



COLLABORATIVE
CONSULTING

Future-Readying the CA Aging Network: AAA Feedback Survey Results

WEBINAR #2

FUNDING FORMULA

November 15, 2024

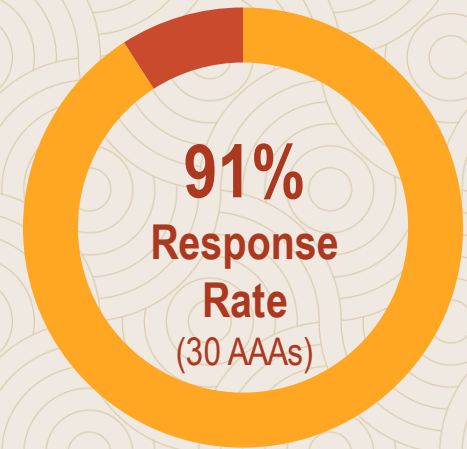
Introduction and Methodology

INTRODUCTION

- Use the chat for comments and questions.
- Any remaining time after the presentation will be used for Q&A.
- This deck will be shared with AAAs following this presentation.

METHODOLOGY

- The purpose of the survey was to understand AAA perspectives, concerns, and ideas involving three focus areas: Core Programs and Services, Funding Formula, and PSA / AAA Designations.
- This presentation summarizes survey responses pertaining to the **Funding Formula**.
- Each AAA was given unique credentials to access and complete the survey.
- The survey opened on Tuesday, September 17th and closed on Friday, October 11th.
- Responses have been de-identified, quantified (where appropriate), and synthesized.



Context and Utility

MARK BECKLEY

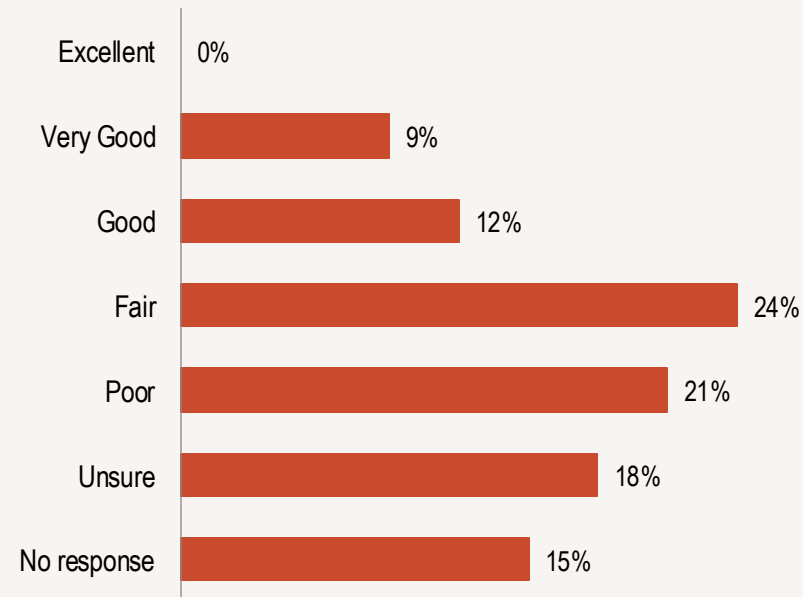
- Results from the California 2030 surveys and stakeholder interviews indicated a need to explore how funds could be more equitably distributed across the network.
- Stakeholder concerns about some AAAs' underspending have emerged.
- Other states have recently updated their funding formulas and can provide insights into promising practices and lessons learned.
- One of California's two formulas was copied from another state (WA); that state has since updated their own formula.
- Our current formula is hard to understand and complicated to implement.

CURRENT EFFECTIVENESS OF IFF

Reaching Diverse Populations Equitably

- Amount of available funding is a priority concern.
- 45% of all AAAs (n=15) rate the current intrastate funding formula (IFF) as “Fair” or “Poor” in adequately reaching California’s diverse populations equitably.
- 21% think the IFF adequately reaches diverse populations; 18% are unsure.
- Populations under-represented in the current formula:
 - Rural and frontier areas (n=6)
 - Adults with low-income (n=3)
 - Adults with disabilities (n=1)
 - Adults at risk of / or experiencing homelessness (n=1)

How well do the current IFFs adequately reach California's diverse populations equitably?



