It is the story of a wife who lost her husband and remained isolated for weeks, surviving on coffee and cookies. When the first signs of malnutrition surfaced, she was referred to On Lok for medical care and supervision. What she was given was a comprehensive evaluation which not only identified the medical problems but the nutritional deficiencies and the emotional crisis. By meeting these needs together she was again able to deal constructively with her situation and avoid the nursing home placement.

In 1974 a Medicaid demonstration program was initiated for the On Lok Day Health Center. This moved the On Lok Day Care Center into the medical model and for better or worse into a medical reimbursement system with all its constricted and bureaucratic approach. While Medicaid did allow access to larger and more secure funding it presented other problems; it forced us to turn away frail applicants with only social needs who were at risk of institutionalization. In addition it made more apparent that the day health center alone did not meet all the needs; specifically the need for supportive in-home services. Some of the participants needed help with cleaning their homes, others needed help on the days they could not come to the center. We found that the coordination of the service package was of utmost importance and in many cases helped to control the cost. A handicapped couple, she in a wheelchair, he a bilateral amputee, were referred to the day health center for socialization and medical supervision. A homehealth agency provided the homechore service. While at the center the two received a great deal of assistance by the occupational therapist in becoming more independent. She taught them to do their own laundry and dishes—unfortunately these efforts were not followed up upon by the home health aide. Expensive conferences between the two programs did not change much and only when On Lok assumed responsibility for its own in-home services were we able to follow through and achieve our goals. Because of intensive involvement by the same staff and consistency in the treatment plan, actual service hours could be reduced.

In 1978 On Lok found that its community based continuum of care which included the day health center, in home services, housing and social day care was not enough. The physician and inpatient services had to be included as any part of a coordinated, costeffective package.

Medicare under Sect. 222 provided us with the necessary waivers to implement a comprehensive social/health service package. This Community Care Organization for Dependent Adults provides the frail, nursing home certified frail elderly with all the health and health related services from translation and transportation to acute hospitalization. Under single source funding this project provides under the control of a multidisciplinary team medical and nursing services, therapies, social services, nutritional and dietary services, home health, homemaker and attendant care services, transportation, dentistry, podiatry, optometry and audiology, acute hospital care and nursing home placement if necessary; anything to help the person help himself and stay in the community as long as medically, socially and economically feasible.

Medicare provides total reimbursement for all services on a prospective payment basis and gives the On Lok professional team freedom over the use of these resources in the manner they see most fit.

On Lok's program after three years is now fully operational and it is beginning to reap some of the benefits of this consolidation. The best way to understand the program is to look at the story of Mrs. K. She was referred to us after suffering from a stroke. She attended the day health center where she was slowly regaining the use of her paralyzed arm and leg. She was given assistance at home with chore services and portable meals to regain the strength to care for herself. About six months later she suffered from a second stroke and had to be hospitalized by the On Lok staff physician. The stay was shortened by On Lok's respite unit, a supervised housing unit close to On Lok's Day Health Center. With intensive therapy at the center she was able to go home in a short period of time. Because of the total package of services On Lok was able to reduce the hospital stay and avoid entirely nursing home placement for convalescence. Traditionally this same person would have been placed in an institution and without the community based social support services, would have possibly remained there for life.

Taken together, the On Lok Community Care Organization has demonstrated a number of significant benefits:

It reduced institutional placement; while all program participants were certified as appropriate for institutional care, 94 percent are now out of any kind of institution and living in the community.

Expensive hospitalization has been greatly reduced. Normally one would expect 5 percent of all participants to be in a acute hospital at one time. The project hoped to reduce that number to 2,5—3 percent and in fact today we rarely have more than 1½ percent in the hospital.

On Lok's cost have been kept below traditional institutional care. Today On Lok's costs are approximately $1,300 per month per person if SSI payments to the individual are included. The same person in the traditional system would cost the public a minimum of $1,600.

Most importantly the quality of life has been improved. The senior citizen's wish to remain at home has been fulfilled.

From this 10 years of experience in providing support and care to a frail older population, there are a number of conclusions and recommendations I would like to make.

Service systems must be fully integrated and comprehensive in order to effectively meet the multiple and interrelated needs of the frail aged. It is no longer acceptable to meet the needs of the frail aged with multiple and uncoordinated services. We cannot allow our diminishing resources to be squandered on interagency rivalries duplication of administration and wasteful paperwork.

Funding must be consolidated and freedom has to be given to the provider to find the most cost effective solutions to the problems.

The cost of freedom is responsibility. We must develop mechanisms that ensure accountability of providers which do not necessarily increase unproductive paperwork. Payment systems such as prospective reimbursement with provider assumption of risk should be encouraged as one mechanism which provides freedom over use of resources on one hand but incentive for cost control on the other. If the program has to pay $400 for each hospital day for $35 for a day health day, like On Lok does, hospital will have to be justified medically. The program will have the incentive to limit unnecessary hospitalization but give it when it is needed. In such a system, the program has the incentive of providing less costly social and supportive services to reduce expensive medical services.

We need legislation which provides secure support for these innovative programs but at the same time allows for local flexibility in the choice of programs. What is good for Secaucus might not be most appropriate for Hawaii!

We need a new attitude toward demonstrations and policy change. We do not build rapid transit systems for three years, study and then demolish them (though this might be appropriate) equally we attempt to build service project demonstrations on a time limited basis, tearing them down before they have had a chance of becoming effective. More efforts have to be made to use the investment that has been made in demonstrations and translate successful components into policy. Similarly, we should not cut budgets nilly willy but carefully use systems and evaluations to fine tune programs and make them more cost effective.

I, as a taxpayer am concerned about the high cost of government and waste but as a concerned human being I am equally moved by the plight of the frail elderly who must cope alone with poor housing, limited resources and diminishing skills.

[The following answers to written committee questions were subsequently received from Ms. Ansak.]

Question. With the advent of block grants and restraints on Medicare and Medicaid, what is the future of alternatives to institutionalization?

Answer. The problem is that the competition for funds will be much more intensive and I think there is a real danger of pitting the various needy groups against each other. Young families and children will resent dollars spent on the elderly and vice versa. There is no question that the elderly particularly the frail and those in need of long-term care, will lose out since they have little voice in the political process. Gains made by the aged over the past years are in jeopardy. I think that some of this could be avoided if the federal government would allocate a specific block grant for those in need of long-term care.

In California, legislation has been introduced to develop a long-term care system which will emphasize community-based care (AB 2860). Basically, this would permit organizations to deliver services as On Lok does now. It will be important that the federal government support these State efforts through legislation such as Title XXI or Medicare waivers. Essentially, the proposed system will reallocate funds from the traditional reimbursement of institutions to community-based programs. Ultimately with well managed community systems, the costs should be no higher.

Question. What would you suggest to these Committees as appropriate measures to insure the kind of work you are doing and to encourage development of similar programs?

Answer. One thing we have learned at On Lok is that it takes a great deal of time and effort to develop a successful and cost-effective community-based care system for the frail elderly. The present nonsystem of supporting such efforts is inadequate. Demonstration projects urgently need longer funding commitments. Five-year project periods with annual re-authorization and guarantee, based on satisfactory performance, is a must. We are wasting altogether too much time in politicking and jockeying for continued funding. In earlier years, On Lok was often faced with three- or six-months project periods. This is enormously wasteful and demoralizing. Congress cannnot expect development of successful and cost-effective programs while pursuing these short-sighted strategies.

Furthermore, it is important that Congress be more adequately informed about successful demonstrations. As an example, the Administration on Aging has been remiss in providing your Committee with adequate information on On Lok, a project which has received over 1.5 million dollars in grant support from that agency over the past ten years. In spite of previous complaints (see proceedings of the Hearings before the Committee on Aging, U.S. Senate, Part 1, May 16, 1977, Washington, D.C., page 71), the situation does not seem to have changed much.

Such information has to be used in the formulation of future legislation.

Question. What do you see as the major differences between the On Lok project's service delivery components and Title XXI?

Answer. On Lok prescribes, provides and evaluates all services to its population—this includes day health, in-home, outpatient and all inpatient services. Title XXI does not include inpatient services. It is, however, of utmost importance to include these, particularly if the care is to be provided on the basis of a capitated reimbursement system. A provider will then be encouraged to find alternatives to inappropriate and expensive inpatient services.

Furthermore, it is important that community care organizations evolve from within the community they are designed to serve. There should be a minimum of constrictions on the organizational structure or service delivery method. Communities are very diversified in the United States, and the On Lok model might be replicated in another geographically compact inner-city neighborhood but might not be appropriate for a suburban community. Community Care Organizations for the Elderly should be able to grow organically within and with the support of the neighborhood.

Question. I understand that your project is currently evaluating the effectiveness of this unique approach to service delivery. What have you found and will this information be made available to AoA and/or HCFA?

Answer. The On Lok Community Care Organization for Dependent Adults (CCODA) was started in the fall of 1978 with the help of a "cross-cutting project grant" from the Office of Human Development Services (OHDS). The Health Care Financing Administration (HCFA) provided the service money with waivers under Section 222, while OHDS and the National Institute of Handicapped Research (NIHR) provided the research and development funds. In 1980, the research and development grant was transferred to the Administration on Aging (AoA), and the continuity in philosophy and goals was disrupted.

OHDS had committed itself to a four-year project. AoA did not honor that commitment and cut off the research and development funds for the fourth year. This was the year during which reports were to be produced and disseminated. It now appears that after some intensive negotiations, AoA has reconsidered. Unfortunately, they will give us only about $25,000 of the original budget of $200,000. It will be impossible to produce all the reports as anticipated with such a radical cut.

Needless to say, this is an extremely self-defeating strategy, particularly with the prevailing high interest in long-term care.

Over the past years, On Lok has made excellent progress—it has been able to develop a humane and cost-effective care system. The findings should be available and be used to build and improve upon. Instead of being able to share this fully with you, we now have to waste further precious time in scratching for resources in order to ultimately fulfill our commitment. Is it any wonder that so many good projects are abandoned and forgotten and the federal resources allocated wasted?

Senator HEINZ. I now take some particular personal pride in calling upon a fellow Pennsylvanian, Gorham Black, our secretary of aging.

Gorham, welcome.

STATEMENT OF GORHAM L. BLACK, JR., SECRETARY, PENNSYLVANIA DEPARTMENT OF AGING

Mr. BLACK. I am Gorham L. Black, Jr., secretary of the Pennsylvania Department of Aging. I am grateful to Senator Heinz, Congressman Pepper, and the other distinguished members of these two congressional Committees on Aging for the opportunity to present testimony concerning Pennsylvania's response to the proposed 1983 Federal budget.

As we did in relation to the 1982 Federal budget—when it was proposed last year—we are reviewing the proposed 1983 budget in the context of our support of the need for a new Federal direction. Adjustment to the changes necessary to correct the excesses of Government spending in the sixties and seventies will continue to be a tough management task. But the return to the States and localities of greater responsibility and flexibility in the administration of overcontrolled Federal programs will definitely ease the difficulty of that task. Some of the cuts and changes in the proposed 1983 budget may result in difficult adjustments for some of our elderly citizens. But, instead of speaking directly to specific items in the budget, I want to focus my remarks in a different direction.

Even before serious reductions in Federal funding of aging programs could be anticipated, my department was confronted by a disproportionate growth in Pennsylvania's elderly population. We had to begin early to find ways to achieve a broader impact with essentially the same resources. The reductions we've had to absorb as a result of the 1982 Federal budget have only strengthened our resolve, and increased our efforts to implement changes which could help offset the negative impact of those, and any future reductions.

Let me give you a brief summary of some things we've done and are doing to minimize the effects of Federal budget reductions.

With special reference to Older Americans Act funding, we have taken several steps:

First, for some time now we have had serious concern about the targeting of our limited Older Americans Act service dollars to those who have the greatest need. As I stated almost a year ago in my testimony on the reauthorization of the Older Americans Act, the "current policy of providing free services to all persons over 60 years of age has created unrealistic expectations which cannot be met." Recognizing that area agencies and service providers are increasingly confronted with demands for service which exceed their resources to meet them, we recently issued a policy directive on the establishment of clear criteria of need as a basis for determining priorities is the delivery of available services.

Second, we have launched an effort to increase public awareness of the costs of providing services at the local level. By providing AAA's with technical assistance based on the experiences of several local models, we anticipate significant increases in contributions from clients who can afford to assist in defraying service expenses. My direct experiences with older persons across the Commonwealth of Pennsylvania have convinced me that many of them are willing and ready to do whatever they can to assure a continuation of needed services to those who are less fortunate. In my travels across the State, numerous older persons have told me they understood the need to reduce Federal spending and are willing to accept their fair share of the public burden required to do it. They do not expect special treatment. Furthermore, the elderly should not be viewed as a helpless population. A great many of them, given the chance and encouragement. will mobilize their own efforts to get what they want and need.

It will interest you to know that there is a beautiful senior center in Monroeville, Pa.—on the edge of Pittsburgh—which is a testimony to the determination and resourcefulness of senior citizens. It cost three-quarters of a million dollars to build this center. Not one dollar of Federal money—not one dollar of State money—was used to get it built. The participants of that center raised all of the money themselves. They contracted to erect the shell, and then they applied their own personal skills and labor to put on all of the finishing touches inside and out, including landscaping.

Third, in response to the 1983 Federal budget reductions of title XX and Older Americans Act funds, the Governor and Pennsylvania's General Assembly provided us with over $10 million from the Pennsylvania Lottery. We are awarding these funds to the area agencies on aging to support transportation and other services. This special funding is in addition to the money given to eligible senior citizens under the property tax/rent rebate program funded by the lottery.

We are also making progress in reducing administrative expenses. Pennsylvania's AAA's are currently developing their proposals for funding for a new program year, which begins on July 1. The staff of my department has worked diligently to develop a system of granting these funds which will greatly reduce AAA administrative efforts. At the same time, it will significantly increase local flexibility in the utilization of those funds. We have previously required a budget and reports which necessitated separate accounting for titles III-B, III-C-1, and III-C-2, title XX and State funds, each with different sets of funding requirements. Our new approach, which we are calling an "Aging Block Grant," will consolidate all of these funds into one reporting and accounting system. Our computerized management information system will translate the simplified reports from AAA's into the necessary Federal reports without any weakening of accountability at the local level. In effect, the department's computer will now do a significant amount of the administrative work which we used to require of the AAA's. Over 45 percent of the funds awarded under our aging block grant will be free of many of the constraints which previously restricted local flexibility.

In order to assist AAA's to take advantage of every possible source of available funds and to stimulate the development of new sources, I have directed members of my staff to increase their efforts to develop a plan for organizing several statewide fund-raising efforts which can be implemented locally through senior centers and AAA's.

One of these efforts involves a statewide series of benefit events, and another involves the direct sale of items which can be purchased in mass quantities at a very low price.

In addition to these things which we are doing at the State level, we know that many of our AAA's are actively involved in the development of innovative local program improvements designed to achieve more effective results with the limited resources they have.

Looking beyond the immediate concerns of services funded under the Older Americans Act, we are becoming quite involved in the promotion of public/private partnerships to develop joint solutions to many problems affecting the aging. Nationally, we are beginning to hear a lot more about the concept of involving the private sector in solving community problems. It's a concept to which our State administrators have long been committed. Since 1979, the term "public/private partnerships" has been an everyday word among those of us who work in Pennsylvania government. The primary basis of public/private partnerships is commonality of problems to both sectors of society. Problems which affect the community often affect the private sector and its ability to do business. Corporations often rely upon Government to provide solutions to their problems.

We believe that through the joint efforts of government and the private sector at every level of society, working on mutual problems, we can promote the overall health of the community and the economy with less reliance upon public taxation.

As a result of my efforts to promote partnerships of this type the Pennsylvania Department of Aging has identified seven areas in which corporations have already become involved with programs for the elderly. These are: Income-oriented programs such as discount programs, employment, pensions, etc.; educational programs; recreation; loaned executives; volunteers; health care; and direct grant support, such as those we have received from Sun Co. and the Robert Wood Johnson Foundation.

In the area of health care, as an incentive to increase the availability of private housing alternatives for functionally limited older persons and to reduce long-term health care costs, Pennsylvania is now proposing to provide a special State supplement to SSI payments for residents of certified personal care boarding homes. In addition, a highly significant project is underway in the metropolitan area of Philadelphia to develop a community-wide system of long-term care which will help contain the costs, and improve the quality, of health care. The linkages in this project include private funding from the Robert Wood Johnson Foundation, public funding, interdepartmental efforts of State government, and cooperative efforts of several private and public agencies at the local level. The tasks are oriented toward the development of more effective preadmission assessment of candidates for long-term care; structured utilization of informal community supports; and more appropriate application of all available health care resources.

In the area of employment, we have undertaken a project to encourage employers to reexamine their outlook on older workers and provide greater opportunities and incentives for employees to remain with the corporation after the traditional age of retirement. We call it Project HARVEST which stands for hiring the aging reaps vitality, experience, stability, and talent. As a part of this campaign, we have also introduced legislation to abolish mandatory retirement. The median age of Pennsylvania's work force is older than the national average, and we would like employers to view this as an asset, rather than a liability. It is in the context of our efforts in this area that I came to Washington just last week to share with the members of Pennsylvania's congressional delegation our concerns over the proposed elimination of the title V senior community service employment program. I am convinced that this program has played a significant role in advancing the cause of older workers in both the public and the private sector. It has also strengthened the dignity and income security of many older persons who prefer not depend upon government-funded social service programs. We believe that the sudden elimination of the senior employment program will impede our efforts to help older persons help themselves.

In the area of housing, the Department of Aging provides staff support to an extremely active task force which Governor Thornburgh recently created to develop joint public and private solutions to Pennsylvania's housing problems. The significant involvement of the private sector in the work of this task force is making progress establishing some promising linkages of banking, construction, and government interests to address problems which include the need for more low-income housing. An early step in this direction relates to action taken in December by the Pennsylvania General Assembly. That action authorized the Pennsylvania Housing Finance Agency to float a revenue-bond issue which will assist low- and moderate-income families to purchase or rehabilitate single-family residences through their local lending institutions. The housing task force is setting the stage for cooperation by local banks in implementing this program.

Also, we have a contract with Drexel University to identify and promote the application of new technology and innovative private sector products and services specifically designed for older persons. This effort is an outgrowth of our desire to seek alternatives to the provision of publicly financed social welfare services. We are especially interested in technologies which can be directed toward increasing the mobility, safety, and independence of older persons. It is our belief that the elderly represent an emerging market force, and we hope to stimulate the availability of product lines which are specifically tailored to the needs and preferences of older consumers.

The necessarily brief references I've made to some Pennsylvania efforts to offset reductions in public funding and more effectively coordinate all available non-Federal resources cannot do justice to these activities or their potential impact. Several of them, taken alone, may appear to have minor relevance to our current Federal budget problems. However, the approach they represent is already having a positive impact in Pennsylvania. The important point I wish to leave with this committee is:

There are workable alternatives which can effectively compensate for the reality of a new Federal direction.

I am sure, Mr. Chairman, that you will agree that our lengthy Federal budget process—as it has worked over the years—is valuable in and of itself, because it provides a forum for the exchange of information and ideas on the needs and opportunities of this great Nation. I am certain that, in the end, things will be worked out for the common good of all Americans.

To the extent that the budget which is finally adopted requires us, we, in Pennsylvania, will actively pursue every available alternative to continue the level of service delivery to older Pennsylvanians consistent with our resources—our resolve—and our respect—for those in whom we can see our own future—our seniors.

Thank you for your generous attention. If there are any questions, I will be pleased to respond.

Senator HEINZ. Thank you very much, Secretary Black. I have just received a message that the Senate is now in session—not to be outdone by the House, you understand. I will have to depart very shortly.

I want to express my regrets that I will not be able to stay and question all of you. I may not be able to stay and listen to all the testimony, in which case I will turn the hearing over to Congressman Pepper's staff director and my staff director, John Rother, to finish up and ask any questions, time permitting.

This is what happens when you deal with the Congress. There is uncertainty. Hopefully, on the things we all care about, we will not lack for any certainty.

Let me call on Anna Brown. Ms. Brown, will you please proceed?

