The Commonwealth of Massachusetts

LEGISLATIVE RESEARCH COUNCIL

REPORT RELATIVE TO

REDUCED FARES FOR THE ELDERLY

For Summary, See
Text in Bold Face Type.

January 17, 1966
ORDER AUTHORIZING STUDY

(House, No. 3674 of 1965)

Ordered, That the Legislative Research Council be directed to investigate and study the subject matter of current house documents numbered 308, relative to providing that persons who have attained age sixty-five shall be transported for half fare on certain passenger carriers during certain times; 898, relative to entitling persons over sixty-five years of age to travel at reduced rates on certain transportation lines; and 899, relative to providing reduced fares on the Massachusetts Bay Transportation Authority for elderly persons, and to file the results of its statistical research and fact-finding with the clerk of the senate from time to time but not later than the last Wednesday of January, nineteen hundred and sixty-six.

Adopted
By the House of Representatives,
May 21, 1965

By the Senate, in concurrence,
June 3, 1965
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LETTER OF TRANSMITTAL TO THE
SENATE AND HOUSE OF REPRESENTATIVES

To the Honorable Senate and House of Representatives.

GENTLEMEN: — In accordance with House Order, No. 3674 of 1965, the Legislative Research Council submits herewith a report on the subject of "Reduced Fares for the Elderly."

The report was prepared by the Legislative Research Bureau, whose work is limited to "statistical research and fact-finding." Therefore, no recommendations or legislative proposals are included. The report does not necessarily reflect the opinions of the undersigned members of the Council.

Respectfully submitted,

MEMBERS OF THE LEGISLATIVE
RESEARCH COUNCIL

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LETTER OF TRANSMITTAL TO THE
LEGISLATIVE RESEARCH COUNCIL

To the Members of the Legislative Research Council.

House Order, No. 3674 consolidated three bills dealing with the subject of reduced fares for elderly persons during non-rush hours on mass transportation systems, and sent them to the Legislative Research Council for investigation and study.

The Legislative Research Bureau herewith submits a report based on such study. As required by statute for all of our reports, this one is restricted to fact finding and contains no recommendations. Its preparation was the primary responsibility of Samuel Brown, Assistant Director of the Bureau.

Respectfully submitted,

HERMAN C. LOEFFLER,
Director, Legislative Research Bureau
Of some 18 million persons in the United States who have reached the age of 65, more than 600,000 reside in Massachusetts. The General Court has been generous in its concern with the problems of this large elderly population by providing liberal budgets for Old Age Assistance and for Medical Assistance for the Aged, by allowing real estate abatements for certain elderly persons, and by extending other special assistance to the aged.

A number of bills have been introduced in recent years on the subject of reduced fares for the elderly on passenger carriers, but all have failed to pass. In the 1965 session of the Legislature, four such petitions were filed. One was given “next annual session,” and the other three were consolidated and made the basis of this study (House Nos. 308, 898 and 899).

Scope of Massachusetts Bills

The three bills under study differ in several important aspects from the procedures followed by those communities in the United States which have adopted reduced fare programs for their elderly residents. In all of these communities, eligibility for such treatment is made contingent on some standards of need, an element which is absent from the Massachusetts bills. However, the sponsors of those bills agree that a line of demarcation is essential.

The Massachusetts bills name either the Department of Public Utilities or the transit company as the agency authorized to issue “permit” cards. The qualifications of these agencies to determine “need” is questioned in some quarters.

The three bills give no indication that they have taken into account the fact that 64,500 persons on public assistance already receive monthly allowances for “travel” and for “leisure time activities.”
Finally, none of the bills include "railroads" as mass transportation facilities in their coverage. The sponsors all state, however, that they did not consider railroads to be within the scope of their proposals. For that reason, this report does not deal directly with that mode of transportation.

Status of Reduced Fare Programs in Massachusetts

There is no reduced fare policy for the elderly anywhere in the Commonwealth, either on a state or local basis. A few years ago, the Brockton Council for the Aging proposed such a program to the Eastern Massachusetts Street Railway, which serves the area. The transit company, after considering the experience of out-of-state communities, decided against it. However, the Brockton Council received the impression that the proposal was turned down by the State Department of Public Utilities (DPU). The State Council for the Aging, in replying to queries from other cities, has discouraged such inquiries on their understanding that the DPU would not approve.

The General Laws require DPU approval of free or reduced rates, except in the case of the Massachusetts Bay Transportation Authority (G.L. c. 159, s. 15). That new Authority is exempted from such DPU approval requirement (Acts of 1964, c. 563).

Nature and Cost of Programs Elsewhere

Reduced fare schedules for the elderly are now in effect in three large metropolitan areas, Los Angeles, Detroit and Cleveland. In all three, eligibility is restricted to those over age 65, except for women aged 62 or more in Los Angeles. Permit cards are good only in non-rush hours. This period varies somewhat, but in general covers the hours between 9:00 a.m. and 4:00 p.m. on weekdays, after 7:00 p.m. evenings, and all day on weekends and holidays.

In these cities, the maximum income of eligible elderly persons is $1,200 a year for one person or $2,400 a year for two persons, exclusive of their receipts of such payments as public assistance and Social Security.

Detroit and Cleveland, with half-fare plans, report annual losses of $650,000 and $150,000, respectively. Los Angeles, which reduces fares by only five cents from 25c to 20c, reports that it breaks even.
Eight other smaller communities offer some form of reduction for the elderly. They are Toledo, Ohio; Oklahoma City, Oklahoma; Des Moines, Cedar Rapids and Davenport in Iowa; and Lansing, Ann Arbor and Dearborn in Michigan. Information is not complete on the details of each of their programs, but in varying degrees their reduced fare programs follow the guide lines and restrictions of Los Angeles, Detroit and Cleveland.

Des Moines is the single city which heartily approves of the philosophy behind its program. This city also points to collateral benefits such as better and faster service during rush hours because elderly patrons are not riding; and a reduction in transit accidents and accident claims because senior citizens are not subjected to pushing and crowding in non-rush hours.

However, not a single community reports a financial gain through anticipated increase in riding habits of the elderly citizens benefitting from reduced fare plans.

Several large metropolitan areas have refused to institute reduced fare programs for the elderly. On the other hand, no community which has once initiated such a program has attempted to abandon it.

Federal Involvement

In 1965, the activities of the Federal Government on behalf of the aging were centralized in a new autonomous division in the U. S. Department of Health, Education and Welfare. This new division, formerly the Office of Aging, is called the "Administration on Aging." Its purposes and functions are described in the "Older Americans Act," passed by Congress at the urging of a U. S. Senate Subcommittee on Aging.

The Administration on Aging has no firm policy on reduced fare programs for senior citizens, although some of its officials espouse the philosophy that all such programs tend to debase the elderly and treat them as second-class citizens. These officials believe one approach might be to provide senior citizens with sufficient income to enable them to live normal lives and to do the things they want to do, without setting them apart as a substandard, subnormal segment of the community.

Of significance to the purposes of this study is the fact that the Administration on Aging is granted the authority and the funds,
by the "Older Americans Act," to finance state or local projects on problems of the aged in whole or in part. Thus, it is quite possible that federal funds would be provided for projects in Massachusetts to determine the costs, if any, of reduced fare programs for the elderly.

Massachusetts Views, Philosophy and Opinions

Area of Special Consideration for Aged

The Massachusetts Old Age Assistance statute was enacted in 1930, five years before federal entrance into the field via the Social Security Act; and budgets in this public assistance category are among the highest in the nation. These Massachusetts budgets already include $5 per month for "travel allowance" and $11.50 a month for "leisure time activities." The budgets of people receiving Disability Assistance include smaller amounts for similar purposes.

In addition, elderly citizens of Massachusetts are granted real estate tax exemptions under certain conditions, income tax exemptions applicable to certain interest and dividend income, and free hunting and fishing licenses.

