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PROGRAM INSTRUCTION

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

SUBJECT: Head Start Funding Increase

INSTRUCTION:

The President, on February 17, 2009, signed P.L. 111-5, the American Recovery and Reinvestment Act (ARRA). Included in this Act is a funding increase of \$2.1 billion for Head Start; \$1.1 billion of which is for Early Head Start expansion and \$1 billion of which is to be allocated in accordance with the statutorily mandated allocation requirements found in Section 640 of the Head Start Act. In addition, as part of the FY 2009 appropriations process, Congress has provided a \$234.8 million funding increase for Head Start.

The \$1.1 billion for Early Head Start expansion will be announced in separate communication. The remaining \$1.235 billion will, consistent with the requirements of the Head Start Act, be used for the following purposes:

- | | | |
|--|----------------|----|
| 1. Cost-of-living increase | \$ 325,577,000 | * |
| 2. Quality improvement funding | \$ 353,779,000 | * |
| 3. Head Start expansion
(Including AIAN and MSHS) | \$ 219,612,000 | |
| 4. Early Head Start expansion | \$ 199,612,000 | ** |
| 5. Increased T/TA funding | \$ 30,820,000 | |
| 6. State Advisory Councils | \$ 100,000,000 | |
| 7. Increased program support | \$ 3,410,000 | |
| 8. Centers of Excellence | \$ 2,000,000 | |

(*Please see Attachment A: Estimated State Allocations – COLA and Quality Improvement Funds)

(** Please note that the total funding available for Early Head Start expansion will include both those funds dedicated to Early Head Start expansion in ARRA (i.e. \$1.1 billion) and the \$199.6 million noted above that must, consistent with the requirements of Section 640(a)(4)(D)(II), also be awarded for Early Head Start expansion.)

This Instruction is intended to address only the cost-of-living increase and the funding available for quality improvement. Information on both Head Start and Early Head Start expansion will be shared

with grantees in the near future. Information on T/TA, State Advisory Councils and Centers of Excellence will be discussed in separate communications.

Cost-of-living Adjustment (COLA)

Each grantee can apply for a cost-of-living increase of 4.9%. That increase is for your Program Account (PA) 22 and 25 funding allocations. Your Regional Office will be contacting you shortly to advise you of the exact amount for which you may apply. COLA increases are to be used to pay for higher operating costs and to increase staff salaries and fringe benefits. We expect that all staff in Head Start programs will, in FY 2009, receive a cost-of-living increase of at least 4.9 percent in their hourly rate of pay, subject to the provisions of Section 653 of the Head Start Act that prohibit Head Start salaries "in excess of the average rate of compensation paid in the area where the program is carried out to a substantial number of persons providing substantially comparable services, 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, whichever is higher" and also prohibit any Head Start employee from being compensated at a rate higher than that of an Executive Schedule Level II position (currently \$177,000). Any grantee proposing to award salary increases of less than 4.9 percent or proposing to award differential cost-of-living increases to staff must justify its rationale in its budget narrative. Grantees with delegate agencies must allocate to each delegate agency the same 4.9 percent cost-of-living increase or justify why such an approach is not appropriate.

We also expect grantees to use that part of their COLA increase made available through the increase in Head Start's FY 2009 appropriation (approximately 3.1 percent) in a manner that permanently increases their agency's Head Start pay scale, rather than only increasing the salaries of current employees. Grantees that believe there are reasons for not adjusting their pay scales to reflect cost-of-living increases must provide an explanation as to why such an increase is not considered appropriate.

Effective Date

A part of each grantee's COLA (approximately 3.1 percent) will be funded using a portion of the \$235 million in increased funds Congress appropriated to Head Start in FY 2009. Each grantee will be awarded this part of its COLA effective its FY 2009 refunding award date. This part of the COLA will be awarded using your current grant number and using OHS' current CAN structure and will result in an increase in your grantee's base funding level. The remaining part of each grantee's COLA (approximately 1.8 percent) will be awarded using the funding made available to Head Start under the American Recovery and Reinvestment Act (ARRA). This part of your COLA will be awarded through a separate grant number and special CAN(s) as this funding is available only because of the funds made available through the ARRA. This part of your COLA will be effective as of the date you receive your new grant that awards these funds. These funds (the 1.8% COLA) will not, given the temporary nature of ARRA funding, result in an increase in any grantee's base funding level.

