

ACF Administration for Children and Families	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES	
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	4. Key Word: FY 2012 Head Start Funding Increase	

**PROGRAM INSTRUCTION**

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

**SUBJECT:** FY 2012 Head Start Funding Increase

**INSTRUCTION:**

President Obama signed the Consolidated Appropriations Act of 2012 on December 23, 2011. This Act included the Fiscal Year (FY) 2012 appropriation for programs under the Head Start Act of \$7,968,543,933. This represents an increase of approximately \$409 million over the FY 2011 appropriation level.

The \$409 million funding increase includes \$340 million to continue operations for the expansion of programs funded under the American Recovery and Reinvestment Act (ARRA) as well as funds for a 0.72 percent cost-of-living adjustment (COLA) increase for all grantees and, as required by statute, an increase to training and technical assistance. This Program Instruction explains the increases and provides general guidance on the criteria for the use of these funds. In separate guidance, the Regional Offices will advise grantees of the amount of funds available for these purposes in FY 2012. For grantees that have already received partial funding for FY 2012, your award will be adjusted to reflect the increased appropriation.

**Expansion Programs**

Programs that received expansion funding under ARRA will have these funds added to their regular base funding. The FY 2011 appropriation added one-half of the annual funding for these expansion programs to the base. This FY 2012 appropriation adds the remaining one-half to the base. This funding will allow expansion programs to continue to serve the full enrollment levels approved under the Recovery Act expansion.

**FY 2012 Cost-of-Living Adjustment**

Each grantee can apply for a COLA increase of 0.72 percent of the amount of base funding committed to your program for FY 2012. Base funding excludes training and technical assistance funds and any one-time funding grantees may have received in FY 2011. This base funding does include the annual amount to support expansion slots originally funded under ARRA.

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 0.72 percent in their hourly rate of pay, subject to the provisions of Sections 653 and 640(j) of the Head Start Act. However, section 653 prohibits Head Start salaries in excess of the average rate of compensation paid to 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 0.72 percent or differential COLA increases to staff must justify its rationale in its budget narrative. Grantees with delegate agencies are expected to allocate a 0.72 percent COLA 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 increase 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 COLA 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.

### **Application Requirement**

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. Applications must be submitted on the Standard Form (SF) 424 and contain the appropriate Board and Policy Council approvals, program narrative, and budget narrative.

As always, grantees encountering one-time needs, especially related to health and safety concerns, should contact their Regional Office throughout the year.

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

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

/ Yvette Sanchez Fuentes /

Yvette Sanchez Fuentes  
Director  
Office of Head Start