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Head Start: Background and Funding

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Summary

Head Start is a federal program that has provided comprehensive early childhood development services to low-income children since 1965. The program seeks to promote school readiness by enhancing the social and cognitive development of children through the provision of educational, health, nutritional, social, and other services. Head Start is administered by the U.S. Department of Health and Human Services (HHS). Federal Head Start funds are provided directly to local grantees rather than through states. Programs are locally designed and are administered by a network of roughly 1,600 public and private nonprofit and for-profit agencies. Most children served in Head Start programs are three- and four-year olds, but in 1994 Head Start was expanded to include an Early Head Start program, which serves children from birth to three years of age. Except as noted, the term Head Start in this report typically refers to both of these programs.

The FY2013 operating level for Head Start was \$7.573 billion. This amount is \$395 million (-5%) less than Head Start's FY2012 funding level of \$7.969 billion. The FY2013 operating level includes amounts provided in the final FY2013 appropriations law (P.L. 113-6), an across-the-board rescission of 0.2% (per Section 3004 of P.L. 113-6), and reductions required by the sequester ordered on March 1, 2013. Sequestration is an automatic spending reduction process in which budgetary resources are canceled to enforce budget policy goals. The FY2013 sequester was ordered by the President as a result of provisions in the Budget Control Act of 2011 (P.L. 112-25), as amended. According to HHS, roughly 57,000 children were cut from Head Start programs as a result of this sequester. In FY2013, Head Start also received roughly \$95 million (post-sequester) from P.L. 113-2 for disaster relief costs related to Hurricane Sandy. These funds were appropriated *in addition* to funds provided in the final FY2013 appropriations law.

Congress did not enact FY2014 appropriations prior to the start of the fiscal year on October 1, 2013. This resulted in a funding gap and partial government shutdown that lasted until a short-term continuing resolution (CR) was signed into law on October 17, 2013. That CR (P.L. 113-46) funds Head Start at its annualized FY2013 post-sequester levels through January 15, 2014. Prior to the start of the fiscal year, in July 2013, the Senate Appropriations Committee approved an appropriations bill (S. 1284, S.Rept. 113-71) that would have provided Head Start with \$9.621 billion in FY2014. This is the full amount requested in the FY2014 President's Budget and is roughly \$2 billion (+27%) more than the program's post-sequester FY2013 operating level. The President's request included \$1.4 billion for a newly proposed Early Head Start-Child Care Partnership Program. The House Appropriations Committee has not taken action on this bill.

The Head Start Act was most recently reauthorized with the signing of the Improving Head Start for School Readiness Act of 2007 (P.L. 110-134) on December 12, 2007. This law authorized the program through the end of FY2012, meaning that Head Start is currently due for reauthorization. The 2007 reauthorization law included provisions to increase the program's authorized funding levels; revise the allocation formula; limit grantee designation periods to five years (at which point the grant may be re-competed); expand eligibility to allow grantees to fill up to 35% of their slots with children from families with income between 100% and 130% of the poverty line (in certain circumstances); increase qualifications and training requirements for Head Start staff; delineate roles and responsibilities of a grantee's governing body and policy council; and terminate the National Reporting System. The law also contained provisions aimed at promoting coordination among Head Start grantees and other state and local early childhood programs.

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Head Start Program Overview

Head Start is a federal program that has provided comprehensive early childhood development services to low-income children and their families since 1965.¹ The comprehensive nature of the program includes educational, health, nutritional, and social services. These services are intended to prepare children to enter kindergarten and to improve the conditions necessary for their success in later school and life. Most children served in Head Start programs are three- and four-year olds, but in 1994 legislation expanded Head Start to include an Early Head Start program, which serves children from birth to three years of age. Except as noted, the term Head Start in this report typically refers to both of these programs.

Head Start is administered by the Office of Head Start (OHS) within the Administration for Children and Families (ACF) at the U.S. Department of Health and Human Services (HHS), which provides grants directly from the federal government to local entities (as opposed to providing funding through the state). These entities are called “grantees” and may be public or private agencies, nonprofit or for-profit, faith-based or secular. Currently, roughly 1,600 agencies receive Head Start grants.

Head Start strongly emphasizes the involvement of families and the local community to assure that programs are responsive to the unique needs of each community. Flexibility in local program design and operation is encouraged, and there is wide variation across the country in how Head Start services are delivered (e.g., in Head Start centers, through home-based programs, or in some combination), as well as in local program costs, sponsoring agencies, and coordination arrangements with other social service programs. Head Start operates both full- and part-day programs—most (but not all) are only during the school year. Some local Head Start programs do coordinate with other programs to lengthen the time of care, both in terms of hours and the year. Full-day enrollment in Head Start is defined as six or more hours per day. Part-day sessions must comply with a minimum class time requirement of 3.5 hours.

The Head Start program is currently due for reauthorization. The Head Start Act was last reauthorized in December 2007, with the enactment of the Improving Head Start for School Readiness Act of 2007 (P.L. 110-134). This law reauthorized Head Start, which had been up for reauthorization since the end of FY2003, through September 30, 2012. The enactment of the 2007 reauthorization law followed unsuccessful reauthorization efforts during the 108th and 109th Congresses. A brief discussion of the legislative history related to the 2007 reauthorization (including the efforts of the 108th and 109th Congresses) is included in **Appendix A**.

Early Head Start

Early Head Start (EHS) was established in the 1994 Head Start reauthorization legislation (P.L. 103-252) to serve infants and toddlers who are generally too young to participate in the regular Head Start program. Up until the passage of the 2007 reauthorization legislation, the law had required that a portion of Head Start’s total appropriation be set aside to fund the EHS program. For FY1998, Congress earmarked more than was required by law for EHS, and the statutory set-aside was increased in the 1998 amendments to Head Start. One of the few legislative changes sought by the Clinton Administration during the 1998 debate on Head Start was an increase in the EHS program. The EHS set-asides were 7.5% in FY1999, 8% in FY2000, 9% in FY2001, and 10% in each of FY2002 and FY2003.

¹ Head Start began operating in 1965 under the general authority of the Economic Opportunity Act of 1964.

The 10% set-aside for EHS was maintained up until the passage of the 2007 reauthorization (P.L. 110-134), when the funding allocation structure was changed to fund EHS in a manner that does not involve setting aside a designated percentage. The new allocation formula provides base-level funding for current Early Head Start grantees and allows for additional EHS expansion dollars only if sufficient funding remains following set-asides for training and technical assistance, cost-of-living increases, and expansion funding for American Indian and Alaskan Native (AIAN) Head Start programs and Migrant and Seasonal Head Start (MSHS) programs (more on this can be found in the “Allocation Formula” section of this report). In addition, the 2007 reauthorization law added a provision allowing existing Head Start grantees to convert some of their preschool slots to slots serving infants and toddlers (i.e., children under age three), provided HHS approves a program’s written request to do so.

The first EHS grants, totaling \$47 million, were awarded in September 1995. In FY2012, nearly \$1.268 billion was used to support EHS programs across the country.² These projects funded enrollment slots for roughly 113,566 low-income families with children under the age of three.³

EHS grantees must design programs that respond to the strengths and needs of individual families with services including education; home visits, especially for families with newborns and infants; parent education, including parent-child activities; comprehensive health services, including services to women during and after pregnancy; and ongoing parental support through case management and peer groups. All programs must conduct an assessment of community resources and needs and must ensure the recruitment and development of high-quality staff.

Program Rules and Participation

Eligibility

Head Start is authorized to serve children at any age prior to compulsory school attendance, but most children are three- and four-year-olds (about 83% in FY2012).⁴ Pursuant to the program’s implementing regulations, Head Start children are generally required to be at least three years old, though certain programs have requested and received authority to serve younger children.⁵ By contrast, EHS programs are authorized to serve children under age three and pregnant women.

Head Start (and EHS) programs are targeted to low-income children and families. The Head Start Act and accompanying regulations typically require at least 90% of children enrolled by each Head Start grantee to come from families with income at or below the official federal poverty guideline (e.g., \$19,530 for a family of three in 2012)⁶ and/or to be categorically eligible. Children are categorically eligible if they are (1) from a family that is receiving public assistance (specifically, Temporary Assistance for Needy Families (TANF) or Supplemental Security

² U.S. Department of Health and Human Services, Administration for Children and Families, *FY2014 Justification of Estimates for Appropriations Committees*, April 2013, p. 101 (hereinafter, FY2014 ACF Congressional Justification).

³ FY2014 ACF Congressional Justification, p. 102.

⁴ This was calculated using cumulative enrollment data for children in the FY2012 Program Information Report.

⁵ See 45 C.F.R. 1305.4(a), which specifies that to be eligible for Head Start services, a child must be *at least three years old* by the date used to determine eligibility for public school in the community in which the Head Start program is located, except when the Head Start program’s approved grant provides specific authority to serve younger children.

⁶ Based on poverty guidelines for the 48 contiguous states and the District of Columbia issued by HHS in January 2013 (see Department of Health and Human Services, Office of the Secretary, “Annual Update of the HHS Poverty Guidelines,” 78 *Federal Register* 5782-5183, January 24, 2013).

Income (SSI), (2) in foster care, or (3) homeless.⁷ The statute and regulations further specify that up to 10% of the children served by each grantee may be from families whose incomes exceed the poverty guidelines (and are not categorically eligible).⁸

In addition, when Head Start was reauthorized in 2007, programs were given the authority to fill up to 35% of their slots with children from families with income between 100% and 130% of the poverty line, *provided that these children are not given higher priority* than children who are homeless or living below poverty. In other words, the income eligibility has not been raised to 130% across-the-board, but rather for only a percentage (a maximum of 35%) of available slots and only in cases where priority populations have been served first.

Figure 1 shows the percentage of children enrolled in FY2012 by primary type of eligibility.⁹ (While some children may meet multiple eligibility criteria, they are reported here only once—by primary eligibility type.) As the figure demonstrates, roughly 3% of children enrolled in Head Start in FY2012 were deemed eligible using the authority to serve families with income between 100% and 130% of poverty. An additional 5% of children were enrolled using the rule allowing 10% of children to be from families whose income exceeds poverty. All remaining children—roughly 93% of all children enrolled in FY2013—were deemed eligible because their family income fell below poverty or because they were categorically eligible (e.g., received public assistance, were foster children, or were homeless).

A child who has been determined to be low income and who is participating in Head Start may continue to be considered low income for another program year. Grantees are provided some flexibility in determining family income and, therefore, eligibility for participation. Specifically, the 1998 reauthorization amendments authorized grantees to consider family income during the 12 months before the month in which an application is submitted or during the calendar year before the calendar year in which an application is submitted.

Separate from eligibility requirements, Head Start regulations also require grantees to reserve at least 10% of their slots for children with disabilities.¹⁰ These children must still meet income or categorical eligibility criteria, or else they must be counted toward the capped percent of children from families with income above poverty.¹¹

⁷ §645(a)(1)(B)(i) of the Head Start Act specifies that families who are eligible for public assistance (or who, in the absence of child care, would *potentially* be eligible for public assistance) are eligible for Head Start. The law does not define the term public assistance, but HHS has issued a policy clarification (OHS-PC-I-002) stating that the only two public assistance programs that qualify are Temporary Assistance for Needy Families and Supplemental Security Income. Further, Head Start regulations codified at 45 C.F.R. §1305.2(l) defines families eligible for public assistance as those “receiving” public assistance and states that, for the purposes of eligibility, a child from a family that is receiving public assistance or a child in foster care is eligible even if the family income exceeds the income guidelines. Homeless children are granted categorical eligibility by §645(a)(1)(B)(ii) of the law.

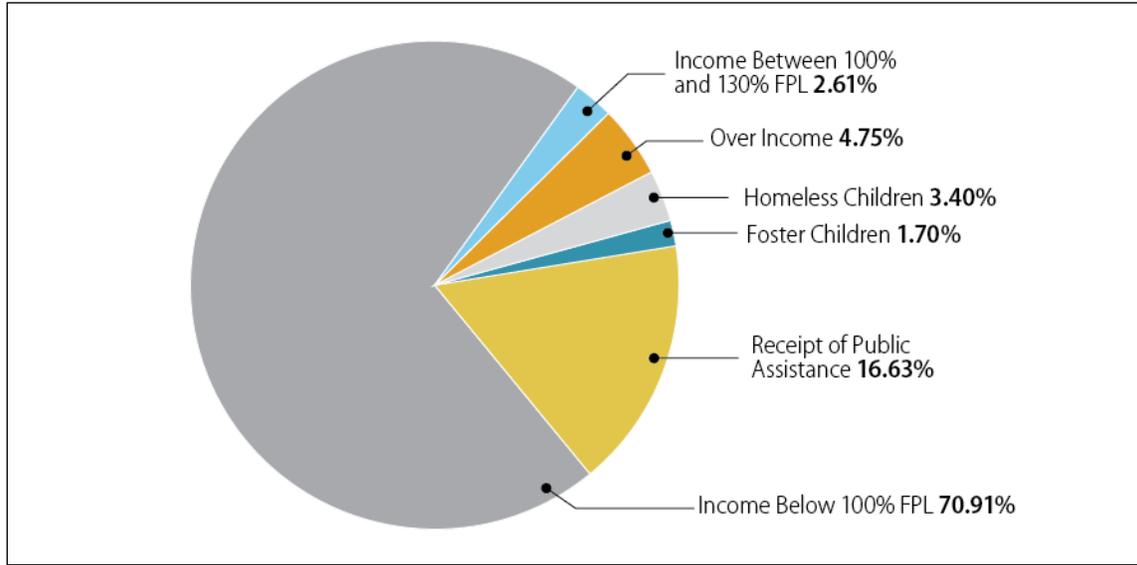
⁸ Head Start regulations codified at 45 C.F.R. §1305.4(b)(3) make an exception for American Indian and Alaskan Native Head Start programs (AIAN), specifying that 49% of the children that AIAN programs serve may come from families who have incomes that exceed the low-income guidelines if the program can demonstrate that all income-eligible children in their area are being served.

⁹ These data are based on cumulative enrollment data for children in the FY2012 Program Information Report

¹⁰ 45 C.F.R. §1305.6(c)

¹¹ See HHS policy clarification OHS-PC-K-006.

Figure I. Percent of Children Enrolled by Primary Eligibility Type, FY2012



Source: Figure prepared by the Congressional Research Service (CRS) using data from the Head Start Program Information Report (PIR) for program year 2011-2012 (roughly comparable to FY2012).

Notes: FPL = Federal Poverty Line. PIR instructions require that grantees report each enrollee by “primary type of eligibility” using the categories shown above. This means that no enrolled child is double-counted in this figure. These percentages were calculated based on cumulative enrollment data.

Funded Enrollment

The term “funded enrollment” refers to the number of Head Start slots that are funded, not the total number of children served throughout the year (which would be higher, accounting for turnover). In FY2012, there were funded enrollment slots for 956,497 children.¹² Roughly 12% of these slots (113,566) were for children in Early Head Start programs.¹³ **Table 1** displays funded enrollment levels since FY2001.

Table 1. Head Start and Early Head Start Funded Enrollment Levels
FY2001-FY2012

Fiscal Year	Head Start	Early Head Start	Total
2001	850,217	55,018	905,235
2002	850,119	62,226	912,345
2003	847,931	61,677	909,608
2004	843,946	61,905	905,851
2005	845,336	61,657	906,993
2006	847,231	61,970	909,201
2007	846,624	61,788	908,412
2008	845,228	61,764	906,992

¹² ACF FY2014 Congressional Justification, p. 102.

¹³ Ibid.

Fiscal Year	Head Start	Early Head Start	Total
2009	837,764	66,389	904,153
ARRA	13,037	48,041	61,078
2010	837,413	66,705	904,118
2011	849,961	114,469	964,430
2012	842,931	113,566	956,497

Source: Table prepared by the Congressional Research Service based on funded enrollment (i.e., budgeted slots, not cumulative enrollment) data as reported by HHS in annual ACF congressional justifications (e.g., FY2001 data are from the ACF FY2003 Congressional Justification, FY2002 data are from the ACF FY2004 Congressional Justification, and so on).

Grantee Underenrollment

An unenrolled space (or vacancy) in Head Start programs is defined as a funded space that is vacant for over 30 days. Reasons for underenrollment vary. A grantee’s underenrollment may be temporary in nature (e.g., children are being displaced from a particular facility) or more permanent (e.g., changing community demographics, inadequate outreach to new or changing populations of low-income families). Head Start programs are required to maintain waiting lists in an effort to ensure that vacant positions can be filled quickly. However, there are a number of reasons why it can be difficult to fill vacancies quickly. For instance, families on the waiting list may have moved outside of the Head Start service area or may have already enrolled their child in a local preschool program.

To ensure that Head Start programs are serving the full number of children for which Congress has appropriated funds, the 2007 reauthorization law included a provision requiring that Head Start agencies report their enrollment each month. In cases where underenrollment is persistent (i.e., actual enrollment fails to meet funded enrollment for more than four consecutive months), HHS is expected to provide technical assistance to help the grantee rectify the problem. If underenrollment persists despite 12 months of technical assistance, HHS may designate the agency as “chronically underenrolled” and reduce the agency’s grant award accordingly.

HHS has undertaken a number of efforts to improve and standardize how grantees report enrollment. To implement the new requirements from the 2007 reauthorization, HHS started collecting online enrollment data from all Head Start grantees on a monthly basis. These data are reviewed on a semi-annual basis. According to the most recent data available, Head Start grantees failed to fill, on average, 0.8% of their funded slots for Head Start children during the 2011-2012 program year (FY2012).¹⁴ This represents approximately 7,270 children who could otherwise have been served using existing Head Start funds.

Governance Structure

Head Start programs operate under a “shared governance” structure that gives significant power to both the agency’s governing body and its policy council. Prior to the latest reauthorization, many of the rules related to program governance were detailed in regulation. The 2007 reauthorization incorporated into statute many of the existing rules outlining the composition and responsibilities of governing bodies and policy councils.

¹⁴ FY2014 ACF Congressional Justification, pp. 98-100.

Governing bodies hold legal and fiscal accountability. The law stipulates that each Head Start agency’s governing board is to include at least one member who has a background and expertise in accounting or fiscal management, at least one member who has expertise in early childhood education and development, and at least one member who is a licensed attorney familiar with issues that come before the governing body. The law states that additional members of the governing board should be reflective of the community and include parents of children who are currently, or were formerly, enrolled in Head Start programs.

By contrast, the policy councils hold program design and operation responsibilities. Statute stipulates that parents of children currently enrolled in the agency’s Head Start program must constitute a majority of the policy council’s membership. The secondary membership of the council is to be composed of members of the community served by the Head Start agency and may include parents of children who were formerly enrolled in the agency’s Head Start program.

Governing bodies and policy councils are expected to make shared decisions for their Head Start agencies. However, the shared governance structure can lead to internal disputes (or deadlocks) when an agency’s governing body and policy council cannot reach agreement on a proposed action (e.g., if a governing body was to disagree with the recommendations from its policy council). Head Start regulations require programs to have written internal dispute resolution procedures to resolve conflicts between the governing body and the policy council.

Staff Qualifications and Professional Development

The degree requirements for Head Start staff were heightened in the 2007 reauthorization law, as outlined in the timeline below.

