

Head Start Designation Renewal System (DRS) Changes: Answering Your Questions

Ann Linehan: Good afternoon, everyone. Welcome to the “Answering Your Questions on the Designation Renewal System 2020 Final Rule” webcast. You're able to find the “Ask a Question” box to the left of the slide presentation, and in that area, you will be able to submit questions. Below the “Ask a Question” box, there are the event resources. Under the event resources, you are able to access today's slideshow. I'd like to turn the floor over to Dr. Bergeron. Dr. Bergeron, the floor is yours.

Dr. Deborah Bergeron: Thank you very much. We are all excited to be here with you today. The content of today's webinar is going to be completely framed around the questions that you had. Hopefully, you will find the information here to be particularly useful and focused on what you need. I do want to say something from the outset and that is, we know that with this new DRS information in the midst of the COVID situation, it's easy to conflate the two and get confused. So, for the purpose of today, we are only addressing the new DRS rule in its pure form, absent of anything COVID related. So, we aren't going to address anything related to COVID. Of course, the COVID situation impacts all kinds of things Head Start related, so stay tuned for more specifics on that. But for the purpose of today, our goal is really just to get you all acclimated and to make sure we've addressed the questions you have related to the final rule.

Just to remind you of some basics of DRS, as you probably already know, there are seven conditions, and if you do not meet any of those conditions, your five-year grant comes back non-competitively. However, if a grant meets one of those conditions, then it is open to competition. The seven conditions are here for you to see, what's important about the rule is it only impacts three of them, and those three are the deficiency condition, the CLASS condition, and the fiscal/audit condition. The final rule published last week on Friday, and the revised DRS conditions in the final rule will go into effect 60 days after publication, so that makes the effective date, October 27th, 2020. What I'm going to do is go through and ask some questions, and we've got experts here who are going to address them as we go along. My first question, it came through that, folks want to know what does the competition process involve?

Shauna Pinckney: Hi, Dr. Bergeron, and thanks for having me on today's webcast. My name is Shauna Pinckney. I am at the Office of Head Start in our grants division. The competition process for folks that have or organizations that have federal funds is fairly normal. And so, it's common if you have a federal grant that you would be required to compete for your continued funding at some point in the life cycle of your grant. In the federal system, we post funding opportunity announcements that include information on the grant funding and the service area for which we have a competition available. There's also an opportunity to get a preview of what's coming up in the future, and our vehicle for doing that are grants forecast, and that information is always posted on grants.gov. We also have, in the forecast, the list of eligible applicants, and if you meet any of those eligibility criteria, we certainly encourage anyone to

apply. After we receive all the applications, we have a non-federal team that reviews the applications, and then when we complete our competitive process, it results in a new five-year grant award.

Dr. Bergeron: Shauna, in our last webinar, we had a lot of people ask, I got a DRS letter, do I still have to compete? Can you address that?

Shauna: Sure. The good news is that if you had previously received a DRS designation notification, you have received a new redetermination letter through HSES. So, we would encourage all grantees to make sure that you visit HSES to check to see what your new determination is. But that said, for all grantees, if you have met one or more of the prior conditions, and again, we've given you a second look, you would have to meet both the old DRS conditions, as well as the new DRS conditions to remain in competition, but the best place to look is in HSES.

Dr. Bergeron: Excellent. How soon can folks count on these redeterminations to take place?

Shauna: We issued the letters on Monday, so they should already be uploaded in HSES, and certainly, if a grantee is having trouble finding this information, our regional offices are always a wonderful resource to help make sure that you have both received the redetermination letter, and if you have any questions about what's contained in the letter. We also had previously, so before the final rule was posted, we had published a series of grants forecasts that gave the public a preview of the service areas that would be upcoming for a competition and the amount of funding. We've updated that information, and so within about a day or so, the new information that reflects only those grantees that will remain in competition, so that will continue to be required to compete having met both the old conditions and the new conditions, only that forecasted information will be available to the public. So, in about a day or two, certainly before the end of the week, that new information will be available through our forecast. And then, we are projecting that the full funding opportunity announcements will be posted in early October.

Dr. Bergeron: Shauna, before I move on, is it safe to say that everyone who got a DRS letter before should expect to get a new one, regardless of their second look classification?

Shauna: Yes. Everyone who received a DRS letter in the beginning of this year should check HSES and the correspondence tab to look for your redetermination letter, and that should clearly lay out for you if you are required to compete or if you will receive your new five-year grant non-competitively.

Dr. Bergeron: Super. Where can folks find the funding opportunities, the forecast, and the FOAs?

Shauna: I think this is probably my favorite tip to share with anyone who asks this question. I always tell folks, "Make grants.gov your friend." That is your primary publicly available resource for both our forecasted grant opportunities. There's so much information in a grant's forecast.

