

# *The Older Americans Act of 1965*

*What has it accomplished and what remains to be done?*

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## *Introduction*

**T**he Older Americans Act of 1965 (OAA) is a comprehensive set of programs aimed at improving the lives of older people. This issue brief explains the goals of the OAA and its programs, describes funding formulas, and gives recommendations to ensure its future.

The OAA and other legislation that target the well-being of older adults is becoming more important as the U.S. population continues to age. The healthcare system, the structure of communities, and the economy will have to adjust to fit the needs of this growing population. For example, most older Americans would prefer to age in the community or at home—a preference that not only preserves older adults' well-being--but also saves money by keeping people out of expensive long-term care facilities. To accomplish this many will need some type of assistance whether it be transportation to doctor's appointments, help with activities of daily living (ADLs), or help with meals. The OAA provides necessary support to millions of elders living in the community. The OAA also authorizes other programs that maintain or improve older peoples' lives. Policy and funding are key to achieving these goals.

## *Objectives and Programs of the OAA*

The 1965 Older Americans Act was passed by Congress with the following objectives (Title I):

- An adequate income in retirement
- The best possible physical and mental health
- Affordable and suitable housing
- Full services for those requiring institutional care
- Equal opportunity employment
- Retirement in health, honor, and dignity
- Pursuit of meaningful activity within the widest range of civic, cultural, and recreational opportunities
- Provide community services that are coordinated and accessible

- Benefit from research that shows how to improve health and happiness
- Freedom, independence, and the free exercise of individual initiative in planning and managing one's own life (U.S. Government Publishing Office, 2015).

Title II of the Act established the Administration on Aging and state agencies that are responsible for carrying out the objectives of the OAA.

Title III of the Act provides grants to states so that state agencies can provide: caregiver support, disease prevention, and supportive services (e.g., transportation, home care and legal assistance), and nutrition. Title III accounts for 70 percent of all OAA spending (Congressional Research Service, 2016).

Title IV of the Act provides fund for aging research, training, and demonstration projects.

Title V of the Act provides employment opportunities in the community service sector to those 55 and older who have had trouble previously finding employment.

Title VI of the Act provides nutrition and other support services for Native Americans.

Title VII of the Act provides a long-term care ombudsman program and requires states to make the public aware of ways to prevent and report elder abuse.

### *Funding Formulas*

State Units on Aging receive formula grants allotted from the Administration on Aging within the Administration for Community Living. The State Units on Aging then grant funds to the over 600 Area Agencies on Aging (AAAs). The AAAs are responsible for identifying population needs and delivering services through its networks.

States' share of Title III funds has gone through several formulations and have taken into account population figures, guaranteed growth, and hold harmless provisions. Table 1 summarizes these changes. The 1965 enactment allocated funds to states based on their share of the population that was 65 or older along with the stipulation that states were to receive no less than 1 percent of the total funds appropriated in 1965 (called a "hold harmless" provision). In the 1973 reauthorization, the population requirement was changed to those 60 or older the hold harmless amount was reduced to .50 percent of the total allotment in 1973. Hold harmless provisions were included in the 1978 and 1984 reauthorizations, as well as one in 1992 that used 1987 as the reference year. The 2000

reauthorization required using the most recent population data to calculate the 60 and over population first (a 1994 GAO report found that states were incorrectly being allocated funds at the 1987 level and then by population), set the reference year to 2000, and created a guaranteed growth provision where states were distributed their share of any excess appropriation over the total in 2000. The 2006 reauthorization set the reference year to 2006 and put into place a gradual phase out of the guaranteed growth provision (some states argued that they were receiving an unfair amount given their rapid population growth; Congressional Research Service, 2017). The most recent reauthorization in 2016 allotted funding levels that are no less than 99 percent of the amount allotted in 2016 for 2017 through 2019 and no less than 100 percent of what was allotted in 2019 for 2020 and beyond (<https://www.congress.gov/bill/114th-congress/senate-bill/192/text>).

