

United States Senate

HEALTH, EDUCATION, LABOR AND PENSIONS COMMITTEE

Edward M. Kennedy, Chairman

**The Chairman's Report on the Conflicts of
Interest Found in the Implementation of the
Reading First Program at the Three
Regional Technical Assistance Centers**



May 9, 2007

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I. EXECUTIVE SUMMARY

This report was prepared by the Chairman's Staff of the U.S. Senate Health, Education, Labor and Pensions Committee ("Committee") and builds on the U.S. Department of Education ("Department") Inspector General's March 2007 Final Audit Report. Specifically, this report focuses on the conflicts of interest and the appearance of conflicts of interest that existed among the directors of the three regional Reading First Technical Assistance Centers ("TACs").

In its investigation, the Department's Inspector General did not examine the "financial aspect" of the conflicts of interest revealed in the March 2007 final report.¹ This report fills this gap by examining the TAC directors' publishing agreements, financial disclosures and their relationships with publishers during the time they were under contract or subcontract with the Department.

The Committee's investigation revealed that four TAC directors had substantial financial ties with various education publishers during the time they were under contract or subcontract with the Department for the Reading First program. This report delves into these relationships, and examines the degree to which these conflicts interest (or, perceived conflicts of interest) existed and through this process uncovered additional conflicts that were not reported by the Department's Inspector General's office in its reports. This report will show that four TAC directors – Dr. Edward Kame'enui, Dr. Douglas Carnine, Dr. Joseph Torgesen, and Dr. Sharon Vaughn – all had extensive ties with education publishers during their tenure as TAC directors and that these ties, in many instances, may have improperly influenced their actions.

Presently, no federal law requires Department contractors, subcontractors, and consultants to be vetted for bias, conflicts of interest or impartiality. This report underscores the urgent need to enact changes in the current law governing conflict of interest controls at the Department. Such changes should requiring all federal employees, contractors and subcontractors involved in the administration, implementation, or provision of technical assistance related to programs to be subject to full disclosure of any financial ties to publishers, entities, private individuals, or organizations that stand to benefit from funds provided under the Elementary and Secondary Education Act.

¹ John P. Higgins, Department of Education Inspector General, Testimony before the Full House Education and Labor Committee Hearing: "Mismanagement and Conflicts of Interest in the Reading First Program," April 20, 2007.

II. BACKGROUND

The Elementary and Secondary Education Act of 1965 (“ESEA”), as amended by the No Child Left Behind Act of 2001 (P.L. 107-110), established Reading First, a six-year program that focuses on implementing scientifically-based reading research programs and practices in K-3 classrooms. The purpose of the Reading First program was to help State Education Agencies and Local Education Agencies in implementing proven scientifically-based methods of reading instruction in K-3 classrooms in order to prevent reading difficulties and to enable all students to become proficient readers by the end of third grade.

The Department awarded three contracts to RMC Research Corporation (“RMC”) to assist in the implementation of the Reading First program. The first two contracts were issued to RMC to provide technical assistance to State Education Agencies to, among other things, help them: (a) develop their Reading First state plans; (b) prepare their applications for Reading First funding; and (c) ensure continuity of technical assistance services during the transition period between the first RMC contract and the third.² The third contract between the Department and RMC was entitled “National Center for Reading First Technical Assistance,” and was awarded to RMC to establish three regional Technical Assistance Centers located in the eastern, central, and western regions of the United States.

In order to implement its third contract with the Department, RMC collaborated with, and ultimately entered into subcontracts with, three regional Technical Assistance Centers located at the (1) University of Oregon, (2) University of Texas-Austin, and (3) Florida State University. As the prime contractor, RMC not only was the national coordinator of technical assistance efforts related to the Reading First program, but also was tasked with overseeing the activities of the three regional Technical Assistance Centers. Each of the three Technical Assistance Centers was supposed to provide technical assistance to states located within the jurisdiction of the three regions.³ The University of Oregon established the Western Regional Reading First Technical Assistance Center (“Western TAC”) and selected Professor Edward Kame’enui as its first director and later selected Dr. Douglas Carnine as its second director. The University of Texas under the Vaughn Gross Center established the Central Regional Reading First Technical Assistance Center (“Central TAC”) and selected Professor Sharon Vaughn as its first director. Florida State University established the Eastern Regional Reading First Technical Assistance Center (“Eastern TAC”), and selected Professor Joseph Torgesen as its director.

As TAC directors, Dr. Kame’enui, Dr. Carnine, Dr. Torgesen and Dr. Vaughn oversaw the regional Technical Assistance Centers providing guidance on which reading programs the states could purchase with Reading First funds. Once the reading programs were chosen, they provided technical assistance to the State Education Agencies and Local Education Agencies as they implemented the

² The first contract was entitled “Technical Assistance for State Applications for Reading First” and was awarded at a cost of \$2,294,174. The second contract was entitled “Reading First Transitional Technical Assistance to State Education Agencies and was awarded at a cost of \$1,477,228.

³ The Western TAC provides technical assistance to Alaska, American Samoa, Bureau of Indian Affairs, California, Colorado, Hawaii, Idaho, Iowa, Minnesota, Montana, Nebraska, New Mexico, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wisconsin, and Wyoming. The Central TAC provides technical assistance to Alabama, Arkansas, Illinois, Indiana, Kansas, Kentucky, Louisiana, Michigan, Mississippi, Missouri, Ohio, Oklahoma, Tennessee, Texas and West Virginia. The Eastern TAC provides technical assistance to Connecticut, Delaware, District of Columbia, Florida, Georgia, Maine, Maryland, Massachusetts, Puerto Rico, South Carolina, U.S. Virgin Islands, Vermont, and Virginia.

programs in their states.

