

Early Learning Scholarships: Coding Revenue and Expenditures

The purpose of this guidance is to help school districts and charter schools properly code revenue and expenditures from early learning scholarships.

Finance Dimension

Use finance code 337 or 338 depending on the type of early learning scholarships revenue. Below are partial descriptions from chapter four of the [Uniform Financial Accounting and Reporting Standards \(UFARS\)](#) manual. Pathway II funds (i.e., 337), are more common for school districts and charter schools.

337 Early Learning Scholarships Program – Pathway II (Fund 04)

Record revenues and expenditures for the Early Learning Scholarship Program Pathway II established in [Minnesota Statutes 2024, section 142D.25](#). Early Learning Scholarships are awarded to children through a Four-Star Parent Aware rated early childhood program that has been designated as a Pathway II site in communities with the highest need.

338 Early Learning Scholarships Program – Pathway I (Fund 04)

Record revenues and expenditures for the Early Learning Scholarship Program Pathway I established in [Minnesota Statutes 2024, section 142D.25](#). Early Learning Scholarships are awarded directly to eligible children through regional Early Learning Scholarships Administrator Offices. These scholarships are paid to the early childhood program the family chooses.

Restricted Grid

The restricted grid, in Chapter 10 – Permitted Code Combinations of the [UFARS manual](#), shows permitted codes for Finance Codes 337 and 338 with the allowable funds, organization codes, program codes and object codes. Expenditures are limited to the codes listed in the Object column.

| FIN | Description | Funds | Org | Programs | Object |
|-----|--|-------|---------|--|---|
| 337 | Early Learning Scholarships – Pathway II | 04 | 001-999 | 200 Voluntary Prekindergarten 581 Prekindergarten 582 School Readiness 590 Other Community Programs | 110-146, 150-160, 163-164, 170, 175-176, 185-186, 191, 199, 210-280, 290-291, 299, 305, 315, 320-340, 345-352, 355-358, 360, 362-363, 365-366, 369, 371-379, 389-391, 394-395, 397-398, 401-433, 455-456, 460-461, 465-466, 470, 490, 495, 505-506, 530, 535, 555-556, 560-564, 570-571, 580-581, 589, 820, 898 |
| 338 | Early Learning Scholarships – Pathway I | 04 | 001-999 | 200 Voluntary Prekindergarten 581 Prekindergarten 582 School Readiness 590 Other Community Programs | 110-146, 150-160, 163-164, 170, 175-176, 185-186, 191, 199, 210-280, 290-291, 299, 305, 315, 320-340, 345-352, 355-358, 360, 362-363, 365-366, 369, 371-379, 389-391, 394-395, 397-398, 401-433, 455-456, 460-461, 465-466, 470, 490, 495, 505-506, 530, 535, 555-556, 560-564, 570-571, 580-581, 589, 820, 898 |

Program Dimension

Early Learning Scholarships may be used in Voluntary Prekindergarten (VPK), Prekindergarten, School Readiness, or other Community Education programs. Remember, your program must be Four-Star Parent Aware Rated.

- For traditional districts, Early Learning Scholarships are usually used in School Readiness (582) or VPK (200).
- For charter schools, scholarships are usually used in Prekindergarten (581) or VPK (200) programs. (Note: charter schools do not use the School Readiness program code). Below are three program options:
 - If you are operating a program that serves 4-year olds, or children in the year prior to kindergarten eligibility, then you should use Prekindergarten (581).
 - If you have a VPK program, and you use your scholarships revenue in this program, then you should use the VPK (200) code.
 - If your program also serves 3-year olds, then you should use program code 590.

See Chapter 3 – Program Dimension of the [UFARS Manual](#) for program descriptions.

Object Dimension

In the restricted grid, the Object column shows which object codes are approved. Object Code Reminders:

- Expenditures for 337 should be consistent with your Pathway II Plan for Scholarship Use that was submitted in your Pathway II funding application.
 - Example: If your program uses Pathway II funding for an enhancement such as transportation, we would expect to see expenditures under transportation codes.
- View the list of unallowable uses for Pathway II funds in the [Early Learning Scholarships Policy Manual](#), which includes capital purchases, purchase of a bus, vehicle, or gas cards/stipends for individual families, optional fees not charged to all families, charging more than the cost per slot of the program, and/or spending down scholarship balances on enhancements that have not been pre-approved.

Balancing Your Budget

Early Learning Scholarship funds **are a reimbursement for services**, and your revenue from Early Learning Scholarships cannot exceed your expenditures.

- At the end of each fiscal year, expenditures under code 337 or 338 must equal or exceed revenue.
- Your revenue should match the amount you requested in the Early Learning Scholarship Administration system (ELSA) for the fiscal year.
- For example, your program is allocated \$37,500 in Pathway II funds in ELSA. Your program requests payment each month from ELSA to receive the full \$37,500. In UFARS, you would report \$37,500 in revenue, and at least \$37,500 in expenditures using codes from the allowable grid.

Questions

For questions about Early Learning Scholarships, contact DCYF.PathwayII@state.mn.us.

For questions about reporting in UFARS, contact MDE.UFARS-accounting@state.mn.us.