Councils for Aging

There are presently 80 local Councils on Aging in existence in Massachusetts and more are planned. They all receive advice and encouragement from the State Council for the Aging. Local Councils establish meeting and recreation centers for senior citizens, arrange tours and special events, and give advice on personal, financial and health problems.

Arguments For and Against Reduced Fare Programs

Favorable

Proponents of the bills under study insist that a program properly set up, administered and encouraged, will cause no financial losses to transit systems, and could even increase their gross and net revenues.

But, they argue, even if losses do result, they would be relatively small. Actually, the Massachusetts Bay Transportation Authority estimates that a half-fare plan for the aged would mean a minimum loss of $500,000 a year for the transit system of Metropolitan
Boston alone. If expanded statewide, the program would cost somewhere between one million and a million and a half dollars a year. As indicated, however, these proponents feel that these amounts are relatively small and would be more than offset by the benefits of such a program, namely, the well-being and happiness of the 350,000 or more elderly persons who would be eligible. They (the proponents) produce statistics to prove that older people who are kept busy, interested and active are much less subject to either mental or physical illness, thus reducing the financial burden of the taxpayer to provide health services.

Finally, proponents advance the arguments set forth by the Des Moines transit officials to the effect that their program has resulted in better service for all, fewer accidents to elderly passengers and fewer accident claims.

**Opposition Views**

On the other hand, the transportation officials of Massachusetts join their colleagues across the country in vigorous opposition to reduced fare plans for the elderly. They point out that such programs have not in practice materially increased the number of riders, and have instead almost invariably brought losses. They emphasize that whatever problem exists is one for society in general to solve, not the transit companies. They would have no objection if losses were subsidized by government.

These opponents point out that the automobile has dealt a heavy blow to the economic status of all other types of transportation. Despite that fact, transit companies must usually extend special fare treatment to policemen, postmen, firemen, blind persons and students. Further specialized treatment of large segments of the populace must be reflected in either higher fares for other riders or in larger deficits on public lines.

They insist that financially harassed transportation systems should not be asked to sacrifice badly needed revenue, when no such request is considered for other utilities, gas, electric and telephone companies, all in much sounder financial condition.
By legislative directive, reprinted inside the front cover of this report as House, No. 3674 of 1965, the Legislative Research Council is ordered to report on a requirement that passenger carriers, including the Massachusetts Bay Transportation Authority, reduce fares of elderly persons during certain hours of the day.

The past half-century has witnessed a steady increase in the number of our elderly citizens. Medical knowledge and science, awareness and use of proper dietary habits, and improvement in sanitary conditions have all helped to increase the life span and expectancy of the average American.

Today there are more than 18 million people in the United States age 65 or over. More than 600,000 of these elderly persons reside in Massachusetts among the state’s population of about 5,200,000. They constitute a force to be reckoned with in elections, particularly if their families also support certain candidates, recommendations or bills. Apart from any political considerations, however, government at all levels has been following the doctrine that these elderly citizens, especially those in need, are to be supplied with decent living quarters, food, clothing and medical attention.

In recent years, the scope of the provisions for such needs of the elderly has broadened and extended to the point where certainly many people believe them to be entitled to something more than the mere necessities of life, including some comforts, entertainment, companionship and travel. It is in this general context that proponents of reduced fares for the elderly base proposals such as the above.
**Legislative Background**

The Massachusetts General Court has demonstrated a sympathetic and liberal attitude towards the aged and their problems. Old Age Assistance budgets, for instance, have risen steadily through legislative action to the point where they are among the highest in the country.

However, it is difficult to trace exactly past legislative interest in the subject of reduced fares for the elderly, inasmuch as relevant bills are assigned to different legislative committees from year to year. Thus, the bills on the issue this year were all referred to the Joint Committee on Transportation, whereas in the five prior years, careful scrutiny of that committee's activities discloses that not a single petition seeking reduced fares for the elderly was assigned to it for consideration.

On the other hand, the calendars of the Joint Committee on Metropolitan Affairs show reference of at least ten such bills to it during the past five years, 1960-1964. Each of these bills proposed that the then Metropolitan Transit Authority (MTA) be required to grant reduced fares either to all elderly persons or to only those elderly persons on Old Age Assistance.

All of the bills so referred to the Committee on Metropolitan Affairs were reported adversely by the Committee and these recommendations were sustained by the House in which the bills originated.

With reference to the four additional bills on this subject filed in the 1965 session of the General Court, one of them, Senate No. 747, was introduced by Senator Charles Hogan of Lynn, at the request of Charles C. O'Donnell, a long-time lobbyist for various old age groups. This bill, proposing that the new Massachusetts Bay Transportation Authority grant half-fare privileges to persons 65 years of age and over, was given "next annual session." For all practical purposes this recommendation means that the bill was killed.

**Study Proposal**

The three remaining 1965 proposals were consolidated and referred to the Legislative Research Council for study. A brief description of their contents follows:
1. House, No. 308 was filed by Representatives William Carey and Samuel Harmon (now a senator). It provides half-fare privileges on all common carriers in Massachusetts for all citizens 65 or more years of age. It requires the Department of Public Utilities to furnish identification cards to all persons offering proof of age.

2. House, No. 898 was filed by Representative Paul Murphy (Dorchester). It directs the Massachusetts Bay Transportation Authority (MBTA) to grant half-fare privileges to persons 65 or more years of age upon presentation of identification or such other credentials as the Authority might require. It also requires that all other public transportation systems do the same.

3. House, No. 899 was filed by Representatives Norman Weinberg and Arnold Epstein. This bill likewise directs the MBTA to establish a half-rate fare for persons 65 or more years of age.

Of these three petitions, the first two limited the half-fare privilege to non-rush hours (9 a.m. to 4 p.m.), and to all day Saturdays and Sundays. The third petition applied the half-rate privilege daily during non-rush daytime hours (10 a.m. to 4 p.m.) and to nighttime travel (7 p.m. to 7 a.m.).

Variations of Massachusetts Bills from Practice Elsewhere

The policies and procedures of those transit systems throughout the United States which have established lower rates for the elderly are described in a later chapter. Their practices vary in certain ways from the proposals in the Massachusetts bills, as indicated below.

The most important of these Massachusetts variations is the omission of any reference to the factor of "need." The Massachusetts bills apply to the more than 600,000 persons in the Commonwealth who are 65 or more years of age. Of this number approximately 80,000 receive Old Age Assistance (OAA) or Medical Assistance for the Aged (MAA). Perhaps another 100,000 persons of the total number are supported only by social security pay.
payments or small pensions. Still others live with their children or other relatives or are completely supported by them. Combining these categories, it would appear to be a safe estimate that close to one-half of all the elderly people in Massachusetts — about 250,000 — are regularly employed or otherwise enjoy fairly substantial incomes.

Wherever a lower rate for the elderly exists in other parts of the country, one of the requirements for eligibility is “need,” decided by various standards. The legislators who sponsored the Massachusetts bills did not intend that they should apply to all persons aged 65 or more. During staff interviews they agreed that some standard of need is justified.

Another variation in the three Massachusetts bills from the practice elsewhere concerns their designating the Department of Public Utilities or the MBTA as the agency to issue identification cards to those elderly persons seeking to take advantage of the proposed program. If a further “need” criterion is inserted in these bills, neither of these agencies is particularly qualified to determine “need.”

Still another variation in the Massachusetts proposals from the practice elsewhere is the fact that none of them make any reference to the monthly allowance already included in payments to public assistance recipients for “leisure time activities” and for “travel allowance.” On this score, the monthly budgets of 52,500 men and women on the OAA rolls (outside nursing homes), now include $11.50 for “leisure time activities,” plus $5 for “travel allowance.” Similarly, the monthly allowances of some 12,000 persons in the Disability Assistance (DA) program include $4 for “leisure time activities” plus $2.50 for “travel allowance.”