Between September 2006 and March 2007, the Inspector General's office published six different audit and investigation reports examining the Department's administration of the Reading First program. Among its findings, the Inspector General reported grave concerns about the implementation and administration of the Reading First program. In the March 2007 report, the Inspector General reported that RMC had not adequately addressed conflict of interest issues. In the report, the Inspector General made a series of recommendations to RMC, including implementation of formal conflict of interest policies and procedures for use in current and future Reading First contracts and subcontracts. The Inspector General recommended that RMC: (1) vet employees and contractors for the appearance of conflicts of interest, including bias and objectivity; (2) disclose the appearance of conflicts, to the extent they existed; (3) issue advisories concerning conflict of interest issues involving Technical Assistance Center products and services; and (4) develop and implement a conflict of interest certification form for all technical assistance providers.

Shortly after the release of the March 2007 Final Inspector General Reading First Report, Senator Edward M. Kennedy, Chairman of the Committee, sent detailed document requests to the eight members of the Reading First Assessment Committee⁴ requesting all documents, communications and emails concerning their involvement in the administration and implementation of the Reading First program. In addition, the document requests asked that each of the individuals provide financial disclosures to the Committee regarding amounts paid to them by education publishers from 2002 to the present. The eight original recipients of the document requests were: Dr. Edward J. Kame'enui, Dr. David Francis, Dr. Lynn Fuchs, Dr. Roland H. Good, III, Dr. Rollanda O'Connor, Dr. Deborah C. Simmons, Dr. Gerald Tindal, and Dr. Joseph Torgesen. On March 22, 2007 and again on March 26, 2007, Senator Kennedy sent out additional document requests seeking largely the same information from RMC, the three regional Technical Assistance Centers, Douglas Carnine, Sharon Vaughn, the University of Oregon, Florida State University, and Reid Lyon. All of the emails and information cited in this report have been provided to the Committee by the individuals listed above and by RMC. Many times, the Committee was unable to obtain complete email correspondence either because of an inability to read back-up tapes or because the information was no longer available.

⁴ The Reading First Assessment Committee was created to evaluate the "technical adequacy" of 29 K-3 reading assessments. The federally created panel developed its own criteria for evaluation and a process for applying the criteria, as well as a means for identifying and selecting the assessments to be judged. For a more detailed discussion about the Reading First Assessment Committee, please refer to the Department's September 2006 Inspector General Inspection Report.

III. WESTERN REGIONAL READING FIRST TECHNICAL ASSISTANCE CENTER

A. Dr. Edward Kame'enui, Western TAC Director, 2003-2005

1. Dr. Kame'enui Had and Continues to Have A Direct Financial Interest in Certain Programs Used in Reading First Schools

Dr. Edward Kame'enui was the director of the Western TAC from October 1, 2003 until he became the Department's first Commissioner for Special Education Research in May 2005. While he was director of the Western TAC, Dr. Kame'enui was also the director of the Oregon Reading First Center.⁵ Before becoming director of the Western TAC, Dr. Kame'enui held other Reading First related positions. For example, from August 2001 until January 2003, Dr. Kame'enui was the team leader of the Reading First Assessment Committee, a body established by the Department to evaluate the "technical adequacy" of 29 K-3 reading assessments used by State Education Agencies in their respective Reading First programs. Dr. Kame'enui was also a co-author of the Consumer's Guide that was distributed to State Education Agencies and was a presenter at the Department's 2002 Reading First Leadership Academies.

Emails and documents produced by Dr. Kame'enui and others reveal the close relationship Dr. Kame'enui had with two educational publishers, Pearson/Scott Foresman ("Scott Foresman") and Randy Best's Voyager Expanded Learning.⁶ Between 2002 and 2004, while he held various positions in which he was responsible for evaluating Reading First assessment programs and providing technical assistance to State Education Agencies, Dr. Kame'enui entered into three different contracts with the publisher Pearson/Scott Foresman. The first contract, entered into on April 26, 2002, was to author Early Reading Intervention, a program that was created for and is currently sold to schools implementing the Reading First program. The second contract, entered into on December 12, 2003, was to create "Reading 2006" (now known as "Reading Street"), a core reading program that is also sold to Reading First schools. The third contract, entered into on January 14, 2004, was to create a Reading First video product. The first contract was entered into while Dr. Kame'enui was chair of the national Reading First Assessment Committee. The two latter Pearson/Scott Foresman contracts were entered into while Dr. Kame'enui was the director of the Western TAC.

Due largely to his contracts with Pearson/Scott Foresman, Dr. Kame'enui's income soared in the period following the implementation of the Reading First program. The charts below reflect Dr. Kame'enui's earnings from Scott Foresman and Voyager during this time period.⁷ Contrary to the data reported by the Inspector General in the March 2007 final report, the royalties that Dr. Kame'enui received while he was the director of the Western TAC were not primarily derived from college textbook sales. The chart below reveals that the majority of Dr. Kame'enui's royalties were derived from products used by State Education Agencies and Local Education Agencies in conjunction with the Reading First program.

⁵ Oregon Reading First Center is the center that directed the Reading First program in the state of Oregon.

⁶ Voyager Expanded Learning is a provider of in-school core reading programs, reading and math intervention programs, and professional development programs for school districts. Voyager was co-founded by Randy Best. In early 2005, ProQuest Inc. acquired Voyager for \$340 million in cash and approximately \$21 million of ProQuest Company stock. See February 1, 2005 Press Release "ProQuest Acquires Voyager Learning," available at <http://www.bestassociates.com/voyager.html>.

⁷ All figures in the chart below were derived from information voluntarily provided to the Committee by Dr. Kame'enui. These figures do not include Dr. Kame'enui's earnings from the University of Oregon or the many other education-related consulting positions he held during these years.

