With its membership, revenues, and business ventures on the rise, AARP enjoys more clout and a broader reach, but for what purpose?

The World According to AARP

By Julie Kosterlitz

Sheeren Remez, who is the group executive officer for member value at AARP, is sitting in her office at the association’s massive headquarters in downtown Washington, explaining how the organization formerly known as the American Association of Retired Persons—and since 1999 by its acronym alone—came up with its newly minted logo. The new logo, like the old one, contains the famous four
letters, but they are muscular red block letters, not thin black ones, and they perch over a trademarked tagline: “The power to make it better.”

The phrase, Remez says, was the product of AARP’s considerable in-house research into its age-50-plus market. The word “power” carried much appeal, she explains, but “it was less than purely positive.” Adding “better” helped to shed some of the more negative connotations and to describe the group’s goals. “Obviously, we’re trying to make things better.”

The story of the logo opens a tiny window into the sweeping makeover under way at this gargantuan, multi-purpose organization as it approaches its own 50th birthday next year. Although AARP began to transform itself before public-relations guru Bill Novelli took the helm in mid-2001, Lisa Davis, who was the group’s head of communications before leaving in 2005, says that during Novelli’s tenure as CEO, “we’ve seen that change get on steroids.”

The change has affected all aspects of one of Washington’s biggest players.

• Of AARP’s 38 million members, the last million have joined in the past four months, and the group is aiming for 50 million members—more than 15 percent of the U.S. population—by 2011.

• AARP’s business ventures, which have helped to power the nonprofit group’s revenues past the $1 billion mark, now include licensing the dominant pharmacy insurance plan in the Medicare Part D program (which Congress passed with crucial support from AARP), a new financial subsidiary that sells AARP’s own family of mutual funds, and a market research firm.

• The group has expanded from a dozen state or regional offices to one in every state (plus the District of Columbia and two territories) and has launched a new unit devoted to creating “alliances” with seniors organizations overseas.

• A series of internal reorganizations has replaced many longtime employees with hard-charging operatives from the realms of politics and business and has changed AARP’s lumbering do-gooder demeanor to that of a tightly controlled business operation.

• The association has become much more image-conscious and is using television much more intensely than before. It has taken great pains to update its persona and to leaven the group’s growing “power” emphasis with dedication to personal and social “betterment.”

As AARP—including its for-profit, advocacy, and charitable ventures—sprawls ever larger, some ask, What is the group’s purpose, and whose interests does it serve?

“The real question is ‘why?’ ” asked Washington policy and budget expert Robert Reischauer, when told of AARP’s growth. “I know why GM wants to sell more cars—to make more prof-
A Bolder Brand

- AARP enjoys a luxury that most membership groups dream about: a target population of 76 million Baby Boomers.
- Novelli challenges the age-50-plus generation to "leave lasting legacies ... and strengthen the country for future generations."
- AARP’s lobbying has increased dramatically, and the group has launched a global network with seniors groups abroad.

Carpe Diem

AARP enjoys a luxury that most membership groups can only dream about: a huge target population of 76 million Baby Boomers, born between 1946 and 1964, arriving at its doorstep by the sheer virtue of time. AARP’s traditional market share of the over-50 crowd assures the group rapid growth in membership, fees, and revenues. In 2005, the association made a cool $55 million just by investing in the financial markets. (See chart, next page.)

But the ambitious Novelli is pushing for more and is updating AARP’s public image to appeal to this notoriously individualistic generation.

“In the previous generation,” says Ken Dychtwald, a San Francisco gerontologist who runs the consulting firm Age Wave, “people believed in affiliation—that you get power from your union, your military service, your school—and aligned themselves with a group that would clear the way.” Boomers, he says, “are completely opposite. They think you can’t trust an employer, a union, a political party. They’ve never shown interest in joining groups. They join issues and causes.” Dychtwald will host a three-part public television series on the Baby Boom Generation in late March.

Novelli, a master marketer, has embedded the cultural touchstones of the Boomer generation—popular music and social movements—into AARP’s membership pitches. To help make music and sound part of the AARP brand, for instance, the association hired California-based DMI Music and Media Solutions, whose clients include Coca-Cola, Kellogg, Mattel, Procter & Gamble, Target, Toyota, and United Airlines. As Rick Bowers, AARP’s director for creative initiatives, put it in a New York Times interview last year: “Organizations need to forge emotional connections with members, and what more powerful way is there than music?”

