UCLA Health Policy Research Brief

February 2009

Half A Million Older Californians Living Alone Unable to Make Ends Meet

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Nearly half a million elders (495,000) living alone in California in 2007 could not make ends meet—lacking sufficient income to pay for a minimum level of housing, food, health care, transportation and other basic expenses, as measured by the Elder Economic Security Standard™ Index (Elder Index). More than one-fourth of Californians age 65 and older lived alone in 2007; among them, half (50.9%) had incomes below the Elder Index (Exhibit 1).

This policy brief presents the first data on older Californians using the 2007 Elder Index. The Elder Index is based on the actual cost in each county of the basic expenses needed by older adults to age independently with dignity in their own homes. Those with incomes below the Elder Index are economically insecure.

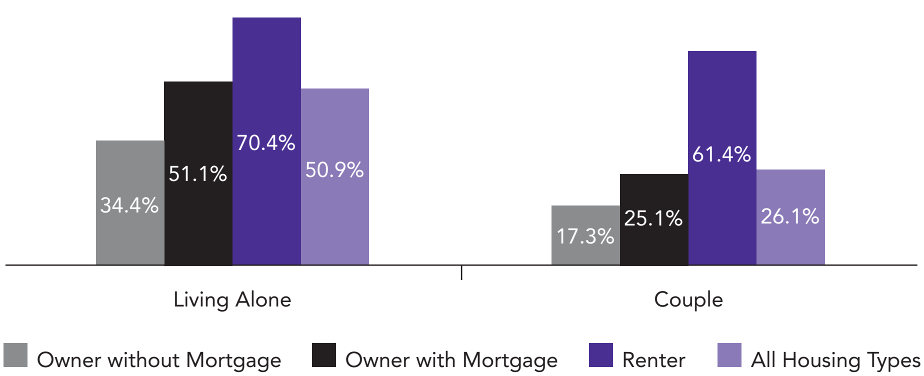
Most Older Renters Cannot Make Ends Meet

Housing is the biggest cost for most older Californians. Older renters were more than twice as likely to be economically insecure as those who owned their homes and had paid off their mortgages (70.4% for single renters vs. 34.4% for owners without mortgages, with an even wider gap for couples; see Exhibit 1). Just over one-third of California elders who lived alone rented.

Among all Californians age 65 and older, about one-third lived in rental housing, just over one-fourth in an owner-occupied house with an outstanding mortgage, and more than one-third in an owner-occupied house with a paid-off mortgage.

Exhibit 1

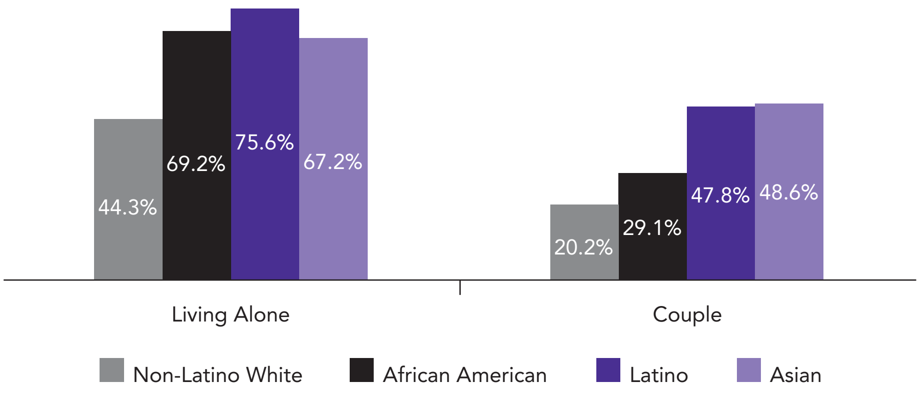
Income Under Elder Index by Housing Type, Living Alone and Couples Age 65 and Older, California, 2007



INSIGHT Center for Community Economic Development

This policy brief was developed in collaboration with the Insight Center for Community Economic Development.

Exhibit 2 **Income Under the Elder Index by Race/Ethnicity, Age 65 and Older, California, 2007**



Economic Security Varies by Race/Ethnicity, Gender and Age

Economic insecurity was highest among elders of color, women and the oldest age groups in the state.