Some persons favor making such elderly welfare recipients eligible for a reduced fare program. They believe that OAA and DA recipients, despite these collateral budget allowances, still have total incomes considerably below those of many others who would be eligible. This issue has not been touched upon in the bills which form the basis of this study and report.

Finally, opinions also differ as to whether railroads should be considered as coming within the scope of “mass transportation”
for the purposes of this report. The sponsors of the relevant legislation on which this study is based, did not desire to include a reference to railroad transportation in any of their bills. For that reason, this report will not deal with that factor, except indirectly.

**Fare Reductions in Massachusetts**

No community in Massachusetts is reported as charging reduced fares for its senior citizens, according to the Massachusetts Bay Transportation Authority (MBTA), the Eastern Massachusetts Street Railway Company, and the Massachusetts Bus Association.

**Brockton Episode.** Three years ago, the Brockton Council for the Aging asked the Eastern Massachusetts Street Railway Company, which serves that locality, to make fare reductions for their elderly patrons. The reductions never materialized, and there is conflicting testimony as to the reasons why.

Thus, Brockton officials report that transit company officials agreed to the proposal, subject to approval by the state Department of Public Utilities (DPU). The transit officials state that they merely agreed to study the suggestion, and that they reached a negative conclusion after analyzing the experience and the unfavorable financial impact of similar programs in other cities. The DPU reports that it was never asked to pass on the proposal.

The Massachusetts Council for the Aging has since had several inquiries on the possibility of reduced fare programs in other Massachusetts communities. It has discouraged these attempts in the belief that the DPU would disapprove.

The three bills under study either require action by the DPU, or use the language “notwithstanding any provisions of law to the contrary.” On this score, the general statutes provide that no common carrier shall be prohibited “from giving free or reduced rate service to its employees . . . or for such charitable purposes as may be approved by the department (DPU).” (G.L. c. 159, s. 15).
Clearly, therefore, the DPU must rule on any proposal to require a transit company to charge reduced fares. However, it has not been asked to do so.

**New Powers of Massachusetts Bay Transportation Authority**

The above requirement that the DPU must approve any requests for reduced transit fares now has a substantial qualification. By statute the General Court abolished the Massachusetts Transit Authority in 1964 and created the Massachusetts Bay Transportation Authority in its stead (c. 563).

It is not very well known that the General Court apparently gave the new MBTA exclusive power to set its own fares, without the necessity of obtaining DPU approval.

Thus, the new law directs the MBTA "to provide mass transportation service . . . without being subject to the jurisdiction and control of the department of public utilities in any manner except as to safety of equipment and operations. . . ." (G.L. c. 161A, s. 3, par. 1).

Furthermore, the new law apparently gives the new Authority jurisdiction over all private transit companies feeding or supplementing MBTA service in the MBTA area. Thus, "Any private company lawfully providing mass transportation in the (same) area . . . may continue so to operate . . . ; provided that the authority shall in all respects have the same powers and duties in respect to such private carriers as are provided by law for the department of public utilities" (G.L. c. 161A, s. 5, par. K).

There does exist some opinion that the DPU retains concurrent jurisdiction in given areas serviced by both the MBTA and private lines. However, no issue has as yet arisen to test the conflicting views. The language of the new statute would seem to grant exclusive jurisdiction to the MBTA.

In any case, there is very little doubt about the MBTA's power to establish reduced fare programs in any part of its area, without DPU approval. All other carriers throughout the state must still obtain DPU consent.
CHAPTER II

NATURE AND COST OF PROGRAMS ELSEWHERE

Programs Outside Massachusetts

Only three large metropolitan areas in the United States apply reduced transit rates for the elderly, — Los Angeles, Cleveland and Detroit. In addition, there are eight smaller communities where similar programs are in effect; Toledo, Ohio, Oklahoma City, Okla., Des Moines, Cedar Rapids and Davenport in Iowa, and Ann Arbor, Dearborn and Lansing in Michigan.

The Legislative Research Bureau has contacted these communities and has received communications from nearly all of them, outlining their individual programs in some detail. Their experiences are noted below. It is assumed that these reduced fare programs are local in character, and that no state laws required their local acceptance. Two of the three Massachusetts bills would make mandatory the statewide application of this program, while the third bill applies only to the MBTA.

Detroit

Program. Of the three major metropolitan areas where reduced fares for the elderly apply, the program in Detroit is the oldest and probably the most extensive.

The Detroit transit system is city-owned and is operated by its Department of Street Railways (DSR). A reduced fare of ten cents is charged the elderly, plus 5c for a transfer. The normal fare is now 25c, having been increased from 20c when the reduced fare plan began in 1956 (normal rate of 221/2c when purchased by ticket). These arrangements have been in continuous effect since that time.

The DSR does not investigate eligibility of applicants, but does require each of them to fill out a card application, in which the signer testifies that he is at least 65 years of age and is not gainfully employed. "Gainfully employed" has been interpreted to mean earnings of more than $1,200 a year by a single person or of $2,400 by a married couple. An identification card or permit...
is issued entitling only the bearer whose signature and photo appear thereon to the reduced fare privilege.

From the initiation of the program on May 15, 1956, some 90,000 permit cards were issued to elderly persons up to September of 1962. On the latter date, 75,000 new and differently colored cards were issued to constitute a new registration to take effect on January 1, 1963. The Detroit officials believe that re-registration should be required every two or three years. All applicants must live in the area serviced by the transit system.

The permit cards are valid from 9:30 a.m. to 2 p.m., Monday through Friday, in the evenings from 7 p.m. to midnight Monday through Saturday, and all day on Sundays and holidays.

The cards are accepted by downtown theatres as the basis for reduced admission prices up to 5 p.m. Other privileges are also available to card holders.

Costs. The DSR has had a long and comprehensive experience with a program of reduced fares for the elderly. Although circumstances and situations in other metropolitan areas are never completely analogous, the Detroit experience is instructive.

The Detroit Board of Street Railway Commissioners does not believe that the privileged fare has resulted in any increase in riding by the elderly. Test counts indicate an average of less than one round trip per week by permit holders. It is not believed that a savings of 12½ cents on a one-way ride or 25c on a round trip is a determining factor in the riding habits of senior citizens.

The statistics on the number of passengers carried by the DSR during the past 20 years seems to support the findings and opinions of Detroit transit officials. In 1945, the Detroit population of about two million developed a load of 492 million passengers. Ten years later, in 1955, with the population figures fairly constant, the number of passengers carried had dropped to 215 million, or by more than half.

As noted, the reduced fare plan went into effect in May 1956, but the total number of passengers carried dropped still further to 112 million eight years later in spite of the fact that the Detroit population remained slightly over two million.
In other words, the rate of decrease to date in the number of passengers since the reduced fare program went into effect in 1956, is practically the same as the rate of decrease prior to 1956.

For comparative purposes, it is interesting to note that the new MBTA in the Boston area services a population of about 2½ million and carried approximately 180 million passengers in 1964.

The important conclusion to be drawn from these statistics is that the DSR estimates 5.2 million senior or privileged riders in 1964. On the basis of a subsidy of 12½ cents on each ride, an estimated loss of $650,000 for the year was incurred.

Cleveland

Program. A reduced fare plan for aged citizens was approved by the Cleveland City Council in November 1962. Upon submission to the electorate the plan passed and became effective on April 1, 1963.

Under this plan, a half-fare schedule for the elderly is in effect, since the basic fare of 25c (five for $1.15) is reduced to 12½c (four tickets for 50c), plus 1c for a transfer. Eligibility is restricted to those persons 65 years of age and over, whose total annual income does not exceed $1,200 for a single person or $2,400 for a married couple, exclusive of $1,200 a year paid from social security, or $1,200 paid by any other federal, state or local retirement programs. It is assumed that the latter payments include public assistance grants.