**Table 1: Title III State Allocation Formula 1965-2016**

Year	Share Population Age	Hold Harmless %	Hold Harmless Reference Year	Other Stipulations
1965	65+	1%	1965	
1973	60+	0.50%	1973	
1978	-	-	1978	
1984	-	-	1984	
1992	-	-	1987	
2000	-	-	2000	Guaranteed Growth Provision;  Population must be considered before hold harmless
2006	-	-	2006	Gradual Phase Out of Growth Provision
2016	-	no less than 99% of 2016 in 2017-2019; no less than 100% of 2019 in 2020 & beyond	2016 for 2017-2019; 2019 for 2020 & beyond	

Next, the allotments for supportive services and centers, congregate and home-delivered nutrition, and disease prevention/health promotion are calculated separately using a slightly different formula. The formula is based on the population of those 60 or older, a small state provision that ensures each state at least .50 percent of the total allotment, and a 2006 reference year.

### *Funding Over Time*

*“There are worse ways for a government to spend money and our government, no less than many others, has found them. Brightening human lives is not wastrel government; it is government at its very best.”*

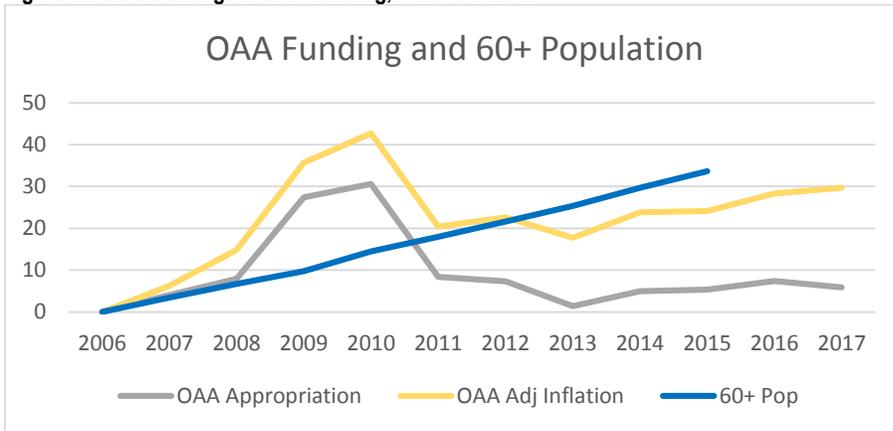
**Former Senator and Congressman**

**Claude Pepper, 1987**

The OAA’s funding allocations have been historically meager compared to the breadth of its enacted objectives and programs, the ever increasing population it serves, and inflation. The OAA has not been adequately funded for some time, despite making up a relatively small percentage of the total budget-- \$1.88 billion in 2014 compared to the \$136 billion that was spent on long-term care services provided under Medicaid (Fox-Grage and Ujvari, 2014). In fact, the OAA has also been important in keeping lower income older adults from becoming Medicaid eligible. Unfortunately, OAA funding has not kept up with the rate of inflation or with the growing number of those who are 60 and older. The Leadership Council of Aging Organizations, for example, has calculated that the appropriation for OAA funding would have to increase by 12 percent for several years to account for the growing, older population.

Figure 1 shows the percent change in OAA funding for FY2006-FY2017, OAA funding adjusted for inflation, and the 60 and older population. OAA funding has remained relatively flat over time except in 2009 and 2010 when the OAA received temporary increases via the American Recovery and Reinvestment Act. The drop in expenditures in 2013 is a result of the budget sequestration. Figure 1 also shows that funding has not kept up with inflation or the 60 and older population.

