

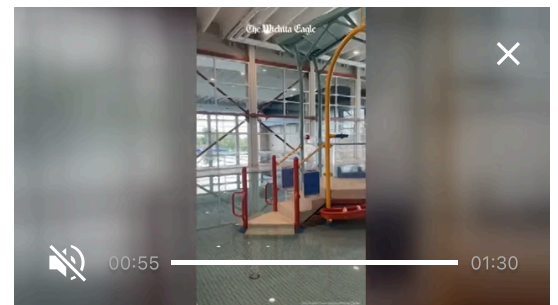
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Kansas boots reading company after it wrongly got millions, used welfare cash for trips

BY JONATHAN SHORMAN
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Kansas governor Laura Kelly talks about her first 100 days in office

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Laura Kelly, who won a resounding victory over Republican Secretary of State Kris Kobach in November, talks about her first 100 days as Kansas governor. BY TRAVIS

Millions in incorrect claims. Excessive payments to company executives. Cross-country trips funded with welfare dollars.

Gov. Laura Kelly's administration cut ties on Friday with the company that runs a statewide reading program for children after it failed to adhere to a "basic standard" for efficient spending, despite months of elevated scrutiny, the Kansas Department for Children and Families said.

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The decision marked the latest move by the Democratic governor against companies who forged agreements with Republican Govs. Sam Brownback and Jeff Colyer that the new administration has found questionable.

An audit conducted during the Brownback administration released – found the company, Hysell & Wagner LLC, received incorrect payments in 2014 and 2015 related to its grant to operate the Roadmap.

The grant is typically worth about \$9 million a year and is federal Temporary Assistance for Needy Families, or TANF, which works with schools across the state to improve literacy and

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But since Kelly took office in January, DCF said it had found additional concerns with the Washington, D.C.-based company, including:

- Excessive payments to company executives involving TANF dollars that surpassed federal salary limits
- 38 trips by top company officials between Kansas, Washington, D.C., and San Diego over the course of a single year that were paid for with TANF dollars
- Administrative costs that exceeded 15 percent of grant costs, in violation of the grant agreement

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

Kelly’s administration has previously canceled a child welfare grant that was set to go to a troubled Florida agency and no-bid technology contracts in the Kansas Department of Revenue.

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On Friday, Reading Roadmap director Andrew Hysell called the decision “beyond surprising.”

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“We’ll stand behind our administration of this grant. We’ll go before the Legislature. If we need to, to save our reputation, we’ll go before a court,” Hysell said in an interview. “We are very 100 percent behind our work.”

Hysell, who donated \$2,000 to Colyer’s campaign over the course of 2017 and 2018, said it’s upsetting that a kids’ reading program has become a “political issue.”

AUDIT WASN’T FINALIZED

DCF said on Friday that it had worked in good faith with Hysell & Wagner to educate and correct problems. But the company continued to struggle with increased monitoring requirements, the agency said.

Robin Martinez, a Kansas City attorney whose work at times deals with federal grants from the U.S. Department of Housing and Urban Development, said generally, agencies that award grants have broad authority to pull grants if they believe the funds are not being used for their intended purpose.

“There are a lot of stringent requirements that are placed on grantees,” Martinez said.

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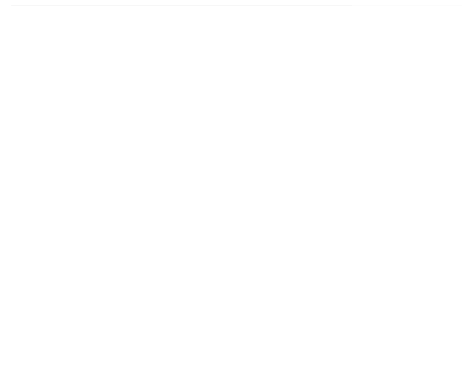
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Hysell & Wagner has until Sept. 15 to complete its work on Reading Roadmap, DCF said. The agency provided the company with a draft of the audit on Thursday and the company has 30 days to respond.

DCF said the audit will be made public following the response period. DCF Secretary Laura Howard said she didn't know why the agency hadn't previously finished the audit.

Hysell said the audit found some bookkeeping and reporting issues, but no mismanagement of funds. Hysell said he hired a new finance director at the time and set up a system that he said had passed three federal audits.



Hysell provided copies of three audits performed by a Maryland-based accounting firm. The audits are separate from the audit conducted by DCF.

A 2016 audit by the Maryland firm found that the company's chief financial officer had incorrectly calculated some payment amounts. The audit says that in response the company took steps to strengthen its financial controls.

The firm also said that financial reports are required to be complete, accurate and should be supported by records. The report says significant the company, including hiring a new finance manager and an accountant was also hired.

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Copies of audits provided by Hysell into the company for 2017 and 2018 showed no material weaknesses.

Asked about the use of welfare funds to pay for trips, Hysell said that it was “part of the grant budget to pay for our travel to and from the state.” The payments had been audited and found appropriate, he said.

In relation to payments to company executives, Hysell said the payments had also been audited federally and were in compliance with federal rules.



Howard said the company had been operating with “inordinate travel costs” but that in the last five months Hysell & Wagner had made some adjustments. Still, she said the company and the agency never reached an agreement on appropriate levels and documentation of costs.

READING ROADMAP’S FUTURE

Hysell defended the company’s work. He said the company had developed a model for reading intervention that has been replicated in other states.

“I think if you look at this project, it is an amazing accomplishment because departments like this – the Department for Children and Families – do not have an ability to support reading progress because they are not an entity,” Hysell said.

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Kansas Action for Children, one of the state’s leading child advocacy groups, praised the termination of Hysell & Wagner’s role in the grant. The organization’s director, Annie McKay, said Kansas children and families have urgent needs from affordable child care to an overburdened child welfare system.

In the 2018 fiscal year, the Reading Roadmap accounted for about 9 percent of all Kansas TANF spending.

“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. Ending this contract provides an opportunity to make the most effective use of our resources to ensure success for Kansas kids,” McKay said in a statement.

DCF said Reading Roadmap will continue, but the agency v
during the new academic year instead of going through Hy

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Brownback announced the creation of the Reading Roadm First look inside Andover YMCA,
the time, he said that by effectively targeting help for at-risk damaged by tornado two years ago
Kansas students to the top of the list of proficient readers in the U.S. and break the
cycle of child poverty.”

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But six years later, Reading Roadmap’s future is unclear. Howard said DCF had not been measuring the program’s performance.

“To me, one of the issues when you start a new program like this is you should have a way to monitor and evaluate the effectiveness of it,” Howard said.

Steve Vockrodt contributed reporting

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