

DEPARTMENT OF HEALTH AND HUMAN SERVICES

CFDA 93.600 HEAD START

I. PROGRAM OBJECTIVES

The objectives of the Head Start and Early Head Start programs are to promote the school readiness of low-income preschool children (ages 3 to 5), including children of federally recognized Indian tribes, Alaska Natives, and migratory seasonal and farm workers, and infants and toddlers (birth through age 3) by enhancing their cognitive social and emotional development in learning environments that support their growth in language, literacy, mathematics, science, social and emotional functioning, creative art, physical skills, and approaches to learning. Parents receive social services and participate in various decision-making processes related to the operation of the program.

II. PROGRAM PROCEDURES

Administration and Services

The Office of Head Start (OHS), Administration for Children and Families (ACF), a component of the Department of Health and Human Services (HHS), administers the Head Start program. OHS provides financial assistance to organizations that are eligible for designation as a Head Start agency for a period not-to-exceed 5 years for the planning, administration, and evaluation of a Head Start program.

Head Start/Early Head Start programs operate in all 50 States, the District of Columbia, Puerto Rico, the U.S. territories, and the Republic of Palau. Grants are awarded to public, non-profit, and for-profit organizations directly by ACF's 10 Regional Offices and, for awards to Tribes, Alaska Native organizations, and organizations serving migrant and seasonal workers, as well as replacement grants, by the OHS Headquarters office in Washington, DC.

Under the Early Head Start program, grants for services to eligible infants, toddlers, and pregnant women are made to Head Start grantees, school systems, universities, colleges, and other public and private entities. Early Head Start grants are subject to the same program performance standards and compliance requirements as Head Start grants; therefore, references to Head Start apply to both. For Early Head Start grantees that are also Head Start grantees, the Early Head Start program is not a separate grant; instead, Early Head Start is a separate program account under the same grant award.

A Head Start agency may subgrant operational responsibilities to one or more "delegate agency," but the Head Start agency governing body retains legal and fiscal responsibility for the grant. Delegate agencies may be public, non-profit, or for-profit organizations.

Head Start agencies must collaborate with other entities carrying out early childhood education and child-care programs in the community, including those funded by the Child Care and Development Fund (CCDF) (CFDA 93.575 and CFDA 93.596) and Temporary Assistance to Needy Families (CFDA 93.558). The coordination and collaboration between Head Start and the CCDF entity is mandated by sections 640(a)(5)(E), 640(g)(2)(D) and (E) and 642(c) of the Head Start Act (42 USC 9837(c)) in the provision of full-working day, full calendar-year comprehensive services (42 USC 9835(a)(5)(C)(v)).

In serving families and local communities, Head Start agencies must provide for the regular and direct participation of parents and community residents in the implementation of the Head Start program including decisions that influence the character of such program. As long as the statutory and regulatory performance requirements are met, including requirements for reporting data about expenditures and children and families receiving services, Head Start agencies have significant flexibility and discretion in designing programs to meet local community and family needs.

The Head Start program provides services in the following areas:

Early Childhood Development and Health - Head Start's educational program is designed to meet the needs of each child and family, including those children who are dual-language learners and families who have limited English proficiency, and the local community served, taking into account its ethnic and cultural characteristics. Every child receives a variety of learning experiences to foster intellectual, social, and emotional growth. Head Start also emphasizes the importance of the early identification of health problems. Every child, including children with disabilities is involved in a comprehensive health program in collaboration with parents, which includes immunizations, medical, dental, mental health, and nutritional services.

Head Start agencies are responsible for ensuring that they have qualified staff to implement educational programs that support classroom instructional practices, are able to identify children with special needs, and institute other practices related to school readiness and children's later success in school. Head Start emphasizes the importance of the early identification of health problems or potential health concerns. Head Start agencies are required to provide timely referrals to State or local agencies providing services under the Individuals with Disabilities Act to ensure the provision of special education and related services to meet the special needs of children with disabilities.

Head Start agencies assess and prioritize the nutrition status and nutritional needs of enrolled children, work in collaboration with each child's parents to ensure that children receive needed preventive nutrition and/or treatment services, provide food to help meet children's daily nutritional needs, provide meals that meet U.S. Department of Agriculture (USDA) dietary guidelines for children in settings that are relaxed and promote learning, demonstrate the connection of nutrition to other Head Start activities and its contribution to the child's cognitive, social, emotional, and physical development, provide nutrition education to staff, parents, and children, and involve all staff, parents, and other community agencies, as appropriate, in meeting the child's nutritional needs.

