

D26A07
Department of Aging

Operating Budget Data

(\$ in Thousands)

	<u>FY 15</u> <u>Actual</u>	<u>FY 16</u> <u>Working</u>	<u>FY 17</u> <u>Allowance</u>	<u>FY 16-17</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$21,035	\$21,377	\$22,492	\$1,114	5.2%
Deficiencies and Reductions	0	1,394	-8	-1,401	
Adjusted General Fund	\$21,035	\$22,771	\$22,484	-\$287	-1.3%
Special Fund	481	523	554	31	5.9%
Deficiencies and Reductions	0	0	-1	-1	
Adjusted Special Fund	\$481	\$523	\$553	\$30	5.8%
Federal Fund	26,430	26,430	26,882	451	1.7%
Deficiencies and Reductions	0	0	-5	-5	
Adjusted Federal Fund	\$26,430	\$26,430	\$26,877	\$446	1.7%
Reimbursable Fund	3,428	3,286	3,381	95	2.9%
Adjusted Reimbursable Fund	\$3,428	\$3,286	\$3,381	\$95	2.9%
Adjusted Grand Total	\$51,374	\$53,010	\$53,294	\$284	0.5%

- The fiscal 2017 allowance contains a \$5,125,614 deficiency appropriation to address budget shortfalls in fiscal 2012 through 2015. There are three deficiency appropriations specific to fiscal 2016, one to address budget shortfalls (\$1,000,000) and two to offset reductions in grant allocations to certain local Area Agencies on Aging (\$291,500 and \$168,190), totaling \$1,459,690.
- The fiscal 2016 working appropriation includes a reversion of \$65,955 due to the Department of Budget and Management's shared services initiative.

Note: Numbers may not sum to total due to rounding.

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- After adjusting for a back of the bill reduction in health insurance, the deficiency appropriations specific to fiscal 2016 expenses, and the targeted reversion, the fiscal 2017 allowance of the Maryland Department of Aging (MDOA), increases by \$284,079, or 0.5%, compared to the fiscal 2016 working appropriation.

Personnel Data

	<u>FY 15</u> <u>Actual</u>	<u>FY 16</u> <u>Working</u>	<u>FY 17</u> <u>Allowance</u>	<u>FY 16-17</u> <u>Change</u>
Regular Positions	51.70	49.70	47.70	-2.00
Contractual FTEs	<u>25.50</u>	<u>25.50</u>	<u>20.00</u>	<u>-5.50</u>
Total Personnel	77.20	75.20	67.70	-7.50

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New
Positions

2.28 4.78%

Positions and Percentage Vacant as of 12/31/15

12.00 24.14%

- The allowance declines by 2.0 positions. Two information technology positions are being transferred to the Department of Information Technology. One position is currently vacant and 1.0 position is filled.
- The allowance abolishes 5.50 full-time equivalent contractual positions due to changes in grants and increased efficiency.
- Turnover expectancy decreases from 5.03% to 4.78% in fiscal 2017.
- As of December 31, 2015, MDOA has a vacancy rate of 24.14%, or 12.0 vacant positions. After accounting for the 2.0 transferred positions, the vacancy rate decreases to 23.06%.

Analysis in Brief

Major Trends

Maintaining Seniors in the Community: MDOA has a goal to enable seniors to reside in the most appropriate and safest living arrangements within the community for as long as possible. The total number of seniors receiving community-based support services through MDOA decreased slightly in fiscal 2015. Waiting lists for all community-based support services increased.

Ensuring Seniors Are Treated with Dignity: MDOA has a goal to ensure the rights of seniors and prevent their abuse, neglect, and exploitation. The number of complaints investigated and closed has steadily increased since federal fiscal 2012, despite the number of ombudsmen remaining at 36.

Issues

Joint Chairmen’s Report on the Timeliness of Awards of State Grants to Area Agencies on Aging: Committee narrative in the 2015 *Joint Chairmen’s Report* required a report on improving the award of State grants to Area Agencies on Aging. MDOA submitted the report detailing issues with timeliness in previous years as well as the steps taken in the current fiscal year to address the issue.

Fiscal 2015 Closeout Audit: In February 2016, the Office of Legislative Audits released its closeout audit report for fiscal 2015. MDOA records assume \$2.9 million in federal fund revenue transactions due to expenditures for the Medicaid Waiver grant that were incurred in fiscal 2015 and in prior years. As of January 12, 2016, reimbursement of these expenditures has not been prepared and appears unlikely.

Recommended Actions

	<u>Funds</u>	<u>Positions</u>
1. Delete 5.0 long-term vacant positions that have been vacant at least 12 months.	\$ 267,600	5.0
Total Reductions	\$ 267,600	5.0

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Department of Aging

Operating Budget Analysis

Program Description

The Maryland Department of Aging (MDOA) has the responsibility for administering community-based programs and services for older Marylanders, evaluating the services they need, and determining the extent to which public and private programs meet those needs. The department also administers the State Aging and Disability Resource Center program (ADRC) known as Maryland Access Point (MAP). The ADRC is a national initiative to realign long-term care information and access to resources into a single point of entry system. The department administers the MAP program through collaborative partnerships with State and local aging and disability agencies and stakeholders. With input from the local Area Agencies on Aging (AAA), seniors, caregivers, the Maryland Department of Disabilities, and other sister agencies, the department establishes priorities for meeting the needs of older Marylanders and advocates for frail and vulnerable seniors and expansion of the MAP program. The department promotes healthy lifestyles for older Marylanders, *e.g.*, good nutrition, exercise, employment, and volunteerism, so that they remain active and engaged in their communities. The key goals of the department are:

