

D26A07
Department of Aging

Operating Budget Data

(\$ in Thousands)

	<u>FY 16</u> <u>Actual</u>	<u>FY 17</u> <u>Working</u>	<u>FY 18</u> <u>Allowance</u>	<u>FY 17-18</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$26,503	\$22,309	\$23,391	\$1,082	4.8%
Adjustments	0	-132	-7	125	
Adjusted General Fund	\$26,503	\$22,177	\$23,384	\$1,207	5.4%
Special Fund	523	557	551	-6	-1.1%
Adjustments	0	0	-2	-2	
Adjusted Special Fund	\$523	\$557	\$549	-\$8	-1.4%
Federal Fund	28,166	26,900	29,559	2,660	9.9%
Adjustments	0	0	-4	-4	
Adjusted Federal Fund	\$28,166	\$26,900	\$29,555	\$2,656	9.9%
Reimbursable Fund	2,913	3,381	2,121	-1,260	-37.3%
Adjusted Reimbursable Fund	\$2,913	\$3,381	\$2,121	-\$1,260	-37.3%
Adjusted Grand Total	\$58,104	\$53,014	\$55,609	\$2,595	4.9%

Note: Includes targeted reversions, deficiencies, and contingent reductions.

- The fiscal 2018 budget for the Maryland Department of Aging (MDOA) includes a fiscal 2017 negative deficiency appropriation of \$132,312 in general funds due to the transfer of the Senior Community Service Employment Program to the Department of Labor, Licensing, and Regulation.
- After adjusting for the negative deficiency and a fiscal 2018 contingent reduction in pension costs, the adjusted fiscal 2018 allowance increases by \$2.6 million, or 4.9%, compared to the adjusted fiscal 2017 working appropriation. General funds for community grants increase by \$1.2 million to account for a growing elderly population. Changes in federal and reimbursable funds are driven by budgeting for Federal Financial Participation, which was budgeted as reimbursable funds (\$1.3 million) in fiscal 2017 and federal funds (\$3.5 million) in fiscal 2018.

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

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Personnel Data

	<u>FY 16</u> <u>Actual</u>	<u>FY 17</u> <u>Working</u>	<u>FY 18</u> <u>Allowance</u>	<u>FY 17-18</u> <u>Change</u>
Regular Positions	49.70	41.70	41.70	0.00
Contractual FTEs	<u>19.00</u>	<u>20.00</u>	<u>20.00</u>	<u>0.00</u>
Total Personnel	68.70	61.70	61.70	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	1.25	3.00%
Positions and Percentage Vacant as of 12/31/16	14.70	35.25%

- Turnover expectancy decreases from 4.74% to 3.00% in fiscal 2018.
- As of December 31, 2016, MDOA has a vacancy rate of 35.25%, or 14.7 vacant positions.

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 increased slightly in fiscal 2016. Fiscal 2016 waitlist data is not available.

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 employed ombudsmen remaining at the same level. Volunteer ombudsmen have steadily increased.

Issues

Changes to Grant Allocations to Local Area Agencies on Aging: MDOA made significant changes in allocations to many of the grants that it administers in recent years. The changes generally made allocations more equitable, either implementing a formula for grants that did not have one or modifying the formula to more closely match the target population. Overall, funding to local area agencies on aging has decreased in recent years.

Fiscal 2016 Closeout Audit: In January 2017, the Office of Legislative Audits (OLA) released its closeout audit report for fiscal 2016. In the audit, OLA identifies agencies with large unprovided for payables and other major issues. OLA identified that MDOA improperly recorded expenditures and related federal fund revenues for the first quarter of fiscal 2017 as fiscal 2016 activity.

Recommended Actions

	<u>Funds</u>	<u>Positions</u>
1. Delete 5.0 long-term vacancies.	\$ 324,362	5.0
Total Reductions	\$ 324,362	5.0

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D26A07
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 (ADRC) initiative, 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. 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:

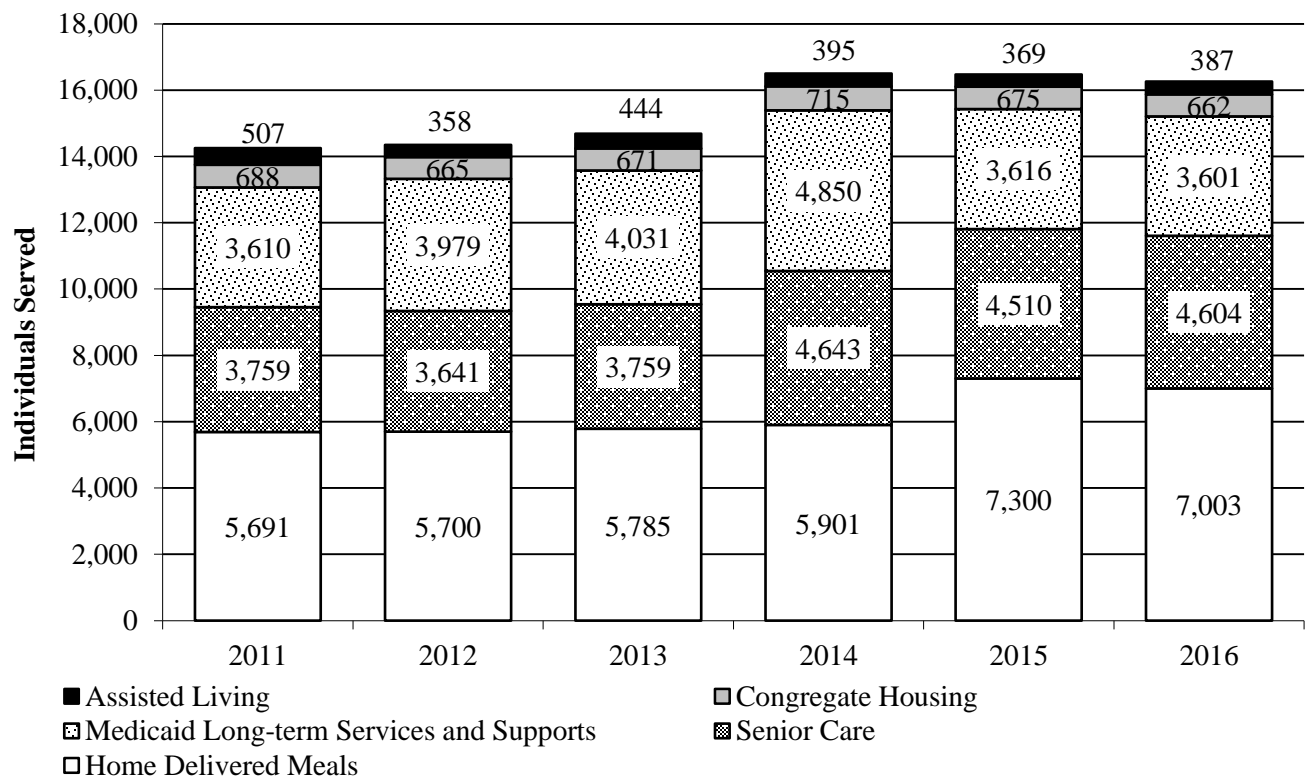
- advocate to ensure the rights of older adults and their families and prevent their abuse, neglect, and exploitation;
- support and encourage older adults, individuals with disabilities, and their loved ones to easily access and make informed choices about services that support them in their home or community;
- create opportunities for older adults and their families to lead active and healthy lives;
- finance and coordinate high quality services that support individuals with long term needs in a home or community setting; and
- lead efforts to strengthen service delivery and capacity by engaging community partners to increase and leverage resources.

Performance Analysis: Managing for Results

1. Maintaining Seniors in the Community

MDOA has a goal of 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. Following a slight decrease in the total number of seniors receiving community-based support services through MDOA in fiscal 2015, the number increased by 1.4% in fiscal 2016 to 16,476 seniors. all services remained relatively level, changing by 5.0% or less.

Exhibit 1
Maintaining Seniors in the Community
Fiscal 2011-2016



*Long-term services and supports reflect only those individuals receiving Medicaid services coordinated by the Maryland Department of Aging. A significantly greater number of people are served in Medicaid long-term services and supports.

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 could otherwise require nursing home services. As shown in **Exhibit 2**, the average cost per person for nursing homes is more than double the average cost of the Community First Choice Waiver, for example. Community First Choice provides services and supports to allow seniors to live in their homes. With the exception of Congregate Housing, the cost of each community-based option decreased in fiscal 2016, while nursing home costs increased, further amplifying the contrast between costs.

Exhibit 2
Average Annual Cost of Community-based Services Versus Nursing Home Care
Fiscal 2015 and 2016

<u>Years</u>	<u>Congregate Housing</u>	<u>Senior Care</u>	<u>Assisted Living Subsidy</u>	<u>Community First Choice*</u>	<u>Nursing Home</u>
2015	\$2,225	\$1,611	\$8,085	\$27,288	\$72,076
2016	\$2,269	\$1,562	\$7,632	\$27,288	\$76,253

*Fiscal 2016 data for the Community First Choice.

Source: Maryland Department of Aging

Each year, MDOA provides waitlist data to the Department of Legislative Services (DLS) for each community-based service. As noted in the State Plan on Aging, Maryland's senior population is growing. In calendar 2015, 18.35% of people in Maryland were age 60 or over, which is expected to increase to 25.4% by 2030. Monitoring waitlists ensures that the increasing population has access to vital services.