STATEMENT OF ANNA BROWN, DIRECTOR, CLEVELAND OFFICE ON AGING

Ms. BROWN. Thank you, Senator Heinz. We are appreciative of this opportunity to share with this distinguished body our concerns that budget cuts presently in motion and those contemplated will evoke from all of us before too long: Why grow old in America?

That last phrase, the title of a Pulitzer Prize winning book on aging by the esteemed director of the National Institute on Aging, Dr. Robert Butler, is both provocative and in many ways prophetic. We wear several hats. For those reasons, the Federal budget cuts are viewed through the background and observation of those focal interests.

Our ability to properly evaluate the actual and potential impacts of the changes contemplated depends upon a real understanding that older persons are a living, large proportion of our total population, a segment which is growing faster than any other, especially in the older age groupings of 75 to 90.

Can we be deluded into believing that this growth is uniquely American? It is not. This growth in the aged population is a worldwide phenomenon, with the aged in our own Caribbean basin predicted to double in the next several years.

Further, in placing the responsibility assumed for the care of the aged in this country, 80 percent of the care of the old people of this country is already bourne by their family members. That is a high mark of responsibility and was already a commitment long before there was any consideration of the cuts, actual or proposed.

Further, even prior to the new Federal posture, it has been found that people face poverty for the first time in their lives in old age, many having their entire estates in the homes they live in. While the homes are usually debt free, the lack of resources makes good maintenance impossible, leads to deteriorating neighborhoods in the older parts of our cities where, after the flight of the major population to the suburbs, we have only the poor, the aged, and the blacks left.

It remains a frustrating, unbelievable concept to us that in a capitalistic, free enterprise country, we expect the poor and the disadvantaged to cope and maintain a satisfactory lifestyle and image of themselves without economic resources, without money.

As the director of the department of aging for the city of Cleveland; as the president of the Urban Elderly Coalition; as vice chairman of the National Caucus on the Black Aged; and as myself, an older, female, black, Appalachian, the new Federal posture has already changed the pursuit of happiness for me.

Believing as we do that, but for the idea that humankind struggles with ourselves through trial, error, and travail, the good life for any of us would remain elusive. The greatest guarantee expected by all of us from the cradle to the grave is the expectancy of our guaranteed civil rights and/or the provision of forums in which to voice our concerns for the real or perceived erosion of those rights.

When asked to share our concerns, our first observation in my city is that the largest, most vociferous forum to advocate the cause of older persons in Ohio, the Seniors of Ohio, is now out of business due to the loss of the organization's support from its sponsoring agency, funded by CSA prior to the dismantling of that Federal agency.

The Foster Grandparent program, a favorite program of First Lady Nancy Reagan, is looking for a new sponsor due to cuts received by the sponsoring agency, which had given the financial support in Cleveland since 1968.

With housing for the elderly becoming an acute need, there are presently over 353 on the waiting list for public housing, and the ratio in subsidized housing in my city is 300 applicants for every available unit. Gas bills which cannot be paid, or if paid are paid at the expense of nutrition, causes heat or eat to be a phrase heard more and more in our headlines. Headlines, for example, "I Am Eating Cat Food to Pay My Gas Bill."

These, ladies and gentlemen, are becoming the every days of our older citizens.

In our zeal to save our cities, our inspections of housing have accelerated. Old people cannot afford to make major repairs out of SSI monthly payments. Violations uncorrected land them in housing court. Many being nonbilingual or illiterate, do not understand the demands. There are tears and hysteria over what is happening to them. It is traumatic, both to the defendant and to the judges and court personnel.

Now, can you in any good conscience see even SSI denied to some?

A million-dollar health facility for Federal employees to be shared by the elderly living in downtown Cleveland, Ohio was opened about 2 years ago with all the pomp and brass of the Federal presence. Today, but for Lutheran Hospital's takeover—God bless them—that facility would be closed.

Federal cuts in support of mass transit has a new service cut in hearings now in Cleveland. Older persons who are increasingly in need of medical rides are calling on agencies for help. There, increases to absorb the deficits will create hardships for the old and for the high school students who must take public transportation.

Agencies are finding their capacity to provide transportation to their clients is gradually being curtailed by escalating maintenance and operating costs. To this problem, Cleveland is presently designing a pooling plan which will place all vehicles, public and private, for the elderly under an umbrella to reduce the costs of maintenance, insurance, and fuel.

The overall cutbacks, the worsening economy, the swelling unemployment rolls, the flooded welfare offices will predictably have some of the following effects. Better still, we will ask these as questions.

Will the suicide rate, for example, of the elderly white male increase?

Will families share their meager resources with their older members, or will there develop attitudes of abandonment?

Will the unemployed move about this country seeking jobs? Will the hobo return?

Will unlicensed boarding homes mushroom? Will there be an upsurge of those ready to care for the elderly, because a social security check can feed a family, giving little, if any, care to the older person?

Will the old and their old children survive? What will happen to them? Will the third generation care giver be able to cope with the stress added by unemployment and uncertain economic status?

Will elderly abuse increase?

Finally, in line with the cutbacks which we envision in nutrition, the leading causes of hospitalization of old people in this country are malnutrition and dehydration. What does it mean to save a few dollars on food and escalate the hospital costs in this country because people are hospitalized?

All regulations by Government are not bad. Clean air which lessens the possibility of inversions in our highly industrialized cities reduce the jeopardy of old people.

Many regulations—and you are aware of them—were and are protective of the disadvantaged, the voiceless, and the powerless in our society.

Perhaps the only view we can possible take of the present is that it is part of the evolution of the future. There is something especially American about the goal of a better life for everybody. The promise is written on Miss Liberty at the entrance of New York Harbor. For the old, it is the saddest of times, a nightmare before the final sleep.

Thank you, sir.

Senator HEINZ. Thank you very much, Ms. Brown.

We now have testimony from Janet Sainer, who is commissioner of the New York City Office for the Aging.

STATEMENT OF JANET S. SAINER, COMMISSIONER, NEW YORK CITY OFFICE FOR THE AGING

Ms. SAINER. Thank you very much. I understand that my full testimony will be included in the record. I will try and highlight a few of what I consider to be the major impacts in New York City and a few recommendations to which we trust both Houses of Congress will give serious consideration.

Despite the President's assurances that those truly in need have not and will not be hurt by his budget cuts, it is my belief that the stark and undeniable reality is not only that they have been hurt already, but that they will be in the future if the proposed cuts go through.

It is a tragic fact that major cuts in aging services are occurring at a time in our history when the older population is increasing, and with it the need for services are increasing.

We in America are witnessing what can only be described as a demographic revolution which is adding a whole new generation to the population. The impact this change will have on every aspect of our society is only beginning to be understood.

We who live in urban areas are seeing not only these general nationwide chances, but are witnessing other changes in our elderly population as well.

Increased numbers of live-alones, who are also in single-room occupancies with no kitchens, no way of heating food, and no facilities of their own; increased numbers of marginal income people, which may take them out of the designated official definition of poverty and cut them off from needed services; increased numbers of minority elderly, many of whom bring to their later years a history of economic and health care deprivation are some of the phenomena we are seeing in the cities. It is these elderly who are currently being served in New York City through the Older Americans Act programs. It is these elderly who will be most seriously affected by the cuts which are being proposed.

What is the impact of some of these cuts? I know that our previous speakers have highlighted a number of the important ones, but I do want to indicate to you that, if we look down the roster, we have a multiplicity of funding. It is this interrelationship which was spoken of before and which is critical in the New York City Area as well.

For example, there is the title V community service employment program. We have 40 percent of our people who are over 75 in that program. The question of future jobs which was raised and the question of the services which they are providing and which will be lost can be answered this way. It will have a major impact, not only on them as individuals but on the services which they provide.

Moreover, if the program should go, we will have seen the last of the federally funded training and employment programs for low-income elderly. When we talk of safety nets, who are we really talking about?

When we look at the title III–C cut in nutrition service dollars, which would reduce funding for congregate and home-delivered meals in New York City, we see that cut coming to 20 percent below our 1982 budget level. The combined effect of this cut and changes in the commodity food program, with the cap which is being imposed, would mean a loss in New York City in this coming year of more than 500,000 meals. That is what we will have to cut back with the new cuts which are being proposed.

In effect, this would be the equivalent of closing 13 of our nutrition sites which are currently funded by title III–C.

If the Congressmen and Senators were here—to their staffs I say: How would you like to be the one to announce to your older constituents that the senior center in your community is the one which must be closed with no more meals to be provided? How would you like to be the one to announce that, as a result of more than a 20-percent reduction in title III–B appropriations since 1981, we have to eliminate this year 29,000 hours of homemaker and housekeeping assistance which we are currently providing; 12,0[illegible] hours of shopping and escort assistance; and nearly 21,000 tri[illegible] the frail and handicapped elderly to medical appointments a[illegible] some of our nutrition services?

I wish you would be there if I have to tell your constituents the constituents of every Congressman that we have to take a the currently provided services, in addition to the fact that we cannot even respond to unmet needs.

Yet, I will now be faced, as the commissioner of the department for the aging and the head of the area agency on aging, with the impossible task of choosing those who can no longer receive our nutrition and social services because of an overall 23-percent reduction in Older Americans Act funds in less than 2 years.

That is not even taking into account inflation.

You can add to that the services which will be lost through cuts in title XX, and you have another major dimension.

In our city, title XX—this is unlike other cities but important to note—is the major support, almost the sole support, of an additional 168 senior center nutrition programs, above and beyond what we provide through Older Americans Act funds. The administration's proposals to reduce title XX by 18 percent will result in a loss of close to $20 million. This is just for 1983.

This is in addition to the $18 million loss already imposed by the first round of cuts this past January.

How will we cope with these reductions?

I can tell you that in New York City, 21 senior centers will have to be closed just from this part of the title XX cuts. This means the additional loss in the title XX centers of 700,000 meals this year, not to mention the closing of 46 day care centers for children.

These senior centers would be in addition to the 13 Older Americans Act—funded programs to which I have just referred.

All of this is because of a proposed 1983 budget cut.

Let me say, and I must add, that through our mayor's commitment, New York City has managed to hold the line on the first round of cuts because he has recommended, and it has been accepted, that tax levy funds be put into the 1982 budget to meet the first rounds of cuts.

However, I can tell you, because I know you will ask, we cannot do it again. When we face 1983, the figures I have just given you are startling and shocking in terms of how we will deal with our older people.

I could run down the list of the other items. I will not go into detail. I do think, as we look at supplemental security income, if ever there were a safety net program, this is one. Our State office estimates that 14,200 new beneficiaries will be effected if the present disregard of the first $20 of income is no longer allowed. For those who live on only $264 a month from SSI, that $20 means a lot.

Further, payments will be rounded off—this is being proposed—to the next lowest dollar instead of the present rounding off to the next highest 10 cents. This seems small to us, but if you look at it, $43.98 becomes $43 instead of $44, as it used to be. Surely, this attempt to balance the budget is pulling pennies out of the pockets of the poor. That is not what I think this administration should stand for.

My full statement details similar impacts through the cuts in medicare, medicaid, food stamps, housing. I think I will leave that for the record.

I do want to say, in view of the questions which came up over housing, that we have a waiting list in New York City for public housing which is 18 years long. Who will be living that long to wait that long? I think that is an important fact to note when the President's proposals vis-a-vis the cutbacks in all forms of housing assistance come up.

I would be remiss, before closing, if I did not mention the whole issue of social security and the importance of maintaining the integrity of that system. I believe it is imperative that no changes in social security be made which would undermine the confidence of Americans in the system and threaten this major source of income support for retirees. The stability and financial integrity of the social security system, I believe, is an integral part of this Nation and must be maintained.

There really is no way to calculate what the cumulative effects of these cuts will do to individuals, but I think we can pretty clearly understand that, if you freeze benefits, slash services, cutback on food stamps, fuel, weatherization, utilities, and make people pay more for doctors and hospital care, we cannot help but see acute hardships growing.

Older people do not buy new homes or new cars, but they must buy food, must go to the doctor, and they always pay their rent because otherwise they would be evicted.

I have cited all of these cuts in my full testimony and some of the impacts because it is essential to recognize that it is not any single program alone which makes it possible for an individual older person in our society to maintain himself or herself or even to survive. It is the fact that at the local level, the services and benefits of all programs become interwoven to provide a true safety net for the individual.

Before closing, I must point out that the President's proposed 1983 budget, not only calls for deep and crippling cuts in the life-sustaining programs which support older Americans but also embodies a radical shift in social policy which negates a half century of commitment to meeting human needs.

In a legitimate request for a balanced budget, the administration, I believe, has erroneously singled out human services for reductions and is attempting to shift responsibility for assistance to the needy to State and local governments, but State and local governments cannot assume the role which the President would have the Federal Government abdicate, nor do I believe, should they.

Thus, without the intervention of our Members of Congress and our colleagues in the Senate and House, the base of services and support for the elderly, already diminished by the 1982 budget cuts, will be further eroded. If this trend continues as proposed and we are asked to meet greater needs with more limited resources, the future for aging services will be bleak indeed.

The question we will be asking ourselves in the mid-1980's is: What aging services?

I cannot believe that the Congress of this great Nation will turn its back on the elderly and heed those who believe that the elderly are overserved or even not truly needy. The evidence to the contrary is overwhelming.

It is paradoxical that we can even consider this possibility when the Senate and AARP survey of delegates to the White House Conference on Aging showed that, in addition to the priority support for such basic programs as social security and health care, there was also strong collective endorsement of a continuation of a Federal responsibility for aging services and the maintenance of categorical programs targeted to the special needs of the aging.

I urge our Congressmen and our Senators to reaffirm their commitment. I was proud and pleased to hear their commitment today.

I believe it is a commitment to present and future older Americans. We urge them to continue to show the leadership they have demonstrated in the past and have commented upon today by insuring that this Nation implements a national aging policy which reflects the White House Conference on Aging's recommendations and meets the tremendous challenge of a growing elderly population.

Thank you.

Mr. EDWARDS. Without objection, your full statement will be made a part of the record at this point.

[The prepared statement of Mrs. Sainer follows:]

Prepared Statement of Janet S. Sainer, Commissioner, New York City Department for the Aging

I am Janet Sainer, Commissioner of the New York City Department for the Aging, which is also a designated Area Agency on Aging. I welcome the opportunity to appear before you today to express my deep concern over the devastating impact President Reagan's 1983 budget proposals will have on the nation's elderly. If the Congress does not act to alter the course of events the Administration has set in motion, I feel there will be a very bleak future for aging services. As the important debate over national priorities takes place here in Washington, I urge the Congress not to turn back on its commitment to older Americans as it strives to address other funding priorities and balance the budget. I really believe that meeting legitimate human needs is not inconsistent with the formulation of a sound economic policy. I would argue, furthermore, that both are a responsibility of the federal government.

I need not tell you that the Older Americans Act you so recently reauthorized, as well as virtually every other federal program providing assistance or health and social services to the elderly, is imperiled. With what he has proposed for 1983, the President will completely pull the already tattered social safety net out from under the elderly. Despite his assurances that those truly in need have not and will not be hurt by his budget cuts, the stark and undeniable reality is that they have been and will be.

It is a tragic fact that major cuts in aging services are occurring at a time in our history when the older population and, with it the need for services, are increasing. We in America are witnessing what can only be described as a demographic revolution - a revolution which is adding a whole new generation to the population.

Since the turn of the century, the size of the nation's elderly population has increased steadily and dramatically. In 1900, only 3 million

- 4 percent - of the country's population were over 65. By 1950, the number had quadrupled and represented 8 percent of the total. Over the next thirty years the number of elderly doubled again, and now older Americans represent 11 percent of the nation's population. Thus, while the total population has increased threefold since 1900, the elderly population has grown eightfold. And by the year 2020, it is estimated that one out of six Americans will be 65 or older.

Not only is the older population increasing as a whole, but the fastest growing segment is what is sometimes referred to as the old old, those over 75 and 85 years of age. By the year 2000, only 18 years hence, 5 out of 10 older Americans will be 75 or older and 12 percent will be over 85. And I'll be among them, as will many of you.

The impact these changes will have on every aspect of our society is only beginning to be understood. The implications for national policy will be profound. In the arena of aging services, the growth and changing composition of the elderly population forecast an increasing, not a diminishing, need for support and service, particularly in the area of long term care. For as those of you who have parents in their eighties and nineties know, it is the exceptional individual who lives to be that age without requiring some supportive social and health services. All too often poverty, isolation, chronic illness and impairment in basic functioning are, unfortunately, associated with increasing age.

We who live in urban areas are seeing not only these nationwide changes, but we are witnessing other changes in our elderly population as well.

In our City, one in every three elderly persons lives alone. What happens to them when they become ill or incapacitated? While the poverty rate among elderly New Yorkers has remained more or less unchanged, there has been an increase in elderly with "marginal incomes" which raise them just above the official poverty line and cut them off from needed services. Where do they turn for assistance? Then, too, as is true in many other urban areas, there has been a dramatic increase in minority elderly, many of whom bring to their later years a history of economic and health care deprivation. How are they to cope with these multiple burdens in old age?

It is these elderly -- the poor and near poor, the minority, the isolated, very old and impaired -- that our Department is reaching through its Older Americans Act programs.

A recent study of 1,000 home-delivered meals clients conducted by the Department with the assistance of Louis Harris and Associates shows that two out of three meal recipients are 75 years of age or older in contrast to 1 out of 3 in the total older population. Two thirds live alone compared with a third of all the City elderly. Most are low income. And one out of four are minority group members compared with one out of five minority elderly in the older population. Moreover, the population we serve has needs way beyond the ability of our nutrition and other programs to meet as currently funded. Not only are the meal recipients unable to shop for and prepare their own meals but our study shows that many cannot perform such basic tasks as bathing and dressing by themselves. Furthermore, we know that the elderly we now serve are only a fraction of a much larger number who need services such as those funded through the Older Americans Act.

It is clear that those who can least afford it will be hurt the most by the President's budget cuts. And because a whole array of programs are targetted for reduction, many needy elderly will be forced to cope with multiple reductions in services. While income supports are decreasing, housing and health care costs are increasing. While work opportunities become more necessary than ever, employment programs for low income elderly are being eliminated. While food stamps and nutrition programs have become the basic source of daily food for many, the cutbacks make this food unavailable. While the need for assistance to live independently at home is increasing, home care and other supportive services are decreasing.

To be specific:

Older Americans Act Programs

The Title V Senior Community Service Employment Program - recently reauthorized by the Congress and signed by the President at a $277 million funding level-is scheduled for termination by the end of September. Today, this program provides training and employment for 54,000 low income older workers nationally. Instead of the Title V Program, the Administration proposes that the elderly be included in a block grant training program with 7 other groups, funded for a total of $200 million, with no provision for employment or targetting to older workers and no stipends of any kind during training. In New York City, 684 men and women 55 years of age and over, who are working in nutrition sites and senior centers, in social service agencies and day care programs, in mental health centers and hospitals, will lose their jobs this September. This comes just after the elimination of the Title X Job Opportunity Program which had provided over 1,000 jobs for the elderly. With the loss of these two programs we see the last of the federally funded training and employment programs for low income elderly.

A second area of loss resulting from the Older Americans Act cuts will be in Title IIIC nutrition services. The Administration proposals would reduce funding for congregate and home-delivered meals in New York City by July 1983 to 20 percent below our 1982 budget level. Furthermore, through the proposed reduction and changes in the USDA Commodity Foods Program, with a cap of $84 million nationally, the City would lose $600,000 dollars. The combined effect of these two losses could mean more than

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500,000 meals a year fewer to older people beginning this July -- more than 90,000 of these to the homebound -- and in effect, this would be the equivalent of closing 13 nutrition sites serving thousands of elderly. How would you like to be the one to announce to older constituents that the senior center in your community is the one that must be closed with no more meals to be provided? How would you like to be the one to announce that as a result of more than a 20 percent reduction in Title IIIB appropriations since 1981, we have to eliminate 29,000 hours of homemaker and housekeeper assistance annually; 12,000 hours of shopping and escort assistance; and nearly 21,000 trips for the frail and handicapped to medical facilities and nutrition programs?

