

Arizona Intrastate Funding Formula

Background

In 2024, members of the Division of Aging and Adult Services (DAAS) within the Arizona Department of Economic Security (DES), in accordance with Section 305(a)(2)(C) and (D) of the Older Americans Act (OAA) of 1965, met and consulted with all eight Area Agency on Aging (AAA) Directors on multiple occasions to plan, strategize, and develop a revised Intrastate Funding Formula (IFF). The process was incredibly collaborative and ultimately yielded a distribution that is highly reflective of population concentration as well as social and economic need.

Arizona Existing IFF

Methodology Basics

Prior to the IFF distribution process to the AAAs, 5% of the total award amount (Title III-B, Title III-C1, Title III-C2, Title III-D, and Title III-E including any intrastate transfers) is deducted from the Title III-C1 grant for state administration.

Arizona also deducts \$320,000 from Title III-B to support the State Long Term Care Ombudsman Program.

After the state administration is deducted, the remaining funds are split into three categories. For AAA administrative funds, 10% of the total award after the state administration deduction is bookmarked from the Title III-C1 grant. For rural allocations, 8.5% of the remaining balance is bookmarked after the state and region deductions. The remaining balance is available for program services.

The majority of funds for regions are allocated based on a formula informed by weighted populations.

Note: Population data for each region deducts the reservation population that is, in turn, included in AAA VIII population calculation (Inter Tribal Council of Arizona, LLC (ITCA)).

| Weights | Category | Region I - VI | Navajo (VII) | ITCA (VIII) |
|---------|---------------------------------|---------------|--------------|-------------|
| W1 | Non-Minority/Non-Poverty (NMNP) | 1.0 | 5.0 | 6.0 |
| W2 | Minority/Non-Poverty (MNP) | 1.1 | 5.0 | 6.0 |
| W3 | Non-Minority/Poverty (NMP) | 1.75 | 5.0 | 6.0 |
| W4 | Minority/Poverty (MP) | 3.0 | 5.0 | 6.0 |

The percentage of a AAA's weighted population compared to the total establishes Arizona's IFF Factor one (F1).

Example: $((NMNP1 \times W1) + (NMP1 \times W3) + (MNP1 \times W2) + (MP1 \times W4)) / ((NMNP \times W1) + (NMP \times W3) + (MNP \times W2) + (MP \times W4))$

Funds for AAA administrative and program service expenses are allocated based on the F1%. Funding for AAA administrative and program service expenses constitutes most of AAA Title funds.

The remaining funds are allocated based on Factor Two (F2), the rural factor. Individual AAA's allocations of rural funds are based on the unweighted populations.

Full details of Arizona's current IFF are detailed in the [published State Plan](#) on pages 61-67.

Title III-B Regulations

| Service Categories | Requirement of Initial Allocation Spend |
|--|---|
| Transportation, Information & Referrals, Outreach, Case Management | 16% |
| In-Home Services | 8% |
| Legal Services | 4% |

Arizona's total long-term care advocacy minimum for Title III-B is \$204,246.45, based on the 2019 spending levels. Regional requirements are based on individual III-B spending in this category.

| Weights | Category |
|---|--------------|
| Area Agency On Aging Region One Inc | \$134,362.75 |
| Northern Arizona Council of Governments | \$16,254.24 |
| Western Arizona Council of Governments | \$38,519.17 |
| Pinal-Gila Council For Senior Citizens | \$15,110.29 |

Arizona Revised IFF (Arizona Budget Fiscal Years 2026-2030)

Methodology Basics

With Arizona's new IFF, the Arizona State Unit on Aging (SUA) aims to simplify its approach and better align funding.

The allocation of Title III funds to AAAs is based on the economic and social needs of the population of persons age 60 or older in each planning and service area after a base level of funding is assured to each agency. The awards for Federal Fiscal Year (FFY) 2024 are included in this State Plan on Aging.

Before distribution under the IFF to AAAs, up to 5% of the total award amount (Title III-B, Title III-C1, Title III-C2, Title III-D, and Title III-E including any intrastate transfers) is deducted from the Title III-C1 grant for state administration. Arizona will also deduct from Title III-B to support the State Long Term Ombudsman Program. The current amount is \$320,000, but this is subject to change as the program needs may change at the state level. Title III-B Ombudsman funds will not be less than the minimum amount required under the OAA.

