

Program Updates: Early Learning Scholarships (ELS)

The 2023 Legislative Session brought changes to the Early Learning Scholarships program. Below you will find information about the changes. Minnesota State Statute 124D.165

Timeline of changes

The timeline of changes varies. Review the following timeline to see when changes go into effect.

July 1, 2023

- Increased Appropriation: \$126,028,000
- Administrative Funding: \$2,133,000
- Special Revenue Account: \$5M (technology)
- Cap by program type: \$12,000 Family Child Care; \$15,000 Center-Based Care

January 1, 2024

- Expanded Age Eligibility: Birth to Four

July 1, 2024

- Scholarship amount to full-time at 75th percentile of child care market rate survey
- Graduated chart by Star Level, Geography
- Categorical Eligibility Child Protective Services (CPS)
- Program Enrollment by 3 months
- Expanded definition of Parent Aware Participation
- Expanded Priorities

January 1, 2025

- Expanded Priority: Birth to Three
- Up to \$750,000 systems maintenance

July 1, 2025

- Prioritize children in families at or below 47% of state median income
- Expand Income Eligibility to 85% of state median income
- Total Appropriation: Decreases to \$100,173,000

Funding

Starting July 1, 2023, the funding appropriation for Early Learning Scholarships increased by \$126,028,000 making the total appropriation \$196,737,000. The Administrative funding for Early Learning Scholarships increased from \$950,000 to \$2,133,000. In addition, the 2023 Legislature agreed to the use of up to \$5,000,000 for technology systems for ELS for an online application, attendance tracking, centralized payment and case management systems. Beginning July 1, 2025, up to \$750,000 is allowed to be used for maintaining the systems developed. Funding for both is drawn from the overall Special Revenue Account for Early Learning Scholarships.

After previous discussions and workgroups about raising the cap and in order to align with the increase in the Child Care Assistance Program (CCAP) rates to the 75th percentile, the limit (cap) for Early Learning Scholarships was raised to \$15,000 for center-based child care and \$12,000 for family child care. Maximum scholarship award amounts vary based on the Parent Aware Star Rating of the early childhood program serving the child, up to the limit (cap) of \$12,000-\$15,000, based on program type and Parent Aware rating, per scholarship year. See below for the FY24 Early Learning Scholarship cap (Table 1).

Table 1: Scholarship amounts are based on the Parent Aware rating level of the program you choose.

Parent Aware Rating Level	Scholarship Amount: Center-Based, School District/ Charter School, and Head Start	Scholarship Amount: Licensed Family Child Care
Parent Aware Four-Star Rating	Up to \$15,000 per child	Up to \$12,000 per child
Parent Aware Three-Star Rating	Up to \$9,000 per child	Up to \$9,000 per child
Parent Aware One- or Two-Star Rating	Up to \$6,000 per child	Up to \$6,000 per child
Signed Participation Agreement	Up to \$5,000 per child	Up to \$5,000 per child

On July 1, 2024, scholarship amounts should be at the cost of full-time child care up to the 75th percentile of the child care market rate in alignment with CCAP. Early Learning Scholarships will align guidance with CCAP by creating a graduated chart by Parent Aware Star Rating level and geography.

In fiscal year (FY) 2026, the total appropriation drops to \$100,173,000.

Expanded Eligibility

Effective January 1, 2024, age eligibility is expanded to birth through the day they are age-eligible for kindergarten (age 5 on September 1). The policy that children birth to age 2 must have a sibling awarded, enrolled and attending the same program sunsets as of January 1, 2024 when the expanded age eligibility is in effect.

Effective July 1, 2024, children in protective services become categorically eligible for an Early Learning Scholarship, meaning the family does not need to show income eligibility to qualify for a scholarship. In addition, income eligibility will align with CCAP to have household income less than or equal to 47 percent of the State Median Income (SMI).

Effective July 1, 2025, eligibility will expand to families whose income does not exceed 85 percent SMI for the family of the same size and whose family assets do not exceed \$1M.

Expanded Priority

Effective July 1, 2024, priority will be expanded to children who have been the victim of domestic violence or who have a parent that is or has been incarcerated, is in a substance use treatment program, or is in a mental health treatment program. In addition, children birth to 3, will be considered priority.

Effective July 1, 2025, children in families at 47 percent SMI will be prioritized over higher income families.



Other Changes

Previously, when a child was not enrolled in a program before the tenth month of the child's scholarship year, the Early Learning Scholarship was cancelled. As of July 1, 2024, the family must enroll the child in a program by the third month of the child's scholarship year, unless an extension is requested due to no programs being available.

Language was removed that required programs to be Three or Four Star Parent Aware Rated in order to accept Early Learning Scholarships and will not go into effect on July 1, 2024.

Contact Us

If you have questions about Early Learning Scholarships and these Legislative changes, please [email us](mailto:ELScholarships@state.mn.us) (MDE. ELScholarships@state.mn.us).