

FUTURE DIRECTIONS IN SOCIAL SECURITY

HEARING
BEFORE THE
SPECIAL COMMITTEE ON AGING
UNITED STATES SENATE
NINETY-FOURTH CONGRESS
FIRST SESSION

PART 13—SAN FRANCISCO, CALIF.
Impact of High Cost of Living

MAY 15, 1975



Printed for the use of the Special Committee on Aging

U.S. GOVERNMENT PRINTING OFFICE

56-139

WASHINGTON : 1975

For sale by the Superintendent of Documents, U.S. Government Printing Office
Washington, D.C. 20402 - Price \$1.25

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Future Directions in Social Security :

- Part 1. Washington, D.C., January 15, 1973.
- Part 2. Washington, D.C., January 22, 1973.
- Part 3. Washington, D.C., January 23, 1973.
- Part 4. Washington, D.C., July 25, 1973.
- Part 5. Washington, D.C., July 26, 1973.
- Part 6. Twin Falls, Idaho, May 16, 1974.
- Part 7. Washington, D.C., July 15, 1974.
- Part 8. Washington, D.C., July 16, 1974.
- Part 9. Washington, D.C., March 18, 1975.
- Part 10. Washington, D.C., March 19, 1975.
- Part 11. Washington, D.C., March 20, 1975.
- Part 12. Washington, D.C., May 1, 1975.
- Part 13. San Francisco, Calif., May 15, 1975.
- Part 14. Los Angeles, Calif., May 16, 1975.
- Part 15. Des Moines, Iowa, May 19, 1975.
- Part 16. Newark, N.J., June 30, 1975.

(Additional hearings anticipated but not scheduled at time of this printing)

CONTENTS

	Page
Introductory remarks of Hon. Joseph Alioto, mayor of San Francisco.....	1119
Opening statement by Senator John V. Tunney, presiding.....	1120
CHRONOLOGICAL LIST OF WITNESSES	
Peet, Rev. Edward, president, California Legislative Council for Older Americans; accompanied by Mrs. Rose Ady and Mrs. Mary Moran....	1123
Rose Ady.....	1125
Mary Moran.....	1126
Panel on Electricity and Gas for People:	
Holler, Donald W., administrator, Bethany Center Senior Housing, Inc.....	1129
Peralta, Mrs. Edna.....	1130
Canatela, Mrs. Laverna.....	1130
Panel on Housing:	
Sharnoff, Morris.....	1133
Rose, Ada Ruth.....	1134
Sternberg, Arnold, director, California State Department of Housing and Community Development.....	1136
Panel on Food:	
Mellor, Mrs. Jean, president, North of Market Senior Organization..	1140
Romero, Sofia, interpreted by Graciela Cashion.....	1143
Sanders, Willie, president, South Berkeley Senior Citizens' Council..	1144
Dorr, Charles, Consumers Cooperative of Berkeley representative....	1145
Panel on Health:	
Stone, Dr. Dennis L., medical director, North of Market Senior Health Service.....	1147
Santos, Sylvester P., statement of.....	1149
Chinn, Mrs. Annie, interpreted by Lila Kwan, Chinatown Self-Help for the Elderly.....	1150
Hauze, Howard, Oakland Retired Senior Volunteer Program.....	1150
Lock, Mrs. Joy, San Francisco Council of Churches Retired Senior Volunteer Program.....	1152
Panel on Women and Employment:	
Fait, Ms. Eleanor, California Commission on Aging, and chairman, Employment Opportunities Committee.....	1153
Sommers, Ms. Tish, coordinator, Task Force on Older Women, National Organization for Women.....	1154
Schiffman, Ms. Beatrice, regional representative, National Council on the Aging.....	1156
Van Frank, Ms. Isabel.....	1159
Hartmann, Adolph, area director, California Joint State Legislative Committee, National Retired Teachers Association/American Association of Retired Persons.....	1162
Stuver, Harry.....	1164
Grant, Leslie.....	1164
Knox, Walter.....	1165
Mendelson, Peter.....	1165

IV

APPENDIXES

	Page
Appendix 1. Statement of the National Retired Teachers Association and the American Association of Retired Persons-----	1167
Appendix 2. Supplemental material submitted by Dr. Dennis L. Stone:	
Item 1. Testimony of Marie E. White, North of Market Health Council, Inc., before the San Francisco Board of Supervisors Community Services Committee, February 14, 1975-----	1185
Item 2. Supplemental Security Income Program, report No. 1, prepared by Mario Gutierrez, North of Market Health Council, Senior Health Services, San Francisco-----	1187
Item 3. Supplemental Security Income Program, report No. 2, prepared by Marie E. White-----	1192
Item 4. Articles from "The Gray Ghetto," by Stephen Cook, reporter for the <i>San Francisco Examiner</i> -----	1197
Appendix 3. Statements, letters, and reports from individuals and organizations:	
Item 1. Statement of the American Optometric Association on "Older Americans and Vision"-----	1207
Item 2. Report by Wayne M. Stevens, project director, Development of Employment, Economic Betterment, and More Effective Utilization of Older Persons-----	1209
Item 3. Letter from Rev. Bernard E. Mott, Sr., president, Otterbein Manor Tenants Association, Oakland, Calif.; to the Senate and House Subcommittees on Housing and Urban Development, dated July 30, 1974-----	1213
Item 4. Letter from Ben Hirsch, San Francisco, Calif.; to Senator John V. Tunney, dated May 15, 1975-----	1213
Item 5. Letter from Harry L. Stuver, San Francisco, Calif.; to J. J. Evelle, attorney general of California, dated May 9, 1975-----	1214
Item 6. Letter from Sally Follett, supervisor, Adult Protective Services, Santa Clara County, Calif.; to Senator John V. Tunney, dated May 14, 1975-----	1214
Item 7. Letter from Betty Knowles, San Francisco, Calif.; to Senator John V. Tunney, dated May 15, 1975-----	1216
Item 8. Letter and enclosure from S. J. Nielsen, director, Office on Aging, California Health and Welfare Agency; to Senator John V. Tunney, dated May 22, 1975-----	1216
Item 9. Statement from William R. Pothier, executive director, San Francisco Senior Center-----	1218
Appendix 4. Statements submitted by the hearing audience-----	1221

FUTURE DIRECTIONS IN SOCIAL SECURITY

THURSDAY, MAY 15, 1975

U.S. SENATE,
SPECIAL COMMITTEE ON AGING,
San Francisco, Calif.

The special committee met, pursuant to notice, at 2 p.m., in room 200, City Hall, Senator John V. Tunney presiding.

Present: Senator Tunney.

Also Present: William E. Oriol, staff director; Patricia G. Oriol, chief clerk; Gerald Yee, minority professional staff member; Teddi Fine, special assistant to Senator Tunney; and Kathryn Dann, assistant chief clerk.

Senator TUNNEY. Come to order, please. Mayor Alioto.

INTRODUCTORY REMARKS OF HON. JOSEPH ALIOTO, MAYOR OF SAN FRANCISCO

Mayor ALIOTO. It is a pleasure for me to be here today for this hearing on "Future Directions in Social Security" by the Senate Special Committee on Aging.

The committee is represented here today by Senator John V. Tunney, a Democrat and the Junior Senator from the State of California, having served in the Senate since 1971.

Senator Tunney was born in New York in 1934. He graduated from Yale with a bachelor's degree in anthropology and has an LL. B. from the University of Virginia.

Senator Tunney was admitted to the New York Bar in 1959 and to the California Bar in 1963. He taught business law at the University of California and was a captain in the Air Force from 1961 to 1963. He is a member of the Riverside Junior Chamber of Commerce and various other civic organizations.

HOUSING FOR ELDERLY

As many of you know, we have done certain things in San Francisco in regard to senior citizens, particularly in the realm of housing, that have been rather unusual. I want to tell you that, although sometimes I have been given credit for it, a major share of that credit should go to Senator Tunney on these rather unusual projects because, without his help, they simply could not have been done.

There are few Senators who have worked as hard in fighting the impact of the ravages of inflation upon our people, particularly upon those in our adult population, few people who have done so much or shown so much concern as Senator Tunney. That is why I am very, very pleased to welcome Senator Tunney to San Francisco.

The subject matter we are going to be discussing with you, the impact of inflation upon all of you, is one of the most important subjects with which we are dealing today.

I am pleased to present my good friend and your good friend and the man I trust and I am confident will be serving us in the Senate of the United States for many, many years to come, Senator Tunney.

Senator TUNNEY. Thank you very much, Mr. Mayor. I deeply appreciate your very warm remarks.

I can't tell you, ladies and gentlemen, what a pleasure it has been to work with Mayor Alioto over the years, solving problems affecting both the city of San Francisco and the Nation as a whole.

As you know, I am sure, Mayor Alioto is one of the great leaders in the Conference of Mayors. He is a man who is extraordinarily articulate, and who has studied the problems of urban areas. He is, in my mind, one of the few voices that our Nation has heard in the past 8 years calling for a basic reform in the way State and Federal governments treat our cities. Joe Alioto is a friend of mine and I think he has been outstanding in every level of leadership. I want to thank you for being here, Joe.

I have a very brief opening statement.

OPENING STATEMENT BY SENATOR JOHN V. TUNNEY, PRESIDING

Senator TUNNEY. Virulent inflation continues to rage across our land like a cancer—a cancer eating away not only at the financial resources of our people, but at human hope and dignity.

Relentlessly rising prices have devastated the pocketbooks and the bank accounts of millions of Americans. But for many elderly citizens, living on fixed incomes, rising prices have been disastrous.

In the last 2 years the cost of medical care has increased 21 percent. Fuel and utility bills are up nearly 31 percent. Food at the supermarket is up more than 27 percent. Rents have increased by 10 percent; clothing by nearly 12 percent; household furniture by more than 26 percent.

The price of a loaf of bread has soared by nearly 47 percent, margarine by more than 100 percent, and sugar has gone off the charts—up 245 percent.

These skyrocketing prices for life's basic essentials have been a nightmarish hardship for the average American family. They have been an intolerable burden for millions of elderly persons whose social security payments or pensions or meager savings just cannot tolerate the additional expenses. Many senior citizens almost literally live from day to day. Many subsist on inadequate diets, live in substandard housing, and go without decent medical care because of inflation's tragic and relentless arithmetic.

FIELD HEARINGS ESSENTIAL

These hearings of the Senate Special Committee on Aging in San Francisco and Los Angeles will take some testimony from State and local officials. But we will hear primarily from the elderly themselves, those who have been backed to the wall by higher and higher prices.

I personally believe that the committees of Congress have a tendency to become isolated and insulated in the distant hearing rooms of the Nation's Capitol.

Too often, committees hear only from the bureaucrats and agency heads, from the professional witnesses of special interests, and not often enough from the people who are directly affected by the legislation.

Many of those we will hear from today could not possibly afford a trip to Washington, D.C., to share their experience with a committee of Congress. They have no funds for airline tickets or hotels. They must budget down to nickels and pennies for food and rent and prescription medicine and bus transportation across town.

But I believe their testimony is essential if we are to understand the human dimensions of inflation and develop solutions for its control. That is why I am holding these hearings in California—the Nation's largest State—to hear first hand from some of the victims and casualties of skyrocketing prices.

It would be unrealistic to expect some miraculous, quick-fix legislative solutions to the complex problem of inflation to emerge from these hearings. But I am hopeful that suggestions will emerge to relieve some of the worst economic hardships experienced by the elderly.

We will examine, for example, the automatic cost-of-living mechanism Congress established as part of the social security system in 1972. We need to determine whether it really reflects the price increases in those items of most crucial concern to the elderly—health care, housing, utilities, transportation, and food.

The elderly spend proportionately more of their income in these five basic areas, and those are precisely the areas where the sharpest increases in costs are occurring.

STRAINS ON SOCIAL SECURITY

This committee has already taken much testimony in Washington on major issues related to social security. In March, the subject before us was the overall soundness of the social security system during a period of inflation and recession at the same time.

It was readily recognized that social security is under considerable strain now and that adjustment must be made, both in the fairly immediate future and in the long range. But the message which came through loud and clear is that the trust fund is quite capable of handling short-term pressures caused by the dramatic increase in the cost of living since 1972.

But trust funds can only go so far; there is also a need for far-reaching action to keep the system sound, even as the proportion of retirees to workers continues to grow.

The point made by witnesses at our hearings was that there is time to make such changes—time enough for the Congress to make careful judgments before taking action.

Scare stories about social security going broke may serve a purpose, but they are unfortunate, in my view, because, in essence, they give senior citizens a feeling that somehow in the next year or two or several years they will be without funds needed for their survival and welfare.

I feel that the Congress of the United States will never allow the social security fund to go broke.

Since 1969, the Congress has increased social security benefits by more than 68 percent. We have established an automatic cost-of-living adjustment mechanism. Moreover, despite all of its imperfections, we established a supplementary social insurance program which is now helping many elderly persons to reach higher income levels than had been the case under old-age assistance.

We are determined to maintain and improve the best features of social security while strengthening the system to help recipients cope with inflation.

NEED FOR EFFECTIVE HEALTH DELIVERY SYSTEM

I realize that improved social security and SSI benefits can only do part of the job. We also need a more rational health delivery system, innovations to reduce the cost of utilities to low-income people, and other actions which can help reduce the drains on retirement income.

We will hear about some possible lines of action today but, more important, we will be listening to the people.

I would like to extend thanks to the California Office on Aging, the San Francisco Commission on the Aging, the California Legislative Joint Committee on Aging, the Gray Panthers of Berkeley, the San Francisco Council of Churches, and the Retired Senior Volunteer Program. Each of these has given this committee valuable information and each will submit a statement for the record. Important as their contributions are, they agreed with me that today's spotlight should be on the older people who are acting as their own advocates.

To help keep us on schedule, I have asked the staff to keep time on each panel presentation. I understand that all of the participants are aware of the time constraints we face and that we want to give everyone a chance to testify. While we were late in getting underway, I will stay to hear each panel in its entirety.

I want to thank all of you for being here.

Our first witness—

A VOICE FROM AUDIENCE. Senator Tunney, may I have the privilege of the floor for one moment, please?

Senator TUNNEY. Our first panel is here and it is up to them to yield to you.

Do the witnesses care to yield?

Reverend PEET. I don't think we should, Senator Tunney. I think that we have a very busy schedule in front of us and I think the witness might come along toward the end of the hearing.

A VOICE FROM AUDIENCE. It is a very important thing that the black community has been eliminated basically from this hearing. The black community is used as statistics. We have more than 12 senior citizens who are speaking, but not one black senior citizen scheduled to speak from San Francisco.

Senator TUNNEY. I am afraid you are in error. There are black senior citizens who are scheduled to testify and who will be appearing today. The committee staff met with black leaders in the community so we could be sure that adequate representation of black senior citizens was insured.

A VOICE FROM AUDIENCE. Senator Tunney, in your list here today we have one black senior citizen scheduled to speak and that senior citizen is from Berkeley. Really, black senior citizens are used as sta-

tistics, but, when it comes to funding the programs in San Francisco and throughout the State, the black citizens are left out. When it comes to staff positions on the federally funded programs, the blacks are left out. When it comes to your testimony today, you have one black scheduled to speak and one black being squeezed in.

I think it is a smack in the face of the black community that your staff which met with the blacks in San Francisco did not see fit to include one. We have a black commissioner here today who is not scheduled to speak.

Look at the audience here, Senator. How many minorities do you see? I think if this is the way your programs are going to continue to be funded, if your hearings are going to continue on this particular course of not including the minority community—

Senator TUNNEY. What organization do you work with?

A VOICE FROM AUDIENCE. I am an independent person, Senator Tunney, and I have been working with organizing senior citizens in San Francisco.

Senator TUNNEY. You are independent. I have told you that the committee staff met with black leaders and as a result of that meeting we do have blacks scheduled to testify and, if we have time at the end of the hearing, we will give you an opportunity to testify.

A VOICE FROM AUDIENCE. I want to call this to your attention because, of all the blacks who met with your staff in San Francisco, not one of the black senior citizens who were involved in that meeting are included in this program today. I think it is absurd; I really do. The programs are being funded and they are excluding blacks.

I want to call to your attention that the blacks are systematically excluded except in statistics to get funding for State and Federal programs but, when it comes to participation, they are excluded, and I think you are responsible for this because your staff made the plans on who would be scheduled to testify.

In fact, of the blacks who are scheduled to speak today, please stand to verify the point.

Senator TUNNEY. Sir, you are not going to overturn the purpose of this hearing, and I would request that you take your seat.

A VOICE FROM AUDIENCE. Your committee did not include the minority people of San Francisco and the State of California and your committee is not serving the purpose it was set up to serve.

Senator TUNNEY. We are deeply concerned, sir, about the problems of the black senior citizens, as we are concerned about every senior citizen.

A VOICE FROM AUDIENCE. You don't show it.

Senator TUNNEY. As I said, we will give you the opportunity to testify. You are now taking the time of three senior citizens who are scheduled to testify.

The first witness is the Reverend Edward Peet.

STATEMENT OF REV. EDWARD PEET, PRESIDENT, CALIFORNIA LEGISLATIVE COUNCIL FOR OLDER AMERICANS, ACCOMPANIED BY MRS. ROSE ADY AND MRS. MARY MORAN

Reverend PEET. My name is Rev. Edward Peet. I am president of the California Legislative Council for Older Americans.

Senator Tunney, we hail you today and welcome you to our city. Your own personal efforts on behalf of the aged are well known and the track record that has been made by your committee in the field of nursing homes is very well publicized and we appreciate it very much.

The topic that we will be dealing with in just a few moments is the "Future Directions in Social Security." We feel that this subject is very well chosen.

The social security system is now under fire, as it has been from time to time, from the same direction. In 1936, Mr. Alf Landon, running for President, said, "Social security is a cruel hoax." Barry Goldwater said in 1964, "Social security should be voluntary." The Reader's Digest blasted social security in 1967 and it is at it once more.

We of the legislative council, representing 50,000 seniors in California and affiliated with the National Council of Senior Citizens, regard the system as a solid base of our daily bread. We will not keep silent when voices are needed in defense of the social security system. We will hold this line if it takes all summer.

IMPROVEMENTS NEEDED

At the same time we feel called upon to speak out for any improvements. We would, therefore, suggest the following items:

1. We oppose any attempts now being made by the Ford administration to restrict the July 1 cost-of-living figure to 5 percent. This is a dishonest piece of arithmetic and a cruel hoax on 30 million people whose budgets are already stretched to the breaking point.

2. As each year the social security office computes inflationary trends in shaping the cost-of-living raise, we feel that the special spending of older people should be taken into account—food, rent, taxes, and health—basic market items for people our age, and not the price of new refrigerators, cars, or long-distance travel.

3. We support the Church amendment to social security, of which we are glad to recognize you as a coauthor, as a means of taking the system out of politics. Never again should a Presidential candidate take credit for any social security raise which, in the campaign, he firmly opposed.

4. We favor restoring the social security system to its former status as an independent agency outside HEW.

5. We believe that general funds of the Federal Government should come in as a third source of support to the social security system.

We of the council would like to present two witnesses today who will be useful to you in your work.

The first witness is Mrs. Rose Ady, whose apartment is in a high-crime area only a few blocks from here. I will call upon her in a few minutes.

The second witness is Mrs. Mary Moran, whose problems and solutions are of a different character and who will also make a very important contribution.

If I may now, I would like to introduce Mrs. Ady. Mrs. Ady, would you give your age and your address?

STATEMENT OF ROSE ADY

Mrs. ADY. I live on Jones Street, and I am 76 years old.

Reverend PEET. How much rent do you pay for your apartment?

Mrs. ADY. I pay \$135 a month for the apartment, \$7 for gas and electric.

Reverend PEET. Are you being threatened with a rise?

Mrs. ADY. I am being threatened with eviction, yes, because the owners have threatened to raise the rent \$35 and I have refused to pay the rent, so I am threatened with eviction.

Reverend PEET. That would make your rent what?

Mrs. ADY. \$165 and up she wants for rent for an apartment in the Tenderloin district. I had no cold water in the tap for 2 weeks. I had no heat all winter in the apartment. There is a leak underneath the sink. One pane of glass is broken out of the window and that hasn't been fixed. They refuse to do anything in the apartment. They want me to be evicted.

Reverend PEET. Would you care to say something about your income?

Mrs. ADY. I get \$134 from the old-age pension and \$123 in social security.

Reverend PEET. I see. You have a problem in making ends meet. Would you say something about it?

Mrs. ADY. I have a 50-year-old disabled daughter and I live with her in the apartment. She has been under psychiatric counseling. She lives with me.

Reverend PEET. Did you find it hard to come here today to speak on your own?

REFUSES TO PAY RENT

Mrs. ADY. I find it very, very hard to live on what the income is with the price of food and everything. I cannot pay \$35 more a month for rent. I refuse to pay and I am going into court and, if she wants to kick me out in the street, we will fight it.

Reverend PEET. Do you have a way of getting around to the market, the grocery store?

Mrs. ADY. Yes. I go to the Lucky Market.

Reverend PEET. How far do you live from the market?

Mrs. ADY. About 10 blocks. I take the bus.

Reverend PEET. And you find yourself somewhat handicapped in getting around to do your shopping?

Mrs. ADY. Very handicapped. I have rheumatoid arthritis—very badly handicapped.

Reverend PEET. Shall we continue?

Senator TUNNEY. I would first like to hear from your other witness and then I will direct some questions.

Reverend PEET. Mrs. Ady, did you want to add anything more?

I heard you say in our office one day that when people get old, they get afraid.

Mrs. ADY. Yes, they are afraid. They are afraid of being evicted; they are afraid of being a bother. When they live in a neighborhood

that has a high crime rate, they are afraid to live there. I was held up 2 years ago on Jones Street and robbed. I was pushed up against the wall, so I am afraid, yes.

Reverend PEET. All right. Thank you.

We will turn now to Mrs. Mary Moran. How do you see the situation on surviving in a time of inflation, Mrs. Moran?

STATEMENT OF MARY MORAN

Mrs. MORAN. It is very hard and this last year has been particularly hard because I lost my husband. My husband and I were both on social security.

I personally feel—I will go on with the individual hardships, but I wanted to take a moment to tell you that I resent very much the amount of money that our Government spends on war and how little it spends on the people.

The biggest problem besides having inadequate income—in other words, I am allowed just exactly \$255 a month; I'm not allowed more than that or my Medi-Cal would be cut off. Although it is not apparent, I was in the hospital three times last year. During the second time I was in the hospital my husband died.

"CONFUSION IS FANTASTIC"

It happens that there is such a confusion and scramble in the social service system—this is not because the social workers that I contacted were not kindly and friendly—but the problem is the laws and the confusion is fantastic. I consider myself a fairly knowledgeable sort of person and yet I was completely overwhelmed by the number of forms I should fill out and the things I should ask for, and I have actually not gotten some of the financial help that I could have gotten if I had had this maze of confusion straightened out by somebody.

Actually, I had to borrow money to be able to survive up until now. I was finally fortunate to get into one of the finest senior housings in San Francisco. This was a tremendous relief because I am financially, right now at this moment, still in a crisis, but I see a way out ahead.

I doubt if I could have talked to you and presented my case 3 months ago. When I was right in the middle of this kind of a confusing mess that I was in, with the social security confusion and inadequate income, I was in no shape to make a public appearance.

As I say, one area is relieved and I have really adequate housing and I have help from the California Legislative Council. I have had good friends. People were not mistreating me; the social workers were not mistreating me. It is the fact that the law is a jumble of confusion connected with seniors, and I suppose other people, but I am a senior so I know senior problems.

I think the need, which has already been mentioned by the Senator, of our going into the health question is very important to me—as you can see, three times in 1 year in the hospital. Most seniors do use the medical profession 50 percent more than the rest of you, so the health problem is an important one to us.

I think that is what I really wanted you to understand: inadequate money and inadequate attention, general knowledge of what we are up against. Those two problems are the key to what my difficulty is, as I see it.

Senator TUNNEY. Thank you, Mrs. Moran.

I was wondering, as I understand it, Mrs. Moran, you were forced to go to the social security information service where you just couldn't get adequate information from the Social Security Administration—the local office?

Mrs. MORAN. Yes. Because I still have some unsolved problems left over from when I was really panicky, I tried to get in touch with information in the social security office, just using the telephone. I made five calls. One referred to the next and the next and finally the sixth call turned me back to the original number and that's where it ended. In other words, there is some kind of crisis, apparently, in the social security information area where an ordinary person can't get through.

If I had connections or maybe if I could have used your name, I might have broken through, but I was up against a complete wall.

INSTITUTIONAL UNRESPONSIVENESS

Senator TUNNEY. One of the things that drives people up the wall is the feeling that institutions are unresponsive; that some kind of invisible wall exists between them and persons hired by the Government to serve the people. There is a feeling that they do not serve.

Mrs. ADY, I found your testimony particularly compelling as you related your fear that you might be thrown out of your apartment, and that you would not know, then, what to do. What would happen if you were evicted from your apartment because you refused to pay this higher rent that you say you can't afford? It is clear from your income that you can't afford it. What would happen to you? Where would you go? Are there any other apartments that are available? Do you know of public housing for senior citizens available in the area? Reverend Peet, would you speak to her?

Reverend PEET. Yes. Mrs. ADY, the Senator asked, in the event you were evicted from where you are living, where would you go—where would you turn if you are thrown out of your present place?

Mrs. ADY. I didn't get the question.

Reverend PEET. If you had to be evicted, where would you go?

Mrs. ADY. I'd have to find an apartment someplace.

Reverend PEET. Could you readily find one?

Mrs. ADY. Some people don't want to rent to an elderly person and some don't want to rent to a woman with a disabled daughter. You would be surprised at this in San Francisco.

Not only that, they want \$35 for a cleaning charge and \$1.50 for each key.

Senator TUNNEY. Is there anyone that you can go to?

Mrs. ADY. I have no people, all of my people are dead. My daughter is the only person who is left.

Senator TUNNEY. Are you getting any kind of sympathetic consideration?

Mrs. ADY. I haven't gotten any. Reverend Peet is the only one I really know, and Mrs. Brown has been very helpful. She has advised me not to pay any increase in rent and we will go to court and fight it out.

Senator TUNNEY. But from your understanding, there is no other apartment you could rent for the same price you are paying in your present apartment?

Mrs. ADY. They are all \$145, \$155, \$165 a month. I have tried, and they are in very low-class neighborhoods.

Senator TUNNEY. How much do you spend every day on food?

Mrs. ADY. We allow \$4.50 for the two of us.

Senator TUNNEY. \$4.50.

Mrs. ADY. Per day for both of us.

Senator TUNNEY. So that's \$2.25 apiece.

Mrs. ADY. That's correct.

Senator TUNNEY. That doesn't go very far, does it?

Mrs. ADY. No, and that has to be three meals a day.

Senator TUNNEY. How about medical care?

Mrs. ADY. I have medicare and Medi-Cal but I have to pay for my own medicine, prescriptions—\$8.50 a month.

Senator TUNNEY. What about transportation? How do you get around?

Mrs. ADY. I can't get on a bus so if I have to go anywhere I have to use a cab.

Senator TUNNEY. That's pretty expensive.

Mrs. ADY. Yes; 80 cents to sit in a cab.

Senator TUNNEY. What is your total income?

Mrs. ADY. \$134 a month from old-age pension and \$123.10 from social security.

Senator TUNNEY. Inflation must have you reeling.

Mrs. ADY. Oh, I should say so. We've felt the impact all right. We have had to cut down on everything.

Senator TUNNEY. Have you had to cut back on your food?

Mrs. ADY. Right, and we are not able to buy any clothing.

Senator TUNNEY. Thank you very much for your willingness to tell what certainly is a difficult story of the problems you face from day to day.

Mrs. ADY. You are welcome, Senator Tunney.

Senator TUNNEY. Thank you very much. I appreciate all of you on the panel being here.

Our next witnesses are Mrs. Laverna Canatela, Miss Edna Peralta, and Mr. Don Hollar.

A VOICE FROM AUDIENCE. Senator Tunney, I would like to speak to you for a few minutes.

Senator TUNNEY. Sir, the hearing schedule is extremely full. If I let you speak, these witnesses and other people we have scheduled won't have an opportunity to speak.

A VOICE FROM AUDIENCE. I want to talk about the abuse on the part of Americans—

Senator TUNNEY. Could you wait until after our scheduled witnesses have had an opportunity to give their testimony? We will try to hear from you then, sir.

A VOICE FROM AUDIENCE. You have forgotten the Filipinos in America. We are a part of America.

Senator TUNNEY. Of course you are part of America and I am very concerned about problems facing Filipinos and I would be delighted to hear your testimony. Please don't misinterpret me when I say that first we need to hear from the witnesses we have scheduled. We are in no way indicating that we don't think your testimony is very valuable.

A VOICE FROM AUDIENCE. I want to be the last speaker. I know the Filipinos' problems and the social security problems in America.

Senator TUNNEY. You will get a chance to testify. If you would just wait and give these other witnesses a chance, then you will be permitted to testify.

A VOICE FROM AUDIENCE. My name is Mr. Santos.*

Senator TUNNEY. Could you wait until we go through the witnesses? You will have an opportunity to testify after they have testified. I am interested in your problems, but we have a scheduled hearing to follow. These persons have spent time to prepare their testimony and we want to give them a chance.

Mr. SANTOS. I will appreciate that. If you want to give me the opportunity tonight, I will—

Senator TUNNEY. I have a form here which the staff can give you and anyone else who wants to testify. The form will enable you to write out what you wish to say and send in a statement.

Mrs. Canatela, you may proceed.

PANEL ON ELECTRICITY AND GAS FOR PEOPLE

Mrs. CANATELA. Good afternoon, Senator Tunney. My name is Laverna Canatela and I represent Electricity and Gas for People, a campaign of the Citizens Action League.

Rising utility bills are one thing that makes it more and more difficult for senior citizens who live on fixed incomes. We would like to talk with you about this problem today.

The members of our panel are Mr. Don Holler, administrator of Bethany Senior Citizens Housing, and Miss Edna Peralta, a senior citizen.

Mr. Holler, please.

STATEMENT OF DONALD W. HOLLER, ADMINISTRATOR, BETHANY CENTER SENIOR HOUSING, INC.

Mr. HOLLER. My name is Don Holler and I am the administrator of Bethany Center Senior Housing, Inc., San Francisco, an assisted housing project for senior citizens under the 236 program.

Our concern regarding a lifeline concept for gas and electricity is how we will be included. Under our program, utilities are included in the basic rental established by FHA and HUD. On October 1, 1973, we were authorized a \$3 per unit basic rental increase to offset rising utility rates.

Presently our monthly operating income is offset by 50 percent to satisfy mortgage, insurance, and reserve for replacement required by the Federal Government. In answering a questionnaire from Senator Church regarding energy costs, we ascertained that we are expending between 18 and 19 percent of our operating budget for utilities alone. In comparing the expenditure for utilities for the first 9 months of the last fiscal year and the first 9 months of the present fiscal year, we find that the average monthly increase is approximately \$375 per month over the previous period.

For persons on fixed incomes, living in nonprofit, federally funded housing, the magic figure for housing, including utilities, is 25 per-

* See statement, p. 1149.

cent. It is inevitable to escape a not-too-distant increase in basic rentals if some relief is not given to include nonprofit, multihousing units, which increase would certainly cause these low-income persons to be expending more than 25 percent of their income for rent.

Our residents of Bethany Center do implore that they, and all like citizens, be included in any legislation that may give them relief from spiraling utility increases.

Thank you.

Mrs. CANATELA. Mrs. Peralta.

STATEMENT OF EDNA PERALTA

Mrs. PERALTA. Hello, Senator. I am one of the lucky people in that I worked for many years and I receive a company retirement pension in addition to my social security benefit.

Along with that, it should follow that the 1974 boost in social security benefits of 11 percent and two pension increases received in the last 2 years which amounted to about 13½ percent should make me a very happy senior citizen economically, but instead it is rather a sad result because the constantly rising utility bills have practically wiped out the gain.

I am sure there are many others in the same category as I, and I feel that this situation must be remedied. The answer, however, is not—I repeat, is not—in the printing of energy coupons or stamps at the taxpayers' expense.

I thank you.

Senator TUNNEY. I want to thank you.

STATEMENT OF LAVERNA CANATELA

Mrs. CANATELA. Senator, you have heard what the problem is. We would like you to know that we have a solution—that is, lifeline. We have worked to have a bill introduced into the California State Legislature which would establish a lifeline rate structure for gas and electricity for all residential users, that is A.B. 167. That bill would mandate the Public Utilities Commission to reduce residential rates by at least 25 percent and would force the big users of gas and electricity to pay their fair share. It would encourage big business to conserve gas and electricity as we all do, and it would stop the process of passing every increase in gas prices or oil prices or all construction costs or every increase in dividends to shareholders on to us, the small residential users.

Senator, we need your leadership on this issue. You are elected by all of the people of the State of California. If you would endorse our lifeline bill, A.B. 167 it would have a big influence on our State legislature and help us get the bill passed.

The lifeline concept can also be applied on the national level, wherever the Federal Government regulated the sale of gas or electricity. A good example would be the sale of natural gas, regulated by the Federal Gas Commission.

STATE BILL ON UTILITY FEES

Senator TUNNEY. I am certainly willing to endorse the concept. I had not heard of the bill until you brought it to the attention of

my staff several days ago. Of course A.B. 167 is a bill in the State legislature, not a Federal bill. Nonetheless, I am very interested in that concept because I think that there has to be a decent fee structure for those utility needs that are basic to welfare—indeed, survival.

I am deeply concerned about the rate structure which charges low electricity users the highest charge per unit and lower rates to major users of electricity. It seems to me that that is highly unfair. Because of substantial increases in the costs of natural gas, as well as electricity, in the past 2 years, reflecting the energy price increases, I think we are going to have to have something like a food stamp program for utilities.

A VOICES FROM AUDIENCE. No, no.

Senator TUNNEY. Please understand me. I am not saying that you get electricity stamps; I am saying that minimal users should have a subsidy for electric utilities. One of the concepts that has been advanced is the stamp program. Another is lifeline.

I have not, myself, taken a position on any one of the concepts. I came here today to learn from you so that I will be in a better position to construct legislation at the national level which reflects the needs in my State, which I think reflects national needs.

So, I want to learn more from you about the lifeline proposal so when we get this hearing record back to Washington, we will be able to allow other Senators and their staffs to read the record and take the kind of action that you and others feel is going to be the most beneficial.

I did have a couple of questions about lifeline which I would like to address to you.

Do you have any idea what the cost of lifeline would be in either total terms here in the State or what the benefit would be to the average user?

Mrs. CANATELA. Well, a 25-percent decrease in a monthly bill of \$20 would be \$5, and many of the bills have been running way over \$20; so it would be between \$5 and \$10 a month, I presume, or less.

Senator TUNNEY. It would save the average utility user \$5 to \$10 a month?

Mrs. CANATELA. Yes.

Senator TUNNEY. Please explain once again how the lifeline program would work and how it would be funded at the State level. Are there State funds that are going to be used?

Mrs. CANATELA. Not to my knowledge. The concept of this, the present bill as it now stands in 1975, takes an average of an annual bill for the year 1974, and then there would be this reduction, possibly given in the form of a credit, by P.G. & E. monthly or quarterly to make up that lifeline rate.

Senator TUNNEY. So the utility companies could charge a higher price? The Public Utilities Commission would allow the public utilities to charge a higher price to the major users of electricity, such as industries, to make the lifeline rate available?

Mrs. CANATELA. That's right. The whole concept of lifeline is, if you save, you would have a savings in your electricity and gas bills and, if you use a lot of gas and electricity, you would pay that amount.

PRESENT RATE STRUCTURE UNFAIR

Senator TUNNEY. Since I first became aware of the problems that people face in paying the increased charges on their utility bills, I have felt that the present rate structure is terribly unfair.

If a small user pays a much higher unit price than a large user, we, in a sense, reward wastefulness; that is very unfair.

I think this is an interesting concept. Of course, the question is whether there is anything that the Federal Government can do to implement this kind of a program. This bill is, of course, a State issue at the present. It is a public utilities issue and it doesn't deal with the Federal Government.

Do you think there is anything that the Federal Government can do to encourage lifeline on a national basis? Do you feel that it should be handled on a national basis or at the State level?

Mrs. CANATELA. I am sure that most Californians are having their own problems, and every State in the Union is having a similar problem with rising utility rates, especially for people on fixed incomes. If California sets the precedent, it may go all the way through the whole Nation.

Senator TUNNEY. We could dictate to the States that they do this. Of course it would be somewhat unusual since I don't think the Federal Government has done this kind of thing in the past. There is no reason why we can't do it, however.

Mrs. CANATELA. That's right. Also, the system of rate structure for our utilities is a very old system, when gas and electricity were abundant; today we are running into the shortages, so something should be done.

