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Pre-Kindergarten Allowances Project: Interim Evaluation Report



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Executive Summary

Legislation passed during Minnesota's 2007 legislative session established the Pre-Kindergarten Exploratory Allowances Project (Pre-K Allowances Project) and provided \$6 million in public funding.¹ The stated purpose of the allowances is to promote school readiness for children from low-income families by providing funds to help parents pay for high-quality early care and education (ECE) programs. The Minnesota Department of Education (MDE) and the Department of Human Services (DHS) have estimated that this funding is sufficient to serve approximately 920 children. The legislation also directed the Commissioners of Human Services and Education to establish the project in collaboration with the Minnesota Early Learning Foundation (MELF), which was authorized to evaluate the program. SRI International developed an evaluation plan in consultation with the Center for Early Education and Development (CEED), DHS and MDE administrative staff, and MELF staff to document (1) how the allowances are being used (for how many and which children and programs), (2) how the allowances affect other sources of funding, and (3) how the allowances affect the quality of ECE programs. The evaluation does not address the effects of programs on school readiness outcomes due to the limited period of time and budget. The interim report describes implementation of the Pre-K Allowances Project during the first half of the 18-month project period.

Each of the geographic areas (Saint Paul, North Minneapolis and Wayzata School District, and Blue Earth and Nicollet counties) are administered by three different grantees (the City of Saint Paul with a subcontract to Resources for Child Caring for Saint Paul, Hennepin County for North Minneapolis and Wayzata, and Blue Earth County with a subcontract to Minnesota Valley Action Council for Blue Earth and Nicollet counties). The projected number of allowances to be awarded was based on the percentage of total eligible children in the area. As of September 2008, 913 applications had been reviewed and approved. The majority of the allowances awarded were in Saint Paul (65%), 23% in Hennepin County, and 12% in Blue Earth and Nicollet counties. However, only 58% of the allowances had been dispersed to 49 programs as funds are not dispersed until children enroll in and attend the ECE program that the parent has selected.

Of the children enrolled in ECE programs using allowances to date, nearly half (46%) are at center-based child care programs and over a third (35%) are using their allowance funds at Head Start programs. Nearly one-fifth (17%) of the children are attending school-based Pre-K programs. Very few (2%) of the children are using their allowances at family child care programs. Data collected from the grantees' databases show that the majority of participants report that English is their home language. In Hennepin county and Saint Paul, the next largest group report that Hmong is the home language (13% and 9%, respectively), whereas the next largest group in Blue Earth/Nicollet report Spanish as their home language (7%).

SRI staff conducted interviews with key staff at the grantee agencies that are administering the Pre-K Allowances and with key staff at DHS and MDE. This report is a preliminary summary. Major data collection activities involving surveys of participating ECE programs, reports of detailed fiscal data, and phone interviews of participating families are scheduled to take place between October 2008 and June 2009.

¹ The legislative session in 2008 reduced the funding for FY 2009 by \$330,000.



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Introduction

Legislation passed during Minnesota's 2007 legislative session established the Pre-Kindergarten Exploratory Allowances Project (Pre-K Allowances Project). According to the implementation team's project manual (begun in fall 2007), the purpose of the allowances is to promote school readiness for children from low-income families by providing funds to help parents pay for high-quality early care and education (ECE) programs. The legislation provided for \$6 million in public funding (\$2 million in Fiscal Year 2008 and \$4 million in Fiscal Year 2009).² The Minnesota Department of Education (MDE) and the Department of Human Services (DHS) have estimated that this funding is sufficient to serve approximately 920 children. The legislation also directed the Commissioners of Human Services and Education to establish the project in collaboration with the Minnesota Early Learning Foundation (MELF), which was authorized to evaluate the program.³

SRI International developed an evaluation plan in consultation with staff from the Center for Early Education and Development (CEED), DHS and MDE, and MELF to answer the following evaluation questions:⁴

- Who are the children who receive the allowances (child and family characteristics)?
- What ECE programs and services do children access with their allowances, and do the allowances change what programs they use?

² The legislative session in 2008 reduced the funding for FY 2009 by \$330,000.

³ The Pre-K Allowances Project is not part of the MELF-funded portfolio of programs. MELF only funds the evaluation of the Pre-K Allowances Project. The Saint Paul Early Childhood Scholarship Program and its evaluation are both funded by MELF.

⁴ The evaluation does not address the effects of programs on child developmental or school readiness outcomes during the 18-month period in which the allowances are available. If we are able to obtain parental consent for later follow-up, SRI International plans to link participation in the Pre-K Allowances Project with later school outcomes through the use of school identification numbers (i.e., the Minnesota Automated Reporting Student System – the MARSS code). The Saint Paul Early Childhood Scholarship Program evaluation includes the assessment of children's school readiness outcomes.

- How are the allowances used with other funding sources to increase the access and/or quality of ECE programs in which children participate?
- Are children who receive allowances using them to access high-quality ECE programs?

In this interim report, SRI describes implementation of the Pre-K Allowances Project during the first half of the 18-month project period. Between January 1, 2008,⁵ and September 15, 2008, SRI staff collected data on initial start-up activities, summarized application and tracking data reported to DHS, the agency administering the Pre-K Allowances Project, conducted interviews with key administration and implementation staff, and synthesized the information into this interim report to describe the project's progress. This report is a preliminary summary; the major data collection activities involving surveys of participating ECE programs, reports of detailed fiscal data, and phone interviews of participating families are scheduled to take place between October 2008 and June 2009.

Preliminary Data Sources

- The first section, **Implementation Plans for Pre-K Allowances Project**, describes eligibility criteria for families and ECE programs, the geographic areas for the project and their administering agencies, and the supporting documents that detail how the allowances project is to be implemented.
- The second section, **Quarterly Reports of Implementation Progress**, summarizes the most recent quarterly reports submitted by the grantees to DHS. The quarterly reports are required by DHS to track implementation and to monitor the project's progress toward reaching its goal of serving 920 children in the geographic areas.
- The third section, **Preliminary Data about Participants**, provides preliminary evaluation data on child and family characteristics of the children enrolled into the project. These data come from the applications completed by families that are entered in the grantees' databases. The data are used to track children individually and are used by SRI to plan for conducting the parent interviews and collect program-level fiscal data from programs.
- The fourth section, **Preliminary Fiscal Data**, describes the initial fiscal data from DHS and SRI's plans to collect information on how the allowances funds are used with other funding sources to increase the access and/or quality of ECE programs in which children participate.
- Finally, while conducting a site visit for the Saint Paul Early Childhood Scholarship program's evaluation, SRI staff interviewed several individuals who work to implement the allowances project. **Preliminary Interview Data** are presented in the final section of the report.

⁵ SRI International did not have a contract finalized until March 5, 2008, but reviewed progress during the first quarter of 2008 with DHS staff who oversee the Pre-K Allowances Project.

Implementation Plans for the Pre-K Allowances Project

Eligibility for the Pre-K Allowances Project is summarized in a project manual developed by DHS staff. Eligible families must meet the following criteria:

- Have a family income at or below 185% of the federal poverty guidelines, as determined by state-prescribed calculation
- Have one or more children age 3 or 4 on August 31, 2007, or August 31, 2008, who have not yet entered kindergarten
- Reside in one of the Parent Aware pilot areas (i.e., North Minneapolis, the Wayzata School District, the city of Saint Paul, and Blue Earth and Nicollet counties)
- Be U.S. citizens or legal immigrants

Programs that are eligible to enroll children with allowance funds must meet one of the following criteria that establish that they are of high quality:

- Have received a 3- or 4-star rating by Parent Aware and meet the duration requirement
- Have received a provisional rating through MDE for school-based Pre-K programs or through DHS for licensed child care programs

The Parent Aware website describes what a provisional rating is and how it is different from a full rating.

The provisional rating is a temporary rating that allows child care/early learning programs to receive a Parent Aware rating quickly, so that families receiving early learning scholarships can participate in your program sooner. The other advantages of the provisional rating are that it requires less paperwork, requires documentation of fewer indicators, and does not require onsite observation.

The provisional rating is a temporary rating that allows ECE programs to receive a Parent Aware rating. Families receiving allowances can select to participate in an ECE program with a provisional rating. The rating measures a smaller number of key quality indicators aligned with the full Parent Aware rating so that programs within the pilot areas can be quickly rated, providing an adequate supply of approved programs available to parents receiving Pre-K Allowances. Provisional ratings will expire on June 30, 2009.

Allowable uses of allowances⁶ by approved programs include the following:

- Parent charges or fees (must be covered first)
- Increasing duration—the amount of services a program provides per week
- Providing more spaces to serve more low-income preschool-aged children
- Improving program quality (list of approved quality improvement uses described below)⁷

⁶ Allowable uses were clarified in documents in appendices B and C.

⁷ There are two kinds of quality improvement—quality improvement at an approved or provisionally-rated program (after the allowance funds have first paid for child-based fees) and quality improvement only allowances for programs who have not yet been approved in Parent Aware.

In addition, families who meet household income and other criteria who self-report that they do not have access to an eligible program of their choice may direct the allowance to be used for program quality improvement purposes in an ECE program that the family chooses. These allowable uses of allowances funds include:

- Purchase of curriculum or assessment tools
- Training on use of the curricula or assessment tools
- Purchase of materials to improve the learning environment
- Other expenditures approved by the Commissioner of Human Services for child care programs and by the Commissioner of Education for school-based pre-kindergarten programs

Three grantees were identified to administer the Pre-K Allowances:

- The City of Saint Paul with a subcontract to Resources for Child Caring for Saint Paul
- Hennepin County for North Minneapolis and Wayzata areas
- Blue Earth County with a subcontract to Minnesota Valley Action Council for Blue Earth and Nicollet counties

The project manual and supporting documents also specify other key features of the project, including the following:

- Allowances may be awarded for up to 18 months or until the child enters kindergarten.
- Awards may not exceed \$4,000 in any 12-month period.⁸
- For families with children enrolled in the Child Care Assistance Program (CCAP), Minnesota's child care subsidies program, allowances will be layered on top of CCAP payments (i.e., to provide additional funds that can be directed towards allowable uses).

More detailed information about the project administration and requirements are contained in the *Pre-K Allowances Project Manual* (the most recent version is dated September 22, 2008) in appendix A. Two frequently asked questions documents provide information for families (appendix B) and programs (appendix C).

