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HEAD START

Undercover Testing Finds Fraud and Abuse at Selected Head Start Centers

Statement of Gregory D. Kutz, Managing Director
Forensic Audits and Special Investigations

May 18, 2010

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Highlights

Highlights of GAO-10-733T, a testimony before the Committee on Education and Labor, House of Representatives

Why GAO Did This Study

The Head Start program, overseen by the Department of Health and Human Services and administered by the Office of Head Start, provides child development services primarily to low-income families and their children. Federal law allows up to 10 percent of enrolled families to have incomes above 130 percent of the poverty line—GAO refers to them as "over-income." Families with incomes below 130 percent of the poverty line, or who meet certain other criteria, are referred to as "under-income". Nearly 1 million children a year participate in Head Start, and the American Recovery and Reinvestment Act provided an additional $2.1 billion in funding.

GAO received hotline tips alleging fraud and abuse by grantees. In response, GAO investigated the validity of the allegations, conducted undercover tests to determine if other centers were committing fraud, and documented instances where potentially eligible children were put on Head Start wait lists. The investigation of allegations is ongoing.

To perform this work, GAO interviewed grantees and a number of informants and reviewed documentation. GAO used fictitious identities and bogus documents for proactive testing of Head Start centers. GAO also interviewed families on wait lists. Results of undercover tests and family interviews cannot be projected to the entire Head Start program. In a corrective action briefing, agency officials agreed to address identified weaknesses.

View GAO-10-733T or key components. For more information, contact Gregory Kutz at (202) 512-6722 or kutzg@gao.gov.

What GAO Found

GAO received allegations of fraud and abuse involving two Head Start nonprofit grantees in the Midwest and Texas. Allegations include manipulating recorded income to make over-income applicants appear under-income, encouraging families to report that they were homeless when they were not, enrolling more than 10 percent of over-income children, and counting children as enrolled in more than one center at a time. GAO confirmed that one grantee operated several centers with more than 10 percent over-income students, and the other grantee manipulated enrollment data to over-report the number of children enrolled. GAO is still investigating the other allegations reported.

Realizing that these fraud schemes could be perpetrated at other Head Start programs, GAO attempted to register fictitious children as part of 15 undercover test scenarios at centers in six states and the District of Columbia. In 8 instances staff at these centers fraudulently misrepresented information, including disregarding part of the families' income to register over-income children into under-income slots. The undercover tests revealed that 7 Head Start employees lied about applicants' employment status or misrepresented their earnings. This leaves Head Start at risk that over-income children may be enrolled while legitimate under-income children are put on wait lists. At no point during our registrations was information submitted by GAO's fictitious parents verified, leaving the program at risk that dishonest persons could falsify earnings statements and other documents in order to qualify. In 7 instances centers did not manipulate information. The table provides details on two of GAO's successful enrollments. To see selected video clips of GAO enrollments, see http://www.gao.gov/media/video/gao-10-733T/.

Fictitious Over-Income Children Successfully Enrolled in Head Start Centers by GAO

State	Test	Case details
NJ	Income exceeds poverty guidelines	• A Head Start associate disregarded over $23,000 worth of income in order to qualify the family as under-income. • The Head Start associate said with regard to the father's income documentation, "Now you see it, now you don't."
TX	Income exceeds poverty guidelines	• A Head Start associate disregarded over $20,000 worth of income in order to qualify the family as under-income. • With respect to the income documentation, the associate stated "we see this, but we don't see this," explaining that if both parents' incomes were counted the family would be over-income and on a wait list.

Source: GAO

In addition, GAO found that most of the 550 Head Start centers contacted had wait lists. GAO also found that 2 centers where it enrolled fictitious children later became full and developed wait lists after the fictitious children had been withdrawn. Only 44 centers reported that they had openings. GAO interviewed families on wait lists from other centers and found that many stated that their incomes were at or below the federal poverty level. In some cases, families stated they had experienced some type of domestic violence, or were receiving some type of public assistance, a group automatically eligible for Head Start. GAO did not attempt to verify family statements.

