



State Early Learning Scholarships Program

Policy Manual

Effective July 1, 2023

This manual is current as of July 1, 2023.

This manual is designed to document policy, procedure, and process for the Early Learning Scholarships Program of the State of Minnesota. Early learning scholarships support access to quality early education and care programs, reducing the opportunity gap by bridging funding gaps and decreasing barriers. 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 funded programs.

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

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Overview of the Early Learning Scholarships Program

Early learning scholarships support access to quality early education and care programs by bridging funding gaps and decreasing barriers. Awarded families must use the early learning scholarships to access a high-quality early childhood 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 participating in Parent Aware. Parent Aware, administered by the Minnesota Department of Human Services (DHS), is Minnesota's Quality Rating and Improvement System for early childhood programs. Parent Aware Star Ratings, which are based on research, help families identify programs that prepare children for kindergarten. Any program participating in Parent Aware is eligible to accept scholarships

Families can access early learning scholarships in one of two ways:

- **Pathway I**
 - Scholarships are awarded to eligible children through Area Administrators.
 - Scholarships may be used for allowable costs and services provided by an eligible program selected by the family.
 - Scholarships can follow the child to a different eligible program in the event of a program change.
- **Pathway II**
 - Awarded to eligible children through a Parent Aware Four-Star Rated program that has been funded with Pathway II dollars.
 - Used only for allowable costs and services provided by the Pathway II program that made the award.
 - Ends when a child leaves the Pathway II program that made the award.

Area Administrators are organizations funded as grantees of MDE to locally administer scholarships throughout Minnesota. They do outreach, process applications, verify eligibility, request scholarship funds from MDE, and process payments. Area Administrators award scholarships directly to eligible children and then pay programs on behalf of the family.

Pathway II programs are a set of early learning programs that receive funding as grantees of MDE to award scholarships directly to eligible children attending their program. Pathway II programs verify eligibility, award scholarships, deliver services, and invoice Pathway II scholarships within their program for payment. MDE designates a statewide administrator of Pathway II child care programs as a grantee through the Request for Proposal (RFP) process, and current grantee is Milestones. Private child care Pathway II programs submit invoices to the Pathway II child care administrator, Milestones. School-based and Head Start Pathway II programs invoice payment by submitting payment requests directly to MDE.

Programs receiving public funds, including early learning scholarships, must comply with nondiscrimination statutes. This includes that there will be no discrimination on the basis of race, color, national origin, religion, gender expression, disability, sex or age.

Eligibility for Scholarships

To be eligible for a state Early Learning Scholarship, the family must be income-eligible and the child must be age-eligible.

- **Income eligibility:** Families must have (a) income equal to or less than 185 percent of federal poverty level in the current calendar year (47th percent of the Minnesota State Median Income beginning July 1, 2024), or (b) be able to document their child's current participation in one of the following programs:
 - Free and Reduced-Price Meals program (FRPM); or
 - Child and Adult Care Food Program (CACFP), National School Lunch Act, United States Code, title 42, sections 1751 and 1766;
 - Food Distribution Program on Indian Reservations, Food and Nutrition Act, United States Code, Title 7, sections 2011-2036;
 - Head Start under the federal Improving Head Start for School Readiness Act of 2007;
 - Minnesota Family Investment Program (MFIP) under chapter 256J;
 - Child Care Assistance Programs (CCAP) under chapter 119B;
 - Supplemental Nutrition Assistance program (SNAP);
 - placement in foster care under section 260C.212.
- **Age eligibility:** Children must meet age eligibility requirements in at least one category listed below at the time of award. Once a child has been awarded a scholarship, they are eligible to continue to receive a scholarship until they age out. **Effective January 1, 2024, age eligibility is expanded to birth through the day children are age-eligible for kindergarten (age 5 on September 1).**
- Children ages 3 to 4 on September 1 of the current school year, or age 5 if not yet aged out of eligibility.
 - The current school year is the school year within the state fiscal year funding the scholarship award.
 - A state fiscal year (FY) runs from July 1 to June 30 the following calendar year.
 - Example: FY 2024 runs July 1, 2023, through June 30, 2024. This covers school year 2023-24.
 - Children who turn 3 between July 1 and September 1 are eligible as of July 1 of the fiscal year funding the scholarship award.
 - Children who are 5 on September 1 are age-eligible until that date; they can be newly awarded or have a scholarship renewed between July 1 and August 31 of the funding fiscal year.
- Children ages 0 to 4 on September 1 of the current school year, or age 5 if not yet aged out of eligibility, who have been identified as meeting criteria in one or more of the following priority categories. See the [Priority Populations for Early Learning Scholarships](#) section of this manual for additional details.
 - The child of a parent under the age of 21 who is pursuing a high school diploma or General Education Development (GED®) diploma is eligible for a scholarship if the parent meets the income eligibility guidelines.
 - A child whose family has experienced homelessness as defined under the federal McKinney-Vento Homeless Assistance Act within the last 24 months.
 - A child in foster care or in need of child protective services.
- Siblings ages 0 to 4 on September 1 of the current school year, or age 5 if not yet aged out of eligibility, of any child who has an active scholarship award are eligible upon request, provided the

sibling to be awarded attends the same program as the child with the active scholarship and funds are available. See the [Siblings](#) section of this manual for additional details.

Children age out of eligibility for the Early Learning Scholarships Program either (a) the day they are age-eligible for kindergarten (age 5 on September 1), or (b) the day the child is enrolled in and attending kindergarten, whichever is earlier.

Scholarship Requirements–Family Responsibilities and Agreements

- Children are not allowed to receive more than one state early learning scholarship in a 12-month period.
 - This applies to scholarships of the same pathway as well as scholarships of the other pathway.
 - A family may apply for another scholarship award while their child’s current award is active, but they may not be awarded or added to a wait list through the other pathway while that initial award remains active.
- Families must provide accurate and consistent information on the initial application, renewal forms, and income documentation and inform the Area Administrator or Pathway II program of any changes to address or other contact information.
 - Providing incorrect information may result in loss of scholarship and may require repayment for scholarship benefits already received.
- Families who have a change in address or phone number while receiving a scholarship must inform their Area Administrator or Pathway II program of the change and provide updated contact information. Families who are unreachable after a minimum of three attempts within 60 days, one of which must be via mail, will have their scholarship cancelled. MDE suggests that the Area Administrator includes a “do not forward” note on the mailing envelope to ensure correspondence has been completed.
- A child receiving a Pathway I scholarship must be enrolled in an eligible program within 10 months of being awarded a scholarship or the scholarship will be cancelled 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 an early childhood program that is participating in Parent Aware. A child receiving a Pathway II scholarship must already be enrolled in the Pathway II program that is making the award.
- 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 of first attending an eligible program.
 - Children awarded a scholarship younger than 3 years of age should be screened within 90 days of their third birthday.
 - The family has the right to refuse a screening without losing access to education services.

Note: *An owner/operator of a licensed child care center whose child qualifies for a scholarship may be awarded a scholarship. However, scholarship-eligible licensed child care centers are not eligible to receive early learning scholarship payments for services to children of the owner/operator. All programs are eligible to receive scholarships for the children of their employees, but scholarship funds may only be used for services and costs that are not part of the employee benefits. For instance, scholarships cannot pay an employee discount on tuition, but they can be used to pay the tuition remaining after the employee discount has been applied. Programs should direct specific questions on discounts to their Area Administrator.*

Applying for Early Learning Scholarships

Parent/Legal Guardian

The parent/legal guardian must provide all required information on the scholarship application before a scholarship can be awarded. The application form must be signed by the parent/legal guardian. If there are two parents/legal guardians in the household, the second should be listed on the application under the “Additional Contact 1” section. 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.

Required fields on the application are marked with an asterisk (*). If a family leaves a required field blank or the response is not legible, the Area Administrator or Pathway II program must contact the applicant to have them update the application. The Area Administrator or Pathway II program cannot fill in any of the required fields on behalf of the applicant.

Note: *Both the Pathway I and the Pathway II scholarship applications include optional information for race, ethnicity, education, and employment status. This information is to be used for evaluation purposes only and must not be used to determine eligibility. If the parent/guardian does not provide this information on the application, it may be left blank in the Early Learning Scholarship Administration (ELSA) system.*

Siblings-Note policy sunsets as of January 1, 2024 when the expanded age eligibility is in effect

While not one of the four priority populations for early learning scholarships, scholarships must be considered for a current scholarship recipient’s sibling if requested, so long as the sibling is under 5 years old on September 1 of the current school year and attending the same program. Awarding of siblings is subject to funds being available. 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.

Note: *Children of a foster parent are not considered siblings of the child(ren) in foster care.*

For siblings to be considered for a scholarship, the application or renewal form must be submitted by the same parent/legal guardian and the sibling must be listed on the application or renewal form. If the sibling was not originally listed on the application or renewal form, the parent/legal guardian may request a scholarship for the younger sibling by adding them to the original application. Families do not need to submit new eligibility documentation for the sibling of the current scholarship recipient if the children are included on the same application or renewal form and sibling eligibility has been determined, or if the parent/guardian lists a sibling in the *Family Update Form*. After the family is determined income-eligible for a scholarship through their initial scholarship application, there is no re-determination of income eligibility when seeking a scholarship for another child under sibling eligibility.

In order for a sibling eligibility to apply, the following three requirements must be met:

1. The child must be a sibling of a child with an active scholarship.
2. The child must be enrolled and attending the same program as the sibling with an active scholarship.
 - a. For school-based and Head Start programs, both siblings must be enrolled and attending the same eligible program.
 - b. For child care programs, the child being considered for sibling eligibility must be attending the same physical location with the same license as the sibling with the active scholarship.
3. The enrollment and regular attendance of the sibling with the active scholarship must have been confirmed.

A child who is a sibling of a current scholarship recipient but who is not attending the same program and so does not qualify under sibling eligibility requirements may still be considered for a scholarship award if (a) the child is independently age-eligible for a scholarship, and (b) a full application that demonstrates family income eligibility has been submitted for this child.

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 and Pathway II programs communicate this goal with families as they are making their enrollment choices.

