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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Administration for Children and Families

45 CFR Part 1302

RIN 0970-AD21

Restoring Flexibility to Support Head Start Program Access

AGENCY: Office of Head Start (OHS), Administration for Children and Families (ACF), Department of Health and Human Services (HHS).

ACTION: Final rule.

SUMMARY: In this final rule, the Administration for Children and Families (ACF) removes requirements from the Head Start Program Performance Standards (Performance Standards) to restore local flexibility to Head Start programs and improve access to quality services. Specifically, this final rule removes requirements related to wages and benefits that the Administration believes are not in line with the plain language of the Head Start Act and are costly and overly prescriptive for Head Start programs and staff. ACF estimates these changes will result in over $2 billion in future cost savings for Head Start programs. The rescissions in this final rule impact the costliest parts of the final rule published by the Office of Head Start (OHS) in 2024, *Supporting the Head Start Workforce and Consistent Quality Programming*.

DATES: *Effective date:* [INSERT DATE 60 DAYS AFTER PUBLICATION IN FEDERAL REGISTER]

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I. Background

The Federal Head Start program provides early education and other comprehensive services to low-income pregnant women and children prenatal to age 5 in

center- and home-based settings across the country. Since its inception in 1965 as part of the War on Poverty, Head Start has been a leader in providing high-quality services that support the development of children from low-income families, helping them enter kindergarten more prepared to succeed in school and in life. Research shows that the first five years of a child's life are pivotal for brain development, laying the foundation for all future learning, behavior, and health.[1] For children in poverty, this period is even more crucial, as they often face additional stressors – such as inadequate nutrition or limited access to educational resources – that can hinder brain development.[2] Research demonstrates that early intervention, including quality early education, is key to disrupting the cycle of poverty and supporting the development of young children so they are more prepared to succeed in school and in life. Indeed, a wealth of evidence supports the positive outcomes for low-income children and their families who participate in and graduate from Head Start programs.[3]

The Head Start Program Performance Standards (Performance Standards), first published in the 1970s, are the foundation on which Head Start programs design and deliver high-quality, comprehensive services to children and their families. They set forth the requirements local grant recipients must meet to support the cognitive, social, emotional, and healthy development of children enrolled in the program. They include requirements to provide education, health, mental health, nutrition, and family and community engagement services, as well as requirements for local program governance and Federal administration of the program.

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[1] Institute of Medicine and National Research Council. (2000). *From Neurons to Neighborhoods: The Science of Early Childhood Development*. Washington, DC: The National Academies Press. https://doi.org/10.17226/9824.; Tierney A. L. & Nelson, C. A. (2009). *Brain Development and the Role of Experience in the Early Years*. Zero Three. 30(2):9-13.

[2] Blair, C. & Raver, CC. (2016). Poverty, Stress, and Brain Development: New Directions for Prevention and Intervention. *Academic Pediatrics*, 16(3 Suppl):S30-6.; Robinson L. R., Bitsko, R. H., & Thompson, R. A., et al. (2017). *CDC Grand Rounds: Addressing Health Disparities in Early Childhood*. MMWR Morb Mortal Wkly Rep 2017; 66:769–772.
DOI: http://dx.doi.org/10.15585/mmwr.mm6629a1

[3] Deming, D. (2009). Early Childhood Intervention and Life-Cycle Skill Development: Evidence from Head Start. American Economic Journal: Applied Economics, 1:3, 111-134.; Lipscomb, S.T., Pratt, M.E., Schmitt, S.A., Pears, K.C., and Kim, H.K. (2013). School readiness is children living in non-parental care: Impacts of Head Start. Journal of Applied Developmental Psychology, 31 (1), 28-37.

The *Improving Head Start for School Readiness Act of 2007* (the 2007 Reauthorization), which amended the Head Start Act (the Act), required the Department of Health and Human Services (HHS) to ensure children and families receive quality Head Start services. The 2007 Reauthorization also required the Secretary of HHS to revise the Performance Standards, as needed. This authority has provided a basis for updates and changes made to the Performance Standards since 2007. HHS conducted a major revision of the Performance Standards through a final rule published in 2016 to implement the statutory changes in the 2007 Reauthorization and to enhance program requirements to reflect the latest science on child development. Subsequently, HHS published a final rule in 2024[4] that added a number of specific and costly requirements for programs related to supports for the Head Start workforce, among other changes. This final rule makes necessary changes to bring the Head Start regulations in line with the Head Start Act. It restores flexibility to local Head Start programs and improves access for children and families by removing the costly requirements added in 2024. These changes are explained in greater detail in the sections that follow.

II. Statutory Authority

This final rule is being issued under the authority granted to the Secretary of Health and Human Services by sections 641A, 645A, and 653 of the Act (42 U.S.C. 9836a, 9840a, and 9848), as amended by the Improving Head Start for School Readiness Act of 2007 (Public Law 110-134). Under these sections, the Secretary is required to establish performance standards and other regulations for Head Start and Early Head Start programs. Specifically, the Act requires the Secretary to "modify, as necessary, program performance standards by regulation applicable to Head Start agencies and programs."[5] This final rule meets the statutory requirements Congress put

[4] See Supporting the Head Start Workforce and Consistent Quality Programming, 89 Fed. Reg. 67,720 (August 21, 2024).
[5] See section 641A(a)(1) and (2) of the Act.

forth in its 2007 bipartisan reauthorization of the Head Start program and addresses Congress's mandate that called for the Secretary to review and revise the Performance Standards. The Secretary has determined that the modifications to the Performance Standards contained in this regulation are appropriate and needed to effectuate the goals of the Performance Standards and the purposes of the Act.

III. Summary Description of Regulatory Provisions

The following is a summary of the regulatory changes included in this final rule. This rule removes the wage and benefit requirements in § 1302.90(e) and (f) that were introduced in the 2024 final rule, restoring greater flexibility to local Head Start programs. Specifically, it eliminates prescriptive requirements that would have required programs to develop or update a pay scale for all staff; provide education staff with wages comparable to public preschool teachers; provide all staff a salary sufficient to cover basic costs of living; and promote wage comparability across Head Start Preschool and Early Head Start. This final rule also eliminates requirements to provide staff with specified benefits.

