

**AREA AGENCY ON AGING 1-B**

# **Strategies for Managing the Impact of State Budget Cuts for Older Adult Services**

**A survey of 146 Region 1-B Aging Network providers, advocates, and decision makers revealed that two-thirds of respondents recommend an approach that prioritizes services, and takes a greater proportion of cuts for low priority services. Specific service priorities are identified, as well as support for revenue enhancements that will mitigate the necessity for further state cuts.**



**November, 2009**

---

Area Agency on Aging 1-B  
29100 Northwestern Highway, Suite 400  
Southfield Michigan, 48034  
Tina Abbate Marzolf, Chief Executive Officer  
Jim McGuire, Researcher  
(248) 357-3355

## AAA 1-B Aging Network Survey Results on Strategies for Managing State Budget Cuts

---

Older adult services available through Michigan Area Agencies on Aging have absorbed a 15% cut in state funding for this current fiscal year 2010, which will result in 6,000 fewer Michigan seniors receiving services such as in-home care and home delivered meals. Work on the 2011 budget is already beginning, and Michigan Office of Service Director Sharon Gire is saying we should be prepared for another cut in FY 2010 and further reductions in FY 2011 that could go as high as 25% (\$7.5 million) if additional revenues are not secured. The Legislature has been unwilling to raise additional revenues thus far, but that debate is ongoing.

While the AAA 1-B will continue advocating for resources to support senior programs, we must also plan for the possibility of additional cuts. The choices for dealing with possible future cuts are limited and simple:

- 1) cut all services across the board in a comparable manner;
- 2) prioritize the most essential services, spare them from cuts, and cut or eliminate those that are low priority; or
- 3) minimize the impact of cuts to high priority services, and eliminate or severely reduce funding for low priority services.

As these decisions are made at the state and local levels, the Area Agency on Aging 1-B wants to assure the input of senior service providers and stakeholders is considered as part of the advocacy and decision making process. Therefore an online survey was conducted to solicit community input. At least 600 agencies/individuals were notified about the opportunity to participate in the survey. The following data represent the results of this survey of 146 respondents, which will be one of many tools to guide the decision making process about advocating against, and ultimately implementing forecasted cuts in aging services.

### Respondents by Role in Aging Network

- |                                       |       |
|---------------------------------------|-------|
| • Nonprofit service providers (76)    | 53.1% |
| • For profit service providers (17)   | 11.9% |
| • Senior advocates (27)               | 18.9% |
| • Decision makers-board, council (23) | 16.1% |

## Key Findings on Whether to Cut Across the Board or Make Selective Prioritized Cuts

---

Respondents were asked whether future cuts in state aging funding should be taken from all service categories or from lower priority services:

- Spread cuts among all categories 31.2%
- Take cuts all or mostly from low priority services 68.8%

While all groups of respondents supported making selective prioritized cuts, there was greater support for this approach among advocates and decision makers than the nonprofits most likely to be directly affected by this decision.

How various categories of respondents answered	Nonprofit	For profit	Senior advocate	Decision maker
<b>Spread cuts</b>	36.0%	29.4%	29.6%	18.2%
<b>Cut mostly low priority</b>	64.0%	70.6%	70.4%	81.8%

*“I believe there are two ways to mitigate the budget cuts. 1) Do everything we can to increase revenue growth. Not by simply advocating for more federal and state programs; but by looking internally and figuring out what we can sell. This is something that is completely within the realm of AAA 1-B control... 2) Cut expenses. Let’s cut the lowest priority programs first and work upwards.”*

- Survey respondent

## Survey Findings on Management of Cuts by Michigan Office of Services to the Aging (OSA)

---

Respondents were told it is possible that the FY 2011 budget for the Michigan Office of Services to the Aging may include a 25% reduction in state funds totaling more than \$7 million. They were provided the line items in the OSA budget, and asked which approach should be taken to implement cuts. The OSA budget line items are:

