Executive Summary

Private-sector and United Way funding have provided significant support to community-based literacy programs for over 50 years. In fact, private-sector funding (along with volunteer tutors) launched some of the first adult literacy programs in the nation. As federal, state, and local government funding opportunities grew in the '70s and '80s, the size and scope of literacy programs increased dramatically.

As other national and local social priorities arose in the late 90s, there was a general erosion of private sector and United Way funding for adult literacy programs. Many programs that received some state and federal support had to shift to rely on local government or private-sector funding.

While private-sector funding is continuing to increase today, the proportion being allocated to adult literacy programs is getting smaller. Private-sector funders are requiring new and innovative approaches to solving community problems with a focus on collective impact, collaborations, partnerships, and consolidation of programs to ensure funding dollars are being efficiently utilized. In addition, many United Way and private funders are primarily looking to support workforce education.

Private-sector and United Way funding will continue to be a vital part of adult literacy programming, but both funders and programs must develop a more effective dialogue on the key contribution that literacy programs make to improve local communities. This paper offers a number of important considerations and recommendations for both programs and funders when seeking or granting funds for adult literacy education.
Background

Private-sector and United Way funding have been significant sources of support for adult literacy programs since the early 1960s when many local literacy programs were first being established. Largely founded by community-based organizations (CBOs), social service agencies, and churches, these programs counted on private funding and volunteers for their ability to provide literacy services. Laubach Literacy and Literacy Volunteers of America, precursors to ProLiteracy, were the primary national organizations offering professional development and advocacy (although little funding) for local programs.

During this early period, private-sector funding was often the sole source of support for local programs. As federal, state, and local public funding opportunities developed in the 70s and 80s, a more formal, traditional education service delivery system developed. This included the formation of programs funded primarily or entirely by government sources. These programs were often linked with traditional educational systems, such as school districts, community and technical colleges, and similar organizations and agencies.

Private-sector funding for CBOs, including United Way funding, increased during this period and allowed a number of programs to grow significantly over time. Several national awareness initiatives led by a number of public and private entities were also important factors contributing to growth. The Barbara Bush Foundation for Family Literacy, Project Literacy U.S. (a partnership between ABC TV and PBS), The Ad Council, several business leaders (e.g., Harold McGraw), and political leaders (e.g., Sen. Paul Simon) helped to garner attention and drive additional resources into the adult literacy field.

Making the case for investments in adult literacy was relatively easy given the new and significantly widespread awareness of the problem.
Scope of the Adult Literacy Crisis in the United States

Among the social issues of most importance to Americans, these consistently rise to the top: poverty, crime, jobs, immigration, education, health care, and the economy. One factor that can have a positive impact on all of these issues is increasing adult literacy rates. Fourteen percent of adults in the United States struggle with low reading, writing, and basic math skills.¹

And according to the 2013 Survey of Adult Skills by the Program for the International Assessment of Adult Competencies (PIAAC), the literacy skill level of U.S. adults ages 16 to 65 is well below the international average of adults in 23 other developed countries.²

The implications of low adult literacy rates are significant. Forty-three percent of adults living in poverty function at low literacy rates.³

Seventy percent of inmates have low literacy rates. The incarceration rates for high school dropouts between the ages of 16 and 24 are sixty-three times higher than those for college graduates.⁴

Immigrants to the United States must learn to navigate in a country where English is the official language, while often they cannot read or write well in their native language. This fact is especially significant considering that by 2030, nearly one in six U.S. workers will be an immigrant.⁵

The cycle does not end with adults. The children of low-literate parents are exposed to 30 million fewer words and enter kindergarten with a much larger skills gap than their peers.⁶

Low-literate adults in the United States add as much as $238 billion in costs to the health care system every year.⁷ In addition, low literacy costs the U.S. at least $225 billion each year in non-productivity in the workforce, crime, and loss of tax revenue due to unemployment.⁸

Despite these compelling statistics and the fact that low adult literacy rates have a direct impact on our economic well-being, awareness of the adult literacy issue is low: Only 59 percent of Americans are even aware it is a problem.⁹ To address the issue, adult education programs in the United States must increase capacity, at a time when federal funding of these programs has been cut 21 percent over the last 15 years.¹⁰
**Literacy Initiatives Were Created**

In the 80s, many national organizations and associations began literacy initiatives designed to promote greater involvement and support. These organizations included the American Bar Association, American Library Association, American Medical Association, and others. Several television and major movie studios produced literacy-themed movies and shows, such as *Stanley & Iris* and *Bluffing It*.

