

# CRS Report for Congress

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## Head Start: Background and Funding

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### Summary

Head Start has provided comprehensive early childhood development services to low-income children since 1965. In 1998, the 105<sup>th</sup> Congress passed legislation to amend the program and extend its authorization through FY2003 (P.L. 105-285). The FY2000 Consolidated Appropriations Act (P.L. 106-113) funds the program at \$5.27 billion: \$3.87 billion for FY2000 and \$1.4 billion to be available in FY2001. The President had requested \$5.27 billion in Head Start funding, but without the advance funding component.

The President's FY2001 budget request includes \$6.27 billion for Head Start, a 19% increase over the FY2000 appropriation. The Administration estimates that the \$1 billion increase will serve 70,000 additional children. The House and Senate have each passed FY2001 Labor, Health and Human Services, and Education legislation, which would fund Head Start at \$5.66 billion and \$6.26 billion, respectively. This report will be updated to reflect changes in legislation or funding.

### Head Start Program

**Services.** Head Start provides comprehensive early childhood development, educational, health, nutritional, social and other services to low-income preschool children and their families. These services are intended to prepare children to enter kindergarten and to improve the conditions necessary for their success in later school and life. 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. Since flexibility in local program design and operation is encouraged, there is wide variation across the country in how Head Start services are delivered (e.g., center-based, home-based, or some combination), as well as in local program costs, sponsoring agencies, and coordination arrangements with other social service programs. In general, Head Start operates a part-day program during the school year, although some local Head Start programs coordinate with other programs to provide all-day care. Head Start is administered by the Administration for Children and Families of the Department of Health and Human Services (HHS).

**Funding.** Federal appropriations for Head Start have substantially increased during the 1990s, tripling from the FY1990 level of \$1.552 billion to the FY1999 level of \$4.66 billion. These increased appropriations have been used both to expand the number of children served and for quality improvement activities.

**Table 1. Head Start Funding**  
(\$ in billions)

Year	Authorization	Appropriation
1990	1.552	1.552
1991	2.386	1.952
1992	4.273	2.202
1993	5.924	2.776
1994	7.660	3.326
1995	such sums as necessary	3.534
1996	such sums as necessary	3.569
1997	such sums as necessary	3.981
1998	such sums as necessary	4.347
1999	such sums as necessary	4.658
2000	such sums as necessary	5.267

(\$3.867 available in FY2000 and  
\$1.400 available in FY2001)

**Source:** Table prepared by the Congressional Research Service based on data from the Head Start Bureau.

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 grantees. Grantees must contribute a 20% nonfederal 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. Funds are awarded to about 1,500 grantees at the discretion of HHS from state allocations determined by a formula in law. However, before these state allocations are made, the law contains a series of set-aside provisions that reserve funds for specified activities.

Under the 1998 Head Start amendments (P.L. 105-285), up to \$35 million of total Head Start appropriations is reserved annually for transition-to-school grants; up to \$5 million is reserved annually for national research on the impact of Head Start; and \$12 million in FY1999 and such sums as necessary thereafter is reserved for other research, demonstration and evaluation activities, including longitudinal studies.

Also of total Head Start appropriations, the Secretary must reserve 13% for use in the following priority order:

- Indian and migrant Head Start programs, and services for children with disabilities;

- payments to outlying territories, not to exceed one-half of 1% of the total annual appropriation. The territories include Guam, American Samoa, the Northern Mariana Islands, the Virgin Islands, and (through FY2001 only, unless certain legislation is not enacted), Micronesia, the Marshall Islands, and Palau;
- training and technical assistance (not less than 2% of the total annual appropriation, of which at least \$3 million must be related to family literacy);
- discretionary payments made by the Secretary, including the costs (other than federal salaries) of local program monitoring and correcting deficiencies and conducting proceedings to terminate Head Start grantees; and
- payments for research, demonstration and evaluation activities.

Of remaining Head Start appropriations (after reserving the amounts described above), “regular” Head Start funds are allotted among states according to the following formula, which was established in the 1998 amendments:

- each state first receives an amount equal to the amount received by grantees in that state for FY1998, and any amounts available above the FY1998 level are distributed proportionately among states on the basis of the number of children under 5 years old whose family income is below the federal poverty line.

