TO: Area Agencies on Aging and Title VI Programs

FROM: Sandy Markwood, CEO

SUBJECT: Sequestration Update #5: Survey Results

DATE: July 22, 2013

In the spring, n4a surveyed all Area Agencies on Aging (AAAs) and Title VI Native American aging programs on their efforts to implement the federal sequestration that took effect on March 1, 2013, per the Budget Control Act of 2011, and its preliminary impact on their ability to serve older adults.

Of the 618 AAAs surveyed, 206 responded (a 33 percent response rate), providing a comprehensive and statistically significant overview on the implementation strategies and effects of sequestration on critical aging programs. (This memo will not address the experience of Title VI programs due to insufficient response.)

What follows is a sampling of data to illustrate the initial effects of sequestration on the ability of AAAs to serve our client base of vulnerable older adults, people with disabilities and their caregivers; the decisions made relative to implementation by AAAs; and the possible ramifications of a continued federal sequester on OAA programs.

Finding: Cuts Not Yet Finalized

Of the AAAs that answered the survey as of June, only 23 percent reported that they had actually made final decisions on how to implement sequester cuts. This means that the vast majority (77 percent), were still waiting (e.g., on specific guidance or final numbers from their State Unit on Aging) or planning (e.g., exploring all options before making drastic cuts).

It’s important to note that AAAs are seeking all possible alternatives to offset the effects of sequestration on their clients. AAAs leverage on state and local funding, as well as private donations, to build on the base of federal funding. However, as state and local budgets have been reduced or frozen in recent years, and the poor economy has negatively affected private giving, there are few options for AAAs looking to cushion this federal funding blow. And years of stagnant federal funding has forced all previously uncaptured economies from the system. The bottom line is that the sequester is not cutting fat, it is cutting flesh and, in some cases, bone. Our survey reinforces this difficulty: 44 percent of reporting AAAs do not have any other resources available to offset the sequester.
Even the most creative or better funded agencies state that they will not be able to avoid the cuts in services beyond this year. **Of the 56 percent of AAAs that reported that they will, in fact, be able to partially offset the losses to sequestration this year, 75 percent stated that the resources they are tapping to do so will not be available next year.** This means that if sequestration continues in FY 2014, approximately 86 percent of AAAs will not be able to offset another sequester without a significant reduction in critical services to older Americans.

**Finding: Seniors Will Lose a Range of Critical Services**

What does it mean to significantly cut critical services, such as those provided under the OAA? While it’s unfortunately impossible to capture hard data on how reduced services affects the clients until the cuts are fully implemented and measured, n4a asked AAAs what services they expected to be forced to reduce or eliminate.

**One-third of AAAs reported that they will be providing fewer people with supportive services funded under Title III B of the OAA.** These services include transportation to a doctor’s appointment or grocery store (the number one service that older adults call the Eldercare Locator looking for); in-home help with bathing, chores and medication management; home modifications known to help prevent falls; legal services; and much more. A reduction in these much-needed supportive services will ultimately lead to higher levels of Medicaid-paid nursing home placement when the seniors can no longer manage to live independently with modest OAA supports at home. This is not only unwanted by older adults, but is much more expensive for families and taxpayers, ironically offsetting (and possibly costing more than) any savings generated by sequestration.

Nutrition services programs provided under Title III C will also be dramatically affected by sequestration. **Twenty-five percent of AAAs plan to serve fewer people home-delivered meals and 28 percent will be serving fewer people congregate meals.** This means that older adults who depend on OAA-funded meals programs will simply go hungry and face increased isolation. For vulnerable older adults, it doesn’t take long for malnutrition to take its toll on their health, again driving up avoidable costs to another federally funded program: Medicare.

Moreover, congregate meal services provide the means for older adults to socialize in the community, to receive other health and wellness programming at community centers and to avoid the isolation that’s proven to be damaging to their mental and physical well-being. **Roughly one-fifth (21 percent) of AAAs will be creating brand-new waitlists for congregate meals as a result of sequestration.**

The vast majority of care provided to older adults in this country comes not from OAA, not from Medicaid, but from friends and family members. The OAA’s National Family Caregiver Support Program (Title III E) was established to support these hard-working and unpaid caregivers, to better enable them to continue in their roles in caring for their loved ones. **Unfortunately, 26 percent of AAAs expect to serve fewer families and**
caregivers as a result of sequestration. This means reductions in available respite care, which provides much-needed time off for overburdened caregivers.

In terms of administration of these critical programs, of the 23 percent of AAAs that have made final decisions relative to the implementation of sequestration, one-fifth (20 percent) have already begun laying off staff, reducing compensation or reducing benefits as a result of the sequester.

While these reductions are often made to avoid directly affecting clients, they ultimately undermine the AAA’s ability to properly serve seniors, in both the short and long-terms. Through our initial survey, we have found that just one year of sequestration will have a dramatic effect on AAA staff/employment base and a direct effect on individuals served. If sequestration continues, we can expect these numbers to increase especially given that resources currently available to offset sequestration will likely be unavailable. The negative effects on staff and services provided will be far greater if sequestration continues.

Finding: Timing of Local Implementation Varies Across the Country

There is wide variation in when sequestration cuts will be implemented, and thus felt by older adults in each community, nationwide. A majority of AAAs told n4a that they planned to implement the sequester cuts on July 1, 2013, when their new fiscal year began. However, many AAAs will implement cuts beginning on October 1, 2013, or even as late as January 1, 2014. These delayed implementation dates may explain why the effects of sequestration have not been totally felt... yet.

Next Steps

n4a plans a follow-up survey early this fall, once a large majority of AAAs have implemented the sequester’s cuts. We are also working with other national aging organizations to determine how best to collective capture the data and translate our various findings. Thank you to the AAA and Title VI directors who participated in this survey and we encourage even wider participation in our follow-up survey this fall.

We recognize that while it is important to understand how all levels of the Aging Network (federal, state and local agencies, as well as community providers) are experiencing these mandatory cuts, ultimately it’s most important to determine what the sequester means to seniors receiving reduced assistance or losing such services thanks to these arbitrary federal cuts.

Meanwhile, we encourage you to continue to contact n4a with any data, stories or press hits on the effects of sequestration on aging services programs and families in your community. We will continue to share them with your colleagues via www.n4aagecomm.org, with policymakers and the media.