Table 2. Timeline and Implementation Status of Selected Staff Qualification Requirements from the 2007 Reauthorization Law

Timeline	Requirement	Status as of FY2012
By End of FY2010 (September 30, 2010)	All Early Head Start teachers providing center-based services must have, at a minimum, a Child Development Associate (CDA) credential and have been trained (or have equivalent coursework) in early childhood development. Head Start Act, Section 645A(h)(1)	93.3%
By Start of FY2012 (October 1, 2011)	All Head Start classrooms must have at least one teacher with an Associate of Arts (AA) degree in early childhood education (ECE), or an AA degree in a related field with preschool teaching experience, or a Bachelor of Arts (BA) with admittance into the Teach for America program. ^a Head Start Act, Section 648A(a)(3)(B)	90.2%
By End of FY2013 (September 30, 2013)	At least 50% of Head Start teachers in center-based programs must have a BA or advanced degree in ECE (as opposed to the AA degree required under prior law). ^b Head Start Act, Section 648A(a)(2)(A)	61.8%
	All Head Start Education Coordinators are to have a BA or advanced degree in ECE or a related degree with experience teaching preschool age children. ^b Head Start Act, Section 648A(a)(2)(B)(i)	83.6%

Timeline	Requirement	Status as of FY2012
	All Head Start teacher assistants are to have at least a CDA credential, or be enrolled in an AA or BA degree program, or enrolled in a CDA program to be completed within two years. ^b Head Start Act, Section 648A(a)(2)(B)(ii)	83.9%

Source: Table prepared by the Congressional Research Service based on information available in the Head Start Act, as amended, and data from the Program Information Report (PIR) for program year 2011-2012 (roughly equivalent to FY2012) as of March 4, 2013. Additional information on degree and credentialing requirements can be found in three information memoranda released by the Office of Head Start: ACF-IM-HS-11-03, ACF-IM-HS-10-06, and ACF-IM-HS-08-12. These memoranda are available at <http://eclkc.ohs.acf.hhs.gov/hslc/standards/IMs>.

Notes: CDA = Child Development Associate credential. AA = Associate of Arts. ECE = early childhood education. BA = Bachelor of Arts.

- a. The law allows for a three-year waiver of this requirement for a Head Start agency that can demonstrate that (1) the agency has unsuccessfully attempted to recruit qualified individuals and (2) each Head Start classroom at the agency has a teacher who has, at a minimum, a CDA credential appropriate to the age of the children being served in center-based programs (or a state-awarded certificate of equivalent standards). See Section 648A(a)(4) of the Head Start Act.
- b. The law expressly prohibits HHS from imposing penalties or sanctions on any individual Head Start agency, program, or staff member as part of the monitoring process for failure to meet these requirements. See Section 648A(a)(2)(C)(III) of the Head Start Act.

To support grantees in meeting the new staff qualification requirements imposed by the 2007 reauthorization law, HHS provided a number of funding opportunities for training and technical assistance. For instance, in April 2008, HHS gave grantees the opportunity to apply for \$5 million in Head Start training and technical assistance funding related to meeting new staff qualifications requirements. This funding was intended to assist staff with costs of acquiring a college degree or a Child Development Associate (CDA) credential. In September 2008, HHS issued new competitive grant awards to increase career development opportunities for Head Start teachers seeking associate and baccalaureate degrees in ECE. Ten five-year grant awards, totaling \$3 million per year, were made to Historically Black Colleges and Universities, Hispanic-Serving Institutions, and Tribally Controlled Land Grant Colleges and Universities. In June 2009, all Head Start programs were invited to apply for one-time technical assistance funds (from the ARRA) to support efforts to meet qualification requirements for teachers and teaching assistants.

In addition to degree requirements, the 2007 reauthorization law included a provision requiring that all Head Start teachers partake in a minimum of 15 hours of professional development activities each year. These activities are expected to be “high-quality, sustained, intensive, and classroom-focused in order to have a positive and lasting impact on classroom instruction and the teacher’s performance in the classroom.”¹⁵ In addition, the law now requires each Head Start agency to develop a professional development plan for all full-time employees providing direct services to children. These plans are supposed to be regularly evaluated for their impact on teacher and staff effectiveness.

Program Monitoring

The Head Start Act requires HHS to conduct program monitoring reviews of Head Start grantees at least once every three years. (New grantees are subject to a full review immediately upon completion of their first program year.) These reviews are used to determine whether or not grantees are meeting applicable standards for program, administrative, financial management, and

¹⁵ §648A(a)(5) of the Head Start Act.

other requirements. The law requires follow-up visits for any agency determined, as part of its monitoring review, to have one or more deficiencies. Follow-up reviews are also required for any agency with significant areas of noncompliance. The law allows for unannounced site inspections of Head Start centers, as appropriate.

Monitoring review teams must include individuals who are knowledgeable about Head Start, such as current or former employees of HHS.¹⁶ To the maximum extent practicable, review team members should also be knowledgeable about other early childhood education and development programs, personnel management, financial accountability, systems development and monitoring, and the diverse (including linguistic and cultural) needs of eligible children and their families. Monitoring teams receive periodic training to ensure quality and consistency across reviews.

Each year, HHS releases a monitoring protocol, which guides that year's on-site monitoring reviews. The protocol identifies the key requirements (based on program performance standards, law, and regulations) to be assessed in the monitoring review. Data gathered by the monitoring process are used by HHS in making determinations regarding program quality and compliance. The FY2014 monitoring protocol was released in September 2013. It groups performance indicators in seven areas: (1) program governance; (2) management systems; (3) fiscal integrity; (4) eligibility, recruitment, selection, enrollment, and attendance; (5) child health and safety; (6) family and community engagement; and (7) child development and education.¹⁷

The monitoring system evaluates grantees across a continuum of quality: strengths, compliance, concerns, noncompliance, and deficiencies.¹⁸ If a monitoring review results in the determination that a grantee has one or more deficiencies¹⁹ (generally meaning that the grantee failed to meet minimum federal and state requirements), HHS must notify the grantee in writing and specify whether the deficiency is to be corrected immediately or pursuant to a Quality Improvement Plan.²⁰ Failure to correct a deficiency in a timely manner (to be not more than one year) constitutes a material failure by a grantee to comply with the terms and conditions of its funding award. This means that grantees who fail to correct deficiencies in a timely manner are at risk of termination or denial of refunding.

¹⁶ Review teams for Early Head Start programs must include individuals who are knowledgeable about the development of infants and toddlers.

¹⁷ U.S. Department of Health and Human Services, Administration for Children and Families, *FY2014 Office of Head Start Monitoring Protocol*, September 27, 2013, <http://eclkc.ohs.acf.hhs.gov/hslc/mr/monitoring/fy-2014-pdfs/fy-2014-ohs-monitoring-protocol.pdf>.

¹⁸ Ross Weaver and Adia Brown, "FY 2014 Grantee Webcast," Office of Head Start, Administration for Children and Families, PowerPoint presentation, 2012, p. 23, <http://eclkc.ohs.acf.hhs.gov/hslc/mr/monitoring/fy-2014-pdfs/fy-2014-grantee-webcast.pdf>.

¹⁹ The term deficiency is defined in the Head Start Act at §637(2) and in federal regulation at 45 C.F.R. 1304.3(a)(6). In general, the term refers to (1) a systemic or substantial material failure on the part of a grantee to meet Head Start program performance standards (as specified in law and regulation), (2) a systemic or material failure of the governing body of an agency to fully exercise its legal and fiduciary responsibilities, or (3) an unresolved area of noncompliance. For instance, this would include failure of the grantee to comply with state or federal requirements, particularly those which involve: (1) threats to the health, safety, or civil rights of children or staff; (2) denial of parental rights to exercise full roles and responsibilities in program governance; (3) failure to perform substantially on requirements related to early childhood development, health services, family and community partnerships, or program design and management; (4) misuse of Head Start grant funds or other federal funds; (5) loss of legal status or financial viability, loss of permits, debarment from receiving federal grants or contracts; or (6) any other violation of federal or state requirements, including the failure to correct deficiencies identified by HHS for corrective action.

²⁰ Quality Improvement Plans are developed by the deficient grantee and submitted to HHS for approval.

Designation Renewal System

Since the program's inception, Head Start grantees have generally been given grant awards for indefinite periods (i.e., awards with no end date). However, the 2007 Head Start reauthorization law changed this by instituting a five-year designation period for Head Start grantees. Under this law, at the end of its five-year designation period, a grantee must demonstrate that it is delivering high-quality and comprehensive services, or else the grant is to be opened for re-competition. The law refers to the process of identifying grantees for re-competition as the Designation Renewal System (DRS). The law tasked HHS with establishing the DRS in consultation with a panel of experts and based on parameters specified in the law.

In January 2008, HHS convened an Advisory Committee on Re-designation of Head Start Grantees. Twelve months later, the advisory committee released a report with formal recommendations for implementing the DRS.²¹ In September 2010, HHS published a Notice of Proposed Rulemaking (NPRM) on the DRS based, in part, on the advisory committee's recommendations.²² HHS received approximately 16,000 comments on the proposed rule from Head Start grantees, parents, teachers, state associations, national organizations, academic institutions, and legal entities.²³ HHS took all comments into consideration before publishing a final rule on the DRS in November 2011.²⁴

The DRS final rule established seven indicators (listed below) for identifying Head Start grantees that are not providing "high-quality and comprehensive services." The indicators address various aspects of program quality, licensing and operations, and fiscal and internal controls. Any grantee that fails to meet the minimum quality standards set by one or more of the seven indicators will automatically be required to compete for continued funding. This does not mean the grantee will automatically lose its funding. Rather, it means that the grantee will have to successfully compete against other interested applicants to continue to receiving funding.

DRS Triggers for Re-competition:

1. The grantee had one or more **deficiencies** identified in a single monitoring review.
2. The grantee failed to establish and use **goals for improving school-readiness** (including analysis of aggregate and individual child-level assessment data).
3. The grantee received a low score on one or more domains of the **CLASS: Pre-K**, an observational assessment tool used to measure classroom quality. (This

²¹ Jerlean E. Daniel et al., *Report of the Secretary's Advisory Committee on the Re-designation of Head Start Grantees*, December 2008, http://eclkc.ohs.acf.hhs.gov/hslc/hs/grants/dr/pdf/Secy-Advisory-Committee_Report-Redesignation_December-2008.pdf.

²² U.S. Department of Health and Human Services, Administration for Children and Families, "Notice of Proposed Rulemaking on Designation Renewal and Re-competition," 75 *Federal Register* 57704-57719, September 22, 2010, <http://www.gpo.gov/fdsys/pkg/FR-2010-09-22/pdf/2010-23583.pdf>. See also U.S. Department of Health and Human Services, Administration for Children and Families, Office of Head Start, *Report to Congress on the Proposed Head Start Program Designation Renewal System*, September 22, 2010, http://eclkc.ohs.acf.hhs.gov/hslc/mr/rc/Head_Start_Proposed_Designation_Renewal_System.pdf.

²³ U.S. Department of Health and Human Services, Administration for Children and Families, Office of Head Start, *Report to Congress on the Final Head Start Program Designation Renewal System*, November 9, 2011, p. 6, http://eclkc.ohs.acf.hhs.gov/hslc/mr/rc/Head_Start_Designation_Renewal_System_Final_Rule.pdf.

²⁴ See 76 *Federal Register* 70010-70032, November 9, 2011, <http://www.gpo.gov/fdsys/pkg/FR-2011-11-09/pdf/2011-28880.pdf>. The final rule is codified at 45 C.F.R. 1307. See also U.S. Department of Health and Human Services, Administration for Children and Families, Office of Head Start, *Report to Congress on the Final Head Start Program Designation Renewal System*, November 9, 2011, p. 6, http://eclkc.ohs.acf.hhs.gov/hslc/mr/rc/Head_Start_Designation_Renewal_System_Final_Rule.pdf.

- indicator does not apply to Early Head Start programs or those using only the home-based program option.)
4. The grantee had its **license revoked** by a state or local authority. (An exception is made if the revocation is overturned or withdrawn before the competition is announced.)
 5. The grantee had **operations suspended** by HHS. (An exception is made if the suspension has been overturned or withdrawn, or the grantee has appealed the suspension and has not had a chance to show cause as to why it should be lifted or not be imposed.)
 6. The grantee has been **debarred** from receiving funds from any federal or state agency or **disqualified** from participating in the Child and Adult Care Food Program (CACFP).
 7. The grantee has been determined to be at risk of ceasing to be a **“going concern”** by HHS based on an audit or other investigation within the 12 month period preceding the decision on whether a grantee must compete for funding.

Under the terms of the final rule, the DRS became effective on December 9, 2011, 30 days after the rule was published in the *Federal Register*. That month, HHS announced the first cohort of grantees required to re-compete (131 grantees in total). A second cohort of grantees designated for re-competition was announced in January 2013 (122 grantees). DRS competitions began in 2012. As of July 2013, HHS has awarded roughly 153 grants through DRS competitions.

For additional information about the DRS, including more details on the seven indicators and the status of competitions, see CRS Report R43171, *Head Start: Designation Renewal System*, by Karen E. Lynch.

FY2014 Funding Status and Issues

Funding Gap and Continuing Resolution

Congress did not enact FY2014 appropriations prior to the start of the fiscal year on October 1, 2013.²⁵ This resulted in a funding gap and partial government shutdown that lasted until a short-term continuing resolution (CR) was signed into law on October 17, 2013.²⁶ That CR (P.L. 113-46) funds Head Start at its annualized FY2013 post-sequester levels through January 15, 2014.

Between October 2 and October 15, prior to the resolution of the federal funding gap, congressional action on appropriations was generally limited to a number of narrow CRs targeting selected programs or classes of individuals.²⁷ One such bill, the Head Start for Low-Income Children Act (H.J.Res. 84), would have provided temporary funding for Head Start at

²⁵ An exception is that on September 30, an automatic continuing resolution was enacted to cover FY2014 pay and allowances for (1) certain members of the Armed Forces, (2) certain Department of Defense (DOD) civilian personnel, and (3) other specified DOD and Department of Homeland Security contractors (P.L. 113-39).

²⁶ For further information with regard to continuing resolutions, see CRS Report R42647, *Continuing Resolutions: Overview of Components and Recent Practices*, by Jessica Tollestrup. For more information on funding gaps, see CRS Report RS20348, *Federal Funding Gaps: A Brief Overview*, by Jessica Tollestrup.

²⁷ These CRs include H.J.Res. 70, H.J.Res. 71, H.J.Res. 72, H.J.Res. 73, H.J.Res. 75, H.J.Res. 76, H.J.Res. 77, H.J.Res. 79, H.J.Res. 80, H.J.Res. 82, H.J.Res. 83, H.J.Res. 84, H.J.Res. 85, H.J.Res. 89, H.J.Res. 90, H.J.Res. 91, and H.R. 3230.

FY2013 post-sequester levels through December 15, 2013. This bill was approved by the House on October 8, 2013, but was not taken up in the Senate.²⁸

According to a report issued by the Office of Management and Budget, the FY2013 government shutdown caused six Head Start grantees serving nearly 6,300 children to close their centers for up to nine days.²⁹

Preliminary Congressional Action

On July 11, 2013, the Senate Appropriations Committee approved an FY2014 appropriations bill (S. 1284, S.Rept. 113-71) for the Departments of Labor, HHS, Education, and Related Agencies (L-HHS-ED). The L-HHS-ED appropriations bill provides annual funding for the Head Start program. The Senate Committee-reported bill for FY2014 proposes to fund Head Start at the level requested by the President, \$9.621 billion. The House Appropriations Committee has not taken action on an FY2014 L-HHS-ED appropriations bill.

Obama Administration Budget Request

On April 10, 2013, the Obama Administration released its FY2014 Budget, which requested \$9.621 billion for Head Start. This amount is roughly \$2 billion (+27%) more than the program's post-sequester FY2013 funding level of \$7.573 billion. The President's request included \$1.4 billion for a newly proposed Early Head Start-Child Care Partnership Program, \$25 million for certain implementation costs related to the Head Start Designation Renewal System, and a 1.9% cost-of-living adjustment for existing grantees. According to HHS, the newly proposed Early Head Start-Child Care Partnerships would encourage Early Head Start grantees to partner with center-based and family child care providers who agree to meet the Head Start Program Performance Standards.³⁰ The Administration estimated that the total funding requested for FY2014 would enable Head Start (including Early Head Start) programs to serve roughly 1,052,465 children and families. This would be an increase of 95,968 funded enrollment slots (+10%) from FY2012.³¹ (The FY2014 estimate is compared to actual FY2012 levels, as final FY2013 enrollment data are not yet available.)

FY2013 Funding Status and Issues

Final FY2013 Funding Level

On May 20, 2013, the HHS Administration for Children and Families (ACF) published an "All Purpose Table" for FY2012-FY2013, which shows that Head Start has been funded at \$7.573 billion for FY2013.³² This amount is \$395 million (-5%) less than Head Start's FY2012 funding

²⁸ Among the targeted CRs that were proposed during the 16-day funding gap, only one was enacted into law (P.L. 113-44, the Department of Defense Survivor Benefits Continuing Appropriations Resolution of 2014).

²⁹ Office of Management and Budget, *Impacts and Costs of the October 2013 Federal Government Shutdown*, November 2013, pp. 15-16, <http://www.whitehouse.gov/sites/default/files/omb/reports/impacts-and-costs-of-october-2013-federal-government-shutdown-report.pdf>.

³⁰ U.S. Department of Health and Human Services, Administration for Children and Families, *FY2014 Justification of Estimates for Appropriations Committees*, April 2013, p. 98.

³¹ *Ibid.*, p. 97.

³² U.S. Department of Health and Human Services, Administration for Children and Families, *ACF All-Purpose Table, FY2012-FY2013*, May 20, 2013, p. 1, <https://www.acf.hhs.gov/sites/default/files/olab/fy2013apt.pdf>.

level of \$7.969 billion. This FY2013 funding level reflects amounts provided in the final FY2013 appropriations law (P.L. 113-6), an across-the-board rescission of 0.2% required by Section 3004 of the final FY2013 appropriations law (as interpreted by the Office of Management and Budget), reductions required by the sequestration ordered on March 1, and any potential transfers or reprogramming of funds pursuant to the authority of the Secretary.

“Sequestration” is an automatic across-the-board spending reduction process under which budgetary resources are permanently canceled to enforce budget policy goals. Under the Budget Control Act of 2011 (P.L. 112-25), the Office of Management and Budget (OMB) was directed to implement a sequestration of FY2013 funding to enforce certain deficit reduction goals. The sequestration was originally scheduled to occur on January 2, 2013, but was postponed by the American Taxpayer Relief Act (P.L. 112-240). OMB ultimately issued the sequester order on March 1, announcing that nonexempt nondefense discretionary programs (such as Head Start) would be subject to a 5% reduction.³³

According to HHS, roughly 57,000 children were cut from Head Start programs in FY2013 as a result of the sequester.³⁴ The majority of these children (89%) were preschoolers, ages 3-5. HHS also reported that the sequester caused some Head Start programs to reduce the number of days (or hours in a day) they provide service and that the sequester caused Head Start programs to terminate or reduce the salaries of roughly 18,000 employees nationwide.³⁵

Note that the FY2013 funding level of \$7.573 billion does not include supplemental funds provided to Head Start by the Disaster Relief Appropriations Act, 2013 (P.L. 113-2) for costs associated with the effects of Hurricane Sandy. When accounting for sequestration, the disaster supplemental provided roughly \$94.977 million³⁶ for Head Start programs, for a total FY2013 funding level of \$7.688 billion.