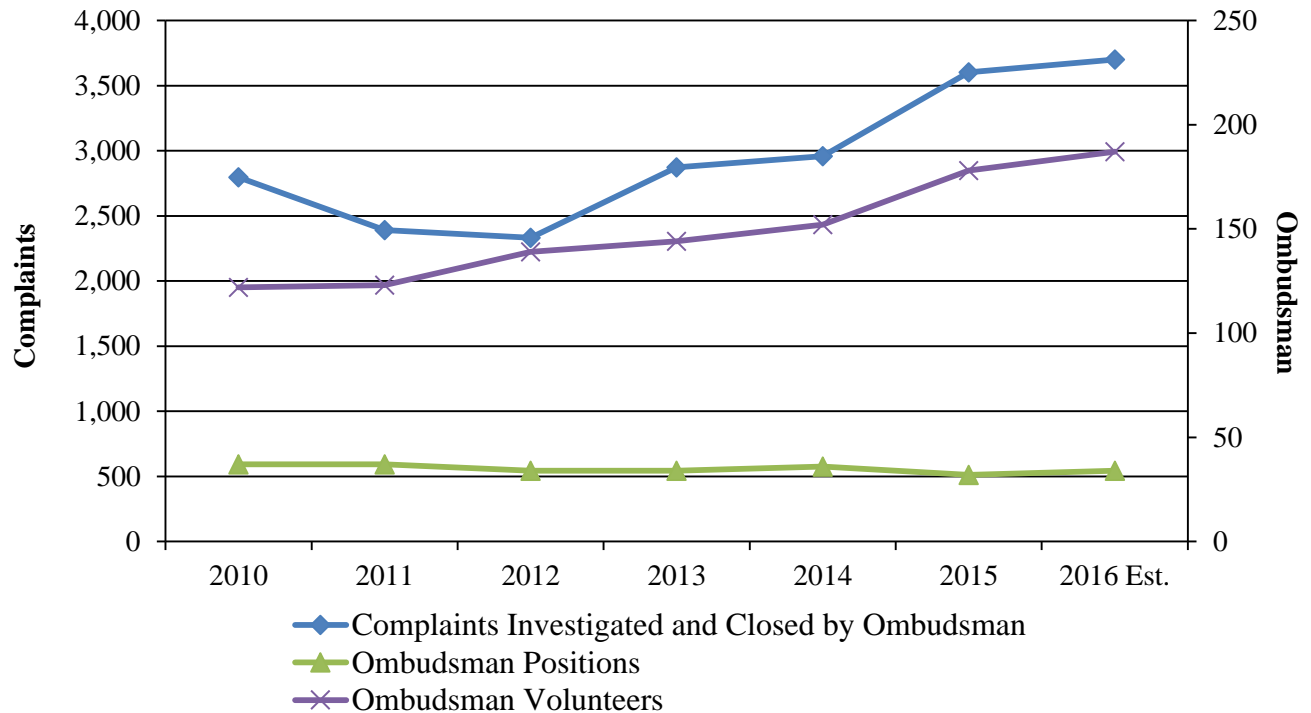
The department collected waitlist data but is concerned with the consistency of waitlist enrollment across jurisdictions. Jurisdictions have inconsistent procedures for adding an individual to a waitlist. **The Secretary should comment on when the data will be available and what steps the department is taking to ensure consistency across jurisdictions.**

2. Ensuring Seniors Are Treated with Dignity

Exhibit 3 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 2016 actuals are not available until March 2017. 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.

The number of complaints investigated and closed has steadily increased since federal fiscal 2012, despite the number of ombudsman remaining at the same level. The number of volunteers has increased in all years with 178 volunteers in federal fiscal 2015.

Exhibit 3
Investigations Closed and Ombudsman Positions
Federal Fiscal 2010-2016 Est.



Note: The definition of “complaint” changed in fiscal 2010.

Source: Maryland Department of Aging

Fiscal 2017 Actions

Proposed Deficiency

The allowance contains a negative deficiency of \$132,312 in general funds. This is due to the transfer of the Senior Community Service Employment Program (SCSEP) to the Department of Labor, Licensing, and Regulation (DLLR). The majority of the program is funded through federal funds. However, there is a requirement that at least \$132,312 is provided to match federal funds. There is a positive deficiency appropriation to DLLR for the same amount. Federal funds remain in the MDOA budget in fiscal 2017 and will be canceled at closeout.

Cost Containment

MDOA reverted \$95,000 in general funds as part of a November Board of Public Works cost containment action. Savings were realized by reducing travel, delaying vehicle replacement, and reducing office expenses.

Section 20 Position Abolitions

Section 20 of the fiscal 2017 budget bill included an across-the-board position reduction of 657 positions and a reduction of \$20 million in general funds and \$5 million in special funds. In some cases, including MDOA, when the position reduction was allocated across State agencies, the funding reduction did not match the actual cost of abolished positions.

One regular position was abolished, representing 1 full-time equivalent position. The fiscal 2017 salary for this position is \$32,364 in general funds. There was an accompanying reduction in funds of \$15,000. The department intends to use remaining funds to reclassify positions.

Proposed Budget

As shown in **Exhibit 4**, after adjusting for the negative deficiency and a contingent reduction in pension costs, the adjusted fiscal 2018 allowance increases by \$2.6 million, or 4.9%, compared to the adjusted fiscal 2017 working appropriation. General funds for community grants increase by \$1.2 million to account for a growing elderly population. Changes in federal and reimbursable funds are driven by budgeting for Federal Financial Participation, which was budgeted as reimbursable funds (\$1.3 million) in fiscal 2017 and federal funds (\$3.5 million) in fiscal 2018.