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to discuss our ongoing investigation into fraud and abuse at selected Head Start locations. The Head Start program, overseen by the Department of Health and Human Services' (HHS) Administration for Children and Families, and administered by the Office of Head Start (OHS), is one of the largest federal early childhood programs. It gives grants to local organizations to provide preschool education and other services to low-income children and their families. In fiscal year 2010, the Congress appropriated $7.2 billion to serve approximately 900,000 children through approximately 1,600 Head Start grantees nationwide.[1] The American Recovery and Reinvestment Act of 2009 (Recovery Act) provided an additional $2.1 billion in funding for Head Start and Early Head Start. According to OHS, Recovery Act funds are to be used for staff training, facilities upgrades, and cost-of-living increases and are intended to allow certain programs to serve an additional 59,000 children and their families.

In August 2008, we received allegations through GAO's FraudNet hotline that a Midwest nonprofit Head Start center manipulated information so over-income or otherwise ineligible families would appear to qualify for the program and the grantee would meet enrollment numbers required as a condition of receiving Head Start funds. In October 2009, we received additional allegations that a Texas nonprofit Head Start center was also enrolling over-income or otherwise ineligible children in the program in order to meet funded enrollment numbers. Based on the significance of these claims, we (1) investigated the allegations of fraud and abuse at these two Head Start grantees, (2) conducted undercover tests to determine if other grantees were committing similar abuses, and (3) documented instances in which potentially eligible children were put on wait lists for Head Start services at other centers.[2]

To investigate the allegations of fraud and abuse we received through our FraudNet hotline, we interviewed informants and the two Head Start

[1]OHS awards Head Start funds directly to local organizations, called grantees. Many Head Start grantees contract out the operation of services to delegate agencies that operate programs at the community level. Throughout this testimony we refer to both grantees and delegates as grantees.

[2]Wait lists were documented because potentially eligible children could have been diplaced by ineligible children fraudulently enrolled in the program.

grantees in the Midwest and Texas. We reviewed grant documentation and enrollment information reported to OHS by grantees. Our investigation of allegations related to these two cases is ongoing. We plan to issue a final report once the investigation is complete.

To conduct undercover testing, we created fictitious identities and bogus documents, including pay stubs and birth certificates, in order to attempt to register over-income or otherwise potentially ineligible families and their children at 13 Head Start centers located in California, Maryland, New Jersey, Pennsylvania, Texas, Wisconsin and the Washington, D.C. metropolitan area. We also attempted to register two eligible families and their children to determine if centers would count these children toward reported enrollment numbers. We chose these centers for two reasons: they indicated that they had openings for new enrollees; and they were located either in states with a significant proportion of Head Start funding, the same geographic area as a GAO office, or in the same geographic area as the two programs accused of committing fraud. We created 15 fictitious scenarios and used fabricated documentation during our in-person applications. Scenarios were designed to determine if other Head Start centers were engaging in actions similar to those that were the basis of the allegations we received about centers in the Midwest and Texas. We used publicly available hardware, software, and materials to fabricate our supporting documentation. In situations in which our fictitious parents were told to bring our fictitious child to class, we monitored centers by making follow-up phone calls, to determine if centers still had openings in order to ensure that we were not occupying a space that could be used by an actual, eligible child. Subsequent to our applications, we requested, as GAO, that the centers provide us all information regarding the submitted applications and information as to whether these fictitious children ever were counted on center attendance records.

In order to document situations of families waiting to enroll in Head Start, we identified centers with wait lists through calls we made to approximately 550 centers and contacted families on these wait lists. We asked applicants for information on the length of time they spent on a wait list, the family's economic situation, and whether they had been affected by being waitlisted for Head Start services. We did not attempt to verify the accuracy of the information that families provided to us. We cannot project the results of our investigation of allegations, undercover tests, and family interviews to the entire Head Start program. We conducted our investigation from October 2008 through April 2010 in accordance with the standards prescribed by the Council of the Inspectors General on Integrity and Efficiency.

Background

The Head Start program was established in 1965 to deliver comprehensive educational, social, health, nutritional, and psychological services to low-income families and their children who are below the age of compulsory school attendance. These services include preschool education, family support, health screenings, and dental care. Head Start was originally aimed at 3- to 5-year-olds. A companion program, called Early Head Start, began in 1994, and focuses on making these services available to pregnant women and children from birth to 3 years of age. Head Start operates both full- and part-day programs—most only during the school year. The Migrant and Seasonal Head Start program is designed to meet the specific needs of migrant and seasonal farm worker families. OHS makes Head Start grants directly to approximately 1,600 local organizations, including community action agencies, school systems, tribal governments and associations, and for-profit and nonprofit organizations. To accomplish Head Start's goals, the Congress provided $7.2 billion in federal funds for fiscal year 2010, as well as $2.1 billion in Recovery Act funds.