The staff wage and benefit requirements introduced by ACF in the 2024 final rule were intended to address persistent workforce instability in Head Start programs. In the 2024 final rule, ACF cited that, at that time, Head Start programs faced historically high levels of staff turnover and vacancies, with low wages and limited benefits identified as key contributors to recruitment and retention challenges. ACF also explained that expectations and qualification requirements for Head Start staff had increased substantially without corresponding growth in compensation. Because staffing shortages may have been preventing some programs' ability to open classrooms and serve children, in the 2024 final rule, ACF identified improved compensation as key to stabilizing the workforce and maintaining program quality.

In the 2024 final rule, ACF recognized that, in the absence of sufficient additional

appropriations from Congress, implementing these wage and benefit requirements would require some programs to reduce funded Head Start slots in order to increase staff compensation. ACF estimated that by the time the wage and benefit requirements were fully implemented in 2031, funded enrollment could decline by more than 100,000 slots. At the same time, ACF acknowledged substantial uncertainty in projecting future enrollment, including uncertainty about whether the significant under enrollment that existed at the time would persist. In other words, ACF recognizes that the ultimate impact of these requirements on the number of children served could be even greater than the estimates ACF presented in the 2024 final rule.

Although ACF recognizes that workforce challenges may persist for Head Start programs, the current Administration has reconsidered the approach adopted in the 2024 final rule and does not believe that a one size fits all approach to staff compensation is the appropriate way to address these challenges, particularly when doing so may reduce access to Head Start services. Instead, ACF has determined that programs should have maximum local flexibility to design compensation packages and provide services that best meet the needs of their communities. ACF encourages programs to provide compensation according to salary scales based on training and experience, per Sec. 653 of the Act.

Through this final rule, ACF is rescinding the 2024 wage and benefit requirements well in advance of the 2031 compliance deadline to avoid programs making further operational and financial changes in anticipation of requirements that will no longer apply. ACF recognizes that some programs have already begun taking steps to comply with these requirements, including through requests to reduce their funded Head Start enrollment slots. ACF also recognizes that some Head Start staff may have remained in their jobs in anticipation of receiving wage or benefit increases as part of implementation of the 2024 final rule. However, ACF anticipates that most programs

have not yet undertaken substantial implementation efforts, given that multiple years remain before compliance is required. Recent PIR data indicate that, after adjusting for inflation, education staff wages have increased by a small amount since the 2024 final rule, suggesting some progress toward implementing the wage requirements.

Further, Head Start programs can still voluntarily choose to implement much of what the 2024 final rule required for staff wages and benefits, regardless of this final rule. For instance, if a program has determined that more competitive wages are necessary to retain their staff, they can choose to make these changes within their budgets regardless of these Federal regulatory requirements being removed. Additionally, there is no requirement that programs who have made salary increases for staff to reduce those increases as a result of this rule.

As discussed in the Regulatory Impact Analysis (RIA) of this final rule, ACF considered and assessed several policy alternatives to this final rule. Alternatives such as extending the implementation timeline for the 2024 wage and benefit requirements would delay, but not resolve, ACF's concerns that prescriptive Federal compensation requirements limit local flexibility and could require programs to reduce the number of funded slots or otherwise redirect resources from services to children and families. For this reason, ACF determined that rescinding the 2024 wage and benefit requirements is the appropriate approach. This final rule reduces regulatory burden, provides local programs with more discretion over compensation and benefits, and preserves funding for services to children and families.

ACF has evaluated this final rule against Sec. 641A(a)(2)(C)(ii) of the Act which requires that any revision to the Performance Standards will not result in the elimination of or any reduction in quality, scope, or types of health, educational, parental involvement, nutritional, social, or other services required to be provided under such standards as in effect on December 12, 2007. Congress did not provide that every

regulation later promulgated by HHS becomes independently protected against revision. While the provisions implicated in this rule were added nearly 17 years after the protected baseline, HHS none-the-less reviewed them and considered the substance of the underlying 2007 service obligation. The 2007 standards did not include any Federal regulations related to staff wages and benefits, and therefore HHS has determined this rescission does not reduce the 2007 level of quality, scope, or types standard.

IV. Discussion of Comments and Regulatory Provisions

General Comments

ACF received nearly 300 public comments on the proposed changes in the NPRM. Several of these comments include signatories from multiple individuals or large organizations, including two multi-signatory letters from Members of Congress. Some commenters expressed strong support for the NPRM and appreciated the flexibility it offers programs, the relief from burdensome Federal regulation, and the removal of an unfunded mandate. Many comments expressed concern about the proposed removal of wage and benefit requirements in § 1302.90, including the two multi-signatory congressional letters. These comments reflected several themes including concerns about workforce stability, compensation, equity with public schools, and overall advocacy for teachers and the Head Start workforce. We heard from a variety of commenters about the specific impacts this final rule will have on their communities.

Commenters who wrote in support, opposition, or neutrally about the policy changes outlined in the NPRM consistently reflected value for Head Start and deep care for the future of the program. Commenters including staff, parents, alumni and community members expressed the deep and lasting impact Head Start has had on individuals and communities. While no response to these comments is needed, ACF acknowledges and appreciates these comments.

ACF thanks commenters that responded to ACF's invitation to comment on other

changes from the 2024 final rule that ACF should consider for rescission or modification in a future NPRM, particularly changes that were burdensome for programs. These comments have been reviewed and will be used to inform future regulatory action but are not discussed in detail in this final rule.

Below we summarize the comments that pertain to the proposed rule, organized by topic, and respond to them accordingly.

Wages and Benefits

Comment: Many commenters stated that Head Start educators deserve higher pay, livable wages, and benefits. Commenters emphasized that compensation should reflect the important role Head Start staff play in supporting children's learning and development and expressed concern that current compensation levels make it difficult to attract and retain qualified staff.