Exhibit 4 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 2016 Actual	\$26,503	\$523	\$28,166	\$2,913	\$58,104
Fiscal 2017 Working Appropriation	22,177	557	26,900	3,381	53,014
Fiscal 2018 Allowance	<u>23,384</u>	<u>549</u>	<u>29,555</u>	<u>2,121</u>	<u>55,609</u>
Fiscal 2017-2018 Amount Change	\$1,207	-\$8	\$2,656	-\$1,260	\$2,595
Fiscal 2017-2018 Percent Change	5.4%	-1.4%	9.9%	-37.3%	4.9%

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Where It Goes:

Personnel Expenses

Turnover adjustments	\$62
Accrued leave payout	25
Workers' compensation premium assessment	8
Social Security contributions	4
Employee and retiree health insurance	-7
Retirement	-30
Reclassifications	-43
Regular earnings (Section 20 savings)	-50
Transfer of SCSEP to DLLR (including adjustment for deficiency)	-1,101

Other Changes

Reimbursement for Medicaid administrative activities (federal funds)	2,178
Grants administered by the Maryland Department of Aging	795
Indirect costs for MOUs	273
Senior Center Operating Fund (including funding mandated by Chapter 17 of 2016)	264
Rent	73
Planned study on innovations in aging and/or developing better methods for providing services	55
Contractual employment, primarily for an employee omitted from the fiscal 2017 budget	52
Telephone to realign with fiscal 2016 actuals	19
Advertising/outreach required for some federal grants and MOUs	18

Total **\$2,595**

DLLR: Department of Labor, Licensing, and Regulation

MOU: Memorandum of Understanding

SCSEP: Senior Community Service Employment Program

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

Personnel

Personnel costs in the allowance for MDOA decrease by \$1.1 million, which is almost entirely due to the transfer of the SCSEP to DLLR. The transfer took place in fiscal 2017. However, the fiscal 2017 working appropriation for MDOA still includes \$1.0 million in federal funds for the SCSEP. These funds will be canceled at the end of fiscal 2017. The transfer includes 3 regular positions.

The vacancy rate is 32.25%, higher than budgeted turnover (3.0%). MDOA could fill 13.45 of the vacant positions and still meet the budgeted turnover. As of February 2016, 4.0 of the positions have been vacant for greater than one year, with 2.0 vacant since fiscal 2014 and 2.0 vacant since fiscal 2015. An additional 6.0 positions have been vacant for greater than six months. **DLS recommends abolishing 5.0 long-term vacant positions.** Following the deletion of these long-term vacancies, MDOA still has 8.45 positions over budgeted turnover.

Senior Center Operating Fund

Chapter 17 of 2016 increased the mandated appropriation into the Senior Center Operating Fund (SCOF) from \$500,000 to \$750,000. In fiscal 2017 and previous years, half of the \$500,000 appropriation was allocated competitively and half allocated to designated distressed districts. However, MDOA determined that it incorrectly allocated funds due to an error in application of the statute prior to fiscal 2016. Chapter 17 requires that \$400,000 of the appropriation be distributed to jurisdictions proportionally, based on each's share of senior population, with each county receiving a minimum of \$5,000. Designated distressed districts receive \$250,000 of the appropriation. The remaining \$100,000 is awarded competitively.

The allowance includes \$764,003 in general funds for SCOF, an increase of \$264,003 compared to the fiscal 2017 working appropriation, and slightly higher than the \$750,000 appropriation mandated by Chapter 17. Additional funding is meant to fulfill the \$5,000 minimum funding requirement following allocation of proportional population funding. As shown in **Exhibit 5**, the new formula significantly alters distribution of SCOF. Baltimore City has the largest dollar increase (\$92,911), while Upper Shore Aging has the largest percent increase (2,100%). Maintaining Active Citizens has the largest dollar decrease (\$61,324), while Garrett County has the largest percent decrease (75%).

Exhibit 5 Senior Center Operation Fund Allocations Fiscal 2017 and 2018

<u>Jurisdiction</u>	<u>Fiscal 2017</u>	<u>Fiscal 2018</u>	<u>\$ Change</u>	<u>% Change</u>
Allegany	\$83,300	\$43,121	-\$40,179	-48%
Anne Arundel	7,400	37,039	29,639	401%
Baltimore City	38,400	131,311	92,911	242%
Baltimore County	18,000	63,496	45,496	253%
Calvert	4,000	5,734	1,734	43%
Carroll	8,000	12,432	4,432	55%
Cecil	11,000	6,892	-4,108	-37%
Charles	10,000	8,332	-1,668	-17%
Frederick	10,000	15,146	5,146	51%
Garrett	20,000	5,000	-15,000	-75%
Harford	3,300	17,295	13,995	424%
Howard	12,000	17,600	5,600	47%

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<u>Jurisdiction</u>	<u>Fiscal 2017</u>	<u>Fiscal 2018</u>	<u>\$ Change</u>	<u>% Change</u>
MAC ¹	177,600	116,276	-61,324	-35%
Montgomery	47,000	68,219	21,219	45%
Prince George's	33,000	49,650	16,650	50%
Queen Anne's	8,000	5,000	-3,000	-38%
St. Mary's	0	6,059	6,059	n/a
USA ²	2,000	43,998	41,998	2,100%
Washington	7,000	11,403	4,403	63%
Total	\$500,000	\$664,003	\$164,003	33%

MAC: Maintaining Active Citizens

USA: Upper Shore Aging

¹ Comprises Dorchester, Somerset, Wicomico, and Worcester counties.

