

SRI International

Pre-Kindergarten Allowances Project: Final Evaluation Report

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WILDER RESEARCH, CHILD TRENDS, SRI INTERNATIONAL,
AND CENTER FOR EARLY EDUCATION AND DEVELOPMENT,
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Executive Summary

Legislation passed during Minnesota's 2007 legislative session established the Pre-Kindergarten Allowances Project (Pre-K Allowances Project). SRI International developed an evaluation plan in consultation with staff from the Center for Early Education and Development (CEED) at the University of Minnesota, the Department of Human Services (DHS), Minnesota Department of Education (MDE), and the Minnesota Early Learning Foundation (MELF) to answer the following evaluation questions:

- Who are the children who receive the allowances (child and family characteristics)?
- What ECE programs do children access with their allowances, and do the allowances change what ECE programs they use?
- 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 final evaluation report, the implementation and outcomes (numbers of children served, amount of funds dispersed and how funds were used) of the Pre-K Allowances Project are described. Data were collected from multiple sources to answer the evaluation questions, including data exports from the grantees in the three pilot areas and the participating ECE programs and interviews with state and grantee staff who administered the allowances project and participating families.

Findings from the Pre-K Allowances Project evaluation yielded a variety of information that demonstrates that the project succeeded in meeting many of its goals. In the allowances project, over \$4.6 million in funds were distributed for 1,147 children in the three pilot areas to increase children's access to high-quality ECE programs and improve ECE program quality. The number of children served was higher than the projected number from the original legislation.

By the end of the project period, the following had been accomplished:

- 1,147 children were awarded and received allowances funds totaling over \$4.6 million. This included 174 children (\$719,863) whose allowances funds were combined with scholarship funds to access high-quality ECE programs in Saint Paul.
- The remaining 973 children were awarded allowances funds for use at 97 eligible ECE programs.
 - 518 in the city of Saint Paul (53%)
 - 312 in Hennepin County (32%)
 - 143 in Blue Earth and Nicollet counties (15%)
- Of the 973 children enrolled in ECE programs using allowances funds.
 - Nearly half (48%) attended center-based ECE programs (either for-profit or nonprofit)
 - About one-fourth (28%) attended Head Start.
 - One-fifth (20%) attended pre-K classrooms in school districts.
 - 4% of the children used their allowances at family child care programs.

- Allowances were used at 97 different ECE programs.
 - 70% were center-based ECE programs (either for-profit or nonprofit).
 - 22% were family child care programs.
 - 5% were school districts with pre-K classrooms (in a total of 36 different sites).
 - 3% were Head Start grantees (in a total of 16 different sites).

The allowances project served a diverse group of needy children and families, targeting low income families as specified in the allowances legislation.

- About half of the children (56%) were on average 4 to 5 years old when they started using their allowances funds at an ECE program, about one-fourth (29%) were less than four years old, and 15% were more than 5 years old.
- Children served by the allowances project came from diverse backgrounds, with 40% of the children reported to be African-American, 14% White, 13% Asian, and 9% Latino.
- Three-fourths of the families (75%) had very low incomes (i.e., less than \$30,000 per year).
- Over one-fourth of parents (28%) had less than a high school education.
- Many participating families reported that they were receiving a variety of other services, benefits and public assistance to support their families and their children’s health and development, highlighting the fact that many of the families were already connected to services and community organizations and that they were needy families.
 - Nearly two-thirds of families had received parenting support or home visiting services (60% and 62%, respectively).
 - About two-thirds of families (67%) had children eligible for the free or reduced-price school lunch program.
 - More than half of the families (58%) reported receiving WIC.
 - Nearly half of families were receiving food stamps (45%) and Medicaid assistance (45%).
 - Only about one-fourth of families (27%) reported receiving child care subsidy assistance (CCAP), and the rate of receipt was lowest in Blue Earth and Nicollet counties (14%) and highest in Hennepin County (31%).
 - Nearly one-fourth of families (22%) reported receiving assistance from the Minnesota Family Investment Program (MFIP).

Parents reported that they were satisfied with the process of completing the application for the Pre-K Allowances Project and enrolling their child into an ECE program.

- Most of the parents (91%) felt the application form was easy or somewhat easy to complete.
- Most of the parents (80%) reported that they completed the application by themselves and/or with their spouse or partner. Of those parents who received help in completing the application form, 50% reported receiving help from preschool and/or ECE program staff.
- Most of the respondents (86%) felt that it was easy or somewhat easy to find an ECE program for their child, but only 55% reported that they or their spouses or partners

actually found the ECE program on their own. Of those parents who received help in finding an ECE program, 57% reported receiving help from preschool or ECE program staff.

- Nearly three-fourths of the parents (70%) reported that they were able to find an ECE program in which to enroll their child in less than a month.
- The majority of parents (88%) reported that the ECE program selected for their child was their first choice.
- Once families found an ECE program, almost all of them (95%) reported that the process of enrolling their child in the program was easy or somewhat easy, with most (79%) reporting completing the process by themselves or with a spouse or partner. If they had help in enrolling, respondents reported that ECE program staff and/or relatives and family members' helped them.