Response: ACF recognizes the important contributions of the Head Start workforce, particularly that a stable workforce is essential to delivering high-quality Head Start services and that competitive wages and benefits are important tools for recruiting and retaining that workforce. At the same time, Head Start grant recipients operate in diverse labor markets, face different workforce needs and must balance investments in compensation with the resources necessary to maintain enrollment and deliver comprehensive services to children and families. The compensation requirements established in the 2024 final rule would have required, among other provisions, specified wage benchmarks for education staff, pay structures for all staff, and minimum standards related to wages and benefits. ACF has determined that maintaining these prescriptive Federal requirements without corresponding additional increases in appropriations would place substantial financial pressure on Head Start programs. ACF estimates that absent additional appropriations, approximately 106,000 funded Head Start slots would need to be eliminated for programs to meet the requirements by the applicable compliance

deadline. Accordingly, retaining the requirements could force many grant recipients to make significant tradeoffs among increasing compensation, reducing staffing or funded enrollment, and maintaining existing levels of service. This rule removes a burdensome unfunded mandate that would impact programs' ability to continue operating at current levels and would have necessitated laying off staff.

This final rule provides grant recipients with greater flexibility to determine compensation approaches that reflect local workforce conditions, organizational priorities, and available funding while continuing to meet applicable statutory requirements. To be clear, the final rule does not prohibit the maintenance of current compensation structures, nor does it encourage grant recipients to reduce compensation for program staff. Through this rule, ACF merely seeks to give programs the ability to make compensation decisions that impact their staff with maximum flexibility, while still complying with Federal law.

Comment: Some commenters stated that improving compensation supports higher-quality services by strengthening workforce stability, improving child and family outcomes, and increasing trust among families served by Head Start programs.

Response: The changes to the Performance Standards through this final rule do not diminish the importance of program quality. Rather, this final rule removes Federal requirements that prescribe specific approaches and provides grant recipients with greater discretion to determine how best to support program quality and their workforce based on local needs, resources, and circumstances.

Comment: A number of commenters emphasized that Head Start educators should be valued as professionals and expressed support for greater equity with other early childhood educators and public school personnel. Several commenters noted the education, qualifications, and expertise required of the Head Start workforce.

Response: This final rule does not alter the important role that Head Start staff

play in delivering quality education and comprehensive services to children and families. By reducing prescriptive Federal requirements, the rule provides grant recipients with greater discretion to make personnel and workforce decisions that reflect their organizational needs and local priorities. This final rule does not remove the requirements found in 2 CFR § 200.430 Compensation—personal services, which states that wages paid to staff hired by Federal recipients will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor market in which the recipient or subrecipient competes for the kind of employees involved. ACF also reminds grant recipients of the statutory requirement in Sec. 653 of the Act which states that the Secretary shall take such action as necessary to assure that people employed to carry out the Head Start program are not paid in excess of the average rate of compensation in the same area where the program is carried out to a substantial number of persons providing comparable services; nor are paid less than the minimum wage rate prescribed in section 6(a)(1) of the Fair Labor Standards Act of 1938. Programs that operate in areas where there is significant competition for staff, from other early childhood or kindergarten programs, may establish pay scales and benefits packages that are competitive based on their local labor market. This final rule reflects trust in Head Start program leaders to run their programs, value staff, and make decisions on staff compensation given the local context and on their own timeline, meaning Head Start programs may choose to implement wage and benefit increases in a more extended timeframe, or not at all.

Comment: Many commenters discussed the economic pressures facing Head Start staff, including rising costs of living, increased financial hardship, strains on employee well-being, and the importance of competitive benefits to address these challenges.

Response: ACF recognizes the economic challenges affecting the Head Start workforce, including rising costs of living, financial hardship, and the impact these challenges can have on employee well-being, recruitment, and retention. ACF also

recognizes that offering competitive compensation and benefits can be an important strategy for supporting and sustaining a qualified workforce. At the same time, local labor markets, costs of living, and program resources vary considerably across communities, and grant recipients are best positioned to determine how to structure compensation and benefits within their available funding. Therefore, this final rule reduces Federal requirements thereby providing grant recipients with greater flexibility to respond to changing local economic and workforce conditions and to make staffing and resource allocation decisions that best meet the needs of their programs and communities. However, this flexibility does not relieve programs of their obligation to comply with applicable Federal, State, and local minimum wage laws. ACF further notes that, subject to available appropriations, programs have discretion in using annual cost-of-living adjustment (COLA) funding to support staff salaries.

ACF acknowledges that while Head Start staff face economic pressures, so too do families eligible for Head Start services. Implementing rigid Federal standards without increased appropriations would have limited the number of children and families that have access to Head Start services; this trade off was not one ACF is willing to make at a national level, using a one-size fits all approach. Instead, with the implementation of this final rule, local communities have the ability to weigh these factors to determine a path forward.

Comment: Several commenters expressed concern that the proposed rule would result in reductions to current staff wages or otherwise require grant recipients to decrease employee compensation. Commenters stated that lowering wages would exacerbate existing workforce challenges and negatively affect recruitment, retention, and program quality.

Response: This final rule does not require or encourage grant recipients to reduce wages or compensation of current Head Start employees. ACF knows it is important to

maintain a qualified and stable Head Start workforce. Several commenters appear to have misunderstood the effect of these changes. This final rule does not require programs to reduce current wages; the rule removes certain Federal regulatory requirements and provides grant recipients with greater flexibility in making workforce and operational decisions consistent with applicable law and available resources. Compensation decisions remain the responsibility of individual grant recipients, and nothing in this final rule requires changes to current employee wages or benefits.

Comment: A few commenters addressed the NPRM's statement that the proposed requirements "would likely exceed" the requirements of the Fair Labor Standards Act (FLSA). Commenters expressed concern that the statement reflects that teacher wages would be tied to minimum wage benchmarks. Other commenters requested clarification regarding the relationship between the proposed requirements and existing Federal labor laws.

Response: The statement in the NPRM was intended to distinguish the proposed regulatory requirements from the baseline requirements established under the FLSA. This final rule does not modify, supersede, or affect the rights and obligations established under the FLSA or any other applicable Federal, State, Tribal, or local labor law. Grant recipients remain responsible for complying with all applicable employment and labor laws. By removing the regulatory requirements, this final rule eliminates Federal requirements that would have gone beyond existing statutory labor protections while leaving all underlying legal obligations unchanged.

Comment: Several commenters stated that, over many years, Head Start has encouraged and, in some cases, required increased educational qualifications and professional credentials for its workforce, including bachelor's degrees, Child Development Associate (CDA) credentials, and other specialized training. These commenters expressed concern that compensation has not kept pace with these increasing

expectations and argued that removing the compensation provisions would further widen the gap between the qualifications expected of Head Start staff and their compensation. Commenters encouraged OHS to maintain regulatory provisions that support compensation commensurate with the education, credentials, and expertise required of the Head Start workforce.

