

ED #4
April 25, 2011

MEMORANDUM

April 15, 2011

TO: Education Committee
FROM: *CHS*
Charles H. Sherer, Legislative Analyst
SUBJECT: FY12 NDA for the Montgomery Coalition for Adult English Literacy (MCAEL)

Those expected to attend this worksession include:

Heather Ritchie, Program Manager
Aryani Ong, Board President
Beryl Feinberg, OMB

Council staff recommendation Approve the Executive's 5% reduction. In recognition of the County's fiscal problems, MCAEL is not asking the Council to put the amount of the reduction on the reconciliation list and has developed a plan to provide services at the reduced amount. They explain the impact of the reduction on ©4-6.

FY11 Approved budget	717,850	100.0%
Executive's 5% reduction ("similar to other contract reductions")	(35,890)	5.0
FY12 Executive recommended budget	681,960	95.0%

The FY11 budget was 14.8% less than the FY10 approved budget (\$842,420). The FY12 budget would be 19.0% less than the FY10 approved budget.

The budget is summarized below.

		FY11	FY12 with 5% reduction	\$ Change	% Change
1	Costs other than grants	191,850	182,257	(9,593)	
2	Grants	526,000	499,700	(26,300)	
3	Total from the County	717,850	681,957	(35,893)	-5.0%
4	Non County	41,800	31,800	(10,000)	-23.9%
5	Total budget	759,650	713,757	(45,893)	-6.0%

Background

Before FY09, the Council reviewed and decided which specific grants to approve for adult literacy programs. Starting in FY09, the Council instead appropriates to MCAEL most County funding for adult literacy programs, including ESOL (resolution 16-354, approved on October 30, 2007). MCAEL will then decide how much to allocate to each of the various entities requesting County funding for such programs. In a memorandum dated February 5, 2008, Council President Knapp asked the Executive to establishing a separate non-departmental account for MCAEL (as there is for the Arts and Humanities Council) or place these funds in the base of a departmental budget. In a reply dated March 6, 2008, the Executive stated that he would include an NDA in his Recommended FY09 Operating Budget, which he did.

As Mr. Knapp stated in his February 5, 2008 memorandum, MCAEL will use its administrative expenses to do **more** than administer the 15-20 grants on behalf of the Council: the budget will **also** "...allow MCAEL to move forward with its overall effort to work with the more than 50 organizations in the county that have already been identified as providing ESOL and to reach out to additional organizations in an effort to ensure that those attending classes are being taught with a quality curriculum."

The Committee meets with MCAEL in the fall to review their progress. The most recent review was on November 29, 2010.

Other programs for adult literacy OMB staff explained that the County provides other funding for adult literacy programs. For FY12, the Executive recommends \$111,390 for the Literacy Council of Montgomery County, which is in the operating expense part of the budget for the Department of Public Libraries. Also, there is literacy tutoring as part of auxiliary services provided by contractors, including the Workers Centers. When the HHS Committee discussed the budget for the Public Libraries, Mr. Leventhal asked why their budget included a \$113,390 grant for the Literacy Council, instead of having this amount in MCAEL's budget for MCAEL to administer. Executive staff will respond to that question.

The grants from MCAEL to the Literacy Council are shown below.

FY07 - \$18,915
 FY08 - \$5,402
 FY09 - \$50,000
 FY10 - \$50,000
 FY11 - \$42,500

For FY12, the Literacy Council requested \$55,000 from MCAEL. MCAEL cannot make funding allocations until after the Council approves the budget on May 26. MCAEL staff has already cautioned applicants that they are unlikely to get more than they got in FY11, and might get less.

Last year, the Committee expressed appreciation for the impressive work that MCAEL has done, and thanks MCAEL for taking on the additional responsibility of administering the entire grants program for adult literacy. The Committee noted the improved accountability and oversight, and the development of measures of performance. The Committee will continue to receive periodic status reports from MCAEL.

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2	Public hearing testimony, April 6, 2011
4	Detail of MCAEL's budget
5-6	Impact of reduction

↳ **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; 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.