How will you answer your constituents when we have to take away needed services from them?

Yes, we will now be faced with the impossible task of choosing those who can no longer receive our nutrition and social services because of a $5 million cut in Older Americans Act funds in less than 2 years - a 23 percent reduction. And what about inflation? Everybody is talking about it, but nobody has helped us find a way to meet spiralling costs which have already reduced the buying power of our dollars by 15 percent.

Social Services Block Grant (Title XX)

Add to the Older Americans Act cuts the services that will be lost through Title XX. In our City Title XX is the major source of support for senior centers. The Administration's proposals to reduce Title XX funds by 18 percent will result in a loss to New York City in its next fiscal year of $19.3 million. And this in addition to the $18 million loss already imposed by the first round of cuts. How do we cope with these reductions? I can tell you that in New York City 21 senior centers will have to be closed along with 46 daycare centers for children. And these senior centers would be in addition to the 13 nutrition programs I have already referred to.

Thus far, I have been speaking about the effect of cutbacks in the broad service programs. But in addition to these, the elderly will also suffer losses as provisions of entitlement programs are eroded.

Supplemental Security Income

As I look at the Administration's proposals for SSI, all I can say is that they are designed to shrink the number of SSI beneficiaries, reduce benefits, and make it more difficult for the aged, blind and disabled to enroll in the program.

The New York State Office for the Aging estimates that 14,200 new beneficiaries in the state will be affected if the present disregard of the first $20 of income from Social Security or other sources is no longer allowed. For people living on only $264 a month nationally, the loss of $20 is a significant amount of income. Further, payments will be rounded off to the next lowest dollar instead of the present rounding off to the next highest ten cents. How would you like to hear that your benefit of $43.98 will be $43 instead of $44 as it used to be? Moreover, your first month's entitlement will be prorated to the date eligibility was determined instead of the present full month's allotment and any overpayment will be collected from your Social Security benefit. Our State Office projects an annual average loss to elderly SSI recipients of $188 as a result. Surely this is pulling pennies out of the pockets of the poor.

Eligibility to qualify as disabled will also be changed. A person must have a prognosis of a disability lasting at least 24 months and based on a preponderance of medical factors. In my state an estimated 13,800 disabled elderly aged 60 to 64 could be eliminated from the rolls.

Medicare

Now let's look at Medicare! Each year Medicare moves farther from realizing its original purpose of providing health insurance to older persons to cover their medical costs. Today Medicare covers only about 38 percent of health care costs for the average person. Tomorrow, under the present proposals, it will be still less.

The President is proposing a 5 to 6 percent per day payment for in-patient costs of up to 60 days, plus payment of $260 for the first day. Under this new proposal, an older New Yorker could expect to face an out-of-pocket payment of almost $500 for the average hospital stay. The frailer older person, who must stay longer than 60 days has to pay an additional $65 a day. The Part B deductible of Medicare which pays for doctor care has just been raised to $75. If it is now to be linked to the Consumer Price Index 1.4 million elderly in New York State will face $5.6 million in added out-of-pocket expense.

For the first time older people eligible for Medicare home health visits will have to pay 5 percent on the first 100 home health visits and 20 percent thereafter. In New York State this will cost older people an estimated $3.5 million.

Another recommendation detrimental to older people is a requirement that employers provide the same health insurance for older as for younger workers. Medicare would only supplement the private insurance package. This is counter to all our efforts to expand employment opportunities for those over 65 and will discourage employers from keeping or hiring older workers.

Medicaid

Medicaid, the health care program for the poor, has already been reduced by 3% in 1982, 4% in 1983 and 4.5% in 1984. An additional cut of 3% affecting the poor and medically needy (178,000 elderly in New York City) would force the states to review optional services. The State Office estimates a potential loss of $28 million in services which are cost-effective alternatives to more expensive institutional care and include major expenditures for intermediate care facilities and home care. Other optional service costs are for clinics and drugs. Such cuts would inevitably lead to greater need for skilled nursing facilities or hospitalization - services which are far more expensive in the long run. In addition, Medicaid recipients will have to pay $1.00 to $1.50 for each outpatient visit and $2.00 for each hospital day. This cost-sharing would mean a $2.3 million out-of-pocket expense to the elderly poor in New York State.

Food Stamps

Food Stamps literally enable many elderly persons in New York City to eat. The Administration now proposes to lower eligibility by counting the energy assistance grant as income and eliminating other presently allowed deductions, such as 18% of earnings, health costs over $35. On the one hand help with fuel and utility bills is granted, and on the other hand it is taken away. There would be an average reduction of $95 for elderly New York households.

Food Stamp benefits of less than $10 a month will be completely eliminated. Over a 12 month period, this $120 could buy food for several weeks for a poor older person - quite a few meals! This is truly a mean-spirited spectacle we are beginning to witness.

Housing

The Administration's proposals in the area of public and subsidized housing will undermine the ability of low income elderly to meet one of their most basic and essential human needs.

A desperately needed expanded supply of affordable housing will be curtailed with the elimination of Section 8 new construction and rehabilitation programs. The President's contention that "in most housing markets there is an adequate supply of rental housing" available to low income persons is a million miles from reality for the City of New York. The average waiting list for public housing is 18 years and the current vacancy rate for low and middle income private housing is 2.1 percent. And there will be reductions in the Section 202 loan program supporting construction of subsidized housing for low income handicapped and elderly persons which will only compound the shortage.

Another proposal of the Administration is to move away from the current system of subsidizing housing for low income people to one in which the tenants are issued vouchers and given direct responsibility for finding their own housing. The value of these housing vouchers will be significantly less than the current subsidy. With only a 2.1 percent vacancy rate in New York City and with high rental charges, there is simply not enough adequate and affordable housing for this system to work for low income tenants.

In addition, the cost of housing will rise. Further rent increases for low income tenants are being proposed, which would require all new tenants to pay 30 percent of their income for rent and older tenants to pay 20 percent more. In addition the cash value of Food Stamps and energy assistance will be counted as income in figuring out the rents of tenants.

Social Security

Finally, I would be remiss if in describing proposals affecting the elderly I did not mention what is surely the most important program in the country for those 26 million men and women who are now retired as well as the untold millions who will eventually retire. I am talking, of course, about Social Security. Although no specific recommendations are expected from the President's bipartisan commission until the end of the year, there is much discussion about the future of Social Security, and I am greatly concerned about some of the suggestions being made.

Income security in the later years and the protection of retirement income, especially against the erosion of inflation, are the most essential and basic responsibilities of a nation to its elderly citizens. It is imperative that no changes in Social Security be made which would undermine the confidence of Americans in the system and threaten this major source of income support for retirees. The stability and financial integrity of the Social Security System must be maintained without moving away from the basic goal of providing an adequate retirement income for all.

There is no way to calculate at this time what the cumulative effects of these cuts will do to individuals. Who knows how many meals will be skipped? How many symptoms of ill health ignored? How many houses will be kept dangerously cold in winter months? But I think we can pretty clearly understand that if you freeze benefits, slash services, cut back on food stamps, fuel and utility help and make people pay more for doctors and hospital care, we will see acute hardship growing. Old people don't buy new houses and new cars but they must buy food and go to the doctor and pay their rent or real estate taxes. Isn't it ironic that we are seeing working people given more disposable income through cutting their taxes while we cut the income of the old and poor!

I have cited the impact of cuts on all these programs because I think it is essential to recognize that it isn't any single program alone which makes it possible for an individual older person to maintain himself or herself, or even to survive. Unfortunately, there is a tendency to see these programs as discrete entities. As far as the elderly are concerned, they are not. It is a fact that at the local level, the services and benefits of all programs become interwoven to provide a true safety net for the individual.

In closing, the President's proposed 1983 budget not only calls for deep and crippling cuts in the life sustaining programs which support older Americans but also embodies a radical shift in social policy which negates a half century of commitment to meeting human needs. In a legitimate quest for a balanced budget, the Administration has erroneously singled out human services for reductions, and is attempting to shift responsibility for assistance to the needy to State and local government. But State and local governments cannot assume the role the President would have the federal government abdicate. They simply do not have the resources to make up for the staggering losses in federal support being proposed.

Thus, without the intervention of you and your colleagues in the House and Senate, the base of services and support for the elderly already diminished by last year's budget cuts, will be further eroded. If this trend continues as proposed, if we continue to be asked to meet greater needs with more limited resources, the future for aging services will be bleak indeed. As the elderly population grows larger and older, our service dollars will be stretched so thin as to have an insignificant impact. The question we will be asking ourselves by the mid-1980's is, "What aging services"?

I cannot believe that the Congress of this great nation will turn its back on the elderly by cutting already woefully insufficient service dollars for increasing need of a growing older population. It is inconceivable to me that there are those who believe the elderly are overserved or even not truly needy. The evidence to the contrary is overwhelming.

It is paradoxical that we can even consider this possibility so soon after the White House Conference on Aging when delegates overwhelmingly supported both the retention of past gains and the expansion of an array of programs for the elderly. Just as importantly, their recommendations—are notable for the collective support they give to the continuation of the federal government as the major supporter of aging services, including the maintenance of categorical programs targeted to the special needs of the aged.

I urge you to reaffirm your commitment to older Americans and to continue to show the leadership you have demonstrated in the past by formulating a national aging policy appropriate to the tremendous challenge our growing elderly population represents. It will take determination and dedication to meet the challenge but it can be done. Each of us has a very personal stake in the outcome. For, all of us will be old one day. In developing policies and programs for the elderly, we are in a very real way planning for ourselves and for future generations.

Mr. EDWARDS. Thank you, Mrs. Sainer. I want to thank all the members of our panel. I believe we do have some questions. We will ask them in turn.

John, do you want to start?

Mr. ROTHER. Let me just say that Senator Heinz, and I believe Congressman Pepper, wanted to ask several specific questions of each panelist based on your testimony. In view of our time constraints today, I think we would like you to respond in writing so that we can make the answers part of our official record. That will be available to anyone who is interested in a few weeks when it is printed.

Mr. EDWARDS. Without objection, the questions and answers will be made a part of the record.

Mr. ROTHER. I do have a question for anyone who cares to address it. The hearing today is focused on budget proposals which affect services. We are primarily talking about two programs, the Older Americans Act and title XX. Title XX has now become a block grant program.

Can you comment, please, on whether any reductions which are made in services funded by title XX will be made evenly across the board for all constituent groups, or will the reductions disproportionately affect older Americans?

Ms. SAINER. We have been looking at the effects of the title XX cuts. What concerns me is that there is nothing in the legislation or in the regulations which would insure that older people get their fair share.

I think that, if it is left to State discretion either to include elderly people or not—I think it is a weakness of the transfer.

Mr. ROTHER. What do you predict would happen in your State?

Ms. SAINER. I predict that in our State it might hold at the same level for the moment, mainly because the title XX funds, as I indicated in my testimony, in New York City at least, are at senior centers. That is a large, vocal constituency.

However, where it is in home care and for those who are frail and who cannot speak for themselves, where you do not have them in one visible body, I am greatly concerned that the fair share of the funds will not be there.

I am also concerned that it raises the specter of an intergenerational conflict and a battling over who should get what, which I think would be disastrous for all human services.

Mr. BLACK. I would like to note, Mr. Rother, that we in Pennsylvania have the luxury of having a statutory allocation of title XX funds in the amount of 12.2 percent of all funds coming into the State for elderly services. This was enacted by our State legislature when it created a separate cabinet-level department.

However, the legislation is running out. To substitute for it is the creation of a human resources committee of those members of our cabinet who are in the human resources business. I share Mrs. Sainer's concern about the intergenerational appeals for the title XX funds.

Hopefully, at the State level, men and women of good will will recognize the needs for each population and target groups. That is how we handle it in Pennsylvania.

Ms. SAINER. I would like to add one other comment. I would like to agree with you, Mr. Black, that we can rely on the good will of people, but I think that the U.S. Civil Rights Commission study in 1977 indicated, when they studied 10 Federal programs ranging from community mental health to title XX and food stamps, in program after program the Commission found a systematic and pervasive pattern of age discrimination, even when older people were specifically targeted by law to receive special attention.

That is why I feel that some legislative or regulatory conditions have to be included to insure that we do not only rely on the good will of people. I would like to rely on the good will of people, but the history has not proven it.

The fact that we have needed categorical services rather than block grants—social security, medicare, the Age Discrimination Act, the Older Americans Act—They did not come into being by happenstance. They came in because of need. I do not want to see that pushed aside.

Mr. EDWARDS. Mrs. Sainer or anyone else on the panel who would like to answer. What sort of message is the President sending to the older people of this country by proposing massive new cuts on top of the cuts which were enacted last year?

Also, you might answer the following question. During the last election, candidate Reagan appealed to the American public to vote for him by asking them to ask themselves whether they were better off after 4 years under President Carter than they had been before he came into office. Are the aged better off today than they were a year and a half ago?

Ms. WARD. May I answer this to some degree? I am in personnel work. I cannot quote over the air what most of the people who come in say. It is very derogatory to Reagan.

They are frightened to death. They are actually frightened. They are saying: "Just give me some work because I do not know whether I will have a check tomorrow, and I am afraid."

Some of even the younger senior citizens, between 55 and 65, are storing canned goods. They are buying it like crazy at every sale they can find. They are actually storing canned goods. Some of it is cat and dog food in case they get hungry.

Ms. BROWN. I want to put it in a little different perspective. That is that the lives of older people in this country are very much interlocked with their families. They see themselves as the older members of those families and have concerns for their children, their grandchildren, and their great-grandchildren.

The level of anxiety is very high. They notice that the children are not smiling too much in some areas and have not been smiling. The anxieties are beginning to be very penetrating.

Those of us in urban areas realize that the cuts have been very devastating to the persons who are working in the prime of life. They are the people who are losing jobs, even high professional jobs. They are now filling our neighborhood mental health clinics. The older people are bound to be conscious of what is happening to their children and their grandchildren.

Whereas, we are here for the advocacy of those who are the most contributing of our citizenry—it is their money. It is their taxes. Even this beautiful city is the result of their sweat, blood, and tears. They are really anxious about the future, not only of themselves but of the generations behind them.

If there were a message which we want to send, we want everyone to know that older Americans are concerned about their investment in this country and the promise of the pursuit of happiness for themselves and their heirs.

Mr. ROTHER. I think I should make a statement. Although I am not the Senator, I think I can speak to this at least.

The President's budget proposals have generated tremendous concern on both sides of the aisle, as I am sure you are aware. I believe it is fair to say that there is little support of any significance in the Congress at this point for the specific proposals which we have been talking about today.

I do think the budgetary issues are of an even greater magnitude than the specific proposals which were made this year. We will obviously be facing, perhaps for as long as a decade, limited public funding and limited resources. Unless our economy improves drastically.

I wonder whether you can comment on alternatives. Where can we go in addition to going to the Federal Government to get the resources we need to meet the human needs which are out there and which are growing?

I know that you, Gorham, presented some testimony from Pennsylvania. I wonder whether any of the other panelists can comment on what they see as prospects for additional sources of revenue.

Ms. SAINER. I might make a brief comment. I do not see a realistic duplication of the cutbacks from a totality of sources.

On the other hand, I do think it is incumbent upon us—and I think many of us are already involved—to try and address some of the key issues which would have an impact on both the cutbacks and on the sense of responsibility for the most effective delivery and the most cost-efficient delivery of services, as well as for involving the private sector in more meaningful ways.

I think you very well know the reports on the private sector and from the conference committee on their ability to have given more over the years. I think we have a major public relations and interpretation campaign on our hands.

However, I think it would be a mistake to assume that private sector initiatives can replace what has been lost or begin to address the needs of what we see as a major demographic revolution, as I referred to it, in the years to come.

Having said that, I think it is important to note and I could mention that we in New York are working very closely with members of the private sector in the food industry. We did some very interesting and successful Christmas Day-drives wherein we were able to serve 6,000 meals on Christmas Day through donations from the private sector.

We are looking to them and working with them now to see how donations of food, goods, services, and dollars can help enhance our ability. They know and we know that it cannot replace, but I think it is important that we take those steps.

I think it is also important to look at the participant contribution issue and see whether local contributions or participant contributions can be enhanced.

I want no one to assume that that shift can take place in the way it has been done.

My last comment refers to voluntarism, inasmuch as it is an area of great interest to me and something which I have been very strongly involved in. I think it does damage to the volunteer movement to equate voluntarism with replacement of paid professional staff. I think it is critical that we expand our volunteer opportunities.

I must tell you that almost 300 senior centers in our city could not function without the thousands of volunteers who are currently involved, older people as well as younger but mainly older.

However, to say that they could take the place of the professionals or the paraprofessionals would be a disservice to the entire program.

Ms. ANSAK. I would like to say something. I want to thank Mrs. Sainer for what she just said. I think it is very important to remember.

In addition, I would like to ask why medicare was started. Why was medicaid started?

Obviously, at the time when they were started, the individual could not pay for long-term care. Was that not one of the reasons?

Why, 10 or 20 years later, should we expect individuals and private charity to pay for long-term care when the cost has probably increased a hundredfold? I cannot see it.

Ms. SAINER. There is one other comment which I think is critical to the question of distribution and Federal responsibility. That is that we in New York happen to have a fairly liberal State, as perceived by the rest of the Nation. We have tried to meet human service needs with a commitment that is greater than that of many other States.

It seems to me that we, as citizens of this country, should be looking at the citizens throughout the country and insuring that all the States, and all the poor, and all the needy get the equitable kind of treatment they deserve and that it not be left to local discretion whether to put money into sewers or into seniors.

Ms. BARRON. May I say something?

We at the Waxter Center have a lot of volunteers. However, we have help. We created a buddy system. We found one of the people who came to the Waxter Center, a handicapped person who was not there for 3 days. We went to find him. We found him dead.

At that time, Mr. Wolff, Ms. Lyman, and the social service said that something had to be done. They created a buddy system of all the leaders and the captains and volunteers. We had a coordinator who coordinated the work.

As a result of the cutbacks, the grant finished, and we have no coordinator. Thank God, our director and social service said that they would pinch hit. It is very important. We have 700 people whom we call. I call 16 people a day who are alone, and many of the others do also.

Concerning food stamps, Waxter Center is one of the largest centers in the world. We had a person for food stamps. People who were not able to go all around the city for three and four miles used to come directly to the center and file their applications with help for food stamps, for fuel, and for other things like social security, when they had problems. They took that away. They cut it out.

I will not say anything about Carter or the others. We went to the legislature this year to plead with them to do something for the centers and for senior citizens, but there is a limit. They tell us that they cannot do it without the help of the Federal Government.

Where do you go?

We have higher Blue Cross. We have higher G.E. [General Electric]. Now we have an increase in telephone rates which the senior citizens who were getting money last year will have to pay. Do you know how much Blue Cross went up? It was from $392 for preferred to $584.

Some of us like to be protected because we get sick and need hospitalization. How can they afford it?

I think they ought to elect some senior citizen volunteers. There are plenty of them. The centers could not run without their help.

We have capable directors and capable social service people. They are the best, but they need help. The government will not pay for all that help.

Hundreds of thousands of volunteers help. I think we ought to have a hearing before the Senate and before the House and bring those people in to tell our story.

Mr. EDWARDS. We want to thank all the witnesses who have appeared before us this morning for the excellent testimony they have given and for their responsiveness in answering questions.

Thank you all very much.

The hearing is adjourned.

[Whereupon, at 11:50 a.m., the hearing was adjourned.]

