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Headstart

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HHS NEWS**Revised
DRAFT # 11**

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

FOR IMMEDIATE RELEASE

Contact: Michael Kharfen
(202) 401-9215**HEAD START EXPANSION INITIATIVE
WILL HELP CHILDREN LEARN, PARENTS EARN**

HHS Secretary Donna E. Shalala today announced a new Head Start initiative that will expand Head Start services for children while also helping parents on welfare move to work.

Under the initiative announced today, Head Start expansion funds will be used for the first time to build partnerships with child care providers to deliver full-day and full-year Head Start services. Full-day and full-year services, in turn, can help parents attain full-time work.

Through the Head Start-child care partnerships, Head Start and child care agencies combine staff and funds to provide high quality services. Children stay in one place all day, rather than attending Head Start for half a day and then moving to child care for the remainder of the day. In addition, the expansion funds will provide for increased Head Start slots for children. By the end of FY 1997, some 800,000 children are expected to be enrolled in Head Start, an increase of 50,000 from the beginning of the fiscal year.

Head Start programs provide early education and development, as well as health services, for children in low-income families.

"Head Start has historically had the goal of involving the family as a whole. It has sought not only to help the children in low-income families, but also to help the parents achieve self-sufficiency," said Secretary Shalala.

"Today, when welfare reform has made the move to work a national commitment, Head Start's twin goals are more important than ever," she added. "We need to give our children the start in life they deserve - and we need to support parents who are moving to work. Our expansion grants can build new partnerships that will make these twin goals a reality for more families."

Congress approved President Clinton's full request to increase the Head Start budget by over \$411 million for FY 1997. In addition to expanding total Head Start enrollment, the enhanced funding will also increase the number of infants and toddlers, along with their families and the agencies that serve them, in the new Early Head Start program.

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HHS designed the initiative announced today to build on the successes of dozens of local Head Start-child care partnerships, including the Full Start project of KCMC Child Development Corporation in Kansas City; the Settlement House Initiative in New York City; and the family child care network efforts of Puget Sound Educational Service District in Seattle.

"No longer will families have to choose between Head Start and a job," said Olivia Golden, principal deputy assistant secretary for children and families. "This is an extraordinary opportunity to use Head Start expansion funds in a timely, innovative and practical way to support healthy development and learning for young children and help families attain or maintain work."

The HHS Head Start Bureau will manage a national competition among local Head Start programs for the additional funds. Two additional open competitions will be held for new Early Head Start programs and to establish Head Start programs in previously unserved areas of the country. Other portions of the expanded Head Start funds will be used for statutorily mandated cost of living increases, quality improvement funds and expanded training and technical assistance.

Under the Clinton administration, funding for Head Start has grown \$1.8 billion over the past three years, from \$2.2 in 1992 to nearly \$4 billion in FY 97, an increase of more than 80 percent. These additional funds have enabled Head Start to serve 180,000 more children and their families, enhance the quality of Head Start services, launch a new initiative to serve infants and toddlers, and improve program research. President Clinton proposes continued investments to allow Head Start to grow to serve over one million children by the year 2002.

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File:
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TO: Elena Kagan - 6-7431

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REMARKS:
Paper for Tues's
Head Start
meeting

FY 1997 HEAD START EXPANSION

Head Start currently serves 750,000 children. It is estimated that about 2 million children ages 3-4 are eligible, though some may already be served by child care or preschool, or their families may prefer home care. In order to help meet this need, the Administration sought and obtained funds to expand Head Start by 50,000 children in FY 1997 (to a total of 800,000 children) and to keep the Administration on track to expand Head Start to 1 million children by 2002. The funding available for this FY 1997 expansion is \$227 million.

