Older Americans Act Intra-State Funding Formula: Factors Used to Soften Impact of Demographic Shifts

Does the Intrastate Funding Formula in your state include factors that soften the impact on planning and service areas of losing significant funding when demographics shift? If yes, can you please explain how this works?

State Responding to IFF Question	Comments
Arizona	Arizona does not have any factors that soften the impact on planning and service areas of losing significant funding when demographics shift in our funding formula.
Colorado	Colorado does not have a "hold harmless" component to its funding. We would be very interested in hearing what other states are doing regarding this issue.
Illinois	The negative impact of planning and service allocations on some PSAs due to the IFF has softened in recent years since Illinois updates the census information used for the IFF more often than we did in prior years. We have updated the census information for the IFF more often with the use of census estimates for key IFF factors when it is available. This practice has permitted more of a gradual shift in funding from PSAs that are not experiencing growth in the population to PSAs that are experiencing a higher level of growth in the population. We also include a rural factor (9%) in our IFF.
Indiana	Yes ours does. We have a 5% provision that restricts funding changing more or less over the previous contract amount. This assumes that funding is flat, which is usually incorrect. If funding is reduced then it is hard to maintain an exact 5% change. We are interested in learning more about other states funding formulas.
Iowa	Our interpretation of the Iowa Department on Aging's Intrastate Funding Formula is that it *does not* soften the impact of demographic shifts.
Kansas	We do not have a rural factor in our formula but there is a base allocation that K4A believes benefits rural AAAs more than urban.
Minnesota	We did a change in the funding formula a number of years ago that impacted some of the PSAs. We put into the formula a "soft landing" in that no area loses more than 5% in a year so their losses were limited. So their losses were 5% a year at the most, they had a year to adjust and the next year they lost the 5%. We had one area that only had to have one year where they were held and one area that had two years where they were held at the 5% per year.

States Responding to IFF Question	Comments
Missouri	See **separate** document entitled "Request for Revision of the Missouri Intrastate Funding Formula (IFF) for Area Agencies on Aging (AAA) Under Title III of the Older Americans Act of 1965 as Amended in 2006"
Montana	We use a phase-in process when there are major shifts in funding formula factors due to census changes. We have done phase-ins over two years and we have also done a three year phase-in. Phase-ins are not as devastating when there are increases in funding each year, but really hard when there are no increases in funding. When we have had regular funding increases, we would hold those AAAs who were losing funds at current levels and give only those who were getting additional funds under the formula factor changes the increases. Almost like a hold harmless process.
New Jersey	We have a policy that caps the shift to no more than 3% loss in a year so that a PSA will not have to cut needed services.
New York	Ours does not, but we have been successful in getting legislature to act. In 2000, the legislature added funds that allowed the "loser" counties to not have all their funds lost in one year, but instead phased down over 3 years, to allow for planning and to ensure least impact on individuals. This year 2012, the legislature added money to keep the "loser" counties whole (at last year's levels) and allowed counties who had larger 60+ growth to keep their increases based on census change. Plan to introduce a bill that would hold counties harmless, similar to federal formula so that counties don't lose money because they did not grow as fast as others. Only one county in NY had less 60+ in 2010 than 2000. It does not seem fair to penalize counties because they did not grow as fast as others, when the fact is they all grew. Proposed bill would remedy this.
North Carolina	While the attached is a bit dated, I think it does provide a thorough and hopefully useful overview of what still generally applies in NC. See Attachment A below.
Ohio	Ohio incorporated the 2010 census data into our intrastate funding formula for the release of the FFY 2012 Title III AAA awards. The factors used in our current IFF did not soften the impact of a loss of funding on AAA regions due to a demographic shift in their PSA.
Oklahoma	Oklahoma's intra-state funding formula does not have a mechanism to soften federal dollar impacts to PSAs when there is a demographic shift. We do have for each PSA a set amount of State dollars allocated that is a combination of required state match and overmatch (additional state dollars above the required match). We did not shift those state dollars when the recent census data was entered into Oklahoma's funding formula.