We do them in advance of the full FOA to give folks that opportunity to plan for the full announcement to be posted. So, certainly, to visit grants.gov. An easy way to search for the office of Head Start funding opportunity announcements is by what we call a CFDA number, and that number is included here in this slide. It is 93.600. If you type that into the search engine in grants.gov, it's the easiest way to pull up the list of all of our forecasts, and then when the full funding opportunity announcements are posted, again this year, we believe that will be early October, the full funding opportunity announcements will also be posted on grants.gov, but they are also listed on the acf.hhs.gov website as well.

Dr. Bergeron: Super. And so, can someone assume that if their service area were forecasted but the PFOA hasn't posted that they don't need to compete?

Shauna: The best thing for folks to do is to check their DRS redetermination letter. That should be the primary notification. So, your most trusted source around are ... You as a grantee, if you were previously designated to compete, do you still have to compete for your continued funding? The DRS redetermination letter should be your most trusted resource. And then, if you still are required to compete, you can confirm information about the upcoming competition through either the grants forecast, which are posted on grants.gov, and certainly, in early October, when the full funding opportunity announcements posts, that would be the confirmation of the competition.

Dr. Bergeron: We're going to move on to deficiency.

Ann: Oh, thanks, Dr. B. I get to talk about the new revised condition that requires a program to have two or more deficiencies in any monitoring review over the five-year project period. And just to remind people, a deficiency is defined by the Head Start Act as a systemic or substantial material failure and complying with the Head Start requirements.

Dr. Bergeron: Ann, is that going to change at all under the new rule, for example, if a child is left unattended, is that still a deficiency?

Ann: Well, if a grantee received a deficiency for, let's say a child incident, that single deficiency would not require the grantee to compete. However, there are cases where there could be a serious single incident as a result of multiple systemic failures within a program. And so, as a program, it could receive more than one deficiency related to one incident, but it is the number of deficiencies that counts. And I think we also, just to remind our folks, can see on the slide, that outside of the DRS is completely outside. The Office of Head Start does have the authority to suspend or terminate a grantee, and we have added, for your reference, the regulatory citations for which we can do that.

Dr. Bergeron: This next question is a combo between what Shauna talked about and this, and that is that if the grant had a single deficiency, they received the DRS letter with designation to compete, but the FOA hasn't posted, does that mean that they don't have to compete?

Ann: Well, this program should have received a DRS redetermination letter. I think Shauna said August 31st, and HSES indicating they were no longer required to compete as a result of this single deficiency in the forecasted funding. But if you have not received a letter, and you think that you should have, please again, contact your regional office if you have any questions.

Dr. Bergeron: This next question is very similar, just a little bit more explanation on the same thing.

Ann: In this case, if a grantee had a single deficiency, but has not received a DRS letter, no, they will not be required to compete due to the deficiency condition so long as the grant does not receive another deficiency or meet another condition during the current five-year project period. This grantee will not receive a DRS redetermination letter because these letters are only sent to grantees previously designated for competition.

Dr. Bergeron: And then, of course, this is always a big question, how are deficiencies counted when they occur across separate reviews or when they are corrected?

Ann: OK. The DRS condition, deficiency condition, counts the numbers of deficiency during the project period for each grant. And we say each grant, because we know that there are several grantees that have more than one grant, but the count is related to a distinct grant. And the example we use, one deficiency in the first year of a grant, and a new deficiency in the fourth year of a grant would total two deficiencies requiring competition. And people do ask, "Well, we corrected the deficiency, do we have to do we have to recompile?" If you are an agency that had two deficiencies within that five-year project period, and you corrected them, you would still be required to compete. We want to make one distinction here: Sometimes there are reviews that review multiple grantees under the same review. So, if you were a grantee that has, let's say two grants, and we came in and did a review, and let's say, we determine there was a systemic deficiency that really cut across both grants, you would receive a deficiency for grant one, and you would receive a deficiency for grant two. But those individual deficiencies, in order for you to compete, you would have to receive another deficiency in grant one in that five-year project period to make a determination whether or not you had to compete that grant, and the same would be said for the second grant.

Dr. Bergeron: So, the grants are really separate? [Inaudible] think of it that way. And we'll probably say this later, obviously, there's opportunity to maybe roll those into a single grant.

Ann: And again, I think, and maybe Heather may comment on that later. Absolutely, programs do have that opportunity.

Dr. Bergeron: And I think it's important to note here, it says "Uncorrected deficiencies lead to termination." I think sometimes people think because they fixed it, it goes away.

Ann: Or correct it ...

Dr. Bergeron: It goes away, but the correction is actually required. That's not a bonus, that's requirement. So, that's not going to get rid of the deficiency classification. That's really important for folks. Not that we don't appreciate the correction, but it is still a decision.

Ann: Well, and if they've not corrected, then it would have been an adverse action.

