

## Executive Summary

The FY 2026 federal government shutdown has exposed a critical vulnerability in the nation’s early learning infrastructure: the absence of formal mechanisms to safeguard program continuity during lapses in appropriations. Although the Payment Management System (PMS) remains open for grant recipients with active Notices of Award (NOAs), the shutdown has stalled the issuance of new grants, renewals, carryovers, and other approvals and awards—placing several Head Start and Early Head Start programs in fiscal and programmatic limbo.

This white paper, *The Cost of Delay: When Appropriations Stall, Communities Stand Still*, presents Head Start WEST’s policy analysis of the fiscal risks and cascading programmatic and operational impacts facing November 1 grant recipients and other programs whose FY 2026 funds or requests are pending federal approval. For these agencies—many beginning new fiveyear project periods, emerging from Designation Renewal System (DRS) cycles, or completing interim management transitions—the delay in executing NOAs halts their authority to obligate or expend federal funds, leaving them unable to assure staff payroll, program operations, and/or comprehensive services.

While most Head Start programs continue operating under existing awards, this subset of grant recipients represents a vital segment of the national delivery system serving thousands of children and families. The shutdown has placed them in an untenable position: to suspend services, risking early childhood development, family stability and workforce retention, or to continue operating without fiscal assurance that place these organizations at fiscal risk and in violation of federal grant requirements.

Head Start WEST’s analysis highlights the broader implications of such fiscal interruptions. The inability to guarantee continuity of operations weakens local governance, disrupts partnerships, and undermines public confidence in early childhood development and learning investments. The paper concludes with actionable policy recommendations designed to safeguard continuity of services and reaffirm Head Start’s role as the nation’s cornerstone for child development and family self-sufficiency—a vital investment that prepares children for school, empowers parents, and sustains resilient communities.

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## Problem Statement

The FY 2026 government shutdown has suspended the federal government’s ability to obligate and approve new discretionary funds, directly affecting Head Start and Early Head Start grantees across all funding stages. While programs with active Notices of Award (NOAs) technically retain access to funds through the Payment Management System, the broader

operational reality is that all grant recipients are impacted by the freeze in federal review, approval, and oversight functions essential to maintaining program continuity.

For November 1 grant recipients—those awaiting execution of new awards, completing Designation Renewal System (DRS) cycles, or transitioning from interim management—the absence of an approved NOA means there is no legal authority to obligate or expend new-year funds, placing these programs at immediate fiscal risk.

However, even grant recipients with current, active awards are facing cascading operational disruptions. With federal staff furloughed, the Office of Head Start (OHS) cannot process carryover requests, approve budget revisions, authorize facility projects, or finalize service and health/safety improvement plans. These pending actions are not discretionary; they are integral to ensuring compliance, addressing infrastructure needs, and maintaining the continuity of comprehensive services in communities.

The inability to move forward with these actions produces a ripple effect across the system:

- Facility improvements and health/safety projects stall, increasing the risk of service interruptions or loss of licensed spaces.
- Pending budget revisions and carryovers cannot be approved, limiting programs’ ability to reallocate funds to sustain necessary to provide services, complete projects, or maintain sufficient staffing or programmatic needs.
- Program service approvals and enrollment adjustments remain in limbo, delaying the opening of classrooms and essential supports to children and families.

The shutdown therefore impacts not only fiscal authority but also the operational ecosystem that enables programs to fulfill Head Start’s statutory mission. Each week of delay compounds administrative backlogs and heightens the risk of noncompliance through no fault of grant recipients.

At a systems level, the shutdown results in significant risk to the Head Start community: continuity of services depends not only on the flow of funds but also on the federal workforce that sustains the regulatory and approval framework. The inability to process critical program actions means that even “funded” grant recipients experience paralysis—eroding efficiency, community trust, and the program’s capacity to respond to local needs.

Without structural reforms to ensure operational continuity during lapses in appropriations, the early learning system remains vulnerable to avoidable service gaps that undermine school readiness, workforce stability, and family well-being across the nation.

## **Background and Context**

### **A. The Federal Fiscal Landscape**

Each year, Congress must enact appropriation bills or a Continuing Resolution (CR) by September 30 to authorize discretionary spending across federal agencies. When no agreement is reached, a lapse in appropriations triggers a government shutdown, halting the issuance of new awards and suspending most administrative functions. Head Start, funded through the Department of Health and Human Services (HHS) and administered by the Administration for Children and Families (ACF), Office of Head Start (OHS), is a discretionary program directly affected by these lapses.

During the FY 2026 shutdown, which began October 1, all new Head Start awards, renewals, and fiscal actions requiring federal approval and action were frozen. The Office of Head Start (OHS) was unable to issue Notices of Award (NOAs), process budget modifications, approve carryovers, or advance pending facility and construction requests. While the Payment Management System (PMS) remained operational, allowing grant recipients with active NOAs to draw existing funds, no new fiscal or administrative actions could occur.

