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THE PROPOSED FISCAL 1981 BUDGET: WHAT IT MEANS FOR OLDER AMERICANS

AN INFORMATION PAPER

PREPARED BY THE STAFF OF THE

SPECIAL COMMITTEE ON AGING
UNITED STATES SENATE

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THE PROPOSED FISCAL 1981 BUDGET: WHAT IT MEANS FOR OLDER AMERICANS

AN INFORMATION PAPER

President Carter presented his fiscal 1981 budget to the Congress on January 28, 1980, projecting total Federal outlays of $615.8 billion and a deficit of $15.8 billion.

The committee staff has prepared the following analysis to summarize the impact of the fiscal 1981 budget on programs serving older Americans, including trust funds and discretionary spending.

I. THE LONGER RANGE BUDGET OUTLOOK

As part of the budget analysis, the administration commented in some detail on issues that will have a major impact over the long range. The responsibilities of the Federal Government and just how they are carried out in the longer range are particularly important from the viewpoint of the elderly. Several important areas were noted in the budget analysis:

—Understanding and planning for the large increase in the size of the over-65 aged population that lies three decades ahead will affect a broad range of policies, from pension financing to retirement age.

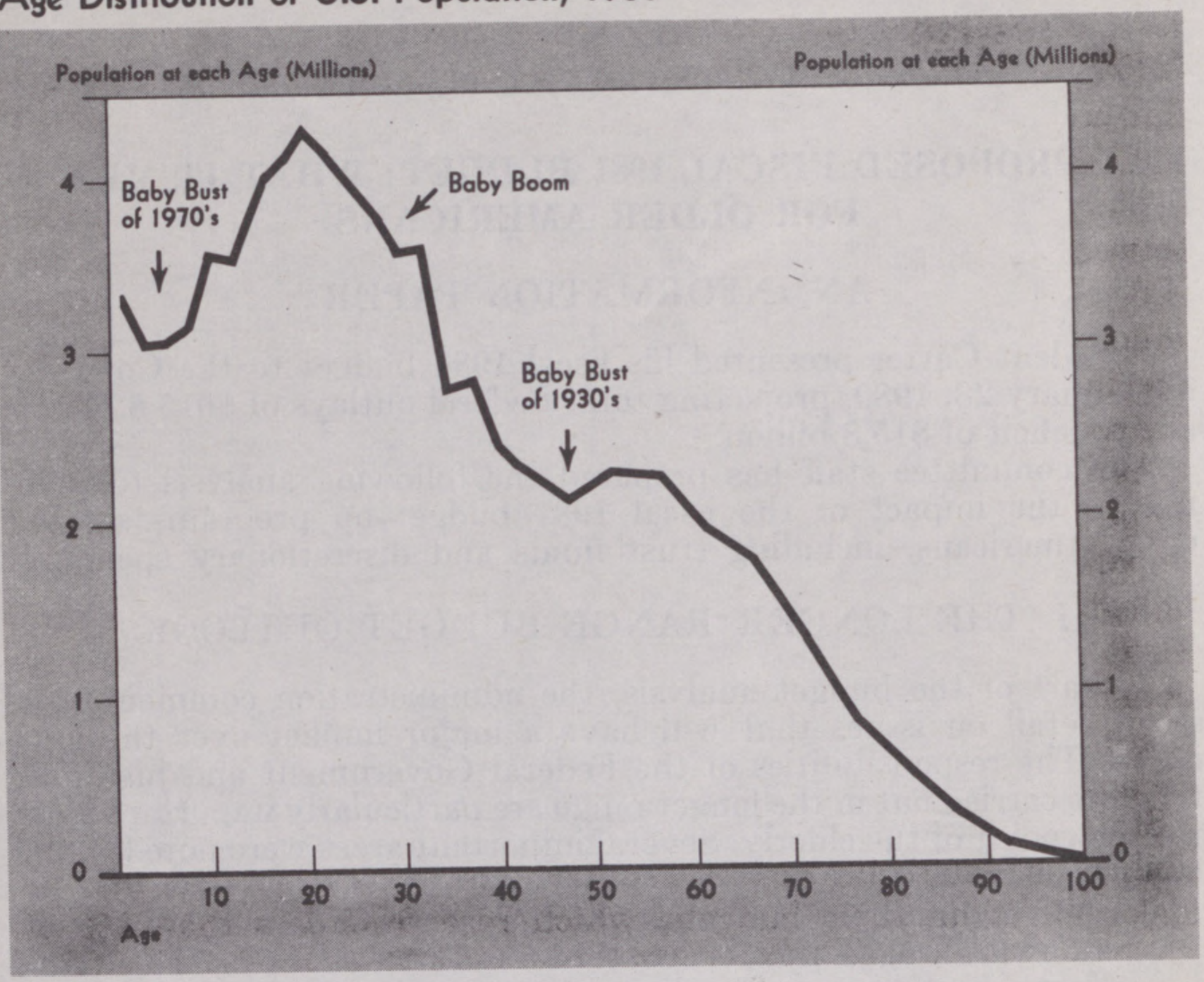
—The gradual aging of the population has implications for health services and long-term care strategies.

—Consideration of possible economic developments due to changing age structure in society may help improve housing policy, affect savings patterns, and influence national investment strategy.

In the fuller treatment of the longer range budget implications, the administration pointed out several interesting developments:

—The most prominent fact about the U.S. population age distribution today is the existence of a huge "age-lump" consisting of the postwar baby boom generation, and preceded and followed by the "baby busts" of the 1930's and early 1940's (World War II), and the late 1960's and 1970's, as the chart below shows.

