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Joint Committee on Finance

Paper #340

Transfer Read to Lead Grant Program (Governor and Children and Families -- Children and Families)

[LFB 2015-17 Budget Summary: Page 96, #9, and Page 194, #2]

CURRENT LAW

The 22-member Read to Lead Development Council, created in the Office of the Governor, consists of the following members: (a) the Governor or his or her designee, who serves as Chairperson of the Council; (b) the State Superintendent of Public Instruction or his or her designee, who serves as Vice-Chair of the Council; (c) the Chairpersons of the committees in the Assembly and the Senate whose subject matter is elementary and secondary education or members of those committees designated by those Chairpersons; (d) the ranking minority members of the committees under (c) or members of those committees designated by the ranking minority members; and (e) the following members appointed by the Governor for three-year terms: (1) two practicing elementary and secondary education teachers or principals; (2) one practicing preschool teacher; (3) three persons representing this state's philanthropic community; (4) three persons representing this state's business community; (5) one person representing the Wisconsin State Reading Association; (6) one person representing the Wisconsin Reading Coalition; (7) one person representing the International Dyslexia Association; (8) one person representing Wisconsin Literacy, Inc.; (9) one person representing the Wisconsin Library Association; (10) one person representing this state's research community; and (11) one person representing an organization that has as its mission service to children with various types of disabilities.

The GPR annual literacy improvement aids appropriation is authorized \$23,600 GPR annually. By statute, awards from this appropriation may be made to any person other than a school board for support of a literacy improvement program.

In addition, there are two segregated, sum sufficient grant appropriations funded from the

Governor's Read to Lead Development Fund; one under the Governor and one under the Department of Public Instruction (DPI). Grants from the Governor's SEG appropriation may be made to any person other than a school board for support of a literacy or early childhood development program, while grants from DPI's SEG appropriation may be awarded to a school board for support of a literacy or early childhood development program. The Governor's Read to Lead Development Fund consists of all gifts, grants, bequests, and other contributions made to the fund.

The Read to Lead Development Council makes recommendations to the Governor and the State Superintendent as to grants awarded under all three appropriations. The amount of each awarded grant is jointly determined by the Governor and the State Superintendent. The Council is required to submit an annual report on its operation to the appropriate standing committees of the Legislature.

GOVERNOR

Transfer \$23,600 GPR annually in literacy improvement grant funding under the Office of the Governor to the Department of Children and Families (DCF).

Rename the "Governor's Read to Lead Development Fund," the "Read to Lead Development Fund." Transfer the SEG sum sufficient grants appropriation for literacy and early childhood development programs from the Governor to DCF.

Transfer the Read to Lead Development Council from the Office of the Governor to DCF. Instead of the Governor, provide that the Secretary of DCF, or his or her designee, would serve as Chairperson of the Council. Further, provide that instead of the Governor, the Secretary of DCF would appoint the public members of the Council who serve three-year terms.

Instead of to the Governor and the State Superintendent of Public Instruction, specify that the Read to Lead Development Council would make recommendations to the Secretary of DCF and the State Superintendent as to grants funded under the GPR annual literacy improvement aids appropriation as well as the two SEG sum sufficient appropriations funded by the Read to Lead Development Fund. These grant awards would be jointly determined by the Secretary of DCF and the State Superintendent.

DISCUSSION POINTS

1. Prior to the proposed modifications to the Read to Lead initiative in AB 21/SB 21, the Legislature in prior sessions identified the need for literacy initiatives and sought to leverage private funding with public funding to increase the available resources for these initiatives. The provisions of 1997 Act 27 provided \$28,000 GPR annually to the Governor to provide grants to local governmental units or nonprofit organizations for support of a literacy improvement program. Act 27 also required the Governor to: (a) cooperate with the Department of Administration (DOA) in providing free books to educational and social service organizations in the state through a contract

with the Public Enrichment Foundation; (b) seek resources from foundations and private donors to support the DOA book distribution program; and (c) accept requests from educational and social service organizations in the state and forward them to the Public Enrichment Foundation.

