

**ECONOMIC SECURITY FOR
OLDER PERSONS IN HAWAII:
Some Issues, Problems,
and Opportunities**

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FOREWORD

This study on income requirements and directly allied problems and needs of older persons in Hawaii was conducted pursuant to the adoption of a concurrent resolution of the Hawaii State Legislature. A copy of the resolution and the attendant committee reports are appended as Appendix A.

The legislative measure, in brief, requested the performance of "...a study to explore the feasibility of establishing an income supplementation program for needy retirees and pensioners who are permanent residents of the State of Hawaii".

The study addresses the central concern of the legislature relating to the income needs of older residents of the State. In addition, other areas of need bearing a direct relationship to income adequacy are also examined.

The economic plight affecting many millions of older Americans including older persons in Hawaii has received growing recognition and attention in recent decades and years and major pieces of federal legislation designed to alleviate the problems of elderly persons subsisting on modest fixed incomes and limited economic assets have been enacted. For the most part, the key federal laws affecting older Americans have origins directly traceable to the decade of the 1960s. Illustrative of these major federal laws are Titles XVIII and XIX of the Social Security Act which, in 1965, respectively established the Medicare and the Medicaid programs; the Older Americans Act of 1965; the Supplemental Security Income Act (SSI) of 1972 and selected "reforms" to the Social Security Act, notable among which is a provision of the 1976 amendments to the Act which mandates an increase in the monthly benefit payment in consonance with rises in the Consumer Price Index (CPI).

As laudable as these initiatives are, there remain policy decisions yet to be rendered of enormous fiscal, economic, and social impact affecting not only older Americans but literally all Americans. These decisions fall in the areas of "welfare reform" and a nationally based health care system which have direct tie-ins to Medicare and Medicaid.

Continuing priority attention by the Congress and the Administration and by state and other local government legislative bodies and other policy makers is a predictable expectation. Recent Congresses, including the 96th Congress which convened in 1979, have introduced proposals for a national health care system along with reforms for improving the existing cash-based income maintenance programs for needy Americans. The fate of these proposals is uncertain as of this writing; however, if history has any lessons to offer, the non-enactment of major Congressional and Administration proposals, including the Family Assistance Program (FAP), the Negative Income Tax Plan (NIT), and more recently, President Carter's "Better Jobs and Income Act" sometimes referred to as the "Welfare Reform Act", may serve to indicate the fate of similar social legislation which have been introduced or await introduction in the immediately foreseeable future. Yet given political realities, it may be that significant social legislation will be enacted during the current 96th Congress.

What then are the implications for Hawaii's legislature and the Executive? Should Hawaii await the settling of the dust emanating from the Nation's Capitol before embarking on state-initiated programs or proceed to implement measures, even if only on a modest or limited demonstration basis to alleviate the economic hardship being experienced by a significant percentage of Hawaii's elderly? There are no simple answers or solutions to the problems of economically needy persons including the elderly. Fiscal considerations are of paramount importance but there are other issues with significant policy implications.

In summary, this study attempts to highlight the key issues relating to an income support program for Hawaii's older persons and to suggest policy and program alternatives for the consideration of the Hawaii State Legislature.

Various individuals in the public and non-public sectors served as resource persons to the Bureau's researchers. Among the persons deserving of special recognition are Carl Sekimura, Program Specialist, Executive Office on Aging, Office of the Governor of Hawaii; Walter W. F. Choy, Director, Hawaii Office of Economic Opportunity, Office of the Governor of Hawaii; Koon Hin Choy, President, K. H. Choy Associates, Inc., of Honolulu; and Albert K. Sing, a private citizen and life resident of Honolulu who has served on numerous boards and commissions for social welfare and human services activities at the state and local government levels and in the non-public sector as well. To these four individuals and the others who shared their time, talents, and wisdom (see Appendix B), the Bureau extends its sincere appreciation.

The reader desiring an overview of the major findings and conclusions, and recommendations of the study should refer to Chapter 2.

Samuel B. K. Chang
Director

February 1980

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ERRATA SHEET

Corrections to ECONOMIC SECURITY FOR OLDER PERSONS
IN HAWAII: Some Issues, Problems, and
Opportunities, Report No. 1, 1980
(Legislative Reference Bureau, State Capitol,
Honolulu, Hawaii 96813)

The text of the above cited Report No. 1 should be corrected
as follows:

Page 29

Last paragraph, first sentence: substitute "41.45" for
"58".

Page 31

First paragraph, second sentence: substitute "41.45" for
"58".

Page 57

Last paragraph, last sentence: substitute "m and n" for "14
through 17".

Page 79

Last paragraph, second sentence: substitute "5.9, 5.10,
and 5.11" for "5.10, 5.11, and 5.12".

PART I

INTRODUCTION AND SUMMARY OF MAJOR FINDINGS
AND CONCLUSIONS, AND RECOMMENDATIONS

Chapter 1

INTRODUCTION

Senate Concurrent Resolution No. 75 adopted by the Ninth Legislature of the State of Hawaii, Regular Session of 1977, requested the performance of "...a study to explore the feasibility of establishing an income supplementation program for needy retirees and pensioners who are permanent residents of the State of Hawaii".

The adoption of the Resolution reflects a firm and continuing commitment of the Hawaii State Legislature to promote the economic and general well-being and interests of Hawaii's senior citizens. This study has been prepared in response to this significant and laudable expression of concern.

Objectives of the Study

The objectives of the study are:

1. To identify the target group, i.e., the financially needy retirees and pensioners in the State;
2. To identify and review existing programs designed to address the needs of the target group;
3. To formulate alternative approaches and programs and where practicable and feasible, identify the fiscal, legal, and other relevant factors so associated; and
4. To present findings and conclusions, and recommendations.

Scope of the Study/Study Approach

This study is focused upon income needs of older retirees and pensioners residing in the State of Hawaii. The study is primarily descriptive, as opposed to being analytic in nature, and the findings and conclusions, and recommendations are largely formulated from three sources: (1) data and

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information appearing in the existing literature and statutes; (2) written policies and regulations of the various entities furnishing services to older persons; and (3) views expressed by various resource persons contacted by the Bureau's researchers.

Definition of Terms

As used in this study unless the context clearly indicates otherwise:

Gap-group, marginally poor, near poor, or potentially poor means those persons, or a category of persons who do not meet technical eligibility requirements for one or more governmentally funded or administered programs for low-income persons, but who, nonetheless, characteristically lack the financial resources to meet certain requirements of daily living beyond the barest essentials.

Income supplementation, income assistance, income support, or income maintenance means a federal, state, or federal-state funded or administered program of cash assistance for persons, including older persons, who are eligible for such assistance.

Needy older person or financially needy older person means a person eligible for at least one major governmentally based income assistance program for older persons and for which such program or programs, income levels and economic assets constitute basic eligibility criteria.

Needy retiree or needy pensioner means a person age 60 and older not in the active labor force and "retired" and meets the definition of "needy older person" appearing immediately above.

Official poverty standard, federal poverty standard, poverty standard, poverty index, poverty guideline, poverty line, or income poverty guideline means a governmentally developed scheme based on family size, annual income, and economic assets and which is used as an eligibility standard or criterion for programs for persons of low income.

Older person, elderly, aged, or senior citizen means a person over the age of 60.

INTRODUCTION

Organization of the Report

The report is presented in four parts. In brief:

Part I provides an introduction to the study; a summary of major findings and conclusions; and recommendations.

Part II provides a general profile of Hawaii's older population with emphasis upon demographic trends and economic status; and an overview of selected concepts, definitions, and issues relating to the aging process and economic poverty.

Part III provides background information on existing programs and services for older persons in Hawaii; discussion of selected major federal legislation and proposals relating to a nationally based income maintenance program; and discussion of selected alternative approaches and strategies, and where feasible or relevant, the legal and fiscal implications for alleviating the economic distress of needy older persons in Hawaii.

Part IV contains the appendices.

Chapter 2

SUMMARY OF MAJOR FINDINGS AND CONCLUSIONS, AND RECOMMENDATIONS

Introduction

A growing body of literature concerning the economic well-being of America's elderly poor coupled with the acceleration of media activities have heightened public awareness of the serious financial plight confronting many older Americans. For example, the informed reader may be aware that the "Wall Street Journal", during late 1979 carried a front page series consisting of seven separate articles about the problems of inflation and related economic needs and concerns of older Americans. In addition, there have been a number of major books concerning the needs of the elderly poor in the Nation which have enjoyed wide circulation. They include "The Other America, Poverty in the United States"¹; "Poverty in America"²; and "The Golden Years...A Tarnished Myth"³.

Major problems and needs confronting Hawaii's elderly have been addressed in several relatively recent studies including one by the Hawaii Legislative Reference Bureau⁴ and another by Gordon Associates, Inc.⁵

The terms "retiree" and "pensioner" bear little elaboration or clarification. Yet, attempting to develop a useful working definition of a "needy retiree" or "needy pensioner" for purposes of this study has proven to be an elusive and complicated task. The difficulty can, in large measure, be attributed to lack of agreement between and among government officials, economists, political scientists, researchers, students of poverty law, and a host of others including older persons themselves, as to how "economic need" or "economic neediness" should be defined as such terms relate to older Americans. This observation is echoed by at least one nationally recognized authority who asserts "...Standards of adequacy vary both within the society's general level of well-being and public attitudes toward deprivation," and "...there is no universally accepted definition of individual or family needs."⁶

SUMMARY OF FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

The lack of consensus as to what constitutes a level of economic adequacy notwithstanding, the federally devised poverty index, variously known as the "Federal Poverty Standard", "Poverty Index", "Poverty Income Guideline", "Poverty Guideline", and other similar terms, has been widely used as an eligibility guide for most programs designed for low-income persons.

Recent years and months have witnessed growing concern about the appropriateness and adequacy of the federal poverty standards. Issues associated with the federally devised measures of poverty, i.e., the various poverty standards, have apparently received the serious attention of the Congress of the United States, as evidenced by the enactment of Section 823 of the Education Amendments of 1974 (P.L. 93-380). The thrust of Section 823 was a congressional mandate to the Department of Health, Education, and Welfare (DHEW) that "The Assistant Secretary shall supervise, with the full participation of the National Institute of Education and the National Center for Education Statistics, a thorough study of the manner in which the relative measure of poverty for use in the financial assistance program authorized by Title I of the Elementary and Secondary Education Act of 1965 may be more accurately and currently developed. The study of the relative measure of poverty required by this subsection shall be adjusted for regional, climatic, metropolitan, urban, suburban, and rural difference and for family size and head of household differences...." The Department of Health, Education, and Welfare broadened the scope of the study "...to include implications of the findings of the study for the poverty-related programs of all affected Federal departments and agencies."⁷ (Emphasis added) The principal findings of the DHEW are contained in a report entitled "The Measure of Poverty" accompanied by 18 technical papers and are discussed in chapter 4 of this study.

See Appendix C.1 and C.2 for information concerning the table of contents of the "Measure of Poverty" and the titles and authors of the 18 technical papers. As of this writing, it has not been determined whether or the extent to which the DHEW poverty studies have been utilized by the Congress or the Federal Executive Branch. One source in the recent literature makes the following observation about the DHEW poverty study as follows:⁸

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A potentially explosive discussion is now taking place within the Congress and the federal executive branch regarding possible changes in the official measure of who shall be counted as poor. The discussion is capsulated in the Measure of Poverty - an HEW report submitted in April, 1976, in response to a congressional mandate....
(Emphasis added)

Major Findings and Conclusions

The principal finding of this study is that inadequate income continues to rank at the very top as the most pressing "social" problem generally confronting older Americans including Hawaii's elderly. This finding has been asserted in a number of research reports, surveys, and at least one major report focusing on Hawaii's elderly.⁹ A sub-finding relating to the problem of income inadequacy of older Americans is that the severity of the inadequacy is directly correlated to age. Characteristically, older retirees have small fixed incomes, often consisting of social security payments coupled with Supplemental Security Income (SSI) or public assistance supplementary payments, and generally possess little or no other economic assets such as cash in the bank, real property, negotiable securities, and the like. Conversely, younger retirees tend to have higher income levels and more economic assets. Yet, as shown by material presented in chapter 3 of this study, many older persons in the State of Hawaii age 60 and older have incomes placing them within the "official" federal poverty standard.

Another major finding, and one which comes as no great surprise, is the significant fiscal implication of an income supplementation program for needy older persons in the State. As shown by data in chapter 5 of this study, the cost of initiating an income supplementation program for the approximately 6,400 State of Hawaii recipients of SSI age 60 and older at an average additional payment level of \$50 a month beginning in 1980 would require an annual outlay of slightly more than \$3,000,000. This figure reflects direct assistance costs only and excludes administrative costs. The fiscal implications notwithstanding, there are a variety of legal factors that would have bearing upon the constitutional and operational standing of an income supplementation program in light of prevailing federal and state laws relating to retirement and disability income, pension, and taxation matters. These legal and closely related issues are discussed in greater detail in chapter 5 of this study.

SUMMARY OF FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

In summary, the basic finding of this study is that income inadequacy remains a serious problem affecting a significant number of Hawaii's older population. Demographic data reflect that the elderly will progressively represent a larger per cent of the total state population in the years and decades ahead. This is a finding which generally parallels national demographic projections.

Data and information gathered during the course of this study point to the strong consensus that the needy elderly should be given all possible governmental assistance. However, there is no clear consensus on what the general or specific strategies and approaches should be. The dominant approaches advocated fall into three basic categories. One calls for additional direct cash supplementation to raise the income levels of the elderly to some higher level such as the "lower level" budget of the federal Bureau of Labor Statistics. A second approach calls for greater cash outlays for the so called in-kind programs, including expanded resource allocation for health care, social services, housing assistance, etc. The third basic approach calls for a nationally based cash assistance program with the concomitant elimination of virtually all other existing governmentally funded indirect cash assistance programs. Examples of these indirect cash assistance programs are the food stamps program, nutrition program, and the several housing assistance programs.

Recent years and months have witnessed a clearly emerging posture of fiscal conservatism at all levels of government throughout the Nation. This mood is also present in Hawaii as evidenced in part by the approval of Hawaii's voters during November 1978 of several amendments to the Hawaii State Constitution which mandate spending limits and closely allied belt tightening measures. Competition among diverse interests for available public resources can be expected to heighten in the months and years immediately ahead. It is a safe prediction that the elderly and advocates in their behalf will be among those interests who will be presenting aggressive and forceful arguments for a greater share of the public resources which are to be committed for social programs by the federal government, the State of Hawaii, and the several counties.

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RECOMMENDATIONS

Introduction

The preceding section capsulizes the major findings and conclusions of this study and presented two principal caveats. One relates to the significant money requirements for implementing an income supplementation program over and above existing assistance levels. The other relates to legal questions were a State of Hawaii funded income supplementation program to be seriously considered or implemented.

In the face of the growing documentation of the severe economic plight of many older persons in Hawaii, a social policy issue, if not a moral question, of the highest order emerges. The ideals and principles forming the foundations of much of Hawaii's socio-political structure and policies are deeply steeped in concerns about the economically and socially disadvantaged, the physically handicapped, and indeed Hawaii's "needy" elderly. The documented record of legislative achievements in Hawaii stands as ready testament to the continuing commitment of our policy makers at the highest level to lessen the distress of our less fortunate citizens. It is in the light of these considerations that the Bureau presents the following recommendations.

Recommendations for Cash Assistance

Income security is seen as the key to eliminating most of the problems confronting older Americans including Hawaii's elderly. Dr. Arthur Flemming, former U.S. Commissioner of the Administration on Aging, argues that:¹⁰

...[I]f we can raise the level of income for older persons, more and more older persons will be able to make their own decisions regarding their own lives rather than having other persons make those decisions.

Most of the local elderly program administrators surveyed agree that provision of cash rather than more indirect services would be the preferred method of assisting the needy elderly. The argument that cash spending by the individual is uncontrolled, i.e., that using cash benefits for improved health care

SUMMARY OF FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

or better housing cannot be assured, is not in keeping with the American traditions of rugged individualism and self determination. Act 145 of the 1975 regular session of the Legislature of the State of Hawaii was a major piece of welfare reform legislation which implemented a "flat grant" system for welfare recipients in place of the former system of itemizing costs in the various need categories. One of the purposes of this change was to "...promote recipients' independence in budget planning and management and respect for his dignity."¹¹

Another reason advanced for cash supplements rather than "in-kind" assistance is the relative ease of administration. For example, the present federal food stamps program although simplified somewhat by the 1977 amendments to the U.S. Food Stamp Act, still requires the purchase of coupons. President Carter has, in the recent past, advocated the replacement of food coupons with cash benefits. The Hawaii State Department of Social Services and Housing (DSSH) in its "Income Maintenance 1965-74" report voiced support of such a plan.

A problem that could arise again in raising the level of cash assistance to the elderly has already surfaced with the incremental increases in social security and SSI payments. (Refer to discussion on this topic in chapter 5 of this study.) Benefit increases have made recipients of social security and SSI ineligible for other assistance programs, possibly among the most significant being removal of automatic eligibility for food stamps under the 1977 amendments to the Food Stamps Act. SSI recipients, however, still retain automatic eligibility for Medicaid coverage.

The recommended avenues of increased cash assistance are through further supplementation of SSI or through the DSSH money payment program since the administrative apparatuses already exist. If the State were to take on the responsibility of administering the state supplement (which the Social Security Administration (SSA) does for SSI recipients), new eligibility guidelines could possibly be set so that more elderly persons could be assisted.

The Department of Social Services and Housing presently administers a rent supplement program to eligible SSI recipients; DSSH could conceivably

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administer a cash supplement to the "needy" elderly. In essence, a policy decision is needed as to whether only the current SSI population will be assisted or whether more elderly persons should qualify. Raising the cash assistance level of qualified elderly recipients up to the U.S. Bureau of Labor Statistics intermediate budget as proposed by the 1971 White House Conference on Aging would require several millions of new dollars annually. Even the lower budget level would require substantial cash input. Any increase in cash benefits, however, would be of significant benefit to the needy elderly. Were this measure implemented, it would constitute only an interim measure until a nationally financed guaranteed annual income or negative income tax system is established. The cost implication of further state assistance to the elderly might not seem as ominous if this possible development were kept in mind.

If increased cash assistance for the elderly is found to be infeasible, at least for the present, the following methods of indirect assistance are recommended.

Recommendations for Indirect Assistance

Adequate health care has been determined to be of major concern to the elderly, second only to adequate income. Persons living on fixed incomes with limited liquid assets and related economic resources are usually unable to meet the expenses incurred when a serious accident occurs or major illness strikes. Savings, if any, are rapidly depleted. Moreover, a small percentage of today's retirees are neither covered by Medicare nor any other major health insurance policy. For these persons, the State could contract with an insurance company to provide medical coverage. For those persons covered by Medicare but not by a supplementary insurance policy, a "Medi-gap" policy which picks up the costs Medicare does not cover is advocated by many senior citizens. For example, the first \$65 incurred by a hospital visit must be paid for by the patient. Many elderly persons tend to refrain from seeking medical assistance because of this, and as a result, when they finally do enter the hospital, their illnesses are frequently aggravated, with the accompanying consequent longer period of care required, and with the corresponding additional cost implications. The "Medi-gap" coverage would substantially reduce the economic fears of many of the

SUMMARY OF FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

elderly in seeking medical assistance, without delay, thus potentially resulting in a reduction of overall health care costs in both the short and long term.

The health maintenance organization (HMO) concept is another basic health care strategy deserving of serious attention and action, as appropriate, by the State's policy makers. The HMO concept and practice appears to be gaining growing acceptance throughout the Nation, and the United States Congress appears to be giving increasing support to the HMO program and concept. A specific objective which Hawaii should seriously consider is that of encouraging greater participation by both health care providers, not now functioning as HMOs, and older persons not now covered by an HMO plan. The public benefits are many. They include strong promise of containment of health care costs through the basic "prevention" concept which underlies the working concept of an HMO. Incentives for greater participation in Hawaii may be in the form of tax breaks to the providers and the total or partial subsidy of enrollment fees by such older persons who are deemed "economically needy".

Pre-retirement Planning

Pre-retirement planning is advocated by the Bureau as a means toward achieving the desirable objective of enabling future retirees to enjoy maximum satisfaction, especially as it relates to income requirements, upon retirement. According to at least one local expert consulted on this matter by the Bureau's researchers, findings indicate that many persons currently in the active work force, including a sizeable number who are not many years away from retirement, lack adequate information and understanding of the financial, socio-psychological, and other real life implications of entering retirement without adequate financial planning. The Bureau concurs on the inherent values of a pre-retirement planning program and recommends strong legislative support for this program. Support could include the provision of tax incentives, including tax credits to those employers in the non-public sector who establish such pre-retirement planning programs for employees, either as a management prerogative or as a result of contract agreements. With respect to pre-retirement planning in the public sector, the Bureau recommends legislative support through legislative

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appropriations and other initiatives designed to strengthen existing pre-retirement planning programs. The Bureau believes that the investment of public resources for ongoing programs in this area should pay handsome dividends not only for the retirees themselves but for the public as a whole through the potential substantial reduction of the number of persons in retirement who may be forced to turn to public assistance and related social assistance programs for the economically needy.

Finally, the Bureau recommends that the legislature give full and careful consideration to the many benefits which an adequate program evaluation and needs assessment program can provide. Intense competition from various sources in both the public and private sectors can be expected for a share of the public resources, i.e., State of Hawaii and county government funds, which are to be committed to social assistance programs in the foreseeable future. Complex decisions await future legislatures on resource allocation decisions concerning the economically needy in Hawaii. A "needs assessment program" employing the most current research techniques can be expected to not only facilitate and enhance resource allocation decisions but perhaps more importantly, insure that whatever public resources are available are being expended in manner best serving the entire public interest.

PART II

ASSESSING THE ECONOMIC STATUS OF
OLDER PERSONS IN HAWAII

Chapter 3

HAWAII'S OLDER POPULATION: A PROFILE OF DEMOGRAPHIC TRENDS AND ECONOMIC STATUS

Elderly Persons and the Aging Process

The terms "elderly", "aged", "aging", and more recently "senior citizen" are among the popular terms used to refer to older persons. And the commonly held notion that an elderly person is someone age 65 or older is reinforced by several factors including the following. For one thing, age 65 continues to be the most common retirement age for most Americans and is the benchmark age for the receiving of full social security cash benefits for males. For another, many programs for older Americans use age 65 as the principal eligibility criterion. Finally, age 65 or older is frequently used by government agencies for statistical and other administrative purposes to denote persons who have attained the status of being "old".

Close scrutiny of the various terms used to refer to older persons suggests that the terms are, at best, gross generalizations to characterize that segment of our population who are thought to be beyond "middle age", another ambiguous term, which eludes precise definition. The terms "elderly" and "aged" as defined in most dictionaries are keyed to the notion of oldness as a state or condition without specific reference to a chronological age. This is illustrated by Webster's Third New International Dictionary [Unabridged] which defines "elderly" as "[R]ather advanced in years: past middle age...."

One source in the major literature notes:¹

Physicians, sociologists, and other specialists have yet to reach consensus on what constitutes aging and who should be included among the elderly.... In the United States, being "old" or "elderly" is usually considered as having reached the age of 65 years. This view became "officialized" when the Federal social security program was established in 1935.

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A similar observation is voiced by two noted authorities and authors who have written extensively in social welfare policy who assert:²

There is as yet no generally accepted theory of aging and only a limited coherent body of knowledge about it. Although the process of human aging involves physiological and psychological changes that are sequential, cumulative, and irreversible, it is generally agreed that the changes brought about through aging do not occur consistently in any one individual let alone in all people of the same chronological age. However irreversible the process of aging may be for all, its onset, its detriments, both felt and perceived, and its characteristics vary both within and among individuals. Even the onset of symptoms of old age may vary with the biological and psychological make-up of the individual and with his life history or socioeconomic class.

There is an extensive body of literature ranging from journal articles to comprehensive cloth bound publications on aging and the aging process. Review and interpretation of selected material on gerontology suggest two basic themes, one characterizing aging as a chronological category and the other describing aging as a physiological degenerative process. And at least one source in the major literature suggests that there may be practical value in using an age criterion for program planning for the elderly. According to this source:³

Despite the apparent arbitrariness of chronological age, there are a number of distinct benefits to using age.... First, age is a relatively inexpensive piece of information to collect in comparison to information on income, assets, or health status. Second, age is a relatively difficult piece of information to manipulate to establish one's eligibility for a program. A third advantage of chronological age is that it is somewhat impersonal. Rules that treat all persons of a given age equally do not reflect directly on the individual's mental or physical ability. A fourth possible advantage to using chronological age is that it frequently reduces the uncertainty to the individual regarding eligibility for certain benefits and exclusion from certain activities.

Yet, as will become evident from other data and information presented in this study, the utilization of an age factor for eligibility determination and other purposes relating to policy and program development, portends fiscal and social implications of major proportions. Consider, for example, the cost implications

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if the current age levels of 65 for males and 62 for females for receiving full Social Security benefits were reduced to lower age levels. The respective reduction by one year, e.g., 64 for males and 61 for females, would have money implications resulting in vast additional costs, potentially in the millions of dollars in the short run and much more over the long term. Conversely, raising of the age limits for full Social Security benefits may produce dollar savings, again potentially in the millions of dollars or more, but at what expense or consequence?

In summary, practical observation, if not the consensus of the findings and assertions in the major literature would lend strong credence to the notion that older persons should not be categorized as a single homogeneous group for program development purposes. The popular tendency to include all persons over a certain age, commonly age 65 or older, in the category of aged, elderly, or senior citizen, may, however, for the present, be the most practical alternative, despite the limitations and constraints noted in using an age criterion for programs and services designed for the elderly. In addition to the use of specific age thresholds, e.g., 60 and older, under 65, etc., several sources in the literature suggest another way to classify the elderly. One source in the literature speaks of the "young old" (age 65 to 75), the "middle old" (age 75 to 84) and the "very old".⁴ Another source suggests a similar approach as follows:⁵

First, the aged are not a single, homogeneous group. Chronologically, they represent three distinct categories: the "young" aged, those 74 and under; the "middle-aged" elderly, those between 75 and 85; and the "old" aged, those over 85.... Second, the primary differentiation of needs among the aged is a reflection of functional impairment more than anything else. Thus the aged may be categorized, or dichotomized between those who are relatively active and those who are relatively inactive, a difficult distinction to make but one with obvious implications for service provisions....

Hawaii's Older Population: Selected Demographic Data

The 65 years of age and older population of the United States has grown consistently since 1900 when slightly more than three million persons were age 65 and over.⁶ By 1940, the age 65 and older population had nearly tripled to nine million, and by the mid-1970s, the figure stood at slightly more than 21

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million.⁷ A recent publication of the United States Bureau of the Census projects a steady climb in the age 65 and older age group for the balance of this century with a projected population for this age group of 31,822,000 by the year 2000.⁸ See Figure 3.1 and Table 3.1 which respectively display estimates and projections of the population of the United States for various age groups including the 65 and older group to the years 2000 and 2040.

Population data for Hawaii's 65 and older age group generally parallel national patterns and projections. Continuing growth both in actual numbers and per cent of the total resident Hawaii population age 65 and older is forecast.⁹ According to one local source, the 65 and older Hawaii population is projected to increase from 44,043 (1970 estimate) to 118,400 by the year 2000, an increase of 169 per cent.¹⁰

The 44,043 count of persons age 65 and older as of 1970 represented 5.7 per cent of the total resident population in Hawaii. The 118,400 count projected for the year 2000 represents 8.8 per cent of the total projected resident population of the State of Hawaii by the year 2000.

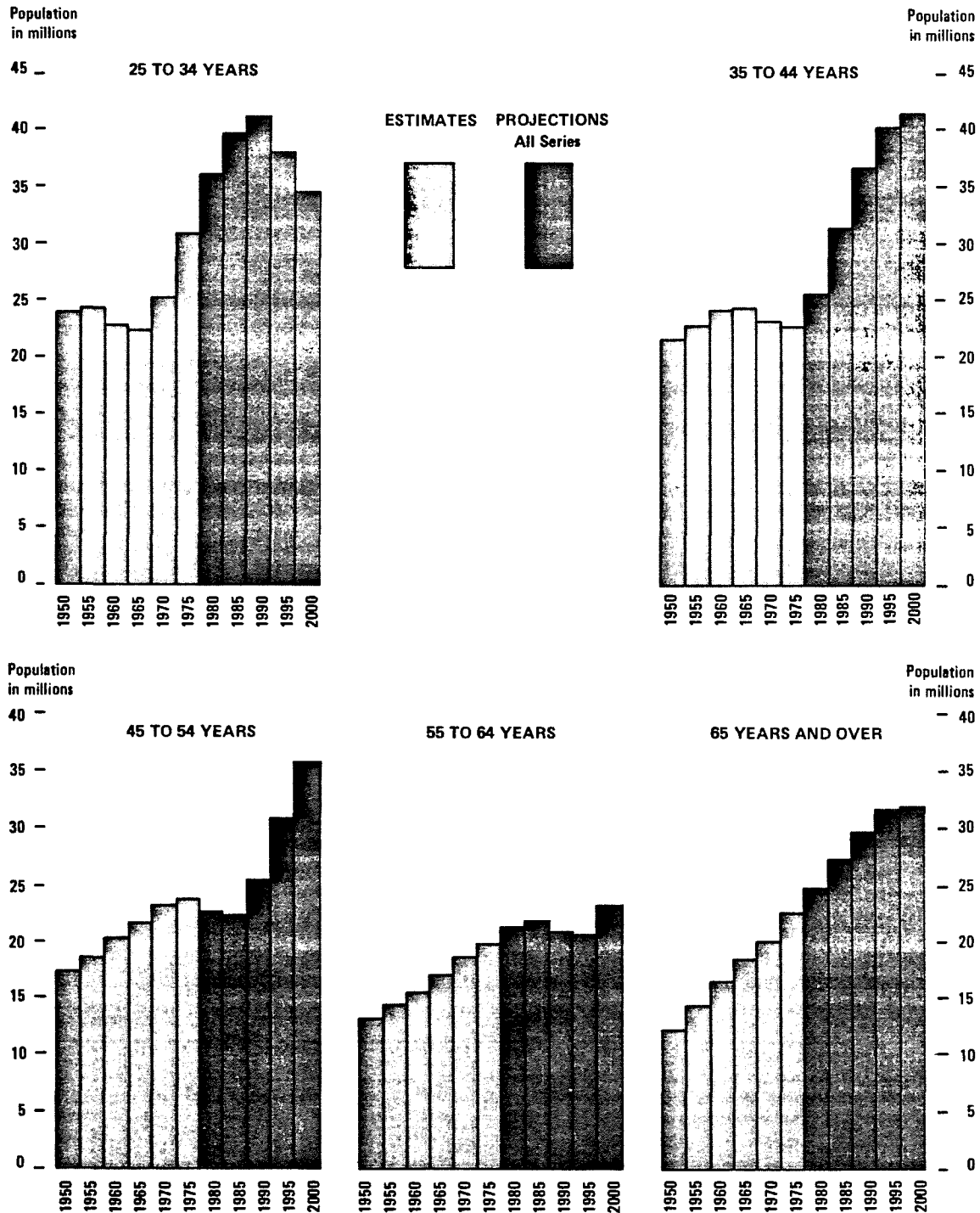
The Hawaii State Department of Health which conducts its Health Surveillance Program Survey between U.S. Census surveys estimated that 51,835 persons, or 7.2 per cent of the total resident population of Hawaii were in the age 65 and older category in the Spring of 1976 (see Table 3.2). A later report, one released by the Bureau of the Census during March 1977 shows an even larger growth in Hawaii's 65 and older resident population. The Census Bureau report notes that Hawaii experienced a 36 per cent increase from 44,000 to 60,000 between 1970 and 1976.¹¹ A State of Hawaii publication carrying a December 1978 date notes that:¹²

Hawaii's population 65 years of age and older has increased 43.5 per cent since the 1970 Census.... This is the fourth-fastest increase for this group among the 50 States and District of Columbia. Nationally, this group increased by 17.6 per cent. (Emphasis added)

See Tables 3.3, 3.4, 3.5, and 3.6 for selected population data about Hawaii's older population.

Figure 3.1

**Estimates and Projections of the Population of the United States by Age:
1950 to 2000 – Continued**



Source: U.S., Department of Commerce, Bureau of the Census, *Projections of the Population of the United States: 1977 to 2040*, Series P-25, No. 704 (Washington: U.S. Government Printing Office, 1977), p. 13.

Table 3.1

**Estimates and Projections of the Population 65 Years and Over and of the Median Age:
1975 to 2040**

(Populations in thousands. As of July 1. Includes Armed Forces overseas.
For meaning of symbols, see text)

Year	Population 65 years and over					Median age		
	Number	Percent change in preceding 5 years	Percent of total population					
			Series I	Series II	Series III	Series I	Series II	Series III
ESTIMATES								
1975.....	22,405	...	10.5			28.8		
1976.....	22,934	...	10.7			29.0		
PROJECTIONS								
1980.....	24,927	+11.3	11.1	11.2	11.3	29.9	30.2	30.4
1985.....	27,305	+9.5	11.4	11.7	11.9	30.7	31.5	32.0
1990.....	29,824	+9.2	11.7	12.2	12.6	31.4	32.8	33.7
1995.....	31,401	+5.3	11.7	12.4	13.0	32.1	34.2	35.5
2000.....	31,822	+1.3	11.3	12.2	12.9	32.5	35.5	37.3
2005.....	32,436	+1.9	10.9	12.1	13.0	31.9	36.3	39.0
2010.....	34,837	+7.4	11.1	12.7	13.9	31.1	36.6	40.2
2015.....	39,519	+13.4	11.8	14.0	15.6	31.1	36.6	41.2
2020.....	45,102	+14.1	12.7	15.5	17.8	31.4	37.0	41.7
2025.....	50,920	+12.9	13.6	17.2	20.2	31.5	37.6	42.4
2030.....	55,024	+8.1	14.0	18.3	22.1	31.2	38.0	43.2
2035.....	55,805	+1.4	13.5	18.3	22.7	30.8	38.1	43.7
2040.....	54,925	-1.6	12.5	17.8	22.8	30.7	37.8	43.9

Source: Table H and tables 6-12.

Source: U.S., Department of Commerce, Bureau of the Census, *Projections of the Population of the United States: 1977 to 2040*, Series P-25, No. 704 (Washington: U.S. Government Printing Office, 1977), p. 14.

Table 3.2

A. POPULATION AGE 55 AND OLDER BY AGE GROUPINGS,
BY PER CENT OF TOTAL POPULATION, AND BY COUNTY
Spring 1976

Age Groupings	Honolulu	Hawaii	Kauai	Maui	State Total
55-59	28,191	3,940	1,705	2,348	36,184
60-64	20,583	3,425	1,654	2,516	28,178
65-69	14,730	2,974	1,173	2,101	20,978
70-74	10,634	1,549	948	1,525	14,656
75-79	6,913	904	542	679	9,038
80-84	3,271	447	167	541	4,426
85+	2,038	237	166	296	2,737
Not reported	(8,061)	(485)	(75)	(459)	(9,078)

B. POPULATION AGE 55 AND OLDER BY CONSOLIDATED AGE GROUPINGS,
BY PER CENT OF POPULATION, AND BY COUNTY

County	All Ages	P o p u l a t i o n					
		55 Yrs. & Older		60 Yrs. & Older		65 Yrs. & Older	
		No.	%	No.	%	No.	%
Honolulu	568,883	86,360	15.2	48,169	10.2	37,586	6.6
Hawaii	66,898	13,476	20.1	9,536	14.2	6,111	9.1
Kauai	33,349	6,355	19.0	4,650	13.9	2,996	9.0
Maui	52,927	10,006	18.9	7,658	14.5	5,142	9.7
Total State	722,057	116,197	16.1	80,013	11.1	51,835	7.2

Source: Adapted from Hawaii, Department of Health, "Hawaii Health Surveillance Program Survey" (Honolulu: 1976).

Table 3.3

A. Expectation of life in years at ages 0, 30, and 60 by sex, and sex differentials: Hawaii, 1920-70

Expectation of life	1920	1930	1940	1950	1960	1970
At age 0						
Male	47.8	53.1	59.5	67.8	69.8	70.5
Female	47.3	56.3	62.6	71.3	74.0	77.2
Female minus male	-0.5	3.2	3.1	3.5	4.2	6.7
At age 30						
Male	33.1	35.1	35.9	41.5	43.0	43.5
Female	33.3	36.8	38.1	44.2	46.5	49.3
Female minus male	0.2	1.7	2.2	2.7	3.5	5.8
At age 60						
Male	14.1	13.9	12.5	16.8	17.3	18.2
Female	15.0	15.1	13.6	18.4	20.0	22.6
Female minus male	0.9	1.2	1.1	1.6	2.7	4.4

SOURCES: Tables 28-33.

B. Life expectancies at birth (e_0) for selected low-mortality areas: recent data

Area	Date	e_0	
		Male	Female
Hawaii	1969-71	70.5	77.2
Canada	1965-67	68.9	75.2
England and Wales	1968-70	68.6	74.9
Hong Kong	1968	66.7	73.3
Iceland	1961-65	70.8	76.2
Japan	1968	69.1	74.3
Netherlands	1970	70.7	76.5
Norway	1961-65	71.0	76.0
Sweden	1967	71.9	76.5
United States	1969	66.8	74.3

SOURCE: United Nations, *Demographic Yearbook*, 1971, table 34.

Source: Robert W. Gardner and Eleanor C. Nordyke, *The Demographic Situation in Hawaii*, Papers of the East-West Population Institute, No. 31 (Honolulu: 1974), pp. 76-77.

Table 3.4

ILLUSTRATIVE PROJECTIONS OF TOTAL RESIDENT POPULATION: 1970 TO 2020
(Data include armed forces stationed in Hawaii but exclude visitors present.)

