



State Early Learning Scholarships Policy Manual

State Fiscal Year 2019

July 1, 2018 – June 30, 2019

This manual is current as of July 1, 2018.

This manual is designed to document policy, procedure, and process for the Early Learning Scholarships Program. The policies and procedures in this manual are subject to change by the Minnesota Department of Education (MDE). If changes are made, MDE will notify stakeholders as needed, including Area Administrators and Pathway II programs.

The information provided by MDE in this manual should not be deleted or altered.

Table of Contents

Table of Contents	2
Overview of the Early Learning Scholarships Program.....	4
Eligibility for Scholarships.....	4
Applying for Early Learning Scholarships.....	6
Priority Populations for Early Learning Scholarships.....	7
Interaction between State and Former Race-to-the-Top Scholarships	8
Income Verification	9
Family Residency	11
Early Childhood Health and Developmental Screening.....	11
Maximum Early Learning Scholarship Amount	11
Notification to Families of an Early Learning Scholarship Award.....	12
Family Choice of Early Care and Education Program	13
Child Attendance and Schedule.....	13
Renewal	15
PATHWAY I	16
Geographic Distribution for Scholarships.....	16
Outreach to Families about Early Learning Scholarships	16
Wait List.....	17
Program Choice	17
Eligibility of the Program	18
Approved Uses of Scholarship Funds: Pathway I	19
Using Pathway I Funds for Program Enhancements	20
Coordination with Early Care and Education Programs.....	20
Additional Scholarship Policies for Pathway I	21

Notification to Families	23
PATHWAY II	25
Use of Scholarships for Increasing Access	25
Determining Pathway II Scholarship Award Amount	27
Process and Eligibility for a Program to Apply for Pathway II Funds.....	27
Child’s Eligibility for Pathway II Early Learning Scholarships.....	27
Pathway II Invoicing.....	28
Child/Family Relocation: Moving/Awarding to a Cancelled Scholarship Record	28
Monitoring Pathway II Scholarships	29
Additional Scholarship Policies.....	30
Awarding, Delivering Services and Invoicing.....	30
Collecting Data and Tracking Scholarship Usage.....	30
Data Privacy Requirements	31
Early Learning Scholarship Reporting.....	32
Early Learning Scholarships Program Glossary of Terms	32
MDE Contacts	33

Overview of the Early Learning Scholarships Program

The Early Learning Scholarships Program was an initiative created by Governor Mark Dayton and finalized by the 2013 Minnesota Legislature to expand access to high-quality early childhood education programs for children ages 3 to 5 with high needs. In state fiscal year 2014, the Legislature appropriated \$23 million per year for state early learning scholarships. In the 2015 legislative session, \$44 million was appropriated for fiscal year 2016 and \$59 million for fiscal year 2017. The current appropriation for Early Learning Scholarships in fiscal year 2018 and 2019 is \$70.2 million.

Early learning scholarships support access to quality early education and care programs by bridging funding gaps and decreasing barriers. Eligible families must use the early learning scholarships to access a high-quality early education program for their child. Scholarship funds are used to cover the cost of serving additional children, extending a child's time in a high-quality program, parent fees, and charges for the child's attendance and/or enhance services. Early learning scholarships are administered by the Minnesota Department of Education (MDE). Scholarships must be used in programs that are Parent Aware Rated. Parent Aware, administered by the Minnesota Department of Human Services (DHS), is Minnesota's Quality Rating and Improvement System for early care and education programs. Based on research, Parent Aware Star Ratings help families identify programs using the practices that best prepare children for kindergarten.

Eligibility for Scholarships

Eligible children can access early learning scholarships in one of two ways:

- Pathway I: awarded directly to eligible children through Area Administrators
- Pathway II: awarded to children through an eligible Four-Star Parent Aware Rated program. Children must attend one of the designated Pathway II programs.

Area Administrators are administrative agencies designated by MDE to locally administer scholarships throughout Minnesota. They do outreach, process applications, verify eligibility, award scholarships, and process payments to early education programs. They also award scholarships directly to families through pay programs on behalf of the family.

Scholarship Administrator is the term used to describe the role of programs with Pathway II funds. Scholarship Administrators verify eligibility, award scholarships, deliver services, and invoice Pathway II scholarships within their program for payment.

Scholarships are available to families who meet the following eligibility requirements:

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

- Additionally, children awarded a scholarship must meet one or more of the following criteria:
 - A child who is age 3 or 4 as of September 1 of the current school year and not yet eligible for kindergarten. Note the scholarship fiscal year begins July 1. Children who turn 3 between July 1 and September 1 are eligible as of July 1 of the fiscal year. Children who will be 5 by September 1 remain age eligible until that date, so they can be awarded or have a scholarship renewed between July 1 and August 31 of the fiscal year.
 - A child between the ages of 0 and 5 of a parent under the age of 21 who is pursuing a high school or General Education Development (GED®) diploma is eligible for a scholarship if the parent meets the income eligibility guidelines. Teen parents pursuing their high school diploma or GED® need to supply their birthdate on the application to document their priority.
 - A child between the ages of 0 and 5 whose family has experienced homelessness within the last 24 months.
 - A child between the ages of 0 and 5 in foster care or in need of child protective services. In collaboration with the Department of Education, the Department of Human Services defines children whose families are receiving child protective services as those who are receiving an assessment or who are currently involved in any case management workgroup.
 - A sibling between the ages of 0 and 5 of a child who has been awarded a scholarship is eligible upon request, provided the sibling attends the same program and funds are available.

Once a child of any age is awarded a scholarship, they are eligible to continue to receive a scholarship until the day they are age-eligible for kindergarten (age 5 on September 1).

Scholarship Requirements–Family

- Children are not allowed to receive more than one state scholarship in a 12-month period.
- Families must provide accurate and consistent information on the initial application, renewal forms, and income documentation and provide the Area/Scholarship Administrator with any changes to address and contact information. Providing incorrect information may result in loss of scholarship and may require repayment for scholarship benefits already received.
- A child must be enrolled in an eligible program within 10 months of being awarded a scholarship or the scholarship will cancel and the family must reapply in order to be eligible for another scholarship. Scholarships may be cancelled earlier if families are unresponsive to Area Administrators’ requests for information about selecting and enrolling in a Parent Aware rated early care and education program.
- According to Minnesota Statutes, sections 121A.16 to 121A.19, a child between 3 and 5 years of age who is receiving a scholarship must complete developmental screening within 90 days from the first day attending an eligible early care and education program. The family has the right to refuse a screening without losing access to education services. Area Administrators should refer children 3 years or older to the district if they are a Conscientious Objector, so the district can record it in the MARSS system. Area Administrators should document the refusal and the referral to the district. Head Start and school programs should use the appropriate field on the registration form to indicate the conscientious objection.

Applying for Early Learning Scholarships

Parent/Legal Guardian

The parent/legal guardian must provide all required information in the parent section before a scholarship can be awarded. The application/award form must be signed by the parent. If there are two legal parents/guardians in the household, the second should be listed on the application under the “other adult” question. Information provided to verify income eligibility should be consistent with the information the family has provided on the application. For Pathway II applications, information provided on the scholarship application should be consistent with enrollment for the program in which the scholarship will be used. For either scholarship pathway, additional documentation may be requested to verify eligibility.

Note: *Both the Pathway I and the Pathway II Applications include optional information for education and employment status. This information is to be used for evaluation purposes only and must not be used to determine eligibility.*

Siblings

While not one of the four priority populations for early learning scholarships, scholarships must be considered for a younger, not yet age eligible, sibling of a current recipient, if requested. Siblings are children who share one or both parents through blood, marriage or adoption, including siblings as defined by the child’s tribal code or custom. For siblings to be considered for a scholarship, the application or award form must be submitted by the same legal guardian and the sibling must be listed on the application. Children of a foster parent are not considered siblings of the child(ren) in foster care.

A younger sibling who is not independently age-eligible cannot be awarded a scholarship unless the parent/legal guardian has indicated that that sibling is attending the same program as the older sibling, and the enrollment and regular attendance of the older sibling has been confirmed. If this is not indicated on the application, the parent/legal guardian may request a scholarship for the younger sibling once they have established that the child is attending the same program. While the sibling is eligible to be added, funds must be available before awarding. Siblings must meet the eligibility requirements under the same income as the 3- or 4-year-old child or child of a teen parent, in foster care, in need of child protective services, or experiencing homelessness within the last 24 months.

