

**PENNSYLVANIA
DEPARTMENT OF AGING**

INTRASTATE FUNDING FORMULA

2020-2024 STATE PLAN ON AGING | ATTACHMENT C

FY 2020 State Plan Guidance Attachment C

INTRASTATE (IFF) FUNDING FORMULA REQUIREMENTS

Each State IFF submittal must demonstrate that the requirements in Sections 305(a)(2)(C) have been met:

OAA, Sec. 305(a)(2)
"States shall,

(C) in consultation with area agencies, in accordance with guidelines issued by the Assistant Secretary, and using the best available data, develop and publish for review and comment a formula for distribution within the State of funds received under this title that takes into account--

*(i) the geographical distribution of older individuals in the State; and
(ii) the distribution among planning and service areas of older individuals with greatest economic need and older individuals with greatest social need, with particular attention to low-income minority older individuals."*

- For purposes of the IFF, "best available data" is the most recent census data. More recent data of equivalent quality available in the State may be considered.
- As required by Section 305(d) of the OAA, the IFF revision request includes: a descriptive Statement; a numerical Statement; and a list of the data used (by planning and service area).
- The request also includes information on how the proposed formula will affect funding to each planning and service area.
- States may use a base amount in their IFFs to ensure viable funding across the entire state.

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INTRASTATE FUNDING FORMULA BACKGROUND

The Intrastate Funding Formula (IFF) or “allocation formula” that is used to allocate federal funding to Pennsylvania’s 52 Area Agencies on Aging (AAAs) is being updated. Implementation of the new IFF will be effective July 1, 2021 and will be used to distribute funds beginning with the state Fiscal Year 2021-22 allocations.

On September 22, 2020, the Administration for Community Living (ACL) issued a conditional approval of Pennsylvania’s current 4-year (2020-2024) State Plan on Aging which required the Pennsylvania Department of Aging (PDA) to revise its current allocation formula method used to distribute Older American’s Act (OAA) federal funds to AAAs in order to comply with OAA requirements.

The OAA requires that any updates to the IFF must be completed in accordance with Sec. 305(a)(2) which notes that:

“States shall,

*(C) in consultation with area agencies, in accordance with guidelines issued by the Assistant Secretary, and using the best available data, develop and publish for review and comment a formula for distribution within the State of funds received under this title that takes into account--
(i) the geographical distribution of older individuals in the State; and
(ii) the distribution among planning and service areas of older individuals with greatest economic need and older individuals with greatest social need, with particular attention to low-income minority older individuals.”*

Model Development

PDA examined the current IFF model, reviewed federal requirements governing the intrastate allocation of funds, compared what factors several other states considered in their models and collaborated with the AAA network during the planning and development of the new IFF. PDA obtained and researched available empirical data from the Pennsylvania State Data Center, reviewed demographics of consumers who utilized aging services and conducted modeling to ascertain the impact of various scenarios on the AAA resources.

PDA’s overarching goal is to arrive at a model that would optimize the allocation of federal funds to serve older adults as directed by federal requirements, while complying with OAA requirements and considering mitigation of any adverse impact to AAAs. The IFF methodology is required to meet the following federal objectives:

- Operates within the parameters established by federal laws and regulation
- Uses criterion variables for which data values are available from common, readily accessible and reliable sources

- Accomplishes updates or changes to the model data, input variables, and decision variables easily
- Provides accurate and reliable output

AAA Engagement and IFF Public Review and Comment Process

The Department engaged with leadership of the AAA network to receive their input and feedback on revisions to the IFF. In January of 2021, PDA began to meet with P4A leadership to discuss these changes. We discussed the factors, weights and other considerations, i.e. past efforts on IFF, comparisons to other states and AAA utilization data. We also considered financial impacts and mitigation strategies. Subsequent steps included meeting with the board of directors of P4A and a presentation to the whole network of 52 AAAs.

Pennsylvania has a statutorily created Council on Aging (PCoA) whose members are primarily older adults from throughout Pennsylvania. This council was informed in March, 2021 of the procedure being followed to address the IFF issue, and a formal overview was provided to PCoA on April 22 after publication of the summary and financial impacts.

To meet the requirement for public review and comment, PDA issued a press release with a link to the IFF summary and a related spreadsheet with the financial impacts on April 20. We also pushed the press release directly to aging network stakeholders such as AARP, the Alzheimer's Association, SeniorLaw and others so that they could provide their feedback. Legislative oversight committees, the House Committee on Aging and Older Adult Services and the Senate Aging and Youth Committee were also sent the information for review and comments. This comment period ran from April 20 – April 28 however we have received and accepted feedback beyond the deadline.

PDA has reviewed the feedback received and is taking steps to respond to stakeholder questions and concerns, including meeting with the AAA network and responding to and meeting with legislators who have requested meetings.

