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Strengthening the Aging Network Issue Brief

*Area Agency on Aging Monitoring and Spend-
Down Requirements*

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NASUAD Survey Results

Introduction

Close coordination, positive and effective collaboration as well as consistent oversight of Area Agency on Aging (AAA) partners always is important. However in today's environment, supporting AAAs in effective operations and efficient use of funds is even more critical. Below, NASUAD provides summaries of two related state surveys: a) state agency monitoring of AAAs; and b) AAA spend-down requirements.

AAA Monitoring

Of the 28 responding states, 100 percent of states with AAAs reported that they conduct Area Agency on Aging (AAA) monitoring; the three states that reported "no" (DC, Nevada, and North Dakota), do not have AAAs. For these states, the majority reported either "25 percent or less" or "more than 75 percent" of their AAAs provide direct services for five or more programs that serve clients.

For monitoring purposes, most states report having three to five (52 percent) or five to eight (36 percent) FTEs dedicated to monitoring. One state commented that their FTEs include both regular staff and contract workers. Monitoring is most likely to be done as desk reviews more than onsite (44 percent) or equally desk and onsite (40 percent). When the monitoring is conducted, all states review program operations, and almost all review agency administration and fiscal operations.

The monitoring tends to take place annually. Fiscal monitoring is most often conducted annually (36 percent) or not at all (28 percent). Onsite program monitoring is most often conducted annually (56 percent). Program desk reviews are also conducted annually by most states (83 percent); some states commented that they perform these reviews quarterly.

Most states (72 percent) reported that they did use risk based methodology when identifying the timing or need for monitoring. The use of performance based

measures was split, with the majority reporting that performance based measures are used; 66 percent of the states use them and 33 percent do not. States have different methodology for conducting these reviews. One state commented that they design their reviews so that AAAs can also use the same guides, which allows AAAs to self-monitor and the state agency to use those results in their reviews. Another state reported that they have a dedicated team for AAA monitoring within the state agency.

AAA Spend-Down

The Older Americans Act requirements regarding funding area agencies on aging are found in Title III. Section 304 (a) states that a state can spend up to 10 percent of its allotment for the administration of area agency on aging funds. This can be up to 75 percent of the cost of the area plan. These funds, under section 305 (c), are distributed according to guidelines issued by the Assistant Secretary on Aging and a formula for distribution which takes into account the distribution of older adults throughout the regions and the distribution of older adults with the greatest economic and social need.

State rules concerning spend down and carryover of funds vary greatly. Of the 27 states to respond, nine reported that they had no specific spend down requirements. Of these states, most commented that they expect AAAs to spend close to 100 percent of their budget, but do not have specific requirements in statute. Likewise, seven states reported a 100 percent spend down requirement for their AAAs. Eight states require up to 90 percent spend down, and two allow up to twenty percent. Many states noted that rules for Federal funds are different.

The most common use for excess funds is redistribution. In 11 states, excess money is redistributed, usually to AAAs that have not exceeded the limit. Two states report that if a AAA spends less than the required percentage, its budget for the following fiscal year is amended. Other strategies are to require affected AAAs to submit an action plan for the excess funds, or to require excess money to be spent on services to minorities. State by state responses are provided below.

