

**Testimony on the Funding for Area Agencies on Aging (AAA's)
and the Hold Harmless Provision
April 23, 2013**

- I am Holly Lange, President and CEO of Philadelphia Corporation for Aging. PCA is the area agency on aging (AAA) for Philadelphia county. I am pleased to be able to provide testimony today on this important subject and thank Representatives Hennessey and Samuelson and Executive Director Schwartz for convening this hearing.

- Many of those PCA serves can be characterized as being low income, minority or foreign borne or both, non-English speaking, having low levels of education and a high degree of frailty. The average PCA consumer is a 77 year old widow who lives alone, income is less than \$800 per month, and who suffers from more than 4 chronic illnesses. In addition, PCA is challenged to overcome barriers to care resulting from poor housing stock, high crime rates and crumbling neighborhoods.

- PCA touches the lives of over 100,000 seniors and caregivers. Last year, we served more than 2,000,000 congregate and home delivered meals and provided more than 16,000 clients with care in their home. A shortage of nursing home beds in the city makes these services even more critical but, unfortunately, we have a waiting list of almost 2,000 individuals in need. Since July, we have served an additional 1,200 consumers in the aging waiver program alone. We also provided more than 2,700 home repairs and modifications to help keep seniors in their homes. The Information and referral line received 95,000 calls last year, including over 20,000 requests for long term care services. Many benefit from an array of programs and services in the community including more than 20,000 older persons who went to our 23 senior centers and we conduct over 20,000 assessments for home care services.

- We are all suffering the effects of eight years of Aging Block Grant (PennCare) flat funding; across the state and throughout the aging network. All AAA's have experienced service cuts because increased costs and increased need have not been met with increased lottery funds. Closing senior centers and long wait lists are not uncommon.
- Once Aging Block grant funds are appropriated at the state and federal level, the amount of Aging block grant funds received by individual AAAs is determined by the allocation funding formula and by the hold harmless provisions of the Administrative Code.
- In allocating funds, PA's Administrative Code indicates that AAA basic allocations of state and federal funds **shall** be "weighted by the proportion of poor persons that reside in the planning and service area." The legislation goes on to indicate that the Department **may** allocate additional resources using other factors such as age.
- The goal of the federal Older American's Act (OAA) is to focus resources on the most at risk population. The Older Americans Act requirement is that the formula should "reflect the proportion among the planning and service areas of persons 60 and over in greatest economic need or social need with particular attention to low income minority individuals."
- However, the current allocation formula utilized by the department does not reflect allocations based on need, but primarily on age.
- For example, the "60+" factor is responsible for more than 36% of the total allocation formula. In contrast, "Poverty", accounts for less than 8% of the total allocation.
- Further, PDA's current intrastate funding formula does not adequately represent many of the characteristics that best predict need for services.. It does not include at all the impact of being non-English speaking and having low

educational attainment, characteristics which we know predict need and act as barriers to accessing services.

- The methodology and the weighting used in the funding formula should be changed to better address the goals of the Older Americans Act and the PA Administrative Code.
- As currently applied, the Pennsylvania Department of Aging's (PDA) intrastate funding formula would have a negative impact on PCA, Allegheny and five other AAAs within the Commonwealth.
- What is protecting the AAAs and the seniors they serve is the Hold Harmless provision of the Administrative Code, which ensures that AAAs shall not receive less funding than in the preceding year. Seven AAA's, representing eight counties, are in jeopardy of significant funding reductions if the Hold Harmless provision is removed and the current formula applied.
- According to PDA figures, 30% of the state's seniors reside in those eight counties but they represent almost 50% of the low income seniors in the state and close to two thirds of the state's minority elders. In spite of this high concentration of at risk seniors, the current formula would only allocate 33% of the funds to those counties, resulting in a re-distribution of \$35,000,000 in funds away from seniors most in need.
- So, while state and federal goals emphasize targeting those with the greatest social and economic need, the funding formula does not achieve such a goal.
- Shifting existing funds from counties already struggling to address high levels of need and growing waiting lists would be devastating to our programs and to the seniors we serve.

- When the Legislature placed the funding formula into statute some 25 years ago to assure an equitable distribution of available funds related to need, some AAAs would have lost a degree of funding.
- In order to obtain enough support to enact the legislation with the new formula, the hold harmless provision was inserted to assure that as the Legislature annually appropriated future funding to be run through the formula, no AAA would receive any less than they did the year before regardless of the demographic changes that may influence the formula factors.
- The Hold Harmless provision has helped provide year-to-year funding stability and protected at-risk populations from the results of broader population shifts and changes in funding methodology. The provision has helped provide for stability of the aging services network and is a recognition that changes in population over time do not necessarily track with changes in the need for services.
- Removing the provision would have a devastating effect on PCA programs for all seniors in Philadelphia, with a similar impact on other AAAs as well. Many would see their services reduced or eliminated as we would not be able to maintain services to most senior centers, home care services, meals or transportation. We would be forced to eliminate half of the programs and services that are now available.
- The PDA allocation chart you received reflects the current allocation formula and reviewing it would lead one to believe that the changes reflect a major movement of seniors among the counties. While PCA shows a 46% allocation decrease, ten AAAs show more than a 50% increase. 46% of Philadelphia's seniors didn't leave the city and ten AAAs didn't see their senior census increase by more than half. Rather the changes result from a formula that totally shifts the emphasis away from elderly poor (the best measure of need) to one that rewards the quantity of seniors, regardless of need.

- The AAA Network across the state desperately needs additional funds to address increased needs and cuts resulting from years of level funding. We need your help to free up surplus lottery dollars for distribution to the Network, not shifting existing funds between counties.
- The hold harmless provision cannot be addressed until the consequences of applying the current flawed allocation formula are resolved. PDA knows that a more accurate allocation formula must be developed. Only then should changes in hold harmless be considered.