Age Distribution of U.S. Population, 1980

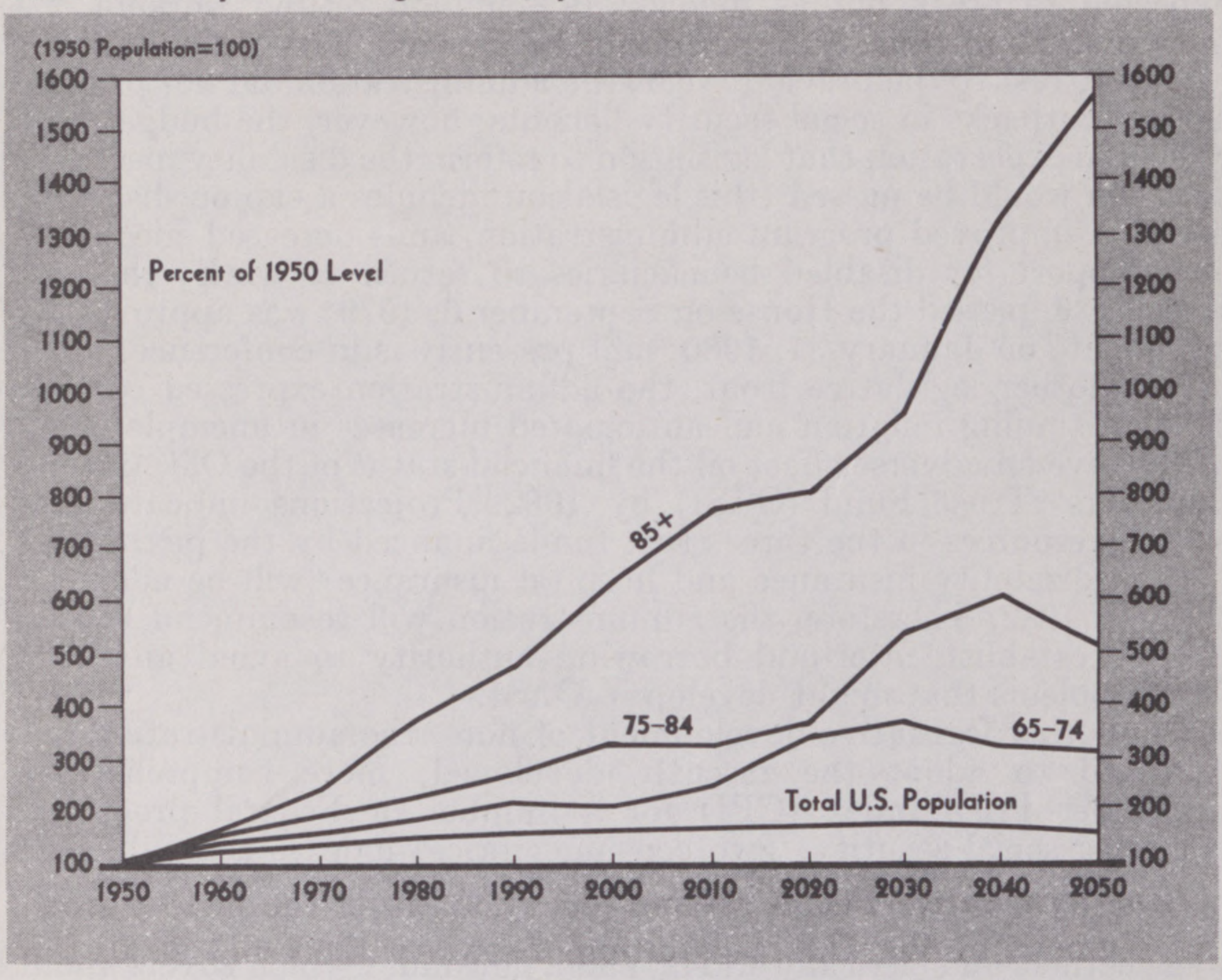


—Although the baby boom generation promises to make tremendous contributions to our economy and standard of living during its prime working years, it is important to bear in mind that this generation, too, will eventually retire. The contributions of its members to the Nation's output will diminish and the burden of supporting their retirement benefits and meeting their growing needs for health care will fall upon a shrunken labor force. Much of that burden is likely to be transmitted through the Federal budget in the form of much higher outlays—and taxes—for social security, medicare, and other programs.

—The problem projected to arise during the 2005–2035 period is now distant in time, but should not be ignored. The Nation should begin to prepare for a transition a quarter of a century hence. Some of the actions that might alleviate the problem include encouraging later retirement age, developing more part-time jobs for those who wish to be semiretired, and examining what future benefit levels are realistic.

—People 65 and older constitute the fastest growing segment of the U.S. population. Between 1980 and 2030, the elderly population will double absolutely and proportionately to total 55 million and 22 percent of the population. Within this overall growth, there will be a significant "aging of the aging." If present trends continue, the population 85 and older will triple by 2035.

Growth of Population Age Groups, 1950–2050



—The changes in the size and composition of the elderly population suggest the need for greater attention to the problem of providing long-term care. Long-term care should not be thought of solely in terms of placing individuals in costly facilities, such as nursing homes, chronic disease hospitals, and psychiatric hospitals. Long-term care might be better addressed in terms of providing support to individuals who need continuing assistance in carrying out the tasks of daily living. This concept reflects a growing national emphasis on promoting the independent functioning of the disabled. Indeed, the majority of the elderly who might otherwise be institutionalized can and do live in the community with social, medical, income, and housing support—much of which is provided by their families and friends.

II. RETIREMENT INCOME

Record 13 Percent Social Security Cost-of-Living Increase Set for July 1980

Reflecting the troublesome return of double-digit inflation, the administration is predicting an unprecedented 13 percent cost-of-living increase for social security benefits effective July 1980. A 9.9-percent increase is forecast for July 1981. The old age, survivors and disability insurance program (OASDI) is the single largest program in the budget, and it is expected to pay out $136.9 billion in 1981 to 35.9 million beneficiaries. This figure represents an estimated increase

of $19 billion in the OASDI program. The projected beneficiaries are expected to break out as follows: 19.8 million retired workers, 2.9 million disabled, and 13.2 million dependents and survivors.

