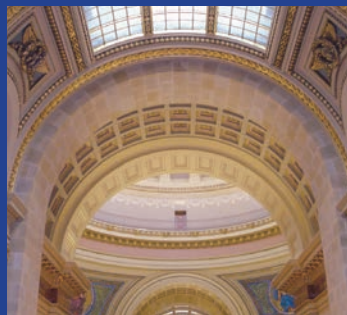


**Report 14-12**  
**September 2014**

# **Governor's Read to Lead Development Fund**

STATE OF WISCONSIN



Legislative Audit Bureau ■

## LEGISLATIVE AUDIT BUREAU

---

**State Auditor**  
Joe Chrisman

**Financial Audit  
Director**  
Carolyn Stittleburg

**Assistant Financial  
Audit Director**  
Kendra Eppler

**Supervisor**  
Nathan Heimler

**Publications and  
Design Coordinator**  
Susan Skowronski

The Bureau is a nonpartisan legislative service agency responsible for conducting financial and program evaluation audits of state agencies. The Bureau's purpose is to provide assurance to the Legislature that financial transactions and management decisions are made effectively, efficiently, and in compliance with state law and that state agencies carry out the policies of the Legislature and the Governor. Audit Bureau reports typically contain reviews of financial transactions, analyses of agency performance or public policy issues, conclusions regarding the causes of problems found, and recommendations for improvement.

Reports are submitted to the Joint Legislative Audit Committee and made available to other committees of the Legislature and to the public. The Audit Committee may arrange public hearings on the issues identified in a report and may introduce legislation in response to the audit recommendations. However, the findings, conclusions, and recommendations in the report are those of the Legislative Audit Bureau.

---

The Bureau accepts confidential tips about fraud, waste, and mismanagement in any Wisconsin state agency or program through its hotline at 1-877-FRAUD-17.

For more information, visit [www.legis.wisconsin.gov/lab](http://www.legis.wisconsin.gov/lab).

---

### Joint Legislative Audit Committee Members

Senate Members:

Robert Cowles, Co-chairperson  
Mary Lazich  
Alberta Darling  
Kathleen Vinehout  
John Lehman

Assembly Members:

Samantha Kerkman, Co-chairperson  
Howard Marklein  
John Nygren  
Jon Richards  
Melissa Sargent



Contact the Bureau at 22 East Mifflin Street, Suite 500, Madison, Wisconsin 53703; [leg.audit.info@legis.wisconsin.gov](mailto:leg.audit.info@legis.wisconsin.gov); or (608) 266-2818.



**STATE OF WISCONSIN**  
**Legislative Audit Bureau**

22 East Mifflin Street, Suite 500  
Madison, Wisconsin 53703  
(608) 266-2818  
Fax (608) 267-0410

[www.legis.wisconsin.gov/lab](http://www.legis.wisconsin.gov/lab)

Toll-free hotline: 1-877-FRAUD-17

Joe Chrisman  
State Auditor

September 19, 2014

Senator Robert Cowles and  
Representative Samantha Kerkman, Co-chairpersons  
Joint Legislative Audit Committee  
State Capitol  
Madison, Wisconsin 53702

Dear Senator Cowles and Representative Kerkman:

As required by s. 13.94(1)(dL), Wis. Stats., we have completed a financial review of the Governor's Read to Lead Development Fund for fiscal year (FY) 2013-14. The Fund was created by 2011 Wisconsin Act 166 to provide grants to school boards and other persons in support of literacy and early childhood development programs. The Act also created the Read to Lead Development Council, which is to make recommendations to the Governor and State Superintendent of Public Instruction regarding potential recipients of literacy program grants. The grants are funded by segregated revenue from the Fund and general purpose revenue (GPR) from an appropriation statutorily designated for these grant awards in the Governor's Office.

During its first applicant selection process, the Council received 214 grant applications, which was significantly more than anticipated. The Council recommended seven applicants be awarded grant funds totaling \$204,926. In June 2014, the Governor and the State Superintendent each approved the grant awards recommended for these applicants. Five of the grants, totaling \$182,751, will be funded by the Fund, and the remaining two grants will be funded by GPR.

The Fund incurred no expenditures and its balance was \$400,796 at the end of FY 2013-14. However, expenditures are anticipated to be incurred in FY 2014-15 as grant award recipients seek reimbursement for grant-related costs.

We appreciate the courtesy and cooperation extended to us by the staff in the Office of the Governor and the Department of Public Instruction during our review.

Respectfully submitted,

A handwritten signature in cursive script that reads "Joe Chrisman".

