

CALIFORNIA DEPARTMENT OF AGING

1300 NATIONAL DRIVE, SUITE 200

SACRAMENTO, CA 95834-1992

www.aging.ca.gov

TDD Only 1-800-735-2929

FAX: (916) 928-2267

TEL: (916) 419-7500



PROGRAM MEMO

CDA 1014 (Rev. 04/11)

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| TO: Area Agency on Aging Directors | NO.: PM 13-06 (P) |
| SUBJECT: Area Plan A3 & A9 Contracts & Budget Displays | DATE ISSUED: June 19, 2013 |
| REVISED | EXPIRES: June 30, 2014 |
| REFERENCES: Older Americans Act Amendments of 2006 | SUPERSEDES: PM 12-08 (P) |
| PROGRAMS AFFECTED: <input type="checkbox"/> All <input checked="" type="checkbox"/> Title III-B <input checked="" type="checkbox"/> Title III-C1/C2 <input checked="" type="checkbox"/> Title III-D <input checked="" type="checkbox"/> Title III-E <input type="checkbox"/> Title V <input type="checkbox"/> CBSP <input type="checkbox"/> MSSP <input checked="" type="checkbox"/> Title VII <input type="checkbox"/> ADHC <input checked="" type="checkbox"/> Other: NSIP | |

Purpose

The purpose of this Program Memo (PM) is to transmit your Area Plan (AP) contracts and budget displays for Fiscal Year (FY) 2013-14. Final Budget Displays were also sent via e-mail on June 11, 2013 and have been posted to CDA's website at: http://www.aging.ca.gov/ProgramsProviders/AAA/AAA_Budget_Displays/.

Allocation Information

The attached FY 2013-14 allocations include the remainder of the Federal Fiscal Year (FFY) 2013 Sequester reductions to Older Americans Act Titles III and VII and NSIP (40 percent of the original reduction was already allocated as a cut to your SFY 2012-13 contracts). Because the Sequester requires that the savings be realized within the FFY to which they correspond, State FY 2013-14 contracts and budgets are being broken into two separate periods: 1) July 1, 2013–September 30, 2013 and 2) October 1, 2013–June 30, 2014.

Following is additional information about the attached allocations:

- The "Baseline" column of your three-month budget display includes an additional \$600,000 in one-time State Operations federal savings identified to partially defray the impact of the cuts on local assistance. Although these funds are allocated on a one-time basis and must be spent by September 30, 2013, they will not be subject to the normal OTO rules. These funds must be used for baseline services and **can** be transferred under the same guidelines as baseline funds.
- The nine-month allocation (September 2013-June 2014) assumes that the reduced federal base will be continued in the FFY 2014 grants.

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**Allocation
Information**
(Continued)

- The Intrastate Funding Formula (IFF) maintenance-of-effort and minimum funding level tests for these allocations were applied against AAAs' combined twelve-month totals.
- The Maintenance of Effort (MOE) was not fully funded for 2013-14 because there was not enough General Fund. When federal funds go down, as they have with Sequestration, more AAAs require additional funds to bring them up to the prior year's levels; therefore, more General Fund is required to backfill those AAAs. For SFY 2013-14, MOE was funded at approximately 58 percent.
- The funding formula demographic factors have been updated to reflect 2010 Census data where available.
- General Fund and other State Fund allocations were prorated equally across twelve months.
- The combined effects of the federal reduction, the relative changes in demographics and the dynamics of the maintenance of effort and minimum funding tests within the Intrastate Funding Formula resulted in funding shifts, especially General Fund, that some AAAs may not have expected.
- The three-month contract includes \$2.7 million in one-time Special Nutrition Funds made available by the State Assembly Speaker's Office to AAAs using the following methodology:
 - After all other funds were distributed using the Intrastate Funding Formula, CDA allocated Special Nutrition Funds so that no AAA received more than a 10 percent reduction from prior year's initial funding level.
 - Remaining funds were allocated to AAAs to partially fund remaining MOE (to the extent funds were available).
 - AAAs who did not receive Special Nutrition Funds did not have unmet MOE or received more than their MOE requirement through the 1984/85 Test via the allocation formula.
 - AAAs are strongly encouraged to spend Special Nutrition Funds during the first three months of SFY 2013/14, but any funds remaining will be available for carryover into the nine-month contract.

**Budget
Submission
Instructions
& Due Date**

AAAs must submit two Original Area Plan Budgets (CDA 122) for FY 2013-14, one for the three-month contract and one for the nine-month contract. Incorporate the amounts shown in the corresponding Budget Displays (transmitted to you on June 11, 2013 electronically and attached to the contracts, Exhibit B).

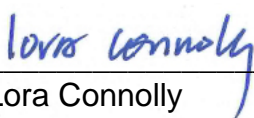
The three-month and nine-month budgets are due to your assigned Fiscal Analyst no later than July 12, 2013.

**2012-13 AP
Closeouts**

For AAAs wishing to carryover unspent federal funds from FY 2012-13 into the FY 2013-14 three-month contract, FY 2012-13 closeouts must be submitted by July 30, 2013. There will only be three months in which to reallocate funds, execute contract amendments, and spend any FY 2012-13 federal funds carried over, so AAAs that have any federal carryover and want to spend it in the first three months of FY 2013-14 must meet this closeout deadline. CDA will be providing AAAs guidance regarding how to meet early closeout deadlines.

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| 2012-13 AP Closeouts <i>(Continued)</i> | AAAs not seeking to receive carryover or participate in any redistributed OTO (should any be available) must meet the August 30 th deadline. |
| 2013-14 AP Closeouts | There will be two separate closeouts required for FY 2013-14 contracts. The three-month closeout will be due November 15, 2013. A separate Program Memo will be released providing detailed closeout timelines and instructions. |
| FY 2013-14 Carryover/ OTO | As explained above, if any federal carryover, or OTO, is to be allocated and expended in state FY 2013-14, it must be spent prior to September 30, 2013. There will be no federal OTO rolled over into your FY 2013-14 nine-month contract because the FFY 2013 grant expires on September 30, 2013. Also, due to the short turnaround time, federal OTO cannot be used for any one-time purposes that require CDA prior approval. Any unspent State General Fund (GF) not required to meet the minimum match requirement and other State Funds (Special Deposit, Skilled Nursing Quality & Accountability, and Special Nutrition Funds) can be carried over from the three-month contract to your nine-month contract because state funding is available for expenditure through June 30, 2014. Although we do not anticipate that AAAs will have much, if any, GF left from the three-month period to carry over, amending your nine-month contracts for any GF unspent by September 30, 2013 will be allowed. |
| Requests for Funds & Expenditure Reporting | CDA will not process any payments for FY 2013-14 until your Original FY 2013-14 three-month AP Budget (CDA 122) is approved and the contract fully executed. The same will be true in October if your nine-month contract has not been fully executed by that time. |
| 2013-14 Transfer Requests | All transfer requests for the three month contract must be submitted with the initial budget. |
| Fiscal Inquiries | Please contact your assigned AAA Fiscal Team Specialist if you have questions. |
| Attachment | Area Plan 2013-14 three-month and nine-month Budget Displays and Contracts. |



 Lora Connolly
 Director