Response: This final rule does not modify the qualification or credentialing requirements applicable to Head Start staff or diminish the importance of maintaining a qualified workforce. Rather, it removes Federal regulatory requirements related to compensation and benefits while providing grant recipients with greater flexibility to determine workforce policies that reflect local labor market conditions, organizational priorities, and available resources. Decisions regarding employee compensation remain the responsibility of individual grant recipients, consistent with applicable law and the Head Start Act.

Workforce Stability and Access

Comment: A large number of commenters, including both congressional letters, described ongoing challenges related to recruiting and retaining qualified staff, workforce shortages, and employee turnover. Commenters expressed concern that these challenges affect program operations and the ability to keep classrooms open.

Response: ACF recognizes that workforce recruitment and retention remain significant challenges across the early childhood sector. However, ACF does not believe this final rule will impede programs from addressing recruitment and retention issues as it gives programs flexibility to implement wages and benefits that meet the needs of their specific communities. Workforce conditions vary considerably across communities, and grant recipients are best positioned to assess local labor markets and develop strategies that respond to those conditions. This final rule reduces Federal regulatory requirements and provides programs with increased flexibility to address workforce challenges in ways

that are appropriate for their individual circumstances. This final rule prevents the enactment of an unfunded mandate that would destabilize the sector and likely force many classrooms and programs to close. Through this final rule, ACF has weighed the tradeoffs, and has decided ensuring access to services for children and families is more important than enforcing a one-size fits all approach to national requirements on wages and compensation.

Comment: Several commenters emphasized that stable relationships between children and caregivers are fundamental to healthy development and expressed concern that workforce turnover disrupts continuity of care for children and families. Commenters stated that maintaining compensation requirements supports workforce stability and, in turn, promotes continuity of care and positive child outcomes.

Response: This final rule does not alter the statutory mission of the Head Start program or programs' responsibility to provide high-quality services to enrolled children and families. ACF remains committed to the principles of continuity of care that are fundamental to early childhood education. Instead, the rule removes Federal requirements prescribing specific workforce practices and provides grant recipients with greater discretion to determine the strategies that best support workforce stability and program operations in their communities. ACF believes that prioritizing access to stable, high-quality early care and education services through Head Start that offer continuity of care is more critical than implementing a one-size fits all wage and compensation policy that would limit access to those services for children and families.

Comment: Commenters emphasized the importance of maintaining access to comprehensive Head Start services for children and families and expressed support for the removal of regulatory requirements that could affect program capacity or enrollment.

Response: We agree; by reducing Federal regulatory requirements, this final rule provides grant recipients with additional flexibility to manage available resources and

make operational decisions that support continued delivery of services consistent with statutory requirements and community needs. By enacting this final rule, ACF is prioritizing access to comprehensive services for as many children and families as possible.

Comment: Commenters expressed concern that removing the compensation provisions could have unintended long-term effects on the early childhood education workforce by affecting educators' access to degree pathways or student aid. Commenters expressed concern that these effects could reduce the future pipeline of qualified Head Start educators.

Response: This final rule does not modify the education or qualification requirements applicable to Head Start staff, nor does it affect Federal student aid programs or the eligibility of institutions of higher education to participate in those programs. Rather, this rule removes Federal regulatory requirements related to compensation and benefits within the Performance Standards and provides grant recipients with greater flexibility to make workforce and operational decisions consistent with applicable law and available resources.

Comment: Several commenters expressed concern that rescinding the compensation and benefits provisions could contribute to workforce instability, resulting in classroom closures, reduced program capacity, or the loss of Head Start services in some communities. Commenters stated that disruptions to Head Start availability could impact family integrity by reducing access to reliable early care and education, limiting parents' ability to work or attend school, and diminishing an important source of support for children and families. Both congressional letters included detailed statements on these themes, particularly the importance of access to services for Head Start children and families.

Response: This final rule is intended to reduce Federal regulatory requirements

and provide grant recipients with greater flexibility to make workforce and operational decisions based on local needs and available resources. ACF continues to recognize the importance of maintaining access to Head Start services and believes that allowing grant recipients greater discretion in allocating resources and managing their workforce best supports their ability to respond to local conditions while continuing to fulfill the Head Start mission consistent with applicable law. If programs need to make adjustments to their wages and compensation in order to ensure classrooms can continue to operate, they can work with their Regional Office to modify their budgets and make those changes under this final rule.

Funding and Program Investment

Comment: Many commenters stated that the wage and benefit requirements included in the 2024 final rule constituted an unfunded mandate. Other commenters also stated that additional Federal funding is necessary to support workforce investments and expressed concern that regulatory requirements should not impose costs that exceed available resources.

Response: It is the role of Congress to make decisions regarding Federal appropriations for Head Start. In developing this final rule, ACF has sought to reduce Federal regulatory requirements and associated compliance obligations, providing grant recipients with greater flexibility to determine how best to allocate available resources in support of their programs and workforce. Further, ACF agrees with the important goal of removing unrealistic, unfunded mandates through this final rule.

Comment: Several commenters expressed concern about uncertainty regarding the future sustainability of Head Start programs and the operational challenges programs face in a changing fiscal and workforce environment.

Response: This final rule reduces Federal regulatory requirements that currently limit local decision-making and therefore this action provides programs with greater

discretion to adapt to evolving circumstances while continuing to carry out the Head Start mission consistent with applicable law.

Comment: Some commenters framed their feedback in terms of broader values, emphasizing the importance of investing in children, families, and the early childhood workforce. Other commenters expressed views regarding the policy rationale underlying the proposed requirements.

Response: We appreciate the thoughtful perspectives shared by commenters regarding the mission of the Head Start program and the importance of supporting children, families, and the workforce. In developing this final rule, ACF carefully considered these perspectives while focusing on its objectives of maximizing access to Head Start services for eligible children and families, reducing unnecessary Federal regulation and providing grant recipients with greater flexibility to administer their programs consistent with statutory requirements.

Flexibility and Reduced Burden

Comment: Many commenters supported increased flexibility for grant recipients, reduced administrative burden, and greater local decision-making. Commenters stated that local programs are best positioned to determine how to meet the needs of their communities.

