



The Great Start Scholarships Program

Report to the Legislature

June 30, 2026

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Minnesota Statutes, Chapter 3.197, requires the disclosure of the cost to prepare this report. The estimated cost of preparing this report is \$35,000.

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I. Executive Summary

The Vision

The Great Start Scholarship Program was established in law by the 2023 Minnesota Legislature with a stated goal of ensuring affordable access to high-quality early care and education for families with children from birth to kindergarten, to the extent funding is available. The primary goal of the program is that no family pays more than 7% of their annual income for early care and education services.

Additionally, [state law](#) lists several program requirements, including:

- Establish a single, simple online application process and eligibility criteria for families.
- The types of programs that should be eligible, including licensed programs that participate in the quality rating system; and school-based or Head Start programs that may be exempt from licensing.
- A payment system that is integrated with electronic attendance tracking and offers streamlined billing and payment processes for providers.

The reality: More funding is needed

The primary goal that no family pay more than 7% of their annual income for early care and learning cannot be implemented without additional significant funding that was not appropriated when the Great Start Scholarships Program was passed into law. The statute seeks to transition children receiving assistance under the Child Care Assistance Program (CCAP) or the Early Learning Scholarship Program (ELS) by July 1, 2028. Neither program has sufficient funding to serve all children currently eligible under CCAP and ELS, even without that cap at 7%. No funding has been appropriated to eventually expand the program to include additional families utilizing child care or to actualize the envisioned 7% cap. In addition, updating technology, changing policies, and building new systems all require funding.

What can be done now

While the program faces a lack of funding to expand access and reduce costs for families, there are some administrative changes that can be made that align with the overall objectives of the Great Start Scholarships Program in the event future funding is allocated. CCAP and ELS are two programs that help families pay for early care and education. Right now, each program has its own application, billing system, payment process, and other requirements. This report addresses the changes that can be made to those programs without legislative changes and within existing resources that can serve as the start of a foundation for the Great Start Scholarships Program.

Timeline

State law sets two key milestones for the Great Start Scholarships Program:

- **July 1, 2026:** A progress report is due to the Legislature.
- **July 1, 2028:** Within available funds, transition families receiving CCAP or ELS to the Great Start Scholarships Program.

Summary

This Legislative Report provides:

- A summary of the legislation
- Progress to date
- The administrative, systems, and funding structures necessary to support the new program
- Potential statutory changes required
- Next steps that will be taken to complete this work prior to submitting a legislative funding request
- Program integrity and compliance considerations

II. Introduction

Minnesota Laws 2023, chapter 54, section 2, established the Great Start Scholarships Program and codified it as Note: Minnesota Statutes 2025, section 142A.44, was originally codified as section 119C.01, before the establishment of the Department of Children, Youth, and Families (DCYF) in 2024.

The statute laid out goals and requirements for the new Great Start Scholarships Program and directs DCYF to plan for implementation of the program. The Great Start Scholarships Program is intended to ensure affordable access to high-quality early care and education for families with children from birth to kindergarten. The primary goal of the program is that no family pays more than 7% of their annual income for early care and education services; the statute, however, directs DCYF to have a plan for transitioning children participating in the CCAP and ELS programs, to the extent funding is available.

Additionally, state law lists several program requirements including:

- Establishing a single, simple online application process and eligibility criteria for families.
- The types of programs that should be eligible, including licensed programs that participate in the quality rating system; and school-based or Head Start programs that may be exempt from licensing.
- A payment system that is integrated with electronic attendance tracking and offers streamline billing and payment processes for providers.

Finally, state law also requires DCYF to provide a report to the Legislature by July 1, 2026 with an update on planning. This report meets that requirement and provides background information, a planning update and the DCYF's current analysis of needs related to program and policy alignment, information technology systems, administrative structures and funding.

The complete legislation is included in **Appendix A**.

III. Background

Much of what is included in the Great Start Scholarships Program statute was in response to recommendations from the Great Start for All Minnesota Children Task Force that convened from 2021 - 2023. Understanding the work of the task force and their recommendations is important as it laid the foundation for the Great Start Scholarships Program. The following sections of the background provide that context and describe CCAP and ELS as they are currently.