Senator TUNNEY. What you are saying then, is that lifeline is a much better system than an energy stamp system because it doesn't have many of the complications—the Federal and State redtape. In a sense, with lifeline, you just reduce the price of the bill that is paid by low-energy users. It is much simpler.

Mrs. CANATELA. That's right.

Senator TUNNEY. It makes sense to me.

I want to thank you all very much for being here.

Mr. GRANT. My name is Leslie Grant and I am from San Rafael. May I have permission to address this meeting at the appropriate time?

Senator TUNNEY. I want very much to hear you, but we do have these other witnesses which we have scheduled. We want to give them a chance to testify. Because many of them have been waiting in the room, anticipating that they are going to be testifying in a few minutes, let's hear from them and then we will call on you and the two other gentlemen who indicated they wished to speak.

Mr. GRANT. Put my name down, please, Leslie Grant. I am legally blind and I was a candidate for State senatorial office and was the author of many pieces of legislation.

Senator TUNNEY. We would be glad to hear from you.

Mr. GRANT. Thank you.

Senator TUNNEY. Our next witnesses are Mr. Arnold Sternberg, director of the California State Department of Housing and Community Development; and two private citizens who will accompany him, Mrs. Ada Ruth Rose of San Jose, and Mr. Morris Sharnoff of Oakland.

PANEL ON HOUSING

STATEMENT OF MORRIS SHARNOFF

Mr. SHARNOFF. My name is Morris Sharnoff and I reside at Otterbein Manor in Oakland. Otterbein Manor is one of the 11 residences operated by Satellite Senior Homes, Inc.

Satellite Homes is one of the projects that comes under HUD, for the purpose of providing adequate housing to senior citizens on low and moderate fixed incomes.

At Otterbein Manor we have 38 rental units, plus a manager's apartment—making 39 units in all.

I submit a copy of a letter * to the Senate and House Subcommittees on Housing and Urban Development which will, I believe, provide you with factual information that might aid you in the search for a solution to the problem in question.

The letter was drafted by the Otterbein Manor Tenants Association in response to the imminent 11-percent increase in rent requested by Harold Foster, executive director of the satellite project.

That part of section 502 referred to in the letter, which provided for HUD to subsidize any increase in cost of operation and maintenance due to inflation, was stricken out from the bill and passed on to the tenants.

Irvin Farley, Director of Housing, Management Division of HUD, in a letter, August 28, 1974, addressed to Mr. Foster, wrote: "Our detailed review of your supporting documentation justified *considerably more* than an 11-percent increase at this time. . . ." What else can this indicate than another increase in the offing?

I need not elaborate on the grief another increase would bring to the tenants who have to subsist on the average income, let alone those on less than average, as indicated in that letter. As for the more financially fortunate, continued rent increases will eventually force many of them into the low-income groups.

Another matter, which is not directly related to the foregoing and must be considered apart, is the nonprofit feature of the HUD projects.

The projects are operated on a nonprofit basis, but that does not hold true with regard to the cost of construction, furnishings, financing, et cetera, of the project apartment houses. If Otterbein Manor is typical, then the overall cost of the Satellite projects must be extremely inflated—without rhyme or reason. As indicated by the mortgage, the overall cost of Otterbein is just about \$725,000. No builder in his right mind, having in mind a similar apartment structure and placing it on the market at completion time, would attempt it, even on today's market, at two-thirds that cost.

By rule of thumb, the asking price of this type of income properties is determined by multiplying by seven the gross annual income. In May 1973, when Otterbein was opened for occupancy, the very top rent for the one-bedroom units was \$150, and studios \$130, including garage or parking space, but not gas and electricity. Thus, based upon the maximum rent (8 units at \$150, 30 at \$130), the annual income would amount to \$62,760. Multiplied by seven, this would equal \$439,320 including the builder's profit and real estate broker's commission, which are not inconsiderable.

* See app. 3, Item 3, p. 1213.

HUD sets certain standards for its buildings, such as fireproofing, sizable recreation rooms, safety devices, et cetera, which add up to considerable amounts. On the other side, the commercial enterprises are compelled by city ordinance to provide parking space for each living unit; in this instance, 29 more spaces than is provided by Otterbein. This, too, is an item of considerable significance.

Taking into consideration all factors, if the overall cost of Otterbein is estimated at \$500,000, it would, in my opinion, be overly generous. If this be the case, then \$225,000, to use a popular expression, is nothing to sneeze at, and some thought should be given to it. The import of this matter is—the Otterbein tenants are taxed \$15 per month for 40 years for each resident: $\$2.52856$ (monthly payment for \$1,000) multiplied by 225 divided by 38 rental units equals \$15. Or put it this way: $\$2.52856 \times 225 \div 38 = \15 .

Thank you for your consideration of our problem.

Senator TUNNEY. Thank you very much, Mr. Sharnoff.

Mr. Sternberg, were you going to lead this panel?

Mr. STERNBERG. I haven't had any discussion with my two fellow panelists and I am happy to defer to Ada.

Senator TUNNEY. Why don't we have Ada Ruth Rose testify? We want to make sure that we hear from the distaff side.

STATEMENT OF ADA RUTH ROSE

Mrs. ROSE. Thank you. I hope you can hear what I have in mind.

Some 10 years ago when my husband's health was severely impaired quite unexpectedly due to an accident, we were suddenly faced with a decision on how and where to invest our small savings to the best advantage and where and how to live on a small retirement allotment and social security. In other words, we were forced 10 years before our time to enter the old-age bracket. The overall income of our family was thus suddenly cut to about one-fourth its usual size. This demanded immediate and drastic changes.

After long and serious considerations of our changed circumstances, in order to live comfortably and with dignity, we decided to purchase a mobile home. With the going rate of older homes here in the Santa Clara Valley at approximately \$39,000, and with my husband confined to a wheelchair—\$20,000 5 years ago could buy a very fine mobile home without the responsibilities of yard care, et cetera, and we could have access to recreational facilities. The responsibilities of huge insurance rates for those facilities are divided amongst all of the tenants, and there is always someone on call in case of emergency 24 hours a day.

However, when we purchased our mobile home, we were faced with a very unique situation. Here we were in a dual role which we were not prepared for. We thought we were prepared, but, when you realize that you own the home but you don't own the land upon which that home sets, you are not only an owner but a renter, so you are in a dual role. Actually you are both a landlord as well as a tenant.

Fortunately for us we had chosen a mobile home park of unusually good reputation and high standards. This does not represent the majority of cases, however. We proudly maintain this standard, but as we have talked to others, we have found untold discrepancies on the part of park managers and owners who slip in additional charges

to people who rent the spaces upon which they place their mobile homes.

ADDED-ON CHARGES IN MOBILE HOMES

This can be done quite legitimately inasmuch as they are the actual owners of the property. When you sign a rental agreement as you move in you agree that you will abide by the rules set forth by the owners. They are, in general, very acceptable. However, this doesn't mention the fact that you may be charged for every night a guest calls at your home and, as the time flies by, should your guest stay or have a baby with him, and if he should happen to stay past midnight, you may be charged hotel rates for him as for a full night's lodging. It doesn't tell you the fact that if that guest should happen to have a pet, you would be charged \$3.50 for having a pet in your home.

These are simply instances of small charges, perhaps, but the little unseen charges that can be put in if you have an unscrupulous person owning the property or leasing the property upon which your mobile home stands.

In some instances, if you have a small, older mobile home which is in good repair, if it doesn't measure more than 10 feet wide, they have asked that you move that mobile home out, if it is 10 years old and you intend to sell it. That is what we have called the 10-10 law. Thanks to our present Sacramento officials and also pressure from Arnold Sternberg, whom we appreciate very much, we now have an amendment to this law which would make such actions illegal, if it is in good repair, merely because it is 10 years old.

As a result of so many unfair and discriminating regulations that affect mobile home owners as a whole, my husband and I became active in the one voice most important in this State for those who live in mobile homes, the Golden State Mobile Home Owner's League, Inc. We have diligently tried to keep our city, county, and State, as well as Federal elected officials, better informed as to the possible ways to keep the 5 percent of this State's population who live in mobile home parks at this time proud and contented residents.

The mobile home industry now accounts for one-third of the single-family market, and 95 percent of all single-family homes in the State of California are now mobile homes according to our 24th Congressional District representative, Leona Egeland, Sacramento, with two-thirds of the sales of single-family dwellings being mobile homes. Since California is the largest State, we need much help. Definite guidelines set up throughout this entire industry and very certainly other States will agree that Federal guidelines are needed to prevent unfair practices within a new field and such a large one.

However, as the size of the industry grows, so do the complaints as to faulty equipment, unqualified warranties, untrained installers, untrained movers, dealers, and park managers.

Our mobile home league is active all over the State, for we have found that only by numbers can our voices be heard; but this is just one State. Other States are also following suit with organizations of their own out of the tremendous need to be heard. Many are patterning their organizations after ours.

We must have legislative advocates and legislative people who are aware of the needs of people who are on fixed incomes in these

United States. We are now 50 States and it would seem that a very few guidelines from the Federal level, Mr. Tunney, would be most helpful. We appreciate your concern and trust that via HUD or with your continued interest in the National Housing Act, 1974, you will do all in your power to look into this.

Senator TUNNEY. Thank you.

ADVOCATES FEDERAL ACTION

Mrs. ROSE. Within our own State we now have several fine bills up for consideration at this moment. I will mention them quickly, only because it would seem better if they were Federal laws.

Assembly bill 165, which refers to Arnold Sternberg's housing and community development, would establish more standardized methods and more standardized qualities of health, safety, fitness of materials, and so forth, so that the homes being built would be examined at the factories as they are being assembled and not have an inspection only after the mobile home has been set up, as well as a complete inspection of every mobile home before it is occupied.

In transporting mobile homes from the factory to the site upon which they will be set, much can happen and, unless they are joined together and inspected as they would be lived in, on a complete-unit basis which would be as an addition to the present law, much could happen that could be faulty.

Another bill is Assembly bill 637, which works along the same lines. It would require that managers, builders, assemblers, setup crews, and so forth, be licensed; in other words, be trained and pass some kind of qualification questionnaire. A Federal law would be stronger.

We have other bills, many of which can be brought up before you to consider, but these are only in our State by our legislature within this State. Surely other States have some good, as well as poor, legislation, but if you could help us get some Federal guidelines for all States, the savings of those on fixed incomes could and would be far more protected in the future against unfair ordinances and laws that now make it possible for every State to have its own rules, and every county, town, and hamlet can charge whatever they desire from the mobile home owner. We place our hopes for fair consideration of adequate housing in mobile homes before you as a plausible solution to the growing numbers of the aging. Please consider our suggestions.

Thank you.

Senator TUNNEY. Mr. Sternberg.

STATEMENT OF ARNOLD STERNBERG, DIRECTOR, CALIFORNIA STATE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Mr. STERNBERG. Thank you very much, Senator, for inviting me here today to the hearing in San Francisco. I appreciate your holding the hearing here.

While I am too young yet to be on a fixed income, as a result of the Governor's stringent budget controls I am on a strict budget which would preclude me from going to Washington to address your hearings as much as it would preclude any one of our senior citizens

from going to Washington. So on my own behalf I am appreciative of the fact that you are here.

In anticipation of these hearings, Senator, we took a look at some 1970 census figures. We were especially concerned with those which deal with the percentage of income spent for gross rent by senior citizens. We found that in 1970—mind you are now 5 years down the road—in the Los Angeles, Long Beach, San Francisco, and Oakland Standard Metropolitan Statistical Areas, fully 70 percent of those families and persons with incomes under \$5,000 were paying 35 percent or more of their income for shelter.

Now, when you consider that we in this country have always felt that the proper standard was 25 percent of income, you can readily see what that means—35 percent of income or more for those families under \$5,000. That was 5 years ago. I shudder to think what the figures look like today.

We have done some extrapolations based on social security income, based on increases of income of those families under \$5,000 if, indeed, they have increased, and at the risk of being statistically wrong, I am very much afraid that we are approaching 45 percent or higher being spent on shelter by families whose incomes are under \$5,000—elderly families. That is a situation that cries out for relief.

This is a situation that means since shelter or housing is a fixed item in the budget, there are a host of other things that must go begging. The choice is paying that amount for shelter or sleeping in the park. People need shelter and I am afraid what goes begging is food, clothing, medication, travel, transportation, and all of those other things which you mentioned in your opening remarks.

There is a second dimension to the problem insofar as housing is concerned. You have 7.5 million units of housing of all kinds in California. One million of those, by census definitions, are substandard. Three hundred thousand should have been bulldozed or are ready for the bulldozer today but are occupied. Also 1.2 million of those 7.5 million are overpriced by our 25-percent standard. If we look at the percentages, a minimum of 20 percent of all of the units in each of those categories—substandard, overpriced, ready for the bulldozers—are occupied by California senior citizens today.

PROPERTY TAX RELIEF

This is something that neither we at the State nor at the Federal level, I submit, can long tolerate. At the State level there is already existing legislation which provides some form of property tax relief for senior citizens. We are looking very carefully at the possibilities of tax relief for elderly citizens who don't own property but who are tenants. What kind of relief from property taxes can be passed through to those of our senior citizens who are tenants?

As far as A.B. 167—lifeline—is concerned, there is already precedent in this State for preferential utility rates for senior citizens. It exists in telephone ratemaking and, hopefully, that precedent will be followed elsewhere.

In that connection, sir, you asked what assistance the Federal Government might give to the concept of A.B. 167. To the extent that A.B. 167 may provide a penalty or, on the other hand, an incentive for energy conservation, given a revised rate structure which would turn

the scales, as it were, and increase rates for large consumers, I would think that the Federal Energy Agency would be very much interested in the concept of A.B. 167 as an energy-conservation measure, rewarding people like senior citizens with a preferential rate structure since they use less—far less, I might submit—and probably more quickly turn down the thermostat if, indeed they haven't already. If they are living alone, I can't see too much cooking going on.

It would appear to me that, at the Federal level, the FEA could do something, and even the FPC could conceivably get into this act as well.

HUD 202 PROGRAM

You suggested in your opening remarks, Senator, that you weren't looking for quick-fix legislation. I didn't come with any quick-fix legislation, but I did come with some old legislation in terms of housing. There was an excellent program: direct loans for the construction of senior citizen housing, the 202 program. When all the other housing programs that HUD began went down the drain, HUD, in its usual fashion, threw the baby out with the bathwater. In this case, however, the baby didn't happen to be children, the baby happened to be those senior citizens in our community.

They closed down the 202 program and, if we are going to do anything about the supply of housing to meet the statistical nightmare that I have held out here, I would hope that you would be able to revive 202. It is on the books. All it requires is a little life breathed into it.

At the State level, we are responding to the crisis in terms of the housing finance agency which, as you know, is going through the State legislature now and has the conceptual endorsement of the Governor. We are going to have some financing available and, hopefully, that financing will carry with it a less expensive cost of money. A good share of that, I might add, is probably going to go into elderly housing.

At the same time we are doing that, the Federal Government, through HUD, is doing everything it can, apparently—while we are trying to expand the supply at the State level, they are doing everything they can to close down the supply, as the gentleman here suggested.

I don't understand why HUD can't wait for another 10 years or another 20 years for its 40-year mortgages to get paid, until we are over the hump of the energy crisis. There is no reason why they can't defer amortization, waive principal and interest payment for 10 years—balloon them at the end of the note, so that the most senior citizens among us don't bear this heavy penalty, which is the result of inflation and the energy crunch.

There is no reason why HUD can't defer principal and interest payments—keep rents the same. I won't suggest that they can be rolled back, but at least they can be kept the same if principal and interest payments are deferred.

As was suggested, there was, indeed, legislation that would have required HUD to subsidize operating expenses. It seems to me that some life has to be breathed into that program as well. HUD is already subsidizing operating expenses, and rightly so, in public housing. We are going one step now down the line, and that is to subsidize housing. If HUD wants to protect the Federal investment, especially in elderly

subsidized housing—and I understand the fiscal considerations but I think they are balanced out in the long run—why won't they subsidize operating expenses in buildings which are very shortly going to become public housing, that is, Government-owned housing, when HUD takes over the mortgage?

Finally, Senator, we talk about vacancy rates. People look around the State, around the Nation, and they say: "We do have vacant units; therefore, there is very little need to increase the supply."

NO PLACE TO GO

I would submit to you that for the elderly, for the senior citizens on fixed incomes, the vacancy ratio is zero. If it is 3 to 7 percent for the general population, as indeed it is in our larger urban areas, for the elderly, for those on fixed incomes, for the disabled, for the handicapped, for those who, for whatever reason, can't leave their homes, that vacancy rate for those people is zero. There is simply no place for them to go.

I submit that one Federal response would be a partnership with the State in reviving the 202 program—the direct loans which did so much to increase the supply of housing for the elderly.

One last word on mobile homes. Senator, 5 percent of this State's population lives in mobile homes. One-third of those are over 65. The Golden State Mobile Home Owner's League just did a very quick, unofficial, offhand survey. They surveyed 619 mobile home parks. Of those 619, 439 raised their rents in 1974. If people who live on fixed incomes as tenants are immobile, as I have suggested, people who live on fixed incomes in mobile homes are doubly immobilized because, wherever they go, like the proverbial turtle, they have to carry that shell around with them on their backs. It is impossible, given today's prices, to move that immobile mobile home. There is relief required for them as well, some of which, hopefully, will be forthcoming from the State.

I would hope, Senator, that you would take a long, hard look—I know you supported Mrs. Hills as Secretary of HUD and I hope that your support of her would entitle you to a long, hard look at some of HUD's policies.

We would be happy to work with you along the lines I have suggested here.

Thank you very much.

Senator TUNNEY. We want you to work with us and we will be calling on you, particularly with respect to some of these programs that are being administered by HUD Secretary Carla Hills.

I want to thank you all for your valuable testimony. You can't begin to feel the agony and the outrage and the frustration that senior citizens feel when you sit back in Washington. You have to come out to the field to get that sense. I think that the great value of the testimony from all of you, others who have already spoken and, I am sure, those to follow, is going to be an expression of opinion based on personal experience rather than the vague references to specific problems often heard in hearings held in our Nation's Capital. So it is a very valuable thing to me.

Mr. STERNBERG. Senator, if I may be permitted, I overlooked one thing.

I am not a senior citizen by any means. My mother is 85 years old. She lives in a HUD-financed, HUD-subsidized development. She just got hit with a \$25-a-month rent increase. She refuses to accept two nickels from her "wealthy" son—that's me, and I put the "wealthy" in quotes but not the son. I don't know how she is going to pay that rent increase. She won't take it from me any more than she would go on welfare; she has too much pride. I would submit that HUD at the Federal level has to find an answer to that.

As this elderly citizen's son, I am prepared to help you find that solution.

Thank you.

Senator TUNNEY. Thank you very much.

The next panel will be discussing food costs. We have Mrs. Jean Mellor, president of the North of Market Senior Organization; Mrs. Sofia Romero, accompanied by Graciela Cashion; Mr. Willie Sanders of Berkeley, and Mr. Charles Dorr, president of the Berkeley Senior Citizens Alliance.

PANEL ON FOOD

STATEMENT OF JEAN MELLOR, PRESIDENT, NORTH OF MARKET SENIOR ORGANIZATION

Mrs. MELLOR. Senator Tunney, I am awfully pleased to meet you. I think my accent will bring back memories to you. As a matter of fact, my mother and father knew the Carnegies.

My name is Jean Mellor and I am president of the North of Market Senior Organization. We started less than a year ago and we are over 200 strong and we are mostly and completely in the Tenderloin.

I am going to talk to you about a very oppressed, sad, lonely breed of creatures—to bring to your memory, if I can, the memory of what Tenderloin was, when it first started, and the joy and the pleasure that it brought to the working-class men and women of that day.

"WORKING-CLASS" SENIORS

Today it is practically and entirely populated by working-class men and women. I very much prefer the term "working class" to "middle class." When I say working class, I know what I am dealing with and I think that a great deal of Americans also know, the people who really built the country all through the ages and gave it what it has and what it is today.

I am talking along the lines of social security. I remember when it started and I remember saying to my husband, "Does that not sound grand." When we are old we may have something, but in raising four children it was very evident, as working-class people in a mill town in Rhode Island at that point, we were not going to get a chance to save very much money.

I know that we were just completely in the same boat as millions. You get your children raised and you think, "Oh, dear, there will be a little bit more money now that we are not raising a family." Then there is such a whack of taxes taken out of a man's and woman's wages that you have less chance than ever to save. For us it was practically impossible.

We were still glad that there was social security. It has been a life-saver, I have no doubt, for millions of people, but it has never been

enough and today it is almost absurd and obscene that men sitting in Congress and Washington, the fathers of the country, should be expecting decent, respectable old people to live on this at the end of their days.

When I got interested in the Tenderloin and the senior citizens, I moved into the Tenderloin to one of the crummiest hotels, but very comfortable—it is kept up very nicely. For 6 months, while I was waiting for my social security, I lived on \$81.60. I paid \$75 rent and paid for my own utilities; if I had not had food stamps, I don't know where I would have been.

So I know what I am talking about when I try to tell you a few things about the senior citizens in the Tenderloin. I am really hoping that you can begin to understand, and those men in Washington as well.

It is going to be very hard for you to conceive of how senior citizens in the so-called twilight years live. Very many of them have utterly no cooking facilities. Even in the wintertime I see them out on the street at 5 and 6 in the morning dying for a cup of coffee, knowing some places will be open where they can go for a cup of coffee. They buy their food in very small quantities—they have to. Very many of them hope there is enough hot water that they can run in a pail or a sink to heat their little cans of food, and they put bread on the radiator to toast it. Their box of crackers lives on the radiator so it will be kept crisp.

Even here in San Francisco there are millions of working-class people who do not know how their own elderly are living. The senior in the Tenderloin has to pay more for his food than any individual in the whole of San Francisco because they are not near a large store. Everything is in small grocery stores, which is more than your life is worth to go into—and I mean that literally. Everything is so expensive.

At 4 o'clock and at half past 4, even on the brightest, sunniest days, you see the seniors hobbling home as fast as they can to their rooms. They don't dare to be out any later because of the crime and the mugging and the things that I am telling you about, which are the truth; they are not imagination.

WEEKEND STARVATION

On Saturdays and Sundays and holidays, if you are walking through that part of town, it would break your heart to watch men and women—I see some of them right here in front of me and they know I am telling the truth—walking around looking for a place to eat because these centers serve 5 days a week and only a lunch. They only serve 5 days a week—there are 16,000 senior citizens in the Tenderloin and only 500 of them are fed by title VII.

I ask you right now, as one of the fathers and lawmakers of our country, is that right, for human beings to have to live in those conditions?

Senator TUNNEY. No.

Mrs. MELLOR. Saturdays and Sundays and holidays—where are they going to eat? The center at Mason Street is not open. I don't know if St. Anthony's is open. Maybe some of you people will know; I don't know.

We are barely making it on social security for this reason. We call our social security check a green check and our SSI is our gold check. I love the sound of that. But when we get a raise on our social security check, our gold check immediately goes down, so the senior citizen never gets a raise, really, nor a cost-of-living increase.

A VOICE FROM AUDIENCE. They haven't had a raise for 8 years.

Mrs. MELLOR. Right on.

A VOICE FROM AUDIENCE. There has been no social security increase.

Senator TUNNEY. It is my understanding that the State reduces their share when the Federal Government increases their social security check, then the State reduces the amount of its contribution.

Mrs. MELLOR. The minute you get a raise on your social security, the landlord is right there before you, ready to go up in the rent. Am I right?

Senator TUNNEY. I might just say that, for the past 2 years, Senator Cranston and I have attempted to get a provision enacted by Congress to require automatic passthrough of the social security increases. Unfortunately, we were not able to do it. We lost each time by about 20 votes in the Senate. The Senators who voted against us said that it should be up to the State government to make the decision about allowing their contribution to be fixed.

STATE AID REDUCED

The State administration in California for the past 2 years has reduced the State's contribution by an amount equal to the increase of the Federal contribution. That is why that situation has existed in California. It is my understanding that there is legislation pending in the State to eliminate that condition, thereby making sure the State maintains its contribution despite Federal Government increases.

I would hope that you, Mrs. Mellor, and others would work for the passage of that legislation at the State level in Sacramento, because I am sure that it is probably the single greatest irritant to senior citizens that I know of.

Mrs. MELLOR. Talking about the 8½-percent raise, it is no good, and it is a shame on our President or whoever suggested that there should be a little decrease. Some of us are, shall I say, vainly hoping, although I hope not in vain, that now that the Nation is once more at a so-called peace, and we are not having to support the rest of the world and send trillions all over the world, that some of the money, the trillions that you had intended to send all over the world for various reasons—they will turn some of it over to helping the elderly.

It is perfectly all right and very American to have refugees and immigrants. I was an immigrant myself 50 years ago. My mother and my father and my two sisters and six brothers all came to this country. Some of my brothers died for this country and I have a son who was shot down in Hanoi and is missing almost 10 years and I do not know whether he is alive or dead.

I love America with every fiber of my being, but it does not keep me from saying there is a hell of a lot that is wrong. In this beautiful Nation maybe it is going to take seniors who love their country to point this out to some of you fellows and make it plain from our present suffering here in the Tenderloin—how you are obliging us to live here because we do not have enough money to live anyplace else. If the

Tenderloin can only do that little bit to wake up Washington, to save this Nation any more stupidity and foolishness, for me it will have been worth living in the Tenderloin.

I have a few pictures here of Charles McMichaelraft; 2 days ago two men broke into his room in the Alexander Hotel, one of the best of these Government-subsidized places, where we have some famous people living. They just walk in off the street and they break into people's rooms there. The man's face is split open. He has stitches from here to yonder. I think we have had 10 people almost murdered within this past month.

I don't believe I have any more to say. I think I covered all my points.

Senator TUNNEY. I want to thank you very much, Mrs. Mellor.

Mrs. MELLOR. Now I want to call on Graciela Cashion who has evidently brought another person with her.

Are you going to speak for this woman?

Ms. CASHION. I am going to be interpreting for Mrs. Romero because she does not speak English.

Senator TUNNEY. Mrs. Romero may speak in Spanish and you translate, Ms. Cashion.

STATEMENT OF SOFIA ROMERO, INTERPRETED BY GRACIELA CASHION

Ms. CASHION. She said thank you very much for letting her come here to tell her problems.

Her main problem is, since November of 1974, she has not received a social security check. She went to see someone about it and for 3 months he didn't do anything about it.

She hasn't returned the money they had to lend her the previous months. She hasn't got any money. That is about 7 months, including May. She didn't get any money in May, either. She owes \$800 to social security because every month she has been borrowing money, \$200, so she owes \$800 plus \$200 to the neighbors and friends, so that means she owes \$1,000 right now. She can't live that way.

I know the panel is talking about food, right? I know about her because, you see, I am the president of the Latin American Seniors and she is a member. We have about 10 cases that are very bad, but we thought she was the worst because of how many months she didn't get the money. We know her problem because she comes in, as I said.

We are open 5 days a week, as Jean mentioned. We give her free food 5 days a week, Monday through Friday, but what about Saturday and Sunday and the holidays?

I asked her, "Do you have a place to cook?" She says, "No." She has an apartment, and another thing happened to her last month. She got a note that she was paying \$100 a month and now she has to pay \$130 May 30—a 30-percent raise, and she can't pay it. She doesn't even have a stove in her apartment to cook.

Senator TUNNEY. Would you tell Mrs. Romero that I would like to have her meet with a member of my staff who is here right after she steps down from the witness stand? Perhaps we can assist her with the Social Security Administration so she can get her money that is owed her.

Ms. CASHION. She says she doesn't know how she is going to meet her expenses. I know we are talking about food and that is one of her problems. She didn't have any food to eat. Why don't they give people food stamps in cases like that when checks don't come?

Senator TUNNEY. Why don't you and Mrs. Romero meet with a member of my staff as soon as she finishes testifying.

Ms. CASHION. Fine. That's the reason she is here.

Senator TUNNEY. This young lady here, who is on my staff, will meet with you as soon as you leave the witness stand.

Ms. CASHION. Thank you very kindly, sir.

Mrs. MELLOR. This is Mr. Willie Sanders.

STATEMENT OF WILLIE SANDERS, PRESIDENT, SOUTH BERKELEY SENIOR CITIZENS' COUNCIL

Mr. SANDERS. I am Willie Sanders, the president of the South Berkeley Senior Citizens' Council.

I have a list here of people who have formerly participated in the nutrition program who now have dropped out of the program, many of them completely, and others come 2 or 3 days a week.

Formerly we were charging 35 cents for the meal and we had to go up to 50 cents because of inflation. They found that a very difficult thing to pay, considering that fact that they had to pay house rent, had to pay transportation, many of them are hit with high medical bills, and others with utilities such as P.G. & E., telephone, and water bills. Therefore, they did not have the 50 cents to pay for a well-balanced meal. These are people who, most of the time, go without a well-balanced meal because they do not have the finances to pay for it and, therefore, they will not come to the center and ask for a free meal.

We realize that inflation has gone up 17 percent since January 1974 and the people who are getting SSI are simply anticipating a 5- or 6-percent increase by July 1, which is only a third of what inflation has gone to. They still will not be able to meet their needs and, therefore, they cannot get this well-balanced meal.

We formerly asked for 1,400 meals a day in the county of Alameda. We were then reduced to 800 meals a day. Because of inflation, 150 of those meals were cut off. When we begin to think of the thousands of people already who were not receiving a meal, then cut back 150, it means that there were many more that were not able to get food.

We are thinking in trends here; even those who come to the center—the center is open 5 days a week and on Saturdays, Sundays, and holidays most of these people do not have sufficient food to carry over until they are able to get some. Certainly this will bring about ill health and this increases the dangers along those lines.

What we are asking is that the greater amount of SSI or some other form of assistance be allocated to the elderly, the blind, and the disabled. They might be able to exist along these lines.

We have some folks that are getting \$222 a month, including their subsistence, and maybe a small pension. When they have to pay \$140 a month rent, there isn't very much left. So they take the lesser of the evils of sleeping in a house and going hungry or turning off the heat and being cold.

So we are asking that something be done where the Government is concerned that will help alleviate the pressure on the elderly. Certainly, being a senior citizen myself, I know what the problem is when we are on a small, fixed income—we are caught in an awful bind.

Thank you.

Senator TUNNEY. I want to thank you very much for your testimony. I guess our next witness is Mr. Charles Dorr, president, Berkeley Senior Citizens Alliance.

STATEMENT OF CHARLES DORR, CONSUMERS COOPERATIVE OF BERKELEY REPRESENTATIVE

Mr. DORR. I am sorry. There was a little clerical error because I am not president of anything, but I am a representative of the Consumers Cooperative of Berkeley, our local co-op.

Senator TUNNEY. Fine.

Mr. DORR. On behalf of the consumers co-op, I want to say a few words about food.

We have established pretty well this afternoon Grover Cleveland's famous statement that it is a condition that confronts us and not a theory.

I don't need to give you too many facts on how our home economist at the Berkeley co-op wishes very much to dispel two or three myths regarding senior citizens. One if that, as we get older, we don't need so much and we don't eat so much.

Miss Betty Wood has made a statement that our food needs are greater as we get older for many reasons. First, that many people cannot cook for themselves, either due to the housing conditions that Mr. Sanders mentioned or due to a physical deterioration or a lot of other reasons.

Also, senior citizens may eat out for social reasons. We are socially handicapped more and more as we get older and that is one more reason why some people need to eat at the seniors' centers.

Special diets like low salt, diabetic diets, and so forth, add to the cost of the food that we have to buy. Smaller sizes of fruit containers are expensive. For example, loose potatoes are 19 cents a pound, whereas potatoes in 10-pound bags cost 5 cents a pound; but the heavier bags are more difficult for the seniors to carry and it is harder for us to tote the load.

SPECIAL FOOD PACKAGING

So our cooperative has initiated, among some of the special programs for the elderly, a special packaging into smaller packages for the elderly who do shop there.

Another increase in health problems of significance in the line of food is the limited choices of food, and sometimes we have to buy more expensive food because of that.

Mr. Oriol told me that, if possible, this panel wanted a definite, specific case to illustrate these, and I, myself, am a definite, specific case of a person who has chewing problems that limit the sources of food. Believe me, it is serious. Sometimes there are medical problems that prevent the use of dentures.

There are problems with walking—transportation to the supermarkets—that force people to shop in smaller quantities at nearby stores and that is another reason they can't take advantage of specials.

As an example of how this present crunch is continuing to spiral, the gas shortage—the energy shortage—is adding to the cost of transportation and so this makes everything else worse.

I do want to point this out, that the Consumers Cooperative of Berkeley is one of the few commercial organizations that has really tried to make a start to do a little bit to attack this problem of the elderly from the bottom, instead of waiting for the slower action by the Government.

So I was surprised when I asked our co-op officials why, inasmuch as we had tried to do something for ourselves, the Federal Government didn't give us some kind of break through the Small Business Administration or something like that, inasmuch as the Federal Government can give the great corporations tremendous breaks in the way of subsidies.

Well, our local co-op man told me that, unfortunately, the Small Business Administration didn't cover co-ops, perhaps because we are too big. If the Federal Government can't do it through that instance, might there not be some other way that the Federal Government can give a subsidy to those organizations which are trying to help the seniors?

I think there are so many, many things to say that we haven't covered yet. One other thing that the consumers cooperative has done is to utilize the few buses that we have available in Berkeley to bring the senior citizens who don't have transportation to the store 1 or 2 days a week to assist them with that.

There is one thing I do want to do because a senior citizen neighbor of mine had a statement that he was going to give to the Senator, but I want to read it here so the audience can hear it because it is the thing that worries me.

Senator TUNNEY. Could you summarize it? We are going to have to leave this chamber because there is another meeting that is going to take place here at 6 o'clock, and we just want to make sure we get all of the other witnesses in.

Mr. DORR. It is ridiculous to let the old people suffer while spending \$75 billion for arms to be used against the Cambodians. I did want to get that in.

Just one more point, Senator, and I do apologize for talking so long. We do know that you can't give us any miracles, but we do want you to remember the famous appeal of Franklin Roosevelt when he took office, "What we need is action—and action now."

Senator TUNNEY. Thank you very much.

Our next witnesses comprise a panel which deals with health: Dr. Dennis L. Stone, medical director, North of Market Senior Health Service; Mrs. Annie Chinn, accompanied by Miss Lila Kwan, staff, Chinatown Self-Help for the Elderly; Mr. Howard Hauze, Berkeley; and Mrs. Joy Lock, Colma, member of the San Francisco Council of Churches.

Dr. Stone, why don't you lead off and then we will take everybody else in order.

PANEL ON HEALTH

STATEMENT OF DR. DENNIS L. STONE, MEDICAL DIRECTOR, NORTH OF MARKET SENIOR HEALTH SERVICE

Dr. STONE. I would like to thank you for inviting me here as a representative of health care delivery that is available in the Tenderloin of San Francisco.

Mrs. Mellor is one of my patients. The gentleman who was mugged and who was shown in the pictures is another one of my patients. These are the kinds of people I see day in and day out as part of the North of Market Senior Health Service program.

This is an example of the Public Health Department's trying to develop some alternative to one of the major failings of government on the Federal and State scale—that is, providing true medical care for the elderly.

As medical director of this free health service, I have seen and tasted over the last 2 years some of the frustrations and oppression and real gut-reaction panic that these elderly people face every day. They run into the classic "Catch 22's" every time they turn around, trying to get active interest in their particular problems.

At the North of Market, we not only provide them with medical care but try to help them with some other social service problems; like, a gentleman will come in and he has not gotten his social security checks for 2 months because he moved. Finally, after the third or fourth month he gets his social security check and what do they do? The SSI takes out the extra money that he made all at one time, saying he was ineligible for any supplementation for that month. So when he finally gets all of his old rent paid off, he has actually taken a deficit because of social security.

THE GREAT PROMISE: SOCIAL SECURITY

We are really here today to evaluate one of the greatest promises of the 20th century in America—the idea of social security. This is one of the greatest things that came out of the depression, if we had to have one. This has been a promise that, when you get old, you are going to have at least minimally adequate nutrition and housing. Unfortunately, it didn't work out that way.

The country which the people, who are now the elderly, built, the country which they supported with their tax money, the country to which they sent part of their paycheck every week is now turning around saying: "Well, can't you get by on a little less?" It is really not fair.

We hear cries that the social security system is going broke. Why should the people who worked to develop this system and worked and sweated for this now be told by our generation: "Our economic policies aren't working and you are going to have to suffer for it"?

Inflation is not starving me, I'm employed. It is not starving practically anybody who is employed, but it is forcing the elderly into the squalor of these rooms that I see every day. Now, these are good people. These are working people. They were the middle class of 30

years ago. We have people coming in all the time saying: "Well, I'd like to work with you, but I don't want to work with a bunch of alcoholics." Alcoholism is not any more prevalent among the elderly than in any other population in the city.