Quality Improvement

Your program's allocation for quality improvement will be shared with you at the same time you are notified of your COLA allocation. All grantees will include in their funding requests to the regional office a plan for using the allocated quality improvement funds that includes the information detailed below. Any proposed use of quality improvement funding must be consistent with the provisions of Section 640(a)(5) of the Head Start Act. (These provisions are different from those that were in

effect the last time grantees received quality improvement increases. Please read them carefully before submitting your application.) These provisions are as follows:

(5)(A) Not less than 50 percent of the [quality improvement funding] shall be used to improve the compensation (including benefits) of educational personnel, family service workers, and child counselors, as described in Sections 644(a) and 653, in the manner determined by the Head Start agencies (including Early Head Start agencies) involved, to—

(i) ensure that compensation is adequate to attract and retain qualified staff for the programs involved in order to enhance program quality;

(ii) improve staff qualifications and assist with the implementation of career development programs for staff that support ongoing improvement of their skills and expertise; and

(iii) provide education and professional development to enable teachers to be fully competent to meet the professional standards established under section 648A(a)(1), including—

(I) providing assistance to complete postsecondary course work;

(II) improving the qualifications and skills of educational personnel to become certified and licensed as bilingual education teachers, or as teachers of English as a second language; and

(III) improving the qualifications and skills of educational personnel to teach and provide services to children with disabilities.

(B) Any remaining funds from the reserved amount described in subparagraph (A) shall be used to carry out any of the following activities:

(i) Supporting staff training, child counseling, and other services, necessary to address the challenges of children from immigrant, refugee, and asylee families, homeless children, children in foster care, limited English proficient children, children of migrant or seasonal farmworker families, children from families in crisis, children referred to Head Start programs (including Early Head Start programs) by child welfare agencies, and children who are exposed to chronic violence or substance abuse.

(ii) Ensuring that the physical environments of Head Start programs are conducive to providing effective program services to children and families, and are accessible to children with disabilities and other individuals with disabilities.

(iii) Employing additional qualified classroom staff to reduce the child-to-teacher ratio in the classroom and additional qualified family service workers to reduce the family-to-staff ratio for those workers.

(iv) Ensuring that Head Start programs have qualified staff that promote the language skills and literacy growth of children and that provide children with a variety of skills that have been identified, through scientifically based reading research, as predictive of later reading achievement.

(v) Increasing hours of program operation, including—

(I) conversion of part-day programs to full-working day programs; and

(II) increasing the number of weeks of operation in a calendar year.

(vi) Improving communitywide strategic planning and needs assessments for Head Start programs and collaboration efforts for such programs, including outreach to children described in clause (i).

(vii) Transporting children in Head Start programs safely, except that not more than 10 percent of funds made available to carry out this paragraph may be used for such purposes.

(viii) Improving the compensation and benefits of staff of Head Start agencies, in order to improve the quality of Head Start programs.

Grantees, in submitting their funding requests to the Regional Offices must indicate, by the categories above, how they are proposing to use their quality improvement funding, including a discussion of the number and types of additional staff, if any, they are proposing to hire. Each grantee's proposal for quality improvement funding must discuss the reasons why it has determined its proposal to be the best use of its allocation. Each grantee should address such factors as how well it is meeting the various staff qualification requirements of the Head Start Act, its need for additional staff, such as family workers, to improve services to children and families, the state of the grantee's facilities and, as appropriate, transportation system, the degree to which the grantee's current levels of service (i.e. days per week and hours per day) meet the needs of its families, etc.

Grantees with both Head Start and Early Head Start programs are requested to submit two quality improvement requests.

Effective Date

Each grantee that has submitted an acceptable funding application will be awarded its full quality improvement allocation as soon as it has been determined that its application is acceptable and will be able to spend those funds through September 30, 2010. Grantees must assure they use this allocation fully in accord with all statutory requirements. That part of the quality improvement funding that will result in on-going obligations (i.e. funds used to increase staff compensation or to hire more staff) must be allocated in a manner that assures you are able to meet those obligations through September 30, 2010. For example, if part of your quality improvement allocation will be used to provide teachers with college degrees a 5% salary increase, that increase must be sustainable from the date of your award through September 30, 2010. Grantees will be asked to show how they will support these increases over the period of the grant award. That part of your quality improvement allocation that is being used for one-time purposes; i.e. equipment purchases, facility renovation, etc. can be spent in whatever manner best meets grantee needs. If, for example, a grantee had intended to purchase two buses with a portion of its quality improvement funds, that grantee could purchase both buses in FY 2009, rather than purchasing one in FY 2009 and one in FY 2010.

