

Living on the Edge

By Barry Yeoman, March & April 2010

Millions of older Americans don't have enough money to put food on the table, but the government doesn't count them as "poor." How did this happen—and what's being done about it?

Nothing about Gail and Lewis Halverson signals that the couple is under financial siege. Not the shy smile resting under the pushbroom mustache of the tall and angular Lewis, 70. Not the sparkling blue eyes of Gail, 56. If you passed them on a hot Las Vegas street—holding hands, doting on their grandchildren, dressed in neat, casual clothing—you'd never guess that they wake up each morning wondering whether they'll be able to pay the rent.

Five years ago Lewis was doing marble and tile work for residential construction projects in Las Vegas—a flourishing trade in a city whose population has more than doubled since 1990. Gail made almost \$13 an hour, plus considerable overtime, supervising a children's gym. The couple lived in the four-bedroom ranch-style house where Lewis, an Air Force veteran, had raised his three children (his first wife died of cancer at 48). Four of the six grandchildren stopped by daily after school.

"I don't care what your income bracket is. I don't think anybody is secure." —Gail Halverson, 56, and her husband, Lewis, 70, Las Vegas, Nevada

Then Lewis tripped and fell, fracturing his back. He was 65. More crises followed: a broken hip, skin cancer, the onset of dementia. Lewis could no longer work, leaving him with a monthly Social Security income of \$1,103. Gail's employer wouldn't give her a more flexible schedule to care for Lewis, so she found another job teaching at a child-care center that pays only \$7.55 an hour—without benefits. Medical bills quickly ate up the couple's \$40,000 nest egg. Suddenly their monthly mortgage of almost \$1,000 was out of reach. Unable to sell their home, they let it slip into foreclosure. "We couldn't do it anymore," Gail says. "We just couldn't do it."

And so Gail and Lewis moved into a one-bedroom apartment far from their kids and grandkids. She has pawned her jewelry, and shops at Goodwill for necessities. The couple has no cable television or long-distance phone service, and Gail, who is too young to qualify for

Medicare, has no major medical insurance. She has not visited an eye doctor in five years, even though she suffers from a serious corneal condition. Yet when the couple applied for food stamps and Medicaid, they were told they made too much money to qualify.

Unbelievable as that sounds, the truth is that millions of older Americans confront the same predicament as the Halversons. Although their financial situation is dire, according to the federal government they are not poor. That's because they earn more than the U.S. Census Bureau's poverty threshold of \$13,014 for a two-adult household headed by a senior, and more than the \$14,570 that the government uses to determine eligibility for a number of its assistance programs. Under the current guidelines just 9.7 percent of Americans 65 and older officially live in poverty, the Census Bureau reported last September. That figure has barely wavered for a decade, even as the



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recession has nudged the nation's overall poverty rate above 13 percent.

Unfortunately the government's count doesn't include the millions of older Americans who live on the edge—who split pills, live without basic utilities such as air conditioning or a phone, and show up at food kitchens when their grocery money runs out. This is the invisible group that falls into a gap between the destitute (who are eligible for government services) and the lower middle class. The Census Bureau's poverty threshold "is not even half of what a senior needs to make it," says Paul Downey, president-elect of the National Association of Nutrition and Aging Services Programs. "We have come up with a convenient method to bury our head in the sand. So long as we use the federal poverty level as our measurement, we can pat ourselves on the back and say, 'Gee, we're doing a good job.' "

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If you're wondering why there's such a stark difference between official statistics and hard reality, consider this: the federal government defines poverty using a formula more than 40 years old.

In the 1960s a Social Security Administration economist named Mollie Orshansky took the cost of a bare-bones diet and multiplied it by three, creating the basis for all future poverty benchmarks. Orshansky based her computation on 1955 consumption patterns, when food accounted for one-third of the average household budget.