The sibling should only be considered for a scholarship if enrolled and attending the program that is administered by the same agency in the same physical location of the older child receiving the scholarship. MDE does not require a minimum period of enrollment before a change of program can be made once the scholarship is awarded. However, continuity (longevity, stability) and consistency of care for the benefit of the child’s learning experience is an important goal of the Early Learning Scholarships program. It is expected that Area Administrators communicate this goal with families as they are making their enrollment choices.

Different Pathways among Siblings

Siblings in a family may access different Pathway scholarships if:

- The siblings are age 3 or 4 as of September 1 of the current school year and not yet eligible for kindergarten.

-OR-

- The siblings are between 0 and age 5 of a parent under the age of 21 who is pursuing a high school or GED® diploma, are in foster care or in need of child protective services, or are in a family experiencing homelessness.

If these situations are not in place, siblings must access the same Pathway.

Priority Populations for Early Learning Scholarships

Children between the ages of 0 to 5 receive priority status for early learning scholarship funds if they are children of teen parents, in foster care, in need of (receiving) child protective services, or if the family has experienced homelessness in the previous 24 months.

Parents Under 21 (Teen Parents)

Teen parents (parents under age 21) who are requesting a scholarship for a child aged 0 through 2 must provide written proof that they are pursuing a high school diploma or GED®. Written proof means a copy of the official letter from the organization (on official letterhead) in which they are currently enrolled and actively participating in classes. Children of teen parents are prioritized to receive scholarships, but they do not automatically qualify as eligible until they can demonstrate that they are income-eligible by verifying the income of the parent(s) residing with the child including child support, if applicable.

Foster Care and Child Protective Services

Foster care parents cannot apply for the scholarship directly. If a child is in foster care, the address for the parent/legal guardian (home) on the application/award form will be the foster care agency address, with the address where the child is living noted on the application as the child mailing address. The foster care agency address will be entered into the Early Learning Scholarship Administration (ELSA) database under the parent/guardian address, with the resident school district of the child updated to be the school district based on the home address of the parent(s), if needed. The address where the child is currently residing, or as indicated by the foster care worker, will be entered under the child's record in ELSA.

For the purpose of assigning the State Student Identification (SSID) number, the foster care agency must inform the Area/Scholarship Administrator of the resident school district that is applicable to the child in order to ensure the correct resident school district is entered into ELSA. The foster care worker and the foster care parent may need to coordinate some of the details on the application to ensure accurate information, but the worker must actually be noted as the legal guardian. For more information, see the *Supplemental Guide for Priority Populations*. Note, there are conditions under which the foster care agency transfers legal guardianship

to the foster care parent. If this is the case, the foster care parent will have valid authorization and can provide such authorization, if requested.

As stated in the Sibling section, children of a foster parent are not considered siblings of the child(ren) in foster care.

When a child is not in foster care but the child's family is receiving child protective services, the social service agency should work with the child's parent or legal guardian to complete and submit an early learning scholarship application (2017 legislative session, chapter 5, article 8, § 4 § 5). This information and process has been communicated by the Minnesota Department of Human Services via their bulletin to social service agencies. The scholarship application has a section for the worker to sign along with the parent or legal guardian.

Homelessness

"Homeless" is defined using the Federal McKinney-Vento Act definition of homelessness. If the family resided in a shelter, car, outside, public space, hotel, or motel or doubled up with another family due to economic hardship, the child may be considered eligible for a scholarship if other requirements of age and residency apply. Questions to assess homelessness are included on the application. For more details visit the [Homeless/McKinney-Vento](#) web page.

Administering Priority Populations

Area Administrators are directed to reserve a minimum of 30 percent of new scholarships for the four priority populations: children of teen parents, children in foster care, children in need of child protection services (referral), and children experiencing homelessness in the past 24 months. Awards made to special populations in previous years will be tracked as a percentage of all scholarships. These awards do not count towards meeting the 30% funding reserve, nor as part of the distribution plan, though they may be factored in establishing or reallocating funds in an equitable distribution plan. Area Administrators must not reduce the priority set-aside without prior approval by the department.

Interaction between State and Former Race-to-the-Top Scholarships

Between 2012 and 2015, children may have received an early learning scholarship through the federal Race-to-the-Top Early Learning Challenge grant. Four community Transformation Zones in Minnesota received funds and scholarships. Maximum awards and funding priorities were locally driven. No new Race-to-the-Top (RTT) scholarships were awarded after state FY15. The department worked with the appropriate Area Administrators and RTT Transformation Zones to transition eligible children to state scholarships in the final year of the RTT grant. RTT scholarships ended June 30, 2016, and all eligible children were transitioned to state scholarships as of July 1, 2016. Scholarship awards may continue to be at the same amount as were awarded under RTT. Siblings not already awarded an RTT scholarship may be awarded under the same sibling requirements, using state early learning scholarships guidelines.

Income Verification

Families have two options to demonstrate their income eligibility. Written documentation must be included with the application **before** an award can be made.

Option 1:

A family can document that their child is participating in one of the following public assistance or publicly funded programs:

- Minnesota Family Investment Program (MFIP)
- Child Care Assistance Program (CCAP)
- Food Support (SNAP)
- Free and Reduced-Price Lunch Program (FRLP)
- Child and Adult Care Food Program (CACFP)
- Head Start
- Foster Care
- Food Distribution Program on Indian Reservations (automatically qualifies for FRLP)

For families that choose Option 1, applications/award forms must include written documentation that the family is currently participating in one of the above programs.

Acceptable proof of participation includes: official notice on program letterhead; application with program approval/signature (i.e., approved CACFP or FRPL application); authorization form from the public program; current bill or receipt from the program (i.e., MEC2 bill from CCAP); or screenshot from a program's official system of record (i.e., free or reduced-price lunch status in Infinite Campus).

Proof of participation must be dated and must be valid within six months of the award date or be valid for the same fiscal/school year if using an annual program (such as Head Start or FRPL). Proof must have the name of the parent/guardian and/or child. Proof from an older sibling (such as FRPL) can be used if it lists the parent name matching the parent name on the application or the same address as the household connected to the FRPL status.

Unacceptable proof includes: waitlist letter, unapproved application, documentation without a date, and/or expired documentation.

Additional documentation does not need to be provided for children in foster care, but the agency in charge of their placement must sign the application.

If a family is not sure what type of documentation to include, the Area/Scholarship Administrator will provide guidance to the family. The Area/Scholarship Administrator will not request or use additional income documentation once the family has established eligibility under Option 1.

Note: *Families cannot be determined as income-eligible for scholarships based solely program-level eligibility for CACFP or FRPL. Families must be eligible for CACFP or FRPL based on their own income in order to use CACFP or FRPL for Option 1 when applying.*

Option 2:

Families that do not document their eligibility through Option 1 may use Option 2 to verify their income eligibility. To be eligible under this option, families must have income equal to or less than 185 percent of the federal poverty guidelines in the current calendar year (see chart below). This option is called “Income Verified by Evidence” in ELSA.

Families must provide documentation of earned income for all income earners in the household. Proof of income may include:

- The previous year’s tax form, W-2 form, or the two most recent pay stubs.
- A financial aid statement.
- A signed statement from their employer on company letterhead.

Option 2 eligibility is confirmed by determining the annual income of the household and the family size, then comparing that information to the maximum gross income by family size (as provided in the chart below). Income must be at or below 185 percent of the federal poverty guideline. Household members include all people living in the household, related or not (such as grandparents, other relatives, or friends) who share income and expenses. The applicant must include themselves and all children who live with them. Households do not include other people who are economically independent, such as a roommate. ([View this guide for interpretation on determining household size for USDA programs such as Free and Reduced-Price Lunch.](#))

The chart below shows maximum household incomes by family size and is based on FY2018 poverty guidelines published in the Federal Register on January 18, 2018:

Family Size	Gross Income	Family Size	Gross Income
2	\$30,451	6	\$62,419
3	\$38,443	7	\$70,411
4	\$46,435	8	\$78,403
5	\$54,427	9*	\$86,395

*For family units of more than eight members, add \$7,992 for each *additional* member. See Family Size of 9 as an example.

When a family has no income to document and is not participating in any of the Option 1 programs, that family must submit a signed statement declaring that they have no income. It is expected that families with no documentable forms of income should be referred to local public assistance programs such as Minnesota Family Invest Program (MFIP) or the Supplemental Nutrition Assistance Program (SNAP) in order to access other services the family may need.

