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OA/ID Number: 13720
Folder ID Number: 13720-008

Folder Title:
Head Start 25th Anniversary 5/24/90 [OA 8313]

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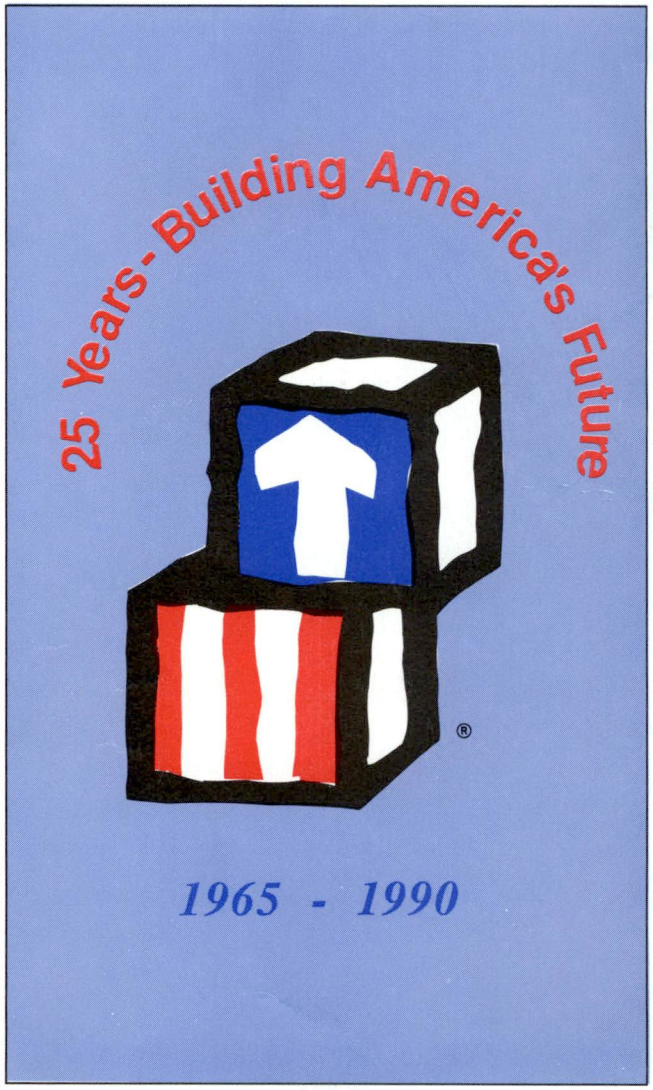
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Office of Human Development Services
Administration for Children, Youth and Families
Head Start Bureau

HEAD START

A Child Development Program



1990

Region VIII

Office of Human Development Services
Department of Health and Human Services
Room 1194
1961 Stout Street
Denver, Colorado 80294
(303/844-2622)
(Colorado, Montana, North Dakota,
Utah, Wyoming, South Dakota)

Region IX

Office of Human Development Services
Department of Health and Human Services
Room 450
50 United Nations Plaza
San Francisco, California 94102
(415/556-6153)
(Arizona, California, Hawaii, Nevada,
Pacific Trust Territories)

Region X

Office of Human Development Services
Department of Health and Human Services
Blanchard Plaza
2201 Sixth Ave., RX 32
Seattle, Washington 98121
(206/442-0838)
(Alaska, Idaho, Oregon, Washington)

American Indian Program Branch

Head Start Bureau
Department of Health and Human Services
P.O. Box 1182
Washington, D.C. 20013
(202/245-0436)

Migrant Program Branch

Head Start Bureau
Department of Health and Human Services
P.O. Box 1182
Washington, D.C. 20013
(202/245-0455)

Region VI

Office of Human Development Services
Department of Health and Human Services
1200 Main Tower Building
Dallas, Texas 75202
(214/767-2976)
(Arkansas, Louisiana, New Mexico, Oklahoma, Texas)

Region VII

Office of Human Development Services
Department of Health and Human Services
601 E. 12th Street
Room 384 Federal Building
Kansas City, Missouri 64106
(816/426-5401)
(Iowa, Kansas, Missouri, Nebraska)

A Comprehensive Child Development Program

Each year, almost one million children from low-income families enter school for the first time. While their more fortunate classmates may face the new challenge with assurance, many children from low-income homes begin school with health problems and a lack of self-confidence. Without the will to move ahead, these children often fall behind in their first years of school and find their troubles compounded in later years. Research has shown that it is possible to strengthen the ability of a disadvantaged child to cope with school and the child's total environment, thus helping thousands of children to look forward to a brighter future.

To achieve this goal the Federal Government asked a panel of child development experts in 1964 to draw up a program to help communities overcome the handicaps of disadvantaged preschool children. The panel report became the blueprint for Project Head Start.

Project Head Start, launched as an 8-week summer program by the Office of Economic Opportunity in 1965, was designed to help break this cycle of poverty by providing preschool children of low-income families with a comprehensive program to meet their emotional, social, health, nutritional and psychological needs. Recruiting children age 3 to school entry, Head Start over the years became an eight month program and was enthusiastically received by educators, child development specialists, community leaders and parents across the nation. Head Start now serves over 450,000 children and their families each year in urban and rural areas in all 50 States, the District of Columbia, and the U.S. Territories—including many American Indian and migrant children.

In 1969, Head Start was delegated from the Office of Economic Opportunity to the Office of Child Development in the U.S. Department of Health, Education, and Welfare, and has now become a program within the Administration for Children, Youth and Families at the Department of Health and Human Services. A well established, though still an innovative program, Head Start has had a strong impact on communities and early childhood programs across the country. Since 1965, Head Start has served over 10.9 million children and their families.

From the start, Head Start received strong support from the Federal Government. The Congressional appropriation has been increased from $96.4 million in fiscal year 1965 to $1.386 billion appropriated for fiscal year 1990.

The program is locally administered by 1290 community based non-profit organizations and school systems. Grants are awarded by the Health and Human Services Regional offices. The Head Start legislation states that the federal grant to operate a local Head Start program shall not exceed 80 percent of the approved costs of the program. Twenty percent of the cost must be contributed by the community. The non-federal share (the 20%) may be in cash or contributed services.

The Major Components of Head Start

There are four major components in Project Head Start. In 1975, performance standards were adopted to insure that every Head Start program provides the services necessary to meet the goals of each of these components:

1. Education—Head Start's educational program is designed to meet each child's individual needs. It also aims to meet the need of the community served and its ethnic and cultural characteristics. If programs have a majority of bilingual children, for example, at least one teacher or aide must speak their native language.

Every child receives a variety of learning experiences to foster intellectual, social and emotional growth. Children participate in indoor and outdoor play and are introduced to the concepts of words and numbers. They are encouraged to express their feelings and to develop self-confidence and the ability to get along with others.

Head Start programs have a low child-staff ratio. Staff members receive training in child development and early childhood education. They learn how to work with handicapped children who now account for 13.3 percent of Head Start's total enrollment.

2. Health—Head Start emphasizes the importance of early identification of health problems. Since many preschool children of low-income families have never seen a doctor or dentist, Head Start provides every child with a comprehensive health care program, including medical, dental, mental health and nutritional services.

Regional Offices

Region I

Office of Human Development Services
Department of Health and Human Services
Room 2000 Federal Building
Government Center
Boston, Massachusetts 02203
(617/233-6450)
(Connecticut, Maine, Massachusetts, New Hampshire, Vermont, Rhode Island)

Region II

Office of Human Development Services
Department of Health and Human Services
Room 4149 Federal Building
26 Federal Plaza
New York, New York 10278
(212/264-2974)
(New York, New Jersey, Puerto Rico, Virgin Islands)

Region III

Office of Human Development Services
Department of Health and Human Services
3535 Market Street
(P.O. Box 13716)
Philadelphia, Pennsylvania 19101
(215/596-1224)
(Delaware, Washington, D.C., Maryland, Pennsylvania, Virginia, West Virginia)

Region IV

Office of Human Development Services
Department of Health and Human Services
101 Marietta Tower
Suite 903
Atlanta, Georgia 30323
(404/331-2134)
(Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee)

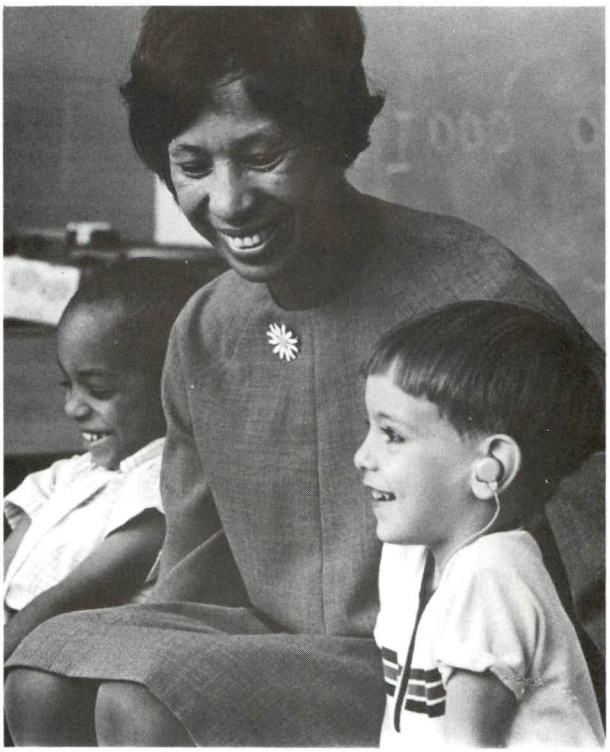
Region V

Office of Human Development Services
Department of Health and Human Services
21st Floor
105 West Adams St.
Chicago, Illinois 60603
(312/353-4241)
(Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin)

decorate Head Start centers; and recruit and instruct other volunteers.

Community organizations provide a wide array of services to Head Start including the donation of classroom space, educational materials, eyeglasses for children, special equipment for handicapped children, medical and dental examinations. These services and the time spent by volunteers counts toward the 20% non-federal share of the local Head Start budget.

For more information about volunteer opportunities or other Head Start activities, contact a local Head Start program, or the Administration for Children, Youth and Families at any Health and Human Services regional office... see addresses on the following pages.



A. Medical and Dental—Children receive a complete examination, including vision and hearing tests, identification of handicapping conditions, immunizations, and a dental exam. Follow-up treatment is provided for identified health problems.

B. Nutrition—Many children entering Head Start have not received good, nourishing meals at home. In the program, children are served a minimum of one hot meal and snack each day, in order to meet at least one-third of their daily nutritional needs. A trained nutritionist supervises the nutritional activities of each Head Start program and helps the staff identify the nutritional needs of the children. The nutritionist plans an educational program to teach parents how to select healthy foods and prepare well-balanced meals, and how to obtain food stamps and other community assistance when needed.

C. Mental Health—Head Start recognizes the importance of providing mental health and psychological services to children of low-income families, to encourage their emotional and social development. A mental health professional must be available to every Head Start program to provide

mental health training to staff and parents and to make them aware of the need for early attention to the special problems of children.

3. Parent Involvement—Parents are the most important influence on a child's development. An essential part of every Head Start program is the involvement of parents in parent education, program planning and operating activities. Many serve as members of Policy Councils and Committees and have a voice in administrative and managerial decisions.

Through participation in classes and workshops on child development and through staff visits to the home, parents learn about the needs of their children and about educational activities that can be carried out at home. Many parents also serve in Head Start on a volunteer or paid basis as aides to teachers, social service personnel and other staff members, and as cooks, storytellers and supervisors of play activities. They receive preference for employment in non-professional Head Start staff jobs.

4. Social Services—The social services component of Head Start represents an organized method of assisting families to assess their needs, and then providing those services that will build upon the individual strengths of families to meet their own needs. Some of the activities that the social services staff use to assist families to meet their needs are: community outreach, referrals, family needs assessments, providing information about available community resources and how to obtain and use them, recruitment and enrollment of children, and emergency assistance and/or crisis intervention.

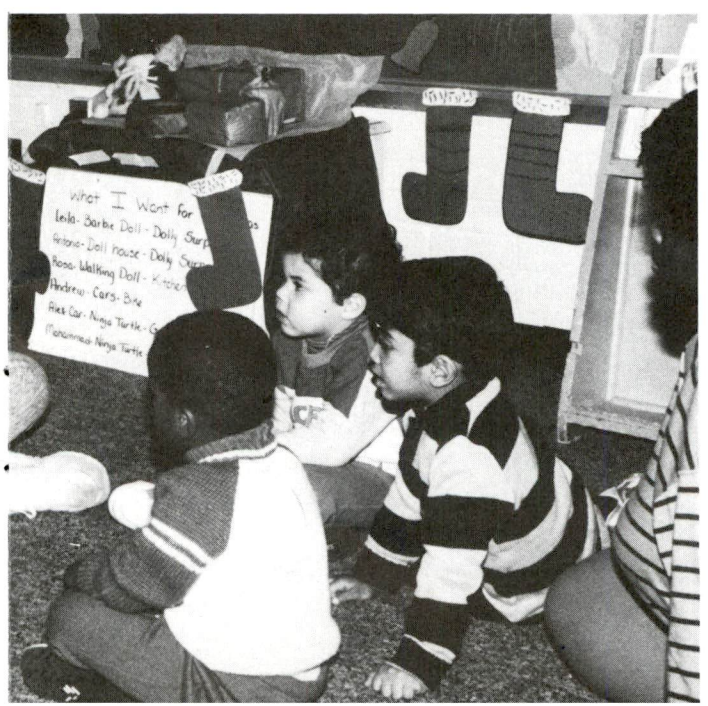
Service to Handicapped Cildren—A handicapped child can often learn more readily in a group with other children than in a separate group for the handicapped. Head Start has successfully carried out a 1972 Congressional mandate requiring that at least 10 percent of its enrollment in each state be available for handicapped children.

Handicapped children and their families receive the full range of Head Start developmental services. In addition, Head Start staff members work closely with community agencies to provide services to meet the special needs of the handicapped child.

Head Start has had a significant impact on community efforts for low-income families. A study of 58 communities with full-year Head Start programs showed that the program had influenced local educational and health institutions to become more responsive to the needs of the poor. As a result of Head Start activities, for the first time many school districts revised curricula to place more emphasis on the need of minorities; health institutions changed services and schedules to serve the poor more effectively; there was increased participation by low-income individuals in policymaking decisions; and employment of local people in paraprofessional jobs was stepped up. All of these are major Head Start goals.

Organizations and Volunteers Help Head Start

Over the years, volunteers have been an important part of all Head Start programs. High school and college students, housewives, parents of Head Start children, retired senior citizens—all kinds of people have offered their much-needed help to local Head Start programs. Volunteers assist in indoor creative play, in games with children and in telling or reading stories; supervise outdoor play activities; drive or escort children to and from centers to medical appointments; take small groups of children on outings and visits to the community; assist in parent education; help renovate and



The Impact of Head Start

Project Head Start has played a major role in focusing the attention of the Nation on the importance of early childhood development, especially in the first five years of life. In many ways, the program, has had dramatic impact on the child development and day care services; on the expansion of state and local activities for children; on the range and quality of services offered to young children and their families; and on the design of training programs for those who staff such programs.

The program has led in efforts to improve the cognitive abilities of young children. Studies have indicated that Head Start children score higher than comparable non-Head Start children in preschool achievement tests that measure these abilities. The studies also show that Head Start children perform equal to or better than their peers when they enter regular school and there are fewer grade retentions and special class placements.

The outreach and training efforts of Head Start programs have helped provide low-income parents with the knowledge and service they need to build a better life for their children. Direct involvement of parents in Head Start planning and policy-making has given families a greater role in the development of their children. This participation has influenced school systems across the country to do likewise.

Staff Development and Training

The Head Start Program provides staff at all levels and in all program areas with training to improve job performance and opportunities for career advancement within the program.

The Child Development Associate (CDA) Program gives professional and nonprofessional employees the opportunity to study child development and related subjects at colleges and universities, in courses which can lead to academic degrees or to certification in the field of early childhood education. A majority of these men and women are receiving Child Development Associate training which will provide them with credentials to work as professionals in the child care field.

This national program to assess and credential child caregivers is administered by the National Association for the Education of Young Children (NAEYC) through their Council for Early Childhood Professional Recognition in cooperation with the Administration for Children, Youth and Families.

The Child Development Associate (CDA) Program was initiated in 1972 in response to the growing need to upgrade the quality of staff caring for children 3 to 5 years of age in center based child care programs in the nation. The foundation of the CDA program is based on a set of competencies necessary for staff to maximize the physical, intellectual, social and emotional needs of children in their care. In the period from 1972 to 1975, task forces of child development and early childhood specialists designed the competency areas. These competencies were implemented in thirteen pilot college and university programs, which were funded to develop a variety of training curricula. An assessment and credentialing system for CDA candidates began in 1975. The first credential was awarded in July 1975. Currently there are over 30,000 CDA's in the nation who have earned a CDA credential, including a number with a bilingual specialization. The CDA credential is now an accepted credential. Forty states and the District of Columbia have incorporated the CDA credential into their regulations for child care staff.

Candidates working toward this credential receive credits from their colleges and universities. CDA's are staffing Head Start, day care, profit and non-profit preschool programs throughout the nation, thus representing a growing new profession offering quality child care in a variety of settings. In 1983, Head Start in cooperation with the early childhood profession and the private sector funded the expansion of the CDA credential to include Home Visitors and infant/toddler caregivers. The CDA Credential is now available for Family Day Care providers.

Parent and Child Centers were initially launched in 1967 to provide comprehensive services to low income families with children 0-3 years of age. There are 38 Centers currently in operation around the country. The primary objective of the Parent and Child Center programs (PCC's) is the improvement of the overall developmental progress of the child, with emphasis on the prevention of a variety of developmental deficits: increasing parents' knowledge of their own children, as well as their own knowledge of parenting: and strengthening the family unit. These objectives are accomplished through services that include infant-toddler developmental activities, comprehensive health care of young children and their families, nutrition education, social services for the entire family, parent involvement in the program, and assistance to parents in overcoming economic and personal problems.

Program Options

From its inception in 1965, Head Start has sought to provide comprehensive developmental services for children from low-income families. In carrying out this policy, Head Start provides children with a classroom based or home-based developmental program. Head Start experience has shown that the needs of children vary considerably from community to community and that to serve these needs most effectively, programs should be individualized. In addition, experience to date suggests that, when Head Start programs are designed in ways that take into account community resources and the capabilities of the local staff, a program can often be mounted that will improve services for children within present funding levels. Therefore, Head Start permits and encourages local Head Start sponsors to develop and implement program options.

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BRIEF REMARKS: 25TH ANNIVERSARY OF HEAD START
THE ROSE GARDEN
THURSDAY, MAY 24, 1990
TIME?

((Acknowledgements))

First of all, Happy 25th Birthday to Head Start! Like all birthday parties, today we celebrate both where we've been and where we are headed.

In May, 1965, on a beautiful spring day right here in the Rose Garden, **a great idea became a working reality** -- President Lyndon Johnson signed the law that created Head Start. He said then that the program would "rescue these children from the poverty which otherwise could pursue them all their lives. The project is designed to put them on an even footing with their classmates as they enter school."

Since that day, Head Start has "rescued" **over 11 million children**, providing comprehensive development services to nearly half-a-million low-income children and their families every year. Head Start provides these children not only with preschool education, but with health and nutrition services as well. Ninety-nine percent of the children enrolled in Head Start get the medical attention they need. And for many children, Head Start gives them their best meal of the day.

Everyone agrees Head Start is a program that **works** for **children** -- by enhancing their school performance, fostering success in life, and bringing children with disabilities into the

mainstream that much faster. Head Start also works for **families** -- by offering educational and career opportunities for parents, by building self-confidence in parents who participate in the programs, and by encouraging a commitment to improve their lives. And it works for **the thousands of communities nationwide** where Head Start "graduates" give so much back to society, by building strong families and solid neighborhoods.

Today, over a third of the 80,000 Head Start staff members across America are former Head Start parents themselves. Parents like Eugenia Boggus, here with us today, who is now president of the National Head Start Association.

Or Claude Endfield -- when she enrolled her child in the White Mountain Apache Indian Head Start program in 1973, she was unemployed. She became a volunteer at the Head Start Center, then a Head Start teacher, and today is program chairman of the Early Childhood Department at Northland Pioneer College in Arizona. Head Start gave her the skills and confidence she needed to turn her life around.

But as vital as the parents and the staff are to the success of Head Start, we must congratulate the kids too. Many are grown up now, and because they were given an equal chance at the starting block -- they crossed the finish line on their own, and most of them winners.

Seba Johnson, for example, attended Head Start as a child in the Virgin Islands and, at the age of fourteen, became the first black woman skier to participate in the winter Olympics,

representing the Virgin Islands. Today she lives in Nevada, where she is training for the next winter Olympics -- ((presumably with the **Jamaican bobsled team**)). -- and is volunteering her time to help celebrate Head Start's twenty-fifth anniversary. And Carlos Jimenez who was a Head Start student in Pennsylvania in 1977. This year, Carlos is graduating from high school, third in his class of 320. A National Honor Society member, Carlos will attend college in California this fall. Or Carl Brenner, also a Head Start alumnus, who graduated first in his high school class and is now a senior cadet at the U.S. Air Force Academy.

Talking Pts. of Mary Gall p. 2 (para 1)

These kids earned a lot of attention with their brilliant success stories. But there are also the quiet ones, special cases that otherwise might get overlooked. Take the example of Timothy Combs, a child born with Down's Syndrome who wasn't yet talking when he enrolled in Head Start at the age of three. Head Start provided Timothy with speech therapy and help for his ear problems. Two years later, Timothy was able to enroll in public school, where he continues to get the special attention that began in Head Start.

Talking Pts. of Mary Gall p. 3 (para 1)

There are so many stories to tell, and untold numbers of Americans to thank in Head Start centers around the country. These committed individuals have given their all to make Head Start a national treasure. The kids we have with us today are from Head Start programs throughout the Washington area, and by

Talking Pts. of Mary Gall p. 3 (para 1)

getting them "ready to learn" today, we ensure that they too will have success stories to share tomorrow.

It is because of children like these -- and parents and staff like you -- that at the historic Education Summit last September, I asked every Governor in the Nation to join in our commitment to Head Start. We ~~proposed the largest one-time funding increase in the history of Head Start~~ -- a half billion dollars. I know that the Congress will join me in giving Head Start the best twenty-fifth birthday present possible -- enough money to enroll as many as 180,000 more children in Head Start.

Confirmed by Legislative Affairs

Talking pts. of Mary Gobble p. 3 (para 2)

As they say, that's a gift that "keeps on giving" -- by enriching the lives of our children, strengthening our families, and building our communities. To everyone who has supported Head Start for so many years, thank you, and God bless each one of you.

# # #

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259 Remarks on Project Head Start.

May 18, 1965

Mr. Shriver, ladies and gentlemen, distinguished guests:

On this beautiful spring day it is good to be outside in the Rose Garden. Of course, the White House is a place where when you go outside you are still inside.

In that same vein, I would note that the Rose Garden is a garden without roses today, and the Fish Room is now a room without fish. But there is one compensation—open nearly any door here in the West Wing and you are liable to run into Sargent Shriver, and sometimes you will find him in more than one room at the same time.

This is a very proud occasion for him and for us today, because it was less than 3 months ago that we opened a new war front on poverty. We set out to make certain that poverty's children would not be forevermore poverty's captives. We called our program Project Head Start.

The program was conceived not so much as a Federal effort but really as a neighborhood effort, and the response we have received from the neighborhoods and the communities has been most stirring and the most enthusiastic of any peacetime program that I can remember.

Today we are able to announce that we will have open, and we believe operating this summer, coast-to-coast, some 2,000 child development centers serving as many as possibly a half million children.

This means that nearly half the preschool children of poverty will get a headstart on their future. These children will receive preschool training to prepare them for regular school in September. They will get medical and dental attention that they badly need, and parents will receive counseling on improving the home environment.

This is a most remarkable accomplishment and it has been done in a very short time. It would not be possible except for the willing and the enthusiastic cooperation of Americans throughout the country.

I believe this response reflects a realistic and a wholesome awakening in America. It shows that we are recognizing that poverty perpetuates itself.

Five and six year old children are inheritors of poverty's curse and not its creators. Unless we act these children will pass it on to the next generation, like a family birthmark.

This program this year means that 30 million man-years—the combined lifespan of these youngsters—will be spent productively and rewardingly, rather than wasted in tax-supported institutions or in welfare-supported lethargy.

I believe that this is one of the most constructive, and one of the most sensible, and also one of the most exciting programs that this Nation has ever undertaken. I don't say that just because the most ardent and most active and most enthusiastic supporter of this program happens to be the honorary national chairman, Mrs. Johnson.

We have taken up the age-old challenge of poverty and we don't intend to lose generations of our children to this enemy of the human race.

This program, like so many others, will succeed in proportion as it is supported by voluntary assistance and understanding from all of our people. So we are going to need a million good neighbors—volunteers—who will give their time for a few hours each week caring for these children, helping in a hundred ways to draw out their potentials.

We need housewives and coeds. We

need teachers and doctors. We need men and women of all walks and all interests to lend their talents, their warmth, their hands, and their hearts.

The bread that is cast upon these waters will surely return many thousandfold.

What a sense of achievement, and what great pride, and how happy that will make all of us who love America feel about this undertaking.

Thank you.

NOTE: The President spoke at 12:20 p.m. in the Rose Garden at the White House. In his opening words he referred to Sargent Shriver, Director of the Office of Economic Opportunity.

On the same day the White House made the following announcement:

"President Johnson announced today that 2,500 Head Start projects which will reach about 530,000 children of the poor this summer in 11,000 Child Development Centers will be operated as part of the War on Poverty in every state in the Union. The program will cost $112 million.

"The President made public the first 1,676 projects approved. They involve 9,508 centers at which 375,842 children will be given special training at a total cost of $65,686,741. The remainder will be announced within two weeks.

"The centers will provide pre-school training to prepare youngsters to enter regular school in the Fall.

"President Johnson said the program will 'rescue these children from the poverty which otherwise could pursue them all their lives. The project is designed to put them on an even footing with their classmates as they enter school.'

"The Project will use the services of 41,000 professionals, including teachers, doctors, dentists, nurses, etc. More than 47,000 poor will be employed. As many as 500,000 part-time volunteers will be needed. Local contributions will be $16 million.

"President Johnson emphasized that the program—administered by Sargent Shriver, Director of the Office of Economic Opportunity—is aimed to achieve the following:

"—Include one-half of all the children of the poor reaching school age this Fall.

"—Strike at the basic cause of poverty.

"—Assist the parents as well as the children.

"—Assist children to face life.

"—Treat known defects among the half million children, including 100,000 with eye difficulties; 50,000 with partial deafness; 30,000 with nutritional deficiencies; 75,000 with no immunizations.

"The President noted that the response of the communities to the invitation to submit proposals was so great the size of the program had been multiplied. At the outset, local projects involving $17 million and 100,000 children were anticipated.

"Forty-nine percent of all applications are from rural areas. In West Virginia every county will be represented in the program. Of the 300 counties in the Nation having the largest number of poor families, 261 will operate projects under the program.

"The President congratulated the many thousands of civic leaders, businessmen, educators, housewives, labor leaders, welfare workers, minority group leaders and representatives of the poor who together developed the local projects to meet the high standards imposed by national planning groups."

260 Remarks to the Winners of the Hearst Foundation Journalism Awards. *May* 18, 1965

Mr. Hearst, honored guests, and ladies and gentlemen:

When I first learned that Bill Hearst was coming with this distinguished group of university students and administrators and professors, I thought it would be the better part of wisdom perhaps for me to show up. Otherwise we might have gotten some rather far-out speculation as we did a little earlier in the week on the absence of one of our friends at a student meeting.

I have something of a weakness for students and graduates of journalism schools and colleges. Several of my assistants and my advisers—that includes my wife—first came to my attention through their work on campus newspapers.

Far more importantly, my esteem and regard for college journalists is reflected in the fact that I am still living with one. I have been married to one for over 30 years. While I realize such a remark might be mis-

PROJECT HEAD START
STATISTICAL FACT SHEET

HEAD START BUDGET - Fiscal Year 1990.....$1,386,315,000

Local Head Start Projects.....$1,351,715,000
Training and Technical Assistance
(Includes technical assistance for
services to handicapped children).....$30,600,000
Research, Demonstration and Evaluation Programs.....$1,500,000
Monitoring.....$2,500,000

NUMBER OF PROGRAMS

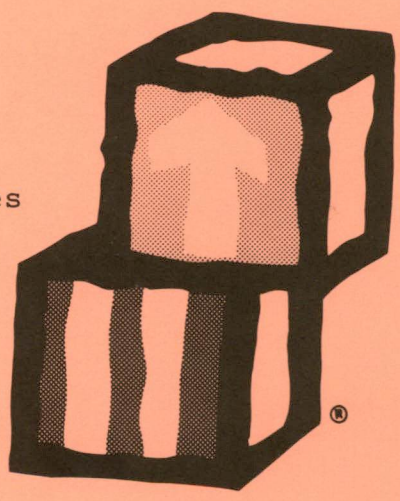
(Includes 38 Parent and Child Centers).....1,283

ENROLLMENT - Fiscal Year 1989.....450,970
Projected For Fiscal Year 1990.....488,470

Handicapped Children accounted for 13.5 percent of all children enrolled in full-year Head Start programs in the 1988-89 program year.

Racial/Ethnic Composition

American Indian.....4%
Hispanic.....22%
Black.....38%
White.....33%
Asian.....3%



Administration for Children, Youth and Families
Office of Human Development Services
Department of Health and Human Services
Washington, DC 20201-0001

January 1990

ENROLLMENT (Continued)

AGES

Number of 5 year-olds and older.....	8%
Number of 4 year-olds.....	64%
Number of 3 year-olds.....	25%
Number under 3 years of age.....	3%

NUMBER OF SITES

Classrooms.....	24,026

COST

Average Cost per Child (Projected in 1990).....	2,767

STAFF (1989)

p. 2 of Speech ✓

Paid Staff.....	79,549
Volunteers.....	615,000

PROJECT HEAD START
(Summer and Full Year)

FISCAL YEAR	ENROLLMENT	CONGRESSIONAL APPROPRIATION
1965 (Summer only)	561,000	$ 96.4M
1966	733,000	198.9M
1967	681,400	349.2M
1968	693,900	316.2M
1969	663,600	333.9M
1970	477,400	325.7M
1971	397,500	360.0M
1972	379,000	376.3M
1973	379,000	400.7M

1974	352,800	403.9M
1975	349,000	403.9M
1976	349,000	441.0M
1977	333,000	475.0M
1978	391,400	625.0M
1979	387,500	680.0M
1980	376,300	735.0M
1981	387,300	818.7M
1982	395,800	911.7M
1983	414,950	912.0M
1984	442,140	995.75M
1985	452,080	1,075,059,000
1986	451,732	1,040,315,000*
1987	446,523	1,130,542,000
1988	448,464	1,206,324,000
1989	450,970	1,235,000,000
1990	488,470**	1,386,315,000

Since 1982, only full year services have been provided.

Pg. 1 of speech

A total of 11,394,800 children have been served by the program since it began in 1965.

*Post Gramm-Rudman
**Projected enrollment for fiscal year 1990.

OTHER FACTS

The program is administered by the Administration for Children, Youth and Families (ACYF), Office of Human Development Services, Department of Health and Human Services.

Grants are awarded by the HHS Regional Offices and the Indian and Migrant Program Branches to local public agencies, private non-profit organizations and school systems for the purpose of operating Head Start programs at the community level.

South Carolina	15,685,225	6,423
South Dakota	2,820,533	1,099
Tennessee	21,411,452	8,928
Texas	55,849,914	23,211
Utah	5,291,586	2,118
Vermont	2,444,359	871
Virginia	17,200,718	5,769
Washington	13,953,799	4,448
West Virginia	10,259,202	4,038
Wisconsin	18,074,362	7,241
Wyoming	1,623,838	699
Puerto Rico	50,162,710	19,726
Virgin Islands	2,487,749	1,089
Pacific Territories	1,885,701	2,527
American Indian Programs	42,662,033	14,302
Migrant Programs	45,419,419	19,103
Special Projects	3,028,812	N/A

1989 State Allocations

STATE	DOLLARS	ENROLLMENT
Alabama	24,367,341	10,875
Alaska	2,462,468	800
Arizona	10,675,054	3,743
Arkansas	12,602,574	6,138
California	116,512,724	35,835
Colorado	10,935,916	4,730
Connecticut	11,242,873	4,199
Delaware	2,604,964	936
District of Columbia	6,760,716	2,285
Florida	33,763,166	13,234
Georgia	28,508,975	10,858
Hawaii	4,474,706	1,405
Idaho	3,450,059	1,154
Illinois	60,097,422	22,650
Indiana	16,917,048	7,108
Iowa	9,045,023	3,741
Kansas	7,547,822	3,394
Kentucky	23,029,654	10,148
Louisiana	25,557,033	10,654
Maine	4,997,516	2,388
Maryland	15,805,696	5,368
Massachusetts	25,853,878	8,217
Michigan	49,408,821	20,348
Minnesota	13,059,273	5,068
Mississippi	53,869,871	19,927
Missouri	20,752,745	8,883
Montana	3,058,099	1,201
Nebraska	4,894,321	2,044
Nevada	1,726,363	601
New Hampshire	2,233,541	748
New Jersey	35,017,705	9,625
New Mexico	7,153,581	3,603
New York	89,538,061	24,791
North Carolina	25,207,094	10,492
North Dakota	1,808,176	710
Ohio	49,467,581	22,352
Oklahoma	14,550,547	7,183
Oregon	9,639,655	2,974
Pennsylvania	50,464,636	17,130
Rhode Island	3,848,890	1,838

13.5 percent of the Head Start enrollment consists of handicapped children (mental retardation, health impairments, visual handicaps, hearing impairments, emotional disturbance, speech and language impairments, orthopedic handicaps and learning disabilities).

78.4 percent of the Head Start teachers have degrees in early childhood education or have obtained the Child Development Associate (CDA) credential.

Five hundred and eleven programs operated a homebased program in 1989. Homebased services were provided to 34,056 children by 3,172 home visitors.

p. 2 of Speech

35.9 percent of the staff are parents of current or former Head Start children. Over 443,000 parents volunteered in their local Head Start program.

Pg. 1 of Speech

In 1985-86, 99 percent of the children enrolled ninety days or more completed medical screening including all of the appropriate tests, and 98 percent of those identified as needing treatment received treatment -- 98 percent of the children enrolled ninety days or more completed dental examinations and 96 percent of those needing dental treatment received treatment -- 98 percent of the children had completed all of the required immunizations or were up-to-date in their immunizations.

Head Start programs are encouraged to use non-Head Start resources in their communities for Head Start children and their families. Recent data show that 54 percent of the Head Start children are enrolled in the Medicaid/Early Periodic Screening Diagnosis and Treatment (EPSDT) program which pays for their medical and dental services.

Ninety-five percent of Head Start families received social services from Head Start and/or through referrals to other agencies...54 percent of Head Start families are headed by a single parent...51 percent have an income below $6,000...62 percent of Head Start parents are between 20-29 years old.

(1)

SUGGESTED TALKING POINTS from Mary Gall
WHITE HOUSE HEAD START EVENT

LIKE ALL BIRTHDAY PARTIES, TODAY WE CELEBRATE WHERE WE'VE BEEN AND, MOST IMPORTANTLY WHERE WE ARE HEADED.

IN MAY, 1965, A GREAT IDEA BECAME A REALITY -- PRESIDENT LYNDON JOHNSON SIGNED THE LAW THAT CREATED HEAD START. SINCE IT'S BEGINNING, HEAD START HAS SERVED OVER 11 MILLION CHILDREN.

TODAY, TWENTY-FIVE YEARS LATER, HEAD START PROVIDES COMPREHENSIVE DEVELOPMENT SERVICES TO 488,000 LOW-INCOME CHILDREN AND THEIR FAMILIES EVERY YEAR. FOR THESE NEARLY HALF-A-MILLION CHILDREN, HEAD START PROVIDES NOT ONLY PRESCHOOL EDUCATION, BUT HEALTH AND NUTRITION SERVICES AS WELL. NINETY-NINE PERCENT OF THE CHILDREN ENROLLED IN HEAD START COMPLETE MEDICAL SCREENING. AND 98 PERCENT OF THESE CHILDREN WHO NEEDED TREATMENT WERE ABLE TO RECEIVE TREATMENT THANKS TO HEAD START. FOR MANY OF OUR HEAD START CHILDREN, HEAD START GIVES THEM THEIR BEST MEAL OF THE DAY.

HEAD START IS A PROGRAM THAT WORKS, AND ONE OF THE FEW FEDERAL PROGRAMS HERALDED BY ALL, REPUBLICAN AND DEMOCRAT ALIKE. HEAD START WORKS FOR CHILDREN -- THE GAINS HEAD START PROVIDES, AND THE BOOST IT GIVES CHILDREN AS THEY WORK TO MASTER THEIR WORLD -- ARE WELL DOCUMENTED. HEAD START WORKS FOR PARENTS. TODAY, OVER 35% OF THE 80,000 HEAD START STAFF MEMBERS AROUND THE COUNTRY ARE FORMER HEAD START PARENTS THEMSELVES. PARENTS LIKE EUGENIA BOGGUS, A HEAD START PARENT WITH US TODAY WHO IS NOW PRESIDENT OF THE

(2)

NATIONAL HEAD START ASSOCIATION. AND HEAD START WORKS FOR THIS COUNTRY, HELPING 2,000 COMMUNITIES NATIONWIDE TO BUILD STRONG FAMILIES...AND STRONG COMMUNITIES.

IF IT WERE POSSIBLE, I WOULD PERSONALLY THANK THE UNTOLD NUMBERS OF PEOPLE WHO HAVE WORKED SO HARD, FOR SO LONG TO MAKE HEAD START A NATIONAL TREASURE. PEOPLE LIKE SEBA JOHNSON WHO ATTENDED HEAD START AS A CHILD IN THE VIRGIN ISLANDS AND, AT THE AGE OF FOURTEEN, BECAME THE FIRST BLACK WOMAN SKIER TO PARTICIPATE IN THE WINTER OLYMPICS, REPRESENTING THE VIRGIN ISLANDS. TODAY SHE LIVES IN NEVADA, WHERE SHE IS TRAINING FOR THE NEXT WINTER OLYMPICS, AND IS VOLUNTEERING HER TIME TO HELP CELEBRATE HEAD START'S TWENTY-FIFTH ANNIVERSARY. AND CARLOS JIMENEZ WHO WAS A HEAD START STUDENT IN PENNSLYVANIA IN 1977. THIS YEAR, CARLOS IS GRADUATING FROM HIGH SCHOOL, THIRD IN HIS CLASS OF THREE-HUNDRED-AND-TWENTY. A NATIONAL HONOR SOCIETY MEMBER, CARLOS WILL ATTEND COLLEGE IN CALIFORNIA THIS FALL. OR CARL BRENNER, A HEAD START GRADUATE, WHO IN 1986, WAS FIRST IN HIS HIGH SCHOOL GRADUATING CLASS, IS NOW A SENIOR CADET AT THE AIR FORCE ACADEMY. HERE IN WASHINGTON, THERE IS HELEN TAYLOR, DIRECTOR OF A WASHINGTON HEAD START PROGRAM, WHO ALSO HAS BEEN WITH HEAD START SINCE THE BEGINNING.

THE LIST GOES ON . . . IT INCLUDES CLAUDE ENDFIELD -- WHEN SHE ENROLLED HER CHILD IN THE WHITE MOUNTAIN APACHE INDIAN HEAD START PROGRAM IN 1973 SHE WAS UNEMPLOYED, BECAME A VOLUNTEER AT THE HEAD START CENTER, THEN A HEAD START TEACHER, AND TODAY IS PROGRAM CHAIRMAN OF THE EARLY CHILDHOOD DEPARTMENT AT NORTHLAND PIONEER

3

COLLEGE IN ARIZONA. IT WOULD INCLUDE TIMOTHY COMBS, A CHILD BORN WITH DOWN'S SYNDROME WHO WASN'T YET TALKING WHEN HE ENROLLED IN HEAD START AT THE AGE OF THREE. HEAD START PROVIDED TIMOTHY WITH SPEECH THERAPY AND HELP FOR HIS EAR PROBLEMS. TWO YEARS LATER, TIMOTHY ENROLLED IN PUBLIC SCHOOL, WHERE THE SPECIAL SERVICES THAT BEGAN IN HEAD START ARE CONTINUING. AND AT LEAST AS IMPORTANT, THE LIST WOULD INCLUDE THE CHILDREN, PARENTS, AND STAFF FROM HEAD START CENTERS AROUND THE COUNTRY. TODAY WE ARE JOINED BY CHILDREN FROM HEAD START PROGRAMS THROUGHOUT THE WASHINGTON, VIRGINIA AND MARYLAND AREA.

IT IS BECAUSE OF PEOPLE LIKE EACH OF YOU THAT, FOLLOWING THE EDUCATION SUMMIT WITH THE NATION'S GOVERNORS IN VIRGINIA THIS SUMMER, WHERE I ASKED EACH OF THEM TO JOIN IN OUR COMMITMENT TO HEAD START, I PROPOSED THE LARGEST ONE-TIME FUNDING INCREASE IN THE HISTORY OF HEAD START -- $500 MILLION. ENOUGH MONEY TO PROVIDE THE HEAD START EXPERIENCE TO AS MANY AS 180,000 MORE CHILDREN.

I KNOW THAT CONGRESS WILL JOIN ME IN GIVING HEAD START THE BEST TWENTY-FIFTH BIRTHDAY PRESENT WE HERE IN THE ADMINISTRATION COULD THINK OF -- A HALF BILLION DOLLAR FUNDING INCREASE.

HUMAN DEVELOPMENT SERVICES

FAX COVER SHEET

TO: (NAME, ORGANIZATION)

Peggy Dooley/WH

FROM: (NAME, ORGANIZATION)

Mary S. Gell/HDS via Patsy Semple 245-7246

RECIPIENT'S FAX NUMBER: ( ) 456-~~7750~~ 6218

NUMBER OF PAGES (INCLUDING THIS SHEET) 4

~~245-7246~~
245-7246

Rep. Kildee

25TH ANNIVERSARY OF HEAD START \ THE ROSE GARDEN
THURSDAY, MAY 24, 1990 \ 11:00 A.M.

GOOD MORNING. IT'S A PLEASURE TO WELCOME ALL OF YOU TO THE WHITE HOUSE THIS MORNING. CONNIE (HORNER) IT'S ALWAYS GOOD TO SEE YOU, AND LET ME CONGRATULATE YOU ON THE GREAT JOB YOU'RE DOING AT HHS.

FIRST OF ALL, HAPPY 25TH BIRTHDAY TO HEAD START! LIKE ALL BIRTHDAY PARTIES, TODAY WE CELEBRATE BOTH WHERE WE'VE BEEN AND WHERE WE WILL BE TOMORROW.

IN MAY 1965, ON A BEAUTIFUL SPRING DAY RIGHT HERE IN THE ROSE GARDEN, A GREAT IDEA CAME INTO BEING -- PRESIDENT LYNDON JOHNSON FIRST SPOKE OF A NEW INITIATIVE HE WOULD SOON PROPOSE -- HEAD START. HE SAID THEN THAT THE PROGRAM WOULD "RESCUE THESE CHILDREN FROM THE POVERTY WHICH OTHERWISE COULD PURSUE THEM ALL THEIR LIVES. THE PROJECT IS DESIGNED TO PUT THEM ON AN EVEN FOOTING WITH THEIR CLASSMATES AS THEY ENTER SCHOOL."

SINCE THAT DAY, HEAD START HAS REACHED OVER 11 MILLION CHILDREN, PROVIDING COMPREHENSIVE DEVELOPMENT SERVICES TO NEARLY HALF-A-MILLION LOW-INCOME CHILDREN EVERY YEAR. HEAD START PROVIDES THESE CHILDREN NOT ONLY WITH PRESCHOOL EDUCATION AND SOCIAL SKILLS, BUT WITH HEALTH AND NUTRITION SERVICES AS WELL. VIRTUALLY ALL OF THE CHILDREN ENROLLED IN HEAD START GET THE MEDICAL ATTENTION THEY NEED. AND FOR MANY CHILDREN, HEAD START GIVES THEM THEIR BEST MEAL OF THE DAY.

EVERYONE AGREES HEAD START IS A PROGRAM THAT WORKS FOR CHILDREN -- BY ENHANCING THEIR EDUCATIONAL PERFORMANCE AND FOSTERING SUCCESS IN LIFE. HEAD START ALSO WORKS FOR FAMILIES --BY OFFERING CHILD CARE AND CHILD DEVELOPMENT PROGRAMS FOR PARENTS, WHICH BUILD SELF-CONFIDENCE, AND BY ENCOURAGING A COMMITMENT TO IMPROVE THEIR LIVES AND THE LIVES OF THEIR CHILDREN.

AND IT WORKS FOR THE THOUSANDS OF COMMUNITIES NATIONWIDE WHERE HEAD START "GRADUATES" GIVE SO MUCH BACK TO SOCIETY, BY HELPING TO BUILD STRONG FAMILIES AND SOLID NEIGHBORHOODS.

TODAY, ALMOST A THIRD OF THE 80,000 HEAD START STAFF MEMBERS ACROSS AMERICA ARE CURRENT OR FORMER HEAD START PARENTS THEMSELVES. PARENTS LIKE EUGENIA BOGGUS [BO-GUS], HERE WITH US TODAY, WHO IS NOW PRESIDENT OF THE NATIONAL HEAD START ASSOCIATION.

OR CLAUDE ENDFIELD OF WHITE RIVER, ARIZONA -- WHEN SHE ENROLLED HER CHILD IN THE WHITE MOUNTAIN APACHE INDIAN HEAD START PROGRAM IN 1973, SHE WAS UNEMPLOYED. SHE BECAME A VOLUNTEER AT THE HEAD START CENTER, THEN A HEAD START TEACHER, AND TODAY IS PROGRAM CHAIRMAN OF THE EARLY CHILDHOOD DEPARTMENT AT NORTHLAND PIONEER COLLEGE IN ARIZONA. HEAD START GAVE HER THE SKILLS AND CONFIDENCE SHE NEEDED TO TURN HER LIFE AROUND.

BUT AS VITAL AS THE PARENTS AND THE STAFF ARE TO THE SUCCESS OF HEAD START, WE MUST ESPECIALLY CONGRATULATE THE KIDS. MANY ARE GROWN UP NOW, AND BECAUSE THEY WERE GIVEN AN EQUAL CHANCE AT THE STARTING BLOCK -- THEY CROSSED THE FINISH LINE ON THEIR OWN, AND MOST OF THEM WINNERS.

SEBA JOHNSON, FOR EXAMPLE, ATTENDED HEAD START AS A CHILD IN THE VIRGIN ISLANDS AND, AT THE AGE OF FOURTEEN, BECAME THE FIRST BLACK WOMAN SKIER TO PARTICIPATE IN THE WINTER OLYMPICS, REPRESENTING THE VIRGIN ISLANDS. TODAY SHE LIVES IN NEVADA, WHERE SHE IS TRAINING FOR THE NEXT WINTER OLYMPICS -- AND IS VOLUNTEERING HER TIME TO HELP CELEBRATE HEAD START'S TWENTY-FIFTH ANNIVERSARY.

AND CARLOS JIMENEZ OF MEADVILLE, PENNSYLVANIA, WHO WAS A HEAD START STUDENT IN 1977. THIS YEAR, CARLOS IS GRADUATING FROM HIGH SCHOOL, THIRD IN HIS CLASS OF 320. A NATIONAL HONOR SOCIETY MEMBER, CARLOS WILL ATTEND COLLEGE IN CALIFORNIA THIS FALL. OR CARL BRENNER, WHO IS WITH US TODAY, IS ALSO A HEAD START ALUMNUS, WHO GRADUATED FIRST IN HIS HIGH SCHOOL CLASS AND IS NOW A SENIOR CADET AT THE U.S. AIR FORCE ACADEMY.

THESE KIDS EARNED A LOT OF ATTENTION WITH THEIR BRILLIANT SUCCESS STORIES. BUT THERE ARE ALSO THE QUIET ONES, SPECIAL CHILDREN THAT OTHERWISE MIGHT GET OVERLOOKED. TAKE THE EXAMPLE OF TIMOTHY COMBS FROM BUFFALO, WEST VIRGINIA, A CHILD BORN WITH DOWN'S SYNDROME WHO WASN'T YET TALKING WHEN HE ENROLLED IN HEAD START AT THE AGE OF THREE. HEAD START PROVIDED TIMOTHY WITH SPEECH THERAPY AND HELP FOR HIS HEARING PROBLEMS.

TWO YEARS LATER, TIMOTHY WAS ABLE TO ENROLL IN PUBLIC SCHOOL, WHERE HE CONTINUES TO GET THE SPECIAL ATTENTION THAT BEGAN IN HEAD START.

THERE ARE SO MANY STORIES TO TELL, AND SO MANY AMERICANS TO THANK IN HEAD START CENTERS AROUND THE COUNTRY. IN FACT, OVER 600,000 COMMITTED VOLUNTEERS -- EACH ONE A "POINT OF LIGHT" -- ARE GIVING THEIR ALL TO MAKE HEAD START A NATIONAL TREASURE.

THE KIDS WE HAVE WITH US TODAY ARE FROM HEAD START PROGRAMS THROUGHOUT THE WASHINGTON AREA, AND BY GETTING THEM "READY TO LEARN" TODAY, WE ENSURE THAT THEY TOO WILL HAVE SUCCESS STORIES TO SHARE TOMORROW.

IT IS BECAUSE OF CHILDREN LIKE THESE -- AND PARENTS AND STAFF LIKE YOU -- THAT AT THE HISTORIC EDUCATION SUMMIT LAST SEPTEMBER, I ASKED EVERY GOVERNOR IN THE NATION TO JOIN IN OUR COMMITMENT TO QUALITY PROGRAMS LIKE HEAD START AND GIVE EVERY POOR CHILD A CHANCE TO START SCHOOL READY TO LEARN.

OUR ADMINISTRATION PROPOSED THE LARGEST ONE-TIME FUNDING INCREASE IN THE HISTORY OF HEAD START -- A HALF BILLION DOLLARS. I HOPE THAT THE CONGRESS WILL JOIN ME IN GIVING HEAD START THE BEST TWENTY-FIFTH BIRTHDAY PRESENT POSSIBLE -- ENOUGH MONEY TO ENROLL AS MANY AS 180,000 MORE CHILDREN IN THIS SUCCESSFUL PROGRAM.

AS THEY SAY, THAT'S A GIFT THAT "KEEPS ON GIVING" -- BY ENRICHING THE LIVES OF OUR CHILDREN, STRENGTHENING OUR FAMILIES, AND BUILDING OUR COMMUNITIES. TO EVERYONE WHO HAS SUPPORTED HEAD START FOR SO MANY YEARS, THANK YOU, AND GOD BLESS EACH ONE OF YOU.

# # #

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
Office of Human Development Services
Administration for Children, Youth and Families
Head Start Bureau

Project Head Start

25th Anniversary Information Kit

Twenty-Five Years of Building America's Future

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
Office of Human Development Services
Administration for Children, Youth and Families
Head Start Bureau

Easing the Transition from Preschool to Kindergarten

A Guide for Early Childhood Teachers and Administrators

References

1. Adapted from "Rap Reach-Transitioning," by the Resource Access Project, KMUC, April, 1986, p. 5.
2. Adapted from "Easing the Child's Transition Between Home, Child Care Center and School: A Guide for Early Childhood Educators," by Kathryn Glicksman and Tynette W. Hills, published by The New Jersey Department of Education, September, 1981, p. 1.
3. Adapted from "Transition from Preschool to Public School," a slide/tape presentation developed by The Chapel Hill Training-Outreach Project, Chapel Hill, North Carolina and the National Interagency Committee on Transition, 1986.
4. ibid.
5. Adapted from Glicksman and Hills, op. cit., p. 1.
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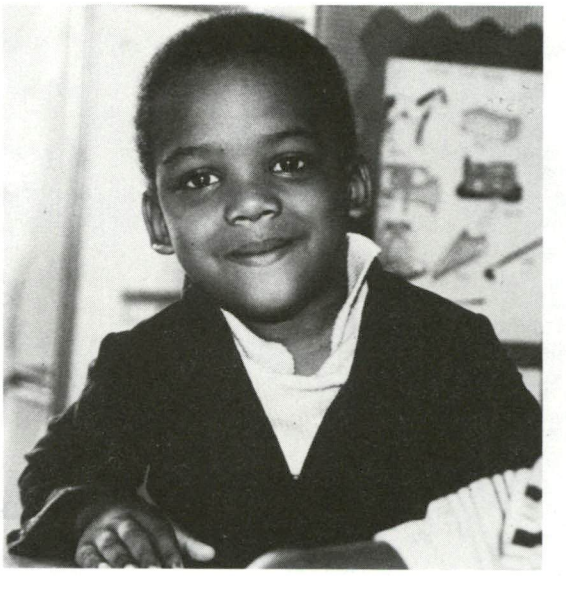
Easing the Transition from Preschool to Kindergarten

A Guide for Early Childhood Teachers and Administrators

If you have ever made a move from one location to another or separated from friends, you know how hard a transition can be. Going from a known, comfortable environment to one that is different and unfamiliar can be very stressful. This is often how young children feel as they move from preschool to kindergarten.[1] The purpose of this booklet is to help educators ease this transition.



Acknowledgements

In the Spring of 1986, Dodie Livingston, Commissioner of the Administration for Children, Youth and Families, Office of Human Development Services, Department of Health and Human Services announced the *National Initiative on Transition from Preschool to Elementary School.* This initiative has led to the development of this publication.

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When children are prepared for making the transition to a new program, they gain self confidence and are more likely to succeed. When parents are included in the transition process, it renews their sense of involvement in their child's education.

As preschool and kindergarten teachers and administrators plan and implement the ideas presented in this booklet, they will be helping to provide a more coordinated educational experience for young children and their families.

Summary

Planning for the transition of children as they move from preschool to kindergarten provides continuity in their early educational experiences. The transition is made easier when both programs are developmentally appropriate and respond to the individual needs of each child.

Ongoing communication and cooperation between preschool and kindergarten staff leads to a greater understanding of each other's program and an increased ability to plan together for the transition.

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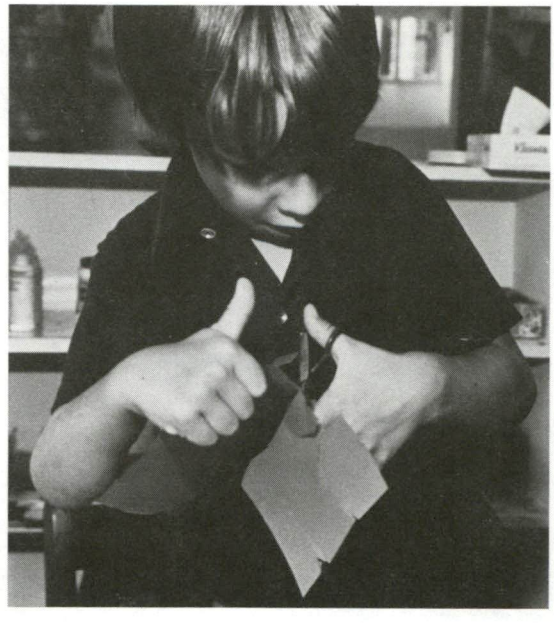


Tips for Kindergarten Staff to Involve Parents in the Transition[22]

- In the spring, invite new parents to a general orientation about the new school and the opportunities for parent participation.
- Encourage parents to volunteer in the kindergarten classroom prior to September.
- Provide a parent orientation package including: the child's new schedule, transportation procedures, required school forms, food service, and other program information.
- Send notes to parents prior to school opening which encourage parent involvement and offer suggestions for helping children feel at home more quickly during the first few days of school. The letter may include tips on what parents might say to their children to ease anxiety about the first day, a description of the activities planned during the initial weeks, suggestions for comfortable apparel, and bus schedules.
- Introduce new parents to parents of children already in kindergarten. The PTA may be helpful in establishing such a "buddy system" between "old" and "new" parents.

Tips for Preschool Staff to Involve Parents in the Transition[21]

- Provide parents with information about the school their child may be attending including: address, name of principal, telephone number, and dates for registration.
- Encourage parents to attend kindergarten "round-up" or other orientation sessions that the school may plan for incoming parents.
- Discuss child care options with working parents. Provide information and referral to appropriate after school programs.
- Invite school personnel, including teachers and principals, to attend a parent meeting and discuss the kindergarten program, the role of parents in the school, and to answer any other questions regarding the school program.
- Discuss the transfer of records with parents and provide release of information forms to be signed by the parents. Such forms should include details on "who" is releasing "what" information "to whom" and for "what purpose."
- Help arrange a visit for the parent and child to the new school.
- Create a story about the new school for parents to read to their children. Encourage parents to build their child's confidence about going to school.
- Introduce parents to other parents of children who will attend the new program. Encourage meetings of new classmates prior to school opening.
- Discuss changes in services for parents that may not be available in the public school. For example, some preschools, especially Head Start programs, may help parents with health appointments and transportation. This type of service may not be available in the new program.

Introduction

Increasing numbers of young children today are participating in early childhood programs prior to enrollment in kindergarten. For many young children, the kindergarten teacher is not the "first teacher" and the kindergarten class is not the first group experience.[2]

For young children, the transition from preschool to kindergarten may be met with a mixture of delight and concern. On the one hand, there is the pleasure of accomplishment as they move on to something new. On the other hand, there may be some anxiety over leaving friends and teachers that they know and love, for something less familiar.[3]

For parents, there is the pride that comes with seeing their child grow to meet new challenges, yet there is also a concern for how their child will cope with the change and what this situation may bring to their role as parents.

For the preschool teacher, the transition means saying good-by to children to whom they have grown attached, with the hope that what has been gained will provide a foundation for continued growth. For the kindergarten teacher, it means saying hello to a diverse group of children, with the hope that the new program will build upon earlier experiences.[4]

Because we know that learning is a continuous process, the transition from preschool to kindergarten is important for all those who educate and care for young children. Preschools and kindergartens are important influences in children's lives. Programs in prekindergarten classes, nursery schools, child care centers, Head Start, and family day care homes should be built on the growth taking place in the first years of the child's life. In turn, kindergarten programs should be built on the learning and development that have taken place in the home and through earlier educational experience.[5]

The influence of the family upon the child remains fundamental throughout these early years. It is important to link subsequent steps in the child's education to their earlier experiences and to involve the parents in these activities.[6]

This booklet provides a variety of ideas for preschool and kindergarten teachers and administrators, as they work cooperatively to establish linkages and ease the transition between educational settings for young children and their families. If you are an administrator in either setting, you play a crucial role in facilitating the implementation of these ideas with the teaching staff. Your leadership can make a significant difference in helping teachers find time to focus on the transition process. If you are a preschool or kindergarten teacher, you may want to share this booklet with your program director or principal in order to gain their support for these ideas.

Some programs may have already established procedures for transition. For such programs, these suggestions can serve to renew and expand current practices. In programs that have not yet addressed the issues of transition, one or more of the ideas presented can be adopted to meet particular needs. No matter where your program stands, the critical goal is to take a new step forward in promoting success for children and families as they move on to new early childhood experiences.

to continue to be involved in the educational program and to help their children feel competent as they move on to kindergarten. Parents can promote confidence in their children by conveying a positive attitude about the new school.

Parents also need support to work through the effect of changing programs on their daily lives. For example, locating child care that can be used in conjunction with the kindergarten may be a critical need for some families.

As parents become more familiar with the new setting and meet other parents in their children's peer group, they gain confidence in their own power to have an effect on the education of their children.

The following tips include suggestions for preschool and kindergarten teachers and administrators in planning and implementing transition activities with parents.

Involving Parents in the Transition

A joint effort by school and home is needed to affect a smooth transition. This means that continuity is important for the parents as well as the children. For the parent, the preschool may be a familiar family support system where there has been frequent contact with the teaching staff. The kindergarten may represent a less familiar environment with a different type of program for children and families.

Many parents are actively involved in their children's preschool program. Studies indicate that such involvement contributes to the success of the educational program. Parents need encouragement

Benefits of Facilitating Transition[7]

When early childhood educators take the time to help facilitate transition, there are benefits for children, parents, and teachers.

For Children

When preschool and kindergarten teachers help children move more easily into a new environment, the results for the children may include:

- continuity with earlier educational experiences;
- increased motivation and openness to new experiences;
- enhanced self-confidence;
- improved relations with other children and adults; and,
- a greater sense of trust between teachers and children.

For Parents

If parents are involved with teachers in providing a smooth transition for their children, the parents gain:

- increased confidence in their children's ability to achieve in the new setting;
- improved self-confidence in their own ability to communicate with educational staff and to effectively influence the educational system;
- a sense of pride and commitment in their ongoing involvement in the education of their children; and,
- a greater knowledge and appreciation of early childhood programs and staff.

For Teachers

Teachers who cooperate with others to ease the children's transition between educational programs can expect:

- increased knowledge of the children and an enhanced ability to meet individual needs;
- increased parental and community support;
- more resources and a larger network of professional support;
- increased awareness of the preschool or kindergarten programs in the community; and,
- a renewed sense of professionalism and pride in their efforts to reach out to young children and their families.

Keys to Successful Transition

There are four critical elements or keys to the successful transition of young children and families as they move from preschool to kindergarten. Educational staff in both settings can facilitate transition by:

- **providing program continuity through developmentally appropriate curricula for preschool and kindergarten children;**
- **maintaining ongoing communication and cooperation between preschool and kindergarten staff;**
- **preparing children for the transition; and,**
- **involving parents in the transition.**

By focusing attention on each one of these important aspects of the transition process, early childhood educators build a more continuous educational experience for young children and their families.

- Invite a kindergarten child or older sibling to visit the preschool and talk about his/her school.
- Make a calendar to highlight important events such as visits to the school, good-by party, first day of school, etc.

Tips for Kindergarten Staff in Planning Transition Activities for Children

- Invite parents to visit the school with their child during the school year before the child begins kindergarten.
- Hold a back-to-school night in August so that parents and children can visit the classroom, take part in sample activities, and meet other children and parents in the new group.
- Send a personal "letter from your teacher" or postcard to all new students in the late summer, welcoming them to the kindergarten class. The school PTA might be contacted to provide resources for materials and postage.
- Plan to phase in groups of children during the first week of school in order to provide more individual attention to each child. The teacher may want to have children come with their parents for an hour the first day, in three different groups, or spend two to three days orienting five to ten children a day. Focusing on small groups of children during this initial period can promote a smoother transition for each child.

Children need to know what is expected of them by adults in the new program and to have several opportunities to become familiar with the new environment. They should look forward to the new experience with a sense of excitement and anticipation rather than feeling threatened and fearful of what lies ahead. Transition activities for young children should be like those which prepare them for anything new and can include discussions, stories, games, dramatic play, and field trips.

The following tips include suggestions for preschool and kindergarten teachers and administrators to help plan and implement transition activities for children.

Tips for Preschool Staff in Planning Transition Activities for Children[20]

- Schedule a visit or a series of visits to the new school for the children. These visits can include a tour of the building and playground, eating lunch in the cafeteria, and/or participating in activities in the kindergarten classroom. Take pictures or videos of these activities to share with children and parents.
- Help the children feel comfortable and confident about the move to kindergarten by discussing the new activities, schedules, and bus routes.
- Read books to the children that discuss changes and moves. Create a puppet show or scrapbook with pictures of the new school. Allow children to express their feelings about the new school through dramatic play activities and by dictating stories. Encourage children to ask questions.
- If the kindergarten program has different rules (such as lining up to go on the bus), the preschool teacher may want to play games with the children to familiarize them with the new procedures. However, avoid drilling them or creating anxiety about the new environment.

Providing Program Continuity Through Developmentally Appropriate Curricula for Preschool and Kindergarten Children

The move from preschool to kindergarten is made easier if each program is focused on the individual developmental needs of the children. Preschool and kindergarten may be operating in different types of settings with children who are different ages. However, the commonalities between the way four- and five-year-old children learn and the range of developmental levels represented in each program call for similar learning environments and teaching strategies. As discussed below, the transition between programs is facilitated by the degree to which each program is developmentally appropriate.

How does providing a developmentally appropriate curriculum in both preschool and kindergarten facilitate the transition between programs?

Developmentally appropriate programs provide for a wider range of developmental interests and abilities than the chronological age range of the group suggests. Since each child is a unique person with an individual personality, learning style, and family background, both preschool and kindergarten teachers need to be responsive to these individual differences.[8]

Moving to kindergarten will usually mean that a child will enter a new setting. However, if both programs are developmentally appropriate, children will be more likely to find similar activities which will allow them to begin their kindergarten experiences confident that they have the ability to accomplish certain tasks. Knowing what is expected adds to the children's self-confidence, encourages their attempts to try new activities, and facilitates continuity in their development.

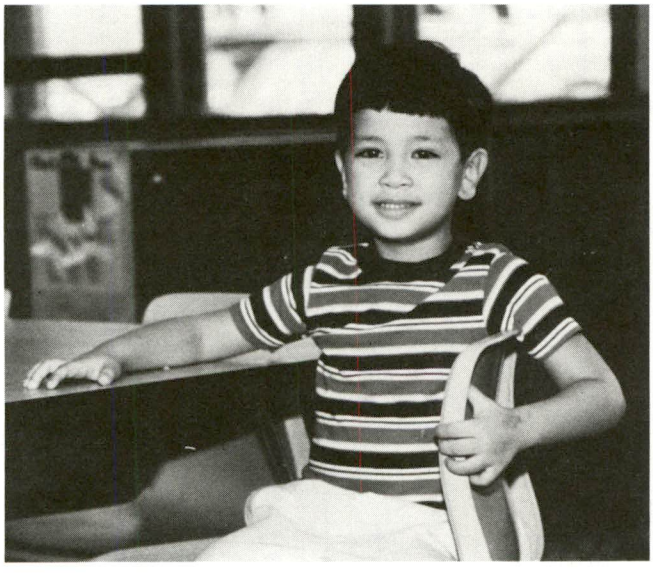
What do preschool and kindergarten children have in common?

Both preschool and kindergarten children learn best by:[9]

- actively exploring their environment;
- interacting with adults and other children;
- using concrete materials and participating in activities that are relevant to their own experiences and culture; and,
- building upon their natural curiosity and desire to make sense of the world around them.

Both preschool and kindergarten children are continuously learning to:[10]

- use their bodies and express themselves through physical activities;
- solve problems and experiment with change;
- develop an understanding and acceptance of themselves as individuals;
- gain more self control and build cooperative relations with others; and
- communicate their thoughts and feelings as effectively and creatively as possible.



Preparing Children for Transition

Never before has early education reached as many children as it does today. Children entering kindergarten may have attended full day or half day child care for one or more years. This group experience may have followed years of home based care with a parent, relative, or other caregiver. Because of the variety of programs available, children can enter kindergarten with vastly different experiences. In turn, kindergarten programs are diverse in purpose, structure, and schedule.[18]

Despite the variety of previous experiences, all children need to be accepted at their own developmental level. Preparing children for the transition to kindergarten does not mean "getting them ready" by focusing on a narrow range of academic skills, drilling on new rules, or retaining them in preschool for another year. School is a place where children and parents expect to find opportunities for growth and development from whatever starting point the child brings to the new setting.[19]

- Joint inservice workshops can be developed which focus on transition as well as other issues facing early childhood educators.
- Preschool administrators can write letters to receiving public schools in the spring listing the names of incoming children and communicatiing information about their preschool program.
- Kindergarten registration can be planned in conjunction with preschool programs.
- If kindergarten children are screened prior to entrance, the screening can be planned in conjunction with the preschool. Preschool staff, who are familiar with the children, can be present during the screening. In this way, they may be able to reassure an anxious child and increase the effectiveness of the procedure. Preschools can also offer to "host" the screening, so that children remain in a familiar environment during this process.
- Health and social service staff can meet to discuss continuity of services for children and families.
- Arrangements can be made between preschool and kindergarten staff to provide special information and assistance for non-English speaking parents as their children move on to a new program.
- Preschool staff can discuss the transfer of specific records to the school. The type of records available will vary. Some programs, such as Head Start or programs serving special needs children, may already have specific arrangements for the transfer or records. The most important concern in this area is to provide parents with their full rights to privacy regarding the records of their children.
- Once children move on to kindergarten, follow-up discussions can be held in the fall to answer questions and discuss the progress of children.

What is the significance of these common characteristics for planning developmentally appropriate curricula for preschool and kindergarten?

Preschool and kindergarten children have similar learning styles. Furthermore, each program has children with a wide range of developmental levels. For these reasons both preschool and kindergarten teachers may establish similar environments and approaches to facilitating growth and development. For example, preschool and kindergarten teachers can adopt the following developmentally appropriate practices:[11]

- designing experiences to stimulate learning in all areas — physical, social, emotional, and intellectual;
- planning curriculum and adult interactions which are responsive to individual differences in ability, interests, cultural backgrounds, and linguistic styles;
- providing an environment in which children can learn through active exploration and interaction with concrete materials, adults, and other children;
- organizing that environment so that children select many of their own activities among a variety of learning areas including: dramatic play, blocks, science, math, games and puzzles, books, recordings, art, and music;
- organizing the day so that children work individually or in small informal groups most of the time;
- providing many opportunities for children to see how spoken and written language are related;
- providing daily opportunities for children to use small and large muscles, to listen to stories, and to express themselves creatively;
- facilitating the development of self-control in children by using positive guidance techniques such as modeling and encouraging expected behavior, setting clear limits, and redirecting children to a more acceptable activity; and,
- providing many opportunities for children to develop social skills such as cooperating, helping, sharing, negotiating, and talking with others to solve interpersonal problems.

In what ways are preschool and kindergarten children different?

Although both preschool and kindergarten programs may have children at various developmental levels, most kindergarten children are one year older. Because this extra year has brought new experiences and natural growth, kindergarten children:[12]

- are more able to expand beyond their immediate experiences of self, home, and family and to develop interests in the community and world outside;
- show increased ability to use motor skills, to pay attention for longer periods of time, and to play and plan cooperatively; and,
- display a growing interest in symbols including written language and a written number system.

What is the significance of these differences in planning developmentally appropriate curriculum?

Although the preschool and kindergarten room may look similar, the kindergarten teacher is able to:[13]

- provide more elaboration in the children's interaction with materials and activities;
- encourage more joint planning and cooperation among children;
- provide an environment which puts more emphasis on stimulating written language and literacy skills which are appropriate to the individual child's developmental level and ability; and,
- focus on the development of more independent work habits and enhanced ability to follow teacher directions.

- Through informal contact, or through the transition committee, activities can be planned including joint kindergarten registration, workshops and materials for parents, and other activities that will facilitate the transition process.
- An open house can be held for kindergarten or preschool staff to explain the program and get acquainted. Slides of children can be used to illustrate the daily program. Written material about the program can be provided.
- Teachers can visit each other's classrooms during the school year to observe. Some programs may be able to exchange staff as substitutes on occasion.
- Participation on policy advisory committees can be combined where possible. For example, you might ask the kindergarten teacher to sit on the preschool board or invite a preschool teacher to join in meetings of the school PTA.
- Exchange days can be planned between preschool and kindergarten staff.

Most preschool and kindergarten teachers have limited time outside of the classroom. However, opportunities for formal and informal contact should be provided throughout the year. Since preschool teachers may have to interact with several "receiver" schools and kindergarten teachers may have to contact several "feeder" programs, it may be helpful to establish a community-wide transition committee in order to involve all the relevant programs in planning transition activities.

The following tips include suggestions that may help early childhood educators begin the exchange between programs in a way that builds mutual respect and understanding.

Tips for Ongoing Communication Between Preschool and Kindergarten Staff[17]

- Preschool and kindergarten administrators can initate opportunities for communication and exchange among teachers in order to begin planning for the transition.
- Administrators and teachers can plan an informal visit to meet the staff of the preschool or kindergarten program. During this visit, staff can begin to get to know each other, share information about the program, and discuss the need for specific transition activities and other collaborative efforts.
- In communities with a number of preschools and kindergartens, a community-wide transition committee can be organized with representatives from preschools, public schools, parents, and other community organizations. Both preschool and public school administrators can be instrumental in establishing the committee. Such committees can be responsible for developing a step-by-step plan and corresponding materials to be used in the transition process by all programs.

What other differences exist between preschool and kindergarten programs?

