

**PENNSYLVANIA
DEPARTMENT OF AGING**

INTRASTATE FUNDING FORMULA

2016-2020 STATE PLAN ON AGING | ATTACHMENT C

INTRASTATE FUNDING FORMULA AND BACKGROUND

Background

The current Intrastate Funding Formula or “allocation formula” was developed in 2004 and was implemented for the beginning with State Fiscal Year 2005-06 allocations. This same formula, with no changes, has been utilized through State Fiscal Year 2015-16 to calculate allocations to the Area Agencies on Aging.

Model Development

The department examined the current model, reviewed federal and state laws and regulations governing the intrastate allocation of funds, and gave due consideration to the Area Agencies on Aging recommendations. It researched available empirical data and conducted literature reviews to ascertain the impact of various subsets of the elderly population on the Area Agencies on Aging resources. The result of these efforts confirmed that clear differences exist on how the various demographic subsets of a population impact an agency’s resources.

The department’s overarching goal was to arrive at a model by which to optimize the allocation of state and federal funds to the Area Agencies on Aging while minimizing any adverse impact. The following objectives facilitated the achievement of this goal:

- The model must operate within the parameters established in state and federal laws and regulation
- The model must be populated with criterion variables for which data values are available from common, readily accessible and reliable sources
- Updates or changes to the model data, input variables, and decision variables must be easily accomplished
- The model must contain within its logic alternative decision points that will accommodate changes in state and federal laws and regulations
- The model must fit all possible foreseeable situations and provide accurate and reliable output

The Allocation Formula-Public Review and Comment Process

Interacting with the Area Agencies on Aging network, older adults, state legislators and numerous other interested providers, the department ensured all parties were given an opportunity to provide constructive input. These interactions included five listening forums and three public hearings across the state. With these sessions, all parts of the plan were discussed. As a result, no changes were made to the current intrastate funding formula.

Model Description

The model consists of two distinct parts: an allocation formula and a distribution methodology.

The first part, the formula, consists of selected factors, the factor weights, the values of the factors, census data, and calculated indices. The purpose of this part of the model is to determine the number of equivalent consumers within each Area Agency on Aging.

The formula composition and definition are as follows:
 $(w_1F_1 + w_2F_2 + \dots w_6F_6) = \text{AAA Value}$

Where w_1 is the weight assigned to each of the factors. The weights were determined by the department with input from the Pennsylvania Association of Area Agencies on Aging. The weight provides the level of importance to the factor in relation to the other factors.

Where F_f is the factor. The factor, which can also be defined as an attribute of the consumer, is the level of demand or requirement placed on an Area Agency on Aging by a particular type of consumer. It is the census count of consumers of that type.

The department adjusted value is the sum of all Area Agency on Aging values and is the statewide number of equivalent consumers. One the statewide number of equivalent consumers is calculated each Area Agency on Aging value is divided by the statewide value providing an index number for each Area Agency on Aging. This index number is simply the Area Agency on Aging's proportion of the statewide equivalent consumers.

The second part, the distribution methodology, consists of allocation decision variables. These determine how and when the formula is applied.

The model takes into account the following precepts from the law and regulations:

- The federal rules require that the model take into account the geographical distribution of older persons across the state, including the proportion of the older persons with the greatest economic and social needs. It must also pay particular attention to low-income minorities.
- The state rules require that the model take into account that the allocation must be weighted by the proportion of the older poor in each Planning and Service Area, or Area Agency on Aging, in relation to the total older poor in Pennsylvania. State law incorporates a "hold harmless" (state funding only) provision that specifies that no Area Agency on Aging may receive less state funding that it received in the preceding year.

The formula is a mathematical expression of the requirements/needs of the consumer population within each AAA in relation to all the Area Agencies on Aging. Different types of consumers have different needs and therefore require varying levels of resources. Consumer characteristics are represented within the formula as factors. Each factor represents a demographic subset of the overall sixty-plus population.

There are two criteria for considering a factor for inclusion in the formula. The first is that each factor must represent an exceptional or unique set of demands or requirements on an Area Agency on Aging's resources. The second is that there is a disproportionate distribution of the factor (consumer type) among the various Area Agencies on Aging.

In all cases the formula was first applied to the available funds to calculate the index base amount by Area Agency on Aging. Then, parameters that affect the allocation (i.e. hold harmless (state only funding)) are applied. The difference between the preceding (base) year's allocation and the current budget year index base amount is used to calculate the marginal indices.