They are very surprised when they get out there and start working with these people to find that they are good people. They are people who have lost their family and their friends, and what little capital they had was gone.

MEDICARE—A FALSE HOPE

One of the saddest things I see happening is this social security promise being doubly made an insult by adding medicare to the problem. Medicare is another promise to these people that has turned out to be a false hope. It is a way that the Government has, as I see it as a physician, started to tell a physician how to treat a patient; telling the patient: "Well, you can get by with certain things, but you really do not need others." Telling the doctor: "Well, don't you think such and such a medication is better?" Telling us that both medicare and Medi-Cal will not pay some of the most important things that are needed by the elderly.

What do they already have? They have all of the chronic diseases that have been sneaking up on them over the years. What do they need? They need cough syrups; they need laxatives; they need antiacids; they need stool softeners, hormone supplements. These are all things that are not supplied by any of the governmental programs. They need them day in and day out. They have to pay \$6 or \$7 for stool softeners. How do you find \$6 or \$7 on their income? There is no extra income. How do they pay \$13 for the Aldomet they need for their high blood pressure? The \$13 is just not available; there is no getting around it.

How do you tell an elderly woman suffering from progressive and deforming arthritis that she is only allowed \$100 for the whole year for physical therapy? I don't care who is in Washington making the laws, there is no way they can tell me that you can help a lady with arthritis for \$100 a year.

Somebody should be thinking about changing that kind of law. How do you tell a gentleman who is eating dog food that his medications don't cover it? I have had to do this. It might be easy to make a law in Washington, but it is certainly not easy to tell a gentleman: "I can't get this drug free for you so you are going to have to do without."

Another one of the big things that medicare and Medi-Cal has left behind is the actual care of the person in the home. You have to put a person into a hospital—subject him to 3 days in a hospital to get them the service they should have even without having to go in. I know doctors who will put down a false diagnosis to get the person into a hospital, make him go through his 3 days in the hospital and then go home so he can have his physical therapy; so he can have his home health agency; so he can be taken care of.

THE SUNDOWN SYNDROME

As I consider myself a specialist in the practice of treating the elderly, one of the most dangerous things you can do to an elderly person is put him in the hospital. OK, it is a safe thing for a person

with a heart attack, but, if you know elderly people and if you are an elderly person yourself, the first 24 hours away from a place where they are oriented is a very, very dangerous time. It is called the sundown syndrome.

In the hospital where I used to work, I have seen 30 percent of the people 80 and above who come into the hospital get disoriented. The Government is telling us, if you want these services, you are going to have to put him into a hospital. You are going to have to risk their lives and risk their breaking a hip and risk their getting disoriented the first 3 nights and I don't think the Government should really have a right to do that.

Another thing the Government has decided: "OK, we will let you have mild analgesics for your arthritis and cough syrups for your chronic respiratory problems, but you can only have them if they have codeine in them." What does codeine do to an old person? It constipates them like you can't believe.

So what kind of a position are they putting the doctor and the patient in? They are saying: "OK, you can overtreat the patient," which I consider malpractice, or "you can say he can't have anything because he can't afford to pay for it," and no Government program will give it to him. I don't think the Government has a right to put either the patient or the doctor in that situation.

To sum up, I think we have a big problem. The Government in the America that these people built is now telling these people: "Yes; we have medicare for you; yes, there are supplemental programs to get you all the rest of the health care you need." As a doctor, I can say the services are not there. Either we tell them the truth or we get out of the business.

[Dr. Stone submitted supplemental material for the record. See appendix 2, p. 1185.]

Senator TUNNEY. Thank you very much, Doctor.

Our next witness is Mrs. Ann Chinn, accompanied by Miss Lila Kwan.

Ms. KWAN. I know we are running out of time, so I am going to have Mrs. Chinn briefly explain her situation and I will interpret.

Senator TUNNEY. Could you just wait for a second?

Mr. SANTOS, it is my understanding that you are not going to be able to wait until the other witnesses have testified.

Mr. SANTOS. No; because I have an appointment at 5:10, unless you are able to run the program tomorrow.

Senator TUNNEY. I have your statement here and I will include it in the record as if you had read it. If there is anything you would like to add to it and you would like to send it to me in Washington, D.C., feel free to do so and I will include that in the record, too.

[The document referred to follows:]

STATEMENT OF SYLVESTER P. SANTOS

I would suggest that all senior citizens be provided with Medi-Cal identification care (I.D.) in order to receive benefit under Medi-Cal treatment.

Under the present system only senior citizens who are given Medi-Cal treatment are those who are on welfare aid or those who are receiving supplemental security income. Many poor senior citizens need it but they are ashamed to request social welfare aid or supplemental security income.

I also suggest that all senior citizens should receive the same amount of supplemental security income every month, regardless of his or her social and economic

conditions. At present, some receive \$69 or \$83.30, while others receive \$177, \$200, to \$233.30. Besides, some of those receiving \$177 and \$215 to \$233 are immigrants. I know some of them are immigrants and also I know some of the Americans receiving only \$60 to \$83.30 a month.

On May 6, 1975, I received a supplemental security income check of \$231.33, then the following month I received \$83 every month until today. Many citizens complained about this matter. We believe equality before the law of the Nation and before God. We do not want discrimination and favoritism.

We do not want to receive welfare aid or supplemental income checks lower or less than the amount the immigrants received every month. There are more immigrants receiving welfare aid than the citizens through the Nation today.

Food stamps—many youngsters could pay a dollar for 30 stamps. The senior citizens are advised by social welfare to buy—are paying \$14 for 30 stamps. Why?

Senator TUNNEY. Mrs. Chinn, Ms. Kwan, you may continue.

STATEMENT OF ANNIE CHINN, INTERPRETED BY LILA KWAN, CHINATOWN SELF-HELP FOR THE ELDERLY

Ms. KWAN. Mrs. Chinn was explaining her health problems. First of all, she has heart trouble, high blood pressure, eye problems, and arthritis. So because of these illnesses the two checks she gets each month are not sufficient for her to seek a doctor's care.

In addition, from her own experience, she found that Western medication won't help her arthritis a bit. That is why she is using a Chinese herb doctor and using Chinese herbs to get temporary relief. As all of you know, Chinese herbs are not covered by medicare, so whatever payment she needs she has to get from her limited income each month. She has to pay \$10 each time to see a Chinese herb doctor and that excludes, you know, whatever Chinese medicine she needs.

Also, her income—she only gets about \$254.60 and she pays \$105 for rent, \$4 for utilities, and of course the payment on utilities varies, depending on the weather. The phone is \$6.50.

As a conclusion, Mrs. Chinn was saying whatever limited income she gets, either she pays for her doctor or she goes with an empty stomach; if she wants to eat, she has to go without a doctor's care.

As a conclusion, she is making this argument: the elderly are caught in these circumstances and they have to choose either to have a full stomach, or have good health care and an empty stomach.

Senator TUNNEY. Yes, Dr. Stone.

Dr. STONE. I worked for a year with the Chinese in the Chinatown program in the city and, when it came to arthritis, the Chinese herbal medicine, I would have to defer to them on their ability to relieve the pain.

Senator TUNNEY. That is very interesting.

Thank you very much, Mrs. Chinn, and Mrs. Kwan.

Ms. KWAN. Thank you.

STATEMENT OF HOWARD HAUZE, OAKLAND RETIRED SENIOR VOLUNTEER PROGRAM

Mr. HAUZE. I am working with the Oakland RSVP at the moment, having taken a job at the age of 76 as a fieldworker.

What I have to say, perhaps, in view of the added income of the great sum of \$2,400 a year—this doesn't really apply to me. In the course of my work as a retired senior volunteer, I come in contact with many, many senior citizens of all ages.

I would like to tell you about one client, and perhaps that will bring into focus some of these things you want to know about. This client of mine is 90 years old. I know she wouldn't want her name mentioned, otherwise, I could give it to you.

Senator TUNNEY. There is no reason to mention it.

Mr. HAUZE. She is 90 years old. She was the first woman editor of the Boston Post and a graduate of college in 1907; the author of 23 children's books at a time when the increment from her work was not very high—she has nothing from that today.

Her total social security income is \$87 a month; she has a \$16 income from Sun Life of Canada—a total income monthly of \$103, of which she was paying, at the time I first talked to her, \$90 a month for rent. If it had not been for the fact that a cousin of hers had recently died in Germany and left her \$5,000, less whatever taxes they had to pay in Germany—I'm not sure what that was—she would not have been able to get along at all, where she only had \$13 a month to buy food, to pay her medical bills, and to do these other things.

She was faced with a medical bill of \$1,000 for the removal of a cataract in her right eye so that she could see. She had had several other disabilities and her monthly cost of medicine was approximately \$15 to \$18 a month.

She has had to spend, from the money she got from her cousin, \$100 to \$125 every month out of savings in order to buy her food, and so forth.

I was lucky to be able to talk to the head of the Satellite Senior Homes—she happens to live in one of those in Oakland—and I have arranged to have her rent reduced from \$90 to \$30 on a subsidy basis. At least now she is getting a little more, but she is certainly unable to pay out, of her present income, at least, the cost of her medication and, undoubtedly, she will be faced with other troubles. At the age of 90, she is not in the best of health and she can look forward to more medical expenses.

I want to just say this, that I was shocked myself—about a week and a half ago I had my annual physical. I am not complaining about what I had to pay my doctor for the annual physical because I can afford to do it, but it cost me \$110, and I haven't yet gotten the bill from the hospital for the X-rays.

I don't know of any senior citizen who can put out \$110 to \$115 for an annual checkup, and yet that could go toward helping the country in keeping down the costs for senior citizens because, in a sense, if they had an annual checkup, they probably wouldn't be using the hospitalization and everything that they are doing today. They could find that they might not need it.

Now, the annual checkup is one of the things that the social security does not pay for. I think there is a case to be made to include that in social security payments, and I would certainly recommend that in the future it include that particular item.

Thank you very much.

Senator TUNNEY. Thank you very much, Mr. Hauze.

I agree with what you just said about the annual checkup. I think preventative medicine is very important. Sometimes it is even more important than to cure the patient once he is sick.

Mr. HAUZE. Certainly up to the time that the Senate and House pass a national medicare bill.

Senator TUNNEY. Yes. Mrs. Lock.

**STATEMENT OF JOY LOCK, SAN FRANCISCO COUNCIL OF CHURCHES
RETIRED SENIOR VOLUNTEER PROGRAM**

Mrs. Lock. Senator Tunney, I am speaking on behalf of the retired senior volunteer program—RSVP—in San Francisco, which has about 600 volunteers who give time and expertise in over 80 community volunteer agencies.

I am a retired public health nurse from San Francisco and I think it is unusual being requested to represent the senior citizens here because all of my experience was in child health, school work, and venereal disease control work. I have learned a great deal about senior citizens, about elderly people, since I have been retired these past 9 years.

Many of the people who are retired and on social security are unable to board buses to get to the hospitals and to the doctors. If they don't have someone who can drive them there and help them on and off the buses, they must take a taxi, and in San Francisco taxi fares are a little bit outlandish at the present time.

At least one call a day comes into the RSVP requesting transportation to a doctor. Doctors and their assistants who recognize the need for care for patients at home will refer them to the home health agency in the community. If they are not classified as needing professional care by these home health aides, the patient must pay \$4 to \$7 a day for the aide and that is almost impossible for the people to do—I mean \$4 to \$7 an hour, not a day—and they stay 3 hours usually, and it is questionable how long a person, an average person, can pay for this.

Many apartment house managers have been heard to complain that they don't want their apartments turned into old ladies' homes. They are trying to get as many of them out as they can. One of our volunteer workers recently was told that her rent had been raised \$50 a month and it is impossible for her to go on with that.

Some of the elderly are being relocated now due to the housing—they are still being relocated. They have fears of going into the Tenderloin and areas they have been afraid to go into all of their lives. We feel that something should be done for the low-cost subsidized housing for these people in areas where they can feel safe.

I think if we can have better counseling and planning for the mental health of the elderly before they retire, we would probably have less problems in both health and housing.

In the care of the elderly, anything that can be done to make the rules of medicare less rigid would be very helpful to the people.

That is all.

Senator TUNNEY. I want to thank you very much. I think these are all very fine statements and I thank you for them.

Our next panel is Isabel Van Frank, Eleanor Fait, Tish Sommers, and Beatrice Schiffman, who are going to be discussing women and employment.

I hope everyone in the audience understands that we are doing our best to hear from as many people in the bay area as possible today. We are not trying to cut anybody short, but we are trying to get through

23 witnesses and there are a couple of others who indicated earlier today that they wanted to have something to say, so we want to give them a chance, too.

Isabel Van Frank.

Ms. VAN FRANK. Senator, as the oldest here, I would like the privilege of speaking last.

Senator TUNNEY. Certainly.

Ms. Fait.

PANEL ON WOMEN AND EMPLOYMENT

STATEMENT OF ELEANOR FAIT, CALIFORNIA COMMISSION ON AGING, AND CHAIRMAN, EMPLOYMENT OPPORTUNITIES COMMITTEE

Ms. FAIT. My name is Eleanor Fait. I am a member of the California Commission on Aging, and chairman of the Employment Opportunities Committee. My topic is employment in the postretirement years and why it is needed.

It seems to me that whenever the subject of employment of older people is mentioned, people begin to listen selectively. Each person thinks in relation to his own experience with his parents, aunts, uncles, grandparents, or himself. So any group in this process of listening divides into those who think old people should "enjoy the fruits of their labor"—such enjoyment being time for fishing, hobbies, travel with groups, bingo, and so on—and also that it is the government's responsibility to see that their economic needs are met if they have no adequate resources. Another group tries to find justification for the fact that they want to work for money. They are slightly embarrassed that they or their relatives at 65 and 70 and 75 need the money or find so-called leisure time activities boring and unsatisfying. I hope I can keep us all together for the few minutes, however.

The over-65 group, of which I am a member, grew to adulthood in the depression years. We have been called the depression generation, the lost generation, and other names which do not indicate what a durable group we are. This has a bearing on what our financial circumstances are, however. The depression in the thirties denied us maximum earnings and advancement opportunity during what are normally some of the most productive years. Then came World War II. Our salaries were frozen and our mobility severely restricted. Almost 12 million of us were in military service. We got a late start establishing our family units. Several million of us got called back into the Korean war.

Pension plans and fringe benefits did not materialize until the mid- and late-fifties and even then covered very few of us. Wages were relatively low. For a lot of us our contributions to social security barely kept our account going. Beginning in the late sixties, we got another shove from society, involuntary retirement from our jobs and harassment out of the labor market because of our age. Just when are we supposed to accumulate all of those "fruits of our labors" to make our old age carefree and happy?

So where are we now? The single-most impoverished group in the United States is the men and women over 65 years of age. Eighty per-

cent of us have no pension benefits except for social security, and that is a bare subsistence with today's cost of living, as we have heard for several hours. Even now, because there are so many of us, we are threatening the solvency of the social security system and the pension plans to which we belong.

What is the answer? One is to let more of us who want to work, work. Let us pay our own bills and determine for ourselves how we live and where we live. Let us solve our own problems in our own way. We are healthy, we are active, we have energy, we have creative ideas, and millions of us want to go on being productive to the economy as well as to ourselves.

I have two requests of the U.S. Senate Special Committee on Aging to help us do this: First, make illegal the practice of mandatory retirement based on age; second, stop believing that you are helping older workers when you insert a clause in every new manpower program that comes along saying that it is intended for older workers, too.

The bureaucrats in Washington, the regional Federal offices, and the States agencies through which these funds are channeled, systematically subvert the intent of Congress to help older workers.

Right now we are seeing this happen with CETA, the Comprehensive Employment and Training Act. An example from one manpower council in California—their plan for 1976 appeared in a public notice this week. It included job assistance for 770 so-called seniors in an area where over 100,000 people over 60 years of age live. This works out to 0.77 percent. It is so small I don't even know how to say it.

We need a law of our own, specifically addressed to our own employment needs, to be administered by an agency who believes in the right of older people to work and will accept the responsibility for seeing that help reaches the individual older worker.

I am not talking about wages for the older workers, simply the specialized assistance they need to stay in the regular labor market.

Thank you for the opportunity to talk about employment of older workers.

Senator TUNNEY. Thank you for a very fine statement.

Tish Sommers.

STATEMENT OF TISH SOMMERS, COORDINATOR, TASK FORCE ON OLDER WOMEN, NATIONAL ORGANIZATION FOR WOMEN

Ms. SOMMERS. When the Supreme Court struck down a gender-based distinction on survivor benefits last March in the celebrated *Wiesenfeld* case, it practically mandated Congress to take a new look at the social security law. Justice Brennan's opinion spoke of "archaic" generalizations, not tolerated under the Constitution, which assume man as breadwinner, and woman as homemaker, whose earnings are not vital to the family's support.

Most of us work now, mostly because we need the money, with inflation a major factor in the change. Also the family unit is no longer as durable as in the past. The divorce rate has doubled between 1960 and 1973, with one fourth of the divorces filed after more than 15 years of marriage, with spousal support for limited periods, if at all. More and more families are now headed by women. Only 66.5 percent of women 55 to 64 are still living with husbands, which leaves one-third

of us on our own. The older we become, the more likely we are to be alone.

SOCIAL SECURITY INEQUITIES

Despite amendments in the past 40 years, social security has not kept up with these changing times. Here are some of the basic inequities and their results:

(1) Sex discrimination in employment begets sex discrimination in retirement benefits. The years of exclusion from man-paying jobs continues on into our old age. Women who are full-time earners receive about 58 percent of their male counterparts, reflecting discrimination in occupations. Since women typically earn low wages, they also receive low benefits as retirees or disabled workers.

(2) Women are punished economically for motherhood, despite the recent holiday—Mother's Day. The long periods women are out of the job market for child-rearing show up later in reduced benefits.

(3) The regressive nature of the payroll tax falls heaviest on the lowest paid, most of whom are women. This tax has increased 800 percent during the last 20 years, more than 10 times the cost-of-living rise.

(4) Pay twice, collect once. All wage earners pay into social security at the same rate, regardless of the family situation, but benefits go to individuals and their dependents. When more than one person works in the family, retirement income may be no greater than if only the presumed breadwinner paid into the system. The employed wife receives no benefit from her contribution.

(5) The arbitrary 20-year rule. If a homemaker is divorced by her husband after 19 years of marriage, she loses all right to social security as his dependent, even though her labor at home made possible her husband's labor at work. One more year and she would have squeezed under the wire. If marriage as a partnership is recognized at 20 years, it could only be $\frac{1}{20}$ th less so after 19 years.

(6) The "Catch 65's" of homemaker dependency. Homemakers have no coverage for disability. They are not eligible for any benefits until the covered spouse retires. Even women divorced after 20 years of marriage cannot collect until the former husband retires. If they were older than their mates, they may not be eligible until they reach 75. Since medicare is tied to social security, dependent wives who fall through the cracks may lose medical benefits as well.

(7) The impact of inflation is a further squeeze on skimpy dollars. Each inflationary year inflicts another cut in the real income of those who are already on the borderline of survival. Hard money paid in usually ends up as minimum social security payment to the widow.

(8) Earned benefits versus handouts. If staying at home and taking care of children is so important to the fabric of American society that we are denied child-care centers for that reason, why are we not entitled to retirement benefits like other workers? The largest body of workers still uncovered by what purports to be a universal retirement system is homemakers.

(9) The widow's gap. When the youngest child reaches 18, the widow's benefits cease until she reaches 60 or is totally disabled, yet the homemaker at 50 faces severe job handicaps because of her age, sex, and lack of recent job experience. She is not eligible for AFDC

or medical benefits and in many States not even for general assistance. Her plight is exploited by those seeking cheap labor.

(10) The displaced homemaker. There are from 1 to 3 million or more women who have fulfilled a role lauded by society who find themselves displaced in their middle years through divorce, widowhood, or other loss of family income. Too old to find jobs and too young for social security, their numbers are growing too large to ignore any longer. This problem demands immediate congressional attention.

These are some of the special inequities of social security as they impact on women.

REFORMS NEEDED

We urge:

First, support of the Rosenthal reforms that address several of these 10 problems, while seeking to make social security a more viable retirement system for the entire population.

Second, support the Fraser plan, which views marriage as a partnership, with credits going to both partners on an optional basis, similar to our joint income tax return. Legislation incorporating this principle is currently in preparation, with introduction expected this summer.

And third, a Senate equivalent of the Equal Opportunity for Displaced Homemakers Act, recently introduced by Representative Yvonne Burke, which would provide multipurpose service programs to help such persons move from dependency to self-sufficiency, and which addresses the question of unemployment insurance for homemakers.

We believe the issue of income maintenance needs a whole new look. It is ridiculous to set up roadblocks to working as we grow older and then complain about the cost of providing for an ever-increasing, nonworking population.

I can well understand the frustration of other minority groups who have not been heard today. Our concerns have not been addressed either: Perhaps we should all get together and make a big noise. As a matter of fact, we older women are now organizing in our behalf. We would be glad to help in seeking solutions, one which we are all saying should put budget priorities on human needs as opposed to war.

Senator TUNNEY: I might point out that I am working with Yvonne Burke's office on a Senate version of that displaced homemakers bill.

I also might say that many of the points you have brought up today are going to be the subject of much more extensive hearings by this committee later in the year as they relate to the treatment of women in our society and by the Social Security Administration, because it is so clear that there are so many objectionable provisions in the Social Security Act as it relates to women's rights. Women do fall through the cracks in that legislation and it needs to be reformed and updated so that women are truly treated as coequal in our society in our retirement program:

Thank you very much.

Ms. SOMMERS. Thank you.

Senator TUNNEY. We have as our next witness Beatrice Schiffman.

STATEMENT OF BEATRICE SCHIFFMAN, REGIONAL REPRESENTATIVE, NATIONAL COUNCIL ON THE AGING

Ms. SCHIFFMAN. Thank you, Senator.

May I be informal in this highly formal setting?

Senator TUNNEY. Yes, you may.

Ms. SCHIFFMAN. I would like to talk about some of the financial and economic problems of our older people.

We have talked a lot about their low income. We haven't talked about the small assets among the elderly. You know, some studies recently have shown that more than half the couples where one member is over 65 have less than \$1,850 in the bank. More than half of the single people have less than \$250 in the bank. We know that the bulk of the single people are the women. By and large the men frequently remarry. Women generally are alone. Some of the statistics show that about 70 percent of the men who are over 65 are still in their own homes, while only 30 percent of the women are still in their own homes.

So with the low-income structure that we have talked about all day and the low-asset structure that we know about, we are working with a really impoverished group; a group that has a tremendous amount of majesty, that has a feeling of its own dignity and its own worth, that very often feels if things are going very badly, then maybe it is their own fault. Therefore, they don't look to anybody to help them.

Those of us who have been parents know that most of our lives all of our money has gone to our children. We don't think about what we ought to have. The Harris poll that the National Council on Aging just completed showed that income was their No. 1 problem. It also showed that older people were not so concerned about themselves as they were about other older people who were having problems, no matter how low their own incomes were.

GUIDELINE REGULATIONS CONFUSE LAWS

Now, the legislators in many instances have done a very, very nice job in seeing that laws were passed to make it a little bit easier for older people. But laws can be significantly changed by regulations. It is critical that lawmakers follow through to see what guidelines are put out. The guidelines very often confuse the law so that it can't be used. We have to follow it all the way through to the working level, so that the congressional intent really is addressed.

Senator TUNNEY. I might say that that is the purpose of a hearing like this—to get this kind of input about how the law is failing, to enable me to go back with that hearing record and then recommend changes.

Ms. SCHIFFMAN. Yes.

Senator TUNNEY. Based on this hearing record and the hearing in Los Angeles tomorrow, we will be recommending a number of changes in the law.

Ms. SCHIFFMAN. Good.

You know, some of the studies that NCOA has done have shown that it costs a minority person almost double to live than it takes one of the majority. It is rather cruel, when we think that our level, you know, is the same for everybody.

The SSI law had a beautiful codicil as far as I was concerned. It has been addressed more in the breach than in the performance. The law says that where people live long distances from the social security

offices, new offices shall be established and older workers over 60 shall be hired to reach out into the community to find the people in need.

I don't know of a single new office anyplace in the most remote villages where new offices have been opened, nor do I know of any outreach workers anyplace.

I do know that a few highly skilled, highly trained social workers over 60 have been employed at GS-1 rates, which is a crime. They were over 60 and were considered aged, no matter how highly qualified they were. They sit in the social security office.

I remember being on an Indian reservation where the social security man from almost 1,000 miles away was servicing the reservation. This is a very long distance. He said, "Oh, yes, we have hired some extra people under the new law and we have placed them in the home office." Was this the congressional intent?

If the law really worked and if every person entitled to benefits really received all the benefits to which they were entitled, it need not be quite as bad, incomewise, as it is now. The level of benefits as it is acted out in our State and some of the other States is not really bad. What is bad is that the people, the professionals, can barely read the regulations and understand them. Highly intelligent people can barely interpret them. Sometimes the employees who are administering the law can't interpret it.

I am very lucky because I do receive the interim Supplementary Security Income Guidances. Week after week the same matter is addressed with a new interpretation on the old interpretation on top of the new interpretation. Really, I don't know how you can remember all of this, much less understand it when you read it. So I think that's what has to be addressed.

We have to have a law and we have to be a little less afraid that people are going to cheat. I think that when we make things difficult by inserting these codicils, it gives people ideas about loopholes they might never have thought of.

DECLARATION SYSTEM

We, at one time, had a declaration system which was magnificent. When we tested the declaration system, we found almost no disagreement with what we found when we investigated. Why, then, did we have to get into this complicated procedure? It really breaks people's hearts and keeps a great many people who are truly eligible for benefits from applying for them.

Let me look at my notes if I may.

In our ACTION plans, the family service agency, of which I am a board member, has had for more than 9 years a foster grandparents' program. The foster grandparents for more than 9 years have had no social security coverage, no unemployment insurance, no health benefits, and they are still working for \$1.60 an hour. I think that is outrageous—absolutely outrageous. A man at age 55 could have been working in this program and now be 64 and not have built up any social security benefits.

As we have moved around through the small towns and communities, we have found a lot of people who could be eligible for social security under the law who don't know they could be eligible. For instance, the low-paid worker who said to his employer: "Don't pay anything

in for me: I need the money desperately for my big family and I have no other way to manage if I pay that extra tax from my earnings."

Why can't we let people know that they could pay back what they should have paid in because they didn't understand what that insurance would have meant to them?

They could go back to the social security office and say: "I'll pay in what I should have paid, pay my employers' share, and even pay the penalty." They would still come out ahead. These are benefits which they should have earned which they didn't understand. They could really pay for it now.

There are other people who are 50, 55, 60, who, to supplement their income, have made small amounts of money—\$50 earned in a quarter or \$4 a week makes a person eligible for social security. But people don't know when they are making money babysitting or making jewelry or knitting a sweater that they could and should pay tax and make an investment.

What could we do to publicize these things? How could we make it easier for people to understand that?

We have loopholes in our pension law. A magnificent man sitting here in the audience, who I hope will have a chance to speak for himself, at 81 can't have any survivor's benefits for his wife as a result of his pension, although he worked for the Federal Government. He has been married for 49 years; if he is willing to divorce her and remarry, he can have survivor's benefits for his new wife. Why?

Senator TUNNEY. That's an outrage.

Ms. SCHIFFMAN. He has sent letters and told legislators about it a thousand times. Nobody pays attention.

All somebody has to do is add a codicil to a bill.

Senator TUNNEY. Do what?

Ms. SCHIFFMAN. Add a codicil to a bill to cover the whole class of people who retired in those very early years.

Senator TUNNEY. The staff has just made a note of that and I am going to offer that kind of thing because I think that is just horrendous.

Ms. SCHIFFMAN. It is just because he retired a little bit earlier from the Federal Government. They did make the correction for people who retired later, but they didn't care about 80-year-olds.

Senator TUNNEY. Thank you very much.

Ms. SCHIFFMAN. Thank you.

Senator TUNNEY. I am going to have to move on because we are going to have to vacate this room in a little bit.

Isabel Van Frank, I would like to ask you, madam, to perhaps limit your remarks to 4 minutes, if you can.

Ms. VAN FRANK. I will read very fast.

Senator TUNNEY. I want to congratulate you on being the outstanding California senior citizen for 1971.

Ms. VAN FRANK. Thank you.

STATEMENT OF ISABEL VAN FRANK

Ms. VAN FRANK. Rather than discuss the plight of women, I shall address myself to the causes of their suffering and the suffering of retired men, too.

We laughed at Charles Wilson when he made his historic comment that what is good for General Motors is good for the country. But hasn't this indeed become a reality? Bigness at any ruthless cost is the rule—big business—first national, now multinational in scope, with frightening implications for our future. More military domination, with bigger bombs for sale and use all over the world; bigger unions that have lost their old pioneering militancy, and, above all, that holy of holies, our gross national product—its increase each year becoming the measure of our success as a Nation, at the cost of true sensitivity to human values as they affect our daily lives.

Thus, instead of concentrating on offering employment to all capable of working, business, government, and unions all encourage and enforce earlier and earlier retirement so that today we can actually talk of 45-year-olds as older workers. What idiocy. We continue to retire valuable, experienced men and women before most are ready for retirement, most likely adding them to the lists of our poor and making them candidates for costly programs.

WHAT KIND OF SECURITY?

Social security, we were told and are still reminded, never was intended to be anyone's chief source of income, but unfortunately for our system we're not dying as young as we used to and we're being deprived of our right to earn our own independence. So social security has become the sole income for millions, augmented first by welfare and now by supplementary security income. What kind of security and at what cost in human suffering?

I repeat, what kind of security do we offer the people we force into retirement? According to your committee's press release of March 17 of this year, the average social security benefits were \$184 for retired workers, \$312 for elderly couples, and \$177 for elderly widows. Under SSI, hailed as a great step forward and a breakthrough, the elderly, disabled, and blind, as of January 1, 1974, receive \$140 monthly in Federal funds. Think of it; the great breakthrough in fighting poverty offers as a cure \$35 a week.

To date some 22 States do not supplement that \$140. California, one of the more "generous," brings the minimum up to \$235 for the elderly and disabled—a few dollars more for blind persons. When these low levels of income were established, I waited in vain for a cry of outrage from our friends and advocates—from the White House Conference delegates. When I wrote letters of protest, the usual reply was "well, think of how much better off the elderly are in Mississippi," as though Mississippi should be or could be our standard.

You ask what is the impact of inflation on the elderly? One does not have to be poor to feel the effects of inflation. Only this morning I received a phone call from a very wealthy acquaintance, and she complained that she was feeling the pinch of inflation. Well, I didn't ask her where it was hurting her most, but who is there, so far removed from reality, that they cannot understand what it means for anyone, especially the elderly and disabled with their special, aggravated needs, to be condemned to live today in this country on \$140 per month or \$235. Surely such amounts have no relationship to what it costs to sustain life, and let's not forget that supportive services and health services under medicare and Medi-Cal are shrinking also.

We recognize that rents, food, utilities, and clothing have all gone up beyond reason, but we must also keep in mind that there isn't a single item on sale that has not increased in cost two-, three-, or more-fold, even to the postage stamp and sheet of paper we need to write to you. Servicemen in this area charge from \$15 to \$25 just to come and tell you why your refrigerator or what-have-you isn't working and what it will cost to repair. So the roof continues to leak, the house goes unpainted, the telephone is cut off, and the radio and TV go unrepaired. Newspapers become a dispensable luxury.

And we continue to spend millions to find the isolated elderly because we say it is bad for their health to be outside the mainstream of life. What meaningless phrases and tragic waste of precious dollars when we are at the same time forcing them into deeper isolation.

What, I ask you, can the impact of inflation be on men and women living on such doles but further isolation—poorer health, despair, breakdowns? Do we really need more case histories—more sensational headlines? What we really need is to acknowledge the cause and effect and then, perhaps, we'll come up with some logical answers.

"ONE SURE CURE FOR MANUFACTURED POVERTY"

Surely it would be crystal clear to all who wish to see that there is one sure cure for manufactured poverty—more money in the pockets of the poor. Not a cure-all, but a darned good, giant step in that direction. Money sufficient to meet basic daily needs; plus what other countries have provided for many years: comprehensive health care based on need and not on ability to pay, suitable housing, supportive services—especially in the home for the very old and the infirm.

Where do we get the money? I can hear the chorus go up:

1. End mandatory retirement. Give all who can work the opportunity to do so. If we can't provide work for everyone, we had better try a different system of government.

2. Reduce military spending. Use our dollars for constructive, not destructive, purposes. Today in peacetime the administration asks for \$105 billion for the Pentagon while it insists that more than a 5-percent increase in social security benefits would be inflationary.

3. Close the loopholes that amount to as much as \$50 billion annually for "wealth-fare" to the already rich and powerful, while we give \$140 as welfare to the poor and weak.

4. At the same time, let's take a long look, and perhaps declare a moratorium on all the little bandaids pilot and demonstration programs that remain just that—demonstrations. We elderly are being smothered under layers of planning and study and piloting. The money saved by calling a halt to this approach, with its high administrative costs and trickle of benefits, would do much more good if placed directly into the pockets of our elderly.

I repeat, let's attack the cause and not the effect.

Senator TUNNEY. Thank you all very much.

Our next witness is Mr. Adolph Hartmann, area II director, California Joint State Legislative Committee, National Retired Teachers Association/American Association of Retired Persons.

STATEMENT OF ADOLPH HARTMANN, AREA DIRECTOR, CALIFORNIA JOINT STATE LEGISLATIVE COMMITTEE, NATIONAL RETIRED TEACHERS ASSOCIATION/AMERICAN ASSOCIATION OF RETIRED PERSONS

Mr. HARTMANN. Thank you, Senator Tunney.

We are speaking today of the elderly—me, possibly you, and most of us at this session—in regard to food, housing, transportation, et cetera, which are currently in the minds of all of us. All of these items make a constant demand on us for even a minimum living experience; if we are to consciously live as reasonable human beings, we should aim to solve them.

Life should be enjoyed, particularly for us who have nearly fulfilled our purpose or course in life. But all is not eating, sleeping, striving to eke out a decent existence. The primary reason for extended life, ours, yours, or the Creator's is for a better world, or at least an improved community.

Therefore, last mentioned, but not least, is transportation—more so now in this phase of world history and need for economic betterment, when mankind feels the need of making contact with man and his environment.

The topic of transportation, therefore, is limited to its use by people to contact neighbors, even miles away.

ACTION BY REGIONAL TRANSIT SYSTEM

My primary idea is the Sacramento Regional Transit System, which is assisted by Federal and State funds, as are many others. It is fulfilling a vital need at the price of, as they call it, a love token—25 or 30 cents for a round trip—and it puts practically all areas available with a transfer pass. It provides all the mileage one needs to get home from work, to visit friends across town, or to attend social events for social or civic-neighborhood advancement. These prime elements make life more interesting, particularly for the elderly.

Observing the aged and the systems for public service available today, American Association of Retired Persons—AARP—and the National Retired Teachers Association—NRTA—along with various citizens' organizations and senior citizens' organizations, are helping to attain the desires and needs of society insofar as they have been questioned in today's presentation.

As far as transportation is concerned, it has become a most valued service feature. Communities, such as Sacramento where automobile life had been considered prime transportation, have indeed been fortunate. Half-hour schedules Monday through Friday, with some scheduled on Saturday, have developed as warranted. Also we have found that this organization is gradually filling more and more demands.

It was organized in 1973 as a private, nonprofit corporation, and its directors are appointed by the various city governments of the areas that are serviced. The RTS is operating special buses for mentally retarded persons to take them to rehabilitation workshops. They will be beginning specialized bus service for the physically handicapped in June of this year which, it is hoped, may provide door-to-door bus service to the handicapped.

I observed that the bus steps are relatively high for elderly individuals and I proposed, and it has been accepted by the administration, that a retractable lower step may be formulated. These are some ideas for the future.

Finally, the regional service has plans to extend this service not only to the area of Sacramento, but also to various other communities such as Davis, Woodland, and such, as the areas demand it.

Philosophically speaking, transportation systems seem to fill a need for closer human relations other than through church, clubs, lodges, or school affiliations. As such, we feel that this word "association" is one reason that the elderly need transportation: in order to cure the tendency toward senility, to meet new people, to see new scenes, and to get new ideas and views.

TRANSPORTATION SYSTEM BENEFITS

The intense development of the cheaper transportation system that we have seems to offer the value of increased safety on the highways because there are fewer elderly drivers. With the various regional transportation systems, it will save gas, money, repairs, and so forth.

Best of all, we will gain larger areas of friendship which is necessary for the elderly, through their acquaintanceship, to get better ideas and how they may be expressed. In other words, we wish to get away from the village idea that we are the afflicted, we are the oppressed.

