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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 1058

02/28/2013 Authored by Winkler, Marquart, Nornes, Moran, Carlson and others
The bill was read for the first time and referred to the Committee on Early Childhood and Youth Development Policy
03/18/2013 Adoption of Report: Pass as Amended and re-referred to the Committee on Education Finance
By motion, recalled and re-referred to the Committee on Civil Law
03/21/2013 Adoption of Report: Pass and re-referred to the Committee on Education Finance

1.1 A bill for an act
1.2 relating to education finance; establishing an early learning scholarship program;
1.3 expanding access to quality early learning and care; appropriating money;
1.4 proposing coding for new law in Minnesota Statutes, chapter 124D.

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

1.6 Section 1. **[124D.143] EARLY LEARNING SCHOLARSHIPS.**

1.7 Subdivision 1. **Early learning scholarships established.** The Office of Early
1.8 Learning must oversee the early learning scholarship program in consultation with the
1.9 Minnesota Departments of Education, Human Services, and Health.

1.10 Subd. 2. **Duties.** The Office of Early Learning shall administer the early learning
1.11 scholarship program, establish participation standards for children and their families,
1.12 develop criteria for qualifying providers based on section 124D.142, and contract for
1.13 administrative services as necessary with a resource and referral organization under
1.14 section 119B.19, or other nonprofit or public entity.

1.15 Subd. 3. **Definitions.** (a) The terms defined in the subdivision apply to this section.

1.16 (b) "Director" means the director of the Office of Early Learning.

1.17 (c) "Eligible program" means a Head Start program under section 119A.50, school
1.18 readiness program under section 124D.15, or other school district child-based program
1.19 designed to provide early education services to children not yet in kindergarten, licensed
1.20 center-based child care program under chapter 245A, or licensed family child care
1.21 program under chapter 245A or other program providing early learning opportunities.

1.22 (d) "Income" has the meaning given in section 119B.011, subdivision 15.

1.23 (e) "Parent" means the parent or legal guardian of a child.

2.1 (f) "Prospective program" means an eligible program that makes a commitment to
2.2 enhance its quality of education and care and demonstrates to the director's satisfaction that
2.3 the program is pursuing a program rating. For fiscal years 2016 and later, a prospective
2.4 program must cite a hardship or demonstrate a special circumstance as to why the program
2.5 is not yet ready to enter the rating process, before the director may grant it eligibility.

2.6 (g) "Rated program" means an eligible program that receives one, two, three, or four
2.7 stars under the quality rating and improvement system established in section 124D.142.

2.8 Subd. 4. **Participant eligibility.** The parent of a child who will be at least three
2.9 years of age as of September 1 of the year of application, is eligible to apply for an early
2.10 learning scholarship if the family's income is at or below 185 percent of the federal poverty
2.11 level. The director of the Office of Early Learning may specify the form and manner of
2.12 the application for a scholarship. The director may establish a method to determine family
2.13 income but a parent meets this requirement by documenting their child's identification
2.14 through another public funding eligibility process, including the free and reduced-price
2.15 lunch program, National School Lunch Act, United States Code, title 42, section 1751, part
2.16 210; Head Start under federal Improving Head Start for School Readiness Act of 2007;
2.17 Minnesota Family Investment Program under chapter 256J; the Federal Supplemental
2.18 Nutrition Assistance Program; and child care assistance programs under chapter 119B and
2.19 no further information to verify income is required. Notwithstanding the other provisions
2.20 of this section, a parent under age 21 who is pursuing a high school or general education
2.21 equivalency diploma is eligible for an early learning scholarship, if the parent has a child
2.22 age zero to five years old and meets the income eligibility guidelines in this subdivision.

2.23 Subd. 5. **Scholarship amount.** The director annually shall determine the maximum
2.24 scholarship amounts based on the annual early care and education provider market survey
2.25 results adjusted for inflation as determined by the director, and may establish a range
2.26 of scholarship amounts taking into account the child's level of need and geographic
2.27 location. The director shall establish a scholarship amount schedule according to the
2.28 eligible program's rating and prospective programs under subdivision 3, paragraph
2.29 (g). The scholarship amounts may be designed to be layered around other assistance
2.30 programs available to that child. The director shall not consider local funds allocated to
2.31 support an early learning program when layering scholarships around other assistance
2.32 programs. Eligible providers must be notified of the scholarship allocations available in
2.33 their geographic location.