“The IFF doesn’t equitably reach California’s diverse population because the resource allocations are not adequate to meet the need.”

“[Rural areas] have fewer resources, especially medical and social, leading to more needs.”

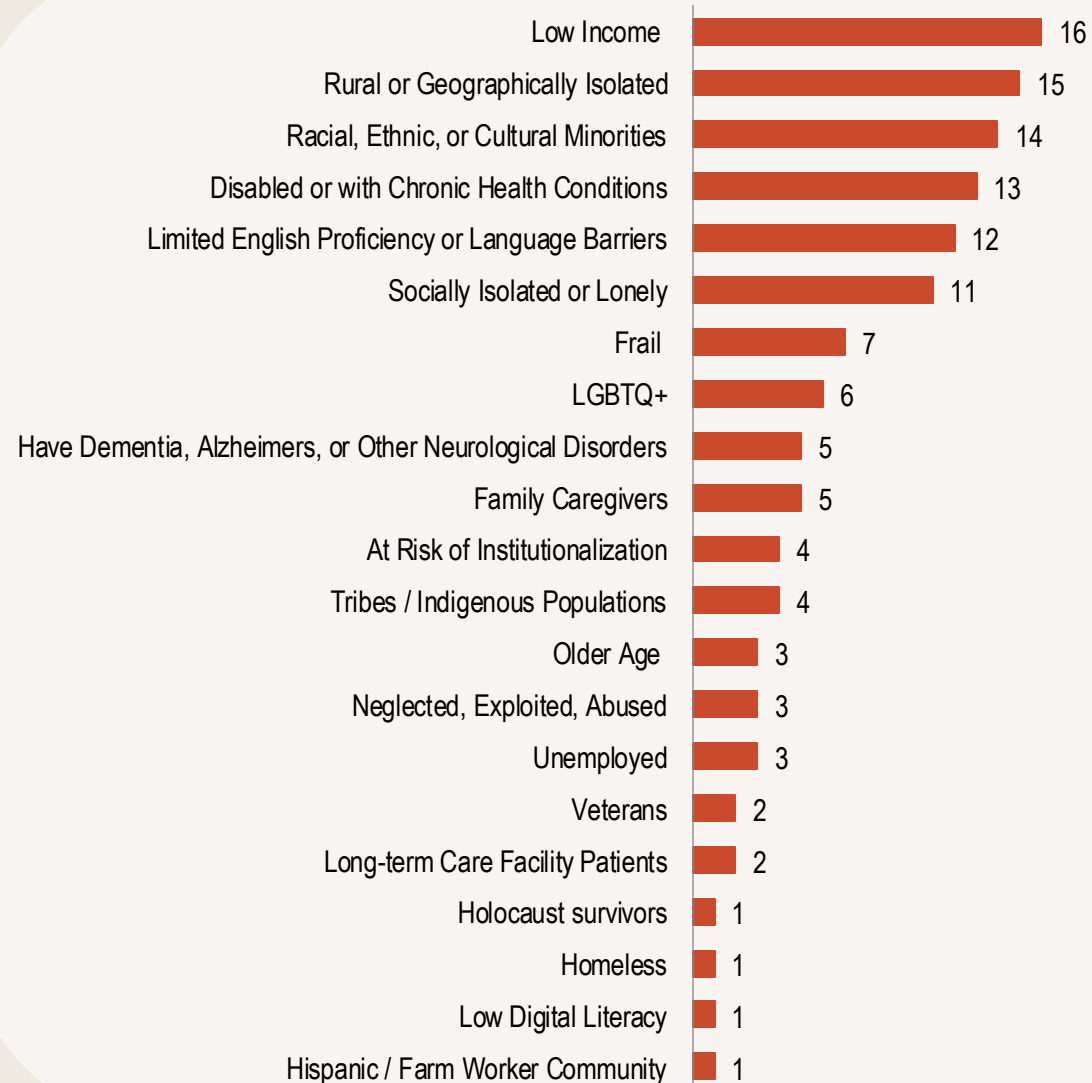
“[We] would need data and time to analyze IFF calculations to compare to demographics on clients served, to respond accurately to this question.”

FACTORS & WEIGHTS

AAAs' Priority Populations

The most common priority populations of focus for AAAs are older adults who are:

- Low Income
- Live in Rural or Isolated Areas
- Racial, Ethnic, Cultural Minorities
- Disabled or with Chronic Conditions
- Limited English Speakers
- Socially Isolated or Lonely



“CDA’s current IFF does not adequately reach those in high poverty areas, as well as to meet the needs of the hidden poor.”