Notes:

- While the sibling is eligible to be added, funds must be available before awarding.
- Adoptive siblings of a child awarded under the foster care priority do not receive priority status, nor does the sibling eligibility for children under the age of 3 apply. Families wishing to apply for siblings must make a new application for all children, except the child previously awarded under foster care, and provide income verification of eligibility. The child in foster care can be included in the household size.

Different Pathways Among Siblings – Note: Policy sunsets as of January 1, 2024, when the expanded age eligibility is in effect.

Siblings in a family may access different scholarship pathways if:

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

-OR-

- The siblings are between 0 and age 5, attending the same program, and (a) the children of a parent under the age of 21 who is pursuing a high school diploma or GED® diploma, (b) are in foster care or in need of child protective services, or (c) are in a family who has experienced homelessness in the last 24 months.

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

Parents Under 21 (Teen Parents)

Teen parents (parents under age 21) who are requesting a scholarship for a child aged 0 through 2 on September 1 of the current school year must provide written proof that they are pursuing a high school diploma or GED® diploma. Written proof means an official letter from the organization (on official letterhead) in which they are currently enrolled and actively participating in classes that confirms the parent's course of study and active status. 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 household income.

Foster Care

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 must be the county or tribal social service agency address, with the address where the child is living noted on the application as the child's resident address. The foster care agency address is entered into the Early Learning Scholarship Administration (ELSA) database as the parent/guardian address, with the resident school district of the child set as the school district of the home from which the child was removed, if needed. The address where the child is currently residing, or as indicated by the foster care worker, is entered as the child's address in ELSA.

For the purpose of assigning the State Student Identification (SSID) number, the foster care agency must inform the Area Administrator or Pathway II program of the true resident school district of the child in order to ensure the correct resident school district is selected in 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 be the legal guardian actually listed on the application. 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.

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.

When a child is not in foster care but the child’s family is receiving child protective services, the county or tribal social service agency should work with the child’s parent or legal guardian to complete and submit an Early Learning Scholarship application. 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 referring agency and worker information.

Homelessness

“Homeless” is defined using the federal McKinney-Vento Homeless Assistance Act definition of homelessness. If the family resided in a shelter, car, outside, public space, hotel, motel, trailer, campground 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](#) page of the Minnesota Department of Education website.

Administering Priority Populations

Area Administrators must create a distribution plan that prioritizes children as designated such in statute and make efforts to hold funds throughout the year as possible. To support this, area administrators are directed to reserve a minimum of 30 percent of new Pathway I scholarship funds 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. The 30 percent set aside should be on top of the distribution in process and should not be a quota for awarding scholarships to children in priority status. Pathway II programs are encouraged to award scholarships to children in priority populations prior to making other awards.

For more information, see the [Pathway I Scholarships for Priority Populations](#) section of this manual. Additional administration details are included in the full [Supplemental Guide for Priority Populations](#).

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)
- Supplemental Nutrition Assistance Program (SNAP)
- Free and Reduced-Price Meals Program (FRPM)
- Child and Adult Care Food Program (CACFP)
- Head Start
- Foster Care
- Food Distribution Program on Indian Reservations (automatically qualifies for FRPM)

For families who choose Option 1, applications 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 (e.g., approved CACFP or FRPM application)
- Authorization form from the public program
- Current bill or receipt from the program (e.g., MEC2 bill from CCAP)
- Screenshot from a program’s official system of record (e.g., free or reduced-price lunch status in Infinite Campus).

Proof of participation must be dated and must be valid at the time of the scholarship award. Proof must have the name of the parent/guardian and/or child. Proof of public program participation from an older sibling’s application (such as approved FRPM application) can be used if it lists the parent name matches the parent name on the application or the same address as the household connected to the FRPM status.

Unacceptable proof includes:

- Wait list letter
- Unapproved application with family information but no program approval/signature
- Documentation without a date
- Expired documentation

Additional documentation does not need to be provided for children in foster care, but the county or tribal social service agency in charge of their placement must sign the application. There must be a referring agency to document child protection status.

If a family is not sure what type of documentation to include, the Area Administrator or Pathway II program will provide guidance to the family. The Area Administrator or Pathway II program shall not request nor 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 on program-level eligibility for CACFP or FRPM. Families must be eligible for CACFP or FRPM based on their own income in order to use CACFP or FRPM for Option 1 when applying.*

Option 2:

Families who do not document their eligibility through Option 1 may use Option 2 to verify their household income eligibility. To be eligible under this option, families must have income equal to or less than 185 percent of the federal poverty guidelines that are in effect at the start of the current state fiscal year (July 1). **Note this changes to 47th percent of the Minnesota State Median Income beginning July 1, 2024.**

Note: *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:

- Most recent (consecutive) 30 days of pay stubs for each income earner.
- W-2 form.
- A financial aid statement.
- A signed statement from their employer on company letterhead.
- Documentation of child support, if applicable.
- Documentation of social security income, if applicable.
- If other types of documentation are not available, the previous year’s income tax filing documents may be used. The tax documents must be a copy of the signed version submitted to the Internal Revenue Service (IRS) or include the confirmation notice if submitted electronically.

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 that are part of their household. Households do not include other people who are economically independent, such as a roommate. For more information on household size, view the “Who is in a SNAP household” section of the US Department of Agriculture (USDA) [SNAP eligibility webpage \(https://www.fns.usda.gov/snap\)](https://www.fns.usda.gov/snap).

The chart below is based on the poverty guidelines published in the Federal Register on January 19, 2023 and is valid for awards from July 1, 2023 through June 30, 2024.

Family Size	Gross Income	Family Size	Gross Income
2	\$36,482	6	\$74,518
3	\$45,991	7	\$84,027
4	\$55,500	8	\$93,536
5	\$65,009	9**	\$103,045

For family units of more than nine members, add **\$9,509 for each additional member.

No Household Income

When the household has no income to document and is not participating in any of the Option 1 programs, the adult completing the application must submit the “Household Declaration of No Income” page of the application declaring that the household has no income. It is expected that families with no documentable forms of income should be referred by the Area Administrator or Pathway II program 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 loss of housing, that is 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 application. 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, regardless of 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 or will receive early childhood screening by a Minnesota school district at age 3. Parents/legal guardians residing in Minnesota under a temporary worker or student VISA must submit proof of eligibility and provide their current address.

Families who 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 Pathway II scholarship. This aligns with Head Start and K-12 guidance. “Homeless” is defined using the federal McKinney-Vento Homeless Assistance Act definition of homelessness. Questions to assess homelessness are included on the application. For more details visit the [Homeless McKinney-Vento](#) page of the Minnesota Department of Education website.

Safe at Home

[Safe at Home](#) is an address confidentiality program offered through the Office of the Secretary of State and is available to people who have personal safety concerns and who have an actual residential address in the state of Minnesota. For any early learning scholarship recipient families who indicate they are participants of the Safe-at-Home program, following these guidelines will ensure compliance with the confidentiality requirements of Safe at Home within the context of scholarship administration:

- Safe at Home requires the participants to disclose their resident school district. A residential school district is required in ELSA.
- The child's name and the parent's name must be entered in ELSA to match family, with child, with invoices for payments, etc.
- The participant should have a Safe at Home program participation card, but they are not required to carry the card with them. Administrators should request to see this card for verification, but producing this card is not a requirement and so failure to produce this card should not prevent the Area Administrator or Pathway II program from following the Safe at Home guidelines.
- The Safe at Home address is confidential and all private and public entities must accept the newly assigned address as the participant's actual address of residence, as their school address and as their address of employment.

- Below is how the Safe at Home addresses must be reflected in ELSA:

Participant's Name
Lot ###
P.O. Box 17370
Saint Paul, MN 55117-0370

- To confirm participation of a family, call the Safe at Home office at 651-201-1399. Safe at Home (SAH) will confirm or deny program participation when provided with the following information: full name and lot number.

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 Screening 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 in this age range 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. A child receiving a scholarship between age 0 and 2 must complete the screening within 90 days of their third birthday.

School districts have the responsibility to ensure that Early Childhood Screening is provided for a child. Families with children not yet screened should be referred to their local school district. 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 and Pathway II programs may assist families in finding their resident district through use of the state [poll finder site](https://pollfinder.sos.state.mn.us/) (<https://pollfinder.sos.state.mn.us/>).

Families have the right to refuse a screening without losing access to education services. In the event that a family refuses screening for their awarded child(ren):

- Pathway I: The Area Administrator 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.
- Pathway II child care programs: The Pathway II child care program 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. The program should document the refusal and the referral to the district.
- Public Pathway II programs (Head Starts, school district, charter programs): Program staff should use the appropriate field on the registration form to indicate the conscientious objection.

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

Maximum Early Learning Scholarship Award Amount

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.

For awarding considerations specific to Pathway I, view the [Pathway I Scholarship Award Amounts](#) section of this manual. For awarding in Pathway II programs, view the [Pathway II Scholarship Award Amounts](#) section of this manual.

Notification to Families of an Early Learning Scholarship Award

Families must be notified in writing when they have been awarded a scholarship. Families are notified that they may have up to \$12,000-\$15,000, based on program type and Parent Aware rating, to spend over the 12-month scholarship year based on the program they choose. The actual scholarship maximum amount may vary.

For notification policies for Pathway I, view the [Pathway I Notification of Award](#) section of this manual. For notification policies for Pathway II programs, view the [Pathway II Notification of Award](#) section of this manual.

Child Attendance and Schedule

When a family is awarded a scholarship, the eligible program selected for use with their scholarship must make a plan with the family for how their scholarship will be used. Pathway I-awarded families complete an *Award Planning Agreement* together with their early childhood program that documents how the scholarship will be used. This form must be reviewed by both family and program, and must be completed in agreement, with copies retained by both parties and the original form sent to the Area Administrator.

The family must use their scholarship at an eligible program that 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. 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.

Programs receiving Pathway I scholarships and Pathway II child care programs submit an Invoice Form to Area Administrators/the statewide administrator for Pathway II child care scholarships. This form includes the number of days the child attended during the period of service covered by the invoice. This attendance information provided within the Invoice Form is for reference purposes and may be used to verify invoicing. As early learning scholarships are public funding, and in alignment with child care assistance [Minnesota Statutes, section 119B.125](#), programs must maintain and provide attendance records upon request as part of regular program monitoring. Pathway II school-based and Head Start programs report attendance directly into the Early Learning Scholarship Administration (ELSA) system when they request payment.

