

MEMORANDUM

TO: Jim Riesberg

FROM: Kevin Neimond, Joint Budget Committee Staff, 303-866-4958

SUBJECT: Updated FY 2015-16 Staff Budget Briefing Issue to the Joint Budget Committee Concerning Demographic and Budgetary Trends for the Senior Population

DATE: January 10, 2016

Below is a briefing I presented to the Joint Budget Committee on December 8, 2014. The purpose of this briefing issue was to illustrate the anticipated increase in the senior population and how this has the potential to impact expenditures made by the Colorado Department of Human Services for Older Americans Act programs. This issue did NOT address all senior programs which receive funding from federal, State, and local government agencies. It was specifically focused on senior services for which the Colorado Department of Human Services arranges for the provision of with the Area Agencies on Aging.

Note, where I have updated the material based on actions taken by the legislature in the time period following the initial presentation of this issue, I have noted it with the following formatting:

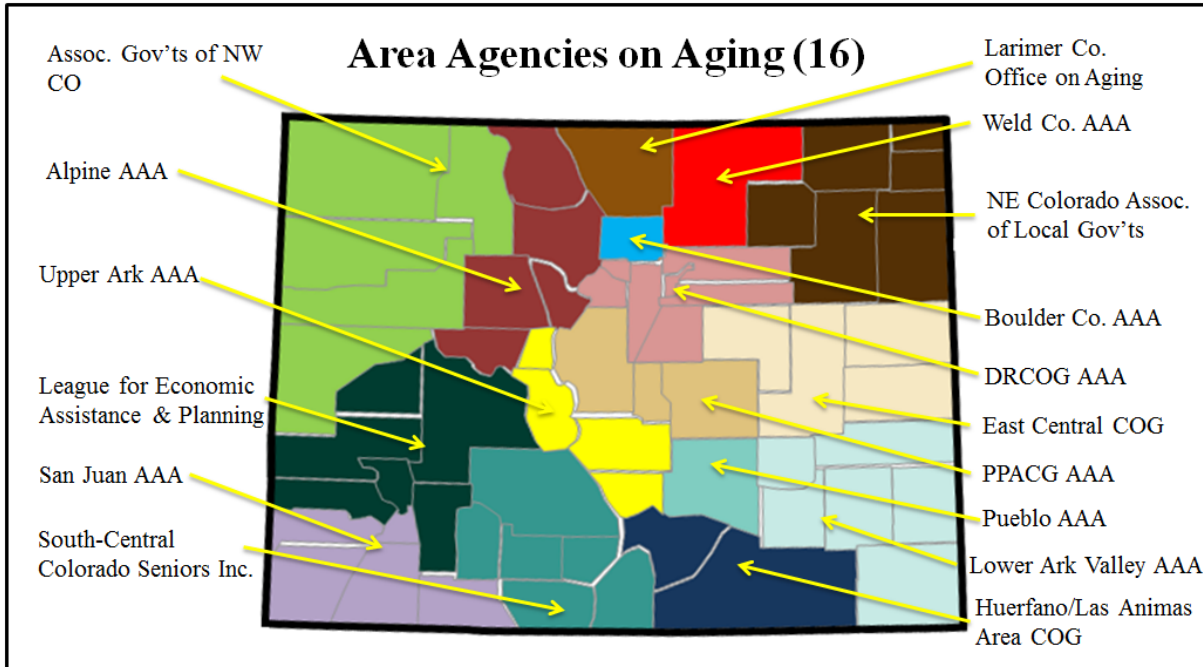
[Update: the legislature provided the Department with an appropriation of \$XYZ for FY 2015-16 for ABC.]

