

Appendix C

Intrastate Funding Formula

Intrastate Funding Formula and Allocation of Funds

Background Information

In Fiscal Year 2012, ADSS collaborated with the AAAs to perform a comprehensive review of the Intrastate Funding Formula (IFF). This review was made in accordance with Section 305 of the Older Americans Act (OAA) of 1965, as amended (Public Law 89-73), and Title 45, Volume 4, Section 1321.27. This formula takes the following factors into account: 1) the geographical distribution of older persons in Alabama (i.e., age 60 and older), 2) older persons with the greatest economic and social needs, 3) low-income minority older individuals, and 4) older persons residing in rural areas.

Based on recommendations from an analysis of the OAA and 2010 Census Data performed by Alabama State University (ASU), ADSS's Commissioner determined that maintaining the existing IFF, utilized since 2005, would limit the State's ability in giving preference to serving persons age 60 and over that have the greatest economic and social need. Specifically, it was determined that removing the Hold Harmless provision (i.e. Fiscal Year 2003 NGA amounts) included in the formula would be more equitable to PSAs that have seen increases in their senior population as supported by census data. As a result, in ADSS' Fiscal Years 2014 – 2016 State Plan the IFF was designed to gradually eliminate the Hold Harmless Provision in four years using the percentages below:

<u>Fiscal Year</u>	<u>Percent of Hold Harmless Provision</u>
2013	100%
2014	75%
2015	50%
2016	25%
2017	0%

The gradual elimination of the Hold Harmless was designed to minimize the impact on those AAAs that would experience reduced funding, and to give adequate time to plan for sustainability or reductions of services.

For ADSS' Fiscal Years 2017 – 2020 State Plan the same IFF is utilized. Beginning with the first year of this State Plan (FY 2017), all Hold Harmless amounts would be eliminated. The remaining five population-based factors contained in the current formula are solely used in the formula. Additionally, the same methodology to compute the factors' weights for distribution of funds is utilized.

ADSS will access the Administration on Aging's special tabulations of U.S. Census Bureau 2010 census files to compile data for factors "Age 60+ Rural." To compile data for factors "Age 60+ Living Alone," "Age 60+ Below Poverty" and "Age 60+ Below Poverty Minority," ADSS will access the Administration on Aging's special tabulations of American Community Survey (ACS) five-year files.

ADSS will always use best available data when developing, reviewing, and updating the IFF. As updated information becomes available, the agency will replace older IFF data. When the agency develops new State Plans, ADSS will review the IFF and update it, as necessary {Title 45, Volume 4, and Section 1321.37(a)}.

Intrastate Funding Formula and Allocation of Funds

Description of Proposed IFF {OAA, Section 305(a)(2)(C) and Section 307(a)(3)(A)}

Title III Funds are allocated based on the following methodology. The Title III award is first reduced by the amounts used to administer the State and Area Plans. No more than five percent (5%) of Title III funds will be designated for State Plan Administration. Additionally, no more than ten percent of (10%) of funds remaining for the AAAs will be used for Area Plan Administration.

The remaining balance is allocated to the AAAs based on a formula that incorporates the five population-based factors and their corresponding weights. Each factor's weight is based on its proportional share of the five factors' statewide total. Table G-1 identifies these factors, their statewide totals, and the computations performed to develop their weights.

**Table G-1
Five Population-Based Factors:
Computation of Factors' Weights**

FACTOR	FACTOR'S STATEWIDE VALUE	COMPUTATION OF FACTOR'S WEIGHT	FACTOR'S RESULTING WEIGHT (%)
Age 60+(¹)	966,440	= 966,440 / 1,776,443	54.40
Age 60+ Rural(²)	418,035	= 418,035 / 1,776,443	23.53
Age 60+ Living Alone(³)	243,400	= 243,400 / 1,776,443	13.70
Age 60+ Below Poverty(⁴)	104,425	= 104,425 / 1,776,443	5.88
Age 60+ Below Poverty Minority(⁵)	44,143	= 44,143 / 1,776,443	2.48
Total:	1,776,443		100.00

⁽¹⁾Alabama 2009-2013: Table S21003 - Age

⁽²⁾PSA-Level Census 2010 - 2010 Decennial Census

⁽³⁾2009-2013 ACS Special Tabulation on Aging - Table S21004 - Age by Sex by Living Alone

⁽⁴⁾Alabama 2009-2013: Table S21055 - Poverty Status in the Past 12 Months for Individuals 60 Years and Over

⁽⁵⁾Alabama 2009-2013: Table S21040 - Hispanic or Latino and Race by Poverty Status in the Past 12 Months for the Population 60 Years and Over for Whom Poverty Status is Determined

Figure G-1 describes the IFF and contains each PSA's formula share.

