

TESTIMONY OF

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AND

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Chairman Smith, Ranking Member Kohl, and distinguished members of the Committee, my name is Donna Harvey. I am the Executive Director of the Hawkeye Valley Area Agency on Aging in Waterloo, Iowa, and I serve as President of the National Association of Area Agencies on Aging (n4a).

n4a represents our nation's 655 Area Agencies on Aging (AAAs) and is the champion in Washington, DC, for the interests of 240 Title VI Native American aging programs. As the local component of the Aging Network, Area Agencies on Aging and Title VI programs that have successfully delivered aging services in every community across the country for over 30 years. In 2004, AAAs delivered aging services to 8 million older Americans.

I want to thank the Committee for inviting me here today to testify on the impact of higher energy costs on older adults and, in particular, how rising gasoline prices are significantly impacting the AAA sponsored transportation and nutrition programs that seniors depend on to maintain their quality of life.

Over the last five years, the dramatic rise in gasoline prices has escalated to the point that they are having an impact on older adults' ability to maintain their health, mobility and independence. From 2000 to April 2005, gasoline prices have skyrocketed by an average of \$.95 a gallon, an increase of 74 percent, with retail prices rising from \$1.28 to \$2.24 a gallon. This year alone, gasoline prices have jumped an average of over \$.40 a gallon.

These price increases place tremendous pressures on all drivers but especially older drivers who live largely on fixed incomes with limited means to absorb the costs of

higher fuel prices. Currently, older adults age 65 to 74 spend 18 percent of their income on transportation, while older adults 75 and older spend 13 percent of their income to meet their transportation needs. As a result of high fuel costs, many older adults have had to curtail their driving; to making only the most essential trips to medical appointments, the pharmacy, and the grocery store. For the 10.2 percent of seniors 65 and older living in poverty and the 30 percent of older Americans classified as low-income, rising gasoline prices can mean making tough choices between maintaining their mobility and meeting other necessities of life.

Cutbacks due to rising fuel costs are not just impacting individual older drivers, they are also impacting the AAA sponsored transportation and nutrition programs that older adults rely on. In FY 2003, Older Americans Act Title III funds made it possible for over 62,000 older adults to receive transportation services, over 950,000 older adults to receive home delivered meals, and over 1.8 million older adults to receive congregate meals.

The fact that Older Americans Act Title III funding for nutrition programs and supportive services such as transportation has not kept pace with inflation has made it necessary for AAAs to find additional funding streams to supplement their Older Americans Act funding. AAAs have drawn upon Social Services Block Grant funding, federal grants from the Department of Transportation, and other private and foundation grants to cobble together the funding to continue to provide these essential services. Even with these added but often times temporary funding sources, however, AAAs have found it exceedingly difficult to maintain current services due to the growing cost of providing services as well as the increasing demand for services by our nation's surging aging population.

Mr. Chairman, despite their best efforts to juggle multiple funding sources, many AAAs are now forced to shift additional costs to transportation recipients as well as to make cutbacks in the level of transportation services they provide to older adults.

An August 2003 survey conducted by n4a of all AAAs and Title VI Native American aging programs, even before the latest jump in gasoline prices, revealed that 25 percent of respondents had to decrease transportation services over the last two years. Over three-quarters of these agencies cited budget cutbacks and financial constraints in meeting increased costs as the major cause for decreased services. Moreover, 25 percent of respondents reported having waiting lists for transportation services.

At my own agency, we have had to make several adjustments to the transportation services we can provide to seniors as a result of increased operating costs passed on to us from our local transit agency. We have had to restrict the trip destinations that the AAA could support and only provide transportation for seniors to go to congregate meals at senior centers, grocery shopping, medical appointments and the pharmacy. Consequently, transportation services have been eliminated for all “non-essential” trips such as family visits, general shopping, trips to the workplace, and other social activities. This limitation has unavoidably impacted the quality of life for seniors in my community.

One of our main transportation providers now projects that fuel expenditures for the fiscal year starting July 1 will increase by \$16,000 or 20 percent over last year rising from \$65,000 to \$81,000. To save fuel, the provider has already taken steps to transition its fleet of vehicles to more fuel efficient mini vans to the degree possible. However, they are limited in using these types of vehicles due to passenger capacity and accessibility

considerations. In addition to dealing with increased fuel costs, this transportation provider has been saddled with a 25 percent hike in its insurance premiums, equivalent to \$500 per vehicle in its fleet. As a result of these escalating operating expenses, the cost of providing a trip has more than doubled for many AAAs.

Rising gasoline prices are especially burdensome to AAA programs that depend heavily on volunteers. My AAA currently reimburses volunteer drivers and individuals that deliver meals from preparation sites to congregate sites at the rate of \$.29 per mile. Within the last month, many of our volunteers have requested an increase in the reimbursement rate to cover their rising fuel expenses. One volunteer has been forced to resign because he could not personally cover the difference between the fuel costs and our reimbursement rate. In addition, congregate and home-delivered meal directors report that uncompensated Meals on Wheels volunteers are decreasing their days of service due to the rising fuel costs.