Although the amounts allocated according to the above formula are actually distributed directly to local grantees, the Secretary may use a portion of these funds to make grants to the states, to foster collaboration within the state among Head Start and other activities designed to benefit low-income children and families. These state collaboration grants typically range between \$100,000 and \$200,000 per state.

**FY2001 Request.** As part of his plan to serve 1 million children by 2002, the President has requested \$6.27 billion for Head Start in FY2001, a \$1 billion (19%) increase over FY2000 funding. The Administration estimates that the proposal would increase enrollment to approximately 950,000 children in 2001. A significant share of the funding increase would also be reserved for grantees to address unserved and underserved populations, including recent immigrants and limited English proficient populations. Programs serving migrant and seasonal farmworkers would receive their full share of cost-of-living and quality improvement funds as well as additional expansion funds. The House has passed H.R. 4577, which would fund the program at \$5.66 billion, \$600 million less than the President’s proposal. Of that total, \$1.4 billion would be available in FY2002. The Senate passed its version of H.R. 4577, (substituting the text of S. 2553) which would fund Head Start at \$6.3 billion (the level requested by the President) – \$1.4 billion of which would become available in FY2002.

**FY2000 Funding.** The FY2000 Consolidated Appropriations Act (P.L. 106-113), included \$5.27 billion in funding for the Head Start program. Of that total amount, \$3.87 billion is available for use in FY2000 and \$1.4 billion is advance appropriated, available for use in FY2001. The advance funding component of the appropriation is new for the program. This budgetary mechanism will spread out the obligation of funds for the program, but is not expected to have programmatic impacts, according to the

Administration. The Administration estimates that this funding level will enable services for approximately 877,000 children, compared to about 835,000 in FY1999.

**Eligibility.** As authorized by law, HHS regulations require that at least 90% of children enrolled by each Head Start grantee must come from families with income at or below the official federal poverty guideline (\$17,050 for a family of four in 2000) or from families receiving welfare assistance. Up to 10% of the children may be from families whose incomes exceed the poverty guideline. Regulations also require grantees to reserve at least 10% of their slots for children with disabilities. Head Start is authorized to serve children at any age prior to compulsory school attendance; however, most children are 3- and 4-year-olds. Until recently, only a small proportion of Head Start projects served children under age 3. However, a new Head Start program providing services to infants and toddlers was established by the 1994 reauthorization.

Under the 1998 amendments, 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. The 1998 amendments also provide grantees with additional flexibility in determining family income and therefore, eligibility for participation. Specifically, the amendments authorize 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.

**Participation.** The Administration has established a goal of serving 1 million children by FY2002. It states that 822,316 children participated in FY1998, and estimates that 835,365 participated in FY1999. In FY2000, the number of participating children will increase to an estimated 877,000 (including about 45,000 infants and toddlers).

**Table 2. Estimates of Head Start Populations and Percent Served, FY1998**  
(number in thousands)

Age	Population March 1999	Economically eligible 1998	Enrollment FY1998	Percent served
Under 3	11,456	2,607	28	1%
Age 3	3,944	938	264	28%
Age 4	3,982	892	475	53%
Age 3-4	7,926	1,830	739	40%

**Source:** Table prepared by the Congressional Research Service (CRS) using data from the March 1999 Current Population Survey (CPS). Estimates of economic eligibility are based on the percentage of children living in families with annual income below Federal Poverty Income Guidelines or in families receiving Temporary Assistance for Needy Families (TANF), in 1998. Head Start enrollment estimates are based on data and estimates from HHS.

**Early Head Start.** Early Head Start (EHS) was established in the 1994 reauthorization legislation (P.L. 103-252), to serve infants and toddlers who are generally too young to participate in the regular Head Start program. The law requires 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 current EHS set-asides are: 7.5% in FY1999, 8% in FY2000, 9% in FY2001, and 10% in each of FY2002 and FY2003.)

The first EHS grants were awarded in September 1995. Sixty-eight grants totaling \$47.2 million were awarded on a competitive basis to projects located in a variety of urban and rural communities in 34 states, the District of Columbia, and Puerto Rico. An additional 74 grants were awarded in September 1996, and in FY1997, 173 EHS projects were funded nationwide.

EHS grantees must design programs which respond to the strengths and needs of individual families with services including education, in and out of the home; 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.