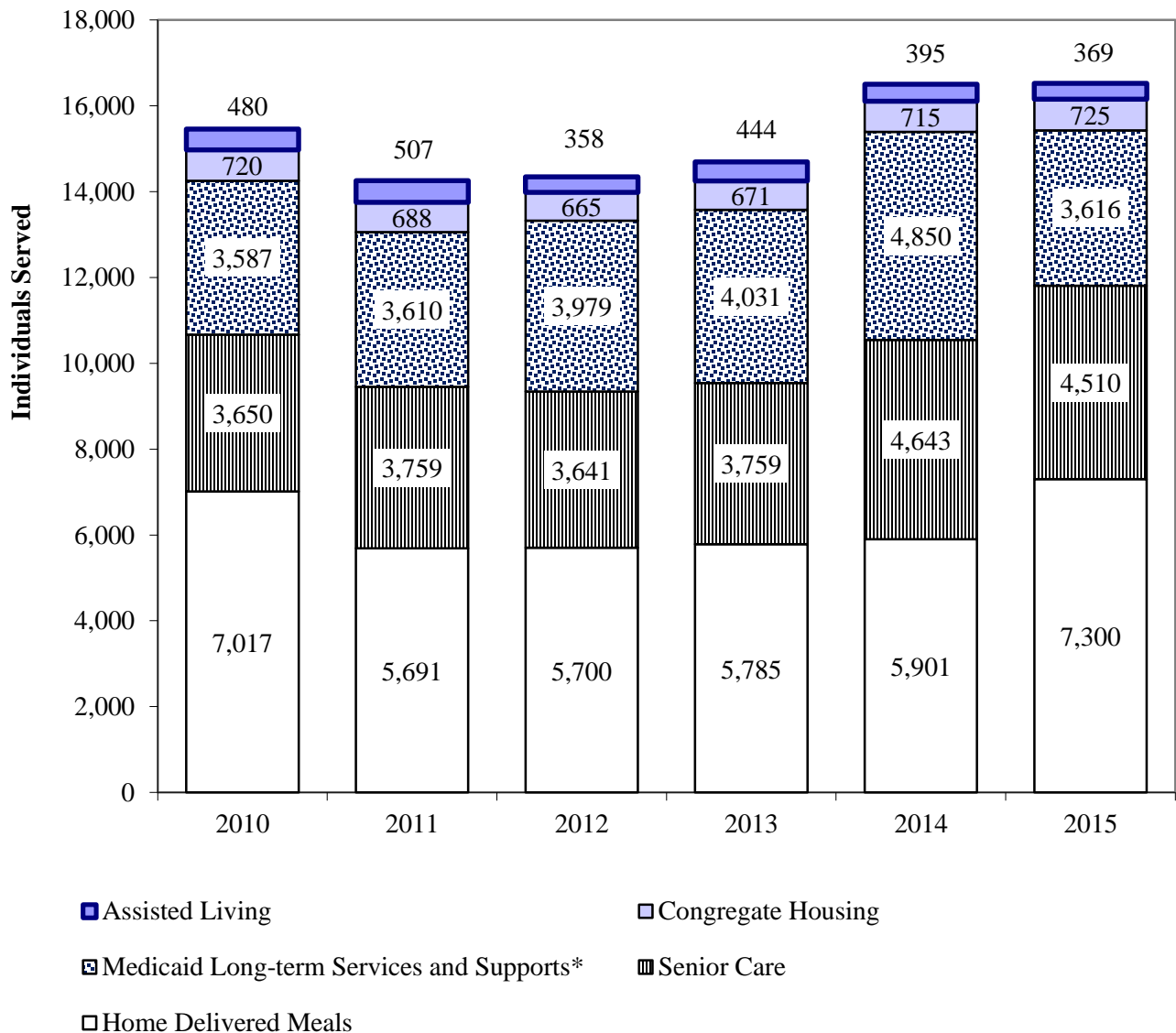
- to enable older residents to remain in their homes with a high quality of life for as long as possible;
- to ensure the rights of older residents and prevent their abuse, neglect, and exploitation; and
- to empower older residents to stay active and healthy.

Performance Analysis: Managing for Results

1. Maintaining Seniors in the Community

MDOA has a goal enabling seniors to reside in the most appropriate and safest living arrangements within the community for as long as possible. **Exhibit 1** shows the number of individuals receiving the different types of MDOA-coordinated services. The total number of seniors receiving community-based support services through MDOA increased gradually from fiscal 2011 to 2013, and increased by an additional 1,814 individuals in fiscal 2014. The total decreased by 1.5% in fiscal 2015 to 16,250 seniors receiving services. Despite decreasing, the number of seniors served is well above the 2011 to 2013 totals. The two biggest changes are in Medicaid Long-term Services and Supports, which decreased by 25.4%, and in home delivered meals, which increased by 23.7%. **The Secretary should comment on what factors contributed to large changes in the number of seniors receiving long-term services and home delivered meals.**

Exhibit 1
Maintaining Seniors in the Community
Fiscal 2010-2015



*Medicaid long-term services and supports include the Community Options Waiver, Community First Choice, and Community Assistance Personal Care. Data presented reflects only those individuals in Community Options receiving services coordinated by MDOA. A significantly greater number of people are served in the waiver.

Source: Maryland Department of Aging

Community-based services are considered a cost-effective investment for the State because many of the people who receive these services would otherwise require nursing home services if the community-based options were not available. As shown in **Exhibit 2**, the average cost per person for nursing homes is more than double the average cost of the Community Options Waiver, the most expensive community-based option. The Community Options Waiver includes such services as personal care, home delivered meals, and accessibility adaptations.