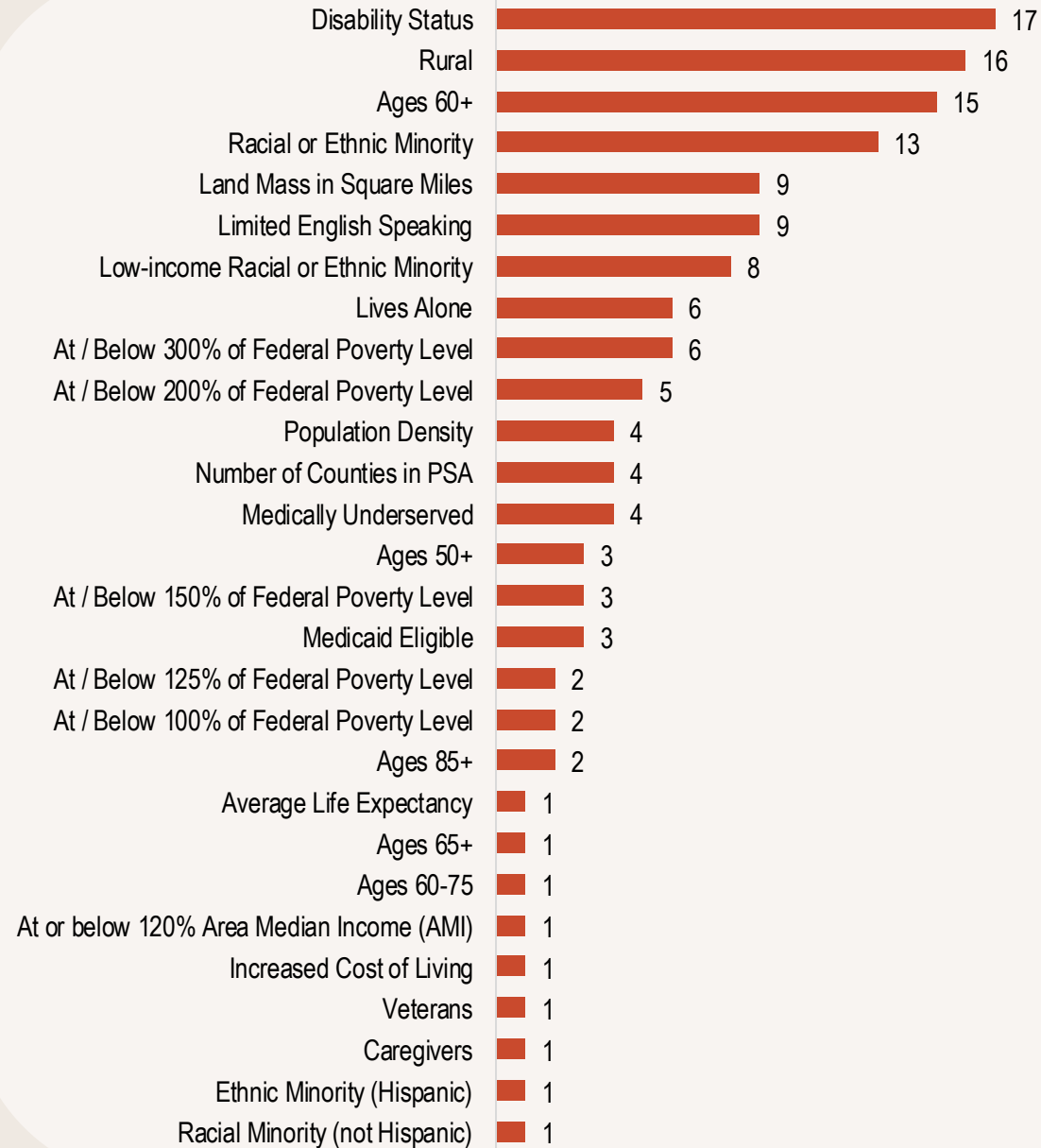
“Rural areas do not receive enough funding. We are far removed from urban recourses therefore the cost of goods and services is higher.”

