

THE STATE OF OLDER ADULTS IN THE DISTRICT OF COLUMBIA

Overview: Which District of Columbia Seniors Can Access Public Benefit Programs?

OVERVIEW

This overview is part of the third installment of the multi-part series entitled, **The State of Older Adults in the District of Columbia** (District or D.C.). It provides an overview of the cost of living in the District and summarizes how publicly provided benefit programs could help four hypothetical D.C. senior households make ends meet. Previous reports detailed the demographic make-up of District Seniors and the publicly provided benefit programs available to them.

It is important to note the financial and health impacts of the coronavirus on the District could lead to changes in eligibility requirements, funding, or service levels for current programs and could inspire the creation of new programs. Those seeking eligibility information should contact the program directly. Due to these potential changes, the following analysis is based on previous years data and does not attempt to estimate the impact of coronavirus.

As detailed in “**Public Benefit Programs Available to Seniors in the District of Columbia**” report, there are at least 90 publicly provided programs available to D.C. older adults. However, this analysis only uses 30 to determine the financial value of publicly available benefit programs open to each archetype. This is due to either the complexity of establishing a financial benefit of a program or the program does not address helping seniors afford food, healthcare, housing, taxes, transportation, utilities, or other basic needs.

WHAT IS THE COST OF LIVING FOR D.C. SENIORS?

Cost of living is the amount of money that someone needs to spend to afford a basic standard of living.ⁱ The Massachusetts Institute of Technology found that the District is the most expensive place to live when compared to the other 50 states, with a cost of living of \$35,191 for a one-person household.ⁱⁱ

In an effort to understand the financial challenges facing some District seniors, this report estimates the cost of living for two- and one-person senior households as ranging from \$39,185 to \$59,322 per year. The most important factor in determining cost of living is whether they own or rent their home. The estimate draws upon information from the U.S. Census Bureau and the University of Massachusetts Boston Elder Index, and adjusts for District-specific expenses, such as metro fare.^{1 iii}

¹ This report assumes that all four of the following senior household cost of living examples earn just enough to cover their basic needs and that Social Security makes up the majority of their income and taxable pension income accounts for the remaining portion. Estimated federal and District income taxes for each household are based on the total cost of living minus income taxes. Property taxes are included in housing costs, which are calculated based on the D.C. median home value, \$620,000. Since 71 percent of District senior homeowners do not have a mortgage, it is assumed neither the two- or one-person homeowners has a mortgage. For the renters, the analysis assumes that both the one- and two-person households have rented one-bedroom units at the average monthly rent for seniors, \$1,392. For healthcare costs, the report assumes that all households are in good health and are not currently enrolled in any health plan. The yearly healthcare costs are determined using the amount the Centers for Medicare and Medicaid spend per enrollee in 2019 on Medicare Part A (\$5,305), Part B (\$6,517), and Part D (\$2,057), as well as the national average 2019 costs seniors paid for medicine and medical services and supplies

(\$2,074 for each senior). Food costs are determined using the U.S. Department of Agriculture’s Low-Cost Food plan. Transportation costs are estimated assuming they do not own a car and using the cost of an D.C. SmarTrip peak fare plan and the average cost of taxis. Utilities include electric, gas, and water for a 915 square foot apartment and an average D.C. home. It also includes the cost of broadband internet and a cellphone plan.