Dr. Bergeron: Right. So, important thing to note there. We're going to move to my favorite topic, CLASS, and actually, as we do this, I should have mentioned in the beginning, one of the things we really want you to notice about this DRS rule is that what we've tried to do is adopt that growth mindset that I've talked a lot about, get away from ... I mean, we're going to have some compliance, but to get away from that gotcha compliance mindset and really think about how can we improve what we're doing. I think the deficiency is a good example of that, but I also think that these changes in the CLASS condition are really representative of that new growth thinking, and I hope folks will take advantage of this as a way of motivating and supporting the work that they're doing in classrooms for children.

Colleen Rathgeb: Hi everybody, this is Colleen. I'm going to talk through the new CLASS condition and try to answer some of the questions that we have gotten about it since it the rule came out last week. In a nutshell, the revived CLASS condition has two different thresholds. There is a competitive threshold and a quality threshold. So, if a grantee has a score below the competitive threshold in any CLASS domains, that will trigger competition. A score below the quality threshold in any CLASS domain does not trigger competition, but instead, in those cases, OHS will support the grant team to implement quality improvement efforts. Instead, this is really about how do we get to grantees to grow in quality, continue to look at it in a continuous way. So, the quality of threshold is not about competition, it's about supporting grantees to implement quality improvement efforts so they can improve those classrooms and support those education staff in doing so.

Dr. Bergeron: And now, we'll go into some detail here, so can you talk about the CLASS quality thresholds? Or did I skip competition?

Colleen: It was me, I jumped in when I wasn't supposed to. So, back one. Yeah, thanks. Sorry. We want to talk about what the CLASS competitive thresholds are. A score below any of these competitive thresholds is what will require competition, and those thresholds are: For emotional support, it is any score below a five. For classroom organization, also any score below a five. For instructional support, the competitive threshold right now is any score below a 2.3, and then, in five years, starting August 1st, 2025, that is going to move from a 2.3 to a 2.5. So again, talking about the growth and how we're really pushing grantees to continue to improve and focus on those interactions in classrooms that are so important.

Dr. Bergeron: And it's important, I think for me to just note here, I think breaking that instructional support into these two gradual shifts up could be confusing at first. So, we need folks to really look at that and understand what it means, but I would say here that I was really pushing for a higher threshold, and my friends here in this office made a case for giving folks time to work toward that. So, look at it that way. This is an opportunity for us to have time to

really look at that higher level of performance and have the time to work toward that high achievement. And so, hopefully, even though it's broken into two, and you got to read the fine print, this is actually something that really supports that growth model. And then we look at the quality thresholds.

Colleen: The quality thresholds again, are ... We talked about, these are not about competition, they are about looking at the scores that we really want programs to be at. So, this is setting the expectations for programs to either be here or be above it. And so, if grantees score below these quality thresholds, we're going to support grantees to really implement quality improvements in their professional development systems and TA. Those thresholds are: For emotional support, anything below a six, for classroom organization, also again, anything below a six, and then for instructional support, anything below a three is what is going to signal for us that we really need to focus with that grantee on some quality improvement. Not about competition, but again, improving the quality in the classroom.

Dr. Bergeron: This kind of reminds me of when you were in college and the professor would say, "Well, if you have an A, you don't have to take the final." You don't fail the class if you don't have an A, but if you're at that high level of performance, we recognize that. And we think it's important that we recognize it, and also that we set that standard so that ... We believe this is doable by every single one of our programs, I do. With the right support, I think everybody can do this. And how fantastic would it be for Head Start, across the country, to be performing at this level? I think it's a great goal. Very exciting. OK. Can you talk a little bit about why we decided to establish two sets of class?

Colleen: Sure. Just like Debbie was saying, we really think the quality threshold is the expectation, this is where we want grantees to be, and even to go beyond, but this is really the expectation of the quality in Head Start classroom. And so, we want grantees to be striving for this level of quality and to continually be trying to improve. But then we also did acknowledge that we do need to set a floor also. So, we established these competitive thresholds to say, there are scores, if you are not up to these competitive thresholds, then we think that is where competition is warranted, that we really should be able to look and see, is this the great grantee in the community? Are there other grantees that may, or other organizations that may be in a better place to provide the services? So, the competitive threshold is really the floor, and the quality threshold is really the expectation of what we want.

Ann: Can we talk a little bit about how we came up with that? Probably going to wonder.

Colleen: Sure. We looked at research. We looked at our experience and the data from the last 10 years of implementing CLASS in classrooms. And from the research, what we really took away is that classrooms really need to be out of the low range to be seeing impact. We really need to make sure we're pulling up that floor, and so, that is one thing that was really important. But we also know that higher CLASS scores, even as they get higher and higher, are reflecting higher quality environments that are better for kids' outcome. So, we want to continually be pushing, not just for good enough, but for higher quality. And so, that's what the research really told us about establishing a threshold. And then, we also looked at the data,

both from the programs that we've monitored as well as from national data looking at Head Start – Head Start research and other – and other research, because we wanted this threshold to be attainable, but really still to push on quality.