Appendix

(Submitted for the record by Jack Ossofsky)

THE ADMINISTRATION'S 1983 BUDGET:

A CRITICAL VIEW FROM AN AGING PERSPECTIVE

Compiled by the

Leadership Council of Aging Organizations

March 18, 1982

LEADERSHIP COUNCIL OF AGING ORGANIZATIONS

American Association of Homes for the Aging
Asociacion Nacional Pro Personas Mayores
Association for Gerontology in Higher Education
Concerned Seniors for Better Government
The Gerontological Society of America
Gray Panthers
Legal Research and Services for the Elderly
National Association of Area Agencies on Aging
National Association of Mature People
National Association of Meal Programs
National Association of Nutrition and Aging Services Programs
National Association of Retired Federal Employees
National Association of State Units on Aging
National Caucus and Center on Black Aged
National Council of Senior Citizens
National Council on the Aging, Inc.
National Indian Council on Aging, Inc.
National Pacific/Asian Resource Center on Aging
National Retired Teachers Association/
American Association of Retired Persons
National Senior Citizens Law Center
Older Women's League
Retired Members Department/United Auto Workers
Social Security Department/AFL-CIO
Urban Elderly Coalition
Western Gerontological Society

INTRODUCTION

"Now you're hearing all kinds of horror stories about the people that are going to be thrown out in the snow to hunger and die of cold and so forth...We haven't cut a single budget...We have been reducing the rate of increase that has been built in and that has been submitted to us for consideration in these budgets.

President Reagan, Bloomington, MN, February 8, 1982

When the Leadership Council of Aging Organizations decided to undertake this analysis of selected elements of the Administration's budget proposal for Fiscal Year 1983, it was prepared to be disappointed. The budget was, after all, being proposed in the context of a faltering national economy, with massive tax cuts already enacted and massive increases in defense spending at the center of the Administration's policies.

The Leadership Council was not prepared, however, for the stunning impact of the cuts that, taken together, this proposed budget would visit on older persons, particularly the most vulnerable older persons.

In preparing this document the LCAO looked at sixteen (16) specific programs providing services on benefits to the elderly. Of these, more than half are slated for budget cuts below FY '82 levels, and in many cases, below FY '81 levels. It has been said publicly, many times, that cuts are proposed only in projected increases--not in current funding levels. This is simply not true. We feel the elderly, who are least able to replace federal assistance through employment and other means, are being asked to accept an intolerable burden.

As advocates for older people, we focus on the impact of the budget proposals on them. Yet we recognize too well that other disadvantaged groups would suffer severe adverse impact from many of the cuts proposed.

In many cases the same program cuts affect all age groups, e.g., social services block grants and legal services. In others, although some older persons may be harmed, the brunt of the damage falls on the younger shoulders, as in the proposals to slash Aid to Families with Dependent Children.

Over the past several decades, significant legislation has been enacted that, taken together, constitutes the beginning of a national aging policy. In enacting programs such as the Social Security Act of 1935, Older Americans Act of 1965, Medicare, and many others, the Administration(s) and the Congress were reflecting the national conscience. Together their actions represented an increased awareness of public concern for older Americans and a commitment to their well being. Now these advances in aging policy are severely threatened. After careful and thoughtful analysis, we regretfully find that the Administration's FY "83 budget recommendations are regressive and dangerous to older people, now and in the future.

> *All of us...together must bear the burden. The solution we seek must be equitable with no one group singled out to pay a higher price.*
>
> *Inaugural Address, President Reagan, January 20, 1981*

In 1984 about 26 million aged and 3 million disabled individuals will be covered under Medicare. Medicare recipients already pay approximately 43 percent of total health costs out of their own pockets. The FY'83 budget includes a number of provisions that will increase out-of-pocket costs to recipients, including the imposition for the first time of a five percent copayment for Medicare home health visits, and the indexing of Medicare Part B premiums to reflect inflation. Copayments would be required for all Medicaid recipients for the first time. The $1 or $2 charge for a service sounds nominal, but it will surely keep hundreds of thousands of poor older persons from seeking the medical aid they need.

Also included among the proposed cuts in Medicaid is one that would allow states to place liens on nursing home residents' assets.

> *We want the elderly needy...to know that they have a government and a citizenry that cares about them and will protect them. Their basic human needs must be met with compassion as well as efficiency.*
>
> *President Reagan, White House Conference on Aging, December 1, 1981*

The most basic human need is food. Yet the Administration's FY 83 budget employs some ingenious methods of cutting the food stamp program to a level $4.7 billion below what 1981 provisions would have yielded. Elderly recipients receive less than 6 percent of food stamp dollars, but they will be hard hit. Changes in figuring "benefit reduction rates" will cut all recipients by 5 percent across the board. The $10 minimum benefit currently received by 500,000 households, the majority of whom are older women on minimal incomes, will be eliminated. Tied to food stamp eligibility is the intention to count energy assistance as household income. Approximately 40 percent of those receiving energy assistance are elderly. For some older people the choice will be between eating and keeping warm. In some instances, the change in eligibility will deny them assistance with either of these basic needs.

We will continue to redirect our resources to our two budget priorities...a strong national defense to keep America free and at peace, and a reliable safety net of social programs for those who have contributed and those who are in need.

President Reagan, State of the Union Address, January 26, 1982

To be eligible for Supplemental Security Income (SSI) is to be living on a marginal income. Among the many cuts suggested for the SSI program is one that punishes SSI recipients for errors made by the administering government agency. If a recipient receives an overpayment in SSI, the full amount could be withheld from the person's next Social Security check! The administration also wants to hire private bill collectors to recover overpayments from both SSI and Social Security recipients.

Don't be fooled by those who proclaim that spending cuts will deprive the elderly, the needy and the helpless.

President Reagan, State of the Union Address, January 26, 1982

It is drastic enough that $23 billion, or 37 percent of all proposed cuts, come from from low income housing. There will be virtually no new construction or additional subsidies made available. Those who live in subsidized housing are the elderly, the needy, and the handicapped. People not already living in subsidized housing will have little or no opportunity to do so in the future, especially since the administration is asking for a recission of FY '82 appropriations as well. But for those fortunate enough to reside in subsidized housing already, there is parallel bad news. Over 40 percent of all households served by HUD are elderly and, as evidenced by their very eligibility, have limited incomes. Yet it is proposed that they (1) pay a higher percentage of their income in rent, (2) declare the value of food stamps as income, (3) pay their own utility bills, and (4) use a standard deduction, instead of actual costs, as an income adjustment. If enacted, these proposals will severely deprive the elderly, the needy, and the handicapped.

Our administration has also supported reauthorization of the Older Americans Act...We're also working in improvements to the program that will make it an even more effective means of strengthening the dignity and independence of the elderly.

President Reagan, White House Conference on Aging, December 1, 1981

At the White House Conference on Aging last December, President Reagan seemed to leave little doubt about his commitment to AoA and its programs. In actual fact, the future of the Administration on Aging and the network of state and area agencies on aging is being weakened.

The Administration's FY '83 budget contains cuts of approximately 12 percent in each major line item in the OAA from 1981 levels. Meals, in-home services, transportation and other vital services, even now reaching only a portion of those who need them, will be cut further. The Senior Community Service Employment Program (SCSEP), title V of the Act, would be eliminated altogether in the budget. The consequences of this are so serious that the title V program is addressed as a separate section of this paper.

> *America's elderly are a wise and a very precious resource and we should always honor them and never set them aside.*
>
> *President Reagan, National Religious Broadcasters Convention, February 9, 1982*

At the beginning of 1981, more than 25 million persons aged 65 and over made up over 11 percent of the total population. The income of older Americans is about half of that of the under-65 population. According to recent polls, including the NCOA/Harris Survey concluded in conjunction with the White House Conference on Aging, millions of these people need and want to work. Older people with good health, good skills, and a network of social and professional contacts are often able to find employment which satisfies their needs in retirement. But others are not so fortunate. Their financial need is greater, but their job skills, access, and confidence is often limited. Thousands of older persons have supplemented their incomes, learned new job skills, and contributed to their communities through employment programs of the Comprehensive Employment and Training Act (CETA) and the Senior Community Service Employment Program (SCSEP), title V of the Older Americans Act. Of the 54,200 jobs for low-income elderly funded by this program, two-thirds have been filled by women. Minorities hold one-third of the slots.

> *As a candidate in 1980 I pledged that I would do my utmost to restore the integrity of social security and do so without penalty to those dependent on that program. I have honored that pledge and will continue to do so. We cannot and we will not betray people entitled to social security benefits.*
>
> *President Reagan, Announcing the Establishment of the National Commission on Social Security Reform, December 16, 1981*

The Administration has "exempted" the Social Security Program from further cuts while awaiting the report of its Commission on Social Security Reform. Yet by proposing a budget with a projected deficit in excess of $100 billion, the Administration has provoked a firestorm of criticism in Congress. Almost every alternative budget offered at this writing includes a cutback in social security benefits.

We are extremely concerned tht FY '83 budget recommendations not become a bargaining point with those who favor the elimination of cost of living adjustments (COLA). The amount of the COLA would not be sufficient to offset benefit losses to the elderly poor proposed in the FY '83 budget. The Leadership Council of Aging Organizations opposes the elimination of or cutbacks in COLA.

CONCLUSION

The Leadership Council is aware of the problems our economy is experiencing. Older people suffer from infaltion, and want to see it end. But older people cannot afford to enlist as shock troops in the war against inflation. Unemployment is rising steadily, creating further strains on the Federal Budget and the Social Security System. The social programs proposed for slashing by the Administration are indeed a safety net, though a loosely woven one.

Moreover, the budget hurts young people as well as older people, the working poor as well as the retired, the low-income mother as well as the low-income grandmother.

This budget cannot fail to be divisive. It would pit young against old, rural against urban, middle class against poor. Coupled with last year's cuts, the ones proposed for 1983 would devastate millions of vulnerable people of all ages. Squabbling over scarce crumbs is a game that those of us concerned about the elderly will not play.

The Leadership Council of Aging Organizations believes that, even in times of economic distress, the United States retains its responsibility toward its more vulnerable members.

The Leadership Council will work with other groups and individuals to restore some semblance of the long-since shredded "safety net" for all vulnerable Americans.

If the budget of the Federal Government is to reflect the concerns of its citizens, we cannot speak only of deficits and defense, of cheating in social programs and charity to replace them. National goals--including a decent level of services, income and opportunity for our older citizens--must be pursued at the national level.

We call on the Administration to rethink its proposals. We call on Congress to reject them as originally proferred, and to seek alternatives that recognize the human suffering that would surely accompany further cuts or freezes in social programs.

HEALTH OVERVIEW

Although the Federal Government spends major sums of money on biomedical research, training health care professionals, health "block grants" to states and other programs, seven out of eight federal health dollars are spent on one of two programs: Medicare and Medicaid.

The $68.5 billion in outlays requested for these two programs in FY 1983 reflects a seven percent increase over the President's FY 1982 estimates. However, this is substantially below the annual rates of increase for Medicare and Medicaid--16 percent and 15 percent respectively--in recent years. Rather than any significant liberalizing of benefits, these increases have reflected instead the extraordinary rates of inflation in the health sector.

MEDICARE

FUNDING	($ in millions)		
	1981	1982	1983
Current Services*	42,489	49,872	57,823
Reagan Budget**	42,489	49,552	55,352

*Amount needed to fund service levels in effect for FY 1982.

**Excludes amounts associated with combining Social Security trust fund resources other than as provided by current law.

NOTE: Both the "Current Services" and "Reagan Budget" figures include premiums and collections (i.e., voluntary enrollee premiums for Medicare coverage). Under existing law, premiums and collections total the following:

1981 actual: $3,340
1982 estimated: 3,862
1983 estimated: 4,418

SOURCE: Major Themes and Additional Budget Details, Fiscal Year 1983. OMB. p. 58.

Background

Enacted in 1965 as Title XVIII of the Social Security Act, Medicare is a nationwide, federal program that provides health insurance to most individuals age 65 and over, to disabled persons under 65 who meet certain criteria, and to certain workers and their dependents who need kidney transplants or dialysis. It is estimated that in 1983, about 26 million aged and 3 million disabled individuals will be covered under Medicare.

The Medicare program is composed of two parts--the Hospital Insurance Program (Part A), and the Supplemental Medical Insurance Program (Part B). Part A, financed principally through the payroll tax, pays primarily for hospital care as well as post-hospital skilled nursing facility care and medically necessary home health care. Part B is a voluntary program financed jointly through monthly premium charges on enrollees and by the federal government. It pays primarily for physician services (80 percent of "reasonable charges"). Both Part A and Part B require beneficiaries to pay various deductible and co-insurance charges.

Although Medicare is the primary health insurance program for the elderly, it presently covers less than 40 percent of the total per capita health care costs of the elderly. This is due, in large part, to its failure to cover services such as custodial long-term care, out-of-institution prescription drugs, dental care, eyeglasses, and hearing aids.

1981 Omnibus Budget Reconciliation Act

Last year, Congress approved cuts in the Medicare program totalling $1.5 billion in FY 1982. A large portion of the savings achieved took the form of increased cost-sharing liability for elderly beneficiaries including a 25 percent increase in the Part A and B deductible and co-insurance amounts, with elimination of the Part B deductible carryover.

The Medicare changes contained in the 1981 Omnibus Budget Reconciliation Act are estimated to save $817 million in federal Medicare expenditures in FY 1983.

The Administration's FY 1983 Budget

The President's FY 1983 budget requests $50.96 billion in outlays for Medicare (compared to the President's FY 1982 estimate of $45.70 billion and FY 1981 actual outlays of $39.15 billion). Although this FY 1983 request is about an 11 percent increase over the President's FY 1982 estimate, it is well below the 16 percent annual increase that the Medicare program has experienced in recent years.

To arrive at the $50.96 billion figure, the President has requested Medicare cuts totalling $2.5 billion in outlays for FY 1983 and increased revenues of $619 million. By FY 1985, it is estimated these proposals would save $7.8 billion in federal Medicare expenditures and increase revenues by $1.1 billion annually.

The effect of the proposed Medicare cuts is to reduce federal program costs merely by shifting these costs to beneficiaries, providers and private employers (a trend begun last year), rather than addressing the root cause of rapidly increasing Medicare costs: rampant cost escalation in the health care sector, particularly in hospital costs.

Highlights of the President's Medicare proposals are as follows:

Beneficiary Cuts

- Index the SMI (Part B) deductible, currently $75 to the Consumer Price Index (FY 1983 savings: $65 million)

- Institute copayments for home health services, 5 percent for the first 100 visits and 20 percent thereafter (FY 1983 savings: $35 million)

- Establish Medicare eligibility at the beginning of the first full month after a person attains age 65 (FY 1983 savings: $145 million)

- Unspecified proposals to improve market forces in the health care industry but expected to include a 10 percent (up to $26) per day copayment for the 2nd through 60th day of hospitalization with a $2500-$3000 catastrophic stop-loss provision for Medicare covered services (No savings assumed until 1984)

Impact

Generally, these proposals seem to be predicated on the notion that the elderly should bear a greater portion of their health care costs under Medicare in order to increase their cost-consciousness. However, the elderly already are extremely cost-conscious--paying about 43 percent of their total health care expenditures out-of-pocket. They simply cannot afford to absorb additional cost-sharing under Medicare.

In addition to further burdening the elderly with increased cost-sharing, the proposal to institute a copayment for home health services under Medicare is basically counterproductive. It reduces the incentives for Medicare beneficiaries to use these more cost-effective services rather than more costly skilled nursing facility (SNF) care.

In proposing the copayment to "act as a deterrent to unnecessary utilization," the Administration cites a recent General Accounting Office (GAO) report, Medicare Home Health Services: A Difficult Program to Control. GAO reviewed a sample of beneficiary medical files at 37 home health agencies and found that 27 percent of the home health visits were not covered under the program or were "questionable." The two primary reasons identified were that beneficiaries were not considered homebound and that certain services provide were not reasonable or medically necessary (e.g., home health aides were providing services which supplanted the care-giving of family or friends). Additionally, but not cited by the Administration, GAO found that intermediaries such as Blue Cross deny few claims for payments.

GAO also included a number of recommendations to reduce the number of uncovered or questionable home health visits. Recognizing that the Medicare beneficiary receiving services does not make the determination of whether he/she is homebound and does not develop the care plan for him/herself, GAO did not recommend instituting a beneficiary copayment for such services. Rather, GAO recommended measures such as clarifying the homebound criteria, including family capability to provide care in the needs assessment process, and instituting more detialed claim reports for intermediary review.

In short, the Administration's copayment proposal is a misdirected "solution" to the problems in home health services identified by GAO. Furthermore, introduction of a copayment for home health services may push beneficiaries back into more expensive institutional settings.

Finally, it is important to note that the implications of the unannounced, yet expected, proposal to institute a 10 percent (up to $26) daily Part A copayment for the second through 60th day of hospitalization. This would be tied to an annual $2500-$3000 catastrophic "stop-loss" provision for Medicare-covered services.

Under current law, Medicare Part A pays for all covered hospital services from the first through 60th day of hospital confinement after payment of the hospital deductible of $260. The Administration proposal would significantly increase the beneficiary's out-of-pocket costs for hospital care. For persons 65 years of age and over, the average number of hospital days per person with one or more hospitalizations is 11 days. Hence, instead of a $260 deductible under current law, the average Medicare claimant will pay $560, more than double this current amount, under this proposal.

The Administration has tied this up-front cost-sharing proposal to a catastrophic stop-loss provision that would indemnify Medicare beneficiaries for all Medicare-covered services above $2500-$3000 per year in out-of-pocket costs. It would not include expenditures incurred for non-covered services such as outpatient drugs, eyeglasses, dental care, and most significantly, long-term nursing home care--the catastrophic health care expense of the elderly.

While the stop-loss protection proposal would be a significant benefit to the three or four percent of Medicare patients requiring long-term acute care hospitalization, it would do so at the expense of the 96 percent of Medicare beneficiaries who will be paying huge additional out-of-pocket costs for hospitalization.

The following are provider cuts proposed in the FY 1983 budget:

- Reduce the rate of increase of Medicare hospital reimbursement by two percent (FY 1983 savings: $653 billion)
- Eliminate the private room subsidy (FY 1983 savings: $54 million)
- Update Medicare physician fee limits on October 1, 1982 instead of July 1, 1982 (FY 1983 savings:$210 million)
- Cut proposed increase in the physician fee limits from 8 to 5 percent (FY 1983 savings: $35 million)
- Reduce Medicare reimbursement for radiologists and pathologists from 100 percent (when they accept assignment) to 80 percent (FY 1983 savings: $160 million)
- Reduce reimbursement for physicians rendering care in hospital outpatient departments (FY 1983 savings $160 million)
- Set single reimbursement limit for home health agency and skilled nursing facility home health services (FY 1983 savings: $18 million)

Impact

While these cuts are directed at providers, it is extremely questionable whether either hospitals or physicians will absorb the majority of the cuts in reimbursement. Rather, the more likely result will be cost-shifting to private pay patients/private third-party insurers and again, Medicare beneficiaries.

The major proposal directed at hospitals is to reduce the rate of increase of Medicare hospital reimbursement by two percent. While Administration-released documents state that "hospitals would be prohibited from passing on this reduction to Medicare beneficiaries in the form of supplemental charges," there is no such assurance that cost-shifting to private pay patients/third-party insurers, a practice currently being utilized, will be prohibited as well. As long as the practice of cost-shifting can be used effectively, there will be little incentive for hospitals to improve their efficiency and reduce costs. Moreover, at a time when hospital costs are soaring out of control (a 19 percent increase in 1981 compared to the 10.4 percent increase in the overall CPI), the proposed two percent reduction in the rate of increase in hospital reimbursement seems barely to scratch the surface of the problem. While this proposal may reduce federal

Medicare expenditures in FY 1983, it does little, if anything, to address the more serious problem of the hospital cost explosion in general, which will continue to create ever increasing pressure to make future cuts in Medicare.

Many of the proposed "provider cuts" are targeted on physician reimbursement. Cost-shifting is again expected but, in this instance, will fall directly on Medicare beneficiaries. With only about 46 percent of physicians accepting Medicare assignements (i.e., accept as payment in full what Medicare determines to be the reasonable charge for the service or procedure provided), it is apparent that the majority of physicians already consider Medicare reimbursement levels to be inadequate. Therefore, reductions in physician reimbursement rates likely will lead to even fewer physicians accepting assignment, with more beneficiaries being required to pay excess charges in addition to Medicare's $75 annual Part B deductible and 20 percent co-insurance for physician services. In FY 1979, for example, excess charges totalled $1.1 billion; with Medicare reimbursement rates reduced and fewer physicians accepting assignment, this figure could increase dramatically--placing an ever increasing cost-sharing burden on beneficiaries.

