Unpacking the Head Start Notice of Proposed Rule Making to Remove Compensation Requirements

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> ***UPDATE:*** *On 11/16/26, the U.S. Department of Health and Human Services (HHS) published a* ***final*** *rule, Restoring Flexibility to Support Head Start Program Access, that codifies the changes proposed on 5/12/26 and reviewed in detail below. HHS did not make substantive changes between the proposed and final rules. The final rule will go into effect on 1/15/27.*

In its notice, HHS points to three primary arguments for rescinding these requirements regarding Head Start wages and benefits: (1) HHS did not have statutory authority to issue these regulations; (2) the agency has received feedback from internal and external stakeholders that the requirements were "too prescriptive" and difficult to implement; and (3) increases in wages and benefits to comply with the 2024 regulations would cost $2 billion, which could instead be allocated for more Head Start slots.

This Deep Dive provides additional information on the background and history that led HHS to issue the 2024 wage and benefit requirements, current requirements in the Head Start Program Performance Standards (HSPPS), the potential impact of the proposed wage and benefit changes on Head Start funding and slots, and anticipated next steps in the regulatory process.

I. Background and History of the 2024 Rule

Prior to 2024, the Head Start program did not include requirements related to salaries and benefits, despite federal standards covering a range of other programmatic components. For 60 years, Head Start relied on community members, including many parents of children enrolled in Head Start, to work in the program for low salaries or as volunteers because of their commitment to the program's mission. In contrast, preschool teachers in public schools are paid much more for similar work and qualification requirements. They are typically employed by school districts that offer a higher pay scale and benefits.

The statutory purpose of Head Start is to prepare children from low-income families for school by addressing their holistic developmental needs. Head Start programs achieve this purpose by offering high-quality early learning, medical, dental, family support services, and developmental screenings. Research shows that stable, responsive relationships between children and teachers are the foundation of high-quality early learning. Consistency is essential for young children's development, particularly for those experiencing adversity. The trusted relationship between families and Head Start staff allows programs to effectively deliver services to address children's medical, dental, and family support needs. Together this means that the quality and stability of the Head Start workforce is essential to its quality and effectiveness

Recognizing the importance of workforce quality, Congress put in place a series of reforms in the 2007 reauthorization of the Head Start Act, including a national benchmark requiring half of preschool

teachers in Head Start classrooms[1] to have a bachelor's degree by 2011. Head Start programs have exceeded this benchmark and by 2023, 68 percent of lead teachers held a bachelor's degree.

However, salaries did not follow suit. Between 2010 and 2023, average annual wages for Head Start teachers grew by less than one percent after accounting for inflation, hovering around $40,000.[2] By comparison, the average annual wage for a kindergarten teacher is about $63,000.[3] This created a circumstance where federal policy raised expectations and qualifications for the Head Start workforce without ensuring compensation reflected those increased expectations.

As a result, turnover steadily rose as Head Start teachers with degrees sought higher-paying jobs in school systems, as well as in other higher-paid industries such as retail and food service. This reflects a broader labor market challenge where Head Start programs must compete for talent in the same labor market as K–12 schools and private sector employers. Head Start is primarily funded by the federal government, with a 20 percent required non-federal match. While some programs derive other sources of public and private funds to supplement Head Start resources, the federal investment generally drives resources available for staff wages and benefits.

The COVID-19 pandemic intensified these challenges, as other sectors responded to staffing shortages with higher compensation and hiring incentives. In 2023, for example, the turnover rate for Head Start lead teachers reached 19 percent. During this timeframe, programs reported vacancy rates approaching one-third of positions and compensation was cited by a majority of programs as the leading cause for these staffing shortages.

[1] Head Start Program Performance Standards require preschool classrooms to have at least one teacher, as well as a second adult who can be an assistant teacher. An assistant teacher must have a Child Development Associate (CDA) or be working towards a CDA.

[2] Data on teacher credentials, average wages, and turnover rates for Head Start teachers was published by HHS in the final rule requiring changes to wages and benefits. The Office of Head Start collects information from Head Start grant recipients on an annual basis through the Program Information Reports, or PIR. These figures do not appear to be publicly available at present, but members of the public can request access to the data using the contact information posted here: https://headstart.gov/program-data/article/program-information-report-pir. The 2024 final rule with this data is available at https://www.govinfo.gov/content/pkg/FR-2024-08-21/pdf/2024-18279.pdf.

