

INFORMATION BRIEF

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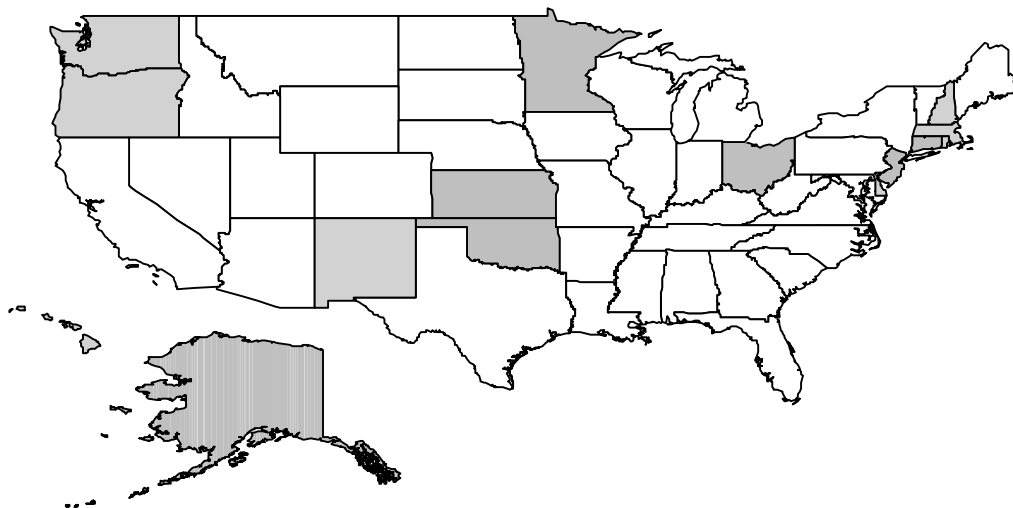
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Review of State Funding for Head Start

Since 1964 the federal government has funded Head Start programs through local agencies that provide preschool and other social services for eligible low-income children and their families. While federal appropriations contribute the major portion of Head Start funding, some states—including Minnesota—provide supplementary state appropriations. Minnesota has recently increased Head Start appropriations and allocates more state money to Head Start than all but one other state. Most states that supplement Head Start—including Minnesota—fund the existing federal grantees using the federal per-child rate. This information brief reviews state funding for Head Start programs and compares Minnesota to other states that supplement federal Head Start.

State Head Start Funding



 State supplementary funding is used to increase the number of children served
  State supplementary funding is not used to serve more children
  State provides no supplementary funding

Overview of Head Start

Federal Head Start funds flow directly from the federal government to 34 local Minnesota agencies.

Head Start is a national program for low-income families that provides comprehensive developmental services for preschool children ages three to five and social services for their families. Services include education, health, nutrition, and other socio-developmental services for the children and their families. At least 90 percent of the families who participate in Head Start must have incomes that are at or below the federal poverty guidelines (\$11,060 for a two-person family and \$13,880 for a three-person family for fiscal year 1999). Under federal requirements, families participating in cash assistance programs are eligible for Head Start even if family income exceeds the poverty guidelines. Head Start also requires parental participation.

Federal Head Start grants are made directly to local public or private nonprofit agencies through the regional offices of the federal Administration on Children, and Families in the Department of Health and Human Services. Federal law requires the community to contribute at least 20 percent of the cost of a Head Start program. Many programs use in-kind contributions to meet the match requirements including the value of volunteer hours and costs of donated space, materials, and services. Minnesota has 34 federal Head Start grantees including nonprofit corporations (most are Community Action Agencies), Indian reservation governments, and a school district. Federal funding for Minnesota Head Start programs has increased since 1990 at an average annual rate of 14 percent reaching \$53.4 million in state fiscal year 1999. Federal funds are distributed to grantees through a contracted per-child amount which varies widely for local programs across the nation and within each state. The federal per-child rate for each grantee was originally established in the 1960s when organizations submitted their estimated program costs for approval. The original rate has never been recalculated, only adjusted upward for inflation.

Minnesota supplements federal Head Start funding to increase the number of children served.

Since 1988, Minnesota has appropriated state general funds for Minnesota Head Start programs. The Department of Children, Families and Learning (CFL) administers state Head Start funds. State statute authorizes CFL to use up to 11 percent of the annual appropriation for competitive grants to local Head Start grantees for innovative programs. The remainder of the appropriation is distributed to federal Head Start grantees based on unmet need in the area and the federal per-child rate. State law requires local grantees to use state funds to expand the number of children served. A Minnesota grantee receives a state Head Start allocation equal to its local federal per-child rate multiplied by the number of additional children to be served. In fiscal year 1999, the average contracted federal rate for Minnesota Head Start agencies was \$5,124 and the range of per-child rates in Minnesota was \$3,890 to \$9,702. State funds served an additional 3,135 children in fiscal year 1999 at the federal per-child rate. State appropriations funded an average of 92 additional children per program. Individual programs used state funding to provide services for five to 572 more children. Although state allocations for most Minnesota Head Start grantees meet or exceed the 20 percent federal match requirement, CFL encourages the agencies to use community resources for the match and discourages them from using state funds to supplant community support.