If the family is doubling up temporarily with other family or friends due to economic hardship or losing housing, that’s within the definition of homelessness. If it is a doubling up situation, the family is considered an individual family and the other people’s finances will not be included. If the household shares revenue and resources, then everyone’s income would be included within the applications. The family will need to determine if they are combining revenue and expenses and if not, then only the parent and his/her children should be included on the application.

Family Residency

The family's address on the application form must be verified as a Minnesota address. Enrollment in a program in Minnesota does not make a non-Minnesota resident eligible for a scholarship. Additional documentation of residency is not required.

Families must have a Minnesota address, irrelevant to where the parent works or attends school. Eligibility is extended to an eligible child living in a Minnesota border state, if that child has a Minnesota address as assigned by the U.S. Postal Service and has received early childhood screening by a Minnesota school district. Parents or legal guardians residing in Minnesota under a temporary worker or student VISA must submit income documentation and provide their current address.

Families that are currently experiencing homelessness may opt to either use their former residential school district—the district associated with their address prior to experiencing homelessness—or their current location to apply for a Pathway I or II scholarship. This aligns with Head Start and K-12 guidance. “Homeless” is defined using the Federal McKinney-Vento Act definition of homelessness. Questions to assess homelessness are included on the application. [For more details visit the Homeless McKinney-Vento page.](#)

Early Childhood Health and Developmental Screening

A child between the ages of 3 and 5 who has not completed Early Childhood Health and Developmental Screening (Early Childhood or Preschool Screening) under Minnesota Statutes, sections 121A.16 to 121A.19, and who receives a scholarship, must complete the screening within 90 calendar days of first attending an eligible program. If a child is already attending an eligible program when they receive a scholarship, the child must complete the screening within 90 calendar days of receiving the scholarship award. School districts have the responsibility to ensure that Early Childhood Screening is provided for a child. Verification of a completed screening should be done through the school district, regardless of whether it was performed by school personnel or contracted out to another agency. It is up to school districts to determine how to provide Early Childhood Screening and verify that it has been done.

Area Administrators may assist families in finding their resident district by visiting the [poll finder site](https://pollfinder.sos.state.mn.us/) (<https://pollfinder.sos.state.mn.us/>).

If a family has not provided early learning screening details, an Area Administrator is required to send the *Missing Early Childhood Screening Letter* after 60 days of program enrollment and/or award date of the scholarship. This only applies to children who are age-eligible, or at least 3 years old.

Maximum Early Learning Scholarship Amount

Maximum scholarship amounts vary based on the early care and education program's Parent Aware Star Rating.

- Pathway I: Families that choose a Four-Star Rated program will be eligible to receive up to \$7,500 per eligible child per year in awards. Families that choose a Three-Star Rated program will be eligible to receive up to \$5,000 per eligible child per year and those that choose a One- or Two-Star rated program may receive up to \$4,000. Families that choose a program that is currently in a Parent Aware cohort but

not yet rated may receive up to \$3,000. Early learning programs that are going through the Accelerated Rating Process are not eligible to accept scholarships until they receive a rating. Having a signed *Parent Aware Participation Agreement* does not make the program eligible to receive scholarships. Note, the law reverts back on July 1, 2020, requiring all programs to have a Three- or Four-Star Rating in order to be eligible to receive Pathway I scholarships. Find out more information on the [Parent Aware website](#).

- Pathway II: Programs must have a Four-Star Rating to receive Pathway II scholarships, so the maximum award is \$7,500.

Because a child with a scholarship may have other sources of funding blended with their scholarship, Area Administrators will use forecasting to reduce awards as needed in efforts to un-obligate funds to award to another child. Scholarship spending is monitored, and adjustments are made based on patterns. Scholarships may be reduced, proportional to the spending pattern established through monthly claims made in the first six months after the scholarship award date, if a minimum of three months' worth of claims have been submitted, and based on the *Award Planning Agreement*. Area Administrators may also increase and decrease awards based on average spending patterns in their administrative area, utilizing the tools in the Early Learning Scholarship Administration System (ELSA) to support decision making.

For families that have yet to select an early care and education program, up to \$7,500 will be held on the awarded child's behalf based on forecasting, Parent Aware rating, and communication with the family. As a guide, Area Administrators may choose to use the following markers to determine when and how much to decrease an award: Prorate to \$5,000 if a program has not yet been selected within three months and to \$4,000 if a program has not been selected within six months. These markers may also be used to estimate the spending rate of a scholarship, and make a decision to adjust the original award amount to reflect actual use.

Notification to Families of an Early Learning Scholarship Award

Families will be notified in writing when they have been awarded a scholarship using *the Award and Renewal Letter*.

- Pathway I: Families that have been awarded a scholarship will be notified that they may have up to \$7,500 to spend over the 12-month period based on the program they choose. The actual scholarship maximum amount may vary.
- Pathway II: Families will be notified that their child has been awarded a scholarship to help pay for high-quality programs and the funds remain with the program after the child leaves.

Once a child of any age is awarded a scholarship, they are eligible to continue to receive a scholarship until the day they are age-eligible for kindergarten. However, they are not allowed to receive more than one scholarship in a 12-month period. Children who are age-eligible for kindergarten, but not enrolled in kindergarten, are no longer eligible to receive scholarship funds after September 1 of that year.

Families will also be notified if their application is denied or placed on the waitlist using the *Denied Application Letter* or *Wait List Letter*. If an application is incomplete, the Area Administrators will send the *Incomplete Application Letter* in no more than 30 business days after receipt. Area Administrators should let MDE know if they are unable to meet this timeline for processing applications. The parent/guardian has 30 days to submit

missing information or the application will be denied. Denied applicants may reapply to restart the application process.

Family Choice of Early Care and Education Program

Area Administrators will confirm the program choice once scholarships are awarded. Families that indicate a program on their application are not obligated to continue to use that program.

The department has regular access to a list of programs that are eligible to receive early learning scholarships as updated by DHS. A new scholarship cannot be used at a program that is ineligible. However, if a program has recently become ineligible, families may have the option to complete their scholarship to support continuity of care. If the program was eligible when originally selected, the family may remain there with the same scholarship amount. There are circumstances, most often related to health and safety concerns, or the participating program not receiving a rating, when an early learning program is deemed immediately not eligible to receive scholarship payments. Area Administrators will work with families to find a new program for the duration of the scholarship. Families may also be awarded a Pathway II scholarship from an eligible Four-Star Parent Aware-Rated program designated by MDE to receive Pathway II funds. Area Administrators need to review the expiration date of a program before formally confirming the programs eligibility. This is provided on the official biweekly list the Area Administrators receive.

Child Attendance and Schedule

When a family is awarded, programs should make a plan with the family for how their scholarship will be used. Pathway I families should complete an *Award Planning Agreement* together with their early care and education program that documents how the scholarship will be used. This form should be signed by both family and program, with copies for both parties and for the Area Administrator.

Part-time care is defined as attending an early learning program on a regular schedule, but less than five full days. Drop-in or back-up care is defined as care that is used intermittently when the primary program the child attends is not available. It is expected that the child use the scholarship at an eligible program which they attend on a full- or part-time regular schedule. Scholarships cannot be used for drop-in or back-up child care, despite the eligibility of the program to receive scholarships.

For a younger sibling to be eligible, they must be attending the same program which the child with a scholarship is attending on a full- or part-time regular schedule, and in which the scholarship is being used at the time of the award.

Area Administrators will use the *Invoice Form* that includes the number of days the child attended. This is for information purposes only and should not be used to calculate the scholarship payment.

Families must inform their Area/Scholarship Administrator if they have a new address and/or phone number. Families that are unreachable after a minimum of three attempts within 30 days, one of which must be via mail (certified if previous mailed attempts were not replied to or returned) will have their scholarship cancelled. A 15-day notice period will be provided to both the family and to the program. If a scholarship is cancelled, the family is not eligible to receive a new scholarship until the 12-month eligibility of their initial award has expired.

However, if funds are available, their cancelled scholarship may be picked up and continued by an Area/ or Scholarship Administrator. The Area/Scholarship Administrator will send the *Mid-Scholarship Award Pick-Up Letter* to the family with all applicable dates.

Programs cannot claim more than 25 absent days per child per 12-month period and are expected to keep their own records to track this. An absent day is any day the child does not attend when scheduled to be there. If the child is receiving assistance from the Child Care Assistance Program (CCAP), scholarship payment for absent days is not in addition to the 25 maximum allowable by CCAP. Formal monitoring began July 1, 2016, when all payment went through the MDE Early Learning Scholarship Administration System (ELSA). If the maximum absent days are reached, the scholarship is not cancelled, though additional absent days cannot be covered in future invoices for that child until the scholarship is renewed.