Exhibit 2
Average Annual Cost of Community-based Services Versus Nursing Home Care
Fiscal 2015

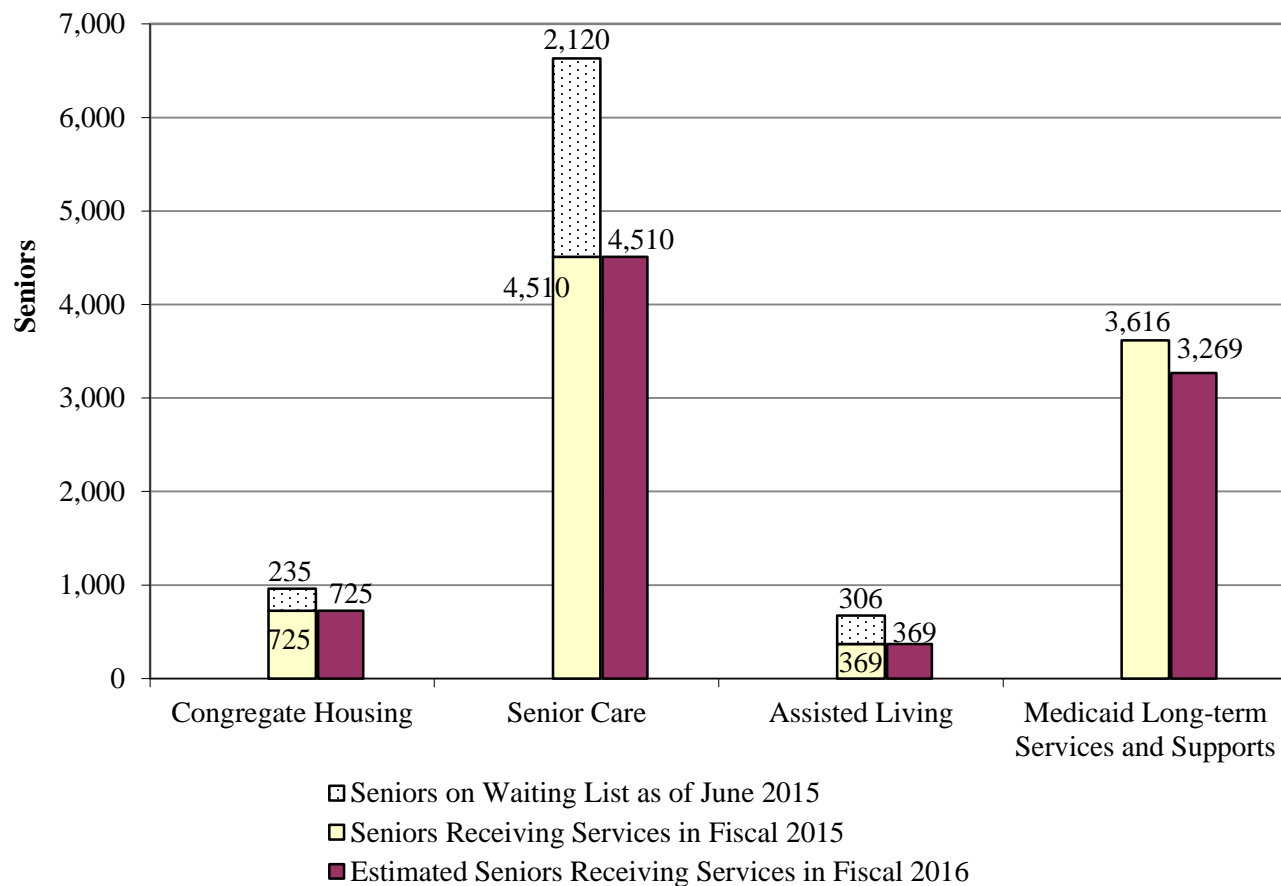
<u>Congregate Housing</u>	<u>Senior Care</u>	<u>Assisted Living Subsidy</u>	<u>Medicaid Long-term Services and Supports*</u>	<u>Nursing Home</u>
\$2,030	\$1,611	\$8,085	\$30,748	\$72,076

*Fiscal 2013 data for the Community Options Waiver.

Source: Maryland Department of Aging

Exhibit 3 shows the number of individuals on the waiting list as of June 2015 for each of the four community-based services, along with the number of individuals served in fiscal 2015 and those expected to receive services in fiscal 2016. The biggest waitlist as a percent of the demand for services is the Assisted Living program, at 45.0%, followed by Senior Care at 32.0%. The waitlist for Congregate Housing represents 32.4% of those served in fiscal 2015. All three waitlists grew over the previous year. In June 2014, the waiting lists for Assisted Living, Senior Care, and Congregate Housing were 226, 1,732, and 158, respectively. **The Secretary should comment on the increase in the length of waiting lists for community-based services.**

Exhibit 3
Seniors Served Versus the Waiting List
Fiscal 2015-2016



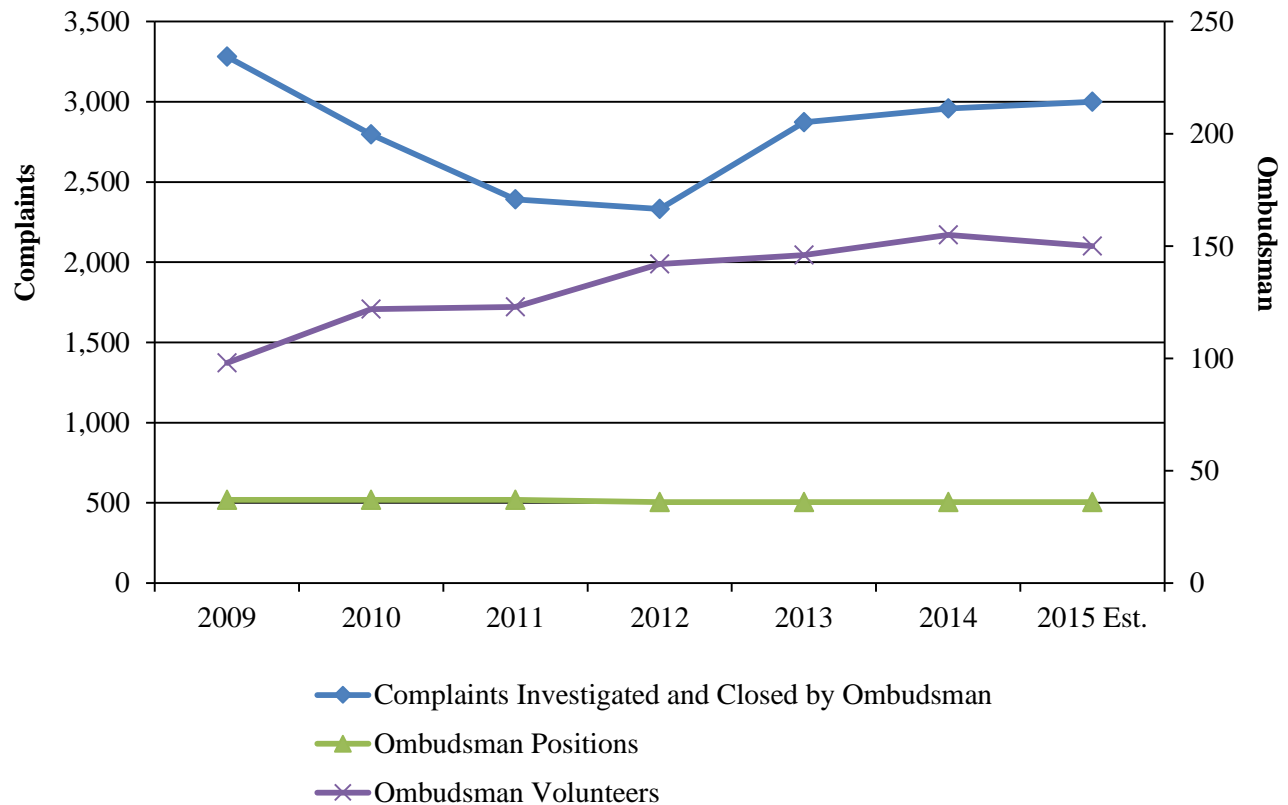
Note: Medicaid Long-term Services and Supports do not have a waiting list comparable to the other programs shown in this exhibit. Instead, it operates more as a registry, with eligibility determined at a later time.