State Responding to IFF Question	Comments
Virginia	Virginia experiences the same problem. See Attachment B below.
Washington	Yes, when Washington State has significant demographic changes in PSAs, the State Unit on Aging works with all of the AAAs in our state to create a phased implementation which softens the reduction in funding; the length of the phase in depends on the size of the demographic shift.
Wisconsin	We have had a base of fixed funding ($8,000) in our T.3B formula for many years but failed to adjust it for inflation. We previously held everyone harmless at a loss of no more than 5% of their previous year's level. This year, we will not be holding anyone harmless as we have 58 counties losing population and if we protect them all, increases to the 14 growth counties would be insignificant. We are preparing to ask for a budget increase sufficient to hold the levels of nutrition funding constant for everyone losing money (totals about $650,000) but will not be able to do anything to protect T.3B,D,E.
West Virginia	We looked at multiple options as we had major shifts from southern W.V. to Central and Eastern Panhandle. All variations did not alleviate the impact to the Counties losing funds. In the past we have done "hold harmless" until new Federal monies become available. Then we would factor in the moving of funds based on the newest census data.

Attachment A

North Carolina

Background

Funding Formula

North Carolina's current formula for distribution of federal Older Americans Act (OAA) funds was established in 1991, to address the revised targeting requirements of the Act. In the following year, 1992, the formula was applied to North Carolina's Home and Community Care Block Grant, which its General Assembly established that year. As described below, OAA funds were included in the Home and Community Care Block Grant.

Using the State's overmatch, the Division of Aging and Adult Services (then the Division of Aging) continued to apply a base amount of $42,930 to each county, which was set in 1989, to help support a basic service delivery infrastructure statewide. For the balance of the federal and state funds, the Division has used a formula with the following factors and weights:

50% on the number of persons 60 years of age and older
30% on the number of persons 60 and older who live at or below poverty
10% on the number of non-white persons 60 and older
10% on the number of 60 and older who live in rural areas.

Two of these factors—60+ population and 60+ non-white—have typically been updated annually based on a revised population projection provided by the Office of State Planning to meet the Act's requirement for using the best available data. Annual updates on the other two factors—poverty and rurality—have not been available.

Home and Community Care Block Grant

In effect since July 1, 1992, the Home and Community Care Block Grant (HCCBG) was established by the General Assembly [G.S. 143B-181.1(a)(11)], on the recommendation of the DHHS Advisory Committee on Home and Community Care and with the support of the N.C. Association of County Commissioners. By consolidating several funding sources [i.e., the Older Americans Act (OAA), the Social Services Block Grant (SSBG) in support of respite care, portions of the State In-Home and Adult Day Care funds, and other relevant State appropriations], the creation of the HCCBG represented an important step toward establishing a well coordinated home and community based service delivery system to meet the needs of the state's rapidly growing older population (age 60 and older as defined in the OAA.)

The two principal purposes of the HCCBG are to: (1) give NC's 100 counties greater discretion, flexibility, and authority in determining services, service levels, and service providers, under their programs for older adults; and (2) streamline and simplify the administration of services.

The Division of Aging and Adult Services (DAAS) within the NC Department of Health and Human Services (DHHS) is designated as the state agency to administer the HCCBG funds for effective use by the state's 100 counties in support of the 18 home- and community-based services for older adults as shown in Table 1.

Table 1:

Adult Day Care	Health Screening	Mental Health Counseling
Adult Day Health Care	Home Delivered Meals	Senior Center Operations
Care Management	Housing & Home Improvement	Senior Companion
Congregate Nutrition	Information and Assistance	Skilled Home (Health) Care
Group Respite	In-Home Aide (Levels I-IV)	Transportation
Health Promotion & Disease Prevention	Institutional Respite Care	Volunteer Program Development