Issue: State Funding for Senior Services

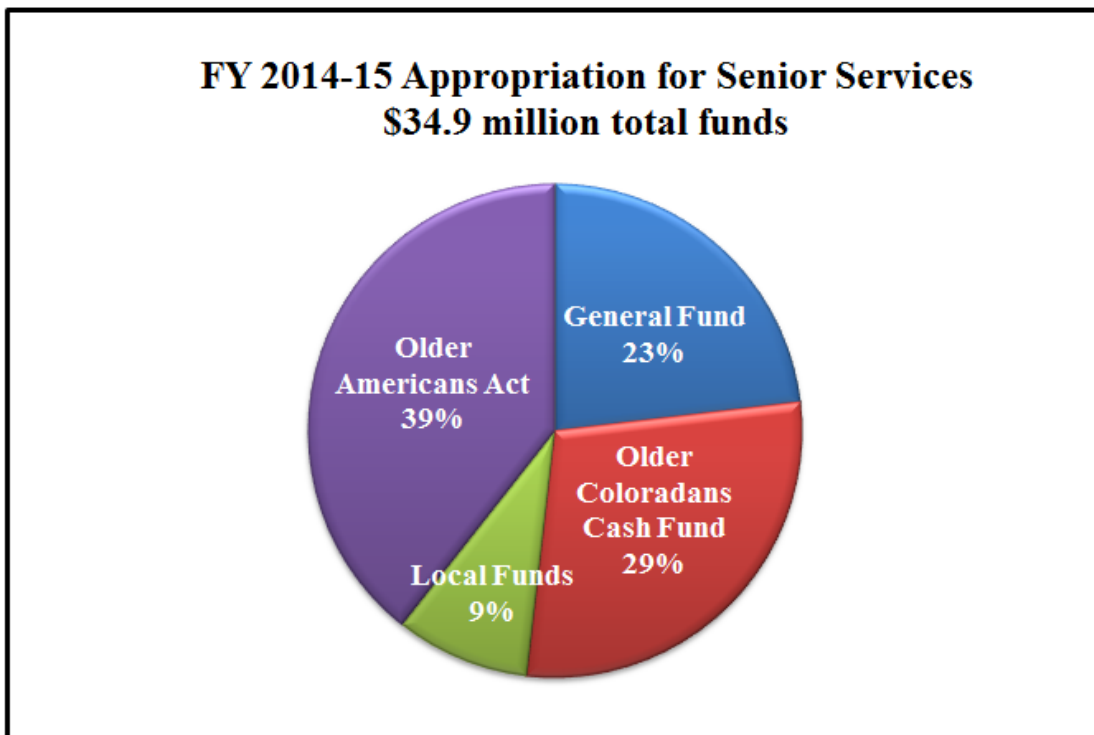
Background

The federal Older Americans Act of 1965 started the implementation of comprehensive services for older adults designed to help seniors remain safely in their homes. To oversee and administer the services, it created the National Aging Network comprised of the federal Administration on Aging, state units on aging, and Area Agencies on Aging at the local level. Federal funding levels provided to states for the provision of services are based primarily on the percentage of a state's population of individuals 60 years of age and older. For programs funded through the Older Americans Act, the only eligibility requirement is that individuals be 60 years of age or older to receive services.

In Colorado, the Department of Human Services' Aging and Adult Services unit within the Office of Community Access and Independence provides funding for a variety of community-based services. The moneys are allocated to each of the state's 16 Area Agencies on Aging (AAAs). The AAAs contract with local organizations (e.g. non-profits) to administer services (note, AAAs do provide some services directly in their regions). These services include, but are not limited to, home-delivered meals, congregate meals, transportation, homemaker assistance, and personal care assistance. The following chart highlights the locations of the AAAs and the counties each of the AAAs serve.

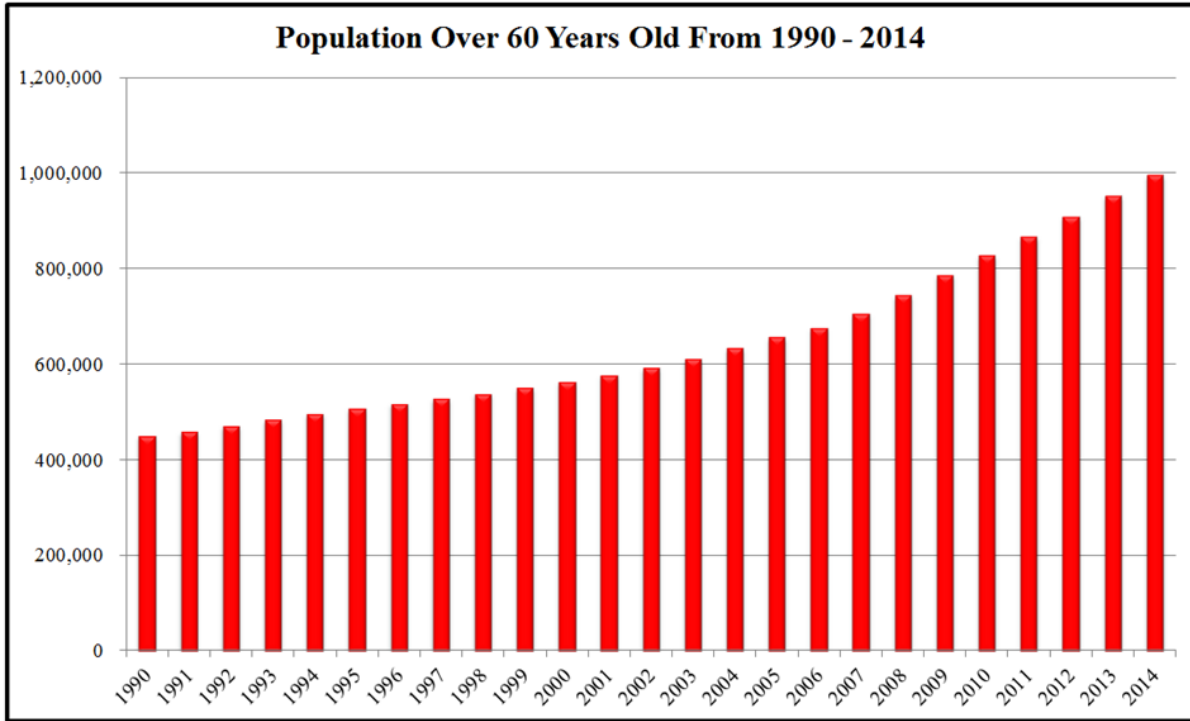


Funding allocated to Area Agencies on Aging is made up of State moneys from the General Fund and Older Coloradans Cash Fund (moneys in the fund are transferred from the General Fund), local funds, and federal moneys from Title III of the Older Americans Act. For FY 2014-15, the Department received an appropriation of \$34.9 million total funds from these four sources.