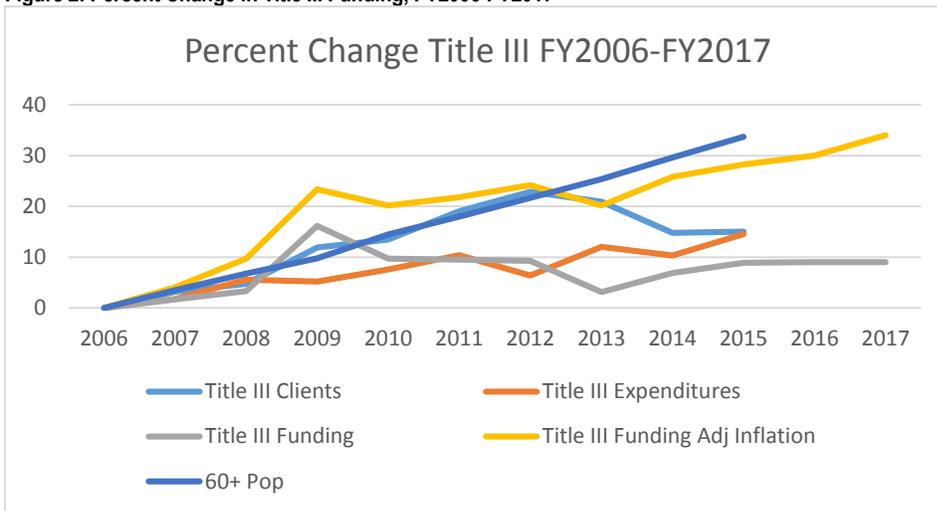
Figure 1: Percent Change in OAA Funding, FY2006-FY2017



Source: Author's calculations using [https://www.bls.gov/data/inflation\\_calculator.htm](https://www.bls.gov/data/inflation_calculator.htm), [https://www.everycrsreport.com/files/20170619\\_R43414\\_61446c078e97bbaea9bb63b6bc3c57cbd787fb19.pdf](https://www.everycrsreport.com/files/20170619_R43414_61446c078e97bbaea9bb63b6bc3c57cbd787fb19.pdf), <https://www.hsd1.org/?view&did=762245>, and <https://www.everycrsreport.com/reports/RL31336.html>. Note: 2015 most recent year data were available for 60+ pop

Figure 2 shows the percent change in Title III funding for FY2006-FY2017, Title III funding adjusted for inflation, clients served, the 60 and older population, and expenditures. Title III funding has remained relatively flat over time except in 2009 and 2010 when the OAA received temporary increases via the American Recovery and Reinvestment Act. The drop in funding in 2013 is a result of the budget sequestration. Figure 2 also shows that Title III funding has not kept up with inflation, the number of clients served, or the 60 and older population. Title III expenditures have largely tracked funding except in 2009 and 2010 when expenditures were lower. Since 2012, expenditures have outpaced funding and the number of clients served has dropped.

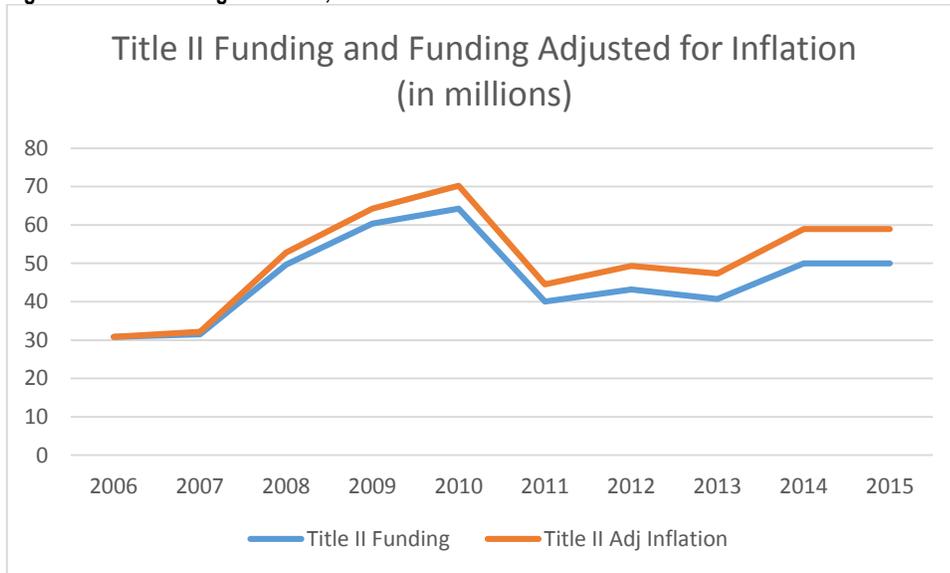
**Figure 2: Percent Change in Title III Funding, FY2006-FY2017**



Source: Author's calculations using [https://www.bls.gov/data/inflation\\_calculator.htm](https://www.bls.gov/data/inflation_calculator.htm), <https://www.hsd1.org/?view&did=762245>, <https://fas.org/sgp/crs/misc/R43414.pdf>, and <https://agid.acl.gov/Default.aspx> Note: 2015 most recent year data were available for 60+ pop, Title III Clients, and Title III Expenditures

Similarly, funding for OAA program administration has not kept up with inflation. Figure 3 shows the Title II appropriation and the appropriation adjusted for inflation for FY2006 through FY2015.