Comments were received through PDA's website feedback option, and through emails or letters sent to the Legislative Affairs Office and the Office of the Secretary.

A summary of responses received to date and related general themes or questions that we are responding to are as follows:

1. Stakeholders requested additional information regarding the data PDA used to inform its selection of factors, weights, and mathematical calculations.
2. Stakeholders requested an understanding of all definitions, particularly "poverty" and "rural", that PDA used to inform the factors included in the proposed IFF.
3. Stakeholders shared concerns regarding reductions in funding and its possible impact on nutritional programs, such as home-delivered meals, congregate meals, and general concern over the nutritional well-being of older adults in adversely affected service areas.

4. Stakeholders requested either an extension of the comment period, typically from 7 days to 30 days, or a delay in the implementation of the proposed IFF.
5. Stakeholders shared comments regarding data used to determine population shifts.
6. Concerns were shared regarding the timing of the changes to the IFF, specifically citing the COVID-19 pandemic.

Most of the feedback received has come from the southwestern Pennsylvania region, serviced by Southwestern PA AAA, which covers three counties, Washington, Fayette, and Greene. Stakeholders, including county commissioners, state representatives, state senators, providers of senior services, senior citizen centers, AAA representatives, submitted comments primarily focused on the impact of the shifts in funding for these three counties.

Additional feedback was submitted on behalf of Philadelphia, Lebanon, Lackawanna, and Potter counties. Issues raised included request for more information to validate the formula, advocacy for more flexibility in how federal and state funds could be used and support for the shift in funds for AAAs that stand to gain increased funding.

There were several stakeholders that submitted feedback. These stakeholders included AARP Pennsylvania, the Alzheimer's Association of Greater Pennsylvania, State Senator Judy Ward, Majority Chair of the Senate Aging & Youth Committee, CARIE (Center for Advocacy for the Rights & Interests of the Elderly) and P4A (Pennsylvania Association of Area Agencies on Aging).

Descriptive Statement of the IFF Model

The IFF model allocates federal funding administered by ACL, as authorized by the OAA, to the following service areas:

- Title III B - Supportive Services
- Title III C1- Congregate Meal Services
- Title III C2 - Home Delivered Meal Services
- Title III D - Health Promotion Services
- Title III E - Caregiver Services
- Title VII - Ombudsman and Protective Services

The IFF is not used to allocate funding Pennsylvania receives for the Nutrition Services Incentive Program (NSIP). The distribution of NSIP awards are based on the number of certified eligible meals reported to ACL. Each AAA's annual allocation is based on their percent of statewide certified eligible meals that they report.

The model's allocation formula is based on the census data of selected factors using 2018/2019 population estimates from the U.S. Census Bureau, that have been made available by the Pennsylvania State Data Center located at Pennsylvania State University. The data being used (Attachment 7) was the most current available during the IFF planning and review process. PDA

will update the census data to align with the certified 2020 census when it becomes available toward the end of 2021. This data is currently unavailable, at the detail needed for the proposed IFF, before the end of 2021, and therefore could not be used in time to meet ACL's requirement to use a revised formula effective July 1, 2021.

The formula is a mathematical expression of older adult consumer population attributes within each AAA's planning and service area (PSA). Consumer characteristics are represented within the formula as factors. Each selected factor represents a demographic subset of the eligible population that meets two primary criteria:

- Represents a unique or exceptional set of demands or requirements on an AAA's resources
- An uneven distribution of the factor exists within the AAA network

The following six factors that are used in the IFF incorporate census data for the population within each factor:

<u>Factors</u>	<u>Rationale</u>
• Persons Age 60-74	Modified existing Age 60+ factor to Age 60 – 74 to decrease overall weight given to age
• Persons Age 75+	Kept existing factor because the number of consumers seeking services tend to increase once they reach a minimum age of 75 years old
• Age 65+ who Lives Alone	Added this new factor because this is a noted indicator of greatest social need and presents a risk of social isolation
• Age 60+ who are Minority greatest	Kept existing factor because this is a noted indicator of social need
• Age 60+ in a Rural Setting greatest	Kept existing factor because this is a noted indicator of social need
• Age 60+ Living In Poverty greatest	Kept existing factor because this is a noted indicator of economic need

The weighted population for each factor is calculated by multiplying the census data by the factor's weight.

AAA Allocation Determination

Each AAA's census data is multiplied by the following factor's fixed weighted percentage.

