

MBA Operations Policy #5: Intrastate Funding Formula

This content is part of a public comment period. For more information, refer to [Minnesota Board on Aging – State Plan on Aging](#).

Authority Reference	OAA ; 45 CFR 1321.9(c)(2)(i) and 1321.49; approved by U.S. Administration for Community Living
Operating Category	MBA Operations

Background

The Minnesota Board on Aging distributes Older Americans Act Title III funds through the Intrastate Funding Formula (IFF). This IFF was approved by the MBA on June 30, 2023, and by ACL for implementation on January 1, 2025. For additional information on the Intrastate Funding Formula, reference the State Plan on Aging, section C.

Policy

1. The MBA shall designate an AAA to serve each designated Planning and Service Area (PSA). Older Americans Act Title III and State of Minnesota funds are distributed by means of an allocation formula, which is called the Intrastate Funding Formula (IFF).

Formula Goals and Assumptions

- a. The IFF is intended to accomplish the following goals:
 1. Allocate federal and state funds equitably throughout the State
 2. Meet the requirements of the OAA for the allocation of funds
 3. Reflect the proportionate distribution of persons age 60 and over in each PSA, and
 4. Give preference to populations over age 60 with greatest social and economic need, as defined in the [OAA](#), with special attention to low- income, minority and rural populations.
- b. Assumptions on which the IFF is based
 1. Particular attention should be given to the needs of Older Native Americans living on reservations.
 2. The distribution of direct service funds should reflect the needs and circumstances unique to providing services to and administering programs for older persons in rural and less populated areas of the State.
 3. The distribution of administrative funds should allow designated AAAs to meet the minimum requirements of MBA standards and guidelines.

Procedures

Intrastate Funding Formula: Factors, Weights and Data Sources

Exhibit 1

Factor	Factor Description	Weight	Data Source
Population 60+	Number of individuals aged 60 and over	40%	American Community Survey (ACS) five- year estimates Note: ACS 5 year estimates include data from 2018-2022.
Low-income 60+	Number of individuals aged 60 and over with income below the federal poverty level	20%	ACS five-year estimates

Minority 60+	Number of individuals aged 60 and over who are not counted as "white alone" in ACS data	20%	ACS five-year estimates
Rural 60+	Number of individuals aged 60 and over who live in nonurban areas Note: Population density is calculated by taking the total number of people aged 60 and above per square mile for the entire state as the numerator, and the average population density of the people aged 60 and above for the PSA region as the denominator. For example, an Area Agency on Aging PSA has a density of 18.85, and the state as a whole is 15.26. The fraction $15.26/18.85$ results in a "Population Density Ratio 60+" of 0.85	15%	ACS five-year estimates and U.S. 2020 Census Data
Population density ratio 60+	The population density of individuals aged 60 and over in each PSA region as a ratio compared to the statewide average population density of individuals aged 60 and over Note: Population density is calculated by taking the total number of people aged 60 and above per square mile for the entire state as the numerator, and the average population density of the people aged 60 and above for the PSA region as the denominator. For example, an Area Agency on Aging PSA has a density of 18.85, and the state as a whole is 15.26. The fraction $15.26/18.85$ results in a "Population Density Ratio 60+" of 0.85	5%	ACS five-year estimates

Procedures – Distribution of Funds

The MBA shall use the following process for distribution of Older Americans Act Title III funds:

Step 1.

State Agency Administration: The Minnesota Board on Aging shall use 5% of total allocation for state agency administration, as allowed under section 308(b).

Step 2.

Area Plan Administration: After application of amounts used under section 308(b) for state agency administration, the Minnesota Board on Aging shall take 10% of its combined allotments for supportive services (III B), congregate nutrition services (III C-1), home delivered meal services (III C-2), and family caregiver (III E) funds for Area Plan administration using the IFF. Funds from disease prevention and health promotion services (D) are not applied to this section. After applying IFF any PSA region that would receive less than \$100,000 for area plan administration floor, the PSA will receive additional funds to meet a \$100,000 minimum funding level using the process described **Exhibit 2** Calculation of Administrative Allocation per PSA. The formulary and calculation method used ensures that the total amount calculated is not greater than 10% of the total award.

Step 3.

