

Directed by Executive Order: Reconsideration of the Regulatory Costs of Head Start's 2016 Final Rule

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KEY POINTS

- The 2016 Head Start Program Performance Standards final regulation anticipated that improved quality would justify potential reductions in access. Executive Orders 13563 and 13610 direct agencies to measure actual regulatory results and periodically review existing significant regulations, modifying, streamlining, expanding, or repealing them in accordance with what has been learned.
- The tradeoffs posited in the 2016 final rule were not observed. That rule forecasted costs per slot to be a static \$10 increase from 2015 costs, while in fact they rose by 49 percent through Fiscal Year 2024. In 2024 dollars, regular Head Start per slot costs were \$15,752, relative to \$10,575 as projected by the Regulatory Impact Analyses (RIA).
- The 2016 rule forecasted rising costs would lead to the loss of 123,614 Head Start slots by 2025. In fact, the number of slots fell by 277,658 over that time.
- The 2016 rule forecasted that quality measures, as measured by the Classroom Assessment Scoring System, would increase, when in fact, through Fiscal Year 2026, they hardly changed.

BACKGROUND

The 2016 Head Start Program Performance Standards, finalized in a rule by the Administration for Children and Families (ACF), largely remain in force today.¹ Among other changes, the 2016 final rule tightened requirements for staff-child ratios and group sizes. It described a tradeoff between cost, access, and quality: higher regulatory costs were expected to reduce funded enrollment, absent offsetting resources, with the goal of improving quality of services. Before ACF finalized those requirements, commenters warned that regulatory costs would escalate.² In fact, prior to the publication of the final rule, out-of-pocket payments for child care more broadly rose by 86 percent from 1995 to 2016, as shown by [ASPE analysis](#).³ The Regulatory Impact Analysis (RIA) that accompanied the final rule nevertheless used a Fiscal Year (FY) 2015 Head Start cost per child of \$8,035—only \$10 above the then-current \$8,025—and held that \$8,035 unit cost constant throughout the forecast window.^{4,5}

ACF used the resulting \$8,035 unit-cost assumption to estimate major regulatory costs and to translate those costs into potential slot losses. This assumption did not account for the potential for substantial per-slot cost increases that would likely derive from the full changes in the regulation. Now we know that ACF underestimated slot losses by at least a factor of two.

Executive Orders [13563](#) “Improving Regulation and Regulatory Review” and [13610](#) “Identifying and Reducing Regulatory Burdens” direct agencies to review existing significant regulations and to modify, streamline, or repeal them in accordance with what has been learned. The failure of material assumptions used in the 2016 rule is therefore a reason to revisit the requirements it imposes on Head Start programs. This brief focuses on regular Head Start, which serves children ages three to five, and Early Head Start, which serves children birth to age three.

THE LOOKBACK DIRECTED BY EXECUTIVE ORDERS

Executive Orders (EOs) 13563 and 13610 were in force in 2016 and remain in force. They do not treat an *ex ante* RIA as the last word.

- **EO 13563** (issued January 18, 2011) states that the regulatory system “must measure, and seek to improve, the actual results of regulatory requirements.” An agency may propose or adopt a regulation only upon a reasoned determination that its benefits justify its costs. Section 6 then directs agencies to review existing significant regulations that may be outmoded, ineffective, insufficient, or excessively burdensome, and to modify, streamline, expand, or repeal them “in accordance with what has been learned.”⁶
- **EO 13610** (issued May 10, 2012) makes that review a standing process rather than a one-time exercise. It quotes the “actual results” sentence, requires periodic review of existing significant regulations, instructs agencies to release retrospective analyses and supporting data online where practicable, and gives priority to reforms that produce significant quantifiable monetary savings or paperwork reductions.⁷

In addition, EO [14192](#) “Unleashing Prosperity Through Deregulation” (issued January 31, 2025) directs “the executive branch to be prudent and financially responsible in the expenditure of funds, from both public and private sources, and to alleviate unnecessary regulatory burdens placed on the American people” and calls on agencies to identify existing regulations for repeal.⁸

The 2016 final rule imposed requirements on the premise that those costs would be less than the value of the quality gains. If the cost projections prove to be too low, the cost side of that bargain was understated. ACF would be directed by EO 13563 §6 to revisit the 2016 rule with the updated understanding that its requirements are more costly.