² Comprises Caroline, Kent, and Talbot counties.

Note: Fiscal 2018 does not include \$100,000 in competitive funds that have not been awarded yet.

Source: Maryland Department of Aging

Community Service Grants

The biggest increase in the MDOA budget is funds appropriated for grants administered by MDOA, the bulk of which are federal funds. Grant funding in the allowance, including SCOF, increases by \$1.06 million, or 2.4%, compared to the fiscal 2017 working appropriation. Detailed grant funding for fiscal 2017 and 2018 is provided in **Exhibit 6**. The exhibit distinguishes grants that are increasing, decreasing, and level funded.

Both Senior Care and the senior assisted living group home subsidy increase by significant amounts (\$627,073 and \$432,499, respectively) due to the need to plan for a growing senior population.

The largest decrease is in the Veterans Home Based Primary Care program. MDOA overestimated growth in the program in fiscal 2017. The allowance realigns the program funding to the current number of individuals served.

MDOA expects reimbursement for Medicaid administrative activities to increase by \$2.18 million. MDOA oversees the MAPs that serve as the lead agencies for the State's No Wrong Door efforts. MAPs conduct administrative activities on behalf of the Medicaid agency such as outreach, options counseling, and screening in order to prioritize access to Medicaid-funded long-term services and supports. The State obtains matching funds on administrative expenses incurred by MAPs related to Medicaid.

Exhibit 6
Change in Programs Administered by the Maryland Department of Aging
Fiscal 2017-2018

	<u>2017</u>	<u>2018</u>	<u>Change</u> <u>2017-2018</u>
Increases			
Senior Care	\$7,191,599	\$7,818,672	\$627,073
Senior Assisted Living Home Subsidy	2,953,607	3,416,106	462,499
Senior Center Operating Fund	500,000	764,003	264,003
Congregate Meals	6,918,376	7,116,004	197,628
Home Delivered Meals	3,532,315	3,683,908	151,593
Congregate Housing	1,501,972	1,608,187	106,215
National Family Caregiver	2,297,910	2,376,218	78,308
Senior Medicare Patrol	113,359	155,946	42,587
Nutrition Services	1,588,274	1,617,398	29,124
Money Follows the Person Grants	527,000	536,116	9,116
Elder Abuse	102,617	102,645	28
Level Funding			
Naturally Occurring Retirement Communities	\$1,300,000	\$1,300,000	\$0
State Health Insurance Assistance Program	557,843	557,843	0
Senior Nutrition	2,070,929	2,070,929	0
Vulnerable Elderly	478,756	478,756	0
Information and Assistance	865,000	865,000	0
Ombudsman	1,121,801	1,121,801	0
Public Guardianship	641,192	641,192	0
Hold Harmless	442,210	442,210	0
Support to Managing Active Citizens	131,800	131,800	0
Decreases			
Health Promotion and Prevention	\$338,901	\$338,256	-\$645
Ombudsman	360,037	359,043	-994
Community Services	5,377,068	5,369,249	-7,819
Commodity Supplemental Food	177,071	159,700	-17,371
Medicare Improvements for Patients and Providers	261,879	212,000	-49,879
Balancing Incentives Program	677,500	460,000	-217,500
Veterans Grants	2,414,220	1,800,000	-614,220
Subtotal	\$44,443,236	\$45,502,982	\$1,059,746
Reimbursement for Administrative Medicaid Activities	\$1,322,500	\$3,500,000	\$2,177,500
Total	\$45,765,736	\$49,002,982	\$3,237,246

Note: Federal grants are estimated.

Source: Maryland Department of Aging

Issues

1. Changes to Grant Allocations to Local Area Agencies on Aging

MDOA made significant changes in allocations to many of the grants that it administers in recent years. The changes generally made allocations more equitable, either implementing a formula for grants that did not have one or modifying the formula to more closely match the target population. **Exhibit 7** shows each grant that underwent a change in how it is allocated and the year of the change.

Overall, MDOA attempted to mitigate the effects of allocation changes. In fiscal 2016, the year that many changes went into effect, a deficiency appropriation allowed the department to offset losses for some local AAAs that lost funding. However, the changes have not affected all AAAs equally. **Exhibit 8** contains more information on grant allocations to each jurisdiction over the most recent four fiscal years. Queen Anne's and Garrett counties' AAAs had the largest average annual percent decrease with 6.5% and 5.8%, respectively. Montgomery and Cecil counties' AAAs are the only two jurisdictions in the State to see an increase in funding over the four-year period with an average annual percent increase of 1.1% and 0.3% respectively.