Head Start statutes and regulations establish several primary eligibility criteria, one of which a child must generally meet in order to enroll in the program. These primary criteria include: the child's family earns income below the federal poverty level; the child's family is eligible or, in the absence of child care, would potentially be eligible for, public assistance; the child is in foster care; or the child is homeless. However, Head Start programs may also fill up to 10 percent of their slots with children from families who do not meet any of the above criteria, but who "would benefit" from participation in the program.[3] We refer to these children and their families as "over-income." There is no cap on the income level for the over-income families. If the Head Start program has implemented policies and procedures that ensure the program is meeting the needs of children eligible under the primary criteria and prioritizes their enrollment in the program, then the program may also fill up to 35 percent of their slots with children from families with income between the federal poverty line and 130 percent of the poverty line. Programs filling slots under this provision are subject to additional reporting requirements. Children from families with incomes below 130 percent of the poverty line, and children that qualify under one of the primary eligibility criteria, are referred to as "under-income" for the purposes of this testimony. In addition, unless a

[3]A Head Start program operated by an Indian tribe or a program located in certain remote areas with small populations may enroll additional children who do not meet one of the primary criteria.

program applies for and receives a waiver, at least 10 percent of each program's total slots must be filled with children with disabilities who are determined to be eligible for special education and related services or early intervention services. To qualify for the Migrant and Seasonal Head Start program, families must have changed their residence within the preceding 24 months for the purpose of engaging in certain agricultural work, and the families' incomes must come primarily from this type of work. In enrolling families in Head Start, program staff are to review documentation of income and employment to certify that each family is eligible. Head Start services are to be provided free of charge to eligible families.

OHS assigns each grantee a specific number of children and families it is required to serve, known as the funded enrollment. Head Start statutes and regulations require grantees to maintain enrollment at 100 percent of the funded enrollment level. If a child stops attending the program, after the grantee has attempted, unsuccessfully, to get the child back in regular attendance, the grantee must reopen that spot as a vacancy and no more than 30 calendar days may elapse before the grantee fills the vacancy; otherwise, OHS considers the grantee underenrolled.[4] To facilitate the prompt filling of vacancies, Head Start statutes and regulations require each grantee to maintain a wait list that ranks children according to its selection criteria and to select those with the greatest need for services. Grantees report enrollment numbers monthly, and those that are underenrolled for 4 consecutive months must receive technical assistance from OHS and work to develop and implement a plan to eliminate underenrollment. A grantee that continues to operate with less than 97 percent of its funded enrollment level may have its grant amount recaptured, withheld, or reduced by OHS. According to HHS, funds for 30 grantees were reduced in 2006. A Head Start grantee may also be terminated from participation in the program for continuously failing to meet other performance, education, administrative, and financial management standards that have been established by HHS.

[4]If fewer than 60 days remain in the grantee's program year at the time an enrollment vacancy occurs, the grantee can choose not to fill the vacancy without OHS considering it underenrolled.

Allegations of Fraud and Abuse Involving Two Head Start Grantees

We are currently investigating the two allegations of fraud and abuse that we received involving Head Start nonprofit grantees in the Midwest and Texas. In Texas, individuals we spoke with told us that the grantee encouraged enrollment of over-income families in order to meet enrollment requirements. We were able to confirm, through records obtained from the grantee, that 9 of the grantees' 28 centers had more than 10 percent over-income families enrolled. The percentage of over-income families in the 28 centers ranged from centers with no over-income enrollments to one center where 44 percent of the families it enrolled were over-income. Two families enrolled by this grantee had a reported income in excess of $110,000. However, the grantee as a whole did not report having more than 10 percent over-income families enrolled. An aggregate accounting of all centers operated directly by one grantee is permitted under the law for determination of the 10 percent over-income limit, therefore, we could not substantiate this allegation. Individuals we spoke with also told us that Head Start staff encouraged parents to report that they were homeless when they were not in order to qualify them for the program. Records we obtained indicate that 22 percent of all children enrolled by the grantee were classified as "homeless"—a group considered at-risk and categorically eligible for Head Start services regardless of income. Our concern, based on the allegation, is that some portion of these families classified as homeless in grantee records were actually over-income families that were not, in fact, homeless, but were encouraged to report that they were in order to qualify. In addition, we spoke with several individuals who described a number of fraudulent activities that they had witnessed. We are in the process of attempting to determine if other allegations are true, including

- classifying children as disabled when they were not,
- counting children in enrollment figures after they had left the program, and
- allowing staff to use company vehicles for personal use.