FACTORS & WEIGHTS

Suggested Factors

The five most suggested factors for a future formula:

- Income: AAAs vary in terms of what level of income would be appropriate, but At / Below 200-300% is most common suggestion.
- Disability Status
- Rural
- Age 60+
- Racial or Ethnic Minority



“CDA’s current IFF does not adequately reach those in high poverty areas, as well as to meet the needs of the hidden poor.”

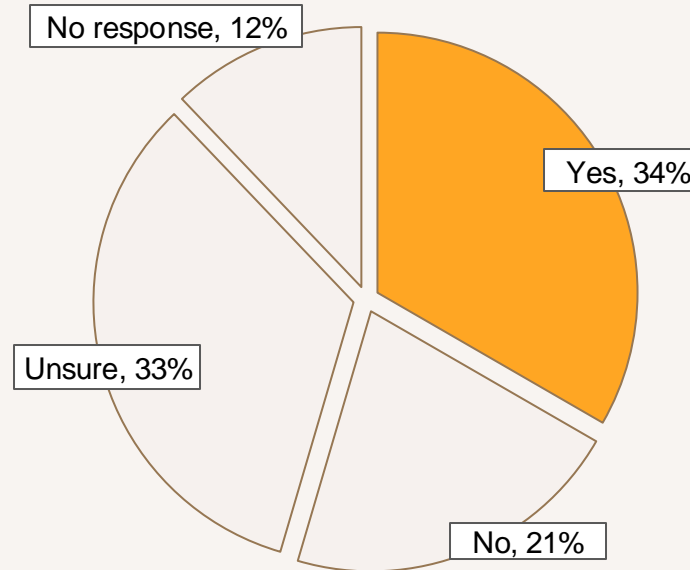
“Rural areas do not receive enough funding. We are far removed from urban recourses therefore the cost of goods and services is higher.”

FACTORS & WEIGHTS

Single or Multiple Formulas

- 34% (n=11) support using a common set of factors and weights for state and federal funding, citing efficiency, consistency, simplified tracking, and greater equity.
- 20% prefer maintaining flexibility in funding allocation, arguing that California's diversity requires different approaches for different sources or programs.
- Others are unsure or need more information, such as models showing potential local funding impacts under each scenario.
- A few (n=3) support simplifying the funding formula wherever possible.

Do you think California should have the same factors and weights used for all funding?



"Using the same factors seems like a more equitable way to distribute all funding to AAA's."

"States should have the ability to spend some funds based on certain criteria and to determine where and how some funds will be spent."

"Funding allocation formulas should be tailored to the specific goals of the program/funding, rather than standardized for all federal and state revenues."

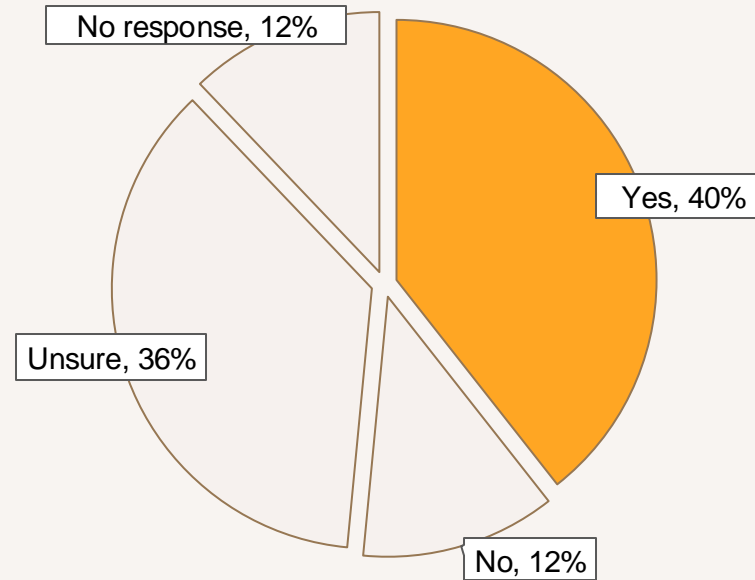
"In theory, yes. In practice, what would be the consequences?"

FACTORS & WEIGHTS

Updating Funding Formula Factors

- 40% (n=13) believe some IFF factors should be revised or removed.
- 12% propose no revisions to the current IFF factors and feel current IFF factors adequately cover priority populations across the state.
- Others (n=12) are open to revisions pending further research, stakeholder engagement, and modeling to assess the impact of changes on funding.
- A few (n=3) question where factor data is sourced and voice the importance of weighting cost-of-living differences to prevent underfunding in high-cost areas.