Dr. Bergeron: We do have people who've asked this question, which is if a grantee falls below the competitive threshold for one CLASS domain, is this a deficiency? And here's where it gets confusing, can you distinguish those?

Colleen: Sure. We did get this question, and we want folks to know that CLASS scores do not relate to deficiency. There's not a deficiency if you get below a certain score. If you get below the competitive threshold, you'll have to compete. And again, below the quality is about focusing your TA efforts. So, it's not a deficiency, but we do want to clarify that if a grantee has a score below the competitive threshold, even if it's in just one of the three CLASS domains, that does trigger competition, so that is important for folks to understand.

Dr. Bergeron: That's the next question. What if the grantee falls below the competitive threshold for one classroom but below the quality threshold for another?

Colleen: We are looking at the three domains in CLASS separately. So, they really do look at distinct things that are going on in the classroom and that they are each important for children, for the quality of the classroom and for the outcomes, and so we look at them differently. But in that case, when a grantee fell below the competitive threshold in one domain, that would put them in competition, so they would go into competition for that domain. And if they were also below one of the quality thresholds, it would go into competition, but they'd also be receiving TA, both for that domain that they really need help in, that they've fallen below the competitive threshold, but also the domain that was below the quality threshold. So, maybe receiving support in both areas.

Dr. Bergeron: So, we're not valuing ... All three are important.

Colleen: All three are important, yeah.

Dr. Bergeron: All three go into making a quality classroom. I wanted to make sure we ask this, because I know below, above, all this information, what if it's right at the threshold?

Colleen: I think that's right, and I feel like sometimes I look at the greater than, less than signs and go back to elementary math and get confused, so I think it is really good. The thresholds are established for grantees to be both. So, if you have a five, if you're exactly a five, you would not compete. Anyone that is competing is below a five for promotional support or below a five for classroom organization or below a 2.3 for instructional support right now, and a below a 2.5 when that threshold changes.

Dr. Bergeron: Great. This next question to me is really interesting. I knew that this would be something folks would wonder. So, you fall below CLASS quality, you're getting support, what's the deadline for quality improvement?

Colleen: We want to try to get out of that mindset that we were talking about at the beginning. And we really are trying to kind of this shift to this growth mindset. That we want to be supporting the growth of the quality and the learning environment over time, and we want to do that to support better child outcomes and stronger child outcomes in those classrooms. So, we're asking that grantees take advantage of this as an opportunity to really re-examine what they're doing and with their professional development, with the TA that they're using and that they're providing for their program, and how overall they're supporting their education staff. So, we will be connecting grantees with resources. We'll be helping identify what can be used in their program to support it. There's not a set deadline that we're saying this has to be done by. This is really a continuous process that we know that programs will be doing, that we want to support them in doing, but it isn't about an end date.

Dr. Bergeron: Right. I think it's safe to say that within the quality improvement threshold work, that's not a consequential piece of this. This isn't a do this, or you have to do X, or this will happen. That isn't what this is about. This is really about sincerely reaching out to programs and offering the support they need to aim for very high achievement. And so, I had somebody say, "Well, what if they don't take advantage of the TAs that you reach out and try to offer?" We will certainly encourage that, but my feeling is after meeting so many folks who run these programs, they're not going to do that. They're going to want to be excellent, and if they've got the support to be excellent, I believe they'll take advantage of it. So, this is truly an implementation of growth minded monitoring, which I'm excited about.

Colleen: Absolutely. And really giving them the opportunity, what can we do to try to support stronger child outcomes in our program, and how can we do that together? And it's really that's what it's about.

Ann: I know we've got our Early Head Start folks sitting out there going, "How does this impact me?" They always feel left out, I don't think they're going to be disappointed.

Colleen: [Inaudible] were worried about being left out in some ways. In CLASS conditions, we are using in the DRS system is only about the CLASS preschool tool, which does not apply to Early Head Start program. There are a variety of professional tools that can support the quality of teacher-child interactions in Early Head Start with infants and toddlers. There is an infant-toddler version of CLASS; we're not using it in DRS at this point. There's also a tool that's called the Q-CCIIT, that's the "Quality of Caregiver Child Interaction for Infants and Toddlers." These are things that programs can use to help them identify the needs in their Early Head Start classrooms. But at this point, the DRS condition is just about preschool classrooms.

Dr. Bergeron: Excellent. And of course, with all of these changes, it would be natural to wonder, are we going to calculate CLASS any differently?