Minnesota appropriations for Head Start have increased at an average annual rate of 14 percent since 1990. Most of the growth occurred in two years—the 1993 Legislature increased funding by 77 percent and the 1997 Legislature increased funding by 63 percent to \$18.8 million per year. Included in the annual state Head Start appropriation for fiscal years 1998 to 2001 is \$1 million each year for grants to local Head Start agencies to provide full-year programming for children from birth to age three.

Review of State Head Start Funding

The purpose and amount of state Head Start funding varies among the states that choose to supplement federal Head Start programs.

Federally funded Head Start programs are provided in all 50 states, Washington D.C., Puerto Rico, and the U.S. territories. Despite the wide distribution of Head Start programming, only a third of the states supplement federal Head Start funding. The map on the first page shows the 17 states that provide supplemental state funding (the District of Columbia also provides supplementary Head Start funding).

States have three different policies for supplementing the federal funding:

- ▶ help local Head Start agencies meet the federal match requirement (this funding could be used for teacher salaries, agency supplies, and other operating costs);
- ▶ increase the quality of Head Start services; or
- ▶ increase the number of children served by Head Start agencies within the state.

The amount of annual state funding varies greatly—from \$230,000 (New Hampshire) to \$92,562,977 (Ohio) in 1998. Half of the states that supplement federal Head Start funding provide money to help local grantees meet the federal match requirements. The nine other states—including Minnesota—use supplementary funding to increase Head Start services and to serve more children. The policy in the seven states with the highest state Head Start appropriations is to increase the number of children served. The table on page 4 lists the states that supplement Head Start funding and includes the level of state and federal funds, the number of eligible children in the state, the number of children served, and the proportion of the state funding to total funding.

Most states providing supplementary funding use the federal formula to distribute funds to Head Start grantees.

All states that supplement federal Head Start funds distribute state appropriations through grants to the existing federal grantees located in the state. Only Ohio makes some of its state Head Start appropriations available to non-Head Start agencies. Most of the states distribute their state money to local grantees on the basis of the federal per-child amount. Connecticut, Ohio, and Wisconsin use a state distribution method that is different than the federal Head Start allocation. Ohio distributes state funds to each agency by a legislative formula in which the amount of the grant is less per child than the federal amount. In Connecticut, an agency's state grant is intended to serve at least one additional *classroom* of children. Wisconsin distributes state money to federal grantees on the basis of a statewide average of the federal per child rate.

Comparison of States that Supplement Federal Head Start with State Appropriations, 1998								
State	Federal Expenditures			State Expenditures		Eligible Children Served		
	Total (\$000)	Funded Children	Average per-Child (\$)	Total (\$000)	Percent of Total HS Appropriations	Eligible Children in State*	Total Funded Children (all funds***)	Percent Served
Alaska	8,209	1,261	6,510	5,490	40%	8,180	1,986	24.3%
Connecticut	35,244	6,476	5,442	5,100	13%	31,420	6,916	22.0%
Delaware	8,446	2,114	3,995	3,600	30%	7,932	2,957	37.3%
D.C.	18,276	3,295	5,547	2,570	12%	14,284	4,745	33.2%
Hawaii	13,983	2,769	5,050	387	3%	13,101	2,998	22.9%
Kansas	31,299	7,175	4,362	2,500	7%	33,294	7,775	23.4%
Maine	17,233	3,537	4,872	2,329	12%	13,754	3,961	28.8%
Massachusetts	73,664	11,877	6,202	6,900	9%	66,717	12,327	18.5%
Minnesota	48,909	9,545	5,124	18,750**	28%	42,729	12,680	29.7%
New Hampshire	8,512	1,382	6,159	230	3%	5,302	1,382	26.1%
New Jersey	89,319	14,201	6,290	1,400	2%	63,216	16,083	23.2%
New Mexico	32,470	7,012	4,631	5,000	13%	54,547	8,321	15.2%
Ohio	168,724	36,300	4,648	92,563	35%	174,927	58,372	33.4%
Oklahoma	50,997	12,142	4,200	3,317	6%	76,455	NA	15.9%
Oregon	37,909	5,400	7,020	16,272	30%	47,248	8,464	17.9%
Rhode Island	13,901	2,778	5,004	1,965	12%	12,668	3,178	25.1%
Washington	64,841	9,682	6,697	470	1%	71,762	9,682	13.5%
Wisconsin	63,218	12,905	4,899	4,950	7%	58,045	22,964	24.3%

* The number of eligible children in each state is based on a count of all children zero-five years below 100 percent poverty (1996 estimates). This method is used by Minnesota for internal and external reporting. Some states use a different method to determine the universe of eligible children for internal statistical reporting.