In contrast to the previous year, the administration did not propose several cutbacks in social security benefits; however, the budget does reflect an expectation that legislation to reform the disability insurance program would be passed (this legislation includes a cap on disability benefits, improved program administration, and increased incentives and support for disabled beneficiaries to return to work—the bill, H.R. 3236, passed the House on September 6, 1979; was approved by the Senate on January 31, 1980; and presently is in conference).

On another legislative front, the administration expressed concern that continuing inflation and anticipated increases in unemployment could have an adverse effect on the financial status of the Old Age and Survivors' Trust Fund (OASI) by 1982. Projections indicate that overall resources in the three trust funds financed by the payroll tax (OASI, disability insurance and hospital insurance) will be adequate through 1982. Therefore, the administration will recommend legislation to establish interfund borrowing authority to avoid any cash flow problems that might develop in OASI.

In another legislative development of note, the administration has proposed to adopt the recently developed, more comprehensive Consumer Price Index (CPI) for a number of Federal programs, including social security. Two consumer prices indexes are published by the Bureau of Labor Statistics: The original index which was designed to measure the purchasing power of the dollar for urban wage earners and clerical workers; and a new index which covers about 80 percent of the urban population or twice the number of households covered by the original CPI.

Consideration of major changes in the whole social security benefit structure have been deferred pending review and analysis of several major reports including: The report of the Social Security Advisory Council, the 1979 HEW study of the treatment of men and women under social security, the universal coverage study, and the report of the National Commission on Social Security.

Supplemental Security Income

The number of aged, blind, and disabled persons projected to receive supplemental security income (SSI) in 1981 is 4.2 million, roughly the same number for the last 2 years.

AVERAGE SSI RECIPIENTS

[In thousands]

	1979 actual	1980 estimate	1981 estimate
Aged	1,625	1,580	1,532
Blind and disabled	2,075	2,166	2,200
Total Federal	3,700	3,746	3,732
State supplementation recipients	510	442	438
Total SSI recipients	4,210	4,188	4,170

Cost-of-living increases are projected to be 13 percent in July 1980, and 9.9 percent in July 1981. Based on such projected increases, the

maximum Federal payment level under SSI is estimated to reach $258.60 per month for eligible individuals and $387.90 per month for eligible couples.

	July 1979	July 1980	July 1981
Individual	$208.20	$235.30	$258.60
Couple	312.30	352.90	387.90

Federal benefit payments for SSI during fiscal year 1981 are expected to reach $6.085 billion, an increase of $495 million from fiscal year 1980.

Six Percent March Annuity Increase Forecast for Federal Retirees

The administration announced a 6 percent cost-of-living increase for Federal civil service annuitants in March 1980, followed by an estimated adjustment of 5.8 percent in September 1980. Cash outlays from the civil service retirement and disability fund are projected to increase from $14.556 billion in 1980 to $17.089 billion in 1981. The number of annuitants is expected to rise to a level of 1.8 million.

Railroad Retirement Funds

The Railroad Retirement Board, a Federal agency, administers benefits equivalent to social security as well as industry pensions for retired and disabled railroad employees, their dependents, and survivors. Benefit outlays are expected to increase from $4.748 billion in fiscal year 1980 to $5.227 billion in fiscal year 1981. This increase in benefits will occur despite an expected drop in beneficiaries of 21,000 from an estimated 1,006,000 at the end of 1980 to an estimated 985,000 in 1981.

The administration's budget sees sound financing as a "major concern" for the railroad retirement system. The Board's most recent projections suggest that the industry pension fund is underfunded and will be exhausted by 1984. Therefore, the budget reflects proposed legislation to restore the railroad industry pension fund to solvency. Financial soundness would be achieved by a 2-percent increase in revenues from the railroad industry payroll by removing the ceiling on earnings subject to railroad retirement taxes. The proposal would also restrain future growth in benefits.

Veteran's Benefits: New Cost-of-Living Increase Insures Growth in Payments

The Veterans' and Survivors' Pension Improvement Act of 1978 (effective January 1, 1979) provided for automatic annual cost-of-living increases comparable to social security increases for pensioners in the improved program. Combined pension outlay requirements for fiscal year 1981 are estimated at $4.032 billion, an increase of $320 million over fiscal year 1980. These costs will increase despite a slight projected drop in the number of recipients: Veterans' cases will drop from 984,000 to 980,000 and survivor cases will drop from 1,183,000 to 1,164,000.

Burial benefits are expected to increase from $185 to $190 million in fiscal year 1981; in addition, hospital and medical care service outlays for veterans are expected to rise from $5.926 billion to $6.101 billion in 1981. The number of veterans over age 65 is expected to increase by 127 percent during the 1980's as virtually all of the 27 million veterans of World War II reach this age. As a result, the Veterans Administration's medical care and research activities will devote increasing attention to the problems of aging veterans.

Military Retirement Pay Expected To Reach $13.7 Billion

The administration's budget estimates an increase in military retirement pay from $11.5 billion to $13.7 billion in fiscal 1981.

PROGRAM AND FINANCING

[In thousands]

	1979 actual	1980 estimate	1981 estimate
Program by activities:			
1. Nondisability	$8,320,050	$9,297,282	$11,148,074
2. Temporary disability	59,600	60,816	68,529
3. Permanent disability	1,031,515	1,099,305	1,261,272
4. Fleet reserve	673,983	749,267	899,903
5. Survivors' benefits	196,901	244,830	322,022
Total	10,282,049	11,451,500	13,699,800

The average number of persons on the military retired rolls is expected to rise by about 41,000; from 1.31 million in fiscal year 1980 to 1.35 million in fiscal year 1981.

