Published in final edited form as:
J Cross Cult Gerontol. 2013 September ; 28(3): 239–250. doi:10.1007/s10823-013-9201-x.

Economic Need among Older Latinos: Applying The Elder Economic Security Standard™ Index

Steven P. Wallace, PhD[(1),(2)], **D. Imelda Padilla-Frausto, MPH**[(1),(2)], and **Susan Smith, MPP**[(3)]

[(1)]Department of Community Health Sciences, UCLA Fielding School of Public Health, Los Angeles, CA, USA

[(2)]UCLA Center for Health Policy Research, Los Angeles, CA, USA

[(3)]Insight Center for Community Economic Development, Oakland, CA, USA

Abstract

The first official U.S. federal poverty line was developed in the 1960s; since the mid-1990s the scientific consensus has been that it has become outdated and inaccurate. This article explains the key elements of the current federal measure that are inaccurate for older adults in general and older Latinos specifically. An alternative is described that addresses the key failings of the current measure. The alternative, the Elder Economic Security Standard™ Index (Elder Index), adapts a national methodology to the basic costs of living in California for 2007 using data from the American Community Survey, and other public data sources. The results show that the amount needed for basic economic security in California is higher than the federal poverty level in all counties, and averages about twice the federal level. Housing costs are the largest component of costs in most counties, although health care is the largest component for couples in lower housing cost counties. Among singles and couples age 65 and over in California, almost 60% of Latinos have incomes below the Elder Index compared to one-quarter of non-Latino whites. The rates are higher among renters, and older Latinos are more likely than non-Latino whites to rent. Applying the Elder Index in California documents the disproportionate rates of economic insecurity among older Latinos. The findings indicate that changes to public programs such as Social Security and Medicare that decrease benefits or increase costs will have disproportionately negative impact on the ability of most older Latinos to pay for basic needs.

Keywords

poverty; older adults; California; health care costs; housing; Latinos

Social programs and policies in the United States are often tied to and/or evaluated against the federal poverty level (FPL).[1] The identification of persons in poverty is a key part of identifying unmet health and welfare needs in the population, as well as acting directly or indirectly as eligibility criteria for program enrollment and the distribution of resources. The

Corresponding author: Steven P. Wallace, Ph.D., Associate Director, UCLA Center for Health Policy Research, 10960 Wilshire Blvd. #1550, Los Angeles, CA 90024, USA. swallace@ucla.edu.

[1]There are two related official measures of poverty. The U.S. Census Bureau publishes Federal Poverty Thresholds each year that provide retrospective dollar amounts for families that vary by the number of non-elderly adults, older adults, and children. The Census version is used primarily for statistical purposes. The U.S. Department of Health and Human Services publishes Federal Poverty Guidelines each year that projects the poverty level for the coming year, which is used in program eligibility. It is a simplified, single amount that varies only by the number of people in the family. The unofficial term ”Federal Poverty Level” or “Federal Poverty Line” (FPL) is usually used in the context of discussing program eligibility and therefore is best thought of as referring to the Guidelines. For a good summary and explanation see University of Wisconsin, Institute for Research on Poverty, http://www.irp.wisc.edu/faqs/faq1.htm.

term “poverty” is so commonly used in programs and politics that we rarely reflect on how it is measured and whether or not the current metrics are appropriate for the populations involved. This paper provides an overview of the way that poverty is currently measured in the United States, provides a summary of the critiques of the official measure and shows how those critiques apply particularly to the older Latino population, and concludes with a summary and application of an alternative to the official poverty measure called the Elder Economic Security Standard™ Index.

History of the Official Poverty Measure in the U.S

For many years after the founding of the country leaders discussed the impact of economic boom and bust cycles for the population qualitatively since there was no official measure of poverty. This is exemplified by Franklin Roosevelt in his second inaugural when he summarized the result of the 1930’s depression on Americans, “I see one-third of a nation ill-housed, ill-clad, and ill-nourished” (Roosevelt, 1937). Not only was there no official measure of poverty in that era, but systematic income data on the population were collected only once every ten years through the Census. Since the depression was at its worst between censuses, the discussion of economic deprivation was based on broad impressions rather than precise measurement.