"I learned from my mama: What you don't have, you can't worry about. You just have to deal with it. "
—Barbara Davis, 61, Jackson, Mississippi

That calculation doesn't consider today's housing and health care costs, which have dramatically outpaced food prices. Nor does it factor in geography. "Costs in Manhattan, Kansas, are not the same as they are in Manhattan, New York," says Stacy Sanders, associate director of the Elder Economic Security Initiative at the nonprofit Wider Opportunities for Women (WOW) in Washington, D.C.

Recognizing these disparities, the National Academy of Sciences in 1995 unveiled an alternative poverty measure that considered the costs of food, clothing, and shelter, along with regional differences, income from government benefits, and expenses such as medical costs. By the academy's formula, 18.7 percent of older Americans—more than 7 million individuals—live in poverty.

The academy's recalculation created a vigorous buzz in academic circles. But political pressure in the mid-1990s to reduce the number of people on federal assistance stalled all efforts to revise the poverty formula.

"If you were to update the traditional measure to accurately reflect who's struggling, you'd be increasing the number of older people who are deemed to be in poverty," says Jenny Chung, an attorney with the Insight Center for Community Economic Development in Oakland, California. "I don't think any politician wants to see poverty rise so dramatically on their watch."

Changing the poverty line would also create winners and losers, adds Steven Wallace, associate director of UCLA's Center for Health Policy Research. For example, assuming there's no additional funding for programs, more of the existing money would be likely to flow toward city dwellers, who have higher housing costs. That could spark resistance from rural areas. "Because there would be a redistribution, it's a hard sell," says Timothy Smeeding, director of the Institute for Research on Poverty at the University of Wisconsin.

The recession of 2007-2009 simply magnified the problems. Retirees who had carefully socked away money found themselves holding diminished pensions and investment accounts. Yet with housing values plunging in many places, they couldn't sell their homes—that's what happened to the Halversons—or get cash through reverse mortgages. And with tax revenues shrinking, cash-strapped governments have been cutting services for the elderly poor, even as more people need their help.

Here's another look at what this means in human terms. Barbara Davis, 61, is a lifelong resident of Jackson, Mississippi. During her working years, she styled hair, cleaned hotel rooms, assisted teachers, and rebuilt car and truck generators. None of that translated into a secure retirement. Now disabled and living on \$679 a month from Social Security plus \$41 in food stamps, Davis must decide which of her 15

medications she can live without. State regulations limit Medicaid recipients to five low-cost prescriptions each month.

By the federal government's standards, Davis is living in poverty, and receiving aid, which she clearly needs.

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By contrast, Ronald Green is a 62-year-old former Hollywood prop master. "I earned \$100,000 a year," recalls Green. "I lived high on the hog. I had saved twenty grand. I had no indebtedness to anybody." Beginning in 2007, Green developed prostate cancer, a blocked carotid artery, and pulmonary disease; he also required a hip replacement. The bills ate up his savings—"They buried me, just totaled me," he says—and he couldn't afford his house in Lake Arrowhead, California, on a Social Security check, now \$1,370 a month. Green, who is divorced, moved into the trailer he had bought for retirement—a modest unit with peeling white paint in a scrubby mobile-home park near the edge of Las Vegas. He is offloading his possessions to survive. He stopped making automobile repairs and let his tags expire. To keep his utilities running, Green periodically overdraws his bank account and incurs large fees.

According to the federal government, Green is not poor.

"If I had a stroke and wanted to come home, I couldn't afford to get someone to take care of me, to keep me out of a nursing home. "
—Vera Haile, 75, San Francisco, California

Even those who are fighting to move the poverty line are feeling its bitter effects. Vera Haile spent most of her career helping impoverished seniors in her hometown of San Francisco. Working for the nonprofit Self-Help for the Elderly, Haile aided low-income residents of her city's Chinatown with their applications for public assistance. Later she directed North of Market Senior Services, which provided meals and medical care in the city's Tenderloin district.

