

Head Start: Ensuring Dollars Benefit the Children.

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Testimony

Chairman Alexander and members of the Committee, I am pleased to have this opportunity to appear before you today to discuss the recent report of the Government Accountability Office (GAO) on “Head Start: Comprehensive Approach to Identifying and Addressing Risks Could Help Prevent Grantee Financial Management Weaknesses”. The President is committed to strengthening the quality of Head Start to improve the school readiness of low-income preschool children and has made accountability a guiding principle of our work. Within this context, I can assure you that we take GAO’s findings very seriously and for nearly two years we have been actively and aggressively engaged in addressing the weaknesses cited in the report.

The Head Start program is now in its 40th year. It is a nearly \$7 billion program, serving more than 900,000 low-income children and families through a network of 1,600 local grantees. There are 212,000 staff employed in Head Start programs and more than 1.3 million persons volunteer in local programs. Head Start children are served in nearly 50,000 classrooms located within more than 20,000 centers, which are located in more than 3,000 counties nation-wide. Head Start is, in short, a program that has wide ranging presence and influence. It ought to be absolutely the best early childhood education program we can design. As stewards of this program, we are committed to making that goal a reality.

I will focus my testimony today on our ongoing efforts, as well as some of our planned efforts, to improve program oversight and stewardship. Several of GAO’s findings mirror weaknesses we previously identified and are actively working to resolve. Other suggestions in the report will help us plan and implement additional strategies for enhancing the quality and the credibility of the Head Start monitoring system in order to ensure that all Head Start children receive the head start they deserve.

Head Start Monitoring

As discussed in the GAO report, we have several ongoing procedures to examine program compliance and to measure results. Key among these is the mandated, triennial, on-site monitoring of local programs. Under the Head Start Act, each grantee must be monitored at the end of the first year of operation and intensely at least once every three years thereafter. These reviews are conducted by consultants with professional expertise in their assigned area, under the direction of a federal team leader. Most teams are composed of approximately six to eight reviewers; additional reviewers may be assigned to review larger or more complex programs.

Written reports containing findings from these reviews are provided to each grantee and corrective action must be implemented by the grantee. Programs identified as deficient must correct all deficiencies within a prescribed period of time or we must seek to terminate the grantee's authority to operate that Head Start program.

In FY 2004, the Administration for Children and Families (ACF) conducted triennial reviews of 570 programs. Eighty-nine of these programs were identified as deficient. Each was issued a report by ACF mandating correction of their deficiencies within a specified time period, not to exceed one year. Any of these 89 grantees that do not correct their deficiencies must have their grant terminated. In FY 2004, ACF replaced 20 grantees with unresolved fiscal and quality issues.

Monitoring is one of our best opportunities to measure the quality of Head Start programs. As federal stewards, we must use our monitoring procedures to assure we are holding every Head Start program accountable to all applicable statutes and regulations. In the last several months, and consistent with many of the GAO's observations and recommendations, ACF has implemented several efforts to improve our monitoring.

First, we have established for the first time minimum qualifications for all reviewers in the area they are reviewing. For example, a reviewer wanting to do fiscal reviews must have a minimum of a bachelor's degree with at least 12 credits in accounting, with a preference for a degree in accounting. Establishing these minimum qualifications helps assure that all individuals on a monitoring review team have the knowledge, skills and experience necessary to be part of a quality review. Reviewers not meeting these qualifications can no longer participate in Head Start reviews. Qualified individuals must be annually certified and meet our minimum requirements. Additional individuals will be recruited, trained, mentored, and added to the reviewer pool.

Second, we have implemented a formal assessment process in which the federal team leaders and reviewers assess the performance of their team members. These assessments are conducted after every review. Assessment scores and comments are tracked for individuals over multiple reviews. Reviewers with identified patterns of "poor performance" are removed from the Head Start reviewer pool.

Third, in February and December 2004 we provided intensive, multi-day training for more than one thousand reviewers in the areas of fiscal, program management, and early childhood development. We also have provided and are continuing to provide professional development for federal team leaders and federal grants staff. Training for team members provides a very clear understanding of the nature of their responsibilities as part of a monitoring team, and the important roles they play in helping to assure a quality Head Start experience for every child and family.