For the Midwest Migrant and Seasonal Head Start program, we were able to confirm through documents obtained from the grantee that more than 50 children were moved from one center to other centers with vacancies during the last 60 days of the grant period. According to OHS regulations, if fewer than 60 days remain in the grantee's program year at the time a child leaves the program, the grantee can choose not to fill the vacancy without OHS considering the grantee underenrolled. By using this process, the grantee was able to make records appear that both centers had reached full enrollment, when in fact 63 children were counted at more than one center. In addition, we spoke with several individuals who

alleged that numerous fraudulent activities were occurring at the program. We are in the process of attempting to determine if other allegations are true, including

- manipulating family income documentation to make over-income families appear to meet Head Start poverty guidelines,
- enrolling families who do not meet the specific program requirements for the Migrant Head Start program, including earning at least 51 percent of the household income through agricultural work and migrating for work within the past 24 months, and
- misappropriation of property purchased with Head Start funds.

It is important to note that ultimate determination as to whether these allegations are true is a significant challenge because of the minimal requirement for records requested of families to be maintained by grantees. For example, there is no requirement for grantees to maintain support for income, such as pay stubs and Internal Revenue Service Form W-2. In addition, as the proactive testing in the next section discusses, and as alleged, it is possible the grantee records have been fraudulently altered including showing that children who are actually from over-income families are under-income.

Undercover Tests Show the Head Start Program Is Vulnerable to Fraud and Abuse

Our undercover tests determined that the types of eligibility and enrollment fraud schemes allegedly perpetrated by the two grantees are occurring at other Head Start locations around the country. Posing as fictitious families, we attempted to register children at Head Start centers in California, Maryland, New Jersey, Pennsylvania, Texas, Wisconsin, and the Washington, D.C. metropolitan area. For 13 of these tests our fictitious families were over-income or had disqualifying characteristics. For 2 additional tests, our fictitious families did not have any disqualifying characteristics and were under-income. These 2 tests were designed to determine whether a Head Start center would count our fictitious children toward enrollment numbers even if our children never attended the program. For our tests, we contacted each center in advance and were instructed in all cases to bring certain documents necessary for enrollment, which included income documentation.

In 8 out of 13 eligibility tests, our families were told they were eligible for the program and instructed to attend class. In all 8 of these cases, Head Start employees actively encouraged our fictitious families to misrepresent their eligibility for the program. In at least 4 cases, documents we later retrieved from these centers show that our applications were doctored to

exclude income information for which we provided documentation, which would have shown the family to be over-income. Employees at seven centers knowingly disregarded part of our families' income to help make over-income families and their children appear to actually be under-income. This would have had the effect of filling slots reserved for under-income children with over-income children. At two centers, staff indicated on application forms that one parent was unemployed, even though we provided documentation of the parents' income. A Head Start employee at one center even assured us that no one would verify that the income information submitted was accurate. For the 2 tests in which our family did not have disqualifying characteristics, we were accepted into the program once and not accepted in the other. In the test where our eligible child was accepted into the program, the scenario was designed to test how long the center would keep a child who never attended the program on enrollment records before counting the spot as a vacancy and attempting to fill it with another child. Due to our concerns about occupying a slot for an actual child, we were forced to contact the center and voluntarily withdraw our fictitious child before sufficient time elapsed that would have allowed us to make a determination regarding how long the center would have kept our child on enrollment records. However, the enrollment of our family that appeared eligible for the program as well as our other successful tests highlight the ease with which unscrupulous parents could fabricate documentation designed to make it appear as though their children were under-income or otherwise eligible for the program. Our fictitious pay stubs and W-2s were made using information found on the Internet, commercially available word processing software, and a printer. At no point during our registrations was any of the information contained in fictitious documentation submitted by our parents verified, which indicates that the program is vulnerable to beneficiary fraud in addition to grantee fraud. For all 9 cases in which we were told that we were eligible for the program, we are taking steps to determine whether our fictitious children were counted on enrollment or attendance records.