[3] This average includes kindergarten teachers in public and non-public schools.

Programs across the country reported being unable to open classrooms due to staffing challenges. In 2024, approximately 100,000 Head Start slots went unfilled, primarily due to lack of staff.[4] At the same time, hundreds of thousands of eligible children remained on waiting lists. Demand for Head Start remained high, but programs lacked staff to meet that demand.

HHS reflected these concerns in its rationale for promulgating the 2024 rule and noted that workforce instability, constrained access, and threats to consistent quality were rooted in inadequate compensation that posed risks to the long-term sustainability of the Head Start program.

II. 2024 Head Start Requirements for Salaries and Benefits

To address these acute workforce issues and stabilize access for children and families, HHS published a final rule in 2024 that added new wage and benefits requirements to the Head Start Program Performance Standards – a set of rigorous requirements that apply to the operation of all Head Start programs.

The rule created, for the first time, legally binding wage and benefits standards for early educators, who are among the lowest paid workers in the country. Specifically, the new requirements included:

- **Pay parity** between Head Start educators and preschool teachers in public schools. (Head Start educators include teachers, assistant teachers, family child care providers, and home visitors.)
- **Wage floor** for all staff that is sufficient to cover basic needs such as food, housing, utilities, medical costs, transportation, and taxes.
- **Pay comparability** across ages served, which requires programs to ensure that the wage for educators does not vary by the age of children served for staff positions with similar experience and qualifications.
- **Pay scales** that incorporate the above and account for responsibilities, qualifications, experience, and schedule or hours worked. (The pay scale must be updated every 5 years.)
- **Benefits** for full-time staff, including health care coverage, paid leave, and short-term free or low cost behavioral health services. For part-time staff, Head Start programs must facilitate access to health care coverage. For all staff, Head Start programs must provide resources and information on child care, and, if the staff member is eligible, facilitate access to child care subsidies and public service loan forgiveness (PSLF).

The 2024 rule phased in these new wage and benefit requirements. The rule set a 2028 deadline for the benefits requirements and a 2031 deadline for the wage requirements (i.e., pay parity, wage floor, pay comparability, and pay scale).

The final rule also included two important caveats in consideration of the funding needed to implement these changes. First, the final rule exempted Head Start programs with 200 or fewer Head Start slots

[4] According to the Final Rule published by HHS in 2024, in FY 2023, there were 650,000 children enrolled and 750,000 funded slots, resulting in a gap of 100,000 children. *See* page 67782 at https://www.govinfo.gov/content/pkg/FR-2024-08-21/pdf/2024-18279.pdf. In addition, HHS notes that a lack of staff due to insufficient wages are the primary reasons for unfilled slots, which affirms findings from the National Head Start Association.

from the new wage requirements but required progress toward wage parity and benefits coverage. HHS's rationale for this exemption was that small programs cannot necessarily benefit from the economies of scale needed to implement wage increases and benefit requirements. Second, the final rule included a provision granting the Secretary waiver authority if Head Start annual appropriations did not increase by an average of 1.3 percent over the course of four years. In the event of limited funding increases, the Secretary can exempt programs that meet other quality benchmarks from implementing the wage and benefit requirements, provided they are making progress toward such increases.

III. Impact of Wage and Benefit Requirements on Funding and Impact on Slots

At the time the 2024 rule was finalized, HHS concluded that programs could raise compensation while maintaining service levels for approximately 650,000 children, which is the number of children actually enrolled in 2023. The number of children served in Head Start has varied considerably in the program's 60-year history, reaching a high of nearly 1 million funded slots in 2011. However, since 2013, the number of children has steadily declined. Declines in the number of children served are a result of several factors, including rising costs without proportional increases in appropriations, operating schedules that offer more full-day programming and extended hours to meet family needs, and a larger proportion of Early Head Start programs slots (which have a higher cost per child for infants and toddlers).

