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grant award procedures it has developed for use in its agency. These procedures were not followed when it awarded a grant to the Indianhead Community Action Agency in FY 2016-17.

### Recommendation

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*We recommend the Department of Children and Families follow its standard grant award procedures in awarding future grant funds from the Read to Lead Development Fund and related GPR appropriation.*

### Fiscal Condition

***From FY 2013-14, through FY 2016-17, 17 grants totaling \$496,959 were awarded.***

Grants were awarded for the first time in FY 2013-14, and the Fund and the related GPR appropriation first incurred expenditures to reimburse grant recipients in FY 2014-15. From FY 2013-14 through FY 2016-17, 17 grants totaling \$496,959 were awarded, and \$461,365 was expended to reimburse grant recipients for eligible costs. A \$40,000 grant made to the Milwaukee Public Library Foundation is excluded from the total. Because award amounts exceeded available funding in FY 2015-16, funding for this award was not provided by the Fund or the related GPR appropriation. Instead, it was funded by the federal Race to the Top—Early Learning Challenge program. Appendix 1 shows the amounts awarded and expended.

As shown in Table 1, the Fund had expenditures of \$370,846 to reimburse grantees and the related GPR appropriation had expenditures of \$90,519. Of the \$496,959 awarded, \$336,926 (67.8 percent) was awarded in the first two years.

Table 1

**Grants Awarded and Amounts Expended, by Funding Source**  
From April 2012 through FY 2016-17

Award Year	Amount Awarded	Segregated Revenue Expended	General Purpose Revenue Expended	Unexpended Amount <sup>1</sup>
2013-14	\$204,926	\$179,842	\$21,116	\$ 3,968 <sup>2</sup>
2014-15	132,000	107,450	22,202	2,348 <sup>2</sup>
2015-16 <sup>3</sup>	136,433	66,626	44,791	25,016
2016-17	23,600	16,928	2,410	4,262
<b>Total</b>	<b>\$496,959</b>	<b>\$370,846</b>	<b>\$90,519</b>	<b>\$35,594</b>

<sup>1</sup> Claims for reimbursement of expenditures must be received no later than 90 days after the end of the contract term.

<sup>2</sup> The time period available for grant recipients to expend these funds has ended.

<sup>3</sup> Excludes one \$40,000 grant made to the Milwaukee Public Library Foundation. Because award amounts exceeded available funding in FY 2015-16, funding was provided by the federal Race to the Top—Early Learning Challenge program.

***The Fund's available balance totaled \$2,219 on June 30, 2017.***

As shown in Table 2, the balance in the Fund decreased from \$128,832 on July 1, 2016, to \$31,497 on June 30, 2017. After outstanding grant obligations are taken into account, the Fund's available balance was \$2,219 on June 30, 2017. Unless additional revenue is received from private sources or additional state funds are appropriated, the only significant remaining source of funding will be the related GPR appropriation.

Table 2

**Read to Lead Development Fund Balance<sup>1</sup>**  
FY 2016-17

	Amount
Beginning Fund Balance	\$128,832
Interest Earnings	528
Expenditures	(97,863)
Ending Fund Balance	31,497
Committed Fund Balance <sup>2</sup>	(29,278)
<b>Available Fund Balance</b>	<b>\$ 2,219</b>

<sup>1</sup> Excludes grant amounts funded by the related GPR appropriation.

<sup>2</sup> Includes grant funds awarded but not expended by the end of FY 2016-17.

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***A January 2013 letter issued by the Government Accountability Board suggests there are few restrictions on the Council's ability to solicit funding.***

DCF staff noted that there is no statutory requirement for the Council to solicit funding to support the grants it makes. They also indicated that the Council has not attempted to solicit funding and does not intend to do so in the future because they believe the Council's ability to solicit funds is restricted by state ethics and lobbying laws. However, a January 2013 letter issued by the Government Accountability Board to the chief legal counsel of the Office of the Governor and the chief legal counsel of DPI suggests there are few restrictions on the Council's ability to solicit funding. Specifically, the letter states that because the Council does not engage in rulemaking, state ethics rules and lobbying laws would generally not prevent it from soliciting funds, as long as:

- funding is solicited in a manner that makes clear the solicitation is on behalf of the Council and not on behalf of a state agency;
- documents soliciting funds are not signed in a manner that makes it appear the solicitation is coming from an individual Council member;
- neither the Council nor its members solicit contributions from those seeking literacy grants;
- members of the Council who hold positions in other agencies do not personally solicit contributions from individuals or entities likely to be materially affected by laws or rules the member's agency is called upon to interpret or apply; and
- members of the Council who are subject to the lobbying law, including legislators and the State Superintendent of Public Instruction, do not personally solicit contributions from lobbyists.

The Fund was statutorily established as two segregated revenue appropriations to include all gifts, grants, bequests, and other contributions made to the Fund, and the legislation creating the Council placed on it three members representing the state's philanthropic community. In addition, documents contained in the bill drafting file indicate that the authors of the legislation intended that the Council would solicit funding to continue to support literacy awards to support grants once the initial \$400,000 in start-up funding was depleted.

**Outcome information  
would likely be  
important for future  
fundraising efforts.**

We also found that reports on the Fund required by s. 48.53 (2), Wis. Stats., and issued by DCF have not always contained information on the outcomes of grant-funded projects. Although not explicitly required by statutes, such outcome information would likely be important for any future fundraising efforts and may also be useful to the Legislature.

DCF noted that any decision about whether to raise funds to support the Fund rests with the Council. Unless the Council decides to solicit funding to support its grant awards, or additional revenues are appropriated for the Fund, future grant funding for literacy and early childhood development programs will likely be limited to the related GPR appropriation. 2017 Wisconsin Act 59, the 2017-19 Biennial Budget Act, provides to the related GPR appropriation \$23,600 for each year of the current biennium. The Legislature could consider making fundraising an explicit statutory requirement for the Council if it believes that soliciting funding should be one of its responsibilities.

**Recommendation**

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*We recommend the Department of Children and Families:*

- *encourage the Read to Lead Development Council to develop a formal position on soliciting funding to support literacy grants within the parameters of state ethics and lobbying laws, as discussed in the January 2013 letter issued by the Government Accountability Board;*
- *include outcome information on grant-funded projects in each of its statutorily required annual Read to Lead Development Fund reports; and*
- *report to the Joint Legislative Audit Committee by June 1, 2018, on the results of its efforts.*

### **Achieving a Quorum of Council Members**

The Council, which is established under s. 15.207, Wis. Stats., consists of 22 members, including legislators, the Secretary of DCF, a designee of the State Superintendent of Public Instruction, practicing educators, and representatives of literacy organizations, the philanthropic community, and the business community. Members who are not legislators or state officials are appointed by the Secretary of DCF.