With reference to all of this that I have presented today, which you no doubt know, we have already presented some of the substance of this letter today through our associate, Peter Hughes. We have given you the 25-page recapitulation of the American Association of Retired Persons and the National Retired Teachers Association relative to their explorations and their ideas as to what is necessary.

Accompanying these 25 sheets, there are 23 pages of various ideas or sources of information that is very complete, because this is not a fly-by-night organization. They have been in business for quite awhile. It has aroused a great interest in the affairs of the elderly and this is not necessarily sensitive. We are practical.

We have 200-some-odd chapters in California and better than 800,000 members in the State—6 million national members which I believe is creeping up toward 7 million. As such, we feel that our presentation, our requests that are being made, are not out of the ordinary.

We hope that some of the thoughts we have presented today are practical enough so that your congressional investigation will be helped in order to improve the situation so far as it concerns the localities not only in California, your State, but as it concerns every nation in the world which has a large representation of aged people.

It is up to us, the United States, to set the point of view from which we can better accomplish this better purpose and use of the elderly. Too many of us have resented the fact that, at 65, we are obliged to retire. Those are the things that are no longer necessary as we see it, but are felt to be required in order to maintain an economic situation that is not acceptable to us—the retired aged.

I thank you, Senator.

Senator TUNNEY. I appreciate it very much and I want to thank the National Retired Teachers Association for their statement, which is

excellent. I have thumbed through it. It will be included in the record.*

We are going to be kicked out of here in about another 6 or 7 minutes, but Mr. Leslie Grant and Mr. Harry Stuver both wanted to speak. We will listen to each of you for 2 minutes and you can submit your written statements for the record.

STATEMENT OF HARRY STUVER

Mr. STUVER. I have left you copies of this letter here.

The most serious problem confronting America today is this medical malpractice financed by the malpracticing licensing insurance operators. That is our problem.

Senator TUNNEY. Thank you. Can you give us your written statement?

Mr. STUVER. Yes, sir.

Senator TUNNEY. Good Thank you very much.

Mr. STUVER. As I said, medical malpractice today is the most serious problem in the Nation.

Senator TUNNEY. Thank you very much, sir; your letter will go in the record.**

STATEMENT OF LESLIE GRANT

Mr. GRANT. Senator, my name is Leslie Grant. May I thank you for your letter of encouragement when I was involved in the primary election. You are the only gentleman who took the time to recognize an impossible situation through me and others. It is now possible, as you know, for the poor to file an affidavit and attempt, in the best possible way, to be of service to this State which we love.

I might mention one who represents a fourth-generation Californian who was born in Whittier, William T. Beck. Unfortunately, I am ashamed of this gentleman who used to be my friend, and still is, for that matter, who has made possible one of the most putrid, stagnant, welfare, Watergate, State scandals in the history of California—the confiscation of withholding, this stealing and robbing of Federal social security funds. Individuals such as the former chairman of the revenue and taxation committee and also chairman of health, education and welfare—I don't have the words.

I am legally blind but that doesn't bother me. I am trying to be of service to the blind, to the disabled, to the aged.

You have a copy of my amendments to Senate bill 64 which I originated over 10 years ago. I would appreciate an opportunity to meet with your aides with evidence and facts. I might mention a \$50 check which the Federal Government is mailing to everybody in the United States will not be given to the blind, to the disabled, to the aged who are on SSI, who are on State welfare rolls. It is classified as added income, made possible through Reagan and his brain trust.

Thank you very much.

Senator TUNNEY. Thank you very much.

I want you to know that that is one bill that we have to get through the State legislature, the one you just talked about.

All right, the next witness is Mr. Walter Knox.

* See appendix 1, p. 1167.

** See appendix 3, item 5, p. 1214.

STATEMENT OF WALTER KNOX

Mr. KNOX. I am Walter Knox. I have been a chairman for the aging and I would like to make one statement. I have been associated in a nine-county area with the citizens action committee on APAC. We have been going from county to county and these are some of the things we have heard.

One thing we have heard mostly is on transportation. How can you get to the doctor? How can you get to an appointment? Other things we have heard was on health and crime in the streets. These are the things we have heard.

I want to get you a copy as soon as this is completed so that you can see our findings within the nine-county area.

I was just in a meeting for Contra Costa County and they were talking about how they are counting down on the meals. What they are doing is increasing the rate that they have to pay on taxes on their houses and many persons are having to sell out to find out they are going to end up on welfare.

The San Francisco Housing Authority continues to increase rents, based on cost of living increases. As to mine, from \$50 a month to \$112 because of my recent marriage. Why should I be penalized because I'm married. I am over 65 years of age. I just came back from the hospital, a major operation. I had a disagreement with management of the housing unit, Mr. J. He pushed me around and used the threat of eviction because I stood up for my rights. I have consulted a legal service attorney on this matter.

South of Market's first community organic garden has more than proved its value, has received national and world publicity growing their own vegetables. All ages are participating, and as this garden is a first, it should be historically preserved as a landmark, and expanded under the Department of the Interior, Manpower, and Department of Agriculture. This garden, for mental and health reasons and community and county good, is good public relations.

Thank you.

Senator TUNNEY. Thank you very much.

STATEMENT OF PETER MENDELSON

Mr. MENDELSON. My name is Peter Mendelson and I want to thank you for the help you gave me in forcing HUD, which doesn't like to do anything for people, to pay the \$4,000 to the people who were being relocated. If it hadn't been for you and Bill Burton, we would not have been able to get that money for about 200 people for whom we got it. I want to thank you for that.

Another thing I think you should investigate is this question of people who are put in senior homes housing. We have a lot of people trying to get senior housing and they can't get in, while there are a lot of people who are so mentally ill that they should be somewhere where they can be watched continuously. They live in this housing and are a cause of a lot of the harm that comes there. The ones that are too far gone, and there is nobody or nothing that can help them, should be where somebody can take care of them. They should not

have to wander the streets and not know what they are doing, not having enough money to eat because money has no value to them, and they squander it.

Senator TUNNEY. Thank you very much, sir.

This hearing is adjourned. We will reconvene tomorrow at 9:30 in Los Angeles.

[Whereupon, at 6 p.m., the hearing was recessed, to reconvene at 9:30 a.m., Friday, May 16, 1975, in Los Angeles, Calif.]

APPENDIXES

Appendix 1

STATEMENT OF THE NATIONAL RETIRED TEACHERS ASSOCIATION AND THE AMERICAN ASSOCIATION OF RETIRED PERSONS

INFLATION: A PRIMARY IMPEDIMENT TO THE FLOOR OF PROTECTION AND ADEQUACY OF INCOME GOALS

THE GOALS: FLOOR OF PROTECTION AND ADEQUACY OF INCOME

Recent increases in the "real" benefit levels of social security and other primary income maintenance systems have sharply reduced the incidence of poverty among the aged. (See charts I and II.) Despite this progress, however, our associations contend that there has not yet been developed a completely satisfactory institutional mechanism for assuring adequate income above the poverty line. Many of the old problems remain; large numbers of the aged remain in poverty. What is needed is an income maintenance structure that would provide not only a minimum income floor that would keep the aged out of poverty but also an adequate income level that would permit them to maintain or more closely approach their preretirement living standard during retirement, and perhaps even improve upon it.

Even while we would persevere in the development and perfection of our income support system to achieve these goals, however, we find an increasing portion of our energies diverted to the defense of past achievements against certain forces that would reverse the progress that has been made.

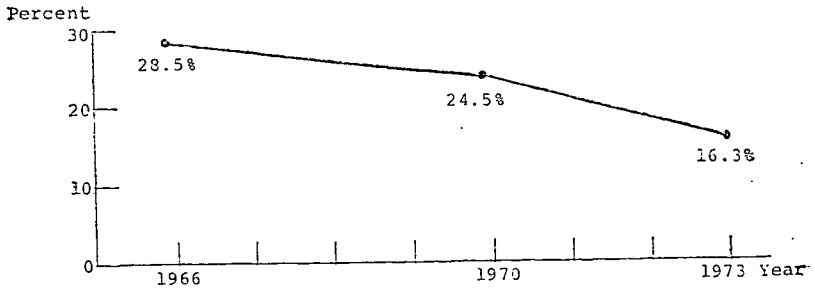
EXECUTIVE BRANCH POLICY: A REDUCED PRIORITY FOR THE AGED

To facilitate its design of tax relief for the high income and another surge in prices and profits for the oil-natural gas industry and still keep the projected fiscal 1976 deficit to a minimum to avoid generating "aggregate demand" inflation, the administration's 1976 budget was replete with proposals to limit or curtail expenditures for programs on which the poor and fixed-income aged are highly dependent. For example, it contained recommendations to increase substantially the cost of food stamps to recipients and the cost-sharing burden on beneficiaries under medicare,¹ to reduce the Federal matching under the medicaid program of title XIX and the social service programs of title XX of the Social Security Act, and to reduce by \$42.4 million funding for a variety of programs under the Older Americans Act. That recommendations such as these are offered for serious consideration is indicative of insensitivity within the executive branch to the needs of those who constitute the most helpless and vulnerable segments of our society.

¹ The Administration has proposed increasing the cost-sharing under the hospital insurance program through the introduction of a 10 percent coinsurance feature after the \$92 deductible. With respect to the supplemental medical insurance program, the administration has proposed that the \$60 annual deductible be subject to automatic increases concomitant with increases in social security cash benefits. As a partial offset, however, a maximum cost-sharing limit of \$750 per year would be introduced for each program.

CHART I

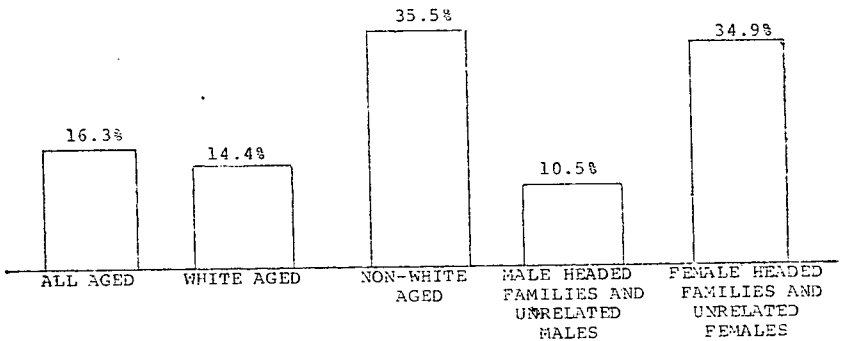
PERSONS AGE 65 AND OVER IN POVERTY



Source: U.S. Bureau of the Census

CHART II

AGED POVERTY IN 1973, SELECTED CHARACTERISTICS



Source: U.S. Bureau of the Census

The most callous of the proposals advanced by this administration is the 5-percent limitation on the automatic cost-of-living adjustments in social security and other retirement and welfare programs. To this or any other arbitrary limitation, our associations are strongly opposed.²

² We are gratified by the action taken by the Senate in approving Senator Church's amendment to the Council on Wage and Price Stability Act Amendments of 1975 (S. 409) expressing disapproval of the 5-percent limitation. We are also pleased with the action taken by the House in approving an amendment to the House Budget Committee's resolution for fiscal 1976 to remove a proposed 7-percent cap on automatic adjustments. That amendment had our support.

Although we can appreciate the administration's concern over the rate of growth in income security programs, we also detect an attitude that the aged, who have been the chief beneficiaries of this increased spending, have gotten enough, perhaps even too much. We would point out, however, that as of 1966, nearly one-third of the aged were living below the poverty level. (See charts I and II, p. 1168.) Even as recently as 1973, over 16 percent of the aged were below the defined level of poverty (compared with 11 percent for the total population) and 45.3 percent had total money income under \$4,000. (See table I.) Despite benefit increases, the trend toward a concentration of older family units in the lower extreme of the national income distribution continues. (See table II.)

TABLE I.—1973 ANNUAL INCOME BY AGE,¹ PERCENT OF POPULATION² BY INCOME LEVELS

Current total money income	Age 65 and over (percent)			Age 25-64 (percent)		
	All consumer units	Families	Nonfamily persons	All consumer units	Families	Nonfamily persons
Under \$1,000.....	2.8	0.8	5.3	1.9	1.0	6.2
\$1,000 to \$1,499.....	4.9	1.1	9.7	1.1	.5	4.2
\$1,500 to \$1,999.....	6.9	2.0	13.0	1.5	.8	5.0
\$2,000 to \$2,499.....	8.9	3.1	16.1	1.7	.9	4.9
\$2,500 to \$2,999.....	8.6	4.9	13.2	1.5	1.1	3.4
\$3,000 to \$3,499.....	7.1	5.5	9.0	1.7	1.3	4.0
\$3,500 to \$3,999.....	6.1	5.8	6.5	1.6	1.3	3.5
\$4,000 to \$4,999.....	10.8	12.4	8.9	3.9	2.9	8.5
\$5,000 to \$5,999.....	8.3	10.6	5.3	4.0	3.2	7.7
\$6,000 to \$6,999.....	6.3	8.2	3.2	4.2	3.6	6.7
\$7,000 to \$7,999.....	4.4	6.5	1.8	4.7	4.3	6.9
\$8,000 to \$8,999.....	4.0	5.7	1.8	5.1	4.7	6.8
\$9,000 to \$9,999.....	3.0	4.2	1.4	4.9	4.8	5.5
\$10,000 to \$11,999.....	4.5	6.7	1.8	10.9	11.4	8.8
\$12,000 to \$14,999.....	4.8	7.6	1.2	15.1	16.4	8.8
\$15,000 to \$24,999.....	6.0	9.9	1.3	26.8	30.8	7.4
\$25,000 to \$49,999.....	2.0	3.4	.4	8.4	9.9	1.2
\$50,000 and over.....	.6	1.0	.1	1.0	1.1	.5
Midpoint (median).....	\$4,441	\$6,426	\$2,725	\$12,243	\$13,500	\$7,367
Arithmetic average (mean).....	\$6,696	\$9,029	\$3,772	\$13,681	\$14,965	\$7,533
Percent under \$4,000.....	45.3	23.0	62.2	11.0	6.9	31.2
Percent over \$12,000.....	13.4	21.9	3.0	51.3	58.2	17.9

¹ Tabulation developed from table 25, "Consumer Income" current population reports, p. 60, No. 97.

² Age population based on March 1974 current population reports estimate.

TABLE II.—5THS OF FAMILIES RANKED BY SIZE OF MONEY INCOME BY AGE, 1952, 1962, AND 1972 (FAMILY INCOME)

Age of head in years	Total			Lowest 5th			2nd 5th			3d 5th			4th 5th			Highest 5th			Top 5 percent		
	1952	1962	1972	1952	1962	1972	1952	1962	1972	1952	1962	1972	1952	1962	1972	1952	1962	1972	1952	1962	1972
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
14-24.....	5.2	5.5	7.7	7.1	8.4	13.2	8.0	8.5	12.4	6.0	6.0	7.5	3.7	3.4	3.8	1.3	0.9	1.6	0.3	0.2	0
25-34.....	23.6	19.3	22.0	13.8	13.5	17.1	26.1	21.9	23.7	29.5	26.3	27.7	28.7	22.4	24.5	19.7	12.7	16.8	9.2	7.3	9.0
35-44.....	23.8	24.4	19.7	15.7	14.8	11.7	22.2	20.8	16.0	25.2	25.0	21.0	28.4	30.8	24.3	27.7	29.3	25.6	24.8	26.7	24.0
45-54.....	19.8	20.8	20.7	16.1	14.1	11.7	17.0	17.3	14.9	18.6	18.9	19.4	21.0	22.8	25.8	26.5	30.9	31.7	29.7	33.1	36.0
55-64.....	14.6	15.6	15.9	17.2	14.9	13.5	14.0	14.4	15.3	12.9	14.7	16.4	11.9	14.7	16.0	17.0	19.0	18.4	25.2	22.4	22.0
65 and over..	13.0	14.5	14.0	30.1	34.3	32.8	12.7	17.1	17.6	7.8	8.0	7.9	6.4	5.9	5.6	7.9	7.2	5.9	10.9	10.2	6.0

Source: U.S. Bureau of the Census, Current Population Reports, series P-60, No. 90, "Money Income in 1972 of Families and Persons in the United States," U.S. Government Printing Office, Washington, D.C., 1973, p. 40.

Social security benefits, while almost universal among the aged, are wholly insufficient as a sole source of income. By extrapolating the 1973 Bureau of Labor Statistics autumn budget for a retired couple to July of 1974, the Joint Economic Committee of the Congress found that even the \$3,951 income of the lower level budget was more than \$200 in excess of the annual average social security payment for a retired couple at that time. It must also be kept in mind that for 50 percent of all OASDI recipients, cash benefits are their principal and, in many cases, their only source of income.

Since the aged are less able to offset that impact of inflation through increased income from other sources, such as active employment, they are dependent on automatic increases under the escalators to maintain the purchasing power of the real benefit increases enacted in the last few years. If an arbitrary ceiling were imposed and the inflation rate exceeded the ceiling, the number of aged in the subpoverty group would once again begin to rise.⁶

Our associations intend not only to defend the progress that has been made in the recent past to improve the income situation of the aged by opposing any arbitrary cost-of-living ceilings, but also to go forward toward the floor-of-protection and adequacy-of-income goals.

THE IMPACT OF INFLATION-RECESSION ON THE AGED INDIVIDUAL

With less purchasing power to begin with, the poor and fixed-income aged suffered the most from the combination of inflation, recession, and unemployment during 1974. While the magnitude of their dollar income decline may not have been as great as that of other groups, the decline was from a level that was, at best, marginally adequate.

A recent Joint Economic Committee staff study⁴ indicates that, while the cost-of-living rose about 14.5 percent for intermediate and higher budget family units because the items which constitute a relatively larger share of these groups' budgets—housing, transportation, and taxes⁵—rose faster than other items, the cost of living of the lower budget group rose by 14 percent.⁶ Because of the higher rates of inflation with respect to necessities such as food⁷ and housing on which the poor and fixed-income aged tend to spend far higher portions of their total income (see table III), the study concluded that, over the last 3 years, the poor and fixed-income aged suffered a relatively greater loss of purchasing power than other groups. (See table IV.) Moreover, economic forecasters are predicting that lower budget families are more likely to face 1975 budget cost increases higher than those faced by families at higher income levels (thus repeating the 1973 cost-of-living experience) since food, which constitutes a disproportionately larger share of their budget, is expected to rise in price faster than other items.⁸

⁶ We would also add that superimposing a ceiling on benefit increases in programs that are self-financed such as social security without limiting increases in the taxes which support those programs could mean a windfall to the Federal Government which could be used to disguise, under the unified budget, deficit spending in other areas. For this reason, our associations are supporting the bill introduced by Senator Church to restructure the Social Security Administration as a separate independent entity and to remove the social security revenues and expenditures from the unified budget.

⁴ Staff of the Joint Economic Committee, "Inflation and the Consumer in 1974," 94th Cong., 1st sess. (Feb. 10, 1975) (hereinafter referred to as Joint Economic Committee staff study).

⁵ The rate of increase in personal income and social security taxes (as a result of inflation) was higher than the rate for any other consumption item in 1974. Real disposable income declined precipitously last year largely as a result of increases in taxes as a percent of total income. Because of inflation, this is the first recession in which the tax burden has actually risen rather than fallen. Joint Economic Committee staff study, at pp. 7 and 20.

⁶ *Id.* at p. 9.

⁷ The Joint Economic Committee reported that food price inflation in the past 18 months has added twice as much to the cost of living of the poor as to that of the average urban worker. (Joint Economic Committee, "Achieving Price Stability Through Economic Growth," H. Rept. No. 93-0000, 93d Cong., 2d sess., Dec. 23, 1974 (hereinafter referred to as Joint Economic Committee Report).

⁸ Joint Economic Committee staff study, at p. 10.

The Consumer Price Index makes no distinction among subgroups, assuming that all consumers, rich and poor, consume the same market basket of goods and services. This is obviously not the case, for the rich by choice spend a higher proportion of their income on luxuries, while the poor have no choice but to spend a higher proportion of their income on such necessities as food and shelter. In order to assess the impact of inflation on such dissimilar groups of consumers, it is necessary to develop price indices based on the different market baskets that are consumed.

Such market baskets were developed in R. G. Hollister and J. L. Palmer's analysis of "The Impact of Inflation on the Poor." They created market baskets for both rich and poor families from the 1960-61 Survey of Consumer Expenditures, which in turn were used to fashion both a poor-person's price index (PPI), and a rich-person's price index (RPI), that approximate the true price indices for these different groups. These market baskets are split into eight major categories with the importance of each category to the rich and poor consumers identified in the following table:

TABLE III.—WEIGHTS OF MAJOR CATEGORY EXPENDITURES

Item	Poor person's index	Rich person's index
Food.....	0.349	0.219
Housing.....	.356	.278
Apparel.....	.078	.118
Transportation.....	.051	.160
Medical care ¹058	.062
Personal care.....	.033	.027
Recreation.....	.034	.077
Other.....	.041	.059

¹ For the aged, the weight for medical care would generally be higher.

Source: Joint Economic Committee, "Inflation and the Consumer in 1973," 93d Cong., 2d sess., pp. 34-35 (1974).

According to the recent staff study of the Joint Economic Committee "Inflation and the Consumer in 1974" (94th Cong., 1st sess., pp. 27-28 (1975)), prices have risen more for the low-income consumer in the last 3 years than for the high-income individual. From October 1971 to October 1974, the poor person's index rose 27.8 percent while the rich person's index increased 24.6 percent—a difference of 3 percentage points.

The following table is reproduced from that recent staff study:

TABLE IV.—COMPARATIVE PRICE INDEXES

[August 1971=100]

	Poor person's index	Rich person's index
1971: October.....	100.13	100.31
1972:		
April.....	102.04	101.76
October.....	103.91	103.62
1973:		
April.....	108.36	106.93
October.....	114.07	111.49
1974:		
April.....	120.52	117.49
October.....	127.94	125.02
Percent changes:		
1972.....	3.8	3.3
1973.....	9.8	7.6
1974.....	12.2	12.1
1971-74.....	27.8	24.6

Source: "Consumer Price Index" and "Professor Thad Mirer."

The impact of the recession and its present 8.9 percent unemployment rate has rendered even more difficult, if not impossible, any moderation of the impact of inflation through increased income from active employment. Even in the best of times, the aged encounter a formidable combination of barriers to the labor force.⁹ With an increasing number of workers competing for diminishing numbers of jobs, the employment alternative as a means of sustaining purchasing power is for most of the aged, out of the question.

INFLATION-RECESSION AND THE INCOME MAINTENANCE SYSTEM

Not only are our associations concerned with the impact of inflation-recession on the purchasing power of the aged individual, we are equally concerned about its impact on the financial viability of the income maintenance programs such as social security. These programs are captives of an economy which is experiencing its worst economic recession since the late 1930's and simultaneously, the highest rate of inflation on record. With the OASDI trust funds sufficient to continue benefit payments for only 9 months in the absence of a continuing influx of payroll and self-employment tax revenues, and with social security benefit levels subject to automatic increases that are directly related to the cost of living, the performance of the economy is of critical importance.

Workers who are not employed are not paying social security taxes. High rates of inflation trigger automatic benefit increases, which, in turn, must be financed from contributions from a diminishing number of active workers.

Any extended continuation of high rates of inflation and unemployment, coupled with a zero or negative population replacement rate, is obviously a serious threat to the financial solvency of the system. As presently structured, the social security system may not be adequately flexible to accommodate these trends. As a matter of first priority, therefore, the system must be desensitized to variable long-term rates of inflation and provided with new sources of revenue.

FACTORS AFFECTING CURRENT PLANNING FOR INCOME MAINTENANCE IN THE FUTURE

An awareness of aging population trends should motivate the planning which will be necessary to accommodate adequately and at lowest cost, the income security needs of the future aged. Not only will the aged population continue to increase in terms of sheer numbers and population percentage, but, taking into account such factors as improved health care, earlier mandatory retirement, and estimates of diminishing labor force participation, the aged will be living longer and spending more years in retirement. Moreover, since the aged of tomorrow will be better educated, more skilled, and more sophisticated than the aged of today, they are far less likely to accept the lower living standard that generally accompanies retirement today.

Our associations do not believe that the income needs of the future aged can be accommodated within the limitations of the existing mechanisms currently contributing to retirement income support. In order to provide, in an orderly and equitable manner, the substantial, intergenerational transfer of income that will be required to meet future needs, the unfunded, pay-as-you-go public pension systems must be perfected, and if necessary, restructured. They must be coordinated with each other in order to minimize the inequity, duplication, and waste that presently exists. In order to assure a substantial, reliable, and, hopefully, universal private component in the mix of retirement income, personal savings must be encouraged, private pensions must be comprehensively and extensively regulated, and the assets necessary to discharge fully the obligations accruing under such plans must be accumulated. Hopefully, the recent pension reform legislation will aid in this development. Finally, economic necessity will require a gradual substitution of employment incentives for existing disincentives.

As the nearly universal base on which protection for the Nation's families is built against loss of income due to retirement, disability, or death of the family wage-earner, the social security system must be considered first. The Advisory Council on Social Security has recommended a limited restructuring of the system—changes in the mechanics of benefit computation, changes in the benefits themselves to equalize the treatment of men and women, and an infusion of general revenues into the hospital insurance program.

Our associations agree that a restructuring of the mechanics of benefit calculation is needed to stabilize earnings replacement ratios. We also agree that

⁹ The combination includes: labor union restrictions, mandatory retirement policies, and the social security retirement test.

new sources of revenue are needed immediately to maintain the system through an extended period of high inflation. However, our recommendations are more far reaching than those of the Council.

If a restructuring of the OASDI programs is to be undertaken, it should produce a degree of system flexibility sufficient to accommodate, over both the short and long term, economic and demographic trends that may be even more pessimistic than those used by the Council. Since we are dealing with an institution that provides \$5 billion in cash benefits each month to 30 million retired and disabled workers, their dependents and survivors (plus health care protection), we cannot afford to allow our primary income maintenance institution to become less flexible than necessary to accommodate whatever may transpire.

FROM THE 1974 TO THE 1975 OASDI TRUSTEES' REPORTS

The 1974 OASDI trustees' report projected, largely because of lower fertility rates (see table V, below), a long-range actuarial imbalance of 2.9 percent taxable payroll based on present law. (See table VI, below.) Omniously, however, the report indicated that a 1-percent increase in the long-range annual rate of inflation (from 3 to 4 percent) would increase the average cost by 32 percent. (See table VII, p. 1175.)

A subsequent report by an independent panel found, on the basis of demographic and economic projections, just slightly more pessimistic than those used by the OASDI trustees (see tables VIII and IX, p. 1175), a long-term deficit of 6 percent of taxable payroll. (See table X, p. 1176.)

TABLE V.—CHANGE IN OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE, LONG-RANGE ACTUARIAL BALANCE¹ AS PERCENT OF TAXABLE PAYROLL² BY TYPE OF ASSUMPTION

[In percent of taxable payroll]			
	Old-age and survivors insurance	Disability insurance	Total
Actuarial balance under previous estimates.....	-0.43	-0.08	-0.51
Retirement rates.....	-.14	-----	-.14
Disability rates.....	-----	-.21	-.21
Population assumptions.....	1.79	-.08	-1.87
Economic assumptions.....	-.18	-.01	-.19
All other factors (net).....	-.04	-.02	-.06
Change in actuarial balance.....	-2.15	-.32	-2.47
New actuarial balance.....	-2.58	-.40	-2.98

¹ Represents the difference over the 75-year period, 1974-2048, between the average tax rate and the average cost.

² Payroll is adjusted to take into account the lower contribution rate on self-employment income, on tips, and on multiple-employer "excess wages" as compared with the combined employer-employee rate.

Source: 1974 annual report of the Board of Trustees of the OASDI Trust Funds, H. Doc. No. 313, 93d Cong., 2d sess., p. 36 (June 3, 1974).

TABLE VI.—ESTIMATED ACTUARIAL BALANCE¹ OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM AS PERCENT OF TAXABLE PAYROLL² DYNAMIC ASSUMPTIONS³

Item	OASI	DI	Total
Average cost of system.....	11.97	1.92	13.89
Average rate in present tax schedule.....	9.39	1.52	10.91
Actuarial balance.....	-2.58	-.40	-2.98

¹ As reassured over the 75-year period, 1974-2048.

² Payroll is adjusted to take into account the lower contribution rates on self-employment income, on tips, and on multiple-employer "excess wages" as compared with the combined employer-employee rate.

³ See text for a description of the assumptions.

Source: 1974 Trustee Report on OASDI, H.R. Doc. No. 313, 93d Cong., 2d sess., p. 35 (1975).

TABLE VII.—PROJECTED "CURRENT COST"¹ OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM AS PERCENT OF PAYROLL,² UNDER VARIOUS DYNAMIC ASSUMPTIONS, FOR SELECTED YEARS, 1974-2045

[In percent]

Calendar year:	Dynamic economic assumption ³						
	5-3	5-2	5-4	6-3	4-3	6-4	4-2
1974.....	10.67	10.33	10.35	10.33	10.33	10.35	10.33
1985.....	10.44	9.63	11.64	9.33	10.96	10.49	10.20
1990.....	11.03	9.76	13.00	9.53	12.15	11.25	10.77
1995.....	11.25	9.53	13.98	9.44	12.94	11.69	10.92
2000.....	11.31	9.10	14.71	9.19	13.48	11.92	10.84
2005.....	11.69	8.83	15.74	9.14	14.23	12.39	10.89
2010.....	12.69	9.16	17.71	9.60	15.82	13.55	11.56
2015.....	14.14	9.78	20.55	10.43	18.15	15.27	12.68
2020.....	15.71	10.48	23.80	11.37	20.84	17.24	13.95
2025.....	16.97	11.01	26.86	12.16	23.29	18.99	14.97
2030.....	17.60	11.14	29.05	12.53	24.92	20.12	15.42
2035.....	17.68	10.89	30.15	12.45	25.92	20.50	15.30
2040.....	17.68	10.57	30.97	12.26	26.05	20.66	15.04
2045.....	17.86	10.39	32.08	12.19	26.74	20.98	14.95
Average cost ⁴	13.89	10.05	20.41	10.66	17.96	15.20	12.60

¹ Represents the cost as percent of payroll of the year's total outgo, including amounts needed to maintain the funds at about 1 year's outgo.

² Payroll is adjusted to take into account the lower contribution rate on self-employment income, on tips, and on multiple-employer "excess wage" as compared with the combined employer-employee rate.

³ The 1st of the 2 figures represents the assumed ultimate annual percent increase in earnings after 1980, while the 2d figure represents the assumed ultimate in CPI.

⁴ Represents the arithmetic average of the "current cost" for the 75-year period 1974-2048.

Source: 1974 OASDI trustees' report, p. 44.

TABLE VIII.—FERTILITY RATES, ACTUAL AND ASSUMED

[Fertility rates for recent years, and the assumptions of 74 TR and of this panel]

	Actual				Assumed					
	1965	1970	1972	1973	1975	1980	1990	2000	2025	2050
74 TR.....	2.9	2.4	2	1.9	1.9	2.0	2.1	2.1	2.1	2.1
This panel.....	2.9	2.4	2	1.9	1.9	1.6	1.8	1.9	2.1	2.1

Source: Report of the Panel on Social Security Financing, 94th Cong., 1st sess., p. 8 (February 1975).

TABLE IX.—SUMMARIZED COMPARATIVE ASSUMPTIONS OF 74 TR AND OF THIS PANEL

[In percent]

	Annual rates of increase, 1975 to 2050 in—		
	Real wages	CPI	Money wages
74 TR.....	2	3	5
This panel.....	2	4	6

Source: Panel report, p. 10.

TABLE X.—EXPENDITURES AND EXCESS COSTS, AS PERCENTAGES OF TAXABLE PAYROLL

Calendar year:	1974 trustees' report		This panel's assumptions	
	Estimated cost	Excess cost	Estimated cost	Excess cost
1975	10.2	0.3	10.2	0.3
1980	2 10.3	.4	10.4	.5
1985	10.4	.5	11.0	1.1
1990	11.0	1.1	11.5	1.6
1995	11.3	1.4	11.8	1.9
2000	11.3	1.4	12.2	2.3
2005	11.7	1.8	13.0	3.1
2010	12.7	2.8	14.6	4.7
2015	14.1	2.2	16.7	4.8
2020	15.7	3.8	19.2	7.3
2025	17.0	5.1	21.7	9.7
2030	17.6	5.7	23.3	11.4
2035	17.7	5.8	24.0	12.1
2040	17.7	5.8	24.9	13.0
2045	17.9	6.0	24.7	12.8
2050	17.2	5.3	23.9	12.0
Average rates	13.9	3.0	16.9	6.0

¹ The estimated cost in 1975 only represents benefits and expenses, no contribution to the balance of the trust fund.
² Interpolated from data given.

Note: In 1975 each 1 percent of taxable payroll means \$7,000,000;000.

Source: Panel report, p. 12.

The Advisory Council on Social Security, which filed its report in March, found not only a long-range financing problem but one of short range as well. The short-term deficit was found to be largely a result of unexpectedly high inflation and unemployment rates;¹⁰ the long-term deficit was found to be a result of a combination of low fertility rates and the way in which the system is cost-indexed under present law. While suggesting that the long-term problem could be lessened, if not eliminated, by decoupling the indexing of future retirees' wage records from the indexing of benefit amounts, the Council acknowledged that the short-term deficit requires immediate additional financing for the system.¹¹

The 1975 report of the OASDI trustees confirmed the Advisory Council's findings of both a short- and long-term deficit problem for the social security cash benefit programs. Based on its revised assumptions,¹² the trustees indicated that expenditures would exceed revenues in each fiscal year during the period 1976 through 1979 because of the combination of unexpectedly high inflation and unemployment. They concluded that unless additional revenue were provided for the system, the trust funds would be exhausted shortly after 1980.

Because of the uncertainty of future economic developments and because of the very high degree of sensitivity of future levels of benefit expenditures to assumed changes in the CPI, two alternative sets of estimates based on different economic assumptions are presented in this section. The alternatives differ with respect to the assumed future path of the CPI and to assumed future increases in average wages.

¹⁰ The 1974 trustees' report projected maximum percent changes in prices (as measured by the CPI) of 7.1, 5.5, 4.8, and 4 for 1975, 1976, 1977, and 1980, respectively; the administration, as part of its budget message for fiscal 1976, projected rates of 11.3, 7.8, 6.6, and 4. Compare tables XI and XII, p. 1177.

¹¹ See reports of the Advisory Council on Social Security, p. 65 (March 1975).

¹² See table XIII, p. 1177. Reproduced from the 1975 Annual Report of the Board of Trustees of the OASDI Trust Funds, p. 36 (May 1975) (hereinafter referred to as 1975 OASDI trustees' report). Compare this with the two sets of short-term assumptions used in the 1974 OASDI trustees report as reproduced in table XI, p. 1177.

TABLE XI
[In percent]

Calendar year:	Alternative I		Alternative II	
	Increase in wages	Increase in CPI	Increase in wages	Increase in CPI
1974.....	7.9	9.1	8.3	9.7
1975.....	8.5	5.7	9.3	7.1
1976.....	8.0	4.5	8.6	5.5
1977.....	7.6	3.2	8.4	4.8
1978.....	5.5	3.0	7.5	4.3
1979.....	5.5	3.0	6.0	4.0
1980.....	5.5	3.0	6.0	4.0

Source: 1974 trustee report on OASDI trust funds, H.R. Doc. No. 313, 93d Cong., 2d sess., p. 18 (1974).

TABLE XII.—ECONOMIC ASSUMPTIONS
[Calendar years, dollar amounts in billions]

Item	1973 actual	1974 actual	Assumed for purposes of budget estimates			
			1975	1976	1977	1978
Gross national product: current dollars.....	\$1,295	\$1,397	\$1,498	\$1,686	\$1,896	\$2,606
Constant (1958) dollars:						
Amount.....	\$839	\$821	\$794	\$832	\$879	\$1,061
Percent change.....	5.9	-2.2	-3.3	-4.8	5.6	6.5
Prices (percent change):						
GNP deflator.....	5.6	10.2	10.8	7.5	6.5	4.0
Consumer Price Index.....	6.2	11.0	11.3	7.8	6.6	4.0
Unemployment rate (percent).....	4.9	5.6	8.1	7.9	7.5	5.5

Source: Office of Management and Budget, "The U.S. Budget in Brief, Fiscal Year 1976," p. 14 (January 1975).

TABLE XIII.—ASSUMED PERCENTAGE INCREASE OVER PRIOR YEAR IN ANNUAL AVERAGE WAGES AND IN ANNUAL AVERAGE CPI
[In percent]

Calendar year:	Increase in wages	Increase in CPI	Assumed
			annual average unemployment rate
1975.....			8.8
1976.....	6.2	9.0	8.0
1977.....	9.0	6.6	7.0
1978.....	11.0	6.5	6.2
1979.....	8.8	5.7	5.4
1980.....	7.7	4.6	4.8
	7.0	4.0	

Source: 1975 OASDI trustees' report.

