

REPORT BY THE
AUDITOR GENERAL
OF CALIFORNIA

REVIEW OF AREA AGENCY ON AGING
EXPENDITURES FOR SERVICES
FOR THE ELDERLY FOR FISCAL YEAR 1982-83

REPORT BY THE
OFFICE OF THE AUDITOR GENERAL
TO THE
JOINT LEGISLATIVE AUDIT COMMITTEE

P-355

REVIEW OF AREA AGENCY ON AGING
EXPENDITURES FOR SERVICES FOR THE ELDERLY
FOR FISCAL YEAR 1982-83

NOVEMBER 1983



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P-355

Honorable Art Agnos, Chairman
Members, Joint Legislative
Audit Committee
State Capitol, Room 3151
Sacramento, California 95814

Dear Mr. Chairman and Members:

The Office of the Auditor General presents its report concerning the sources and uses of funds of the Department of Aging and the 33 Area Agencies on Aging. Specifically, the report discusses the area agencies' expenditures for administration, advocacy, coordination, and program development during fiscal year 1982-83. The report also discusses the area agencies' expenditures for monthly meetings of the California Association of Area Agencies on Aging as well as the efforts of the area agencies and service providers to generate new resources for providing services to the elderly.

Respectfully submitted,


THOMAS W. HAYES
Auditor General

TABLE OF CONTENTS

	<u>Page</u>
SUMMARY	i
INTRODUCTION	1
ANALYSIS	
I AREA AGENCY EXPENDITURES FOR ADVOCACY, COORDINATION, PROGRAM DEVELOPMENT, AND ADMINISTRATION	9
II EXPENDITURES RELATED TO THE CALIFORNIA ASSOCIATION OF AREA AGENCIES ON AGING	19
III RESPONSIBILITIES OF AREA AGENCIES AND SERVICE PROVIDERS FOR DEVELOPING NEW RESOURCES	23
RESPONSE TO THE AUDITOR GENERAL'S REPORT	
Department of Aging	27
APPENDICES	
A MAP OF AREA AGENCIES ON AGING	A-1
B FEDERAL TITLE III EXPENDITURES FOR AREA AGENCIES FOR FISCAL YEAR 1982-83	B-1
C DESCRIPTION OF AREA AGENCIES VISITED	C-1

SUMMARY

The Department of Aging (department) and a network of 33 area agencies on aging (area agencies) are responsible for ensuring that the elderly in California receive necessary social and nutrition services. Using federal, state, and local funding, the 33 area agencies in the State spent approximately \$111.1 million during fiscal year 1982-83 to provide services for the elderly. Of the \$111.1 million, the federal government provided \$55.5 million in federal Title III Older Americans Act funds. As a part of their responsibilities, the area agencies advocate on behalf of older persons, coordinate services among other agencies and organizations, develop new programs to meet the needs of older persons, and administer the area plans. During fiscal year 1982-83, the five area agencies we visited spent \$1.7 million, 12.2 percent of their total federal Title III funds on advocacy, coordination, program development, and administration.

Federal regulations governing the use of Title III funds allow area agencies to use up to 8.5 percent of available federal funds for area plan administration. These federal regulations require area agencies to include the costs of coordination and program development with the costs of area plan administration until 8.5 percent of total federal Title III funding is spent. The federal government pays up to 75 percent of the costs of administration. When the costs of coordination, program development, and administration exceed the 8.5 percent limit, area agencies must report the costs of coordination and program development as social services costs. All costs for advocacy must be reported as social services costs. The federal government pays up to 85 percent of the costs of social services. Two of the five area agencies we visited used the entire 8.5 percent allotment of federal Title III funds for coordination, program development, and administration.

When the area agencies budgeted expenditures for advocacy, coordination, and program development, the area agencies generally relied on their area plans. Each year, the area agencies prepare an area plan that identifies the local needs of the elderly and the priorities in which these needs will be met. The area plan must include specific program objectives, a plan to allocate resources, and a description of the methods used to set service priorities. Each area plan is reviewed by a local advisory council, and each must be approved by the department.

We also reviewed area agencies' expenditures for monthly meetings of the California Association of Area Agencies on Aging (association). The directors of the area agencies in the State constitute the membership of the association. The area agencies pay for travel, per diem, and salary to send representatives to the association meetings. In fiscal year 1982-83, the area agencies we visited spent a total of \$4,988 to send representatives to these meetings. The area agencies allocated the expenses to advocacy, coordination, program development, and administration, activities that are funded by federal, state, and local sources. To support the activities of the association in fiscal year 1982-83, the department allocated \$30,000 from the federal Title III grant for social services.

Finally, we reviewed the efforts of area agencies and service providers to generate new resources for providing services to the elderly. Area agencies and service providers conduct a variety of activities to obtain new resources, from soliciting local and private monies to pilot testing new programs. Most of the area agencies and the providers we contacted considered generating new resources to be a responsibility that they share. Most also agreed that it would be difficult to document their individual effectiveness in obtaining new resources not only because they are not required to keep records of their efforts to generate new resources but also because both area agencies and providers often work jointly toward a specific objective.

INTRODUCTION

In California, the Department of Aging (department) and a network of 33 area agencies on aging (area agencies) administer a comprehensive system of services for persons 60 years of age or older. The department is primarily responsible for coordinating all activities in the State relating to the federal Older Americans Act of 1965, as amended, and the Older Californians Act. To provide services to the elderly, the department works through the area agencies, which are city, county, or private nonprofit organizations established in each of 33 service areas within the State. The area agencies contract directly with 790 service providers throughout the State to provide social and nutrition services to the elderly.