Series, ¹ age, and county	1970 ²	1980	1985	1990	1995	2000	2010	2020
TOTAL POPULATION								
D-2 ³	769,913	932,900	1,036,300	1,150,100	1,270,900	1,400,500	1,722,800	2,151,800
E-2 ⁴	769,913	930,000	1,027,600	1,131,700	1,238,700	1,349,200	1,606,100	1,927,400
E-1 ⁵	769,913	926,900	1,017,400	1,109,200	1,197,800	1,282,600	1,461,500	1,660,000
F-0 ⁶	769,913	845,600	882,900	913,700	935,000	946,900	960,000	967,300
AGE (E-2)⁴								
Under 5 years	70,951	85,300	96,900	104,400	107,600	111,500	133,000	159,200
5 to 9 years	80,008	76,200	89,000	101,400	109,800	114,000	128,500	157,000
10 to 14 years	79,971	76,000	79,500	92,600	106,000	115,200	126,300	151,600
15 to 19 years	71,993	84,400	78,900	82,900	96,500	110,500	126,100	144,300
20 to 24 years	81,732	108,300	111,900	107,500	112,700	127,500	154,200	170,200
25 to 34 years	107,314	155,800	184,100	200,200	201,600	204,600	259,500	310,800
35 to 44 years	95,727	105,500	128,000	155,700	184,600	201,800	209,200	267,000
45 to 54 years	84,418	90,000	87,300	101,100	123,500	151,100	197,300	207,200
55 to 64 years	53,816	77,700	85,800	83,800	81,700	94,600	141,000	184,100
65 to 74 years	29,543	46,600	56,400	66,300	72,500	70,300	79,000	117,200
75 years and over	14,440	24,300	29,900	36,000	42,300	48,100	52,100	58,800
COUNTIES (E-2)⁴								
City & Co. of Honolulu ...	630,528	749,500	818,700	891,000	965,000	1,039,400	1,221,200	1,436,000
County of Hawaii	63,468	83,800	97,700	113,400	130,000	146,900	185,700	240,700
County of Kauai	29,761	36,700	41,300	46,100	50,700	55,400	64,400	76,500
County of Maui	46,156	60,100	69,900	81,200	93,000	107,600	134,700	174,200

¹ These projections were prepared by the "cohort-component" technique, using three assumptions on future fertility, three on net migration, and one on mortality. The fertility assumptions are indicated by letters comparable to those used in a recent study by the Bureau of the Census, and are based on a completed cohort fertility rate (i.e., the average number of births per 1,000 women upon completion of childbearing) that will move gradually toward the following levels: Series D, 2,500, about the same as the United States and also the civilian population of Hawaii in 1970; Series E, 2,100, or approximately the replacement level; Series F, 1,800. The migration assumptions are indicated by numbers: 0, zero net migration for the civilian population, exclusive of military dependents; 1, a continuation of the 1970-1973 annual rate, in which civilian net in-migration averaged 34.3 per million U.S. population; 2, a gradual doubling, by 2020, of the 1970-1973 annual rate. All series assume a gradual convergence between the 1968-1972 age-sex-specific mortality rates observed for Hawaii and those projected by the Bureau of the Census for the nation as a whole after 2000.

² Census count, as revised.

³ Based on high fertility and an increasing net in-migration rate.

⁴ Based on intermediate fertility and an increasing net in-migration rate. This series is the one most consistent with recent employment projections obtained by the Department of Planning and Economic Development from its input-output model.

⁵ Based on intermediate fertility and a constant net in-migration rate, both close to the Hawaii rates of the early 1970's.

⁶ Based on low fertility and zero net in-migration, and generally consistent with the recommendations of the Temporary Commission on Population Stabilization as submitted to the 1972 State Legislature.

Source: Hawaii State Department of Planning and Economic Development, *The Population of Hawaii, 1958-2025* (Statistical Report 114, May 5, 1976), pp. 24-26 and 35.

Source: Hawaii, Department of Planning and Economic Development, *State of Hawaii, Data Book 1977, A Statistical Abstract* (Honolulu: 1977), p. 22.

Table 3.5

AGE AND SEX, BY COUNTIES: 1970

(Revised from 1970 census tabulations to take account of later corrections and apparent overstatement of centenarians.)

Age	State total			City & County of Honolulu		County of Hawaii		County of Kauai		County of Maui	
	Both sexes	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Under 18 years	275,194	140,910	134,284	114,938	109,462	11,915	11,196	5,569	5,375	8,488	8,251
62 years and over	56,955	29,763	27,192	20,134	20,236	4,352	3,166	2,158	1,464	3,119	2,326
65 years and over	44,043	22,255	21,788	15,063	16,228	3,270	2,551	1,611	1,167	2,311	1,842

Source: U.S. Bureau of the Census, unpublished computer printout transmitted to Federal-State Cooperative Program participants, December 4, 1974.

Source: Hawaii, Department of Planning and Economic Development, *State of Hawaii, Data Book 1977, A Statistical Abstract* (Honolulu: 1977), p. 24 .

Table 3.6

AGE OF THE POPULATION: 1970 TO 1976

Age	April 1, 1970 ¹	July 1, 1975 ²	July 1, 1976 ³	Percent distribution			Percent change, 1970-76 ³
				1970 ¹	1975 ²	1976 ³	
All ages	769,913	868,000	887,000	100.0	100.0	100.0	15.2
Under 5 years	70,951	75,000	74,000	9.2	8.6	8.3	4.3
5 to 17 years	204,243	208,000	209,000	26.5	24.0	23.6	2.3
18 to 44 years	312,502	363,000	373,000	40.6	41.8	42.1	19.4
45 to 64 years	138,234	166,000	171,000	18.0	19.1	19.3	23.7
65 years and over	43,983	57,000	60,000	5.7	6.6	6.8	36.4
14 years and over	554,702	655,000	673,000	72.0	75.5	75.9	21.3
18 years and over	494,719	586,000	603,000	64.3	67.5	68.0	21.9
21 years and over	450,251	524,000	541,000	58.5	60.4	61.0	20.2

¹ U.S. Census of Population, 1970, as corrected for omissions in original reports and adjusted for overstatement of centenarians.

² Revised estimates.

³ Provisional estimates.

Source: U.S. Bureau of the Census, "Estimates of the Population of States, by Age: July 1, 1975 and 1976 (Advance report)," *Current Population Reports, Population Estimates and Projections*, Series P-25, No. 646, February 1977.

Source: Hawaii, Department of Planning and Economic Development, *State of Hawaii, Data Book 1977, A Statistical Abstract* (Honolulu: 1977), p. 24.

HAWAII'S OLDER POPULATION

Contributing to the aging of the population are the decreasing birth rate and increase in life expectancy. In 1960, there were 26.8 births per 1,000 persons in the State of Hawaii; in 1970 and 1973 (estimated), the rate was 21.3 and 18.3 births per 1,000 persons, respectively.¹³ An obvious and often cited reason for the increasing longevity in the United States and the world generally is the continuing advances in medicine and the increasing availability of improved health care services to a growing number of people. Another note of significance concerning longevity and the elderly is the assertion that Hawaii's population is among the longest living in the world. According to one source in the literature:¹⁴

It is interesting to note that in Hawaii life-expectancy at birth is among the highest in the world. In 1970, it was 77.2 years for females and 70.5 years for males.

According to another source:¹⁵

...recent data show Hawaii ranking very high in life expectancy for both sexes among all the low-mortality areas of the world.

Other demographic data reviewed by the Bureau's researchers suggest that because more young, strong males than women immigrated to Hawaii in the early 1900s to work on the plantations, the State has had a disproportionate ratio of males to females in comparison with the rest of the country. By the year 2000, however, there is projected to be a quarter fewer males than females because of the rising female longevity differential. A good illustration of the beginning imbalance between the male and female populations is the fact that 12.5 per cent of elderly men are widowers while 43.6 per cent of elderly women are widows.¹⁶

The ethnic composition of the elderly in Hawaii will begin to change dramatically in the relatively near future as the large group of Filipino bachelors dwindles and the elderly Caucasian and Japanese ethnic populations increase or stabilize. The policy implications in planning for Hawaii's older population suggest, therefore, that among other considerations, the predominance of females, and of persons of Japanese and Caucasian ancestries,

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should be important considerations. This consideration seems especially significant in the area of older women, whose incomes are generally lower than that of males, and who are thus more vulnerable to the consequences of inflation.

Income Levels of Older Persons in Hawaii

Several relatively recent surveys concerning the income status of Hawaii's elderly have been conducted on a statewide or countywide basis. The highlights of several such surveys are summarized as follows. One survey having a statewide scope was entitled "Survey of Status and Needs of the Aging, State of Hawaii", and released in January 1974.¹⁷ As noted in the introduction of the report, the survey was designed and performed in compliance with requirements of the Older Americans Act of 1965, as amended:

...which calls for a "comprehensive study of the status and needs of the older population of the State..." to assess "...the following areas of concerns:

1. Housing,
2. Social Relations and Activities,
3. Life Satisfaction,
4. Economics,
5. Health,
6. Nutrition, and
7. Independence.¹⁸

The survey had two essential purposes within the larger goal of examining the status and needs of the aging:¹⁹

First, it was essential to determine specific needs of the aging population: specific aspects of the Title I areas of concern. Second, and more important, the 1973 survey was designed as the first wave of data collection in a continuing program of social indicators monitoring among the aging. It was to be, in this sense, a data baseline against which to assess future trends in the status of aging

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and, more specifically, to assess the relative successes of action programs directed at documented needs. (Emphasis added)

Principal Findings Relating to Income. The survey found that the average income of those aged 60-64 was \$4,571; for those aged 65-70, the average was \$3,481; for those aged 71-75, the average was \$3,773; and for those aged 75 and older, the average was \$2,767. It is clear from these data that the younger elderly had greater incomes than those in the older categories, a finding which has been repeatedly found in virtually all studies and reports focusing on the income status of older Americans.

Area Agency on Aging Surveys. Subsequent to the release of the 1974 survey, the several counties, under the general coordinative supervision of the Hawaii State Commission on Aging, undertook separate county by county surveys utilizing the structure and format of the 1974 survey for basic data gathering purposes. Reportedly, the county Area Agency on Aging surveys were aimed at yielding a 100 per cent sample of elderly persons, by county, age 60 and older. The results of the Maui County survey were unavailable to the Bureau's researchers at the time of initial data collection activity. Subsequently, however, data relating to older persons below the poverty threshold was obtained as shown in Table 3.7. The principal findings concerning income and income levels of the Area Agency on Aging surveys are as follows.

Approximately 58 per cent and 38 per cent of the elderly had incomes below \$4,000 in Kauai and Hawaii counties, respectively. Those persons with incomes between \$4,000-\$5,000 represented 12 per cent and 13 per cent; and those having more than \$5,000 represented 20 per cent and 28 per cent of the elderly survey population of Kauai and Hawaii, respectively. On Oahu (City and County of Honolulu), 47.5 per cent of the survey population had incomes below \$4,000. Persons with incomes between \$4,000-\$6,999 comprised 23.8 per cent, while those with more than \$7,000 represented 17 per cent of the elderly population. A range of 10 to 17 per cent of the elderly in the three surveyed counties refused to answer questions concerning their incomes. With respect to Maui county, 17 per cent of the elderly had incomes below the poverty threshold.

Table 3.7

PROPORTION OF ELDERLY BELOW POVERTY THRESHOLD BY DISTRICT

<u>District</u>	<u>No. 60+</u>	<u>No. Below Poverty Threshold</u>	<u>% Below Poverty Threshold</u>
Northeast Maui	1,368	338	24.7%
Kihei - Kula	1,299	53	4.1
Kahului	1,521	273	18.0
Wailuku - Waikapu	1,740	222	12.8
Lahaina	1,336	194	14.5
Molokai	680	226	33.2
Lanai	<u>368</u>	<u>103</u>	<u>28.0</u>
COUNTY TOTAL	8,293	1,409	17.0%

Sources: OEO 1975 Census Update Survey, Maui County; Poverty Data from OEO 1975 Census Update Survey.

HAWAII'S OLDER POPULATION

Based on the data available from the Area Agency on Aging surveys, including acknowledgment of at least one data constraint, the lack of uniformity of the income range groupings, certain general conclusions can nevertheless be drawn. One is that a significant proportion of the elderly population in the State (ranging between 38 and 58 per cent in the counties of Kauai, Oahu, and Hawaii) have incomes of less than \$4,000 per person. Second, and perhaps, of greater significance is that these income levels, place a large proportion of the State's elderly within or near the official poverty standards. Tables 3.8, 3.9, and 3.10 respectively, reflect percentage distribution of the elderly by income ranges for the City and County of Honolulu, Hawaii County, and Kauai County.

Office of Economic Opportunity Poverty Data Studies. Four separate studies containing poverty data for each of the State's four counties are reviewed in this section. The studies pertaining to the City and County of Honolulu, the County of Maui, and the County of Hawaii were developed from the Office of Economic Opportunity 1975 Census Update Survey tapes produced by Survey and Marketing Services, Inc.²⁰ The study pertaining to Kauai County was developed from data derived from the "1974 Kauai Socioeconomic Profile Study" prepared by the Center for Nonmetropolitan Planning and Development of the University of Hawaii.²¹ The following data and information (Table 3.11 through 3.22 and Figures 3.2 through 3.5) are derived from the four aforementioned studies.

Retirees and Retirement Allowances in the Public and Private Sectors in Hawaii: Selected Comparative Data and Findings

In this section selected data and information concerning retirees and pensioners are reviewed. The data are restricted to those individuals who are receiving retirement allowances based upon prior employment in Hawaii's public sector, i.e., state or county government, or the nonpublic sector. The material presented in this section was derived from two source documents, "Employees' Retirement System of the State of Hawaii, Report of the Actuary on the Fifty-Second Annual Actuarial Valuation as of June 30, 1977", submitted by Martin E. Segal & Company, Inc., and "Survey of Employee Benefit Plans in Hawaii", Special Publication No. 124, Hawaii Employers Council, December 1975.

Table 3.8

PER CENT DISTRIBUTION OF PERSONS AGE 60 AND OLDER
BY ANNUAL INCOME RANGES
CITY AND COUNTY OF HONOLULU

<u>Per Cent of Persons</u>	<u>Annual Income</u>
47.5	\$ 1 - \$ 3,999
23.8	4,000 - 6,999
8.3	7,000 - 9,999
7.0	10,000 - 19,999
2.0	20,000+
12.0	Unknown

Source: Adapted from Honolulu Area Agency on
Aging Surveys (Results as of August 23,
1977).

Note: Figures shown reflect actual survey data
contained in the report.

Table 3.9

PER CENT DISTRIBUTION OF PERSONS AGE 60 AND OLDER
BY ANNUAL INCOME RANGES
COUNTY OF HAWAII

<u>Per Cent Of Persons</u>	<u>Annual Income</u>
0.0	\$ 0 - \$1,000
10.0	1,001 - 2,000
15.0	2,001 - 3,000
13.0	3,001 - 4,000
13.0	4,001 - 5,000
28.0	5,000+
17.0	Unknown

Source: Adapted from the Coordinated Services
Annual Report 1976-1977, County of
Hawaii.

Note: Figures shown reflect actual data
contained in the report.

Table 3.10

PER CENT DISTRIBUTION OF PERSONS AGE 60 AND OLDER
BY ANNUAL INCOME RANGES
COUNTY OF KAUAI

<u>Per Cent of Persons</u>	<u>Annual Income</u>
13.13	Below \$1,000
15.61	\$1,000 - \$1,900
12.71	3,000 - 3,900
11.75	4,000 - 4,999
8.13	5,000 - 5,999
5.03	6,000 - 6,999
3.84	7,000 - 7,999
2.84	8,000+
9.97	Unknown

Source: Adapted from the Area Agency on Aging,
"Social Index Questionnaire," County of
Kauai, 1976.

Note: Figures shown reflect actual data contained
in the report.

Table 3.11

POVERTY CRITERIA
(County of Kauai)

Number in Household	Maximum Income*	Number of Poverty Households on Kauai
1	\$2,900	228
2	3,930	334
3	4,870	104
4	5,810	97
5	6,750	82
6	7,690	103
6+	7,690 + 940 for each additional person	97
(Total)		(1,045)

*1975 Non-Farm Income

Source: Hawaii, Office of Economic Opportunity,
*Poverty Data from Kauai Socioeconomic
Profile*, p. 4

Table 3.12

POVERTY LEVEL CLASSIFICATION
(County of Kauai)

Poverty Level Classification	Number of Persons	Percent
More than 25% above Poverty	24,252	82.0
"Near Poor"		
21-25% above Poverty	0	0.0
11-20% above Poverty	1,336	4.5
0-10% above Poverty	597	2.0
Below Poverty	3,407	11.5
Total	29,592	100.0

Source: Hawaii, Office of Economic Opportunity,
*Poverty Data from Kauai Socioeconomic
Profile*, p. 4.

Table 3.13

POPULATION AND HOUSEHOLD ESTIMATES BY DISTRICT
(County of Kauai)

Estimates*	Kauai Total (%)	Waimea (%)	Koloa (%)	Lihue (%)	Kawaihau (%)	Hanalei (%)
Population						
Total	29,592	1,705	7,872	6,779	6,248	6,939
Poverty	3,407	375	656	1,009	500	867
(% Poverty)	(11.5)	(22.0)	(8.3)	(14.9)	(8.0)	(12.5)
Households						
Total	8,683	489	2,319	2,106	1,816	1,953
Poverty	1,050	112	219	317	136	266
(% Poverty)	(12.1)	(22.9)	(9.4)	(15.1)	(7.5)	(13.6)
Poverty Households						
Households of 1	229	20	63	61	31	54
Households greater than 1	821	92	156	256	105	212

*Totals may not add due to rounding errors.

Source: Hawaii, Office of Economic Opportunity, *Poverty Data from Kauai Socioeconomic Profile*,
p. 13.

Table 3.14
POVERTY CRITERIA
(City and County of Honolulu)

Number in Family	Maximum Income*	Number of Poverty Families on Oahu
1	\$2,990	16,136
2	3,930	3,989
3	4,870	2,978
4	5,810	2,516
5	6,750	1,896
6	7,690	1,441
6+	7,690 + 940 for each additional person	1,744
(Total)		(30,700)

*1975 Non-Farm Income

Source: Hawaii, Office of Economic Opportunity,
*Poverty Data from OEO 1975 Census Update
Survey Oahu*, p. 4.

Table 3.15
POVERTY LEVEL CLASSIFICATION
(City and County of Honolulu)

Poverty Level Classification	Number of Persons	Percent
More than 25% above Poverty	574,992	84.7
"Near Poor"		
21-25% above Poverty	3,305	0.5
11-20% above Poverty	28,220	4.1
0-10% above Poverty	1,946	0.3
Below Poverty	70,515	10.4
Total	678,978	100.0

Source: Hawaii, Office of Economic Opportunity,
*Poverty Data from OEO 1975 Census Update
Survey Oahu*, p. 6.

Table 3.16

POPULATION AND HOUSEHOLD ESTIMATES BY CAP DISTRICT
(City and County of Honolulu)

Estimates*	Oahu Total (%)	Leahi (%)	Kalihi- Palama (%)	Central (%)	Windward (%)	Leeward (%)
Population						
Total	678,979	239,626	62,746	237,664	112,117	26,926
Poverty	70,515	17,757	15,205	20,335	10,715	6,503
(% Poverty)	(10.4)	(7.4)	(24.2)	(8.6)	(9.6)	(24.2)
Households						
Total	209,676	90,494	18,334	63,657	30,085	7,106
Poverty	21,596	7,679	5,126	4,633	2,581	1,576
(% Poverty)	(10.3)	(8.5)	(28.0)	(7.3)	(8.6)	(22.2)
Poverty						
All families	30,700	12,109	5,693	6,410	4,279	2,209
Families greater than 1	14,564	3,500	3,290	4,247	2,092	1,435

*Totals may not add due to rounding errors.

Source: Hawaii, Office of Economic Opportunity, *Poverty Data from OEO 1975 Census Update Survey Oahu*, p. 9.

Table 3.17
NUMBER OF POVERTY FAMILIES
(County of Maui)

Number in Family	Maximum Income*	Number of Poverty Families on Hawaii
1	2990	832
2	3930	521
3	4870	266
4	5810	175
5	6750	160
6	7690	120
6+	7690 + 940 for each addition- al person	160
(Total)		(2,234)

*1975 Non-Farm Income

Source: Hawaii, Office of Economic
Opportunity, *Poverty Data from
OEO 1975 Census Update Survey
County of Maui*, p. 4.

Table 3.18
POVERTY LEVEL CLASSIFICATION
(County of Maui)

Poverty Level Classification	Number of Persons	Percent
More than 25% above Poverty	45,839	83.4
"Near Poor"		
21-25% above Poverty	394	0.7
11-20% above Poverty	2,041	3.7
0-10% above Poverty	378	0.7
Below Poverty	6,348	11.5
Total	55,000	100.0

Source: Hawaii, Office of Economic Oppor-
tunity, *Poverty Data from OEO 1975
Census Update Survey County of Maui*,
p. 6.

Table 3.19

POPULATION AND HOUSEHOLD ESTIMATES BY CAP DISTRICT
(County of Maui)

Estimates	Maui Total (%)	Northeast Maui (%)	Kihei- Kula (%)	Kahului (%)	Wailuku- Waikapu (%)	Lahaina (%)	Molokai (%)	Lanai (%)
Population								
Total	55,000	9,933	8,616	10,311	9,964	8,553	5,361	2,258
Poverty	6,348	1,390	571	632	649	857	1,621	628
(% Poverty)	(11.5)	(14.0)	(6.6)	(6.1)	(6.5)	(10.0)	(30.2)	(27.9)
Households								
Total	17,727	2,864	3,257	3,073	3,371	2,992	1,469	701
Poverty	2,234	465	269	270	338	313	424	155
(% Poverty)	(12.6)	(16.2)	(8.3)	(8.8)	(10.0)	(10.5)	(28.9)	(22.1)
Poverty Families								
All families	2,828	629	336	321	408	458	490	181
Families greater than 1	1,402	310	93	170	176	206	324	124

*Totals may not add due to rounding errors.

Source: Hawaii, Office of Economic Opportunity, *Poverty Data from OEO 1975 Census Update Survey County of Maui*, p. 11.

Table 3.20
NUMBER OF POVERTY FAMILIES
(County of Hawaii)

Number in Family	Maximum Income*	Number of Poverty Families on Hawaii
1	2990	2,474
2	3930	1,044
3	4870	556
4	5810	402
5	6750	388
6	7690	268
6+	7690 + 940 for each additional person	301
(Total)		(5,433)

*1975 Non-Farm Income

Source: Hawaii, Office of Economic Opportunity,
*Poverty Data from OEO 1975 Census Update
Survey County of Hawaii*, p. 4.

Table 3.21
POVERTY LEVEL CLASSIFICATION
(County of Hawaii)

Poverty Level Classification	Number of Persons	Percent
More than 25% above Poverty	55,997	75.0
"Near Poor"		
21-25% above Poverty	898	1.2
11-20% above Poverty	3,290	4.4
0-10% above Poverty	448	0.6
Below Poverty	14,067	18.8
Total	74,700	100.0

Source: Hawaii, Office of Economic Opportunity,
*Poverty Data from OEO 1975 Census Update
Survey County of Hawaii*, p. 6.

Table 3.22

POPULATION AND HOUSEHOLD ESTIMATES BY CAP DISTRICT
(County of Hawaii)

Estimates*	Hawaii Total (%)	Hilo (%)	Puna- Ka'u (%)	Kona (%)	N. Hilo- Kohala (%)
Population					
Total	74,700	39,316	10,863	10,864	13,657
Poverty	14,067	7,073	1,861	2,220	2,913
(% Poverty)	(18.8)	(18.0)	(17.1)	(20.4)	(21.3)
Households					
Total	21,112	11,656	3,178	3,299	3,979
Poverty	4,106	2,000	563	684	859
(% Poverty)	(19.4)	(17.2)	(17.7)	(20.7)	(21.6)
Poverty Families					
All families	5,433	2,770	641	1,048	974
Families greater than 1	2,959	1,347	399	523	690

*Totals may not add due to rounding errors.

Source: Hawaii, Office of Economic Opportunity, *Poverty Data from OEO 1975 Census Update Survey County of Hawaii*, p. 9.

Figure 3.2
TOTAL POPULATION OF DISTRICTS
(County of Kauai)

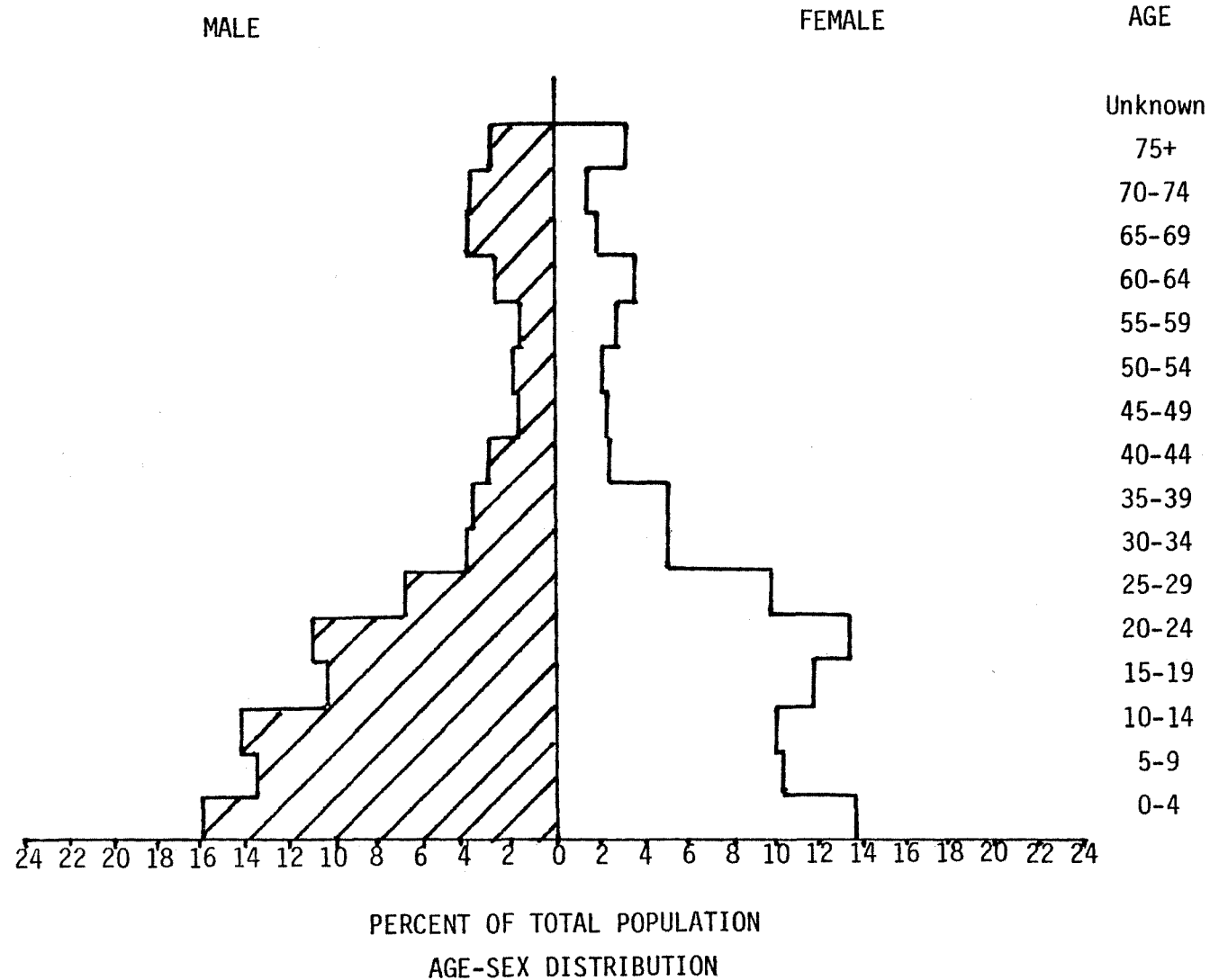


Source: Hawaii, Office of Economic Opportunity, *Poverty Data from Kauai Socioeconomic Profile*, p. 14.

Figure 3.3

TOTAL POPULATION OF CAP DISTRICTS
(City and County of Honolulu)

MALE	FEMALE
0.0	0.0
2.9	3.3
3.7	1.6
3.9	1.9
2.7	3.7
1.7	2.8
1.9	2.1
1.7	2.3
2.9	2.5
3.5	5.1
3.9	5.1
6.7	9.8
10.9	13.6
10.3	11.8
14.1	10.1
13.4	10.5
15.7	13.8

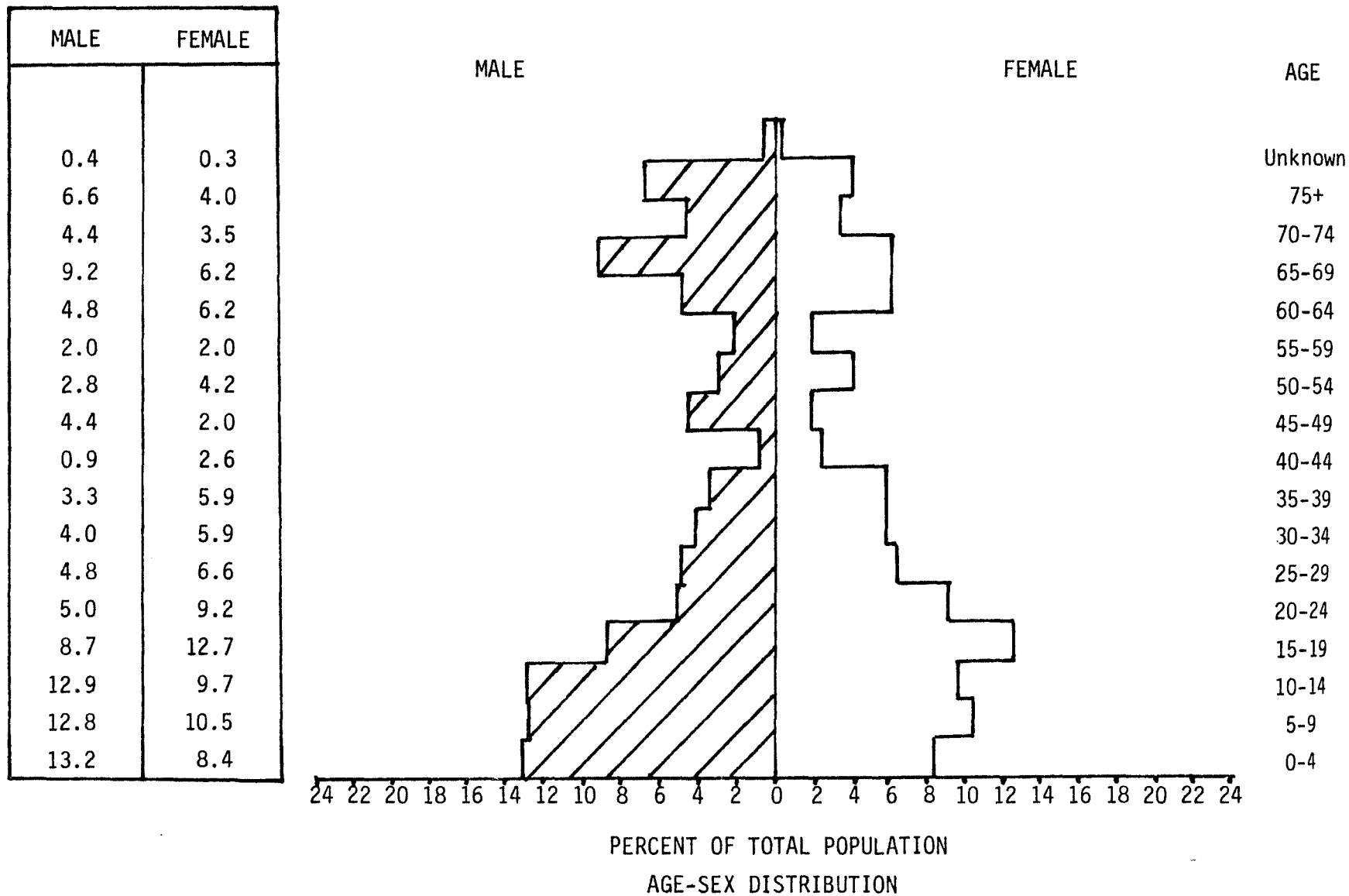


Source: Hawaii, Office of Economic Opportunity, *Poverty Data from OEO 1975 Census Update Survey Oahu*, p. 10.

Figure 3.4

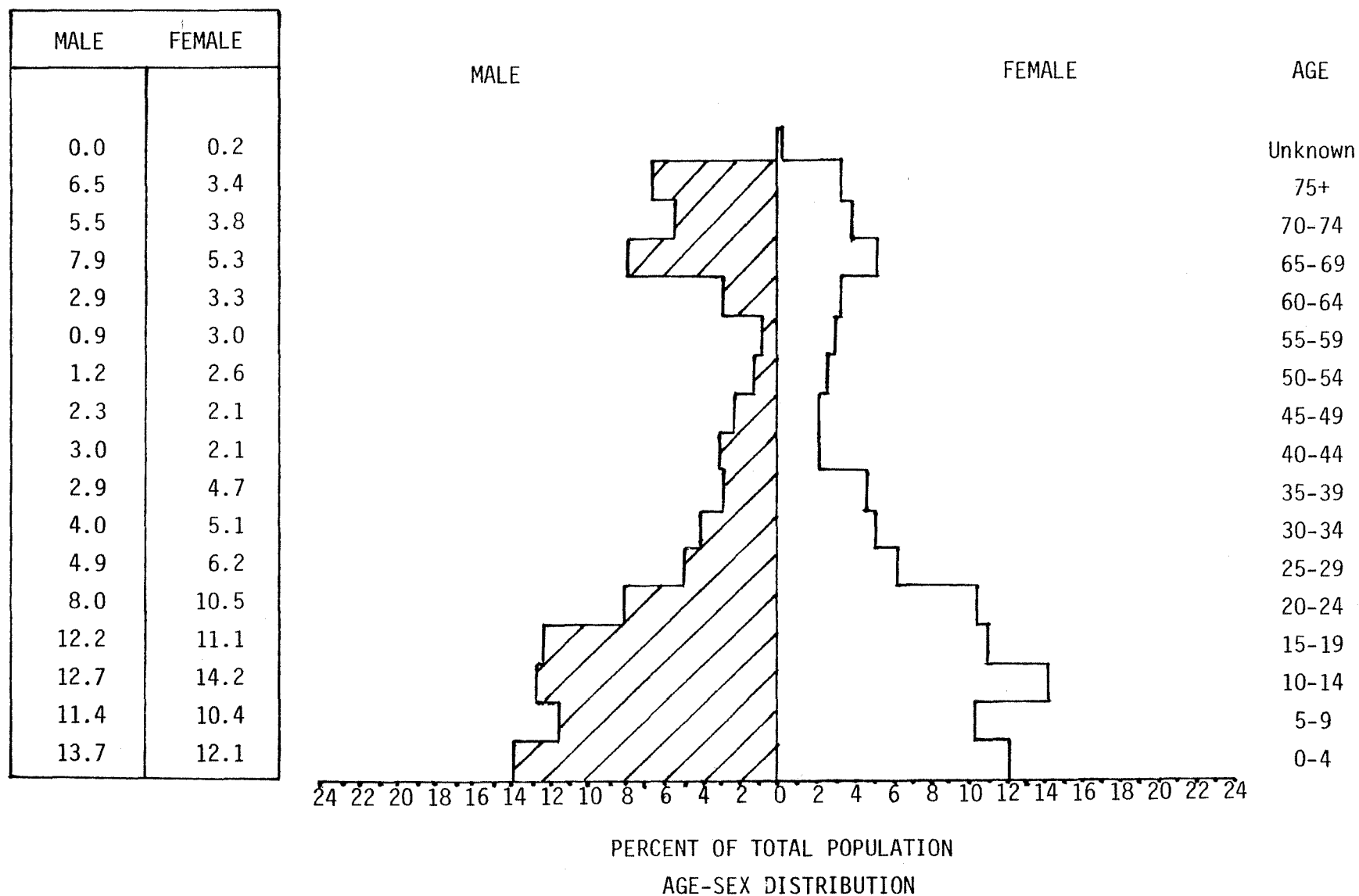
TOTAL POPULATION OF CAP DISTRICTS
(County of Maui)

45



Source: Hawaii, Office of Economic Opportunity, *Poverty Data from OEO 1975 Census Update Survey County of Maui*, p. 12.

Figure 3.5
TOTAL POPULATION OF CAP DISTRICTS
(County of Hawaii)



Source: Hawaii, Office of Economic Opportunity, *Poverty Data from OEO 1975 Census Update Survey County of Hawaii*, p. 10.

Table 3.23

**Pensions in Force on March 31, 1977
by Employee Group and by Type**

Employee group	Number	Average Pension	
		Amount	As % of average final compensation
All employees	10,458	\$329.90	41.81%
Service			
Total	9,562	\$338.77	42.08%
General Employees - men ..	4,235	318.15	39.02
General Employees - women.	1,844	256.43	37.77
Teachers - men	630	443.05	43.34
Teachers - women	2,206	314.30	43.32
Police and Firemen	647	690.28	59.62
Ordinary Disability			
Total	485	\$173.79	26.65%
General Employees - men ..	218	177.76	25.15
General Employees - women.	111	138.37	25.27
Teachers - men	15	344.06	32.27
Teachers - women	97	160.64	29.66
Police and Firemen	44	214.41	28.65
Accidental Disability			
Total	391	\$313.50	55.02%
General Employees - men ..	205	306.62	52.91
General Employees - women.	58	244.27	53.41
Teachers - women	3	326.97	52.12
Police and Firemen	125	356.58	58.96
Other			
Total	20	\$193.44	26.35%
General Employees - men ..	15	111.19	16.12
General Employees - women.	1	150.18	39.01
Teachers - men	1	999.36	42.93
Teachers - women	3	350.50	64.83

Source: *Employees' Retirement System of the State of Hawaii, Report of the Actuary on the Fifty-Second Annual Actuarial Valuation as of June 30, 1977* (Honolulu: 1977), p. 16.

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Retirants and Allowances in the Public Sector: A Profile. As of March 31, 1977, a total of 10,458 persons were receiving a pension based on credited service covered by the Employees' Retirement System of the State of Hawaii (see Table 3.23). As can be seen from the data appearing in Table 3.23, the average pension for the 10,458 retirants was \$329.90 per month, the figure representing the average amount received per month by retirants/pensioners in the five employee groupings and the four retirement/pension categories. Of the 10,458 persons receiving an allowance, 9,562 or approximately 91 per cent were receiving a "Service" retirement allowance. In the "Service" category, the average pension amounts ranged from a low of \$256.43 for the "General Employees - Women" group to a high of \$690.28 for the "Police and Firemen" group.

The remaining Tables 3.24 through 3.43 show selected data and information concerning the 10,458 persons receiving a pension as of March 31, 1977. These tables are shown under Appendix E.

A Profile of Private Sector Pension Awardees and Awards. The material which follows was derived from a recent publication of the Hawaii Employers Council.²² The publication is the most recent document prepared by the Council on employee benefit plans and related matters and was developed from data gathered in the Council's 1975 survey of 325 pension plans in Hawaii's private sector. The highlights of the Council's findings include the following. Over 70 per cent of the plans surveyed are noncontributory for employees in both the "office" and "production" plan categories. For plans covering office employees, the most prevalent type of formula used for determining the benefit amount was a percentage of the employee's earnings times the years of service. The most prevalent formula for determining benefits in the plans covering production employees is a dollar amount per month for each year in service. For both office and production plans, the most common vesting provisions were either full vesting after 10 years service or full vesting at age 45 with 15 years of service. The normal retirement age in these plans is 65 years and early retirement at age 55 with some type of service requirement. The majority of plans for both office and production employees contain disability provisions.

HAWAII'S OLDER POPULATION

Summary

This chapter has provided an overview of some basic concepts and definitions relating to older persons and the aging process. The chapter also provided an overview of Hawaii's older population and population projections which show a firm trend toward gradual enlargement of the State's population represented by older persons. This trend generally parallels national population projections concerning older Americans, although it should be noted that several recent government reports show that Hawaii's older population has grown larger at a faster rate than most of the other states.

