

D26A07
Department of Aging

Operating Budget Data

(\$ in Thousands)

	<u>FY 09</u> <u>Actual</u>	<u>FY 10</u> <u>Working</u>	<u>FY 11</u> <u>Allowance</u>	<u>FY 10-11</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$23,519	\$22,798	\$23,224	\$426	1.9%
Contingent & Back of Bill Reductions	0	0	-67	-67	
Adjusted General Fund	\$23,519	\$22,798	\$23,157	\$359	1.6%
Special Fund	505	523	495	-28	-5.3%
Contingent & Back of Bill Reductions	0	0	-11	-11	
Adjusted Special Fund	\$505	\$523	\$484	-\$39	-7.4%
Federal Fund	27,915	27,881	29,190	1,310	4.7%
Contingent & Back of Bill Reductions	0	0	-52	-52	
Adjusted Federal Fund	\$27,915	\$27,881	\$29,138	\$1,258	4.5%
Reimbursable Fund	514	0	2,142	2,142	
Adjusted Reimbursable Fund	\$514	\$0	\$2,142	\$2,142	
Adjusted Grand Total	\$52,453	\$51,202	\$54,922	\$3,720	7.3%

Note: For purposes of illustration, the Department of Legislative Services has estimated the distribution of selected across-the-board budget reductions. The actual allocations are to be developed by the Administration.

- The budget as introduced includes a fiscal 2010 federal fund deficiency appropriation of \$3,327,815 to supplement funding for community-based services. Of this amount, \$471,999 is funding authorized by the American Recovery and Reinvestment Act of 2009.
- The fiscal 2011 allowance increases \$3.7 million (7.3%) over the fiscal 2010 working appropriation. Of this increase, \$3.4 million represents increases in federal and reimbursable funds.

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

For further information contact: Steven D. McCulloch

Phone: (410) 946-5530

Personnel Data

	<u>FY 09 Actual</u>	<u>FY 10 Working</u>	<u>FY 11 Allowance</u>	<u>FY 10-11 Change</u>
Regular Positions	57.40	56.40	56.40	0.00
Contractual FTEs	<u>7.00</u>	<u>9.00</u>	<u>13.00</u>	<u>4.00</u>
Total Personnel	64.40	65.40	69.40	4.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	1.88	3.33%
Positions and Percentage Vacant as of 12/31/09	n/a	n/a

- There is no change in regular positions between the current year and the allowance. The allowance includes 4 additional grant-funded contractual positions: an assistant to the State Ombudsman, a Medicare Improvement for Patients and Providers Act Coordinator, a Web Site Database Manager for the Maryland Access Point web site, and a Hospital Discharge Coordinator.
- As of December 31, 2009, the Department of Aging had no vacant positions. Budgeted turnover of 3.33% reduces the department’s salary account by the equivalent of 1.88 positions. If the department does not experience sufficient vacancies during fiscal 2011, it will have to find savings elsewhere in its budget.

Analysis in Brief

Major Trends

Maintaining Seniors in the Community: The number of seniors served in the community decreased slightly in fiscal 2008 but is projected to stabilize over the next two years.

Percentage of Seniors in Need of Services Who Receive Services Continues to Decline: Funding for community-based services to seniors is projected to remain essentially unchanged from fiscal 2010 to 2011. Over the same period, the proportion of seniors in need who will receive services is projected to decline.

Recommended Actions

	<u>Funds</u>
1. Reduce Senior Activities Centers funding to continue cost containment	\$ 50,000
Total Reductions	\$ 50,000

D26A07 – Department of Aging

D26A07
Department of Aging

Operating Budget Analysis

Program Description

The Maryland Department of Aging (MDOA) has the responsibility of administering community-based long-term care programs and services for older Marylanders, evaluating the services they need, and determining the extent to which public and private programs meet those needs. With input from the local Area Agencies on Aging (AAAs), seniors, and caregivers, 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, such as good nutrition, exercise, employment, and volunteerism, so that they remain active and engaged in their communities. The key goals of the department are:

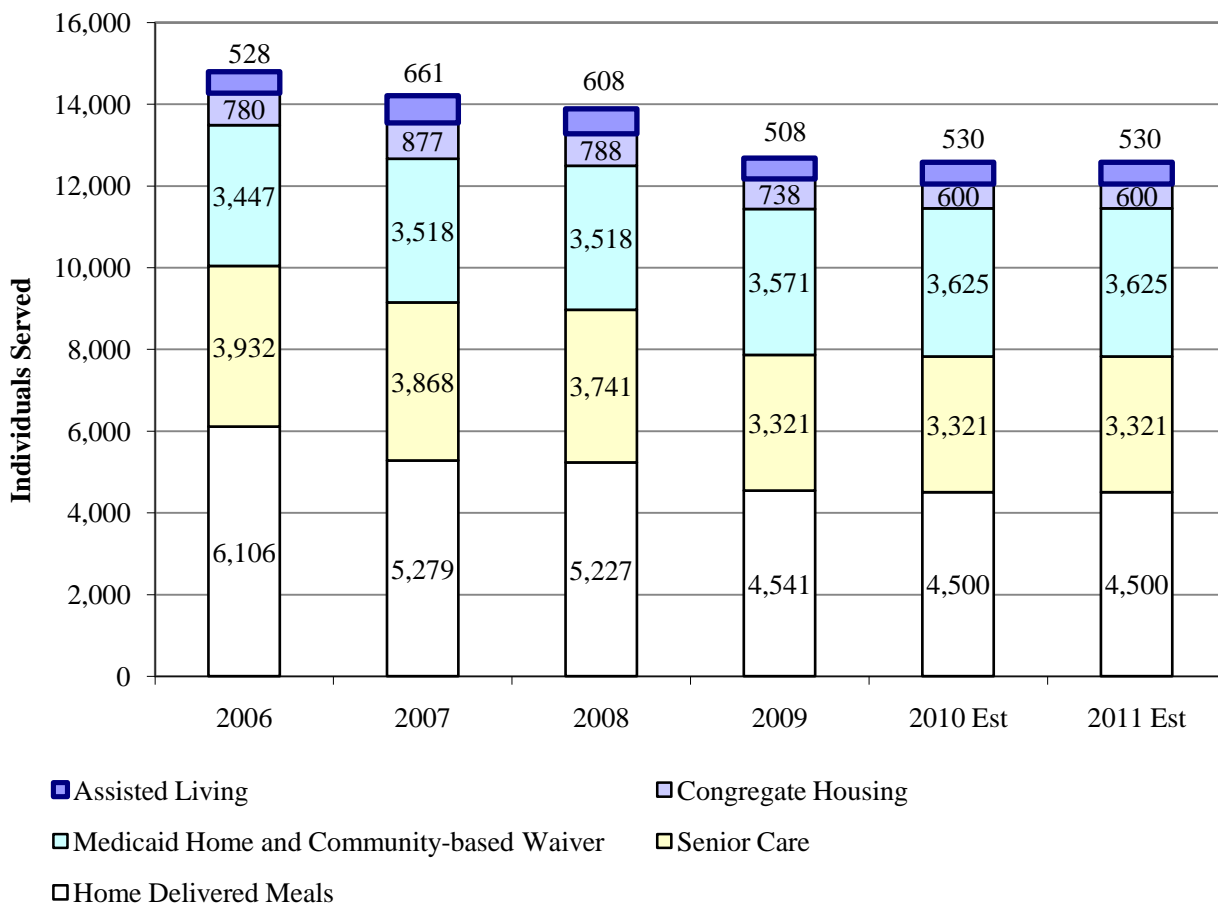
- to enable older Marylanders to remain in their homes with a high quality of life for as long as possible;
- to ensure the rights of older Marylanders and prevent their abuse, neglect, and exploitation; and
- to empower older Marylanders to stay active and healthy.

Performance Analysis: Managing for Results

Maintaining Seniors in the Community

Exhibit 1 shows the performance data for the MDOA goal to enable seniors to be maintained 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 has decreased steadily from fiscal 2006 through 2009 but is projected to remain stable for fiscal 2010 and 2011 at just over 12,500. The programs experiencing the largest declines during this period are Home Delivered Meals and Senior Care.

**Exhibit 1
Maintaining Seniors in the Community
Fiscal 2006-2011**

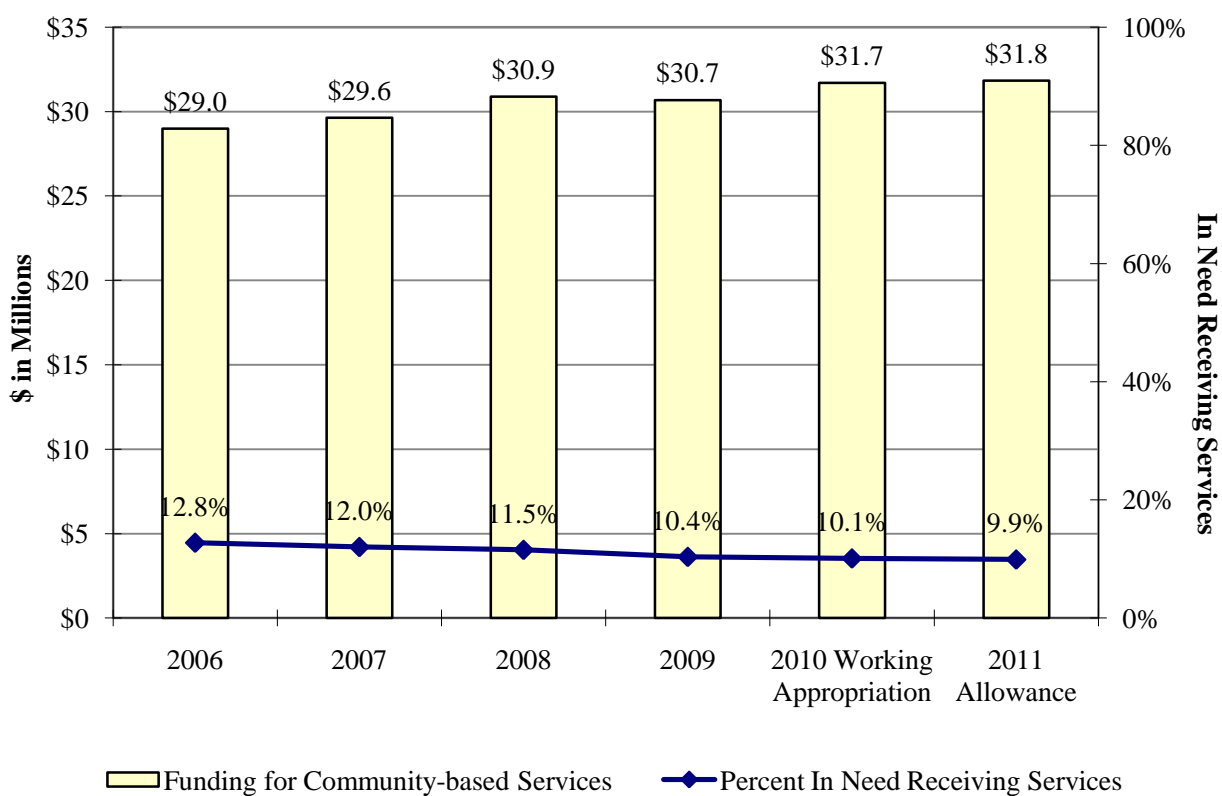


Source: Maryland Department of Aging

Exhibit 2 shows the funding for the community-based services juxtaposed with the percentage of seniors in need of those services that are receiving those services for fiscal 2006 through 2011. Funding for community-based services has varied from a low of \$29.0 million in fiscal 2006 to a high of \$31.8 million in the 2011 allowance. The fiscal 2010 funding does not include deficiency appropriations, which when added, would result in a slightly higher funding level than fiscal 2011. However, additional federal funding may become available in fiscal 2011 as well.