This distinction created a bifurcated operational reality: programs with current awards could continue drawing down funds, but the broader Head Start system became immobilized by the lack of federal processing capacity. NHSA’s October 2025 update confirmed that “NOAs will not be granted until the government reopens,” while training and technical assistance (T/TA) contracts were suspended under “stop-work” orders.

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### **B. Head Start’s Funding Structure and System Exposure**

Head Start’s funding structure is designed around five-year project periods divided into annual budget cycles. Each year, grant recipients must submit continuation or renewal applications that receive official approval and an executed NOA to obligate funds.

Programs that operate on October 1 or November 1 grant cycles are particularly vulnerable when shutdowns coincide with the start of the federal fiscal year. But the FY 2026 shutdown has shown that even programs with current funding face significant exposure when federal administrative functions cease.

With program and grants management staff furloughed, OHS cannot:

- Process carryover and budget revision requests needed to reallocate funds to address inflationary costs, workforce retention or recruitment efforts, or facility improvements;
- Approve facility projects including major renovations that may be tied to health and safety compliance, expansion of services, or enrollment needs;
- Finalize program option changes, reductions, or conversions to better meet community needs;
- Respond to programmatic or fiscal policy issues, questions, and/or requests; or
- Advance waivers requests including non-federal share, transportation, and/or locally designed options.

These activities are the backbone of ongoing Head Start operations. When they stop, the effects impact every program—delaying classroom openings, stalling facility work, and constraining flexibilities afforded to respond to families and community needs.

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### **C. Historical Precedent and Compounding Risk**

The 35-day shutdown of 2018–2019 offers precedent: programs were eventually reimbursed for expenses incurred during the lapse, but it took months to process payments and reestablish program stability. Many smaller grant recipients exhausted local reserves or lines of credit in the interim, resulting in temporary closures or service reductions.

The FY 2026 shutdown differs in scope but not in consequence. With an expanded number of grants and action tied to new program year start-up and implementation, and a greater volume of facility and health/safety projects underway, the ripple effects of delayed approvals now threaten broader operational continuity. Even short-term shutdowns generate administrative backlogs that can last for months especially given the current climate of delays due to the recent HHS reduction in workforce—further out and significantly delaying facility readiness, compliance timelines, and program improvements.

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## **D. Regional and Systemic Implications**

In the Head Start WEST region, spanning diverse states and territories, the impact is magnified. Several member agencies are:

- Entering new five-year cycles;
- Completing DRS transitions or interim management arrangements;
- Managing major construction and renovation facility projects; or
- Implementing health and safety upgrades requiring prior OHS approval.

For these programs, the federal government’s inability to process approvals directly translates into stalled services, deferred facility improvements, and, in some cases, the potential reduction, or even loss, of service capacity altogether.

The FY 2026 shutdown is therefore not merely a fiscal event—it is a systemic interruption that jeopardizes the infrastructure, workforce, and partnerships upon which early learning access depends.

## **Policy Path Forward: Safeguarding Continuity and Accountability**

The FY 2026 shutdown revealed that fiscal continuity alone is insufficient to sustain early learning systems—administrative continuity is equally vital. Even programs with available funds were unable to operate effectively because approvals, key activities, and oversight mechanisms stalled.

Head Start WEST proposes a dual-track approach—immediate federal action to stabilize operations during the current shutdown, and long-term legislative reform to prevent recurrence.

### **A. Immediate Federal Actions**

#### **1. Issue Reimbursement and Continuity Guidance**

The Administration for Children and Families (ACF) should immediately issue written assurance that programs continuing operations in good faith during the shutdown will be permitted to continue to draw down funds for allowable costs.

Guidance should explicitly cover: ○ Salaries and wages

for program staff; ○ Ongoing facility and health/safety projects; ○ Contracts and leases initiated prior to the lapse;

- Obligations required to sustain licensed and key programmatic and fiscal operations.

## **2. Establish a Limited Approval Protocol**

The Office of Head Start (OHS) should activate a shutdown contingency protocol, activating key personnel as mission essential personnel, thereby, positioning itself to perform limited review and approval of high-priority non-monetary actions—such as carryovers, approval of facility applications, and health/safety improvements— using a minimal staff exemption.

## **3. Prioritize Health and Safety Approvals Post-Shutdown**

Upon reopening, OHS and OGM should prioritize all delayed facility and health/safety-related requests to prevent prolonged classroom closures and potential compliance findings.

## **4. Strengthen Communication and Transparency**

Even when staff are furloughed, grant recipients should have access to static online dashboards or recorded updates explaining what functions are paused, what to expect post-shutdown, and how to document costs for later reimbursement.