The chapter also presented selected data and information concerning the income status of older persons in the State of Hawaii generally including specific income characteristics of the older persons by county. The basic conclusion concerning income is obvious--a significant number of our older population have limited and marginal incomes placing many within the official poverty standards. Finally, the chapter provided selected data concerning retirants receiving pension allowances from prior employment in the public or private sectors of the State. The following chapter 4 will review and evaluate selected concepts, definitions, applications, and issues relating to poverty measurement.

Chapter 4

POVERTY MEASUREMENT: SELECTED CONCEPTS, DEFINITIONS, APPLICATIONS, AND ISSUES

Introduction

The past several decades have witnessed the emergence of an expanding and diverse volume of literature addressing concerns about "economic poverty" in the United States. The substantive published literature includes journal articles, government publications including statistical and research reports, and scholarly works by distinguished authors representing a wide range of professional disciplines.

A sampling of the literature on economic poverty and closely allied areas reveals that the existing body of printed material covers a wide gamut touching on virtually every aspect of human poverty in America. At the risk of oversimplification, the Bureau concludes that the basic literature on economic poverty can be grouped into one of four themes. The themes are as follows: one theme addresses the observation that poverty is a widespread national phenomenon affecting the lives of millions of Americans; a second characterizes poverty as a many faceted value laden concept which eludes precise definition, either from a qualitative or quantitative point of view; a third offers strategies and program approaches, essentially keyed to a nationally based income transfer system; and a fourth addresses fiscal, legal, and other issues inherent in any broad-based public program for persons of low income.

Poverty Measurement: Selected Concepts and Definitions

Dictionaries typically define "poverty" as a state or condition of having little or no money or economic assets. Webster's Third New International Dictionary [Unabridged], for example, defines poverty as a lack or relative lack of material possessions. Review of the literature indicates that poverty, i.e., economic poverty, is generally defined either in the abstract or in general terms. The reasons may be obvious. Yet, there is a general notion that

POVERTY MEASUREMENT

poverty is a condition or social status characterized by a lack of money or material possessions. Generally illustrative of the definitions or characterizations of poverty found in the literature are the following:

...[P]overty in the usual sense [may be defined] as existing when the resources of families or individuals are inadequate to provide a socially acceptable standard of living. Both the specification of what standard of living should be regarded as socially acceptable (the poverty standard) and the measurement of the resources available to people for comparison with that standard, in order to evaluate the size and shape of the poverty problem, bristle with difficulties...Defined in this way--as inadequacy of financial resources or "income"-poverty inevitably has a multiplicity of causes, or, to put the same point another way, the poor have no unique common characteristics that distinguish them from the nonpoor other than their poverty itself.¹

A family is "poor" if its income is insufficient to buy enough food, clothing, shelter, and health services to meet minimum requirements. Universally acceptable standards for determining these minimum needs are impossible to formulate since the line between physical necessities and amenities is imprecise.²

The late President Lyndon B. Johnson in a state of the union message on the problem of poverty in America said:³

Measurement of poverty is not simple, either conceptually or in practice. By the poor we mean those who are not now maintaining a decent standard of living - those whose basic needs exceed their means to satisfy them. A family's need depend on many factors, including the size of the family, the ages of its members, the condition of their health, and their place of residence....

If indeed poverty is a lack of material possessions, logic would suggest that poverty, at least for statistical purposes, should be measured by a definition or mechanism based on money income and other measurable economic possessions. This rationale was no doubt the thinking inherent in the development of the various poverty standards presently used for various programs for low-income persons.

ECONOMIC SECURITY FOR OLDER PERSONS IN HAWAII

Federal Poverty Standards: Overview of Origins, Applications, and Current Controversies

Origins of the Poverty Standards. Various sources in the literature suggest that the genesis of what has evolved into the so-called "Federal Poverty Standard" can be traced back at least to the middle of the nineteenth century. According to one source in the literature:⁴

Concern with defining which persons and groups are poor goes back as far as the mid-nineteenth century. Congress has, from time to time, commissioned reports on the number of low-income families, their characteristics and their problems.

Another source in the literature notes that one of the first attempts to define a "poverty line", a term and concept which underlies the structure of the current poverty standards, was made by one Robert Hunter nearly 75 years ago. According to this source, the "poverty line" devised by Hunter in 1904 was predicated on the assumption that in 1904, a family of average size (father, mother, and three children) would need \$460 in annual income to meet essential expenses with a lower income requirement of \$300 set for the South.⁵

The general literature suggests that between 1904 and 1965, various other attempts were made to establish a poverty line. Several sources in the literature refer to use in 1949, by the Joint Economic Committee of Congress of a "poverty boundary line" based on family size and annual income. According to one source, "In 1949...a report on low-income families by the Joint Committee on the Economic Report concentrated on a boundary line of \$2,000 for a city family of two or more."⁶ According to another source, the Joint Economic Committee of Congress in 1949 used a \$2,000 guide to define poverty for a four-person urban family.⁷ By 1964 the proposed income level for this mythical four-person family was set at \$3,000.⁸

Current Federal Poverty Standards: Definitions and Applications. There are several poverty standards or guidelines currently utilized as eligibility guides for most programs designed for persons of low income. The poverty literature generally concludes that the present federal poverty standards

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variously known as the "Official Statistical Poverty Definition", "Federal Poverty Standard", "Poverty Index", "Poverty Line", "Poverty Guideline", etc. have recent origins traceable to the mid-1960s. Mollie Orshansky of the Social Security Administration is generally acknowledged as the architect of the schema which forms the basis for the current poverty standards. According to one source in the literature, the Orshansky model:⁹

...was, with revisions, officially adopted in 1969 by the Office of Management and Budget as the Federal Government's official statistical measure of poverty. (Emphasis added)

According to this source, the standard (measure) is keyed to the Department of Agriculture's economy food plan of 1961 and the national average ratio of family food expenditures to total family after-tax income as measured in the 1955 Household Food Consumption Survey:¹⁰

The measure consists of 124 separate poverty cutoffs differentiating families by size, number of children, age and sex of head, and farm or nonfarm residence. The cutoffs are updated annually by changes in the Consumer Price Index.... The Orshansky matrix of poverty thresholds is not the only poverty or low-income measure used for statistical and administrative purposes. Other measures include dollar cutoffs unadjusted for family size; various percentiles of the income distribution; and various percentiles of median family income. (Emphasis added)

Table 4.1 shows the entire set of Orshansky poverty indexes for income in 1974. Table 4.2 shows a simplified version of Table 4.1.

Administrative Uses of Poverty Standards: Issues and Problems. Most federal programs designed to assist low-income persons and families use a poverty measure or income eligibility standard for administrative purposes. The Orshansky measure, originally developed as a statistical measure and which has been widely applied, is not the only measure of poverty in use, however. In addition, the official measure is usually modified to some degree, and frequently it is used in conjunction with still other criteria. Often, programs use different definitions of income, thereby increasing diversity still further. "Such variation in Federal administrative practice occurs because of the broad spectrum of objectives covered by these programs."¹¹ (Emphasis added)

Table 4.1

POVERTY CUTOFFS IN 1974 BY SEX OF HEAD, SIZE OF FAMILY, AND
NUMBER OF RELATED CHILDREN UNDER 18 YEARS OLD, BY FARM-NONFARM RESIDENCE

Size of Family Unit	Number of Related Children Under 18 Years Old						
	None	1	2	3	4	5	6
<u>NONFARM</u>							
Male Head							
1 Person (Unrelated Individual):							
Under 65 years	\$2,658	--	--	--	--	--	--
65 Years and Over	2,387	--	--	--	--	--	--
2 Persons:							
Head Under 65 Years	3,324	\$3,724	--	--	--	--	--
Head 65 Years and Over	2,985	3,724	--	--	--	--	--
3 Persons	3,870	3,996	\$4,223	--	--	--	--
4 Persons	5,103	5,178	5,000	\$5,252	--	--	--
5 Persons	6,158	6,232	6,032	5,881	\$6,006	--	--
6 Persons	7,063	7,087	6,937	6,786	6,585	\$6,686	--
7 or More Persons	8,896	8,972	8,796	8,645	8,445	8,142	\$8,068
Female Head							
1 Person (Unrelated Individual):							
Under 65 Years	\$2,458	--	--	--	--	--	--
65 Years and Over	2,357	--	--	--	--	--	--
2 Persons:							
Head Under 65 Years	3,072	\$3,353	--	--	--	--	--
Head 65 Years and Over	2,948	3,353	--	--	--	--	--
3 Persons	3,745	3,568	\$3,946	--	--	--	--
4 Persons	4,900	5,075	5,053	\$5,000	--	--	--
5 Persons	5,881	6,058	6,032	5,982	\$5,781	--	--
6 Persons	6,862	6,987	6,937	6,886	6,660	\$6,457	--
7 or More Persons	8,619	8,746	8,720	8,645	8,419	8,244	\$7,841
<u>FARM</u>							
Male Head							
1 Person (Unrelated Individual):							
Under 65 Years	\$2,258	--	--	--	--	--	--
65 Years and Over	2,030	--	--	--	--	--	--
2 Persons:							
Head Under 65 Years	2,825	\$3,165	--	--	--	--	--
Head 65 Years and Over	2,537	3,165	--	--	--	--	--
3 Persons	3,291	3,397	\$3,590	--	--	--	--
4 Persons	4,338	4,402	4,429	\$4,465	--	--	--
5 Persons	5,235	5,298	5,127	4,998	\$5,106	--	--
6 Persons	6,003	6,024	5,897	5,768	5,597	\$5,683	--
7 or More Persons	7,562	7,627	7,477	7,179	6,179	6,921	\$6,858
Female Head							
1 Person (Unrelated Individual):							
Under 65 Years	\$2,089	--	--	--	--	--	--
65 Years and Over	2,002	--	--	--	--	--	--
2 Persons:							
Head Under 65 Years	2,611	\$2,851	--	--	--	--	--
Head 65 Years and Over	2,506	2,851	--	--	--	--	--
3 Persons	3,183	3,033	\$3,355	--	--	--	--
4 Persons	4,165	4,313	4,294	\$4,249	--	--	--
5 Persons	4,998	5,149	5,127	5,085	\$4,914	--	--
6 Persons	5,832	5,939	5,897	5,853	5,662	\$5,489	--
7 or More Persons	7,325	7,435	7,412	7,348	7,156	7,007	\$6,665

SOURCE: U.S. Bureau of the Census, "Characteristics of the Population Below the Poverty Level: 1974," Current Population Reports, Series P-60, No. 102, Table A-2.

Source: U.S., Department of Health, Education, and Welfare,
The Measure of Poverty (Washington: 1976), p. 10.

Table 4.2
WEIGHTED AVERAGE POVERTY CUTOFFS IN 1974
BY SIZE OF FAMILY AND SEX OF HEAD, BY FARM-NONFARM RESIDENCE

Size of Family Unit	Total	Nonfarm			Farm		
		Total	Male Head	Female Head	Total	Male Head	Female Head
1 Person (Unrelated Individual)	\$2,487	\$2,495	\$2,610	\$2,413	\$2,092	\$2,158	\$2,029
14 to 64 Years	2,557	2,562	2,658	2,458	2,197	2,258	2,089
65 Years and Over	2,352	2,364	2,387	2,357	2,013	2,030	2,002
2 Persons	3,191	3,211	3,220	3,167	2,707	2,711	2,632
Head 14 to 64 Years	3,294	3,312	3,329	3,230	2,819	2,824	2,706
Head 65 Years and Over	2,958	2,982	2,984	2,966	2,535	2,535	2,533
3 Persons	3,910	3,936	3,957	3,822	3,331	3,345	3,133
4 Persons	5,008	5,038	5,040	5,014	4,302	4,303	4,262
5 Persons	5,912	5,950	5,957	5,882	5,057	5,057	5,072
6 Persons	6,651	6,699	6,706	6,642	5,700	5,700	5,702
7 or More Persons ^a	8,165	8,253	8,278	8,079	7,018	7,017	7,066

SOURCE: U.S. Bureau of the Census, "Characteristics of the Population Below the Poverty Level: 1974," Current Population Reports, Series P-60, No. 102, Table A-2.

^a Represents an average for families with 7 or more persons.

Source: U.S., Department of Health, Education, and Welfare,
The Measure of Poverty (Washington: 1976), p. 11.

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Federal programs for the poor differ in terms of design to attain specified objectives. Some programs are devised to aid geographical areas or regions and some are devised to aid families or individuals directly. In the former case, the poverty measure serves as an allocative formula to distribute the appropriation, usually a fixed amount, among the subunits of the nation designated by the legislation. In the instance of programs targeted at families or individuals directly, a poverty cutoff may be used as an income eligibility criterion for individual applicants.¹²

An example of a federal program utilizing a poverty measure as part of an allocative formula is Title I of the Elementary and Secondary Education Act of 1965, as amended. In this program, the funds appropriated are distributed partly on the basis of the number of "poor" school-age children in each county in the nation. In situations where county boundaries are not coterminous with school districts, county amounts are suballocated to the school districts by the state departments of education. Children living in school attendance areas which have an incidence of poverty as high as or higher than the district-wide average are deemed eligible for Title I programs and children are selected for participation on the basis of educational deficiencies regardless of family income.¹³

An example of the second type of program which uses a poverty cutoff as an income eligibility criterion for individual applicants are the various programs of the Community Services Administration (CSA), successor agency to the Office of Economic Opportunity. CSA programming is keyed to the use of uniform income eligibility standards for the poverty-related programs administered by the agency. The income standards are based directly on the official federal poverty measure and eliminate many of the distinctions and "...smooth some of the remaining variations".¹⁴ In brief, the CSA poverty thresholds allow for variations by family size with equal increments for additional family members under two basic categories: "Farm" and "Non-Farm" families. Cutoffs for the "Farm" families are 15 per cent below those for "Non-Farm" families. Finally, under the CSA standard, two major geographic variations are partly taken into account for two states which rank at the very top as high cost of living areas. They are Alaska and Hawaii which have CSA thresholds which are respectively

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25 per cent and 15 per cent above the standard CSA guideline.¹⁵ See Table 4.3 for a comparison of the CSA poverty cutoffs along with the comparable weighted average cutoffs from the Orshansky matrix. It might be noted that in each of the weighted Orshansky averages in Table 4.3, the numbers in parentheses indicate the range of variation across all other thresholds for the same family size.

Measures of poverty or income eligibility and concepts of need based on other than the Orshansky measure are also used in federal programs. A single dollar threshold which is unadjusted for family size is currently used for eligibility purposes in the College Work-Study program authorized by the Higher Education Act of 1965 and is also used in the allocation formula for the Comprehensive Employment and Training Act (CETA).¹⁶

Still another measure of income eligibility is one based on a percentage of median income. Illustrative of this technique is the Title XX amendments of the Social Security Act. Under Title XX, popularly known as the social services amendments, 80 to 115 per cent of median family income in each state serves as the income eligibility standard.¹⁷ Similarly, programs under Title II of the Housing and Community Development Act of 1974 use 50 and 80 per cent of median family income in the target area as the eligibility factor.¹⁸

The Bureau of Labor Statistics (BLS) Budgets. The United States Bureau of Labor Statistics (BLS), among its several types of publications, releases a series of comparative budgets carrying various titles. The titles of the various budgets are shown in the notes found in Table 4.4 and Table 4.5. As can be seen, the data displayed in these two tables include three budget levels, the "Lower Budget", the "Intermediate Budget", and the "Higher Budget". As a general rule, the budget levels appearing on BLS budgets are considerably higher than the existing standards and guidelines used for public assistance money payment programs and the various other programs for low-income persons. See Table 4.6 for a comparative listing of the various poverty standards and guidelines currently utilized in Hawaii. As noted in footnotes 14 through 17 appearing on Table 4.6, the Comprehensive Employment and Training Act (CETA) programs use the "Lower Living Standard Income Level"

Table 4.3

1974 ORSHANSKY POVERTY THRESHOLDS AND
COMMUNITY SERVICES ADMINISTRATION INCOME ELIGIBILITY GUIDELINES

Family Size	Community Services Administration		Orshansky Poverty Measure	
	Nonfarm ^a	Farm ^a	Nonfarm	Farm
1 person	\$2590	\$2200	\$2495(2358-2659) ^b	\$2092(2004-2260)
2 persons	3410	2900	3211(2948-3724)	2707(2506-3165)
3 persons	4230	3600	3936(3568-4223)	3331(3033-3590)
4 persons	5050	4300	5038(4900-5252)	4302(4165-4465)
5 persons	5870	5000	5950(5781-6232)	5057(4914-5298)
6 persons	6690	5700	6699(6457-7087)	5700(5489-6024)

SOURCE: Federal Register, Vol. 40, No. 132 (July 9, 1975), p. 28794.
U.S. Bureau of the Census, "Characteristics of the Population
Below the Poverty Level: 1974," Current Population Reports,
Series P-60, No. 102, Table A-2.

^a All States except Alaska and Hawaii. The thresholds for Alaska are 25 percent higher, and those for Hawaii are 15 percent higher.

^b Figures in parentheses indicate the range of variation across the thresholds in the measure.

Source: U.S., Department of Health, Education, and Welfare, *The Measure of Poverty* (Washington: 1976), p. 16.

Table 4.4

COMPARATIVE FAMILY BUDGETS FOR HONOLULU: 1966 TO 1976

Type of family and date	Cost of budget (dollars)			Percent of U.S. urban average		
	Lower budget	Intermediate budget	Higher budget	Lower budget	Intermediate budget	Higher budget
URBAN FAMILY OF FOUR PERSONS						
1966: Autumn .....	...	11,190	...	...	122	...
1967: Spring	7,246	10,902	16,076	122	120	123
1969: Spring	8,135	12,118	18,315	124	120	126
1970: Spring	8,597	12,776	19,311	124	120	125
1971: Autumn	8,990	13,108	19,700	125	119	124
1972: Autumn	9,118	13,617	20,579	123	119	124
1973: Autumn	9,924	14,937	21,901	121	118	120
1974: Autumn	11,383	17,019	25,572	124	119	123
1975: Autumn	12,226	18,694	28,302	128	122	127
1976: Autumn	12,711	19,633	30,086	127	121	127
RETIRED COUPLE						
1966: Autumn .....	...	4,434	...	...	115	...
1967: Spring	3,110	4,429	7,219	116	115	120
1969: Spring	3,401	4,884	7,849	116	115	118
1970: Spring	3,562	5,166	8,312	115	115	117
1971: Autumn	3,875	5,538	8,621	117	116	116
1972: Autumn	3,927	5,633	8,717	114	113	113
1973: Autumn	4,221	6,038	8,844	112	112	110
1974: Autumn	4,801	6,796	9,918	114	112	111
1975: Autumn	5,168	7,339	10,726	115	114	112
1976: Autumn	5,397	7,691	11,318	115	114	113

Source: U.S. Bureau of Labor Statistics, *City Workers' Family Budget, Autumn 1966* (Bull. No. 1570-1); *Retired Couple's Budget, Autumn 1966* (Bull. No. 1570-4); *Three Standards of Living for an Urban Family of Four Persons, Spring 1967* (Bull. No. 1570-5); *Three Budgets for a Retired Couple, 1967-68* (Bull. No. 1570-6); *Three Budgets for an Urban Family of Four Persons, 1969-70* (Supplement to Bull. 1570-5); *Three Budgets for a Retired Couple... 1969-70* (Supplement to Bull. 1570-6); *Autumn 1971 Urban Family Budgets and Geographical Comparative Indexes* (release, April 27, 1972); *Three Budgets for a Retired Couple, Autumn 1971* (release, May 16, 1972); *Autumn 1972 Urban Family Budgets and Comparative Indexes for Selected Urban Areas* (release, June 15, 1973); *Three Budgets for a Retired Couple, Autumn 1972* (release, August 10, 1973); *Autumn 1973 Urban Family Budgets and Comparative Indexes for Selected Urban Areas* (release, June 16, 1974); *Three Budgets for a Retired Couple, Autumn 1973* (release, August 27, 1974); *Autumn 1974 Urban Family Budgets and Comparative Indexes for Selected Urban Areas* (release, April 9, 1975); *Three Budgets for a Retired Couple, Autumn 1974* (release, August 1, 1975); *BLS Revises Estimates for Urban Family Budgets and Comparative Indexes for Selected Urban Areas, Autumn 1975* (release, May 5, 1976); *Three Budgets for a Retired Couple, Autumn 1975* (release, August 19, 1976); *Autumn 1976 Urban Family Budgets and Comparative Indexes for Selected Urban Areas* (release, April 27, 1977); *Three Budgets for a Retired Couple, Autumn 1976* (release, August 4, 1977).

Source: Hawaii, Department of Planning and Economic Development, *State of Hawaii, Data Book 1977, A Statistical Abstract* (Honolulu: 1977), p. 181.

Table 4.5

**ANNUAL BUDGETS FOR THREE LEVELS OF LIVING FOR A RETIRED COUPLE ON OAHU:
AUTUMN 1976**

(For a retired husband and wife, 65 years old or over. Excludes personal income taxes.)

Item	Cost of budget (dollars)			Percent of urban U.S. average		
	Lower budget	Inter-mediate budget	Higher budget	Lower budget	Inter-mediate budget	Higher budget
Total budget ¹	5,397	7,691	11,318	115	114	113
Total consumption.....	5,165	7,228	10,462	115	114	113
Food.....	1,799	2,340	3,010	125	122	125
At home.....	1,685	2,095	2,520	127	123	124
Away from home.....	114	245	490	103	117	132
Housing ²	1,723	2,570	4,030	107	110	110
Shelter ³	1,232	1,578	2,318	102	106	109
Renter costs ⁴	1,651	2,283	3,123	146	154	139
Homeowner costs ⁵	952	1,199	1,973	76	80	95
Housefurnishings & operations.....	491	992	1,618	120	118	113
Transportation ⁶	479	792	1,233	149	126	106
Clothing.....	206	342	496	100	99	93
Personal care.....	153	224	328	111	111	111
Medical care.....	579	584	590	101	102	102
Other family consumption ⁷	226	376	775	113	113	118
Other items ⁸	232	463	856	115	114	112

¹Among the 40 metropolitan areas for which separate indexes were reported, Honolulu ranked second at the lower level and fourth at the intermediate and higher levels. Anchorage ranked first at all three levels.

²Housing includes shelter, housefurnishings and household operations. The higher budget also includes an allowance for lodging away from Oahu.

³The average costs of shelter were weighted by the following proportions: lower budget, 40 percent living in rented dwellings; intermediate budget, 35 percent in rented dwellings; higher budget, 30 percent renters.

⁴Includes average contract rent, heating fuel, gas, electricity, water, specified equipment, and insurance on household contents.

⁵Includes property taxes; insurance on house and contents; water, refuse disposal, heating fuel, gas, electricity, and specified equipment; and home repair and maintenance costs. Assumes all mortgage payments have been completed.

⁶Based on 45 percent of the lower budget families, 60 percent of the intermediate, and all the higher budget families owning automobiles.

⁷Includes reading, recreation, tobacco products, alcoholic beverages, and miscellaneous expenditures.

⁸Includes gifts and contributions, and, at the higher level, life insurance.

Source: U.S. Department of Labor, Bureau of Labor Statistics, *Three Budgets for a Retired Couple, Autumn 1976* (Release USDL 77-690, August 4, 1977).

Source: Hawaii, Department of Planning and Economic Development, *State of Hawaii, Data Book 1977, A Statistical Abstract* (Honolulu: 1977), p. 183.

TABLE 4.6

SELECTED POVERTY STANDARDS AND GUIDELINES/MEASURES OF
ECONOMIC WELL-BEING UTILIZED IN HAWAII^a

FAMILY SIZE ^e (by persons)	CSA ^b		DSSH ^j	TITLE XX ^f		Poverty Level (Non-Farm Family)	CETA ^c		Marginally Poor	BLS-RETIRED COUPLE BUDGETS ^d		
	Non-Farm Family ^h	Farm Family ⁱ		Schedule A ^k	Schedule B ^l		Lower Living Standard ^g (70%) ^m	(85%) ⁿ		Lower Budget	Intermediate Budget	Higher Budget
1	\$3,620	\$3,130	\$3,564 ^o	\$5,325 ^p	\$7,100	\$3,620	\$3,210	\$3,900	\$7,240	\$5,397	\$7,691	\$11,318
2	4,790	4,110	4,680 ^o	6,964 ^p	9,284	4,790	5,270	6,400	9,580			

- a. Data and information presented in this table are selected highlights. Definitions of income, what income is disregarded, what liquid assets are included or excluded in ascertaining eligibility varies between and among the various standards. As an example of the variance in definition of income, the CSA defines income as follows:

Income. Refers to total cash receipts before taxes from all sources. These include money wages and salaries before any deductions, but not including food or rent in lieu of wages. They include receipts from self-employment or from own farm or business after deductions for business or farm expenses. They include regular payments from public assistance, social security, unemployment and workmen's compensation, strike benefits from union funds, veterans benefits, training stipends, alimony, child support and military family allotments or other regular support from an absent family member or someone not living in the household; government employee pensions, private pensions and regular insurance or annuity payments; and income from dividends, interest, rents, royalties, or income from estates and trusts. For eligibility purposes, income does not refer to the following money receipts: any assets drawn down as withdrawals from a bank, sale of property, house or car, tax refunds, gifts, one-time insurance payments or compensation for injury; also to be disregarded is non-cash income, such as the bonus value of food and fuel produced and consumed on farms and the imputed value of rent from owner-occupied farm or non-farm housing.

In contrast, under Title XX programs, it appears that income eligibility is based on annual gross income.

- b. U.S., Community Services Administration, "Poverty Income Guidelines," for Hawaii effective April 5, 1978. The CSA standard is the benchmark standard for the majority of federal programs requiring the use of a poverty standard. For example, the

Poverty Level Non-Farm Family standard, one of the 3 income standards used for CETA programs, is identical to the CSA Non-Farm Family standard.

- c. Comprehensive Employment and Training Act, "Income Level Reference Chart," revised August 1978. Complete schedule goes up to an 11-person family with income limits set at \$15,320, \$21,270 (70%), and \$25,810 (80%), and \$30,640, respectively.
- d. U.S., Bureau of Labor Statistics, "Comparative Family Budgets for Honolulu," as of Autumn 1976. Dollar figures shown apply to a retired couple.
- e. Family size and allowance income limits vary between and among the various standards. For example, under the CSA standard, family size ranges up to a 6-person family with income limits set at \$9,470 and \$8,030, respectively, for Non-Farm and Farm Families, with the provision to allow \$1,170 and \$980 for each additional family member in Non-Farm and Farm Families, respectively.
- f. Title XX of the Social Security Act (popularly known as the Social Services Amendment).
- h. Non-Farm standard is generally utilized for CSA programs in Hawaii.
- i. Farm Family standard is generally inapplicable for CSA programs in Hawaii.
- j. Hawaii State Department of Social Services and Housing.
- k. General schedule for Title XX programs.
- l. Special schedule applicable only for children requiring developmental disability services.
- m. 70% of LLSIL.
- n. 85% of LLSIL.

TABLE 4.6 (CONTINUED)

- o. Annual maximum income allowable for 1- and 2-person families, respectively, for DSSH "Money Payment Program," effective July 1, 1978. Complete schedule/standard goes up to a 15-person family with an annual income limit set at \$14,760 for a 15-person family with provision for an additional \$54 monthly allowance for each additional person beyond family size of 15.
- p. Annual maximum income allowable for 1- and 2-person families, respectively, for Schedule A Title XX programs. Complete schedule includes up to a 6-person family with an annual income limit set at \$13,518, with provision for an additional monthly allowance for each additional person beyond family size of 6.

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(LLSIL) budgets as a benchmark guide for purposes of determining eligibility for CETA programs.

The adoption of the BLS "Intermediate Budget for Retired Couples" has been advocated as the income goal for older persons. One such recommendation appeared in the "Income Section" of the 1971 White House Conference on Aging which reads in part as follows:¹⁹

The immediate goal for older people is that they should have total cash income in accordance with the "American standard of living." We therefore recommend the adoption now, as the minimum standard of income adequacy, of the intermediate budget for an elderly couple prepared by the Bureau of Labor Statistics....

The Nixon administration, however, did not concur. The administration's response to the 1971 White House Conference delegates is quoted as follows:²⁰

The Administration does not concur in the recommendations of the delegates to the Conference that the "intermediate" budget developed by the Bureau of Labor Statistics become the national goal in the area.... While these [budget] studies are interesting and useful in their own right, they provide no basis for knowing whether any particular level of income is "adequate" under varying sets of circumstances.

The rationale underlying the Nixon administration response may be based in part upon the assertion that the BLS budgets:²¹

...do not show how an "average" retired couple actually spends its money, nor does it show how a couple should spend its money.... In general, however, the representative list of goods and services comprising the standard reflects the collective judgment of families as to what is necessary and desirable....

It has also been said that the retired couples' "...budgets are not intended to represent a minimum or subsistence level of living but rather a level described by the Bureau of Labor Statistics as 'modest but adequate.'"²²

Current Controversies Concerning the Official Poverty Standards.
Despite their admitted usefulness for statistical and program purposes, the

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various poverty standards have been under attack for quite sometime. Among the criticisms leveled at the poverty standards include the following assertions: (1) that the income levels keyed to family size are highly arbitrary and fail to recognize the inherent differences in individual or family spending patterns; (2) that economic assets other than income are frequently not taken into account; (3) that the standards fail to distinguish among different regions of the country; and (4) that standards fail to consider benefits with economic utility such as food stamps, free rent, etc.

According to a major source in the current literature:²³

A perpetual debate within the academic community since the start of the War on Poverty has been: What is poverty? How should it be defined?... A potentially explosive discussion is now taking place within the Congress and the federal executive branch regarding possible changes in the official measure of who shall be counted as poor. (Emphasis added)

The discussion is capsulated in "The Measure of Poverty"--an HEW report submitted in April, 1976, in response to a congressional mandate requiring a thorough study of the manner in which the relative measure of poverty for use in the financial assistance program authorized by Title I of the Elementary and Secondary Education Act of 1965 may be more accurately and currently developed. The complexity of defining and measuring poverty is evidenced in the HEW report, which in addition to the basic report consisting of 162 pages, is augmented by 18 technical studies on selected aspects of, and problems associated with, poverty measurement. See Appendices C.1 and C.2 in the Appendix section of this study for a listing of the table of contents of the basic report and a listing of the subjects covered in the 18 separate technical studies.

"The Measure of Poverty": A Synopsis. The aforementioned HEW report may well be the most comprehensive single study undertaken to date on the issues associated with the definition and measurement of poverty in the United States. Many definitions and variants of them are discussed in the report. Among the issues explored are the following:²⁴

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Should in-kind benefits be included in income?

How about taxes paid?

How about assets?

How long--one year, five years--should average income be below the poverty cutoff before people are called poor?

Should there be different income levels for different demographic groups?

Male versus female heads?

Rural versus urban residents?

Adults versus children?

How high should the level be?

The highlights of "The Measure of Poverty" including several key findings excerpted from the report's "Executive Summary" are shown as follows:

EXECUTIVE SUMMARY

The 1974 Amendments to the Elementary and Secondary Education Act included a mandate to the Department of Health, Education, and Welfare to study ways of improving the accuracy and currency of the present measure of poverty used in the formula that allocates funds authorized by Title I of the Act. This is a summary of the report of that study.

Poor persons living in the United States in the 1970s are rich in contrast to their counterparts in other times and places. They are not poor if by poor is meant the subsistence levels of living common in some other countries. Nor are most poor like their counterparts in this country fifty or one hundred years ago. This country is concerned about poverty, its causes and correlates. It is willing to relieve the poverty of its efforts to do so. None of this can be done without some idea of who is to be considered poor and who is not.

The report deals with measuring the current status of the poor rather than with the causes or solutions to poverty. A family is none the less poor for having arrived at that state of its own accord. Similarly, the fact that an individual could with modest and reasonable effort escape from poverty has nothing to do with whether he is currently poor.

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The current measure of poverty used in the allocation formula was originally developed by Mollie Orshansky of the Social Security Administration in 1964 and was, with revisions, officially adopted in 1969 by the Office of Management and Budget as the Federal Government's official statistical measure of poverty. The measure is built around the Department of Agriculture's economy food plan of 1961 and the national average ratio of family food expenditures to total family after-tax income as measured in the 1955 Household Food Consumption Survey. It consists of 124 separate poverty cutoffs differentiating families by size, number of children, age and sex of head, and farm or nonfarm residence. The cutoffs are updated annually by changes in the Consumer Price Index. The weighted average poverty cutoff for a nonfarm family of four in 1974 was \$5,038. According to the Census Bureau's report based on the March 1975 Current Population Survey, in 1974 there were approximately 24.3 million persons, or 12 percent of the population, poor by this definition.

The Orshansky poverty definition is widely used to measure the nation's progress in reducing the extent of poverty. It is also used as a statistical tool to identify the target populations of government programs that help the financially needy and to evaluate the effectiveness of such programs. In recent years it has been adapted for administrative purposes. The Title I program of the Elementary and Secondary Education Act provides one example of its administrative use. A different example is its use in the Head Start program where it plays a part in the determination of individual eligibility and the amount of government benefits provided to beneficiaries.

The Orshansky matrix of poverty thresholds is not the only poverty or low-income measure used for statistical and administrative purposes. Other measures include dollar cutoffs unadjusted for family size; various percentiles of the income distribution; and various percentages of median family income. These measures have advantages and disadvantages which vary according to the specific statistical, analytical, or administrative purposes intended. Each has subjective elements and limitations due to unresolved conceptual problems or scarcity of data.

The study examines (1) regional, climatic, metropolitan, urban, suburban, and rural differences in the poverty measure, (2) differences due to family size and head of household, and (3) the availability of state and other subnational data more current than the decennial Census, including cost of living, cost of housing, labor market and job availability, prevailing wage rates, unemployment rates, income distribution, and the eligibility criteria for aid to families with dependent children (AFDC) under state plans approved for Title IV of the Social Security Act.

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The report reviews various topics; major discussion areas are:

1. Measures of poverty used for national policy purposes require fundamental social, political, and ethical judgments which should reflect the following considerations: varying beliefs about the proper norms or standards of need which should be adopted; a well conceived purpose and reasoned use of the measure or measures; the implicit government policy to redistribute income to or substantially assist those below the poverty line; and the necessity for periodically reviewing any poverty measure in light of changed perceptions of need, new data, resource limitations, changes in the demographic composition, and social factors.
2. The official measure of poverty has a number of limitations, some of which stem from the fact that there are no commonly accepted standards of need, other than for food; even the Department of Agriculture's measure of this standard is approximate. A multiplier which reflects the average ratio of income to food consumption is used as only a rough measure of nonfood requirements. In addition, it, along with other measures discussed in this study, does not account for geographic differences in the cost of living or relative prices. Nor does it change over time with changes in the standard of living, although it is adjusted for changing prices to the extent they are captured by the Consumer Price Index.
3. Various proposals have been made to change the official poverty measure. The most commonly discussed include: revising it by using a more current USDA food plan and ratio of food expenditures to income from the 1965-66 Household Food Consumption Survey; simplifying it by removing the distinctions for farm residence, sex of head, or presence of children; making year-to-year changes through a price index specially weighted for poor persons; adjusting the definition of income for assets, taxes, and home-produced goods and services; and measuring the effect of the subsidy programs which are now more available to the poor than they were when the measure was derived.
4. There may be cost-of-living differences between regions, and among urban, suburban, and rural areas, but the extent and nature of these differences is difficult to identify accurately. Existing sources of data which are both accurate at the state and

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local level and available on a timely basis cannot provide a reliable proxy measure of poverty. Because cost-of-living differences across areas are not satisfactorily measured by existing data and because there is no agreement on the methodology for making such an adjustment, no geographic adjustment in the poverty threshold is made in the report. Nevertheless, even in the absence of demonstrated cost-of-living or price differences, some believe that national programs could contain provisions to overcome problems which could arise from the effects of local labor and housing markets, local extent of poverty, or other special circumstances.

5. The development of a poverty definition based on a fully specified market basket of goods and services could provide a basis for varying the thresholds to account for differences in need due to variation in family size or composition. However, the lack of commonly accepted standards of need makes it difficult to construct a suitable poverty level market basket. Equivalence scales used to adjust the current poverty thresholds for family size and composition are based primarily on nutritional requirements and are not fully satisfactory. Alternative equivalence scales are examined in the report, but there is disagreement about their validity and in some cases they are quite arbitrary in their construction. Similarly, there are no generally accepted techniques for adjusting poverty cutoffs for other demographic characteristics such as health status or occupation. Unaddressed is the question of standards of poverty for the working poor compared with those dependent largely on public programs for support.

Several findings related to changing the definition of poverty are:

1. Commonly proposed changes in the definition of poverty would raise the poverty cutoffs and increase the number of persons who would be counted as poor. However, there have also been a number of criticisms of the way in which the poor are counted, which, if valid, suggest that some persons are counted as poor who should not be. Commonly proposed alterations vary from a revision of the current definition on the basis of more recent family consumption patterns to such entirely different approaches as specifying poverty in terms of some percentage of median income. Changes which lower the poverty count, if the present poverty measure were not changed,

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include counting non-cash subsidies like food stamps as income and imputing income value to wealth when it does not generate interest, dividends, or rental income.

2. Increasing the poverty income cutoffs results not only in more persons and families being counted as "poor," but also in a significantly different composition of the poor population. Increasing the poverty line results in a poverty population with proportionately more whites than at present, more working poor, an increased proportion of families with a male rather than a female head, slightly higher concentrations of the elderly, and slightly lower concentrations of children. It also causes a relative shift in the proportionate share of the poor population from the Southern to other states and from less populated to more populated states.
3. Since no accepted standards exist for nonfood items (housing, clothing, transportation, etc.), the current poverty threshold is derived by assuming that the appropriate ratio of expenditures on nonfood items to expenditures on food would be that observed on the average in the United States. Based on more recent household food consumption data, the average proportion of income devoted to nonfood items and the corresponding multiplier to be applied to food costs are higher than in the current poverty measure. Arguments have been made both for increasing and decreasing the multiplier. These are related to: the assumption that food expenditures must not exceed the measured national average proportion of total income spent on food; differences in the statistical bases for calculating the multiplier; and the income definition to be used.
4. Under the official poverty measurement system (when backdated by the Consumer Price Index), the number of poor families was reduced from 18.5 percent in 1959 to 9.2 percent during 1974. Revising the official poverty line on the basis of current nutrition standards, food plans, food prices, and a higher multiplier reflecting more recent overall consumption data would raise the poverty line in real terms and lessen the amount of progress shown in reducing the extent of poverty. A poverty line based on 50 percent of national median family income would consistently show about 19 percent of all families as poor over the past fifteen years, although at ever higher real income levels.

