



**North Carolina Department of Health and Human Services
Division of Aging and Adult Services**

2101 Mail Service Center • Raleigh, North Carolina 27699-2101
Tel 919 733-3983 • Fax No. 919 733-0443

Beverly Eaves Perdue, Governor
Lanier M. Cansler, Secretary

Dennis W. Streets
Director

DAAS Administrative Letter No. 11-07

To: Area Agencies on Aging, Senior Center Directors
From: Dennis Streets *Dennis W. Streets*
Subject: Charging Fees in Senior Centers
Date: April 12, 2011

The purpose of this letter is to address acceptable types of fees and other payments that can be charged to participants of multipurpose senior centers (MPSC) that receive Older Americans Act (OAA) funds through the Home and Community Care Block Grant (HCCBG). It also applies to senior centers receiving state General Purpose funds, since the Division of Aging and Adult Services (DAAS) awards General Purpose funds to senior centers meeting the OAA definition of a multipurpose senior center.

This letter discusses the difference in *mandatory* versus *optional* fees and what is acceptable for a multipurpose senior center. Membership fees in particular are addressed. The term "membership fee" in a senior center can have many meanings, depending on how it is used.

Voluntary Contributions by Participants Are Encouraged

DAAS recognizes that many senior centers rely on contributions from participants as an economic necessity, and the Older Americans Act permits and even encourages voluntary contributions by service recipients towards the cost of OAA services. Acceptable participant contributions may take many different forms. This letter outlines ways in which contributions may be requested and includes acceptable examples.

Reference: Older Americans Act, Section 315:

(b) VOLUNTARY CONTRIBUTIONS.—

(1) IN GENERAL.—Voluntary contributions shall be allowed and may be solicited for all services for which funds are received under this Act if the method of solicitation is non-coercive. Such contributions shall be encouraged

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for individuals whose self-declared income is at or above 185 percent of the poverty line, at contribution levels based on the actual cost of services.

Basic Senior Center Admission and Services: No Required Charge

Multipurpose senior centers must allow older adults in the community admission to the senior center without a required charge, and a minimum range of services should be open to them without obligation to pay. The DAAS Senior Center Operations standards includes a list of core services that multipurpose senior centers are expected to make available, either directly or through linkages, to all older adults in the community they serve. These services include:

- Outreach
- Information and referral
- Health promotion
- Social activities
- Nutritional services
- Educational services
- Volunteer opportunities
- Recreational activities
- Counseling (tax, legal, insurance, etc.)
- Transportation.

Participants may choose to voluntarily contribute to the cost of the above services but cannot be required to pay. Ultimately, the decision to contribute and in what amount is up to each service recipient.

References:

- 1) DAAS Senior Center Operations, Section VI. Service Provision C. 1.
- 2) Older Americans Act, Section 102 (a) 36: "The term 'multipurpose senior center' means a community facility for the organization and provision of a broad spectrum of services, which shall include provision of health (including mental health), social, nutritional, and educational services and the provision of facilities for recreational activities for older individuals."
- 3) Older Americans Act, Title II Regulations, Section *1321.67(d)*
"A service provider that receives funds under this part may not deny any older person a service because the older person will not or cannot contribute to the cost of the service."

Acceptable Fees

Activities

As long as the senior center is accessible to all seniors in the community during operating hours and it is offering an array of basic services and activities as described above, senior centers may charge a fee for an optional class, trip, or other activity that is not covered by HCCBG or state General Purpose funds.

Fee-based activities should be in addition to, rather than in place of programs in the minimum services categories listed above. The senior center may structure such fees to be paid directly to the instructor or to the senior center.

Acceptable Example:

In addition to the center's regular exercise class, there is a Tai Chi class led by a certified instructor that runs a studio in town. The instructor charges a \$5 per student stipend to participate in the class.

Class materials and supplies

A senior center may charge a fee for class materials or supplies not covered by HCCBG or state General Purpose funds. Similar to instructor fees, the senior center may structure such fees to be paid directly to the instructor or to the senior center.

Acceptable Example:

An instructor with the local community college has agreed to teach an advanced computer class at no charge. However, he charges \$40 for the costs associated with the manual and other materials each student will receive during the class.

