

**State Plan for Senior Services Advisory Committee "Funding Formula Task Force"**  
**Monday, April 18, 2016**  
**10:00 a.m. to 12:00 p.m.**  
**Call-In Number: 1-800-315-6338, Access Code 53250#**

**APPROVED Minutes**

**Call to Order** by Co-Chair Marie Darlin at 10:05 a.m.

**Members Present:** Marie Darlin and David Blacketer – Co-Chairs of the State Plan Advisory Committee in addition to ACoA Commissioners Mary Shields, Duane Mayes, and Rachel Greenberg. State Plan Advisory Committee Members: Pat Branson, Jim McCall, Marianne Mills, Karl Garber, Elizabeth Loza, Sheila Shinn, and David Levy. Guest Peter Holtz, Wasilla Area Seniors.

**Staff Present:** ACoA staff members included Denise Daniello, Lesley Thompson, and Deidre Shaw. Lisa Morley and Joan Gone represented SDS staff.

**Review and take action on draft agenda:** Mary moved to approve the draft agenda, which was seconded by Rachel. Motion passed.

**ACoA Planning Committee members: Review and take action on draft ACoA Planning Committee Minutes, 4.6.2016 (pp. 2-3):** Rachel moved to approve the ACoA Planning Committee minutes dated April 6, 2016, which was seconded by Mary. Motion carried.

**Project Overview: Why do we need to revise the funding formula? Denise Daniello**

Denise provided a brief overview of the planning process for the funding formula in the Alaska Senior State Plan, FY2016-2019 involving the State Plan for Senior Services Advisory Committee. The funding formula is used to regionally distribute state and Federal funds for the Nutrition, Transportation and Support (NTS) program and Senior In-Home services. At the end of the planning process, Denise reminded the State Plan Advisory Committee that they agreed to remove the "hold harmless" provision at the end of FY2016 in order to fully implement the funding formula in FY2017 and address the needs of regions that were growing significantly faster than others. This provision is stated in the current State Plan (pp 68-69). At the end of the planning process last year, the State Plan Advisory Committee expressed an interest to continue work on the funding formula however, it was recognized that this work could not be accomplished in time for the FY2016-2019 State Plan submission. The Committee decided to complete this work in FY2016.

The Funding Formula Task Force, comprised of members from the original State Plan Advisory Committee who volunteered to serve on this Task Force, has gathered to consider and make final revisions to the funding formula in the current State Plan for Senior Services. In preparation, the ACoA Planning Committee and ACoA/SDS senior grant staff have met and prepared options/recommendations for consideration by the Funding Formula Task Force to help facilitate this work. During the meeting, the Task Force was asked to consider these recommendations, suggest others as necessary, and take action.

Recommendations to revise the current funding formula include: (1) updating the definition of rural and removal of the cost of living factor; (2) implement a new “base funding” allocation using Federal OAA funds to replace the hold harmless provision; (3) proposed changes to Region V designation; and (4) modify weights for the funding factors to target services to seniors with the greatest economic and social need. Denise also stated that any amendments to the funding formula must be submitted to the Department of Health and Social Services for approval and upon receiving approval from DHSS, will then be submitted to the Administration for Community Living. A 30-day public comment period will also be scheduled to allow public members to review the changes, ask questions, and provide input.

### **Review & discuss definitions for "Urban-Rural-Remote" Continuum Classification: Lisa Morley and Denise Daniello (pp. 9-11)**

In preparing recommendations to revise the funding formula, the ACoA Planning Committee wanted to find a new definition for rural and urban as Alaska is large and geographically dispersed with many communities being off the road system. Services in communities off the road system are more costly to deliver. Access to services is often challenging as there is a limited number of service providers. The current definition of “rural” used in the State Plan’s funding formula does not distinguish between smaller communities on the road system versus those that are only accessible by air or water. The Committee decided to revise the current rural definition by including a “remote” classification. The Committee, with assistance from SDS Senior Grants staff, reviewed three different classification systems that were developed by the federal government to consider in the development of a “remote-rural-urban” continuum. Based on consideration of the information about these classification systems and staff follow-up with USDA officials, the Committee decided to recommend to the Funding Formula Task Force the use of the USDA definition for “Metropolitan, Micropolitan, and Neither” to replace the current definition of the “rural factor” in the funding formula. Lisa reviewed these classification schemes with the Task Force. Below are excerpts from the information presented which were included in the Task Force meeting packet, 4.18.2016 (pp 6-9).

