

**Announcement
#25-02**



Pennsylvania
**Office of Child Development
and Early Learning**

Pennsylvania Office of Child Development and Early Learning
Bureau of Policy and Professional Development

Issue Date: 10/29/25

Effective Date: 07/01/2025

Expiration Date: Date of released PKC/HSSAP funds for FY 25-26

Subject: Allowable Use of Pennsylvania Pre-K Counts and Head Start Supplemental Assistance Program Grant Funds

Priority: High

Category: Action Required

Action: Read Next Steps

Required Response: None

To: PA Pre-K Counts and Head Start Supplemental Assistance Program Providers

From:

A handwritten signature in black ink that reads 'Shante' A. Brown'.

Shante' A. Brown

Deputy Secretary, Office of Child Development & Early Learning

PURPOSE

To provide guidance related to the allowable use of Head Start Supplemental Assistance Program (HSSAP) and Pennsylvania Pre-K Counts (PA PKC) grant funds in response to the 2025-2026 state budget impasse.

BACKGROUND

PA Code Title XVI, Chapter 405, establishes rules and procedures for implementing the PA PKC program created to provide expanded access to high quality prekindergarten experiences for eligible students.

Section § 405.73. Use of Funds. states:

- (a) Funds may only be used for the costs associated with providing Program services to eligible students enrolled in the Program.
- (b) Funds may not be used for administrative or indirect costs.

Head Start Program Performance Standards (45 CFR part 1304) indicate program costs include costs incurred in accordance with an approved Head Start budget which directly relates to the provision of program component services.

DISCUSSION

The Office of Child Development and Early Learning recognizes that in order to support continued operations during the 2025-2026 state budget impasse, many HSSAP and PA PKC grantees have secured or anticipate securing a loan and/or line of credit. While grantees are not required to explore these external financing options, doing so may enable providers to proceed with HSSAP and PA PKC programming, retain staff and limit service disruption to families who rely on the programs.

HSSAP/PA PKC grantees with an approved 25-26 Continuation Grant/Budget who obtain a loan or line of credit specifically to sustain or provide HSSAP/PA PKC programming, may use grant funds to pay for interest associated with the loan or line of credit.

Only loans or lines of credit offered by licensed and regulated financial institutions with reasonable interest rates (at or under 30%) will be considered eligible for repayment using grant funds. Grant funds may only be used to pay off the principal and interest accrued during the period of the budget impasse, defined as the earliest possible date of first disbursement for FY25-26, (July 21, 2025, if Continuation Grant/Budget was approved by June 30, 2025) until the date of released PKC/HSSAP funds for FY25-26.

Grant funds may not be used to pay fees associated with the loan or line of credit including but not limited to: annual fees, maintenance fees, late payment fees, NSF/returned payment fees, draw fees, overlimit fees and balance transfer fees. Grant funds may not be used to pay collection or legal fees that result from non-payment of the original loan or line of credit.

Grantees are encouraged to consult the [Head Start Performance Standards](#) and [PA PKC Statute, Regulations and Guidelines](#) to assure compliance with fiscal responsibilities, disallowance of duplicate funding, recordkeeping and reporting.

NEXT STEPS

Providers intending to use grant funding to pay for interest associated with a loan/line of credit to sustain HSSAP/PKC programming must submit a budget revision as soon as possible, once HSSAP/PKC funds are released. The budget revision must be approved prior to using grant funding for this purpose. Providers will also be required to submit documentation of their loan or line of credit and proof of payment.

As a reminder, HSSAP/PA PKC Providers must communicate any delay in start dates and/or program interruptions for HSSAP/PA PKC to their Preschool Program Specialists.