Funding to local AAAs has decreased across the board. Federal funds have decreased by an average of 0.8% per year and State funds have decreased by an average of 1.6% per year. On a per capita basis, funding is decreasing even more rapidly due to an ever increasing senior population. MDOA indicates that it is aware of this issue and is committed to finding ways to keep the population healthy in partnership with other agencies. **MDOA should comment on how lower overall funding to AAAs affects their ability to serve seniors in the State and what changes need to be made to best serve the senior population.**

Exhibit 7
Modifications to Basis for Allocations

<u>Grant</u>	<u>Basis of Previous Allocation</u>	<u>Basis of Current Allocation</u>	<u>Year of Change</u>
State Grants			
Guardianship	Not provided	Five-year caseload average as ratio of funding. \$2,000 base per AAA	2014
Nutrition	No formula	75% weight to the jurisdiction's share of the 60+ population below the federal poverty level relative to the State's total 60+ population below the federal poverty level 25% weight to the jurisdiction's share of the total 60+ population relative to the State's total 60+ population	2016
MAP Information and Assistance	No formula	75% weight to the jurisdiction's share of the 60+ population below the federal poverty level relative to the state's total 60+ population below the federal poverty level 25% weight to the jurisdiction's share of the total 60+ population relative to the State's total 60+ population	2016
Hold Harmless	No formula	Used to offset annual allocation changes in the federal Older American Act awards	2016
State Ombudsman	Ratio of jurisdictions' sum relative to State's sum of the following factors: two points for each nursing home, seven points for each long-term care bed, and one point for each square mile of planning and service area	Adds additional factor of two points for the number of assisted living facilities	2017
Senior Assisted Living Group Home Subsidy	Ratio of the program census compared to the total statewide program census over the same period	Share of individuals 60+ with an income between \$10,000 and \$35,000 and with a census-defined disability (phased in over a five-year period)	2017

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<u>Grant</u>	<u>Basis of Previous Allocation</u>	<u>Basis of Current Allocation</u>	<u>Year of Change</u>
Senior Center Operating Fund	Half is distributed to designated distressed jurisdictions, and the remainder of the fund is distributed competitively (not followed correctly prior to fiscal 2016)	Competitive grant process (\$100,000) Proportional share of the statewide population of senior citizens (\$400,000) Distributed to distressed counties with \$150,000 divided evenly and \$100,000 divided proportionally based on share of senior citizen population	2018
Federal Grants			
Senior Medicare Patrol	Number of individuals 60+, the jurisdiction's population of Medicare beneficiaries, minority older adults 65+, low-income Medicare beneficiaries, and the population new to Medicare	Share of Medicare beneficiaries	2016
Older Americans Act Title VII	Ratio of jurisdictions' sum relative to State's sum of the following factors: two points for each nursing home, seven points for each long-term care bed, and one point for each square mile of planning and service area	Adds additional factor of two points for the number of assisted living facilities	2017

Source: Maryland Department of Aging

Exhibit 8
Allocations to Area Agencies on Aging
Maryland Department of Aging
Fiscal 2014-2017 Est.

<u>AAA</u>	<u>2014</u>		<u>2015</u>		<u>2016</u>		<u>2017 Est.</u>		<u>Average Annual Percent Change</u>		
	<u>Federal</u>	<u>State</u>	<u>Federal</u>	<u>State</u>	<u>Federal</u>	<u>State</u>	<u>Federal</u>	<u>State</u>	<u>Federal</u>	<u>State</u>	<u>Combined</u>
Allegany	\$491,385	\$385,635	\$524,510	\$369,754	\$510,155	\$381,735	\$443,795	\$360,070	-2.5%	-1.7%	-2.2%
Anne Arundel	1,582,945	1,372,118	1,597,378	1,257,514	1,733,029	1,258,711	1,660,440	1,249,963	1.2%	-2.3%	-0.4%
Baltimore City	3,938,88	3,543,976	4,171,194	3,238,032	4,233,468	3,023,920	4,074,887	2,906,676	0.9%	-4.8%	-1.7%
Baltimore County	3,185,661	2,115,733	3,088,579	1,983,381	3,196,413	2,172,243	3,056,295	2,001,617	-1.0%	-1.4%	-1.2%
Calvert	350,038	166,722	313,939	148,715	294,653	152,144	277,799	147,140	-5.6%	-3.1%	-4.8%
Carroll	645,520	420,098	667,637	411,752	635,623	436,306	542,213	429,865	-4.3%	0.6%	-2.3%
Cecil	431,748	372,878	453,940	376,959	445,617	419,191	356,625	458,748	-4.7%	5.3%	0.3%
Charles	482,634	236,330	512,957	239,215	520,593	268,035	434,262	254,807	-2.6%	1.9%	-1.1%
Frederick	762,111	400,122	771,621	375,895	721,486	390,341	685,631	392,225	-2.6%	-0.5%	-1.9%
Garrett	302,127	239,524	301,603	238,532	284,838	214,214	205,977	221,241	-9.1%	-2.0%	-5.8%
Harford	790,869	408,552	829,549	398,103	862,253	420,885	742,745	458,365	-1.6%	2.9%	0.0%
Howard	807,740	957,290	772,081	948,361	770,055	929,237	722,627	934,928	-2.7%	-0.6%	-1.6%
MAC ¹	1,240,697	1,237,651	1,276,348	1,371,204	1,225,888	1,360,071	1,009,860	1,358,353	-5.0%	2.4%	-1.1%
Montgomery	3,063,771	1,851,825	3,167,798	1,743,925	3,330,762	1,842,986	3,334,494	1,800,052	2.1%	-0.7%	1.1%