The Cleveland Transit System is directed to issue identification cards, or to designate organizations to do so. The special fares are in effect from 10 a.m. to 3 p.m. and 7 p.m. to midnight on weekdays and Saturdays; and all day from 5 a.m. to midnight on Sundays and holidays.

Costs. More than 24,000 identification cards have been issued by the Cleveland Transit System. In replies to a survey conducted before the reduced fare plan went into effect, elderly citizens stated that they averaged 10 to 12 transit rides per month. A survey undertaken after the plan went into effect indicated that permit holders were averaging only 6 to 8 rides per month.
Officials of the transit system state that the program has reduced revenue and caused losses estimated at $150,000 per year.

Los Angeles

Program. The Southern California Rapid Transit District (RTD), formerly the Los Angeles Metropolitan Transit Authority, instituted a reduced fare program for the elderly in 1961. The basic fare of 25 cents was first reduced to 15 cents, but resulted in too much of a loss. As a consequence, the reduced fare was brought half way back to 20 cents in 1962.

Some 80,000 permits or identification cards have been issued in the Los Angeles area by the "Department of Senior Citizens Affairs of Los Angeles County." Eligibility is restricted to men aged 65 and over, and to women aged 62 and over. Here, too, earnings of applicants cannot exceed $1,200 per year for a single person or $2,400 a year for a couple, exclusive of payments based on social security, public assistance, pensions and the like.

The permit cards are in effect from the daylight hours of 9 a.m. to 3 p.m. on weekdays and Saturdays, and evenings from 7 p.m. to midnight. On Sundays and holidays the effective period runs from 5 a.m. to midnight.

Costs. As already noted, the ten-cent original reduction in fares from 25 cents to 15 cents resulted in what the transit officials considered too great a loss. These officials report that the present 5 cent reduction is the maximum discount they can allow in their particular circumstances without causing a reduction in revenue. In their own words, "the five cent reduction has stimulated just enough additional riding to produce revenue at the reduced rate equal to that formerly received from this group of riders at the regular rate of fare."

Toledo

Of all the communities which have instituted reduced fare programs for the elderly, Toledo is probably the most restrictive. Thus, applicants in this city must have a total annual income of less than $1,200 per person from all sources. Secondly, all applications are processed by the State Department of Public Welfare, which is felt to be a much better equipped agency for that
purpose than a transit company or a Department of Public Utilities. The result of these restrictions is that only about 2,000 elderly persons have qualified in Toledo.

Riding hours are more limited, — from 10 a.m. to 2 p.m. on weekdays, from 3 p.m. to midnight on Saturdays and all day on Sundays and holidays.

Costs. Several surveys in Toledo indicate an average of a fraction over one ride per week per ticket holder. Certainly this record fails to indicate an increase in riding habits. Officials estimate a loss of 15c on every ride, or about $20,000-$25,000 per year.

**Des Moines**

The “Greater Des Moines Transit System” is the only one which praises the program of reduced fares for the elderly.

Some 5,000 senior citizen passes have been issued among a metropolitan population of more than a quarter of a million. No surveys have been made to indicate how effective the program is in encouraging more use of transit facilities. It is believed, however, that there is a definite increase in the riding habits of the elderly, but probably not to the point of an increase in net revenue. Passes are good from 10 a.m. to 2 p.m., and after 6:30 p.m., from Monday through Saturday; and at all hours on Sundays and holidays. The fare is 15 cents, or half the basic fare of 30 cents.

Eligibility is confined to individuals whose income is under $600 annually, exclusive of social security and other retirement or benefit payments.

The President of the Des Moines Transit System argues in favor of the reduced fare program in his city, even if financial losses must be borne. He points out that older people generally move slowly. By encouraging their travel during non-rush hours, service on all lines at rush hours is speeded up. He emphasizes that by riding in off hours, senior citizens are not subjected to the pushing and scrambling which so often causes accidents. The result is not only fewer injuries to elderly people, but also fewer claims against the transit company.

**Oklahoma City**

The City Bus Company in Oklahoma City grants a 25 percent
discount to eligible senior citizens. The company reports that no additional rides have occurred and it is very much discouraged over alleged misuse of the privilege by employed people and by others obviously ineligible. Yet it hesitates to attempt enforcement of the regulations because the number of riders affected is quite small, and ill will may result.

Lansing, Michigan

The bus lines in Lansing have reduced fares for the elderly from 25 cents to 15 cents, and on one suburban line from 50 cents to 25 cents. Women aged 62 or over and men aged 65 or over are eligible. Permit cards are honored on weekdays from 9 a.m. to 4 p.m., and also after 6 p.m., (information on arrangements for weekends and holidays is not available).

Lansing officials have made no surveys, but feel there has been enough additional riding to balance out the reductions. It is perhaps of some significance that the transit system is privately owned and operated, but is subsidized to a certain extent both by an annual cash grant by the City of Lansing and by reductions in state taxes, license fees, and gasoline taxes.

Programs in Some Small Communities

Several other relatively small communities provide their elderly citizens with reduced fare programs, and the somewhat meager information on their policies and experience is listed below.

Cedar Rapids, Iowa. Reduction in fares from 25 cents to 15 cents.

Davenport, Iowa. Reduction in fares from 25 cents to 20 cents, in effect (a) from 10 a.m. to 3 p.m., and after 6 p.m., from Monday through Saturday, and (b) all day on Sundays and holidays.

Ann Arbor, Michigan. Reduction in fares from 25 cents to 15 cents in effect from 9 a.m., to 3 p.m., Monday through Saturday. There is apparently no service on Sundays.

Dearborn, Michigan. No report.

General Observations

Several conclusions may be drawn from the experience of other
communities in programs of reduced fares for the elderly. None of the communities reports either a profit or a smaller deficit as the result of their programs; on the contrary, nearly all of them report losses. Of the three large metropolitan areas, two report substantial losses. The third area is breaking even, but has reduced its basic fare by only five cents from 25 cents to 20 cents. This reduction would probably be unacceptable to sponsors of a local program.

All the communities issue identification cards based, as far as can be determined, upon a set minimum income. In all instances, the special rates of fare apply only during non-rush hours.

Community Refusals to Reduce Fares

In recent years many cities throughout the United States and Canada have refused to grant special fare privileges to the elderly. Among the largest of such cities are Philadelphia, San Francisco, Minneapolis, Milwaukee, Syracuse, Miami, Toronto, Vancouver and Winnipeg. The available evidence does not indicate, however, that any of the communities which have reduced fares in accordance with the requests of the elderly have attempted to abandon their programs or plan to make such an attempt.

CHAPTER III. FEDERAL DEVELOPMENTS

Proposed Legislation Reducing Fares

Early this year, U.S. Senator Stephen Young of Ohio introduced Senate, No. 519 directing “the Housing and Home Finance Administrator to cause certain demonstration and research projects to be carried out to determine the economic feasibility of providing urban mass transportation service to elderly persons during non-rush hours at reduced fares.” The bill was referred to the Committee on Banking and Currency.

Shortly thereafter Robert C. Weaver, Administrator of the Housing and Home Finance Agency, wrote that Committee to outline the views of his department.

In the first place, Mr. Weaver pointed out, his agency already had authority to undertake research, development and demonstra-
tion projects under the Urban Mass Transportation Act of 1964 (Sec. 6). Also, he continued, the economic feasibility of fare reductions in one locality would not necessarily be of use in determining feasibility elsewhere.

Most important, however, he contended that research into the need of transportation subsidies for the elderly should be conducted through social, not transportation, agencies. In other words, Mr. Weaver took the position that the issue of reduced fares for the elderly is a social welfare problem, not a transportation problem. That attitude has been the position of transit officials throughout the United States for a long time, including the transit officials of Massachusetts.

