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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. **2381**

02/27/2014 Authored by Myhra; Erickson, S.; Woodard and Kresha

The bill was read for the first time and referred to the Committee on Early Childhood and Youth Development Policy

03/17/2014 Adoption of Report: Re-referred to the Committee on Education Finance

1.1 A bill for an act
1.2 relating to education; clarifying early learning scholarships; amending Minnesota
1.3 Statutes 2013 Supplement, section 124D.165.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. Minnesota Statutes 2013 Supplement, section 124D.165, is amended to read:

1.6 **124D.165 EARLY LEARNING SCHOLARSHIPS.**

1.7 Subdivision 1. **Establishment; purpose.** There is established within the Office of
1.8 Early Learning an early learning scholarships program ~~in order~~ to increase access to
1.9 high-quality early childhood programs for children ages three to five.

1.10 Subd. 2. **Family eligibility.** (a) For a family to receive an early childhood education
1.11 scholarship, parents or guardians must meet the following eligibility requirements:

1.12 (1) have a child three or four years of age on September 1 of the current year, who
1.13 has not yet started kindergarten; and

1.14 (2) have income equal to or less than 185 percent of federal poverty level income
1.15 in the current calendar year, or be able to document their child's current participation in
1.16 the free and reduced-price lunch program or child and adult care food program, National
1.17 School Lunch Act, United States Code, title 42, sections 1751 and 1766; Head Start under
1.18 the federal Improving Head Start for School Readiness Act of 2007; Minnesota family
1.19 investment program under chapter 256J; child care assistance programs under chapter
1.20 119B; the supplemental nutrition assistance program; or placement in foster care under
1.21 section 260C.212.

1.22 (b) Notwithstanding the other provisions of this section, a parent under age 21 who
1.23 is pursuing a high school or general education equivalency diploma is eligible for an early

learning scholarship if the parent has a child age zero to five years old and meets the income eligibility guidelines in this subdivision.

(c) Any siblings between the ages zero to five years old of a child who has been awarded a scholarship under this section must be awarded a scholarship upon request, provided the sibling attends the same program.

(d) A child who has received a scholarship under this section must continue to receive a scholarship each year until that child is eligible for kindergarten under section 120A.20.

(e) Early learning scholarships may not be counted as earned income for the purposes of medical assistance under chapter 256B, MinnesotaCare under chapter 256L, Minnesota family investment program under chapter 256J, child care assistance programs under chapter 119B, or Head Start under the federal Improving Head Start for School Readiness Act of 2007.

(f) Early learning scholarships are not subject to withholdings for dues or fees under chapter 179A.

Subd. 3. **Administration.** (a) The ~~commissioner~~ director shall establish application timelines and determine the schedule for awarding scholarships that meets operational needs of eligible families and programs. The ~~commissioner~~ director may prioritize applications on factors including family income, geographic location, and whether the child's family is on a waiting list for a publicly funded program providing early education or child care services.

(b) Scholarships may be awarded up to \$5,000 for each eligible child per year. The director annually must establish average scholarship amounts based on current available market surveys of child care provider prices or other useful information. Average scholarship amounts must be proportionate across regions or counties and the director may adjust individual scholarship amounts to account for other assistance programs available to a child or the child's family. The director may increase by up to 15 percent the scholarship amount for children enrolled in a three-star Parent Aware rated program and may increase by up to 20 percent the scholarship amount for children enrolled in a four-star Parent Aware rated program so long as any increase added to the average scholarship amount does not exceed the actual program rate or tuition.

(c) A four-star rated program that has children eligible for a scholarship enrolled in or on a waiting list for a program beginning in July, August, or September may notify the ~~commissioner~~ director, in the form and manner prescribed by the ~~commissioner~~ director, each year of the program's desire to enhance program services or to serve more children than current funding provides. The ~~commissioner~~ director may designate a predetermined number of scholarship slots for that program and notify the program of that number.

(d) A scholarship is awarded for a 12-month period. If the scholarship recipient has not been accepted and subsequently enrolled in a rated program within ten months of the awarding of the scholarship, the scholarship cancels and the recipient must reapply in order to be eligible for another scholarship. A child may not be awarded more than one scholarship in a 12-month period.

(e) A child who receives a scholarship who has not completed development screening under sections 121A.16 to 121A.19 must complete that screening within 90 days of first attending an eligible program.

Subd. 4. **Early childhood program eligibility.** (a) In order to be eligible to accept an early childhood education scholarship, a program must:

(1) participate in the quality rating and improvement system under section 124D.142; and

(2) beginning before July 1, 2016, have a three- or four-star rating satisfy the director of its ongoing commitment to participate in the quality rating and improvement system.

(b) After July 1, 2016, the director may determine that a program not participating in the quality rating and improvement system is eligible to participate if:

(1) the program provider cites a hardship or special circumstance to indicate why the program is not yet rated; or

(2) the director determines through a separate evaluation or review that the program is eligible to participate.

(c) Any program accepting scholarships must use the revenue to supplement and not supplant federal funding.

Subd. 5. **Report required.** The ~~commissioner~~ director shall contract with an independent contractor to evaluate the early learning scholarship program. The evaluation must include recommendations regarding the appropriate scholarship amount, efficiency, and effectiveness of the administration, and impact on kindergarten readiness.

EFFECTIVE DATE. This section is effective for fiscal year 2015 and later.