Arizona Intrastate Funding Formula - Title III Methodology

After the state administrative III-C1 and III-B Ombudsman funds are removed, each AAA is allocated a base grant of \$200,000 from Title III-C1. The remaining balance of Title III is portioned based on the weights below:

| Factor | Weight | Data Source | Purpose |
|--|--------|---|---|
| 60+ Population (OA) | 63% | 2022 American Community Survey 5-YR (S0101) / (B01001) or tribal-provided populations living on reservation land | Reflect the proportion of the state's population of elders as required by OAA § 305(a)(2)(C)(i) |
| 65+ Disability Status (DA) | 3% | 2022 American Community Survey 5-YR (B1801) | Reflect the proportion of elders at greatest social need for services ; as required by OAA § 305(a)(2)(C)(ii) |
| 65+ Population Under FPL (non-minority) (FPLnm) | 6% | 2022 American Community Survey 5-YR (B17001A) | Reflect the proportion of elders at greatest economic need for services; as required by OAA § 305(a)(2)(C)(ii) |
| 65+ Population Under FPL (minority) (FPLm) | 12% | 2022 American Community Survey 5-YR (S1701 excluding B17001A) | Reflect the proportion of elders at greatest economic and social need for services; as required by OAA § 305(a)(2)(C)(ii) |
| 60+ Rural (R) | 10% | 2020 United States Census (PCT12) 10-YR | Reflect the proportion of elders at greatest social need for services ; as required by OAA § 305(a)(2)(C)(ii) and in alignment with Rural Minimum Expenditures outlined in §1321.9(c)(2)(viii) of the OAA final rule |
| Reservation Population (RES) | 6% | 2022 American Community Survey 5-YR (B01001) or upon Tribal Leadership approval, tribal communities may provide their *own official numbers for tribal-provided populations living on reservation land for the most recent year, provided on a 5-year basis as a substitution for the American Community Survey | Reflect the proportion of elders at greatest social need ; as required by OAA § 305(a)(2)(C)(ii) and clarified by OAA final rule § 1321.3 (3)(ii) |

*Due to a historical underrepresentation of tribal communities in the United States Census, Tribal AAAs may choose to use Census or tribal enrollment data.

For example, of the total Title dollars remaining after the AAA base and state administrative III-C1 and III-B Ombudsman funds are removed, 63% would be allocated based on Arizona's **60+ Population** and each region's share of the **60+ Population**.

The allocation formula is shown below:

$$.63(pOA)T + .03(pDA)T + .06(pFPLnm)T + .12(pFPLm)T + .1(pR)T + .06(pRES)T$$

***p* is the proportion a AAA has of a specific factor.**

T is available Title dollars after the state administrative III-C1 and III-B Ombudsman funds and AAA base are removed.

Intrastate transfers, Title dollars transferred from Utah and New Mexico to Arizona to account for the Navajo Land within those states' borders and are to be used exclusively for the Navajo Nation, are added after allocations, and are not a part of the calculations for the IFF.

P, the proportion a AAA has of a specific factor is shown below:

| | Region 1 | Region 2 | Region 3 | Region 4 | Region 5 | Region 6 | Region 7 | Region 8 |
|--|----------|----------|----------|----------|----------|----------|----------|----------|
| 60+ Population | 53.42% | 15.79% | 9.66% | 8.21% | 7.73% | 3.33% | 1.05% | 0.80% |
| 65+ Disability Status | 49.66% | 15.87% | 10.21% | 9.49% | 8.60% | 3.78% | 1.75% | 0.64% |
| 65+ Population Under FPL (non-minority) | 51.87% | 14.09% | 10.26% | 12.18% | 7.57% | 4.03% | 0.00% | 0.00% |
| 65+ Population Under FPL (minority) | 40.27% | 14.15% | 14.21% | 6.70% | 5.19% | 5.20% | 10.63% | 3.66% |
| 60+ Rural | 9.38% | 10.86% | 30.11% | 12.03% | 13.66% | 11.49% | 7.63% | 4.83% |
| Reservation Residency | | | | | | | 56.68% | 43.32% |