Additional training will be conducted later this year for reviewers in the fields of health and nutrition services, disabilities services, mental health services, and family and

community partnerships. We feel confident that these three changes will go a long way in helping us assure that only qualified, skilled reviewers perform the vital role of evaluating the comprehensiveness, local management, and quality of our Head Start programs.

Soon we will implement a quality assurance initiative in which specially trained reviewers will lead teams to conduct re-reviews of a sample of recently monitored grantees. We believe this effort will substantially address GAO's concern about consistency among reviewers and across ACF regional offices. The re-review teams will go on-site to grantees that have been monitored within the previous few months. A second, complete monitoring review will take place and the results will be evaluated by the Head Start Bureau. This will allow us to make better-informed professional judgments about the reliability of our current monitoring teams, including individual reviewers and federal team leaders. We believe this approach also will allow us to achieve more complete, more accurate, and more consistent monitoring outcomes.

In addition, we are conducting in-depth analyses of all triennial and first year monitoring reports. The results of these analyses are provided to regional administrators for regional quality assurance and staff training. The Head Start Bureau has created a two-part strategy to improve report quality, comprehensiveness, accuracy and uniformity within and across regions. First, draft deficiency reports are analyzed and reviewed for accuracy by the Head Start Bureau prior to release to grantees, with the results and recommendations of these analyses sent to the regional administrators. In the second part of this strategy the Head Start Bureau has established standards for all other letters and reports related to grantee monitoring.

Additionally, ACF is continuing our emphasis on improving each grantee's fiscal viability. For example, the Fiscal Checklist, now used by all fiscal reviewers, was substantially revised in FY 2005 to use a "risk-based" assessment approach in alignment with GAO's recommendation. The Fiscal Checklist includes a set of very specific, prioritized indicators, or "red flags", designed to identify fiscal issues which may suggest underlying fiscal problems. These indicators focus on those areas or irregularities which are most likely to have the greatest adverse impact on the fiscal accountability of the grantee. Grantees whose indicators suggest current or possible future problems will be subject to a more detailed review of their fiscal systems and records to determine if there are indeed problems that impact the grantee's fiscal operations and management.

Further, ACF is requiring the Program Review Instrument for Systems Monitoring (PRISM) review teams to closely examine several specific areas that were not as carefully or consistently considered in the past. These include transportation services, condition and federal interest in facilities, salaries and staff compensation, maintenance of full enrollment, and income eligibility.

Also, in FY 2005, ACF is emphasizing the conduct of required grantee self-assessments. Grantees have been reminded that conducting quality, comprehensive program self-assessments are critical to ensuring the delivery of high-quality services to children and

families. Grantees must conduct accurate, comprehensive self-assessments building on information from the triennial federal monitoring review to further program improvement, regularly identify issues, correct problems, and improve services.

GAO Recommendations

I hope this information has provided a clear picture of our continued and more aggressive commitment to improving program monitoring. This is a goal we have undertaken in earnest over the past year. The GAO report synthesized many of the concerns we have had regarding program weaknesses. This report affirms that we are on the right track in strengthening our oversight and accountability efforts.

While my initial remarks today have provided some insight into our responses to the GAO recommendations, I would like to take this opportunity to briefly and specifically walk through each of the recommendations in their report and our response.

I. (a) ACF should develop a strategy to produce a comprehensive risk assessment of the Head Start program which would provide reasonable assurance that a Head Start grantee's finances are reasonably sound and that program objectives are being met. We fully support the recommendation to develop a "comprehensive risk assessment" of the Head Start program. We are looking to both the HHS Office of Inspector General's Risk Assessment Protocol as well as tools used by GAO that have been adopted by other agencies in ACF in our efforts to develop this comprehensive risk assessment.