The situation changed in the 1960s as several government agencies developed different approaches to measuring poverty. Michael Harrington’s 1962 book, The Other America, brought the issue of poverty back into public awareness. He wrote that poverty should be defined in terms of minimal levels of health, housing, food, and education within the current society. When he applied the Bureau of Labor Statistic’s measure of poverty, he showed that about one-quarter of Americans did not have a minimum adequate income (Harrington, 1962). Several agencies, including the Council of Economic Advisors, the Social Security Administration, and the Department of Labor all had different ways of determining how much money people needed to not be in poverty (Fisher, 1997). President Johnson’s decision to declare a “war on poverty” made it important to adopt a single “benchmark for assessing the dimensions of the task of eliminating poverty, setting the broad goals of policy, and measuring our past and future progress toward their achievement.” (*Economic Report of the President*, 1964, p.58) After considering a number of different possible measures of poverty, the White House decided to use the Social Security Administration’s measure which varied by family size, but which was also the most meager of the alternatives and only identified people suffering from the most severe deprivation as “poor” (Fisher, 1997).

The measure of poverty that was adopted as the official federal standard was based on a 1955 household consumption survey that found that approximately one-third of the average family’s cash income after taxes was spent on food. The Social Security Administration’s method took the updated cost of food and multiplied it by three to arrive at the pretax income that would be defined as the poverty level (with other adjustments for different family sizes and mix of children, elderly, and others; and farm residence). Food costs were based on the U.S. Department of Agriculture’s annual survey of the cost of purchasing an “economy” food basket nationally (Orshansky, 1965). The economy food basket was designed for emergency use when funds are low, but not for a long-term nutritional diet (Fisher, 1997). When the poverty threshold was first implemented in 1965 it was just under 50% of the median family income nationally; it has since fallen to under 30% of median income (Blank, 2008), despite the fact that the poverty threshold was indexed to increase with changes in the consumer price index (CPI) starting in 1969. Other than some minor adjustments since then, the methodology adopted in 1965 for determining the poverty level has remained the official measure ever since (Fisher, 1997).

The Case for a Better Measure Poverty

Criticism of the official poverty line has built over the years and was summarized by a National Academy of Sciences report in 1995 that concluded that "the current measure does not accurately reflect differences in poverty across population groups and across time. We conclude that it would be inadvisable to retain the current measure for the future."(Citro & Michael, 1995, p. XVI). Some of the key limitations of the current index they identified include: (1) the poverty line does not adequately account for work-related costs like childcare, (2) it does not account for out of pocket medical care expenses, (3) in providing a single amount for the entire country it does not account for regional differences in the costs of housing, (4) the CPI adjustments account for increases in the costs of goods, but not rising standards of living. All but the first of these are relevant for all older adults.

The inadequacy of the federal poverty measure, given the rising standard of living in the country, is apparent when comparing it to the median household income for two and four person households (Table 1). In 2011 the Federal Poverty Guideline (FPL), which is the amount used for program eligibility, was less than 30% of the median income for all races; in households headed by an older adult the FPL is under one-third of the median income. The European Union commonly uses 60% of median income as their poverty line, meaning that when the U.S. initially designed its poverty line the result (which was around 50% of median income) was close to the standards of developed countries, but that over the years it has failed to keep up with the rising national standard of living since it is currently closer to 30% of median income (Glennerster, 2002).

The National Academy of Sciences report cited the FPL as being imprecise across population groups. Older adults are one such group since their expenses include more health care and less work costs than the families that the FPL was based upon. There is also significant variation among older adults, both in their incomes and the costs they face. Latinos, especially older Latinos, are an important population group to break out since they have the lowest median household incomes (Table 1) and are the fastest growing population in the U.S.; Latinos accounted for over half of the total population growth in the U.S. between 2000 and 2010 (Ennis, Ríos-Vargas, & Alber, 2011).

One response to the limitations of the federal poverty level was initiated in the mid-1990s by Dr. Diana Pearce while at Wider Opportunities for Women (WOW) in Washington, DC. They designed a "Family Self Sufficiency Standard" (Family Standard) to use as an income adequacy measure for job-training programs that addressed most of the critiques of the FPL by using the current costs of goods using a modest market basket of necessities. Their components included county-level housing costs, food based on the USDA low-cost food plan (rather than the lowest "thrifty" plan), health insurance costs, transportation and child care costs incurred by working adults, and taxes (both charged like sales taxes and credited like the EITC) (Pearce, 2001; Pearce & Brooks, 1999). The Family Standard is now available for 36 states and is updated at the state level, with the most recent data ranging from 2008 to 2012 (Center for Women's Welfare, 2013; Wider Opportunities for Women, 2013).