Attitude of HEW Department

The United States Department of Health, Education and Welfare conducted a White House Conference on the Aging in 1960. From that event it developed a Special Staff on Aging which later became the Office of Aging, within the Welfare Administration of HEW.

In 1965, the “Older Americans Act,” created a new “Administration on Aging,” (AOA) as a completely autonomous and independent agency, removed from the Welfare Administration, though still within HEW. This AOA was established “to provide a strong central focus and responsibility within the Federal Government on all matters of concern to older people and those who work with and for them.”

The federal “Administration on Aging” has taken no official stand on reduced fares for the elderly. Some of their officials, however, embrace the general philosophy that such programs tend to debase senior citizens. These people do not look with favor upon any specialized programs for the aged, such as cut rates for movies, athletic events, concerts, and other events. They are convinced that these specialized programs set the elderly apart as an under-privileged group, perhaps even as second-class citizens.

In their view, it might be better to deal with these issues, by making certain that all senior citizens are provided with enough income to live decent lives, to attend whatever desired
events they are capable of attending, and to hold their heads high. In short, the elderly have earned the right to be treated like other Americans, and to live their lives without stigma because of age, disabilities or financial status. It must be emphasized that these views represent the thoughts of some individuals, not necessarily of AOA or its parent, HEW.

*Federal Grants for Study Projects*

The “Older Americans Act” also provides federal funds to finance certain state projects either in whole or in part. Under Title III, grants may be made to the states for establishing or strengthening state agencies on aging, and for grants by the states to local communities for the same purpose. The Federal share of such projects costs is 75% the first year, 60% the second year and 50% the third year.

Title IV of the same act authorizes direct Federal grants to both public and private non-profit agencies for research projects relative to living conditions of elderly people.

The Administration on Aging is of such recent vintage that some key people have not yet been appointed or assigned to their areas of jurisdiction. Policies are only partially formulated and criteria for acceptable grant programs have not yet been laid down. It is quite possible that AOA will support local or even statewide projects, in whole or in part, which test the feasibility and advisability of reduced fares for the elderly.

The complete “Older Americans Act” is reprinted in the appendix to this report.

*Special Senate Committee on Aging*

In 1961, a U.S. Senate Sub-Committee on the Aged and Aging recommended the creation of a Special Senate Committee on Aging, to be composed of senators from other committees than its parent, the Senate Committee on Labor and Public Welfare.

The Senate first adopted this recommendation for one year, and has extended it from year to year. Because of the numerical growth of the elderly and the increasing need of solving their difficult economic, social and medical problems, the continued life of this useful Committee seems assured for an extended period.
The "Older Americans Act" was sponsored by members of the Special Committee on Aging. Of that committee a "Subcommittee on Federal, State and Community Services" held hearings, under the Chairmanship of Senator Edward M. Kennedy, in four cities (Washington, Boston, Providence and Saginaw, Michigan). After these hearings the full Special Committee submitted a report on September 11, 1964 containing fifteen recommendations by the majority of the Committee, among which Recommendation No. 14 reads as follows:

"The committee recommends that State and local commissions on aging confer with the businesses concerned on the possibility of lower rates for senior citizens on transportation facilities—where such appears to be good business practice, and where such reductions can be made voluntarily, without undue pressure.

Comment: Witnesses at hearings of the subcommittee testified that the cost of transportation contributes to the isolation of seniors and seriously discourages them from availing themselves of senior centers and other facilities maintained for their benefit. Local transit companies in Detroit, Cleveland and Los Angeles have established lower rates for seniors during offpeak hours. State and local commissions on aging can help the spread of such policies throughout the Nation by calling this possibility to the attention of their respective local transit systems and seeking their voluntary cooperation. Many transit systems may come to the conclusion that special senior rates during offpeak hours, when vehicles run almost empty, will help stimulate greater use of facilities at these times and will thus be to their financial benefit."

CHAPTER IV.

MASSACHUSETTS VIEWS, PHILOSOPHY AND OPINIONS

Program for the Aged

Old Age Assistance. As has been noted earlier, the Commonwealth of Massachusetts has long exhibited concern for the problems of its senior citizens. In 1930, this state enacted into law
its Old Age Assistance statute, one of the first in the United States (G.L. c. 118A). Five years later, the statute was revised and amended to take advantage of federal aid under the Social Security Act, which marked the entrance of the national government into the public assistance field.

In Massachusetts 52,500 men and women who subsist entirely or in part on Old Age Assistance, plus 12,000 cases receiving Disability Assistance, have long received allowances for travel and leisure time activities in their monthly budgets. The amounts allowed for these two items have steadily increased over the years to the present $5 per month for "transportation", and $11.50 per month for "leisure-time activities" in OAA; plus $2.50 and $4 per month for the same items in DA.

Other Special Treatment. In addition, the General Court has accorded special treatment to the elderly in the following areas:

Prior to abolition of the poll tax in 1963, persons aged 65 and over were exempted from payment.

Persons aged 70 or over are allowed a $4,000 abatement in the assessed valuation of the real estate in which they reside, under certain conditions, (Acts of 1963, c. 808).

Persons aged 65 or over are given a special $500 exemption for state income tax purposes (carryover exemption), applied under certain conditions to annuity or interest and divided income.

New tax bills are now being debated in the General Court which would grant persons aged 65 or more an additional $500 or $600 exemption on their state income taxes.

Other minor privileges are granted the elderly in various areas of state jurisdiction. For instance, no person aged 70 or over is required to pay for a sporting license, which permits hunting, fishing and trapping. Similarly, no recipient of Old Age Assistance (aged 65 or over) need pay for a fishing license (G.L. c. 131, s. 8).

Councils for Aging. In 1954, a statute was passed creating a State Council for the Aging. The functions of the Council were to "act in an advisory and consultive capacity, with the general objective of co-ordinating within the several departments of the commonwealth programs designed to meet the problems of the aging, and — promote, assist and co-ordinate activities designed
to meet such problems at community levels.” (Acts of 1954, c. 537).

Approximately 80 local Councils on Aging have since been established. All of them are supported by public funds. The “Older Americans Act”, as previously noted, provides federal funds in substantial amounts to help stimulate the formation of additional local councils and to help finance their project proposals. As a result, at least another half-dozen local councils are in the formative stage in Massachusetts.

These councils, with the advice and assistance of the state council, set up meeting and recreation rooms and areas for senior citizens, arrange tours to musical, athletic and social events, and inform the elderly of their rights in such programs as Social Security, Old Age Assistance, Medical Assistance for the Aged and Medicare.

Fare Reduction Studies by Massachusetts Transportation Commission

In 1959, a new statute created the Massachusetts Transportation Commission (c. 416). Between December 1962 and March 1964, that Commission conducted a mass transportation demonstration project financed by grants of $3.6 million from the Federal Housing and Home Finance Agency and $1.8 million from the Commonwealth of Massachusetts.

The project involved two railroads, the then Metropolitan Transit Authority, and ten private bus companies. Its interest centered primarily on changes in service and fares, alone or in combination. The results obtained were designed to support comprehensive transportation planning. None of its findings, published in July, 1964, is truly indicative of what may result from a reduced fare plan for the elderly, particularly those involving railroad and service changes.

However, the Commission’s report does list several reduced fare projects in non-peak hours, and in some cases lists the numbers of passengers by age groupings. The resultant statistics are somewhat helpful in evaluating the costs or gains from proposed reduced fare plans for the elderly.
The railroad aspects of the experiments involved the Boston and Maine and the New Haven Railroads. Better service and lower rates resulted in a substantial increase in passengers and revenue on both railroads. However, in those areas where New Haven fares were reduced but service was left unchanged, the patronage showed little or no increase.

