

ACF Administration for Children and Families	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES	
	1. Log No. ACF-PI-HS-18-06	2. Issuance Date: 11/30/2018
	3. Originating Office: Office of Head Start	
	4. Key Words: Cost of Living Adjustment (COLA); Fiscal Year (FY) 2019; Funding Increase; Appropriations; Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019; Continuing Appropriations Act, 2019	

PROGRAM INSTRUCTION

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

SUBJECT: FY 2019 Head Start Funding Increase

INSTRUCTION:

President Trump signed Public Law 115-245, the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019, and Continuing Appropriations Act, 2019, on September 28, 2018. Included is \$10,063,095,000 for programs under the Head Start Act, an increase of \$200 million over the fiscal year (FY) 2018 funding level.

This increase provides a 1.77 percent cost of living adjustment (COLA) for existing grantees. It also offers an increase to the total amount available for the Early Head Start-Child Care (EHS-CC) Partnership and Early Head Start Expansion grants scheduled to be awarded in March 2019.

This Program Instruction (PI) provides information about the COLA funds available to grantees in FY 2019 and describes the requirements for applying for these funds. All Head Start and Early Head Start grantees, EHS-CC Partnership and Early Head Start 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 2019 COLA

Eligible grantees may apply for a COLA increase of 1.77 percent of their FY 2018 base funding level. Base funding excludes training and technical assistance funds and any one-time funding grantees may have received in FY 2018. 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 related to health and safety 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 PI 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