Colleen: We are not. The approach to the way we are calculating a platform has not changed as a result of the new final rule. So, we are going to continue to go in and conduct the CLASS in a sample of classrooms, and then those scores are used to calculate a grant T level CLASS score. We do not round CLASS fours up or down, which I think, we really want to just use it as the

picture that we get when the tool is used by reliable reviewers in the classroom. And so, that has not changed with this rule.

Dr. Bergeron: Excellent. Can we talk a little bit about what the TTA support will look like related to CLASS?

Colleen: It's going to be a lot – it's going to be a lot about how the support that we have and the support that will continue in the future can really proactively connect grantees with resources that really target those areas that their CLASS scores show that they need improvement in. And so, we have the national TTA centers, we have the regional TTA, they will all be supporting grantees through targeted TA efforts to look at how they can improve their classroom quality. Just as a little preview, we have, coming up in just about two weeks, we have a webinar that the Office of Head Start and the National Center on Developing, Teaching, and Learning will be hosting to start talking about using CLASS for quality improvement and to preview some of the things that programs can be doing that we've seen have already been supported, and that we'll be continuing to support them in a more proactive way.

Dr. Bergeron: What's really interesting is, of course, the new rule now has this responsive TA piece that goes into that quality threshold – the response to falling in that quality threshold band. There will be support to try to aim the higher level, right? But the other beautiful thing about this is because the 10% is gone, we have an absolute goal. So, now, you know what the goal is, so my recommendation is that you start that work now using that as the benchmark, get the support ahead of time, learning what that really looks like, and how to ensure that all of your teachers are working at that level. I think that to me, I was very excited about having a specific goal. As someone who used to lead schools, I feel like that's something that I could actually accomplish. And so, hopefully, you all are feeling that way too. And we know you'll need the support to do that, but start thinking about how you might implement that, I think it would be a great idea. One of the questions we have is why can't grantees get TTA support before their CLASS review?

Colleen: [Inaudible] we were talking about, right? You can, you should, we absolutely want those to be ... Before there's any monitoring really, the CLASS to be thinking about these important things that everybody can look at things that are important in the classroom, that it gets measured here. So, there are numerous TA resources that are available that we can use to target improving the classroom learning environment. We have webinars, we have in-service week that can be used with. There are courses on the OHS Learning Management System, all sorts of things that are available to target these very areas. We've got the-

Ann: Colleen, I'm kind of smiling because I think of comments in the past, we don't want programs to say, we want to pass the test, it's because they really believe that they want to make improvements in these areas across the domain. So, I just had to put that plug in.

Colleen: That's absolutely right. And again, these are things that are measured that folks would, across the board, believe are important things that we want to be able to make improvements on in our classrooms. So, we have lots of existing resources. Like I said, the TA system, grantees

have their own funds that they can be targeting and using this way. We really hope programs are using CLASS or other tools for PD within their own program, and to really see how they can support the teachers. So, we actually don't want you to wait until you would have a score, like Debbie said, we've laid out what the markers are, what we want people to be achieving for quality. Folks can use those tools to see how they are, what they're doing, what are the types of things that are measured that are important in those classrooms that they can be thinking about how do they support their teachers right now.

Dr. Bergeron: I would just say, it's an interesting conversation about what "teaching to the test" or "aiming for the score," but let's be ... If we put all of the cards on the table, what we're saying is that we have confidence that a CLASS review yields scores that indicate the quality of classroom, right? And we've talked about this before, and I think that's absolutely true. I've gone out, I've done CLASS reviews myself so I could really understand it, and I believe 100% that those results will be indicative of a classroom of high quality; lots of teacher-child interactions, emotional support, all of those things that matter. So, if we believe that to be true, then it would be rational to say, I personally think it's fine to look at that benchmark and say, "What does this look like? This is where I want to be." Then you do the TA to get there, and you get there, and both things happen at the same time; you have the score, but you've also got the quality classroom, which is really the way it should be.

That's what we should be aiming for. I think they work in tandem well, and we're always really nervous to talk about ... Say you hear "teaching to the test" or those kinds of phrases, and I'm used to this, when we had standardized testing in public schools, people were like, "You can't teach to the test," but I would say, "Well, I want a certain score so my kiddo passes." Now, I know what it takes to do that, and what that looks like is the child can good read fluently. So, I work on reading fluency. It's not that I'm getting a score, you are seeing fluency in that results, in the score organically. We hope that you'll take advantage of all these resources to get to that point. We will have the CLASS webinar coming out very soon, and I highly recommend you tap into that because there's a lot here. I think of all three of these, this being probably the media, but not to be overshadowed by fiscal condition, and Heather's going to join us to talk about that.