AVERAGE NUMBER

	1979 actual	1980 estimate	1981 estimate
1. Nondisability	960,997	995,455	1,027,432
2. Temporary disability	11,731	10,937	10,391
3. Permanent disability	139,661	140,502	139,905
4. Fleet reserve	96,190	99,489	102,697
5. Survivors' benefits	54,372	61,628	68,784
Total	1,262,951	1,308,011	1,349,209

President's Commission on Pension Policy

The President's Commission on Pension Policy was established to develop recommendations to the President for more efficient and more equitable retirement systems for older American workers. Among other issues, the Commission is examining what constitutes an adequate standard of living upon retirement and the ability of various retirement systems to meet the needs of the retired population. In fiscal year 1980, $2 million in budget authority was made available to support the work of the Commission. This amount will carry over into fiscal year 1981 to pay salaries and costs until the Commission officially completes its work as scheduled.

Pension Benefit Guaranty Corporation: Receipts To Exceed Expenditures in 1981

The Pension Benefit Guaranty Corporation (PBGC) was established by the Employee Retirement Income Security Act of 1974 (ERISA) to protect the vested annuities of workers in covered pension plans that terminate resulting in the loss of benefits. Employers with covered plans pay an annual premium of $2.60 per participant to cover the PBGC's costs of taking over terminated pension plans. The Corporation's receipts are expected to exceed expenditures in 1980 by $37 million and by $46 million in 1981.

These budget estimates take into account legislation introduced in 1979 that would substitute a comprehensive program designed to prevent the termination of multiemployer pension plans. Multiemployer plans are not presently covered by the PBGC, but are scheduled to be covered by May 1, 1980, the effective date of the proposed legislation.

III. HEALTH

Medicare Budget—Current Services

Total outlays for medicare hospital insurance (part A) are expected to increase by about $3 billion from fiscal year 1980 to fiscal year 1981. Estimated total payments for fiscal year 1981 are $25.8 billion, compared to $22.8 billion during fiscal year 1980.

Approximately 600,000 additional elderly and disabled medicare beneficiaries are expected to become eligible for hospital insurance protection during 1981. About 200,000 additional beneficiaries will receive reimbursed hospital services during the year.

Payments for skilled nursing services are expected to increase by about $14 million from fiscal year 1980 to fiscal year 1981, and payments for home health services are expected to increase by about $104 million.

MEDICARE HOSPITAL INSURANCE

	1980 estimate	1981 estimate
Beneficiaries: Persons with hospital insurance protection (average):		
Aged	24,301,000	24,779,000
Disabled	2,972,000	3,047,000
Beneficiaries receiving reimbursed services:		
Aged	5,750,000	5,930,000
Disabled	800,000	850,000
Benefit payments: For inpatient hospital services (in thousands):		
Aged	$19,104,600	$21,634,000
Disabled	2,746,000	3,170,000
For skilled nursing facility services (in thousands):		
Aged	365,000	378,000
Disabled	14,000	15,000
For home health services (in thousands):		
Aged	492,000	588,000
Disabled	41,000	49,000
Total benefit payments:		
Aged	19,961,600	22,600,000
Disabled	2,801,000	3,234,000
Total	22,762,600	25,834,000

Total outlays for medicare supplementary medical insurance (part B) are expected to increase by about $1.7 billion from fiscal year 1980 to fiscal year 1981. Estimated total payments for fiscal year 1981 are expected to be $11.4 billion, compared to $9.7 billion during 1980.

About 600,000 additional elderly and disabled beneficiaries are expected to be enrolled in the part B program, and about 880,000 additional beneficiaries are expected to receive part B services.

Payments for physician services are projected to increase by about $1.2 billion; payments for home health services by about $38 million; and payments for outpatient services by about $363 million.

MEDICARE SUPPLEMENTARY MEDICARE INSURANCE

	1980 estimate	1981 estimate
Beneficiaries:		
Persons enrolled (average):		
Aged	24,452,000	25,041,000
Disabled	2,748,000	2,820,000
Beneficiaries receiving reimbursed services:		
Aged	15,111,000	15,901,000
Disabled	1,717,000	1,811,000
Benefit payments (in thousands):		
For physician services:		
Aged	$5,940,000	$7,018,000
Disabled	800,000	946,000
For home health services:		
Aged	197,000	233,000
Disabled	18,000	20,000
For outpatient services:		
Aged	1,149,000	1,370,000
Disabled	740,000	882,000
For other medical and health services:		
Aged	739,000	851,000
Disabled	80,000	93,000
Total benefit payments:		
Aged	8,025,000	9,472,000
Disabled	1,638,000	1,941,000
Total	9,663,000	11,413,000

Medicare Budget Proposes Some Expansion in Home Health and Mental Health Services

The administration's proposed medicare budget for fiscal year 1981 included a proposal for new legislation to remove the 3-day prior hospitalization requirement for determining eligibility for home health services under part A (hospitalization insurance). The budget also proposed a medicare demonstration project to evaluate the benefit of allowing home health aides to provide homemaker services. The estimated cost in fiscal year 1981 is $7.7 million.

Legislation was also proposed, for the second year in a row, to expand medicare part B supplementary medical insurance benefits for outpatient mental health services of psychiatrists by increasing the reimbursement rate from 50 percent to 80 percent of reasonable charges and increasing the reimbursement ceiling from $250 to $750 annually. The estimated cost in fiscal year 1981 is $18 million.

Proposals for hospital cost containment, common audit between medicare and medicaid, and authority for the Secretary of Health and Human Services to assess civil penalties for fraudulent part B claims are projected, if enacted, to save $693 million in fiscal year 1981.

The budget also repeats the fiscal year 1980 proposals for: (1) Extending medicare coverage for disabled workers who return to work

but are not medically covered (at an estimated total cost in fiscal year 1981 of $8 million); (2) eliminating or shortening the 24-month waiting period for medicare coverage for reentitled disabled individuals (estimated total cost of $35 million); and (3) restructuring medicare part A coverage for the working elderly (estimated total savings of $170 million in fiscal year 1981).