2.34 Subd. 6. **Award of scholarships.** (a) The director shall establish application
2.35 timelines and determine the schedule for awarding scholarships that meets operational
2.36 needs of eligible programs. The director may prioritize applications on factors including

3.1 family income, geographic location, and needs of the child. By March 15, eligible
3.2 programs may notify the director of the number of scholarship-eligible children who are
3.3 eligible under subdivision 4, and who have applied for enrollment in that program. To
3.4 facilitate enrollment planning, by April 15, the director shall notify eligible programs that
3.5 have provided enrollment information under this paragraph of the scholarship status of
3.6 each applicant. To the extent practicable and taking into account family mobility, the
3.7 scholarships must be awarded to eligible recipients beginning April 15 of each year for
3.8 a child's participation in a program starting in August or September of that year. Any
3.9 siblings of a child who has been awarded a scholarship under this section must be awarded
3.10 a scholarship upon request provided the sibling attends the same program. A child who
3.11 has received a scholarship under this section must continue to receive a scholarship until
3.12 that child enrolls in kindergarten or turns six years of age.

3.13 (b) A three- or four-star rated program that has a waiting list of children eligible for
3.14 scholarships may notify the director of the program's desire to serve additional children in
3.15 order to accommodate scholarship recipients. The director may designate a predetermined
3.16 number of scholarship slots for that program and notify the program of that number.

3.17 (c) A scholarship recipient may choose any available program and is not required to
3.18 enroll in a program with a predetermined number of slots.

3.19 (d) A child who receives a scholarship who has not completed development
3.20 screening under sections 121A.16 to 121A.19 must complete that screening within 45
3.21 days of first attending an eligible program.

3.22 Subd. 7. **Scholarship recipient choice of programs.** A scholarship recipient may
3.23 choose to apply to any rated program or prospective program for acceptance. If the
3.24 scholarship recipient has not been accepted and subsequently enrolled in a rated program
3.25 within ten months of receipt of the scholarship, the scholarship cancels and the recipient
3.26 must reapply in order to be eligible for another scholarship.

3.27 Subd. 8. **Building quality.** For fiscal years 2014 and 2015 only, the director must
3.28 develop a streamlined process to encourage eligible programs to enter the rating program.
3.29 As a part of building quality in the system of providers, the director may grant a parent
3.30 authority to use a scholarship at a prospective program.

3.31 Subd. 9. **Provider reimbursement.** The director may determine the form and
3.32 method of payment to the fiscal agent for each program serving a scholarship recipient.
3.33 The director may make quarterly payments on behalf of the scholarship recipient in
3.34 advance of the services provided to the child, or arrange other payment methods for
3.35 providers. The director may request information as necessary from providers to verify
3.36 scholarship payments.

4.1 Subd. 10. **Earned income calculation.** Scholarships paid to providers on behalf
4.2 of eligible parents must not be counted as earned income for the purposes of medical
4.3 assistance, MinnesotaCare, Minnesota Family Investment Program, diversionary work
4.4 program, child care assistance, or Head Start programs. Scholarships paid to providers on
4.5 behalf of eligible parents must not be considered child care funds for the purposes of the
4.6 child care assistance program under chapter 119B.

4.7 Subd. 11. **Student identification number.** The director may collect from
4.8 participating programs data including, but not limited to, demographic, socioeconomic,
4.9 participation, and assessment information related to scholarship program participants.
4.10 Data collected under this subdivision are private, as defined by section 13.02, subdivision
4.11 12. Participating program providers must treat the student identification numbers in a
4.12 confidential manner and must not disclose those numbers except as authorized under this
4.13 subdivision. A participating provider is liable for damages resulting from an improper
4.14 release of a student identification number under this subdivision.

4.15 Subd. 12. **Report required.** The director, in consultation with the children's
4.16 cabinet, shall develop and implement a plan to publicize and increase parent awareness of
4.17 early learning scholarships. The director must report the results of the outreach efforts to
4.18 the legislature by January 15 of each year.

4.19 Sec. 2. **FISCAL YEAR 2014 ONLY.**

4.20 Notwithstanding the timelines in section 1, for fiscal year 2014 only, the director
4.21 shall establish an expedited process to award scholarships to eligible recipients attending
4.22 three- or four-star rated programs to accommodate those eligible programs with fall
4.23 enrollment deadlines.

4.24 Sec. 3. **EARLY CHILDHOOD SCHOLARSHIPS.**

4.25 \$78,000,000 in fiscal year 2014 and \$105,000,000 in fiscal year 2015 are
4.26 appropriated from the general fund to the commissioner of education for transfer to the
4.27 Office of Early Learning for early education scholarship awards under section 1. The base
4.28 appropriation for this program for fiscal year 2016 is \$150,000,000.