



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

Issue Date: August 10, 2026

Effective Date: July 1, 2026

End Date: June 30, 2027

Subject: 2026-27 Keystone STARS Continuous Quality Improvement Awards

To: All DHS Certified Child Care Providers; Early Learning Resource Centers (ELRCs); and The Office of Child Development and Early Learning (OCDEL) ELRC Program Representatives

From: Shante' Brown 
Deputy Secretary, Office of Child Development & Early Learning

PURPOSE

To announce the 2026-27 Keystone STARS Continuous Quality Improvement (CQI) Awards, paid to eligible child care programs with a Department of Human Services (DHS) regular Certificate of Compliance (CoC) and designated as a Keystone STAR 2, 3, or 4. This Award is paid directly to eligible child care programs through the Early Learning Resource Centers (ELRCs), on behalf of the Office of Child Development and Early Learning (OCDEL).

This announcement replaces in its entirety *ELRC Policy Announcement 25 #03 Keystone STARS Continuous Quality Improvement (CQI) Awards*.

BACKGROUND

Keystone STARS is an initiative of OCDEL to improve, support, and recognize the quality of Pennsylvania's early learning and school-age programs. Providing financial awards, including tiered reimbursement, to Keystone STAR 2, 3, and 4 providers is one strategy implemented by OCDEL to improve child outcomes. To further support all Keystone STAR 2, 3, and 4 programs within the field, DHS issued Keystone STARS CQI Awards for the first time in the 2023-2024 fiscal year using federal Child Care Development Fund (CCDF) funds. The CQI Awards have continued to be offered on an annual basis.

DISCUSSION

No application is required for the CQI Award. Eligible child care providers will receive an **Eligibility and Acceptance Letter** from their ELRC which will include the maximum award amount and contact information.

General Provider Eligibility Requirements

To be eligible for a 2026-27 Keystone STARS CQI Award, a provider must meet all the following requirements as of July 31, 2026, and at the time of the Award payment issued by the ELRC:

- 1) **DHS Certification Status:** The provider must possess a current, regular DHS certificate of compliance. Providers with provisional certificates, those in a "refuse to renew" status, or those with revoked certificates are ineligible. An exception is made for providers operating with a provisional certificate of compliance

due solely to a change in location under the same legal entity. Newly opened programs operating with an initial provisional certificate will remain ineligible.

- 2) Keystone STARS Designation: The provider must be designated as a Keystone STAR 2, 3, or 4 program and must not be in a Keystone STARS Suspension status.

**See Policy Eligibility Exception for STAR 1 Programs and Special Consideration for STAR 2 and STAR 3 Programs.*

- 3) Prior CQI Award and financial Standing (if applicable)

The provider must:

- Have completed the reporting requirements for all previous grants and awards offered through OCDEL; and/or
- Not have an open referral or active repayment plan with the Office of Attorney General (OAG).

- 4) State Financial Standing: The provider must not have any outstanding liens or liabilities with the Pennsylvania Department of Revenue.

Providers who meet the above eligibility criteria as of July 31, 2026, but do not meet the criteria at the time of payment by the ELRC will be deemed ineligible to receive the award.

Eligibility Exception for STAR 1 Programs

OCDEL is providing a policy exception for STAR 1 programs who successfully move up to a STAR 2, 3, or 4. To be eligible for this policy exception, a STAR 1 program must meet all of the following criteria:

- Have an open move up designation case in the PD Registry Designation System as of July 31, 2026; **and**
- Successfully move up to a STAR 2, 3, or 4, as demonstrated by a completed designation case in the PD Registry System and a confirmed designation in PELICAN Keys to Quality on or before October 30, 2026; **and**
- Meet all other eligibility requirements at the time of award payment by the ELRC.

Special Consideration for STAR 2 and 3 Programs

OCDEL is offering special consideration for STAR 2 and STAR 3 programs that meet all eligibility criteria on July 31, 2026 and move to a higher STAR designation.

To qualify for a higher CQI Award amount, a STAR 2 and 3 program must meet all of the following criteria:

- Have an open move up designation case in the PD Registry Designation System as of July 31, 2026; **and**
- Successfully move up to a higher STAR level as demonstrated by a completed designation case in the PD Registry System and a confirmed designation in PELICAN Keys to Quality on or before October 30, 2026; **and**
- Meet all other eligibility requirements at the time of award payment by the ELRC.

STAR 2 and STAR 3 programs with an open move-up designation case as of July 31, 2026, and planning to complete their designation on or before October 30, 2026, are encouraged to contact their Quality Coach as soon as possible. The ELRC may delay issuing the Eligibility and Acceptance Letter until the designation change is finalized.

2026-2027 Keystone STAR CQI Award Amounts

The 2026–2027 CQI Award amounts remain largely consistent with previous CQI award cycles, with several targeted adjustments based on provider feedback.