State	What annual spend down percentage does your state require for Area Agencies on Aging (AAAs) annual allocations? For example, a state might require AAAs to spend 92 percent of an annual allocation.	How does the state agency handle amounts in excess of the spend down target (i.e., recovers excess amount and redistributes next fiscal year, etc.)?
AL	The Alabama Department of Senior Services (ADSS) does not require a certain percentage of an Area Agency's annual allocation to be spent down. However, ADSS stresses the importance of not reverting OAA funds.	As mentioned above ADSS does not require certain spend down targets, but any Area Agency identified as having an excessive amount of funds is required to submit an action plan indicating how they plan on expending these funds.
AZ	Arizona's spend down requirement is 80 percent to 90 percent of an annual allocation. The State Unit on Aging has a carryover policy that states the AAAs can automatically carryover 10 percent; however, they can request up to 20 percent which must be submitted in writing. Typically the AAAs spend within these ranges.	It depends on the fund source. Unexpended state funds (General Funds and Social Service Block Grant) are reverted back to the Arizona Department of Economic Security. The State Unit on Aging makes the funds available to the AAAs as a one-time funding opportunity (recover excess amounts and redistribute the funds during the next fiscal year). All federal grant monies are liquidated in accordance with grant provisions.
CA	California requires AAAs to spend all of their money. The state facilitates this by rolling over any money they may have left at the end of any State Fiscal year (June 30) into the next year. They spend it within the first three months of the next State Fiscal Year so it is spent by the end of the current Federal Grant period (September 30.)	Not applicable
CO	Colorado requires AAAs to have no more than 10 percent carryover, by federal funding part (i.e. Part B, C1, C2, D, E, and Title VII).	Currently, Colorado is not redistributing carry over in the Administrative line of the AAAs. If a AAA exceeds the 10 percent threshold, the excess is redistributed to the other AAAs that have not exceeded the 10 percent limit.

CT	<p>Connecticut allows a 15 percent carry forward of federal funds. Our State Plan says: "Carryover: The Area Agencies on Aging shall not carry more than 15 percent of their allocation over from the preceding fiscal year. Whenever the Director of the Connecticut State Unit on Aging (SUA) determines that an Area Agency on Aging's carry over will exceed 15 percent of the current year's allocation, the director may make the amount in excess of 15 percent available for reallocation to such other area agencies as can demonstrate a need for the additional funding during the current fiscal year."</p>	<p>AAAs can request up to 15 percent carry forward to spend in the next FFY. Normally, AAAs do not need carry over more than the 15 percent, so it is not necessary to recover or redistribute funds. However, we may redistribute funds, if necessary, as described.</p>
DC	<p>District of Columbia Office on Aging (DCOA) serves as the State Office on Aging and the Area Agency on Aging, and because of this dual role, DCOA funds Non-Profit Community Based Agencies annually to provide a broad range of programs and services for the District of Columbia senior citizens. Therefore, an annual spend down percentage is not applicable. However, we do require our grantees to spend 100% of their annual allocation each year.</p>	<p>Upon review and approval of their budgets, grant awards are issued based on a line item budget. The Office on Aging obligates the funds through itemized Purchase Orders (Pos) in its Financial Management System. Funds are reimbursed on a monthly based on the level of services provided. Financial statements are received and reviewed quarterly, and at the end of the fiscal year, a reconciliation of funds are prepared, and should there be any excess amounts in the PO, these funds are recovered and redistributed the next fiscal year until all funds are liquidated within two years after the year in which the funds were obligated.</p>
DE	<p>Delaware is one of the states that does not have Area Agencies on Aging (AAAs). Both of these questions are not applicable to Delaware.</p>	<p>Not Applicable</p>
FL	<p>The contractor is expected to spend all federal, state and other funds provided by the department for the purpose specified in the contract. The contractor must manage the service dollars in such a manner so as to avoid having a wait list and a surplus of funds at the end of the</p>	<p>Any prior year grant funds not spend out in contracts are carried over and amended into the AAA current contacts to ensure all funds are expended.</p>