Table 1 provides details on our approved applications, followed by our unsuccessful applications. We withdrew our fictitious families from the programs as soon as we documented that there were fewer than two openings at a center. To view selected video clips of these undercover enrollments, go to http://www.gao.gov/media/video/gao-10-733T/.

Table 1: Head Start Enrollment Scenarios

Case	State	Undercover scenario	Case details
Information manipulated			
1	California	Outside of service area	• A Head Start associate encouraged parent to provide falsified information about the family's address in order to make the family eligible for services by the center.
2	New Jersey	Income exceeded poverty guidelines	• A Head Start associate disregarded over $23,000 worth of income in order to qualify the family of three (mother, father, and child) as under-income. • The Head Start associate said with regard to the father's income documents, "Now you see it, now you don't" after handing back one of two pay stubs provided. • The Head Start associate explained that there were over 30 vacancies at the center.
3	Pennsylvania	Income exceeded poverty guidelines	• A Head Start associate disregarded over $23,000 worth of income in order to qualify the family of three (mother, father, and child) as under-income. • In addition, we told the Head Start associate that the mother also received some cash income from a part-time job. The associate replied "that's your business."
4	Texas	Income exceeded poverty guidelines	• A Head Start associate disregarded over $20,000 worth of income in order to qualify the family of three (mother, father, and child) as under-income. • With respect to the disregarded income, the associate stated "we see this, but we don't see this," explaining that if both parents' incomes were counted the family would be on a long wait list for over-income families. • Our bogus applicant was assured that the government would never come back to verify the income.
5	Texas	Income exceeded poverty and agricultural guidelines	• A Head Start associate disregarded $11,700 in nonagricultural work in order to qualify the family of three (mother, father, and child) for migrant Head Start services. A requirement of migrant Head Start programs is that the families income must be derived primarily from certain agricultural work. • Including the disregarded salary would have also put the family over 130 percent of the poverty guideline.
6	Wisconsin	Income exceeded poverty guidelines	• A Head Start associate disregarded over $23,000 worth of income in order to qualify the family of three (legal guardians grandmother, and grandfather, and child) as under-income. • The Head Start associate said that she chose to report only the grandmother's income because it was lower than the grandfather's income.

Case	State	Undercover scenario	Case details
7	Wisconsin	Income exceeded poverty guidelines	• A Head Start associate disregarded over $23,000 worth of income in order to qualify the family of three (legal guardians grandmother, and grandfather, and child) as under-income. • The Head Start associate said that she chose to count only one guardian's income so the family would qualify.
8	Washington, D.C.	Income exceeded poverty guidelines	• A Head Start associate disregarded $9,600 worth of cash income in order to enroll the family of three (mother, father, and child) as under-income. After we reported the family's cash income, the Head Start associate stated "We don't need any extra; we need to keep you low". • The Head Start associate explained that if nine more children were not enrolled by the end of the week, she might have to make staff cuts.
Not approved or No Evidence of Manipulation			
9	Washington, D.C.	None–fictitious children were eligible	• The fictitious family of three (father, and two children) met program and income requirements and was approved with bogus documents. The test was also designed to see whether the Head Start center would count our fictitious children who never attended the program toward enrollment figures. • The Head Start center left the fictitious children on the enrollment records for a month. • We voluntarily withdrew our fictitious children from the center due to concerns about occupying a slot for an actual child. Because of this withdrawal, we were unable to determine how long the center would have kept our children on enrollment records.
10	California	None–fictitious children were eligible	• The fictitious family of three (mother, father, and child) met program and income requirements. The test was designed to see whether the Head Start center would count our fictitious children toward enrollment figures. • The application was accepted by in-take staff at Head Start center, but the main program office never called the family to complete enrollment procedures.
11	California	Income exceeded poverty guidelines and outside service area	• The income for the family of three (mother, father, and child) was $50,000—more than double what poverty guidelines allow. • A Head Start associate denied our application because our address showed we lived outside the center's service area.