Heather: Thanks Dr. B, and thanks Colleen very much for that information. I get the joy of talking more about the revised fiscal condition, and I actually want to just make note that this now actually is really two criteria. The first is, one, that folks hopefully should all be familiar with, which is a going concern that's identified in an audit report. There really isn't much of a change here with this particular condition. The only thing that has really changed is the timeframe for which we are looking at that going concern. Previously, we were looking at the 12 months preceding for the going concern identified in an audit report, but now, we are looking at this across the five-year project period. That's the first one that folks should, like I said, should be relatively familiar with, that really hasn't changed, except for just the timeframe for which we're examining it.

The second one though is the second condition that was added whereby is – a total of two or more audit findings of material weakness, or question costs that are associated with Head Start funds that are identified in an audit report, and the timeframe again, falls within the project period of the grant. And so, I think that specifically in looking at this particular condition and why it was added, I think we wanted to make sure that we were identifying areas, either question cost or material weaknesses were there ... those are findings that really indicate that there are challenges and grantees internal controls, appropriate use of funds and financial management. And so, specifically, related to Head Start funds where we would want to be concerned or paying special attention to.

Dr. Bergeron: For the sake of the folks on the phone, everyone might not be familiar with all this language. Can you talk a little bit about what a going concern is?

Heather: Absolutely. A going concern is a determination that's made by an auditor that the organization is at risk of failing to continue. It's a very serious concern that the auditors identify, and it's basically that they don't know that necessarily the agency has that financial viability to continue after 12 months, and it's obviously a serious concern, and that determination is used by auditors in both private sector and in federal audit grants.

Dr. Bergeron: And then, can you talk about what a questioned cost is?

Heather: Sure. An auditor makes a finding of questioned cost when they identify expenses that are not in compliance with federal regulations or the terms and conditions of a particular award. And obviously that's pretty loaded, but I would say questioned costs can arise if there are expenses that are not supported by adequate documentation, or if there are costs incurred that appear to be unreasonable or do not reflect the actions of a prudent person. I always think back to those cost principles that we're always trying to hammer home, and it's really making sure that expenses are allocable, allowable, reasonable, and consistent. So, obviously, if there are expenses that don't fall in line with that, they can be identified by an autographic questioned cost.

Dr. Bergeron: This one came up on our last webinar, how about a material weakness?

Heather: Absolutely. A material weakness is a concern related to the internal controls where there's a possibility that the agency's own financial statements will not correct, prevent, or detect a misstatement. So, there is a very real likelihood that the financial information that is being reported by that organization is not accurate, and it's not sufficient for anyone to be able to determine whether they're doing well or not. So, it really has to do with internal controls.

Dr. Bergeron: Does the new fiscal criteria for the questioned costs mean that two or more questioned costs, or is it two only related to material weakness?

Heather: Yeah. This particular criteria really goes into the ... it really doesn't matter. It could be two material weaknesses, it could be two questioned costs, or it could be a combination of both. It could be one material weakness or one questioned cost. So, it really doesn't matter. It

could be any combination of the above. So, I would say that that's the case. I don't want to jump ahead, but I would also say, too, that it doesn't necessarily have to be in the same audit report either. So, you could have one material weaknesses in one audit report, and the next year, you could have a questioned cost and that the two would trigger that within this, if this falls within the same project period, that it would trigger the need for competition.

Dr. Bergeron: So, really important to keep an eye on all those things and keep them really tight.

Heather: Yeah. Absolutely.

Dr. Bergeron: Do the two findings need to be repeat findings?

Heather: Great question. In bringing that very specific question, the answer is no. A grantee can have two separate findings of material weakness or questioned costs. So, they don't have to necessarily be repeat binding, but they could be. So, if you had either a material weakness or a questioned cost in one audit report, and in the subsequent period and the auditor finding, that you not correct that particular material weakness or questioned cost, it could show up as a repeat finding, and therefore, it could be. So, it doesn't have to be, but it definitely could be, and that would count toward meeting the fiscal condition for competition.

Dr. Bergeron: OK. How many audit years would be reviewed?

Heather: So, it will be all audit reports from a fiscal year that fall within that five-year project period. So, we're going to take a look at all the audit reports and whether or not within that period, that if it meets one of those fiscal conditions. So again, looking at both the determination of a going concern or whether it has questioned cost [Inaudible].

Dr. Bergeron: OK. So, along those lines, what does financial periods during the five-year project period mean?

Heather: Yeah. In thinking about that, it really means that the grantee's fiscal year, so, if they have a fiscal year that falls at any period of time within that grant five-year project period, that's really what it means.

Ann: OK. And now, this is where things get a little confusing, right? Is there a difference between a monitoring deficiency and an audit finding?