Readers should be aware the amounts shown in the FY2013 ACF All-Purpose Table may yet be further adjusted by HHS based on new analysis of P.L. 113-6 or the sequester, or due to internal decisions by HHS to transfer or reprogram funding between or within various budget accounts.

Full-Year Continuing Resolution

Congress did not pass a full-year appropriation for Head Start prior to the start of FY2013. Instead, following a six-month government-wide continuing resolution (P.L. 112-175), Congress agreed to a full-year appropriations bill in March 2013. President Obama signed the Consolidated and Further Continuing Appropriations Act, 2013, into law (P.L. 113-6) on March 26, 2013. Division F of that law appropriated \$8.002 billion for Head Start, but this amount was reduced (to \$7.986 billion) by an across-the-board rescission of 0.2% required by Section 3004 of P.L. 113-6, as interpreted by the Office of Management and Budget. In addition, these funds were further reduced by the sequester order issued by the President on March 1, 2013 (see discussion above).

³³ OMB Report to the Congress on the Joint Committee Sequestration for FY2013: http://www.whitehouse.gov/sites/default/files/omb/assets/legislative_reports/fy13ombjcsequestrationreport.pdf.

³⁴ Kathleen Sebelius, U.S. Department of Health and Human Services, “The Numbers Are In: Sequestration Cuts 57,000 Kids from Head Start,” blog post, August 19, 2013, <http://www.hhs.gov/secretary/about/blogs/head-start-numbers.html>. For state-by-state numbers, see https://www.acf.hhs.gov/sites/default/files/assets/ohs_sequestration_by_state.pdf.

³⁵ Ibid.

³⁶ U.S. Department of Health and Human Services, Administration for Children and Families, *ACF All-Purpose Table, FY2012-FY2013*, May 20, 2013, p. 2, <https://www.acf.hhs.gov/sites/default/files/olab/fy2013apt.pdf>.

Disaster Supplemental

On January 29, 2013, the President signed into law the Disaster Relief Appropriations Act, 2013 (P.L. 113-2), in response to Hurricane Sandy. This law called for roughly \$100 million (\$95 million when accounting for the sequester) to go to Head Start programs in affected states.³⁷ The supplemental included language explicitly waiving the statutory Head Start allocation formula and clarifying that funds awarded from this supplemental appropriation would not be considered part of a Head Start program's "base grant" in subsequent fiscal years.

On April 15, 2013, the HHS Office of Head Start issued a program instruction regarding the availability of these supplemental funds.³⁸ According to the program instruction, Head Start agencies in Connecticut, Delaware, the District of Columbia, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Virginia, and West Virginia were eligible for emergency relief funds if their programs were directly impacted by Hurricane Sandy. The program instruction also indicated that HHS would prioritize funding for programs that sustained significant damage from Hurricane Sandy and served a high proportion of families displaced as a result of the storm.

Prior to the enactment of P.L. 113-2, the Obama Administration had submitted a request to Congress on December 7, 2012, for disaster relief funding to support states affected by Hurricane Sandy. As part of this request, the Administration called for Congress to provide \$100 million in supplemental Head Start funding.³⁹ On December 28, 2012, the Senate approved this request as part of a disaster supplemental package (introduced as an amendment to H.R. 1). However, the House took no action on this bill, as amended by the Senate, prior to the end of the 112th Congress. According to a Senate Appropriations Committee press release on the draft bill, these funds were expected to support roughly 265 Head Start centers damaged by the hurricane.⁴⁰

Preliminary Congressional Actions

Prior to the enactment of the Consolidated and Further Continuing Appropriations Act, 2013, temporary funding for Head Start had been provided by a six-month government-wide CR for FY2013 (P.L. 112-175). The six-month CR was signed into law on September 28, 2012, and generally maintained funding for discretionary programs at their FY2012 levels, increased by 0.612%. (In FY2012, Head Start was funded at \$7.969 billion.)

In the 112th Congress, before the enactment of the six-month CR, both the House and Senate initiated the FY2013 L-HHS-ED appropriations process.

On July 18, 2012, the House Appropriations L-HHS-ED Subcommittee approved a bill for full committee consideration. The full committee did not take up the bill prior to the end of the 112th

³⁷ This law did not appropriate the \$100 million directly to Head Start. Rather, the law appropriated \$800 million to the HHS Public Health and Social Services Emergency Fund and required that, of this amount, the Secretary of HHS transfer \$100 million to Head Start. For additional information, see CRS Report R42869, *FY2013 Supplemental Funding for Disaster Relief*, coordinated by William L. Painter and Jared T. Brown.

³⁸ See ACF-PI-HS-13-02 at http://eclkc.ohs.acf.hhs.gov/hslc/standards/IMs_and_PIs_in_PDF/PDF_PIs/PI2013/ACF-PI-HS-13-02.pdf.

³⁹ Office of Management and Budget, Hurricane Sandy Funding Needs, Washington, DC, December 7, 2012, p. 16, http://www.whitehouse.gov/sites/default/files/supplemental__december_7_2012_hurricane_sandy_funding_needs.pdf.pdf.

⁴⁰ Senate Appropriations Committee, "Summary: Fiscal Year 2013 Disaster Assistance Supplemental," press release, December 12, 2012, p. 7, <http://www.appropriations.senate.gov/news.cfm>.

Congress. However, as passed by the subcommittee, the bill would have provided \$8.014 billion in FY2013.⁴¹ This amount is \$45 million (+0.6%) more than the FY2012 funding level of \$7.969 billion. The subcommittee bill called for the majority of these funds (\$7.969 billion) to be used to sustain the same level of payments for Head Start activities as in FY2012 and directed remaining funds (\$45 million) toward cost-of-living adjustments (COLAs) for Head Start grantees.

On June 14, prior to action in the House, the Senate Appropriations Committee reported a bill to provide full-year FY2013 L-HHS-ED appropriations (S. 3295, S.Rept. 112-176). This bill, which saw no further action in the 112th Congress, would have provided \$8.039 billion for Head Start in FY2013. This amount is \$70 million (+0.9%) more than Head Start received in FY2012. The committee-reported bill called for the majority of these funds (\$7.969 billion) to be used to sustain the same level of payments for Head Start activities as in FY2012. Remaining funds were directed toward two different activities: (1) COLAs of roughly 0.6% for all Head Start grantees (\$45 million), and (2) implementation costs related to the new Designation Renewal System (\$25 million).⁴² The committee report stated that these funds were expected to be sufficient to maintain services for about 962,000 children.⁴³

Obama Administration Budget Request

On February 13, 2012, the Obama Administration released its FY2013 Budget, which requested \$8.054 billion for Head Start. This amount is \$85 million (+1%) more than the FY2012 funding level of \$7.969 billion. The President's Budget proposed special language to ensure that the majority of these funds (\$7.969 billion) would be used to sustain services provided in the prior year. In addition, the Budget requested new funding to provide COLAs to all Head Start grantees (\$45 million) and to support the implementation of the Designation Renewal System over a two-year period (\$40 million). The Administration estimated that the requested funds would be sufficient to maintain services for approximately 962,000 children and families, the same number served in FY2012.⁴⁴

Appropriations History

This section begins with a detailed Head Start funding history for FY2009-FY2012. This is followed by a discussion of supplemental Head Start appropriations provided in response to the Gulf Coast Hurricanes of 2005. The section concludes with an overview of other notable funding issues from 1990 forward. **Table 3** shows Head Start funding levels for each of FY1990-FY2013.

⁴¹ Press releases and a draft of the bill released by the subcommittee prior to markup can be found on the House Appropriations Committee website: <http://appropriations.house.gov/subcommittees/subcommittee/?IssueID=34777>.

⁴² In particular, the \$25 million was targeted to (1) costs related to tribal consultations and efforts to improve the quality of AIAN Head Start programs, and (2) costs of completing DRS reviews of all Head Start agencies during the three-year implementation transition period.

⁴³ S.Rept. 112-176, p. 132.

⁴⁴ U.S. Department of Health and Human Services, Administration for Children and Families, *FY2013 Justification of Estimates for Appropriations Committees*, February 2012, p. 99.

FY2012

Final Congressional Action

Congress did not enact a full-year appropriation for Head Start prior to the beginning of FY2012. However, in December 2011, Congress agreed to a consolidated appropriations bill, which President Obama signed into law (P.L. 112-74) on December 23, 2012. The law provided \$7.969 billion⁴⁵ for Head Start, which was about \$409 million (+5%) more than the FY2011 funding level of \$7.560 billion. The law included a special provision stipulating that “base grants” for relevant Head Start and Early Head Start grantees were to be increased by 50% of the ARRA expansion funds they had received for FY2010 operations (roughly \$340 million in total).⁴⁶ This provision, in combination with a similar provision from the FY2011 appropriations law, was intended to effectively “make whole” relevant Head Start grantees’ base grants by embedding within the “base” amounts necessary to fully sustain ARRA expansions (i.e., between these two appropriations laws, grantees’ base grants were deemed to include the full amount of expansion funding they had received for FY2010 operations). The FY2012 appropriations law also provided funding for a cost-of-living adjustment (COLA) of 0.72% for all grantees.⁴⁷

Preliminary Congressional Action

Prior to the enactment of the FY2012 Consolidated Appropriations Act (P.L. 112-74), temporary funding for Head Start had been provided by three short-term continuing resolutions (P.L. 112-33, P.L. 112-36, and P.L. 112-55).

Before the passage of the first FY2012 CR, the House and Senate had initiated the FY2012 L-HHS-ED appropriations process. On September 29, 2011, a bill was introduced in the House to provide year-long FY2012 L-HHS-ED appropriations (H.R. 3070). This bill would have provided \$8.1 billion for Head Start. Previously, on September 21, 2011, the Senate Appropriations Committee had reported its bill to provide year-long FY2012 L-HHS-ED appropriations (S. 1599, S.Rept. 112-84). This bill would have provided \$7.9 billion for Head Start. Both the House-introduced and Senate committee-reported L-HHS-ED bills included provisions calling for applicable grantees’ base grants to be increased by 50% of certain ARRA expansion funds. However, the House-introduced bill also included language (not in the Senate bill) to override portions of the statutory allocation formula in order to direct up to \$20 million toward special enrollment expansions of American Indian and Alaskan Native (AIAN) and Migrant and Seasonal Head Start (MSHS) programs.

Obama Administration Budget Request

On February 14, 2011, the Obama Administration released its FY2012 Budget, which requested \$8.1 billion for Head Start, an increase of roughly \$865 million from the FY2010 funding level of \$7.2 billion. The Budget stated that the increase would be used to support enrollment slots for roughly 968,000 children, meaning that this funding level was expected to be more than sufficient to sustain program expansions (roughly 61,000 enrollment slots) that occurred as a result of the American Recovery and Reinvestment Act (ARRA, P.L. 111-5). Sustaining ARRA-funded slots

⁴⁵ This amount reflects the 0.189% across-the-board rescission required by Division F of P.L. 112-74.

⁴⁶ For more information, see U.S. Department of Health and Human Services, Administration for Children and Families, Office of Head Start, *FY 2012 Head Start Funding Increase*, ACF-PI-HS-12-01, January 26, 2012, http://eclkc.ohs.acf.hhs.gov/hslc/standards/PIs/2012/resour_pri_001_012612.html.

⁴⁷ The exact amount of the COLA was determined by HHS and reported in ACF-PI-HS-12-01.

accounted for the bulk (roughly 78%) of the requested increase. Remaining funds might then have been distributed according to the program's statutory allocation formula (e.g., toward increased technical assistance, quality improvement activities, or even additional program expansions), though this would have depended on the outcome of the FY2011 appropriations process, which had yet to conclude at the time the FY2012 President's Budget was released.

FY2011

Final Congressional Action

Congress did not pass a full-year appropriation for Head Start prior to the start of FY2011. Instead, following a series of short-term CRs, Congress approved a final, full-year CR for FY2011 (P.L. 112-10). The full-year CR was signed into law on April 15, 2011. It provided \$7.560 billion for Head Start, which was roughly \$326 million (+5%) more than the program's FY2010 funding level of \$7.234 billion.⁴⁸ The CR also included a special provision stipulating that "base grants" for Head Start and Early Head Start grantees were to include 50% of the ARRA expansion funds they had received for FY2010 operations. That is to say, the CR folded half of the FY2010 ARRA expansion funds (\$340 million total) into each agency's base grant.⁴⁹

Preliminary Congressional Action

Seven short-term CRs provided temporary funding for Head Start until the final FY2011 CR was enacted. Each of these CRs (P.L. 112-8, P.L. 112-6, P.L. 112-4, P.L. 111-322, P.L. 111-317, P.L. 111-290, P.L. 111-242) maintained Head Start funding at the FY2011 level of \$7.234 billion, a funding level that was expected to be insufficient to maintain the number of children served.

Prior to the enactment of the final FY2011 CR, the House had agreed to alternative legislation (H.R. 1) to extend funding through the end of FY2011. As passed by the House on February 19, 2011, this bill would have reduced discretionary funding for many programs, including Head Start. The House-passed version of H.R. 1 called for Head Start to receive \$6.152 billion in FY2011, which would have been the program's lowest funding level since FY2000. This would have been a decrease of \$1.1 billion (-15%) from the FY2010 Head Start funding level of \$7.234 billion⁵⁰ and would have been insufficient to maintain the number of children served in FY2010. In fact, HHS estimated that enrollment slots for about 218,000 children could have been eliminated at this funding level, including more than 61,000 ARRA-funded enrollment slots that had been funded for the first time in FY2010.⁵¹

However, on March 9, 2011, the Senate voted to reject H.R. 1. On that same day, the Senate voted to reject S.Amdt. 149 to H.R. 1 (in the nature of a substitute). S.Amdt. 149 proposed to fund Head

⁴⁸ The FY2011 amount reflects the across-the-board rescission of 0.2% required by P.L. 112-10. The FY2010 amount reflects the Secretary's decision to transfer \$1.103 million from Head Start to the Health Resources and Services Administration (HRSA), pursuant to her 1% transfer authority under §206 of P.L. 111-117.

⁴⁹ For more information, see U.S. Department of Health and Human Services, Administration for Children and Families, Office of Head Start, *Fiscal Year 2011 Head Start Funding Guidance*, ACF-PI-HS-11-02, April 21, 2011, http://eclkc.ohs.acf.hhs.gov/hslc/standards/PIs/2011/resour_pri_002_042111.html.

⁵⁰ This funding level does not include ARRA funds awarded to grantees for services to children in FY2010. It reflects only those funds provided by the Consolidated Appropriations Act of 2010 (P.L. 111-117), less \$1.103 million. This is because the HHS Secretary invoked her authority (per §2006 of title II of the FY2010 Consolidated Appropriations Act) to transfer a portion of the Head Start appropriation—\$1.103 million—to the Health Resources and Services Administration (HRSA) in FY2010.

⁵¹ CRS correspondence with HHS, February 24, 2011.

Start at nearly \$7.575 billion, an increase of about \$341 million (+5%) from FY2010. Like the final, full-year CR, this Senate amendment included language stipulating that “base grants” for Head Start and Early Head Start grantees were to include 50% of the ARRA program expansion funds they received for FY2010 operations.

Previously, in the 111th Congress, both the House and Senate had initiated the FY2011 L-HHS-ED appropriations process. The Senate L-HHS-ED Appropriations Subcommittee marked up and approved its proposal for FY2011 L-HHS-ED funding on July 27, 2010. The full Senate Appropriations Committee subsequently reported on the proposed FY2011 funding bill (S.Rept. 111-243, S. 3686) on August 2, 2010. This bill would have funded Head Start at \$8.224 billion, an increase of \$989 million over the FY2010 funding level and the same amount as the Obama Administration’s FY2011 request. The bill report specified that the level of funding was intended to maintain the number of children served during the prior year, including slots funded by the American Recovery and Reinvestment Act (ARRA; P.L. 111-5). Moreover, the bill itself included language to make ARRA expansion funds part of each grantee’s base grant, for the purposes of the program’s statutory allocation formula. The bill language also included two provisions to override the program’s statutory allocation formula. First, the bill would have reduced training and technical assistance funds by \$5.1 million (a reduction that was also included in the FY2010 President’s Budget as part of the Obama Administration’s commitment to across-the-board reductions in contract costs). Second, the bill would have directed all funds remaining (after certain set-asides) toward quality improvement activities (to be allocated among grantees according to pre-ARRA enrollment levels). These provisions reflected some, but not all, of the override provisions requested in the Obama Administration’s FY2011 Budget.

Separately, the House L-HHS-ED Appropriations Subcommittee marked up and approved its proposal for FY2011 appropriations on July 15, 2010. However, the full House Appropriations Committee took no action on this legislation prior to the close of the 111th Congress. Although no formal FY2011 L-HHS-ED bill was reported in the House during the 111th Congress, the L-HHS-ED Subcommittee released a summary table indicating that the bill approved in subcommittee markup would have included \$8.100 billion in Head Start funding.⁵² This would have been roughly \$865 million more than the program’s FY2010 funding level and \$124 million less than the Obama Administration’s FY2011 request. Because no bill was formally reported, it is not possible to determine whether or not the bill would have included any of the override language from the Senate bill (from the 111th Congress) or the FY2011 President’s Budget.

Obama Administration Budget Request

In February 2010, the Obama Administration released its FY2011 Budget, which requested \$8.224 billion for Head Start (including Early Head Start), an increase of \$990 million more than the FY2010 funding level of \$7.234 billion.⁵³

According to HHS, the proposed increase was to (1) sustain services to children served by ARRA funds in FY2010;⁵⁴ (2) support a full 2% cost-of-living adjustment (COLA), intended to allow

⁵² Available on the minority House L-HHS-ED Subcommittee website at http://democrats.appropriations.house.gov/images/stories/pdf/lhse/FY2011_LHHS_Summary_Table-07.15.2010.pdf.

⁵³ The FY2010 Consolidated Appropriations Act provided \$7.235 billion for Head Start. However, the Secretary of HHS invoked her 1% transfer authority (per §206 of Title II of the Consolidated Appropriations Act of 2010) to transfer a portion of the FY2010 Head Start appropriation (\$1.103 million, or roughly 0.02%) to the Health Resources and Services Administration (HRSA) in FY2010.

⁵⁴ According to the FY2012 President’s Budget, ARRA expansion funds supported the creation of roughly 61,000 new enrollment slots for children in FY2010. This figure is down from previous projections of 64,000 children (per the

current grantees, including all ARRA-funded grantees, to offset inflationary costs and maintain salaries for teachers and other staff; (3) fund specific statutory set-asides for training and technical assistance, research, program support, and special expansions for American Indian and Alaskan Native Head Start and Migrant and Seasonal Head Start programs; and (4) provide quality improvement funds to those grantees that received ARRA quality funds prior to receiving ARRA expansion funds. This request included a \$5.1 million reduction in contract costs as part of the across-the-board reduction in contract expenditures.⁵⁵ To accomplish all this, HHS proposed appropriations language to override certain statutory components of the allocation formula.⁵⁶ The statutory allocation formula was created as part of the program's 2007 reauthorization and is detailed in Section 640 of the Head Start Act (see related discussion in the section of this report titled "Allocation Formula").

FY2010

Final Congressional Action

On December 16, 2009, President Barack Obama signed the Consolidated Appropriations Act, 2010, into law as P.L. 111-117. The measure provided \$7.235 billion⁵⁷ for Head Start, reflecting the conference report (H.Rept. 111-366) filed on the bill, H.R. 3288, on December 8, 2009. The House and Senate agreed to the conference report on December 10 and December 13, respectively. The FY2010 funding level of \$7.235 billion for Head Start was the amount requested by the Obama Administration in the FY2010 President's Budget, and reflected an increase of almost \$122 million over the program's funding level under the FY2009 Omnibus Appropriations Act (P.L. 111-8). (In addition to funds from the FY2009 Omnibus, Head Start also received a supplemental appropriation of \$2.1 billion from the ARRA in that year.)

