PENNSYLVANIA DEPARTMENT OF AGING
INTRASTATE FUNDING FORMULA
2020-2024 STATE PLAN ON AGING

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

IFF Public Review and Comment Process

The Department engaged the AAA network to receive their input and feedback. The public review and comment process of the IFF and its impact is as follows:

A press release with a link to the IFF and related spreadsheet is being issued on April 20, 2021 to notify the general public of the requirement to publish for public review and input the changes to the IFF and corresponding changes in the distribution of federal funds to Area Agencies on Aging as a result of this change. The Pennsylvania Council on Aging, made up of primarily older adults from throughout Pennsylvania, was also notified and legislative oversight committees, the House Committee on Aging and Older Adult Services and the Senate Aging and Youth Committee, were also sent the information. Targeted aging stakeholder groups and associations such as AARP, Alzheimer's Association, SeniorLaw and others were also directly sent the information for their feedback.

Feedback on the IFF is to be submitted to PDA by close of business on April 27, 2021.

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 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 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:

Factors	Rationale
• 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 60+ 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	Kept existing factor because this a noted indicator of greatest social need
• Age 60+ in a Rural Setting	Kept existing factor because this a noted indicator of greatest social need
• Age 60+ Living In Poverty	Kept existing factor because this a noted indicator of greatest economic need

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

Factor Weighted Population=Factor Census x Factor Weight

Each factor's weighted population percent is determined by dividing the factor's weighted population by the total of all the factors' weighted populations.

Factor Weighted Population Percent = Factor Weighted Population / Total of all Factors' Weighted Populations

AAA Allocation Determination

Each AAA's census data is multiplied by the factor's weight percentage

AAA Weighted Population = (.01 x Age 60-74) + (.04 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 major funding shifts, 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 loss of funds that any AAA will incur each year based on its FY 2020-21 allocations. This cap will be applied annually as long as any reduction is applicable. 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 funds due to them from the overall shift in total funds.

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

Each year the maximum MRY amount will be recalculated until the total IFF Determined Reduction amount is achieved.

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

If there is a future distribution of new federal funds, the new funds will be calculated using the IFF and added to the AAAs allocation before any adjustments are made because of this mitigation effort.

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.