<u>AAA</u>	<u>2014</u>		<u>2015</u>		<u>2016</u>		<u>2017 Est.</u>		<u>Average Annual Percent Change</u>		
	<u>Federal</u>	<u>State</u>	<u>Federal</u>	<u>State</u>	<u>Federal</u>	<u>State</u>	<u>Federal</u>	<u>State</u>	<u>Federal</u>	<u>State</u>	<u>Combined</u>
Prince George's	2,432,409	2,128,471	2,550,112	2,035,734	2,613,508	1,981,820	2,575,234	1,965,067	1.4%	-2.0%	-0.1%
Queen Anne's	297,378	182,679	296,126	178,886	274,188	171,576	199,382	167,055	-9.5%	-2.2%	-6.5%
St. Mary's	371,143	215,395	440,558	207,184	407,188	214,685	342,547	196,646	-2.0%	-2.3%	-2.1%
USA ²	666,968	573,238	681,383	574,679	664,499	497,888	564,797	472,230	-4.1%	-4.7%	-4.4%
Washington	730,042	505,647	740,844	474,990	724,958	453,046	617,699	435,845	-4.1%	-3.6%	-3.9%
Total	\$22,574,067	\$17,313,885	\$23,158,160	\$16,572,815	\$23,449,173	\$16,589,034	\$21,847,308	\$16,210,894	-0.8%	-1.6%	-1.2%

AAA: Area Agency on Aging
MAC: Maintaining Active Citizens
USA: Upper Shore Aging

¹ Comprises Dorchester, Somerset, Wicomico, and Worcester counties.

² Comprises Caroline, Kent, and Talbot counties.

Source: Maryland Department of Aging

2. Fiscal 2016 Closeout Audit

In January 2017, the Office of Legislative Audits (OLA) released its closeout audit report for fiscal 2016. In the audit, OLA identifies agencies with large unprovided for payables and other major issues. OLA identified that MDOA improperly recorded expenditures and related federal fund revenues for the first quarter of fiscal 2017 as 2016 activity. Expenditures totaling \$6.1 million were recorded in fiscal 2016 that are related to fiscal 2017 activity.

MDOA indicates that this issue has not affected reporting for the fiscal 2017 working appropriation, and the department is changing accounting for grants in future years to rectify the issue.

Recommended Actions

	<u>Amount Reduction</u>	<u>Position Reduction</u>
1. Delete 5.0 regular positions that have been vacant for an extended period (002200, 002211, 002406, 050701, and 087943). If these positions are deleted, the Department of Aging still has 8.7 positions above budgeted turnover.	\$ 201,292 GF \$ 123,070 FF	5.0
Total Reductions	\$ 324,362	5.0
Total General Fund Reductions	\$ 201,292	
Total Federal Fund Reductions	\$ 123,070	

Appendix 1
Current and Prior Year Budgets
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 2016					
Legislative Appropriation	\$21,347	\$517	\$26,400	\$3,286	\$51,550
Deficiency Appropriation	6,585	0	0	0	6,585
Budget Amendments	30	6	1,809	0	1,845
Reversions and Cancellations	-1,460	0	-43	-373	-1,877
Actual Expenditures	\$26,503	\$523	\$28,166	\$2,913	\$58,104
Fiscal 2017					
Legislative Appropriation	\$22,370	\$553	\$26,877	\$3,381	\$53,180
Cost Containment	-95	0	0	0	-95
Budget Amendments	34	4	23	0	61
Working Appropriation	\$22,309	\$557	\$26,900	\$3,381	\$53,146

Note: Does not include targeted reversions, deficiencies, and contingent reductions. Numbers may not sum to total due to rounding.

Fiscal 2016

The Maryland Department of Aging (MDOA) fiscal 2016 legislative appropriation increased by \$6.554 million. A deficiency appropriation added \$6,125,614 in general funds to address federal fund shortfalls from fiscal 2012 to 2016. Two additional deficiency appropriations were intended to provide relief for local area agencies on aging (AAA) 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 and the State Nutrition grants, and an appropriation of \$291,500 is meant to offset reductions in allocations for the Senior Center Operating Fund.