Cost of Living for D.C. Seniors				
Category	Homeowner		Renter	
	Two-Senior Household	One-Senior Household	Two-Senior Household	One-Senior Household
Income Taxes	\$907	\$1,284	\$1,021	\$1,413
Housing	\$14,402	\$14,402	\$16,704	\$16,704
Healthcare	\$31,906	\$15,953	\$31,906	\$15,953
Food	\$5,652	\$3,084	\$5,652	\$3,084
Transportation	\$2,562	\$1,281	\$2,562	\$1,281
Utilities	\$3,181	\$3,181	\$1,477	\$1,477
Total Yearly Cost	\$58,610	\$39,185	\$59,322	\$39,912

ARCHETYPES

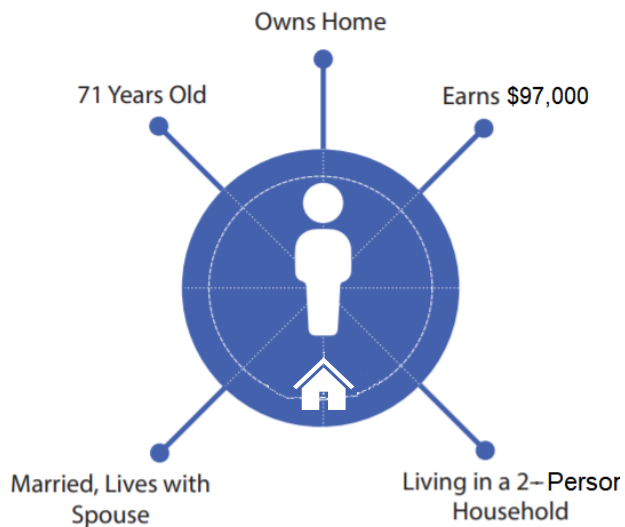
This report uses four archetypes of senior households in D.C. to understand how they make ends meet, and what gaps, if any, exist in the public social safety net. The analysis demonstrates how various household characteristics impact not only what public benefits a D.C. senior qualifies for but also the value of that benefit. The cost of living for the four archetypes differs slightly from the cost of living for other D.C. seniors due to income tax liability assumptions.

The archetypal characteristics are based on average U.S. Census household details of District seniors, including pre-tax income, size, age, and whether they rent or own their residence. Two archetypes are homeowners, without a mortgage, and two are renters. Within these two categories, two archetypes' annual income was determined by the median income for all D.C. senior homeowners or renters, respectively. The annual incomes for the other archetypes were determined by the median income of those senior District homeowners or renters who live below the Federal Poverty Level (FPL).² Since about 67 percent of D.C. seniors are not married, only the Median-Income Homeowner is married.^{iv} The ages of the archetypes were determined using the average age of seniors in those particular household and income categories.

Only the Median-Income Homeowner earns enough money to meet all of their basic living expenses without public assistance, with \$25,575 to spare annually. The remaining three archetypes would need public assistance to meet their basic needs. The Median-Income Renter would need an extra \$10,461 a year to meet their cost of living, while the Homeowner Below FPL would need \$26,916, and the Renter Below FPL would need \$30,014. All four archetypes could meet and even exceed their basic cost of living when combining both their income and the benefit values. However, there are limitations on how most benefits can be used.

² The Federal Poverty Level, also called the poverty line, is lowest level of income deemed sufficient to cover essential living costs based on family size. These levels are represented by percentages. The 2020 poverty line for a one-person household is \$12,760 and \$17,240 for a two-person household.

