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PROGRAM INSTRUCTION

SUBJECT: FY 2023 Head Start Funding Increase

INSTRUCTION:

President Biden signed the Consolidated Appropriations Act, 2023, into law on December 29, 2022. The funding level for programs under the Head Start Act (the Act) is \$11,996,820,000, an increase of \$960 million over fiscal year (FY) 2022. This increase includes \$596 million to provide all Head Start, Early Head Start, and Early Head Start-Child Care (EHS-CC) Partnership grant recipients a 5.6% cost-of-living adjustment (COLA), \$262 million for quality improvement, and \$100 million for expansion of Head Start, Early Head Start, and EHS-CC Partnership programs. The total appropriation also includes \$8 million for Tribal College and University Head Start (TCU-HS) Partnership programs, of which \$2 million is an increase over the FY 2022 funding level.

This Program Instruction (PI) primarily provides information about COLA and quality improvement funds available to all Head Start, Early Head Start, and EHS-CC Partnership grant recipients. Grant recipients subject to competition for continued funding through the Designation Renewal System (DRS) are entitled to COLA funds through the end of their current award. However, the Administration for Children and Families reserves the right to delay decisions on quality improvement funding until DRS competition decisions are final. State collaboration grants are not eligible for COLA or quality improvement funding due to the statutory cap on their funding in the Head Start Act.

FY 2023 Quality Improvement

Each grant recipient will be allocated an amount of quality improvement funding proportionate to their federal funded enrollment — approximately \$280 for each Head Start funded enrollment slot and \$420 for each Early Head Start funded enrollment slot. There will be a minimum floor established to ensure all recipients are able to make a meaningful investment in quality, consistent with [Sec. 640\(a\)\(4\)\(C\)](#) of the Act.

A program may apply to use quality improvement funds for activities consistent with Sec. 640(a)(5), as outlined in [Attachment A](#), except that any amount of these funds may be used on any of the activities specified in such section. In other words, programs are not bound by the requirement in Sec. 640(a)(5)(A) that at least 50% of quality improvement funds be used for staff compensation or the requirement in Sec. 640(a)(5)(B)(vii) that no more than 10% of quality improvement funds be used on transportation. However, the Office of Head Start (OHS) strongly encourages grant recipients to

prioritize quality improvement funding to increase compensation for staff (wages and benefits) to help recruit and retain a qualified Head Start workforce. OHS also strongly encourages recipients to consider investments to support and strengthen the mental health of children, families, and staff in the program.

A well-compensated staff is integral to delivering high-quality services for children and families. The Head Start workforce plays a critical role in fulfilling the Head Start mission by supporting the holistic development of children and economic stability for families. While staff qualifications have steadily increased in the last 10 years, compensation and benefits have not followed suit. Many Head Start programs have struggled to recruit and retain qualified staff with the ongoing early care and education workforce shortage. High-quality services for children and families are disrupted by high turnover rates and a shortage of frontline staff, particularly teachers, assistant teachers, home visitors, family child care providers, family service workers, transportation staff, and staff who provide mental and behavioral health services. Increasing compensation is a key strategy to promote recruitment and retention of qualified staff and ensure programs are competitive employers in their local communities. Improved retention of staff also helps to ensure high-quality classroom and home learning environments, promote healthy developmental outcomes for children, and strengthen relationships with families. In September 2022, OHS released Information Memorandum [ACF-IM-HS-22-06](#) directing Head Start grant recipients to permanently increase salaries for the purposes of recruiting and retaining staff. Head Start grant recipients are strongly encouraged to use quality funds to advance a strategy to permanently increase wages and benefits.

OHS recognizes that many Head Start grant recipients are serving children and families with enhanced mental health needs. Increased symptoms of anxiety and depression, coupled with the impact of trauma, grief, and loss during the pandemic, has elevated the importance of supporting children's social and emotional well-being, as well as the mental well-being of adults who care for them. It is essential that children, staff, and families receive necessary supports for mental health and wellness as an integral part of program services. OHS strongly encourages programs to consider ways to use quality improvement funding to invest in mental health supports at all levels of the program, including mental health consultation to support Head Start teachers in managing challenging behavior and supporting children.

Examples of investments that would reflect these OHS priorities and also align with allowable uses of quality improvement funding as specified in the Act may include, but are not limited to, the following:

- Increase compensation, particularly for positions that are not receiving competitive wages and benefits (including consideration of elementary school compensation), experiencing higher rates of turnover, challenging to fill, or preventing programs from reaching full enrollment.
- Increase career opportunities for entry level staff through support for increased credentials and commensurate compensation increases, including through scholarships, mentors, and coaches.
- Support staff wellness with regularly scheduled breaks and access to employee assistance services.
- Improve preventive mental health screening, assessment, and interventions.
- Enhance mental health consultation — including hiring of additional mental health professionals — to better support staff and improve the organizational approach to identifying mental health needs and integrating supports and services for children, families, and staff.
- Hire additional qualified classroom staff or floaters to lower ratios, enhance adult-child relationships, and ensure staff can have breaks during the day.
- Hire additional qualified family services staff or home visitors to decrease caseloads and enhance family-staff relationships and improve quality of responsive, individualized services.
- Provide ongoing coaching and support to staff to address stress, burnout, and related turnover.