AARP’s Web site allows a user to create a customized online radio station, get advice on navigating the brave new world of digital music, or read reviews of “music for grown-ups.” When members aren’t on their computers, they can attend events that feature dancing into the wee hours and concerts by the likes of Earth Wind and Fire and Rod Stewart. This year AARP has begun concert tours—its first features Tony Bennett—for which members get first crack at tickets.

In other forays, AARP is looking into co-producing TV shows for the Boomer audience and has underwritten a series on the Baby Boom for the History Channel. It hands out “Movies for Grown-Ups” Awards at an annual dinner in Hollywood—this year co-hosted by Martin Sheen and Kathy Bates—to films that feature older artists or target older audiences.

At the same time, AARP portrays itself as not merely a hip purveyor of discounts and products but also a force for social change. “When people who are now 50-plus were living through the 1960s, Bob Dylan was singing ‘The Times They Are A-Changin’. And it’s no less different now,” Novelli writes in his new book, 50+: Igniting a Revolution to Reinvent America. “We are at a unique moment in history when the need for change, the demand for change, and our ability to create change are coming together. For the 50-plus generation, the time is now.”

In his book, Novelli invokes AARP’s litany of policy concerns about the nation’s health care and retirement security systems, and about the barriers to seniors’ getting jobs or staying in their communities, and he reframes them as “opportunities” to “transform” society or to “reinvent” retirement. He challenges Boomers to become part of the solution, and though the book doesn’t break much new ground in suggesting concrete remedies, Novelli tries to convey a sense of higher purpose: the chance “to leave lasting legacies that improve the lives of others and strengthen the country for future generations.”

The group makes a similar pitch in a new series of TV ads. One flashes vignettes of folks of various ages clowning at birthday parties to a soundtrack of the punk anthem Everybody’s Happy Nowadays—a line the musicians borrowed from Aldous Huxley’s Brave New World—while a voice-over describes AARP as “an organization for people who have birthdays.” Another spot features kids wondering if the nation will keep its promises on health care and pensions, and invites watchers to “join AARP in championing your future and the future of every generation.”

Both ads end with a maxim from the group’s long-deceased founder, Ethel Percy Andrus: “Because what we do, we do for all.”

These ads, part of a media blitz to hype the group’s 50th anniversary, represent a new bent. “I see a television presence way beyond what I ever knew,” says Steve Zaleznick, who spent about 20 years at AARP, eventually heading its for-profit subsidiary before leaving in 2002. Zaleznick, who now runs a financial-products firm aimed at the age-50-plus market, says that the heavy TV advertising “surprises” him but that perhaps it shouldn’t. After all, Novelli co-founded the still-thriving Porter Novelli public-
relations firm before starting a second career in leading the public-minded outfits CARE and the Campaign for Tobacco-Free Kids. He is considered a pioneer in the field of "social marketing," using well-honed Madison Avenue techniques to rally people to causes and behavior changes.

Still, the seniors group has made some mistakes along the way. For one, it blew large sums of money launching My Generation, a magazine just for Boomers, before folding that publication and going to AARP. TheM magazine, which it publishes every other month in three slightly different editions targeted to members of varying ages.

Part of AARP’s challenge is to explain the group’s increasingly diffuse purposes and offerings to an increasingly diverse group of people whose only common tie is being 50 or older. “Today’s 50-year-old woman could be a grandmother for the first time, or a mother for the first time, or going back to school,” says Emilio Pardo, the group’s brand manager. “The challenge is not to focus so much on age but on life stage.”

To tackle these challenges, the organization’s leaders have invested heavily in the science of marketing. AARP now uses what Remez calls “anthropological, ethnographic, and empathic” research. The group has added a squad of specially trained researchers who don’t only conduct phone interviews or focus groups to ask people what they think or feel. They also visit people in their homes, studying everything from facial expressions to how they interact with small groups of family members, friends, or neighbors. AARP has invested in “microtargeting,” a technique popular with businesses and political campaigns. The group is building a database of its individual members’ views and tastes, so it can craft messages such as those designed to boost membership rates among the fickle 50-to-59-year-old group.

Research helped Pardo come up with what he calls the group’s new “brand thread” that runs through its ad campaign and the makeover of its Web site. A press release calls the thread—HEALTH / FINANCES / CONNECTING / GIVING / ENJOYING—“the five core needs” of current and future AARP members.

**Internal Overhaul**

AARP’s overhaul involves much more than its marketing strategies, however. The entire organization is changing, from the top down.