Source: Maryland Department of Aging

2. Ensuring Seniors Are Treated with Dignity

Exhibit 4 shows the efforts of MDOA to achieve its goal to ensure the rights of seniors and prevent their abuse, neglect, and exploitation. The exhibit shows the total number of cases and complaints investigated and closed by ombudsmen, in addition to data on the ombudsman themselves. This data follows the federal fiscal year, so 2015 actuals are not available until March 2016. Beginning in federal fiscal 2010, the definition of complaint no longer included responses to reports made by nursing facilities, which accounts for the decline in cases closed between federal fiscal 2009 and 2011.

Exhibit 4
Investigations Closed and Ombudsman Positions
Federal Fiscal 2009-2015 (Est.)



Source: Maryland Department of Aging

The number of complaints investigated and closed has steadily increased since federal fiscal 2012, despite the number of ombudsman remaining at 36. The number of volunteers has increased in all years with 155 volunteers in federal fiscal 2014. MDOA indicates that 1 of the volunteers is acting as a volunteer coordinator, which has helped increase the number of volunteers.

Fiscal 2016 Actions

Proposed Deficiency

The allowance contains four deficiency appropriations, totaling \$6,585,304. Two of the deficiency appropriations are to address federal fund shortfalls, and two are to provide relief to local AAAs that received less funding due to changes in grant allocations.

Federal Fund Shortfalls

The largest deficiency, \$5,125,514, is due to federal fund shortfalls between fiscal 2012 and 2015, which will be discussed in detail in the Issues section of the analysis. An additional \$1,000,000 deficiency appropriation is to cover a federal fund shortfall in fiscal 2016.

Changes in Grant Allocations to Local AAAs

The remaining two deficiency appropriations are meant to provide relief for local AAAs that received a lower allocation of funds from MDOA in fiscal 2016. A deficiency appropriation of \$168,190 is meant to offset reductions in the State Information and Assistance (I&A) and the State Nutrition grants, and an appropriation of \$291,500 is meant to offset reductions in allocations for the Senior Center Operating Fund (SCOF).

In the fiscal 2016 grant review process, MDOA made significant changes in allocations for the following grants:

- State Nutrition and State MAP I&A;
- the SCOF;
- State Hold Harmless;
- Senior Care; and
- Senior Assisted Living Group Home Subsidy (SALGHS).

Nutrition and MAP Information and Assistance

The Nutrition and I&A grants were level-funded in recent years. MDOA could not identify a formula for the two grants. In fiscal 2016, the department determined the allocations by calculating:

- the share of each AAA population that is aged 60 and over compared to Maryland's total population (weighted at 25%); and
- the share of each AAA population that is aged 60 and over below the federal poverty level (FPL) to Maryland's total population below the FPL (weighted at 75%).

To alleviate the impact of the new formula, MDOA reallocated half of the additional funds that AAAs received when compared to fiscal 2015 to the AAAs that lost funds compared to fiscal 2015. The AAAs that lost funds received the additional allocations based on their share of the total loss. Additionally, the \$168,190 deficiency appropriation further alleviates the change for AAAs that received a smaller allocation from these grants.

Senior Citizens Activities Center Operating Fund

The SCOF funding criteria did not change in fiscal 2016. MDOA indicates that there was an error in the allocation of SCOF awards in prior years. In the current year, the department allocated SCOF funds as mandated in statute. By statute, half of the fund is reserved for economically distressed jurisdictions as defined in statute, and the remainder is determined competitively, although primarily, by the population of individuals 60 and over in a jurisdiction in fiscal 2016. The Secretary of Aging has discretion over the individual allocations.

The current definition of economically distressed jurisdictions is contained in Section 1-101 of the Economic Development Article:

- have an average unemployment rate of more than 150% of the average State unemployment rate for the most recent 18-month period for which there is data; or
- have an average per capita personal income that is 67% or less of the average State per capita personal income for the most recent 24-month period for which there is data.

SB 98, a departmental bill from MDOA, alters the definition to economically distressed jurisdictions for the purpose of allocating SCOF funds to the following:

- have an average unemployment rate for the most recent 24-month period for which there is data that exceeds either 150% of the average unemployment rate for the State or the average unemployment rate for the State during that period by at least two percentage points;
- have an average per capita personal income for the most recent 24-month period for which there is data that is equal to or less than 67% of the average per capita personal income for the State during that period; or
- if the county no longer meets either criterion above, it must have met at least one at some time during the previous 24-month period.