The FY2010 Consolidated Appropriations Act included language specifying that, of the funds appropriated in the ARRA, only the portion of those funds used to provide a cost-of-living adjustment increase for grantees may be considered part of the grantees' base grants under the funding allocation formula in future years.⁵⁸ This means that ARRA funds received by grantees to cover the costs of program expansions or quality improvements were not included under the "hold harmless" provision of the allocation formula.

FY2011 Budget) and 69,000 children (per the FY2010 Budget).

⁵⁵ U.S. Department of Health and Human Services, Administration for Children and Families, *FY2011 Justification of Estimates for Appropriations Committees*, February 2010, p. 88.

⁵⁶ HHS appropriations language would have (1) included ARRA funds as part of a grantee's "base grant," (2) provided expansion funds only for Migrant/Seasonal and Indian Head Start programs (not for programs in states and territories); and (3) targeted quality funds to grantees based on pre-ARRA enrollment levels (i.e., new grantees wouldn't receive quality funds and existing grantees would receive quality funds based on their pre-ARRA share of children).

⁵⁷ Although P.L. 111-117 appropriated \$7.235 billion for Head Start in FY2010, the actual Head Start funding level was \$7.234 billion in FY2010. This is because the Secretary invoked her 1% transfer authority (per §206 of Title II of the Consolidated Appropriations Act of 2010) to transfer a portion of the FY2010 Head Start appropriation (\$1.103 million, or roughly 0.02%) to the Health Resources and Services Administration (HRSA) in FY2010.

⁵⁸ Specifically, the bill states that "of the funds appropriated in the American Recovery and Reinvestment Act of 2009, only the portion of those funds used to provide a cost-of-living adjustment increase for grantees (per 640(a)(3)(A)(i)(I) of the Head Start Act) may be considered part of the FY2009 base grants for the purposes of section 640(a)(2)(B)(i) through (v) of the Head Start Act."

Preliminary Congressional Action

Prior to the passage of H.R. 3288, both the House and Senate had initiated the Labor-HHS-Education (L-HHS-ED) appropriations process for FY2010. Although the full Senate did not pass a bill to provide L-HHS-ED appropriations for FY2010, the Senate Appropriations Committee did report such a bill (S.Rept. 111-66, H.R. 3293) on August 4, 2009, which sought \$7.235 billion for Head Start. Meanwhile, on July 24, 2009, the House passed its FY2010 L-HHS-ED appropriations bill, H.R. 3293, which also sought \$7.235 billion for Head Start. Prior to consideration by the full House, this bill was reported by the House Committee on Appropriations on July 22, 2009 (H.Rept. 111-220). Report language from both the House and Senate bills indicated that the funding level of \$7.235 billion was expected to allow Head Start to serve approximately 978,000 children in FY2010, maintaining the (then-projected) increase of 69,000 children (per the FY2010 President's Budget)⁵⁹ expected to be served by new ARRA slots.

Obama Administration Budget Request

In May 2009, the Obama Administration released the details of its FY2010 Budget. The President's Budget requested \$7.235 billion for Head Start, an increase of \$122 million over the amount appropriated under the FY2009 Omnibus. The Administration indicated that this increase was intended to ensure that Head Start and Early Head Start programs would be able to sustain the number of children served during the prior year.

FY2009

Final Congressional Action on Annual Appropriations

President Obama signed the FY2009 Omnibus Appropriations Act (P.L. 111-8) into law on March 11, 2009. The FY2009 Omnibus appropriated almost \$7.113 billion for Head Start, including \$2 million reserved for Centers of Excellence in Early Childhood. This was an increase of nearly \$235 million over the program's FY2008 funding level and an increase of about \$86 million over President George W. Bush's FY2009 request.

Preliminary Congressional Action

Prior to the passage of the FY2009 Omnibus Appropriations Act, Congress had passed two CRs for FY2009 (P.L. 110-329 and P.L. 111-6). Both CRs funded Head Start at \$6.878 billion, the level it had received in FY2008. The first of the two CRs (P.L. 110-329) was signed into law by President Bush on September 30, 2008, and remained in effect until March 6, 2009. The second CR (P.L. 111-6) was signed into law by President Obama on March 6, 2009, and lasted until it was superseded by the FY2009 Omnibus on March 11, 2009.

American Recovery and Reinvestment Act

In addition to annual appropriations contained in the FY2009 Omnibus, Head Start received \$2.1 billion from the ARRA in FY2009. The ARRA was signed into law by President Obama on February 17, 2009 (P.L. 111-5).⁶⁰ The Head Start funds appropriated in the ARRA were made

⁵⁹ U.S. Department of Health and Human Services, Administration for Children and Families, *FY2010 Justification of Estimates for Appropriations Committees*, March 2009, p. 77.

⁶⁰ For more information, see CRS Report R40211, *Human Services Provisions of the American Recovery and Reinvestment Act*, by Gene Falk et al.

available for obligation by HHS through FY2010. The ARRA explicitly directed that \$1.1 billion of total funds appropriated be directed toward the expansion of Early Head Start programs. The remainder of the appropriation (\$1.0 billion) was to be distributed through the regular Head Start formula (which covers increases for cost-of-living adjustments, quality activities, state advisory councils, and expansions for Head Start and Early Head Start programs). For more information, see **Appendix B** of this report.

Bush Administration Budget Request

On February 4, 2008, the George W. Bush Administration released its proposed budget for FY2009, which requested \$7.027 billion in funding for Head Start (an increase of almost \$149 million above the FY2008 level). The Administration indicated that the increased funding would be used to give programs a cost-of-living increase of approximately 1.9% and to increase enrollment in American Indian and Alaskan Native Head Start and Migrant and Seasonal Head Start programs by approximately 1,900 children.

Additional Funding History

Table 3 shows Head Start funding from FY1990 through FY2013 (the most recent year for which full-year funding has been appropriated). This table displays the program’s authorized funding level, as well as the total amount of funding available for each fiscal year. Starting with the Consolidated Appropriations Act of FY2000 (P.L. 106-113), Congress began including “advance” funds within Head Start’s annual appropriations. That is, of the total amount appropriated in FY2000 (\$5.267 billion), a portion (\$1.400 billion) was reserved for the following fiscal year (FY2001). As a result, only \$3.867 billion in appropriated funds was available to Head Start for FY2000. The practice of providing a funding advance in Head Start’s annual appropriation was continued until FY2009, when the Omnibus Appropriations Act (P.L. 111-8) discontinued that practice by not including advance funding for FY2010.

Table 3. Head Start Funding: FY1990-FY2013
(dollars in billions)

Fiscal Year	Authorization	Advance from Prior Year Appropriation	Same Year’s Appropriation	All Available Funds for FY
1990	1.552	0.000	1.552	1.552
1991	2.386	0.000	1.952	1.952
1992	4.273	0.000	2.202	2.202
1993	5.924	0.000	2.776	2.776
1994	7.660	0.000	3.326	3.326
1995	SSAN	0.000	3.534	3.534
1996	SSAN	0.000	3.569	3.569
1997	SSAN	0.000	3.981	3.981
1998	SSAN	0.000	4.347	4.347
1999	SSAN	0.000	4.658	4.658
2000	SSAN	0.000	3.867	3.867
2001	SSAN	1.400	4.800	6.200

Fiscal Year	Authorization	Advance from Prior Year Appropriation	Same Year's Appropriation	All Available Funds for FY
2002	SSAN	1.400	5.137	6.537
2003	SSAN	1.400	5.268	6.668
2004	expired	1.392	5.383	6.775
2005	expired	1.389	5.454	6.843
2006	expired	1.386	5.396	6.782 ^a
2007	expired	1.389	5.500	6.889
2008	7.350	1.365	5.513	6.878
2009	7.650	1.389	7.113 + 2.100	10.602 ^b
2010	7.995	0.000	7.234 ^c	7.234 ^c
2011	SSAN	0.000	7.560	7.560
2012	SSAN	0.000	7.969	7.969
2013	expired	0.000	7.573 + 0.095	7.668 ^d

Source: Table prepared by CRS based on data provided in appropriations acts and in Congressional Justifications of the Administration for Children and Families (ACF) published by HHS.

Notes: SSAN = such sums as necessary. Totals may not add due to rounding. Totals reflect rescissions, as appropriate, including in FY2004 (0.59%), FY2005 (0.80%), FY2006 (1.00%), FY2008 (1.75%), FY2011 (0.2%), FY2012 (0.189%), and FY2013 (0.2%). Advance appropriations are shown for the year in which the funds became available.

- a. This total does not include the \$90 million in supplemental funds appropriated to Head Start in the FY2006 Defense Appropriations Act (P.L. 109-148). These funds were appropriated to address needs arising from the Gulf Coast hurricanes of 2005 (i.e., serving displaced children and helping with costs of renovating affected facilities). Of the \$90 million appropriated, a total of \$74 million was actually awarded, based on grantee requests. The FY2006 appropriations law included provisions allowing for Head Start transportation safety waivers, an earmark of \$1 million to be used to establish a National Academy of Sciences panel to review and provide guidance on appropriate outcomes and assessments for young children, and a provision limiting the use of Head Start funds to pay compensation in excess of the Executive Level II rate.
- b. This total includes the \$2.1 billion in supplemental funds appropriated to Head Start in the American Recovery and Reinvestment Act (ARRA, P.L. 111-5). Note that not all ARRA funds were awarded to grantees in FY2009; the ARRA gave HHS until the end of FY2010 to obligate these funds.
- c. This figure reflects the fact that the Secretary of HHS invoked her 1% transfer authority (per Section 206 of Title II of the Consolidated Appropriations Act of 2010) to transfer a portion of the FY2010 Head Start appropriation (\$1.103 million, or roughly 0.02%) to the Health Resources and Services Administration (HRSA) in FY2010.
- d. This total includes roughly \$7.573 billion in annual funds appropriated by P.L. 113-6, as well as \$95 million in supplemental funds provided by P.L. 113-2 for Head Start programs in states affected by Hurricane Sandy. These totals reflect, as appropriate, reductions due to the FY2013 sequester, a rescission of 0.2% of the annual funds due to Section 3004 of P.L. 113-6 (as interpreted by the Office of Management and Budget), and potential transfers or reprogramming of funds pursuant to the Secretary's authorities.

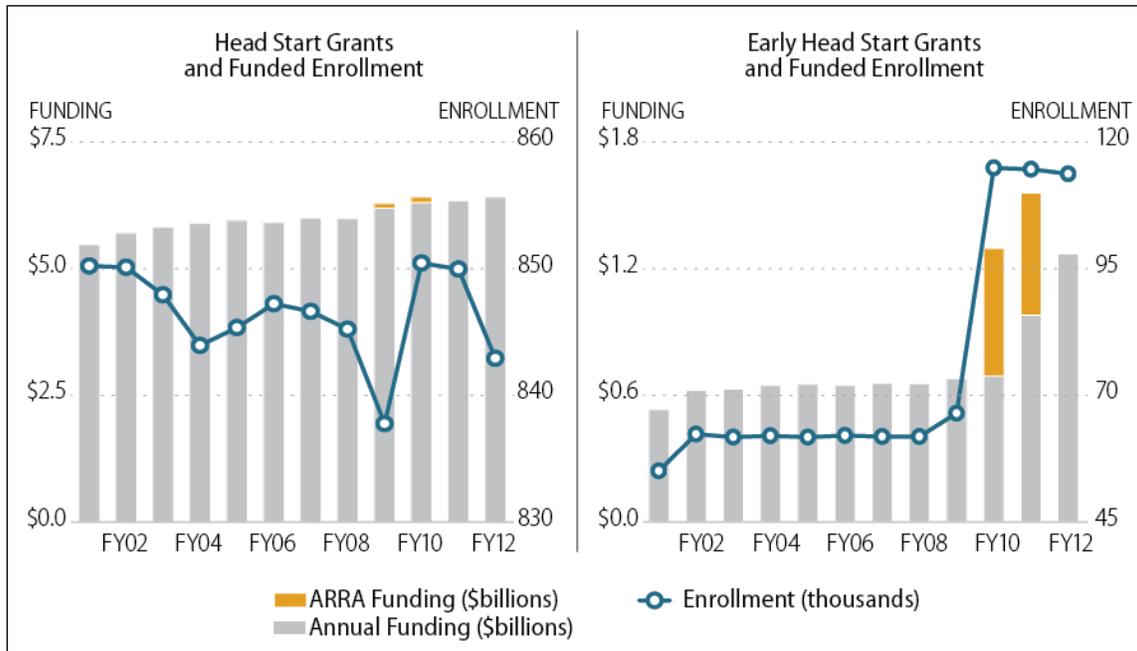
As shown in **Figure 2**, increases in funding do not always translate into additional Head Start slots. Decreases in funded enrollment in a given year may be indicative of failure to cover rising costs associated with inflation, or grantees opting to convert home-based slots to more expensive center-based care, part-day slots to full-day, or partial-year to full-year. The 2007 reauthorization law included provisions allowing Head Start grantees to propose to convert part-day slots to full-working-day slots and Head Start slots (i.e., children age three to compulsory school age) to Early

Head Start slots (i.e., children under age three).⁶¹ However, the reauthorization law did not provide additional funds for such conversions, meaning that grantees opting to convert slots would see reductions in funded enrollment levels as a result.

As shown in **Figure 2**, Head Start (not including EHS) funded enrollment levels have mostly been declining over the past 12 years. When excluding new slots supported by ARRA, the highest funded enrollment level during this timeframe occurred in FY2001, when the program supported enrollment slots for 850,217 Head Start children. However, when taking into account the 13,017 new ARRA-funded slots in FY2010, the total funded enrollment level for that year (850,450 children) exceeded the FY2001 high. Since the FY2010 peak, funded enrollment levels have again declined, supporting slots for 842,931 children in FY2012.

By contrast, the lowest funded enrollment level for Early Head Start programs during the past 12 years occurred in FY2001, when the program supported enrollment slots for 55,018 children under the age of three. As **Figure 2** illustrates, Early Head Start enrollment has, on average, been growing during this timeframe, peaking at slots for 114,746 children in FY2010 (including 48,041 ARRA-funded slots). Although there has been some decline in Early Head Start funded enrollment levels since then, the FY2012 enrollment level of 113,566 Early Head Start children still reflects a substantial increase from pre-ARRA levels (e.g., the FY2012 enrollment level is 71% more than the funded enrollment level in FY2009).

Figure 2. Head Start and Early Head Start Grants and Funded Enrollment Levels
FY2001-FY2012



Source: Figure prepared by CRS based on funding and funded enrollment (i.e., budgeted slots, not cumulative enrollment) data reported by HHS in annual ACF congressional Justifications two years subsequent (i.e., FY2001 data were taken from the FY2003 ACF Congressional Justification, FY2002 data were taken from the ACF FY2004 Congressional Justification, and so on). ARRA funding levels are based on separate HHS data on ARRA services grants. Note that ARRA funds shown for FY2009 were issued in the last month of that fiscal year and largely supported services in FY2010.

⁶¹ See Sections 640(f)(2)(B) and 645(a)(5) of the Head Start Act.

Notes: Annual and ARRA funding levels reflect Head Start “services” grants (i.e., do not include funds allocated toward T/TA, research/evaluation, program support, or other activities). ARRA funds targeted toward Head Start program expansions (i.e., funds that created new slots) were not awarded to applicants until the last month of FY2009 (at the earliest) and ARRA funds targeted toward Early Head Start expansions were not awarded until FY2010, so no ARRA slots were filled until FY2010.

Supplemental Funds in Response to Gulf Coast Hurricanes of 2005

The FY2006 Defense Appropriations Act (P.L. 109-148) included \$90 million in additional funding for Head Start, to be used specifically for grantees serving children displaced by the Gulf Coast hurricanes of 2005, and to help with the costs of renovating Head Start facilities affected by the storms. Those funds were not allocated among all states according to the standard Head Start formula in effect at that time, due to the targeted purpose of the funding. HHS took action to assess and address the needs of Head Start grantees in response to these hurricanes. Of the \$90 million appropriated, a total of \$74 million was awarded, based on grantee requests. The remainder was returned to the Treasury.

HHS urged all of its grantees to provide Head Start services to any displaced children and families relocated in their communities as a result of the 2005 hurricanes. On September 12, 2005, HHS announced that it was making available \$15 million for this purpose, to help cover costs over a 30-day period. Grantees were instructed to treat any preschool-aged child whose family was displaced from their home as income-eligible, with or without documentation. HHS anticipated that programs serving newly enrolled displaced children might struggle to meet certain Head Start regulations and issued guidance for requesting waivers in those areas. Moreover, HHS encouraged grantees to contact their regional federal offices with any concerns arising from serving evacuated families. The regional offices were asked by HHS to collect data (on a daily basis) from their respective grantees regarding the number of evacuee children being served by their program(s), and whether these children were new to Head Start or, instead, were previously enrolled in a Head Start program in the community from which they had been displaced as a result of Hurricane Katrina.

Allocation Formula

Unlike some other federal social service programs that are funded through the states, HHS awards Head Start funds directly to local public and private nonprofit and for-profit grantees. Grantees must contribute a 20% non-federal match, which may be in cash or in-kind, unless they are granted a waiver. No more than 15% of a grantee’s total program costs may be for administration.

The 2007 reauthorization law significantly restructured the Head Start allocation formula, beginning in FY2008. The following three major steps (illustrated in **Figure 3**) summarize how Head Start appropriations are now to be allocated.

Step 1: Base Grants and Set-Asides

From the total amount of appropriated funding, all Head Start programs in the states and territories, as well as all American Indian and Alaskan Native (AIAN) and Migrant and Seasonal Head Start (MSHS) programs, are allotted their same *base grant* amount and, where appropriate, collaboration grant amount as in the prior year. The “base grant” does not include amounts received for “training and technical assistance.”

In addition, *at least 2.5%, but not more than 3%*, of the total appropriation is reserved for the Secretary of HHS for *training and technical assistance*. At least 20% of these training and

technical assistance (T/TA) funds are to be used in Early Head Start (EHS) programs, with the remainder for use in Head Start (HS) programs. Of these funds, at least half is to go directly to EHS and HS agencies, at least a quarter is to be available to the Secretary to support a state-based T/TA system or national system supporting program quality, and the remainder is for meeting performance standards and other activities at the Secretary's discretion.

The Secretary may also reserve up to \$20 million to fund *research, demonstration, and evaluation* activities, of which not more than \$7 million for each of FY2008-FY2012 is to be available for carrying out impact studies.

Likewise, the Secretary may reserve up to \$42 million for *discretionary payments*, including payments for monitoring and corrective action activities.

In the event that the appropriation for a fiscal year is *less* than the previous fiscal year, all allocations described under Step 1 would be reduced proportionately. This includes funding to grantees as well as other set-aside funds for T/TA; research, demonstration, and evaluation; and discretionary payments.

Step 2: Cost-of-Living Adjustments and Special Expansions

If excess funds remain after allocating funds under Step 1, all Head Start and Early Head Start grantees receive a *cost-of-living adjustment (COLA)* to maintain the service level of the prior year. In addition, some funding may be allocated for *special expansions* to increase enrollment in AIAN and MSHS programs. The size of the COLA and the amount of additional funds for special expansions of AIAN and MSHS programs depend on exactly the how much funding remains available after Step 1. The law specifies three possible scenarios, as outlined below.