This methodology permits a gradual shift, with both state and federal funds, in allocations preventing Area Agencies on Aging from taking a drastic loss in one year. Conversely it prevents other Area Agencies on Aging from receiving a disproportionately large gain in a single year. The change can be spread out over a period of years allowing Area Agencies on Aging to adjust and plan for changes in allocations. The rate at which the change occurs is a decision that can be made in conjunction with the Area Agencies on Aging and other stakeholders. Currently we are using the 2010 Census data.

Current Status

After full consideration of many factors and weights, including those discussed with the Area Agencies on Aging, the following factors and weights were chosen:

<u>Factor</u>	<u>Weight</u>
1. Poor (at or below 100% poverty)	25% (.25)
2. Rural	25% (.25)
3. Minority	20% (.20)
4. 75 years old or older	20% (.20)
5. 60 years old or older	10% (.10)
	100%

To focus resources on targeted, at risk populations, the poor and rural factors were weighted most heavily, followed by minority and persons 75 years of age and older. To respond to overall shifts in the older population, persons age 60 and older were also included as a factor and weighted accordingly. In addition, the "hold harmless" (state only funding) provision in Pennsylvania state law requires that the state funds AAAs receive be at least equal to the amount received in the previous year further minimizing

the losses to any single Area Agency on Aging. The chart below is the listing of data per AAA for the factors and weights.

As a matter of policy, the department will utilize the most recent census data available when it allocates dollars (both state and federal) annually based on funding levels.

PDA EXAMPLE Allocation

		2010 population 60+	60+ weighted by 0.10	2010 population 75+	75+ weighted by 0.20	2010 population 60+ Minority	Minority Weighted by 0.20	2010 population 60+ Rural	Rural Weighted by 0.25	2010 population 60+ <100% Poverty	Poor Weighted by 0.25	Sum Weighted Population 1	Index AAA wt. divided by State WT.	Title III Funding
AAA	AAA													
1	Erie	52,745	5,275	22,490	4,498	2,300	460	8,537	2,134	3,197	799	13,166	0.01918557	883,975
2	Crawford	18,778	1,878	7,544	1,509	338	68	10,962	2,741	1,365	341	6,536	0.00952423	438,829
3	CameronElk/McKean	18,672	1,867	7,915	1,583	170	34	9,788	2,447	1,231	308	6,239	0.00909144	418,888
4	Beaver	41,461	4,146	18,119	3,624	2,117	423	9,172	2,293	2,864	716	11,202	0.01632406	752,131
5	Indiana	17,490	1,749	7,428	1,486	235	47	10,567	2,642	1,606	402	6,325	0.00921661	424,655
6	Allegheny	271,936	27,194	123,281	24,656	28,308	5,662	7,243	1,811	23,038	5,760	65,082	0.09483737	4,369,632
7	Westmoreland	86,802	8,680	37,441	7,488	1,751	350	20,257	5,064	6,429	1,607	23,190	0.03379275	1,557,001
8	Fayette/Greene/Washington	86,787	8,679	37,832	7,566	3,045	609	35,091	8,773	8,648	2,162	27,789	0.04049408	1,865,765
9	Somerset	18,307	1,831	8,060	1,612	181	36	12,795	3,199	1,747	437	7,114	0.01036715	477,666
10	Cambria	35,509	3,551	16,618	3,324	813	163	10,084	2,521	3,500	875	10,433	0.01520318	700,486
11	Blair	28,403	2,840	12,122	2,424	413	83	6,321	1,580	2,184	546	7,474	0.01089050	501,780
12	Bedford/Fulton Huntingdon	24,073	2,407	9,218	1,844	315	63	17,843	4,461	2,100	525	9,300	0.01355151	624,386
13	Centre	19,856	1,986	7,829	1,566	408	82	8,141	2,035	989	247	5,916	0.00862010	397,171
14	Clinton/Lycoming	33,004	3,300	13,867	2,773	560	112	12,142	3,036	2,445	611	9,833	0.01432805	660,165
15	Columbia/Montour	17,646	1,765	7,383	1,477	190	38	7,321	1,830	1,507	377	5,486	0.00799452	368,348
16	Northumberland	22,119	2,212	9,811	1,962	215	43	7,675	1,919	2,332	583	6,719	0.00979075	451,109
17	Union/Snyder	15,349	1,535	6,194	1,239	235	47	7,631	1,908	1,059	265	4,993	0.00727612	335,247
18	Mifflin/Juniata	15,830	1,583	6,388	1,278	104	21	9,251	2,313	1,581	395	5,589	0.00814491	375,277
19	Franklin	29,198	2,920	11,961	2,392	789	158	10,976	2,744	1,999	500	8,714	0.01269744	585,034
20	Adams	18,354	1,835	7,064	1,413	413	83	9,148	2,287	934	234	5,851	0.00852655	392,861
21	Cumberland	44,299	4,430	17,966	3,593	1,315	263	8,589	2,147	2,047	512	10,945	0.01594927	734,862
22	Perry	7,850	785	2,628	526	72	14	6,032	1,508	516	129	2,962	0.00431624	198,871
23	Dauphin	47,296	4,730	18,916	3,783	6,994	1,399	6,303	1,576	2,952	738	12,225	0.01781485	820,819
24	Lebanon	26,943	2,694	11,282	2,256	814	163	6,594	1,649	1,504	376	7,138	0.01040154	479,251
25	York	75,565	7,557	28,974	5,795	2,970	594	16,884	4,221	4,304	1,076	19,242	0.02804000	1,291,943
26	Lancaster	91,515	9,152	37,751	7,550	4,300	860	16,649	4,162	5,014	1,254	22,977	0.03348288	1,542,724
27	Chester	78,805	7,881	28,649	5,730	6,520	1,304	12,786	3,197	3,080	770	18,881	0.02751322	1,267,671
28	Montgomery	151,966	15,197	63,012	12,602	14,308	2,862	4,532	1,133	6,200	1,550	33,344	0.04858850	2,238,715