United Way of America began a national literacy initiative to explore how it could become more involved in literacy nationwide. United Way’s national committee members included several mayors, public officials, and governors, including Bill Clinton, then governor of Arkansas. This committee advocated on behalf of literacy and helped to promote greater involvement at the local level, resulting in greater local funding for literacy programs.

As other national and local priorities arose, awareness and funding began to decline in the late 1990s. The decline in awareness and funding resulted in a more stagnant funding environment post 2000. As a result, literacy programs were held more accountable to funders and they needed to become more creative in seeking diverse funding sources.

The changes in funding patterns and sources resulted in the beginning of some consolidation and reorganization in the field. A more blended, diversified approach to funding became the norm, with organizations pursuing both private and public funding sources. A number of community-based programs succeeded in raising funds and became larger service providers. A number of smaller programs found it difficult to compete for public funding, so they were forced to rely solely on private funding.
Major Shifts in Funding Patterns

Post 2000, adult literacy and education developed into a more formal system funded by state and federal dollars, which came with additional requirements that have had a significant effect on programs. Prior to 2000, funding of both public and private entities was primarily focused on how programs were organized and operated. In the late ’90s, this began to shift toward specific outcome-based funding which was associated with measurable student gains.

This shift required programs to develop procedures for pre- and post-testing that were often expensive and time consuming, especially for programs that relied heavily on volunteers. The justification and benefit of this change was that funders could see specific outcomes in terms of student literacy level gains. At the federal level, a national accountability system called the National Reporting System (NRS) was developed. The NRS allowed the federal government to aggregate student progress on a state-by-state basis and report on student performance. These systems of accountability did much to add increased credibility to the adult basic education field.

The unintended result, however, was that programs—primarily volunteer CBOs—that did not have the capability to put testing and reporting procedures in place for all students were in effect excluded from nearly all public funding and a significant amount of private funding. For many programs that had received some state and federal support, these changes meant the loss of those funds and a shift to reliance on either local government or private-sector funding.

This shift resulted in a significant drop in ProLiteracy member groups that received state or federal funding. The number fell from a high of nearly 75 percent in the 80s to a low of 36 percent in 2017-18 (see Figure 1). These changes have continued unabated over the last 20 years. A recent survey of ProLiteracy members shows a continuing trend toward private-sector funding for programs.11

To add to an already challenging funding environment, private-sector and United Way funding has been more and more difficult for local CBO programs to attract. A survey ProLiteracy conducted in 2017, “Public-Sector Funding Sources,” showed 40 percent of ProLiteracy member programs have seen a decline in the amount of United Way funding

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**Figure 1.**

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage Receiving Federal and/or State Funding</th>
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<tr>
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</tr>
<tr>
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<tr>
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<td>2016-17</td>
<td>33%</td>
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<td>2017-18</td>
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received in recent years, and 11 percent have experienced a discontinuance in United Way funding for adult literacy. Only 18 percent have seen an increase in United Way funding.

The good news for programs is that while United Way funding has been decreasing, 67 percent of programs have seen a rise in general private-sector funding. While over the last 15 years the percentage of programs receiving United Way funding has very slowly dropped, recent data seems to suggest that the downward trend may be more significant in recent years (see Figure 2). Programs are seeing new priorities for private-sector and United Way funders.

Following a national trend, many United Way and private funders are prioritizing workforce education as a primary funding goal. In fact, 58 percent of ProLiteracy member programs see workforce as the number one priority for funders, followed by family literacy, children’s literacy, poverty, and digital skills.

While student gain is still the primary goal for programs, getting, keeping, and advancing in a job are a close second. Increased income levels and stronger community engagement are also important. In terms of overall community benefit, jobs and increased income are primary desired outcomes.

An important trend in United Way funding at the national level is a focus on collective impact, collaborations, partnerships, and consolidation of programs. At a time when many local United Way chapters are seeing flat or declining funding for their communities, they are looking for new ways to ensure funding dollars are being efficiently utilized. These changes are resulting in increasing pressure on all programs to find new ways to be more effective in the use of private sector funds.

The United Way trend toward multiple agency collaboration is consistent with other funders: it is a way to deal with the needs of adult students (such as housing, transportation, child care, and related issues) that often prevent them from getting instruction. If collaborations are managed well, these partnerships can result in better and more comprehensive services to students. Programs that can offer assistance to students with a wide range of needs, as well as links to employment, health care, or child care, are more likely to see better outcomes and greater student retention.\(^\text{12}\)
Encouraging Signs
While the trajectory for private-sector funding continues to be a challenge, there are a number of initiatives that offer encouragement for adult literacy programs. In several areas, United Way chapters have taken the lead in promoting literacy initiatives or linking various types of community programs for better impact and results.