A. Great Start for All Minnesota Children Task Force Recommendations

The Great Start for All Minnesota Children Task Force identified the crucial role of Minnesota’s early care and education system as essential to the state’s economy and the healthy development of children. The research is clear: when children have access to high-quality early childhood experiences, they thrive in their earliest years. Evidence shows it also enables them, and their communities and economies, to thrive in the future.

The report concludes with a call to action and specific recommendations that are reflected in the Great Start Scholarships Program legislation. “There is an urgent need to improve affordability, access, and compensation within the early care and education field. Simultaneously, there is an opportunity to reimagine Minnesota’s early care and education system and to address problems thoughtfully to strategically advance our economic competitiveness as a state. We can and must do better.”

The Great Start Task Force provided recommendations for the state to do the following:

- Create a family benefits system that provides affordable access to early care and education for all families, with no family paying more than 7% of their income for services.
- Provide early childhood programs with adequate funding to deliver effective services for children and families.
- Pay the early care and education workforce a living wage.
- Invest in increasing access to effective programs.

The Task Force was directed by legislation to lay out a plan to achieve the legislative goals, including an implementation timeline from July 2025 through July 2031. This [plan and timeline](#) appear in the full report.

How does a plan for the Great Start Scholarships Program support the Great Start Task Force key goals?

- Creates a system in which family costs for early care and education are affordable;
- Ensures that a child's access to high-quality early care and education is not determined by the child's race, family income, or zip code; and

- Ensures that Minnesota's early childhood educators are qualified, diverse, supported, and equitably compensated regardless of setting.

Specifically, the legislature laid out goals in the Great Start Scholarships Program statute that aims to simplify the system of support for accessing early care and education for families and ensure that a family's costs are capped at 7% of their income; requirements were also included to create a more streamlined program to administer for early care and education providers that supports both improved program integrity and resourcing that better reflects the cost of providing high quality early care and education.

The legislation requires that families served by the CCAP and ELS transition families to the new Great Start Scholarships Program by July 1, 2028. The following sections in the background provide a brief description of each of these programs as they currently are.

B. CCAP Information

CCAP provides financial assistance to help families with low incomes pay for child care so that parents can work, and children are well cared for and thrive as learners. Minnesota counties and two Tribal Nations provide child care assistance services to 23,000 children and 12,000 families during an average month. Children aged 0-13 are served, or age 14 if a child has special needs.

Families can receive help paying for child care through the Minnesota Family Investment Program or the state's Basic Sliding Fee Program.

- Minnesota Family Investment Program child care assistance helps families and transition year participants pay for child care while participating in authorized activities, such as looking for and finding work, attending educational programs or participating in other employment services plan activities.
 - Families earning 67% of the state's annual median income or less are eligible for Minnesota Family Investment Program CCAP. As of October 2025, that annual median income level is set at \$81,042 a year for a family of three.
- Basic Sliding Fee Program child care assistance helps families with low incomes pay for child care costs while they work, look for work or attend educational programs.
 - Families earning 47% of the state's annual median income or less are eligible for the Basic Sliding Fee Program. As of October 2025, that annual median income level is set at \$56,850 a year for a family of three.

C. ELS Program information

The ELS program increases access to early care and education programs for children from birth to age 4 with the highest needs. In state fiscal year 2025, 18,056 children received ELS, which must be used at early care and education programs participating in [Parent Aware](#), Minnesota's quality rating and improvement system.

There are two types of ELS:

1. Pathway I: Families use a scholarship to help pay for any eligible early care and education program participating in Parent Aware. A scholarship can be used until a child becomes age-eligible for kindergarten.
2. Pathway II: The state awards funding to some Parent Aware Four-Star Rated programs through a competitive application process, who then award eligible children enrolled at their program. Families must use the scholarship at the awarding program.

To qualify for ELS, families must have a child between birth and age four as of September 1 of the current school year and have a household income of 85% or less than the state median income or be receiving assistance from an approved state or federally funded program.

