



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.

HEAD START

Undercover Testing Finds Fraud and Abuse at Selected Head Start Centers

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/products/gao-10-733T>.

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

| State | Test | Case details |
|-------|-----------------------------------|--|
| NJ | Income exceeds poverty guidelines | <ul style="list-style-type: none"> • 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 | <ul style="list-style-type: none"> • 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.