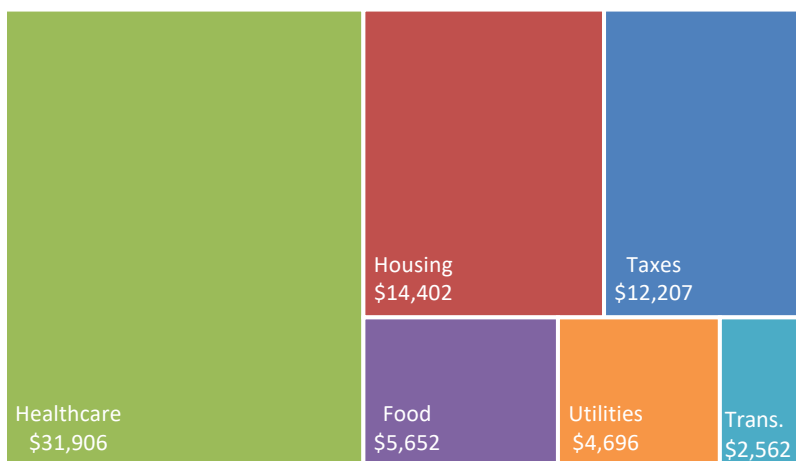
THE MEDIAN-INCOME HOMEOWNER



Highlights

- The Median-Income Homeowner earns \$97,000 annually, with \$35,448 coming from Social Security and \$61,552 from retirement pensions. Their federal and District tax liability is \$12,207.
- They own a home, without a mortgage, worth \$620,000.
- They are the only two-person household.
- They are the only archetype able to afford their basic needs (\$71,425) without any public assistance.
- They cannot meet any of their minimal costs through benefits alone (\$24,317).

Cost of Living By Category



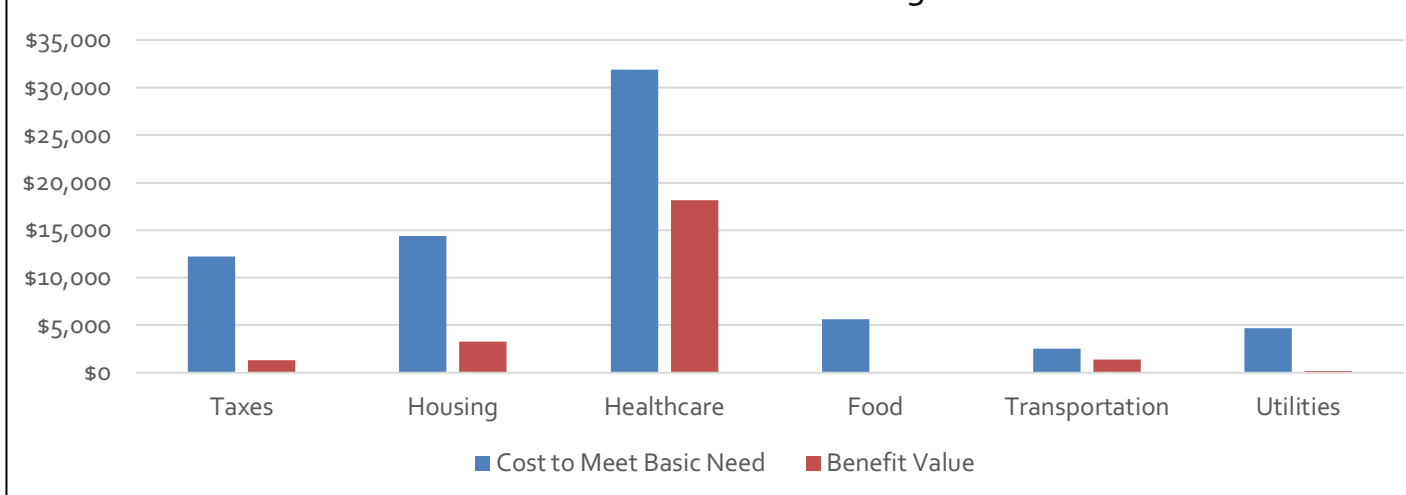
Cost of Living

The Median-Income Homeowner's cost of living would be \$71,425, the highest of all four archetypes. This is due to this archetype being the only two-person household. Their largest cost is healthcare, at \$31,906, and the lowest is transportation, at \$2,562. However, they are the only archetype able to afford their basic needs without any public assistance.