The settings of preschools and kindergartens are often different. For example:[14]

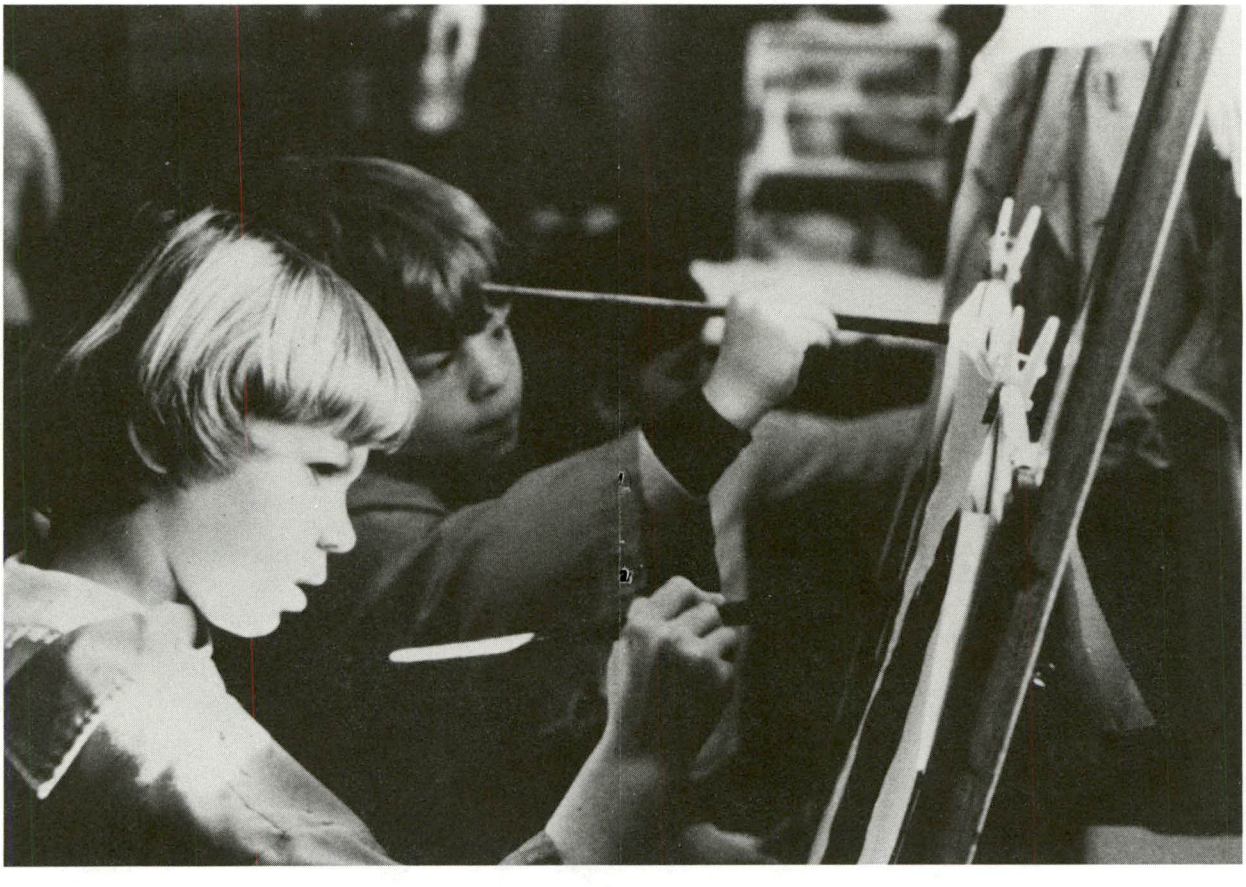
- Group size in preschool may be relatively small — 15-20 in center-based programs, with 2-3 teaching staff, or even smaller in home-based programs. In kindergarten, there may be 25 (or more) children, with 1-2 teaching staff.
- Preschool schedules may be flexible, whereas kindergartens may be required to adhere to a time schedule based in part on cooperative uses of playgrounds, cafeterias, gyms, or buses.
- Preschools may be smaller and more community based, whereas kindergartens are usually part of a larger institution with older children and different educational expectations.
- Preschools may be privately administered or cooperatively administered by parents, while kindergartens are usually part of a school system most often administered by a local board of education.

Although each program can provide a developmentally appropriate curriculum, the setting may effect the way each program is carried out.

Maintaining Ongoing Communication Between Preschool and Kindergarten Staff

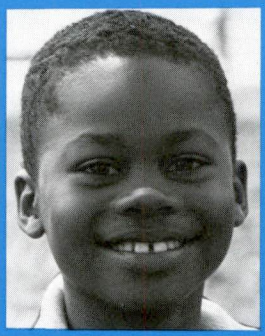
Administrators in both preschool and kindergartens can set the stage for successful transition activities by supporting the ongoing communication and cooperation among early childhood teachers. Preschool and kindergarten staff can increase educational program continuity by getting to know each other, sharing information about their programs, and planning an effective transition system. Opportunities for communication and cooperation should occur throughout the program year. Communication can be enhanced when those involved are familiar and comfortable with each other. If opportunities are provided for participants to ask questions and provide information about themselves and their programs in an open atmosphere, the foundation is laid for effective cooperation during the transition.[15]

One of the simplest yet most important needs is for accurate and unbiased information about programs. Most teachers of preschool children are understandably proud of their programs and they have a professional and personal interest in the young children enrolled. It may be difficult to "let them go" to what may seem like a more impersonal institutional setting. On the other hand, most kindergarten teachers, equally proud and dedicated, strive to plan and carry out an educational program based on community expectations, school goals and objectives, and the children's individual needs. Although preschool and kindergarten teachers may have had different career paths, honest acceptance of each other's professionalism and commitment is essential to the transition process.[16]



U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
Office of Human Development Services
Administration for Children, Youth and Families

Serving the Nation's Children and Families



U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
Office of Human Development Services
Administration for Children, Youth and Families
Children's Bureau

Serving the Nation's Children and Families

ACYF

Administration for Children, Youth and Families

MBO

Serving the Nation's Children and Families

At one time or another, most families in this country will need information, services or other forms of assistance in meeting the needs of their children.

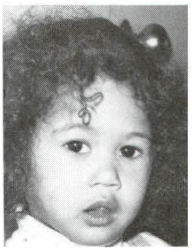
The Administration for Children, Youth and Families (ACYF) is the agency within the Federal Government which has the responsibility for serving children and families. The agency provides information and other assistance to parents, administers national programs for children and youth, works with States and local communities to develop services which support and strengthen family life, and seeks out joint ventures with the private sector to enhance the lives of children and their families.

The concerns of ACYF extend to all children from birth throughout adolescence, with particular emphasis on children who have special needs. Many of the programs administered by the agency focus on children from low-income families; children and youth in need of foster care, adoption or other child welfare services; handicapped preschool children; abused and neglected children; runaway and homeless youth; and children from American Indian and migrant families.

The Administration for Children, Youth and Families is an agency of the Office of Human Development Services, in the Department of Health and Human Services. The agency was formed in 1969 when the Children's Bureau, created by Congress in 1912, was combined with the Head Start program for preschool children from low-income families to become the Office of Child Development. In 1977, the agency was expanded to include the child welfare services program, the Title IV-B (Social Security Act) child welfare services training program, and youth programs and was renamed the Administration for Children, Youth and Families. ACYF is administered by a Commissioner who is appointed by the President of the United States.

There are three major bureaus within ACYF which administer the programs serving children, youth and families: The Children's Bureau, the Head Start Bureau, and the Family and Youth Services Bureau. One other major unit in the agency, the Office of Planning and Management, has the responsibility for providing administrative and management services to the central office and the ten regional offices in support of the programs administered by the agency.

The Children's Bureau



Since its establishment in 1912, the Children's Bureau of ACYF has worked to improve the lives of children and families. In the past it has addressed such issues as child labor, maternal and child health, and juvenile delinquency. Today, the Children's Bureau helps State, local, public and private agencies, and associations of agencies to develop programs to assist families with problems which affect the growth, development and well-being of their children. Activities are focused on:

(1) finding permanent homes for children in the foster care system;

(2) helping families deal with the problems of child abuse and neglect;

(3) improving State and local child welfare services; and

(4) strengthening troubled families and helping them stay together.

Finding Permanent Homes for Children in the Foster Care System.

The Adoption Opportunities program is designed to eliminate barriers to adoption for children with special needs. The program is based on the belief that all children are adoptable, that children grow better in families, and that there is a family somewhere for each waiting child. Through grants to public and private adoption agencies and organizations, the Adoption Opportunities program has supported activities of minority organizations and other groups to address minority issues in adoption. It has demonstrated ways to share home studies across jurisdictions and developed a manual for placement agencies on preparing parents for adoption. The program also suggests ways the corporate and business sectors can promote the adoption of children with special needs and provides seed money to adoptive parent groups to work with social agencies to identify and use supportive resources. It has developed and published a Model Act for the adoption of children with special needs. The program developed curricula to train adoption workers, agencies and adoptive parents to work as a team in preparing prospective adoptive families. It has helped fund a National Adoption Exchange and has developed and distributed public service announcements to recruit foster and adoptive parents.

In addition, the Adoption Opportunities program has supported the departmental initiative on special needs adoption. This initiative is designed to heighten public awareness and increase State participation in the Federal Adoption Assistance program provided under Title IV-E (Social Security Act).

For two years, Human Development Services has led a national effort on behalf of the Department of Health and Human Services to promote activities which will assist children with special needs to move out of foster care and into adoptive homes. Special needs children are school age, siblings, emotionally, physically or mentally handicapped, or minority children.

The Assistant Secretary, working with states and local communities, is encouraging the increased involvement of public and private agencies,

voluntary organizations, adoptive parent groups, the media and corporate leaders. Cooperative efforts are directed toward:

(1) increasing public awareness of special needs children in foster homes, group homes and institutions;

(2) recruiting adoptive families, including minority parents;

(3) improving training for adoption workers;

(4) reviewing and improving state adoption laws and practices;

(5) addressing national issues such as adoptions across state lines; and

(6) opening avenues of additional support for meeting the needs of waiting children.

Recent studies indicate that more than 54,000 special needs children in foster care are legally free for adoption. Of this number, 18,000 are already in adoptive placement; 36,000 are waiting for a home. For thousands more, adoption would be the plan of choice, but parental rights have not been terminated. There are about 269,000 children in foster care nationwide (down from about 502,000 in 1977). A large number are special needs children.

Many people interested in adopting may not know about the special needs children who need a loving, lifetime home. Some may not feel that they are qualified to adopt a child. These days, however, single men and women, older couples, couples with children and foster parents are adopting children with special needs.

Although the Children's Bureau has long worked with states on adoption, the Adoption Assistance and Child Welfare Act of 1980 (P.L. 96-272), permits, for the first tme, federal reimbursement under Title IV-E to states for adoption subsidies made to special needs children eligible for Aid to Families with Dependent Children (AFDC) or Supplemental Security Income (SSI). In FY 1982, 17 states served 3,826 children (monthly average) using federal adoption assistance. In FY 1983, 42 states and the District of Columbia served 6,230 children; 47 states and the District of Columbia have estimated that they will serve 10,500 children in FY 1984 and 13,500 in FY 1985.

Helping Families Deal With the Problem of Child Abuse and Neglect.

Each year, an estimated one million children and youth are reported to be victims of child abuse and neglect. To deal with this serious national problem, the National Center on Child Abuse and Neglect (NCCAN) was established by Congress in 1974 and set up within the Children's Bureau. The Center serves as the focal point for a national effort to identify, prevent and treat child abuse and neglect.

The center works with State and local social service agencies, child protective agencies, a wide range of professional groups, and the private sector to help improve child abuse and neglect services and awareness. Because child abuse and neglect are often the result of severe strains within families, the National Center advocates a helping approach to the problem. It urges agencies to work to rehabilitate families, rather than

to punish parents, and to make every effort to help families stay together. However, it is acknowledged that legal remedies are, at times, necessary to protect children.

The Center supports research, demonstration and services improvement projects and programs conducted by States, public or nonprofit organizations or agencies. It also supports projects which address specific issues in the areas of prevention, protection, and treatment. These issues include the use of remedial preventive projects such as building capacity and resources in minority communities, perinatal prevention for adolescent parents, and self help programs. Other projects support protection for disabled infants, conduct research in the area of emotional maltreatment, and examine the role of the elderly and retired persons in the treatment of child abuse and neglect.

The Center operates a National Clearinghouse on Child Abuse and Neglect research and programs information. The Clearinghouse has a computerized data base which is a national resource for service providers including state, local and national public and private officials and groups, members of Congress, researchers and concerned members of the general public. It also provides such end products as bibliographies, custom searches, compilations of resource materials, directories, annual reviews and indepth analyses of such materials.

The Center conducts periodic national conferences on child abuse and neglect and assists states in strengthening and improving their laws which relate to child abuse and neglect.

Finally, the Center provides grants to the States to assist them in developing, strengthening and carrying out child abuse and neglect prevention and treatment programs. These funds support specific developmental or start-up activities. Many of these programs continue to receive funds from the State after the initial federal support has ended.

Improving State and Local Child Welfare Services.

The Bureau carries out its mission through grants to the States for child welfare services and for foster care maintenance and adoption

assistance; demonstration projects that serve as models for State and local programs; research and evaluation projects which generate information leading to program improvements; training and technology transfer projects to help State and community agencies; and the publication of information materials for professionals and the general public.

The Children's Bureau administers the Foster Care, Adoption Assistance and Child Welfare Services programs authorized by Titles, IV-E and IV-B of the Social Security Act. The Title IV-E Foster Care maintenance payments program provides federal matching funds to States for foster care maintenance payments made on behalf of those children in foster care who are eligible for assistance under the Aid to Families with Dependent Children (AFDC) program. The Foster Care program also encourages States to take action on behalf of children inappropriately placed in foster care, and to reduce the amount of time children spend in foster care through the provision of preventive reunification services and through the application of procedural safeguards.

The Title IV-E Adoption Assistance program provides States with federal matching funds for adoption subsidies for the care of eligible children with special needs (e.g. children with mental, physical or emotional handicaps, children who are members of a sibling or minority group, or children who are of school age). Adoptive families enter into an adoption assistance agreement with the State agency which specifies the amount of payment and other services, including Medicaid, to be provided. The agreement remains in effect if the family moves from one State to another. Federal matching funds are available under Title IV-E for the cost of administration of the foster care and adoption assistance programs and training of personnel employed or preparing for employment in the State agency.

States may also receive federal matching funds under Title IV-B

to provide child welfare services to children and their families regardless of their eligibility for other Federal programs. This program requires joint child welfare planning by the State and the Children's Bureau to assist State agencies in setting and meeting goals, providing coordinated child welfare services, improving the quality of their programs and ensuring that their systems provide protection to children in foster care.

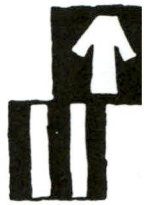
States receive additional funds under Title IV-B if they include certain safeguards in their foster care system. These safeguards include an inventory of all children in foster care, an assessment of the appropriateness of their placement, a statewide information system of children in foster care, a case review system including case plans for each child, periodic reviews, dispositional hearings and service programs designed to prevent foster care placement and to reunify families if children are in placement.

Strengthening Troubled Families and Helping Them Stay Together.

When parents are unable to cope with problems such as illness, marital breakup, a runaway child, alcoholism, drug abuse and other personal or parenting problems, the children may be at risk of separation from their parents by placement into either temporary or long-term foster care. Current federal law requires that a State agency offer services to assist families before removing a child from his/her home. The Children's Bureau provides information to States, counties and cities in regard to the range of appropriate services. Findings from research and demonstration projects and State programs indicate that a community-wide system of family-based services is effective in strengthening families and preventing foster placement.

HEAD
START
Child Development Centers

The Head Start Bureau



Head Start was launched by the Federal Government in 1965 to help young children from low-income families get a better start in life. Head Start was designed to provide these children, primarily 3 to 5 years old, with a full program of educational, health, nutrition, and social services to meet their needs and enrich their lives.

Since its inception, Project Head Start has served more than 9 million children from low-income families. Today, some 449,000 children participate in Head Start programs each year—approximately 16 percent of the preschool children now living in poverty in this country.

In over 22,000 classrooms across the country, Head Start works to strengthen the ability of these children to cope with school and the world around them—and helps open up new opportunities for the youngsters and their families.

Nationally, Head Start is administered by the Head Start Bureau of ACYF. Locally, the activities of some 9,000 Head Start centers in the 50 States, the District of Columbia, Puerto Rico, the Virgin Islands, and the U.S. Trust Territories are supervised by approximately 1,300 grantees—including Community Action Agencies, public school systems and other community-based organizations.

Grants are Awarded by the Health and Human Services Regional Offices to Provide Comprehensive Developmental Services to Preschool Children.

From the beginning, Head Start was designed to be more than an educational program. While Head Start children benefit from a variety of learning experiences that help lay the groundwork for success in elementary school, they receive much more:

(1) Hot meals each day to help meet their daily nutritional needs.

(2) A comprehensive health care program—including physical and dental examinations, immunizations, and follow-up on identified health problems.

(3) Mental health services to foster their emotional growth and help them deal with special problems.

(4) Social activities to help them learn to get along with others and gain in self-confidence.

Because parents are the most important influence on a child's development, Head Start places strong emphasis on involving parents in all phases of the program. Head Start parents serve on policy councils and committees and play an active role in the operation of local Head Start programs. They attend workshops on child care and on planning well-balanced meals at home. Many serve as paid or volunteer aides in Head Start classrooms.

The Child Development Associate (CDA) Credential

The Child Development Associate (CDA) program provides a national system for training, assessing and credentialing child care providers. Since its inception in 1971, the CDA program has represented a collaboration between the early childhood profession and the Department of Health and Human Services. The first CDA credential was awarded in July 1975. Within ten years, nearly 17,000 individuals earned a CDA credential, affecting nearly 750,000 young children and allowing one-quarter million parents to participate in the assessment of the teacher of their preschool age children. Fifty percent of the States have incorporated the CDA credential into their child care licensing requirements.

The National Association for the Education of Young Children (NAEYC) through its Council for Early Childhood Professional Recognition serves as the national CDA body with responsibility for administering the CDA program. The Council's major responsibilities are to develop and promulgate standards for training, assume assessment of candidates, and award the CDA credential to candidates who meet national standards for quality child care.

Training, assessment and the award of the CDA credential are based on the CDA Competency Standards which define the skill needed by center-based staff, home visitors, infant and toddler care givers and family day care providers. The CDA Competency Standards set the criteria for a caregiver's performance with children and their families.

CDA training is offered by a variety of institutions, including colleges, universities, and vocational schools. The Head Start Bureau funds grantees and delegate agencies to arrange and purchase CDA training from local institutions for their staff. The CDA Assessment System is based on the caregiver's ability to demonstrate the CDA Competencies while working with children, families and staff.

Meeting the Needs of Special Groups of Children and Families

In every local Head Start program, an effort is made to tailor activities to the individual requirements of each child. As part of this effort, many Head Start centers have adapted their programs to meet the needs of special groups of children and families:

(1) Children who have physical or emotional handicaps are placed with non-handicapped children in Head Start classrooms and participate in most daily activities, so that they can learn to relate to other children and function well in any situation. By law, ten percent of enrollment opportunities in each state must be made available to the handicapped.

(2) Children from Spanish-speaking families, who make up about 20 percent of all Head Start children, participate in programs that provide instruction in both English and Spanish and stress the cultural heritage of their families. Head Start has pioneered in developing bilingual-bicultural curricula for preschool children and new methods of training teachers to work with Spanish-speaking children.

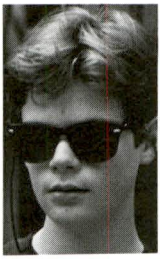
(3) Children from American Indian and Migrant families take part in Head Start programs that meet their special needs. Head Start programs for American Indian children preserve their tribal traditions and encourage pride in the American Indian way of life. Children of migrant farm workers, whose families move from State to State, are served by a network of Head Start programs that help them adjust to a new environment while maintaining the language and culture of their families.

Research, Demonstration, and Training Activities

Building on knowledge gained through years of working with preschool children of low-income families and their parents, Head Start has launched a number of demonstration and training projects which have shown new ways to serve children and families and have been models for Head Start and other local early childhood programs. The training projects have provided technical assistance to Head Start centers and have helped to develop a new corps of professional child care workers.

Head Start has received considerable attention in recent years due to research findings documenting the program's lasting effect on children. Major studies found that children enrolled in Head Start and similar programs are far less likely to be held back a grade or assigned to special education classes than low-income children who did not attend an early childhood program. Long-term benefits of Head Start parallel or exceed those of other early intervention programs and document the cost-effectiveness of Head Start.

Head Start has served as a model for other public and private programs for preschool children and has helped millions of American children move ahead toward realizing their full potential.



Family and Youth Services Bureau

The Family and Youth Services Bureau (FYSB) is the newest organizational unit within the Administration for Children, Youth and Families. It combines the former Office of Families and the Youth Development Bureau. The two major objectives of the Bureau are to strengthen families and meet the needs of at-risk youth. One of the most important new activities of the Bureau is in the area of preventing youth suicide.

The Bureau's family activities fall into two groups: private sector response in developing innovative family support systems and increasing public awareness by providing information on techniques of positive family functioning.

The Bureau administers the Runaway and Homeless Youth Act as reauthorized under P.L. 98-473, Sections 650-657. This program was enacted in response to concern over the alarming number of youth who were leaving home without parental permission and were exposed to dangers while living on the streets.

The goals of the Runaway and Homeless Youth Act are:

(1) to reunite youth with their families and to encourage the resolution of intrafamily problems;

(2) to strengthen family relationships and to encourage stable living conditions for youth;

(3) to meet the needs of youth during the runaway episode; and

(4) to help youth decide upon a future course of action.

Under the authority of the Runaway and Homeless Youth Act (ACT), the Family and Youth Services Bureau develops and strengthens the runaway shelter programs; funds and monitors the National Communications System; organizes and manages support networks of local shelters; funds and manages training and technical assistance for runaway shelters; and provides assistance to professionals, local organizations and governments to develop and implement programs affecting families.

The Act authorizes the funding of new and existing shelters and services for runaway youth through grants to States and local governments and for-profit and non-profit entities. In fiscal year 1984, 265 shelter programs were supported in the amount of $18.05 million.

As a result, approximately 70,200 youth and their families will receive services ranging from shelter care to counseling and follow-up services. The Act also provides for funding of a national communication system. The National Runaway Switchboard is a voluntary crisis intervention and referral service. The Switchboard in FY 1984 served over 250,000 youth and families. In 1985, the National Runaway Switchboard also became the National toll-free hotline for youth suicide.

The Bureau also develops areas of research, demonstration, and evaluation and recommends actions to address critical problems, in-

crease public awareness, and maximize utilization of project outcomes. In Fiscal Year 1985, $3.8 million were used to support strengthening the capacity of youth service providers to meet the needs of runaway and homeless youth. Topical areas of program development included:

(1) strengthening runaway shelter capacity to identify and provide emergency treatment to youths who are victims of physical and sexual abuse;

(2) addressing the problems of chronic runaways;

(3) strengthening runaway shelter staff capability to identify runaway and homeless youth at risk of suicide and provide emergency prevention services;

(4) job skills development models for older, homeless youth; and

(5) innovative strategies for providing independent living for older homeless youth.

In 1985 approximately $1.4 million ACYF/FYSB funds were spent on research and demonstration projects to strengthen the family.

Topical areas included:

(1) the family in the workplace - model support programs;

(2) strengthening family relationships of incarcerated parents;

(3) parenting skills and employability training for teenage parents; and

(4) parenting education in community college settings.

The Family and Youth Services Bureau works to develop greater public awareness about the value of the family in our society and the need to strengthen the family unit.

It encourages shelters and other youth services providers in their efforts to assist in problem resolution between youth and their families through greater emphasis on follow-up services after youth leave shelter care.

Finally, it works to expand and improve outreach and prevention efforts for youth.

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MARY SHEILA GALL

Assistant Secretary for Human Development Services
Department of Health and Human Services

Mary Sheila Gall was sworn in as Assistant Secretary for Human Development Services, Department of Health and Human Services, May 12, 1989. President Bush nominated her Feb. 28, 1989, and she was confirmed by the Senate May 10, 1989.

Miss Gall administers HHS' Human Development Services, an agency whose programs serve the nation's children, youth and families; the elderly; the disabled; and Native Americans. HDS also administers funding to states for social services to help low-income families.

Miss Gall comes to HHS from the Office of Personnel Management where, since February, 1986, she served as Counselor to the Director. In August 1987, she was named Chair of the President's Task Force on Adoption, which identified barriers to adoption and explored methods to promote adoption.

During 1981-1986, Miss Gall was Deputy Domestic Policy Advisor in the Office of then Vice President Bush. Prior to that she worked as a Senior Legislative Analyst for the House Republican Study Committee. She worked as a Consultant to the Reagan-Bush Presidential Campaign and the transition team (1980-1981) after serving as Director of Research in the George Bush for President Campaign. During 1971-1979, she served in various legislative positions on the staffs of several members of the Senate and House of Representatives (Sen. James Buckley, New York; Rep. Jack Kemp, New York; and Rep. Tom Coleman, Missouri).

Miss Gall was born in Buffalo, N.Y., July 19, 1949. She received her bachelor of arts degree from Rosary Hill College in Buffalo in 1971.

Miss Gall is a single adoptive parent of two children. She has received a number of distinguished service awards in recognition of her leadership in service to children.

She and her two children reside in Arlington, Va.

May 12, 1989

Human Services Reauthorization

Act of 1986

Title I - The Head Start Program

SHORT TITLE

SEC. 635. This subchapter may be cited as the "Head Start Act".

P.L. 99-425

STATEMENT OF PURPOSE AND POLICY

SEC. 636. (a) In recognition of the role which Project Head Start has played in the effective delivery of comprehensive health, educational, nutritional, social, and other services to economically disadvantaged children and their families, it is the purpose of this subchapter to extend the authority for the appropriation of funds for such program.

(b) In carrying out the provisions of this subchapter, the Secretary of Health and Human Services shall continue the administrative arrangement responsible for meeting the needs of migrant and Indian children and shall assure that appropriate funding is provided to meet such needs.

(42 U.S.C. 9831 note) Enacted August 13, 1981, P.L. 97-35, 95 Stat. 499.

DEFINITIONS

SEC. 637. For purposes of this subchapter:

(1) The term "Secretary" means the Secretary of Health and Human Services.

(2) The Term "State" means a State, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Virgin Islands, the Trust Territory of the Pacific Islands, and the Commonwealth of the Northern Mariana Islands.

(3) The term "financial assistance" includes assistance provided by grant, agreement, or contract, and payments may be made in installments and in advance or by way of reimburse-

ment with necessary adjustments on account of overpayments or underpayments.

(42 U.S.C. 9832 note) Enacted August 13, 1981, P.L. 97-35, 95 Stat. 499; amended October 30, 1984, P.L. 98-558, sec. 101, 98 Stat. 2878.

FINANCIAL ASSISTANCE FOR HEAD START PROGRAMS

SEC. 638. The Secretary may, upon application by an agency which is eligible for designation as a Head Start agency pursuant to section 641, provide financial assistance to such agency for the planning, conduct, administration, and evaluation of a Head Start program focused primarily upon the children from low-income families who have not reached the age of compulsory school attendance which (1) will provide such comprehensive health, nutritional, educational, social, and other services as will aid the children to attain their full potential; and (2) will provide for direct participation of the parents of such children in the development, conduct, and overall program direction at the local level.

(42 U.S.C. 9833) Enacted August 13, 1981, P.L. 97-35, 95 Stat. 499.

AUTHORIZATION OF APPROPRIATIONS

SEC. 639. There are authorized to be appropriated for carrying out the provisions of this subchapter $1,198,000,000 for fiscal year 1987, $1,263,000,000 for fiscal year 1988, $1,332,000,000 for fiscal year 1989, and $1,405,000,000 for fiscal year 1990.

ALLOTMENT OF FUNDS; LIMITATIONS ON ASSISTANCE

SEC. 640. (a)(1) Of the sums appropriated pursuant to section 639 for any fiscal year beginning after September 30, 1981, the Secretary shall allot such sums in accordance with paragraphs (2) and (3).

(2) The Secretary shall reserve 13 percent of the amount appropriated for each fiscal year for use in accordance with the following order of priorities—

(A) Indian and migrant Head Start programs and services for handicapped children, except that there shall be made available for use by Indian and migrant Head Start programs, on a nationwide basis, no less funds for fiscal year 1987 and each subsequent fiscal year than were obligated for use by Indian and migrant Head Start programs for fiscal year 1985.

(B) payments to Guam, American Samoa, the Trust Territory of the Pacific Islands, the Northern Mariana Islands, and the Virgin Islands according to their respective needs, except that such amount shall not exceed one-half of 1 percent of the sums appropriated for any fiscal year;

(C) training and technical assistance activities which are sufficient to meet the needs associated with program expansion and to foster program and management improvement activities as described in section 648 of this subchapter, in an amount for each fiscal year which is not less than the amount expended for training and technical assistance activities under this clause for fiscal year 1982; and

(D) discretionary payments made by the Secretary.

The minimum reservation contained in clause (C) of this paragraph shall not apply in any fiscal year in which the appropriation for the program authorized by this subchapter is less than the amount appropriated for fiscal year 1984. No funds reserved under this paragraph may be combined with funds appropriated under any other Act if the purpose of combining funds is to make a single discretionary grant or a single discretionary payment, unless such funds appropriated under this subchapter are separately identified in such grant or payment and are used for the purposes of this subchapter.

(3) The Secretary shall allot the remaining 87 percent of the amounts appropriated in each fiscal year among the States, in accordance with latest satisfactory data so that—

(A) each State receives an amount which is equal to the amount the State received for fiscal year 1981; and

(B)(i) 33⅓ percent of any amount available after all allotments have been made under clause (A) for such fiscal year shall be distributed on the basis of the relative number of children from birth through 18 years of age, on whose behalf payments are made under the program of aid to families with dependent children under a State plan approved under part A of title IV of the Social Security Act in each State as compared to all States; and

(ii) 66⅔ percent of such amount shall be distributed on the basis of the relative number of children from birth through 5 years of age living with families with incomes below the poverty line in each State as compared to all States.

(4) For purposes of this subsection, the term "State" does not include Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands, or the Trust Territory of the Pacific Islands.

(b) Financial assistance extended under this subchapter for a Head Start program shall not exceed 80 percent of the approved costs of the assisted program or activities, except that the Secretary may approve assistance in excess of such percentage if the Secretary determines, in accordance with regulations establishing objective criteria, that such action is required in furtherance of the purposes of this subchapter. Non-Federal contributions may be in cash or in kind, fairly evaluated, including plant, equipment, or services. The Secretary shall not require non-Federal contributions in excess of 20 percent of the approved costs of programs or activities assisted under this subchapter.

(c) No programs shall be approved for assistance under this subchapter unless the Secretary is satisfied that the services to be provided under such program will be in addition to, and not in substitution for, comparable services previously provided without Federal

assistance. The requirement imposed by the preceding sentence shall be subject to such regulations as the Secretary may prescribe.

(d) The Secretary shall establish policies and procedures designed to assure that for fiscal year 1982 and thereafter no less than 10 percent of the total number of enrollment opportunities in Head Start programs in each State shall be available for handicapped children (as defined in paragraph (1) of section 602 of the Education of the Handicapped Act) and that services shall be provided to meet their special needs. The Secretary shall report to the Congress at least annually on the status of handicapped children in Head Start programs, including the number of children being served, their handicapping conditions, and the services being provided such children.

(e) The Secretary shall adopt approximate administrative measures to assure that the benefits of this subchapter will be distributed equitably between residents of rural and urban areas.

DESIGNATION OF HEAD START AGENCIES

SEC. 641. (a) The Secretary is authorized to designate as a Head Start agency any local public or private nonprofit agency, within a community, which (1) has the power and authority to carry out the purposes of this subchapter and perform the functions set forth in section 642 within a community; and (2) is determined by the Secretary to be capable of planning, conducting, administering, and evaluating, either directly or by other arrangements, a Head Start program.

(b) For purposes of this subchapter, a community may be a city, county, or multicity or multicounty unit within a State, an Indian reservation, or a neighborhood or other area (irrespective of boundaries or political subdivisions) which provides a suitable organizational base and possesses the commonality of interest needed to operate a Head Start program.

(c) In the administration of the provisions of this section, the Secretary shall give priority in the designation of Head Start agencies to any local public or private nonprofit agency which is receiving funds under any Head Start program on the date of the enactment of this Act unless—

(1) the Secretary makes a finding that the agency involved fails to meet program and fiscal requirements established by the Secretary; and

(2) except that if there is no such agency because of any change in the assistance furnished to programs for economically disadvantaged persons, then the Secretary shall give priority in the designation of Head Start agencies to any successor agency which is operated in substantially the same manner as the predessor agency which did receive funds in the fiscal year preceding the fiscal year for which the determination is made.

The provisions of clause (2) shall apply only to agencies actually operating Head Start programs.

(d) If there is no Head Start agency as described in subsection (c)(2), and no existing Head Start program serving a community,

then the Secretary may designate a Head Start agency from among qualified applicants in such community. Any such designation shall be governed by the program and fiscal requirements, criteria, and standards applicable on September 1, 1983, to then existing Head Start agencies.

(e) The provisions of subsections (c) and (d) shall be applied by the Secretary in the distribution of any additional appropriations made available under this subchapter during any fiscal year as well as to initial designations of Head Start agencies.

(f) The Secretary shall require that the practice of significantly involving parents and area residents affected by the program in selection of Head Start agencies be continued.

(42 U.S.C. 9836) Enacted August 13, 1981, P.L. 97-35, 95 Stat. 501; amended October 30, 1984, P.L. 98-558, sec. 104, 98 Stat. 2878.

POWERS AND FUNCTIONS OF HEAD START AGENCIES

SEC. 642. (a) In order to be designated as a Head Start agency under this subchapter, an agency must have authority under its charter or applicable law to receive and administer funds under this subchapter, funds and contributions from private or local public sources which may be used in support of a Head Start program, and funds under any Federal or State assistance program pursuant to which a public or private nonprofit agency (as the case may be) organized in accordance with this subchapter, could act as grantee, contractor, or sponsor of projects appropriate for inclusion in a Head Start program. Such an agency must also be empowered to transfer funds so received, and to delegate powers to other agencies, subject to the powers of its governing board and its overall program responsibilities. The power to transfer funds and delegate powers must include the power to make transfers and delegations covering component projects in all cases where this will contribute to efficiency and effectiveness or otherwise further program objectives.

(b) In order to be so designated, a Head Start agency must also (1) establish effective procedures by which parents and area residents concerned will be enabled to directly participate in decisions that influence the character of programs affecting their interests; (2) provide for their regular participation in the implementation of such programs; (3) provide technical and other support needed to enable parents and area residents to secure on their own behalf available assistance from public and private sources; and (4) establish procedures to seek reimbursement, to the extent feasible, from other agencies for services for which any such other agency is responsible, which are provided to a Head Start participant by the Head Start agency.

(c) The head of each Head Start agency shall coordinate with State and local programs serving the children in the Head Start agency to carry out the provisions of this subsection.

SUBMISSION OF PLANS TO GOVERNORS

SEC. 643. In carrying out the provisions of this subchapter, no contract, agreement, grant, or other assistance shall be made for

the purpose of carrying out a Head Start program within a State unless a plan setting forth such proposed contract, agreement, grant, or other assistance has been submitted to the Governor of the State, and such plan has not been disapproved by the Governor within 30 days of such submission, or, if so disapproved, has been reconsidered by the Secretary and found by the Secretary to be fully consistent with the provisions and in furtherance of the purposes of this subchapter. Funds to cover the costs of the proposed contract, agreement, grant, or other assistance shall be obligated from the appropriation which is current at the time the plan is submitted to the Governor. This section shall not, however, apply to contracts, agreements, grants, loans, or other assistance to any institution of higher education in existence on the date of the enactment of this Act.

(42 U.S.C. 9838) Enacted August 13, 1981, P.L. 97-35, 95 Stat. 502.

ADMINISTRATIVE REQUIREMENTS AND STANDARDS

SEC. 644. (a) Each Head Start agency shall observe standards of organization, management, and administration which will assure, so far as reasonably possible, that all program activities are conducted in a manner consistent with the purposes of this subchapter and the objective of providing assistance effectively, efficiently, and free of any taint of partisan political bias or personal or family favoritism. Each such agency shall establish or adopt rules to carry out this section, which shall include rules to assure full staff accountability in matters governed by law, regulations, or agency policy. Each agency shall also provide for reasonable public access to information, including public hearings at the request of appropriate community groups and reasonable public access to books and records of the agency or other agencies engaged in program activities or operations involving the use of authority or funds for which it is responsible. Each such agency shall adopt for itself and other agencies using funds or exercising authority for which it is responsible, rules designed to (1) establish specific standards governing salaries, salary increases, travel and per diem allowances, and other employee benefits; (2) assure that only persons capable of discharging their duties with competence and integrity are employed and that employees are promoted or advanced under impartial procedures calculated to improve agency performance and effectiveness; (3) guard against personal or financial conflicts of interest; (4) define employee duties in an appropriate manner which will in any case preclude employees from participating, in connection with the performance of their duties, in any form of picketing, protest, or other direct action which is in violation of law.

(b) No financial assistance shall be extended under this subchapter in any case in which the Secretary determines that the costs of developing and administering a program assisted under this subchapter exceed 15 percent of the total costs, including non-Federal contributions to such costs, of such program. The Secretary shall establish by regulation, criteria for determining (1) the costs of developing and administering such program; and (2) the total costs of such program. In any case in which the Secretary determines that the cost of administering such program does not exceed 15 percent

of such total costs but is, in the judgment of the Secretary, excessive, the Secretary shall forthwith require the recipient of such financial assistance to take such steps prescribed by the Secretary as will eliminate such excessive administrative cost, including the sharing by one or more Head Start agencies of a common director and other administrative personnel. The Secretary may waive the limitation prescribed by this subsection for specific periods of time not to exceed 12 months whenever the Secretary determines that such a waiver is necessary in order to carry out the purposes of this subchapter.

(c) The Secretary shall prescribe rules or regulations to supplement subsection (a), which shall be binding on all agencies carrying on Head Start program activities with financial assistance under this subchapter. The Secretary may, where appropriate, establish special or simplified requirements for smaller agencies or agencies operating in rural areas. Policies and procedures shall be established to ensure that indirect costs attributable to the common or joint use of facilities and services by programs assisted under this subchapter and other programs shall be fairly allocated among the various programs which utilize such facilities and services.

(d) At least 30 days prior to their effective date, all rules, regulations, guidelines, instructions, and application forms shall be published in the Federal register and shall be sent to each grantee with the notification that each such grantee has the right to submit comments pertaining thereto to the Secretary prior to the final adoption thereof.

PARTICIPATION IN HEAD START PROGRAMS

SEC. 645. (a)(1) The Secretary shall by regulation prescribe eligibility for the participation of persons in Head Start programs assisted under this subchapter. Except as provided in paragraph (2), such criteria may provide (A) that children from low-income families shall be eligible for participation in programs assisted under this subchapter if their families' incomes are below the poverty line, or if their families are eligible or, in the absence of child care, would potentially be eligible for public assistance; and (B) pursuant to such regulations as the Secretary shall prescribe, that programs assisted under this subchapter may include, to a reasonable extent, participation of children in the area served who would benefit from such programs but whose families do not meet the low-income criteria prescribed pursuant to clause (A).

(2) Whenever a Head Start program is operated in a community with a population of 1,000 or less individuals and—

(A) there is no other preschool program in the community;

(B) the community is located in a medically underserved area, as designated by the Secretary pursuant to section 330(b)(3) of the Public Health Service Act and is located in a health manpower shortage area, as designated by the Secretary pursuant to section 332(a)(1) of such Act;

(C) the community is in a location which, by reason of remoteness, does not permit reasonable access to the types of services described in clauses (A) and (B); and

(D) not less than 50 percent of the families to be served in the community are eligible under the eligibility criteria established by the Secretary under paragraph (1);

the Head Start program in each such locality shall establish the criteria for eligibility, except that no child residing in such community whose family is eligible under such eligibility criteria shall, by virtue of such project's eligibility criteria, be denied an opportunity to participate in such program. During the period beginning on the date of the enactment of the Human Services Reauthorization Act and ending on October 1, 1990 and unless specifically authorized in any statute of the United States enacted after such date of enactment, the Secretary may not make any change in the method, as in effect on April 25, 1984, of calculating income used to prescribe eligibility for the participation of persons in the Head Start programs assisted under this subchapter if such change would result in any reduction in, or exclusion from, participation of persons in any of such programs.

(b) The Secretary shall not prescribe any fee schedule or otherwise provide for the charging of any fees for participation in Head Start programs, unless such fees are authorized by legislation hereafter enacted. Nothing in this subsection shall be construed to prevent the families of children who participate in Head Start programs and who are willing and able to pay the full cost of such participation from doing so.

(c) Each Head Start program operated in a community may provide more than one year of Head Start services to children from age 3 to the age of compulsory school attendance in the State in which the Head Start program is located.

APPEALS, NOTICE, AND HEARING

SEC. 646. The Secretary shall prescribe procedures to assure that—

(1) special notice of and an opportunity for a timely and expeditious appeal to the Secretary will be provided for an agency or organization which desires to serve as a delegate agency under this subchapter and whose application to the Head Start agency has been wholly or substantially rejected or has not been acted upon within a period of time deemed reasonable by the Secretary, in accordance with regulations which the Secretary shall prescribe;

(2) financial assistance under this subchapter shall not be suspended, except in emergency situations, unless the recipient agency has been given reasonable notice and opportunity to show cause why such action should not be taken; and

(3) financial assistance under this subchapter shall not be terminated, an application for refunding shall not be denied, and a suspension of financial assistance shall not be continued for longer than 30 days, unless the recipient has been afforded reasonable notice and opportunity for a full and fair hearing.

(42 U.S.C. 9841) Enacted August 13, 1981, P.L. 97-35, 95 Stat. 504.

RECORDS AND AUDITS

SEC. 647. (a) Each recipient of financial assistance under this subchapter shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such financial assistance, the total cost of the project or undertaking in connection with which such financial assistance is given or used, the amount of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipients that are pertinent to the financial assistance received under this subchapter.

(42 U.S.C. 9842) Enacted August 13, 1981, P.L. 97-35, 95 Stat. 505.

TECHNICAL ASSISTANCE AND TRAINING

SEC. 648. The Secretary shall provide, directly or through grants or other arrangements (1) technical assistance to communities in developing, conducting, and administering programs under this subchapter; and (2) training for specialized or other personnel needed in connection with Head Start programs, including a centralized child development training and national assessment program which may be administered at the State or local level leading to recognized credentials for such personnel, and resource access projects for personnel of handicapped children.

(42 U.S.C. 9843) Enacted August 13, 1981, P.L. 97-35, 95 Stat. 505; amended October 30, 1984, P.L. 98-558, sec. 106, 98 Stat. 2879.

RESEARCH, DEMONSTRATION, AND PILOT PROJECTS

SEC. 649. (a) The Secretary may provide financial assistance through grants or contracts for research, demonstration, or pilot projects conducted by public or private agencies which are designed to test or assist in the development of new approaches or methods that will aid in overcoming special problems or otherwise in furthering the purposes of this subchapter.

(b) The Secretary shall establish an overall plan to govern the approval of research, demonstration, or pilot projects and the use of all research authority under this subchapter. Such plan shall set forth specific objectives to be achieved and priorities among such objectives.

(c) No funds appropriated under this subchapter may be combined with funds appropriated under any other Act if the purpose of combining funds is to make a single discretionary grant or a single discretionary payment, unless such funds appropriated under this subchapter are separately identified in such grant or payment and are used for the purposes of this title.

(42 U.S.C. 9844) Enacted August 13, 1981, P.L. 97-35, 95 Stat. 505; amended October 30, 1984, P.L. 98-558, sec. 107, 98 Stat. 2880.

ANNOUNCEMENT OF RESEARCH, DEMONSTRATION, AND PILOT PROJECTS CONTRACTS

SEC. 650. (a) The Secretary shall make a public announcement concerning—

(1) the title, purpose, intended completion date, identity of the grantee or contractor, and proposed cost of any grant or contract with a private or non-Federal public agency or organization for any research, demonstration, or pilot project under this subchapter; and

(2) the results, findings, data, or recommendations made or reported as a result of such activities.

(b) The public announcements required by subsection (a)(1) shall be made within 30 days of making such grants or contracts, and the public announcements required by subsection (a)(2) shall be made within 90 days of the receipt of such results.

(c) The Secretary shall take necessary action to assure that all studies, proposals, and data produced or developed with Federal funds employed under this subchapter shall become the property of the United States.

(d) The Secretary shall publish summaries of the results of activities carried out pursuant to this subchapter not later than 90 days after the completion thereof. The Secretary shall submit to the appropriate committees of the Congress copies of all such summaries.

(42 U.S.C. 9845) Enacted August 13, 1981, P.L. 97-35, 95 Stat. 505.

EVALUATION

SEC. 651. (a) The Secretary shall provide, directly or through grants or contracts, for the continuing evaluation of programs under this subchapter, including evaluations that measure and evaluate the impact of programs authorized by this subchapter, in order to determine their effectiveness in achieving stated goals, their impact on related programs, and their structure and mechanisms for delivery of services, including, where appropriate, comparisons with appropriate control groups composed of persons who have not participated in such programs. Evaluations shall be conducted by persons not directly involved in the administration of the program or project operation.

(b) The Secretary shall operate the programs and projects covered by this subchapter in accordance with Head Start performance standards. Any revisions in such standards shall not result in the elimination of nor any reduction in the scope or types of health, education, parental involvement, social or other services required to be provided under the standards in effect on November 2, 1978. The extent to which such standards have been met shall be considered in deciding whether to renew or supplement financial assistance authorized under this subchapter.

(c)(1) In carrying out evaluations under this subchapter, the Secretary shall establish working relationships with the faculties of colleges or universities located in the area in which any such evaluation is being conducted, unless there is no such college or university willing and able to participate in the evaluation. For purposes of the preceding sentence, for any single evaluation areas in which

such working relationships are established may not be larger than 3 contiguous States.

(2) In carrying out evaluations under this subchapter, the Secretary may require Head Start agencies to provide for independent evaluations.

(d) In carrying out evaluations under this subchapter, the Secretary shall, whenever feasible, arrange to obtain the specific views of persons participating in and served by programs and projects assisted under this subchapter about such programs and projects.

(e) The Secretary shall publish the results of evaluative research and summaries of evaluations of program and project impact and effectiveness not later than 90 days after the completion thereof. The Secretary shall submit to the appropriate committees of the Congress copies of all such research studies and evaluation summaries.

(f) The Secretary shall take the necessary action to assure that all studies, evaluations, proposals, and data produced or developed with assistance under this subchapter shall become the property of the United States.

(42 U.S.C. 9846) Enacted August 13, 1981, P.L. 97-35, 95 Stat. 506; amended October 30, 1984, P.L. 98-558, sec. 108, 98 Stat. 2880.

POVERTY LINE

SEC. 652. (a) The Secretary shall revise annually (or at any shorter interval the Secretary deems feasible and desirable) a poverty line which, except as provided in section 645, shall be used as a criterion of eligibility for participation in Head Start programs.

(b) The revision required by subsection (a) shall be accomplished by multiplying the official poverty line (as defined by the Office of Management and Budget) by the percentage change in the Consumer Price Index during the annual or other interval immediately preceding the time at which the revision is made.

(c) Revisions required by subsection (a) shall be made and issued not more than 30 days after the date on which the necessary Consumer Price Index data become available.

(42 U.S.C. 9847) Enacted August 13, 1981, P.L. 97-35, 95 Stat. 506.

COMPARABILITY OF WAGES

SEC. 653. The Secretary shall take such action as may be necessary to assure that persons employed in carrying out programs financed under this subchapter shall not receive compensation at a rate which is (1) in excess of the average rate of compensation paid in the area where the program is carried out to a substantial number of the persons providing substantially comparable services, or in excess of the average rate of compensation paid to a substantial number of the persons providing substantially comparable services in the area of the person's immediately preceding employment, whichever is higher; or (2) less than the minimum wage rate prescribed in section 6(a)(1) of the Fair Labor Standards Act of 1938.

(42 U.S.C. 9848) Enacted August 13, 1981, P.L. 97-35, 95 Stat. 507.

NONDISCRIMINATION PROVISIONS

SEC. 654. (a) The Secretary shall not provide financial assistance for any program, project, or activity under this subchapter unless the grant or contract with respect thereto specifically provides that no person with responsibilities in the operation thereof will discriminate with respect to any such program, project, or activity because of race, creed, color, national origin, sex, political affiliation, or beliefs.

(b) No person in the United States shall on the ground of sex be excluded from participation in, be denied the benefits of, be subjected to discrimination under, or be denied employment in connection with any program or activity receiving assistance under this subchapter. The Secretary shall enforce the provisions of the preceding sentence in accordance with section 602 of the Civil Rights Act of 1964. Section 603 of such Act shall apply with respect to any action taken by the Secretary to enforce such sentence. This section shall not be construed as affecting any other legal remedy that a person may have if such person is excluded from participation in, denied the benefits of, subjected to discrimination under, or denied employment in connection with, any program, project, or activity receiving assistance under this subchapter.

(c) The Secretary shall not provide financial assistance for any program, project, or activity under this subchapter unless the grant or contract relating to the financial assistance specifically provides that no person with responsibilities in the operation of the program, project, or activity will discriminate against any individual because of a handicapping condition in violation of section 504 of the Rehabilitation Act of 1973.

(42 U.S.C. 9849) Enacted August 13, 1981, P.L. 97-35, 95 Stat. 507.

LIMITATION WITH RESPECT TO CERTAIN UNLAWFUL ACTIVITIES

SEC. 655. No individual employed or assigned by any Head Start agency or other agency assisted under this subchapter shall, pursuant to or during the performance of services rendered in connection with any program or activity conducted or assisted under this subchapter by such Head Start agency or such other agency, plan, initiate, participate in, or otherwise aid or assist in the conduct of any unlawful demonstration, rioting, or civil disturbance.

(42 U.S.C. 9850) Enacted August 13, 1981, P.L. 97-35, 95 Stat. 508.

POLITICAL ACTIVITIES

SEC. 656. (a) For purposes of chapter 15 of title 5, United States Code, any agency which assumes responsibility for planning, developing, and coordinating Head Start programs and receives assistance under this subchapter shall be deemed to be a State or local agency. For purposes of clauses (1) and (2) of section 150(a) of such title, any agency receiving assistance under this subchapter shall be deemed to be a State or local agency.

(b) Programs assisted under this subchapter shall not be carried on in a manner involving the use of program funds, the provision of services, or the employment or assignment of personnel in a manner supporting or resulting in the identification of such pro-

grams with (1) any partisan or nonpartisan political activity or any other political activity associated with a candidate, or contending faction or group, in an election for public or party office; (2) any activity to provide voters or prospective voters with transportation to the polls or similar assistance in connection with any such election; or (3) any voter registration activity. The Secretary, after consultation with the Office of Personnel Management, shall issue rules and regulations to provide for the enforcement of this section, which shall include provisions for summary suspension of assistance or other action necessary to permit enforcement on an emergency basis.

(42 U.S.C. 9851) Enacted August 13, 1981, P.L. 97-35. 95 Stat. 508.

ADVANCE FUNDING

SEC. 657. For the purpose of affording adequate notice of funding available under this subchapter, appropriations for carrying out this subchapter are authorized to be included in an appropriation Act for the fiscal year preceding the fiscal year for which they are available for obligation.

(42 U.S.C. 9852) Enacted August 13, 1981, P.L. 97-35, 95 Stat. 508.

CHAPTER XIII—OFFICE OF HUMAN DEVELOPMENT SERVICES, DEPARTMENT OF HEALTH AND HUMAN SERVICES

NOTE: The Department of Education Organization Act (Pub. L. 96-88) established the Department of Education. See the "Note" appearing in 45 CFR (Parts 100-149), October 1, 1980 edition, page 3 for specific information on the transfer and redesignation of the Department of Education regulations.

SUBCHAPTER A—OFFICE OF HUMAN DEVELOPMENT SERVICES, GENERAL PROVISIONS

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SUBCHAPTER A—OFFICE OF HUMAN DEVELOPMENT SERVICES, GENERAL PROVISIONS

PART 1300—GENERAL [RESERVED]

SUBCHAPTER B—THE ADMINISTRATION FOR CHILDREN, YOUTH AND FAMILIES, HEAD START PROGRAM

PART 1301—HEAD START GRANTS ADMINISTRATION

Subpart A—General

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Authority: 88 Stat. 2300, et seq. (42 U.S.C. 2921 et seq.).

Source: 44 FR 24061, Apr. 24, 1979, unless otherwise noted.

Subpart A—General

§ 1301.1 Purpose and scope.

This part establishes regulations applicable to program administration and grants management for all grants under the Act, including grants for technical assistance and training and grants for research, demonstration, and pilot projects.

§ 1301.2 Definitions.

For the purposes of this part, unless the context requires otherwise:

"Act" means title V of the Economic Opportunity Act of 1964, as amended.

"Approved costs" means the total budget, including both the Federal share and the non-Federal share, for carrying out the program activities provided for in an approved application for a Head Start program.

"Budget period" means the interval of time, into which a multi-year period of assistance (project period) is divided for budgetary and funding purposes.

"Community" means a city, county, a multi-city or multi-county unit within a state, an Indian reservation, or any neighborhood or other geographic area (irrespective of boundaries or political subdivisions) which provides a suitable organizational base and possesses the commonality of interest needed to operate a Head Start program.

"Delegate agency" means a public or private non-profit organization or agency to which a grantee has delegated all or part of its responsibility for operating a Head Start program.

"Development and administrative costs" are all costs other than those which are incurred in carrying out the education, health, social service, and parent involvement functions prescribed in Part 1304 of this chapter. These costs include, but are not limited to, the personnel and other costs of overall planning, coordination, general program direction, accounting, auditing, bonding, insurance, and the allocated costs of occupying, operating, and maintaining the space utilized for these purposes.

"Head Start Agency" or "grantee" means a local public or private nonprofit agency designated to operate a Head Start program by the responsi-

ble HHS official, in accordance with Part 1302 of this chapter.

"Head Start program" means a program, funded under the Act and carried out by a Head Start agency or a delegate agency, that provides ongoing comprehensive child development services.

"Independent auditor" means an individual accountant or an accounting firm, public or private agency, association, corporation, or partnership, that is sufficiently independent of the agency being audited to render objective and unbiased opinions, conclusions, and judgments.

"Major disaster" means any natural disaster or catastrophe which is of such severity and magnitude as to directly affect the capability of the Head Start agency of agencies providing Head Start programs to the damaged community to continue the programs without an increase in the Federal share above 80 percent.

"Responsible HHS official" means the official of the Department of Health and Human Services who has authority to make grants under the Act.

"Total costs" means the sum of all approved costs incurred in operating a Head Start program during an approved budget period.

Subpart B—General Requirements

§ 1301.10 General.

(a) Except as specified in paragraph (b) of this section, the following HHS regulations shall apply to all grants made under the Act:

45 CFR Part 16 Department grant appeals process (except as provided in § 1301.34)
45 CFR Part 46 Protection of Human Subjects
45 CFR Part 74 Administration of grants
45 CFR Part 75 Informal grant appeals procedures (Indirect cost rates and other cost allocations)
45 CFR Part 80 Nondiscrimination under programs receiving Federal assistance through the Department of Health and Human Services—Effectuation of Title VI of the Civil Rights Act of 1964
45 CFR Part 81 Practice and procedure for hearings under Part 80
45 CFR Part 84 Nondiscrimination on the basis of handicap in Federally assisted programs.

(b) 45 CFR Part 74 is superseded as follows: (1) § 1301.11 of this subpart supersedes § 74.15 of Part 74 with respect to insurance and bonding of private, non-profit Head Start agencies; and (2) § 1301.12 of this subpart supersedes § 74.61 of Part 74 with respect to audit requirements for all Head Start agencies.

§ 1301.11 Insurance and bonding.

(a) Private nonprofit Head Start agencies and their delegate agencies shall carry reasonable amounts of student accident insurance, liability insurance for accidents of their premises, and transportation liability insurance.

(b) Private nonprofit Head Start and delegate agencies shall make arrangements for bonding officials and employees authorized to disburse program funds.

§ 1301.12 Annual audit of Head Start programs.

(a) An audit of the Head Start program covering the prior budget period of each Head Start agency and its delegate agencies, if any, shall be made by an independent auditor to determine: (1) Whether the agency's financial statements are accurate; (2) whether the agency is complying with the terms and conditions of the grant; and (3) whether appropriate financial and administrative procedures and controls have been installed and are operating effectively. Head Start agencies shall either include delegate agency audits as a part of their own audits or provide for separate independent audits of their delegate agencies.

(b) Upon a written request showing necessity, the responsible HHS official may approve a period other than the prior budget period to be covered by the annual audit.

(c) Unless otherwise approved by the responsible HHS official, the report of the audit shall be submitted to the responsible HHS official, in the manner and form prescribed by him or her, within 4 months after the prior budget period.

§ 1301.13 Accounting system certification.

(a) Upon request by the responsible HHS official, each Head Start agency or its delegate agency shall submit an accounting system certification, prepared by an independent auditor, stating that the accounting system or systems established by the Head Start agency, or its delegate, has appropriate internal controls for safeguarding assets, checking the accuracy and reliability of accounting data, and promoting operating efficiency.

(b) A Head Start agency shall not delegate any of its Head Start program responsibilities to a delegate agency prior to receiving a certification that the delegate agency's accounting system meets the requirements specified in paragraph (a).

Subpart C—Federal Financial Assistance

§ 1301.20 Matching requirements.

(a) Federal financial assistance granted under the act for a Head Start program shall not exceed 80 percent of the total costs of the program, unless: (1) An amount in excess of that percentage is approved under section 1301.21; or (2) the Head Start agency received Federal financial assistance in excess of 80 percent for any budget period falling within fiscal year 1973 or fiscal year 1974. Under the circumstances described in clause (3) of the preceding sentence, the agency is entitled to receive the same percentage of Federal financial assistance that it received during such budget periods.

(b) The non-Federal share will not be required to exceed 20 percent of the total costs of the program.

§ 1301.21 Criteria for increase in Federal financial assistance.

The responsible HHS official, on the basis of a written application and any supporting evidence he or she may require, will approve financial assistance in excess of 80 percent if he or she concludes that the Head Start agency has made a reasonable effort to meet its required non-Federal share but is unable to do so; and the Head Start agency is located in a county: (a) That has a personal per capita income of less that $3,000 per year; or (b) that has been involved in a major disaster.

Subpart D—Personnel and General Administration

§ 1301.30 General requirements.

Head Start agencies and delegate agencies shall conduct the Head Start program in an effective and efficient manner, free of political bias or family favoritism. Each agency shall also provide reasonable public access to information and to the agency's records pertaining to the Head Start program.

§ 1301.31 Personnel policies.

(a) Head Start agencies shall establish personnel policies for themselves and their delegate agencies. At a minimum, such policies must govern the following: staff qualifications, recruitment and selection, classification of positions, salaries, employee benefits (including leave, holidays, overtime, and fringe benefits), conflicts of interest, official travel, career development, performance evaluations, and employee management relations (including employee grievances and adverse actions).

(b) The policies shall be in writing, approved by the Head Start Policy Council or Committee, and made available to all Head Start and delegate agency employees.

§ 1301.32 Limitation on costs of development and administration.

(a) The costs of developing and administering a Head Start program shall not exceed 15 percent of the total costs of such program, unless the responsible HHS official approves a higher percentage for periods not to exceed 6 months, as necessary to carry out the purpose of the program.

(b) Each Head Start agency shall provide with its application a statement that the costs of development and administration will not exceed 15 percent of the total cost.

§ 1301.33 Delegation of program operations.

Federal financial assistance is not available for program operations where such operations have been dele-

gated to a delegate agency by a Head Start agency unless the delegation of program operations is made by a written agreement and has been approved by the responsible HHS official before the delegation is made.

§ 1301.34 Grantee appeals.

An agency receiving a grant under the Act for technical assistance and training, or for a research, demonstration, or pilot project may appeal adverse decisions in accordance with Part 16 of this title. Head Start agencies are also subject to the appeal procedures in Part 16 except appeals by those agencies for suspension, termination and denial of refunding are subject to Part 1303 of this title.

PART 1302—POLICIES AND PROCEDURES FOR SELECTION, INITIAL FUNDING, AND REFUNDING OF HEAD START GRANTEES, AND FOR SELECTION OF REPLACEMENT GRANTEES

Subpart A—General

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1302.24 Denial of refunding of grantee.
1302.25 Control of funds of grantee scheduled for change.

AUTHORITY: Sec. 602(n), 78 Stat. 530, 42 U.S.C. 2942(n); Delegation of Authorities to Secretary of Health and Human Services, 38 FR 19291.

SOURCE: 44 FR 24062, Apr. 24, 1979, unless otherwise noted.

Subpart A—General

§ 1302.1 Purpose and scope.

The purpose of this part is to set forth policies and procedures for the selection, initial funding and refunding of Head Start grantees and for the selection of replacement grantees in the event of the voluntary or involuntary termination, or denial of refunding, of Head Start programs. It particularly provides for consideration of the need for selection of a replacement grantee where the continuing eligibility (legal status) and fiscal capability (financial viability) of a grantee to operate a Head Start program is cast in doubt by the cessation of funding under section 519 of the Act or by the occurrence of some other major change. It is intended that Head Start programs be administered effectively and responsibly; that applicants to administer programs receive fair and equitable consideration; and that the legal rights of current Head Start grantees be fully protected.

§ 1302.2 Definitions.

As used in this part—

"Act"means Title V of The Economic Opportunity Act of 1964, as amended.

"Approvable application" means an application for a Head Start program, either as an initial application or as an application to amend an approved application governing an on-going Head Start program, which, in addition to showing that the applicant has legal status and financial viability, provides for comprehensive services for children and families and for effective and responsible administration which are in conformity with the Act and applicable regulations, the Head Start Manual and Head Start policies.

"Community action agency" means a public or private nonprofit agency or organization designated as a community action agency by the Director of the community Services Administra-

tion pursuant to section 210(a) or section 210(d) of the Act.

"Community action program" means a program operated by a community action agency.

"Financial viability" means the capability of an applicant or the continuing capability of a grantee to furnish the non-Federal share of the cost of operating an approvable or approved Head Start program.

"Head Start grantee" or "grantee" means a public or private nonprofit agency or organization whose application to operate a Head Start program pursuant to section 514 of the Act has been approved by the responsible HHS official.

"Legal status" means the existence of an applicant or grantee as a public agency or organization under the law of the State in which it is located, or existence as a private nonprofit agency or organization as a legal entity recognized under the law of the State in which it is located. Existence as a private non-profit agency or organization may be established under applicable State or Federal law.

"Responsible HHS official" means the official of the Department of Health and Human Services who has authority to make grants under the Act.

§ 1302.3 Consultation with public officials and consumers.

Responsible HHS officials will consult with Governors, or their representatives, appropriate local general purpose government officials, and Head Start Policy Council and other appropriate representatives of communities to be served on the proposed replacement of Head Start grantees.

§ 1302.4 Transfer of unexpended balances.

When replacing a grantee, unexpended balances of funds in the possession of such grantee in the fiscal year following the fiscal year for which the funds were appropriated may be transferred to the replacement grantee if the approved application of the replacement grantee provides for the continuation of the Head Start services without significant change to the same enrollees and their parents and undertakes to offer employment to the staff of the terminating grantee. A letter of concurrence in the change should be obtained from the terminating grantee whenever possible.

§ 1302.5 Notice for show cause and hearing.

(a) Except in emergency situations, the responsible HHS official will not suspend financial assistance under the Act unless the grantee has been given an opportunity, in accordance with Part 1303, Subpart D, of this chapter, to show cause why such action should not be taken.

(b) The responsible HHS official will not terminate a grant, suspend a grant for longer than 30 days, or deny refunding to a grantee, unless the grantee has been given an opportunity for a hearing in accordance with Part 1303 of this chapter.

Subpart B—Bases for Selection of Grantees

§ 1302.10 Selection among applicants.

The basis for making a selection among applicants for a Head Start program shall be the extent to which the application selected reasonably promises the most effective and responsible Head Start program of the approvable applications submitted in terms of (a) the cost-effectiveness of the program proposed to be provided; (b) the qualifications and experience of the applicant in planning, organizing, and providing comprehensive child development services at the community level; (c) the provisions made for direct participation of parents in the planning, conduct and administration of the program; (d) the opportunities provided for employment of target area residents and career development opportunities for paraprofessional and other staff; (e) the suitability of the facilities and equipment proposed to be utilized in carrying out the Head Start program; and (f) the administrative and fiscal capabilities of the applicant to administer all Head Start programs carried out in the community.

§ 1302.11 Selection among applicants to replace grantee.

The bases for making a selection among applicants which submit approvable applications to replace a grantee, in addition to the basis in § 1302.10 of this part, shall be:

(a) The extent to which provision is made for a continuation of services to the eligible children who have been participating as enrollees in the program;

(b) The extent to which provision is made for continuation of services to the target area or areas served by the program; and

(c) The extent to which provision is made for continued employment by the applicant of the qualified personnel of the existing program.

§ 1302.12 Priority for previously selected Head Start agencies.

Before selecting Head Start agency, the responsible HHS official, in addition to considering the factors specified in §§ 1302.10 and 1302.11, will give priority to an agency which was receiving funds under the Act on January 4, 1975, to operate a Head Start program.

Subpart C—Change in Grantee Requiring Amendment of Approved Application or Replacement of Head Start Program

§ 1302.20 Grantee to show both legal status and financial viability.

(a) Upon the occurrence of a change in the legal condition of a grantee or of a substantial diminution of the financial resources of a grantee, or both, for example, such as might result from cessation of grants to the grantee under section 514 of the Act, the grantee is required within 30 days after the effective date of the regulations in this Part or the date the grantee has notice or knowledge of the change, whichever is later, to show in writing to the satisfaction of the responsible HHS official that it has and will continue to have legal status and financial viability. Failure to make this showing may result in suspension, termination or denial of refunding.

(b) The responsible HHS official will notify the grantee in writing of the decision as to the grantee's legal status and financial viability within 30 days after receiving the grantee's written submittal.

(c) When it is consistent with proper and efficient administration, the responsible HHS official may extend a grantee's program year to end on the date when a change in its legal condition or a substantial diminution of financial resources, or both, is scheduled to take place.

§ 1302.21 Grantee shows legal status but not financial viability.

(a) If a grantee shows legal status but impaired financial viability the responsible HHS official will entertain a timely request for amendment of the grantee's approved application which restores the grantee's financial viability either by a reduction in the program which produces minimum disruption to services and functions, or by an amendment which incorporates essential functions and services not previously funded as part of the total cost of the Head Start program, and, therefore, requires an increase in the amount of the Head Start grant but which will not result in a Federal share of the total cost of the Head Start program in excess of the percentage authorized by the Act or applicable regulations. In considering such a request which includes an increase in the Head Start grant the responsible HHS official will take into account the funds available to him for obligation and whether the proposed increase is consistent with that distribution of Head Start funds which:

(1) Maximizes the number of childen served within his area of responsibility, or in the case of experimental or demonstration programs, the experimental or demonstration benefits to be achieved, and

(2) Maintains approximately the same distribution of Head Start program funds to States as exist during the fiscal year in which his decision is made.

(b) A request for amendment will be considered to be timely if it is included with the written submittal required by § 1302.20(a) of this part, submitted

within 30 days after receiving the notice required by § 1302.20(b) of this part, or submitted as a part of a timely application for refunding.

(c) The grantee will be notified in writing by the responsible HHS official within 30 days after submission of the requested amendment of the decision to approve or disapprove the requested amendment. If the requested amendment is disapproved the notice will contain a statement of the reasons for disapproval.

§ 1302.22 Suspension or termination of grantee which shows financial viability but not legal status.

If a grantee fails to show that it will continue to have legal status after the date of change even though it may show financial viability, the grant shall be suspended or terminated or refunding shall be denied as of the date of change. If it appears reasonable to the responsible HHS official that the deficiency in legal status will be corrected within 30 days he may suspend the grant for not to exceed 30 days after the date of change or the date of submission of a timely request for amendment. If such correction has not been made within the 30 day period the grant shall be terminated.

§ 1302.23 Suspension or termination of grantee which shows legal status but not financial viability.

(a) If the date of change of financial viability precedes or will precede the end of the grantee's program year the grant will be suspended or terminated on that date, or, if a request for amendment has been submitted under § 1302.21 of this part, upon written notice of disapproval of the requested amendment, whichever is later. If it appears reasonable to the responsible HHS official that the deficiency in financial viability will be corrected within 30 days he may suspend the grant for not to exceed 30 days after the date of change or notice of disapproval. If such correction has not been made within the 30 day period the grant will be terminated.

§ 1302.24 Denial of refunding of grantee.

(a) If the date of change will coincide with or will come after the end of the program year and the grantee has notice or knowledge of such change prior to the end of the program year any action taken to approve the grantee's application for refunding for the following program year shall be subject to rescission or ratification depending upon the decision of the responsible HHS official on the grantee's legal status and financial viability and on any requested amendment submitted by the grantee. If the requested amendment is disapproved the responsible HHS official may extend the program year in accordance with § 1302.20(c) of this part.

(b) If the date of change coincides with the end of the program year and the grantee does not have notice or knowledge of the change prior thereto and the grantee's application for refunding for the following program year has been approved, such approval shall be subject to rescission or ratification depending upon the decision of the responsible HHS official on the grantee's legal status and viability and on any requested financial amendment submitted by the grantee.

(c) If the date of change will coincide with or will come after the end of the program year and if the responsible HHS official has prior notice thereof from the grantee or other official source such as the Community Services Administration action to approve any application for refunding submitted by the grantee shall be deferred pending decision by the responsible HHS official on the grantee's legal status and financial viability and any requested amendment submitted by the grantee.

(d) When the responsible HHS official determines to approve a requested amendment for refunding he will approve it for the full term of the proposed program period, if that period as approved is no longer than a program year.

§ 1302.25 Control of funds of grantee scheduled for change.

Responsible HHS officials will place strict controls on the release of grant funds to grantees which are scheduled for change by cessation of their grants under section 519 of the Act. Specifi-

cally, the following controls will be established:

(a) Funds will be released on a monthly basis regardless of the form of grant payment.

(b) Funds released each month will be limited to the amount required to cover actual disbursements during that period for activities authorized under the approved Head Start program.

(c) The amount of funds released must be approved each month by the responsible HHS official.

PART 1303—PROCEDURES FOR APPEALS FOR HEAD START DELEGATE AGENCIES, AND FOR OPPORTUNITIES TO SHOW CAUSE AND HEARINGS FOR HEAD START GRANTEES

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AUTHORITY: 88 Stat. 2304 (42 U.S.C. 2928h).

SOURCE: 44 FR 24065, Apr. 24, 1979, unless otherwise noted.

Subpart A—General

§ 1303.1 Purpose and application.

This part effectuates section 519 of the Act as it applies to grantees and delegate agencies engaged in or wanting to engage in the carrying out of Head Start programs under the Act. It prescribes the procedures for appeals by current and prospective delegate agencies from specified adverse action by grantees; and the procedures for reasonable notice and opportunity to show cause in cases of intended or actual suspension of financial assistance by the responsible HHS official or by ACYF and for a full and fair hearing for grantees in cases of denial of refunding or termination of financial assistance by the responsible HHS official or by ACYF.

§ 1303.2 Definitions.

As used in this part—

"Act" means Title V, Economic Opportunity Act of 1964, as amended.

"ACYF" means the Administration for Children, Youth and Families in the Department of Health and Human Services, and includes regional staff.

"Commissioner" means the Commissioner for Children, Youth and Families.

"Delegate agency" means a public or private non-profit organization or agency to which a grantee has delegated the carrying on of all or part of its Head Start programs.

"Current delegate agency" means a public or private non-profit agency which would like to continue to carry on all or part of the Head Start program of the grantee under an arrangement with and as delegate of the grantee.

"Grantee" means the local public or private non-profit agency which has been designated as a Head Start agency under section 514 of the Act and which has been granted assistance by the responsible HHS official or by ACYF to carry on a Head Start program.

"Program account" means the identification of a grouping of related program activities recognized by ACYF which, as an individual grouping or in combination with another grouping or other groupings, constitutes the Head Start program for which a Head Start grantee is furnished Federal financial assistance, and which serves as a unit for planning, budgeting, administering, and reporting the grantee's Head Start program. Examples of program accounts are: Full Year Head Start—Part Day; Full Year Head Start—Full Day; Summer Head Start; Parent and Child Centers; and Head Start Training and Technical Assistance.

"Prospective delegate agency" means a public or private nonprofit agency or organization which would like to serve as a delegate agency.

"Responsible HHS official" means the official who is authorized to make the grant of assistance in question, or his designee.

"Substantial rejection" means that a grantee requires that the funding of a current or prospective delegate agency be reduced to 80 percent or less of the current level of operations or of the amount requested in the application; or that a grantee requires that a program account which has cost or which would cost at least 25 percent of the total cost of the Head Start program in question be eliminated or reduced to 80 percent or less of the current level of operations or of the amount requested in the application.

"Suspension" of a grant means temporary withdrawal of the grantee's authority to obligate grant funds pending corrective action by the grantee or a decision to terminate the grant.

"Termination" of a grant means permanent withdrawal of the grantee's authority to obligate previously awarded grant funds before that authority would otherwise expire. It also means the voluntary relinquishment of that authority by the grantee. "Termination" does not include:

(a) Withdrawal of funds awarded on the basis of the grantee's underestimate of the unobligated balance in a prior period;

(b) Refusal by the granting agency to extend a grant or award additional funds (such as refusal to make a competing or noncompeting continuation, renewal, extension or supplemental award);

(c) Withdrawal of the unobligated balance as of the expiration of a grant;

(d) Annulment, i.e., voiding, of a grant upon determination that the award was obtained fraudulently, or was otherwise illegal or invalid from inception.

§ 1303.3 Right to counsel, counsel fees, travel.