The legislation and initial planning for the project by DHS and MDE projected the following:

- The allowances were made available beginning January 1, 2008, and ending June 30, 2009.⁹
- The legislation provided for approximately 6 million dollars to provide allowances to 920 children.¹⁰
- Families can receive up to \$4,000 per child in a 12 month period to access a high-quality ECE program, defined as a program that has a Parent Aware rating of 3 or 4 or has

⁸ Some children may be eligible for two allowances provided sequentially but the total amount may not exceed \$6,000 in an 18-month period.

⁹ While the legislation for the Pre-K Allowances Project was passed in July 2007, negotiations and discussions between DHS, MDE, and the grantees about specific program requirements and administration needed to be finalized before contracts could be established with the three entities that are administering the project locally.

¹⁰ The legislative sessions in 2008 reduced the funding for FY 2009 by \$330,000.

received a provisional rating by either MDE or DHS (e.g., Head Start programs, school-based school readiness programs).¹¹ The legislative statute is provided in Appendix D.

- The projected number of the 920 allowances to be expected to be dispersed was based on the percentage of total eligible children in each area:
 - 478 allowances in Saint Paul (52%)
 - 350 allowances in Hennepin County (Wayzata School District, North Minneapolis) (38%)
 - 92 allowances in Blue Earth and Nicollet Counties (10%)

Quarterly Reports of Implementation Progress

During the first nine months of implementation, implementation was primarily documented through quarterly reports and a supplemental report on September 8, 2008 (table 1), submitted to DHS by the three grantees.

Table 1. Quarterly Report Data about Distribution of Allowances Funds

	Total		Saint Paul		Hennepin		Blue Earth and Nicollet	
	<i>N</i>	%	<i>N</i>	%	<i>N</i>	%	<i>N</i>	%
Children who have been awarded allowances	913	100	590	65	212	23	111	12
Programs selected by parents	49	100	20	41	20	41	9	18
<i>By type of program:</i>								
Family child care	6	12	0	0	4	20	2	22
Center/private preschool	35	71	18	90	14	70	3	33
Head Start Grantee ^a	3	6	1	5	1	5	1	11
School districts ^b	5	10	1	5	1	5	3	33
Children enrolled and allowance funds dispersed	530	100	296	56	140	26	94	18
<i>By type of program:</i>								
Family child care	10	2	0	0	8	6	2	2
Center/private preschool	246	46	184	62	58	41	4	4
Head Start Grantee	185	35	91	31	47	34	47	50
School districts	89	17	21	7	27	19	41	44

^a Head Start grantee refers to the administering agency. Grantees have multiple sites where children are served in each geographic area. For example, the Saint Paul Head Start grantee, Community Action Partnerships, has eight sites serving children ages 3 to 5 years in Ramsey and Washington counties. The number of children enrolled at each site is unknown at this time.

^b This count includes the number of school districts that provide school-based Pre-K classrooms and are participating in the Pre-K Allowances Project.

¹¹ Head Start programs meeting Head Start performance standards receive a rating of 4 and school-based school readiness programs provisionally approved by MDE receive a rating of 3 in Parent Aware.

Data can be summarized as follows:

- The first allowances were dispersed to ECE programs of eligible children during the second quarter of 2008 (April–June 2008).
- As of September 8, 2008 (April–September 2008), 913 allowances had been awarded.
 - 590 in Saint Paul (65%)
 - 212 in Hennepin county (23%)
 - 111 Blue Earth and Nicollet counties (12%)
- However, allowances are not dispersed until children **enroll in and attend** the ECE program that the parent has selected. Thus, as of September 8, 2008, 530 children had received allowances and were using the allowances at 49 ECE programs.
 - Of children enrolled in programs with allowances, 56% were in Saint Paul, 26% in Hennepin county, and 18% in Blue Earth and Nicollet counties.
 - Of the 49 programs selected, 71% (35) are individual center-based community child care and preschool programs, 12% (6) are family child care programs, 10% (5) are school districts with Pre-K classrooms, 6% (3) are Head Start grantees.¹²
 - Of the 530 children enrolled in ECE programs using allowances, nearly half (46%) are at center-based child care programs and over a third (35%) are using their allowance funds at Head Start. Nearly one-fifth (17%) of the children are attending Pre-K classrooms in school districts. Very few (2%) of the children are using their allowances at family child care programs.

Preliminary Data about Participants

The evaluation team began requesting monthly data exports of the allowances application data from the grantees beginning in July 2008. There is not one centrally located database for the project, and the procedures and resources for data entry are not uniform across grantees. Therefore, SRI is in the process of reconciling the data received in exports from the grantees (table 2) with the data represented in the quarterly reports submitted to DHS (table 1). For this reason, the data should be considered preliminary. The grantees are continuing to work with SRI to update the data as changes occur to children’s enrollment status and attendance in ECE programs and enter the application forms into the grantee databases. Table 2 shows the number of children and their demographic characteristics from the preliminary data exports.

¹² It is important to note that the Head Start grantee and the school district are counted at the administering agency level. SRI will collect data at the site level to provide information on the number of sites (i.e., Head Start sites, Pre-K classrooms) who served children with Pre-K Allowances.

Table 2. Demographic Characteristics of Children with Completed Allowances Applications on File with Grantees

	Saint Paul		Hennepin		Blue Earth and Nicollet	
Number of children (%)	565 (55%)		334 (33%)		123 (12%)	
Gender of children	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%
Female	275	49	149	45	60	49
Male	259	46	164	49	63	51
Missing information	31	5	21	6	-	-
Ethnicity	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%
White	46	8	30	9	60	49
African-American	199	35	183	55	27	22
Latino	49	9	34	10	24	19
Asian	108	19	61	18	-	-
American Indian	8	1	5	2	-	-
Other	51	9	-	-	-	-
Multiracial	26	5	-	-	5	4
Missing information	78	14	21	6	7	6
Primary home language	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%
English	367	65	225	67	82	67
Spanish	23	4	23	7	8	7
Hmong	49	9	43	13	-	-
Somali	23	4	9	3	6	5
Karen	7	1	-	-	-	-
Other	21	4	8	2	1	<1
Missing information	75	13	26	8	26	21

Data can be summarized as follows:

- In Hennepin County and Saint Paul, the largest ethnic group represented in the participants is African-American (55% and 35%, respectively). Approximately half (49%) of the participants in Blue Earth and Nicollet counties identified themselves as White.
- In all pilot areas, the majority of participants report that English is their home language. In Hennepin county and Saint Paul, the next largest group is Hmong (13% and 9%, respectively), whereas the next largest group in Blue Earth/Nicollet is Spanish (7%). Home language data are missing for 13%, 8%, and 21% for Saint Paul, Hennepin, and Blue Earth/Nicollet, respectively.

Table 3 shows the age distribution of the children who have enrolled in an ECE program and what types of programs families have chosen.

Table 3. Children Enrolled in an ECE Program Using Their Allowances, by Age and Type of Program

	Total		Saint Paul		Hennepin		Blue Earth and Nicollet	
Number of children with start dates	435	100	247	57	124	29	64	15
	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%
Ages of children at start date								
< 4 years	128	29	98	40	27	22	3	5
4–4.5 years	132	30	69	28	42	34	21	33
4.6–5 years	102	23	53	21	30	24	19	30
> 5 years	73	17	27	11	25	20	21	33
ECE program								
Family child care	5	1	-	-	5	4	-	-
Center/private preschool	179	41	122	49	56	45	1	2
Head Start	164	38	71	29	46	37	47	73
School-based Pre-K	56	13	24	10	17	14	15	23
Missing information	31	7	30	12	-	-	1	2

Important findings related to enrollment include the following:

- In Saint Paul, 247 children have been awarded allowances and families have selected 16 ECE programs for their children to attend using the allowances. (Data exports indicate that for 30 of the 247 children, an ECE program had not yet been selected, or the data have not yet been entered into the grantee database).
- In the Hennepin County targeted areas, 124 children have been awarded allowances, and families selected 21 ECE programs for their children to attend.
- In Blue Earth and Nicollet counties, 64 children have been awarded allowances, and families have selected 6 ECE programs for their children to attend using the allowances.

Preliminary Fiscal Data

Table 4 shows the distribution of the amounts of the allowances awarded thus far. Again, these estimates are based on programs' plans, and are contingent on children getting enrolled and attending an ECE program. Note that for children receiving allowances for more than 12 months, these were counted as two separate allowances (i.e., a child can receive two allowances).

Table 4. Number of Allowances Awarded by Distribution Amount

Amount of Allowance	Total Number Awarded						
	Total	Saint Paul		Hennepin		Blue Earth and Nicollet	
		<i>n</i>	%	<i>n</i>	%	<i>n</i>	%
\$1,001 to \$2,000	203	109	16	53	20	41	27
\$3,001 to \$4,000	913	590	84	212	80	111	73
Total	1,116	699	63	265	24	152	13

Note: The exact amount received may vary based on the amount of time the child spends in the program. Also, some children may have received two allowances not to exceed \$6,000 in an 18-month period; however, detailed fiscal data will not be available until the final report in September 2009.

In addition to the numbers reported in table 1, grantees also dispersed some of the allowances for children attending programs in which families specified use of allowances funds for program improvement uses only.¹³ These programs were not participating in Parent Aware yet and could not use the funds to pay for children's fees, but could use allowances funds for allowable program improvement uses.

- Saint Paul dispersed 4 allowances to center-based programs for quality improvement only.
- Hennepin County dispersed 15 (of which 5 went to family child care programs).
- Blue Earth and Nicollet did not disperse any funds for quality improvement only.

Beginning in October, SRI will be collecting detailed fiscal data from the participating ECE programs about how the funds are being used. The first round of fiscal data collection will ask ECE programs to report on how funds were spent during the months of April to September 2008. Subsequent fiscal data will be collected quarterly through June 2009 when the Pre-K Allowances Project is scheduled to end. SRI's data collection efforts will be coordinated with data collected by DHS. The final report will integrate and reconcile data from SRI's quarterly fiscal data collection with the final reporting from ECE programs to DHS on how they spent the allowance funds to improve quality. These final fiscal data will not be available until July 2009.