The proposal to reduce reimbursement for physicians rendering care in hospital outpatient departments could have additional adverse consequences. This proposal is based on the assumption that physicians providing services in hospital outpatient departments have lower overhead costs than their colleagues in private offices and therefore, should receive a lower reimbursement. In addition, the Administration contends that Medicare is presently reimbursing twice for the overhead costs of the hospital outpatient departments--once through hopsital reimbursement and once through physician reimbursement.

The Administration's assumption holds only if a physician who practices in a hospital outpatient department does not also have a private office practice. This, however, is not universally the case. Under this proposal, physicians with overhead costs of private offices, who currently spend part of their time in hospital outpatient departments may decide to cease their outpatient department work in favor of private office visits with overhead costs included in Medicare's reimbursement. If enough physicians make this decision, staffing of hospital outpatient departments could be seriously eroded. Medicare beneficiaries seeking outpatient services in hospitals could, in turn, be denied access to this type of care; in order to receive care immediately, they could begin to utilize the higher cost services of the hospital emergency room or be admitted to the hospital as an inpatient. In this worst case example, the cost to Medicare would increase substantially rather than decrease.

Miscellaneous Proposals

- Make Medicare coverage secondary to private group insurance for the working aged (FY 1983 Savings: $306 million)

The "working aged" proposal would entail a major shift in responsibility for the health insurance needs of the older worker from the federal government to the private employer and would almost surely serve as a strong disincentive for employers to hire or retain older workers.

Currently, Medicare serves as the first payer for eligible older workers. The employer provided health insurance acts as the second payer, often providing coverage similar to that contained in Medicare supplemental health insurance policies. Under the Age Discrimination in Employment Act (ADEA), the employer is required to spend comparable amounts for health insurance benefits for younger and older workers.

Under the President's proposal, primary responsibility for health insurance coverage of older workers (age 65 through 69) would rest with the employer, and Medicare would become the secondary payer. Moreover, the employer would be required to provide "the same benefit plan" to both younger and older workers (as opposed to ADEA's "comparable amount" requirement). This would result undoubtedly in increased health insurance costs to the employer because premiums rise with an insured's age.

This proposal, with its potentially adverse impact on older worker employment, runs counter to the Administration's expressed support for encouraging older workers to remain in the labor force. In addition, it could undermine the progress that has been made through the ADEA in encouraging employers to hire older workers.

The likely decrease in employed older workers with the accompanying loss in income tax and payroll tax revenue to the federal government will offset to some extent any savings achieved through implementation of this "working aged" proposal.

- Establish targets to reduce unnecessary use of hospital and medical care (FY 1983 Savings: $372 million)

The general thrust of this proposal is to increase Medicare contractor activities in reducing unnecessary utilization of hospital and other services provided under the Medicare program.

Although details are lacking regarding specific measures to achieve the substantial savings of $372 million, this proposal appears to conflict with another of the Administration's proposals -- that is, to eliminate federal funding for Professional Standards Review Organizations (PSROs) by July 1, 1982. Designed to review the quality and appropriateness of medical care provided to Medicare beneficiaries through physician-sponsored organizations, PSRO activity would seem to address the Administration's concern for reducing unnecessary utilization. Therefore, it appears incongruous for the Administration to propose the demise of federally funded PSROs while emphasizing increased utilization review in another arena.

MEDICAID
($ in millions)

FUNDING	1981	1982	1983
CURRENT SERVICES*	16,843	18,101	18,989
REAGAN BUDGET	16,433	17,823	17,006

*Includes $884 million in 1981 and $895 million in 1982 for State administration grants; in later years these funds are shown in a separate account. Excludes Federal administrative costs of approximately $70 million.

Source: Major Themes and Additional Budget Details, Fiscal Year 1983, OMB, p. 55.

Background

Established in 1965 as Title XIX of the Social Security Act, Medicaid is a federal-state matching program providing medical assistance for low-income persons who are aged, blind, disabled, or members of families with dependent children. In 1983, Medicaid will cover about 22 million individuals, of whom 3.6 million will be aged and 3.1 million will be blind or disabled.

All states (except Arizona) currently participate in the program. The Federal Government's share of program costs is determined by a formula based on the per capita income of the state and ranges from 50-78 percent. Each state administers and operates its own program and, under broad federal guidelines, determines eligibility and the scope of benefits to be provided. As a result, the programs vary considerably from state to state.

Briefly, there are two categories of beneficiaries -- one mandatory and one optional. First, states must cover the "categorically needy" which, generally, are individuals receiving assistance under AFDC or SSI. Secondly, states have the option of providing Medicaid coverage to the "medically needy" (i.e., persons who are aged, blind, disabled or members of families with dependent children, whose income falls below the state standard for cash assistance when medical expenses are deducted). As of August, 1981, 34 states and jurisdictions had elected this option.

Similarly, there are two categories of services provided under Medicaid -- one mandatory and one optional. Mandatory services which every state must offer include such services as inpatient and outpatient hospital services; skilled nursing facility (SNF) services for those over 21; home health services for those entitled to SNF care; and physician services. Optional services of importance to the elderly include such items as intermediate care facility (ICF) care, prescription drugs, eyeglasses and dental care. All states (except Arizona) provide ICF care.

Medicaid is the primary public health care program which addresses the long-term care needs of the elderly. This program is biased, however, toward institutional-based care. Currently, nursing home care accounts for 42 percent of Medicaid costs -- accounting for about 49 percent of all nursing home expenditures.

1981 Omnibus Budget Reconciliation Act

In 1981, Congress approved major cuts in the Medicaid program totalling about $900 million in FY 1982.

The major change was a reduction in the federal share of Medicaid payments to states (3 percent in FY 1982, 4 percent in FY 1983, and 4.5 percent in FY 1984). The amount of a state's reduction can be lowered under a variety of circumstances.

States also are allowed to enter into competitive bidding arrangements for payment of laboratory services and medical devices. Further, after obtaining federal approval, states are allowed to place restrictions on which health care providers a Medicaid recipient may utilize for services as long as access and quality of care are assured.

Although the impact of these cuts on the states is not totally clear yet, a survey done by the George Washington University Intergovernmental Health Policy Project shows that, prior to implementation of the Reconciliation Act changes, states were already having serious funding problems with their Medicaid programs. In January 1981, more than one-half of the states reported moderate to serious funding problems, with many states taking action to limit services and restrict eligibility in order to ease their funding crises. For example, eleven states adopted co-payments on optional services and eleven additional states were considering such action; fourteen states adopted policies reducing the number of persons eligible for Medicaid benefits.

The recently enacted cuts contained in the 1981 Omnibus Budget Reconciliation Act can only serve to exacerbate an already dismal situation. These changes are estimated to save $696 million in federal Medicaid expenditures in FY 1983.

The Administration's FY 1983 Budget

The President's FY 1983 budget requests $17.006 billion in federal outlays for Medicaid (compared to the President's FY 1982 estimate of $17.823 billion and FY 1981 actual outlays of $16.833 billion). This FY 1983 request is almost a five percent decrease over the President's FY 1982 estimate -- a drastic reduction, especially when one considers that Medicaid costs have been increasing at 15 percent annually in recent years.

Requested Medicaid cuts total $2.0 billion in FY 1983. By FY 1985, it is estimated, the proposed cuts would save $3.7 billion in federal Medicaid expenditures.

As with the Medicare proposals, the effect of the proposed Medicaid cuts is to reduce federal program costs by shifting these costs to the states, beneficiaries, and their relatives. States, however, have already reported funding problems (noted above); and beneficiaries, by definition, are low-income individuals who can lease afford out-of-pocket expenditures for health care. As with the Medicare proposals, the Medicaid proposed cuts do not address the problem of soaring health care costs in general which continue to push up the cost of the Medicaid program.

Highlights of the President's FY 1983 Medicaid proposals are as follows:

- Reduce the federal match by 3 percent for optional services and beneficiaries (FY 1983 Savings: $600 million)

This proposal would reduce federal Medicaid matching payments to states by 3 percent for optional services provided to the categorically eligible and for all services provided to the medically needy. The effect of this cut is to shift costs (estimated to be $600 million in FY 1983) from the Federal Government to the states.

As discussed earlier, however, the majority of states are already facing severe financial strains in their Medicaid programs, with many taking action to cut back on optional services and restrict eligibility for Medicaid. This proposed reduction -- on top of the 4 percent reduction in the federal share of Medicaid payments to the states already scheduled for FY 1983 -- undoubtedly will result in states being forced to cut more optional services and further restrict eligibility.

For the elderly Medicaid beneficiary who depends on the program to meet his or her long-term care needs, this cut could further threaten the availability of quality skilled nursing facility (SNF) and intermediate care facility (ICF) services. ICF care would be particularly hard hit; as an optional service, it would be subject to a 3 percent reduction in the federal match for every beneficiary.

Furthermore, optional services include prescription drugs, dental care, eye-glasses, and hearing aids. These are critical services needed by elderly beneficiaries to help them maintain functional independence. The introduction or increase in co-payments for these services or the elimination of these services would reduce the elderlys' access to needed care.

- Allow states to recover long-term care (LTC) costs from beneficiaries' adult children and estates (FY 1983 Savings: $283 million)

First, this proposal would allow states to require the adult children of institutionalized Medicaid beneficiaries to contribute to the cost of their parents' care. Questions about this proposal abound: Could children living in one state be forced to contribute to nursing home care for their parents living in another state? Should children be required to support their parents, even in instances where the parents provided little or no support to their children? How would adult children be defined -- biologically related? Step-children? If the children refused to contribute, would the parent be denied care?

Moreover, elderly individuals needing nursing home care are likely to be over 75 years old. Their adult children may be nearing retirement or already retired themselves -- living on a fixed income with their own health care needs increasing. If the adult children are younger with families of their own, the choice may become paying for their parents' nursing home care or sending their own children to college.

Secondly, this proposal would allow states to put a lien on nursing home residents' assets (usually a home) as a condition of providing Medicaid-financed care. Such action could deter some eligible elderly individuals in need of nursing home care from obtaining that care because of fear of losing their homes.

- Establish co-payments for Medicaid mandatory services (FY 1983 Savings: $329 million)

The Administration is proposing to require a $1.00 and $1.50 per visit co-payment from the categorically and medically needy, respectively, for physician, clinic, and hospital outpatient services; a $1.00 and $2.00 per day co-payment for inpatient hospital care would be required of the categorically and medically needy, respectively, as well.

As with the Medicare proposals to increase beneficiary cost-sharing, this Medicaid proposal is based on the notion that, if co-payments are instituted, beneficiaries will "think twice" before utilizing health care services.

While the stated purpose is to discourage the use of unnecessary care, cost-sharing could cause beneficiaries to postpone obtaining needed care until the illness or injury reaches crisis proportions. This could result in higher treatment costs over the long term.

In addition, these co-payments -- added to existing and expected co-payments for optional services (if those services continue to be provided at all) -- would create a hardship for Medicaid beneficiaries who already are, by definition, low-income people.

- Eliminate federal matching for the state Medicare buy-in (FY 1983 Savings: $203 million)

Under current law, federal general revenue expenditures finance about 75 percent of Medicare Supplementary Medical Insurance (Part B) costs. States are allowed to enroll eligible Medicaid beneficiaries in SMI and pay the beneficiary share of premiums out of Medicaid funds at the normal federal Medicaid match (the Medicare buy-in). The Administration argues that the combination of the 75 percent general revenue subsidy and the federal Medicaid match for the buy-in results in a federal payment of almost 90 percent for Medicare-covered services for this group. Eliminating matching for the buy-in would reduce the federal share to 75 percent.

The states are expected to pick-up the additional cost of the buy-in in order to retain Medicare Part B as the major payer of physician services for this group of Medicaid beneficiaries. However, this is merely another proposal to shift costs from the federal government to the states. This shift would mostly serve to put additional pressure on financially strapped state Medicaid programs and would do nothing to help control cost escalation in the health care sector.

SOCIAL SECURITY

(Old Age, Survivors and Disability Insurance--OASDI)

Funding	($ in millions)		
	1981	1982	1983
CURRENT SERVICES	139,600	158,100	173,600
REAGAN BUDGET	139,600	158,800	173,100

Note: Difference is attributable to differing economic assumptions and administrative proposals..

Source: Congressional Budget Office and Social Security Administration.

Background

The old age, survivors, and disability insurance program insures earned income lost due to retirement, disability or death. Old age retirement benefits were provided for by the original Social Security Act of 1935, benefits for survivors and dependents by the 1939 amendments, disability benefits by the 1956 amendments, and benefits for dependents of disabled workers were provided under the 1958 amendments.

Both the funding for the program and the benefits paid have always been "earnings related". Funding comes from earmarked payroll tax "contributions" which are a fixed proportion of each covered worker's earnings, matched by an equivalent employer's contribution. Social security benefits are based on the average lifetime earning of the worker.

In FY 1982, more than 95 percent of the nation's citizens 65 or older, and their dependents, will be eligible for social security benefits. About 36 million persons receive OASDI benefits, and more than 115 million workers currently contribute to the system.

Federal outlay for OASDI totalled $139.6 billion in 1981, are estimated to total $158.1 billion in 1982, and (based on CBO's baseline projections) will total $173.6 billion in 1983.

There is a general consensus that the social security system is facing short- and long-term financing problems due, in large part, to demographic trends and unfavorable economic conditions. While action is needed to assure solvency of the social security trust funds in the future, the budget cutting process is an inappropriate forum in which to address this problem.

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Last year, the Congress and the American public overwhelmingly rejected the Administration's proposal to make massive cuts in social security. However, this essential entitlement program did not go unscathed during the budget process. The combination of the 1981 Omnibus Budget Reconciliation Act and the Social Security Amendments of 1981 (H.R. 4331) resulted in social security cuts including: elimination of the minimum benefit for new beneficiaries; phase out of post secondary students' benefits; phase out of mothers' and fathers' benefits when youngest child is aged 16 or over; elimination of lump-sum death benefit when there is no surviving spouse or surviving entitled child; and retaining the retirement test exempt age at 72 through 1982.

The combined effect of all enacted 1981 social security legislation resulted in spending cuts totalling $2.127 billion in calendar year (CY) 1982 and $2.854 billion in CY 1983.

Recognizing both the system's financing problems and the political sensitivity of the issue, the President created a fifteen-member National Commission on Social Security Reform. This commission,given the task of developing a bipartisan solution to social security's financing problems, is not to report back until the end of 1982. Therefore, with the Administration waiting for the results of the commission's work,it did not include any social security (OASDI) proposals in its FY 1983 budget.

FY 1983 Proposals

While the Administration ostensibly has "exempted" the social security program from this round of budget cuts, the Congress is faced with a projected budget deficit of $91.5 billion in FY 1983 based on the Administration's economic assumptions and a FY 1983 deficit of $121 billion if the Congressional Budget Office's (CBO's) economic assumptions (considered to be more realistic) are used. Under tremendous pressure to reduce this unacceptably high deficit projection while not totally ravaging other important social programs, Congress has turned its attention to the social security program and has made it a target for cuts this year.

Of the Congressional alternative budget proposals offered to date, two proposals -- Senator Domenici's and Senator Hollings' -- would drastically slash cost-of-living adjustments (COLAS) in social security as well as the other income security programs such as SSI, civil service, military and railroad retirement and veterans pension programs.

Based on information received from Senate Budget Committee staff, Senator Domenici's proposal would: entirely eliminate the July 1982 cost-of-living adjustment for the above-mentioned income security programs; and in succeeding years, would provide a July COLA calculated to be the Consumer Price Index (CPI) minus 3 percent. (Currently, beneficiaries receive the full CPI each July as their COLA increase.) Based on CBO economic assumptions, this proposal is estimated to save $3.6 billion in FY 1982 and about $84 billion in FY 1983 through FY 1985.

Senator Hollings also proposes that no cost-of-living adjustment be made in July, 1982 for the income security programs. However, in subsequent years, Senator Hollings' proposal would not only cap the COLA at the level of the CPI minus 3 percent but would also delay the COLA from July to October. Although Senator Hollings' proposal would result in somewhat greater cuts than Senator Domenici's proposal due to the COLA delay, the CBO expenditure reduction estimates for the Hollings' proposal which are currently available basically duplicate those for the Domenici proposal. Cuts in federal expenditures for income security programs under the Hollings' proposal are estimated to be:

FY 1982:	$-3.6 billion
FY 1983:	$19.1 billion
FY 1984:	$27.7 billion
FY 1985:	$37.2 billion

Impact on Older Persons

Lost in all the talk of macro-dollars and fiscal years is the likely impact of such a cut on the elderly. To explain the impact of the proposed COLA cuts in individual terms, social security beneficiaries -- by far the largest group to be affected -- can serve as valuable examples.

According to the Social Security Administration (SSA), the average social security benefit for a retired worker is $4,620 per year ($385 per month) -- only $260 per year above the official 1981 poverty level for singles of $4,360.

For this average social security beneficiary, the Domenici proposal would cut benefits in the first year by $384 (almost one month's benefit) and by $2,592 over the 1982-85 period.

Similarly, according to SSA, the average social security benefit for a retired couple is $570 per month ($6,840 per year). For a retired couple, the Domenici proposal would cut benefits in the first year by $564 and by $3,792 over the 1982-85 period.

Many have argued that the elderly have additional outside income, and can afford a cut, i.e. no adjustment for increases in the cost of living. Given the nature of social security -- a social insurance program and not a means-tested welfare program -- some individuals in social security could get by. Many would not. Also, it cannot be forgotten that SSI, an income security program for the poor elderly, would also be subject to this cut.

Furthermore, one must consider these facts:

The elderly are an extremely vulnerable, lower income group, especially compared to the non-elderly -- in 1980, 56 percent of persons age 65+ had incomes below $10,000 and 26 percent had incomes below $5,000.

Poverty rates among the elderly are the highest for any adult age group and are rapidly rising. For two years in a row, the aged poverty rate escalated: from 13.9 percent in 1978 to 15.1 percent in 1979 and up again in 1980 to 15.7 percent. Reducing cost-of-living protection would worsen this trend.

So many of the elderly have incomes just above the poverty line. A drop in their average income of $20 to $24 a week in 1980 would have caused the aged poverty rate to soar to over 25 percent. For many elderly, cost-of-living increases are the only income keeping them out of poverty.

The elderly have already suffered real income losses due to inflation on fixed income sources (e.g. private pensions, savings and income from other assets). Most elderly have become extremely dependent on social security and other federal retirement programs because they are the only income sources that compensate for inflation. In addition, the elderly -- particulary the most vulnerable among them (the oldest and widows) -- have just been hit by over $3 billion in cuts in federal programs serving their health, nutrition, and basic income needs as a result of last year's budget cuts. And, as already detailed, cuts in many of these programs are on the agenda again this year.

Drastic cuts in COLA's would be a major step in taking the "security" out of the income security programs on which the elderly depend.

FOOD STAMPS

	(Benefits -- $ in millions) 1981	1982	1983
Current Services	10,677	9,424	11,221
Reagan's Budget	10,677	9,424	8,918
Current Services based on Jan. 1981 Law	10,677	12,241	13,655*

*Estimated by LCAO

Source: Office of Management and Budget, Appendix to the Budget of the United States, p. I-E95.

Background

The food stamp program helps increase the food purchasing power of poor persons and families by enabling them to buy food at retail stores with food stamp coupons. The Federal Government bears the full cost of the benefits, and shares with state welfare agencies the costs of administering the program.

Eligibility and benefit level vary with income and family size. Currently, benefits amount to the difference between 30 percent of the household's income after certain deductions, and the cost of the USDA "Thrifty Food Plan" for that household.

About 20 million Americans participate in the food stamp program, of whom about 2 million are age 60 or over. Less than 6 percent of food st amp dollars go to the elderly.

Last spring the Reconciliation Act enacted changes to the food stamp program that cut more than $2 billion from projected expenditures. These included delaying for three months the inflation adjustment to the Thrifty Food Plan, freezing the standard deduction, prorating the first month's benefits and cancelling the scheduled lowering of the amount above which older people could deduct their medical expenses.