- Provide training on trauma-informed approaches to all staff, governing boards, and Policy Councils, and ensure training is accompanied with coaching and opportunities for reflective practice and supervision.
- Enhance transportation services to promote more regular participation by children and families in services designed to support development and learning and address trauma.

Finally, while grant recipients should prioritize ongoing, sustained investments in quality improvements, OHS does acknowledge that one-time investments in FY 2023 may be necessary. Grant recipients encountering one-time program improvement needs that cannot be addressed with existing program funds are invited to apply for supplemental funding. See below for further discussion on one-time program improvement funding requests.

FY 2023 COLA

Each grant recipient may apply for a COLA increase of 5.6% of the FY 2022 base funding level. Base funding excludes training and technical assistance funds and any one-time funding received during FY 2022.

Programs must use COLA funds to permanently increase the salaries of Head Start staff. This includes salaries of current staff and unfilled vacancies. Programs may consider a permanent uniform percent increase to the Head Start pay scale or differential COLA increases to the pay scale across position types within the program. For instance, in some programs, higher paid positions may already be receiving wages competitive with comparable positions in the community. In these instances, programs may choose to provide a smaller COLA to these positions. Programs could also think about providing a larger COLA to lower paid positions that are not currently receiving a wage sufficient to cover costs of living, or that are very challenging to fill due to low wages. Such positions may need more of an increase to support more competitive wages that are comparable with similar jobs in the community, including the consideration of salaries paid to staff in local elementary schools. If a grant recipient chooses to apply COLA differentially across positions, they must explain this choice in their application.

Sections [653](#) and [640\(j\)](#) of the Act provide further guidance on the uses and limitations of COLA funds. Sec. 653 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. Any grant recipient concerned that they cannot increase salaries for staff due to wage comparability issues should ensure public school salaries for elementary school staff are included in their considerations. Sec. 653 also prohibits any Head Start employee from being compensated at a rate that exceeds that of an Executive Schedule Level II position, including employees being paid through indirect costs. Sec. 640(j) of the Act requires that compensation of Head Start employees 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. Head Start grant recipients must provide delegate agencies and other partners an equivalent increase to adjust salaries and wages scales. If a grant recipient proposes to apply differential COLA increases between delegates or partners, they must justify this in their application. COLA funds must be applied from the start of a recipient's FY 2023 budget period, which may need to be retroactively applied.

As specified in [45 CFR §1302.90](#), each grant recipient is required to establish written personnel policies and procedures that are approved by the governing body and Policy Council. They must be

made available to all staff. Personnel policies and procedures should be reviewed as they may contain information relevant to this COLA.

Any remaining funds may be applied to fringe benefits costs or 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, and supplies.

Application Requirements for COLA and Quality Improvement Funding

Grant recipients must request COLA and quality improvement funds through an application in the Head Start Enterprise System. A funding guidance letter will be issued shortly to specify each funding level and additional instructions on how to apply for these funds.

Expansion of Head Start, Early Head Start, and EHS-CC Partnerships

One hundred million dollars is available to support new grants for Head Start, Early Head Start, and EHS-CC Partnership programs to increase access to high-quality early education services. Funding will be awarded by September 2024. A notice of funding opportunity is expected in fall 2023. More information on this opportunity will be available later this year.

TCU-HS Partnership Program Funding

Two million dollars is available to support TCU-HS partnership programs. Per [Sec. 648\(g\)](#) of the Head Start Act, such funding is intended to support tribal colleges and universities to implement efforts to strengthen career pathways and degree obtainment for Head Start staff, in partnership with American Indian and Alaska Native Head Start agencies. A competitive funding opportunity will be posted in spring or summer 2023. Funding will be awarded by the end of September 2023.

One-time Program Improvement Funding Requests

Grant recipients encountering program improvement needs related to health and safety should contact their Regional Office and submit supplemental applications throughout the year as needs emerge. Programs must plan for major costs and should not be reliant on supplemental requests for major maintenance and purchases. Supplemental requests are intended for pressing program improvement needs that cannot be addressed with existing operational funds through careful planning, for instance if a recipient has an unexpected facility issue due to harsh climate or unexpected loss of equipment. These applications are addressed by priority and there is no guarantee on the availability of funds for supplemental requests.

Please direct any questions regarding this PI to your regional office.

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

/ Tala Hooban /

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