Since the Family Standard excluded older adults, a separate Elder Economic Security Standard™ Index (Elder Index) was developed about 10 years later with a focus on the specific needs and costs of older adults. Like the Family Standard it included county-level housing costs, the USDA low-cost food plan, transportation, and most importantly for older adults, the costs of health care (Henze-Russell, Bruce, & Conahan, 2006). Health care is of particular concern for older adults since it accounts for 18% of their core expenses (housing/utilities, food, health care, and transportation) versus 8% for non-elderly adults (U.S. Bureau

of Labor Statistics, 2012). This means that older adults are more exposed to inflation in medical care, which increased 60% between 1997 and 2009, while younger families are more exposed to inflation in transportation and housing, which increased 32–37% during that period (U.S. Bureau of Labor Statistics, 2012). The indexing of the FPL to a general mix of prices, therefore, understates the rise in costs experienced by the elderly. The Elder Index, being based on goods and services typically used by older adults (especially health care), and being based on current costs, avoids the problem of assuming that older adults and young families face similar inflationary pressures.

The Elder Index was first applied in Massachusetts and then expanded to a number of other states, including California. In California, the methodology was slightly modified to take into account the high managed care penetration rate (Padilla-Frausto, Wallace, & Molina, 2010). A statewide coalition in California, led by the Insight Center for Community Economic Development, advocated for the state's Department of Aging and Area Agencies on Aging (AAAs) to use the California Elder Index in planning starting in 2009 (Insight CCED, 2012a). In 2011 the legislature passed AB 138 which required AAAs to include the Elder Index in their annual plans ("AB138: Elder Economic Planning Act of 2011," 2011). It is also used by a wide variety of nonprofits and public agencies who provide services to older adults as part of their planning and targeting activities (Insight CCED, 2012b).

The variability in housing costs across the country has a disproportionate impact on older Latinos since they are the fastest growing group of seniors in the nation and are concentrated in metropolitan areas with above average housing costs. The number of Latinos age 65 and over is projected to grow from 2.8 million in 2010 to 17.5 million by 2050, at which time they will account for about 20% of all older adults (Federal Interagency Forum on Aging-Related Statistics, 2012). Half of all Latino older adults currently live in 14 metropolitan areas in the country,[2] and 10 of these areas have fair market rents (FMRs) for a one bedroom apartment that are higher than the national average[3] of $758 per month. New York and Los Angeles, which together account for over one-half million older Latinos, have FMRs in 2013 of $1,243 and $1,101 respectively. In contrast, the least expensive housing in the top 14 cities where Latino elders live is El Paso with a one-bedroom FMR of $572 (U.S. Dept. of Housing and Urban Development, 2013). This range of housing costs highlights the need to geographically adjust the need level indicated by any poverty measure, while the concentration of older Latinos in many high cost cities shows that the current uniform official poverty measure will disproportionately disadvantage older Latinos.

With nearly 800,000 older Latino residents, California is home to over one-quarter of all Latino seniors nationally (Ruggles et al., 2013). By 2050 it is estimated that older Latinos will be the largest group of older adults in the state, comprising 38% of the population compared with nonLatino whites at 36% (California Department of Finance, 2013). Three of the nine highest FMRs for one-bedroom apartments nationally are in California, in the San Francisco, San Jose, and Orange County metropolitan areas. The weighted statewide FMR in 2013 of $1,026 is substantially above the national weighted average of $758 (U.S. Dept. of Housing and Urban Development, 2013). This makes California a good state to examine the implications of using the Elder Index, with its contemporary county-specific costs of living for older adults, in comparison to the FPL with its nationally uniform amount based on the standard of living of 50 years ago.

[2]Los Angeles, New York, Miami, Riverside (CA), San Antonio, Chicago, Houston, El Paso, San Diego, McAllen (TX), Orange County (CA), Pheonix, Orlando, and Ft. Lauderdale. Data from the 2011 U.S. Census American Community Survey. (Ruggles et al., 2013)

[3]Population weighted, so areas with larger populations are appropriately represented.