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5. In-kind benefits from government and private sources have grown sharply during the past decade. Empirical evidence for 1974 and several earlier years indicates that, if food stamps were included as income and if the poverty thresholds were not changed, about 5 to 15 percent of the poor (depending on the method of valuation used) would no longer be counted as poor. The number of poor children would be reduced more significantly than other groups of poor persons. Inclusion of the value of other in-kind subsidies such as housing and health insurance would also reduce the number of poor counted by the present measure if the poverty thresholds were not changed. However, if the logic of the existing measures is maintained, the ratio of after-tax income to food expenditures which is used in computing the poverty thresholds might be altered. Although it is difficult to agree on what value of in-kind benefits to include as income, failure to do so excludes some of the fastest growing sources of income in the economy.
6. Addition of unrealized or imputed income from assets (or even addition of stock of assets) to current income will also reduce the count of the poor if the poverty thresholds are not changed. The most dramatic reduction will occur for the self-employed, the aged, whites, and other groups in which the average net worth is higher than it is for the population as a whole. However, many of the poor have no sizable assets. Furthermore, if the poverty definition were revised maintaining its current logic, whether the number of poor would increase or decrease would depend on the distribution of such imputed income.

Findings related to programs are:

7. Except for a few programs, like child nutrition and food stamps, raising the poverty line (or lowering it) need not in itself increase (or decrease) the Federal budget, since in most programs a fixed amount of Federal funds is distributed. Federal revenues are linked to the poverty line to some extent through the minimum standard deduction for income taxes. The primary administrative effect of changing the poverty line (if administrative guidelines were to be similarly changed) is not necessarily a question of how much Federal money will be appropriated for the poor as of which low-income persons or areas will receive the appropriated funds.

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8. With respect to Title I of the Elementary and Secondary Education Act, other elements of the distribution formula, such as the individual states' per-pupil expenditure rates, the size of their AFDC populations, the "hold harmless" provision, and the failure to update the count of children in poverty between the decennial Censuses, also have a significant effect on the proportionate share of funds which each state receives. If the funds were distributed solely on the basis of the number of poor children, the distributional effects would be much sharper than those produced by any reasonable change in the poverty thresholds using the current formula of allocation of Title I funds.

This report does not recommend any particular changes in poverty measurement or concept. It shows that there are many alternatives possible, each with its own advantages and disadvantages. Unfortunately, many of the more conceptually desirable changes are among the most difficult to implement. There are options that would increase the poverty count; there are equally valid changes that would reduce it. It can be concluded that any poverty definition may be subject to valid criticism, and that any definition is inherently value laden. Nevertheless, there is an advantage in the continued publication of an official statistical series of a poverty measure as an index of national achievement in reducing the extent of poverty.

Selected Major Poverty Standards Utilized in Hawaii

As was noted earlier in this chapter, several different poverty standards are currently utilized for determining eligibility for various programs designed for persons of low income. Table 4.6 presents a summary of four standards, the Community Services Administration (CSA) standard, the Department of Social Services and Housing (DSSH) standard, the federal Social Services Title XX standard, and the Comprehensive Employment and Training Act (CETA) standard. Table 4.6 additionally presents data on the federal Bureau of Labor Statistics (BLS) "Retired Couple Budgets". While the BLS Retired Couple Budgets are technically not considered as a poverty standard, the budgets have been advocated, as noted earlier in this chapter as the income goal for older Americans by the 1971 White House Conference on Aging.

Hawaii State Department of Social Services and Housing (DSSH) Program Eligibility Standards. The Hawaii State Department of Social Services and

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Housing (DSSH) uses several sets of eligibility standards for its various assistance programs. See Table 4.7 which shows the standards in effect as of July 1, 1978. The standards for the Money Payment Program shown both in Tables 4.6 and 4.7 are developed in accordance with the requirements of section 346-53, Hawaii Revised Statutes, a law created by Act 145 of the Session Laws of Hawaii 1975. A significant provision of Act 145 was the mandate that beginning July 1, 1976, the director of social services:²⁵

...shall increase the maximum basic needs allowance which the department may pay a recipient, by a percentage increase in the average weekly wage in covered employment, as computed by the director of labor and industrial relations....

Section 346-53 was amended by Act 104 of the Session Laws of Hawaii 1978 as follows. The basic thrust of Act 104 was the deletion of the requirement that adjustments shall be automatic, as provided for in Act 145. Act 104 provides instead that beginning January 1, 1978 and on or before January 1 of each odd-numbered year thereafter, the director of social services shall submit a report to the legislature indicating the amount of additional moneys required to implement a cost of living increase, rounded to the nearest dollar:²⁶

- (1) In the average weekly wage in covered employment as computed by the director of labor and industrial relations..., or
- (2) In the consumer price index for Hawaii as computed by the United States Department of Labor, whichever is lowest.

Act 104 contains two other significant provisions as follows. One provision requires the director of social services to request that such amount be reflected in that portion of the executive budget relating to the department, and that if additional funds are appropriated by the legislature for a cost of living adjustment, then the adjusted basic needs allowance shall be adjusted to reflect the appropriation. The remaining provision provides that should general fund expenditures for money and medical payments increase at a rate greater than the rate of increase in general fund tax revenues in any fiscal year, the director of social services shall report such increases to the legislature and make cost control recommendations to include, but not be limited to: (1)

Table 4.7

DEPARTMENT OF SOCIAL SERVICES AND HOUSING
Public Welfare Division
ACT #145 (H.B. 35 July, 1975)
Updated - Effective 7/1/78

MONEY PAYMENT PROGRAM - Monthly Allowance Standard

Family Size	Basic & Special***	Shelter Maximums***	Maximum Totals	Annual Maximums
1	\$122	\$175	\$ 297	\$ 3,564
2	175	215	390	4,680
3	228	240	468	5,616
4	281	265	546	6,552
5	336	290	626	7,512
6	389	320	709	8,508
7	442	360	802	9,624
8	496	360	856	10,272
9	549	360	909	10,908
10	603	360	963	11,556
11	656	360	1,016	12,192
12	710	360	1,070	12,840
13	762	360	1,122	13,464
14	816	360	1,176	14,112
15	870	360	1,230	14,760

For additional persons, add \$54 for basic and special. Shelter maximums (rent and utilities) remain at \$360.

*Excludes medical care costs which are met in full by the Dept. through its Medicaid Program.

**Excludes Food Stamp bonus (additional benefits) which varies by family size and net income.

***As paid up to shelter maximums.

***Reflects 3% increase in MSA effective 7/1/78.

Highlights

- Standard applicable uniformly to all categories.
- Emergency assistance due to natural disaster provided.
- Recipients shall be paid on emergency basis for the cost of replacing or repairing household appliances (refrigerator and stove) limited to certain cost considerations - not to exceed \$350.
- Effective 7/1/79 increase based on lower of CPI or Wage Increase and whether funds appropriated by Legislature.

Amount of Liquid Assets Disregarded
(Differs between SSI and Other Recipients)

AFDC, AFDC-UF, GA	Old	New	AFDC, AFDC-UF, GA	Old	New	AFDC, AFDC-UF, GA	Old	New
Family Size	Amount	Amount	Family Size	Amount	Amount	Family Size	Amount	Amount
1	\$ 435	\$ 445	4	\$ 800	\$ 820	10	\$1,400	\$1,445
2	575	585	5	915	940	11	1,475	1,525
3	685	700	6	1,035	1,065	12	1,555	1,605
			7	1,170	1,205	13	1,630	1,685
			8	1,250	1,285	14	1,705	1,765
			9	1,325	1,365	15	1,785	1,845
SSI Cases - Monthly								
\$1,500 - 1 person								
\$2,200 - couple								

MEDICAL ASSISTANCE ONLY - Income Limits - persons at home

Household Size	Monthly	Annual	Household Size	Monthly	Annual
1	\$ 300	\$3,600	6	\$ 709	\$8,508
2	400	4,800	7	802	9,624
3	475	5,700	8	856	10,272
4	550	6,600	9	909	10,908
5	626	7,512	10	963	11,556

Apply money payment "maximum totals" standard after 10 member households.

Disregard/Exemption of Resources

1 person - \$1,500

2 persons - 2,250

Add \$250 for each additional member

Family could still be eligible even if monthly income exceed the above limits, if excess income insufficient to pay for medical care cost. Cost sharing depending on cost of medical care.

FOOD STAMPS ONLY - Income Limits (Effective July, 1978)

Household Size	Monthly	Annual	Household Size	Monthly	Annual
1	\$ 301	\$ 3,612	11	\$1,980	\$23,760
2	440	5,280	12	2,160	25,920
3	633	7,596	13	2,340	28,080
4	800	9,600	14	2,520	30,240
5	953	11,436	15	2,700	32,400
6	1,140	13,680	16	2,880	34,560
7	1,260	15,120	17	3,060	36,720
8	1,440	17,280	18	3,240	38,880
9	1,620	19,440	19	3,420	41,040
10	1,800	21,600	20	3,600	43,200

Disregard-Exemption of Resources - Monthly

\$3,000 - households with two or more when at least one member is age 60 or older.

\$1,500 - all other households including one person households.

AABD/SSI Payments Administered by SSA

6.5% increase effective 7/1/78

		Combined Federal/State			
		INDIVIDUAL		COUPLE	
Living Independently		1977-78	1978-79	1977-78	1978-79
		Old	New	Old	New
Federal		\$177.80	\$189.40	\$266.70	\$284.10
		15.20	15.20	24.20	24.20
		\$193.00	\$204.60	\$290.90	\$308.30 ÷ 2
In Household of Another		\$118.54	\$126.27	\$177.80	\$189.40
		4.46	4.46	12.20	12.20
		\$123.00	\$130.73	\$190.00	\$201.60 ÷ 2
Domiciliary I		\$177.80	\$189.40		
		90.20	90.20		
		\$268.00	\$279.60		
Domiciliary II		\$177.80	\$189.40		
		140.20	140.20		
		\$318.00	\$329.60		
Domiciliary III		\$177.80	\$189.40		
		202.20	202.20		
		\$380.00	\$391.60		

Effective July 1, 1978, the federal basic SSI benefit amount payable to eligible individuals is increased by 6.5% cost-of-living increase. Pass-along of the cost-of-living increase meets the requirement of Federal mandatory pass-along provisions of P.L. 94-585 (1618 of Social Security Act) passed in October, 1976.

State supplement amount remains the same for all five living arrangements.

Continued Federal administration of State SSI payment remains in effect.

changes in eligibility standards, (2) adjustments to the basic needs allowance, (3) adjustments to the maximum shelter allowance, (4) alternatives to money payments for meeting basic needs, and (5) adjustments to medical payment fees and levels of service.

"The Gap Group"

Discussion of economic poverty and low-income persons would be incomplete without addressing the issue of the persons falling in the so-called "gap group". The term has been used with increasing frequency in recent years; however, there appears to be no universally accepted definition of the term. Other terms which are virtual synonyms of the term "gap group" include "near poor", "marginally poor", and "potentially poor".

The most common conceptualization of persons in the gap group is that of a person or family failing to meet technical income related eligibility requirements for various government programs designed for low-income persons, but who nonetheless have incomes or economic assets barely sufficient to acquire the essentials of daily living such as food, clothing, and shelter. A discussion of several local programs designed for persons in the gap group is presented in chapter 6 of this study.

Summary

This chapter has provided an overview of the concepts and issues related to the measurement of economic poverty. It was noted that economic poverty is a difficult concept to define and that various so-called official poverty standards are utilized for the various governmentally based programs for persons of low income. It was also noted that a recent federal report, entitled "The Measure of Poverty", has generated major controversy at the federal level and that debate on the issues related to poverty measurement are likely to remain on the agenda of future congresses and administrations. Finally, the chapter discussed the gap group.

POVERTY MEASUREMENT

The remaining two chapters of this study will identify and evaluate major programs and services designed for older persons and will present approaches and recommendations intended to enhance the economic status of Hawaii's needy older population.

PART III

PROGRAMS AND SERVICES FOR OLDER PERSONS IN HAWAII:
SOME ISSUES AND ALTERNATIVE APPROACHES

Introduction

As can be inferred from the data and information appearing in the two chapters comprising Part III of this study, a sizeable array of programs and services are currently available to older residents of the State. The programs and services cover a wide gamut ranging from information and referral services to major income assistance programs such as the federal Supplemental Security Income (SSI) program and the several money payment programs administered by the Hawaii State Department of Social Services and Housing.

Despite the general consensus as to the rather comprehensive offering of programs and services for older persons, there is strong contention, especially by older people or advocates in their behalf, that more must be done to alleviate the economic hardships facing many older persons in Hawaii. The basic rationale underlying the view that more must be done is based on the continuing erosion of the buying power of the dollar due to the spiraling inflation and the assertion that older retirees on fixed incomes are simply not able to adequately provide for the basic necessities of food, clothing, shelter, and medical care. Indeed the issue of inflation is widely viewed as the top domestic issue in America today, and few will argue that the hardest hit by inflation are the older retirees with fixed incomes and little or no other economic assets such as cash savings, stocks and bonds, and property assets.

Yet, the implementation of a broad-based income supplementation program either on a federal, federal-state, or state basis, beyond the existing levels provided through the various government income assistance programs presently in existence, augurs requirements for significant additional cash outlays. As illustrated by the cost data shown in Tables 5.10, 5.11, and 5.12 in chapter 5 of this study, an income supplementation program limited to Hawaii's recipients of SSI, would cost in the millions of dollars annually. For example, as depicted in Table 5.10, the minimal annual cost for an income supplementation program which provides a monthly award averaging \$50 a month for the projected 1980 caseload of 5,760 SSI recipients aged 65 and older amounts to \$3,460,000. This is the estimated cost for direct cash assistance payments only and does not include administrative costs.

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As can be seen from the data shown in Table 4.6 in chapter 4 of this study, there are several poverty/low income standards currently utilized for various programs in the State of Hawaii. The income standards vary considerably and the "target group", i.e., "who" should be included in a program for income supplementation, appears to be a basic policy decision for the legislature, with different cost requirements depending upon which of the standards is to be used as the benchmark for any expanded or new program of income supplementation for "needy retirees and pensioners" which the legislature wishes to seriously consider.

The national mood appears to be moving toward a posture calling for federal government spending limits and budget cuts for various programs. Evidence of the presence of this mood in Hawaii is the approval by Hawaii's electorate of Article VII of the Hawaii State Constitution during the November 1978 general election which contains a number of provisions relating to expenditure ceilings and rigid fiscal controls. For example, Section 9 of Article VII, entitled "Legislative Appropriations; Procedures; Expenditure Ceiling", reads in part as follows:

GENERAL FUND EXPENDITURE CEILING

Notwithstanding any other provision to the contrary, the legislature shall establish a general fund expenditure ceiling which shall limit the rate of growth of general fund appropriations, excluding federal funds received by the general fund, to the estimated rate of growth of the State's economy as provided by law. No appropriations in excess of such ceiling shall be authorized during any legislative session unless the legislature shall, by a two-thirds vote of the members to which each house of the legislature is entitled, set forth the dollar amount and the rate by which the ceiling will be exceeded and the reasons therefor.

Cognizance must also be taken of still another significant amendment to the Hawaii State Constitution ratified at the 1978 general election. This amendment is Article IX, entitled "Economic Security of the Elderly", which at Section 4 reads as follows: "The State shall have the power to provide for the security of the elderly by establishing and promoting programs to assure their economic and social well-being."

INTRODUCTION

Thus, in summary, the voters of Hawaii appear to have given clear recognition through their ratification of Article IX of the needs of Hawaii's elderly. The issues thus seem to boil down not so much to questions of "whether" the well-being of the elderly should be assured but rather "who" are the elderly for purposes of the constitutional mandate, "how" is the security to be assured and by what standards, "what share" of the public resources made available for social programs is to be earmarked for the elderly, and "how" are the programs for assisting the elderly to be financed.

Two chapters comprise Part III of this study. Chapter 5 includes an overview of the basic government income assistance programs and some key federal legislation including issues relating to a nationally based program of income assistance; reviews the income supplementation proposals appearing in the "Comprehensive Master Plan for the Elderly", a 1974 publication about Hawaii's elderly; and presents some costs associated with an income supplementation program for Hawaii's SSI recipients age 60 and older.

Chapter 6 includes an overview and inventory of selected basic programs and services intended for, or otherwise available to older persons in Hawaii, and offers some suggestions for strengthening programs and services for the elderly.

Chapter 5

INCOME SUPPLEMENTATION FOR NEEDY OLDER PERSONS: SOME ISSUES AND PROGRAM ALTERNATIVES

Introduction and Background

The economic plight of many older Americans has been widely publicized through the popular media, the general literature, and more recently through broad-based activities of various organizations and entities representing the interests of older Americans.

The economic hardship confronting many older persons in Hawaii has likewise received growing attention and recognition. Not unlike the situation elsewhere in the United States, local media coverage, activities of local senior citizen groups, notable among which is the Kokua Council for Senior Citizens of Hawaii, Inc., and several study reports and income surveys about Hawaii's elderly have highlighted the serious economic distress being experienced by a large number of Hawaii's older population.

Data and information concerning the economic status of Hawaii's elderly, especially the older retirees, gathered during this study support the contention that significant economic hardship is being experienced by a large segment of the State's 60 and older population. While it must be recognized that income available for the basic necessities of daily living (food, clothing, and shelter) is not the only measure of economic status, few would dispute the notion that disposable income is a key indicator of economic capacity. The widely recognized fact that Hawaii is among the highest cost of living areas in the nation obviates the need to further elaborate on the difficulties of Hawaii's older persons living on modest fixed incomes. Data and information appearing in chapter 3 of this study reveal that many of Hawaii's older population have incomes placing them within or precariously near the official poverty standards.

INCOME SUPPLEMENTATION FOR NEEDY OLDER PERSONS

Yet as was discussed in chapter 4 of this study, the adequacy and appropriateness of the official federal poverty standard and the several variant standards utilized for programs for persons of low income have recently surfaced as a policy issue of sufficient magnitude to receive the serious attention and action of the Congress.

Diverse and forceful arguments have been advanced for raising the income thresholds of the various poverty standards. And many persons, including top level government policy makers, agree in principle that such an upward adjustment is a desirable policy objective. Equally powerful arguments have been voiced, however, that the poverty standards are inherently inadequate and deficient in that they do not adequately take into account resources such as free rent, the value of food stamps, and the value of various other government assistance programs. Income definitions and the nature and amounts of economic assets which are to constitute the basic criteria for the official federal poverty standard indeed, in themselves, constitute a stirring object of debate.

But questions about income and assets are not the only issues. Other complex policy questions of an essentially qualitative nature are also at issue. For example, assuming consensus is attained on how economic poverty should be defined, inextricably related policy decisions need to be simultaneously rendered as to what share of the program dollars is to be appropriated to the needy elderly versus the non-elderly poor and the working poor. Still other unresolved major policy matters touch upon sources of funding for poverty programs and the administrative mechanisms for administering the various poverty programs.

In summary, the Bureau concludes that income-related problems of older persons as a major domestic policy issue will intensify in the years ahead and questions concerning income adequacy will continue to occupy a prominent position on the agendas of policy-making bodies at all levels of government. The Bureau's conclusion stems from the following observations:

- The elderly as a population group are expected to represent a progressively larger proportion of the total population.

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- Assuming there are even marginal increases in the total population, there will be more older people, many of whom will rely upon a fixed income as their basic, if not sole, source of economic resource.
- The growing recognition that persons with fixed incomes and little or no additional economic assets will be unable to maintain an adequate standard of living in the face of the continuing rise in the cost of living and inflation. Inflation is a serious problem for all Americans, but for those relying exclusively or primarily on fixed incomes, a not uncommon situation among older retirees, the problem is even worse. The Consumer Price Index (CPI), a statistical measure of changes in the purchasing power of the consumer's dollar, is often used as a yardstick to measure inflation. An indication of the significant rise in the CPI during the past decade is illustrated by the following passage appearing in a recent federal publication. "The consumer price index (CPI) rose 27 percent in the period 1970-74, compared with 5 percent for 1960-64 and 16 percent for 1965-69. It increased an additional 13 percent from 1975 to 1977 and is continuing its steep upward climb in 1978."¹
- The growing political influence of the elderly.
- The firmly established trend toward early retirement. Note should be taken, however, of P.L. 95-256 signed into law on April 6, 1978 which prohibits mandatory retirement before age 70 for most American workers. In brief, the Public Law includes the following key provisions:
 - Raises the upper age limit for coverage for non-federal employees to 70 from 65, thus extending legal protection against mandatory retirement and other age-based employment discrimination such as in hiring or promotion, effective January 1, 1979;
 - Eliminates the upper age limit for coverage for most federal civilian employees;
 - Makes clear that a provision of the Age Discrimination in Employment Act of 1967 (P.L. 90-202) was not intended to permit pension or seniority plans to require retirement before the upper age limit;
 - Permits until January 1, 1980, mandatory retirement requirements under collective bargaining agreements signed before September 1, 1977;

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- Allows forced retirement for employees over age 65 who had been high-level executives for more than two years, if their pensions were at least \$27,000 a year;
- Allows, until July 1, 1982, forced retirement of tenured college or university faculty between age 65 and 70;
- Provides for jury trials of issues of fact in suits brought under the Act;
- Retains the statutory age limits for certain federal employees, including Foreign Service and Central Intelligence Agency officers, air traffic controllers, law enforcement personnel, and firefighters; and
- Requires the United States Secretary of Labor to report by January 1, 1982, on the effects of raising the age ceiling, and the feasibility of eliminating the upper age limit entirely.

This new federal law has prompted speculation from various sources as to its effect on the national trend toward early retirement. The consensus seems to be that the raising of the mandatory retirement age will have no appreciable effect in reversing the trend, at least into the immediately foreseeable future. At least one source in the literature asserts, however, that inflationary factors will reverse the trend. According to this source, because of inflation "...which is a deterrent to early retirement...[T]he rate of early retirements will start to retard."² In summary, while the best guess appears to be a "no", the more prudent approach would suggest a wait and see attitude. Clues as to the effect of this new law may emerge from a major federal survey which plans to study the effects of the law and attitudes of Americans about early, regular, and late retirement and which survey results are due for completion by 1981.³

National Welfare Reform: An Overview

The past two decades have produced an avalanche of printed material over issues concerning a national program of income support for needy Americans. The phrase "welfare reform" which has origins traceable at least to the 1960s has remained a popular slogan for the various approaches and proposals for a

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national system of income support. According to a source in the literature, "Reform of the nation's welfare system - 'cleaning up the welfare mess' - has been a major theme in virtually every Presidential campaign in recent years."⁴

One other source in the literature describes the welfare system as: "...[A] collection of overlapping and ill-coordinated programs designed to aid the poor. It provides cash assistance to low-income families with children through Aid to Families with Dependent Children (AFDC) and Emergency Assistance (EA), to needy aged, blind, and disabled persons through Supplemental Security Income (SSI), and to needy veterans through pensions. In-kind benefits, also based on need, are provided through the food stamp, medicaid, child nutrition, and housing assistance programs. These and the other welfare programs, which provided \$44.7 billion in benefits in fiscal year 1976, are part of a larger government income-transfer system that includes social insurance programs such as social security, government retirement, and unemployment insurance; social insurance programs provided \$141.0 billion benefits in 1976."⁵

Recent Major National Welfare Reform Proposals. The 95th Congress which adjourned in 1978 saw the introduction of several measures relating to "Welfare Reform". The measures included President Carter's "Better Jobs and Income Act" (H.R. 9030 and S. 2084); H.R. 10950, the Carter plan as amended by a special Ways and Means subcommittee headed by James C. Corman; H.R. 10711 sponsored by Al Ullman, Chairman of the Ways and Means Committee; and S. 2777 sponsored by a bipartisan group of senators led by Senate Minority Leader Howard H. Baker and former HEW Secretary Senator Abraham Ribicoff.⁶ A brief overview of these four major proposals appearing in a 1978 issue of the Congressional Quarterly is digested as follows:⁷

Programs. The Carter and Corman bills would extend welfare benefits to all needy persons including single persons and childless couples. The Baker-Bellmon and Ullman proposals would retain the existing separate programs. The Carter and Corman proposals would transfer administration of all programs except emergency assistance to the federal government. The Ullman and Baker-Bellmon proposals would retain state control.

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Coverage. The Carter and Corman proposals would extend welfare benefits to all needy individuals, including single individuals and childless couples. The Baker-Bellmon and Ullman proposals would retain the prohibition against AFDC payments for single individuals and couples without children. All four bills make mandatory, AFDC benefits to families with unemployed fathers except for the Ullman bill which limits the aid to 17 weeks in a year.

Benefits. All four proposals would establish national minimum benefits, with the Carter, Corman, and Ullman proposals all establishing a minimum benefit slightly higher than the Baker-Bellmon proposal. The Carter, Corman, and Ullman proposals set a national minimum benefit of \$4,200 for a single-parent family of four with the benefit to be met entirely by cash under the Carter and Corman proposals while the Ullman proposal calls for a combination of cash (\$2,500) and food stamps (\$1,650). The Baker-Bellmon proposal would let the states continue to set benefit levels subject to the following levels: 55 per cent of the poverty level in fiscal year 1981, 60 per cent in 1982, and 65 per cent in 1985.

Tax Incentives. All four proposals are designed to expand the earned income tax credit, a tax break intended to increase the financial incentive for heads of low-income households to engage in gainful employment. In addition, all four proposals include a "reverse withholding" provision through which credits would be payable to a family on a monthly or other basis during the year through the employer tax withholding system. Finally, all four proposals would prohibit tax credits on income earned from public jobs.

Work Requirements. All four measures include work requirements for able-bodied welfare recipients with certain exceptions, the most notable of which is the exclusion of mothers with young children. The four bills differ, however, on many details, including the cutoff age for single-parent families with children.

Fiscal Relief to States. Under present law, the federal government pays the entire cost of the food stamps and the Supplemental Security Income (SSI) programs, with the federal share of Aid to Families with Dependent Children (AFDC) ranging from 50 to 78 per cent. The Carter and Corman proposals establish a 90 per cent federal contribution for single cash payments. The Baker-Bellmon and Ullman proposals would retain a 100 per cent federal payment for food stamps and SSI. In addition, the Ullman proposal sets the state share of AFDC at 85 per cent of the 1977 cost of benefits with a further provision calling for the federal government to pay 100 per cent of all benefit costs beyond the fixed state share. The Baker-Bellmon proposal would increase the AFDC matching requirement to the 80-90 per cent range by fiscal 1982. Estimates of the actual dollar amount of fiscal aid to the states

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under each of the plans is as follows: Carter - \$3.4 billion; Corman - \$2.2 billion; Ullman - \$1.2 billion; and Baker-Bellmon - \$3 billion.

Costs. All four proposals would increase the federal outlay for "welfare programs". An estimate of the Carter proposal points to the need for an additional \$8.77 billion in 1982. Another estimate, one by the Congressional Budget Office, priced the Carter proposal at \$17.36 billion. The estimated additional cost of the Corman proposal is approximately \$20 billion and the Baker-Bellmon proposal approximately \$9 billion, according to preliminary estimates of the Congressional Budget Office.

The foregoing digest of the four major welfare reform proposals of the 95th Congress, none of which was enacted as of the adjournment of the 95th Congress, should serve to underscore the basic elements of the current controversies and complexities associated with welfare reform. The non-enactment of major welfare legislation notwithstanding, the consensus of the major literature is that welfare reform will continue to be on the agendas of future congresses. The outlook for welfare reform legislation with a focus upon cost implications is shared in a recent committee report prepared by the Congressional Budget Office as follows:⁸

The future cost of Federal income assistance programs depends upon two important factors; first, the course of future legislative action and, second, future economic and demographic conditions. The projection that extrapolates past trends is dependent primarily upon assumed future legislative action at a rate at least as rapid as that of the last 20 years. On the other hand, the projection of the future cost of current programs is influenced primarily by economic and demographic conditions. No one can project with certainty the future course of spending on Federal income assistance programs. The projections that have been presented indicate that there is a wide range of estimates of what the future costs could be of this most dynamic of all sectors of Government spending. If past trends continue, an amount equivalent to about a third of GNP will be devoted to such programs. On the other hand, if current programs are maintained and their benefits adjusted to compensate for rises in the cost of living, the cost of these programs will amount to about 10 percent of the GNP. These projections are not conclusive as to what actual spending for the programs will be by the year 2000. However, they do highlight the importance of future legislative and budgetary decisions. They also show the need for careful analysis of the economic, population, and program assumptions on which projections are based. Most importantly, these contrasting projections indicate that rapid growth of income assistance spending is not

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inevitable, but rather a matter of choice for the Congress and the executive branch. (Emphasis added)

Existing Major Cash Benefit Programs for Older Persons

Several major programs at the federal and state levels currently provide cash benefits to Hawaii's older persons. Social Security benefits continue to form the cornerstone upon which public and private pension systems build to provide the largest part of retirement income. Popular belief to the contrary, private savings and investments provide additional income for only a small segment of the population. A large proportion of older persons reach old age with little or no liquid assets; most savings of persons in lower and middle-income groups are in the form of home equity.⁹

Older persons who meet eligibility requirements may avail themselves of income assistance programs administered for the most part by the federal government or through the State of Hawaii. The most important federal income support program for persons over age 65 with limited incomes and economic assets is the Supplemental Security Income (SSI) program established under the 1972 amendments to the Social Security Act. The SSI program which became operational in January 1974 and which is administered by the Social Security Administration replaces the former federal grants to states for aid to the aged, the blind, and the permanently disabled in the 50 states and the District of Columbia.

State of Hawaii programs which provide cash assistance subject to a means test (income and economic assets), include the federally mandated state supplement to SSI recipients, the "Money Payment Program", the "Food Stamps" program, and the rent subsidy programs, all of which are administered by the State Department of Social Services and Housing. Other programs which provide limited cash benefits are described in chapter 6 of this study.

Despite the availability of the various cash benefit programs currently in existence, there is a continuing assertion that a large number of older persons still remain impoverished. Yet the question is raised as to whether more can be

done for the elderly in the light of the observation that the poverty existing in the general population is a more pressing concern.

The balance of this chapter will review selected major existing programs of cash assistance and proposals for relieving the financial distress of "needy" older persons in the State of Hawaii.

Old-Age, Survivors, and Disability Insurance (OASDI)

Milton Friedman, a well-known American economist has said:¹⁰

Social Security combines a highly regressive tax with largely indiscriminate benefits, and in overall effect, probably redistributes income from lower to higher income persons. I believe that it serves no essential social function. Existing commitments make it impossible to eliminate it overnight, but it should be unwound and terminated as soon as possible.

Few people would completely agree with Friedman although the social security system has been the subject of continuing political and popular debate literally since its inception in 1935 and has come under attack in recent years.¹¹ There are many thousands of publications authored by persons from all walks of life providing descriptions, interpretations, and recommendations for improving the social security system. Recent years have witnessed increasing interest and discussion about the social security system, one observation being:¹²

If social security were a private pension program, it would require current assets of more than \$4 trillion to be financially solvent, i.e., to guarantee its ability to meet its future obligations. Since the social-security program has a trust fund of only \$44 billion, or some one per cent of its obligations, social security is bankrupt by the conventional standards used to determine the actuarial soundness of private pension programs.

Currently, the social security program covers more than 90 per cent of the working population and as of the federal fiscal year 1976, paid more than \$83 billion annually in benefits to the retired, the disabled, their dependents, and survivors.¹³ See Table 5.1 for a breakdown of the distribution of OASDI benefits by program and type of beneficiary and Table 5.2 which provides a

Table 5.1

Table 1-1. Distribution of OASDHI Benefits, by Program and Type of Beneficiary, Fiscal Year 1976

<i>Program and type of beneficiary</i>	<i>Benefits (billions of dollars)</i>	<i>Percent of benefits</i>
Old age and survivors insurance	61.8	74.2
Retired workers	40.5	48.7
Dependents and survivors	21.1	25.3
Special, 72 and over	0.2	0.2
Disability insurance	9.2	11.1
Health insurance	12.3	14.7
Total	83.3	100.0

Source: Social Security Administration, Office of Research and Statistics.

Source: Alicia H. Munnell, The Future of Social Security, Studies in Social Economics, The Brookings Institution, Washington, D.C., 1977, p. 3.

Table 5.2

Current Operating Statistics

Table M-1.—Public income-maintenance programs: Cash benefit payments, 1940-78

(In millions; includes payments outside the United States and benefits to dependents where applicable)

Period	Total ¹	Retirement, disability, and survivor benefits							Unemployment benefits		Temporary disability benefits		Workmen's compensation benefits ¹³	Public assistance payments ¹⁴	Supplemental security income payments ¹⁵
		Monthly					Lump-sum ²		State laws ¹⁰	Railroad	State laws ¹¹	Railroad ¹²			
		OASDHI ³	Railroad retirement ³	Public employee retirement ⁴		Veterans' pension and compensation ⁷	OASDHI	Other ⁶							
				Federal civil service ⁴	Other ⁶										
1940	\$4,190.7	\$23.5	\$115.6	\$62.0	\$183.1	\$423.5	\$11.8	\$24.9	\$518.7	\$16.0			\$161.0	\$1,020.1	
1945	3,592.0	247.8	138.9	83.9	253.7	952.1	26.1	39.2	572.5	2.4	\$4.7		283.0	987.3	
1950	8,676.0	928.4	298.1	184.2	600.4	2,223.8	32.7	54.0	1,407.8	59.8	89.3	\$28.1	415.0	2,354.5	
1955	14,683.4	4,855.3	560.8	370.4	1,043.0	2,745.9	112.9	82.8	1,466.9	93.3	192.7	51.9	591.0	2,516.6	
1960	25,872.9	11,080.5	942.4	804.5	1,793.3	3,436.9	164.3	135.2	2,867.1	157.7	311.3	56.9	860.0	3,262.8	
1965	36,567.4	18,093.7	1,133.2	1,366.0	3,229.8	4,196.0	216.9	203.6	2,283.4	60.5	425.9	40.8	1,214.0	3,995.9	
1966	39,317.5	19,811.3	1,194.9	1,694.5	3,648.8	4,373.5	237.1	219.5	1,852.2	39.3	442.8	38.8	1,320.0	4,305.5	
1967	42,659.3	21,154.3	1,296.5	1,887.3	4,139.4	4,456.4	252.2	231.7	2,183.4	40.6	472.5	34.6	1,439.0	4,931.7	
1968	48,161.4	24,667.3	1,474.0	2,066.4	4,708.0	4,616.0	269.2	242.8	2,151.3	40.4	530.9	41.0	1,546.0	5,672.1	
1969	53,104.6	26,459.6	1,525.5	2,323.7	5,437.0	5,154.2	291.2	254.0	2,261.6	37.0	598.0	57.4	1,714.0	6,867.0	
1970	64,470.4	31,569.8	1,756.2	2,796.6	6,369.4	5,480.1	293.6	288.6	4,183.7	38.7	664.6	56.2	1,981.0	8,861.0	
1971	76,550.7	36,865.1	2,002.6	3,306.0	7,441.3	5,934.5	305.6	298.5	6,143.7	75.7	680.0	44.7	2,433.0	10,863.6	
1972	83,981.4	41,275.2	2,175.1	3,927.2	8,636.1	6,340.1	319.8	325.9	6,043.2	51.5	707.8	35.7	2,799.0	11,199.9	
1973	96,108.4	51,130.5	2,565.1	4,788.2	9,920.4	6,446.7	328.8	376.9	4,534.7	30.6	775.3	27.9	3,622.0	11,438.2	
1974	112,767.2	58,194.1	2,807.7	6,060.2	11,832.5	7,077.0	327.3	451.8	6,928.7	22.2	842.3	30.2	4,015.0	8,806.0	\$5,245.7
1975	139,459.8	66,585.7	3,282.7	7,511.2	13,752.6	7,668.2	337.0	487.0	17,933.8	89.5	897.4	47.6	4,520.0	10,427.1	5,878.2
1976	153,252.5	75,332.1	3,570.4	8,563.2	15,898.8	8,409.2	332.5	531.7	16,169.8	134.7	916.7	84.4	5,133.0	11,424.9	6,068.1
1977	(16)	84,263.8	3,823.8	9,605.1	(16)	9,078.7	312.0	(16)	17,994.5	99.8	1,985.0	74.2	5,890.0	11,906.8	6,204.1
1977															
July		7,191.6	319.8	800.5		735.7	28.6	13.2	629.6	5.4		8.8	77.4	994.3	\$25.1
Aug		7,219.5	325.4	808.7		755.7	25.6	14.8	717.8	7.9		10.6	76.9	1,004.6	\$29.9
Sept		7,292.0	328.6	810.9		720.5	26.1	9.6	609.6	8.2		9.9	77.1	993.3	\$31.2
Oct		7,265.6	325.5	849.9		786.4	20.8	14.6	560.7	7.7		9.7	76.5	998.6	\$26.8
Nov		7,428.4	326.7	854.2		782.0	22.8	14.6	637.3	9.0		9.7	81.6	988.9	\$29.5
Dec		7,360.4	325.9	855.7		841.8	26.6	15.1	743.0	9.8		8.5	81.0	996.0	\$27.7
1978															
Jan		7,410.2	320.9	855.1		820.8	32.9	12.4	950.8	15.4		9.2	81.1	1,006.1	\$24.0
Feb		7,399.3	326.4	860.8		776.6	28.7	15.0	955.2	17.0		9.1	80.9	1,008.6	\$26.5
Mar		7,502.6	321.1	877.6		780.7	35.1	17.2	1,039.6	10.3		18.8	80.5	1,021.4	\$38.3
Apr		7,433.0	328.0	895.4		786.7	29.7	17.5	736.0	8.6		10.0	80.1	1,011.3	\$28.6
May		7,423.1	321.4	897.9		775.2	27.4	16.2	645.7	6.1		9.0	79.9	992.8	\$28.8
June		7,413.7	339.2	901.0		781.7	30.4	17.9	606.7	4.6		8.3	79.7	992.2	\$27.7
July		7,888.0	341.0	904.5		775.4	27.5	13.0	587.2	4.2		8.9	79.6	(16)	\$59.9

¹ Emergency relief funds of \$1,630.3 million in 1940 total, not included elsewhere. Includes training allowances to unemployed workers under Area Redevelopment Act and Manpower Development and Training Act for 1961-75, not shown separately.

² Retirement and survivor benefits beginning 1940; disability benefits beginning 1957. Beginning Oct. 1966, includes special benefits authorized by 1966 legislation for persons aged 72 and over not insured under the regular or transitional provisions of the Social Security Act.

³ Includes annuities to widows under joint-and-survivor elections before 1947. Beginning Feb. 1967, includes supplemental annuities for career railroad employees.

⁴ Excludes refunds of contributions to employees who leave service.

⁵ Includes survivor annuities under joint-and-survivor elections before 1948.

⁶ Represents Federal contributory systems other than civil service, Federal non-contributory systems for civilian employees and career military personnel, and systems for State and local government employees. Monthly data not available.

⁷ Payments to veterans and survivors of deceased veterans, including special allowances for survivors of veterans who did not qualify under OASDHI (Servicemen's and Veterans' Survivor Benefit Act of 1956) and, through June 1973, subsistence payments to disabled veterans undergoing training.

