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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 1220

02/25/2015 Authored by Kresha, Loon, Hertaus, Wills, Anderson, P., and others

The bill was read for the first time and referred to the Committee on Education Innovation Policy

03/12/2015 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 scholarship parameters;
1.3 appropriating money; amending Minnesota Statutes 2014, section 124D.165.
1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. Minnesota Statutes 2014, section 124D.165, is amended to read:

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

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

1.10 Subd. 2. **Family eligibility.** (a) For a family to receive an early learning scholarship,
1.11 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 school year,
1.13 who 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; the Food
1.18 Distribution Program on Indian Reservations, Food and Nutrition Act, United States
1.19 Code, title 7, sections 2011-2036; Head Start under the federal Improving Head Start for
1.20 School Readiness Act of 2007; Minnesota family investment program under chapter 256J;
1.21 child care assistance programs under chapter 119B; the supplemental nutrition assistance
1.22 program; or placement in foster care under section 260C.212.

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

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

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

2.6 (d) A child who has received a scholarship under this section must continue to
2.7 receive a scholarship each year until that child is eligible for kindergarten under section
2.8 120A.20 and as long as funds are available.

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

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

2.19 (b) For fiscal years 2014 and 2015 only, scholarships may not exceed \$5,000 per year
2.20 for each eligible child. For fiscal year 2016 and later, the commissioner shall establish a
2.21 target for the average scholarship amount per child based on the results of the rate survey
2.22 conducted under section 119B.02. The commissioner may increase by up to 15 percent
2.23 the scholarship amount for children enrolled in a three-star Parent Aware-rated program
2.24 and may increase by up to 20 percent the scholarship amount for children enrolled in
2.25 a four-star Parent Aware-rated program so long as any increase added to the average
2.26 scholarship amount does not exceed the actual program rate or tuition.

2.27 (c) A four-star rated program that has children eligible for a scholarship enrolled in
2.28 or on a waiting list for a program beginning in July, August, or September may notify the
2.29 commissioner, in the form and manner prescribed by the commissioner, each year of the
2.30 program's desire to ~~enhance program services or to serve more children than current funding~~
2.31 provides. The commissioner, after notifying and awarding scholarships to all qualified
2.32 families who applied, may designate a award remaining scholarship funds to predetermined
2.33 number of scholarship slots for that program programs and notify the program providers
2.34 of that number those scholarship funds. Beginning July 1, 2016, a school district or Head
2.35 Start program qualifying under this paragraph may use its established registration process
2.36 to enroll scholarship recipients and may verify a scholarship recipient's family income

3.1 in the same manner as for other program participants. Scholarships awarded under this
 3.2 paragraph must be paid to the eligible program provider designated by the award recipient,
 3.3 and must be transferred to another eligible program provider at the recipient's request.

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

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

3.12 ~~(f) For fiscal year 2017 and later, a school district or Head Start program enrolling~~
 3.13 ~~scholarship recipients under paragraph (e) may apply to the commissioner, in the form~~
 3.14 ~~and manner prescribed by the commissioner, for direct payment of state aid. Upon receipt~~
 3.15 ~~of the application, the commissioner must pay each program directly for each approved~~
 3.16 ~~scholarship recipient enrolled under paragraph (e) according to the metered payment~~
 3.17 ~~system or another schedule established by the commissioner.~~

3.18 Subd. 4. **Early childhood program eligibility.** (a) ~~In order~~ To be eligible to accept
 3.19 an early learning scholarship, a program must:

3.20 (1) participate in the quality rating and improvement system under section
 3.21 124D.142; and

3.22 (2) beginning July 1, ~~2016~~ 2020, have a three- or four-star rating in the quality rating
 3.23 and improvement system or be a program the commissioner determines is eligible based
 3.24 on an evidence-based program evaluation or program review.

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

3.27 (c) Notwithstanding paragraph (a), all Minnesota early learning foundation
 3.28 scholarship program pilot sites are eligible to accept an early learning scholarship under
 3.29 this section.

3.30 Subd. 5. **Report required.** The commissioner shall contract with an independent
 3.31 contractor to evaluate the early learning scholarship program. The evaluation must
 3.32 include recommendations regarding the appropriate scholarship amount, efficiency, and
 3.33 effectiveness of the administration, and impact on kindergarten readiness. By January
 3.34 15, 2016, the commissioner shall submit a written copy of the evaluation to the chairs
 3.35 and ranking minority members of the legislative committees and divisions with primary
 3.36 jurisdiction over kindergarten through grade 12 education.

4.1 **EFFECTIVE DATE.** This section is effective for fiscal year 2016 and later.

4.2 Sec. 2. **EARLY LEARNING SCHOLARSHIPS.**

4.3 There are appropriated from the general fund to the commissioner of education for
4.4 early learning scholarships under Minnesota Statutes, section 124D.165, the following
4.5 sums in the years designated:

4.6	\$	<u>2016</u>
4.7	\$	<u>2017</u>