"It made me feel I should prepare for my own retirement in a realistic way," says Haile, 75. Upon retiring in 1996, she had paid off her mortgage and was collecting \$950 in Social Security, plus investments that brought in \$700, a month. Then, in 2005, Haile's husband suffered a stroke and landed in a nursing home. Not long after, Haile needed surgery to replace her aortic valve. By the time her husband died in 2008, the couple's resources were nearly

depleted. Haile's income dropped, yet her utilities and property taxes kept rising.

"I'm a Depression child, so I am not unfamiliar with how you do things on a low budget," Haile says. She buys her clothing at thrift shops and has eliminated dentist visits. And though she recognizes she's better off than some, she worries about the future. "If I had a stroke and wanted to come home to recuperate, I couldn't afford to get someone to take care of me, to keep me out of a nursing home," she says.

In 2009 Haile joined an effort to get California to adopt the Elder Economic Security Standard Index. Developed by WOW and the Gerontology Institute at the University of Massachusetts Boston, the index is a more fine-grained standard of elder poverty than the one developed by the National Academy of Sciences: it breaks down the numbers county by county, calculating how much income seniors need depending on their health conditions and housing situations. The campaign almost succeeded—last September the California legislature passed a bill requiring certain agencies to use the index as an additional planning tool. Though the bill did not expand government benefits, Governor Arnold Schwarzenegger vetoed it, saying it would create "cost pressures at a time when there is no ability to increase service levels."

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Regardless of the California bill's defeat, some localities around the country are attempting to measure poverty more accurately. In 2008 the New York City Center for Economic Opportunity, an agency established by Mayor Michael Bloomberg, used the National Academy's recommendations to recalculate the city's poverty levels. For seniors, the academy found the real citywide poverty rate was 32 percent—well above the census figure of 18 percent. That doesn't translate immediately into more benefits, but Deputy Mayor Linda Gibbs says the data will help city officials plan for an aging population.

"It's embarrassing to go from the lap of luxury to a gentleman of the road, almost. I can't believe what's happened. "

**—Ronald Green, 62,
Las Vegas, Nevada**

Some federal officials have also indicated they may be willing to tackle the problem. Last year Senator Christopher Dodd (D-Connecticut) and Representative Jim McDermott (D-Washington) introduced the Measuring American Poverty Act, which would mandate a new formula based on the National Academy's recommendations. McDermott is encouraged by the number of organizations that support his bill—including AARP, the National Senior Citizens Law Center, and the Leadership Conference on Civil Rights. "There's a beginning of an understanding in the body politic that ignoring [the true poverty rate] isn't going to make things better," he says. "We have to face the realities that are in this country. If we don't, it's at our own risk."

President Barack Obama has also said he favors a change in the poverty formula, though with other issues facing the nation, it hasn't been a priority. "The White House is taking a close look at the National Academy's proposal and the Dodd and McDermott bills," says Shin Inouye, the White House director of specialty media.

It also is encouraging that the president's appointees include several longtime critics of the current poverty guidelines. "Internally, behind the scenes, there has been some movement," says Ramsey Laine Alwin, director of the Economic Security Initiative at the National Council on Aging. "We now have people inside the system who get it."

Back in Las Vegas, Gail Halverson rises at 5:00 each day to get ready for work. She drops off Lewis at the nonprofit Adult Day Care Center of Las Vegas—which waives his fees and provides two meals a day (the center doesn't turn anyone away)—then hurries to her job. The Halversons, heartened by everyday kindnesses (Gail's employer often sends her home with extra meals from lunch), and well aware that they are not alone, soldier on. "We could get help from our church as far as food," says Gail, who is Mormon. "But I know there are people who need help more than we do. That would be my absolute last resort."

Growing up, Gail was imbued with a firm sense of the American Dream. "My parents were military," she says. "You paid your bills, you honored your country, you did what you could for other people. Then you retired and enjoyed your life." Those days are gone, if they ever truly existed. Today, as Gail Halverson learned, falling out of the middle class is easy. "I don't care what your income bracket is," she says. "I don't think anybody is secure."

Barry Yeoman last wrote for AARP The Magazine about [job loss among older workers](#).