

Designation Renewal System Revisions 2020 Final Rule

Moderator: Good afternoon, everyone. Welcome to the Designation Renewal System Revisions 2020 final rule webcast. Today's webcast will begin momentarily. While we're receiving content, please feel free to ask questions. To the left of your slides, there is a "Ask a Question" box. Please feel free to ask questions there. And then our presenters will respond to all questions on Thursday's event for the question and answer period. Thursday's event will begin at 2:00 PM. The slides that are being discussed today will be available for download in the event resources section. If you have any questions, again, please feel free to submit those questions in the "Ask a Question" box, and all questions will be answered on Thursday during Thursday's question and answer event. I'd like to turn the floor over to Dr. Bergeron.

Dr. Deborah Bergeron: Hello, Head Start family. This is Dr. B here. I'm really excited to be with you today to talk about the Designation Renewal System, DRS. As you know, DRS has been around for about almost 10 years, almost a decade. And overall, it's been a really, really positive change for Head Start, for the Head Start programs, for our grantees, for our kids and our families, and our teachers. It's increased the focus on continuous improvement. It's put a little bit of pressure on folks to not just sort of be OK with their current state of affairs, or looking at how to get better all the time. And that's the purpose of DRS. It's really changed the status quo for organizations seeing Head Start funding as automatic and kind of taken for granted. And instead, it's incentivize folks to work on quality improvement, not just through monitoring and CLASS reviews, but also to create opportunity to frequently step back, and during the five years, to really evaluate the program and what changes could improve services for children and families. And we know our Head Start folks are always interested in doing the best work they can. We also know that children learn better when their classroom is well organized, when it's responsive, when adult-child interactions are frequent, and they're meaningful, and they're rich. And they promote autonomy and conversation and literacy skills and executive functioning and all these things that we know about child development that best prepare a kiddo for that first day in kindergarten or public school, whenever that is. But with anything, we're always reflective, and we're always looking for ways to improve, and DRS is no exception to that. So, when I came on board, and it's been almost two and a half years ... We'll call it two and a half years, and really got to know Head Start. What was going on? What were some of the things that were in the queue? Thought provoking ... This was one of them for sure, and I think it was looking at all of the benefits that DRS had provided up to that point, but then also looking at how we could take it to the next level. What could we do to improve something that had done such a great job of improving overall Head Start quality?

So, today, you're going to get a lot of detailed information about the new DRS rule. I'm super excited about this. I am not giving you that detailed information; I'm just welcoming you. I'm going to let folks much smarter than I do that for me, but you're going to see a focus on some things. First of all, you're going to see patterns on performance rather than one-time incidents, so we're looking for patterns here, a focus on something that you might even call structural or systematic. So, that's one thing. You're also going to see a setting of higher expectations for classroom quality, but also promoting transparency in those expectations. And we want to be clear up front. What do we think quality looks like? And once you know what that looks like, it's a lot easier to work toward that goal. And it does a better job of identify the fiscal risks within the world of Head Start and really honing in on that. So, I think you're going to learn a lot. I hope you're going to be excited about this change because I think, ultimately, this

is just going to take Head Start programs to the next level of quality, which is where we want to be. So, without further ado, I'm going to turn it over to the experts now, and enjoy the presentation.

Ann Linehan: Thanks Dr. B. Colleen and I are really thrilled to be able to walk through the specifics of the final rule. It's really a big day for us, and it's hard to believe that it's been 13 years since Congress amended the Head Start Act and gave birth to the Designation Renewal System. When Congress was creating the Designation Renewal System, the goal was, as we all know, to identify Head Start grantees that were delivering high-quality and comprehensive services and grantees who could receive a non-competitive five-year grant, while other grantees, as you all know, are required to compete. The five things that we were asked or mandated by Congress to encompass when we develop the system was: It must be based on annual budget and fiscal information, Head Start monitoring reviews, annual financial audits, classroom quality data, and Program Information Reports. And the Act also required Head Start to periodically review the Designation Renewal System.

