



**COMMITTEE ON EDUCATION AND THE WORKFORCE  
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**New HHS Report Offers Mixed Results on  
Accountability in Head Start, Raises New Questions**

WASHINGTON, D.C. – U.S. House Education & the Workforce committee leaders today called attention to the results of a Department of Health & Human Services (HHS) inquiry, requested by congressional leaders last year, resulting from growing bipartisan concern in Congress about reported financial abuses and a lack of accountability in the federal Head Start early childhood program. The congressionally-requested inquiry “brought additional management issues to light” with respect to Head Start, said HHS Secretary Tommy Thompson in letter sent to Capitol Hill last night.

“The results of this inquiry suggest that while many Head Start grantees are taking pains to ensure federal Head Start funds are spent directly on disadvantaged children, others are not,” said Rep. John Boehner (R-OH), the committee’s chairman. “Families, teachers, taxpayers, and Head Start grantees across the nation who are doing good work deserve to know where the bad apples are. We commend Secretary Thompson and his Department for taking steps to improve accountability in the Head Start program, and look forward to continuing to work with the administration toward this goal for our nation’s most disadvantaged children.”

“I appreciate this report because it helps us to gain a better understanding of what is being spent on salaries, travel and other compensation, and displays that these abuses aren't a uniform occurrence across the nation,” said Rep. Mike Castle (R-DE), chairman of the Education Reform Subcommittee. “The Head Start agencies who are diverting funding away from disadvantaged children for their own gain should reform their practices at once and the other agencies who are truly putting our children first must continue to serve as an example. I will continue to work with my colleagues to push reform legislation to reign in inappropriate spending and to help states become more involved in decision making at these centers.”

The results of the HHS inquiry, sent to Capitol Hill on Wednesday evening, reveal a wide disparity in Head Start spending practices by the nation’s largest Head Start grantees. **While many local grantees appear to be working to ensure federal Head Start funds are spent directly on preparing disadvantaged children for kindergarten, others appear to be spending unusually large percentages of their Head Start funds on meeting and conference travel, and/or billing Head Start for lavish salary and compensation packages for their top executives.** HHS asked Head Start grantees to self-check and confirm the data in the report before it was transmitted to Congress.

A summary of the findings reported to Congress by HHS:

- **Disparities in travel expenditures.** Executives of 25 local Head Start grantees collectively spent \$8.9 million on meeting and conference travel in fiscal year 2002. While many grantees spent only a small fraction of their annual budgets on travel, others spent between 20 and nearly 40 percent of their annual budgets on such travel, billing it to Head Start as training or technical assistance expenses.
- **High salaries & compensation for executives.** More than a dozen local Head Start executive directors nationwide received a larger annual salary in fiscal year 2002 than the U.S. Secretary of Health & Human Services, whose agency oversees the entire Head Start program, currently receives (\$171,900). While some local grantees used Head Start funds to pay only a small fraction of the salary and compensation packages for their executives, other grantees billed Head Start for much or nearly all the annual amount. In at least three cases, Head Start executives received an annual compensation in excess of \$230,000, and 69% or more of that compensation was charged to Head Start.
- **New questions about executive perks.** The HHS report does not disclose the value of other “hidden” perks executives may be receiving, such as the use of vehicles leased with Head Start funds meant for disadvantaged children.
- **New questions about executive travel.** The HHS report does not disclose the locations to which grantees traveled.
- **New questions about administrative compensation.** The report to Congress discloses only a partial picture of the extent to which federal Head Start funds are used by local grantees to pay administrative salaries, because it provides information only on the salaries and compensation of the top-ranking Head Start executives at each operation. The report does not identify grantees that are paying large federally-funded salaries to a number of individuals with a range of different titles, for example.

The U.S. House last year passed legislation by Rep. Castle (H.R. 2210, the School Readiness Act) that would permit federal Head Start funds to be used by local grantees for meeting and/conference travel only if similar training or technical assistance is not available locally. The bill would also allow up to eight qualified states to assume a greater role in financial oversight of Head Start operations within their borders in exchange for a pledge to increase early childhood education spending and meet or exceed high standards.

**In January 2004, the National Head Start Association went to court in an attempt to deny HHS from collecting and publicly disclosing the data provided in the new report.** The National Head Start Association’s motion was rejected soundly by a federal judge, and the inquiry proceeded. HHS initiated the inquiry in response to growing pressure by Congress and the public after a series of 2003 press accounts documenting the apparent abuse of millions of dollars in federal Head Start funds, including a *Kansas City Star* report that revealed such funds were used to provide a local executive (who has since stepped down) with a \$300,000 annual salary and a leased Mercedes sport-utility vehicle.

Federal funding for Head Start has nearly doubled since Republicans took control of the House in 1995, increasing from \$3.6 billion annually in FY 1996 to a projected \$6.8 billion this year under the FY 2004 omnibus spending bill passed by the House in December.

The Head Start program has been rocked by a series of unrelated incidents of significant financial abuse and waste. As the *New York Times* reported recently, "[t]he reports of improprieties have surfaced at a number of Head Start programs. One in Charleston, S.C., is under F.B.I. investigation, accused of failing to account for \$10.5 million since 1998. Another program, in Kansas City, Mo., is reportedly paying \$300,000 a year to its executive director as well as using federal money to lease a Mercedes for him." (Diana Jean Schemo, "Republicans Urge Inquiry in Head Start," *The New York Times*, November 25, 2003) In San Antonio, Tx., questions have also been raised by the local media about the huge disparity between the salary paid to the local Head Start grantee's top official and the teachers who work for the program. Other incidents have been brought to light in Nevada, Hawaii, New Mexico, Utah, Arkansas, West Virginia, and other locations.

Unlike most other federally-funded programs, Head Start does not give state authorities any meaningful role in financial oversight, a situation many believe has helped to encourage the misuse of Head Start funds. Republicans have said more must be done to address the school readiness gap between Head Start children and their peers when they reach kindergarten. Studies indicate children graduating from Head Start begin kindergarten more than 25 percentile points below average in school readiness skills such as letter, shape and number recognition. Closing this gap is a major goal of H.R. 2210.

Additional information on efforts to strengthen and reform Head Start is available online at <http://edworkforce.house.gov/issues/108th/education/earlychildhood/earlychildhood.htm>.

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