Dr. Kame'enui's Income, Royalties and Compensation from Pearson/Scott Foresman

	Compensation	Description
2001		
	\$6,677.75	Royalties earned from the publication of college textbooks
	\$1,000	Compensation for product and materials development as author and consultant
2002		
	\$6,862.54	Royalties earned from the publication of college textbooks
2003		
	\$113,780.76	Royalties earned from one reading intervention program (Early Reading Intervention) for Kindergarten only
	\$574.70	Royalties earned from the publication of college textbooks
	\$65,114.99	Compensation for product and materials development as author and consultant
2004		
	\$112,257.94	Royalties earned from one reading intervention program (Early Reading Intervention) for Kindergarten children
	\$6,440.33	Royalties earned from the publication of college textbooks
	\$22,799	Consulting services provided to Pearson
2005		
	\$169,570.61	Royalties earned from one reading intervention program (Early Reading Intervention) for Kindergarten children
	\$332.39	K-6 reading program
	\$3,350.81	Royalties earned from the publication of college textbooks
2006		
	\$116,649.80	Royalties earned from one reading intervention program (Early Reading Intervention) for Kindergarten children
	\$61,433.35	K-6 Program
	\$3,537.82	Royalties earned from the publication of college textbooks

Dr. Kame'enui's Income, Royalties and Compensation from Voyager 2000-2003

	Compensation	Details
2000		
	\$10,000	Payment for consultation services provided in 2000 to Voyager Expanded Learning, Dallas, TX
	\$340.76	Reimbursement for travel and other expenses to Voyager Expanded Learning, Dallas, TX
2001		
	\$20,750	Payment for consultation services provided in 2001 to Voyager Expanded Learning, Dallas, TX
2002		
	\$9,250	Payment for consultation services provided in 2002 to Voyager Expanded Learning, Dallas, TX
	\$50,000	Payment to serve as consultant to Randy Best and Voyager Expanded Learning in Dallas, TX
2003		
	\$2,102.51	Reimbursement for travel (2 trips) to provide consultation services in Dallas, TX

Up until 2005, the Scott Foresman web page featured Dr. Kame'enui as a "Program Author" and trumpeted the fact that he directed the Western TAC. See Exh. 1. Today, Dr. Kame'enui can still be found on the Scott Foresman web page advertising the "Early Reading Intervention" program he co-authored with his University of Oregon colleague, Dr. Deborah Simmons. See Exh. 2. While the web page does not mention his affiliation with the Department, the web page prominently shows a red stamp of approval that states "Qualifies for Reading First Funds." Id. To an uninformed school official, these web pages could be reasonably misinterpreted as a Western TAC endorsement for the products.

2. Dr. Kame'enui Acted and Lobbied on Behalf of Scott Foresman, From Whom He Was Receiving Compensation, While He Was the Team Leader of the Reading First Assessment Committee and as Director of the Reading First Western TAC

Emails produced by Dr. Kame'enui and others reflect Dr. Kame'enui's close relationship with Scott Foresman and show how this relationship affected his actions. For example, in a June 2002 email, while Dr. Kame'enui was the team leader of the Reading First Assessment Committee, a Scott Foresman representative and Dr. Kame'enui collaborated to influence then Assistant Secretary of the Department Susan Neuman. In the email, the Scott Foresman representative wrote to Dr. Kame'enui inquiring about how "the meeting with Susan Neuman" went. In his response, Dr. Kame'enui writes, "...[m]y sense is that the meeting with Susan [Neuman] was fine and that Pearson and [Scott Foresman] got her attention..." See Exh. 3. He then boasted, "Pearson is in a favorable position to exact influence [on Neuman]..."⁸ Id. At the time Dr. Kame'enui was working as the Chair of the Reading First Assessment Committee and should have abstained from any conversations with Department officials on behalf of Scott Foresman.

That same month, Susan Neuman expressed her concern that Dr. Kame'enui and Dr. Simmons had possible conflicts of interest and therefore should not be able to work on national Reading First projects due to their preexisting relationships with publishers. In a June 2002 email, Dr. Douglas Carnine wrote to Dr. Kame'enui and Dr. Simmons stating that he found out why Susan Neuman was upset at a meeting. The email states, "[s]he regards the two of you so very very highly that being an author is quite possibly a conflict of interest in terms of leading a national professional development for Reading First." See Exh. 5. No other emails were produced showing Dr. Kame'enui's response to this email. However, the fact that Dr. Kame'enui was subsequently named Director of the Western TAC means that Susan Neuman's concerns regarding his conflicts of interest were set aside by the Department.

Throughout his tenure as director of the Western TAC, Dr. Kame'enui continued to attend and present at various reading conferences and meetings on Scott Foresman's behalf.⁹ The documents reviewed

⁸ In anticipation of the meeting with Ms. Neuman, various emails were exchanged between Dr. Kame'enui and Scott Foresman regarding who would attend the meeting on Scott Foreman's behalf and to discuss the meeting "goals." See Exh. 4.

⁹ Dr. Kame'enui remained in close communications with Scott Foresman throughout the years. Since Dr. Kame'enui began his position as the Department's Commissioner for Special Education Research, his contact with publishers was restricted by the Department's ethics rules. This is reflected in Dr. Kame'enui's emails with Scott Foresman during his time at the Department. See Exhs. 6 to 8. In these emails, Dr. Kame'enui states that he "miss[es]" his "Scott Foresman family" and "look[s] forward to getting back to this work." See Exh. 6. Further, in a March 2007 email, Dr. Kame'enui

by the Committee revealed that Scott Foresman paid (or offered to pay) for Dr. Kame'enui's trips to speak on its behalf at various conferences and workshops nationwide in the years 2003 to 2005. For example, Scott Foresman requested that Dr. Kame'enui present at a November 2003 workshop in front of 300 Literacy Coaches from around the state of Utah, a state that falls under the Western TAC's jurisdiction. See Exh. 9. It is unclear whether or not Dr. Kame'enui presented at this workshop since no follow-up email correspondence was produced to the Committee. Other Scott Foresman sponsored trips and conferences include invitations to:

- attend a Dyslexia Conference in late 2003 (see Exh. 10);
- attend the International Reading Association Conference in May 2004 (see Exh. 11);
- conduct a full-day presentation in Colorado Springs in August 2004 (see Exh. 12);
- be the keynote speaker at a West Virginia Reading Association Conference in December 2004 to a "group of approximately 900 (elementary)" teachers (see Exh. 13-14);
- present at a February 2005 North Carolina/Kentucky Executive Review meeting that will be attended by "supervisors, principals and teachers all who are very influential in the adoption" of reading programs (see Exh. 15);
- attend the Reading Leadership Conference in March 2005 (see Exh. 16);
- attend the International Reading Association Conference in May 2005 (see Exh. 17);
- attend a "customer luncheon" at the International Reading Association Conference in May 2005 (see Exh. 18); and
- attend a "Chicago Leadership" meeting in March 2005 (see Exh. 19).