1982 Proposals

The Administration has sent to Congress a budget which proposes $2.8 billion in a-ditional cuts. Other proposed cuts in AFDC and elsewhere reduce the actual spending "savings" the Administration projects to $2.3 billion. Specific cuts include the following:

- Raise "benefit reduction rate" from 30/35 percent.

  This amounts to an effective 5 percent across-the-board benefit cut, as households would receive in stamps the difference between the cost of the Thrifty Food Plan and 35 percent (instead of 30 percent) of their disposable income.

- Abolish the $10 minimum benefit.

  One- and two- person households eligible for the program now receive at least $10 a month in stamps. The Administration proposes to eliminate any benefit to those now receiving the minimum.

- Count energy assistance.

  For the first time the Administration proposes to count as household income any money received in low income energy assistance. Households could lose up to $5.25 in stamps for every $10 received in energy assistance. Eligibility could also be affected.

- Abolish earned income deduction.

  Currently, 18 percent of gross earnings are excluded in calculating income, to compensate for taxes and other work expenses. The administration proposes to end this deduction completely.

When added to last year's cuts, these proposals amount to a reduction of about $4.7 billion, or one-third, compared with the food stamp provisions in effect in January 1981.

In addition, the Administration is proposing to count food stamp benefits as income in subsidized housing programs -- a change that could mean drastic and immediat increases in rents for tens of thousands of older people.

Impact on Older People.

Many of these changes will hit older people very hard. One estimate by the Congressional Budget Office is that elderly food stamp recipients would lose approximately $1 of every $4 now received in benefits. USDA itself estimates that 28 percent of households with an elderly member would be forced off the program; another 59 percent would have their benefits reduced. That means 87 percent of elderly households now receiving food stamps would be adversely affected by these changes.

- 35 percent benefit reduction rate.

  Depending on benefit levels, some elderly households would lose a substantial part of their assistance. An elderly couple whose only income is $425 a month in Social Security or SSI would lose 62 percent of its benefit -- from $312 a year to $120 a year.

- Minimum benefit.

Older people were intended as a major beneficiary of the $10 minimum benefit. About 500,000 households, a majority of them elderly or disabled, would be dropped completely. Those in this group will include older individuals -- most of them older women living alone -- receiving as little as $285 a month from Social Security or SSI. Another several hundred thousand families, most of them elderly or disabled, will have benefits reduced to less than $10. Overall, about 635,000 elderly or disabled households will be hurt by this change.

- Energy assistance.

About 40 percent of those receiving energy assistance are elderly, so the impact of this change will be severe. The practical impact of this will be to reduce or wipe out food stamps for many older people during the winter months, when their fuel bills rise and they receive energy assistance.

- Earned income deduction.

Those older people who are part of the "working poor" -- those with part-time, low-paying jobs -- could lose up to $300 - $ 400 a year in food stamp benefits because no notice is taken of the amounts withheld from gross wages as taxes, or consumed by work-related costs.

SUPPLEMENTAL SECURITY INCOME (SSI)

($ in millions)		
FY 1981 ACTUAL	FY 82	FY 83
$7,191	$8,000	$8,903* ($8,218)

*This figure is based on benefits being paid on 13 occasions in 1983 rather than 12, a result of calendar anomolies. Adjusted for a 12-benefit month year this figure would be $8,218.

Background

The Supplemental Security Income (SSI) program provides cash assistance to low-income persons who are aged, blind or disabled. Prior to 1973, aid to this group was administered by the states in a joint state/federal effort. The current (1982) maximum monthly payments are $264.70 for an eligible individual and $397 for a couple. Approximately 2.2 million aged persons of the 4.1 million recipients receive federal SSI benefits.

FY 83 Proposals and Impact.

Unable to win cuts in the Social Security disability program last year, the Administration now seeks some of the same cuts in the SSI disability program. Given the nature of the change sought, it is reasonable to expect that if the Administration is successful, it will return next year (or even later this year) seeking the same cuts in the Social Security program. Therefore, in addition to creating severe hardships for indigent disabled persons this year, if enacted, the cuts reflect serious problems for all disabled recipients in the near future. The two most serious cuts proposed are:

1. Eliminating consideration of the medical-vocational factors (age, education, and work experience) in determinging eligibility for SSI disability benefits: The result will be that all SSI applicants and current recipients will be required to meet the extremely rigid test currently used in the Social Security widow's disability program. This change will have a severe impact upon older disabled individuals, between the ages of 50-65, who currently benefit from consideration of their advanced age and the difficulty of transferring skills, if any, to different work tasks.

It should be noted that the burden of this cut will fall most heavily upon disabled older women. Often having limited work records and thus ineligible for Social Security, disabled older women are frequently forced to turn to SSI because they have not been able to meet the rigid widow's disability standard. They will now be ineligible for SSI as well.

The Administration projects that 115,000 persons will be cut from SSI as a result of this change. However, because the medical-vocational factors are utilized in a very high percentage of cases, elimination of the factors may well result in the termination of hundreds of thousands of disabled SSI recipients.

2. Increasing the SSI disability durational requirements from 12 months to 24 months: Currently, in order to receive disability benefits a person must establish that his or her impairment can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than 12 months. Due to the nature of many impairments, particularly mental impairments, physicians are often unwilling to state a prognosis for even 12 months. Lengthening the period to 24 months may result in the exclusion of hundreds of thousands of severly disabled persons.

It should be noted that the Administration is also effecting some very questionable cuts in both SSI and Social Security without approaching the Congress. For example, thousands of individuals are being terminated from the two disability programs despite the existence of extremely severe impairments and without adequate procedural and substantive safeguards. While many will ultimately be returned to the rolls, these disabled individuals lost income immediately, often without access to alternative sources, and face incredible personal crises. In some cases, the pressures have resulted in suicides.

The Administration is also implementing changes in the collection of alleged overpayments in SSI and Social Security which are devoid of compassion, and which will result in extreme hardship for individuals. For example, SSA plans to withhold 100 percent of a person's Social Security check where an SSI overpayment has been found. It is also moving to enter into contracts with private debt collection agencies to collect overpayments in the SSI and Social Security program.

LOW-INCOME HOME ENERGY ASSISTANCE

($ in millions)

1981	1982	1983
1,850	1,875	1,300

Background

The low-income energy assistance program was established to help low-income households offset the huge increases in home energy costs resulting from actions taken by OPEC and by the Federal Government to decontrol the price of oil and to phase in deregulation of natural gas prices. Since 1973, fuel oil prices have increased over six-fold; natural gas prices have more than quadrupled; and the cost of electricity has nearly tripled. These costs are expected to climg ever higher -- and that has the encouragement and support of the Administration. More and more low-income households simply cannot afford to pay their utility bills, and many are literally running the day-to-day risk of "heat or eat."

In FY 1981, this program received an appropriation of $1.85 billion, even though its authorizing legislation (part of the Oil Windfall Profits Tax Act of 1980) recommended a funding level of $3 billion for FY 1981 and $4 billion for FY 1982. In the 1982 Appropriations process, Congress finally provided $1.752 billion and, on February 10, approved an emergency supplemental appropriation of $123 million for the program. This was done because of Congressional concern over the severe winter weather and the inability of existing funds to handle the resulting increased needs.

FY 1983 Administration Proposals

The Administration has once again proposed that the energy assistance program be consolidated with the emergency assistance program (a 50-50 federal-state match program used primarily by families receiving AFDC for a wide variety of emergency situations) and that the funding for the consolidated block grant be only $1.3 billion. That represents a 1/3 cut from the total FY 1982 appropriations for energy assistance and is even lower than what the Administration sought last year (1.4 billion). The Administration also wants to count energy assistance as income in determining eligibility and benefit levels for food stamps and AFDC, which would have a large impact upon those recipients. This is at a time when energy costs have increased substantially in the last year (natural gas increased an average of 20 percent in price last year and oil prices were up over 11 percent); and other programs have been cut back considerably.

In 1981, just under 40 percent of the people receiving energy assistance were elderly. This suggests that of the $1.85 billion provided, about $740 million went out to older persons. Although data on elderly participation in 1982 is not yet in, it is known that participation among the elderly has remained high.

Impact

According to HHS, there are an estimated 20 million households eligible for this program (150 percent of the poverty level or below); last year's program served fewer than 8 million households. Last year's benefits (FY 1981) averaged about $225 per household. All of this occurred with a funding level of $1.85 billion.

Therefore, the Administration's proposal of $1.3 billion would allow an average benefit of only $130 per household if just one-half of the eligible population were served, and that is before subtracting 10 percent for administrative costs. Furthermore, the energy assistance legislation allows states to transfer up to 10 percent of their allocation to other block grants and to use up to 15 percent of their allocation for weatherization/conservation activities. Some states have chosen to do one or both of these options because of other budget cuts and because funding for the DOE low-income weatherization program has been so uncertain (the Administration sought unsuccessfully to kill the program last year and has again proposed elimination of weatherization). Many states have felt that weatherization is critical in that it provides some lasting energy assistance for low-income people. Therefore, should a state exercise those transfer options, and if only 50 percent of the eligible households were served, the average benefit level would be $85.

This is made even more graphic when one recognizes that, (according to some studies), low-income households spend an average of 25 percent of their income on home energy, nearly five times the amount the average U.S. household pays for home energy. Average energy costs are greater than $1,000 per year for low-income households (using the "most-used" fuel) in 21 states. Large percentages of households receiving energy assist ance have incomes under $2,000 and under $4,000. The impact of this proposed budget cut obviously is a dramatic cutting away of the remaining "safety net."

FEDERAL RETIREMENT

BUDGET FIGURES

	($ in billions) 1981	1982	1983
Current Services	17.269	19.436	21.543
Reagan Budget	17.269	19.412	21.054

FY '83 Proposals

In the fiscal year 1983 Budget Recommendations, President Reagan included two proposals to reduce future cost-of-living adjustments for civil service retirees. His recommendations for accomplishing this are:

1. Limit cost-of-living increases to the annual percentage increase in Federal employee pay or the annual percentage gain in the Consumer Price Index, whichever is lower; and

2. Provide no COLA to a retiree whose current annuity exceeds 120 percent of that to which he would be entitled were he retiring today with the same grade, step, and length of service. Limit the COLA to 75 percent for retirees with annuities between 100 and 120 percent of what they would be entitled were they retiring today.

Impact

These proposals represent a continued attempt by the Administration to undermine Federal programs for the elderly by adjusting benefits at levels below that of the full cost-of-living.

The first proposal would assure retirees of a continuing decline in their standard-of-living by awarding less than full COLA adjustments in times of high inflation, while limiting growth in their standard-of-living when their active worker counterparts prosper. This proposal would also establish the dangerous precedent of allowing indexing mechanisms to once again become dependent on the political arena in that Federal employee pay raises are decided by the Administration and Congress. The second proposal would arbitratily impose restrictions on inflation protection of nearly one-third of all Federal retirees, the average annuity of whom is slightly more than $11,000. This proposal is clearly motivated by budgetary concerns and it would impact principally on the pocketbooks of those who have been retired the longest, the oldest retirees. The Budget Message also fails to point out that Federal retirees suffered major cutbacks in their benefits formula last year, as well as major increases in the cost of health insurance.

SOCIAL SERVICES: OLDER AMERICANS ACT

	($ in millions)		
	FY '81	FY '82	Proposed FY '83
Supportive Services III-B	252	240.9	216.2
Congregate Nutrition III-C1	295	286.7	258.1
Home Delivered Meals III-C2	55	57.3	48.1
Commodities	(85)	(93	84
State Administration	22.7	21.7	19.9
TOTALS*	709.7	699.6	626.3

*Includes funds for USDA commodities, proposed by Administration for transfer to HDS in 1983.

Background

The Older Americans Act was enacted into law in 1965. Since that time, the Act has been reauthorized several times, with the most recent Amendments passed in 1981. Those Amendments reaffirmed the intent of the Act to stimulate the development of a comprehensive coordinated service delivery system for older people. Both the 1981 Amendments to the OAA and the Omnibus Budget Reconciliation Act of 1981- which dramatically reduced authorization levels for many human services programs- provided for significantly higher levels for FY '83 than are proposed in the Administration's budget. The Act provides funds for supportive services (III-B) such as transportation, in-home services, nursing home ombudsman services, and senior centers. In addition, the nutrition programs (III-C1 and III C-2) provide for congregate and home delivered meals to older people. The program funds are administered through a network of state and area agencies on aging and local service providers.

Impact of the FY '83 Proposal

Title III-B. The President's proposed FY '83 budget request of $216 million represents a 14 percent reduction from the FY '81 appropriation level. Title III-B provides funding for community and in-home services which assist older persons to remain in their own homes. The proposed cut for this program, when considered with an eight percent annual inflation rate, will reduce the level of services provided in FY '81 by approximately 30 percent in FY '83. Programs such as transportation, homemaker and senior centers will be severely curtailed, and in some cases, totally eliminated. These reductions will jeopardize the ability of older people to remain living in their own homes and increase the potential need for nursing home care.

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Title III-C1 and C2. The FY '83 budget request represents a 10 percent cut from the FY '81 appropriation in the combined allotments for congregate and home-delivered meals and USDA commodity support. This reduction will result in 14 million fewer congregate meals and 4.5 million fewer home-delivered meals than were served in FY '81. In addition, if no reduction were proposed, 22 million fewer congregate meals and 9 million fewer home-delivered meals can be funded in FY '83 than were provided in FY '81 due to the loss of purchasing power resulting from an annualized inflation rate of 8 percent. Therefore, the total reduction in service from FY '81 to FY '83 due to both the proposed budget cut and inflationary pressures will be 36 million congregate meals and 13.5 million home-delivered meals. When viewed in the context of other budget proposals which reduce funds for energy assistance, housing subsidies and food stamps, there will be an even greater need to insure that older people are provided congregate and home-delivered meals.

SOCIAL SERVICES BLOCK GRANT

	($ in millions)		
	1981	1982	1983
Current Services	2,991	2,400	2,575
Reagan Budget	2,991	2,400	1,974

Background

The Social Services Block Grant was enacted in 1981 as part of the Omnibus Budget Reconciliation Act of 1981. This block grant incorporates the service programs funded previously under Title XX of the Social Security Act, with a reduced level of federal funding. States utilize these funds for services in a wide range of areas such as child protection, protective services, counseling, information and referral, day care and supportive health services.

Impact of the FY '83 Proposal

The proposed reduction of funds for the Social Service Block Grant is approximately 32 percent from the FY '81 appropriation. When the effects of reduced purchasing power are considered due to inflation, the level of service which can be provided in FY '83 is reduced by approximately half of the FY '81 level. While programs funded under the Social Services Block Grant serve people of all ages, it has been an important source of services for older persons, particularly in the area of in-home services.

COMMUNITY SERVICES BLOCK GRANT

($ in millions)		
1981	1982	1983
473	348	100

Background

The 1981 Omnibus Reconciliation Act established the Community Services Block Grant. This program replaced the service programs previously funded by the Community Services Administration, formerly the Office of Economic Opportunity.

Impact of the FY '83 Proposal

The budget request of $100 million for FY '83 represents a reduction in funding of close to 80 percent. Affected will be community programs which promote the economic self sufficiency of low income persons, including the elderly poor.

LOW-INCOME WEATHERIZATION PROGRAM

	($ in millions)	
1981	1982	1983
400	144	0

Background

After years of bureaucratic indecisiveness regarding the policy, structure and need for a low-income weatherization program, the current effort has achieved a high degree of success in meeting its intended goals. Housed now at the Department of Energy, this program has weatherized the homes of about a million American households--many of them elderly. A recent study performed by the Consumer Energy Council of America (CECO) for Project EnergyCare showed that homes weatherized under this program saved an average of 19-27 percent in energy consumed. The study also noted that it costs less to conserve a barrel of oil than it does to produce one.

In FY 1981, the weatherization program operated at a level of $400 million. The funding for FY 1982 was cut to $144 million, funds which are scheduled for release in March 1982 by the Department of Energy.

FY 1983 Budget Request

The Administration's FY 1983 energy conservation budget proposes to eliminate the Low-Income Weatherization Program, along with virtually every other state and local energy conservation effort.

Impact on Older People

Elimination of the Low-Income Weatherization Program will mean that thousands of low-income elderly Americans will face a future of increasing home energy costs and decreasing ability to pay the bills. Moreover, a continued reliance on an energy payment program merely transfers wealth from the government to the energy vendors--there is no savings for the family at all. The country itself will face greater reliance on foreign energy sources, and exacerbation of international payment problems.

GENERAL SUBSIDIZED HOUSING PROGRAMS

	($ in millions) 1981	1982	1983
Unit Reservations (Gross)			
Section 8 and Public Housing			
o New Construction and Substantial Rehabilitation			
Section 8	73,861	22,502	10,000
Public Housing	36,370	310	-
Total, New and Substantial Rehabilitation	110,231	22,812	10,000
o Section 8 Existing			
Regular	53,947	3,385	-
Moderate Rehabilitation	24,981	10,720	-
Modified Certificate	-	-	106,615*
o Conversions			
Rent Supplement and RAP	8,000	173,000	-
Section 23	10,830	5,000	5,000
o Loan Management	12,512	5,000	-
Total, Existing	110,270	197,105	111,615
Total Annual Contributions	220,501	219,917	121,615
o Section 235	5,102	14,600	-
Total Reservations	225,603	234,517	121,615
Total Use of Budget Authority for Section 8 and Public Housing	$26,689.4	$16,859.9	$ 1,128.4

* Only 30,000 units will represent additions to the stock of lower income housing. The remaining 76,615 units are already being subsidized under some other HUD programs.

Background

Public Housing - Roughly 45 percent of all public housing units (approximately 1,204,000) currently owned and operated by local public housing agencies are occupied by elderly housing. HUD has traditionally provided assistance to PHAs to meet their substantive operating costs.

Section 8 Existing Housing and New Construction Program - Under this program, HUD provides subsidies to 844,000 households living in private market rental housing which meet given housing quality criteria. Rents are limited to a maximum "fair market rent" levels established by HUD. HUD also provides assistance to 475,000 households living in private, newly constructed and rehabilitated rental housing. If the landlord agrees to rent to eligible low-income tenants, HUD will make commitments to housing developers to pay "fair market rents" for these units for twenty to forty years.

Rent Supplementation and Section 236 Rental Assistance Payments - Under the Rent Supplementation and Section 236 Rental Assistance Payments programs, HUD provides assistance to 207,000 low-income tenants living in privately owned housing. HUD pays apartment project owners the difference between the tenant rent contribution and the market rent. Subsidies in the Rent Supplementation program are limited to no more than seventy percent of market rent.

Under the 1981 Omnibus Budget Reconciliation Act, $18.1 billion of new budget authority was provided for 154,000 additional units of subsidized housing. Twenty thousand of these units were earmarked for new public housing, while fewer than ten thousand units were made available for new Section 8 housing. Some $1.5 billion was authorized for public housing operating subsidies. Other key changes included an increase in tenant rent share from twenty-five percent to thirty percent of adjusted income, elimination of the requirement that Section 8 and public housing managers encourage a broad income mix, and a reduction of the income ceiling for tenant eligibility from eighty percent to fifty percent of an area's median income level.

The Administration's FY 1983 Budget Proposal

The Administration is calling for changes that would alter the traditional role of the federal government in assuring a supply of housing that is available to low and moderate income persons. Foremost, the Administration has proposed that no additional public housing units be funded in FY 1983 and that the $9.1 billion appropriated for FY 1982 for new construction be rescinded. This would, in effect, cancel commitments to build 39,000 Section 8 units and 20,000 public housing units. In other words, the Federal Government would be withdrawing from its traditional commitment to provide a safe, decent and affordable home for all Americans. In addition, it has proposed a funding level of $1.075 billion for public housing operating subsidies, which is estimated to be thirty percent less than is required for sound management of PHA units. Also according to the Administration's proposals, HUD would allow the demolition of 5,000 PHA units currently occupied, with no provision for replacement.