Do you think California should have the same factors and weights used for all funding?



"The 60+ age threshold [should be lowered] to 50+. The experience of aging is accelerated among the particularly vulnerable populations who make up a significant portion of our client populations."

"Allocations need to be regularly adjusted for inflation."

"[The IFF] covers important populations and keeps with the charge of providing for low-income, geographically isolated and minority populations in the PSAs."

BASE FUNDING

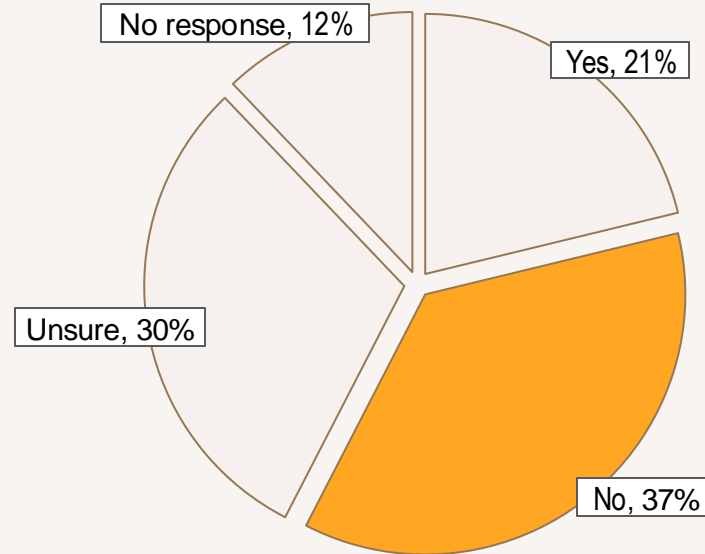
Benefits and Design of Base Funding

Foundational administrative support. Base funding offers guaranteed, predictable revenue that helps offset administrative costs and reduces reliance on locally sourced funds.

Equal vs. equitable base funding. 37% (n=12) believe base funding should not be distributed equally to all AAAs and suggest it should be designed equitably based on PSA size and population needs.

Accounting for Urban and Rural Areas. Some (n=5) argue that larger, urban PSAs require more funding due to their population size. In comparison, others (n=6) advocate for more funding for smaller, rural PSAs to support competitive salaries and employee retention.

Do you think all AAAs should receive the same amount of base funding?



“Although it is a small amount, with other funding becoming scarce and costs rising, having the admin funding is critical.”

“Additional administrative funds should be allocated using factors such as the AAA’s population size, geography, local costs of doing business, and any other key considerations to calibrate these allocations.”

“For smaller AAA’s a more reasonable base funding level is needed to cover required positions.”

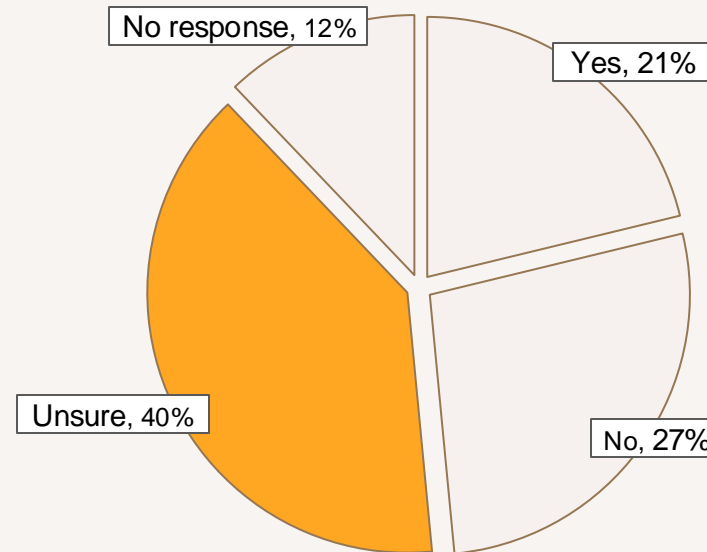
“Administrative base funding is insufficient to provide needed services in a large PSA.”