In recent years, congressional appropriations have provided modest increases for Head Start. Funding for the program was flat in fiscal years (FYs) 2023 through 2025 with a small increase in FY 2026.[5] When the 2024 final rule put wage and benefit requirements in place, the estimates of impact on Head Start slots assumed cost of living adjustments to keep pace with inflation to avoid losing children beyond current enrollment levels. Yet, Congress and the Administration have not sought or enacted such increases. In FY 2027, the President's Budget proposed flat funding for Head Start and indicated that Head Start can serve approximately 635,000 children at the requested level, the lowest since 1992.[6]

The NPRM indicates that without the wage and benefit requirements, $2 billion in Head Start funds that would otherwise be allocated for wages and benefits could support 106,000 additional slots. However, HHS's analysis does not address the operational challenge of finding (and retaining) educators to staff expanded programs at current compensation levels.

Although funding constraints are real, rescinding compensation requirements could perpetuate staffing issues that impact child enrollment and lead to a recurrence of what took place prior to the issuance of the 2024 rule: low compensation leads to staff vacancies; vacancies increase workload and stress for remaining staff; increased stress drives burnout and turnover; and turnover creates additional vacancies and limits the ability to serve eligible children.

[5] Federal funding for Head Start was $12.3 billion in fiscal years 2023-2025, with an increase of $85 million in FY 2026 for a total of $12.4 billion. Appropriations bills by year are available at https://www.congress.gov/crs-appropriations-status-table.

[6] The budget justification also indicated that the Administration projected that it could maintain current services by changing program standards to align with state child care requirements, which allow for higher ratios and fewer services.

High educator turnover also carries significant operational and financial costs. Programs must repeatedly invest in recruitment, onboarding, and training, diverting resources from direct services. Frequent staff turnover also disrupts the continuity of care that is essential to effective early learning and weakens the critical relationships between teachers and families. It also contributes to economic insecurity among the workforce itself, with early educators experiencing significantly higher rates of poverty than K–12 teachers.

IV. Examination of HHS Rationale for the NPRM

The HHS NPRM suggests in part that removing Head Start compensation standards will preserve or expand access for children. Specifically, the Administration states that the proposed rescission of the regulations "will give programs greater flexibility to determine how best to achieve their goals and administer a high-quality Head Start program while maximizing enrollment for children and families." However, as explained above, it was evidence to the contrary that led HHS to adopt these wage requirements in 2024. A major factor limiting the ability of Head Start programs to offer additional slots is their challenge in hiring and retaining their workforce, which is fundamentally a compensation problem. National data consistently show that compensation is the primary driver of staffing shortages across programs. Further the Administration's FY 2027 budget did not request additional funds to support local programs in raising wages. Moreover, the Administration for Children and Families rescinded previous guidance from the Office of Head Start instructing programs on how to raise wages and support recruitment and retention by reallocating their budget to accommodate higher wages as well as guidance on providing bonuses.

HHS also argues that the prior Administration lacked authority to issue the 2024 rule altogether, citing a provision in the Head Start Act that prohibits Head Start employees from being paid in excess of those in comparable fields or below the federal minimum wage. 42 U.S.C. 9848(a). However, while these provisions in the Head Start statute prescribe a ceiling and floor for wages, the statute does not expressly prohibit the establishment of a salary expectation for teachers and staff. Further, the Head Start Act provides the Secretary with express authority to promulgate regulations on program performance standards, which is what the agency relied upon in its 2024 rulemaking.[7]

V. Conclusion

The 2024 HHS rule and new proposal rescinding those regulations seek to address complex issues regarding access to high-quality Head Start programs. If finalized, the proposed rule would eliminate any federal standard for compensation in Head Start. Removing compensation standards would shift responsibility to local programs to address the underlying structural problem of inadequate funding for competitive wages. As a result, many programs may continue to offer noncompetitive compensation, exacerbating recruitment and retention challenges in the ways described above.

[7] *See Supporting the Head Start Workforce and Consistent Quality Programming*, 89 Fed. Reg. 67,720 (Aug. 21, 2024) (citing 42 U.S.C. 9836a(1)(E) ("The Secretary shall modify, as necessary, program performance standards by regulation applicable to Head Start agencies and programs under this subchapter, including…standards as the Secretary finds to be appropriate.")).