When Novelli came in, the group seemed to be cowed by several reversals in the 1990s, most notably the repeal of the Medicare catastrophic health insurance benefit it had championed and then largely sat out the debate over major health care reform. AARP had also weathered hostile congressional hearings into the government grants it had received, and the group had been forced to settle a major dispute with the Internal Revenue Service over which of its ventures could be considered tax-exempt.

Novelli’s prescription for treating AARP’s battered psyche has been shock therapy.

Longtime employees have been swept out, replaced by higher profile, harder-charging newcomers from K Street, Capitol Hill, and the executive branch. Initially, leaders offered employee buyouts partly in the name of economy, but the staff has grown by 300 under Novelli’s tenure, to about 2,200.

The lobbying shop, once under the direction of policy expert and 25-year AARP veteran John Rother, has been folded, along with the 50-plus state offices, into an Office of State and National Initiatives headed by Christopher Hansen, a former lobbyist for Boeing. Others who came to AARP from the corporate world include Director of Advocacy Mike Naylor, who spent 18 years as a lobbyist for Honeywell International and its predecessors, and Government Relations Director David Sloane, who ran WineAmerica, the lobbying arm of small winemakers.

The new media-relations chief is Mark Kitchens, who did stints in the Clinton administration; John Kerry’s presidential campaign; and the PR shop Public Strategies, headed by Mark

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### On a Roll

AARP’s annual revenue nearly doubled in the first five years of Novelli’s tenure, from $520 million in 2001 to $936 million in 2005. Revenue for 2006 is estimated at more than $1 billion. The biggest share is royalty income from marketing arrangements.

#### Operating budget, by year

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#### 2005 revenue, by source

- Contributions: $56.6 million
- Grants: $84.1 million
- Royalties: $379.0 million
- Program and field services: $254.4 million
- Publications: $164.7 million
- Legislation: $69.3 million
- Investment: $54.7 million
- Other income: $52.7 million
- Contributions advertising: $106.2 million
- Membership dues: $253.2 million
- Management: $168.8 million
- Member services: $201.0 million

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*Government and private grants to AARP Foundation.*

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McKinnon, President Bush’s media adviser. A Navy reservist, Kitchens was also a strategic communications adviser to Gen. Tommy Franks at U.S. Central Command. Kitchens has brought in staff members from the world of politics, including former aides to Sen. Ken Salazar, D-Colo., and Rep. Rahm Emanuel, D-Ill.

Late last year, Novelli cleaned house at the group’s Public Policy Institute—a think tank that Rother created in the mid-1980s to delve into such issues as health care and economic policy—firing longtime researchers who had an academic bent. In a recent interview with National Journal, Novelli said he wants the institute to come up with good ideas and also “promote them.” AARP “needs to do more seeding of the ground” with “big ideas,” he says, such as making “the home the center of aging, including long-term care.”

AARP, a nonprofit organization, has adopted a corporate feel, with Novelli—who pulled down $785,676 in salary and benefits in 2005—exchanging the “executive director” title for “chief executive officer.” Other top officials have acquired corporate-sounding titles and mid-six-figure salaries, as well.

These top executives exert direct control over the group’s agenda and message, and the national office has tightened its supervision of state and local chapters’ activities. The top-down theme is also more apparent in AARP’s board selection process. Before 1999, members met annually to pick delegates, who then elected the board. Now a self-selecting volunteer nominating committee solicits and winnows candidates to be voted on by the current board. Novelli’s predecessor, Horace Deets, presided over the change; both leaders say the system remains democratic but is more efficient and deliberative; they also assert that it has produced an ever-higher-caliber board.

Not surprisingly, AARP’s overhaul has changed its organizational culture. Some of those who were let go or demoted say that staff members now have less autonomy and face pressure to conform to the “company line.”

That company line, some say, comes with a touch of piety. Top officials frequently invoke the vision of Andrus, a pioneering California high school principal who founded the group in 1958, when she was retired and in her 70s. “We think of Ethel just about every single day,” says Pardo, the brand manager. AARP won’t take on any enterprise “if it does not pass the Ethel test,” he says, because “then, it’s not authentic. If you put out a claim and it’s not authentic, you’ll feel it.”

**Spreading Its Wings**

Andrus’s vision, as it turns out, has proven elastic enough to accommodate a wide range of activities, including a family of publications; famous and ever-expanding discount purchase and travel offerings for members; a national, state, and grassroots lobbying apparatus; and the policy research shop.