An important part of the FY 1983 budget proposal is a major revision of the Section 8 program for FY 1983. For one, the only new subsidies granted for new construction or substantial rehabilitation under Section 8 would be $10 million to match the $453 million for the Section 202 program. In addition to abstaining from the construction of new housing, the Administration is proposing a modified certificate program in lieu of the subsidies currently provided under the Section 8 and public housing programs. According to the modified certificate proposal, assistance would be available only to those whose incomes do not exceed 50 percent of the area's median income level, with the tenant paying at least 30 percent of his or her income toward rent. The amount of the certificate would be based on the difference between the tenant's required payment and a rent payment standard established for each market area. HUD has estimated that the average contract authority reserved for each certificate would be $2,000 per year.

Unlike Section 8 existing contracts, the term of the contract would be five years rather than fifteen, and there is no provision for annual adjustments for inflation. The Administration has also proposed that 60,000 of the 180,000 units receiving rent supplement payments which have forty-year contracts be converted to five-year contracts this year. The rest will be converted by FY 1985. It is expected that the Administration will request that this conversion be mandatory.

Other changes have been proposed that would result in a significant increase in the amount a tenant is required to pay toward his/her rent. The Administration has called for the value of food stamps received by a tenant to be included as cash income in calculating the tenant's share of the rent, and for tenants to pay their own utility bills. Additionally, under the Administration's proposal, present income decutions, including medical expenses, would be replaced by a $300 standard deduction for elderly families. Finally, the Administration is requesting that the current ten percent cap on increases in the amount of tenant contributes toward rent be raised to 20 percent a year. This is in addition to one-percent-per-year increase from 25 to 30 percent in the rent-to-income ration that was included in the Omnibus Budget Reconciliation Act. The total estimated savings to HUD from new increases in tenant rents is close to $1 billion.

Impact on the Elderly

For older persons, particularly older renters, housing expenses are a heavy burden. In addition, there is already a critical shortage of safe, decent and affordable housing for elderly persons. Forty percent of all households benefiting from HUD programs are elderly. Many more are eligible but not able to benefit due to a shortage of units. These facts, coupled with the proposed moratorium on construction of new public housing units, will severely heighten the shortage. Moreover, more than 17 percent of the urban elderly and 30 percent of the rural elderly already live in housing that is physically deficient and plagued with maintenance problems. The Administration's budget proposal, which adds no new funds for rehabilitation under either existing or new Section 8 or public housing, is likely to make these percentages even greater.

The major restructuring of tenant rent responsibilities called for in the Administration's budget will also have an immediate and direct effect on millions of senior citizens who currently benefit from HUD subsidized housing. So drastic is the increase anticipated by the elimination of the deductions for medical expenses, that several project owners estimate that elderly Section 8 recipients could find their rents increasing by 175 percent by 1986. Counting the value of food stamps will affect those elderly persons least able to pay. Least understood but with significant implications is the proposal to require tenants to pay their own utility bills. In the northeast and southern states, where extreme weather conditions and the advanced age of projects cause high utility bills, this change could cause rents to rise by $100 per month. Such rental increases, taken individually or collectively, impose a significant burden on the low income elderly tenant -- a burden that cannot be absorbed.

SECTION 202 DIRECT LOAN PROGRAM FOR THE ELDERLY AND HANDICAPPED

Loan Commitments	($ in millions)		
	1981	1982	1983
Number of Units	15,166	16,933	10,000
Capital Investment Obligations	$872,577	$819,731	$433,500

Background

The Section 202 Direct Loan program provides assistance to nonprofit sponsors in building Section 8 subsidized housing for low-income elderly or handicapped residents. It is the only federal program that serves low-income elderly and handicapped populations exclusively, and its statutory prupose is to provide affordable units in facilities especially designed to meet the varied needs of these populations. Since its inception in 1959, the Section 202 program has resulted in the development of over 150,000 units.

The Section 202 program is popular, and according to HUD's own studies, is HUD's most successful subsidy program. As a result, it was spared from budget cuts in FY 1982, with the Congress authorizing $850.8 million in 1982 only for new loans. HUD anticipates that this level of funding will produce 17,000 units.

The Administration's FY 1983 Budget Proposal

The Administration proposes to continue the Section 202/Section 8 program at a reduced level of $453 million which will, according to Administration projections, add 10,000 units to 1983. The FY 1983 figure, therefore, amounts to a 45 percent reduction from the previous two years in the funds available for Section 202. In addition, given that the 1981 program of $830 million produced only 14,500 units, it is likely that $453 million will not produce more than 7,000 units. Funds for the 1982 Section 202 program are not affected by the Administration's rescission request, although the Administration has said that it will cancel all projects that have been in the pipeline for two years or more on September 30, 1982, if construction has not been started at that time.

Impact on the Elderly

Although the Section 202 Direct Loan program has not been eliminated, it has been pared down substantially. As a result, the units it may produce in 1983 will not be able to significantly improve the availability of affordable and appropriate housing for the low-income elderly. Furthermore, there has been considerable talk within the Administration in recent months about making major changes in the structure of the Section 202 program. The nature and extent of those changes will become evident when the Administration sends to Congress its version of the 1982 Housing and Community Development Amendments in the coming weeks.

FARMERS HOME ADMINISTRATION SECTION 515 RENTAL HOUSING

Rental or Cooperative Loans	($ in millions) 1981	1982	1983
Section 515 - Subsidized	842	940	200
Section 515 - Unsubsidized	22.3	-0-	-0-

Background

Under Section 515, rural rental and coooperative housing loans are made to individuals, corporations, partnerships and public bodies with the objective of providing low-rent housing for low to moderate income persons and the elderly. The loans may be subsidized at a rate as low as one percent through interest credits, permitting rents to be adjusted to levels that low-income families can afford. The program operates in conjunction with the HUD Section 8 rental assistance program and the FmHA rental assistance program.

In FY 1982, funding was provided for 108,034 subsidized units in the Section 515 program. For the first time, however, no funds were authorized for the construction of unsubsidized units.

The Administration's FY 1983 Budget Proposal

Unlike the HUD programs, there has been no proposal to rescind any of the authority appropriated for this fiscal year. However, a substantial reduction of subsidized housing has been proposed, to the tune of 35,395 housing units in FY 1983. All of these funds will be allocated for low-income owners and renters with nothing for the moderate income, and the program will be narrowed to focus specifically on smaller rural areas.

Impact on the Elderly

Over one-half of all Farmers Home Administration units are currently occupied by elderly families. FmHA provides not only what is frequently the only source of affordable housing, but also housing in areas not served by other federal and state housing assistance programs. Furthermore, the housing needs of the rural elderly are significantly more acute overall than those of the non-rural elderly, and deficiency rates are twice as high. With a cut to one-third of its present level, the rural housing program of FmHA will be able to assist significantly fewer individuals. Moreover, it is expected that these housing programs will be virtually terminated in 1984, making the shortage of decent, affordable housing in rural areas that much more acute.

COMMUNITY DEVELOPMENT BLOCK GRANT

($ in millions)

1981	1982	1983
3,695	3,456	3,456

Background

The Community Development Block Grant program provides entitlement grants to all large cities and urban counties and discretionary grants to selected smaller communities. Funds may be used for a wide variety of community and economic development activities, largely at the discretion of recipient communities. Activities include housing rehabilitation, infrastructure improvement, public facilities and public services, all to benefit principally low and moderate income persons.

In keeping with the Administration's firm belief in the concept of block grants, the Administration has given a high priority to the Community Development Block Grant program. Thus, funding remained fairly stable between FY 1981 and FY 1982.

The Administration's FY 1983 Budget Proposal

The Administration has proposed a funding level of $3,456 million for the Community Development Block Grant program for FY 1983, which is the same as the FY 1982 level.

Impact on the Elderly

With a budget consistent with that of FY 1982, this program will continue to be able to assist communities in undertaking important community and economic development projects, subject only to the erosions caused by inflation.

EMPLOYMENT

Budget Update: Employment
(In Thousands)

	FY 81 Level	FY 82 Level	FY 83 Reque
Comprehensive Employment and Training	$3,692,344	$1,779,459	$ 395,701
*Training Grants to States	-	-	1,800,000
*Job Corps	-	-	387,000
*Special Targeted Programs	-	-	200,000
Senior Community Services	$ 277,100	$ 66,528	--**

*Represents the Administration's new program.

**The Administration proposes the elimination of this program as of September 30, 1982. Final FY '82 appropriation levels have not yet been determined.

Background

Although it is not widely known, unemployment among the middle aged and elderly is a serious and worsening problem. It is aggravated by a national unemployment rate of 8.8 percent, which puts more people in competition for fewer jobs. The problem is not limited to the actual number of middle-aged and older people out of work, but to the duration of their unemployment as well. According to figures taken from the Department of Labor's report on CETA, 23.7 percent of those out of work for 27 weeks or longer are over the age of 45; this compares with 5.2 percent for males and 3.9 percent for females between the ages of 16-19. These figures do not count the multitude of discouraged workers no longer looking for jobs, opting instead for actuarily reduced early retirement benefits from Social Security.

1982 Proposals

The Administration's FY 1983 budget requests no funds for the Senior Community Service Employment Program (SCSEP), funded under the Older Americans Act. This program provides part-time community service jobs to 54,200 low-income people over the age of 55. To date, it has represented the only major government response to the needs of older workers. When Assistant Secretary of Labor Albert Angrisani testified before the House Aging Committee last year, he placed the number of people eligible for Title V at 5,000,000 and added that 400,000 to 500,000 people have applied for the 55,000 available slots.

At its inception, SCSEP was designed for the dual purpose of serving older workers through expanded job opportunities and providing local communities with a pool of older people whose experience could be used in meeting the needs of the community. Today, these workers are employed as home health care aides, as energy conservation specialists, as nutrition site staff. The program has also demonstrated to a skeptical business community the employability of older people, as shown by the increasing placement rates of SCSEP enrollees in private sector jobs.

In place of the SCSEP program, the Administration has recommended incorporating a section into its new comprehensive employment legislation (yet to be presented) aimed at serving "special targeted groups." Older workers would be folded into a section of the bill which would also include Indians, migrants and seasonal farm workers, displaced homemakers and ex-offenders. The total funding for this section is proposed to be $200 million -- two-thirds of the current funding level for SCSEP alone.

Impact on Older People

Needless to say, the impact of the Administration's budget request on the 55,000 older workers now participating in the SCSEP program would be devastating. Not only will these people be out of work on October 1, 1982, but most will also find themselves on the welfare rolls shortly thereafter. Since the statutory authority requires SCSEP enrollees to be low income (below 125 percent of poverty), it is fair to assume that without the wages provided through the program, most of these people would qualify for welfare. Moreover, the savings to the government may be more illusory than real. A study conducted by AARP in 1976 showed that this program returns to the taxpayers $1.15 for every dollar spent. In other words, the unemployment and welfare costs attendant with the end of the SCSEP, as well as the costs of foregoing the provision of community services, would cost more than what is now being spent to operate the program.

LEGAL SERVICES CORPORATION

	($ in millions)		
OUTLAYS	FY 1981 ACTUAL	FY 82	FY 83
	$321	$241*	0

* This figure annualizes funding provided by the Continuing Resolution which expires on March 31, 1982. The President has recommended that LSC not be included in any extension of the Continuing Resolution.

Background

The Legal Services Corporation (LSC) is the primary funding source for the delivery of legal aid to the poor. Evolving from the Office of Economic Opportunity, LSC was established by Congress in 1974 as an independent, non-profit corporation. LSC funds go to 320 locally controlled legal services programs that provide counseling and representation in civil matters to people with incomes of less than 125% of the poverty guideline.

In 1980 30% of cases involved family matters, 17.6% were housing issues, 17.2% involved income maintenance, 13.7% were consumer problems, with employment, health, education, individual rights and miscellaneous matters taking up the remainder.

In both 1980 and 1981 approximately 1.5 million cases were closed by LSC programs. In 1980 people 60 years of age and older made up 12.5% of total clients. For the four quarters ending September 31, 1981 older people comprised 12.9% of LSC clients.

FY 1983 Proposals

The Administration proposes that no funding be provided for 1982, 1983 or later years. With respect to 1982, the President recommends that extension of the 1982 Continuing Resolution beyond March 31, 1982 not include funds for LSC.

Impact

The President's proposal would virtually eliminate the availability of legal assistance for older poor people. In FY 1981 approximately 187,000 older people were served by LSC programs. With a 25% reduction in FY 1982, there will be a substantial disruption of the LSC system, with offices closing and experienced staff leaving, and with fewer clients being served. For those clients who can not be served, there will be larger holes in an already frayed safety net. If LSC is eliminated, the most fundamental of safety nets, equal justice under law, will be totally out of reach for virtually all poor and older people.

Even the legal services system supported by the Administration on Aging (AoA) would be decimated. With AoA legal services funds averaging $20,000 per area, and with some of those areas contracting with local LSC programs to provide services, virtually the entire country would be without legal aid for the elderly.

While the President points to block grants and the private bar as a way to meet the need, history has demonstrated that they alone will not suffice. In both cases what is now a well coordinated, cost effective system would be replaced by a hodge-podge of redundant groups. The expertise that LSC has developed in the peculiar and often complex world of poverty law would be lost, to be replaced by too few volunteer attorneys with no experience in disability, nutrition, income maintenance or any of the other arcane areas of law affecting low-income individuals. The kind of independence necessary to represent powerless underrepresented people would give way to political control and constraint under block grants, if funding were to be provided at all. All in all, a system that prevails in 85% of its cases would be replaced by one that is untrained, uncoordinated, underfunded and, with respect to many local and state governments, unwanted.

IMPACT OF FY '83 BUDGET PROPOSALS ON OLDER WOMEN

The administration's proposed budget cuts in programs and services for the elderly will have the most severe impact on those who are below or very near the poverty level. Most of these elderly poor are women.

Nearly three-fourths of the over-65 who are below the poverty level are women. (The poverty rate for women over 65 is double the rate for men, and for Black and Hispanic women double that of white women). In addition, because more women than men over 65 have incomes very near the official poverty level (median income for the over-65 in 1980: males - $7342, females - $4226), slight changes in benefit levels or eligibility hurt women disproportionately, both in absolute numbers and in percentage affected.

Cuts in food stamps, for instance, will reduce or eliminate benefits for nearly all elderly recipients. The size of proposed reductions may appear insignificant. The administration proposes dropping all payments of less than $10 per month. Under this provision, however, an elderly woman living alone--the majority do--on an income as low as $285 per month from SSI, would be dropped from food stamp eligibility. This seemingly trivial amount of $10 per month is 3% of the median annual income of all American women over age 65.

About half of all public housing units and a third of all assisted units are occupied by the elderly, and three-fourths of these are headed by elderly women. An elderly woman living alone--most do--can expect her spendable income to drop another 5% to 15% or more as allowable rent increases rise an additional 10%, and government subsidies decrease 5% for rent and cap at 25% for utilities. If she receives energy assistance, the amount must be added to income in calculating food stamp eligibility, but her considerable medical costs may not be deducted.

Middle-aged and older women who have spent many years in the home raising children and attempt to provide for their fast-approaching retirement years will find that mandated programs and services to help them transition into the paid labor force have been eliminated in Department of Labor and Department of Education proposals. Elimination of Senior Community Service Employment Programs under Title V of the Older Americans Act means the loss not only of thousands of paid jobs--fully two-thirds of them held by women--but also the loss of services in homes and senior centers for thousands of elderly recipients, the majority of them women.

Of the more than 4 million recipients of SSI, 54% are over 65; nearly three-fourths of these aged are women. Pro-rating, rounding down, and eliminating income disregards extract insignificant total federal savings from elderly women whose incomes are already below the poverty level.

There will be few alternatives available to older women seeking legal advocacy in the Legal Services Corporation is abolished, as proposed. Last year, about two-thirds of all persons assisted by Legal Services were women, and 193,000 were poor elderly.

Illness will be very costly to the average older woman if proposals for increased co-payments and deductibles for recipients, and decreased reimbursement rates for doctors and hospitals are approved for Medicare and Medicaid. Increased provider costs will ultimately be shifted to patients. For the average older woman, the "modest" additional co-payments on a 10-day hospital stay will mean a total personal cost of $520, or 12% of the median annual income of women over 65.

These budget cuts will be all the more devastating because they are both additive and compounding. The 1983 proposals have an additive effect because they come on the heels of stringent GY 82 cuts, many of which are only now being felt. And the insidious compounding impact of many proposals can only be described as a "catch 22."

Consider:

Energy assistance will be counted as income in calculating food stamps.
But food stamps will be counted as income in calculating subsidized rents.
And while subsidized rents are increased, utility payments will not be subsidized if they exceed 25% of income.
So persons with large utility bills will need energy assistance.

The poor elderly--the majority of them women living alone--will fall through this very loosely-woven "safety net."

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THE MINORITY ELDERLY

Because they do not survive as long as their white counterparts, minorities comprise only about two million, or 8.7%, of the 26 million Americans age 65 or over.

Moreover, older Blacks and Hispanics have been and continue to be far more likely to be living in poverty than white elderly: close to two-fifths (38%) of all older Blacks and almost a third (31%) of all older Hispanics were so classified in 1980, compared to about 14% for White elderly.

For the minority elderly the "safety net" has been turned into a poverty cage, for the same people will be affected by almost all the proposed budget cuts. Minority elderly on low Social Security benefits or reduced SSI benefits, with reduced rent allotment and reduced food stamps, will be forced to pay more for health care under Medicaid and Medicare, more for housing, more for food and utilities. In addition, because of the same cuts, they will have less of a chance for transportation, nutrition programs, home delivered meals and will receive less in energy assistance. As for equal justice under law, they will have no legal assistance with which to gain access to the justice system.

When one considers that in the general population 52.1% of food stamp recipients are minorities and 42.5% of Legal Services users are minorities, the picture becomes quite clear. In almost all the program cuts affecting the elderly poor, minority aging organizations estimate that approximately 40%-50% of those affected will be minority elderly.

To be sure, the poverty cage is color blind. The reality is, however, that elderly Blacks, Hispanics, Native Americans, and Pacific Asians, are to be thus caged at three times the rate of White elderly.

Set forth below are brief analyses of several aspects of the President's budget request for 1983 and its impact on older persons who are members of minority groups. It comes as no surprise that those persons will suffer disproportionately from the proposed cuts.

Supplemental Security Income (SSI)

Minority aged represent approximately 40% of the 4.1 million SSI beneficiaries, as follows: (*)

White	Black	Hispanic	Other	Unknown
63.6%	27.5%	9.3%	3.5%	5.4%

Key legislative proposals, details of which appear elsewhere in this document, include: (a) determining disability solely on the basis of medical factors instead of also considering vocational factors; (b) eliminating the $20 monthly unearned income disregard for new SSI recipients; and (c) requiring a disability prognosis of at least 24 months to qualify for SSI instead of 12 months, as is now the case.

*Source: SSI Statistical Systems, December 1980 (Hispanic figure based on September 1981 listing of Spanish surname on 1% sample guide).

As a result, 2.6 million SSI recipients (65%) will have their benefits reduced, of whom more than a million will be minorities. Of the total 4.1 million SSI recipients, some 2.2 million are age 65+.

Aid to Families with Dependent Children

FY '83 funding would be cut back by more than $1.1 billion, from $6.6 billion under a current services projection to $5.5 billion in the Reagan budget. This is more than $2.3 billion below the FY '82 level of $7.8 billion. This cutback may have an adverse impact for elderly Black women because families with aged Black female heads are much more likely to have children under 18 years of age -- almost twice as likely, 11% to 6% -- than similarly situated white families with an older head.

Senior Community Service Employment Program

Title V is now funded at $274.4 million on an annualized basis. No funds are requested for FY '83. A new program with only $200 million would be available to train groups encountering difficulty in locating employment (e.g., older workers, Indians, migrants, veterans, displaced homemakers, offenders, and others). Details have not been finalized, but it appears that community service employment would not be covered in the new proposal for older workers.

Approximately 33%, or 18,500 enrollees of the total 56,515 Title V workers during the program year ending June 1981 were minority older workers.

Housing

Income disparity between minorities and their white counterparts is further exacerbated in housing, where data indicates that 34% of minorities of all ages live in physically deficient housing. Currently the Federal Government provides subsidy to approximately 1.4 million elderly families in rental housing units. Except for approximately 500,000 units of public housing, subsidized rental housing projects are owned and operated by private individuals and firms. Black occupancy in these units range from a low of 5% in HUD Section 202 program to a high 8.3% in Section 236. The stunning cutbacks in subsidized housing described in the housing portion of this document will thus bear even more heavily on minority elderly than white elderly.