Preliminary Interview Data

During the first 9 months of implementation (January 2008 to September 2008), SRI interviewed key staff involved in administering and implementing the Pre-K Allowances Project. These interviews included the individuals at DHS who oversee and administer the Pre-K Allowances, individuals who were involved early in the process of monitoring and assigning

¹³ There are two kinds of quality improvement—quality improvement at an approved or provisionally-rated program (after the allowance funds have first paid for child-based fees) and quality improvement only allowances for programs who have not yet been approved in Parent Aware.

program approval at MDE, and those from the three grantees who administer the allowances to families and work with participating ECE programs.¹⁴

The interviews were designed to gather information about how the project is being implemented and to better understand what the Pre-K Allowances Project is trying to achieve in a short period of time. SRI also wanted to meet with the individuals implementing the allowances project to be able to better coordinate evaluation activities with implementation reporting requirements and to guide the development of an ECE program survey to be completed by programs between January and June 2009.

From these interviews, some of the key comments made by the respondents are provided below. These comments provide preliminary information about how some of the DHS, MDE, and grantee staff view the allowances project so far, its intent, its early implementation and administration, and its potential for influencing early learning policies in Minnesota.

- Overall, the interview respondents saw the ultimate goal of the allowances project as increasing school readiness of the participating children in the targeted communities. It is hoped that children will have better school readiness outcomes because they (1) have been able to access high-quality ECE programs and (2) have additional funds that provide for continuity of care (e.g., more stable care for children receiving CCAP funding because they can use the allowances to extend the number of hours of care they receive or maintain the care during periods when their CCAP eligibility status changes and therefore funding lapses).
- Related to this school readiness goal, however, respondents stated that there was uncertainty about whether the allowances were for the programs to improve quality or the families to increase access to high-quality ECE programs (allowances were seen as combining a child-based and program-based funding mechanism in a single funding model).
 - Many respondents viewed the primary goal as increasing access for children from low-income families to attend high-quality ECE programs. However, the allowances also can be used as quality improvement grants to programs (e.g., to purchase curriculum or provide professional development), thus having the goal of increasing the quality of care provided by programs in the communities.
 - Another related issue is the logistics of how publicly-funded ECE programs accommodate a child-based funding model (e.g., enrollment and budgeting are centralized in publicly funded models). For example, school districts with Pre-K classrooms rely on knowing expected enrollment and funding in the spring of the previous school year.
- Respondents commented that there is widespread, positive community response to the allowances project. Respondents reported that this response is evidenced by ECE programs attending orientation meetings, families advocating for participation in their local neighborhoods (i.e., asking programs whether they have 3 or 4 stars), and ECE programs seeking Parent Aware ratings.

¹⁴ Key staff include the following individuals: Deb Swenson-Klatt (DHS), Michelle Lenhart (DHS), Elizabeth Roe (DHS), Barbara O'Sullivan (MDE), Eileen Nelson (MDE), Laurie Tolle (Hennepin), Carol Miller (Hennepin), Carolyn Veaser-Egbide (RCC), Katie Holmes (RCC), Melissa Enter (MVAC), and Nancy Haag (MVAC).

- Respondents noted that outreach activities to families have been highly successful in reaching families on waiting lists for ECE programs and identifying families that are not connected to programs.
- Respondents in Saint Paul commented that it might have been easier for the Saint Paul area to get the allowances project up and running (compared to other communities) because the Saint Paul Early Childhood Scholarship Program was in existence, and many of the implementation details were being worked out at the same time or had already been worked out for the scholarship and the allowances programs.
- Respondents expressed a number of benefits or potential positive outcomes for parents and families, as in the following examples:
 - Children may experience more stability of care, which, in turn, reduces parents' stress levels and stabilizes families' daily routines.
 - Parents may have an increase in knowledge about the characteristics and benefits of high-quality ECE because the programs are linked to the Parent Aware quality ratings system.
- Some respondents noted that the allowances project could have benefits for ECE programs. Consider the following examples:
 - ECE programs could have increased awareness about the characteristics and benefits of high-quality ECE because the project provides incentives to provide high-quality care.
 - Since some of the funds can be used for quality improvement activities, there could be an increase in the supply of high-quality ECE programs and slots in the targeted communities.
- Some respondents noted that the allowances project could lead to systemic changes in early childhood policies that could benefit the early learning system in Minnesota, as in the following examples:
 - The Pre-K Allowances Project could instigate state-level discussions about blending funding streams and the potential benefits from eliminating silo funding of ECE programs (e.g., efficiency in use of funds).
 - The fiscal data from the allowances project could lead to a better policy analysis of what the actual costs are to provide high-quality ECE and how programs combine funds.
- Several respondents expressed a hope that the allowances project could lead to adoption and dissemination of one set of quality standards for all ECE programs across the state.
- Respondents noted that the start-up activities for the allowances project has taken longer than many people thought they would take.
 - Some respondents felt that the timeline for implementing the legislative mandate was unrealistic, particularly because the details about how the mandates were to be incorporated into existing structures were not clear.
 - Many of the implementation policies, procedures, and final decisions about child/family eligibility and approved uses of the allowances funds took months to develop which made it difficult for grantees to communicate to ECE programs and for programs to communicate to families about the allowances project requirements.

For example, procedures for the application process had to be developed and a DHS document that describes how programs can use the funds was finalized and disseminated in March 2008 (see appendices B and C).

- Each of the three grantees administering the allowances had to develop procedures to disseminate funding so that each had to determine how this new funding stream would be integrated into each agency's existing infrastructures (i.e., local administrative agency that oversees child care assistance). It took at least 6 months to distribute the funds in the areas; the three grantee contracts with DHS were not finalized until February 2008.
- Respondents commented that because several other systems change activities were simultaneously occurring when the allowances project was being launched (e.g., Parent Aware program quality rating system, Saint Paul Early Childhood Scholarship Program), policy and procedural decisions about how all of these activities were to be coordinated needed to be made and took additional time to implement.
- Some of the start-up challenges depended on characteristics of the existing systems in each of the targeted communities; each of the three grantees struggled with one or more challenges.
 - For Hennepin County, respondents identified three types of start up challenges. One challenge was how to administer the allowances project within existing infrastructure systems. For example, Hennepin County uses multiple data systems for tracking financial, program, and family data.
 - For Saint Paul, the grantee, the City of Saint Paul with a subcontract to Resources for Child Caring, had to coordinate both the start-up of the Saint Paul Early Childhood Scholarship Program and the Pre-Kindergarten Allowances Project. There were advantages and disadvantages to this coordination, but it was clear that many procedural issues needed to be worked out as implementation progressed (e.g., how to layer the funds together).
 - In Blue Earth and Nicollet counties, some respondents commented that there were challenges in explaining the allowances project requirements to providers and gaining support of some providers to participate.
 - All three grantees had varying capacity to take on the additional work required to process the allowances application forms. Respondents reported that many families needed a great deal of support to complete the application, find a program, and enroll their children in programs. ECE program staff or other staff (e.g., RCC staff in Saint Paul) took on the extra work of assisting families to complete the allowances application form and enroll in the ECE programs. The additional staff time needed for these activities had not been anticipated in the allowances legislation. Of the 6 million dollars allocated, 8% was reserved for grantee administrative costs of overseeing and administering the implementation of the allowances project.

Next Steps

SRI International's evaluation team will continue to collect data through June 2009 that will answer the evaluation questions in more detail.

- As of October 2008, the evaluation team continues to work with DHS staff and grantee staff to update the data exports from the three grantees containing application data about the status of allowance participants' use of these funds.
- New data collection activities began in October 2008 including phone interviews of participating families and ECE program reports of detailed fiscal data.
- SRI plans to conduct a web-based survey of all participating ECE programs between January and June 2009.

Some of the same challenges facing the implementation team of the Saint Paul Early Childhood Scholarship Program (described in the Implementation Brief, dated September 18, 2008) affect the implementation of the allowances project. These challenges include the following:

- The need to understand the supply of eligible programs in all geographic areas. DHS staff have begun the task of documenting ECE program capacity and available slots in the project communities.
- The phone interview with families will examine how easy or difficult it was for them to apply for the allowances, find a high-quality (Parent Aware-rated) ECE program for their child to attend, and enroll their child in a program during the time period.

It is critical to note that, although the Saint Paul Early Childhood Scholarship Program and the Pre-K Allowances Project both have goals of increasing access to high-quality ECE programs and improving school readiness in low-income children, the initiatives are not the same.

- The Pre-K Allowances funds (i.e., up to \$4000 in a 12-month period) are less than the full scholarship amount which can be up to \$13,000 in a 12-month period.
- The evaluation designs are different based on key evaluation questions asked of stakeholders and the limited time and budget to conduct the evaluations.
- The Scholarship Program and its evaluation are funded by MELF, but only the evaluation of the Pre-K Allowances Project is under the purview of MELF.
- The scholarship program evaluation is testing an innovative market-based early care and education model and the allowances project was developed as an alternative and potential supplementary funding mechanism to increase access to high-quality ECE programs for low-income children. This difference impacts the evaluation questions and possibly the ways in which each initiative will reach its goal.

One of the major evaluation questions of the Pre-K Allowances Project is how the allowances are being used and how the allowances may affect other sources of funding.

- In the fiscal data and the parent interview data to be analyzed in the final report, SRI will examine how funds are used, such as the combining of allowance funds with CCAP funding to extend a child's hours or to fund children who otherwise would not attend high-quality ECE programs.

- As the evaluation collects the detailed fiscal data, it will be possible to understand more precisely how families learned about the allowances and how that information relates to how they were used. For instance, some ECE programs recruited families with children already attending the programs, and families are using the funds to increase the duration for their child (e.g., extend to full-time care in ECE program) or are using the funds to improve the existing quality of care their child receives.

The final report to be completed in September 2009 will provide answers to these questions, with more information about children, families, and programs. Some of the questions to be answered in the final report include the following:

- How many children are using their allowances, and which programs are families selecting?
- How many allowances are being used for children already participating in ECE programs?
- How many allowances are being used to enroll new families and their children to ECE programs?

Appendices

Appendix A

Pre-Kindergarten Exploratory Allowances

Project Manual¹

Version date: September 22, 2008

Users note

This manual is designed intentionally to allow the grantee to add items that are discretionary and specific to their pilot area. Only steps required in the work plans are provided in this manual. *Feel free to write in the detailed steps you wish your staff to take locally as they implement the program.* Definitions of terms are provided at the end of the manual.

Background

Legislation passed during the 2007 legislative session established the pre-kindergarten exploratory project. The purpose of the allowances is to promote school readiness for children who may be unprepared at kindergarten entrance.