Responsibilities of the Department of Aging

State statutes have designated the Department of Aging as the single state agency responsible for administering federal Older Americans Act funds that the Federal Administration on Aging allocates to the State. The department's responsibilities include planning and coordinating a comprehensive system of services to the elderly. The department is also required to promote the interests of the elderly and to monitor programs administered by the area agencies.

The department provides a variety of technical and advisory services to the area agencies such as assistance in setting up accounting

and reporting systems. The department also acts as a liaison between the federal government and the area agencies. Finally, the department allocates federal and state funds among the area agencies and it audits the use of federal and state grants.

Responsibilities of the Area Agencies on Aging

The area agencies are responsible for ensuring that nutrition and social services are available to the elderly within each service area. The nutrition program provides older persons, particularly those with low incomes, with nutritionally sound meals either served in central locations or delivered to older persons' homes. The social services provided to the elderly include a broad range of activities, such as transporting the elderly to social and nutrition centers, providing legal and counseling services, delivering in-home services to allow the elderly to remain in their homes and live independently, and operating multipurpose senior centers. The area agencies ensure that services are available either by contracting with service providers or, in some cases, by providing the services themselves.

In addition, as part of their responsibility to provide social services, area agencies provide specific services that include advocacy, coordination, and program development. Area agencies carry out these responsibilities by evaluating and commenting on policies, programs, and other community actions affecting older persons and by coordinating planning with other agencies and organizations to promote new or expanded benefits for older persons.

To set priorities for local services, each area agency annually develops an area plan. The area agency holds public hearings and conducts a needs assessment to determine local priorities for social and nutrition services and for advocacy, coordination, and program development. These priorities are then reflected in the area plan. Federal regulations require that the area plan specify program objectives, indicate proposed use of all funds, and state the methods used to set service priorities. Federal regulations also require that the area agency submit the area plan to a local advisory council and to the department for comment and approval. After the department approves the area plan, the area agency negotiates and awards contracts to service providers, and it monitors and evaluates the providers' performance to ensure compliance with regulations.

The State's area agencies are organized under a variety of structures. During fiscal year 1982-83, 19 area agencies were part of city or county governments, 10 were nonprofit organizations, and 4 were governed by joint powers agreements between two or more county governments.

Area Agency Funding

The area agencies receive several types of funds to support services for the elderly. These types include the following: funds provided by Title IIIB, Title IIIC, and Title V of the federal Older Americans Act; funds provided by the U.S. Department of Agriculture; State Nutrition Reserve funds; state general funds; local funds from counties, cities, and charitable organizations; and contributions from program participants. Although area agencies receive funds from a variety of sources, we concentrated our review on the funds used by area agencies to support social and nutrition services under Title III of the Older Americans Act.

Area agencies use funds under Title IIIB of the federal Older Americans Act to develop, deliver, and coordinate social services to the elderly, and they use the Title IIIC funds to provide senior citizens with meals and nutrition-related services. Federal statutes allow area agencies to use up to 8.5 percent of Title IIIB and Title IIIC funds for area plan administration, which involves the daily operations of the area agency.

Federal regulations also require that state or local sources provide matching funds. However, department policy prohibits the use of any state funds for area plan administration. Thus, at least 25 percent of the Title IIIB and Title IIIC funds used for administration must come from local funding sources. Title IIIB and Title IIIC funds not used for

administration must be matched by at least 15 percent from state or local sources; at least 5 percent must be matched by state funds and 10 percent by local funding sources. Area agencies meet requirements to match local funds by receiving cash from local sources or by receiving in-kind contributions. In-kind contributions may include volunteer services or donated supplies, equipment, or building space. Area agencies are not required to report in-kind contributions that exceed what is necessary to meet the federal requirements for matching funds.

A final source of funding for area agencies is the income from the services provided to the elderly. According to federal regulations, all participants in social and nutrition programs must be given the opportunity to contribute to the cost of the services they receive. Thus, an area agency's income would include donations from the elderly receiving meals at a senior center.

SCOPE AND METHODOLOGY

This report focuses on the area agencies' use of funds under Title III of the federal Older Americans Act for advocacy, coordination, program development, and area plan administration for state fiscal year July 1, 1982, through June 30, 1983. We also reviewed how the area agencies spent funds for monthly meetings of the California Association of Area Agencies on Aging for fiscal year 1982-83.

In conducting this review, we interviewed staff from the California Department of Aging and from the U.S. Department of Health and Human Services' Administration on Aging. We also examined the department's records to determine allotments of federal and state funds to the area agencies and to determine how the area agencies spent these funds. Finally, we analyzed federal and state policies, procedures, and regulations for administering programs for the elderly.

We visited five area agencies to determine how area agencies account for the funds they spend on advocacy, coordination, program development, and administration, and the monthly meetings of the California Association of Area Agencies on Aging. We selected both large and small area agencies in rural, urban, and mixed rural/urban locations. We chose two area agencies organized under city or county governments, two area agencies that are nonprofit organizations, and one area agency administered under a joint powers agreement. We interviewed service providers within each of these area agencies. The five area agencies we reviewed are located in northern, central, and southern California as follows: Lassen, Modoc, Shasta, Siskiyou, and Trinity counties; Solano and Napa counties; San Francisco City and County; Santa Cruz and San Benito counties; and Los Angeles County. These five area agencies spent 25 percent of the federal Title III funds allocated to all the area agencies in California. (The geographical boundaries of all 33 area agencies are depicted in the map in Appendix A.)