Attendance and Schedule: Child Care Programs

While not counted against absent days, payment for private child care programs is limited to 11 holidays and 10 program closure days (e.g., staff development, vacation days) during the scholarship fiscal year.

Attendance and Schedule: School-Based and Head Start Programs

School-based and Head Start 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 program holiday and closure day limits as privately funded programs for paid holidays or program closing days.

When reporting attendance in ELSA, school-based and Head Start programs should not report holidays that are included in their program calendar. Holidays should not be counted in the total scheduled days or entered as holidays in ELSA. If students are expected to be in attendance but school is cancelled for something like a snow day, this would be counted in the total expected days and would be entered as a closure day.

Absent Days

All early childhood programs receiving scholarships are required to keep records that demonstrate the total number of scheduled days, holidays, closure days, and absent days. An Absent Day is defined as any day the child does not attend when scheduled to be there.

Snow days should be counted as closure days and do not count them as child absent days. Please direct any questions about emergency or statewide weather cancellations to MDE.

25 Absent Day Policy

Child Care Programs

Child care programs cannot receive payment for – and a child’s award may not expend funds for – more than 25 absent days per child per 12-month period. Programs are expected to keep their own records to track this. If the family is receiving assistance from the Child Care Assistance Program (CCAP) for their child who has a scholarship, scholarship payment for absent days is not in addition to the 25-day maximum allowable by CCAP. If the maximum absent days are reached, the scholarship is not cancelled, though additional absent days cannot be charged in future invoices for that child until the scholarship is renewed into the next funding fiscal year.

Area Administrators 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.

School-Based and Head Start Programs

Due to the fact that school-based and Head Start programs award scholarships as a slot in their program, they do not need to prorate the award and can still receive payment after 25 absent days. Public programs have identified policies for absences, and must follow their local and programmatic procedures and requirements.

Public programs are still required to track absences and report them in ELSA, and should work closely with families to support consistent attendance

Exemptions from the 25 Absent-Day Policy

Medical Exemption Policy

MDE will consider exemptions to the 25 absent day-policy if the child, or an immediate family member, is impacted with a medical emergency that prevents the child from attending their program. Families who 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 Administrator or Pathway II program. Illness or injury of the following family members will be considered: the child with a scholarship, a sibling of the child with a scholarship, or a 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 documented.

For Pathway I scholarships, the Area Administrator provides the *Medical Condition Documentation 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 program receiving Pathway II funding 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.

School-based and Head Start programs should follow their district, state, or federal program requirements related to excessive absences and communicate accordingly with the family.

Absent Day Exemption Policy

The department will consider exemptions to the 25 absent day policy if the child has or is at risk of exceeding 25 absent days in their scholarship year, for several circumstances that interfere with regular and consistent attendance.

- Child is the child of a teen parent, to allow for breaks in the parents school schedule
- Child has experienced homelessness in the last 24 months, and absences may be due to changes in living locations and schedules
- Children in foster care or child protective services that may have court or other assigned visitation or reunification efforts that could lead to a higher number of absences

Families that are at risk of exceeding 25 absent days in a scholarship year due to issues that have prevented the child from attending the program regularly should request an *Absent Day Exemption Request Form* from their Area Administrator or Scholarship Administrator. Medical Exemptions are a different process and should be requested separately.

For children of teen parents, the exemption form must either be signed or accompanied by a signature or statement from an official from the teen parent's school or, if applicable, the county or tribal social worker that they are aware of the family's situation and the child's absentee rate.

For Pathway I scholarships, the Area Administrator (AA) provides the form as provided by Minnesota Department of Education (MDE) 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 AA should note the dates of the exemption in the child's ELSA record and keep the *Absent Day Exemption Request Form* with the child's paper records.

For Pathway II scholarships in child care programs, the Scholarship Administrator (SA) informs the Pathway II Child Care Scholarship Administrator, Milestones, and requests the form to give to the family. The family must return the form to the child care 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 *Absent Day Exemption Request Form* with the child's paper records. Milestones should note the dates of the exemption in the child's ELSA record.

Using Early Learning Scholarships with Child Care Assistance Program

Many of the families with children who receive state early learning scholarships are also eligible for and participate in the Child Care Assistance Program (CCAP).

If CCAP funds cover the entire cost of the child's care, their scholarship should not be cancelled. Instead, the amount of their scholarship should be informally reduced in line with the Area Administrator organization's forecasting model, and the program should continue to include the child in their Pathway I invoice submissions. This provides the family support should their CCAP funding change.

Renewal

Once a child is awarded a scholarship, they are eligible to continue to receive a scholarship until either (a) the day they are age-eligible for kindergarten (age 5 on September 1), or (b) the day the child is enrolled in and attending kindergarten, whichever is earlier. However, they are not allowed to receive more than one scholarship in a 12-month period across pathways. Additionally, children who are age-eligible for kindergarten, but not enrolled in kindergarten, are also no longer eligible to receive scholarship funds as of the first September 1 that the child is 5 years old.

Families must submit a complete a renewal form to indicate their wish to continue their child's scholarship and to provide an informed agreement and consent. Families do not need to submit updated proof of eligibility at the time of renewal.

For additional details on the renewal process, view the [Pathway I Renewal](#) or [Pathway II Renewal](#) section of this manual.

Cancellation of Scholarships

In limited and specific circumstances, a scholarship may be cancelled prior to the end of the 12-month period or before loss of age eligibility. Scholarships may be cancelled if:

- The child is moving out of state.
- The child is moving out of the Pathway II program area.
- The child has completed their 12 months and the parent/guardian does not wish to renew.
- The family has been unresponsive for 60 days.
- The family has not responded to renewal requests prior to the end of the scholarship year.
- The child was not enrolled in a program before 10 months into the scholarship year. *As of July 1, 2024, this decreases to three months unless an extension is requested due to no programs being available.*
- The program costs are now funded through Early Childhood Special Education (ECSE) and there are no other scholarship-eligible costs, fees, or tuition.
- The program costs are now funded through voluntary prekindergarten or school readiness plus and there are no other scholarship-eligible costs, fees, or tuition.
- The child is no longer enrolled in and attending the Pathway II program that made the award.
- The child was later determined ineligible for a scholarship.

Note: Families who have a change in address or phone number while receiving a scholarship must inform their Area Administrator or Pathway II program of the change and provide updated contact information. Families who are unreachable after a minimum of three attempts, one of which must be via mail, with a no forward directive, will have their scholarship cancelled if they have not responded after 60 days for the first attempt to contact. A 15-day notice of cancellation period applies 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 of their initial award has expired. However, if funds are available, their cancelled scholarship may be picked up and continued under another award by an Area Administrator or Pathway II program. The Area Administrator or Pathway II program picking up a scholarship must send the *Mid-Scholarship Award Pick-Up Letter* with all applicable dates to the family.

Pathway I

Pathway I early learning scholarships are distributed throughout Minnesota by Area Administrators. Area Administrators create an annual distribution plan that they must submit to MDE for approval to ensure equitable distribution of Pathway I scholarships across their respective areas. Most areas align with the 13 Governors Economic Development Regions, but administrative areas have been expanded to account for tribal sovereignty and the population density of the metropolitan 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, Mahnommen 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**

Tribal Area Administrators

Leech Lake Band of Ojibwe and White Earth Nation administer Pathway I scholarships for children who reside on tribal land and/or are children of members or who have otherwise been determined to have a relationship with the tribal organization. This may include families residing anywhere within the state of Minnesota as determined by the tribal area administrator as part of their approved outreach plan. Families have the choice to apply through either the Area Administrator for their county of residence or the tribe with which they are associated. Coordination of services between Area Administrators and Tribal Area Administrators is expected to maximize access and facilitate awarding of scholarships.

All references within this manual to actions of the “Area Administrator” are inclusive of Tribal Area Administrators unless specifically noted.

- **Leech Lake:** Geographic boundaries of tribal land or recognized members or determined affiliation with the tribe.
- **White Earth:** Geographic boundaries of tribal land or recognized members or determined affiliation with the tribe.

Outreach to Families about Early Learning Scholarships

Pathway I early learning scholarships are awarded directly to children who meet the eligibility requirements as defined in statute. Eligible children are awarded a Pathway I early learning scholarship, but the funds for eligible services are paid to the early childhood program that the family chooses. Each administrative area is allocated a specific amount for scholarship funding for each state fiscal year. Because there is a capped amount of state scholarship funds available per area, Area Administrators may need to create a wait list once the allocation of scholarship funds for their area has been forecasted as fully obligated.

Each Area Administrator must create and implement an outreach plan to ensure equitable access to early learning scholarships and that families in the community are aware of the scholarship opportunity and that there is distribution among the counties in their area. MDE has provided a common set of marketing materials for Area Administrators to use for outreach. While the distribution 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 need to review the geographic distribution plan regularly, possibly adjusting funds distribution based on new information, while still reserving some funds for priority groups: 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. Effective July 1, 2024, priority will be expanded to children who have a parent who is or has been incarcerated, in a substance use treatment program, in a mental health treatment program, or has been the victim of domestic violence. Depending on the number of children that are subject to renew in a new fiscal year, the size of the previous year's wait list, and the need to prioritize some children, it is possible that in some parts of the state, few children from non-priority populations will receive a scholarship before funds are fully obligated.

Pathway I Scholarships for Priority Populations

Area Administrators must create a distribution plan that prioritizes children designated in statute and make efforts to hold funds throughout the year as possible. To support this, area administrators are directed to reserve a minimum of 30 percent of new Pathway I scholarship funds 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. The 30 percent set aside should be on top of the distribution in process and should not be a quota for awarding scholarships to children in priority status. Awards made to priority populations in previous years are tracked as a percentage of all scholarships. These awards do not count towards meeting the 30 percent funding reserve, nor as part of the distribution plan, though they may be factored in when establishing or reallocating funds in an equitable distribution plan. Area Administrators must not reduce the priority set-aside without prior approval by MDE. For more information, see the [Supplemental Guide for Priority Populations](#).