The legislation provided for \$6 million in funding (\$2 million in Fiscal Year 2008 and \$4 million in Fiscal Year 2009). The Departments of Human Services and Education (DHS and MDE) have estimated that this is sufficient funding to serve approximately 920 children.

The legislation also directed the commissioners of human services and education to establish the project in collaboration with the Minnesota Early Learning Foundation (MELF). MELF is given the authority in legislation to evaluate the program.

Principles

The following principles were applied in making determinations regarding policy and administration for the pilot:

- Need for implementing the project within the parameters of the legislation
- Ease of use for families
- Administrative simplicity
- Where applicable, be consistent with the MELF St. Paul scholarship program
- Accountability for public funds
- Potential for taking pilot to scale if it is successful

Changes to this document

As of April 30, 2008, all new changes are represented by underlined text, and removed language is represented by ~~strike through~~ text.

¹ The manual was developed by the Department of Human Services and is revised and distributed by DHS staff responsible for overseeing the Pre-K Allowances Project.

I: Families

As you administer the pre-kindergarten allowance program, you will need to work with families in many ways. Use the steps in this section to help you do this in a way that complies with the program requirements.

1. Inform families that allowances are available
2. Receive and process applications from families
3. Determine the family's eligibility
4. Award allowances
5. Notify families they have received an award
6. Maintain lists of families interested in receiving allowances

(Grantees may add more steps, or detail about the steps to this manual for their staff at their discretion.)

1. Informing families

Marketing materials, including, at a minimum, brochures describing the allowances, will be made available through DHS.

Consider working with Head Start, public schools, community-based child care programs, the Child Care Assistance program and child care resource & referral (CCR&R) to help you recruit families. Families of children currently enrolled in each of these programs, as well as the children on waiting lists, could all be invited to apply for an allowance.

You may also want to consider identifying and creating relationships with other recruiting partners, such as FFN providers, pediatricians, social workers, faith-based organizations, refugee and immigrant support organizations, and other community-based organizations in and serving the pilot areas. There may be interest among these groups to attend informational meetings on the allowance project so that they can help their clients understand the eligibility requirements and application procedures.

(Grantees: feel free to add details about outreach and promotion here.)

2. Receiving and processing applications

Use the standard application provided by DHS.

(Grantees: feel free to enter your process for receiving and verifying applications to this section.)

The application includes:

Things family must provide:

- Child's name
- Address
- Child's date of birth
- Name and contact information for the parent or guardian
- Information to help you determine the family's eligibility
- Child's citizenship or immigration status

Things family must agree to:

- Parent/guardian agreement to enroll child for the minimum 12 hour per week duration required to use allowance for eligible uses
- Enroll child in an approved child care/early education program, or if no approved program is available, a program working toward approval but then use it for quality improvement only
- Give two weeks' notice to allowance office and child care/early education program if the parent decides to transfer the child to another program or move to a new address
- Understand that the MELF or its agent will contact them about participating in the evaluation
- Data release
- Fraud investigation release
- Acknowledge receiving Notice of Privacy Practices (DHS-3979)
- Sign the application and acknowledge having read and understood the rights and responsibilities

Things parents may answer (optional):

- Child's gender
- Family's home language
- Racial/ethnic group of the child

3. Determining the family's eligibility

Grantees will need to establish if a family is eligible to receive an allowance.

Families are eligible for an allowance or multiple allowances if they meet all the following:

- They live in a pilot area
- They meet the income requirements
- They have children that meet the age requirements
- They have children who are U.S. citizens or legal immigrants
- They have signed the application and therefore committed to all required agreements

Verify the family's eligibility just once, during the application process. Once a child is awarded an allowance, the child may continue receiving it until he or she enters kindergarten or the project ends on June 30, 2009, whichever comes first.

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

Children in the foster care system are eligible for pre-kindergarten allowances. Their "family" in this case is the biological parent if the parent is available and is involved in the child's life through coordination with the foster care family. If the child's biological parents are not involved in child's life, the child's county social worker may apply for a pre-k allowance on the child's behalf.

(Grantees: feel free to enter the details of your system for reviewing eligibility and following-up with families regarding their applications.)

Eligibility criteria:

Residence

Families must live in a pilot area to be eligible. Pilot areas include any residence located within the boundaries of:

- City of St Paul
- North Minneapolis
- Wayzata School District
- Blue Earth and Nicollet counties

If a family moves, the children will remain eligible to receive allowances if the new residence is either in another pilot area or the 7-county metro area.

The following methods may be used to verify residence:

- Utility bill showing name and address
- Driver's license
- Passport
- Consulate registration card (Matricula Consular)
- Rental lease
- Mortgage document
- Shelter verification form (for families living in a homeless shelter)
- W2s and pay stubs

Children living in homeless shelters inside the pilot areas are eligible, even if they maintain a legal residence outside the pilot area.

If a person is living with someone and does not have any official documents of their residence in their name, they may provide proof by providing a copy of another type of mail they have received at this residence. If they can not provide this type of proof, ask them to provide a written statement by the person they live with saying they live at this residence.

Income requirements

Families* with incomes up to 185% of the Federal Poverty Guidelines (FPG) at the time of application are eligible to apply for the program. Table 1 shows the Federal Poverty Guidelines for 100% FPG and 185% FPG. (*See definition of family members, under "Definitions".)

Table 1. Federal Poverty Guidelines (Federal Register, Vol 73, Number 15, page 3971-3972, January 23, 2008.*)

Family income		Family size
100%FPG	185% FPG	
\$14,000	\$25,900	2
\$17,600	\$32,560	3
\$21,200	\$39,220	4
\$24,800	\$45,880	5
\$28,400	\$52,540	6
\$32,000	\$59,200	7
\$35,600	\$65,860	8

* For families with more than 8 persons, add \$3,600 for each additional family member to determine 100% FPG. Multiply this number by 1.85 to determine 185% of FPG.

*Link to federal register citation: <http://frwebgate2.access.gpo.gov/cgi-bin/waisgate.cgi?WAISdocID=133913287741+0+0+0&WAISSaction=retrieve>

Families must document earned income and unearned income. The following methods can be used to verify earned income (wages and profits):

- Pay Stub
- Statement from Employer
- Tax Form
- W-2 Form
- If family receives MFIP or DWP, verification from the family's MFIP/DWP worker

Only unearned income from child support, the Minnesota Family Investment Program (MFIP) and the Diversionary Work Program (DWP) will be counted toward unearned income for purposes of the pre-kindergarten allowances. SSI should *not* be counted toward unearned income in this program. The following methods can be used to verify unearned income:

- Child Support payments/letter
- MFIP/DWP payments/letter
- If a family receives MFIP or DWP, verification from the family's MFIP/DWP worker

Ask families to provide documentation of income for a period of at least the 1 month immediately preceding the date of application in order to qualify. If income information is not provided to you and/or not available for the month immediately preceding the date of application, your agency has the flexibility to use local discretion to use the most recent income information presented (such as income information for the previous month(s), a W-2 form, or tax forms from the most recent tax period).

You will need to calculate an annual income in order to determine eligibility. Use the method which provides the most accurate assessment of income available to the family. Options include:

- Use the income for the 12 months immediately preceding the date of application (if reported)
- Multiple an hourly wage by number of hours worked per week, then multiply by 52 weeks
- Multiple a weekly wage by 52 weeks
- Multiply semimonthly wage by 24
- Multiply a monthly wage by 12
- Multiply child support or spousal maintenance by 12 months, after checking records for current information and consistency of payments
- For calculation of the cash portion of MFIP or DWP cash payment multiply by 12. Do not count the food portion of the MFIP grant.

If a family informs you that the information is not available, you may allow them to sign a release and request the information from an employer.

If a family receives MFIP/DWP, you must verify the family's case is open by requesting this information from their county worker by asking the following:

1. Is this family currently receiving MFIP/DWP benefits? If yes, the family is eligible for pre-k allowances. If the MFIP/ DWP case is closed, ask the family to use one of the documentation methods listed above.

Also ask the county worker for the following information for evaluation purposes:

2. What is their monthly benefit amount? Does this family report any earned income? If yes, what is the monthly gross amount?
3. Does this family report any child support? If yes, what is the monthly amount?

To determine the annual income using the MFIP/DWP information, multiply the monthly income amounts by 12.

If a family receives CCAP, you must verify the family's income by requesting it from their county worker by asking the following:

4. Is this family currently receiving CCAP benefits? What is their monthly benefit amount? If the CCAP case is closed, ask the family to use one of the documentation methods listed above.
5. Does this family report any earned income? If yes, what is the monthly gross amount?
6. Does this family report any child support? If yes, what is the monthly amount?

To determine the annual income using the CCAP information, multiply the monthly income amounts by 12.

Citizenship status

Children must be U.S. citizens or legal immigrants to be eligible. If child is not a US citizen and is not on MFIP, DWP or food support, the family must verify that the child is a legal immigrant. The following can be used to verify immigration status:

- Birth certificate
- Adoption record
- Current INS card

Work closely with your local MFIP, DWP, or food support office to obtain verification of the immigration status of children who are legal immigrants.

Child age

Children are eligible for an allowance if they were 3 or 4 years old on or before September 1, 2007, or will be 3 or 4 on September 1, 2008. Children are no longer eligible when they begin attending kindergarten.

Families must show proof of child's birth date in order to be determined eligible. The following documents can be used to verify the child's birth date:

- Birth certificate
- Crib card
- Passport
- I-94 card
- Medical Assistance card
- Baptismal certificate
- Immunization record

Family agreements

Use the standard application and/or consent form(s) provided by DHS and the MELF to request

required agreements of families receiving an allowance. These agreements will include:

- That they will maintain enrollment of their child in an early childhood program for a minimum of 12 hours per week.
- That they will use their allowance for services with an eligible program
- That they release data for the evaluation
- That they will give a two week notice to child care/early education program before removing/transferring child (within reason)

Foster care families

Children in the foster care system are eligible to receive allowances if the child's foster care family is located within a pilot area.

If the child's biological parent or parents are actively working in partnership with the foster care family to provide for the child's well-being, the application should be completed by the child's biological parent or parents in partnership with the foster care family and county worker.

If the child's biological parent or parents are not working in partnership with the foster care family, the county may apply on behalf of the child.

The income of the child's biological parent or parents should be used to determine income eligibility. If the child's parent is unwilling, unable or unavailable to provide proof of income, the county may be able to share this information with you as part of the welfare system, similar to the way data is shared for purposes of CCAP and MFIP.