Two of Dr. Kame'enui's Scott Foresman contracts have provisions that require Dr. Kame'enui to attend conferences and sales workshops on its behalf.¹⁰ It is clear that from 2003 to 2005, Dr. Kame'enui was simultaneously working for Scott Foresman and the Western TAC.

3. Dr. Kame'enui Did Not Address Clear Conflicts of Interest Raised by His Participation on the Voyager Advisory Team

Dr. Joseph Torgesen raised a conflict of interest concern in a February 2003 email to Dr. Kame'enui, Dr. Roland Good, and Dr. Sharon Vaughn informing them that he was resigning from the Voyager Advisory team, due to "a developing conflict of interest in Florida, that might end up embarrassing

states that he has "gained clearance from the department ethics attorneys to engage in discussions with Pearson re [his] transition back to Oregon..." See Exh. 8. "So," Dr. Kame'enui asks, "should we set up a time to chat?" Id.

¹⁰ The April 26, 2002 contract with Scott Foresman provides that Dr. Kame'enui is required to attend "three (3) Author or PAC meetings per year" and "[p]rovide a minimum of six (6) sales-related workshops or presentations per year" and that "[d]uring the calendar years 2002, 2003, 2004, and 2005, Author will make a minimum of six (6) personal presentations per year in support of Scott Foresman Early Reading Intervention © 2003 to such audiences and such locations, and of such duration, as Publisher shall reasonably direct, and on such dates as Publisher shall specify... [f]or personal presentations in excess of six (6) per calendar year, Publisher shall pay Author a per diem fee of \$1,000... per presentation..." April 26, 2002 Pearson/Scott Foresman Contract. Dr. Kame'enui's December 12, 2003 contract with Scott Foresman provides that "Author will be available for a maximum of six (6) days per year, at Publisher's request...to assist in sales of the Program through direct customer contact in key accounts....In addition: Author will also:...During the calendar years 2004, 2005, 2006, and 2008 Author will make up to six (6) personal presentations per year in support of Publisher's Scott Foresman Reading © 2006 to such audiences at such locations, and of such duration, as Publisher shall reasonably direct, and on such dates as Publisher shall specify..." December 12, 2003 Pearson/Scott Foresman Contract. When Dr. Kame'enui joined the Department as Commissioner of the Special Education Research, he amended his April 26, 2002 contract on April 19, 2005 stating "Based on your position of Commissioner in IES, effective April 19, 2005, it is Publisher's understanding that you will not actively advance and promote Pearson Scott Foresman program or any productions to this Program."

both me and Voyager.” See Exh. 20. In response to Torgesen’s email, another Voyager Design Team member, University of Oregon Professor Dr. Deborah Simmons, also recused herself from the Voyager design board for, among other reasons, conflict of interest concerns. *Id.* No other emails were provided to the Committee reflecting a response from Dr. Kame’enui, Dr. Good or Dr. Vaughn.

Instead of recusing himself from the Voyager Board as his colleagues eventually did, Dr. Kame’enui devised a way to stay on the Board and avoid his membership being perceived as a conflict of interest. Importantly, the appearance of conflict of interest that concerned Dr. Kame’enui was not whether his financial interests in Voyager and Scott Foresman compromised his objectivity as an Reading First official, but whether other publishers from whom he received compensation would look askance at his membership on the Voyager Board. In a late 2002 email he writes, “I spoke to Randy [Best] today about my future work with Voyager...I suggested dismantling the ‘Design Team’ (at least in name) and reconfiguring it as an ‘Advisory Board.’ I think this will give me more flexibility to continue to work with Voyager without it causing potential problems with Pearson and Scott Foresman...” See Exh. 21. In this email, Dr. Kame’enui is concerned that Scott Foresman may view his participation with Voyager as somehow showing less than full loyalty to Scott Foresman. He does not, however, express concern over the more fundamental conflict of interest inherent in his simultaneously working for educational publishers while advising states in their purchase of reading instructional materials.

4. Kame’enui Was Not Completely Forthcoming In Congressional Testimony About His Connections to the DIBELS Assessment Test

At the April 20, 2007 House of Representatives Congressional Hearing on Reading First, Dr. Kame’enui asserted under oath that he did not know that his programs – Early Reading Intervention and Reading Street – were being sold with the widely popular Dynamic Indicators of Basic Early Literacy Skills (DIBELS) assessment program.¹¹ In an email communication discovered by the Committee, however, a Scott Foresman representative wrote to Dr. Roland Good, the owner of the DIBELS reading assessment tool, with a carbon copy to Dr. Kame’enui, stating “Scott Foresman would like to talk to you about the possibility of working with you to link DIBELS to Scott Foresman...” See Exh. 22. This email sets the stage for the “linking” of sales between the DIBELS assessment program and Dr. Kame’enui’s two Scott Foresman products. In another email dated April 13, 2004, Dr. Kame’enui is upset that Scott Foresman has not included him in a “DIBELS Conference Call.” See Exh. 23. He states “I was not included in the arrangements for this call, which bothers me.” *Id.* Scott Foresman promptly responds that they will include Dr. Kame’enui in all future conversations regarding DIBELS. *Id.* To this day, Dr. Kame’enui’s products are sold jointly with DIBELS by Scott Foresman.