The expenditure figures contained in this report represent preliminary data obtained primarily from the "closeout" reports that the area agencies submit to the department at the end of the year. These figures are subject to change pending the department's audit and adjustment of allowed expenditures.

We did not compare actual expenditures to budget amounts for the costs of social and nutrition services, advocacy, coordination, program development, and area plan administration. All five area agencies we visited revised their budgets after the fiscal year began. One area agency revised its budget in June 1983, 16 days before the end of the fiscal year. Because area agencies revise their budgeted amounts throughout the fiscal year, we believe that comparing actual expenditures to revised budgeted amounts would not be meaningful.

In preparing this report, we discussed our analyses with and considered the comments of officials from the five area agencies we visited. Also, we discussed our analyses with nine representatives of the service providers we contacted and considered their comments in preparing this report. Finally, we discussed our analyses with the president of the California Association of Area Agencies on Aging and considered his comments.

ANALYSIS

I

AREA AGENCY EXPENDITURES FOR ADVOCACY, COORDINATION, PROGRAM DEVELOPMENT, AND ADMINISTRATION

Area agencies on aging are responsible for ensuring that the elderly receive a comprehensive system of social and nutritional services. In fiscal year 1982-83, the 33 area agencies in the State spent \$111.1 million in federal, state, and local funds to provide services for the elderly. Of the \$111.1 million, \$55.5 million was provided by the federal government under Title III of the Older Americans Act. As a part of their responsibilities, the area agencies advocate on behalf of older persons, coordinate services, develop new programs to meet the needs of older persons, and administer their area plans. In fiscal year 1982-83, the five area agencies we visited spent \$1.7 million, 12.2 percent of their total expenditure of federal Title III funds, on advocacy, coordination, program development, and area plan administration.

For fiscal year 1982-83, federal regulations controlling the use of Title III funds required area agencies to charge costs for coordination and program development to area plan administration until 8.5 percent of the total available federal Title III funds was spent. Within the 8.5 percent limit, the federal government would not pay more than 75 percent of the costs. Area agencies were to charge as social

services costs the costs for coordination and program development exceeding the 8.5 percent limitation. All costs for advocacy were to be charged as social services expenditures. The federal government paid up to 85 percent of the social services costs; state and local sources were to provide at least 15 percent. Two of the five area agencies we visited used the full 8.5 percent of federal Title III funds available for coordination, program development, and area plan administration.

1982-83 Expenditures of
Area Agencies on Aging

In fiscal year 1982-83, the area agencies throughout the State spent \$111,087,052 to provide social and nutrition services to the elderly. The five area agencies we visited spent \$32,597,158 to provide services to the elderly. To pay for these services at the five area agencies, the federal government provided \$16,584,967 from several sources, including funds from Title III of the Older Americans Act and funds from the U.S. Department of Agriculture. In addition, the State provided \$968,430 and local sources provided \$15,043,761. Table 1 on the next page presents the funding sources and the total expenditures for the five area agencies we visited.

TABLE 1
 SOURCES OF FUNDS AND EXPENDITURES
 OF FIVE AREA AGENCIES
 FOR FISCAL YEAR 1982-83

<u>Area Agency</u>	<u>Source of Funds</u>			<u>Total Expenditures</u>
	<u>Federal</u>	<u>State</u>	<u>Local</u>	
Lassen, Modoc, Shasta, Siskiyou, and Trinity	\$ 1,580,710	\$ 73,541	\$ 636,845	\$ 2,291,096
Solano-Napa	874,592	39,145	549,665	1,463,402
San Francisco	2,953,553	126,776	7,217,009	10,297,338
Santa Cruz-San Benito	1,080,364	259,368	501,975	1,841,707
Los Angeles County	<u>10,095,748</u>	<u>469,600</u>	<u>6,138,267</u>	<u>16,703,615</u>
Total	<u>\$16,584,967</u>	<u>\$968,430</u>	<u>\$15,043,761</u>	<u>\$32,597,158</u>

The funding shown in Table 1 does not include all of the support available to the area agencies because it does not show all "in-kind" contributions. In-kind contributions are donations such as volunteer services, supplies, equipment, and building space; these donations come from sources other than the federal government. When used to match federal funds, in-kind contributions are reported at the fair market value of the service or property. The area agencies did not always report total in-kind contributions if other local funding was sufficient to meet the federal requirement for local matching funds. For example, the San Francisco Area Agency did not report approximately \$34,800 in in-kind contributions for rent, utilities, and phone costs because the other local funds that the agency received already exceeded the federally required matching amount. Similarly, the Los Angeles

County Area Agency did not report approximately \$422,000 in in-kind contributions for items such as building space, janitorial services, insurance, and data processing.

Advocacy, Coordination, Program
Development, and Administration

In addition to providing social and nutrition services, the area agencies also advocate on behalf of older persons, coordinate services for the elderly, develop programs, and administer the area plan. The federal Older Americans Act requires area agencies to advocate on behalf of the elderly.

To fulfill this advocacy responsibility, the area agencies must represent the interests of older persons to public officials and to public and private organizations. To coordinate services, the area agencies must establish comprehensive systems for delivering services to the elderly. Area agencies carry out their responsibility for program development by establishing new services or by improving, expanding, or integrating existing services. Finally, the area agencies must administer the area plans that provide for development and management of the comprehensive systems of social and nutritional services needed by older persons.