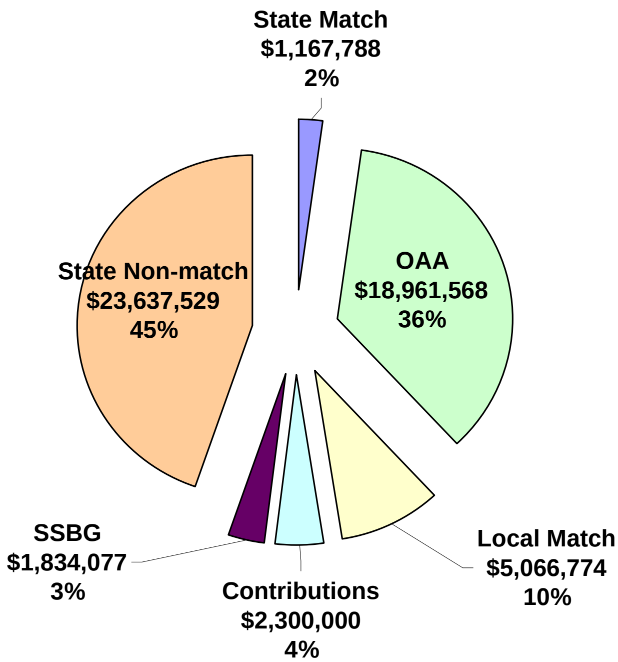
HCCBG Supported Home- and Community-Based Services

The HCCBG funding that each county receives has three components:

- Equal base allocation. As referenced above, the equal base allocation, which is financed through State funds, is intended to assure adequate minimum capacity in each county and has been considered particularly important in protecting the program integrity for services for older adults in rural counties with limited resources. The current base amount of $42,930 per county was set in 1989, preceding the HCCBG.
- Formula allocation. The formula component was designed to meet the requirements of the Older Americans Act, a major HCCBG funding source, to take into account: (1) the geographical distribution of older adults; and (2) the emphasis placed on those with the greatest social and economic needs. The formula-based allocation amounts to the counties fluctuate from year to year based on the shift in the designated demographic factors and funding levels.
- Other allocation. The third component includes the SSBG funding in support of respite care and portions of the State In-Home and Adult Day Care funds. The county allocation amounts set under this category have not changed since their inceptions.

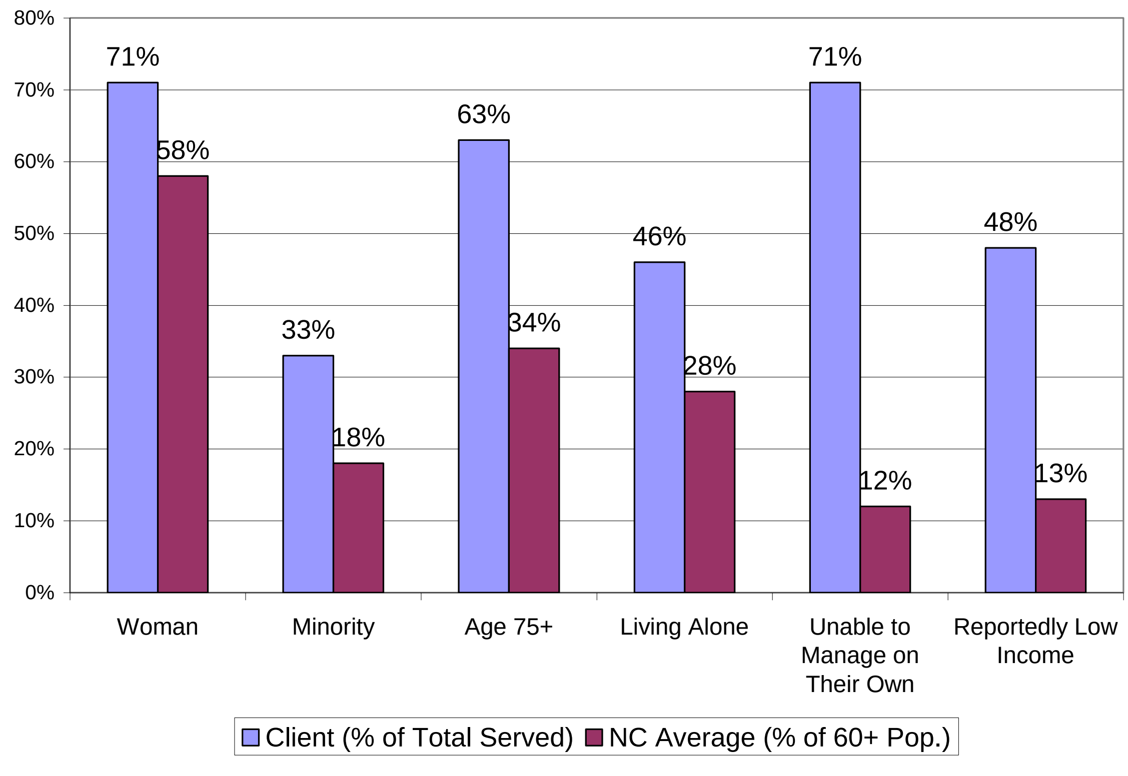
For SFY 2004-2005, the total amount available for county allocations under the HCCBG was estimated at around $44.5 million. The proportional amounts by funds source is shown in Figure 1.