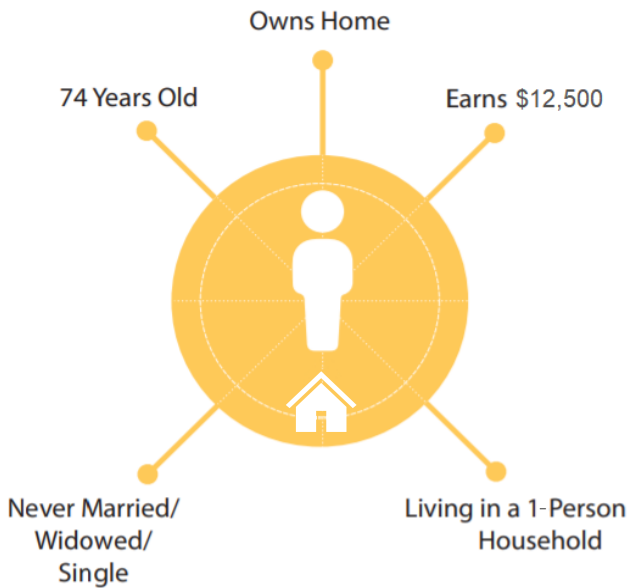
Value of Benefit Programs

Of the 30 programs included in this report, the Median-Income Homeowner could be eligible for 10, with a total potential financial benefit of \$24,317. When the benefit value is combined with their income, they would have an excess of \$49,892 over their minimal cost of living. Healthcare related programs would account for the largest share (\$18,178) of financial benefits from public programs. The smallest category would be utilities, with a potential value of \$188. They would not qualify for any food programs.

Median-Income Homeowner Cost of Living & Benefit Value



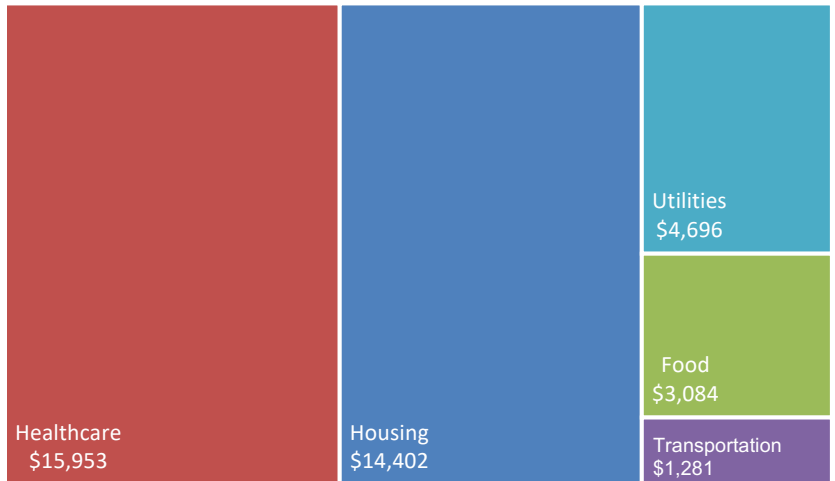
THE HOMEOWNER BELOW FPL



Highlights

- The Homeowner Below FPL earns \$12,500 annually, all from Social Security. Their federal and District tax liability is \$0.
- They own a home, without a mortgage, worth \$620,000.
- Healthcare costs (\$15,953) and benefits (\$33,486) account for the largest of both categories.
- They would be able to meet and exceed their total basic cost of living (\$39,416) through their income and benefits (\$45,242).