	<p>contract period, for each program managed by the contractor. If the department determines that the contractor is not spending service funds accordingly, the department may transfer funds to other PSAs during the contract period and/or adjust subsequent funding allocations accordingly, as allowable under state and federal law.</p>	
HI	<p>The State of Hawaii, Executive Office on Aging (EOA) does not have a spend down requirement. However, EOA does require the AAAs to encumber their allocations within the first year with the understanding that they have two years to liquidate. We reviewed our un-liquidated, carry over amounts statewide for FFY 07, 08, and '09 and on average it was about 12.2%. Therefore they are expending at least 87% of their allocation. One year the carry over amount was only 2% thus a spend down of 98%.</p>	Not Applicable
IL	<p>The Illinois Department on Aging allows AAAs to carry over Federal funds from one fiscal year to the next. The maximum amount of carry over allowable is 5 or 10 percent of the Federal annual base allocation as follows: the sum of Title III-B, III-C1, III-C2, III-E (5 percent of federal base allocation for the previous fiscal year.) Title III-D, III-B Ombudsman, VII Ombudsman, and VII Elder Abuse (10 percent is allowed for each funding title.) Note: If the actual carry-over exceeds the allowed amount for any of the above categories, the Department will consider carry-over waivers from the AAAs on an individual basis.</p>	<p>The excess grant funds have been very limited. The Illinois Department on Aging retains the excess grant funds above the maximum allowable amount to be used the following fiscal year for cash advances for the AAAs. These carry-over funds are expended prior to new fiscal year funding. At the beginning of a new fiscal year, there is often a delay in the federal government issuing NGAs and the release of federal funds.</p>
IN	<p>Indiana does not have such a percentage in State statute or our contracts.</p>	<p>Generally, funds are only provided to the AAAs as those costs are expensed and paid by the AAA. Accordingly, the funds remain with the State.</p>
KY	<p>Kentucky does not set a specific amount</p>	<p>Kentucky would like AAAs to spend 100 percent of their funds, but</p>

	but the clear expectation is 100 percent.	recognizes that the federal funds can be carried over. For that reason, if they can't spend all of their allocation, Kentucky would prefer it be federal funds. If they don't spend all of their Title III and VII funds, after they are audited, the funds are sent back to DAIL and put back into their next fiscal year contract.
MI	In Michigan, AAAs are expected to spend 100 percent of appropriated state funds, there are no provisions for roll-over of state funding.	Unexpended amounts of 5 percent or less, at fiscal year end, are made available to the respective area agency for use in the following fiscal year.
MN	Minnesota does not have a minimum spend down percentage for AAA allocations.	If there were funds available, the amount(s) would be recovered and redistributed via the intra-state funding formula.
MO	Missouri does not require spending targets. Missouri has never developed spending targets as a percentage of the federal award for the Missouri AAAs because the AAAs have always maintained a spending target of 100 percent, and they are very efficient at hitting that self-imposed target. Furthermore, the AAAs have the entire 3 year availability provided within Title III / NSIP grants to utilize the funds. With the three year provision, any carryover will certainly get spent, if not in year two, then in year three. The AAAs uniformly, at least to our knowledge, spend the Title III funds and NSIP "first".	Only two of the AAAs are known to carry significant balances, which are reported to come from local/voluntary contributions. They choose to hold back local income/contributions, although they meet the minimum requirements for provision of services as described in the Older Americans Act.
MT	Montana has no spend down requirements.	The state allows the AAAs to carryover unspent funds and they can redistribute them at the local level.
NJ	New Jersey has a carryover policy that limits Area Plan Contract carryover to no more than 8 percent of their annual allocation. The excess is then redistributed to the remaining AAAs.	Any excess funds above the allowable 8 percent limit is redistributed among all 21 AAAs using the approved intrastate funding formula. This would include the counties that had

		excess funds. See "2007 Carry Over Policy 5 III 3".
NY	New York does not require AAAs to spend any certain percentage of OAA funds but we do have a policy that no AAA should carry-over more than 7.5 percent from year to year. Any carry-over in excess of 7.5 percent should be spent targeting minorities or other under served populations. All AAAs must spend their funds within "M Year" time frames (within 2 years after the end of the federal appropriation year) and there are never any significant amounts of funding unspent. In fact it is very rare that any funds go unspent..	Not applicable. AAAs are expected to utilize the carryover feature to fully spend all OAA grant awards. NYS pays the AAAs on a reimbursement basis so we ensure that no AAA receives any excess funding.
NM	New Mexico requires that all state funds be expended (100 percent)	Otherwise, such funds revert to the state general fund. There is no requirement for federal funds, as they can be carried over from one state fiscal year to the next.
OH	The Ohio Department of Aging (ODA) requires that the AAAs spend 90 percent. If they want to carry over more than 10 percent, they have to request approval from ODA via a formal waiver. Waivers are rarely granted.	The way ODA distributes funding, via a Request for Funds (RFF), generally results in funds not being drawn from the feds by ODA that aren't obligated. We only draw amounts from the feds to cover the amounts requested by the AAAs. Anything not drawn and distributed to the AAAs is simply allowed to lapse at the federal level. If a AAA has requested and received funds that it hasn't earned, the AAA is required to return those funds in excess of 10 percent to ODA who, in turn, return them to the feds.
OR	Oregon has a two year budget cycle. They allow the AAAs to carry forward no more than ten percent of their biennial allocation that is not fully expended into the next budget period.	If there are remaining unspent funds in excess of the ten percent, those funds are re-distributed to all AAAs using the IFF.