Area Administrators should send the *Absent Day Letter* when a child has 10 consecutive absences or a total of 15 absences and is close to meeting the 25-day threshold. This letter should include all absences across the child's scholarship year.

Count snow days as a planned closure days and do not count them as child absent days.

While not counted against absent days, payment for privately funded programs is limited to 11 holidays and up to 10 program planned closure days (i.e., staff development, vacation days, snow days) during the scholarship fiscal year. Publicly funded programs must establish an operating cycle including all scheduled closings for holidays, professional development days, and seasonal closings, incorporating those into their program costs. Costs included in publicly funded programs that are charged to scholarships must be consistent with those reflected in other funding sources. Publicly funded programs operating extended-day child care services are subject to the same limits as privately funded programs for paid holidays or program closing days. The department will be monitoring holidays and program closings via ELSA and *Invoice Forms* to analyze early care and education programs' business practices to determine if modifications to this policy are needed.

Medical Exemption Policy

The department will consider exemptions to the 25 absent day-policy if the child, or an immediate family member, is impacted with a medical emergency that would prevent the child from attending their program. Families that are at risk of exceeding 25 absent days in a scholarship year or have reached 10 consecutive absent days due to an extended illness or injury should request an exemption and a *Medical Condition Documentation Form* from their Area/Scholarship Administrator. Illness or injury for the following family members will be considered: the child with a scholarship, the sibling of the child with a scholarship, or the parent/legal guardian of the child with a scholarship.

The *Medical Condition Documentation Form* must be signed by an authorized signer to verify the named person has or had a medical condition that resulted in a child's absence from the early learning program. The signer may be a physician, psychiatrist, public health worker, physician's assistant, psychologist, school nurse, nurse practitioner or chiropractor. The early learning program director, coordinator, owner/operator or lead teacher may provide the authorization for up to two weeks if the child was sent home due to the medical reason.

For Pathway I scholarships, the Area Administrator provides the MDE form to the family. The family must return the form to the Area Administrator within 30 days of the last day of the exemption period. The Area Administrator should note the dates of the exemption in the child's ELSA record and keep the *Medical Condition Documentation Form* with the child's paper records.

For Pathway II scholarships in child care programs, the Scholarship Administrator informs the statewide administrator of child care Pathway II scholarships, Milestones, and requests the form to give to the family. The family must return the form to the program within 30 days of the last day of the exemption period. The child care program will inform Milestones as to the dates of the exemption and keep the *Medical Condition Documentation Form* with the child's paper records. Milestones should note the dates of the exemption in the child's ELSA record.

For Pathway II scholarships in school-based and Head Start programs, the Scholarship Administrator provides the MDE form to the family. The family must return the form to the Scholarship Administrator within 30 days of the last day of the exemption period. The Scholarship Administrator should note the dates of the exemption in the child's ELSA record and keep the *Medical Condition Documentation Form* with the child's paper records.

Renewal

Families must submit a renewal form indicating their wish to continue their child's scholarship and to provide an informed agreement and consent.

Area Administrators will send a *Notice to Renew Letter* to families to notify them that their current scholarship is ending and they need to renew. This letter should be sent 90, 60 and 30 days (as needed) prior to the renewal date.

If the family has not responded after multiple attempts to contact, the *Renewal Cancellation Letter* is sent to the family informing them that their renewal has been cancelled. Area Administrators should contact families at least three times prior to cancelling the renewal.

Ninety days before the expiration date, the *Aged-Out Letter* must be sent by Area Administrators to families with children that will be age-eligible for kindergarten and will not be eligible for renewal.

PATHWAY I

Pathway I early learning scholarships are distributed throughout Minnesota by Area Administrators. Area Administrators created an annual distribution plan that they must submit to MDE for approval to ensure equitable distribution of Pathway I scholarships. Most areas align with the 13 Governors Economic Development Regions, but have been expanded to account for Tribal sovereignty and the population density of the metro area, Region 11.

Geographic Distribution for Scholarships

- **Region 1:** Kittson, Marshall, Norman, Pennington, Polk, Red Lake, Roseau counties.
- **Region 2:** Beltrami, Clearwater, Hubbard, Lake of the Woods, Mahnomen counties.
- **Region 3:** Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, Saint Louis counties.
- **Region 4:** Becker, Clay, Douglas, Grant, Otter Tail, Pope, Stevens, Traverse, Wilkin counties.
- **Region 5:** Cass, Crow Wing, Morrison, Todd, Wadena counties.
- **Region 6E:** Kandiyohi, McLeod, Meeker, Renville counties.
- **Region 6W:** Big Stone, Chippewa, Lac qui Parle, Swift, Yellow Medicine counties.
- **Region 7E:** Chisago, Isanti, Kanabec, Mille Lacs, Pine counties.
- **Region 7W:** Benton, Sherburne, Stearns, Wright counties.
- **Region 8:** Cottonwood, Jackson, Lincoln, Lyon, Murray, Nobles, Pipestone, Redwood, Rock counties.
- **Region 9:** Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Sibley, Waseca, Watonwan counties.
- **Region 10:** Dodge, Fillmore, Freeborn, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, Winona counties.
- **East Metro:** Anoka, Washington counties.
- **West Metro:** Carver, Dakota, Scott counties.
- **Hennepin County**
- **Ramsey County**

Two Tribal sites, Leech Lake and White Earth, administer Pathway I scholarships for children who reside on tribal land and/or are children of members. Coordination for services between Area and Tribal Administrators is expected.

- Leech Lake: Geographic boundaries or recognized members.
- White Earth: Geographic boundaries or recognized members.

Outreach to Families about Early Learning Scholarships

Pathway I early learning scholarships will be awarded directly to children who meet the eligibility requirements as defined in statute. Eligible children will be awarded a Pathway I early learning scholarship, but the funds will be paid to the early care and education program that the family chooses. Each administrative area is allocated a specific amount for scholarships in FY19. Because there is a capped amount of state scholarship funds available per area, Area Administrators may need to create a waiting list once the allocation of scholarship funds has been obligated.

Each Area Administrator must create and implement an outreach plan to ensure that families in all of the eligible communities are aware of the scholarship opportunity and that there is distribution among the counties. The department has provided a common set of marketing materials for Area Administrators to use for outreach. While the plans are created to guide outreach to ensure equitable access throughout the region to scholarships, demand and supply of eligible programs may vary. Area Administrators will need to review the geographic distribution plan regularly, while reserving some funds for priority communities: children of teen parents, children who have experienced homelessness in the last 24 months, and children in foster care or in need (receiving) of child protective services.

Wait List

Area Administrators are required to keep a wait list once all funds have been obligated in their region. Based on the approved equitable distribution, there may be waiting lists in some counties earlier than others. If funds are to be reallocated based on underutilization, MDE will utilize the area wait lists as part of any redistribution of funds. Administrators that oversee more than one area should consult with MDE if they have underutilization of scholarships based on their distribution plan for consideration of realigning funds to areas with wait lists.

Priority for scholarships should be given to teen parents (under 21) pursuing a high school or GED® diploma (income eligibility applies), children ages 0 to 5 who have experienced homelessness in the last 24 months, are in foster care, or are in need of child protective services. Consideration also must account for children who received a scholarship in FY19 and wish to renew, as noted in the FY20 Reserve amount in the Early Learning Scholarship Administrative System (ELSA). Area Administrators are required to develop a plan that distributes Pathway I scholarships across all counties eligible in the region and between eligible early childhood funding types (i.e., Head Start, child care, and school-based programs). Area distribution plans for Pathway I scholarships are to be submitted to MDE.

Area Administrators will contact families with children on the wait list by date added, first in priority populations and then for general applicants. The family has 30 days to respond after the initial award offer. After 30 days and three attempts with no response from the family, the child will be removed from the waitlist and will be sent the *Removed from Wait List Letter*. One of the three attempts to contact the family must be in writing.

When selecting a child from the wait list, Area Administrators must verify that income documentation is still timely and accurate. For Option 1, the dates of the program eligibility must fall within the scholarship award date. If it does not, the Area Administrator should request updated Option 1 documentation. For Option 2, proof of income documentation must not be older than six months, with the exception of allowing for the most current tax return. Families may be asked to provide updated proof of income.