(a) Parties to proceedings under this part, including ACYF and delegate agencies which have the right to participate in informal meetings or termination hearings, have the right to be represented by counsel. If a party which is a delegate agency or a grantee does not have an attorney acting in that capacity as a regular member of its staff or on a retainer arrangement, such a party may designate an attorney to represent it in the proceedings and it may transfer sufficient funds from its current operating funds to pay the fees, travel, and per diem expenses of such attorney. The fees for such attorney shall be the reasonable and customary fees for an attorney practicing in the locality of the attorney. However, such fees shall not exceed $100 per day without the express written approval of the responsible HHS official. Travel and per diem expenses may be paid to such attorney from program funds in conformity with the Standard Government Travel Regulations. A delegate agency or a grantee also may designate two persons to attend and participate in proceedings under this part to which it is a party. Travel and per diem expenses

may be paid to such persons from program funds in conformity with the Standard Government Travel Regulations.

(b) In the event that use of program funds under this section would result in curtailment of program operations or inability to liquidate prior obligations, the party so affected may apply to the responsible HHS official for payment of these expenses. The responsible HHS official, upon being satisfied that these expenditures would result in curtailment of program operations or inability to liquidate prior obligations, shall make payment therefor to the party by way of reimbursement from currently available funds.

§ 1303.4 Other remedies.

The procedures established by this part shall not be construed as precluding ACYF from pursuing any other remedies authorized by law.

Subpart B—Appeals by Delegate Agencies

§ 1303.10 Appeal on notice of rejection or failure to act.

(a) A grantee shall give prompt, fair and adequate consideration to applications submitted by current or prospective delegate agencies to operate Head Start programs. It shall notify an applicant in writing within 30 days after receiving an application of its decision to reject it either wholly or substantially. The notice shall contain a statement of the reasons for the decision, and a statement that the applicant has a right to appeal the decision to the responsible HHS official in writing within 15 days after receipt of the notice.

(b) If a grantee fails to act upon the application of a current or prospective delegate agency to operate a Head Start program within 30 days after receiving the application, such agency has a right to appeal the grantee's failure to act in writing to the responsible HHS official within 15 days after the end of the 30 day period. In the case of a current delegate agency the failure of the grantee to act within 30 days after receiving the application shall be deemed to be a rejection.

(c) A grantee shall not reject the application of a current delegate agency on the basis of defects or deficiencies in the application or in the operation of the project without first notifying the agency of what the defects and deficiencies consist, offering to assist the agency, including by the provision of technical assistance, in making corrections, and giving the agency reasonable opportunity to make corrections.

§ 1303.11 Procedures for appeal by current delegate agency.

(a) Within 10 days after receiving the written appeal of a current delegate agency, the responsible HHS official will notify both parties, the appellant and the grantee, in writing that the appellant shall have the opportunity to submit written material to the responsible HHS official and to meet informally with him and the grantee to show cause why the application should not be denied; that the grantee shall have the opportunity to submit written material for the responsible HHS official and to be present at the informal meeting with him to support its decision on the appellant's application; that the time within which the parties shall submit the written material to the responsible HHS official shall be no later than 14 days after the notice by the responsible HHS official was mailed; and that the appellant may request, no later than 14 days after the notice by the responsible HHS official was mailed, the informal meeting with the responsible HHS official and the grantee. A copy of this subpart and Subpart A of this part will be included with the notice mailed by the responsible HHS official to parties so that they may inform themselves of the nature of the written materials to be submitted, the opportunity for written rebuttal, the issues that are involved in the appeal, and the remedies available.

(b) The current delegate agency shall submit to the responsible HHS official a copy of the material it submitted to the grantee in, and in connection with, its application. It shall also submit to the responsible HHS of-

ficial a written statement setting forth:

(1) Whether, prior to the grantee's decision or failure to act, the grantee advised the appellant of defects and deficiencies in its application or in the operation of its project, as appropriate.

(i) If so, when and how was such advice given.

(ii) If so, the defects and deficiencies called to the appellant's attention.

(2) Whether the grantee provided the appellant reasonable opportunity to correct the defects and deficiencies referred to in paragraph (b)(1)(ii).

(i) If so, details of the opportunity that was given.

(ii) If so, whether the grantee provided technical advice and consultation with respect to the correction of the defects and deficiencies.

(A) If the answer to paragraph (b)(2)(ii) is affirmative, describe the assistance provided; and

(B) Describe what the appellant did about correcting the defects and deficiencies.

(3) When and how the grantee notified the appellant of its decision.

(4) Whether the grantee told the appellant the reasons for its decision. If so, how such reasons were communicated to the appellant and what they were.

(5) If it is the appellant's position that the grantee acted arbitrarily or unfairly, the reason why the appellant takes this position.

(6) Any other facts and circumstances which the appellant believes will support its appeal.

(c) In connection with the appeal the grantee shall submit a written statement to the responsible HHS official setting forth:

(1) Whether, prior to rejection of the application, or the failure to act within 30 days after its receipt, the grantee advised the appellant of defects and deficiencies in the application or in the operation of the appellant's project, as appropriate.

(i) If so, when and how was such advice given.

(ii) If so, the defects or deficiencies called to the appellant's attention.

(2) Whether the grantee provided the appellant an opportunity to correct the defects and deficiencies referred to in paragraph (c).

(i) If so, details of the opportunity that was given.

(ii) If so, whether the grantee provided technical advice and consultation with respect to correction of the defects and deficiencies.

(A) If the answer to paragraph (c)(2)(ii) is affirmative, describe the assistance provided; and

(B) What the appellant did about correcting the defects and deficiencies.

(3) When and how the grantee notified the appellant of the decision.

(4) Whether the grantee told the appellant the reasons for the decision. If so, how such reasons were communicated to the appellant and, what they were.

(5) Why the grantee takes the position that it acted reasonably and fairly in arriving at its decision or in its failure to act.

(6) Any other facts and circumstances which the grantee believes will support its decision or its failure to act.

(d) At the time of submitting the written statement, each party shall furnish a copy of its statement to the other party.

(e) If the appellant does not request an informal meeting, each party shall have an opportunity to reply in writing to the written statement submitted by the other party. The written reply shall be submitted to the responsible HHS official within 10 days after the copy of the other party's written statement was mailed.

(f) If the appellant requests an informal meeting, the meeting will be scheduled by the responsible HHS official as soon as possible, but not sooner than 14 days after the written notice to the parties was mailed by the responsible HHS official, unless the appellant and the grantee consent to an earlier meeting time. The responsible HHS official shall designate either the appropriate regional office or the place where the appellant or grantee is located as the place for holding the meeting.

§ 1303.12 Decision on appeal and review.

(a) The decision of the responsible HHS official will take into account the

material submitted in writing and the information presented at the informal meeting. Unless it is found by the responsible HHS official that the grantee acted unfairly and did not have a rational basis for its decision, or its failure to act, or that the grantee failed to comply with paragraph (c), § 1303.10, the grantee will be sustained. The decision of the responsible HHS official will be made within 5 days after the informal meeting. This decision, including a statement of the reasons therefor, will be in writing, and will be mailed immediately to the appellant and the grantee. If the decision is made on the basis of written materials only, the decision will be made within 14 days of the receipt of the materials.

(b) If the decision of the responsible HHS official sustains the decision or failure to act of the grantee, the appellant may, within 14 days of the date of mailing, make a written request for review of the decision by the Commissioner. If the decision of the responsible HHS official does not sustain the decision or failure to act of the grantee, the grantee may, within 14 days of the date of mailing, make a written request for review of the decision by the Commissioner. Upon such request by either party the Commissioner, or his designee, will review the decision of the responsible HHS official, the written material submitted by the appellant and grantee, and a report of the information presented at the informal meeting, and, on the basis of this review, make the final decision. The decision of the grantee will be sustained unless it is found that it acted unfairly and without a rational basis for its decision or its failure to act, or that the grantee failed to comply with paragraph (c), § 1303.10. The final decision will be made no later than 30 days after receipt of the request for review. The Commissioner will inform the appellant, the grantee, and the responsible HHS official in writing of the final decision and the reasons therefor.

§ 1303.13 Remedies.

(a) If the decision of the responsible HHS official does not sustain the grantee and there is no timely written request for review by the Commissioner, or if the final decision does not sustain the grantee, the responsible HHS official will remand the application to the grantee for prompt consideration or reconsideration and decision in accordance with the criteria set forth in § 1303.12 (a) and (b) for decision on the appeal, other than failure to comply with paragraph (c), § 1303.10. The grantee shall report its decision and the reasons therefor in writing to the responsible HHS official within 10 days after the date of the remand. If the responsible HHS official finds that the grantee gave fair consideration to the application on remand and that its decision has a rational basis, the appeal will be dismissed. If the responsible HHS official finds that the grantee failed to give fair consideration to the application on remand and that its decision does not have a rational basis, or if the grantee fails to act within the 10 days, the responsible HHS official will entertain an application by the appellant for a direct grant. If such an application is approved, there will be a commensurate reduction in the level of funding of the grantee and whatever other action the responsible HHS official deems appropriate in the circumstances. If such an application is not approved, the responsible HHS official will take whatever action he deems appropriate in the circumstances.

(b) If the grantee is not sustained by the responsible HHS official because of failure to comply with paragraph (c), § 1303.10 and there is no timely request for review by the Commissioner, or if the final decision does not sustain the grantee because of such failure, the responsible HHS official will remand the application to the grantee for prompt compliance therewith. Within 60 days after such remand, but not earlier than 30 days, the grantee shall make a written report to the responsible HHS official on compliance activities and progress made. The report shall state whether the grantee will or will not approve the application at that time. If the grantee would reject the application, the report shall contain a detailed statement of the reasons on which rejection would be based. A copy of the report shall be

made available to the appellant when the grantee submits it to the responsible HHS official. The appellant shall have 10 days after receiving the report within which to reply thereto in writing to the responsible HHS official. If, on the basis of the written material, the responsible HHS official finds that the grantee, on remand, complied with paragraph (c), § 1303.10, but that the defects and deficiencies continue uncorrected, the appeal will be dismissed. If the responsible HHS official finds that the grantee did not comply on remand the responsible HHS official will entertain an application from the appellant for a direct grant. If such an application is approved, there will be a commensurate reduction in the level of funding of the grantee and whatever other action the responsible HHS official deems appropriate in the circumstances. If such an application is not approved, the responsible HHS official will take whatever action he deems appropriate in the circumstances.

(c) If without fault on the part of the appellant its operating funds are exhausted before its appeal has been decided, ACYF will furnish sufficient funds for the maintenance of its current level of operations until a final decision has been reached.

§ 1303.14 Procedures for appeal by rejected prospective delegate agency.

(a) Within 10 days after receiving the written appeal of a rejected prospective delegate agency the responsible HHS official will notify both parties, the appellant and the grantee, in writing that they shall have the opportunity to submit written material in connection with the appeal; and that the time within which the written material shall be submitted to the responsible HHS official shall be no later than 14 days after the notice by the responsible HHS official was mailed. A copy of this subpart and Subpart A of this Part shall be included with the notice mailed by the responsible HHS official to the parties so that they may inform themselves of the nature of the written material to be submitted, the opportunity for written rebuttal, the issues that are involved in the appeal, and the remedies available.

(b) The appellant shall submit to the responsible HHS official copies of the material it submitted to the grantee in, and in connection with, its application. It shall also submit a written statement setting forth the same material by § 1303.11(b)

(c) In connection with the appeal the grantee shall submit a written statement to the responsible HHS official setting forth the same material required by § 1303.11(c)

(d) At the time of submitting the written statements, each party shall furnish a copy of its statement to the other party.

(e) Each party shall have an opportunity to reply in writing to the written statement submitted by the other party. The written reply shall be submitted to the responsible HHS official within 10 days after the copy of the other party's written statement was mailed.

§ 1303.15 Decision on appeal.

(a) The responsible HHS official may designate a person to review the written material and make a written recommended decision. The final decision will be made by the responsible HHS official no later than 14 days after the receipt of the written material.

(b) A person designated to review the written material and make a recommended decision or the responsible HHS official may ask either or both parties to submit additional written material. A copy of any such request shall be furnished to each party, and each party shall furnish a copy of any such additional written material to the other party.

(c) The recommended, if any, and final decisions will be based upon the written record resulting from the materials submitted by the parties. The decision of the grantee will be sustained unless it is found by the responsible HHS official that it acted unfairly and without a rational basis for its decision. The final decision of the responsible HHS official will be transmitted, in writing, immediately to the appellant and the grantee.

§ 1303.16 Remedies.

If the final decision does not sustain the grantee, the responsible HHS official will remand the application to the grantee for prompt consideration or reconsideration and decision in accordance with the criteria set forth in § 1303.12 (a) and (b) for decision on the appeal. The grantee shall report its decision and the reasons therefor in writing to the responsible HHS official within 10 days after the date of the remand. If the responsible HHS official finds that the grantee gave fair consideration to the application on remand and that its decision had a rational basis, the appeal shall be dismissed. If the responsible HHS official finds that the grantee failed to give fair consideration to the application on remand and that its decision did not have a rational basis, or if the grantee fails to act within the 10 days, the responsible HHS official will entertain an application by the appellant for a direct grant. If such an application is approved, there will be a commensurate reduction in the level of funding of the grantee and whatever other action the responsible HHS official deems appropriate in the circumstances. If such an application is not approved, the responsible HHS official will take whatever action he deems appropriate in the circumstances.

§ 1303.17 Procedures when grantee fails to act on application of prospective delegate agency.

(a) Within 10 days after receiving the written appeal based upon the failure of the grantee to act upon the application of a prospective delegate agency within 30 days, the responsible HHS official will notify both parties, the appellant and the grantee, in writing that they shall have the opportunity to submit written material in connection with the appeal; and that the time within which the written material shall be submitted to the responsible HHS official shall be no later than 14 days after the notice by the responsible HHS official was mailed. A copy of this subpart and subpart A shall be included with the notice mailed by the responsible HHS official to the parties so that they may inform themselves of the nature of the written material to be submitted, the opportunity for written rebuttal, the issues that are involved in the appeal, and the remedies available.

(b) The appellant shall submit the following materials in writing to the responsible HHS official:

(1) Copies of the material it submitted to the grantee in, and in connection with, its application.

(2) A description of, or copies of, any communications, written or oral, between the appellant and the grantee during the 30 day period.

(3) Any other facts and circumstances which the appellant believes to be relevant to its appeal.

(c) The grantee shall submit the following materials in writing to the responsible HHS official:

(1) A description of, or copies of, any communications, written or oral, between the appellant and the grantee during the 30 day period.

(2) Any other facts and circumstances which the grantee believes to be relevant.

§ 1303.18 Decision on appeal.

(a) The responsible HHS official may designate a person to review the written material and make a written recommended decision. The final decision will be made by the responsible HHS official no later than 14 days after receipt of written material.

(b) The person, if any, designated to review the written material and make a recommended decision or the responsible HHS official may ask either or both parties to submit additional written material. A copy of any such request shall be furnished to each party, and each party shall furnish a copy of any such additional written material to the other party.

(c) The recommended and final decisions will be based upon the written record resulting from the material submitted by the parties. The final decision of the responsible HHS official will be transmitted, in writing, immediately to the appellant and the grantee.

§ 1303.19 Remedies.

The responsible HHS official will remand the application to the grantee for prompt consideration and decision

in accordance with the criteria, other than failure to comply with paragraph (c), § 1303.10, set forth in § 1303.12 (a) and (b) for decision on the appeal. The grantee shall report its decision and the reasons therefor in writing to the responsible HHS official within 10 days after the date of the remand. The responsible HHS official may request additional information from either party if he deems it necessary to a decision. If the responsible HHS official finds that the grantee gave fair consideration to the application on remand and that its decision has a rational basis, the appeal shall be dismissed. If the responsible HHS official finds that the grantee failed to give fair consideration to the application on remand and that its decision does not have a rational basis, or if the grantee fails to act within the 10 days, the responsible HHS official may entertain an application by the appellant for a direct grant. If such an application is approved, there will be a commensurate reduction in the level of funding of the grantee and whatever other action the responsible HHS official deems appropriate in the circumstances. If such an application is not approved, the responsible HHS official will take whatever action he deems appropriate in the circumstances.

Subpart C—Denial of Grantee's Application for Refunding

§ 1303.20 Denial of refunding.

A grantee's application for refunding may be denied by the responsible HHS official for circumstances related to the particular grant such as ineffective or improper use of Federal funds or for failure to comply with applicable law, regulations, terms and conditions, or, in accordance with Part 1302 of this chapter, upon selection by the responsible HHS official of another applicant or loss by the grantee of legal status or financial viability. Such denial shall be pursuant to reasonable notice and opportunity for a full and fair hearing.

§ 1303.21 Notice of intended denial and opportunity for hearing to show cause.

When an intention to deny a grantee's application for refunding is arrived at on the basis to which this subpart applies, the responsible HHS official will provide the grantee as much advance notice thereof as is reasonably possible, in no event later than 30 days after the receipt by ACYF of the application. The notice will inform the grantee that the grantee has the opportunity for a full and fair hearing on whether refunding should be denied. If the grantee wants such a hearing the grantee shall request it in writing within a period of time specified in the notice which is not less than 10 days from the date of sending the notice. The responsible HHS official immediately will transmit a copy of the request to the Commissioner.

§ 1303.22 Hearing to show cause. Decision on appeal and review.

(a) The hearing will be scheduled by the responsible HHS official for the earliest practicable date, but not later than 30 days after the grantee's request. Consideration shall be given by the responsible HHS official to a request by a grantee to advance or postpone the scheduled date of a hearing. The hearing shall afford the grantee a full and fair opportunity to demonstrate why the application for refunding should not be denied. ACYF will have the burden of justifying the proposed action to deny refunding. However, if the basis of the proposed denial of refunding is the failure of the grantee to take action required by law, regulation, or other requirement specified in §1303.20, or the alleged loss of legal status or financial viability, the grantee shall have the burden of proving that such action was timely taken, or that it has legal status or financial viability. Where the issues otherwise relate to the selection of another applicant by the responsible HHS official in accordance with Part 1302 of this Chapter, ACYF will have the burden of justifying the selection of the other applicant.

(b) A grantee may waive a hearing and submit written information and argument for the record. Such material shall be submitted to the responsi-

ble HHS official within a reasonable period of time to be fixed by him upon the request of the grantee. The failure of a grantee to request a hearing, or to appear at a hearing for which a date had been set, unless excused for good cause, shall be deemed a waiver of the right to a hearing and consent to the making of a decision on the basis of such information as is then in the possession of ACYF including the allegations contained in the notice of intention to deny refunding.

(c) The responsible HHS official may attempt, either personally or through a representative, to resolve the issues in dispute by informal means prior to the hearing.

§ 1303.23 Time and place of hearing.

The hearing shall be held in the appropriate regional office or the place where the grantee is located, at a time and place fixed by the responsible HHS official unless he determines that the convenience of ACYF, or of the parties or their representatives, requires that another place be selected.

§ 1303.24 Conduct of hearing.

(a) The presiding officer at the hearing shall be a person who is an administrative law judge appointed under 5 U.S.C. 3105 or who has served as such an administrative law judge, or, if the Commissioner is unable to make a timely designation of either of such persons as presiding officer, a person deemed qualified by the Commissioner who was not directly involved in the action under review. In any event the Commissioner will designate the presiding officer as promptly as possible.

(b) The presiding officer shall conduct the hearing in accordance with all the provisions of § 1303.35 of Subpart D execpt that "notice of termination" or "termination" wherever such terms appear therein shall read "notice of denial of refunding" or "denial of refunding" as the context requires.

§ 1303.25 Initial decision, exceptions, final decision and review.

(a) The decision of the presiding official shall set forth his findings of fact, and conclusions, and shall state whether he has accepted or rejected each proposed finding of fact and conclusion submitted by the parties. Findings of fact shall be based only upon evidence submitted to the presiding officer and matters of which official notice has been taken. The decision shall also specify the requirements with which it is found that the grantee has failed to comply, if any; the ways in which the grantee has ineffectively or improperly used Federal funds, if any; or the bases for justifying, or the absence of justification for, the selection of another applicant. The decision shall be made within 14 days after the conclusion of the hearing and mailed promptly to all parties.

(b) The decision of the presiding officer may provide for continued financial assistance to the grantee and may contain such terms, conditions, and other provisions as are consistent with and will effectuate the purposes of the Act.

(c) The decision of the presiding officer shall be an initial decision. Any party may, within 20 days of the mailing of such initial decision, or such longer period of time as the presiding officer specifies, file with the responsible HHS official his exceptions to the initial decision and any supporting brief or statement. Upon the filing of such exceptions, the responsible HHS official will, within 20 days of the mailing of the exceptions, review the initial decision and issue his final decision in the matter, including the reasons therefor. The decision of the responsible HHS official may increase, modify, approve, vacate, or mitigate any terms, conditions, or other provisions imposed in the initial decision or may remand the matter to the presiding officer for further hearing or consideration.

(d) Whenever a hearing is waived, a final decision will be made by the responsible HHS official and a written copy will be given to the grantee.

(e) The grantee may request the Commissioner to review a final decision by the responsible HHS official which provides for the denial of refunding. Such a request must be made in writing within 15 days after the grantee has been notified of the decision in question and must state in detail the reasons for seeking the

review. In the event the grantee requests such a review, the Commissioner or his designee will consider the reasons stated by the grantee for seeking the review and will sustain or overrule the final decision of the responsible HHS official or remand the matter to the responsible HHS official for further hearing or consideration. During the course of his review the Commissioner or his designee may, but is not required to, hold a hearing or allow the filing of briefs and arguments. The final decision by the Commissioner will be made not later than 30 days after receipt of the request for review.

(f) If without fault on the part of the grantee its operating funds are exhausted before a final decision has been reached on whether its application for refunding will be denied, ACYF will furnish sufficient funds to the grantee to maintain its current level of operations until such final decision is made.

§ 1303.26 Modification of procedures by consent.

In any proceeding under this subpart the responsible HHS official may alter, eliminate or modify any of the procedural provisions of this subpart, with the written consent of the grantee.

Subpart D—Suspension and Termination of Financial Assistance to Grantees

§ 1303.30 Purpose.

(a) This subpart establishes rules and procedures for the suspension and termination of financial assistance under the Act, for the failure of a grantee to comply with applicable laws, regulations, guidelines, standards, instructions, assurances, terms and conditions, or, in accordance with Part 1302 of this chapter, upon loss by the grantee of legal status or financial viability.

(b) This subpart does not apply to any administrative action based upon any violation, or alleged violation, of title VI of the Civil Rights Act of 1964.

§ 1303.31 Suspension on notice and opportunity to show cause.

(a) The responsible HHS official may suspend financial assistance to a grantee in whole or in part for breach or threatened breach of any requirement stated in § 1303.30 pursuant to notice and opportunity to show cause why assistance should not be suspended. However, in emergency cases where the responsible HHS official determines summary action is appropriate, the alternative summary procedures of § 1303.32 will be followed.

(b) The responsible HHS official will notify the grantee by registered or certified mail or by telegram that ACYF intends to suspend financial assistance, in whole or in part, unless good cause is shown why such action should not be taken. The notice will include:

(1) The grounds for the proposed suspension;

(2) The effective date of the proposed suspension;

(3) Information that the grantee has the opportunity to submit written material in opposition to the intended suspension and to meet informally with the responsible HHS official regarding the intended suspension;

(4) Information that the written material must be submitted to the responsible HHS official at least 7 days prior to the effective date of the proposed suspension and that a request for an informal meeting must be made in writing to the responsible HHS official no later than 7 days after the day the notice of intention to suspend was mailed to the grantee;

(5) Invitation to correct the deficiency by voluntary action; and

(6) A copy of this subpart.

(c) If the grantee requests an informal meeting, the responsible HHS official will fix a time and place for the meeting which will not be less than 7 days after the grantee's request is received by ACYF.

(d) The responsible HHS official may on his own initiative establish a time and place for a meeting. In no event will such meeting be scheduled less than 7 days after the notice of intention to suspend was sent to the grantee.

(e) The responsible HHS official may in his discretion extend the

period of time or date for making requests or submitting material by the grantee and will notify the grantee of any such extension.

(f) At the time the responsible HHS official sends the notice of intention to suspend financial assistance to the grantee, he will send a copy of it to any delegate agency whose activities or failures to act are a substantial cause of the proposed suspension, and will inform such delegate agency that it is entitled to submit written material in opposition to the intended suspension and to participate in the informal meeting with the responsible HHS official if one is held. In addition, the responsible HHS official may give such notice to any other Head Start delegate agency of the grantee.

(g) Within 3 days of receipt of the notice of intention to suspend financial assistance, the grantee shall send a copy of such notice and a copy of this subpart to all delegate agencies which would be financially affected by the proposed suspension action. Any delegate agency that wishes to submit written material may do so within the time stated in the notice. Any delegate agency that wishes to participate in the informal meeting regarding the intended suspension, if not otherwise afforded a right to participate, may request permission to do so from the responsible HHS official, who may grant or deny such permission. In acting upon any such request from a delegate agency, the responsible HHS official will take into account the effect of the proposed suspension on the particular delegate agency, the extent to which the meeting would become unduly complicated as a result of granting such permission, and the extent to which the interests of the delegate agency requesting such permission appear to be adequately represented by other participants.

(h) The responsible HHS official will consider any timely material presented to him in writing, any material presented to him during the course of the informal meeting as well as any showing that the grantee has adequately corrected the deficiency which led to the suspension proceedings. The decision of the responsible HHS official will be made within 5 days after the conclusion of the informal meeting. If the responsible HHS official concludes that the grantee has failed to show cause why financial assistance should not be suspended, he may suspend financial assistance in whole or in part and under such terms and conditions as he specifies.

(i) Notice of such suspension will be promptly transmitted to the grantee by registered or certified mail and shall become effective upon delivery. Suspension shall not exceed 28 days unless the responsible HHS official and the grantee agree to a continuation of the suspension for an additional period of time. If termination proceedings are initiated in accordance with § 1303.33, the suspension of financial assistance will be rescinded.

(j) New obligations incurred by the grantee during the suspension period will not be allowed unless the granting agency expressly authorizes them in the notice of suspension or an amendment to it. Necessary and otherwise allowable costs which the grantee could not reasonably avoid during the suspension period will be allowed if they result from obligations properly incurred by the grantee before the effective date of the suspension and not in anticipation of suspension or termination. At the discretion of the granting agency, third-party in-kind contributions applicable to the suspension period may be allowed in satisfaction of cost sharing or matching requirements.

NOTE: Willful misapplication of funds may violate section 301 of the Economic Opportunity Amendments of 1967 (42 U.S.C. 2703), or other criminal statutes.

(k) The responsible HHS official may modify the terms, condition and nature of the suspension or rescind the suspension action at any time on his own initiative or upon a showing satisfactory to him that the grantee has adequately corrected the deficiency which led to the suspension and that repetition is not threatened. Suspension partly or fully rescinded may, in the discretion of the responsible HHS official, be reimposed with or without further proceedings, except that the total time of suspension may not exceed 28 days unless termination proceedings are initiated in accordance

with § 1303.33 or unless the responsible HHS official and the grantee agree to continuation of the suspension for an additional period of time. If termination proceedings are initiated, the suspension of financial assistance will be rescinded.

§ 1303.32 Summary suspension and opportunity to show cause.

(a) The responsible HHS official may suspend financial assistance without prior notice and opportunity to show cause if he determines that immediate suspension is necessary because of a serious risk of:

(1) Substantial injury to or loss of project funds or property, or

(2) Violation of a Federal, State, or local criminal statute, or

(3) Violation of section 576(b) of the Act or of ACYF directive implementing that section of the Act, and that such risk is sufficiently serious to outweigh the general policy in favor of advance notice and opportunity to show cause.

(b) The notice of summary suspension will be given to the grantee by registered or certified mail or by telegram and shall become effective upon delivery. The notice will include the following items:

(1) The effective date of the suspension.

(2) The grounds for the suspension.

(3) The extent of terms and conditions of any partial suspension.

(4) A statement forbidding the grantee to make any new expenditures or incur any new obligations in connection with the suspended portion of the program.

(5) A statement advising the grantee that it has an opportunity to show cause why the suspension should be rescinded.

(c) If the grantee requests in writing the opportunity to show cause why the suspension should be rescinded, the responsible HHS official will fix a time and place for an informal meeting for this purpose. This meeting will be held within 7 days after the grantee's request is received by ACYF. Notwithstanding the provisions of this paragraph, the responsible HHS official may proceed to initiate termination proceedings at any time even though financial assistance to the grantee has been suspended in whole or in part. In the event that termination proceedings are initiated, the responsible HHS official will rescind the suspension pending the outcome of the termination proceedings.

(d) Notices of summary suspension shall also be furnished by the responsible HHS official and by the grantee to delegate agencies in the same manner as notices of intent to suspend as set forth in § 1303.32 (f) and (g). Delegate agencies shall have the right to participate in the informal meeting as set forth in said paragraphs.

(e) The effective period of a summary suspension of financial assistance may not exceed 10 days unless termination proceedings are initiated in accordance with § 1303.33 or unless the parties agree to a continuation of summary suspension for an additional period of time, or unless the grantee, in accordance with paragraph (c) of this section, requests an opportunity to show cause why the summary suspension should be rescinded.

(f) If the grantee requests an opportunity to show cause why a summary suspension should be rescinded, the suspension of financial assistance shall continue in effect until the grantee has been afforded such opportunity and a decision has been made by the responsible HHS official. Such a decision will be made within 5 days after the conclusion of the informal meeting with the responsible HHS official. If the responsible HHS official concludes, after considering the information elicited at the informal meeting, that the grantee has failed to show cause why the suspension should be rescinded, the responsible HHS official may continue the suspension in effect for an additional 7 days.

(g) The provisions of § 1303.31(j) with respect to expenditures during a period of suspension are applicable to summary suspensions.

§ 1303.33 Termination and hearing.

(a) The responsible HHS official may terminate financial assistance to a grantee in whole or in part for failure to comply with any requirement or for loss of legal status or financial viability as stated in § 1303.30 whether or

not such financial assistance has been suspended. Such termination will be pursuant to reasonable notice and the opportunity for a full and fair hearing. If financial assistance has been suspended, the suspension will be rescinded upon initiation of termination proceedings.

(b) If the responsible HHS official believes that alleged noncompliance with any requirement stated in § 1303.30 is serious enough to warrant termination of financial assistance, whether or not financial assistance has been suspended, he will so notify the grantee by registered or certified mail or telegram. The notice will include:

(1) A statement that there are grounds which justify the proposed termination and that sets forth the specific reasons therefor;

(2) If the activities of a delegate agency are the bases, in whole or in part, for the reasons for the proposed termination, the identity of the delegate agency;

(3) Information that the matter has been set down for hearing at a stated time and place or that the grantee has a right to request a hearing in writing within a period of time, specified in the notice which is not later than 10 days from the date of sending notice.

(c) The responsible HHS official immediately will transmit a copy of the grantee's request for a hearing to the Commissioner.

(d) The termination hearing will be scheduled by the responsible HHS official for the earliest practicable date, but not later than 30 days after the grantee's request. Consideration shall be given by the responsible HHS official to a request by a grantee to advance or postpone the scheduled date of a hearing. The hearing shall afford the grantee a full and fair opportunity to demonstrate that it is in compliance with all applicable laws, regulations, and other requirements specified in § 1303.30. ACYF will have the burden of justifying the proposed termination action. However, if the basis of the proposed termination is the failure of a grantee to take action required by law, regulation, or other requirement specified in § 1303.30, the grantee shall have the burden of proving that such action was timely taken.

(e) If a grantee requests a hearing, it shall send a copy of its request to all delegate agencies which would be financially affected by the termination of assistance and to each delegate agency identified in the notice. The copies of the request shall be sent to these delegate agencies at the same time the grantee's request is made to ACYF. The grantee shall promptly send ACYF a list of the delegate agencies to which it has sent the copies and the date on which they were sent.

(f) If the responsible HHS official informs a grantee that a proposed termination action has been set down for hearing, the grantee shall within 5 days of its receipt of this notice send a copy of it to all delegate agencies which would be financially affected by the termination and to each delegate agency identified in the notice. The grantee shall send the responsible HHS official a list of all delegate agencies notified and the date of notification.

(g) If the responsible HHS official has initiated termination proceedings because of the activities of a delegate agency, that delegate agency may participate in the hearing as a matter of right. Any other delegate agency, person, agency or organization that wishes to participate in the hearing may, in accordance with § 1303.35, request permission to do so from the presiding officer of the hearing. Such participation shall not, without the consent of ACYF and the grantee, alter the time limitations for the delivery of papers or other procedures set forth in this section.

(h) The results of the proceeding and any measure taken thereafter by ACYF pursuant to this part shall be fully binding upon the grantee and all its delegate agencies whether or not they actually participated in the hearing.

(i) A grantee may waive a hearing and submit written information and argument for the record. Such material shall be submitted to the responsible HHS official within a reasonable period of time to be fixed by him upon the request of the grantee. The failure of a grantee to request a hearing, or to

appear at a hearing for which a date had been set, unless excused for good cause, shall be deemed a waiver of the right to a hearing and consent to the making of a decision on the basis of such information as is then in the possession of ACYF including the allegations contained in the notice of termination.

(j) The responsible HHS official may attempt, either personally or through a representative, to resolve the issues in dispute by informal means prior to the hearing.

§ 1303.34 Time and place of hearing.

The termination hearing shall be held in Washington, D.C., or in the appropriate regional office, at a time and place fixed by the responsible HHS official unless he determines that the convenience of ACYF, or of the parties or their representatives, requires that another place be selected.

§ 1303.35 Conduct of hearing.

The presiding officer at the hearing shall be a person who is an administrative law judge appointed under 5 U.S.C. 3105 or who has served as such an administrative law judge, or, if the Commissioner is unable to make a timely designation of either of such persons as presiding officer, a person deemed qualified by the Commissioner who was not directly involved in the action under review. In any event the Commissioner will designate the presiding officer as promptly as possible.

(a) The presiding officer shall conduct a full and fair hearing, avoid delay, maintain order, and make a sufficient record for a full and true disclosure of the facts and issues. To accomplish these ends, the presiding officer shall have all powers authorized by law, and he may make all procedural and evidentiary rulings necessary for the conduct of the hearing. The hearing shall be open to the public unless the presiding officer for good cause shown otherwise determines.

(b) After the notice described in paragraph (i) of this section is filed with the presiding officer, he shall not consult any person or party on a fact in issue unless on notice and opportunity for all parties to participate. However, in performing his functions under this part the presiding officer may use the assistance and advice of an attorney, designated by the General Counsel of the Department of Health and Human Services, who has not represented ACYF or any other party or otherwise participated in a proceeding, recommendation, or decision in the particular matter.

(c) Both ACYF and the grantee are entitled to present their case by oral or documentary evidence, to submit rebuttal evidence and to conduct such examination and cross-examination as may be required for a full and true disclosure of all facts bearing on the issues. The issues shall be those stated in the notice required to be filed by paragraph (i) of this section, those stipulated in a prehearing conference or those agreed to by the parties.

(d) In addition to ACYF, the grantee, and any delegate agencies which have a right to appear, the presiding officer in his discretion may permit the participation in the proceedings of such persons or organizations as he deems necessary for a proper determination of the issues involved. Such participation may be limited to those issues or activities which the presiding officer believes will meet the needs of the proceeding, and may be limited to the filing of written material.

(e) Any person or organization that wishes to participate in a proceeding may apply for permission to do so from the presiding officer. This application, which shall be made as soon as possible after the notice of termination has been received by the grantee, shall state the applicant's interest in the proceeding, the evidence or arguments the applicant intends to contribute, and the necessity for the introduction of such evidence or arguments.

(f) The presiding officer shall permit or deny such participation and shall give notice of his decision to the applicant, the grantee, and ACYF, and, in the case of denial, a brief statement of the reasons therefor. Even if previously denied, the presiding officer may subsequently permit such participation if, in his opinion, it is warranted by subsequent circumstances. If participation is granted, the presiding officer shall notify all parties of that

fact and may, in appropriate cases, include in the notification a brief statement of the issues as to which participation is permitted.

(g) Permission to participate to any extent is not a recognition that the participant has any interest which may be adversely affected or that the participant may be aggrieved by any decision, but is allowed solely for the aid and information of the presiding officer.

(h) All papers and documents which are required to be filed shall be filed with the presiding officer. Prior to filing, copies shall be sent to the other parties.

(i) The responsible HHS official will send the grantee and any other party a notice which states the time, place, nature of the hearing, and the legal authority and jurisdiction under which the hearing is to be held. The notice will also identify with reasonable specificity the facts relied on as justifying termination and the ACYF requirements which it is alleged the grantee has violated. The notice will be served and filed not later than 10 days prior to the hearing.

(j) The grantee and any other party which has a right or has been granted permission to participate in the hearing shall give written confirmation to ACYF and the presiding officer of its intention to appear at the hearing 3 days before it is scheduled to occur. Failure to do so may, at the discretion of the presiding officer, be deemed a waiver of the right to a hearing.

(k) All papers and documents filed or sent to a party shall be signed by the appropriate party or his authorized representative. The date on which papers are filed shall be the day on which the papers or documents are deposited, postage prepaid in the U.S. mail, or are delivered in person, except that the effective date of the notice that there appear to be grounds which warrant terminating financial assistance shall be the date of its delivery or attempted delivery at the grantee's last known address as reflected in the records of ACYF.

(l) Prior to the commencement of a hearing the presiding officer may, subject to the provisions of paragraph (b) of this section, require the parties to meet with him or correspond with him concerning the settlement of any matter which will expedite a quick and fair conclusion of the hearing.

(m) Technical rules of evidence shall not apply to hearings conducted pursuant to this part, but the presiding officer shall apply rules or principles designed to assure production of relevant evidence and to subject testimony to such examination and cross-examination as may be required for a full and true disclosure of the facts. The presiding officer may exclude irrelevant, immaterial, or unduly repetitious evidence. A transcript shall be made of the oral evidence and shall be made available to any participant upon payment of the prescribed costs. All documents and other evidence submitted shall be open to examination by the parties and opportunity shall be given to refute facts and arguments advanced on either side of the issues.

(n) If the presiding officer determines that the interests of justice would be served, he may authorize the taking of depositions but only if all parties are afforded an opportunity to participate in the taking of the depositions. The party who requested the deposition shall arrange at his expense for a transcript to be made of the proceedings and shall upon request of any other party, furnish such party with a copy of the transcript.

(o) Official notice may be taken of a public document, or part therof, such as a statute, official report, decision, opinion or published scientific data issued by any agency of the Federal Government or a State local government and such document or data may be entered on the record without further proof of authenticity. Official notice may also be taken of such matters as may be judicially noticed in the courts of the United States, or any other matter of established fact within the general knowledge of ACYF. If the decision of the presiding officer rests on official notice of a material fact not appearing in evidence, a party shall on timely request be afforded an opportunity to show the contrary.

(p) After the hearing has concluded, but before the presiding officer makes his decision, he shall afford each participant a reasonable opportunity to

submit proposed findings of fact and conclusions.

§ 1303.36 Initial decision, exceptions, final decision and review.

(a) The decision of the presiding officer shall set forth his findings of fact, and conclusions, and shall state whether he has accepted or rejected each proposed finding of fact and conclusion submitted by the parties. Findings of fact shall be based only upon evidence submitted to the presiding officer and matters of which official notice has been taken. The decision shall so specify the requirements with which it is found that the grantee has failed to comply, if any. The decision shall be made within 14 days after the conclusion of the hearing and mailed promptly to all parties.

(b) The decision of the presiding officer may provide for termination of financial assistance to the grantee in whole or in part, and may contain such terms, conditions, and other provisions as are consistent with and will effectuate the purposes of the Act.

(c) The decision of the presiding officer shall be an initial decision. Any party may, within 20 days of the mailing of such initial decision or such longer period of time as the presiding officer specifies, file with the responsible HHS official his exceptions to the initial decision and any supporting brief or statement. Upon the filing of such exceptions, the responsible HHS official will, within 20 days of the mailing of the exceptions, review the initial decision and issue his final decision in the matter, including the reasons therefor. The decision of the responsible HHS official may increase, modify, approve, vacate, or mitigate any sanction imposed in the initial decision or may remand the matter to the presiding officer for further hearing or consideration.

(d) Whenever a hearing is waived, a final decision will be made by the responsible HHS official and a written copy will be given to the grantee.

(e) The grantee may request the Commissioner to review a final decision by the responsible HHS official which provides for the termination of financial assistance. Such a request must be made in writing within 15 days after the grantee has been notified of the decision in question and must state in detail the reasons for seeking the review. In the event the grantee requests such a review, the Commissioner or his designee will consider the reasons stated by the grantee for seeking the review and will approve, modify, vacate or mitigate any sanction imposed by the responsible HHS official or remand the matter to the responsible HHS official for further hearing or consideration. During the course of his review the Commissioner or his designee may, but is not required to, hold a hearing or allow the filing of briefs and arguments. The final decision by the Commissioner will be made no later than 30 days after receipt of the request for review.

§ 1303.37 Modification of procedures by consent.

In any proceeding under this subpart the responsible HHS official may alter, eliminate or modify any of the procedural provisions of this subpart, with the consent of the grantee and, in the case of a termination hearing, with the additional consent of all delegate agencies that have a right to participate in the hearing. Such consent must be in writing and be included in the hearing record.

PART 1304—PROGRAM PERFORMANCE STANDARDS FOR OPERATION OF HEAD START PROGRAMS BY GRANTEES AND DELEGATE AGENCIES

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APPENDIX A—PROGRAM OPTIONS FOR PROJECT HEAD START

APPENDIX B—HEAD START POLICY MANUAL: THE PARENTS

AUTHORITY: 88 Stat. 2304 (42 U.S.C. 2928h).

SOURCE: 40 FR 27562, June 30, 1975, unless otherwise noted.

Subpart A—General

§ 1304.1-1 Purpose and application.

This part sets out the goals of the Head Start program as they may be achieved by the combined attainment of the objectives of the basic components of the program, with emphasis on the program performance standards necessary and required to attain those objectives. With the required development of plans covering the implementation of the performance standards, grantees and delegate agencies will have firm bases for operations most likely to lead to demonstrable benefits to children and their families. While compliance with the performance standards is required as a condition of Federal Head Start funding, it is expected that the standards will be largely self-enforcing. This part applies to all Head Start grantees and delegate agencies.

§ 1304.1-2 Definitions.

As used in this part:

(a) The term "OCD" means the Office of Child Development, Office of Human Development in the U.S. Department of Health and Human Services, and includes appropriate regional office staff.

(b) The term "responsible HHS official" means the official who is authorized to make the grant of assistance in question, or his designee.

(c) The term "Director" means the Director of the Office of Child Development.

(d) The term "grantee" means the public or private non-profit agency which has been granted assistance by OCD to carry on a Head Start program.

(e) The term "delegate agency" means a public or private nonprofit organization or agency to which a grantee has delegated the carrying on of all or part of its Head Start program.

(f) The term "goal" means the ultimate purpose or interest toward which total Head Start program efforts are directed.

(g) The term "objective" means the ultimate purpose or interest toward which Head Start program component efforts are directed.

(h) The term "program performance standards" or "performance standards" means the Head Start program functions, activities and facilities required and necessary to meet the objectives and goals of the Head Start program as they relate directly to children and their families.

(i) The term "handicapped children" means mentally retarded, hard of hearing, deaf, speech impaired, visually handicapped, seriously emotionally disturbed, crippled, or other health impaired children who by reason thereof require special education and related services.

§ 1304.1-3 Head Start Program goals.

(a) The Head Start Program is based on the premise that all children share certain needs, and that children of low income families, in particular, can benefit from a comprehensive developmental program to meet those needs. The Head Start program approach is based on the philosophy that:

(1) A child can benefit most from a comprehensive, interdisciplinary program to foster development and remedy problems as expressed in a broad range of services, and that

(2) The child's entire family, as well as the community must be involved. The program should maximize the strengths and unique experiences of each child. The family, which is perceived as the principal influence on the child's development, must be a direct participant in the program. Local communities are allowed latitude in developing creative program designs so long as the basic goals, objectives and standards of a comprehensive program are adhered to.

(b) The overall goal of the Head Start program is to bring about a greater degree of social competence in children of low income families. By social competence is meant the child's everyday effectiveness in dealing with both present environment and later responsibilities in school and life. Social competence takes into account the interrelatedness of cognitive and intellectual development, physical and mental health, nutritional needs, and other factors that enable a child to function optimally. The Head Start program is a comprehensive developmental approach to helping children achieve social competence. To the accomplishment of this goal, Head Start objectives and performance standards provide for:

(1) The improvement of the child's health and physical abilities, including appropriate steps to correct present physical and mental problems and to enhance every child's access to an adequate diet. The improvement of the family's attitude toward future health care and physical abilities.

(2) The encouragement of self-confidence, spontaneity, curiosity, and self-discipline which will assist in the development of the child's social and emotional health.

(3) The enhancement of the child's mental processes and skills with particular attention to conceptual and communications skills.

(4) The establishment of patterns and expectations of success for the child, which will create a climate of confidence for present and future learning efforts and overall development.

(5) An increase in the ability of the child and the family to relate to each other and to others.

(6) The enhancement of the sense of dignity and self-worth within the child and his family.

§ 1304.1-4 Performance standards plan development.

Each grantee and delegate agency shall develop a plan for implementing the performance standards prescribed in Subparts B, C, D, and E of this part for use in the operation of its Head Start program (hereinafter called "plan," or "performance standards plan"). The plan shall provide that the Head Start program covered thereby shall meet or exceed the performance standards. The plan shall be in writing and shall be developed by the appropriate professional Head Start staff of the grantee or delegate agency with cooperation from other Head Start staff, with technical assistance and advice as needed from personnel of the Regional Office and professional consultants, and with the advice and concurrence of the policy council or policy committee. The plan must be reviewed by grantee or delegate agency staff and the policy council or policy committee at least annually and revised and updated as may be necessary.

§ 1304.1-5 Performance standards implementation and enforcement.

(a) Grantees and delegate agencies must be in compliance with or exceed the performance standards prescribed in Subparts B, C, D, and E, of this part at the commencement of the grantee's program year next following July 1, 1975, effective date of the regulations in this part, or 6 months after that date, whichever is later, and thereaf-

ter, unless the period for full compliance is extended in accordance with paragraph (f) of this section.

(b) If the responsible HHS official as a result of information obtained from program self-evaluation, pre-review, or routine monitoring, is aware or has reason to believe that a Head Start program, with respect to performance standards other than those for which the time for compliance has been extended in accordance with paragraph (f) of this section, is not in compliance with performance standards, he shall notify the grantee promptly in writing of the deficiencies and inform the grantee that it, or if the deficiencies are in a Head Start program operated by a delegate agency, the delegate agency, has a period stated in the notice not to exceed 90 days to come into compliance. If the notice is with respect to a delegate agency, the grantee shall immediately notify the delegate agency and inform it of the time within which the deficiencies must be corrected. Upon receiving the notice the grantee or delegate agency shall immediately analyze its operations to determine how it might best comply with the performance standards. In this process it shall review, among other things, its utilization of all available local resources, and whether it is receiving the benefits of State and other Federal programs for which it is eligible and which are available. It shall review and realign where feasible program priorities, operations, and financial and manpower allocations. It shall also consider the possibility of choosing an alternate program option for the delivery of Head Start Services in accordance with OCD Notice N-30-334-1, Program Options for Project Head Start, attached hereto as Appendix A, which the grantee, with OCD concurrence, determines that it would be able to operate as a quality program in compliance with performance standards.

(c) The grantee or delegate agency shall report in writing in detail its efforts to meet the performance standards within the time given in the notice to the responsible HHS official. A delegate agency shall report through the grantee. If the reporting agency, grantee or delegate agency, determines that it is unable to comply with the performance standards, the responsible HHS official shall be notified promptly in writing by the grantee, which notice shall contain a description of the deficiencies not able to be corrected and the reasons therefor. If insufficient funding is included as a principal reason for inability to comply with performance standards, the notice shall specify the exact amount, and basis for, the funding deficit and efforts made to obtain funding from other sources.

(d) The responsible HHS official on the basis of the reports submitted pursuant to paragraph (c) of this section, will undertake to assist grantees, and delegate agencies through their grantees, to comply with the performance standards, including by furnishing or by recommending technical assistance.

(e) If the grantee or delegate agency has not complied with the performance standards, other than those for which the time for compliance has been extended in accordance with paragraph (f) of this section, within the period stated in the notice issued under paragraph (b) of this section, the grantee shall be notified promptly by the responsible HHS official of the commencement of suspension or termination proceedings or of the intention to deny refunding, as may be appropriate, under Part 1303 (appeals procedures) of this chapter.

(f) The time within which a grantee or delegate agency shall be required to correct deficiencies in implementation of the performance standards may be extended by the responsible HHS official to a maximum of one year, only with respect to the following deficiencies:

(1) The space per child provided by the Head Start program does not comply with the Education Services performance standard but there is no risk to the health or safety of the children;

(2) The Head Start program is unable to provide Medical or Dental Treatment Services as required by Health Services Performance Standards because funding is insufficient and there are no community or other resources available;

(3) The services of a mental health professional is not available or accessible to the program as required by the Health Services Performance Standards; or

(4) The deficient service is not able to be corrected within the 90 days notice period, notwithstanding full effort at compliance, because of lack of funds and outside community resources, but it is reasonable to expect that the services will be brought into compliance within the extended period, and, the overall high quality of the Head Start program otherwise will be maintained during the extension.

Subpart B—Education Services Objectives and Performance Standards

§ 1304.2-1 Education services objectives.

The objectives of the Education Service component of the Head Start program are to:

(a) Provide children with a learning environment and the varied experiences which will help them develop socially, intellectually, physically, and emotionally in a manner appropriate to their age and stage of development toward the overall goal of social competence.

(b) Integrate the educational aspects of the various Head Start components in the daily program of activities.

(c) Involve parents in educational activities of the program to enhance their role as the principal influence on the child's education and development.

(d) Assist parents to increase knowledge, understanding, skills, and experience in child growth and development.

(e) Identify and reinforce experience which occur in the home that parents can utilize as educational activities for their children.

§ 1304.2-2 Education services plan content: operations.

(a) The education services component of the performance standards plan shall provide strategies for achieving the education objectives. In so doing it shall provide for program activities that include an organized series of experiences designed to meet the individual differences and needs of participating children, the special needs of handicapped children, the needs of specific educational priorities of the local population and the community. Program activities must be carried out in a manner to avoid sex role stereotyping. In addition, the plan shall provide methods for assisting parents in understanding and using alternative ways to foster learning and development of their children.

(b) The education services component of the plan shall provide for:

(1) *A supportive social and emotional climate* which:

(i) Enhances children's understanding of themselves as individuals, and in relation to others, by providing for individual, small group, and large group, activities;

(ii) Gives children many opportunities for success through program activities;

(iii) Provides an environment of acceptance which helps each child build ethnic pride, a positive self-concept, enhance his individual strengths, and develop facility in social relationships.

(2) Development of intellectual skills by:

(i) Encouraging children to solve problems, initiate activities, explore, experiment, question, and gain mastery through learning by doing;

(ii) Promoting language understanding and use in an atmosphere that encourages easy communication among children and between children and adults;

(iii) Working toward recognition of the symbols for letters and numbers according to the individual developmental level of the children;

(iv) Encouraging children to organize their experiences and understand concepts; and

(v) Providing a balanced program of staff directed and child initiated activities.

(3) Promotion of physical growth by:

(i) Providing adequate indoor and outdoor space, materials, equipment, and time for children to use large and small muscles to increase their physical skills; and

(ii) Providing appropriate guidance while children are using equipment and materials in order to promote children's physical growth.

(c) The education services component of the plan shall provide for a program which is individualized to meet the special needs of children from various populations by:

(1) Having a curriculum which is relevant and reflective of the needs of the population served (bilingual/bicultural, multi-cultural, rural, urban, reservation, migrant, etc.);

(2) Having staff and program resources reflective of the racial and ethnic population of the children in the program.

(i) Including persons who speak the primary language of the children and are knowledgeable about their heritage; and, at a minimum, when a majority of the children speak a language other than English, at least one teacher or aide interacting regularly with the children must speak their language; and,

(ii) Where only a few children or a single child speak a language different from the rest, one adult in the center should be available to communicate in the native language;

(3) Including parents in curriculum development and having them serve as resource persons (e.g., for bilingual-bicultural activities).

(d) The education services component of the plan shall provide procedures for on-going observation, recording and evaluation of each child's growth and development for the purpose of planning activities to suit individual needs. It shall provide, also, for integrating the educational aspects of other Head Start components into the daily education services program.

(e) The plan shall provide methods for enhancing the knowledge and understanding of both staff and parents of the educational and developmental needs and activities of children in the program. These shall include:

(1) Parent participation in planning the education program and in center, classroom and home program activities;

(2) Parent training in activities that can be used in the home to reinforce the learning and development of their children in the center;

(3) Parent training in the observation of growth and development of their children in the home environment and identification of and handling special developmental needs;

(4) Participation in staff and staff-parent conferences and the making of periodic home visits (no less than two) by members of the education staff;

(5) Staff and parent training, under a program jointly developed with all components of the Head Start program, in child development and behavioral developmental problems of preschool children; and

(6) Staff training in identification of and handling children with special needs and working with the parents of such children, and in coordinating relevant referral resources.

§ 1304.2-3 Education services plan content: facilities.

(a) The education services component of the plan shall provide for a physical environment conducive to learning and reflective of the different stages of development of the children. Home-based projects must make affirmative efforts to achieve this environment. For center-based programs, space shall be organized into functional areas recognized by the children, and space, light, ventilation, heat, and other physical arrangements must be consistent with the health, safety, and developmental needs of the children. To comply with this standard:

(1) There shall be a safe and effective heating system;

(2) No highly flammable furnishings or decorations shall be used.

(3) Flammable and other dangerous materials and potential poisons shall be stored in locked cabinets or storage facilities accessible only to authorized persons;

(4) Emergency lighting shall be available in case of power failure;

(5) Approved, working fire extinguishers shall be readily available;

(6) Indoor and outdoor premises shall be kept clean and free, on a daily basis, of undesirable and hazardous material and conditions;

(7) Outdoor play areas shall be made so as to prevent children from leaving the premises and getting into unsafe and unsupervised areas;

(8) Paint coatings in premises used for care of children shall be deter-

mined to assure the absence of a hazardous quantity of lead;

(9) Rooms shall be well lighted;

(10) A source of water approved by the appropriate local authority shall be available in the facility; and adequate toilets and handwashing facilities shall be available and easily reached by children;

(11) All sewage and liquid wastes shall be disposed of through a sewer system approved by an appropriate, responsible authority, and garbage and trash shall be stored in a safe and sanitary manner until collected;

(12) There shall be at least 35 square feet of indoor space per child available for the care of children (i.e., exclusive of bathrooms, halls, kitchen, and storage places). There shall be at least 75 square feet per child outdoors; and

(13) Adequate provisions shall be made for handicapped children to ensure their safety and comfort.

Evidence that the center meets or exceeds State or local licensing requirements for similar kinds of facilities for fire, health and safety shall be accepted as prima facie compliance with the fire, health and safety requirements of this section.

(b) The plan shall provide for appropriate and sufficient furniture, equipment and materials to meet the needs of the program, and for their arrangement in such a way as to facilitate learning, assure a balanced program of spontaneous and structured activities, and encourage self-reliance in the children. The equipment and materials shall be:

(1) Consistent with the specific educational objectives of the local program;

(2) Consistent with the cultural and ethnic background of the children;

(3) Geared to the age, ability, and developmental needs of the children;

(4) Safe, durable, and kept in good condition;

(5) Stored in a safe and orderly fashion when not in use;

(6) Accessible, attractive, and inviting to the children; and

(7) Designed to provide a variety of learning experiences and to encourage experimentation and exploration.

Subpart C—Health Services Objectives and Performance Standards

§ 1304.3-1 Health services general objectives.

The general objectives of the health services component of the Head Start program are to:

(a) Provide a comprehensive health services program which includes a broad range of medical, dental, mental health and nutrition services to preschool children, including handicapped children, to assist the child's physical, emotional, cognitive and social development toward the overall goal of social competence.

(b) Promote preventive health services and early intervention.

(c) Provide the child's family with the necessary skills and insight and otherwise attempt to link the family to an ongoing health care system to ensure that the child continues to receive comprehensive health care even after leaving the Head Start program.

§ 1304.3-2 Health Services Advisory Committee.

The plan shall provide for the creation of a Health Services Advisory Committee whose purpose shall be advising in the planning, operation and evaluation of the health services program and which shall consist of Head Start parents and health services providers in the community and other specialists in the various health disciplines. (Existing committees may be modified or combined to carry out this function.)

§ 1304.3-3 Medical and dental history, screening, and examinations.

(a) The health services component of the performance standards plan shall provide that for each child enrolled in the Head Start program a complete medical, dental and developmental history will be obtained and recorded, a thorough health screening will be given, and medical and dental examinations will be performed. The plan will provide also for advance parent or guardian authorization for all health services under this subpart.

(b) Health screenings shall include:

(1) Growth assessment (head circumference up to two years old), height, weight and age.

(2) Vision testing.

(3) Hearing testing.

(4) Hemoglobin or hematocrit determination.

(5) Tuberculin testing indicated in OCD Head Start Guidance Material.

(6) Urinalysis.

(7) Based on community health problems, other selected screenings where appropriate, e.g., sickle cell anemia, lead poisoning, and intestinal parasites.

(8) Assessment of current immunization status.

(9) During the course of health screening, procedures must be in effect for identifying speech problems, determining their cause, and providing services.

(10) Identification of the special needs of handicapped children.

(c) Medical examinations for children shall include:

(1) Examination of all systems or regions which are made suspect by the history or screening test.

(2) Search for certain defects in specific regions common or important in this age group, i.e., skin, eye, ear, nose, throat, heart, lungs, and groin (inguinal) area.

(d) The plan shall provide, also, in accordance with local and state health regulations that employed program staff have initial health examinations, periodic check-ups, and are found to be free from communicable disease; and, that voluntary staff be screened for tuberculosis.

§ 1304.3-4 Medical and dental treatment.

(a) The plan shall provide for treatment and follow-up services which include:

(1) Obtaining or arranging for treatment of all health problems detected. (Where funding is provided by non-Head Start funding sources there must be written documentation that such funds are used to the maximum feasible extent. Head Start funds may be used only when no other source of funding is available).

(2) Completion of all recommended immunizations—diptheria, pertussis, tetanus (DPT), polio, measles, German measles. Mumps immunization shall be provided where appropriate.

(3) Obtaining or arranging for basic dental care services as follows:

(i) Dental examination.

(ii) Services required for the relief of pain or infection.

(iii) Restoration of decayed primary and permanent teeth.

(iv) Pulp therapy for primary and permanent teeth as necessary.

(v) Extraction of non-restorable teeth.

(vi) Dental prophylaxis and instruction in self-care oral hygiene procedures.

(vii) Application of topical fluoride in communities which lack adequate fluoride levels in the public water supply.

(b) There must be a plan of action for medical emergencies. (Indicated in OCD Head Start Guidance Material.)

§ 1304.3-5 Medical and dental records.

The plan shall provide for: (a) The establishment and maintenance of individual health records which contain the child's medical and developmental history, screening results, medical and dental examination data, and evaluation of this material, and up-to-date information about treatment and follow-up; (b) forwarding, with parent consent, the records to either the school or health delivery system or both when the child leaves the program; and (c) giving parents a summary of the record which includes information on immunization and follow-up treatment; and (d) utilization of the Health Program Assessment Report (HPAR); and (e) assurance that in all cases parents will be told the nature of the data to be collected and the uses to which the data will be put, and that the uses will be restricted to the stated purposes.

§ 1304.3-6 Health education.

(a) The plan shall provide for an organized health education program for program staff, parents and children which ensures that:

(1) Parents are provided with information about all available health resources;

(2) Parents are encouraged to become involved in the health care

process relating to their child. One or both parents should be encouraged to accompany their child to medical and dental exams and appointments;

(3) Staff are taught and parents are provided the opportunity to learn the principles of preventive health, emergency first-aid measures, and safety practices;

(4) Health education is integrated into on-going classroom and other program activities.

(5) The children are familiarized with all health services they will receive prior to the delivery of those services.

§ 1304.3-7 Mental health objectives.

The objectives of the mental health part of the health services component of the Head Start program are to:

(a) Assist all children participating in the program in emotional, cognitive and social development toward the overall goal of social competence in coordination with the education program and other related component activities;

(b) Provide handicapped children and children with special needs with the necessary mental health services which will ensure that the child and family achieve the full benefits of participation in the program;

(c) Provide staff and parents with an understanding of child growth and development, an appreciation of individual differences, and the need for a supportive environment;

(d) Provide for prevention, early identification and early intervention in problems that interfere with a child's development;

(e) Develop a positive attitude toward mental health services and a recognition of the contribution of psychology, medicine, social services, education and other disciplines to the mental health program; and

(f) Mobilize community resources to serve children with problems that prevent them from coping with their environment.

§ 1304.3-8 Mental health services.

(a) The mental health part of the plan shall provide that a mental health professional shall be available, at least on a consultation basis, to the Head Start program and to the children. The mental health professional shall:

(1) Assist in planning mental health program activities;

(2) Train Head Start staff;

(3) Periodically observe children and consult with teachers and other staff;

(4) Advise and assist in developmental screening and assessment;

(5) Assist in providing special help for children with atypical behavior or development, including speech;

(6) Advise in the utilization of other community resources and referrals;

(7) Orient parents and work with them to achieve the objectives of the mental health program; and

(8) Take appropriate steps in conjunction with health and education services to refer children for diagnostic examination to determine whether their emotional or behavior problems have a physical basis.

(b) The plan shall also provide for:

(1) Attention to pertinent medical and family history of each child so that mental health services can be made readily available when needed;

(2) Use of existing community mental health resources;

(3) Coordination with the education services component to provide a program keyed to individual developmental levels;

(4) Confidentiality of records;

(5) Regular group meetings of parents and program staff;

(6) Parental consent for special mental health services;

(7) Opportunity for parents to obtain individual assistance; and,

(8) Active involvement of parents in planning and implementing the individual mental health needs of their children.

§ 1304.3-9 Nutrition objectives.

The objectives of the nutrition part of the health services component of the Head Start program are to:

(a) Help provide food which will help meet the child's daily nutritional needs in the child's home or in another clean and pleasant environment, recognizing individual differences and cultural patterns, and thereby promote sound physical, social, and emotional growth and development.

(b) Provide an environment for nutritional services which will support and promote the use of the feeding situation as an opportunity for learning;

(c) Help staff, child and family to understand the relationship of nutrition to health, factors which influence food practices, variety of ways to provide for nutritional needs and to apply this knowledge in the development of sound food habits even after leaving the Head Start program;

(d) Demonstrate the interrelationships of nutrition to other activities of the Head Start program and its contribution to the overall child development goals; and

(e) Involve all staff, parents and other community agencies as appropriate in meeting the child's nutritional needs so that nutritional care provided by Head Start complements and supplements that of the home and community.

§ 1304.3-10 Nutrition services.

(a) The nutrition services part of the health services component of the performance standards plan must identify the nutritional needs and problems of the children in the Head Start program and their families. In so doing account must be taken of:

(1) The nutrition assessment data (height, weight, hemoglobin hematocrit) obtained for each child;

(2) Information about family eating habits and special dietary needs and feeding problems, especially of handicapped children; and,

(3) Information about major community nutrition problems.

(b) The plan, designed to assist in meeting the daily nutritional needs of the children, shall provide that:

(1) Every child in a part-day program will receive a quantity of food in meals (preferably hot) and snacks which provides at least ⅓ of daily nutritional needs, with consideration for meeting any special needs of children, including the child with a handicapping condition;

(2) Every child in a full-day program will receive snack(s), lunch, and other meals as appropriate which will provide ½ to ⅔ of daily nutritional needs depending on the length of the program;

(3) All children in morning programs who have not received breakfast at the time they arrive at the Head Start program will be served a nourishing breakfast;

(4) The kinds of food served conform to minimum standards for meal patterns indicated in OCD Head Start Guidance Material;

(5) The quantities of food served conform to recommended amounts indicated in OCD Head Start guidance materials; and,

(6) Meal and snack periods are scheduled appropriately to meet children's needs and are posted along with menus; e.g., breakfast must be served at least 2½ hours before lunch, and snacks must be served at least 1½ hours before lunch or supper.

(c) The plan shall undertake to assure that the nutrition services contribute to the development and socialization of the children by providing that:

(1) A variety of foods which broaden the child's food experience in addition to those that consider cultural and ethnic preferences is served;

(2) Food is not used as punishment or reward, and that children are encouraged but not forced to eat or taste;

(3) The size and number of servings of food reflect consideration of individual children's needs;

(4) Sufficient time is allowed for children to eat;

(5) Chairs, tables, and eating utensils are suitable for the size and developmental level of the children with special consideration for meeting the needs of children with handicapping conditions;

(6) Children and staff, including volunteers, eat together sharing the same menu and a socializing experience in a relaxed atmosphere; and

(7) Opportunity is provided for the involvement of children in activities related to meal service. (For example: family style service.)

(d) The plan shall set forth an organized nutrition education program for staff, parents, and children. This program shall assure that:

(1) Meal periods and food are planned to be used as an integral part of the total education program;

(2) Children participate in learning activities planned to effect the selection and enjoyment of a wide variety of nutritious foods;

(3) Families receive education in the selection and preparation of foods to meet family needs, guidance in home and money management and help in consumer education so that they can fulfill their major role and responsibility for the nutritional health of the family;

(4) All staff, including administrative, receive education in principles of nutrition and their application to child development and family health, and ways to create a good physical, social and emotional environment which supports and promotes development of sound food habits and their role in helping the child and family to achieve adequate nutrition.

(e) The plan shall make special provision for the involvement of parents and appropriate community agencies in planning, implementing, and evaluating the nutrition services. It shall provide that:

(1) The Policy Council or Committee and the Health Services Advisory Committee have opportunity to review and comment on the nutrition services;

(2) The nutritional status of the children will be discussed with their parents;

(3) Information about menus and nutrition activities will be shared regularly with parents;

(4) Parents are informed of the benefits of food assistance programs; and

(5) Community agencies are enlisted to assist eligible families participate in food assistance programs.

(f) The plan shall provide for compliance with applicable local, State, and Federal sanitation laws and regulations for food service operations including standards for storage, preparation and service of food, and health of food handlers, and for posting of evidence of such compliance. The plan shall provide, also, that vendors and caterers supplying food and beverages comply with similar applicable laws and regulations.

(g) The plan shall provide for direction of the nutrition services by a qualified full-time staff nutritionist or for periodic and regularly scheduled supervision by a qualified nutritionist or dietitian as defined in the Head Start Guidance Material. Also, the plan shall provide that all nutrition services staff will receive preservice and in-service training as necessary to demonstrate and maintain proficiency in menu planning, food purchasing, food preparation and storage, and sanitation and personal hygiene.

(h) The plan shall provide for the establishment and maintenance of records covering the nutrition services budget, expenditures for food, menus utilized, numbers and types of meals served daily with separate recordings for children and adults, inspection reports made by health authorities, recipes and any other information deemed necessary for efficient operation.

Subpart D—Social Services Objectives and Performance Standards

§ 1304.4-1 Social services objectives.

The objectives of the social services component of the performance standards plan are to:

(a) Establish and maintain an outreach and recruitment process which systematically insures enrollment of eligible children.

(b) Provide enrollment of eligible children regardless of race, sex, creed, color, national origin, or handicapping condition.

(c) Achieve parent participation in the center and home program and related activities.

(d) Assist the family in its own efforts to improve the condition and quality of family life.

(e) Make parents aware of community services and resources and facilitate their use.

§ 1304.4-2 Social services plan content.

(a) The social services plan shall provide procedures for:

(1) Recruitment of children, taking into account the demographic makeup of the community and the needs of the children and families;

(2) Recruitment of handicapped children;

(3) Providing or referral for appropriate counseling;

(4) Emergency assistance or crisis intervention;

(5) Furnishing information about available community services and how to use them;

(6) Follow-up to assure delivery of needed assistance;

(7) Establishing a role of advocacy and spokesman for Head Start families;

(8) Contacting of parent or guardian with respect to an enrolled child whose participation in the Head Start program is irregular or who has been absent four consecutive days; and

(9) Identification of the social service needs of Head Start families and working with other community agencies to develop programs to meet those needs.

(b) The plan shall provide for close cooperation with existing community resources including:

(1) Helping Head Start parent groups work with other neighborhood and community groups with similar concerns;

(2) Communicating to other community agencies the needs of Head Start families and ways of meeting these needs;

(3) Helping to assure better coordination, cooperation, and information sharing with community agencies;

(4) Calling attention to the inadequacies of existing community services, or to the need for additional services, and assisting in improving available services, or bringing in new services; and

(5) Preparing and making available a community resource list to Head Start staff and families.

(c) The plan shall provide for the establishment, maintenance, and confidentiality of records of up-to-date, pertinent family data, including completed enrollment forms, referral and follow-up reports, reports of contacts with other agencies, and reports of contacts with families.

Subpart E—Parent Involvement Objectives and Performance Standards

§ 1304.5-1 Parent involvement objectives.

The objectives of the parent involvement component of the performance standards plan are to:

(a) Provide a planned program of experiences and activities which support and enhance the parental role as the principal influence in their child's education and development.

(b) Provide a program that recognizes the parent as:

(1) Responsible guardians of their children's well being.

(2) Prime educators of their children.

(3) Contributors to the Head Start program and to their communities.

(c) Provide the following kinds of opportunities for parent participation:

(1) Direct involvement in decision making in program planning and operations.

(2) Participation in classroom and other program activities as paid employees, volunteers or observers.

(3) Activities for parents which they have helped to develop.

(4) Working with their own children in cooperation with Head Start staff.

§ 1304.5-2 Parent Involvement Plan content: parent participation.

(a) The basic parent participation policy of the Head Start program, with which all Head Start programs must comply as a condition of being granted financial assistance, is contained in Head Start Policy Manual, Instruction I-31—Section B2, The Parents (OCD Transmittal Notice 70.2, dated August 10, 1970). This policy manual instruction is set forth in Appendix B to this part.

(b) The plan shall describe in detail the implementation of Head Start Policy Manual Instruction I-31—section B2, The Parents (Appendix B). The plan shall assure that participation of Head Start parents is voluntary and shall not be required as a condition of the child's enrollment.

§ 1304.5-3 Parent Involvement Plan content: enhancing development of parenting skills.

The plan shall provide methods and opportunities for involving parents in:

(a) Experiences and activities which lead to enhancing the development of their skills, self-confidence, and sense of independence in fostering an environment in which their children can develop to their full potential.

(b) Experiences in child growth and development which will strengthen their role as the primary influence in their children's lives.

(c) Ways of providing educational and developmental activities for children in the home and community.

(d) Health, mental health, dental and nutrition education.

(e) Identification, and use, of family and community resources to meet the basic life support needs of the family.

(f) Identification of opportunities for continuing education which may lead towards self-enrichment and employment.

(g) Meeting with the Head Start teachers and other appropriate staff for discussion and assessment of their children's individual needs and progress.

§ 1304.5-4 Parent Involvement Plan content: communications among program management, program staff, and parents.

(a) The plan shall provide for two-way communication between staff and parents carried out on a regular basis throughout the program year which provides information about the program and its services; program activities for the children; the policy groups; and resources within the program and the community. Communication must be designed and carried out in a way which reaches parents and staff effectively. Policy Groups, staff and parents must participate in the planning and development of the communication system used.

(b) The plan shall provide a system for the regular provision of information to members of Policy Groups. The purpose of such communication is to enable the Policy Group to make informed decisions in a timely and effective manner, to share professional expertise and generally to be provided with staff support. At a minimum, information provided will include:

(1) Timetable for planning, development, and submission of proposals;

(2) Head Start policies, guidelines, and other communications from the Office of Child Development;

(3) Financial reports and statements of funds expended in the Head Start account; and

(4) Work plans, grant applications, and personnel policies for Head Start.

(c) The entire Head Start staff shall share responsibility for providing assistance in the conduct of the above activities. In addition, Health Services, Education, and Social Services staff shall contribute their direct services to assist the Parent Involvement staff. If staff resources are not available, the necessary resources shall be sought within the community.

§ 1304.5-5 Parent Involvement Plan content: parents, area residents, and the program.

The plan shall provide for:

(a) The establishment of effective procedures by which parents and area residents concerned will be enabled to influence the character of programs affecting their interests.

(b) Their regular participation in the implementation of such programs and,

(c) Technical and other support needed to enable parents and area residents to secure on their own behalf available assistance from public and private sources.

APPENDIX A—PROGRAM OPTIONS FOR PROJECT HEAD START

This appendix sets forth policy governing the development and implementation of variations in program design by local Head Start programs.

N-30-334-1-00 Purpose

This chapter sets forth the policy governing the development and implementation of variations in program design by local Head Start programs.

N-30-334-1-10 Scope

This policy applies to all Head Start grantees and delegate agencies that operate or propose to operate a full year program which provides a set of services to the same

child or the same group of children for less than six hours a day. The policy will be applied to all applications submitted by such grantees or delegate agencies on or after April 1, 1973.

N-30-334-1-20 Policy

A. GENERAL PROVISION

Beginning in the fourth quarter of FY 1973 (April 1973), Head Start programs will be permitted and encouraged to consider several program models in addition to the standard Head Start model and select the program option best suited to the needs of the children served and the capabilities and resources of the program staff. The program options that are to be available for local selection are as follows:

The standard Head Start model.
Variations in center attendance.
Double sessions.
Home-based models.
Locally designed variations.