Methods

The amount needed for a minimally decent standard of living for older adults in California counties was calculated based on the methodology developed by the Gerontology Institute of the University of Massachusetts-Boston in collaboration with Wider Opportunities for Women (WOW) in Washington, DC. This Elder Economic Security Standard™ Index (Elder Index) is calculated for adults ages 65 and over, assuming that they are retired and therefore have no work expenses and are living alone or as part of a couple. All sources of income are included and the Elder Index assumes that the older adult receives no noncash public subsidies such as public housing or Medicaid. Housing costs are based on the U.S. Department of Housing and Urban Development's Fair Market Rent (FMR) for a one-bedroom apartment for renters in 2007; for homeowners the median county cost among older adults for mortgage, taxes, insurance and utilities is used (calculated separately for those with and without a current mortgage) from the 2005 American Community Survey (the most recent data available at the time the amounts were calculated) and inflated to a 2007 value using the CPI housing component. Food is based on the USDA low-cost food plan for July 2007. Transportation costs are based on the U.S. Department of Transportation's survey of driving and the 2007 IRS allowance per mile. Health care costs include 2007 Medicare Part B premiums, the 2007 costs of supplemental drug (Part D) and 2007 private supplemental medical coverage, along with out of pocket costs from the 2005 Medical Expenditure Panel Survey inflated to 2007 using the CPI medical component. Miscellaneous costs are 20% of the costs of housing, food, healthcare, and transportation for homeowners without a mortgage; this amount is used for those in all housing situations to cover clothing, personal hygiene products, telephone, and similar necessary expenses (Henze-Russell et al., 2006).

With the agreement of WOW, the UCLA Center for Health Policy Research slightly modified the methodology to better match spending patterns in California. For example, California's Elder Economic Security Standard™ Index includes the cost of a Medicare Advantage plan through Kaiser when available in place of a Medicare Part D and private supplemental insurance plan because of the high managed care penetration in the state. In addition, food costs are above the national average, so the national low-cost food plan amounts are adjusted at the MSA level using the food component of ACCRA's cost of living index. Because the smallest geographic level in the microdata file for the American Community Survey is the PUMA (having a population minimum of 100,000), small counties within a single PUMA were combined in our calculations. Complete methods and links to data sources are available (Padilla-Frausto et al., 2010; Wallace & Molina, 2008).

After calculating the Elder Index amounts for California counties, the total income for individuals and couples age 65 and over was calculated and compared to the Elder Index for their county of residence. Data for family income are from the 2006 American Community Survey and inflated using the CPS to 2007 values. The poverty status is from the 2006 ACS as calculated by the U.S. Census Bureau. Because the Elder Index is not specific for living arrangements other than living alone or in couples (e.g. a widow living with her adult children's family has no separate amount), our analysis is limited to elders living alone and couples in two person households.

Results

In 2007 the Federal Poverty Guidelines published by the Department of Health and Human Services was $10,272 for a single adult everywhere in the country, and $13,690 for two persons (U.S. Dept. of Health and Human Services, 2007). In contrast, the average Elder Index in California was $21,011 for a single older adult who rented and $30,472 for a

couple. Even the lowest cost counties in the agricultural Central Valley were substantially more expensive than the official poverty level with costs of $17,789 for an individual and $26,471 for a couple who rents (Table 2). In 16 out of the 58 California counties and county groups the Fair Market Rent (FMR) alone for a one-bedroom apartment was higher than the $856 per month allowed for all spending by the federal poverty guideline for a single person. Those 16 counties were home to over two-thirds of all older adults in the state as well as over two-thirds of Latino elders (both living alone as well as in all family types). This means that over two-thirds of older Latinos in California live in counties where renting a basic apartment costs more than the total federal poverty guideline ($10,210 annually). Similarly, the state's maximum Supplemental Security Income/State Supplement maximum ($10,272 cash benefit for individuals) brought older adults just above official poverty in 2007, but left them substantially below the actual cost of living as documented by the Elder Index.

An example of how different components of the Elder Index drive of the cost of living in different counties are shown by the components of the Elder Index in one urban area (Los Angeles City, 49% Latino) and one rural area (Kern County, 48% Latino) (Table 3). In high cost counties like Los Angeles, rental costs are substantially higher than the cost of housing for older adults whose mortgage is paid off ($1,016 versus $465 per month). For the single renter, housing costs account for 53% of the total Elder Index amount in the City of Los Angeles. For couples, the assumption is that both seniors share the same one-bedroom apartment and so rental costs remain the same but food, transportation, health care, and miscellaneous costs increase, leaving rental costs at 40% of the total. In low-cost Kern county, rental costs are only somewhat higher than the low costs for those with a paid-off mortgage ($542 versus $380), and both are lower than the costs in Los Angeles.