The group has a charitable wing, the AARP Foundation, which, among other things, runs job-training and placement programs for needy seniors, sponsors a volunteer tax-preparation service, and has a legal team that fights workplace age discrimination.

AARP’s for-profit subsidiary, AARP Services, has traditionally licensed other companies’ insurance and financial products under the AARP name and marketed them to members in exchange for royalties. That income accounted for 40 percent of AARP’s revenues, or about $380 million, in 2005.

AARP’s leaders have long contended that its business activities are integral parts of its mission. The group began its unusual combination of consumer and business interests when Andrus teamed with insurance executive Leonard Davis to put together a health insurance plan for seniors, and today’s officials say they are continuing her mission by bringing high-quality products to members.

Now, however, AARP is broadening its business model and running its own companies.

In late 2005, AARP Services, known as ASI, launched AARP Financial—a Massachusetts-based company that offers financial
advice and runs its own family of mutual funds. Formerly, ASI licensed no-load funds from Scudder Investments; today, it contracts with outside companies only for advisory and distribution services.

ASI also recently created the New York City-based market research firm Focalyst in partnership with the Kantar Group, a worldwide consulting giant. Focalyst does both broad and custom research to help corporations tap the burgeoning consumer market of people age 42 and older. Last fall, its first conference drew about 300 corporate executives at $1,900 each.

AARP Financial is a key part of the group’s goal to help people “accumulate and effectively manage adequate retirement assets,” Novelli says. The new AARP funds, he says, were designed for mom-and-pop investors, and come with small minimum investment requirements, low fees, and disinterested financial advice from salaried AARP employees. Kitchens says that the Securities and Exchange Commission has praised the funds’ plain-English prospectuses.

Focalyst President Mike Irwin says his firm aims to help companies “take advantage of the huge economic potential” of the Boomer market, “but also to support a social agenda—spurring products and services that would not exist but for this research, and therefore improving the quality of life.”

AARP officials say that these for-profit ventures hand over their profits to the nonprofit parent organization to help finance its services and advocacy for members and for all seniors. Ramping up those efforts, Novelli says, is one of the key reasons he is pushing AARP’s growth. “We reinvest all our resources in our social programs,” he says. “We’re not paying dividends here. We’re investing in social change.”

To be sure, AARP is not the only nonprofit wading into the business world these days. In recent years a new philosophy of do-gooding has emerged in the nonprofit world, under the name of “social enterprise.” But even in this arena, AARP stands out: By the late 1990s, according to an internal AARP 2004 paper, nonprofits’ single largest source of revenue was earned income, which accounted, on average, for about 37.5 percent of revenues. AARP, the paper noted, raised 79 percent of its revenues in 2003 from earned income, thereby making it a “leader” in this trend.

The model has caught on with nonprofits, the paper explained, because it decreases their reliance on uncertain foundation grants, government grants, and personal giving, and because it lets the groups set their own spending priorities.

But the paper warned that the public may not grasp this melding of profit and nonprofit, and it suggested a “communications strategy” to answer any concerns. Be open, it advises, emphasize the “direct benefit to members,” including low membership fees; “improving the lives of people over 50”; and, especially, AARP’s “strong, community-service program,” which “can soften the impression of the organization as purely an advocacy and revenue-generating entity.”

**Cloak of Goodwill**

Although AARP leaders stay resolutely on message when it comes to the group’s business enterprises, questions persist. Can an organization represent the best interests of its members, as consumers, while pushing its own products?

More-narrowly focused consumer groups have implicitly answered no. Consumers Union, for example, avoids even the appearance of conflict of interest by refusing to take outside advertising in its magazine or to allow its name to be used to sell others’ products.

The group overcame charges of conflict of interest and of marketing poor-value insurance after severing ties with its co-founder and sole-source contractor, Leonard Davis, in 1979. Although often among the better offerings of their kind, many AARP products are not the best. A spring 2006 Business Week article examining AARP’s new mutual funds—which anyone can buy—concluded that AARP’s pricing was competitive but that “there are cheaper options.”

AARP’s business ventures unavoidably fuel recurring suspicions about the motives behind its policy positions—most recently when AARP allied with the Republican congressional leadership in 2003 to pass the controversial Medicare Part D pharmaceutical benefit. Republicans insisted that the insurance be offered by private-sector plans—one of several provisions, some have argued, that have undermined Medicare’s basic principles.