The percentage of seniors in need of services that receive services shows a gradual decline from 12.8% of those in need receiving services in fiscal 2006 to a projected 9.9% in fiscal 2011. This is due to the combination of the cost of services increasing while the budget remains essentially flat and the continued increase in Maryland’s senior population.

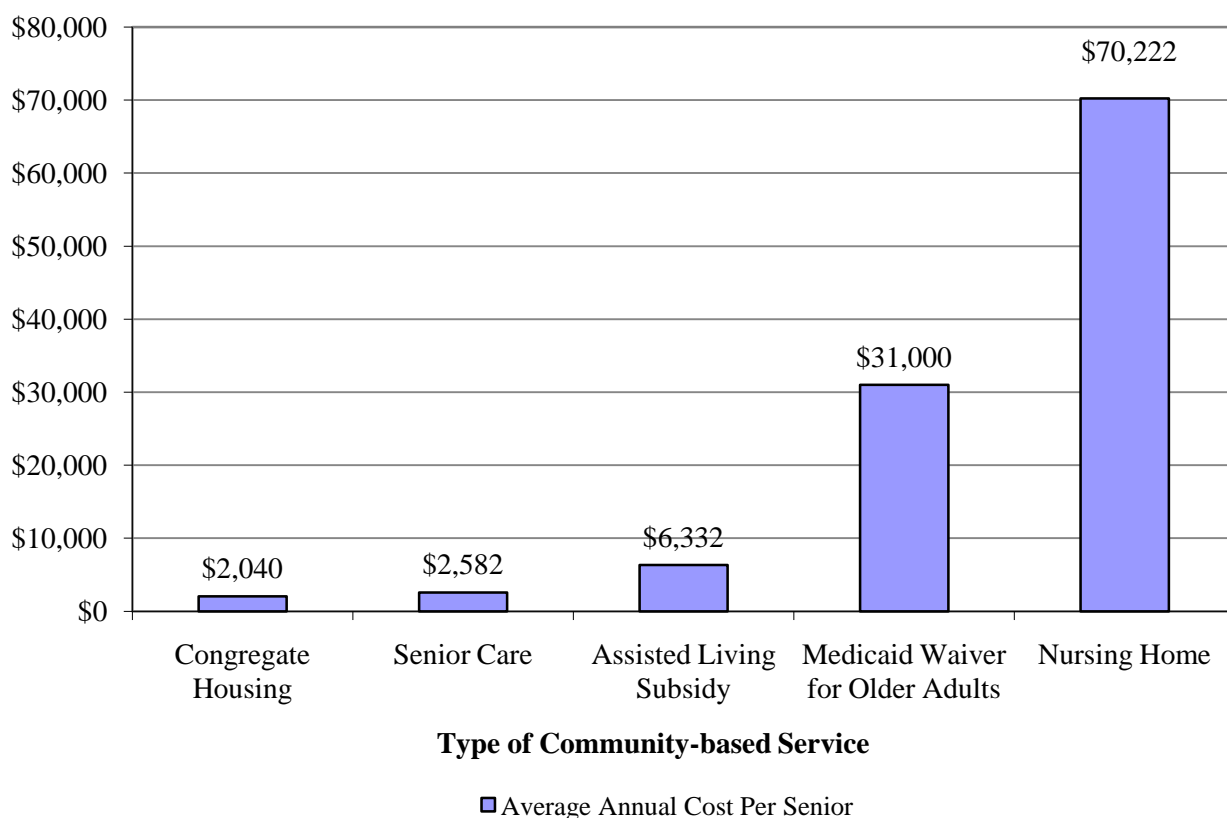
Exhibit 2
Funding with Percent of Need Fulfilled
Fiscal 2006-2011



Source: Maryland Department of Aging

Community-based services are considered to be a cost-effective investment for the State because many of the people who receive community-based services would require nursing home services if the community-based services were not available. As shown in **Exhibit 3**, the cost for nursing homes is more than double the cost of the Medicaid Home and Community-based Waiver for Older Adults (Medicaid Waiver for Older Adults), which is the most expensive community-based service provided by the Maryland Department of Aging.