Response: We agree that grant recipients benefit from flexibility to respond to local circumstances. One of the primary objectives of this final rule is to reduce unnecessary Federal requirements and administrative burden while preserving the statutory framework of the Head Start program. We believe that providing greater local discretion allows grant recipients to make decisions that best reflect community needs and organizational priorities.

Comment: Several commenters questioned the assertion that the proposed rule would increase program flexibility. These commenters stated that, absent additional

Federal funding, programs would continue to face significant constraints in addressing workforce challenges while maintaining access to comprehensive services for children and families. Commenters expressed concern that limited resources restrict the practical ability of grant recipients to make meaningful operational changes, regardless of regulatory flexibility.

Response: ACF recognizes the workforce challenges many Head Start grant recipients continue to face. This final rule reduces Federal regulatory requirements that currently limit local decision-making and therefore this action provides grant recipients with greater discretion to determine how best to allocate available resources based on their unique circumstances, workforce needs, and community priorities. ACF recognizes that regulatory flexibility does not itself increase available funding; however, reducing prescriptive Federal requirements affords programs greater latitude to make operational and resource decisions consistent with statutory requirements and the needs of the communities they serve. ACF encourages recipients to work with their Regional Offices to work within their budgets to make decisions on wages and benefits that are best for their community.

Policy Pathways

Comment: Both commenters in support of the rule and those opposed spoke about the ability to implement the proposed regulatory action in accordance with the Act. Commenters supportive of the proposed rule described ways the Act is conducive to such regulatory action. Commenters that wrote in objection to the proposed rule stated that this regulatory action was not in accordance with the Act.

Response: After considering the comments received, ACF has determined that this final rule appropriately removes the regulatory provisions related to compensation and benefits and restores greater flexibility for grant recipients to make workforce decisions consistent with the Act.

Comment: Many commenters recommended alternatives to rescinding the compensation and benefits provisions. Rather than removing the requirements, commenters suggested revising them to provide greater flexibility while preserving Federal expectations related to workforce compensation and benefits. Specific recommendations included revising the requirements to be less prescriptive, delaying implementation, phasing in the requirements over time, conditioning implementation on future appropriations, developing regional or locally adjusted compensation models, establishing wage floors or clearer compensation benchmarks, and providing additional technical assistance to support implementation.

Response: Many of these recommendations reflect a shared interest in supporting the Head Start workforce while providing programs with sufficient flexibility to respond to local circumstances. After considering these comments, and given the resources currently allocated to Head Start, ACF has determined that removing the compensation and benefits requirements is the most appropriate approach to achieving the objectives of this rulemaking. While commenters proposed various modifications that would retain or revise the existing regulatory framework, these approaches would continue to impose Federal regulatory requirements in areas where ACF has concluded that grant recipients are better positioned to make decisions based on local workforce conditions, organizational priorities, and available resources.

ACF does not agree with the idea that this is an area that should be regulated at the Federal level. Even with some of the caveats proposed by commenters, establishing a Federal requirement does not allow local programs to make the choices that are best for their settings. Any Federal requirement would inherently limit access to children and families in areas that may not need to be limited if each program makes their own decisions with the flexibility this final rule allows. This final rule does not prohibit or discourage grant recipients from developing or maintaining wage structures that support

their organizational goals. Rather, it removes the Federal regulatory requirement to do so, allowing grant recipients to determine whether and how to structure compensation policies based on their local workforce needs, organizational priorities, and available resources.

Effective Dates

This final rule is effective 60 days after it is published in the *Federal Register*.

Compliance with Sec. 641A(a)(2) of the Act

In developing this final rule, ACF considered feedback from the field, from external organizations that represent Head Start programs, and from Head Start grant recipients. ACF also received feedback related to ongoing concerns from external organizations about the implications of the wages and benefits requirements on access to Head Start services.[6]

Severability

HHS intends that the changes arising from this final rule to remove the provisions in § 1302.90(e) are severable from the removal of the provisions in § 1302.90(f). These provisions are capable of operating intelligibly on their own, and to the extent that any portion of either of these changes were to be declared invalid by a court, HHS intends that the remaining change remain in effect.

V. Regulatory Process Matters

ACF examined the impacts of the final rule under Executive Order 12866, Executive Order 13563, Executive Order 13132, Executive Order 14192, the Regulatory Flexibility Act (5 U.S.C. 601-612), the Unfunded Mandates Reform Act of 1995 (Pub. L. 104-4), and the Congressional Review Act (5 U.S.C. 801, Pub. L. 104-121). Executive Orders 12866 and 13563 direct us to assess all benefits, costs, and transfers of available

[6] National Head Start Association (2024). Supporting the Head Start Workforce and Consistent Quality Programming: NHSA's Summary of the Final Rule. Retrieved from: Final Rule Summary.

regulatory alternatives and, when regulation is necessary, to select regulatory approaches that maximize net benefits.

Section 3(f) of Executive Order 12866 defines a "significant regulatory action" as an action that is likely to result in a rule: (1) Having an annual effect on the economy of $100 million or more, or adversely affecting in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or Tribal governments or communities; (2) creating a serious inconsistency or otherwise interfering with an action taken or planned by another agency; (3) materially altering the budgetary impacts of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or (4) raising novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in Executive Order 12866. The Office of Information and Regulatory Affairs (OIRA) has designated this final rule as a significant action and the Regulatory Impact Analysis (RIA) for this final rule identifies economic impacts that exceed the threshold for significance under Section 3(f)(1) of Executive Order 12866. This final rule is expected to be a deregulatory action under Executive Order 14192.

Congressional Review Act

Pursuant to subtitle E of the Small Business Regulatory Enforcement Fairness Act of 1996 (also known as the Congressional Review Act), OIRA has determined that this action meets the criteria set forth in 5 U.S.C. 804(2).

Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA), see 5 U.S.C. 605(b), as amended by the Small Business Regulatory Enforcement Fairness Act, requires Federal agencies to determine, to the extent feasible, a rule's impact on small entities, explore regulatory options for reducing any significant impact on a substantial number of such entities, and explain their regulatory approach. The term "small entities," as defined in the RFA,

comprises small businesses, not-for-profit organizations that are independently owned and operated and are not dominant in their fields, and governmental jurisdictions with populations of less than 50,000. Under this definition, some Head Start grant recipients may be small entities. A rule is considered to have a significant impact on a substantial number of small entities if it has at least a three percent impact on revenue on at least five percent of small entities. However, the Secretary certifies, under 5 U.S.C. 605(b), as enacted by the Regulatory Flexibility Act (Pub. L. 96-354), that this final rule will not have a significant impact on a substantial number of small entities.