I love looking at this timeline. Again, it brings us back to the birth of Head Start in 1965. But when you think about it, from 1965 to 2007, we had a Head Start community, a Head Start world. I was a grantee during that time, and we had indefinite project periods, and that meant, to us, we had money in perpetuity. And the only time we lost a grant was through termination or voluntary relinquishment. And really, Congress really, I think, felt very strongly at the time that we should re-compete programs – we should not have grants in perpetuity – and that competition would really be good for the Head Start community. Like most important pieces of things that happened in the Act, we were required to do an advisory committee, which gave recommendations to what we should consider further in developing the Designation Renewal System. We published the first NPRM in 2010, and [Inaudible] 2011, the final rule was published. And again, we began the beginning of evaluating all grantees, putting all grantees through the DRS system that began in 2012. And by 2016, all grantees had gone through the process, and it moved from an indefinite project period to five-year grants. This really, I think, for many grantees, and for us operationally, was a monumental shift in how we did business. And it also gave birth to grantees having multiple grants.

So, from 2016, we find ourselves in 2017, where the Department of Health and Human Services said, "You know what? We'd like to hear from the community about their experiences with the current DRS system." We certainly know from the onset that we had gotten ... Folks voiced some concerns, and so this was really a time that we wanted to undertake a serious review. But first, we went to the community and said, "Tell us what you're thinking." Based on the information we got, as you know, we published an NPRM in 2019, and here we are today, knowing that the final rule has been published. So, really, what was the purpose of the revision? Absolutely, to set high expectations for classroom quality, and increase focus on quality improvement, identifying patterns of poor performance – I think you heard Dr. B say that – as opposed to single incidents, and there's an added focus on fiscal risk. We wanted to better identify grantees for competition or tribal consultation. And lastly, to reduce the bureaucracy and inefficient use of resources by grantees and federal government.

One thing we want to note that this rule, the Improving Head Start for School Readiness Act, set up a separate process for DRS for tribal Head Start programs. And we really want to emphasize today this process is not changed by the final rule. When a tribal grantee meets a DRS condition, we will continue to engage in government-to-government consultation with the appropriate tribal government, and establish and implement a plan to improve quality. And if, at the end of that program improvement plan, the tribe is not delivering high-quality services based on a reevaluation, then the service area would be open for competition.

So, when we take a look, we know that there are seven conditions, and the ones that are highlighted in red are those that have been revised as a result of this new rule: the deficiency, CLASS, and fiscal and audit. The other four have stayed the same. So, let's get to Colleen so we can walk through really what the specific changes are in each of these three conditions.

Colleen Rathgeb: Right. Thanks, Ann. And I'm really happy, like Ann said, and Debbie, really happy to be here with everyone today to talk about this new rule. And so, I am going to walk through the specifics on what this new final rule is changing in each of the three conditions that Ann identified that we are changing with this final rule.

So, the first condition that this final rule is changing is the condition that requires competition around deficiencies. So, the original condition had been that competition was required if a grantee had one deficiency that came out on any of their monitoring reviews over the five-year grant period. When we decided to make the change in this final rule, it was because we were concerned that this one deficiency condition had helped to create a culture within many Head Start programs that was hyper-compliance driven.

And so, in some cases, overly punitive HR systems were created. This idea that one strike could put people into competition, we think, focused people too much on one incident as opposed to the way they could prevent problems and allowing for more creativity and innovation in Head Start programs. And so, the new condition of the revised condition in this final rule is that instead of one deficiency requiring competition, it'll only be if a grantee has two or more deficiencies in any monitoring review over their five-year period. And only in those cases would a grantee be required to compete. So, what we're hoping that this change does is focuses grantees more on: What are the systems that they can put in place to prevent these types of problems? ... that we're really only looking at competition when there's a pattern of compliance issues, and really focusing on if there are single incidents, we're focusing on how that can be corrected to ensure there isn't a pattern that those problems don't happen again.