Heather: I think we need to really tease apart is looking specifically at the conditions. And I want to make that distinction. There is the DRS deficiency condition and the DRS fiscal condition. So, the DRS deficiency condition relies on reviewing monitoring review reports. That condition is triggered when there are two or more deficiencies that are identified during a five-year project period through one of those monitoring review reports. That could be program deficiencies, it could be fiscal deficiencies within those reports, or it could be a combination, but regardless, that specific condition is triggered through the review of monitoring reports. Now, the second one, the DRS fiscal conditions are triggered by review of audit reports. So, that is very different. And so, it's triggered, specifically, when there's a determination of a going

concern within that period from one of those audit reports, or it's triggered when there's a combination of two or more questioned costs or material weaknesses related to Head Start bonds. And again, thinking about specifically when we talk about Head Start funds, that CFCA number, the 93.600 code that is used to identify Head Start funds.

Dr. Bergeron: I could just throw out a scenario: I have my audit, and there's a material weakness, and then I have monitoring, and I had a deficiency from monitoring. Those don't get combined?

Heather: They do not. They absolutely do not. Those are separate independent things. Now, in that situation, if you had one material weakness in an audit over the course of five years, that wouldn't trigger that condition. But if you had two deficiencies and a monitoring report, that would trigger the DRS deficiency condition.

Dr. Bergeron: You have to keep the source separate. A monitoring review is different than an audit, it's different than a classroom. So, there's just three different buckets of information, we don't cross pollinate those?

Heather: Yes.

Dr. Bergeron: All right. How does the new DRS conditions apply to agencies that have multiple grants? And we have quite a few folks out there who have multiple grants.

Heather: Absolutely, we do. I will say that the changes to the DRS through the final rule do not change how we review grants and how we apply the conditions. The first one is related to deficiency. The deficiency condition is applied at the grant level. So, it is possible in a monitoring review that the findings could be associated with multiple grants, but that the report itself would identify the applicable grants for which it falls under. So, it could be something that is maybe ... and I hate to use this because I'm talking about financial, but it could be a financial finding that would potentially cross all of an organization's grant, or it could be a deficiency that maybe is related to a child in a program, maybe there was an incident involving a child and that was specific to maybe their HP grant or something. So, it could be that would be only one grant point as opposed to one where there's multiple grants cited if it spans across all of their grants.

The second is related to CLASS scores. Again, CLASS scores are also determined at the specific grant level. There are a few cases where an agency would only receive one CLASS review for multiple grants, but that occurs primarily when an agency has multiple grants on similar project periods. But again, it just depends on where grants are within that five-year project period. You could have a grant that's in year one, you could have a grant that's in year three, and a grant that's in year five. And so, you would probably have different CLASS scores, but you could, if you had three grants all in year three, they may have one set of CLASS scores.

And then, the last one is specifically is related to the fiscal condition. And so, thinking about that, and we look at audit reports. When we look at an audit, any audit findings applicable to

Head Start would impact all Head Start grants. Because again, we're looking at the CFTA number, the 93.600 number because auditors don't identify or look at all of that, all of the financials related to that each individual grant. They just look at everything in totality as Head Start. So, a going concern would be a determination on ... It's not an audit finding, but it would apply to the entire organization, not the specific board. Questioned costs, material weaknesses, again, applied to a specific award and not necessarily individual grants.

Dr. Bergeron: And so, a program really needs to think about their structure and consider maybe it would make sense if you have multiple grants to roll them into a single grant. It could simplify things for folks. I do know I had somebody asked me, "So, if I have multiple grants, can we just average our CLASS scores?" But we can't do that. So, if you feel like averaging your CLASS scores is really what you want to be able to do, you would get to that end by rolling all your grants into a single grant. And so, that may be something you want to consider. That's a very specific thing that is individual by grantee. We have 10 minutes to spare, pretty good. I saw the questions rolling. I didn't get to read them. Were there some specific questions that folks wanted to try to get to?

Maggie: Sure. One of our first questions is, "If a classroom scores below a quality threshold, when does it become competitive?"

Colleen: The five-year grant cycle is really the important thing to think about. Usually, grantees will have their CLASS scores done around in the middle of that time period, but it doesn't ... It's not like it automatically becomes competitive. They will get notice of the competition in their fourth year, and then would go through that competition. The competition would be run, or ideally before the end of the five-year grant, or sometimes grants get extended for a few months to make the timing work, but it's not an automatic process. It's again, particularly now that we don't have to think about the 10%, we have the competitive threshold [Inaudible] laid out, when a grantee gets their CLASS score, they'll know if that CLASS score is above or below the competitive threshold. So, they will know if I would be competing for the next five-year grants. So, they will still have the rest of that five-year grant, but they already know once they get that score, whether or not they'll have to compete when that grant comes to an end.

Dr. Bergeron: So, that's if I fall below the competitive threshold. Maggie, when you asked that, did you ask competitive thresholds or quality?

Maggie: No. That was a good catch. This person was actually asking if my program scores below a quality threshold [Inaudible] become competitive?

Dr. Bergeron: So, the answer is you don't.

