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## **Early Learning Scholarship Use of Funds:**

**July 1, 2024 - June 30, 2025**

Report to the Legislature

December 31, 2025

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As required by Minnesota Statutes 2024, section 3.197: This report cost approximately \$1,000 to prepare, including staff time, printing and mailing expenses.

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# I. Legislative Charge

[Minnesota Statutes 2025, section 142D.25, subdivision 7, paragraph \(g\)](#), requires the Department of Children, Youth, and Families (DCYF) to report annually by December 31 to the legislative committees with jurisdiction over early care and learning programs on the use of appropriated Early Learning Scholarship program funds for purposes other than providing scholarships to eligible children.

## II. Background

The Early Learning Scholarships program, governed by [Minnesota Statutes 2025, section 142D.25](#), supports access to quality early care and education programs by bridging funding gaps and decreasing barriers for Minnesota's low-income children and priority populations who research shows benefit the most from high-quality early experiences. The Early Learning Scholarship program was previously administered by the Minnesota Department of Education since its creation in 2013 and transferred to the newly established DCYF in July 2024.

Early Learning Scholarships must be used in early childhood programs that are participating in Parent Aware, Minnesota's Quality Rating and Improvement System intended to help families choose quality early care and education programs. Families can access Early Learning Scholarships via two pathway types, with a child limited to one active scholarship award of either type at a time. Pathway I Early Learning Scholarships are awarded directly to eligible children through Area Administrators, regional organizations and two Tribal Nations that administer funding across the state and are used at an eligible program the family chooses. Pathway II Early Learning Scholarships are awarded to children through Four-Star Parent Aware Rated programs that have been granted scholarship funds for use in their program.

Funds appropriated for the Early Learning Scholarship program are deposited into a special revenue account. This allows funding to be expended in a manner so that a child who has received a scholarship continues to receive that scholarship each year until the child is eligible for kindergarten pursuant to [Minnesota Statutes 2025, section 142D.25, subdivision 2, paragraph \(c\)](#).

In 2023, up to \$5 million in one-time funding from the Early Learning Scholarship program appropriation was dedicated to information technology system changes. In 2024 the one-time amount available for information technology systems increased from \$5 million to \$12 million with ongoing maintenance of up to \$2.4 million allowed. [Laws of Minnesota 2024, chapter 115, article 11, sections 2-3](#), also added further specificity to the information technology system deliverables and established the requirement for this report.

### III. Use of Funds

[Minnesota Statutes 2025, section 142D.25, subdivision 7](#), establishes uses for funds deposited in the Early Learning Scholarship special revenue fund including for scholarships, administration and monitoring (i.e. state-level administration), outreach and distribution (i.e. local administration), and information technology systems. The table below outlines these allowable expenditures for purposes other than providing scholarships to eligible children for fiscal year 2025.

**July 1, 2024, through June 30, 2025**

Expenditure	Description	Amount
Local Administration	Grants to 1) support central payment processes for early care and education providers for children with Pathway I Early Learning Scholarships, 2) manage and support families with applications, 3) determine eligibility for families, and 4) provide technical assistance to early care and education programs accepting scholarships.	\$7,370,133
State-level Administration	Funding for staff, overhead, and other program operating expenses.	\$1,137,259
Information Technology	Expenditures to support both MN.IT and information technology contracts for the Early Learning Scholarship Family Hub for the online application, the Early Learning Scholarship Administrative (ELSA) System for financial management of the program, and work towards requirements under <a href="#">Minnesota Statutes 2025, section 142D.25, subdivision 4, paragraphs (g) and (h)</a> .	\$2,454,474

Note: The table outlines fiscal year 2025 expenditures and does not necessarily reflect a specific appropriated amount. Some underspending is normal and expected because of fixed administrative amounts allowed under law and dynamic information technology progress.