

**Early Learning Scholarships (Pathway I)  
Implementation Manual- draft**

Updated July 10, 2013

DRAFT

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**NOTE:** This manual is designed to describe the parameters of the Early Learning Scholarships awarded directly to eligible children (Pathway I) and to allow the grantee to add items that are discretionary and specific to their area. Administrators will receive additional guidance about administering the Early Learning Scholarships awarded to children thru an eligible four-star Parent Aware rated Program (Pathway II). This manual is currently in draft form. The policies and procedures in this manual are subject to change by the Minnesota Department of Education (MDE). If changes are made, the scholarship administrator will be notified. (Scholarship administrators may add more steps, or detail about the steps to this manual for their staff at their discretion.)

## **Background**

### ***History of the Early Learning Scholarships***

In 2011, the Minnesota legislature enacted the Early Learning Scholarships Program in order to provide access to high-quality early childhood education and care programs for low-income families with children between the ages of three and five.

In accordance with the law, the Minnesota Department of Education (MDE) created a plan for implementing the state Early Learning Scholarships. During the 2012 legislative session, the legislature amended the funding amount from \$4 million in the first year and \$2 million every year after to \$2 million in the first year and \$3 million every year after.

Minnesota has tested a number of incentive-based approaches that focus on removing barriers to accessing high-quality programs for families with children with high needs. The Early Learning Scholarship Program builds upon these approaches.

The Early Learning Scholarships were targeted to low-income families with preschool-aged children. Currently, there are approximately 42,910 children between ages three and five living in families with low income in Minnesota. There were approximately 460 state-funded Early Learning Scholarships available during state fiscal year 2013 which represents between 1 and 2 percent of the eligible children in Minnesota.

The Early Learning Scholarship Implementation Plan focused these resources in targeted communities in order to effectively implement the program and make an impact on families and programs in those communities. The communities receiving Early Learning Scholarships in fiscal year 2013 were Becker, Blue Earth, Clearwater, Pine and Nicollet counties; Wayzata school district; the cities of Duluth, Minneapolis, St. Paul and Willmar.

### **Overview of the State Early Learning Scholarship Program Beginning FY2014**

The Early Learning Scholarship Program is an initiative created by the governor and finalized by the 2013 Minnesota Legislature to expand access to high-quality early childhood education programs for children ages three to five with high needs. The Legislature appropriated \$23 million per year for Early Learning Scholarships.

Early Learning Scholarships support access to quality early childhood education and care programs by bridging funding gaps and decreasing barriers to access. Eligible families must use the Early Learning Scholarships to access a high quality early childhood education program for their child. Scholarship funds will go toward the cost of serving additional children, extending a child's time in a high-quality program, and/or to cover parent fees and charges for the child's attendance.

## **Program parameters**

### *General Early Learning Scholarship Program Parameters*

- Scholarships will be awarded for up to \$5,000 for each eligible child per 12-month period. A child may not be awarded more than one scholarship in a 12-month period.
- Early Learning Scholarships will be available to families who meet the following eligibility requirements:
  - Families must live in one of the areas designated in this grant.
  - Families must have income equal to or less than 185 percent of federal poverty level income 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:
    1. The child is age 3 or 4 as of September 1 of the current year and not yet eligible for kindergarten.
    2. 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 equivalency diploma is eligible for a scholarship if the parent meets the income eligibility guidelines.
    3. 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.
- A child between the ages of three to five years of age receiving a scholarship must complete developmental screening within 90 days of first attending an eligible early childhood program according to Minnesota Statute 121A.16-121A.19.
- Any early childhood program accepting scholarships from a family must be participating in Parent Aware, Minnesota's quality rating and improvement system, and use the revenue to supplement and not supplant federal funding.
- Priority for scholarships will be given based on factors including family income, geographic location, and whether the child's family is on a waiting list for a publicly funded program providing early education or child care services.