Unfunded Mandates Reform Act of 1995

The Unfunded Mandates Reform Act of 1995 (Pub. L. 104-4, section 202(a)) requires us to prepare a written statement, which includes estimates of anticipated impacts, before publishing "any rule that includes any Federal mandate that may result in the expenditure by State, local, and Tribal governments, in the aggregate, or by the private sector, of $100,000,000 or more (adjusted annually for inflation) in any one year." The current threshold after adjustment for inflation is $193 million, using the most current (2025) Implicit Price Deflator for the Gross Domestic Product. This final rule will not result in unfunded mandates that meet or exceed this amount. Head Start grant recipients receive over $12 billion annually in Federal funding to implement the requirements of the program, including policy changes as a result of this final rule.

Federalism Assessment Executive Order 13132

Executive Order 13132 requires Federal agencies to consult with State and local government officials if they develop regulatory policies with Federalism implications. Federalism is rooted in the belief that issues that are not national in scope or significance are most appropriately addressed by the level of government close to the people. This final rule will not have substantial direct impact on the states, on the relationship between the Federal government and the states, or on the distribution of power and responsibilities

among the various levels of government. Therefore, in accordance with section 6 of Executive Order 13132, it is determined that this action does not have sufficient Federalism implications to warrant the preparation of a Federalism summary impact statement.

Treasury and General Government Appropriations Act of 1999

Section 654 of the Treasury and General Government Appropriations Act of 1999 requires Federal agencies to determine whether a policy or regulation may negatively affect family well-being. If the agency determines a policy or regulation negatively affects family well-being, then the agency must prepare an impact assessment addressing seven criteria specified in the law. ACF determined it is not necessary to prepare a family policymaking assessment (see Public Law 105-277) because the action it takes in this final rule will not have any impact on the autonomy or integrity of the family as an institution.

Paperwork Reduction Act of 1995

The Paperwork Reduction Act (PRA) of 1995, 44 U.S.C. 3501 *et seq.,* minimizes government-imposed burden on the public. In keeping with the notion that government information is a valuable asset, it also is intended to improve the practical utility, quality, and clarity of information collected, maintained, and disclosed.

The PRA requires that agencies obtain OMB approval, which includes issuing an OMB number and expiration date, before requesting most types of information from the public. Regulations at 5 CFR part 1320 implemented the provisions of the PRA and § 1320.3 defines a "collection of information," "information," and "burden." PRA defines "information" as any statement or estimate of fact or opinion, regardless of form or format, whether numerical, graphic, or narrative form, and whether oral or maintained on paper, electronic, or other media (5 CFR 1320.3(h)). This includes requests for information to be sent to the Government, such as forms, written reports and surveys,

recordkeeping requirements, and third-party or public disclosures (5 CFR 1320.3(c)). "Burden" means the total time, effort, or financial resources expended by persons to collect, maintain, or disclose information.

In the 2024 final rule, ACF estimated a paperwork burden of 5 hours per respondent[7] to track wages for Head Start staff and school district staff. This paperwork burden is removed as a result of this final rule. This change impacts the existing information collection approved under OMB control number 0970-0148. The removal of the wage and benefit requirements reduces the overall estimated burden on respondents to adhere to the information collection and recordkeeping requirements subject to the PRA.

The following table outlines the recordkeeping requirement that is removed.

Recordkeeping Standard	Annual Number of Respondents	Average Burden Hours per Response	Annual Burden Hours
Tracking wages for Head Start staff and staff in local school districts	2,900	5	14,500

VI. Regulatory Impact Analysis

Need for Regulatory Action

The Performance Standards, established and updated as needed through regulation, are the foundation on which Head Start programs design and deliver high-quality, comprehensive services to children and families. The Performance Standards set forth the requirements that local grant recipients must meet to support the cognitive, social, emotional, and healthy development of children enrolled in the program. In August 2024, ACF published in the Federal Register a final rule that revised and updated the Performance Standards.

Most notably, OHS added a series of new requirements in the 2024 final rule related to staff wages and benefits in an attempt to support and stabilize the Head Start

[7] See section *VII. Regulatory Process Matters* of Supporting the Head Start Workforce and Consistent Quality Programming, 89 Fed. Reg. 67,720 (August 21, 2024).

workforce. However, these requirements were too prescriptive for all communities that Head Start programs serve according to feedback received from stakeholders, both through the public comment process and through other ongoing stakeholder engagement. Therefore, this final rule removes these wage and benefit requirements from the Performance Standards. These changes restore more local flexibility to grant recipients and provide them the ability to determine the compensation packages that best meet the unique needs of their workforce. Furthermore, without additional appropriations from Congress, approximately 106,000 funded Head Start slots would have needed to be cut in order for programs to meet these requirements by the specified deadline.

Establishing one-size-fits-all wage and benefit requirements at the expense of reducing access to high-quality program services may not be most beneficial, especially at a time when access to child care is already lacking.[8] Furthermore, both under enrollment and classroom teacher turnover across Head Start programs have decreased nationally since the 2024 final rule. More specifically, under enrollment was approximately 8 percent nationally in 2025, as compared to 13 percent nationally, as discussed in the 2024 final rule. Similarly, classroom teacher turnover decreased from 19 percent as of the 2024 final rule to 17 percent by 2025.

Comment and Response

In this section, we summarize and respond to comments we received on the Regulatory Impact Analysis (RIA) in the NPRM.

Comment: Several commenters questioned the estimate in the RIA of the proposed rule that approximately 106,000 slots would be retained by rescinding the staff wage and benefit requirements. Commenters stated that recent enrollment reductions and classroom closures have been driven primarily by workforce shortages, and they argued

[8] Friedman-Krauss, A. H., Barnett, W. S., Hodges, K. S., Garver, K. A., Duer, J., Weisenfeld, G., & Siegel, J. (2025). The State of Preschool 2024: State Preschool Yearbook. New Brunswick, NJ: National Institute for Early Education Research.

that removing the wage and benefit requirements would not improve programs' ability to recruit and retain staff or result in additional children being served.

