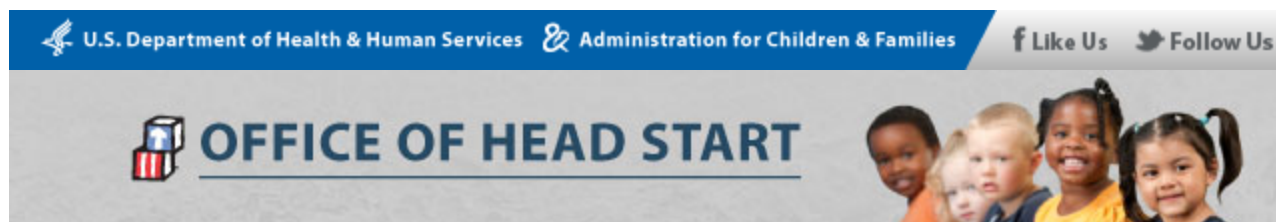


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## Questions and Answers on Wages and Benefits

In the spring of 2020, the Office of Head Start (OHS) authorized programs to continue to pay wages and provide benefits for staff who would otherwise be employed but are unable to report to their full work duties during center closures. The ability of grantees to pay wages and benefits remains in effect through Sept. 30, 2020. Here are some questions and answers about what comes next.

### **Does OHS have expectations for continued payment of staff wages and benefits after Sept. 30, 2020?**

As programs began to close centers in the face of COVID-19 in spring of 2020, OHS encouraged continued payment of wages and benefits for staff unable to report to work due to center closures. Continued payment of wages and benefits assured the availability of staff needed to deliver services remotely and supported the grantee's ability to recall staff for on-site work when centers reopened. The flexibility for continued payment of wages and benefits was extended through Sept. 30, 2020, in large part to allow grantees time to assess program operations, budgeting, and staffing needs for the upcoming program year. Further extension of the wage and benefit flexibility is not expected.

Now that grantees are beginning the 2020–2021 program year, programs need to determine how they will deliver services and staff accordingly. OHS understands that, as programs open for services during the upcoming year, services may be in-person, remote, or some combination of in-person and remote services. How services are delivered may change throughout the year as community circumstances evolve. Grantees should:

- In making staffing decisions, consider as their first question: What staffing is needed to support program services now and in the upcoming months?
- Review and update human resources policies and procedures to be consistent with staffing, wage, and benefit decisions.
- Be familiar with local, state, and federal wage and hour and employment laws.
- Consult fiscal, legal, and human resource advisors when needed, in order to assure that staffing plans support the delivery of services, can be accommodated within the program budget, and are in accordance with applicable requirements.

### **Is it allowable for programs to decide to continue paying staff that are not working?**

In some circumstances, yes, but in others, no.

First, it is important for grantees to be clear on what "working" and "not working" means, and to develop policies and procedures that define how an employee will be classified as working or not working. A center-based teacher now delivering remote learning services from home is working. A cook who is now functioning as a food coordinator to link families with community food resources is working. An employee who experiences changes in the place or type of services provided to the employer is still working, just in a different place or capacity.

In determining whether to pay staff wages and benefits, programs need to keep in mind the **Cost Principles** in the Uniform Guidance at 45 CFR Part 75 and how costs relate to service delivery. For Coronavirus Aid, Relief, and Economic Security (CARES) Act funds, wages and benefits must be necessary to respond to COVID-19 and support the delivery of comprehensive Head Start services. With respect to all expenses, an allowable cost must

be necessary and reasonable for the performance of the federal award *under the circumstances prevailing at the time the decision was made*.

Note: As the italicized language indicates, certain costs that would be unreasonable or unallowable in normal circumstances could be considered reasonable and allowable, given the circumstances prevailing during the COVID-19 pandemic.

Short-term payment of staff wages and benefits during temporary closures may be more cost effective than ending the employment relationship (not paying wages and benefits) and losing the ability to recall qualified staff when the center reopens. Continued payment of wages and benefits to employees unable to report to centers that are temporarily closed is necessary and reasonable if the staff are needed for recall following the temporary closure or are engaging in remote work at the direction of the employer during the temporary closure. On the other hand, if services are being delivered remotely for an extended period of time, some positions may not need to be filled and layoffs or separations from employment may be warranted.

Short-term payment of staff wages and benefits during temporary closures may be more cost effective than ending the employment relationship (not paying wages and benefits) and losing the ability to recall qualified staff when centers re-open. In all cases, thoughtful spending decisions necessary to implement the delivery of program services, supported by adequate documentation, creates a clear path to allowable costs. OHS has developed a wide range of resources that can be found on the **Early Childhood Learning and Knowledge Center** to assist grantees in making local programmatic and fiscal decisions.

Office of Head Start (OHS) | 330 C Street, SW | 4th Floor Mary E. Switzer Building | Washington, DC 20201  
<https://eclkc.ohs.acf.hhs.gov> | 1-866-763-6481 | [Contact Us](#)