Ombudsman for Long Term Care: After application of amounts used under section 308(b) for state agency administration and area plan administration, the Minnesota Board on Aging shall provide funding from Title III-B to the Ombudsman for Long Term Care (OOLTC), an amount that is no less than the amount expended by the MBA with funds received under Title III for Federal Fiscal Year 2019. The Minnesota Board on Aging shall distribute the remaining funds according to the factors and weights outlined in **Exhibit 1**.

Step 4.

Title III-B Supportive Services: After subtracting calculation for state agency administration, area agency administration, and the Ombudsman for Long Term Care, the Minnesota Board on Aging shall distribute the remaining funds according to the factors in **Exhibit 1**. Funds available to area agencies on aging for program development and coordination activities shall be taken from the direct service allocation. Area agency on Aging program development and coordination requests for specific amounts will be considered as part of the area plan and budget approval process.

Step 5.

Title III C1 and III C2: After subtracting amounts for state agency administration and area agency administration, the Minnesota Board on Aging shall distribute the remaining funds according to the factors in Exhibit 1.

Step 6.

Title III D: After subtracting calculations for state agency administration, the Minnesota Board on Aging shall distribute the balance of funds according to the factors in **Exhibit 1**.

Step 7.

Title III E Caregiver Services: After subtracting calculations for state agency administration and area agency administration, the Minnesota Board on Aging shall distribute the remaining funds according to the factors in **Exhibit 1**.

Hold Harmless Policy

To protect area agencies on aging (AAAs) from experiencing large changes in funding as the new formulas are implemented, the financial plan applies "hold harmless" provisions. The provisions assures that no AAAs allocation from any Title III part decreases by more than five percent from year to year. Hold harmless will be in effect until each AAA receives at least 95% of their previous year allocation. If this extends beyond the time of the 2024-2027 State Plan on Aging the SUA will reassess at the next State Plan on Aging submission. Implementation of the updated Intrastate Funding Formula will begin January 1, 2025, with the 95% Hold Harmless policy.

Administrative Allocation Floor and Hold Harmless Calculation

- Determine AAA Administrative Allocations and Hold Harmless Policy. Using the Area Plan Administration amount determined in [step 2](#) in Distribution of Funds, follow **Exhibit 2** Calculation of Administrative Allocation per PSA and Hold Harmless calculation.
- Determine AAA Direct Service Allocations and Hold Harmless Policy. Using the Area Plan Direct Service amounts determined in [steps 4-7](#) in Distribution of Funds, follow **Exhibit 3** Calculation of Direct Service Allocation per PSA and Hold Harmless calculation

Administrative Allocation Floor Calculation:

1. After determining the amount from Step 2 in the Distribution of funds
2. PSAs that receive less than \$100,000 are identified.

3. The amount needed by identified PSAs to reach \$100,000 is determined.
4. The amount determined in #3 is ran through the IFF MINUS the PSA(s) identified in #2 to determine the admin amount contributed by AAAs above the \$100,000 floor.
5. The admin amount contributed by each PSA above the \$100,000 floor is subtracted from the original admin allocations determined in #1.

Hold Harmless (HH) Calculation (see note):

1. Determine the percentage of the previous years allocation the PSA would receive for Admin without a HH policy.
2. Determine Admin floor calculation for current year (see instructions above).
3. AFTER determining Admin floor, reassess allocation changes from #1 to determine which PSAs fall below the 95% HH.
4. For PSAs who receive more than 95% of the previous years allocation, determine the maximum they can contribute for Admin to remain above the floor, before falling below the HH; AND determine the proportional amount the PSA should contribute based on the IFF.
5. Collect Admin funds for PSAs who fall below the 95% HH. Begin with proportional amounts, then draw from the maximum.
6. Redistribute funds and calculate final allocations. Each PSA should receive at least 95% of the previous years funding for Admin Service.

Note: Hold Harmless calculation must occur **after** the floor calculation.

Direct Service Calculation

All direct service allocations to the PSAs will be determined based on the Intrastate Funding Formula, using weighted factors to distribute funds as shown in [Figure 6](#). The IFF functions as described below:

Direct Service Calculation

1. Calculate the total Title III (B, C, D, E) Direct Service Allocations using [steps 4-7](#) from Distribution of Funds section.
2. Use the PSA Cumulative Percentage to determine allocations for Direct Service.