In addition to increasing EHS appropriations, the 1998 amendments also require that an EHS research and evaluation plan be developed to identify successful program models and variables contributing to program outcomes and to lay groundwork for future longitudinal studies. If interim and final reports on the EHS research are not submitted to Congress by certain dates, or if the research identifies deficiencies, additional funds earmarked for EHS in FY2002 and FY2003 will be used for program improvements, rather than for program expansion.

**1998 Reauthorization.** Although Head Start has traditionally enjoyed widespread support, the program has not been without criticism. Concern has been expressed about the quality of services and the program's potential for sustaining positive effects over the long-term. The 1998 amendments to Head Start, included in the legislation reauthorizing the program in 1998, continue to emphasize the need for quality improvement.

The new law (P.L. 105-285) increases the amount of new appropriations that must be used for quality improvement activities, at least until FY2003, and slows down the pace at which the program can expand. The law requires HHS to develop specific education performance standards, and establishes teacher and staff training related to these standards as a priority use of quality improvement funds. The law encourages payment of higher salaries for staff with higher levels of education and training, and requires every Head Start classroom to have a teacher with demonstrated competency to perform certain functions related to school readiness and child development. The legislation also requires that, by September 30, 2003, half of all Head Start teachers nationwide must have at least an associate, bachelors, or graduate degree in early childhood education or development, or in a related field with experience teaching preschool children. In 1999, 37% held postsecondary degrees. The law further requires HHS to develop results-based performance measures, and to review the effectiveness of individual programs in meeting those measures.

**Long-Term Benefits.** During the 1998 reauthorization of Head Start, several Congressional committees expressed interest in a rigorous evaluation component for Head Start. While there is widespread agreement that Head Start produces significant short-term gains, there continues to be disagreement over the program's long-term benefits.

Several studies in the 1980s and early 1990s found a “fade-out” of Head Start benefits for children during their later school years, but some researchers have questioned whether this apparent fade-out was due to the children’s preschool experience or the poor quality of the schooling they later received. A 1995 report by the Packard Foundation presents evidence that high-quality early childhood education for low-income children, including Head Start, does produce long-term educational, economic, and societal gains. Head Start programs included in the review generally showed significant favorable effects on grade retention and special education placement. Multi-service Head Start programs did not fare as well as better-funded public preschool programs in overall effectiveness measures, although the report noted that Head Start participants tend to be more disadvantaged, so that comparisons could be affected by preexisting conditions.

GAO published a Head Start literature review in 1997, in which it concluded that an extensive body of literature exists, but the research is inadequate to draw conclusions about the impact of Head Start on a national basis (*Head Start: Research Provides Little Information on Impact of Current Program*, HEHS-97-59, April 1997). GAO noted that most of the studies were on cognitive outcomes and did not evaluate such program components as nutrition or health-related services. Moreover, the quality of some of the research was poor and none of the studies used a nationally representative sample that would enable conclusions to be drawn about the national program. However, GAO pointed out that HHS currently has a variety of research and evaluation activities underway that will eventually produce information about the program’s impact.

The 1998 amendments to Head Start mandate and reserve funds for additional studies on the impact of Head Start. The new law also requires all Head Start agencies to coordinate with the local education agency and community schools, to develop procedures for the transition of Head Start children into kindergarten and elementary school. The law also requires HHS to provide technical assistance to Head Start programs to help ensure school readiness of children and to promote family literacy.

**Coordination with Child Care.** Particularly in light of new welfare reform requirements that will cause more parents to work or participate in training activities, Head Start is working to respond to the needs of families for full-time child care. In recent years, HHS has used some of the Head Start expansion funds to build partnerships with child care providers to deliver full-day, full-year services. The 1998 amendments also are intended to encourage collaboration between child care and Head Start and to promote the development of unified early education and child care plans that will increase the availability of full-time services. The law authorizes the Secretary of HHS to provide supplemental collaboration funds to states that undertake such unified planning or other innovative collaborative initiatives.

The 1998 amendments also direct the Secretary 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, include the applicant’s ability to coordinate with other community child care providers and preschool programs to provide full-day, full-year services. Moreover, the new law authorizes Head Start agencies to charge fees for extended-day services provided to children, if necessary as part of a collaboration with another agency.