[Analysis](#) from the U.S. Department of Health and Human Services (HHS) Office of the Assistant Secretary for Planning and Evaluation (ASPE) on increases in per child costs and access since 2007 includes some of the actual results measurement those orders require.⁹

WHAT THE 2016 RULE FORECASTED FOR COSTS PER SLOT

Table 1 shows the derivation of the estimate used by ACF to forecast the impact of the 2016 rule. The \$8,035 unit price is FY15 Head Start grant expenditures plus a credential-driven teacher-salary increase, divided by funded enrollment.¹⁰

Table 1. Estimate from the 2016 Rule for Regular Head Start Per Child Costs

Input	Amount
FY15 Head Start grant expenditures	\$6,354,595,188
Teacher salary increases associated with § 1302.91(e)	+\$7,874,124
FY15 Head Start funded enrollment	791,886
FY15 actual cost per child	\$8,025
Modeled cost per child	\$8,035
Modeled increment, held for the forecast window	+\$10

Adjusted for inflation, the 2016 rule has the same \$8,035 as its prediction for subsequent years. It is the price of converting a double-session slot, the numerator for the add-days hourly spending (\$8,035 / 956.49 hours ≈ \$8.40), and the divisor in the slot-loss calculation. For slot loss, the RIA did not inflate the unit cost for teacher salary increases or additional service hours, “because we believe the current cost per child is the best indicator for the number of slots programs would need to cut.”¹¹ Early Head Start slot loss uses a parallel FY15 freeze at \$12,189.

The 2016 RIA reports costs in real dollars, relying on data from Congressional appropriation reporting, adjusted with White House Office of Management and Budget cost-of-living assumptions (\$264 million by FY18 for the 50-percent duration requirement; an additional \$711 million by FY20 for 100 percent).^{12,13} That cost-of-living adjustment table is a funding-request exhibit. It is not an escalation of the \$8,035 used to cost duration and to translate spending into lost slots. Wage growth, price growth, and post-duration intensity never entered the unit cost of a slot.

WHAT COSTS PER SLOT ACTUALLY DID

Table 2 takes the 2016 final rule’s \$8,035 (for regular Head Start) and \$12,189 (for Early Head Start) as the FY15 averages, inflates them to 2024 dollars with the Consumer Price Index (CPI), and compares them with FY24 spending per slot.¹⁴ Importantly, ACF issued a new regulation on wages and benefits (45 CFR §1302), which likely would affect costs. Data presented for FY24 largely precedes implementation of this rule, which wouldn’t be fully implemented until 2031. The data in Table 2 reflect the implementation of the 2016 rule plus subsequent appropriations.

Table 2. Increase in Head Start and Early Head Start Cost per Slot, FY15-24

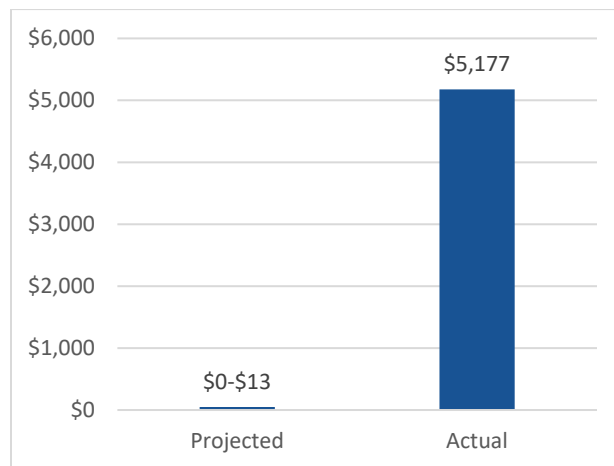
	FY15, nominal	FY15, 2024 dollars	FY24	Real increase beyond CPI
Head Start Preschool	\$8,035	\$10,575	\$15,752	+49%
Early Head Start	\$12,189	\$16,042	\$21,175	+32%

The CPI factor is $\$10,575 / \$8,035 \approx 1.316$. Applied to the RIA’s pre-adjustment FY15 actual of \$8,025, the inflation-only FY24 counterpart would be about \$10,562. Either baseline yields the same conclusion. Over the same period, funded slots fell from 944,581 in FY15 to 666,923 in FY25 (–277,658, or –29 percent).¹⁵

Real per slot spending for regular Head Start FY24 was 49 percent above the inflation-adjusted FY15 unit price that the RIA froze. Data on the broader child care market– reflected in the CPI for All Urban Consumers (CPI-U) for day care and preschool – show costs increased by 36.5 percent from 2016 to 2025. The entire modeled movement in that unit price was \$10 (\$13 in 2024 dollars). Actual real growth was \$5,177 per slot, exceeding \$13 by a factor of about 400 (Figure 1).