Children are prioritized for a scholarship if they:

1. Were in foster care or had a parent/guardian who was in extended foster care up to age 21
2. Were referred to child protective services
3. Had a parent under age 21 pursuing a high school diploma or GED
4. Experienced homelessness in the last 24 months
5. Had an incarcerated parent
6. Participated in, or had a parent participating in, a substance use treatment program
7. Participated in, or had a parent participating in, a mental health treatment program
8. Experienced domestic violence
9. Received services through an individualized education program (IEP, ages 3–5) or an individualized family service plan (IFSP, birth–3)

IV. Planning Update

The following provides an update on planning to date, as well as what is still required ahead of the target implementation date of July 2028. Given that the legislation directs DCYF to implement the program to the extent funding is available, and existing funding isn't sufficient to meet the needs of all eligible families under CCAP or ELS, planning efforts have focused on what would be needed to transition existing families served under CCAP or ELS at this time. More expansive implementation planning to expand the Great Start Scholarships Program to all Minnesota families will require additional planning time and funding due to the complexity of the systems and financial forecasting. Additional clarity in legislation may also be needed.

Planning work (Fall 2023 – January 2024) – Planning occurred, involving Department of Human Services (DHS) and Minnesota Department of Education (MDE). DHS and MDE added staff and capacity, with DHS securing a project manager. A crosswalk of policies and procedures was completed to identify alignment on potential policy, statute and/or system changes necessary to align the CCAP and ELS programs.

Phase 1 (March 2024- June 2024) – Project launch. A project manager led the development of a detailed work plan, including leading meetings with DHS staff and MDE staff, focused on work plan deliverables. With assistance from the work team, begin formal community engagement tied to the legislation's intent.

Phase 2 (July 2024 – present)- DCYF was formed. Policy and implementation planning continues, including guiding the team of staff responsible for drafting and finalizing legislation, understanding information technology system needs related to the program requirements and drafting a Response for Offer for discovery related to system needs, and a continuous loop of community engagement.

Progress to date, some of which were in support of other goals such as federal compliance, include:

- Internal and external engagement plan
- CCAP provider registration rollout (April 2025) and ELS provider registration discovery (anticipated in early 2027)
- Policy/budget progress – Legislation passed and funding appropriated to limit the CCAP copayments to 7% of income
- IT systems – an inventory of current systems and needs related to the Great Start Scholarships Program is underway; next step is to meet with MN.IT leaders and create a more detailed implementation plan (and identify funds needed for IT).
- A communications plan to inform the public and partners

Implementation plans to ensure all families eligible for CCAP and ELS can participate in the program are being developed to address the following elements:

- Funding
- Potential legislative changes
- Plans to continue serving school age children eligible for CCAP
- Determine how the program is administered (state and local roles)
- IT systems that are integrated and easier to use and manage

- Continued loops of communication and engagement

In addition to detailed implementation plans, engagement is essential to create and implement an effective program and inform what implementation should look like. Continued engagement will help identify what is needed to make the Great Start Scholarships Program more manageable for families and providers.

Engagement will continue in 2026 and 2027. DCYF will engage with multiple audiences and coordinate feedback, using those opportunities to share progress, inform planning, and gain further insights into the specifics of potential changes.

A [webpage](#) was published to provide an overview of the Great Start Scholarships Program. It includes the ability for individuals to ask questions and receive responses and make suggestions about implementation of the program.

Appendix B identifies many of the partners and advocates included in the engagement plan.

V. Programmatic Alignment

The Great Start Scholarships Program legislation seeks to transition families from the existing CCAP and ELS programs to the Great Start Scholarships Program. While similar in overall intent, these two programs have several differences that need to be reconciled for effective implementation of the Great Start Scholarships Program. Doing so may require statutory changes, federal approval, or both. Even if changes can be made administratively, continued stakeholder engagement will be required.

Much of CCAP policy is defined in Chapter 142E and in Rule 3400. CCAP policy language is specific and changes to statute, rule, or use of funds tied to CCAP requirements will need federal approval. ELS is funded through a fixed state appropriation that operates as a grant program. Relative to CCAP statute, there are fewer requirements in statute for ELS. There are some key components of what is currently in the Great Start Scholarships Program statute that will require some reconciliation between the statutes governing both programs.

