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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 3019

04/23/2012 Authored by Slawik; Loon; Peterson, S.; Atkins and Ward
The bill was read for the first time and referred to the Committee on Education Finance

1.1 A bill for an act
1.2 relating to early education; dedicating certain net increases in revenue to an early
1.3 education scholarship program; proposing coding for new law in Minnesota
1.4 Statutes, chapter 119B.

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

1.6 Section 1. **[119B.0545] REVENUE ALLOCATION.**

1.7 Each year, the commissioner of management and budget must calculate the new
1.8 revenue raised by H.F. 2810, or any similarly styled bill intended to fund a Minnesota
1.9 Vikings stadium. Any net revenue remaining after any required allocation for the
1.10 Minnesota Vikings stadium fund must be allocated to the early childhood scholarship
1.11 program under section 119B.055.

1.12 Sec. 2. **[119B.055] EARLY EDUCATION SCHOLARSHIP PROGRAM.**

1.13 Subdivision 1. **Policy and purpose.** (a) The legislature finds that the current
1.14 state of school readiness and education outcomes in Minnesota requires immediate and
1.15 transformative action. The legislature notes that recent research findings illustrate the
1.16 challenges plaguing Minnesota's children and the state's future workforce, including:

1.17 (1) 50 percent of Minnesota kindergartners are not ready for school, meaning half of
1.18 Minnesota's students are behind before they even start school;

1.19 (2) Minnesota's achievement gaps between white, black, Hispanic, Asian, and
1.20 American Indian students are the highest in the country at grades 4 and 8, as well as
1.21 high school graduation;

2.1 (3) the share of Minnesota's 4th graders reading below the basic level for 2009
2.2 was 61 percent for the state's African Americans, 62 percent for Latinos, 37 percent for
2.3 Asians, and 57 percent for American Indians;

2.4 (4) of the state's white 4th graders, 22 percent were below basic proficiency for
2.5 reading;

2.6 (5) Minnesota's average costs for child care for young children are \$10,000 for
2.7 infant care and \$8,200 for four-year-olds;

2.8 (6) Minnesota ranks 38th out of 50 in terms of families' access to preschool;

2.9 (7) current spending for early education programs lacks accountability for outcomes
2.10 and does not reflect current child development science or families' economic realities; and

2.11 (8) Minnesota currently has 55,000 children younger than six living in families with
2.12 incomes below 100 percent of the federal poverty guidelines.

2.13 (b) The policy and purpose of this section is to use a portion of the resources raised
2.14 under this act to provide quality early education options to Minnesota's children to remedy
2.15 the conditions listed in paragraph (a).

2.16 Subd. 2. **Establishment.** The early education scholarship program is established to
2.17 make child care and early education services available to eligible low-income families.

2.18 Subd. 3. **Eligible family.** A family is eligible for a scholarship under this section
2.19 if the family:

2.20 (1) meets the requirements under sections 119B.07; 119B.09, subdivisions 1 and 4;
2.21 and 119B.10, except for families participating in the MFIP or diversionary work programs
2.22 under chapter 256J and transition year families under section 119B.011, subdivision 20;

2.23 (2) resides in Minnesota; and

2.24 (3) has a child who is at least three but not yet six years of age.

2.25 Subd. 4. **Eligible providers; provider choice.** (a) Providers eligible to accept an
2.26 early education scholarship as payment for child care or early education services for a
2.27 child include:

2.28 (1) an individual or child care center or facility, either licensed or unlicensed,
2.29 providing legal child care services as defined under section 245A.03;

2.30 (2) a school readiness program under section 124D.15; and

2.31 (3) a federal Head Start program.

2.32 (b) Parents may choose child care or early education providers as defined under
2.33 paragraph (a) that best meet the needs of their family. The state shall make resources
2.34 available to parents in choosing child care and early education services. The state may
2.35 require a parent to sign a release stating their knowledge and responsibilities in choosing a
2.36 legal provider described under paragraph (a).

3.1 Subd. 5. **Amount and length of early education scholarships.** (a) The amount of
3.2 an early education scholarship under this section must be based on:

3.3 (1) the income of the family, as determined under section 119B.09, subdivision 4;

3.4 (2) the number of people in the family, as defined under section 119B.011,
3.5 subdivision 13; and

3.6 (3) the number of eligible children in the applicant's family.

3.7 (b) The maximum scholarship awarded to the applicant for each eligible child in a
3.8 12-month time period must be determined by the commissioner.

3.9 (c) Families receiving a scholarship under this section shall continue to receive a
3.10 scholarship until they are no longer eligible.

3.11 (d) Families are responsible for payment to providers of any fees or charges not
3.12 covered by the scholarship.

3.13 Subd. 6. **Provider rates.** Eligible providers may not charge families using
3.14 scholarships under this section a rate that is higher than the rate charged to private paying
3.15 clients.

3.16 Subd. 7. **Funds; appropriations; waiting list.** Scholarships provided under this
3.17 section may be funded with state general funds, federal child care and development
3.18 funds, and county funds. Within the limits of available appropriations, the commissioner
3.19 shall distribute scholarships to eligible families in the form and manner established
3.20 by the commissioner. If there are insufficient funds to serve all eligible families, the
3.21 commissioner must prioritize applicants on the basis of income, prioritize applicants
3.22 who demonstrate to the commissioner's satisfaction that their children will be enrolled in
3.23 a quality-rated program, provide geographical balance when awarding the scholarships,
3.24 and keep a written record of the number of eligible families who have applied for a
3.25 scholarship. The commissioner must update the waiting list at least every six months.

3.26 Subd. 8. **Information.** The commissioner shall develop and provide information
3.27 about the program to eligible providers, human service agencies, and potential applicants.

3.28 **EFFECTIVE DATE.** This section is effective July 1, 2013.

3.29 Sec. 3. **APPROPRIATION.**

3.30 The amount allocated under section 1 is annually appropriated from the general
3.31 fund to the commissioner of education for early education scholarships under Minnesota
3.32 Statutes, section 119B.055.