Use the number of family members in the child's biological family to determine household size, not the foster care family.

If the parent has abandoned the child and the county has no information about the family's income level, the child's family income should be considered \$0.

4. Awarding allowances to families

Award allowances on a first come, first served basis. To the extent possible, work to ensure equity across the three program types: child care, Head Start and school-based pre-kindergarten.

Allowances may be awarded for time periods up until June 30, 2009, or until the child enters kindergarten. Awards may not exceed \$4,000 in any 12-month period.

(Grantees: feel free to enter the detailed steps for your staff describing your system for awarding allowances.)

5. Notifying families

Use a method determined locally for notifying families that they have been determined eligible. The one year period during which they may use the \$4,000 allowance begins on the day you determine the family eligible.

Provide families receiving allowances information on next steps for selecting an approved program,

or cases where no approved program is available, information on selecting a program that may use the allowances for quality improvement only. Recommend families review information about Parent Aware and MDE approved programs as they select an approved early childhood program. In particular, suggest they consider viewing the Parent Aware website (www.parentawareratings.org).

Notify families of their choices with regard to program type, schedule, and if they can not find an approved program, of giving the allowance to an unapproved program for quality improvement only. Let them know that if they use the allowance with an unapproved program for quality improvement only, they will relinquish the option of taking their allowance to another program. Also notify families that they will be asked by the program they select to sign an agreement detailing the type and schedule of the services they choose. Families may not use allowances to pay debts incurred before the date they were determined eligible for a pre-k allowance.

Notify families that they must be in contact with you to let you know their progress selecting a program. At local discretion, pre-k allowance grantees may set a period (such as 60 days) by which families must provide information about their progress selecting a program and if they can not be reached their allowance may be transferred to a child on the waiting list.

(Grantees: feel free to enter the details of your system for notifying families of eligibility.)

6. Maintaining lists of families interested in receiving allowances

Maintain a list of families interested in receiving allowances. At local discretion, you may maintain an active waiting list of families deemed eligible for an allowance or simply keep a list of families that have expressed an interest. (Grantees: feel free to add local decision here.)

7. Splitting allowances between multiple programs

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

If a family is using two unapproved programs and would like to split their allowance between programs, you may allow them to split it at your discretion (grantees: feel free to add your local decision on this topic here.)

If a family is using one approved program and one unapproved program, the approved program receives the allowance.

If a family is using two approved programs, they must pick one program to use their allowance, unless the programs operate as a collaboration. When two programs are closely collaborating, the two programs may select one fiscal agent to act for both of them, to collect the allowances, and to submit a combined program plan for your approval.

8. Appeals

Applicants or participants may appeal any action you take that adversely affects their pre-k allowance.

Appeal requests

A person must request an appeal in writing and must state what action or decision is being

appealed. The request for an appeal must be signed by 1) the person appealing, or 2) the person's representative. The person may use the Appeal to State Agency form (DHS-0033) or may send a letter indicating disagreement with a decision. The form or letter must be sent within 1) 30 days after receiving written notice of the decision or 2) 90 days after receiving notice if the person can show good cause for not making a request within the 30-day time limit.

People can send their appeal requests to you or directly to the DHS Appeals Office at:

Minnesota Department of Human Services
Appeals Office
PO Box 64941
St Paul, MN 55164-0941

If you receive an appeal request, send it directly to the DHS Appeals Office immediately. Do this regardless of when you receive the request or why the person is appealing. The Appeals Office will decide issues of timeliness and good cause and whether an issue is appealable.

Appeal hearing process

You will be sent a notice from the DHS Appeals Office asking you to prepare an appeal summary. The request for an appeal summary will include a copy of the appeal request. Within a few days, you also will receive a notice telling you the location, date, and time for the hearing and the name of the human services judge who has been assigned to the case. Prepare an appeal summary explaining your decision using DHS Form 0035 and schedule someone to appear at the hearing. Send the appeal summary to the appellant and the judge at least 3 working days before the date of the hearing.

Before the hearing, offer the appellant an agency conference to resolve the disputed issue informally. The conference must include a supervisor or the agency director. If the conference resolves the issue, ask the appellant to sign a written request to withdraw the appeal. Send the withdrawal request to the judge. Do not delay sending the appeal request to the Appeals Office pending an informal conference.

The Appeals Office normally holds hearings at least 5 days after it receives the appeal request. Hearings can be held sooner if the appellant and the judge consent. The judge may conduct the hearing face to face or by telephone if the appellant agrees. Most hearings are held by telephone. Your agency must have equipment necessary to conduct telephone hearings (such as a telephone with a speaker phone).

The appellant may give additional evidence at the hearing. The judge must base the recommended decision on the oral and written evidence given at the hearing. The commissioner of human services makes the final decision in the case. The commissioner may accept the judge's recommendation or reject or modify that decision. The commissioner delegates his final decision-making authority for administrative appeals to the Chief Appeals Judge and the two Assistant Chief Judges.

The appellant or the agency may ask the commissioner's designee to reconsider the decision within 30 days after the date the commissioner's designee issues the order. A request to

reconsider should state the reason(s) the dissatisfied party believes the original order is incorrect. The commissioner's designee may reconsider an order upon request of either party or on the designee's own motion, and will then issue an amended order or an order affirming the original order. The original order must be implemented even if there is a request to reconsider.

The appellant or the agency may also appeal to district court within 30 days after the date the commissioner's designee issues, amends, or affirms an order. Either party may also appeal to district court to enforce an appeal decision.

Continuation of benefits

If the participant requests an appeal before the effective date of the adverse action or within 10 days after the date of mailing the notice of adverse action, whichever is later, the participant may continue to receive benefits at the same level during the appeal process. Notify these participants that benefits paid pending an appeal will be an overpayment if they lose their appeal.

If a notice period ends on a weekend or holiday, consider an appeal the participant makes on the next working day to be timely. If a change not related to the issue under appeal occurs while benefits are continuing, notify the participant of any adverse action. Take the action unless it is also appealed.

If the participant asks to continue receiving benefits pending appeal, continue benefits at the same level until the human services judge issues a hearing decision, or another change occurs which requires an adjustment, whichever occurs first.

Effect of decision

When a client wins an appeal, calculate and issue any corrective payments.

When a client who continues to receive benefits during the appeal process loses an appeal, stop or change benefits at the next issuance date. The agency must send a notice of termination or reduction in benefits effective immediately to the family and the provider.

If the appeal decision finds the client to be ineligible, calculate the amount the client must repay for all months the client received benefits.

II: Child care/early education programs

As you administer the pre-kindergarten allowances, you will need to work with child care/early education programs in many ways. Use the following steps to help you do this in a way that complies with the program requirements. (Grantees may add more steps, or detail about the steps to this manual for their staff at their discretion.)

1. Verify eligibility of the child care/early education program
2. Notify programs
3. Review plans for allowance use
4. Determine allowance amounts
5. Schedule payments and reporting

6. Award allowances for quality improvement only

1. Verifying eligibility of the child care/early education program

Based on information provided by Parent Aware, DHS and MDE, verify that the program selected by the family is approved in one of the following ways:

- For licensed child care programs, has received a 3 or 4 star Parent Aware rating or has received a provisional rating
- For school-based and Head Start programs, has received a 3 or 4 star rating or has received MDE provisional approval

Program agreements:

- Has signed an agreement to participate in the project and accept allowances for eligible uses only
- Has confirmed that it is willing to offer a program of at least 12 hours per week
- Has agreed to participate in evaluation

Enter data on the early childhood programs selected by families receiving allowances into a tracking system. A tracking system may be provided by MELF for purposes of collecting data for the evaluation. (Grantees: feel free to enter details about how you would like your staff to enter data into tracking system.)

2. Notifying programs

Send selected child care/early education programs notices letting them know that families have selected them. Communicate eligible uses of the allowances and let programs know that they must complete a plan, using the standard form, for how they will use the allowances.

Eligible uses include:

- Fees to families, including any payment required for a child to receive services such as private pay charges, co-payments, non-eligible CCAP expenditures and parent fees based on sliding fee scales used by school districts. Required expenses, such as uniforms, may be covered by an allowance. Late fees may not be covered by an allowance.
- Enhancing program quality (see list of eligible expenses for quality improvement)
- Increasing duration (increased hours per week of service)
- Expansion of services to additional preschool-aged children
- Transportation is an eligible use for approved programs if it results in increased duration and/or the ability to serve more children

Programs must use the allowances to offset fees and any other charges to families first.

3. Reviewing plans for allowance use

Review the plans submitted by the programs receiving allowances to check that the purposes are consistent with the eligible purposes, and that the allowances will be used for parent charges first. You must receive the plan for allowance use before issuing an advance.

Programs may complete one plan for their entire system (if it is a Head Start or school district) or their entire child care chain.

Programs are only required to submit a program plan for approval once. If circumstances change at their program or with the allowance family, they may adjust how they use the allowance locally and simply report the actual use of the allowances at the end of the program period.

If one of the program's uses for allowances is to provide expansion to serve children who are low income, they do not need to verify that the children they are expanding to serve are below 185% of poverty. The children they are expanding to serve also do not need to live within a pilot area.

4. Determining allowance amounts

Assume all programs will submit plans that use the full \$4,000 allowance per child for the first 12 months ("period 1") and \$2,000 for the remaining time period ("period 2"). If a program submits a plan that does not include the full amount available per child per period, because the intended use does not require the full amount, reduce the allowance amount to the level the program requests. Notify programs of approved allowance amount.

5. Program agreements with families

A program must obtain a completed family agreement form from each family bringing an allowance to their program. The purpose of the family agreement is to ensure the family understands the type of service they are purchasing and that whatever funding is left over after covering fees or other charges may be used for quality improvement or expansion. Ask programs to return completed family agreement forms to you within two weeks of receiving an allowance so that you can set up the payment schedule. Programs must complete the agreements before receiving any payments, including an advance, and must keep copies of the agreement forms on site for 7 years. The family agreement form provided by DHS must be used.

A program must obtain a new family agreement form from a family if a change in a family's financial ability to pay for a part of their services, such as when a family loses their CCAP eligibility, results in a need to shorten or lengthen the amount of time a program will be offering services to a child. This step is critical because the family must be informed of the change, but also because without this information you can not adjust the payment frequency to support the family's use of a greater proportion of their allowance to cover parent charges. As is the case with family agreement forms generally, the program must send a copy of the agreement form to you within two weeks, and keep a copy of the form on site for 7 years. The family agreement form provided by DHS must be used.