The second condition that we are changing in this final rule has to do with the quality of classrooms. Ann mentioned at the beginning of the presentation that one of the things Congress required us to put in place, as part of the Designation Renewal System, was a way to assess classroom quality, particularly using a research based measure that looked at the multiple dimensions of teacher-child interactions that were most important to impacting children in their outcomes. And so, the measure that we are using – that is the measure that best meets what Congress put into place there – is the Classroom Assessment Scoring System, as we call it, and most folks are familiar with the CLASS. The CLASS assesses teacher-child interactions in three domains: the domain of emotional support, classroom organization, and instructional support. And each of these domains are separate and important things that really speak to the quality of the classroom and really have influence on children's learning and development. And so, each of these three areas, we think, are very important. So, we're modifying the way we are using the CLASS, the scoring system in the new system.

So, the original CLASS condition – what we've had in place since the rule initially was put in place in 2011 – was that any grantee that scored in the lowest 10% in any of those three domains ... So, if we looked at all the grantees that were monitored with CLASS over one monitoring year, and any grantee that was in the lowest 10% on any of those three domains would be designated for competition. The concerns we've heard about this condition was that the 10% created a moving target, so grantees didn't have a clear, transparent way of ... What's the target that they're going for? What level of quality should they be aiming in their classrooms? And there was also concerns about the timing, because we had to wait

for a full year's worth of monitoring, grantees were worried about having to wait, sometimes, for almost up to a year until we could determine which grantees were in that lowest 10%. The other part of the original CLASS condition was that, as well as these 10%, we set up absolute thresholds. And if any grantee, their score was below these absolute thresholds in each of those three domains, they would also have to compete. So, we had an absolute threshold of four for emotional support, an absolute threshold of three for classroom organization, and for instructional support a threshold of two. In reality, these absolute thresholds were very low compared to what most grantees score on the seven-point scale and were not really pushing up quality in any real way.

And so, we are revising the CLASS condition in this final rule in a way that we are looking to focus the use of CLASS more around quality improvement. We think it will enhance the transparency of the system and better identify low-performing grantees for competition. So, we changed three things about the CLASS condition. First of all, we entirely remove the lowest 10% criteria, so there no longer will be any criteria looking at a percentage of grantees in each of the domains. And what we do instead is we have a new CLASS condition that still has two parts. The first part of that CLASS condition is to set up new thresholds, and these are called quality thresholds. And these quality threshold are for emotional support, a six; for classroom organization, a six; and for instructional support, a three. Any grantee that scores below these quality threshold is going to be designated for quality improvement. This is not for competition. These scores are about designating grantees for quality improvement.

And for any grantee that gets one of these scores, below these quality threshold, the Office of Head Start is going to support those grantees as they promote improvements in teacher-child interactions in their own program. So, we'll talk more about this as we go on in the presentation, but this is really about laying out the marker of where do we think grantees should be and going to even be higher, and if grantees fall below this, how is OHS going to support them to make sure within their own programs they can promote the types of improvement that we think really matters for kids? So, that's the new quality thresholds.

We're also setting up with the new condition, new competitive thresholds. So, as I mentioned before, those absolute thresholds we had before were really very low. And so, we're moving the competitive thresholds up, so for any CLASS reviews, now that the new competitive threshold will be five for emotional support, five for classroom organization. And for instructional support, we're setting up a step stool of the thresholds, so for about the next five years, until August of 2025, the competitive threshold for instructional support will be a 2.3. And then, on August 1, 2025, that threshold will raise to a 2.5. So, any grantee that scores below these competitive thresholds in any of the three domains will be designated for competition.

Ann: So, Colleen, could I just revisit the quality thresholds? Because I think that's such a new concept. And what I hear you saying is that the consequence is not – if you fall below those quality thresholds – the consequence is not that you have to compete, but we are nudging and pushing you to strive to achieve higher scores to improve the quality in the classroom and the child-teacher interactions.

Colleen: That's right, Ann. We're really saying, "Any grantee that isn't at these quality threshold really needs to be, with OHS's support, looking to see how they can improve the quality in their classrooms, and we don't want grantees to stop if they've gotten to these thresholds. We want grantees to always be improving and even to go beyond them, but these are the thresholds that we're laying out saying, if your classrooms are not at these thresholds, we're really going to help you to see: How can you do real work in your programs to get the quality of the interactions in your classroom higher?"