The Secretary should comment on how enactment of SB 98 affects allocations of the SCOF in fiscal 2018.

The \$291,500 deficiency appropriation alleviates the impact of the change in SCOF allocations for AAAs that received less funds. The following three grants, although a deficiency appropriation is not included for them, also had changes in formulas, affecting AAA allocation.

Hold Harmless

The State Hold Harmless grant was level funded in recent years. MDOA implemented a new formula, based on changes in allocations of the federal Older Americans Act (OAA) awards in fiscal 2016. If an AAA received a reduced allocation of OAA funds compared to fiscal 2015, then the

Hold Harmless grant was used to offset the loss. Additional funds were allocated proportionally to AAAs with total losses greater than \$50,000.

Senior Care

In prior years, awards were based on the OAA formula, but used old census data. Allocations of the Senior Care grant in fiscal 2016 were determined using the formula for OAA allocations, but with current census data:

- the share of each AAA population that is aged 60 and over to the Maryland's total population (weighted at 45%);
- the share of each AAA population that is aged 60 and over below the FPL to Maryland's total population below the FPL (weighted at 45%); and
- the share of each AAA minority population that is aged 60 and over below the FPL to Maryland's total minority population aged 60 and over below the FPL (weighted at 10%).

Senior Assisted Living Group Home Subsidy

The SALGHS funding formula is based on a ratio of average census data for each jurisdiction compared to the total statewide census. In fiscal 2016, the formula was altered slightly to use census data from the first three quarters of the year. MDOA is developing a new proposal for the formula. **The Secretary should provide an update on development of a new formula for SALGHS allocations.**

Allocation of Federal and State Funds to Local Area Agencies on Aging

Ultimately, changes in the formulas resulted in changes to allocations of funding overall to all of the AAAs. **Exhibit 5** shows the change in funding for each AAA between fiscal 2015 and 2016. After accounting for single-year grants in fiscal 2015 and the proposed fiscal 2016 deficiency appropriations, Baltimore City's AAA had the largest dollar decrease with \$323,036 less funds than in fiscal 2015, while the USA, Inc. and Garrett County AAAs had the largest percent decreases (7.33% and 6.93%, respectively). The AAAs with the largest dollar increase were Montgomery and Baltimore counties with \$229,240 and \$108,315, respectively, while the largest percent increase was 7.57% in Cecil County. The deficiency appropriations offset the reductions in allocations for AAAs that lost funding, but the trend remains the same. **The Secretary should explain why some AAAs that received more funding in fiscal 2016 benefit from the deficiency appropriation, including why the deficiency appropriations are meant to offset changes in specific grants instead of changes in overall allocations. The Secretary should also state whether MDOA expects the deficiency appropriations to be one-time funding or to continue in future years.**

Exhibit 5
Grant Allocation to Local AAAs
Fiscal 2015 and 2016

	Total 2015¹	Total Without Deficiency 2016	Total With Deficiency 2016	Change without Deficiency	Change with Deficiency	Percent Change with Deficiency
Allegany	\$809,575	\$804,925	\$812,528	-\$4,650	\$2,953	0.36%
Anne Arundel	2,811,416	2,813,668	2,813,668	2,251	2,251	0.08%
Baltimore City	7,280,014	6,775,083	6,956,978	-504,931	-323,036	-4.44%
Baltimore County	5,041,789	5,149,066	5,150,103	107,277	108,315	2.15%
Calvert	409,626	405,991	405,991	-3,635	-3,635	-0.89%
Carroll	974,821	968,543	968,543	-6,278	-6,278	-0.64%
Cecil	700,476	753,498	753,498	53,022	53,022	7.57%
Charles	620,440	653,302	668,802	32,861	48,361	7.79%
Frederick	1,017,932	1,004,143	1,023,143	-13,790	5,210	0.51%
Garrett	446,960	395,956	415,967	-51,004	-30,993	-6.93%
Harford	1,116,104	1,151,858	1,151,858	35,754	35,754	3.20%
Howard	1,694,763	1,651,125	1,651,125	-43,638	-43,638	-2.57%
MAC, Inc.	2,350,568	2,338,356	2,401,843	-12,212	51,275	2.18%
Montgomery	4,821,959	5,026,699	5,051,199	204,740	229,240	4.75%
Prince George's	4,455,325	4,351,367	4,396,367	-103,958	-58,958	-1.32%
Queen Anne's	370,910	348,003	360,934	-22,907	-9,976	-2.69%
St. Mary's	562,643	540,161	546,511	-22,482	-16,132	-2.87%
USA, Inc.	1,147,120	1,030,489	1,063,066	-116,631	-84,055	-7.33%
Washington	1,075,323	1,016,653	1,046,453	-58,671	-28,870	-2.68%
Total	\$37,707,765	\$37,178,885	\$37,638,575	-\$528,880	-\$69,190	-0.18%

AAA: Area Agencies of Aging

MAC, Inc.: Dorchester, Somerset, Wicomico, and Worcester counties

USA, Inc.: Caroline, Kent, and Talbot counties

¹Excludes federal Maryland Access Point funds. Comparable funds in fiscal 2016 are not yet allocated.

Source: Maryland Department of Aging

Cost Containment

The MDOA general fund was reduced by \$430,000 as a result of the fiscal 2016 2% across-the-board cuts. MDOA realized the reduction by eliminating contractual positions.

Proposed Budget

As shown in **Exhibit 6**, after adjusting for a back of the bill reduction in health insurance, the deficiency appropriations specific to fiscal 2016 expenses, and the targeted reversion, the fiscal 2017 allowance of MDOA increases by \$284,079, or 0.5%, compared to the fiscal 2016 working appropriation. There is an additional across-the-board reduction to abolish positions statewide, but the amounts have not been allocated by agency.