All five of the area agencies we visited perform the four activities described above. Only one of the area agencies, Santa Cruz-San Benito, accounts separately for the costs of each

activity. The other four area agencies use combinations of four expenditure classifications to identify the costs of these activities. The deputy director of the San Francisco Area Agency said that each of the four activities is an integral part of administering the Older Americans Act and that the area agency has no reasonable method to identify the costs of each activity. The other three area agencies expressed similar views. The San Francisco Area Agency used only one classification, administration, to account for costs of all four activities. Both the Los Angeles County Area Agency and the Lassen, Modoc, Shasta, Siskiyou, and Trinity Counties Area Agency used two classifications for identifying costs: program development, which included advocacy and coordination; and administration. The Solano-Napa Area Agency used three classifications: advocacy, which included program development; coordination; and administration.

At each area agency, we attempted to determine the amount of time that agency staff spent on advocacy, coordination, program development, and administration. Since staff members of each area agency perform all of these activities, we used area agency time studies to identify the time spent on each activity in fiscal year 1982-83. Table 2 on the next page presents the results of our analysis.

TABLE 2

PERCENT OF TIME SPENT ON
FOUR ACTIVITIES BY STAFF OF FIVE AREA AGENCIES
FOR FISCAL YEAR 1982-83

<u>Area Agency</u>	<u>Advocacy</u>	<u>Coordination</u>	<u>Program Development</u>	<u>Area Plan Administration</u>
Lassen, Modoc, Shasta, Siskiyou and Trinity	(included in program development)	(included in program development)	24%	76%
Solano-Napa	22%	18%	(included in advocacy)	60%
San Francisco	(included in administration)	(included in administration)	(included in administration)	100%
Santa Cruz-San Benito	5%	7%	9%	79%
Los Angeles County	Information not available.*			

*The Los Angeles County Area Agency did not conduct time studies for all staff.

Federal Title III Cost Reporting
Requirements for Advocacy, Coordination,
Program Development, and Administration

Federal regulations governing the expenditure of Title III funds restrict the area agencies from spending on administration more than 8.5 percent of the federal Title III funds allocated for social and nutrition services. Furthermore, federal Title III regulations require area agencies to include the costs of coordination and program development with the cost of area plan administration until this total equals 8.5 percent of the available federal Title III funding. The federal government will not pay more than 75 percent of the costs for area plan administration. When the costs of coordination, program development, and administration exceed the 8.5 percent limit, area agencies must report the costs of coordination and program development as social services costs. All costs for advocacy are to be reported as social services expenditures. The federal government pays up to 85 percent of the costs for social services.

Two of the five area agencies we visited used the full 8.5 percent allotment of federal Title III funds for area plan administration. Table 3 on the next page shows the amount of federal Title III funds that each area agency spent on advocacy, coordination, program development, and area plan administration.

TABLE 3

FEDERAL TITLE III EXPENDITURES
FOR FIVE AREA AGENCIES FOR FISCAL YEAR 1982-83

Area Agency	Total Title III Expenditure	Area Plan Administration*		Advocacy, Additional Coordination, and Additional Program Development**		Total for Administration, Advocacy, Coordination, and Program Development	
		Expenditure	Percent of Title III Expenditure	Expenditure	Percent of Title III Expenditure	Expenditure	Percent of Title III Expenditure
Lassen, Modoc, Shasta, Siskiyou, and Trinity	\$ 1,363,351	\$ 115,884	8.5	\$ 6,600	0.5	\$ 122,484	9.0
Solano-Napa	725,243	59,914	8.3	25,252	3.5	85,166	11.8
San Francisco	2,234,646	79,451	3.6	0	0	79,451	3.6
Santa Cruz-San Benito	908,392	76,419	8.4	0	0	76,419	8.4
Los Angeles County	<u>8,723,943</u>	<u>740,741</u>	8.5	<u>595,003</u>	6.8	<u>1,335,744</u>	15.3
Total	<u>\$13,955,575</u>	<u>\$1,072,409</u>	7.7	<u>\$626,855</u>	4.5	<u>\$1,699,264</u>	12.2

*Totals under this heading include expenditures for coordination, program development, and administration up to the 8.5 percent federal Title III funding limit.

**Totals under this heading reflect all expenditures for advocacy and expenditures for coordination and program development above the 8.5 percent federal Title III funding limit.

The San Francisco Area Agency used only 3.6 percent of the federal Title III funds available for area plan administration. This area agency used most of its federal Title III funds for social and nutrition services. To help pay for the cost of administering the area plan, the San Francisco Area Agency used \$550,493 from city parking tax revenues. Three area agencies reported costs for advocacy and additional costs above the 8.5 percent limit for coordination and program development. To cover these costs, the three area agencies used federal Title III funds available for social services. (Appendix B shows the expenditures of federal Title III funds for advocacy, coordination, program development, and area plan administration for each of the 33 area agencies throughout the State in fiscal year 1982-83.)

We also determined how each of the five area agencies established the amount to be spent on advocacy, coordination, program development, and area plan administration. Essentially, all five of the area agencies we visited used the area plan as the basis for budgeting amounts for the four activities. As mentioned earlier, the area plan reflects the local priorities for social and nutrition services as well as the need for advocacy, coordination, program development, and administration. The five area agencies also considered the availability of federal and state funds when establishing budgets for advocacy, coordination, program development, and administration. One of the five area agencies reported that it would temporarily be able to make up for federal and state funding reductions with monies from other sources. The four other area agencies reported that they would have to reduce services if federal or state funds were decreased.