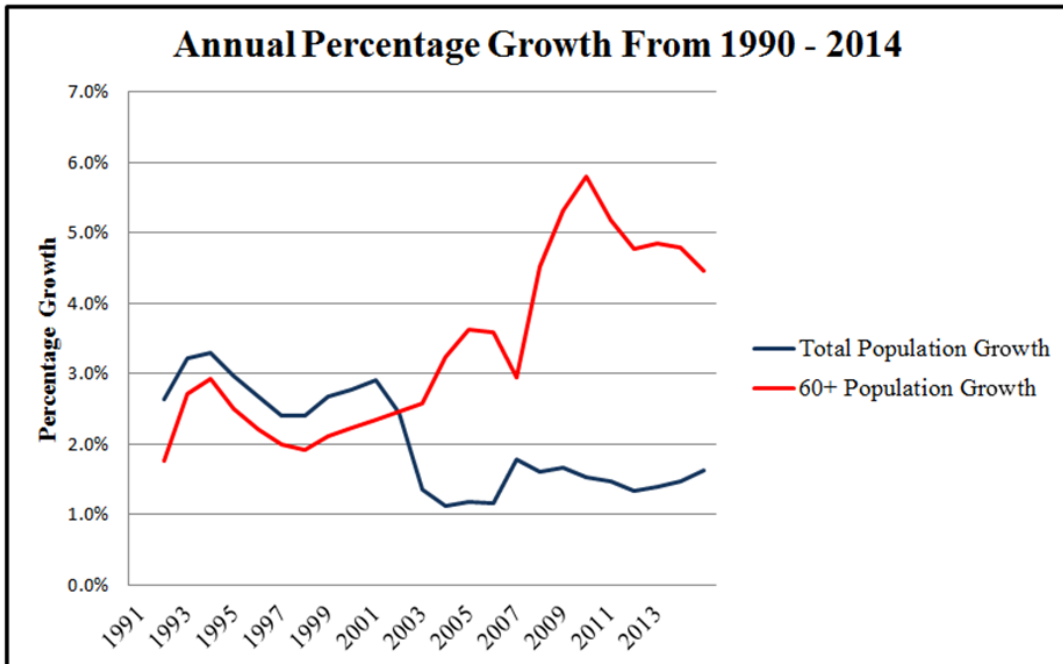


Demographic Trends

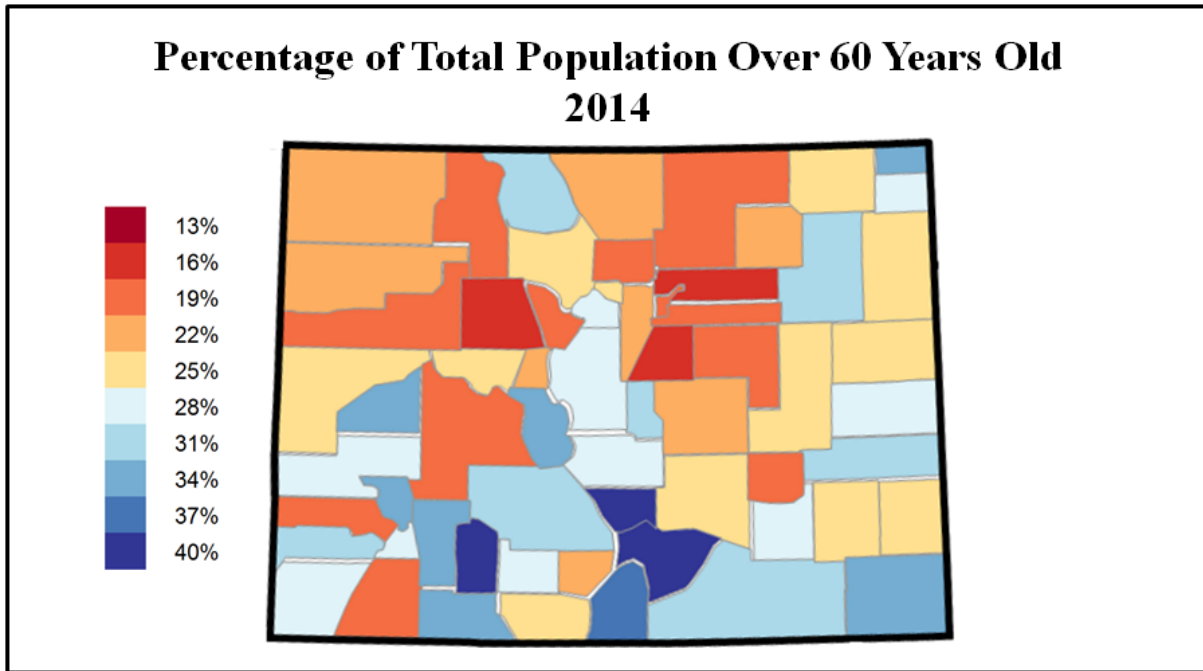
Colorado has one of the fastest growing aging populations in the U.S., according to the Colorado Commission on Aging. From 1990 to 2014, the population of individuals 60 years of age and older has grown by 121.0 percent from 451,108 to 996,776.



