

ACF  Administration for Children and Families	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES	
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**PROGRAM INSTRUCTION**

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

**SUBJECT:** FY 2017 Head Start Funding Increase

**INSTRUCTION:**

President Trump signed Public Law 115-31, the Consolidated Appropriations Act, 2017, on May 5, 2017. Included is \$9,253,095,000 for programs under the Head Start Act, which is an increase of approximately \$85 million over the fiscal year (FY) 2016 funding level.

This increase provides grantees a one percent cost-of-living adjustment (COLA). This Program Instruction provides information about the COLA funds that are available to Head Start and Early Head Start grantees in FY 2017 and describes the requirements for applying for these funds.

All Head Start and Early Head Start grantees, including grantees with an Early Head Start Expansion/Partnership award that began in 2015, and grantees subject to competition for continued funding through the Designation Renewal System are eligible to receive the COLA.

State Collaboration grants are not eligible for the COLA due to the statutory cap on their funding in the Head Start Act.

**FY 2017 Cost-of-Living Adjustment (COLA)**

Each grantee may apply for a COLA increase of one percent of the FY 2016 base funding level. Base funding excludes training and technical assistance funds, duration funds, and any one-time funding grantees may have received in FY 2016. COLA funds are to be used to increase staff salaries and fringe benefits and to pay for higher operating costs.

As specified in **Personnel Policies, 45 CFR § 1302.90**, each grantee is required to establish written personnel policies and procedures. Programs that use COLA funds to increase staff salaries must increase the hourly rate of pay and permanently increase the Head Start pay scale rather than only increase the salaries of current employees.

Sections **653** and **640(j)** of the Head Start Act provide further guidance on the uses and limitations of the COLA funds. Section 653 of the Act restricts compensation to a Head Start employee that is higher than the average rate of compensation paid for substantially comparable services in the area where the program is operating. Section 653 also prohibits any Head Start employee from being compensated at a rate higher than that of an Executive Schedule Level II position, including employees being paid through indirect costs. Section 640(j) of the Act requires that the compensation of Head Start employees must be improved regardless of whether the agency has the ability to improve the compensation of staff employed by the agency that do not provide Head Start services.

Any grantee proposing differential COLA increases to staff, delegates, or partners must justify its rationale in its budget narrative.

Funds may also be used to offset increased operating costs in other areas of the budget. This includes increased costs in rent, utilities, facilities maintenance and insurance, contractual arrangements, vehicle fuel and maintenance, supplies, and equipment.

### **Application Requirements**

Grantees are required to request COLA funds through a grant application. Your Regional Office will provide a Funding Guidance Letter specifying the amount of funds available to your agency. Grantees whose annual applications have been submitted may request their applications be returned to add the COLA.

Grantees must submit their application in the Head Start Enterprise System (HSES).

Grantees encountering one-time health and safety needs should contact their Regional Office and submit supplemental applications throughout the year as needs emerge. Requests are addressed by priority and as funds are available.

Please direct any questions regarding this Program Instruction to your Regional Office.

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

/ Ann Linehan /

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