The traditional approach to Head Start expansion has been to fund part-day slots. In some cases grantees made arrangements to coordinate with child care providers. In other cases, they left this mostly to parents. HHS feels that in addition to providing a comprehensive set of high quality services for more children, Head Start will also increasingly need to respond to the child care needs of families who are working or seeking employment. A study of Head Start children found that, as long ago as 1990, 37% were also in some child care. New time limits and work requirements in welfare reform are expected to increase child care use among the nearly 50 percent of Head Start parents who currently receive cash assistance through TANF or AFDC.

HHS envisions the Head Start program of the future offering families a variety of services: part-day for those who need it and full-day through a variety of coordination arrangements, for those who need day-care. The mix of part-day and full-day slots would be much more balanced than is the case today. The Head Start expansion plan in the FY97 (and FY98) Budget, however, is based on the cost of adding part-day slots only.

In order to increase the number of full-day, full-year Head Start slots, HHS wants to support the coordinated application of Head Start funds and new child care funds, made available in welfare reform, and other state, local, and private funds to working families who need child care so that they can receive full-day Head Start services. The following are three options for how to use the Head Start expansion funds:

- (1) HHS has proposed that priority in the use of new funds be given to grantees proposing partnerships with local child care providers and blending Head Start with other public and private funds to provide quality full-day/full-year Head Start services to new children and families. Part-day slots would be funded if grantees in an individual State did not propose such lots. Up to 50,000 new full-day slots, funded jointly by Head Start and child care, would be created under this option.

- (2) A second option is to fund part-day slots through

competitive grants, while building on existing local coordination between Head Start and child care services in order to allow both to serve children with as little disruption as possible. Because the children that need additional child care would enroll in child care programs, without any additional contribution from Head Start, OMB believes the average cost per child may be lower than in option 1. Thus, OMB believes the combination of Head Start and child care funds will be likely to make some form of out-of home care available to more children under this option. HHS disagrees, citing the potential under option 1 of bringing additional local and private funds into partnership arrangements, and creating more cost-effective staffing and service strategies under partnerships which could result in net equal or greater numbers of children receiving services under option 1.

(3) The third option would allow local grantees to decide how they want to spend their expansion funds. HHS could not guarantee the number of new part-day and full-day slots that would be created.

Under all 3 options, expansion funds will be awarded through a competitive process, with eligibility limited to current Head Start grantees. The following are some of the pros and cons for each of the three options for the use of expansion funds:

1. HHS Proposed Strategy: Expand Head Start through partnerships with local child care providers and blending Head Start funds with other child care, early childhood and private funds.

This approach would give funding priority to programs that create new full-day, full-year Head Start services by combining child care resources with Head Start funds and other public and private funds and creating partnerships between Head Start and other community agencies. Services would meet Head Start performance standards and serve new Head Start-eligible families. This approach allows grantees to create part-day slots from Head Start funds only as a second priority if grantees do not come forward with acceptable child care collaborations. HHS expects a wide variety of agreements and collaborations in different communities. This approach is strongly supported by the Secretary because it would guarantee the 50,000 slots and would respond to the needs of families, communities, and States.

Pro

- o Could meet the goal of expansion to 50,000 additional children, while responding to the needs of working families for full-day services by using child care funds to meet a portion of the costs of high quality full-day, full-year services.

- o The Administration could present the expansion as an initiative that brings programs together to help children get a Head Start in school readiness and help parents move from welfare to work. This option could make it easier for a working parent to enroll his or her child in head Start since the child would be able to stay there for the entire day.
- o Could keep down costs charged to the national Head Start program by shifting other costs to the child care program.
- o Could help States improve the quality of child care programs through collaboration with Head Start.