Program Choice

Area Administrators will use the Pathway I application to determine if the family has chosen an eligible early care and education program in which to use their scholarship. A family must choose an eligible Parent Aware-rated program within 10 months of their award. If no program has been selected, Area Administrators will follow up with the family to help them identify an eligible program using the [Parent Aware website](#). The Area Administrator must contact families at three, six and nine months. At least one communication must be in

writing using the *Program Choice Reminder Letter*. A family may choose to use their scholarship at an alternative eligible program even if they have identified a program on their application. If the family has not responded after three attempts, including the *Program Choice Reminder Letter* at least once, then the *Cancelled Award – No Program Choice Letter* is sent.

If a family leaves an eligible program, they must re-select an eligible program within 10 months of leaving the eligible program. If the renewal happens during the time without an eligible program selected, a family is must submit a renewal application. If a renewal application is submitted, the 10 months to choose a program will not restart.

If the Area Administrator is informed by the program that the child is no longer attending and there has been no communication from the family, then they will send the *Notice to Cancel – Left Program Letter* to initiate new contact with the family. The family has 30 days to respond before the award is canceled. If the family does not respond after 30 days, the time the Area Administrator will send the family the *Cancelled Award – Left Program Letter*.

Eligibility of the Program

Eligible early care and education programs must be on the “Currently Participating” tab in the scholarship program list as produced by Develop, the Department of Human Services’ Parent Aware tracking system. To be on this list, a program must have a current Parent Aware Star Rating or be in a current Parent Aware cohort. Area Administrators must also verify the expiration date of the Parent Aware Rating to ensure the program is eligible at the time the child starts to use their scholarship.

If the program the family has chosen is not eligible to receive a scholarship, or if the family is not sure which program to use their scholarship in, the Area Administrator works with the family to help them choose a program and provides them all available options. Area Administrators should send the *Notice to Change Program – Program Not Eligible Letter*.

Early education and child care programs are required to document attendance consistent with their other program requirements. For licensed child care programs, all programs that receive public funds must adhere to a sign-in and sign-out attendance policy (child care programs should refer to licensing regulations). A program must use the scholarships to supplement and not supplant federal funding. Per the *Program Participation Agreement*, programs must notify their Area Administrator if a child with a scholarship has an unplanned absence for 10 consecutive days or longer. Families must be contacted to either confirm the plan for continued use of the scholarship at the current site or their intent to change programs or cancel the scholarship.

Note:

- *Early Childhood Family Education (ECFE) programs are not included in the Parent Aware Rating System and thus cannot be a program choice for scholarship recipients.*
- *Scholarship-eligible family child care programs are not eligible to receive early learning scholarships for their own children. All programs are eligible to receive scholarships for the children of their employees, but may only be used for services and costs that are not part of the employee benefits, such as discounted tuition.*

Approved Uses of Scholarship Funds: Pathway I

Scholarships may be used to:

- Serve additional children.
- Cover the cost or tuition of the early care and education program for the child's regularly scheduled full- or part-time attendance.
 - **Note:** *Publicly funded programs can charge for the actual cost of the program, up to the \$7,500 cap, as long as they do not supplant any federal funds. Programs must document and keep on record how their cost was determined. Market-based programs, such as child care and community preschools, must charge scholarship families at the same rate as other families are charged to attend their program, with or without Child Care Assistance.*
- Cover any payment required for a child to receive services such as private pay charges, co-payments and parent fees.
- Cover additional fees to families that are required for a child's attendance in the program, such as uniforms or activity fees, and curriculum, if charged to all families.
- Cover required fees in the program's contract up to two-week notice (these days should be documented as absent days).
- Cover up to the maximum 25 absent days per policy, up to 10 program planned closure days (i.e., staff development, vacation days, snow days), and up to 11 holidays, if part of the early care and education program's contract.
- Based on the program's pre-determined academic calendar, may cover up to 10 days of planned closure days, if this is part of the existing contract and charged to all families in care. Program planned closure days do not count towards the 25 maximum absent days.
- Cover basic transportation to and from the program, if it is provided by an employee of the program and uses a licensed commercial transportation vehicle for transporting children. (The vehicle must meet federal standards for school transportation and federal manufacturing standards that provide appropriate public safety for children).
- Contracts with licensed transportation companies and bus passes are allowable. **Note:** *This is an allowable cost that may be charged to scholarships in order for a child to access the program without this being a required fee for all children.*

Unallowable:

- Capital improvements/assets.
- Purchase of a bus, vehicle, gas cards and/or stipends to an individual to transport a family.
- Fees for late payment or late pickup, such as a per 15-minute late fee after business hours, outstanding balances, or fees incurred prior to the awarding of the scholarship.
- Registration fees, deposits, or other fees to hold a spot for a program the child is not yet attending.
- Paying for more than one program for the same period of time.
- Back-up child care, or other release days from the child's primary program.
- Overnight child care.
- Optional additional fees to families that are not required for a child's attendance in the program, such as private tutoring, lessons, or consumables.
- Charging families with scholarships more than the private pay full-paying rate for like services or, for publicly funded programs, more than the actual cost of the program.

Note: *Scholarships must be used to supplement, not supplant, any federal funds. Pathway I funds used for enhancement must be considered only after ensuring the child has access to the program, and must be approved in advance of any funds being spent. The family must agree to the program's use of the scholarships on enhancements.*

Using Pathway I Funds for Program Enhancements

With prior approval, Pathway I funds may be used to enhance the program through increasing the type, intensity, and duration of services provided through existing programs. The scholarship child must be the primary beneficiary of the enhancement. Enhancements must be preapproved and prorated over the program's duration, recognizing that Pathway I is portable for the child. The department has created a form for Pathway I programs to submit for program enhancements, to be used if they are anticipating funds available after the cost of the program/tuition needs of the family are covered.

If a program wants to request using the Pathway I scholarship in full or part for enhancement, the Area Administrator sends both the *Enhancement Use Plan* and the *Enhancement Options* for Pathway I documents. The program returns the plan, along with a statement for review on how they intend to use the enhancement to support access for the child with the scholarship. The parent must also sign a revised (or the original if done at the time of enrollment) *Award Planning Agreement*.

Any requests to use scholarship funds to supplement a child's Individual Education Program (IEP) or provide support, training, and additional staffing to support children with special needs will be reviewed by MDE Early Childhood Special Education staff prior to approval. To ensure the child is receiving services that may already be available and that the program is accessing services that are already provided for such needs, additional referral and documentation may first be required before approving the scholarship use plan. Child care programs should consider first contacting [The Center for Inclusive Child Care](#) for resources and services.

Area Administrators should refer to the allowable scholarship uses on page 19 to approve or deny a request for enhancements. For situations in which there may be a request that supplants an already existing publicly funded service, such as with a child with an IEP or a DHS funded Parent Aware support, MDE must review and approve. If in question, the Area Administrator should consult with MDE.

Coordination with Early Care and Education Programs

Area Administrators will communicate with the program chosen by the family. Notification occurs as soon as the family confirms their eligible program choice. Documents the Area Administrator will provide to the early care and education programs include:

- A copy of *Award and Renewal Letters* to inform the program that a scholarship recipient family has selected their program.
- *Program Participation Agreement*.
- *Award Planning Agreement* (required to be completed between family and program).
- *Invoice Form* and applicable packet/Excel workbook pages.

Program Participation Agreement

Each fiscal year, programs serving one or more children receiving an early learning scholarship must sign and submit the *Program Participation Agreement* to the Area Administrator before they are able to receive a scholarship. A signed agreement must be given to the Area Administrator of a Pathway I scholarship award before any payment of scholarship funds is made to the program.

Award Planning Agreement

Families and early care and education programs should complete an *Award Planning Agreement* together, which documents how the scholarship will be applied on behalf of the child. This form should be signed by both the family and program, with copies provided to both signers and the Area Administrator.

Invoice Form

Programs must submit invoices to Area Administrators to receive payment on Pathway I Early Learning Scholarships. Only the Pathway I *Invoice Form* provided by the Area Administrator may be used to request payment. If the children served by the program have awards managed by different Area Administrators, submit separate invoices to each Area Administrator, as applicable. See the instructions included in the *Invoice Form* packet for more details.

Additional Scholarship Policies for Pathway I

Changing Programs

There is no limit to the number of times a family can change programs within the 12-month scholarship period. Families do not need to reapply each time they change programs and they can take their Pathway I scholarship to any program participating in Parent Aware. However, payment of registration fees for a program the child is not yet attending is not allowable. The registration fee can be included, if charged to all families, as part of the regular billing cycle. Programs that require a last week's deposit as part of the registration process may charge for this, but they may not then invoice for that week at a later date.