Other factors may contribute to rising costs of Head Start. Even so, if the 2016 RIA had foreseen increases in the costs of staff-intensive models, it may have given more consideration of policy options that were less staff-intensive.

Figure 1: Increase in Head Start Cost per Slot, Projected in the 2016 2016 Head Start Program Performance Standards Regulatory Impact Analysis and Observed from 2016 to 2024 (2024 dollars)



WHAT THE 2016 RULE FORECASTED FOR SLOT LOSS

The 2016 RIA translated unit costs into a projection on number of slots. The rule predicted that there may not be any slot loss if Congress appropriated enough to cover changes implemented by the rule.¹⁶ If it did not, and if the Secretary did not lower the duration requirements, the RIA projected that the net costs from the rule upon full implementation could be associated with a reduction in the number of

children served by as many as 123,614 in the 10th year after implementation.¹⁷ The RIA called that figure an overestimate, because some of the estimated costs were reallocations of existing funds rather than new outlays. Of the total slot losses, 121,226 were Head Start and 2,388 were Early Head Start. The 2016 RIA already counted the \$294 million appropriated in FY16 for duration; the remaining year-ten Head Start cost was \$1.003 billion.¹⁸

Table 3 reports the slot losses projected in the 2016 RIA compared to the actual observed losses from FY16 to FY25. The 2016 RIA projected zero slot losses in 2016-2017 Head Start program year, 15,540 in 2017-2018, then 27,134, 45,948, and 60,651 through 2020-2021, and about 123,000 from 2021-2022 onward, when 100 percent of Head Start center-based slots were to reach 1,020 hours.¹⁹ As of FY25, slots actually fell more than twice what the 2016 rule predicted for its unfunded scenario.²⁰

Table 3. Forecast and Observed Slot Loss Following 2016 Rule

RIA Forecasts		Observed		
Head Start Program year	Slot loss from FY15	Fiscal Year	Funded Slots	Slot Loss from FY15
Year 1 2016/17	0	2016	915,603	28,978
Year 2 2017/18	15,540	2017	899,374	45,207
Year 3 2018/19	27,134	2018	887,125	57,456
Year 4 2019/20	45,948	2019	873,019	71,562
Year 5 2020/21	60,651	2020	852,501	92,080
Year 6 2021/22	123,289	2021	839,116	105,465
Year 7 2022/23	123,394	2022	833,075	111,506
Year 8 2023/24	123,583	2023	778,420	166,161
Year 9 2024/25	123,643	2024	715,873	228,708
Year 10 2025/26	123,614	2025	666,923	277,658

Note: RIA years are Head Start program years (August 1–July 31). Observed funded slots reflect the funded enrollment by fiscal year, pulled from Figure 2 in Schreier, Rendon, and Benton (2026) and ACF Congressional Budget Justifications. Predicted loss is the 2016 RIA’s conversion of the rule’s estimated costs into slots at FY15 unit costs, relative to then-current enrollment. “Slot loss” in the Observed columns is the change in total funded enrollment. Rows align years for display, but refer to slightly different reporting periods and outcomes.

The scale of later appropriations is similar to the 2016 RIA’s price for avoiding slot loss. Head Start’s appropriation was \$8.6 billion in FY15 and \$12.3 billion in FY24.²¹ Using the same CPI factor as the spending-per-slot table (1.316), the FY15 appropriation is about \$11.3 billion in 2024 dollars. The real increase is about \$1.0 billion — like the \$1.0 billion year-ten cost the RIA treated as the remaining bill after the \$294 million duration appropriation.²²

The fully funded scenario predicted zero slot loss from the 2016 requirements. The unfunded scenario predicted at most 123,614, and labeled that an overestimate. Real appropriations rose by about \$1 billion, the duration mandate was scaled back, and slots still fell by more than the unfunded upper bound.

The actual loss in slots may in part be a result of factors other than the 2016 rule. Even so, slot losses were the main cost acknowledged by the rule and might have been seen in a different light against a backdrop of slots that were being lost for other reasons.