Policy decisions are needed in two major areas:

- Provider eligibility policy work – how to align CCAP and ELS, recognizing the need for legal nonlicensed providers to remain an option for families who use CCAP funds
- Family eligibility policy work – how to align CCAP and ELS

Examples of recent programmatic changes that support the implementation of the Great Start Scholarships Program include capping CCAP copayments at 7% of a family’s income and establishing an electronic attendance and enrollment recordkeeping system, both in 2025. These changes were proposed to achieve federal compliance to rules at that time, and improve program integrity, respectively, but also support the primary goal and administrative structures required of the Great Start Scholarship Program.

The table below identifies key components of the Great Start Scholarships Program currently outlined in Minnesota Statutes 2025, section 142A.44, and what relevant statutes in both CCAP and ELS may need modification to support alignment of the programs. This is not meant to be an exhaustive list of all changes that will be needed. Further analysis will provide more detail in the coming year.

Key component of the Great Start Scholarships Program	Description	Current CCAP statute	Current ELS statute
Family Eligibility	<ul style="list-style-type: none"> • Clear and aligned eligibility criteria. • Ensure families can apply and receive accurate benefits seamlessly. Streamlined renewal and redetermination policies. 	<p>142E.04 Funding priorities</p> <p>142E.10 Financial eligibility</p> <p>142E.11: Child Care Authorizations</p> <p>142E.12 Employment, education, or training eligibility</p> <p>142E.13 Extended eligibility and authorization</p>	<p>142D.25 defines family eligibility and specifies eligibility remains until child is age-eligible for kindergarten</p>
Aligned application	<ul style="list-style-type: none"> • A unified, easy-to-use online application process. 	<p>142E.01: Definitions of application</p>	<p>No modification necessary</p>
Limit on family contribution	<ul style="list-style-type: none"> • Eligible families spend no more than 7% of their income on child care and early learning. • A single strategy for calculating the amount a family can receive. 	<p>142E.10 Financial eligibility</p> <p>142E.15 Sliding fee scale (no changes needed)</p>	<p>No modification necessary</p>

Key component of the Great Start Scholarships Program	Description	Current CCAP statute	Current ELS statute
Aligned provider/program eligibility	<ul style="list-style-type: none"> • Clear and streamlined eligibility requirements for providers. • Consistent criteria for child care and school-based programs. 	142E.11 : Child Care Authorizations 142E.16 : Provider Requirements	142D.25
Integrated funding	<ul style="list-style-type: none"> • Improve processes for awarding funds and simplify program enrollment for families and providers. 	142E.04 Funding priorities 142E.14 County contribution	142D.25
Administrative structure	<ul style="list-style-type: none"> • Address administrative functions, including those centralized within DCYF, and state versus local roles. 	142E.02 Duties of the Commissioner 142E.03 Duties of counties	No modification necessary
Payment amount/fee structure	<ul style="list-style-type: none"> • Streamline billing and payments for early care and education providers. Create consistent payment amounts. 	142E.09 Reporting and payments 142E.17 : Child Care Rates	No modification necessary

Key component of the Great Start Scholarships Program	Description	Current CCAP statute	Current ELS statute
Compliance	<ul style="list-style-type: none"> Monitoring activities to ensure program integrity for the Great Start Scholarships Program. 	<p>142E.09 Reporting and payments</p> <p>142E.51 Investigations of financial misconduct</p> <p>142E.53 Honest and truthful statements</p> <p>142E.55 Administrative sanctions (no changes needed)</p> <p>142E.56 Monetary recovery</p> <p>142E.57 Reporting of suspected fraudulent activity</p> <p>142E.58 Data privacy</p>	General authority to monitor grants; general authority of commissioner to ensure program integrity

VI. Systems

Changes to multiple information technology systems are required to implement the following requirements of the Great Start Scholarships Program:

1. An integrated, single, simple online application process for families; and
2. A payment system that is integrated with electronic attendance tracking and offers streamlined billing and payments processes for early care and education providers.