In Rhode Island, the statewide United Way agency was the key leader in convening a group of adult literacy stakeholders and funding a statewide study on how to better deliver services. This study resulted in a comprehensive report titled, “Community Recommendations for Advancing Foundational Skills Development in Rhode Island.” (see Figure 3)

This report made a series of recommendations for the advancement of literacy in Rhode Island. Key driving goals included the following:

- Promoting equitable access to education for all adults
- Increasing and leveraging resources to meet current demand for adult education services
- Improving collaboration and coordination across state systems serving adult learners

United Way in Rhode Island helped with funding, leadership, and support for a series of meetings and work groups that explored various options to help achieve each of the above areas. These recommendations have served not only as a guiding document for United Way funding in Rhode Island but also as a catalyst for leveraging additional state, federal, and private support for adult basic education.

Building on the collective impact model, United Way of Southeastern Michigan spearheaded a two-generation strategy for closing the achievement gap with funding for an English Language Learning Project. The family literacy program based on the National Center for Families Learning model has shown significant literacy gain and was an example of strong collaboration between service providers. United Way was a key participant in the development and support for the program. These two examples are excellent models for what United Way agencies and private sector funders can do, but they also reflect an important trend nationwide.
The trend shows an environment of increasing competition for available funds. A recent ProLiteracy member survey indicated that the single biggest challenge for literacy programs is increased competition for available funds with other socio-economic issues. In addition, many funders prioritize collaborative models for service delivery over individual agencies.

**Changes in Private-Sector Funding**

While there is increased competition for funding in the nonprofit arena, recent data shows a modest increase in overall funding from charitable sources. Recent charitable giving reports show an overall increase of 2.5 percent in giving in 2017. The education sector saw a 3.5 percent increase in giving, however this sector is declining compared to years past. The health industry had the strongest rise with a 5.7 percent increase in charitable giving. The focus on charitable donations has changed slightly with health care taking a more prominent role as the nation’s number one concern.

From a programming perspective, private funders are mirroring many of the general trends in nonprofit service delivery, including a greater emphasis on outcomes and stronger results-oriented funding models. Accountability remains a key element in funding, with an emphasis on student results, which are a benefit not just to the individual, but also to families and the larger community. Consequently, outcomes such as income gain, employability, better health care, and citizenship are important indicators of success.

Private-sector funders are also looking at more carefully allocating dollars toward specific goals. In the past funders have been more willing to support general operating expenses with the understanding that the agency or organization was well run and doing good, much-needed work. This was particularly evident in the funding patterns for adult literacy programs.

A new emphasis on private funding for outcome-based and social impact measurements has resulted in a more targeted approach. Instead of general support, private funders and United Way agencies are providing resources for specific projects or articulated outcomes.

The recent focus by a number of statewide and local United Way organizations on Asset Limited, Income Constrained, and Employed (ALICE) individuals and families is another example of the change with which local programs are confronted (see Figure 4). ALICE’s target cohort includes individuals and households that earn above the U.S. poverty level but below the basic cost of living for the area. ALICE individuals are not in immediate crisis, but they are at risk of falling back into significant poverty at any moment.

Agencies that are involved in projects associated with ALICE often include housing, food, family, crisis intervention, and health. Although education is linked with all of these issues, it is often the last priority and adult literacy is rarely mentioned. The primary educational emphasis is on youth/children’s literacy.
While recognizing and often funding programs designed to reach individuals at the lowest poverty and education level, this new focus has nonetheless siphoned limited resources into this new priority population. The result is more competition for resources among a growing nonprofit sector.

While the United Way of America’s website cites that its focus is health, education, and financial stability, it has indicated that it “does not really engage in adult literacy” and has declined to discuss the issue per se. This lack of adult literacy as a national priority area, however, does not preclude local or state United Way agencies (where funding is dispersed) from fully supporting adult literacy. The new efforts around ALICE and similar initiatives will continue to put pressure on local programs to show the linkages between adult literacy and the related community needs, including children’s education.

Another emerging trend from both United Way and private funders is the encouragement of collaboration, consolidation, and mergers. Dispersal of single, large grants that are then used to subcontract to other community partners is becoming more common and in some locales is becoming required. The drive for increased program efficiency is calling into question the large numbers of nonprofits and distinct organizations who serve similar populations. Funding agencies are suggesting that programs look for opportunities for collaboration and potential consolidation to save on overhead and administrative costs. Adult literacy programs are being forced to partner with other agencies to provide adult literacy instruction while students receive other so-called “wrap around” services such as child care, transportation, and counseling.

This trend is resulting in a number of positive consolidations, partnerships, and even mergers. Where organizations have a track record of being able to explore these opportunities there have been some very successful developments.