MDE estimates that approximately 4,000 scholarships per year will be awarded throughout the state to families with young children, which represents approximately 9 percent of the eligible children in Minnesota. Eligible children will be able to access Early Learning Scholarships in one of two ways:

#### **Pathway I: Early Learning Scholarships awarded directly to eligible children**

- Early Learning Scholarships will be awarded directly to children who meet the eligibility requirements defined as defined in statute.

- Families must live in one of the counties identified within the 13 Economic Development Regions.
- Families must use their scholarship in an early childhood program participating in Parent Aware, Minnesota's quality rating and improvement system. Types of programs eligible for a Parent Aware rating include school-based pre-kindergarten programs, Head Start programs, licensed child care centers and family child care homes, and beginning January, 2014, programs funded with federal IDEA Part B and Part C funding.
- Maximum scholarship amounts may vary based on the early childhood program's Parent Aware rating level. Families that choose a three-or four-star rated program will be eligible to receive up to \$5,000 per eligible child per year. Families that choose a one-or two-star rated program will be eligible to receive up to \$4,000 per eligible child per year in that program. Families that choose programs that have signed a Parent Aware Participation Agreement but do not yet have a star rating are eligible to receive up to \$3,000 per eligible child per year in that program. Beginning July 1, 2016 programs must have a three- or four-star rating in Parent Aware. [Find more information about Parent Aware on their website](http://www.parentawareratings.org) (www.parentawareratings.org).

Note: Eligible families will receive an Early Learning Scholarship Award, but the funds will be paid to the early childhood program that the family chooses.

#### ***Pathway I Geographic Distribution for Early Learning Scholarships***

Early Learning Scholarships will be awarded to families residing in eligible communities in each of the 13 Governor's Economic Development Regions. Early Learning Scholarship funds will be paid to the early childhood program the family chooses in the eligible counties. Eligible counties include:

- Region 1- Norman, Polk, and Red Lake
- Region 2 - Beltrami, Clearwater and Mahnomen
- Region 3- Carlton, Itasca, and Saint Louis
- Region 4- Becker, Douglas, and Ottertail
- Region 5- Cass, Crow Wing, Morrison, and Wadena
- Region 6E - Kandiyohi and Meeker
- Region 6W- Chippewa, Swift and Yellow Medicine
- Region 7E – Isanti, Mille Lacs, and Pine
- Region 7W- Benton, Stearns, and Wright
- Region 8-Lincoln, Lyon, and Nobles
- Region 9-Blue Earth, Brown, Nicollet and Watonwan
- Region 10- Mower, Olmstead, Rice and Winona
- Region 11- Anoka, Dakota, Hennepin, Scott, Ramsey, and Washington

## **Pathway II: Early Learning Scholarships awarded to children thru an eligible 4-star Parent Aware rated Program.**

Once an administrator is chosen in each region, they will work with MDE in the administration of scholarship funds awarded directly to four-star Parent Aware rated Head Start, child care or school-based pre-kindergarten and preschool programs in order to serve more eligible children and/or enhance services to eligible children.

Through an application and approval process determined by the commissioner of education, four-star rated programs will notify MDE of the number of children who are currently enrolled in or on a waiting list for each program. In this process, Early Learning Scholarship funds may be awarded directly to eligible early childhood 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.

MDE will notify each regional administrator of the number of scholarships awarded to each four-star rated program and the dollar amount associated with the award. The administrator will serve primarily as a fiscal agent for this portion of the funds. Administrators will receive additional guidance about administering the Early Learning Scholarships awarded to children thru an eligible 4-star Parent Aware rated Program (Pathway II).

### ***Pathway II Geographic Distribution for Early Learning Scholarships***

Early Learning Scholarships awarded to children through an eligible four-star Parent Aware rated program will be made available in each Economic Development Region in areas to be determined. Identified four-star Parent Aware rated programs will be notified of their eligibility to make available Pathway II Early Learning Scholarships for children with high needs enrolled in or on a waiting list for the early childhood program. MDE will notify regional administrators of the Early Learning Scholarships to early childhood programs within their region that have been designated as a Pathway II program.