Electronic enrollment and attendance implementation required for CCAP is underway. This meets one component of the Great Start Scholarships Program requirement to integrate a payment system with electronic attendance tracking and was a result of a 2025 legislative change and funding.

Additionally, funding was allocated for IT planning. A Request for Offer (RFO) was developed to contract with a vendor to identify next steps for the rest of the components related to technology systems. A summary of the scope is included below.

DCYF is seeking vendor resources to conduct discovery for:

- Delivering a comprehensive financial management system to support implementation of the state's ELS Program and provide the foundation to replace CCAP's current payment system. MEC²PRO is the current online billing solution for CCAP, which can be integrated with the enrollment and attendance system.
- Developing a simplified and integrated CCAP application for families that aligns with ELS to improve user experience, simplify the entry point for families, increase participation in the programs, and prepare for a unified implementation of these programs to begin July 1, 2028. This could potentially occur through MNbenefits.
- Evaluating MEC², the state's current eligibility and enrollment system, used to administer CCAP, and include recommendations for replacement.
- Implementing an ELS program provider participant registration and management solution to align with the existing CCAP provider registration process in a second phase of the contract.

The system discovery work identified in the previous section will be critical in determining the next steps.

<https://dcyf.mn.gov/child-care-and-early-education-news-reports-and-work-groups/great-start-scholarships>

VII. Administrative Structures

A structure for administering the Great Start Scholarships Program is needed to meet the needs of families and early care and education programs who participate in the program.

Currently, the state oversees and supervises administration that occurs at the local level.

ELS is administered through two competitive RFP grant processes for three components of the administration described below:

- Public awareness, family outreach and support, and family eligibility determinations that is regionally-based (referred to as Area Administrators)
- A statewide administrator that manages invoicing and payments to early care and education program for services provided to children with ELS (referred to as the Central Payment Administrator)
- Administration of Pathway II ELS for child care programs (referred to as the Pathway II Child Care Administrator)

Additionally, school districts and Head Start programs who receive Pathway II Scholarship funds through a competitive application process administer Pathway II Scholarships for families in their programs directly. Grant funds are only for direct service to families and no administrative funding is provided. DCYF provides oversight and monitoring.

CCAP is administered by counties, some subcontracted agencies, and Tribes. DCYF provides supervision of local agencies, registers child care providers who serve eligible families, and provides a centralized electronic enrollment and attendance system used by early care and education programs participating in CCAP.

Engagement with current administrators and other interested groups will be conducted to inform the decision around the administrative structure.

Possible options include:

- Fully state administered;
- A regional approach to local administration, similar to how ELS is administered, with some aspects administered by the state and oversight at the state level;
- A county administered approach, with some components administered by the state and oversight at the state level, such as currently exists for CCAP.

Authority and funding needs for each option will be identified in coming months.

The following table illustrates current functions and roles. The functions and roles will be considered for making decisions about the future administrative structure.

Administrative Function	CCAP Functions and Roles	ELS Functions and Roles
Family eligibility	<ul style="list-style-type: none"> • CCAP local agencies 	<ul style="list-style-type: none"> • Area Administrators, • Scholarship Administrator (Pathway II School District/Head Start), • Program/Pathway II Child Care Administrator
Family outreach and support	<ul style="list-style-type: none"> • CCAP local agencies 	<ul style="list-style-type: none"> • Area Administrators, • Scholarship Administrator (Pathway II School District/Head Start), • Program/Pathway II Child Care Administrator
Provider Eligibility and Registration	<ul style="list-style-type: none"> • DCYF 	<ul style="list-style-type: none"> • Area Administrators, • DCYF
Provider invoices and payments	<ul style="list-style-type: none"> • CCAP local agencies 	<ul style="list-style-type: none"> • Central Payment Administrator, • Scholarship Administrator – (Pathway II School District/Head Start), • Early Learning Scholarships Administration (ELSA)
Compliance, reporting, program integrity, risk management, appeals	<ul style="list-style-type: none"> • CCAP local agencies • DCYF 	<ul style="list-style-type: none"> • Area Administrators, • Scholarship Administrators- (Pathway II School District /Head Start), • Program/Pathway II Child Care Administrator, • Central Payment Administrator, • DCYF

VIII. Funding Needed

Existing investments for the CCAP and ELS programs are insufficient to implement the Great Start Scholarship Program. Listed below are the current funds available and a brief description of what is needed to meet the requirements of Minnesota Statutes 2025, section 142A.44.