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## **B. Long-Term Legislative and Regulatory Actions**

### **1. Authorize Interim Spending Authority**

Congress should allow for federal grant recipients to continue essential operations under prior-year funding levels during a lapse in appropriations, modeled after provisions used for other federally funded essential services.

### **2. Codify Interim Funding Guarantees**

Federal statute should ensure automatic reimbursement for programs maintaining services during appropriations lapses, eliminating uncertainty and ensuring compliance protection for local governing bodies.

### **3. Institutionalize Continuity-of-Operations Planning**

ACF should develop an interagency Continuity of Operations Framework (COOP) specific to early childhood programs, outlining how critical systems (PMS, HSES, oversight, and facility safety) remain functional during fiscal interruptions.

### **4. Recognize Early Learning as Essential National Infrastructure**

The federal government must formally acknowledge early education and child development as a critical infrastructure in our nation, and honor its commitments and agreements with the territories and foreign nations. This is on par with health, food, and disaster/emergency services—ensuring that Head Start’s continuity is treated as a public priority rather than a discretionary expenditure.

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### C. Role of Head Start WEST and other Head Start National, Regional, and State Associations

Head Start associations play a pivotal role in both advocacy and field coordination. Head Start WEST proposes to support programs in its region with the following:

- Aggregating real-time data on shutdown-related program disruptions to strengthen congressional advocacy.
- Providing technical assistance on contingency planning and communication with governing bodies, staff, families, and community partners / stakeholders.
- Collaborating with state agencies to establish emergency funding mechanisms or strategies to prevent closures.
- Sharing resources and tools for grant recipients to advance requests and actions necessary for federal government review, approval, and action.

Through collective leadership, Head Start WEST and its members can ensure that the West’s programs remain visible, credible, and prepared to shape national policy responses and weather the storm of a government shutdown.

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### Supporting Evidence and Field Insight

Early feedback from the field confirms that the FY 2026 government shutdown has had a broad and multifaceted impact across the Head Start system—affecting not only grant recipients awaiting new awards but also those with current Notices of Award (NOAs) who depend on ongoing federal approvals to sustain operations.

Reports collected by the National Head Start Association (NHSA) through its October 2025 outreach and by Head Start WEST through direct member consultations point to a consistent pattern of disruption:

- **Delays in federal review and approval processes** have left many programs unable to move forward with pending carryovers, budget revisions, and service modifications essential for maintaining daily operations.
- **Facility and health/safety projects**—some already underway—are stalled pending Office of Head Start (OHS) or Office of Grants Management (OGM) approval, jeopardizing service readiness, licensing compliance, and community access to services.
- **Staff retention and workforce stability efforts**, including delays in payments for staff salaries and benefits, inability to proceed with hiring actions resulting in delays in filling staff vacancies, and reduction in supports such as professional development, training, and/or coaching models.



- **Local partnerships and vendor contracts**, particularly for food services, mental health services, facility projects and renovations, just to mention a few, face uncertainty as programs navigate cash flow interruptions and unapproved grant actions.

Head Start WEST’s regional feedback underscores that these disruptions are not confined to any single funding cohort. Programs across the western states and territories report similar operational strain stemming from the absence of federal processing capacity. In many cases, leaders note that they have funds available but cannot lawfully access them without approval—creating what one director described as *“an operational freeze disguised as funding stability.”* The emerging evidence demonstrates that a shutdown’s impact cannot be measured solely by whether payments are flowing. Administrative paralysis is equally consequential, halting the decisions and approvals that keep essential services in operation, classrooms open, facilities safe, and staff supported.

This reality reinforces the need for policy reform that addresses both the flow of funds and the function of governance—ensuring that programs are not immobilized by the absence of federal review capacity during future funding lapses.

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## Conclusion and Call to Action

The FY 2026 shutdown has reaffirmed a central truth: Head Start’s strength lies in continuity. Fiscal disruptions and administrative delays, however brief, destabilize program operations, disrupt family routines and self-sufficiency, and erode public confidence in one of the nation’s most effective early learning systems.

Head Start WEST calls on federal and congressional leaders to act decisively to:

- **Guarantee operational continuity** through interim funding and expedited reimbursements;
- **Safeguard workforce stability** through predictable approvals and sustained access;
- **Protect facilities and infrastructure** through timely approvals and processing of facility projects; and
- **Affirm early learning as essential infrastructure**, foundational to national wellbeing and economic participation.

The cost of delay is borne not by agencies but by children, families, and communities who depend on Head Start for opportunity and stability. Ensuring uninterrupted operations is not a matter of convenience—it is an affirmation of Head Start’s promise: to give every child a strong start, to empower families toward self-sufficiency, and to strengthen the communities that sustain them.



When appropriations stall, communities stand still—but with policy foresight, accountability, and commitment, the nation can ensure that Head Start never does.