

Agenda Item Number 10. B.

Senior Meals Program – Reductions in Service to Restore Financial Viability

Presenter: Sandy Karsten

Action Recommended: Approve Service Reduction Plan

Issue Summary:

- Changes in State Medicaid policy and funding reductions resulting from the failure of Measure 28 (2003) dramatically reduced the number of clients eligible for Medicaid-paid Meals on Wheels. While most of the clients affected by these changes have been served this year with Older Americans Act funding, these changes withdrew annual revenue of about \$100,000 from LCOG's Senior Meals Program budget.
- While other public revenues are up slightly, they do not come close to making up for the loss of Medicaid funds.
- The cost for program operation continues to rise. Significant cost drivers include: wages (due to the escalation of the State's minimum wage), utilities, gasoline, and food services.
- To balance the current year Senior Meals Program budget, \$234,000 from fund raising reserves were added to it. Spending reserves at this level is not sustainable (see attached graphs #1 and #2). In prior years, it took about \$100,000 of locally-raised funds per year to balance the budget. Unless revenues are increased or costs reduced, by the end of next fiscal year (June 2005), the program's reserves will be depleted and its budget will be about \$20,000 in the red.
- Since acquiring a significant amount of new revenue is unlikely, steps to trim costs by about \$100,000 per year must be pursued.
- Many cost cutting strategies were explored. The recommended plan attempts to limit the impact on clients as much as possible, as well as be faithful to the standards for closing meal sites adopted by the LCOG Board in April 2003 (see attachment #3).
- The plan reduces costs in different ways: staffing and dining room service are reduced, meal specifications are changed, and meal delivery responsibility for 37 Meals on Wheels/day is shifted from

LCOG's program to the Meals on Wheels program being operated by the American Red Cross. These actions, as noted in the table below, save LCOG's program \$100,550 in 2004-05.

- This cost reduction plan was reviewed and approved by the Senior Meals Program Advisory Committee. It will be considered by LCOG's Senior Services Advisory Council at its April 13 meeting. The Council's recommendation to the Board regarding this plan will be reported to the Board at its April 22 meeting.
- Once this plan had the blessing of the Senior Meals Program Advisory Committee, staff took steps to share information about the plan with affected clients, staff, and those elected officials in jurisdictions with meal sites that are likely to be reduced or closed. While it was not the intent of staff to fund raise during these visits, it is possible that one or more communities will contribute sufficient funds to forestall the proposed reduction or closure in their respective areas.

Reduction Plan:

	Reduction	Savings
1	Effective 7-1-04, close the Crow Meal Site which operates once a week on Tuesdays. <i>Impact:</i> This eliminates service in Crow for 22 registered participants, most of whom can go to the Veneta meal site.	\$8,000
2	Effective 7-1-04, reduce service in Lorane from once a week (on Thursdays) to once a month. <i>Impact:</i> This eliminates 700 meals/year to 23 registered participants.	\$4,800
3	Effective 7-1-04, reduce service in Coburg from once a week (on Wednesdays) to once a month. <i>Impact:</i> This eliminates 1,000 meals/year to 53 registered participants.	\$4,800
4	Effective 7-1-04, transfer responsibility for three (of the nine) S&DS Meals on Wheels routes in Eugene and Springfield to Red Cross and reduce staffing at the Springfield and Olive Plaza (Eugene) Meal Sites. <i>Impact:</i> No change in service level; staff positions will be eliminated.	\$51,800
5	Effective 7-1-04, reduce staffing at the Oakridge Meal Site. <i>Impact:</i> No change in service level; a staff position will be reduced.	\$3,700

6	Effective 7-1-04, reduce staffing at the Veneta Meal Site. <i>Impact:</i> No change in service level; a staff position will be eliminated.	\$3,700
7	Effective 7-1-04, reduce staffing at the Creswell Meal Site. <i>Impact:</i> No change in service level; a staff position will be reduced.	\$1,750
	**Note: Additional savings will be realized by changing hot, deli and frozen meal specifications to reduce cost of meals. For hot meals , change the required frequency of more costly items such as veal cutlets, roast pork, roast beef, and fruit desserts. For frozen meals , eliminate the dessert. For deli meals , change the menu format to soup and sandwich only and eliminate the more costly entree salads such as Chef Salad or Cobb Salads. These changes will be implemented 7-1-04.	\$22,000
	Total Savings	\$100,550

Requested Action:

That the LCOG Board approve the Senior Meals Program 2004-05 service reduction plan, as presented above.

Attachments