

January 30, 2025

The Honorable Dorothy A. Fink, M.D. Acting Secretary U.S. Department of Health and Human Services 200 Independence Avenue, S.W. Washington, D.C. 20201

The Honorable Captain Tala Hooban Acting Director of the Office of Head Start (OHS) Administration for Children and Families U.S. Department of Health and Human Services (HHS) 330 C Street, S.W. Washington, D.C. 20201

Dear Acting Secretary Dr. Fink and Acting Director Captain Hooban,

We write with concern regarding ongoing issues that Head Start centers in our congressional districts continue to experience with receiving disbursed grant payments requested between January 23 and January 27 from the Payment Management System (PMS), and a Notice of Award for February 1 grant renewals. After a period of uncertainty, we were heartened to learn that Head Start program funding would resume, but we remain concerned that there are still significant, outstanding issues. Organizations who submitted requests prior to the recent resumption of payments and/or have a February 1 grant renewal remain in limbo as to the status of their funding and the lack of clarity could pose significant problems as we reach financial obligations at the end of the month. We request your immediate attention to this matter to ensure these programs expeditiously receive the funds that they are owed.

On the morning of January 28, Head Start programs nationwide reported that they could not access the PMS to request disbursed payments. We note that this lack of access came hours after the Office of Management and Budget (OMB) released a memo ( $\underline{M-25-13}$ ), directing federal agencies to "temporarily pause all activities related to obligation or disbursement of all Federal financial assistance." After several hours of confusion, OMB released a Q&A attempting to clarify the guidance which stated that among other programs, funds for Head Start would not be paused.

Shortly after, Head Start programs could again access the PMS, but encountered a new system alert stating, "*Payment Delays. Due to Executive Orders regarding potentially unallowable grant payments, PMS is taking additional measures to process payments. Reviews of applicable programs and payments will result in delays and/or rejections of payments.*" We have been informed that payment disbursement requests made on and after January 28 have been successfully processed and disbursed.

However, numerous Head Start centers in our congressional districts have informed us that disbursement requests submitted on the PMS from January 23 through January 27 have yet to be approved and disbursed. We understand that requests are typically approved and disbursed within 24 hours.

Many Head Start programs run on tight budgets. Timely access to disbursed payments is critical to ensuring our Head Start centers can keep their doors open and their employees paid. As we come to the end of the month, programs face imminent deadlines to pay their rent, utilities, and insurance bills. Without expeditious approval and disbursement of the requested funds, Head Start centers across the country will have to rely on unrestricted funding or lines of credit to pay their employees and necessary expenses. However, for some programs, these external funding sources will be insufficient to cover their operating costs. We have heard directly from programs that they will have to furlough their employees and shut down as early as January 31 if they do not receive the requested disbursements.

This situation has been further worsened by the ongoing communications pause that the Office of Head Start (OHS) is under as directed by a <u>memo</u> from the U.S. Department of Health and Human Services Department issued on January 21. Without clear guidance and communication from OHS, Head Start programs have no viable pathway to their owed payments.

Given the serious nature of the ongoing delayed payments, we request your answers to the following questions:

- 1. What is the cause of these delayed payments?
- 2. Are these delays the result of an intentional decision by OHS to withhold or technical difficulties with the PMS?
- 3. When can Head Start programs expect to receive the disbursements requested between January 23 and January 27?
- 4. How can programs receive a status update on their delayed requests?
- 5. If necessary, will OHS provide an option for programs to cancel and resubmit delayed disbursement requests? We understand there is currently no such option on the PMS.

In addition to the serious issues outlined above, several Head Start programs in our congressional districts with February 1 grant renewal dates have not received a Notice of Award for their February 1 funding. Federal regulations prevent programs from incurring debt

without guaranteed funding to cover it. If staff in these programs work after February 1 without confirmed funding, many of these programs will incur debt. Moreover, critical funding obligations – such as payments for child data systems, insurance, leases, and other fiscal-year-aligned expenses – are due at the start of the fiscal year. Without funding, many programs will not be able to meet these obligations.

Without a Notice of Award or clear reassurance about their funding, some programs will be unable to open on Monday, February 3. These closures could directly impact thousands of children and their families, along with hundreds of members, creating significant economic repercussions. Annual Head Start grant funding plays a critical role in supporting communities, and a disruption of this magnitude would have far-reaching consequences.

Given the serious nature of the lack of Notices of Award for February 1 funding, we request your answers to the following questions:

- 1. What is the cause of these delays?
- 2. When can all Head Start programs with February 1 grant renewal dates expect to receive their Notice of Award?
- 3. Are these delays the result of an intentional decision by OHS to withhold Notice of Award and/or funding? If so, what criteria was used to make such decisions?
- 4. How and when will programs receive a status update on their delayed Notice of Award?

We expect that OHS will fully and quickly address these ongoing issues. We await your timely response.

Sincerely,

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Sužanne Bonamici Member of Congress

Donald S. Beyer Jr. Member of Congress

Julia Brownley Member of Congress

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