Scenario 1

Under Scenario 1, all Head Start and Early Head Start grantees would receive a full COLA to maintain the service level of the prior year. In addition, \$10 million would be allocated to AIAN Head Start grantees (including AIAN Early Head Start programs) and \$10 million would be allocated to the Migrant and Seasonal programs, for the purpose of increasing enrollment.⁶²

However, if sufficient funds are not available to provide the full COLA and the \$20 million (in total) for AIAN and MSHS program expansions, then the formula described in Scenario 2 is to be applied (provided funds are sufficient to do so; if not, remaining funds are to be allocated according to Scenario 3).

Scenario 2

For Fiscal Years 2008, 2009, and 2010, of the amount remaining for allocation after Step 1, 90% was to be used to provide COLAs of at least 50% (rather than the full COLA described in Scenario 1, which would reflect the full increase in the Consumer Price Index (CPI-U)). The other 10% was to be split evenly between AIAN (5%) and MSHS (5%) Head Start programs for the purpose of expanding enrollment.

For FY2011 and each subsequent fiscal year, the amount remaining for allocation after Step 1 is to be used to provide full COLAs to grantees, with any remaining funds to be divided equally between AIAN and MSHS programs for special expansions.

⁶² The law includes a provision stating that over the FY2008-2012 period, neither AIAN nor MSHS programs were to receive more than \$50 million each in special expansion funds.

Scenario 3

In the event that sufficient funding is not available to fulfill the requirements outlined under Scenario 2, then the excess funds remaining after Step 1 are to be used to provide equal COLAs to all Head Start and Early Head Start grantees, with no funds made available for special expansions to increase AIAN or MSHS enrollment.

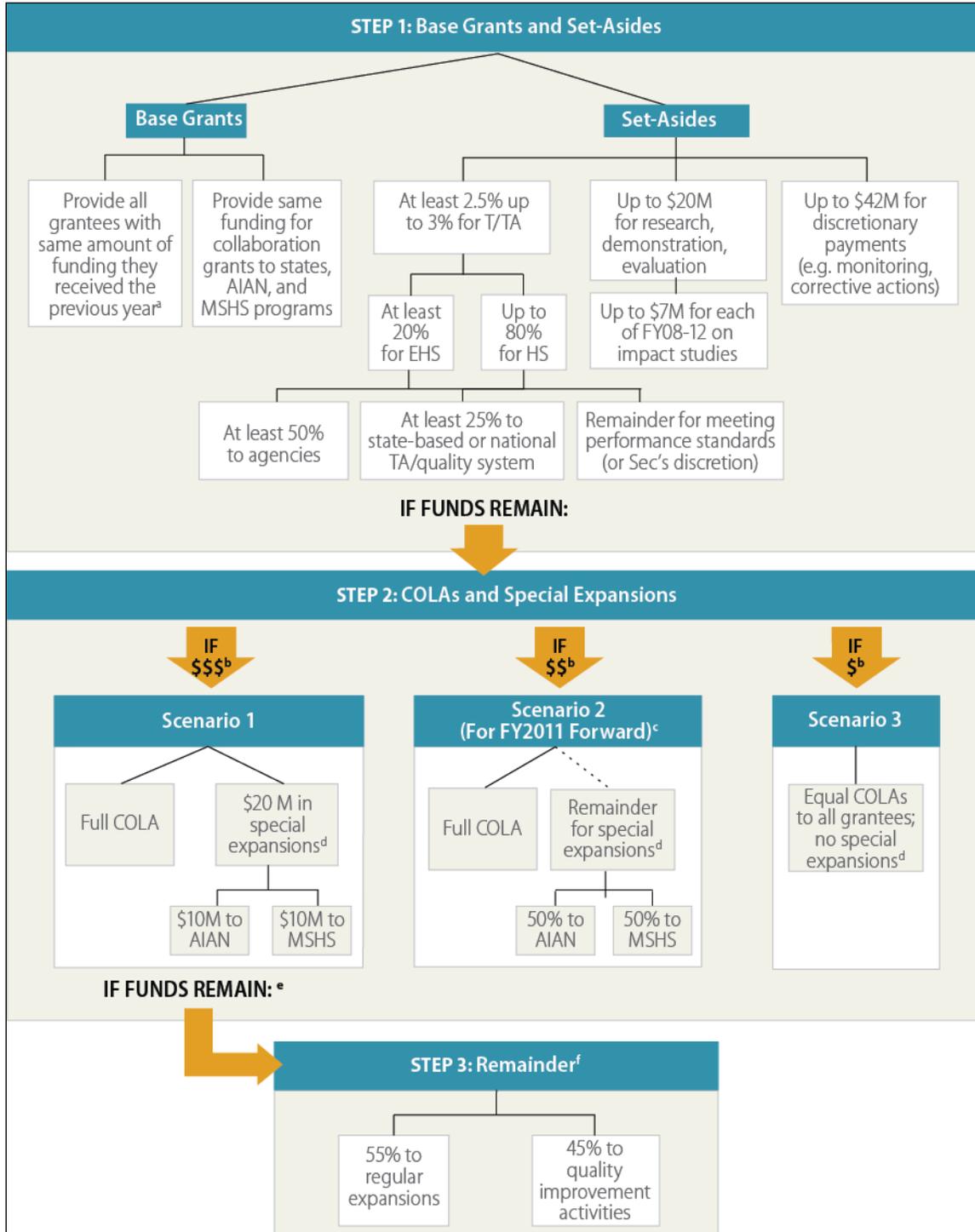
Step 3: Remainder

Step 3 applies to any funds remaining after allocation under Step 2 (Scenario 1).⁶³ Generally, of remaining funds, 40% is to be used for *quality improvement* purposes (including compensation) in HS and EHS programs, 45% for *program expansions*, and 15% for *State Advisory Councils*.

However, no more than \$100 million may be allocated toward State Advisory Councils over the course of all fiscal years. The law specifies an alternate Step 3 formula in the event that this cap is reached, which it was in FY2009 (as a result, **Figure 3** displays this alternate formula). The alternate Step 3 formula specifies that of the funds remaining after Steps 1 and 2, 55% are to be used for program expansions and 45% are to be used for quality improvement activities.

⁶³ If funds allocated toward AIAN or MSHS special expansions under Step 2 (Scenario 1 or 2) remain unobligated 18 months after the funds were made available, then HHS is to reallocate these funds according to the Step 3 formula. The Head Start Act states that Step 2 “special expansion” funds for AIAN and MSHS are to remain available until the end of the following fiscal year (after which, unobligated funds are to be distributed per Step 3 rules).

Figure 3. How Is the Head Start Appropriation Allocated?
 (when the total appropriation is equal to or greater than the prior year's appropriation)



Source: Figure developed by CRS.

Notes: T/TA = training and technical assistance. EHS = Early Head Start. HS = Head Start. COLA = cost-of-living adjustment. AIAN = American Indian and Alaskan Native Head Start. MSHS = Migrant and Seasonal Head Start. This figure displays what happens when a Head Start appropriation is equal to or greater than the prior

year's appropriation. In the event that an appropriation is less than the prior year's appropriation, all funds to grantees (as well as funds for set-asides show under Step 1) would be proportionally reduced.

- a. Section 640(a)(7)(A) of the Head Start Act defines the term "base grant," used with respect to a fiscal year, as the amount of "permanent ongoing funding" provided to a Head Start agency (including an Early Head Start agency) under that fiscal year. Funds provided to Head Start (and Early Head Start) agencies for training or technical assistance are *excluded* from this definition.
- b. Step 2 funds are allocated according to one of three scenarios, depending on the amount of excess funds remaining after carrying out Step 1. In this context, "\$" means the remaining funds were insufficient to carry out either Scenario 1 or Scenario 2, while "\$\$" means the remaining funds were insufficient to carry out Scenario 1. "\$\$\$" means the remaining funds were sufficient to carry out Scenario 1; if any funds remain after carrying out Scenario 1, they would be allocated according to Step 3.
- c. Section 640(a)(3)(A) of the Head Start Act specifies that Scenario 2 is to vary depending on the fiscal year in which it is implemented. **Figure 3** displays Scenario 2 as it is to be implemented in FY2011 and beyond.
- d. The term "special expansions" refers to expansions of AIAN and MSHS programs. Section 640(a)(3)(B)(i) of the Head Start Act specifies that over the FY2008-FY2012 period, neither AIAN nor MSHS programs are to receive more than \$50 million each in special expansion funds to increase enrollment.
- e. Scenario 1 is the only one of the Step 2 scenarios that would leave funds remaining for allocation under Step 3. However, Section 640(a)(3)(B)(i) of the Head Start Act specifies that if funds allocated toward AIAN or MSHS special expansions (under *any* Step 2 scenario) remain unobligated 18 months after the funds were made available, then HHS is to reallocate these funds according to the formula outlined for Step 3.
- f. **Figure 3** displays the "alternate" formula for Step 3, recognizing that total cumulative funding for State Advisory Councils has already met its cap of \$100 million (see Section 640(a)(4)(B) of the Head Start Act). Had that cap not been met, remaining funds after Step 2 would be allocated as follows: 40% for *quality improvement* purposes (including compensation) in HS and EHS programs, 45% for *program expansions*, and 15% for funding *State Advisory Councils*.

Recent Allocations

Table 4 shows allocation amounts available for Head Start grantees in each state and territory, as well as the amounts reserved for AIAN and MSHS programs and for other activities. Allocations are displayed based on funding made available by the FY2010 Consolidated Appropriations Act (P.L. 111-117), the FY2011 Full-Year Continuing Appropriations Act (P.L. 112-10), and the FY2012 Consolidated Appropriations Act (P.L. 112-74). This table does not display FY2013 allocations because final FY2013 allocations have not yet been released by HHS. However, according to a Program Instruction released by HHS on April 26, 2013, FY2013 grants to Head Start, Early Head Start, AIAN, and MSHS programs were expected to be about 5.27% lower in FY2013, compared to FY2012.⁶⁴

⁶⁴ U.S. Department of Health and Human Services, Administration for Children and Families, Office of Head Start, Program Instruction ACF-PI-HS-13-03, *Final FY 2013 Funding Level*, April 26, 2013, http://eclkc.ohs.acf.hhs.gov/hslc/standards/IMs_and_PIs_in_PDF/PDF_PIs/PI2013/ACF-PI-HS-13-03.pdf.

Table 4. Allocations for FY2010, FY2011, and FY2012
(funding in dollars)

State, Special Program, Territory, or Other Activity	FY2010 Actual (P.L. 111-117)	FY2011 Actual (P.L. 112-10)	FY2012 Enacted (P.L. 112-74)
Alabama	112,229,307	118,538,454	125,717,736
Alaska	13,127,649	13,700,404	14,373,541
Arizona	108,936,512	114,920,032	121,746,967
Arkansas	67,915,510	71,284,596	75,176,442
California	875,307,456	913,314,091	957,971,585
Colorado	71,927,957	76,084,025	80,798,717
Connecticut	54,623,905	56,483,153	58,755,649
Delaware	13,930,947	14,582,960	15,341,871
District of Columbia	26,426,243	27,047,852	27,867,030
Florida	276,913,612	294,050,811	313,310,850
Georgia	177,357,301	187,289,495	198,596,452
Hawaii	24,087,975	24,750,678	25,594,284
Idaho	24,011,909	25,538,415	27,252,585
Illinois	284,942,207	298,559,425	314,325,492
Indiana	101,251,881	107,840,984	115,222,711
Iowa	54,256,619	56,555,143	59,267,964
Kansas	53,601,108	56,493,661	59,800,770
Kentucky	113,509,026	119,070,940	125,505,972
Louisiana	153,564,150	160,185,704	167,980,835
Maine	29,060,756	30,187,064	31,534,389
Maryland	82,132,078	85,450,156	89,394,017
Massachusetts	114,039,893	117,950,785	122,724,674
Michigan	246,866,920	256,329,651	267,668,992
Minnesota	75,784,550	79,494,477	83,787,316
Mississippi	170,180,629	174,610,322	180,315,944
Missouri	125,240,383	131,620,071	138,965,174
Montana	22,049,229	22,933,414	23,985,541
Nebraska	37,952,090	39,923,525	42,187,836
Nevada	25,554,884	27,655,675	29,960,223
New Hampshire	14,088,914	14,760,808	15,540,919
New Jersey	135,788,170	142,163,084	149,580,131
New Mexico	55,046,052	58,583,088	62,550,656
New York	455,900,588	473,230,126	493,984,026
North Carolina	148,693,655	159,627,572	171,736,149

State, Special Program, Territory, or Other Activity	FY2010 Actual (P.L. 111-117)	FY2011 Actual (P.L. 112-10)	FY2012 Enacted (P.L. 112-74)
North Dakota	18,076,714	18,998,575	20,059,789
Ohio	259,861,535	272,267,158	286,668,880
Oklahoma	85,305,836	91,151,052	97,666,553
Oregon	62,592,126	66,205,368	70,304,700
Pennsylvania	240,154,203	250,062,285	261,801,900
Rhode Island	23,171,217	24,019,635	25,043,856
South Carolina	86,834,519	92,680,645	99,208,187
South Dakota	19,813,892	20,634,052	21,605,345
Tennessee	125,606,964	130,885,676	137,123,145
Texas	503,849,518	529,791,786	559,620,987
Utah	39,747,403	42,274,915	45,113,078
Vermont	14,271,363	14,653,846	15,143,423
Virginia	104,301,777	109,393,196	115,286,747
Washington	105,632,502	111,137,972	117,458,766
West Virginia	53,302,507	55,548,315	58,201,030
Wisconsin	95,650,109	100,050,519	105,184,250
Wyoming	13,020,959	13,181,559	13,438,273
American Indian and Alaskan Native Program	207,465,355	214,891,848	223,890,976
Migrant and Seasonal Program	311,723,793	317,889,153	326,375,159
American Samoa	2,263,086	2,256,017	2,265,358
Guam	2,277,229	2,369,904	2,479,936
No. Marianas	1,751,625	1,746,154	1,753,383
Palau	1,403,482	1,399,098	1,404,891
Puerto Rico	262,409,426	269,246,634	278,051,317
Virgin Islands	8,416,884	8,888,001	9,424,359
Training and Technical Assistance	176,325,000	184,686,236	198,126,411
Research/Evaluation	19,990,737	19,936,736	19,954,534
Monitoring Support	41,993,597	41,909,610	41,920,620
Other Program Support	-	-	24,629,731 ^a
Total	7,233,513,423^b	7,558,966,586	7,967,729,024

Source: Table prepared by the Congressional Research Service (CRS) based on HHS data as reported in the ACF FY2012 Congressional Justification (see FY2010 allocations on pp. 97-100), FY2013 Congressional Justification (see FY2011 allocations on pp. 102-105), and FY2014 Congressional Justification (see FY2012 allocations on pp. 101-104).

Notes: Totals may not sum due to rounding. Also, totals may not sum to amounts in **Table 3** due to rounding or actual amounts allocated. Allocations are not granted directly to the state, but to grantees within each state.

a. According to the FY2014 ACF Congressional Justification, this includes funding for information technology support, contract fees, and panel review costs.

- b. In FY2010, the Secretary of HHS invoked her authority (per Section 2006 of the FY2010 Consolidated Appropriations Act) to transfer a portion of the Head Start appropriation—\$1.103 million—to the Health Resources and Services Administration (HRSA). In addition, Head Start lapsed roughly \$166,578 in FY2010. Note that the total shown here does not include the roughly \$2 million for Centers of Excellence that was obligated by ACF in FY2010, because these funds were actually appropriated in FY2009 (P.L. 111-117).

Program Integrity and Accountability

In September 2010, the Government Accountability Office (GAO) released a report on fraud and abuse at selected Head Start centers.⁶⁵ The report expanded on testimony presented to the House Committee on Education and Labor in May 2010.⁶⁶ In response to allegations of fraud at two Head Start nonprofit grantees, GAO attempted to register fictitious children as part of 15 undercover test scenarios at centers in six states and the District of Columbia. The majority of the undercover test scenarios involved fictitious families that exceeded Head Start’s income eligibility levels. In about 62% of these tests (i.e., 8 of 13), the fictitious families were told they were eligible for the program.

In May 2010, HHS issued a program instruction reminding Head Start employees of program requirements related to verifying an applicant’s income eligibility.⁶⁷ Separately, the Secretary of HHS, Kathleen Sebelius, sent a letter to all Head Start grantees addressing the issue of fraud and articulating a number of steps being taken by HHS to strengthen program integrity.⁶⁸ The letter indicated that, among other things, HHS was in the process of developing new regulations to promote program integrity by addressing issues related to income verification requirements and staff training on eligibility criteria and procedures.

The discussion below covers current error rate reporting practices, the proposed rule on eligibility determination requirements, and compliance issues with health and safety requirements identified by the HHS Office of the Inspector General.

Current Error Rate Reporting Requirements

Following the enactment of the Improper Payment Information Act of 2002 (P.L. 107-300), the Office of Management and Budget (OMB) identified Head Start as a program at risk of significant improper payments.⁶⁹ As with other “high risk” programs, HHS was required to complete erroneous payment risk assessments for Head Start. HHS has been reporting Head Start error rates since FY2004.

What Is a Payment Error in Head Start?

A payment error in the Head Start program is defined as a payment for an enrolled child from a family whose income exceeds the allowable limit (in excess of the 10% allowance for families

⁶⁵ The GAO report is available online at <http://www.gao.gov/new.items/d101049.pdf>.

⁶⁶ U.S. Congress, House Committee on Education and Labor, *Examining GAO’s Review of Selected Head Start Grantees*, 111th Cong., 2nd sess., May 18, 2010.

⁶⁷ U.S. Department of Health and Human Services, Administration for Children and Families, Office of Head Start, Program Instruction ACF-PI-HS-10-02, May 10, 2010, http://www.acf.hhs.gov/programs/ohs/policy/pi2010/acfpihs_10_02.html.

⁶⁸ Secretary Kathleen Sebelius, Letter to Head Start Grantees, May 17, 2010, http://www.hhs.gov/news/press/2010pres/05/head_start_letter.html.

⁶⁹ OMB Circular A-123, Appendix C, http://www.whitehouse.gov/sites/default/files/omb/assets/a123/a123_appx-c.pdf.

above the income limit). Head Start programs are required to verify family income before determining a child is eligible to participate in the program.⁷⁰ Head Start employees must complete two actions when verifying family income. First, a Head Start employee must examine individual Income Tax Form 1040, W-2 forms, pay stubs, written statements from employers, or documentation showing current status of recipients of public assistance. Second, any employee who makes the determination of income-based eligibility must sign a statement attesting to (1) his/her review of the specific income documents and (2) the determination that the child is eligible to participate on the basis of family income. The signed income verification form is required before a child can be accepted into a Head Start (or Early Head Start) program and this form must be retained as part of the child's official record.⁷¹ However, under current law and regulation, programs are not required to maintain the source documentation (e.g., tax forms, pay stubs, etc.) used for determining income eligibility in the child's record. HHS has strongly encouraged grantees to maintain these materials in the child's record⁷² and has proposed (via the Notice of Proposed Rulemaking released in March 2011) making this a formal program requirement. The final rule on eligibility documentation procedures is pending (see related discussion in the section titled "Proposed Rule on Eligibility Documentation").

