

<b>ACF</b>  <b>Administration</b>  <b>for</b>  <b>Children and Families</b>	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 2014 Head Start Funding Increase

**INSTRUCTION:**

President Obama signed the Consolidated Appropriations Act of 2014 on January 17, 2014. This Act includes \$8,598,095,000 for programs under the Head Start Act, representing an increase of approximately \$1.025 billion over the fiscal year (FY) 2013 funding level.

The approximately \$1.025 billion increase restores the 5.27 percent reduction from sequestration and provides all grantees with a 1.3 percent cost-of-living adjustment (COLA). The FY 2014 funding level also includes \$500 million for expansion through the Early Head Start-Child Care (EHS-CC) Partnership to support communities in expanding high-quality early learning and development opportunities for infants and toddlers.

This Program Instruction provides information about the additional funds that are available to Head Start and Early Head Start grantees in FY 2014 and describes the requirements for applying for the portion of these funds that are available for restoring operational funds reduced by sequestration and providing the COLA. The Administration for Children and Families (ACF) is developing a separate announcement about the EHS-CC Partnership funds and will be providing more information in the coming weeks about how to apply for these funds.

Grantees that already received partial funding for FY 2014 are eligible to receive a supplemental award to reflect the increased appropriation. Grantees that successfully competed for funds and received reduced awards due to sequestration are also eligible to receive these increases. All grantees are required to request these funds through a grant application.

## **Restoring Sequestration**

The FY 2014 appropriation restores the 5.27 percent reduction grantees received in FY 2013 due to sequestration. The expectation is that grantees will use these funds to restore the number of funded enrollment slots, the number of days or weeks in the program year, or the other cuts programs made to absorb the reduction. If there are any circumstances that make full restoration of services or slots challenging, grantees should work with their Regional Office.

## **FY 2014 Cost-of-Living Adjustment (COLA)**

Each grantee may apply for a COLA increase of 1.3 percent of the FY 2012 base funding level. Base funding excludes training and technical assistance funds and any one-time funding grantees may have received in FY 2012. 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 should 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 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.

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 differential COLA increases to staff or delegates must justify its rationale in its budget narrative.

## **Application Requirements**

Grantees must submit a grant application or application amendment in the Head Start Enterprise System (HSES) that includes the Grant Application Budget Instrument (GABI), SF-424 Application for Federal Assistance, board and Policy Council approvals, program narrative, and budget narrative. Information on the increased amount of funds available to your agency for the restoration of operational funds reduced by sequestration and for the COLA will be available in HSES. Due dates for amended applications will also be available in HSES. Grantees that may need an extension of the due date for their grant application should contact their Regional Office. 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.

/ Ann Linehan /

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