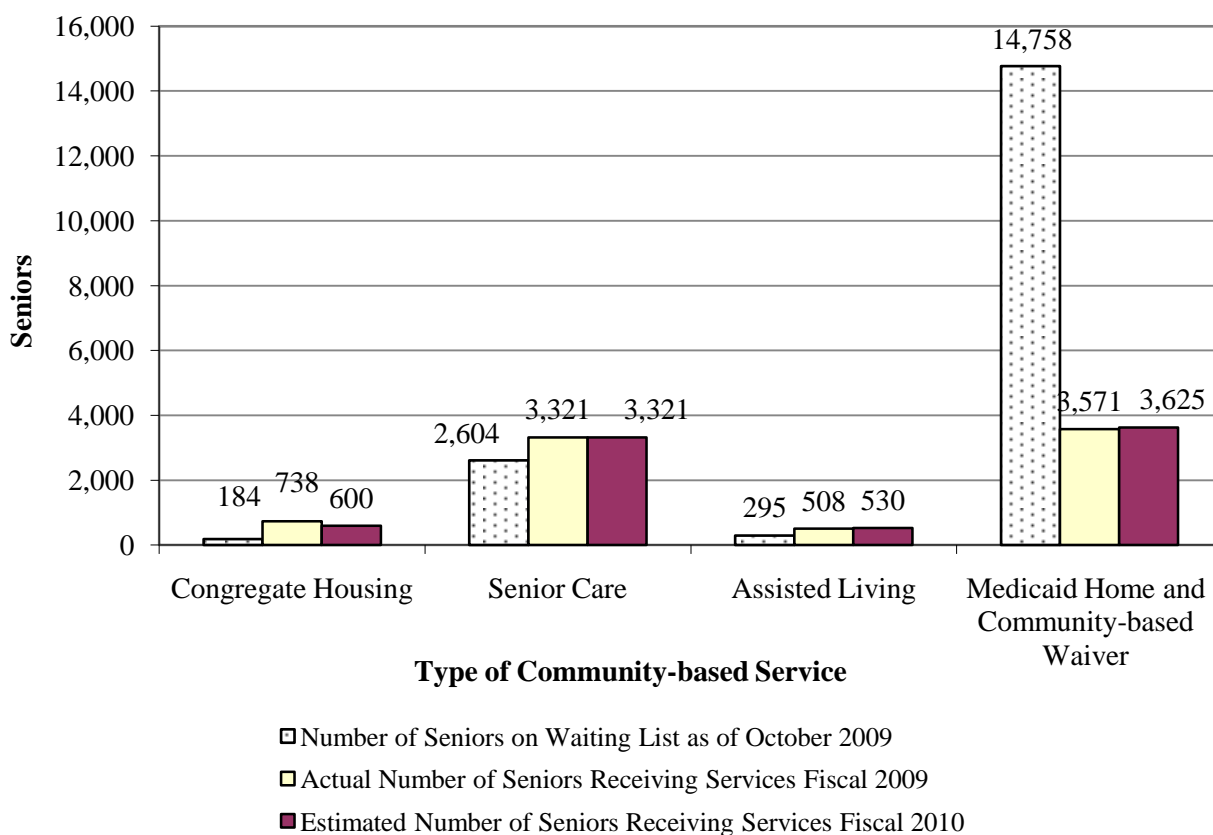
Exhibit 3
Cost of Community-based Services v. Nursing Home Care
Fiscal 2008



Source: Maryland Department of Aging; Department of Legislative Services

Exhibit 4 shows the number of individuals on the waiting list as of October 2009 juxtaposed with the number of individuals served in fiscal 2009 and receiving services in fiscal 2010 for each of the four community-based services. The Medicaid Waiver for Older Adults is capped at 2,900 slots at any one point in time which explains the large waiting list. Of the remaining programs, when viewed as a percent of the people to be served in fiscal 2010, the Senior Care waiting list is the largest at 78%, followed by the Assisted Living program at 56%, and the Congregate Housing program at 31%.