Race/Ethnicity

Latino elders who lived alone or lived only with a spouse had the highest rates of economic insecurity. About three-fourths of Latino elders who lived alone and almost half of those who lived with only a spouse could not cover their basic costs of living (Exhibit 2). Non-Latino whites had the lowest rates among older adults with incomes below the Elder Index. Nonetheless, two-fifths of non-Latino whites living alone were economically insecure. The high rates of economic insecurity among all older adults who live alone demonstrate that living arrangements strongly affect economic vulnerability.

Gender

Older women accounted for 72% of all older Californians who lived alone. Those women were more likely than older men to be unable to cover their basic needs (53.5% of women vs. 44% of men; Exhibit 3).

This gender inequity among those living alone was partly due to lifetime wage discrepancies. Today, women still earn an average of 78 cents for every dollar earned by men, reducing their retirement incomes.[1] After retirement, incomes become relatively fixed. However, health care and housing costs have risen faster than the overall cost of living. Women generally survive their husbands, and are then forced to live on much smaller incomes. This results in a large gender gap in the ability to be economically secure in retirement.

Age

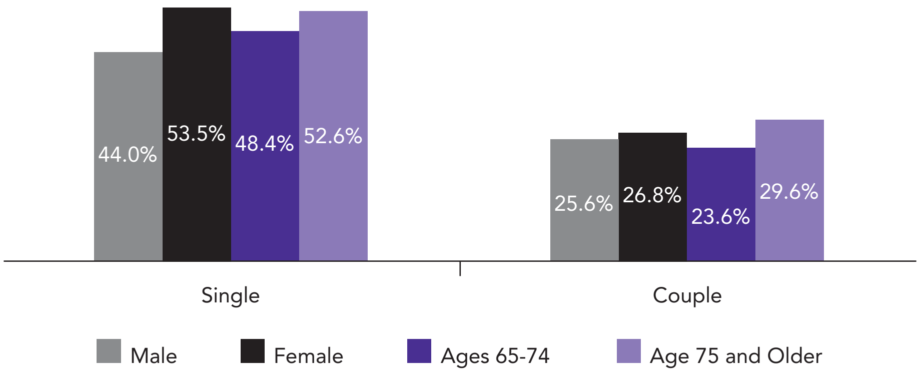
Older adults age 75 and over were more likely to be economically insecure than those ages 65-74, both when living alone and in couples (Exhibit 3). Those living alone were older on average than those in other living arrangements.

The risks for economic vulnerability were additive. The oldest age group (75 and older) was also more likely to be female, to be living alone, and to be renting than the younger group of elders. More than 90% of female single renters age 75 and older who were Latino or Asian had incomes below the Elder Index, as did two-thirds of whites and 85% of African Americans with these characteristics.

Many Elders in Larger Households Would Be Unable to Meet Basic Needs If Living Independently

While 64% of older Californians lived alone or only with a spouse, another 24% lived without a spouse but with others in their household, and 12% lived with both a spouse and others in the household. The Elder Index includes only the income of the older adult and his or her spouse, so economic security is

Older Californians with Incomes Below the Elder Index by Gender and Age, California, 2007 **Exhibit 3**



determined for those in larger households as if the elders were living without the other household members.

Among single elders who lived in larger households, 76% had incomes below the Elder Index. Couples living with others were below the Elder Index 48% of the time. This indicates that elders living with others are highly vulnerable to economic insecurity should their living arrangements change.

Most with Incomes Below the Elder Index Are Just Above the Federal Poverty Level

The official Federal Poverty Level (FPL) is a measure of deprivation that is used to determine eligibility for many public programs. Unlike the Elder Index, the FPL is uniform across the United States and was designed in the 1960s based on consumption patterns of the 1950s. Not only have consumption patterns changed significantly since then, but the FPL fails to account for the above-average costs of housing and other expenses in California.

In 2007 the nationwide FPL for a single adult living alone was $10,210. Many public programs use this figure in their criteria for eligibility. However, when using the actual basic costs as measured by the Elder Index, the average minimum income needed by a single older Californian who rented was $21,011.[2] The high cost of living in California and the outdated design of the FPL leave many economically insecure Californians with too much money to qualify for public programs, but not enough to cover their most basic needs.

Most elders in California who cannot meet their basic needs are not considered to be living in poverty as defined by the FPL. More than half of older adults below the Elder Index had incomes between 100 and 199% of the FPL (Exhibit 4). Just over one-fourth of elders living alone with incomes below the Elder Index were also identified by the FPL as "poor." Focusing only on the 132,000 older Californians living alone below the FPL overlooks the other 363,000 with incomes below the Elder Index. Thus, it is difficult for policymakers and others who rely on the FPL to accurately identify older adults in need of assistance and target programs appropriately.