In addition, having adopted economic and demographic assumptions similar to those used by the special panel for the purpose of projecting expenditures and revenues over the customary 75-year period (1975-2049), the trustees found the OASDI system to be underfinanced by an average annual amount equivalent to 5.3 percent of taxable payroll. (See tables XIV and XV, p. 1178.) The trustees concluded that over the remainder of this century, the OASDI system will need additional financing equivalent to 1.3 percent of taxable payroll and significantly higher additional financing after the year 2000. However, the latter, long-term financing need was found by the trustees to be largely the result of unintended and undesirable results of the automatic benefit adjustment provisions of present law and could be reduced or eliminated by adopting the Advisory Council's recommendation for decoupling the indexing of the wage record from the indexing of benefit amounts.

TABLE XIV.—ESTIMATED EXPENDITURES OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM AS PERCENT OF TAXABLE PAYROLL¹ FOR SELECTED YEARS, 1975-2050

Calendar year	Old-age and survivors insurance	Disability insurance	Total	Tax rate in law	Difference
Expenditures as percent of taxable payroll: ²					
1985.....	9.24	1.69	10.93	9.90	-1.03
1990.....	9.28	1.94	11.22	9.93	-1.32
1995.....	9.49	2.15	11.64	9.90	-1.74
2000.....	9.50	2.50	12.00	9.90	-2.10
2005.....	9.81	2.95	12.76	9.90	-2.86
2010.....	10.77	3.36	14.13	9.90	-4.23
2015.....	12.44	3.63	16.07	11.90	-4.17
2020.....	14.58	3.76	18.34	11.90	-6.44
2025.....	16.74	3.71	20.45	11.90	-8.55
2030.....	18.15	3.60	21.75	11.90	-9.85
2035.....	18.61	3.59	22.20	11.90	-10.30
2040.....	18.41	3.70	22.11	11.90	-10.21
2045.....	18.26	3.86	22.12	11.90	-10.22
2050.....	18.51	3.93	22.44	11.90	-10.54
Averages as percent of taxable payroll:					
1975-99.....	9.35	1.81	11.16	9.90	-1.26
2000-24.....	11.99	3.13	15.12	11.02	-4.10
2025-49.....	18.18	3.91	22.09	11.90	-10.19
Average current cost: ³ 1975-2049.....	13.29	2.97	16.26	10.94	-5.32

¹ Payroll is adjusted to take into account the lower contribution rates on self-employment income, on tips, and on multiple-employer "excess wages" as compared with the combined employer-employee rate.

² Calculated under the central set of economic assumptions of annual increases after 1980 of 6 percent in average earnings and 4 percent in CPI. Higher assumptions are used in the 1975-80 period.

³ "Average current cost" represents the arithmetic average of expenditures as percent of taxable payroll for the period and includes the cost of increasing the funds on hand to 1 year's expenditures by the end of the valuation period.

Source: 1975 OASDI trustees' report.

TABLE XV.—CHANGE IN OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE LONG-RANGE ACTUARIAL BALANCE¹ AS PERCENT OF TAXABLE PAYROLL² BY TYPE OF ASSUMPTION

Item	[In percent]		
	Old-Age and survivors insurance	Disability insurance	Total
Actuarial balance estimated in last year's report.....	-2.58	-0.40	-2.98
Demographic assumptions.....	-.20	-.04	-.24
Female labor force participation.....	+.33	+.02	+.35
Economic assumptions.....	-1.54	-.41	-1.95
Disability rates.....	0	-.60	-.60
All other assumptions (net).....	+.11	-.01	+.10
Change in actuarial balance.....	-1.30	-1.04	-2.34
New estimated actuarial balance.....	-3.88	-1.44	-5.32

¹ Based on 75-year period of valuation and calculated under the central set of economic assumptions of annual increases after 1980 of 6 percent in average earnings and 4 percent in CPI. Higher assumptions are used in the 1975-80 period.

² Payroll is adjusted to take into account the lower contribution rates on self-employment income, on tips, and on multiple-employer "excess wages" as compared with the combined employer-employee rate.

Source: 1975 OASDI trustees' report.

With respect to the hospital insurance program, the 1974 trustees' report projected a small surplus by 1995, assuming that removal of the economic stabilization controls would be followed by hospital charge inflation rates close to the precontrol level, but ultimately by more modest rates. However, the sensitivity test that was included in that report indicated that, if following the removal of controls, the rates of hospital charges increased in the short run to a level consistent with precontrol rates but in the long-run decreased to not less than 9 percent a year, there would be an actuarial imbalance in the hospital insurance trust fund of -64 percent. (See table XVI, p. 1179.)

The 17-percent health care inflation rate which followed the termination of controls in April 1974 apparently affected the projections for the hospital insurance system. The 1975 hospital insurance trustees report now projects a long-range actuarial imbalance of -.16 percent. Moreover, the sensitivity test in-but lower than, the corresponding rates experienced under medicare prior to cost increases were to revert to a level consistent with the corresponding rates ex-

perienced under medicare prior to cost controls, and in the long-range, were to decrease to the level of 10.5 percent per year, the imbalance of the system would be -1.04 percent. (See table XVII, below.)

TABLE XVI

This table compares the cost of the HI program with two alternative projections, based on different assumptions as to the rate of increase in hospital costs. The first alternative shows the current cost ratios that would occur if the rates of hospital cost increase in the short range were to revert to a level consistent with, but lower than, the corresponding rates experienced under Medicare prior to cost controls and in the long range were to decrease to the level of 9 percent per year. The second alternative shows corresponding figures that would occur if the rates of increase in the short range were to remain at a level consistent with those experienced under medicare during the period of cost controls and in the long range were to decrease to the level of 7.5 percent per year.

TABLE XVI.—SUMMARY OF ALTERNATIVE PROJECTIONS OF THE COST OF THE HI PROGRAM

[In percent]

Year	This report	Alternative 1	Alternative 2
Assumed increase in hospital costs per capita:			
1974	9.6	11.4	9.1
1975	12.6	14.0	10.5
1980	11.0	12.5	10.5
1985	8.0	9.0	7.5
1990	8.0	9.0	7.5
1995	8.0	9.0	7.5
Current cost ratios and resulting actuarial balance:			
1974	1.63	1.67	1.59
1975	1.69	1.76	1.63
1980	2.07	2.32	1.97
1985	2.48	3.01	2.37
1990	2.94	3.81	2.81
1995	3.45	4.70	3.24
Average cost	2.63	3.29	2.50
Average tax	2.65	2.65	2.65
Actuarial balance	+ .02	-.64	+ .15

Source: 1974 Annual Report of the Board of Trustees of the HI Trust Fund, H. Doc. No. 314, 93d Cong., 2d sess., p. 28 (June 3, 1974).

TABLE XVII.—SUMMARY OF ALTERNATIVE PROJECTIONS OF THE COST OF THE HI PROGRAM

[In percent]

Year	This report	Alternative 1	Alternative 2
Assumed increase in hospital costs per capita:			
1975	18.2	19.2	17.2
1976	14.6	16.6	12.6
1977	13.8	15.8	11.8
1978	13.0	15.0	11.0
1979	12.5	14.5	10.5
1980	12.0	14.0	10.0
1985	9.5	11.5	7.5
1990	9.0	11.0	7.0
1995	8.5	10.5	6.5
Current cost ratios and resulting actuarial balance:			
1975	1.83	1.87	1.79
1976	1.91	1.99	1.84
1977	1.94	2.05	1.84
1978	1.99	2.14	1.84
1979	2.05	2.25	1.87
1980	2.13	2.37	1.91
1985	2.64	3.21	2.17
1990	3.13	4.15	2.35
1995	3.61	5.24	2.49
Average tax	2.70	2.70	2.70
Average cost	2.86	3.74	2.22
Actuarial balance	-.16	-1.04	+ .48

Source: 1975 HI trustees' report.

Because of the apparent difficulty in accurately projecting demographic and inflationary trends over the customary 1975 year period, our associations believe that additional flexibility must be introduced into the OASDI programs in order to accommodate better the trends that may develop.

THE OBJECTIVE OF THE INCOME MAINTENANCE STRUCTURE

Our associations believe that our three-tiered, income maintenance structure¹³ should reasonably assure that the highest standard of living achieved by an aged or disabled family unit prior to retirement, death or disability will be perpetuated. Since the preservation of that standard after retirement is thought to require a level of income of at least 60-65 percent of the pretirement level, the OASDI programs should be augmented to provide a greater overall rate of earnings replacement.

Since the function of providing the aged with an adequate floor of income protection has been assumed by the SSI program, and in view of the necessity for a fundamental change in OASDI benefits and financing, our associations urge the Congress: (1) to make the system universal; (2) to continue the contributory aspect and preserve the "right" to benefits; (3) to establish an adequate earnings replacement ratio; (4) to stabilize that replacement ratio by decoupling the indexing of benefits from the indexing of the earnings record; (5) to provide new (not simply more of the same) sources of revenue; and (6) to introduce additional equity into the financing of the program and into the programs' treatment of men and women and of single- and double-earner family units.

A UNIVERSAL AND CONTRIBUTORY SYSTEM

Our associations agree with the Advisory Council that the OASDI system should be universal and we suggest that if it is not feasible to extend the system such that it constitutes a first tier of benefits supplemented by a second tier, career retirement program (similar to the railroad retirement system), it is feasible to integrate the existing primary retirement systems by providing for an exchange of credits. We also endorse the Council's recommendation that there be phased-in, over a 30-year period, an offset with respect to derivative OASDI benefits in an amount equal to any primary benefit from any non-OASDI retirement system. These recommendations would tend to assure the receipt of benefits in relation to total contributions and to eliminate some of the maldistribution of our limited income maintenance resources that results from dual (or multiple) benefit entitlement.

With respect to the contributory nature of the OASDI programs, we believe that everyone should be required to contribute some minimum. We do not believe that the hospital insurance program should be financed totally from general revenues as the Advisory Council recommended. The contributory feature is essential to preserving the concept of a "right" whether those benefits are in cash or in kind and to avoiding the introduction of a "means" test for the purpose of benefit eligibility.

THE OASDI REPLACEMENT RATIO: ADEQUACY AND STABILITY

Our associations will support the Advisory Council's recommended restructuring of OASDI benefit computation only if the SSI program is perfected to the point where it provides at least a poverty level floor of income protection.¹⁴ The \$1,752 maximum Federal payment level is far below the \$2,590 poverty floor. SSI must be augmented if it is to assume fully the floor-of-protection function and leave to OASDI the adequacy function.

We agree with the Advisory Council's conclusion that the OASDI programs are over-indexed.¹⁵ We agree that, in the future, an individual's earnings record should be indexed and restated in terms of the wage levels prevailing in the

¹³ The structure consists of: (1) the primary retirement systems (OASDI, civil service, railroad retirement, public employee systems, etc.); (2) the welfare structure (the supplemental security income program); and (3) the combination of private pensions, individual savings, accumulated income-producing assets and earnings from active employment.

¹⁴ The Council did not consider the steps necessary to achieve that goal such as raising benefits under SSI to a poverty level minimum, tying the provision for unearned income under the program to a cost-of-living index, and liberalizing the income and resource test.

¹⁵ The benefit table is directly related to the CPI. Moreover, the average monthly wage also tends to rise as prices increase. Hence, increases in price levels enter twice into the computation of future benefits.

year before the year in which he retires, becomes disabled or dies.¹⁶ We agree that the level of benefits should not exceed 100 percent of AMIE.

We do not agree, however, that the two- or three-tiered benefit formula should provide replacement ratios roughly equivalent to those presently prevailing.¹⁷ The amount of earnings replaced should not be less than 55 percent of AMIE, if the preretirement standard of living is to be preserved.

We agree with the Council that, once a benefit level is determined, it should be adjusted for subsequent increases in living costs. However, since the CPI reflects the expenditure pattern and price experience of urban wage earners and clerical workers rather than the aged and the poor, its use as the indexing standard may understate the benefit increases these groups should receive. Therefore, we continue to urge that a separate aged index be constructed and used to adjust OASDI and SSI benefits.¹⁸

During periods of high inflation, a once-a-year benefit adjustment is inadequate to prevent substantial benefit level purchasing power erosion. We think they should be more frequent and suggest that the Congress consider the trigger method used by the civil service system.

MORE TAX REVENUE AND MORE TAX EQUITY

GENERAL REMARKS

That the cash benefit programs are confronted by both short- and long-term deficits (that result primarily from different causes) is beyond dispute. We agree with the Council that the short-term deficit requires immediate funding and that general revenues should be used.

We disagree, however, on two issues. First, we oppose the Council's scheme for complete general revenue financing of medicare. We believe that the use of the hospital insurance portion of the payroll and self-employment taxes is necessary to continue the contributory principle and the concept of a right to benefits. Second, we believe the Council's financing recommendations are inadequate and could not accommodate errors in the long-term population growth and inflation assumptions.

GENERAL REVENUES FOR MEDICARE EXPANSION

We support the use of general revenues for the medicare program—not to release the hospital insurance component of the payroll tax for use in cash benefits—but to expand and consolidate the medicare and medicaid programs.¹⁹

Certainly, we are familiar with the administration's proposed curtailments in these programs as a means of restraining inflation-induced health-care increases in Federal spending. What the administration ignores is the increasing cost burden on the program beneficiaries that has resulted from this same inflationary

¹⁶ Our associations endorsed this type of indexing of the earnings record in previous testimony before the Senate Special Committee on Aging. We also suggested that the use of the average of the highest earnings in 10 of the 15 years prior to retirement would achieve the same goal. We said: "[T]he use of average lifetime earnings tends to produce a standard well below the most recent and/or highest preretirement living standard." (See hearings on "Future Directions in Social Security," before the Special Committee on Aging, 93d Cong., 1st sess., pt. 5, p. 339 (1973)) (hereinafter referred to as Future Directions Hearings).

¹⁷ We think present ratios are inadequate except for the low-income. For discussion, see "Replacement Income—Discussion," p. 1183.

¹⁸ The index should be based on a survey of prices in retail stores where the aged shop and are concentrated. Its price weights should be based upon expenditure patterns which take into account the aged's disproportionately high-income expenditure percentages for food, housing, and health care. See table III p. 1172.

¹⁹ Our association's health bill—the Comprehensive Medicare Reform Act (S. 1456, 94th Cong., 1st sess. (1975)) would combine medicare (and medicaid to the extent that it applies to the aged) and would provide comprehensive health care protection for the aged and disabled by: (1) eliminating durational, "spell of illness," and posthospital limitations on items and services already covered under medicare; (2) adding additionally needed health care services, such as intermediate care facility services, eyeglasses, hearing aids, and examinations therefor, dental care, and outpatient drugs; and (3) eliminating the medicare combination of deductibles, coinsurance, copayments and premiums which have become such a heavy burden to the aged and disabled in the last few years. These existing cost-sharing devices would be replaced with a simple system of minimal copayments applicable to the more costly items of health care; however, even these would be subject to a catastrophic protection feature pursuant to which everyone who is covered and who is at or below the poverty line would pay no cost-sharing amount. With respect to persons above the poverty level, the catastrophic feature would take hold after the individual had incurred expenditures in an amount related to his income but in no event more than \$750 per family during a calendar year. The bill would also reform medicare payment procedures to restrain health care inflation.

trend. In 1969, medicare covered 46 percent of the aged's annual health care bill; now it covers 38 percent. The aged need more medicare protection—not less.

Inflation-induced increases in expenditures under the medicare and medicaid programs would best be remedied by restraining inflation in the health care market. Our associations continue to urge the immediate reimposition of controls over health care, the abandonment of cost reimbursement, and the substitution of prospective payment procedures for institutional providers and negotiated fee schedule procedures for licensed professional practitioners.

CASH BENEFITS : INFLATION AND THE SHORT-TERM FINANCING PROBLEM

The Advisory Council's report indicates that the OASDI programs' short-term financing problem is the result of the need to finance cost-of-living adjustments far higher than those originally projected for the system. The administration's response has been the arbitrary 5-percent limitation that ignores the fact that, over the past few years, it has been the aged poor and fixed-income who have suffered the greatest loss of purchasing power.²⁰ The appropriate way to control increasing expenditures under these programs is not the imposition of an arbitrary ceiling, but the creation and application of an effective micropolicy to restrain exorbitant and unjustified price increases in noncompetitive markets and to coordinate this with a flexible macropolicy to restrain aggregate demand inflation in the event that it begins to develop.

Since we believe that the Federal Government is ultimately responsible for controlling inflation, we think it fair and reasonable to recommend that cost-of-living adjustments in excess of 3 percent a year should be financed out of general revenues. This limited use of general revenues for a specific purpose, while it will hopefully motivate the Congress to reform the loophole-ridden Federal income tax, will neither abrogate the contributory principle nor lead to the unwarranted demands for benefit increases²¹ that the Advisory Council feared.

BENEFIT AND TAX EQUITIES : EXPANDED USE OF GENERAL REVENUES

Should the Congress accept the Advisory Council's recommendation that the benefit formula be revised and that benefit levels never exceed 100 percent of AIME (thereby lessening the existing weighting of benefits in favor of those who contributed less to the system), the overall benefit/tax progressivity of the system will be lessened. We urge the Congress to take up the matter of payroll and self-employment tax reform.

Such reform could be accomplished either directly or indirectly. We have suggested the use of general revenues to offset the revenue loss which would result from the direct introduction of a low-income allowance.²² H.R. 33,²³ sponsored by Congressman Burke, would flatten the tax rates (to 3 percent for employer and employee), expand the wage base (to \$25,000), and tie in a general revenue contribution. Other proposals would lessen payroll tax regressivity by integrating it with the income tax by means of a limited, refundable credit against income tax liability for a portion of payroll taxes paid.²⁴

The use of general revenues for cost-of-living cash benefit adjustments and modest payroll tax reform is clearly preferable to tax rate and/or taxable wage base increases—especially in view of the proposed lessening of the degree to which benefits are weighted. We prefer to see tax rates and/or taxable wage base increases used to finance substantive improvements in the system. The Congress should anticipate increasing lower- and middle-income taxpayer re-

²⁰ See table IV, p. 1172.

²¹ The Advisory Council's report states: "The Council believes that there are compelling reasons against the use of substantial amounts of general revenues in the cash benefits program. Such indirect financing would tend to obscure the true cost of additional benefit liberalizations and could easily lead to pressures for unwarranted increases in benefits. Financing the program entirely from payroll contributions serves to prevent unreasonable demands for increases in benefits. The tie between benefit payments and contribution under the present method of financing fosters a sense of responsibility since the worker knows that higher benefits mean higher contributions. * * * Substantial general revenues would also have a detrimental effect on the insurance nature of the program. * * * It is this earned right contributory principle which is one of the primary reasons for the widespread public acceptance of and confidence in the programs. The introduction of a substantial general revenue contribution in the cash benefits program might lead to strong pressures for the introduction of needs test for many social security benefits." See Advisory Council Report at p. 77.

²² See Future Directions Hearings, at p. 354.

²³ H.R. 33, 94th Cong., 1st sess. (1975).

²⁴ See, for example, the refundable credit of H.R. 2166, the Tax Reduction Act of 1975 (P.L. 94-12).

sistance to additional payroll tax burdens, especially if such a tax is to be used to finance, in part, the cost of a national health plan. In any event, general revenues will have to be used to meet any long-range deficit that results from the demographic trend.

BENEFIT EQUITY IN THE TREATMENT OF MEN AND WOMEN, AND ONE-EARNER AND MULTI-EARNER FAMILY UNITS

Our associations endorse the Advisory Council's recommendations to change the requirements for entitlement to dependents' and survivors' benefits to provide equitable treatment to fathers and divorced men. We consider it unfortunate, however, that the Council refused to accept its subcommittee's recommendation that a married working couple, under certain circumstances, be given the option of receiving benefits based on the combined earnings of the couple. Our associations have pointed out before to other committees that the Congress would have to deal with the reality of the working wife. We think the time to do so is now.

RETIREMENT TEST LIBERALIZATION

Our associations have urged repeatedly that the retirement test be liberalized and ultimately abolished. While we concede that in today's economy, increasing numbers of workers are competing for diminishing numbers of jobs, we maintain that this Nation must attempt to solve the problem of unemployment by creating more jobs, not by perpetuating existing barriers to employment. We would hope that the Advisory Council's retirement test recommendation, while not going as far as we suggest, will be accepted so that the aged who want to work to supplement their income will find this barrier to labor market entry less formidable as the economy begins to revive and jobs become more plentiful.

CONCLUSION

In conclusion, our associations support the Council's recommendation to restructure the mechanics of benefit computation by indexing the workers' earnings record and the benefit table separately. We urge, however, that the benefit formula applied to the AIME provide a replacement ratio of not less than 55 percent. If the future aged are to receive an adequate level of income, this will have to be done.

We support the Council's proposal to lessen the degree to which the OASDI benefits are weighted in favor of those who contributed less to the system; concomitantly, however, the SSI program must be augmented to assume fully the burden of the minimum floor of protection function.

We support the use of general revenues: (1) for an expanded consolidated medicare and medicaid program for the aged; (2) to finance cash benefit cost-of-living adjustments; and (3) to lessen the regressivity of the payroll/self-employment taxes.

We support the Council's recommendation to treat men and women equally with respect to benefits. We believe, however, that the Congress should provide greater benefit/contribution equity in the treatment of two-earner family units. The working wife cannot be ignored.

Finally, we support further liberalization and ultimate abolition of the retirement test; we believe that, in view of the demographic projections, income from active employment will have to assume greater importance if the future aged are to achieve an adequate degree of income security.

REPLACEMENT INCOME—DISCUSSION

The second goal generally ascribed to the social security system is the provision of a retirement benefit that will prevent a serious decline in income for the non-*op* aged. According to the Office of Actuary, Social Security Administration, benefits as a percent of earnings in the year prior to retirement for a man 65 years old were as follows:

	1972
Low earnings (\$3,744 per year) -----	45
Retail trade -----	42
Services -----	34
Manufacturing -----	34
All private industry -----	32
Construction -----	24

It is clear that, for single men at least, social security benefits fall short of preventing the serious decline in income mentioned above. A study by Peter Henle ("Recent Trends in Retirement Benefits Related to Earnings," *Monthly Labor Review* (June 1972)) sheds a bit more light on replacement rates. He calculated earnings distributions over time for a number of industries and then related their earnings to benefits for individuals in various circumstances. The results of his study are quite important.

SOCIAL SECURITY BENEFITS AS A PERCENT OF EARNINGS, JANUARY 1, 1972

	Low earnings	Retail trade	Services	Manufacturing	All private industry	Construction
Single, 65:						
Male.....	45	42	34	34	32	24
Female.....	46	43	36	35	33	24
Single 62:						
Male.....	35	32	26	26	25	18
Female.....	36	33	27	27	26	19
Married man, 65:						
Wife 65.....	68	63	51	51	48	35
Wife 62.....	62	57	47	47	44	32
Married man, 62, wife 62.....	51	48	39	38	36	27

There have been numerous estimates of the replacement rate necessary to permit an individual to live as well in retirement as he did prior to it. For an elderly couple with 2 children, the Bureau of Labor Statistics estimates a requirement of 51 percent of preretirement income. Dr. Henle, on the other hand, has calculated a required replacement rate of between 70 and 78 percent, depending upon the income level at the time of retirement.

Using the lower figure of 51 percent, a glance at the table confirms the fact that for most people, social security benefits do not meet this standard. If a person is 65, married, with a 62-year-old wife and has had a low earnings history, social security benefits will replace 68 percent of his low-income level. On the other hand, if this person is single, age 62, with a construction work history, benefits will replace only 18 percent of previous earnings.

It is true that the elderly receive income from sources other than social security, but the inclusion of these sources does very little to change the conclusion. A person who is married, working until age 65 and having a private pension would find that his combined benefits would replace at least 60 and perhaps 75 percent of his previous earnings. If he is single, however, applies for OASDI benefits at age 62, and has no private pension, his replacement rate may be as low as 20-25 percent.

As Henle points out: "Public and private retirement systems in the United States have matured to the point that, taken together, they can provide a married couple a level of living close to what they had before retirement. However, most retirees do not find themselves in a position to take advantage of this possibility, either because they are not covered by a private industry pension plan or are forced to apply for public (social security) benefits before they are 65, thus reducing their benefits under the old age, survivors, disability, and health insurance system."

It would appear then, with respect to the goal of preventing a serious decline in income, the OASDI system has a long way to go.

Appendix 2

SUPPLEMENTAL MATERIAL SUBMITTED BY DR. DENNIS L. STONE*

ITEM 1. TESTIMONY OF MARIE E. WHITE, NORTH OF MARKET HEALTH COUNCIL, INC., BEFORE THE SAN FRANCISCO BOARD OF SUPERVISORS COMMUNITY SERVICES COMMITTEE, FEBRUARY 14, 1975

The supplemental security income program has been in operation over 13 months, and during that period it has been amply demonstrated that the concept has suffered severely in the application. With responsibility for the different components split between the Federal Government, the county government, and a computer in Sacramento, the program was destined to become a nonsystem from the outset. Statistically the ramifications of the program are vast but also meaningless unless interpreted in the light of human needs and human suffering, and it should be remembered that the statistics tell us virtually nothing of those people who have not been reached. In spite of efforts, such as Operation Alert, outreach has been a failure because it was destined to become a failure. The methods used simply do not connect with life at the poverty level. To use newspapers to reach people who cannot afford to buy newspapers except in incidental fashion as wrappings for fish and chips is to fail to understand the basic facts of life as it is for the poor, the aged and the disabled. To put notices in public buildings for people who cannot walk more than a block or two, to do rapid and superficial surveys of buildings where the people are afraid to open the door and talk to strangers, is a practical demonstration of the gap which exists between the policymakers, the planners, the bureaucrats of the Department of Health, Education, and Welfare, and the people for whom they so meaninglessly plan. Every week workers in the San Francisco Tenderloin find people living on totally inadequate incomes who are eligible for cash grants, restaurant meal allowances, medical coverage and attendant care, and who have either never heard of the program or who have been told informally, and incorrectly, that they were not eligible. In one recent week, workers from the North of Market Health Council's Senior Clinic discovered a couple of old folks, she 77 years of age, weighing about 90 pounds, less than 5 feet in height, humped with arthritis, a pin in her hip, shuffling about with a walker between a hot plate and the bed where lay a 63-year-old man who had recently suffered a stroke, lost both speech and control of elimination, suffered paralysis and dependent for every need on the women. In this 9-by-9 foot room, three-fourths of the wall behind the bed is covered by a 48-star flag of the United States which once covered the coffin of her son killed in World War II. Her income is less than the SSI level—his is \$79.90.

The same week workers found a man ill and without funds; his income level below that of SSI. He was taken out to Fort Miley where cancer of the throat and tongue was diagnosed. He was very thin, his Veterans check had not arrived. Staff loaned him a few dollars. He was found dead on Monday.

Another situation involves a woman in her eighties; her income is \$70 a month. She has been using savings to pay her rent—the savings now is less than \$500.

One of these cases was located within 50 yards of the social security office; none of them are more than a mile away. Every day in the Tenderloin there are people without enough to eat who are eligible for the restaurant meals allowance. They simply have not been reached.

*See statement, p. 1147.

LACK OF COMPONENT COORDINATION

There is a continuing problem of lack of coordination between the components of the income maintenance system and the supportive services. Within the District Social Security Office there is no transcript of cases, only printouts and carbons. Where more than one kind of income is involved, the information is not assembled together and it is often impossible to get a picture of what is going on relative to an individual's claim and the various benefit programs. The situation is even more complicated where there are couples.

Change of addresses are still months in arrears. In the case of Medi-Cal cards, there is no way whatever to interact with Sacramento and get an address correction at that point. Staff in Sacramento will tell you that the computer here accepts only the list which is sent by the Social Security Administration, thus, even though the facts are known and offered, nothing will be done. A Medi-Cal card desperately needed in San Francisco will continue, for months, to be sent off to Sutter Creek. It is this slow pickup of data which results in hundreds of people going to San Francisco Department of Social Services every month for emergency Medi-Cal cards, there to be subjected to humiliating conditions.

For many old people, proof of age is very difficult. The computer should be programed to respond to a code indicating over 65 years of age. Claims hang about because the individual has difficulty coming up with documentation of age, but surely it is irrelevant whether a person is 70, 75, or 80. It really isn't anyone's business how old you are, if you are old enough—you are old, and that's enough. The computer should be programed to respond to a code for all persons over 65 whose exact age is unknown.

With the SSI program problems still unresolved, reevaluations have begun. This unnecessary harassment of people over the age of 65 costs thousands of dollars every year and creates nothing but paper, masses of paper, and fear among our aged population. All of this to reevaluate an individual whose life situation is consistent—age and poverty. Seventy-year-olds do not revert to sixty-year-olds. Isn't it time to stop checking up on people when they stand so close to their maker?

One of the functions covered by the department of social services is that of representative payee. The functions of representative payee are spelled out in the Code of Federal Regulations only in general terms and the use of a county as a payee is considered the last resort. Hotel managers report that it is not uncommon for recipients to wait well on into the month before they get any money. In a recent situation, even though there had been much consultation back and forth between advocates and the representative payee, and even though the representative payee was given to understand the desperate financial and medical plight of the recipient, the hotel manager did not get his rent check until the 12th day of the month and the recipient got a partial payment on the 13th. The recipient is 62 years of age, emotionally disturbed, and suffers severe decubital ulcers on her legs. The representative payee was indifferent and only stated, "I have no excuse."

When workers in the Tenderloin come across a case which calls for attendant care, a referral must go from the Social Security Administration to the San Francisco Department of Social Services which will then, when they get the time, send out to "evaluate" what has already been evaluated by physician, nurse, and social worker at the scene; meanwhile, the person waits for help.

There is virtually no way left to interact with the State system except in the case of appeals because the State relates only to the Federal system which produces lists which are often incorrect, incomplete, or in arrears by months. People who signed up with prepaid health plans and did not get the medical care they expected, and for which the State of California paid, are still struggling to get their Medi-Cal cards back. They write, they telephone, and nothing happens, so month after month they, too, swell the ranks of those who go to the department of social services for emergency Medi-Cal cards.

And finally, can nothing be done about the name of this program? Not only is it confusing in its similarity to Social Security, which is handled by the same agency, but what irony. Thousands upon thousands of persons have no other income, so that supplemental security income is a supplement to nothing.

There is a pressing need for the board of supervisors to take aggressive action regarding this program, whether it is the part handled directly by the county or whether it is State or Federal. On behalf of the senior citizens and disabled I serve, I respectfully request that this matter be pursued on an urgent basis. While we sit and stand here talking, our elders are suffering needlessly—not a stone's throw from city hall.

**ITEM 2. SUPPLEMENTAL SECURITY INCOME PROGRAM, REPORT NO. 1.
PREPARED BY MARIO GUTIERREZ, NORTH OF MARKET HEALTH
COUNCIL, SENIOR HEALTH SERVICES, SAN FRANCISCO**

From its inception in January 1974, the supplemental security income program (SSI) has been a confused and utterly chaotic system of providing financial assistance for the elderly. From the moment the person enters the social security office until the arrival of the first check, the senior is at the mercy of a disorganized, poorly planned program which violates many civil and human rights.

For the last 6 months we have been intensely involved in providing direct individual advocacy assistance for seniors in dealing with the problems of SSI. While we feel that we have encountered only the tip of the iceberg of SSI problems which have affected the elderly living in our area, our experience has provided us with a good insight to the array of the facts in the delivery of services of the SSI program. This report of the facts on SSI is based on our experience with our seniors and the social security district office, located at 303 Golden Gate Avenue.

It seems as if both a predictable longevity in the prospective recipient and his capacity to live without food are highly desirable. Unfortunately most of the people seen in our service area are immediate qualifiers. They have been eligible long before coming to us for assistance and they are in immediate need, not only of financial assistance, but also of medical care, dental services, ophthalmological services, and housing. Immediacy of need is juxtaposed by months of waiting, bumbling, extemporizing, delayed assistance, and demeaning experiences. Deterioration of health is a most common experience resulting from our seniors applying for the SSI program. Unbearable fragmentation and delay seems to be the product of utilizing the Social Security Administration and its computer system.

In order to provide a comprehensive picture of the problems, a generalized description of the gaps in service will be presented, followed by recommendation and a description of actual documented cases of seniors whom we've assisted.

BACKGROUND

From the very beginning, the SSI program got off to a bad start. Lack of legislative coordination by the State and Federal Governments created a situation in which the SSI program was belated in getting off the ground. The computers did not have adequate lead in programming time. We are told by Social Security officials that adequate staff was not hired and properly trained to receive and process the high volume of applicants in the first 6 months of the program. In addition, since SSI was to provide assistance not only to the elderly (over 65), but also to the blind and disabled, the social security office became, in essence, the new welfare office. Thus, the increased amount of traffic, and the extreme variety of people (mentally disturbed, alcoholics, drug addicts, transvestites, the blind, and elderly) created an environment of discomfort, not only for the applicant, but for the social security staff as well. We would add that this is especially true in the North of Market, which we serve.

We have also discovered that, despite State-funded projects such as SSI ALERT, lack of awareness by seniors of SSI continues to a high degree. Typical reactions to our senior advocates inquiries are: "SSI—what's that? I've never heard about it." This might be the result of the fact that the elderly living in this area, for the most part, lead isolated lives in the run-down hotels and senior housing projects and, therefore, might be difficult to reach. But one fact is sure: a large number receive monthly social security checks. Is there any reason why a notice or description of the SSI program could not be included in the envelope with their checks or there be a separate mailing to all social security recipients explaining the benefits of the program? In addition, we have encountered a significant number of cases in which people were on OAS (old age security) through the county department of social services (DSS) and were not automatically converted to SSI, as theoretically, was to be the case. It is frightening to think how many elderly people were not properly converted and who are not now aware of the SSI process. We find they are still out there, cut off and wondering why.

STEP I—APPLICATION

From the moment of arrival at the Social Security office the senior citizen is immediately confronted by a long line of people who are there to apply for the various assistance programs or to clear up problems relating to their current

assistance. From the many times we have accompanied seniors as their advocates at varying times of the day or month we estimate that the average wait standing in line is half an hour. Once the applicant reaches the receptionist and requests to apply for SSI, they are promptly told to sit and wait for a claims representative (CRT) to call them. This wait has varied from half an hour to 2 hours. When the applicant sees the CRT worker, an application and statement of resources is taken. This is a fairly quick procedure which takes no more than 15 minutes. The person is then told to leave with no information about when to expect the first check or even how much they are entitled to every month. If they have no cooking facilities in their rooms they are told they will receive an additional \$25 to cover their dining-out expenses every month; however, this often becomes another empty promise because it is our experience that it takes many additional months to process this sort of claim.

In analyzing this process, we feel that there are glaring instances of treatment perpetuating ignorance of the rights of the applicant and a general disregard for the dignity of senior citizens.

1. The applicants are not given a copy of their application, therefore they leave the SSI office with no evidence of having submitted an application or evidence of the statements which they have made and signed. They are left totally at the mercy of the computer which has repeatedly demonstrated that it's programmers don't know an input switch from a hole in its program.

2. The applicant is not told at the time of application, nor at any time up to and including receipt of the first check, the actual dollar amount of his monthly grant or the categories used in its computation. Obviously if there is an error in payment, the applicant has no way of knowing unless he is thoroughly knowledgeable about the entire SSI system.

3. While descriptive pamphlets of the SSI program are available at the Social Security Administration offices, materials advising people of their rights and appeals procedures are not usually available. When officials of SSI were queried about the availability of this information, they stated that such material exists "somewhere," but were not readily forthcoming when it was requested.

4. In a place where an applicant can expect to wait from 1 to 3 hours, there exist no public restroom facilities. When we inquired about this, we were told that there is a toilet for employees in the back and if needed, we could use it.

5. Medi-Cal: An application for SSI automatically serves as an application for Medi-Cal, but in many cases the applicant is not so informed. If he or she should ask, a referral form is provided—if the facts given substantiate that the applicant will be eligible for SSI benefits. This form must then be taken to the county social services office in another section of the city, (More on Medi-Cal below.)

STEP II—PROCESSING OF APPLICATION

The time factor is probably the single greatest disaster the system has produced, and taken in sum, the factors involved in pursuing an SSI application make entry into the system so difficult as to act as a deterrent. In the case of an aged applicant, the determination of eligibility in most cases is simple and straightforward. This determination is generally based on two factors: (1) unearned income does not exceed \$255 per month, and (2) assets and savings do not exceed \$1,500. Proof of these factors can easily be made by the applicant in 1 day. However, the actual processing of the claim will take a minimum of 2 months, or in all likelihood, much longer.