## **Scholarship Implementation Responsibilities (Pathway I)**

The scholarship administrator is responsible for the following duties:

1. Inform families in the community about the scholarships.
2. Determine the family's eligibility, using the standard application provided by MDE, by verifying:
  - The family's residency.
  - The child's age.
  - The family's income eligibility, by obtaining:
    - Proof of the child's eligibility in one of the publicly funded programs or
    - The Income Verification section of this application.

- An early childhood program has been identified in which to use the scholarship.
  - The application is complete.
  - Funds are available, or if the child must be put on a waiting list.
3. Notify families of their child's eligibility.
  4. Assist families in choosing a program in which to use their scholarship including explaining the different scholarship amounts and the various star ratings.
  5. Coordinate and set up payments with local early childhood programs.
  6. Maintain an ongoing relationship with the families and programs that receive scholarships.
  7. Collect data and track scholarship usage and report to MDE.

### **Inform families about scholarships**

You 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. (Scholarship administrator: add details about outreach and promotion here.) A common set of marketing materials by MDE will be made available to administrators to use as a template for outreach.

### **Determine a Family's Eligibility for Pathway I Scholarship**

Use the standard family application to be provided by MDE. (Scholarship administrator: you may add additional processes for receiving and verifying applications to this section, but your process must meet these minimum requirements.) Follow these steps:

- Residency requirement – Verify that the family's address on the application is located in one of the counties that are eligible for scholarships. Additional documentation of residency is not required by MDE. Families must live in one of the following counties\*:

Region 1- Norman, Polk, and Red Lake

Region 2 - Beltrami, Clearwater and Mahnommen

Region 3- Carlton, Itasca, and Saint Louis

Region 4- Becker, Douglas, and Ottertail

Region 5- Cass, Crow Wing, Morrison, and Wadena

Region 6E - Kandiyohi and Meeker

Region 6W- Chippewa, Swift and Yellow Medicine

Region 7E – Isanti, Mille Lacs, and Pine

Region 7W- Benton, Stearns, and Wright

Region 8-Lincoln, Lyon, and Nobles

Region 9-Blue Earth, Brown, Nicollet and Watonwan

Region 10- Mower, Olmstead, Rice and Winona

Region 11- Anoka, Dakota, Hennepin, Scott, Ramsey, and Washington

Note: Families can use their scholarships at any eligible early childhood program, either within or outside of their geographic area.

\*Early Learning Scholarships awarded to children through an eligible four-star Parent Aware rated Program (Pathway II) will be made available in each Economic Development Region in areas to be determined.

- Age of child  
Children awarded a scholarship must meet one or more of the following criteria:
  1. The child is age 3 or 4 as of September 1 of the current year and not yet eligible for kindergarten.
  2. 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 equivalency diploma is eligible for a scholarship if the parent meets the income eligibility guidelines.
  3. A sibling between the ages 0 and 5 of a child who has been awarded a scholarship is eligible upon request, provided the sibling attends the same program.

Using the birthdate listed on the application, verify that the child is between the ages of 3 and 5 years old and not yet eligible for kindergarten\*. Additional documentation of age is not required by MDE. Children are no longer eligible to receive scholarships starting on the date that they are eligible to enter kindergarten.

\* If the child is younger than 3 years old, you must verify that they meet one of the criteria above.

Note: A family may have more than one child who is eligible to receive a scholarship.

- Income requirements  
Families have two options to demonstrate their income eligibility.

*Income verification Option 1:*

A family can document that their child is participating in one of the following programs:

- Minnesota Family Investment Program
- Child Care Assistance Program
- Food Support (SNAP)
- Free and Reduced-Price Lunch Program
- Child and Adult Care Food Program
- Head Start
- Foster Care
- Food Distribution Program on Indian Reservations

For families that choose Option 1, verify that the application includes written documentation that their child is participating in one of the above programs. If a family does not have

existing documentation, they may submit the verification form included in the scholarship application Attachment A as documentation. A family that can provide this documentation does not need to complete the Option 2 income verification section of the application.