Case	State	Undercover scenario	Case details
12	California	Income exceeded poverty guidelines	• The income for the family of three (mother, father, and child) was $12,000 more than allowed for the family to be considered income-eligible. • A Head Start associate denied this application because the family was over-income. • The Head Start associate explained that families often lie about being separated or divorced in order to reduce their income and that Head Start is not strict about checking whether that is true.
13	Maryland	Child already enrolled in another Head Start center	• The fictitious single mother of one stated that she wanted to enroll the child in this Head Start center certain days of the week and another nearby center on other days of the week—a violation of the program's requirement that children be continuously enrolled. • The Head Start associate denied the application because we claimed that the child was already enrolled in another Head Start center.
14	Texas	Income exceeded poverty guidelines	• The income for the family of two (mother and child) was $2,000 more than allowed for the family to be considered income-eligible. • We submitted initial paperwork, but were told that our application could not be processed further because we did not provide a full 12 months of pay stubs.
15	Washington, D.C. metropolitan area	Income exceeded poverty guidelines	• The income for the family of three (mother, father, and child) was $75,000—more than triple what poverty guidelines allow. • We submitted a prescreening application indicating that the family was over-income and were never contacted by Head Start employees to continue the enrollment process.

Source: GAO

We also identified a key vulnerability during our investigation that could allow over-income children to be enrolled in other Head Start centers: income documentation for enrollees is not required to be maintained by grantees. According to HHS guidance, Head Start center employees must sign a statement attesting that the applicant child is eligible and identifying which income documents they examined, such as W-2s or pay stubs; however, they do not have to maintain copies of them. We discovered that the lack of documentation made it virtually impossible to determine whether only under-income children were enrolled in spots reserved for under-income children.

Eligible Children May Not Receive Head Start Services Because of Significant Wait Lists

We are concerned that eligible children at other centers do not receive services for which they are in need, given the vulnerabilities to fraud and abuse we found through our undercover tests. At 2 of the 9 centers where we enrolled fictitious children, we were later told, after withdrawing our children from the program, that the center was at full enrollment and was not accepting more children at that time. During the course of our work, we contacted approximately 550 Head Start centers to determine whether they had space for our fictitious children. We found that the majority of the centers stated that they had no open slots for enrollment, but maintained wait lists per program requirements. We found only 44 centers stated they had any openings. We interviewed 21 families on wait lists and found that the majority stated their income was at or below the federal poverty level. In some cases, families had experienced some type of domestic violence or were receiving some other type of public assistance, a group targeted specifically for assistance by Head Start program guidelines. We did not attempt to verify this information.

Head Start Center Wait Lists Were Substantial

The length of these wait lists varied considerably; however, several of the centers we contacted had lengthy wait lists. For example, one grantee we contacted in Texas, which serves approximately 4,260 children in 36 centers, had over 1,150 children on its wait list. Another Head Start grantee told us that they average around 500 children on their wait list. A representative from one Pennsylvania Head Start center we contacted stated that there were around 120 applicants on the center's wait list. Furthermore, a review of media sources reveals that Head Start centers around the country face similar challenges meeting their communities' demand for services. We queried a news media search engine and found numerous reports of lengthy waiting lists to enroll in Head Start programs in many parts of the country. For example, according to one Florida newspaper, the state of Florida has 8,000 students on wait lists for Head Start programs. Another newspaper in Indiana, reported that a program in Indiana that serves 380 students has 170 students on the wait list. It is important to note that we found a discrepancy in enrollment levels among the centers we called. While several grantees had lengthy wait lists, other grantees were eager to accept our fictitious, over-income children to fill their rolls. The center in New Jersey that accepted our fictitious over-income family told us that it had more than 30 openings. Another center in California, which did not accept our application, told us that it had 40 part-day openings.

Eligible Applicants Cannot Be Admitted Because of Lack of Space

We contacted 21 families who at the time of interview were on wait lists for Head Start programs. We received a list of 1,600 wait list applicants from a Head Start grantee in Texas—of these we were able to speak to 11 applicants. We also received a wait list of 30 applicants for services in Pennsylvania—of these we were able to speak to 10 applicants. We asked applicants for information on the length of time they spent on the wait list, on the family's economic situation, and whether they had been affected by being waitlisted for Head Start services. Several of the applicants we spoke with described circumstances that made them especially strong candidates for Head Start, including receiving other types of public assistance, such as Medicaid or Supplemental Nutrition Assistance, or having histories of domestic abuse. Additionally, several applicants reported that family members were unable to accept work opportunities as a result of not enrolling in Head Start, or experienced additional financial strain because they had to pay child care costs. Many applicants also cited concerns that their children would not be adequately prepared for school. Given the fraud committed by several grantees we investigated, and the relative ease with which GAO employees posing as fictitious parents were able to qualify for Head Start services, it is likely that some over-income or otherwise ineligible children are currently enrolled in Head Start programs while low-income children are put on wait lists and do not receive necessary services. For example, when a center manipulates information to make it appear that an over-income family is a low-income family this takes up a Head Start slot set aside for a low-income family. Table 2 summarizes the experiences of 10 applicants we contacted. We did not attempt to verify the applicants' statements.

