

FY 2004 Funding Guidance

ACYF Administration on Children, Youth and Families	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Administration for Children and Families	
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PROGRAM INSTRUCTION:

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

SUBJECT: FY 2004 Funding Guidance

INSTRUCTION:

The Head Start budget for fiscal year (FY) 2004 has recently been passed by the Congress and signed into law by the President. It appropriates \$6,774,848,000 for programs under the Head Start Act, an increase of approximately \$107 million over FY 2003.

The FY 2004 funding increase will be used primarily to provide all grantees a cost-of-living-adjustment (COLA) of 1.6 percent. This increase is intended to help maintain the quality of Head Start services by supporting grantees in their efforts to attract and retain qualified staff and offset higher operating costs. A small portion of the FY 2004 increase will also be used to strengthen Head Start training and technical assistance services.

This Program Instruction explains the COLA increase that is available to your program and how to apply for it.

It also explains how you may apply for "one-time" funding supplements to meet special needs in your program.

For this supplemental assistance request, explain the reason for the request and justify the need for additional funding. Provide a budget and budget justification only for those costs for which additional funds are requested.

The term ACF Regional Office in this Program Instruction is meant to include the American Indian-Alaska Native and the Migrant and Seasonal Program Branches.

I. FY 2004 COLA FUNDING

Each grantee may request an increase in its base funding level of 1.6 percent. Base funding is the amount committed to your program on an on-going basis as of October 1, 2003, the beginning of FY 2004. It excludes training and technical assistance funds and any one-time funds grantees may have received in FY 2003.

We expect that all staff in Head Start programs will receive a cost-of-living increase of at least 1.6 percent in their hourly rate of pay, subject to the provisions of Section 653 of the Head Start Act that prohibits Head Start salaries from exceeding salaries for similar jobs in the same community. Any grantee proposing to award salary increases of less than 1.6 percent or proposing to award differential cost-of-living increases to staff must explain its rationale in its budget narrative.

COLA increases should be used to permanently increase Head Start pay scales, rather than only increasing the salaries of current employees. Grantees that believe there are reasons for not increasing their pay scales to reflect cost-of-living increases must provide an explanation as to why such an increase is not considered appropriate.

Grantees with delegate agencies are expected to allocate a 1.6 percent COLA increase to each delegate or justify why such an approach is not appropriate.

Staff Salaries

Each grantee, as specified in 45 C.F.R. 1301.31, is required to have personnel policies that specify salary rates and fringe benefits. In determining appropriate salaries and benefits, grantees must adhere to the standards expressed in Section 653 of the Head Start Act, which precludes Head Start staff from receiving compensation "at a rate which is...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 immediately preceding employment, whichever is higher..". If you have questions about salary comparability, please contact your ACF Regional Office.

How to apply for the FY 2004 COLA increase.

Your Regional Office will notify you in the near future of the exact amount of additional FY 2004 funds for which your program may apply. If your program has already been refunded for FY 2004, your COLA increase should be applied for through a supplemental funding request.

Grantees should include the following information as part of the budget narrative in applications for COLA funds:

- The average hourly salary for teachers that will result after the FY 2004 COLA increase.
- The average hourly salary for teacher-aides that will result after the FY 2004 COLA increase.

II. FY 2004 ONE-TIME FUNDING SUPPLEMENTS

In FY 2004, as in past years, grantees may apply for one-time supplemental funding awards to meet important, non-recurring needs. One-time funds serve the critical purpose of meeting unanticipated expenses that could not be reasonably planned for by grantees nor accommodated within their on-going budgets.

Priorities for one-time supplements.

Following are the priority uses for FY 2004 one-time funds:

- **Transportation needs.** Grantees may request one-time funds to help come into compliance with the requirements of the Head Start Transportation Regulation, 45 CFR Part 1310. This includes: purchasing height and weight appropriate child restraint systems; modifying buses to permit the safe installation of child restraint systems; modifying buses to make them accessible to disabled children; training costs necessary to assure all drivers have required training and skills and; any other one-time costs related to assuring the safe transportation of Head Start children.

You may also request one-time funds for the purchase of new buses. However, it is ACF policy that bus purchases will only be funded from one-time monies in unusual circumstances. The frequency with which buses need to be replaced through purchase or lease is fairly predictable and grantees are expected to include these costs in their on-going program budgets.

We encourage you to meet your programs transportation needs through collaborative arrangements with other community transportation providers whenever possible. Grantees requesting funds to purchase a bus must demonstrate they have met the requirements in 45 CFR Part 1310.23 regarding coordinated transportation.

- **Correcting deficiencies and areas of performance in which your program is not in compliance.** Grantees that have been notified that their program is deficient and/or has areas of non-compliance with Head Start regulations may request one-time funds to help correct these problems. Such requests would, of course, vary depending on the nature of the non-compliance or deficiency but could include such items as funding for a new playground, funding to replace old and potentially unsafe equipment or funding to provide training to classroom staff.
- **Safe facilities.** One-time funds may be requested to help assure that Head Start children are served in facilities that are safe and fully in compliance with all Head Start regulations and any other state or local requirements. Such expenses could include needed renovations and repairs to buildings and their operating systems or improvements to outside play areas.
- **Facility construction/purchase.** Consistent with the provisions of 45 CFR Part 1309, including a clear documentation of need through the development and submission of a feasibility study, grantees may request one-time funds to assist in the purchase, construction and/or renovation of facilities that will be used to provide Head Start services. One-time funds will be awarded to cover a limited amount of costs associated with down payments and closing expenses of building purchases/construction. Generally, one-time funds will not be awarded to pay more than 25 percent of a facility's purchase cost. The remaining costs would normally be amortized through a mortgage or construction loan and be paid for as part of a grantee's ongoing budget or from other sources.
- **Equipment purchases.** Replacing old and potentially unsafe equipment is an important use of one-time funds. However, as in the above discussion, grantees are expected to cover the costs of predictable and recurring equipment, such as classroom and office equipment, in their on-going budget. One-time funds should be requested only for major equipment costs which are non-recurring or not predictable.

Grantees which currently have problems related to the misuse of Head Start grant funds, inadequate fiscal mismanagement or the potential loss of financial viability may request one-time funding but such requests may not be

funded if such problems have not been resolved by the time funding decisions are made.

How to apply for FY 2004 one-time funds.

Requests for one-time supplements should be submitted to ACF Regional Offices no later than June 25, 2004. Grantees should clearly explain what they are requesting, why the request can't be funded from their on-going Head Start grant and what the consequences would be if the one-time funding request is not approved.

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

/s/

Joan E. Ohl
Commissioner