WHAT THE 2016 RULE FORECASTED FOR QUALITY

The 2016 RIA emphasized that its new requirements would enhance quality, improve child outcomes, and increase the return on taxpayer dollars. It assumed that the rule's policy changes would improve teaching practices and provide every child in Head Start with high quality early learning experiences.²³ This impact rested on an assumption of Head Start being fully funded.²⁴

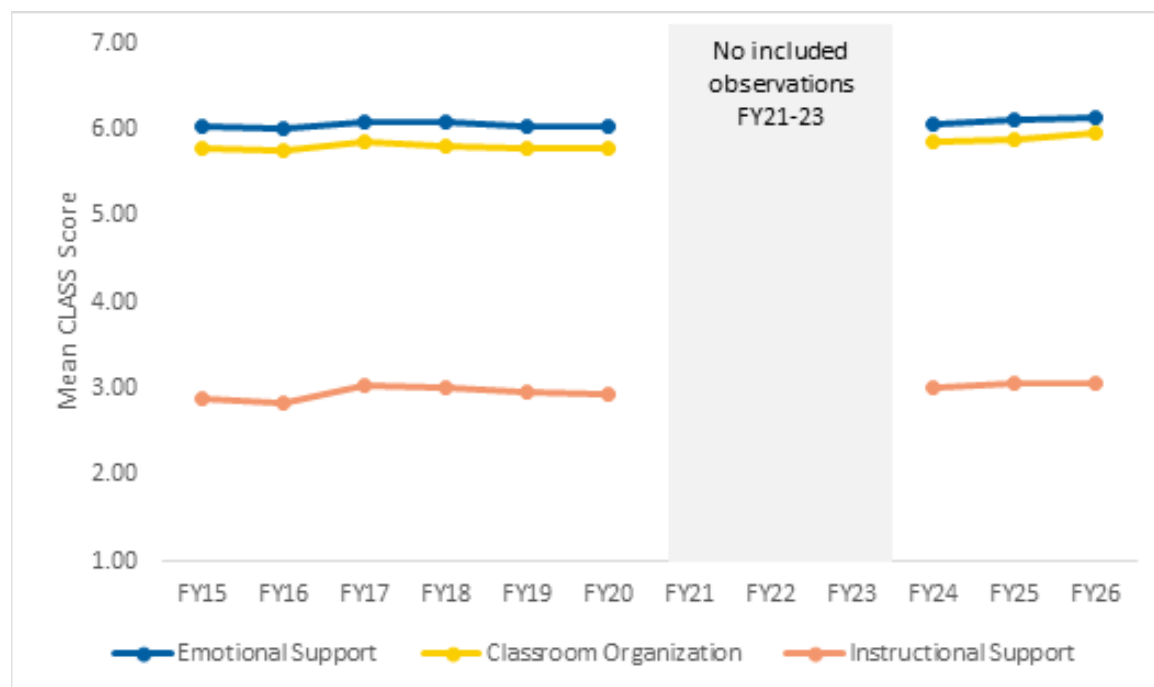
The RIA said it could not quantify the precise incremental benefit, which would likely vary from program to program.²⁵ Still, quality is observable. The Head Start Act requires ACF to assess classroom quality with a valid, reliable research-based instrument of teacher-child interaction. In 2011, ACF chose the Classroom Assessment Scoring System (CLASS), an observational score from 1 to 7 in three domains: "Emotional Support," "Classroom Organization," and "Instructional Support."²⁶ It has used CLASS for that purpose ever since. "Emotional Support" and "Classroom Organization" measure climate and order. "Instructional Support" measures teaching itself: concept development, quality of feedback, and language modeling.

The 2016 final rule was preceded by a proposed rule in 2015, which emphasized that low average "Instructional Support" was a problem that its proposed education provisions would address. According to the proposed rule, "Instructional Support" scores from Head Start monitoring in 2013 were approximately 3 points lower on a 7-point scale, on average, than either the average scores for the "Emotional Support" and "Classroom Organization" domains. The proposed rule asserted that this reflected a clear need for improvement, and also stated that the rule's proposed education provisions would improve teaching practices and education service delivery.²⁷

WHAT QUALITY MEASURES ACTUALLY DID

From FY15 through FY26, mean CLASS scores across all three domains were practically flat, as seen in Figure 2. The "Instructional Support" domain remains the lowest, still near 3. "Instructional Support" did not improve materially during the decade following the 2016 requirements.