Pursuant to current policy, any child may apply for Head Start without regard to immigration or citizenship status. This is because Head Start has not been interpreted as a federal public benefit.⁷³ In addition, federal statute does not require or authorize the collection of social security numbers for Head Start families.⁷⁴

Error Rate Methodology and Findings

For the FY2012 national error rate study, roughly 50 programs were selected for review through a stratified random sample, in which programs were divided into strata by size of enrollment.⁷⁵ HHS used a systematic sampling scheme to identify a selection of records to be reviewed for each of the roughly 50 programs in the sample (a total of 11,411 records in FY2012). Reviewers examined each sample child's folder to determine if the child was ineligible for the program. A child was deemed ineligible if (1) there was not a signed statement by a Head Start employee stating the child was eligible to participate or (2) there was income documentation in the child's folder that, in the reviewer's judgment, suggested the child was not Head Start eligible.

The FY2012 error rate was 0.58%, or about \$46.2 million in erroneous payments, which is a decrease from the FY2011 error rate of 0.61% and the FY2010 error rate of 1.7%.⁷⁶

⁷⁰ 45 C.F.R. 1305.4.

⁷¹ Required by federal regulations codified at 45 C.F.R. 1305.4(e).

⁷² See ACF-PI-HS-10-02, *Income Eligibility for Enrollment in head Start and Early Head Start Programs*, issued on May 10, 2010, http://eclkc.ohs.acf.hhs.gov/hslc/standards/PIs/2010/resour_pri_002_051010.html.

⁷³ *Federal Register*, Vol. 63, No. 14, August 4, 1998, pp. 41659. See also related policy instructions in CCDF-ACF-PI-2008-01 and ACYF-PI-CC-98-0.

⁷⁴ See HHS policy clarification OHS-PC-I-041.

⁷⁵ U.S. Department of Health and Human Services, *FY2012 Agency Financial Report*, November 15, 2012, pp. 194-195, http://www.hhs.gov/afr/hhs_agency_financial_report_fy_2012-oai.pdf.

⁷⁶ *Ibid.*, p. 165. For the FY2010 error rate, see U.S. Department of Health and Human Services, *FY2010 Agency Financial Report*, November 16, 2009, pp. III-31, <http://www.hhs.gov/afr/2010-sectioniii-oai.pdf>. Note that the FY2010 study also included an examination of the new Tier 2 income eligibility rules (that is, the rules making families with income between 100% and 130% of the FPL eligible in certain circumstances). The study found that no programs had exceeded the allowed 35% enrollment threshold for this group of children.

Proposed Rule on Eligibility Documentation

In March 2011, HHS released a Notice of Proposed Rulemaking (NPRM) on eligibility documentation in the Head Start program.⁷⁷ The public had 30 days to comment on the proposed rule. The final rule on eligibility documentation is pending.

The NPRM proposed a number of changes to procedures used to determine, verify, certify, and document eligibility for program enrollment. For instance, the NPRM proposes requiring applicants to certify that they have submitted factual and accurate documents. Likewise, the NPRM proposes requiring program staff to certify that the information used in determining eligibility is accurate to the best of their knowledge. Under the NPRM, staff would also be required to maintain eligibility determination records (something that is encouraged, but not required, under current policy). In addition, the NPRM would apply verification and documentation procedures to determinations of both income eligibility and categorical eligibility (e.g., homelessness, foster child status, receipt of public assistance). This is a change from current regulations, which only apply verification procedures to income eligibility. In addition, the NPRM also includes a proposal to require Head Start programs to provide staff with training on eligibility determination requirements and the legal consequences of committing fraud.

Compliance with Health and Safety Requirements

Federal regulations require all Head Start grantees to ensure that their facilities comply with applicable state and local licensing requirements.⁷⁸ If these licensing standards are less comprehensive or less stringent than Head Start requirements or if no state or local licensing standards are applicable, grantees must ensure that their facilities comply with the Head Start Program Performance Standards related to health and safety.⁷⁹

The Head Start Program Performance Standards include a number of health and safety provisions, including requirements related to the maintenance, repair, safety, and security of all Head Start facilities, materials, and equipment.⁸⁰ For instance, grantees must ensure that indoor and outdoor premises are cleaned daily and kept free from undesirable and hazardous materials and conditions. In addition, grantees must conduct annual safety inspections to ensure that each facility's space, light, ventilation, heat, and other physical arrangements are consistent with the health, safety, and developmental needs of the children (e.g., paint coatings on interior and exterior premises used for the care of children must not contain hazardous quantities of lead).

Separately, the Head Start Act prohibits grantees from hiring an individual without obtaining (1) a state, tribal, or federal criminal record check covering all jurisdictions where the grantee provides Head Start services to children; (2) a state, tribal, or federal criminal record check as required by the law of the jurisdiction where the grantee provides Head Start services; or (3) a criminal record check as otherwise required by federal law.⁸¹ Federal regulations require Head Start grantees to

⁷⁷ U.S. Department of Health and Human Services, Administration for Children and Families, "Notice of Proposed Rulemaking on Eligibility Requirements and Documentation," *76 Federal Register* 14841-14855, March 18, 2011.

⁷⁸ 45 C.F.R. 1306.30(c).

⁷⁹ 45 C.F.R. 1306.30(c).

⁸⁰ 45 C.F.R. 1304.53(a).

⁸¹ §648A(g) of the Head Start Act.

ensure each staff member has an initial health examination (including a tuberculosis screening)⁸² and that a medical examination has been conducted on bus drivers before they begin work.⁸³

In FY2010, the HHS Office of the Inspector General (OIG) conducted a series of audits to assess the health and safety of children who attend Head Start programs. The audits were done at the request of the HHS Administration for Children and Families (ACF). Head Start grantees were chosen for audits based on prior risk analyses and discussions with ACF officials. OIG auditors reviewed (1) federal and state laws, requirements, and policies related to federal grant awards and Head Start programs, and (2) the grantee's current Head Start award information, the grantee's files on its current Head Start employees, and the grantee's documentation of fire and sanitation inspections.

Following these investigations, the OIG published over 20 audits on Head Start grantees' compliance with federal and state requirements related to ensuring the health and safety of children in their care.⁸⁴ In general, the OIG found that Head Start grantees complied with many, but not all, federal and state health and safety requirements. The most common violations included (1) not completing or properly documenting criminal background checks on Head Start employees, (2) employing bus drivers without proper health checks and training, (3) failing to properly store unsafe materials and equipment, and (4) not providing a secure environment for the children in their care.

Early Childhood Collaboration

Despite its federal-to-local program structure, the Head Start community has long recognized that the states play an important role in the formulation and implementation of policies and initiatives that affect low-income children and their families. Rules and regulations related to child care providers, for instance, are largely dictated and enforced by state entities. The 1998 Head Start reauthorization law encouraged collaboration between child care and Head Start, and promoted the development of unified early education and child care plans that would increase the availability of full-time services. The 1998 amendments also directed the Secretary of HHS to identify barriers to collaboration and to develop a mechanism for resolving programmatic conflicts, and to provide technical assistance related to the provision of full-day, full-year services. In addition, factors to be considered in awarding Head Start expansion grants, under the 1998 amendments, included the applicant's ability to coordinate with other community child care providers and preschool programs to provide full-day, full-year services. Moreover, the law authorized Head Start agencies to charge fees for extended-day services provided to children, if necessary, as part of a collaboration with another agency.

State Collaboration Grants

In 1990, HHS awarded its first wave of Head Start Collaboration grants. These grants were intended to facilitate collaboration among Head Start agencies and other state or local entities that carry out activities designed to benefit low-income children from birth to school entry and their families. The 2007 reauthorization law built upon previous provisions to strengthen collaboration

⁸² 45 C.F.R. 1304.52(k)(1).

⁸³ 45 C.F.R. 1310.16(b)(3).

⁸⁴ For a summary of these audits, see the HHS OIG semiannual reports for FY2010, both available online at <http://oig.hhs.gov/publications/semiannual.asp>. For direct access to individual grantee audits, visit the HHS OIG website at http://oig.hhs.gov/oas/acf_archive.asp. For the final summary report on these health and safety audits, visit <http://oig.hhs.gov/oas/reports/region10/11102503.pdf>.

among Head Start and other programs that deliver early childhood services. The law called for Head Start agencies to collaborate with local education agencies to foster smooth transition of Head Start children into pre-kindergarten or kindergarten. In addition, to the extent that there is a publicly funded preschool program in a Head Start grantee's service area, the Head Start agency is expected to enter into a memorandum of understanding with the agency managing that preschool program. The reauthorization law also included a set-aside for state collaboration grants as part of the program's revised allocation formula.

State Advisory Councils for Early Childhood Care and Education

The 2007 reauthorization law included a new requirement for governors to establish State Advisory Councils on Early Childhood Education and Care (hereinafter referred to as State Advisory Councils, or SACs) for children from birth to school entry. These councils are intended to improve coordination across critical early childhood programs within each state and are expected to have representation from a broad spectrum of stakeholders, ranging from the state child care and education agencies to agencies responsible for health and mental health care.

Statute requires State Advisory Councils to conduct seven specific activities:

1. Conduct a periodic statewide needs assessment on the quality and the availability of high quality early childhood care and education;
2. Identify opportunities for, and barriers to, collaboration and coordination among federally funded and state-funded child development, child care, and early childhood education programs;
3. Develop recommendations for increasing the participation of children in existing federal, state, and local early childhood education and child care programs, including outreach to underrepresented and special populations;
4. Develop recommendations for establishing a unified data collection system for publicly funded early childhood care and education programs;
5. Develop recommendations for a statewide professional development and career plan for early childhood education and care;
6. Assess the capacity and effectiveness of two- and four-year public and private institutions of higher education to support the career development of early childhood educators; and
7. Make recommendations for improvements in state early learning standards and undertake efforts to develop high-quality comprehensive early learning standards, as appropriate.

Start-Up Grants

Based on the availability of funding, the Head Start Act allowed HHS to award, on a competitive basis, one-time start-up grants of \$500,000 or more to states for the development or enhancement of high-quality systems of early childhood education and care that are designed to improve school preparedness. The American Recovery and Reinvestment Act (P.L. 111-5) made \$100 million available for these start-up grants for the first time in FY2009. In order to receive their share of funds, states were required to submit applications by the end of August 2010. However, not all states applied for funds and not all of the submitted applications successfully met Head Start Act requirements. Ultimately, HHS reported awarding state advisory council funding to all but five

states and two territories (see **Table 5**).⁸⁵ All funds were awarded by September 2010 for a project period running from 2010-2013.

Application Process

To be eligible for SAC start-up funds, states were required to have a governor-designated State Advisory Council, be able to provide non-federal matching funds⁸⁶ at a rate of 70%, and submit a three-year state plan and application in accordance with the standards detailed in the Head Start Act. The plans and applications submitted by states to HHS were required to include (1) a copy of the State Advisory Council's statewide strategic report,⁸⁷ (2) a description of how the state intended to use start-up funds (and related non-federal match) to support the council's mission, (3) a description of the state's early learning standards, (4) a summary of the state's goals for increasing the number of children entering kindergarten ready to learn, (5) information identifying the agency (or joint interagency office) and individual designated by the governor to carry out the start-up grant activities, and (6) an explanation of how the state planned to sustain activities beyond the three-year grant period. In addition, the Head Start Act required states to hold public hearings and provide an opportunity for public comment prior to submitting the strategic report with their application.⁸⁸

Implementation Status

The states and territories that were awarded start-up grants (**Table 5**) were required to submit interim and final reports to HHS. HHS released the interim status report on the activities of State Advisory Councils in April 2013.⁸⁹ The report provides a brief overview of the composition of these councils (e.g., membership, structure), as well as a status update on their work in the seven required areas listed above. The report also highlights several projects initiated by SACs in non-required areas, such as the development of kindergarten entry assessments, Quality Rating and Improvement Systems (QRIS), activities designed to support the health and mental health of young children, and strategies for increasing parent, family, and community engagement. Finally, the status report also presents an overview of the challenges some states have encountered in their efforts to carry out SAC requirements, such as gubernatorial transitions, state legislative schedules, state procurement and hiring procedures, and data systems development.⁹⁰

⁸⁵ The states and territories that did not receive state advisory council funds were: Alaska, Idaho, Indiana, North Dakota, South Dakota, the Northern Mariana Islands, and the Republic of Palau.

⁸⁶ The non-federal share may include state, local, or private contributions that benefit the federally assisted project. The non-federal share may be met by cash or in-kind contributions, including, but not limited, to investments in early childhood education and development programs, professional development, recruitment and retention of the early childhood workforce, planning and establishing unified data collection systems, and conducting statewide needs assessments. In addition, states may use in-kind contributions of real property, equipment, and supplies as well as services, fairly valued, provided by state employees, consultants, and Advisory Committee members with direct and tangible benefits for the State Advisory Council program.

⁸⁷ In answering frequently asked questions, HHS noted that councils do not need to have completed their full statewide needs assessment prior to submitting an application for start-up funds. A state would have to have at least *begun* the process of assessing the needs of the state, however, to the degree it was necessary to submit an application with a strategic report.

⁸⁸ §642B(b)(1)(D)(ii).

⁸⁹ ACF, *SAC Status Report*, 2013.

⁹⁰ *Ibid.*, p. 9.

Table 5. State Advisory Council Grant Awards
Funding in Dollars

State/Territory	Applicant	Award
Alabama	Alabama Department of Children Affairs	1,962,262
Alaska	-	0
Arizona	Arizona Early Childhood Development and Health Board	2,489,746
Arkansas	Arkansas Department of Human Services	1,174,518
California	California Dept of Education	10,818,235
Colorado	State of Colorado	1,493,912
Connecticut	Connecticut State Department of Education	747,251
Delaware	State of Delaware	664,277
Dist. of Columbia	DC Office of the State Superintendent of Education	664,277
Florida	Agency for Workforce Innovation	4,983,079
Georgia	Georgia Dept. of Early Care and Learning	3,640,589
Hawaii	State of Hawaii	664,277
Idaho	-	0
Illinois	State of Illinois	3,748,357
Indiana	-	0
Iowa	Iowa Department of Management	869,802
Kansas	Kansas Dept of Social and Rehabilitation Services	975,320
Kentucky	Kentucky Education and Workforce Development Cabinet	1,729,908
Louisiana	Louisiana State Dept. of Children and Family Services	2,164,300
Maine	Maine State Department of Health and Human Services	664,277
Maryland	Maryland State Department of Education	1,060,163
Massachusetts	Massachusetts Department of Early Education and Care	1,301,837
Michigan	The Michigan Early Childhood Investment Corporation	3,057,829
Minnesota	Minnesota Department of Education	1,210,567
Mississippi	Mississippi Department of Human Services	1,685,344
Missouri	Coordinating Board for Early Childhood	888,524
Montana	Montana Department of Public Health and Human Services	664,277
Nebraska	Nebraska Department of Education	500,000
Nevada	Nevada State Department of Health and Human Services	787,744
New Hampshire	New Hampshire Dept of Health and Human Services	664,277
New Jersey	State of New Jersey Department of Education	1,758,511
New Mexico	New Mexico Early Systems	1,021,919
New York	Children & Family Services, New York State Office	5,588,550
North Carolina	North Carolina Office of the Governor	3,217,338
North Dakota	-	0

State/Territory	Applicant	Award
Ohio	Ohio Department of Job and Family Services	3,676,048
Oklahoma	Oklahoma Partnership for School Readiness Foundation	1,670,882
Oregon	Oregon Department of Human Services	1,165,038
Pennsylvania	Comm. Of Pennsylvania, Office of Child Dev. & Early Learning	3,184,558
Rhode Island	Rhode Island Dept of Elementary and Secondary Education	664,277
South Carolina	South Carolina First Steps to School Readiness	1,792,576 ^a
South Dakota	-	0
Tennessee	State of Tennessee	2,418,400
Texas	University of Texas Health Science Center at Houston, TX	11,274,474
Utah	State of Utah, Early Childhood Education & Care	695,884
Vermont	State of Vermont	664,277
Virginia	Virginia Department of Social Services	1,216,890
Washington	Washington State Department of Early Learning	1,706,341
West Virginia	West Virginia Department of Education and the Arts	806,491
Wisconsin	State of Wisconsin Department of Children and Families	1,436,600
Wyoming	Wyoming Department of Family Services	500,000
American Samoa	American Samoa Government	664,277
Guam	University of Guam	664,277
No. Mariana Islands	-	0
Palau	-	0
Puerto Rico	ACUDEN Admin. For Integral Child Care and Development	2,273,137
Virgin Islands	Early Childhood Advisory Committee	664,277
Total		99,999,971

Source: Table prepared by CRS, based on data provided to CRS by the Office of Head Start at the HHS Administration for Children and Families.

Notes: HHS originally allotted advisory council funding based on a three-year average (2005-2007) of data from the American Community Survey on the number and percent of children under age five who are in poverty, by state. States were given the opportunity to apply for an amount of funding at or below their original allotment. Pursuant to successful applications, HHS made a second round of awards to states who were interested in supplemental funding (six states did not receive supplemental funding: Arkansas, Nebraska, Texas, Utah, Wyoming, and Puerto Rico). The figures in this table represent the total funds awarded by state.

a. Under the leadership of former Governor Sanford, South Carolina applied for and received a grant in 2010. However, under the leadership of Governor Haley, South Carolina returned remaining funds 2011.

Centers of Excellence in Early Childhood

The 2007 reauthorization law authorized the Secretary of HHS to establish a program to designate up to 200 exemplary Head Start agencies (including Early Head Start, as well as AIAN and MSHS programs) as Centers of Excellence in Early Childhood, commonly referred to as “Centers of Excellence.” Agencies designated by the Secretary as Centers of Excellence are eligible to receive bonus grants of at least \$200,000 a year for a five-year term, subject to the availability of

funds. The designated Centers of Excellence must use at least 15% of their bonus grant to disseminate information on best practices throughout the state. Remaining funds may be used for a variety of activities, such as providing Head Start services to additional children, offering professional development, increasing coordination across programs, or smoothing transitions between Head Start programs and elementary schools.

The Centers of Excellence designation process is competitive. In order for an agency to be considered, it must first be nominated by the governor of a state or, in the case of AIAN and MSHS programs, by the head of the appropriate regional HHS office. Implementation of the Centers of Excellence program is subject to availability of funds. The FY2009 Omnibus Appropriations Act (P.L. 111-8) included \$2 million for this program. To date, this is the only time funds have been appropriated for this purpose. The FY2009 Omnibus made these funds available for obligation through September 30, 2010. Applications were due to HHS by July 12, 2010. On September 21, 2010, HHS issued a press release announcing that 10 programs had been selected to receive funding as Centers of Excellence.⁹¹ The following year, on September 30, 2011, HHS issued a press release announcing 10 new Centers of Excellence.⁹² Unlike the Centers of Excellence announced in 2010, these new centers did not receive special funding. See **Table 6** for a list of the Centers of Excellence designated in 2010 and 2011.

