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ELDERCOUNSELOR

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Federal Budget Cuts and the Impact on Seniors

The federal government is working frantically to decrease spending in 2011 by making sweeping cuts to numerous federally funded programs, in order to avoid a government shutdown. Unfortunately, many of the changes proposed will negatively impact seniors. The cuts began in House Resolution 1 (HR 1), passed by the House last month as a long term continuing resolution to cut fiscal spending this year and keep the federal government from shutting down. But 2011 spending cuts are only the beginning. Next, focus will turn to the 2012 budget where a new round of cuts will likely take place, with potential far-reaching negative impacts on seniors.

Immediate Cuts on the Horizon

According to the National Council on Aging (NCOA), the proposed spending cuts in HR 1 would harm senior citizens by severely cutting initiatives that help older Americans sustain their economic independence and health. HR 1 includes:

- Cuts of approximately \$525 million in services specifically for low-income seniors (including a 64% cut to the Senior Community Service Employment Program);
- Cuts of approximately \$1 billion in funding for Community Health Centers that serve seniors;
- Cuts of \$390 million for home energy assistance;
- Cuts of \$305 million for Community Services Block Grants that currently assist 2.3 million seniors;
- Cuts of \$1 billion to programs that include senior volunteers; and
- Cuts of \$625 million to the Social Security Administration (estimated to be over \$1 billion by the Social Security Administration as noted below).

The NCOA is deeply concerned by the 64% cut to the Senior Community Service Employment Program (SCSE). According to NCOA, this is the only major job program that is targeted specifically

to helping disadvantaged older adults who need to remain in or return to the workforce to avoid financial crisis. The cut proposed in HR 1 would result in the loss of over 83,000 part-time jobs. "For older adults aged 55-64, who cannot yet claim Social Security, the loss of this program could be particularly devastating," said Jim Firman, president and CEO of the NCOA.

According to the NCOA, the \$390 cut in the Low Income Home Energy Assistance Program will force older Americans to make life and death decisions between buying food and medicine or home energy.

AARP's Response to the Proposed Cuts

The American Association of Retired Persons (AARP) is particularly concerned with the immediate cuts contained in HR 1. AARP President W. Lee Hammond testified March 9 in front of the Senate to urge Congress not to cut funding for the Social Security Administration (SSA). As part of his testimony, Lee pointed out that the SSA received nearly 3,225,000 disability claims in 2010, the highest in its 75-year history. But instead of additional funding to assist with the increased workload, the agency is instead faced with aggregate funding losses of over \$1.093 billion.

Hammond noted that AARP is also greatly concerned about the other cuts contained in the proposal, testifying, "While SSA funding is of great importance, we have equal concern for many other vital health care services and economic security programs, including severe proposed cuts to home energy assistance, nutrition programs and Medicare premium assistance for low income seniors. The budget reflects the priorities of this nation, and any budgetary cuts will impact people, not just programs."

The Threat to Senior Volunteer Programs

HR 1 eliminates funding for the Corporation for National and Community Service (CNCS) and the programs it administers, including the Retired and Senior Volunteer Program, the Foster Grandparent Program, and the Senior Companion Program (collectively the "Senior Corps"). CNCS's budget of about \$1.1 billion includes \$111 million for the Foster Grandparent Program, \$63 million for the Retired and Senior Volunteer Program and \$47 million for the Senior Companion Program.

The Foster Grandparent Program connects older volunteers with opportunities to provide one-on-one mentoring, nurturing and support to children with special needs, exceptional needs or who are academically, socially or financially disadvantaged. The volunteers themselves derive significant emotional and health benefits as a result of providing these services. Foster Grandparents may serve between 15 and 40 hours per week, and low-income volunteers receive a small stipend to help defray the costs of volunteering.

In 2010, approximately 29,100 Grandparent volunteers delivered 24 million hours of service to more than 137,000 children.

The Retired and Senior Volunteer Program (RSVP) provides volunteers to work with nonprofit and public organizations, trains seniors to help them live independently, and provides volunteers to mentor more than 16,000 children. RSVP volunteers are non-stipend volunteers. The average federal cost per volunteer is approximately \$140 per volunteer. RSVP also raises funds by applying for grants.

The Senior Companion Program provides volunteers who offer companionship and support to

thousands of older and frail adults, helping them to remain independent and in their own homes at a cost much lower than institutional care. They transport clients to medical appointments, help shop for food and basic necessities, and provide companionship to offset isolation. Senior Companions, who receive a modest hourly stipend, also provide respite to family caregivers.

What's in Store for 2011

A short term continuing resolution was passed in late February to avoid a government shutdown. That resolution will expire on March 18, when it is expected a second short term resolution will be put into place until the House and Senate can agree on permanent cuts to the fiscal 2011 spending bill. Then focus will turn to the 2012 budget, which many believe will target entitlement programs like Medicaid and Medicare.

The Target on Entitlement Programs in 2012

In a March 3 interview with The Wall Street Journal, House Speaker John Boehner said House Republicans' upcoming budget proposal would curb entitlements, including Social Security and Medicare, acknowledging the political risk of taking on such popular programs. Boehner also stated Republicans would do their best to persuade voters that this is a necessary step.

Medicaid cuts could also be coming. There is support within the Republican party to turn Medicaid into a block grant program. This would mean states would be given a lump sum of money to distribute as they see fit. Once the money is used up, there would be no additional Medicaid enrollees until the next fiscal year.

Mississippi Governor Haley Barbour, widely thought to be a Presidential candidate in 2012, recently testified U.S. House Energy and Commerce Committee on the benefits of turning Medicaid into a block grant for the states. A portion of that testimony is below:

The states need the flexibility and authority to craft innovative programs to provide medical care to our neediest citizens. But to do so, we need Congress to cut the red tape states must wade through to implement new programs and save money on what we already do. Through greater flexibility in the management of Medicaid, states might be able to reduce substantially the hidden tax increases that forced expansion of the program will impose. Our citizens should not have to wait years for agencies in Washington to green light new healthcare solutions. We need relief now.

Conclusion

The coming years could bring great economic challenges for our senior population. Looming cuts to programs directly benefitting seniors are on the horizon, with more planned for the future. Now more than ever it is important for seniors and their loved ones to work with trusted legal counsel to come up with a comprehensive plan that will cover how they will access health care and how it will be paid for.

Please contact us if you would like additional information on any of the topics addressed in this newsletter or if you would like to discuss a specific issue.

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