Response: We recognize the workforce challenges many Head Start programs continue to experience. The estimate of approximately 106,000 preserved slots reflects the potential effects on future funded enrollment capacity associated with avoiding projected compliance costs under the 2024 final rule. It is not intended to predict actual future enrollment or classroom operations, which depend on a variety of factors, including workforce availability, local labor market conditions, and funding levels.

Comment: Several commenters stated that the estimate in the RIA of the proposed rule of approximately $2.1 billion in future cost savings is misleading because it does not represent actual Federal expenditures or additional funding available to programs. Commenters asserted that the estimate reflects avoided future compensation costs rather than realized fiscal savings and therefore does not provide programs with additional resources to increase wages, expand services, or address rising operating costs.

Response: To clarify, the RIA estimates that removing the wage and benefit requirements will yield approximately $2.1 billion in future annual cost savings for programs. This impact is not characterized as reductions in appropriated funding for Head Start or as reductions to overall program funding levels. Instead, this impact represents an eventual annual transfer of $2.1 billion, encompassing effects among Head Start staff (transfers to those who would avoid losing hours or losing employment entirely, from those who would have received higher remuneration per hour in accordance with the 2024 rule) and among Head Start children and families (including transfers to children and families for whom slot unavailability would have been a consequence of the 2024 rule). This approach aligns with Circular A-4 (2003), OMB’s guidance to Federal agencies on the development of regulatory analysis and is generally consistent with the findings and the modeling approach of the RIA of the 2024 final rule.

Although this final rule removes regulatory requirements, grant recipients retain the flexibility to determine compensation packages consistent with applicable law, available funding, and local circumstances.

Comment: A few commenters requested that ACF clarify whether the estimated 106,000 slots that would be preserved as a result of this final rule refers to funded enrollment slots or actual children served.

Response: To clarify, in the absence of an increase in appropriations from Congress, ACF estimates that approximately 106,000 funded Head Start slots would have needed to be cut in order for programs to meet the wage and benefit requirements by the specified deadline in the 2024 final rule.

Transfer Analysis

The Performance Standards as revised through a final rule[9] published in August 2024 included requirements for Head Start programs to provide competitive wages and benefits for staff to address staff recruitment and retention challenges. Without additional regulatory action, programs would have been required to comply with these requirements by August 2028 (for benefits) and August 2031 (for wages). However, this final rule rescinds these requirements from the Performance Standards.

In conducting the regulatory impact analysis for this final rule, we use the same approach used in the NPRM. We adopt the assumptions contained in the RIA of the 2024 final rule as the baseline scenario. This final rule removes the wage and benefit requirements from the Performance Standards due to their prescriptiveness and the excessive fiscal resources that would have been needed to fully fund the requirements without significant impacts on slots. Thus, we report the economic impact of this final rule as the reversal of some of the benefits, costs, and transfers of the 2024 final rule.

[9] See Supporting the Head Start Workforce and Consistent Quality Programming, 89 FR 67720 (August 21, 2024).

With the wage and benefit requirements rescinded, programs will no longer have to implement them by the compliance dates described above. This ultimately results in averting the anticipated expenditures needed to implement the wage and benefit requirements for Head Start staff; or, alternatively, averting the loss of services to children under the requirements of the 2024 final rule. The 2024 final rule RIA estimated that the wage requirements would cost approximately $1.2 billion in nominal dollars when fully implemented in 2031. The RIA estimated that the staff benefit requirements would cost approximately $877 million in nominal dollars in 2031. ACF combines these figures to estimate the total transfers associated with removing these wage and benefit requirements—resulting in a transfer of approximately $2.1 billion in future expenditures.

In order to estimate the number of Head Start slots that are saved by removing these staff wage and benefit requirements, ACF determined the proportion of FY 2024 funded enrollment that are Head Start Preschool slots (73.7 percent), and Early Head Start slots (26.3 percent), respectively. Next, ACF applied this proportion to the total monetary cost associated with this rule in FY 2024 dollars ($1.7 billion) and divided the cost that would be borne by the average cost per slot for Head Start Preschool in FY 2024 ($15,187) and the cost that will be borne in Early Head Start by the average cost per slot for Early Head Start in FY 2024 ($20,460). ACF uses cost per child because it is the best indicator for the number of slots programs will be able to retain following the removal of the staff wages and benefits requirements from the Performance Standards in this final rule.

These calculations result in $1.3 billion in transfers attributed to Head Start Preschool slots and $452 million in transfers attributed to Early Head Start slots (in FY 2024 dollars). When divided by average cost per slot, this results in approximately 84,000 Head Start Preschool slots and 22,000 Early Head Start slots saved. Collectively, the net transfers associated with this final rule reflect a retention of approximately 106,000 Head

Start slots (number of children served) nationally. In other words, by removing the wage and benefit requirements from the Performance Standards, and in the absence of appropriation increases for Head Start, programs could save as many as 106,000 slots that would otherwise have been cut in order to implement these wage and benefit requirements in the future. However, ACF also acknowledges that programs may choose to reduce slots, subject to ACF approval, in order to increase staff compensation, which is no longer required, but could result in lower cost savings and fewer slots saved than estimated in this RIA.

Transfers Summary

Table 1 summarizes the quantified transfers associated with this final rule and the present value and annualized values corresponding to a 3% and 7% discount rate, with all monetary estimates reported in millions of constant 2024 dollars. Table 2 reports the same impacts in nominal dollars.

Table 1. Transfers Associated with the Final Rule (Millions of Constant 2024 Dollars)

Year	Wage	Benefit	Total
2027	$247	$78	$325
2028	$395	$125	$520
2029	$592	$587	$1,179
2030	$789	$661	$1,450
2031[1]	$987	$735	$1,722
2032	$987	$735	$1,722
2033	$987	$735	$1,722
2034	$987	$735	$1,722
Present Value, 3%	$5,115	$3,745	$8,860
Annualized, 3%	$729	$534	$1,262
Present Value, 7%	$4,212	$3,065	$7,276
Annualized, 7%	$705	$513	$1,219

[1] The wage and benefit requirements in the 2024 final rule would be fully implemented by 2031.