Exhibit 6
Proposed Budget
Department of Aging
(\$ in Thousands)

How Much It Grows:	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2015 Actual	\$21,035	\$481	\$26,430	\$3,428	\$51,374
Fiscal 2016 Working Appropriation	22,771	523	26,430	3,286	53,010
Fiscal 2017 Allowance	<u>22,484</u>	<u>553</u>	<u>26,877</u>	<u>3,381</u>	<u>53,294</u>
Fiscal 2016-2017 Amount Change	-\$287	\$30	\$446	\$95	\$284
Fiscal 2016-2017 Percent Change	-1.3%	5.8%	1.7%	2.9%	0.5%

Where It Goes:**Personnel Expenses**

Senior Community Services Employment Program	\$159
Employee and retiree health insurance	75
Offset of fiscal 2016 targeted reversion	66
Reclassifications	43
Turnover adjustments.....	28
Accrued leave payout.....	25
Employee retirement.....	21
Other fringe benefit adjustments.....	-34
Regular earnings	-43
Social Security contributions	-71
2 transferred positions.....	-163

Where It Goes:

Other Changes

Grants administered by the Maryland Department of Aging	989
Maryland Access Point website to bring in line with most recent actual	92
Human Resources consolidation assigned cost.....	88
Conferences and training	48
Communications	48
Computer replacement	35
Equipment rentals	33
Office supplies	29
Vehicle purchase.....	16
Printing.....	15
Rent and dues.....	12
Software licenses	10
Internet access through the Department of Information Technology	-18
Consulting fees.....	-229
Deficiency appropriation to cover fiscal 2016 federal fund shortfalls.....	-1,000
Other	10
Total	\$284

Note: Numbers may not sum to total due to rounding.

Personnel

Regular personnel costs in the allowance for MDOA increase by \$105,862. This increase is primarily driven by the Senior Community Service Employment Program, which increases by \$159,204, compared to the fiscal 2016 working appropriation. The increase in personnel costs is despite a decrease of \$163,095 due to the transfer of 2 positions. The 2 positions are information technology positions that are being transferred following recommendation by the Department of Information Technology. One position is currently vacant, and 1 position is filled.

Contractual positions also decrease by 5.5 full-time equivalents (FTE) in the allowance. As the grant funding them is ending, 2.0 FTEs are abolished. The remaining 3.5 contractual positions were eliminated due to increased efficiency. However, spending on contractual employment is virtually unchanged as savings in payroll are offset by costs associated with the provision of health insurance for contractals.

The allowance also reflects full-year savings from the Department of Budget and Management's shared services initiative, (shown in lower salary and fringe benefit costs). However, these savings are partially offset by an increase in fiscal 2017 of \$87,940 for MDOA's share of Human Resources consolidation.

The vacancy rate is 24.14%, higher than budgeted turnover (4.78%). After accounting for the 2.0 transferred positions in the allowance, MDOA could fill 8.78 of the vacant positions and still meet the budgeted turnover. As of January 2016, 5.0 of the positions have been vacant for greater than one year, with 3.0 vacant since fiscal 2013. **DLS recommends abolishing 5.0 long-term vacant positions.**

Community Service Grants

The biggest increase in the MDOA budget are funds appropriated for grants administered by MDOA. Grant funding increases \$988,997 in the allowance after accounting for two fiscal 2016 hold harmless deficiency appropriations detailed above. Grant funding in fiscal 2016 and 2017 is provided in **Exhibit 7**. The exhibit distinguishes grants that are increasing, decreasing, and level funded.

The largest increase is in the Veterans Home Based Primary Care program due to an expansion of the program. Veterans are referred to the program by the U.S. Veterans Administration (VA) Medical Center. The funds pay for personal care services. Invoices are submitted by MDOA to the VA for reimbursement. MDOA expects the amount of reimbursement to be higher in fiscal 2016, which is not reflected in the exhibit.

The largest decreases are in grant programs that ended in fiscal 2016: the Aging and Disability Resource Center Options Counseling (\$810,000); Older Adults Waiver Case Management (\$125,000); Chronic Disease Management (\$95,000); and Senior Medicare Patrol Health Care Fraud Prevention (\$62,918). The SCOF decreases by \$291,500. However, this is due to the deficiency appropriation in fiscal 2016 that is discussed in the proposed deficiencies section of the analysis. A decrease in the Balancing Incentives program is due to a change in the Memoranda of Understanding (MOU) with the Department of Health and Mental Hygiene.

Exhibit 7

Change in Grants Administered by the Maryland Department of Aging

Fiscal 2016-2017

	<u>2016</u>	<u>2017</u>	<u>Change 2016-2017</u>
Increases			
Veterans Grants	\$50,000	\$2,414,220	\$2,364,220
Commodity Supplemental Food	0	177,071	177,071
Naturally Occurring Retirement Communities	1,150,000	1,300,000	150,000
State Health Insurance Assistance Program	509,584	557,843	48,259
Health Care Fraud and Abuse Control	0	32,400	32,400
Nutrition Services Incentive Program	1,562,235	1,588,274	26,039

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	<u>2016</u>	<u>2017</u>	<u>Change</u> <u>2016-2017</u>
Money Follows the Person Grants	501,000	527,000	26,000
Senior Nutrition	2,055,583	2,070,929	15,346
National Family Caregiver Grants	2,283,963	2,297,910	13,947
Home Delivered Meals	3,521,984	3,532,315	10,331
Medicare Improvements for Patients and Providers	259,856	261,879	2,023
Ombudsman/Elder Abuse	359,030	360,037	1,007
Decreases			
Aging and Disability Resource Center Options			
Counseling	810,000	0	-810,000
Senior Center Operating Fund	791,500	500,000	-291,500
Older Adults Waiver Case Management	250,000	0	-250,000
Balancing Incentives Program	2,202,508	2,000,000	-202,508
Chronic Disease Management	95,000	0	-95,000
Vulnerable Elderly	553,756	478,756	-75,000
Senior Medicare Patrol Health-care Fraud Prevention	62,918	0	-62,918
Senior Medicare Patrol Health-care Fraud Discretionary	138,823	80,959	-57,864
Information and Assistance	880,986	865,000	-15,986
Senior Assisted Group Housing	2,964,742	2,953,607	-11,135
Congregate Meals	6,922,329	6,918,376	-3,953
Senior Care	7,192,887	7,191,599	-1,288
Community Services Grants	5,377,516	5,377,068	-448
Elder Abuse	102,675	102,617	-58
Health Promotion and Disease Prevention	338,929	338,901	-28
Level Funding			
Congregate Housing grants	1,501,972	1,501,972	0
Ombudsman	1,121,801	1,121,801	0
Public Guardianship	641,192	641,192	0
Hold Harmless	442,210	442,210	0
Maintaining Active Citizens	131,800	131,800	0
Total	\$44,776,779	\$45,765,736	\$988,957

Note: Fiscal 2016 data includes \$459,590 in deficiency funding. Federal grants are estimates.