Bus experiments were also conducted on numerous lines in order to test results of increased service, to eliminate differentials in fares between competitive modes of transportation, to test the effect of new direct or feeder service and to indicate the effect of lower fares during off-peak hours.

Of particular interest to this study were the results of the experiments in reduced fares on the Eastern Massachusetts Street Railway Company's lines from Lowell, Salem, Marblehead and Lawrence into Boston during non-rush hours.

The Lowell route attracted about 15% new riders. In addition, 63% of the regular riders reported that they rode more often. The other routes showed roughly comparable increases in patronage and revenue.

More to the point, however, is the fact that 12-14% of all the "Lowell" riders were over 65 years of age, which is about the ratio of the number of elderly persons to the total population of the state (600,000 out of 5,200,000, or 11.5%).

For the purposes of this study, the few experiments reported above are inconclusive. None of them applied to elderly persons alone, and, in addition many other factors were involved. Thus, many experiments revolved about service changes, others were concerned with new lines, some were aimed at peak hours and some at non-peak hours, etc. There was no single experiment designed to ascertain the effect of reduced fares for elderly people during non-rush hours.

Pros and Cons of Proposed Fare Reductions

Opponents. On the national level, transit officials almost unanimously disapprove of reduced fare programs for the elderly. In Massachusetts, the attitude is the same, tempered by the universal acknowledgement that their objections would vanish, "if someone picked up the tab".
These transit officials argue that the issue is social or political, not purely economic; that the problem is that of society, not of the transportation companies; and that society should pay the bill.

This attitude remains firm and unchanged regardless of whether the transit lines are publicly or privately owned. Admittedly, the automobile has wreaked havoc with the finances of both private and public companies. This transportation segment of the national economy has suffered drastically during the past quarter-century.

Private line officials emphasize that public utilities are entitled to a fair return on their investments, and that losses due to reduced fares would necessarily cause higher fares for other riders.

Public lines nearly always operate on a deficit. Hence, further losses caused by any special arrangements would fall on the general public.

In any case, most transit executives agree that a sensible procedure for applying fare reductions for the elderly calls for purchase of transit tickets or tokens at the regular price by a welfare department or similar agency. The department would then sell them at a reduced rate to those who meet the requirements for eligibility. Government, in one capacity or another, would bear the cost.

The two largest mass transportation facilities in the Commonwealth are the public Massachusetts Bay Transportation Authority (MBTA) and the privately operated Eastern Massachusetts Street Railway Company. Their views, which parallel those of their counterparts elsewhere in this state and in other states, are analyzed below in some detail.

MBTA. Seventy-eight cities and towns, with a population of about two and a half million persons comprise the present MBTA district, with about 180 million riders carried annually. The MBTA estimates that 5% are 65 years of age or older, or about 9 million persons. Authority officials figure that a half-fare reduction for this number of the elderly would cost the line some $650,000 a year. They acknowledge that some increase in the number of riders would result, but not nearly enough to offset such losses.
Eastern Massachusetts Street Railway Company. Eighteen cities and 49 towns in the eastern part of the state are served by this railway company which operates from Lawrence and Lowell in the north, to Brockton and Taunton in the south.

Company officials state that only 40% of their passengers are commuters. The remaining 60% consist of school children and elderly persons, of whom the school children already ride at half-fare. To allow the elderly also to ride at half-fare would impose an additional financial burden upon the commuters, according to those officials.

All the transit lines ask the same question. Why should their particular utility be singled out to provide special consideration to the elderly? The other utilities, the suppliers of gas, electric and telephone service, have always maintained a healthy financial status, but are not asked to cut their rates for either individuals or groups. Transportation companies on the other hand have been so hard hit by automobile competition that many railroads have gone bankrupt and others have been forced to sharply curtail or even entirely eliminate passenger service. Public or private mass transportation systems operate either at a loss, or with limited profits. Despite these financial difficulties mass transit companies are required to give special consideration to various groups of individuals, — to policemen, firemen, school children, the blind, servicemen and women, postmen, and others.

Proponents. The proponents urge a reduced fare plan for the aged on the basis of principle. They sincerely believe such a plan is a privilege earned by low income, aged persons who have worked all their lives to bring up their families and who have contributed all they had to the growth, the power and the influence of their country. These sponsors feel that costs should not be an issue. If the desired programs result in loss of revenue, then government on one level or another should make up that loss to the transit companies.

However, they argue that there is no certainty of loss. The fact that nearly all similar programs have resulted in losses is not necessarily proof that a Massachusetts program would do
so. They point out that a number of factors are involved, including the size of the areas serviced, the length of rides, the type of community (industrial, commercial, or residential), the eligibility requirements, the hours listed as non-peak, the philosophy of the community and the transit company.

Furthermore, they insist that the proposed program will result in benefits both tangible and intangible. It is quite possible, they say, that the low fares will induce enough added elderly riders in non-rush hours to counteract the reduced revenue resulting from the lower fares. But, they say, even if sufficient added revenue is not forthcoming, service for regular riders during rush hours would be speeded up, and they point to Des Moines as an example. More important, they argue, is the experience of that city in the reduction of accidents to passengers and a consequent reduction in accident claims against the transit line. They emphasize that if elderly riders are persuaded to utilize their special permits during non-rush hours, they will not be subjected to the pushing, mauling and crowding which so often causes accidents, especially to aged persons.

There is evidence, they point out, that active participation of elderly people in pursuits which interest them can be a strong factor in the reduction of both medical and mental afflictions. Thus, a study by the New York City Welfare Department resulted in a finding that continued membership in two Senior Citizen Centers brought about an 87.9% decline in attendance at medical clinics; and that during the seven years operation of one of those centers, there was only one admission to a mental institution, when 30 or 40 were expected.¹

Proponents argue, therefore, that a reduced fare program which would allow greater attendance of elderly persons at Old Age Centers, and at social, musical, athletic and other entertainment events, could well be reflected in reduced public costs of medical care.

Finally, it is contended that mass use of transportation during non-peak hours by senior citizens would not only allow them to

¹ From a “Report by the Special Committee on Aging, United States Senate, Sept. 11, 1964”, p. 5.
visit relatives, churches, hospitals and museums, but would also mean increased revenues for restaurants, theatres and other places of amusement. This might turn out to be a significant financial factor, particularly if places of amusement also established low price schedules for the elderly during non-peak hours. Such schedules are already in effect in several theatres in Boston, Brookline and other Massachusetts communities.

**Costs.** How much a reduced fare plan would cost is at best problematical, with a possibility that it would balance out financially. The size of the fare reduction would obviously affect the amount of losses or profits. If the mandatory program is on a state-wide basis the results would vary to some degree between the various transit lines.

It is possible to make some reasonable and considered estimates. Thus, the MBTA reports that a half-fare plan would mean a gross loss of $650,000 a year. This estimate does not take into effect any additional revenue. Allowing a nominal increase in elderly passengers may bring this loss down to approximately $500,000 annually. An extension of these losses to all other mass transit systems in the Commonwealth would result in a total loss of about one million dollars annually, certainly not more than a million and a half.

**Possible Courses of Action**

In view of these estimated costs of the proposed program, the General Court may wish to institute such a program on a state-wide basis at state expense.

On the other hand, the General Court may demand more accurate cost information before acting. In that case, Federal funds will probably be made available to pay at least partial costs of one or more pilot projects to determine the net loss or gain to transit lines. Perhaps several projects could be undertaken to ascertain the effect of different sized reductions in fares, for example, “one-half” fares or “one-quarter” fares. If such study projects are undertaken, their scope should, if possible, take into consideration not only gross revenues, but also the number of injury claims, age of claimants, and amounts paid out in injury claims.
Moreover, Federal funds may be made available without action by the General Court, merely on application by a welfare department, state or local, or by a Council on Aging, either state or local.
FEDERAL OLDER AMERICANS ACT
(Public Law 89-73 of 1965)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Older Americans Act of 1965".