All quality improvement funds will be awarded through a separate grant number using special CAN(s) (the same grant number and CANS used for your 1.8% COLA) as all of the funding is available only because of the funds made available through the ARRA. These funds will not, given the temporary nature of ARRA funding, result in an increase in any grantee's base funding level.

Application Submission

All applications are due to your Regional Office no later than 30 days from the date you receive your COLA and Quality Improvement Allocation. All applications should be signed by the Board Chair and approved by the Policy Council.

Non-federal Share

The COLA and quality increases are subject to the non-federal share (match) requirements of the Head Start Act and grantees should, in their application, discuss their plans for generating the required non-federal share. However, Congress, in its Conference Report accompanying ARRA, reminds the Secretary of his/her authority, as discussed in the Head Start Act, to temporarily waive the non-federal share requirements and supports the Secretary's exercise of this authority when appropriate. Any grantee that believes it will not be able to provide any or all of the required match for the COLA and/or Quality Improvement increases is encouraged to note this in its funding proposal and include a discussion of the reasons it believes it will not be able to generate all or a portion of the required match. OHS recognizes that the current economic downturn may make it difficult for some grantees to generate the full required non-federal share and will look favorably on any reasonable request for a waiver.

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

/ Patricia E. Brown /

Patricia E. Brown
Acting Director
Office of Head Start

Attachment A: Estimated State Allocations — COLA and Quality Improvement Funds

State	COLA	Quality
Alabama	\$5,238,627	\$6,233,842
Alaska	\$612,771	\$625,168
Arizona	\$5,084,926	\$5,066,947
Arkansas	\$3,170,152	\$4,140,844
California	\$40,858,826	\$38,221,112
Colorado	\$3,357,445	\$3,831,129
Connecticut	\$2,549,728	\$2,713,403
Delaware	\$650,267	\$806,255
District of Columbia	\$1,233,521	\$1,333,357
Florida	\$12,927,608	\$13,811,382
Georgia	\$8,278,664	\$9,066,634
Hawaii	\$1,124,376	\$1,213,540
Idaho	\$1,120,825	\$1,108,046
Illinois	\$13,302,365	\$15,160,148
Indiana	\$4,726,224	\$5,493,280
Iowa	\$2,532,584	\$3,072,721
Kansas	\$2,501,986	\$3,415,295
Kentucky	\$5,298,361	\$6,209,810
Louisiana	\$7,168,050	\$8,334,728
Maine	\$1,356,495	\$1,515,765
Maryland	\$3,833,752	\$4,037,573
Massachusetts	\$5,323,141	\$4,959,779
Michigan	\$11,523,225	\$12,997,396
Minnesota	\$3,537,462	\$3,961,199
Mississippi	\$7,943,672	\$10,177,772
Missouri	\$5,845,956	\$6,833,630
Montana	\$1,029,211	\$1,142,806
Nebraska	\$1,771,523	\$2,055,205
Nevada	\$1,192,848	\$1,085,645
New Hampshire	\$657,641	\$649,915
New Jersey	\$6,338,304	\$5,744,345
New Mexico	\$2,569,433	\$2,855,090
New York	\$21,282,341	\$18,764,002
North Carolina	\$6,940,705	\$7,374,141
North Dakota	\$843,783	\$933,284
Ohio	\$12,129,787	\$14,164,983
Oklahoma	\$3,981,896	\$5,229,295
Oregon	\$2,921,668	\$4,279,378
Pennsylvania	\$11,209,890	\$13,713,575

Rhode Island	\$1,081,583	\$1,142,761
South Carolina	\$4,053,252	\$4,712,464
South Dakota	\$924,871	\$1,136,950
Tennessee	\$5,863,067	\$6,317,906
Texas	\$23,518,598	\$26,261,230
Utah	\$1,855,325	\$2,192,287
Vermont	\$666,157	\$616,690
Virginia	\$4,868,586	\$5,306,960
Washington	\$4,930,702	\$4,531,426
West Virginia	\$2,488,048	\$2,940,030
Wisconsin	\$4,464,745	\$5,242,867
Wyoming	\$607,791	\$750,565
Indians	\$9,208,606	\$9,043,026
Migrants	\$14,075,170	\$15,522,809
Puerto Rico	\$12,248,717	\$14,229,970
Territories	\$752,088	\$1,498,772
	\$325,577,345	\$353,779,080