Cost of Living by Category



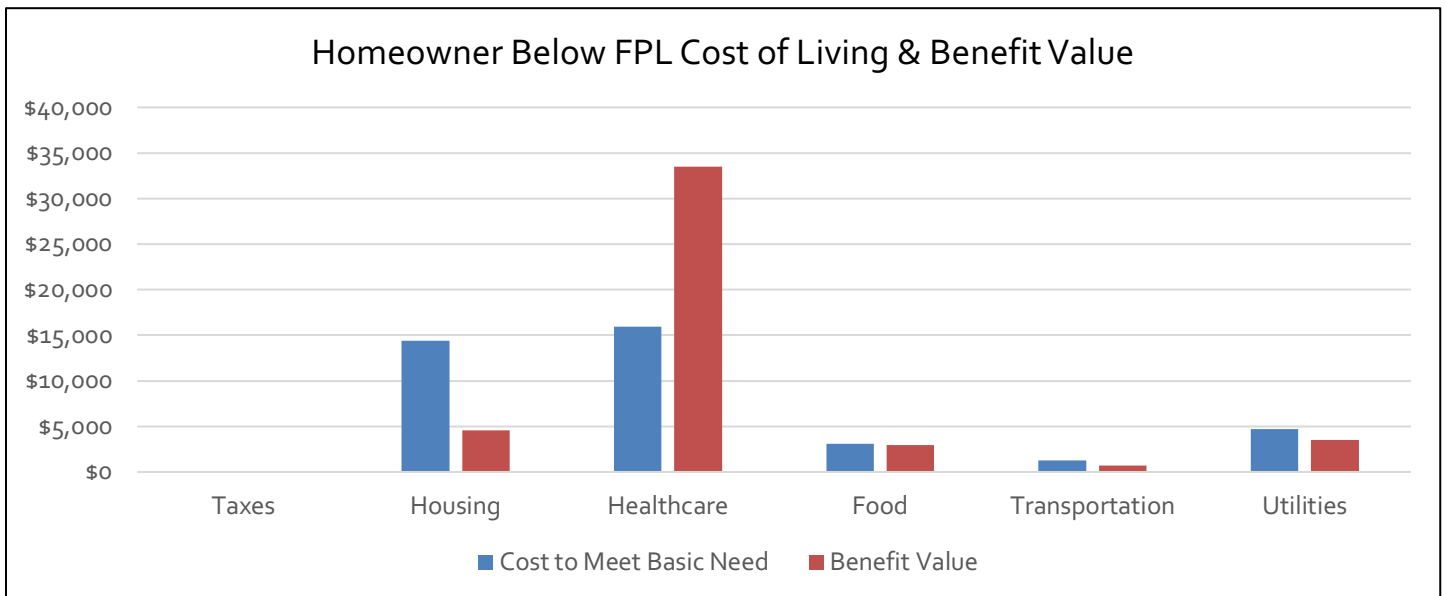
Cost of Living

The cost of living for the Homeowner Below FPL would be \$39,416, the lowest of all the archetypes. Their largest cost is healthcare, at \$15,953, and the lowest is transportation, at \$1,281.

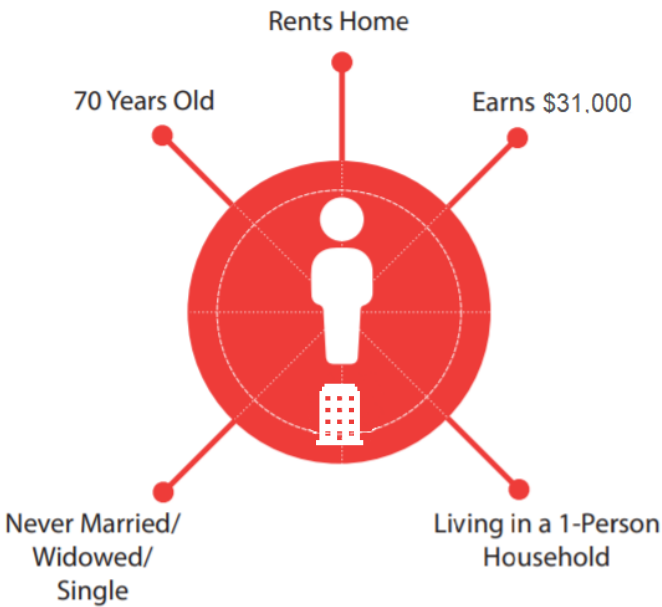
Value of Benefit Programs

Of the 30 programs included in this report, the Homeowner Below FPL could be eligible for 25 programs. The estimated total financial benefit of these programs would be \$45,242. With this financial assistance, they would have about \$13,296 above their cost of living. Healthcare related programs (\$33,486) account for the largest financial portion of the benefits. The smallest category would be transportation, at \$690.

