

MEMORANDUM

April 16, 2012

TO: Education Committee

FROM: Vivian Yao, Legislative Analyst *ny*

SUBJECT: **Worksession: FY13 Operating Budget
 Non-Departmental Account-Montgomery Coalition for Adult English
 Literacy (MCAEL)**

Those expected to attend the worksession include:

- Amanda Zinn, Acting Executive Director
- Heather Ritchie, Program Manager
- Aryani Ong, Board Member
- Bruce Meier, OMB

The Executive's recommendation for the MCAEL is attached at ©1. The following chart shows the recommended FY13 funding for MCAEL along with the funding history since FY10.

	FY10 Approved	FY11 Approved	FY12 Approved	FY13 CE Rec	% Change FY12-FY13	% Change FY10-FY13
Expenditures						
General Fund	\$842,420	\$717,850	\$681,960	\$681,960	0.0%	-19.0%
TOTAL Expenditures	\$842,420	\$717,850	\$681,960	\$681,960	0.0%	-19.0%

For FY13, the Executive has recommended funding of \$681,960 for the MCAEL. While this amount is level with the approved FY12 funding level, it is 5% less than the FY11 funded amount (\$717,850) and 19% less than the FY10 funded amount (\$842,420). The County supports MCAEL in the form of a grant.

The following table shows MCAEL's proposed FY13 budget reflecting County and non-County funding sources. Council staff notes that FY13 budget information was provided to the Council in draft form as it has not yet been approved by MCAEL's Board of Directors. See also ©2.

	FY12 Approved	FY13 CE Recommended	FY13 MCAEL Request
Grants	500,000	500,000	525,000
Other Costs	181,960	181,960	191,058
Total County Funding	681,960	681,960	716,058
Non-County Funding	31,800	82,445	
Total Organization Budget	713,757	764,405	

As shown on the table above, MCAEL has requested a 5% increase of \$34,098 in County funding, see testimony of Interim Executive Director Zinn at ©3-4. Ms. Zinn highlighted the economic effectiveness of investing in adult literacy program and described the need for additional funding for services (see also ©6-8). She noted that at least one provider has stopped delivering services because of the lack of funding, resulting in a loss of 250 seats. She concluded that "the budget has been cut to a level that prevents MCAEL from being as effective, efficient and sustainable as it needs to be."

The Council appropriates to MCAEL most County funding for adult literacy programs, including English for Speakers of Other Languages (ESOL) programs. MCAEL determines how much funding to allocate to organizations requesting County funding for adult literacy programs. In addition to the funding that MCAEL grants to organizations on behalf of the County, the organization also receives funding to cover some of its administrative expenses and efforts to provide technical assistance and support to literacy providers in the community.

Additional testimony:

The Council has received testimony from Reverend Mark Brennan from St. Martin's Catholic Church advocating for the expansion of English classes for immigrants.

Annual Committee Review

The Committee met with the MCAEL in the fall to review their progress. The most recent review was on November 21, 2012. At that meeting, the Committee discussed the role that adult literacy program play in closing the achievement gap, the growth in need for adult literacy services in the County, particularly in the upcounty area, and the progress being made to help literacy program in the County track outcomes and demonstrate program accomplishments. Committee members expressed continued appreciation for the MCAEL's work.

Council staff recommendation: Approve the Executive proposed FY13 funding for MCAEL at this time. The organization has developed a plan, although not ideal, to provide services at the Executive's recommended funding level. The Committee may be interested in soliciting additional information from MCAEL about the unmet demand for ESOL services including wait list data and wait time for services and consider restoring funding at a future time when resources are at a sustainable level.