Note: Families cannot be determined income-eligible for scholarships based on Child and Adult Care Food Program provider area eligibility. Families must be eligible for CACFP based on their income in order to use CACFP for Option 1 of the application.

*Income verification Option 2:*

Families that cannot 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 Table I, page 10).

Families must provide documentation of earned income. Proof of income may include:

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

Option 2 has two steps:

Step 1 for Option 2: Calculate the annual income in order to determine eligibility.

To calculate annual income for parent(s)/legal guardian(s), multiply each income source by the appropriate frequency to achieve an annual income number and add all annual incomes together for a total annual income.

Multiplying factor for calculating annual income for a single source of income:

- Monthly income x 12
- Twice-per-month income x 24
- Biweekly income x 26
- Weekly income x 52

Example: A household reports incomes of public assistance at \$500 per month and gross wages at \$1,000 per two weeks (biweekly).

(1) Multiply each income to determine annual incomes:

\$500 (monthly amount) x 12 = \$6,000

\$1,000 (biweekly amount) x 26 = \$26,000

(2) Add for total annual income: \$32,000

Step 2 for Option 2: Use the annual income, number of family members listed in Section II, question 3 of the application, and Table I below to determine income eligibility.

Definition of family members: includes the total number of the following living in the household:

- Parent(s)/legal guardian(s).
- Children under age 18.
- Children over age 18 who live in the household and are full-time students and for whom the applicant provides 50 percent or more of their financial support.

Note: If a minor parent and their child(ren) are living with their parents or other relatives, family members means only the child, minor parent, and their spouse or parent of the child(ren) living with them.

Table I: Family Size and 185 percent of Federal Poverty Guidelines

<b>Family Size</b>	<b>Gross income</b>
2	\$28,693.50
3	\$36,130.50
4	\$43,567.50
5	\$51,004.00
6	\$58,441.50
7	\$65,878.50
8	\$73,315.50

For family units of more than eight members, add \$4,020 for each additional member. Based on FY2013 poverty guidelines published in Federal Register on January 1, 2013.

#### 4) Program choice

Confirm if the family has chosen an early childhood program at which they want to use their scholarship. This information is not required in order to determine a child's eligibility but should be used when following up with the family (see Section III, Early Learning Program choice on the scholarship application).

#### 5) Application completion

Ensure that the application is complete and signed by a parent or legal guardian. The application form contains two areas for signatures. The first signature is required for completion of the application. The second signature is specific to evaluation and is not required for an application to be complete.

Eligibility is verified by reviewing the documentation submitted by the family and ensuring all required documentation has been supplied. If an application is incomplete, follow-up with families to collect any missing information.

Note: Page 4 of the scholarship application includes optional information. This information is to be used for evaluation purposes only and must not be used to determine eligibility.

## 6) Available scholarship funding

Each Economic Development Region is allocated a specific amount of funds that are available for scholarships in FY2014. Because there is a capped amount of state scholarship funds available per region, administrators may need to create and maintain a waiting list once the scholarship funds are expended.

Priority for scholarships should be given based on factors including family income, geographic location and whether the child's family is on a waiting list for a publicly funded program providing early education or child care services. (Scholarship administrator: enter details of maintaining a waiting list.)

### **Notify Families of Eligibility**

Use a method determined locally for notifying families of their eligibility. Families that have been determined eligible should be notified that they may have up to \$5,000 to spend over the 12-month period and that based on the program they choose, the scholarship maximum amount may vary (see Determine maximum Early Learning Scholarship amount, page 12). (Scholarship administrator: enter the details of your system for notifying families of eligibility.)

Note: Once a child is awarded a scholarship, they are eligible to continue to receive a scholarship until the day they are eligible for kindergarten. However, they are not allowed to receive more than one \$5,000 scholarship in a 12-month period.

