

State Plan Advisory Committee Meeting
April 27, 2015
Review & Discussion of Funding Formula
Alaska State Plan for Senior Services FY 2016-2019
Call-In Number: 1(888)601-5515, no code

Alaska Intrastate Funding Formula FY 2016-2019

Background

The Older Americans Act requires that state funding plans give preference to seniors in economic and social need, defined as follows:

Greatest economic need – refers to need resulting from an income level at or below the poverty line.

Greatest social need – refers to need caused by the non-economic factors, which include physical and mental disabilities; language barriers; and cultural, social, or geographic isolation, including isolation caused by racial or ethnic status, that restricts an individual's ability to perform normal daily tasks or threatens his or her capacity to live independently.

OAA, Sec. 305(a)(2) – Per 2015 AOA State Plan Guidance

"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."

In the past plans (FY 2008-2011 and FY 2012-2015), the funding formula was based on the following factors:

1. Total Senior Population Factor: Total number of seniors (age 60+) living in a region
2. Minority Factor: Number of minority seniors
3. Poverty Factor: Number of seniors living in poverty
4. Frail Factor: Number of seniors age 80+
5. Rural Factor: Number of rural seniors in the region
6. Cost-of-living Factor (added FY2012-2015 plan)
7. Hold Harmless Provision (added FY2012-2015 plan)

Application of FY2016-FY2019 Funding Formula:

No changes have been made to the FY2012-2015 funding formula. The current definition of “rural” provides preference to seniors in economic and social need in areas of Alaska with high cost for providing services. In the last state plan, the Alaska Commission on Aging applied the U.S. Census Bureau definitions of urban and rural, which is also used by the Division of Senior and Disabilities Services in reporting service data to the U.S. Administration on Community Living. The U.S. Census Bureau defines urban areas as (1) an urbanized area (a central place and its adjacent densely settled territories with a combined minimum population of 50,000), and (2) an incorporated place or a census designated place with 20,000 or more inhabitants. Rural areas include any areas not defined as urban. By this definition, the Municipality of Anchorage, the City and Borough of Juneau, the Fairbanks North Star Borough, and the Matanuska-Susitna Borough are counted as urban, with all other areas are designated as rural. As of 2013, Anchorage had a population of 300,950, the City and Borough of Juneau had a population of 32,660, the Fairbanks North Star Borough had a population of 100,807, and the Matanuska-Susitna Borough had a population of 95,892 (U.S. Census 2013 estimate).

The 2016-2019 Funding Formula maintains the amount of funding allocated in the 2012-2015 State Plan Hold Harmless Provision by region in order to provide stability to all programs as who are experiencing an increase in senior population as well as an increase in the cost of living. The 2016-2019 Funding Formula distributes remaining funding based on the updated regional allocations.

FY 2016-FY2019 Funding Formula Recommendation: The advisory committee, in keeping with the intent of the Older American’s Act to encourage the directing of resources toward rural areas, believes that providing home and community based services in the rural and remote regions of the state to the greatest extent possible is the best way of helping Alaska seniors age in place and avoid moving to distant cities. In this way, elders may stay close to family, friends, culture, language, and traditional foods. Therefore, no changes to the current (FY2012-2015) funding formula are proposed in the new plan.

“Hold Harmless” Phased-In Approach

To the greatest extent possible, this state plan seeks to ensure implementation of a funding formula that accurately reflects the regional distribution of the target populations and that no region of the state receive less funding as a result of the updated funding formula.

Given the continued increase in Alaska’s senior population across all regions of the state, the State Plan Advisory Committee decided to continue the “hold harmless” provision by keeping the current (FY 2011) allocation of funds in place for all regions, subject to continuation of funding at current levels or above, and to distribute only new funding with the state plan’s funding formula for the NTS senior grant program, the Family Caregiver Grant Program and the Senior In-Home Grant program. The funding formula will not be used to fund Adult Day or Alzheimer’s Education programs. Title III (D) funds, for health promotion and disease prevention programs, also are not included in the “hold harmless” designation.

Beginning in FY2016, all regions will receive at least the same amount of “actual” funding received in FY2011 for NTS grants. Additional funding beyond FY2016 levels will be distributed according to the percentages in the new FY2016-FY2019 funding formula. Additional funding beyond 2016 levels will be distributed according to the percentages in the FY2016-2019 formula. When total program funding reaches the level where the use of new percentages will no longer result in a funding loss to any region, all grant program funding will be distributed according to the percentages shown in the FY2016-2019 State Plan.

The funding formula is subject to continuation of funding at current levels or above. With a senior population growing at the rate of five to six percent per year it is hoped that Alaska will continue to devote more resources to providing senior services. However, it is always possible that total funding may decrease at some point in the future. In that case the funding formula would “retreat” in the reverse sequence to its implementation; in other words, funding would be reduced back to the FY2011 Hold Harmless Amounts. Should total funding drop below the FY2011 level, funding would be distributed using FY2011 percentages.

Actual funding to any region is dependent upon capacity within a region or community to deliver senior services. In the event that a region does not have the capacity to deliver services to its entire population, any remaining funds will be redistributed statewide.

Application of Weight Factors

A three-step process is used to apply the weight factors of the funding formula. The first step in applying the weight factors is to update the demographics. In this plan the 2013 Alaska Department of Labor population projections and 2013 Alaska Senior Benefits Program recipient numbers were used. Once this information is updated, the second step is to multiply the demographic data by the respective weight factor to calculate the 5-factor subtotal. The third step multiplies the 5-factor subtotal by the Cost of Living Factor to further emphasize the difference in regions. This total is used as the percent of available funds allocated to each region.

Definitions of Funding Formula Factors

No changes have been applied to the weight factors from the previous state plan. The following descriptions provide further detail on the five weighting factors used in the FY2016-FY2019 state plan.

