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| ACF<br>Administration for Children<br>and Families | U.S. DEPARTMENT OF HEALTH<br>AND HUMAN SERVICES  |                              |
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## PROGRAM INSTRUCTION

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

**SUBJECT:** FY 2018 Head Start Funding Increase

### INSTRUCTION:

President Trump signed Public Law 115-141, the Consolidated Appropriations Act, 2018, on March 23, 2018. Included is \$9,863,095,000 for programs under the Head Start Act, an increase of \$610 million over the fiscal year (FY) 2017 funding level.

Of this increase, \$216 million provides grantees a 2.6 percent cost-of-living adjustment (COLA), \$260 million to support grantees increasing their hours of program operations, and \$115 million for Early Head Start-Child Care Partnerships (EHS-CCP) and Early Head Start (EHS) Expansion, which includes a 2.6 percent COLA for existing EHS-CCP and EHS Expansion grantees. Information will be provided in the coming weeks about how to apply for these funds.

This Program Instruction provides information about the COLA funds that are available to grantees in FY 2018 and describes the requirements for applying for these funds.

All Head Start and Early Head Start grantees, and Early Head Start-Child Care Partnerships/Expansion grantees, 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 2018 COLA

Each grantee may apply for a COLA increase of 2.6 percent of the FY 2017 base funding level. Base funding excludes training and technical assistance funds, and any one-time funding grantees may have received in FY 2017. COLA funds are to be used to increase staff salaries and fringe benefits and to pay for higher operating costs.

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.

As specified in [Personnel Policies, 45 CFR § 1302.90](#), each grantee is required to establish written personnel policies and procedures that are approved by the governing body and Policy Council or policy committee and that are available to all staff. Review your personnel policies and procedures since they may contain information relevant to this COLA.

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 program improvement needs should contact their Regional Office and submit supplemental applications throughout the year as needs emerge. Requests are addressed by priority and subject to availability of funds.

Please direct any questions regarding this Program Instruction to your Regional Office. Thank you for your work on behalf of children and families.

Dr. Deborah Bergeron /

Dr. Deborah Bergeron  
Director  
Office of Head Start