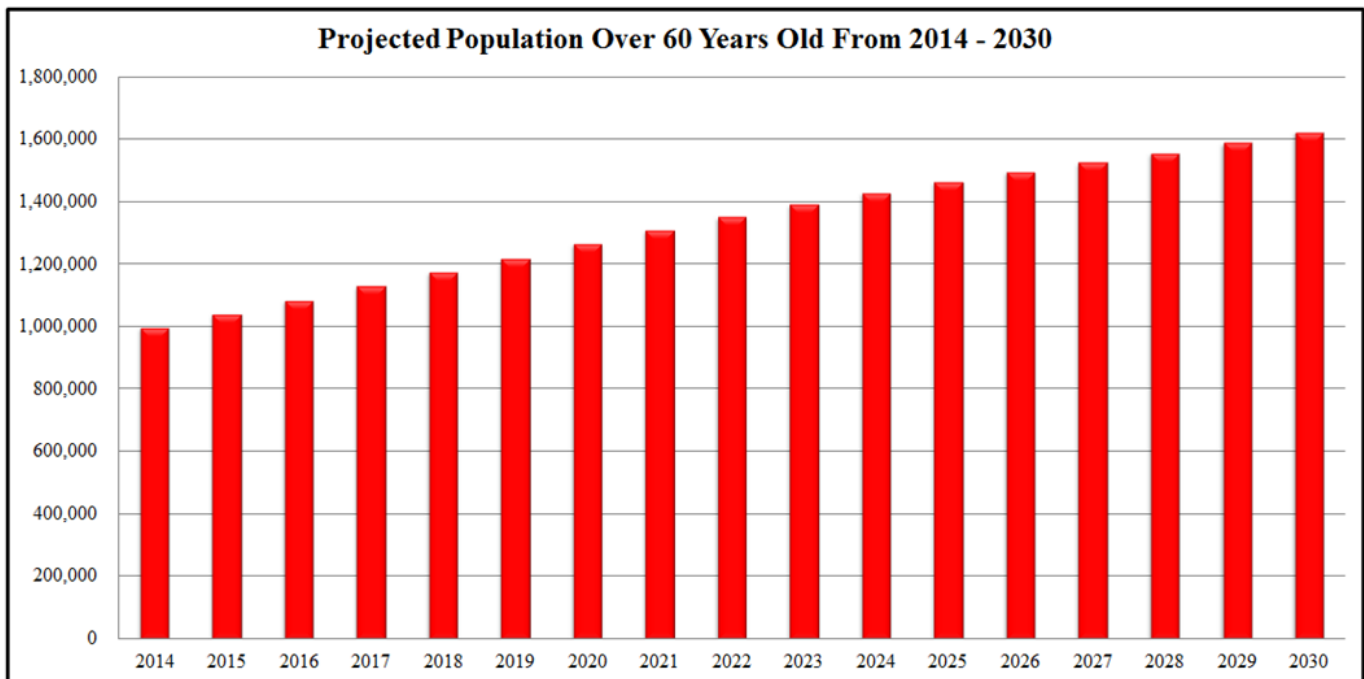
During this same time period, overall population growth in the state is 62.4 percent. The chart below shows year-over-year population growth for total population and population 60 years old and above.



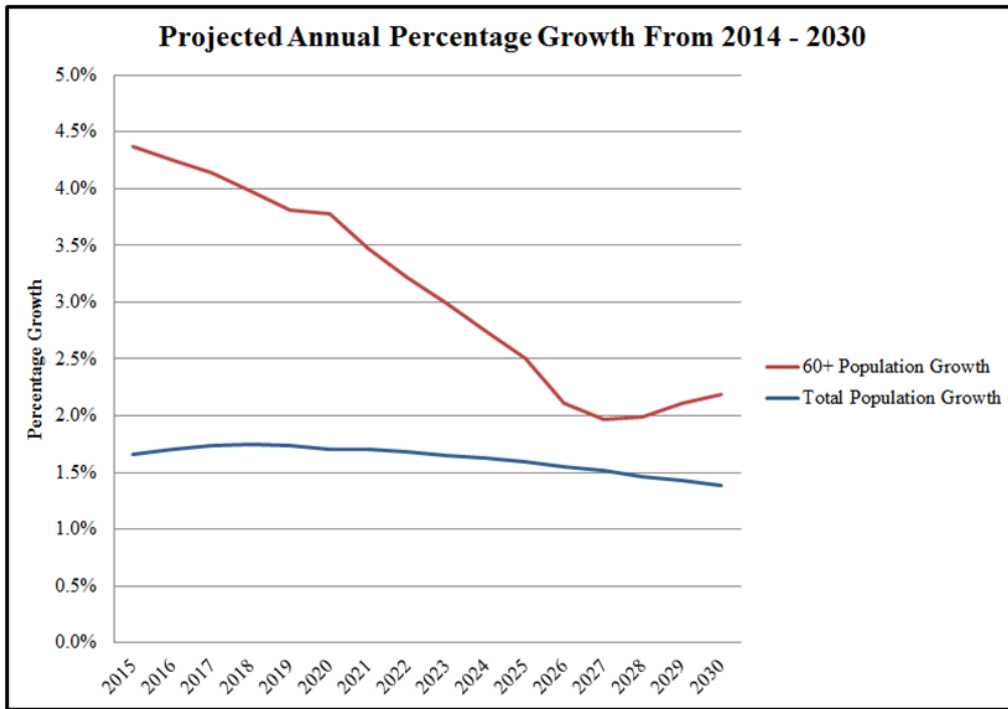
The following map illustrates where individuals 60 years of age and older reside in 2014. Huerfano, Custer, and Mineral Counties are currently the oldest counties in the state.