Figure 1: HCCBG by Funds Source



The Division's client service data show strong evidence that the HCCBG funds have been effectively utilized in targeting older adults with the greatest social and the greatest economic needs, as shown in Figure 2.

Figure 2: HCCBG Client Profile



Review Process

A periodic review of the intrastate funding formula (IFF) method is an important responsibility of the Division. Our State policy on IFF Review stipulates that the Division is to establish an Ad Hoc Advisory Committee: (1) during Title III State Plan development, (2) in response to any changes in OAA requirements, (3) when the Division considers review appropriate, and (4) when area agencies request formula review. Our Division exercised the third justification believing that it was time to review the formula after nearly 15 years and given the availability of the 2000 Census data.

The Division organized the IFF review in the following four steps:

- **Early 2004:** Initiation of preliminary internal review process
- **April – August, 2004:** Work of the IFF Ad Hoc Advisory Committee
- **September, 2004:** Notification of public and other stakeholders
- **October 17, 2004:** Public hearing
- **November, 2004:** Notification of changes to the federal Administration on Aging

Staff Research and Work of Intrastate Funding Formula Ad Hoc Advisory Committee

In 2003, the Division began preliminary work for review of the IFF. This included discussions with key informants who had either previously expressed interest in the method for allocating aging funds and/or who had appropriate content expertise. Division staff also researched the funding formulas of other states and researched issues especially relevant to rurality as a factor, in consultation with Dr. Jim Mitchell of East Carolina University, Dr. George Maddox of Duke University, Dr. Victor Marshall of the University of North Carolina, Mr. Jim Bernstein (NC-DHHS Assistant Secretary and former head of the Office of Research, Demonstrations, and Rural Health Development), and Dr. Mary Anne Salmon of the University of North Carolina at Chapel Hill. The Division secured a graduate student who assisted in producing various models for consideration. In addition, the Division discussed the current formula with the Area Agencies on Aging and invited their input.

Early in 2004, the Division decided to convene an Ad Hoc Advisory Committee for the purpose of reviewing the current IFF method to examine its continuing relevancy and to receive its recommendations for improvements as appropriate. The timing of this decision was prompted by the availability of the relevant Census 2000 data in mid-2003. As prescribed by State policy, the Committee was composed of the following representatives: two representatives appointed by the Lead Regional Organization Directors' Association; two representatives of the North Carolina Association of Area Agencies on Aging; two representatives of the North Carolina Association of County Commissioners; two representatives of the aging service provider association (i.e., the North Carolina Association on Aging); and others deemed appropriate by the Division. The Division used its appointees to assure adequate geographic, racial, and consumer participation. It also strengthened representation among the area agencies on aging.

Specifically, the Division asked the Committee to focus their review activities on the following three areas:

- Effect of the Census 2000-based demographic input data on county allocations.
- Effectiveness of the current IFF method in targeting the funds to increase services to older adults with the greatest social and the greatest economic needs.
- Methodological issues associated with the current IFF allocation method.