Figure 2: Mean Head Start CLASS Scores Showed No Meaningful Change from FY15 to FY26



Note: Annual means. FY21–22 reviews were paused; FY23 pilot data were excluded. Source: ASPE Report, “HHS’ Historical Approach to Head Start Regulation Following the 2007 Statutory Reauthorization has Increased Costs and Reduced Access, without Substantial Quality Gains” August 2026, Figure 1.

Before the rule, the “Instructional Support” domain had already risen from 2.72 in 2013²⁹ to 2.88 in FY15,³⁰ a 0.16-point move — about 5 percent of the 3.3-point deficit the 2015 proposed rule flagged.³¹ After the 2016 final rule, the domain means were practically flat through FY26. A tenth of a point of subsequent movement is 3 percent of that 3.3-point deficit. Regardless of the potential impact of the rule changes, on average CLASS scores did not meaningfully change after the rule.

The 2016 rule’s quality prediction was not demonstrated by the CLASS measures. A significant increase in teaching practices and classroom quality should have shown up in CLASS. Head Start remained around 3 on average on the teaching interactions that were supposed to justify the extra cost per slot.

ACTUAL OUTCOMES UNDERMINE THE BENEFIT-COST RATIONALE PUT FORWARD BY THE 2016 HEAD START RULE

The 2016 Head Start Program Performance Standards Rule’s basis was that additional requirements and fewer slots would be justified by quality gains for children who remained enrolled. That rule asserted that the benefit to society of the rule was based on the relative gains to enrolled children who experienced higher quality learning experiences, relative to the lost benefits for children who no longer have access to Head Start.³²

Spending per slot rose far more than inflation and CLASS scores did not close the “Instructional Support” deficit that the 2015 proposed rule asserted as a quality problem. In fact, additional evidence on the

services enrolled children received suggests their level of services actually declined. Per an [ASPE analysis](#), From FY2016 to FY 2025, the share of children up-to-date on well-child visits fell from 85 to 74 percent, the share up-to-date on immunizations fell from 88 to 81 percent, the share of newly enrolled children receiving required screenings within 45 days fell from 89 to 82 percent, and the share of families receiving parenting education fell from 49 to 41 percent. Across all services examined, 67 percent diminished in volume and service rates declined for about 46 percent.³³

The fact that the original 2016 RIA's projections clearly did not hold indicates the 2016 rule should be reviewed under Executive Orders 13563 and 13610. The RIA's cost assumptions did not hold, and quality increases as demonstrated by CLASS or increased services did not offset the rule's requirements. EO 13563 requires that benefits justify costs and that agencies act on what retrospective analysis shows. EO 13610 gives priority to quantified burden reduction. The fact that costs increased more than the original 2016 RIA projected, alongside evidence of slot reductions and lack of quality improvements, is a reason to modify, streamline, or repeal the 2016 requirements that still stand.