Direct service program funds

- CCAP is projected to spend \$454 million in state, federal and county funds in State Fiscal Year 2026, serving about 23,000 children.
- ELS has an annual appropriation of \$100 million in state funds in State Fiscal Year 2026 and beyond that supports administration, Pathway I and Pathway II scholarships for children, serving about 16,000 children in Fiscal Year 2026. Projected spending on scholarship awards in State Fiscal Year 2026 is \$110 million. The projected spending is higher than the appropriation because the program is managed through a special revenue fund that allows funds from the annual appropriation to be allocated in future years to ensure children can remain in the program until they become age-eligible for kindergarten.
- The CCAP and ELS programs are projected to serve fewer children over time due to the rising cost of care. CCAP has two funding streams, MFIP child care and Basic Sliding Fee. The MFIP program is forecasted and serves all eligible children. Basic Sliding Fee and ELS are capped allocations, meaning that as costs per child rise, fewer children are served.
- Additional funding is needed to serve the number of families the Great Start Scholarships Program aims to serve. Without significant additional investment, the program will continue to serve a limited number of eligible children and families and cannot expand access to families at higher incomes.

Program and local administration

- CCAP - \$21.84 million in Fiscal Year 2026 is projected for administrative costs payable to counties and Tribes. DCYF will spend approximately \$8 million on state level administration of CCAP in SFY2026. Counties and Tribes may also contribute additional funds in support of CCAP administration.
- ELS - \$10.5 million in Fiscal Year 2026 is projected for administrative costs payable to regional Area Administrators, the Central Payer Administrator, and the Pathway II Scholarship Child Care Administrator. DCYF receives \$2.1 million on state level administration and \$2.4 million for state level information technology systems.
- Depending on administrative structures at the local and state levels, administrative costs may change. This is part of the work that is underway.

Technology systems investment

- State general funds appropriated for the Great Start Scholarships Program planning during the 2023 session is available until June 2027. DCYF is using \$1.2 million for discovery related to the Great Start Scholarships Program statute requirements (Minn Stat. 142D.44, subd. 3).
- In addition, Minnesota Statutes 2025, section 142D.25, subd. 7(f), allows for up to \$12 million of ELS account funds to be used for IT investments for an online application, family eligibility, program eligibility, financial management of scholarships. An online application was developed and implemented in July of 2024. Additionally, statutes allow up to \$2.4 million ongoing for maintenance of IT systems.
- Finally, \$9.3 million was appropriated to the systems account under Minnesota Statutes 2025, section 142A.04, subd. 2 for early childhood systems. Specific uses of the funding were outlined under [Minnesota Laws 2025, 1st Spec. Sess. chapter 3, article 13, section 17](#).

Additional investment may be required for technology changes to implement the new requirements as well as administrative structures. Discovery is needed to fully understand the amount needed to complete the necessary technology enhancements; there is likely not enough ongoing funding dedicated for maintenance of any technology systems that may need to be built or enhanced.

IX. Next Steps

A detailed implementation plan is being developed. It will identify specific policy and statutory changes required, along with the funding needed to support implementation of the Great Start Scholarships Program.

A. Policy Considerations

DCYF is conducting detailed analysis and identifying the policy and statutory changes, as well as funding needed to achieve transitioning existing families and children served by CCAP and ELS to the Great Start Scholarship Program by July 1, 2028.

Refer to the statutory chart in Section V.

B. Administrative Structures

The agency will bring forward recommendations to ensure that:

- There is a seamless process and timeline for transitioning families to the Great Start Scholarships Program.
- Administrative structures and systems are in place to meet operational needs of participating families and providers.

DCYF is developing options for administrative functions. This work is currently underway and will also be a topic of future engagement with partners before being addressed in potential legislation and budget requests.