FY12 Recommended Changes	Expenditures	WYs
FY11 Approved	717,850	0.0
Reduce: MCAEL support by 5% similar to other contract reductions	-35,890	0.0
FY12 CE Recommended	681,960	0.0

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.

FY12 Recommended Changes	Expenditures	WYs
FY11 Approved	0	0.0
Add: Ten new Police Cars for 3rd District Staffing Enhancement	511,110	0.0
FY12 CE Recommended	511,110	0.0

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. 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.

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.

FY12 Recommended Changes	Expenditures	WYs
FY11 Approved	6,662,120	0.0
Decrease Cost: Reduction in Municipalities' Speed Camera Allocation	-61,890	0.0
Decrease Cost: Reduce by 5 Percent	-318,250	0.0
FY12 CE Recommended	6,281,980	0.0

Prisoner Medical Services

This NDA provides reimbursements to physicians and hospitals for medical care provided to individuals in the custody of any Montgomery County law enforcement agency, with the following exceptions:

- Offenders committed to the custody of the Department of Correction and Rehabilitation (DOCR) and receiving medical treatment paid for by the budget of that department,
- Medical treatment expenses covered by Workers' Compensation,
- Medical treatment expenses covered by personal medical insurance,
- Medical treatment expenses covered by the Federal government,
- Medical treatment expenses covered by other appropriate and available outside resources.

The Department of Police will manage this account, and, with the assistance of the County Attorney, will determine costs for which the County is responsible. All bills are to be reviewed for appropriateness of cost by a private contractor prior to payment.

**Testimony before the Montgomery County Council
on the FY 2012 Operating Budget
By Rachel Glass, Executive Director
Montgomery Coalition for Adult English Literacy
Wednesday, April 6, 2011**

President Ervin and Members of the County Council:

Good evening; my name is Rachel Glass, and I am the Executive Director of MCAEL, the Montgomery Coalition for Adult English Literacy. I offer my testimony tonight on behalf of our diverse county-wide network of over 70 adult English literacy programs who collectively employ over 1,500 paid and volunteer instructors, and annually help over 20,000 adult learners improve their English literacy, language and workforce skills.

The recent release of the 2010 census data has illuminated the dramatic story of our county's growth and increasing diversity, and underscores how vital the partnership between MCAEL and county government will continue to be in ensuring that our diverse population is invested in as a key asset toward building a 21st century Montgomery County.

According to the census, in some parts of the County, Latino and Asian populations grew by more than 100%, representing an increasingly greater proportion of the population. While not all residents of these backgrounds will be English learners, approximately half of all Spanish, Chinese and Korean speakers in the County are limited English proficient. Overall in the County, more than 130,000 residents – one out of every seven – are limited English proficient (ACS). In addition, 80,000 or more adults lack basic literacy skills: i.e. the ability to fill out a job application or read a newspaper written at an 8th grade level (NAAL 2003).

Being unable to read, write, speak and understand the English language means not being able to:

- obtain or advance in a job to support oneself and family;
- communicate with a doctor or neighbors, or call 911;
- help a child with homework, speak to their teacher, or participate as an advocate for their education.

Without English literacy, adults and their families are at risk of slipping further into poverty and isolation.

As the County's partner in meeting this challenge, MCAEL leverages and strengthens a lean and efficient network of diverse providers to offer adult English literacy classes, clubs and tutoring programs in ever corner of the community. These literacy programs - more than any other skill or social service - provide individuals and families the foundation to lift themselves out of poverty, and to fully participate in the community. Indeed, the whole community benefits from improved literacy: as one measure, the State of Maryland estimates that there is \$3.15 economic benefit to the community (through increased wages and tax contributions) for every \$1 that is invested in adult literacy (MAACCE 2010).

Yet, without your continued support for literacy, our super efficient model and the benefits it offers to diverse residents and the community as a whole will be jeopardized. Last year, because of an administrative error, MCAEL experienced a 15% cut in funding. This year, the County Executive has recommended a 5% cut. While a total of 20% will be hard to absorb in our already ultra lean model, we also recognize that we face an unprecedented fiscal challenge. Our message tonight is simply, thank you for your past support, and please do not cut us further. Currently, the waitlist for English literacy services is already well over 2,000 - further cuts would mean exponentially growing this waitlist. Even with hundreds of individuals who want to volunteer to help out, we will not be able to enlist their help without the minimal resources needed to recruit, orient and train them. Public support is also vital to leveraging additional resources from the larger community, such as volunteers, space and other financial support.