Colleen: The last condition that we are revising in this final rule is our fiscal condition. So, in the original DRS rule, the only thing from an audit that would put a grantee into competition would be if they had a finding that they were at risk of failing to be a going concern, or failing to continue to as a going concern. And that is, as folks that understand the fiscal world of Head Start, it is an extremely serious finding. And it's very rare to have that finding in Head Start, so it is almost that the physical condition of that grantee is so problematic that they are at risk of not being able to continue as a fiscally viable organization.

While that is a good condition and generally will stay, we're concerned that it wasn't identifying the types of grantees that we think have serious fiscal findings, such that a competition would be helpful in identifying that there's problems there and that we need to look and see if that's the best organization going forward. And so, the revised fiscal condition is going to keep the finding of going concern, is going to increase that time period that if a grantee has a going concern, at any point during the five-year grant period that will require competition. But we also add a new fiscal condition that says, "Any grantee that has two or more audit findings of material weakness or questioned costs." So, not the audit findings, but if you have two of these serious audit findings of either a material weakness or a questioned cost, and those findings are associated with your Head Start funds, that would require competition. And so, we're going to look at audit reports that are within that current project period. And so, if there are two or more findings, it could be two findings on one audit report, or it could be one or more findings across multiple audit years. That will now require competition.

Why we're moving here is we think, one, the timeframe for going concern is important to be able to look more holistically because it is such a serious finding, and that we believe the new criteria around material weakness and questioned costs will allow us to see earlier if there are significant management or oversight problems within grantees, particularly around internal controls, the appropriate or inappropriate use of funds, or serious financial management issues that we think will be important to identify in the revised system.

Ann: And I think this is really meaningful for larger programs that have multiple operating divisions. I think about even some of our super grantees like the city of New York. They have an annual audit. We would only be looking at the findings that relate to their Head Start funding, and that would be true again, with every grantee.

Colleen: That's right. And one of the questions that we've gotten asked is: If we're changing the DRS system now, is OHS saying the original system didn't work? Is that what we're saying here?

Ann: Absolutely not. The DRS, even for people that went through it maybe had not-so-happy feelings, everyone knows that it brought attention in important areas where improvements were needed. Even grantees that were not required to recompetete took hold and stepped back and said, "We need to make some changes to improve our service delivery." And I think our own monitoring data backs this up as well, and as does ACF's independent evaluation. So, we have evidence, not only anecdotally, but we also have data that says, "This system did work." However, I think it's really a tribute so that we could step back and say, "Now, X number of years into the implementation, is there room for improvement?"

We certainly heard, from the field over the years, what things they felt needed to change. So, this undertaking was really to better promote transparency, more efficient use of federal resources, and better identification of grantees for competition. And I did say, because you were walking through the things that will change, I was envisioning folks that are listening to us today doing a happy dance because I think the things that we addressed are the things that really people were most concerned

about. So, let's go back to the CLASS quality threshold. And again, I think it's so important that people get this distinction. Does scoring below the CLASS quality threshold mean my agency will need to compete?

Colleen: And it absolutely does not. The quality thresholds do not have anything to do with competition. So, we are putting this as part of the DRS system, which is where we really have focused on CLASS and where we've really been hoping and moving to shift the focus that it's not only about competition. But we really want to be clearly laying out for grantees, "What are our expectations for the quality of classrooms? What do we want the classroom quality to look like?" And so, we're putting out targets. We want everyone to be aiming for and going beyond these targets. And a way for grantees to see, if I am below these targets, I really need to make some concerted efforts around the improvements that you can make. And OHS is going to help grantees, give them opportunities to intentionally make those improvements in their training and professional development and in order to support teachers to really make those changes that we're looking for. But again, the thing ...

Ann: Colleen, could you address what some of those specifics might be? I mean, because earlier you talked about that we would provide assistance or support.