** Includes appropriation for innovative funding and \$1 million for year-round Head Start services for children from birth to age three.

*** Includes federal Head Start funds, state appropriations, and other funding sources available to serve children; does not include matching funds.

Most states rely on the federal government to evaluate Head Start programs.

Ohio is the only state that has done a recent comprehensive evaluation of the effectiveness of its Head Start program. Ohio is also the only state which annually monitors and reviews its Head Start program for quality in addition to compliance with federal Head Start standards. All other

states rely heavily on federal Head Start evaluations which occur once every three years. Federal evaluations concentrate on the environment within agency classrooms, not program outcomes or program effectiveness. In Minnesota, state staff visit Head Start programs each year to monitor compliance with the federal standards and participate in the federal evaluations. Federal evaluations and studies are being redesigned to incorporate outcome measures.

States fund other preschool programs and collaboration with Head Start is an emerging issue.

Most states that supplement federal Head Start funding also offer additional state programs designed to serve a similar population and accomplish a similar purpose. These programs include school readiness, kindergarten for four-year-olds, and targeted or universal preschool programs. In some states, Head Start agencies can also receive money through other state preschool programs.

One of the emerging trends in state Head Start funding is to shift attention toward Early Head Start programs. The 1994 federal Head Start reauthorization recognized the importance of services for children from birth to age three by establishing an Early Head Start grant program. States have also begun to refocus state Head Start funding to younger age groups and to encourage collaboration between Head Start and child care. Kansas is recognized as an innovator and was the first state to supplement federal funds with state funds specifically for the Early Head Start program. The Kansas program directly serves 629 children from birth to three years of age through a program that combines Head Start visits to child care facilities during the time children are in child care with visits to the family at home. The Kansas Head Start initiative also includes a pilot program designed to improve the training of all day care providers.

State Expanding Head Start Services

Minnesota and Eight Other States Use State Funds to Expand Head Start Services.

The table on page 6 has information on the nine states—including Minnesota—that appropriate money to serve additional children in Head Start programs. For each state, the table lists the most recent state and federal funding, describes state funding as a percentage of total Head Start funding, provides a brief description of how the state funds are distributed, describes any state accountability or evaluation requirements, and lists examples of other state funded preschool programs.

How Minnesota Compares

Of the states that supplement federal Head Start funding, Minnesota is second only to Ohio in the dollar amount appropriated for Head Start (\$18.8 million per year for fiscal years 1998 through 2001 compared to \$92.5 million per year for Ohio). Minnesota was also second to Ohio in the number of children served with state funds (3,135 children in Minnesota and 22,072 children in Ohio).

Comparison of States That Appropriate Money for Additional Children Through Head Start

Alaska	\$8.2 million federal	\$5.4 million state	40% of total	No other state pre-K programs
Distribution to federal grantees. Beginning in 1983 state funds used to expand services and improve quality.				
Connecticut	\$35 million federal	\$5.1 million state	13% of total	School readiness and child care initiatives
Distribution to federal grantees based on state legislative formula. Current purpose is to expand the number of children and extend the hours.				
Kansas	\$31.3 million federal	\$2.5 million state (FY 2000, additional \$2 million expected for 3-year-olds)	7% of total	Child care assistance
Early Childhood program with teacher training, competitive distribution to federal grantees.				
Maine	\$17.2 million federal (\$1.5 million added last session 0-5, not yet distributed)	\$2.3 million state	12% of total	Two-year kindergarten for 4-year-olds
Distribution to federal grantees based on share of eligible children and federal per-child rate. Grantees must meet federal match.				
Minnesota	\$48.9 million federal	\$18.7 million state	28% of total	School readiness, ECFE, and other pre-K programs
Distribution to federal grantees to serve additional children based on need and federal per-child rate. 11 percent of state funds for competitive grants. \$1 million each year for 0-3 programs. Grantees are expected to meet federal match. State monitors compliance with federal standards each year.				
New Jersey	\$89.3 million federal	\$1.4 million state	2% of total	Preschool for 3- and 4-year-olds and state aid for full-day kindergarten
Distributed through competitive grants to federal grantees and community-based child care agencies.				
Ohio	\$168.7 million federal	\$92.6 million state	35% of total	Public preschool program for children up to 185% of poverty
Distributed to federal grantees and other agencies based on a state per-child amount. Money may be used for wrap-around services. State monitors and reviews programs each year.				
Oklahoma	\$51 million federal	\$3.3 million state	6% of total	4-year-old preschool available for all children
Distributed through CAP agencies through a formula based on enrollment and county poverty. State money is not considered per-child funding. Originally used to help meet federal match. Now used to expand and enhance services.				
Wisconsin	\$63.2 million federal	\$5 million state (increase with \$2.3 million of TANF in FY 2000)	7% of total	4-year-old kindergarten offered by local school board
Distributed to Head Start grantees in existence in 1994 based on a state estimate of the average federal per-child rate. State may request local records to monitor and review.				