Con

- o OMB is concerned that opponents of increased Head Start funding may argue that this option is not a "real" Head Start increase since they might view the expansion as converting child care slots to Head Start slots rather than creating new out-of-home care slots for children. Depending on the number of collaborations, the Head Start funds for new slots will merely supplement the cost of child care slots already being created instead of going to serve new Head Start eligibles. HHS disagrees because the announced purpose of the expansion will be to serve additional children and families; because local Head Start and child care agencies have waiting lists in many communities; because additional child care, Head Start, and prekindergarten program resources are being made available in many communities to expand program enrollment.
- o Would require child care partners to meet Head Start standards for the full day on new slots, rather than allowing cheaper alternatives such as supplementing a Head Start development program with child care services. OMB is concerned that this is likely to increase the price of out-of-home care (counting all sources of funding) even as it seeks to increase quality. HHS disagrees, citing the potential of mobilizing additional private and community investment in collaborative strategies, as well as other cost-efficiencies under partnership modes.
- o OMB is concerned that while this proposal only applies to new slots, it raises the question as to whether or not existing Head Start slots should be converted to full-day slots using child care funds. Such a policy would further reduce the child care resources available to reach unserved children. HHS disagrees because the process of awarding expansion funds is not related to grantees reconfiguring existing Head Start services. Further, HHS is committed to meeting the Administration's targets for increasing

enrollment in Head Start towards the goal of serving 1 million children by 2002 and will monitor refunding actions to ensure there is no net reduction in enrollment.

- o OMB contends that it is not clear how often low quality child care providers would be interested; if few seek to enter into partnerships with Head Start grantees, this could yield marginal changes in good child care rather than substantial changes in poor child care. HHS believes that managers of lower quality child care have the strongest incentive to partner with Head Start to provide more effective and responsive services. In addition, current Head Start-child care partnerships involve child care centers and family child care homes at a variety of initial levels of quality and funding.

2. Option 2: Focus on creating new part-day slots and allow flexible coordination between local grantees and child care agencies.

This approach permits grantees to create more of the part-day services most Head Start children now receive, and encourages Head Start grantees and other child care providers to coordinate services in order to minimize disruptions in the transfer of children from head Start to day care (i.e. co-locate Head Start and child care, improve transportation services). 66 percent of existing Head Start programs have already taken steps to collaborate with child care through various types of agreements with local child care programs.

Pro

- o Could meet the 50,000 child expansion goal as well as child care needs of working Head Start families.
- o Could focus on the needs of unserved children and families who are not currently receiving child care services.
- o Could minimize costs allowing Head Start AND child care together to serve the maximum number of poor working families. Compared with the HHS recommended strategy, this option would be likely to serve more total children across Head Start and child care.

Con

- o This option is not as seamless as HHS's proposed option of funding primarily full-day, full-year Head Start services. Working parents and Head Start centers might still need to put together multiple child care arrangements in order to keep a child in Head Start.
- o This option does not address HHS's interest in raising the

general quality of child care through coordination with Head Start.

- o HHS contends this option would undercut the effectiveness of Head Start, because research suggests that children fare less well when subjected to multiple combinations of child care settings and relationships.
- o HHS contends this option will intensify existing criticism of Head Start for failing to coordinate with and contribute to state and local child care, early childhood, and welfare reform programs and initiatives.

Option 3: Allow local grantees to provide any mix of part-day and full-day services.

This approach would allow grantees to decide whether to fund part-day or full-day slots with their Head Start expansion grants. When this was done in 1994, local grantees almost quadrupled the number of full-day slots (from 7000 to 27,000) while only increasing part-day slots by 7,000.

Pro

- o Would provide maximum flexibility for local grantees in using expansion funds.
- o Would realize the respective benefits of part-day and full-day programs in different communities.
- o Head Start would move slowly towards its goal of being more responsive to families' increasing needs for child care.

Con

- o Would be likely to serve less than 50,000 additional children because a portion of new funds would be used to provide full-day services entirely with head Start funds at higher than average cost.
- o Without special incentives, fewer grantees would stretch to make the extra effort to negotiate partnership arrangements and blended funding regardless of the needs of families for child care. Further, while a segment of grantees will elect to create full-day strategies, the Administration won't receive any credit for leadership from State officials or the larger early childhood community.