Proposed legislation to restructure medicare payments for health maintenance organizations is estimated to cost $5 million in fiscal year 1981.

Legislation proposed to eliminate the routine nursing salary cost differential in hospitals serving medicare payments is estimated to produce a savings to the part A trust fund of $191 million in 1981.

New legislation is proposed under medicare part A to reimburse hospitals for patients receiving long-term care services, rather than acute-care services, at "reasonable" long-term care rates, rather than the hospital's normal acute-care rates. The budget estimates that this proposal would save $20 million in fiscal year 1981.

Other legislative proposals under medicare part B would: (1) Allow reimbursement to ambulatory surgical centers for certain surgical procedures specified by the Secretary (savings of $3 million in fiscal year 1981); (2) change reimbursements for hospital-based radiologists, anesthesiologists, and pathologists (savings of $12 million in fiscal year 1981); (3) provide authority for competitive bidding procurement procedures for laboratory services, durable medical equipment, and other medical services and supplies (savings of $9 million in fiscal year 1981); and (4) provide for reimbursement on the basis of reasonable costs for some providers who have been reimbursed on the basis of charges (savings of $6 million in fiscal year 1981).

Additional legislation is proposed to expand medicare part B benefits by providing coverage for removal of plantar warts (cost of $2 million in fiscal year 1981).

Medicare Supplementary Medical Insurance: Proposed Legislation

1981 projected savings or additional cost:	*In millions*
Disability waiting period (cost)	$10.0
Extension of disability coverage (cost)	2.0
HMO reimbursement (cost)	2.0
Ambulatory surgery center reimbursement (savings)	−3.0
Hospital-based physicians (savings)	−12.0
Competitive bidding (savings)	−9.0
Reasonable cost reimbursement (savings)	−6.0
Outpatient psychiatric services (cost)	18.0
Civil money penalty (savings)	−9.3
Coverage for plantar wart removal (cost)	2.0

Medicare Hospital Insurance: Proposed Legislation

1981 projected savings or additional cost:	*In millions*
Hospital cost containment (savings)	−$680.0
Disability waiting period (cost)	25.0
Coverage for working aged (savings)	−170.0
Extension of disability coverage (cost)	6.0
HMO reimbursement (cost)	3.0
Eliminate nursing differential (savings)	−191.0
Home health expansion (cost)	*.7
Hospital long-term care payments (savings)	−20.0
Medicare/medicaid common audit (savings)	−4.0

*Additional $700,000 budgeted for demonstration program on home health aide/homemaker services under medicare.

Budget Emphasizes Need for Greater Attention to Long-Term Care—Legislation To Expand Medicaid Home Health Proposed

As mentioned in the longer range budget outlook (above), the fiscal year 1981 budget singled out the "need for greater attention to the problem of providing long-term care," and said there is a recognition of the need to shift emphasis in health programs to "programs which provide support to individuals who need continuing assistance in carrying out the tasks of daily living." Reasons cited for this long-range shift in emphasis were: (1) The changing age structure of the Nation's population, (2) the expected doubling of those over the age of 65 by the year 2030, and (3) "a growing national emphasis on promoting the independent functioning of the disabled."

Budget proposals for fiscal year 1981 for major Federal funding sources for long-term care were as follows:

Nursing homes.—The budget projected total medicare outlays for skilled nursing facilities of $393 million in fiscal year 1981. Combined Federal and State medicaid payments to skilled and intermediate care facilities are estimated at $9.4 billion in fiscal year 1981.

Home health.—The budget estimated that medicare payments for home health services during fiscal year 1981 would be $637 million under part A (hospital insurance) and $253 million under part B (supplementary medical insurance).

Total Federal and State medicaid payments for home health services during fiscal year 1981 are estimated at $338.6 million.

Title XX payments (Federal and State) for homemaker/chore services are estimated to reach $635 million in fiscal year 1981.

The Administration on Aging budget includes $55 million for home-delivered meals (an average of 57,000 meals a day served) and estimates that about 3.9 million in-home service visits will be provided during fiscal year 1981. (In-home services as authorized by title III of the Older Americans Act include such services as home health aide, homemaker, and chore services as well as friendly visitors and telephone reassurance services.)

Long-Term Care Demonstrations Continued

The budget also proposed continued funding of $20.5 million for special initiative long-term care "channeling" demonstrations, administered jointly by the Administration on Aging and the Health Care Financing Administration. $10.5 million is requested through the Health Care Financing Administration and $10 million through the Administration on Aging for fiscal year 1981.

New Legislation Proposed

The fiscal year 1981 budget proposed new initiatives in home health services in medicare and medicaid, at a total estimated cost of $23 million during fiscal year 1981.

The budget proposes legislation to modify the medicaid program by allowing States to equalize income eligibility levels for home health services and nursing home care. Medicaid reimbursement for home health services would be allowed for individuals whose income would

make them eligible for nursing home care, but would be too high for community care. (Estimated fiscal year 1981 cost is $15 million.)

A demonstration program to evaluate the benefit of allowing home health aides to provide homemaker services as part of their routine medicare home health visits is also proposed. (Estimated fiscal year 1981 cost is $700,000).

Mental Health Services and Reimbursement

The President's budget request includes $721 million for general mental health programs, an increase of $103 million over the current appropriation for fiscal year 1980.

This request includes an increase of $50 million for fiscal year 1980, $12 million for community grants and contracts and $38 million for State grants and contracts. If the additional $12 million is approved for community mental health programs, the 1980 funding level would increase to $302 million. For fiscal year 1981, the administration is requesting $322 million for community mental health services.

The requested increase of $38 million for State mental health programs would bring the 1980 level to $45.6 million. The budget request for fiscal year 1981 for State programs is identical: $45.6 million.

