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POLITICS & GOVERNMENT

Kansas DCF renewed D.C. company's \$8M reading grant weeks before cancellation, CEO says

BY JONATHAN SHORMAN

UPDATED AUGUST 20, 2019 8:36 AM

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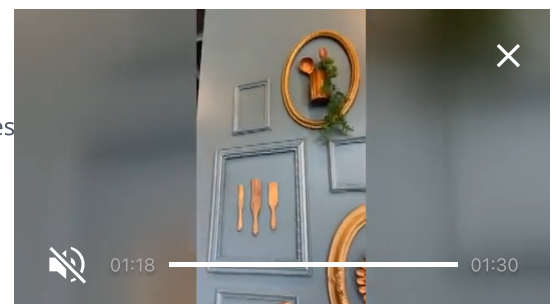


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A brief timeline of the Kansas Department for Children and Families
BY CANDI BOLDEN

TOPEKA

Gov. Laura Kelly's administration approved a nearly \$8 million grant for a Washington, D.C.-based company to operate a reading program for Kansas schools just weeks before canceling it, the company's chief executive says.



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Andrew Hysell, director of the Kansas Reading Roadmap, struck back Monday at the Kansas Department for Children and Families over its decision to dump his company, Hysell & Wagner LLC, which had managed the program for years.

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The agency last week cited a litany of concerns, from financial accounting issues to excessive payments to company executives and inordinate amounts of publicly-funded travel. A 2017 draft audit conducted during Gov. Sam Brownback's administration found nearly \$2.3 million in incorrect payments and the company had high overhead expenses, DCF said.

But Hysell said DCF Secretary Laura Howard agreed in June to renew Hysell & Wagner's grant. He provided a document showing the agency leader had signed the grant on June 28.

After Hysell signed the grant, DCF asked the company to si
contents would have forced some schools to wait for mon
In effect, some schools wouldn't have been able to particip
spend money they don't have, he said.

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east Wichita

“It is very clear that DCF did not cancel the grant due to the audit or the Reading Roadmap’s overhead costs. Instead, it did so as retaliation for our refusal to sign a subsequent amendment harmful to our schools and program,” Hysell said during an at-times emotional news conference in Topeka as Reading Roadmap employees watched.

Hysell & Wagner’s refusal to agree to the amendment was “one factor among many” in deciding to cancel, DCF spokesman Mike Deines said. He said DCF disagreed that the amendment would harm schools.

Hysell called DCF’s draft audit “grossly inaccurate and flawed” and said the company has referred the situation to its law firm “in anticipation of potential litigation.” But he didn’t say Monday whether the company will sue.

DCF on Monday released the draft audit, which found near incorrectly claimed and paid to Hysell & Wagner in 2014 a recommends DCF should recoup the money, saying the pay earned or spent.

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Hysell said the agency had falsely accused the company of improper payments, though his frustration appeared to center in part on how DCF had described the payments.

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“At a minimum they can make a distinction between misspending money by us and bad paperwork,” Hysell said.

Hysell acknowledged financial errors were found in a 2015 independent federal audit — separate from the DCF audit. A copy of the federal audit he provided found that \$86,828 in unspent funds were not returned to DCF within the timeframe required by the grant. The audit also found problems with how the company calculated its finances.

The federal audit said the problems were caused by employees who were inexperienced with grant reporting requirements. Hysell said the company later made significant changes including hiring a new finance manager based in Topeka.

“We acknowledge the bookkeeping and the financial management system was not up to speed. But none of (the audits), no finding ever, has shown they were misspent,” Hysell said.

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DCF spokesman Mike Deines said the agency made a good faith effort to work with the company. And while the company agreed to some changes, they refused to agree to others, leading the agency “to determine that terminating the grant was the best court of action.”

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“DCF needs to be a good steward of taxpayer dollars and as the agency continued to work with Hysell & Wagner it became evident it was not in the best interest of Kansans to continue our relationship with them. What Hysell & Wagner doesn’t understand is that this is about more than just the audit,” Deines said in a statement.

In the past, the grant had no oversight built in, Deines said. That included no regular monitoring of some costs, no limit on out-of-state travel and no limit on executive compensation, he said.

DCF said company executives had received “excessive payments” from public funds. Hysell provided a grant document showing his salary for the upcoming year would be \$192,500.

“I think that these salaries represent what executives get paid at large projects like this, whether they’re public or private,” Hysell said.

DCF also faulted company executives for making 38 trips from either Washington, D.C. or San Diego to Kansas over the course of a single year. Hysell said he had agreed in the new grant to only four trips in a year.

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