Economic Insecurity Is Common in Both Urban and Rural Counties

While the state's most expensive counties to live in tend to be urban and coastal, counties in all regions of the state are home to elders with incomes below the Elder Index (Exhibit 5).

For example, two very different counties—San Francisco and Imperial—had the highest rates of economically insecure elders living alone, at 61.3% and 67.1% respectively. San Francisco had the second-highest rate because it had one of the highest costs of living in the state. The Elder Index in San Francisco was $27,435 for an older adult who lives alone and rents, and

San Francisco had a large number of single older adults who rent.[3] The cost of living for an older renter who lived alone in Imperial County was much lower, with an Elder Index of $19,891. But the incomes of elders in Imperial County were also substantially lower, resulting in the state's highest rate of economic insecurity.

Low rates of older adults with incomes below the Elder Index can be found in two adjoining counties, Marin and Sonoma. Marin had a higher cost of living than Sonoma (Elder Index of $26,581 vs. $22,635 for older renters living alone), but also had higher incomes. These county variations highlight the importance of assessing the adequacy of incomes for older adults using a county specific measure like the Elder Index.

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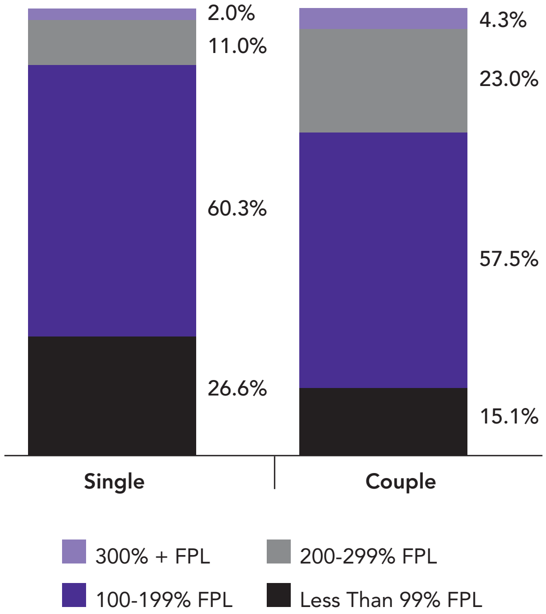
Californians Age 65 and Older Below the Elder Index, by Federal Poverty Level (FPL) **Exhibit 4**



Percent of Elders with Incomes Below Elder Index in Each County **Exhibit 5**

County	Living Alone	Couple
Total	**50.9%**	**26.1%**
Alameda	54.0%	26.5%
Contra Costa	46.1%	20.8%
El Dorado	41.8%	19.1%
Humboldt	43.9%	9.7%
Imperial	67.1%	47.8%
Kern	46.3%	24.3%
LA City	58.8%	37.8%
LA County (except City)	54.4%	31.2%
Marin	37.0%	5.7%
Merced	53.7%	32.1%
Orange	47.3%	20.8%
Placer	48.0%	23.5%
Riverside	46.9%	24.5%
Sacramento	44.3%	20.6%
San Bernardino	58.6%	25.9%
San Diego	46.3%	23.0%
San Francisco	61.3%	48.6%
San Joaquin	46.4%	26.4%
San Luis Obispo	52.8%	22.4%
San Mateo	37.7%	29.9%
Santa Barbara	47.2%	25.3%
Santa Clara	50.2%	22.9%
Santa Cruz	59.4%	20.9%
Sonoma	41.6%	14.3%
Stanislaus	54.6%	29.9%
Ventura	45.7%	16.3%
Alpine, Amador, Calavaras, Inyo, Mariposa, Mono, Tuolumne	57.1%	20.0%
Butte, Colusa, Glenn, Tehama, Trinity	48.6%	33.3%
Fresno, Madera	51.9%	26.4%
Kings, Tulare	48.8%	26.9%
Lake, Mendocino	57.7%	37.6%
Monterey, San Benito	47.6%	27.3%
Napa, Solano	56.1%	19.4%
Shasta, Del Norte, Lassen, Modoc, Siskiyou	51.9%	29.6%
Yolo, Nevada, Plumas, Sierra, Sutter, Yuba	49.6%	27.2%

Note: Small counties are combined due to small sample sizes for those areas.

Methods

Data are from the U.S. Census Bureau's 2006 American Community Survey. Income data were adjusted by the CPI to be consistent with the 2007 Elder Index.

