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	Two new provisions	

INFORMATION MEMORANDUM [See Attachment]

TO: Head Start and Early Head Start Grantees and Delegate Agencies

SUBJECT: Head Start Reauthorization

INFORMATION:

As you know, on December 12, 2007 the President signed a bill reauthorizing the Head Start program (see [ACF-IM-HS-08-01](#) for a discussion of the major provisions in this Bill). The Office of Head Start is continuing to work on developing appropriate strategies for implementing the many new requirements of reauthorization, and we will be sharing information with you on this over the next several months. However, we want, at this time, to advise programs on two new provisions.

Grantees may, subject to the specific requirements of Section 645(a)(1)(B)(iii)(II), serve up to 35% of their children from families with incomes of up to 130% of the poverty line. This authority is effective immediately; grantees do not need prior approval to exercise this authority. OHS will, through its monitoring process, assure that all grantees exercising this new authority meet the conditions enumerated at Section 645(a)(1)(B)(iii)(II). OHS will provide more information on the reporting requirements associated with this provision at a future date.

In FY 2008, grantees may, consistent with Section 640(g)(3) of the Head Start Act, propose to reduce their funded enrollment. Any grantee submitting such a proposal to its Regional Office should fully address those factors discussed in the attachment to this IM.

Please direct any questions on this IM to your OHS Regional Office.

/ Patricia E. Brown /

Patricia E. Brown
Acting Director
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ATTACHMENT:

Factors to be addressed for grantees requesting to reduce enrollment in FY 2008:

Evaluate current administrative structure and administrative costs

Grantees should carefully review all non-program staff which is being charged, wholly or in part, to the Head Start grant. Grantees should review the necessity of employing each of their administrative staff and the reasonableness of the salaries being paid to such staff. Grantees should also review the reasonableness of the percentage of each administrative staff's compensation which is being charged to the Head Start grant and be sure that percentage is consistent with the amount of time that individual is engaged in Head Start matters. Grantees with indirect cost rates need to be sure Head Start is fully benefiting from any costs charged, using these rates, to the Head Start grant.

Complying with the 15% administrative cost limitation does not, in and of itself, mean that there may not be administrative costs which can be reduced.

Evaluate current supervisory structure

Grantees clearly need to have adequate numbers of supervisory staff. However, there may be some supervisory positions which could be eliminated with minimal impact on program quality or operations. Such positions as a center director with no classroom responsibilities or intermediate supervisory positions such as, for example, an Assistant Education Coordinator, may be positions which could either be eliminated or combined with other positions. In addition, programs which have an Executive Director who spends the majority of his/her time on Head Start matters may not need a full time Head Start Director as well.

Examine staffing ratios for positions which do not have mandated ratios

While positions such as family workers are an important part of assuring Head Start's comprehensive services, grantees should not have more staff in such positions than is necessary to assure quality consistent with the Performance Standards.

Evaluate current fringe benefit package

ACF understands that a strong fringe benefit package is a way of assuring Head Start programs can attract and retain quality staff. Nonetheless, it is important that grantees which have fringe benefit rates that exceed state and/or regional averages carefully review these packages to assure all components are reasonable and appropriate.

Grantees should also consider joining with other programs in their state or region and negotiating as a block for health and other insurance premiums. Many insurers would be likely to negotiate more favorable rates if there were more employees included in their policy's coverage.

Review travel and other discretionary costs

Grantee travel can be an important tool to assure program quality and effectiveness. However, in the current budget environment grantees should assess all travel plans from the perspective of whether the information gathered during the travel could be acquired in other ways (e.g. the Internet). Any travel that does not provide information and training that is directly useful to program management and service delivery should be carefully scrutinized.

Grantees should also review the number of staff sent to meetings and be sure to send no more staff than necessary.

Assess the need for any staff not integral to providing a quality Head Start program consistent with all statutory and regulatory requirements

There are some staff in Head Start programs which, while consistent with Head Start's program mission, are not vital to assuring a program is meeting its responsibilities as a Head Start grantee. For instance, programs are not generally expected to have three paid staff in a classroom of 20 or fewer children. A third adult in the classroom is not a cost that should be borne by Head Start programs, and when a third adult is thought necessary, programs should seek the services of a volunteer. Other non-supervisory staff positions should be carefully evaluated to assure they are integral to providing Head Start services that the statute and regulations require.

Review the reasonableness and cost effectiveness of program operations

Grantees should assess the way they currently do business in several areas to determine if they are always implementing the most cost effective way of providing services. If your program provides transportation, for example, have you assured your current way of providing this service to be the most cost effective? Would a contract for this service be preferable? Should the food services program be in-house or contracted? Grantees need to carefully review these types of services to be sure that they are not continuing an arrangement simply because it is the way business has been done in the past. Each grantee should do a cost-benefit analysis to determine the most effective way to provide these types of services.

Program Option

Grantees should review their program option(s) to be sure it is the appropriate option to meet community needs. Should a program, for example, which is operating six hours a day, continue at this level? Six hours does not meet the child care needs of most working parents so it would not be justified on that basis. Fewer hours in the classroom might not make an appreciable difference in the growth of enrolled children as there are some questions about the ability of three- and four-year-old children to learn for such an extended period of time each day. Grantees should assure their option makes sense for their children and families and is not simply a continuation of an option that may have been more relevant years ago when it began.

Where a full-day option is appropriate grantees should, as noted below, seek additional funding sources. (More information on full-day program options will, as required by Section 640 (f)(2)(A), be forwarded at a future date.)

Additional Federal Resources

Grantees need to be sure they are making maximum use of other federal funding streams, including child care, USDA, TANF and Medicaid/EPSTDT funding. Head Start programs offering full day services, for example, should not, except in rare circumstances, be paying the full costs of such services from the Head Start grant alone.

Seek alternative non-federal resources

Grantees are expected to seek resources from state and local governments and from members of their community which could be used to support their Head Start program. Some grantees have received generous support from their local governments while many grantees have not actively pursued this option. Grantees should also speak with local businesses and philanthropic organizations about the possibility of making contributions to your Head Start program. Local businesses may be interested in helping Head Start as a gesture of good will and as a public relations strategy. Grantees are reminded that one of the new provisions in the Head Start Act endorses efforts that encourage coordination with "public and private entities that are willing to commit resources to assist the Head Start program..."