¹¹ DIBELS is a reading assessment test to measure student reading development. DIBELS was designed by Dr. Roland Good, a colleague of Dr. Kame’enui from the University of Oregon. The Reading First program has been a great windfall for DIBELS, whose materials are also published by Sopris West, a company based in Longmont, Colo. At the House of Representatives hearing on April 20, 2007, Dr. Good admitted that the company in which he owns a 50 percent share received more than \$1.3 million in royalties and other payments from the sale of DIBELS. Thus far, DIBELS has been adopted by at least 35 states’ Reading First programs. DIBELS was also one of the assessment tools that was evaluated by the Reading First Assessment Committee, on which Dr. Good, Dr. Kame’enui and Dr. Torgesen were part of the eight person review panel. For a more detailed discussion about the Reading First Assessment Committee, please refer to the Department’s September 2006 Inspector General Inspection Report.

Although the Committee reviewed only a limited amount of email communications written by Dr. Kame'enui during the time he worked with the Reading First program, the emails that were reviewed, coupled with Dr. Kame'enui financial statements, demonstrate a troubling degree of closeness between Dr. Kame'enui and the publishers whose products he was supposed to review.

B. Dr. Douglas Carnine, Western TAC Director, 2005-Present

After Dr. Kame'enui's departure from the Western TAC in 2005, University of Oregon professor Dr. Douglas Carnine, became the director and currently holds that position. However, Dr. Carnine's work with the Reading First program began in 2002. From January 23, 2002 to January 25, 2002, Dr. Carnine served as a "technical resource" to the first Reading First Reading Academy.¹² From June 3, 2002 to September 30, 2003, Dr. Carnine had a subcontract with RMC to provide "technical assistance" to State Education Agencies. Finally, from August 1, 2002 to November 11, 2002, Dr. Carnine worked under RMC as a consultant on the development of Early Childhood Educator Academies, the Department's regional convening of early childhood practitioners and researchers hosted throughout 2002.

From 2002 to the present, Dr. Carnine worked and continues to work with multiple publishers, including McGraw-Hill Company, Houghton Mifflin Co., Pearson Education Inc., Whitney University, and others.¹³ Dr. Carnine represented to the Committee that his ties with publishers are not related to products that could be purchased with Reading First funds. However, the email communications Dr. Carnine had with publishers, including Scott Foresman and Houghton Mifflin did almost always relate to Dr. Carnine's role as director of the Western TAC. The chart below reflects Dr. Carnine's earnings from publishers as reflected on federal W2 and 1099 tax forms provided to the Committee by Dr. Carnine.¹⁴

¹² The Reading First Reading Academies were two-day conferences held to introduce and orient State Education Agencies to the Reading First program.

¹³ These figures do not reflect additional income Dr. Carnine received from the University of Oregon and other education consulting projects.

¹⁴ Dr. Carnine also produced to the Committee two contracts with Best Associates to serve on Whitney University's academic board and as a Senior Advisor and Consultant for \$100,000 per year. The first contract was effective from April 15, 2005 to April 14, 2006, and the second contract covered April 15, 2006 to April 15, 2007. The W2 forms and 1099 forms produced by Dr. Carnine to the Committee do not reflect these payments, it therefore unclear whether these funds were paid out to Dr. Carnine as stated in the contract.

Dr. Carnine's Income, Royalties and Compensation from Publishers ¹⁵

2002	Royalties	Non-Employee Compensation ¹⁶
Houghton Mifflin Company	\$12,500	\$6,000
McGraw-Hill Companies	\$110,125.24	
Pearson Education Inc.	\$12,349.08	\$1,000
RMC Research Corporation		\$24,700
2003		
RMC Research Corporation		\$7,125
Pearson Education Inc.	\$11,623.58	\$2,000
Houghton Mifflin Company	\$15,000	
McGraw-Hill Companies	\$100,006.02	
2004		
Pearson Education Inc.	\$15,787.23	
McGraw-Hill Companies		\$2,478.18
McGraw-Hill Companies	\$129,989.61	
Houghton Mifflin Company	\$25,000	
2005		
Whitney University		\$60,068.19
Pearson Education	\$13,277.93	
Houghton Mifflin Company	\$10,000	\$219.58
McGraw-Hill Companies	\$133,919.36	
Higher Ed. Holdings		\$91,666.63
2006		
Pearson Education Inc.	\$3,833.08	
Colorado Department of Education		\$2,000
Houghton Mifflin Company	\$5,098.70	
McGraw-Hill Companies	\$159,539.63	

1. Dr. Carnine's Relationships with Various Publishers

Dr. Carnine's relationships with the publishers listed above are also documented in various emails. In an email dated in May 2006 -- while Dr. Carnine was director of the Western TAC -- a Houghton representative emailed Dr. Carnine offering to "sponsor" Dr. Carnine's trip to present on Houghton's behalf at a Texas State Board's Reading Study Day. See Exh. 24. Dr. Carnine responded by asking Houghton whether "there is content [he] could or should present to support changes in the standards."

¹⁵ In addition to Dr. Carnine's ties to publishers, the Committee has also discovered an additional possible conflict of interest concerning Dr. Carnine's wife, Linda Carnine, who has published reading materials with SRA/McGraw Hill that are being sold to Reading First schools. Linda Carnine is also currently employed as a consultant by the Western TAC and has provided technical assistance on Reading First through consultant contracts with RMC.

¹⁶ "Nonemployee Compensation" as defined by the IRS, means income of \$600 or more including "fees, commissions, prizes and awards for services performed as a nonemployee..." See <http://www.irs.gov/instructions/i1099msc/ar02.html#d0e846>

Id. Then, Dr. Carnine added that as director of the Western TAC, his current experience is limited to K-3. Id. This email is startling for two reasons. First, Houghton's offer to "sponsor" a TAC director's trip to a state board meeting is wholly improper. Second, as a TAC director, Dr. Carnine should not have been seeking directives from a publishing company regarding what content he should or should not present to a state.

