Government Shutdown Latest in Federal Funding Cuts
Compromising Services to Vulnerable Seniors

Washington, DC – The National Association of Area Agencies on Aging (n4a) today released findings of an October 4-8 survey of the nation’s Area Agencies on Aging (AAAs) that identifies the current effect of the federal government shutdown’s on the ability of AAAs to continue operating federally funded programs under the Older Americans Act (OAA). OAA programs and services help frail or vulnerable seniors stay healthy and live as independently as possible in their homes and communities, thus avoiding more costly nursing home care.

n4a asked AAAs to identify how soon after the federal fiscal year begins on October 1 does their agency typically begin spending their federal OAA funding. As the government shutdown continues into its second week, the risk of loss of OAA services grows greater. The goal of the survey was to identify which agencies in what states will face direct, negative outcomes from the shutdown most quickly. Survey participation included at least one AAA from all 43 states that use an Area Agency on Aging system for local coordination, and represented nearly half of the 618 AAAs (298 responses).

What the survey found was that the risk of seniors losing essential OAA services—such as in-home supportive services, rides to the doctor, home-delivered and congregate meals, adult day care, and other services that help them maintain their independence—is very real and will escalate the longer the shutdown continues. The shutdown, however, is only the latest threat to older adults trying to age in place: several years of budget cuts and stagnation has eroded the ability of the Aging Network to meet the escalating need and this year’s federal sequestration further compromised that important and cost-effective work. A separate n4a survey conducted in September found that 65 percent of AAAs reported a decrease in OAA dollars over the previous two years, which does not fully factor in reductions from the March 2013 sequester.

Seventy-five percent of survey respondents indicated that they rely upon federal funding to operate current programs and services within two months of the start of the federal fiscal year. Two out of three of these agencies reported relying upon the federal OAA funds within the first month, which, given that it often takes two to three weeks for federal funds to flow to state units on aging (which in turn fund AAAs), counts as “immediately.”

In other words, roughly half of all survey respondents said they begin using their federal funding immediately or as soon as it becomes available. In a typical year, this means that AAAs would usually have access to OAA dollars by the third week in October. As we approach that date without any approval of FY 2014 funding, AAAs have already or may soon be forced to furlough staff and reduce services that are lifelines to millions of older adults and caregivers.
nationwide. Since AAAs contract with community providers (e.g., private nonprofits, for-profit small businesses, etc.) to deliver this wide variety of home and community-based services, the burden of the funding gap reaches deep into the community.

Ultimately, despite the best attempts by aging professionals and volunteers to “make do” and spare the consumer directly, these cumulative federal funding cuts and gaps will take their toll on the ability of older adults to remain safely in their homes and communities. Loss of these cost-effective, lifeline services often results in higher nursing home placement, which costs families and taxpayers significantly more, the latter because it drives greater Medicaid expenditures.

The variance among AAAs in a state is caused by multiple factors, including different structures (i.e., nonprofit vs. county-based), access to other funding sources, and degree of reliance on federal funding. Federal OAA funding makes up 40 percent of the average AAA’s budget, although there is wide variation, with smaller agencies drawing more heavily on this one funding source.

The recent survey also indicated how AAAs are bridging the funding gap, although it is not yet known how long their emergency budgetary maneuvers can prevent service reduction. Of the AAAs that indicated a shortfall would occur immediately or before December 1, 67 percent are using state funding and 56 percent local funding to temporarily fill the gap. A third of respondents are using other funding mechanisms such as drawing upon lines of credit, stretching out carry-over funds, and tapping into operating reserves.

Again, these numbers reflect dedicated professionals attempting to soften the blow on consumers in the absence of federal funding, yet drawing down other sources of funding prematurely or moving resources around temporarily are not ideal budget practice, and do not represent the adequate funding levels that are normally provided by the agencies when federal funding is also flowing—and these efforts cannot be sustained. **n4a urges Congress to immediately end the shutdown and provide adequate levels of federal funding for FY 2014 for OAA and other discretionary programs upon which older adults and caregivers depend.**

The OAA’s 246 Title VI Native American aging programs, which serve Indian elders and caregivers in 29 states through tribal-led programs, so far are unaffected by the shutdown. The Title VI fiscal year runs from April 1 to March 31, so tribal programs are still expending FY 2013 dollars through March 31, 2014. Title VI programs are, however, equally effected as AAAs by the federal budget cuts including sequestration.

The National Association of Area Agencies on Aging (n4a) is the leading voice on aging issues for Area Agencies on Aging (AAAs) across the country and a champion for Title VI Native American aging programs. **n4a’s primary mission is to build the capacity of its members to help older persons and people with disabilities live with dignity and choices in their homes and communities for as long as possible** (www.n4a.org / www.facebook.com/n4aACTION).

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