Mental health services must be provided in partnership with families and include on-site consultations with mental health professionals that support the efforts of staff and parents to promote children's mental health.

Family and Community Partnerships - An essential part of the Head Start program is the involvement of parents in parent education, program planning, and operating activities. Many parents serve as members of policy councils and committees and have a voice in Head Start program operations. Participation in classes and workshops on child development and staff visits assist parents in identifying the needs of their children and about educational activities that can take place at home. Specific services are geared to each family after its needs are determined. They include community outreach; referrals; family need assessments; recruitment and enrollment of children; and emergency assistance or crisis intervention.

Grantees engage in a process of collaborative partnership-building with parents to establish mutual trust and to identify family goals, strengths, and necessary services and other supports. Parents are offered opportunities to develop and implement individualized family partnership agreements that describe family goals, responsibilities, timetables and strategies for achieving these goals as well as progress in achieving them.

Grantees take an active role in community planning to encourage strong communication, cooperation, and the sharing of information among agencies and their community partners and to improve the delivery of community services to children and families. In addition, grantees take affirmative steps to establish ongoing collaborative relationships with community organizations to promote the access of children and families to community services that are responsive to their needs, and to ensure that Early Head Start and Head Start programs respond to community needs.

Program Design and Management – Upon receiving designation as a Head Start agency, the organization must establish and maintain a formal structure for program governance, oversight of quality services for children and families, and decision-making related to program design and implementation. Such a structure must include a governing body, a policy council, and, if there is a delegate agency, a policy committee for each such subrecipient.

Policy councils are responsible for aspects of program design and operation and long-and short-term planning and goals and objectives. Policy councils are composed of parents of children who are currently enrolled in the Head Start program, as well as members at large of the community served by the Head Start agency.

Policy committees at the delegate agency level are responsible for aspects of the delegate agency's program design and operation and long-and short-term planning and goals and objectives. These committees are composed of parents of children who are currently enrolled in the Head Start program served by the delegate agency, as well as members at large of the community served by the Head Start delegate agency.

Source of Governing Requirements

Head Start began in 1965 under the Office of Economic Opportunity and is now administered by OHS, ACF, HHS. Head Start programs are currently authorized under the Head Start Act (Pub. L. No. 110-134), as amended by the Improving Head Start for School Readiness Act of 2007 (42 USC 9831-9852). The implementing program regulations are 45 CFR parts 1301 through 1310.

Availability of Other Program Information

The OHS web page for the Early Childhood Learning and knowledge Center (<http://eclkc.ohs.acf.hhs.gov/hsic>) provides information about this program.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for a Federal program, the auditor should first look to Part 2, Matrix of Compliance Requirements, to identify which of the 14 types of compliance requirements described in Part 3 are applicable and then look to Parts 3 and 4 for the details of the requirements.

A. Activities Allowed or Unallowed

1. Funds may be used for the following program services consistent with the Head Start performance standards:
 - a. Providing for the direct participation of parents of children in the development, conduct, and program direction at the local community level (42 USC 9833 and 42 USC 9837(b)(1));
 - b. Training and technical assistance activities which may include the establishment of local or regional agreements with community experts, institutions of higher education, or private consultants, to make program improvements (42 USC 9835(a)(2)(C));
 - c. Improving the compensation (including benefits) of educational personnel, family service workers, and child counselors to—
 - (1) ensure that compensation is adequate to attract and retain qualified staff;
 - (2) improve staff qualifications and assist with the implementation of career development programs for staff that support ongoing improvement of their skills and expertise; and
 - (3) provide educational and professional development to enable teachers to meet professional standards, including providing assistance to complete post-secondary course work, improve the qualifications and skills of educational personnel to become

certified and licensed as bilingual education teachers, or as teachers of English as a second language, and improve the qualifications and skills of educational personnel to teach and provide services to children with disabilities (42 USC 9835(a)(5)(A) and 42 USC 9835(j)).