Included in your packet is further information about MCAEL's reach and impact on diverse communities throughout the county, as well as our projections for how further cuts would affect county residents. We are also including some letters and testimonials shared with us by adult learners, who wanted to express to this Council their appreciation for your continued support for literacy, and the impact it has had on their lives.

We are proud to be part of the net of vital services that is helping to meet pressing needs and generate economic growth in the county, and to be participating in the efforts of groups like Nonprofit Montgomery, working to maximize resources and partnerships during this crucial time.

With your continued investment English literacy, we hope to continue to work to ensure a prosperous, 21st century Montgomery County that is a great place to live, work, and thrive for all residents.

Thank you.

MCAEL Budget FY12 - FY11 summary, notes and 5% cut

	FY11 - County	Other Revenues	TOTAL	County FY12 - 5% cut	Other Revenues	TOTAL	Notes
	INCOME						
Mo.Co. Government Funding							
Operating Support	191,850**			182,258			
Direct Grants to Providers	526,000**			499,700			
Total County Funding	717,850			681,958			
Other Private Support (Estimated)							
Grants		35,000			25,000		some grants in FY11 were one-time. Assumes maintaining same level of private support.
Individual/Business Contributions		6,800			6,800		
Total Private Support (Estimated)		41,800			31,800		
TOTAL BUDGET			759,650			713,758	
Expenses							
Salaries, Payroll and Taxes	154,240	5,500	159,740	148,240	9,500	157,740	2.5 FTEs. No pension benefits.
Rent	17,100		17,100	17,100		17,100	in Nonprofit Village, under 3-yr lease
Business Fees and Insurance	2,130		2,130	2,130		2,130	for standard liability and D&O policies annual audit, per county and funder requirements
Accounting/Audit	8,300		8,300	8,300		8,300	
Phone/Internet/IT Support	4,979	750	5,729	4,387	1,050	5,437	phone, internet, website
Postage, Copying, Gen Supplies	1,620	200	1,820	1,620	200	1,820	for general business purposes
Local Travel	480	150	630	480	150	630	for local meetings, site visits to grantees
Prof. Fees, Board/Staff Development		3,450	3,450		3,150	3,150	e.g., legal fees, events
1. Provider Workshops/Mtgs							
Training Fees	3,000	3,950	6,950		4,500	4,500	Program activities cover direct support to providers (both grantee and non-grantee) to build their capacity, help recruit volunteers, and ensure sustainable, high-quality and accessible programs. While MCAEL is able to use county funding to help leverage private funds to cover fees and materials, public funding is essential for covering the staff hours to administer these programs.
Meeting Costs		375	375		250	250	
Workshop Materials		10,575	10,575		5,500	5,500	
2. Technical Assistance		6,250	6,250		3,500	3,500	
3. Resources & Library		0	0			0	
4. E-News		0	0			0	
5. Awards		3,400	3,400		1,500	1,500	
6. Jobs/Volunteer Bank			0			0	
7. Community Grants	526,000		526,000	499,700		499,700	direct funding to non-profit service providers
8. Data & Reports	0	1,300	1,300		500	500	publications and data to inform community and demonstrate accountability
9. Provider Directory	0	3,500	3,500		1,500	1,500	for publication of the county's only directory of English classes, supporting access and transitions between programs
10. Advocacy & Outreach	0	2,400	2,400		500	500	promotion of literacy to broader community, such as tabling at local events
Total Expenses	717,850	41,800	759,650	681,957	31,800	713,757	

** reflects a 15% reduction from FY10 funding

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Summary: Impact of English Literacy Cuts on Montgomery County Residents

% of Cut to MCAEL & Providers	-5%	-10%	-12%	-15%	
\$ value of cut	-\$35,893	-\$71,785	-\$86,142	-\$107,678	

A Net Economic Loss					
Addtl. revenue loss to county*	-\$77,169	-\$154,338	-\$185,205	-\$231,507	Loss of economic benefit through decreased wages/tax contributions and increased social service costs