In principle, the Office of Child Development will support any option or design model provided a community can demonstrate in an acceptable proposal that it will result in a quality child development program at reasonable cost and meet Head Start guidelines. Any program option proposed must demonstrate that it meets each of the following conditions:

1. All policies stated in the Head Start Manual for Head Start components must be adhered to, with the exception of those points detailed in the descriptions of each of the options under Special Provisions. This policy is not to be interpreted in any way which would lessen the force of the present Head Start policy which states that, "Programs in which enrollment does not reflect the racial or ethnic composition of disadvantaged families in the area may not be funded . . ." (Head Start Manual 6108-1, page 8).

2. The design and selection of program options is to be based on an assessment of the child development needs and resources of the broader community as well as the needs of the current enrollees and their families.

3. The assignment of children to programs is to be determined by assessing such factors as age or developmental level, family situation, handicaps, health or learning problems, and previous school experience. Discussion with all parents about specific needs of their children and how best to meet those needs must be a priority in such an assessment.

4. Proposed options must be justified as consistent with good developmental practices.

5. All parents whose children participate in any option must be represented in their parent-group organizations in accordance with the revised parent involvement guidelines of the Head Start Policy Manual of August 10, 1970.

6. Program options must receive the approval of the Head Start Policy Council prior to submission to OCD.

7. There must be a specific training plan for staff and volunteers for any option chosen. It should address itself to the requirements and goals of the specific program variations being implemented.

8. The number of hours spent in the Head Start center will vary depending on the option chosen. In all cases, the center activities are to maximize opportunities for meeting the child's developmental needs.

9. The application must demonstrate the ability to conduct the program option within the limits of the current funding level unless funds are added to the program from other sources. However, some options may enable programs to serve more children within the same funding level. Careful planning and analysis will be necessary to determine the total cost associated with serving additional children. In such planning, the following areas should be considered:

a. Additional medical-dental costs;
b. Increased costs due to separate scheduling and operating practices in the area of pupil and staff transportation;
c. Additional staff for home visits and similar supportive activities;
d. Need for additional recruitment effort;
e. Increased insurance costs;
f. Additions to parent activity funds.

B. SPECIAL PROVISIONS

1. The Standard Head Start Model

Continuation of the present five-day-per-week, center-based classroom format will be optional. Communities electing to continue this format are free to do so provided that they demonstrate through a careful assessment of their needs and capabilities that continuing the present program is in the best interests of the individual children and families served. If this assessment indicates that the present format is not adequately meeting local needs, the program is to consider whether these needs could be met more effectively by one or more of the other options.

2. Variations in Center Attendance

a. Head Start programs may elect to serve some or all children on a less than five-day-per-week basis. All children who attend Head Start on a partial basis must receive the same comprehensive developmental services as children attending the 5-day session, except as otherwise indicated. Shortened hours in the classroom may be supplemented by a parent education program or another option which would assist parents

in developing their role as the first and most influential educators of their own children.

In planning for less than a five-day-week classroom schedule, careful consideration must be given to the underlying reasons for the attendance variations. Program planning must specifically address the following questions:

(1) What are the developmental needs of the child? Can they be met as effectively or more effectively by less than a five-day schedule?

(2) What are the needs and desires of the family? Would adjustment factors dictate consecutive-days attendance as opposed to, say, an every-other-day schedule?

(3) How does the curriculum plan fit the age and developmental needs of the children? Does the plan take into account differing needs of children of different ages, and varying needs of the same child over time?

(4) What kind of staffing pattern is required to obtain the program objectives?

b. In all situations where the children are in the center less than five days a week, the program must specify how they will receive comprehensive services. The following examples are illustrative of what this requires.

(1) One-third to one-half of the child's daily nutritional needs must be met each day he attends the center. Parents must, on request, be provided with simple, economical weekly menus and counseling on budgeting, food preparation and sanitation, as well as on how to involve children in food-related activities in the home.

(2) Provisions for complete medical and dental services must be made for all children in accordance with Head Start policies.

(3) Staff-family interaction, as central to the Head Start concept, must be included in any variation plan. Varied scheduling is to provide staff with new and additional opportunities for such interaction.

c. Staff utilization should contribute noticeably to program quality by maximizing staff talent, potential and expertise. Staff training goals must be identified and a training plan devised which will facilitate the implementation of the option. Such training should enable the staff to incorporate curriculum modifications necessary to accommodate the shorter week and to allow for the developmental differences between three-year-olds and five-year-olds.

d. Several attendance variation models are possible in planning the delivery of Head Start services. Attendance schedules must be devised for the children in accordance with their assessed needs. Proposals must describe the methods by which children are assigned to their schedules. The following examples indicate possible scheduling variations. The list is not meant to be exhaustive.

(1) The four-day-week schedule provides four days for center-based activities plus an additional day for center staff to perform special activities, such as:

In-service training for staff, parents and volunteers.
Special experiences for children.
Home visits.
Two days in small groups in homes with parent training by the staff.

(2) Split-session schedules: Two regularly enrolled groups, each meeting two days per week, with the fifth day set aside for such things as in-service training or working with small groups of parents or children with special needs.

3. Double Sessions

Head Start programs are permitted to operate double sessions as an option. In no case shall the addition of other children result in fewer services for children currently in the program. A program shall not be required, nor shall it be permitted, to conduct double sessions solely as a cost-saving device. In addition to the policies which apply to full-year, part-day program, the following conditions must be met when the double sessions option is utilized:

a. Provisions must be made for a one-hour break between double-session classes when a single teaching staff conducts both halves of a double session. In addition, at least thirty minutes must be allotted prior to *each* session—whether or not a different teaching staff is used—to prepare for the session and set up the classroom environment, as well as to give individual attention to children entering and leaving the center. In some instances where schools serve as center sites, variations in scheduling double sessions may have to be considered.

b. The scheduling of children to attend morning or afternoon sessions must attempt to meet individual children's needs such as receptivity, necessity for naps, and other factors that might prevent full program benefit to some children.

c. Adequate time for staff consultation, planning (staff must plan for each session to meet the needs of particular children enrolled), in-service training and career development must be provided during the working schedule. In some cases, this can only be achieved by a variation in center attendance (e.g., a four-day-week for children).

d. Staff teaching both halves of a double session are not to have the primary responsibility for home visits unless some provision is made for substitute staff. In such cases, special provisions must be made for home visits.

e. Provisions must be made for an increase in supportive personnel and services in relation to the anticipated requirements of additional children and their families.

f. Provisions must be made for custodial services between sessions, including the cleaning of indoor and outdoor spaces.

g. Provisions must be made to maintain high food quality for both sessions. All children should have an opportunity to join in cooking and other food-related activities, preferably with the participation of the cook-manager.

4. Home-Based Models

Head Start grantees may elect to develop and incorporate a home-based model into their current program. Such models would focus on the parent as the primary factor in the child's development and the home as the central facility. These models may be designed along the lines of the Home Start demonstration programs initiated in fifteen communities in FY 1972 or on a model developed by the local community. The following conditions must be met by these grantees in implementing their programs:

a. Comprehensive Services

The same kinds of services which are available to children served in a center-based Head Start program will be available to children served by a home-based program. As in center-based programs, the home-based program must make every possible effort to identify, coordinate, integrate and utilize existing community resources and services (public, reduced-fee, or no-fee) in providing nutritional, health, social and psychological services for its children and their families.

(1) *Nutrition.*—In home-based programs, whenever feasible children should receive the same nutrition services as in center-based programs with priority emphasis on nutrition education aimed at helping parents learn to make the best use of existing food resources through food planning, buying and cooking. If periodic, regular or incidental group sessions for children are held, every effort should be made to prepare and serve a nutritious snack or meal. When food is not available to a family, the home-based program must make every effort to put the family in touch with whatever community organization can help supply food. In addition, parents should be informed of all available family assistance programs and should be encouraged to participate in them.

Nutrition education must recognize cultural variations in food preferences and supplement and build upon these preferences rather than attempt to replace them. Thus, food items that are a regular part of a family's diet will be a major focal point of nutrition education.

(2) *Health.*—Every effort must be made to provide health services through existing resources. Children in home-based programs are to receive the same health services as children in center-based programs.

As with the standard Head Start program, home-based programs shall provide linkages with existing health services for the entire family unit on an as-needed basis. However, Head Start funds may be used to provide health services only for the pre-school members of the family.

(3) *Psychological and Social Services.*—Home-based programs shall provide needed services through existing community resources or within the sponsoring Head Start program in accordance with existing Head Start policies.

b. Curriculum for Children

A major emphasis of the program must be to help parents enhance the total development (including cognitive, language, social, emotional and physical) of all their children.

Whatever the educational program or philosophy of a home-based program, it must have a plan or system for developing "individualized" or "personalized" education programs for its children.

In addition, programs must provide material, supplies and equipment (such as tricycles, wagons, blocks, manipulative toys and books) to foster the children's development in their homes as needed. Provision for such materials may be made through lending, cooperative or purchase systems.

Group socialization experiences must be provided on a periodic basis for all children in home-based programs. The proposal must specify what kind of developmental activities will take place in the group setting.

Furthermore, the education component—as well as all program components—must meet the needs of the locale by taking into account appropriate local, ethnic, cultural and language characteristics.

c. Parent Program

Home-based programs reflect the concept that the parent is the first and most influential "educator" and "enabler" of his or her own children. Thus, home-based programs are to place emphasis on developing and expanding the "parenting" role of Head Start parents.

Home-based programs must give both parents (or parent substitutes and other appropriate family members) an opportunity to learn about such things as various approaches to child rearing, ways to stimulate and enhance their children's total development, ways to turn everyday experiences into constructive learning experiences for children, and specific information about health, nutrition and community resources.

d. Evening and Weekend Services

It is suggested that the program make provision for evening and weekend services to families when needed.

e. Career Development

Programs must provide career development opportunities for staff. For example, training of staff should qualify for academic credit or other appropriate credentials whenever possible.

f. Service Delivery System

In their proposals, grantees must describe their system for delivering health, nutrition, psychological and other services that are not provided primarily by the in-home caregiver.

g. Staff Selection

Proposals must describe the program's system for selecting staff in accord with the responsibilities assigned by the program to the staff member. For example, the staff visiting homes must be:

(1) Fluent in the language used by the families they serve;
(2) Responsive listeners;
(3) Knowledgeable about human development, family dynamics, and needs of children;
(4) Knowledgeable about all program components;
(5) Knowledgeable about community resources.

h. Staff Development

Programs must submit a staff and volunteer recruitment plan and a training plan, including content of proposed pre- and in-service training programs, teaching method, descriptions of training staff or consultants, and provisions for continued in-service training. The career development plan must be designed to develop or increase staff member's knowledge about:

(1) Approaches to and techniques of working with parents;
(2) Other home-based or Home Start-like programs;
(3) All Head Start component areas.

i. Volunteers

As in all other Head Start programs, the home-based programs must encourage and provide opportunity for the use of volunteers.

5. Locally Designed Options

In addition to the above models, local programs may elect to design and propose other program options which they find well suited to meet the needs of individual children and the families in their communities. Proposals for local program options must adhere to the following guidelines:

a. They must be derived from an analysis of the present standard Head Start model and must represent a more effective approach to meeting the needs of children in the community.

b. They must be consistent with good developmental practices.

c. They must be consistent with Head Start performance standards and must ensure that all components of Head Start are effectively delivered, unless they are operated as an adjunct to a program which delivers the full range of Head Start services, or unless they represent a special program thrust or circumscribed effort such as:

(1) Health Start-type program or other services such as sickle cell or lead paint screening.
(2) Summer follow-on services for handicapped high risk or other children with special needs.

APPENDIX B—HEAD START

POLICY MANUAL: THE PARENTS

This appendix sets forth policy governing the involvement of parents of Head Start children ". . . in the development, conduct, and overall program direction at the local level."

I-30-2 The Parents

A. INTRODUCTION

Head Start believes that the gains made by the child in Head Start must be understood and built upon by the family and the community. To achieve this goal, Head Start provides for the involvement of the child's parents and other members of the family in the experiences he receives in the child development center by giving them many opportunities for a richer appreciation of the young child's needs and how to satisfy them.

Many of the benefits of Head Start are rooted in "change". These changes must take place in the family itself, in the community, and in the attitudes of people and institutions that have an impact on both.

It is clear that the success of Head Start in bringing about substantial changes demands the fullest involvement of the parents, parental-substitutes, and families of children enrolled in its programs. This involvement begins when a Head Start program begins and should gain vigor and vitality as planning and activities go forward.

Successful parental involvement enters into every part of Head Start, influences other anti-poverty programs, helps bring about changes in institutions in the community, and works toward altering the social conditions that have formed the systems that surround the economically disadvantaged child and his family.

Project Head Start must continue to discover new ways for parents to become deeply involved in decision-making about

the program and in the development of activities that they deem helpful and important in meeting their particular needs and conditions. For some parents, participation may begin on a simple level and move to more complex levels. For other parents the movement will be immediate, because of past experiences, into complex levels of sharing and giving. Every Head Start program is obligated to provide the channels through which such participation and involvement can be provided for and enriched.

Unless this happens, the goals of Head Start will not be achieved and the program itself will remain a creative experience for the preschool child in a setting that is not reinforced by needed changes in social systems into which the child will move after his Head Start experience.

This sharing in decisions for the future is one of the primary aims of parent participation and involvement in Project Head Start.

B. THE ROLE OF THE PARENTS

Every Head Start Program Must Have Effective Parent Participation. There are at least four major kinds of parent participation in local Head Start programs.

1. PARTICIPATION IN THE PROCESS OF MAKING DECISIONS ABOUT THE NATURE AND OPERATION OF THE PROGRAM.
2. PARTICIPATION IN THE CLASSROOM AS PAID EMPLOYEES, VOLUNTEERS OR OBSERVERS.
3. ACTIVITIES FOR THE PARENTS WHICH THEY HAVE HELPED TO DEVELOP.
4. WORKING WITH THEIR CHILDREN IN COOPERATION WITH THE STAFF OF THE CENTER.

Each of these is essential to an effective Head Start program both at the grantee level and the delegate agency level. Every Head Start program must hire/designate a Coordinator of Parent Activities to help bring about appropriate parent participation. This staff member may be a volunteer in smaller communities.

1. Parent Participation in the Process of Making Decisions About the Nature and Operation of the Program

Head Start Policy Groups

a. *Structure.*—The formal structure by which parents can participate in policy making and operation of the program will vary with the local administrative structure of the program.

Normally, however, the Head Start policy groups will consist of the following:

1. *Head Start Center Committee.* This committee must be set up at the center level. Where centers have several classes, it is recommended that there also be parent class committees.

2. *Head Start Policy Committee.* This committee must be set up at the delegate agency level when the program is administered in whole or in part by such agencies.

3. *Head Start Policy Council.* This Council must be set up at the grantee level.

When a grantee has delegated the entire Head Start program to one Delegate Agency, it is not necessary to have a Policy Council in addition to a Delegate Agency Policy Committee. Instead one policy group serves both the Grantee Board and the Delegate Agency Board.

b. *Composition.*—Chart A describes the composition of each of these groups.

Chart A

Organization	*Composition*
1. Head Start Center Committee	1. Parents whose children are enrolled in that center.
2. Head Start Policy Committee (delegate agency)	2. At least 50% parents of Head Start children presently enrolled in that delegate agency program plus representatives of the community. [1]
3. Head Start Policy Council (grantee)	3. At least 50% parents of Head Start children presently enrolled in that grantee's program plus representatives of the community. [2]

[1] *Representatives of the Community (Delegate Agency level):* A representative of neighborhood community groups (public and private) and of local neighborhood community or professional organizations, which have a concern for children of low income families and can contribute to the development of the program. The number of such representatives will vary depending on the number of organizations which should appropriately be represented. The Delegate Agency determines the composition of their committee (within the above guidelines) and methods to be used in selecting representatives of the community. Parents of former Head Start children may serve as representatives of the community on delegate agency policy groups. All representatives of the community selected by the agency must be approved by elected parent members of the committee. In no case, however, should representatives of the community exceed 50% of the total committee.

[2] *Representatives of the Community (Grantee Agency level):* A representative of major agencies (public and private) and major community civic or professional organizations which have a concern for children of low income families and can contribute to the program. The number of such representatives will vary, depending on the number of organizations which should appropriately be represented. The applicant agency determines the composition of the council (within the above guidelines) and the methods to be used in selecting representatives of the community. Parents of former Head Start children may serve as representatives of the community on grantee agency policy groups. All representatives of the community selected by the agency must be approved by elected parent members of the committee. In no case, however, should representatives of the community exceed 50% of the total committee or council.

Special Notes

1. All parents serving on policy groups must be elected by parents of Head Start children currently enrolled in the program.

2. It is strongly recommended that the community action agency board have representation from the Head Start Policy Council to assure coordination of Head Start activities with other CAA programs. Conversely, community action agency board representation on the Policy Council is also recommended.

3. It is important that the membership of policy groups be rotated to assure a regular influx of new ideas into the program. For this purpose, terms of membership must be limited to no more than three years.

4. No staff member (nor members of their families as defined in CAP Memo 23A) of the applicant or delegate agencies shall serve on the council or committee in a voting capacity. Staff members may attend the meetings of councils or committees in a consultative non-voting capacity upon request of the council or committee.

5. Every corporate board operating a Head Start program must have a Policy Committee or Council as defined by HHS. The corporate body and the Policy Committee or Council must not be one and the same.

6. Policy groups for summer programs present a special problem because of the difficulty of electing parent representatives in advance. Therefore, the policy group for one summer program must remain in office until its successors have been elected and taken office. The group from the former program should meet frequently between the end of the program and the election of new members to assure some measure of program continuity. These meetings should be for the purpose of (a) assuring appropriate follow up of the children (b) aiding the development of the upcoming summer Head Start program, (c) writing of the application, (d) hiring of the director and establishment of criteria for hiring staff and, when necessary (e) orientation of the new members. In short, the policy group from a former program must not be dissolved until a new group is elected. The expertise of those parents who have previously served should be used whenever possible.

c. *Functions.*—The following paragraphs and charts describe the minimum functions and degrees of responsibility for the various policy groups involved in administration of local Head Start programs. *Local groups may negotiate for additional functions and a greater share of responsibility if all parties agree.* All such agreements are subject to such limitations as may be called for by HHS policy. Questions about this should be referred to your HHS regional office.

(1) The Head Start Center Committee shall carry out at least the following minimum responsibilities:

(a) Assists teacher, center director, and all other persons responsible for the development and operation of every component including curriculum in the Head Start program.

(b) Works closely with classroom teachers and all other component staff to carry out the daily activities program.

(c) Plans, conducts, and participates in informal as well as formal programs and activities for center parents and staff.

(d) Participates in recruiting and screening of center employees within guidelines established by HHS, the Grantee Council and Board, and Delegate Agency Committee and Board.

(2) *The Head Start Policy Committee.* Chart B outlines the major management functions connected with local Head Start program administered by delegate agencies and the degree of responsibility assigned to each participating group.

In addition to those listed functions, the committee shall:

(a) Serve as a link between public and private organizations, the grantee Policy Council, the Delegate Agency Board of Directors, and the community it serves.

(b) Have the opportunity to initiate suggestions and ideas for program improvements and to receive a report on action taken by the administering agency with regard to its recommendations.

(c) Plan, coordinate and organize agency-wide activities for parents with the assistance of staff.

(d) Assist in communicating with parents and encouraging their participation in the program.

(e) Aid in recruiting volunteer services from parents, community residents and community organizations, and assist in the mobilization of community resources to meet identified needs.

(f) Administer the Parent Activity funds.

(3) *The Head Start Policy Council.* Chart C outlines the major management functions connected with the Head Start program at the grantee level, whether it be a community action or limited purpose agency, and the degree of responsibility assigned to each participating group.

In addition to those listed functions, the Council shall:

(a) Serve as a link between public and private organizations, the Delegate Agency Policy Committees, Neighborhood Councils, the Grantee Board of Directors and the community it serves.

(b) Have the opportunity to initiate suggestions and ideas for program improvements and to receive a report on action taken by the administering agency with regard to its recommendations.

(c) Plan, coordinate and organize agency-wide activities for parents with the assistance of staff.

(d) Approve the selection of Delegate Agencies.

(e) Recruit volunteer services from parents, community residents and community organizations, and mobilizes community resources to meet identified needs.

(f) Distribute Parent Activity funds to Policy Committees.

It may not be easy for Head Start directors and professional staff to share responsibility when decisions must be made. Even when they are committed to involving parents, the Head Start staff must take care to avoid dominating meetings by force of their greater training and experience in the process of decisionmaking. At these meetings, professionals may be tempted to do most of the talking. They must learn to ask parents for their ideas, and listen with attention, patience and understanding. Self-confidence and self-respect are powerful motivating forces. Activities which bring out these qualities in parents can prove invaluable in improving family life of young children from low income homes.

Members of Head Start Policy Groups whose family income falls below the "poverty line index" may receive meeting allowances or be reimbursed for travel, per diem, meal and baby sitting expenses incurred because of Policy Group meetings. The procedures necessary to secure reimbursement funds and their regulations are detailed in OEO Instruction #6803-1.

2. Participation in the Classroom as Paid Employees, Volunteers or Observers

Head Start classes must be open to parents at times reasonable and convenient to them. There are very few occasions when the presence of a limited number of parents would present any problem in operation of the program.

Having parents in the classroom has three advantages. It:

a. Gives the parents a better understanding of what the center is doing for the children and the kinds of home assistance they may require.

b. Shows the child the depth of his parents concern.

c. Gives the staff an opportunity to know the parents better and to learn from them.

There are, of course, many center activities outside the classroom (e.g., field trips, clinic visits, social occasions) in which the presence of parents is equally desirable.

Parents are one of the categories of persons who must receive preference for employment as non-professionals. Participation as volunteers may also be possible for many parents. Experience obtained as a volunteer may be helpful in qualifying for non-professional employment. At a minimum parents should be encouraged to observe classes several times. In order to permit fathers to observe it might be a good idea to have some parts of the program in the evening or on weekends.

Head Start Centers are encouraged to set aside space within the Center which can be used by parents for meetings and staff conferences.

3. Activities for Parents Which They Have Helped To Develop

Head Start programs must develop a plan for parent education programs which are responsive to needs expressed by the parents themselves. Other community agencies should be encouraged to assist in the planning and implementation of these programs.

Parents may also wish to work together on community problems of common concern such as health, housing, education and welfare and to sponsor activities and programs around interests expressed by the group. Policy Committees must anticipate such needs when developing program proposals and include parent activity funds to cover the cost of parent sponsored activities.

4. Working With Their Children in Their Own Home in Connection with the Staff of the Center

HHS requires that each grantee make home visits a part of its program when parents permit such visits. Teachers should visit parents of summer children a minimum of once; in full year programs there should be at least three visits, if the parents have consented to such home visits. (Education staff are now required to make no less than two home visits during a given program year in accordance with 1304.2-2(e)(4).) In those rare cases where a double shift has been approved for teachers it may be necessary to use other types of personnel to make home visits. Personnel, such as teacher aides, health aides and social workers may also make home visits with, or independently of, the teaching staff but coordinated through the parent program staff in order to eliminate uncoordinated visits.

Head Start staff should develop activities to be used at home by other family members that will reinforce and support the child's total Head Start experience.

Staff, parents and children will all benefit from home visits and activities. Grantees shall not require that parents permit home visits as a condition of the child's participation in Head Start. However, every effort must be made to explain the advantages of visits to parents.

Definitions as used on charts B and C

A. General Responsibility.—The individual or group with legal and fiscal responsibility guides and directs the carrying out of the

function described through the person or group given operating responsibility.

B. Operating Responsibility.—The individual or group that is directly responsible for carrying out or performing the function, consistent with the general guidance and direction of the individual or group holding general responsibility.

C. Must Approve or Disapprove.—The individual or group (other than persons or groups holding general and operating responsibility, A and B above) must approve before the decision is finalized or action taken. The individual or group must also have been consulted in the decision making process prior to the point of seeking approval.

If they do not approve, the proposal cannot be adopted, or the proposed action taken, until agreement is reached between the disagreeing groups or individuals.

D. Must be Consulted.—The individual or group must be called upon before any decision is made or approval is granted to give advice or information but not to make the decision or grant approval.

E. May be Consulted.—The individual or group may be called upon for information, advice or recommendations by those individuals or groups having general responsibility or operating responsibility.

A = General responsibility
B = Operating responsibility
C = Must approve or disapprove
D = Must be consulted
E = May be consulted

Function	Chart B				Chart C			
	Delegate agency				Grantee agency			
	Board	Executive director	Head Start policy committee	Head Start director	Board	Executive director	Head Start policy council	Head Start director
I. PLANNING								
(a) Identify child development needs in the area to be served (by CAA* if not delegated).	A	B	D	D	A	B	D	D
(b) Establish goals of Head Start program and develop ways to meet them within HHS guidelines.	A	C	C	B	A	C	C	B
(c) Determine delegate agencies and areas in the community in which Head Start programs will operate.	.....	.....	.....	.....	A	D	C	B
(d) Determine location of centers or classes.	A	D	C	B	.....	.....	.....	.....
(e) Develop plans to use all available community resources in Head Start.	A	D	C	B	A	D	C	B
(f) Establish criteria for selection of children within applicable laws and HHS guidelines.	.....	.....	.....	.....	A	C	C	B
(g) Develop plan for recruitment of children.	A	C	C	B	.....	.....	.....	.....
II. GENERAL ADMINISTRATION								
(a) Determine the composition of the appropriate policy group and the method for setting it up (within HHS guidelines).	A	B	C	D	A	B	C	D
(b) Determine what services should be provided to Head Start from the CAA* central office and the neighborhood centers.	.....	.....	.....	.....	A	B	C	D
(c) Determine what services should be provided to Head Start from delegate agency.	A	B	C	D	.....	.....	.....	.....
(d) Establish a method of hearing and resolving community complaints about the Head Start program.	D	C	A	B	D	C	A	B
(e) Direct the CAA* Head Start staff in day-to-day operations.	.....	.....	.....	.....	E	A	E	B
(f) Direct the delegate agency Head Start staff in day-to-day operations.	E	A	E	B	.....	.....	.....	.....
(g) Insure that standards for acquiring space, equipment, and supplies are met.	A	D	D	B	A	D	D	B

A = General responsibility
B = Operating responsibility
C = Must approve or disapprove
D = Must be consulted
E = May be consulted

Function	Chart B: Delegate agency				Chart C: Grantee agency			
	Board	Executive director	Head Start policy committee	Head Start director	Board	Executive director	Head Start policy council	Head Start director
III. PERSONNEL ADMINISTRATION								
(a) Determine Head Start personnel policies (including establishment of hiring and firing criteria for Head Start staff, career development plans, and employee grievance procedures).								
Grantee agency	.....	.....	.....	.....	A	C	C	B
Delegate agency	A	C	C	B	.....	.....	.....	.....
(b) Hire and fire Head Start Director of grantee agency.	.....	.....	.....	.....	A	B	C	
(c) Hire and fire Head Start staff of grantee agency.	.....	.....	.....	.....	E	A	C	B
(d) Hire and fire Head Start Director of delegate agency.	A	B	C	.....	.....	.....	.....	.....
(e) Hire and fire Head Start staff of delegate agency.	E	A	C	B	.....	.....	.....	.....
IV. GRANT APPLICATION PROCESS								
(a) Prepare request for funds and proposed work program:								
Prior to sending to CAA*	A	C	C	B	.....	.....	.....	.....
Prior to sending to HHS	.....	.....	.....	.....	A	C	C	B
(b) Make major changes in budget and work program while program is in operation.	A	C	C	B	A	C	C	B
(c) Provide information needed for prereview to policy council.	A	C	C	B	.....	.....	.....	.....
(d) Provide information needed for prereview to HHS.	.....	.....	.....	.....	A	D	C	B
V. EVALUATION								
Conduct self-evaluation of agency's Head Start program.	A	D	B	D	A	D	B	D

*CAA or general term "grantee".

PART 1305—ELIGIBILITY REQUIREMENTS AND LIMITATIONS FOR ENROLLMENT IN HEADSTART

Sec.
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1305.7 Income verification.
1305.8 Fees policy.

AUTHORITY: 88 Stat. 2300, et seq. (42 U.S.C. 2921, et seq.)

SOURCE: 43 FR 14936, April 7, 1978, unless otherwise noted.

§ 1305.1 Purpose and scope.

This part prescribes eligibility requirements, with respect to age and family income, for enrollment and participation of children in Headstart programs.

§ 1305.2 Definitions.

(a) Terms defined in Part 1301 of this chapter have the same meaning when used in this Part, unless the context indicates otherwise.

(b) As used in this Part, unless the context indicates otherwise:

(1) The term "income guidelines" means the official poverty line speci-

fied by the U.S. Office of Management and Budget.

(2) The term "low-income family" means a family whose total annual income before taxes is equal to, or less than, the income guidelines. The term also includes a family that is receiving public assistance even if family income exceeds the income guidelines.

(3) The term "handicapped children" means mentally retarded, hard of hearing, deaf, speech impaired, visually handicapped, seriously emotionally disturbed, orthopedically impaired, or other health impaired children who by reason thereof, require special education and related services.

(4) The term "enrollment year" means the period of time not to exceed twelve months, during which a Headstart program provides classroom or other program activities for children enrolled in the program.

(5) The term "family" means all persons living in the same household who are: (i) Supported by the income of the parent(s) or guardian(s) of the child enrolling or participating in a Headstart program, and (ii) related to the parent(s) or guardian(s) by blood, marriage, or adoption.

(6) The term "income" means gross cash income and includes earned income, military income (including pay and allowances), veterans benefits, social security benefits, unemployment compensation, and public assistance benefits. With respect to a child in foster care, family income is the amount paid to the foster family on behalf of the child by a public or private agency.

§ 1305.3 Age eligibility of children.

Unless the Headstart agency's approved grant provides otherwise, only those children between three years of age and the age of compulsory school attendance are eligible to enroll and participate in the Headstart program.

§ 1305.4 Family income eligibility.

At least 90 percent of the children who are enrolled in each Headstart program shall be from low-income families. If applications for admission to a Headstart program are received for more children from low-income families than the Headstart program can accommodate, the children from the lowest income families shall be given preference.

§ 1305.5 Handicapped children.

No less than 10 percent of the total number of enrollment opportunities in Headstart programs in each State shall be available for handicapped children who are eligible to participate under § 1305.3.

§ 1305.6 Enrollment and re-enrollment.

(a) An application for enrollment of children in a Headstart program may be made at any time during the program year. The Headstart agency must make an eligibility determination prior to permitting a child to participate in the Headstart program.

(b) If a child has been found eligible and is participating in a Headstart program, he or she remains eligible through the enrollment year with respect to which such eligibility determination was made and the immediately succeeding enrollment year.

§ 1305.7 Income verification.

(a) The family income shall be verified by a Headstart agency before determining that a child is eligible to participate in the program.

(b) Verification shall include examination of any of the following: Individual Income Tax Form 1040, W-2 forms, pay stubs, pay envelopes, written statements from employers, or documentation showing current status and recipients of public assistance.

(c) A signed statement by an employee of the Headstart agency, identifying which of these documents was examined and stating that the child is eligible to participate in the program, shall be maintained to indicate that verification has been made.

§ 1305.8 Fees policy.

A Headstart agency shall not prescribe any fee schedule or otherwise provide for the charging of any fees for participation in the program. If the family of a child determined to be eligible for participation by a Headstart program volunteers to pay part or all of the costs of the child's participation, the Headstart agency may accept the voluntary payments. Under no circumstances shall a Headstart agency solicit, encourage, or in any other way condition a child's enrollment or participation in the program upon the payment of a fee.

☆U.S. Government Printing Office : 1989 - 241-211/05300

U.S. DEPARTMENT OF
HEALTH AND HUMAN SERVICES
Washington, D.C. 20201

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Office of Human Development Services
Administration for Children, Youth and Families
Head Start Bureau

PROJECT HEAD START

Summary of the Program

Project Head Start is a demonstration program which provides comprehensive developmental services for low-income preschool children. Since its inception in 1965, Head Start has provided educational, social, medical, dental, nutrition and mental health services to over eleven million children and their families across the nation. Launched by the Office of Economic Opportunity, it is now administered by the Administration for Children, Youth and Families in the Department of Health and Human Services. As an innovative program, it has had a significant impact upon the thinking of educators, psychologists and other specialists in the child development field.

HEAD START PROGRAM GOALS

The Head Start Program is based on the premise that all children share certain needs, and that children of low income families, in particular, can benefit from a comprehensive developmental program to meet those needs. The Head Start program approach is based on the philosophy that:

(1) A child can benefit most from a comprehensive, interdisciplinary program to foster development and remedy problems as expressed in a broad range of services, and that

(2) The child's entire family, as well as the community must be involved. The program should maximize the strengths and unique experiences of each child. The family, which is perceived as the principal influence on the child's development, must be a direct participant in the program. Local communities are allowed latitude in developing creative program designs so long as the basic goals, objectives and standards of a comprehensive program are adhered to.

The overall goal of the Head Start program is to bring about a greater degree of social competence in children of low income families. By social competence is meant the child's everyday effectiveness in dealing with both present environment and later responsibilities in school and life. Social competence takes into account the interrelatedness of cognitive and intellectual development, physical and mental health, nutritional needs, and other factors that enable a developmental approach to helping children achieve social competence. To the accomplishment of this goal, Head Start objectives and performance standards provide for:

(1) The improvement of the child's health and physical abilities, including appropriate steps to correct present physical and mental problems and to enhance every child's access to an adequate diet. The improvement of the family's attitude toward future health care and physical abilities.

(2) The encouragement of self-confidence, spontaneity, curiosity, and self-discipline which will assist in the development of the child's social and emotional health.

(3) The enhancement of the child's mental processes and skills with particular attention to conceptual and communications skills.

(4) The establishment of patterns and expectations of success for the child, which will create a climate of confidence for present and future learning efforts and overall development.

(5) An increase in the ability of the child and the family to relate to each other and to others.

(6) The enhancement of the sense of dignity and self-worth within the child and his family.

The objectives of the parent involvement component of the Head Start program are to:

(a) Provide a planned program of experiences and activities which support and enhance the parental role as the principal influence in their child's education and development.

-- Small group size and low child-staff ratios; crowded classrooms and overworked teachers are the enemy of the gains that have been observed in quality programs; and

-- Comprehensive services; these include education, parent involvement, social services, and health services (medical, dental, mental health, and nutrition) that foster the child's overall development in the context of the family. The program must include needed special services for disabled children.

From its inception in 1965, Head Start has sought to provide comprehensive developmental services for children from low-income families. In carrying out this policy, Head Start has traditionally provided all children with essentially the same five-day-week, classroom-based development program. This approach has been successful in many important respects. However, Head Start experience has shown that the needs of children vary considerably from community to community and that to serve these needs most effectively programs should be individualized. In addition, experience to date suggests that, when Head Start Programs are designed in ways that take into account community resources and the capabilities of the local staff, a program can often be mounted that will improve services for children within present funding levels. Therefore, Head Start does permit and encourage local Head Start programs to develop and implement variations on the standard Head Start model. The program options available for local selection are as follows:

- the standard Head Start model
- variations in center attendance
- double sessions
- home-based models
- locally designed variations
- combination model which includes both home-based and center-based activities

- Lower absenteeism from school, fewer cases of anemia, more immunizations, better nutritional practices, and generally better health; and

- A positive impact on the attitudes of parents toward their children, favorable changes in their children's performance when they are highly involved, and an improvement in their employment and educational status.

An earlier evaluation of Head Start services to disabled children provided convincing evidence of the benefits of a Head Start experience to the roughly 13.5% of program participants who are in need of special education and related services by virtue of their disabling condition. Children in both Head Start and non-Head Start programs for the disabled benefited relative to disabled children not enrolled in preschool programs. In all instances, Head Start participants gained as much or more than disabled children in other programs. Head Start continues to be in the forefront of the provision of services to the preschool disabled child in a mainstream setting where the child can learn and play with the non-disabled child.

The findings from these studies will help in shaping better programs and policies for children and their families in the future. Some lessons stand out:

- First, a quality Head Start and other well-designed early intervention programs produce clear gains that can contribute to the child's and family's future life chances.

- Second, not all programs produce such benefits, but only those quality programs that incorporate aspects consistent with exemplary practices in preschool education and child development. These factors include the following:

  -- Involvement of parents; the parent is the child's first and best teacher and the family is the most important influence on the child's development;

  -- Quality teacher; after the parents, the child's teacher is the most important factor in program success. Head Start is striving to upgrade teacher quality through training programs like the Child Development Associate (CDA) for classroom staff with no previous degrees in early childhood education.

(b) Provide a program that recognizes the parent as:

(1) Responsible guardians of their children's well being.

(2) Contributors to the Head Start program and to their communities.

(c) Provide the following kinds of opportunities for parent participation:

(1) Direct involvement in decision making in the program planning and operations.

(2) Participation in classrooms and other program activities as paid employees, volunteers or observors.

(3) Activities for parents which they have helped to develop.

(4) Working with their own children in cooperation with Head Start staff.

(5) Participation in activities which will lead to self sufficiency.

Head Start Research and Evaluation Studies

In 1985, CSR, INC., Washington, D.C. reviewed approximately 1500 Head Start Research and evaluation studies and compiled a report titled "The Impact of Head Start on Children, Families and Communities." The results from the CSR report supports the earlier studies that show that Head Start continues to produce the following gains:

- Improvement in the children's performance on school achievement tests, including reading; gains in cognitive development; and fewer grade retentions and special class placements in elementary schools;

- Positive impact on children's achievement, motivation, self-esteem, socialization and the development of social mature behavior;

Head Start has shown a consistent record of changing with the times and thereby greater gains from the social investment. Today's programs are incomparably more effective than the 6-8 week summer activities of Head Start's beginning. Head Start programs today have increasingly adopted a family focus. Tomorrow's Head Start will have even greater worth to the children and families of America, based upon the impact of the program year the past 25 years.

Project Head Start
Administration for Children,
Youth and Families
Office of Human Development Services
Department of Health and Human Services
Washington, D.C. 20201

March 1990

U.S. GOVERNMENT PRINTING OFFICE: 1990 O—944-604

hds human development services	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Administration for Children, Youth and Families	
	1. Log No. ACYF-IM-90-10	2. Issuance Date: 3/9/90
	3. Originating Office: Head Start Bureau	
	4. Key Word: 1990 Income Guidelines	5.
	6.	7.

INFORMATION MEMORANDUM

TO: All Head Start Grantees and Delegate Agencies

SUBJECT: The 1990 Family Income Guidelines

BACKGROUND: Section 652 (a) and (b) of Public Law 99-425, the Human Services Reauthorization Act of 1986, provides for periodic revision of the poverty line by "multiplying the official poverty line (as defined by the Office of Management and Budget) by the percentage change in the Consumer Price Index during the annual or other interval immediately preceding the time at which the revision is made." The attached 1990 Family Income Guidelines reflect the recently revised poverty line data.

The definition of "income," printed on the back of the attached income guidelines, is derived from the U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 160 and earlier reports in the same series. It provides a more detailed explanation of the term "income" than is found in the Head Start regulations, CFR 1305.2(b)(6).

LEGAL AND RELATED REFERENCES: Human Services Reauthorization Act of 1986, Section 652 (a) and (b). Eligibility Requirements and Limitations for Enrollment in Head Start [45 CFR Part 1305.2 (b)(1)].

INQUIRIES TO: The appropriate OHDS Regional Office.

EFFECTIVE DATE: Immediately

Wade F. Horn, Ph.D.
Commissioner

1990 FAMILY INCOME GUIDELINES FOR HEAD START PROGRAMS

1990 FAMILY INCOME GUIDELINES FOR ALL STATES (EXCEPT ALASKA AND HAWAII), THE DISTRICT OF COLUMBIA AND PUERTO RICO

Size of Family Unit	Income
1	$ 6,280
2	8,420
3	10,560
4	12,700
5	14,840
6	16,980
7	19,120
8	21,260

For family units with more than 8 members, add $2,140 for each additional member.

FAMILY INCOME GUIDELINES FOR ALASKA

Size of Family Unit	Income
1	$ 7,840
2	10,520
3	13,200
4	15,880
5	18,560
6	21,240
7	23,920
8	25,600

For family units with more than 8 members, add $2,680 for each additional member.

FAMILY INCOME GUIDELINES FOR HAWAII

Size of Family Unit	Income
1	$ 7,230
2	9,690
3	12,150
4	14,610
5	17,070
6	19,530
7	21,990
8	24,450

For family units with more than 8 members, add $2,460 for each additional member.

DEFINITION OF INCOME

This means total annual cash receipts before taxes from all sources, with the exceptions noted below. Income data for a part of a year may be annualized in order to determine eligibility--for instance, by multiplying by four the amount of income received during the most recent three months.* Income includes money wages and salaries before any deductions; net receipts from nonfarm self-employment (receipts from a person's own unincorporated business, professional enterprise, or partnership, after deductions for business expenses); net receipts from farm self-employment (receipts from a farm which one operates as an owner, renter or sharecropper, after deductions for farm operating expenses); regular payments from Social Security, railroad retirement, unemployment compensation, strike benefits from union funds, workers' compensation, veterans payments, public assistance (including Aid to Families with Dependent Children, Supplemental Security Income, Emergency Assistance money payments, and non-Federally funded General Assistance or General Relief money payments), and training stipends; alimony, child support, and military family allotments or other regular support from an absent family member or someone not living in the household; private pensions, government employee pensions (including military retirement pay), and regular insurance or annuity payments; college or university scholarships, grants, fellowships, and assistantships; and dividends, interest, net rental income, net royalities, periodic receipts from estates or trusts, and net gambling or lottery winnings.

As defined here, income does not include the following types of money received: capital gains; any assets drawn down as withdrawals from a bank, the sale of property, a house, or a car; tax refunds, gifts, loans, lump-sum inheritances, one-time insurance payments, or compensation for injury. Also excluded are noncash benefits, such as the employer-paid or union-paid portion of health insurance or other employee fringe benefits, food or housing received in lieu of wages, the value of food and fuel produced and consumed on farms, the imputed value of rent from owner-occupied nonfarm or farm housing, and such Federal noncash benefit programs as Medicare, Medicaid, food stamps, school lunches, and housing assistance.

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* PLEASE NOTE: Head Start programs should adhere to Transmittal Notice 79.1, pages 7 & 8, Question #2 (cited below) for determining the period of time that should be considered when evaluating a family's income eligibility:

"For what period of time is income considered for eligibility - prior calendar year, prior twelve months, immediate situation?

The answer is that the time period shall be the twelve months immediately preceding the month in which application or reapplication for enrollment of a child in a Head Start program is made, or for the calendar year immediately preceding the calendar year in which such application or reapplication is made, whichever more accurately relates to the family's current needs."

HEAD START

- Head Start shows you don't have to be well-to-do to volunteer. Voluntarism is for everybody.

- Head Start works with families. It recognizes, as we say in our national education goals, that parents are a child's first teacher. Head Start encourages parents to become involved in the classroom, and even puts parents in charge. Without approval from a parents' council, a Head Start grantee can not continue to receive Head Start funds. Our schools have a lot to learn from Head Start on this point.

- As with any good program, we need to be frank about its successes and also its limitations. In reciting the things it can do, some would want to claim it cures the common cold.

- Right now the gains made by Head Start are not lasting for enough children. By third grade much of the gain made in Head Start is lost. Our schools need to do a better job preserving those gains.

Mary Kate:

I am *shocked, shocked, shocked* that you would not check with me before drafting remarks about Head Start.

If you haven't made any of the points on the attached sheet, think about it. Otherwise you'll see them in the comment process.

Sincerely,

Hanns Kuttner
A former nice guy

Patsy Simple - 245-7245
Mary Gall

EGG draft 5/21/90

Grant/Dooley
May 21, 1990
Draft two
A:START

BRIEF REMARKS: 25TH ANNIVERSARY OF HEAD START
THE ROSE GARDEN
THURSDAY, MAY 24, 1990
TIME? 11-11:15

Connie Horner-under SEC. HHS will be there-
Justine Pitchea says that several
Congressmen have been invited but
no responses yet.

((Acknowledgements))

First of all, Happy 25th Birthday to Head Start! Like all birthday parties, today we celebrate both where we've been and where we are headed.

In May, 1965, on a beautiful spring day right here in the Rose Garden, **a great idea became a working reality** -- President Lyndon Johnson signed the law that created Head Start. He said then that the program would "rescue these children from the poverty which otherwise could pursue them all their lives. The project is designed to put them on an even footing with their classmates as they enter school."

Presidential Documents LBJ: 5/18/65 P. 557

Since that day, Head Start has "rescued" **over 11 million children**, providing comprehensive development services to nearly half-a-million low-income children and their families every year. Head Start provides these children not only with preschool education, but with health and nutrition services as well. Ninety-nine percent of the children enrolled in Head Start get the medical attention they need. And for many children, Head Start gives them their best meal of the day.

Although Head Start brochure "H.S., A Child Development Program," 1990 Says "over 10.9 million." "H.S. Success Stories" says "over 11 million"

P3.1, Line 47

98% according to ~~H.S. Factual~~ Mary Gall's talking points. She says on pg. 2 that 99% (line 4) pass screening and 98% receive needed treatment.

Everyone agrees Head Start is a program that **works** for **children** -- by enhancing their school performance, and fostering success in life, and bringing children with disabilities into the

See Enclosed Comments

Patsy Semple at HHS is not sure what these career opportunities are, unless this phrase refers to parents who also work (volunteer) for H.S. (see enclosed note)

mainstream that much faster. Head Start also works for **families** -- by offering educational and ~~career~~ employment opportunities for parents, by building self-confidence in parents who participate in the programs, and by encouraging a commitment to improve their lives. ~~See Four~~ And it works for **the thousands of communities nationwide** where Head Start "graduates" give so much back to society, by building strong families and solid neighborhoods.

Today, over a third of the 80,000 Head Start staff members across America are former Head Start parents themselves. Parents like Eugenia Boggus, here with us today, who is now president of the National Head Start Association. — Talking points: Pg. 2, Line 24. H.S. Fact Sheet - pg.

Or Claude Endfield -- when she enrolled her child in the White Mountain Apache Indian Head Start program in 1973, she was unemployed. She became a volunteer at the Head Start Center, then a Head Start teacher, and today is program chairman of the Early Childhood Department at Northland Pioneer College in Arizona. Head Start gave her the skills and confidence she needed to turn her life around. "Success Story" P. 19.

But as vital as the parents and the staff are to the success of Head Start, we must congratulate the kids too. Many are grown up now, and because they were given an equal chance at the starting block -- they crossed the finish line on their own, and most of them winners.

Seba Johnson, for example, attended Head Start as a child in the Virgin Islands and, at the age of fourteen, became the first black woman skier to participate in the winter Olympics,

representing the Virgin Islands. Today she lives in Nevada, where she is training for the next winter Olympics -- ((presumably with the **Jamaican bobsled team**)) -- and is volunteering her time to help celebrate Head Start's twenty-fifth anniversary. And Carlos Jimenez who was a Head Start student in Pennsylvania in 1977. This year, Carlos is graduating from high school, third in his class of 320. A National Honor Society member, Carlos will attend college in California this fall. Or Carl Brenner, also a Head Start alumnus, who graduated first in his high school class and is now a senior cadet at the U.S. Air Force Academy. MK: This sentence does not make reference to Mr. Brenner's presence at the ceremony.

Sabra Johnson and Carlos Jimenez and Carl Brenner are failure's talking points but do not appear in "success stories."

These kids earned a lot of attention with their brilliant success stories. But there are also the quiet ones, special cases that otherwise might get overlooked. Take the example of Timothy Combs, a child born with Down's Syndrome who wasn't yet talking when he enrolled in Head Start at the age of three. Head Start provided Timothy with speech therapy and help for his ear problems. Two years later, Timothy was able to enroll in public school, where he continues to get the special attention that began in Head Start.

U.S. success stories P.13.

in Buffalo, West Virginia

There are so many stories to tell, and untold numbers of Americans to thank in Head Start centers around the country. These committed individuals have given their all to make Head Start a national treasure. The kids we have with us today are from Head Start programs throughout the Washington area, and by

getting them "ready to learn" today, we ensure that they too will have success stories to share tomorrow.

It is because of children like these -- and parents and staff like you -- that at the historic Education Summit last September, I asked every Governor in the Nation to join in our commitment to Head Start. We proposed the largest one-time funding increase in the history of Head Start -- a half billion dollars. I know that the Congress will join me in giving Head Start the best twenty-fifth birthday present possible -- enough money to enroll as many as 180,000 more children in Head Start.

Confirmed by Barbara Selfridge, OMB

As they say, that's a gift that "keeps on giving" -- by enriching the lives of our children, strengthening our families, and building our communities. To everyone who has supported Head Start for so many years, thank you, and God bless each one of you.

# # #

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2ND DOCUMENT of Level 1 printed in FULL format.

Public Papers of the Presidents

Remarks at a Briefing for Head Start Volunteers in Columbus, Ohio

25 Weekly Comp. Pres. Doc. 206

February 8, 1990

LENGTH: 4129 words

Ms. Clark. What I would like to do, President and Mrs. Bush, is to officially welcome you to our Head Start program and to Columbus on behalf of our board of trustees, our executive director, our policy council chairperson, the children of Head Start and their families, the staff, all of our community who work so very closely with us. We'd just like to say welcome.

The President. Well, we're very pleased to be here. Barbara -- the two of us in the family, see, this level of the family -- she knows much more about this because she's visited many Head Start programs. But I do want to say that when the Governors had the education meeting -- education summit -- everybody agreed that being ready to learn, the concept of -- what do you give, 18 years to it, or 20-some years? No, but some of us are just really getting out front now in something that many of you worked for a long time, and it is a national objective now. It's one of the key objectives. And so we have increased the funding and all of that for it.

But I really want to hear about parental involvement. I know some are parents here and the whole volunteer aspect of it, as well as the way it just works in practice. Because we believe -- the whole administration -- and it's not Republican or Democrat -- I think on this one its gets way across any partisan politics. And people are saying, Look, the time has come to put even more emphasis on that which a lot of you have given your lives to doing. So we're here to learn and listen and say, thank you, too.

Ms. Clark. Okay. What I think -- what I would like to do now is to go around and introduce all of us who are here. And I also think that our group is very representative of what you've just mentioned -- that it's not about partisanism between the parties, but that we're all here and we're working for one common cause.

I would like to introduce our president of our board of trustees, Mr. Richard Trelease.

The President. I met Richard.

Ms. Clark. One of our Head Start directors, Mrs. Christine Franklin, of our John the 23d Head Start program. One of our very faithful parents of John the 23d, Ms. Tamara Scruggs. My assistant director, Mrs. Mary Kay Dailey. The chairperson of our policy council, Mrs. Orlinda Jabbar. Our executive director, Mr. Curtis A. Brooks. And also a former Head Start student who has received an award from you for academic achievement in 1989. She received a Presidential Award and letter, Ms. Senta Clark.

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The President. How old are you, Senta?

Senta Clark. Seven.

The President. Seven -- all right!

Mrs. Bush. Oh, it's beautiful.

Ms. Clark. And her father, Mr. Nordholm Clark.

The President. How are you, sir?

Ms. Clark. Our Head Start director at Southwestern Head Start, Mrs. Jo Bostic. Our deputy executive director, Mr. William Conley. Another very faithful parent at Southwestern, Mrs. Shelly Cantrell. And I would like to introduce Mayor Veronika Shepard, from the village of Urban Crest, who started out as a Head Start parent. And Veronika may have started out about 22 years ago, I think, with myself. And since that time, she has elevated herself through the years. She is now the mayor of Urban Crest. And she has also just recently returned from a tour in Africa.

The President. Fantastic. I just want to be sure that when we're doing the introducing -- I know you all know, probably, Don Casey and Chalmers -- just so you -- we're so proud of them and glad they're with us. Chalmers Wiley.

Ms. Clark. Absolutely. And they are individuals who definitely give support to our program. Senator Casey and Congressman Wiley. Also at our State legislative level, we have Senator Eugene Watts, Representative Ray Miller. And also, Representative Dave Gilmore. And I'd like to commend our State legislative branch because through the sponsorship of Representative Ray Miller, the State of Ohio now is providing funding to Head Start for Head Start expansion to the tune of $19 million. So this is something really great for Ohio and I really just thank everyone.

The two in the back row --

The President. Smiling proudly.

Ms. Clark. -- smiling proudly -- [laughter]-- are my parents. Absolutely. Mrs. Alberta Clark and Mr. Spencer Clark.

Mrs. Bush. Your mother's the one who got you interested?

Ms. Clark. Absolutely. My mother's the one who got me interested. My mother is the one that, when Mr. Curtis Brooks came to our church, the Union Grove Baptist Church, and asked our minister, Reverend Phil Hill, if he could put a Head Start center in our church, and Phil Hill, Reverend Hill, said yes. And then my mother was called out and asked to serve on the committee that was reviewing. So I was very proud.

The President. And that was close to 18 -- how many years ago?

Mrs. Bush. Twenty-three, she said.

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The President. Twenty-two. I missed it, yes.

Mrs. Clark. I don't think I told you how old I was at the time. [Laughter]

The President. No, no you didn't.

Ms. Clark. Twenty-two years ago.

Mrs. Bush. Ten. [Laughter]

The President. Okay, well. But who's going to tell me how the -- am I supposed to just kind of ask questions, because I'm dying to ask a few questions. And I'd love to hear from the parents exactly how it works, how many parents end up getting involved. The more the better, we think, because it emphasizes not only -- helps when the kids go home and all, but it also is, I think, very good for strong family. But do you want to help me with that one?

Ms. Clark. Can I start you out just a little bit --

The President. Yes.

Ms. Clark. -- by saying that out of our entire staff -- which we have a staff of 161 individuals -- 50 percent are former Head Start parents.

The President. That's marvelous.

Ms. Clark. So, that gives us the beginning as to what our parents' involvement level is. And now I'm going to turn it over to our parents. I do want to say that we also have a home-based program. We recently converted over the past 2 years to home-base services, so we have a home-based parent; we have a center-based parent. And we have a parent who has done national training at our national Head Start conference.

The President. Tamara, tell us how it works.

Ms. Scruggs. Parent involvement is very important. It's important for the kids because the kids are always excited to have their parents come into the classroom and into the center to help.

The President. Just give me an honest percent. It is a hard -- it is tough. But what kind of percentage? Would 50 percent of them -- I mean, say, you have a room full of kids -- would 50 percent of their parents in one way or another try to be involved, or is that too high, or is that too low? Too high. So some don't, in other words.

Ms. Franklin. Some don't because -- that it's a low income program and the parents are just having so much trouble with things at home that sometimes it's kind of hard. We do have a very good parent involvement. The staff is very instrumental in bringing parents into the school --

The President. Maybe I could ask Mr. Clark -- obviously, your daughter, Senta, is doing pretty darn well -- don't be embarrassed -- [laughter] -- pretty darn well. What do you think she got in Head Start that maybe other kids that didn't get to go to Head Start program would?

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Mr. Clark. Well, I think it prepared her for -- it's almost like when a kid is in high school getting ready for college. Head Start prepared her for elementary school. And it taught her a lot of things that I probably I couldn't have taught her at home at 3 years old. And, therefore, as she got further on in school she excelled and, one day, turned around and you sent her a letter. [Laughter]

The President. The expression, Mr. Clark, that we use on that -- and I expect all the pros around here know this -- but it's ready to learn. I mean, it's not the final, obviously, learning experience, but the concept is, let's get these kids ready to learn. And perhaps that's exactly what happened.

Did you like it, Senta? Do you remember -- you're too old now, but do you remember much about the program? Did you want to go when your dad said, he, you're going to go to Head Start? Or were you saying, no, I'd rather hang out here at home? When you were little, I mean.

Senta. I wanted to go.

The President. Yes. And then liked it when you were there?

Senta. Yes.

The President. That's great. Now what do you do? What's your interest now that you're older? Any one subject, or anything?

Senta. Math.

Mrs. Bush. That will please the President. [Laughter]

The President. Math. That's great. Who else wants to chip in on this and how it works from teachers, or volunteers, or --

Mrs. Bush. I wanted to ask about the parents, if you -- because I'm into literacy -- if you have programs for furthering education.

The President. And the response down there?

Ms. Shepard. I would like to touch base on that. Even though I'm a past parent, if it hadn't been for the Head Start program encouraging and giving me the incentive to further my education, I really feel that I wouldn't be now in the position I'm in as mayor of Urban Village. And that's one thing Head Start does promote with parents, is to further your education, right along with your child. So it gives a holistic approach when you go into the Head Start program. It touches the whole family, everybody.

Mrs. Bush. The other thing -- I've been briefed on Head Start -- but I'm so thrilled that they get physicals and dentals and hot meals. I mean, it's a wonderful program.

Ms. Clark. Absolutely. The total comprehensive approach. But to get back to the question in regards to literacy: We do have GED classes that are operating in our program. And what we're finding, and most especially I've seen this in the last couple of weeks -- we have parents that are attending the GED classes. And then some of them are coming to me, letting me know that

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individuals from their community, or neighbors, are wanting to know, can they attend the classes? So, they're coming back and saying, "Ms. Clark, can someone else come?" Or, "I have a friend, she would like to come into the GED class." And we're opening up the doors, of course, and saying yes. And when Senta talks about math being a likable subject to her -- we also have a math and science program that we're initiating. And we're doing this through the National Urban Coalition, who is promoting math and science. And what we're hoping to do through the GED classes is to also extend that into our math and science --

Mrs. Bush. That's wonderful.

Mr. Conley. One of the things I would like to just add, too -- when you talk about parents -- is that we recognize that it's not sufficient to just work with the children. That's wonderful, but you've got to do something about the environment from which the families come. And as the overall agency preparing for Head Start, we've been instrumental in accessing other kinds of resources that can impact on the family. As an example, specifically with the parents, is a new program that we have called Project HOPE. That stands for Head Start Opportunities for Parents through Education by Employment.

What we have done was to write for competitive -- which we would receive from the HHS. And with that we were working intensively with a group of parents. We work with 150 people -- well, actually, 75 will be an experimental program because this is a demonstration effort. And we hope by that to be able to show through intensive case work, through education, that we can involve the parents in some kind of a training and job placement and so on. That's going to make them more successful --

The President. Good point.

Mr. Brooks. Our goal, of course, is self-sufficiency. Bill is right there. We look forward to a more advanced kind of family planning. I think the leader is doing something magnificent right now. And we just basically believe in the holistic approach. The Head Start child is there because the family is poor. And we're trying our best to come up with strategies to get them out of poverty. One of the problems we, of course, have is that our operatinjg funds come out of community service -- and, of course, that is not in the budget. I talked to the national office this morning and they said that Senator Mark Hatfield would be by to see you to discuss that with you, because he's sponsoring that --

The President. You know, it is tough when you have to make choices. This funding for Head Start dramatically up and then some of these other things. So we'll have to see what we can be helpful in.

Mrs. Bush. How about volunteers in the private sector? Do they get involved?

Ms. Clark. Yes. Yes, they do.

The President. And you're talking about Head Start?

Mrs. Bush. In Head Start, yes. But what -- I mean, do corporations get involved and help? Or -- with equipment? Or volunteers as one on one?

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Ms. Clark. Well, we have a lot of one-on-one volunteer efforts that take place. We see the involvement of other community agencies and organizations that work with us. And I think very recently we've had several different agencies that have been calling or sent letters. And maybe Mary Kay might want to speak to a couple of them. Some of the girls that have come in and one of the sororities.

Ms. Dailey. The Methodist children's home here called and they wanted to know if they can send some young ladies. And they were 14 to 17 years old.

Mrs. Bush. Perfect.

Ms. Dailey. I saw that as a beautiful age for the children. And seven of them came last Friday to one of the centers, and the ladies that came were fantastic. Now, what are they going to do? I think if they just go in and sit down with the children, they don't need to tell you what they'll do. And they just went in and they sat a minute, but the children came to them and they went to the children, and they went right off into the afternoon's activities.

The President. What will they do if they keep up their interest? They'll come back once a week or --

Ms. Dailey. Yes.

The President. Something like that?

Ms. Dailey. This group will come back once a week every Friday.

The President. Yes.

Ms. Dailey. They gave a commitment to them. So that was really, really a good thing.

Mr. Trelease. As president of the board I guess that makes me the chief volunteer.[Laughter] Your presence and what you just said should help strengthen further efforts getting our community involved. All local people in the room would honestly tell you Columbus is in an era of growth and development unparalleled in its history. That will only remain as strong as the youth in our communities and the involvement of more people in our community. And I think your visit here is -- I can really salute both of you for being here because it underscores the relationship that's needed to move us even further.

Ms. Franklin. I would like to add to that. We have six of our high school children in West Side and in our centers working with our -- what we call the bottom -- who are in our program -- and we're working on a way to eliminate that through the -- [inaudible]. It's been very, very fine in the classrooms.

Mrs. Bush. I hope some corporations will get involved and help you, too.

Ms. Clark. Yes, we're hoping that also.

Mrs. Bush. Maybe with jobs for the parents -- in some fringe way or --

The President. You were going to say something, and I think you got preempted, Ms. Jabbar? Or were you? Maybe I had it wrong, but I thought you

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were getting up there on the edge -- [laughter] -- What end of it are you in now?

Ms. Jabbar. I'm a parent in the program and I'm the Policy Council Chairperson. And the Policy Council --

The President. Here in this installation here?

Ms. Jabbar. Yes.

The President. So, it's a neighborhood -- it's not citywide, in other words?

Ms. Jabbar. It's a county-wide.

The President. County-wide. Yes, yes. You have a kid in Head Start now?

Ms. Jabbar. My child was in --

The President. Was in, yes.

Ms. Clark. Because she had a 2-year turn as a chairperson.

The President. I see, I see.

Ms. Jabbar. But I've had two kids go through the Head Start program. And when they finished, like Veronika said was that I've grown being involved in the Head Start program and volunteering and so forth. I have grown, and I think with the Head Start program they have given me marketable skills that I know that I can go out and use in the outside world.

The President. You know, a lot of pressure in the communities, of course -- financial, you mentioned a lot of the kids out of impoverished homes and all -- but do you detect a -- is there more interest in parents in trying now, given all the pressures from narcotics in communities all across the whole country? I mean, these pressures -- it's not one neighborhood. I mean, do you find that the pressures of society are making parents more like you, more willing to volunteer and get involved, or not? Or is it -- do we just have to do a lot better in that? Maybe Veronika could help? I mean, I don't know. I'm really asking. I don't have an opinion. I wish your answer was, look people are waking up realizing they got to hold these families together, and they're going to do what you did. I'm not sure that we're there yet. We want to try to help as best we can in encouraging this approach. But you get a feeling on it?

Mr. Brooks. Mr. President, I can simply say that when we recruit for this program every year, I have watched the parents grow. And they are growing to a point now where -- we only used to talk to maybe 200 or 300 -- and I went in the room the other day when the recruiting session came, and there were about 700 parents in there.

The President. That is encouraging.

Mr. Brooks. So, I think that the emphasis that you're putting on education is reaching a lot of people. And I don't think you need to short-change yourself on that. You are causing some things to happen.

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The President. Do you all have a program called Cities in Schools in Columbus? New York has it -- one of these -- where they get -- it really is -- it's not a Head Start necessarily, but it's to encourage -- it's a mix where the city government and private sector gets involved in trying to get almost -- it's not replacing parents, but bolstering --

Mrs. Bush. At-risk children.

The President. -- at-risk children. Encouraging them to go. Seeing that they're not just totally neglected when they leave school and go home. But you don't have that particular program here, I guess. It's a volunteer --

Ms. Clark. High school level.

The President. Yes, that's good.

Mr. Trelease. But I think one of the aspects you'd be interested in is the home-based part of the program. We have a parent who is --

The President. Shelly, you're on. [Laughter] Your big moment. Address yourself to Dan Rather, wherever he may be. [Laughter]

Ms. Cantrell. Well, I'd like to say about the home base is that it's important for us because we live in a rural area and the bus doesn't come to us. And without the home base, my child wouldn't be in Head Start. And I have a time now each week where we have a one-on-one together. And it helps every day, because we have an activity to work on. And I don't think without the Head Start I would be as conscious of what my children need for their education.

Mrs. Bush. Does someone come to your house one day a week?

Q. Every Monday she comes for an hour and a half and she tells us an activity to work on. And it could be colors or shapes. This week we're working on matching.

Mrs. Bush. But she sets you up for the week?

Q. Yes. And then she'll come back and she'll ask us how we did -- if my child is ready to do that part. There was an activity that she just wasn't ready to do yet, and so we changed it to something that my child is ready to do. And it's like you say, ready to learn -- she's getting ready.

The President. That's encouraging.

Mrs. Bush. You have more than one child?

Q. I have three.

Mrs. Bush. That keeps you pretty busy.

The President. Ms. Bostic, you've been strangely silent here. Now, you're entitled to equal time here.

Ms. Bostic. Okay. I was thinking in terms of Head Start really, unlike a lot of programs, reaches out to parents. And we do have families that have

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very serious problem. More serious than years ago when I first started. But we don't give up on them, and we do go out -- and we have a lot of opportunities for them to get involved. Maybe not necessarily in the classroom, but doing things at home, coming to meetings, or even working with an individual. So, I think our approach to reaching out has made a difference. We don't wait for parents to come to us.

Ms. Clark. Some of that we can see in our average daily attendance. You know, with the Head Start regulations, we have a triggering point, which is 85 percent average daily attendance, that we know we must maintain. And what we've been seeing over this past school year is that we had parents that are sending their children 100 percent of the time. And then we have -- outside our council level, we let the different centers know, so parents are now beginning to compete with another -- their center against another center as to how many of us can get our kids here every day. So, when we talk about parent involvement, to me that's a part of the starting point. When I see that parents are bringing their children every day, that's a starter. Then there are some that do work in the classroom or some who come to the parent meetings, but we know that they are all involved to some degree.

We're going to have to begin to wrap up, right after my supervisor speaks. [Laughter]

Mr. Conley. I see that you're on a schedule and I saw the cue for us to begin to wrap up, but I think we would be remiss if we didn't point out to you the drawings that the children did.

The President. Let's see these.

Mr. Conley. Some of which are portraits of you and Mrs. Bush. [Laughter]

Mrs. Bush. I don't see me yet.

The President. Here you are. [Laughter]

Mrs. Bush. What's your waiting list?

Ms. Clark. Our waiting list? We've been maintaining something like about 800 children on a waiting list. So, we're really looking forward to the expansion, because we have a lot of individuals that call and we just aren't able to serve them all.

Mrs. Bush. I think yours is better than mine is. [Laughter]

The President. What are you talking about?

Ms. Clark. There's another one up there.

Mrs. Bush. Identical. [Laughter]

The President. So sweet.

Mr. Conley. And we'd also like you to know that we're extremely proud of our Head Start staff and --

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Ms. Clark. Child Development Associate Credential, that's a competency-based credential, that HHS [Health and Human Services]encourages our staff to receive. And at the present, 80 percent of our staff are to be degreed or credentialed with the competency-based credentials.

The President. That's great. Well, everybody I hope had a say, but I really appreciate this opportunity to learn. It's funny, you go -- you wonder -- all the lights and the, kind of, hustle and the holding rooms, but it all adds up. I mean, you do this and then, tomorrow, well, maybe have a chance. And Barbara will come home and say what she did at the hospital or the school, you know. And I think it's a wonderful thing that we feel kind of uplifted when we get -- we love living in this beautiful house that this guy drew over here. [Laughter] It's got two windows and a door. But it is wonderful, and I appreciate you all taking the time to help explain it to us.

Q. Okay, and on behalf of all of us here in our total program, I would like to thank you and Mrs. Bush very, very much. And I hope that God will continue to bless you in your leadership, to protect us and to lead us.

The President. Well, thank you so much.

Note: The President spoke at 3:02 p.m. at St. Aloysius Family Service Center.

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5/90

THE WHITE HOUSE

WASHINGTON

SCHEDULE PROPOSAL

TO:	JOSEPH W. HAGIN, II DEPUTY ASSISTANT TO THE PRESIDENT FOR APPOINTMENTS AND SCHEDULING
FROM:	DAVID Q. BATES ASSISTANT TO THE PRESIDENT AND SECRETARY TO THE CABINET
REQUEST:	That the President address the 25th Anniversary of Project Head Start
BACKGROUND:	On May 18, 1965, President Johnson officially launched Project Head Start. Head Start has served over 11 million economically disadvantaged children and their families. This event will provide an opportunity to highlight the Administration's support for Head Start, as evidence by the $500 million funding increase requested in the President's FY 1991 budget.
DATE:	Anytime during the month of May, 1990
LOCATION:	Rose Garden
PARTICIPANTS:	Approximately 300 people, including members of the Cabinet, members of Congress, current and former Head Start children and department officials.
MEDIA COVERAGE:	Open press
REMARKS:	Yes
RECOMMENDED BY:	Justine D'Andrea (x2800)

Patsy Arnold
755-7670

U.S. DEPARTMENT OF
HEALTH AND HUMAN SERVICES
Office of Human Development Services
Office of the Assistant Secretary
202-245-7246
Washington, D.C. 20201-0001

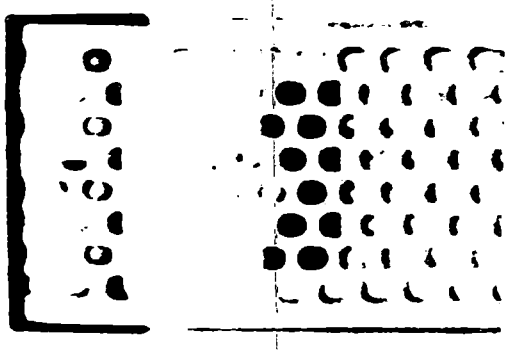
hds
human
development
services

April 11, 1990

Dear Justine:

Attached is the proposal for a White House ceremony celebrating the 25th Anniversary of Project Head Start. Margy discussed this with you earlier, and I would appreciate your comments.

Mary Sheila Gall



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of
Human Development Services

Assistant Secretary
Washington, DC 20201

DATE : APR 12 1990

TO : Joseph W. Hagin II
Deputy Assistant to the President
for Appointments and Scheduling

FROM : Assistant Secretary
for Human Development Services

SUBJECT: Proposal for a White House Head Start Celebration in May 1990

PURPOSE

The purpose of this memorandum is to provide information and alternatives regarding various aspects of the proposed White House Ceremony in May 1990.

BACKGROUND

Although the 25th Anniversary of Project Head Start is being celebrated at several key events in 1990, the major event for the year is a proposed White House Ceremony during the month of May for 300 persons who have made significant contributions to the Head Start program. It was on May 18, 1965, in the Rose Garden of the White House, that President Lyndon B. Johnson officially launched Project Head Start. Since that date, Head Start has served over 11 million economically disadvantaged children and their families.

The following information highlights each of the major aspects of the proposed May event, including suggestions regarding location and time, theme, invitees, letter of invitation, banner; program activities, speaking points, packets of materials for the media and others; and press access to selected invitees.

LOCATION AND TIME

The event will take place in the Rose Garden of the White House during the afternoon. In case of inclement weather it is expected that the event will be moved into the White House.

THEME

The 25th Anniversary theme is "Head Start: Building America's Future." This theme could be expanded to include a reference to families. A possibility would be modifying the theme to state "Head Start: Building America's Future By Empowering Families."

This event will provide an opportunity to highlight the Administration's support for Head Start, as evidenced by the $500 million funding increase requested in the President's FY 1991 budget.

LIST OF INVITEES

The list of invitees will be comprised of three hundred persons who have made significant contributions to the Head Start program. These individuals will include current and former Head Start children, parents and staff; a number of the program's early planners; selected Governors, members of Congress, representatives of appropriate national organizations and corporations, members of the media; and officials of the Department of Health and Human Services, including OHDS Regional Administrators.

Please refer to Attachment A for a tentative list of invitees.

LETTER OF INVITATION

A letter of invitation to this special 25th anniversary event will be prepared and issued by the White House. Invitees will RSVP directly to the White House, providing required information, such as social security number. DOB

BANNER

We would like to suggest that a large Head Start banner be displayed at the White House on the day of the event, possibly as part of the background for the Rose Garden activities. The message across the banner will be simply HEAD START.

This banner will be provided by the Department of Health and Human Services.

PROGRAM CONTENT

The spirit of the program activities will be a celebration of diverse Head Start children and families. Program participants will represent Head Start's broad spectrum of race, ethnicity and children with disabilities. It is suggested that the program begin with the Presentation of Colors (including the Head Start flag) by the Girl Scouts of the U.S.A. Hopefully, among the color guard will be one or more former Head Start girls and their parent(s).

We would like to involve as many children as possible in appropriate ways. Therefore, it is suggested that two children working together will introduce the President before he makes his remarks. Also, that two to three children present the First Lady with a large scrap book which will be a compilation of individual pieces of art from the many children present. Each drawing, collage, finger painting or easel work will comprise an individual page and will include the child's dictated story about their creation. The preparation of such a gift not only allows for a creative and developmentally appropriate activity for little children but also puts the emphasis on "creating" rather than "buying". Moreover, it is in keeping with Mrs. Bush's interest in stimulating children's excitement for the world of words.

It is also suggested that a group of Head Start children sing one or two happy songs for the gathering.

SPEAKING POINTS

Speaking points will be prepared for the President and First Lady. The President's remarks will emphasize his strong support for Head Start; his desire to invest in children and make one year of the comprehensive Head Start experience available to every eligible child before they begin school so that they will be ready to learn. He will also mention the impact Head Start has on parents and staff and the far reaching influence this has on all members of the family--not just the Head Start Child. To highlight this point, President Bush will recognize two Head Start families who exemplify

Head Start success. He will also stress the importance of Head Start's work in reducing and preventing substance abuse; improving the literacy skills of parents, and increasing their employability. In this regard, he will refer to public and private partnerships in support of mutual goals. In closing, the President will announce that Head Start communities across the country, during the month of May, are engaged in planting trees as a way of highlighting nature conservation, and in celebration of Head Start's 25th anniversary.