BASE FUNDING

Programmatic Base Funding

- 40% (n=13) are unsure or need more information about programmatic base funding.
- Some (n=7) see potential benefits but expressed concerns about its impact on administrative base funding and the distribution of remaining program funds.
- Several (n=9) highlight the importance of discretionary funds and local flexibility, which allow them to direct resources where they are most needed. They fear that a rigid programmatic-based funding structure could jeopardize this flexibility.

Should California introduce a base funding scheme for program funds?



“Limiting program dollars based on a pre-established formula could potentially limit or restrict the ability for a AAA to adequately meet the needs of its aging population.”

“To answer this we would need to see the scheme and understand the factors used to create it, only then could we determine if proposing this is reasonable.”

“The potential of funding schemes sounds great in theory. However, having a base funding scheme would reduce the local flexibility the OAA affords to respond to local needs.”

BASE FUNDING

AAA Suggestions for Base Funding Changes

- **Proportional base funding scheme (n=8).** Base funding could be proportional to population size within each PSA, or the total amount of funding received by each PSA. This could account for regional cost differences rather than using a flat-rate approach.
- **Programmatic base funding (n=7).** CDA could establish programmatic base funding allocations for specific service areas that need the added resources for programs.
- **Universal increase (n=5).** Base funding could be increased for all AAAs to meet growing service demands, support agency growth, and help cover new federal and state requirements.
- **Regular adjustments for inflation (n=4).** CDA could periodically revisit base funding amounts to account for inflation. This could help maintain the relevance of base funding, as flat rates lose purchasing power over time.
- **Bonus funds for certain PSA characteristics (n=1).** CDA could adopt a base funding design that awards an additional allotment to multi-county AAAs; and/or an additional allotment based on tribal populations.

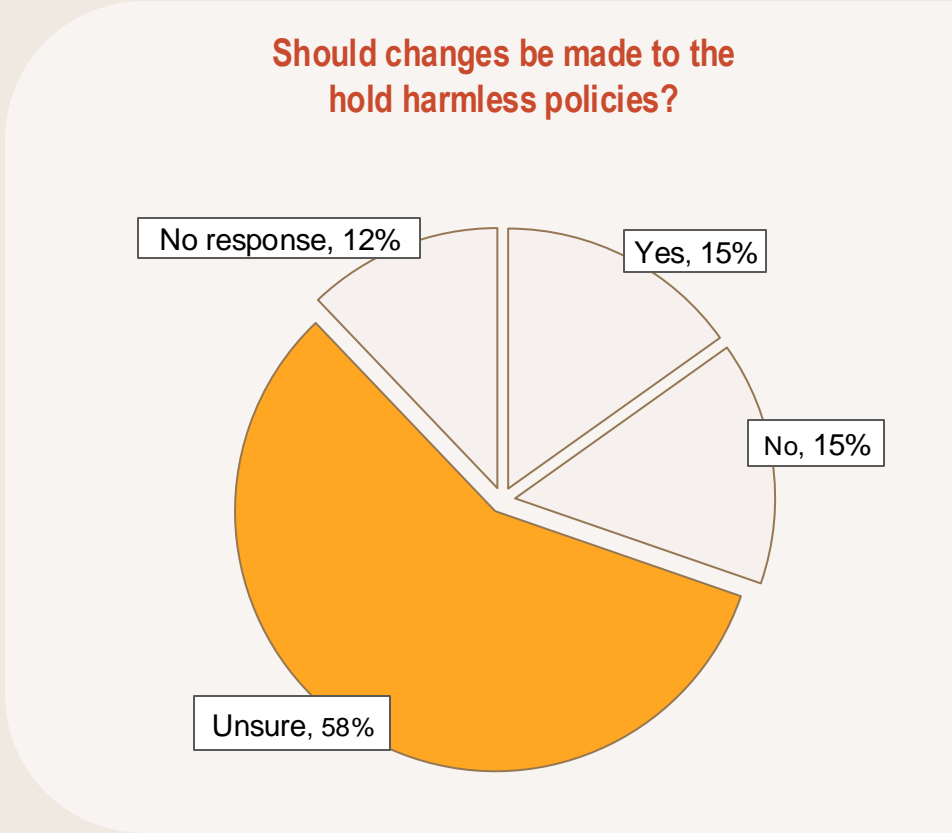
“A formulaic baseline that better accounts for regional differences in the cost of doing business would be a better fit than a flat \$150,000 baseline allocation.”

