

| | | |
|--|---|------------------------------|
| ACF Administration for Children and Families | U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | |
| | 1. Log No. ACF-IM-HS-19-04 | 2. Issuance Date: 10/10/2019 |
| | 3. Originating Office: Office of Head Start | |
| | 4. Key Word: Administrative Simplification; Accounting Codes; Common Accounting Numbers (CANs) | |

INFORMATION MEMORANDUM

TO: All Head Start and Early Head Start Agencies and Delegate Agencies

SUBJECT: Accounting Simplification for Head Start and Early Head Start Operations and Service Funds

INFORMATION:

This Information Memorandum (IM) is to inform grantees of a simplified accounting procedure that will go into effect beginning in fiscal year (FY) 2020. Currently, the Office of Head Start's (OHS) accounting structure includes two separate Common Accounting Numbers (CANs) for Head Start and Early Head Start operations. OHS will streamline the current structure by transitioning to the use of a single CAN for operations, inclusive of both Head Start and Early Head Start service funds. This change is meant to lessen administrative burdens grantees face when operating both programs. These CANs are known as Program Accounts 4122 and 4125 for Head Start and Early Head Start, respectively.

Starting in FY2020, all Head Start and Early Head Start operations amounts will be funded from CAN 4122. This change does not affect Program Accounts 4120 and 4121, the Head Start and Early Head Start training and technical assistance (T/TA) CANs, due to statutory requirements placed on those funds. This change only applies to traditional Head Start and Early Head Start grants and has no impact on Early Head Start-Child Care Partnership/Early Head Start Expansion grants. Furthermore, this accounting change does not affect annual funding and enrollment levels for Head Start or Early Head Start and does not change the processes for programs seeking to convert slots.

| Current CAN Structure | No. | New CAN Structure | No. |
|------------------------------|------------|--|------------|
| Head Start Operations | 4122 | Head Start and Early Head Start Operations | 4122 |
| Early Head Start Operations | 4125 | | |
| Head Start T/TA | 4120 | Head Start T/TA | 4120 |
| Early Head Start T/TA | 4121 | Early Head Start T/TA | 4121 |

This accounting change is expected to relieve some of the administrative burdens grantees regularly face when operating both a Head Start and Early Head Start program. The existing structure forces grantees to allocate multiple shared costs between the two programs when

submitting budget estimates through the Head Start Enterprise System Grant Application Budget Instrument. Currently, when operations funds are awarded in separate CANs for Head Start and Early Head Start, there is no flexibility to make adjustments by moving funds between programs once an award has been issued without an ACF-approved budget modification. This simplified accounting procedure will alleviate that problem. It will also allow grantee requests for enrollment conversions from Head Start to Early Head Start—and in the case of American Indian and Alaska Native programs only, from Early Head Start to Head Start—to be implemented more timely due to the ability to reallocate funds between programs within the same CAN when needs arise.

This accounting structure change has no impact on how a grantee will continue to submit program-level funding requests or requests for conversion of slots, nor will it have an impact on the under-enrollment process. Funding guidance letters will continue to be provided with annual funding and enrollment levels for Head Start and Early Head Start along with instructions on how grantees will apply for funding.

Thank you for your work on behalf of children and families.

/ Dr. Deborah Bergeron /

Dr. Deborah Bergeron
Director
Office of Head Start
Office of Early Childhood Development