Splitting Early Learning Scholarships between Multiple Programs

Families often use more than one program to meet their needs; however, a parent must select just one program to receive their Pathway I scholarship, unless they are using two programs that operate collaboratively. If collaborating, the two programs must select one fiscal agent to act for both programs.

If the child is enrolled in a child care program that is part of a Head Start/Early-Child Care Partnership and a portion of the child's day is provided through Head Start, payment is made to the Head Start organization. Area Administrators should consult with MDE on the details of a particular partnership if needed.

Early Head Start/Head Start or Public School and Family Child Care Partnerships

Beginning July 1, 2017, family child care* programs, in partnership with and included in the Parent Aware Rating of an Early Head Start/Head Start or public school district, will be eligible to accept early learning scholarships for any enrolled child with a scholarship, regardless of the child's enrollment first in Early Head Start/Head Start or a public school district. As a reminder, if an Early Head Start/Head Start or public school district has any changes to their partnership with a family child care program, the Early Head Start/Head Start or public school district must complete the *Parent Aware Addendum* application and submit it to MDE. If a partnership is formally dissolved, for the purpose of a Parent Aware Rating, the Four-Star Rating is no longer valid and the family child care program will need to pursue a rating on their own.

*Because child care centers may earn a dual rating of their own and as a partner of a Head Start/Early Head Start or public school, children with scholarships who are not first enrolled in Head Start/Early Head Start or school-based program are eligible to use a scholarship at the child care center based on the center's overall rating, not their rating through the partnership. If the only rating held is as a site through the partnership, the program is not eligible to accept scholarships for nonpublic program-enrolled children, including siblings.

Child/Family Relocation: Moving/Awarding to a Cancelled Scholarship Record

Pathway I early learning scholarships are mobile. Families that relocate to another area of the state have the right to continue using the scholarship at an eligible program that is Parent Aware Rated. The scholarship will continue to be administered by the first Area Administrator. Upon renewal, the Area Administrator of the family's new area of residence will take responsibility for the renewed scholarship, and they will need to include that child in the forecast used when awarding scholarships the following year.

If a child is moving to a new area, the family must notify the Area Administrator and give approval for transferring files and relevant documents. Transfer of any original files is done through certified mail. The current Area Administrator is responsible for covering the scholarship until the expiration of the current scholarship. If the family is eligible to renew the scholarship, it is done with the Area Administrator in their new home district. The family must still have a Minnesota address, and the child must attend an eligible program. Area Administrators should refer to the ELSA User Manual for instructions for awarding to the child's existing scholarship record.

Children with a Pathway II scholarship who leave that program may have the opportunity to complete their scholarship at a different program, with Pathway II funding or with a Pathway I scholarship. Families wishing to be considered for an extension of their scholarship as a Pathway I should contact the Area Administrator to apply. Applications from a family wishing to change to a Pathway I have no higher priority unless the child is one of the four priority populations. The child may be put on the waitlist. For Pathway I, Area Administrators may pick up cancelled scholarships only if they can fund the remainder of the 12 months out of the fiscal year in which it was originally awarded. The following conditions must be met:

- The Area Administrator has money available in the fiscal year the child has a cancelled award.
- The child must still have funds available in their original scholarship (have not used maximum scholarship amount in that year). For example, if the child used \$2,000 in their previous award, they cannot be awarded more than \$5,500 in the new award, as the maximum award amount is \$7,500.

Notification to Families

Canceling a Scholarship

A child who has received an early learning scholarship must continue to receive a scholarship each year until that child is age-eligible for kindergarten, unless cancellation is requested by the family. However, if the scholarship has not been accepted and the child enrolled in an eligible early care and education program within 10 months of the award, the scholarship is cancelled and the recipient must reapply in order to be eligible for another scholarship. Families will be notified by the Area Administrator if they are nearing the end of the 10-month enrollment window. The Area Administrator must contact families at three, six and nine months. At least one communication must be in writing using the *Program Choice Reminder Letter*. The Area Administrator must document all communication attempts.

Reaching Maximum Duration or Funding

Families and the early care and education program will be notified using the *Fund Balance Update Letter* by the Area Administrator when 60-70 percent of the scholarship award has been expended. It also will let the family know if their child is eligible for renewal. If the scholarship is exhausted before renewal, send the *Fund Balance Update Letter*.

Changes in a Program Status or in a Family's Program Choice

Families will be notified by the Area Administrator if there is a change in the early care and education program's Parent Aware Star Rating. Area Administrators are provided regular updates by MDE of programs eligibility and status.

There may be cases when a program's Star Rating changes or a family moves to a program with a different rating. The following guidelines will be implemented should one of these situations occur.

Program's initial Parent Aware rating status	Program's rating status change	Impact on state early learning scholarships
In a current Parent Aware cohort.	Does not have a rating and does not continue to pursue a rating in their cohort.	Payments stop 15 days from when the parent is notified for current children. Program cannot accept any new scholarships.
One-, Two-, Three- or Four-Star Rated.	Rated but does not pursue a new rating, and rating expires.	Current children with scholarships can continue to use their scholarship (at the original amount) for their scholarship year. The program cannot accept new scholarships.
In a current Parent Aware cohort, not One, Two or Three Star Rated.	Rating increases to a Three- or Four-Star.	Maximum scholarship amounts for current and future children with scholarships will be raised to the new level.

Program's initial Parent Aware rating status	Program's rating status change	Impact on state early learning scholarships
One, Two, Three or Four Star Rated.	Rating decreases.	Maximum scholarship amounts for current scholarship children stay original amount. Maximum scholarship amounts for future children are at the new level or program loses eligibility if less than a Three-Star Rating.
In a current Parent Aware cohort or One, Two, Three or Four Star Rated.	Gap in child care license.*	Pending verification that program is still operating legally (under licensed exempt status), payments stop in 15 days from when the parent is notified for current children. Program cannot accept any new scholarships.
In a current Parent Aware cohort or One, Two, Three or Four Star Rated.	Rating revoked due to substantiated negative licensing action.*	Parent is notified and payments stop immediately.
In a current Parent Aware cohort or One, Two, Three or Four Star Rated.	Loss of license due to substantiated negative action.*	Parent is notified and payments stop immediately.

***Note:** *There may be instances when a program's Star Rating is impacted by a licensing violation or status change. The impact of these situations is included in the Appendix Section of the Early Learning Scholarship Policy Manual titled "Parent Aware Status and Scholarships and CCAP." To be revised in partnership with DHS.*

The Area Administrator will send the *Notice to Change Program – Program Lost Parent Aware Rating Letter* within two days of knowledge of lost rating.

PATHWAY II

Per statute, MDE has provided opportunity for Four-Star Parent Aware Rated programs to apply for and be eligible to receive Pathway II early learning scholarships. Programs that MDE designates through an application process as Pathway II scholarship sites may use the Pathway II early learning scholarship funds to increase access. Increasing access should be thought of as reducing barriers for participation in programs and includes: additional slots, increased duration, transportation, gaps in Child Care Assistance Program and specific services to support an individual children's access (such as interpreters, cultural liaisons and mental health). Programs may use funding to maintain previous increases to access. Pathway II scholarships should be used in accordance with the plan submitted to MDE.

Note: *Scholarship eligible family child care programs are not eligible to receive early learning scholarships for their own children. All programs are eligible to receive scholarships for the children of their employees, but may only be used for services and costs that are not part of the employee benefits, such as discounted tuition.*

Use of Scholarships for Increasing Access

- Increase the number of eligible children that are able participate in the program. This can be accomplished by providing of additional classroom opportunities. For example, a pre-kindergarten program or child care center may have five classrooms serving a total of 75 preschool-age children three days per week. Dependent upon the available Pathway II early learning scholarship funds, scholarships could be used to provide an additional classroom for 15 more children three days per week. The program would then be able to expand by 15 to serve a total of 90 children.
- Increase the length of program services such as number of days a week, number of weeks a year, full-year programming, intensive summer programs and full-day services.
- Provide transportation to help children access programming. Transportation does not include unallowable expenses, such as the purchase of a bus or vehicle.
- Increase the type, intensity, and duration of services provided through existing programs for participating children.
- Program enhancement for children receiving scholarships based on research with a focus on increasing access for children that might not otherwise be able to participate fully.
- Support individual children's access to programming, such as interpreters, cultural liaisons and mental health consultants.
- Stabilize a family's ability to pay tuition:
 - Cover any payment required for a child to receive services, such as private pay charges, co-payments, and parent fees. Registration fees can be covered, but only once the child is enrolled and receiving services. This includes deposits for future enrollment.
 - Cover additional fees to families that are required for a child's attendance in the program, such as uniforms or activity fees (specific to educational development).
- The following are also allowable uses:
 - Cover required fees in the program's contract up to two-week notice (these days should be documented as absent days)
 - Cover up to the maximum 25 absent days per policy, up to 10 program planned closure days (i.e., staff development, vacation days, snow days), and up to 11 holidays, if part of the early care and education program's contract.