TITLE 1. DECLARATION OF OBJECTIVES: DEFINITIONS

Declaration of Objectives for Older Americans

Sec. 101. The Congress hereby finds and declares that, in keeping with the traditional American concept of the inherent dignity of the individual in our democratic society, the older people of our Nation are entitled to, and it is the joint and several duty and responsibility of the governments of the United States and of the several States and their political subdivisions to assist our older people to secure equal opportunity to the full and free enjoyment of the following objectives:

(1) An adequate income in retirement in accordance with the American standard of living.
(2) The best possible physical and mental health which science can make available and without regard to economic status.
(3) Suitable housing, independently selected, designed and located with reference to special needs and available at costs which older citizens can afford.
(4) Full restorative services for those who require institutional care.
(5) Opportunity for employment with no discriminatory personnel practices because of age.
(6) Retirement in health, honor, dignity — after years of contribution to the economy.
(7) Pursuit of meaningful activity within the widest range of civic, cultural, and recreational opportunities.
(8) Efficient community services which provide social assistance in a coordinated manner and which are readily available when needed.
(9) Immediate benefit from proven research knowledge which can sustain and improve health and happiness.
(10) Freedom, independence, and the free exercise of individual initiative in planning and managing their own lives.

Definitions

Sec. 102. For the purpose of this Act —
(1) The term "Secretary" means the Secretary of Health, Education, and Welfare;
(2) The term "Commissioner" means the Commissioner of the Administration on Aging;

(3) The term "State" includes the District of Columbia, the Virgin Islands, Puerto Rico, Guam, and American Samoa.

(4) The term "nonprofit institution or organization" means an institution or organization which is owned and operated by one or more corporations or associations, no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.

TITLE II. ADMINISTRATION ON AGING

Establishment of Administration

Sec. 201. (a) There is hereby established within the Department of Health, Education, and Welfare an Administration to be known as the Administration on Aging (hereinafter referred to as the "Administration").

(b) The Administration shall be under the direction of a Commissioner on Aging to be appointed by the President by and with the advice and consent of the Senate.

Functions of Office

Sec. 202. It shall be the duty and function of the Administration to —

(1) serve as a clearinghouse for information related to problems of the aged and aging;

(2) assist the Secretary in all matters pertaining to problems of the aged and aging;

(3) administer the grants provided by this Act;

(4) develop plans, conduct and arrange for research and demonstration programs in the field of aging;

(5) provide technical assistance and consultation to States and political subdivisions thereof with respect to programs for the aged and aging;

(6) prepare, publish, and disseminate educational materials dealing with the welfare of older persons;

(7) gather statistics in the field of aging which other Federal agencies are not collecting; and

(8) stimulate more effective use of existing resources and available services for the aged and aging.

TITLE III. GRANTS FOR COMMUNITY PLANNING SERVICES, AND TRAINING

Authorization of Appropriations

Sec. 301. The Secretary shall carry out during the fiscal year ending June 30, 1966, and each of the four succeeding fiscal years, a program of grants to States in accordance with this title. There are authorized to be appropriated $5,000,000 for the fiscal year ending June 30, 1966, and $8,000,000 for the fiscal year ending June 30, 1967, and for the fiscal year ending June 30,
1968, and each of the two succeeding fiscal years, such sums may be appropriated as the Congress may hereafter authorize by law, for—

(1) community planning and coordination of programs for carrying out the purposes of this Act;

(2) demonstrations of programs or activities which are particularly valuable in carrying out such purposes;

(3) training of special personnel needed to carry out such programs and activities; and

(4) establishment of new or expansion of existing programs to carry out such purposes, including establishment of new or expansion of existing centers providing recreational and other leisure time activities, and informational, health, welfare, counseling, and referral services for older persons and assisting such persons in providing volunteer community or civic services; except that no costs of construction, other than for minor alterations and repairs, shall be included in such establishment or expansion.

Allotments

Sec. 302. (a) (1) From the sum appropriated for a fiscal year under section 301 (A) the Virgin Islands, Guam, and American Samoa shall be allotted an amount equal to one-half of 1 per centum of such sum and (B) each other State shall be allotted an amount equal to 1 per centum of such sum.

(2) From the remainder of the sum so appropriated for a fiscal year each State shall be allotted an additional amount which bears the same ratio to such remainder as the population aged sixty-five or over in such State bears to the population aged sixty-five or over in all of the States, as determined by the Secretary on the basis of the most recent information available to him, including any relevant data furnished to him by the Department of Commerce.

(3) A State's allotment for a fiscal year under this title shall be equal to the sum of the amounts allotted to it under paragraphs (1) and (2).

(b) The amount of any allotment to a State under subsection (a) for any fiscal year which the State notifies the Secretary will not be required for carrying out the State plan (if any) approved under this title shall be available for reallocation from time to time, on such dates as the Secretary may fix, to other States which the Secretary determines (1) have need in carrying out their State plans so approved for sums in excess of those previously allotted to them under subsection (a) and (2) will be able to use such excess amounts for projects approved by the State during the period for which the original allotment was available. Such reallocations shall be made on the basis of the State plans so approved, after taking into consideration the population aged sixty-five or over. Any amount so reallocated to a State shall be deemed part of its allotment under subsection (a).

(c) The allotment of any State under subsection (a) for any fiscal year shall be available for grants to pay part of the cost of projects in such State described in section 301 and approved by such State (in accordance with its State plan approved under section 303) prior to the end of such year or, in the case of the Virgin Islands, Guam, and American Samoa, in the case of any amount allotted to such States for the fiscal year 1968, and of amounts so allotted to such States for each of the two succeeding fiscal years, such sums may be appropriated as the Congress may hereafter authorize by law, for—

(1) community planning and coordination of programs for carrying out the purposes of this Act;

(2) demonstrations of programs or activities which are particularly valuable in carrying out such purposes;

(3) training of special personnel needed to carry out such programs and activities; and

(4) establishment of new or expansion of existing programs to carry out such purposes, including establishment of new or expansion of existing centers providing recreational and other leisure time activities, and informational, health, welfare, counseling, and referral services for older persons and assisting such persons in providing volunteer community or civic services; except that no costs of construction, other than for minor alterations and repairs, shall be included in such establishment or expansion.
the case of allotments for the fiscal year ending June 30, 1966, prior to July 1, 1967. To the extent permitted by the State's allotment under this section such payments with respect to any project shall equal 75 per centum of the cost of such project for the first year of the duration of such project, 60 per centum of such cost for the second year of such project, and 50 per centum of such cost for the third year of such project; except that (1) at the request of the State, such payments shall be less (to the extent requested) than such percentage of the cost of such project, and (2) grants may not be made under this title for any such project for more than three years or for any period after June 30, 1972.

State Plans

Sec. 303. (a) The Secretary shall approve a State plan for purposes of this title which —

(1) establishes or designates a single State agency as the sole agency for administering or supervising the administration of the plan, which agency shall be the agency primarily responsible for coordination of State programs and activities related to the purposes of this Act;

(2) provides for such financial participation by the State or communities with respect to activities and projects under the plan as the Secretary may by regulation prescribe in order to assure continuation of desirable activities and projects after termination of Federal financial support under this title;

(3) provides for development of programs and activities for carrying out the purposes of this Act, including the furnishing of consultative, technical, or information services to public or non-profit private agencies and organizations engaged in activities relating to the special problems or welfare of older persons, and for coordinating the activities of such agencies and organizations to the extent feasible,

(4) provides for consultation with and utilization, pursuant to agreement with the head thereof, of the services and facilities of appropriate State or local public or nonprofit private agencies and organizations in the administration of the plan and in the development of such programs and activities;

(5) provides such methods of administration (including methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Secretary exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods) as are necessary for the proper and efficient operation of the plan;

(6) sets forth principles for determining the priority of projects in the State, and provides for approval of such projects in the order determined by application of such principles;

(7) provides for approval of projects of only public or non-profit private agencies or organizations and for an opportunity for a hearing before the State agency for any applicant whose application for approval of a project is denied; and
(8) provides that the State agency will make such reports to the Secretary, in such form and containing such information, as may reasonably be necessary to enable him to perform his functions under this title and will keep such records and afford such access thereto as the Secretary may find necessary to assure the correctness and verification of such reports.