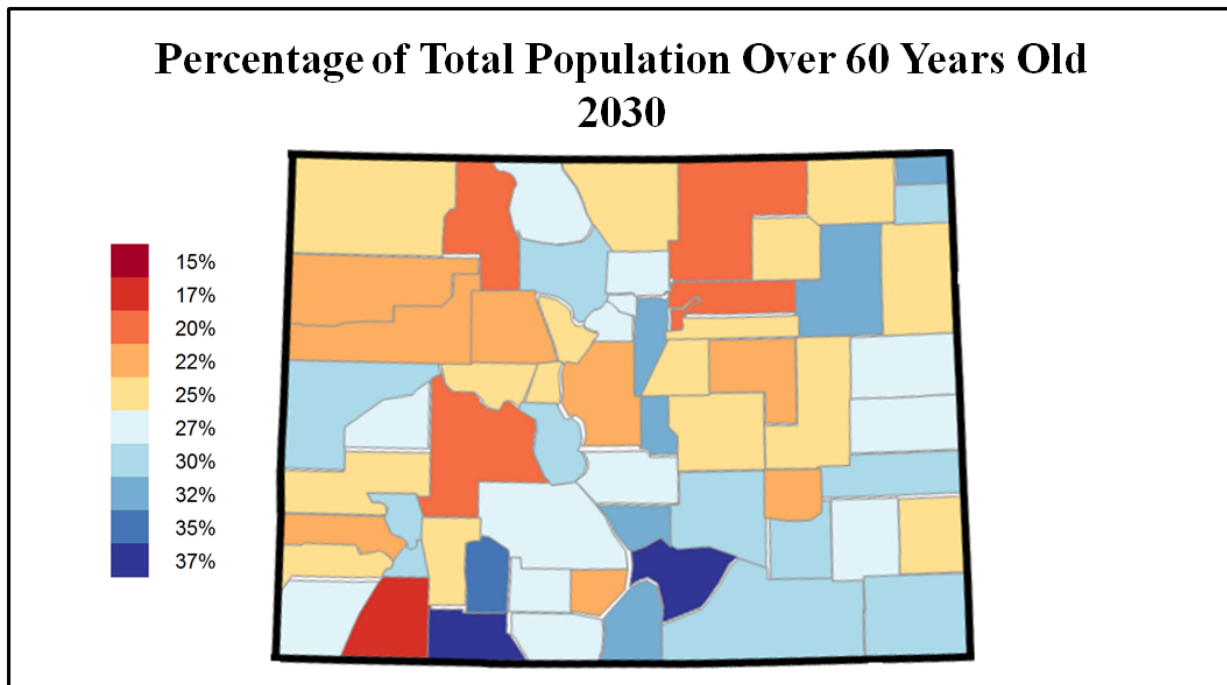
The State Demographer indicates that the population of individuals 60 years of age and older will increase in the future. From 2014 to 2030, the population of individuals 60 years of age and older is projected to grow by 62.9 percent from 996,776 to 1,623,502.



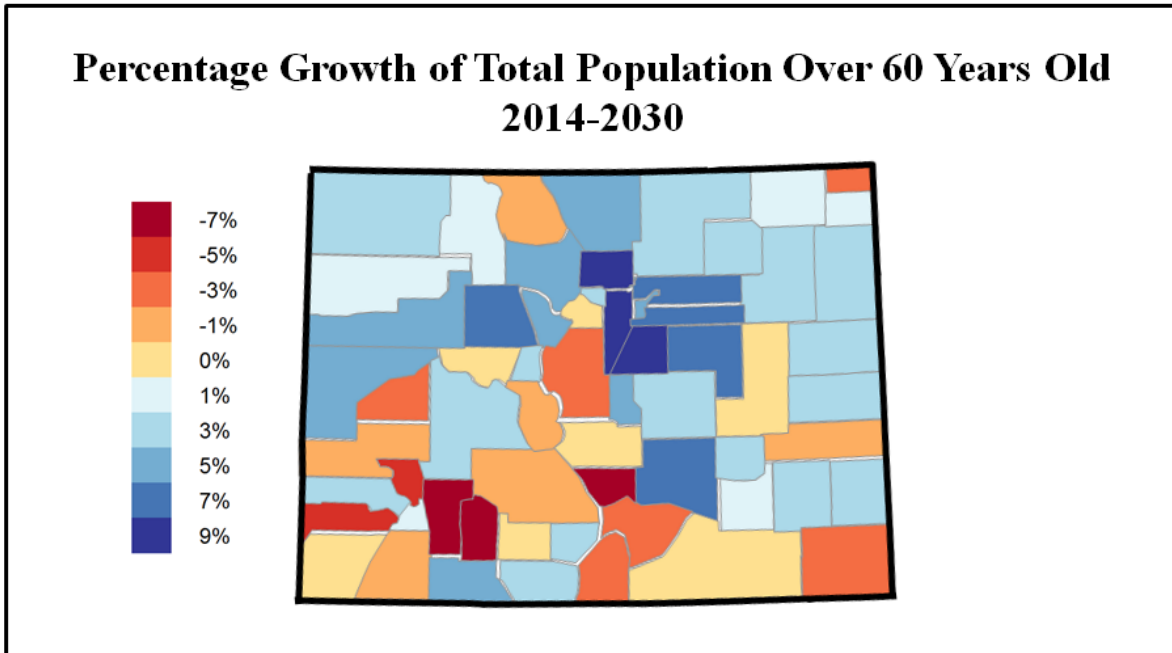
During this same time period, overall population growth in the state is projected to be 29.2 percent. The chart below shows year-over-year population growth for total population and population 60 years old and above.



The State Demographer’s projections show that 23.5 percent of the total population will be 60 years of age and older by 2030 (up from 18.6 percent in 2014). The following map illustrates where individuals 60 years of age and older will reside in 2030. Huerfano and Mineral Counties will be the oldest counties in the state.



The following map illustrates which counties are projected to experience the largest change in populations of individuals 60 years of age and older between 2014 and 2030. Douglas, Boulder, and Jefferson Counties will experience the largest increase in this demographic.



Issue

The Department of Human Services indicates that the increasing number of older adults will require an expansion of services in many of areas of the state, especially rural areas with more difficult to reach seniors. The agency also notes that the demand for services increases due to the population growth of seniors also requires workforce changes. This is echoed by the U.S. Department of Labor Statistics, which predicts that by 2022, there will be a 27 percent increase in demand for gerontological social workers and a 23 percent increase in the demand for medical and health services managers. In comparison, the national average growth rate for all occupations is projected at 11 percent. In Colorado, the shortages of employees in health care services managers and health care social workers with specialization in caring for aging adults is an issue to consider when examining policy and budgetary options for addressing a growing population of individuals 60 years of age and older.