Hold Harmless (HH) Calculation (see note):

1. Determine the percentage of the previous year's allocation the PSA would receive for Direct Service without a HH policy.
3. AFTER determining Direct Service allocations, reassess allocation changes to determine which PSAs fall below the 95% HH.
4. For PSAs who receive more than 95% of the previous year's allocation, determine the **maximum** they can contribute for Direct Service, before falling below the HH; AND determine the proportional amount the PSA should contribute based on the IFF.
5. Collect Direct Service funds for PSAs who fall below the 95% HH. Begin with proportional amounts, then draw from the **maximum**.
6. Redistribute funds and calculate final allocations. Each PSA should receive at least 95% of the previous year's funding for Direct Service.

Note: Hold Harmless calculation must occur **after** the direct service calculation.

Intrastate Funding Formula Annual Procedure

- The MBA will check data sources each year prior to calculating the IFF to ensure any technical updates or changes to underlying values in the ACS five-year estimates and decennial census have been taken into account to ensure accurate calculation of the formula.
- The MBA will issue preliminary IFF allocation amounts as early as possible each calendar year to assist AAAs in their planning efforts. Ex: 2026 preliminary allocations are typically released by ACL in May of 2025
- The MBA will issue updated IFF allocation amounts as they are available and finalized.
- At each State Plan cycle, the MBA will review the IFF to ensure best available data is incorporated.

- If the MBA determines it wishes to propose changes to the weights and factors of the IFF, the MBA will engage partners and the public in that process. Any proposed changes to the IFF will be made available for public review and comment for 30 calendar days, unless a waiver is provided by the Assistant Secretary for Aging during an emergency or when a time sensitive action is otherwise necessary. The MBA must submit any proposed changes to the IFF to the Assistant Secretary for Aging for prior approval or as part of a State plan or State plan amendment as described in 45 CFR 1321.33.
- No funds are being deducted for purposes of disaster set-aside funds as set forth in 45 CFR 1321.99. Funds are being deducted for State Plan administration, area plan administration, and the Long Term Care Ombudsman program as noted in 2a – d above.

Planning and Service Area

The Minnesota Board on Aging (MBA) has designated an Area Agency on Aging (AAA) to serve each designated Planning and Service Area (PSA).

Area Agency on Aging	Region	Counties and Tribal Nations Served
Arrowhead Area Agency on Aging (AAAA)	Northeast	Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, and St. Louis
Central Minnesota Council on Aging (CMCOA)	Central	Benton, Cass, Chisago, Crow Wing, Isanti, Kanabec, Mille Lacs, Morrison, Pine, Sherburne, Stearns, Todd, Wadena, and Wright
Dancing Sky Area Agency on Aging (DSAAA)	Northwest	Becker, Beltrami, Clay, Clearwater, Douglas, Grant, Hubbard, Kittson, Lake of the Woods, Mahnomen, Marshall, Norman, Otter Tail, Pennington, Polk, Pope, Red Lake, Roseau, Stevens, Traverse, and Wilkin
Metropolitan Area Agency on Aging (MAAA) DBA Trellis	Twin Cities Metro Area	Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington
Minnesota Indian Area Agency on Aging (MIAAA)	Tribal Nations	Bois Forte Band of Chippewa, Fond du Lac Band of Lake Superior Chippewa, Grand Portage Band of Lake Superior Chippewa, Leech Lake Band of Ojibwe, Lower Sioux Indian Community, Mille Lacs Band of Ojibwe, Prairie Island Indian Community, Red Lake Nation, Upper Sioux Community, and White Earth Nation.
Minnesota River Area Agency on Aging (MNRAAA)	Southwest	Big Stone, Blue Earth, Brown, Chippewa, Cottonwood, Faribault, Jackson, Kandiyohi, Lac qui Parle, Le Sueur, Lincoln, Lyon, Martin, McLeod, Meeker, Murray, Nicollet, Nobles, Pipestone, Redwood, Renville, Rock, Sibley, Swift, Waseca, Watonwan, and Yellow Medicine
Southeastern Minnesota Area Agency on Aging (SEMAAA)	Southeast	Dodge, Fillmore, Freeborn, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, and Winona

Mathematical Calculation of PSA cumulative total

To obtain the PSA cumulative total calculate each of the following 5 factors, then take the sum.