The budget increased by \$1,844,871 through budget amendments. The appropriation increased by \$66,000 (\$30,000 in general funds, \$6,000 in special funds, and \$30,000 in federal funds) to restore a 2% cut to employee salaries. The appropriation increased by \$1,778,871 in federal funds through an amendment to reimburse intermediaries and local AAAs for expenses incurred for the Veterans Home Based Program (\$900,000), to reimburse Federal Financial Participation to AAAs for Medicaid planning activities (\$700,000), and to allow payment to the Maryland Food Bank for the Commodity Supplemental Food Program (\$178,871).

MDOA reverted \$1,460,084 to the General Fund. This was the remaining balance of the deficiency appropriation following the clean-up of prior year federal fund overspending. In addition to the general fund reversion, \$373,063 in reimbursable fund appropriations were canceled. The original appropriation was based on Memorandums of Understanding (MOU) between MDOA and AAAs. The actual amount used was less than the amount agreed upon in the MOUs. MDOA canceled \$43,360 in federal funds due to a lower federal grant award than anticipated.

Fiscal 2017

To date, the MDOA's fiscal 2017 budget has decreased by \$33,999. MDOA reverted \$95,000 in general funds as part of a November Board of Public Works cost containment action. Decreases were offset by an amendment that allocates centrally budgeted salary increments across State agencies, which increased the budget by \$61,001 (\$34,052 in general funds, \$3,730 in special funds, and \$23,219 in federal funds).

Appendix 2
Object/Fund Difference Report
Department of Aging

<u>Object/Fund</u>	<u>FY 16 Actual</u>	<u>FY 17 Working Appropriation</u>	<u>FY 18 Allowance</u>	<u>FY 17 - FY 18 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	49.70	41.70	41.70	0.00	0%
02 Contractual	19.00	20.00	20.00	0.00	0%
Total Positions	68.70	61.70	61.70	0.00	0%
Objects					
01 Salaries and Wages	\$ 4,499,878	\$ 5,182,850	\$ 4,025,816	-\$ 1,157,034	-22.3%
02 Technical and Spec. Fees	406,757	915,476	989,875	74,399	8.1%
03 Communication	138,913	101,514	123,148	21,634	21.3%
04 Travel	38,678	118,715	97,896	-20,819	-17.5%
07 Motor Vehicles	4,162	23,940	17,340	-6,600	-27.6%
08 Contractual Services	6,871,494	669,104	624,226	-44,878	-6.7%
09 Supplies and Materials	31,331	46,500	46,500	0	0%
10 Equipment – Replacement	0	45,780	65,000	19,220	42.0%
12 Grants, Subsidies, and Contributions	45,843,244	45,765,736	49,002,982	3,237,246	7.1%
13 Fixed Charges	269,404	276,411	629,066	352,655	127.6%
Total Objects	\$ 58,103,861	\$ 53,146,026	\$ 55,621,849	\$ 2,475,823	4.7%
Funds					
01 General Fund	\$ 26,502,709	\$ 22,309,040	\$ 23,390,655	\$ 1,081,615	4.8%
03 Special Fund	522,622	556,573	550,548	-6,025	-1.1%
05 Federal Fund	28,165,938	26,899,728	29,559,463	2,659,735	9.9%
09 Reimbursable Fund	2,912,592	3,380,685	2,121,183	-1,259,502	-37.3%
Total Funds	\$ 58,103,861	\$ 53,146,026	\$ 55,621,849	\$ 2,475,823	4.7%

Note: Does not include targeted reversions, deficiencies, and contingent reductions.

**Appendix 3
Fiscal Summary
Department of Aging**

<u>Program/Unit</u>	<u>FY 16 Actual</u>	<u>FY 17 Wrk Approp</u>	<u>FY 18 Allowance</u>	<u>Change</u>	<u>FY 17 - FY 18 % Change</u>
01 General Administration	\$ 12,277,098	\$ 7,380,290	\$ 6,618,867	-\$ 761,423	-10.3%
02 Senior Centers Operating Fund	791,500	500,000	764,003	264,003	52.8%
03 Community Services	45,035,263	45,265,736	48,238,979	2,973,243	6.6%
Total Expenditures	\$ 58,103,861	\$ 53,146,026	\$ 55,621,849	\$ 2,475,823	4.7%
General Fund	\$ 26,502,709	\$ 22,309,040	\$ 23,390,655	\$ 1,081,615	4.8%
Special Fund	522,622	556,573	550,548	-6,025	-1.1%
Federal Fund	28,165,938	26,899,728	29,559,463	2,659,735	9.9%
Total Appropriations	\$ 55,191,269	\$ 49,765,341	\$ 53,500,666	\$ 3,735,325	7.5%
Reimbursable Fund	\$ 2,912,592	\$ 3,380,685	\$ 2,121,183	-\$ 1,259,502	-37.3%
Total Funds	\$ 58,103,861	\$ 53,146,026	\$ 55,621,849	\$ 2,475,823	4.7%

Note: Does not include targeted reversions, deficiencies, and contingent reductions.