Source: Maryland Department of Aging

Issues

1. *Joint Chairmen’s Report on the Timeliness of Awards of State Grants to Area Agencies on Aging*

During the 2015 session, the budget committees expressed concern about delays in the grant award process to local AAAs. Committee narrative in the 2015 *Joint Chairmen’s Report* required a report on improving the award of State grants to the AAAs. MDOA submitted the report detailing issues with timeliness in previous years as well as the steps taken in the current fiscal year to address the issue.

Insufficient Timeliness of Awards in Previous Years

In order to receive grants through the federal Older Americans Act, AAAs must submit an individual Area Plan, and MDOA must review and approve the plan for a grant to be awarded. Grants under the Older Americans Act are the Home Delivered Meals, Ombudsman, Elder Abuse, Congregate Meals, Community Service, and Health Promotion/Disease Prevention. For an AAA to receive grant awards in a reasonable time, the Area Plan must be approved by the start of the fiscal year. Between fiscal 2009 and 2015, Area Plan approvals were issued between October and February, well after the start of the fiscal year. MDOA was not able to explain why the delays occurred because it was during a previous Administration. As shown in **Exhibit 8** for fiscal 2013 to 2015, the date that plan instructions were delivered to AAAs was too late to approve the award of grants by the start of the fiscal year.

MDOA also found inefficiencies in the review process that slowed down the award of grants. In previous years, individual program managers conducted the reviews of Area Plans from AAAs. There was minimal collaboration from other program managers, which impeded the department’s ability to identify agencywide concerns or best practices.

Exhibit 8
Date of Distribution of Area Plan Instructions
Fiscal 2009-2016

<u>Year</u>	<u>Date Area Plan Instructions Sent to AAAs by MDOA</u>	<u>Days Prior to Start/(After) Fiscal Year</u>
2009	May 15, 2008	47
2010	June 17, 2009	14
2011	June 2, 2010	29
2012	June 21, 2011	10
2013	July 20, 2012	(19)
2014	August 12, 2013	(42)
2015	July 30, 2014	(29)
2016	March 20, 2015	103

AAA: Area Agencies on Aging

MDOA: Maryland Department of Aging

Source: Maryland Department of Aging

Modifications to the Area Plan Review Process

MDOA made major revisions to the review process in fiscal 2016. The department distributed Area Plan instructions to the AAAs in March, 103 days before the start of the fiscal year. In addition to the earlier distribution of instructions, MDOA set a due date of May 15 for receipt of the Area Plans.

The department eliminated the individual program manager review process in favor of an intensive six-week review process. The new process begins with individual review of all of the Area Plans by each program manager followed by round-table discussion with other program managers and senior staff. The department holds follow-up discussions with the local AAAs to review concerns and understand the current practices and goals. If appropriate, the AAAs make revisions to the Area Plans and resubmits them. The department approved all fiscal 2016 Area Plans before commencement of the fiscal year.

The OAA guides the Area Plans for each AAA. In previous years, plans for some State grants (Senior Care and the SALGHS) were included in the Area Plans. In fiscal 2016, MDOA separated the Senior Care grant from the Area Plans and developed a formal grant application process, which was distributed to the AAAs on June 1, 2015. After finding inequities in the funding formula for the SALGHS, the department made temporary formula adjustments and distributed the application on June 12, 2015.

2. Fiscal 2015 Closeout Audit

In February 2016, the Office of Legislative Audits (OLA) released its closeout audit report for fiscal 2015. In the audit, OLA identifies agencies with large unprovided for payables and other major issues. OLA identified a \$2.9 million federal fund shortfall in MDOA. MDOA records assume \$2.9 million in federal fund revenue transactions due to expenditures for the Medicaid Waiver grant that were incurred in fiscal 2015 and in prior years. As of January 12, 2016, reimbursement of these expenditures has not been prepared.

A deficiency appropriation of \$5.1 million is included in the allowance for federal fund shortfalls from prior years. The Department of Budget and Management indicates that the deficiency appropriation represents the Administration's attempt to fix all federal fund shortfalls. It is unclear what is intended for the additional \$2.2 million in the deficiency appropriation beyond that identified in the closeout audit. Additionally, it is unclear what is intended for the additional \$1.0 million deficiency appropriation for the federal fund shortfalls in fiscal 2016. **The Secretary should detail the federal fund shortfall, which necessitates a total of \$6.1 million in general fund deficiencies.**

Recommended Actions

	<u>Amount Reduction</u>	<u>Position Reduction</u>
1. Delete 5.0 long-term vacant positions that have been vacant at least 12 months.	\$ 146,906 GF \$ 120,694 FF	5.0
Total Reductions	\$ 267,600	5.0
Total General Fund Reductions	\$ 146,906	
Total Federal Fund Reductions	\$ 120,694	

Current and Prior Year Budgets

Current and Prior Year Budgets Maryland Department of Aging (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2015					
Legislative Appropriation	\$21,125	\$478	\$27,373	\$4,235	\$53,211
Deficiency Appropriation	416	0	0	0	416
Cost Containment	-521	0	0	0	-521
Budget Amendments	17	3	-943	-245	-1,167
Reversions and Cancellations	-3	0	0	-563	-566
Actual Expenditures	\$21,035	\$481	\$26,430	\$3,428	\$51,374
Fiscal 2016					
Legislative Appropriation	\$21,347	\$517	\$26,400	\$3,286	\$51,550
Budget Amendments	30	6	30	0	66
Working Appropriation	\$21,377	\$523	\$26,430	\$3,286	\$51,616

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. Numbers may not sum to total due to rounding.