Colleen: Yes, so we are looking across the whole training and technical assistance system to see how we can make sure we're bringing all the different parts of that together to really support grantees to be able to make improvements in these areas. So, we're talking about the way staff in the central office and the regional offices will be able to support grantees. We have national TA centers, many of them that have developed and are developing lots of resources that will help grantees to use to be able to support their teachers, to support their Ed managers in supporting their teachers ... really just a wide range of resources that we can, I think, do a better job intentionally connecting grantees through by looking at those scores and seeing where grantees need improvement, connect them with those resources, and connect with the regional TA system. They are going to be able to support grantees, to support the people and the grantees that really work with the educational staff to make those improvements. And so, we're not seeing it as one single thing that is going to do this work. It is definitely a lot of ongoing consistent work that grantees will need to be doing. And we're very committed to see how we can support grantees in making these improvements that are going to be really critical.

Ann: Can we revisit the last condition that you talked about a little bit before? And again, revisit the issue of the what's related to Head Start funds and not because, again, this is a really important distinction the programs need to fully comprehend.

Colleen: Absolutely. You were talking earlier, Ann, that we have some really large grantees that have lots of different funding sources, and we have all sorts of different sizes and types of grantees. So, the two-part condition we have for the fiscal, first, is about a going concern, which is such a serious audit finding that that is a finding of a going concern is about the whole agency. So, it is not limited to your Head Start funds, particularly. That is again about the fiscal condition of the whole agency. So, that is regardless of whether it is specific to your Head Start funds. But the material weakness in questioned cost is where, when you're looking at the audit, that it would be specifically related either to your Head Start funds or to other funds that your agency gets. If it's to other funds, we're not looking at that. That's not being considered. What we're looking at are, "Did an auditor identify material weakness or questioned cost?" Two findings of either of those, and are they related to your Head Start funds? And so, in those cases, for that new condition, it is just related to the Head Start funds.

Ann: And one thing I want to say because folks are asking, and we should have said this at the beginning. This PowerPoint will be made available to programs because I could envision many programs sort of studying this and working with their boards and their Policy Council and their staff to understand sort of the revisions of this rule.

Colleen: That's a great point, Ann. And yes, we absolutely will. Folks will have that available to them, and there will be some time to get used to this rule and to get ready for it. So, the rule will become effective 60 days after publication. So, it published today, it will go fully into effect in 60 days. And so, the general way we want people to think about the effective date of the rule is that your performance as a grantee, before the effective date of the rule, is subject to the prior conditions. Your performance after the effective date of the rule is subject to the new conditions. And so that kind of a black and white: It's before the date, old conditions; after the date, new conditions. But we're actually choosing to implement this rule in a way that's slightly more lenient. We'll talk about it a little bit here. We want to make sure that we're actually only going to be requiring competition for grantees that met the conditions before and also meet the new condition. So, again, the effective date of the rule is still important: 60 days. In general, before the effective date, old conditions; after the effective date, new conditions. But I'm going to talk through now a little bit of specifically how that's going to work.

Ann: I was going to say, we need a little bubble on this slide to say, "Wait, we got more slides coming to explain this," because this is ...

Colleen: You don't have to understand it yet.

Ann: For someone ... You've been in the weeds, certainly, for the past year over this, and I still look at this and I go, "Okay, would I be able to do what you're doing?" So, we have slides that I think people will really grasp it.

Colleen: We hope so. But again, we're going to have more conversations. We're going to have conversations with the regional office. This is all going to become clear. What we first want people to know that any grantee for performance prior to the effective date ... Any grantee that would have been required ... Before this rule was in place something about your performance, either CLASS or deficiencies, an audit finding, it would've required you to compete. What we are going to do right now is you're going to give all those grantees a second look to determine if what was putting them into competition before it is still requiring competition.