- d. Supporting staff training, child counseling, and other services necessary to address the challenges of children from immigrant, refugee, and asylee families, homeless children, children in foster care, limited English proficient children, children of migrant or seasonal farmworker families, children from families in crisis, children referred to Head Start programs by child welfare agencies and children who are exposed to chronic violence or substance abuse (42 USC 9835(a)(5)(B)(i));
- e. Ensuring the physical environment is conducive to providing effective program services to children and families and are accessible to children and others with disabilities (42 USC 9835(a)(5)(B)(ii));
- f. Employing additional qualified classroom staff to reduce the child-to-teacher ratio in the classroom and additional qualified family service workers to reduce the family-to-staff ratio for those workers (42 USC 9835(a)(5)(B)(iii));
- g. Increasing hours of program operation, including the conversion of part-day programs to full-working day programs and increasing the number of weeks of operation in a calendar year (42 USC 9835(a)(5)(B)(v));
- h. Improving community wide strategic planning and needs assessments and collaboration efforts, including outreach (42 USC 9835(a)(5)(B)(vi));
- i. At ACF's option, transporting children to and from Head Start programs and program activities. When transportation services are provided, they must be provided in accordance with Head Start performance standards. Transportation costs may be paid with quality improvement funds, but, if so, are subject to a 10 percent cap; in any other case, allowable transportation costs are not subject to a cap (42 USC 9835(a)(5)(B)(vii) and 45 CFR part 1310);
- j. Establishing and implementing procedures to evaluate the performance of delegate agencies and ensure corrective action for deficiencies identified through such evaluations (42 USC 9836A(d));
- k. Correcting areas of noncompliance or deficiencies and developing quality improvement plans (42 USC 9836A(e));
- l. Carrying out activities related to operation of the governing body. This includes activities related to administering and overseeing the Head Start grant; developing or implementing practices that ensure, active,

- independent, and informed governance of the Head Start agency; ensuring the necessary membership on the governing body (i.e., at least one individual with background and expertise in each of the following: fiscal management or accounting and early childhood education and development, and at least one licensed attorney familiar with issues that come before governing bodies); or, as required, employing consultant services to obtain such expertise (42 USC 9837(c)(1)).
- m. With the consultation and participation of policy councils, and as appropriate, policy committees and community members, the conduct of an annual self-assessment of the Head Start agency's effectiveness and progress in meeting program goals and objectives as well as in implementing and complying with Head Start performance standards (42 USC 9836A(g));
 - n. Offering directly, or through referral to local entities, family literacy services, parenting skills training, substance abuse counseling, including information on the effect of drug exposure on infants and fetal alcohol syndrome (42 USC 9837(b)(4) and 42 USC 9837(b)(5));
 - o. Provision of family needs assessments that include consultation with parents (including foster parents, grandparents, and kinship caregivers) (42 USC 9837(b)(7));
 - p. Outreach and information to parents of limited English proficient children in an understandable and uniform format (42 USC 9837(b)(11));
 - q. Collaboration and coordination with public and private entities to improve the availability and quality of services to Head Start children and families, including outreach to the schools in which children participating in Head Start programs will enroll (42 USC 9837(e) and 42 USC 9837A(a));
 - r. Implementation of a research-based early childhood curriculum (42 USC 9837(f)(3)); and
 - s. In the case of a Early Head Start program or program component, provision, either directly or through referral, of early continuous, intensive, and comprehensive child development and family support services that enhance the physical, social, emotional, and intellectual development of children under the age of 3 (42 USC 9840A(b)).
2. Funds may be used for development and administrative costs, subject to the limitation in III.G.3, "Matching, Level of Effort, Earmarking – Earmarking." The term "development and administrative costs" means costs incurred in accordance with an approved Head Start budget which do not directly relate to the provision of program component services as described under paragraph 1 of this section (42 USC 9839(b) and 45 CFR section 1301.32 (a)).