Over the next few months, we will continue developing an approach that will allow us to identify, early on, grantees that have issues that could suggest potential fiscal or programmatic problems. Beginning with the indicators in the fiscal checklist, we will identify the factors we should use in determining a grantee's fiscal and programmatic accountability. We then will identify the data source or sources we will use to consistently collect information about each of the factors. Finally, we will determine the relative risks associated with each of these factors and develop a rating system that tells us when a grantee is at risk of heading down a path to larger fiscal or programmatic problems. We believe that such a system will enable us to identify at risk grantees while there is still time to work with them and implement appropriate change.

1. (b) ACF should collect data on improper payments made by Head Start grantees. ACF will assure that grantees are held accountable for improper payments made with Head Start grant funds. For example, this year monitoring teams will be looking more carefully and more systematically at the way grantees expend all of their Head Start funds. Also, we are continuing our strong focus on improper payments begun last year by visiting 50 randomly chosen grantees to review grantees' enrollment files and determine whether they are serving only children who are eligible for Head Start.

As an additional strategy for examining improper payments, we have begun rigorously enforcing the new requirement enacted by Congress to cap the compensation of Head Start staff. We will move to disallow costs expended by a Head Start grantee when they

are in violation of this cap. Further, we will continue our efforts to assure all grantees are serving the full number of children for which they have been funded by holding grantees accountable for upholding all terms and conditions of their grant award. Grantees failing to do so will see their funding levels reduced.

II. ACF should train and certify all PRISM reviewers.

As I discussed earlier, over the last several months, we provided PRISM training to federal team leaders and to fiscal, program design and management, and early childhood consultants. ACF has and will continue to schedule additional training events for consultants in other areas of expertise to ensure that all reviewers have appropriate training. ACF agrees with GAO that reviewer training needs to be provided regularly and designed to assure reviewers have the knowledge and appropriate understanding of their roles in assisting ACF in determining the management and quality of our Head Start programs.

III. ACF should develop an approach to assess the results of PRISM reviews and ensure consistency among Regional Offices.

ACF's Head Start Bureau is continuing an effort begun last year in which all monitoring reports to be issued by the regional offices are reviewed and critiqued, providing feedback to the regions about the quality, comprehensiveness and accuracy of these reports and related letters to grantees. We also are analysing data from monitoring findings and discussing areas of inconsistency within and across our regional offices. When regional data indicate inconsistencies in the number and types of problems found in Head Start grantees, we are working more closely with those regional offices to uncover the reasons for the inconsistencies and be certain they do not reoccur.

As mentioned earlier, in FY 2005, ACF will be implementing a quality assurance system in which a selected number of programs will be "re-reviewed" a few months after their regularly scheduled PRISM review. This is another method that will help us achieve greater consistency across regions and among reviewers. Further, ACF is supportive of legislative change that can provide the Administration increased flexibility to use the best team leaders available for a particular review by not requiring every team leader to be a federal employee.

We want to acknowledge our agreement with the GAO, that for too many years we have relied too heavily on a grantee's self-certification that serious non-compliances have been corrected. There may be some situations in which such certifications are sufficient; however, reliance on this practice for ensuring grantee corrective action must be dramatically reduced. Therefore, ACF is significantly increasing the use of on-site visits to verify corrective actions. These site visits will focus on whether the grantee has made systemic, sustainable changes to reduce the possibility of repeating problems in the future. This approach also will help regional offices more consistently assess a grantee's success in correcting identified problems in both the short and the long term.

IV. (a) ACF should implement a quality assurance system to assure on-site reviews are

being conducted as intended to provide ACF with objective and accurate data about grantees.

As noted above, in FY 2005, ACF will be implementing a quality assurance system designed to enhance consistency and quality among both regional offices and reviewers. Specially trained review teams made up of some of the best reviewers in the country will visit grantees that have been monitored within the last few months. A complete monitoring review will take place; the results of which will be shared with the responsible ACF regional office. This process will allow us to make more informed, professional judgments about the reliability of our current monitoring teams; including individual reviewers and federal team leaders. We believe this approach will help enhance the process of achieving more complete, more accurate, and more consistent monitoring outcomes.

4. (b) ACF should assure the accuracy of its data collection forms.