Optional programs, clubs or "memberships" to increase revenues

Senior centers may charge for optional programs such as:

1. Special fundraising programs or efforts to solicit participant contributions.
2. A fee to join an optional club or organization within the center that offers special benefits to those who pay to participate.

Such programs may offer a discount on fee-based classes, trips offered by the center or similar activities. Payment to participate in such an organization may be referred to as a "membership fee;" however, the terminology may be confusing for some who may assume that they cannot attend the center without "joining" and paying the fee. Senior centers are advised to be cautious in using the term and give special attention to how the program is advertised. The center's marketing materials and announcements for such an organization or program should include a prominently placed statement that there is no charge to attend the senior center and participate in most/many activities. Marketing efforts should be clear that such a program is just an additional option for participants which provides extra benefits.

To avoid possible confusion with the term "membership," senior centers may want to consider alternative terms such as "senior center associates"; "silver savers"; or "booster club" to name a few.

Acceptable Examples:

- 1) There is a private, membership-only Senior Citizens Club in your area that meets once a month at the senior center. In order to belong

to the Club you must pay \$25 in yearly dues. In exchange for your dues you receive discounts on Club trips and tickets to the Club's annual dinner dance.

2) The Silver Savers program is an optional membership program that is available for the participants at your senior center. For the \$15 annual membership fee, the program's members receive discounts on optional, fee-based trips and other optional activities where a fee is charged.

Fees that May Not Be Charged by MPSCs

A MPSC may not:

-Charge a *mandatory* membership fee ***even if the fee can be waived for low income participants***

References:

1) Older Americans Act, Section 315:

(b) VOLUNTARY CONTRIBUTIONS.—

(1) IN GENERAL.—Voluntary contributions shall be allowed and may be solicited for all services for which funds are received under this Act if the method of solicitation is non-coercive.

(3) PROHIBITED ACTS.—The area agency on aging and service providers shall not ...deny services to any individual who does not contribute to the cost of the service.

-Require participants to pay for a registration card or "swipe" card in order to gain admission to the senior center.

This is equivalent to a mandatory fee for admission to the senior center. It is a center's voluntary decision to utilize a software tracking program. The costs associated with these programs are part of the overall operations cost of the center and should be factored into the center's operations budget, not in a cost passed on to participants.

References:

See above.

-Use HCCBG funds to pay for scholarships for people to attend an optional class with a required fee.

This funding may be used for the purpose of assisting in the operation of the MPSC and meeting all or part of the costs of compensating professional and technical personnel required for the operation of the center. It is not intended to fund scholarships.

References:

DAAS Senior Center Operations, IX. Records, Reports and Reimbursement

A. Federal or State Statutory Requirement (from Older Americans Act)

OAA § 321 [42 U.S.C. 3030d] Supportive Services and Senior Centers

OAA § 321(b)(2) Funds made available to a State under this part may be used for the purpose of assisting in the operation of multipurpose senior centers and meeting all or part of the costs of compensating professional and technical personnel required for the operation of multipurpose senior centers.

Cost Sharing vs. *Required* Membership Fees

Charging a required membership fee may be confused with recommended cost-sharing payments as established in the Cost Sharing Policy in the Older Americans Act. They are not the same. Even when a state (such as North Carolina) chooses to implement a cost sharing policy for specific services, the requested cost sharing fees must be structured around a recommended sliding scale based on self-declared income and the cost of the service. The OAA gives the individual receiving services the freedom to decide what income to declare and what amount, if any, they feel they can contribute.

The cost sharing policy established in the OAA in 2000 and reauthorized in 2006 helps to inform older Americans how much a particular service costs and creates an opportunity for those receiving services to contribute to help expand access to services. It gently provides opportunities, without mandates or means testing, for individuals to voluntarily share in the cost of providing services. The cost sharing policies are carefully designed to prevent the creation of any barriers to access to services for seniors in the greatest economic or social need. Cost sharing is applied on an individual basis according to each person's willingness to self-declare some or all of their income and their willingness or desire to share in the cost of providing a service. The entire policy is centered on encouraging cost sharing while continuing to protect established safeguards to prevent any barriers to accessing services and sensitivity to protecting an individual's right to autonomy and privacy. It is the individual, not the service provider, who determines how much information to share and the individual determines how much, if any amount, they are able to contribute.