3. With specific ACF prior approval only, funds may be used for capital expenditures (including paying the cost of amortizing the principal, and paying interest on, loans) such as construction of new facilities, purchase of new or existing facilities, major renovations on existing facilities, and purchase of vehicles used for programs conducted at the Head Start facilities (42 USC 9839(f) and (g)).
4. Funds may not be used by Head Start agencies to engage in any partisan or nonpartisan political activity associated with a candidate, or contending faction or group, in an election for public or party office or any activity to provide voters or prospective voters with transportation to the polls or similar assistance in connection with any such election (42 USC 9851(b)(1)). These prohibitions do not apply to the use of Head Start facilities during hours of operation for any nonpartisan organization to increase the number of eligible citizens who register to vote in elections for Federal office (42 USC 9851(b)(2)).
5. Funds from USDA's Child and Adult Care Food Program (CFDA 10.558) must be used as the primary source of payment for children's nutritional services (meals and snacks). Head Start funds may be used to cover those allowable costs not covered by USDA (45 CFR section 1304.23(b)(i)).
6. Funds may be used for professional and dental services as a payer of last resort (45 CFR section 1304.20(c)(5)). (See also III.N.3, "Special Tests and Provisions - Medical and Dental Services.")

B. Allowable Costs/Cost Principles

Indirect costs attributable to common or joint use of facilities or services by Head Start programs and other programs must be fairly allocated among the various programs that utilize such services (42 USC 9839(c)).

D. Davis-Bacon Act

The Davis-Bacon Act applies to construction or major renovation of facilities under the Head start program. 'Major renovation' means the extensive alteration of an existing facility, such as to significantly change its function and purpose, even if such renovation does not include any structural change to the facility. Major renovation also includes a renovation of any kind which has a cost exceeding the lesser of \$200,000, adjusted annually to reflect the percentage change in the Consumer Price Index for All Urban Consumers (issued by the Bureau of Labor Statistics) beginning one year after June 2, 2003, or 25 percent of the total annual direct costs approved for the grantee by ACF for the budget period in which the application is made (42 USC 9839(g)(3); 45 CFR sections 1309.3 and 1309.54).

E. Eligibility

1. Eligibility for Individuals.

- a. The general rule is that for Head Start agencies other than Indian tribes/tribal organizations, at least 90 percent of the enrollees must come from families whose income is below the official Federal poverty guidelines or who are receiving public assistance (income-eligible) (45 CFR section 1305.4 (b)(1)). Up to 10 percent of the children who are enrolled may be from families that are not income-eligible (45 CFR section 1305.4 (b)(2)). In addition to the general income eligibility rule, homeless children and children in foster care are categorically eligible to enroll in Head Start programs (45 CFR section 1305.2(l) and 42 USC 9840(a)(1)(B)(ii)).
- b. For tribal grantees, the income-eligible percentage that may be enrolled in the programs may be as low as 51 percent, providing certain conditions are met (45 CFR section 1305.4(b)(3)).
- c. The family income must be verified by the Head Start grantee before determining that a child is income-eligible (45 CFR section 1305.4(c)). Homeless children may be enrolled while required documentation is obtained within a reasonable amount of time. Verification must include examination of any of the following: Individual Income Tax Form 1040, W-2 forms, pay stubs, pay envelopes, written statements from employers, or documentation showing current status as recipients of public assistance (45 CFR section 1305.4(d)). Although copies of income verification documents need not be retained by grantees, the child or family record must include a statement, signed by an employee of the grantee (Head Start program), identifying which income verification document was examined and stating that the child is income-eligible (45 CFR section 1305.4(e)).

The poverty guidelines are issued each year in the *Federal Register* and HHS maintains a web page that provides the poverty guidelines (<http://aspe.hhs.gov/poverty/>).

2. Eligibility for Groups of Individuals or Area of Service Delivery – Not Applicable

3. Eligibility for Subrecipients

Delegate agencies may be public, non-profit, or for-profit organizations (45 CFR section 1301.33).

G. Matching, Level of Effort, Earmarking

1. Matching

Grantees are required to contribute at least 20 percent of the costs of the program through cash or in-kind contributions, unless a lesser amount has been approved by ACF (42 USC 9835(b); 45 CFR sections 1301.20 and 1301.21).