“Base funding should be regularly adjusted to account for cost of living increases, increased salary/fringe benefit requirements, and other operational expenses.”

“We encourage CDA to consider conducting a study to develop base funding scheme proposals, and present information about the status quo, proposed alternatives, and the potential impact of any changes to AAA leadership.”

Hold Harmless

- 58% (n=19) are uncertain about revising CDA's hold harmless policies. They express interest in exploring models and options to determine if removing the policies would increase funding for AAAs in need.
- Five support changes to the hold harmless policies, citing policies as outdated.
- Five others oppose changes, referencing the OAA, which protects aging programs from sudden budget cuts. It is unclear if this opposition is to removing policies or any modifications.



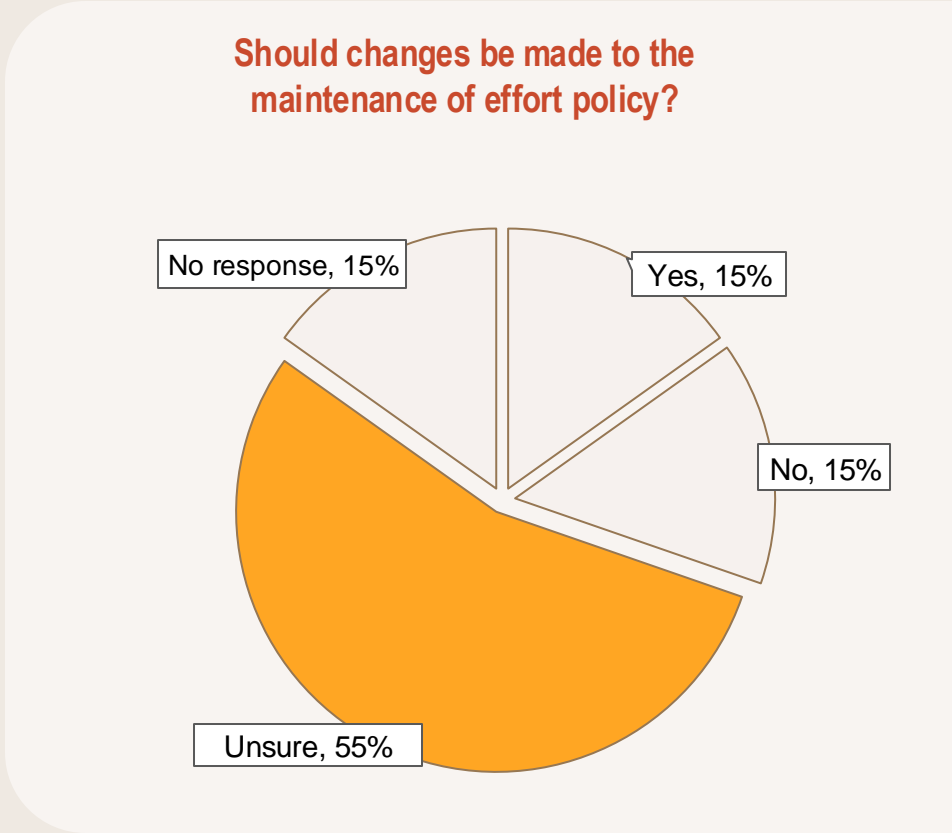
“The impact of changing the hold harmless policies is unknown.”

“In theory, yes; reduce from three layers to one. In practice, we would need to see the consequences before taking a position of support.”

“Using only hold harmless policies that originate from the 1984-85 levels seem less than relevant, but eliminating them altogether would be harmful.”

Maintenance of Effort

- 55% (n=18) are unsure if maintenance of effort (MOE) policies should change and need more information on the MOE policy, potential changes, and impacts on funding allocations.
- A few (n=3) note that updating other elements of the IFF may reduce the need for MOE updates.



“Floor funding may be another option as long as it can be adjusted to keep up with inflation.”

“It seems to make sense that we would keep only the most recent MOE (eliminating the others) and from there move into the IFF.”