Speaking points for the First Lady will emphasize her belief in the family. She will praise the way in which Head Start has taken a large national program and individualized it for each child so as to support their social-emotional growth, enhance their self-esteem and promote their intellectual skills as well as physical growth. And all of this is done with the involvement of their parents, recognizing and supporting the parent(s) as the child's primary educator.

PACKETS OF MATERIALS

Prior to their arrival at the White House, packets of informational material will be provided to each invitee. Materials will be available at the White House for the media.

The following information materials will be included in a special 25th anniversary folder that Head Start is using this year:

- Project Head Start Statistical Fact Sheet: FY 1990
- Brochure - Head Start: A Child Development Program
- Head Start Success Stories
- The April Issue of Scholastic Magazine's "Pre-K Today" which will be a salute to Head Start. This special issue will feature five programs which are doing particularly noteworthy things relative to community and parent involvement.
- A model news release will be included for participants to use in contacting their local media when they return to their communities.

PRESS ACCESS TO SELECTED INVITEES

Following the Ceremony there will be an opportunity for media representatives to meet with four or five Head Start successes in a designated area of the White House.

Mary Sheila Gall

Attachment

ATTACHMENT A

LIST OF INVITEES

DHHS Officials

1. Secretary Louis Sullivan
2. Mary Sheila Gall
   Assistant Secretary
   for Human Development Services
3. Wade F. Horn
   Commissioner, Administration for Children,
   Youth and Families (ACYF)
4. Jeffrey Rosenberg
   Special Assistant to the Commissioner, ACYF
5. Joseph Mottola
   Deputy Commissioner, ACYF
6. Clennie H. Murphy
   Associate Commissioner, Head Start Bureau

7-19. Regional Administrators

20. Director, Office of Regional Operations

Head Start Bureau Staff

21. Marlys Gustafson
22. James Kolb
23. Douglas Klafehn
24. Merrily Beyreuther
25. Willistine Broadus
26. Mary Lewis
27. Trellis Waxler
28. Phyllis Stubbs
29. Betty Kelson
30. Charles Jones
31. Rossie Kelly
32. E. Dollie Wolverton

33-45. Other Head Start Bureau Staff

Early Planners

46. Robert Cooke
47. Julius Richmond
48. Jule Sugarman
49. Richard Orton
50. Sargent Shriver
51. Lady Bird Johnson
52. Joseph Califano
53. Fred Green
54. James Hymes
55. Elliot Richardson
56. Edward Zigler
57. Betty Caldwell
58 Urie Bronfebrenner
59 Irving Lazar
60. Lois-ellin Datta
61. Senator Daniel Moynihan
62. Edmund Gordon

Others Associated with Head Start in the Earlier Years

63. James Robinson
64. Henlay Foster
65. Jenni Klein
66. Saul Rosoff
67. Virginia Rainey
68. Linda Randolph
69. Sue Sadow
70. Gertrude Hunter
71. Christine Branch
72. Barbara Kamara
73. Marge Elsten
74. Dorcas Hardy
75. Stan Thomas
76. Jack Daschbach
77. Dick Schwartz
78. Bambi Cardenas
79. Marge Elsten
80. Mary White
81. Dominic Mastrapasqua
82. Rebecca Shuey
83. Sylvia Pechman
84. Elaine Williams
85. Aaron Henry
86. Ray Collins
87. Preston Bruce
88. Betsy Draper
89 Winona Sample
90. Sister Cecilia Abhold

Others

91. Carolina Diaz
92. Adele Hall
93. John Francis
94. Dwayne Crompton
95-100 Additional "Others"

Governors

101. Terry Branstad, Iowa
102. Garrey Carruthers, New Mexico
103. Carroll Campbell, Jr., South Carolina
104. Booth Gardner, Washington
105. Guy Hunt, Alabama
106. Clinton Ashcroft, Missouri
107. John McKernan, Jr., Maine
108. Michael S. Dukakis, Massachusetts
109. Rudy Perpich, Minnesota
110. Edward D. Prete, Rhode Island
111. Gaston Caperton, West Virginia
112. James J. Blanchard, Michigan

Members of Congress

113. Tom Tauke, Iowa
114. Dale Kildee, Michigan
115. William Natcher, Kentucky
116. Gus Hawkins, California
117-126. Other members of Congress

Congressional Staff

127-135. Congressional staff members

National Head Start Association

136. Jim Matlack
137. Don Bolce
138. Eugenia Bogus
139-140. Other staff

National Representation

141-177. Representatives from among the 12 regional areas based on their long standing association with Head Start.

Local Children, Parents and Staff

178-208. Head Start Children
209-239. Parents of the participating children
240-250. Local Head Start Staff

Head Start Successes

251-260. Those who will be recognized as Head Start successes

Public - Private Collaboration

261. IBM
262. Texas Instruments
263. Hallmark Cards
264. General Foods
265-269. Other representatives of public/private collaborations

National Organizations

270. Council for Exceptional Children
271. National Association for the Education of Young Children
272. Southern Association for Children Under Six
273. National Indian Education Association
274. American Academy of Pediatrics
275. National Association of Child Development Specialists in State Departments of Education
276. American Speech, Language and Hearing Association
277. National Association of Social Workers
278. American Public Health Association
279. National Black Child Development Institute
280. Americans for Indian Opportunity
281. Child Welfare League of America
282. National Association of State Boards of Education
283. National Association of Elementary School Principals

284. Council of State Chief School Officers
285. American Association of School Administrators
286. National School Boards Association
287. National Association of Governors
288. National Conference of State Legislators
289. Children's Defense Fund
290. American Association of Community and Junior Colleges
291. Council for Early Childhood Professional Recognition
292. Girl Scouts of the U.S.A.

Discretionary Invitations

293-296. Invitations to be issued at the discretion of the Assistant Secretary
297-300. Invitations to be issued at the discretion of the Commissioner

Peggy -
Here's what WH's sent over.
Justine
5/17

SUGGESTED TALKING POINTS
WHITE HOUSE HEAD START EVENT

LIKE ALL BIRTHDAY PARTIES, TODAY WE CELEBRATE WHERE WE'VE BEEN AND, MOST IMPORTANTLY WHERE WE ARE HEADED.

IN MAY, 1965, A GREAT IDEA BECAME A REALITY -- PRESIDENT LYNDON JOHNSON SIGNED THE LAW THAT CREATED HEAD START. SINCE IT'S BEGINNING, HEAD START HAS SERVED OVER 11 MILLION CHILDREN.

TODAY, TWENTY-FIVE YEARS LATER, HEAD START PROVIDES COMPREHENSIVE DEVELOPMENT SERVICES TO 488,000 LOW-INCOME CHILDREN AND THEIR FAMILIES EVERY YEAR. FOR THESE NEARLY HALF-A-MILLION CHILDREN, HEAD START PROVIDES NOT ONLY PRESCHOOL EDUCATION, BUT HEALTH AND NUTRITION SERVICES AS WELL. NINETY-NINE PERCENT OF THE CHILDREN ENROLLED IN HEAD START COMPLETE MEDICAL SCREENING. AND 98 PERCENT OF THESE CHILDREN WHO NEEDED TREATMENT WERE ABLE TO RECEIVE TREATMENT THANKS TO HEAD START. FOR MANY OF OUR HEAD START CHILDREN, HEAD START GIVES THEM THEIR BEST MEAL OF THE DAY.

HEAD START IS A PROGRAM THAT WORKS, AND ONE OF THE FEW FEDERAL PROGRAMS HERALDED BY ALL, REPUBLICAN AND DEMOCRAT ALIKE. HEAD START WORKS FOR CHILDREN -- THE GAINS HEAD START PROVIDES, AND THE BOOST IT GIVES CHILDREN AS THEY WORK TO MASTER THEIR WORLD -- ARE WELL DOCUMENTED. HEAD START WORKS FOR PARENTS. TODAY, OVER 35% OF THE 80,000 HEAD START STAFF MEMBERS AROUND THE COUNTRY ARE FORMER HEAD START PARENTS THEMSELVES. PARENTS LIKE EUGENIA BOGGUS, A HEAD START PARENT WITH US TODAY WHO IS NOW PRESIDENT OF THE

(2)

NATIONAL HEAD START ASSOCIATION. AND HEAD START WORKS FOR THIS COUNTRY, HELPING 2,000 COMMUNITIES NATIONWIDE TO BUILD STRONG FAMILIES...AND STRONG COMMUNITIES.

IF IT WERE POSSIBLE, I WOULD PERSONALLY THANK THE UNTOLD NUMBERS OF PEOPLE WHO HAVE WORKED SO HARD, FOR SO LONG TO MAKE HEAD START A NATIONAL TREASURE. PEOPLE LIKE SEBA JOHNSON WHO ATTENDED HEAD START AS A CHILD IN THE VIRGIN ISLANDS AND, AT THE AGE OF FOURTEEN, BECAME THE FIRST BLACK WOMAN SKIER TO PARTICIPATE IN THE WINTER OLYMPICS, REPRESENTING THE VIRGIN ISLANDS. TODAY SHE LIVES IN NEVADA, WHERE SHE IS TRAINING FOR THE NEXT WINTER OLYMPICS, AND IS VOLUNTEERING HER TIME TO HELP CELEBRATE HEAD START'S TWENTY-FIFTH ANNIVERSARY. AND CARLOS JIMENEZ WHO WAS A HEAD START STUDENT IN PENNSLYVANIA IN 1977. THIS YEAR, CARLOS IS GRADUATING FROM HIGH SCHOOL, THIRD IN HIS CLASS OF THREE-HUNDRED-AND-TWENTY. A NATIONAL HONOR SOCIETY MEMBER, CARLOS WILL ATTEND COLLEGE IN CALIFORNIA THIS FALL. OR CARL BRENNER, A HEAD START GRADUATE, WHO IN 1986, WAS FIRST IN HIS HIGH SCHOOL GRADUATING CLASS, IS NOW A SENIOR CADET AT THE AIR FORCE ACADEMY. HERE IN WASHINGTON, THERE IS HELEN TAYLOR, DIRECTOR OF A WASHINGTON HEAD START PROGRAM, WHO ALSO HAS BEEN WITH HEAD START SINCE THE BEGINNING.

THE LIST GOES ON . . . IT INCLUDES CLAUDE ENDFIELD -- WHEN SHE ENROLLED HER CHILD IN THE WHITE MOUNTAIN APACHE INDIAN HEAD START PROGRAM IN 1973 SHE WAS UNEMPLOYED, BECAME A VOLUNTEER AT THE HEAD START CENTER, THEN A HEAD START TEACHER, AND TODAY IS PROGRAM CHAIRMAN OF THE EARLY CHILDHOOD DEPARTMENT AT NORTHLAND PIONEER

Mary Kate Grant | Ex 115

Patsy Semple
(HHS) 245-7246

Grant/Dooley
May 21, 1990
Draft two
A:START

11:15 4/4 - Building Futures "Head Start Future." 1965-1990

BRIEF REMARKS: 25TH ANNIVERSARY OF HEAD START
THE ROSE GARDEN
THURSDAY, MAY 24, 1990
TIME? 11-11:15

~~Advance~~ x~~7505~~ Scheduling x7560 - Under sec. of ~~Education~~ HHS Connie Harper

No Congressional response yet.

((Acknowledgements)) Justine D'Andrea/Cab. Affrs. x2800

First of all, **Happy 25th Birthday to Head Start!** Like all birthday parties, today we celebrate both where we've been and where we are headed.

Led Sheyl.

~~do not need date~~

In May, 1965, on a beautiful spring day right here in the Rose Garden, **a great idea became a working reality** -- President Lyndon Johnson signed the law that created Head Start. He said then that the program would "rescue these children from the poverty which otherwise could pursue them all their lives. The project is designed to put them on an even footing with their classmates as they enter school."

Pres. Docs. LBJ, 5/18/65

Johnson remarks

President Does. LBJ 5/18/65

"Head Start-A Child's New Program"

Since that day, Head Start has "rescued" **over 11 million children**, providing comprehensive development services to nearly half-a-million low-income children and their families every year. Head Start provides these children not only with preschool education, but with health and nutrition services as well. Ninety-nine percent of the children enrolled in Head Start get the medical attention they need. And for many children, Head Start gives them their best meal of the day.

Head Start Brochure Pg. 6, line 47: "over 10.9 million" (11 as of 1988)

(98% according to Brochure)

Talking points Head Start

Everyone agrees Head Start is a program that **works** for **children** -- by enhancing their school performance, fostering

Young A

"Head Start Success Stories"

success in life, and bringing children with disabilities into the mainstream that much faster. Head Start also works for **families** -- by offering educational and career opportunities for parents, by building self-confidence in parents who participate in the programs, and by encouraging a commitment to improve their lives. And it works for **the thousands of communities nationwide** where Head Start "graduates" give so much back to society, by building strong families and solid neighborhoods.

Today, over a third of the 80,000 Head Start staff members across America are former Head Start parents themselves. Parents like Eugenia Boggus, here with us today, who is now president of the National Head Start Association.

Or Claude Endfield -- when she enrolled her child in the White Mountain Apache Indian Head Start program in 1973, she was unemployed. She became a volunteer at the Head Start Center, then a Head Start teacher, and today is program chairman of the Early Childhood Department at Northland Pioneer College in Arizona. Head Start gave her the skills and confidence she needed to turn her life around.

But as vital as the parents and the staff are to the success of Head Start, we must congratulate the kids too. Many are grown up now, and because they were given an equal chance at the starting block -- they crossed the finish line on their own, and most of them winners.

Seba Johnson, for example, attended Head Start as a child in the Virgin Islands and, at the age of fourteen, became the first

black woman skier to participate in the winter Olympics, representing the Virgin Islands. Today she lives in Nevada, where she is training for the next winter Olympics -- ((presumably with the **Jamaican bobsled team**)) -- and is volunteering her time to help celebrate Head Start's twenty-fifth anniversary. And Carlos Jimenez who was a Head Start student in Pennsylvania in 1977. This year, Carlos is graduating from high school, third in his class of 320. A National Honor Society member, Carlos will attend college in California this fall. Or Carl Brenner, also a Head Start alumnus, who graduated first in his high school class and is now a senior cadet at the U.S. Air Force Academy.

These kids earned a lot of attention with their brilliant success stories. But there are also the quiet ones, special cases that otherwise might get overlooked. Take the example of Timothy Combs, a child born with Down's Syndrome who wasn't yet talking when he enrolled in Head Start at the age of three. Head Start provided Timothy with speech therapy and help for his ear problems. Two years later, Timothy was able to enroll in public school, where he continues to get the special attention that began in Head Start.

There are so many stories to tell, and untold numbers of Americans to thank in Head Start centers around the country. These committed individuals have given their all to make Head Start a national treasure. The kids we have with us today are from Head Start programs throughout the Washington area, and by

getting them "ready to learn" today, we ensure that they too will have success stories to share tomorrow.

It is because of children like these -- and parents and staff like you -- that at the historic Education Summit last September, I asked every Governor in the Nation to join in our commitment to Head Start. We proposed the largest one-time funding increase in the history of Head Start -- a half billion dollars. I know that the Congress will join me in giving Head Start the best twenty-fifth birthday present possible -- enough money to enroll as many as 180,000 more children in Head Start.

As they say, that's a gift that "keeps on giving" -- by enriching the lives of our children, strengthening our families, and building our communities. To everyone who has supported Head Start for so many years, thank you, and God bless each one of you.

# # #

COLLEGE IN ARIZONA. IT WOULD INCLUDE TIMOTHY COMBS, A CHILD BORN WITH DOWN'S SYNDROME WHO WASN'T YET TALKING WHEN HE ENROLLED IN HEAD START AT THE AGE OF THREE. HEAD START PROVIDED TIMOTHY WITH SPEECH THERAPY AND HELP FOR HIS EAR PROBLEMS. TWO YEARS LATER, TIMOTHY ENROLLED IN PUBLIC SCHOOL, WHERE THE SPECIAL SERVICES THAT BEGAN IN HEAD START ARE CONTINUING. AND AT LEAST AS IMPORTANT, THE LIST WOULD INCLUDE THE CHILDREN, PARENTS, AND STAFF FROM HEAD START CENTERS AROUND THE COUNTRY. TODAY WE ARE JOINED BY CHILDREN FROM HEAD START PROGRAMS THROUGHOUT THE WASHINGTON, VIRGINIA AND MARYLAND AREA.

IT IS BECAUSE OF PEOPLE LIKE EACH OF YOU THAT, FOLLOWING THE EDUCATION SUMMIT WITH THE NATION'S GOVERNORS IN VIRGINIA THIS SUMMER, WHERE I ASKED EACH OF THEM TO JOIN IN OUR COMMITMENT TO HEAD START, I PROPOSED THE LARGEST ONE-TIME FUNDING INCREASE IN THE HISTORY OF HEAD START -- $500 MILLION. ENOUGH MONEY TO PROVIDE THE HEAD START EXPERIENCE TO AS MANY AS 180,000 MORE CHILDREN.

I KNOW THAT CONGRESS WILL JOIN ME IN GIVING HEAD START THE BEST TWENTY-FIFTH BIRTHDAY PRESENT WE HERE IN THE ADMINISTRATION COULD THINK OF -- A HALF BILLION DOLLAR FUNDING INCREASE.

5/90

THE WHITE HOUSE

WASHINGTON

SCHEDULE PROPOSAL

TO:	JOSEPH W. HAGIN, II DEPUTY ASSISTANT TO THE PRESIDENT FOR APPOINTMENTS AND SCHEDULING
FROM:	DAVID Q. BATES ASSISTANT TO THE PRESIDENT AND SECRETARY TO THE CABINET
REQUEST:	That the President address the 25th Anniversary of Project Head Start
BACKGROUND:	On May 18, 1965, President Johnson officially launched Project Head Start. Head Start has served over 11 million economically disadvantaged children and their families. This event will provide an opportunity to highlight the Administration's support for Head Start, as evidence by the $500 million funding increase requested in the President's FY 1991 budget.
DATE:	Anytime during the month of May, 1990
LOCATION:	Rose Garden
PARTICIPANTS:	Approximately 300 people, including members of the Cabinet, members of Congress, current and former Head Start children and department officials.
MEDIA COVERAGE:	Open press
REMARKS:	Yes
RECOMMENDED BY:	Justine D'Andrea (x2800)

Patsy Semple
755-7670

U.S. DEPARTMENT OF
HEALTH AND HUMAN SERVICES
Office of Human Development Services
Office of the Assistant Secretary
202-245-7246
Washington, D.C. 20201-0001

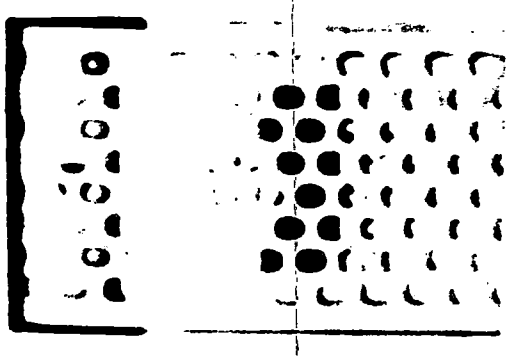
hds
human
development
services

April 11, 1990

Dear Justine:

Attached is the proposal for a White House ceremony celebrating the 25th Anniversary of Project Head Start. Margy discussed this with you earlier, and I would appreciate your comments.

Mary Sheila Gall



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of
Human Development Services

Assistant Secretary
Washington, DC 20201

DATE : APR 12 1990

TO : Joseph W. Hagin II
Deputy Assistant to the President
for Appointments and Scheduling

FROM : Assistant Secretary
for Human Development Services

SUBJECT: Proposal for a White House Head Start Celebration in May 1990

PURPOSE

The purpose of this memorandum is to provide information and alternatives regarding various aspects of the proposed White House Ceremony in May 1990.

BACKGROUND

Although the 25th Anniversary of Project Head Start is being celebrated at several key events in 1990, the major event for the year is a proposed White House Ceremony during the month of May for 300 persons who have made significant contributions to the Head Start program. It was on May 18, 1965, in the Rose Garden of the White House, that President Lyndon B. Johnson officially launched Project Head Start. Since that date, Head Start has served over 11 million economically disadvantaged children and their families.

The following information highlights each of the major aspects of the proposed May event, including suggestions regarding location and time, theme, invitees, letter of invitation, banner; program activities, speaking points, packets of materials for the media and others; and press access to selected invitees.

LOCATION AND TIME

The event will take place in the Rose Garden of the White House during the afternoon. In case of inclement weather it is expected that the event will be moved into the White House.

THEME

The 25th Anniversary theme is "Head Start: Building America's Future." This theme could be expanded to include a reference to families. A possibility would be modifying the theme to state "Head Start: Building America's Future By Empowering Families."

This event will provide an opportunity to highlight the Administration's support for Head Start, as evidenced by the $500 million funding increase requested in the President's FY 1991 budget.

LIST OF INVITEES

The list of invitees will be comprised of three hundred persons who have made significant contributions to the Head Start program. These individuals will include current and former Head Start children, parents and staff; a number of the program's early planners; selected Governors, members of Congress, representatives of appropriate national organizations and corporations, members of the media; and officials of the Department of Health and Human Services, including OHDS Regional Administrators.

Please refer to Attachment A for a tentative list of invitees.

LETTER OF INVITATION

A letter of invitation to this special 25th anniversary event will be prepared and issued by the White House. Invitees will RSVP directly to the White House, providing required information, such as social security number. DOB

BANNER

We would like to suggest that a large Head Start banner be displayed at the White House on the day of the event, possibly as part of the background for the Rose Garden activities. The message across the banner will be simply HEAD START.

This banner will be provided by the Department of Health and Human Services.

PROGRAM CONTENT

The spirit of the program activities will be a celebration of diverse Head Start children and families. Program participants will represent Head Start's broad spectrum of race, ethnicity and children with disabilities. It is suggested that the program begin with the Presentation of Colors (including the Head Start flag) by the Girl Scouts of the U.S.A. Hopefully, among the color guard will be one or more former Head Start girls and their parent(s).

We would like to involve as many children as possible in appropriate ways. Therefore, it is suggested that two children working together will introduce the President before he makes his remarks. Also, that two to three children present the First Lady with a large scrap book which will be a compilation of individual pieces of art from the many children present. Each drawing, collage, finger painting or easel work will comprise an individual page and will include the child's dictated story about their creation. The preparation of such a gift not only allows for a creative and developmentally appropriate activity for little children but also puts the emphasis on "creating" rather than "buying". Moreover, it is in keeping with Mrs. Bush's interest in stimulating children's excitement for the world of words.

It is also suggested that a group of Head Start children sing one or two happy songs for the gathering.

SPEAKING POINTS

Speaking points will be prepared for the President and First Lady. The President's remarks will emphasize his strong support for Head Start; his desire to invest in children and make one year of the comprehensive Head Start experience available to every eligible child before they begin school so that they will be ready to learn. He will also mention the impact Head Start has on parents and staff and the far reaching influence this has on all members of the family--not just the Head Start Child. To highlight this point, President Bush will recognize two Head Start families who exemplify

Head Start success. He will also stress the importance of Head Start's work in reducing and preventing substance abuse; improving the literacy skills of parents, and increasing their employability. In this regard, he will refer to public and private partnerships in support of mutual goals. In closing, the President will announce that Head Start communities across the country, during the month of May, are engaged in planting trees as a way of highlighting nature conservation, and in celebration of Head Start's 25th anniversary.

Speaking points for the First Lady will emphasize her belief in the family. She will praise the way in which Head Start has taken a large national program and individualized it for each child so as to support their social-emotional growth, enhance their self-esteem and promote their intellectual skills as well as physical growth. And all of this is done with the involvement of their parents, recognizing and supporting the parent(s) as the child's primary educator.

PACKETS OF MATERIALS

Prior to their arrival at the White House, packets of informational material will be provided to each invitee. Materials will be available at the White House for the media.

The following information materials will be included in a special 25th anniversary folder that Head Start is using this year:

- Project Head Start Statistical Fact Sheet: FY 1990
- Brochure - Head Start: A Child Development Program
- Head Start Success Stories
- The April Issue of Scholastic Magazine's "Pre-K Today" which will be a salute to Head Start. This special issue will feature five programs which are doing particularly noteworthy things relative to community and parent involvement.
- A model news release will be included for participants to use in contacting their local media when they return to their communities.

PRESS ACCESS TO SELECTED INVITEES

Following the Ceremony there will be an opportunity for media representatives to meet with four or five Head Start successes in a designated area of the White House.

Mary Sheila Gall

Attachment

ATTACHMENT A

LIST OF INVITEES

DHHS Officials

1. Secretary Louis Sullivan
2. Mary Sheila Gall
   Assistant Secretary
   for Human Development Services
3. Wade F. Horn
   Commissioner, Administration for Children,
   Youth and Families (ACYF)
4. Jeffrey Rosenberg
   Special Assistant to the Commissioner, ACYF
5. Joseph Mottola
   Deputy Commissioner, ACYF
6. Clennie H. Murphy
   Associate Commissioner, Head Start Bureau
7-19. Regional Administrators
20. Director, Office of Regional Operations

Head Start Bureau Staff

21. Marlys Gustafson
22. James Kolb
23. Douglas Klafehn
24. Merrily Beyreuther
25. Willistine Broadus
26. Mary Lewis
27. Trellis Waxler
28. Phyllis Stubbs
29. Betty Kelson
30. Charles Jones
31. Rossie Kelly
32. E. Dollie Wolverton
33-45. Other Head Start Bureau Staff

Early Planners

46. Robert Cooke
47. Julius Richmond
48. Jule Sugarman
49. Richard Orton
50. Sargent Shriver
51. Lady Bird Johnson
52. Joseph Califano
53. Fred Green
54. James Hymes
55. Elliot Richardson
56. Edward Zigler
57. Betty Caldwell
58 Urie Bronfebrenner
59 Irving Lazar
60. Lois-ellin Datta
61. Senator Daniel Moynihan
62. Edmund Gordon

Others Associated with Head Start in the Earlier Years

63. James Robinson
64. Henlay Foster
65. Jenni Klein
66. Saul Rosoff
67. Virginia Rainey
68. Linda Randolph
69. Sue Sadow
70. Gertrude Hunter
71. Christine Branch
72. Barbara Kamara
73. Marge Elsten
74. Dorcas Hardy
75. Stan Thomas
76. Jack Daschbach
77. Dick Schwartz
78. Bambi Cardenas
79. Marge Elsten
80. Mary White
81. Dominic Mastrapasqua
82. Rebecca Shuey
83. Sylvia Pechman
84. Elaine Williams
85. Aaron Henry
86. Ray Collins
87. Preston Bruce
88. Betsy Draper
89 Winona Sample
90. Sister Cecilia Abhold

Others

91. Carolina Diaz
92. Adele Hall
93. John Francis
94. Dwayne Crompton
95-100 Additional "Others"

Governors

101. Terry Branstad, Iowa
102. Garrey Carruthers, New Mexico
103. Carroll Campbell, Jr., South Carolina
104. Booth Gardner, Washington
105. Guy Hunt, Alabama
106. Clinton Ashcroft, Missouri
107. John McKernan, Jr., Maine
108. Michael S. Dukakis, Massachusetts
109. Rudy Perpich, Minnesota
110. Edward D. Prete, Rhode Island
111. Gaston Caperton, West Virginia
112. James J. Blanchard, Michigan

Members of Congress

113. Tom Tauke, Iowa
114. Dale Kildee, Michigan
115. William Natcher, Kentucky
116. Gus Hawkins, California
117-126. Other members of Congress

Congressional Staff

127-135. Congressional staff members

National Head Start Association

136. Jim Matlack
137. Don Bolce
138. Eugenia Bogus
139-140. Other staff

National Representation

141-177. Representatives from among the 12 regional areas based on their long standing association with Head Start.

Local Children, Parents and Staff

178-208. Head Start Children
209-239. Parents of the participating children
240-250. Local Head Start Staff

Head Start Successes

251-260. Those who will be recognized as Head Start successes

Public - Private Collaboration

261. IBM
262. Texas Instruments
263. Hallmark Cards
264. General Foods
265-269. Other representatives of public/private collaborations

National Organizations

270. Council for Exceptional Children
271. National Association for the Education of Young Children
272. Southern Association for Children Under Six
273. National Indian Education Association
274. American Academy of Pediatrics
275. National Association of Child Development Specialists in State Departments of Education
276. American Speech, Language and Hearing Association
277. National Association of Social Workers
278. American Public Health Association
279. National Black Child Development Institute
280. Americans for Indian Opportunity
281. Child Welfare League of America
282. National Association of State Boards of Education
283. National Association of Elementary School Principals

284.	Council of State Chief School Officers
285.	American Association of School Administrators
286.	National School Boards Association
287.	National Association of Governors
288.	National Conference of State Legislators
289.	Children's Defense Fund
290.	American Association of Community and Junior Colleges
291.	Council for Early Childhood Professional Recognition
292.	Girl Scouts of the U.S.A.

Discretionary Invitations

293-296.	Invitations to be issued at the discretion of the Assistant Secretary
297-300.	Invitations to be issued at the discretion of the Commissioner

Grant/Dooley
May 16, 1990
Draft one
A:START

BRIEF REMARKS: 25TH ANNIVERSARY OF HEAD START
THE ROSE GARDEN
THURSDAY, MAY 24, 1990
TIME?

((Acknowledgements))

First of all, Happy 25th Birthday to Head Start! Like all birthday parties, today we celebrate both where we've been and where we are headed.

In May, 1965, on a beautiful spring day right here in the Rose Garden, **a great idea became a working reality** -- President Lyndon Johnson signed the law that created Head Start. He said then that the program would "rescue these children from the poverty which otherwise could pursue them all their lives. The project is designed to put them on an even footing with their classmates as they enter school."

Since that day, Head Start has rescued **over 11 million children**, providing comprehensive development services to nearly half-a-million low-income children and their families every year. Head Start provides these children not only with preschool education, but with health and nutrition services as well. Nine-nine percent of the children enrolled in Head Start get the medical attention they need. And for many children, Head Start gives them their best meal of the day.

Everyone agrees Head Start is a program that **works**. Head Start works for **children** -- by enhancing their school

performance, fostering success in life, and bringing children with disabilities in to the mainstream that much faster. Head Start works for **families** -- by offering educational and career opportunities for parents, by building self-confidence in parents who participate in the programs, and by encouraging a commitment to improve their lives. And it works for **the 2,000 communities nationwide** helped by Head Start -- as those involved with it give so much back in return to society, by building strong families and solid neighborhoods.

Today, over a third of the 80,000 Head Start staff members across America are former Head Start parents themselves. Parents like Eugenia Boggus, a Head Start parent with us today, who is now president of the National Head Start Association.

Or Claude Endfield -- when she enrolled her child in the White Mountain Apache Indian Head Start program in 1973, she was unemployed. She became a volunteer at the Head Start Center, then a Head Start teacher, and today is program chairman of the Early Childhood Department at Northland Pioneer College in Arizona. Head Start gave her the skills and confidence she needed to turn her life around.

As vital as the parents and the staff are to the success of Head Start, it's the kids themselves we must congratulate too. Many are grown up now, and because they were given an equal chance at the starting line -- they got to the finish line on their own, and most of them winners.

Seba Johnson, for example, attended Head Start as a child in the Virgin Islands and, at the age of fourteen, became the first black woman skier to participate in the winter Olympics, representing the Virgin Islands. Today she lives in Nevada, where she is training for the next winter Olympics -- ((presumably with the **Jamaican bobsled team**)) -- and is volunteering her time to help celebrate Head Start's twenty-fifth anniversary. And Carlos Jimenez who was a Head Start student in Pennsylvania in 1977. This year, Carlos is graduating from high school, third in his class of 320. A National Honor Society member, Carlos will attend college in California this fall. Or Carl Brenner, also a Head Start alumnus, who graduated first in his high school class and is now a senior cadet at the U.S. Air Force Academy.

These kids earned a lot of attention with their brilliant success stories. But there are also the quiet ones, special cases that otherwise might get overlooked. Take the example of Timothy Combs, a child born with Down's Syndrome who wasn't yet talking when he enrolled in Head Start at the age of three. Head Start provided Timothy with speech therapy and help for his ear problems. Two years later, Timothy enrolled in public school, where he continues to get the special attention that began in Head Start.

There are so many stories to tell, and untold numbers of Americans to thank in Head Start centers around the country. These committed individuals have given their all to make Head

Start a national treasure. The kids we have with us today are from Head Start programs throughout the Washington area, and by getting them "ready to learn" today, we ensure that they too will have success stories to share tomorrow.

It is because of children like these -- and parents and staff like you -- that at the historic Education Summit last September, I asked every Governor in the Nation to join in our commitment to Head Start. We proposed the largest one-time funding increase in the history of Head Start -- a half billion dollars. I know that the Congress will join me in giving Head Start the best twenty-fifth birthday present possible -- enough money to enroll as many as 180,000 more children in Head Start.

As they say, that's a gift that "keeps on giving" -- by enriching the lives of our children, strengthening our families, and building our communities. To everyone who has supported Head Start for so many years, thank you, and God bless each one of you.

# # #

HUMAN DEVELOPMENT SERVICES

FAX COVER SHEET

TO: (NAME, ORGANIZATION)

Peggy Dooley/WH

FROM: (NAME, ORGANIZATION)

Mary S. Gall/HDS via {Patsy Semple 245-7246}

RECIPIENT'S FAX NUMBER: ( ) 456-~~7950~~ 6218

NUMBER OF PAGES (INCLUDING THIS SHEET) 4

~~245-7246~~
245-6218

SUGGESTED TALKING POINTS
WHITE HOUSE HEAD START EVENT

LIKE ALL BIRTHDAY PARTIES, TODAY WE CELEBRATE WHERE WE'VE BEEN AND, MOST IMPORTANTLY WHERE WE ARE HEADED.

IN MAY, 1965, A GREAT IDEA BECAME A REALITY -- PRESIDENT LYNDON JOHNSON SIGNED THE LAW THAT CREATED HEAD START. SINCE IT'S BEGINNING, HEAD START HAS SERVED OVER 11 MILLION CHILDREN.

TODAY, TWENTY-FIVE YEARS LATER, HEAD START PROVIDES COMPREHENSIVE DEVELOPMENT SERVICES TO 488,000 LOW-INCOME CHILDREN AND THEIR FAMILIES EVERY YEAR. FOR THESE NEARLY HALF-A-MILLION CHILDREN, HEAD START PROVIDES NOT ONLY PRESCHOOL EDUCATION, BUT HEALTH AND NUTRITION SERVICES AS WELL. NINETY-NINE PERCENT OF THE CHILDREN ENROLLED IN HEAD START COMPLETE MEDICAL SCREENING. AND 98 PERCENT OF THESE CHILDREN WHO NEEDED TREATMENT WERE ABLE TO RECEIVE TREATMENT THANKS TO HEAD START. FOR MANY OF OUR HEAD START CHILDREN, HEAD START GIVES THEM THEIR BEST MEAL OF THE DAY.

HEAD START IS A PROGRAM THAT WORKS, AND ONE OF THE FEW FEDERAL PROGRAMS HERALDED BY ALL, REPUBLICAN AND DEMOCRAT ALIKE. HEAD START WORKS FOR CHILDREN -- THE GAINS HEAD START PROVIDES, AND THE BOOST IT GIVES CHILDREN AS THEY WORK TO MASTER THEIR WORLD -- ARE WELL DOCUMENTED. HEAD START WORKS FOR PARENTS. TODAY, OVER 35% OF THE 80,000 HEAD START STAFF MEMBERS AROUND THE COUNTRY ARE FORMER HEAD START PARENTS THEMSELVES. PARENTS LIKE EUGENIA BOGGUS, A HEAD START PARENT WITH US TODAY WHO IS NOW PRESIDENT OF THE

(2)

NATIONAL HEAD START ASSOCIATION. AND HEAD START WORKS FOR THIS COUNTRY, HELPING 2,000 COMMUNITIES NATIONWIDE TO BUILD STRONG FAMILIES...AND STRONG COMMUNITIES.

IF IT WERE POSSIBLE, I WOULD PERSONALLY THANK THE UNTOLD NUMBERS OF PEOPLE WHO HAVE WORKED SO HARD, FOR SO LONG TO MAKE HEAD START A NATIONAL TREASURE. PEOPLE LIKE SEBA JOHNSON WHO ATTENDED HEAD START AS A CHILD IN THE VIRGIN ISLANDS AND, AT THE AGE OF FOURTEEN, BECAME THE FIRST BLACK WOMAN SKIER TO PARTICIPATE IN THE WINTER OLYMPICS, REPRESENTING THE VIRGIN ISLANDS. TODAY SHE LIVES IN NEVADA, WHERE SHE IS TRAINING FOR THE NEXT WINTER OLYMPICS, AND IS VOLUNTEERING HER TIME TO HELP CELEBRATE HEAD START'S TWENTY-FIFTH ANNIVERSARY. AND CARLOS JIMENEZ WHO WAS A HEAD START STUDENT IN PENNSLYVANIA IN 1977. THIS YEAR, CARLOS IS GRADUATING FROM HIGH SCHOOL, THIRD IN HIS CLASS OF THREE-HUNDRED-AND-TWENTY. A NATIONAL HONOR SOCIETY MEMBER, CARLOS WILL ATTEND COLLEGE IN CALIFORNIA THIS FALL. OR CARL BRENNER, A HEAD START GRADUATE, WHO IN 1986, WAS FIRST IN HIS HIGH SCHOOL GRADUATING CLASS, IS NOW A SENIOR CADET AT THE AIR FORCE ACADEMY. HERE IN WASHINGTON, THERE IS HELEN TAYLOR, DIRECTOR OF A WASHINGTON HEAD START PROGRAM, WHO ALSO HAS BEEN WITH HEAD START SINCE THE BEGINNING.

THE LIST GOES ON . . . IT INCLUDES CLAUDE ENDFIELD -- WHEN SHE ENROLLED HER CHILD IN THE WHITE MOUNTAIN APACHE INDIAN HEAD START PROGRAM IN 1973 SHE WAS UNEMPLOYED, BECAME A VOLUNTEER AT THE HEAD START CENTER, THEN A HEAD START TEACHER, AND TODAY IS PROGRAM CHAIRMAN OF THE EARLY CHILDHOOD DEPARTMENT AT NORTHLAND PIONEER

(3)

COLLEGE IN ARIZONA. IT WOULD INCLUDE TIMOTHY COMBS, A CHILD BORN WITH DOWN'S SYNDROME WHO WASN'T YET TALKING WHEN HE ENROLLED IN HEAD START AT THE AGE OF THREE. HEAD START PROVIDED TIMOTHY WITH SPEECH THERAPY AND HELP FOR HIS EAR PROBLEMS. TWO YEARS LATER, TIMOTHY ENROLLED IN PUBLIC SCHOOL, WHERE THE SPECIAL SERVICES THAT BEGAN IN HEAD START ARE CONTINUING. AND AT LEAST AS IMPORTANT, THE LIST WOULD INCLUDE THE CHILDREN, PARENTS, AND STAFF FROM HEAD START CENTERS AROUND THE COUNTRY. TODAY WE ARE JOINED BY CHILDREN FROM HEAD START PROGRAMS THROUGHOUT THE WASHINGTON, VIRGINIA AND MARYLAND AREA.

IT IS BECAUSE OF PEOPLE LIKE EACH OF YOU THAT, FOLLOWING THE EDUCATION SUMMIT WITH THE NATION'S GOVERNORS IN VIRGINIA THIS SUMMER, WHERE I ASKED EACH OF THEM TO JOIN IN OUR COMMITMENT TO HEAD START, I PROPOSED THE LARGEST ONE-TIME FUNDING INCREASE IN THE HISTORY OF HEAD START -- $500 MILLION. ENOUGH MONEY TO PROVIDE THE HEAD START EXPERIENCE TO AS MANY AS 180,000 MORE CHILDREN.

I KNOW THAT CONGRESS WILL JOIN ME IN GIVING HEAD START THE BEST TWENTY-FIFTH BIRTHDAY PRESENT WE HERE IN THE ADMINISTRATION COULD THINK OF -- A HALF BILLION DOLLAR FUNDING INCREASE.

101st Congress, 2d Session

Economic Indicators

OCTOBER 1990

(Includes data available as of October 31, 1990)

Prepared for the Joint Economic Committee by the Council of Economic Advisers

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1990

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(Created pursuant to Sec. 5(a) of Public Law 304, 79th Cong.)

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[PUBLIC LAW 120—81ST CONGRESS; CHAPTER 237—1ST SESSION]

JOINT RESOLUTION [S.J. Res. 55]

To print the monthly publication entitled "Economic Indicators"

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Joint Economic Committee be authorized to issue a monthly publication entitled "Economic Indicators," and that a sufficient quantity be printed to furnish one copy to each Member of Congress; the Secretary and the Sergeant at Arms of the Senate; the Clerk, Sergeant at Arms, and Doorkeeper of the House of Representatives; two copies to the libraries of the Senate and House, and the Congressional Library; seven hundred copies to the Joint Economic Committee; and the required numbers of copies to the Superintendent of Documents for distribution to depository libraries; and that the Superintendent of Documents be authorized to have copies printed for sale to the public.

Approved June 23, 1949.

Charts drawn by Art Production Branch, Office of the Secretary, Department of Commerce.

Economic Indicators, published monthly, is available at $2.25 a single copy ($2.81 foreign), or by subscription at $24.00 per year ($30.00 for foreign mailing) from:

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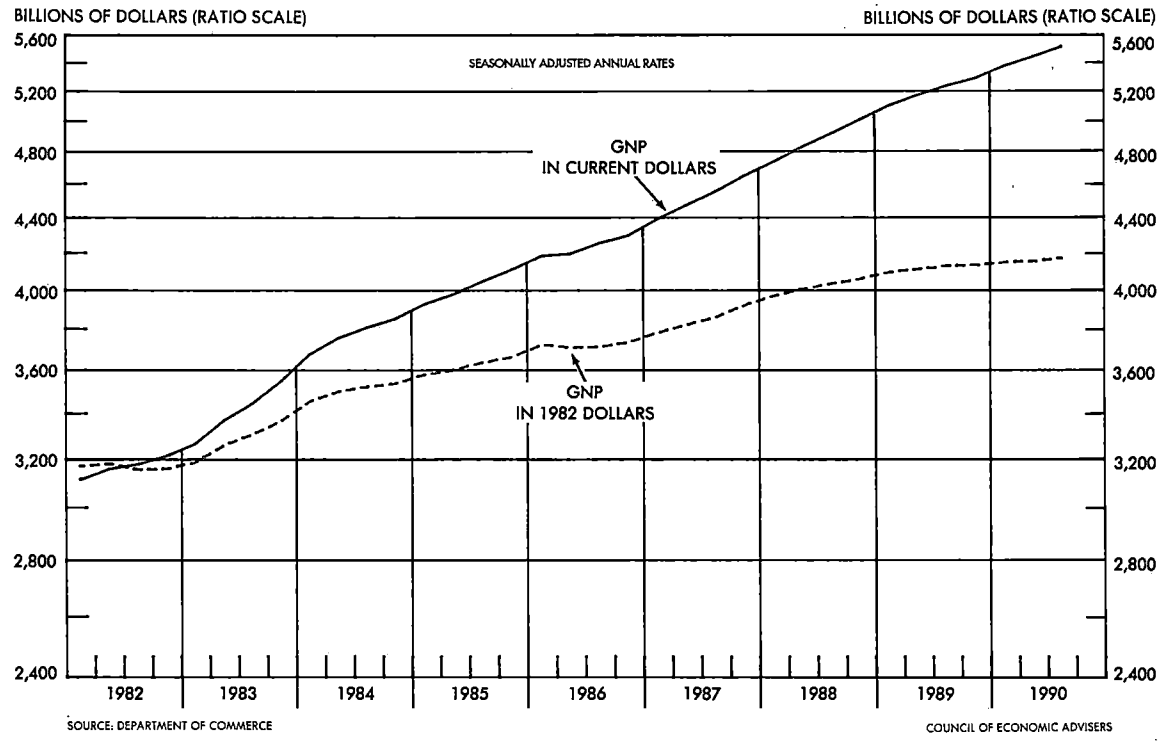
TOTAL OUTPUT, INCOME, AND SPENDING

GROSS NATIONAL PRODUCT

In the third quarter of 1990, according to advance estimates, current-dollar gross national product (GNP) rose 5.3 percent (annual rate) or $71.1 billion. Real GNP (GNP adjusted for price changes) rose 1.8 percent and the implicit price deflator rose 3.4 percent.



[Billions of current dollars; quarterly data at seasonally adjusted annual rates]

Period	Gross national product	Personal consumption expenditures	Gross private domestic investment	Exports and imports of goods and services			Government purchases of goods and services					Final sales	Gross domestic purchases [1]
				Net exports	Exports	Imports	Total	Federal			State and local		
								Total	National defense	Non-defense			
1980	2,732.0	1,732.6	437.0	32.1	351.0	318.9	530.3	208.1	142.7	65.4	322.2	2,740.3	2,699.8
1981	3,052.6	1,915.1	515.5	33.9	382.8	348.9	588.1	242.2	167.5	74.8	345.9	3,028.6	3,018.7
1982	3,166.0	2,050.7	447.3	26.3	361.9	335.6	641.7	272.7	193.8	78.9	369.0	3,190.5	3,139.7
1983	3,405.7	2,234.5	502.3	−6.1	352.5	358.7	675.0	283.5	214.4	69.1	391.5	3,412.8	3,411.8
1984	3,772.2	2,430.5	664.8	−58.9	383.5	442.4	735.9	310.5	234.3	76.2	425.3	3,704.5	3,831.1
1985	4,014.9	2,629.0	643.1	−78.0	370.9	448.9	820.8	355.2	259.1	96.0	465.6	4,003.6	4,092.8
1986	4,231.6	2,797.4	659.4	−97.4	396.5	493.8	872.2	366.5	277.8	88.7	505.7	4,224.8	4,329.0
1987	4,515.6	3,009.4	699.5	−114.7	449.6	564.3	921.4	381.3	294.6	86.7	540.2	4,487.3	4,630.3
1988	4,873.7	3,238.2	747.1	−74.1	552.0	626.1	962.5	380.3	297.2	83.1	582.3	4,847.5	4,947.8
1989	5,200.8	3,450.1	771.2	−46.1	626.2	672.3	1,025.6	400.0	301.1	98.9	625.6	5,172.5	5,246.9
1982: IV	3,212.5	2,117.0	409.6	14.1	335.9	321.9	671.8	293.2	205.4	87.7	378.7	3,272.4	3,198.5
1983: IV	3,545.8	2,315.8	579.8	−25.8	364.7	390.5	676.1	276.1	221.5	54.6	400.0	3,514.8	3,571.6
1984: IV	3,851.8	2,493.4	661.8	−67.9	385.7	453.6	764.5	326.0	244.1	81.9	438.5	3,806.8	3,919.7
1985: IV	4,107.9	2,700.4	654.1	−103.2	369.2	472.4	856.7	376.6	268.6	108.0	480.1	4,100.7	4,211.2
1986: IV	4,297.3	2,868.5	648.8	−108.9	402.4	511.3	888.9	368.8	280.7	88.1	520.1	4,309.4	4,406.2
1987: IV	4,647.6	3,079.1	741.4	−115.0	485.8	600.7	942.0	388.2	296.0	92.2	553.9	4,591.9	4,762.6
1988: IV	5,009.8	3,332.6	747.5	−70.3	583.1	653.5	1,000.0	401.1	299.6	101.6	598.9	4,993.6	5,080.1
1989: I	5,101.3	3,371.7	769.7	−48.5	609.7	658.2	1,008.5	398.3	298.2	100.1	610.2	5,074.7	5,149.8
II	5,174.0	3,425.9	776.7	−51.3	628.8	680.0	1,022.7	402.5	300.6	101.9	620.2	5,141.3	5,225.3
III	5,238.6	3,484.3	775.8	−49.3	623.7	673.0	1,027.8	399.2	306.3	93.0	628.6	5,209.7	5,287.9
IV	5,289.3	3,518.5	762.7	−35.3	642.8	678.1	1,043.3	399.9	299.2	100.7	643.4	5,264.3	5,324.6
1990: I	5,375.4	3,588.1	747.2	−30.0	661.3	691.3	1,070.1	410.6	307.2	103.4	659.6	5,387.2	5,405.3
II	5,443.3	3,622.7	759.0	−24.9	659.7	684.6	1,086.4	421.9	309.6	112.3	664.6	5,429.9	5,468.2
III [p]	5,514.4	3,700.6	759.6	−49.2	662.6	711.8	1,103.4	425.4	311.1	114.3	678.0	5,505.6	5,563.7

[1] GNP less exports of goods and services plus imports of goods and services.

Source: Department of Commerce, Bureau of Economic Analysis.

GROSS NATIONAL PRODUCT IN 1982 DOLLARS

[Billions of 1982 dollars; quarterly data at seasonally adjusted annual rates]

Period	Gross national product	Personal consumption expenditures	Gross private domestic investment				Exports and imports of goods and services			Government purchases of goods and services					Final sales	Gross domestic purchases [1]
			Total	Nonresidential fixed	Residential fixed	Change in business inventories	Net exports	Exports	Imports	Total	Federal			State and local		
											Total	National defense	Nondefense			
1980	3,187.1	2,000.4	509.3	379.2	137.0	−6.9	57.0	388.9	332.0	620.5	246.9	171.2	75.7	373.6	3,194.0	3,130.1
1981	3,248.8	2,024.2	545.5	395.2	126.5	23.9	49.4	392.7	343.4	629.7	259.6	180.3	79.3	370.1	3,225.0	3,199.4
1982	3,166.0	2,050.7	447.3	366.7	105.1	−24.5	26.3	361.9	335.6	641.7	272.7	193.8	78.9	369.0	3,190.5	3,139.7
1983	3,279.1	2,146.0	504.0	361.2	149.3	−6.4	−19.9	348.1	368.1	649.0	275.1	206.9	68.2	373.9	3,285.5	3,299.1
1984	3,501.4	2,249.3	658.4	425.2	170.9	62.3	−84.0	371.8	455.8	677.7	290.8	218.5	72.3	387.0	3,439.1	3,585.4
1985	3,618.7	2,354.8	637.0	453.5	174.4	9.1	−104.3	367.2	471.4	731.2	326.0	237.2	88.8	405.2	3,609.6	3,723.0
1986	3,717.9	2,446.4	639.6	438.4	195.7	5.6	−129.7	397.1	526.9	761.6	334.1	252.1	82.0	427.5	3,712.4	3,847.6
1987	3,845.3	2,515.8	669.0	449.8	196.4	22.8	−118.5	451.8	570.3	779.1	339.6	265.1	74.5	439.5	3,822.5	3,963.8
1988	4,016.9	2,606.5	705.7	487.2	194.9	23.6	−75.9	534.7	610.6	780.5	328.1	260.7	67.5	452.4	3,993.2	4,092.8
1989	4,117.7	2,656.8	716.9	506.1	187.0	23.8	−54.1	593.3	647.4	798.1	334.9	256.3	78.7	463.2	4,094.0	4,171.8
1982: IV	3,159.3	2,078.7	408.8	352.3	115.8	−59.3	11.7	336.0	324.3	660.1	289.5	201.4	88.2	370.6	3,218.6	3,147.6
1983: IV	3,365.1	2,191.9	577.2	390.4	159.9	27.0	−46.2	355.5	401.6	642.2	266.0	211.6	54.4	376.2	3,338.1	3,411.3
1984: IV	3,535.2	2,281.1	655.7	444.4	169.6	41.7	−94.8	376.6	471.4	693.2	300.5	225.3	75.2	392.7	3,493.5	3,630.0
1985: IV	3,662.4	2,386.9	648.0	460.9	179.4	7.7	−125.3	367.4	492.6	752.7	340.6	241.4	99.2	412.1	3,654.7	3,787.6
1986: IV	3,733.6	2,477.8	615.2	435.7	200.3	−20.8	−135.4	406.5	541.9	776.0	342.4	255.8	86.6	433.6	3,754.4	3,869.0
1987: IV	3,920.7	2,534.2	706.6	462.3	195.8	48.4	−111.3	487.0	598.3	791.3	347.7	266.0	81.7	443.6	3,872.3	4,032.0
1988: IV	4,059.3	2,638.8	696.2	486.6	195.6	14.0	−75.7	555.3	631.0	799.9	342.3	261.1	81.2	457.5	4,045.2	4,134.9
1989: I	4,095.7	2,636.7	717.0	497.1	193.8	26.1	−51.1	576.1	627.3	793.2	334.2	253.7	80.4	459.0	4,069.6	4,146.8
II	4,112.2	2,645.3	719.1	505.5	188.1	25.5	−53.3	593.2	646.5	801.0	339.9	255.7	84.2	461.1	4,086.6	4,165.4
III	4,129.7	2,675.3	722.3	513.3	184.4	24.6	−64.1	592.5	656.6	796.2	333.0	260.2	72.8	463.2	4,105.1	4,193.9
IV	4,133.2	2,669.9	709.1	508.4	181.8	18.9	−47.9	611.6	659.4	802.2	332.7	255.5	77.2	469.5	4,114.4	4,181.1
1990: I	4,150.6	2,677.3	700.7	514.6	188.3	−2.2	−35.4	628.1	663.5	807.9	333.0	254.4	78.6	475.0	4,152.8	4,185.9
II	4,155.1	2,678.8	700.7	508.4	182.8	9.5	−44.6	620.1	664.7	820.2	345.9	256.5	89.4	474.3	4,145.6	4,199.7
III [p]	4,173.6	2,702.7	700.6	517.6	175.3	7.8	−52.5	622.0	674.5	822.8	345.6	256.8	88.8	477.2	4,165.8	4,226.1

[1] GNP less exports of goods and services plus imports of goods and services.

Source: Department of Commerce, Bureau of Economic Analysis.

IMPLICIT PRICE DEFLATORS FOR GROSS NATIONAL PRODUCT

[1982=100; quarterly data are seasonally adjusted]

Period	Gross national product	Personal consumption expenditures				Gross private domestic investment		Exports and imports of goods and services		Government purchases of goods and services			
		Total	Durable goods	Nondurable goods	Services	Nonresidential fixed	Residential fixed	Exports	Imports	Federal			State and local
										Total	National defense	Nondefense	
1980	85.7	86.6	89.2	89.4	83.9	85.1	89.4	90.2	96.0	84.3	83.4	86.4	86.2
1981	94.0	94.6	95.7	96.9	92.6	93.4	96.6	97.5	101.6	93.3	92.9	94.3	93.4
1982	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1983	103.9	104.1	102.1	102.1	106.2	98.8	102.2	101.3	97.4	103.1	103.6	101.4	104.7
1984	107.7	108.1	103.8	105.0	111.6	97.9	106.0	103.2	97.1	106.8	107.2	105.5	109.9
1985	110.9	111.6	104.8	107.5	116.8	97.7	108.3	101.0	95.2	109.0	109.2	108.2	114.9
1986	113.8	114.3	105.6	107.3	122.4	99.3	111.1	99.8	93.7	109.7	110.2	108.1	118.3
1987	117.4	119.6	108.2	112.2	128.7	98.9	115.2	99.5	99.0	112.3	111.1	116.3	122.9
1988	121.3	124.2	109.4	116.6	134.5	100.2	119.3	103.2	102.5	115.9	114.0	123.2	128.7
1989	126.3	129.9	110.9	122.8	141.0	101.2	123.5	105.5	103.8	119.4	117.5	125.8	135.1
1982: IV	101.7	101.8	100.7	101.0	102.7	100.7	99.1	100.0	99.3	101.3	102.0	99.5	102.2
1983: IV	105.4	105.7	103.1	103.1	108.3	98.3	103.1	102.6	97.2	103.8	104.7	100.3	106.3
1984: IV	109.0	109.3	104.1	105.8	113.5	97.9	107.2	102.4	96.2	108.5	108.3	108.9	111.7
1985: IV	112.2	113.1	104.7	108.7	119.0	97.9	109.0	100.5	95.9	110.6	111.3	108.8	116.5
1986: IV	115.1	115.8	106.2	107.8	124.9	100.0	112.4	99.0	94.4	107.7	109.7	101.7	120.0
1987: IV	118.5	121.5	108.9	113.9	130.9	99.0	116.5	99.7	100.4	111.7	111.3	112.8	124.9
1988: IV	123.4	126.3	110.3	118.6	137.0	101.8	120.6	105.0	103.6	117.2	114.7	125.1	130.9
1989: I	124.6	127.9	110.4	120.5	138.8	101.9	122.1	105.8	104.9	119.2	117.5	124.4	132.9
II	125.8	129.5	110.6	123.2	140.1	101.2	123.7	106.0	105.2	118.4	117.6	121.0	134.5
III	126.8	130.2	111.2	123.2	141.6	100.9	124.2	105.3	102.5	119.9	117.7	127.8	135.7
IV	128.0	131.8	111.4	124.5	143.4	100.7	124.3	105.1	102.8	120.2	117.1	130.4	137.1
1990: I	129.5	134.0	112.5	128.3	145.1	101.6	125.3	105.3	104.2	123.3	120.8	131.5	138.9
II	131.0	135.2	112.1	129.4	146.6	101.6	125.3	106.4	103.0	122.0	120.7	125.6	140.1
III [p]	132.1	136.9	112.4	131.5	148.4	102.4	126.0	106.5	105.5	123.1	121.2	128.7	142.1

Source: Department of Commerce, Bureau of Economic Analysis.

CHANGES IN GNP, PERSONAL CONSUMPTION EXPENDITURES, AND RELATED PRICE MEASURES

[Percent change from preceding period; quarterly data at seasonally adjusted annual rates]

Period	Gross national product					Personal consumption expenditures				
	Current dollars	Constant (1982) dollars	Implicit price deflator	Chain price index	Fixed-weighted price index (1982 weights)	Current dollars	Constant (1982) dollars	Implicit price deflator	Chain price index	Fixed-weighted price index (1982 weights)
1980	8.9	−0.2	9.0	9.0	9.3	10.6	−0.2	10.7	10.9	10.5
1981	11.7	1.9	9.7	9.4	9.3	10.5	1.2	9.2	9.2	9.0
1982	3.7	−2.5	6.4	6.3	6.2	7.1	1.3	5.7	5.7	5.6
1983	7.6	3.6	3.9	4.1	4.1	9.0	4.6	4.1	4.2	4.2
1984	10.8	6.8	3.7	3.9	4.0	8.8	4.8	3.8	3.9	4.0
1985	6.4	3.4	3.0	3.3	3.4	8.2	4.7	3.2	3.5	3.5
1986	5.4	2.7	2.6	2.5	2.7	6.4	3.9	2.4	2.7	2.7
1987	6.7	3.4	3.2	3.3	3.5	7.6	2.8	4.6	4.6	4.6
1988	7.9	4.5	3.3	3.7	4.2	7.6	3.6	3.8	4.0	4.1
1989	6.7	2.5	4.1	4.3	4.5	6.5	1.9	4.6	4.7	4.8
1987: I	9.1	5.2	3.5	4.3	4.4	7.3	.7	6.4	6.2	6.3
II	7.5	4.2	3.1	3.1	3.5	9.6	4.5	4.8	4.9	5.1
III	7.4	4.1	3.5	3.3	3.5	8.9	4.3	4.4	4.3	4.3
IV	8.7	6.6	1.7	3.1	3.7	3.7	−.4	4.1	4.0	4.3
1988: I	7.8	5.1	2.7	3.3	3.9	9.2	6.9	2.3	2.5	2.6
II	8.3	3.6	4.4	4.2	4.7	7.4	2.7	4.3	4.7	4.8
III	7.4	2.7	4.7	4.8	5.5	8.2	3.5	4.6	4.8	5.1
IV	7.7	2.7	4.7	4.4	4.4	8.1	3.5	4.6	4.8	4.9
1989: I	7.5	3.6	3.9	4.7	4.9	4.8	−.3	5.2	5.0	5.0
II	5.8	1.6	3.9	4.4	4.6	6.6	1.3	5.1	5.3	5.7
III	5.1	1.7	3.2	3.1	3.1	7.0	4.6	2.2	2.6	2.7
IV	3.9	.3	3.8	3.7	3.8	4.0	−.8	5.0	4.9	4.7
1990: I	6.7	1.7	4.8	6.1	6.6	8.2	1.1	6.8	6.8	7.4
II	5.1	.4	4.7	4.1	3.9	3.9	.2	3.6	3.4	3.1
III p	5.3	1.8	3.4	3.6	4.1	8.9	3.6	5.1	5.2	5.7

NOTE.—Annual changes are from preceding year and quarterly changes are from preceding quarter.

Source: Department of Commerce, Bureau of Economic Analysis.

NONFINANCIAL CORPORATE BUSINESS–OUTPUT, COSTS, AND PROFITS

[Quarterly data at seasonally adjusted annual rates]

Period	Gross domestic product of nonfinancial corporate business (billions of dollars)		Current-dollar cost and profit per unit of output (dollars) [1]								Output per hour of all employees (1982 dollars)	Compensation per hour of all employees (dollars)
								Corporate profits with inventory valuation and capital consumption adjustments				
	Current dollars	1982 dollars	Total cost and profit [2]	Capital consumption allowances with capital consumption adjustment	Indirect business taxes [3]	Compensation of employees	Net interest	Total	Profits tax liability	Profits after tax [4]		
1980	1,540.8	1,807.9	0.852	0.095	0.077	0.581	0.031	0.068	0.037	0.031	18.524	10.769
1981	1,738.4	1,837.2	.946	.109	.090	.632	.037	.078	.035	.044	18.643	11.777
1982	1,782.2	1,782.2	1.000	.125	.094	.676	.043	.063	.026	.037	18.704	12.635
1983	1,914.2	1,866.0	1.026	.123	.098	.679	.037	.089	.032	.057	19.217	13.039
1984	2,146.7	2,036.5	1.054	.118	.100	.687	.039	.109	.036	.073	19.682	13.528
1985	2,267.1	2,117.4	1.071	.119	.103	.704	.038	.106	.033	.073	19.996	14.069
1986	2,367.1	2,173.9	1.089	.123	.106	.721	.041	.098	.035	.064	20.456	14.746
1987	2,524.8	2,290.2	1.102	.123	.105	.726	.041	.107	.041	.067	20.968	15.231
1988	2,720.7	2,403.7	1.132	.124	.107	.750	.041	.111	.043	.068	21.203	15.892
1989	2,854.5	2,431.2	1.174	.131	.112	.782	.050	.099	.042	.057	20.929	16.376
1982: IV	1,779.4	1,760.2	1.011	.131	.096	.685	.042	.057	.023	.034	18.771	12.866
1983: IV	2,012.5	1,940.5	1.037	.120	.098	.680	.037	.103	.036	.066	19.422	13.208
1984: IV	2,201.8	2,069.5	1.064	.118	.102	.694	.042	.107	.032	.075	19.784	13.735
1985: IV	2,309.4	2,137.7	1.080	.120	.104	.713	.037	.106	.033	.072	20.117	14.341
1986: IV	2,408.7	2,198.5	1.096	.124	.106	.727	.042	.096	.038	.058	20.650	15.008
1987: IV	2,597.4	2,339.4	1.110	.122	.105	.734	.040	.109	.042	.067	21.118	15.492
1988: IV	2,797.3	2,428.6	1.152	.126	.108	.763	.042	.112	.043	.069	21.173	16.158
1989: I	2,812.8	2,427.8	1.159	.127	.110	.774	.046	.102	.044	.058	21.042	16.288
II	2,847.5	2,431.3	1.171	.129	.111	.780	.049	.102	.042	.060	20.970	16.347
III	2,879.1	2,443.9	1.178	.132	.113	.782	.051	.100	.041	.059	21.011	16.421
IV	2,878.5	2,421.8	1.189	.135	.114	.795	.052	.092	.040	.052	20.786	16.517
1990: I	2,907.5	2,423.1	1.200	.135	.117	.803	.052	.093	.039	.053	20.670	16.602
II	2,960.0	2,440.1	1.213	.135	.116	.812	.053	.097	.040	.057	20.755	16.841

[1] Output is measured by gross domestic product of nonfinancial corporate business in 1982 dollars.

[2] This is equal to the deflator for gross domestic product of nonfinancial corporate business with the decimal point shifted two places to the left.

[3] Indirect business tax and nontax liability plus business transfer payments less subsidies.

[4] With inventory valuation and capital consumption adjustments.

Sources: Department of Commerce (Bureau of Economic Analysis) and Department of Labor (Bureau of Labor Statistics).

NATIONAL INCOME

[Billions of dollars; quarterly data at seasonally adjusted annual rates]

Period	National income	Compensation of employees[1]	Proprietors' income with inventory valuation and capital consumption adjustments		Rental income of persons with capital consumption adjustment	Corporate profits with inventory valuation and capital consumption adjustments					Net interest
			Farm	Nonfarm		Total	Profits with inventory valuation adjustment and without capital consumption adjustment			Capital consumption adjustment	
							Total	Profits before tax	Inventory valuation adjustment		
1982	2,518.4	1,907.0	24.6	150.9	13.6	150.0	159.2	169.6	−10.4	−9.2	272.3
1983	2,719.5	2,020.7	12.4	178.4	13.2	213.7	196.7	207.6	−10.9	17.0	281.0
1984	3,028.6	2,213.9	30.5	204.0	8.5	266.9	234.2	240.0	−5.8	32.7	304.8
1985	3,234.0	2,367.5	30.2	225.6	9.2	282.3	222.6	224.3	−1.7	59.7	319.0
1986	3,412.6	2,511.4	34.7	247.2	11.6	282.1	228.3	221.6	6.7	53.8	325.5
1987	3,660.3	2,686.4	42.8	280.6	13.7	308.3	255.9	275.3	−19.4	52.4	328.6
1988	3,984.9	2,905.1	43.7	310.5	16.3	337.6	289.8	316.7	−27.0	47.8	371.8
1989	4,223.3	3,079.0	48.6	330.7	8.2	311.6	286.1	307.7	−21.7	25.5	445.1
1982: IV	2,548.2	1,931.1	28.5	159.8	15.8	146.1	150.7	164.1	−13.4	−4.5	266.9
1983: IV	2,851.5	2,092.7	19.3	188.6	12.4	248.5	223.4	231.5	−8.1	25.1	290.2
1984: IV	3,096.1	2,272.7	28.1	209.7	5.6	266.9	224.6	226.1	−1.6	42.3	313.1
1985: IV	3,312.8	2,426.7	29.2	235.0	7.8	291.4	228.4	235.0	−6.6	63.0	322.7
1986: IV	3,473.1	2,571.2	37.2	252.0	13.5	275.2	226.1	234.1	−8.0	49.1	324.0
1987: IV	3,791.5	2,770.3	52.3	293.0	14.6	323.1	268.6	289.7	−21.1	54.5	338.2
1988: IV	4,104.1	2,986.7	35.5	321.5	16.8	349.6	308.7	331.1	−22.5	40.9	394.1
1989: I	4,177.3	3,029.7	59.6	328.2	13.3	327.3	292.1	335.1	−43.0	35.2	419.2
II	4,216.8	3,062.6	50.5	329.1	9.7	321.4	291.5	314.6	−23.1	29.9	443.4
III	4,232.1	3,095.2	38.7	329.5	5.8	306.7	285.3	291.4	−6.1	21.4	456.2
IV	4,267.1	3,128.6	45.7	336.0	4.1	290.9	275.3	289.8	−14.5	15.6	461.7
1990: I	4,350.3	3,180.4	57.4	346.6	5.5	296.8	285.5	296.9	−11.4	11.3	463.6
II	4,411.3	3,232.5	51.0	350.8	4.3	306.6	298.8	299.3	−.5	7.7	466.2
III [p]	.....	3,276.1	42.8	355.2	7.6	.....	.....	.....	−30.6	2.3	468.9

[1] Includes employer contributions for social insurance. (See also p. 5.)

Source: Department of Commerce, Bureau of Economic Analysis.

PERSONAL CONSUMPTION EXPENDITURES

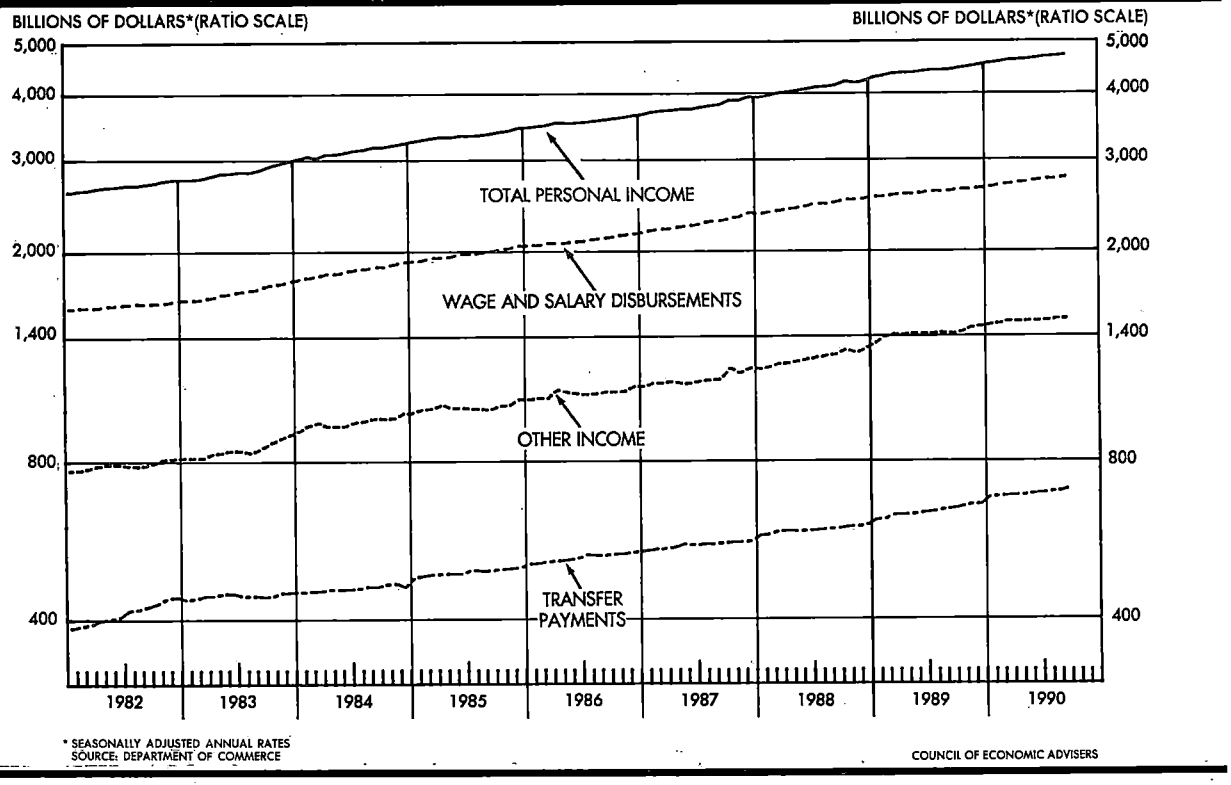
[Billions of dollars, except as noted; quarterly data at seasonally adjusted annual rates]

Period	Total personal consumption expenditures	Durable goods				Nondurable goods					Services	Retail sales of new passenger cars (millions of units)	
		Total durable goods	Motor vehicles and parts	Furniture and household equipment	Other	Total nondurable goods	Food	Clothing and shoes	Gasoline and oil	Other		Domestics	Imports
1982	2,050.7	252.7	108.9	95.7	48.1	771.0	398.8	124.4	89.1	158.7	1,027.0	5.8	2.2
1983	2,234.5	289.1	130.4	107.1	51.6	816.7	421.9	135.1	90.2	169.5	1,128.7	6.8	2.4
1984	2,430.5	335.5	157.4	118.8	59.3	867.3	448.5	146.7	90.0	182.1	1,227.6	8.0	2.4
1985	2,629.0	372.2	179.1	129.9	63.2	911.2	471.6	156.4	90.6	192.6	1,345.6	8.2	2.8
1986	2,797.4	406.0	196.2	139.7	70.0	942.0	500.0	166.8	73.5	201.7	1,449.5	8.2	3.2
1987	3,009.4	423.4	197.9	148.8	76.7	1,001.3	530.7	178.4	75.3	216.9	1,584.7	7.1	3.2
1988	3,238.2	457.5	212.2	161.8	83.5	1,060.0	562.6	191.1	77.3	229.1	1,720.7	7.5	3.1
1989	3,450.1	474.6	215.5	171.4	87.8	1,130.0	595.3	204.6	83.8	246.3	1,845.5	7.1	2.8
1982: IV	2,117.0	263.8	115.7	99.1	49.0	786.6	407.0	126.5	89.8	163.4	1,066.5	6.0	2.5
1983: IV	2,315.8	310.0	144.4	112.4	53.2	837.9	430.8	141.1	91.9	174.0	1,167.9	7.4	2.6
1984: IV	2,493.4	346.7	162.3	122.7	61.8	879.6	456.1	149.8	89.0	184.7	1,267.1	7.7	2.6
1985: IV	2,700.4	373.2	173.8	134.7	64.7	932.7	482.5	160.6	91.0	198.5	1,394.5	7.0	3.1
1986: IV	2,868.5	422.0	201.1	143.8	77.1	952.1	511.9	168.7	66.0	205.5	1,494.4	7.7	3.4
1987: IV	3,079.1	427.4	198.9	151.1	77.4	1,019.9	539.0	182.2	77.3	221.5	1,631.8	6.6	3.3
1988: IV	3,332.6	473.1	217.8	166.8	88.5	1,088.0	577.1	198.6	78.5	233.9	1,771.5	7.5	3.0
1989: I	3,371.7	466.4	211.3	170.2	84.9	1,106.7	588.8	199.3	79.0	239.7	1,798.6	7.0	2.8
II	3,425.9	473.6	216.2	170.7	86.7	1,127.1	592.5	203.4	88.2	243.0	1,825.1	7.3	3.0
III	3,484.3	487.1	226.9	171.5	88.7	1,137.3	597.6	206.9	84.5	248.3	1,859.8	7.8	2.9
IV	3,518.5	471.2	207.5	173.0	90.7	1,148.8	602.2	208.7	83.5	254.4	1,898.5	6.2	2.6
1990: I	3,588.1	492.1	221.1	178.9	92.0	1,174.7	616.4	212.9	87.1	258.2	1,921.3	7.0	2.8
II	3,622.7	478.4	212.4	176.8	89.3	1,179.0	623.3	212.6	84.5	258.6	1,965.3	6.8	2.7
III [p]	3,700.6	483.1	216.8	175.9	90.3	1,202.8	627.9	215.8	95.4	263.6	2,014.7	7.2	2.5

Source: Department of Commerce, Bureau of Economic Analysis.

