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| ACF Administration for Children and Families | U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | |
| | 1. Log No. ACF-PI-HS-21-01 | 2. Issuance Date: 02/19/2021 |
| | 3. Originating Office: Office of Head Start | |
| | 4. Key Words: Consolidated Appropriations Act; Appropriations; Fiscal Year (FY) 2021; Funding Increase; Cost of Living Adjustment (COLA); Quality Improvement; Supplemental COVID-19 Funds | |

PROGRAM INSTRUCTION

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

SUBJECT: FY 2021 Head Start Funding Increase

INSTRUCTION:

The Consolidated Appropriations Act, 2021 (P.L. 116-260), was signed into law on Dec. 27, 2020. The funding level for programs under the Head Start Act, including Early Head Start-Child Care Partnerships, is \$10,748,095,000, an increase of \$135 million over fiscal year (FY) 2020. This increase includes funding to provide a 1.22% cost-of-living adjustment (COLA) for all Head Start, Early Head Start, and Early Head Start-Child Care (EHS-CC) Partnership grantees and \$10 million for Migrant and Seasonal grantee quality improvement funding. COLA and quality improvement funding announced in this instruction does not apply to new competitive expansion awards issued during FY 2021.

The Consolidated Appropriations Act also includes \$250 million in supplemental funds for Head Start programs to continue their response to COVID-19. This is in addition to the \$750 million in the Coronavirus Aid, Relief, and Economic Security (CARES) Act, 2020. Funds are made available for the same purpose of preventing, preparing for, and responding to COVID-19. The Office of Head Start (OHS) will again distribute this funding proportionally to all grantees based on funded enrollment levels.

This Program Instruction (PI) provides information about the FY 2021 COLA, quality improvement funding for Migrant and Seasonal grantees, and the supplemental funds available to support grantees' continued response to COVID-19. It makes brief mention of the application requirements, but more details will be forthcoming.

FY 2021 COLA

All Head Start, Early Head Start, and EHS-CC Partnership grantees are eligible to receive a COLA increase. Grantees subject to competition for continued funding through the Designation Renewal System (DRS) are entitled to COLA funds through the end of their current award.

Each grantee may apply for a COLA increase of 1.22% of the FY 2020 base funding level. Base funding excludes training and technical assistance funds and any one-time funding received

during FY 2020. Grantees must use COLA funds to permanently increase the Head Start pay scale by no less than 1.22%. This includes salaries of current staff and the pay range of unfilled vacancies. Grantees must provide an equivalent increase to delegate agencies and other partners to adjust their salaries and scales. Any grantee concerned that they cannot increase salaries for education staff (e.g., classroom teachers, home visitors, and family child care providers) due to wage comparability issues should ensure public school salaries for kindergarten teachers are included in their considerations.

Sections [653](#) and [640\(j\)](#) of the Head Start 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. It also prohibits any Head Start employee from being compensated at a rate higher than that of an Executive Schedule Level II position, including employees paid through indirect costs. Sec. 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.

Any grantee proposing a COLA percentage less than 1.22% across its pay scale, or differential increases between delegates or partners, must justify its rationale in its budget narrative.

As specified in [Personnel policies, 45 CFR §1302.90](#), each grantee is required to establish written personnel policies and procedures that are approved by the governing body and Policy Council or policy committee. They must be available to all staff. Review your personnel policies and procedures since 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.

FY 2021 Quality Improvement Funds for Migrant and Seasonal Grantees

Each Migrant and Seasonal grantee will receive a proportionate amount of quality improvement funding based on the number of slots the grantee is funded to serve (approximately \$370 per slot).

There is flexibility in the use of quality improvement funds to meet Migrant and Seasonal grantees' most pressing needs. Therefore, a program may apply to use quality improvement funds for activities consistent with Sec. 640(a)(5) of the Act, except that any amount of these funds may be used on any of the activities specified in such section. Programs are not bound by the requirements that at least 50% of the funds be used for staff compensation or that no more than 10% of funds be used on transportation. See [Attachment A](#) for the list of activities.

The Administration for Children and Families reserves the right to delay decisions on quality improvement funding until the outcomes have been finalized for those Migrant and Seasonal grantees subject to competition for continued funding through the DRS.

Supplemental Funds to Continue Responding to COVID-19

All Head Start, Early Head Start, and EHS-CC Partnership grantees are eligible to receive additional funds to continue responding to COVID-19. Each grantee may apply for a proportionate amount of the \$250 million based on their total funded enrollment.

The purpose of these supplemental funds is the same as that of the CARES Act funds: to prevent, prepare for, and respond to COVID-19. Within these parameters, grantees have flexibility to determine which investments best support the needs of children and families while adhering to state and local guidance. Examples of the types of activities include, but are not limited to, the following:

1. Mental health services, supports, crisis response, and intervention services
2. Additional classroom staff to meet social distancing requirements, employees or contracted staff to address anticipated health, mental health, and social service needs, or staff to serve as substitutes
3. Other personnel costs, including fringe benefits and expanded sick leave
4. Coordination, preparedness, and response efforts with state, local, tribal, and territorial public health departments, and other relevant agencies
5. Provision of meals and snacks not reimbursed by the U.S. Department of Agriculture (USDA), as well as refrigerators or supplies to support the delivery of meals to children served in a remote/virtual program model
6. Training and professional development for staff on infectious disease management, delivery of remote/virtual services, etc.
7. Transportation, including the hiring of bus drivers and the purchase of buses and other vehicles that could support the delivery of educational materials, supplies, and meals
8. Purchasing necessary supplies and contracted services to sanitize and clean facilities and vehicles
9. Renovations or other space modifications, such as room dividers
10. Additional weeks of Head Start or Early Head Start programming at the end of the 2020–2021 program year or during the summer to increase the time period children and families can receive services
11. Other actions that are necessary to maintain and resume the operation of programs, such as investing in technology infrastructure and upgrades, ventilation systems, or other emergency assistance

The application process for these supplemental funds will be forthcoming.

Waiver of Non-Federal Match

The COVID-19 pandemic, a national emergency, is seriously affecting economic conditions in communities throughout the U.S. The Head Start Act recognizes that lack of resources in a

community adversely impacted by a major disaster may prevent Head Start grantees from providing all or a portion of their required non-federal contribution. OHS has determined that the widespread impact of the COVID-19 pandemic adversely impacts all Head Start grantees. Consequently, OHS will approve all requests for waivers of non-federal match associated with the following funds for FY 2021: COLA, quality improvement, and funding associated with COVID-19. To request a waiver of non-federal match, enter \$0 in Section C of your SF-424A in your application. No additional justification of the waiver is required. The issuance of a notice of award constitutes approval of the requested waiver.

Application Requirements

Grantees are required to request COLA funds, and quality improvement funds for Migrant and Seasonal grantees, through a grant application. OHS will soon issue a funding guidance letter to each grantee specifying its funding level and additional instructions on how to apply for these funds. OHS will also provide guidance on how to apply for COVID-19 supplemental funds. All applications must be submitted through the Head Start Enterprise System (HSES). Note that grantees will also be asked to report on the supplemental COVID funds in HSES when they report on their CARES Act spending plans, similar to the fall 2020 data collection.

Additional Information

Additional information and materials related to the pandemic are available on the COVID-19 and the Head Start Community page on the Early Childhood Learning and Knowledge Center (ECLKC) website. This webpage continues to be updated on a regular basis.

Please direct any questions regarding this PI to your Regional Office.

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

/ Ann Linehan /

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