Health care costs are higher in Kern County than Los Angeles, even though both areas have access to Medicare Advantage plans offered by Kaiser Permanente. The Kaiser Medicare Advantage plan for Los Angeles was available at no extra cost, while in Kern County the same plan cost $89 per month. The costs of health care premiums (Medicare Part B and Medicare Advantage plans) and out of pocket costs in Kern County for older couples exceed their housing costs when they rented or owned their home with a paid-off mortgage (Table 3). Health care costs are even higher in counties where Medicare Advantage plans are not common and seniors have to buy supplemental insurance, such as in neighboring Inyo County where a Medicare supplemental policy cost $157 and a Medicare Part D prescription plan $27, in addition to Medicare Part B premiums and average out of pocket costs for a total of $378 for a single older adult, almost $100 per month more than the cost in Kern County. This highlights the importance of including the costs of medical care in the budgets of older adults.

As a border state, some older adults cross the border to Mexico to purchase less expensive medications or seek low-cost medical and dental care. This is particularly true for Mexican immigrants and for those living closest to border in places like rural Imperial County where the nearest large city, Mexicali, is across the border. Statewide, a relatively small proportion of Mexican immigrant adults report using any health services in Mexico in the previous year (under 15%). Older adults are less likely to cross the border for medical care than uninsured younger adults (Wallace, Mendez-Luck, & Castañeda, 2009), so the net effect on the out of pocket costs for older Latinos is likely to be relative minor in the aggregate.

The proportion of persons who are economically insecure in California according to the Elder Index is significantly larger than those identified by the FPL. The Census determined that 7.9% of California's older adults who were singles or in couples were poor in 2006 (Table 4). A large number had incomes just above the poverty line as shown by the more

than tripling of that rate to 30.9% when those between 100–199% of the poverty line are included. Even so, this is below the 36.4% whose income is below the Elder Index. For older adults who are single or in couples and whose total income is below the elder index, the median gap between their income and the Elder Index in 2007 was $10,271. The situation is better for nonLatino whites, with lower poverty and Elder Index rates than average. The rates for Latinos are the highest for all racial/ethnic groups, although the rates for older African Americans and Asian Americans are closer to the Latino rate than the nonLatino white rate. The additional income needed to bring the single or couple up to the Elder Index rate was above average for all racial/ethnic minorities.

Patterns of economic security are driven in part by the housing status of older singles and couples in California. In 2007 the most common housing type for nonLatino white older adults in the state was owning their home without a mortgage (49%) while only 18% were renters. Almost all of the rest were homeowners still paying on their mortgages. In contrast, only 27% of older Latinos in the state owned their home outright while 31% were renters. African American and Asian American elders were similar to older Latinos in their home ownership and rental rates (Ruggles et al., 2013). Given the substantially lower costs of housing for owners without a mortgage than for those renting in high cost urban areas, it is logical that this is a significant driver of economic insecurity. The data support this conclusion (Table 5), with all races and ethnicities about twice as likely to fall below the Elder Index (and 200% of the federal poverty level) if they rent than if they own without a mortgage, although even within ownership type the lower incomes of Latino elders and other elders of color who live alone or with a spouse makes them more likely to fall below the Elder Index than older nonLatino whites.

Discussion

The U.S. Federal Poverty level (FPL), adopted in the 1960s, continues to be used in public policy and research despite the fact that it does not reflect the current standard of living, the types of goods and services purchased by older adults, geographic variations in housing and other costs, nor the ownership status of elders' housing. An alternative methodology that addresses these limitations is the Elder Economic Security Standard ™ Index (Elder Index). The Elder Index for California shows that the basic cost of living for older adults is substantially higher than the FPL in even the lowest cost counties of the state, and is several multiples of the FPL in the highest cost counties. Housing costs are the largest component of the Elder Index in most counties and the source of the largest part of the variation. In many counties, the cost of the Fair Market Rent for a one-bedroom apartment alone consumes more than the entire amount the FPL designates as an adequate income. In counties that have lower-cost housing, health care costs can be the largest expense faced by couples.

Latino elders are not evenly distributed throughout the state, and they lag the "average" rates of home ownership and paid off mortgages. The result is that they have lower incomes than average but face higher costs than the statewide average. Policy debates and proposals over the past few years have overlooked both sides of this equation. On one side, the Elder Index documents the high costs faced by older Latinos to maintain a basic standard of living. On the other side, older Latinos have lower incomes, meaning that they are the most impacted by reductions in payments by social security, supplemental security income, and in-kind benefits. Discussions about reducing public funding for these programs, whether it be slowly through changing the inflation adjustment for social security or rapidly through privatizing Medicare, draw on data and images of the "average" older adult (Wallace & Villa, 2009). But the data presented here show that the majority of older Latinos are already struggling to make ends meet under current policies, let alone after cutbacks.