Table 2. Transfers Associated with the Final Rule (Millions of Nominal Dollars)

Year	Wage	Benefit	Total
2027	$264	$84	$348

2028	$432	$138	$570
2029	$663	$666	$1,329
2030	$905	$769	$1,674
2031[1]	$1,157	$877	$2,034
2032	$1,184	$900	$2,084
2033	$1,211	$924	$2,135
2034	$1,239	$948	$2,187
Present Value, 3%	$6,027	$4,514	$10,541
Annualized, 3%	$859	$643	$1,502
Present Value, 7%	$4,945	$3,682	$8,626
Annualized, 7%	$828	$617	$1,445

[1] The wage and benefit requirements in the 2024 final rule would be fully implemented by 2031.

Non-Quantified Impacts of Certain Elements of the Final Rule

In addition to the transfers quantified in this RIA, removing the staff wage and benefit requirements from the Performance Standards restores local flexibility for individual programs to design services that are responsive to the individual needs of the communities in which they operate. Many programs continue to face staffing shortages that impact their ability to serve as many children as possible;[10] however, the changes in this final rule provide programs more discretion to determine how to best address staff recruitment and retention challenges based on their local contexts. The rescission of the wage and benefit requirements restores needed flexibility and autonomy to local programs so they may determine the best path forward for their program. By removing several costly requirements related to staff wages and benefits, these changes will alleviate unnecessary regulatory burden placed on Head Start programs.

Alternatives to the Final Rule

ACF considered and assessed several policy alternatives to this final rule. In the analysis below, we model a full rescission of the 2024 final rule, which included the following policies with quantified economic impacts: staff wages, staff benefits, staff breaks, family service worker family assignments, mental health supports, and preventing

[10] National Head Start Association (2025). An Update on Head Start's Ongoing Workforce Challenges. National Head Start Association. Retrieved from: https://nhsa.org/wp-content/uploads/2025/08/OngoingWorkforceChallengesJan2025.pdf

and addressing lead exposure, as well as associated administrative costs. All other policies beyond these from the 2024 final rule were not associated with quantified effects. Our modeling approach of separately estimating and reporting the costs associated with each of these policies enabled ACF to assess additional policy alternatives, such as rescinding subsets of policies included with the 2024 final rule.

As noted in our main analysis, in this final rule, ACF is rescinding a particular subset of those policies, rather than a full rescission.[11] Table 3 and Table 4 summarize the total expenditures needed to implement the 2024 final rule that would represent reductions in expenditures if the 2024 final rule were rescinded, reporting yearly estimates, and present value and annualized values corresponding to a 3% and 7% discount rate (updated from a 2% discount rate applied in the 2024 final rule RIA) for each of the policies. Collectively, the net reduction in expenditures associated with a full rescission of the 2024 final rule reflects a retention of approximately 96,000 Head Start Preschool slots and 25,000 Early Head Start slots nationally. In other words, by rescinding all policies from the 2024 final rule that had economic impacts, Head Start programs would retain approximately 121,000 slots that would otherwise have been cut in order to implement these policies. This represents an additional 15,000 slots that would be saved beyond the 106,000 retained by rescinding the staff wage and benefit policies. The tables below, as well as the additional analyses documented in this RIA, enabled ACF to appropriately consider a range of feasible policy alternatives.

Table 3. Reductions in Expenditures of Rescinding the 2024 Final Rule (Millions of Constant 2024 Dollars)

Year	Wage	Benefit	Breaks	Family Services	Mental Health	Lead	Other	Total
2027	$247	$78	$64	$125	$64	$5	$0	$583
2028	$395	$125	$64	$125	$64	$5	$0	$778

[11] ACF acknowledges however that it may consider further rescissions in separate rulemakings.

2029	$592	$587	$64	$125	$64	$2	$0	$1,435
2030	$789	$661	$64	$125	$64	$4	$0	$1,708
2031	$987	$735	$64	$125	$64	$3	$0	$1,978
2032	$987	$735	$64	$125	$64	$2	$0	$1,977
2033	$987	$735	$64	$125	$64	$2	$0	$1,977
2034	$987	$735	$64	$125	$64	$3	$0	$1,978
Present Value, 3%	$5,115	$3,745	$449	$877	$449	$23	$0	$10,661
Annualized, 3%	$729	$534	$64	$125	$64	$3	$0	$1,519
Present Value, 7%	$4,212	$3,065	$382	$746	$382	$20	$0	$8,809
Annualized, 7%	$705	$513	$64	$125	$64	$3	$0	$1,475

Table 4. Reductions in Expenditures of Rescinding the 2024 Final Rule (Millions of Nominal Dollars)

Year	Wage	Benefit	Breaks	Family Services	Mental Health	Lead	Other	Total
2027	$264	$84	$69	$135	$69	$5	$0	$625
2028	$432	$138	$70	$138	$70	$6	$0	$854
2029	$663	$666	$72	$141	$72	$3	$0	$1,616
2030	$905	$769	$74	$144	$73	$5	$0	$1,970
2031	$1,157	$877	$75	$147	$75	$3	$0	$2,335
2032	$1,184	$900	$77	$151	$77	$3	$0	$2,391
2033	$1,211	$924	$79	$154	$79	$3	$0	$2,449
2034	$1,239	$948	$81	$158	$80	$4	$0	$2,509
Present Value, 3%	$6,027	$4,514	$522	$1,021	$520	$28	$0	$12,629
Annualized, 3%	$859	$643	$74	$145	$74	$4	$0	$1,799
Present Value, 7%	$4,945	$3,682	$442	$865	$441	$25	$0	$10,395
Annualized, 7%	$828	$617	$74	$145	$74	$4	$0	$1,741

List of Subjects in 45 CFR Part 1302

Early education, Grant programs, Head Start, Workforce, Wages, Benefits

For reasons stated in the preamble, ACF amends 45 CFR part 1302 as follows.

PART 1302 – PROGRAM OPERATIONS

1. The authority for part 1302 continues to read as follows:

Authority: 42 U.S.C. 9801 *et seq.*

§ 1302.90 [Amended]

2. Amend § 1302.90 by removing paragraph (e) and paragraph (f)

Robert F. Kennedy, Jr.,

Secretary,

Department of Health and Human Services

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