### **Assist Families in Choosing an Early Childhood Program**

Use the following steps to help families choose an early childhood program that complies with the Early Learning Scholarship program requirements: (Scholarship administrator may add more steps, or detail about the steps to this manual for their staff at their discretion.)

- Confirm that the family has chosen a program.
- Verify eligibility of the early Learning program.
- Determine Early Learning Scholarship amounts based on the scholarship tiers.

#### **Confirm that the family has chosen a program**

Use the family application to determine if the family has chosen an early childhood program in which to use their scholarship. If they have not yet chosen a program, follow-up with the family to assist them in identifying an eligible program. Because the eligible program list may change frequently, please do not send a list of programs to parents. Instead, assist families in using the Parent Aware website, and be available to assist them if they do not have access to the Internet.

Note: Programs that have signed a Parent Aware Participation Agreement but have not yet received a star rating will not be listed on the Parent Aware website. These programs are eligible to accept a \$3,000 scholarship and will be included in the list of eligible programs that MDE will send out to administrators. If the family identifies a program that is not on the

Parent Aware website, check the eligible program list from MDE to see if this program is on this list.

### **Verify eligibility of the program**

Verify that the program selected by the family is eligible to receive scholarships. In order to be eligible to receive a scholarship from a family, a program must have a current Parent Aware rating or have signed a Parent Aware Participation Agreement and be working towards their rating. Beginning July 1, 2016, all programs must have a three- or four-star rating in order to be eligible to receive scholarships.

You can find information about a program's Parent Aware rating and whether or not programs have signed a Parent Aware Participation Agreement by reviewing the list that MDE will send to administrators on a regular basis. Please check this list each time you enroll a child with a scholarship into a program, as the program eligibility may change.

Families can use their scholarships at any eligible early childhood program, either within or outside of their geographic area.

If the program that 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, you must work with the family to help them choose a program and provide them with all of the available options.

Note: 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.

### **Determine the maximum Early Learning Scholarship amount**

Inform the family the maximum scholarship amount that is available for them is based on the level of program that they choose. Families that choose a three- or four-star rated program will be eligible to receive up to \$5,000 per eligible child per year. Families that choose a one- or two-star rated program will be eligible to receive up to \$4,000 per eligible child per year in that program. Families that choose programs that have signed a Parent Aware Participation Agreement but do not yet have a rating are eligible to receive up to \$3,000 per eligible child per year in that program.

### **Coordinate with Early Childhood Programs**

As you work with local early learning programs, you will need to:

- Communicate with chosen programs.
- Receive the program agreement form.
- Communicate with programs about the approved uses of scholarship funds.
- Schedule payments and reporting.
- Implement additional scholarship policies.

## **Communicate with the program that the scholarship-eligible family chooses**

You must notify the program as soon as the family confirms their eligible program choice. When notifying a program that a family has chosen to use their child's scholarship at their program, provide the following information:

1. A notice informing them that a family has selected them (created by the scholarship administrator).
2. The Scholarship Program Participation Agreement form.
3. A copy of the invoice.
4. A list of approved uses of the Early Learning Scholarships (see below).

(Scholarship administrator: enter additional details about how you will notify the program of expectations and next steps.)

## **Receive the Scholarship Program Participation Agreement Form**

Programs must sign and submit the Scholarship Program Participation Agreement form, to be developed by MDE, before they are able to receive a scholarship. Programs do not need to have a separate form for each child with a scholarship, but they must have at least one form on file.

## **Communicate with programs about the approved uses of scholarship funds**

You will need to communicate with programs and parents and inform them of how scholarships can be used. Scholarships may be used to:

- Serve additional children.
- Enhance the program through increasing the type, intensity and duration of services provided through existing programs.
- Offset fees to families that are required for a child's attendance in the program, including:
  - Cover any payment required for a child to receive services such as private pay charges, co-payments, non-eligible CCAP expenditures and parent fees based on sliding fee scales used by school districts. Late fees may not be covered by an Early Learning Scholarship.
  - Cover expenses required for attendance, such as uniforms or activity fees.
  - Cover transportation to and from the program. Scholarships may not be used to purchase a bus or vehicle.

