

THE KANSAN

Kansas drops literacy program provider for allegedly bilking welfare fund to inflate salaries

By Sherman Smith

@sherman_news

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The Kansas Department for Children and Families announced Friday it was severing ties with a company that administers early literacy programs for public schools, citing financial problems uncovered but not disclosed under the administration of former Gov. Sam Brownback.

DCF said the Brownback administration initiated but didn't finalize the audit into Hysell & Wagner, which administers the Reading Roadmap program. DCF internal auditors determined the company incorrectly claimed and was paid \$2.3 million between February 2014 and December 2015.

After the administration of Democratic Gov. Laura Kelly took over in January, DCF uncovered additional concerns — including excessive payments for executive salaries and expenses from funds designated for needy families.

“I don't have any issue with the school districts across the state who are getting resources from this to do after-school programs,” said DCF Secretary Laura Howard. “I just couldn't sustain the level of funding going to the owner-operators of the company for little value, way outside of federal boundaries for how we should use TANF funds. Very little accountability.”

Andrew Hysell, director of the reading program, said he was “shocked” by the decision to terminate the contract, and he disputed allegations of financial wrongdoing.

DCF moved to terminate its agreement with Hysell & Wagner after working “in good faith” for six months to correct the problems, Howard said. The agency instead will provide funds directly to school districts that have made plans to

offer programs through the Kansas Reading Roadmap.

“The Department for Children and Families is committed to ensuring that recipients of federal and state funds are spending those funds efficiently,” Howard said. “After reviewing the results of a DCF audit and despite heightened oversight during the first six months of 2019, it’s clear that Hysell & Wagner is falling short of this basic standard.”

The DCF investigation revealed the company used Temporary Assistance for Needy Families, or TANF, funds for bloated salaries and expenses, as well as 38 trips between Kansas and CEO residences in Washington, D.C., and San Diego from July 2018 to June 2019. The company’s owners received \$216,000 in direct expenses, and more than \$607,000 was designated in the grant as guaranteed payments that would go to the owners to cover indirect expenses.

“I’ve always been concerned about the use of no-bid contracts and lack of accountability under the previous administration,” Kelly said. “It’s clear that the state of Kansas cannot continue to support Hysell & Wagner’s administration of the Kansas Reading Roadmap program.”

The state eventually allocated nearly \$10 million annually for the reading program by digging into TANF funding earmarked for vulnerable children. To put this in perspective, Kansas spends a total of \$13 million in TANF funds for relief programs.

Howard said the state would continue to support the reading initiative in about 30 school districts but would save about \$1.8 million by eliminating privatized administrative costs. She said the DCF contract didn’t include metrics for determining success of the approach to upgrading reading skills.

Hysell said the company worked with DCF in 2016 to correct some accounting practices. The reading program is the first of its kind, he said, and produced good results.

“I’m completely surprised that they are doing this, and I don’t understand why they made it political,” Hysell said. “This is about a kids’ reading program.”

Reading Roadmap supports the connection between early literacy and success in school by offering after-school and summer programs.

Brownback, a Republican, announced in 2013 he was shifting \$9 million in TANF money to pay for the reading initiative. The decision to make use of TANF resources to advance one of Brownback's campaign promises to increase the percentage of Kansas children reading at grade level was carried out by Phyllis Gilmore, who ran DCF from 2012 to 2017.

"I want to see us break the cycle of child poverty," Brownback said at that time. "If they can read, it opens the world up to them. If they can't read, it shuts it down."

Hysell said the program involved developing a model from scratch that was specific to Kansas schools. The executive salary levels were "deemed permissible" by federal auditors, he said.

"We made sure we crossed all our Ts and dotted all our Is," Hysell said. "We took this very seriously."

Annie McKay, president of Kansas Action for Children, said ending the contract would provide the state an opportunity to more effectively invest in the success of children.

"Kansas kids and families have urgent needs," she said. "From affordable child care to an overburdened child welfare system, there is no shortage of places to direct our resources. Sending TANF dollars meant to support those kids and families to a program that lacked proper oversight and metrics was a bad decision. Accountability matters."