Alaska Commission on Aging
ACoA Planning Committee & SDS Senior Grant
Staff Discussion on State Plan Funding Formula
March 14, 2016
APPROVED Minutes

Meeting Purpose: Review funding formula in current State Plan to consider revisions

Participants: Marie Darlin, David Blacketer, Mary Shields, Rachel Greenberg, Denise Daniello, Lesley Thompson, and Dee Shaw. SDS staff Lisa Morley and Joan Gone

1. **Review the currently funding formula.**

   There was not sufficient time to review and revise the funding formula during the Alaska State Plan for Senior Services 2016 – 2019 process. During the planning process it was decided to review the funding formula in FY16. This intent is stated in the current State Plan (p 68).

   The State Plan Advisory Committee also decided to begin phase out the "hold harmless clause" in the second year of the state plan, FY17. Any amendments to the funding formula must be first submitted to the Department of Health and Social Services for approval and upon receiving approval from DHSS, be submitted to the Administration for Community Living.

2. **Consider an urban-rural-remote continuum. Lisa Morley, Senior and Disabilities Services, will provide working definitions to consider.**

   Denise reviewed the factors to consider:
   1. Rural – will receive 50% of the weight factor or 11.5%
   2. Remote (Bush, frontier) - will receive the full weight factor or 23%
   3. Urban – will receive 0 weight factor
   4. We also need to consider revised weights for other factors of the funding formula
   5. Base funding amount for each region to promote sustainability.

   The Department's 9 regions include all census areas.

Denise reminded the group about the public comment received on the State Plan funding formula concerning the perception that double weight was assigned to rural areas through having a weight for rural and a Cost of Living Allowance (COLA) factor.

Lisa added that during the time the legislature was looking at the funding formula they wanted to know why there are 3 communities in region 5. Lisa suggested that Region V could be divided into two subsets for MatSu, "Va" and Kenai-Valdez-Cordova, "Vb."

Rachel thinks people want to ensure that the funding formula takes into account the increased costs of providing services in communities outside of urban areas.

Mary believes that the funding formula will be easier to understand without the COLA information.

Joan expressed concern that funding allocated for Region VI has limited providers and/or capacity. In that situation, funding is redistributed statewide based on the funding formula. Lisa believes funding should be allocated for all regions using the funding formula to ensure funding is available for new providers.

Denise stated we should clarify the relevant statement on page 69 of the State Plan to read:

"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~~ **should be redistributed statewide based on the funding formula."**

Given the likelihood of budget cuts to senior grant funds, the Committee agreed that the funding formula should be clarified describing how the funds will be allocated. The Committee also discussed the need for a "base funding amount" to provide more stability to regions and a method to determine that base funding amount which was the "regional federal amount and state required match for the Nutrition, Transportation, Services (NTS)" program.

3. **Discuss weighting factors and relevant findings from the Senior Provider Survey: Are Changes Needed for the Weighting Factors?**

Page 71 of the State Plan lists the current weights used:
> 60+ - 17%
> 80+ - 16%
> Minority 21%
> Poverty 23%
> Rural 23%

We could also consider the weights used in the FY08-11 State Plan:

> 60+ - 12.5%
> 80+ - 12.5%
> Minority 25%
> Poverty 25%
> Rural 25%

The Committee also discussed the definition of rural and use of an urban-rural-remote continuum. Lisa will summarize the definition and send it to the committee.

Rachel asked what method would be used to determine the base funding amount. Lisa responded by stating that the amount could be based on the regional allocation for NTS using the federal amount and the required 15% match.

4. **Discuss merits of a base funding amount for the funding formula**
   State Plan Funding Formula Task Force & schedule of meetings

Lisa will define rural and remote and different funding seniors based on the numbers in the spreadsheet of demographics.

The next meeting is scheduled for April 6. Following the April 6 meeting, the State Plan Advisory Committee Funding Formula Task Force will be convened to review and move forward with any amendments to the State Plan's funding formula.

Lesley Thompson & D. Daniello

The following information was sent by Lisa Morley to Planning Committee members that describes the urban-rural-remote continuum.