So, I think one thing I want to be clear about is: When we talk about a grantee whose performance was requiring competition before the effective date of the rule, this is anyone who has been notified or has fallen in the lowest 10% and has not yet gone through an actual funding opportunity announcement. So, these are lots of folks that have had CLASS reviews, have had monitoring reviews, have had audits over the last couple of years. They know that based on the old rules they are going to be coming up for competition, but the competition hasn't happened yet. And so, those are the grantees where we're going to give a second look. And we're going to determine, "Do you also meet the new revised DRS conditions?" And we're only going to require competition or completing the tribal consultation process if a grantee meets both the old conditions and the new conditions. So, that is for any grantee that has met a condition before. So, they either have been told or they know, because of being the lowest 10% or having a deficiency, that they would be going into competition. However, there's also grantees that have already been told that they don't have to compete. We are not going back and giving those a second look. If you have been told that you have non-competitive determination, we're not going back and

changing that. We're going to go into the next slide where we're going to talk a little bit more on the specifics, what that means.

So, you've gotten the non-competitive letter. You've got a letter that said, "You are preliminary eligible for non-competitive renewal." That is going to remain. We are not going back. We are not looking that based on the new conditions. There's always the possibility that after a grantee gets that non-competitive letter, you could have something happen in your program. There could be a suspension, there could be a disqualification from CACFP. You could newly have two deficiencies that comes in. In those cases, a grantee still could be moved from non-competitive to competitive, but that's always been the case. That has nothing to do with the new DRS competition. The thing that's important just to know about if you've gotten a letter that says, "You're up for a non-competitive renewal," we're not going to look again to see anything about the new conditions.

However, for grantees that already have either a letter or are in the competitive status based on the old rule, we're going to then look, and I'm going to talk through each of the types of conditions that could have put you into competition before. So, if you're a grantee that was designated for competition because of one deficiency ... If you only had one deficiency, we're now going to say, "Well, you met the old condition, but do you meet the new condition of two deficiencies?" If you only had one deficiency, you don't meet the new condition, so now you're going to become non-competitive.

However, if we look and say, "You were, before, one or more deficiencies you had in competition, we look at your data, and it is that you have had two deficiencies." Well, you've met the old condition, and you meet the new condition, so you're still going to go into competition. For deficiency, Ann, does that seem clear?

Ann: Yeah, and the one thing I would say is ... It's absolutely clear, but I just want folks to understand, even if you have one deficiency, which would make you become non-competitive, that's just one factor. We still have to consider, were you in for another reason? Because, obviously, programs sometimes have deficiency, and they're also in for CLASS, and they're also ... So, I just want to make sure that when you say that folks know that you were only referring to those entities where there was one deficiency, and that's the only thing that put them into the competitive process.

Colleen: Good point. So, yes, again, if the only reason you're in competition was one deficiency, now you don't meet the new deficiency condition of two, so you're going to become non-competitive based on that condition. But again, there could be other things that are impacting that as well.

Let's talk about CLASS. So, if you are a grantee that was in the lowest 10%, and what put you into the lowest 10% was a score on any of the conditions that is above the new thresholds, you will become non-competitive. So, if you were in competition for being the lowest 10% on classroom organization, but your classroom organization score that put you into the lowest 10% and into competition was a 5.2, that 5.2 is above the new threshold. So, even though you met the old condition of 10%, you don't meet the new condition of being below a five. And so ...

Ann: Colleen, what if I get a 5.0?

Colleen: Below. So, a 5.0 – you are non-competitive. On the other side, if you were in the lowest 10% and your scores were below the new threshold – so you were below a 2.3 or, as Ann put it, below a 2.5,

not exactly the five but below a 5.0 – then you would remain competitive. So, if you were in the lowest 10% and the reason you were in the lowest 10% was because of an instructional support score that was a 2.2, so it's below the threshold of 2.3, you met the old condition of the lowest 10% and you meet the new condition of below a 2.3, and so you will remain competitive. And for fiscal, it's a little bit clearer because the old condition had a going concern; the new condition still has a going concern. So, any going concern competition remains regardless of the old or the new rule.