Once an application has been made, it is virtually impossible to track its course in the system. If some human error in preparing material for the computer has taken place, the application is automatically spun out of the system and no notification to the applicant takes place; people wait and wait, not knowing that their suspicions are correct and indeed nothing is happening. Rejected applications are supposed to be edited, but in fact the backlog is so great that in most cases nothing further takes place unless the individual goes to the Social Security Administration office to find out what is happening. A long wait ensues while files are searched.

It has been our experience that if a prospective applicant has not received his check in due time (2 months or more) he or she will not go back down to the SSI office to inquire about it. We have found that senior citizens are very proud. They have worked or have been supported most of their lives by their working spouse and do not find it easy to ask for financial assistance. It is their assumption that because they formally made an application their responsibility is com-

pleted and that it is up to the Social Security office to carry out the necessary payment function. Therefore, if no check is forthcoming, they naturally assume that they have been deemed ineligible. Unfortunately there are several pits along the way at which the application process often breaks down. We are informed that SSI does not have the staff to review all of the rejected applications. As a result, there presently exists a large volume of cases of eligible or potential SSI recipients who are not being aided because of human error and problems with the central computer in Baltimore, Md.

STEP III—RECEIPT OF FIRST CHECK

The problem, here again, is that the first check arrives with a notation stating "State Supplement for (month)," with no explanation for the method of computation. To complicate matters further, since most checks are delayed at least 2 months, at this point recipients are also due retroactive payments from the initial month of application. As a result, the senior may eventually receive two, three, or more checks all of varying amounts, again with no explanation. If the applicant is also due an additional \$25 for dining expenses, how will they know it's being included? If the applicant lives in a nonmedically related board-and-care home and this matter was not brought up at the initial application time, how is the senior to know whether he or she is receiving what's actually due? To a senior advocate or SSI worker who deals with this every day, this computation might seem as a simple problem of arithmetic, but to the senior it is very bewildering.

SUPPORTIVE COUNTY SOCIAL SERVICES

Medi-Cal.—To explore the problems of Medi-Cal further, we find where, not only do we experience lack of coordination by the State and Federal Governments, but in regard to supportive services, the coordination must now include the county, wherein occurs further confusion.

Our latest information from the Department of Social Services of San Francisco County is that, since the computer in Maryland does not "talk" to the computer in Sacramento, it will take up to 6 months of waiting for the automatic issuance of a permanent Medi-Cal card. In the meantime, the applicant must acquire form 39, "Statement of Proof of Eligibility," from the SSA office and then take it to the DSS office in order to receive a temporary Medi-Cal card. We are told that the senior must initiate this process every month until the permanent card arrives. Needless to say, this is not an easy ordeal for seniors, especially if they do not get around easily or have no means of transportation other than the bus. When queried as to why this process cannot be done over the phone in order to avoid these hassles, we were told that this can only be done if the SSI worker states on the referral that the person is homebound. Even so, it is better to do it in person, they say, since there is no written record of the request over the phone.

To exemplify the frustrations we, as advocates, and certainly seniors are facing, we have been informed as of August 12, 1974, that the latest directive from the State to the county social services division is that no Medi-Cal cards can be issued until the recipients actually begin receiving the checks from SSI. If this, in fact, is the case, then obviously seniors are being forced to suffer financially and physically because of the inadequacies of the entire system. Again the rights and vital needs of the elderly have last priority.

FOOD STAMPS

One of the major flaws of SSI, which was realized from the beginning, is that the increase in income for many seniors through the SSI program makes them ineligible for food stamp assistance. Thus, in many cases there has been net loss of actual dollar purchasing power.

Another common dilemma is that seniors who applied for SSI were automatically told they could not receive food stamps. Countless numbers of times we accompanied seniors to apply for food stamps to be told they would not be eligible. The fact is, theoretically, an SSI recipient is over the maximum income requirement for food stamps, but since the payment of SSI checks have taken so long, persons applying for food stamps should receive them during those months he or she is waiting for the first payment. However, the county DSS office is very reluctant to issue food stamps because of the poor administration of the SSI program.

THE LACK OF PASS-ON

Another drawback of SSI, which just about everybody admits is unfortunate, is the lack of a State of California pass-on of the social security cost-of-living increases. Seniors who are solely dependent on social security and SSI for their income will never benefit from a cost-of-living increase. For every cost-of-living increase they receive in their social security check, there is a reciprocal deduction from their State assistance so that the total income will always remain \$253 per month. This results in a loss of purchasing power for the individual. How embarrassing and absurd that, in a State that has a surplus of millions of dollars in its annual budget, they can rob the elderly of their cost-of-living increase in times of rampant inflation.

Some persons on social security and private pensions have lost the restaurant allowance of \$25 a month when the cost-of-living increase for social security became effective and removed their SSI connection.

SUMMARY AND RECOMMENDATIONS

In summary, it is very clear that both State and Federal Governments have created a program of assistance for the poor elderly, yet neither has provided the necessary funds for administration and staffing to carry it out effectively. Lack of intelligent administration and sensitivity to the human needs of people by the program planners have compounded the built-in problems of the system. We anticipate these difficulties will continue well into 1978.

In concept, the supplemental security income program is an excellent, innovative idea. The great pride of most seniors, compounded by their experience of the depression of the 1930's, created a situation in which the elderly on limited incomes were extremely reluctant to apply for old age security (OAS) since it was administered by the county department of public welfare. By taking this assistance out of "welfare" and placing it with the Social Security Administration, a much better feeling on the part of the seniors was created. Unfortunately, the many problems that have developed have greatly reduced this reputation. Unless there are some real improvements soon, seniors will see it as just another frustrating "relief" program. The terrible problems with medicare and Medi-Cal don't help.

In view of these realities, we present some immediate recommendations for procedural changes to improve these tragic conditions. In two later reports we will deal with legislative recommendations and present a close look at the local DSS system.

1. Due to the high immobility of seniors North of Market, and the difficulty in getting into the hotels where they live, special field representatives need to be hired to reach these seniors and to enroll them in the SSI and other programs to which they are entitled, at home or at a convenient service point like the senior service center at 121 Leavenworth Street.

2. To improve the distribution of essential information to hard-to-reach and easily confused seniors, a brief explanation of the total SSI program benefits should be mailed to all potential recipients along with their social security, veterans' benefits, and all other Federal and State benefit checks.

3. All applicants should receive a copy of their application for SSI and other programs as signed.

4. All applicants should be notified in writing upon an early computation, say within 30 days of application, of the exact dollar amount of their grant, how it was computed, what income is retroactive, if any, if there are special categories such as a \$25 restaurant allowance, and the like.

5. All applicants should be given an application for benefits information on their rights of disclosure and their rights of appeal.

6. All recipients of SSI checks should also get detailed written information about the SSI system itself, how it operates, what it is supposed to do, and the like.

7. Seniors awaiting regular or delayed SSI checks should be informed that until they receive their first check and confirm it is above the income limit for food stamps, in the interim they are entitled to food stamps.

8. All applicants should be informed when writing an application about all the benefits and programs to which, as seniors, they are entitled, including medicare, Medi-Cal, food stamps, and other San Francisco County supportive programs, including general assistance and grant loans for lost or delayed SSI checks, and any entitlement they have for these programs.

9. All applicants should be informed that if, within 45 days from the date of application, they have not received their checks, they can and should appeal to the local SSA office in person or by phone.

10. Loans to recipients who do not get their checks on time or whose checks are lost are now provided at a rate of about 50 percent of the original total grant amount. This is totally inadequate; this loan should be raised to 100 percent of the total grant authorized. All recipients should be informed of their rights to this loan and how to get it, and 1 month after the check is lost or delayed SSI should provide a one-time check for the full amount.

CASE HISTORIES

Mrs. M., 71, applied in June. Her monthly income was \$84 social security. An advocate from our agency assisted her in the application process. When Mrs. M. requested Medi-Cal assistance, she was told to go to the county department of social services. Mrs. M. and the advocate were bounced back and forth between these two offices several times before she was finally told she would receive her temporary card. Inadequate training and lack of administrative direction created this situation. Every month thereafter she was given a different story regarding her Medi-Cal application. In essence, she was finally told that she would have to obtain a form stating eligibility for SSI from SSA every month and take it personally to the county office. The system in Sacramento will not issue her a permanent card for about 6 months after the application. When she applied for food stamps she was told she was not eligible because of the SSI. She returned with an advocate and after some heated exchange regarding her situation, food stamps were issued. The following month when she didn't receive her SSI check, she faced the dilemma of applying for a loan and having her food stamps denied because of the loan. In August she received three checks, all of varying amounts. She was very confused and came to us for an explanation. We called the office of the regional commissioner for assistance. After researching the situation it was determined she was not receiving full benefits since they had her living with her brother. The fact was, she did live with her brother in May and moved out into her own room in the first week of June. She reported the change of address immediately, therefore she was entitled to the full SSI benefits. Another check was received in a week supposedly to rectify the missing amount, but from our calculations, she is still owed an additional \$47 in retroactive benefits. Lack of information regarding the computation of her award and improper input to the computer have created this very confused situation which is still unresolved.

Mrs. C., 73, applied for SSI benefits in February. At the time, she had no income. She came to us in May for assistance. After inquiring at the SSA office it was determined that the computer input form was filled out improperly and therefore did not process the application. This was a very common experience with our advocates. Apparently, if there is *anything* wrong with the way this computer form is filled out, the application file lies dormant until such time that the applicant returns, wondering what happened to his first check. The next month Mrs. C. received retroactive checks for the 6 months due. After we calculated the total sum, we determined she was underpaid. An inquiry at SSA by our advocate received the explanation that she was receiving monthly assistance from her son. Mrs. C., being Filipino and having a language problem, was misunderstood when asked if she had any income at all, since she only received a one-time check for help from her son in March. A form of reconsideration was filled out in June, and a letter was solicited from her son stating he was not sending her any assistance. Her July and August checks were still short the amount due, so we went to the assistant administrator's office for an explanation. After a full explanation, we learned that there was no copy of the form of reconsideration or the letter from her son in her file, and the service worker handling the case had been transferred to another office. The missing material was located in her desk and hopefully the matter will be cleared up next month.

Mrs. B. is homebound and 83 years old. After a visit by our doctor he requested that an advocate visit her to assist with her financial situation. She had been on OAS in December but January through May she did not receive any assistance other than her social security of \$188 per month. This necessitated her moving into a room without a bathroom, creating undue stress for her since she has great difficulty walking from two broken hips. Investigation by our advocate with SSA led to the conclusion that she had not been automatically transferred

from OAS to SSI and the next month retroactive check for the previous 5 months was issued plus her regular benefits. Medi-Cal assistance, which was also dropped in January, was received.

Mr. H. was receiving his regular SSI check for several months and mysteriously they stopped in May. A check led to the unbelievable explanation that somehow he had been declared deceased by the computer. After several months the situation was cleared up.

M.D. has lived at the same address for years. The social security check was in the amount of \$198.80 and the SSI check was for \$60.20 for a total of \$255. As there are no cooking facilities available to M.D. there should also be the \$25 restaurant meals allowance. M.D. has received only the social security check since May. The social security check has risen to \$202.10 so that there should have been \$60.20 for SSI for June, \$53.90 for SSI for July, and \$53.90 for SSI for August. M.D. is 79 years of age.

T. applied for SSI in March. Backpayments came August 2, 1974. The Medi-Cal card has not yet arrived and T.'s dental plate is broken. T. is 82 years of age.

E. and H. are a married couple, aged 62 and 74 years respectively. Neither is capable of maintaining himself or each other in the community without help. H. is not expected to live long. Their total income is \$187.72. The application process has been stalled because H. was born in the rural South and cannot prove his age. In actuality this is immaterial—his application is valid regardless of age—he is totally disabled and dying.

If you want to define "the angry and disillusioned," you need look no further—ask anyone attempting to enter the SSI system.

ITEM 3. SUPPLEMENTAL SECURITY INCOME PROGRAM, REPORT NO. 2, PREPARED BY MARIE E. WHITE

In the 4 months since the first supplemental security income report, matters have not changed much. The feature most common to the program is its unreliability—some cases are handled quickly and correctly, but far too many others are, unaccountably, handled incorrectly, with the confusion continuing for month after month. In general, the public is at risk in all its dealings with the Social Security Administration and the San Francisco Department of Social Services.

In response to demands by seniors of the North of Market Senior Organization, the Golden Gate Avenue office of the Social Security Administration is now using a leaflet, to be given to each applicant for SSI, which has a place to write the case number, the name of the worker, and the date of the application. This is the one specific improvement which has resulted from previous efforts to draw attention to flaws in the system and make suggestions for improvement. The request that applicants be given a copy of their application and statements which they have made in applying for SSI has been rejected as too costly.

Leaving aside the inability of the system to cope with the massive task, due to insufficient computer capacity and the calculated underestimation of the complexity of human affairs at the poverty level, the greatest single failing of the system has been the lack of outreach. Over a year since the inception of the program, thousands of people whose lives are afflicted with the crushing burden of poverty have either never heard of the program or do not have a way to make application due to isolation, illness, language barriers, lack of information, misinformation, or the paralyzing fear of being stigmatized, a fear which has been deliberately cultivated by one administration after another. People have been made to feel ashamed that they are people and need bread to eat or a doctor to tend them. Apparently this is the way the State of California wanted it, and the San Francisco Department of Social Services has patterned itself on the State model. The difficulties placed in the way of applying for SSI or Medi-Cal reactivates all the old stigmas of the past.

Officials of the Social Security Administration, in response to the matter of outreach to advise people of the program, stated that there had been a special problem in California. Federal officials say that the Social Security Administration had wanted to run a public information program 9 months prior to January 1, 1974, but the State of California had not wanted to participate and had not wanted the program publicized. It was implied that "you know who it was that didn't want people to find out." Thus, it was ensured that vast numbers of people would "not know."

The "not know" people continue to be located by workers of the North of Market Health Council. Numbers of people who were "conversions"—people who were on ATD or OAS in December 1973—still do not have restaurant meal allowances even though they are eligible, simply because they have not yet heard about it. Seniors have long since had to give up buying newspapers—they cannot afford them. Last year during the first months there was no question of retroactive payment for restaurant allowances once people discovered it and were eligible, but by the fall months of 1974 the statement was being made that "It will be effective as of today but it depends on the San Francisco Department of Social Services about the back money." The system is so sluggish that it remains to be seen whether or not retroactive money will be paid in all cases. The campaign to prevent people knowing has obviously settled down to a campaign to prevent people getting.

OUTREACH NONEXISTENT

Field representatives of the Social Security Administration notwithstanding, outreach is virtually nonexistent. Each week workers of the North of Market Health Council discover seniors in almost unbelievable circumstances. This month's honors included one woman with a total income of \$70 per month—she has been using savings to pay her rent and now this cash reserve has fallen below \$500. She lives four blocks from the Social Security office. A man and a woman, both eligible for SSI through age or disability, sharing one room because of the economics of aging—her income of social security and veterans' pension still below the SSI level—his income only \$79.90 per month and he is in bed unable to talk, having just suffered a stroke. Neither party has a Medi-Cal card. And where were this aged, disabled, and impoverished pair located that they had not been helped by the program which went into operation over a year ago? Less than 50 yards from the District Office of the Social Security Administration—needing money and food; needing medical care; needing an attendant, and the door of the hotel in full view of the Social Security office.

In the case of Medi-Cal cards which have not arrived, it is necessary to get a form 39 referral from the Social Security Administration month after month until the system picks up on it and produces a card from Sacramento. It is a hectic hassle for an aged or disabled person to extract the form 39, then take it to the San Francisco Department of Social Services each month. Since each stop—the SSA and the San Francisco DSS—can take several hours, it means an all-day hassle which includes having to travel from the Social Security office to the San Francisco DSS, on foot or by bus or multiple buses, only to find the treatment there is enough to dismay even the young and healthy. The place is dirty, the staff indifferent, the system inexcusable. On a recent visit, a staff member of the North of Market Health Council went to 1360 Mission Street on behalf of several seniors to obtain Medi-Cal cards and was clocked in at 1:37 p.m., receiving the Medi-Cal cards at 4:13 p.m. All of the seniors involved were already receiving SSI.

The lack of coordination between Federal, State, and county systems continues to be a great factor in the distress suffered by the poor and the sick. Changes of address for Medi-Cal cards run months behind and until the Social Security Administration makes the change, Sacramento will not, or cannot, change the address on the Medi-Cal card. Sacramento staff state that there is no way that they can interact with the system as it responds only to the Social Security Administration's computer list. Thus it is that the aged and disabled must suffer the Mission Street mess; thus it is that the lines form day after day, week after week, month after month for emergency Medi-Cal cards at the San Francisco Department of Social Service.

Requests for attendant care must come by way of a referral from the Social Security Administration to the San Francisco Department of Social Service, which must then send a worker out to verify what has already been reported by physicians, nurses, and social workers at the scene. In the case of people who are helpless and ill, this is inhumane and leads to further illness and breakdown. This paranoid duplication of work for which the taxpayers shell out money while the clients suffer the harm of neglect should come to an immediate halt.

Persons who have become less able, or who have simply aged further and suffered diminished physical capacity and find it increasingly difficult, or impossible, to handle cooking while living in a place with kitchen facilities, cannot get the \$25 restaurant meals allowance, even though physically unable to use

the appliances present in their rooms. Victims of stroke resulting in paralysis of the arms, people using a wheelchair, crutches, who can no longer use a stove would have to move from the premises to get the allowance, even though the quarters were otherwise suitable. Moving would often mean a higher rent, less desirable space—and the cost of moving. Workers at the San Francisco DSS say that it is not specific in the regulations but is being interpreted this way. If appliances are present—no restaurant allowance.

COMPUTER ERRORS

Computer language is causing wrinkled brows, fear and frustration with its unintelligible doubletalk. When an error is made in evaluating, coding or computing an "approximate" message related only to the dollar transaction is sent by the computer. For example, \$235 instead of \$283 was sent to a resident in a board-and-care situation. When the changeover to the correct amount of \$283 was made, the computer message read: "The amount of your grant has been recalculated because you have moved." The person hadn't moved—but the computer has not been programmed to state that an error has been made. The system does not admit errors. The confusion caused by these computer communications frequently falls upon people who are already distressed, confused, and fearful. Another computer message stated, "Your grant will end in November" on the first line and, "Your grant will continue" on the last line. This was possibly intended to signify a change from one type of benefit to another.

The linkage between social security benefits and the supplementary security income program necessitates a look at what happens to both programs. Mr. S. is still experiencing a cut in his social security check because he worked and earned more than the allowed amount for a person under age 72. Mr. S., however, is 75. His naturalization papers show him as having been 45 years of age in 1945—30 years ago. A Federal judge in Seattle has ruled that there must be a hearing before social security beneficiaries suffer an adjustment or reduction for a previous alleged overpayment. Mr. S. has not had a hearing. He is now getting SSI in place of the part of his social security which was docked—and when he eventually gets his social security restored he will be asked to repay the SSI. In the meantime he is still short the social security he was docked before the SSI application was operative. He is trying to get a birth certificate from Russia. The aggravation is more than a person of 75 years should have to deal with.

So-called overpayments resulting from the delay in payment of other pension checks mean that people who first suffered a period without any funds at all are subsequently penalized for the bureaucratic sloth when all the checks arrive in the same quarter and make them ineligible for benefits.

Change of address continues to be a problem. Inexplicably one person's change will be handled rapidly and correctly, another person will go many months with their checks continuing to go to old addresses and Medi-Cal cards taking an even longer period to catch up. The hapless individual spends months going back to previous apartments or hotels following the mailman's wake, apologizing to the building managers and trading upon their goodwill to obtain the precious check. The U.S. Post Office compounds the trouble. When a mailman puts a check in the wrong box, or a box used by someone who has been unable to get the computer to make the change, rightful box users and building managers put the checks back in the mail. Then Baltimore, or other points of origin, hold all checks using the terminology: "Suspended for reason of address," until the hungry individual is able to convince the Social Security Administration to forward the checks again.

There is no loan program for persons whose social security check is lost, mislaid in the mails, or otherwise unaccounted for. The SSI program has a loan system available against nonreceipt of checks but it takes 10 days before a check will be available. Persons who have as much as \$100 a month of non-SSI money have been told that they cannot get a loan. This, even though \$100 would only pay rent.

For a long time the Social Security Administration computers would not handle material having to do with "couples," possibly reacting to what could be considered human weakness. This is still an area of great difficulty. Not everyone has social security and persons who were so careless, giddy, and gay as to marry another not exactly the same age, pay penalties in their later years. The lowest paid, hardest working people were excluded from social security coverage for over 30 years. This means that many old people today, after a lifetime of labor, have nothing but the supplemental security income—thus it is a supplement to

nothing. In instances where only one person is eligible for SSI for reasons of age, say the husband is 65 and the wife is 62, there is no allowance made for the wife who obviously is not going to be able to get a job at 62 years of age. The age for SSI is 65 unless the individual is totally disabled. Nor will the wife be able to qualify for general assistance because she has a husband with an income. On the other hand, if the wife had any income it would be deemed as available to the husband and he would suffer a reduced grant. This being the case, it is not difficult to understand why so many older people split up and go as singles and why so many singles team up but don't marry. In such instances of age disparity where couples stay together, the joint income will be \$235 per month, or \$1,410 per person per annum, and housing alone will take half the income.

The turnover of staff of the Social Security office is a guarantee that information will not be readily available to the enquirer. As soon as staff attain some ability to deal with the complex system involved, they are moved on. The files on cases are not of a kind to enable anyone handling an emergency to be able to tell what has taken place. There is no readily available transcript to tell what steps have been taken, how the possible benefit systems have been checked out, and what the status of the case is. The quantity of the work, together with regulations which are purely imbecile in origin, make quality work or performance impossible. The spectacle of any 80-years-plus senior having to come up with documentary evidence of their many years is humiliating to all concerned. People in close proximity to the great unknown should not have to stand there searching for proof of having come into being on some specific date. The computer, not the people, should be trained to obedience. Any age, beyond the initial eligibility age, should be acceptable. The staff of the Social Security Administration do not understand that what is important to a senior or a disabled person is their own feelings about themselves, but this seems to have no currency. If an individual is getting some income, the SSA staff express the thought that, "Well, they are getting *some* money," but to a senior who is entitled to SS benefits but is getting SSI instead, or whose checks continue to go to the wrong address month after month, this is an insufferable indignity. While the staff of the Social Security office are, perhaps, covictims of this system, it is the old and disabled who have been reduced to computerized consumers who are supposed to be grateful for the indifferent service and impervious to the hazards caused by the obvious inability of the system to cope.

In California, people who have thriftily held onto a home of their own are still eligible for the SSI program, even though the house is valued at more than \$25,000, but they will have to go to the San Francisco Department of Social Services to apply. They will find this out after having gone through the waiting lines at the Social Security office.

There was a genuine cutback with the inception of the SSI program in the area of what used to be called special needs, and is now only a disaster relief program. Prior to January 1, 1974, there was some consideration given to replacing essential appliances, mattresses, or providing some assistance for moving money. Now the only coverage of such costs relate to fire, flood, and such disasters as can be certified by the American Red Cross or the fire department. Many seniors only find this out, with great disbelief, when the items fall apart and need replacement. They remember that so and so got help with a mattress and are struck to find that no help is now forthcoming. On an income of \$235 a month, how can a person replace a mattress that finally disintegrates after years of use? How can a senior take advantage of the opportunity to move into better senior housing after years on a waiting list when there is no money to move?

There is still no pass-on of social security cost-of-living increases to people with an income made up of social security and SSI. As one increases, the other decreases. There has been no cost-of-living increase in the SSI program itself. Food stamps were lost to recipients of SSI and the so called cash-out provided by the State of California has been swallowed several times over in the inflationary economy.

MEDI-CAL—SAN FRANCISCO 1975

The room is bleak, bare, with dirty floors and walls. A few benches, a chair or two. A drunk has passed out and curled himself around a bend in the wall. The guard at the door sits hunched over, eyes remote, gun on hip. A child wails; the burdened mother passes through on her way to the food stamp office. Around the walls the seats are occupied by people suspended in time, waiting, looking at nothing, for there is nothing to look at. An hour in here is days long. An old man walks limping around, muttering to himself, easing his joints as he goes,

then sits again. A line forms once more at the enclosure where six or seven workers lounge, chat, smoke, and make jokes, ignoring the lengthening line. Workers come from the rear and call out the names of recipients for all to hear. When a name is called a body heaves up out of a chair and goes off trailing the worker. It is difficult to tell one from the other—they are both dispirited. An hour passes, many of the same people are still sitting; a heavy black woman with one eye drooping almost shut, her legs wrapped in elastic bandages; a thin, almost emaciated white woman with waxy skin and a permanent palsy to her blue veined hands; an oriental man wearing a cloth cap, one arm in a cast, one hand dangling from a sling the other grasping a prescription for codeine. The door pushes open, more people enter. There are no seats left. After going to the enclosure, the newcomers move back and stand about. The hands of the clock creep up to the hour, there is a stirring, the people assume an expectant air. Some stand and shuffle from one foot to the other, waiting. The minutes tick along. Presently someone behind the counter calls out a name—the Medi-Cal cards are being given out, as they are once an hour, on the hour. It's the system. People surge forward to get their cards and then the crowd pushes away leaving some still standing without their cards. They complain. The woman behind the desk is icily indifferent and adamant. "That's all there is; I can't do anything about it; you must not have been here in time." The complainers have been there over an hour and there will be no more cards for another hour, on the hour. It's the system.

The drunk arouses himself and moves further around the wall pillowing his head on the floor at a crazy angle. People settle back into themselves. Another wait begins. The room is bleak, bare, with dirty floors and walls. A few benches, a chair. . . .

[From the N.A.S.W. News, Feb. 2, 1975]

HEW COURT INJUNCTION STILL OPERATIVE

On January 2, HEW failed in an attempt to dissolve a permanent injunction preventing the Government from removing aged, blind, and crippled persons from Federal disability rolls without first granting them a hearing. At that time, U.S. District Judge Alexander Harvey II announced his decision to maintain the injunction, which he originally issued on October 17, 1974, in Baltimore in force.

The injunction affects those receiving benefits under the supplemental security income (SSI) program in the State of Maryland. The permanent restraint followed a temporary order, issued last May in response to a suit (*Brown v. Weinberger*) filed by the Baltimore Legal Aid Bureau on behalf of four persons who were notified that their SSI payments were to be terminated.

The SSI program, which came into being on January 1, 1974, was originally directed to issue payments to anyone who had received certain State benefits in December 1973. One day before the program was to take effect, Congress modified the qualifying conditions to include only those persons who were eligible for a State disability plan and had received benefits for at least 1 month prior to July 1973. One reason suggested by some government officials for the last-minute congressional action was the feeling among legislators that States were loading their rolls late in the year in order to oblige the Federal Government to pick up these new recipients under the SSI program.

HEW then requested and was granted legislation to allow SSI to issue presumptive payments while each individual's eligibility was being evaluated under the new payment criteria. Presumptive payments are those made on the basis of assumed eligibility and continue to be issued until an actual determination is completed. Presumptive payment checks were mailed out in January and February of 1974, but in March and April, certain persons began receiving notices advising them that they had been determined to be ineligible for SSI assistance. The original suit in Baltimore was brought to argue the cases of four of these individuals.

HEW's Office of General Counsel has advised the Department of Justice to appeal the injunction in the fourth circuit court, the next step in the judicial process. In the appeal, which is currently in the process of being drawn up, HEW contends that those converted under the SSI program are not recipients who are simply continuing to receive benefits, but rather applicants with no prior SSI benefits and thus not entitled to a hearing. The late 1960's Supreme Court *Kelly-Goldberg* ruling orders hearings for recipients before their benefits can be stopped. HEW claims that those who had been dropped had no vested rights to payments as they had received only presumptive checks under SSI and not payments based on actual determined eligibility.

At the issuing of the injunction, Judge Harvey criticized HEW because: "No reasons were given for such finding of ineligibility and no hearing had been accorded the plaintiffs before determination was made."

At the present time, approximately 22 similar rollback suits in 20 States are at different stages in the legal machinery. However, none have gone as far as the Maryland permanent injunction. The Maryland ruling is estimated to affect from 2,000 to 6,000 residents of that State.

[From the San Francisco Examiner, Nov. 5, 1974]

S.S. BENEFIT HEARINGS NOW ARE REQUIRED

SEATTLE.—Social security recipients may not have their benefits adjusted or reduced for overpayments without an opportunity for a hearing, Federal Judge Morell Sharp has ruled. The ruling yesterday in a suit brought by two Seattle women could have nationwide repercussions.

Sharp also ruled that Social Security Administration personnel who conduct the hearings must have no prior knowledge of the case involved.

The suit was brought by Fannie Buffington and Frances Biner. Sharp made their action a national class action suit, and ruled the decision binding on all areas.

In the past, the Government simply notified social security recipients that overpayments would be adjusted over subsequent payments. Under certain circumstances, overpayments were waived if the recipients could show that a hardship would occur.

ITEM 4. ARTICLES FROM "THE GRAY GHETTO," BY STEPHEN COOK, REPORTER FOR THE SAN FRANCISCO EXAMINER

THE OLD AND INFLATION—A DISTURBING CLOSEUP

In our plans and dreams, being old brings visions of golden years and sunny acres. In reality, being old is all too often a question of just surviving.

Old people, and the government says that's anyone who is over 60, live everywhere. Many live comfortable, happy lives, with few cares beyond those of most of the rest of us.

Many, however, live on the fringes of society and, in an increasing number of cases, on the fringes of survival itself.

In San Francisco, thousands of our elderly live in the closet of our collective conscience—the teeming, dangerous, tawdry ghetto that the police blotters and headlines call the Tenderloin.

THE OLDER AMERICANS—NO PLACE TO GROW

U.S. Supreme Court Justice William O. Douglas, 75, is one of them. So is the 81-year old lady who lies forgotten, nested in her cockroach-infested room in a San Francisco Tenderloin hotel.

They are the older Americans classified as anybody over age 60. Most are living out their lives on fixed incomes, and thus their existence in this time of rapid inflation is particularly cruel.

In a time when America places heavy emphasis on youth, many of the elderly are cut off from families, from the mainstream of American life—consigned to ghettos for the aged. They are capable of wielding immense political power, accounting for 10 percent of the American population. And their numbers are growing by 5,000 a day.

In San Francisco today, they number 142,000—one of every five residents. Some 24,800 live in the Sunset and another 16,945 reside in the Richmond, clinging to homes in which they reared their children. Most in these neighborhoods live with spouses or other relatives.

However, in the Tenderloin—the city's most noticeable ghetto for the elderly—more than 80 percent live alone. In all, 56,800 elderly San Franciscans live alone.

One of five is "officially" poor, falling below the poverty level of \$2,400 a year established by the U.S. Department of Commerce. Statewide, 18 percent are poor. In San Francisco, about another 22,000 elderly are receiving supplemental security income, a program of assistance to the aged which raises income above the poverty level.

Mrs. H., an 85-year-old widow living in a downtown hotel, survives on \$255 a month. With \$115 going to rent, she shops carefully for her main meal, ignoring the butcher's glare when she asks for one chicken leg. For a time, her only meals were two instant breakfasts daily.

Jean Mellor, struggling to survive in the Tenderloin on \$81.60 a month, eats one government-subsidized, 50-cent meal a day, 5 days a week, and exists on fruit the rest of the time.

At an adult mobile home community in Petaluma, Doris Koontz, 71, laughs—"No, we haven't given up anything. Oh, we gave up steaks and roasts when the meat prices got so high." Generally, though, she and her cousin "never had it so good," sharing pensions totalling about \$1,000 a month.

Two trailers down, Margaret Johnson, 68, recently widowed, contemplates life on \$238 a month and decides: "I'll have to watch it," but she'll get by. With a large vegetable garden, she said, "I don't buy too many groceries."

Back in San Francisco, Mr. and Mrs. W. have "no trouble whatsoever" getting by on their monthly \$175 from social security. Their daily entertainment is riding the Muni for a nickel apiece, searching the city's supermarkets for bargains.

Perhaps, says Winnifred Cheetham, 66, but for most old people living near her in the Tenderloin, it's a matter of "you look at food and turn away."

As if the poverty of those living there were not enough, groceries are just plain expensive in the Tenderloin—about a third higher than in the neighborhood supermarkets of the city.

For someone like Miss Koontz, who started planning for and saving toward retirement from the day she went to work old age can be a comfort.

For most of the senior adults interviewed by the *Examiner* in the last 2 months retirement has been far less than a golden experience.

Trying to live on fixed incomes in a time of double-digit inflation has brought them the hassle of their lives. For many, it has meant a drop to the bottom line of existence after a lifetime of productivity.

In San Francisco, for instance, more than 18,000 of the 142,000 senior citizens live below the nationally devised poverty level of \$2,400 a year. Another 22,000 seniors in the city are boosted above that to \$3,060 by supplemental security income (SSI), a combination of State and Federal aid to the blind, disabled, and elderly needy.

Those receiving SSI know the true meaning of fixed income. Like everyone else, they received an 11 percent increase in social security benefits this year. But with each increase they suffered a commensurate decrease in SSI. The law requires it.

"The minute you get a raise in your social security, they deduct something from your gold (SSI) check," said Mrs. Cheetham. "So far as the cost of living is for the senior citizen, they've been living with the same thing for the last 10 years. But we have to pay these extra prices just the same. Everytime you go back, each article will be up more than the last time. I swear, really, if you finished shopping and went back in again you'd find the prices had gone up. This means living a little bit closer to the edge of one's budget every month," she said. In Mrs. Cheetham's life, the delay of a social security or SSI check because of a holiday weekend can spell disaster.

Facing such a delay, she said, "I don't know what they think we're going to live on for the next few days. The ones that send them (the checks) out and the ones that run this program can probably go out and pay \$5, \$6, and \$10 for a meal. "But what do we pay? We haven't any money for it. What they spend on one meal is supposed to keep us for a week."

A woman named Myrtle sat next to Jean Mellor during a 50-cent luncheon at the North of Market Health Clinic and sobbed: "What am I going to do this weekend? I haven't a penny for food. I can eat here tomorrow (Friday) but then what do I do until Tuesday? (There was a 3-day weekend and the 50-cent meals are not served on weekends.) Where am I going to eat?"

She hadn't squandered her monthly allotment, she said. There had been moving expenses, then three bills that had to be paid, and suddenly she was penniless 4 days before the next check would arrive.

Mr. W. said he and his wife never have such problems, despite their small income of \$175 a month. "We live on social security only. No supplemental income. No relief. We know how to economize, we take care of our money. We don't have any trouble whatsoever in living just about the way we want to. Our rent is \$29 on a government program. We have a beautifully arranged apartment (in the western addition). Everything inside is new. We have cooking facilities. Not a

thing is missing. It's a terrible neighborhood, I'll admit. But after all, \$29. We really don't want more money. The more money you get the more money you spend, and if you get in the habit of spending more, eventually it winds up you still want more." Mr. W. admits to having always been a frugal man. He and his wife ran a second-hand store until they retired.

Waldo Baird, 62, retired 2 years ago on a \$369 a month pension. He isn't happy about his existence. "It's a comedown, financially. I haven't bought anything new since I retired. I have to pay a third of my salary for rent. I haven't put anything in the bank for 2 years. At the end of the month, I have a few dollars left. I go out to dinner once in a while to the Jones Cafe. They have the cheapest meal in the city—\$1.50. But how would you like to try to have a steak at \$5.50 or \$6 on my income? I think I'm living very miserably. I really do."

Sally K. is even more bitter: "We try to live, but it's tough what they do to us old people. People from other countries can come here and be here 1 day and they get everything handed to them. But look how they treat old people."

Margaret Johnson, despite the financial pinch, said she thinks "it's getting better for the senior citizen. Look at all of them out on the road. You never used to see that before." Inflation is terrible, she said. "I feel sorry for a lot of people that have children. I don't see how they can do it."

IF YOU WIN, YOU LOSE

In the economics of aging, it's sometimes better to have nothing than to have a little bit. That's the way they wrote the supplemental security income (SSI) law, which provides public assistance to the elderly, blind, and disabled. Consider the following imaginary example. His counterpart could easily exist in real life in San Francisco.

Mr. Adams, in January 1974, took in \$165.78-a-month social security, \$80-a-month pension, and \$9.22 in SSI. He also got a \$25 restaurant allowance because he had no cooking facilities in his apartment. Total income, \$280, plus the valuable benefits of Medi-Cal.

April's cost-of-living increase raised his social security benefit to \$172.40. His pension remained \$80, but because the law sets a maximum income, his SSI dropped to \$2.60. He retained the restaurant allowance. Total income was still \$280, plus Medi-Cal benefits.

But in July, another cost-of-living increase drove his social security up to \$184.48. That, combined with \$80 pension, gave him an independent income of \$264.46—too much to qualify for SSI relief. Without SSI, he couldn't get the \$25 restaurant allowance. And he was ineligible for Medi-Cal, too, because one has to be on public assistance to be eligible for that.