## **Defining Urban, Rural and Remote in Alaska - 2016 State Plan on Aging Funding formula**

1. *OMB Definition Metropolitan – Micropolitan - Neither:*  
*The White House Office of Management and Budget (OMB) designates counties as Metropolitan and Micropolitan statistical areas (metro and micro areas). These are geographic entities delineated by the Office of Management and Budget (OMB) for use by Federal statistical agencies in collecting, tabulating, and publishing Federal statistics. The term "Core Based Statistical Area" (CBSA) is a collective term for both metro and micro areas. A metro area contains a core urban area of 50,000 or more population, and a micro area contains an urban core of at least 10,000 (but less than 50,000) population.*

*Each metro or micro area consists of one or more counties and includes the counties containing the core urban area, as well as any adjacent counties that have a high degree*

*of social and economic integration (as measured by commuting to work) with the urban core.*

2010 OMB Standards for delineating Metropolitan and Micropolitan Statistical Areas:  
[http://www.whitehouse.gov/sites/default/files/omb/assets/fedreg\\_2010/06282010\\_metro\\_standards-Complete.pdf](http://www.whitehouse.gov/sites/default/files/omb/assets/fedreg_2010/06282010_metro_standards-Complete.pdf)

## 2. USDA Urban Influence Codes

*The 2013 Urban Influence Codes divide the 3,143 counties, county equivalents, and independent cities in the United States into 12 groups. Metro counties are divided into two groups according to the population size of the metro area--those in "large" areas have at least 1 million residents and those in "small" areas have fewer than 1 million residents. Nonmetro counties include all counties outside metro areas and are delineated as micropolitan or noncore using OMB's classification. Nonmetro micropolitan counties are divided into three groups distinguished by metro size and adjacency: adjacent to a large metro area, adjacent to a small metro area, and not adjacent to a metro area. Nonmetro noncore counties are divided into seven groups distinguished by their adjacency to metro or micro areas and whether or not they contain a town of at least 2,500 residents. A town refers to an incorporated city or town, or a Census Designated Place, which is an entity that has no legal definition. Nonmetro independent cities of Virginia have been combined with their counties of origin (See data file for details).*

### **2. Rural-Urban Commuting Area codes (RUCAs)**

*A Census tract-based classification scheme that utilizes the standard Census Bureau urban area and place definitions in combination with commuting information to characterize all of the nation's census tracts regarding their rural and urban status and relationships. The rural-urban commuting area (RUCA) codes classify U.S. census tracts using measures of population density, urbanization, and daily commuting. The most recent RUCA codes are based on data from the 2010 decennial census and the American Community Survey, 2006-2010.*

#### 1. *Rural - Urban Continuum codes (RUCC)-*

*The 2013 Rural-Urban Continuum Codes form a classification scheme that distinguishes metropolitan counties by the population size of their metro area, and nonmetropolitan counties by degree of urbanization and adjacency to a metro area.*

The ACoA Planning Committee originally chose the RUCC classification however there was discussion among members that this classification system did not accurately apply to all of the 27 census areas in the Department's nine regions. In follow-up, Rachel contacted USDA officials regarding the appropriate use of the RUCA and RUCC codes for Alaska and was told that the RUCA code may be most helpful. Lisa, Denise, and Dee held two additional meetings with USDA officials regarding the appropriate application

of the RUCA and RUCC codes for Alaska. Following this discussion, the USDA staff recommended that Alaska use the code developed by the Office of Management and Budget (OMB) instead of the RUCC and RUCA codes. Federal officials noted that the RUCC and RUCA codes are based on the OMB code and then are further refined to for use at the “sub-county.” They strongly recommended that the RUCC and RUCA codes should not be applied to counties. Rather, they recommended use of the OMB code which can be applied to census districts which are at the county level.