Exact Arizona population data from data sources listed on page 3 is shown below:

| | Region 1 | Region 2 | Region 3 | Region 4 | Region 5 | Region 6 | Region 7 | Region 8 |
|---------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|
| 60+ (total Pop) | 942,737 | 278,643 | 170,544 | 144,899 | 136,434 | 58,736 | 18,563 | 14,188 |
| Disability Status | 211,810 | 67,671 | 43,558 | 40,483 | 36,671 | 16,130 | 7,447 | 2,722 |
| Pop Under FPL (white) | 44,321 | 12,035 | 8,769 | 10,405 | 6,469 | 3,442 | 0 | 0 |
| Pop Under FPL (minority) | 15,841 | 5,567 | 5,591 | 2,636 | 2,040 | 2,045 | 4,181 | 1,438 |
| Rural | 24,425 | 28,288 | 78,408 | 31,338 | 35,567 | 29,916 | 19,880 | 12,576 |
| Reservation Residency | | | | | | | 18,563 | 14,188 |

Each AAA will be allowed to take 10% of its total Title III-B, III-C1, III-C2, and III-D service allocation, and this amount will be taken out of Title III C-1. Additionally, AAAs will be allowed to take 10% of their Title

III-E allocation. Administrative caps are based on guidance within [Title 45 Subtitle B Chapter XIII Subchapter C Part 1321 Subpart B § 1321.9](#) of the Code of Federal Regulations “Area plan administration maximum allocation amounts may be allocated to any part of the overall allotment to the State agency under Title III, with the exception of part D, for use by area agencies on aging for activities as set forth in sections 304(d)(1)(A) and 308 of the Act ([42 U.S.C. 3024\(d\)\(1\)\(A\)](#) and [3028](#)) and in [§ 1321.57\(b\)](#). Single planning and service area States may elect amounts for either State plan administration or area plan administration, as set forth in the Act and [paragraph \(c\)\(2\)\(iv\)\(A\)\(2\)](#) of this section.”

As required, American Community Survey information will be updated on a 5-year cycle. Census data will be updated on a 10-year cycle. Tribal AAAs will be given the opportunity to provide updated Tribal enrollment data every five years with authorization from Tribal leaders.

Transition

The new methodology will be fully implemented for State Fiscal Year (SFY) 2027 and will continue to be used in succeeding years. For SFY 2026, DES and AAAs agreed that a transition year moving from the current allocation to the new allocation methodology under the revised IFF would greatly help those regions that are losing funding weather the impacts.

SFY 2026 will be a transition year and will utilize a 50/50 split between the current and the new allocation. This will be achieved by portioning out base allocations of both the current and new method after state administrative funds have been allocated, and then splitting available funding in two halves. One-half will be allocated based on the prior year’s allocation and the other half will be allocated based on the new methodology and data.

The table below shows the allocations in the transition year of SFY 2026 into the new formula assuming level funding as Grant Year 2024, blending the current and new methodology and data:

| | Region 1 | Region 2 | Region 3 | Region 4 | Region 5 | Region 6 | Region 7 | Region 8 |
|------------------------------|-------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Title III-B Base Allocation | \$21,800 | \$21,800 | \$21,800 | \$21,800 | \$21,800 | \$21,800 | \$21,800 | \$21,800 |
| Title III-C1 Base Allocation | \$283,750 | \$283,750 | \$283,750 | \$283,750 | \$283,750 | \$283,750 | \$283,750 | \$283,750 |
| Title III-C2 Base Allocation | \$4,450 | \$4,450 | \$4,450 | \$4,450 | \$4,450 | \$4,450 | \$4,450 | \$4,450 |
| | | | | | | | | |
| Title III-B | \$4,261,828 | \$1,411,582 | \$979,698 | \$821,958 | \$686,549 | \$417,156 | \$520,732 | \$402,902 |
| <i>Title III-C1 admin</i> | \$1,231,758 | \$407,977 | \$283,153 | \$237,563 | \$198,427 | \$120,567 | \$150,503 | \$116,447 |
| <i>Title III-C1 client</i> | \$2,844,621 | \$942,181 | \$653,914 | \$548,628 | \$458,247 | \$278,436 | \$347,571 | \$268,923 |
| Title III-C2 | \$3,718,003 | \$1,231,459 | \$854,684 | \$717,073 | \$598,942 | \$363,925 | \$454,284 | \$351,490 |
| Title III-D | \$261,371 | \$86,570 | \$60,083 | \$50,409 | \$42,105 | \$25,583 | \$31,936 | \$24,709 |