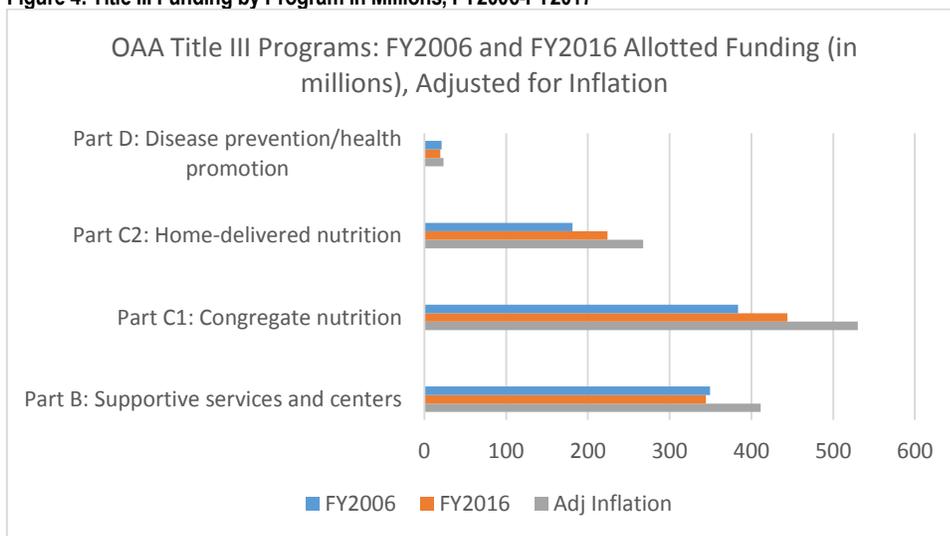
**Figure 3: Title II Funding in Millions, FY2006-F2017**



Source: Author's calculations using [https://www.bls.gov/data/inflation\\_calculator.htm](https://www.bls.gov/data/inflation_calculator.htm), <https://www.hsdl.org/?view&did=762245>, <https://fas.org/sqp/crs/misc/R43414.pdf>, and <https://ajid.acl.gov/Default.aspx>

Figure 4 compares FY2006 Title III program allotments to FY2016. Parts B (supportive services and centers) and D (disease prevention/health promotion) have seen slight decreases between FY2006 and FY2016 while Parts C1 (congregate nutrition) and C2 (home-delivered nutrition) have seen increases. However, these allotments have not kept up with the rate of inflation.

**Figure 4: Title III Funding by Program in Millions, FY2006-FY2017**



Source: Author's calculations using <https://www.everycrsreport.com/reports/RS22549.html> and [https://www.bls.gov/data/inflation\\_calculator.htm](https://www.bls.gov/data/inflation_calculator.htm)

When the OAA is set to expire and is up for reauthorization, it undergoes a review and programs are modified, expanded, or removed. In 2016, former President Obama reauthorized the OAA for three years. Table 2 shows small (see “Diff 2017 to 2019” column) increases in the authorized levels by program for FY2017-FY2019.

**Table 2: Title III 2016 Authorized Levels, FY2017-2019**

Services	2017	2018	2019	Diff 2017 to 2019
Supportive Services	\$356,717,276	\$364,456,847	\$372,196,069	\$15,478,793
Congregate Nutrition	\$459,937,586	\$469,916,692	\$479,895,348	\$19,957,762
Home-Delivered Nutrition	\$232,195,942	\$237,233,817	\$242,271,465	\$10,075,523
Disease Prevention/Health Promotion	\$20,361,334	\$20,803,107	\$21,244,860	\$883,526
Family Caregiver Support	\$154,336,482	\$157,564,066	\$160,791,658	\$6,455,176