The Division convened the first IFF Ad-Hoc Advisory Committee meeting on April 19, 2004, to initiate the review process. Between April and August, the Committee met four times to review and discuss various aspects of the IFF with special attention paid to the areas listed above. The meetings also featured several expert presentations. The Division used a staff member of the University of North Carolina Institute on Aging to help facilitate all four meetings, which were open to all interested parties.

Early on, the Committee identified its assumptions for the IFF and established the following major goals to guide its review and recommendations:

- ❑ Comply with requirements of the Older Americans Act and respect the Act as a non-means tested program that has universal application and appeal to persons age 60 and older, while emphasizing service to the socially and economically needy.

- Continue to support minimum capacity within each county for the system of care that North Carolina has worked to develop over time—assure that the existing aging services system stays intact and grows, with particular concern for small and rural counties.
- Protect counties from substantial changes in funding.
- Respect the ability of counties to make sound decisions about the targeting of available resources to respond to their demographic differences.
- Use the best available data and formula factors that can be updated regularly.

The Division prepared materials and produced four interim reports, at the request of the Committee, addressing the issues and interests they raised during the review process. The Division also conducted one expert survey and a survey of other states to collect additional information for consideration by the Committee.

A summary discussion of the Committee's work and decisions is presented below:

Impact of Demographic Data Adjustments: The annual population estimates based on 2000 Census first became available from the NC State Data Center (SDC) in 2002. As it turned out, the new estimates for 2004, for example, were substantially different from estimates previously based on the 1990 Census for many counties, reflecting the fact that the demographic growth and changes did not exactly follow the projected course

In the ***population age 60+ category***, the SDC made downward adjustments in 61 of the state's 100 counties. For example, the biggest downward adjustment was made in Hoke County, from 5,003 to 3,987, or -20.3%. It is important to note that the downward adjustment does not necessarily mean a reduction in the size of the population group. On the contrary, compared to the 1990-based estimate of 2,991 for 2004, Hoke County increased the size of this age group by more than 30% in 2004, based on the 2000-Census. Therefore, in this case, the downward adjustment means that the older population in the county has grown but not as fast as projected. The SDC made upward adjustments in 39 counties for the same population (i.e., age 60).

In the ***population under 100% of poverty category***, the estimates for all but one county (Gates) were adjusted downward, reflecting the substantially declined poverty rates among older adults according to Census 2000. Among them, the largest downward adjustment was made in Watauga County (-50%).

In the ***minority population category***, a slightly larger number of counties (57) experienced downward adjustments when compared to those with upward adjustments (43). The adjustments ranged from -68% (Avery County) to +22.5% (Carteret County).

In the ***rural population category***, a much larger number (71) of adjustments were made downward than those upward (29), reflecting the overall decrease of rural rates in North Carolina as elsewhere in the nation. Table 2 below summarizes the proposed adjustments (updates) to the demographic input data to each of the four IFF categories.

Table 2: Number of Counties Affected by Demographic Shift

	60+	Poverty	Minority	Rural
Adjusted downward	61	99	57	71
Adjusted upward	39	1	43	29

Range	-20.3% to +23.4%	-50.0% to 22.9%	-68.0% to 22.5%	-63.4% to 23.8%

The IFF Advisory Committee quickly saw how the demographic input data adjustments/updates as discussed above would significantly impact the IFF allocations. The Division provided the Committee an analysis showing effect of the proposed demographic updates on allocations. Under no funding growth assumption, 46 counties are likely to experience funding reduction, according to the Division's analysis. The estimated fund reductions range between -12.21% (Johnston County) and -0.08% (Alexander County). The remaining 54 counties are likely to see the upward adjustments in proportions between +0.05% (Duplin County) to 17.82% (Gates County).

The Committee members unanimously endorsed updating the demographic input data for the IFF starting SFY 2005-2006 as mandated by the OAA. At the same time, several members of the Committee and other meeting participants strongly recommended consideration of a mechanism to protect counties from too drastic a change in funding, affecting the integrity of the services provided in these counties. Upon discussing options, the Committee came to the unanimous agreement to place a **5% Cap on the loss in funding**. This provision is applicable at both the regional and county levels. For SFY 2005-2006, no Region is expected to experience loss above the Cap. At the county level, the Cap is likely to be applicable in 17 counties.