This analysis has several limitations. First, the data are from 2007, just before the "great recession" started. While that recession had a major impact on the incomes of many Americans, it had less of an impact on those older adults living near the Elder Index. ACS data for California show that for older Latinos in 2005–7 (prerecession), 45.8% had incomes under 200% FPL (which is where the Elder Index clusters, depending on county) while in 2009–11 the rate was 46.0%. To the extent that individuals just above the Elder Index depend on social security plus pensions or other supplemental income, they were probably not greatly impacted by the recession enough to pull them from just above to just below the Elder Index. In other words, the 2007 analysis should be closely representative of current patterns. Second, our analysis combines all older Latinos into a single category, while it is likely that the patterns are different for Latinos of Mexican versus Central American ancestry as well as immigrants versus natives. Ancestry and nativity are important determinants of life chances and income in old age, but the current analysis is designed to show that using a more accurate measure of income adequacy is particularly important for the group that will be, in aggregate, the largest group of older adults in California by mid-century. Disaggregation would be more useful for other purposes, such as better understanding the underlying mechanisms that lead to income insecurity.

Many organizations in California already use the Elder Index for programs and policies, but its widespread adoption also faces resistance. Several foundations use the Elder Index to define vulnerable seniors or to measure the impact of their grant making efforts. Nonprofits have used it for planning and analysis, and advocacy groups have used it when arguing against budget cuts in aging programs. Finally, state Area Agencies on Aging are now required by state law to include the Elder Index in their annual planning process (Insight CCED, 2012b). Resistance to using the Elder Index is motivated by the potential for increases in spending by public programs, as well as bureaucratic resistance to changing long-standing ways of doing business. When a bill mandating the use of the Elder Index first passed the California Legislature in 2009, then Governor Schwarzenegger vetoed the bill. His veto message explained his action was motivated, in part, because he deemed that "this bill would create General Fund cost pressures at a time when there is no ability to increase service levels" (Schwarzenegger, 2009). Even though the bill would only have mandated the use of the Elder Index in planning purposes in one department, there was a concern that identifying unmet needs would lead to pressure to expand programs. Clearly, increasing California's SSI/state supplement ($10,272 annual for an individual in 2007) to the average statewide Elder Index amount for renters ($21,011) would require a significant increase in funding. But setting the level to about 50% of the Elder Index would be spending neutral while acknowledging that it is an inadequate amount to support a dignified standard of living. A survey of state legislative staff found that their least preferred elements of an economic security measure were those used by the FPL, but that they continued to use the FPL since it was embedded in federal law, was easy to use, and that there were data using the FPL across states and time (Padilla-Frausto & Wallace, 2012).

Another political concern is that there could be winners and losers in changing the metric for assessing economic need since the basic cost of living is higher in urban areas like Los Angeles than rural Kern County, which has the lowest Elder Index in the state. But even Kern County's Elder Index for a single owner without a mortgage (the lowest cost housing category) is 155% of the FPL. Among the 14 U.S. cities with the most Latino elderly, the one with the least expensive housing (El Paso) had a fair market rent (FMR) in 2007 of $572 for a one-bedroom apartment, which is higher than the FMR in 22 California counties. This does not mean that the Elder Index is always more than the FPL in every county in the country, but in locations where most older Latinos live it appears that the FPL is unlikely to accurately measure basic economic needs.

Most policy discussions of programs for elders, including proposed changes that would reduce Social Security benefits or increase beneficiary Medicare costs, pay little attention to the actual economic needs and resources of older Latinos. Older Latinos differ from the "average elder" because a higher proportion rent and a higher proportion have low incomes compared to nonLatino white elders. Combined with the rising costs of health care over the past 10 years, older Latinos face disproportional challenges in making ends meet. What may appear to be a minor change for the average elder will put the majority of Latino elders even further out of reach of economic security. Only when we use current data and the actual cost of a basic but dignified market basket of needed goods and services, as in the Elder Index, will we fully understand the economic circumstances of Latino elders and fully understand the equity impacts of proposed changes to social programs.

Acknowledgments

Funding for this work was provided in part by The California Wellness Foundation. Wallace was also funded in part by the National Institute on Aging P30-AG021684 through funding provided to the Resource Centers for Minority Aging Research. The content of this article does not necessarily represent the official views of The California Wellness Foundation, the NIA or the NIH.

References

AB138: Elder Economic Planning Act of 2011, AB 138 (2011).