Wait List

Area Administrators are required to keep a wait list once all funds have been forecasted as obligated in their region. A completed application that has been reviewed for eligibility must be completed to hold a spot on the wait list. Based on the approved equitable distribution plan, there may be wait lists in some counties earlier than

others. If funds are to be reallocated based on underutilization, MDE will utilize the area wait lists in planning for any redistribution of funds. Administrators that oversee more than one area must consult with MDE if they have underutilization of scholarships based on their distribution plan. MDE will review realignment of funds based on wait lists.

Priority for scholarships also applies to the wait list. Priority must be given to teen parents (under age 21) pursuing a high school diploma 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. Should the status of a child in one of the four priority populations change at the time they are selected to be awarded a scholarship and removed from the wait list, the priority status will continue to be honored for the entire fiscal year. They would also be considered for priority at the start of the new fiscal year and be awarded a scholarship before the general population of those on the wait list or new applicants. Please refer to the [Pathway I Scholarships for Priority Populations](#) section above for additional details and resources.

Consideration also must account for children who received a scholarship in a previous fiscal year and whose awards are expected to be renewed into the current fiscal year, as represented in the “FY Reserve” amount in the Early Learning Scholarship Administration 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 must be submitted to MDE annually or as requested.

Area Administrators shall contact families with children on the wait list by date added, first those in priority populations until children in those groups are awarded, and then general applicants will be considered.

When selecting a child from the wait list, Area Administrators must verify that income documentation is still timely and accurate. For Option 1, participation in one of the approved public programs, the scholarship award date must fall within the period of program participation that supports eligibility. If it does not, the Area Administrator will 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.

Family Choice of Early Childhood Program

Area Administrators use the *Early Learning Scholarship – Pathway I Application* to determine if the family has chosen an eligible early childhood program in which to use their scholarship. However, families who indicate a program on their application are not required to use their scholarship at that program. A family must choose an eligible program participating in Parent Aware within 10 months of their award start date. *Effective July 1, 2024, this timeline changes to within three months unless an extension is requested due to no programs being available.* If no program has been selected, Area Administrators must follow up with the family to help them identify an eligible program using the [Parent Aware website](#) or by referring the family to receive direct help through the Child Care Information Services phone line at Child Care Aware of Minnesota at 1-888-291-9811. The Area Administrator must contact families regarding their program selection at three, six and nine months if the family has not yet chosen a program. 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 (three months as of July 1, 2024) of leaving the eligible program. If the renewal happens during the time without an eligible program selected, a family must submit an *Early Learning Scholarship – Pathway I Renewal Form*. Submitting a completed renewal form to the Area Administrator does not restart the time to choose a program.

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 cancelled. If the family does not respond within 30 days, the Area Administrator will send the family the *Cancelled Award – Left Program Letter*.

If a program becomes ineligible after a family chooses to use their scholarship at that program, the family may have the option to complete their scholarship with that program to support continuity of care. If the reason for the program's loss of rating status allows them to continue to receive scholarship funds from those scholarship awards that were being received while eligible, the continuing awards may be kept at the same award amount. There are circumstances, most often related to health and safety concerns, or the participating program not receiving a rating, when an early childhood program is deemed immediately ineligible to receive scholarship payments. In those cases, Area Administrators must notify the impacted families immediately and refer them to Child Care Aware to find a new program for the duration of the scholarship. Area Administrators are to review the expiration date of a program's Parent Aware rating before formally confirming the program's eligibility. The expiration date is provided on the official scholarship-eligible programs list Area Administrators periodically receive from MDE.

Eligibility of the Program

Eligible early childhood programs must be on the "Currently Participating" tab in the scholarship-eligible programs list as produced by Develop, the Department of Human Services' Parent Aware tracking system. Guidance on how to participate in Parent Aware can be found on the [Parent Aware](#) website or by calling 1-888-291-9811. Area Administrators should use the scholarship eligible report to determine if a program is eligible to receive scholarships and the maximum amount they may receive depending on their rating status.

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 shall refer the family to Child Care Aware to help them choose a program. Area Administrators should send the *Notice to Change Program – Program Not Eligible Letter*.

Early childhood 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). Per the *Program Participation Agreement*, programs must notify their Area Administrator if a child with a scholarship has unplanned absences 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. Additional information is provided in the [Child Attendance and Schedule](#) section of this manual.

Note:

- *Early Childhood Family Education (ECFE) programs are not eligible to be Parent Aware rated and thus cannot be a program choice for scholarship recipients. However, there are some eligible programs that include ECFE within the scope of the program and may reflect ECFE within the eligible site name.*
- *Scholarship-eligible family child care providers are not eligible to receive early learning scholarships for their own children at their program but may use an early learning scholarship at a different eligible program.*
- *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 tuition discounts.*
- *A family child care provider that is also the child’s foster parent should consult with their Area Administrator for eligibility and process.*

Pathway I Scholarship Award Amounts

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

Parent Aware Program 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

Because a child with a scholarship may have other sources of funding blended with their scholarship, Area Administrators use forecasting to reduce awards as needed in an effort make funds available to award to other children. Scholarship spending is monitored, and award adjustments are made based on patterns. Scholarship awards may be reduced, proportional to the pattern established by spending 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 who have yet to select an eligible early childhood program, up to \$15,000 will be held on the awarded child’s behalf based on forecasting 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 \$12,000 if a program has not yet been selected within three months and to \$9,000 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 to make the decision to adjust the original award amount to reflect actual use. As even the maximum scholarship may not be enough to cover the full cost of a program, families may need to factor in their own ability to contribute to the program cost when selecting a program. Area Administrators must work with the

family to develop a scholarship use plan, in coordination with the program of the family's choice, which is intended to support continuity through the duration of the scholarship award year.

Scholarship Award Date

The Award Date (award start date) is the date the child's 12-month scholarship begins*. The child's Award Date must be equal to or after the Award Verification Date. The Award Verification Date is the date that the Area Administrator conducted the final verification of the child's scholarship application and eligibility documentation. This means that the Award Date must be:

- Equal to or after the parent/guardian signature date on the *Early Learning Scholarship – Pathway I Application*, and
- Equal to or after the date the administrator organization completed verification of the child's age eligibility and family income eligibility documentation.

*Note: If a child will age out before 12 months or if this award will only cover a partial scholarship year due to the child's previous scholarship history, the award may be less than 12 months.

Notification of Award

When families are awarded a scholarship, they must be notified in writing. Area Administrators must use the *Award and Renewal Letter* template provided by MDE.

Families must also be notified if their application is denied or placed on the wait list; the *Denied Application Letter* or *Wait List Letter* must be used by the Area Administrator. If an application is incomplete, the Area Administrators will send the *Incomplete Application Letter* in no more than 30 business days after receipt of the application. Area Administrators should let MDE know if they are unable to meet this timeline for processing applications. The parent/guardian has 30 days from receipt of letter to submit missing information or the application will be denied. Denied applicants may reapply to restart the application process.

Approved Uses of Scholarship Funds

Early Learning Scholarship funds may be used to:

- Serve additional children.
- Cover the cost or tuition of the early childhood program for the child's regularly scheduled full- or part-time attendance.
 - Notes:
 - Publicly funded programs (school districts, Head Starts, charter schools) can charge for the actual cost of the program, up to the scholarship maximum, 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.
 - If a child care program is tuition-free and nonprofit, consult with MDE.

- 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 in child care programs.
 - School-based and Head Start programs should view the guidance described previously in the 25 [Absent Day Policy](#) section of this manual.
- Cover up to 10 planned closure days (e.g., staff development, vacation days), and up to 11 holidays, if part of the early childhood program's contract or public calendar. Unplanned days that meet the expanded criteria may be covered if the *Program Closure Request Form* is completed.
- 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.*
- Meals when provided by the program for an additional fee and at family choice.

Unallowable uses of scholarship funds include:

- Capital improvements/assets.
- Purchase of a bus, vehicle, gas cards and/or stipends to an individual to transport a family (such as Uber, Lyft or other ride sharing services).
- 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.
- Fees to hold a spot while a child is temporarily not attending the program.
- 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.
- Spending down scholarship balances on any items or costs as enhancements that have not been pre-approved as needed for the child to successfully attend the program

Note: *Scholarships may only be used to supplement, not supplant, other state or federal funds. This means that Early Learning Scholarship funds cannot pay for a service already funded by another state or federal program. 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. Additionally, 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. Enhancements must focus on the needs of the child to successfully participate in the program and not as operational funding for the program outside of tuition, cost per child, or based on instructional hour guidance. Programs shall not consider unused scholarship funds as programmatic funding as these funds are used cumulatively to award additional scholarships to individual children.

MDE 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 the *Early Learning Scholarships – Pathway I Enhancement Use Plan*. 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/or additional staffing to support children with special needs must be reviewed by MDE Early Learning Scholarships staff as well as 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 *Early Learning Scholarships – Pathway I Enhancement Use Plan* 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 [Approved Uses of Scholarship Funds: Pathway I](#) section of this manual 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 Individualized Education Program (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 Childhood Programs

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

- *Early Childhood Program Welcome Letter* from the Area Administrator to introduce their organization as well as the Early Learning Scholarships Program.
- *Program Participation Agreement* which is a legal agreement for programs to comply to required terms.
- A copy of *Award and Renewal Letters* to inform the program that a scholarship recipient family has selected their program for each attending scholarship recipient child.
- *Award Planning Agreement* (required to be completed between family and program).
- *Invoice Form* and applicable packet/Excel workbook pages.

Note: The program is not permitted to request or receive information about a child’s scholarship application or award from the Area Administrator until after the program selection has been confirmed by the family and the award has been made. However, a program staff person may be named within the scholarship application as an “Additional Contact” by the parent/guardian of the child, allowing the Area Administrator to share award and application information with that individual.

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 payment for services to a scholarship recipient child. 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 childhood programs must 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. The Award Planning Agreement must be completed with family within 10 business days of first attendance and sent to the Area Administrator within three business days of being completed.

Invoice Form

Programs must submit invoices to Area Administrators to receive payment on Pathway I 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. Programs are required to submit invoices within 30 days of the end of a service period. See the instructions included in the *Invoice Form* packet for more details.