Formula: Factor 1 + Factor 2 + Factor 3 + Factor 4 + Factor 5 = PSA cumulative total

Factor 1: PSA 60+ population divided by Total MN population x 40%

Factor 2: PSA Low-Income 60+ population divided by MN Low-income population total x 20%

Factor 3: PSA Minority 60+ population divided by MN minority 60+ population total x 20%
 Factor 4: PSA Rural 60+ population divided by MN rural 60+population total x 15%
 Factor 5: PSA 60+ population density ratio divided by MN 60+ population density ratio x 5%
Factors, Weights and PSA Cumulative Percentage

FIGURE 1. Fund Allocation by PSA Region: Population 60+ (Weighted 40%)

Note: Population aged 60+ by Area Agency on Aging: 2020 US Census, Table DECENNIALDHC2020.H2, "Population by Age by Census Tract."

PSA Region	Pop. 60+	% of Pop.	Factor
DSAAA	110,771	8.38%	3.35%
AAAA	97,143	7.35%	2.94%
CMCOA	181,940	13.76%	5.50%
MNRAAA	136,885	10.35%	4.14%
SEMAAA	127,370	9.63%	3.85%
MAAA	658,709	49.82%	19.93%
MIAAA	9,336	0.71%	0.28%
Totals	1,322,154	100%	40%

FIGURE 2. Fund Allocation by PSA Region: Low-income 60+ (Weighted 20%)

PSA Region	Low-income 60+	% of Pop.	Factor
DSAAA	9,737	9.40%	1.88%
AAAA	9,228	8.91%	1.78%
CMCOA	14,996	14.47%	2.89%
MNRAAA	11,149	10.76%	2.15%
SEMAAA	9,572	9.24%	1.85%
MAAA	47,712	46.05%	9.21%
MIAAA	1,212	1.17%	0.23%
Totals	103,06	100%	20%

FIGURE 3. Fund Allocation by PSA Region: Minority 60+ (Weighted 20%)

PSA Region	Min. 60+	% of Pop.	Factor
DSAAA	5,065	4.84%	0.97%
AAAA	3,977	3.80%	0.76%
CMCOA	6,371	6.09%	1.22%
MNRAAA	4,854	4.64%	0.93%
SEMAAA	5,604	5.36%	1.07%
MAAA	76,165	72.79%	14.56%
MIAAA	2,594	2.48%	0.50%
Totals	104,630	100%	20%

FIGURE 4. Fund Allocation by PSA Region: Rural 60+ (Weighted 15%)

Note: Rural Population aged 60+ by Area Agency on Aging: 2022 American Community Survey, Table ACSST5Y2022.S0101, "Population by Age by Urban or Rural Status by Census Tract, 2022 5-Year ACS".

PSA Region	Rural 60+	% of Pop.	Factor
DSAAA	77,046	17.19%	2.58%
AAAA	58,800	13.12%	1.97%
CMCOA	115,970	25.88%	3.88%

PSA Region	Rural 60+	% of Pop.	Factor
MNRAAA	88,878	19.83%	2.98%
SEMAAA	53,759	12.00%	1.80%
MAAA	44,307	9.89%	1.48%
MIAAA	9,336	2.08%	0.31%
Totals	448,096	100%	15%

FIGURE 5. Fund Allocation by PSA Region: Population Density (Weighted 5%)

PSA Region	Sq. Miles	Pop. Dens. Ratio	% of Ratio	Factor
DSAAA	22,798	4.86	20.27%	1.01%
AAAA	18,265	5.32	18.51%	0.93%
CMCOA	11,828	15.38	6.40%	0.32%
MNRAAA	17,195	7.96	12.37%	0.62%
SEMAAA	6,756	18.85	5.22%	0.26%
MAAA	2,786	236.46	0.42%	0.02%
MIAAA	3,842	2.68	36.81%	1.84%
Totals	83,469	Blank	100%	5%

FIGURE 6. Fund Allocation by PSA Region: Total Share/PSA Cumulative Percentage

PSA Region	All Factors
DSAAA	9.79%
AAAA	8.37%
CMCOA	13.82%
MNRAAA	10.81%
SEMAAA	8.83%
MAAA	45.20%
MIAAA	3.17%
Totals	100%

Nutrition Services Incentive Program (NSIP) Funds Distribution

The Minnesota Board on Aging distributes the total NSIP allocation to Area Agencies on Aging based on the number of NSIP meals reported in the annual FFY 2019 State Program Report/Older Americans Act Performance System, per [ACL COVID-19 Response: NSIP Guidance 2021](#).