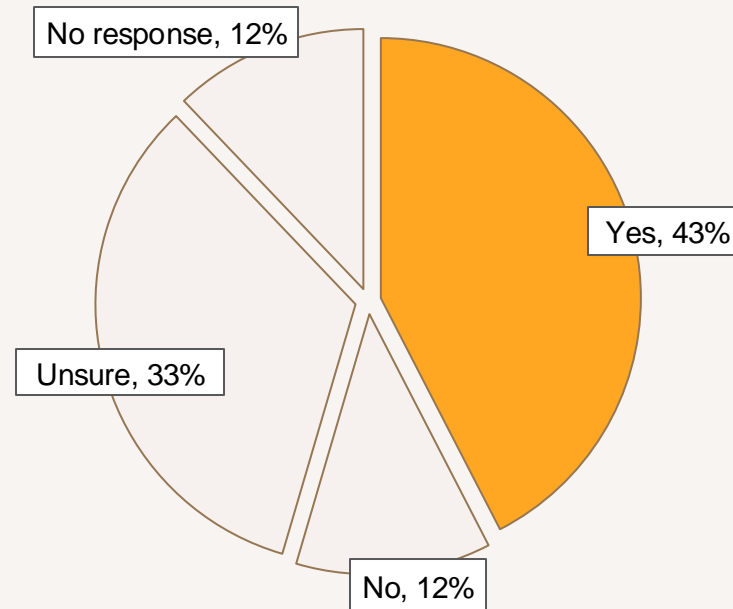
“We encourage CDA to clarify their thinking regarding any changes to the maintenance of effort policy, and to provide appropriate venues for AAAs to discuss proposed changes and offer feedback to the state.”

Carry-over Funds

43% (n=14) think changes should be made to carry-over policies. Ideas for changes include:

- **Reallocation based on spending (n=14).** Unspent funds could be distributed to AAAs that have spent a high percentage of their allocation, prioritizing those who can demonstrate the need and ability to spend allocated funds on services.
- **An opt-out option (n=2).** AAAs could carry over or decline unspent funds and allow redistribution to others who can spend down.
- **Year-end carry-over (n=2).** AAAs could carry over a portion of unspent funds (e.g., up to 5%) to bridge service gaps and avoid disruptions before new funding is released.

Should there be changes to year-end fiscal carry-over?



“There could be something in places that allows a AAA to refuse if it does not need the funding, and for it to be given to another AAA.”

“Any AAA that spends less than 90% of funding should not receive OTO funding.”

“This would truly benefit the smaller rural AAA’s.”

“[Carrying over] unspent funds to the next year can be used a bridge money to avoid a break in services before the new funding is made available.”

AAA Feedback on Design and Process

- **Survey Results Usage (n=3).** AAAs want clarity on how survey results will be shared and want assurance that their input will be considered.
- **Ongoing Engagement and Modeling (n=4).** AAAs prefer an interactive process, such as workshops or retreats, over virtual or survey-based input. They emphasize the importance of collaborative decision-making with AAA leadership, including in modeling of funding formula update scenarios.
- **Concern over Funding (n=5).** With consumer population growth outpacing state and federal funding, AAAs call for increased and permanent funding for core services to address shortfalls. There is also concern about potential funding cuts.

“How does this process further our work together in a meaningful and realistic way?”

“Changing the formula without more funding will take money from one area and give to another. We know that none of the AAAs have enough funding to do the work, so changing the formula will not be received well and larger AAAs will likely sue CDA.”

“AAAs can do the work, they already have the infrastructure, the “heart” to serve, all they need is lots of more funding!”

Next Steps

NICOLE SHIMOSAKA

- Explore impacts of updating funding formula factors and weights on administrative and programmatic allocations (Title III and non-Title III).
- Model future funding formula scenarios.
- Study potential impacts of updates to hold harmless and maintenance of effort policies.
- Explore updates to the base funding scheme.
- Explore updates to annual one-time-only / carry-over policies and practices to demonstrate to the public and elected officials demand for services and capabilities to effectively invest in programs and services.
- CDA will communicate emerging decisions, options, and ideas via a webinar in early 2025, including opportunities for further engagement involving changes to the funding formula.
- Use the CA 2030 inbox to communicate questions and concerns: **CA2030@aging.ca.gov**

“How does this process further our work together in a meaningful and realistic way?”

“We encourage CDA to continue soliciting feedback on these issues from AAAs.”

“AAAs should maintain the local flexibility given by the Older Americans Act given the fact that each local community is unique and has individual unmet needs.”

Next Steps & Questions

SURVEY RESULTS WEBINAR #3

Topic: PSA & AAA Designations

Date: Thursday, November 21st

Time: 11:00 AM – 12:00 PM

Contact Alison Burger:

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