Table 6. Centers of Excellence in Early Childhood

Designated in 2010 and 2011

2010 Designations	Location
Jefferson County Committee for Economic Opportunity	Birmingham, AL
Clayton Educare Early Head Start	Denver, CO
Audubon Area Community Services, Inc.	Owensboro, KY
YMCA of Central Maryland	Baltimore, MD
Baraga-Houghton-Keweenaw Child Development Board, Inc.	Houghton MI
The Enola Group	Morganton, NC
Youth Development, Inc.	Albuquerque, NM
Chautauqua Opportunities, Inc.	Dunkirk, NY
Knox County Head Start	Mount Vernon, OH
Private Industry Council of Westmoreland & Fayette, Inc.	Greensburg, PA
2011 Designations	Location
Central California Migrant Head Start Program (MSHS)	Modesto, CA
Project NOW, Inc.	Rock Island, IL
Mid-Iowa Community Action, Inc.	Marshalltown, IA

⁹¹ U.S. Department of Health and Human Services, Administration for Children and Families, “HHS Announces Centers of Excellence in Early Childhood,” press release, September 21, 2010, <http://www.acf.hhs.gov/press/hhs-announces-national-effort-to-reshape-and-raise-quality-in-head-start>. For more information on these Centers of Excellence, see http://eclkc.ohs.acf.hhs.gov/hslc/sr/quality/HHS_Announces_Centers_Of_Excellence.pdf.

⁹² U.S. Department of Health and Human Services, Administration for Children and Families, “ACF’s Office of Head Start Names Ten Additional Centers of Excellence in Early Childhood,” press release, September 30, 2011, <http://www.acf.hhs.gov/press/centers-of-excellence-9-30-2011>. For more information on these Centers of Excellence, see http://eclkc.ohs.acf.hhs.gov/hslc/sr/quality/hhs_2011_centers-of-excellence.pdf.

2010 Designations	Location
Board of Regents, University of Nevada	Reno, NV
Pueblo of Laguna, Department of Education (AIAN)	Laguna, NM
Westchester Community Opportunity Program, Inc.	Elmsford, NY
Community Action Project of Tulsa County	Tulsa, OK
Little Dixie Community Action Agency	Hugo, OK
Diocese of Mayaguez	Mayaguez, PR
City of Chattanooga, Human Services	Chattanooga, TN

Source: Table prepared by the Congressional Research Service based on information available at http://eclkc.ohs.acf.hhs.gov/hslc/sr/quality/HHS_Announces_Centers_Of_Excellence.pdf (2010) and http://eclkc.ohs.acf.hhs.gov/hslc/sr/quality/hhs_2011_centers-of-excellence.pdf (2011).

Federal Head Start Evaluations

Two comprehensive Head Start evaluation studies, the Family and Children Experiences Survey (FACES) and the National Impact Study, are designed to measure the effectiveness of the Head Start program.

FACES

FACES, initially launched in 1997 (with the most recent cohort starting in fall 2009), is a periodic, longitudinal study of successive nationally representative samples of children and families in Head Start programs. The purpose of the study is to provide descriptions of the cognitive, social-emotional, and physical development of Head Start children; the characteristics, well-being, and accomplishments of families; the observed quality of Head Start classrooms; and the characteristics, needs, and opinions of Head Start teachers and other program staff. Children and parents are studied at entry into the program, followed for one or two years of program participation, and followed up at the end of the child’s kindergarten year. To date, FACES cohorts have been initiated in 1997, 2000, 2003, 2006, and 2009.⁹³

Head Start Impact Study

The National Impact Study, first mandated by the 1998 reauthorization law (P.L. 105-285), is designed to provide a national analysis of the impact of Head Start on the development and school-readiness of low-income children. The study randomly assigned children to Head Start and non-Head Start groups, with attention being paid to the type and quality of other care and services that the control group receives. Data collection began in fall 2002 and continued through spring 2008, following children from program application through the end of 3rd grade.

⁹³ For information on recent findings from the FACES study research team, visit the FACES Project Overview homepage at <http://www.acf.hhs.gov/programs/opre/research/project/head-start-family-and-child-experiences-survey-faces-1997-2013>.

Third Grade Follow-Up

HHS released the latest results from this study in October 2012.⁹⁴ The October 2012 report examined impacts at the end of third grade in four broad domains: cognitive development, social-emotional development, health, and parenting practices. The study found little evidence of sustained effects of participation in Head Start, and concluded that while access to Head Start had a positive impact on children’s preschool experiences, it made little difference in children’s early elementary school experience (with limited exceptions).

The few Head Start impacts found at the end of third grade did not show a clear pattern of favorable or unfavorable impacts for children. For instance:

- **Cognitive Domain:** Evidence of favorable impacts from earlier studies had largely been wiped out by the end of third grade, with a single favorable cognitive impact (reading) remaining for children in the four-year-old cohort and one unfavorable impact (grade promotion—i.e., the rate at which children are promoted from one grade to the next) remaining for the three-year-old cohort.
- **Social-Emotional Development Domain:** Findings at the end of the third grade were mixed for the four-year-old cohort depending on the source: parents reported a favorable impact (fewer behavior problems), while teachers and the children’s self-reports indicated some unfavorable impacts (e.g., more problems in teacher-child relationships and in peer relations). For the three-year-old cohort, meanwhile, parents consistently reported favorable social-emotional impacts, including at the end of third grade (e.g., less hyperactive/problem behavior, better social skills, and positive approaches to learning).
- **Health Domain:** Early favorable impacts at the end of preschool and first grade had disappeared by the end of third grade, with no health impacts at all remaining for either age cohort.
- **Parenting Domain:** Some favorable impacts remained for both cohorts at the end of third grade, including more time spent with the child among the four-year-old cohort and increases in authoritative parenting (characterized as high control and high warmth) among the three-year-old cohort.

Separately, the study found evidence of some sustained impacts through third grade for certain subgroups of children. For instance, compared to their peers, children in the three-year-old cohort (1) from high risk households and (2) with parents who reported no depressive symptoms, both demonstrated sustained cognitive impacts across all years from Head Start participation through third grade. Meanwhile, among the four-year-old cohort, children of parents who reported mild depressive symptoms demonstrated favorable cognitive impacts through the end of third grade. In addition to several other positive findings across subgroups, the study also identified some unfavorable impacts on subgroups that were sustained through third grade. For instance, based on teacher reports, the study found unfavorable impacts in the social-emotional domain for white children in the four-year-old cohort and children of parents with mild depressive symptoms in the three-year-old cohort.

⁹⁴ U.S. Department of Health and Human Services, Administration for Children and Families, *Third Grade Follow-up to the Head Start Impact Study: Final Report*, Washington, DC, October 2012, http://www.acf.hhs.gov/sites/default/files/opre/head_start_report.pdf.

First Year of Participation and First Grade Follow-Up

HHS released the results from the first grade follow-up study in January 2010.⁹⁵ The report examined the average impact of access to Head Start from the child's program year through first grade.

Findings show that providing access to Head Start had positive benefits for both three-year-olds and four-year-olds in cognitive, health, and parenting domains, and for three-year-olds in the social-emotional domain. For the four-year-old group, benefits at the end of the Head Start year were concentrated in language and literacy elements of the cognitive domain. There was also an impact on access to dental care in the health domain. For the three-year-old cohort, meanwhile, benefits were found in all four domains (cognitive, health, parenting, and social-emotional) at the end of the program year and the subsequent year (i.e., at the end of the age three and age four program years, regardless of whether the child participated in a second year of Head Start).

Findings suggest that the benefits of access to Head Start at age four are largely absent by 1st grade for the program population as a whole. For children who participated as three-year-olds, however, a few benefits were sustained into first grade. For instance, access to the program appeared to result in improved parent-child relationships through first grade. In addition, the study found that several subgroups of children experienced sustained benefits from Head Start into first grade, including (1) children from the three-year-old cohort whose parents had been told their child has special needs or disabilities, (2) children with the lowest cognitive skills upon entering Head Start, and (3) children in the three-year-old cohort from non-urban communities.

Note on the Impact Study Control Group

When considering the findings from the Head Start Impact Study, it is important to remember that the study evaluated the Head Start program against a mixture of alternative care settings rather than against a condition of "no services" or a parental-care-only condition. According to the Impact Study reports, about 60% of the control group children participated in some form of child care or early education programs during the first year of the study.⁹⁶

Past Proposals to Transfer Head Start to the Department of Education

At the federal level, Head Start is administered by HHS. However, there has been some interest in transferring federal administration of the Head Start program to the U.S. Department of Education. In 1978, for instance, President Carter proposed to transfer Head Start to the Department of Education. Although the Reagan Administration tried to include Head Start in a block grant, President George W. Bush is the only President since Carter to have recommended a transfer of Head Start to the Department of Education. He did so in his FY2004 President's Budget, contending that it was necessary "in order to improve coordination between Head Start and other Federal, State, and local programs affecting pre-school children."⁹⁷ However, such a transition would have required a change to the Head Start statute and Congress chose not to act

⁹⁵ U.S. Department of Health and Human Services, Administration for Children and Families, *Head Start Impact Study: Final Report*, Washington, DC, January 2010, http://www.acf.hhs.gov/programs/opre/hs/impact_study/index.html.

⁹⁶ U.S. Department of Health and Human Services, Administration for Children and Families, *Third Grade Follow-up to the Head Start Impact Study: Final Report*, Washington, DC, October 2012, p. xv.

⁹⁷ See *Fiscal Year 2004 Budget of the U.S. Government: Analytical Perspectives*, p. 251.

on this proposal. The FY2005 President's Budget did not re-propose the plan to transfer the Head Start program from HHS, nor have any subsequent budgets.

During his 2000 presidential campaign, George W. Bush proposed moving the Head Start program from HHS to the Department of Education as part of an effort to prioritize the education (school-readiness) component of Head Start over the health, nutrition, and social service components of the program. President Bush proposed a Reading First reform agenda aimed at making pre-reading and numeracy skills Head Start's top priority. By also supporting an early childhood reading initiative in the Department of Education, along with a reading program focused on children in kindergarten through 2nd grade who are at risk of falling behind, the President's goal was to ensure that young children participating in existing preschool and Head Start programs would be able to read by the time they reach 3rd grade.

By contrast, many Head Start advocates believed that the Head Start program should remain in HHS. Because Head Start offers a wide variety of services beyond traditional education, there was concern that transferring the program to the Department of Education could restrict Head Start to a narrow, classroom program without the broad array of human services currently provided. Opponents of the shift further suggested that moving the program from an agency where children receive comprehensive services to one focused on education would compromise the parental and community action strengths of Head Start.

When promoting the proposal in the FY2004 President's Budget, an aide to President Bush offered assurances that the proposed move was not intended to interrupt any of the social service components but rather to stress the most important part of Head Start, which the President believed was literacy development. The President described the proposed transfer as consistent with his priorities and expressed his hope that moving the program to the Department of Education would increase the chances of making every child a proficient reader by 3rd grade. Some of those in favor of keeping Head Start in HHS argued that Head Start currently focuses on getting children ready for school, including readiness in language and early literacy.

Final Rule on Head Start Transportation Waivers

On October 4, 2006, a final rule was published in the *Federal Register*⁹⁸ authorizing HHS to issue waivers to Head Start grantees from two of the provisions of the Head Start Transportation Regulation (45 C.F.R. Part 1310), effective November 1, 2006. These two requirements are that children be secured in age- and weight-appropriate child restraint systems and that at least one monitor be onboard any bus transporting Head Start children.⁹⁹

On June 15, 2006, President George W. Bush signed legislation (P.L. 109-234) that included a provision extending the deadline (from June 30 to December 30, 2006) for Head Start grantees to comply with requirements included in the Head Start transportation regulations (45 C.F.R. Part 1310.12), namely, equipping allowable Head Start vehicles with child safety restraints.

⁹⁸ *Federal Register*, Vol. 71, No. 192, October 4, 2006, pp. 58533-58536.

⁹⁹ On August 28, 2006, the Government Accountability Office (GAO) released *Head Start: Progress and Challenges in Implementing Transportation Regulations* (GAO-06-767R), a report conveying information provided by GAO to requesting Congressional staff on May 16, 2006. The report may be accessed at <http://www.gao.gov/new.items/d06767r.pdf>.

Termination of the National Reporting System

The National Reporting System (NRS), implemented for the first time in fall 2003, was designed to assess Head Start four- and five-year-olds twice a year on educational performance measures that were included in legislation as part of the 1998 reauthorization of Head Start (P.L. 105-285, §108 (b)(5)). A May 2005 report from the Government Accountability Office (GAO) provided recommendations for improving the implementation of the system.¹⁰⁰ On February 12, 2007, HHS released a report from the Advisory Committee on Head Start Accountability and Educational Performance Measures, a group established by the Secretary in 2004.¹⁰¹ That report provided recommendations for the integration of the NRS with other ongoing assessments. However, the 2007 reauthorization law instructed the Secretary of HHS to suspend implementation and terminate further development and use of the NRS.

¹⁰⁰ Government Accountability Office, *Head Start: Further Development Could Allow Results of New Test to Be Used for Decision Making*, May 2005, GAO-05-343, <http://www.gao.gov/new.items/d05343.pdf>.

¹⁰¹ Secretary of Health and Human Services Advisory Committee on Head Start Accountability and Educational Performance Measures, January 2007, http://www.acf.hhs.gov/programs/hsb/budget/AdvCmteSep05/FINAL_SAC_NRS_Report_Jan2007.pdf.

Appendix A. Legislative History: Path to the 2007 Reauthorization

The Improving Head Start for School Readiness Act of 2007 (P.L. 110-134) marks the most recent reauthorization of the Head Start program since legislation in 1998 (P.L. 105-285) authorized the program for FY1998-FY2003. During the intervening years between FY2003 and FY2008, Head Start continued to receive funding, even though attempts in the 108th and 109th Congresses to reauthorize it were not successful.

Reauthorization Efforts During the 108th Congress

Efforts to pass reauthorization legislation in the 108th Congress were not fully successful, as the House narrowly passed its bill (H.R. 2210, 108th Congress) by one vote, and a markedly different bill emerged out of committee in the Senate (S. 1940, 108th Congress), but was never brought to the floor. The House bill's passage followed a heated debate over proposals to allow state administration of Head Start in up to eight qualifying states, and to allow discrimination in employment of Head Start staff based on religion. The Senate bill contained neither of those controversial provisions. Both bills proposed to increase competition for Head Start grants and also to foster greater collaboration between Head Start and other entities providing early childhood services at the state and local level. Likewise, both bills proposed to increase staff qualifications beyond the levels required by the legislation enacted in 1998.

The School Readiness Act of 2003 (H.R. 2210)

H.R. 2210, as amended by the full Committee on Education and the Workforce on June 19, 2003, included two titles; the first would have amended sections of the 1998 Head Start law, and the second would have introduced a new option for eight qualifying states to administer their own federal Head Start funds. (The bill as originally introduced would have provided this option to all qualifying states but as amended would have limited the option to eight qualifying states over the five-year period of the legislation.) H.R. 2210 was reported from the full Committee on Education and the Workforce with a vote of 27 (Republicans) to 20 (Democrats), and subsequently was passed by the House by a one-vote margin of 217-216. Prior to passage, Representative George Miller offered a substitute bill on the floor that proposed to retain the changes to Title I as included in H.R. 2210, with the exception of the bill language allowing discrimination in employment based on religion. The substitute bill would have struck Title II (the section proposing state demonstration projects). The Miller amendment failed by a vote of 200-229.

Major features of the bill's Title I ("Program Improvements") included increased credentials for Head Start teachers; a 2% cap on the percentage of funds to be reserved for training and technical assistance (1998 law set the floor at 2%); increased requirements to promote collaboration and coordination among early childhood programs; a 60% set-aside of excess appropriation funds for quality improvement; a requirement that at least 10% of the total Head Start appropriation be reserved for Early Head Start; and new language that would explicitly allow faith-based Head Start programs to discriminate in hiring, based on religion (§116).

Title II ("State Demonstration Program") of the bill contained provisions that would have allowed up to eight qualifying states to participate in "state demonstration programs" in which their allocation of federal Head Start funding would be administered by the state. To qualify, a state would have had to have an existing state-supported system of public-pre-kindergarten; standards

for school readiness that are aligned with state kindergarten through grade 12; prior-year state and local spending at a level of at least 50% of the federal Head Start funds to be allocated to the state; and an established “means” for interagency coordination and collaboration. States would have been required to demonstrate that their standards “generally meet or exceed the standards that ensure the quality and effectiveness of programs operated by Head Start agencies.”

State Pilot Program Resembled Administration Proposal

The House proposal to allow up to eight states to administer their Head Start programs closely resembled an Administration proposal advanced in President George W. Bush’s FY2005 Budget Request, which would have allowed up to nine states to serve in this capacity.

President George W. Bush’s nine-state pilot project proposal, first introduced in the FY2005 budget, was preceded by his more expansive proposal for FY2004, which would have allowed *all* states the option to administer Head Start, provided they fulfilled certain criteria. That initial proposal, issued on February 3, 2003, alongside release of the President’s FY2004 Budget, was included in a press release announcing the President’s proposal to make changes to the Head Start program.¹⁰² This was followed by a White House document outlining the Administration’s assessment of the status of the Head Start program and its plans for the program in the future.¹⁰³ The Administration stated that the top goal of the Head Start reauthorization should be to improve both Head Start and other preschool programs to ensure that children are prepared to enter kindergarten. The President asserted that states should have the opportunity to administer the program, provided they demonstrate how Head Start will be coordinated with other preschool programs and services to emphasize developing skills and behaviors including language development, pre-reading skills, numeracy, and social and emotional competence, while meeting state-established accountability standards.

Under the President’s proposal, interested states would have submitted a plan for the approval of both HHS *and* the Department of Education, in which they would outline state preschool goals and activities; a state accountability program; an explanation of how the current level of enrollment of Head Start-eligible three- and four-year-olds would be maintained (if not exceeded); information regarding the most recent year’s spending on Head Start and state preschool programs, and assurances that this level would be at a minimum maintained; plans for assuring professional development for staff; and the plans for coordination of programs and funding (state and federal) for the purpose of promoting school readiness. Programs specifically mentioned were Head Start, Early Head Start, Title I preschool, the special education preschool program (IDEA), state-funded preschool, and the Child Care and Development Block Grant.

In his FY2006 budget, the President requested \$45 million to support his initiative to improve Head Start by funding a nine-state pilot project to coordinate Head Start, state preschool programs, and federal child care grants into a comprehensive system of early childhood programs. According to the Administration’s budget documents, coordination is a means of improving preschool programs in general, to help ensure that children enter school prepared to succeed. The nine-state pilot project was intended to assist states with implementing reforms that promote better coordination, and in turn, school readiness.

¹⁰² For additional information, see the press release from the Department of Health and Human Services (HHS), at <http://www.dhhs.gov/news/press/2003pres/20030203.html>.

¹⁰³ This document, entitled “Head Start Policy Book” is available on the White House website: <http://www.whitehouse.gov/infocus/earlychildhood/hspolicybook/summary.html>.

Head Start Improvements for School Readiness Act (S. 1940)

This bill to reauthorize Head Start was introduced and reported by Chairman Gregg of the Senate Health, Education, Labor and Pensions Committee on November 24, 2003. There were significant differences between the House bill (H.R. 2210) and the bill reported by the HELP committee. Most notably, S. 1940 (S.Rept. 108-208), unlike the House-passed H.R. 2210, would not have provided any state the option to administer the Head Start program (nor would it have changed the law with respect to the non-discrimination in hiring provision). A summary of many of the bill's provisions follows.

The bill would have changed the way in which Head Start funds are allocated, allowing not less than 4% to American Indian and Alaskan Native Head Start programs and not less than 5% to Migrant and Seasonal Head Start programs (provided this could be done without reducing the total number of children funded by Head Start). The bill would also have changed the way in which remaining funds (after the set-asides included in the 1998 law, including exactly 2% for training and technical assistance) would be allocated, giving priority to grantees in states serving the smallest percentages of eligible children, and distributing a portion of the funds on a competitive basis. The bill would have provided a 60% set-aside of excess appropriation funds for quality improvement.