Although area agencies may prepare their budgets in similar ways, local review and approval of these budgets can vary depending upon the area agency and its legal configuration. For example, the San Francisco Area Agency is part of a combined city-county government; therefore, it must observe the city-county budgeting process. The area agency first submits its proposed budget to the mayor, who may make adjustments. The budget is then submitted to the board of supervisors, which holds public hearings before granting its approval. The mayor may then veto any budget item. The Los Angeles County Area Agency is part of county government. Therefore, in addition to following prescribed procedures for developing the area plan, the area agency must follow the county's budget procedures, which include review and approval by the board of supervisors.

(Appendix C describes the expenditures for social and nutrition services and the expenditures for advocacy, coordination, program development, and area plan administration for each of the five area agencies we visited. The appendix also shows the sources of funding for each type of service provided by each area agency.)

II

EXPENDITURES RELATED TO THE CALIFORNIA ASSOCIATION OF AREA AGENCIES ON AGING

The California Association of Area Agencies on Aging, Inc., (association), is a nonprofit organization whose membership is composed of the directors of each of the State's 33 area agencies on aging. The association holds monthly meetings, at which directors discuss such issues as long-term care, nutrition, changes in legislation, and state funding. During fiscal year 1982-83, five area agencies spent a total of \$4,988 to send their representatives to the meetings.

Each association meeting is held in conjunction with a monthly Department of Aging meeting, which the department strongly encourages area agency directors to attend. During fiscal year 1982-83, the association meetings were held on a Wednesday afternoon, while the department meetings were held the following Thursday morning. In every instance, the association meeting and the department meeting were held in the same city, and area agency representatives usually attended both meetings.

During fiscal year 1982-83, representatives from the five area agencies attended from 2 to 9 of the 10 association meetings held. We estimate that the five area agencies' total costs to send representatives to association meetings ranged from \$344 to \$1,539. Table 4 shows the costs for each area agency.

TABLE 4
 COSTS OF REPRESENTATION AT ASSOCIATION
 MEETINGS FOR FIVE AREA AGENCIES
DURING FISCAL YEAR 1982-83

<u>Area Agency</u>	<u>Total Cost</u>	<u>Number of Meetings Attended</u>	<u>Average Cost Per Meeting</u>
Lassen, Modoc, Shasta, Siskiyou, and Trinity	\$ 902	6	\$150
Solano-Napa	739	6	\$123
San Francisco	344	2	\$172
Santa Cruz-San Benito	1,464	9	\$163
Los Angeles County	<u>1,539</u>	7	\$220
Total	<u>\$4,988</u>		

The cost of attending association meetings included staff salaries and benefits, transportation, meals, and lodging. The area agencies allocated these costs to the activity categories of advocacy, coordination, program development, and administration. Area agencies are not prohibited from allocating the costs of attending association meetings to the above activity categories. As discussed in the preceding section, these activities are funded by federal, state, and local sources.

During fiscal year 1981-82, the Department of Aging provided funds to support the association for the first time. The department allocated \$35,000 from the State's Title IIIB federal Older Americans Act grant. Of this total, the association used \$16,000 to hire personnel and

used \$9,240 to pay for training, travel, telephone, postage, and other miscellaneous expenses that the association incurred. The association did not spend the remaining \$9,760 of its allocation.

For fiscal year 1982-83, the department granted the association \$24,000 to hire a program coordinator and \$6,000 to pay for other association expenditures. The association's program coordinator was responsible for administering the association, analyzing current and proposed legislation and reporting on this legislation to the association, and representing the association at public meetings and hearings. The department has required the association to report its actual expenditures for fiscal year 1982-83 by November 30, 1983. The department did not allocate any funds to the association for fiscal year 1983-84, recommending that the association request funds from the area agencies.

III

RESPONSIBILITIES OF AREA AGENCIES AND SERVICE PROVIDERS FOR DEVELOPING NEW RESOURCES

In addition to the activities discussed earlier in the report, the area agencies on aging and the providers of services also attempt to generate new resources to meet the needs of the elderly. Federal regulations governing the use of Title III funds require area agencies to coordinate planning with other agencies and organizations to promote new or expanded benefits for the elderly. Additionally, federal regulations require that providers try to obtain support from private sources and from other organizations. Most of the area agencies and providers we contacted considered developing new resources to be a responsibility that they shared, and most agreed that it would be difficult to document their individual effectiveness in obtaining new resources.

As part of our survey, we contacted nine providers within the five area agencies we visited; one of these providers represented an association of 125 agencies serving the elderly. Both the area agencies and the providers conduct a variety of activities to obtain new resources for the elderly. For example, one area agency advocated on behalf of the elderly to secure funds for transportation. In a local election, the public voted to increase the sales tax to fund local transportation needs. The area agency worked to ensure that a part of the new transportation funds would be designated to meet the needs of the

elderly. Another area agency has pilot tested a telephone "lifeline" system for the elderly. The area agency purchased and installed in the homes of the elderly equipment that can be used to automatically contact a local hospital when a medical emergency arises.

Providers of services also reported that they tried to obtain new resources for the elderly. One provider we visited said that the organization she worked with sent letters to city managers and city administrators of five cities in which the organization was providing services. In these letters, the organization asked the city managers and administrators to commit city funds to her programs for the elderly. One of the cities contacted did allocate city funds for the programs. Another provider stated that she had requested funds from organizations such as the local Junior League, the Rotary Club, and the local medical association.