The overall mental health budget request is designed in part to implement legislation the administration has proposed to reauthorize existing community mental health programs and target new services to groups that have been identified by the President's Commission on Mental Health as seriously unserved or underserved. These groups include the chronically mentally ill, the elderly, women, youth, and minorities.

The budget includes a request for $12 million for fiscal year 1981 to provide formula grants to the States to implement this new initiative.

Medicare expansions.—The President's budget includes a request of $18 million for fiscal year 1981 to expand medicare coverage for mental health services provided by psychiatrists on an outpatient basis. The administration proposes raising the annual ceiling on reimbursement for such services from $250 to $750 per year, and reducing the amount of beneficiary copayment from 50 percent to 20 percent for mental health services.

Drug and alcohol programs.—Legislation signed early in 1980 reauthorizes and expands current prevention, treatment, and research programs for drug and alcohol abuse. The new law recognizes that the unique drug and alcohol misuse problems of the elderly require special education and prevention efforts, as well as special treatment settings. The President's total request for drug abuse programs is $274 million for fiscal year 1981, the same as the current funding level of the program. The administration proposes an increase of $25 million over 1980 levels to $201 million for alcohol abuse programs in fiscal year 1981, with much of the increase earmarked for research and treatment of teenage alcoholism and the special problems of women and working people.

III. HOUSING

The Department of Housing and Urban Development (HUD) projects $830 million in loan authority for fiscal year 1981 to support an estimated 18,800 units of section 202 housing for the elderly and handi-

capped. Section 202 supports loans to nonprofit sponsors for the construction of congregate housing specially designed for the elderly and the handicapped.

A budget authority of $24 billion is requested by HUD for the section 8 rent subsidy program. HUD estimates that approximately 258,000 reservations for housing assistance payments will be made during 1981—120,000 for existing housing and 138,000 for new construction.

For public housing, the administration requests a budget authority of $8.8 billion which will be used to support applications for 42,000 newly constructed and rehabilitated units for low-income families and the elderly. In order to improve standards of existing public housing units, HUD is allowing public housing authorities to reallocate up to 50 percent of their public housing funds for modernization and rehabilitation.

Rent supplement payments which are made to owners of certain private housing on behalf of low-income families will be phased out during 1981 and converted to section 8 units. Therefore, HUD requests only $525 million in budget authority for rent supplement payments during 1981.

HUD requests $3.95 billion for community development block grants for fiscal year 1981, a $50 million increase over the 1980 level. These grants are used by units of general local government and State government to support community development programs.

The congregate housing services program, a demonstration program in section 202 and public housing facilities which supports meals, housekeeping assistance and personal care, received no budget request for 1981. The Congress has appropriated $10 million for both fiscal years 1979 and 1980 for such demonstrations.

IV. EDUCATION

Adult education.—The administration proposes $120 million for grants to States to develop adult education programs for fiscal year 1981, as well as $2 million for demonstration, dissemination, and related activities in adult education. The $122 million request for adult education represents a 20 percent increase over the $100 million appropriated for fiscal year 1980.

Community schools.—The community schools program permits pooling of resources and use of school facilities to provide educational, health, occupational, and recreational opportunities for the entire community. The President's request of $3.1 million for this program in fiscal year 1981 is the same amount as appropriated in fiscal year 1980.

Continuing education.—The administration did not request any funds for fiscal year 1981 for continuing education, although the program was funded at a level of $10 million in fiscal year 1980 and $16 million in 1979.

Funds for improvement of postsecondary education.—The President requested $17 million for postsecondary education for fiscal year 1981, as compared to the appropriation of $13.5 million in 1980.

Other higher education programs.—The administration's budget proposal did not include funding for State postsecondary education commissions, which were funded at $3 million in fiscal year 1980 and

$3.5 million in 1979. Also dropped from the President's budget were funds for educational information centers, which received $3 million in both 1979 and 1980.

V. TRANSPORTATION

Section 16(b)(2) of the Urban Mass Transportation Act, as amended in 1978, reserves nearly 2 percent of the annual allotment of urban discretionary funds for capital assistance grants to private nonprofit groups for transit services to elderly and handicapped individuals.

Request for urban discretionary grants under the proposed fiscal year 1981 budget would total $1.38 billion. Thus, up to $27.6 million would be available in fiscal year 1981 for section 16(b)(2) capital assistance.

Revisions of transit legislation in 1978 also created a new nonurban formula grant program to provide both capital and operating assistance for small cities and rural areas. For fiscal year 1981, $110 million is planned for this new activity, compared to an appropriation of $85 million in 1980, supporting about 50 grants.

VI. EMPLOYMENT

Senior Community Service Employment To Operate at 1980 Level

The President's budget request of $267.1 million would maintain the 1980 level of part-time public service employment opportunities at 52,250 for unemployed low-income persons age 55 and over through June 30, 1982. This budget request covers the 1981 program year (July 1, 1981 through June 30, 1982). Current funding for this program is $266.9 million. The unit cost per position during the 1980 program year was $4,944; in 1981 it will be $5,111 due to the increase in the minimum wage. Because of recent alterations in the program year, the 1981 request will maintaim current job levels.

Small Increase Proposed for CETA

The fiscal year 1981 budget request for CETA is $9.2 billion, a $1.1 billion increase over the fiscal year 1980 level. CETA's purpose is to provide job training and employment opportunities for economically disadvantaged, unemployed, or underemployed persons and to assure that training and other services lead to maximum employment opportunities. Two sections of this program are targeted to older workers: Section 215 of title II and section 308 of title III.

The request for title II is $2.1 billion. Section 215, part B of this title, is designed to assist eligible participants in overcoming the particular barriers to employment experienced by older workers. Each prime sponsor will be encouraged to utilize title II funds for part B.