The percentage of funds allotted for the Early Head Start program would have been maintained at 10% in FY2004 and would have gradually increased to 18% in FY2009. Collaboration grants would have been awarded to each state by the Secretary, and each state's governor would have designated a State Advisory Council to advise states on collaboration between Head Start and other entities involved with early child care and education.

The bill would have authorized \$90 million for the Secretary to make a maximum of 200 grants (of at least \$100,000 per year for five years) to Head Start agencies nominated by governors as "Centers of Excellence" in early childhood. Grants could have been used for purposes such as furthering best practices, serving more children, and providing additional training for staff.

The bill would have also addressed the population of children eligible for Head Start services by increasing the eligibility level to 130% of the poverty line. Programs would also have been required to keep an active waiting list at all times. S. 1940 would have required monthly enrollment reporting to the Secretary, and if actual enrollment were found to be lower than 95% of funded enrollment for a period of a year, technical assistance would have been required to be provided to alleviate chronic underenrollment. If the underenrollment were to persist after 18 months of technical assistance, the bill would have allowed for the grantee's base grant to be reduced by a percentage reflecting the underenrollment.

The bill would have provided for the Secretary to make training and technical assistance funds available to support a regional or state system of early childhood education and training and technical assistance. The bill also outlined a variety of uses for those funds.

Other provisions in the bill included increasing Head Start staff qualifications and requirements; requiring that school readiness-related goals be established by a Head Start agency before designating it as such; commissioning a National Academy of Sciences panel to review a range of issues related to early childhood care and education (including assessments); and authorizing \$10 million for FY2004 to award grants for tribal college (or university) Head Start partnerships.

Reauthorization Efforts During the 109th Congress

As was the case in the 108th Congress, the Head Start program was not reauthorized by the 109th Congress, despite legislative efforts. In the House, a bill (H.R. 2123) was introduced, amended, and approved by the full House. One of the amendments offered and accepted on the House floor (220-196) was the hotly debated provision to allow faith-based Head Start providers to discriminate in hiring, based on religion. On the Senate side, another bill (S. 1107) was approved (by voice vote) by the full Health, Education, Labor and Pensions Committee, but did not reach the floor.

The House bill would have designated that specified percentages of the total appropriation be reserved for American Indian and Alaskan Native Head Start programs, as well as Migrant and Seasonal programs, and the set-aside for training and technical assistance would be changed from at least 2% to “equal to 2%.” Funding for Early Head Start would have been maintained at 10% for each of FY2006-FY2011.

This House bill would have increased competition for Head Start grants, requiring recompetition every five years for grantees shown to have a deficiency. Grantees without deficiencies would have been designated as priority grantees and would not have been subject to recompetition (in that five-year cycle). Priority grantees would have earned that designation in part by demonstrating active partnerships and collaboration with local educational agencies. The bill would also have required that to be designated as a Head Start grantee, the Head Start agency must establish an independent board of directors, which would have oversight responsibility for all program activities and finances. Although the board would have been required to consult with its policy council (of whom a majority of members must be parents of enrolled or recently enrolled children), policy councils would not have retained their regulatory authority to jointly approve or disapprove of many budget, program, and hiring policies. They would have instead served in an advisory capacity. (On the House floor, Representative Souder offered an amendment that would have maintained the policy councils’ decision-making authority, but it failed by a vote of 153-266.)

H.R. 2123 would have put into law the requirement that each Head Start agency establish procedures for evaluating its delegate agencies, and procedures for, when necessary, defunding them. The bill also would have added to law new provisions regarding reduction of funding for grantees that exhibit chronic underenrollment. Reduction and redistribution of funds would occur only if actual enrollment still failed to reach 95% of funded enrollment after receiving technical assistance attempting to remedy the situation. The House bill also would have made changes to a grantee’s rights with respect to appealing any suspension or termination. Under H.R. 2123, a grantee would have no longer received reimbursement (with federal Head Start funds) for legal fees and other costs associated with waging an appeal.

As a means of improving coordination among Head Start and other state and local early childhood education programs, H.R. 2123 would have required that Head Start agencies enter into a memorandum of understanding with those state and local entities, and align all program activities, curricula, and instruction with state-developed K-12 academic standards.

New standards with respect to staff qualifications and degree requirements were also included in H.R. 2123. This bill would have required that by the end of FY2011, at least 50% of all Head Start teachers in center-based programs have a bachelor of arts or advanced degree in early childhood education; or a B.A. or advanced degree in a related field, with preschool teaching experience.

The bill also adopted the provision to commission a National Academy of Sciences panel to review a range of issues related to early childhood care and education. The panel would have been required to complete its recommendations within 18 months of convening.

The Head Start Improvements for School Readiness Act (S. 1107)

This bill to reauthorize the Head Start Act was introduced by HELP Committee Chairman Enzi on May 23, 2005, and approved by voice vote with no amendments two days later by the HELP Committee.

Under S. 1107, changes would have been made to the way funds are allotted among programs: tribal programs would receive 4% of the entire Head Start appropriation, and Migrant and Seasonal programs 5% (provided that doing so would not reduce the total number of children served by Head Start programs); exactly 2% of funds would be reserved for training and technical assistance; and state allotments would be based on amounts received in FY2005 (updating the “hold harmless” from FY1998) with any remaining funds distributed not by the share of poor children under age five, but instead by apportioning 65% of the remainder among states giving priority to those whose programs serve the lowest percentage of eligible children, and awarding 35% of the remainder on a competitive basis. The percentage of funding reserved for Early Head Start programs would have been increased.

Like the House bill, S. 1107 would have increased competition for grant funds, by requiring grantees to re compete for funding every five years. The bill would have required agencies designated as Head Start grantees to assemble a governing body, which would have been required to receive regular and accurate information about program planning, finances, and performance data, and to work with the grantee’s policy council and committee.

Like the House bill, S. 1107 would have put into law the requirement that each Head Start agency establish procedures for evaluating its delegate agencies and procedures for, when necessary, defunding them. The bill also would have added to law new provisions regarding reduction of funding for grantees that exhibit chronic underenrollment. Reduction and redistribution of funds would occur only if actual enrollment still fails to reach 95% of funded enrollment after receiving technical assistance attempting to remedy the situation.

Similar to the bill introduced in the Senate during the 108th Congress, S. 1107 would have authorized \$90 million for the Secretary to make a maximum of 200 grants to Head Start agencies nominated by governors as “Centers of Excellence” in early childhood.

Staff qualifications and degree requirements for Head Start teachers were also addressed by S. 1107. Among other provisions to increase staff qualifications, the bill would have required (except in cases where a waiver could be granted) that by the end of FY2010, all Head Start teachers in center-based programs have at least an associate degree relating to early childhood (or a related educational area, with coursework relating to early childhood). In states that have established state teacher requirements for their pre-K programs, all Head Start teachers would have been required (by the end of FY2011) to meet those requirements (provided they are not lower than Head Start requirements). For states without established pre-K staff requirements, 50% of Head Start teachers in those states’ programs would have been required to have a B.A. degree relating to early childhood by the end of FY2011. All Head Start teachers would have been required to attend an average of at least 15 hours of professional development a year.

Also adopted from the 108th Congress’ Senate committee bill was the provision increasing income eligibility for Head Start from the poverty line up to 130% of the poverty guideline. Moreover, any homeless child would have been deemed eligible for the program. The bill also

adopted the provision to commission a National Academy of Sciences panel to review a range of issues related to early childhood care and education—including assessments. (During the brief discussion of S. 1107 prior to a voice vote passage, a few Democratic members of the committee did express concern regarding use of the National Reporting System, noting that a May 17, 2005, GAO report called the effectiveness of the assessment system into question.)¹⁰⁴

Reauthorization Achieved in the 110th Congress

Following the unsuccessful efforts by the 108th and 109th Congresses to pass Head Start reauthorization, the 110th Congress embarked on the task. On December 12, 2007, these efforts reached fruition when President George W. Bush signed H.R. 1429 into law as P.L. 110-134.

The original version of H.R. 1429 was introduced in the House by Representative Kildee on March 9, 2007. It was amended in committee (Education and Labor Committee) on March 14, 2007. Amendments rejected by the committee included two controversial (yet familiar) provisions from previous Congresses' reauthorization debates. Representative Fortuño offered the amendment proposing to allow faith-based Head Start agencies to discriminate in hiring based on religion, and after vigorous debate, it failed by a vote of 19-26. Representative Price offered the amendment proposing state pilot projects for up to eight states, and it too failed, by a vote of 18-27. The bill passed the House on May 2, 2007, by a vote of 365-48. Twelve amendments to the committee-reported version of the bill were offered on the House floor, and nine were accepted. The proposal to establish a demonstration program allowing eight states to administer the Head Start program was again offered as an amendment (by Representative Price) but failed 165-254.

One amendment that was frequently referenced during consideration of H.R. 1429, but that had been rejected by the Rules Committee for floor consideration, was the amendment pertaining to faith-based providers' ability to discriminate in hiring. The amendment, submitted by Representative Fortuño, would have allowed faith-based Head Start providers to discriminate in their hiring of Head Start employees, based on religion—overriding a provision in Head Start law that bars this. It also would have stipulated that (1) religious organizations be considered as Head Start providers on the same basis as other nongovernmental organizations and not be discriminated against because of their religious character, (2) faith-based providers can retain their religious character and control of their internal governance, (3) religious providers cannot be required to remove religious symbols and art, (4) federal Head Start funds cannot be used for sectarian worship, instruction, or proselytization, and (5) federal audits of faith-based Head Start providers be limited to federal funds they receive.¹⁰⁵ Although Representative Fortuño's amendment was not approved for floor consideration, a motion was made (by Representative McKeon) during floor debate to return H.R. 1429 to the Education and Labor Committee for further consideration of the provisions in this amendment. The motion failed by a vote of 195-222. The reauthorization measure, H.R. 1429 as amended, subsequently passed the House by a vote of 365-48.

On the Senate side, a Head Start reauthorization bill (S. 556) was originally introduced by Senator Kennedy in February 2007 and was approved and reported by the Senate HELP

¹⁰⁴ Government Accountability Office, *Head Start: Further Development Could Allow Results of New Test to Be Used for Decision Making*, May 2005, GAO-05-343, <http://www.gao.gov/new.items/d05343.pdf>.

¹⁰⁵ Unlike the employment provision, these requirements generally would not reflect a change in current Head Start practices. All but the federal audit provision are addressed in a current Office of Head Start, HHS, policy clarification (OHS-PC-A-001), issued on July 11, 2006, although they are not explicitly covered in Head Start law or regulations; available at http://eclkc.ohs.acf.hhs.gov/hslc/Program%20Design%20and%20Management/Head%20Start%20Requirements/Policy%20Clarifications%20and%20FAQs/a_pc.htm.

Committee (S.Rept. 110-49). On June 19, 2007, the full Senate passed this bill (with technical changes) under the House bill's number, H.R. 1429, by voice vote (under unanimous consent).

On November 9, 2007, House and Senate conferees filed a conference report accompanying H.R. 1429 (H.Rept. 110-439) resolving differences between the House- and Senate-passed versions of a reauthorization measure. The conference report was agreed to on November 14, 2007, and was later signed by the President on December 12, 2007.

Appendix B. ARRA Implementation

Of the \$2.1 billion in Head Start funding appropriated by the ARRA, \$1.1 billion was explicitly directed toward the expansion of Early Head Start programs. The remainder of the appropriation (\$1.0 billion) was to be distributed through the regular Head Start formula. **Table B-1** displays how these funds were allocated, by category. Because the FY2009 Omnibus also provided an increase over FY2009 funding levels, this table displays categorical increases in FY2009 funding by specific appropriation source (e.g., ARRA and Omnibus).

Table B-1. Categorical Allocations of FY2009 Funding Increases, by Funding Source

Dollars in Thousands

Category	ARRA (P.L. 111-5)	Omnibus (P.L. 111-8)	Total
Cost-of-Living Adjustments	121,997	203,581	325,577
Quality Improvement Activities	353,779	0	353,779
Head Start Expansions	199,612	20,000	219,612
Early Head Start Expansions	1,156,612	0	1,156,612
State Advisory Councils	100,000	0	100,000
Head Start T/TA	25,000	5,820	30,820
Early Head Start T/TA	110,000	0	110,000
Program Monitoring and Support	33,000	3,410	36,410
Centers of Excellence	0	2,000	2,000
Total	2,100,000	234,811	2,334,811

Source: Table prepared by CRS based on figures in an April 2009 press release by the U.S. Department of Health and Human Services, available <http://www.hhs.gov/news/press/2009pres/04/20090402a.html>.

Notes: T/TA = training and technical assistance. This table only displays funds in excess of FY2008 funding levels. Totals may not sum due to rounding.

The ARRA gave HHS until the end of FY2010 to obligate these funds and HHS reported obligating roughly \$2.1 billion by that deadline (\$577 million in FY2009 and \$1.523 billion in FY2010). According to HHS data, ARRA funds supported 61,078 new enrollment slots for Head Start children (including 48,041 in Early Head Start programs) in 3,516 new classrooms over the course of FY2010.¹⁰⁶ ARRA expansion funds were not awarded to applicants until the end of FY2009 (at the earliest), so ARRA-funded slots were not filled until FY2010.¹⁰⁷

Allocations

Table B-2 shows allocation amounts available for Head Start grantees in each state, as well as the allocation for AIAN and MSHS programs. Allocations are displayed based on funding made available by the FY2009 Omnibus Appropriations Act (P.L. 111-8), the FY2010 Consolidated Appropriations Act (P.L. 111-117), and the American Recovery and Reinvestment Act (ARRA,

¹⁰⁶ See the FY2012 ACF Congressional Justification, p. 98, and the Head Start and Early Head Start ARRA implementation plans, available online at <http://www.hhs.gov/recovery/reports/plans/index.html>.

¹⁰⁷ See the Head Start and Early Head Start ARRA implementation plans (updated in June 2010). HHS reported awarding the first round of Head Start expansion funds toward the middle and end of September 2009, while the first round of Early Head Start expansion funds were not awarded until October/November 2010.

P.L. 111-5). ARRA funds were made available for obligation by HHS through the end of FY2010; HHS obligated only a portion of those funds in FY2009.

Table B-2. Allocations for FY2009, FY2010, and the American Recovery and Reinvestment Act

Funding in Dollars

State, Special Program, Territory, or Other Activity	FY2009 Actual (P.L. 111-8)	FY2010 Actual (P.L. 111-117)	ARRA Actual (P.L. 111-5)
Alabama	110,249,206	112,229,307	36,940,601
Alaska	12,896,034	13,127,649	3,260,043
Arizona	107,014,507	108,936,512	32,016,286
Arkansas	66,717,253	67,915,510	19,480,293
California	859,903,697	875,307,456	213,555,942
Colorado	70,658,907	71,927,957	28,488,578
Connecticut	53,660,157	54,623,905	10,847,862
Delaware	13,685,159	13,930,947	3,252,555
District of Columbia	25,959,996	26,426,243	5,140,926
Florida	272,067,200	276,913,612	90,880,309
Georgia	174,228,123	177,357,301	54,240,114
Hawaii	23,662,982	24,087,975	4,691,045
Idaho	23,588,259	24,011,909	7,974,029
Illinois	279,954,144	284,942,207	79,685,538
Indiana	99,465,458	101,251,881	34,095,863
Iowa	53,299,350	54,256,619	14,484,792
Kansas	52,655,405	53,601,108	16,477,508
Kentucky	111,506,347	113,509,026	32,367,973
Louisiana	150,854,764	153,564,150	39,446,582
Maine	28,548,027	29,060,756	6,887,442
Maryland	80,682,993	82,132,078	19,564,902
Massachusetts	112,027,847	114,039,893	24,557,255
Michigan	242,511,360	246,866,920	56,424,515
Minnesota	74,447,456	75,784,550	20,961,541
Mississippi	167,178,073	170,180,629	37,041,868
Missouri	123,030,722	125,240,383	36,226,796
Montana	21,660,206	22,049,229	5,339,722
Nebraska	37,282,488	37,952,090	11,673,229
Nevada	25,104,010	25,554,884	10,487,062
New Hampshire	13,840,339	14,088,914	3,944,326
New Jersey	133,392,411	135,788,170	33,481,396

State, Special Program, Territory, or Other Activity	FY2009 Actual (P.L. 111-8)	FY2010 Actual (P.L. 111-117)	ARRA Actual (P.L. 111-5)
New Mexico	54,074,855	55,046,052	18,516,497
New York	447,896,246	455,900,588	103,336,077
North Carolina	146,070,201	148,693,655	59,621,725
North Dakota	17,757,780	18,076,714	5,928,022
Ohio	255,276,707	259,861,535	70,362,394
Oklahoma	83,800,755	85,305,836	31,548,571
Oregon	61,487,791	62,592,126	20,505,250
Pennsylvania	235,917,078	240,154,203	60,369,219
Rhode Island	22,762,399	23,171,217	4,678,221
South Carolina	85,302,467	86,834,519	30,266,821
South Dakota	19,464,308	19,813,892	5,056,817
Tennessee	123,390,836	125,606,964	30,581,953
Texas	494,959,267	503,849,518	147,518,678
Utah	39,046,126	39,747,403	13,589,982
Vermont	14,019,568	14,271,363	2,453,389
Virginia	102,461,544	104,301,777	28,607,662
Washington	103,768,790	105,632,502	30,390,154
West Virginia	52,362,072	53,302,507	15,607,451
Wisconsin	93,962,521	95,650,109	23,907,948
Wyoming	12,791,225	13,020,959	1,683,960
American Indian and Alaskan Native Program	203,804,971	207,465,355	49,873,125
Migrant and Seasonal Program	306,223,940	311,723,793	52,833,453
American Samoa	2,223,157	2,263,086	618,633
Guam	2,237,051	2,277,229	511,639
No. Marianas	1,720,720	1,751,625	205,290
Palau	1,378,720	1,403,482	216,953
Puerto Rico	257,779,644	262,409,426	51,629,984
Virgin Islands	8,268,382	8,416,884	2,663,262
Training and Technical Assistance	176,352,000	176,325,000	109,984,310
Research/Evaluation	19,989,000	19,990,737	-
Program Support	42,000,000	41,993,597	32,996,187
Centers of Excellence	1,999,984	-	-
State Advisory Councils	-	-	99,999,971
Total	7,112,282,985	7,233,513,423^a	2,099,980,491

Source: Table prepared by the Congressional Research Service (CRS) based on HHS data as reported in the ACF FY2011 Congressional Justification, pp. 93-94, and the ACF FY2012 Congressional Justification pp. 99-100,

with one display adjustment by CRS. Specifically, the FY2012 Congressional Justification displays funding for Centers of Excellence in the FY2010 column (the year in which ACF obligated those funds), but CRS displays those funds in the FY2009 column (the year in which those funds were appropriated).

Notes: Totals may not sum due to rounding. Allocations are generally not granted directly to the state, but to grantees within each state.

- a. In FY2010, the Secretary of HHS invoked her authority (per Section 2006 of the FY2010 Consolidated Appropriations Act) to transfer a portion of the Head Start appropriation—\$1.103 million—to the Health Resources and Services Administration (HRSA). In addition, Head Start lapsed roughly \$166,578 in FY2010.

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