SOURCES OF PERSONAL INCOME

Personal income increased $23.8 billion (annual rate) in September, following an increase of $9.8 billion in August. Wages and salaries rose $17.4 billion in September compared to a rise of $0.6 billion in August.



[Billions of dollars; monthly data at seasonally adjusted annual rates]

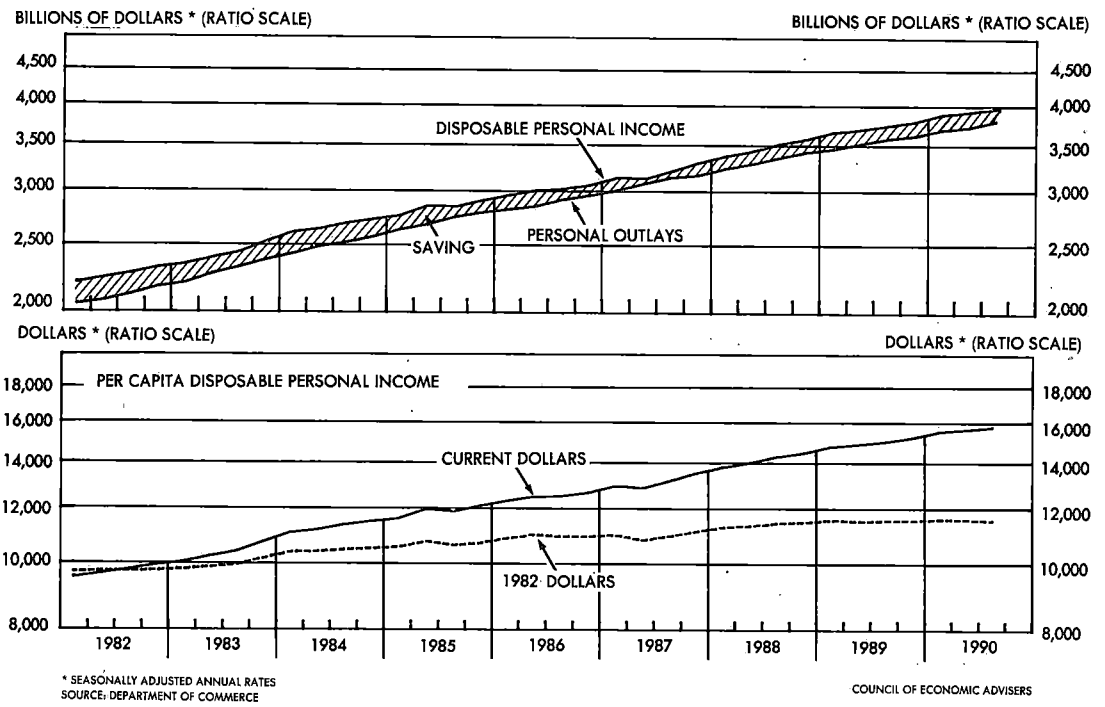
Period	Total personal income	Wage and salary disbursements [1]	Other labor income [1 2]	Proprietors' income [3]		Rental income of persons [4]	Personal dividend income	Personal interest income	Transfer payments [5]	Less: Personal contributions for social insurance	Nonfarm personal income [6]
				Farm	Nonfarm						
1980	2,258.4	1,372.0	138.4	20.5	160.1	6.6	52.9	271.9	324.7	88.6	2,215.8
1981	2,520.9	1,510.3	150.3	30.7	156.1	13.3	61.3	335.4	368.1	104.5	2,465.6
1982	2,670.8	1,586.1	163.6	24.6	150.9	13.6	63.9	369.7	410.6	112.3	2,618.7
1983	2,838.6	1,676.6	173.6	12.4	178.4	13.2	68.7	393.1	442.6	120.1	2,799.0
1984	3,108.7	1,838.6	182.9	30.5	204.0	8.5	75.5	444.7	456.6	132.7	3,052.1
1985	3,325.3	1,975.4	187.6	30.2	225.6	9.2	78.7	478.0	489.8	149.3	3,271.3
1986	3,526.2	2,094.8	199.3	34.7	247.2	11.6	85.8	493.2	521.5	161.9	3,469.4
1987	3,766.4	2,249.7	209.4	42.8	280.6	13.7	91.8	501.3	549.9	172.9	3,702.2
1988	4,070.8	2,431.1	225.5	43.7	310.5	16.3	102.2	547.9	587.7	194.1	4,006.0
1989	4,384.3	2,573.2	241.9	48.6	330.7	8.2	114.4	643.2	636.9	212.8	4,314.6
1989: Sept	4,411.6	2,593.9	244.8	37.8	329.6	.0	116.3	657.6	646.1	214.5	4,352.7
Oct	4,441.0	2,611.4	246.1	45.6	331.9	−7.4	117.4	661.2	650.8	215.9	4,374.4
Nov	4,470.0	2,603.8	247.5	45.2	337.4	9.6	118.4	665.0	658.4	215.3	4,403.6
Dec	4,496.7	2,623.0	248.9	46.4	338.7	10.1	118.9	668.5	658.6	216.3	4,429.2
1990: Jan	4,532.2	2,633.3	251.6	51.1	343.3	7.7	119.7	669.5	679.8	223.9	4,459.9
Feb	4,561.6	2,652.2	252.8	55.6	347.0	4.5	120.6	670.5	679.6	221.2	4,484.9
Mar	4,594.7	2,669.2	254.0	65.5	349.4	4.3	121.3	671.4	683.4	223.8	4,508.1
Apr	4,604.5	2,682.4	255.2	55.0	349.2	3.8	122.3	674.5	683.5	221.4	4,528.2
May	4,621.4	2,695.5	256.4	51.8	351.3	4.2	123.0	677.9	685.3	223.9	4,548.3
June	4,640.7	2,711.1	257.6	46.1	351.8	4.9	123.4	681.5	691.4	227.1	4,573.2
July [r]	4,663.2	2,727.1	258.8	45.7	353.3	5.7	124.3	684.3	692.1	228.1	4,596.0
Aug [r]	4,673.0	2,727.7	260.0	42.9	355.3	8.2	125.0	686.6	695.4	228.2	4,608.7
Sept [p]	4,696.8	2,745.1	261.2	39.9	356.9	8.8	125.3	688.3	700.6	229.4	4,635.4

[1] The total of wage and salary disbursements and other labor income differs from compensation of employees (see p. 4) in that it excludes employer contributions for social insurance and the excess of wage accruals over wage disbursements.
[2] Consists primarily of employer contributions to private pension and private welfare funds.
[3] With inventory valuation and capital consumption adjustments.
[4] With capital consumption adjustment.
[5] Consists mainly of social insurance benefits, direct relief, and veterans payments.
[6] Personal income exclusive of farm proprietors' income, farm wages, farm other labor income, and agricultural net interest.

Source: Department of Commerce, Bureau of Economic Analysis.

DISPOSITION OF PERSONAL INCOME

According to advance estimates, real per capita disposable personal income fell in the third quarter of 1990.



* SEASONALLY ADJUSTED ANNUAL RATES
SOURCE: DEPARTMENT OF COMMERCE

COUNCIL OF ECONOMIC ADVISERS

Period	Personal income	Less: Personal tax and nontax payments	Equals: Disposable personal income	Less: Personal outlays [1]	Equals: Personal saving	Disposable personal income in 1982 dollars (billions)	Per capita disposable personal income		Per capita personal consumption expenditures		Percent change in real per capita disposable personal income	Saving as percent of disposable personal income	Population, including Armed Forces abroad (thousands) [2]
							Current dollars	1982 dollars	Current dollars	1982 dollars			
	Billions of dollars						Dollars				Percent		
1980	2,258.5	340.5	1,918.0	1,781.1	136.9	2,214.3	8,421	9,722	7,607	8,783	−1.1	7.1	227,754
1981	2,520.9	393.3	2,127.6	1,968.1	159.4	2,248.6	9,243	9,769	8,320	8,794	.5	7.5	230,182
1982	2,670.8	409.3	2,261.4	2,107.5	153.9	2,261.5	9,724	9,724	8,818	8,818	−.5	6.8	232,549
1983	2,838.6	410.5	2,428.1	2,297.4	130.6	2,331.9	10,340	9,930	9,515	9,139	2.1	5.4	234,829
1984	3,108.7	440.2	2,668.6	2,504.5	164.1	2,469.8	11,257	10,419	10,253	9,489	4.9	6.1	237,051
1985	3,325.3	486.6	2,838.7	2,713.3	125.4	2,542.8	11,861	10,625	10,985	9,839	2.0	4.4	239,322
1986	3,526.2	512.9	3,013.3	2,888.5	124.9	2,635.3	12,469	10,905	11,576	10,123	2.6	4.1	241,660
1987	3,766.4	571.6	3,194.7	3,102.2	92.5	2,670.7	13,094	10,946	12,335	10,311	.4	2.9	243,982
1988	4,070.8	591.6	3,479.2	3,333.6	145.6	2,800.5	14,123	11,368	13,144	10,580	3.9	4.2	246,358
1989	4,384.3	658.8	3,725.5	3,553.7	171.8	2,869.0	14,973	11,531	13,866	10,678	1.4	4.6	248,810
	Seasonally adjusted annual rates												
1982: IV	2,729.2	411.1	2,318.1	2,174.9	143.1	2,276.1	9,929	9,749	9,068	8,904	1.2	6.2	233,466
1983: IV	2,941.8	413.9	2,527.9	2,382.5	145.4	2,392.7	10,725	10,151	9,825	9,299	9.1	5.8	235,707
1984: IV	3,188.3	459.7	2,728.6	2,571.3	157.3	2,496.3	11,467	10,491	10,479	9,587	1.7	5.8	237,946
1985: IV	3,399.1	499.6	2,899.5	2,787.7	111.7	2,562.8	12,068	10,667	11,240	9,935	3.3	3.9	240,257
1986: IV	3,597.8	534.4	3,063.4	2,961.4	102.0	2,646.2	12,629	10,909	11,825	10,214	.3	3.3	242,579
1987: IV	3,890.9	588.6	3,302.3	3,172.6	129.7	2,717.9	13,483	11,097	12,572	10,347	6.4	3.9	244,925
1988: IV	4,186.2	607.3	3,578.9	3,430.4	148.5	2,833.9	14,470	11,458	13,474	10,669	1.2	4.1	247,329
1989: I	4,302.2	640.5	3,661.7	3,472.0	189.8	2,863.5	14,773	11,553	13,603	10,638	3.4	5.2	247,863
II	4,362.9	665.5	3,697.3	3,528.5	168.9	2,854.9	14,883	11,492	13,790	10,648	−2.1	4.6	248,431
III	4,402.8	659.5	3,743.4	3,588.8	154.5	2,874.3	15,026	11,538	13,986	10,739	1.6	4.1	249,127
IV	4,469.2	669.6	3,799.6	3,625.5	174.1	2,883.2	15,210	11,541	14,084	10,687	.1	4.6	249,818
1990: I	4,562.8	675.1	3,887.7	3,696.4	191.3	2,900.9	15,527	11,586	14,330	10,692	1.6	4.9	250,392
II	4,622.2	696.5	3,925.7	3,730.6	195.1	2,902.8	15,639	11,564	14,432	10,671	−.8	5.0	251,026
III [p]	4,677.7	709.0	3,968.6	3,809.2	159.4	2,898.4	15,762	11,511	14,697	10,734	−1.8	4.0	251,785

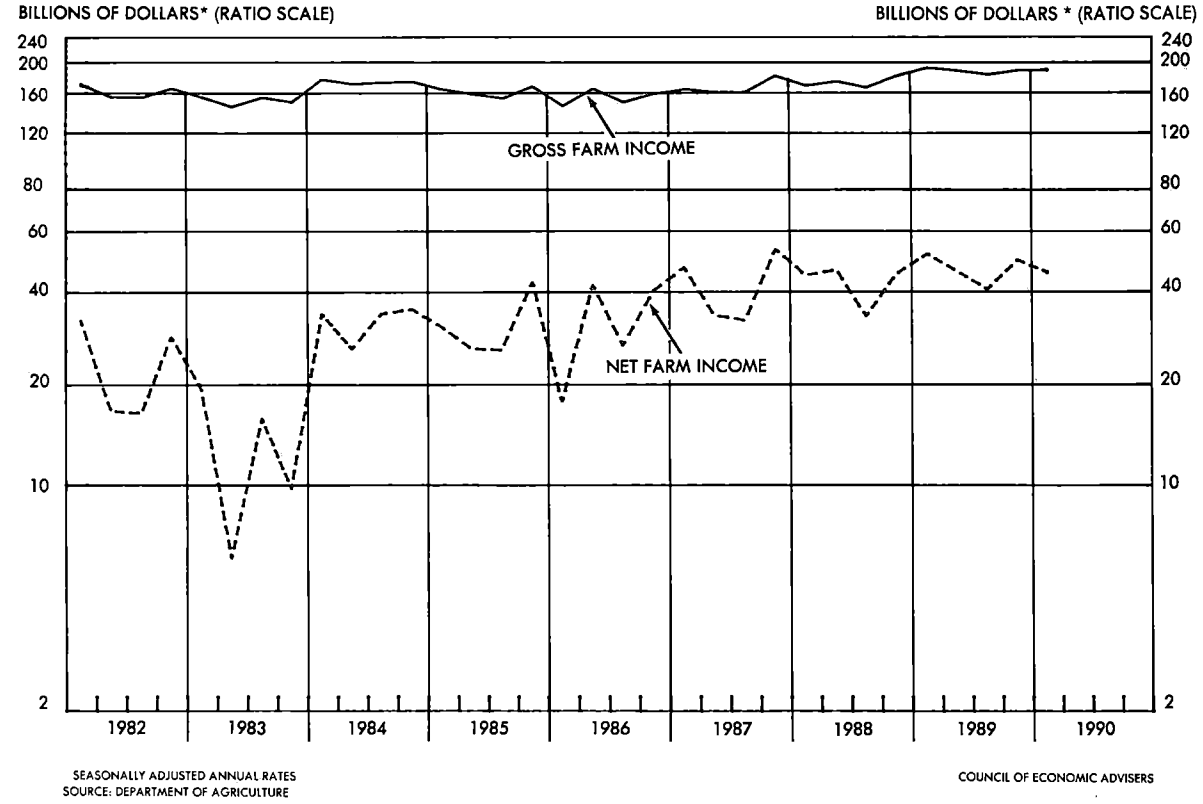
[1] Includes personal consumption expenditures, interest paid by consumers to business, and personal transfer payments to foreigners (net).

[2] Annual data are averages of quarterly data, which are averages for the period.

Source: Department of Commerce (Bureau of Economic Analysis and Bureau of the Census).

FARM INCOME

In the first quarter of 1990, according to preliminary estimates, gross farm income rose $0.9 billion (annual rate) and net farm income fell $4.0 billion.



[Billions of dollars; quarterly data at seasonally adjusted annual rates]

Period	Income of farm operators from farming							
	Gross farm income					Production expenses	Net farm income	
	Total [1]	Cash marketing receipts			Value of inventory changes [2]		Current dollars	1982 dollars [3]
		Total	Livestock and products	Crops				
1980	149.3	139.7	68.0	71.7	−6.3	133.1	16.2	18.8
1981	166.4	141.7	69.2	72.5	6.5	139.4	27.0	28.7
1982	163.5	142.6	70.3	72.3	−1.4	140.0	23.5	23.5
1983	152.9	136.5	69.4	67.1	−10.9	140.4	12.5	12.0
1984	175.0	142.5	73.0	69.5	6.3	142.7	32.3	29.9
1985	162.9	144.1	69.8	74.3	−2.3	131.7	31.2	28.1
1986	156.5	135.2	71.5	63.7	−2.4	125.1	31.4	27.6
1987	169.0	141.7	76.0	65.6	−2.8	127.7	41.2	35.1
1988	173.8	150.2	78.8	71.4	−4.1	131.8	42.0	34.6
1989	189.1	159.2	83.7	75.4	4.4	142.6	46.5	36.8
1988: I	169.9	144.4	78.1	66.3	−6.1	125.8	44.1	37.0
II	175.2	145.9	76.8	69.2	−5.3	129.2	46.0	38.2
III	167.7	154.9	79.2	75.7	−3.6	134.8	33.0	27.0
IV	182.2	155.5	81.2	74.2	−1.3	137.4	44.7	36.3
1989: I	192.8	153.7	81.6	72.1	5.8	141.3	51.5	41.4
II	189.3	157.4	80.8	76.5	4.8	144.0	45.3	36.0
III	184.3	163.9	83.6	80.3	3.8	144.3	40.0	31.5
IV	189.8	161.7	88.9	72.8	3.3	140.7	49.2	38.4
1990: I [p]	190.7	159.1	87.3	71.8	2.8	145.5	45.2	34.8

[1] Cash marketing receipts and inventory changes plus Government payments, other farm cash income, and nonmoney income furnished by farms.

[2] Physical changes in end-of-year inventory of crop and livestock commodities valued at average prices during the year.

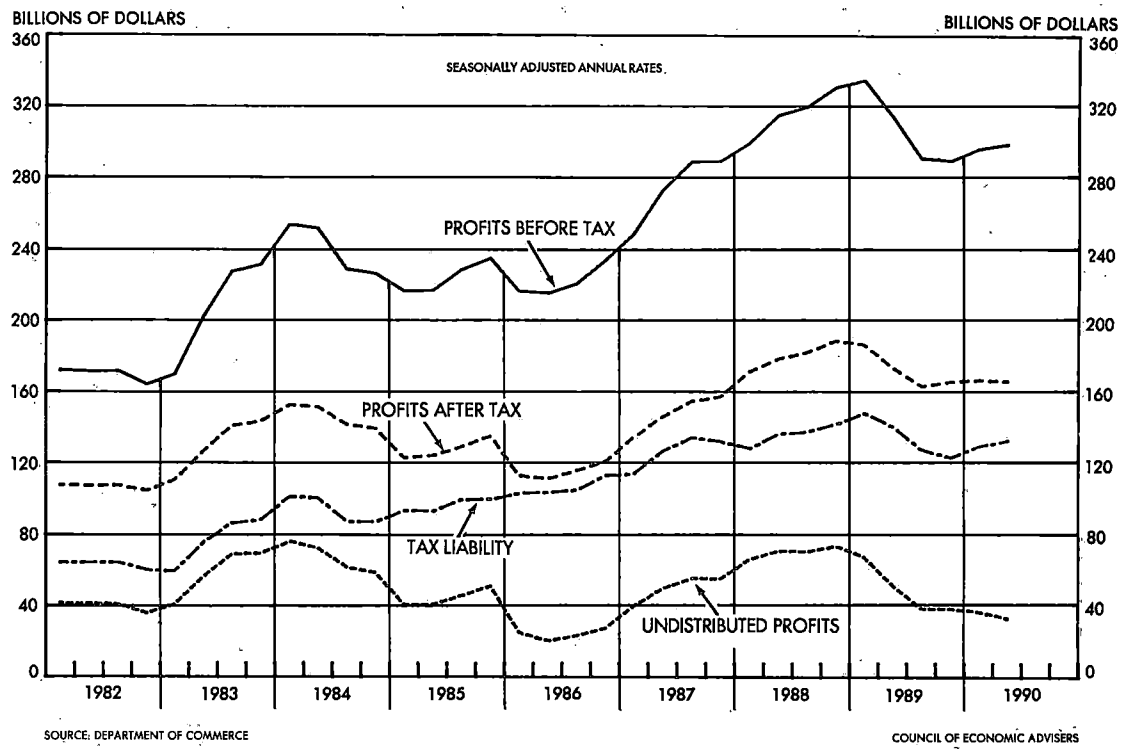
[3] Income in current dollars divided by the GNP implicit price deflator.

NOTE.—Data include net Commodity Credit Corporation loans and operator households.

Sources: Department of Agriculture and Department of Commerce.

CORPORATE PROFITS

In the second quarter of 1990, corporate profits before tax rose $2.4 billion (annual rate) and after-tax profits fell $1.0 billion.



[Billions of dollars; quarterly data at seasonally adjusted annual rates]

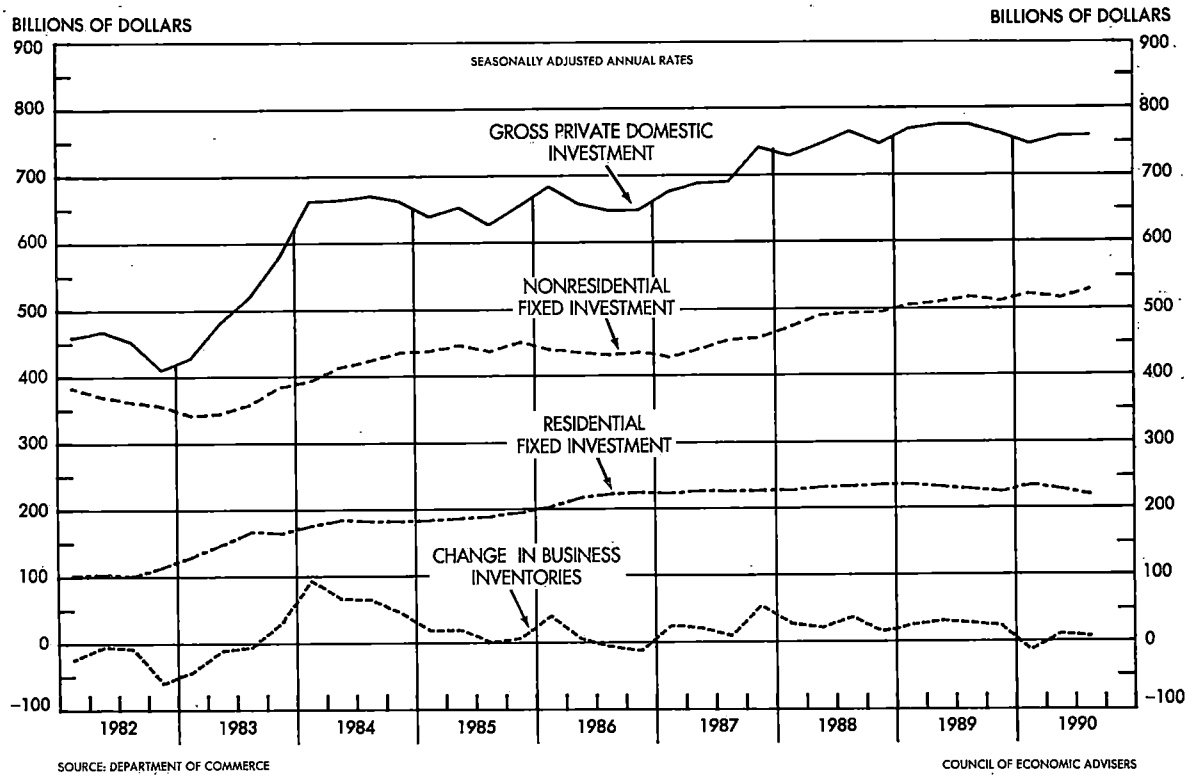
Period	Profits (before tax) with inventory valuation adjustment [1]						Profits before tax	Tax liability	Profits after tax			Inventory valuation adjustment
	Total [2]	Domestic industries										
		Total	Financial	Nonfinancial					Total	Dividends	Undistributed profits	
				Total [3]	Manufacturing	Wholesale and retail trade						
1980	194.0	159.6	21.0	138.6	77.1	21.6	237.1	84.8	152.3	54.7	97.6	−43.1
1981	202.3	173.8	16.5	157.3	88.5	32.5	226.5	81.1	145.4	63.6	81.8	−24.2
1982	159.2	131.2	11.8	119.4	58.0	34.6	169.6	63.1	106.5	66.9	39.6	−10.4
1983	196.7	166.6	18.1	148.5	70.1	38.9	207.6	77.2	130.4	71.5	58.9	−10.9
1984	234.2	203.3	13.0	190.3	88.8	51.2	240.0	93.9	146.1	79.0	67.0	−5.8
1985	222.6	191.4	22.8	168.6	79.7	44.1	224.3	96.4	127.8	83.3	44.6	−1.7
1986	228.3	195.2	32.0	163.2	59.5	44.1	221.6	106.3	115.3	91.3	24.0	6.7
1987	255.9	218.4	20.7	197.8	86.7	37.9	275.3	126.9	148.4	98.2	50.2	−19.4
1988	289.8	246.5	22.4	224.1	106.5	37.1	316.7	136.2	180.5	110.0	70.5	−27.0
1989	286.1	235.2	15.4	219.8	96.1	38.7	307.7	135.1	172.6	123.5	49.1	−21.7
1982: IV	150.7	121.6	18.7	102.9	46.8	33.6	164.1	59.8	104.3	68.5	35.8	−13.4
1983: IV	223.4	190.7	15.5	175.2	88.6	43.1	231.5	88.1	143.4	73.9	69.5	−8.1
1984: IV	224.6	193.9	13.6	180.3	79.8	51.8	226.1	87.0	139.2	80.8	58.4	−1.6
1985: IV	228.4	193.6	26.0	167.6	83.8	38.5	235.0	99.8	135.2	84.0	51.2	−6.6
1986: IV	226.1	193.4	28.6	164.8	64.8	41.0	234.1	113.1	121.0	93.6	27.4	−8.0
1987: IV	268.6	226.2	19.8	206.4	98.2	37.8	289.7	132.1	157.6	102.2	55.4	−21.1
1988: IV	308.7	261.9	24.1	237.8	112.6	42.3	331.1	142.1	189.1	115.3	73.8	−22.5
1989: I	292.1	241.5	24.0	217.4	102.0	33.7	335.1	148.3	186.7	119.1	67.6	−43.0
II	291.5	244.9	21.6	223.4	98.9	37.6	314.6	140.8	173.8	122.1	51.7	−23.1
III	285.3	236.0	9.2	226.9	99.9	41.4	291.4	127.8	163.6	125.0	38.6	−6.1
IV	275.3	218.4	6.9	211.5	83.7	41.9	289.8	123.5	166.3	127.7	38.6	−14.5
1990: I	285.5	232.6	16.1	216.5	90.1	39.2	296.9	129.9	167.1	130.3	36.8	−11.4
II	298.8	249.9	18.2	231.7	100.8	44.4	299.3	133.1	166.1	133.0	33.2	−.5
III [p]										135.1		−30.6

[1] See p. 4 for profits with inventory valuation and capital consumption adjustments.
[2] Includes rest of the world, not shown separately.
[3] Includes industries not shown separately.

Source: Department of Commerce, Bureau of Economic Analysis.

GROSS PRIVATE DOMESTIC INVESTMENT

According to advance estimates for the third quarter of 1990, nonresidential fixed investment rose $13.6 billion (annual rate) and residential investment fell $8.3 billion. There was an $8.8 billion increase in inventories, following a rise of $13.4 billion in the second quarter.



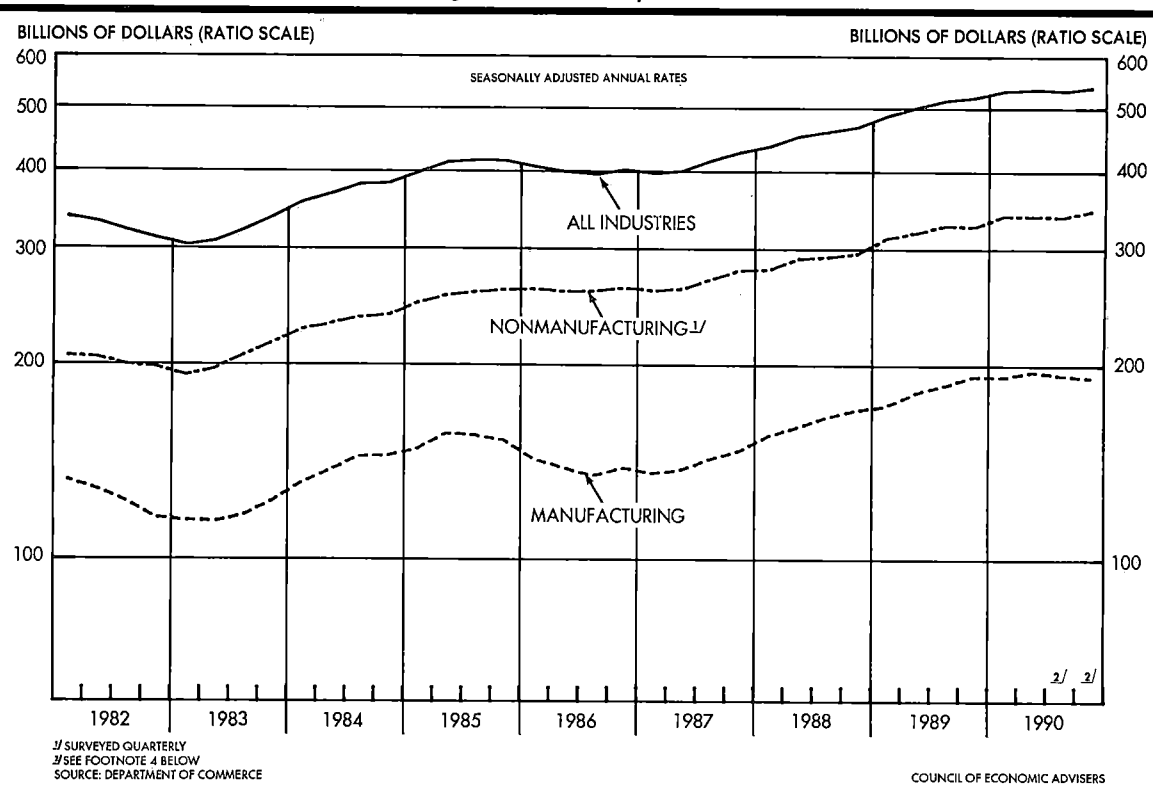
[Billions of dollars; quarterly data at seasonally adjusted annual rates]

Period	Gross private domestic investment	Fixed investment					Change in business inventories	
		Total	Nonresidential			Residential	Total	Nonfarm
			Total	Structures	Producers' durable equipment			
1980	437.0	445.3	322.8	113.9	208.9	122.5	−8.3	−2.4
1981	515.5	491.5	369.2	138.5	230.7	122.3	24.0	18.3
1982	447.3	471.8	366.7	143.3	223.4	105.1	−24.5	−23.1
1983	502.3	509.4	356.9	124.0	232.8	152.5	−7.1	.4
1984	664.8	597.1	416.0	141.1	274.9	181.1	67.7	60.5
1985	643.1	631.8	442.9	153.2	289.7	188.8	11.3	14.6
1986	659.4	652.5	435.2	139.0	296.2	217.3	6.9	8.6
1987	699.9	671.2	444.9	133.7	311.2	226.3	28.3	32.3
1988	747.1	720.8	488.4	139.9	348.4	232.5	26.2	29.8
1989	771.2	742.9	511.9	146.2	365.7	231.0	28.3	23.3
1982: IV	409.6	469.5	354.9	137.6	217.3	114.7	−59.9	−51.1
1983: IV	579.8	548.8	383.9	127.4	256.5	164.9	31.0	21.3
1984: IV	661.8	616.8	435.0	146.6	288.4	181.8	45.0	41.3
1985: IV	654.1	646.8	451.3	155.9	295.5	195.5	7.2	23.7
1986: IV	648.8	660.9	435.8	133.7	302.2	225.1	−12.2	−8.0
1987: IV	741.4	685.7	457.5	137.2	320.4	228.1	55.7	59.6
1988: IV	747.5	731.3	495.3	141.2	354.0	236.0	16.2	35.0
1989: I	769.7	743.1	506.5	146.5	360.0	236.6	26.6	16.7
II	776.7	744.0	511.4	144.2	367.2	232.7	32.7	26.1
III	775.8	746.9	518.1	147.0	371.0	228.9	28.9	26.2
IV	762.7	737.7	511.8	147.1	364.7	225.9	25.0	24.1
1990: I	747.2	758.9	523.1	148.8	374.3	235.9	−11.8	−17.0
II	759.0	745.6	516.5	147.2	369.3	229.1	13.4	13.0
III [p]	759.6	750.9	530.1	150.2	379.9	220.8	8.8	7.8

Source: Department of Commerce, Bureau of Economic Analysis.

EXPENDITURES FOR NEW PLANT AND EQUIPMENT

According to the Commerce Department July-August survey, business spending for new plant and equipment is expected to rise 5.4 percent in 1990, following a rise of 11.4 percent in 1989.



[Billions of dollars; quarterly data at seasonally adjusted annual rates]

Period	Industries surveyed quarterly									Addenda				
	All industries	Manufacturing			Nonmanufacturing					Total nonfarm business [2]	Manufacturing	Nonmanufacturing		
		Total	Durable goods	Nondurable goods	Total [1]	Mining	Transportation	Public utilities	Commercial and other			Total	Surveyed quarterly	Surveyed annually [3]
1980	286.40	112.60	54.82	57.77	173.80	12.71	13.56	41.32	106.21	318.08	112.60	205.48	173.80	31.68
1981	324.73	128.68	58.93	69.75	196.06	15.81	12.67	47.17	120.41	358.77	128.68	230.09	196.06	34.04
1982	326.19	123.97	54.58	69.39	202.22	14.11	11.75	53.58	122.79	363.08	123.97	239.11	202.22	36.89
1983	321.16	117.35	51.61	65.74	203.82	10.64	10.81	52.95	129.41	359.73	117.35	242.38	203.82	38.56
1984	373.83	139.61	64.57	75.04	234.22	11.86	13.44	57.53	151.39	418.38	139.61	278.77	234.22	44.55
1985	410.12	152.88	70.87	82.01	257.24	12.00	14.57	59.58	171.09	454.93	152.88	302.05	257.24	44.81
1986	399.36	137.95	65.68	72.28	261.40	8.15	15.05	56.61	181.59	447.11	137.95	309.16	261.40	47.75
1987	410.52	141.06	68.03	73.03	269.46	8.28	15.07	56.26	189.84	461.51	141.06	320.45	269.46	50.99
1988	455.49	163.45	77.04	86.41	292.04	9.29	16.63	60.37	205.76	508.22	163.45	344.77	292.04	52.73
1989	507.40	183.80	82.56	101.24	323.60	9.21	18.84	66.28	229.28	563.93	183.80	380.13	323.60	56.53
1990 [4]	534.76	192.44	84.69	107.75	342.31	9.96	21.10	65.91	245.34	.....	192.44	.....	342.31	.....
1988: I	436.30	155.13	73.74	81.39	281.16	9.28	16.11	57.51	198.26	.....	155.13	.....	281.16	.....
II	452.24	160.00	76.13	83.87	292.24	9.62	16.45	58.46	207.71	.....	160.00	.....	292.24	.....
III	460.33	165.99	77.49	88.49	294.35	9.26	16.71	61.00	207.37	.....	165.99	.....	294.35	.....
IV	467.92	170.02	79.74	90.28	297.89	9.00	17.15	63.42	208.33	.....	170.02	.....	297.89	.....
1989: I	487.43	172.73	80.20	92.53	314.70	8.94	17.84	66.09	221.82	.....	172.73	.....	314.70	.....
II	502.05	180.91	82.44	98.47	321.14	9.24	18.42	68.09	225.39	.....	180.91	.....	321.14	.....
III	514.95	185.99	83.60	102.40	328.96	9.24	21.03	65.19	233.50	.....	185.99	.....	328.96	.....
IV	519.58	191.88	83.41	108.47	327.70	9.38	18.25	65.82	234.25	.....	191.88	.....	327.70	.....
1990: I	532.45	191.36	86.35	105.02	341.09	9.58	22.13	65.72	243.66	.....	191.36	.....	341.09	.....
II	535.49	195.16	84.34	110.82	340.33	9.84	21.86	64.27	244.37	.....	195.16	.....	340.33	.....
III [4]	532.47	192.37	83.63	108.74	340.09	10.23	20.61	66.20	243.05	.....	192.37	.....	340.09	.....
IV [4]	538.61	190.88	84.45	106.42	347.74	10.19	19.81	67.46	250.27	.....	190.88	.....	347.74	.....

[1] Excludes forestry, fisheries, and agricultural services; medical services; professional services; social services and membership organizations; and real estate, which, effective with the April-May 1984 survey, are no longer surveyed quarterly. See last column ("nonmanufacturing surveyed annually") for data for these industries.

[2] "All industries" plus the part of nonmanufacturing that is surveyed annually.

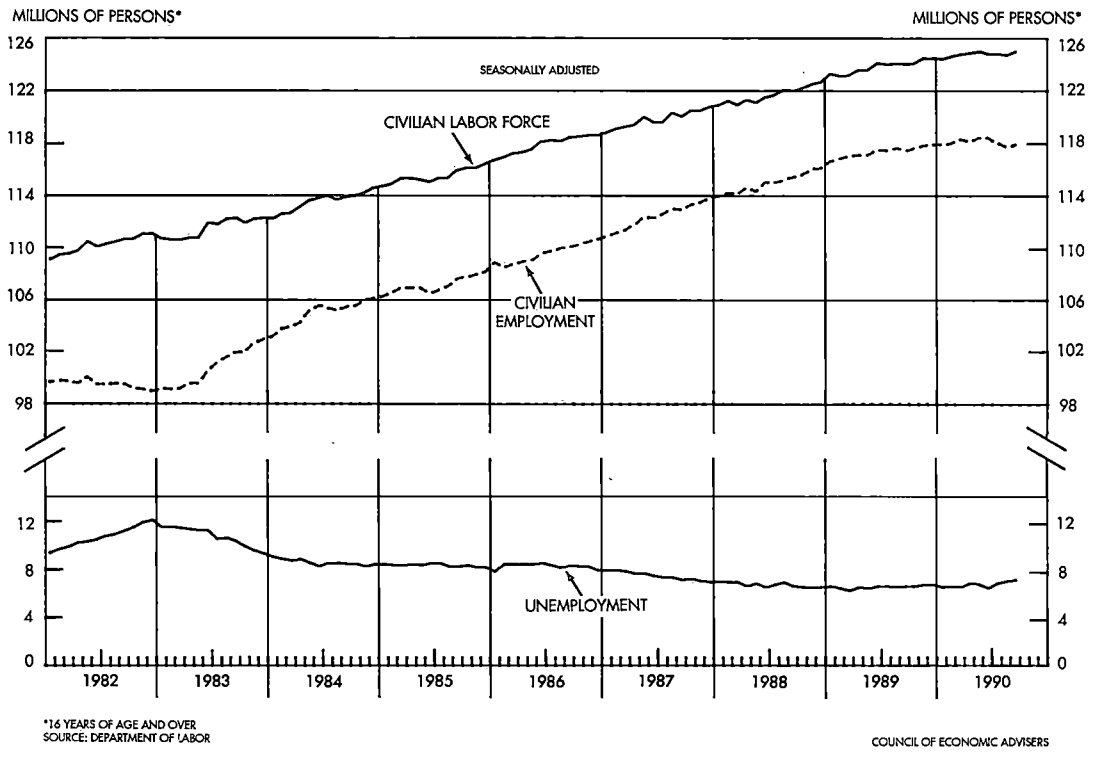
[3] Consists of forestry, fisheries, and agricultural services; medical services; professional services; social services and membership organizations; and real estate.

[4] Planned capital expenditures as reported by business in July-August 1990, corrected for biases.

Source: Department of Commerce, Bureau of the Census.

EMPLOYMENT, UNEMPLOYMENT, AND WAGES

In September, civilian employment rose 240,000 and unemployment rose 66,000.



[Thousands of persons 16 years of age and over, except as noted; monthly data seasonally adjusted except as noted by NSA]

Period	Noninstitutional population including resident Armed Forces NSA	Resident Armed Forces NSA	Labor force including resident Armed Forces	Employment including resident Armed Forces	Civilian labor force	Civilian employment				Unemployment		Civilian	
						Total	Agricultural	Nonagricultural		Total	15 weeks and over	Labor force participation rate (percent) [2]	Employment/population ratio (percent) [2]
								Total	Part time for economic reasons [1]				
1981	171,775	1,645	110,315	102,042	108,670	100,397	3,368	97,030	4,499	8,273	2,285	63.9	59.0
1982	173,939	1,668	111,872	101,194	110,204	99,526	3,401	96,125	5,852	10,678	3,485	64.0	57.8
1983	175,891	1,676	113,226	102,510	111,550	100,834	3,383	97,450	5,997	10,717	4,210	64.0	57.9
1984	178,080	1,697	115,241	106,702	113,544	105,005	3,321	101,685	5,512	8,539	2,737	64.4	59.5
1985	179,912	1,706	117,167	108,856	115,461	107,150	3,179	103,971	5,334	8,312	2,305	64.8	60.1
1986*	182,293	1,706	119,540	111,303	117,834	109,597	3,163	106,434	5,345	8,237	2,232	65.3	60.7
1987	184,490	1,737	121,602	114,177	119,865	112,440	3,208	109,232	5,122	7,425	1,983	65.6	61.5
1988	186,322	1,709	123,378	116,677	121,669	114,968	3,169	111,800	4,965	6,701	1,610	65.9	62.3
1989	188,081	1,688	125,557	119,030	123,869	117,342	3,199	114,142	4,657	6,528	1,375	66.5	63.0
1989:													
Sept	188,428	1,702	125,725	119,121	124,023	117,419	3,219	114,200	4,605	6,604	1,359	66.4	62.9
Oct	188,580	1,709	125,857	119,294	124,148	117,585	3,197	114,388	4,526	6,563	1,378	66.4	62.9
Nov	188,721	1,704	126,192	119,540	124,488	117,836	3,160	114,676	4,552	6,652	1,422	66.6	63.0
Dec	188,865	1,700	126,246	119,588	124,546	117,888	3,197	114,691	4,554	6,658	1,362	66.5	63.0
1990:													
Jan	188,990	1,697	126,094	119,560	124,397	117,863	3,134	114,728	4,729	6,535	1,430	66.4	62.9
Feb	189,090	1,678	126,308	119,713	124,630	118,035	3,079	114,957	4,703	6,594	1,369	66.5	63.0
Mar	189,198	1,669	126,498	120,003	124,829	118,334	3,200	115,133	4,747	6,495	1,333	66.6	63.1
Apr	189,326	1,657	126,543	119,773	124,886	118,116	3,133	114,983	4,630	6,770	1,386	66.5	62.9
May	189,467	1,639	126,643	119,989	125,004	118,350	3,305	115,045	4,666	6,653	1,374	66.6	63.0
June	189,607	1,630	126,466	120,019	124,836	118,389	3,348	115,041	4,734	6,447	1,406	66.4	63.0
July	189,763	1,627	126,394	119,580	124,767	117,953	3,085	114,867	4,710	6,814	1,513	66.3	62.7
Aug	189,901	1,640	126,300	119,298	124,660	117,658	3,137	114,521	4,780	7,003	1,609	66.2	62.5
Sept	190,002	1,601	126,568	119,499	124,967	117,898	3,181	114,717	5,093	7,069	1,620	66.3	62.6

[1] Persons at work. Economic reasons include slack work, material shortages, inability to find full-time work, etc.

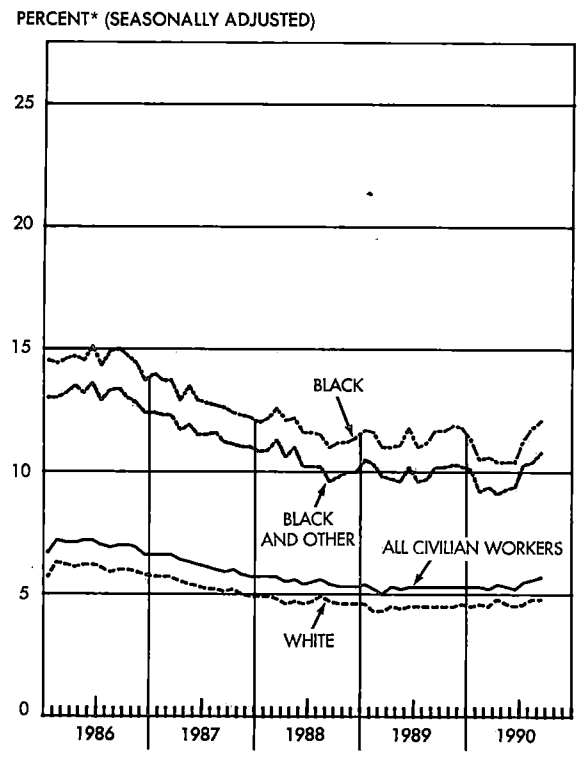
[2] Civilian labor force (or employment) as percent of civilian noninstitutional population.

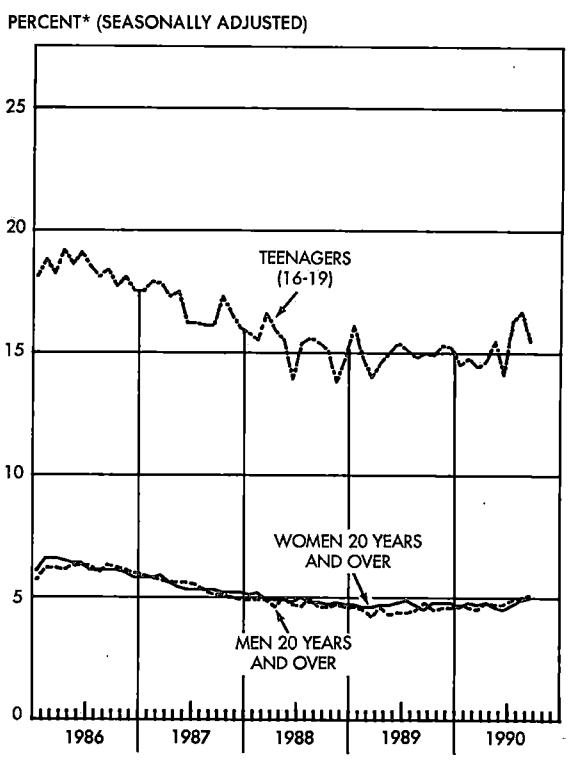
* Data beginning January 1986 not strictly comparable with earlier data because of change in estimation procedures.

Source: Department of Labor, Bureau of Labor Statistics.

SELECTED UNEMPLOYMENT RATES

In September, the overall unemployment rate rose to 5.6 percent and the civilian unemployment rate rose to 5.7 percent.





*UNEMPLOYMENT AS PERCENT OF CIVILIAN LABOR FORCE IN GROUP SPECIFIED
SOURCE: DEPARTMENT OF LABOR

COUNCIL OF ECONOMIC ADVISERS

[Monthly data seasonally adjusted]

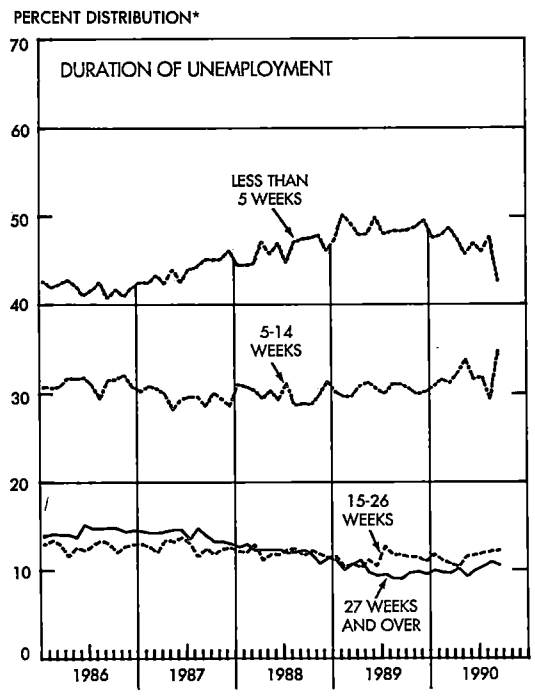
Period	Unemployment rate, all workers [1]	Unemployment rate (percent of civilian labor force in group)												Labor force time lost (percent) [2]
		All civilian workers	By sex and age			By race			By selected groups					
			Men 20 years and over	Women 20 years and over	Both sexes 16–19 years	White	Black and other	Black	Experienced wage and salary workers	Married men, spouse present	Women who maintain families	Full-time workers	Part-time workers	
1981	7.5	7.6	6.3	6.8	19.6	6.7	14.2	15.6	7.3	4.3	10.4	7.3	9.4	8.5
1982	9.5	9.7	8.8	8.3	23.2	8.6	17.3	18.9	9.3	6.5	11.7	9.6	10.5	11.0
1983	9.5	9.6	8.9	8.1	22.4	8.4	17.8	19.5	9.2	6.5	12.2	9.5	10.4	10.9
1984	7.4	7.5	6.6	6.8	18.9	6.5	14.4	15.9	7.1	4.6	10.3	7.2	9.3	8.6
1985	7.1	7.2	6.2	6.6	18.6	6.2	13.7	15.1	6.8	4.3	10.4	6.8	9.3	8.1
1986	6.9	7.0	6.1	6.2	18.3	6.0	13.1	14.5	6.6	4.4	9.8	6.6	9.1	7.9
1987	6.1	6.2	5.4	5.4	16.9	5.3	11.6	13.0	5.8	3.9	9.2	5.8	8.4	7.1
1988	5.4	5.5	4.8	4.9	15.3	4.7	10.4	11.7	5.2	3.3	8.1	5.2	7.6	6.3
1989	5.2	5.3	4.5	4.7	15.0	4.5	10.0	11.4	5.0	3.0	8.1	4.9	7.3	5.9
1989: Sept	5.3	5.3	4.8	4.5	15.0	4.5	10.2	11.7	5.0	3.3	7.7	5.0	7.3	6.0
Oct	5.2	5.3	4.5	4.8	14.9	4.5	10.2	11.7	5.0	3.0	7.8	4.9	7.1	5.9
Nov	5.3	5.3	4.6	4.8	15.3	4.5	10.3	11.9	5.1	3.1	8.2	5.0	7.4	5.9
Dec	5.3	5.3	4.6	4.8	15.2	4.6	10.2	11.8	5.0	3.0	8.1	5.0	7.5	6.0
1990: Jan	5.2	5.3	4.7	4.6	14.5	4.5	10.1	11.3	5.1	3.4	7.5	5.0	7.0	6.0
Feb	5.2	5.3	4.6	4.8	14.8	4.6	9.2	10.5	5.1	3.0	7.5	4.9	7.4	5.9
Mar	5.1	5.2	4.5	4.7	14.4	4.5	9.4	10.6	5.0	3.2	8.4	4.9	7.2	5.9
Apr	5.3	5.4	4.8	4.8	14.7	4.8	9.1	10.4	5.2	3.3	7.5	5.1	7.1	6.2
May	5.3	5.3	4.7	4.6	15.5	4.6	9.3	10.4	5.0	3.3	7.4	4.9	7.4	6.0
June	5.1	5.2	4.7	4.5	14.1	4.5	9.4	10.4	5.0	3.2	8.0	4.8	7.6	5.9
July	5.4	5.5	4.9	4.7	16.3	4.6	10.3	11.3	5.1	3.3	8.5	5.0	8.1	6.0
Aug	5.5	5.6	5.0	4.9	16.7	4.8	10.4	11.8	5.3	3.5	8.5	5.2	7.9	6.3
Sept	5.6	5.7	5.1	5.0	15.5	4.8	10.8	12.1	5.4	3.4	8.9	5.4	7.1	6.4

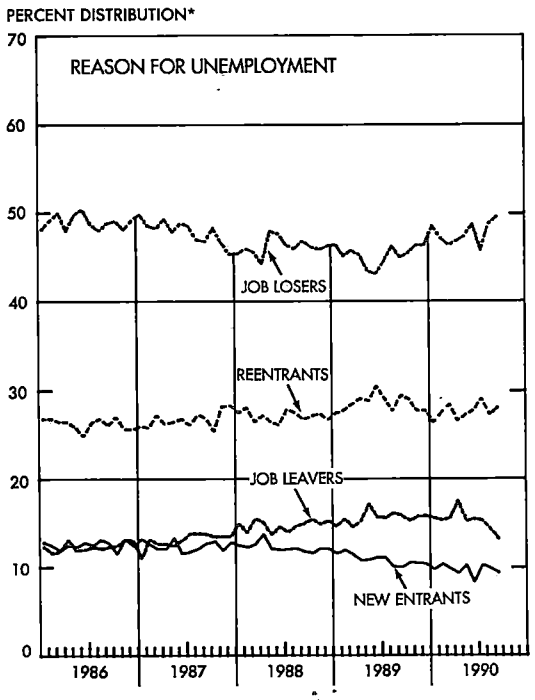
[1] Unemployed as percent of total labor force including resident Armed Forces.
[2] Aggregate hours lost by the unemployed and persons on part time for economic reasons as percent of potentially available labor force hours.

Source: Department of Labor, Bureau of Labor Statistics.

SELECTED MEASURES OF UNEMPLOYMENT AND UNEMPLOYMENT INSURANCE PROGRAMS

In September, the percentages of the unemployed who had been out of work for less than 5 weeks and for 27 weeks and over fell and the percentages for 5–14 weeks and 15–26 weeks rose. Both the mean duration of unemployment and the median rose.





* SEASONALLY ADJUSTED
SOURCE: DEPARTMENT OF LABOR

COUNCIL OF ECONOMIC ADVISERS

[Monthly data seasonally adjusted, except as noted]

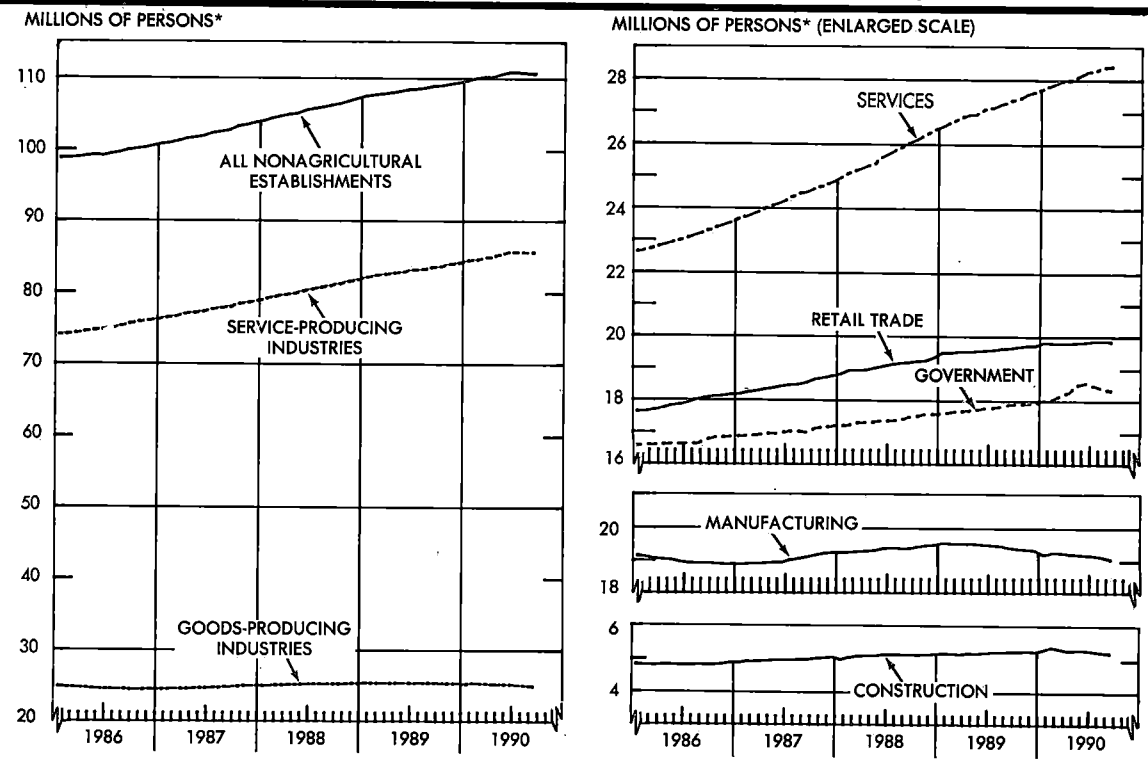
Period	Unemployment (thousands)	Duration of unemployment: Percent distribution: Less than 5 weeks	5–14 weeks	15–26 weeks	27 weeks and over	Duration of unemployment: Number of weeks: Average (mean)	Median	Reason for unemployment: percent distribution: Job losers	Job leavers	Reentrants	New entrants	State programs: [2] Insured unemployment	Initial claims	Insured unemployment, all regular programs (unadjusted) [1]
												Weekly average, thousands		
1981	8,273	41.7	30.7	13.6	14.0	13.7	6.9	51.6	11.2	25.4	11.9	3,047	460	3,410
1982	10,678	36.4	31.0	16.0	16.6	15.6	8.7	58.7	7.9	22.3	11.1	4,061	583	4,594
1983	10,717	33.3	27.4	15.4	23.9	20.0	10.1	58.4	7.7	22.5	11.3	3,396	438	3,775
1984	8,539	39.2	28.7	12.9	19.1	18.2	7.9	51.8	9.6	25.6	13.0	2,476	377	2,561
1985	8,312	42.1	30.2	12.3	15.4	15.6	6.8	49.8	10.6	27.1	12.5	2,611	396	2,693
1986	8,237	41.9	31.0	12.7	14.4	15.0	6.9	48.9	12.3	26.2	12.5	2,650	378	2,746
1987	7,425	43.7	29.6	12.7	14.0	14.5	6.5	48.0	13.0	26.6	12.4	2,332	328	2,401
1988	6,701	46.0	30.0	12.0	12.1	13.5	5.9	46.1	14.7	27.0	12.2	2,193	310	2,248
1989	6,528	48.6	30.3	11.2	9.9	11.9	4.8	45.7	15.7	28.2	10.4	2,269	330	2,324
1989: Sept	6,604	48.3	31.0	11.7	9.0	11.5	5.0	44.9	15.8	29.4	9.9	2,208	331	1,863
Oct	6,563	48.4	30.5	11.4	9.7	11.7	5.0	45.5	15.2	28.9	10.5	2,295	366	1,912
Nov	6,652	48.8	29.8	11.5	9.8	11.6	4.8	46.3	15.7	27.6	10.4	2,305	348	2,146
Dec	6,658	49.5	30.1	10.9	9.5	11.5	4.8	46.3	15.8	27.7	10.3	2,373	367	2,518
1990: Jan	6,535	47.5	30.7	11.8	9.9	12.1	5.1	48.5	15.5	26.3	9.7	2,367	359	3,059
Feb	6,594	47.8	31.5	11.1	9.7	11.7	5.4	47.1	15.3	27.4	10.3	2,334	357	2,992
Mar	6,495	48.6	31.1	10.7	9.6	12.0	5.1	46.3	15.5	28.4	9.8	2,349	347	2,843
Apr	6,770	47.4	32.2	10.3	10.2	12.1	5.0	46.8	17.5	26.5	9.2	2,381	360	2,526
May	6,653	45.6	33.7	11.5	9.2	11.6	5.4	47.4	15.2	27.2	10.2	2,400	351	2,268
June	6,447	46.9	31.5	11.7	9.9	12.0	5.1	48.7	15.4	27.7	8.3	2,442	357	2,213
July	6,814	45.9	31.8	11.9	10.4	12.0	5.2	45.7	15.2	29.0	10.2	2,470	354	2,441
Aug	7,003	47.6	29.3	12.1	10.9	12.3	5.2	48.7	14.3	27.2	9.8	2,492	371	2,293
Sept	7,069	42.6	34.7	12.2	10.5	12.5	6.2	49.5	13.2	28.0	9.3	2,602	393	.....

[1] Includes State (50 States, District of Columbia, Puerto Rico, and Virgin Islands), ex-servicemen (UCX), Federal (UCFE), and railroad (RR) programs. Also includes Federal and State extended benefit programs. Does not include Federal supplemental compensation program.

Source: Department of Labor (Bureau of Labor Statistics and Employment and Training Administration).

NONAGRICULTURAL EMPLOYMENT

Total nonagricultural employment as measured by the payroll survey fell 101,000 in September.



*SEASONALLY ADJUSTED
SOURCE: DEPARTMENT OF LABOR

COUNCIL OF ECONOMIC ADVISERS

[Thousands of wage and salary workers; [1] seasonally adjusted]

Period	Total nonagricultural employment	Goods-producing industries					Service-producing industries							
		Total [2]	Construction	Manufacturing			Total	Transportation and public utilities	Wholesale trade	Retail trade	Finance, insurance, and real estate	Services	Government	
				Total	Durable goods	Nondurable goods							Total	Federal
1981	91,156	25,497	4,188	20,170	12,085	8,085	65,659	5,165	5,376	15,172	5,298	18,619	16,031	2,772
1982	89,566	23,813	3,905	18,781	11,016	7,765	65,753	5,082	5,296	15,161	5,341	19,036	15,837	2,739
1983	90,200	23,334	3,948	18,434	10,708	7,726	66,866	4,954	5,286	15,595	5,468	19,694	15,869	2,774
1984	94,496	24,727	4,383	19,378	11,479	7,899	69,769	5,159	5,574	16,526	5,689	20,797	16,024	2,807
1985	97,519	24,859	4,673	19,260	11,463	7,796	72,660	5,238	5,736	17,336	5,955	21,999	16,394	2,875
1986	99,525	24,558	4,816	18,965	11,203	7,762	74,967	5,255	5,774	17,909	6,283	23,053	16,693	2,899
1987	102,200	24,708	4,967	19,024	11,166	7,858	77,492	5,372	5,865	18,462	6,547	24,235	17,010	2,943
1988	105,536	25,173	5,110	19,350	11,381	7,969	80,363	5,527	6,055	19,077	6,649	25,669	17,386	2,971
1989	108,413	25,326	5,200	19,426	11,422	8,004	83,087	5,648	6,271	19,580	6,724	27,096	17,769	2,988
1989: Sept	108,868	25,304	5,225	19,370	11,369	8,001	83,564	5,656	6,303	19,634	6,753	27,335	17,883	2,992
Oct	108,980	25,283	5,239	19,334	11,337	7,997	83,697	5,671	6,313	19,665	6,756	27,408	17,884	2,986
Nov	109,245	25,280	5,258	19,306	11,314	7,992	83,965	5,693	6,335	19,714	6,774	27,548	17,901	2,982
Dec	109,383	25,218	5,216	19,284	11,296	7,988	84,165	5,776	6,344	19,710	6,785	27,623	17,927	2,977
1990: Jan	109,654	25,188	5,294	19,171	11,192	7,979	84,466	5,790	6,356	19,807	6,794	27,721	17,998	3,000
Feb	109,958	25,339	5,368	19,244	11,278	7,966	84,619	5,804	6,357	19,758	6,817	27,842	18,041	3,005
Mar	110,122	25,259	5,313	19,217	11,261	7,956	84,863	5,808	6,361	19,764	6,821	27,950	18,159	3,089
Apr	110,177	25,180	5,256	19,190	11,229	7,961	84,997	5,809	6,363	19,778	6,823	27,969	18,255	3,151
May	110,617	25,191	5,286	19,167	11,217	7,950	85,426	5,833	6,369	19,795	6,838	28,094	18,497	3,346
June	110,829	25,162	5,270	19,148	11,201	7,947	85,667	5,846	6,383	19,822	6,844	28,225	18,547	3,338
July r	110,740	25,105	5,229	19,131	11,179	7,952	85,635	5,841	6,374	19,851	6,842	28,287	18,440	3,164
Aug r	110,657	25,013	5,194	19,083	11,130	7,953	85,644	5,845	6,375	19,838	6,850	28,386	18,350	3,049
Sept p	110,556	24,929	5,174	19,017	11,072	7,945	85,627	5,859	6,374	19,828	6,843	28,407	18,316	3,010

[1] Includes all full- and part-time wage and salary workers in nonagricultural establishments who received pay for any part of the pay period which includes the 12th of the month. Excludes proprietors, self-employed persons, domestic servants, and personnel of the Armed Forces. Total derived from this table not comparable with estimates of nonagricultural employment of the civilian labor force, shown on p. 11, which include proprietors, self-employed persons, and domestic servants; which count persons as employed when they are not at work because of industrial disputes, bad weather, etc., even if they are not paid for the time off; and which are based on a sample of the working-age population, whereas the estimates in this table are based on reports from employing establishments.

[2] Includes mining, not shown separately.

Source: Department of Labor, Bureau of Labor Statistics.

AVERAGE WEEKLY HOURS, HOURLY EARNINGS, AND WEEKLY EARNINGS

PRIVATE NONAGRICULTURAL INDUSTRIES

[For production or nonsupervisory workers; monthly data seasonally adjusted, except as noted]

Period	Average weekly hours			Average gross hourly earnings		Average gross weekly earnings					Percent change from a year earlier, total private nonagricultural [3]	
		Manufacturing				Total private nonagricultural [1]		Current dollars				
	Total private nonagricultural [1]	Total	Overtime	Total private nonagricultural [1]	Manufacturing	Current dollars	1982 dollars [2]	Manufacturing	Construction	Retail trade	Current dollars	1982 dollars
1981	35.2	39.8	2.8	$7.25	$7.99	$255.20	$270.63	$318.00	$399.26	$157.99	8.5	−1.5
1982	34.8	38.9	2.3	7.68	8.49	267.26	267.26	330.26	426.82	163.83	4.7	−1.2
1983	35.0	40.1	3.0	8.02	8.83	280.70	272.52	354.08	442.97	171.13	5.0	2.0
1984	35.2	40.7	3.4	8.32	9.19	292.86	274.73	374.03	458.51	174.47	4.3	.8
1985	34.9	40.5	3.3	8.57	9.54	299.09	271.16	386.37	464.46	174.81	2.1	−1.3
1986	34.8	40.7	3.4	8.76	9.73	304.85	271.94	396.01	466.75	175.80	1.9	.3
1987	34.8	41.0	3.7	8.98	9.91	312.50	269.16	406.31	480.44	178.80	2.5	−1.0
1988	34.7	41.1	3.9	9.28	10.19	322.02	266.79	418.81	495.73	183.62	3.0	−.9
1989	34.6	41.0	3.8	9.66	10.49	334.24	264.22	430.09	512.41	188.72	3.8	−1.0
1989: Sept	34.6	40.9	3.8	9.73	10.55	336.66	264.25	431.50	515.28	189.87	4.0	−.3
Oct	34.6	40.8	3.7	9.78	10.57	338.39	264.57	431.26	519.90	190.74	3.6	−.8
Nov	34.5	40.7	3.7	9.78	10.58	337.41	262.99	430.61	524.54	190.37	3.5	−1.0
Dec	34.4	40.6	3.7	9.83	10.62	338.15	262.54	431.17	516.00	191.23	3.5	−1.0
1990: Jan	34.4	40.7	3.6	9.82	10.57	337.81	259.45	430.20	523.03	192.38	2.7	−2.4
Feb	34.6	40.8	3.6	9.88	10.67	341.85	261.35	435.34	527.48	193.34	3.9	−1.2
Mar	34.6	40.8	3.7	9.93	10.73	343.58	261.48	437.78	523.18	195.17	3.7	−1.5
Apr	34.5	40.7	3.5	9.96	10.75	343.62	261.31	437.53	508.03	195.46	2.8	−1.6
May	34.5	40.9	3.8	9.98	10.81	344.31	261.63	442.13	520.98	196.04	4.0	−.1
June	34.7	41.0	3.8	10.03	10.86	348.04	262.87	445.26	531.35	196.62	4.5	−.0
July	34.5	40.9	r3.7	10.07	10.89	347.42	261.61	445.40	516.00	196.23	3.4	−1.0
Aug r	34.5	41.0	3.8	10.08	10.90	347.76	259.72	446.90	526.40	195.73	3.8	−1.7
Sept p	34.7	41.0	3.7	10.14	10.93	351.86	260.64	448.13	541.80	197.97	4.4	−1.5

[1] Also includes other private industry groups shown on p. 14.

[2] Current dollar earnings divided by the consumer price index for urban wage earners and clerical workers (on a 1982=100 base).

[3] Based on seasonally unadjusted data.

Source: Department of Labor, Bureau of Labor Statistics.

EMPLOYMENT COST INDEX—PRIVATE INDUSTRY

[Not seasonally adjusted]

Period	Index (June 1989 = 100)			Percent change from					
				3 months earlier			12 months earlier		
	Total compensation	Wages and salaries	Benefits [1]	Total compensation	Wages and salaries	Benefits [1]	Total compensation	Wages and salaries	Benefits [1]
1981: Dec	71.2	73.0	66.6	2.0	1.8	2.1	9.9	8.8	12.1
1982: Dec	75.8	77.6	71.4	1.3	1.2	1.4	6.5	6.3	7.2
1983: Dec	80.1	81.4	76.7	1.3	1.1	1.3	5.7	4.9	7.4
1984: Dec	84.0	84.8	81.7	1.3	1.2	1.4	4.9	4.2	6.5
1985: Dec	87.3	88.3	84.6	.6	.6	.5	3.9	4.1	3.5
1986: Dec	90.1	91.1	87.5	.7	.6	.6	3.2	3.2	3.4
1987: Dec	93.1	94.1	90.5	.6	.6	1.0	3.3	3.3	3.4
1988: Dec	97.6	98.0	96.7	1.0	1.0	1.0	4.8	4.1	6.9
1989: Dec	102.3	102.0	102.6	1.1	.8	1.2	4.8	4.1	6.1
1988: Mar	94.5	95.0	93.4	1.5	1.0	3.2	3.8	3.3	5.9
June	95.7	96.1	94.7	1.3	1.2	1.4	4.5	3.8	6.4
Sept	96.6	97.0	95.7	.9	.9	1.1	4.4	3.7	6.8
Dec	97.6	98.0	96.7	1.0	1.0	1.0	4.8	4.1	6.9
1989: Mar	98.8	99.0	98.4	1.2	1.0	1.8	4.6	4.2	5.4
June	100.0	100.0	100.0	1.2	1.0	1.6	4.5	4.1	5.6
Sept	101.2	101.2	101.4	1.2	1.2	1.4	4.8	4.3	6.0
Dec	102.3	102.0	102.6	1.1	.8	1.2	4.8	4.1	6.1
1990: Mar	103.9	103.2	105.5	1.6	1.2	2.8	5.2	4.2	7.2
June	105.2	104.5	106.9	1.3	1.3	1.3	5.2	4.5	6.9
Sept	106.2	105.4	108.3	1.0	.9	1.3	4.9	4.2	6.8

[1] Employer costs for employee benefits.

NOTE.—The employment cost index is a measure of the change in the cost of labor, free from the influence of employment shifts among occupations and industries.

Data exclude farm and household workers.

Source: Department of Labor, Bureau of Labor Statistics.