Section 308 will be increased from $2.7 million to $5 million in fiscal year 1981. These funds will allow for the continuation or expansion of projects which focus on the development of second careers. As a result of these projects, the Department of Labor is expected to establish training policies and employment programs for older workers which will facilitate the transition of such workers back into the labor force. These programs would include work experience, vocational

education, public service employment, on-the-job training, occupational upgrading, and job search, placement, and technical assistance to employers for establishing innovative arrangements suited to the needs of older workers.

VII. SERVICES AND PROGRAMS FOR THE ELDERLY

$714 Million Proposed for AoA Programs

A $714 million funding level is recommended for Administration on Aging (AoA) programs in the administration's fiscal year 1981 budget, $61.8 million above the fiscal year 1980 level. AoA is presently operating under a continuing resolution—at a $652.22 million level.

Current Older Americans Act (OAA) policy is focused on the development of a system of community-based services for older persons which includes a continuum of care for the vulnerable elderly and stresses independent living. This system is implemented at the local level by area agencies on aging (AAA) whose activities are coordinated by State agencies on aging. Funding for State and area agency activity is requested to continue the development of this system.

The administration's fiscal year 1981 request for a $33 million increase for title III social services and senior center activities will provide States with additional resources to implement the legislative mandates in the 1978 amendments to the act. The total nonnutrition services budget of $303 million will:

—Support over 700 area agencies, an increase of 50 over 1980, and 57 State agencies.

—Finance a variety of community services for older Americans, including information and referral, transportation, counseling and over 2,100 senior centers. An estimated 3.2 million older persons will be served.

—Fund State ombudsman programs for residents of long-term care institutions (at least one per State).

—Fund special projects for legal services, disaster relief, home heating and utility services, and other priority projects included in the 1978 amendments.

The request for a $30 million increase in the nutrition program will defray the estimated 10 percent increase in the food and meal preparation costs projected for 1981. The total fiscal year 1981 nutrition budget (congregate and home-delivered meals) will maintain the daily meals level at 410,000, up 20 percent from 1979. Approximately 57,000 of these meals will be delivered to the home-bound elderly.

A funding level of $52.8 million is requested under title IV for training, research, gerontology centers and special projects, including long-term care and legal services. These funds are considered necessary to assure an adequate number of trained personnel in the field of gerontology, to increase the knowledge base of the social service needs of older Americans, and to test or demonstrate delivery systems to improve the quality of services to older persons with an emphasis on assessing and addressing the needs of long-term care patients.

Funding for grants to Indian tribes is requested at the same level as fiscal year 1980—$6 million. Under the act, during any fiscal year in which less than $5 million is appropriated, tribal organizations are authorized to receive assistance through the provisions of title III.

The National Information and Resources Clearinghouse for the Aging will continue to operate at the fiscal year 1980 level—$2 million. This center is expected to acquire all relevant core literature published in the field of gerontology since 1964. When fully operational the system will provide information services to an estimated 30,000 people during the budget year. The center will also acquire and provide access to 80 percent of the new documents in gerontology.

Funding for the Federal Council on Aging (FCA) was scheduled to reach $581,000—an increase of $131,000 over fiscal year 1980. In addition to its regular activities, FCA is directed to:

—Report on the health and economic status of older persons.

—Develop policy recommendations on issues pertaining to the employment needs of older workers and the economic, social and related characteristics of the rural elderly; and

—Undertake a thorough evaluation and study of OAA programs.

The administration's budget request also includes $3 million for the 1981 White House Conference on Aging. These funds are to be expended during the planning phase of the conference. During 1981, conference delegates will be selected; analysis of State and local conferences will be made for inclusion in the national conference agenda; and final arrangements will be completed for the Washington conference to be held in the late fall of 1981.

FUNDING FOR OLDER AMERICANS ACT (AOA PROGRAMS)

[In millions]

	Fiscal year 1980 estimate	Fiscal year 1981 request
Title:		
National Clearinghouse	$2.0	$2.0
Federal Council on Aging	.45	.58
Title III:[1]		
Administration	22.5	22.67
Social services and senior centers	246.97	280.0
Congregate meals	270.0	295.0
Home-delivered meals	50.0	55.0
Title IV:		
Training	17.0	17.0
Research	8.5	7.0
Gerontology centers	3.8	3.8
Special projects. including long-term care and legal services	25.0	25.0
Title V:		
(Community service employment)	(266.9)	(267.1)
(Section 311–surplus commodities)	(55.0)	(60.5)
Title VI:		
Direct Indian grants	6.0	6.0
Total	[2] 652.22	[2] 714.05

[1] Up to 8.5 percent of the funds requested for social services, senior centers, and nutrition services may be used for area agency administration.

[2] These totals do not include the title V program which is administered by the Department of Labor, or the commodities programs administered by the Department of Agriculture.

Increase in the Title XX Ceiling Requested

The President's budget shows a $2.7 billion ceiling limitation in 1981 for title XX, $200 million above the 1980 level. For both 1980 and 1981, the budget requests for title XX have been based on the administration's legislative proposals which would provide a permanent ceiling of $2.9 billion. However, the authorizing legislation is awaiting final conference committee action to resolve differences between the House and Senate passed ceiling levels ($3.1 billion in the House bill and $2.7 billion in the Senate bill for fiscal year 1980).

ACTION's Older American Volunteer Programs

The budget requests an increase of $2.58 million for the senior companion program (SCP); and no increase from the 1980 levels of $26.2 million for the retired senior volunteer program (RSVP) and $46.9 million for the foster grandparent program (FGP).