This was not the first time that Dr. Carnine was approached by Houghton. In a March 2006 email, Houghton reached out to Dr. Carnine and asked him to meet with California Reading First officials on Houghton's behalf. In this case, Houghton wanted Dr. Carnine to meet with the California Reading First officials, Alice Furry and Marion Joseph, to "hear firsthand what they would like to see in the next round of language arts products" and to help "pave the way for [Houghton's] new product." See Exh. 25. Dr. Carnine expressed doubt that he would be able to exert any influence on Ms. Furry or Ms. Joseph because "they keep their own counsel" and ultimately Dr. Carnine did not go through with the talk because it was not the "right time." Id. To be clear, Houghton was ordering Dr. Carnine, whose chief responsibility was to aid State Education Agencies and Local Education Agencies in their selection and implementation of the Reading First program, to lobby California education officials on Houghton's behalf.

2. Dr. Carnine Becomes Concerned Over Conflicts of Interest After the Inspector General's Release of the Reading First Investigation and Audit Reports

It was not until the Department's first Inspector General report was released in September 2006, that Dr. Carnine began to have misgivings about how his relationships with various publishers might present possible conflicts of interest with his work as director of the Western TAC. In a September 2006 email, Dr. Carnine writes to Houghton representative and states that he will no longer attend a California Reading First meeting because "Rep Miller is calling for a wide spread criminal investigation on RF inside and outside of government. The Washington Post just published a very negative article which mentions me in one place. I am increasingly concerned about ill timed publicity about me undermining the important purpose of the CA meetings..." See Exh. 26. Dr. Carnine reiterated his concern to Houghton Mifflin in a subsequent email where he states:

Since I last emailed you about the publicity, the IRA and Rep Miller...have called for a criminal investigation into RF. The extensive and often false negative publicity around RF, and my role, has made it impossible to continue to work on education policy. I have resigned from the ERIC steering committee and NCLD consultancy. In addition I offered to retract my agreement to present to the NRP and the CA RF superintendent's summit; both offers to not present have been accepted. I feel it is important to keep you apprised of these developments...

See Exh. 27. Even after Dr. Carnine expressed these concerns and his desire to withdraw from giving a Reading First presentation in California, a Houghton representative responded by stating that there should be no need for concern since, "[m]y initial feeling is, the people with whom we should be talking would not be that close to following this issue. We could try a couple districts and see if it is an issue." See Exh. 28. In expressing these concerns, however, Dr. Carnine never indicated that he wished to be removed from the payroll of Houghton or any other publisher.

IV. EASTERN REGIONAL READING FIRST TECHNICAL ASSISTANCE CENTER

A. Dr. Joseph Torgesen, Eastern TAC Director, 2003 to the Present

Dr. Joseph Torgesen has been the director of the Eastern Regional Reading First Technical Assistance Center ("Eastern TAC") since October 2003. Dr. Torgesen is also the director of the Florida State Reading First Center, Florida Center for Reading Research ("FCRR"). Similar to the Western TAC directors, Dr. Torgesen has also maintained relationships with various publishers. Dr. Torgesen is currently a publisher of a reading intervention program that can be purchased with Reading First funds with publisher McGraw Hill. Similar to Dr. Kame'enui, Dr. Torgesen also previously worked with Voyager on its Design Team. The chart below reflects the income Dr. Torgesen received from publishers in the years 2002 to 2006.

Joseph Torgesen Income, Royalties and Compensation from Publishers¹⁷

2002	Compensation	Description
McGraw-Hill Companies	\$2,536.43	\$2,000 honorarium for speaking at symposium plus reimbursement for travel expenses
Voyager Expanded Learning	\$20,000	Member of design team, resigned in spring 2003 because of potential conflict of interest with position at Florida Center for Reading Research
Pearson Education	\$3,750	\$1,500 was for review of Group Reading and Diagnostic Evaluation for AGS; Dr. Torgesen was not able to find documentation for rest of the payment, either for speaking at conference or conducting review of another assessment
Sopris West	\$1,818.42	Royalty payment for products published with Sopris West
2003		
Sopris West	\$2,968.79	Royalty payment for products published with Sopris West
2004		
Cambium Learning	\$2,411.47	Royalty payment for products published with Sopris West (Cambium Learning purchased Sopris West)
2005		
Cambium Learning	\$4,128.13	Royalty payment for products published with Sopris West; \$2,000 for speaking at a professional development event sponsored by Sopris West
McGraw-Hill	\$809.94	Royalties payment
2006		
Cambium Learning	\$7,592.05	Royalties payment for products published with Sopris West
McGraw-Hill	\$8,751.05	Royalties payment

1. Dr. Torgesen' Relationship With Various Publishers

Dr. Torgesen's ties to the publisher Sopris West originate from two contracts he entered in 1999 to develop programs unrelated to Reading First. Dr. Torgesen is also the author of four assessment tests: (1) Test of Phonological Awareness ("TOPA"); (2) Test of Preschool Early Literacy ("TOPEL"); (3) Comprehensive Test of Phonological Processing ("CTOPP"); and (4) Test of Word Reading

¹⁷ All figures in the chart below were derived from information voluntarily provided to the Committee by Dr. Torgesen. These figures do not include Dr. Torgesen's earnings from Florida State University.