FY13 Recommended Changes	Expenditures	FTEs
FY12 Approved	23,373,010	0.00
Increase Cost: Leases: Adjustments for fixed leases	722,320	0.00
Increase Cost: CPI Adjustment	485,260	0.00
Increase Cost: Inspector General's Office	92,820	0.00
Eliminate: Pinney Branch Satellite Facility	-44,430	0.00
Decrease Cost: Elimination of One-Time Items Approved in FY12	-50,000	0.00
Decrease Cost: Leases: Annualization of FY12 moves	-928,460	0.00
FY13 CE Recommended	23,650,520	0.00

Montgomery Coalition for Adult English Literacy (MCAEL)

This NDA provides funding for the Montgomery Coalition for Adult English Literacy (MCAEL). MCAEL's mission is to strengthen the countywide adult English literacy community of providers' network with resources, training, collaborations, and advocacy to support a thriving community and an optimal workforce. Funding for MCAEL supports program grants to organizations that provide adult English literacy services; technical assistance, training, and networking opportunities that improve program quality and coordination; information resources for the community; and operating expenses to administer the grants and provide the support services. The County's contribution is implemented by a contract between the Department of Public Libraries and MCAEL.

FY13 Recommended Changes	Expenditures	FTEs
FY12 Approved	681,960	0.00
FY13 CE Recommended	681,960	0.00

Motor Pool Fund Contribution

This NDA funds the acquisition of new, additional Motor Pool fleet vehicles, as opposed to replacement vehicles, which are financed through an established chargeback mechanism.

FY13 Recommended Changes	Expenditures	FTEs
FY12 Approved	817,770	0.00
Increase Cost: Acquisition of 24 Police Vehicles	1,310,630	0.00
Add: Van for HHS Street Outreach Network	27,300	0.00
Decrease Cost: Elimination of One-Time Items Approved in FY12	-817,770	0.00
FY13 CE Recommended	1,337,930	0.00

Municipal Tax Duplication

The Montgomery County Tax Duplication Program, authorized by Chapter 30A of the Montgomery County Code, reimburses municipalities for those public services they provide that would otherwise be provided by the County. This goes beyond State law, Section 6-305, which requires the County to provide to municipalities only the Property Tax funded portion of those costs. County Council Resolution No. 9-1752, enacted April 27, 1982, increased the scope of program coverage from street-related expenditures to include other public services, such as police supplemental aid; animal control; elderly transportation; parks maintenance; Board of Appeals; and Human Rights.

This program was reviewed in FY96 and technical formula amendments proposed. The changes were approved, and payment calculations since then are prepared in accordance with County Council Resolution No. 13-650, adopted September 10, 1996. Specifically, as the exact payment amount for the current year cannot be determined until both municipal and County books are closed, reimbursements are based on the final audited cost of performing eligible services during the fiscal year two years prior to the budget year. Also, reimbursements are now made at the County's cost and not at "the lesser of County or Municipal costs" of eligible service provision.

Also budgeted here are payments to Municipalities of a share of the net revenues from County operated Speed Cameras in their jurisdictions. Payments are based on Memoranda of Understanding with each Municipality.

Finally, payments to municipalities are also made from other sources, including Cable TV Franchise Fees, Grants in Lieu of Shares Tax, Non-Departmental Accounts, and as part of the County's Community Development Block Grant.

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Montgomery Coalition for Adult English Literacy

Line Item	Proposed FY13 Full Budget (County + Private)	Proposed FY13 County Budget + 5%	Proposed FY13 County Budget	FY12 County Budget
Grants to Literacy Providers	500,000.00	25,000.00	500,000.00	500,000.00
Salaries	161,000.00	5,000.00	140,000.00	133,500.00
Benefits	30,600.00	0.00	9,040.00	7,500.00
Advertising (Staff Recruitment)	0.00	0.00	0.00	555.00
Auditor	6,750.00	1,687.50	5,062.50	6,050.00
Bank Fees	25.00	0.00	0.00	0.00
BoardEffect	2,030.00	0.00	0.00	2,030.00
Bookkeeper	5,000.00	0.00	3,750.00	5,000.00
Communications	4,320.00	0.00	2,740.00	4,000.00
Computer	500.00	0.00	0.00	0.00
Database	5,000.00	0.00	0.00	2,000.00
Instructor Fees	5,125.00	0.00	500.00	550.00
Instructor Materials	5,000.00	0.00	0.00	0.00
Insurance	1,790.00	0.00	1,342.50	0.00
Legal	1,000.00	0.00	0.00	0.00
Meeting Expense	500.00	0.00	250.00	500.00
Payroll Service	900.00	0.00	675.00	675.00
Postage	800.00	0.00	600.00	500.00
Printing & Copying	3,000.00	0.00	2,250.00	1,000.00
Professional Development Board & Staff	2,550.00	0.00	0.00	1,750.00
Rent	18,141.00	2,410.50	13,605.75	14,000.00
Repairs & Maintenance	800.00	0.00	0.00	0.00
Scholarships & Stipends	3,395.00	0.00	0.00	0.00
Staff & Volunteer Appreciation	1,000.00	0.00	0.00	0.00
Subs, Pubs and Dues	880.00	0.00	660.00	200.00
Supplies	1,000.00	0.00	750.00	400.00
Technical Support	775.00	0.00	0.00	0.00
Local Travel	1,000.00	0.00	734.25	500.00
Out of Town Travel	1,524.00	0.00	0.00	1,250.00
TOTAL	764,405.00	34,098.00	681,960.00	681,960.00
Level County Funding +5%		716,058.00		

