



Neal Curtin

Mr. Curtin is a supervisory management analyst in the Human Resources Division. He is currently assigned to HEW programs for the elderly. He began his career with GAO in 1970 after earning a B.S. degree in economics from Bradley University. He worked in the Chicago regional office and the European Branch before joining HRD.

Aging in America: An Overview



What's it like to be old in America?

For Annie Jones', it's lonely. She's just returned from the cemetery and feels like a member of the "Funeral-of-the-Month Club." She had her 72nd birthday last month and she just buried the only friend who celebrated it with her. Since her husband died 6 years ago, she's lived alone, and because her friends are dying or going into nursing homes, she is becoming more and more isolated. Her two daughters are at opposite ends of the country, and she really doesn't want to intrude in their lives anyway.

For Stanley Miller, it's painful. He's 76 now, and for the past 3 years his arthritis has become increasingly inflamed and debilitating. Since his wife died last year, he has had to fend for himself and he is finding it more and more difficult just to move around in the 7-room house they owned for 25 years. Keep the house clean? Cook three good meals a day? Paint and repair the exterior of the house? Forget it. His social security check and meager private pension doesn't permit him to hire help for these things and his health doesn't permit him to even attempt them alone. He wonders how long he can stay out of a nursing home; once he gets there, he feels he'll never leave.

For Mildred Armbruster, it's frustrating. She's 68 and feels better about herself now than she did when she was 48. She's healthy,

active, and secretary of her senior citizens club. She and her husband have a nice apartment and a modest retirement income. She doesn't feel "old." But something's not right. Something's missing. They've been able to do only a fraction of the things they planned for retirement. Their pension is eaten away by inflation and just doesn't go far enough to allow them to travel, to see the country, or to visit their children and grandchildren. Their friends are starting to look old; they seem to visit the hospital a lot to cheer up friends with arthritis or cancer or heart trouble. Some neighbors were robbed last week, and for the first time, Mildred realized how vulnerable she was. Now she's reluctant to walk or ride the bus alone carrying her purse. She can feel through her friends the inevitability of deteriorating health and eventual death, and it is depressing.

These are 3 of the 24 million Americans age 65 or over in 1979, and all of us probably have friends, relatives, or neighbors who sound a lot like Stanley, Annie, or Mildred. These senior citizens, older Americans, Golden Agers, whatever you call them, now represent 11 percent of the U.S. population, and their problems, needs, and desires are gaining increasing attention.

No wonder. In 1900, only 3 million Americans were 65 or older, a mere 4 percent of the population. Now the 65+ age group grows by 1,500 every day. About 40 years from now, when the 1950's baby boom generation reaches its "golden years," experts estimate there will be 45 million seniors, representing 18 percent of the population. By 2020, the median age of Americans, which has been about 28 since the 1930's, will jump to 37.

The combination of improved medical care and disease control for the elderly along with continued low birth rates will transform American society in ways that are still largely unknown.

Former HEW Secretary Joseph

GAO Review/Winter 1980

Califano, in 1978 testimony to the Senate Special Committee on Aging, cited four major demographic trends which are already starting to have dramatic effects on social policy.

First, life expectancy has increased almost 10 years since 1940 and over 20 years since the turn of the century. In 1900 the average life expectancy was only 43 years; it rose to 63 in 1940. In those days, 65—the social security retirement age—really was “old.” Today life expectancy is 69 for men and 77 for women. Three-quarters of the infants born today will reach age 65, and once they’ve made it that far, they will live an average of 16 more years to age 81.

Second, when the baby boom reappears as a senior boom early in the 21st century, the percentage of elderly in the population will not just increase, it will soar from the 11-12 percent range to 18 percent. Moreover, a much greater percentage of the elderly—some 45 percent—will be very old—over 75 years.

Third, while people are living longer, they are retiring earlier. Thirty years ago, nearly one-half of all men 65 and over remained in the work force. Today, among people 65 and over, only 1 man in 5 and 1 woman in 12 are in the work force. Even with the prohibition of mandatory retirement there is no indication that this trend toward earlier retirement might ease.