Submitting Invoicing and Payment Requests

Timely invoicing and payment are required to ensure that scholarships are up to date. This allows both the family and the program to have accurate information on the scholarship award spending. It also ensures that there is less of a financial hardship on programs waiting for payment.

Programs receiving Pathway I scholarship funds are expected to submit an *Invoice Form* to their Area Administrator within 30 days of the end of the service period. Area Administrators are expected to process invoices and pay programs as soon as possible and within 30 days of receiving the invoice submission.

If the program fails to fulfill participation requirements including timely invoicing, the program may not receive payment or may be asked to repay scholarship funds. If a program is not paid for services due to failure to meet program requirements, the program should also not expect payment from the family.

Area Administrators provide participating early childhood programs serving at least one child with an Early Learning Scholarship – Pathway I award with the standardized *Invoice Form – Pathway I* workbook, available as an Excel file or a paper packet. Detailed form instructions are provided within the invoice workbook, but submission instructions vary by Area Administrator organizations and are provided separately. All invoicing and payment questions should be directed to the Area Administrator of the Pathway I scholarship award.

Pathway I Renewal

Families must sign and submit an *Early Learning Scholarships – Pathway I Renewal Form* prior to the end of the scholarship year if they wish to renew their scholarship award. If children are age-eligible to renew, Area Administrators must send a *Notice to Renew Letter* and the *Early Learning Scholarship – Pathway I Renewal Form* to families to notify them that their current scholarship is ending and they need to renew. This letter must be sent 90 days prior to the renewal date, with additional contact attempts at 60 and 30 days if there has been no communication from the family by those points.

If the family has not responded after multiple attempts to contact them, the *Renewal Cancellation Letter* is sent to the family informing them that their scholarship will not be renewed. Area Administrators must contact families at least three times prior to determining an award will not be renewed. If an award has not renewed into the next scholarship year at 30 days past the award's Renewal Date, ELSA will cancel the award, setting the End Date as the day before the Renewal Date of the award.

Area Administrators should note any changes between the application and renewal form and make the necessary updates in ELSA. This includes, but is not limited to, changes in consent to be a part of evaluation, address changes and additional priority population indicators.

Ninety days before a child loses age eligibility on September 1 ("Ineligible Date" in ELSA), the *Aged-Out Letter* must be sent by Area Administrators to families with children whose scholarships are ending.

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.

When an awarded child either stops attending a program or moves to a different program than the one currently selected to receive the child's scholarship, the parent/legal guardian is responsible for contacting the Area Administrator of their scholarship. A program may notify an Area Administrator of a child's change in program; however the Area Administrator must confirm with the parent/guardian(s) listed on the application before any action is taken on the child's award. Payment can start for the new program only after the last date of payment for the former program.

Scholarships can cover the time period for a program-required notice to leave the program. The notice must be outlined in the program's contract with the family and in line with the child's regular schedule. The program must also list their notice in the *Program Participation Agreement* and in the *Award Planning Agreement*. If included in the contract, scholarships will cover up to a two-week notice maximum if the family does not provide the required notice. The program is expected to follow the policy regarding 10 consecutive absent days by informing the Area Administrator so the parent/guardian(s) can be contacted as to the situation or intent of enrollment.

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 as a formal partnership. If collaborating, the two programs must select one fiscal agent to act for both programs. MDE has sample Memorandums of Agreement available upon request if needed to meet the needs of a formal partnership.

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 using scholarship funds, then 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

As of 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, are 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 for the family child care program and that program will need to pursue a rating on their own.

*Because child care centers may earn a dual rating 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 children who are not enrolled in the public program that holds the rating. This also applies to children awarded as siblings.

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

Pathway I early learning scholarships are mobile. Families who relocate to another area of the state have the right to continue using the scholarship at an eligible program that is participating in Parent Aware. 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 or a secure electronic file transfer. The current Area Administrator is responsible for covering the scholarship until the end of the child's current scholarship year. If the family is eligible to renew the scholarship, it is done with the Area Administrator of their new home county. The family must still have a Minnesota address, and the child must attend an eligible program. Area Administrators should refer to the [Early Learning Scholarship Administration System \(ELSA\) User Manual](#) for instructions for awarding to the child's existing scholarship record.

Children with a Pathway II scholarship who leave the program that first awarded their scholarship 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 a continuation of their scholarship through a Pathway I award should contact the Area Administrator of their county to apply. If at the time the child who is known to already have a scholarship wishes to apply for either a Pathway I or a Pathway II scholarship at a different program, the *Early Learning Scholarship – Renewal Form* would be the preferred form and income verification would be waived. However, if the family submits a new application, their previous eligibility may be accepted, though it is understood this may cause delays in awarding. Applications from a family wishing to change to a Pathway I have no higher priority, unless the child is in one of the four priority populations. The child may be put on the wait list. 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, if still within that scholarship year. In such a case, referred to as a "pick-up" scenario, 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 their previous award amount was \$5,000 a child cannot be awarded more than \$10,000 in the new award, as the maximum scholarship amount (cap) is \$15,000.

Notification to Families

Canceling a Pathway I 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 cancelled. An award may be cancelled if requested by the family as well as in other situations outlined previously in the [Cancellation of Scholarships](#) section of this manual.

However, if the family has not selected and the child has not been enrolled in an eligible early childhood program within 10 months of the award (within three months as of July 1, 2024), 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 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

When 60-70 percent of the maximum amount of the scholarship award has been expended, families and the early childhood program are notified by the Area Administrator using the *Fund Balance Update Letter*. This letter also informs the family of their child’s eligibility for renewal. If the scholarship is fully expended before renewal, the Area Administrator must send the *Fund Balance Update Letter*.

Changes in a Program Status

The Area Administrator will notify the family if there is a change in the early childhood program’s Parent Aware Rating or participation status. Area Administrators are provided regular updates by MDE of programs’ eligibility and status.

There may be cases when a program’s Parent Aware Star Rating or participation status changes or a family moves to a program with a different status. 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
Has a Signed Participation Agreement in place	Does not have a rating and does not continue to pursue a rating	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.

Program's Initial Parent Aware Rating Status	Program's Rating Status Change	Impact on State Early Learning Scholarships
In a Signed Participation Agreement status, One-, Two- or Three- Star Rated.	Rating increases to a higher rating	Maximum scholarship amounts for current and future children with scholarships are raised to the new level.
One-, Two-, Three- or Four-Star Rated.	Rating decreases.	Maximum scholarship amounts of current children with scholarships who maintain continuous enrollment stays at the original amount. Maximum scholarship amounts of future children are at the new level.
In a Signed Participation status 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 rare cases, there are Parent Aware and/or licensing exceptions. Seek MDE guidance if questions.
In a Signed Participation status 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 Signed Participation status 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 Parent Aware Star Rating is impacted by a licensing violation or status change. The impact of these situations is included in the document titled "Parent Aware Status on Scholarships and CCAP" which is reviewed in partnership with DHS as needed. This information is sent directly to Area Administrators.*

The Area Administrator will send the *Notice to Change Program – Program Lost Parent Aware Rating Letter* to the parent/guardian within two days of knowledge of a program's loss of eligibility to receive scholarships.

Pathway II

Parent Aware Four-Star Rated programs are eligible to apply for and receive Pathway II early learning scholarship funds. MDE designates Pathway II programs through an application process, and these programs use funds to increase access. Increasing access should be thought of as reducing barriers for participation in programs and includes: adding slots, increasing duration, providing transportation, filling gaps in payment remaining after Child Care Assistance Program (CCAP) payments have been applied, and providing specific services to support individual children's access. Programs may also use funding to maintain previous increases to access. Pathway II scholarships must be used in accordance with the plan submitted to MDE, or a formally amended current version of that plan.

Awards of Pathway II funds are made to programs on a fiscal year basis. The funds are to facilitate local program planning and to ensure availability of services to children during the year. Pathway II funds are awarded directly to eligible early childhood programs that are Parent Aware Four-Star Rated in order to serve more eligible children and/or enhance services to eligible children in their community.

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 Parent Aware Four-Star 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 early learning scholarship-eligible children or have eligible children on their wait list. 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.

For FY 2024, 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 2025 for fiscal year 2026 and 2027 awards.

Administration Structure for Pathway II Funds

Child Care Programs

MDE designates a statewide administrator of Pathway II child care programs as a grantee through the Request for Proposal (RFP) process. Milestones is the current grantee organization in this role; their staff provides oversight, award verification, and technical assistance to child care programs with Pathway II funding. Child care programs submit invoices to Milestones electronically or by mail. Milestones staff submits payment requests for Pathway II scholarship funds on behalf of the child care programs within the Early Learning Scholarship Administration System (ELSA), and then pays the programs.

School-Based and Head Start Programs

School district, charter, and Head Start programs enter child, parent, and scholarship information directly into ELSA. They request payment and are paid directly through the ELSA system.

Approved Uses of Scholarship Funds: Pathway II

Programs that have been awarded Pathway II early learning scholarships program funds have submitted an application and implementation 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. However, non-scholarship children may indirectly benefit from an eligible child's scholarship.

Allowable uses of scholarship funds:

- Increase the number of eligible children who are able to participate in the program. This can be accomplished by providing additional classroom opportunities.
 - For example, a prekindergarten 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. Please note unallowable transportation costs in "Unallowable uses of scholarship funds" below.
- Increase the type or intensity of services provided through existing programs for participating children such as decreasing ratio.
- Program enhancement for children with unique needs receiving scholarships with a focus on increasing access for children who might not otherwise be able to participate fully.
- Support individual children's access to programming by offering the services of interpreters, cultural liaisons, mental health consultants or other providers of specific services that support a child's participation in the program.
- 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 25 absent days for child care programs;
 - School-based and Head Start programs should view the guidance described previously in the [25 Absent Day Policy](#) section of this manual.
- Up to 10 program closure days (e.g., staff development, vacation days, snow days), and up to 11 holidays for child care programs, if part of the early childhood program’s contract or public calendar. Closure days of the program do not count towards the child’s 25 maximum absent days and should not be reported as an absent day in invoicing or payment requests made through ELSA.
- Meals when included as part of an approved Pathway II budget and in accordance with slot cost.