⁸ Death payments.

⁹ Includes annual and monthly data for railroad retirement, veterans programs, and Federal civil service retirement. For "other" public employee systems, annual data only.

¹⁰ Annual and monthly totals include regular State unemployment insurance program and payments made by States as agents of the Federal Government under the Federal employees' unemployment compensation program and under the Ex-Servicemen's Compensation Act of 1958. Annual data only for payments under Servicemen's Readjustment Act of 1944, Veterans' Readjustment Act of 1952,

Trade Expansion Act of 1962, Disaster Relief Act of 1970, and the temporary and permanent extended unemployment insurance programs. Beginning 1961, includes program in Puerto Rico.

¹¹ Benefits in Rhode Island (from 1943), in California (from 1947), in New Jersey (from 1949), in New York (from 1950), in Puerto Rico (from 1970), including payments under private plans where applicable. Monthly data not available.

¹² Benefits began 1947.

¹³ Under Federal workmen's compensation laws and under State laws paid by private insurance carriers, State funds, and self-insurers. Beginning 1959, includes data for Alaska and Hawaii. Monthly data refer only to Federal "black lung" benefits administered by Social Security Administration (starting 1970).

¹⁴ Includes general assistance; also includes payments to intermediate-care facilities (July 1968-Dec. 1971), and payments for emergency assistance, beginning July 1969. Includes money payments under medical assistance for the aged (1960-69). Excludes medical vendor payments. Starting 1974, annual but not monthly totals include money payments to the aged, blind, and disabled persons in Guam, Puerto Rico, and the Virgin Islands under federally aided public assistance programs.

¹⁵ Supersedes the public assistance programs of old-age assistance, aid to the blind, and aid to the permanently and totally disabled in the 50 States and the District of Columbia, beginning Jan. 1, 1974. Annual, but not monthly, totals include payments under State-administered supplementary programs.

¹⁶ Data not available.

¹⁷ Incomplete.

¹⁸ Estimated.

Source: Based on reports of administrative agencies on a checks-issued basis (including retroactive payments) where available. Data for public assistance and State unemployment insurance programs adjusted monthly, other data adjusted annually.

Source: U. S., Social Security Bulletin, November 1978/Vol. 41, No. 11, p. 27.

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statistical overview of public income-maintenance programs including OASDHI payments made during the period 1940-1978.

Since its establishment in 1935, the social security system has undergone many changes in role and scope. In addition, since that time, there have been other significant developments for retirement income in both the public and private sectors. Essentially, the nation currently has a three-tiered system of retirement income maintenance: (1) welfare programs, which provide a minimum guaranteed income for the needy elderly; (2) compulsory public contributory programs; and (3) private provisions for retirement comprised of private pensions and individual savings.¹⁴

Among recent published materials about the social security system attention has focused upon two key issues, one relating to the financing structure and the other concerning the adequacy of Social Security as an income maintenance program. According to one source in the current literature:¹⁵

The arguments for and against payroll tax financing depend primarily on whether the social security system is viewed as a unified program of taxes and benefits or as two separate programs in which benefits are simply one component of a larger transfer of funds and payroll taxes are one component of federal revenues. While the appropriateness of the payroll tax is an old and much debated problem, the adequacy of the existing financing, in the face of the increasing ratio of aged to working population and an overindexed benefit structure which produces rapidly rising benefits in inflationary periods, is a new and vitally important issue.

SUPPLEMENTAL SECURITY INCOME (SSI)

Introduction and Overview

The federal Supplemental Security Income (SSI) program was established by Public Law 92-603, popularly referred to as the 1972 amendments to the Social Security Act. The SSI program provides basic assistance payments to needy aged, blind, and disabled persons. The SSI program which became operational in January 1974 and which is administered by the Social Security

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Administration replaced the former federal grants to states for aid to the aged, the blind, and the permanently and totally disabled in the fifty states and the District of Columbia, hereinafter collectively referred to as "states". The SSI program provides for basic minimum assistance payments to persons meeting uniform nationwide eligibility standards and a national base payment level.¹⁶ With some limited exceptions due to excess income or institutional residence, recipients who were being aided under the provisions of Titles I, X, XIV, and XVI of the Social Security Act, repealed by the SSI legislation, were automatically converted to the federal rolls.¹⁷ The SSI law also provides for supplementation of the basic federal payment by the states. These state payments are required by the SSI law to maintain the income levels of former assistance recipients who were automatically converted to the federal rolls effective January 1, 1974. These state payments are known as the "mandatory minimum state supplementation". The SSI law also provides that states may, at their option, raise the payment levels of former recipients or the newly eligible under the "optional state supplementation" provision and may also provide for special needs under the "optional state supplementation for special needs".¹⁸ Whether providing mandatory or optional supplementation or both, states may either administer the payments themselves or have the Social Security Administration make payments on their behalf.¹⁹ In the latter case, the federal government bears the administrative costs and is reimbursed by the state for the amount of payments up to certain expenditure levels after which the federal government assumes the costs of state supplementary payments.²⁰ Recent information contained in a publication of the U.S. Department of Health, Education, and Welfare indicates that thirty-two of the states had opted for federal administration of the "mandatory minimum state supplementation" payment.²¹ Of the thirty-eight states providing assistance under the "optional state supplementation" provision, twenty-one states had opted for state administration.²²

While all states, except for Texas which has a state constitutional prohibition, provide mandatory minimum state supplementation, provisions for optional state supplementation vary considerably among the states. Certain states provide optional supplementation for all persons qualifying for the basic SSI payment while other states either do not provide such payments or limit

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payments to certain groups such as the blind or persons in domiciliary care facilities.²³

Basic Eligibility Requirements

To qualify for the SSI program, a person must satisfy three types of eligibility requirements: categorical, general, and income/resource.²⁴ Under the categorical requirement, an applicant must be "aged" (aged 65 or older), or "blind" (vision in the better eye is 20/200 or less with the use of a correcting lens, or if suffering from tunnel vision, the field of vision is no greater than 20 degrees, or the applicant satisfied the definition of blindness under a state plan approved under provisions of the Social Security law in effect for October 1972 and received aid under such plan on the basis of blindness for December 1973), or "disabled" (an individual unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve months, or, in the case of a child under the age of eighteen, if the child suffers from any medically determinable physical or mental impairment of comparable severity).²⁵ The SSI law defines a child as an individual who is neither married nor the head of a household and who is either under the age of eighteen, or under age twenty-two and a student regularly attending a school, college, or university, or a course of vocational or technical training designed to train the child for gainful employment. Such person may be eligible if disabled or blind as defined by the SSI law.²⁶

In addition to the foregoing eligibility requirements there are other eligibility factors relating to residence and citizenship, income and resources, and mandatory participation in certain vocational rehabilitation and treatment programs for a blind or disabled person under age sixty-five.

The residence and citizenship provisions require an individual to be a resident of the United States (the 50 states and the District of Columbia) or an alien lawfully admitted for permanent residence, or otherwise legally residing in the United States for thirty consecutive days. Recipients who are outside of the United States for thirty consecutive days lose their eligibility for that

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month, and must again reside in the United States for thirty consecutive days to reestablish eligibility.²⁷

An aged, blind, or disabled individual must satisfy income and resource limitation requirements in addition to the other eligibility requirements discussed above. With respect to income, an individual need not be totally without income. Standard SSI payments are made, assuming the other eligibility conditions are met, if the individual or couple has no countable income in a given calendar quarter. If the individual, or couple, has countable income, a dollar for dollar reduction is made against the standard payment.²⁸ Not all income, however, is counted for SSI purposes, and there are specific income definitions for SSI purposes. The key income definitions are as follows. "Total income" is defined as any property received by an individual in cash or in kind during a calendar quarter that can be applied directly or through sale or conversion to meet basic needs for food, clothing, and shelter. "Countable income" is defined as total income plus "deemed income" minus any excluded income. "Total income" is further divided into three types: "earned income", defined as gross wages and/or net earnings from self employment; "unearned income", defined as all income that is not earned; and "deemed income", defined as that income deemed available to the eligible person, regardless of whether such income is actually utilized for the benefit of the latter, if the eligible person, lives with an ineligible spouse, or an eligible child lives with his or her ineligible parent(s).

"Excluded income" which is broken down into approximately twelve different categories is excluded for purposes of determining a person's grant level. Among the categories of excluded income are irregularly or infrequently received income, the value of home-grown products used or traded for other produce by an individual or family, and work expenses of the blind.²⁹

SSI Program Cost Sharing

Although the SSI program is a federal income maintenance program, it is not totally financed by the federal government. The cost is shared by the states according to a complex financial formula.³⁰ In brief, the total state and

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local expenditures for assistance in 1972 form the basis of a so called "hold harmless pool". Once the determined amount has been expended by a state or other local government entity for supplemental assistance as provided by the SSI law, the federal government will assume the cost of additional supplementation, although only up to a specified standard amount per recipient in each state or local government entity. This specified standard amount is called the adjusted payment level. "The adjusted payment level (APL) is approximately equal to the average level of a state's payment to an adult recipient for basic needs in January 1972 or, at the state's option, to that amount plus the bonus value of food stamps available per recipient in January 1972. Once the APL is reached by the federal government, the state must once again assume responsibility for further required supplementation."³¹

To correct an apparent inequity in the SSI law regarding state costs, section 401(a)(2) of the Social Security Amendments of 1972 was amended by a provision of Public Law 94-566 (Unemployment Compensation Amendments of 1976). United States Senate Report No. 94-1265 on P.L. 94-566 explains the reason for the amendment to Section 401(a)(2) in part, as follows:³²

Three States, ...do incur a State cost if they elect to pass through the Federal increase because part of the Federal increase automatically results in a reduction in payments to these States under a 1972 savings clause provision. The States affected by the operation of the savings clause are Hawaii, Massachusetts and Wisconsin. The committee believes that these States should also be able to pass through the Federal increases to the aged, blind and disabled without adding to their costs. The committee bill provides that payments under the savings clause to the States affected by it will no longer be reduced when there is a cost-of-living increase in Federal SSI benefits. The provision would be effective with respect to increases taking place after June 1977. (Emphasis added)

Hawaii's SSI Caseload: Selected Data and Fiscal Implications

The SSI caseload for the State of Hawaii totalled 10,088 persons receiving assistance under one of the three basic categories of aged, blind, or disabled as of December 31, 1978.³³ Persons over the age of 60 assisted under the three SSI categories are as follows: aged - 5,177 persons; blind - 38 persons; and disabled - 1,200 persons. Thus, a total of 6,415 persons over the age of 60

were being assisted under the SSI program as of December 31, 1978. See tables 5.3 to 5.8 for detailed data and information concerning the Hawaii SSI caseload.

**INCOME SUPPLEMENTATION PROPOSALS:
SELECTED APPROACHES, ISSUES, AND FISCAL CONSIDERATIONS**

Introduction

In this section, several income supplementation proposals for enhancing the income status of needy older retirees and pensioners in Hawaii are examined. The examination consists of (1) an overview of the several alternative income supplementation proposals appearing in the "Comprehensive Master Plan for the Elderly", a report mandated by Act 225 of the Session Laws of Hawaii 1974;³⁴ and (2) cost implications associated with the provision of cash assistance to Hawaii's SSI recipients over the age of 60.

**"Comprehensive Master Plan for the Elderly":
Overview of Income Supplementation Proposals for the Elderly**

The "Comprehensive Master Plan for the Elderly", hereinafter referred to as the Gordon report, presented a number of different strategies and programs amounting to a master plan for enhancing the well-being of Hawaii's older population. This comprehensive 278-page study report addressed a wide range of issues and needs pertaining to Hawaii's elderly. Among the areas given special attention in the study was that of income-related problems and needs of older persons and the consequent development of alternative income assistance proposals. Following is the Bureau's interpretation of the five alternative income supplementation approaches. Included among the five approaches is the proposed Hawaii Income Assurance System (HIAS), the approach which the Gordon report found to be the most promising alternative.

The four other alternatives considered were (1) establishment of a State of Hawaii program of pension benefits for private employees, (2) establishment of a state version of the federal OASDI program, (3) expanded state supplementation of the federal SSI program, and (4) provision of increased

Table 5.3

PROJECTED STATE OF HAWAII SSI CASELOAD
BY AGE CATEGORY AND BY SELECTED FUTURE YEARS*

<u>Age Category</u>	<u>Projected Caseload by Year</u>		
	1980	1985	1990
60 and Older	6,420	7,840	8,720
65 and Older	5,760	7,320	8,720

*Caseload projections developed from State of Hawaii SSI caseload data furnished by the U.S. Department of Health, Education, and Welfare, Region IX.

Table 5.4

STATE OF HAWAII SSI CASELOAD BY AGE GROUP,
BY ASSISTANCE CATEGORY, BY TYPE OF LIVING ARRANGEMENT,
AND BY MARITAL STATUS AS OF DECEMBER 31, 1978

	<u>Age</u>	<u>Blind</u>	<u>Disabled</u>	<u>Total</u>
<u>Age Group 1-17</u> <u>by Age</u>				
Age Group 1-17	0	20	296	316
18-21	0	8	290	298
22-29	0	27	766	793
30-39	0	13	599	612
40-49	0	16	603	619
50-54	0	8	470	478
55-59	0	12	545	557
60-64	0	20	639	659
65-69	952	12	501	1,465
70-74	1,320	3	57	1,380
75-79	1,257	2	3	1,262
80+	1,648	1	0	1,649
Unknown	0	0	0	0

All Recipients
by Living Arrangement

Own Household	4,001	106	3,681	7,788
Another's Household	1,043	13	562	1,618
Parent's Household	0	16	142	158
Public Inst.-Title XIX	133	7	379	519
Unknown/Other	0	0	5	5

All Recipients
by Marital Status

Married, Living with	799	20	407	1,226
Holding Out, Marriage	0	0	0	0
Single, Widowed, Divorced	4,378	122	4,362	8,862
Married, Separated	0	0	0	0
Unknown/Other	0	0	0	0

Source: Computer printout sheet, United States Department of Health, Education, and Welfare, Region IX, San Francisco, dated February 14, 1979.

Table 5.5

STATE OF HAWAII SSI PROGRAM: ALL RECIPIENTS BY PAYMENTS, BY ASSISTANCE CATEGORY,
AND BY PAYMENT SOURCE FOR QUARTER ENDING DECEMBER 31, 1978

	<u>Total</u>	<u>Individual Only</u>	<u>Individual with Ineligible Spouse</u>	<u>Individual with Eligible Spouse</u>	<u>Eligible Spouse</u>	<u>with Essential Persons</u>	<u>Child Under Age 18</u>	<u>Student</u>
<u>All Payments</u>								
Number of Recipients	10,081	8,462	397	414	409	21	358	20
Total Payment	1,435,288	1,245,316	54,917	40,868	39,458	4,188	46,729	3,812
Avg. Monthly Payment	142	147	138	99	96	199	131	191
<u>Federal Payments</u>								
Number of Recipients	9,401	7,867	367	388	383	21	355	20
Total Payment	1,084,807	917,974	48,028	34,979	33,713	4,418	42,466	3,459
Avg. Monthly Payment	115	117	131	90	88	199	120	173
Advance Payment								
Number	65	57	3	1	1	2	1	0
Total Amount	5,905	5,135	270	100	100	200	100	0
<u>State Payments</u>								
Number of Recipients	9,570	8,088	397	416	406	0	243	20
Total Payment	351,121	327,664	7,011	6,085	5,745	0	4,263	353
Avg. Monthly Amount	37	41	18	15	14	0	18	18
<u>Federal/State Payments</u>								
Number of Recipients	8,879	7,486	366	387	380	0	240	20
Total Payment	1,375,938	1,193,714	54,596	40,383	38,795	0	43,638	3,812
Avg. Monthly Amount	155	160	149	104	102	0	182	191
Federal Payment Amount	1,067,759	908,381	48,022	34,954	33,516	0	39,427	3,459
<u>Federal Payments Only</u>								
Number of Recipients	522	381	1	1	3	21	115	0
Total Payment	17,048	9,593	6	25	197	4,188	3,039	0
Avg. Monthly Payment	33	25	6	25	66	199	26	0
<u>State Payments Only</u>								
Number of Recipients	680	595	30	26	26	0	3	0
Total Payment	42,302	41,009	315	460	466	0	52	0
Avg. Monthly Payment	62	69	10	18	18	0	17	0

Source: Computer printout sheet, United States Department of Health, Education, and Welfare, Region IX, San Francisco, dated February 8, 1979.

Table 5.6

STATE OF HAWAII SSI PROGRAM: PAYMENT DATA FOR ALL RECIPIENTS UNDER
 "AGED" CATEGORY BY SUB-CATEGORY OF ASSISTANCE FOR QUARTER ENDING DECEMBER 31, 1978

	<u>Total</u>	<u>Individual Only</u>	<u>Individual with Ineligible Spouse</u>	<u>Individual with Eligible Spouse</u>	<u>Eligible Spouse</u>	<u>Aged with Essential Persons</u>
<u>All Payments</u>						
Number of Recipients	5,176	4,367	190	330	279	10
Total Payment	623,157	543,111	20,580	31,022	26,604	1,840
Avg. Monthly Payment	120	124	180	94	95	184
<u>Federal Payments</u>						
Number of Recipients	4,732	3,984	171	308	259	10
Total Payment	461,855	303,186	17,852	26,382	22,595	1,840
Avg. Monthly Payment	98	99	104	86	87	184
<u>Advance Payment</u>						
Number	30	27	2	0	0	1
Total Amount	2,740	2,440	200	0	0	100
<u>State Payments</u>						
Number of Recipients	5,056	4,257	190	331	278	0
Total Payment	161,485	150,001	2,728	4,747	4,009	0
Avg. Monthly Amount	32	35	14	14	14	0
<u>Federal/State Payments</u>						
Number of Recipients	4,609	3,872	171	308	258	0
Total Payment	592,065	514,713	20,402	30,725	26,225	0
Avg. Monthly Amount	128	133	119	100	102	0
Federal Payment Amount	457,152	390,470	17,852	26,382	22,448	0
<u>Federal Payments Only</u>						
Number of Recipients	123	112	0	0	1	10
Total Payment	4,703	2,716	0	0	147	1,840
Avg. Monthly Payment	38	24	0	0	147	184
<u>State Payments Only</u>						
Number of Recipients	444	383	19	22	20	0
Total Payment	26,389	25,682	178	297	232	0
Avg. Monthly Payment	59	67	9	13	12	0

Source: Computer printout sheet, United States Department of Health, Education, and Welfare, Region IX, San Francisco, dated February 8, 1979.

Table 5.7

STATE OF HAWAII SSI PROGRAM: PAYMENT DATA FOR ALL RECIPIENTS UNDER
 "BLIND" CATEGORY BY SUB-CATEGORY OF ASSISTANCE FOR QUARTER ENDING DECEMBER 31, 1978

	<u>Total</u>	<u>Individual Only</u>	<u>Individual with Ineligible Spouse</u>	<u>Individual with Eligible Spouse</u>	<u>Eligible Spouse</u>	<u>Blind with Essential Persons</u>	<u>Child Under Age 18</u>	<u>Student</u>
<u>All Payments</u>								
Number of Recipients	141	98	11	2	6	1	21	2
Total Payment	23,399	16,773	1,228	218	834	186	3,789	371
Avg. Monthly Payment	166	171	112	109	139	186	180	185
<u>Federal Payments</u>								
Number of Recipients	136	94	11	1	6	1	20	2
Total Payment	19,224	13,236	1,065	194	756	186	3,446	341
Avg. Monthly Payment	141	141	97	97	126	186	172	170
Advance Payment								
Number	2	1	1	0	0	0	0	0
Total Amount	170	100	70	0	0	0	0	0
<u>State Payments</u>								
Number of Recipients	134	94	11	2	6	0	19	2
Total Payment	4,209	3,571	163	24	78	0	343	30
Avg. Monthly Amount	31	38	15	12	13	0	18	15
<u>Federal/State Payments</u>								
Number of Recipients	128	89	11	2	6	0	18	2
Total Payment	22,813	16,365	1,228	218	834	0	3,697	371
Avg. Monthly Amt.	178	185	112	109	139	0	205	185
Federal Payment Amt.	18,863	13,111	1,065	194	756	0	3,396	341
<u>Federal Payments Only</u>								
Number of Recipients	8	5	0	0	0	1	2	0
Total Payment	361	125	0	0	0	186	50	0
Avg. Monthly Payment	45	25	0	0	0	186	25	0
<u>State Payments Only</u>								
Number of Recipients	5	4	0	0	0	0	1	0
Total Payment	225	183	0	0	0	0	42	0
Avg. Monthly Payment	45	46	0	0	0	0	42	0

Source: Computer printout sheet, United States Department of Health, Education, and Welfare, Region IX,
 San Francisco, dated February 8, 1979.

Table 5.8

STATE OF HAWAII SSI PROGRAM: PAYMENT DATA FOR ALL RECIPIENTS UNDER
 "DISABLED" CATEGORY BY SUB-CATEGORY OF ASSISTANCE FOR QUARTER ENDING DECEMBER 31, 1978

	<u>Total</u>	<u>Individual Only</u>	<u>Individual with Ineligible Spouse</u>	<u>Individual with Eligible Spouse</u>	<u>Eligible Spouse</u>	<u>Disabled with Essential Persons</u>	<u>Child Under Age 18</u>	<u>Student</u>
<u>All Payments</u>								
Number of Recipients	4,764	3,997	196	82	124	10	337	18
Total Payment	788,732	685,432	33,109	9,628	12,020	2,162	42,940	3,441
Avg. Monthly Payment	166	171	169	117	97	216	127	191
<u>Federal Payments</u>								
Number of Recipients	4,533	3,789	185	78	118	10	335	18
Total Payment	603,728	511,552	29,111	8,403	10,362	2,162	39,020	3,118
Avg. Monthly Payment	133	135	157	108	88	216	116	173
Advance Payment								
Number	33	29	0	1	1	1	1	0
Total	2,995	2,595	0	100	100	100	100	0
<u>State Payments</u>								
Number of Recipients	4,380	3,737	196	83	122	0	224	18
Total Payment	185,427	174,092	4,120	1,314	1,658	0	3,920	323
Avg. Monthly Amount	42	47	21	16	14	0	17	18
<u>Federal/State Payments</u>								
Number of Recipients	4,142	3,525	184	77	116	0	222	18
Total Payment	761,060	663,536	32,966	9,440	11,736	0	39,941	3,441
Avg. Monthly Amount	184	188	179	123	101	0	180	191
Federal Payment Amount	591,744	504,800	29,105	8,378	10,312	0	36,031	3,118
<u>Federal Payments Only</u>								
Number of Recipients	391	264	1	1	2	10	113	0
Total Payment	11,984	6,752	6	25	50	2,162	2,989	0
Avg. Monthly Payment	31	26	6	25	25	216	26	0
<u>State Payments Only</u>								
Number of Recipients	231	208	11	4	6	0	2	0
Total Payment	15,688	15,144	137	163	234	0	10	0
Avg. Monthly Payment	68	73	12	41	39	0	5	0

Source: Computer printout sheet, United States Department of Health, Education, and Welfare, Region IX, San Francisco, dated February 8, 1979.

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benefits to elderly persons eligible under the State's General Assistance program.³⁵

Only the HIAS proposal was considered feasible for further study by the Gordon study team. The four other alternatives were rejected by the study team for the following reasons. The State of Hawaii program of pension benefits for private employees was rejected because under federal law, "...states are preempted from regulating, setting standards or proscribing private plans under Section 514(a) of the Employment Retirement Income Security Act of 1974."³⁶ A state version of the OASDI program was rejected because of "...confiscatory taxation, discriminatory treatment of married working women, and future funding difficulties with a declining labor force base."³⁷ Utilization of the SSI and General Assistance programs as the respective core mechanisms for the two remaining alternative strategies were analyzed and rejected by the Gordon study team.

Increasing State Supplementation in the SSI Program

The state supplementation to the SSI program approach was found to have the following pitfalls regardless of the income benchmark used as follows:³⁸

First, once the state elects to establish a certain income standard as a basis for benefit payment in part of its welfare program, it must make the benefit change across the board. It cannot elect to restrict the increase to elderly alone.

Second, there is no guarantee that Congress will eliminate the "pass through" features of the SSI program that now can reduce the size or eligibility for other benefits such as Medicaid. Moreover, if there are increases, the state is faced with the additional fiscal policy burden of electing to pass through increases or using the increases to offset state supplemental grants.

Third, in either case, there is considerable pressure to reduce the real income position of the elderly who can least afford it, because of the motivation to control state general fund commitments to open-ended welfare programs.

For these reasons, increasing incomes through the SSI program was rejected.

Increasing the General Assistance Payment Levels

The Gordon report concluded that increasing general assistance payment levels for eligible elderly persons as an alternate solution to the income problem would not overcome any of the objections raised regarding supplementation through the SSI program. Specifically, the Gordon report found that first, there is no assurance that the State could increase benefits for elderly GA recipients/eligibles despite existing statutory authorization. The belief was expressed that there would be sufficient ground for legal actions by other beneficiaries under the equal protection provisions of the 14th amendment of the U.S. Constitution and that the implementation of the program might cost the State of Hawaii an additional \$10 to \$15 million annually if benefits were granted to all GA recipients including the elderly. Secondly, the Gordon report concluded that as in the case of the SSI supplemental benefit option, increasing GA benefits in this manner would further reduce fiscal control by the state legislature and the executive over basic welfare program costs and would establish a greater claim on general fund appropriations. Because of these two concerns, the General Assistance based approach was deemed infeasible.³⁹

The Proposed Hawaii Income Assurance System (HIAS): An Overview in Brief

One of the four principal recommendations of the Gordon report was the suggestion that "...[T]he ultimate development of a supplemental income assurance program be undertaken to provide a minimum of retirement and related disability income protection of all qualified persons."⁴⁰ As proposed by the Gordon study team this income assurance program would be known as the Hawaii Income Assurance System (HIAS) and its development would be modeled in part after the federal Old Age Survivors and Disability Insurance (OASDI) program to provide supplemental benefits to eligible persons who have either (1) worked a minimum of ten years in Hawaii, (2) are chronically disabled, or (3) are the dependents and survivors of the program's beneficiaries.⁴¹ The study team suggested a two-year period be allotted for the development of the HIAS to determine its feasibility prior to legislative enactment and subsequent implementation.⁴²

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Chapter 9 of the Gordon report describes the extensive range of issues and considerations germane to the HIAS concept. Coverage in chapter 9 includes discussions of alternative approaches to providing income assurance, effects of the HIAS upon employers and employees, scope of the HIAS benefits, and financial arrangements including establishment of the Hawaii Income Assurance Fund (HIAF).

Subsequent to release of the Gordon report, there have been various amendments to each of the key federal laws, i.e., Social Security, SSI, and the Employees Retirement Income Security Act (ERISA) of 1974. These three laws are inextricably woven into the core features of the proposed HIAS; thus, review of the feasibility or efficacy of the concept as developed in the 1974 study report would be unproductive without a careful simultaneous study of each amendment or new federal law, as the case may be, which directly or indirectly impacts upon the HIAS proposal in its original form.

HIAS: Summary and Concluding Remarks

During the course of the Bureau's data gathering activities for this study, it became evident that there exists at least one serious misconception about HIAS which deserves to be dispelled. This misconception is that the HIAS proposal is a firm action plan which was intended for implementation without need for further evaluation. Quite to the contrary, much of the body of chapter 9 of the Gordon report was tantamount to alternative specifications for an intensive feasibility study prior to implementation. The Bureau believes the following excerpt taken from the concluding section of chapter 9 of the Gordon report makes this latter point quite explicit. The section is entitled "Feasibility Considerations for Evaluation of Proposed Hawaii Income Assurance System" and reads as follows:

The development of the proposed Hawaii Income Assurance System (HIAS) is premised on the conduct of an intensive feasibility investigation into the legal, actuarial and system costs, revenue factors, alternative systems and administrative considerations. This effort would be undertaken prior to the formulation of enabling legislation and the pursuit of detailed implementation tasks outlined in the following section. The discussion in the preceding

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sections has presented a general outline of possible specifications for the development of a proposed HIAS. This has raised a number of technical questions bearing on the anticipated conduct of any feasibility study. Let us review these questions in terms of providing guidance to executive and legislative decision-makers in formulating issues to be resolved through the completion of such an investigative effort.

1. Legal Factors

There are a variety of legal factors that bear on the constitutional and operational standing of HIAS in terms of prevailing federal and state laws dealing with retirement and disability income, pension and taxation matters.

a. Primary Income Rule Under SSI

Under existing federal program regulations, income services such as the federal OASDI and proposed HIAS would be considered as "primary" while SSI payments are considered to be "secondary." That means that HIAS payments would be made before any supplements could be provided to eligible persons under SSI. This would have the undesirable effect of increasing the State of Hawaii's portion of benefit costs to eligible persons under both SSI and HIAS while correspondingly reducing federal payments. There are several possible ways of rectifying this. One means would be to amend the Social Security Amendments of 1972 (P.L. 92-603) that created SSI to eliminate the "pass-through" feature for both the federal OASDI and state benefit programs like the proposed HIAS. This would make SSI a "primary" supplemental income sources while OASDI and HIAS would become "secondary." Without this critical change in federal legislation, the desirable elimination of the supplemental payments for SSI and GA cannot be achieved under HIAS. (sic)

b. Utilization of Pension Portability and Pension Re-insurance Provisions of the ERISA

The very hybrid nature of the proposed HIAS presents an opportunity to utilize the important pension portability and re-insurance features of the Employee Retirement Income Security Act of 1974. As indicated earlier, Section 412(a) of ERISA prevents the state from establishing regulatory standards for private pension programs. The section specifically exempts disability income and other like programs mandated by state statute. As HIAS is a novel scheme providing disability and retirement income on a

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supplementary and redistributive basis, there is the possibility of applying for approval with the U.S. Department of Labor to qualify as a multi-employer program, thereby obtaining access to portability and re-insurance benefits under the Act. This can be achieved by obtaining a legal ruling or opinion from the Solicitor of the U.S. Department of Labor.

c. Constitutional Issues

The hybrid features of the proposed Supplementary Income Assurance System raises legal questions with regard to the constitutionality of basic eligibility, benefits and methods of taxation under the "equal protection" provisions of the 14th Amendment of the U.S. Constitution. All of the areas deal with the problem of whether discriminatory treatment of beneficiaries is permissible. Use of the cumulative work history eligibility requirement of 40 quarters of employment in Hawaii for receipt of maximum supplementary benefits may be considered as a veiled form of discriminatory residency practice. One could argue that the provision to allocate supplementary income benefits on a pro-rata basis in accordance with the length of employment in Hawaii could forestall any such objections. Moreover, one could look to such employment-linked programs as Workmen's Compensation and temporary disability insurance as precedents for the use of such eligibility standards that do not discriminate among beneficiaries within the state.

Another possible constitutional matter is whether or not a taxation device such as the payroll withholding system under HIAS is legal in its proposed form. In effect, all employees with earnings above the annual equivalent of the state minimum wage would have HIAS contributions withheld on a progressive basis up to a limit of ten percent of the Social Security employment contributions for the highest income bracket. Thus, those whose annual incomes fall below the minimum wage standard would contribute nothing, while those above it would contribute in accordance with their earnings up to the limit established. As this assessment system would apply to the first \$5-6,000 of earnings, all covered workers would be treated equally, thus all would have the same tax break or credits, and would meet the test of not discriminating unfairly or inequitably.

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One very possible constitutional problem may be the supplementation aspect of the system. Normally, under programs like Social Security or private pension systems, everyone, regardless of resources, receives the same benefit if he has met basic eligibility or vesting standards. HIAS, on the other hand, takes a different track. Everyone who contributes to the system receives a benefit. Those who fall above the BLS income standard receive the minimum supplementary award of twelve percent of the standard. Those beneficiaries whose combined federal, state and private pension or disability income sources place them below the benchmark get the difference, which is usually greater than the minimum benefit. This may be viewed by some as discriminatory on the grounds that persons making equal contributions should receive equal benefits. On the other hand, HIAS is directed at providing equal protection to all persons covered against the likelihood of not having sufficient resources to meet a minimum income standard. Clearly, this welfare feature of HIAS will have to be researched to establish the constitutionality underlying principle of benefit entitlement. (sic)

Finally, note should be made here of the apparent rejection by the federal administration of a request for funding to enable performance of the recommended study on the feasibility of the HIAS. A formal application requesting \$117,000 in federal funds to augment a \$15,000 appropriation made by the Hawaii State Legislature in 1975 was submitted in 1975 by the Hawaii State Commission on Aging. The total cost of the study was estimated at \$132,000. In testimony presented by the director of the Executive Office on Aging, Office of the Governor of Hawaii before the Hawaii State Senate Committee on Human Resources in 1978, it was pointed out that no feedback was received from the U.S. Department of Health, Education, and Welfare in response to the funding request submitted, and "...[I]n view of the Administration on Aging's rejection of our previous application which occurred within the past year or so, the outlook for the Administration on Aging's funding remains dim."⁴³

Income Supplementation: An Illustration of the Direct Program Costs

Legal and statutory provisions notwithstanding, two other considerations are germane to the design of a governmentally funded income supplementation program. One such criterion is the target group, i.e., "who" is to be assisted.

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The other criterion is the amount of assistance to be awarded. These two criteria plus the administrative costs are the basic determinants of the cost of such a program.

The purpose of this section is to illustrate through three annotated tables estimated direct assistance costs, i.e., the total dollar amount per year in grant assistance, if an income supplementation program were to be implemented. The costs are depicted through three tables which utilize two sub-groups of Hawaii's SSI caseload, one consisting of persons age 60 and older and the other consisting of persons age 65 and older as the beneficiaries. Other variables appearing in the tables include different amounts of assistance, ranging from \$50 a month to \$200 a month for eligible persons; and adjusted assistance levels to accommodate inflation at a "low" rate of inflation (six per cent a year) and a "high" rate of inflation (ten per cent a year).

The selection of 60 and older SSI recipients to represent the target group is based on two simple rationales. For one thing, many, if not the majority of programs designed for older persons, including most programs under the federal Older Americans Act use age 60 as the minimum qualifying age. For another, SSI recipients are among the neediest persons in the community.

The Bureau is mindful of and concurs with the assertion of the authors of the "Comprehensive Master Plan for the Elderly" that there are significant legal and non-legal complexities inherent in the development and implementation of any new major cash assistance program over and beyond such programs as may exist pursuant to provisions of federal or state law. There have, however, been amendments to the federal SSI law since release of the "Comprehensive Master Plan for the Elderly", and it is possible that some of the constraints identified as of 1974, may no longer apply. It is more likely, however, that the basic problems and concerns flagged out in the 1974 study report are still at issue.

Whether any of the previously identified constraints must still be addressed in considering the implementation of an income supplementation program which is either new or which substantively modifies an existing

program can probably only be answered by actual implementation. In the alternative, the development of a fully fleshed out program proposal which is submitted to the appropriate federal agency for approval or comment, may bring forth the answers desired.

The methodology employed in developing the three tables which follows is shown in Appendix D.

Table 5.9 — Fixed Cash Amounts Unadjusted for Inflation

A simple method of estimating the cost of an income supplementation program involves two factors. One is the number of persons eligible for the program. The other factor involves the level of assistance provided. Estimating the cost of the program for a given year then becomes a matter of multiplying the number of eligible persons by the average level of income supplementation per recipient.

When estimated in this manner, it can be seen that in terms of constant 1980 dollars, an income supplementation program for the older SSI recipients, i.e., 60 and older or 65 and older, may have costs ranging from a low of \$3,460,000 to a high of \$15,400,000 in 1980, the first year of operation. As of 1990, the cost could rise to \$21,600,000 (see Table 5.9 below).

Table 5.9

AN INCOME SUPPLEMENTATION PROGRAM INITIALLY
WILL COST APPROXIMATELY 3.5 MILLION DOLLARS
(IN 1980 DOLLARS)

<u>Income Supplementation Program Description</u>	Estimated Annual Cost (in Millions)		
	<u>1980</u>	<u>1985</u>	<u>1990</u>
\$50/month avg. grant for eligible who are:			
60 and over	\$ 3.85	\$ 4.70	\$ 5.41
65 and over	3.46	4.39	5.23
\$100/month avg. grant for eligible who are:			
60 and over	7.70	9.41	10.80
65 and over	6.91	8.78	10.50
\$150/month avg. grant for eligible who are:			
60 and over	11.60	14.10	16.20
65 and over	10.40	13.20	15.70
\$200/month avg. grant for eligible who are:			
60 and over	15.40	18.80	21.60
65 and over	13.80	17.60	20.90

Table 5.10 — Providing for a 6 Per Cent Annual Inflation Adjustment

If the level of income supplementation assistance were to be adjusted to keep up with inflation, program costs would rise dramatically. The extent of that increase would obviously depend upon the rate of inflation. Table 5.10 below illustrates the estimated costs based on an inflation rate factor of six per cent a year.

Table 5.10

AT A LOW RATE OF INFLATION, PROGRAM COSTS
WILL RISE TO 9.6 TO 38.6 MILLION DOLLARS
IN THE YEAR 1990

(6% annual inflation adjustment to program costs)

Income Supplementation Program Description	Estimated Annual Cost (in Millions)		
	<u>1980</u>	<u>1985</u>	<u>1990</u>
\$50/month avg. grant for eligible who are:			
60 and over	\$ 3.85	\$ 6.29	\$ 9.69
65 and over	3.46	5.87	9.37
\$100/month avg. grant for eligible who are:			
60 and over	7.70	12.59	19.34
65 and over	6.91	11.75	18.80
\$150/month avg. grant for eligible who are:			
60 and over	11.60	18.87	29.01
65 and over	10.40	17.66	28.12
\$200/month avg. grant for eligible who are:			
60 and over	15.40	25.16	38.68
65 and over	13.80	23.55	37.49

Table 5.11 — Providing for a 10 Per Cent Annual Inflation Adjustment

If an inflation rate factor higher than six per cent were used, the program costs would jump even more noticeably. Table 5.11 below illustrates the costs based on an inflation rate factor of ten per cent a year.

Table 5.11

A HIGH RATE OF INFLATION COULD MEAN
THE PROGRAM MAY COST A MINIMUM OF
\$13.5 MILLION IN THE YEAR 1990

(10% annual inflation adjustment to program costs)

<u>Income Supplementation Program Description</u>	Estimated Annual Cost (in Millions)		
	<u>1980</u>	<u>1985</u>	<u>1990</u>
\$50/month avg. grant for eligible who are:			
60 and over	\$ 3.85	\$ 7.57	\$14.03
65 and over	3.46	7.70	13.57
\$100/month avg. grant for eligible who are:			
60 and over	7.70	15.14	28.01
65 and over	6.91	14.14	27.23
\$150/month avg. grant for eligible who are:			
60 and over	11.60	22.71	42.02
65 and over	10.40	21.26	40.72
\$200/month avg. grant for eligible who are:			
60 and over	15.40	30.28	56.02
65 and over	13.80	28.34	54.21

Income Supplementation: Summary and Conclusions

As the three foregoing tables show, the direct assistance cost of an income supplementation program for the approximately 6,000 Hawaii SSI recipients (estimated 1980 caseload of 60 and older recipients) could cost approximately 3.5 million dollars if these 6,000 recipients were awarded an additional income supplementation grant of \$50.00 a month. Higher grant amounts would, of course, increase the total cost. It might be noted that if present SSI recipients were granted an additional \$50.00 a month or a total of \$600.00 annually, their total income would still be below the income thresholds of the "official" federal poverty standard.