1. Total Senior Population Factor - The total number of seniors in each region is a major factor in the demand for services in that area. Every one of the state’s nine regions has witnessed at least a 20% increase in its total senior population since 2001. The weight for this factor is 17%, based on the recommendations of senior services providers.

2. Minority Factor - Minority is defined as those seniors who are not Caucasian. We include all those who report ancestry which is wholly or partly minority, as minority seniors. We have applied a 21% weight to the minority factor.

3. Poverty Factor - Participation in the Alaska's Senior Benefits Program is used as the measure of poverty in this State Plan. The program (which provides a small monthly cash benefit) is available to any Alaskan age 65 and over with an income up to 175% of the Alaska poverty level.

4. Frail Factor - Alaska's state plan continues to quantify frail seniors as those people who are age 80 and older. This weight factor is 16%, following recommendations received through the provider survey.

5. Rural Factor - In the FY2012-FY2015 plan, the Alaska Commission on Aging applied the U.S. Census Bureau definitions of urban and rural, which is also used by the Division of Senior and Disabilities Services in reporting service data to the Administration on Community Living. The US Census Bureau defines urban areas as (1) an urbanized area (a central place and its adjacent densely settled territories with a combined minimum population of 50,000), and (2) an incorporated place or a census designated place with 20,000 or more inhabitants. All other census areas are defined as rural receive a 23% weighting factor.

Cost-of-Living (COL) Factor - The essence of this factor was a combination of the degree to which a region has the infrastructure to provide services plus the cost of obtaining the necessary commodities and labor to provide those services. The Department of Health & Social Services uses similar Cost of Living factors to arrive at Medicaid rates to be paid to providers in different areas of the state. This factor is not a stand-alone factor, but is applied to the subtotal of the other five factors.

	60+ Pop. 17% (2013)	80+ Pop. 16% (2013)	60+ Minority 21% (2013)	65+ 175% Pov. 23% (2013)	60+ Rural Pop. 23% (full) (2013)	Rural weight factor applied
Region I	2,532	274	2,183	802	2,532	
Bethel Census Area	1,847	198	1,542	552	1,847	23
Wade Hampton	685	76	641	250	685	23
Region II	16,549	1,735	2,917	1,275	2,729	
Denali Borough	364	20	52	13	364	23
Fairbanks North Star Borough	13,820	1,446	1,974	789	0	0
Southeast Fairbanks	1,307	132	204	205	1,307	23
Yukon-Koyukuk	1,058	137	687	268	1,058	23
Region III	997	67	606	41	997	
North Slope Borough	997	67	606	41	997	23
Region IV	43,221	5,184	10,045	3,977	0	
Anchorage	43,221	5,184	10,045	3,977	0	0
Region V	29,376	3,156	2,785	2,627	14,331	
Kenai Peninsula	12,611	1,423	1,097	1,050	12,611	23
Matanuska-Susitna	15,045	1,597	1,332	1,402	0	0
Valdez-Cordova	1,720	136	356	175	1,720	23
Region VI	1,195	56	784	52	1,195	
Aleutian Islands East	442	29	328	24	442	23
Aleutian Islands West	753	27	456	28	753	23
Region VII	3,047	310	1,558	459	3,047	
Bristol Bay Borough	181	17	85	11	181	23
Dillingham	707	84	496	158	707	23
Kodiak Island	1,925	184	814	245	1,925	23
Lake and Peninsula	234	25	163	45	234	23
Region VIII	1,985	227	1,477	378	1,985	
Nome Census Area	1,149	116	819	234	1,149	23
Northwest Arctic	836	111	658	144	836	23
Region IX	14,689	1,686	3,525	1,264	9,035	
Haines Borough	720	98	93	80	720	23
Juneau Borough	5,654	594	1,177	361	0	0
Ketchikan Borough	2,763	356	667	260	2,763	23
Prince of Wales - Outer Ketchikan	1,279	98	551	201	1,279	23
Sitka Borough	1,877	295	491	102	1,877	23
Skagway - Hoonah - Angoon	807	51	245	78	807	23
Wrangell - Petersburg	1,431	174	214	169	1,431	23
Yakutat Borough	158	20	87	13	158	23
TOTAL	113,591	12,695	25,880	10,875	35,851	

5-Factor Subtotal	Cost-of-Living (Applied to Subttl)	FY2016-2019 Regional Distribution	Hold Harmless Amount	FY2016-2019 Regional Distribution	Regional Distribution including HH
4.53%	1.49	6.21%	\$ 293,733	\$ 335,776	5.14%
12.32%	1.05	11.90%	\$ 829,120	\$ 909,738	13.93%
1.46%	1.48	1.98%	\$ 116,434	\$ 129,856	1.99%
29.85%	1	27.45%	\$ 1,548,236	\$ 1,734,208	26.56%
26.61%	1.01	24.71%	\$ 1,218,814	\$ 1,386,236	21.23%
1.77%	1.5	2.44%	\$ 73,142	\$ 89,668	1.37%
4.53%	1.24	5.17%	\$ 493,848	\$ 528,871	8.10%
3.27%	1.48	4.45%	\$ 283,199	\$ 313,359.72	4.80%
15.66%	1.09	15.70%	\$ 994,709	\$ 1,101,046.11	16.86%
100.00%		100.00%	\$ 5,851,235	\$ 6,528,757	
		Statewide Total	\$ 356,313 \$ 6,207,548	\$ 397,647 \$ 6,926,404	
		FY2015 Hold Harmless Sub:	\$ 6,926,404 \$ 6,207,548 \$ 718,856		
		Statewide 5.74% Total	\$ 41,334 \$ 677,522		