

FY 2007 Funding Program Instruction

ACF Administration for Children and Families	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 2007 Funding Program Instruction

INSTRUCTION:

The Head Start budget for Fiscal Year (FY) 2007 has been passed by the Congress and signed into law by President George W. Bush. It appropriates \$6,888,571,000 for programs under the Head Start Act, an increase of approximately \$103 million over FY 2006.

The FY 2007 funding increase will be used primarily to provide all grantees a Cost-Of-Living-Adjustment (COLA) of 1.5 percent. A small portion of the FY 2007 increase will be used, as required by statute, to increase Head Start training and technical assistance services.

This Program Instruction explains the COLA increase that is available to your program.

The term "OHS Regional Office" in this Program Instruction is meant to include the American Indian-Alaska Native and Migrant and Seasonal program branches.

FY 2007 COLA Funding

Each grantee may request an increase in its base funding level of 1.5 percent. Base funding is the amount committed to your program on an ongoing basis as of October 1, 2006 (the beginning of FY 2007). It excludes training and technical assistance funds and any one-time additional funding grantees may have received in FY 2006.

We expect that all staff in Head Start programs will receive a cost-of-living increase of at least 1.5 percent in their hourly rate of pay, subject to the Wage Comparability provisions of Section 653 of the Head Start Act. Any grantee proposing to award salary increases of less than 1.5 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 is reason not to increase their pay scale 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 1.5 percent COLA increase to each delegate or justify why such an approach is not appropriate.

Staff Salaries

Each grantee, as specified in 45 CFR 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..."

Grantees will ensure that no staff whose salary is paid, in whole or in part, with Head Start grant funds shall be paid (salary and fringe benefits) at a rate which exceeds that of an Executive Level II employee (\$168,000 as of January, 2007).

How to Apply

Your Regional Office will notify you in the near future of the exact amount of additional FY 2007 funds for which your program may apply. If your program has already been re-funded for FY 2007, your COLA increase should be applied for through a supplemental funding request.

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

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