- Based on the program's pre-determined academic calendar, may cover up to 10 days of planned closure days, if this is part of the existing contract and charged to all families in care. Program planned closure days do not count towards the 25 maximum absent days.

Unallowable:

- Capital improvements.
- Purchase of a bus, vehicle, gas cards and/or stipends to an individual to transport a family.
- Fees for late payment or late pickup, such as a per 15-minute late fee charge after business hours, outstanding balances or fees incurred prior to the awarding of the scholarship.
- Back-up child care, or other release days from the child's primary program if not the program attending with Pathway II funding.
- Overnight child care.
- Optional additional fees to families that are not required for a child's attendance in the program, such as private tutoring, lessons, or consumables.
- Unless as part of a program expansion, or incorporated in program costs or tuition, curriculum and assessment is not allowable as it is a required component of a Four-Star Parent Aware Rating. Pathway II programs may not request payment for these items solely as a scholarship expense.
- Unless as part of a program expansion, or incorporated in program costs or tuition, technology purchases such as iPads, software, computers, smartboards, etc., are not allowed. Pathway II programs may not request payment for these items solely as a scholarship expense.

Pathway II programs have submitted a work plan that has been reviewed and approved by MDE. Any changes to the approved plan and budget must be submitted to MDE for review. The Pathway II scholarship funds must directly benefit the child receiving the scholarship. Non-scholarship children may indirectly benefit from an eligible child's scholarship.

Any requests to use scholarship funds to supplement a child's IEP or provide support, training, and additional staffing to support children with special needs will be reviewed by MDE Early Childhood Special Education staff. To ensure the child is receiving services that may already be available and that the program is accessing services that are already provided for such needs, additional referral and documentation may be required before approving the scholarship use plan. Child care programs should consider contacting [The Center for Inclusive Child Care](#) for resources and services.

Pathway II early learning scholarship sites will receive Pathway II scholarship funds for 12 months to facilitate local program planning and to ensure availability of services to children during the year.

In the Pathway II early learning scholarship process, funds are awarded directly to eligible early care and education programs that are Four-Star Parent Aware Rated in order to serve more eligible children and/or enhance services to eligible children in their community and will remain with the program for the 12-month period.

For FY19, approximately \$28 million is available to eligible families through participation in Pathway II. The award period for Pathway II programs is two years. The next application period will be spring 2019 for fiscal year 2020 and 2021 awards.

Determining Pathway II Scholarship Award Amount

A public program may award scholarships based on the program's duration (instructional hours) on the following schedule:

- 850 + Hours: \$7,500 per scholarship
- 510 to 849 hours: \$5,000 per scholarship
- Under 509 hours: \$3,750 per scholarship

A program may choose instead to submit documentation to MDE demonstrating their true program cost to charge a different scholarship amount per child. Community-based child care and preschool programs may award up to \$7,500, but may not charge the scholarship a higher tuition rate than charged to private pay families. Approved enhancements that support access are allowable.

Process and Eligibility for a Program to Apply for Pathway II Funds

Pathway II funding is awarded statewide to programs on a biannual process aligned to the state biennium. Applications for eligible programs are available in the spring of odd years for a two-year funding period beginning July 1 of odd years. Programs are eligible to apply for Pathway II funding if they are Four-Star Parent Aware rated at the time of application. Programs must maintain their rating to continue to receive funding.

Funding of Pathway II programs is based on an equitable distribution by geography and program type, with poverty concentration as a pivotal component. The program must currently serve or have Early Learning Scholarship-eligible children on their waiting lists. MDE reserves the right to hold harmless previously funded Pathway II programs by limiting the competitive application process or awarding Pathway II based on the most recent data on poverty concentration.

Child's Eligibility for Pathway II Early Learning Scholarships

Pathway II scholarships have the same child eligibility requirements as Pathway I. A child does not need to live in a specific school district attendance area in order to be eligible for a Pathway II scholarship, though they must have a Minnesota address.

A child's eligibility is determined through review of the Pathway II Application completed by the parent or legal guardian. Verification of eligibility includes review of the birthdate to ensure that the child is age-eligible; signature of consent by the parent/legal guardian of the child where it is required on the application; and confirmation of income eligibility. If any of these do not meet program requirements, the application is not approved. The Pathway II Scholarship Administrator provides oversight and technical assistance to child care programs with Pathway II funding. They submit claims on behalf of the programs in the Early Learning Scholarship Administrative System (ELSA), and then pay the program. School-based and Head Start programs enter child, parent, and scholarship information directly into ELSA. MDE has monitoring and compliance procedures to validate the integrity of the award process for both pathways.

School districts and Head Start programs that have an enrollment application process that captures required fields in the scholarship application may use their enrollment application to replace the scholarship application

(entirely or partially). Programs must seek approval of the enrollment application before doing so. The department will review the application to ensure all requirements of the Early Learning Scholarships application, including income verification options, agree and consent language, and a Tennessee Warning, are included before approving.

Siblings

Younger siblings of a scholarship-eligible child are allowed to be awarded a scholarship through Pathway II, as long as there is funding available and they attend the same program as the primary child. If more than one sibling is age-eligible, and if funds are available, all siblings must be included in consideration of the award form if they are attending the same early care and education program. Unless the younger sibling qualifies for scholarships individually, both children need to receive the same pathway.

Pathway II Invoicing

Pathway II child care programs should submit monthly invoice forms to the statewide administrator of child care Pathway II scholarships, Milestones, which align with their budget and are tied to the children that have been awarded scholarships. School-based and Head Start programs (beginning July 1, 2017, with FY17 funds) request payment for services through ELSA on a monthly basis.

The program start date cannot be prior to the scholarship award date. Pathway II programs should invoice for program costs as they incur, allocated across the awarded scholarships and for the duration of the program. Pathway II programs have 12 months to incur expenses and invoice for scholarships monthly. Scholarships cannot be backdated earlier than the family has signed and dated the Pathway II Application. An award cannot be made if the amount of that award combined with the amount of all previous awards in the same fiscal year will exceed the maximum scholarship award for the 12-month period. For example, if the child used \$2,000 in their previous award, they cannot be awarded more than \$5,500 in the new award.

Child/Family Relocation: Moving/Awarding to a Cancelled Scholarship Record

Children with a Pathway II scholarship who leave their program are not guaranteed another scholarship. They must submit an application to have the opportunity to complete their scholarship at a different program with Pathway II funding or with a Pathway I scholarship.

- Pathway I: Area Administrators may only pick up cancelled Pathway II scholarships to award a Pathway I if they can fund the remainder of the months of the 12 months out of the fiscal year in which it was originally awarded. The following conditions must be met:
 - The area has money available in the fiscal year.
 - The child must still have funds available in their original award (have not used maximum scholarship amount).
- Pathway II: Programs may pick up cancelled scholarships only if they can fund the remainder of the 12 months out of the fiscal year in which it was originally awarded. The following conditions must be met:
 - The program has money available in the fiscal year.
 - The child must still have funds available in their original award (have not used maximum scholarship amount).

If the child previously received a Pathway II award, and is still within their current 12 months of eligibility, income does not need to be verified again once confirmed by either the Area or Scholarship Administrator of the previous award. It is essential that a scholarship is cancelled at the time the child leaves their Pathway II program in ELSA in order for that child to be eligible to be picked up and served by either a new program or complete their scholarship through a Pathway I award.

A family can request that a Pathway I scholarship be cancelled in order to allow a program with Pathway II dollars to award them. Cancelling a Pathway I scholarship however, should never be done based on the program request alone. Keeping a Pathway I may provide more flexibility for the family, however an early learning program with Pathway II funds may not have a space, or room to accept a Pathway I scholarship as their program budget/Pathway II approved plan depends on a secured number of paid slots. Area Administrators shall provide guidance to the family related to the impact of changing scholarship pathway in order for the family to make an informed decision.

The Area/Scholarship Administrator will send the *Mid-Scholarship Award Pick-Up Letter* that includes all applicable dates.

Monitoring Pathway II Scholarships

The Minnesota Department of Education has implemented a formal monitoring process of all early learning scholarships. The main goals of this monitoring process are continuous program improvement, assistance with fiscal and program management, and to support scholarship use so that Minnesota children with high needs have access to high-quality early learning programs.