OLDER AMERICAN VOLUNTEER PROGRAMS

	Fiscal year 1980 estimate	Fiscal year 1981 estimate	Increase/ decrease
Retired senior volunteer program	$26,217,000	$26,217,000	----------
Foster grandparent program	46,900,000	46,900,000	----------
Senior companion program	10,200,000	12,783,000	+$2,583,000
Total obligations	83,317,000	85,900,000	+2,583,000

The increase in the SCP is to be used for an additional 980 senior companions. Components of 10 volunteers each will be added to 10 existing senior companion programs, one in each Federal region. Each region will have a minimum of one new project and several new projects will be started in areas presently without SCP projects. Approximately 100 other volunteers will be assigned to long-term care projects which will involve direct health care providers as volunteer stations, develop client care plans, and improve training for sponsors and senior companions.

By the end of fiscal year 1981, there will be a total of 293,680 volunteers in the three older American volunteer programs. This will be an increase of 4,015 volunteers over the fiscal year 1980 level.

VOLUNTEER STRENGTH

	Fiscal year 1980 estimate	Fiscal year 1981 estimate
Retired senior volunteer program	269,200	271,400
Foster grandparent program	16,880	17,480
Senior companion program	3,585	4,800
Total	289,665	293,680

Foster grandparents and senior companions serve 20 hours per week each. Foster grandparents will serve 43,700 children both in and out of institutions who have mental, physical and emotional handicaps. Senior companions seek to prevent or delay institutionalization of the chronically homebound elderly, shorten the stay of elderly persons temporarily institutionalized and provide in-home services to the deinstitutionalized. Approximately 17,500 frail older persons will benefit from the services of the senior companions. Both of these groups receive stipends of $2 per hour for their community service activities.

The RSVP volunteers receive no stipend. They serve 4 or more hours per week in a wide variety of community based social service programs providing counseling to other older persons in health, nutrition, energy conservation, and other areas.

Also included in the President's budget was first-time funding of $5.65 million for fixed-income consumer counseling (FICC) and $1.25 million for helping hand (HH). Both of these programs, which were authorized in late 1980 to assist the elderly, will be implemented in

fiscal year 1981 as a part of ACTION's urban volunteer program. FICC will provide counseling by volunteers to the elderly in the areas of financial management, nutrition and consumer awareness. Helping hand will assist neighborhood-based organizations which provide personal assistance and services to persons returning from institutions.

Food Stamp Program

The number of participants in the food stamp program increased from 17.7 million to 20.2 million persons in fiscal year 1980 due chiefly to the elimination of the purchase requirement wherein participants were required to purchase coupons. The administration's budget requests $9.7 billion for the program in fiscal year 1981, as well as a $2.6 billion supplemental increase for fiscal year 1980, to meet the demand of increasing participation.

Legal Services

$321.3 million is requested for the Legal Services Corporation for fiscal year 1981, a $21.3 million increase over the 1980 spending level. $284 million of this amount will be used to support 360 local legal services programs with 7,000 attorneys and 3,000 paralegals. In addition, $3.5 million will be used to support special demonstration projects for legal services, including methods of providing legal services to the elderly.

Community Services Administration

A total budget of $549.8 million is requested for the programs under the Community Services Administration (CSA) for fiscal year 1981. $394.3 million of this amount, $12.5 million over last year's level, will support the community action programs (CAP's) which oversee a variety of social services at the local level for low-income families and elderly.

The senior opportunities and services program (SOS) of CSA has a budget request of $10.5 million for fiscal year 1981, the same funding level appropriated for the last 2 years. This amount will support approximately 1 million low-income elderly persons in part-time job opportunities primarily administered by the community action programs (CAP's).

Energy Programs

In fiscal year 1981 energy assistance programs for low-income persons, with a priority for the elderly, will be administered chiefly by the Department of Health and Human Services (formerly the Department of Health, Education, and Welfare). In the past, this program was administered by the Community Services Administration. The budget projects $2.4 billion for energy assistance, $800 million over the 1980 level. However, the authorization for this program has not yet been enacted. The funds for the energy assistance program are expected to be tied to the trust fund created by the projected windfall profits tax.

The weatherization program for low-income households has a budget request of approximately $200 million under the Department of Energy. However, it is expected that the majority of these funds will be administered by local community action agencies under the

Community Services Administration which oversees the weatherization and insulation repairs for low-income households.

National Institute on Aging (NIA)

The National Institute on Aging's 1981 budget request of $75.3 million is 7.2 percent above the 1980 level of $70.2 million. For the extramural research and training program, the fiscal year 1981 budget request of $49.7 million is 10.4 percent above the 1980 level of $45 million. The proposed NIA budget is projected to support 647 awards during 1981, an increase of 34 over 1980:

NATIONAL INSTITUTE ON AGING

	1980	1981
Research grants	518	576
Training awards	61	39
(Number of trainees)	(164)	(125)
Research and development contracts	34	32
Total	613	647

The reduction in training awards reflects overall National Institutes of Health policy in which funds are to be channeled into regular research projects so as to stabilize the Nation's science research base; as a result, no new NIA training awards will be made in 1981.

Expanded Equal Employment Opportunity Commission Expects Budget Increase To $135 Million

Effective in 1979, the Equal Employment Opportunity Commission (EEOC) took over responsibility for the enforcement of the Age Discrimination in Employment Act (ADEA). The President's budget proposes a staff increase for the Commission to improve coordination among Federal agencies and to strengthen the Federal Government's own equal employment opportunity program. Outlays will increase from $120 million in fiscal year 1980 to $135 million in fiscal year 1981.

In fiscal year 1980 EEOC will initiate a pilot program to investigate employment discrimination complaints filed with selected Federal agencies. The purpose of the program will be to develop more effective techniques of investigating and conciliating discrimination cases in the Federal Government and assisting agencies in resolving such complaints. In 1981, EEOC plans to direct increased resources toward consolidating the investigation of all Federal sector employment discrimination complaints within EEOC.

SCORE and ACE

The fiscal 1981 budget requests $2.17 million for the service corps of retired executives (SCORE) and the active corps of executives (ACE). The 1981 request would enable approximately 12,500 retired executives to continue to provide volunteer services. The Small Business Administration administers SCORE and ACE.

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