Note: MCAEL's Board of Directors has not approved the FY13 budget, to date.

**Testimony before the Montgomery County Council
on the FY 2013 Operating Budget
By Amanda Zinn, Interim Executive Director
Montgomery Coalition for Adult English Literacy
Thursday, April 12, 2012**

President Berliner and Members of the County Council:

Good afternoon; my name is Amanda Zinn, and I have had the privilege of serving as the Interim Executive Director of MCAEL, the Montgomery Coalition for Adult English Literacy, for the past 12 months. I offer my testimony on behalf of our diverse county-wide network of over 70 adult English literacy programs that collectively employ over 1,500 paid and volunteer instructors, and annually help over 22,000 adult learners improve their English literacy skills.

As the County's partner in addressing the low literacy challenge, MCAEL leverages and strengthens a lean and efficient network of diverse providers to offer adult English literacy classes, clubs and tutoring programs in every corner of the community. Literacy - more than any other skill or social service - provides individuals and families the foundation to lift themselves out of poverty, and to fully participate in the community.

I think MCAEL has made a strong case in the past for the need for adult English literacy services. Nonetheless, I'd like to remind you of how low literacy affects every aspect of society with a few statistics:

- **Increasing Need:** The most recent census data shows that Montgomery County, for the first time in history, has a minority majority population —the need for ESOL education continues to grow.
- **Most Recent Numbers:** Approximately 132,000 Montgomery County residents are Limited English Proficient (LEP) — that is one in seven County residents.
- **Cost of Low Literacy:** Low literacy costs the U.S. \$225 billion or more each year in non-productivity in the workforce, crime and loss of tax revenue. (ProLiteracy, 2011)
- **High Return on Investment:** For every \$1 dollar invested in adult education, there is a \$3.15 return to the Maryland economy in increased earnings within 18 months. (MAACCE)
- **Education:** There are 15,000 ESOL students in MCPS with four out of five of those having at least one parent with Limited English Proficiency and a parent's literacy level is the most significant predictor of a child's future literacy ability and therefore success in life (MCPS, Urban Institute and REACH Educational Foundation, 2003)
- **Health:** Low literacy costs between \$106 and \$236 billion dollars each year in the U.S. (ProLiteracy Worldwide, 2011)

As an outside consultant with no self-interest other than as a citizen, I am urging you to do your best in finding a way to restore 5% of the 20% cut in funding that MCAEL and the literacy providers have sustained over the last two years. MCAEL is a precious gem that produces outstanding work in both

quality and quantity compared to other nonprofits with which I have worked—without regard to size or age. Over the past year, I have analyzed the organization's operations and have concluded that the budget has been cut to a level that prevents MCAEL from being as effective, efficient and sustainable as it needs to be and from reaching its full potential with the corresponding benefits to the County. The literacy providers are struggling, too – in fact, at least one program is closing due to loss of funding. That one closing is a loss of 250 seats. I can assure you that the literacy provider organizations are stretching themselves to the limit and, at the same time, increasing their capacity and quality as a result of the high standards MCAEL requires of its grantees.