<u>Factors</u>	<u>Fixed Weighted Percentage</u>
Persons Age 60-74	1%
Persons Age 75+	4%
Age 65+ who Lives Alone	10%
Age 60+ who are Minority	15%
Age 60+ in a Rural Setting	10%
Age 60+ Living In Poverty	60%

AAA Weighted Population = (1% x Age 60-74) + (4% x Age 75+) + (10% x Age 60+ - Living Alone) + (15% x Age 60+ - Minority) + (10% x Age 60+ - Rural) + (60% x Age 60+ - In Poverty)

Each AAA's Weighted Population is then divided by the total for the AAA network to determine its AAA Index Percent.

AAA Index Percent = *AAA Weighted Population* / *AAA Network Total Weighted Population*

Each AAA's Index Percent is then multiplied by the total available funding to determine its allocation.

AAA Allocation = *AAA Index Percent* x *Available Funding*

Descriptive Statement of IFF Mitigation Strategy

To mitigate the effects of major funding shifts created by this transition from the current funding formula to a new formula, PDA is electing to limit the funding reductions any AAA may incur within a given year. PDA has elected to exercise this option to allow for this transition to occur gradually and minimize impacts to older adults. As a result, a five percent (5%) cap will be placed as a maximum reduction a AAA will incur in any year, based on its fiscal year 2020-21 (July 1 – June 30) allocations which will serve as the base year for this calculation. This cap will be applied annually until the full reduction required, because of the transition to a new formula, is achieved. This mitigation process will also limit the increases that AAAs will gain in a given year to the total capped amount for that specific year. The distribution of the capped amount, in a given year, will be prorated across all AAAs gaining funds based on the percentage of funds due to them from the overall shift in total funds.

AAA FY 2020-21 (Base Year) Allocation x 5% = *Maximum Reduction in a Year (MRY)*

Each year the MRY amount will be applied until the total IFF Determined Reduction is achieved. The IFF Determined Reduction is the total funding reduction to a AAA caused by the implementation of the proposed IFF using updated census data.

In any given year, if the remaining IFF Determined Reduction amount is equal to or greater than the MRY, the beginning allocation amount for the year will be reduced by the MRY. If the

remaining IFF Determined Reduction amount is less than the MRY, the beginning allocation amount for the year will be reduced by the IFF Determined Reduction.

If an AAA's IFF Determined Reduction amount is greater than the MRY:

Beginning allocation – MRY = Annual Allocation

If an AAA's IFF Determined Reduction amount is less than the MRY:

Beginning allocation – IFF Determined Reduction amount = Annual Allocation

Any future distribution of new federal funds will be determined using the approved IFF and added to AAA existing allocations after mitigation efforts are applied.

Ongoing Updates to IFF

As a matter of policy, PDA will update the census data used in this allocation formula on a periodic basis, not to exceed at least once every four years, in order to limit the funding impact of future demographic shifts when it allocates federal dollars using the IFF.

Any future changes to the IFF formula, beyond updates to census data used in the formula, must be done in accordance with the prescribed update procedures required by the OAA.