Changes include:

- Family Child Care programs will receive an additional \$250 at each STAR level compared to previous CQI Award cycles.
- School Age Child Care programs will also receive an additional \$250 at each STAR level compared to previous CQI Award cycles.
- The addition of two new capacity tiers which include increased award amounts at each STAR level to better reflect program size and operational differences among larger providers. Previously, all centers with a licensed capacity of 181 or greater received the same award amounts at each STAR level. The two new capacity groupings are:
 - Licensed capacity of 181–250
 - Licensed capacity of 251 and over

These revisions were informed by provider feedback gathered over the past year through direct feedback shared with OCDEL and provider discussion groups facilitated through the State Advisory Council.

The table below displays the Keystone STARS CQI Award amounts based on provider type and Keystone STAR designation.

Provider Type	Maximum Award Amounts STAR 2	Maximum Award Amounts STAR 3	Maximum Award Amounts STAR 4
Family Child Care Home	\$750	\$1,250	\$1,750
Group Child Care Home	\$1,000	\$1,500	\$2,000
School Age Child Care (SACC) Only Provider	\$1,250	\$1,750	\$2,250
Category 1 Child Care Center (Licensed Capacity of 6-26)	\$1,500	\$2,000	\$2,500
Category 2 Child Care Center (Licensed Capacity of 27-38)	\$2,000	\$2,500	\$3,000
Category 3 Child Care Center (Licensed Capacity of 39-49)	\$2,500	\$3,000	\$3,500
Category 4 Child Care Center (Licensed Capacity of 50-62)	\$3,000	\$3,500	\$4,000
Category 5 Child Care Center (Licensed Capacity of 63-77)	\$3,500	\$4,000	\$4,500
Category 6 Child Care Center (Licensed Capacity of 78-93)	\$4,000	\$4,500	\$5,000
Category 7 Child Care Center (Licensed capacity of 94-113)	\$4,500	\$5,000	\$5,500
Category 8 Child Care Center (Licensed Capacity of 114-138)	\$5,000	\$5,500	\$6,000
Category 9 Child Care Center (Licensed Capacity of 139-180)	\$5,500	\$6,000	\$6,500
Category 10 Child Care Center (Licensed Capacity of 181 – 250)	\$6,000	\$6,500	\$7,000
Category 11 Child Care Center (Licensed Capacity of 251+)	\$6,500	\$7,000	\$7,500

Allowable Expense Categories

Eligible programs may use the Keystone STARS CQI Award funds for eligible expenses in the following categories:

- Staff Qualifications and Professional Development
- Early Childhood Education Program
- Partnerships with Families and Communities
- Leadership and Management
- Accreditation Costs (related to an OCDEL- approved Alternate Pathway)

These categories align with the Keystone STARS Performance Standards and reflect key areas that support quality improvement in early learning programs. **Award funds may be used for eligible goods and services purchased, received, and paid in full between July 1, 2026, and April 2, 2027.** Providers should refer to the [Keystone STARS 2026-2027 CQI Award Provider Resource Manual](#) for clarification on allowable expenses.

Ineligible Expenses

CQI Award funds may not be used for the following expenses. While this list is not exhaustive, it is intended to provide general guidance:

- Purchase of land, construction, or major renovations
- Purchase of gift cards, money orders, gift certificates, traveler's checks, or any other form of legal tender
- Purchase of alcohol
- Purchase of vehicles
- Staff entertainment, including amusement, diversion, or social activities – and any associated costs (e.g., event tickets, meals, lodging, rentals, transportation, or gratuities) that are not related to professional development
- Membership fees for civic, community, or social organization (e.g., Kiwanis, Lions Club)
- Purchase of any second-hand (used) items, including those obtained from individuals, yard sales, or auctions
- Coursework or professional development activities that are eligible for funding through the Professional Development Organizations (PDO), Rising STARS Tuition Assistance, Teacher Education and Compensation Helps (TEACH), or the Child Development Associate (CDA) Voucher programs
- 1099 payments to salaried or wage employees of the child care program
- Federally approved or corporate indirect costs charged to affiliated programs
- Salary increases or bonuses for staff working exclusively in state-funded early learning programs, such as PA Pre-K Counts, Head Start State Supplemental Assistance Program (HSSAP), and Infant-Toddler Contracted Slots (ITCS) Program

Final Expense Report (FER)

After award funds have been used for eligible expenses, the child care provider is required to submit a Final Expense Report (FER) to their ELRC on or before April 16, 2027. The FER will be available in both Excel and PDF formats. This one-page form allows providers to document how award funds were spent. The FER may be submitted electronically (e.g., email, fax, or through Provider Self Service [PSS]) or by mail via the United States Postal Service (USPS).

NEXT STEPS

Eligible programs should:

- Beginning on **August 31, 2026**, expect to receive a **Keystone STARS CQI Award Eligibility and Acceptance Letter** from their ELRC. Providers who believe they are eligible for an Award but have not received a **Keystone STARS CQI Award Eligibility and Acceptance Letter** by **November 30, 2026**, should contact their ELRC promptly.
- Refer to the [Keystone STARS 2026-2027 CQI Award Provider Resource Manual](#) for more information on the Keystone STARS CQI Award.

- Contact their ELRC with any questions. ELRC contact information can be found in the [Keystone STARS 2026-2027 CQI Award Provider Resource Manual](#).