Although AARP has insisted that its decision to back the plan was based solely on policy, its business subsidiary subsequently offered a private-sector plan, through a licensing arrangement with UnitedHealth Group, which has captured the largest single share of the market. AARP executives say the group has lost money on the business after factoring in its costs for consumer education, but they acknowledge that the product will eventually be a substantial moneymaker.

Now, with Democrats controlling Congress, AARP has to thread its way through the debate on how to curb the skyrocketing prices of drugs covered by the program. Aligning with many Democrats, AARP favors allowing government-run Medicare to use its huge purchasing power to negotiate low drug prices with manufacturers; but some Democrats want to go further and let Medicare offer a competing plan. A Medicare-run plan’s low prices could help consumers—but hurt private-sector competitors such as AARP’s plan.

“What’s their position going to be on Part D now that they are key players in the Part D market? I’d be very skeptical,” says Medicare expert Marilyn Moon, who helped to create AARP’s Public Policy Institute in the 1980s and is now director of the Health Program at the nonprofit American Institutes for Research.

AARP’s Rother says that business considerations would not drive the decision, pointing out that in the 1980s the group supported a Medicare expansion that would have undermined one of its products. “If we were convinced that it was a
better deal" for members, he says, the group would support it. "We have many revenue sources."

But Moon, who has monitored the changes at AARP, says she sees signs that the much-vaunted firewall separating the group’s business and policy arms is eroding. During her tenure, she says, "the business people would never talk to us … so there was no real pressure." Now that there is more top-down control at the organization, "more things have to be vetted at executive committee level, with the business people sitting in" as part of the committee.

Other former and current employees agree. Last November, the staff of the Public Policy Institute was asked to take part in a first-ever meeting with business unit managers to help them come up with ideas for new products. "It didn’t go down well," says one person who was present.

Some critics argue that the synergy between AARP’s business and nonprofit sides is not strictly altruistic. The business side’s profits do indeed subsidize membership dues, but low dues mean more members, thereby boosting AARP’s clout in the business and political arena. Age Wave’s Dychtwald says the net effect is to block would-be competitors. "I can’t think of any other sector where one organization ... so dominates the landscape," he says. "There is no competition."

Dychtwald, a longtime critic of AARP, is careful to praise the organization’s social-welfare work, and he has some kind words for Novelli, who appears on the PBS series that Dychtwald hosts. But he argues that the group’s charitable work also feeds its membership and commercial growth. "They have an invisibility cloak of goodwill that helps to build their brand."

"There’s no question that AARP’s "brand" gives it entrée to the marketplace," says Matt Thornhill, who runs the Boomer Project, a competing firm in Richmond, Va., it had what it needed to draw business: "Four letters: AARP."

The AARP Foundation receives contributions from some parties that are arguably not disinterested. The group gets grants from the charitable arms of three insurance companies that have business affiliations with AARP’s for-profit subsidiary: the New York Life Foundation, which has given $867,000 since 2003; the Metropolitan Life Foundation, which has pledged or given $600,000 since 2005; and the UnitedHealth Foundation, which began a $2 million 10-year grant in 2000. New York Life has been the exclusive underwriter of AARP’s life insurance offerings to its members for more than 12 years and was recently chosen to offer a new annuity product that AARP is selling to its members under its own name.

"The AARP Global Network seeks to harness the collective power of these national organizations ... and support them in bringing about positive social change for their respective constituencies."

Going Global

As described in its press release, the venture offers foreign senior citizens organizations the opportunity to learn the secrets of AARP’s runaway success. It will provide "expertise and advisory services, infrastructural support, syndicated content for publications, reciprocal membership benefits for consumers, and [it will] leverage product- and service-provider relationships across borders."

The Global Network’s press Web site—which offers content in eight languages—suggests that the group is meant to create a worldwide political alliance of seniors organizations, led by AARP. "The AARP Global Network seeks to harness the collective power of these national organizations ... and support them in bringing about positive social change for their respective constituencies.”

Dallas Salisbury, president of the Employee Benefit Research Institute, wonders, "What if we end up with a common interna-
nitional accounting system” that affects pensions in the United States and abroad, “or a world congress?” Because AARP has the financial wherewithal to position itself globally it “will be in a position to take advantage of or participate in changes as they develop,” he says. It may sound futuristic, Salisbury concedes, but “Novelli is a futuristic kind of guy.”

Novelli has also been applying his talents to AARP’s policy and political side. At the national level, the group played a decisive role in the outcome of recent battles over entitlement programs: the expansion of Part D in 2003, and the sidelining of Bush’s proposed overhaul of Social Security in 2005.