A Growing Unskilled Workforce, Unable to Meet 21st Century Employer Needs					
Addtl. number of <u>workers</u> with limited English ability**	-1,913	-4,208	-5,355	-7,115	Parents unable to support family economically and academically
Addtl. number of <u>children</u> whose primary caregiver unable to support their academic success***	-2,625	-5,775	-7,350	-9,765	

An Exponential Reduction in Service					
Addtl. number of adults unable to access English classes	-2,500	-5,500	-7,000	-9,300	Waitlists and individuals unserved increases exponentially.

Programming Reductions (detailed further in attached budget)					
Reductions in English classes and programs	x	x	x	x	Estimate that for each 1% reduction, 2-4 classes will close. Larger cuts would mean closing whole programs. 500-2,000 individuals could be added to the waiting list.
Reductions to MCAEL capacity building programs, incl. training and tech assistance	x	x	x	x	Fewer programs supported to maintain/improve services, fewer instructors trained, fewer volunteers leveraged. MCAEL estimates that for each 1% reduction, 400 fewer learners are able to access high-quality instruction. This number increases exponentially as economies of scale are reduced.
Termination of technical assistance, training activities			x	x	
Compensation changes	x	x	x	x	Impacts program delivery and org. sustainability
Reduced distribution of provider directory, county's only comprehensive listing of English classes	x	x	x	x	Adults unable to register for classes, advance in educational pipeline
Termination of printed provider directory			x	x	
Reduced reporting, outreach and advocacy	x	x	x	x	MCAEL unable to promote literacy and attract new resources and volunteers

* based on state estimate that adult education contributes a \$3.15 return in economic benefits (MAACCE)

** assumes workforce learner population based on figures that 85% of learners are under age of 60; assumes 90% employed/seeking employment.

*** based on estimates that 70% of adult learners are primary caregivers. Estimate 1.5 children per parent/caregiver.

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WE ALL BENEFIT FROM AN ENGLISH LITERATE COMMUNITY

Stronger Economy

For every \$1 invested in adult education, there is a **\$3.15 economic benefit** to the community

A Pathway Out of Poverty

43% of low literacy adults live in poverty

30% of adult ESOL students live in the five neighborhoods identified by the county as being at **greatest economic risk.**

An English-proficient worker in Maryland can earn **between \$4,000 and \$15,000 more** annually than a non-English

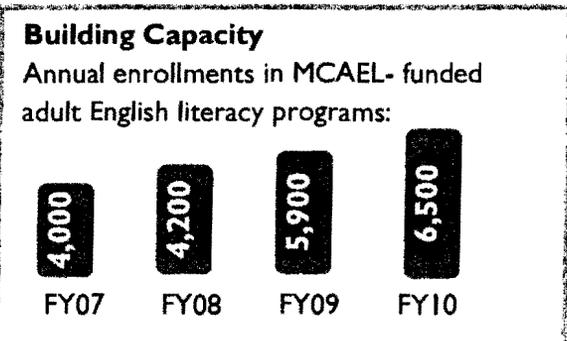
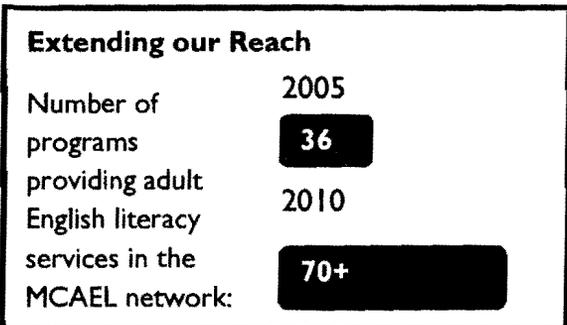
A Prepared Workforce

Basic skills would enable businesses to generate **over \$60 billion in productivity.**

MCAEL: A COMMUNITY-WIDE RESPONSE

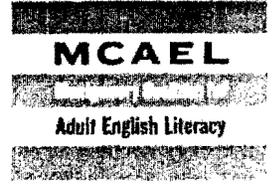
The challenge of adult English literacy is significant and requires a solution that goes beyond the doors of a single organization to focus at the community level. For that reason, MCAEL was established in 2006 to:

- Increase the quality and availability English literacy services
- Expand and coordinate resources and knowledge
- Promote understanding and awareness among the broader community



MCAEL @ the Nonprofit Village
 12320 Parklawn Drive, Rockville, MD 20852
 301-881-1338 / connect@mcael.org
www.mcael.org

THE STATE OF ADULT ENGLISH LITERACY IN MONTGOMERY COUNTY 2010



WHAT

ENGLISH LITERACY is the ability to read, write, and communicate at a level sufficient to reach one's full potential as a parent, worker, and community member.

WHO

WORKERS

Over 80,000 adult residents lack basic literacy, i.e. the skills to complete a job application.

PARENTS

12,000 or more children in our public schools have parents with English literacy needs.

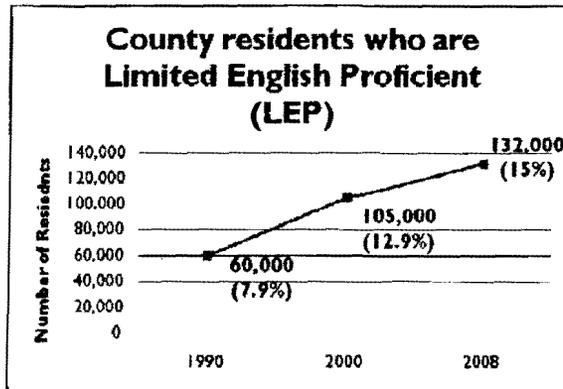
COMMUNITY MEMBERS

132,000 residents are limited in their ability to communicate in English.

A SIGNIFICANT AND GROWING NEED

Montgomery County has changed dramatically over the last 20 years to become a thriving metropolis that benefits from a rich diversity of cultural and linguistic communities. Alongside this transformation are new challenges for our County.

Today, **one in seven county residents** out of the County's total population of close to one million are limited in their ability to communicate in English –more than double the number just two decades ago.



Source: American Community Survey (ACS)

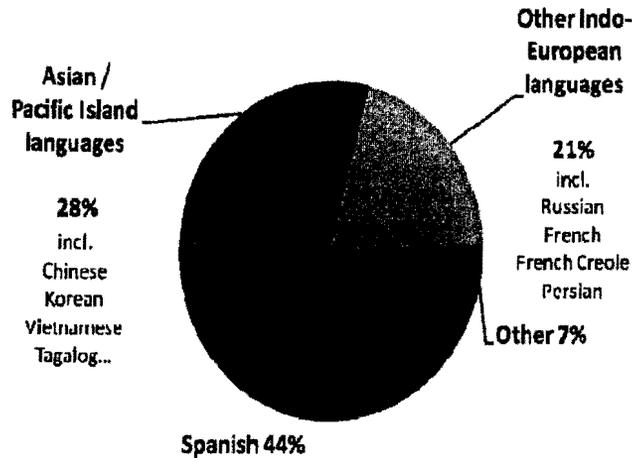
Diverse LEP Population

Educational Backgrounds

45% of foreign-born residents have a bachelor's degree or higher

18% of foreign-born residents have not finished high school

Diversity of Languages Spoken



Diversity of Goals

English language learners have varying goals that relate to their need to realize their roles as parents, workers and members of the community. Some short-term goals may include:

- ✓ Passing the citizenship test
- ✓ Calling 911
- ✓ Speaking with a child's teacher
- ✓ Communicating with a neighbor
- ✓ Reading a prescription
- ✓ Applying for a job
- ✓ Getting a library card
- ✓ Speaking with a medical provider

THE CHALLENGES

English language learners:

- ✓ **Are highly motivated, but face limited opportunities.**

Today, more than **2,000 adults** are on growing waitlists to take English classes.

- ✓ **Face a long timeline to learn and advance toward their goals.**

120 hours Average hours of instruction needed to advance a single English literacy level (six levels to English proficiency)

6-8 years Average number of years of instruction to achieve English proficiency

- ✓ **Need trusted, convenient and accessible programs.**