**Task Force Discussion of Option #1: Use a remote-rural-urban classification for the Funding Formula and remove the cost-of-living factor.**

Pat remarked that the proposed urban-rural-remote definition is clearer than the definitions used in the past for defining rural in the funding formula. Mary commented that she liked the proposed reclassification as well.

Marianne Mills asked for clarification regarding the rationale for the USDA code determining Kenai as “remote.” Lisa commented that Kenai is on the road system and has a well-established service infrastructure. She also noted that the cost differential for Kenai is “1.01,” which means that the community has only a slightly higher cost of living than Anchorage, much lower than smaller communities which are only accessible by air. Based on these reasons, Lisa recommended that Kenai be considered “rural” for purposes of the State Plan’s funding formula and not remote.

Lisa noted that the cost differentials considered on the chart in the Task Force 4.18.2016 meeting packet (p 11) came from a study conducted by the McDowell group. Karl asked for this study to be forwarded to the Task Force. Denise said that she would forward the link to the group.

Lisa also noted that the federal government uses 2010 census numbers when they published data used in the OMB and USDA classification systems in 2013. The new numbers will be published in 2023 using 2020 census information.

In looking forward, Marie noted that we will need new demographic numbers in 2019 when we start the next State Plan however, the established population counts might not be available for the current year as census counts occur every ten years.

Rachel commented that the ACoA Planning Committee considered what is being done nationally using a third party Federal source for defining rural, urban, and remote.

Pat commented that funding formulas are always debatable and controversial so it is good to use objective national definitions as the base.

Pat also asked for clarification regarding why the funding formula is not used for the Family Caregiver program, as this program uses federal funds.

Lisa responded by stating that not all regions have a Family Caregiver program and the funding formula is only used for programs in which there is at least one provider in all nine regions.

Joan reviewed the changes that need to be made on the funding formula chart (p. 12 in the meeting packet) with respect to Region 7 (Nome and NW Arctic) and Region 8 (Sitka) that should be all coded as “remote,” not rural. Joan will make those changes in the revised spreadsheet.

Denise noted that removal of the cost-of-living factor was also part of this recommendation. The ACoA Planning Committee recommends removal of this factor based on public comment received from the current State Plan which noted that having a rural factor and a cost of living factor were duplicative.

After hearing no further discussion, Marie asked Task Force members to take action on Option #1.

**Action on Option #1:** A motion was made by Rachel, and seconded by David to implement the Urban-Rural-Remote Factor using the OMB definition, replacing the current rural factor definition, and to remove the cost of living factor. All agreed by unanimous consent.

**Discussion on Option #2: Remove “hold harmless” provision and implement a new methodology for base funding using federal funds from the Older Americans Act.** Denise noted that this recommendation is put forward because it recognizes the need to provide some funding stability to regions while also using a more responsive funding formula to distribute funds to those most in need, as defined by the Older Americans Act. Under the “hold harmless” provision, almost all of the funds available were held at FY11 funding levels, leaving only new money that was appropriated above the FY11 base funding to go through the funding formula. The suggested base funding amount is the federal Older Americans Act funds as these funds are less likely to decline in future years. Under Option #2, only the State funds would run through the funding formula. Lisa added that by using the federal funds for the base, we will not need a plan for reduced base funds as reductions to federal funds are less at risk in the coming years, given passage of the Older Americans Act and increased federal appropriations for the next three years.

David Levy asked how the base funding amounts compare to the current hold harmless provision amounts. Denise responded by stating that the hold harmless amounts are noted in the current State Plan (p. 71). In all instances, the proposed base funding amount is less than the hold harmless amounts.

The Task Force asked that the current hold harmless amounts be sent to members for comparison purposes. Denise will forward this information.

Hearing no further discussion, Marie asked the Task Force to take action on Option #2.

**Action on Option #2:** Rachel moved to implement Option #2 to remove the hold harmless provision and to replace this provision with a base funding regional allocation using federal Older American Act funds. David seconded the motion. The motion was passed by unanimous consent.