Despite the relatively high level of state Head Start funding in Minnesota, the state also funds other programs for children and families. For example, Minnesota's Early Childhood Family Education (ECFE) program focuses on child development and parent evaluation for children under school-age. It is a universal access program that serves approximately 133,000 children a year with annual state funding of \$20 million.

Minnesota contributes more than one-quarter of the total funds that are available to local Head Start programs—the fourth highest in the nation (state appropriations in Alaska, Ohio, Oregon, and Delaware are a higher share of total funds). Head Start in Minnesota serves 29.7 percent of eligible children from families below the poverty line through a combination of federal and state funds. Only four of the states that supplement Head Start serve a higher percentage of eligible children (Delaware, New Hampshire, Maine, and New Jersey). When the same eligibility criteria is used, there is little variation in the percentage of eligible children served in state Head Start programs—the range is from 11.4 percent to 26.7 percent.

Minnesota's average per-child federal expenditure is equal to \$5,124, which puts it in the middle of other states that supplement Head Start. The range of average per-child rates is from \$3,995 in Connecticut to \$7,020 in Oregon. In Minnesota and many other states, no new Head Start agencies have been certified to receive Head Start funds since 1989. Minnesota does no independent evaluation of state Head Start funding.

Minnesota Head Start funding promotes innovation in Head Start programming. Minnesota allocates 11 percent of state appropriation for competitive grants for innovation. Only the 1989 Head Start agencies are eligible for the grants. Minnesota also supports Head Start services for younger children with a \$1 million annual set aside of state Head Start appropriations for year-long services for children from birth to age three. Again, eligibility for the birth to three initiative is limited to the 1989 Head Start agencies.

A Look at Ohio—the Leading State for Head Start Services

Ohio is the state which appropriates more money to Head Start than any other state—\$92.6 million in fiscal year 1998. Ohio serves more children with state funds than any other state and appropriates the second highest percentage of state funds to total Head Start dollars. Yet, according to national estimates of children in poverty, Ohio only serves 20.8 percent of the eligible population. According to Ohio estimates, the state serves nearly all of the eligible children. In Ohio, the state measures eligibility by including only the children of income-eligible families who are not being served by other federal programs. Children below the poverty guidelines who receive services from Title I and other federal programs are excluded from the state's calculation of Head Start eligibility. By Ohio's calculations, approximately 70,000 children are eligible for Head Start compared to the federal estimate of 175,000 Ohio children. Based on their state eligibility criteria, Ohio claims to serve almost 100 percent of the eligible children.

Ohio is also the only state to independently evaluate the impact and outcomes of Head Start. In 1998, the Ohio Legislative Office of Education Oversight (L.O.E.O.) conducted a study called, "Head Start's Impact on School Readiness in Ohio: A Case Study of Kindergarten Students." The

findings of the study and classroom observations and interviews are summarized in the report as follows:

- ▶ Head Start students did no better than students of unknown preschool experience;
- ▶ Head Start students had significantly lower scores than Title I¹ preschool group on most measures of literacy and social competency;
- ▶ Head Start classrooms are well-organized and caring environments, providing a variety of learning experiences;
- ▶ Head Start programs have less emphasis on critical thinking, problem solving, and language and writing skills; and
- ▶ little consensus exists among Head Start and kindergarten teachers on the appropriate academic expectations for early childhood learning.

On the basis of the study, the Ohio L.O.E.O. made several recommendations concerning the need to improve the teaching of cognitive, language, and social skills in Head Start programs, and the need to sustain more comprehensive evaluations on the effectiveness of the program.

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Many House Research Department publications may also be accessed via the Internet at: www.house.leg.state.mn.us/hrd/hrd.htm.

¹ Federal Title I funding goes to school districts based on the number of students in poverty. The money must be used for services for low-income students. A district can choose to use its Title I funding for preschool programs.