

Why GAO Did This Study

This report responds to two mandates for GAO under the American Recovery and Reinvestment Act of 2009 (Recovery Act). First, it is the latest report on the uses of and accountability for Recovery Act funds in selected states and localities. Second, it comments on recipients' reports of the jobs created and retained. The Recovery Act provided \$2.1 billion for Head Start and Early Head Start, primarily to expand services.

GAO addressed four questions:

(1) How have Head Start and Early Head Start grantees used Recovery Act funds, including for expanding enrollment? (2) What challenges have grantees encountered in spending Recovery Act funds? (3) How has the Office of Head Start (OHS) monitored the use of Recovery Act funds? (4) How has the quality of jobs data reported by Recovery Act recipients, particularly Head Start grantees, changed over time? In this report, GAO also updates the status of open recommendations from previous bimonthly and recipient reporting reviews. To address these questions, GAO interviewed grantees, analyzed federal agency and recipient reported data, and interviewed officials.

What GAO Recommends

GAO recommends OHS verify the definition of enrollment, clearly communicate it to grantees along with policies for extending the use of Recovery Act funds, and incorporate known risks into review planning. HHS generally agreed with GAO's recommendations.

View [GAO-11-166](#) or key components. For more information, contact Cornelia M. Ashby at (202) 512-7215 or ashbyc@gao.gov or Yvonne D. Jones at (202) 512-6878 or jonesy@gao.gov.

RECOVERY ACT

Head Start Grantees Expand Services, but More Consistent Communication Could Improve Accountability and Decisions about Spending

What GAO Found

Grantees reported using Recovery Act funds to expand enrollment and staff in a variety of ways, but new enrollment was lower than anticipated and reported enrollment numbers may not always be reliable. Grantees received funds to increase enrollment from about 890,100 to an additional 60,600; reported enrollment increased by 55,100 by the end of September 2010. Grantees GAO interviewed used different definitions of "enrollment," which OHS does not verify, introducing some unreliability in reporting. Grantees nationwide reported adding significant numbers of staff, but the portion of teachers who met recently increased standards slightly declined.

Grantees experienced challenges in spending first-year Recovery Act funds, including delays in receiving grants and preparing facilities for expanded services, and received mixed messages about what to do with unobligated funds. By the end of the first year of Recovery Act funding, expansion grantees had expended at least 60 percent of their awards. Also, more than half of the grantees GAO interviewed said they were unclear about the policy regarding unobligated first-year funds. Because OHS did not clearly communicate its policy to regional offices, grantees adopted varied spending practices that may not always have directed expansion funds toward programs' highest, current priorities.

OHS has engaged a contractor to conduct the large volume of monitoring visits required 1 year after expanded operations begin, but has not always incorporated some risk indicators in planning reviews. OHS has also been conducting other monitoring efforts, including mandatory 1-year visits for Early Head Start expansion grantees. These 1-year reviews include additional coverage of grantee governance and financial management. In response to prior GAO findings of fraudulent enrollment and attendance and enrollment discrepancies among some Head Start grantees, all monitoring visits to new grantees will be implemented as "surprise" visits. A few grantees awarded expansion funds had been earlier identified as high risk by their regional offices, and the HHS Inspector General identified several financial management deficiencies among four of the expansion grantees it reviewed. However, information on identified risks was not always available to OHS reviewers. OHS plans to scope and staff its 1-year reviews of Recovery Act grantees based primarily on their prior experience with Head Start and Early Head Start and whether the grantees have recently received a triennial review.

GAO's analysis of the data reported by recipients in [Recovery.gov](#), including jobs funded, shows results similar to previous reporting periods. For example, GAO continued to see a small number of reports for which data issues could prevent linking related reports across quarters. Analysis of Head Start recipient data showed that an earlier concern with calculating full-time equivalent jobs is being addressed. Further, in response to September 2010 Office of Management and Budget guidance on transparency of narrative descriptions, OHS reported that additional agency reviews resulted in recipients clarifying their reports.