Commission on Aging  
OSA Administration  
Community Services - Care management, personal care, homemaking, respite, adult day care  
Nutrition Services - Congregate and home delivered meals  
Foster Grandparent Program  
Retired Senior Volunteer Program  
Senior Companion Volunteer Program  
Employment Assistance  
Respite Care

Based on this information respondents recommended that OSA implement a FY 2011 25% cut:

- Relatively equal to all line items 21.1%
- Mostly or all to low priority programs 36.9%
- Mostly to all programs, with the largest share to low priority programs 41.0%

Respondents were asked to rank the priority of OSA line item services (5 point scale with 5 points the highest priority)

1. Community services	4.55
2. Nutrition services	4.53
3. Respite care	4.13
4. OSA Administration	3.09
5. Commission on Aging	2.84
6. Senior Companion Program	2.70
7. Employment Assistance	2.48
8. Foster Grandparent Program	2.47
9. RSVP	2.40

## Survey Findings on Management of Cuts by Area Agency on Aging 1-B (AAA 1-B)

---

Respondents were provided a list of AAA 1-B funded services and were asked for their recommendation on how to approach the cuts, as well as about their prioritization of the funded services.

To implement a FY 2011 state funding cut respondents suggested the AAA 1-B should cut:

- Relatively equal to all line items 17.6%
- Mostly or all to low priority programs 41.7%
- Mostly all programs, largest share low priority 40.7%

Respondents were asked to rate programs administered by the AAA 1-B according to their order of priority:

Rank of the services rated highest priority

1. Home Delivered Meals	63.8%
2. Personal Care	41.9%
3. Care Management	41.6%
4. In-Home Respite	40.0%
5. Adult Day Services	35.3%
6. Information and Assistance	29.2%
7. Medication Management	22.6%
8. Elder Abuse Prevention	22.3%
9. Congregate Meals	21.1%
10. Resource Advocacy	17.9%
11. Health Benefits Education	16.3%
12. Out-of-Home Respite	15.5%
13. Home Injury Control	15.2%
14. Homemaking	14.6%
15. Chore	14.4%
16. Volunteer Respite	12.4%
17. Long Term Care Ombudsman	12.4%
18. In-Home Unmet Needs	9.6%
19. Hearing Services	7.8%
20. Vision Services	7.7%
21. Legal Services	6.9%
22. Grandparents Raising Grandchildren	4.7%
23. Public Education	3.9%

Respondents were asked to indicate which three AAA 1-B services should be cut, if service elimination were necessary:

<b>Service</b>	<b>Number of mentions</b>
1. Hearing Services	31
2. Vision Services	31
3. Grandparents Raising Grandchildren	29
4. Public Education	26
5. Legal Services	27
6. Long Term Ombudsman	21
7. Health Benefits Education	18
8. Homemaking	15
9. Congregate Meals	14
10. Home Injury Control	13
11. In-Home Unmet Needs	11
12. Volunteer Respite	12
13. Elder Abuse Prevention	9
14. Out-of-Home Respite	9
15. Resource Advocacy	6
16. Information and Assistance	6
17. Chore	5
18. Adult Day Service	5
19. Medication Management	4
20. Care Management	2
21. In-Home Respite	1
22. Home Delivered Meals	1
23. Personal Care	1

*"It is sad that this type of survey needs to be questioned, when every one of the items mentioned is necessary to certain individuals."*

- Survey Respondent

*"I want the AAA 1-B to provide excellence in what it chooses to do – so some things will need to be cut to preserve excellence."*

- Survey respondent

# Survey Findings on Support for Selected Revenue Enhancements

---

Survey respondents were asked whether they would support any of a selected list of revenue enhancements that have been mentioned as part of the public debate over how to resolve Michigan’s ongoing structural budget deficit.