So today, thanks to more money, Mr. A has less—\$264.46 instead of \$280. And he has to pay for the dental work, hearing aid, and prescription drugs Medi-Cal used to pay. He has only Medicare now and if he gets sick, he must pay 20 percent of his doctor bills, plus other deductibles not required by Medi-Cal.

Others, more fortunate, manage to stay poor enough to remain on SSI, but they never get a cost-of-living increase. As seen in the example of Mr. A., each social security raise means an equivalent drop in SSI aid. The law was written that way by the State legislature.

In a time of inflation, SSI recipients actually lose purchasing power. But that's only the beginning of the SSI problem.

HUNGRY AND OLD, SHE WAITED FOR CHECKS

Jean Mellor, 74, walked out on her husband this year and moved to San Francisco. Eventually, she found herself in the Tenderloin, trying to survive on \$81.60 a month in Social Security benefits.

In May, a social worker told her she was eligible for Supplemental Security Income (SSI), a Federal-State public assistance program administered by the Social Security Administration. Under the law, blind, disabled, or elderly persons with assets (not including homes) of less than \$1,500 are entitled to income of at least \$235 and not more than \$255 a month.

In Mrs. Mellor's case, the social worker said, the income would be \$255. Today, Mrs. Mellor has some advice to others in similar circumstances: "Try and get it . . . You have never known such a mixup in your life."

The first shock was the line at the Social Security office on Golden Gate Avenue. Ten minutes of standing can mean exhaustion for an elderly person. It took 30 minutes to get to the receptionist. When she reached the receptionist,

she was told to wait. She waited 2 hours. In the reception area, jammed with waiting elderly, there was no public restroom. Those who inquired were told there was a toilet for employes in back which could be used, if necessary.

Eventually, a Social Security employee took Mrs. Mellor's application and told her she would be informed by mail what benefits would be coming.

In June, she received a letter saying that she was entitled to \$173.40 a month. But the money did not come. Mrs. Mellor waited and waited, then she sent her social worker to Social Security to apply for her. "And then they discovered that they had lost my whole file and they had to start all over again. So I'm supposed to be living on \$81.60. How do you get by on that? You tell me. I pay \$75 for my room and pay my own electricity. You tell me. How am I supposed to eat?"

Mrs. Mellor, with the aid of the social worker, fought the system. Late in the summer, checks began to arrive. But they were for differing amounts, never for the \$173.40 she was expecting.

This month, for the first time, the correct check arrived. "You know there are almost 15,000 old men and women living around here," she said. "A lot of them can fight for themselves and they're going to fight for themselves. But the huge majority can't. They're too tired with life. As far as Washington is concerned, any human being is only a number and you're not a name anymore. You're only a number and you're at the bloody mercy of a machine. It's ridiculous. There's nothing sublime about it, God knows; in your old age, when you want some peace. It's just utterly stupid."

J. Leland Embrey, district manager of the Social Security Administration, said Mrs. Mellor paints too gloomy a picture. "She was not eligible for SSI until July, he said, and she did receive special checks while the government tried to straighten out problems with her SSI checks."

Embrey denied that anyone has gone fundless because of problems with SSI payments, claiming that persons in such circumstances were referred to the county, which loaned them up to \$200 a month until the SSI checks came.

Mario Gutierrez, project director at the North of Market Health Council, a Tenderloin agency serving senior citizens, was the case worker who came to Mrs. Mellor's aid. Her case was not unusual, he said. The SSI program, which began in January and replaced the State old age assistance program, is "a complete disaster," he said. "We've had cases where people haven't received their checks for 7 or 8 months."

Gutierrez and others at the clinic have compiled a report on the SSI program, concluding it puts the senior "at the mercy of a disorganized, poorly planned program which violates civil and human rights."

One glaring problem is that countless senior citizens are still unaware of the program. "Why," the report asks, "hasn't the Social Security Administration included information on the extra help program with the social security checks it mails monthly? "Senior citizens are very proud," it says. "They have worked or have been supported most of their lives by their working spouse and do not find it easy to ask for financial assistance. It has been our experience that if a prospective applicant has not received his check in due time, he or she will not go back down to the SSI office to inquire about it."

HOW THE BUREAUCRATS RESPOND TO THE TRUTH

Dispite the daily occurrence of the many SSI problems discussed in these articles, and the many new cases which the staff of the North of Market Senior Service Center at 121 Leavenworth Street opens each week, and dispite the fully documented cases and publicity around this whole problem, the attached article shows how a Mrs. Marilyn Etchison, the assistant district manager of the local office, thinks things are going.

Have you ever known a bureaucrat to admit things are still bad? In the grave and overwhelming proof of administrative foulups and poor planning, the heavy staff turnover in the local office itself, which must say something, the admitted inadequate training of new staff, etc., we are told "all that has improved," and the "computer has caught up." Indeed!

NOW THE COMPUTER HAS CAUGHT UP

The Social Security Administration undertook the supplemental security income (SSI) program on short notice and with inadequate staff last January, according to Marilyn Etchison, assistant district manager.

But, she said, most of the problems have been solved today. "There were quite a few problems when we started in January. There were 35,000 people to be converted to SSI. There were some systems problems. About 5 to 7 percent didn't get their checks on time. It took quite a while to get them some money. The computer would go down for days at a time. It was pretty hectic.

"We had tremendous crowds of people in here—1,500 a day. The work load was tremendous. Our people were working 10 hours a day and 8 hours on Saturday. Most of the people who came were very upset. They didn't get their checks. They had nothing to fall back on. Sometimes they had to wait a couple hours. Then, when the computer wasn't working, we couldn't give them answers."

"All that has improved," he said. "The crowds have thinned; the computer has caught up." Critics of the system deny this. "Each month it gets better," she said. "Most people are getting their checks straightened out. The ones who are still having problems have really complicated problems. The Social Security office does need a better reception area," she said. It's not constructed to handle crowds. There are no toilets.

"Actually," said Mrs. Etchison, "we'd like to be able to do more work on the telephone." That will be a problem, though. There is only one number for Social Security in the whole Bay Area. An *Examiner* reporter who dialed it last week let it ring 35 times before giving up. "The telephone system has been a big problem for us," Mrs. Etchison admitted. "We do have a local office number to call for claims, though."

The trouble is, it's not listed.

. A LONELY POWELL STREET MOTHER

A solitary elderly woman is the subject of this report by *Examiner* writer Stephen Cook on the lives of the aged. The subject is appalling. Yet social workers say the woman is not a rarity—at least not in that most noticeable of ghettos for the elderly in the city—the Tenderloin and its fringes.

Tourists swarmed about her very doorstep, yet they never saw Florence Black. And she never saw them.

Around the corner from her bleak hotel room, shoppers and commuters streamed from a sleek underground transit system she could not imagine, into a bright, concrete plaza she remembered only as a clothing store. Those people didn't see Florence Black either. And she didn't see them.

She was in a special form of exile that can only be fully understood by older Americans. For Florence Black, 81, it was as natural as the process of aging itself. As she grew older, the pain increased and her mind became less focused, in conventional terms.

As she became less firm, she got out less often to visit family and friends. People visited her less frequently. She began an inexorable withdrawal from life's normal patterns. After a while, she stopped leaving the hotel. Eventually, she stopped leaving her room.

Society—family, friends, strangers, all—acquiesced in Florence Black's self-imposed exile and soon, it seemed, she was forgotten.

A check for her \$80-a-month rent came regularly to the Powell Hotel from a son in a San Francisco suburb where homes routinely sell for \$50,000 and up.

One hot meal, apparently arranged for by her family, was delivered each morning to her door on a plastic foam plate.

For a long time, no one in the hotel ever saw the old woman. Finally, a desk clerk became concerned. He called the North of Market Health Council, an organization providing free services to senior adults in the Tenderloin. There was an old woman up on the fourth floor, he said. She never came out of her room. She wouldn't let anybody in. She never seemed to have visitors. He was worried that she might be ill.

Social worker Marie White was the first to make contact. She found Florence Black cozily nested in her room, subsisting under conditions that would have made the skin crawl on any of the hundreds of tourists lined up at the Powell and Market cable car turntable just outside.

The room was musty with strong scents of urine and other odors. Mrs. Black lay on the bed, her majestic 6-foot, 2-inch frame a long lump under layers of covers. Her large, graceful hands were clasped over her lap. She smiled beatifically as a cockroach climbed down the wall beside her pillow.

The room was large, yet there was barely enough room for the social worker. Mrs. Black had surrounded herself with all her belongings, most packed in boxes.

There was just enough room on the bed for the old woman to lie down. Beside

her were stacks of old cereal boxes, crammed, she said, with posters and leaflets from years gone by.

On the floor there was a narrow walkway through a cardboard jungle from the door, to a mirror, covered with photos, greeting cards, and clippings, and to the wash basin.

As they talked, Mrs. White learned the elderly woman had another reason for not leaving her room. Her entire wardrobe, she said, was a green, tattered dress. It inadequately covered her large frame. If she wanted it washed, she had to stay in bed while it dried.

Mrs. Black was without funds. She could not purchase another dress or a meal even if she were able to leave the hotel. She would be better off financially on public assistance.

On a subsequent visit, when a reporter accompanied the social worker, Mrs. Black said she had not been out of her hotel for 5 years.

The years run together in her mind, though, so it is difficult to assess the accuracy of that statement.

But she did seem unaware of vast changes at Powell and Market in recent years. She knew nothing of Hallidie Plaza. And, when informed about the BART system, she asked: "Why underground?"

Mrs. Black said she once had a window on the world of Powell and Market. "I used to go down the hall to the fire escape, pulling a chair with me so I could sit there and look out. Then it got so that I couldn't carry the chair back with me and I would leave it there. The chair disappeared, so I stopped that."

And so Mrs. Black came to confine herself to her room. Her only companions: the cockroaches that crawled over the walls and through her bed and belongings. (When Mrs. Black one day allowed a nurse from the clinic to give her a bath, cockroaches were found on her body, Mrs. White recalled.) "There's no getting rid of the bugs," Mrs. Black said, "so I love them instead."

Mrs. Black talked of a life of wealth and culture. She told of the six children she had borne. Three of them had also had six, she said. And she recalled past visits, usually hurried and in her room, with children and grandchildren.

"My son tells me if I would just clean up the room and clean up myself 'we would take a new notion to you.' But he doesn't understand. Where am I to get the clothes to wear?" she said. And she does try to keep the room clean, she said.

"I'm up and down all the time. Nobody comes in here (to clean). I'm doing it. I say 'All right, God. If I didn't make it this time, I will do it later.'"

The people at the health clinic brought towels, soap, and other toiletries to Mrs. Black and began talking to her of the outing they would take once she was clean and in new clothing. And they began a search for clothing which would fit her long frame.

Mrs. White wrote two letters, one of them certified, to the son, paying Mrs. Black's rent. In the second, she said she intended to apply for State and Federal aid for his mother if she did not hear from him within a week. There was no response.

Even under minimal assistance programs, she is eligible for at least \$200 a month, plus the services of a housekeeper who would help her care for herself and the room and keep her company.

IF YOU'RE OLD, THE NIGHTS CAN BE TREACHEROUS

For San Francisco's elderly, there is no nightlife. In some areas of the city, it's even dangerous for the infirm to be on the streets during the day. At night, it can be treacherous.

Jean Mellor, 74, lives at Leavenworth and Turk in the Tenderloin and knows that senior citizens "are the favorites for those little delinquent boys" who roam the streets. "You can't protect yourself," she said. "I don't go out at night. I'm home at 5 o'clock and you don't get me out unless you come with a car and meet me at the door and bring me back and don't leave til I'm inside and the door locked."

Sally K., a frail, 80-year-old living just a few blocks from Mrs. Mellor, has given up more than nighttime travel. She's afraid to use the red and white cane that lets motorists and others know she is legally blind, her vision almost totally obscured by cataracts. The last time she took the cane, two long-haired young men got on either side of her and demanded her money. She gave them \$8.50.

Another time, a supermarket clerk, realizing Sally K. wouldn't know the difference until she got home and looked at her change under a magnifying glass,

gave her change for a \$10 bill instead of the \$20 she had given him. "So you see, they prey on old people. I leave the cane home now," she said. "I make it with God's will, the best I can."

OLDSTER BEATEN AND ROBBED

A 65-year-old man was beaten and robbed in his room in a downtown residence hotel for the elderly, police say.

Edward Bruce, beaten about the face so severely that he required stitches, told police he was set upon by three men who came to his door in the Antonia Manor at 180 Turk Street, Tuesday night.

He called yesterday morning to report the crime after laying unconscious all night, they said.

Residents reported hearing loud voices then a thump, like someone hitting the floor, at about 11 p.m., officers said. Bruce's room was ransacked but he was unable to tell how much he had lost.

Allen Holroyd, manager of the federally-subsidized hotel, said the hotel has a 24-hour security guard.

A MUGGING THAT'S STILL A NIGHTMARE

Her head banged against the sidewalk. Her feet were in the air. Bessie Carter, 74, began to scream. Then she awakened, safe again in the snug bed of her downtown hotel room.

It's a recurring dream. But the mugging was real. It happened on a sunny Sunday morning almost a year ago. It haunts her with these midnight nightmares.

She remembers the exact date: "October 14, 1973. It was my day to splurge. I can only splurge once every 2 or 3 months. (After rent she must live on less than \$200 a month.) I scrimp on other things. Then I make myself go out and enjoy myself. I think I'm entitled to that."

It was after church, after breakfast. Bessie Carter was walking up Nob Hill. "I was getting kind of puffy so I stopped to look in the window of an apartment for rent. I was just getting my second wind when the next thing I knew I was on the ground with my head banging on the sidewalk. I started to scream. My feet were in the air. Whoever did it knew what he was doing. I still have no recollection of being hit, but my whole right shoulder turned back and blue. And I still have pain in my back and a lump on my wrist from the fall."

Mrs. Carter lost \$20 that day, along with a good part of her love for San Francisco.

THE POLICE AND TENDERLOIN CRIME

In August, members of the San Francisco Police vice squad arrested eight seniors for playing penny-ante poker in a hotel lobby. The vice squad considered this "gambling." That same night there were two muggings of seniors, yet there were not enough police on the beat to respond to the call for help or to apprehend the young punks who committed the crime.

The attached publicity expresses the police attitude to the crime problem facing seniors. Reflect on the comment that "the police can do little to help," no doubt because of the sorts of assignments that use vice squads to arrest seniors, not punks.

HOW POLICE SAY ELDERLY CAN BE SAFE

The San Francisco Police Department, though it has no statistics to prove it, acknowledges that the elderly are special targets for crime in the city. And for those living in the Tenderloin and other rough neighborhoods, there is little the police can do to help, said Assistant Public Affairs Officer Michael O'Toole.

He said the department recommends these simple guidelines: (1) Set up your lifestyle so that only in an acute situation do you have to go out at night. (2) Don't go out alone. (3) Don't go down dark streets. (4) Don't carry large amounts of cash. Do your business by check. (5) Don't carry a purse unless absolutely necessary. If you must, carry one without straps so you won't be jerked to the ground by a thief: When you shop and carry a purse, put it in the shopping bag. (6) Carry a police whistle and small flashlight on your key chain. Carry keys in a pocket, not in your purse. Never put your name and address on your keys. (7) Don't carry weapons that can be used against you.

STRETCHING OUT LIFE CAN MAKE A MAN BITTER

In his prime, Robert Palmer traveled to every major port in the world. Today, he is 69 years old and can't leave his room without assistance.

"Right after college, he was agile enough to play baseball in the old Southern League. Later, he was big and strong enough to survive as a professional heavy-weight boxer.

Now he spends most of his days sitting on the edge of his bed, chain smoking, waiting for death and dreading it. In the last 2 years, he has seldom been outside. Pale flesh sags from his once muscular, now useless limbs. Without someone to help, he can't even dress.

He remembers the Merchant Marine when he spent up to \$200 a night for call girls. Today, \$255 must meet all his needs for a whole month. He has no savings. In the last 10 days of September, he was living on \$2.50 a day.

He lives alone, storing up the bitterness. "The treatment the old, the crippled, the blind get in this town!" he says. "It's reached the stage now where old people, cripples, the blind haven't got a chance."

He knows he is dying. A stroke crippled him in 1967. A bullet taken during a kamikaze attack in the late days of World War II has moved against his spine. His lungs are bad. Arthritis keeps him from sleeping. He talks in terms of being "at the end of a long race" and approaching "the finish line" and complains of having "absolutely nothing to do."

"It's a horrible existence," he says, "but we all want to cling to this life as long as we can. That's what I'm trying to do. I know I haven't got long to go now. I'm trying to stretch it out." Palmer relies heavily on the services of a young man sent 5 days a week, about 2½ hours a day, by the department of social services.

The aide helps him dress, shops and cleans for him, and cooks his meals. On weekends, Palmer doesn't dress. He eats meals the helper prepared on Friday. And he sees no one.

Occasionally, the young man has enough time to take Palmer for a walk. There are five doors between Palmer's bed and downtown O'Farrell Street. Palmer, who has to drag himself along on crutches, needs someone to open those doors. When the aide opens the doors, Palmer can make it down to the corner and back.

He used to have a physical therapist, provided by the State because of his stroke-incurred disability. "She made me walk. I was getting well. I could walk 10-12 blocks. That's what I need is movement. Medicine won't help a guy like me," said Palmer. "Then along comes Mr. Reagan and he takes away the therapy. He slit the throats of disabled people. I started to fade. He took it away and I started dying. I can thank Mr. Reagan for my early departure from this earth."

A lot of Palmer's bitterness is directed at a welfare system that leaves him with inadequate funds and care. He gets \$197 in social security money and an additional \$57 in supplemental security income, a combination of State and Federal aid to the poor, blind, and disabled.

Because his apartment has cooking facilities, Palmer isn't eligible for the additional \$25 a month aid in restaurant allowance. It doesn't matter that, because of his dependence on crutches and his general weakness, he isn't able to use the kitchen, "It might as well be in Timbucktoo," he said.

With inflation eroding his buying power, Palmer just exists. "I can strain by," he says. "I'm not hardly eating anything. I've hardly had a mouthful today. Then there's medicine and the rent. I can't afford to buy socks."

But as low as his standard of living might get, Palmer says there is just one thing that could make him give up on life. "I'll blow my brains out before I'll go back into one of those convalescent hospitals," he said. "I voluntarily went into one here. The way my doctor described it, it sounded like paradise. I may as well have been in the county jail, though. They stole my clothes, my money, they wouldn't let me use the telephone. I never got a meal that could have cost over 25 cents. I mean that's the end of the line.

"You can scream your bloody head off in there and you never get your medicine. I never got a bath in there. I was in 4 months. They gave me a wash rag. Now how's a 210-pound male going to give himself a bath like that? At night, I listened to screams and moans and groans and bumps, the sounds of people falling out of bed at night. You call it a rest home. The only way you'll get any rest in there is in a coffin."

CONVALESCENCE

Like an ominous cloud darkening the last years of their lives, a dread chills the senior citizens who live in poverty in San Francisco.

Beyond their concerns for day-to-day existence, beyond their fears for their health and safety is the greatest fear of all: the convalescent hospital.

For the care provided by these hospitals, a public health expert has one word: "Lousy."

Health is a constant concern among the elderly and ultimately any discussion of the subject will lead to the number one fear among seniors—the convalescent hospital.

Marie White, a social worker whose aged clients in downtown San Francisco include people living in the most desperate circumstances, encounters this fear frequently. "As bad as life here is," she said, "their biggest fear is getting sent to a convalescent facility. They are bad, dehumanizing. They lay in bed and wait for help."

Helen Chesterman, director of public health nursing in San Francisco when she retired 8 years ago, is actively campaigning for the reform of these hospitals. "The level of care is lousy," she said. Consider the case of Mr. C., who spent most of his last days living in what Mrs. Chesterman called one of the city's better convalescent hospitals. His widow, a resident in the Sunset, told his story on condition she be granted anonymity.

"I have the same doctor as put my husband in there. If he knew it was me, that would be the end of me," she reasoned. That, said Mrs. Chesterman, is one of the reasons there are not more complaints from senior citizens who suffer from poor medical treatment. "Most are so afraid the doctor will learn of their complaints and not give them as thoughtful a care," she said. "And most are terrified to talk back to a doctor or a nurse in a hospital."

Mr. C. suffered a stroke last winter. He died 75 days later. In the interim, he lived as no person should have to live.

Mrs. C. remembers particularly the therapy sessions. Her husband received about 15-20 minutes of physical therapy on his paralyzed limbs a day, she said.

But for this, he and other therapy patients would "be lined up in wheel chairs in the hall for 2 or 3 hours. He had no use of a urinal". I remember a woman one day when I found him there waiting in the wheel chair. She said, 'Don't say nothing to your husband that he's wet himself. I'm wet, too. We've been here 3 hours.' It was so cruel, just leaving them there in those cold halls."

Mr. C. was in the hospital only 2 days before he lost his dentures. From then until his death he could eat only soft foods.

Mrs. Chesterman said that is invariably one of the first things that happens to a patient in a convalescent hospital. "They have to sign a paper that the hospital is not responsible for eyeglasses, watch, or teeth unless they are left in the safe," she said. Those who want their teeth nearby for eating invariably lose them in the laundry, she said.

But the loss of his teeth was the least of Mr. C's problems. There was, for instance, his paralyzed arm. It should have been kept in a sling. If allowed to hang loose, he would eventually suffer tremendous pain in the shoulder. It would pull loose from the socket. "They wouldn't have his arm in a sling," recalled Mrs. C. "Whenever I would go to his bedside, his arm would just be hanging there."

Most of the time when she went to his room, he would have no drinking water beside the bed, she said. If there was a glass, it would invariably be on the side of his useless arm, so that he could not get it anyway. "Everybody has a right to have drinking water," she said. "This is unkind."

There was much unkindness, she said. "Mr. C. was such a baby all his life about some things. He hated to pull a bandage off because it would hurt him. One day at the hospital a nurse was pulling a bandage off and he pulled his hand away, fearfully. The nurse slapped his hand. The tears just came to my eyes. I never said anything. I was afraid they'd be mean to him if I said anything."

The hospital would only help Mr. C. out of bed once a day "so he would get so sore sitting in the wheelchair because he knew if he got back in bed he couldn't get out again," she said.

Mr. C. could not hear without his hearing aid. The hospital staff put it in his bedstand on his paralyzed side. "So he couldn't get to it," she said. "And without it he couldn't understand what they wanted him to do. They said he

was confused and tied his hands so he couldn't get out of bed. He was so unhappy there. He wanted to come home all the time but he knew I wasn't able to care for him. I told him as soon as he could get out of bed and into a wheel chair by himself I would bring him home."

But Mr. C. never got home. In desperation, his wife finally moved him to Laguna Honda Hospital, fearing all the time that the care in that public-assistance hospital would be even worse. "He told me it was wonderful. His position was moved every 2 hours and the food was good. He could get in and out of bed whenever he wanted. He says to me, 'Honey, why didn't you move me here a long time ago.' I didn't know what to say. I told him 'It's costing \$85 a day.' He said it would have been worth it." Mr. C. died in Laguna Honda.

The treatment received by Mr. C. in one San Francisco nursing home was "only typical of what goes on in other (convalescent) hospitals," according to Helen Chesterman, former director of public health nursing in San Francisco.

"The general public really has to become aware of the poor care our loved ones are getting," she said. "Eventually the method of policing these hospitals has to change."

Today, any complaint about treatment in such a hospital must go to the State department of public health. Hospital care would improve, she contended, if responsibility for such care lay with the local public health departments. In the meantime, any one with a loved one in a convalescent hospital should take the time to visit—particularly at mealtime.

"Many patients are fed improperly. Also the elderly eat slowly and the tray is often taken away before they are finished," she said. For those generous enough to give time and visit an aging friend or relative in the hospital, she has other advice: Be pleasant. Show you care. Physically touch the person "by holding hands or caressing a hand or arm. The sense of touch does not deteriorate in the elderly as does sight, hearing, or memory."

The person you visit has a right to be treated as a dignified human being and should be told why. The patient has the right to reach drinking water, call light, glasses, dentures, hearing aid, watch, bedpan and urinal.

Hospital staff should see to it that a patient's every joint is moved once a day. Disuse causes atrophy, stiffness, and deformity. Every patient has the right to be free of bedsores. A concerned visitor should inspect the skin. Any sign of a bedsore should be reported to the bedside staff, as well as the head nurse.

Don't let the staff call the patient by the first name. Elderly people have the right to be addressed by surname. Use of the first name may imply to the patient that he is considered childish. Don't feel you are intruding when you visit.

Appendix 3

STATEMENTS, LETTERS, AND REPORTS FROM INDIVIDUALS AND ORGANIZATIONS

ITEM 1. STATEMENT OF THE AMERICAN OPTOMETRIC ASSOCIATION ON "OLDER AMERICANS AND VISION"

The concern which you have demonstrated and which other Members of the House and the Senate increasingly express, is reassuring, for it encourages us to believe that necessary concrete action will be taken on behalf of our older Americans. This committee has received well-documented presentations on the plight of these citizens. The American Optometric Association supports all these endeavors and offers the membership's expertise in delivering quality vision care services.

Assistance from the Federal Government, acting as the representative of all the people, is natural for certain disadvantaged segments of our population. The underprivileged young and old should not be expected to provide entirely for themselves. We have a moral obligation to look after them. With the demise of the extended family, we, as a Nation, must assume the legitimate responsibility, formerly a more personal one, so that the basics of daily living are taken care of.

In a purely economic sense, we are talking of a valuable national resource which will increase in importance as the effects of the declining birth rate evolve. There are unlimited talents, abilities, and experiences to tap. On the one hand, hopefully, we will experience a decline in the practice of forced early retirement, as well as see more avenues open for utilization of our older citizens in volunteer activities.

The general situation with older Americans is one that will not be easily ameliorated. The major concern of the association is in the area of health, for that is the area of expertise of the membership of the association. In dealing with that particular facet of life, however, we also encounter problems of transportation, safety, finances, and attitudes of the general population toward the aging.

As a Nation, we are examining our health system to determine what is needed to make it available and accessible to all. For the elderly and the aging, however, the problem is now.

Expenditures for health have risen astronomically for the aging as their proportion of use increases. Almost one-third of the Nation's health care is utilized by older Americans. Average out-of-pocket expenditures in 1973 were \$1,100 for the person aged 65 and older. Yet, we see other statistics before us that 3 million older Americans live in poverty; that the average, single, older American lives on \$40 per week; that 5.4 million older Americans live in rural areas, with greater problems of transportation and distribution of health personnel.

As costs continue to rise, the effects on the older persons have been devastating. With more and more of the meager funds going to pay for rent increases, utility increases, and food increases, they are faced with the necessity of eliminating other services from their lives—regardless of the importance of those services.

Thus, we face a situation where a large portion of these people feel that they cannot afford to maintain their health; they find that they must postpone routine maintenance and preventive care. While this care is probably the least expensive, the older person simply cannot afford it and must wait until some catastrophe lands him in the hospital, where medicare and private insurance plans will cover incurred costs.

AGE INCREASES NEED

The need for an optometric examination increases dramatically with age, yet this simple need is not covered by medicare. About 95 percent of those aged 65 and older require some type of corrective lenses to improve their vision. Yet, we find too many elderly Americans who count up their remaining loose change at

(1207)

the end of a month and say to themselves that they cannot afford to have their eyes examined; they cannot afford to have spectacle frames repaired; they cannot afford new prescription lenses—even though these costs are relatively low in comparison to other health care needs.

At a time in life when, one by one, the sensory faculties begin to fail, vision gains new importance to the life of the individual. Good vision is the ally of the older American, insuring mobility to step out into the outside world, insuring communication with that outside world, insuring the ability to keep up skills learned over the years.

At least 85 percent of all serious injuries sustained by persons 65 and older are caused by falls. Twenty-five percent relate directly to uncorrected vision problems. While 75 percent of this age group suffer from at least one chronic condition, 48 percent suffer from poor vision. In addition, 68 percent of those with one or more chronic conditions judged their own vision as poor.

These chronic conditions, coupled with the restraints put on mobility by faulty vision, lock these people into a small world, one that shrinks by day. They cannot adequately read street signs, bus signs, see curbs or traffic—they fear to travel beyond their home, or their room. At a very minimum, one-quarter of the aging population is limited in activity by such chronic conditions, including poor vision. Vision impairments alone limit at least 750,000 of the older Americans.

By age 65, 42 percent cannot read newsprint. This locks them out of the world of most newspapers and magazines, except for those who have the good fortune to know about—and can afford—subnormal vision aids or the large-print editions of a few publications.

One of the most pervasive enemies of aging in America is depression. The mental health of the older American has not yet been fully explored, but we do know that this is a great problem. A united hospital fund survey of nursing homes found the major problem with patients was “apathy, withdrawal, isolation, or loss of motivation.”

Writing in the *Gerontologist*, Susan Krauss Gordon related that “Not only do elderly persons experience a great number of reactive depressions due to loss of loved objects, social losses, and physical deterioration, but they experience greater psychological stress than younger persons.” She described how the aging are “restricted in that real physical deficits prevent them, and society discourages them, from activity which would enable them to attain gratification.”

Good vision, maintained by periodic optometric examinations, forestalls this depression by safeguarding one of the most precious of man's facilities. Vision can last well beyond the time when the individual can jump put onto the tennis court for relaxation; long past the time when a woman may gain satisfaction and a feeling of purpose in baking surprises for her family; past the time when the body simply cannot deliver energy for physical exertion.

How does all this relate to the social security system? There are ways in which social security can be amended so as to provide for the most basic of needs of our older people—the basics of preventive health care. Senator Abraham Ribicoff has introduced a bill which serves as an example of this: S. 3154. Bills have been introduced in the House which likewise amend the medicare portion of social security so as to include services of the eye care practitioner (optometrist) and eyeglasses.

Again we must stress that this preventive care is so very vital to the health of each of us, especially the elderly, who are natural prey to more health problems. A regular vision examination will likewise do more than check vision. For the practitioner can also uncover health problems such as diabetes or hypertension. In the vision system alone, he can detect conditions such as glaucoma, hypertensive retinopathy, macular degeneration, and subnormal vision, which require early treatment in order to check the ravages of the conditions. These are millions of cases of needless blindness in this Nation. We should not condemn our aging citizens to this category as well, for no reason.

Vision care is essential in the total services program for the aging and the aged. This is not to say that other health factors, or other problems such as transportation, are not priority considerations. However, the vision needs of older Americans, particularly those of low or moderate income—which encompasses the vast majority—must be a target goal.

Considerations could be made for complete visual examinations for older persons in multipurpose senior citizen centers, nursing homes, or with other State agencies; demonstration programs to establish feasibility of providing

visual examinations on a routine basis for older Americans under medicare; full utilization of eye care practitioners—optometrists or physicians.

Optometrists are available to the older Americans. They serve the public in urban and rural areas of America. Maldistribution has been less a problem with the profession than with some other health specialties. The costs of basic care—preventive care—surely will run the Nation far less than costs due to injury or costs of more radical treatment for the eye itself.

So essentially a program such as routine vision care surely will become a basic provision for our older Americans. The American Optometric Association appreciates your consideration and offers all possible assistance in realizing this goal.

ITEM 2. REPORT BY WAYNE M. STEVENS, PROJECT DIRECTOR, DEVELOPMENT OF EMPLOYMENT, ECONOMIC BETTERMENT, AND MORE EFFECTIVE UTILIZATION OF OLDER PERSONS PROJECT, SAN FRANCISCO STATE UNIVERSITY

HOW TO AMELIORATE A CONFISCATORY CAPITAL GAINS TAX ON THE ELDERLY

The current inflation is forcing more and more of the elderly persons to sell their homes in order to find the means to live on. But if they do sell, the present capital gains taxes, both Federal and State, each take away such a large proportion of the net proceeds of the sale that what is left to the elderly couple, widow, or widower, is not enough to meet their minimum needs at present prices.

This tax is a most inequitable hardship upon the elderly (1) because, under present regulations, it constitutes a special burdensome tax upon the elderly, who can least afford it, and (2) because it is based on the fallacious assumption that the difference between the price at which a residence was purchased many years ago and the selling price today is "capital gains," i.e., profit, when, in fact, the difference between the two prices is merely inflation that has taken place between the 2 years. The greater number of dollars received for the residence today will not buy any more services, groceries, or other goods than the fewer number of dollars paid for the property some years ago.

The reason that this tax constitutes such a special burdensome tax upon the elderly couple, widow, or widower is because these elderly persons cannot postpone the burden of this tax as younger persons are now permitted to do as described in the following paragraphs:

The capital gains tax on the residence being sold may be postponed if the cost of the new residence being purchased equals or exceeds the adjusted sales price of the residence being sold. For future transactions of this type, the cost of the new residence is adjusted (i.e., reduced for purposes of computation) by subtraction of the capital gain thus received from the cost basis of the new property for any future transactions concerning that new property. This same process of postponement of the capital gains tax may be continued indefinitely for additional concurrent purchases and sales so long as the actual cost of the new property being purchased in each case equals or exceeds the sales price of the property being sold.

If John and Mary Doe bought a small home for \$3,000 when they were first married many years ago, for example, then, a few years later, they sold this home for \$10,000 (a capital gain of \$7,000) because the growing family necessitated a larger home; and they accordingly bought a new home costing \$12,000, the tax on this \$7,000 capital gain on their first home could be postponed by adjustment of the cost basis of the second purchase to \$5,000 instead of the actual cost of \$12,000. Property values have been increasing steadily over the years, and consequently, when John and Mary Doe had to move to a new location because of a promotion or a new job, they had to pay \$40,000 for a new home (their third); but they were able to sell their previous residence for \$30,000 which had originally cost \$12,000. This constituted a capital gain on the adjusted cost basis for the second residence of \$25,000 (i.e., \$30,000 less \$5,000 instead of \$30,000 less \$12,000).

The tax on this \$25,000 can also be postponed, however, similarly to what was described in the previous illustrations if a new property is to be purchased at a higher price than the sale price of the residence being sold.

There would probably be little or no difficulty in making such a purchase and sale and thereby postponing the capital gains tax if John and Mary Doe are still below retirement age, because practically all residential property values

have been increasing rapidly over the past few years, especially during recent months.

But if John and Mary Doe have reached an advanced age at which they wish to retire, and when they must find a smaller place at a less cost or with less costly maintenance and upkeep, or if either or both wish to go to a retirement home, a nursing home, or other facilities suitable for elderly persons, they can no longer postpone the accumulated capital gains tax on every purchase and sale including the last one. For the U.S. Internal Revenue Service regulations read as follows regarding investment in a retirement home: "You have not purchased a replacement residence if you sell your home and invest the proceeds in a retirement home project that will furnish you living quarters, personnel care, etc., but does not give you any legal interest in the property. Therefore, any gain on the sale of your residence must be included in income.

If John and Mary Doe and other older persons in their situation could have their net proceeds from the sale of their last residence free from this special tax, they could have their choice of retirement homes and live in comfort and free from worry for the rest of their lives. But when both the U.S. Internal Revenue Service and the State of California have each taken a huge bite out of the sales proceeds of the residential sale in the guise of capital gains taxes, there probably will not be enough left to meet the entrance or prepaid life-care requirements of one of the retirement homes that have been set up for elderly persons, plus the funds needed to pay monthly living expenses for the remainder of their lives.

CAPITAL GAINS TAX DISCRIMINATORY TO ELDERLY

The capital gains tax bite of the two governmental entities is not only discriminatory against older persons, it is especially severe burden against older persons: because the additional income arising from the net sales proceeds is all credited to the one year in which the sale is made, thus placing the elderly couple, widow, or widower in a relatively high tax bracket.

There is a way by means of which the present discriminatory capital gains-tax burden upon older persons may be ameliorated by making it possible for older persons also to postpone the burden of the tax on income arising from sale of an owned residence to later years (as younger persons now already do) by converting the income from such sales to a form of income which may be spread over the remaining years of life.

This burdensome and discriminatory tax on the elderly who can least afford it can be easily corrected by a suggested change in the laws as follows:

"All persons aged 65 or older who sell their personal residences and within 1 year invest one-half or more of the total net proceeds of the sale in single-life annuities (or joint and survivor annuities in the case of married couples) are hereafter exempted from any capital gains taxes on total net proceeds from the sale of such a residence.

Note that such a provision would not exempt older persons from eventual taxation of the net income arising from sale of the residence. For annuity income of persons who take advantage of this provision will be taxed according to well-worked-out rules that take into consideration the probable number of years of life and the income during each of those years.

Consequently, any opposition to this recommended provision cannot be justified either on the basis of a claim of favoritism for older persons, or preventing loss of tax revenue to the government because all it does is to permit older persons to have a means for postponing a tax on alleged capital gains somewhat similar to what younger persons can avoid by other present provisions already in the tax law, as previously described.