***Targeting Funds to Meet the Needs of Those Most in Need*:** The Committee was interested in reviewing information about how well existing HCCBG funds were targeting the socially and economically needy (as evidenced by Figure 2) and also how well the IFF took into account the varying capacity of counties to support services. One of the major goals adopted by the Committee was to support the minimum capacity of counties for providing services. The State-funded equal base allocation of $42,930 has been generally regarded as a mechanism that is effective in supporting this principle. However, because its amount ($42,930) remained unchanged while the overall HCCBG funding has been increased over the years (mostly in the 1990s), the proportion of the base to the IFF (i.e., combined base and formula allocations) has declined from about 20% in 1989 to a little less than 11% today. After considering various amounts of increase, **the Committee unanimously recommended an increase of $17,070 to the total of $60,000** to partially restore the strength of the base and help contain the anticipated exacerbation to changes in county allocations (caused by updating demographic input data) within a manageable level.

The Committee requested the Division to compare the new allocation table that incorporates the three recommendations (i.e., updating demographic input data; instituting 5% cap on the loss in funding; and increasing the base allocation to $60,000) to the 2004 Tier Designation List produced by the North Carolina Department of Commerce. The list groups the state's counties into five categories with Tier 1 designated as the most economically distressed and Tier 5 as the least. Of the 17 counties included in Tier 1 (i.e., the most economically distressed) only one county, Warren, faces 5% loss in funding primarily due to the downward demographic data adjustments. Two other counties, Yancey and Edgecombe, will suffer very small reductions in funding

(-0.09% and -0.28%, respectively). The remaining 14 counties are projected to experience funding increases ranging from 0.41% (Swain) to 19.83% (Gates). At the other end of the spectrum, among the Tier 5 (i.e., the least economically distressed) counties, all but one county (Alamance) faces reductions in funding ranging from -0.38% (Moore) to -5.00% (five counties including Franklin, Orange, Union, Johnston, and Wake). The counties in middle Tiers present more mixed pictures.

The Division also provided the Committee with information on per capita allocations, which showed that the per capita allocations among the smallest counties exceed the State average, often substantially. The Committee and the Division concluded that the proposed funding change is generally more protective of the state's most economically distressed counties, the majority of which are small rural counties.

The Committee and the Division also explored ways to better target funds to the counties with sizable older populations with the greatest social or economic needs. The possibilities of both (1) additions of new factors and (2) modifications of the current weights were addressed in the process. The question which attracted the most attention was a proposal to increase the weight of poverty factor from the current 30% to 35% or 40%. Other topics discussed include:

- Increasing rural weight (currently 10%)
- Adding a near-poor factor
- Adding a poverty-among-minority factor
- Adding a 75+ population factor

The Committee's final recommendation, accepted by the Division, is not to make any changes to the formula's factors and weights at this time for the following reasons, knowing that this can be revisited in the future after the current transition is made successfully.

- The effect of the three proposed changes needs to be examined before considering any further changes, especially in light of ongoing demographic shifts.
- Some of the factors are well correlated to each other (e.g., rurality and poverty, poverty and near-poverty) and, therefore, are implicitly addressed by the current formula.
- A factor such as the 75+ population may bias the formula unfairly against minority populations as the average life-expectancies among these groups are generally shorter than those for whites.

The Committee's recommendation for using the existing funds allocation method is described below:

Available funds will be allocated proportionally to each region and in turn to each county within the region based on the following factors.

- Proportion of **population age 60+** in the Region to the statewide population in the same age group (50%);

- Proportion of **population age 60+ and below poverty** in the Region to the statewide population with the same attributes (30%);
- Proportion of **population age 60+ and minority** in the Region to the statewide population with the same attributes (10%); and
- Proportion of **population age 60+ and residing in rural areas** of the Region to the statewide population with the same attributes (10%).