2. In January, 2012, the Wisconsin Read to Lead Task Force, led by Governor Walker and State Superintendent Tony Evers, released its findings and recommendations. In its report, the task force found that, "The results from the 2011 National Assessment of Educational Progress (NAEP) 4th grade reading assessment show that while Wisconsin was once ranked among the very top states in the nation, we now rank somewhere in the middle of the pack. Specifically, Wisconsin ranked statistically below only Maine in 1994 with a scale score statistically higher than the national average. In 2011, Wisconsin ranks statistically below 15 states or jurisdictions. Most striking is that Wisconsin's growth, or lack thereof, between 1994 and 2011 is statistically lower than that of 35 states or jurisdictions and above none."

3. In addition to a number of other educational initiatives, 2011 Act 166: (a) created the Governor's Read to Lead Development Fund; (b) provided \$400,000 GPR to the fund in 2011-12; (c) created two SEG sum sufficient appropriations, one under the Governor and one under DPI; and (d) created the Read to Lead Development Council.

4. While the Governor's Read to Lead Development Fund was created to receive gifts, grants and bequests, since its inception no donations have been received by the fund that may be utilized for grant funding. Rather, contributions to the fund have been limited to the initial \$400,000 GPR under 2011 Act 166, and investment returns on that balance.

5. Current state ethics and lobbying laws limit the ability of state officials to solicit donations for the Read to Lead Development Fund. The Government Accountability Board has indicated that: (a) a series of restrictions limits the ability of the Council and its members to solicit contributions for the fund; and (b) public officials, either personally or through the agency's employees acting at the official's direction, may not seek a contribution for a state agency or state program from a lobbyist, from an organization employing an lobbyist, or from any person or entity regulated by or doing business with the official's agency.

6. Under a memorandum of understanding (MOU) between the Governor, the State Superintendent of Public Instruction, DPI and DOA effective June 1, 2014, DPI agreed to assume administrative responsibility for the Read to Lead Grant program including: (a) preparing and executing notifications of grants awards in the amounts awarded by the Governor and the State Superintendent based on the application submitted to and recommended by the Read to Lead Development Council; (b) reviewing grant expenditures submitted by grant recipients to ensure that costs are in accordance with and do not exceed the approved program budget for the grantee; (c) addressing grantee claims for payment, including notifying DOA of claims to be paid from the Read to Lead appropriations under the Office of the Governor; (d) establishing a record keeping system to provide a historic account of all activities under the Read to Lead program; (e) creating an annual report describing the status of all Read to Lead grants; (f) providing copies to DOA of all issued notifications of grant awards; (g) providing to DOA a monthly report of claims disbursed; and (h) providing to DOA a copy of any financial audit or performance evaluation audit conducted by an independent auditor retained by DPI or performed by the Legislative Audit Bureau.

7. The parties to the MOU identified the following reasons for assigning administrative responsibilities under the program to DPI: (a) "two agencies administering the grants would require both agencies to develop infrastructure and devote staff time to perform the same tasks;" (b) "it is in the best interests of the People of the State of Wisconsin that its government operate using the most efficient, cost-effective, and results-orientated methods;" and (c) "designating one agency to administer the grants post-award would streamline government operations and reduce State costs."

8. The first round of literacy grants since the passage of 2011 Act 166 in April, 2012, was announced by the Governor on June 2, 2014. In this first round, the state received 214 grant applications totaling \$6,506,500. The Read to Lead Development Council recommended that seven applicants be awarded grant funds totaling \$204,926. In June, 2014, the Governor and the State Superintendent approved these recommendations.