The Elder Index in each county was calculated using actual cost data for older adults living alone and for couples. See *www.healthpolicy.ucla.edu/elder_index08feb.html*. The total income of the elder or couple was compared to the Elder Index to determine economic security. The incomes of both members of a couple were included, but only data about the members of couples who were 65 and older are presented, resulting in different numbers of men and women.

Elders in other living arrangements, such as a widow living with adult children, have no calculated need level available for the whole household. Instead, we examined their incomes and costs as if they were living independently (i.e., alone or as a couple without others). This often underestimates total household income, but is an accurate indication of income security, since the older adult with personal/couple income under the Elder Index would be unable to have a basic standard of living if he or she could not continue living with others.

Policy Implications

By determining the income older Californians require to cover basic needs in each county, the Elder Index provides more accurate estimates of economically insecure elders than the FPL. This new data should be used to examine programs and policies to ensure that all elders get the chance to reach a minimum standard of living. This policy brief documents that older Californians who live alone are in a particularly precarious position.

Economic insecurity is caused by the high costs of basic necessities and inadequate income. Housing is most elders' biggest expense, and the inadequate supply of publicly-subsidized and affordable housing forces many elders to make untenable choices, like deciding between filling a prescription or buying healthy food. Allowing older Californians who live alone and are on Supplemental Security Income to receive full food stamp benefits would help reduce their food costs, and raising the eligibility levels for programs that pay elders' Medicare premiums would reduce the costs of health care.[4]

Increasing incomes in old age requires changes in public programs for today's elders, and improved job opportunities, wages and savings for tomorrow's elders. As long as most women and persons of color are more likely to earn low wages and have few benefits, they will face the greatest challenges to economic security in retirement. Tightening the income eligibility for current senior programs will cause significant hardship among those already short of funds to meet the costs of basic housing, health care, food and transportation. County-level data on Californians below the Elder Index is at *www.healthpolicy.ucla.edu/elder_index09feb.html*.

Policymakers have already started to use the Elder Index. The California Elder Economic Security Initiative™ (Cal-EESI) helps advocates, service providers and policymakers improve programs and policies for California's older adults by educating them about the Elder Index. More information is at *http://www.insightcced.org/communities/cfess/cal-eesi.html*.

Cal-EESI is led by the Insight Center for Community Economic Development in Oakland (*www.insightcced.org*) and a statewide steering committee. The national initiative is led by Wider Opportunities for Women (WOW) in Washington, DC. The trademarks are to ensure consistent use. California funding has been provided by Aging & Independent Services of San Diego, Alameda County Social Services Agency Adult and Aging Services, Area Agency on Aging of the County of Los Angeles, The California Endowment, California Community Foundation, California

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UCLA CENTER FOR
HEALTH POLICY RESEARCH

The UCLA Center
for Health Policy Research
is affiliated with the
UCLA School of Public Health
and the UCLA School of Public Affairs.

PB2009-4

Editor-in-Chief: E. Richard Brown, PhD

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Policy Research Center, The California Wellness Foundation, City of Los Angeles Department of Aging, Council on Aging - Silicon Valley, Health Trust, Wider Opportunities for Women, UC Program on Access to Care, United Way of the Bay Area, and Y & H Soda Foundation.

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Acknowledgements

The authors appreciate the valuable contributions of L. Cricel Molina, D. Imelda Padilla-Frausto, and additional reviews by Carolyn Mendez-Luck, Ramsey Alwin, and Lori Warren.

Suggested Citation

Wallace SP and Smith SE. *Half A Million Older Californians Living Alone Unable to Make Ends Meet*. Los Angeles, CA: UCLA Center for Health Policy Research, 2009.

Notes

1 DeNavas-Walt C, Proctor BD, and Smith JC. U.S. Census Bureau, Current Population Reports, P60-235, *Income, Poverty, and Health Insurance Coverage in the United States: 2007*, U.S. Government Printing Office, Washington, DC, 2008.

2 See *Federal Poverty Guideline Underestimates Costs of Living for Older Persons in California*, at *www.healthpolicy.ucla.edu/pubs/publication.asp?pubID=247*

3 Ibid.

4 See also Wider Opportunities for Women, *Elders Living on the Edge: The Impact of California Support Programs When Income Falls Short in Retirement*, at *www.healthpolicy.ucla.edu/eess0208_pdf/wow_supp.pdf*

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