To comply with the OAA requirements, the Division updates the population input data specified in this formula annually from the following sources:

- **Population age 60+** and **minority population age 60+:** State Data Center's projections for appropriate SFY. The projections are based on the most recent decennial Census data.
- **Population age 60+ and under 100% of Poverty**: Estimated from County-specific poverty data for adults age 60+ available from the US Census Bureau. The Division adjusts the estimates annually using the 60+ population projections by the State Data Center. The US Census Bureau updates the county-specific poverty data every 10 years as a part of the decennial Census.
- **Rural population age 60+**: Estimated using: (1) county-specific data on rural residence (for all ages) from the US Census Bureau and (2) data for population age 60+ from the State Data Center. (Note: The county-specific information for older adults residing in rural areas is not yet available from the Census.) The Division adjusts the rural older population estimates annually based on the annual 60+ population estimates. The US Census Bureau updates the county-specific rural residence data every 10 years as a part of the decennial Census.

Summary of Recommendations: Based on the review of the extensive information and review, the Committee unanimously recommended that the Division: (1) maintain the current formula factors and weights; (2) increase the base amount per county to $60,000 to help assure adequate minimum capacity across the state; and (3) apply a 5% cap on the loss of funds to protect counties from substantial changes in funding. The Division has accepted these recommendations. The comparison between the current and recommended allocation methods is presented in Table 3. (Attached is the county-specific allocation information under the new method.)

Table 3: Comparison between Current and New Allocation Methods

Current Method	New Method for Use, Effective July 1, 2005
1990-Census Based	*2000-Census Based*
Base: $42,930	*Base: $60,000*
Factors and Weights	Factors and Weights
60+ (50%)	60+ (50%)
Poverty (30%)	Poverty (30%)

Minority (10%)	Minority (10%)
Rural (10%)	Rural (10%)
Cap on Loss: None	*Cap on Loss: 5%*

Notification and Public Hearing

Throughout the process, the Division consulted with all 17 Area Agencies on Aging in the state. The NC Association of Area Agencies on Aging (NC4A) appointed two members to the Advisory Committee and the Division added a third. Other AAA directors attended the open Committee meetings, and the Division updated all AAAs about the IFF work at its regular bi-monthly meetings of the NC4A. The AAAs were unanimous in their support of the Advisory Committee's recommendations that the Division accepted for presentation to the public.

In September, 2004, the Division sent a letter, background information, and the projected allocations for Fiscal Year 2005 to all County Managers, Area Agencies on Aging, the Lead Regional Organizations (the multi-county planning and service area councils within which AAAs are housed), and HCCBG local Aging Service Providers, informing them of the proposed changes and inviting them to the public hearing scheduled on October 17, 2004, at 2:30 pm. The hearing coincided with the North Carolina Conference on Aging, which was held at the Sheraton Imperial Convention Center in the Research Triangle Park. In addition, the Division invited those who could not attend the hearing to communicate their views by letter or via email. The same information and opportunity to provide feedback was also made available on the Division's web site.

Division staff members conducted the public hearing and made a presentation on the work of the Ad Hoc Advisory Committee and the proposed changes to the IFF. There were 22 persons in attendance in addition to Division staff members. While some persons asked questions and others voiced support for the process and recommended IFF, there were no recommendations to change the formula from that proposed by the Division. Of the few comments received via mail or e-mail prior to the hearing, all were favorable and any suggestions were considered and responded to by the Division without any further questioning or comments by the recipients.

Attachment B

Virginia's Older Americans Act Funding Formula
May 15, 2012

In October 2011, the Virginia Department for the Aging (VDA) convened a Funding Formula Task Force. This Task Force was similar to the previous Task Force required by the Virginia General Assembly in the 2005 Virginia Appropriations Act. Two meetings were held in October. The meetings were facilitated by an impartial mediator. The Area Agency on Aging (AAA) network was well represented by the following Executive Directors:

- Mike Guy, District Three Senior Services
- Gwen Hinzman, Lake Country AAA
- Tina King, New River Valley AAA
- Bill Massey, Peninsula Agency on Aging
- David Sadowski, Crater District AAA
- Courtney Tierney, Prince William AAA
- Thelma Bland-Watson, Senior Connections, the Capital AAA
- Gordon Walker/Leonard Lohman, Jefferson Area Board on Aging
- Susan Williams, LOA Roanoke AAA

During the deliberation of the meeting, the Task Force consulted with experts in the field such as Deborah Kuhn, Aging Services Program Specialist with the Administration on Aging (AoA) and Susan Clapp, Senior Demographer, Demographics & Workforce Group – University of Virginia's Weldon Cooper Center for Public Service.