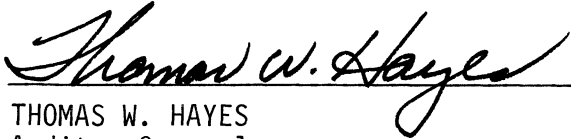
Representatives from four of the five area agencies and seven of the nine providers we contacted believed that the area agencies and the providers shared the responsibility for obtaining new resources for the elderly. One of the providers we contacted said that his organization did not need the area agency to develop new resources. He said that his organization was active in generating new resources for the elderly. Seven providers, however, believed that the area agency provided a valuable and necessary service in obtaining new resources. One area agency had 81 cities in its service area, and the two providers we interviewed in this service area indicated that the area agency was

much more able to coordinate activities among the 81 cities than the providers would be. One of these providers stated that her programs kept her extremely busy and that the area agency had a better perspective of long-range issues and was better suited to developing new programs.

Most of the area agency representatives and the providers we contacted reported that it would be difficult to determine the success of their individual efforts to obtain more resources for the elderly. One area agency believed that it could document the success of its efforts to generate new resources. We conclude, however, that in most instances it would be difficult to distinguish the effectiveness of the area agency from that of the providers because often area agencies and providers work jointly toward a specific objective. For example, an area agency and providers may both attend a city council meeting dealing with a local funding issue. Furthermore, neither federal regulations nor state regulations require area agencies or providers to document their efforts to obtain new resources for the elderly. Consequently, it is difficult to distinguish the effectiveness of the area agencies from the effectiveness of the providers.

We conducted this review under the authority vested in the Auditor General by Section 10500 et seq. of the California Government Code and according to generally accepted governmental auditing standards. We limited our review to those areas specified in the audit scope section of this report.

Respectfully submitted,



THOMAS W. HAYES
Auditor General

Date: October 31, 1983

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STATE OF CALIFORNIA

Memorandum

Date : October 26, 1983

To : Thomas W. Hayes
Auditor General
Office of the Auditor General
660 J Street, Suite 300


Subject: Auditor General's
Report

From : HEALTH AND WELFARE AGENCY
Office of the Secretary
1600 Ninth Street, Room 460
Sacramento, 95814 (916) 445-6951

We have received a copy of your report entitled "Review of Area Agency on Aging Expenditures for Services for the Elderly for Fiscal Year 1982/83".

A review of the report has been completed and we have found its contents to be presented in a clear, accurate and concise format.

On behalf of the Health and Welfare Agency, the Department of Aging and the Area Agencies on Aging that were reviewed, we wish to commend your staff for the professionalism they exhibited when gathering their information and the accuracy of the findings as stated in the report.


for DAVID B. SWOAP
Secretary

MAP OF AREA AGENCIES ON AGING



APPENDIX B

FEDERAL TITLE III EXPENDITURES FOR
AREA AGENCIES FOR FISCAL YEAR 1982-83

Area Agency	Total Title III Expenditure	Area Plan	Percent of	Advocacy,	Percent of	Total for	Percent of
		Administration*	Title III Expenditure	Additional Coordination, and Additional Program Development**	Title III Expenditure	Administration, Advocacy, Coordination, and Program Development	Title III Expenditure
		Expenditure	Expenditure	Expenditure	Expenditure	Expenditure	Expenditure
1	\$ 597,777	\$ 51,006	8.5	\$ 7,652	1.3	\$ 58,658	9.8
2	1,363,351	115,884	8.5	6,600	0.5	122,484	9.0
3	1,193,128	101,416	8.5	0	0.0	101,416	8.5
4	2,465,309	193,705	7.9	0	0.0	193,705	7.9
5	500,009	42,500	8.5	48,712	9.7	91,212	18.2
6	2,234,646	79,451	3.6	0	0.0	79,451	3.6
7	1,281,334	108,912	8.5	124,852	9.7	233,764	18.2
8	1,454,965	123,672	8.5	142,063	9.8	265,735	18.3
9	2,508,107	213,191	8.5	0	0.0	213,191	8.5
10	2,083,918	175,242	8.4	0	0.0	175,242	8.4
11	991,798	84,302	8.5	25,976	2.6	110,278	11.1
12	425,993	36,209	8.5	55,330	13.0	91,539	21.5
13	908,392	76,419	8.4	0	0.0	76,419	8.4
14	1,650,865	140,323	8.5	16,388	1.0	156,711	9.5
15	1,118,023	80,115	7.2	0	0.0	80,115	7.2
16	423,672	36,012	8.5	9,831	2.3	45,843	10.8
17	1,225,304	104,676	8.5	75,221	6.1	179,897	14.6
18	911,166	77,449	8.5	10,303	1.1	87,752	9.6
19	8,723,943	740,741	8.5	595,003	6.8	1,335,744	15.3
20	1,707,753	145,165	8.5	27,777	1.6	172,942	10.1
21	1,867,868	158,769	8.5	42,187	2.3	200,956	10.8
22	3,519,475	299,155	8.5	137,087	3.9	436,242	12.4
23	3,668,093	311,858	8.5	409,067	11.2	720,925	19.7
24	386,320	32,837	8.5	28,426	7.4	61,263	15.9
25	7,296,128	620,594	8.5	424,938	5.8	1,045,532	14.3
26	603,687	51,313	8.5	9,197	1.5	60,510	10.0
27	810,385	68,882	8.5	83,963	10.4	152,845	18.9
28	725,243	59,914	8.3	25,252	3.5	85,166	11.8
29	286,398	24,195	8.5	21,764	7.6	45,959	16.1
30	593,310	50,431	8.5	14,735	2.5	65,166	11.0
31	328,123	27,890	8.5	0	0.0	27,890	8.5
32	619,956	52,696	8.5	0	0.0	52,696	8.5
33	1,026,122	77,700	7.6	0	0.0	77,700	7.6
Total	<u>\$55,500,561</u>	<u>\$4,562,624</u>	8.2	<u>\$2,342,324</u>	4.2	<u>\$6,904,948</u>	12.4

*Totals under this heading include expenditures for coordination, program development, and administration up to the 8.5 percent federal Title III funding limit.