Without your continued support for literacy, the super efficient coalition model and the benefits it offers to diverse residents and the community as a whole will be jeopardized. While we recognize that the County continues decreased revenue and is still in a very tight economic situation and while we want to thank you so very much for your past support—and we truly do thank you—my plea today is to diligently look for a way to restore 5% in funding. In the scheme of things, the additional \$34,098 is a relatively small investment with a huge economic return.

Thank you.

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Testimony before County Council, April 11, 2012
Rev. Mark E. Brennan, St. Martin's Catholic Church, Gaithersburg

I'm happy to address you on behalf of the Catholic Justice and Advocacy Council of Montgomery County.

According to a study commissioned by the Maryland General Assembly, during the years 2008 to 2010, nearly 32% of Montgomery County's residents were foreign-born, which was close to 40% of the State's total. The presence of so many immigrants creates challenges in everything from educational services to driving patterns but, now as in the past, immigrants bring energy, skills, values and customs that enrich our common life. My parish, perhaps the largest of 140 in the Archdiocese of Washington, reflects this demographic change: it has evolved from a small-town parish surrounded by farms to a suburban parish with mostly Caucasian members to a predominantly immigrant parish now.

Economically, the immigrants in our County fall into two main groups: those who are highly educated and skilled – engineers, scientists, professionals – and those with much less formal education and fewer well-paid skills: dishwashers, office cleaners, landscapers. I believe members of both groups have the same human dignity, which comes from the hand of God. When it comes to assistance from the County government, however, it is usually members of the second group who will need it rather than members of the first.

Our poorer immigrants are often the first to lose their jobs when the economy falters. They lose their lodgings at a much higher rate. The undocumented among them can suddenly be arrested and put on the path to deportation, breaking up their families, who may lose their only breadwinner. Non-governmental groups and agencies, such as my parish, which hosts a daily soup kitchen, runs a weekly pantry, hosts English classes, gives out winter coats each year and offers counseling and spiritual strength to thousands of people, are trying to do their part but the County, even in tight economic times, has vastly more resources and must do its share.

Strengthen programs that help immigrants and other County residents in need; don't cut them. Helping needy families with funeral expenses is humane, since death visits all our families. Shelters should not close down on April 1. Last summer some homeless immigrants showed up at my door. I put them up briefly at a motel but my resources are quite modest. Keep some County shelters open in warm weather. Expand English classes for immigrants. Most want to learn English but they need the chance. Consider also how the County's reporting a resident detained for a minor traffic violation to ICE, the Immigration and Customs Enforcement Agency, may end in deportation and put further strain on County services the deportee's family will need.

Helping immigrants now is both the decent thing to do and is an investment in the future. Once better established, they often contribute to the overall good of the County by their hard work and creativity. Their children will be citizens whose education and skills will power the County's future development. In your budget decisions, show that you see our immigrants as a blessing and lend a hand to those who need it.

MONTGOMERY COUNTY

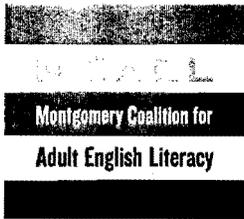
Montgomery Coalition for Adult English Literacy

Financial Impact Indicators

- ▶ Former learners earn higher income;
- ▶ County has lower unemployment rate;
- ▶ County spends less money on safety net costs;
- ▶ Overall more economic activity (retail, housing, services, etc.); businesses more productive;
- ▶ County enjoys increases in retail, income, personal property taxes; and
- ▶ More gov't money for needed services or to lower taxes.

Social Impact Indicators

- ▶ Parents more involved in children's educational activities → more successful educational outcomes for students;
- ▶ Improved health care services → healthier population;
- ▶ Improved quality of life due to enhanced friendships, community involvement; diminished isolation;
- ▶ Improved ability to access community services (library, cultural activities, etc.); and
- ▶ Improved engagement in civic and community activities (i.e., volunteering).



MCAEL FACT SHEET: WE ALL BENEFIT FROM AN ENGLISH LITERATE COMMUNITY

Montgomery County is a majority minority population (50.7% minority) out of a total population of 971,777. Of the minority population, 17% are Hispanic and 13.9% Asian/Pacific Islander. According to the 2010 Census, 31% of Montgomery County is foreign-born. According to the 2009 American Community Survey, **16% (155,484) of the County's residents speak English less than "very well"** — an increase from 14% in 2006.