Defining Urban, Rural and Remote in Alaska-

1.   Census Bureau Definition:
        US Census: Two types of Urban areas:
        Urbanized Area (Uas) of 50,000 or more people;
        Urban Clusters (UC) of at least 2500 and less than 50,000 people.

The US Census does not directly define rural. Rural encompasses all population, housing and territory not included within an urban area. Whatever is not urban is considered rural.

2.   OMB Definition:
The White House Office of Management and Budget (OMB) designates counties as

Metropolitan, Micropolitan, or Neither. 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. All counties that are not part of a Metropolitan Statistical Area (MSA) are considered rural. Micropolitan counties are considered non-Metropolitan or rural along with all counties that are not classified as either Metro or Micro.

Using this definition Anchorage is Metropolitan and Fairbanks is Micropolitan and all other areas are considered rural.

The trouble with both of these definitions according to the Office of Rural Health Policy: There are measurement challenges with both the Census and OMB definitions. Some policy experts note that the Census definition classifies quite a bit of suburban area as rural. The OMB definition includes rural areas in Metropolitan counties including, for example, the Grand Canyon which is located in a Metro county. Consequently, one could argue that the Census Bureau standard includes an overcount of rural population whereas the OMB standard represents an undercount of the rural population.

The Office of Rural Health Policy (ORHP) accepts all non-metro counties as rural and uses an additional method of determining rurality called the Rural-Urban Commuting Area (RUCA) codes. Like the MSAs, these are based on Census data which is used to assign a code to each Census Tract. Tracts inside Metropolitan counties with the codes 4-10 are considered rural. While use of the RUCA codes has allowed identification of rural census tracts in Metropolitan counties, among the more than 70,000 tracts in the U.S. there are some that are extremely large and where use of RUCA codes alone fails to account for distance to services and sparse population. In response to these concerns, ORHP has designated 132 large area census tracts with RUCA codes 2 or 3 as rural. These tracts are at least 400 square miles in area with a population density of no more than 35 people. Following the 2010 Census the ORHP definition included approximately 57 million people, about 18% of the population and 84% of the area of the USA. RUCA codes represent the current version of the Goldsmith Modification.

3.   The Goldsmith Modification:
 In 1992, the Goldsmith Modification was created to recognize small towns and rural areas found in large metropolitan counties. Some of these communities had greater distances or physical features limiting access to health services. This variation expanded the eligibility for Rural Health Grant programs to assist isolated rural populations in large metropolitan counties. The Goldsmith Modification preceded the RUCA methodology and is referenced in many publications on rural definitions. For additional information about the Goldsmith Modification, see Improving the Operational Definition of "Rural Areas" for Federal Programs.

4.   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 2006-10 American Community Survey. The

classification contains two levels. Whole numbers (1-10) delineate metropolitan, micropolitan, small town, and rural commuting areas based on the size and direction of the primary (largest) commuting flows. These 10 codes are further subdivided based on secondary commuting flows, providing flexibility in combining levels to meet varying definitional needs and preferences. Descriptions of the codes are found within the data files, and also in the Documentation.

Since their creation, the RUCA codes have been updated several times with new Census data. The most recent version of the codes were created by a collaboration between the USDA-ERS, FORHP, and the University of North Dakota Center for Rural Health. RUCA codes (2010) by state census tracts can be downloaded from the USDA-ERS website. A ZIP code approximation of RUCAs is available from the Center for Rural Health. Some federal programs have identified areas with a RUCA code of four and above as rural. The Federal Office of Rural Health Policy uses the RUCA methodology in determining rural eligibility for their programs.

5.   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 official Office of Management and Budget (OMB) metro and nonmetro categories have been subdivided into three metro and six nonmetro categories. Each county in the U.S. is assigned one of the 9 codes. This scheme allows researchers to break county data into finer residential groups, beyond metro and nonmetro, particularly for the analysis of trends in nonmetro areas that are related to population density and metro influence. The Rural-Urban Continuum Codes were originally developed in 1974. They have been updated each decennial since (1983, 1993, 2003, 2013), and slightly revised in 1988. Note that the 2013 Rural-Urban Continuum Codes are not directly comparable with the codes prior to 2000 because of the new methodology used in developing the 2000 metropolitan areas. See the Documentation for details and a map of the codes.