Proposed Solution

With an understanding of these projected changes in demographics, the Department of Human Services established the following strategic initiative:

“To prepare Colorado to meet the needs of more seniors who choose to live and thrive in their homes and communities.”

To support this goal, the Department's FY 2015-16 budget request seeks an increase of \$4,000,000 General Fund to increase the amount of services provided across the state for elderly adults in need to assist in enabling them to live independently in their communities rather than in facilities. Based on FY 2012-13 service delivery data, the agency states that the requested moneys could result in the following service level increases (depending on implementation at the AAA and provider level):

- 176,606 home delivered meals;
- 104,036 congregate meals;
- 29,278 transportations;
- 3,248 homemaker services; and
- Various other services in the areas of personal care, chores, case management, assisted transportation, nutrition education, outreach, counseling, education, and material aid, reassurance and screening.

[Update: the legislature provided the Department with an appropriation of \$3,850,000 General Fund of the \$4,000,000 requested for senior services. The Department of Human Services did not request a further increase for FY 2016-17. However, the Department has requested an additional increase of \$1,519,482 from the Older Coloradans Cash Fund for FY 2015-16. These moneys were transferred to the Older Coloradans Cash Fund from unused General Fund moneys in FY 2014-15 that were appropriated by the legislature for the Senior Citizen and Disabled Veteran Property Tax Exemption. This transfer occurred under the provisions set forth by H.B. 12-1326.]

Additionally, the Department requests an increase of \$179,438 General Fund for FY 2015-16 (total request is \$2.2 million General Fund from FY 2015-16 through FY 2019-20) to contract with a State university or college to conduct a five-year pilot program to train social workers and health services managers specializing in gerontology. The goal of the pilot is to produce up to 85 qualified social workers with expertise in elder care by 2020. ***[Update: this proposal was not funded by the legislature for FY 2015-16.]***

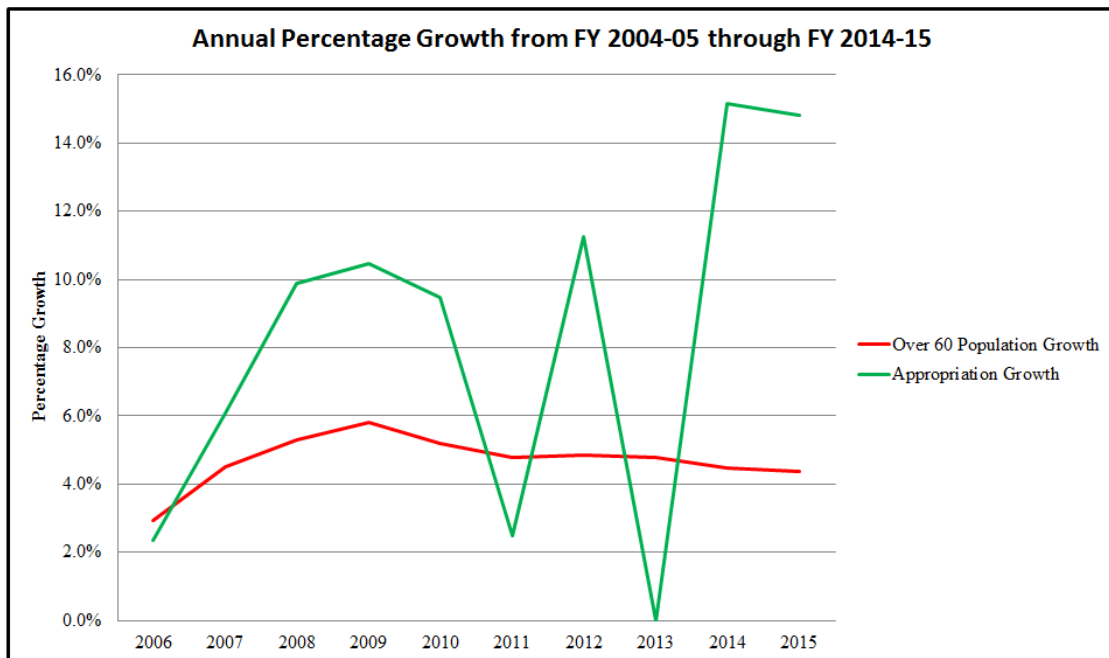
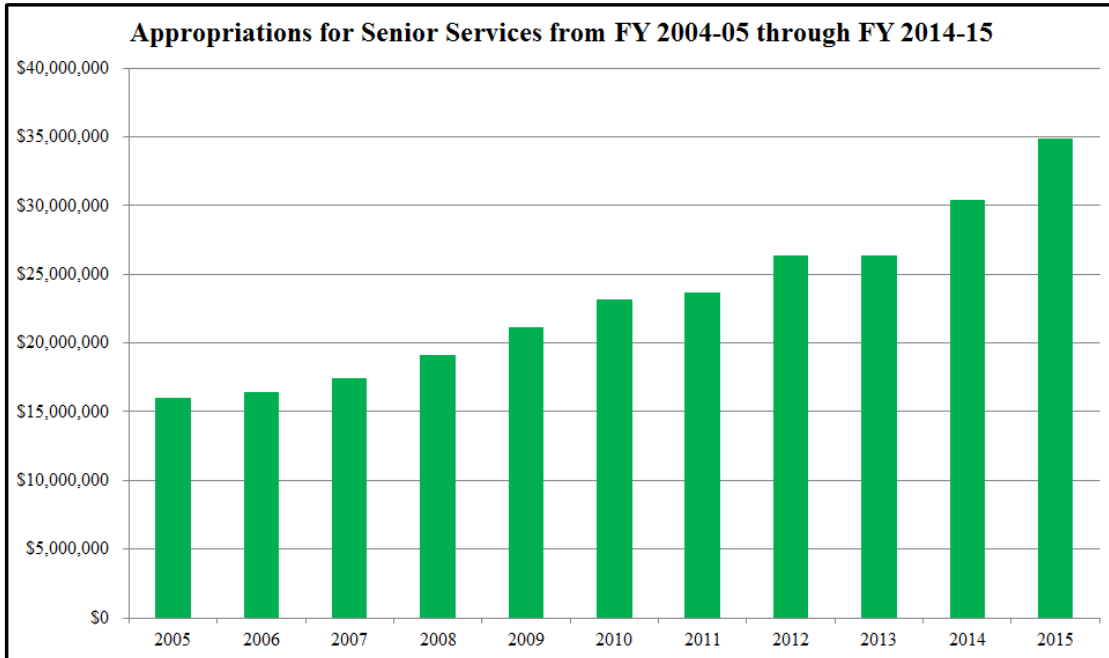
Outside of State government, a coalition of organizations administering senior services (e.g. Area Agencies on Aging and AARP) is working with Representatives Primavera and Lebsack and Senator Crowder to introduce two bills during the 2015 legislative session to address aging services. The first bill is reported to seek \$4.0 million for senior services, as is requested by the Department. The Committee will have to first determine if it will support the funding level and then determine if the moneys should be placeholdered for a special bill or contained in the Long Bill appropriation (and not included in the special bill). ***[Update: House Bill 15-1100 sought to divert \$4.0 million from the General Fund to the Older Coloradans Cash Fund each year beginning with FY 2015-16. This bill was postponed indefinitely by the Senate Finance Committee on April 28, 2015.]***