**Totals under this heading reflect all expenditures for advocacy and expenditures for coordination and program development above the 8.5 percent federal Title III funding limit.

DESCRIPTION OF AREA AGENCIES VISITED

Lassen, Modoc, Shasta, Siskiyou,
and Trinity Counties Area Agency

In fiscal year 1982-83, the Lassen, Modoc, Shasta, Siskiyou, and Trinity Counties Area Agency spent \$2,291,096 from all federal, state, and local sources to serve the needs of older persons in the five-county area. This total includes \$187,192 for program development and area plan administration. The costs for these two activities represent 8.2 percent of the area agency's total expenditures. The area agency included the costs of advocacy and coordination with the costs of program development because the area agency cannot identify the separate costs of each activity. In carrying out program development and area plan administration, the area agency employed four persons. The area agency reported that staff devoted 24 percent of their time to program development and 76 percent to area plan administration.

The area agency contracted with 10 organizations to provide social services to older persons at a cost of \$834,244. The area agency also contracted with 7 organizations to provide nutrition services at a cost of \$1,269,660.

The table on the next page summarizes the area agency's expenditures for the types of services provided for fiscal year 1982-83. The table also shows the sources of funds that supported each type of service.

TABLE C-1

LASSEN, MODOC, SHASTA, SISKIYOU,
AND TRINITY COUNTIES AREA AGENCY
SOURCES OF FUNDS AND EXPENDITURES
FOR FISCAL YEAR 1982-83

<u>Type of Service</u>	<u>Source of Funds</u>			<u>Total Expenditures</u>
	<u>Federal</u>	<u>State</u>	<u>Local</u>	
Social Services	\$ 614,265	\$30,759	\$189,220	\$ 834,244
Nutrition Services	838,372	42,782	388,506	1,269,660
Area Plan Administration and Program Development	<u>128,073</u>	<u>0</u>	<u>59,119</u>	<u>187,192</u>
Total	<u>\$1,580,710</u>	<u>\$73,541</u>	<u>\$636,845</u>	<u>\$2,291,096</u>

The above table does not include in-kind contributions of consulting services donated by a certified public accountant; it does include all other in-kind contributions, however. The area agency did not include the consulting services because the area agency had sufficient local funding to meet federal requirements for matching funds.

Solano-Napa Area Agency

The Solano-Napa Area Agency spent \$1,463,402 from all federal, state, and local sources in fiscal year 1982-83 to serve the needs of the elderly in the two counties. This total includes \$163,793 for the costs of advocacy, coordination, and area plan administration. The costs for these three activities represent 11.2 percent of the area agency's total expenditures. The area agency included the cost of program development with the costs of advocacy because the area agency believes it is hard to

distinguish between program development and advocacy. To conduct advocacy, coordination, and area plan administration, the area agency employed six persons. The area agency reported that staff spent 22 percent of their time on advocacy, 18 percent on coordination, and 60 percent on area plan administration.

The area agency contracted with eight organizations to provide social services to older persons. The area agency itself also provided social services to the elderly, including information and referral. For all social services, the area agency spent \$324,001 in fiscal year 1982-83. The area agency also contracted with three organizations to provide nutrition services at a cost of \$975,608.

The table on the next page summarizes the area agency's expenditures for fiscal year 1982-83. The table also shows the sources of funds that supported each type of service.

TABLE C-2

SOLANO-NAPA AREA AGENCY SOURCES
OF FUNDS AND EXPENDITURES
FOR FISCAL YEAR 1982-83

<u>Type of Service</u>	<u>Source of Funds</u>			<u>Total Expenditures</u>
	<u>Federal</u>	<u>State</u>	<u>Local</u>	
Social Services	\$229,056	\$10,215	\$ 84,730	\$ 324,001
Nutrition Services	543,550	0	432,058	975,608
Area Plan Administration and Program Development	<u>101,986</u>	<u>28,930</u>	<u>32,877</u>	<u>163,793</u>
Total	<u>\$874,592</u>	<u>\$39,145</u>	<u>\$549,665</u>	<u>\$1,463,402</u>

This table includes all in-kind contributions of donated services and rent.

San Francisco Area Agency

The San Francisco Area Agency spent \$10,297,338 from all federal, state, and local sources in fiscal year 1982-83 to serve the needs of older persons in the City and County of San Francisco. This total includes \$629,944 for area plan administration, a sum that represents 6.1 percent of the area agency's total expenditures. The area agency included the costs of advocacy, coordination, and program development with costs of area plan administration because the agency believes it is unable to separate costs for each activity. In conducting these four activities, the area agency employed 25 persons.