Ask programs to return the family agreement forms to the allowance office where the family applied for the allowance. Because programs may be selected by families receiving allowances in more than one pilot area, they will need to understand that they must return the agreement to the appropriate allowance office. If you receive a family agreement form for another pilot area, forward it to the appropriate allowance office.

6. Scheduling payments and reporting

Establish a payment schedule that is consistent across program types, but varies based on schedule and/or the number of months the services are offered. Notify programs of the payment schedule options and reporting requirements. (Grantees should refer to the pre-k allowance payment requirements document dated March 14, 2008 for additional guidance.) While payments

may not be made until the family agreement form is received, grantees have local discretion to pay for services provided during the period beginning on the date the family was determined eligible through the date the family agreement form was received.

For programs that are 12 or more months in duration, the minimum payment frequency is quarterly with no more than a \$500 advance at the beginning of the payment period, with at least 5 payments total in a 12 month period. For example, the payment schedule could be:

1 advance of \$500 at the beginning of a 12 month period

First quarter: \$1,000

Second quarter: \$1,000

Third quarter: \$1,000

Fourth quarter: \$500

For programs that are less than 12 months in duration, grantees may set up payment frequencies that are appropriate based on the schedules and/or months the program is offered. However, there must be at least 2 payments and one must be a payment on or after the child's last day of attendance.

(Grantees: feel free to enter the payment schedule you decide is appropriate here.)

Before payment is issued, the child care/early education program must report:

- Names of children served by allowances
- Verify continued enrollment of children served by allowances in their program, or if child has left, the last day the child was in attendance.

If the child leaves, pro-rate the amount if the amount they received in advance does not cover the period of time the child was in attendance.

You may use the invoice form provided by DHS to collect this information, or use a locally-developed invoice form upon approval by DHS.

Share your lists of programs with completed program plans across pilot areas. Honor the approvals of other pilot areas and pay an allowance to them when families choose them.

At the end of the allowance program, child care/early education programs receiving allowances must complete a report using a form provided by DHS and MELF describing the funding received per child and how much was pooled toward other eligible uses. All reports must be received from child care/early education programs by August 14, 2009 (6 weeks after the close of the state fiscal year on June 30, 2009).

Children may not receive services after June 30, 2009 paid for through allowance funds. Allowance grantees may make payments after June 30, 2009, however those payments must be for services rendered before this date.

If a change in a family's financial ability to pay for a part of their services, such as when a family

loses their CCAP eligibility, results in a need to shorten or lengthen the amount of time a program will be offering services to a child, then the program must send you a copy of a new family agreement form with the new duration provided. Change the program's payment frequency to reflect the new length of services the program is able to provide.

7. Scheduling "period 2" payments for "group 2" children

One complicating factor is that children in "group 2", who were born between September 2, 2003 and September 1, 2004 (see section VIII: Birthday Age Chart), could be eligible for more than one allowance and may not have very much time in which to use the second allowance. For them, there will be a "period 1" and "period 2". Period 1 refers to the first 12 months which begin the day eligibility is determined. Period 2 begins the day after year 1 ends and runs until June 30, 2009. Period 2 may be as long as 4 months and as short as one week.

For these children eligible for a period 2 allowance, the maximum allowance available will be \$2,000 for the second period. Programs may receive the full \$2,000 regardless of how short that period is if they can demonstrate they can use the full amount for eligible uses during that time.

See examples for Joey, Maggie, Jose and Julia in the Pre-k Allowance Payment Requirements document dated March 14, 2008 for additional guidance.

8. Awarding allowances for quality improvement only

Families reporting they do not have access to an eligible program may direct the allowance to be used for program quality improvement. To be eligible, a program must be licensed or must be a license-exempt pre-k program available through a school district or charter school. (Head Start programs are licensed.) Unlicensed family, friend and neighbor programs are not eligible to receive allowances.

Programs must have signed a participation agreement with Parent Aware before being approved to receive an allowance for quality improvement only.

Steps for awarding allowances for quality improvement only:

1. Check to see if the program has signed a participation agreement with Parent Aware (you will receive a weekly update from DHS with a list of programs that have completed participation agreements). If they have not signed a participation agreement, ask them to work with Parent Aware to complete this requirement. Programs may not be paid using allowance funds until after this requirement has been met.
2. Make available to programs copies of the following documents: the quality improvement plan form, list of eligible expenses for quality improvement, and the family agreement form.
3. If the program has not gone through the full rating process, refer the program to Parent Aware to obtain copies of the participation agreement and the Parent Aware Getting Ready Checklist. 1 and 2 star programs will already have quality improvement plans with Parent Aware.
4. Review the completed quality improvement plan form to ensure the program has only included eligible quality improvement expenses. Use the list of eligible expenses for quality improvement in combination with the Getting Ready Checklist to help you assess whether or not the program's plan will help them reach a 3 or 4-star Parent Aware rating. For programs with full ratings, request a copy of their quality improvement plan by emailing Val Peterson, the

Parent Aware program director, at valeriep@mnchildcare.org. The Parent Aware resource specialists are also available to provide consultation to you as you review the quality improvement plans. Contact Val Peterson for assistance in obtaining this consultation.

5. Send notice that the improvement plan has been approved along with a copy of the reimbursement request form.
6. When reimbursement request form is received, send a check for quality improvement expenses. Upon local discretion, grantees may allow programs to submit a request form after each quality improvement purchase, as often as needed.

Programs must submit a quality improvement plan for each allowance they receive for this purpose.

Advances may be provided if a program requests it due to hardship. Grantees may collect receipts with requests for reimbursement, at local discretion. Receipts must be saved for 7 years. If receipts are not collected, grantees must notify programs that they must keep copies of the receipts on file for 7 years.

Approved uses for quality improvement:

Programs must use allowances for quality improvements that will help them improve their level of quality through the Parent Aware program in the following categories: family partnerships, teaching materials and strategies, tracking learning, and teacher training and education, including:

- o Individualized consultation
- o Training
- o Materials
- o Tuition for higher education
- o Fees for special licensure or credentials
- o Books or other materials needed for coursework
- o Fees for substitute teachers
- o Accreditation fees
- o Accreditation consultation not covered by the Accreditation Facilitation Project
- o Additional or specialized staff or consultants, such as literacy specialists
- o Other uses as approved on an individual basis

Capital expenses, such as construction, are *not allowed*.

9. Issuing 1099s

If a program receives over \$600 in pre-k allowances in one year, you must issue a 1099 to the program.

10. Awarding allowances to providers/early educators serving own children

Providers/early educators providing child care/early education for their own children are eligible to be awarded and receive allowances.

Licensed family child care providers do not pay parent charges because the provider is the parent of the child. Therefore, approved family child care programs may not use the allowance to pay for parent charges. However, they may use it for the other allowable uses including improving quality, increasing duration of the program, and expanding to serve more children. Unapproved family child care providers are also eligible to use the allowance in their own program for quality improvement.

Early educators working in approved programs who do not pay parent charges because free child care is an employment benefit may also bring the allowance to their program, but it may not be used to cover parent charges for that child. If they receive discounted child care as a benefit of their employment, it must be used to cover the discounted charges first, and the remainder is eligible to be used for the other eligible uses. If it is an unapproved center, the center may receive the allowance and it may be used for quality improvement only.

11. Changing the status of an allowance when a program's rating changes

Allowances may change from "approved" status to "quality improvement only" and from "quality improvement only" to "approved".

The status of an allowance would change if the following occurred:

If a program is rated and receives a 3 or 4 star rating, but later the rating falls to 1 or 2 stars. Any allowances this program is receiving would then change from being allowances for "approved" programs to being allowances that may be used for quality improvement only.

If a program is not rated but becomes rated and receives a rating of 3 or 4 stars, or if a program receives a 1 or 2 star rating but later receives a 3 or 4 star rating, the allowance status would change from for "quality improvement only" to "approved".

When this happens, work with the program to obtain a new program plan and new family agreement form(s) that reflect the new status of the allowance(s).

III: Layering allowances with other funding sources

Pre-k allowance offices with private funding sources for scholarships may "layer" these funding sources with pre-k allowances to create larger overall awards for children eligible for allowances.

DHS will entertain requests to consider waivers or exceptions from aspects of the requirements in this manual for allowances in cases when allowances will be layered with other private funding, such as scholarships.

St Paul Scholarship Exceptions Granted

For purposes of the St Paul Scholarship evaluation, the MELF requested an exception to the rule to award the full \$4,000 to any child receiving an allowance as long as the program can use the full amount of funding. The waiver was granted so that in cases in which the combination of layered funding sources (ie. CCAP, allowance funds and scholarship funds) for an individual child would exceed the maximum scholarship allowed under the St Paul Scholarship model, the grantee is allowed to reduce the amount of the allowance awarded to allow for the overall scholarship amount to avoid exceeding the maximum award.

DHS has also granted the following policy exceptions for purposes of allowing for a seamless experience for the families and programs participating in the scholarship pilot.

Other exceptions granted:

The St Paul scholarship program may use its own application to establish eligibility for the allowance funds, however, eligibility must be established based on the allowance eligibility criteria and families receiving allowance funds must receive all other parts of the allowance application (such as the notice of privacy practices) and sign the allowance “read and sign” page.

Families receiving allowances layered with the St Paul scholarship are not required to sign family agreement forms.

Programs receiving allowance funds layered into scholarships will not be required to report the uses of these funds using the pre-k allowance year end reporting form. However, they will be required to only use these funds for allowable uses and to spend any funds that were not used to cover parent fees by June 30, 2009.

IV: Project Boundaries and Population Statistics

Project Boundaries for Families

Families must live within one of the following boundaries to be eligible for allowances: the city of St. Paul, North Minneapolis, the Wayzata School District, Blue Earth or Nicollet counties.

Table 2. Eligible Children in Allowance Project Pilot Areas (2000 Census)

% at or below 185% FPG	Estimated # of Eligible 3 and 4 Year Old Children
City of St. Paul	3,750
North Minneapolis/Wayzata SD	2,758
Blue Earth and Nicollet counties	561

Project Boundaries for Programs

Child care programs are eligible to participate in Parent Aware if they are located in one of the pilot areas: the city of St. Paul, North Minneapolis, the Wayzata School District, and Blue Earth and Nicollet counties, or are accredited and are located within the seven-county metro area.