**Exhibit 4
Number Served Versus the Waiting List
Fiscal 2009-2010**



Source: Maryland Department of Aging

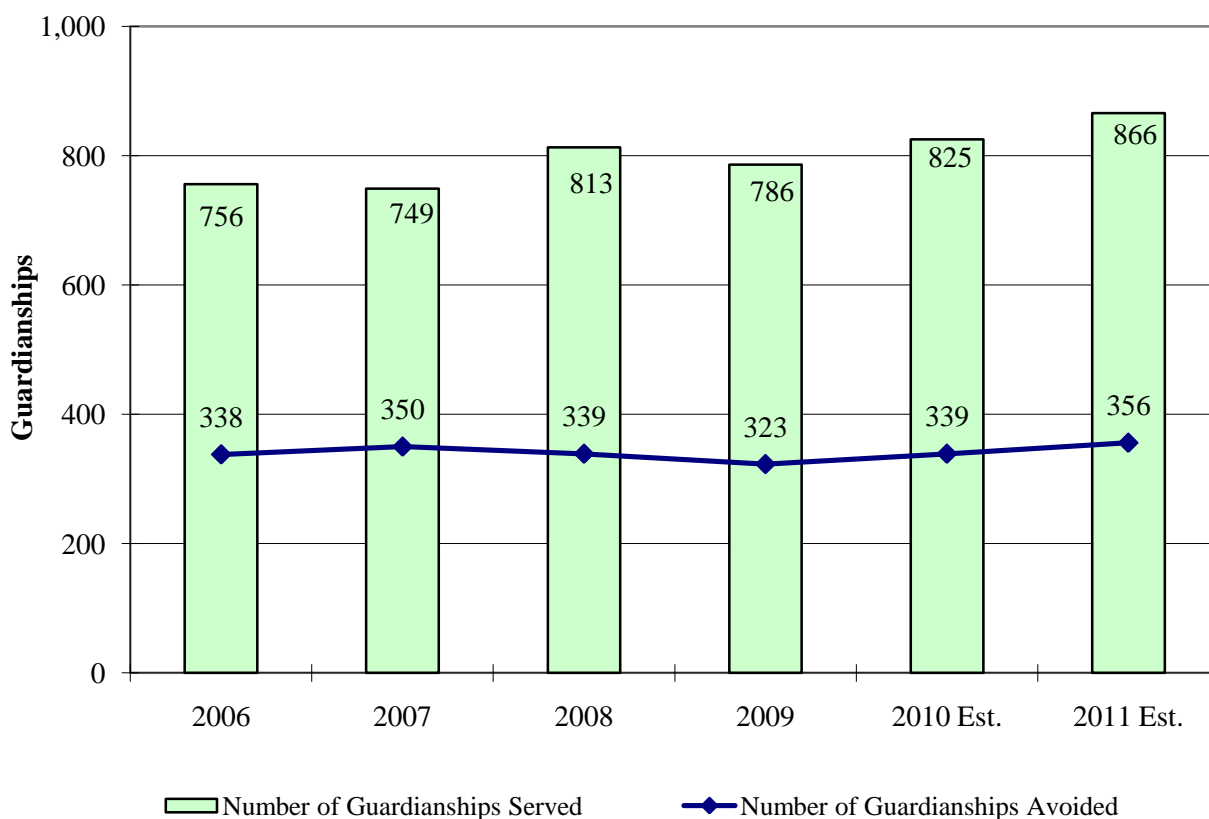
Public Guardianship Activities

In the absence of a suitable guardian, MDOA or the local AAA may be appointed as a public guardian for persons age 65 and older who have been declared by the courts to be incapable of

making their own decisions. Guardians may be required to determine appropriate living arrangements, oversee the provision of services, or consent to medical treatment for persons under their guardianship.

Exhibit 5 shows that the number of guardianships served increased sharply in fiscal 2008 and the number of guardianships avoided decreased slightly in that year. The projected trends indicate continued increases in guardianships served despite increases in guardianships avoided. In order to avoid guardianship cases, MDOA works with the local Department of Social Services, hospital discharge staff, and other petitioners to find family members or other interested people who would be willing to be the guardians.

Exhibit 5
Public Guardianship Activities
Fiscal 2006-2011

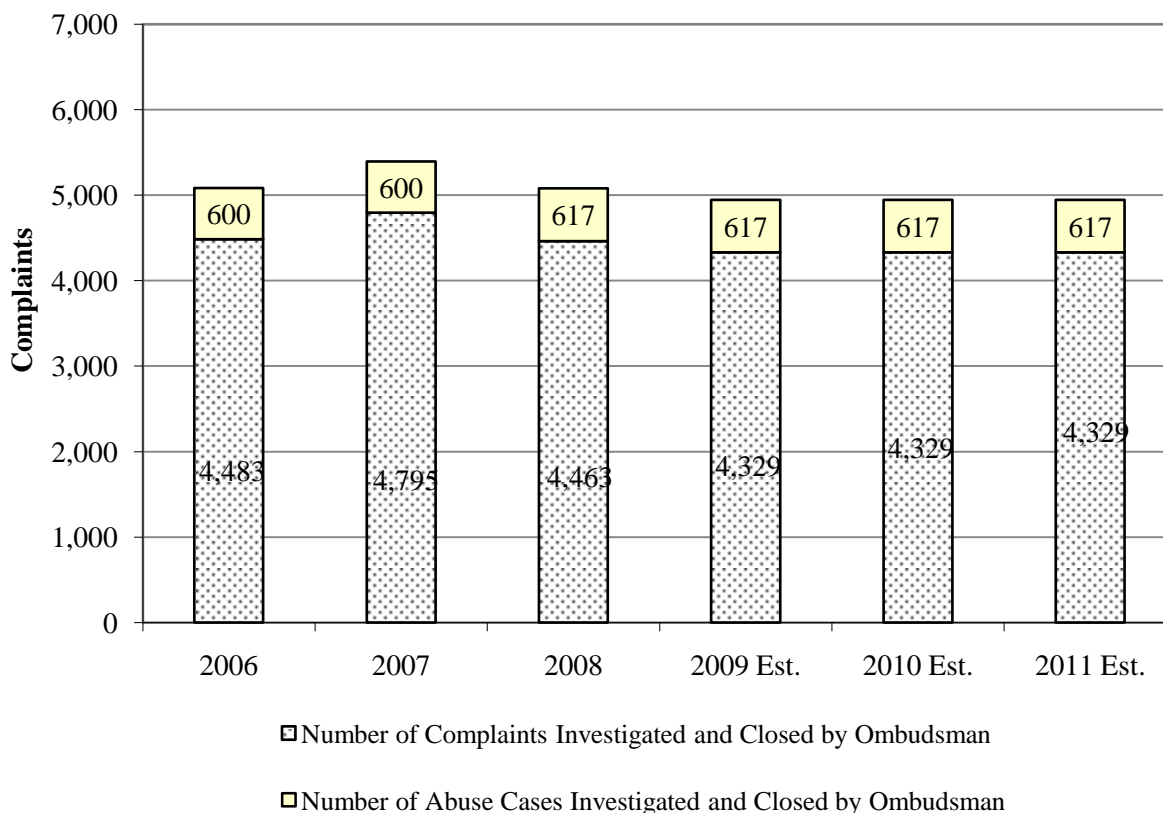


Source: Maryland Department of Aging

Ensuring Seniors Are Treated with Dignity

Exhibit 6 portrays MDOA’s relative success at achieving its goal to ensure that seniors are treated with dignity and protected against abuse, exploitation, and consumer fraud. The exhibit shows the total number of abuse cases and complaints investigated and closed by ombudsmen. Investigations of complaints peaked in fiscal 2007, while investigations of abuse have remained steady during this period.