Unallowable uses of scholarship funds:

- Capital improvements/assets.
- Purchase of a bus, vehicle, gas cards and/or stipends to an individual to transport a family (such as Uber, Lyft or other ride sharing services).
- 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
- Fees to hold a spot while a child is temporarily not attending the program.
- 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.
- Spending down scholarship balances on any items or costs as enhancements that have not been pre-approved as needed for the child to successfully attend the program

Special Education Services

Children who qualify for Early Childhood Special Education remain eligible for early learning scholarships. Pathway II funds cannot supplant federal special education funding for the same hours that are funded in a child’s Individualized Education Program (IEP), but may provide additional hours, days, or enhancements to the child’s participation in their early learning program. Supplanting means that Pathway II funds cannot be used for a service already funded by a federal program. However, Pathway II funds can be used to extend the day or fund additional days above and beyond what is funded through an IEP.

To calculate the child’s award amount when the child has an IEP:

- If awarding based on hours (school-based and Head Start programs only): Take the total instructional hours minus the hours designated in the IEP, and award based on that amount. For example, if a child is

scheduled to attend 550 hours, they would fall into the 510-849 hours category and would be awarded a \$6,000 scholarship. However, if they receive an IEP that covers 100 hours in the year, 550 total hours – 100 IEP hours = 450 hours, so this child would now fall into the 101-509 hours category and would be awarded \$4,000.

- If awarding based on an approved cost per child: Work with the business/finance office to determine the revenue generated by the IEP. Then, take the cost per child minus the IEP-generated funding to calculate the award amount.

If an IEP covers the child’s full schedule, the child would have no scholarship eligible costs, and the program should most likely not award scholarship funds to this child. If a child has already been awarded a scholarship and mid-year is identified for an IEP that covers the child’s full schedule, the child would not have further scholarship eligible costs and the scholarship should be cancelled with an end date equal to the start of the IEP.

Any requests to use scholarship funds to supplement a child’s Individualized Education Program (IEP) or provide support, needs-specific training, or additional staffing to support children with special needs must be reviewed by MDE Early Childhood Special Education staff, unless explicitly already part of the approved Pathway II plan. 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 Scholarship Award Amounts

Pathway II programs must have a Four-Star Parent Aware Rating to receive Pathway II scholarships, so the maximum award is up to \$15,000, though varies by program type and MDE guidance as to duration of program.

Note: An award cannot be made if the amount of that award combined with the amount of all previous awards in the child’s same scholarship year exceeds the maximum scholarship award for the 12-month period.

Child Care Programs

Community-based child care and preschool programs may award up to \$12,000 or \$15,000 depending on program type, but they may not charge the scholarship a higher tuition rate than charged to private pay families. Approved enhancements that support access are allowable, though they must be included in the program’s Pathway II Plan for Scholarship Use approved by MDE. Please see the [Approved Uses for Scholarship Funds: Pathway II](#) section for allowable enhancements.

For children receiving Child Care Assistance Program (CCAP) funds, please see clarification within the [Extended Day or Wrap-Around Care](#) section.

School-Based and Head Start Programs

School-based and Head Start programs may set award amounts in one of two ways: 1) based on the child’s annual instructional hours, or 2) by submitting a cost per child to MDE. The maximum award based on

instructional hours is \$8,500, so programs must submit a cost per child if they wish to award at the higher cap for children in a priority population.

Awarding Based on Instructional Hours

School-based and Head Start programs may award scholarship based on the program's duration or number of instructional hours the child will be attending within their scholarship year. Award amounts based on instructional hours are set based on the follow thresholds:

- 850 + Hours: \$8,500* per scholarship
- 510 to 849 hours: \$6,000 per scholarship
- 101 to 509 hours: \$4,000 per scholarship
- 100 or fewer hours: \$2,000 per scholarship

Programs awarding based on instructional hours cannot award above \$8,500. If a program wishes to award above \$8,500 to a child in a priority population, they must award based on cost per child.

Programs should award based on instructional hours regardless of when the child is awarded in the school year. To calculate the award amount, programs will determine the number of hours the child will be served in their 12-month scholarship year or until they age out of eligibility for a state early learning scholarship (first September 1 the child is 5 years old).

For example, if a program operates 900 hours a year from September through May, a child awarded in September should have an award amount of \$8,500 across nine payment periods (requesting payment monthly). A 4-year-old child awarded in November with 700 hours remaining should have an award amount of \$6,000 across seven payment periods. A 3-year-old who is expected to be returning to the program the next year and is awarded in November with 900 hours should have an award amount of \$8,500 across nine payment periods. This includes funds for the first two months of the next program year, which is within the child's 12-month scholarship year since this award was made late in the current program year.

Calculating Instructional Hours

Instructional time in a program is the time used in alignment with early learning standards. Class size and ratios must be maintained during instructional time. This may include meal time, provided appropriate learning goals for meals and snack time are included in the daily lesson plan. Up to 30 minutes of rest time may count toward instructional hours in programs offering more than 4 hours.

Demonstrated Cost per Child

If a program's cost per child exceeds the amount based on instructional hours, a program may choose instead to submit documentation to MDE demonstrating their true cost to provide service. Programs must complete the *Cost Per Child Budget Template* and submit it to MDE. MDE will review and approve the cost per child, and then the program can use the approved cost per child when setting scholarship award amounts for Pathway I and Pathway II. Programs will use the cost per child they submitted as part of the Pathway II Application process. If

programs wish to use a cost per child and did not submit a cost per child budget with their application for Pathway II funding, they must contact MDE to request the *Cost per Child Budget Template*.

Note: Programs that wish to award above the \$8,500 maximum based on instructional hours must submit the Cost Per Child Budget Template to MDE.PathwayII@state.mn.us. Programs with a cost per child above \$8,500 can award at their cost per child rate, or up to the maximum based on the child's cap if their cost exceeds the cap. Contact MDE.PathwayII@state.mn.us with questions. Please note that while programs can set award amounts up to the increased scholarship cap or their approved cost per child, there is no funding increase to a program's Pathway II allocation. This means that programs may need to award fewer children at a higher rate, so programs should plan accordingly when awarding scholarships.

Child's Eligibility

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 *Early Learning Scholarship - 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;
- Confirmation of income eligibility.

If any of these do not meet program requirements, the application must be denied.

School district, charter school, and Head Start programs that have an enrollment application process that captures the required fields of the scholarship application may use their enrollment application to partially replace the scholarship application. Please see the [Local Enrollment Form](#) section of this manual for additional details.

Siblings

Younger siblings of a scholarship-eligible child are eligible 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 and at a site included in the Parent Aware Rating. If more than one sibling is independently age-eligible for a scholarship, and if funds are available, all siblings must be included in consideration of the scholarship application if they are attending the same early childhood program. Unless the younger sibling qualifies for a scholarship independently, both children must be awarded a scholarship of the same pathway type. Different Pathways among Siblings- Note policy sunsets as of January 1, 2024 when the expanded age eligibility is in effect.

Free and Reduced-Priced Meals Program (FRPM)

A [memo from the United States Department of Agriculture \(USDA\)](#) describes the disclosure requirements for child nutrition programs. School districts that administer Pathway II scholarships fall under the category of "State education programs administered by a State agency or local education agency," so prior notice and parent consent are not required to share the eligibility status. FRPM data must only be shared on a "need to

know” basis with staff directly connected with the administration of scholarships. Staff administering scholarships should complete a [Limited Disclosure of Names and Meal Eligibility Status](#) form once per school year and keep it on file with their business office. With this document on file, no individual parent consent forms are required.

Please note that this data-sharing practice applies to Early Learning Scholarships Program participants, but the disclosure of individual eligibility information is generally not permitted without parental consent for other programs or purposes.

Local Enrollment Form

MDE has formalized a process for programs to partially replace the *Early Learning Scholarships – Pathway II Application* with their local enrollment process. Minnesota Statutes, section 124D.165, subdivision 3 notes that Pathway II school districts, charter schools, or Head Start programs may use an established registration process to enroll scholarship recipients and may verify a scholarship recipient's family income in the same manner as for other program participants. Look to the *Local Enrollment Form and Pathway II Application* guidance document on the [Pathway II Resources for Awardees webpage](#) for further instruction.

In order to receive an early learning scholarship, a family must agree to the requirements and consent to receiving a scholarship. Given this, a local enrollment form cannot completely replace the Pathway II application. In an effort to decrease the burden on a family, programs should have the family complete and sign the *Early Learning Scholarship – Pathway II Supplemental Application* only once the family and child have been determined eligible by the program. As long as the program has record that the family is income-eligible under Option 1 (participation in one of the designated public programs), the family does not need to provide additional documentation of their income or Option 1 eligibility. If the child is in foster care, an *Early Learning Scholarship – Pathway II Supplemental Foster Care Form* is required in addition to the local enrollment form and the standard *Early Learning Scholarship – Pathway II Supplemental Application*. For the full list of public programs used to determine eligibility for a state early learning scholarship, refer to the [Income Verification: Option 1](#) section earlier in this manual.

Children are eligible to be awarded a scholarship no earlier than the date a parent or guardian signs the *Early Learning Scholarship – Pathway II Supplemental Application*. For the purpose of awarding scholarships, local enrollment forms are valid for one year. Meaning, if a scholarship is not awarded to a child within one year of their local enrollment form and companion supplemental application(s) being submitted, a family must review and confirm the information on their local enrollment form is accurate, sign and date it. Record retention of all documentation is required for seven years.

Scholarship Award Date

The Award Date (award start date) is the date the child’s 12-month scholarship begins*. The child’s Award Date must be equal to or after the Award Verification Date. The Award Verification Date is the date that the Pathway II program conducted the final verification of the child’s scholarship application and eligibility documentation. This means that the Award Date must be:

- Equal to or after the parent/guardian signature date on the *Early Learning Scholarship – Pathway II Application* or *Pathway II Supplemental Application Form* if using a local enrollment form, and
- Equal to or after the date the program completed verification of the child’s age eligibility and family income eligibility documentation.