9. Of the awarded grant funding, \$182,751 is from the Governor's SEG Read to Lead Development Fund. The balance of this fund was \$400,796 at the end of 2013-14, \$400,000 GPR under 2011 Act 166, as well as \$796 in investment earnings. The remaining grant funding of \$22,175 is from GPR under the Governor's GPR annual literacy improvement aids appropriation. The following applicants received grant funding under this original round of literacy grants: (a) \$45,000 to the Children's Hospital of Wisconsin for its Reach Out and Read Program; (b) \$44,974 to Cooperative Educational Service Agency (CESA) 8 for professional development of reading instructors at five elementary schools in northeastern Wisconsin served by CESA 8; (c) \$44,761 to the Wausau School District Elementary Schools to provide professional development for reading instructors; (d) \$40,516 to the Central City Cyberschool of Milwaukee to provide professional development programs for teachers and for students to build at-home libraries; (e) \$18,675 to the Northeast Wisconsin Technical College to implement a training course to improve early childhood literacy instruction for childcare providers practicing at YoungStar childcare centers in the area, including the Oneida Nation childcare centers; (f) \$7,500 to the Winnebago County Literacy Council to help teach English literacy skills to refugee and immigrant parents and their children; and (g) \$3,500 to the Lancaster Public Library to promote early childhood literacy and to educate parents on the importance of reading to their children at Women, Infants, and Children (WIC) visits.

10. For the second round of literacy grants for 2014-15, the administration indicates that the Read to Lead Development Council may ultimately allocate \$132,600 in grant funding (\$109,000 SEG from the Governors' Read to Lead Development Fund, and \$23,600 GPR from the Governor's literacy improvement aids appropriation). In addressing the second round of literacy grants under the Read to Lead Grant program the Governor indicated that, "The Council will aim to recommend a diverse array of applications from different organizations, geographic locations, and populations served. Programs funded may include, but are not limited to: afterschool, parent outreach, and teacher professional development efforts."

11. For the second round of literacy grants for 2014-15, the state received 126 grant applications totaling \$3,268,800 in requested funding. After allocating \$132,600 in Read to Lead grant funding in 2014-15, approximately \$109,000 SEG in remaining funding under the Governor's Read to Lead Development Fund, as well as \$23,600 GPR annually from the literacy improvement aids appropriation will be available for grant funding in 2015-16. If the remaining funds in the Governor's Read to Lead Development Fund are allocated in 2015-16, then under the budget as

introduced, and based on the lack of outside funds received by the Read to Lead Fund to date, it may be anticipated that the only Read to Lead grant funding available for allocation in 2016-17 may be the \$23,600 GPR in annual funding under the literacy improvement aids appropriation.

12. The administration indicates that the Governor recommended transferring the Read to Lead Program component administered by the Governor's Office to DCF, "because DCF has unique expertise in the early childhood reading area. DCF's child care programs focus on providing education to young children, including a focus on achieving reading levels."

13. While the remaining balance in the Governor's Read to Lead Development Fund is likely to total approximately \$109,000 SEG to begin the 2015-17 biennium, neither the administration nor DCF have made recommendations to change the funding levels for the grant program at this time. The administration indicated that, "The program has been evolving since it began to best meet the early literacy need. The intent is to increase grants made once the results from the first round of grants is known. If DCF determines that a different level of grant funding would be preferable once they have acquired and reviewed the program, they would be able to propose that in the next biennial budget." Likewise DCF indicates that, "The Department will be conducting a thorough evaluation of the program, and how it will work with other DCF initiatives such as YoungStar, the Race to the Top Early Learning Challenge, and the Educational Opportunities Grant to raise the quality of early childhood education in the state. This evaluation is needed before DCF would be able to make any funding recommendations."