Notes:

- If a child care provider charges fees to families with scholarships, they must charge the same fee to families without scholarships that receive the same service.
- Scholarships must be used to supplement, not supplant, any federal funds.

## **Schedule payments and reporting**

(Scholarship administrator: feel free to enter the payment schedule you decide is appropriate here.) MDE recommends a monthly payment frequency, but administrators may determine a different frequency, with a minimum frequency of quarterly.

Before payment is issued, the early learning program must:

1. Sign and have on file a Scholarship Program Participation Agreement form to ensure that they will meet the requirements of the Early Learning Scholarship program and that they will continue to participate in Parent Aware.
2. Complete and submit the appropriate invoice claim form, to be created by MDE, that has been developed for the various program types.

Notes:

- On the claim form, you will need to add the name and address for your local office where you want the forms to be sent. There is a space to include a timeline by which they can expect payments to be processed. Please sign the form once you have received and verified the claim.
- The amount that a program requests for scholarship reimbursement may change. This may occur for a few reasons, including a change in the child's child care subsidy reimbursement amount or new costs incurred due to additional enhancements or services. If there is a significant change in the amount requested, you should contact the program to learn the reason for the change, and to ensure that the family is aware if this change will impact the length of their scholarship availability.

## **Implement Additional Scholarship Policies**

Administrators must be aware of and implement additional scholarship policies as indicated below.

### ***Splitting Early Learning Scholarships between multiple programs***

Families often use more than one program to meet their needs. However, in most cases, a parent must select just one program to receive their Early Learning Scholarship(s).

If a family is using two approved programs, they must pick one program to use their Early Learning Scholarship, unless the programs operate as a collaboration. When two programs are formally collaborating, the two programs may select one fiscal agent to act for both of the programs.

### ***Child attendance***

In the Scholarship Participation Agreement form, programs will agree to notify their scholarship administrator if a child has an unplanned absence for 10 consecutive days. If you are notified of this absence, you should contact the family to confirm if they plan to continue using the scholarship in that program or if they want to use their scholarship in a different program.

The invoice form includes information regarding number of days the child attended. This is for information purposes only and *should not* be used to calculate the scholarship payment.

## **Maintain ongoing communication with families and programs**

Administrators must maintain ongoing communication with the families and the chosen early childhood providers. This follow-up will include:

- Provide technical assistance to programs that have questions about scholarships.
- Ensure that the child age 3 to 5 has completed an Early Childhood Health and Developmental Screening within 90 days of first attending an eligible program.
- Notify the families and programs when the scholarship is about to expire.
- Be aware of changes in a program status or in a family's program choice.

### **Provide technical assistance to programs**

In some cases, programs may ask about the best ways to plan for and use their scholarships. When providing guidance to programs about using the scholarships, please refer to the FAQ document to be developed by MDE. If School Readiness or Head Start programs have questions about using scholarships, please refer them directly to the appropriate contact at MDE, as listed in the document.

### **Ensure that the child has completed a 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 section 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 currently attending an eligible program when they receive a scholarship, the child must complete the screening within 90 calendar days of receiving the scholarship award.

Administrators may assist the family in finding their district using the [Early Learning Services page of the MDE website](https://w1.education.state.mn.us/EarlyLearningServices/search.do) that lists the district contacts for Early Childhood Screening (<https://w1.education.state.mn.us/EarlyLearningServices/search.do>).

### **Notify the family and program when a scholarship is about to end**

A child who has received an Early Learning Scholarship must continue to receive a scholarship each year until that child is eligible for kindergarten. However, if the scholarship recipient has not been accepted and enrolled in an eligible early childhood program within 10 months of the awarding of the scholarship, the scholarship cancels and the recipient must reapply in order to be eligible for another scholarship. A scholarship is awarded for a 12-month period, and a child may not be awarded more than one scholarship in a 12-month period.

