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State of Minnesota  
**HOUSE OF REPRESENTATIVES**

EIGHTY-NINTH SESSION

**H. F. No. 2670**

03/08/2016 Authored by Kresha, Mariani, Kiel, Loon, Fenton and others

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

03/24/2016 Adoption of Report: Amended and re-referred to the Committee on Education Finance

1.1 A bill for an act  
1.2 relating to early childhood education; increasing funding for early learning  
1.3 scholarships, home visiting programs, and parent aware activities; eliminating  
1.4 the cap on early learning scholarships; expanding the eligible age range for early  
1.5 learning scholarships; amending Minnesota Statutes 2014, section 124D.165,  
1.6 as amended; Laws 2015, First Special Session chapter 3, article 9, section 8,  
1.7 subdivisions 3, 9.

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

1.9 Section 1. Minnesota Statutes 2014, section 124D.165, as amended by Laws 2015,  
1.10 First Special Session chapter 3, article 9, section 6, is amended to read:

1.11 **124D.165 EARLY LEARNING SCHOLARSHIPS.**

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

1.15 Subd. 2. **Family eligibility.** (a) For a family to receive an early learning scholarship,  
1.16 parents or guardians must meet the following eligibility requirements:

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

1.19 (2) have income equal to or less than 185 percent of federal poverty level income  
1.20 in the current calendar year, or be able to document their child's current participation in  
1.21 the free and reduced-price lunch program or child and adult care food program, National  
1.22 School Lunch Act, United States Code, title 42, sections 1751 and 1766; the Food  
1.23 Distribution Program on Indian Reservations, Food and Nutrition Act, United States  
1.24 Code, title 7, sections 2011-2036; Head Start under the federal Improving Head Start for  
1.25 School Readiness Act of 2007; Minnesota family investment program under chapter 256J;

2.1 child care assistance programs under chapter 119B; the supplemental nutrition assistance  
2.2 program; or placement in foster care under section 260C.212.

2.3 (b) Notwithstanding the other provisions of this section, a child from birth to age five  
2.4 and not yet enrolled in kindergarten is eligible for an early learning scholarship if the child's  
2.5 family meets the income eligibility standard established in paragraph (a), clause (2), and:

2.6 (1) the child's parent is under age 21 who and is pursuing a high school or general  
2.7 education equivalency diploma is eligible for an early learning scholarship if the parent  
2.8 has a child age zero to five years old and meets the income eligibility guidelines in this  
2.9 subdivision;

2.10 (2) the child is in foster care or otherwise a child in need of protection or services; or

2.11 (3) the child's family has experienced homelessness in the last 24 months.

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

2.15 (d) A child who has received a scholarship under this section must continue to  
2.16 receive a scholarship each year until that child is eligible for kindergarten under section  
2.17 120A.20 and as long as funds are available.

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

2.23 (f) A child from an adjoining state whose family resides at a Minnesota address as  
2.24 assigned by the United States Postal Service, who has received developmental screening  
2.25 under sections 121A.16 to 121A.19, who intends to enroll in a Minnesota school district,  
2.26 and whose family meets the criteria of paragraph (a) is eligible for an early learning  
2.27 scholarship under this section.

2.28 Subd. 3. **Administration.** (a) The commissioner shall establish application  
2.29 timelines and determine the schedule for awarding scholarships that meets operational  
2.30 needs of eligible families and programs. The commissioner may prioritize applications  
2.31 on factors including:

2.32 (1) family income;

2.33 (2) geographic location, and;

2.34 (3) whether the child's family is on a waiting list for a publicly funded program  
2.35 providing early education or child care services;

3.1 (4) whether the child is in foster care or otherwise a child in need of protection or  
3.2 services; and

3.3 (5) whether the child's family has experienced homelessness in the last 24 months.

3.4 ~~(b) For fiscal years 2014 and 2015 only, scholarships may not exceed \$5,000 per year~~  
3.5 ~~for each eligible child.~~ For fiscal year 2016 and later, the commissioner shall establish  
3.6 a target for the average scholarship amount per child based on the results of the rate  
3.7 survey conducted under section 119B.02. The commissioner may award a scholarship  
3.8 in excess of this amount to a child who qualifies for priority enrollment under paragraph  
3.9 (a), clause (4) or (5).

3.10 (c) A four-star rated program that has children eligible for a scholarship enrolled  
3.11 in or on a waiting list for a program beginning in July, August, or September may notify  
3.12 the commissioner, in the form and manner prescribed by the commissioner, each year  
3.13 of the program's desire to enhance program services or to serve more children than  
3.14 current funding provides. The commissioner may designate a predetermined number of  
3.15 scholarship slots for that program and notify the program of that number. Beginning July  
3.16 1, 2016, a school district or Head Start program qualifying under this paragraph may  
3.17 use its established registration process to enroll scholarship recipients and may verify a  
3.18 scholarship recipient's family income in the same manner as for other program participants.

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

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

3.27 (f) For fiscal year 2017 and later, a school district or Head Start program enrolling  
3.28 scholarship recipients under paragraph (c) may apply to the commissioner, in the form  
3.29 and manner prescribed by the commissioner, for direct payment of state aid. Upon receipt  
3.30 of the application, the commissioner must pay each program directly for each approved  
3.31 scholarship recipient enrolled under paragraph (c) according to the metered payment  
3.32 system or another schedule established by the commissioner.

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

3.35 (1) participate in the quality rating and improvement system under section  
3.36 124D.142; and

4.1 (2) beginning July 1, 2016, have a three- or four-star rating in the quality rating  
4.2 and improvement system.

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

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

4.8 Subd. 5. **Report required.** The commissioner shall contract with an independent  
4.9 contractor to evaluate the early learning scholarship program. The evaluation must  
4.10 include recommendations regarding the appropriate scholarship amount, efficiency, and  
4.11 effectiveness of the administration, and impact on kindergarten readiness. By January  
4.12 15, 2016, the commissioner shall submit a written copy of the evaluation to the chairs  
4.13 and ranking minority members of the legislative committees and divisions with primary  
4.14 jurisdiction over kindergarten through grade 12 education.

4.15 **EFFECTIVE DATE.** This section is effective July 1, 2016.

4.16 Sec. 2. Laws 2015, First Special Session chapter 3, article 9, section 8, subdivision 3,  
4.17 is amended to read:

4.18 Subd. 3. **Early learning scholarships.** For the early learning scholarship program  
4.19 under Minnesota Statutes, section 124D.165:

4.20 \$ 44,134,000 ..... 2016

4.21 ~~59,884,000~~

4.22 \$ ..... 2017

4.23 Up to \$950,000 each year is for administration of this program.

4.24 Any balance in the first year does not cancel but is available in the second year.

4.25 **EFFECTIVE DATE.** This section is effective July 1, 2016.

4.26 Sec. 3. Laws 2015, First Special Session chapter 3, article 9, section 8, subdivision 9,  
4.27 is amended to read:

4.28 Subd. 9. **Quality Rating System.** For transfer to the commissioner of human  
4.29 services for the purposes of expanding the Quality Rating and Improvement System under  
4.30 Minnesota Statutes, section 124D.142, in greater Minnesota and increasing supports for  
4.31 providers participating in the Quality Rating and Improvement System:

4.32 \$ 1,200,000 ..... 2016

4.33 ~~2,300,000~~

4.34 \$ ..... 2017

5.1 Any balance in the first year does not cancel but is available in the second year. The  
5.2 base for this program in fiscal year 2018 and later is ~~\$1,750,000~~ \$.....

5.3 **EFFECTIVE DATE.** This section is effective July 1, 2016.