14. While some could argue that splitting the administration of a single grant program between two agencies may be less efficient and less cost-effective, under the budget the Read to Lead grant program would continue to be administered by two agencies, DCF and DPI. On the other hand, as DOA and DPI did, nothing would preclude the agencies from entering into a successor MOU to consolidate administration if the Committee approves the transfer of the Read to Lead components administered by the Governor's Office to DCF. The Committee could approve the Governor's recommendation. [Alternative 1]

15. The Committee could also consider: (a) deleting the Governor's Read to Lead Development Fund and its two associated SEG sum sufficient appropriations, effective June 30, 2017; and (b) amending the literacy improvement aids appropriation to provide that grants may be made from the appropriation to any person or school board for support of a literacy or early childhood development program. [Alternative 2] Given the limitations on solicitations and fundraising under state law for state officials, as well as the lack of private contributions to the fund to date, this alternative would delete the fund and its associated appropriations at the end of the 2015-17 biennium after the relevant state agencies and the Council have the opportunity to allocate the balance that remains in the fund. As the remaining estimated balance of \$109,000 SEG in the fund may be utilized for grants in 2015-16, under the budget proposal beginning in 2016-17, only \$23,600 GPR annually in the GPR literacy improvement aids appropriation may remain to make grants under the Read to Lead Grant program. The Committee could consider amending the GPR literacy improvement aids appropriation to permit the Council to make grants for the broad purposes permitted to the Council under current law under the SEG appropriations. Under this alternative, grants could now also be made from the GPR literacy improvement aids appropriation: (a) to school boards; and (b) to support early childhood development programs.

16. While DCF has a role in early childhood education in Wisconsin and could administer the program, DPI already administers the Read to Lead Grant program through an MOU entered into between the Governor, the State Superintendent, DOA and DPI. In addition, DPI has broad responsibility for the education of all students in Wisconsin. The Committee could, therefore, consider transferring the GPR annual literacy improvement aids appropriation from the Office of the Governor to DPI. [Alternative 3] Under Alternative 3, DPI would continue to administer the program after June 30, 2017, as the GPR grant appropriation would be transferred to DPI. Under Alternative 3, the Council would still be transferred to DCF and the Secretary of DCF would still assume the role and responsibilities currently assigned to the Governor in the Council.

17. As the State Superintendent of Public Instruction is constitutionally responsible for overseeing public education and is responsible for administration of Wisconsin's parental choice programs, public libraries, Perkins pre-college program and Head Start, the Committee could also: (a) transfer the Read to Lead Development Council from the Governor to DPI; (b) provide that the State Superintendent would assume the role (Chair) and responsibilities currently assigned to the Governor in the Council; and (c) delete the specification of the State Superintendent as the Vice-Chair of the Council. [Alternative 4]

18. Given the concerns about Wisconsin's performance on the 4th grade reading assessment noted by the Wisconsin Read to Lead Task Force in 2012, as well as the substantial demand for funding in the first two rounds of grants under the program, the Legislature could be concerned about the level of grant funding available to be allocated under the program during 2015-17. In past efforts to provide support for literacy efforts in the Governor's Office, the Legislature has sought to provide more substantial funding for the efforts, typically through a combination of state and private funding. Some could question how much may be accomplished with the Read to Lead Grant program going forward, if, beginning in 2016-17, only \$23,600 GPR annually remained in grant funding.

19. In the first round of grant funding, the Council allocated approximately \$200,000. In order to maintain this level of grant funding the Committee could consider, in addition to Alternative 2, providing \$67,400 GPR in 2015-16, and \$176,400 GPR in 2016-17, to the amended GPR annual literacy improvement aids appropriation. [Alternative 5a] Under this alternative, the remaining estimated balance of \$109,000 SEG in the Development Fund could be utilized in 2015-16, to permit \$200,000 in grants to be awarded by the Council in 2015-16.

20. Alternatively, in order to provide additional funding for the program, the Committee could consider providing additional GPR funding so that \$132,600 in grants could be made annually during the 2015-17 biennium. Under this alternative, an additional \$109,000 GPR in 2016-17, could be provided to the amended GPR annual literacy improvement aids appropriation. [Alternative 5b] As with Alternative 5a, this alternative could be considered in addition to Alternative 2.