Blank RM. How to improve poverty measurement in the United States. Journal of Policy Analysis and Management. 2008; 27(2):233–254.10.1002/pam.20323

California Department of Finance.. State and County Population Projections by Race/Ethnicity and Age. Sacramento, CA: Demographic Research Unit; 2013. Retrieved from http://www.dof.ca.gov/research/demographic/reports/projections/P-2/

Center for Women's Welfare. Find the Self-Sufficiency Standard for Your State. 2013. Retrieved April 28 2013, from http://www.selfsufficiencystandard.org/pubs.html

Citro, CF.; Michael, RT., editors. Measuring Poverty: A New Approach. Washington, DC: The National Academies Press; 1995.

Economic Report of the President. Washington, DC: U.S. Government Printing Office; 1964. Retrieved from http://www.presidency.ucsb.edu/economic_reports/1964.pdf

Ennis, SR.; Ríos-Vargas, M.; Alber, NG. The Hispanic Population: 2010 2010 Census Briefs. 2011. C2010BR-04. Retrieved from http://www.census.gov/prod/cen2010/briefs/c2010br-04.pdf

Federal Interagency Forum on Aging-Related Statistics. Older Americans 2012: Key Indicators of Well-Being. Washington, DC: U.S. Government Printing Office; 2012. Retrieved from http://www.agingstats.gov

Fisher, GM. The Development of the Orshansky Poverty Thresholds and Their Subsequent History as the Official U.S. Poverty Measure (Revised). Poverty Measurement Working Paper series. 1997. Retrieved from http://www.census.gov/hhes/povmeas/publications/orshansky.html

Glennerster H. United States Poverty Studies and Poverty Measurement: The Past Twenty-Five Years. Social Service Review. 2002; 76(1):83–107.10.1086/324609

Harrington, M. The Other America. New York: Simon & Schuster, Inc; 1962.

Henze-Russell, L.; Bruce, EA.; Conahan, J. A Methodology to Determine Economic Security for Elders. Boston, MA: Gerontology Institute, University of Massachusetts Boston; 2006.

Insight CCED. Cal-EESI: A Coalition for Change. 2012a. Retrieved January 26, 2013, from http://www.insightcced.org/index.php?page=coalition-for-change

Insight CCED. Cal-EESI: Using the Elder Index. 2012b. from http://www.insightcced.org/index.php?page=elder-index-uses

Orshansky M. Counting the Poor: Another Look at the Poverty Profile. Social Security Bulletin. 1965; 28(3):3–29.

Padilla-Frausto, DI.; Wallace, SP. The Federal Poverty Level Does Not Meet Data Needs of the California Legislature. Los Angeles: UCLA Center for Health Policy Research; 2012.

Padilla-Frausto, DI.; Wallace, SP.; Molina, LC. Elder Economic Security Standard™ Index for California, 2009. Los Angeles, CA: UCLA Center for Health Policy Research; 2010.

Pearce DM. The Self-Sufficiency Standard: A New Tool for Evaluating Anti-Poverty Policy. Poverty & Race. 2001; 10(2):3–7.

Pearce, DM.; Brooks, J. The Self Sufficiency Standard for Washington, DC Metropolitan Area. Washington, DC: Wider Opportunities for Women; 1999.

Roosevelt, FD. Second Inaugural Speech. 1937 Jan 31. 2013, from http://c250.columbia.edu/dkv/extracts/0711_fdr_newdeal.html

Ruggles, S.; Alexander, JT.; Genadek, K.; Goeken, R.; Schroeder, MB.; Sobek, M. 2011 American Community Survey, accessed through the Integrated Public Use Microdata Series: Version 5.0 [Machine-readable database]. 2013. Retrieved from: http://usa.ipums.org/usa/sda/

Schwarzenegger, A. AB324 Veto Message. 2009 May 7. 2013, from http://www.leginfo.ca.gov/pub/09-10/bill/asm/ab_0301-0350/ab_324_vt_20091011.html

U.S. Bureau of Labor Statistics. Table 4500 Selected age of reference person: Average annual expenditures and characteristics. Consumer Expenditure Survey, 2011. 2012. Retrieved January 26 2013, from ftp://ftp.bls.gov/pub/special.requests/ce/standard/2011/sage.txt

U.S. Dept. of Health and Human Services. Annual Update of the HHS Poverty Guidelines. Federal Register. 2007; 72(15):3147–3148.