Efficiency (“TOWRE”). Each of these four tests is currently available for sale at ProED Inc. and Sopris West. All four of these assessments were reviewed by the Reading First Assessment Committee, of which Dr. Torgesen was a review panelist.¹⁸

As evidenced in the charts above, Dr. Torgesen received royalties from Sopris West¹⁹ (and subsequently, Cambium Learning which acquired Sopris West in 2004) every year from 2002 to 2006. Dr. Torgesen’s royalties to Sopris West were exemplified in an email exchange from July 2005 regarding an internal Eastern TAC discussion about whether or not the Eastern TAC could fulfill a state request for 40 DIBELS manuals and 40 Practice Material folders. An Eastern TAC employee wondered whether providing these manuals to states for free (or at cost) would be construed as “competition” with Sopris West. See Exh. 29. Dr. Torgesen responded that he did not think providing these manuals would be construed as competition, but rather “might actually stimulate business for them.” Id.

This email exchange is particularly troubling given a string of emails in April 2004 between RMC employees regarding Sopris West and DIBELS. See Exhs. 30 to 32. These three emails discuss how the state of Connecticut, which falls under the Eastern TAC jurisdiction, had purchased DIBELS training from Sopris West at a cost that was “quite high.” See Exh. 31. These emails reflect concern over Sopris’ high fees, so much so that the RMC national director comments, “[s]o...how did Sopris and their outstandingly high trainers get in the mix?” Id. It is not clear whether Dr. Torgesen or the Eastern TAC helped Connecticut obtain cheaper DIBELS trainers as the national RMC office suggested the Eastern TAC should.

Dr. Torgesen, like Dr. Kame’enui and Dr. Carmine, has also maintained a relationship with Scott Foresman. In July 2002, when the state of Georgia, another state under the Eastern TAC jurisdiction, had an upcoming “adoption call for reading,” Dr. Torgesen was approached by Scott Foresman to review a “designed prototype” of a reading program. See Exh. 33. The Scott Foresman representative then asked for Dr. Torgesen’s assistance on how to make sure that reading teachers in Georgia knew that Scott Foresman’s program was Reading First compliant. Id. It is not clear whether Dr. Torgesen responded since no other related emails were produced to the Committee. However, this email shows a quid pro quo offer between the publisher and the director – the director gets an offer to review a “prototype” and possibly receive a publishing contract and in turn is asked to exert influence on a state during an adoption call for new reading products.

Later that same year, in an internal Eastern TAC email, Dr. Torgesen questioned whether he should “ask special permission from [the Department] to review the new Scott Foresman curriculum for Maine?” See Exh. 34. He points out that, “I had a discussion with some folks in Washington yesterday who rightly pointed out that we might want to think about rewarding Pearson [Scott Foresman] for significantly strengthening their program (if, in fact, they have).” Id. Dr. Torgesen inappropriately wanted to give Scott Foresman special treatment. The three Technical Assistance Centers are only allowed to review Reading First products at the request of a state they were servicing, not at the behest of individuals “in Washington.” Since no other related emails were produced, it is not clear whether Dr. Torgesen went forward with this review of Scott Foresman by seeking permission from the Department’s Reading First office.

¹⁸ For a more detailed discussion about the Reading First Assessment Committee, please refer to the Department’s September 2006 Inspector General Inspection Report.

¹⁹ Sopris West is a publishing company that also sells DIBELS for a profit.

Several years later, Dr. Torgesen would send an email recalling how Scott Foresman gained an unfair advantage with Florida's Reading First program. See Exh. 35. In the email, there is no mention about the plans to give Scott Foresman the "reward" he mentioned in the email above, but rather, Dr. Torgesen recalled that the Scott Foresman program did not originally meet the criteria to be recommended for use as a core program in the state of Florida. Nevertheless, the Scott Foresman program was approved for use in Florida Reading First schools because "[w]hen Scott was notified that they would not be approved for RF schools, they brought out the big lobbying guns, and we were 'led' by the Florida department of education to allow them if they would write a supplement, which cost them several million to do." Id.

B. Dr. Torgesen's Contract with SRA/McGraw Hill for Reading Intervention Program Raises Serious Conflicts of Interest Concerns

Dr. Torgesen entered into a publishing contract with SRA/McGraw Hill for a Reading First reading intervention product, "SRA Early Interventions in Reading, Grades 1 and 2" in June 2004. Around the time that he was negotiating his contract with McGraw Hill, as the Eastern TAC director he was tasked with, at a state's request, conducting "thorough and objective" reviews of reading intervention programs that would soon compete with his SRA/McGraw Hill reading program. For example, on May 12, 2004, Dr. Torgesen co-wrote a letter to Ken Proctor, the Georgia State Reading First Director, regarding the reading intervention program, *Dr. Cupp Readers & Journal Writers K-1®*, stating that "the review revealed that there is insufficient evidence of the following features as required by the criteria set forth in A Consumer's Guide to Evaluating Supplemental and Intervention Reading Program Grades K-3."²⁰ See Exh. 36. Within one month of sending this letter, Dr. Torgesen signed his contract with SRA/McGraw Hill to create a Reading First intervention program of his own. A clear conflict of interest exists when one competitor reviews and issues recommendations with respect to another competitor's product. If Dr. Torgesen was working to develop his own Reading First intervention program, he should have, at the very least, recused himself from all evaluations of competing programs.

V. CENTRAL REGIONAL READING FIRST TECHNICAL ASSISTANCE CENTER

A. Dr. Sharon Vaughn, Central TAC Director, 2003 to 2005

Dr. Sharon Vaughn was the first director of the Central TAC and held that position from October 2003 until the summer of 2005. Dr. Vaughn, like Dr. Kame'enui, has direct financial ties with Scott Foresman and Voyager. The chart below details Dr. Vaughn's personal income and compensation from publishers for the years 2001 to 2006. The Committee is currently working with Ms. Vaughn to produce additional documents to the Committee.

²⁰ Dr. Kame'enui is a co-author of the Consumer's Guide that is used to evaluate Reading First programs. This Guide explains how to tell if a particular textbook is in alignment with the five Reading First required elements of reading. The Consumer's Guide was distributed at the Reading First academies in early 2002, without indication as to why it was to become the national metric from which to measure a program's validity for Reading First funds.