ACF and others rely upon the annual Program Information Report (PIR) and other data. We will, therefore, continue to explore ways to increase the accuracy of the PIR and other data sources. We will, for example, initiate an effort this year in which we will visit randomly selected Head Start programs to conduct a validation study of the data reported on the PIR. We also initiated procedures to assure that the information grantees report on their required salary comparability studies is accurate and current. In addition, Head Start staff currently is working with ACF information technology staff to develop a single, integrated database that will contain all the current Head Start data sources. This integrated database will allow us to take a comprehensive approach to examining the management, fiscal and programmatic status of Head Start grantees.

V. ACF should make greater use of information currently available to regional offices to more quickly identify potential risks.

ACF will make more complete use of all data sources available to us to assure we are able to identify risks as quickly as possible. Central and regional offices will jointly develop specific protocols to assure that we are making full and timely use of the fiscal and other data available.

VI. ACF should recompete Head Start grants when the current recipient has not met its obligations in the areas of program or financial management.

ACF is looking forward to working with the Congress in the upcoming discussions on Head Start reauthorization to explore changes to the Act that can enhance the Secretary's flexibility to replace poorly performing grantees. Without such statutory changes, we do not believe we can implement GAO's proposed recommendation in this area. It is our position that, because of current statutory language there can be lengthy delays before we can replace the grantee in charge of Head Start operations in that community.

More specifically, we would like to work with this Committee to amend language in the current Head Start Act which provides current grantees with priority consideration for funding and which requires grantees to be given a hearing before being replaced, no matter how poor their operations and performance may be. We believe the current system

makes it unnecessarily time consuming and difficult to remove grantees which are not responsibly delivering comprehensive, quality services. Like GAO, we are particularly dismayed by the increasing number of grantees with recurring problems that fail to correct or only temporarily correct areas of non-compliance and deficiencies. We look forward to working with Congress to give HHS the ability to quickly remove poor performing grantees so that we are providing the best quality services possible to Head Start children.

Additional Program Improvement Efforts

I would like to close my remarks by sharing with this Committee several other efforts the Administration is engaged in designed to improve grantee quality and accountability. Foremost among these is working with this Committee and this Congress to pass a Head Start reauthorization bill which will send a clear message that all Head Start grantees are expected, at all times, to deliver high quality services to every enrolled child and family.

First, we would like the Congress to help us increase the involvement of selected states in Head Start as we move to increase coordination between Head Start, state pre-K programs, and child care services. Second, we would like the Congress to provide the Secretary with greater discretion to use funds appropriated for Head Start in the most effective manner possible by enacting changes to the current statutory set-aside for training and technical assistance. Third, we would like the statute to more clearly state the expectation that all children should leave Head Start prepared for school and that the standards for school readiness are being met. Fourth, we would like increased flexibility in the make-up of our monitoring teams so that we always can send out the most qualified individuals for the job. And fifth, we would like to work with Congress to ensure that the statute allows us to deal with poorly performing grantees fairly but expeditiously.

In addition to these proposed statutory changes, I would like to close by sharing information about one other training and technical assistance project which, although not directly related to monitoring, plays an important role in assuring grantees are providing high quality services to the communities they serve. We are in the second year of a new training and technical assistance (T/TA) system that we believe will help improve grantee quality and, by so doing, address some of the underlying issues raised by GAO. We have, for the first time, hired T/TA specialists who are assigned to work on a regular basis with individual grantees. These specialists will help grantees identify T/TA needs and appropriate ways of meeting these needs. They will visit their assigned grantees several times a year to focus on improving grantees. The local specialists are supported by a team of content experts in each regional office to provide guidance to grantees and to support the local specialists in their technical assistance work within programs.

Conclusion

In conclusion, I can assure this Committee that the President, the Department and ACF are committed to strengthening the quality of Head Start. In keeping with the findings of this GAO report - we can do better. The Administration for Children and Families will continue to improve program oversight to ensure program quality and effectiveness. At the same time, we look forward to working with you to make appropriate changes to

Head Start's legislation that will hold all grantees accountable for all requirements and for providing quality service. I feel confident that together we will achieve these goals.

Thank you. I would be happy to answer any questions.