Funding Formula Task Force Observed

- The fall meeting was held in advance of the AoA's release of the U.S. Census Bureau (Bureau) Special Compilation of the 2009 five year American Community Survey (ACS) for age 60 plus.
- The Bureau discontinued the 10% long survey with the 2010 census. In its place the Bureau released a five year 2005-2009 ACS. This five year series will be updated each successive year. The ACS is the only data set where poverty and minority information is available by jurisdiction. Because the ACS is a rich data source, it lags a year behind the decennial population census when it occurs. In December 2011, the AoA released its Special Compilation for age 60 plus about 6 months after the Bureau released its normal data set. The Task Force decided to use AoA's Special Compilation of the ACS.
- The shift in Virginia's census to Northern Virginia continues to be dramatic.

  - Still, *no* region saw a decrease in its older population. Every AAA experienced an increase in its age 60 plus population. The lowest growth AAA, Crater District AAA had a 5% increase. Loudoun County AAA had the highest growth with an 81% increase.
  - The AAAs in Northern Virginia, Planning District 8, had a 37% increase in 60 plus population compared to a 17% increase in the rest of the state.
  - The population shift impacts the funding formula by moving the funds from Virginia's Southside and the Southwest.
  - One AAA, New River Valley Agency on Aging, would have fallen below its previous funding level established through the 2006 funding Task Force.
- Virginia is unique in that it borders the District of Columbia, a major world hub. The District of Columbia has a small land area of only 61 square miles. Several Virginia Cities and Counties serve as the city's urban and suburban community. The residents in these areas are aging in place. The composition of business and individuals that have gravitated to this region has resulted in the area having greater resources compared to other regions of the state.
- The economic environment of Virginia's Southside and the Southwest has comparatively been less robust with major shifts in industries such as tobacco, coal, textiles, and furniture. This has resulted in the region having a different set of economic conditions in comparison to Northern Virginia.
- Application of the new census data without an adjustment would have had a huge impact on Virginia's intrastate AAA funding. The funding formula taskforce deliberated how to mitigate the impact.
  - The previous funding formula had an adjustment which created a hold harmless threshold where no agency would receive funding less than the funding level in received in Federal Fiscal Year 2006. As of this Federal Fiscal Year 2012, only one agency was still being held harmless.
  - After reviewing how other states have implemented funding formula changes, the Task Force recommended establishing a base with half of the funds and where other half will be distributed using the new census data.

Funding Formula Recommendation

After thoughtful discussion and careful consideration, the Task Force decided to avoid the drastic impact that application of the new census data would have on the distribution of funds without an adjustment. The Funding Formula Task Force decided not to change the formula factors. Instead, the Task Force recommended that fifty percent of the Federal Fiscal Year's 2012 allocation would be the base. The other fifty percent would be distributed using the most recent 60 plus ACS compilation produced by the US Bureau of Census for AoA. The taskforce decided that no agency is to receive less funding than they received in Federal Fiscal Year 2006. The only agency currently impacted is New River Valley Agency on Aging.

The Funding Formula Task Force presented its recommendation to Jim Rothrock, the Interim Commissioner of the Department for the Aging. The recommendation was accepted as offered.

Amendment to Virginia's State Plan for Aging Services
Intrastate Funding Formula

Virginia working with the Area Agencies on Aging has updated its Intrastate Funding Formula beginning with Federal Fiscal Year's 2013 distribution. The funding formula will include a base of fifty percent of the Federal Fiscal Year's 2012 allocation. All funds awarded above the base will be distributed using the existing established formula with data from the most recent 60 plus ACS special compilation produced by the US Bureau of Census for AoA. In no case will an Area Agency on Aging receive less than it did in Federal Fiscal Year 2006.