So, what we think this is going to actually result in, as far as the amount of competition, is going to be a decrease. In the past nine years, when we have been working under the original DRS conditions, roughly a third of grantees have been required to compete. We estimate, based on current data about deficiencies and current CLASS floors, that we will have about a fifth of grantees having to compete based on these new conditions. We think we'll have fewer grantees meeting the deficiency stamp condition and fewer grantees meeting the CLASS condition, but more grantees meeting the fiscal condition now that we are adding in the two audit findings of material weakness, or questioned costs. We also think that in the first few years, after this effective date of this new rule, we will probably have less competition than when the conditions are fully implemented, mostly based on the audit conditions needing to have time until there are audits that actually come in, based on the years in your current project periods.

Ann: And Colleen, you know it, and I thought this the other day when we talked to federal staff about this ... Because there is time for the audits to come in that would be considered, I really think when grantees understand the new criteria for the fiscal, the findings, material weakness, and questioned ... Is it material weakness? What am I saying? Material weakness and ...

Colleen: Questioned cost. Yes, yes.

Ann: Questioned cost. I think they're going to give much more ... I think there will be a more intentional focus on looking at their fiscal system, so I hope that this actually is going to drive stronger fiscal management systems.

Colleen: And I think that's a great point, Ann. That's really our goal here. We're not looking to get a certain level of competition. We're not aiming to have grantees in the system. What we want is ... We're laying out what we think quality looks like, and we want grantees to be able to improve their performance so that they look like that and better, and if grantees spent more time on their fiscal management and improve there and we had fewer findings in the future, that's really what this system is about, more than anything to do with competition.

So, we think it is about putting a highlight on the things that we think are important for the quality of Head Start operations, and really helping support grantees and having grantees step up to make those improvements so that they're operating in such a way that they are going to be showing that they are providing the best-quality Head Start services and management.

So, what's going to happen now? So, the rule is being published. Then, the next thing we will do is we will be sending out the DRS redetermination letters. It'll be coming out through HSCS. They will be coming out to the cohort of grantees that have been already identified that, based on the old rule, you will be going into competition. And so, we will now be going out and telling grantees, "You've moved to the preliminary non-competitive status, so even though we initially had said based on the old rules you

were designated for competition ... If we look at that and, on the new rules, you are not, we will let you know that." We will also let you know if we've looked at the data and said, "Yeah, you met an old condition, and you still meet a new condition, and you're still going in to the competition or into the tribal government consultation process." And so, that's the next thing that will happen. After that, folks know there are about 100 grantees forecast right now up on the HHS Grants Forecasts website saying that there will be Head Start competitions in about 100 service areas. Those that have been moved from competitive to non-competitive status will be removed from those forecasts. And then ...

Ann: And we should say, emphatically, and particularly if we have folks that are newer to all our acronyms. The forecast is not the FOA?

Colleen: That's right. So, it's kind of a preview of saying, "This is coming. There's going to be a grant opportunity in this area." And so, those forecasts are what ends up and those previews essentially, of the funding opportunities that will be coming ... Those will be removed, and then we will actually post the real, I will not say FOAs, so that we don't use the acronyms. I appreciate that Ann. But we will post those funding opportunity announcements only for those areas where we have confirmed that, based on the new conditions, there should still be competition in those areas. And those will be posted, and we will move forward with the competition for those areas.

So, now we want to take some time to answer some questions that we have gotten in our conversations internally about this implementation, because we know it's complicated, and this is the first time folks are hearing about it. So, we want to try to answer some questions and hope that can help people really internalize nuances of how this rule is going to be implemented.

Ann: So, I think this is really reiterating what Colleen took us through, I think so carefully. But does my preliminary non-competitive status change based on the revised conditions in the final rule?

Colleen: So, the answer is no. If you are a grantee that has already been notified that you do not have to compete, you still will not have to compete due to the revised DRS conditions. So, we are only revisiting, giving that second look to grantees that had been put into the competitive bucket, not the grantees that we had already made a non-competitive determination for, for those grantees in this 2020 cohort right now. As I said before, as always, if something happens between when you get that non-competitive letter saying that you're eligible for a non-competitive renewal, if something happens that changes it so that you meet the DRS condition before that rule, that award is made for your next five-year status, then you still could be required to compete, but that's what would happen now, and that is not based on these new conditions.