The second piece of legislation is aimed at creating an independent study group to identify and review the significant long-term issues (at least through 2030) posed by the aging of Colorado's population and make corresponding recommendations. While no funding has been discussed, it is feasible that such a study and subsequent report may cost money. The Committee should be aware that this bill may have a fiscal note. ***[Update: House Bill 15-1033 created the Strategic Planning Group on Aging to study issues related to the increasing number of Coloradans age 50 and older.]***

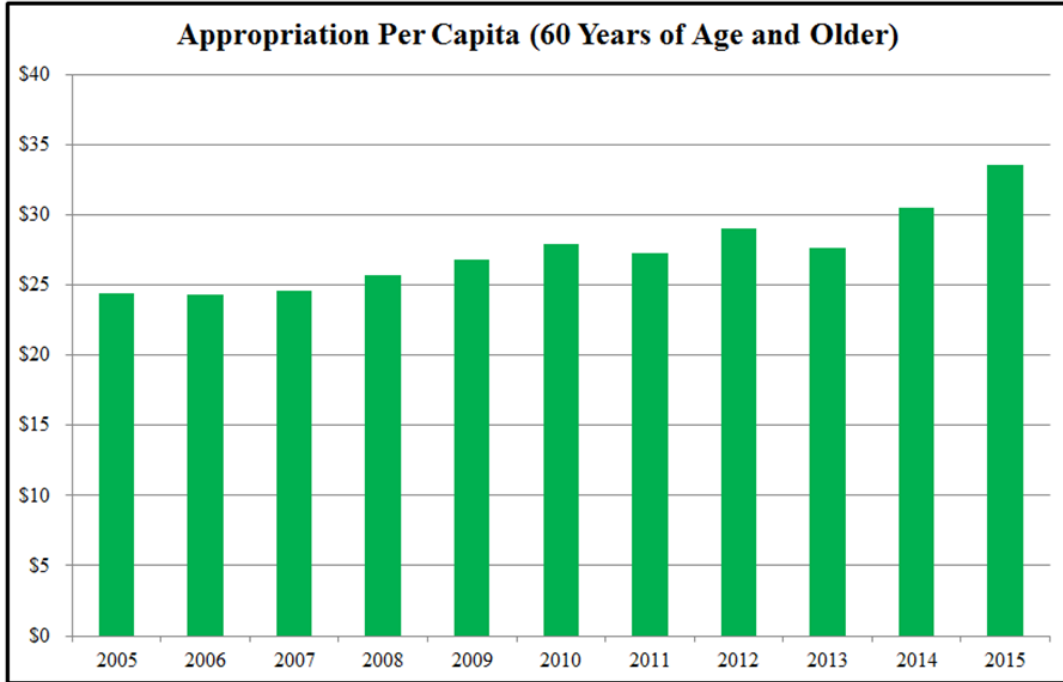
Analysis

Total appropriations for senior services have grown by 117.5 percent between FY 2004-05 and FY 2014-15. Additionally, appropriations during this period have increased at a higher rate than has the population of