For the allowances, Head Start programs serving families residing in the pilot areas will be eligible to be provisionally rated regardless of where the program is located. The Head Start programs that MDE has identified that serve the pilot areas are PICA, CAP Ramsey and MNVAC.

For the school-based pre-kindergarten programs, School Districts with boundaries that are only partially inside the pilot area boundaries and serve families residing in the pilot areas will be eligible to be provisionally rated regardless of where the school is located. The school-based programs that MDE has identified that serve the pilot areas are included on the Parent Aware website.

V: Data Privacy

Grantees must ensure that staff members understand and have received training on data privacy requirements of the program.

Families must sign release forms so that their data can be shared with programs for purposes of setting up payments. Families are notified that they will be approached by the MELF or its agent to

request that they sign release forms for evaluation purposes.

Release forms are required annually. Therefore, if there are families who maintain participation in the program for over 12 months, you will need to request release forms from them after approximately 11 months participation.

VI: Data and reporting

All data and documentation collected from families and programs must be kept on file for 7 years. You may store data and documentation electronically at local discretion.

You must submit fiscal reports, including the fiscal supplemental report, quarterly. You will be asked to complete a program report twice per year. Below is a timetable of reporting deadlines. DHS staff will email the reporting forms and request your response at least 4 weeks before each due date. (Grantees: there will be more information to come on this.)

Due date	Reports due
April 30, 2008	Fiscal and supplemental reports for quarter 1
July 31, 2008	Fiscal and supplemental reports for quarter 2 Program report for period 1
October 31, 2008	Fiscal and supplemental reports for quarter 3
January 31, 2009	Fiscal and supplemental reports for quarter 4 Program report for period 2
April 30, 2009	Fiscal and supplemental reports for quarter 5
July 31, 2009	Fiscal and supplemental reports for quarter 6 Program report for period 3

You will also be regularly asked to send data to SRI International. SRI is the organization contracted with by MELF to evaluate the pre-k allowances. When you receive a request for data from SRI, send the data requested directly to SRI in the format and according to the timeline requested.

VII: Definition of Terms

(Grantees: there will be more definitions to come.)

Family

“Family members” include: parents, step-parents, guardians and their spouses, or other eligible relative caregivers and their spouses, and their blood-related dependent children and adoptive siblings under the age of 18 years living in the same home.

When a minor parent or parents and his/her, or their child or children are living with other relatives, and the minor parent or parents apply for a pre-kindergarten allowance, “family” means only the minor parent or parents and their child or children.

An adult age 18 or older who meets this definition of family and is a full-time high school or post-secondary student may be considered a dependent member of the family if 50 percent or more of the adult student’s support is provided by the parents, stepparents, guardians, and their spouses or

eligible relative caregivers and their spouse residing in the same family. To include the adult student as a dependent in the family, the family must verify that it provides 50 percent or more of the student's support.

Parent Fee (as an allowable expense)

A parent "fee" is any payment required for a child to receive services.

VIII: Birthday Age Chart

Below is a chart you can use to determine if a child is eligible for an allowance, given the child's birthday.

Birthday	Eligible for pre-k allowance in 2007-08?	Age on Sept 1, 07?	Eligible for pre-k allowance in 2008-09?	Age on Sept 1, 08?
<i>Not eligible: children are eligible for kindergarten or older</i> Children born on or before September 1, 2002 are not eligible for a pre-k allowance because they will be eligible to start kindergarten on September 1, 2007.				
September 1, 2002 of before	no	5	no	6
<i>Eligible children: group 1</i> Children born September 2, 2002 - September 1, 2003 are eligible for a pre-k allowance now through August 31, 2008, when they enter kindergarten (beginning on September 1, 2008).				
September 2, 2002 - September 30, 2002	yes	4	no	5
October 2002	yes	4	no	5
November 2002	yes	4	no	5
December 2002	yes	4	no	5
January 2003	yes	4	no	5
February 2003	yes	4	no	5
March 2003	yes	4	no	5
April 2003	yes	4	no	5
May 2003	yes	4	no	5
June 2003	yes	4	no	5
July 2003	yes	4	no	5
August 2003	yes	4	no	5
September 1, 2003	yes	4	no	5
<i>Eligible children: group 2</i> Children born September 2, 2003 - September 1, 2004 are eligible for a pre-k allowance now through June 30, 2009, when the program is currently scheduled to end.				
September 2, 2003 - September 30, 2003	yes	3	yes	4
October 2003	yes	3	yes	4
November 2003	yes	3	yes	4
December 2003	yes	3	yes	4
January 2004	yes	3	yes	4
February 2004	yes	3	yes	4
March 2004	yes	3	yes	4
April 2004	yes	3	yes	4
May 2004	yes	3	yes	4
June 2004	yes	3	yes	4
July 2004	yes	3	yes	4
August 2004	yes	3	yes	4
September 1, 2004	yes	3	yes	4

Birthday Age Chart (continued)

Birthday	Eligible for pre-k allowance in 2007-08?	Age on Sept 1, 07?	Eligible for pre-k allowance in 2008-09?	Age on Sept 1, 08?
Eligible children: group 3 Children born September 2, 2004 - September 1, 2005 are eligible for a pre-k allowance starting September 1, 2008 through June 30, 2009, when the program is currently scheduled to end.				
September 2, 2004 - September 30, 2004	not until Sept 1, 2008	2	yes	3
October 2004	not until Sept 1, 2008	2	yes	3
November 2004	not until Sept 1, 2008	2	yes	3
December 2004	not until Sept 1, 2008	2	yes	3
January 2005	not until Sept 1, 2008	2	yes	3
February 2005	not until Sept 1, 2008	2	yes	3
March 2005	not until Sept 1, 2008	2	yes	3
April 2005	not until Sept 1, 2008	2	yes	3
May 2005	not until Sept 1, 2008	2	yes	3
June 2005	not until Sept 1, 2008	2	yes	3
July 2005	not until Sept 1, 2008	2	yes	3
August 2005	not until Sept 1, 2008	2	yes	3
September 1, 2005	not until Sept 1, 2008	2	yes	3
Not eligible: children do not meet the age requirement Children born on or after September 2, 2005 are not eligible for a pre-k allowance unless the program is reauthorized.				
September 2, 2005 or after	no	1	no	2

IX: Income Worksheet

You may use the following worksheet to help you calculate the client family's income (optional).

EARNED INCOME (WAGES AND PROFITS)				
NAME	EMPLOYER'S NAME	HOURLY WAGE	HOURS WORKED	ANNUAL AMOUNT (BEFORE DEDUCTIONS) (MULTIPLY HOURLY WAGE TIMES NUMBER OF HOURS WORKED)
TOTAL EARNED INCOME:				\$

UNEARNED INCOME (CHILD SUPPORT, MFIP AND DWP ONLY)				
NAME	EMPLOYER'S NAME	HOURLY WAGE	HOURS WORKED	ANNUAL AMOUNT (BEFORE DEDUCTIONS) (MULTIPLY HOURLY WAGE TIMES NUMBER OF HOURS WORKED)
TOTAL UNEARNED INCOME:				\$

TOTAL FAMILY INCOME (EARNED + UNEARNED):	\$
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Appendix B. Pre-kindergarten Allowance Program: Answers to Questions Frequently Asked by Families

1. What is a pre-kindergarten allowance?
 - It is financial aid for up to \$4,000 per child per 12-month period that may be used to purchase child care/early education that will help children get ready for school.
2. How much can my family earn to be eligible for the allowances?
 - Parents or legal guardians with a family income of less than or equal to 185 percent of the federal poverty guidelines are eligible to receive allowances. For instance, if you are a family of four, you would qualify for allowances if your family's income is \$39,220 per year or below.
3. Which children are eligible, and for how long?
 - Children are eligible if they were 3 or 4 years old on September 1, 2007 or will be 3 or 4 years old on September 1, 2008
 - Children must be U.S. citizens or legal immigrants
 - Children must not yet be attending kindergarten
 - Funding is available until June 30, 2009
4. Where must my family live to be eligible for allowances?
 - City of Saint Paul
 - North Minneapolis
 - Wayzata School District
 - Blue Earth and Nicollet counties
5. What types of child care/early education programs can I choose?
 - Go to the Parent Aware Rating Tool Web site (www.parentawaratings.org) to find approved Head Start, child care, and school district pre-kindergarten programs. Approval types include:
 - 3-star rating
 - 4-star rating
 - Provisional rating. (Provisional ratings will be displayed as 3 stars in green on the Parent Aware website.)
 - Provisional approval from the Minnesota Department of Education
 - If you can not find an approved program, you can select a program working to achieve a 3- or 4-star rating. For these programs, the allowance can only be used for quality improvement and can not be used to cover the cost of any charges or fees.
6. What if my family already receives child care assistance?
 - If you are already receiving child care assistance, the allowance may be used to pay the difference between what child care assistance pays and the total fees charged. It may also be used to pay for other charges, such as costs for field trips.

7. Can my family receive more than one allowance?
 - You may apply for an allowance for each child in your family who was 3 or 4 on or before September 1, 2007 or who will be on September 1, 2008.
8. What kind of paperwork will I need to complete?
 - An application.
 - Family agreement plans with each child care/early education program you use. The program you choose will provide these agreements to you.
9. Can I use my allowances at more than one child care/early education program?
 - You cannot split one allowance between two programs unless the programs have special arrangements to share the allowances.
 - If you have two children with allowances, you can take each allowance to two different programs.
10. What can my allowance be used for?
 - If you select an approved program, uses include:
 - o Parent charges or fees (allowances must be used to cover these first)
 - o Improving program quality
 - o Increasing the amount of time the program provides services to your child each week
 - o Providing more spaces to serve more low income children
 - If you select a program that is not approved, the program can use it for:
 - o Improving program quality
11. What happens if my income changes?
 - Nothing. Your income will only be checked once at the beginning of the program.
12. What happens if I move?
 - If you move to a community in North Minneapolis, the City of St Paul, the Wayzata School District, Blue Earth County or Nicollet County, you will be able to transfer any allowances for your children any approved program in your new neighborhood if there is funding left in your allowance balance.
 - If you think you might be moving, talk to the staff person at your pre-kindergarten allowance office about how to set up the allowance in a way that will provide you with maximum flexibility to move your allowance elsewhere.
13. What happens after I apply for an allowance?
 - Your allowance office will contact you to let you know that your application has been approved. Allowances are awarded on a first-come, first-served basis.
 - You may be put on a waiting list if there is not enough funding available.
 - You will be asked to select a program and notify your allowance office.
 - Allowances will be paid directly to the program you choose.
14. Is this program being evaluated?
 - Yes, this program is part of a pilot that is being evaluated by an organization called SRI.
 - Your family may be contacted by SRI to invite you to participate in the evaluation activities.