Ann: So, again, does my competitive status change based on the revised conditions in the final rule?

Colleen: It might. So, what you want to be looking for now is to be getting a redetermination letter. So, we are going to be putting out these letters where we say, "We're giving a second look to anybody that has been set for competition status." And so, we will either say, "We're confirming you're still on a competitive status," or, "We're telling you now you're in a preliminary non-competitive status." So, a grantee that met both the prior DRS conditions and the new revised ones that we're announcing today, if you meet both of those, you are still going to be required to compete. But if you met a DRS prior condition, but you don't meet the new revised condition, so if you only had one deficiency – so you met

the old condition, but you only had one, so you don't meet the new condition of two deficiencies – you will not be required to compete.

Ann: So, Coleen, I want to give you an example, and I want to test it out. For the first one, that they met both the prior DRS condition, the revised condition ... So, let me give you a scenario here, OK? So, a grantee scored 4.9 in classroom organization in 2018, which put them in the lowest 10% for that year. I think they would still be required to compete because 4.9 is also below the new classroom organization competitive threshold of five. Is that right?

Colleen: That is exactly right, exactly what you said. The 4.9 was in the lowest 10%. It is also below the new competitive threshold of five.

Ann: So, let me try one out for the second category. I was a grantee, scored 2.35 in instructional support, and even though the score was in the lowest 10% in that year, which was last year, I don't think I have to be required to compete, because this score is above the new competitive threshold of 2.3.

Colleen: Again, you got it right, Ann. So, that's exactly right, that the 2.35 is above the new absolute threshold of a 2.3 that is in place right now. Again, over time in five years, that threshold will move up to 2.5. But right now, the 2.3 is that threshold, so even though you are in the lowest 10%, the score that puts you in that lowest 10% is above the new absolute threshold. So, we are choosing to say, "You no longer have to go into competition, the way we're implementing this rule, because you did not meet the new condition, and so you will now not be required to compete."

Ann: So, Colleen, it took us how many years to bring this change about? How soon do you think it's going to happen again?

Colleen: Well, I don't know, I guess is certainly the first thing, but I do want to reiterate that it has taken us almost a decade to get from the original DRS regulation to here. It could be shorter than that, absolutely, but any change to the DRS conditions must go through the full notice and comment rulemaking process. And that is a very deliberative, a very thoughtful, and a very purposely thoughtful, deliberative, not fast process. So, if we were to determine that there was a reason to make additional changes to the DRS conditions, we would have to go through the process, like we did before, of issuing a notice of proposed rulemaking, allowing the public to make comments on that proposal, taking those back, considering those, and then going out with the final rule. So, it's certainly something that grantees would have lots of notice about, would be able to have opportunities to give input ... And so, while we continually will reevaluate the system, just like we've done with the original DRS regulation, it's not something that grantees should expect to happen, that we would be turning around and doing this again. It would only be if we went through that full process.

Ann: Thank you. That's clear. So, we have upcoming events for grantees. We're expecting Dr. B to do a vlog in early September. There'll be a webinar in CLASS for quality improvement under DRS, and that's already scheduled for September 16 at 2:00 PM.

Colleen: Mark your calendars.

Ann: I know. Look, this is a lot of news. I know there's been a lot of anticipation. I think we achieved clarity today. Colleen, thank you so much for explaining it and explaining it clearly. But we know we

need to continue to figure out ways to support our colleagues in federal offices and certainly our grantees in the Head Start community to ensure that people are absolutely clear on the implementation. So, thank you, Colleen, for the heavy lift today. Much appreciated.

Colleen: Thank you. And thank you, everybody for taking the time to listen to us and to spend time with us. And for all of the input that we have gotten from grantees, from the community, from outside experts, families, parents – we really appreciate. We think this process is slow – but for a reason – but we really do think it is benefits by all of the input that we've gotten from the field over time. So, we really appreciate it and look forward to talking more about it as we go on. But thank you for today.

Ann: Thank you so much.