Joe Chrisman  
State Auditor

JC/KE/ss



## **Governor's Read to Lead Development Fund**

2011 Wisconsin Act 166, which was enacted in April 2012, created the "Governor's Read to Lead Development Fund" to provide grants to school boards and other persons in support of literacy and early childhood development programs. The Act also created the Read to Lead Development Council within the Office of the Governor to make recommendations to the Governor and the State Superintendent of Public Instruction regarding potential recipients of literacy program grants. Statutes specify the membership of the Read to Lead Development Council, which is to include:

- the Governor, or designee, to serve as chair;
- the State Superintendent of Public Instruction, or designee, to serve as vice-chair;
- the chairs of the committees in the Senate and the Assembly whose subject matter is elementary and secondary education, or members of those committees designated by those chairs;
- the ranking minority members of the committees in the Senate and the Assembly whose subject matter is elementary and secondary education, or members of those committees designated by the ranking minority members;
- 3 practicing educators; and
- 13 members representing the philanthropic community, the business community, and literacy and other organizations.

Except for the Governor, State Superintendent, and legislators, Council members are to be appointed by the Governor for staggered three-year terms. As of December 2013, all but one representative from the business community were appointed. This position remained vacant as of September 8, 2014, as shown in the appendix.

Between December 2013 and May 2014, the Council engaged in its initial applicant selection process, which included the development of a grant application form, the solicitation and receipt of applications, and the review and scoring of applications. Of the 214 applications received, the Council recommended seven applicants be awarded grant funds totaling \$204,926. In June 2014, the Governor and the State Superintendent each approved the grant awards recommended for these applicants. As shown in Table 1, the grant awards are funded by segregated revenue (SEG) from the Governor's Read to Lead Development Fund and general purpose revenue (GPR) from an appropriation statutorily designated for these grant awards in the Governor's Office.

Table 1

**Literacy Program Grant Awards, by Funding Source**  
FY 2013-14

	Amount
<b>Segregated Revenue (SEG)</b>	
Children’s Hospital of Wisconsin	\$ 45,000
Cooperative Educational Service Agency (CESA) 8	44,974
Wausau School District Elementary Schools	44,761
Central City Cyberschool of Milwaukee	40,516
Winnebago County Literacy Council	7,500
Subtotal	182,751
<b>General Purpose Revenue (GPR)</b>	
Northeast Wisconsin Technical College	18,675
Schreiner Memorial Library	3,500
Subtotal	22,175
<b>Total</b>	<b>\$204,926</b>

The applicant selection process involved two scoring rounds and included consideration of:

- the objective, anticipated impact, and sustainability of the project;
- the type of applicant, such as public school or early childhood center;
- the geographic location of the applicant;
- the population served by the proposed project; and
- the grant amount requested.

As the Council sought to establish and follow a fair and equitable applicant selection process, it adapted its approach to the review and scoring of applications. This occurred because some aspects of the selection process were not clearly defined and adjustments were necessary to accommodate the 214 applications received, which was significantly higher than the 30 to 40 applications anticipated. Although our review indicated some inconsistencies that were likely attributable to adaptations made to the applicant selection process, we identified no indication that the applicants awarded literacy program grants would have differed had these inconsistencies not occurred. The Council has considered refinements to address such inconsistencies and improve its applicant selection process in the future. For example, during the next applicant selection process the Council plans to adhere to a strict application deadline, and applications received after the deadline will not be considered.

We also reviewed the financial activity in the Governor's Read to Lead Development Fund. In FY 2013-14, the Fund earned interest of \$347 and no expenditures were incurred, as shown in Table 2. Of the \$400,796 balance in the Fund at the end of FY 2013-14, \$182,751 was committed for five of the grant awards shown in Table 1.

---

Table 2

**Governor's Read to Lead Development Fund Activity<sup>1</sup>**  
FY 2013-14

	Amount
Beginning Fund Balance	\$400,449
Interest Earnings	347
Expenditures	0
<b>Ending Fund Balance<sup>2</sup></b>	<b>\$400,796</b>

<sup>1</sup> Excludes GPR of \$22,175 committed for grants awarded in FY 2013-14.

<sup>2</sup> \$182,751 of the balance is committed for the grants awarded in FY 2013-14.

---

Expenditures are anticipated to be incurred in FY 2014-15 as grant award recipients seek reimbursement from the State for their grant-related costs. The Council plans to initiate its second applicant selection process in fall 2014.

■ ■ ■ ■





## Appendix

### **Members, Read to Lead Development Council**

September 2014

---

#### **Designee of the Governor**

Jonathan Hoelter

---

#### **Designee of the State Superintendent of Public Instruction**

Barbara Novak

---

#### **Chair, Senate Committee on Education**

Senator Luther Olsen

---

#### **Chair, Assembly Committee on Education**

Representative Steve Kestell

---

#### **Ranking Minority Member, Senate Committee on Education**

Senator Kathleen Vinehout

---

#### **Ranking Minority Member, Assembly Committee on Education**

Representative Sony Pope

---

#### **Practicing Educators**

Donna Hejtmanek

Dean Kaminski

Jill Riley

---

#### **Philanthropic Community Representatives**

Jeannie Fenceroy

Gina Gialamas

Steven Sorenson

---

#### **Business Community Representatives**

Jeff Roepsch

Elizabeth Tharp

Vacant

---

#### **Literacy and Other Representatives**

Kathryn Champeau

Steven Dykstra

Michele Erikson

Ann Hardginski

Pamela Heyde

Rachel Lander

Janis Serak