29 Bucks	112,717	11,272	41,184	8,237	5,981	1,196	10,630	2,658	4,815	1,204	24,566	0.03579765	1,649,377
30 Delaware	104,999	10,500	46,248	9,250	14,099	2,820	1,523	381	6,413	1,603	24,553	0.03577922	1,648,527
31 Philadelphia	251,760	25,176	104,586	20,917	115,706	23,141	0	0	41,012	10,253	79,487	0.11582952	5,336,845
32 Berks	74,028	7,403	30,608	6,122	4,788	958	16,641	4,160	4,911	1,228	19,870	0.02895468	1,334,087
33 Lehigh	65,166	6,517	28,204	5,641	4,290	858	4,917	1,229	4,194	1,049	15,293	0.02228527	1,026,794
34 Northampton	56,158	5,616	24,200	4,840	3,232	646	7,482	1,871	3,441	860	13,833	0.02015746	928,755
35 Pike	10,955	1,096	3,911	782	658	132	8,315	2,079	490	123	4,211	0.00613564	282,700
36 BSST	33,933	3,393	12,918	2,584	392	78	24,884	6,221	2,737	684	12,961	0.01888619	870,181
37 Luzerne/Wyoming	79,511	7,951	35,370	7,074	1,257	251	16,448	4,112	8,160	2,040	21,429	0.03122574	1,438,726
38 Lackawanna	48,713	4,871	22,497	4,499	744	149	7,046	1,762	4,976	1,244	12,525	0.01825151	840,938
39 Carbon	13,739	1,374	5,944	1,189	232	46	6,562	1,641	1,054	264	4,513	0.00657652	303,013
40 Schuylkill	34,886	3,489	16,090	3,218	349	70	12,235	3,059	3,388	847	10,682	0.01556609	717,208
41 Clearfield	18,612	1,861	7,754	1,551	162	32	8,983	2,246	1,458	365	6,055	0.00882287	406,514
42 Jefferson	10,481	1,048	4,487	897	77	15	6,503	1,626	822	206	3,792	0.00552594	254,608
43 Forest/Warren	11,283	1,128	4,307	861	96	19	5,965	1,491	332	83	3,583	0.00522139	240,575
44 Venango	12,397	1,240	4,984	997	155	31	6,628	1,657	1,074	269	4,193	0.00611006	281,521
45 Armstrong	16,157	1,616	7,058	1,412	193	39	9,671	2,418	1,403	351	5,834	0.00850192	391,726
46 Lawrence	21,827	2,183	9,937	1,987	563	113	8,047	2,012	1,940	485	6,779	0.00987906	455,177
47 Mercer	27,358	2,736	12,195	2,439	1,091	218	11,911	2,978	1,868	467	8,838	0.01287842	593,373
48 Monroe	25,954	2,595	9,187	1,837	2,535	507	11,516	2,879	1,628	407	8,226	0.01198669	552,287
49 Clarion	8,484	848	3,384	677	67	13	6,962	1,741	647	162	3,441	0.00501403	231,021
50 Butler	34,396	3,440	14,252	2,850	450	90	13,612	3,403	2,808	702	10,485	0.01527881	703,971
51 Potter	4,085	409	1,599	320	46	9	3,902	976	316	79	1,792	0.00261131	120,316
52 Wayne	11,703	1,170	4,544	909	228	46	9,090	2,273	969	242	4,639	0.00676063	311,496
STATE	2,485,860	248,586	1,043,191	208,638	237,584	47,517	528,787	132,197	197,228	49,307	686,245	1	46,075,000