Source: Congressional Research Service,

[https://www.everycrsreport.com/files/20170619\\_R43414\\_61446c078e97bbaea9bb63b6bc3c57cbd787fb19.pdf](https://www.everycrsreport.com/files/20170619_R43414_61446c078e97bbaea9bb63b6bc3c57cbd787fb19.pdf)

*The Older Americans Act: A Focus on Florida*

In FY 2015-2016, Florida allocated a total of \$95,688,759 for its OAA Title III programs and provided services to over 98,000 people—a surprisingly small number compared to the state’s over 5 million people who are 60 and older. While the programs are 100 percent federally funded, the state is required to match 10 percent for services and provide a 25 percent match for administration. The funds are allocated to the state’s 11 Area Agencies on Aging who then contract out to service providers.

Table 3 summarizes Florida’s OAA programs, funding allocation and the numbers of people served during the federal fiscal year 2015-2016. The largest programs are Title III B, Title III C1 and Title III C2.

**Table 3: FY 2015-2016 Allocation for Florida by Program Title**

Program	Example Services Provided	Funds Allocated	Number People Served
Title III B	Home repair, health aide, housekeeping, transportation	\$32,261,390	37,415
Title III C1	Congregate meals	\$20,640,980	30,164
Title III C2	Home delivered meals	\$20,901,602	16,758
Title III D	Preventative health services	\$1,458,822	8,793
Title III E	Family caregiver support	\$12,175,645	70,120
Title V	Job slots for those 55 and older, unemployed and impoverished	\$5,094,417	2,054
Title VII	Elder abuse prevention	\$344,252	n/a
Title VII	LTC Ombudsman program	\$2,811,651	396,429

Source: Florida Department of Elder Affairs

### *The Importance of the OAA: A Growing, Unmet Need*

Perhaps one of the most significant contributions of the OAA is its ability to allow those, who can safely remain in the community, to do so with support. However, many more need—but do not receive—OAA services. In 2015, over 10 million people received OAA services and yet in that same year, a GAO report found significant unmet needs among low-income adults age 60 and older. Despite having trouble with at least one daily activity (e.g., eating, dressing, or managing finances), 75 percent or 16 million individuals received limited or no home-based assistance (U.S. Government Accountability Office, 2015). Furthermore, 8 million were without transportation services. This lack of transportation is especially alarming given that those who live in the community were found in one study be more homebound than those living in assisted living facilities, even after controlling for health and mobility (Freeman, 2011).

Perhaps even more concerning is the USGAO's finding that only 10 percent of low income older adults received meal services and that 83 percent were food insecure (worrying food will run out before getting money to buy more or skipping meals or going an entire day without food). In a multistate study of 16,030 nursing facilities, researchers found that increased spending on home-delivered meals reduced the number of low-care needs residents in nursing homes (Thomas and Mor, 2013).

Taken together, the GAO findings and the data presented in this issue brief indicate that many older people who are not currently receiving services could benefit from OAA programs—but not without adequate funding that keeps pace with inflation. For example, although the population 60 and older has increased over time, the number of OAA clients has declined. The percent change in the 60 and older population and the number of clients largely tracked together until 2012 when the number of clients began to decrease. This decrease coincided with OAA expenditures outpacing funding, indicating that many clients were not able to receive services due to budget problems. Unfortunately, this trend in unmet need will likely get worse as the 60 and older population continues to grow while funding remains flat and unadjusted for inflation.

### *Ensuring the Future of the OAA*

Funding formulas have not kept up with the rate of inflation or with the growing number of older people. Although the 2016 reauthorization had small increases in authorized levels for FY2017-FY2019, funding is not guaranteed. Furthermore, even if the OAA is funded at the 2016 authorized levels, a 12 percent increase for several years would also be necessary to account for inflation (Senate.gov, 2015). Millions rely on OAA programs and there are many more who need (but

currently don't receive) help with meals, transportation, preventative health, and protection from those who would abuse them. These programs allow elders to remain in the community for as long as possible--avoiding costly nursing home admission-- and reducing Medicaid and Medicare expenditures. The future of the OAA and the health and well-being of our nation's older people depends on continued reauthorization of the act and adequate funding.



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