The area agency contracted with 41 organizations to provide social services to older persons. The cost of providing these social services in fiscal year 1982-83 was \$4,323,805. The area agency also contracted with 15 organizations to provide nutrition services at a cost of \$5,343,589.

The following table summarizes the area agency's expenditures for the types of services provided for fiscal year 1982-83. The table also shows the sources of funds that supported each type of service.

TABLE C-3
 SAN FRANCISCO AREA AGENCY
 SOURCES OF FUNDS AND EXPENDITURES
 FOR FISCAL YEAR 1982-83

<u>Type of Service</u>	<u>Source of Funds</u>			<u>Total Expenditures</u>
	<u>Federal</u>	<u>State</u>	<u>Local</u>	
Social Services	\$ 790,926	\$ 50,454	\$3,482,425	\$ 4,323,805
Nutrition Services	1,364,269	76,322	3,184,091	5,343,589
Area Plan Administration	<u>79,451</u>	<u>0</u>	<u>550,493</u>	<u>629,944</u>
Total	<u>\$2,953,553</u>	<u>\$126,776</u>	<u>\$7,217,009</u>	<u>\$10,297,338</u>

The above table does not include in-kind contributions of donated building space and utilities. The San Francisco County Department of Social Services provided these in-kind contributions at no cost to the area agency. The area agency did not include these in-kind contributions because it had sufficient local funds to meet federal requirements for matching funds.

Santa Cruz-San Benito Area Agency

The Santa Cruz-San Benito Area Agency spent \$1,841,707 from all federal, state, and local sources in fiscal year 1982-83 to serve the needs of the elderly in the two counties. This total includes \$135,025 for advocacy, coordination, program development, and area plan administration. The costs of these four activities represent 7.3 percent of the agency's total expenditures. In performing these four activities, the area agency employed four persons. Based on area agency reports, we estimate that staff spent 5 percent of their time on advocacy, 7 percent on coordination, 9 percent on program development, and 79 percent on administration.

The area agency contracted with five organizations to provide social services to older persons at a cost of \$409,225. The area agency also contracted with two organizations to provide nutrition services at a cost of \$1,297,457.

The following table summarizes the area agency's expenditures for the types of services provided for fiscal year 1982-83. The table also shows the sources of funds that supported each type of service.

TABLE C-4

SANTA CRUZ-SAN BENITO AREA AGENCY
SOURCES OF FUNDS AND EXPENDITURES
FOR FISCAL YEAR 1982-83

<u>Type of Service</u>	<u>Source of Funds</u>			<u>Total Expenditures</u>
	<u>Federal</u>	<u>State</u>	<u>Local</u>	
Social Services	\$ 298,692	\$ 14,889	\$ 95,644	\$ 409,225
Nutrition Services	704,441	226,273	366,743	1,297,457
Area Plan Administration Advocacy, Coordination, and Program Development	<u>77,231</u>	<u>18,206</u>	<u>39,588</u>	<u>135,025</u>
Total	<u>\$1,080,364</u>	<u>\$259,368</u>	<u>\$501,975</u>	<u>\$1,841,707</u>

The above table includes all in-kind contributions of donated services and property.

Los Angeles County Area Agency

The Los Angeles County Area Agency spent \$16,703,615 from all federal, state, and local sources in fiscal year 1982-83 to serve the needs of older persons in the County of Los Angeles. This total includes \$1,653,977 for program development and area plan administration. The costs for these two activities represent 9.9 percent of the area agency's total expenditures. For fiscal year 1982-83, the area agency included the costs of advocacy and coordination in program development.

To perform the area plan administration and program development activities, the area agency employed 47 persons. The area agency is

unable to provide complete information on the amount of time that staff spent on area plan administration and program development because it did not conduct time studies for all staff.

The area agency contracted with 39 organizations to provide social services to older persons. The area agency itself also provides social services to the elderly, including senior centers, transportation, and information and referral. For all social services, the area agency spent \$5,125,894 in fiscal year 1982-83. The area agency also contracted with 28 organizations to provide nutrition services at a cost of \$9,923,744.

The following table summarizes the area agency's expenditures for the types of services provided for fiscal year 1982-83. The table also shows the sources of funds that supported each type of service.

TABLE C-5

LOS ANGELES AREA AGENCY
SOURCES OF FUNDS AND EXPENDITURES
FOR FISCAL YEAR 1982-83

<u>Type of Service</u>	<u>Source of Funds</u>			<u>Total Expenditures</u>
	<u>Federal</u>	<u>State</u>	<u>Local</u>	
Social Services	\$ 3,143,563	\$469,600	\$1,512,731	\$ 5,125,894
Nutrition Services	5,616,441	0	4,307,303	9,923,744
Area Plan Administration and Program Development	<u>1,335,744</u>	<u>0</u>	<u>318,233</u>	<u>1,653,977</u>
Total	<u>\$10,095,748</u>	<u>\$469,600</u>	<u>\$6,138,267</u>	<u>\$16,703,615</u>

The above table does not include all in-kind contributions of donated property and services, such as building space, janitorial services, insurance, and data processing. The County of Los Angeles provided these in-kind contributions to the area agency. The area agency did not report all in-kind contributions because the area agency had reported sufficient local funds to meet federal requirements for matching funds.

cc: Members of the Legislature
Office of the Governor
Office of the Lieutenant Governor
State Controller
Legislative Analyst
Director of Finance
Assembly Office of Research
Senate Office of Research
Assembly Majority/Minority Consultants
Senate Majority/Minority Consultants
Capitol Press Corps