

Hidalgo County Head Start Program

- COLA - Cost of Living Adjustment



Fiscal Year 2026 (FY 2026) Head Start Funding Increase

President Trump signed the Consolidated Appropriations Act, 2026 (P.L. 119-75), into law on February 3, 2026. The funding level for programs under the Head Start Act (the Act) is \$12.375 billion, an increase of \$85 million over FY 2025. This funding level provides all Head Start, Early Head Start, and Early Head Start-Child Care (EHS-CC) Partnership grant recipients a 0.635% cost-of-living adjustment (COLA).

Head Start grant recipients who received funding in FY 2025 are eligible for COLA. Head Start Collaboration Offices are not eligible for COLA funding due to the statutory cap on their funding in the Head Start Act. Each eligible recipient will receive a COLA increase of 0.635% of the FY 2025 base funding level. Base funding excludes training and technical assistance funds and any one-time funding received during FY 2025. 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.

Recipients do not need to submit an application to receive this funding. Each eligible recipient will receive a Notice of Award specifying its COLA increase and instructions for how the funding must be applied. Awards will also include instructions for recipients proposing to use funds for any other purposes than instructed. Please note, if a recipient has already received annual funding in FY 2026, the COLA will be awarded as a separate supplement. If a recipient has yet to receive funding in FY 2026, the COLA increase will be added to the non-competing award. For example, a recipient, whose FY 2026 budget period will begin on July 1, 2026, will receive COLA funds with the annual refunding application.

Recipients must use COLA funds to permanently increase their Head Start pay scale, which includes the salaries of current staff and unfilled vacancies. In addition, recipients must provide delegate agencies and other partners an equivalent increase of 0.635% to adjust their wage scales. A recipient must justify applying differential COLA increases between delegates or partners. COLA funds must be applied from the start of a recipient's FY 2026 budget period, which may require COLA to be retroactively applied. For example, for a recipient whose FY 2026 budget period began on November 1, 2025, the COLA must be applied from that date. Following the required permanent adjustment to Head Start pay scales, recipients may apply any remaining funds to fringe benefits costs or 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.

Please direct any questions about this notice to your OHS Regional Office.