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The program or direct assistance costs would represent the major cost element in an income supplementation program. The other cost item is the administrative cost. The administrative cost would depend primarily on the question of who, i.e., the State of Hawaii or the federal government, were to administer the program. Since the Hawaii SSI program is currently being administered by the federal government at no cost to the State it is conceivable that the federal government might administer the additional cash assistance without cost to the State, although the direct assistance cost would have to be financed through State of Hawaii funds.

Master Summary and Conclusions

This chapter has provided an overview of (1) the basic government income assistance programs for older Americans, (2) some current issues which are receiving the serious attention of the congress and the administration, and (3) a digest of several major "welfare reform" bills considered by the 95th Congress which adjourned in 1978.

This chapter has also examined several income supplementation proposals for Hawaii's older retirees. The proposals include several alternative strategies appearing in the "Comprehensive Master Plan for the Elderly", a 1974 special study mandated by Act 225 of the Session Laws of Hawaii 1974. The study considered five alternative strategies as follows: (1) establishment of a State of Hawaii program of pension benefits for private employees, (2) establishment of a state version of the federal OASDI program, (3) expanded state supplementation of the federal SSI program, (4) provision of increased benefits to elderly persons eligible under the State's General Assistance program, and (5) the Hawaii Income Assurance System (HIAS). The study report concluded that only the HIAS proposal was feasible for further study and rejected the four other proposals for various reasons.

While asserting that HIAS demonstrated considerable promise of providing greater income security for Hawaii's elderly, the authors of the study report offered an important caveat as follows:

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Both the HIAS and several other possibilities should be subjected to a definitive feasibility study prior to eventual legislative review and enactment to determine the most beneficial and efficient means of providing income security for the elderly.... The development of the proposed Hawaii Income Assurance System (HIAS) is premised on the conduct of an intensive feasibility investigation into the legal, actuarial and system costs, revenue factors, alternative systems and administrative considerations. ...There are a variety of legal factors that bear on the constitutional and operational standing of HIAS in terms of prevailing federal and state laws dealing with retirement and disability income, pension and taxation matters.

The chapter also examined some of the principal costs of an income supplementation program. To illustrate the cost implications, three annotated tables were constructed under varying criteria and assumptions. For purposes of these tables, the beneficiaries were limited to those Hawaii SSI recipients age 60 and older and costs for three target years, 1980, 1985, and 1990 were estimated. The minimal annual cost for initiating the program in 1980 at a cash supplementation level of \$50 per month for the projected caseload of 5,760 SSI recipients age 65 and older would amount to \$3,460,000. The provision of a higher monthly award and the inclusion of an adjustment factor for inflation would add significant additional costs to the program.

In chapter 6, the concluding chapter of this study, selected strategies which may serve to alleviate the basic needs of the elderly other than through a direct cash assistance approach are reviewed.

Chapter 6

PROGRAMS AND PROGRAM PLANNING FOR HAWAII'S ELDERLY: SOME ISSUES, PROBLEMS, AND OPPORTUNITIES

Introduction

In chapter 5 of this study, the Bureau examined some approaches, issues, and costs associated with the provision of income (cash) supplementation programs for older persons. In this, the concluding chapter of this study, the Bureau examines major programs and services presently available for older persons in the State. The examination includes (1) an inventory of the various programs, services, and activities, hereinafter collectively referred to as "programs" to which Hawaii's older people have access; (2) an overview of the key federal funding sources for elderly programs; (3) selected issues relating to program planning for the elderly; and (4) conclusions and recommendations.

The data and information contained in Table 6.1 (the Inventory) were developed from material appearing in a recent publication of the State of Hawaii Executive Office on Aging.¹ Table 6.2 shows the major federal programs for older persons by program category and by administering agency.

As can be seen, the programs appearing in Table 6.1 cover a wide gamut including information and referral services, direct services, and major income assistance programs, several of which were discussed in chapter 5. The basic publicly funded income assistance programs include the federal Supplemental Security Income (SSI) program and the several money payment programs administered by the Hawaii State Department of Social Services and Housing. For the most part, the major governmental programs have a statewide scope. Other governmental programs, especially those sponsored by or otherwise delivered through the county Area Agencies on Aging are often limited to a given county. Programs delivered by agencies in the non-public sector tend to be limited to a given county, although the "larger" and more established private agencies tend to have programs which are statewide in scope.

TABLE 6.1^a
PROGRAMS FOR OLDER PERSONS IN HAWAII: A SELECTED INVENTORY^b
(For Fiscal Year 1976-1977)

Program Structure/Objectives ^c	Service Area by County				Age Ranges Served	Total # Persons Served	Total # Older Persons Eligible/Needing Service	Total # Older Persons Served	Total Program Cost
	Kauai	Honolulu	Maui	Hawaii					
I. PERSONAL HEALTH, SAFETY AND PHYSICAL WELL-BEING									
<i>Objective:</i> Reduce the incidence, severity, and duration of physical and mental incapacitation so as to promote the optimum functioning of older people in their pursuance of independent living. Where permanent disabilities are encountered through illness, injury, or advanced age, maximize the restoration of self-care and social skills and provide supportive care as necessary.									
<i>Program Name:</i> ^d									
. American Cancer Society	x	x	x	x	All	?	?	?	?
. Community Food and Nutrition		x			?	2,000	?	1,000	\$ 121,000
. Elderly Stimulation Program		x			?	1,200	?	1,200	?
. Help Line, Emergency Services				x	All	?	?	?	33,500
. Kauai Goodlife Congregate Dining Project	x				60-85	615	4,500	1,200	136,431*
. Maui County Meals Program - Committee on Aging			x		60+ & spouses	1,800	7,000 (est. # eligible) 2,000 (est. # needing service)	1,800	190,000*
. Nutrition Program, Hawaii County				x	60+ & spouses	692	8,858	692	207,000*
. Nutrition Program, Honolulu City and County		x			60+ & spouses	3,844	57,434 (est. # eligible) 19,000 (est. # needing service)	3,844	754,978*
. Maui County Nutrition Program - Title VII Maui County Committee on Aging			x		60+ & spouses		1,000	748	160,654*
. Nutrition Services - Department of Health		x			All	?	?	?	770
. Public Health Nursing Branch	x	x	x	x	?	43,761	Honolulu - 6,000 (est.) Hawaii - 6,000 (est.) Kauai - 2,500 (est.) Maui - 1,802 (est.)	?	2,116,249 (8%)
. Statewide Consultation and Educational Services Chronic Disease Branch, Department of Health	x	x	x	x	?	?	?	?	5,200
. Arthritis Center of Hawaii	x	x	x	x	All	197	Statewide - 57,000 (est. # eligible) Statewide - 20,000-30,000 (est. # needing service)	?	240,000 (19%)

Program Structure/Objectives ^c	Service Area by County				Age Ranges Served	Total # Persons Served	Total # Older Persons Eligible/Needing Service	Total # Older Persons Served	Total Program Cost
	Kauai	Honolulu	Maui	Hawaii					
. Breast Cancer Demonstration & Detection Project	x	x	x	x	35-75	?	?	?	355,000 (15% est.)
. Community Health Screening Tests	x	x	x	x	All	38,300	?	?	212,000 (40%)
. Health Screening				x	?	2,000	8,858	2,000	1,000*
. Health Screening	x				60+	643	4,000 (est. # eligible) 1,500 (est. # needing service)	643	15,745*
. Health Screening for Senior Citizens		x			55+	784	?	784	35,630*
. Pacific Health Research Institute Health Appraisal		x			63-88	?	30-70 (est. # eligible)	?	?
. Alternatives for Women Program		x			18+	20	?	?	17,000
. Hale 'Oluea				x	?	?	?	?	2,696
. Health Maintenance for Pensioners & Spouses		x			?	1,196 (est.)	600 (Ewa community only)	?	?
. Hilo Counseling Center				x	?	700	?	?	?
. Hilo Vocational Rehabilitation Center				x	?	6	?	?	246,607 (3%)
. Intermediate Care Facilities (ICF)	x	x	x	x	?	1,129	Statewide - 925+ (est. # eligible)	?	5,757,143
. Intermediate Care Facility	x	x	x	x	?	?	?	?	?
. Kalihi-Palama Community Mental health Center		x			65+	?	?	?	?
. Kauai Veterans Ambulance Service	x				All	90	2,000	90	30,000 (33%)
. Licensing of Nursing and Care Homes and Certification of Medicare Facilities		x			All	?	?	?	275,000
. Maui Community Mental Health Center			x		All	?	6,535	1,289	564,572
. Mental Health Services for the Elderly		x			All	?	?	?	?
. The Rehabilitation Hospital of the Pacific		x			All	?	?	?	3,042,850 (80%)
. Brantley Rehabilitation Service				x	All	5	?	?	?
. Rehabilitation Services for Older Blind Adults	x	x	x	x	55+	21 (Maui)	?	?	18,311
. Rehabilitation Unlimited, Kauai, Inc.	x				?	14	1,159	?	15,600
. Serenity House	x				?	30	?	?	45,169
Services for the Blind Branch, DSSH, Voc. Rehab. & Svcs. for the Blind Div.	x	x	x	x	All	252	Honolulu - 450 (est.) Hawaii - 50 (est.) Kauai - 30 (est.) Maui - 50 (est.)	?	155,811 (25%)

Program Structure/Objectives ^c	Service Area by County				Age Ranges Served	Total # Persons Served	Total # Older Persons Eligible/Needing Service	Total # Older Persons Served	Total Program Cost
	Kauai	Honolulu	Maui	Hawaii					
. Adult Family Boarding Homes	x	x	x	x	?	205	?	?	67,738 (personnel cost only)
. Chore Services - Hawaii County Economic Opportunity Council				x	60+	330 (est.)	?	330 (est.)	30,786*
. Chore Services			x		60+	201	2,848	201	54,828*
. Comprehensive Care Program for the In-Home Patient		x			?	?	35,000 (est. # eligible) 3,500 (est. # needing service)	50	?
. Coordinated Services for the Elderly - Chore Services				x	?	1,000	2,500	1,000	10,000*
. Coordinated Services for the Elderly - Transportation and Escort				x	?	1,600	3,000	1,600	14,984*
. Day Care and Rehabilitation Services		x			?	20	?	?	28,800 (40% est.)
. Day Care for Elderly		x			53-90	20	?	20	25,000*
. Day Care for Elderly and Disabled Adults - DSSH	x	x	x	x	?	235	?	?	193,288
. Escort Service	x				60+	700	2,000 (est. # eligible) 1,000 (est. # needing service)	700	11,245*
. Escort Services - Catholic Social Services		x			60+	553	1,006	553	45,770*
. Escort/Transportation Service		x			60+	495	?	495	64,059*
. Friendly Visiting Service	x				60+	775	2,500 (est. # eligible) 1,000 (est. # needing service)	775	11,245*
. Handicap Transportation		x			?	500	?	300	80,000
. Hilo Hospital Home Health Service				x	?	1,500	10,000 (est. # eligible)	1,500	116,899 (75%)
. Home Aide - Catholic Social Services		x			60+	124	?	124	5,140*
. Home Health Agency	x	x	x	x	?	?	?	?	?
. Home Health Services			x		?	261	?	?	?
. Home Helpers of Hawaii	x	x	x	x	All	?	?	?	?
. Homemaker - Chore Services		x			All (low- income people)	240	3,000	?	120,000
. Homemaker Services - DSSH	x	x	x	x	?	167	?	?	77,401.68
. Homemakers Upjohn	?	x	?	?	?	?	?	?	?
. Honolulu Home Care Service	x	x			66+	592	?	592	?
. In-Home Chore Service	x				?	221	1,000 (est. # eligible) 250 (est. # needing service)	221	11,245*

Program Structure/Objectives ^c	Service Area by County				Age Ranges Served	Total # Persons Served	Total # Older Persons Eligible/Needing Service	Total # Older Persons Served	Total Program Cost
	Kauai	Honolulu	Maui	Hawaii					
. Kapo's Services, Inc.		x			50-70	?	?	?	?
. Kaumana Day Care				x	55+	30	100 (est. # needing service)	30	40,000* (est.)
. Kuakini Day Care Center		x			?	40	?	40	89,766*
. Malama Makua Day Care Center	?	x	?	?	?	400	400 (est. # eligible)	221	?
. Maui Day Care Center for Senior Citizens & Disabled - Evangelical Church			x		?	28	?	?	?
. Maui Rehabilitation Center			x		55+ & disabled	82	?	82	473,484 (9%)
. Skilled Nursing Facilities	x	x	x	x	All	8,877	Honolulu - 5,369 (est. # eligible) Hawaii - 1,128 (est. # eligible) Kauai - 625 (est. # eligible) Maui - 883 (est. # eligible)	?	19,018,603
. Skilled Nursing Facility	x	x	x	x	?	?	?	?	?
. Transportation - Catholic Social Services		x			60+	628	?	628	79,200*
. Transportation - H.C.A.P.		x			All low-income persons on Oahu	500	?	?	330,000
. Transportation Escort Component		x			60+	625	1,600 (est. # eligible) 625 (est. # needing service)	625	75,816*
. Transportation for the Elderly, Kauai Economic Opportunity	x				60+	480+	4,500 (est. # eligible) 1,200 (est. # needing service)	480+	101,221*
. Transportation Services - Maui Economic Opportunity			x		60+	700	2,848 (est. # eligible) 2,848 (est. # needing service)	700	123,586 (69%)
. Transportation Services, Title XX - Hawaii				x	3+	500	?	?	111,000
. Wilcox Adult Day Care Center	x				58-92	53	3,000 (est. # eligible) 120 (est. # needing service)	53	86,156*

II. ECONOMIC SATISFACTION

Objective: Assure that each aging person is afforded adequate economic means by which to maintain health and a minimum acceptable standard of living. Promote economic self-sufficiency among the aging and, as necessary, assist those who are unable to provide for their own economic needs.

Program Structure/Objectives ^C	Service Area by County				Age Ranges Served	Total # Persons Served	Total # Older Persons Eligible/Needing Service	Total # Older Persons Served	Total Program Cost
<u>Program Name:^d</u>									
. Added Income Project			x		?	200	200	120	\$ 4,482*
. City and County Pension Board		x			?	152	?	152	620,293*
. Forty Plus	?	x	?	?	40+	38	?	?	7,200 (est.)
. Generation Gap	x	x	x	x	55+	278	All persons 55+	?	4,000
. Labor-Management Services Administration	x	x	x	x	55-80	40	Honolulu - 35% of 55-80 group Hawaii - 40% of 55-80 group Kauai - 40% of 55-80 group (Includes other U.S. jurisdictions in Pacific Area)	?	30,000
. Senior Community Services Employment Program	x	x	x	x	55+	111	12,406	?	185,565 (87.5%)
. Social Security	x	x	x	x	All	?	Honolulu - 61,000 (est.) Hawaii - 11,000 (est.) Kauai - 5,000 (est.) Maui - 8,200 (est.)	?	117,384,000
. Veterans Benefits	x	x	x	x	?	?	?	?	?
. Community Food and Nutrition			x		All	2,848	2,848	88	68,484 (13.7%)
. Consumer Affairs Program - FDA	x	x	x	x	?	?	?	?	3,000
. Consumer Education	x				?	700 (est.)	4,500 (est. # eligible) 700+ (est. # needing service)	700 (est.)	85,173 (50%)
. Consumer Education - Maui Economic Opportunity			x		60+	3,829	11,693	3,829	89,079*
. Consumer Education and Reassurance		x			?	1,624	6,970	1,624	72,925
. Food Stamp Program	x	x	x	x	All	?	?	?	63,574,540
. Funeral and Memorial Society of Hawaii	x	x	x	x	All	206	?	?	4,538.41 (90%)
. General Community/Consumer Education Program, Kauai Economic Opportunity, Inc.	x				18+	?	?	?	89,344
. Maui Economic Opportunity Emergency Energy Conservation			x		60+	100	2,848		26,000 (54%)
. Senior Citizen's Discounts		x			50+	?	?	?	N/A
. Freshwater Fishing and Hunting Licenses	x	x	x	x	65+	?	?	?	?
. Senior Opportunities & Services			x		55+	2,000	?	2,000	25,000*

Program Structure/Objectives ^c	Service Area by County				Age Ranges Served	Total # Persons Served	Total # Older Persons Eligible/Needing Service	Total # Older Persons Served	Total Program Cost
	Kauai	Honolulu	Maui	Hawaii					
. Special Benefits for Senior Citizens - Hawaii County				x	60+	?	?	?	N/A
. Certification of Blind, Deaf, & Totally Disabled, Department of Health	x	x	x	x	?	923	1,400 (est. # eligible) 1,000 (est. # needing service)	?	3,800 (75%)
. Funeral Expense - Veterans Administration	x	x	x	x	?	?	?	?	?
. Funeral Expense Reimbursement	x	x	x	x	?	?	?	?	?
. Funeral Payments Program	x	x	x	x	?	?	925 (est. # eligible)	?	143,941
. HMSA's Plan 65-C	x	x	x	x	65+	20,771	All persons 65+ enrolled in Medicare	20,771	?
. Medicaid	x	x	x	x	?	?	?	?	?
. Medical Payments for Pensioners	x	x	x	x	?	?	?	?	?
. Medicare Claims Administration	x	x	x	x	65+	?	50,000	?	421,323
. Section 8 Housing Assistance Payments Program			x		39+	25	12,000 (est. # eligible)	?	1,500,000 (20%)
. Section 8 Housing Assistance Payments	x				62+	60	40 (est. # eligible) 100 (est. # needing service)	60	?
. Section 8 Housing Assistance Payments Program - Elderly Rental Assistance - Department of Housing & Community Development		x			?	99	?	?	182,000
. Supplemental Security Income - Social Security Administration	x	x	x	x	?	?	?	?	?
. U.S. UMTA Sec. 16(b)(2) Program	x	x	x	x	?	?	?	?	164,495
III. INTELLECTUAL AND SOCIAL SATISFACTION									
<i>Objective:</i> Increase the availability, variety of and accessibility to opportunities by which older persons may develop and improve their self-image, maintain positive social relationships, and continue to participate in the life of the community.									
<i>Program Name:</i> ^d									
. Assistance to Individual Adults - DSSH	x	x	x	x	18+	3,324	?	?	\$ 1,078,904 (65% est.)
. Coordinated Services for the Elderly - Housing Assistance				x	?	150	500 (est. # eligible) 150 (est. # needing service)	150 (est.)	5,000
. Counseling, Catholic Social Services	x				?	3,072	?	?	107,650

Program Structure/Objectives ^C	Service Area by County				Age Ranges Served	Total # Persons Served	Total # Older Persons Eligible/Needing Service	Total # Older Persons Served	Total Program Cost
	Kauai	Honolulu	Maui	Hawaii					
. Help Line, Information and Referral			x		?	?	?	?	33,500
. Information and Referral - Coordinated Services for the Elderly			x		60+	4,500	6,000	4,500	30,000*
. Information and Referral Services	x				All low-income persons on Oahu	2,000	10,000	?	200,000
. Information and Referral Services - Maui County Committee on Aging			x		60+	5,370	7,000	?	30,847*
. Information and Referral/Outreach - Areawide Opportunities for Senior Citizens	x				?	1,345	8,800	1,345	51,409
. Information and Referral/Outreach Services - Honolulu Area Agency on Aging	x				60+	22,000	58,000 (est. # eligible) 12,000 (est. # needing service)	22,000	155,006*
. Information and Referral/Outreach Services - Kauai County Office of Elderly Affairs	x				60+	4,435	All elderly on Kauai	4,435	26,301*
. Office of Information and Complaint	x				?	?	4,494	100	?
. Outreach - Coordinated Services for the Elderly			x		?	3,000	6,000	3,000	36,133*
. Outreach - Maui County Committee on Aging			x		?	5,370	5,500	5,370	18,114*
. Outreach Component, Areawide Horizons for Senior Citizens Program	x				60+	625	1,600 (est. # eligible) 625 (est. # needing service)	625	75,816*
. Pre-Retirement Advisory Assistance			x		47-66	36	?	?	0
. Pre-Retirement Education and Planning Project	x	x	x	x	55-64	301	60,000	?	37,914 (60%)
. Pre-Retirement Planning Program	x	x	x	x	35-69	321	?	?	225
. Pre-Retirement Session	x	x	x	x	55-65	17	13	17	?
. Adult Education	x	x	x	x	60+	7,750	?	67,488	73,814*
. Gerontology Courses	x	x	x	x	?	?	?	?	?
. Library Services for the Handicapped	x	x	x	x	All	?	?	?	129,659
. Library Services for the Institutionalized	x	x	x	x	All	?	?	?	67,275
. Paraprofessional Training in Elderly Services		x			18+	60	?	?	8,000
. Senior Citizen Tuition Exemption Program - Meal Sites		x			60+	400	610 (est. # eligible) 400 (est. # needing service)	400	3,875*
. Senior Citizens Tuition Exemption Program - U.H.	x	x	x	x	60+	5,912	?	5,912	80,176*
. Community Gardening	x				?	800	?	?	?

Program Structure/Objectives ^c	Service Area by County				Age Ranges Served	Total # Persons Served	Total # Older Persons Eligible/Needing Service	Total # Older Persons Served	Total Program Cost
	Kauai	Honolulu	Maui	Hawaii					
. Hawaii State Senior Center		x			55+	2,200	15,000	2,200	121,000*
. Hospital Audiences, Inc. (HAI)	?	x	?	?	All	700	?	?	?
. Kauai Senior Centers, Inc.	x				?	1,908	3,500	1,908	78,957*
. Leisure Time Activities - Areawide Horizons for Senior Citizens Programs		x			60+	?	1,600 (est. # eligible) 625 (est. # needing service)	?	75,816*
. Leisure Time Activities - Catholic Social Services		x			?	4,000	7,151	?	?
. Leisure Time Activities - Maui County			x		55+	1,500	7,000 (est. # eligible) 2,500 (est. # needing service)	55	56,251
. Moiliili Senior Center		x			50+	2,500	16,322	2,500	46,450*
. Senior Citizens Centers				x	55+	2,500	12,000 (est. # eligible) 4,000 (est. # needing service)	2,500	149,262*
. Senior Citizens Clubs - Hawaii County				x	?	?	?	?	?
. Senior Citizens Clubs - Maui County			x		?	?	?	?	?
. Senior Citizens Clubs - Oahu		x			?	12,500+	10,000+	12,500+	110,000
. ACTION	x	x	x	x	?	2,578	?	2,578	398,663 (Oahu only)
. Advocacy - Political Education, V.O.I.C.E.	x				60+	150	4,500	150	0
. American Association of Retired Persons	x	x	x	x	?	8,000	?	?	?
. Easter Seal Society for Crippled Children & Adults of Oahu, Inc.		x			20-70	100	?	?	40,000 (20%)
. Foster Grandparents	x	x	x	x	60+	112	673	112	230,295 (77%)
. Kokua Council for Senior Citizens of Hawaii	x	x	x	x	?	?	?	?	?
. Program for Pensioners	x	x	x	x	?	?	?	?	?
. Retired Senior Volunteer Program, Hawaii County				x	60+	?	4,000	4,000	35,565
. Retired Senior Volunteer Program, Maui County			x		60+	895	7,800	895	24,705
. Retired Senior Volunteer Program, Kauai County	x				60+	220	2,900 (est. # eligible) 300 (est. # needing service)	220	34,048*
. Retired Senior Volunteer Program (RSVP), VIRS	x				60+	1,400	All on Oahu	?	63,306 (27%)

Program Structure/Objectives ^c	Service Area by County				Age Ranges Served	Total # Persons Served	Total # Older Persons Eligible/Needing Service	Total # Older Persons Served	Total Program Cost
	Kauai	Honolulu	Maui	Hawaii					
. Volunteers in Parks (VIP's)			x		?	?	?	?	4,400
. The Bus		x			65+	7,350,000 (trips provided)	?	7,350,000 (trips provided)	1,800,000
IV. SATISFACTORY HOME AND COMMUNITY ENVIRONMENT									
<i>Objective:</i> Promote satisfactory living conditions for older persons, including decent, safe and sanitary dwellings, of a choice and at prices they can afford, in pleasant surroundings.									
<i>Program Name:</i> ^d									
. Arcadia Retirement Residence		x			?	315	?	315	?
. Hale Mahaolu		x			62+	130	?	130	\$ 142,300
							(over 100 on waiting list)		
. Hawaii Council for Housing Action	?	x	?	?	62+	325	?	325	?
. Housing Subsidy - HUD	x	x	x	x	?	500	?	?	?
. Laniolu Good Samaritan Center	?	x	?	?	47-99	?	?	?	650,000*
. Pohai Nani		x			59-102	200	41,000	200	918,153*
. Public Housing Rental Units for Elderly	x	x	x	x	62+	1,605	1,312 (est. # needing service)	1,602	?
V. PROTECTION OF CIVIL RIGHTS AND PROPERTY									
<i>Objective:</i> Protect the civil rights and personal welfare of older persons from neglect and/or exploitation by friends, relatives, the aging himself, and the community at large; protect their belongings from undue loss or diminution.									
(Note: "Protective care" is distinguished from supportive care in that protective care is undertaken on behalf of persons with limited mental functioning due to mental deterioration, emotional disturbances or extreme infirmity, and which has the objective of placing such persons under some form of legal custody, such as guardianship or commitments, for their own protection and the protection of others.)									
<i>Program Name:</i> ^d									
. Legal Services	x	x	x	x	?	?	1,000	200	\$ 6,500
. Protective Services - Coordinated Services for the Elderly				x	60+	500	2,000	500	28,000*

Program Structure/Objectives ^c	Service Area by County				Age Ranges Served	Total # Persons Served	Total # Older Persons Eligible/Needing Service	Total # Older Persons Served	Total Program Cost
	Kauai	Honolulu	Maui	Hawaii					
VI. GENERAL SUPPORT									
<i>Objective:</i> Provide effective support in an efficient manner to accomplish the objectives of programs provided the aging.									
<i>(Note: The support categories listed hereafter are essentially those which cannot be reasonably associated with any of the preceding programs. It generally includes statewide and countywide administration and related support programs.)</i>									
<i>Program Name:</i> ^d									
. Gerontology Center Development Project	x	x	x	x	?	?	?	?	\$ 104,000
. Executive Office on Aging	x	x	x	x	?	? ^e	Honolulu - 63,000 (est.) Hawaii - 11,100 (est.) Kauai - 5,400 (est.) Maui - 8,200 (est.)	64,441 25,320 10,269 14,763	2,825,852*
. Hawaii County Office on Aging				x	60+	5,000	8,858 (est. # eligible)	5,000	63,000*
. Honolulu Area Agency on Aging		x			60+	39,633	57,434 (est. # eligible)	39,633	1,142,446*
. Maui Community Committee on Aging			x		60+	5,500	8,435 (est. # eligible) 6,000 (est. # needing service)	5,500	609,046*
. Office of Elderly Affairs	x				60+	4,494	4,500 (est.)	4,494	16,008*
. "Bella's Information for Senior Citizen"	x	x	x	x	?	?	?	?	?
. Pau Hana Years	x	x	x	x	?	10,000+	?	10,000+	98,786

a. Table 5.1 was constructed from data appearing in Report of Achievements of Programs for the Aging, Fiscal Year 1976-1977, State of Hawaii, Executive Office on Aging, Office of the Governor, February, 1978.

b. Table includes each program appearing in source report, i.e., Report of Achievements of Programs for the Aging, except for three programs, one pertaining to gerontology training at the University of Hawaii, another pertaining to an independent "private" club for senior citizens, and the third pertaining to a program which was discontinued in 1977.

c. "Program Structure/Objectives" shown under Roman numerals are acknowledged in the foreword of source report as having been taken from the Statewide Developmental Plan for the Aging, State of Hawaii, prepared for the State of Hawaii Commission on Aging by Tom Way Wong and Associates, April 20, 1971, Honolulu, Hawaii.

d. Program name, as shown, in Table 5.1 is exactly as shown in source report.

e. A note appears on p. 236 of source report as follows: "Number of persons served are unavoidably duplicated and large due to the variety of services older persons may participate in, the addition of all service participants and the expanded information and referral outreach effort."

*An asterisk appearing under "TOTAL PROGRAM COST", rightmost column of Table 5.1, denotes that entire funds shown were expended for the "elderly".

Note: Per cent figure appearing immediately under dollar amount in "TOTAL PROGRAM COST" column denotes estimated per cent of total expenditure for "elderly persons" for a given program, as applicable.

Table 6.2

MAJOR FEDERAL PROGRAMS BENEFITING THE ELDERLY

By Category and by Agency

	EXECUTIVE DEPARTMENTS										INDEPENDENT AGENCIES			
	AGRI-CULTURE	HEALTH, EDUCATION, AND WELFARE	H.U.D.	LABOR	D.O.T.	COMMUNITY DEVELOPMENT	LEGAL SERVICES CORPORATION	RAILROAD RETIREMENT BOARD	SMALL BUSINESS ADMINISTRATION	U.S. CIVIL SERVICE COMMISSION	VETERANS ADMINISTRATION			
EMPLOYMENT														
AGE DISCRIMINATION IN EMPLOYMENT														
Community-Based Manpower Services & Programs														
Foster Grandparent-Senior Companion Programs														
OLDER AMERICANS COMMUNITY SERVICE EMPLOYMENT PROGRAM														
RETIRED SENIOR VOLUNTEER PROGRAM (RSVP)														
SERVICE CORPS OF RETIRED EXECUTIVES (SCORE)														
VOLUNTEERS IN SERVICE TO AMERICA (VISTA)														
HEALTH CARE														
HEALTH RESOURCES DEVELOPMENT, CONSTRUCTION AND MODERNIZATION OF FACILITIES (HHS, Bureau of)														
CONSTRUCTION OF NURSING HOMES AND INTER-MEDIATE CARE FACILITIES														
GRANTS TO STATES FOR MEDICAL ASSISTANCE PROGRAMS (MEDICAID)														
PROGRAM OF HEALTH INSURANCE FOR THE AGED AND DISABLED (MEDICAID)														
VETERANS DOMICILIARY CARE PROGRAM														
VETERANS NURSING HOME CARE PROGRAM														
HOUSING														
HOUSING FOR THE ELDERLY (sec. 202)														
LOW AND MODERATE INCOME HOUSING (sec. 8)														
MORTGAGE INSURANCE ON RENTAL HOUSING FOR THE ELDERLY (sec. 237)														
RURAL RENTAL HOUSING LOANS														
COMMUNITY DEVELOPMENT														
RENTAL AND CO-OPERATIVE HOUSING FOR LOWER AND MODERATE INCOME FAMILIES (sec. 238)														
LOW RENT PUBLIC HOUSING														
INCOME MAINTENANCE														
CIVIL SERVICE RETIREMENT														
OLD AGE SURVIVORS INSURANCE PROGRAM (Social Security)														
RAILROAD RETIREMENT PROGRAM														
SUPPLEMENTAL SECURITY INCOME PROGRAM														
VETERANS PENSION PROGRAM														
SOCIAL SERVICE PROGRAMS														
EDUCATION PROGRAMS FOR NON-ENGLISH SPEAKING ELDERLY														
FOOD STAMP PROGRAM														
LEGAL SERVICES CORPORATION														
MODEL PROJECTS														
MULTIPURPOSE SENIOR CENTERS														
NUTRITION PROGRAM FOR THE ELDERLY														
OLDER READER SERVICES														
REVENUE SHARING														
SENIOR OPPORTUNITIES AND SERVICES														
SOCIAL SERVICES FOR LOW INCOME PERSONS AND PUBLIC ASSISTANCE RECIPIENTS														
STATE AND COMMUNITY PROGRAMS														
TRAINING AND RESEARCH PROGRAMS														
MULTI-DISCIPLINARY CENTERS OF GERONTOLOGY														
NURSING HOME CARE, TRAINING AND RESEARCH PROGRAMS														
PERSONNEL TRAINING														
RESEARCH AND DEMONSTRATION PROGRAM														
RESEARCH ON AGING PROCESS AND HEALTH PROBLEMS														
RESEARCH ON PROBLEMS OF THE ELDERLY														
TRANSPORTATION														
CAPITAL ASSISTANCE GRANTS FOR USE BY PUBLIC AGENCIES														
CAPITAL ASSISTANCE GRANTS FOR USE BY PRIVATE NON-PROFIT GROUPS														
REDUCED FARES														
RURAL HIGHWAY PUBLIC TRANSPORTATION DEMONSTRATION PROJECT														

*Formerly Federal Housing Administration

** Formerly Manpower Administration

***Employment Standards Administration

Source: *Hearings Before the Select Committee on Aging*, House of Representatives, 94th Congress, Second Session, June 2, 8, and 9, 1976, pp. 3-4.

U.S. Department of Health, Education, and Welfare

The United States Department of Health, Education, and Welfare, popularly known by its acronyms "DHEW" or "HEW" has, for the past twenty-five years, been the cabinet level agency of the federal executive branch most concerned with personal and human need concerns. The department has been referred to as "...a department of people serving people, from newborn infants to our most elderly citizens".² Among the basic nation-wide programs affecting the elderly which the HEW has administered are the Medicare and Medicaid programs, the social security cash payment program, the SSI program, the Food Stamps program, the various cash assistance programs for low-income persons, and the various programs authorized by the Older Americans Act of 1965, as amended.

As the informed reader may be aware, the United States Congress passed a new law during the first session of the 96th Congress (1979) to restructure the HEW. In essence, the legislative measure "S 210", establishes a new cabinet level department of the federal executive branch to be known as the Department of Education.³ This measure was signed into law as P.L. 96-88 on October 17, 1979 by President Carter.⁴ The new law also concurrently renames the former Department of Health, Education, and Welfare as the Department of Health and Human Services.⁵ Review of the material available to the Bureau's researchers as of this writing indicates that the Administration on Aging (AOA) remains structurally and functionally unaffected by P.L. 96-88 and will continue to exist within the Department of Health and Human Services.

The Administration on Aging

The Administration on Aging is the primary federal agency concerned with the needs, concerns, and interests of older persons and for carrying out the programs of the Older Americans Act. The AOA is also the principal agency for promoting the coordination of federal resources available to meet the needs of older persons. The AOA administers a program of formula grants to state agencies for the elderly and aging. Among the other basic functions of the AOA are the awarding of grants for research, demonstration, and manpower

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development projects, and the operation of the National Information and Resource Clearing House for the Aging.⁶

The Comprehensive Older Americans Act Amendments of 1978

Among the significant pieces of federal social legislation enacted in 1978 by the 95th Congress is the Comprehensive Older Americans Act Amendments of 1978.⁷ The legislative vehicle, HR 12255, a bill of the House of Representatives, was signed into law as P.L. 95-478 on October 18, 1978.⁸

The Act extends through federal fiscal year 1981, the Older Americans Act, originally enacted in 1965, and authorizes slightly more than \$4 billion for fiscal 1979-1981 for programs for older Americans.⁹ See Table 6.3 for an overview of the authorizations by program category and by fiscal year. While the Act does not explicitly define an older American based on an age criterion, the Older Americans Act is designed to assist persons age 60 and older. Selected passages appearing under "Title III - Grants for State and Community Programs on Aging, Part A - General Provisions" of the 1978 Act, at Section 304, read in part as follows:¹⁰

...[E]ach State shall be allotted an amount which bears the same ratio to such sums as the population aged 60 or older in such State bears to the population aged 60 or older in all States.... [T]he number of individuals aged 60 or older in any State and in all States shall be determined by the Commissioner on the basis of the most recent satisfactory data available to him...in accordance with guidelines issued by the Commissioner, for the distribution within the State of funds received under this title, taking into account, to the maximum extent feasible, the best available statistics on the geographical distribution of individuals aged 60 and older in the State, and publish such formula for review and comment. (Emphasis added)

The Older Americans Act is an important source of federal funding for programs for older persons in Hawaii. According to an official of the Executive Office on Aging, Office of the Governor of Hawaii, the State, through the Executive Office on Aging, was to receive a total of \$2,454,850 in grant funds from the Administration on Aging for the fiscal year (1978-1979).¹¹ In addition, an additional \$400,000 has been committed by the United States Department of

Table 6.3

Authorizations: Comprehensive Older Americans Act Amendments of 1978 by program category and by federal fiscal year.

Authorizations			
As cleared by Congress, HR 12255 authorized a total of \$4.042 billion for fiscal 1979-81 for programs for older Americans, as follows (<i>in millions of dollars</i>):			
	1979	1980	1981
Social services	\$ 300	\$ 360	\$ 480
Congregate meals	350	375	400
Home-delivered meals	<u>80</u>	<u>100</u>	<u>120</u>
Subtotal, Older Americans			
Act programs	\$ 730	\$ 835	\$1,000
Community service employment for the elderly	350	400	450
Volunteer programs for the elderly	<u>80</u>	<u>92.5</u>	<u>105</u>
Total	\$1,160	\$1,327.5	\$1,555

Source: "Congress Authorizes \$4 Billion in Programs for Older Americans", *Congressional Quarterly Weekly Report*, October 14, 1978, Vol. XXXVI, No. 41, p. 2958.

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Agriculture to augment the nutrition programs for Hawaii's elderly. The federal funding by agency, program, and amount is broken down as follows:

United States Administration on Aging

. General Administration.....	\$ 200,000
. Areas Planning and Social Services.....	937,350
. Nutrition Programs.....	1,237,500
. Special Training Grant.....	50,000
. Special Advocacy Assistance Grant.....	30,000
Total.....	\$2,454,850

United State Department of Agriculture

Nutrition Programs.....	\$ 400,000
-------------------------	------------

The federal funds received from the federal government are allocated by the Executive Office on Aging to the four counties through three basic allocation formulas. One formula provides a flat across the board equal amount for each of the four counties. This formula is generally used for the smaller federal grants. A second formula provides allocations to the four counties on the basis of the percentage of the State's population age 60 and older residing in the respective counties. The third formula is a mix of the two others, i.e., a flat across the board amount and the percentage of elderly. The allocations by the Executive Office on Aging are made to the County Area Agencies on Aging for aging programs in the various counties.

The Older Americans Act also provides federal grant funds for manpower training programs for persons aged 55 and older. The Office of Manpower Planning, State Department of Labor and Industrial Relations, had a federal commitment for \$813,000 in funding support for fiscal year 1978-1979. The program is designed to provide services for persons aged 55 and older and who meet eligibility guidelines promulgated pursuant to the provisions of the federal Comprehensive Employment and Training Act (CETA). See Table 4.6 in chapter 4 of this study for a description of the CETA income guidelines.