Intrastate Funding Formula and Allocation of Funds

**Figure G-1
Description of the
Proposed Intrastate Funding Formula**

$$\text{Funding Portion} = X[.5440(60+) + .2353(\text{Rural}) + .1370(\text{Living Alone}) + .0588(\text{Below Poverty}) + .02348(\text{Below Poverty Minority})]$$

Where:

X = Allocable amount (Title III award minus State and Area plan Admin)

PLANNING AND SERVICE AREA (PSA)	FORMULA SHARE (%)
(1) Northwest Alabama Council of Local Governments	6.179990
(2) West Alabama Regional Commission	5.937033
(3) Middle Alabama Area Agency on Aging	9.236491
(3A) Office of Senior Citizens Services	11.081695
(4) East Alabama Regional Planning and Development Commission	11.760467
(5) South Central Alabama Development Commission	3.019799
(6) Alabama Tombigbee Regional Commission	5.859743
(7) Southern Alabama Regional Council on Aging	7.509444
(8) South Alabama Regional Planning Commission	12.361725
(9) Central Alabama Aging Consortium	6.060200
(10) Lee-Russell Council of Governments	3.030269
(11) North Central Alabama Regional Council of Governments	5.517824
(12) Top of Alabama Regional Council of Governments	12.445319
Total:	100.000000

A description of the factors and U.S. Census Bureau data are described in Tables G-3 and G-4.

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**Table G-3
Intrastate Funding Formula:
Description of Factors**

FACTOR	DESCRIPTION
60+	Distribution among the 13 planning and service areas (PSAs) of the population of Alabamians who are at least 60 years old.
60+ RURAL	<p>Distribution among the 13 PSAs of the population of Alabamians who are at least 60 years old and live in a rural area.</p> <p>Note: <i>Rural</i>, according to the U.S. Census Bureau – United States Census 2010, encompasses all population, housing, and territory not included within an urban area. An urban area comprises a densely settled core of census tracts and/or census blocks that meet minimum population density requirements, along with adjacent territory containing non-residential urban land uses as well as territory with low population density included to link outlying densely settled territory with the densely settled core. To qualify as an urban area, the territory identified according to criteria must encompass at least 2,500 people; at least 1,500 of which reside outside institutional group quarters. The Census Bureau identifies two types of urban areas: 1) Urbanized Areas of 50,000 or more people; and 2) Urban Clusters of at least 2,500 and less than 50,000 people.</p>
60+ LIVING ALONE	Distribution among the 13 PSAs of the population of Alabamians who are at least 60 years old and live alone.
60+ BELOW POVERTY	Distribution among the 13 PSAs of the population of Alabamians who are at least 60 years old and below poverty level.
60+ BELOW POVERTY MINORITY	Distribution among the 13 PSAs of the population of Alabamians who are at least 60 years old, have minority status, and are below the poverty level.

Intrastate Funding Formula and Allocation of Funds

**Table G-4
Proposed Intrastate Funding Formula:
Population Data by PSA and Factor**

PSA	AGE 60+(¹)	AGE 60+ RURAL(²)	AGE 60+ LIVING ALONE(³)	AGE 60+ BELOW POVERTY(⁴)	AGE 60+ BELOW POVERTY MINORITY(^{3,4})
1	55,665	33,084	14,275	5,930	830
2	54,360	28,863	13,610	5,945	2,690
3	88,045	49,181	19,075	6,735	1,045
3A	126,185	13,945	34,405	13,650	8,675
4	106,320	57,293	27,405	13,405	4,495
5	23,425	16,880	6,970	3,820	2,550
6	43,885	33,716	12,555	8,210	5,729
7	67,460	38,481	16,990	7,585	2,885
8	132,465	37,634	30,650	12,995	5,855
9	64,115	18,061	16,525	5,635	3,320
10	30,220	10,376	7,425	3,660	2,150
11	50,225	28,866	12,430	5,435	1,065
12	124,070	51,655	31,085	11,420	2,854
Total:	966,440	418,035	243,400	104,425	44,143