**Note: If a child will age out before 12 months or if this award will only cover a partial scholarship year due to the child’s previous scholarship history, the award may be less than 12 months.*

Timeline for Awarding Pathway II Funds

Pathway II child care programs may begin collecting applications starting on May 15 for the upcoming fiscal year. Pathway II school districts, charter schools, and Head Start programs may collect applications as part of their spring registration prior to the start of the fiscal year. However, programs may not begin doing final verification, awarding, or notifying families until July 1. Please note: the *Early Learning Scholarship Application – Pathway II* is valid for 12 months after the date of the parent/guardian signature.

Pathway II programs must award 100 percent of their Pathway II funds (including funds obligated for renewals) by October 15. This prevents funds from cancelling and allows for more effective management of funds if a child leaves the program or if a scholarship is cancelled later in the year. If a scholarship is cancelled mid-year, Pathway II programs can award a new scholarship or increase an under-funded scholarship, and should do so right away to avoid cancelling funds.

If programs have not awarded 100 percent of their funds by October 15, they will need to submit a plan for awarding or returning funds to MDE. If needed, MDE will reallocate funds to another program.

Note: The October 15 deadline for awarding began in fiscal year 2020 and continues to be an annual requirement for Pathway II programs.

Pathway II Notification of Award

Pathway II programs must notify families in writing when they have been awarded a Pathway II scholarship. Families are notified that their child has been awarded a scholarship to help pay for the high-quality program their child is attending and that the funds remain with the program after the child leaves the awarding Pathway II program. Pathway II programs must use the *Pathway II Award Letter for Parents* template located on the [Pathway II Program Resources for Awardees webpage](#).

Pathway II Invoicing and Payments

Child Care Programs

Pathway II child care programs submit invoices for payment to the statewide administrator of child care Pathway II scholarships, Milestones, at a minimum of monthly intervals. The programs must use the *Invoice Form* provided by the statewide administrator and follow the included instructions. The invoices should align with the program plan submitted with their Pathway II Plan for Scholarship Use (or the most recent version if officially amended) and the requested payments must be tied to the children who have been awarded

scholarships. Payments of Pathway II scholarship funds are made to child care programs by the statewide administrator after invoice processing. The statewide administrator requests payment from MDE through ELSA.

The attendance information provided within the Invoice Form is for reference purposes and may be used to verify invoicing. As early learning scholarships are public funding, and in alignment with child care assistance [Minnesota Statutes, section 119B.125](#), programs must maintain and provide attendance records upon request as part of regular program monitoring.

School-Based and Head Start Programs

School-based and Head Start programs request payment for services delivered to attending Pathway II scholarship recipients through ELSA. Please refer to the *ELSA User Manual* posted on the [ELSA system homepage](#). Programs should request payment for program costs monthly as services are delivered, with the award amount split evenly into payment requests made over the course of the program year. Please note, a child's scholarship is awarded for 12 months, or until the child ages out (is age-eligible for kindergarten). Children awarded late in the fiscal year (or school year) may have a portion of their scholarship year spanning into the next program year. In such a case, the Scholarship Administrator of the program must be sure to award the child sufficient funds to cover the full 12 months of services.

Note: Payments requested, either through ELSA or invoice submissions, may only cover services delivered within the dates of a child's scholarship year.

Reporting Expenditures and Revenue – School District and Charter School Programs

School districts and charter schools receiving Pathway II dollars must ensure those dollars are reported. The Uniform Financial Accounting and Reporting Standards (UFARS) system collects financial data submitted by districts, in compliance with reporting requirements. Scholarship dollars must be coded in UFARS in alignment with what is in the program plan for use of Pathway II funds approved by MDE. For example, if scholarship dollars are used for transportation, those funds should be linked to transportation costs.

School districts and charter schools must work with the district's business manager/office to code all Pathway II revenues and expenditures in UFARS using finance code 337. The code for Pathway I is 338. At the end of each fiscal year, districts and charters should zero out their budget by making sure the revenues equal the expenditures under code 337 and 338.

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. The family 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 pick up cancelled Pathway II scholarships to award a Pathway I only if they can fund the remainder of the 12 months of the child's scholarship year 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 of the child's scholarship.

- The child has funds available (they have not used the maximum scholarship amount for the year).
- Pathway II: Programs may pick up cancelled scholarships only if they can fund the remainder of the 12 months of the child’s scholarship year 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 of the child’s scholarship.
 - The child has funds available (they have not used the maximum scholarship amount for the year).

If the child previously received a Pathway II award, and is still within the 12 months of their scholarship year, 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 in ELSA at the time the child leaves their Pathway II program in order for that child to be eligible to be picked up and served by either a different program with Pathway II funds or awarded with Pathway I funds.

A family can request that a Pathway I scholarship be cancelled in order to allow a program with Pathway II dollars to award them. However, cancelling a Pathway I scholarship should never be done based on the program request alone. Keeping a Pathway I award may provide more flexibility for the family, but 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 Administrator or Pathway II program picking up a scholarship shall send the *Mid-Scholarship Award Pick-Up Letter* that includes all applicable dates to the family.

Renewal

Families must submit the *Early Learning Scholarship – Pathway II Renewal Form* indicating their wish to continue their child’s scholarship and to provide an informed agreement and consent.

Pathway II programs should send a *Notice to Renew Letter* with the *Early Learning Scholarships – Pathway II Renewal Form* to families to notify them that their current scholarship is ending and they need to complete a renewal form if they wish to renew. This letter should be sent 90 days prior to the child’s scholarship renewal date with a follow-up contact with the family 30 days prior to the renewal date if a completed form has not been received. If an award has not renewed into the next fiscal year at 30 days past the award’s renewal date, the award will be cancelled.

Child Care Programs

Child care programs must submit the signed renewal form to the statewide administrator of Pathway II child care prior to the child’s renewal date. A delay in submitting the renewal form may cause a program to be at risk for not being reimbursed for the child’s fees.

Renewal Forms for Pathway II child care programs must be completed by the family within 90 days of the Renewal Date to support informed consent. Renewal Forms with a signature date prior to 90 days will be returned to the program and will need to be re-completed.

School-Based and Head Start Programs

When the family submits a signed renewal form, the Scholarship Administrator of the Pathway II program must mark the “Check if Renewal Form is complete” box on the Scholarship Award page in ELSA and save. If an award has not been renewed in ELSA at 30 days past the award’s Renewal Date, ELSA will cancel the award, entering the End Date as the day before the Renewal Date.

Scholarship Administrators should note any changes between the application and renewal form in ELSA. This includes but is not limited to changes in consent to be a part of evaluation and changes in priority population status.

Extended Day or Wrap-Around Care

In order to use Pathway II funding for extended day or wrap-around care, the program must be Parent Aware rated and meeting all School Readiness Statute requirements. If there are questions about including extended day or wrap-around care in a program’s Parent Aware rating, including certified child care programs administered by the district or charter school, please contact ParentAware.MDE@state.mn.us.

For programs receiving Child Care Assistance Program (CCAP) funds, the total award to the child should be based on the hours that the child is in your program and receiving a Pathway II scholarship. If they are receiving CCAP, the total scholarship award should be based on the above minus their CCAP reimbursement. For example, if you are serving a child for 500 hours, they are eligible for a \$4,000 award. If that child receives a total of \$2,500 in CCAP reimbursement throughout the year, then their scholarship award should be \$1,500. As a reminder, scholarships can and should cover the family’s co-payment. If awarding by actual costs for wrap-around, extended day, or summer/school release day child care, state early learning scholarships and other public funds should not exceed the cost that would be charged to private-pay families. When offering child care, to align with child care guidance, public programs should set award amounts based on tuition rates or a cost per child rather than by annual instructional hours.

Voluntary Prekindergarten and School Readiness Plus

Early Learning Scholarships, Pathway I and Pathway II, cannot be used for the hours determined to be voluntary prekindergarten (VPK) or school readiness plus (SRP) instructional hours for a child generating Average Daily Membership (ADM). If the VPK/SRP calendar covers the child’s full schedule, then the VPK/SRP-funded child cannot receive a Pathway II scholarship. However, a Pathway II scholarship could be used for a 4-year-old generating VPK/SRP funding if it is used to provide additional programming to a child beyond VPK/SRP hours of the day.

For example, if VPK/SRP is offered in the morning and the child needs afternoon services as well, the scholarship could be used to cover the costs of the additional hours beyond the VPK/SRP hours. Programs would set the scholarship amount by taking the total program hours minus the VPK/SRP hours, and awarding based on the remaining hours not funded by VPK/SRP.

Also, VPK/SRP funds a maximum of 510 hours (0.6 ADM), so any hours above 510 can be funded with Pathway II scholarships. In this case, programs would take the total hours minus 510 VPK/SRP hours and award based on the remaining hours not funded by VPK/SRP.

Mixed age classrooms are also permissible. VPK/SRP program standards must apply to the entire classroom including staff-to-child ratios of one-to-ten and a maximum group size of 20 children. All children, including those with disabilities, are counted as part of the 20 maximum group size. Early learning scholarships may be used to cover the cost of 3-year-olds enrolled in the VPK/SRP classroom.

4-year-olds who are not generating VPK/SRP Average Daily Membership (ADM) may use Pathway II funding within the VPK/SRP program. Children in a mixed delivery child care site not generating VPK/SRP funding may use either Pathway I or Pathway II funding.

Note that regardless of how the program plans to braid early learning scholarships and VPK/SRP funding, they must ensure expenses and revenue are properly coded in UFARS.

MDE understands that VPK/SRP funding, like other state and local changes in funding, may result in the modification of your program and use of Pathway II funds. If a program finds that they need to amend your Pathway II plan submitted to MDE, please reach out to MDE.PathwayII@state.mn.us to request an amendment form.

Monitoring

MDE 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.

Pathway II monitoring frequency:

- Awards less than \$50,000: Monitored once every five years
- Awards between \$50,000 and \$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.
- Evidence of compliance with Early Learning Scholarships policies which may include but is not limited to enrollment forms, attendance records, Child and Adult Care Food Program (CACFP) records, etc.

Additional Scholarship Policies-Pathway I and Pathway II

Awarding Scholarships

Scholarships must be awarded by June 30 of the funding fiscal year. No new awards can be made to children without existing scholarship history in that fiscal year after the fiscal year ends on June 30. However, any scholarship awarded to a child may be increased later if funds are available in the funding fiscal year and the child has not reached the cap of \$12,000 or \$15,000 dependent on program type. This can be done either by increasing an existing award amount or, in the case of a pick-up of a scholarship with a cancelled award, a new award being made under the scholarship within 12 months of the initial award date. An early learning scholarship, Pathway I or Pathway II, scholarship year covers 12 months from the initial award date, or until loss of age eligibility.

