

## Fund-Raising – Federal Policies

ACYF Administration on Children, Youth and Families	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Administration for Children and Families	
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### PROGRAM INSTRUCTION:

**TO:** Head Start/Early Head Start Grantees and Delegate Agencies

**SUBJECT:** Fund-Raising – Federal Policies

### INFORMATION:

Fund-raising activities occur occasionally under Head Start auspices. Parents also often engage in fund-raising as part of parent involvement activities in Head Start. These activities allow the program to generate additional resources to support special projects that the program would not otherwise be able to afford using only its Head Start grant funds. Such fund-raising activities to supplement Head Start program funds are permissible, provided that:

- No Head Start funds are used for fund-raising activities. Costs for such activities are unallowable per the Office of Management and Budget Cost Principles at 2 Code of Federal Regulations (CFR) Part 225, Appendix B and 2 CFR Part 230, Appendix B.
- No Head Start staff members are engaged in these activities during the period when such staff members are employed. Funds may not be solicited, collected or tabulated during work hours or using Head Start-funded equipment, facilities or supplies during Head Start hours of operation. Head Start staff members may, however, volunteer during non-work time.
- No Head Start resources (e.g., facilities, equipment, etc.) can be used during the program's normal workday. Such resources may be used on an occasional basis during the time the Head Start program is closed. A grantee may, for example, allow the use of one of its centers on the weekend or in the evening to provide assistance to the fund-raising effort, but may not use the center during the time it is being used to provide Head Start services to enrolled children and families.

Examples of permissible Head Start program fund-raising:

- Head Start staff members may raise contributions of outdoor play equipment from vendors during weekends or other periods when the Head Start program is not in operation, as long as the contribution is voluntary. Such contributions could be tax-deductible as an ordinary and necessary business expense provided the vendor receives something in return, such as a public acknowledgement of its support.
- Head Start parents could hold a rummage sale or bake sale at a Head Start facility on a Sunday afternoon to raise funds for a field trip, provided the facility would otherwise have been unused.
- Head Start parents and staff members may have a pancake breakfast to raise funds for children's backpacks provided the staff time for organizing and participating in the event is donated and any promotional material is prepared outside Head Start program time.
- Head Start parents may publicize a can drive and have cans brought to Head Start facilities to raise funds for class pictures provided the can collection occurs outside of Head Start program hours.

It is important that grantees be sensitive to the fact that when fund-raising occurs under Head Start's auspices (i.e., Head Start's name is being used as part of the fund-raising effort), any revenue generated by such fund-raising must be used in ways that are consistent with Head Start's mission. Any funds generated from fund-raising must be treated as program income and used in accordance with 45 CFR Part 74.24 or Part 92.25, as applicable. (Although the Administration for Children and Families (ACF) has discretion on how program income should be treated, it will be ACF's general approach, in these situations, to allow grantees to use program income in addition to their ongoing grant award, as opposed to any offset to the ongoing award.) The expenditure of program income funds is subject to the same requirements as the expenditure of any other Head Start grant funds. Programs may not use program income for purposes that they would not otherwise be allowed to charge to their ongoing Head Start grant. In the past, many Head Start programs have used program income for such activities as purchasing additional books or classroom supplies, covering the costs of a field trip, or covering the costs of some special event such as a graduation ceremony for children leaving the program.

Grantees are again reminded that fund-raising activities should only be related to generating revenue for the benefit of the program's Head Start children and families and that no Head Start grant funds can be used to support the costs of

any fund-raising efforts beyond this purpose. Grantees are further reminded that they may not use any Head Start funds or resources, including those generated by program income, for purposes of lobbying. Please refer to 2 CFR Part 225, Appendix B, paragraph 24 and 2 CFR Part 230, Appendix B, paragraph 25 for limitations related to lobbying.

Please direct any questions on this matter to your ACF Regional Office.

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