⁽¹⁾ Alabama 2009-2013: Table S21003 - Age

⁽²⁾ PSA-Level Census 2010 - 2010 Decennial Census

⁽³⁾ 2009-2013 ACS Special Tabulation on Aging - Table S21004 - Age by Sex by Living Alone

⁽⁴⁾ Alabama 2009-2013: Table S21055 - Poverty Status in the Past 12 Months for Individuals 60 Years and Over

⁽⁵⁾ Alabama 2009-2013: Table S21040 - Hispanic or Latino and Race by Poverty Status in the Past 12 Months for the Population 60 Years and Over for Whom Poverty Status is Determined

Intrastate Funding Formula and Allocation of Funds

For each PSA, the Total Award for Fiscal Year 2017 equals the formula share (See Figure G-1) multiplied by the total federal award (i.e. \$16,484,624) (See Table G-6, Column B). The difference between each PSA's Estimated FY 2017 award and their FY 2016 award are displayed in Column E.

The columns in Tables G-5 and G-6 are described below:

- A Identifies each PSA's contains each PSA's formula share based on the IFF.
- B Identifies the total amount to be allocated to the PSA for services. Allocable amount is equal to Title III award minus State and Area plan Admin (Estimate).
- C Identifies each PSA's estimated Total Award for Fiscal Year 2017.
- D Identifies each PSA's Total Award for Fiscal Year 2016.
- E Displays the variance between each PSA's estimated Total Award for Fiscal Year 2017 and their Total Award for Fiscal Year 2016.

Intrastate Funding Formula and Allocation of Funds

Table G-5
Allocation to PSA based on Intrastate Funding Formula:
Hypothetical Federal Awards FY 2017

PSA	TOTAL AWARD (ESTIMATE) (FISCAL YEAR 2017)				TOTAL VARIANCE (FY 2016 vs FY 2017 ESTIMATED)
	IFF FORMULA			FY 2016 ALLOCATION	
	FORMULA SHARE (%)	ALLOCABLE AMOUNT	ESTIMATED PSA ALLOCATION		
1	6.179990	\$ 16,484,624	\$ 1,018,748	\$ 1,023,810	\$ (5,062)
2	5.937033	\$ 16,484,624	\$ 978,697	\$ 1,046,081	\$ (67,384)
3	9.236491	\$ 16,484,624	\$ 1,522,601	\$ 1,399,537	\$ 123,064
3A	11.081695	\$ 16,484,624	\$ 1,826,776	\$ 1,874,295	\$ (47,519)
4	11.760467	\$ 16,484,624	\$ 1,938,669	\$ 1,920,924	\$ 17,745
5	3.019799	\$ 16,484,624	\$ 497,802	\$ 602,591	\$ (104,789)
6	5.859743	\$ 16,484,624	\$ 965,957	\$ 1,126,670	\$ (160,713)
7	7.509444	\$ 16,484,624	\$ 1,237,904	\$ 1,259,552	\$ (21,648)
8	12.361725	\$ 16,484,624	\$ 2,037,784	\$ 1,927,077	\$ 110,707
9	6.060200	\$ 16,484,624	\$ 999,001	\$ 1,010,571	\$ (11,570)
10	3.030269	\$ 16,484,624	\$ 499,528	\$ 512,794	\$ (13,266)
11	5.517824	\$ 16,484,624	\$ 909,593	\$ 885,512	\$ 24,081
12	12.445319	\$ 16,484,624	\$ 2,051,564	\$ 1,895,210	\$ 156,354
Total:	100.000000		\$ 16,484,624	\$ 16,484,624	
Column:	(A)	(B)	(C)	(D)	(E)

Notes:

1. Amounts include federal funding with required state match.
2. FY 2016 Allocation is the last fiscal year that Hold Harmless amounts are factored into the formula