Rising fuel costs also place tremendous pressures on older adults, particularly caregivers for whom transportation is a critical facet of their caregiving duties. This is especially true in rural areas. To give you one example, a 75-year old female caregiver in Waterloo, Iowa, who cares for her spouse with Alzheimer's disease, has to travel 180 miles round trip to the University of Iowa Hospital in Iowa City for medical appointments. The couple's savings have been exhausted to provide support and care for the husband and for the wife's increased medical costs resulting from the stress of being a full-time caregiver. The increased cost of gasoline to travel to their medical appointments has put an additional strain on their limited budget which consists primarily of Social Security income. This couple has been put in the difficult position of choosing among necessities. This same scenario exists for many seniors who reside in rural areas, where they may

need to travel long distances to get to necessary services and alternatives to driving are limited or non-existent.

Mr. Chairman, in your home state, the Community Connections of Northeast Oregon AAA based in La Grande, has reported their agency's fuel costs have increased 20 percent this fiscal year alone and now account for 6 percent of the transportation program's operating budget. In the three rural counties of Baker, Union, and Wallowa, the AAA has spent \$32,372 on gasoline since last July to provide 45,900 rides to older adults, persons with disabilities, and the general public.

The AAA has only been able to maintain its commitment to serving the area's older adults because it has successfully tapped into two new funding sources from the Federal Transit Administration (FTA) under the Section 5310 formula grant for the elderly and person with disabilities and Section 5311 rural formula grant. Both of these grants have been instrumental to the AAA's success in continuing to serve northeast Oregon's older adults without making transportation service cutbacks. Additionally, the AAA has redesigned its transportation program to deal with increased demands by limiting its dial-a-ride demand-response system to vulnerable older adults and persons with disabilities and establishing a new scheduled route system geared to ambulatory riders.

These fuel cost increases are not unique to the Midwest or the West Coast. In Virginia, the Lake Country AAA, which serves older adults in three counties stretching over 100 miles in the rural southern part of the state, estimates that the cost of providing transportation services with its fleet of vehicles has increased \$58,000 in just the last three years, with rising gasoline prices comprising 77 percent of this increase. This year, the AAA projects that its transportation program costs will increase by approximately 20

percent or \$22,000 above last year's level. If fuel prices continue at their present level or increase, the AAA reports that it will be unable to sustain its current level of transportation services to the area's older adults.

Mr. Chairman, at the same time that AAAs are being confronted with growing costs in operating their senior transportation and meal programs, Older Americans Act Title III supportive services funding, the primary source of funding for these programs, has remained largely level funded.

With the reauthorization of Older Americans Act later this year, Congress will have the opportunity to assess the increased costs of providing Older American Act services, such as transportation, and establish new authorization levels that provide AAAs with more adequate funding to meet the demands of providing services to the growing number of older Americans. It is critical that Congress seize this opportunity.

In addition, with the reauthorization of the Transportation Equity Act for the 21st Century (TEA-21) this year, Congress has indicated its willingness to further invest in senior transportation needs through the FTA's Section 5310 formula grant targeted to the elderly and persons with disabilities. Funding for this capital grant program must be expanded to partially offset the estimated \$1 billion per year in unmet senior transportation needs.

In light of rising fuel prices that often prevent vehicles from being fully utilized, it is increasingly important that current restrictions on the Section 5310 program be relaxed to allow transportation providers greater flexibility to use funds where they are most needed. Expanding the use of Section 5310 grant funds to include assistance with

operating costs such as vehicle maintenance, insurance premiums, and volunteer recruitment and training would be a significant help to AAAs struggling to cover fuel costs and preserve their current level of services. In addition, greater resources for Mobility Managers, who help determine the transportation needs of seniors and connect them with the best available transportation options, would help seniors maintain their mobility and independence when faced with cutting back their driving because of high gasoline prices.

In conclusion, all Americans have been feeling the pain of higher gasoline prices, but this pain is compounded for older Americans on fixed incomes who can ill afford the rising cost of gasoline. Rising fuel costs are fast becoming a crisis not only for older adults themselves, but also for the agencies that serve them. Over the last five years fuel costs have risen 74 percent while Older Americans Act funds for transportation and meals programs have been flat funded. We encourage Congress to make additional resources available to AAAs to better meet the growing demand for and cost of providing senior transportation and meal programs. The health, mobility, and independence of America's seniors depend on it.

Thank you, Mr. Chairman, for holding today's hearing to call attention to the impact of rising energy costs on America's seniors. I would be happy to answer any questions you may have.