Dr. Vaughn's Income, Royalties and Compensation from Publishers²¹

2001	Royalties	Other ²² Income	Non-Employee Compensation
Voyager Expanded Learning		\$62,835.47	
McGraw-Hill Companies	\$719.43		
Pearson Education Inc.	\$35,504.89		
Sopris West Inc.			\$2,691.34
2002			
Voyager Expanded Learning		\$75,000	
McGraw-Hill Companies	\$450.34		
Pearson Education Inc.	\$46,400.14		
Sopris West Inc.	\$625.77		
RMC Research Corporation			\$21,000
2003			
Voyager Expanded Learning		\$75,000	
McGraw-Hill Companies	\$895.77		
Pearson Education Inc.	\$56,095.27		
Sopris West Inc.	\$1,461.48		
2004			
Voyager Expanded Learning		\$100,000	
McGraw-Hill Companies	\$281.26		
Pearson Education Inc.	\$49,397.61		\$25,200
Sopris West Inc.	\$905.70		
Cambium Learning Inc.	\$905.70		
2005			
Voyager Expanded Learning		\$125,000	
McGraw-Hill Companies	\$1,100.62		
Pearson Education Inc.	\$84,851.72		
Cambium Learning Inc.	\$2,134.44		
2006			
Voyager Expanded Learning		\$250,000	
McGraw-Hill Companies	\$24.70		
Pearson Education Inc.	\$187,471.44		
Cambium Learning Inc.	\$1,614.85		

²¹ All figures in the chart below were derived from information voluntarily provided to the Committee by Dr. Vaughn. These figures do not include Dr. Vaughn's earnings from the University of Texas or the other education-related consulting positions she may have held during these years.

²² As defined by the IRS, "other income" includes income "of \$600 or more required to be reported on Form 1099-MISC that is not reportable in one of the other boxes on the form." See <http://www.irs.gov/instructions/i1099misc/ar02.html#d0e627>.

B. Dr. Vaughn's Relationships with Publishers

Dr. Vaughn's relationship with Scott Foresman was prompted by Dr. Kame'enui who worked closely with Scott Foresman to recruit Dr. Vaughn as a program author. In an email dated December 12, 2002, Dr. Kame'enui asked a Scott Foresman representative whether there was anything he could do to "help" with setting up a meeting between Scott Foresman and Dr. Vaughn. See Exh.37. Dr. Kame'enui added, "I really don't want to lose her to another publisher." Id. It is unclear why Dr. Kame'enui's immediate allegiance was to Scott Foresman and not to the integrity of the Reading First program. In an email dated February 12, 2003, Dr. Kame'enui again wrote to Scott Foreman, this time informing them that Dr. Vaughn is "being courted seriously and compellingly by another publisher who has offered her a stipend to 'think about signing' an agreement with them." See Exh. 38. Dr. Vaughn comments, "I feel like I'm dating and don't know how...I never was very good at it!" See Exh. 39. By February of the following year, Dr. Vaughn wrote to Dr. Kame'enui that Scott Foresman called and made her the following offer, "\$25,000 per year for 2 years (no royalties until '05 so this would be my substitute) and authorship with a royalty rate commensurate with yours." See Exh. 40. She continued, "I think the influence we have had on Voyager has been extremely positive and to make even a close to similar influence on a program as big and popular as Scott Foresman would be terrific." Id. Finally, she states "Ed – thank you sooo [*sic*] much for serving as my mentor and counselor throughout this process." Id.

As of the date of this report, the Committee has not had access to Dr. Vaughn's publishing agreements or most of her emails.²³ However, because Dr. Vaughn's Scott Foresman contract resembles Dr. Kame'enui's contract (see emails cited above), it is likely that Dr. Vaughn's Scott Foresman contract also contained provisions requiring her to attend and present on Scott Foresman's behalf at various conferences and workshops nationwide. See, supra, note 10. This means, that like Dr. Kame'enui, Dr. Vaughn likely traveled the country speaking on Scott Foresman's behalf while simultaneously working for the Reading First program as Central TAC director.

Like Dr. Kame'enui, Dr. Vaughn also prominently touted her position as director of the Central TAC on the Scott Foresman web page. See Exhs. 41-42. As a co-author of the reading program "Reading Street," Dr. Vaughn's program is also currently sold with the DIBELS assessment test.

VI. RECOMMENDATIONS

This report fully supports the recommendations outlined by the Department's Inspector General in the recently released Reading First inspection and audit reports. These six Inspector General reports coupled with the findings in this report expose the need for strict conflict of interest controls to address the patterns of bias, mismanagement, and conflicts of interest that existed in the administration of the Reading First program.

Congress should adopt new restrictions to safeguard against financial conflicts of interest among federal employees, officers, advisors, contractors or subcontractors associated with federal K-12 education programs. All federal employees, contractors and subcontractors involved in the administration, implementation, or provision of technical assistance related to programs should be subject to a full disclosure of any financial ties to publishers, entities, private individuals, or organizations that stand to benefit from funds provided under the Elementary and Secondary

²³ The Committee is currently working with Dr. Vaughn to produce these documents.

Education Act. Each individual should be required to submit such financial disclosures every twelve months. Individuals serving on advisory committees or in the peer review process for the Department should be prohibited from maintaining significant financial interests in related educational products or activities. Other individuals holding administrative, technical assistance, or other duties should be prohibited from maintaining financial interests in areas significantly related to duties under such programs, unless granted special permission by the Department. Special permission referenced above should be reviewed and granted periodically by a Department-wide panel Chaired by the Department's General Counsel.

VII. CONCLUSION

The Chairman's investigation reveals that four Reading First Technical Assistance Center directors – subcontractors to the Department— had substantial financial ties to publishing companies while simultaneously being responsible for providing technical assistance to states and school districts seeking guidance in selecting reading programs that would help them secure federal grants. These findings are troublesome because they diminish the integrity of the Reading First program. Congress should act to ensure that future conflicts of interest are identified and addressed.