Homeowner Below FPL Cost of Living & Benefit Value



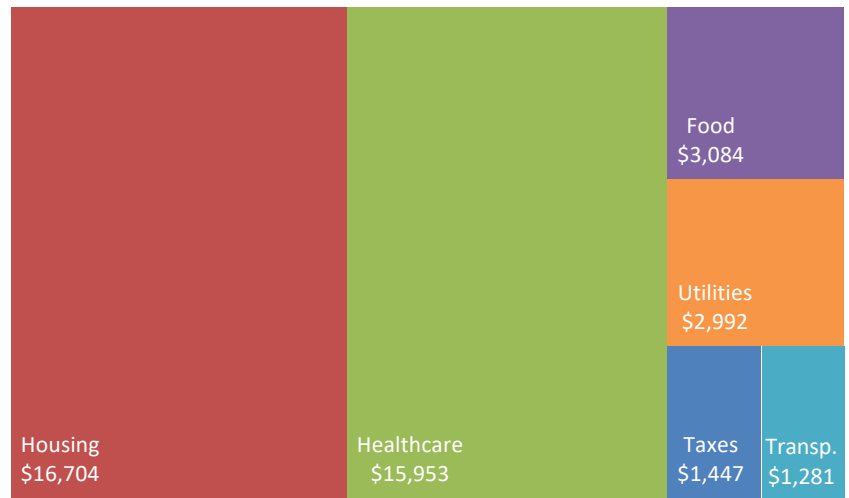
THE MEDIAN-INCOME RENTER



Highlights

- The Median-Income Renter earns \$31,000 annually, with \$17,724 from Social Security and \$13,276 from a retirement pension. Their federal and District tax liability is \$1,447.
- They rent a one-bedroom apartment for \$16,704 a year.
- Housing costs (\$16,704) account for the largest share of their cost of living.
- Healthcare programs provide the greatest financial benefit (\$13,486).
- They would be able to meet and exceed their total basic cost of living (\$41,461) through their income and benefits (\$25,380).