RESEARCH AND EDUCATION

The Proposed 1983 Budget

Following are the proposed budget figures for fiscal year 1983, as well as the figures for FY's '81 and '82 to illustrate the aggregate impact of the budget cuts (in millions of dollars):

	($ in millions)		
	1981	1982	1983
National Institute on Aging	75.6	81.9	84.3
Administration on Aging Title IV-Research, Education and Demonstrations	40.5	22.1	20.3
National Institute of Mental Health	232.6	198.0	164.3
Health Care Financing Administration	39.0	30.0	30.0
Health Resources Administration	231.0	65.0	117.0

Background

Gerontology is a relatively new discipline. Only since the 1930's has gerontological research been a reality, and it has blossomed only within the past twenty years. Education in gerontology began to achieve recognition in the late 1950's within the large universities. The field of gerontology has been able to develop largely through the support of the Federal Government. In the past decade and a half, the Congress has invested in the creation of the Administration on Aging, the National Institute on Aging, and a Center for Aging in the National Institute on Mental Health. The return on this investment has been favorable and significant progress has been made in a relatively short period of time.

National Institute on Aging. Created in 1974, the National Institute on Aging (NIA) was established for the conduct and support of social, behavioral, and biomedical research and training related to the aging process.

The development of NIA has been impressive. This new institute has had a major impact on raising the consciousness about aging in all institutes at NIH. Basic research in the biological, behavioral, and social aspects of aging has been developed to address health issues of special relevance for older adults--organic brain syndrome, osteoporosis, cognitive function, and the capacity to function adequately in the community. In the 1980's it is expected that NIA will move progressively from an understanding of aging processes to an understanding of how the disabling impairments of later life can be ameliorated if not prevented. Further, NIA has invested in training programs to insure a reliable future supply of research investigators and of clinicians who are informed and skilled teachers of geriatrics.

Administration on Aging. As the main federal agency coordinating the development of direct services to older people under the Older Americans Act, the Administration on Aging (Ao) is the designated advocate at all levels of government. It is also charged under Title IV with developing new information, technology and manpower to expand and improve community services to older people. AoA administers a new program of multidisciplinary centers on gerontology that provide information, evaluation, and educational support to the servide network in long term care and other national policy problem areas. AoA supports short-term training for state and area agencies and career-based university education with an increasing emphasis on training to meet the long term care needs of the aged.

The National Institute of Mental Health Center on Aging. The Center on Aging, National Institute of Mental Health (NIMH) focuses on research, training, and service related to the mental health needs of America's older people. Established in 1975, the NIMH Center on Aging is an important vehicle through which the aged can begin to receive the benefits of research knowledge and innovative mental health services provided by geriatrically aware practitioners.

Despite of its modest funding, the Center on Aging has made significant contributions to the well-being of older Americans. It is the major source of training programs for clinicians with a primary responsibility for the care of mentally ill older persons. It helps train the broad range of clinicians other than physicians known to be necessary for geriatric care in the community.

Budget Proposals for 1983

The Administration's proposed FY '83 budget would hold aging research at approximately FY '82 funding levels. In examining what impact the budget would have on aging research, two factors need to be considered.

First, while funding levels are held steady, the net result would actually be a decrease when inflation is taken into consideration. Secondly, major cuts in research occurred in 1982. If the Administration's 1983 proposals are implemented, the four major funding sources for aging research--NIA, AoA, NIMH and the Health Care Financing Administration--will have experienced a twenty-three percent reduction in relevant funds from 1981 to 1983. Twenty-three percent of that cut is in the AoA's Title IV funds, the major supporter of social research in aging.

Education and training would not fare as well as research under the proposed budget, as the Administration moves to phase out federal responsibility in this area. As stated in the budget documents, "the responsibility for education rests with parents and with State and local governments...most training and employment activities are and should be carried out by the private sector." Training monies in aging would be greatly reduced or eliminated, and the training of professionals in the field of aging would be further affected by the large cutbacks proposed in Federal aid to college students.

National Institute on Aging. The President's proposed FY '83 budget calls for less than a $2 million increase in research and training for NIA. Increases in direct operations and program management account for most of this increase. The actual effect is a six percent decrease when inflation is taken into account. The number of research projects and training grants awarded by NIA has been on a downward trend since 1981. Some 411 research projects and 163 training grants were supported in 1981. These numbers would drop to 381 and 156, respectively, in the proposed '83 budget.

Administration on Aging. Under the President's proposed budget for FY '83, research, training and other discretionary projects would be consolidated into a single discretionary authority. Funding is proposed at $20.3 million for '83, $1.8 million less than '82 funding levels.

The more substantial cutbacks in Title IV occurred in 1982 when funds were reduced by 45 percent from $40.5 million to $22.1 million. With a new single discretionary authority proposed for '83, it is unclear at this time how research and training will be affected by the new cuts.

National Institute of Mental Health. The NIMH proposed budget for 1983 is $164.3 million, a decrease of $33.7 million, or 17 percent, from 1982 levels. This decrease reflects the phasing out of the clinical training program. The extramural and intramural research programs would both increase slightly, while research training would be cut beak by $1.0 million. Again, major cutbacks in the NIMH budget were made in 1982, when their budget was reduced by 15 percent.

The proposed budget for FY '83 would support a totla of 899 research grants, 333 of these being competing renewals and new grants. A total of 803 trainees would be supported--410 post-doctorate level, 393 pre-doctorate level.

Health Care Financing Administration (HCFA). HCFA supports research, demonstrations, and evaluation projects to improve the organization, delivery, quality, and financing of health care services. The proposed FY '83 budget would hold HCFA's research and demonstration monies at $30 million. This represents a reduction of twenty-three percent from the '81 budget level of $39 million. There would be no new research and demonstration initiatives for 1983. A supplementary document is expected to request about $5.9 million for channeling grants and $5.0 million for a competitive health project.

Impact

The National Institute on Aging. Budget reductions would make it necessary to severely cutback the opportunities available to train physicians to better serve the unique health needs of the elderly. The current situation in the District of Columbia clearly illustrates the potential impact this could have nationwide. According to the 1980 census, 21 percent of the population of the District of Columbia is under 18 years of age; 12 percent are over 65 years of age. In the District there are 129 pediatric physicians; there is one geriatric physician.

Cutbacks in geriatric research come at a time when major advancements are being made. Relative to one of the most debilitating and demoralizing diseases of later life, dementia research is at a stage analogous to the pre-viral identification stage for polio, except that the problem is fare more complex and there will be no single "magic bullet" like the polio vaccine. With measures to prevent or treat senile dementia before they require institutionalization, there could be substantial cost savings as well as humanitarian rewards.

Administration on Aging. In FY 1981 eighty institutions of higher education received support for career preparation in gerontology; in FY 1982 about thirty-six such programs are being funded. These reductions are occurring at a time when state budgets are being severely strained. In 1980, twenty minority institutions received support from AoA's education and training funds. Many of ahese programs will be terminated with the loss of Federal funds, making it virtually impossible for many qualified minority professionals to be trained to work with and on behalf of the increasing number of minority elderly. The AoA-funded state education and training program that provides funds to support non-degree and continuing education and in-service training for state, area and service provider personnel faces an uncertain fate.

In contrast to NIMH and NIA research, research under Title IV is related to service delivery strategies and the social and health problems of aging described in the Older Americans Act. Research supported under Title IV is the primary source of basic knowledge required by AoA in carrying out the legislative mandates of the Older Americans Act. Since this is the only federally supported research for applied social problems, the major cutbacks that have been made and are being proposed promise to severely affect service delivery and planning.

NIMH. The proposed elimination of the clinical training program will result in a dramatic reduction in the number of people trained to deal with the mental health problems of our nation's elderly. Of all age groups, the elderly have the greatest prevalence of mental disorders, the highest rate of suicide, the greatest risk for institutionalizatio, the highest degree of drug use and misuse, with the least access to mental health services.

* * * *

Cutbacks now in research and education seriously threaten our ability to meet the more long-range needs of the elderly. Future trends point to the growing needs of the elderly. Projections indicate that in fifty years one out of five persons in this country will be over 65. Over the next several decades an expanded number of programs and services will be needed to assist this segment of the population. Research and education are playing a vital role in meeting this challenge. Expanding the base of knowledge and the number of specially trained personnel are essential to providing high quality and innovative services, shaping responsible public policy decisions, and planning for the ever-increasing number of older Americans.

NCOA HARRIS POLL

Aging Services A Right, Most Say

by Harold L. Sheppard
NCOA Associate Director, Research and Evaluation

While much of the Washington rhetoric in recent months has centered on the notion of less government and more private sector responsibility for "social" problems, it is not at all clear whether the general public would accept that idea as far as responsibility for elderly Americans is concerned. This at least is one conclusion to be drawn from some of the findings in the NCOA survey on *Aging in the Eighties: America in Transition.*

When the more than 1,500 survey respondents under age 65 were asked which types of organizations and institutions should assume more responsibility than they have now for older persons, only 14 percent cited "religious and charitable institutions," and 21 percent mentioned employers. But government was cited by 55 percent of the under-65 public. It should be stressed here that the question was about assuming more responsibility *than so far provided.* The large percentage (55 percent) believing government should assume *more* responsibility than it has so far is a bit surprising vis a vis the current political rhetoric characterizing much of the Washington public policy "dialogue."

Another poll, taken in mid-November 1981 by the Roper Organization (NCOA's was conducted by Louis Harris Associates in Summer 1981), indicates that 70 percent of the public (of all ages) believes the total amount of spending (from all sources) on social services for the elderly is "too low." That same November survey also found that with government cutbacks in spending, 65 percent feel the loss in social services for the elderly will not be made up by "corporations, private charities, churches and individual citizens." In other words, very little reliance is placed on how well such nongovernment sources can provide adequately for the elderly, according to these two separate polls.

Besides employers and religious and charitable organizations, the NCOA survey participants were also asked about the children of the elderly and the elderly themselves. Among the under-65 men and women, 48 percent felt that the elderly's children should assume more responsibility than they have now. And 22 percent said the elderly themselves should.

"Which of the following do you feel should assume more responsibility than they have now for the elderly?"

	18-64 Public
Government	55%
Children of the elderly	48%
Elderly themselves	22%
Employers	21%
Religious and Charitable Organizations	14%

It is worthwhile to point out that the popularity of more responsibility by the elderly's children rises from the 18-24 group of respondents, peaking among those 40-54 and then declining among those 55-64 and the 65-plus, as the following table shows:

Percent stating that children of the elderly should assume more responsibility for the elderly than they have now

18-24	*25-39*	*40-54*	*55-64*	*65+*
45	51	53	40	34

If nothing else, the above table strongly suggests that most older Americans (those 55 and older but especially those 65 or more) do not feel their children are neglecting their responsibility to them.

At the same time, there is minimal difference from one age group to another, as far as the elderly themselves needing to take on more responsibility are concerned.

Percent stating the elderly themselves should assume more responsibility than they have now

18-24	*25-39*	*40-54*	*55-64*	*65+*
21%	19%	24%	29%	27%

But the preponderant preference for government to take on more responsibility for the elderly than it does now varies according to factors other than age. For example, blacks and Hispanics are much more likely to share this belief compared to whites (75 vs. 50 percent). The lower the household income, the greater the belief in government assuming more responsibility. Among the respondents with hiring and firing responsibilities, only 41 percent believe government should assume more responsibility compared to 54 percent of all workers in the survey. Those who hire and fire are more likely to believe that children of the elderly—as opposed to government and other organizations—should assume more responsibility, by 57 percent.

And among the older Americans themselves—those 65 and older—the higher the household income, the greater the percentage believing that the elderly themselves should assume more responsibility.

Percent of aged stating the elderly themselves and government should assume more responsibility than they have now, by household income

	Under $5,000	*$5,000-9,999*	*$10,000-19,999*	*$20,000*
Elderly Themselves	32%	34%	37%	39%
Government	62%	52%	49%	39%

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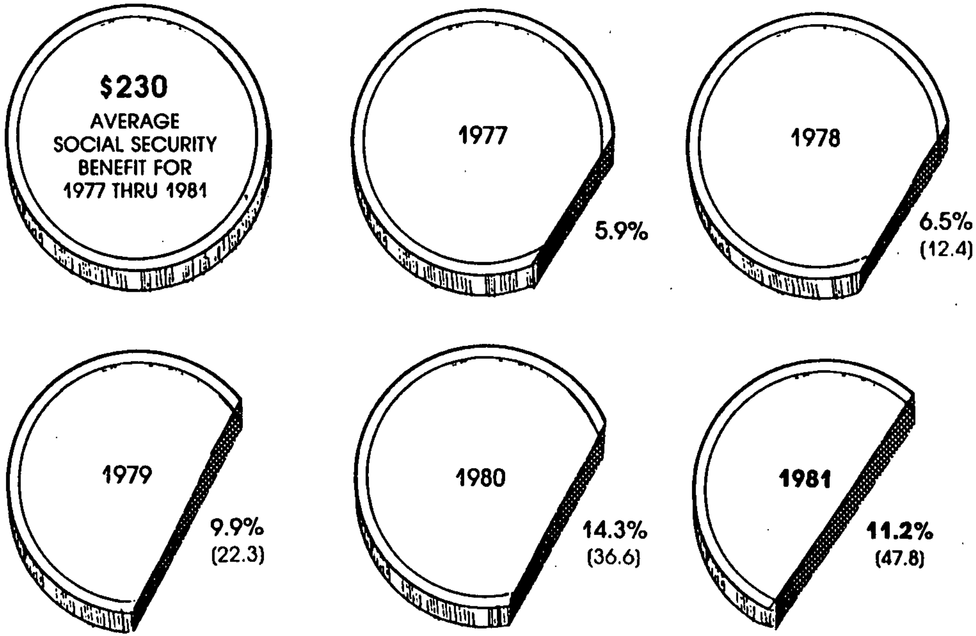
This same table also shows that the higher the income, the lower the proportion of the aged feeling government should assume more responsibility for the elderly than it has now. For example, only 39 percent of the 65-plus population in households with $20,000 or more, but among those in low-income households (under $5,000), 62 percent feel government is not doing enough for older citizens.

Socioeconomic status thus continues to affect people's point of view when it comes to government's role in social programs that relate to the welfare of elderly Americans. Such an observation is confirmed by the further survey result that only in lower household income groups of all Americans (under $20,000) do we have a majority agreeing that Social Security taxes should be raised if necessary to provide adequate income.

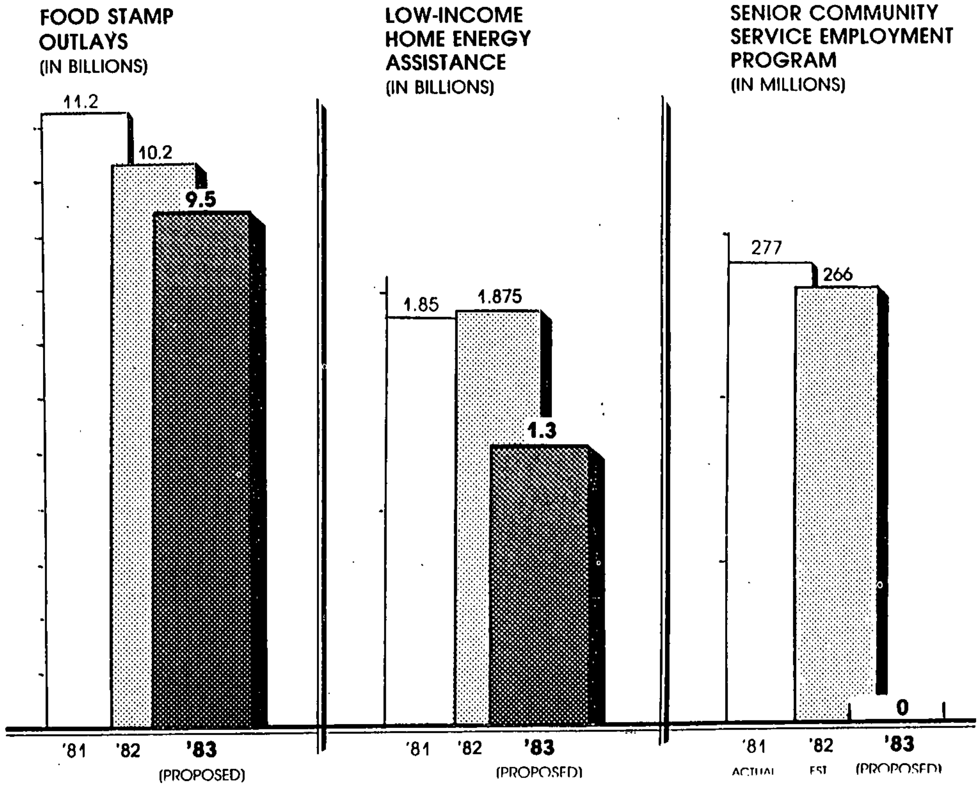
Social Security taxes should be raised if necessary to provide adequate income for older people (all ages)

	Agree	Disagree	Not Sure	Total
Under $10,000	57%	30	13	100%
$10-$19,999	55%	36	9	100%
$20-$34,999	48%	43	9	100%
$35,000+	42%	49	9	100%

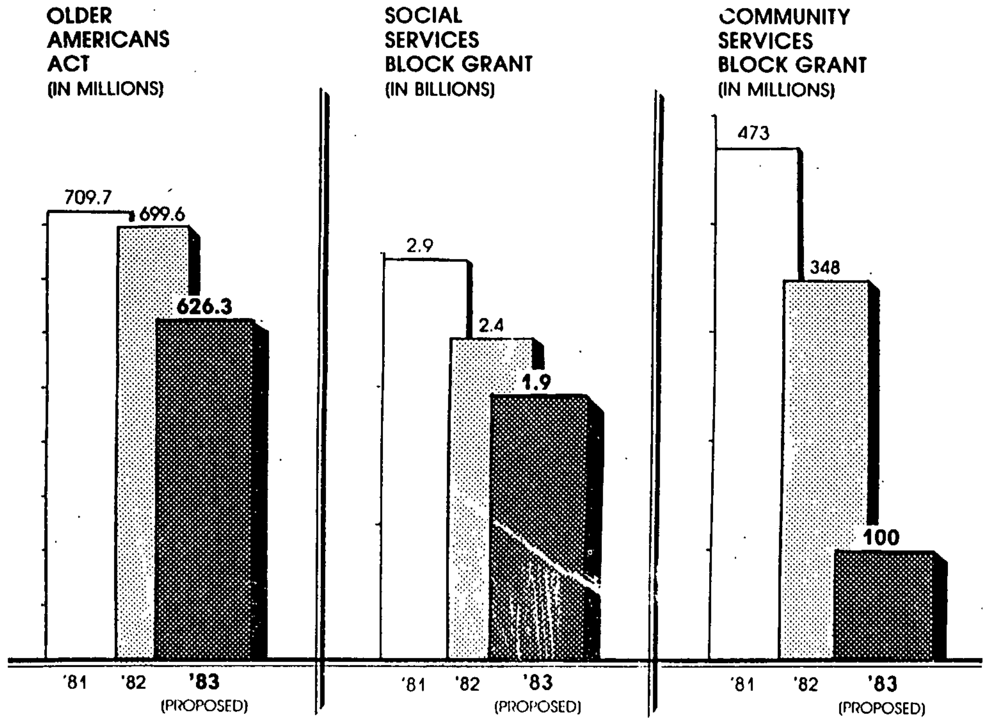
IMPACT OF INFLATION WITHOUT COST OF LIVING INCREASES: 1977 - 1981



INCOME EROSION: A LOOK AT THREE FEDERAL PROGRAMS



COMBINED EFFECTS OF BUDGET CUTS ON SOCIAL SERVICES FOR THE ELDERLY



ELDERLY'S SHARE OF THE FEDERAL BUDGET— WITH AND WITHOUT SOCIAL SECURITY