All Pathway II programs will be selected to participate in monitoring based on the anticipated schedule. MDE reserves the right to modify the timeline based on initial-year findings and technical assistance needed for programs.

- Awards less than \$50,000: Monitored once every five years
- Awards between \$50,000–\$250,000: Monitored once every two years
- Awards over \$250,000: Monitored once every year

Once grantees have completed the initial review, the intensity and/or frequency of future monitoring may be modified based on the results.

Pathway II programs are required to maintain scholarship documentation for seven years, in compliance with data retention policies. Documentation that must be maintained for each scholarship award includes:

- Child applications and renewal forms, including income documentation.
- *Award and Renewal Letters* sent to parents or guardians.
- Justification of scholarship award amount (demonstrated per child cost, or hours child is served).
- Attendance documentation.
- Documentation of amendments, adjustments, or other special circumstances from MDE.

Additional Scholarship Policies

Awarding, Delivering Services and Invoicing

Scholarships must be awarded by June 30 of the fiscal year. The program has 12 months from the date the child is awarded to incur costs for the child to be paid for by the scholarship funds. No additional awards can be made to a new child from the previous fiscal year funds after June 30, though a scholarship awarded to a child may be increased if funds are available and the child has not reached the cap of \$7,500. Invoices for all Pathway I scholarships are processed by the Area Administrators. Changes in the program's Pathway II plan must be preapproved by MDE. As of July 1, 2016, FY17 and all subsequent years invoices for Pathway II scholarships at school-based and Head Start programs are processed directly through ELSA. Child care programs will continue to invoice the Pathway II Administrator for their Pathway II scholarships.

Pathway II programs have 12 months from awarding a scholarship to a child to spending the funds. Programs must use their funds in alignment with the MDE-approved plan and budget, as submitted in the Pathway II application process.

The expectation is that programs either request payment via sending the invoice form to the Area Administrator or requesting payment in ELSA within 1 month of the last day of service in the payment period. Adjustments, corrections, and updates should be submitted timely so that the payment requests are completed within 105 days of the service period. Programs that are requesting for payment for children with CCAP should include the authorized amount for CCAP and later send a revised claim should there be a need based on the actual payment received for CCAP. Area administrators should seek guidance for payment requests that exceed 105 days.

Collecting Data and Tracking Scholarship Usage

Early Learning Scholarship Administration System (ELSA)

The Early Learning Scholarship Administration System (ELSA) system is a web-based data and payment system application for the real-time management of allocated scholarship funds, administration of child records and awards, and processing of payment requests. ELSA was first launched by MDE in January 2015 with functionality limited to scholarship tracking but has been further developed over time.

The primary purpose of ELSA is to provide state oversight of the Early Learning Scholarships Program. Child-level information on awarded scholarships across the state is collected through this system to uphold the statutory requirement that each child receive only one scholarship. Additionally, it is used to collect information for the evaluation of program efficiency and effectiveness.

Information is entered into ELSA by Area/Scholarship Administrators as grantees of the state tasked with the work of scholarship administration. The system captures parent/legal guardian, child, award, eligibility, and payment information. Currently, only awarded scholarship children are entered into the system.

Every child receiving a scholarship award must be entered into ELSA. The system assists in validating each child record and award. Administrators of scholarships use the system to determine if a child already has an ELSA

record by searching through the database for a match based on a combination of the child details. After a new child record is entered, the State Student Identification (SSID) Maintainer of the child's resident school district is responsible for assigning the SSID number to the child record in ELSA.

View these resources for additional information:

- Guidance for ELSA system use can be found in the [Early Learning Scholarship Administration System \(ELSA\) User Manual](#).
- A step-by-step guide is available for SSID Maintainers of resident school districts: *Assigning a State Student Identification (SSID) Number in the Early Learning Scholarship Administration System (ELSA)*. [Request a copy of this guide](#) by emailing MDE.ELSA@state.mn.us.

Area Administrators must track scholarship funds and store data.

Data Entry

Administrators were previously allowed to use an internal data tracking system, in addition to ELSA, in order to collect information about families and document reimbursements/payments to programs. Effective July 1, 2018, enhancements have been made to ELSA to support extensive case management; therefore use of a secondary case management system should be minimized or discontinued to avoid duplication and ensure privacy of data. Area Administrators should consult with the department if there are questions about this policy.

All Pathway I scholarship data is entered into ELSA by Area Administrators. The statewide administrator of child care Pathway II scholarships, Milestones, is responsible for entering all Pathway II child care center data beginning in FY18. For Pathway II awarded Head Start and school-based programs, Scholarship Administrators are responsible for entering their program's scholarship data.

Data Privacy Requirements

The parent or legal guardian must sign the scholarship application so that the appropriate data can be shared with programs for purposes of setting up payments.

All data or information about a family or an individual is considered private data and cannot be shared without the family or individual's consent. Area/Scholarship Administrators are restricted from responding to requests for private scholarship program data unless it is from the evaluation team at MDE, their designated evaluation contractor, or it is for a purpose allowed under the Minnesota Government Data Privacy Practices Act. Questions about the release of data should be directed to MDE, and additional information can be found in the [Data Practices for Early Learning Scholarship Administrators](#) document.

Data Storage Requirements

Data and documentation collected from families and programs must be kept on file for at least seven years. Area/Scholarship Administrators may store data and documentation electronically at their discretion but are required to do so in a secure manner that is protected from inappropriate or inadvertent access by anyone who is not authorized to have access to the data in the course of their work. The department has rights to this data

and the sharing of this information as stated in the Data Sharing Agreement. This includes, but is not limited to, transferring information to MDE or an evaluator at MDE’s discretion.

Early Learning Scholarship Reporting

Area Administrators submit quarterly reports to MDE and monthly wait list reports.

Early Learning Scholarships Program Glossary of Terms

<i>Term</i>	<i>Definition</i>
Area Administrator	The organization that received the grant from MDE to provide local implementation of scholarships in each of the defined service delivery areas. Beginning with FY18, the term is Area Administrator as not all administrators provide services for a complete Economic Development Region. Formerly referred to as Regional Administrator.
CCAP	Child Care Assistance Program (CCAP) provides funding to eligible families for child care. Scholarships may be layered with CCAP funding, but may not duplicate funding.
Encumbrance	Funds committed in scholarships of the amount of funds available at an area or at a program level for Pathway II. A recipient may only use scholarship funds for obligations during the grant period. Synonymous with obligated.
ELSA	Early Learning Scholarships Administrative system in which all scholarships awarded will be entered and maintained.
Expenditure	A financial (outlay) of approved transactions of charges made to the project or programs.
MARSS	The Minnesota Automated Reporting Student System (MARSS). This is the primary statewide student data reporting system.
Obligated	Funds committed in scholarships of the amount of funds available at a regional or at a program level for Pathway II. A recipient may only use scholarship funds for obligations during the grant period. Synonymous with encumbrance.
Parent Aware	Minnesota’s Quality Rating and Improvement System for early childhood programs. Programs must have a Parent Aware Rating to be eligible to receive scholarships.
Pathway I	Early Learning Scholarships awarded directly to families by an Area Administrator. Families choose at which Parent Aware-Rated program they want to use their scholarship. Pathway I scholarships are portable for the family.
Pathway II	Early Learning Scholarships awarded to families by a Four-Star Parent Aware-Rated program that has been allocated funding by the Minnesota Department of

<i>Term</i>	<i>Definition</i>
	Education. Pathway II funding stays with the program that has been awarded Pathway II funds.
Pathway I Application	Document completed by a family to access Pathway I early learning scholarships. These are distributed by Area Administrators.
Pathway II Application	Document completed by a family to access Pathway II early learning scholarships. These are provided to families by a program receiving Pathway II funds.
Scholarship Administrator	The individual or individuals at the program which received Pathway II funding that is designated to implement Pathway II scholarships within their program.
SSID	State Student Identification number. This term “MARSS number” is often used synonymously, though the Student ID Validation System is the source of child SSID records.

MDE Contacts

[Questions regarding ELSA](mailto:MDE.ELSA@state.mn.us) (MDE.ELSA@state.mn.us)

[Questions regarding Pathway II](mailto:MDE.PathwayII@state.mn.us) (MDE.PathwayII@state.mn.us)

If additional information or documents are needed, [contact the scholarship team](mailto:MDE.ELS@state.mn.us) (MDE.ELS@state.mn.us) (subject: Early Learning Scholarships)