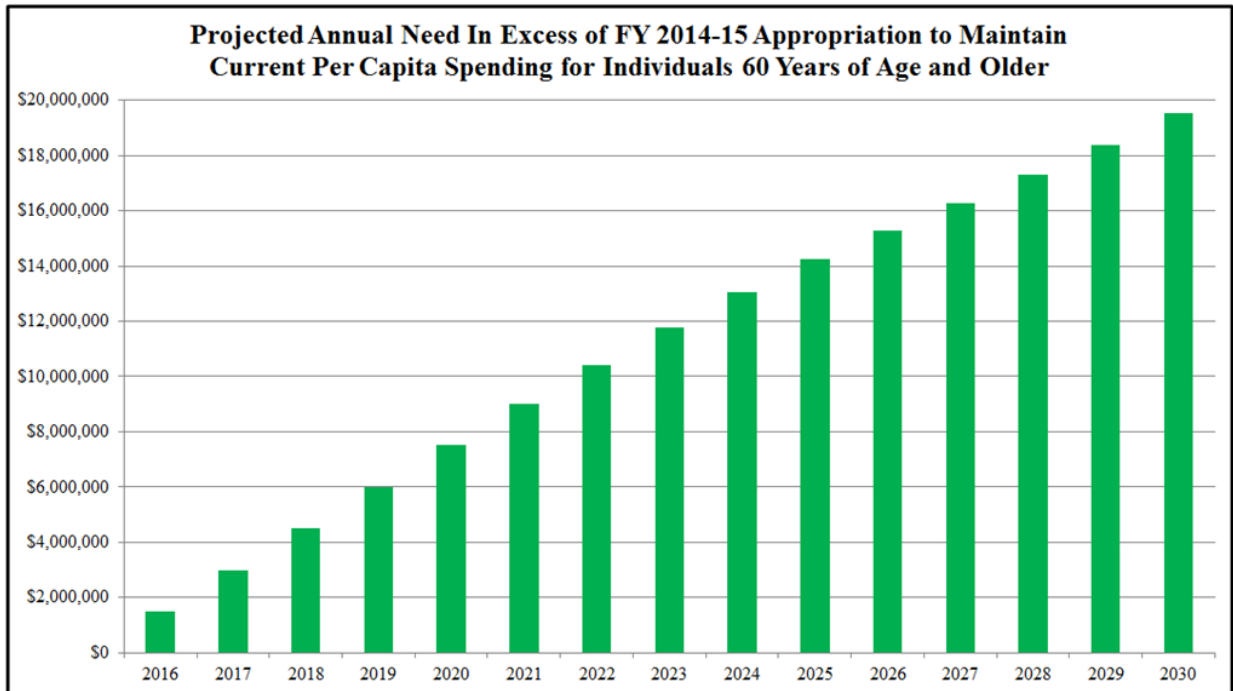
individuals 60 years of age and older (117.5 percent growth compared to 58.3 percent growth). This data is illustrated in the following two figures.



A further analysis of the data from FY 2004-05 through FY 2014-15 shows that the appropriation of moneys for senior services per capita using the population of individuals 60 years of age or older has ranged from a low of \$24.27 per capita in FY 2005-06 to a high of \$33.53 in FY 2014-15. The average in this period is \$27.43 per capita.



Staff projects future costs averaging an increase of \$11.2 million per year beginning in FY 2015-16 and continuing through FY 2029-30 (totals \$167.7 million over this period) for senior services to maintain status quo at the per capita value as FY 2014-15, \$33.53.



Recommendation

Staff makes the following recommendations to the Committee:

- Prior to appropriating additional funds to the Department for FY 2015-16 to allocate to AAAs to increase services to help seniors remain safely in their homes, determine if the FY 2014-15 funding level (\$34.9 million total funds, \$33.53 per capita) is adequate to meet the existing service needs. If it is not adequate, the Department (and its partners) must be able to provide data-driven evidence of service shortfalls due to lack of funding before the Committee considers increasing appropriations above FY 2014-15 in future fiscal years based on anything other than the increased need associated with population growth. *[Update: the legislature provided the Department with an appropriation of \$150,000 General Fund for FY 2015-16 to conduct an evaluation of the current data collection practices and data collection needs for the Department and its partners to be able to track service investments. This study, which has not been completed, yet, represents the first step in quantifying the amount and type of services the Department purchases across the state for seniors with current appropriations.]*
- Unless there is significant action taken by Congress, federal funding will not make up a significant (or any) portion of the difference between FY 2014-15 appropriation levels and the future appropriation needs associated with population growth. If the Committee foresees funding increases to meet future needs, General Fund is the primary candidate as a funding source. *[Update: as far as staff is aware, this continues to be true.]*
- The Committee should discuss the option of implementing means testing for senior services provided with General Fund moneys. Currently, service providers target vulnerable seniors, however all individuals over 60 years of age are eligible for services. Means testing could provide the State with General Fund savings that could be applied toward the needs associated with population growth, however staff has concerns with implementing a broad-based means testing strategy. First, it may cost more to implement a screening system for means than the amount of savings it would generate. Second, individuals with greater means than their peers may still be considered vulnerable by societal standards. For example, an aging citizen with a variety of physical health issues, an increased level of frailty, and no family supports may require transportation supports to remain at home. *[Update: to date, no action has been taken by the legislature regarding this staff recommendation.]*
- The Committee should consider decreasing the amount of moneys allocated to counties as a result of the Senior Citizen Property Tax Exemption program and dedicating the savings to senior services. This could be accomplished by statutorily implementing an annual means testing-based reduction on the amount of moneys that shall be paid to fully reimburse counties pursuant to Section 39-3-207 (4) (a), C.R.S. for lost property tax revenues as a result of property owners claiming the exemption. *[Update: to date, no action has been taken by the legislature regarding this staff recommendation. However, the Joint Budget Committee has had discussions this year concerning options for modifying the Senior Citizen and Disabled Veteran Property Tax Exemption program, but not decisions have been made at this time.]*
- The Committee should urge the Department to include performance measures on service delivery for seniors in its quarterly C-Stat reports to heighten the focus on this potentially costly issue. *[Update: to date, staff is not aware that any action has been taken by the Department regarding this staff recommendation.]*