Exhibit 6
Investigations Closed
Fiscal 2006-2011



Source: Maryland Department of Aging

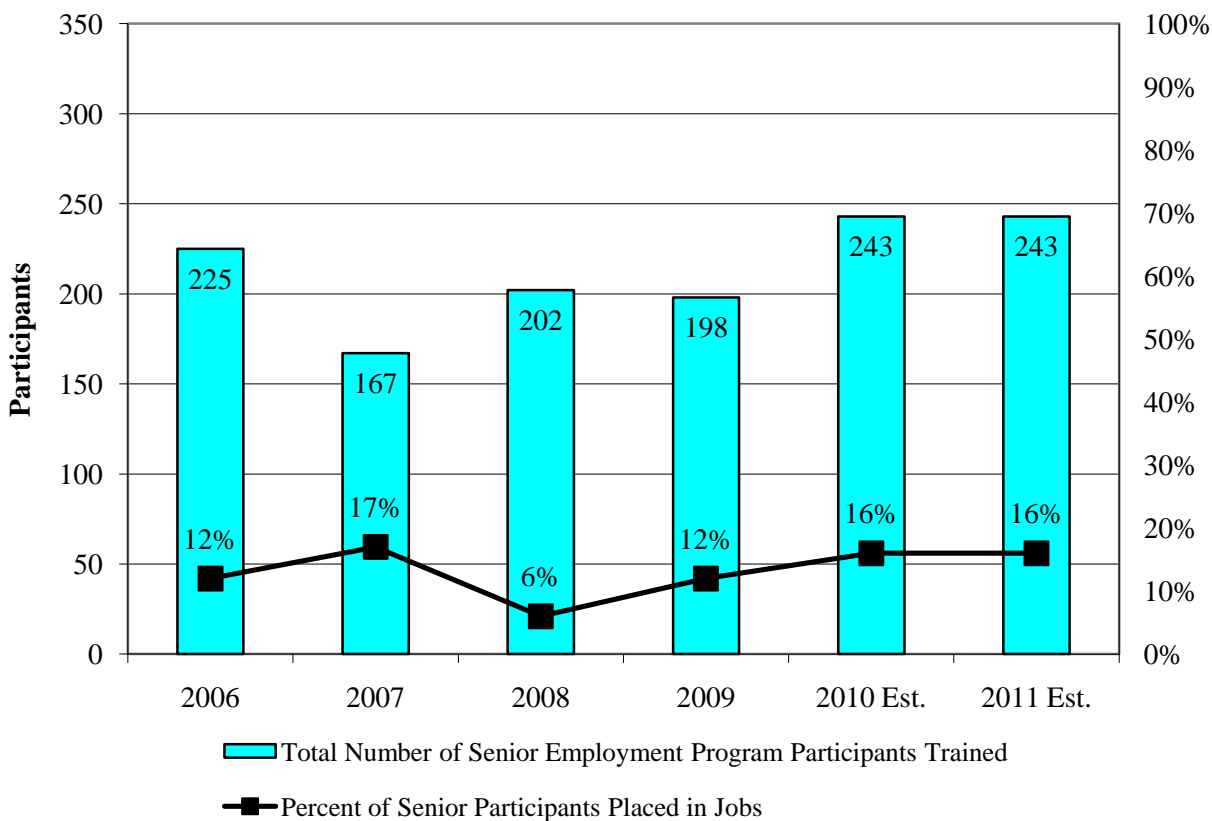
Employment and Training for Seniors

MDOA provides training and employment to eligible older workers through participating nonprofit organizations and government entities that provide community services. Participants

update and enhance their skills through training provided by the nonprofit organization or the government entity. During the training period, seniors receive minimum wage for 20 hours of work per week that is funded by the U.S. Department of Labor. Then, some participants are placed in regular positions and paid the market wage.

Exhibit 7 shows the number of seniors trained through the program each year and the percentage of those trained that are placed in a job. In fiscal 2007, the number of seniors trained decreased sharply due to stringent federal income guidelines and the increase in the minimum wage. Since that time, the number of seniors trained has trended upward. The increase shown for fiscal 2010 and 2011 reflects new federal program goals and the development of a program performance improvement plan.

Exhibit 7
Employment and Training for Seniors
Fiscal 2006-2011



Source: Maryland Department of Aging

Fiscal 2010 Actions

Proposed Deficiency

The budget as introduced includes a fiscal 2010 federal fund deficiency appropriation of \$3,327,815 to supplement funding for community-based services. Of this amount, \$471,999 is funding authorized by the American Recovery and Reinvestment Act of 2009 (ARRA).

Impact of Cost Containment

The MDOA budget was reduced by \$988,756 in the three Board of Public Works (BPW) actions taken to reduce the State budget. The reduction comprised \$8,547 special funds and \$980,209 general funds. MDOA was able to shift salary expenses totaling \$177,188 to federal grants, and eliminated State funding for the Health Promotion Program for which federal funding was also being used. These actions carried opportunity costs inasmuch as the federal funding could not be used for other purposes.

The biggest impacts on clients results from enrollment freezes to the Senior Assisted Living Program which allowed a \$331,493 general fund reduction to be taken and to the Senior Care Program which gave up general funds totaling \$100,000. MDOA estimates that an additional 42 seniors would have been served in the Assisted Living program and an additional 67 would have been served in the Senior Care program but for the enrollment freeze imposed due to these budget reductions. Cost containment reductions to the Congregate Housing program reduced its budget to the fiscal 2009 actual level, a reduction of \$27,456 general funds, and an estimated 10 seniors could not be served in this program due to the reduction.

The employee furlough (\$79,354 general, \$8,547 special), the delay in hiring a position in the Ombudsman Program (\$32,938), and reductions to Senior Information and Assistance grants (\$76,957), Senior Center Operating Grants (\$50,000), Naturally-occurring Retirement Community grants, and Congregate Housing grants (\$27,456) resulted in less direct and less easily measured impacts on services to seniors. An across-the-board reduction in telecommunications (\$96) was based on an estimated over budgeting and is not expected to impact services.