Fourth, the ratio of active workers to retired citizens will change dramatically in the future. In 1940, there were 9 citizens age 20 to 64—an approximation of the active work force—for every citizen 65+. Today there are 6 to 1; in 50 years the ratio will be 3 to 1. That means each worker will have to support twice as many retirees in 2030 as he does in 1980.

Providing for the Elderly's Needs

To live a full and enjoyable life, the elderly's needs are the same as those of the rest of the population: income, shelter, health care, nutrition, a sense of belonging and satisfaction—things that we all take for granted. For those 65+, though, fulfilling these needs can become critical—indeed, life and death—problems.

The elderly are among the poorest group in the Nation. A recent analysis by the Administration on Aging reported that 31 percent of the seniors living alone—2.1 million elderly—have incomes below the Federal poverty level. Elderly couples are relatively better off; about 8 percent of them are below the poverty level. Average income for couples 65+ is \$8,000. For the minority elderly, the income problem is much worse—about 34 percent are living in poverty.

But that is only part of the story. The Government also measures those who are “near poverty”—that is, those with incomes that are less than 125 percent of the poverty line. Using that yardstick, 25 percent of all Americans 65+—49 percent of minority elderly—are living in or near poverty levels.

We all know what inflation does to our paychecks; it attacks retirement income even more viciously. That savings account which was going to provide a nice pad for retirement now seems insignificant as prices for such basics as food, fuel, and shelter skyrocket.

Another area where inflation has been devastating is health care, and that is a vital concern to all seniors. The natural wearing out of the body with age has been somewhat controlled with modern medicine but can never be stopped. The elderly just get sick and injured more often and more severely than the rest of the population and the money spent on health care for the aged shows it. In 1977, the average amount spent by Americans age 19 to 64 on hospitals, doctors, and medicines was \$661 per person. For people 65+ in that same year, the average expenditure was \$1,745. In GAO's Cleveland study of elderly well-being, we found that 33 percent of the sampled population had one or more illnesses that seriously affected the ability of the individual to perform simple daily tasks. Most of those had multiple physical problems, many of which were not being treated. Like Stanley Miller, about 38 percent of the elderly are hampered by arthritis. Along with high blood pressure, arthritis is the major health problem of the aged.

Even if all illnesses are treated, many seniors still need help with

some activities of daily living—cleaning house, going grocery shopping, preparing a meal. In the Cleveland study, 27 percent of the sample needed help to do 1 or more such tasks and 12 percent could not do any of the tasks even with help.

And what about seniors like Mildred Armbruster—still active, still healthy? They need to be involved in community service employment or volunteer work that will make them feel useful and needed, and they need planned activities and challenges to keep them sharp and alert.

Federal Government's Response to the Elderly

If he or she meets certain eligibility criteria, an American 65 or older can get

- a retirement check from social security,
- a monthly check for supplemental security income,
- food stamps from the Department of Agriculture,
- free meals from the Administration on Aging,
- social services from HEW's Office of Human Development Services,
- a job from the Department of Labor,
- utility bills paid by the Community Services Administration,
- part-time volunteer work from ACTION,
- a subsidized apartment from HUD,
- hospital bills paid by Medicare or Medicaid,
- a half-price bus ride subsidized by the Department of Transportation,
- even disco lessons at a senior center from the Administration on Aging.

The Federal Government has gone to great lengths to establish programs aimed at the needs of elderly Americans. (Some of the programs [e.g., Medicaid, food stamps] are available to anyone—young or old—who have low incomes. Others are targeted specifically to the aged, regardless of income.) A few years ago GAO

counted 134 Federal programs run by 13 agencies or offices which provide benefits to the elderly. What is the total outlay of Federal tax money on the elderly? No one knows for sure because records are not kept by age in many programs. However, even the lowest estimate puts the figure well over \$100 billion annually—25 percent of total Federal Government outlays.