Award Verification Date

The “Award Verification Date” field on the Scholarship Award page in the Early Learning Scholarship Administration System (ELSA) is required to be completed by users with either the Scholarship Administrator (SA) or Area Administrator (AA) role when newly awarding a child within ELSA. The date entered must be the date the SA/AA, or locally designated staff member, conducted the final verification of the child’s scholarship application and eligibility documentation before moving forward with awarding the child in the system. The work of final verification for a new award must take place in the same fiscal year as the fiscal year of the scholarship.

The Award Verification Date must be within the past 90 days, inclusive of the current date. Any Area Administrator or Pathway II program wishing to award a child more than 90 days out from the date of final verification should contact MDE.ELSA@state.mn.us for case consideration.

Delivering Services and Invoicing

Invoices for all Pathway I scholarships are processed by the Area Administrators, who pay programs and request funds payments through ELSA. Invoices for services delivered to Pathway II scholarship recipients in Pathway II school-based and Head Start programs are processed directly through ELSA as payment requests. Pathway II child care programs invoice the statewide administrator of their funds, currently Milestones.

Pathway II programs have 12 months from the date of the award to serve the child and expend funds. Programs must use their funds in alignment with the MDE-approved plan and budget, as submitted in the Pathway II Plan for Scholarships Use. Changes in the program’s Pathway II plan must be preapproved by MDE.

The expectation is that programs request payment within 30 days of the latest day of service in a period either by (a) submitting the *Invoice Form* to the appropriate Area Administrator/statewide administrator or (b) requesting payment in ELSA. Any adjustments, corrections, or updates should be submitted promptly; the correction window set by MDE extends to 105 days of the service period. With regular invoicing or payment request submissions regularly occurring no more than 30 days out from services, the 105-day correction deadline accommodates at least an additional 60 days to identify the need for corrections and another 15 days for administrative processing of those corrections.

Programs that are requesting payment for children with CCAP should include the authorized amount for CCAP in the invoice/payment request and later send a revised invoice or request an ELSA payment adjustment should there be a need based on the actual payment received from CCAP. The [ELSA User Manual](#) provides additional details on payment processing and corrections. Area Administrators and Pathway II programs working within ELSA should seek case consideration from MDE (MDE.ELSA@state.mn.us) for any invoicing/payment request beyond 105 days from the last date of service covered.

The following timeline summarizes service delivery and invoicing timeline requirements:

Action	Timeline
Payment request date	Within 30 days of the last service date in the payment period covered by the invoice
Deadline for payment adjustments or corrections	Within 105 days of the last service date in the payment period covered by the invoice, inclusive of entry and finalization of the payment request within ELSA <i>The corrections window is effectively 90 days for programs invoicing for Pathway I payments when considering the AA processing time.</i>
Final date to incur expenses	12 months out from the child’s initial award date in the scholarship year

Pathway I Application Guidance between Fiscal Years

In order to provide equitable access to the Early Learning Scholarships Program between fiscal years, the following guidelines apply.

Within the current fiscal year:

Area Administrators should continue to review and award as possible through end of the fiscal year, June 30. Applications received prior to May 15 are reviewed and acted upon. These should not be considered anything but current fiscal year applications.

- If child is eligible in the current year and funds are available, award the child a scholarship.
- If child is eligible but funds are not available, add the child to the wait list.
- If child is not eligible in the current fiscal year, deny the application.
- The family must apply on or after May 15 to be considered for a scholarship in the next fiscal year. A receipt date prior to May 15 will be considered a current application and processed to be awarded, put on the wait list, or denied.

New Fiscal Year that begins on July 1:

Children on the previous year wait list who remain eligible are prioritized for awarding above the general population of new applications.

New applications may be accepted as of May 15.

- Applications received for the new fiscal year are set aside in a secure place until July 8 of each year.
- All new fiscal year applications are handled with equity.
 - Children from priority categories remain the priority.
 - Consider applications received from May 15 of the previous fiscal year to July 7 of the new fiscal year as part of the same cluster or time period
 - Area Administrators must develop a system to equitably randomize the applications received between May 15 to July 7.

Transferring between Pathway I and Pathway II

In rare circumstances, a child may transfer between Pathway I and Pathway II scholarships. This requires the family completing an application to the pathway in which they are not currently funded.

There is no guarantee of receiving a Pathway I scholarship if a family chooses to leave their Pathway II scholarship. A family may choose to cancel their Pathway II award and then apply for a Pathway I. If a family is on the Pathway I wait list and their child comes off, the award should not be made by an Area Administrator if the child is already in ELSA with a current Pathway II award.

Typically, families do not switch from Pathway I to Pathway II. Pathway II programs should award children who do not already have a scholarship. It is the family's choice whether to switch. To do so, the family needs to request that the Area Administrator cancel their existing Pathway I award, then they must submit a completed *Early Learning Scholarship – Pathway II Application* to the Pathway II program the child is attending. If a Pathway II program coordinates with the Area Administrator, they can work to have the end date of the Pathway I award and the new Pathway II award date back-to-back so there is not a disruption in award coverage. In instances where a program loses their Pathway II eligibility, the administrator shall consult with MDE on actions to prevent disruption to a child's scholarship.

Interaction between State and Other Grant Scholarship Programs

Early Learning Scholarships might be embedded in other state of Minnesota grant making. The grantee is responsible to ensure that there is not duplication of payments for the same services, time frame, child, and program.

Collecting Data and Tracking Scholarship Usage

Early Learning Scholarship Administration System (ELSA)

The Early Learning Scholarship Administration System (ELSA) 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.

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 tasked with the work of scholarship administration for the organizations funded by the Early Learning Scholarships Program as grantees of the state. 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.
- View the [Student ID Validations for Early Learners](#) policy memo for details on the responsibility for assigning the state student identification (SSID) number for children participating in the Early Learning Scholarships Program, Early Childhood Family Education, School Readiness, Head Start and other public preschool programs.

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. 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, currently Milestones, is responsible for entering all Pathway II child care data. 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 Administrators and Pathway II programs 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.

Note: Nothing that could potentially violate the privacy of a child or family should be sent via email unless it is in a secure format. Programs should make every effort to send any invoices or other documentation through a secure method. If there is not a secure method available via electronic means, programs should plan to send by mail. Programs should be aware of the risk of compromising private data if they are not ensuring security. Data Storage Requirements

Data and documentation collected from families and programs must be kept on file for at least seven years. This includes data for tracking and storing scholarship funds. Area Administrators and Scholarship Administrators of Pathway II programs 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.

Required Reporting

Area Administrators submit quarterly reports to MDE and monthly wait list reports. Refer to the dates as listed in the Official Grant Award Notification (OGAN) or any amendments for the specific dates. MDE will provide the format for reporting.

Glossary of Terms

<i>Term</i>	<i>Definition</i>
Allocation/Allocated Funds	A distribution of funds granted to an organization or organizational unit. Each organization with Early Learning Scholarships Program funding is initially allocated

<i>Term</i>	<i>Definition</i>
	funds equal to the amount of their grant award at the start of each state fiscal year. Funds may later be reallocated (i.e., redistributed) to fit evolving conditions.
Area Administrator	The organization that received the grant from MDE to provide local implementation of scholarships in each of the defined service delivery areas. The term also encompasses Tribal Administrators unless specifically noted. <i>Formerly referred to as Regional Administrator.</i>
CCAP	Child Care Assistance Program (CCAP). This publicly funded program provides child care benefits to eligible families. Early Learning Scholarship Program payments may be layered with CCAP payments to cover eligible charges for fees and/or services, but charges for a particular fee or service cannot result in a duplicate payment of funds for the same fee or service (i.e., no supplanting of funds).
ELSA	Early Learning Scholarship Administration System. The system (web-based software application and database) in which all scholarships awarded are entered and managed and all payments of scholarship funds are ultimately requested.
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.
Obligation/Obligated Funds	The amount of allocated funds that are committed to current scholarship awards and anticipated award renewals.
Parent Aware	Minnesota’s Quality Rating and Improvement System for early childhood programs. An early childhood program must be participating in Parent Aware to be eligible to receive scholarships.
Pathway I	A funding path of the Early Learning Scholarships Program, through which, scholarships are awarded directly to families by an Area Administrator. Families choose an early childhood program participating in Parent Aware at which to use their Pathway I scholarship. Pathway I scholarships are portable for the family, should their child’s program of attendance change.
Pathway II	A funding path of the Early Learning Scholarships Program through which scholarships are awarded to families by a Parent Aware Four-Star Rated program that has been allocated Pathway II funding by the Minnesota Department of Education. Pathway II funding stays with the program that has been granted Pathway II funds; scholarship awards are cancelled if the awarded child leaves the funded program.
Pathway I Application	Form completed by a family to access Early Learning Scholarships – Pathway I. These are distributed by Area Administrators.

<i>Term</i>	<i>Definition</i>
Pathway II Application	Form completed by a family to access Early Learning Scholarships – Pathway II. These are provided to families by a program that has been granted Pathway II funds.
Pathway II program	A program that has been awarded Early Learning Scholarships – Pathway II funding. This program is required to make scholarship awards to eligible children and administer those awards in line with program guidance and policy. Policies for Pathway II child care and Pathway II public programs (school-based and Head Start) are sometimes differentiated throughout the manual to reflect the inherent differences in their business models.
Scholarship Administrator	The individual(s) working within ELSA to manage scholarships on behalf of the public program (Head Start, charter school, or school district) that received Pathway II funding. A staff person designated to implement Pathway II scholarships within their program typically has the system role of Scholarship Administrator (SA).
SSID	State student identification number. The legacy term “MARSS number” is often used synonymously, though the Student ID Validation System (SIVS) is the source of child SSID records for the state.

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)

[Questions regarding Early Learning Scholarships overall \(including policy clarifications\)](mailto:MDE.ELScholarships@state.mn.us)
(MDE.ELScholarships@state.mn.us)