An excellent example has been the merger of several adult literacy programs in rural New York State which has expanded service delivery and cut costs. A similar successful example has been in New Jersey where a merger has led to reduced expenses with an increased reach and funding.

The local literacy program in Tucson, AZ (Literacy Volunteers of Tucson), led a consolidation of four other literacy-related organizations into a new well-funded and supported organization called Literacy Connects. The resulting support and outreach has allowed for an even more effective organization.

While there are examples of successful collaborations, at the same time, some have not been successful, resulting in programs losing funding and program capacity. Often this lack of a successful partnership venture is the result of limited assistance on the best ways to develop meaningful relationships with similar organizations.

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Recommendations

The changes in private sector and United Way funding offer a number of challenges and opportunities for adult literacy programs. In an environment of increased competition for funds and increased requirements for accountability and collaborations, programs will be required to be even more adaptive to changing funding priorities.

Recommendations for Adult Literacy Programs

Key to the success of local programs will be several important characteristics that all adult literacy programs must embrace. Based on the research of private sector funders, the following characteristics will be particularly important:

- **Pre-/Post-Assessment:** Programs must ensure valid and reliable methods of student pre-and post-assessment are a part of their overall instructional approach.

- **Benefits and Impacts:** Programs must develop mechanisms to show the direct community benefit of their work in terms of lasting impact on students, families, and communities. These should be tied to other community priorities including jobs, income, health, safety, and related issues (see Figure 5).

- **Collaboration:** Partnerships, collaborations, and merger potential should be considered and explored by programs as possible vehicles for improving program efficiencies and services.

- **Strategic Partnership:** Programs should actively explore ways to partner with nontraditional service providers who are working in related fields. Poverty organizations, immigrant rights groups, homeless and domestic violence shelters are examples of such organizations.

- **Literacy First:** Programs need to make the case for adult literacy as an integral part of any local social service initiative. Without fundamental literacy skills for low-literate populations, most efforts to alleviate other social issues will not achieve the intended results.

- **Advocacy:** Programs will need to be particularly vocal and articulate about the importance of their work, including enlisting the assistance of board members, supporters, and students in raising awareness of both the adult literacy issue and the important work done by adult literacy programs.

Adult Literacy Facts

- **Children of parents with low literacy skills have a 72% chance of being at the lowest reading levels themselves.**

- **Of adults with the lowest literacy levels, 43% live in poverty.**

- **An excess of $230 billion a year in health care costs is linked to low adult literacy.**

Figure 5. Source: *https://www.census.gov/hhes/socdemo/language/data/acs/PAA_2005_AbilityandEarnings.pdf*
Recommendations for Private Sector Funders and United Way

Private sector funders and United Way must also develop a deeper understanding about how their changing funding priorities impact the relationships they have with literacy programs and the work that they do. In particular, funders should consider a number of vital contributions that adult literacy services can make in communities, including the following:

- **Impact:** Considering the impact of low literacy on all new and existing community social initiatives and exploring ways to actively include literacy programs as part of those initiatives.
- **Outcomes:** Looking at and understanding a variety of program-related outcomes for literacy programs beyond just student literacy gain while assessing the success or failure of programs.
- **Community Benefits:** Needing to consider community benefits such as better jobs, stronger families, and more engaged citizens when assessing program effectiveness.
- **Critical Link:** Needing to understand the critical link between adult literacy levels and poverty, and more importantly, the key role of literacy programs in reducing poverty.
- **Collaboration:** Needing to develop ways to assist local providers in exploring new program models associated with increased collaboration, integration, and potential merger of services. This assistance must include information and technical assistance as well as financial support.
- **Partners:** Viewing nonprofit organizations as partners in the funding process, not just as grantees.

**Summary**

The research supporting this paper has clearly shown there is a decline in private sector and United Way funding for adult literacy programs. While private-sector funding, in general, is continuing to increase, the proportion being allocated to education is only modestly increasing and the portion for adult literacy programs is getting smaller. Competition among service providers in the adult literacy space is increasing and student demands on programs are increasing.

Private-sector funders are requiring new and innovative approaches to solving community problems but often lack the awareness of the relationship between adult literacy and those solutions. Unfortunately, there are limited models of collaboration with literacy programs from which to draw good data. The few good models require additional review and research to identify the key successful elements for replication.

Private-sector and United Way funding will continue to be a vital part of adult literacy programming for the foreseeable future, but both funders and programs must develop a more effective dialogue on the key contribution that literacy programs make in efforts to improve local communities. Changes in funding patterns for adult literacy will require a greater focus on collective impact, collaborations and partnerships to ensure that funding is being utilized most efficiently in our efforts to improve adult literacy.
Trends in Private-Sector and United Way Funding: Implications for Adult Literacy Programs

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