Colleen: No. Unless you're below that competitive threshold ...

Dr. Bergeron: No, you don't. Let's make it simple. If your score is the [Inaudible], but above competitive, of course, it has to be in between. It wouldn't be considered below quality if it's below the competitive threshold. We want to make sure we're clear that if you're in that

quality band, you never get forced into that competitive band. That's not the idea. That's what I was trying to say about, it's not like we're saying, you're in the quality band, so you have to do X, Y, and then perform again, and then do X, and then you'll be OK. That's not the point. The point is to be in a band that is working toward growth, and there is no competitive nature to that classification. I'm hoping that that's what they meant by that. So, both of our answers are correct and are relevant. So, it's a matter of what your score is and whether it's below competitive or below quality and above competitive. Right, good catch.

Ann: And someone could say, and I don't have to worry, but I think the message that we're giving them is, while there's no action to compete, we still want you to care enough within that noncompetitive band to still work harder to improving. Not just proof.

Dr. Bergeron: Right. We need a word other than worry. Quality worry. Is there another question?

Maggie: Our next question is, will you still get the quality improvement support if you fall under the competitive thresholds?

Colleen: Absolutely. Absolutely. You are still providing Head Start services. You're just going into competition. It's not an expectation that ... You're certainly the provider now, and you may be the provider again. So, absolutely, the support will be for anyone below the quality threshold, even if you're also below the competitive.

Dr. Bergeron: And we hope you would.

Colleen: Yes, absolutely.

Maggie: The next question is, "If a grantee were reviewed for CLASS and FY 2020 – so this fiscal year that is just ending – and receives scores, are they being measured against a cohort for FY '20 given the rule goes into effect in October?"

Colleen: I'm going to pop back, if it's OK, to slide six and remind folks that yes, we are still looking at, if you were aboard in FY '20, still looking at whether you were in the lowest 10% in FY '20, but you are not just looking at that. So, if you met a prior condition, like you were in the lowest 10%, you also would only compete if you also meet the revised conditions, so if you're also below the new threshold. So, essentially, we'll give you a chance to look at both.

Maggie: Will TTA still be offered since some agencies are not fully face-to-face?

Colleen: Absolutely. We've actually seen a great amount of folks taking lots of the TA that's been offered as it's being offered on right now. So, we absolutely think a lot of TA is not contingent on both being face-to-face. So, this absolutely is something that will continue, even if both are not operating in their exact normal processes right now.

Shauna: And even though there isn't a monitoring mechanism for CLASS when you're delivering virtual instruction, those things are still vitally important. Teacher interactions, emotional

support, and classroom organization, all of those things still matter tremendously, they just play themselves out differently, and you can still be working on them. And then, when you're back in a classroom, you're applying those same concepts in a live environment, and actually it's probably easier to do, so you're setting yourself up well.

Maggie: OK. Great. Let's see. We have a question about what would happen if all grantees scored above the competitor threshold?

Colleen: [Inaudible] all grantees above the competitive threshold, we would have no competition based on class.

Dr. Bergeron: That's my goal, by the way.

Ann: We do a happy dance, right?

Colleen: That'd be fantastic. Would absolutely be great.

Dr. Bergeron: I think one of the beautiful things about approaching this way is it doesn't assume that we have to have failures. So, what we're saying is, these are the benchmarks. If everybody can meet the benchmark, then we will celebrate. That's wonderful. And that's really the hope. That would be my goal, is to get everybody above the benchmark.

Ann: Maggie, I know we're coming to the end, and I know that there are other questions that we're not going to be able to get to today, but I think like we did in the last webinar, if we could leave the webinar open for a little five or 10 minutes after Dr. B closes, and people could have two more questions, and we can take those questions and certainly provide answers. I think we've been very diligent on making sure we're following up. And I know that there's still some good questions that haven't gotten to today.

Dr. Bergeron: I mean, there'll be ongoing questions because there's something that will come that's not relevant to you today that will be in a month, and then you'll have a question and that's fine. We want to be hearing, we want things to be clear. So, we'll close the webinar itself officially now. We'll leave the actual technology open for you for five minutes or so, so that you can plug some questions in if you weren't doing that prior. I want to thank you for coming, and we're really looking forward to a great year. It's going to be another different year. We're not sure exactly how things will unfold. I want to specifically thank all of you who do have children showing up in classrooms where you can do it, and I'm really looking forward to seeing more and more of that happen. I had an absolute lovely visit to Idaho today, a virtual visit, and got to see children in a classroom, and they were busy and learning, and it's very reassuring that we can make this happen, and I think Head Start's ahead of the curve on this, and I'm proud that that's the case. I thank you for all of the work you're doing during what is absolutely a tough time. I'm not using the word unprecedented, we're all sick of that. We'll just thank you for that, and everybody, have a wonderful afternoon.