<p>PA</p>	<p>The Pennsylvania Department of Aging allocates funds to the 52 Area Agencies on Aging (AAAs) utilizing an Aging Block Grant agreement that includes both state and federal funds. The Title III funds represent approximately 20 percent of the total funds allocated to the AAA network. The Department does not utilize a spend down percentage because of the amount of state funding included in the Aging Block Grant agreement and consequently any funds that are not spent within the state fiscal year are returned to the Department.</p>	<p>If there are any unspent Federal Title III funds during the state fiscal year, they are included in the Aging Block Grant agreement in the subsequent state fiscal year.</p>
<p>SC</p>	<p>South Carolina expects AAAs to expend all the funds available for services because they report waiting lists for services and unmet needs in the regions; therefore South Carolina has no percentage for spend down or annual roll over amounts.</p>	<p>When a AAA has unearned funds at the end of the SFY, their new allocation is reduced by that amount. The new year funds "saved" are redistributed to other regions for special projects or to remove people from their waiting lists.</p>
<p>TX</p>	<p>Not available. Additional information requested of state.</p>	<p>If, at the end of a federal fiscal year, a AAA has unspent federal funds awarded under the Older Americans Act that were received in the first six-month period of the federal fiscal year, the AAA may spend up to five percent or \$125,000, whichever is less, of the unspent award funds in the next federal fiscal year. The AAA may spend any unspent award funds received in the second six-month period of the fiscal year in the next federal fiscal year. Revised Requirement for 2012: If, at the end of a federal fiscal year, a AAA has unspent federal funds awarded under the Older Americans Act that were received in the first six-month period of the federal fiscal year, the AAA may spend up to five percent of the unspent award funds in the next federal fiscal year. The AAA may spend any unspent award funds received in the second six-month period of the fiscal year in the next federal fiscal year. In the next federal</p>

		fiscal year, any unspent award funds are placed in the statewide carryover pool. The funds placed in the statewide carryover pool are distributed in accordance with a funding formula to the AAAs who meet the eligibility requirements.
VA	<p>Virginia allows AAAs to carryover up to 10 percent. Virginia's requirements are spelled out in the Administrative Code. Below is the citation: Article 9: Carry-Over Balance Policies 22VAC5-20-450. Carry-over funds. Carry-over funds may represent obligated but unspent funds. For such funds to be available for expenditure in a subsequent fiscal year, the Virginia Department for the Aging must reauthorize in the subsequent area plan such funds for an area agency to obligate and expend. An Area Agency on Aging shall request authority for such reauthorization of funds. In general, carry-over balances from Titles III-B, III-C(1), III-C(2), III-D, III-E should not exceed 10% of the federal obligation for the new fiscal year, computed separately. Approval for the use of such federal carry-over funds shall be granted by the Virginia Department for the Aging only for specific uses and for a specified period of time.</p>	Amounts in excess of the approved carry over are reallocated according to the formula next fiscal year.
VT	In Vermont AAAs must spend their allocation within 2 years.	Not applicable
WY	All funds must be obligated by the state by September 30 of the federal fiscal year in which they are awarded to the state. All obligations must be liquidated within two years after the year in which the funds are awarded. The Division assures these deadlines are met through the following: Competitive grant and contract (obligating) process and fiscal control through monitoring contractors/providers fiscal reports throughout each federal fiscal year.	Any unspent funding from providers is contracted out prior to the obligation deadline. Any "roll-over" or prior year funding is expended first and before the liquidation deadline date



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