| | | | | | | | | |
|---------------------------|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <i>Title III-E admin</i> | \$204,942 | \$67,880 | \$47,111 | \$39,526 | \$33,014 | \$20,060 | \$25,041 | \$19,374 |
| <i>Title III-E client</i> | \$1,844,485 | \$610,921 | \$424,005 | \$355,737 | \$297,132 | \$180,541 | \$225,369 | \$174,372 |
| | | | | | | | | |
| Title III Total | \$14,677,008 | \$5,068,570 | \$3,612,648 | \$3,080,894 | \$2,624,416 | \$1,716,268 | \$2,065,436 | \$1,668,217 |

The table below shows half of the funds allocated in the transition year of SFY 2026 based on the old methodology and data in the transition year:

| | Region 1 | Region 2 | Region 3 | Region 4 | Region 5 | Region 6 | Region 7 | Region 8 |
|------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|------------------|------------------|
| Title III-B Base Allocation | \$21,800 | \$21,800 | \$21,800 | \$21,800 | \$21,800 | \$21,800 | \$21,800 | \$21,800 |
| Title III-C1 Base Allocation | \$83,750 | \$83,750 | \$83,750 | \$83,750 | \$83,750 | \$83,750 | \$83,750 | \$83,750 |
| Title III-C2 Base Allocation | \$4,450 | \$4,450 | \$4,450 | \$4,450 | \$4,450 | \$4,450 | \$4,450 | \$4,450 |
| | | | | | | | | |
| Title III-B | \$2,169,874 | \$744,038 | \$422,382 | \$432,359 | \$326,883 | \$216,655 | \$228,533 | \$210,478 |
| <i>Title III-C1 admin</i> | \$627,139 | \$215,043 | \$122,077 | \$124,961 | \$94,476 | \$62,618 | \$66,051 | \$60,833 |
| <i>Title III-C1 client</i> | \$1,448,315 | \$496,619 | \$281,925 | \$288,585 | \$218,183 | \$144,609 | \$152,538 | \$140,487 |
| Title III-C2 | \$1,892,990 | \$649,096 | \$368,484 | \$377,189 | \$285,171 | \$189,009 | \$199,371 | \$183,620 |
| Title III-D | \$133,075 | \$45,631 | \$25,904 | \$26,516 | \$20,047 | \$13,287 | \$14,016 | \$12,908 |
| <i>Title III-E admin</i> | \$104,345 | \$35,779 | \$20,311 | \$20,791 | \$15,719 | \$10,418 | \$10,990 | \$10,121 |
| <i>Title III-E client</i> | \$939,104 | \$322,014 | \$182,803 | \$187,122 | \$141,472 | \$93,766 | \$98,907 | \$91,093 |
| | | | | | | | | |
| Title III Total | \$7,424,842 | \$2,618,220 | \$1,533,886 | \$1,567,523 | \$1,211,951 | \$840,362 | \$880,406 | \$819,540 |

The table below shows half of the funds allocated in the transition year of SFY 2026 based on the new methodology and data in the transition year:

| | Region 1 | Region 2 | Region 3 | Region 4 | Region 5 | Region 6 | Region 7 | Region 8 |
|------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|--------------------|------------------|
| Title III-B Base Allocation | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Title III-C1 Base Allocation | \$200,000 | \$200,000 | \$200,000 | \$200,000 | \$200,000 | \$200,000 | \$200,000 | \$200,000 |
| Title III-C2 Base Allocation | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | | | | | | | | |
| Title III-B | \$2,091,954 | \$667,544 | \$557,316 | \$389,599 | \$359,666 | \$200,501 | \$292,199 | \$192,424 |
| <i>Title III-C1 admin</i> | \$604,619 | \$192,934 | \$161,076 | \$112,602 | \$103,951 | \$57,949 | \$84,452 | \$55,614 |
| <i>Title III-C1 client</i> | \$1,396,306 | \$445,562 | \$371,989 | \$260,043 | \$240,064 | \$133,827 | \$195,033 | \$128,436 |
| Title III-C2 | \$1,825,013 | \$582,363 | \$486,200 | \$339,884 | \$313,771 | \$174,916 | \$254,913 | \$167,870 |
| Title III-D | \$128,296 | \$40,939 | \$34,179 | \$23,893 | \$22,058 | \$12,296 | \$17,920 | \$11,801 |
| <i>Title III-E admin</i> | \$100,597 | \$32,101 | \$26,800 | \$18,735 | \$17,295 | \$9,642 | \$14,051 | \$9,253 |
| <i>Title III-E client</i> | \$905,381 | \$288,907 | \$241,202 | \$168,615 | \$155,660 | \$86,775 | \$126,462 | \$83,279 |
| | | | | | | | | |
| Title III Total | \$7,252,166 | \$2,450,350 | \$2,078,762 | \$1,513,371 | \$1,412,465 | \$875,906 | \$1,185,030 | \$848,677 |

Based on the \$30M of Title III-B, III-C1/2 dollars Arizona received last FFY 2024, there are no concerns of limited funding after the base amounts have been applied. There is also no concern for exceeding administrative caps because administrative is taken out for the state first before the IFF is applied.

The table below shows the funds allocated based on the new methodology after the transition year, assuming level funding as Grant Year 2024 fully and only utilizing the new methodology:

| | Region 1 | Region 2 | Region 3 | Region 4 | Region 5 | Region 6 | Region 7 | Region 8 |
|------------------------------|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Title III-C1 Base Allocation | \$200,000 | \$200,000 | \$200,000 | \$200,000 | \$200,000 | \$200,000 | \$200,000 | \$200,000 |
| | | | | | | | | |
| Title III-B | \$4,260,697 | \$1,359,591 | \$1,135,089 | \$793,498 | \$732,534 | \$408,361 | \$595,123 | \$391,911 |
| <i>Title III-C1 admin</i> | \$1,247,984 | \$398,232 | \$332,475 | \$232,420 | \$214,564 | \$119,611 | \$174,315 | \$114,793 |
| <i>Title III-C1 client</i> | \$3,048,867 | \$972,895 | \$812,246 | \$567,811 | \$524,186 | \$292,215 | \$425,858 | \$280,443 |
| Title III-C2 | \$3,665,701 | \$1,169,727 | \$976,577 | \$682,688 | \$630,237 | \$351,334 | \$512,016 | \$337,181 |
| Title III-D | \$256,592 | \$81,879 | \$68,358 | \$47,787 | \$44,115 | \$24,593 | \$35,840 | \$23,602 |
| <i>Title III-E admin</i> | \$201,196 | \$64,202 | \$53,600 | \$37,470 | \$34,591 | \$19,283 | \$28,103 | \$18,507 |
| <i>Title III-E client</i> | \$1,810,761 | \$577,815 | \$482,404 | \$337,230 | \$311,321 | \$173,550 | \$252,923 | \$166,559 |
| | | | | | | | | |
| Title III Total | \$14,691,797 | \$4,824,341 | \$4,060,749 | \$2,898,904 | \$2,691,549 | \$1,588,948 | \$2,224,178 | \$1,532,995 |

Title VII is excluded from this methodology.

Title III-B Regulations

At this point, service minimums for Title III-B will continue.

| Service Categories | Requirement of Initial Allocation Spend |
|--|---|
| Transportation, Information & Referrals, Outreach, Case Management | 16% |
| In-Home Services | 8% |
| Legal Services | 4% |

Arizona’s total long-term care advocacy minimum for Title III-B is \$204,246.45. The regional spending requirements will be based on the total percent share of funding a region has compared to the available total Title funding for Arizona.

This funding will be in addition to the \$1.8M of funding the state of Arizona makes available to the AAAs yearly to support the Long-term Care Ombudsman.

Nutrition Services Incentive Program (NSIP) Methodology

NSIP is currently distributed based on the percent share of total meals distributed two years before distribution. The delay in data is to ensure a full view of a year. This methodology will continue unchanged into Arizona’s next state plan.