2. Level of Effort - Not Applicable

3. Earmarking

- a. *Administrative earmark.* The costs of developing and administering a Head Start program shall not exceed 15 percent of the annual total program costs, including the required non-Federal contribution to such costs (i.e., matching), unless a waiver has been granted by ACF. Development and administrative costs include, but are not limited to, the cost of organization-wide planning, coordination and general purpose direction, accounting and auditing, purchasing and personnel functions, and the cost of operating and maintaining space for these purposes (42 USC 9839(b)(2); 45 CFR section 1301.32).
- b. *Targeted earmark.* Each Head Start agency must enroll 100 percent of its funded enrollment (42 USC 9387(g)). For Fiscal Year 2009 and thereafter, not less than 10 percent of the total number of children actually enrolled by each Head Start Agency and each delegate agency must be children with disabilities determined to be eligible for special education and related services unless a waiver has been approved by ACF (42 USC 9835(d)).
- c. *Required percentage of income eligibles*
 - (1) For grantees other than Indian tribes/tribal organizations, at least 90 percent of the enrollees must come from families whose income is below the official Federal poverty guidelines or who are receiving public assistance (income-eligible). Up to 10 percent of the children who are enrolled may be from families that are not income-eligible (45 CFR section 1305.4).
 - (2) For tribal grantees, the income-eligible percentage may be as low as 51 percent, providing certain conditions are met (45 CFR section 1305.4(b)(3)).
 - (3) The family income must be verified by the Head Start grantee before determining that a child is income-eligible (45 CFR section 1305.4(c)).

- (4) Verification must include examination of any of the following: Individual Income Tax Form 1040, W-2 forms, pay stubs, pay envelopes, written statements from employers, or documentation showing current status as recipients of public assistance (45 CFR section 1305.4(d)).
- (5) Although copies of income verification documents need not be retained by grantees, the child or family record must include a statement, signed by an employee of the grantee (Head Start program), identifying which income verification document was examined and stating that the child is income-eligible (45 CFR section 1305.4(e)).

The poverty guidelines are issued each year in the *Federal Register* and HHS maintains a web page that provides the poverty guidelines (<http://aspe.hhs.gov/poverty/>).

J. Program Income

Head Start programs may not charge fees for participation in the program nor solicit, encourage, or in any way condition a child's enrollment or participation upon the payment of a fee. If the family of an eligible child volunteers to pay part or all of the costs of the child's participation, the Head Start agency may accept the voluntary payments and record the payments as program income. Such program income must be used for purposes related to the Head Start grant (45 CFR section 1305.9).

A Head Start agency that provides full-working-day services in collaboration with other agencies or entities may collect a family co-payment to support extended day services if a co-payment is required in conjunction with the collaborating agency or entity. The co-payment charged to families receiving services through the Head Start program shall not exceed the co-payment charged to families with similar incomes and circumstances who are receiving the services through participation in a program carried out by another agency or entity (42 USC 9840(b)).

L. Reporting

1. Financial Reporting

- a. SF-269, *Financial Status Report* - Applicable
- b. SF-270, *Request for Advance or Reimbursement* - Not Applicable
- c. SF-271, *Outlay Report and Request for Reimbursement for Construction Programs* - Not Applicable

- d. SF-272, *Federal Cash Transactions Report* - Payments under this program are made by the HHS Payment Management System (PMS). Reporting equivalent to the SF-272 is accomplished through the PMS and is evidenced by the PSC-272 series of reports.

2. **Performance Reporting** - Not Applicable

3. **Special Reporting** - Not Applicable

M. **Subrecipient Monitoring**

Grantees must establish and implement procedures for the ongoing monitoring of their own Head Start and Early Head Start operations, as well as those of their delegate agencies, to ensure that these operations effectively implement Federal regulations, including procedures for evaluating delegate agencies and procedures for defunding them. Grantees must inform delegate agency governing bodies of any identified deficiencies in delegate agency operations identified in the monitoring review and assist them in developing plans, including timetables, for addressing identified problems (42 USC 9836A(d) and 45 CFR sections 1304.51(i)(2) and (3)).

N. **Special Tests and Provisions**

1. **Minimum Hours and Days and Weeks of Service in Center-Based Programs**

Compliance Requirement - All center-based Head Start programs must provide at least 3 hours of service per day. Head Start programs, except for Migrant programs, that operate for 4 days per week must provide at least 128 days per year of planned class operations. Those Head Start programs, except for Migrant programs, that operate for 5 days per week must provide at least 160 days per year of planned class operations. Center-based Head Start programs implementing a combination of 4 and 5 days per week must plan to operate between 128 and 160 days per year. All center-based Head Start programs (except Migrant and Early Head Start programs) must provide a minimum of 32 weeks of scheduled days of class operations over an 8- or 9-month period (42 USC 9835(k) and 45 CFR section 1306.32(b)(3)).