At first glance, the present exclusion of capital gains taxes on certain classes of residence sales by persons aged 65 or over might seem to be the remedy for the present discriminatory taxes on the elderly which now prevent many elderly couples, widows, and widowers from being able to enter and pay for satisfactory nursing homes, retirement homes, and other special care facilities; as summarized in the following paragraph.

If the person or persons selling a home are aged 65 or more, if the house has been their principal residence for specified periods of years under specified conditions, and if all of the other conditions specified in eight pages of fine print in the Internal Revenue Service publication 523 have been met, and if the adjusted sales price of the last residence is \$20,000 or less, the owner may elect to exclude

the capital gain on the sale from his taxable income, and there is also a proportionate exclusion for homes selling for over \$20,000.

But few homes sell for \$20,000 or less today, and the proportionate exclusion of sales proceeds over \$20,000 is generally not adequate to enable an elderly widow, widower, or couple to be able to live in a comfortable retirement facility and meet all other obligations if the only resources available is the sales proceeds from the last residence after deduction of the U.S. and State capital gains taxes.

A new modification of the law raising the exclusion to \$30,000 (or preferably to some very much higher figure corresponding to constantly increasing prices if this could be passed in Congress) might be helpful; but, this is not the legislative suggestion that should be recommended; for there are so many pitfalls involved in the present regulations regarding capital gains taxation of the elderly that it would be much wiser to avoid all of these problems and make the simple change herein recommended. Many elderly people sell their property on the mistaken assumption that this present exclusion for persons over 65 will protect them, and then they find out, too late, that there is something they have overlooked or that they have been unable to do because of illness or death of one or the other that may ruin their future entirely after they have entered a retirement home but within the 3-year period of time that the Internal Revenue Service or State tax authorities have available to investigate or audit the matter.

The best legislative solution would be to eliminate the capital gains tax on residential sales completely and without qualification; or if this is more than can practically be enacted, to exclude from income at least the capital gains for residential sales by the elderly.

MAY BE ONLY IMPORTANT ASSET

But the debate on capital gains and other related aspects of tax reform have gone on for years and appear likely to go on for more years, such as in H.R. 1498, H.R. 636, and H.R. 986. In the meantime, thousands of elderly Americans have been and will be needlessly reduced to relative poverty or welfare by confiscatory taxes on the sale of the home, which may be practically their only important asset.

At first glance, the proposed exemption from capital gains taxation for those who invest at least half of residential sales proceeds in annuities might seem to be constricting the range of choice of the elderly in the use of their money; but the facts in this case are exactly the opposite of this conclusion, as demonstrated in the following paragraphs.

In the absence of complete exclusion from income of the so-called capital gains from residential sales as recommended above, the annuity option provides the widest possible choice as to what the money may be used for. If the elderly couple, widow, or widower wish to enter a retirement home or life-care facility that requires an entrance fee or a large downpayment, or if they wish to buy a small condominium or other inexpensive facility, for instance, the half of the sales proceeds that is free from obligation provides a ready source of the large funds required. On the other hand, if they wish to enter a retirement facility that does not require a downpayment and that depends upon monthly charges for board, room, and all other needed services, or if they wish to hire personal services to help them in their individual home or apartment, the annuity provided, plus the additional annuity that can be purchased with some of the free cash that is specified in the proposal, can provide a larger source of monthly funds than would be possible from any other assured safe investment. In fact, with the (American Association of Retired Persons) arrangement with Colonial Penn Life, an annuity can even be purchased that guarantees a 3-percent increase each year in annuity benefits monthly to provide some protection against further inflation.

Single or double life annuities are the best possible investments for the older elderly because (1) they are safe (i.e., guaranteed by an insurance company for life), (2) they yield the highest income return available for any safe investment (i.e., 13.24 percent per annum for a man, for instance, 11.555 percent for a woman, and 9.31 percent for a couple) if purchased at age 75, (3) the cash income made available to the elderly offers the maximum flexibility in purchasing nursing home care, retirement home facilities, or other needed personal care, and (4) the income tax on life annuity income is spread over the remaining life of the annuitant, instead of expropriated under the guise of capital gains taxes.

Since the income tax on monthly payment benefits of an annuity are spread over the future years of retirement when incomes are moderate (instead of

charged as at present to the one year when the sales proceeds from the sold residence cause an alleged capital gains income that thereby throws the elderly widow, widower, or couple into an artificial high tax bracket)—this income tax is very greatly reduced by participating in the annuity option.

The income tax on these benefit payments will also be greatly reduced by the fact that both U.S. and State tax authorities do not tax the portion of the monthly annuity benefit that represents the return of principal. The percentage of income tax exclusion arising from this rule (as it appears in government tables based on life expectancy) is stated by the insurance company that sells the annuity policy, and this same percentage applies thereafter to all benefits received from that particular annuity purchase.

SUMMARY AND CONCLUSIONS

The capital gains tax by both Federal and State authorities on the sales proceeds of a residence (which now applies only to the elderly for the reasons stated) should be repealed or corrected. For this tax now forces many older widows, widowers, or couples into relative poverty or welfare needlessly; whereas these same elderly persons could live out their lives in comfort in a retirement home, a nursing home, or other suitable facilities for an elderly person if it were not for this expropriation of such a large proportion of the sales proceeds under the fallacious assumption of real capital gains.

Since the continuing inflation has rendered inadequate the original \$20,000 exclusion from income tax of residential sales proceeds by persons 65 or over, and since the various regulations discussed that have grown up around this provision have rendered it inoperative in achieving financial security for the elderly in far too many cases, it is recommended that the capital gains tax shall be eliminated completely and without qualification for home residential sales by persons aged 65 or older.

It is imperative, however, that corrective legislation on this matter shall be enacted as promptly as possible; and if it is unlikely that the foregoing proposal can be passed soon, then the annuity option described should be enacted as soon as possible so as to enable the thousands of elderly widows, widowers and partly incapacitated couples who must sell their homes in the meantime to find the means to enter into and pay for suitable shelter.

The annuity option opens up to the elderly a postponement of the income tax on sales proceeds that is somewhat similar to what the younger persons can already do under present regulations; and the various types of annuities offered by the annuity option open up practically every type of retirement or nursing home or other personal care facilities likely to be of interest to an elderly person. Moreover, since most elderly persons likely to be affected by this regulation are not experienced in investment matters, they need the guidance toward annuities with the advantages described herein. Otherwise many of them would fall victim to confidence men and various other types of swindlers who are likely to prey upon inexperienced elderly persons who suddenly find themselves with a large sum of money from sale of a residence.

The present situation of the elderly widows is particularly tragic. In many cases any pension that the widow's husband may have had died with him, and if the couple have moved on reaching retirement age to some retirement community such as in Florida, California, or Arizona, they may not have lived in that home for as much as the specified minimum 5 years when the husband dies, or either spouse has a stroke or some other serious ailment that incapacitates him or her and makes it necessary to sell the home immediately (which may perhaps be their only remaining asset) in order to pay for a place in a retirement home, a nursing home, or other facility, or to pay for personal services or other expenditures that have now become essential. In such a case the widow does not even get the \$20,000 (or \$35,000) exclusion supposedly provided for those aged 65 or more; and the Federal plus the State capital gains taxes on the sales proceeds each will take such a huge bite out of what is received, that what is left will not buy any kind of living expenses in any of these facilities.

ITEM 3. LETTER FROM REV. BERNARD E. MOTT, SR., PRESIDENT, OTTERBEIN MANOR TENANTS ASSOCIATION, OAKLAND, CALIF.; TO THE SENATE AND HOUSE SUBCOMMITTEES ON HOUSING AND URBAN DEVELOPMENT, DATED JULY 30, 1974

The Satellite Senior Homes, Inc., a nonprofit corporation, was set up under section 236 of the U.S. Department of Housing and Urban Development to provide the desperately needed housing for senior citizens on moderately fixed incomes.

The SSH manages 11 buildings in the cities of Oakland and Berkeley, and according to the data furnished by SSH as of January 31, 1974, a total of 720 individuals reside in 642 apartments; of this total 546 units are occupied by single persons and 78 units by couples or two individuals.

The studios, or one-person units, rent from \$76 to \$105, and the one-bedroom units from \$114 to \$138. The average annual fixed income of the single persons is \$2,809, and the combined incomes of two persons is \$4,603.

It should be noted that based on the lowest rentals and the average incomes, the amount apportioned to rent is about 32.5 percent for single people, and about 29.7 percent for couples. Actually, in many instances it runs as high as 50 percent.

On June 1, 1974, the tenants were notified of the SSH board of directors' application to HUD for an 11-percent increase in rent on all the apartments.

In view of the above data, it is apparent that this increase in rent will create undue hardships on most all tenants and that some tenants will find it impossible to meet the increase and will be compelled to seek shelter in less desirable quarters.

The Otterbein Manor is one of the 11 SSH buildings and consists of 38 rental units. As president of the Otterbein Manor Tenants' Association, I was delegated by the unanimous consent of the residents to write and petition you:

1. To retain section 502 of S. 3066 in the final version of the bill that comes out of your conference in the deliberations of H.R. 15361 and S. 3066.
2. To call to the attention of your colleagues the need to empower HUD to immediately grant further subsidies to the operation of senior citizens housing in lieu of the present rent increase.

We believe that the retention of section 502 is imperative if the intent of Congress is to provide the desperately needed housing for the elderly on low and moderate fixed incomes.

Sincerely yours,

Rev. BERNARD E. MOTT, Sr.

ITEM 4. LETTER FROM BEN HIRSCH, SAN FRANCISCO, CALIF.; TO SENATOR JOHN V. TUNNEY, DATED MAY 15, 1975

DEAR SENATOR TUNNEY: I am enclosing a reprint of an article* which I wrote at the request of the editor of *Runner's World*, a national publication, with a circulation of some 30,000 copies, and which deals with running as a way to physical and emotional health.

I am now 73 years old and began running regularly at the age of 65.

My purpose of writing this article and having it published was to show the thousands of our elderly citizens how they can solve at least one of their problems—the problem of how to get and stay physically fit in a most inexpensive way, by simply developing a regimen of consistent and regular daily running.

I wrote it with the hope that it may serve as an example to the thousands of men and women who are now spending lives of inactivity and who could live healthier and happier lives by means of this type of exercise.

For instance, last August, I participated in the 19th Annual Pikes Peak Marathon Run and did the ascent to the summit in 5 hours and 25 minutes. I was the oldest there.

*Article retained in committee files.

Last Sunday, May 11, I participated in and finished the 4th Annual Avenue of the Giants Marathon, at the Upper Bull Creek Ranger Station, Humboldt Redwood State Park (near Weott, Calif.) I was the oldest there and finished that marathon in 4 hours and 42 minutes.

I am now retired. Most of my working days were spent as a public and/or research librarian. Until the age of 65, I never participated in any organized sport.

I am writing this to you with the hope that you may give it some additional publicity, so that it becomes known to the thousands of elderly in our country.

BEN HIRSCH.

ITEM 5. LETTER FROM HARRY L. STUVER, SAN FRANCISCO, CALIF.; TO J. J. EVELLE, ATTORNEY GENERAL OF CALIFORNIA, DATED MAY 9, 1975

DEAR MR. EVELLE: Regarding medical malpractice by licensed physicians licensed by the State of California: "Is it a crime against the State?"

The Seniors of the Golden State are very much concerned about the apathy shown by the officials of the State of California in this controversy between the insurance companies and the medical practitioners licensed by the State.

They further explain that the citizen is the property of the state at the moment of conception, as shown by the fact that the state will take the child from the moment of its birth and send it to the firing line for the protection of the state. For without the child there is no state.

And so, we ask the question: "If medical malpractice upon the citizen is not a crime against the state, then why insurance?"

With the best of good wishes for the success of your project.

HARRY L. STUVER.

NOTE.—See statement of Harry Stuver, p. 1164.

ITEM 6. LETTER FROM SALLY FOLLETT, SUPERVISOR, ADULT PROTECTIVE SERVICES, SANTA CLARA COUNTY, CALIF.; TO SENATOR JOHN V. TUNNEY, DATED MAY 14, 1975

DEAR SENATOR TUNNEY: Due to pressure of work, I regret that I have not had time to prepare a full reply to your letter. Accordingly, I am speaking only from my own direct experience with the elderly and their problems in a time of economic hardship.

Housing has always been a problem, particularly in the urban areas of Santa Clara County. Until fairly recently, we did not have housing, especially for seniors of moderate or low income. However, during the last several years a number of private agents, including religious organizations, have sponsored senior housing. Also, the county of Santa Clara and the city of San Jose have established housing authorities to make subsidized housing available to low-income families and individuals. These programs have been a great boon to many older persons, but the problem is, that there are long waiting lists for both the senior housing units and the subsidized rentals.

Under a redevelopment program, many older hotels and rooming houses in which single older men and women found refuge and cheap rent have been demolished and this has posed serious problems in relocation.

For the most part, rents for suitable apartments (in safe areas and close to shopping and medical facilities) are too high for elderly persons on social security or other fixed income. If he pays \$150 rent, the individual must, of necessity, cut down on food and all other expenses. If, as is the case for some of our clients, he is on a special diet or is instructed by his doctor to eat certain nourishing foods, he is in a double bind—either to keep a roof over his head or stay healthy. If the only place he can get to is a neighborhood store, he pays higher prices for food. Often he is not physically able to shop more selectively in the larger supermarket.

HARASSMENT AND EXPLOITATION

In those areas of the cities where rents are lower, homes or apartments are often in poor repair. Also, the aged person is often subjected to burglaries and other forms of harassment. For instance, one 90-year-old gentleman recently

has been the victim of a series of daytime robberies by youths in the neighborhood who made threats on his life if he did not hand over cash. He was too frightened to call police. His windows and locks were broken. Even in the so-called better residential areas, physically or mentally disabled elderly persons are victims of harassment and exploitation. One aged couple paid out large sums of money over a period of several months to two young men who posed as gardeners. Fortunately, a neighbor became suspicious of these two and referred them for protective services.

For those older people who own their homes, steeply mounting taxes and increased costs of upkeep pose major problems. Now, instead of setting aside \$45 a month toward taxes, \$75 or more is needed. Given rising food costs, the choice is difficult on a fixed income. The increased property value does not represent income. Even with property tax relief, provided by some counties, the amount relieved is frequently less than the amount of increase. As for repairs, unless the person has some savings, he does without. It is next to impossible for him to secure a loan for repairs through normal channels.

On the topic of health—the Federal nutrition program has been a boon, but it serves only a small percentage of those older persons who need nourishing meals. Greater emphasis needs to be put on finding aged individuals, also on providing transportation to nutrition sites. The program of home-delivered meals to the housebound needs to be greatly expanded. Our local nutrition project serves approximately 1,100 hot meals per day of operation. Home delivered meals through Homemakers, Inc., a nonprofit agency, average 150. There is currently a waiting list of over 50 for home-delivered meals.

For those persons who do not qualify for supplemental income (SSI) because their income is just over the maximum, the problem of meeting the increased cost of food, housing, etc., is exacerbated. Food stamps were a tremendous help to both this group and the SSI-eligible group. I recommend most urgently that food stamps again be made available to them.

For both groups, too, the out-of-pocket cost of medical care is a hardship. As you know, medicare pays only a percentage of the charge for an office visit and other medical costs. The individual pays the difference. Often, the older person is concerned about unpaid bills and he pays for each medical service, leaving him less money for other needs. Prescriptions are another major item. Those on Medi-Cal must pay for medication not on an approved list or prescribed, but not considered a drug. Those on medicare must pay for any prescription and in some cases, this is an out-of-proportion part of their limited income.

Another major medical expense for those on medicare is extended care. If not hospitalized for the required 3 days, cost for nursing home care is borne by the individual from day one.

Not only must the elderly person be concerned about medical costs, he is also expected to know how to cope with statements and forms. Some physicians request that the patient complete the forms. My experience has been that many older people are confused by the deluge of forms and statements and need assistance with understanding and completing them. Many do not get repaid for bills that are reimbursable.

On transportation—Santa Clara County has experimented with Dial-A-Ride bus service (door to door) and the system has been a godsend to many elderly, incapacitated, and isolated persons. However, the program was recently scrapped. Lower fares are in force on buses but the problem of usage remains. Hopefully, a new project funded by Administration on Aging money through the area agency on aging, using trained seniors stationed at information and referral centers throughout the county to supply information on transportation, will have an impact.

As a member of the planning committee of the area agency, I have voted for more and better legal services for the older population. Such services can, I believe, serve to highlight as well as ameliorate many inequities borne by the elderly. The instances, particularly, of exploitation by those preying upon the unwary, sometimes confused older persons, alarm me.

I trust these remarks will be of help to you.

SALLY FOLLETT.

[An addendum to the above letter was subsequently received by the committee:]

In my letter to you, I wanted to add that many of the older people that are referred for protective services are undernourished—some to the extent that they need to be hospitalized before we can make any plans for them. Along with malnourishment, we find severe mental and physical ills, often associated with poor

diets, and problems are compounded. I am certain that one of the causes is the higher costs of food and medical care.

SALLY FOLLETT.

ITEM 7. LETTER FROM BETTY KNOWLES, SAN FRANCISCO, CALIF.; TO SENATOR JOHN V. TUNNEY, DATED MAY 15, 1975

DEAR SENATOR JOHN V. TUNNEY: Having worked with the elderly for 8 years, I'm appalled at the living conditions in public housing, where the seniors are housed—with anyone—on any categorical aid. This includes the mentally ill, alcoholics, etc. I feel it isn't fair to place our seniors with this group, as there have been murders, robberies, beatings, etc., in the housing projects.

I feel the mentally ill and the alcoholic should be placed under supervision and the seniors could live quietly and in dignity.

Could something be done by law, to have the housing for seniors only?

Thank you for your consideration.

MRS. BETTY KNOWLES.

ITEM 8. LETTER AND ENCLOSURE FROM S. J. NIELSON, DIRECTOR, OFFICE ON AGING, CALIFORNIA HEALTH AND WELFARE AGENCY; TO SENATOR JOHN V. TUNNEY, DATED MAY 22, 1975

DEAR SENATOR TUNNEY: It is a pleasure to respond to your recent letter of May 2, 1975, requesting specific information related to the standard of living of California's older citizens. We hope that the information provided will assist your committee in assessing the economic status of the elderly in this State.

In response to your first question regarding income levels, the most recent information available to us comes from the 1970 census report of 1969 incomes. Table 1 presents this data. Current family income data is available only for elderly California homeowners who file for property tax rebates. This data is presented in table 2 and represents approximately 50 percent of all California homeowners. (Excluded are over 100,000 eligible homeowners who did not file, approximately 80,000 mobile home owners, 50,000 with incomes in excess of the \$10,000 per year limitation, and 30,000 in a tax free status.) Comparisons can be made with the 1970 census data presented for a 1969 median income for all California elderly homeowners and renters.

Question 2: The Bureau of Labor Statistics for autumn 1973 listed the following retired couples budgets for the San Francisco-Oakland SMSA. Lower budget, \$4,151 per year; intermediate budget, \$5,919 per year. Since Autumn 1973, cost-of-living increases for this area were: food, 15 percent; medical care, 19 percent; homeownership, 22 percent; and transportation, 16 percent. These increases raise the lower budget to \$4,850 per year and the intermediate budget to \$6,900 per year. This indicates that the average elderly California retired couple receiving a total of \$5,280 per year on SSI-SSP cannot afford an intermediate standard of living.

Basic increases since 1970 in the cost of living for the San Francisco-Oakland area are: food, 49 percent; medical care, 38 percent; homeownership, 40 percent; and transportation, 36 percent.

Question 3: There is no extensive data available at present on the number of substandard housing units used by the elderly as most housing authorities only list the total number of units. An inferential correlation may be made by listing the total number of substandard units in various SMSA's as of 1973 with residences constructed over 34 years ago and occupied by the elderly, as shown on table 3. Table 4 shows average property tax and rebate for 300,000 elderly homeowners. On the average, the lower income elderly pay approximately \$200 per year real estate taxes.

Table 5 lists the available low-cost subsidized housing for the elderly in the State. This can be compared with 130,000 SSI recipient households who are renters. Over 20,000 applications are on file with local housing authorities for low-cost section 202 housing. The Federal Housing and Community Development Act has allocated \$16 to \$17 million this fiscal year for section 202 in the State which will supply 700 to 800 units.

In 1970 the average elderly renter paid 34.5 percent of his income for rent. It is likely that this percentage is higher today, especially in areas such as San Francisco where the average vacancy rate of usable housing is listed at 2.6 percent. (This is one-half of the vacancy rate required for rental price stabilization.)

Question 4: The average number of title VII meals served per day as of March 1975 is 17,500; total number of elderly participants to date is 94,567. There are at least 10,000 elderly on current waiting lists for congregate meals and the potential is many times this number.

Question 5: Data on transportation needs is presented in table 6.

Question 6: At the present time we have not fully assessed the impact of increased utility rates on the elderly incomes due to lack of statistical data.

Question 7: The lack of "older workers" in the CETA program is especially significant in the age bracket of 55 to 62 years of age. These workers are ineligible for social security and in some cases private pension benefits, are unemployed for longer periods of time than younger workers, and tend to dissipate their available resources. These people are forced to seek public assistance when a CETA job would be psychologically preferable even at the same net income.

The opportunity to present our data for your consideration is appreciated. Please let me know if we can be of further assistance.

S. J. NIELSEN.

[Enclosure.]

TABLE 1.—CALIFORNIA 1969 MEDIAN INCOME, 1970 CENSUS

Age	Income—dollars per year	
	Male	Female
55 to 59.....	9,019	3,982
60 to 64.....	7,660	2,745
65 to 69.....	4,199	1,861
70 to 74.....	3,213	1,842
75 and older.....	2,573	1,730

TABLE 2.—AVERAGE FAMILY INCOME FOR VARIOUS AGE GROUPS OF ELDERLY HOMEOWNERS RECEIVING PROPERTY TAX REBATES FOR 3 CALENDAR YEARS

Total number of recipients households	Calendar year	Age group average yearly income							Over 90
		Overall average	62-54	65-70	71-75	76-80	81-85	86-90	
291,928.....	1972	4,980	5,597	5,324	4,973	4,555	4,142	3,812	3,672
301,163.....	1973	5,141	5,591	5,494	5,184	4,816	4,423	4,044	3,845
309,161.....	1974	5,208	5,579	5,564	5,298	4,957	4,566	4,210	3,935

Note: 1970 census—1969 median income of all California family homeowners 60 years of age and over—\$6,281 per year; 1970 census—1969 median income of all California family renters 60 years of age and over—\$3,540 per year. Ratio of median homeowner/renters income—1.77.

TABLE 3.—INFERENTIAL CORRELATION OF SUBSTANDARD HOUSING WITH ELDERLY RENTAL HOUSING IN SMSA'S

SMSA	State housing department ¹	1970 census data		
		Units ²	Elderly ³	Number ⁴
Anaheim-Santa Ana-Garden Grove.....	13,500	12,222	112	10,535
Los Angeles-Long Beach.....	189,500	237,235	102	128,421
San Bernardino-Riverside-Ontario.....	125,200	23,291	89	11,837
San Diego.....	43,000	28,848	105	16,432
San Francisco-Oakland.....	197,200	143,658	119	50,638
San Jose.....	19,000	14,936	128	8,053

¹ Estimate of total substandard units in area, 1973.

² Occupied by elderly built prior to 1939.

³ Median rent per month.

⁴ Elderly renters paying in excess of 35 percent of income.

TABLE 4.—AVERAGE PROPERTY TAX AND REBATES FOR CURRENT STATE SENIOR CITIZENS ASSISTANCE LAW ENACTED IN 1972

Calendar year:	Average property tax	Average rebate	Percent of taxes rebated
1972.....	414	202	48.7
1973.....	429	201	46.9
1974.....	353	162	46.0

¹ Statewide homeowners exemption changed from 750 to 1,750 of assessed value in 1974.

TABLE 5.—UNITS OF SUBSIDIZED LOW COST HOUSING FOR CALIFORNIA'S ELDERLY RENTERS

Section:		
23 (leased).....		5,628
202.....		5,018
236.....		5,855
Total.....		16,501

TABLE 6.—1973 PLANNING SURVEY: TRANSPORTATION NEEDS OF ELDERLY, 60 YEARS OF AGE AND OVER

Average of:	Percent in need
4 rural areas.....	56
13 urban areas.....	37
6 SMSA's.....	44

July 1974 number of elderly, 60 years of age and over—2.8 million; 1974 valid drivers' licenses, elderly, 60 years of age and over—1.8 million.

ITEM 9. STATEMENT FROM WILLIAM R. POTHIER, EXECUTIVE DIRECTOR, SAN FRANCISCO SENIOR CENTER

My name is William R. Pothier. I am executive director of the San Francisco Senior Center, the second oldest in the United States, established in 1947. Our two centers serve over 5,000 persons 60 and older, 6 days a week and handle another 7,500 telephone inquiries for information and help. Our center would be classified as a multipurpose center providing educational, recreational, and socialization activities and numerous services designed to not only enhance the quality of the lives of elderly San Franciscans in their later years, but in most cases to provide alternatives to loneliness, isolation, depression, malnutrition, and poor health.

Our downtown center serves the largest concentration of elderly San Franciscans in a tenderloin area which ironically includes the central shopping area. Over 80 percent of the 2,000 elderly served each year at this center are on SSI.

Some of our more articulate or more outraged members are encouraged to join the California Legislative Council for Older Americans to deal with their frustrations. However, most of our members are reluctant to talk of their real problems but members of the center's staff who are close to them know of the fears and anguish locked up in them.

The following is a brief statement by Gay Nadler, sharing an aspect of one member's health concern:

"As social worker at the San Francisco Senior Center, one of my main tasks is to counsel the seniors and/or family and friends regarding concerns or problems with which an elderly person is faced. By phone or in person, I counsel approximately 8 to 10 people per day and of the many problems that they need help with, the underlying instigator of the problems appears to be money or lack of it. With the rising costs and their incomes remaining unchanged, the seniors have difficulty obtaining the necessities of life (decent housing, proper nutrition, health care) not to mention the necessities for mental health of being able to buy attractive clothing, have their hair done, or go to the movies just to help them feel good. More than 50 percent of the people I see express the real fear of becoming ill. They or their friends have had difficulty paying for their share of the

medical bills even with medicare. Some would rather go without the necessities of life just to insure proper health coverage.

"Mrs. N. who is a recipient of SSI, having a total income of \$255 a month, pays approximately \$25 a month on six different health plans. Knowing that she will be cared for is more important to her than anything else."

This is an extreme example, but it is not uncommon to find our elderly members subscribing to two or three health companies at one time—paying for a duplication in services.

We share this because we have been appalled by the awareness that only 19 percent of persons 65 and older have regular physical examinations, and 24 percent have never had a physical examination in their lives, with the balance of 57 percent doing so irregularly. (Reference: "Aging and Society," Russell Sage Foundation, p. 320). These figures served as a powerful underscoring of what experience had taught us that old people become seriously ill and even die needlessly because of under- or non-utilization of the health system.

A Senior Center directory published 9 years ago had 400 entries. The Directory of Senior Centers and Clubs recently completed by the National Council on the Aging and its National Institute of Senior Centers with an AoA grant, has 5,000 entries. Additionally, this NCOA study shows that 5.1 million elderly persons have used senior centers, with 7 million expressing a desire to do so. The demand for senior centers is greatest among blacks, 40 percent of this 7 million. (See NCOA/Harris study.) So, the senior center movement, less than 30 years old is showing increasing vitality and accelerated growth, demonstrating their acceptance by the elderly as a viable, congenial, and acceptable place where a rich variety of life supporting services are offered to maximize their well-being and keep them in the community.

This incredible success story has been achieved with very limited staffing because of limited funds and despite limited Federal funding of senior centers and Congress' unwillingness to appropriate funds for title V of the Older Americans Act, not just to renovate or reconstruct buildings, but to provide for ongoing programs and staff support.

I know that most of the 5,000 senior centers are operating with very limited staffing. As a case in point, I reported earlier that the San Francisco Senior Center serves over 5,000 persons 60 and older and responds to over 7,500 cries for help on the telephone. This is in addition to providing a rich and varied educational and recreational program and with over 30 agencies who serve the elderly letting us do their case finding for them by sending representatives to the center. All of this was accomplished with only three full-time employees. Our experience is on target because the NCOA senior center study reports that nationally multipurpose senior centers employ 3.1 full-time paid staff. How much more illness among the elderly could be prevented and how many more life saving services could be provided at senior centers if more staff could be hired?

In the face of all this, the San Francisco Senior Center joined forces with the St. Francis Memorial Hospital almost a year ago to develop and establish a comprehensive health program, using the senior center as the point of entry into that system.

Our proposed program brings the social supportive services and some health services of the San Francisco Senior Center together with the medical services of St. Francis Memorial Hospital and its medical staff, to provide a comprehensive health program for San Francisco's senior population. We believe that this program has much promise in controlling, even possibly reducing medicare and medicaid expenditures. The bringing together of the capacities of these two organizations, we believe, will reduce the utilization of the higher cost medical services such as acute and long-term care and physician services. This program was developed to establish it as a model to be incorporated into the thousands of other senior centers and other providers of supportive services throughout the Nation. We firmly believed that this is the kind of innovative, alternative health care delivery system envisioned by the Congress when it legislated Public Law 92-603, sections 222 and 245.

The year we have spent moving amongst health officials, many of whom have quickly seen the real merit in this program, may well speak to the issue of whether the legislators who produced this legislation are satisfied that the health agencies have appropriately responded to the intent of sections 222 and 245 of Public Law 92-603—mandating health agencies to experiment and develop new models for health delivery—3 years after this legislation has been enacted.

We were first motivated to put such a program together because funding was available in May-June 1974 from the California Regional Medical Programs. Our attempt to secure funds from them was unsuccessful—short lived but merciful. Then began several months of moving around to various health agencies being considerably helped by Dr. Stuart H. Altman's office (Office of the Assistant Secretary for Planning and Evaluation) and that of Clifton Gaus, ORS, SSA, Washington, D.C. He made an appropriate referral in August 1974 to (Jane E. Fullerton) Division of Health Research, OPDT, Office of the Assistant Secretary of Health, Rockville, Md. There things bogged down until Gerald Sparer, Acting Director, Division of Health Services Evaluation, who has been consistently straightforward and helpful, met with us in San Francisco some months later on December 10. In a December 16, 1974 letter he states, "It was time to provide (us) with as clear a statement of realities of funding as is possible so that we could make alternative plans." He assured us that the Department is interested in further experimentation in 222. The planning process, of course, has been far too long delayed but I believe Fullerton and (Lois) Chatham will be moving fairly aggressively on this. He predicted further delay beyond spring as Lois Chatham established task forces to determine criteria regarding incidental and supportive services. In December we learned that the Administration on Aging had funds for model projects but after joining forces with NCOA, as a grantee agency, we were discouraged by AoA to pursue funding from them. Because of a contact at the social worker's conference in San Francisco in May of this year with Mr. Bill Morrill, Secretary of Planning and Evaluation, HEW, the matter of funding this program which could be a model for thousands of senior centers is now in the hands of Joe Eichenholz of this office.

In view of our unsuccessful efforts to secure funds even to complete a research design that might make it possible to secure startup money through Sparer's office and for many other reasons, senior center personnel view with alarm the disproportionate attention given to an excellent but limited model, namely day care centers. These centers are designed to serve that small percentage—average 5 percent of those elderly whose only alternative is a nursing home. I am not minimizing the importance of this population or this model, but I am suggesting at least equal time for a model serving the 95 percent, many of them frail, considerably impaired and disoriented older persons. There are approximately 20 day care centers serving their limited population of elderly clients for approximately \$20/day/person, whereas some senior centers are serving their clients for as little as \$50/person/per year. This situation becomes even more confused when legislation is designed to add to the originally conceived medically oriented senior day care centers, all of the supportive services provided at a senior center. It would seem to be more cost beneficial, given the impressive network of senior centers already in place, with most of the services the legislators propose be added already in place in the senior centers to add day care centers as programs to the existing senior centers and avoid costly duplication.

The senior center movement for some reason unknown to us has had its detractors, those who fail to realize how acceptable and important senior centers are to America's elderly; those who have refused to look at the real growth and achievements of senior centers and the increasing number of centers that have accepted the multipurpose model to expand and strengthen their programs beyond recreation and education to include information and referral, counseling, a considerable range of health services and other such supportive and lifesaving services.

The tremendous potential that inheres in senior centers has hardly been realized, somewhat documented by the fact the 7 million older Americans want to participate in center life, or 2 million more than are already utilizing centers and who view them as alternatives to malnutrition, frail health, impairment, frustration, futility, loneliness, and suicide.

We are grateful to you for coming to San Francisco and holding this hearing so that we may share some of our concerns and frustrations. Obviously, we share the concern you expressed in your opening remarks for the need for a more rational health delivery system and we trust that such hearings will enable the Senate Special Committee on Aging to provide funds so that more needy elderly persons can be maintained in the community, especially through the impressive network of senior centers that already exist in the United States.

Appendix 4

STATEMENTS SUBMITTED BY THE HEARING AUDIENCE

During the course of the hearing, a form was made available by the chairman to those attending who wished to make suggestions and recommendations but were unable to testify because of time limitations. The form read as follows:

DEAR SENATOR TUNNEY: If there had been time for everyone to speak at the hearing on "Future Directions in Social Security," in San Francisco, on May 15, 1975, I would have said:

The following replies were received:

CROWN PRINCE ARCADIA, SAN FRANCISCO, CALIF.

Give people 40 years of age and older an opportunity to be sent to an area where whatever they want will be given to them for one year. Then kill them if they like, as a consenting sexual act, work of art, scientific experiment, etc. The entire physical plane is only an optical illusion. We only think we are here. It really doesn't make any difference what you do. You come right back. Death does not exist, it is only a phase we pass through to eternal life.

We the people are the Government. You and all the others that work for us, are our "public servants." Because you do not agree with another's political or religious belief gives you no authority to judge. No person should be in any jail or prison for gambling when gambling is legal in Las Vegas. Extradite or transfer any person upon conviction into area where what they wish to do they may. Preserve time elements, and customers, in designated areas for posterity.

THEODORE G. KNOWLES, SAN FRANCISCO, CALIF.

Need for 7 days a week: meal service.
Food stamps.

HAZEL G. LAMOND, SAN FRANCISCO, CALIF.

My concern is being not able to earn more than \$2,520. Now I am fortunate that I have the health and ability to work, but to be unable to earn so little is a hardship. I am all alone and must pay for all my expenses. I have paid into social security since 1937 and I feel that the law is very unfair. I should think the government would be glad—I do not seek extra help, I believe in trying to help myself as long as I can. I'll be 70 years old 1 year from now.

SADIE LEBOW, SAN FRANCISCO, CALIF.

We need food stamps.

Our SSI does not begin to meet the rising cost-of-living expenses. Why not put the young unemployed to work to build homes? This would stimulate the economy and cut down on welfare and the crime rate.

WORDEN McDONALD, BERKELEY, CALIF.

I believe it is futile to talk about better economic situations for senior citizens if you do not talk of public ownership of public utilities and the reductions of our defense budget.

It is ridiculous to let old people suffer while spending some \$75 billion for arms to be used against our one enemy—the Cambodians.

Also, you haven't heard anything until you hear from the aged blacks, Chicano, Filipino, and Asians.

LILA ROWAN, SAN FRANCISCO, CALIF.

Push for 80 percent increase in social security. Elderly needs the extra money to upgrade their standard of living. Elderly are forced to choose between adequate health care or empty stomachs, and full stomachs or inadequate health care. Somehow, change the rule that an increase in social security will not lead to a decrease in welfare money.

HARRY AND RUTH SHEER, HAYWARD, CALIF.

The case of the elderly is and has been a national disgrace. I was disappointed that you were the only Federal official to hear our grievances and since you are running for office in 1976, anything you may do for the elderly in the bay area will certainly result in your reelection. We old people will make our voices heard in the election—you can count on that. Please pass this message on to your colleague, Senator Cranston.

VIOLA VOLG, BERKELEY, CALIF.

Mandatory retirement is discrimination against many able people who would like to remain self-supporting and who could contribute to their own well-being and the community (and even the income tax revenues).

Under the present retirement practices, elderly persons become a burden. They lose interest in life—their skills deteriorate. Lack of income often prohibits adequate preventative health care. Seniors cannot afford to go to a doctor at the onset of an illness. The \$60 deductible induces people to "tough it out" until they are seriously ill and helpless. Comprehensive, universal health care is necessary to keep all persons in good health, and prevent becoming helpless and a burden.

Priorities:

1. Universal health care with no fees attached (as in other countries).
2. Jobs for those able and wanting to work.

I favor the Kennedy-Gorman bill.

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