Fiscal 2015

The MDOA fiscal 2015 legislative appropriation decreased by \$1.837 million. A deficiency appropriation added \$416,133 in general funds to keep the State in compliance with federal maintenance of effort requirements for federal Title III funding.

Two Board of Public Works cost containment actions decreased the general fund appropriation by \$520,800. A July 2014 cost containment action reduced the general fund appropriation by \$100,000 through increasing turnover and holding positions vacant. A January 2015 cost containment action further decreased the general fund appropriation by \$420,800. Reductions in grants made to AAAs account for \$230,533, and the remaining \$190,267 was reduced through leaving positions vacant and spending reductions.

The budget decreased by \$1,166,551 in total funds through four amendments. An employee cost-of-living adjustment increase and a realignment of telecommunications expenditures added \$35,760 (\$14,641 in general funds, \$17,809 in federal funds, and \$3,310 in reimbursable funds) and \$2,802 in general funds to the MDOA budget, respectively. The award of a new grant from the Administration for Community Living increased the federal fund appropriation by \$67,500. The goal of the grant is to strengthen the volunteer infrastructure of the Maryland State health improvement process and create a framework that is responsive to the growing needs of the Medicare-eligible population served by the program. An additional budget amendment transferred the agency's general, special, federal, and reimbursable grant programs into a separate budget program to increase transparency and provide a better picture of the MDOA use of grants for community services. That amendment also reduced federal and reimbursable funds by \$1,027,883 and \$244,730, respectively, to more closely align with likely spending levels in fiscal 2015.

MDOA reverted \$2,802 back to the General Fund that was appropriated through the budget amendment to realign telecommunications expenditures. In addition to the general fund reversion, \$563,039 in reimbursable fund appropriations were canceled. The original appropriations were based on MOUs between MDOA and the AAAs. The actual amount used was less than the amount on the MOUs.

Fiscal 2016

To date, the MDOA fiscal 2016 budget has increased by \$66,000 (\$30,000 in general funds, \$6,000 in special funds, and \$30,000 in federal funds) through an amendment which restored funds for employee salaries.

**Object/Fund Difference Report
Department of Aging**

<u>Object/Fund</u>	<u>FY 15 Actual</u>	<u>FY 16 Working Appropriation</u>	<u>FY 17 Allowance</u>	<u>FY 16 - FY 17 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	51.70	49.70	47.70	-2.00	-4.0%
02 Contractual	25.50	25.50	20.00	-5.50	-21.6%
Total Positions	77.20	75.20	67.70	-7.50	-10.0%
Objects					
01 Salaries and Wages	\$ 4,655,373	\$ 5,290,925	\$ 5,344,305	\$ 53,380	1.0%
02 Technical and Spec. Fees	801,527	911,882	915,476	3,594	0.4%
03 Communication	153,700	47,063	101,514	54,451	115.7%
04 Travel	81,448	77,253	118,715	41,462	53.7%
07 Motor Vehicles	6,657	8,735	23,940	15,205	174.1%
08 Contractual Services	734,966	661,687	669,104	7,417	1.1%
09 Supplies and Materials	61,189	17,942	46,500	28,558	159.2%
10 Equipment – Replacement	2,415	7,500	45,780	38,280	510.4%
12 Grants, Subsidies, and Contributions	44,590,179	44,317,089	45,765,736	1,448,647	3.3%
13 Fixed Charges	286,763	276,118	276,411	293	0.1%
Total Objects	\$ 51,374,217	\$ 51,616,194	\$ 53,307,481	\$ 1,691,287	3.3%
Funds					
01 General Fund	\$ 21,035,345	\$ 21,377,489	\$ 22,491,589	\$ 1,114,100	5.2%
03 Special Fund	481,329	522,622	553,641	31,019	5.9%
05 Federal Fund	26,429,938	26,430,428	26,881,566	451,138	1.7%
09 Reimbursable Fund	3,427,605	3,285,655	3,380,685	95,030	2.9%
Total Funds	\$ 51,374,217	\$ 51,616,194	\$ 53,307,481	\$ 1,691,287	3.3%

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. The fiscal 2017 allowance does not include contingent reductions.

**Fiscal Summary
Department of Aging**

<u>Program/Unit</u>	<u>FY 15 Actual</u>	<u>FY 16 Wrk Approp</u>	<u>FY 17 Allowance</u>	<u>Change</u>	<u>FY 16 - FY 17 % Change</u>
01 General Administration	\$ 7,278,819	\$ 7,299,105	\$ 7,541,745	\$ 242,640	3.3%
02 Senior Centers Operating Fund	490,000	500,000	500,000	0	0%
03 Community Services	43,605,398	43,817,089	45,265,736	1,448,647	3.3%
Total Expenditures	\$ 51,374,217	\$ 51,616,194	\$ 53,307,481	\$ 1,691,287	3.3%
General Fund	\$ 21,035,345	\$ 21,377,489	\$ 22,491,589	\$ 1,114,100	5.2%
Special Fund	481,329	522,622	553,641	31,019	5.9%
Federal Fund	26,429,938	26,430,428	26,881,566	451,138	1.7%
Total Appropriations	\$ 47,946,612	\$ 48,330,539	\$ 49,926,796	\$ 1,596,257	3.3%
Reimbursable Fund	\$ 3,427,605	\$ 3,285,655	\$ 3,380,685	\$ 95,030	2.9%
Total Funds	\$ 51,374,217	\$ 51,616,194	\$ 53,307,481	\$ 1,691,287	3.3%

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. The fiscal 2017 allowance does not include contingent reductions.