The Secretary shall not finally disapprove any State plan, or any modification thereof submitted under this section without first affording the State reasonable notice and opportunity for a hearing.

(b) Whenever the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of a State plan approved under subsection (a), finds that—

(1) the State plan has been so changed that it no longer complies with the provisions of subsection (a), or

(2) in the administration of the plan there is a failure to comply substantially with any such provision, the Secretary shall notify such State agency that no further payments will be made to the State under this title (or, in his discretion, that further payments to the State will be limited to projects under or portions of the State plan not affected by such failure), until he is satisfied that there will no longer be any failure to comply. Until he is so satisfied, no further payments shall be made to such State under this title (or payments shall be limited to projects under or portions of the State plan not affected by such failure).

(c) A State which is dissatisfied with a final action of the Secretary under subsection (a) or (b) may appeal to the United States court of appeals for the circuit in which the State is located, by filing a petition with such court within sixty days after such final action. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Secretary, or any officer designated by him for that purpose. The Secretary thereupon shall file in the court the record of the proceedings on which he based his action, as provided in section 2112 of title 28, United States Code. Upon the filing of such petition, the court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part, temporarily or permanently, but until the filing of the record, the Secretary may modify or set aside his order. The findings of the Secretary as to the facts, if supported by substantial evidence, shall be conclusive, but the court, for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify his previous action, and shall file in the court the record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence. The judgment of the court affirming or setting aside, in whole or in part, any action of the Secretary shall be final, subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code. The commencement of proceedings under this subsection shall not, unless so specifically ordered by the court, operate as a stay of the Secretary's action.
Sec. 305. Payments under this title may be made (after necessary adjustment on account of previously made overpayments or underpayments) in advance or by way of reimbursement, and such installments as the Secretary may determine.

Costs of State Plan Administration

Sec. 304. From a State's allotment under section 302, for a fiscal year, not more than 10 per centum or $15,000, whichever is the larger, shall be available for paying one-half (or such smaller portion as the State may request) of the costs of the State agency (established or designated as provided in section 303 (a) (1) ) in administering the State plan approved under section 303, including the costs of carrying on the functions referred to in subsection (a) (3) thereof.

Payments

Sec. 305. Payments under this title may be made (after necessary adjustment on account of previously made overpayments or underpayments) in advance or by way of reimbursement, and such installments as the Secretary may determine.

TITLE IV. RESEARCH AND DEVELOPMENT PROJECTS

Project Grants

Sec. 401. The Secretary is authorized to carry out the purposes of this Act through grants to any public or nonprofit private agency, organization, or institution and contracts with any such agency, organization, or institution or with any individual—

(a) to study current patterns and conditions of living of older persons and identify factors which are beneficial or detrimental to the wholesome and meaningful living of such persons;

(b) to develop or demonstrate new approaches, techniques, and methods (including multipurpose activity centers) which hold promise of substantial contribution toward wholesome and meaningful living for older persons;

(c) to develop or demonstrate approaches, methods, and techniques for achieving or improving coordination of community services for older persons; or

(d) to evaluate these approaches, techniques, and methods, as well as others which may assist older persons to enjoy wholesome and meaningful living and to continue to contribute to the strength and welfare of our Nation.

Payments of Grants

Sec. 402. (a) To the extent he deems it appropriate, the Secretary shall require the recipient of any grant or contract under this title to contribute money, facilities, or services for carrying out the project for which such grant or contract was made.

(b) Payments under this title pursuant to a grant or contract may be made (after necessary adjustment, in the case of grants, on account of previously made overpayments or underpayments) in advance or by way of reimbursement, and in such installments and on such conditions, as the Secretary may determine.

(c) The Secretary shall make no grant or contract under this title in any State which has established or designated a State agency for purposes of section 303 (a) (1) unless the Secretary has consulted with such State agency regarding such grant or contract.
TITLE V. TRAINING PROJECTS

Project Grants

Sec. 501. The Secretary is authorized to make grants to or contracts with any public or nonprofit private agency, organization, or institution for the specialized training of persons employed or preparing for employment in carrying out programs related to the purposes of this Act.

Sec. 502. (a) To the extent he deems it appropriate, the Secretary shall require the recipient of any grant or contract under this title to contribute money, facilities, or services for carrying out the project for which such grant or contract was made.

(b) Payments under this title pursuant to a grant or contract may be made (after necessary adjustment, in the case of grants, on account of previously made overpayments or underpayments) in advance or by way of reimbursement, and in such installments and on such conditions, as the Secretary may determine.

(c) The Secretary shall make no grant or contract under this title in any State which has established or designated a State agency for purposes of section 303 (a) (1) unless the Secretary has consulted with such State agency regarding such grant or contract.

TITLE VI. GENERAL

Advisory Committees

Sec. 601. (a) (1) For the purpose of advising the Secretary of Health, Education, and Welfare on matters bearing on his responsibilities under this Act and related activities of his Department, there is hereby established in the Department of Health, Education, and Welfare an Advisory Committee on Old Americans, consisting of the Commissioner, who shall be chairman, and fifteen persons not otherwise in the employ of the United States, appointed by the Secretary without regard to the civil service laws. Members shall be selected from among persons who are experienced in or have demonstrated particular interest in special problems of the aging.

(2) Each member of the Committee shall hold office for a term of three years, except that (A) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and (B) the terms of office of the members first taking office shall expire, as designated by the Secretary of Health, Education, and Welfare at the time of appointment, five at the end of the first year, five at the end of the second year, and five at the end of the third year after the date of appointment.

(b) The Secretary of Health, Education, and Welfare is authorized to appoint, without regard to the civil service laws, such technical advisory committees as he deems appropriate for advising him in carrying out his functions under this Act.

(c) Members of the Advisory Committee, or of any technical advisory committee appointed under this section, who are not regular full-time em-
employees of the United States, shall, while attending meetings or conferences of such committee or otherwise engaged on business of such committee, be entitled to receive compensation at a rate fixed by the Secretary who appointed them but not exceeding $75 per diem, including travel time, and, while so serving away from their homes or regular places of business, they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b-2) for persons in the Government service employed intermittently.

Administration

Sec. 602. (a) In carrying out the purposes of this Act, the Secretary of Health, Education, and Welfare is authorized to provide consultative services and technical assistance to public or nonprofit private agencies, organizations, and institutions; to provide short-term training and technical instruction; to conduct research and demonstrations; and to collect, prepare, publish, and disseminate special educational or informational materials, including reports of the projects for which funds are provided under this Act.

(b) In administering their respective functions under this Act, the Secretary of Health, Education, and Welfare is authorized to utilize the services and facilities of any agency of the Federal Government and of any other public or nonprofit private agency or institution, in accordance with agreements between the Secretary concerned and the head thereof, and to pay therefor, in advance or by way of reimbursement, as may be provided in the agreement.

Authorization of Appropriations

Sec. 603. The Secretary shall carry out titles IV and V of this Act during the fiscal year ending June 30, 1966, and each of the four succeeding fiscal years. There are hereby authorized to be appropriated $1,500,000 for the fiscal year ending June 30, 1966, and $3,000,000 for the fiscal year ending June 30, 1967, and for the fiscal year ending June 30, 1968, and each of the two succeeding fiscal years, such sums may be appropriated as the Congress may hereafter authorize by law.

APPROVED JULY 14, 1965.