The great bulk of expenditures, of course, is for social security. Since its passage in the 1930's, social security has been hailed as one of the great social experiments of history, resulting in huge transfers of income from the workers to the retirees. In 1979, an estimated \$87 billion in social security benefits were paid to retirees or their survivors.

Medicare and Medicaid, begun as part of the Great Society social program of the 1960's, now pay medical benefits to elderly participants estimated at over \$25 billion a year. An estimated 14 million persons 65+ were helped by Medicare and/or Medicaid in 1977.

Perhaps the most symbolic act the Federal Government has taken for the elderly has been to establish the Administration on Aging (AOA) within HEW. The Older Americans Act of 1965 established AOA as the focal point and advocate for the elderly within the Federal bureaucracy. In the seven amendments to the act since 1965, the Congress has strengthened AOA, created a State and sub-State network of agencies to work for the elderly throughout the country, and appropriated more and more money for network programs. AOA now administers programs for

- planning and social services,
- nutrition,
- multi-purpose senior centers,
- research and development in aging,
- model projects demonstrating innovative service delivery techniques for the elderly,
- training for careers in gerontology,
- community service employment of the elderly (currently run by the Department of Labor), and

- volunteer work programs for the elderly (currently run by ACTION).

AOA's programs were funded at \$520 million in 1979. The employment and volunteer programs received additional appropriations of \$260 million. Ten years ago, total funds available for all Older Americans Act programs were only \$23 million.

Surely with all these Federal programs and with the increasing financial commitment from Congress and the President, the needs of elderly Americans are being largely served, aren't they? Guess again. AOA's appropriation represents about \$17 annually for each person 60 or older. The nutrition program—which provides hot meals 5 days a week in a group setting or delivers them to the home—receives \$250 million a year, or about \$8.33 per eligible person. Officials estimate that the nutrition program now serves less than 2 percent of the elderly. Medicare and Medicaid, despite their significant outlays, still pay only a portion of the total medical costs of the elderly. Most of the Medicaid money—an estimated 90 percent—goes to nursing homes for care of the chronically ill. Public programs pay about 67 percent of elderly health care costs; however, because of rising costs the elderly still pay about the same out-of-pocket costs for medical care now as they did before Medicare.

GAO has recognized the importance of making Federal aging programs more effective and is devoting more and more resources to the effort. Besides our traditional and significant work in social security, Medicare/Medicaid, and other categorical programs that affect the elderly, GAO has an active audit site at the Administration on Aging. Our recent work there has looked at such diverse aspects as the nutrition program ("Actions Needed To Improve the Nutrition Program for the Elderly," HRD-78-58) and the condition of a sample of elderly in a large urban area ("The Well-Being of Older People in Cleveland, Ohio," HRD-77-70). Reports will be issued in 1980 on AOA model projects in aging and on the ability of local AOA-funded agencies to administer social services funds effectively.

The Issues

Federal programs are important, indeed vital, to senior citizens, but they do not solve all the problems of old age. Many analysts believe that the Federal Government will never be able to fully meet the needs of the elderly. The social security fund is shaky; national health insurance is still years away. Much elderly support now comes not from the Government but from the family and friends of old people. GAO's Cleveland study documented this family and friend network, and estimated that 75 percent of in-home services provided to the elderly come from this network, not from the Government. Will today's smaller families be willing and able to shoulder this burden 40 years from now to support their parents? If not, where will the support come from?

These and many other questions are being raised at the highest levels now and will gain increasing attention in the years ahead. Besides the social security and national health insurance issues, the Congress will be considering:

- A national policy for long-term care of the elderly aimed at finding suitable alternatives to nursing homes for chronically impaired elderly.
- The need for a Cabinet-level national aging office with more visibility and political "clout" than the current Administration on Aging.
- Whether the Older Americans Act programs should continue to try to serve all citizens age 60 and over or should focus more specifically on the frail elderly over age 75.

The Future

Decisions on these issues will affect all of us as we move into our own "golden years;" the answers, one way or another, will come within our lifetimes.

What's it like to be old in America? Stick around; it will be exciting to find out.

¹ The names used here are fictitious, but the plights depicted are all too true.