21. The state's efforts to address literacy in Wisconsin are not limited to the Read to Lead Grant program. In light of available state funding to address this and other needs, the Committee could conclude that it will not provide additional GPR funding for the program during 2015-17. If additional funding is not provided to the program, beginning in 2016-17, it is estimated that \$23,600

GPR annually in grant funding may remain to the program to be allocated for literacy grants. At this level of funding, the Committee could conclude that retaining the Read to Lead Development Council is not warranted, and could delegate to either DCF or DPI the responsibility to administer the remaining annual GPR grant funding beginning July 1, 2017. Under this alternative, the Council would be retained through June 30, 2017. [Alternative 6] This alternative could be adopted in addition to Alternative 2.

22. Finally, the Committee could consider deleting the provision as: (a) the Governor has a history of involvement in literacy initiatives; and (b) the Office of the Governor represents a unique platform to advance such initiatives. [Alternative 7] Under this alternative the Governor would: (a) maintain the current law role and responsibilities related to the Read to Lead Grant program and the Read to Lead Development Council; (b) the Read to Lead Development Fund and its associated SEG sum sufficient appropriations would be maintained in the Office of the Governor and DPI; and (c) the GPR literacy improvement aids appropriation would remain in the Office of the Governor with \$23,600 GPR in annual funding.

ALTERNATIVES

1. Approve the Governor's recommendation.
2. Modify the Governor's recommendation by: (a) deleting the Governor's Read to Lead Development Fund and its two associated SEG sum sufficient appropriations, effective June 30, 2017; and (b) amending the GPR annual literacy improvement appropriation to provide that grants may be made from the appropriation to any person or school board for support of a literacy or early childhood development program. [Under this alternative, the Read to Lead Development Fund would continue to exist through June 30, 2017, to permit the Council to allocate \$109,000 SEG in fund balances that are estimated to be carried forward into the 2015-17 biennium. In addition, the GPR appropriation would be amended to permit the types of grants to be made from this appropriation that can be made by the Council from the Read to Lead Fund under current law.]
3. Modify Alternative 2 by transferring the GPR annual literacy improvement appropriation from the Governor to the Department of Public Instruction (DPI). [Under this alternative: (a) administration of the Read to Lead Grant program could remain with DPI; (b) the Read to Lead Development Council would be transferred to DCF; and (c) the Secretary of DCF would assume the role and responsibilities currently assigned to the Governor in the Council.]
4. Modify Alternative 2 by transferring the Read to Lead Development Council from the Governor to DPI. Provide that the State Superintendent would assume the role (Chair) and responsibilities currently assigned to the Governor in the Council. Delete the specification of the State Superintendent as the Vice-Chair of the Council.
5. Modify the funding for the Read to Lead program under Alternative 2 by adopting either of the following alternatives:
 - a. Provide \$67,400 GPR in 2015-16, and \$176,400 GPR in 2016-17 to the GPR literacy improvement appropriation. [Under this alternative funding would be provided to reflect the level

of funding provided by the Council for literacy grants in the first round of grant funding of approximately \$200,000.]

ALT 5a	Change to Bill
GPR	\$243,800

b. Provide \$109,000 GPR in 2016-17 to the literacy improvement aids appropriation. [Under this alternative funding would be provided to permit approximately \$132,600 in annual literacy grants to be made by the Council during the 2015-17 biennium. It is anticipated that this is the level of funding that may be provided by the Council for the second round of grants in 2014-15.]

ALT 5b	Change to Bill
GPR	\$109,000

6. Modify Alternative 2 to delete the Read to Lead Development Council effective June 30, 2017. [Under this alternative, the Council would not be retained after the remaining balances in the Governor's Read to Lead Development Fund are allocated in 2015-17. Rather, the administering agency would make the determinations as to how to allocate the remaining \$23,600 GPR in annual base literacy grant funding under the GPR annual literacy improvement aids appropriation.]

7. Delete provision. [Under this alternative, the Governor would maintain the current law role and responsibilities related to the grant program and the Council. The Governor's Read to Lead Development Fund and its associated SEG sum sufficient appropriations would be maintained in the Office of the Governor and DPI. The GPR literacy improvement aids appropriation would remain in the Office of the Governor with \$23,600 GPR in annual funding]

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