REFERENCES

- ¹ Head Start Performance Standards, 81 Fed. Reg. 61294 (Sept. 6, 2016), RIA duration-cost discussion, <https://www.federalregister.gov/d/2016-19748/p-1251>.
- ² Id., comment and response, <https://www.federalregister.gov/d/2016-19748/p-1219>.
- ³ Swenson, K. and Burgess Simms, K. “Increases in Out-of-Pocket Child Care Costs: 1995 to 206.” Office of the Assistant Secretary for Planning and Evaluation. U.S. Department of Health and Human Services, May 2021.
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- ⁵ Id., <https://www.federalregister.gov/d/2016-19748/p-1220>.
- ⁶ Exec. Order No. 13563, Improving Regulation and Regulatory Review, 76 Fed. Reg. 3821 (Jan. 21, 2011), §§ 1(a), 1(b), 6.
- ⁷ Exec. Order No. 13610, Identifying and Reducing Regulatory Burdens, 77 Fed. Reg. 28469 (May 14, 2012), §§ 1–3.
- ⁸ Exec. Order No. 14192, Unleashing Prosperity Through Deregulation, 90 Fed. Reg. 24 (January 31, 2025)
- ⁹ See Alayna Schreier, Jessica Rendon, and Amanda Benton, HHS’ Historical Approach to Head Start Regulation Following the 2007 Statutory Reauthorization has Increased Costs and Reduced Access, without Substantial Quality Gains, Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services, August 2026.
- ¹⁰ Head Start Performance Standards, 81 Fed. Reg. 61294 (Sept. 6, 2016), RIA duration-cost discussion, <https://www.federalregister.gov/d/2016-19748/p-1251>.
- ¹¹ Id., potential slot-loss discussion, <https://www.federalregister.gov/d/2016-19748/p-1462>.
- ¹² Id., <https://www.federalregister.gov/d/2016-19748/p-1220>.
- ¹³ Id., implications of Congressional and Secretarial actions, <https://www.federalregister.gov/d/2016-19748/p-1458>.
- ¹⁴ Schreier, Rendon, and Benton, *supra*, Table 2 and accompanying text. FY15 nominal averages are those reported in the 2016 Final Rule. FY24 averages are ASPE estimates derived from internal administrative data; a January 2026 ASPE brief reports medians (\$14,532 Head Start Preschool; \$20,294 Early Head Start).
- ¹⁵ Id., Figure 2 (funded enrollment).
- ¹⁶ Head Start Performance Standards, 81 Fed. Reg. 61294 (Sept. 6, 2016), implications of Congressional and Secretarial actions, <https://www.federalregister.gov/d/2016-19748/p-1454>.
- ¹⁷ Id., potential slot-loss discussion, <https://www.federalregister.gov/d/2016-19748/p-1464>.
- ¹⁸ Id., summary of costs, year-ten Head Start cost after FY 2016 duration funding \$1,003,152,645.
- ¹⁹ Id. at 81 Fed. Reg. 61405, Potential Slot Loss table. Program years begin August 1. The table already includes the \$294 million FY 2016 duration appropriation, applied beginning in year 3 for Early Head Start and year 4 for Head Start.
- ²⁰ Schreier, Rendon, and Benton, *supra*, Figure 2 (funded enrollment).
- ²¹ Office of Head Start, Head Start Program Facts: Fiscal Year 2015 (total appropriation \$8,598,095,000); Head Start Program Facts: Fiscal Year 2024 (total appropriation \$12,271,361,085), <https://headstart.gov/program-data/article/head-start-program-facts-fiscal-year-2024>. CPI factor 1.316 from the spending-per-slot table: \$8.598 billion × 1.316 ≈ \$11.32 billion in 2024 dollars; \$12.271 billion – \$11.32 billion ≈ \$0.96 billion.
- ²² The next administration took actions the 2016 RIA said would avert duration-driven slot losses—yet total funded enrollment still fell.
- ²³ Head Start Performance Standards, 81 Fed. Reg. 61294 (Sept. 6, 2016), RIA benefits analysis, <https://www.federalregister.gov/d/2016-19748/p-1365>.

²⁴ Id., costs and benefits to society, <https://www.federalregister.gov/d/2016-19748/p-1439>.

²⁵ Id., costs and benefits to society, <https://www.federalregister.gov/d/2016-19748/p-1439>.

²⁶ Schreier, Rendon, and Benton, supra, citing Head Start Act § 641A(c)(2)(F) and ACF’s identification of CLASS.

²⁷ Head Start Performance Standards, 80 Fed. Reg. 35430 (proposed June 19, 2015), <https://www.federalregister.gov/d/2015-14379/p-284>.

²⁸ Schreier, Rendon, and Benton, supra, “Impact on Quality” and Figure 1.

²⁹ Office of Head Start, A National Overview of Grantee CLASS Scores in 2013, Administration for Children and Families, U.S. Department of Health and Human Services.

³⁰ Office of Head Start, A National Overview of Grantee CLASS Scores in 2015.

³¹ $5.99 - 2.72 = 3.27$, reported as 3.3. The 2015 NPRM compared 2013 Instructional Support to Emotional Support and Classroom Organization, “approximately 3 points lower on a 7-point scale.” A tenth of a point is $0.1 / 3.3 \approx 3$ percent of that deficit. ASPE does not tabulate FY 2026 domain means; “a tenth of a point” is the scale of the “extremely small” / “practically flat” movement from the 2015 official Instructional Support mean of 2.88 remaining near 3 on Figure 1.

³² 81 Fed. Reg. 61294; quoted in Schreier, Rendon, and Benton, supra.

³³ Alayna Schreier, Samantha Steimle, and Jessica Rendon, From FY16 to FY25, Fewer Head Start Families Received Comprehensive Services and the Percentage of Families Receiving Services Also Declined for Many Categories, Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services, August 31, 2026, pp. 1, 3–12, https://aspe.hhs.gov/sites/default/files/documents/d09f085b67317c6447f63c7a6321096d/OHS%20Comprehensive%20Services_Final.pdf.

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