The "Gap Group" — Programs and Issues

The term "gap group" is becoming increasingly popular in usage although there is no universally postulated or accepted definition of the term. The term has gained growing popularity among practitioners in the various social programs, and reportedly, at least one study on the "gap group" is underway at the federal level; however, efforts by the Bureau's researchers to obtain definitive information as to the status of such a study were unfruitful. The most common conceptualization of the "gap group" centers on the notion that there are certain individuals or families who fail to meet technical eligibility requirements for the various governmentally administered programs for persons of low income but who, nonetheless, possess incomes and material resources barely sufficient for their essential needs. As was noted in chapter 4 of this study, various other terms which have been used as synonyms of the term "gap group" include "near poor", "marginally poor", and "potentially poor".

Governmental Programs for the Gap Group

While comprehensive data concerning governmental services for the gap group are not readily available, data and information gathered during the study period suggest that at least three agencies of the executive branch of the State of Hawaii government have furnished services to this group or formally recognized its existence. One agency is the Dental Health Division of the Department of Health which furnishes dental services to the gap group. Another agency is the Hawaii Housing Authority which has formally recognized the gap group for housing purposes as evidenced in part by the following statement appearing in a report prepared for the Authority:¹²

...[I]n terms of income, these people fall into a gap between the upper income limits of federally-assisted housing programs and the minimum income needed to purchase a home with conventional financing.

Further discussion of the gap group excerpted from the same report reads in part as follows:¹³

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...[T]he "gap group" has been identified as possibly requiring some form of government assistance in order to achieve its housing expectations. Unlike the low income group, these people have sufficient income to pay for adequate shelter and essential non-shelter expenses. However, their income levels, relative to household size, are not high enough to enable them to realize their homeownership aspirations. Moreover, in many cases, their incomes have not been keeping pace with the rapid increase in homeownership costs during recent years.

See Table 6.4 for a charted display of upper income limits by household size and by county, concerning minimum purchase requirements. The upper income limits shown in Table 6.4 for the gap group were calculated by combining separate estimates of shelter and non-shelter costs for households of different sizes. "For gap group households, shelter costs equal the annual mortgage and related payments needed for a household to purchase an adequate dwelling unit. Non-shelter costs were set equal to BLS standards for intermediate budget families in Honolulu. As was the case with low-income group limits, modifications to gap group income limits were made for Neighbor Island counties to reflect local conditions."¹⁴

Other findings reported in the study revealed that two-thirds of the housing gap group population had annual incomes of less than \$15,000 and that the largest gap group was found on Kauai where 16.9 per cent fell into that category. Finally, it was found that heads of the gap group households were most often in clerical, sales, or services occupations (42.7 per cent), and 51.1 per cent of such heads of gap group households were in the 25-34 age group.

The second agency of the State's executive branch which provides gap group services is the Department of Social Services and Housing. The key services includes the "Medical Assistance Only" program, the "Title XX Social Services" program, and the "Food Stamps Only" program.

Under the "Medical Assistance Only" program, a person who is ineligible for a money payment program administered by the department may qualify for the "Medical Assistance Only" program even if the person's income and resources exceed the standard Medicaid limits, depending upon the type of medical care involved.

Table 6.4

Table IV-2: Upper Income Limits for the Gap Group
in Hawaii, by County (1975)

County	<u>Household Size and Income</u>						
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7+</u>
Oahu	\$ 8,099	\$12,875	\$17,987	\$20,418	\$24,775	\$28,516	\$32,647
Hawaii	6,566	11,075	16,187	18,618	22,951	26,692	30,499
Maui	7,355	11,771	16,883	19,314	23,707	27,448	31,447
Kauai	-1	11,723	16,835	19,266	23,479	27,220	31,051

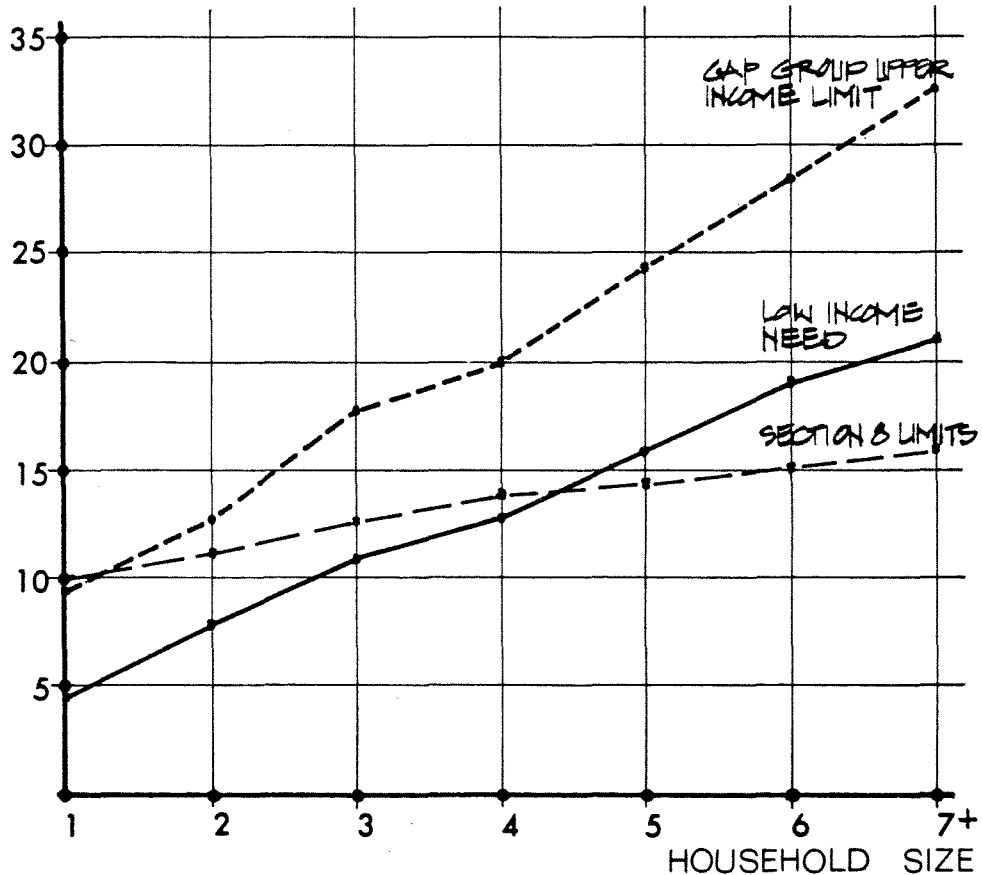
¹The Kauai survey sample did not include any single-person gap group households.

Chart IV-1 is a graphic illustration of the gap between upper income limits for the low income need group and the gap group. The chart also shows the income limits for a major Federal housing assistance program, the Section 8 rental housing program for lower income households.

CHART IV-1

OAHU INCOME LIMITS FOR GAP
AND LOW INCOME NEED GROUPS
AND FOR HUD SECTION 8

INCOME \$000



IV-4

Source: Daly and Associates, *Housing for Hawaii's People*, (Honolulu: January 1977), p. IV-4.

Under the "Title XX Social Services" program, various social services are provided to those persons including the elderly, who meet eligibility guidelines. As can be seen from the data appearing in Table 4.6 of this study, income limits allowed under Title XX in comparison, for example, with the income standards for the Community Services Administration (CSA), are considerably higher.

The "Food Stamps Only" program, which is similar to the "Medical Assistance Only" program, provides for a higher income threshold than the basic money payment standard of the department and like the "Food Stamps Only" program, provides an income disregard provision. See Table 4.7 in chapter 4 of this study for a charted display of the basic financial assistance programs of the Department of Social Services and Housing.

Nonpublic Sector Programs for the Gap Group

Information concerning services and programs for persons in the gap group rendered by agencies in the nonpublic sector is not readily accessible. It has been determined, however, that a health care program for persons in the gap group is available under a federally funded Kaiser Foundation Health Plan, Inc. program. The plan is officially known as the "Group Plan Z5" and provides comprehensive outpatient and inpatient services to eligible persons. Some highlights of the program which follow were obtained from review of a grant application document submitted by Kaiser Foundation to the Department of Health, Education, and Welfare dated January 3, 1977.¹⁵

The plan has been in effect since 1972. Coverage is available to qualified persons residing on the islands of Oahu and Maui. As of November 1976, 4,500 persons were enrolled and with the exception of Medicare, the 4,500 enrollees had no other medical resource at the time of enrollment. Eligibility for continued participation is reviewed annually. Eligibility may be established by one of two ways. First, any family member, who is not covered by an employer-sponsored health care plan provided the entire family's income falls within poverty income guidelines established for the Comprehensive Employment Training Act (CETA) program, is eligible; and secondly, persons in the gap group, who are defined as those persons who are ineligible for public assistance, have no source of medical

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care or health insurance with the exception of Medicare, and have annual family incomes which are either below or less than 199 per cent of the CETA poverty income levels, are eligible.

Those enrollees whose incomes fall below the poverty level receive care without charge. Persons whose income are above the poverty level but less than 199 per cent of the level pay part of the cost of care. The amount paid for medical care by those above the poverty level is determined by their income in relation to the poverty level. As an example, persons whose incomes are between 101 and 120 per cent of the poverty level pay 10 per cent of the monthly health plan dues.

The "Gap Group" — Conclusions

The preceding section has provided an overview of the several so-called "gap group" programs currently being administered by the State of Hawaii and at least one private health care organization. As can be readily seen, there is a significant range of income-related criteria used for the gap group programs. One of the several federal poverty guidelines discussed in chapter 4 of this study is generally the base upon which the "gap group" definition is built for the given program. The "gap group" concept which is based on an income and economic assets definition can include persons whose incomes range up to 199 per cent of the income guidelines governing programs of the federal Community Services Administration (CSA). The CSA is the successor agency to the former federal Office of Economic Opportunity (OEO), and guidelines of the CSA are generally the most restrictive of the several "official poverty guidelines". See Table 6.5 which serves to highlight in chart form, the various "gaps" in the several basic assistance programs for persons aged 65 and older under several hypothetical models.

Program Planning for Older Persons

As noted elsewhere in this study, the planning, including policy making and the delivery of human services and social welfare programs has been a lively topic of discussion at the highest levels of government at the federal, state, and

TABLE 6.5
HYPOTHETICAL FIXED INCOME MODELS:
RELATIONSHIP OF INCOME AND ELIGIBILITY FOR SELECTED PROGRAMS
(Persons Retiring at Age 65 in 1977)

Model Description: Retirement Income	MODEL I	MODEL II	MODEL III	MODEL IV	MODEL V
Benefits: Criteria	Individual Receiving No Social Security (SS) or Other Retirement Benefits	Individual Receiving Minimum SS Retirement Benefits of \$114.30 Monthly or \$1,371.60 Annually ^a	Individual Receiving Maximum SS Retirement Benefits of \$442.25 Monthly or \$5,307 Annually	Individual Receiving Retirement Benefits of \$752.82 Monthly or \$9,033.84 Annually ^b	Individual Receiving Retirement Benefits of \$1,743 Monthly or \$20,916 Annually ^c
<u>Supplemental Security Income (SSI)</u>					
Income less than \$193; assets (not including a car and home) under \$1,500 for individual or \$3,000 for a couple.	Eligible for full SSI payment of \$193.	Eligible for \$78.70 SSI benefits to adjust total monthly income to \$193.	Not Eligible (N.E.)	Not Eligible (N.E.)	Not Eligible (N.E.)
<u>Food Stamp Bonus</u>					
Varies according to income and family size; maximum allowable income is \$286 for single person after certain deduc- tions; assets under \$1,500 for individual or \$3,000 for a couple.	Eligible - amt. varies	Eligible - amt. varies	N.E.	N.E.	N.E.
<u>Housing Assistance</u>					
1. <u>State Rent Supplement:</u> If rent exceeds 20 per cent of income; maximum of \$90;	Payment of difference (i.e. excess) of rent over 20 per cent of gross income up to \$90 maximum.	Same as Model I	Same as Model I	N.E.	N.E.
or					
2. <u>DSSH Rent Supplement:</u> if rent exceeds the \$75 allowed from the SSI payment up to a rental maximum of \$175;	May be eligible up to \$100.	Same as Model I	N.E.	N.E.	N.E.
or					
3. <u>The Federal "Section 8" Low- Rent Subsidy:</u> limits rent to 25 per cent of income;	May be eligible - amt. varies	Same as Model I	Same as Model I	N.E.	N.E.
or					
4. <u>The Federal "Section 23" Leased Housing Supplement</u> (being phased out): income eligibility limits are \$6,200 and \$6,400 for individual or couple, respectively;	May be eligible - amt. varies ^d	Same as Model I ^d	Same as Model I ^d	N.E.	N.E.
or					
5. <u>The Federal Low-Income Project:</u> Limits income to \$5,150 for individual and \$5,350 for a couple; recipient's rent lim- ited to 25 per cent of income.	May be eligible - amt. varies	May be eligible - amt. varies	N.E.	N.E.	N.E.
6. <u>Act 105 State Housing Units:</u> rent or purchase Act 105 state housing units; income limit is \$20,000 with participants having income below \$10,000. ^e	N.E.	N.E.	N.E.	May be eligible to purchase or rent with option to purchase Act 105 housing units.	N.E.
<u>Medicaid Hospital Insurance Coverage</u>					
Automatically provided to SSI recipients; may provide assis- tance to medical indigents. Limits income to \$300 and assets to \$1,500 for a single person.	Automatic coverage	Same as Model I	N.E.	N.E.	N.E.
<u>Medicare Hospital Insurance</u>					
65 years or over.	Eligible	Eligible	Eligible	Eligible	Eligible
<u>Bus Transportation</u>					
65 years or over.	Eligible	Eligible	Eligible	Eligible	Eligible

- a. Social Security Administration, Honolulu Office.
- b. Model IV assumes Social Security payments of \$386 and average state retirement system retirement benefit of \$366.82; the \$366.82 estimate based on Employees' Retirement System of the State of Hawaii, Report of the Actuary of the Fifty-first Annual Actuarial Valuation as of June 30, 1976.
- c. Model V assumes a judge retiring after 10 years of service with the highest three-year average earnings of \$40,000. Employee retirement service benefit is 3.5 per cent x 10 years of service x \$40,000 = \$14,000 annual or \$1,166 monthly benefit; this individual will also receive a reduced Social Security retirement benefit of \$577 if benefits are drawn at age 65. Source: As of June 1976, Alexander Grant and Company, State of Hawaii Study on Continued Participation in Social Security by Members of the Employees' Retirement System (Honolulu: 1976), p. VIII-6.
- d. Average monthly subsidy provided during 1975-1976 was \$115.76. Daly and Associates, Housing for Hawaii's People (Honolulu: 1977), p. XII-6.
- e. Daly and Associates, p. VIII-7.

local levels. The phrase "welfare reform", a popular catchall phrase to address the major cash assistance and other social welfare programs designed for persons of low income, has received significant attention by the Congress. Several key bills designed to bring about welfare reform were discussed in chapter 5 of this study.

Despite the clear consensus that our existing welfare programs are in need of change, i.e., "reform", there is no consensus as to the meaning or objective of reform. A major finding of a massive nationwide study performed by the United States Department of Health, Education, and Welfare during 1977 and which study received written and oral comments from more than 10,000 individuals and organizations regarding welfare reform is excerpted as follows:¹⁶

There is a strong and clear national consensus that something be done about welfare, but not on what should be done. (Emphasis added)

A similar observation is echoed in a passage appearing in a 1979 publication of the "Congressional Quarterly Weekly Report" which reads as follows:¹⁷

Underlying the problems facing a welfare bill are the fundamental differences on the meaning of reform. The consensus among many welfare experts has not dispelled the basic philosophical difference on what should be done. As M. Kenneth Bowler of the House Public Assistance Subcommittee observed, "To improve welfare means two very different things." To some, welfare reform has to involve increased benefits going to more people. To others, it means limiting assistance to those with the greatest need and concentrating on reduction of wasteful spending. (Emphasis added)

The policy thrusts of the Hawaii State Legislature in recent years in strengthening the provision of welfare and human services have been essentially two-pronged. One thrust calls for a more efficient, effective, economical, and accountable system to administer the various human need programs. The other thrust recognizes two target groups, one consisting of children and youth and the other comprising the aged and the handicapped. With respect to the aged, the policy direction of the Hawaii State Legislature appears to be consistent with one of the key findings of the aforementioned 1977 U.S. HEW study on welfare reform which reads as follows:¹⁸

The aged and handicapped are especially vulnerable and have special needs. We found strong support for retaining the categorical identity of these groups on which to base the income assistance supplementation they need. (Emphasis added)

“Needs Assessment”: Problems and Opportunities

A concept or process which has enjoyed growing acceptance and popularity in recent years is "needs assessment". The term has appeared in the general literature and can refer to almost any subject or topic. The term implicitly carries a self-evident definition, i.e., assessing the needs of a person or persons, a place or places, a thing or things, or a variable mix of these factors.

When used in the context of human services or social services, "needs assessment" has meant different things. According to one source in the major human services literature which enjoys wide national circulation:¹⁹

The literature on needs assessment in human services is voluminous, offering a wide variety of approaches, from very soft, subjective assessments to highly sophisticated, and presumably objective, data collection and analysis activities. In addition, this literature abounds with reports of underuse and misuse of needs assessment findings, leaving one in a quandary over whether or not needs, can in fact, be assessed at all.... (Emphasis added)

Some Recent Findings Concerning Social Needs Assessment in Hawaii

Two recent publications, one prepared by the State of Hawaii and the other by a private consultant firm, point to certain deficiencies regarding needs assessment and the costs associated with the performance of a methodologically acceptable needs assessment study.²⁰ The State of Hawaii publication entitled "Social Issue Paper, State Plan Issue Paper No. 3" and released in 1978 noted, among other findings, that the effective management and delivery of public support services (including the development of new service programs) require information about the intended recipients and the environment in which services are to be provided, and that to insure the continuing responsiveness of the services provided to actual needs and to maximize use of available support service resources, it is necessary that service agencies periodically establish

PROGRAMS AND PROGRAM PLANNING FOR HAWAII'S ELDERLY

specific client needs, inventory the available services and resources, and identify service gaps and surpluses. The publication also notes:²¹

Needs/resource assessment studies are expensive and time consuming. Based on a sample size of 3000 clients, a state-wide study could cost as much as \$175,000-\$200,000. Rather than conducting separate needs assessment studies for each service agency, the State should explore the possibility of consolidating studies for several agencies or even developing an omnibus public support service needs assessment study. Consolidation is feasible and desirable inasmuch as the client populations for various service programs are overlapping. (Emphasis added)

The other publication carries a May 1979 date and was prepared by SMS Research, a Honolulu based consulting firm.²² This SMS Research study was devoted to the performance of a needs assessment report for the City and County of Honolulu. The major findings and conclusions of SMS Research are excerpted as follows:²³

- A. No comprehensive survey of Oahu's population taking a global approach to needs assessment has ever been conducted.
- B. Although many good surveys of public opinion on problems and issues exist, only one major survey, the Needs/Resources Study, 1978, has been done in the area of needs assessment.
- C. Several surveys of specific needs areas or of specific geographic areas are among those reviewed here. They do not permit the examination of rankings across larger lists of needs or across different catchment areas.
- D. Even among the group of studies with acceptable reliability and validity, research questions are formulated in vastly different manners, and results are reported in different formats.

"Needs Assessment": Conclusions and Recommendations

The aforementioned discussion about some problems related to needs assessment in human services planning might lead one to conclude that little benefit can be gained from the investment of human and material resources in needs assessment activities. To be sure, the state of the art in evaluating social programs is admittedly in need of extensive refinement as of this writing. Yet,

the failure to recognize the vital importance of needs assessment as a critical tool for top policy makers, and for administrators and other professionals in the human services field generally would be, in the Bureau's judgment, a serious mistake. There is an old adage which says "the longest mile begins with the first step". In the instance of needs assessment in the social programs field, key initial steps have been taken and success stories about selected approaches and techniques in needs assessment are documented in the current literature.

In summary, the shortcomings in the state of the art in needs assessment notwithstanding, the vital role that needs assessment can play in strengthening the provision of programs for the needy elderly and other needy groups must continue to be given the priority attention it deserves. The rationale is obvious but perhaps more importantly, the spending limits of public moneys contained in several amendments to the Hawaii State Constitution in 1978, underscore the tremendous importance of an adequate needs assessment process to aid policy makers such as the state legislature and executive in resource allocation decisions. The benefits which can flow from an adequate needs assessment system are many. These benefits include the provision of needed program services by the needy elderly and others in need in the most efficient, effective, economical, and accountable manner possible, within the limits of the existing state of the art in human services program evaluation generally and needs assessment techniques in particular.

At the state level, the Executive Office on Aging, Office of the Governor, is mandated under provisions of Chapter 349, Hawaii Revised Statutes, to "...be the single state agency responsible for programs affecting senior citizens...." Sections 349-5 and 349-6, of Chapter 349 list specific duties and responsibilities of the office including the preparation of an annual evaluation report on elderly programs and the continuous updating of a comprehensive master plan for the elderly. Contact with key staff officials within the Executive Office on Aging and present and past members of the Policy Advisory Board of the Executive Office on Aging reveals clear consensus recognition of the importance of a continuous program evaluation and needs assessment program by the Office. Most of the resource persons consulted by the Bureau's researchers felt that the lack of staff resources and funding for the activities directly related to program evaluation

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and needs assessment were a major constraint to the continuing development and refinement of capability in these two areas.

Accordingly, the Bureau recommends that the legislature and the executive give full and careful consideration to the apparent need for additional budgetary resources to be appropriated and allocated to the Executive Office on Aging for program evaluation and needs assessment activities.

The Bureau further recommends that until such time as a format thought to be superior to that for categorizing the various programs for the elderly as displayed in Table 6.1, is in evidence, the Executive Office on Aging continue to utilize the structure in the source document used in preparing Table 6.1.

Chapter Summary and Conclusions

In this chapter an overview of the various programs for older persons has been presented. The overview was essentially provided through Table 6.1 which displayed in tabular format, programs of a statewide or countywide basis to which Hawaii's elderly have access. Additionally, the chapter provided data and information concerning key federal funding sources for programs for older Americans, and highlighted some issues and problems relating to program planning for older persons. The Bureau concludes that with the general exception of the basic direct income assistance programs, health care, and housing programs, the balance of the existing care programs for older persons will continue, at least into the immediately foreseeable future, to be authorized and funded by the Older Americans Act of 1965, as amended. The Bureau further concludes that the State of Hawaii government and the several counties will continue to appropriate or allot, as the case may be, approximately the same level or per cent of funding support authorized for programs for older persons, over the period of the next several years. Assuming the total state population of older persons continues to increase as a per cent of the total state population as projected by recent demographic studies, it is a distinct possibility given the growing influence of the elderly, that a larger share of the financial resources of the State and the several counties will be channelled towards programs for the State's elderly. However, the 1978 amendments to the Hawaii State Constitution

ECONOMIC SECURITY FOR OLDER PERSONS IN HAWAII

ratified by Hawaii's electorate in November 1978 relating to a general fund appropriation limitation and another concerning the State's legal debt limit portend profound implications concerning the relative share of the tax dollars and other revenues which are to be allotted for social programs. Surely, there will be strong competition from the diverse interests seeking a share of the State's fiscal resources.

In the area of funding of social programs for the State's older population, complex decisions must be rendered by future legislatures of the State and the executive and their counterparts at the county level. These decisions can hopefully be made less difficult through the continuing development and refinement of a "needs assessment program", which employs the most current research techniques and which program will produce, among other results, a prioritized program for older persons and which program also has monitoring and evaluation activities as part of the overall needs assessment function.

FOOTNOTES

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Chapter 6

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21. "State Planning and Policy Analysis, Social Issue Paper, State Plan Issue Paper No. 3", p. 24.
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PART IV
APPENDICES

Appendix A

STANDING COMMITTEE REPORT NO. 787

Honolulu, Hawaii

MARCH 29, 1977

Honorable John T. Ushijima
President of the Senate
Ninth State Legislature
Regular Session of 1977
State of Hawaii

Sir:

RE: S.C.R. 75

Your Committee on Human Resources to which was referred
S.C.R. No. 75 entitled:

"SENATE CONCURRENT RESOLUTION REQUESTING A FEASIBILITY
STUDY RELATING TO AN INCOME SUPPLEMENTATION PROGRAM FOR
FINANCIALLY NEEDY RETIREES AND PENSIONERS.",

begs leave to report as follows:

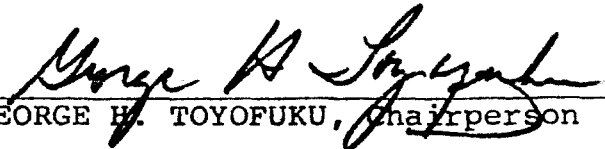
The purpose of this resolution is to request the
Office of the Legislative Reference Bureau to sponsor a
study to explore the possibility of establishing an income
supplementation program for needy retirees and pensioners
who are permanent residents of the State of Hawaii.

Your Committee finds that there has been a growing
number of retirees in this State who are having an increasingly
difficult time in meeting their daily needs because of
inadequate incomes due to inflationary trends and other
economic factors. It has become a major concern that these
retirees are unable to increase their incomes to cope with
this problem of inadequacy because of ineligibility due
to age and other reasons to receive benefits under publicly
administered programs of income support.

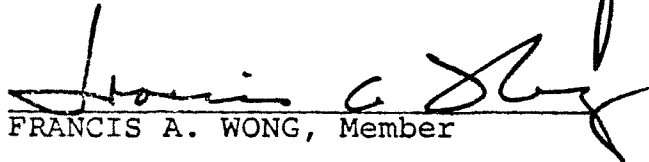
The intent of this resolution is to study the feasi-
bility of establishing a special program of income supple-
mentation for those retirees and pensioners with limited
incomes and financial means.

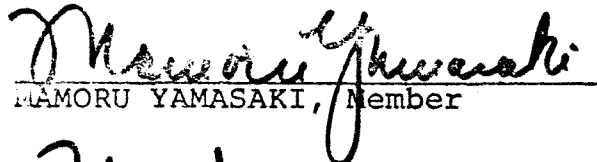
Your Committee on Human Resources concurs with the
intent and purpose of S.C.R. No. 75 and recommends its
adoption.

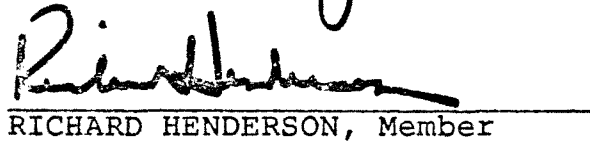
Respectfully submitted,

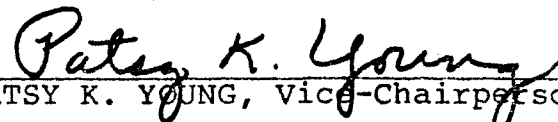

GEORGE H. TOYOFUKU, Chairperson


ANSON CHONG, Member

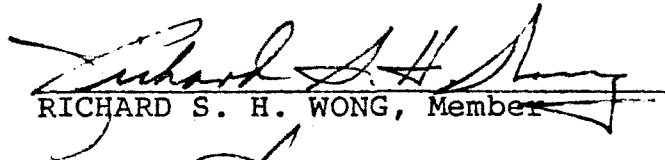

FRANCIS A. WONG, Member

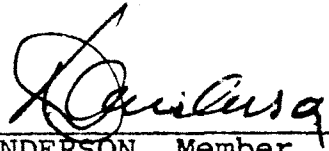

MAMORU YAMASAKI, Member

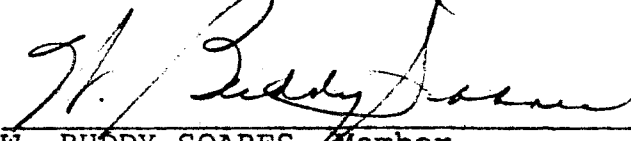

RICHARD HENDERSON, Member


PATSY K. YOUNG, Vice-Chairperson


ROBERT S. TAIRA, Member


RICHARD S. H. WONG, Member


D. G. ANDERSON, Member


W. BUDDY SOARES, Member

(To be made one and twelve copies)

THE SENATE

NINTH LEGISLATURE, 1977.

STATE OF HAWAII

S.C.R. NO. 75

SENATE CONCURRENT RESOLUTION

REQUESTING A FEASIBILITY STUDY RELATING TO AN INCOME SUPPLEMENTATION PROGRAM FOR FINANCIALLY NEEDY RETIREES AND PENSIONERS.

WHEREAS, a clearly visible development over the past several decades is the increasing number of persons leaving the active labor force through retirement at progressively younger ages; and

WHEREAS, for a not insignificant number of retirees, modest pensions coupled with spiraling inflationary trends have resulted in severe financial hardship in meeting the necessities of daily living; and

WHEREAS, for many retirees and pensioners with limited financial means, return to the active labor force in search of reemployment is the only practical income producing alternative; and

WHEREAS, given the uncertain state of the present economy, job opportunities are severely limited, and this limitation of employment opportunities hits hardest at the many older retirants possessing specialized or other work skills not currently in demand; and

WHEREAS, many retirees have looked to the unemployment insurance (UI) program for financial relief but have been unable to secure the much needed benefits since the UI program is designed for those persons who have become unemployed through layoffs or other involuntary reasons; and

WHEREAS, the rapidly expanding ranks of retirees and pensioners who are experiencing great financial hardship due to limited incomes and ineligibility because of age and other reasons, to receive benefits under publicly administered programs of income support such as the State's general assistance program, the federally administered supplementary security income program, food stamps program, etc. is developing into a public concern of major proportions; and

WHEREAS, the establishment of a special program of income supplementation for those retirees and pensioners with limited incomes and financial means appears to be clearly in the public interest and a consideration worthy of serious study; now, therefore,

BE IT RESOLVED by the Senate of the Ninth Legislature of the State of Hawaii, Regular Session of 1977, the House of Representatives concurring, that the Office of the Legislative Reference Bureau is requested to sponsor a study to explore the feasibility of establishing an income supplementation program for needy retirees and pensioners who are permanent residents of the State of Hawaii; and

BE IT FURTHER RESOLVED that the Office of the Legislative Reference Bureau may contract with a qualified contractor or firm or consortium thereof, for conducting the study, including the preparation of the study specifications and research design; and

BE IT FURTHER RESOLVED that the Office of the Legislative Reference Bureau may seek the release of funds for conducting the study pursuant to the provisions of Act 1 of the Regular Session of 1977; and

BE IT FURTHER RESOLVED that the Office of the Legislative Reference Bureau shall submit a study report containing findings and recommendations prior to the convening of the Regular Session of 1978; and

BE IT FURTHER RESOLVED that a certified copy of this Concurrent Resolution be transmitted to the Director of the Office of the Legislative Reference Bureau.

OFFERED BY:

George A. Ige
Joan King
Patricia K. Young
James C. Sten
Joe Kuroda
Donald Chin
Henry Taketani
Robert A. Jones
Robert A. Jones
Thamora L. Puna

2/16/77

STAND. COM. REP. NO. 1061

Honolulu, Hawaii
April **13**, 1977

RE: S.C.R. No. 75

The Honorable James Wakatsuki
Speaker, House of Representatives
Ninth Legislature
Regular Session, 1977
State of Hawaii

Sir:

Your Committee on Public Employment and Government Operations and your Committee on Employment Opportunities and Labor Relations to which was referred S.C.R. No. 75 entitled: "SENATE CONCURRENT RESOLUTION REQUESTING A FEASIBILITY STUDY RELATING TO AN INCOME SUPPLEMENTATION PROGRAM FOR FINANCIALLY NEEDEY RETIREES AND PENSIONERS", beg leave to report as follows:

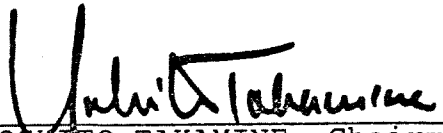
The purpose of this Concurrent Resolution is to request the Office of the Legislative Reference Bureau to conduct a study on the feasibility of establishing an income supplementation program for needy retirees and pensioners who are permanent residents of the State of Hawaii.

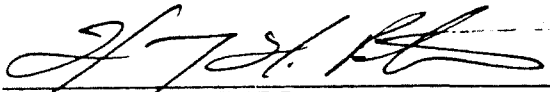
The problem of older persons living on a fixed income has been identified as one of the most critical issues affecting the elderly. According to the Comprehensive Master Plan for the Elderly, many of Hawaii's senior citizens live on incomes which fall below the poverty level. A system which assures income security would be the key to eliminating many of the major problems confronting these people. This resolution would be a step towards resolving the problem.

Your Committees would like to recommend that the Office of the Legislative Reference Bureau use all available resources in conducting its study, including data, and resources from past and current studies on the issue. We further recommend that the Legislative Reference Bureau conduct the study as a Bureau project and that contracting for the study be considered only after in-house resources have been fully explored.

Your Committee on Public Employment and Government Operations and your Committee on Employment Opportunities and Labor Relations concur with the intent and purpose of S.C.R. No. 75 and recommend it be referred to the Committee on Finance.

COMMITTEE ON EMPLOYMENT OPPOR-
TUNITIES AND LABOR RELATIONS

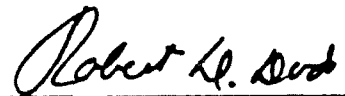

YOSHITO TAKAMINE, Chairman


HENRY H. PETERS,
Vice Chairman


NEIL ABERCROMBIE, Member


BENJAMIN J. CAYETANO, Member


STEVE COBB, Member

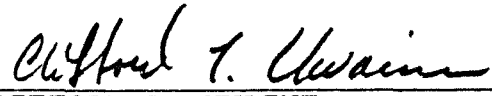

ROBERT D. DODS, Member


KEN KIYABU, Member


Respectfully submitted,

COMMITTEE ON PUBLIC EMPLOYMENT
AND GOVERNMENT OPERATIONS

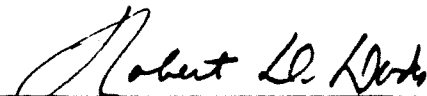

KATHLEEN STANLEY, Chairman


CLIFFORD T. UWAINÉ,
Vice Chairman

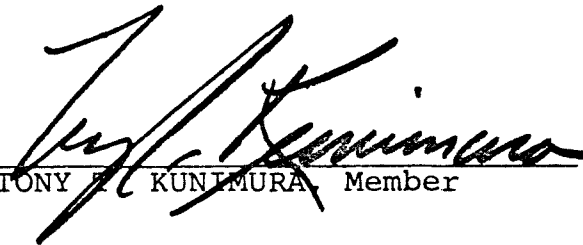

NEIL ABERCROMBIE, Member

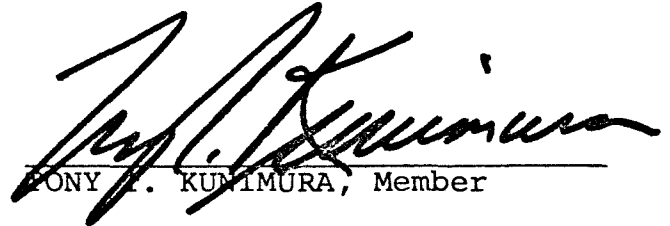

BENJAMIN J. CAYETANO, Member


STEVE COBB, Member


ROBERT D. DODS, Member


KEN KIYABU, Member


TONY T. KUNIMURA, Member

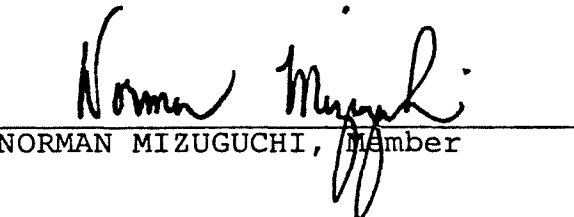

TONY T. KUNIMURA, Member

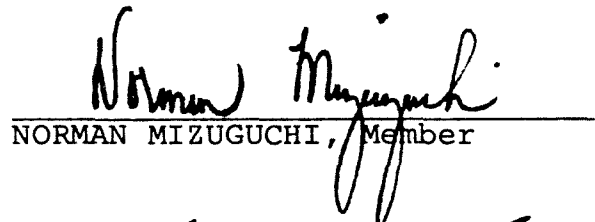

GERALD K. MACHIDA, Member



GERALD K. MACHIDA, Member

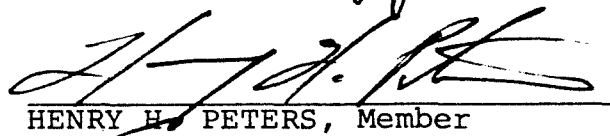

TED MINA, Member


TED MINA, Member


NORMAN MIZUGUCHI, Member

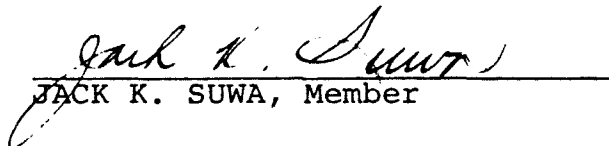

NORMAN MIZUGUCHI, Member

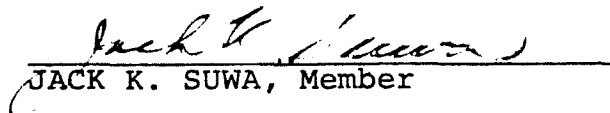

CALVIN K.Y. SAY, Member


HENRY H. PETERS, Member

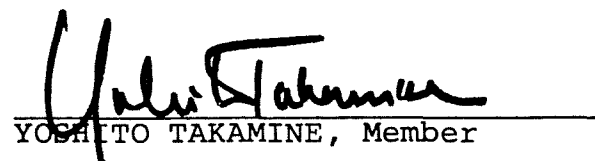

KATHLEEN STANLEY, Member



CALVIN K.Y. SAY, Member

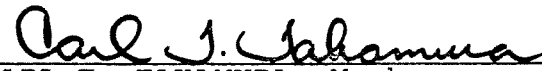

JACK K. SUWA, Member


JACK K. SUWA, Member


CARL T. TAKAMURA, Member


YOSHITO TAKAMINE, Member


CLIFFORD T. UWAINÉ, Member


CARL T. TAKAMURA, Member


FAITH P. EVANS, Member


FAITH P. EVANS, Member


DONNA R. IKEDA, Member


DONNA R. IKEDA, Member


JOHN J. MEDEIROS, Member


JOHN J. MEDEIROS, Member

STANDING COMMITTEE REPORT NO. 1176

Honolulu, Hawaii

April 15, 1977

RE: S.C.R. No. 75

The Honorable James Wakatsuki
Speaker, House of Representatives
Ninth Legislature
Regular Session, 1977
State of Hawaii

Sir:

Your Committee on Finance to which was referred S.C.R. No. 75 entitled: "SENATE CONCURRENT RESOLUTION REQUESTING A FEASIBILITY STUDY RELATING TO AN INCOME SUPPLEMENTATION PROGRAM FOR FINANCIALLY NEEDY RETIREES AND PENSIONERS", begs leave to report as follows:

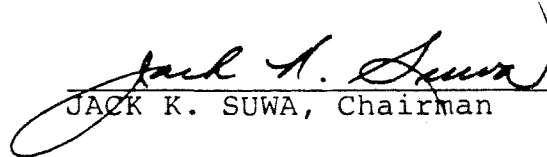
The purpose of this Concurrent Resolution is to request the Office of the Legislative Reference Bureau to conduct a study on the feasibility of establishing an income supplementation program for needy retirees and pensioners who are permanent residents of the State of Hawaii.