Audit Objective - To determine whether the Head Start agency operating a center-based Head Start program is providing the required minimum number of service hours per day, and, except Migrant and/or Early Head Start programs, the minimum number of days per year, and the minimum number of weeks of scheduled class operations per year.

Suggested Audit Procedures

Test a sample of daily class schedules, program plans, and calendars of planned class operations to ascertain:

- a. If each child is provided no less than 3 hours of service each day of attendance.

- b. If the program (other than a Migrant program) operates for 4 days per week, at least 128 days of class operations are scheduled.
- c. If the program operates five days per week, at least 160 days of class operations are scheduled.
- d. The program (other a Migrant or Early Head Start program) provides a minimum of 32 weeks of scheduled days of class operations over an 8- or 9-month period.

2. **Governing Body Composition**

Compliance Requirement - All Head Start agencies must establish and maintain a formal structure for program governance that, except for public entities and Indian tribes, includes a governing body composed of not less than one member with a background and expertise in fiscal management or accounting, not less than one member with a background and expertise in early childhood education and development, and not less than one member who is a licensed attorney familiar with issues that come before Head Start governing bodies. If persons with these qualifications are not available to serve as members of the governing body or the Head Start agency is a public entity, including an Indian tribe, the governing body must use consultants or other individuals with relevant expertise and background who must work directly with the governing body (42 USC 9837(c)(1)). For Head Start agencies that are public entities, including Indian tribes, these composition requirements do not apply if individuals serve as members of the governing body by virtue of their position and they serve in that position as the result of public election or political appointment. Further, such individuals may receive compensation as a result of their position and, if any such individual has a conflict of interest, he or she is not prohibited from serving on the governing body, but the Head Start agency must report the conflict to the Secretary (42 USC 9837(c)(1)(B)(v) and 9837(c)(1)(D)).

Audit Objective – For Head Start agencies other than those that are public entities, to determine either that the Head Start agency (other than a public entity or Indian tribe) has established a governing body composed of members with required expertise and background or has documented the lack of availability individuals with a background and expertise in fiscal management or accounting, a background and expertise in early childhood education and development, and at least one licensed attorney familiar with issues that come before Head Start governing bodies. When the lack of availability is documented, determine whether the governing body has obtained consultants or other individuals with relevant expertise to work directly with the governing body. For Head Start agencies that are public entities whether they meet the statutory requirements for an exception to the general requirements for the composition of the governing board.

Suggested Audit Procedures

For Head Start agencies other than public entities, including Indian tribes, examine the records of the agency's governing body to determine if:

- a. There is documentation to demonstrate the governing body includes in its membership at least one member with a background and expertise in fiscal management or accounting, at least one member with a background and expertise in early childhood education and development, and at least one member who is a licensed attorney familiar with issues that come before Head Start governing bodies, or
- b. If the required governing body membership, as specified under paragraph a. is not available, there is documentation to demonstrate the lack of availability of the necessary expertise.
- c. If the required governing body membership, as specified under paragraph a. is not available, there is documentation to demonstrate the governing body uses consultants or other individuals with relevant expertise who work directly with the governing body.

For Head Start agencies that are public entities, including Indian tribes, examine the records of the agency's governing body to determine if

- a. If any members of the governing body were selected by public election or political appointment, and
- b. If any such member has a conflict of interest due to service on the governing body, the potential conflict of interest has been reported to the Secretary of HHS (or designee).

3. Medical and Dental Services

Compliance Requirement - Head Start funds may be used for children's professional medical or dental services only if other sources of funding are not available (45 CFR section 1304.20(c)(5)).

Audit Objective - In cases where Head Start funds are used to pay for professional medical or dental services, determine that the Head Start agency has written documentation of its efforts to access other available sources of funding.

Suggested Audit Procedures

- a. Examine Head Start agency records for expenditures of Head Start grant funds for professional medical or dental services.
- b. If Head Start funds are expended for professional medical and dental services, examine records for written documentation of the Head Start agency's efforts to access other available sources of funding, which may include evidence of determinations of Medicaid eligibility, eligibility of children under the State Children's Health Insurance Program, and submission of forms and applications for other programs and services that can provide funding to provide professional medical or dental services to enrolled children.