Economic Development and Self-Sufficiency

Low literacy's effects cost the U.S. \$225 billion or more each year in **non-productivity in the workforce, crime, and loss of tax revenue** due to unemployment. (ProLiteracy, 2011)

In Montgomery County, one out of three workers is an immigrant. According to the Urban Institute, a fluent English-speaking immigrant earns nearly double that of a non-English speaking worker. (Urban Institute 2007) That equates to higher spending and taxes paid – which benefits us all. **Every dollar** invested in adult education **yields a return of \$3.15** to the Maryland economy in increased earnings within 18 months (MAACCE).

Learners achieve significant annual wage gains within 18 months after program exit, ranging from \$1,817 to \$2,579, an 18 to 25 percent gain for minimum wage workers. (Source: U.S. Department of Commerce's *Educational Attainment in the United States*)

Literacy has a profound impact on family income. Forty three percent of adults at the lowest level of literacy proficiency live in poverty compared with four percent of adults with strong literacy skills. (The State of Literacy in America, 1998)

Children Ready to Learn

A rise of 1% in literacy scores leads to a 2.5% rise in labor productivity and a 1.5% rise in GDP per person. (The Economist, August 28, 2004) **There are more than 15,000 ESOL students in MCPS** – in school year 2011-2012, Elementary = 22%/69,941 students, Middle and High Schools: <5%/30,971 (MCPS website). Based on national averages, **four out of five ESOL students will have parents who are limited English proficient.** Beyond this population, over half of foreign-born children who speak English "very well" have only limited English proficient parents (Urban Institute).

A parent's literacy level is one of the most significant predictors of a child's future literacy ability. Poor school achievement and dropping out before completing school are commonplace among children of illiterate parents. (REACH Educational Foundation, 2003)

Illiterate adult parents stand a much greater chance of parenting children who are less likely to succeed in school than those with literate parents. These children are more likely to be "left behind" no matter what we do in our schools, unless we help the parents to improve their own literacy and English language skills. Adults currently enrolled in Maryland adult education programs have about 22,000 school-age children (Source: 2007 Literacy Works Report).



Healthy Communities

Low health literacy costs between \$106 billion and \$236 billion each year in the U.S. (ProLiteracy Worldwide, 2011)

Seventy-seven million Americans have **only a 2-in-3 chance of correctly reading an over-the-counter drug label** or understanding their child's vaccination chart.

Annual health care costs in the U.S. are four times higher for individuals with low literacy skills than they are for individuals with high level literacy skills. (ProLiteracy Worldwide)

The health care industry estimates **\$73 billion per year of unnecessary health care expenses attributable to poor literacy.** (Centers for Medicare & Medicaid Statistics, 2004)

In one U.S. study, having a ninth-grade reading level or less appeared to double the risk of mortality among elderly people over a five-year period. (National Institute on Aging, 2006)

When family members or untrained interpreters are used to assist with communication, **an average of 31 translation errors are made per health care visit.** (American Medical Association, 2005)

A 2003 Urban Institute study found that 60 percent of legal immigrants who were eligible to become citizens but had not done so were Limited English Proficient (LEP).

An estimated 30 million adults, or 14%, have "below basic" literacy skills. This means they **cannot perform basic literacy functions like read a map, fill out a job application, or calculate the total cost from a purchase order.** Of this 30 million, 11 million are considered "not literate in English" (National Assessment of Adult Literacy, 2002)

More than 65 percent of all state and federal corrections inmates can be classified as low literate. (ProLiteracy Worldwide, 2011)

"The shortage of high-quality ESL programs poses one of the most difficult challenges for foundations interested in improving the economic and social wellbeing of communities with sizable or growing newcomer populations. Funders who have prioritized broader goals such as better health and education outcomes may want to consider addressing ESL needs as part of their grantmaking strategy. (Grantmakers Concerned with Immigrants and Refugees, 2008)

"There is still a need for direct outreach to the LEP community, including at public events and on the Web. Though the County has many resources for LEP individuals when they contact the County government, it is much more difficult to communicate the other way around—reaching out effectively to LEP individuals." (Montgomery County LEP Report)