15. Which members of my family count toward the total number of family members requested on the application?
- Include yourself, your spouse or parents of your children who live with you, children under 18, and children over 18 who live with you and are full-time students and you provide 50 percent or more of their financial support.
 - If you are a minor parent living with your parents or relatives, include only yourself, your spouse or parents of your children living with you and your children.
16. Where should I call for more information about allowances?
- If you live in North Minneapolis or the Wayzata School District, call: Hennepin County Front Door at (612) 348-4111.
 - If you live in Blue Earth or Nicollet County, call: Minnesota Valley Action Council at (507) 345-6822.
 - If you live in the City of St. Paul, call: Resources for Child Caring at (651) 641-6604.

Appendix C

Pre-kindergarten Allowance Program

Answers to Questions Frequently Asked by Child Care/Early Education Programs

1. What is a pre-kindergarten allowance?
 - It is financial aid for up to \$4,000 per child per 12-month period that parents may use to purchase child care/early education that will help children get ready for school.
2. Where must a family live to be eligible for allowances?
 - City of Saint Paul
 - North Minneapolis
 - Wayzata School District
 - Blue Earth and Nicollet counties
3. What if a family already receives child care assistance?
 - If a family is already receiving child care assistance, the allowance may be used to pay the difference between what child care assistance pays and the total fees charged to the family. It may also be used to pay for other parent charges, such as costs for field trips.
4. How much can a family earn to be eligible for the allowances?
 - Families with incomes of less than or equal to 185 percent of the federal poverty guidelines are eligible to receive allowances. For instance, a family of four would qualify for allowances if the family income is \$39,220 per year or below.
5. Which children are eligible, and for how long?
 - Children who were 3 or 4 years old on September 1, 2007 or will be 3 or 4 years old on September 1, 2008
 - Children must be U.S. citizens or legal immigrants
 - Children must not yet be attending kindergarten
 - Funding is available until June 30, 2009
6. What types of child care/early education programs can parents choose?
 - Parents can go to the Parent Aware Rating Tool Web site (www.parentawareratings.org) to find approved Head Start, child care, and school district pre-kindergarten programs. —
Approval types include:
 - o 3-star rating
 - o 4-star rating
 - o Provisional rating. (Provisional ratings will be displayed as 3 stars on the Parent Aware website.)
 - o Provisional approval from the Minnesota Department of Education
 - o If parents or legal guardians cannot find an approved program, they can select a program working to achieve a 3- or 4-star rating. For these programs, the allowance can only be used for quality improvement and cannot be used to cover any parent charges or fees.

7. What are the types of things we can use allowances for?
 - Uses allowed for approved programs include:
 - o Parent charges or fees (must be covered first)
 - o Improving quality (see list of approved quality improvement uses)
 - o Increasing duration – the amount of services you provide per week
 - o Providing more spaces to serve more low income preschool-aged children
 - Uses allowed for programs that are not approved include:
 - o Improving quality (see approved quality improvement uses)
8. Can a family use their allowance to pay for charges for child care they received before the allowance was issued?
 - No.
9. What happens if a family with an allowance chooses to leave my program?
 - The family will be able to take the portion of the allowance not yet paid to your program with them to the next program they choose. You should plan for the possibility that this might happen.
10. How can a family choose my program?
 - You can tell families currently enrolled in your program about the allowance program.
 - A family might find your program on the Parent Aware website, or learn about your program during a child care referral
 - Families need to complete an application and be determined eligible
 - Families then inform the local allowance office of their program choice
11. How will allowance payments be made to my program?
 - You will receive payments directly from your allowance office
 - You will be eligible to receive an advance and future payments based on a payment schedule
12. What kind of paperwork will my program need to do to participate as an approved program?
 - Become approved by achieving 3 stars or 4 stars through Parent Aware (www.parentawareratings.org), or become provisionally approved.
 - Complete a program plan.
 - Complete family agreements with each family bringing allowances to your program.
 - Send the names of the children enrolled in your program one week before each payment is due.
 - Send a report at the end of the after June 30, 2009 summarizing the number of children enrolled and how your program used the allowances.
13. What kind of paperwork will I need to do if my program is not approved and a parent uses their allowance in my program for quality improvement only?
 - Sign a participation agreement with Parent Aware.
 - Complete a program quality self-assessment.
 - Complete a quality improvement plan.
 - Make improvements included in the quality improvement plan.
 - Complete a request for reimbursement for the quality improvements made.

14. If a child with allowance attends two programs, can that allowance be split between the programs?
- Allowances may be split between two unapproved programs to be used for quality improvement (this may vary based on pilot area).
 - Allowances may not be split between one approved program and one unapproved program.
 - Allowances may be split between two approved programs if the two programs are collaborative partners and come together with one fiscal agent to complete a combined program plan.
15. Is this program being evaluated?
- Yes, this program is part of a pilot that is being evaluated by an organization called SRI.
 - Your child care/early education program will be contacted by SRI to invite you to participate in the evaluation activities.
16. What are the eligible uses for quality improvement?
- Allowances may not be used for construction or other capital expenses
 - Programs may use the allowances for quality improvements that will help programs improve their level of quality through the Parent Aware program in the following categories: family partnerships, teaching materials and strategies, tracking learning, and teacher training and education, including:
 - o Individualized consultation
 - o Training
 - o Materials
 - o Tuition for higher education
 - o Fees for special licensure or credentials
 - o Books or other materials needed for coursework
 - o Fees for substitute teachers
 - o Additional or specialized staff, such as a literacy specialist
 - o Other uses as approved on an individual basis
17. Will I receive a 1099 from my allowance office if I receive over \$600 in pre-k allowances?
- Yes. If you receive over \$600 in pre-k allowances, you will receive a 1099 in the mail from your allowance office.
 - For additional information about taxes, please consult a tax attorney.
18. Where should I call for more information about allowances?
- If you live in North Minneapolis or the Wayzata School District, call: Hennepin County Front Door at (612) 348-4111.
 - If you live in Blue Earth or Nicollet County, call: Minnesota Valley Action Council at (507) 345-6822.
 - If you live in the City of St. Paul, call: Resources for Child Caring at (651) 641-6604.

Appendix D

Pre-Kindergarten Exploratory Projects: Pre-K Allowances Bill

Session law, Chapter 147, Sec. 62

Sec. 62. **PREKINDERGARTEN EXPLORATORY PROJECTS.**

Subdivision 1. **Early childhood allowance.** The commissioners of human services and education shall establish three prekindergarten exploratory projects to be conducted in partnership with the Minnesota Early Learning Foundation to promote children's school readiness. The exploratory projects shall be designed and evaluated by the Minnesota Early Learning Foundation.

Subd. 2. **Family eligibility.** Parents or legal guardians with incomes less than or equal to 185 percent of the federal poverty guidelines are eligible to receive allowances to pay for their children's education in a quality early education program, in an amount not to exceed \$4,000 per child per year. The allowance must be used during the 12 months following receipt of the allowance by the claimant for a child who is age 3 or 4 on August 31, to pay for services designed to promote school readiness in a quality early education setting. A quality program is one that meets the standards in subdivision 3.

Subd. 3. **Quality standards.** (a) A quality early care and education setting is any service or program that receives a quality rating from the Department of Human Services under the Minnesota Early Learning Foundation quality rating system administered by the Department of Human Services and agrees to accept a prekindergarten education allowance to pay for services. For fiscal years 2008 and 2009 only, a provider may satisfy the quality rating system requirements and be deemed eligible to participate in this program if the provider has received a provisional quality rating system approval from either the Department of Human Services or the Department of Education.

(b) For the purposes of receiving a provisional quality rating, a child care program or provider must be approved by the commissioner of human services and a school readiness program or a Head Start program must be approved by the commissioner of education. Programs and providers must apply for approval in the form and manner prescribed by the commissioners. To receive approval, the commissioners must determine that applicants:

(1) use research-based curricula that are aligned with the education standards under Minnesota Statutes, section 120B.021, instruction, and child assessment instruments approved by the Department of Education and the Department of Human Services, in consultation with the Minnesota Early Learning Foundation;

(2) provide a program of sufficient intensity and duration to improve the school readiness of participating children;

(3) provide opportunities for parent involvement; and

(4) meet other research-based criteria determined necessary by the commissioners.

(c) For 2008 and 2009, notwithstanding paragraph (b), Head Start programs meeting Head Start performance standards and accredited child care centers are granted a provisional quality rating for the purposes of receiving a prekindergarten education allowance under this statute.

(d) A provider deemed eligible to receive a prekindergarten education allowance under paragraphs (a) to (c) may use the allowance to enhance services above the current quality levels, increase the duration of services provided, or expand the number of children to whom services are provided.

(e) For fiscal years 2008 and 2009 only, when no quality program is available, a recipient may direct the prekindergarten education allowance to a provider or program for school readiness quality improvements that will make the provider or program eligible for a quality rating according to the quality rating system. Allowable expenditures that will increase the capacity of the provider or program to help children be ready for school

include purchase of curricula and assessment tools, training on the use of curriculum and assessment tools, purchase of materials to improve the learning environment, or other expenditures approved by the commissioner of human services for child care providers and the commissioner of education for school readiness programs.

Subd. 4. **Eligibility; applications.** Eligible families must have incomes less than or equal to 185 percent of the federal poverty guidelines. Allowances paid to families under this program may not be counted as earned income for the purposes of medical assistance, MinnesotaCare, MFIP, child care assistance, or Head Start programs.

Subd. 5. **Expenditures.** This program shall operate during fiscal years 2008 and 2009.

EFFECTIVE DATE. This section is effective the day following final enactment.

Prekindergarten Exploratory Projects. Of the general fund appropriation, \$2,000,000 the first year and \$4,000,000 the second year are for grants to the city of St. Paul, Hennepin County, and Blue Earth County to establish scholarship demonstration projects to be conducted in partnership with the Minnesota Early Learning Foundation to promote children's school readiness. This appropriation is available until June 30, 2009.