Federal Stimulus Fund

MDOA received the ARRA funding in fiscal 2009 and 2010 for the senior employment program and for nutrition programs but does not anticipate additional ARRA funding in fiscal 2011. Over the two years, \$334,305 was received for employment programs and \$1,657,253 for nutrition programs. The majority of the funding (\$1,956,464) is included in the fiscal 2010 budget.

Proposed Budget

As shown in **Exhibit 8**, the allowance for MDOA increases by \$3.7 million. The majority of the increase results from inclusion of reimbursable funds from the Department of Health and Mental Hygiene for the Money Follows the Person which is a federally funded program to identify individuals in nursing homes and other institutions who wish to transition back into the community. Increased federal formula funding and new federal grants also increase funding for a number of MDOA programs. Decreases occur in the senior employment program (-\$242,000) and nutrition programs (-\$540,000) as the ARRA funding is withdrawn.

Impact of Cost Containment

The fiscal 2011 budget reflects several across-the-board actions to be allocated by the Administration. This includes a combination of employee furloughs and government shut-down days similar to the plan adopted in fiscal 2010; a reduction in overtime based on accident leave management; streamlining of State operations; hiring freeze and attrition savings; a change in the injured workers' settlement policy and administrative costs; and a savings in health insurance to reflect a balance in that account. For purposes of illustration, the Department of Legislative Services has estimated the distribution of selected actions relating to employee furloughs, health insurance, and the Injured Workers' Insurance Fund cost savings.

For MDOA the reductions for the items for which estimated savings could be calculated are as follows: employee furloughs (\$114,139), health insurance (\$15,484), and workers' compensation (\$637.)

Exhibit 8 Proposed Budget Department of Aging (\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimburs. Fund	Total
2010 Working Appropriation	\$22,798	\$523	\$27,881	\$0	\$51,202
2011 Allowance	<u>23,224</u>	<u>495</u>	<u>29,190</u>	<u>2,142</u>	<u>55,052</u>
Amount Change	\$426	-\$28	\$1,310	\$2,142	\$3,851
Percent Change	1.9%	-5.3%	4.7%		7.5%
Contingent Reduction	-\$67	-\$11	-\$52	\$0	-\$130
Adjusted Change	\$359	-\$39	\$1,258	\$2,142	\$3,720
Adjusted Percent Change	1.6%	-7.4%	4.5%		7.3%

D26A07 – Department of Aging

Where It Goes:

Personnel Expenses

Salary restoration	\$195
Social security and retirement contributions.....	68
Turnover adjustments.....	18
Employee and retiree health insurance (as adjusted by Section 19)	15
Furloughs - Section 18	-114

Administration

Grant funded contractual positions	300
Restored supplies funding from grants	19
Restored management studies funding from grants	11
Restored printing/reproduction funding from grants	5
Rent.....	5

Program Grants to Area Agencies on Aging

Money Follows the Person.....	2,060
Medicaid Waiver program	561
Increased federal formula funding Information and Assistance Program.....	380
New federal grant for Nursing Home Diversion Program	250
New federal grant for Maryland Access Point	240
New federal grant for Evidence-based Health Promotion	150
Restoring of cost containment reduction Senior Care Program	123
New federal grants for Medicare Enrollment Assistance Program and Medicare Improvements for Patients and Providers Act Program.....	100
Restoring of cost containment reduction to Senior Centers Operating Fund.....	50
Removal of the ARRA funding for senior employment program (-\$327,000) partially offset by increased formula funding (\$86,000).....	-242
Removal of the ARRA funding for nutrition programs (-\$1.6 million) partially offset by increased formula funding (\$1.1 million)	-540

Other Changes

65

Total

\$3,720

ARRA: American Recovery and Reinvestment Act

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

Recommended Actions

	<u>Amount Reduction</u>	
1. Reduce Senior Activities Centers funding to continue cost containment. The reduction would fund fiscal 2011 at the reduced fiscal 2010 level.	\$ 50,000	GF
Total General Fund Reductions	\$ 50,000	

Current and Prior Year Budgets

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 2009					
Legislative Appropriation	\$24,187	\$286	\$27,764	\$0	\$52,237
Deficiency Appropriation	0	231	500	0	731
Budget Amendments	41	6	0	574	620
Cost Containment	-682	-6	-9	0	-697
Reversions and Cancellations	-26	-11	-340	-60	-437
Actual Expenditures	\$23,519	\$505	\$27,915	\$514	\$52,453
Fiscal 2010					
Legislative Appropriation	\$23,778	\$532	\$27,881	\$0	\$52,190
Cost Containment	-980	-9	0	0	-989
Budget Amendments	0	0	0	0	0
Working Appropriation	\$22,798	\$523	\$27,881	\$0	\$51,202

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

Fiscal 2009

The fiscal 2009 budget for the Department of Aging closed out \$216,149 higher than the legislative appropriation. Cost containment reductions totaling \$697,230 and reversions and cancelations totaling \$437,327 were offset by deficiency appropriations totaling \$730,612 combined with funding added by budget amendments totaling \$620,094,

The deficiencies comprised special funds of \$230,612 and federal funds of \$500,000. The special fund deficiency partially offset cost containment reductions made by BPW and provided funds for evidence-based health promotion program. The federal fund deficiency supplemented funding for senior nutrition and senior employment programs.

Funding added by budget amendment paid for the general salary increase (\$40,540 general funds, \$5,562 special funds) and also included reimbursable fund spending authority to hire an Ombudsman consultant (\$40,000) to assist AAAs develop bioterrorism emergency preparedness (\$67,500), and to provide more AAA support for the Money Follows the Person initiative.