35-538 - 90 - 2

PRODUCTIVITY AND RELATED DATA, BUSINESS SECTOR

Period	Output per hour of all persons		Output [1]		Hours of all persons [2]		Compensation per hour [3]		Real compensation per hour [4]		Unit labor costs		Implicit price deflator [5]	
	Business sector	Nonfarm business sector	Business sector	Nonfarm business sector	Business sector	Nonfarm business sector	Business sector	Nonfarm business sector	Business sector	Nonfarm business sector	Business sector	Nonfarm business sector	Business sector	Nonfarm business sector
	1982=100; quarterly data seasonally adjusted													
1980	99.2	99.9	101.1	101.7	101.9	101.8	85.1	85.1	99.7	99.6	85.8	85.2	86.2	85.7
1981	100.7	100.9	103.2	103.4	102.5	102.5	93.0	93.1	98.8	98.9	92.4	92.3	94.4	94.0
1982	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1983	102.4	103.0	104.2	105.0	101.8	102.0	103.8	104.0	100.6	100.7	101.4	101.0	103.3	103.5
1984	105.0	105.1	113.0	113.7	107.6	108.1	108.1	108.1	100.4	100.4	103.0	102.8	106.8	106.6
1985	107.1	106.5	117.7	118.1	109.9	110.9	112.8	112.5	101.2	100.9	105.4	105.6	109.5	109.8
1986	109.5	108.6	121.3	121.6	110.8	111.9	118.6	118.2	104.4	104.1	108.4	108.8	111.8	112.3
1987	110.7	109.8	126.4	126.8	114.1	115.4	123.1	122.5	104.6	104.1	111.2	111.6	114.8	115.3
1988	113.0	112.3	133.0	134.0	117.7	119.3	129.1	128.3	105.3	104.7	114.3	114.3	118.2	118.4
1989	112.8	111.9	135.8	136.7	120.4	122.2	133.1	132.1	103.5	102.8	118.0	118.1	122.8	123.0
1982: IV	100.6	100.5	99.5	99.3	98.9	98.9	102.1	102.2	100.6	100.7	101.5	101.7	101.4	101.5
1983: IV	103.3	103.9	107.6	108.7	104.2	104.7	105.4	105.3	100.6	100.5	102.0	101.3	104.8	104.7
1984: IV	105.4	105.5	114.5	115.1	108.6	109.1	109.7	109.7	100.5	100.5	104.0	104.0	107.9	107.9
1985: IV	108.1	107.2	119.3	119.6	110.4	111.6	115.3	114.7	102.1	101.6	106.7	107.1	110.5	111.0
1986: IV	109.5	108.5	122.2	122.4	111.6	112.8	120.9	120.4	105.6	105.2	110.4	111.0	112.8	113.4
1987: IV	112.0	110.9	129.4	129.7	115.5	116.9	125.6	124.9	105.0	104.4	112.1	112.6	115.7	116.2
1988: I	113.1	112.1	131.2	131.6	115.9	117.4	126.9	126.2	105.3	104.7	112.2	112.6	116.2	116.6
II	112.8	111.9	132.6	133.4	117.6	119.2	128.6	127.7	105.5	104.8	114.0	114.1	117.5	117.8
III	113.5	112.7	133.8	134.8	117.9	119.6	130.3	129.4	105.6	104.9	114.8	114.8	118.9	118.8
IV	113.1	112.8	134.5	136.0	118.8	120.5	131.5	130.8	105.5	104.9	116.3	115.9	120.3	120.5
1989: I	113.3	112.4	135.6	136.4	119.7	121.4	132.2	131.4	104.6	104.0	116.7	116.9	121.2	121.4
II	113.3	112.2	135.9	136.8	120.0	121.9	133.0	131.9	103.7	102.9	117.4	117.5	122.5	122.7
III	112.8	112.0	136.1	137.1	120.6	122.4	133.4	132.5	103.3	102.6	118.2	118.3	123.3	123.5
IV	112.3	111.4	135.5	136.3	120.7	122.4	134.3	133.4	103.0	102.3	119.6	119.8	124.3	124.7
1990: I	111.9	110.8	136.0	136.8	121.5	123.5	135.5	134.4	101.9	101.1	121.1	121.3	125.8	125.8
II*	112.3	111.2	136.4	137.3	121.4	123.5	137.5	136.3	102.5	101.6	122.4	122.6	127.1	127.3
	Percent change; quarterly data at seasonally adjusted annual rates													
1980	−0.3	−0.4	−1.1	−1.2	−0.8	−0.7	10.5	10.5	−2.6	−2.6	10.9	11.0	9.0	9.7
1981	1.5	1.1	2.1	1.7	.6	.6	9.3	9.5	−.9	−.7	7.7	8.3	9.6	9.7
1982	−.7	−.9	−3.1	−3.3	−2.4	−2.4	7.5	7.4	1.2	1.1	8.3	8.4	5.9	6.3
1983	2.4	3.0	4.2	5.0	1.8	2.0	3.8	4.0	.6	.7	1.4	1.0	3.3	3.5
1984	2.6	2.1	8.4	8.3	5.7	6.0	4.1	3.9	−.2	−.4	1.5	1.8	3.3	3.0
1985	2.0	1.3	4.2	3.9	2.2	2.6	4.4	4.1	.8	.5	2.3	2.8	2.5	3.0
1986	2.2	2.0	3.1	3.0	.8	1.0	5.1	5.0	3.2	3.1	2.8	3.0	2.1	2.3
1987	1.2	1.1	4.1	4.2	2.9	3.1	3.8	3.6	.1	−.0	2.6	2.5	2.7	2.7
1988	2.0	2.2	5.3	5.7	3.2	3.4	4.9	4.8	.7	.6	2.8	2.5	3.0	2.7
1989	−.2	−.3	2.1	2.0	2.3	2.4	3.0	3.0	−1.7	−1.8	3.2	3.3	3.9	3.9
1982: IV	2.6	2.0	−.5	−1.2	−3.0	−3.1	4.1	4.6	2.8	3.3	1.5	2.6	2.4	3.0
1983: IV	3.3	1.6	10.4	9.8	6.8	8.1	5.7	4.4	1.6	.3	2.3	2.8	4.8	3.1
1984: IV	1.5	.9	3.5	3.1	2.0	2.2	3.6	3.6	.1	.1	2.0	2.6	2.7	3.3
1985: IV	1.4	.7	3.6	3.5	2.2	2.9	6.2	5.7	2.0	1.5	4.8	5.0	2.6	2.1
1986: IV	.8	.3	4.0	3.7	3.2	3.4	5.2	5.1	2.3	2.2	4.4	4.8	.9	1.0
1987: IV	2.7	2.2	7.2	6.9	4.4	4.5	7.0	6.8	3.1	2.9	4.2	4.4	1.2	1.4
1988: I	4.1	4.2	5.7	5.9	1.5	1.7	4.4	4.3	1.0	.8	.3	.1	1.7	1.4
II	−1.2	−.6	4.6	5.6	5.9	6.2	5.2	5.0	.7	.6	6.5	5.6	4.8	4.1
III	2.5	2.8	3.5	4.1	1.0	1.3	5.6	5.3	.6	.4	3.1	2.5	4.7	3.4
IV	−1.2	.5	2.0	3.6	3.3	3.1	3.8	4.2	−.5	−.1	5.1	3.6	4.9	5.9
1989: I	.5	−1.7	3.5	1.2	3.0	3.0	2.0	2.0	−3.3	−3.3	1.5	3.8	3.1	2.8
II	−.0	−.5	.9	1.3	.9	1.7	2.4	1.5	−3.4	−4.2	2.5	2.0	4.3	4.4
III	−1.5	−.8	.6	.6	2.1	1.5	1.3	1.8	−1.5	−1.0	2.8	2.7	2.5	2.6
IV	−2.0	−2.2	−1.8	−2.1	.1	.1	2.6	2.7	−1.4	−1.3	4.6	5.1	3.5	3.9
1990: I	−1.5	−1.9	1.4	1.4	2.9	3.4	3.8	3.2	−4.0	−4.5	5.3	5.2	4.6	3.8
II*	1.7	1.5	1.4	1.5	−.3	0	6.1	5.8	2.4	2.0	4.4	4.3	4.5	4.6

[1] Output refers to gross domestic product originating in the sector in 1982 dollars.

[2] Hours of all persons engaged in the sector, including hours of proprietors and unpaid family workers. Estimates based primarily on establishment data.

[3] Wages and salaries of employees plus employers' contributions for social insurance and private benefit plans. Also includes an estimate of wages, salaries, and supplemental payments for the self-employed.

[4] Hourly compensation divided by the consumer price index for all urban consumers.

[5] Current dollar gross domestic product divided by constant dollar gross domestic product.

NOTE.—Data relate to all persons engaged in the sector.

Percent changes are from preceding period and are based on original data; they therefore may differ slightly from percent changes based on indexes shown here.

Beginning with data released August 3, 1989, hours of labor input are defined as hours at the work site rather than hours paid.

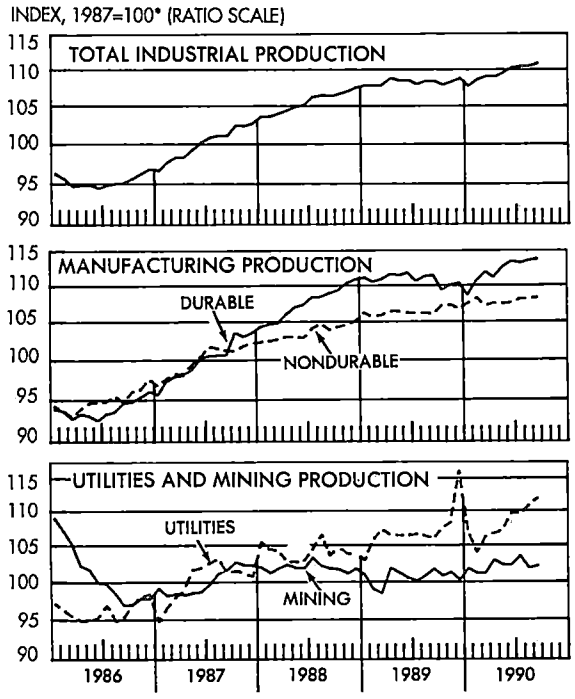
*Data do not reflect GNP revisions of September 25, 1990.

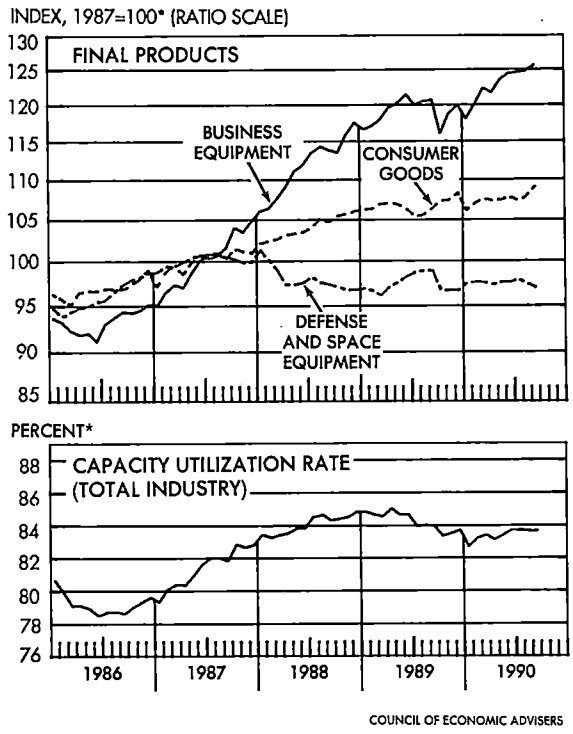
Source: Department of Labor, Bureau of Labor Statistics.

PRODUCTION AND BUSINESS ACTIVITY

INDUSTRIAL PRODUCTION AND CAPACITY UTILIZATION

Industrial production rose in September and capacity utilization was unchanged.





[Monthly data seasonally adjusted]

Period	Total industrial production		Industry production indexes, 1987=100					Capacity utilization rate, percent [1]	
			Manufacturing			Mining	Utilities		
	Index, 1987=100	Percent change from year earlier	Total	Durable	Nondurable			Total industry	Manufacturing
1980	84.1	−1.9	78.8	75.7	83.1	110.0	95.9	82.1	80.2
1981	85.7	1.9	80.3	77.4	84.5	114.3	94.3	80.9	78.8
1982	81.9	−4.4	76.6	72.7	82.5	109.3	91.8	75.0	72.8
1983	84.9	3.7	80.9	76.8	87.0	104.8	93.6	75.8	74.9
1984	92.8	9.3	89.3	88.4	90.8	111.9	97.0	81.1	80.4
1985	94.4	1.7	91.6	91.8	91.5	109.0	99.5	80.3	79.5
1986	95.3	1.0	94.3	93.9	94.9	101.0	96.3	79.2	79.0
1987	100.0	4.9	100.0	100.0	100.0	100.0	100.0	81.4	81.4
1988	105.4	5.4	105.8	107.6	103.6	101.8	104.4	84.0	83.9
1989	108.1	2.6	108.9	110.9	106.4	100.5	107.1	84.2	83.9
1989: Sept	108.2	1.9	109.1	111.5	106.0	101.6	105.9	83.9	83.6
Oct	107.7	1.1	108.4	109.4	107.2	100.7	107.4	83.3	82.9
Nov	108.1	1.1	108.9	110.1	107.3	101.2	108.3	83.5	83.0
Dec	108.6	1.1	108.8	110.4	106.7	100.1	116.1	83.7	82.8
1990: Jan	107.5	−.2	108.1	108.6	107.5	101.7	106.8	82.7	82.0
Feb	108.5	.8	109.6	110.7	108.3	101.0	104.0	83.2	83.0
Mar	108.9	1.1	109.8	111.9	107.2	101.1	106.2	83.4	82.9
Apr	108.8	.2	109.5	111.1	107.5	102.9	106.7	83.1	82.5
May	109.4	1.0	110.3	112.6	107.4	102.2	107.1	83.4	82.8
June r	110.1	1.6	110.8	113.4	107.6	102.2	109.7	83.7	83.0
July r	110.3	2.3	111.0	113.2	108.1	103.5	109.4	83.7	82.9
Aug r	110.4	2.0	111.2	113.6	108.1	101.8	110.8	83.6	82.8
Sept p	110.7	2.2	111.4	113.8	108.3	102.1	111.8	83.6	82.8

[1] Output as percent of capacity.

Source: Board of Governors of the Federal Reserve System.

INDUSTRIAL PRODUCTION—MAJOR MARKET GROUPS AND SELECTED MANUFACTURES

[1987=100; monthly data seasonally adjusted]

Period	Products										Materials	
	Final products							Intermediate products				
	Total	Consumer goods			Equipment			Total	Construction supplies	Business supplies	Total	Energy
		Total	Durable goods	Nondurable goods	Total [1]	Business	Defense and space equipment					
1980	80.0	85.3	73.5	89.1	74.6	73.5	57.4	77.0	80.8	74.2	91.3	106.2
1981	82.1	85.8	74.0	89.6	78.2	76.1	58.5	77.0	78.4	75.7	92.8	104.3
1982	80.8	84.5	68.7	89.7	77.0	72.9	65.7	75.1	72.2	77.0	85.1	100.7
1983	83.0	88.8	79.7	91.9	76.8	71.9	71.8	80.3	80.2	80.3	88.3	98.9
1984	91.0	92.8	91.0	93.4	89.2	85.4	78.9	86.2	86.2	86.2	96.6	103.8
1985	94.2	93.7	91.6	94.4	94.8	91.1	89.4	88.3	89.1	87.7	96.6	103.4
1986	95.7	96.8	94.5	97.6	94.5	93.2	96.0	92.0	93.8	90.7	95.9	99.4
1987	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1988	105.6	104.0	104.9	103.7	107.6	111.8	98.0	104.4	104.4	104.4	105.6	101.8
1989	109.1	106.7	107.9	106.4	112.3	119.1	97.4	106.8	106.1	107.3	107.4	101.4
1989: Sept	109.6	106.3	107.6	106.0	113.8	120.7	98.9	106.3	105.2	107.0	107.4	101.6
Oct	108.5	107.3	106.8	107.4	110.1	116.0	96.6	106.9	106.3	107.3	107.1	101.3
Nov	109.4	107.4	105.7	107.8	112.0	118.7	96.7	107.3	107.0	107.5	107.0	101.9
Dec	110.3	108.3	106.8	108.7	112.9	119.9	96.6	107.9	107.4	108.2	106.9	102.7
1990: Jan	108.5	106.0	99.4	107.8	111.8	118.0	97.5	108.0	107.9	108.0	106.2	101.2
Feb	109.7	107.0	106.2	107.2	113.3	120.1	97.6	108.4	108.2	108.5	107.1	101.7
Mar	110.7	107.5	110.8	106.6	114.9	122.2	97.5	108.2	107.3	108.9	107.1	102.0
Apr	110.4	107.2	107.3	107.1	114.7	121.6	97.3	108.0	106.4	109.1	107.3	101.8
May	111.2	107.4	109.3	106.9	116.2	123.5	97.6	108.3	105.5	110.2	107.7	101.1
June [r]	111.7	107.8	112.1	106.6	116.8	124.4	97.6	108.3	106.0	109.8	108.8	102.1
July [r]	111.5	107.3	108.5	107.0	116.9	124.6	97.9	108.5	106.4	110.0	109.5	102.9
Aug [r]	111.7	107.8	108.0	107.7	116.7	124.8	97.4	108.4	105.9	110.1	109.7	102.5
Sept [p]	112.6	109.1	111.5	108.5	117.1	125.6	97.0	107.9	104.9	110.0	109.4	103.2

[1] Includes oil and gas well drilling and manufactured homes, not shown separately.

[1987=100; monthly data seasonally adjusted]

Period	Durable manufactures								Nondurable manufactures			
	Primary metals		Fabricated metal products	Nonelectrical machinery	Electrical machinery	Transportation equipment		Lumber and products	Apparel products	Printing and publishing	Chemicals and products	Foods
	Total	Iron and steel				Total	Motor vehicles and parts					
1980	110.8	126.0	92.5	60.6	73.3	72.3	67.0	76.9	89.2	70.3	87.8	84.6
1981	117.5	135.1	91.1	65.9	75.4	68.7	64.4	74.7	91.0	72.1	89.2	86.5
1982	83.2	86.2	83.2	63.9	75.9	64.8	58.8	67.3	90.1	75.2	81.8	87.7
1983	91.0	96.1	85.5	64.3	80.3	72.7	74.5	79.9	93.8	79.0	87.5	90.1
1984	102.4	105.9	93.3	80.8	94.1	83.1	90.6	86.0	95.7	84.5	91.4	92.1
1985	101.8	104.5	94.5	86.8	93.1	91.8	99.0	88.0	92.6	87.6	91.4	94.9
1986	93.8	90.8	93.8	90.4	94.3	96.9	98.5	95.1	96.3	90.7	94.6	97.4
1987	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1988	110.3	113.8	106.2	113.8	106.5	105.0	105.5	104.6	102.2	103.6	105.4	102.8
1989	109.2	109.3	107.2	121.8	109.5	107.2	104.9	103.0	104.3	108.5	108.5	105.5
1989: Sept	109.9	109.7	106.0	123.4	110.8	108.0	103.2	102.6	104.5	109.4	107.5	105.4
Oct	108.6	109.2	105.9	119.0	110.2	102.1	99.7	103.2	103.9	109.3	109.4	106.8
Nov	104.8	104.1	106.9	122.9	110.1	102.8	99.0	104.8	103.7	109.6	109.8	107.4
Dec	102.6	100.3	106.3	123.8	110.1	104.4	98.7	106.4	102.6	109.6	107.6	108.0
1990: Jan	105.0	104.6	105.1	123.7	110.1	94.7	76.8	106.0	102.4	110.7	109.9	106.8
Feb	107.9	110.6	105.6	124.2	111.0	103.5	94.1	104.3	102.1	112.1	110.5	107.4
Mar	105.4	106.1	105.5	125.2	112.3	107.9	103.5	105.0	99.8	111.4	109.5	107.1
Apr	106.4	106.7	105.0	125.7	111.3	105.1	95.8	103.3	98.7	112.0	110.3	107.0
May	106.2	105.5	107.1	126.9	112.4	109.0	104.0	101.7	99.2	112.8	109.2	106.8
June [r]	109.5	110.3	106.7	127.5	112.8	111.0	108.0	102.0	99.3	112.0	110.3	106.1
July [r]	110.2	110.6	107.9	128.3	112.1	108.9	102.7	102.1	99.3	111.8	110.5	106.4
Aug [r]	114.3	117.6	108.2	129.2	112.4	107.6	100.9	101.5	99.3	111.6	111.2	107.0
Sept [p]	112.5	115.3	107.3	128.6	112.5	110.7	108.5	99.4	99.0	111.5	112.0	107.8

Source: Board of Governors of the Federal Reserve System.

NEW CONSTRUCTION

[Monthly data seasonally adjusted]

Period	Total new construction expenditures	Private					Federal, State, and local	Construction contracts [3]	
		Total	Residential		Commercial and industrial [2]	Other		Total value index (1982=100)	Commercial and industrial floor space (millions of square feet)
			Total [1]	New housing units					
	Billions of dollars								
1980	256.5	192.8	100.4	69.6	46.7	45.7	63.6	97	904
1981	267.7	203.0	99.2	69.4	55.0	48.7	64.7	100	919
1982	255.7	192.6	84.7	57.0	58.7	49.2	63.1	100	690
1983	290.9	227.5	125.5	94.6	53.8	48.1	63.5	124	756
1984	340.7	270.5	153.8	113.8	68.6	48.0	70.2	136	955
1985	368.7	290.9	158.5	114.7	82.7	49.7	77.8	150	1,097
1986	398.2	313.6	187.1	133.2	78.0	48.5	84.6	159	1,016
1987	410.2	319.6	194.7	139.9	76.5	48.5	90.6	165	1,019
1988	422.1	327.1	198.1	138.9	79.8	49.2	95.0	166	973
1989	432.1	333.5	196.6	139.2	85.5	51.5	98.6	171	926
	Annual rates								*Annual rates*
1989: Aug	433.9	335.0	195.6	138.2	87.3	52.1	99.0	174	805
Sept	433.4	332.1	193.0	135.8	87.2	51.9	101.3	186	1,008
Oct	429.3	332.1	192.1	134.8	88.6	51.4	97.1	183	892
Nov	433.4	329.8	190.9	135.2	86.8	52.2	103.5	169	812
Dec	432.0	325.0	189.6	135.3	83.3	52.0	107.0	166	805
1990: Jan	446.0	338.1	200.1	140.0	85.0	52.9	107.9	161	883
Feb	455.6	343.1	203.0	144.6	88.2	51.9	112.5	155	798
Mar	457.3	347.4	206.9	145.3	87.2	53.3	109.9	161	828
Apr [r]	444.7	338.8	200.2	140.0	85.6	53.0	106.0	147	745
May [r]	443.8	334.0	196.1	136.6	84.5	53.4	109.8	160	802
June [r]	441.1	329.6	189.5	130.5	85.8	54.3	111.5	159	693
July [r]	442.4	333.9	189.1	129.3	89.7	55.1	108.5	152	618
Aug [p]	442.5	327.4	186.9	127.6	84.9	55.6	115.1	146	638
Sept [p]								147	740

[1] Includes residential improvements, not shown separately.
[2] Includes hotels and motels.
[3] F.W. Dodge series.

Sources: Department of Commerce (Bureau of the Census) and McGraw-Hill Information Systems Company, F.W. Dodge Division.

NEW PRIVATE HOUSING AND VACANCY RATES

[Thousands of units or homes, except as noted]

Period	New private housing units						New private homes		Vacancy rate for rental housing units (percent) [2]
	Units started, by type of structure				Units authorized	Units completed	Homes sold	Homes for sale at end of period [1]	
	Total	1 unit	2–4 units	5 or more units					
1980	1,292.2	852.2	109.5	330.5	1,190.6	1,501.6	545	337	5.4
1981	1,084.2	705.4	91.1	287.7	985.5	1,265.7	436	275	5.0
1982	1,062.2	662.6	80.0	319.6	1,000.5	1,005.5	412	253	5.3
1983	1,703.0	1,067.6	113.5	522.0	1,605.2	1,390.3	623	301	5.7
1984	1,749.5	1,084.2	121.4	544.0	1,681.8	1,652.2	639	353	5.9
1985	1,741.8	1,072.4	93.4	576.1	1,733.3	1,703.3	688	346	6.5
1986	1,805.4	1,179.4	84.0	542.0	1,769.4	1,756.4	750	357	7.3
1987	1,620.5	1,146.4	65.3	408.7	1,534.8	1,668.8	671	366	7.7
1988	1,488.1	1,081.3	58.8	348.0	1,455.6	1,529.8	676	367	7.7
1989	1,376.1	1,003.3	55.2	317.6	1,338.4	1,422.8	650	362	7.1
	Seasonally adjusted annual rates								
1989: Aug	1,325	987	54	284	1,334	1,437	719	364	
Sept	1,263	969	56	238	1,310	1,366	638	364	7.6
Oct	1,423	1,023	60	340	1,362	1,317	636	363	
Nov	1,347	1,010	47	290	1,364	1,486	687	363	
Dec	1,273	931	53	289	1,416	1,302	633	362	7.1
1990: Jan	1,568	1,099	53	416	1,739	1,443	613	365	
Feb	1,488	1,154	42	292	1,297	1,351	606	366	
Mar	1,307	996	35	276	1,232	1,378	558	363	7.5
Apr	1,216	898	53	265	1,108	1,295	533	363	
May	1,206	897	36	273	1,065	1,363	536	[r]360	
June	1,189	889	42	258	1,108	[r]1,295	[r]550	[r]354	7.0
July [r]	1,153	875	29	249	1,082	1,280	545	350	
Aug [r]	1,142	841	31	270	1,050	1,262	535	345	
Sept [p]	1,135	887	36	222	992		503	337	7.2

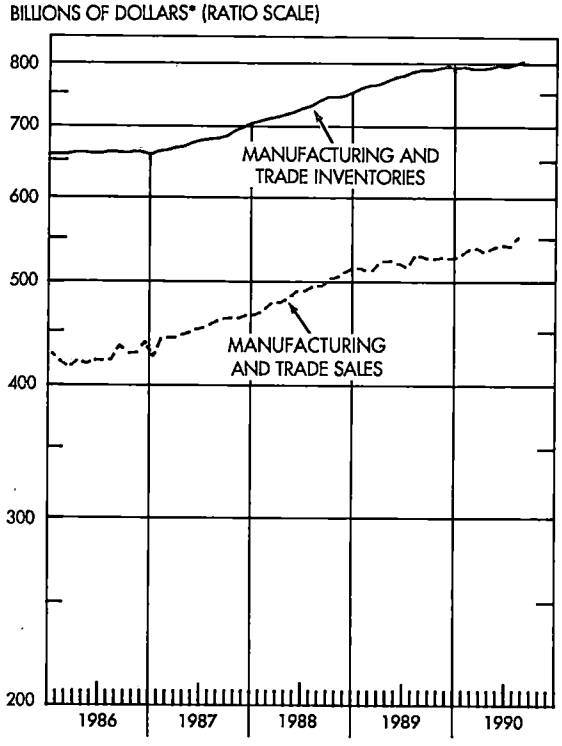
[1] Seasonally adjusted.
[2] Quarterly data entered in last month of quarter. Series beginning 1989 not comparable with earlier data.

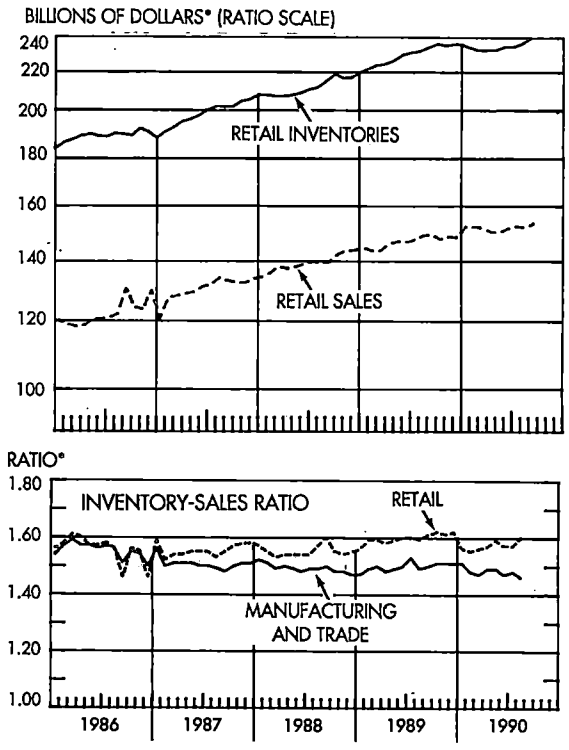
NOTE.—Beginning 1984, units authorized are for 17,000 permit-issuing places; for 1978–83 data are for 16,000 places.

Source: Department of Commerce, Bureau of the Census.

BUSINESS SALES AND INVENTORIES—Manufacturing and Trade

In August, manufacturing and trade sales rose 2.1 percent and inventories rose $4.7 billion. In September, according to advance data, retail sales rose 1.1 percent, following a decline of 0.4 percent in August.





*SEASONALLY ADJUSTED
SOURCE: DEPARTMENT OF COMMERCE

COUNCIL OF ECONOMIC ADVISERS

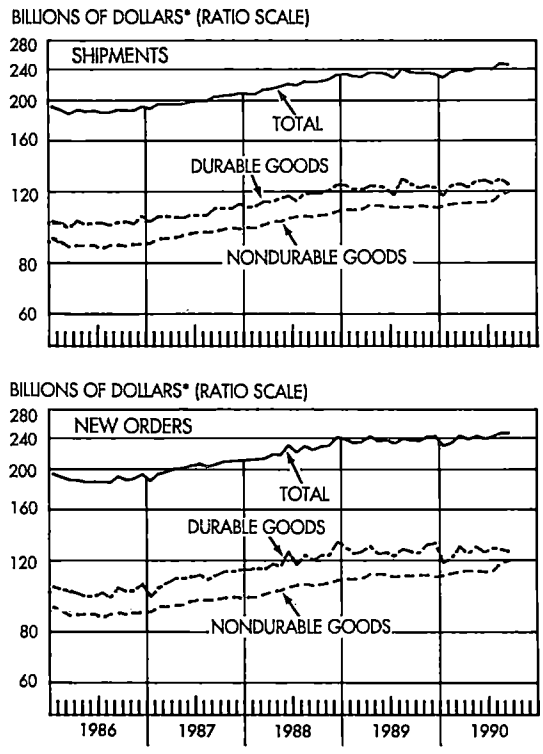
Period	Manufacturing and trade [1]		Wholesale		Retail						Inventory-sales ratio [4]	
					Sales [2]			Inventories [3]				
	Sales [2]	Inventories [3]	Sales [2]	Inventories [3]	Total	Durable goods stores	Nondurable goods stores	Total	Durable goods stores	Nondurable goods stores	Manufacturing and trade [1]	Retail
	Millions of dollars, seasonally adjusted											
1982	348,754	574,516	96,290	128,196	89,114	28,013	61,101	134,493	61,469	73,024	1.67	1.49
1983	369,136	591,265	100,324	130,906	97,570	32,631	64,939	147,712	69,025	78,687	1.56	1.44
1984	408,578	646,072	113,393	143,557	107,316	37,938	69,377	167,748	79,250	88,498	1.53	1.49
1985	419,283	657,753	114,626	148,484	114,642	41,567	73,075	181,773	88,464	93,309	1.56	1.52
1986	425,371	657,482	116,151	154,713	120,860	45,121	75,738	186,587	90,197	96,390	1.55	1.56
1987	451,933	704,515	124,254	165,271	128,509	48,051	80,457	208,112	105,738	102,374	1.51	1.55
1988	490,309	754,267	135,176	180,313	137,500	52,281	85,220	219,791	112,254	107,537	1.49	1.55
1989	521,934	795,415	145,683	188,819	144,471	53,794	90,678	235,514	117,169	118,345	1.50	1.60
1989: Aug [r]	531,579	791,363	146,698	185,944	146,731	55,606	91,125	233,930	119,251	114,679	1.49	1.59
Sept	[r]527,595	792,119	146,981	185,098	[r]147,052	[r]55,310	[r]91,742	236,131	121,048	115,083	1.50	[r]1.61
Oct	525,160	794,757	147,921	188,103	145,244	53,627	91,617	234,942	118,450	116,492	1.51	1.62
Nov	527,948	798,104	148,782	189,057	146,340	53,768	92,572	236,234	118,667	117,567	1.51	1.61
Dec	526,391	795,415	149,584	188,819	145,804	52,683	93,121	235,514	117,169	118,345	1.51	1.62
1990: Jan	528,549	797,202	151,968	189,375	149,877	56,217	93,660	233,701	114,194	119,507	1.51	1.56
Feb	535,996	794,016	151,620	188,847	149,904	55,037	94,867	232,000	113,552	118,448	1.48	1.55
Mar	538,984	793,669	152,383	189,361	149,302	54,663	94,639	232,562	113,951	118,611	1.47	1.56
Apr	533,603	796,050	151,458	190,903	147,886	53,620	94,266	232,847	113,730	119,117	1.49	1.57
May	538,946	800,399	152,302	193,201	147,781	53,525	94,256	234,814	114,870	119,944	1.49	1.59
June	542,441	796,469	153,549	191,259	149,432	53,841	95,591	234,517	115,128	119,389	1.47	1.57
July [r]	540,368	802,151	152,333	192,466	150,201	54,200	96,001	236,400	116,207	120,193	1.48	1.57
Aug [p]	551,645	806,850	156,356	193,005	[r]149,643	[r]52,839	[r]96,804	239,547	119,355	120,192	1.46	1.60
Sept [p]					151,242	53,574	97,668					

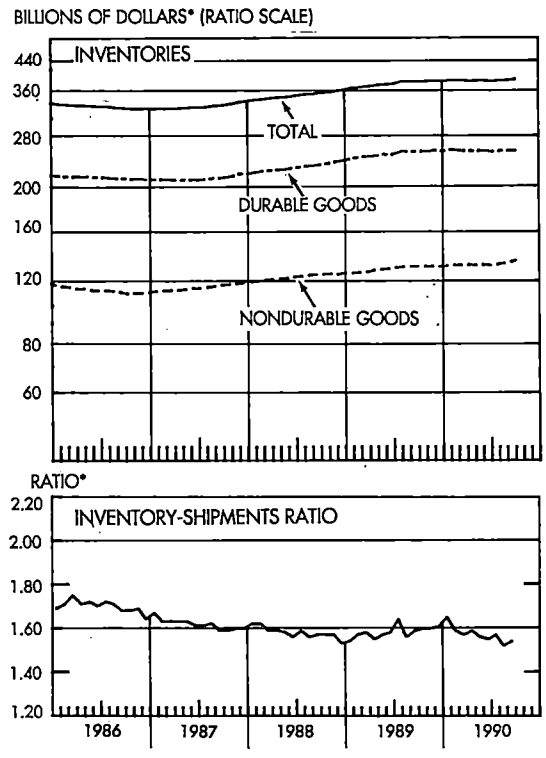
[1] See page 21 for manufacturing.
[2] Monthly average for year and total for month.
[3] End of period.
[4] Annual data are averages of monthly ratios.

Source: Department of Commerce, Bureau of the Census.

MANUFACTURERS' SHIPMENTS, INVENTORIES, AND ORDERS

In September, manufacturers' shipments fell, while inventories and new and unfilled orders rose.





*SEASONALLY ADJUSTED
SOURCE: DEPARTMENT OF COMMERCE

COUNCIL OF ECONOMIC ADVISERS

Period	Manufacturers' shipments [1]			Manufacturers' inventories [2]			Manufacturers' new orders [1]				Manufacturers' unfilled orders [2]	Manufacturers' inventory—shipments ratio [3]
	Total	Durable goods	Nondurable goods	Total	Durable goods	Nondurable goods	Total	Durable goods		Nondurable goods		
								Total	Capital goods industries, nondefense			
	Millions of dollars, seasonally adjusted											
1982	163,350	79,352	83,998	311,827	200,825	111,002	162,273	78,338	21,661	83,935	314,270	1.95
1983	171,242	84,956	86,286	312,647	200,406	112,241	174,122	87,600	22,098	86,522	349,419	1.80
1984	187,869	96,623	91,246	334,767	218,771	115,996	189,791	98,581	26,243	91,209	372,586	1.74
1985	190,016	99,019	90,996	327,496	214,066	113,430	190,918	99,843	27,067	91,075	383,181	1.74
1986	188,360	99,989	88,371	316,182	208,313	107,869	188,663	100,166	26,551	88,497	387,065	1.70
1987	199,170	105,291	93,879	331,132	216,598	114,534	201,966	107,770	29,707	94,197	421,243	1.62
1988	217,632	115,684	101,948	354,163	233,666	120,497	221,627	119,634	35,028	101,993	468,860	1.58
1989	231,780	122,668	109,112	371,082	246,222	124,860	235,614	126,557	38,821	109,057	514,499	1.58
1989: Aug	238,150	128,347	109,803	371,489	246,378	125,111	236,793	126,766	37,130	110,027	495,002	1.56
Sept	233,562	124,393	109,169	370,890	245,621	125,269	234,354	125,227	35,341	109,127	495,794	1.59
Oct	231,995	121,840	110,155	371,712	246,427	125,285	234,067	124,262	35,975	109,805	497,866	1.60
Nov	232,826	123,209	109,617	372,813	247,610	125,203	239,710	130,175	38,901	109,535	504,750	1.60
Dec	231,003	121,998	109,005	371,082	246,222	124,860	240,752	131,719	44,389	109,033	514,499	1.61
1990: Jan	226,704	116,716	109,988	374,126	248,273	125,853	227,572	117,909	38,347	109,663	515,367	1.65
Feb	234,472	123,224	111,248	373,169	247,095	126,074	231,759	120,782	36,094	110,977	512,654	1.59
Mar	237,299	125,089	112,210	371,746	245,435	126,311	241,071	128,872	40,889	112,199	516,426	1.57
Apr	234,259	122,031	112,228	372,300	246,609	125,691	236,026	123,609	36,573	112,417	518,193	1.59
May	238,863	126,507	112,356	372,384	246,530	125,854	241,102	128,737	35,928	112,365	520,432	1.56
June	239,460	127,283	112,177	370,693	244,902	125,791	236,578	124,692	36,192	111,886	517,550	1.55
July [r]	237,834	125,090	112,744	373,285	246,456	126,829	240,238	128,094	39,840	112,144	519,954	1.57
Aug [p]	245,646	[r]128,619	117,027	374,298	246,653	127,645	244,355	[r]126,979	[r]35,871	117,376	518,663	1.52
Sept [p]	243,844	124,528	119,316	376,530	246,937	129,593	244,514	125,210	38,367	119,304	519,333	1.54

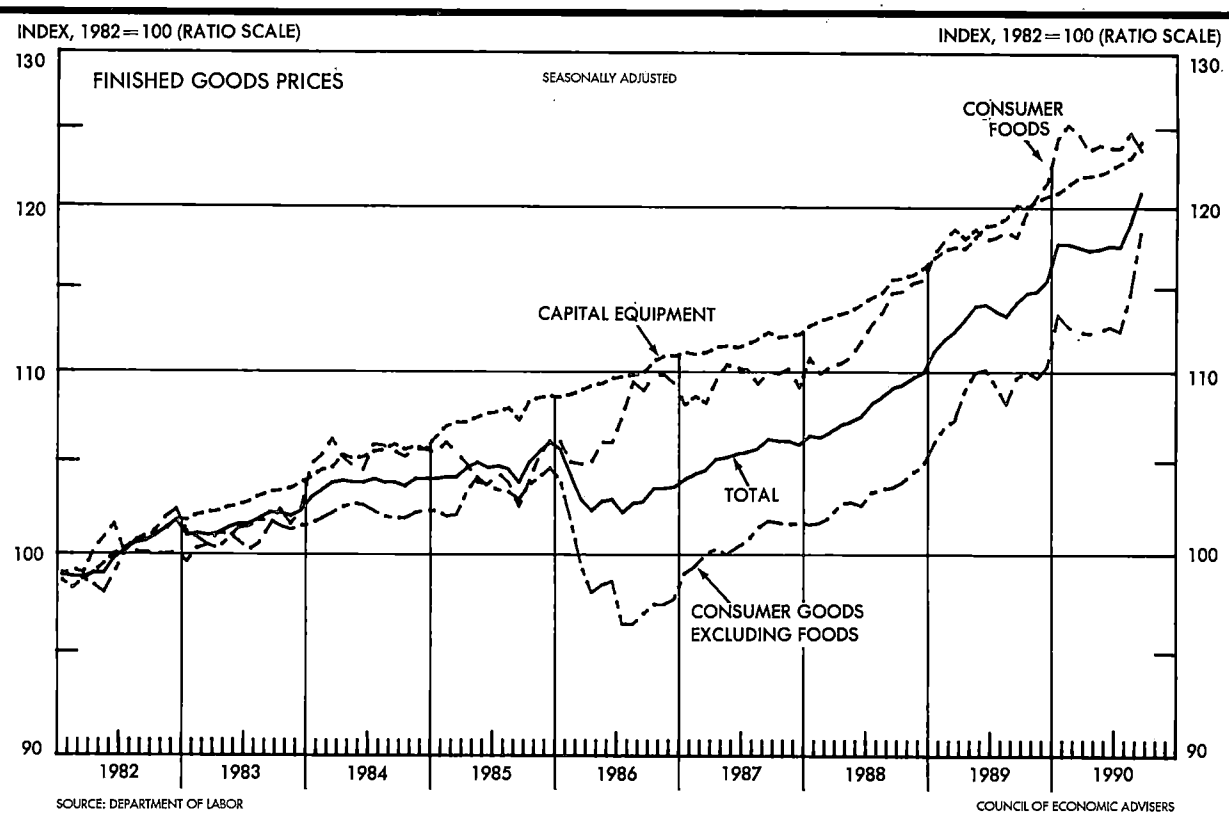
[1] Monthly average for year and total for month. Shipments are the same as sales.
[2] End of period.
[3] Annual data are averages of monthly ratios.

Source: Department of Commerce, Bureau of the Census.

PRICES

PRODUCER PRICES

In September, the producer price index for all finished goods rose 1.6 percent. Prices of finished consumer foods fell 0.9 percent while prices of other finished consumer goods rose 3.3 percent. Capital equipment prices rose 0.8 percent.



[1982=100; monthly data seasonally adjusted]

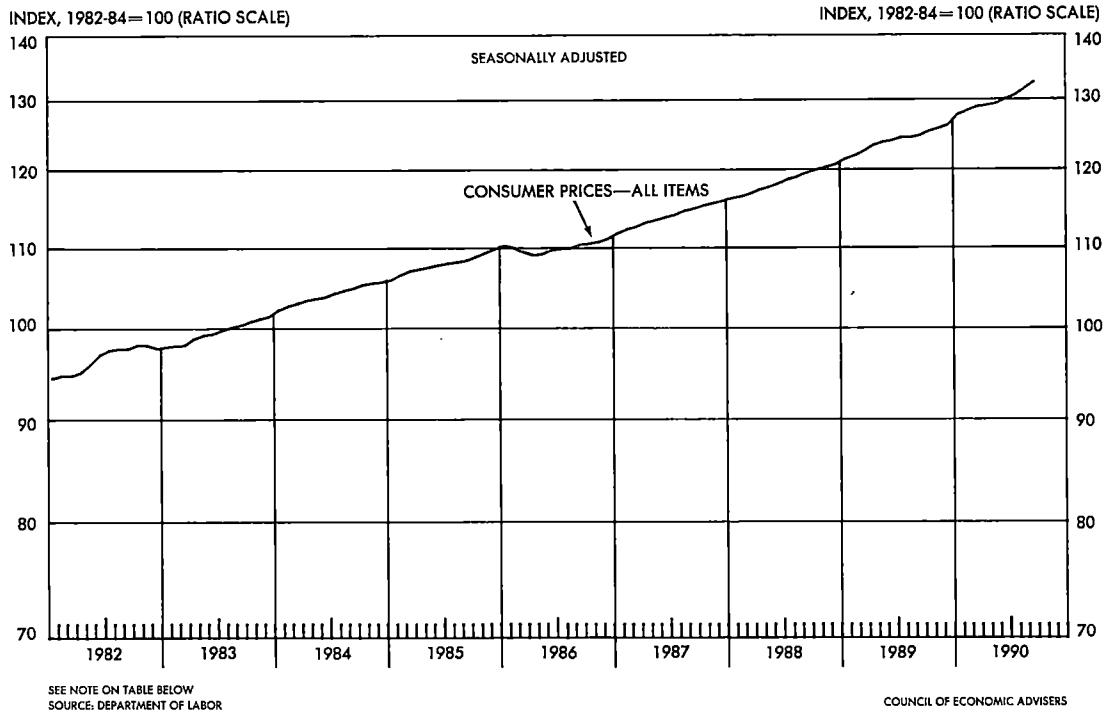
Period	Finished goods								Intermediate materials			Crude materials		
	Total finished goods	Consumer foods	Finished goods excluding consumer foods					Total finished consumer goods	Total	Foods and feeds [1]	Other	Total	Foodstuffs and feedstuffs	Other
			Total	Consumer goods			Capital equipment							
				Total	Durable	Nondurable								
1980	88.0	92.4	86.7	87.1	91.0	85.1	85.8	88.6	90.3	105.5	89.4	95.3	104.6	84.6
1981	96.1	97.8	95.6	96.1	96.4	95.8	94.6	96.6	98.6	104.6	98.2	103.0	103.9	101.8
1982	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1983	101.6	101.0	101.8	101.2	102.8	100.5	102.8	101.3	100.6	103.6	100.5	101.3	101.8	100.7
1984	103.7	105.4	103.2	102.2	104.5	101.1	105.2	103.3	103.1	105.7	103.0	103.5	104.7	102.2
1985	104.7	104.6	104.6	103.3	106.5	101.7	107.5	103.8	102.7	97.3	103.0	95.8	94.8	96.9
1986	103.2	107.3	101.9	98.5	108.9	93.3	109.7	101.4	99.1	96.2	99.3	87.7	93.2	81.6
1987	105.4	109.5	104.0	100.7	111.5	94.9	111.7	103.6	101.5	99.2	101.7	93.7	96.2	87.9
1988	108.0	112.6	106.5	103.1	113.8	97.3	114.3	106.2	107.1	109.5	106.9	96.0	106.1	85.5
1989	113.6	118.7	111.8	108.9	117.6	103.8	118.8	112.1	112.0	113.8	111.9	103.1	111.2	93.4
1989: Sept	114.1	118.1	112.8	109.7	118.7	104.5	120.1	112.5	112.2	112.7	112.2	102.3	109.0	93.6
Oct	114.7	119.7	113.1	110.1	118.6	105.1	120.0	113.3	112.4	112.5	112.4	102.6	109.0	94.1
Nov	114.8	120.7	112.9	109.7	118.7	104.4	120.4	113.3	112.2	113.4	112.1	103.2	111.4	93.5
Dec	115.5	121.6	113.5	110.4	119.2	105.3	120.7	114.1	112.2	113.1	112.1	104.7	113.9	94.4
1990: Jan	117.7	124.4	115.6	113.4	118.6	109.7	120.9	117.0	113.6	113.3	113.6	107.0	114.7	97.5
Feb	117.7	125.3	115.2	112.7	119.0	108.5	121.4	116.8	112.7	112.3	112.8	107.3	115.4	97.5
Mar	117.5	124.7	115.2	112.4	119.4	107.9	121.9	116.4	112.8	112.8	112.8	105.9	116.4	94.8
Apr	117.3	123.6	115.2	112.3	119.3	107.9	122.0	116.1	112.9	114.0	112.8	103.1	115.7	90.9
May [r]	117.4	124.0	115.3	112.4	119.5	107.9	122.1	116.2	113.0	115.4	112.8	103.0	112.9	92.4
June	117.6	123.8	115.6	112.7	120.4	107.9	122.4	116.3	112.6	114.1	112.5	100.1	112.9	87.9
July	117.5	123.8	115.4	112.4	120.6	107.4	122.8	116.1	112.6	114.7	112.4	100.7	114.0	88.1
Aug	119.0	124.8	117.1	114.6	120.8	110.5	123.2	118.0	114.1	114.6	114.1	110.1	113.0	103.4
Sept	120.9	123.7	119.9	118.4	122.0	115.2	124.2	120.1	116.2	112.9	116.3	115.2	111.0	112.4

[1] Intermediate materials for food manufacturing and feeds.

Source: Department of Labor, Bureau of Labor Statistics.

CONSUMER PRICES—ALL URBAN CONSUMERS

In September, the consumer price index for all urban consumers rose 0.8 percent, seasonally adjusted and not seasonally adjusted. The index was 6.2 percent above its year-earlier level.



[1982–84=100, except as noted; monthly data seasonally adjusted, except as noted]

Period	All items [1]		Food	Housing						Apparel and upkeep	Transportation			Medical care	Energy [2]	All items less food, shelter, and energy
				Total [1]	Shelter				Fuel and other utilities		Total [1]	New cars	Motor fuel			
	Not seasonally adjusted (NSA)	Seasonally adjusted			Total	Renters' costs (Dec. 1982=100)	Homeowners' costs (Dec. 1982=100)	Maintenance and repairs (NSA)								
Rel. imp. [3]	*100.0*	.....	*16.3*	*42.0*	*27.9*	*7.9*	*19.8*	*0.2*	*7.5*	*6.1*	*17.1*	*4.2*	*3.2*	*6.2*	*7.4*	*48.4*
1980	82.4	.....	86.8	81.1	81.0	.....	.....	82.4	75.4	90.9	83.1	88.4	97.4	74.9	86.0	80.6
1981	90.9	.....	93.6	90.4	90.5	.....	.....	90.7	86.4	95.3	93.2	93.7	108.5	82.9	97.7	88.3
1982	96.5	.....	97.4	96.9	96.9	.....	.....	96.4	94.9	97.8	97.0	97.4	102.8	92.5	99.2	95.1
1983	99.6	.....	99.4	99.5	99.1	103.0	102.5	99.9	100.2	100.2	99.3	99.9	99.4	100.6	99.9	100.0
1984	103.9	.....	103.2	103.6	104.0	108.6	107.3	103.7	104.8	102.1	103.7	102.8	97.9	106.8	100.9	105.0
1985	107.6	.....	105.6	107.7	109.8	115.4	113.1	106.5	106.5	105.0	106.4	106.1	98.7	113.5	101.6	109.0
1986	109.6	.....	109.0	110.9	115.8	121.9	119.4	107.9	104.1	105.9	102.3	110.6	77.1	122.0	88.2	112.7
1987	113.6	.....	113.5	114.2	121.3	128.1	124.8	111.8	103.0	110.6	105.4	114.6	80.2	130.1	88.6	117.0
1988	118.3	.....	118.2	118.5	127.1	133.6	131.1	114.7	104.4	115.4	108.7	116.9	80.9	138.6	89.3	121.9
1989	124.0	.....	125.1	123.0	132.8	138.9	137.3	118.0	107.8	118.6	114.1	119.2	88.5	149.3	94.3	127.3
1989:																
Sept	125.0	124.8	126.3	123.7	133.7	138.7	138.7	118.6	108.0	118.6	113.9	118.1	87.1	151.9	93.2	128.3
Oct	125.6	125.4	126.8	124.2	134.4	139.8	139.4	118.6	108.1	119.4	114.5	118.8	88.4	153.0	94.1	128.8
Nov	125.9	125.8	127.4	124.7	135.0	140.5	140.0	119.3	108.7	119.4	114.6	119.8	86.8	154.2	93.8	129.3
Dec	126.1	126.3	128.0	125.2	135.6	141.0	140.6	119.5	109.4	119.0	115.0	120.8	86.3	155.1	94.1	129.7
1990:																
Jan	127.4	127.7	130.5	126.1	136.3	142.3	141.1	120.4	111.6	119.0	117.4	121.6	93.4	156.1	98.9	130.4
Feb	128.0	128.3	131.1	126.3	136.6	143.4	141.0	120.8	110.9	122.9	117.7	121.4	93.6	157.3	98.2	131.5
Mar	128.7	128.9	131.5	126.9	137.6	143.8	142.4	121.2	111.0	124.9	117.6	121.2	92.2	158.5	97.4	132.2
Apr	128.9	129.1	131.2	127.0	137.9	143.9	142.8	121.2	110.5	125.0	117.7	120.9	92.5	159.8	97.0	132.6
May	129.2	129.3	131.2	127.2	138.2	143.9	143.2	122.2	110.5	124.6	117.5	120.7	91.2	161.0	96.3	132.9
June	129.9	130.0	132.2	128.0	139.5	144.5	144.8	121.8	110.3	124.5	118.0	120.5	93.2	162.1	96.9	133.2
July	130.4	130.5	132.7	128.6	140.7	146.6	145.7	122.1	109.4	124.2	118.3	120.1	92.8	163.5	96.2	133.8
Aug	131.6	131.5	133.1	129.5	141.7	148.1	146.6	121.2	110.8	124.3	120.4	120.3	100.3	165.0	100.3	134.3
Sept	132.7	132.5	133.4	130.0	141.9	148.2	146.9	124.6	112.2	125.2	123.2	120.1	109.8	166.1	105.9	134.9

[1] Includes items not shown separately.
[2] Household fuels—gas (piped), electricity, fuel oil, etc.—and motor fuel. Motor oil, coolant, etc. also included through 1982.
[3] Relative importance, December 1989.

NOTE.—Data beginning 1983 incorporate a rental equivalence measure for homeownership costs and therefore are not strictly comparable with figures for earlier periods.
Data beginning 1987 and 1988 calculated on a revised basis.
Source: Department of Labor, Bureau of Labor Statistics.

CHANGES IN PRODUCER PRICES FOR FINISHED GOODS

[Percent change from preceding period; monthly data seasonally adjusted, except as noted by NSA]

Period	Change from preceding period				Change from 3 months earlier, annual rate				Change from 6 months earlier, annual rate				Change from year earlier, total finished goods
	Total finished goods	Consumer goods		Capital equipment	Total finished goods	Consumer goods		Capital equipment	Total finished goods	Consumer goods		Capital equipment	
		Foods	Excluding foods			Foods	Excluding foods			Foods	Excluding foods		NSA
	Change, Dec. to Dec., NSA												
1980	11.8	7.5	14.1	11.4									13.4
1981	7.1	1.5	8.6	9.2									9.2
1982	3.6	2.0	4.2	3.9									4.1
1983	.6	2.3	−.9	2.0									1.6
1984	1.7	3.5	.8	1.8									2.1
1985	1.8	.6	2.1	2.7									1.0
1986	−2.3	2.8	−6.6	2.1									−1.4
1987	2.2	−.2	4.1	1.3									2.1
1988	4.0	5.7	3.1	3.6									2.5
1989	4.9	5.2	5.3	3.8									5.2
	Change, month to month												
1989: Sept	0.7	−0.3	1.4	0.7	0.4	0.7	−1.8	4.4	3.0	−0.8	4.5	4.5	4.6
Oct	.5	1.4	.4	−.1	3.9	5.5	3.3	3.8	2.8	2.9	2.0	4.5	5.0
Nov	.1	.8	−.4	.3	5.4	7.6	5.7	3.7	1.6	3.6	−.5	3.9	4.6
Dec	.6	.7	.6	.2	5.0	12.4	2.6	2.0	2.6	6.4	.4	3.2	4.9
1990: Jan	1.9	2.3	2.7	.2	10.9	16.7	12.5	3.0	7.3	11.0	7.8	3.4	5.9
Feb	0	.7	−.6	.4	10.5	16.1	11.4	3.4	7.9	11.8	8.5	3.6	5.1
Mar	−.2	−.5	−.3	.4	7.1	10.6	7.4	4.0	6.0	11.5	5.0	3.0	4.5
Apr	−.2	−.9	−.1	.1	−1.4	−2.5	−3.8	3.7	4.6	6.6	4.0	3.4	3.7
May r	.1	.3	.1	.1	−1.0	−4.1	−1.1	2.3	4.6	5.5	5.0	2.8	3.1
June r	.2	−.2	.3	.2	.3	−2.9	1.1	1.7	3.7	3.7	4.2	2.8	3.1
July	−.1	0	−.3	.3	.7	.6	.4	2.6	−.3	−1.0	−1.8	3.2	3.4
Aug r	1.3	.8	2.0	.3	5.6	2.6	8.1	3.7	2.2	−.8	3.4	3.0	5.1
Sept	1.6	−.9	3.3	.8	11.7	−.3	21.8	6.0	5.9	−1.6	11.0	3.8	5.9

Source: Department of Labor, Bureau of Labor Statistics.

CHANGES IN CONSUMER PRICES—ALL URBAN CONSUMERS

[Percent change from preceding period; monthly data seasonally adjusted, except as noted by NSA]

Period	All items [1]	Food	Housing					Apparel and upkeep	Transportation			Medical care	Energy [2]	All items less food, shelter, and energy	Addendum: All items, percent change (annual rate)			
			Total [1]	Shelter			Fuel and other utilities		Total [1]	New cars	Motor fuel				From previous quarter [3]	From 3 months earlier	From 6 months earlier	From year earlier
				Total [1]	Renters' costs	Homeowners' costs												NSA
	Change, December to December, NSA																	
1980	12.5	10.2	13.7	15.0			13.8	6.8	14.6	7.4	18.8	9.9	18.0	9.8				13.5
1981	8.9	4.3	10.2	9.9			14.4	3.5	10.9	6.8	9.4	12.5	11.9	9.4				10.3
1982	3.8	3.1	3.6	2.4			9.7	1.6	1.8	1.5	−6.5	11.0	1.3	6.1				6.2
1983	3.8	2.7	3.5	4.7	5.1	4.5	1.8	2.9	3.9	3.4	−1.7	6.4	−.5	5.0				3.2
1984	3.9	3.8	4.3	5.2	5.9	5.1	4.2	2.0	3.1	2.5	−2.4	6.1	.2	4.3				4.3
1985	3.8	2.6	4.3	6.0	6.3	5.9	1.8	2.8	2.6	3.4	3.1	6.8	1.8	3.7				3.6
1986	1.1	3.8	1.7	4.6	5.0	4.6	−5.6	.9	−5.9	5.9	−30.7	7.7	−19.7	3.3				1.9
1987	4.4	3.5	3.7	4.8	3.9	5.3	1.6	4.8	6.1	1.8	18.7	5.8	8.2	3.8				3.6
1988	4.4	5.2	4.0	4.5	3.9	4.7	2.9	4.7	3.0	2.1	−2.1	6.9	.5	4.7				4.1
1989	4.6	5.6	3.9	4.9	4.5	5.1	3.2	1.0	4.0	2.3	6.8	8.5	5.1	4.1				4.8
	Change, month to month																	
1989: Sept	0.2	0.3	0.2	0.1	−0.3	0.4	0.2	1.5	−0.3	−0.3	−1.5	0.7	−0.6	0.4	2.9	2.3	3.8	4.3
Oct	.5	.4	.4	.5	.8	.5	.1	.7	.5	.6	1.5	.7	1.0	.4		2.9	3.4	4.5
Nov	.3	.5	.4	.4	.5	.4	.6	0	.1	.8	−1.8	.8	−.3	.4		4.2	3.3	4.7
Dec	.4	.5	.4	.4	.4	.4	.6	−.3	.3	.8	−.6	.6	.3	.3	3.9	4.9	3.6	4.6
1990: Jan	1.1	2.0	.7	.5	.9	.4	2.0	0	2.1	.7	8.2	.6	5.1	.5		7.5	5.2	5.2
Feb	.5	.5	.2	.2	.8	−.1	−.6	3.3	.3	−.2	.2	.8	−.7	.8		8.2	6.2	5.3
Mar	.5	.3	.5	.7	.3	1.0	.1	1.6	−.1	−.2	−1.5	.8	−.8	.5	8.2	8.5	6.7	5.2
Apr	.2	−.2	.1	.2	.1	.3	−.5	.1	.1	−.2	.3	.8	−.4	.3		4.5	6.0	4.7
May	.2	0	.2	.2	0	.3	0	−.3	−.2	−.2	−1.4	.8	−.7	.2		3.2	5.6	4.4
June	.5	.8	.6	.9	.4	1.1	−.2	−.1	.4	−.2	2.2	.7	.6	.2	3.8	3.5	5.9	4.7
July	.4	.4	.5	.9	1.5	.6	−.8	−.2	.3	−.3	−.4	.9	−.7	.5		4.4	4.4	4.8
Aug	.8	.3	.7	.7	1.0	.6	1.3	.1	1.8	.2	8.1	.9	4.3	.4		7.0	5.1	5.6
Sept	.8	.2	.4	.1	.1	.2	1.3	.7	2.3	−.2	9.5	.7	5.6	.4	6.3	7.9	5.7	6.2

[1] Includes items not shown separately.

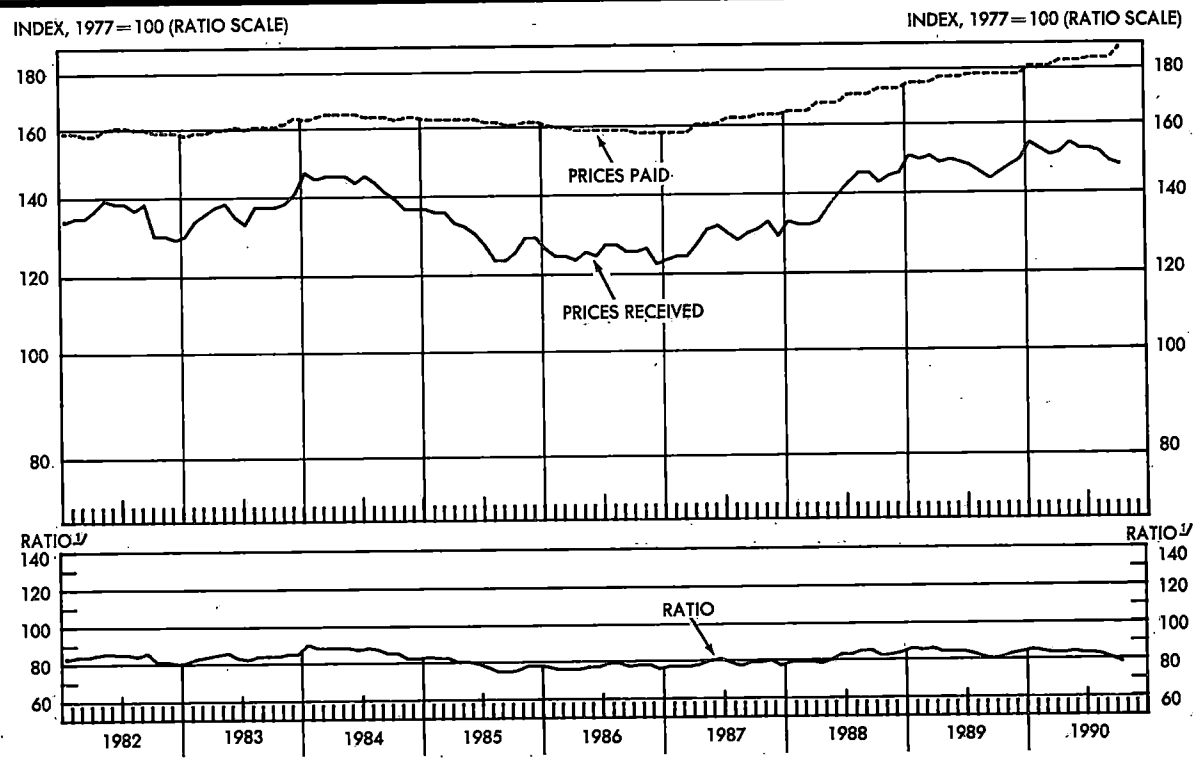
[2] Household fuels—gas (piped), electricity, fuel oil, etc.—and motor fuel. Motor oil, coolant, etc., also included through 1982.

[3] Quarterly changes are shown in the last month of the quarter.

Source: Department of Labor, Bureau of Labor Statistics.

PRICES RECEIVED AND PAID BY FARMERS

Prices received by farmers in October fell 0.7 percent from their September level. Prices paid by farmers in October were 2.2 percent above their July level. (Data are not seasonally adjusted.)



1/ RATIO OF INDEX OF PRICES RECEIVED TO INDEX OF PRICES PAID.
SOURCE: DEPARTMENT OF AGRICULTURE

COUNCIL OF ECONOMIC ADVISERS

[1977=100; not seasonally adjusted]

Period	Prices received by farmers			Prices paid by farmers			Ratio [2]
	All farm products	Crops	Livestock and products	All commodities, services, interest, taxes, and wage rates [1]	Production items, interest, taxes, and wage rates	Production items	
1981	139	134	143	150	151	148	92
1982	133	121	145	159	158	153	84
1983	135	128	141	161	159	152	84
1984	142	138	146	164	161	155	87
1985	128	120	136	162	156	151	79
1986	123	107	138	159	150	144	77
1987	126	106	146	162	151	147	78
1988	138	127	150	169	160	157	82
1989	147	134	160	177	167	165	83
1989: Oct	145	127	162	178	166	165	81
Nov	147	128	165	[3]	[3]	[3]	83
Dec	149	127	169	[3]	[3]	[3]	84
1990: Jan	154	136	172	181	170	168	85
Feb	152	133	169	[3]	[3]	[3]	84
Mar	150	128	171	[3]	[3]	[3]	83
Apr	151	131	170	183	171	169	83
May	154	134	173	[3]	[3]	[3]	84
June	151	129	173	[3]	[3]	[3]	83
July	152	130	173	184	171	170	83
Aug	151	126	174	[3]	[3]	[3]	82
Sept	148	123	173	[3]	[3]	[3]	80
Oct	147	121	171	188	175	174	78

[1] Includes items not shown separately.
[2] Percentage ratio of index of prices received by farmers to index of prices paid, interest, taxes, and wage rates. See also footnote 3.
[3] Beginning March 1986, prices paid by farmers are available only for first month in quarter, and for each month the received/paid ratio is based on latest data available.

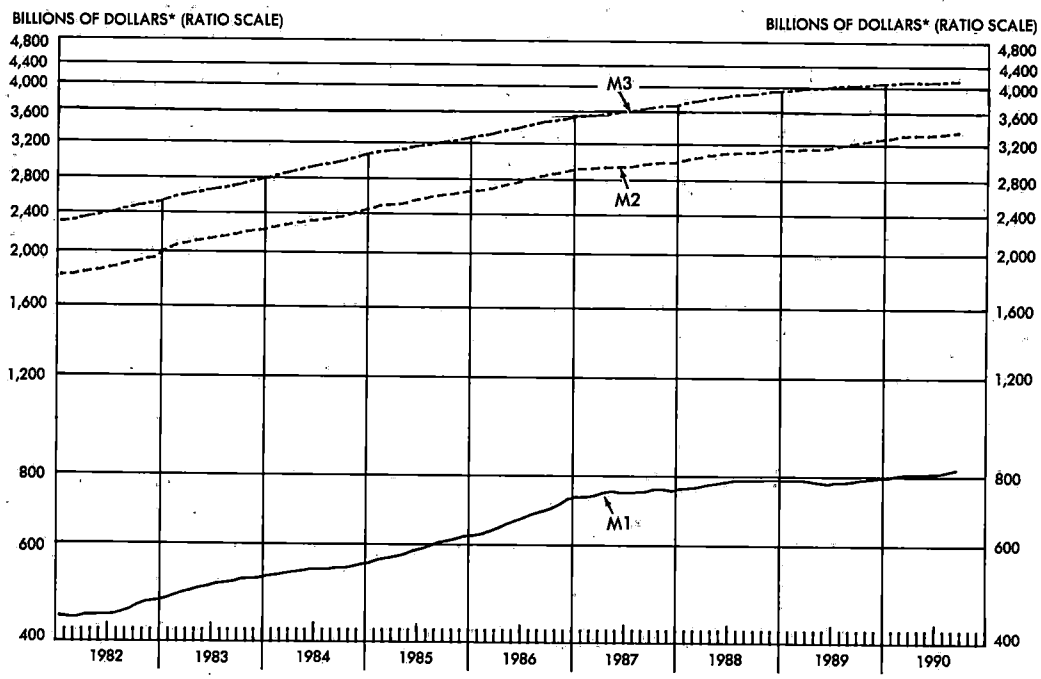
NOTE.—The official indexes are published on a 1910–14 base as required by law. The indexes have been converted to a 1977=100 base to facilitate comparison with other indexes.

Source: Department of Agriculture.

MONEY, CREDIT, AND SECURITY MARKETS

MONEY STOCK, LIQUID ASSETS, AND DEBT MEASURES

Growth in M2 and M3 slowed in September.



[Averages of daily figures, except as noted; billions of dollars, seasonally adjusted]

Period	M1	M2	M3	L	Debt	Percent change from year or 6 months earlier [2]			
	Sum of currency, demand deposits, travelers' checks, and other checkable deposits (OCDs)	M1 plus overnight RPs and Eurodollars, MMMF balances (general purpose and broker/dealer), MMDAs, and savings and small time deposits	M2 plus large time deposits, term RPs, term Eurodollars, and institution-only MMMF balances	M3 plus other liquid assets	Debt of domestic nonfinancial sectors (monthly average) [1]	M1	M2	M3	Debt
1980: Dec	408.9	1,629.9	1,987.5	2,324.2	3,904.1	6.8	8.9	10.2	9.4
1981: Dec	436.5	1,793.5	2,234.2	2,596.8	4,292.1	6.7	10.0	12.4	9.9
1982: Dec	474.5	1,953.1	2,441.9	2,851.6	4,685.9	8.7	8.9	9.3	9.2
1983: Dec	521.2	2,186.5	2,693.4	3,154.7	5,212.6	9.8	12.0	10.3	11.2
1984: Dec	552.1	2,371.6	2,982.8	3,524.1	5,961.9	5.9	8.5	10.7	14.4
1985: Dec	620.1	2,570.6	3,202.1	3,829.5	6,773.5	12.3	8.4	7.4	13.6
1986: Dec	724.7	2,814.2	3,494.5	4,135.5	7,636.2	16.9	9.5	9.1	12.7
1987: Dec	750.4	2,913.2	3,678.7	4,338.7	8,345.1	3.5	3.5	5.3	9.3
1988: Dec	787.5	3,072.4	3,918.3	r4,676.1	9,107.6	4.9	5.5	6.5	9.1
1989: Dec	794.8	3,221.6	4,044.3	r4,881.2	9,788.9	.9	4.9	3.2	7.5
1989: Sept	782.9	3,163.6	4,013.5	r4,831.8	9,627.8	−.7	5.0	2.9	7.5
Oct	788.1	3,181.9	4,018.1	r4,841.7	9,687.4	1.5	6.0	2.7	7.4
Nov	789.4	3,201.2	4,031.0	r4,858.1	9,750.2	3.4	7.5	3.3	7.4
Dec	794.8	3,221.6	4,044.3	r4,881.2	9,788.9	5.5	7.7	3.0	7.0
1990: Jan	794.8	r3,231.0	r4,048.5	r4,882.5	9,829.3	4.0	6.7	r2.0	6.8
Feb	801.4	r3,255.6	r4,064.3	r4,890.4	9,887.1	5.4	6.9	2.6	6.6
Mar	804.8	r3,270.9	r4,069.0	r4,906.6	9,955.1	5.6	6.8	2.8	6.8
Apr	807.3	r3,277.3	r4,072.9	r4,916.4	10,010.6	4.9	6.0	r2.7	6.7
May	805.4	r3,270.9	r4,065.0	r4,887.1	10,053.6	4.1	4.4	1.7	6.2
June	809.4	r3,278.6	4,069.1	r4,906.8	10,108.7	3.7	r3.5	1.2	6.5
July r	809.2	3,284.0	4,073.3	4,918.4	10,170.1	3.6	3.3	1.2	6.9
Aug r	816.2	3,302.0	4,088.6	4,931.3	10,244.0	3.7	2.9	1.2	7.2
Sept p	822.8	3,317.7	4,091.7	.....	.....	4.5	2.9	1.1	.....

[1] Consists of outstanding credit market debt of the U.S. Government, State and local governments, and private nonfinancial sectors; data from flow of funds accounts.

[2] Annual changes are from December to December and monthly changes are from 6 months earlier at a simple annual rate.

NOTE.—See p. 27 for components.

Source: Board of Governors of the Federal Reserve System.

COMPONENTS OF MONEY STOCK AND LIQUID ASSETS

[Averages of daily figures; billions of dollars, seasonally adjusted, except as noted by NSA]

Period	Currency	Demand deposits	Other checkable deposits (OCDs)	Overnight repurchase agreements (RPs), net, plus overnight Eurodollars, NSA	Money market mutual fund balances [1]: General purpose and broker/dealer	Money market mutual fund balances [1]: Institution only	Money market deposit accounts (MMDAs)	Savings deposits	Small denomination time deposits [2]	Large denomination time deposits [2]	Term repurchase agreements (RPs), NSA	Term Eurodollars (net), NSA	Savings bonds	Short-term Treasury securities	Bankers' acceptances	Commercial paper
1980: Dec	115.3	261.4	28.0	28.8	61.6	15.2	0.0	400.1	728.5	260.4	33.5	50.3	72.3	133.5	32.1	98.8
1981: Dec	122.6	231.4	78.2	36.6	150.6	38.0	.0	343.8	823.2	303.0	35.3	67.5	67.8	149.4	40.0	105.3
1982: Dec	132.5	234.1	103.6	39.9	185.2	51.1	43.2	356.7	851.0	327.2	33.4	81.7	68.0	183.6	44.5	113.7
1983: Dec	146.2	238.5	131.6	55.6	138.8	42.8	379.2	305.4	784.1	327.6	49.9	91.5	71.1	211.9	45.0	133.2
1984: Dec	156.0	243.9	146.9	60.6	168.2	62.1	416.8	285.1	886.8	417.4	57.6	82.9	74.2	260.9	45.5	160.8
1985: Dec	167.8	266.8	179.6	73.5	177.2	63.9	513.0	301.2	884.0	437.0	62.4	76.5	79.5	298.3	42.1	207.5
1986: Dec	180.6	302.1	235.5	82.3	208.7	83.8	571.0	370.1	856.2	439.8	80.5	83.8	91.8	280.8	37.2	231.1
1987: Dec	196.7	287.0	259.7	83.2	222.0	89.0	523.8	414.9	917.8	488.8	106.1	91.0	100.6	254.2	44.8	260.4
1988: Dec	211.8	287.0	281.3	83.3	240.9	87.1	500.3	427.8	1,031.0	541.1	121.7	106.0	109.3	272.0	40.6	335.6
1989: Dec	221.9	279.7	285.7	77.4	312.4	102.3	483.7	409.0	1,142.3	558.3	96.9	81.1	117.5	ᵣ330.3	41.2	347.9
1989: Sept	219.3	278.1	278.4	75.1	295.9	101.6	471.9	405.5	1,132.6	565.6	113.9	85.5	115.7	ᵣ311.3	41.0	350.3
Oct	220.0	280.0	280.8	75.7	302.7	101.1	475.3	406.1	1,135.9	562.7	109.6	80.1	116.2	ᵣ317.4	40.0	350.0
Nov	220.4	278.8	282.8	75.4	309.0	101.1	480.8	407.9	1,138.5	561.0	108.9	79.3	116.8	ᵣ318.6	40.5	351.3
Dec	221.9	279.7	285.7	77.4	312.4	102.3	483.7	409.0	1,142.3	558.3	96.9	81.1	117.5	ᵣ330.3	41.2	347.9
1990: Jan	224.6	277.3	285.4	ᵣ81.5	318.6	103.2	485.0	410.2	1,143.0	554.5	93.6	ᵣ74.0	117.7	ᵣ332.3	40.7	343.3
Feb	226.6	280.2	287.0	ᵣ82.3	325.3	103.7	489.4	413.6	1,142.6	550.1	96.9	ᵣ68.5	118.2	ᵣ324.9	38.3	344.7
Mar	228.4	279.3	289.5	ᵣ81.8	325.9	105.4	494.9	414.6	1,146.4	544.1	95.2	ᵣ66.8	119.1	ᵣ338.9	37.0	342.7
Apr	230.1	277.8	291.8	ᵣ79.2	325.8	106.8	498.8	415.8	1,147.7	538.3	94.8	ᵣ65.6	119.9	ᵣ330.3	35.8	357.5
May	231.6	274.5	291.5	ᵣ83.1	320.4	107.3	500.0	415.0	1,149.0	ᵣ535.4	95.8	ᵣ67.4	120.7	ᵣ316.5	35.3	349.6
June	233.4	274.5	293.8	ᵣ82.2	321.9	107.3	501.2	415.8	1,147.1	ᵣ532.8	98.7	ᵣ64.6	121.5	ᵣ332.2	34.6	349.4
July ᵣ	235.4	274.8	291.3	84.2	325.1	108.9	502.4	416.3	1,148.2	530.5	97.1	64.6	122.4	341.3	32.8	348.7
Aug ᵣ	238.3	278.0	291.9	83.1	333.8	114.0	505.5	416.3	1,149.5	524.1	99.0	66.3	123.2	342.2	32.2	345.1
Sept ᵖ	241.5	279.9	293.1	82.1	340.1	116.1	507.1	415.8	1,150.4	516.7	95.6	66.2				

[1] Data prior to 1983 are not seasonally adjusted.
[2] Small denomination and large denomination deposits are those issued in amounts of less than $100,000 and more than $100,000, respectively.