The problem of older persons living on a fixed income has been identified as one of the most critical issues affecting the elderly. According to the Comprehensive Master Plan for the Elderly, many of Hawaii's senior citizens live on incomes which fall below the poverty level. A system which assures income security would be the key to eliminating many of the major problems confronting these people. This resolution would be a step towards resolving the problem.

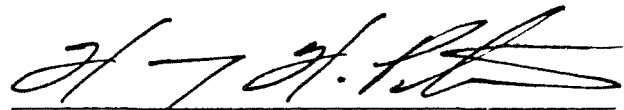
Your Committee recommends that the Office of the Legislative Reference Bureau use all available resources in conducting its study, including data, and resources from past and current studies on the issue. The Legislative Reference Bureau is requested to conduct the study as a Bureau project and contracting for the study shall be considered only after in-house resources have been fully explored.

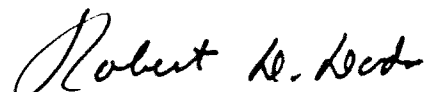
Your Committee on Finance concurs with the intent and purpose of S.C.R. No. 75 and recommends its adoption.

Respectfully submitted,


JACK K. SUWA, Chairman

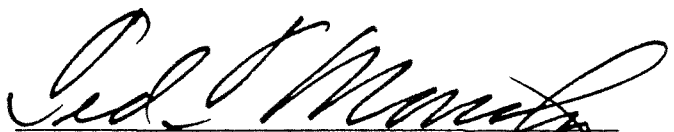

RICHARD L. CALDITO, JR., Member


HENRY F. PETERS, Vice Chairman


ROBERT D. DODS, Member



TED MINA, Member

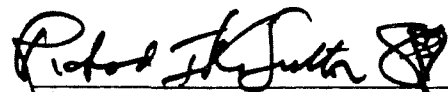

MINORU INABA, Member

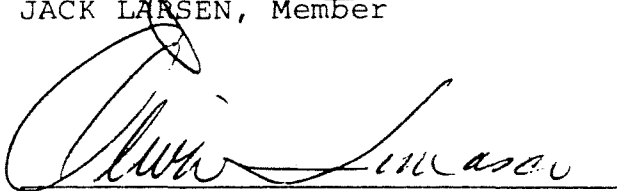

TED T. MORIOKA, Member

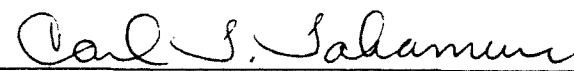

TONY F. KUNITURA, Member


TONY NARVAES, Member


JACK LARSEN, Member


RICHARD I. SUTTON, Member


OLIVER LUNASCO, Member


CARL T. TAKAMURA, Member

Appendix B

LIST OF RESOURCE PERSONS INTERVIEWED*

Buddy Ako
Coordinator of the
Windward District
Honolulu Community Action
Program, Inc.

Eileen R. Anderson, Director
Department of Budget and Finance
State of Hawaii

Andrew I. T. Chang, Director
Department of Social Services
and Housing
State of Hawaii

Koon Hin Choy, President
K. H. Choy Associates, Inc.
Honolulu, Hawaii

Walter W. S. Choy, Director
Hawaii Office of
Economic Opportunity
Office of the Governor
State of Hawaii

Richard Ellwell
Administrative Assistant
United States Department of
Health Education, and Welfare
Honolulu Area Office

Ellen Eshima, Planner
Honolulu Area Agency on Aging
City and County of Honolulu

G. Paul Gordon, Ph.D.
Chief
Research and Statistics Office
Department of Social Services
and Housing
State of Hawaii

Renji Goto, Director
Executive Office on Aging
Office of the Governor
State of Hawaii

Merl Hawthorne, Member
Policy Advisory Board
Executive Office on Aging
Office of the Governor
State of Hawaii

Richard Imahiro
Planning Coordinator
Community Social Planning Service
Public Welfare Division
Department of Social Services
and Housing
State of Hawaii

Donald Kaliinoe, Vice President
Research and Statistics
Hawaii Medical Services Association

Lawrence K. Koseki, D.S.W.
Deputy Director
Department of Social Services
and Housing
State of Hawaii

Kim Tet Lee
Former Administrator
Employee's Retirement System
State of Hawaii

Thelma Lim
Branch Manager for Elderly Projects
Hawaii Housing Authority
State of Hawaii

Barbara Lippold, Member
Maui Committee on Aging
County of Maui

Eleanor Lloyd, Director
Kauai Office on Aging
County of Kauai

Horace Maclaren, Director
Honolulu Area Agency on Aging
City and County of Honolulu

*Titles as shown were being assumed as of the date of contact/interview.

Michael M. M. McElroy
Housing Program Coordinator
Hawaii Housing Authority
State of Hawaii

Clifford Miyoi
Deputy Director of Insurance
Department of Regulatory Agencies
State of Hawaii

Earl Motooka
Assistant Administrator
Income Maintenance Services
Department of Social Services
and Housing
State of Hawaii

Grant Murakami, Director
Life-long Education and Planning
College of Continuing Education
and Community Service
University of Hawaii

Bob Nickel, Manager
Community Health Services
Hawaii Medical Services Association

Herb Nortcutt
Branch Chief for Special Projects
City and County Bus Systems
City and County of Honolulu

Ed Okubo, Housing Coordinator
Department of Human Services
State of Hawaii

Helen Onoye, Administator
Income Maintenance Services
Department of Social Services
and Housing
State of Hawaii

Max Roffman
Vice President and Chairman of
the Legislative Committee of
Kokua Council for Senior Citizens
Honolulu, Hawaii

Charles Roylo, Program Specialist
Executive Office on Aging
Office of the Governor
State of Hawaii

Carl Sekimura, Program Specialist
Executive Office on Aging
Office of the Governor
State of Hawaii

Charles Bunji Shimomura
Manager of Kauai District
Hawaii Housing Authority
State of Hawaii

Lucille H. Simmons
Retired Public School Teacher
Honolulu Public School Teacher
Honolulu, Hawaii

Albert K. Sing, Chairman
Policy Advisory Council
Office of Children and Youth
Office of the Governor
State of Hawaii

Stanley Siu, Administrator
Employee's Retirement System
State of Hawaii

Raymond H. Suefuji, Executive Director
Hawaii Community Development Authority
State of Hawaii

Edwin B. L. Tam, Administrator
Public Welfare Division
Dpeartment of Social Services
and Housing
State of Hawaii

Katsuko Tashima
Retired Public School Teacher
Honolulu, Hawaii

Ana Toda, Tax Researcher
State Tax Office
State of Hawaii

Maureen Yano
Research Statistician
Office of Research and Statistics
Department of Social Services
and Housing
State of Hawaii

Robert Yokoyama, Director
Maui County Office on Aging
State of Hawaii

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Source: U.S., Department of Health, Education, and Welfare, The Measure of Poverty, A Report to Congress Mandated by the Education Amendments of 1974, April 1976, pp. v-vii.

Appendix C.2

TECHNICAL PAPERS

I.	Documentation of Background Information and Rationale for Current Poverty Matrix	Mollie Orshansky Social Security Administration
II.	Administrative and Legislative Usages of the Terms "Poverty," "Low Income," and Other Related Items	Poverty Studies Task Force with assistance from Ellen Kraus
III.	Literature Review and Annotated Bibliography of Studies on the Measurement of Poverty	Urban Systems Research and Engineering, Inc.
IV.	Bureau of Labor Statistics Family Budgets Program	Mark Sherwood Bureau of Labor Statistics
V.	The Consumer Price Index	Jill King Mathematica, Inc.
VI.	Wealth and the Accounting Period in the Measurement of Means	Nelson McClung and Eugene Steuerle Department of the Treasury
VII.	In-kind Income and the Measurement of Poverty	Janice Peskin Health, Education, and Welfare
VIII.	The 1972-73 Consumer Expenditure Survey	Jill King Mathematica, Inc.
IX.	Inventory of Federal Data Bases Related to the Measurement of Poverty (a) Non-Census Data Bases (b) Census Data Bases	Connie Citro, Mathematica, Inc. Bureau of the Census
X.	Effect of Using a Poverty Definition Based on Household Income	Jack McNeil, Doug Sater, Arno Winard Bureau of the Census
XI.	Update of the Orshansky Index	Mollie Orshansky Social Security Administration
XII.	Food Plans for Poverty Measurement	Betty Peterkin Department of Agriculture
XIII.	Geographic Differences and Relative Poverty	Jack McNeil Bureau of the Census
XIV.	Relative Measure of Poverty	Stanley Stephenson Health, Education, and Welfare
XV.	Analytic Support for Cost-of-Living Differentials in the Poverty Thresholds	Thomas Carlin Department of Agriculture
XVI.	Implications of Alternative Measures of Poverty on Title I of the Elementary and Secondary Education Act	Abdul Khan and Herman Miller Health, Education, and Welfare
XVII.	The Sensitivity of the Incidence of Poverty to Different Measures of Income: School-age Children and Families	Survey Research Center University of Michigan
XVIII.	Characteristics of Low-Income Populations Under Alternative Poverty Definitions	Lawrence Brown Health, Education, and Welfare

Source: U.S., Department of Health, Education, and Welfare, The Measure of Poverty, A Report to Congress Mandated by The Education Amendments of 1974, April 1976, p. xiv.

Appendix D

Estimating Program Costs: Methodology and Assumptions

The cost of an income supplementation program for the "needy" elderly can be estimated by the use of a relatively simple and straightforward method. Although not taking into consideration administrative costs, an estimate can be obtained by multiplying the number of persons eligible for program assistance by the average level (dollar amount) of income supplementation awarded. The product resulting provides an estimate of the annual program cost. It should be noted, however, that the assumed average level of assistance does not necessarily mean that each eligible person receives a fixed amount. Using the average assistance concept allows for the possibility that the income assistance schedule could be designed to grant greater levels of aid to those with greater needs.

The discussion that follows describes (1) how the numbers of elderly qualifying for assistance were determined, and (2) the method used for adjusting anticipated program costs for inflation.

Eligible Older Persons. There are two steps required for projecting the number of older persons eligible for income supplementation grants.

The first step involves determining the size of their population in the years ahead. To coincide with existing public programming guidelines and for purposes of simplicity, the populations aged 60 and over and 65 and over were selected for analysis. Available forecasts of Hawaii's residents population for the projected size of these two population groupings are displayed in the table below:

Table D.1

STATE OF HAWAII POPULATION PROJECTIONS,
BY SELECTED AGE GROUPINGS: 1980, 1985, AND 1990

<u>Population Group</u>	<u>1980</u>	<u>1985</u>	<u>1990</u>
60 and over	110,700	135,200	155,500
65 and over	73,700	93,700	111,700
Total Residents	942,300	1,020,900	1,091,500

Source: Hawaii, Department of Planning and Economic Development, The State of Hawaii Data Book, 1978, A Statistical Abstract (Honolulu: 1978), p. 24.

The second step involves an assumption regarding who the program would serve. It was assumed that not all persons in the two target age groups would be eligible for income supplementation grants. It therefore was necessary to establish a standard for determining who among the pools of elderly would be eligible for program assistance. Current SSI eligibility guidelines were used. It is important to note that the SSI standard creates relatively conservative estimates of program cost because SSI recipients must meet rigid income and asset requirements established by law and program recipients are generally considered as among the most economically deprived persons in the community.

Having established an eligibility standard, it is then necessary to determine the proportion of older persons fitting those guidelines in the future. This was done by comparing the number of elderly presently eligible for SSI against the total elderly population. The table below identifies the data used to estimate the per cent of elderly qualifying for SSI benefits.

Table D.2

ESTIMATED RATIO OF ELDERLY PERSONS ELIGIBLE FOR SSI:
SELECTED YEARS

<u>Elderly Category</u>	<u>Estimated No. 1979 SSI Recipients¹</u>	<u>Projected 1980 Population²</u>	<u>SSI Eligibility Ratio</u>
60 and over	6,415	110,700	.057949
65 and over	5,756	73,700	.078100

Implicit in the use of the approach employed in constructing Table D.3 is the assumption that the proportion of needy older persons within the total projected elderly population of the State would remain relatively stable through 1990. When these proportions are applied to the size of the elderly population in the decade of the 1980s, the number of elderly anticipated to have income supplementation needs are shown in the table below.

Table D.3

ESTIMATED NUMBER OF ELDERLY PERSONS ELIGIBLE FOR
INCOME SUPPLEMENTATION PROGRAM: 1980, 1985, AND 1990

<u>Elderly Category</u>	<u>1980</u>	<u>1985</u>	<u>1990</u>
60 and over	6,420	7,840	9,010
65 and over	5,760	7,320	8,720

¹Computer printout data, U.S. Department of Health, Education, and Welfare, Region IX, caseload data for State of Hawaii as of December 31, 1978.

²Hawaii, Department of Planning and Economic Development, The State of Hawaii Data Book, 1978, A Statistical Abstract (Honolulu: 1978), p. 24.

Inflation Effects. After determining the amount of income support to be provided under the program, it is important to relate that level with the year in which it is to be given. For example, if an elderly person received \$100 per month from the program in 1980, it is important to ask whether the same amount, \$100, would be the benefit level in 1990. If an elderly recipient were granted \$100 in 1990, given the expected continuing rise in inflation, the recipient would be worse off in 1990 than in 1980. It is therefore conceivable that instead of \$100 a month, it is desirable for the recipient to receive an amount equal to the 1980 purchasing power of \$100 in 1990. By adjusting income assistance grants for inflation, the real base level of assistance provided by the program does not diminish over time. Making such adjustments, through whatever mechanisms, e.g., period changes or indexing, however, means that the amounts paid out and total program costs increase from time to time.

To estimate the effects of inflation, the following formula was used:

$$FC = PC (1 + i)^n$$

Where: FC = Future Cost
 PC = Present Cost (1980)
 i = Annual inflation or interest rate
 n = Number of years from 1980

By using this formula, it is possible to arrive at a reasonable estimate of the future cost of the program.

Appendix E

Table 3.24

**Pensions Awarded During Year Ended March 31, 1977
and Still in Force at End of Year
by Employee Group and by Type**

Employee group	Number	Average Pension	
		Amount	As % of average final compensation
All employees	819	\$501.38	43.14%
Service			
Total	733	\$511.65	44.05%
General Employees - men ..	355	442.50	40.08
General Employees - women.	186	399.50	42.24
Teachers - men	24	585.93	37.21
Teachers - women	86	620.64	44.71
Police and Firemen	82	929.32	60.31
Ordinary Disability			
Total	66	\$371.59	29.42%
General Employees - men ..	36	338.09	26.03
General Employees - women.	14	357.51	36.77
Teachers - men	5	488.09	31.04
Teachers - women	8	398.31	28.70
Police and Firemen	3	573.77	42.70
Accidental Disability			
Total	19	\$558.05	64.62%
General Employees - men ..	15	499.15	63.92
Police and Firemen	4	788.94	66.36
Other			
Total	1	\$459.08	58.86%
General Employees - men ..	1	459.08	58.86

Source: *Employees' Retirement System of the State of Hawaii, Report of the Actuary on the Fifty-Second Annual Actuarial Valuation as of June 30, 1977 (Honolulu: 1977), p. 15.*

Table 3.25

Pensions in Force on March 31, 1977
by Monthly Amount and by Type of Pension

General Employees - Men

Monthly amount	Total	Type of pension			
		Service	Ordinary disability	Accidental disability	Other
Total	4,673	4,235	218	205	15
Less than \$100 ...	1,004	893	88	13	10
\$ 100 - 199 ...	942	808	81	52	1
200 - 299 ...	790	722	15	51	2
300 - 399 ...	617	574	10	32	1
400 - 499 ...	477	437	12	27	1
500 - 599 ...	280	261	2	17	-
600 - 699 ...	185	171	3	11	-
700 - 799 ...	117	115	1	1	-
800 - 899 ...	92	88	3	1	-
900 - 999 ...	68	66	2	-	-
1,000 - 1,099 ...	32	32	-	-	-
1,100 - 1,199 ...	25	24	1	-	-
1,200 - 1,299 ...	14	14	-	-	-
1,300 - 1,399 ...	10	10	-	-	-
1,400 - 1,499 ...	7	7	-	-	-
1,500 - 1,599 ...	5	5	-	-	-
1,600 - 1,699 ...	4	4	-	-	-
1,700 - 1,799 ...	2	2	-	-	-
2,200 - 2,299 ...	1	1	-	-	-
2,300 - 2,399 ...	1	1	-	-	-
Average Benefit ..	\$310.43	\$318.15	\$177.76	\$306.61	\$111.19

Source: *Employees' Retirement System of the State of Hawaii, Report of the Actuary on the Fifty-Second Annual Actuarial Valuation as of June 30, 1977* (Honolulu: 1977), p. B-25.

Table 3.26

**Pensions in Force on March 31, 1977
by Monthly Amount and by Type of Pension**

General Employees - Women

Monthly amount	Total	Type of pension			
		Service	Ordinary disability	Accidental disability	Other
Total	2,014	1,844	111	58	1
Less than \$100 ...	504	445	55	4	-
\$ 100 - 199 ...	534	473	38	22	1
200 - 299 ...	362	338	8	16	-
300 - 399 ...	230	218	5	7	-
400 - 499 ...	157	147	2	8	-
500 - 599 ...	86	85	-	1	-
600 - 699 ...	55	54	1	-	-
700 - 799 ...	34	33	1	-	-
800 - 899 ...	26	26	-	-	-
900 - 999 ...	10	9	1	-	-
1,000 - 1,099 ...	10	10	-	-	-
1,100 - 1,199 ...	2	2	-	-	-
1,200 - 1,299 ...	1	1	-	-	-
1,300 - 1,399 ...	2	2	-	-	-
1,700 - 1,799 ...	1	1	-	-	-
Average Benefit ..	\$249.51	\$256.42	\$138.37	\$244.27	\$150.18

Source: *Employees' Retirement System of the State of Hawaii, Report of the Actuary on the Fifty-Second Annual Actuarial Valuation as of June 30, 1977* (Honolulu: 1977), p. B-26.

Table 3.27

**Pensions in Force on March 31, 1977
by Monthly Amount and by Type of Pension**

Teachers - Men

Monthly amount	Total	Type of pension		
		Service	Ordinary disability	Other
Total	646	630	15	1
Less than \$100 ..	92	91	1	-
\$ 100 - 199 ..	73	70	3	-
200 - 299 ..	68	64	4	-
300 - 399 ..	66	65	1	-
400 - 499 ..	94	90	4	-
500 - 599 ..	76	76	-	-
600 - 699 ..	51	51	-	-
700 - 799 ..	50	49	1	-
800 - 899 ..	31	30	1	-
900 - 999 ..	15	14	-	1
1,000 - 1,099 ..	9	9	-	-
1,100 - 1,199 ..	9	9	-	-
1,200 - 1,299 ..	7	7	-	-
1,300 - 1,399 ..	3	3	-	-
1,400 - 1,499 ..	1	1	-	-
1,500 - 1,599 ..	1	1	-	-
Average Benefit .	\$441.61	\$443.05	\$344.06	\$999.36

Source: *Employees' Retirement System of the State of Hawaii, Report of the Actuary on the Fifty-Second Annual Actuarial Valuation as of June 30, 1977* (Honolulu: 1977), p. B-27.

Table 3.28

**Pensions in Force on March 31, 1977
by Monthly Amount and by Type of Pension**

Teachers - Women

Monthly amount	Total	Type of pension			
		Service	Ordinary disability	Accidental disability	Other
Total	2,309	2,206	97	3	3
Less than \$100 ..	433	395	37	-	1
\$ 100 - 199 ..	478	434	43	1	-
200 - 299 ..	314	309	5	-	-
300 - 399 ..	368	362	5	1	-
400 - 499 ..	273	271	-	1	1
500 - 599 ..	197	193	3	-	1
600 - 699 ..	121	119	2	-	-
700 - 799 ..	69	68	1	-	-
800 - 899 ..	29	28	1	-	-
900 - 999 ..	17	17	-	-	-
1,000 - 1,099 ..	3	3	-	-	-
1,100 - 1,199 ..	4	4	-	-	-
1,200 - 1,299 ..	1	1	-	-	-
1,300 - 1,399 ..	1	1	-	-	-
1,400 - 1,499 ..	1	1	-	-	-
Average Benefit .	\$307.91	\$314.30	\$160.64	\$326.97	\$350.50

Source: *Employees' Retirement System of the State of Hawaii, Report of the Actuary on the Fifty-Second Annual Actuarial Valuation as of June 30, 1977* (Honolulu: 1977), p. B-28.

Table 3.29

**Pensions in Force on March 31, 1977
by Monthly Amount and by Type of Pension**

Policemen and Firemen

Monthly amount	Total	Type of pension		
		Service	Ordinary disability	Accidental disability
Total	816	647	44	125
Less than \$100 ..	25	15	6	4
\$ 100 - 199 ..	61	24	25	12
200 - 299 ..	97	37	9	51
300 - 399 ..	64	37	-	27
400 - 499 ..	58	49	-	9
500 - 599 ..	75	69	-	6
600 - 699 ..	68	64	-	4
700 - 799 ..	118	108	3	7
800 - 899 ..	90	86	-	4
900 - 999 ..	81	79	1	1
1,000 - 1,099 ..	43	43	-	-
1,100 - 1,199 ..	23	23	-	-
1,200 - 1,299 ..	8	8	-	-
1,500 - 1,599 ..	3	3	-	-
1,600 - 1,699 ..	1	1	-	-
1,700 - 1,799 ..	1	1	-	-
Average Benefit .	\$613.50	\$690.28	\$214.41	\$356.58

Source: *Employees' Retirement System of the State of Hawaii, Report of the Actuary on the Fifty-Second Annual Actuarial Valuation as of June 30, 1977 (Honolulu: 1977), p. B-29.*

Table 3.30

**Pensions in Force on March 31, 1977
by Age and Type of Pension**

General Employees

Age	Total	Type of pension			
		Service	Ordinary disability	Accidental disability	Other
Total	6,687	6,079	329	263	16
Men					
Total	4,673	4,235	218	205	15
30 - 34	4	1	-	3	-
35 - 39	9	-	1	8	-
40 - 44	13	1	5	7	-
45 - 49	42	8	14	20	-
50 - 54	105	38	29	38	-
55 - 59	565	476	55	33	1
60 - 64	973	881	52	39	1
65 - 69	1,338	1,278	26	31	3
70 - 74	875	835	22	15	3
75 - 79	453	436	9	7	1
80 - 84	195	184	4	3	4
85 - 89	71	68	-	1	2
90 - 94	20	20	-	-	-
95 - 99	3	3	-	-	-
100 - 104	2	1	1	-	-
105 - 109	3	3	-	-	-
110 - 114	2	2	-	-	-
Women					
Total	2,014	1,844	111	58	1
30 - 34	2	-	-	2	-
35 - 39	4	-	1	3	-
40 - 44	2	-	2	-	-
45 - 49	20	3	13	4	-
50 - 54	52	29	17	6	-
55 - 59	281	244	24	13	-
60 - 64	592	553	22	16	1
65 - 69	526	503	14	9	-
70 - 74	283	266	12	5	-
75 - 79	126	125	1	-	-
80 - 84	84	80	4	-	-
85 - 89	21	21	-	-	-
90 - 94	11	11	-	-	-
95 - 99	5	5	-	-	-
100 - 104	1	1	-	-	-
105 - 109	3	3	-	-	-
110 - 114	1	-	1	-	-

Source: *Employees' Retirement System of the State of Hawaii, Report of the Actuary on the Fifty-Second Annual Actuarial Valuation as of June 30, 1977* (Honolulu: 1977), p. B-33.

Table 3.31
Pensions in Force on March 31, 1977
by Age and Type of Pension
Teachers

Age	Total	Type of pension			
		Service	Ordinary disability	Accidental disability	Other
Total	2,955	2,836	112	3	4
Men					
Total	646	630	15	-	1
45 - 49	3	-	3	-	-
50 - 54	1	-	1	-	-
55 - 59	37	34	3	-	-
60 - 64	84	82	2	-	-
65 - 69	173	171	1	-	1
70 - 74	203	200	3	-	-
75 - 79	92	90	2	-	-
80 - 84	30	30	-	-	-
85 - 89	15	15	-	-	-
90 - 94	4	4	-	-	-
105 - 109	4	4	-	-	-
Women					
Total	2,309	2,206	97	3	3
40 - 44	1	-	1	-	-
45 - 49	4	-	3	1	-
50 - 54	12	8	4	-	-
55 - 59	91	80	11	-	-
60 - 64	254	250	4	-	-
65 - 69	492	481	10	-	1
70 - 74	707	674	30	1	2
75 - 79	382	359	22	1	-
80 - 84	238	227	11	-	-
85 - 89	81	80	1	-	-
90 - 94	35	35	-	-	-
95 - 99	7	7	-	-	-
100 - 104	2	2	-	-	-
105 - 109	1	1	-	-	-
110 - 114	2	2	-	-	-

Source: *Employees' Retirement System of the State of Hawaii, Report of the Actuary on the Fifty-Second Annual Actuarial Valuation as of June 30, 1977* (Honolulu: 1977), p. B-34.

Table 3.32

**Pensions in Force on March 31, 1977
by Age and Type of Pension**

Policemen and Firemen

Age	Total	Type of pension		
		Service	Ordinary disability	Accidental disability
Total	816	647	44	125
30 - 34	4	-	-	4
35 - 39	5	-	1	4
40 - 44	9	-	-	9
45 - 49	18	4	-	14
50 - 54	131	106	4	21
55 - 59	219	173	13	33
60 - 64	192	165	9	18
65 - 69	126	108	8	10
70 - 74	75	59	7	9
75 - 79	23	19	2	2
80 - 84	7	7	-	-
85 - 89	4	3	-	1
90 - 94	2	2	-	-
100 - 104	1	1	-	-

Source: *Employees' Retirement System of the State of Hawaii, Report of the Actuary on the Fifty-Second Annual Actuarial Valuation as of June 30, 1977* (Honolulu: 1977), p. B-35.

Table 3.33

Pensions in Force on March 31, 1977
by Type and by Post-Retirement Benefit Amount

General Employees - Men

Post-Retirement Benefit Amount	Total	Type of pension			
		Service	Ordinary disability	Accidental disability	Other
Total	4,673	4,235	218	205	15
Less than \$20 ..	2,203	1,977	155	59	12
\$ 20 - 39	1,129	1,021	51	56	1
40 - 59	600	543	7	50	-
60 - 79	316	285	2	28	1
80 - 99	195	187	2	5	1
100 - 119	93	89	1	3	-
120 - 139	64	62	-	2	-
140 - 159	39	38	-	1	-
160 - 179	9	9	-	-	-
180 - 199	7	6	-	1	-
200 - 219	6	6	-	-	-
220 - 239	6	6	-	-	-
240 - 259	3	3	-	-	-
260 - 279	1	1	-	-	-
300 - 319	1	1	-	-	-
320 - 339	1	1	-	-	-
Average Post-Re- tirement Benefit	\$32.37	\$33.03	\$15.33	\$37.99	\$16.96

Source: *Employees' Retirement System of the State of Hawaii, Report of the Actuary on the Fifty-Second Annual Actuarial Valuation as of June 30, 1977* (Honolulu: 1977), p. B-41.

Table 3.34

**Pensions in Force on March 31, 1977
by Type and by Post-Retirement Benefit Amount**

General Employees - Women

Post-Retirement Benefit Amount	Total	Type of pension			
		Service	Ordinary disability	Accidental disability	Other
Total	2,014	1,844	111	58	1
Less than \$20 ..	1,085	977	92	16	-
\$ 20 - 39	562	520	17	24	1
40 - 59	211	194	2	15	-
60 - 79	96	94	-	2	-
80 - 99	34	34	-	-	-
100 - 119	18	18	-	-	-
120 - 139	5	4	-	1	-
160 - 179	2	2	-	-	-
360 - 379	1	1	-	-	-
Average Post-Re- tirement Benefit	\$23.92	\$24.27	\$13.19	\$33.22	\$26.28

Source: *Employees' Retirement System of the State of Hawaii, Report of the Actuary on the Fifty-Second Annual Actuarial Valuation as of June 30, 1977* (Honolulu: 1977), p. B-42.

Table 3.35

**Pensions in Force on March 31, 1977
by Type and by Post-Retirement Benefit Amount**

Teachers - Men

Post-Retirement Benefit Amount	Total	Type of pension		
		Service	Ordinary disability	Other
Total	646	630	15	1
Less than \$20 ..	151	143	8	-
\$ 20 - 39	104	100	3	1
40 - 59	82	80	2	-
60 - 79	110	109	1	-
80 - 99	91	91	-	-
100 - 119	44	44	-	-
120 - 139	36	35	1	-
140 - 159	13	13	-	-
160 - 179	10	10	-	-
200 - 219	3	3	-	-
220 - 239	1	1	-	-
240 - 259	1	1	-	-
Average Post-Re- tirement Benefit	\$59.21	\$60.05	\$26.30	\$24.98

Source: *Employees' Retirement System of the State of Hawaii, Report of the Actuary on the Fifty-Second Annual Actuarial Valuation as of June 30, 1977* (Honolulu: 1977), p. B-43.

Table 3.36

**Pensions in Force on March 31, 1977
by Type and by Post-Retirement Benefit Amount**

Teachers - Women

Post-Retirement Benefit Amount	Total	Type of pension			
		Service	Ordinary disability	Accidental disability	Other
Total	2,309	2,206	97	3	3
Less than \$20 ..	485	464	20	-	1
\$ 20 - 39	448	394	53	1	-
40 - 59	516	493	22	1	-
60 - 79	509	506	2	-	1
80 - 99	268	268	-	-	-
100 - 119	58	57	-	-	1
120 - 139	18	18	-	-	-
140 - 159	5	5	-	-	-
160 - 179	2	1	-	1	-
Average Post-Re- tirement Benefit	\$48.85	\$49.58	\$30.75	\$82.93	\$64.85

Source: *Employees' Retirement System of the State of Hawaii, Report of the Actuary on the Fifty-Second Annual Actuarial Valuation as of June 30, 1977 (Honolulu: 1977), p. B-44.*

Table 3.37

**Pensions in Force on March 31, 1977
by Type and by Post-Retirement Benefit Amount**

Policemen and Firemen

Post-Retirement Benefit Amount	Total	Type of pension		
		Service	Ordinary disability	Accidental disability
Total	816	647	44	125
Less than \$20 ..	153	136	5	12
\$ 20 - 39	158	130	18	10
40 - 59	128	98	14	16
60 - 79	150	128	7	15
80 - 99	122	75	-	47
100 - 119	60	44	-	16
120 - 139	25	19	-	6
140 - 159	14	12	-	2
160 - 179	5	5	-	-
180 - 199	1	-	-	1
Average Post-Re- tirement Benefit	\$56.44	\$53.78	\$40.19	\$75.92

Source: *Employees' Retirement System of the State of Hawaii, Report of the Actuary on the Fifty-Second Annual Actuarial Valuation as of June 30, 1977 (Honolulu: 1977), p. B-45.*

Table 3.38

\$5,000 Average Annual Earnings

Monthly pension exclusive of Social Security benefits for employees retiring now at age 65 after 25 or 30 years' future service having \$5,000 average annual earnings.

Monthly Benefit Amount	Number of Contributory Plans				Number of Non-Contributory Plans			
	After 25 years		After 30 years		After 25 years		After 30 years	
	Office	Prod.	Office	Prod.	Office	Prod.	Office	Prod.
Less than \$75	0	0	0	0	5	4	4	4
\$ 75 - 100	6	5	4	3	9	2	8	2
101 - 125	(7)	(5)	3	(3)	(15)	6	6	1
126 - 150	2	1	(6)	4	6	(5)	(11)	5
151 - 175	1	0	0	0	19	10	8	(6)
176 - 200	2	0	3	1	2	2	11	5
201 - 225	0	0	1	0	0	1	8	6
226 - 250	0	0	1	0	0	0	0	0
251 - 300	0	0	0	0	1	0	1	1
Not applicable	1	0	1	0	4	1	4	1
Total	19	11	19	11	61	31	61	31

Source: Hawaii Employers Council, *Survey of Employee Benefit Plans in Hawaii*, Special Publication No. 124 (Honolulu: 1975), p. 29.

Table 3.39

\$7,500 Average Annual Earnings

Monthly pension exclusive of Social Security benefits for employees retiring now at age 65 after 25 or 30 years' future service having \$7,500 average annual earnings.

Monthly Benefit Amount	Number of Contributory Plans				Number of Non-Contributory Plans			
	After 25 years		After 30 years		After 25 years		After 30 years	
	Office	Prod.	Office	Prod.	Office	Prod.	Office	Prod.
Less than \$75	0	0	0	0	1	0	1	0
\$ 75 - 100	0	0	0	0	3	4	2	3
101 - 125	2	2	0	0	3	1	3	2
126 - 150	3	2	1	1	6	2	1	0
151 - 175	3	(3)	4	3	11	4	7	2
176 - 200	(5)	3	(5)	(5)	(11)	(7)	8	3
201 - 225	4	1	1	0	1	1	6	3
226 - 250	1	0	2	1	12	5	(9)	(6)
251 - 300	0	0	5	1	10	7	13	7
301 - 350	0	0	0	0	0	0	8	5
Not applicable	1	0	1	0	3	0	3	0
Total	19	11	19	11	61	31	61	31

Source: Hawaii Employers Council, *Survey of Employee Benefit Plans in Hawaii*, Special Publication No. 124 (Honolulu: 1975), p. 30.

Table 3.40

\$10,000 Average Annual Earnings

Monthly pension exclusive of Social Security benefits for employees retiring now at age 65 after 25 or 30 years' future service having \$10,000 average annual earnings.

Monthly Benefit Amount	Number of Contributory Plans				Number of Non-Contributory Plans			
	After 25 years		After 30 years		After 25 years		After 30 years	
	Office	Prod.	Office	Prod.	Office	Prod.	Office	Prod.
Less than \$150	0	0	0	0	4	4	3	3
\$150 - 200	3	2	0	0	5	2	3	2
201 - 250	(8)	(6)	5	3	15	6	11	3
251 - 300	3	2	(7)	(6)	(11)	(7)	7	4
301 - 350	5	1	1	0	23	12	(13)	(9)
351 - 400	0	0	6	2	1	0	12	5
401 - 450	0	0	0	0	0	0	10	5
Not applicable	0	0	0	0	2	0	2	0
Total	19	11	19	11	61	31	61	31

Source: Hawaii Employers Council, *Survey of Employee Benefit Plans in Hawaii*, Special Publication No. 124 (Honolulu: 1975), p. 31.

Table 3.41

\$15,000 Average Annual Earnings

Monthly pension exclusive of Social Security benefits for employees retiring now at age 65 after 25 or 30 years' future service having \$15,000 average annual earnings.

Monthly Benefit Amount	Number of Contributory Plans				Number of Non-Contributory Plans			
	After 25 years		After 30 years		After 25 years		After 30 years	
	Office	Prod.	Office	Prod.	Office	Prod.	Office	Prod.
Less than \$150	0	0	0	0	0	1	1	1
\$150 - 200	0	0	0	0	2	2	1	1
201 - 250	1	1	0	0	4	1	3	1
251 - 300	1	0	0	0	4	2	2	2
301 - 350	3	2	2	1	8	4	2	0
351 - 400	(5)	(4)	3	2	10	4	7	3
401 - 450	2	2	(5)	(3)	(6)	(5)	8	5
451 - 500	2	0	1	2	12	5	(9)	(5)
501 - 550	5	2	1	1	13	7	6	4
551 - 600	0	0	2	0	1	0	8	3
601 - 650	0	0	5	2	0	0	10	6
651 - 700	0	0	0	0	0	0	3	0
Not applicable	0	0	0	0	1	0	1	0
Total	19	11	19	11	61	31	61	31

Source: Hawaii Employers Council, *Survey of Employee Benefit Plans in Hawaii*, Special Publication No. 124 (Honolulu: 1975), p. 32.

Table 3.42

\$20,000 Average Annual Earnings

Monthly pension exclusive of Social Security benefits for employees retiring now at age 65 after 25 or 30 years' future service having \$20,000 average annual earnings.

Monthly Benefit Amount	Number of Contributory Plans				Number of Non-Contributory Plans			
	After 25 years		After 30 years		After 25 years		After 30 years	
	Office	Prod.	Office	Prod.	Office	Prod.	Office	Prod.
Less than \$400	2	1	0	0	6	4	5	4
\$400 - 450	3	2	2	1	6	3	1	1
451 - 500	0	0	2	1	3	2	4	1
501 - 550	4	2	1	1	9	6	2	1
551 - 600	(3)	(4)	1	1	(8)	(3)	3	2
601 - 650	1	0	(4)	(2)	6	3	9	6
651 - 700	1	0	2	3	10	7	(7)	(3)
701 - 750	5	2	1	0	7	2	10	5
751 - 800	0	0	1	1	2	0	1	1
801 - 850	0	0	1	0	0	0	7	5
851 - 900	0	0	4	1	0	0	5	1
901 - 950	0	0	0	0	0	0	3	0
Not applicable	0	0	0	0	4	1	4	1
Total	19	11	19	11	61	31	61	31

Source: Hawaii Employers Council, *Survey of Employee Benefit Plans in Hawaii*, Special Publication No. 124 (Honolulu: 1975), p. 33.

Table 3.43

\$30,000 Average Annual Earnings

Monthly pension exclusive of Social Security benefits for employees retiring now at age 65 after 25 or 30 years' future service having \$30,000 average annual earnings.

Monthly Benefit Amount	Number of Contributory Plans				Number of Non-Contributory Plans			
	After 25 years		After 30 years		After 25 years		After 30 years	
	Office	Prod.	Office	Prod.	Office	Prod.	Office	Prod.
Less than \$450	0	0	0	0	1	2	1	2
\$450 - 500	0	0	0	0	2	1	1	0
501 - 600	2	1	0	0	2	0	2	1
601 - 700	3	2	2	1	7	4	1	1
701 - 800	1	1	3	2	8	7	6	2
801 - 900	(6)	(4)	1	1	7	(2)	2	2
901 - 1000	1	0	0	0	(14)	6	11	7
1001 - 1100	1	1	(6)	(5)	8	5	(13)	(7)
1101 - 1200	5	2	1	0	8	2	6	2
1201 - 1300	0	0	0	0	1	1	6	4
1301 - 1400	0	0	5	2	0	0	4	1
Over 1400	0	0	0	0	0	0	5	1
Not applicable	0	0	1	0	3	1	3	1
Total	19	11	19	11	61	31	61	31

Source: Hawaii Employers Council, *Survey of Employee Benefit Plans in Hawaii*, Special Publication No. 124 (Honolulu: 1975), p. 34.