Behind those successes is an increasingly sophisticated grassroots network, and deep pockets: 4.3 million ready-to-deploy volunteer activists who can descend on politicians’ offices anywhere or fire off missives on short notice, and 660 state-based staff members, up 43 percent since 2000. AARP has dramatically increased its spending on lobbying—including heavy use of television and print advertising. It has shelled out more than $88 million in the past four years, making it the second largest spending lobby (after the U.S. Chamber of Commerce) in three of those four years, according to Center for Responsive Politics. AARP doesn’t endorse candidates, but it does publish a voters guide comparing candidates’ stated positions with those of AARP, and the group now plans to publicize lawmakers’ votes on its issues. Pols beware: Voters 50 and older cast more than half of all ballots in 2006.

Now Novelli is trying to position AARP for the next battles over the future of seniors’ entitlements, as well as over broad health and retirement policies. He has begun by rewording one of AARP’s mission statements to read, in part: “People 50-plus will have independence, choice, and control in ways that are beneficial and affordable for them and for society as a whole.”

It may sound like yet another fuzzy platitude, but the statement is meant to signal, however obliquely, AARP’s recognition that its constituency will have to accept some sacrifices to ensure that the swelling ranks of seniors don’t put an unbearable strain on younger generations.

It’s one of several gestures that AARP has been making to demonstrate that it is not merely an organization of “greedy geezers”—a long-ago magazine headline that has stuck in the group’s craw—concerned only with defending and expanding their claim on the federal budget.

It’s a reputation that AARP acquired, fairly or not, because of its success and the nature of the political system. “AARP is concentrating the political mind on the elderly,” says Robert Bixby, director of the deficit-hawk Concord Coalition, while “nobody is representing those in future generations.”

Rhetorically at least, Novelli is trying to change that perception. “I think we are focused on being intergenerational now,” he said in an interview. “We want to make sure what we advocate for is good for the country” as a whole. This year, AARP has joined a bevy of groups supporting greater funding for the State Children’s Health Insurance Program, a federal program for children whose families lack coverage but don’t qualify for government-backed aid.

In January, Novelli announced an alliance with the Business Roundtable and the Service Employees International Union, as well as a host of disease-focused activist groups, to build public support for bipartisan solutions to the nation’s health and retirement security problems. This validates Novelli’s reputation as a maverick: After all, the Roundtable and AARP spent the past several years and tens of millions of dollars fighting each other over Bush’s Social Security overhaul proposal. So far, the alliance is more symbolic than substantive, because the groups’ agreement extends only to broad statements of principles.

Bixby calls Novelli’s rhetoric “constructive”—as far as it goes. “They do realize the need to broaden their message, not to be seen as obstructionists on change,” he says. “On the other hand, their primary function has been to lobby for benefits. There can be a tension there, to say the least.”

It’s not clear what sort of sacrifices AARP believes that the elderly should be prepared to make. During the past few years’ battles over Social Security, the group’s leaders have said that sacrifices must be broadly shared. And in this year’s debate over proposed cuts in Medicare, AARP has said that any broad health care reform must tackle the program’s skyrocketing costs.

These arguments are backed by sound policies and politics, but they have also allowed AARP to propose the sort of grand solutions that the political system is least able to muster. Novelli insists that AARP’s position is not merely a dodge. “We don’t say we need to fix [any problem] all at once—that may be beyond us and policymakers. It’s OK to fix the system in increments.”

One problem for AARP is that its constituency is so diverse that selling a single solution to every segment is difficult. Back in 1989, the group learned the hard way the dangers of offending upper-income elderly. It supported a new Medicare benefit that for the first time offered the elderly protection against catastrophic medical expenses but also charged a surtax on upper-income people to help pay for it. When the bills came due, the backlash from seniors forced Congress to repeal the benefit after only about a year. More recently, AARP learned the dangers of offending liberals: 70,000 members quit after Democrats and their allies blasted the group for accepting the Republicans’ Part D proposals in 2003—although the group has more than recouped that number in new members since then.

Still, perhaps one advantage of AARP’s burgeoning size and income is that it can survive such ebbs and flows. Moreover, Novelli has shown himself to be a legacy-minded leader, willing—for better or worse—to cross ideological and traditional lines to get things done.

AARP, in short, has the power. Whether the group can “make it better” depends partly on how Novelli reconciles the group’s increasingly expansive—and often conflicting—enterprises and constituencies.

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