Recommended cost sharing rates must be established based on a sliding scale and may only be determined by a person's income and the cost of providing the specific service. A required membership fee is not applied according to each individual's ability or willingness to contribute to the cost of the services he or she receives, but rather it is a set fee determined by the center that is the same for everyone. It covers a general range of services or activities and is not tailored to specific services each individual receives. Payment of any required membership fees is not the choice of the individual but the policy of the senior center that sets the rate. Offering a waiver in cases where someone's income warrants a waiving of the fee does not help. Such a waiver does not apply to the Act's cost sharing policy. It is the area agency on aging, not the service provider, that may ask to have the State's cost sharing policies waived. Requiring payment of a membership fee, even with a waiver policy, undermines the protections to privacy, autonomy and access to services that the Act so strongly protects.

References:

1) Older Americans Act Section 315, Consumer Contributions, b) Cost Sharing.

2) Older Americans Act (*Section 1321.67.*) "A service provider that receives funds under this part may not deny any older person a service because the older person will not or cannot contribute to the cost of the service."

Requesting Contributions

Educating participants about the cost of services, the center's expenses and its monetary needs can help to encourage voluntary contributions.

The center may use posters, letters, websites, presentations, group discussions and other methods to educate participants about the actual cost of services and request voluntary contributions, (although some restrictions may apply in the case of low-income participants*). Even one-on-one or face-to-face approaches to solicit contributions are acceptable as long as the senior center clearly states in all solicitations that contributions are not required and are non-coercive and completely voluntary.

References:

1)* Older Americans Act, Section 315:

"(b) VOLUNTARY CONTRIBUTIONS.—

(1) IN GENERAL.—Voluntary contributions shall be allowed and may be solicited for all services for which funds are received under this Act if the method of solicitation is non-coercive. Such contributions shall be encouraged for individuals whose self-declared income is at or above 185 percent of the poverty line, at contribution levels based on the actual cost of services.

(4) REQUIRED ACTS—The area agency on aging shall ensure that each service provider will—

(A) provide each recipient with an opportunity to voluntarily contribute to the cost of the service;

(B) clearly inform each recipient that there is no obligation to contribute and that the contribution is purely voluntary.

2) DAAS Consumer Contributions Policy and Procedures, Appendix A: Practice Guidelines, 2) Collection Procedures and Financial Management.

Fees for Those Under Age 60

Senior centers may set their own age minimum for participation as long as they are not using OAA or state General Purpose funds to cover the cost of serving people under 60 years of age. In cases where the mission of a community center or other program is to serve all ages, it is entirely appropriate to charge those under 60 a fee for participation as long as this does not violate the policies of any other funding source. This is sometimes the case with senior centers administered by municipal

parks and recreation departments. In such cases, it is very important that the center's accounting system clearly shows how HCCBG and General Purpose funds are separated to assure that they are being used to serve adults 60 and over exclusively.

Acceptable Example:

There is a local community center where people of all ages can pay to participate in various activities. It is also home to a multipurpose senior center that receives HCCBG funding for Senior Center Operations. These HCCBG funds are used exclusively to pay the salary of the senior center manager, who plans and manages the activities and programs of the senior center. People who are 60 years and older may attend the senior center at no cost.

Cost Allocation

Cost allocation is the process of attributing costs (funding sources) to a particular line item. For example, the salary of a senior center activity director is cost allocated, with 80 percent of his/her salary paid from HCCBG funds and 20 percent from county funds.

In general, senior centers rely on an array of funding sources to finance programs and operations and each source has its own requirements. For this reason, cost-allocating to show how funds are used is an important part of budgeting.

We hope this letter is helpful in clarifying the allocation of HCCBG and state General Purpose funds and determining acceptable fees that may be charged in senior centers. Please feel free to contact Leslee Breen (leslee.breen@dhhs.nc.gov) or Judy Smith (judy.smith@dhhs.nc.gov), phone number 919-733-0440 about any questions you may have regarding this letter.