Cost of Living by Category



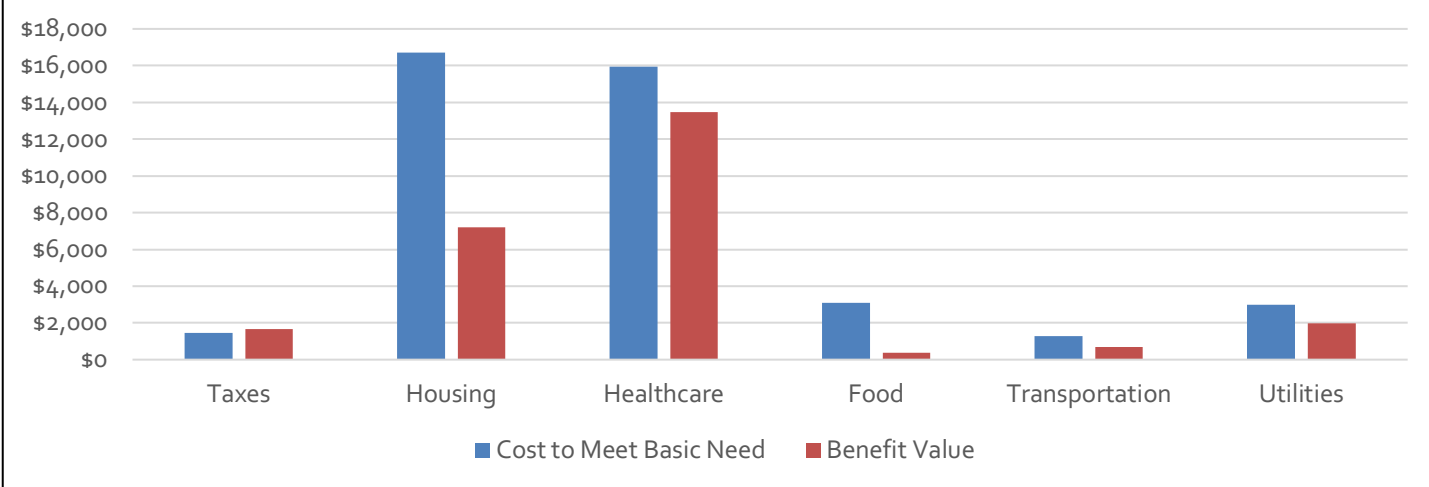
Cost of Living

The cost of living for the Median-Income Renter would be \$41,461, the highest of the single senior households. Their largest cost would be housing, at \$16,704, and the lowest would be transportation, at \$1,281.

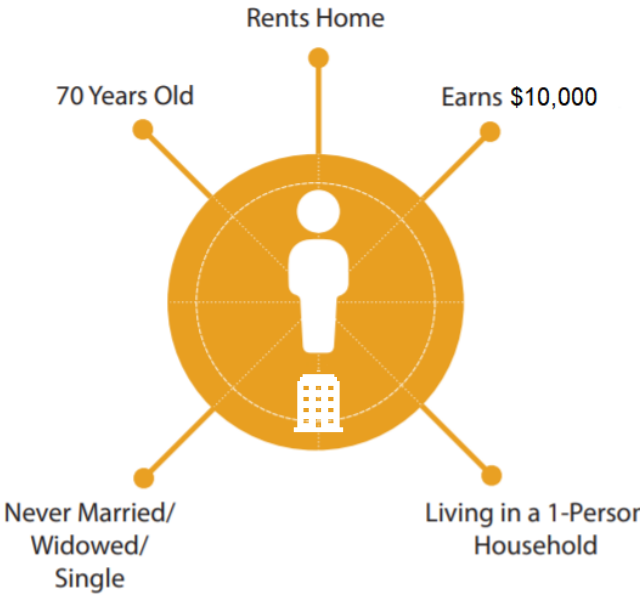
Value of Benefit Programs

Of the 30 programs included in this report, the Median-Income Renter could be eligible for 15 programs, worth an estimated \$25,380. When the benefit value is combined with the Median-Income Renter's income (\$31,000), they would have an excess of \$14,919 over their cost of living. The majority of financial aid from public benefits would be received from healthcare programs (\$13,486). The smallest would come from transportation, at \$690.

Median-Income Renter Cost of Living & Benefit Value



THE RENTER BELOW FPL



Highlights

- The Renter Below FPL earns \$10,000 annually, all from Social Security. Their federal and District tax liability is \$0.
- They rent a one-bedroom apartment for \$16,704 a year.
- Housing costs (\$16,704) account for the largest share of their cost of living.
- Healthcare programs provide the greatest financial benefit (\$33,486).
- They would receive the highest benefit value of all the archetypes (\$59,292) and would be able to meet their basic costs for housing, healthcare, and utilities through benefit alone.³

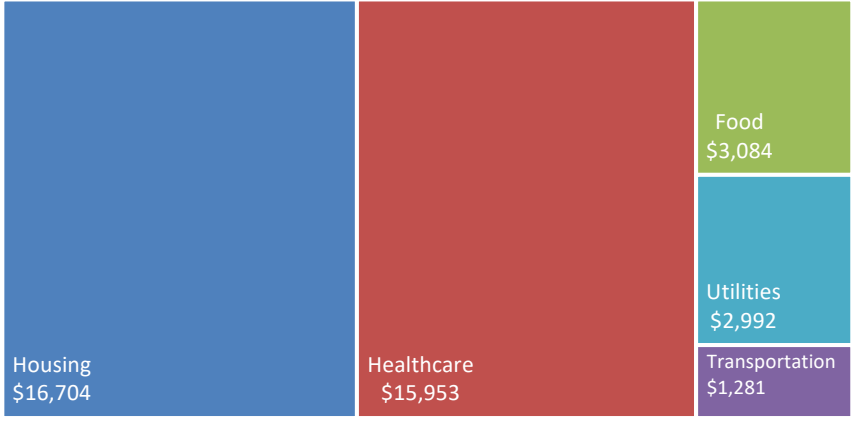
Cost of Living

The cost of living for the Renter Below FPL would be \$40,014. The largest cost for the Renter Below FPL would be housing, at \$16,704 and the lowest would be transportation, at \$1,281.