**Discussion on Option #3: Subdivide Region V into two subsets – Mat-Su (Region Va) and Kenai/Valdez/Cordova (Region Vb) or Leave Region V “as is”**

Denise explained that this recommendation is based on public comment received on the State Plan from the Mat-Su region. The public comment noted that Mat-Su is the census district with the fastest growing population of people age 60+ and has its own distinctive demographic-social-economic characteristics and needs. Further, this census district is geographically separated from the Kenai Peninsula and Valdez-Cordova and is now classified as urban based on population growth while the other census districts are still considered rural.

Marie referred to a time a few years ago when ACoA visited Valdez and local residents told Commission members that they would like to be separate from the Mat-Su because the two communities were geographically located in distinct areas of the state.

Rachel concurred that Region V should be divided into two subsets. David Blacketer also noted that the communities are distinct with regards to their respective population growth and services. Pat agreed with these observations stating that Kodiak Island was also part of Region V at one time, even though they are geographically separated from the Mat-Su and Kenai. Hearing no further discussion, Marie asked the Task Force to take action on Option 3.

**Action on Option #3:** David Levy moved to accept Option #3 to subdivide Region V into Mat-Su, Region V (a) and Kenai/Valdez/Cordova, Region V (b). The motion was approved by unanimous consent.

**Discussion on Option #4: Consider proposals to modify factor weights.**

In preparation for this discussion, Joan reviewed the funding formula spreadsheet (pp. 12-13 in the 4.18.2016 meeting packet) noting the different scenarios for weighting factors proposed by the ACoA Planning Committee. Denise explained that these weights were developed in consideration of the findings from the senior provider survey (used to develop this State Plan). Based on the survey findings, senior providers emphasized the importance of serving seniors living in poverty.

After considering the weight scenarios proposed by the ACoA Planning Committee, the Task Force spent time discussing alternate weight scenarios they proposed. Rachel noted that the funding formula needs to ensure adequate funding for regions with the largest senior populations. Pat said that poverty and rural should be emphasized over senior population growth. Pat also stated that being 60 today does not mean you need services, as many younger seniors are still in the workforce. She suggested that more emphasis should be placed on the frail factor (persons age 80+) and seniors living in poverty.

Rachel proposed a new Scenario 7 that increased weight for the 80+ population as follows: 12.5 (60+), 25 (80+), 12.5 (minority), 30 (poverty), and 20 (rural).

Lisa suggested that the minority factor should be increased especially in consideration of Native elders living in rural communities. Joan noted that rural and minority factors are fairly synonymous. David Levy disagreed noting that Anchorage has a significant non-white population. Based on this discussion, Scenario 8 was proposed and discussed: 12.5 (60+), 25 (80+), 12.5 (minority), 25 (poverty), and 25 (rural).

Finally, Mary suggested Scenario 9 that emphasizes poverty and frail seniors: 12.5 (60+), 25 (80+), 12.5 (minority), 27.5 (poverty), and 22.5 (rural).

**Action on Option #4:** David Levy moved to adopt Scenario 9 and Pat seconded the motion. All approved by unanimous consent.

**Next Steps:** Denise reviewed the next steps in this process that will include

- A write-up of the minutes from this meeting to formalize the action taken by the State Plan Advisory Committee Task Force today.
- A draft request to revise the intra-state funding formula that will be submitted to the Department of Health and Social Services and Administration on Community Living for

initial review and then approval following public comment.

- Posting the draft revisions for a 30 day public comment review. ACoA and SDS will help to facilitate at least two statewide sessions by teleconference to discuss the revisions and answer questions. Task Force members are most welcome to attend and participate in these sessions.
- Draft a final request to revise the funding formula, incorporating input from public comment
- Implement the new funding formula on July 1, 2016 (FY2017).

Denise pointed to guidance from the Administration on Community Living (ACL) (pp 14-15 in the meeting packet) that describes how to submit requests for changes to the State Plan and funding formula. Denise also said that she will follow-up with ACL for further guidance.

The Task Force agreed to hold off scheduling the next meeting until after the public comment period. Task Force members expressed general agreement that this was a productive meeting.

**Adjourn:** The meeting adjourned at 11:55 a.m.