## SUPPORT FOR SELECTED REVENUE ENHANCEMENTS

Revenue Enhancements	Yes	No
Directing a portion of any new gaming taxes for senior programs	90.5%	9.5%
Creating a specialty license plate to raise money for Senior Wellness Programs	90.4%	9.6%
Creating an income tax check-off to raise money for Senior Care	84.0%	16.0%
Freezing the amount of pension income exempt from state income taxes at the current level (\$42,240/individual, \$81,840/couple) and directing the savings to senior services	62.7%	37.3%
Creating a statewide senior property tax millage	45.9%	54.1%
Mandating that seniors contribute toward the cost of most Area Agency on Aging sponsored services	43.7%	56.3%

*“I am confident seniors would be very much in favor of contributing, as long as it is done affordably...”*

- Survey respondent

## **RESPONDENT SUGGESTIONS FOR POTENTIAL STATE REVENUES OR TAXES TO SUPPORT SERVICES FOR OLDER ADULTS AND ADULTS WITH A DISABILITY**

The survey asked for ideas and preferences about the prospect of increasing revenues or taxes that would support services for older adults and adults with disabilities. The following suggestions were offered, with suggestions that were stated more than once noted with an asterisk (\*).

### Specific new tax or revenue enhancement ideas to raise funds specifically for services to older adults and adults with a disability

- Tax all items sold in vending machines\*
- Tax international phone calls
- Tax bottled water\*\*\*
- Increase beer tax\*\*\*\*
- Increase liquor tax\*\*\*
- Tax all tobacco products, and increase tax on those already taxed\*\*\*
- Increase lottery and gaming taxes\*\*\*
- Tax services that are for older adults primarily
- Fundraising
- Third party reimbursement to pay for services
- Obtain federal budget earmarks
- Institute a progressive income tax
- Freeze pension income tax exemption and direct savings to general fund
- Adopt proposed physician tax

### Revenue enhancement ideas to avoid

- Statewide senior millage

### Barriers to revenue enhancement

- Opposition to raising state revenues for older adult services is likely because there is distrust of what the state government will do with the money, such as using any new revenue to replace existing state general fund revenue allocated for services.

### Alternatives to new state revenues

- Local communities should fund low priority services with local dollars
- Senior housing developments should reimburse for area agency on aging-supported services to residents
- Cut salaries of state officials and governor
- Create a sliding fee scale for mandatory service cost sharing
- Greater incentives for businesses to contribute toward addressing older adult needs

# Suggestions for the Michigan Office of Services to the Aging and Area Agency on Aging 1-B to Consider in Prioritizing Service and Implementing Funding Cuts

---

Respondents were invited through an open-ended question to suggest how service prioritization and/or service reductions should be managed. Their comments generally centered on strategic approaches to these tasks, identifying those services that should be low and high priority, and alternative strategies and processes that they wished to be considered.

## Suggested strategies for dealing with pending cuts

- Establish a means test to prioritize access to services
- Assess whether services are duplicated or provided by another service delivery system as part of a process to determine priority
- Analyze the impact of cuts on individual services in order to consider the collateral cost and impact of funding cuts
- Require recipients to share in the cost of services received
- Cut the lowest priority services

## Alternative strategies to mitigate the impact of cuts

- Mobilize churches and volunteers to provide services
- Encourage senior centers to assume responsibility for delivering services
- Increase revenues by selling services to those who will pay privately
- Use lottery money for education and eldercare

## High priority for services to be protected from cuts

- In-home services
- Nursing home diversion services (home delivered meals, respite care)
- Basic need services including food and in-home care

## Lower priority services to be targeted for cuts

- Administration
- Information and assistance
- Public education
- Enrichment programs
- Congregate meals
- Vision and hearing impaired services
- Volunteer programs

- Programs that are utilized by the fewest number of older adults
- Services that directly affect family members
- RSVP

#### Decision making process considerations

- Conduct public hearings or meetings to gather input into proposed decisions
- Involve clients and caregivers, and their input, in the priority setting process

*“Do exactly like you are doing. Prioritize around most needed services and where we get the biggest bang for the buck.”*

- *Survey respondent*