NOTE.—Travelers checks of nonbank issuers are a component of money stock but are not shown here.

Source: Board of Governors of the Federal Reserve System.

AGGREGATE RESERVES AND MONETARY BASE

[Averages of daily figures [1]; millions of dollars; seasonally adjusted, except as noted]

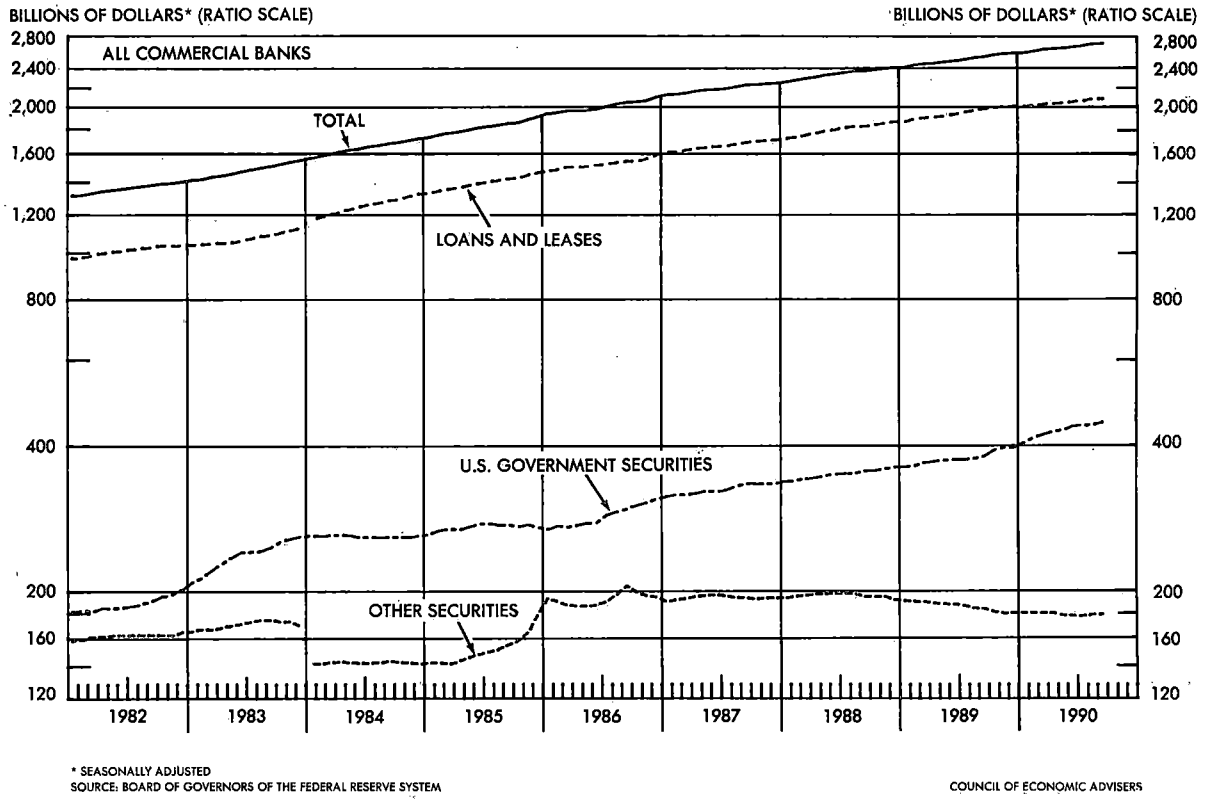
Period	Adjusted for changes in reserve requirements: Reserves of depository institutions: Total	Nonborrowed	Nonborrowed plus extended credit	Required	Monetary base	Borrowings of depository institutions from the Federal Reserve (NSA): Total	Seasonal	Extended credit
1980: Dec	33,401	31,711	31,714	32,887	152,525	1,690	116	3
1981: Dec	35,315	34,679	34,827	34,996	160,936	636	54	148
1982: Dec	37,388	36,754	36,940	36,888	172,947	634	33	186
1983: Dec	39,184	38,410	38,412	38,623	188,275	774	96	2
1984: Dec	42,235	39,049	41,653	41,380	201,673	3,186	113	2,604
1985: Dec	48,373	47,055	47,554	47,336	219,350	1,318	56	499
1986: Dec	58,023	57,197	57,499	56,653	241,427	827	38	303
1987: Dec	58,593	57,815	58,298	57,546	258,055	777	93	483
1988: Dec	60,593	58,877	60,121	59,545	275,238	1,716	130	1,244
1989: Dec	60,033	59,767	59,787	59,110	284,946	265	84	20
1989: Sept	59,289	58,596	58,618	58,351	281,806	693	452	22
Oct	59,640	59,085	59,106	58,620	282,786	555	330	21
Nov	59,646	59,297	59,318	58,701	283,222	349	134	21
Dec	60,033	59,767	59,787	59,110	284,946	265	84	20
1990: Jan	59,896	59,456	59,482	58,880	287,509	440	47	26
Feb	60,215	58,768	59,302	59,227	289,714	1,448	51	535
Mar	60,297	58,173	60,123	59,436	291,820	2,124	78	1,950
Apr	60,275	58,647	60,051	59,379	293,540	1,628	122	1,403
May	59,783	58,448	59,324	58,820	294,401	1,335	244	875
June	59,732	58,850	59,196	58,958	296,276	881	311	346
July	59,322	58,565	58,845	58,460	297,860	757	389	280
Aug ᵣ	59,746	58,819	58,947	58,879	301,121	927	430	127
Sept ᵖ	60,078	59,453	59,460	59,170	304,782	624	418	6

[1] Data are prorated averages of biweekly (maintenance period) averages of daily figures.

Source: Board of Governors of the Federal Reserve System.

BANK LOANS AND SECURITIES

Total commercial bank loans and leases fell 0.3 percent in September. Commercial and industrial loans fell 0.2 percent.



[Billions of dollars, seasonally adjusted [1]]

Period	All commercial banks														
				Loans and leases											
	Total loans and securities [2]	U.S. Government securities	Other securities	Total [2]	Commercial and industrial	Real estate	Individual	Security	Nonbank financial institutions	Agricultural	State and political subdivisions	Foreign banks	Foreign official institutions	Lease financing receivables	Other
1981: Dec	1,307.3	179.3	160.5	967.5	355.4	284.1	182.5	21.4	29.9	33.1	0.0	18.1	7.2	12.7	23.1
1982: Dec	1,400.5	201.7	164.8	1,034.0	392.5	299.9	188.2	25.3	31.2	36.2	.0	14.6	5.9	13.3	26.9
1983: Dec	1,552.3	259.2	169.2	1,123.9	414.2	330.9	212.9	28.0	30.4	39.2	3.3	13.4	9.4	13.7	31.8
1984: Dec	1,722.5	260.2	141.1	1,321.3	473.3	376.4	253.8	34.3	31.3	40.1	46.1	11.2	7.9	16.0	31.0
1985: Dec	1,910.1	270.6	179.3	1,460.3	500.5	426.0	294.7	43.0	32.4	36.1	56.8	9.8	6.0	19.0	35.9
1986: Dec	2,094.2	309.3	194.2	1,590.6	537.5	494.4	315.3	40.6	35.0	31.5	58.5	9.9	5.9	22.4	39.6
1987: Dec	2,239.5	334.4	193.8	1,711.2	567.9	587.4	328.4	35.1	31.9	29.4	52.6	7.9	5.3	24.6	40.7
1988: Dec	r2,422.1	r361.5	192.2	r1,868.4	607.0	671.9	r354.9	40.4	30.1	29.8	45.6	8.1	5.0	29.2	r46.3
1989: Dec r	2,588.8	396.1	180.8	2,011.9	641.6	761.1	375.8	38.8	33.0	30.7	40.1	8.9	3.6	31.8	46.5
1989: Aug r	2,531.7	376.2	184.2	1,971.4	636.1	730.0	367.9	38.9	31.4	30.4	42.2	8.4	4.2	31.1	50.6
Sept r	2,546.2	379.3	183.6	1,983.2	638.2	739.1	370.8	39.5	31.7	30.4	41.7	8.1	4.2	31.4	48.0
Oct r	2,570.5	390.9	181.4	1,998.2	642.0	746.7	372.4	40.7	33.2	30.5	41.3	9.1	3.8	31.9	46.6
Nov r	2,585.8	396.0	179.9	2,009.9	645.0	754.0	374.4	40.9	33.9	30.5	40.8	8.3	3.7	31.9	46.4
Dec r	2,588.8	396.1	180.8	2,011.9	641.6	761.1	375.8	38.8	33.0	30.7	40.1	8.9	3.6	31.8	46.5
1990: Jan r	2,594.4	404.7	180.4	2,009.3	637.9	765.9	378.3	39.3	32.5	30.9	38.6	8.1	3.2	32.1	42.5
Feb r	2,614.3	414.5	180.5	2,019.4	638.8	774.7	379.5	40.0	32.9	30.8	38.9	7.8	3.1	32.2	40.6
Mar r	2,635.6	422.3	180.1	2,033.2	644.4	781.8	379.9	37.1	33.8	30.6	38.4	8.4	3.0	32.6	43.2
Apr r	2,646.7	427.3	180.0	2,039.4	649.0	786.9	378.8	36.1	33.9	30.4	38.2	8.8	3.2	32.3	41.8
May r	2,653.8	430.6	178.3	2,045.0	648.6	794.6	379.8	34.8	33.9	30.0	37.9	8.7	3.2	32.5	40.9
June r	2,669.4	438.5	177.9	2,053.0	651.6	800.1	378.4	35.3	34.4	29.5	37.4	7.4	3.2	32.3	43.4
July r	2,684.7	440.6	177.8	2,066.4	651.7	808.0	378.3	38.8	34.8	29.3	36.6	7.0	3.2	32.6	46.1
Aug p	2,707.8	441.3	179.2	2,087.3	653.1	811.9	380.1	46.0	35.7	29.2	36.1	8.0	3.2	32.7	51.5
Sept p	2,708.5	447.1	179.4	2,082.0	651.6	814.7	381.1	43.1	36.2	29.1	35.4	7.9	3.2	32.8	47.0

[1] Data are prorated averages of Wednesday figures for domestically chartered banks and averages of month-end data for foreign-related institutions. Data beginning January 1984 are not strictly comparable with data for earlier periods, largely because beginning January 1984 certain obligations of States and political subdivisions are included in loans rather than in other securities.

[2] Excludes loans to commercial banks in the United States.

Source: Board of Governors of the Federal Reserve System.

SOURCES AND USES OF FUNDS, NONFARM NONFINANCIAL CORPORATE BUSINESS

[Billions of dollars; quarterly data at seasonally adjusted annual rates]

Period	Sources							Uses			Discrepancy (sources less uses)
	Total	Internal [1]	External					Total	Capital expenditures [3]	Increase in financial assets	
			Total	Credit market funds			Other [2]				
				Total	Securities and mortgages	Loans and short-term paper					
1982	300.8	241.9	58.9	48.5	−6.2	54.7	10.4	303.1	256.1	47.0	−2.3
1983	416.9	285.2	131.7	76.5	41.0	35.5	55.2	392.6	270.5	122.1	24.3
1984	491.4	335.9	155.5	91.9	−13.6	105.5	63.7	474.9	369.7	105.2	16.5
1985	455.7	351.8	103.9	49.8	−6.2	56.0	54.1	425.1	341.2	83.9	30.6
1986	524.1	344.3	179.8	124.7	60.5	64.2	55.1	481.2	330.4	150.8	43.0
1987	493.7	372.4	121.3	48.2	18.5	29.7	73.1	466.6	354.1	112.5	27.1
1988	548.2	391.4	156.8	55.1	−15.4	70.5	101.6	494.6	378.3	116.3	53.5
1989	515.2	380.0	135.2	35.3	−45.1	80.4	99.9	486.5	382.2	104.3	28.6
1989: I	511.6	379.9	131.7	18.0	−92.5	110.5	113.6	478.6	377.4	101.2	33.0
II	606.9	379.7	227.2	118.7	3.1	115.6	108.4	568.5	388.3	180.2	38.5
III	465.9	385.5	80.4	1.0	−85.2	86.2	79.3	446.4	385.1	61.3	19.5
IV	476.3	374.9	101.4	3.6	−5.8	9.4	97.8	452.8	378.2	74.6	23.4
1990: I	491.9	370.6	121.3	92.6	−3.1	95.7	28.5	467.8	343.4	124.4	24.1
II[p]	496.9	377.4	119.5	58.4	25.5	32.9	61.1	464.0	372.7	91.3	33.0

[1] Undistributed profits (after inventory valuation and capital consumption adjustments), capital consumption allowances, and foreign branch profits, dividends, and subsidiaries' earnings retained abroad.

[2] Consists of tax liabilities, trade debt, and direct foreign investment in the U.S.

[3] Plant and equipment, residential structures, inventory investment, and mineral rights from U.S. Government.

Source: Board of Governors of the Federal Reserve System.

CONSUMER INSTALLMENT CREDIT

[Millions of dollars; seasonally adjusted]

Period	Installment credit outstanding (end of period)					Net change in installment credit outstanding [1]				
	Total	Automobile	Revolving	Mobile home	Other	Total	Automobile	Revolving	Mobile home	Other
1980: Dec	298,154	111,991	55,111	18,736	112,317	1,671	−484	1,754	529	−127
1981: Dec	311,259	119,008	61,070	20,058	111,124	13,105	7,017	5,959	1,322	−1,193
1982: Dec	325,805	125,945	66,454	22,064	110,802	14,546	6,937	5,384	2,546	−322
1983: Dec	368,966	143,560	79,088	23,562	122,756	43,161	17,615	12,634	958	11,954
1984: Dec	442,602	173,564	100,280	25,861	142,897	73,636	30,004	21,192	2,299	20,141
1985: Dec	518,252	210,187	121,816	26,850	159,400	75,650	36,623	21,536	989	16,503
1986: Dec	573,017	247,428	135,851	27,096	162,642	54,765	37,241	14,035	246	3,242
1987: Dec	610,468	265,851	153,078	25,920	165,620	37,451	18,423	17,227	−1,176	2,978
1988: Dec	664,701	284,556	174,057	25,201	180,887	54,233	18,705	20,979	−719	15,267
1989: Dec [2]	716,624	290,770	197,110	22,343	206,401	([3])	([3])	([3])	([3])	([3])
1989: Aug [2]	703,518	289,961	189,185	22,734	201,638	3,518	79	2,900	−506	1,044
Sept	705,703	288,839	190,378	22,661	203,825	2,185	−1,122	1,194	−73	2,187
Oct	710,133	290,210	191,734	22,621	205,568	4,430	1,371	1,356	−40	1,743
Nov	713,903	290,972	194,679	22,197	206,055	3,769	761	2,944	−424	487
Dec	716,624	290,770	197,110	22,343	206,401	2,722	−202	2,431	146	346
1990: Jan	717,829	290,904	199,146	22,604	205,175	1,205	134	2,036	261	−1,226
Feb	717,869	289,629	199,927	22,633	205,680	40	−1,275	781	29	505
Mar	720,445	290,932	202,263	22,708	204,543	2,576	1,303	2,336	74	−1,137
Apr	720,835	288,936	203,965	22,702	205,232	390	−1,996	1,702	−6	689
May	724,485	288,931	207,153	22,815	205,585	3,650	−5	3,188	113	353
June	724,601	287,168	208,362	22,733	206,338	116	−1,764	1,208	−83	753
July [r]	729,329	286,791	212,138	22,795	207,605	4,728	−377	3,776	63	1,267
Aug [p]	731,416	285,050	213,916	23,003	209,446	2,087	−1,741	1,778	208	1,841

[1] For year-end data, change from preceding year-end; for monthly data, change from preceding month.

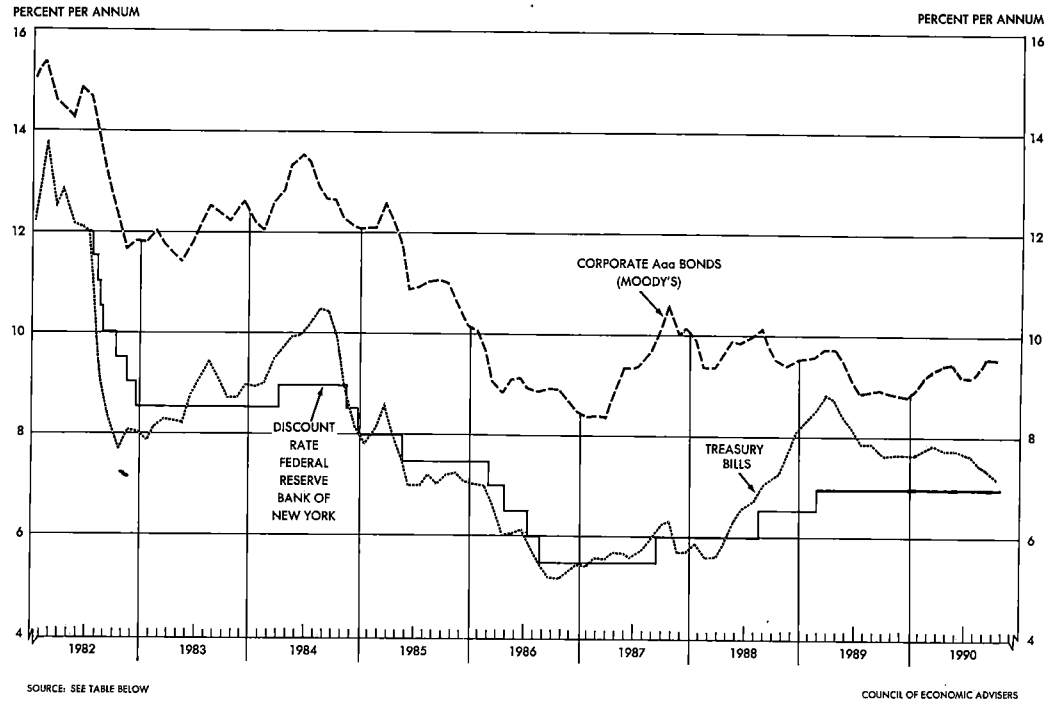
[2] Data newly available in January 1989 result in breaks in many series between December 1988 and subsequent months.

[3] Because of breaks in series, net change not available.

Source: Board of Governors of the Federal Reserve System.

INTEREST RATES AND BOND YIELDS

Interest rates fell in October.



SOURCE: SEE TABLE BELOW

COUNCIL OF ECONOMIC ADVISERS

[Percent per annum]

Period	U.S. Treasury security yields			High-grade municipal bonds (Standard & Poor's) [3]	Corporate Aaa bonds (Moody's) [4]	Prime commercial paper, 6 months [1]	Discount rate (N.Y. F.R. Bank) [5]	Prime rate charged by banks [5]	New-home mortgage yields (FHFB) [6]
	3-month bills (new issues) [1]	Constant maturities [2]							
		3-year	10-year						
1981	14.029	14.44	13.91	11.23	14.17	14.76	13.42	18.87	14.70
1982	10.686	12.92	13.00	11.57	13.79	11.89	11.02	14.86	15.14
1983	8.63	10.45	11.10	9.47	12.04	8.89	8.50	10.79	12.57
1984	9.58	11.89	12.44	10.15	12.71	10.16	8.80	12.04	12.38
1985	7.48	9.64	10.62	9.18	11.37	8.01	7.69	9.93	11.55
1986	5.98	7.06	7.68	7.38	9.02	6.39	6.33	8.33	10.17
1987	5.82	7.68	8.39	7.73	9.38	6.85	5.66	8.21	9.31
1988	6.69	8.26	8.85	7.76	9.71	7.68	6.20	9.32	9.19
1989	8.12	8.55	8.49	7.24	9.26	8.80	6.93	10.87	10.13
1989: Oct	7.63	8.02	8.01	7.22	8.92	8.24	7.00–7.00	10.50–10.50	10.11
Nov	7.65	7.80	7.87	7.13	8.89	8.00	7.00–7.00	10.50–10.50	10.09
Dec	7.64	7.77	7.84	7.01	8.86	7.93	7.00–7.00	10.50–10.50	10.07
1990: Jan	7.64	8.13	8.21	7.13	8.99	7.96	7.00–7.00	10.50–10.00	9.91
Feb	7.76	8.39	8.47	7.21	9.22	8.04	7.00–7.00	10.00–10.00	9.88
Mar	7.87	8.63	8.59	7.29	9.37	8.23	7.00–7.00	10.00–10.00	10.03
Apr	7.78	8.78	8.79	7.36	9.46	8.29	7.00–7.00	10.00–10.00	10.17
May	7.78	8.69	8.76	7.34	9.47	8.23	7.00–7.00	10.00–10.00	10.28
June	7.74	8.40	8.48	7.22	9.26	8.06	7.00–7.00	10.00–10.00	10.13
July	7.66	8.26	8.47	7.15	9.24	7.90	7.00–7.00	10.00–10.00	10.08
Aug	7.44	8.22	8.75	7.31	9.41	7.77	7.00–7.00	10.00–10.00	10.11
Sept	7.38	8.27	r8.89	7.40	9.56	r7.83	7.00–7.00	10.00–10.00	9.90
Oct p	7.19	8.07	8.72	.....	9.53	7.81	7.00–7.00	10.00–10.00	.....
Week ended:									
1990: Oct 6	7.18	8.07	8.69	7.46	9.54	7.80	7.00–7.00	10.00–10.00	.....
13	7.19	8.18	8.87	7.50	9.59	7.85	7.00–7.00	10.00–10.00	.....
20	7.18	8.10	8.74	7.41	9.57	7.86	7.00–7.00	10.00–10.00	.....
27	7.20	7.99	8.64	7.35	9.45	7.81	7.00–7.00	10.00–10.00	.....
Nov 3	7.12	.....	.....	.....	.....	.....	7.00–	10.00–	.....

[1] Bank-discount basis.

[2] Yields on the more actively traded issues adjusted to constant maturities by the Treasury Department.

[3] Weekly data are Wednesday figures.

[4] Series excludes public utility issues for January 17, 1984 through October 11, 1984 due to lack of appropriate issues.

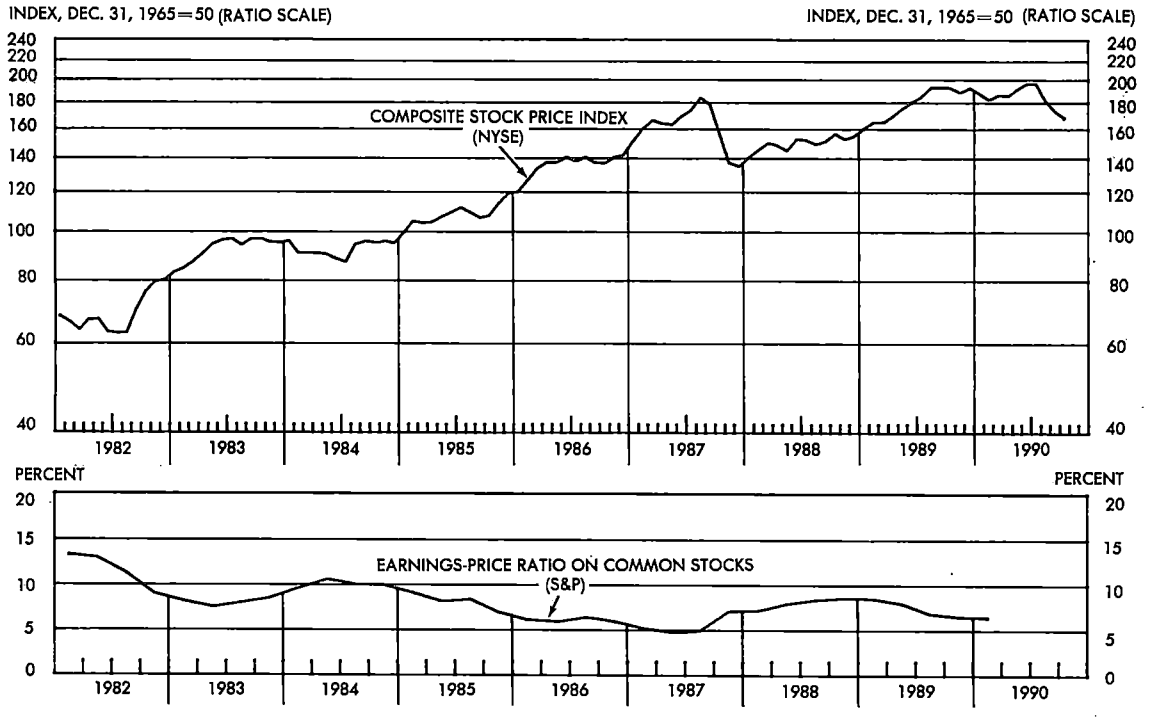
[5] Average effective rate for year; opening and closing rate for month and week.

[6] Effective rate (in the primary market) on conventional mortgages, reflecting fees and charges as well as contract rate and assumed, on the average, repayment at end of 10 years.

Sources: Department of the Treasury, Board of Governors of the Federal Reserve System, Federal Housing Finance Board, Moody's Investors Service, and Standard & Poor's Corporation.

COMMON STOCK PRICES AND YIELDS

Stock prices fell in October.



SOURCES: NEW YORK STOCK EXCHANGE AND STANDARD & POOR'S CORPORATION

COUNCIL OF ECONOMIC ADVISERS

Period	Common stock prices [1]							Common stock yields (percent) [5]	
	New York Stock Exchange indexes (Dec. 31, 1965=50) [2]					Dow-Jones industrial average [3]	Standard & Poor's composite index (1941–43=10) [4]	Dividend-price ratio	Earnings-price ratio
	Composite	Industrial	Transportation	Utility	Finance				
1981	74.02	85.44	72.61	38.91	73.52	932.92	128.05	5.20	11.96
1982	68.93	78.18	60.41	39.75	71.99	884.36	119.71	5.81	11.60
1983	92.63	107.45	89.36	47.00	95.34	1,190.34	160.41	4.40	8.03
1984	92.46	108.01	85.63	46.44	89.28	1,178.48	160.46	4.64	10.02
1985	108.09	123.79	104.11	56.75	114.21	1,328.23	186.84	4.25	8.12
1986	136.00	155.85	119.87	71.36	147.20	1,792.76	236.34	3.49	6.09
1987	161.70	195.31	140.39	74.30	146.48	2,275.99	286.83	3.08	5.48
1988	149.91	180.95	134.12	71.77	127.26	2,060.82	265.79	3.64	8.01
1989	180.02	216.23	175.28	87.43	151.88	2,508.91	322.84	3.45	7.41
1989: Oct	192.49	229.40	190.36	94.67	166.55	2,692.01	347.40	3.29	
Nov	188.50	224.38	174.26	94.95	160.89	2,642.49	340.22	3.39	
Dec	192.67	230.12	177.25	99.73	155.63	2,728.47	348.57	3.33	6.47
1990: Jan	187.96	225.79	173.67	95.69	150.11	2,679.24	339.97	3.41	
Feb	182.55	220.60	166.69	92.15	142.68	2,614.18	330.45	3.54	
Mar	186.26	226.14	175.08	93.00	143.14	2,700.13	338.47	3.49	6.37
Apr	185.61	226.86	173.54	91.92	138.57	2,708.26	338.18	3.51	
May	191.35	234.85	173.53	93.29	142.94	2,793.81	350.25	3.44	
June	196.68	242.42	177.37	93.65	147.93	2,894.82	360.39	3.36	
July	196.61	245.86	173.18	89.85	143.11	2,934.23	360.03	3.37	
Aug	181.45	226.73	147.41	85.81	128.14	2,681.89	330.75	3.65	
Sept [r]	173.22	216.81	136.95	83.30	118.59	2,550.69	315.41	3.85	
Oct [p]	168.05	208.58	131.90	87.27	108.01	2,460.54	307.12		
Week ended:									
1990: Oct 6	171.53	213.72	134.81	86.53	112.60	2,507.57	313.15	3.94	
13	166.13	206.06	130.61	86.17	107.55	2,428.07	302.89	4.09	
20	166.10	205.57	130.99	87.47	106.35	2,431.78	303.83	4.10	
27	169.77	210.71	133.83	88.42	108.23	2,486.93	310.92	3.91	

[1] Average of daily closing prices.
[2] Includes all the stocks (more than 1,500) listed on the NYSE.
[3] Includes 30 stocks.
[4] Includes 500 stocks.
[5] Standard & Poor's series. Dividend-price ratios based on Wednesday closing prices. Earnings-price ratios based on prices at end of quarter.

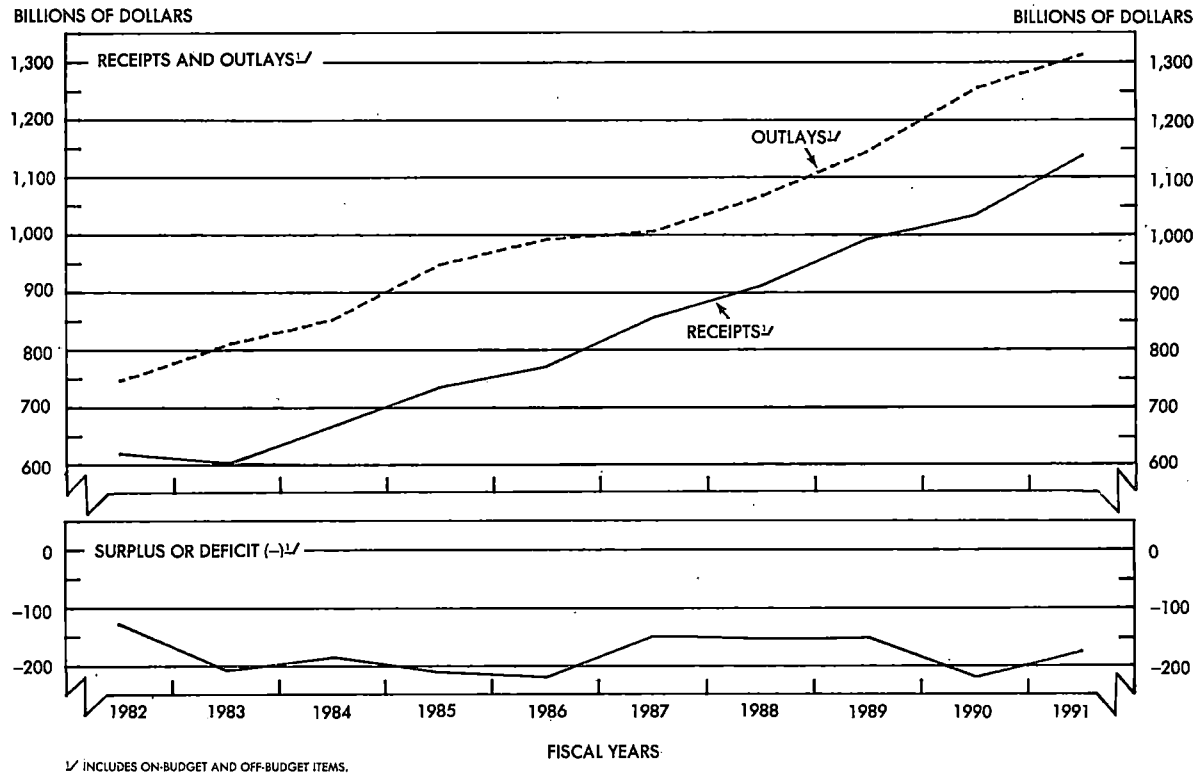
NOTE.—All data relate to stocks listed on the New York Stock Exchange (NYSE).

Sources: New York Stock Exchange, Dow-Jones & Company, Inc., and Standard & Poor's Corporation.

FEDERAL FINANCE

FEDERAL RECEIPTS, OUTLAYS, AND DEBT

In fiscal year 1990, there was a deficit of $220.4 billion, compared with a deficit of $152.0 billion a year earlier.



1/ INCLUDES ON-BUDGET AND OFF-BUDGET ITEMS.

SOURCES: DEPARTMENT OF THE TREASURY AND OFFICE OF MANAGEMENT AND BUDGET

COUNCIL OF ECONOMIC ADVISERS

[Billions of dollars]

Fiscal year or period	Total			On-budget			Off-budget			Gross Federal debt (end of period)	
	Receipts	Outlays	Surplus or deficit (–)	Receipts	Outlays	Surplus or deficit (–)	Receipts	Outlays	Surplus or deficit (–)	Total	Held by the public
1976	298.1	371.8	–73.7	231.7	302.2	–70.5	66.4	69.6	–3.2	629.0	477.4
Transition quarter	81.2	96.0	–14.7	63.2	76.6	–13.3	18.0	19.4	–1.4	643.6	495.5
1977	355.6	409.2	–53.6	278.7	328.5	–49.7	76.8	80.7	–3.9	706.4	549.1
1978	399.6	458.7	–59.2	314.2	369.1	–54.9	85.4	89.7	–4.3	776.6	607.1
1979	463.3	503.5	–40.2	365.3	403.5	–38.2	98.0	100.0	–2.0	828.9	639.8
1980	517.1	590.9	–73.8	403.9	476.6	–72.7	113.2	114.3	–1.1	908.5	709.3
1981	599.3	678.2	–78.9	469.1	543.0	–73.9	130.2	135.2	–5.0	994.3	784.8
1982	617.8	745.7	–127.9	474.3	594.3	–120.0	143.5	151.4	–7.9	1,136.8	919.2
1983	600.6	808.3	–207.8	453.2	661.2	–208.0	147.3	147.1	.2	1,371.2	1,131.0
1984	666.5	851.8	–185.3	500.4	686.0	–185.6	166.1	165.8	.3	1,564.1	1,300.0
1985	734.1	946.3	–212.3	547.9	769.5	–221.6	186.2	176.8	9.4	1,817.0	1,499.4
1986	769.1	990.3	–221.2	568.9	806.8	–237.9	200.2	183.5	16.7	2,120.1	1,736.2
1987	854.1	1,003.8	–149.7	640.7	810.0	–169.3	213.4	193.8	19.6	2,345.6	1,888.1
1988	909.0	1,064.0	–155.1	667.5	861.4	–193.9	241.5	202.7	38.8	2,600.8	2,050.2
1989	990.7	1,142.6	–152.0	727.0	931.7	–204.7	263.7	210.9	52.8	2,866.2	2,189.3
1990 [1]	1,031.5	1,251.9	–220.4	749.8	1,026.8	–277.0	281.7	225.1	56.6	3,206.3	2,410.4
1991 (estimates) [2]	1,135.4	1,311.7	–176.3	823.2	1,076.3	–253.1	312.1	235.4	76.8	3,521.5	2,573.0

[1] Data from *Monthly Treasury Statement.*

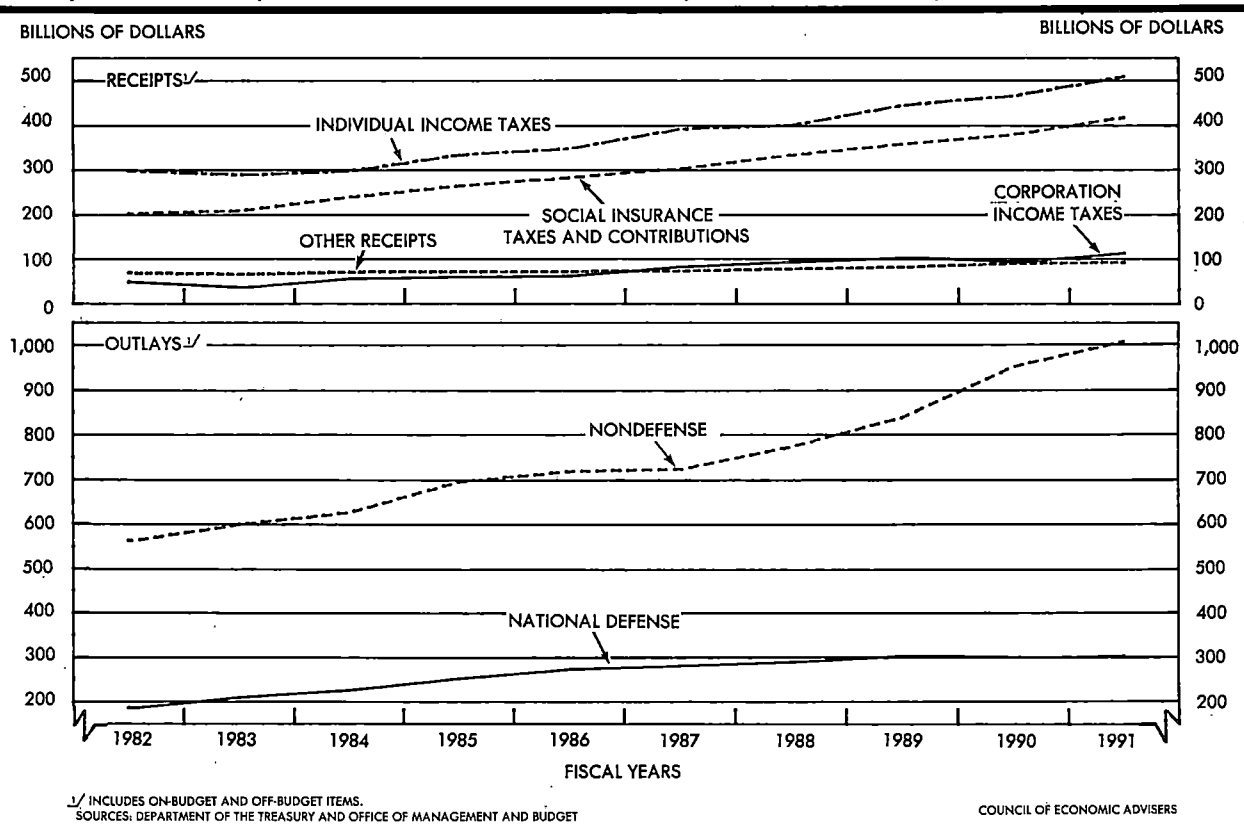
[2] Estimates from *Mid-Session Review of the Budget,* Office of Management and Budget, July 16, 1990.

NOTE.—Data are from *Budget of the United States Government, Fiscal Year 1991,* January 1990, except as noted.

Sources: Department of the Treasury and Office of Management and Budget.

FEDERAL RECEIPTS BY SOURCE AND OUTLAYS BY FUNCTION

In fiscal year 1990, receipts were $40.8 billion higher than a year earlier and outlays were $109.3 billion higher.



1/ INCLUDES ON-BUDGET AND OFF-BUDGET ITEMS.
SOURCES: DEPARTMENT OF THE TREASURY AND OFFICE OF MANAGEMENT AND BUDGET

COUNCIL OF ECONOMIC ADVISERS

[Billions of dollars]

Fiscal year	On-budget and off-budget receipts					On-budget and off-budget outlays									
							National defense								
	Total	Individual income taxes	Corporation income taxes	Social insurance taxes and contributions	Other	Total	Total	Department of Defense, military	International affairs	Health	Medicare	Income security	Social security	Net interest	Other
1976	298.1	131.6	41.4	90.8	34.3	371.8	89.6	87.9	6.4	15.7	15.8	60.8	73.9	26.7	82.8
1977	355.6	157.6	54.9	106.5	36.6	409.2	97.2	95.1	6.4	17.3	19.3	61.0	85.1	29.9	93.0
1978	399.6	181.0	60.0	121.0	37.7	458.7	104.5	102.3	7.5	18.5	22.8	61.5	93.9	35.4	114.7
1979	463.3	217.8	65.7	138.9	40.8	503.5	116.3	113.6	7.5	20.5	26.5	66.4	104.1	42.6	119.6
1980	517.1	244.1	64.6	157.8	50.6	590.9	134.0	130.9	12.7	23.2	32.1	86.5	118.5	52.5	131.4
1981	599.3	285.9	61.1	182.7	69.5	678.2	157.5	153.9	13.1	26.9	39.1	99.7	139.6	68.7	133.5
1982	617.8	297.7	49.2	201.5	69.3	745.7	185.3	180.7	12.3	27.4	46.6	107.7	156.0	85.0	125.4
1983	600.6	288.9	37.0	209.0	65.6	808.3	209.9	204.4	11.8	28.6	52.6	122.6	170.7	89.8	122.3
1984	666.5	298.4	56.9	239.4	71.8	851.8	227.4	220.9	15.9	30.4	57.5	112.7	178.2	111.1	118.6
1985	734.1	334.5	61.3	265.2	73.0	946.3	252.7	245.2	16.2	33.5	65.8	128.2	188.6	129.4	131.8
1986	769.1	349.0	63.1	283.9	73.1	990.3	273.4	265.5	14.2	35.9	70.2	119.8	198.8	136.0	142.1
1987	854.1	392.6	83.9	303.3	74.3	1,003.8	282.0	274.0	11.6	40.0	75.1	123.3	207.4	138.6	125.9
1988	909.0	401.2	94.5	334.3	78.9	1,064.0	290.4	281.9	10.5	44.5	78.9	129.3	219.3	151.7	139.4
1989	990.7	445.7	103.6	359.4	82.0	1,142.6	303.6	294.9	9.6	48.4	85.0	136.0	232.5	169.1	158.4
1990 [1]	1,031.5	466.9	93.5	380.0	91.0	1,251.9	299.3	289.8	13.8	58.1	97.7	148.3	248.6	183.8	202.2
1991 (estimates) [2]	1,135.4	508.4	115.1	418.1	93.8	1,311.7	303.3	292.2	18.2	66.2	99.6	160.5	266.9	193.7	203.3

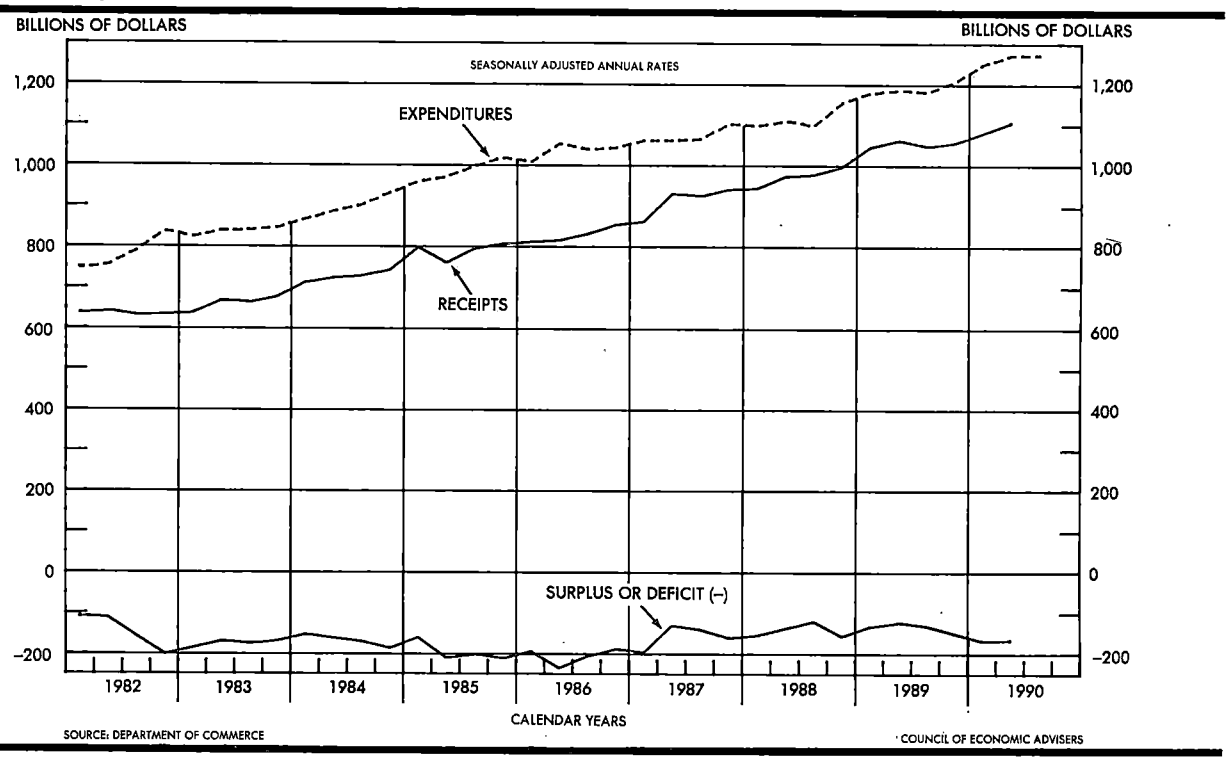
[1] Data from *Monthly Treasury Statement.*
[2] See footnote 1, page 32.

NOTE.—Data are from *Budget of the United States Government, Fiscal Year 1991,* January 1990, except as noted.

Sources: Department of the Treasury and Office of Management and Budget.

FEDERAL SECTOR, NATIONAL INCOME ACCOUNTS BASIS

In the second quarter of 1990, Federal receipts rose $25.2 billion (annual rate) and Federal expenditures rose $22.9 billion. In the third quarter, according to advance estimates, Federal expenditures fell $0.5 billion; receipts data are incomplete.



[Billions of dollars; quarterly data at seasonally adjusted annual rates]

Period	Federal Government receipts					Federal Government expenditures							Surplus or deficit (–), national income and product accounts
	Total	Personal tax and nontax receipts	Corporate profits tax accruals	Indirect business tax and nontax accruals	Contributions for social insurance	Total	Purchases of goods and services	Transfer payments	Grants-in-aid to State and local governments	Net interest paid	Subsidies less current surplus of Government enterprises	Less: Wage accruals less disbursements	
Fiscal year:													
1985	776.8	340.4	74.6	55.9	305.8	962.3	341.5	374.0	97.8	128.3	20.7	−0.1	−185.5
1986	815.2	357.0	81.1	50.9	326.1	1,028.0	368.6	394.6	107.4	134.6	22.8	.0	−212.8
1987	899.4	400.8	99.1	53.5	345.9	1,060.0	375.4	411.1	103.1	139.3	31.1	.1	−160.7
1988	957.6	411.3	108.1	55.6	382.6	1,101.8	377.8	433.2	108.3	148.8	33.6	−.1	−144.1
1989	1,041.9	457.6	113.8	57.8	412.6	1,172.2	399.0	462.0	115.8	167.7	27.7	.0	−130.3
Calendar year:													
1985	788.7	346.4	76.3	55.1	310.9	985.6	355.2	380.1	99.7	130.1	20.3	−.2	−196.9
1986	827.9	361.4	83.8	50.5	332.1	1,034.8	366.5	399.9	106.8	135.6	26.0	.0	−206.9
1987	913.8	405.8	103.2	54.0	350.8	1,071.9	381.3	414.0	102.6	142.3	31.8	.0	−158.2
1988	972.4	415.1	110.5	57.0	389.8	1,114.2	380.3	438.9	111.1	151.3	32.7	.0	−141.7
1989	1,052.9	464.0	110.4	58.4	420.1	1,187.2	400.0	471.9	118.2	172.0	25.0	.0	−134.3
1982: IV	633.1	303.0	46.4	47.6	236.1	835.7	293.2	347.4	84.5	87.2	23.4	.0	−202.6
1983: IV	675.5	291.9	70.2	53.6	259.8	844.7	276.1	352.5	86.0	101.0	29.1	.0	−169.2
1984: IV	742.7	326.0	69.7	56.2	290.7	930.2	326.0	362.1	96.3	125.3	21.0	.6	−187.5
1985: IV	805.3	355.3	78.8	53.5	317.7	1,017.5	376.6	385.8	103.5	132.7	19.0	.0	−212.2
1986: IV	853.8	376.2	88.9	50.8	337.9	1,042.8	368.8	405.8	103.0	136.0	29.2	.0	−189.0
1987: IV	940.0	419.2	107.4	55.1	358.4	1,101.7	388.2	421.4	102.7	147.6	41.5	−.2	−161.7
1988: IV	997.5	424.8	115.4	57.8	399.6	1,153.8	401.1	447.2	112.2	157.9	35.3	.0	−156.3
1989: I	1,045.4	453.1	120.7	57.6	413.9	1,178.0	398.3	460.6	116.7	167.4	35.0	.0	−132.6
II	1,062.2	470.9	115.0	58.0	418.4	1,184.9	402.5	464.7	117.0	173.4	27.3	.0	−122.7
III	1,048.1	462.2	104.7	59.3	421.9	1,179.8	399.2	474.4	117.6	172.1	16.5	.0	−131.7
IV	1,055.7	469.6	101.3	58.7	426.1	1,205.8	399.9	487.9	121.5	175.2	21.3	.0	−150.1
1990: I	1,080.6	473.6	106.5	60.6	439.9	1,248.8	410.6	503.4	128.5	178.1	28.3	.0	−168.3
II	1,105.8	492.1	109.2	60.5	444.0	1,271.7	421.9	510.4	131.5	184.3	23.8	.0	−166.0
III [p]	.....	499.7	.....	61.1	450.6	1,271.2	425.4	510.0	131.7	191.1	12.9	.0	.....

Source: Department of Commerce, Bureau of Economic Analysis.

INTERNATIONAL STATISTICS

INDUSTRIAL PRODUCTION AND CONSUMER PRICES—MAJOR INDUSTRIAL COUNTRIES

Period	Industrial production (1987=100; seasonally adjusted)							Consumer prices (1982-84=100)						
	United States	Canada	Japan	France	Germany	Italy	United Kingdom	United States [1]	Canada	Japan	France	Germany	Italy	United Kingdom
1980	84.1	83.1	81.7	98.9	95.0	96.2	87.5	82.4	76.1	90.9	72.2	86.8	63.2	78.5
1981	85.7	84.8	82.6	98.3	93.2	94.8	84.8	90.9	85.6	95.4	81.8	92.2	75.4	87.9
1982	81.9	76.5	82.9	97.3	90.3	91.8	86.4	96.5	94.9	98.0	91.7	97.0	87.7	95.4
1983	84.9	81.5	85.5	96.5	90.9	88.8	r89.6	99.6	100.4	99.9	100.3	100.3	100.8	99.8
1984	92.8	91.4	93.4	97.1	93.5	91.8	r89.7	103.9	104.8	102.1	108.0	102.7	111.5	104.8
1985	94.4	96.5	96.8	97.2	97.7	92.9	94.6	107.6	108.9	104.2	114.3	r104.9	121.1	111.1
1986	95.3	95.7	96.6	98.0	99.6	96.2	96.8	109.6	113.4	104.9	117.2	104.7	128.5	114.9
1987	100.0	100.0	100.0	100.0	100.0	100.0	100.0	113.6	118.4	105.0	121.1	104.9	134.4	119.7
1988	105.4	105.0	109.3	104.7	103.9	105.9	r103.7	118.3	123.2	105.7	124.4	106.3	141.1	125.6
1989 p	108.1	105.1	115.7	108.9	108.7	109.2	r104.2	124.0	129.3	108.1	128.9	109.2	150.4	135.4
1989: June	108.4	105.5	117.1	108.3	108.8	108.3	102.6	124.1	129.6	108.6	128.7	109.4	150.3	135.6
July	107.8	105.2	114.2	109.4	r109.9	110.7	103.8	124.4	130.4	108.4	129.0	109.3	150.7	135.7
Aug	108.2	105.3	117.6	109.4	r109.8	108.7	105.0	124.6	130.5	108.3	129.2	109.2	150.9	136.1
Sept	108.2	105.2	115.8	108.1	r110.1	110.5	104.8	125.0	130.7	109.2	129.5	109.4	151.6	137.0
Oct	107.7	104.0	115.8	108.4	r110.0	110.8	104.7	125.6	131.2	110.0	130.1	109.7	153.1	138.1
Nov	108.1	104.4	116.8	108.9	r110.3	111.4	r104.2	125.9	131.6	108.9	130.3	109.9	153.7	139.2
Dec	108.6	104.7	116.9	107.6	111.4	114.6	r104.7	126.1	131.5	109.0	130.5	110.2	154.4	139.6
1990: Jan	107.5	102.4	117.2	109.0	r111.9	107.3	104.0	127.4	132.7	109.2	130.8	110.9	155.3	140.4
Feb	108.5	102.3	116.5	106.8	r111.3	111.4	r103.4	128.0	133.4	109.5	131.1	111.3	156.5	141.2
Mar	108.9	102.6	118.8	107.5	r112.8	110.4	105.5	128.7	133.9	109.9	131.6	111.4	157.1	142.6
Apr	108.8	r102.2	117.9	109.0	r110.2	109.5	r106.2	128.9	133.9	110.8	132.1	111.6	157.7	147.0
May	109.4	r102.8	121.0	r109.2	r113.4	r107.2	r105.3	129.2	134.6	111.6	132.3	111.8	158.0	148.3
June	r110.1	103.2	121.1	109.7	113.7	108.4	r107.3	129.9	135.1	111.0	132.6	111.9	158.7	148.9
July	r110.3	103.8	r123.2	.....	r115.2	.....	r103.7	130.4	135.8	110.9	132.9	111.9	159.3	149.0
Aug	r110.4	.....	123.7	.....	115.4	.....	103.1	131.6	r135.9	111.4	133.7	112.2	.....	150.5
Sept p	110.7	.....	.....	.....	.....	.....	.....	132.7	136.3	.....	.....	112.6	.....	151.9

[1] Data relate to all urban consumers.

Source: National sources as reported by Department of Commerce (Bureau of Economic Analysis and International Trade Administration).

U.S. MERCHANDISE EXPORTS AND IMPORTS

[Billions of dollars; monthly data seasonally adjusted]

Period	Merchandise exports (f.a.s. value) [1]							General merchandise imports (customs value) [3]							General merchandise imports (c.i.f. value)	Trade balance	
	Total [2]	Principal end-use commodity category					Other [2]	Total	Principal end-use commodity category					Other		Exports (f.a.s) less imports (customs value)	Exports (f.a.s) less imports (c.i.f.)
		Foods, feeds, and beverages	Industrial supplies and materials	Capital goods except automotive	Automotive vehicles, parts, and engines	Consumer goods (nonfood) except automotive			Foods feeds, and beverages	Industrial supplies and materials	Capital goods except automotive	Automotive vehicles, parts, and engines	Consumer goods (nonfood) except automotive				
1982	216.4	31.3	61.7	72.7	15.7	14.3	20.7	244.0	17.1	112.0	35.4	33.3	39.7	6.5	254.9	−27.5	−38.4
1983	205.6	30.9	56.7	67.2	16.8	13.4	20.5	258.0	18.2	107.0	40.9	40.8	44.9	6.3	269.9	−52.4	−64.2
1984	224.0	31.5	61.7	72.0	20.6	13.3	24.0	[4] 330.7	21.0	123.7	59.8	53.5	60.0	7.8	346.4	−106.7	−122.4
1985	[5] 218.8	24.0	58.5	73.9	22.9	12.6	27.3	[4] 336.5	21.9	113.9	65.1	66.8	68.3	9.4	352.5	−117.7	−133.6
1986	[5] 227.2	22.3	57.3	75.8	21.7	14.2	35.9	365.4	24.4	101.3	71.8	78.2	79.4	10.4	382.3	−138.3	−155.1
1987	254.1	24.3	66.7	86.2	24.6	17.7	34.6	406.2	24.8	111.0	84.5	85.2	88.7	12.1	424.4	−152.1	−170.3
1988	322.4	32.3	85.1	109.2	29.3	23.1	43.4	441.0	24.8	118.3	101.4	87.7	95.9	12.8	459.5	−118.5	−137.1
1989	363.8	37.2	99.3	138.8	34.8	36.4	17.2	473.2	25.1	132.3	113.3	86.1	102.9	13.6	493.2	−109.4	−129.4
1989: Aug	30.2	3.0	8.5	11.7	2.7	3.0	1.4	40.5	2.1	11.6	9.6	7.2	8.8	1.2	42.3	−10.3	−12.1
Sept	30.1	2.8	8.1	12.3	2.6	2.9	1.4	38.9	1.9	10.5	9.4	7.0	8.8	1.2	40.5	−8.8	−10.4
Oct	31.4	3.0	8.4	12.3	3.1	3.0	1.6	41.6	2.1	11.9	9.9	7.2	9.1	1.4	43.4	−10.2	−12.0
Nov	30.6	3.2	8.3	11.1	3.0	3.4	1.7	40.5	2.1	11.1	10.0	7.0	9.0	1.3	42.3	−9.9	−11.7
Dec	31.3	3.0	7.9	12.3	3.1	3.4	1.6	38.1	2.0	10.4	9.4	6.5	8.4	1.2	39.7	−6.8	−8.4
1990: Jan	31.4	3.1	8.6	12.0	2.5	3.4	1.8	41.6	2.3	12.9	9.8	6.4	8.9	1.3	43.4	−10.2	−12.1
Feb	31.6	3.1	8.0	12.8	2.8	3.4	1.6	38.7	2.3	11.1	9.1	6.7	8.3	1.2	40.4	−7.1	−8.8
Mar	33.3	3.2	8.6	12.8	3.3	3.4	1.8	41.6	2.5	11.5	9.8	7.9	8.7	1.3	43.5	−8.4	−10.2
Apr	32.1	3.0	8.4	12.4	3.0	3.5	1.7	39.4	2.3	10.5	9.8	6.9	8.7	1.3	41.1	−7.3	−9.1
May	32.8	2.9	8.4	12.7	3.5	3.6	1.8	40.5	2.3	11.3	9.5	7.5	8.7	1.3	42.4	−7.8	−9.6
June	34.2	3.4	8.4	13.5	3.4	3.9	1.6	39.6	2.1	10.5	9.6	7.3	8.5	1.4	41.3	−5.3	−7.1
July r	32.1	2.8	8.1	12.8	3.0	3.7	1.8	41.2	2.1	11.0	10.1	7.5	9.1	1.3	43.1	−9.1	−11.0
Aug	32.6	3.1	8.7	12.5	3.1	3.5	1.7	42.0	2.1	12.0	9.8	7.8	9.1	1.3	43.8	−9.3	−11.2

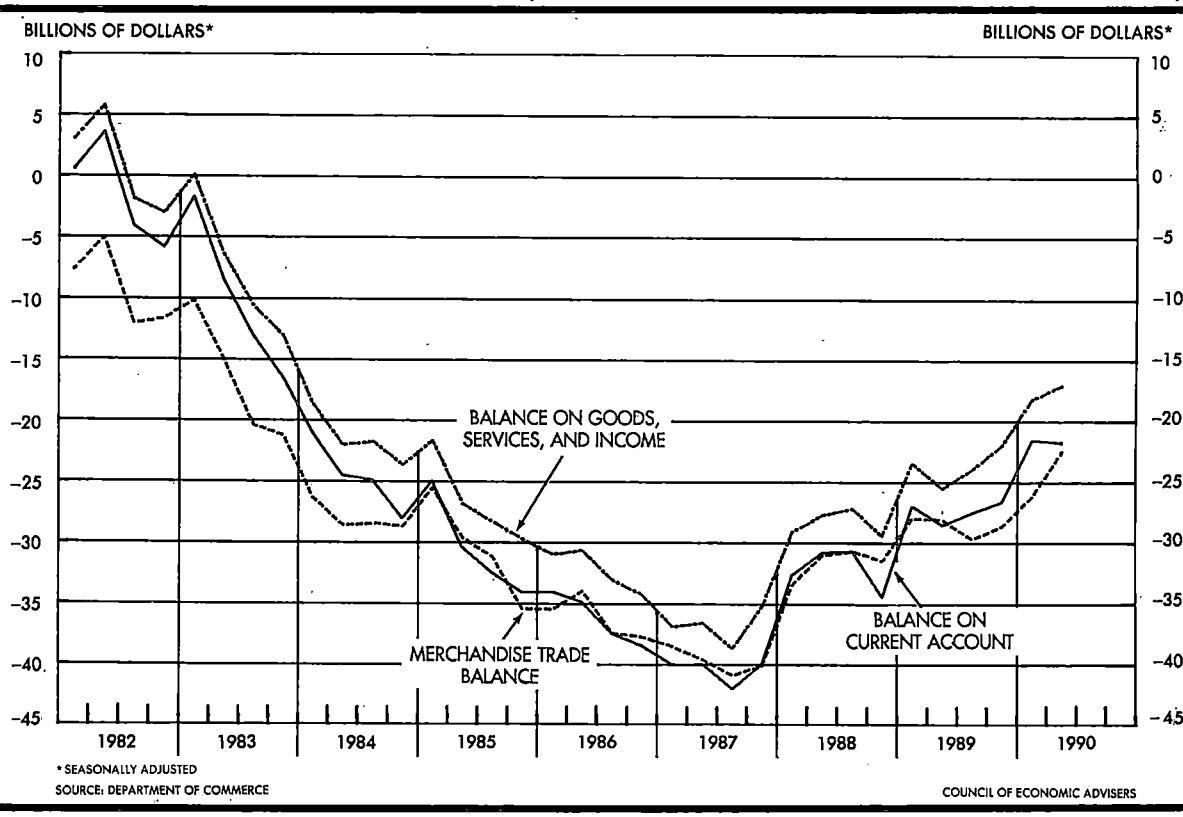
[1] Includes Department of Defense Military Assistance Program grant-aid shipments.
[2] Includes undocumented exports to Canada through 1988.
[3] Total arrivals of imported goods other than intransit shipments.
[4] Total includes revisions not reflected in detail.
[5] Total exports are on a revised statistical month basis; end-use categories are on a statistical month basis.

NOTE.—Data shown include trade of the U.S. Virgin Islands.

Source: Department of Commerce, Bureau of the Census.

U.S. INTERNATIONAL TRANSACTIONS

In the second quarter of 1990, the merchandise trade deficit fell to $22.6 billion from $26.3 billion in the first quarter. The current account deficit rose slightly, to $21.8 billion from $21.7 billion in the first quarter.



[Millions of dollars; quarterly data seasonally adjusted, except as noted. Credits (+), debits (—)]

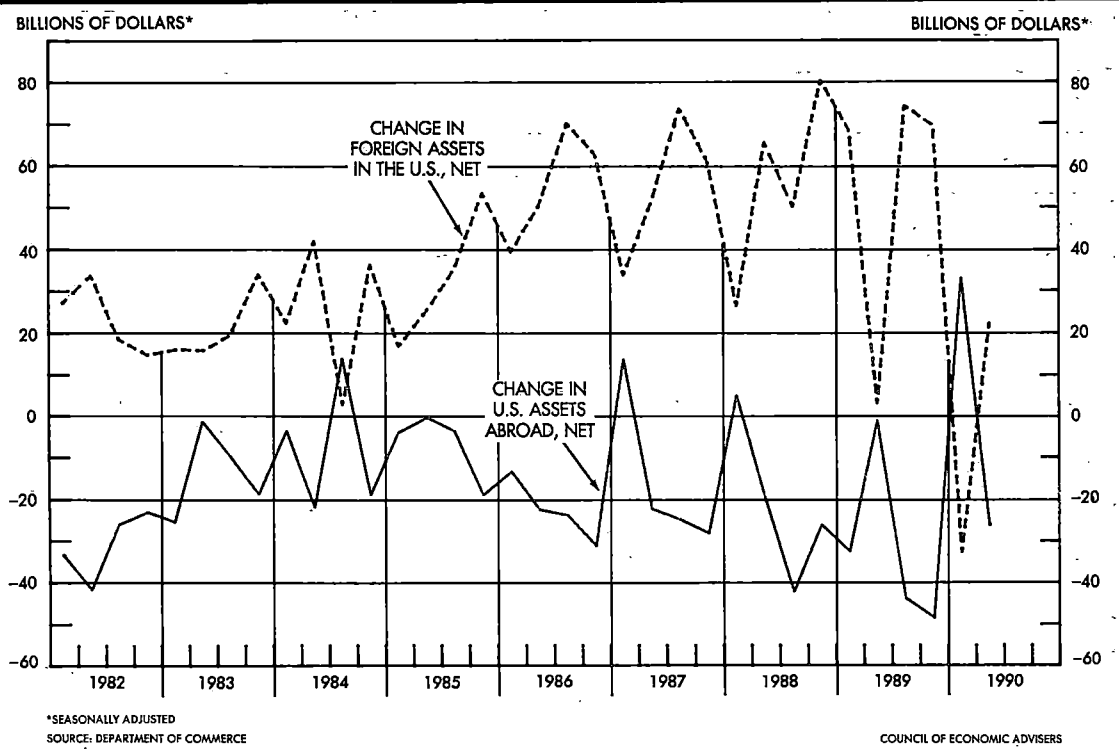
Period	Merchandise [1] [2]			Services			Investment income [4]			Balance on goods, services, and income	Remittances, pensions, and other unilateral transfers, net [1]	Balance on current account
	Exports	Imports	Net balance	Net military transactions [3]	Net travel and transportation receipts	Other services, net [4]	Receipts on U.S. assets abroad	Payments on foreign assets in U.S. [3]	Net			
1981	237,085	—265,063	—27,978	—844	144	12,552	84,975	—53,626	31,349	15,223	—8,331	6,892
1982	211,198	—247,642	—36,444	112	—992	12,981	85,346	—57,097	28,250	3,907	—9,775	—5,868
1983	201,820	—268,900	—67,080	—163	—4,227	13,859	81,972	—54,549	27,423	—30,188	—9,956	—40,143
1984	219,900	—332,422	—112,522	—2,147	—9,153	14,042	92,935	—69,542	23,394	—86,385	—12,621	—99,006
1985	215,935	—338,083	—122,148	—4,096	—10,788	14,008	82,282	—66,115	16,166	—106,859	—15,473	—122,332
1986	223,367	—368,425	—145,058	—4,907	—8,939	18,551	80,982	—70,013	10,969	—129,384	—16,009	—145,393
1987	250,266	—409,766	—159,500	—3,530	—8,298	18,262	90,536	—85,210	5,326	—147,739	—14,575	—162,314
1988	320,337	—447,323	—126,986	—5,452	—4,060	21,032	110,048	—108,438	1,610	—113,857	—15,005	—128,862
1989	360,465	—475,329	—114,864	—6,320	659	26,123	127,536	—128,448	—913	—95,314	—14,720	—110,034
1988: I	76,497	—109,988	—33,491	—1,075	—1,776	4,736	26,980	—24,580	2,400	—29,206	—3,476	—32,682
II	79,392	—110,494	—31,102	—1,139	—1,062	5,079	26,739	—26,330	409	—27,815	—3,060	—30,875
III	80,511	—111,290	—30,779	—1,144	—624	5,391	27,942	—28,083	—141	—27,297	—3,461	—30,758
IV	83,937	—115,551	—31,614	—2,094	—599	5,829	28,386	—29,445	—1,059	—29,537	—5,008	—34,545
1989: I	88,267	—116,360	—28,093	—1,763	—57	5,899	30,872	—30,407	465	—23,549	—3,555	—27,104
II	91,111	—119,333	—28,222	—1,667	39	6,164	31,932	—33,889	—1,957	—25,643	—3,006	—28,649
III	89,349	—119,152	—29,803	—1,114	—192	7,031	32,102	—32,085	17	—24,061	—3,530	—27,591
IV	91,738	—120,484	—28,746	—1,776	870	7,030	32,629	—32,068	561	—22,061	—4,631	—26,692
1990: I	96,262	—122,545	—26,283	—1,287	1,075	6,217	31,541	—29,546	1,995	—18,283	—3,385	—21,668
II [p]	96,741	—119,316	—22,575	—1,342	816	6,607	30,927	—31,564	—637	—17,131	—4,713	—21,844

[1] Excludes military.
[2] Adjusted from Census data for differences in timing and coverage.
[3] Quarterly data are not seasonally adjusted.
[4] Fees and royalties from U.S. direct investments abroad or from foreign direct investments in the United States are excluded from investment income and included in other services, net.

See p. 37 for continuation of table.

U.S. INTERNATIONAL TRANSACTIONS—Continued

In the capital accounts, claims on foreigners reported by U.S. banks increased $12.1 billion in the second quarter of 1990, compared to a decrease of $52.4 billion in the first quarter. Liabilities to private foreigners reported by U.S. banks, excluding Treasury securities, increased $2.9 billion in the second quarter, compared to a decrease of $32.3 billion in the first quarter.



[Millions of dollars; quarterly data seasonally adjusted, except as noted]

Period	U.S. assets abroad, net [increase/capital outflow (−)]				Foreign assets in the U.S., net [increase/capital inflow (+)] [3]			Allocations of special drawing rights (SDRs)	Statistical discrepancy		U.S. official reserve assets, net [5] (unadjusted, end of period)
	Total	U.S. official reserve assets [3 5]	Other U.S. Government assets	U.S. private assets	Total	Foreign official assets	Other foreign assets		Total (sum of the items with sign reversed)	Of which: Seasonal adjustment discrepancy	
1981	−110,951	−5,175	−5,097	−100,679	83,032	4,960	78,072	1,093	19,934	.....	30,074
1982	−124,490	−4,965	−6,131	−113,394	93,746	3,593	90,154	.....	36,612	.....	33,958
1983	−56,100	−1,196	−5,006	−49,898	84,869	5,845	79,023	.....	11,374	.....	33,747
1984	−31,070	−3,131	−5,489	−22,451	102,621	3,140	99,481	.....	27,456	.....	34,934
1985	−27,721	−3,858	−2,821	−21,043	130,012	−1,083	131,096	.....	20,041	.....	43,186
1986	−92,030	312	−2,022	−90,321	221,599	35,588	186,011	.....	15,824	.....	48,511
1987	−62,946	9,149	997	−73,091	218,470	45,210	173,260	.....	6,790	.....	45,798
1988	−84,176	−3,912	2,969	−83,232	221,442	39,515	181,927	.....	−8,404	.....	47,802
1989	−127,061	−25,293	1,185	−102,953	214,652	8,823	205,829	.....	22,443	.....	74,609
1988: I	4,569	1,502	−1,594	4,661	26,079	24,840	1,239	.....	2,034	2,970	43,186
II	−19,856	39	−847	−19,048	65,270	5,970	59,300	.....	−14,539	−2,995	41,028
III	−42,383	−7,380	1,957	−36,960	49,797	−2,015	51,812	.....	23,344	−4,630	47,788
IV	−26,508	1,925	3,452	−31,885	80,295	10,720	69,575	.....	−19,242	4,656	47,802
1989: I	−32,859	−4,000	962	−29,821	68,402	7,797	60,605	.....	−8,439	3,093	49,854
II	−1,381	−12,095	−303	11,017	2,794	−4,961	7,755	.....	27,236	−1,697	60,502
III	−44,076	−5,996	574	−38,654	74,136	13,003	61,133	.....	−2,469	−4,953	68,418
IV	−48,745	−3,202	−47	−45,496	69,320	−7,016	76,336	.....	6,117	3,560	74,609
1990: I	32,877	−3,177	−659	36,713	−32,988	−8,203	−24,786	.....	21,780	2,804	76,303
II[p]	−26,443	371	−624	−26,190	21,957	6,284	15,673	.....	26,330	−1,036	77,298

[5] Consists of gold, special drawing rights (SDRs), foreign currencies, and the U.S. reserve position in the IMF.

Sources: Department of Commerce (Bureau of Economic Analysis) and Department of the Treasury.

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General Notes

Detail in these tables may not add to totals because of rounding.
Unless otherwise noted, all dollar figures are in current dollars.
Symbols used:
[p] Preliminary.
[r] Revised.
[c] Corrected.
... Not available (also, not applicable).
NSA not seasonally adjusted.

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U.S. GOVERNMENT PRINTING OFFICE : 1990 0—35-538

35-538 (40)