C. Technology Systems

New technology systems and updates to existing systems are needed to support the requirements in legislation. There is a need for a multi-functional, nimble digital services infrastructure to support implementation of multiple funding streams, enabling the enhancement of operations and user experiences for families, providers, and administrators at all levels, and supporting.

Effort is currently underway in the following areas:

- Electronic enrollment and attendance (began implementing June 22, 2026)
- Billing and payment system for ELS that could eventually support the Great Start Scholarship Program
- Application and eligibility determination alignment

Discovery work will be conducted, which will inform DCYF’s understanding of potential costs, with design and potential build out to follow if funding is available. It is anticipated that the earliest solutions will begin to be implemented is calendar year 2028.

D. Continued Engagement

A comprehensive engagement plan has been developed and is actively managed. Engagement with internal and external partners will continue and accelerate throughout the remainder of the 2026 calendar year, and beyond, as this work progresses. Recommendations will be shared with advocates, and their feedback will be solicited. The Great Start Scholarships Program website also provides an option to submit feedback and questions.

DCYF will also create mechanisms for members of local communities, including families and members of the early care and learning workforce, to have input in decisions regarding needs and preferences for early care and learning options to achieve the direction provided in the Great Start Scholarships Program statute.

E. Program Integrity

Strong program integrity, paired with a culture of compliance across the agency, is what allows us to continue to improve the lives of Minnesota’s children, youth, and families.

- DCYF program staff and Office of Inspector General staff will continue all compliance and monitoring measures that are currently in place.
- Building upon what exists, the agency will continue its commitment to program integrity and consider additional ways to ensure strong program integrity measures are effective for the new Great Start Scholarships Program.

F. Grants and Contracts

The Great Start Scholarships Program statute requires DCYF to develop a method for funding early care and learning slots in response to local need.

This will be done through contracts with eligible providers that may be used to deliver services that meet quality and compensation standards with the intent of building early care and learning capacity statewide for children from birth to kindergarten entry.

- Currently, Pathway II grants to Four-Star Parent Aware Rated early care and education programs operate in this manner, but without the explicit focus on compensation standards. DCYF intends to build on this model to meet this requirement.

X. Conclusion

DCYF has developed the framework and foundations for implementing a program that will unify the CCAP and ELS programs into one simplified program.

Through this work, and to the extent funding is available, we will implement the following:

- A single, streamlined application for families, with our initial focus on low-income families
- A unified registration, billing, and payment system for providers
- A continued focus and enhancement of program integrity and compliance requirements

DCYF will also design a solution that maximizes state and federal funding to meet the needs of the greatest number of children and families.

As of June 30, 2026, key administrative, policy, and system work is well underway. However, there is much that must be decided and accomplished to determine if funding is sufficient to transition families receiving CCAP and ELS by July 1, 2028.

DCYF will continue to engage with the legislature and other partners to accomplish the goals of the Great Start Scholarships Program.

XI. Appendix A – Great Start Scholarships Program Legislation

142A.44 Great Start Scholarships Program

Subdivision 1. Establishment; purpose.

The commissioner of children, youth, and families, in collaboration with the commissioner of education and the commissioner of human services, shall develop and, to the extent funds are available and notwithstanding federal and state laws to the contrary, implement a plan for the great start scholarships program to ensure affordable access to high-quality early care and learning for children from birth to kindergarten entry.

Subd. 2. Development.

In developing the plan and implementing the program under this section, the commissioner shall:

- (1) identify ways to integrate the functions, administrative structures, and funding mechanisms of early care and learning programs administered by the state with the great start scholarships program;
- (2) consider the recommendations made by the Great Start for All Minnesota Children Task Force under Laws 2021, First Special Session chapter 7, article 14, section 18, subdivision 2;
- (3) create a process and timeline to transition the following families to the great start scholarships program by July 1, 2028:
 - (i) families with at least one child receiving an early learning scholarship under section 142D.25; and
 - (ii) families with at least one child who is not yet in kindergarten and is receiving child care assistance under section 142E.04 or 142E.08 for care received from a provider licensed under Minnesota Rules, chapter 9502 or 9503, or Tribally licensed, or a Head Start program that has a rating under section 142D.13;
- (4) create mechanisms for members of local communities, including families and members of the early care and learning workforce, to have input in decisions regarding needs and preferences for early care and learning options;
- (5) develop a proposed method for funding early care and learning slots in response to local need through contracts with eligible providers that may be used to deliver services that meet quality and compensation standards with the intent to build early care and learning capacity statewide for children from birth to kindergarten entry; and
- (6) consider how to maximize available federal resources while maintaining access to child care assistance funding under sections 142E.04 or 142E.08 for school-age children. The commissioner, in

consultation with an appropriate state agency, may seek federal technical assistance or outside consultation as necessary to provide minimally burdensome program access to all participating families.

Subd. 3. Program requirements.

The great start scholarships program must include at a minimum:

(1) a method to provide financial assistance to families voluntarily participating in the program;

(2) family eligibility for any qualifying family that has at least one child who is not yet in kindergarten;

(3) provider eligibility for:

(i) any program licensed under Minnesota Rules, chapter 9502 or 9503, or Tribally licensed, that participates in the quality rating and improvement system under section 142D.13; and

(ii) any school-based program and Head Start program that has a rating under section 142D.13;

(4) a unified, integrated, and simple online application process that utilizes administrative data to ease qualification and benefit determination and meet federal reporting requirements;

(5) an electronic attendance tracking system that is integrated, to the extent practicable, and payments system to safeguard program integrity and streamline billing and payment processes for providers; and

(6) a schedule for family contributions and provider payments that ensures that no participating family pays more than seven percent of annual income for early care and learning services for children from birth to kindergarten entry. Family contributions and provider payments may vary by family income, program quality, geography, and need for compensatory services, and may take into consideration the results of the market rate survey under section 142E.02, subdivision 7; information from cost estimation models for providing early care and learning in the state; and cost information gathered through contracts under subdivision 2, clause (5).

Subd. 4. Administration; reporting requirement.

(a) By July 1, 2028, to the extent funding is appropriated and notwithstanding federal and state laws to the contrary, the commissioner shall have in place the administrative structures and systems needed for the great start scholarships program to meet the operational needs of participating families and eligible providers.

(b) By July 1, 2026, the commissioner, in consultation with the commissioners of education and human services, must submit a report to the legislative committees with jurisdiction over early care and learning on the status of planning for the program under this section. The report must:

(1) include information on progress made and work underway to develop the program;

(2) provide details about the administrative structures, systems, and funding needed to meet the needs of families and providers who may participate in the program; and

(3) identify any statutory or regulatory changes necessary for implementation of the program.

History: *2023 c 54 s 2; 2024 c 80 art 4 s 26; art 5 s 7; 2024 c 115 art 16 s 42*

XII. Appendix B – Engagement Partners and Advocates

The following partners and advocates are being engaged in the development of the Great Start Scholarships Program implementation plan.

Early Childhood Education Providers

Individuals or organizations whose membership includes individuals whose primary role is providing early care and education services to children and families.

- CCAP 2025 Provider Cohort
- First Children’s Finance Provider Groups
- Somali Provider Learning Community
- El Grupo de la Comunidad de Aprendizaje
- Hmong Early Education Coalition
- Head Start Providers
- Family Child Care Provider Groups
- Lead & Care

Advocates and Partners

People and organizations who support families and early care and learning providers in a variety of ways.

- Child care advocates
- Minnesota Tribal Resources for Early Childhood Care (MNTRECC)
- Minnesota Initiative Foundations
- Kids Count on Us
- ISAIAH
- American Indian Education Program
- Minnesota Community Education Association (MCEA)
- Minnesota Head Start Association
- School-based advocates

Administrators

Organizations that process applications and/or billing for CCAP and ELS

- Local area administration (ELS)
- County administration – Association of Counties (CCAP)
- MNTRECC, including White Earth Nation and Red Lake Nation (Tribal nations that currently administer CCAP)
- Minnesota Association of County Social Service Administrators (MACSSA)