IFF Results Comparison

PSA AAA	Affected Funding Sources							Approved		
	Title IIIB & C	Title VII	Federal Caregiver		Health Promotion		Current Total	Allocation	Change	
			Title III-E	Match	Title III-D	Match				
01	ERIE	683,888	12,390	101,075	33,691	17,483	8,187	856,714	1,096,401	239,687
02	CRAWFORD	516,039	5,950	41,736	13,912	8,312	3,941	589,890	533,619	(56,271)
03	CAM/ELK/MCKEAN	446,186	5,880	52,168	17,389	8,877	4,600	535,100	494,347	(40,753)
04	BEAVER	610,351	9,730	86,400	28,800	14,489	7,550	757,320	775,615	18,295
05	INDIANA	375,848	5,390	49,408	16,469	8,245	4,373	459,733	471,405	11,672
06	ALLEGHENY	5,775,469	82,180	770,519	256,840	105,042	53,577	7,043,627	4,903,672	(2,139,955)
07	WESTMORELAND	1,176,238	21,630	186,904	62,301	29,806	17,221	1,494,100	1,547,656	53,556
08	WASH/FAY/GREENE	2,859,784	29,120	401,229	133,743	43,251	24,847	3,491,974	2,013,446	(1,478,528)
09	SOMERSET	356,088	6,440	69,935	23,311	9,571	5,306	470,651	529,817	59,166
10	CAMBRIA	677,422	11,060	100,335	33,445	16,052	9,029	847,343	778,573	(68,770)
11	BLAIR	490,258	8,120	82,263	27,420	11,153	5,881	625,095	573,846	(51,249)
12	BED/FULT/HUNT	660,953	8,750	79,563	26,521	12,421	6,800	795,008	792,044	(2,964)
13	CENTRE	230,313	3,850	27,099	9,032	3,920	4,989	279,203	505,218	226,015
14	LYCOM/CLINTON	630,821	8,890	73,839	24,613	11,862	6,596	756,621	801,271	44,650
15	COLUM/MONT	389,299	4,900	39,995	13,331	8,688	1,438	457,651	427,204	(30,447)
16	NORTHUMBERLND	553,009	8,260	81,843	27,280	11,653	6,065	688,110	525,445	(162,665)
17	UNION/SNYDER	210,552	3,570	29,091	9,697	5,657	2,978	261,545	448,697	187,152
18	MIF/JUNIATA	342,740	5,040	55,583	18,528	7,765	4,199	433,855	482,236	48,381
19	FRANKLIN	614,172	6,860	58,599	19,532	9,659	4,884	713,706	692,865	(20,841)
20	ADAMS	144,146	3,500	24,336	8,112	5,157	2,798	188,049	549,390	361,341
21	CUMBERLAND	335,073	6,720	42,963	14,321	6,087	3,136	408,300	788,034	379,734
22	PERRY	141,620	2,100	17,991	5,997	5,134	2,789	175,631	278,517	102,886
23	DAUPHIN	611,424	12,250	95,756	31,919	15,202	8,720	775,271	1,140,289	365,018
24	LEBANON	338,272	5,460	42,405	14,134	6,030	3,116	409,417	518,879	109,462
25	YORK	898,415	14,980	99,791	33,263	16,004	9,013	1,071,466	1,565,162	493,696
26	LANCASTER	803,880	15,750	123,724	41,241	19,619	11,240	1,015,454	1,767,987	752,533
27	CHESTER	883,017	10,640	55,734	18,578	9,499	4,831	982,299	1,357,452	375,153
28	MONTGOMERY	1,173,613	22,400	179,247	59,749	17,383	9,982	1,462,374	2,489,621	1,027,247
29	BUCKS	871,268	14,560	148,345	49,448	15,611	8,869	1,108,101	1,819,752	711,651
30	DELAWARE	1,022,367	22,260	173,110	57,704	28,096	16,143	1,319,680	1,919,461	599,781
31	PHILADELPHIA	10,343,419	155,820	1,823,731	607,911	211,643	96,172	13,238,696	9,673,905	(3,564,791)
32	BERKS	965,143	17,080	196,533	65,510	20,696	12,085	1,277,047	1,788,287	511,240
33	LEHIGH	1,100,277	13,090	89,979	29,992	11,376	5,972	1,250,686	1,285,959	35,273
34	NORTHAMPTON	760,926	11,340	76,575	25,524	12,389	6,927	893,681	1,028,330	134,649
35	PIKE	96,819	2,030	15,172	5,057	5,789	2,119	126,986	425,786	298,800
36	B/S/S/T	623,035	11,130	102,186	34,062	15,770	8,928	795,111	1,090,447	295,336
37	LUZERNE/WYOMING	1,838,800	25,970	211,911	70,636	30,703	23,454	2,201,474	1,509,855	(691,619)
38	LACKAWANNA	948,576	14,630	173,899	57,967	21,177	12,259	1,228,508	943,947	(284,561)
39	CARBON	179,642	3,290	29,553	9,850	5,177	2,805	230,317	373,177	142,860
40	SCHUYLKILL	512,432	12,950	117,383	39,127	18,827	10,495	711,214	881,574	170,360
41	CLEARFIELD	348,823	6,160	57,391	19,131	9,415	4,797	445,717	567,949	122,232
42	JEFFERSON	301,880	3,710	44,599	14,867	5,831	3,043	373,930	290,215	(83,715)
43	FOREST/WARREN	266,716	2,940	22,632	7,544	5,151	2,795	307,778	336,296	28,518
44	VENANGO	178,955	3,500	41,431	13,811	5,607	2,962	246,266	355,614	109,348
45	ARMSTRONG	402,842	5,670	46,519	15,507	7,877	4,238	482,653	478,920	(3,733)
46	LAWRENCE	475,163	5,950	49,345	16,448	8,512	4,469	559,887	497,989	(61,898)
47	MERCER	468,578	6,510	57,999	19,332	9,412	5,249	567,080	618,683	51,603
48	MONROE	327,059	4,760	48,920	16,307	5,510	2,925	405,481	857,539	452,058
49	CLARION	213,617	2,730	32,439	10,813	5,162	2,799	267,560	253,559	(14,001)
50	BUTLER	590,967	7,140	84,279	28,093	9,369	4,781	724,629	814,597	89,968
51	POTTER	133,993	1,680	15,013	5,004	5,121	2,784	163,595	133,749	(29,846)
52	WAYNE	174,813	3,290	29,011	9,671	5,657	2,978	225,420	402,706	177,286
TOTALS		46,075,000	700,000	6,757,486	2,252,485	923,899	488,134	57,197,004	57,197,004	0
									AAAs-Reduced	18
									AAAs-Gaining	34
									Shifting Funds	(8,786,608)