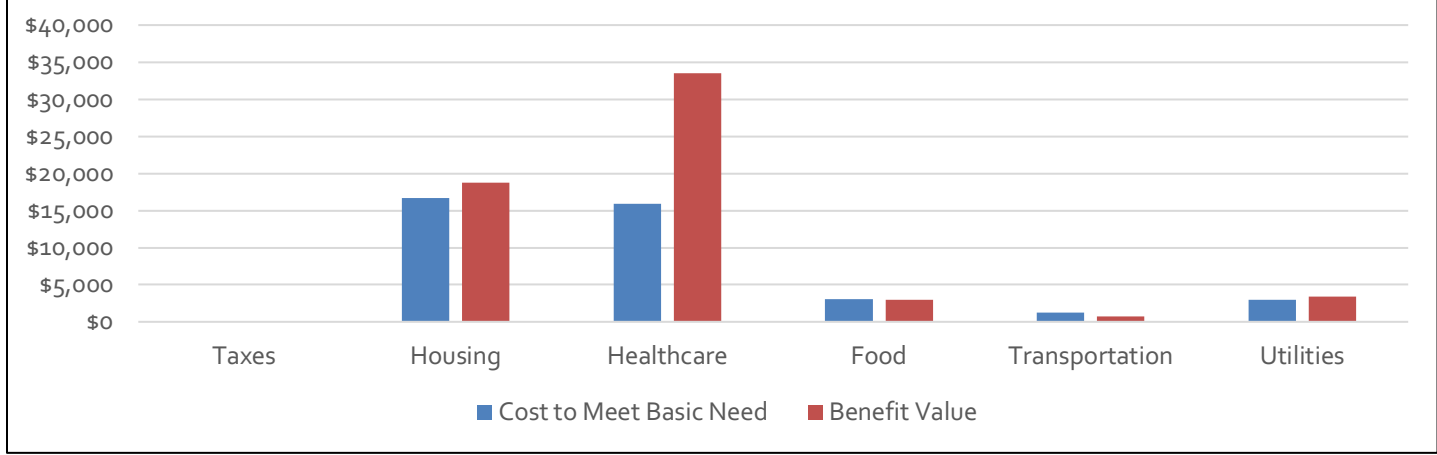
Value of Benefit Programs

Of the 30 programs included in this report, the Renter Below FPL could be eligible for 24, worth an estimated \$59,292. When the benefit value is combined with the Renter Below FPL's income (\$10,000), they would have an excess of \$29,278 over their minimal cost of living. The majority of the financial aid would be received from healthcare related programs (\$33,486). The smallest would be from transportation, at \$690.

Cost of Living by Category



Renter Below FPL Cost of Living & Benefit Value



³ The housing benefit is from the Low Rent Supplement Program, which only offers a limited number of vouchers. If the Renter Below FPL does not receive one, only \$7,200 of their housing costs would be covered through the Rental Assistance for Unsubsidized Seniors Program.

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- iv Ruggles et al., "IPUMS: 2017 American Community Survey, 5-Year Sample." <https://doi.org/10.18128/Do10.V9.o>



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*This report is a product of the Office of the Budget Director's Research Division
Council of the District of Columbia*

Research Team:

Al-Sammarraie, Ali

Budoff, Jennifer

Groves, Susanna

Punelli, Katelin

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