Early Learning Scholarship administrators must notify the family if they are nearing 10 months without enrolling their child in an eligible early childhood program. Administrators must also notify the family and the early childhood program when the Early Learning Scholarship is nearing 12 months from the original award and when the scholarship is about

to reach the maximum scholarship amount for that 12 months. This notification should include a written notice at least four weeks before one of these occurs.

### **Be aware of changes in a program status or in a family’s program choice**

You should check with eligible program list sent to you by MDE on a regular basis. This list will inform you if a program’s Parent Aware star rating has changed.

There may be cases when a program rating changes or a family moves to a program with a different rating. If one of these situations occurs, you will need to follow the guidelines in the chart below.

Note: There may also be instances when a program’s rating is impacted by a licensing violation. If these situations occur, you will need to follow the guidelines in the attached document titled: State Scholarships and Licensing status.

<b>Program’s initial Parent Aware rating status</b>	<b>Program’s rating status change</b>	<b>Impact on Early Learning Scholarships (state-funded)</b>
Signed Parent Aware Participation Agreement	Does not have a rating and does not continue to pursue a rating in their cohort.	Payments stop in 15 days from when the parent is notified for current children. Program cannot accept any new scholarships.
Rated 1, 2, 3 or 4 stars.	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.  If a program signs a Parent Aware Participation Agreement to get their rating renewed, the program will continue with their current children at the original rate, and can accept new scholarships at \$2,000.
Signed Parent Aware Participation agreement or rated 1, 2, 3 or 4 stars.	Rating increases.	Maximum scholarship amounts for current and future children with scholarships will be raised to the new level.
Rated 1, 2, 3 or 4 stars.	Rating decreases.	Maximum scholarship amounts for current scholarship children stay at original amount. Maximum scholarship amounts for future children are at the new level.

### **Collecting data and tracking scholarship usage**

As you track scholarship funds and store data, you will be required to:

1. Reserve funds for each child.

2. Issue IRS Forms 1099.
3. Enter data.
4. Follow data privacy requirements.
5. Follow data storage requirements.
6. Submit quarterly reports to MDE.

### **Reserving funds for each child**

Once a child has been determined eligible, reserve \$5,000 for that child to use within 12 months, or by the time they enter kindergarten, whichever comes first. The family may choose a program that is eligible to receive less than this maximum based on their Parent Aware rating status, however, you should reserve \$5,000 for that child to account for situations when a family moves to a higher-rated program or a program increases their rating during the 12 months that the family's scholarship is available. MDE will provide further guidance on accounting for this dollar amount as the end of the fiscal year approaches.

### **Issuing 1099s**

For information about federal tax policy, consult your tax attorney or advisor.

### **Entering data**

Administrators must create a tracking system in order to collect information about families and document payments to programs. Beginning in FY2015, this data system will be provided by MDE. (Scholarship administrator: feel free to enter details about entering data into tracking system in FY2014.)

### **Data Privacy**

Families must sign the application so that their 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. Do not respond to a request for private Early Learning Scholarship program data unless it is from the evaluation team at MDE or their designated evaluation contractor, or it is for a purpose allowed under the Minnesota Government Data Privacy Practices Act. If private information is requested and you are not sure if you should fulfill the request, ask MDE or the data privacy practices compliance official for your organization before you respond.

### **Data storage**

All data and documentation collected from families and programs must be kept on file for nine years. You may store data and documentation electronically at your discretion, as long as the data are stored 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.

## **Reporting**

Administrators must submit reports to MDE, as described in your Official Grant Award Notification. You will be asked to complete a program report quarterly. The reporting dates will be provided in the Grant Award Notification.

\*Note: Starting in FY2015, MDE will transition to a new statewide data system for the Early Learning Scholarship Program.

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