A general fund reversion of \$26,402 and special fund cancelation of \$10,959 represent administrative savings. A federal fund cancelation of \$339,621 resulted from lower than budgeted spending in nutrition programs, and \$60,344 of the reimbursable fund authority for Money Follows the Person remained unused.

The cost containment decreases comprised:

- a reduction to Senior Housing Programs by approximately 6%, from \$5.1 to \$4.8 million to reflect historical spending (\$290,000 general);
- a reduction to Senior Care funding by 5% for the final quarter of the fiscal year (\$121,106 general);
- a reduction in Assisted Living Subsidies by 5% for the final quarter of the fiscal year (\$55,249 general)
- a reduction of 5% in Senior Information and Assistance as a cost savings measure (\$40,500 general);
- a reduction in information technology grants to local Area Agencies on Aging (\$28,062 general);
- a fund swap with special funds for certain administrative costs (\$54,000 general);
- furlough savings (\$39,835 general, \$4,286 special)

D26A07 – Department of Aging

- the Other Post Employment Benefits funding reduction(\$30,396 general); and
- health insurance subsidies to be paid for with nonbudgeted funds (\$23,202 general, \$1,426 special, \$9,168 federal).

Fiscal 2010

The fiscal 2010 working appropriation is \$988,756 lower than the legislative appropriation representing cost containment actions.

Cost containment decreases comprise:

- savings resulting from freezing enrollment in Senior Assisted Living group housing (\$331,493 general);
- shifting of salary expenses to federal grants (\$177,188 general);
- savings resulting from freezing enrollment in the Senior Care program (\$100,000 general);
- furlough savings (\$79,354 general, \$8,547 special);
- reductions to Senior Information and Assistance grants (\$76,957 general);
- elimination of State funding for health promotion program activities which are also supported by grant funds (\$54,727 general);
- elimination of administrative funding for Naturally-occurring Retirement Communities (\$50,000 general);
- a reduction to the Senior Center Operating grants (\$50,000 general);
- savings from delay in hiring a position for the Ombudsman Program (\$32,938 general);
- reductions to fund Senior Care and Congregate Housing at the fiscal 2009 actual level (\$27,456 general); and
- a reduction in telecommunications (\$96 general).

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

<u>Object/Fund</u>	<u>FY09 Actual</u>	<u>FY10 Working Appropriation</u>	<u>FY11 Allowance</u>	<u>FY10 - FY11 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	57.40	56.40	56.40	0	0%
02 Contractual	7.00	9.00	13.00	4.00	44.4%
Total Positions	64.40	65.40	69.40	4.00	6.1%
Objects					
01 Salaries and Wages	\$ 5,248,360	\$ 4,817,666	\$ 5,586,102	\$ 768,436	16.0%
02 Technical and Spec. Fees	233,374	154,357	454,689	300,332	194.6%
03 Communication	99,851	73,436	80,382	6,946	9.5%
04 Travel	65,681	44,077	43,377	-700	-1.6%
07 Motor Vehicles	6,953	6,156	7,500	1,344	21.8%
08 Contractual Services	389,638	135,068	161,201	26,133	19.3%
09 Supplies and Materials	36,034	32,548	51,907	19,359	59.5%
10 Equipment – Replacement	45,934	8,946	9,946	1,000	11.2%
12 Grants, Subsidies, and Contributions	46,212,185	45,803,024	48,522,917	2,719,893	5.9%
13 Fixed Charges	114,358	125,772	131,582	5,810	4.6%
14 Land and Structures	586	500	2,500	2,000	400.0%
Total Objects	\$ 52,452,954	\$ 51,201,550	\$ 55,052,103	\$ 3,850,553	7.5%
Funds					
01 General Fund	\$ 23,518,621	\$ 22,797,707	\$ 23,223,727	\$ 426,020	1.9%
03 Special Fund	505,190	523,062	495,480	-27,582	-5.3%
05 Federal Fund	27,915,495	27,880,781	29,190,438	1,309,657	4.7%
09 Reimbursable Fund	513,648	0	2,142,458	2,142,458	N/A
Total Funds	\$ 52,452,954	\$ 51,201,550	\$ 55,052,103	\$ 3,850,553	7.5%

Note: The fiscal 2010 appropriation does not include deficiencies.

<u>Program/Unit</u>	Fiscal Summary		FY11	Change	FY10 - FY11
	Department of Aging				
	FY09	FY10	FY11		FY10 - FY11
	Actual	Wrk Approp	Allowance		% Change
01 General Administration	\$ 51,952,954	\$ 50,751,550	\$ 54,552,103	\$ 3,800,553	7.5%
02 Senior Centers Operating Fund	500,000	450,000	500,000	50,000	11.1%
Total Expenditures	\$ 52,452,954	\$ 51,201,550	\$ 55,052,103	\$ 3,850,553	7.5%
General Fund	\$ 23,518,621	\$ 22,797,707	\$ 23,223,727	\$ 426,020	1.9%
Special Fund	505,190	523,062	495,480	-27,582	-5.3%
Federal Fund	27,915,495	27,880,781	29,190,438	1,309,657	4.7%
Total Appropriations	\$ 51,939,306	\$ 51,201,550	\$ 52,909,645	\$ 1,708,095	3.3%
Reimbursable Fund	\$ 513,648	\$ 0	\$ 2,142,458	\$ 2,142,458	N/A
Total Funds	\$ 52,452,954	\$ 51,201,550	\$ 55,052,103	\$ 3,850,553	7.5%

Note: The fiscal 2010 appropriation does not include deficiencies.