Table 2: Summary of Selected Head Start Wait List Families

Case	State	Months wait-listed	Case details[a]
1	Pennsylvania	4 months	• The mother, a single parent of three children, is unemployed. • The family has experienced domestic violence and is in an abuse protection program. • The family is enrolled in several public assistance programs, including receiving Supplemental Nutrition Assistance Program (SNAP) benefits. • The mother stated that enrolling the child in Head Start would allow her to look for work and help her child prepare for kindergarten.
2	Pennsylvania	6 months	• The mother, a single parent of three children, earns $150 to $200 per week—less than half of what poverty guidelines allow. • The family is enrolled in several public assistance programs, including Medicaid and SNAP benefits. • The mother was told that her son was waitlisted because of a lack of government funding. • The child's grandmother cannot work because she must care for the child.
3	Pennsylvania	1 month	• The mother, a single parent of three children, is unemployed. • The mother has experienced domestic violence and the family receives SNAP benefits. • The mother received a letter from the Head Start center stating that her child was eligible, but had been put on the wait list because the center had no openings for funding reasons. • The mother cannot work because she is taking care of her child
4	Texas	2 months	• The mother, a single parent caring for two children, earns $1,025 per month—$6,000 a year below the poverty level. • The mother works nights, and sleeps only a few hours a day as a result of not having child care for her son during the day.
5	Texas	3 months	• The family of four lives on $290 per week—$7,000 per year below the poverty level. • The family is enrolled in Medicaid. • The mother cannot work because she must take care of the child.
6	Pennsylvania	2 months	• The single mother is unemployed, but her aunt provides for the family, giving them $150 every 2 weeks. • The family does not receive any type of public assistance. • The mother is concerned about the child's education as a result of not attending Head Start.
7	Texas	1 month	• The mother, a single parent of two children, is unemployed and receives $500 per month in child support. • The family is on two public assistance programs: Women Infants and Children (WIC) and Medicaid. • The family has experienced domestic violence. • The mother has offers for work but cannot accept them because she must care for the child.

Case	State	Months wait-listed	Case details[a]
8	Texas	2 months	• The mother, a single parent of four children, made $1,000 per month, almost $14,000 a year below the poverty line. Since applying for Head Start services, she has become unemployed. • The family is on two public assistance programs: Medicaid and SNAP benefits. • The family has faced domestic violence, but the Head Start center did not ask the parent whether they had. • When the mother was working, she had to pay over $300 a month to hire a babysitter to take care of her child.
9	Pennsylvania	2 months	• Both parents are unemployed, and the family lives with brother who currently provides for them. • The mother feels that the child is missing out on an education as a result of not attending Head Start.
10	Pennsylvania	7 months	• The family of three is $8,000 a year under the poverty guidelines earning $200 a week. • The family is on several public assistance programs, including WIC, Medicaid and SNAP benefits. • The applicant is concerned that his child will not be able to speak English when he starts school.

Source: GAO

[a]Statements made by parents were not verified by GAO.

Corrective Action Briefing

On April 20 and April 23, 2010, we briefed OHS and HHS officials on the results of our work. Officials indicated that HHS would work quickly to address the weaknesses we identified. We suggested a number of potential actions the agency should consider to minimize Head Start fraud and abuse, including the following:

- Creating an OHS program management fraud hotline for individuals to report fraud, waste, and abuse. These tips could be investigated by the program, the HHS Inspector General, or both;
- Establishing more stringent income verification requirements, documentation requirements, or both by Head Start employees responsible for certifying family eligibility, such as maintaining income documentation provided by the applicant (e.g., pay stubs or W-2s); and
- Conducting undercover tests, such as the ones we describe in our report, as a management oversight function.

Agency officials indicated that they would consider these suggestions. They also told us that they would make sure that grantee staff received training regarding the proper way to validate income documentation.

Mr. Chairman, this concludes my statement. I would be pleased to answer any questions that you or other members of the committee may have at this time.

Contacts and Acknowledgments

For additional information about this testimony, please contact Gregory D. Kutz at (202) 512-6722 or kutzg@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement.

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