

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 2010 Head Start Funding Increase

**INSTRUCTION:**

President Obama, on December 16, 2009, signed Public Law 111-117, the Consolidated Appropriations Act, 2010. Included in this Act was the Fiscal Year (FY) 2010 appropriation of \$7,234,783,000 for programs under the Head Start Act. This represents an increase of approximately \$122 million over the FY 2009 appropriation level (excluding those funds appropriated to Head Start under the American Recovery and Reinvestment Act [ARRA]).

The \$122 million funding increase will be used to make the 1.84 percent cost-of-living adjustment (COLA) increase provided to grantees in FY 2009 with ARRA funds part of the permanent base funding for your FY 2010 Head Start and Early Head Start grant. This Program Instruction explains the COLA increase that is available to your program and provides guidance on the criteria for the use of these funds.

The term "OHS Regional Office" in this Program Instruction is meant to include the American Indian Alaska Native and Migrant and Seasonal program branches.

**FY 2010 Cost-of-Living Adjustment**

Each grantee can apply for a COLA increase of 1.84 percent of the amount of base funding committed to your program as of October 1, 2008. Base funding excludes training and technical assistance funds, any other ARRA funds, and any one-time funding grantees may have received in FY 2009. In separate guidance, your Regional Office will advise you of the amount of funds available for this purpose for FY 2010.

COLA increases are to be used to increase staff salaries and fringe benefits and pay higher operating costs. All staff in Head Start programs must receive a cost-of-living increase of at least 1.84 percent in their hourly rate of pay, subject to the provisions of Sections 653 and 640(j) of the Head Start Act. Section 653 prohibits Head Start salaries in excess of the average rate of compensation of persons providing substantially comparable services in the area where the program is carried out or in excess of the average rate of compensation paid to a substantial number of persons providing

substantially comparable services in the area of the person's preceding employment. Section 653 also prohibits any Head Start employee from being compensated at a rate higher than that of an Executive Schedule Level II position, currently \$179,700. 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 who do not provide Head Start services.

Each grantee, as specified in 45 CFR 1301.31, is required to have personnel policies that specify salary rates and fringe benefits. Any grantee proposing to award salary increases of less than 1.84 percent or differential cost-of-living increases to staff must justify its rationale in its budget narrative. Grantees with delegate agencies are expected to allocate a 1.84 percent cost-of-living increase to each delegate or justify why such an approach is not appropriate.

COLA increases should be used to permanently increase the Head Start pay scales rather than only increasing the salaries of current employees. Grantees that believe there is reason not to increase their pay scale to reflect these COLA increases must provide an explanation as to why such an increase is not considered appropriate.

Any funds remaining after providing the cost-of-living increase in the hourly rate of pay may 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.

The ARRA grants issued in either June or July 2009 provided funds for the 1.84 percent increase in FY 2009, and these funds are available to cover the salaries and fringe benefit increases for the ensuing 12-month period. Thus, many grantees will receive supplemental funds in FY 2010 to cover the period between the end of the ARRA grant and your next continuation grant. Those grantees with budget period start dates that begin subsequent to the end of the ARRA grant will receive the increase with the FY 2010 continuation grant.

### **Application Requirements**

The application must be submitted on the Standard Form (SF) 424 and contain the appropriate Board and Policy Council approvals, program narrative and budget narrative. Your Regional Office will contact you to provide information on the amount of funds available to your agency this year and to offer further guidance on the application requirements. Please direct any questions to your Regional Office.

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