U.S. Dept. of Housing and Urban Development. FINAL FY 2013 Fair Market Rent Documentation System. 2013. Retrieved January 27 2013, from http://www.huduser.org/portal/datasets/fmr/fmrs/docsys.html&data=fmr13

Wallace SP, Mendez-Luck C, Castañeda X. Heading South: Why Mexican Immigrants in California Seek Health Services in Mexico. Medical Care. 2009; 47(6):662–669. [PubMed: 19434002]

Wallace, SP.; Molina, LC. Elder Economic Security Standard Index™ Index for California, 2007 Methodology Report. Los Angeles, CA: UCLA Center for Health Policy Research; 2008.

Wallace, SP.; Villa, VM. Healthy, Wealthy and Wise? Challenges of Income Security for Elders of Color. In: Rogne, L.; Estes, CL.; Grossman, BR.; Hollister, B., editors. Social Insurance and Social Justice. New York: Springer; 2009. p. 165-178.

Wider Opportunities for Women. Family Economic Security Program. 2013. Retrieved January 26 2013, from http://www.wowonline.org/ourprograms/fess/index.asp

Table 1

Median Household Income, U.S. 2011

	All Ages		Household Head Age 65+
	2 person households	4 person households	2 person households
All races, median income	$55,000	$75,600	$45,833
nonLatino white	$60,151	$89,202	$47,815
nonLatino black	$38,000	$54,800	$37,000
nonLatino Asian	$60,600	$85,900	$41,993
Latino	$35,410	$45,000	$28,757
Federal Poverty Guideline (FPL), 2011	$14,710	$22,350	$14,710
FPL as percent of median income, all races	26.7%	29.6%	32.1%

Source: 2012 Current Population Survey, CPS Table Creator at http://www.census.gov/cps/data/cpstablecreator.html; poverty guidelines from http://aspe.hhs.gov/poverty/11poverty.shtml

Table 2

Elder Index and Fair Market Rents (FMRs) in Selected California Counties, 2007

	Elder Index, single renter	Elder Index, couple renter	FMR, 1-bedroom apartment
San Mateo (highest cost)	$ 27,550	$ 37,263	$ 1,239
Mendocino (median cost single)	$ 20,220	$ 30,221	$ 641
Mariposa (median cost couple)	$ 19,840	$ 29,841	$ 579
Kern (lowest cost single)	$ 17,789	$ 26,471	$ 542
Tulare (lowest cost couple)	$ 17,814	$ 26,445	$ 556
Statewide weighted average	$ 22,807	$ 31,317	$ 958
Federal Poverty Guideline (national, all housing types)	$ 10,210	$ 13,690	
California Supplemental Security Income/State Supplement maximum	$10,272	$18,024	

Table 3

Cost Components of the Elder Index in Two California Counties, 2007

	Los Angeles City			Kern County		
Monthly expenses	**Single owner w/o mortgage**	**Single renter**	**Couple renter**	**Single owner w/o mortgage**	**Single renter**	**Couple renter**
Housing	$465	$1,016	$1,016	$380	$542	$542
Food	263	263	486	235	235	435
Transportation	202	202	202	202	202	323
Health care	194	194	388	283	283	566
Miscellaneous	225	225	332	220	220	341
Total	$1,349	$1,900	$2,545	$1,321	$1,482	$2,206

Table 4

Percent Under the Federal Poverty Guidelines, Percent Under the Elder Index (EI), and EI Income Deficit, by Race/Ethnicity, Persons Age 65 and Older Living Alone and in Couples, California 2007

	Total	Latino	nonLatino white	nonLatino African American	nonLatino Asian American
Under Federal Poverty Guideline	7.9%	14.9%	5.7%	15.9%	14.5%
Under 200% of Federal Poverty Guideline	30.9%	52.0%	25.2%	44.6%	47.8%
Under Elder Index	36.4%	59.5%	30.2%	52.7%	54.7%
Median additional income needed to reach Elder Index	$10,271	$11,744	$8551	$12,256	$13,985

Table 5

Economic Security by Housing Type, by Race/Ethnicity, Persons Age 65 and Older Living Alone and in Couples, California 2007

	Owner w/o mortgage	Renter	Owner w/o mortgage	Renter
	Percent Below Elder Index		Percent Below 200% Federal Poverty Threshold	
Latino	41.8	83.9	44.2	78.1
nonLatino white	21.1	57.8	23.2	50.2
nonLatino African American	37.2	74.3	38.0	68.0
nonLatino Asian American	31.3	84.8	31.5	78.9