For a significant percentage of children, the allowances funds allowed them to go from no child care setting (i.e., children were not receiving care outside the home) to a high-quality ECE program.

- About one-third of the children (36%) were not in any ECE program outside of their home prior to receiving the allowances funds.
- Nearly half of the children (48%) used the allowances funds at ECE programs they were already attending.
- Almost one-fifth of the children (16%) used allowances funds to attend a different ECE program than they had been attending prior to receiving the allowances funds.

As specified in the allowances legislation, allowances funds were used for both payments for children's fees or charges and for ECE program quality improvement uses.

- More than half of the funds (58%) were spent to pay for children's care, and the remaining 42% of funds were spent for ECE program quality improvement (with only 2% used exclusively for quality improvement).
- Funds used to pay for children's care were used in different ways.
 - Nearly one-third of the funds (30%) were spent for charges or fees for the child awarded the allowance.
 - About one-fifth of the funds (18%) were spent for charges or fees to allow the child with the allowance to attend the ECE program for additional hours (i.e., increase duration of attendance).
 - One-tenth of the total funds (10%) were spent to provide additional spaces in the ECE program that the child was attending.
- Funds used for quality improvement were used mainly to upgrade the learning environments by purchasing learning materials (45%), or curricula and assessment tools (15%), or to train staff on curricula or assessment tools (29%). These investments benefited all children in those programs, and will benefit future cohorts of children who attend them.

Allowances funds could be and were combined or blended with other sources of funding.

- About one-third (34%) of the children had allowances funds as their only source of funding and about two-thirds of the children (66%) had their allowances funds combined with one or more other funding sources.
 - Allowances funds were most commonly combined with Head Start or CCAP funds (or both), but combining or blending allowances funds with other sources of funds was done differently across the three pilot areas.

Interviews with key implementation state and pilot area grantee staff support the conclusion that the allowances project contributed to progress in promoting the early learning experiences of young children from low-income families by supporting ECE program access and program quality. Their comments also highlighted a number of challenges in starting up the allowances on a short timeline (i.e., key policy and procedural decisions about operationalizing the legislation as intended needed to be clarified and communicated to grantees, ECE programs, and families) In the final section of the report, data about the challenges and the successes of the allowances project are used to raise questions for policymakers in Minnesota to consider in future early childhood efforts aimed at increasing access to high-quality ECE programming for young children across the state in order to promote school readiness for all of Minnesota's young children.



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Pre-Kindergarten Allowances Project: Final Evaluation Report

Introduction

Legislation passed during Minnesota's 2007 legislative session established the Pre-Kindergarten Allowances Project (Pre-K Allowances Project). According to the implementation team's project manual distributed 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).¹ The Minnesota Department of Education (MDE) and the Department of Human Services (DHS) 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.²

SRI International developed an evaluation plan in consultation with staff from the Center for Early Education and Development (CEED) at the University of Minnesota, DHS, MDE, and MELF to answer the following evaluation questions:³

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

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

² The Pre-K Allowances Project is not part of the MELF-funded portfolio of programs. MELF funds only the evaluation of the Pre-K Allowances Project. The Saint Paul Early Childhood Scholarship Program and its evaluation are both funded by MELF.

³ 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 it is 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?⁴

Exhibit 1 shows the main evaluation questions as well as additional questions that arose over the course of the project period. Exhibit 1 also shows the data source(s) for the questions and at what level the data were reported (i.e., child/family, program, or grantee). These data sources are described in more detail below.

In this final evaluation report, SRI describes the implementation and outcomes (numbers of children served, amount of funds dispersed and how the funds were used) of the Pre-K Allowances Project. SRI staff collected data from multiple sources to answer the evaluation questions. The primary sources of data included the following:

1. Grantee exports (monthly) in which each of the three grantees provided the names of the children and their contact information, ECE program selection and program start date, and basic demographic information from the application forms.
2. Grantee end-of-project (EOP) reports in which the three grantees provided one final project report with final information as in the monthly grantee reports.
3. Parent phone interviews in which approximately 40% of the parents completed and answered questions about their children and families and their experiences with the allowances project.
4. Program end-of-project (EOP) forms in which ECE programs were requested to report on how they spent the allowances funds to increase ECE program access and improve ECE program quality; additional questions on the Program EOP Form asked ECE programs to report about the benefits and challenges of the Pre-K Allowances Project for their program.
5. Quarterly fiscal reports which were intended to obtain information from ECE programs about how funds were combined with other sources of funding for each child that received an allowance and how the funds were spent over the course of the child's enrollment.⁵

⁴ All ECE programs participating in the Pre-K Allowances Project and using allowances funds for parent fees or charges had to have received a 3- or 4-star rating by Parent Aware or have received a provisional rating through MDE for school-based pre-K programs or through DHS for licensed child care programs. The grantees were responsible for verifying the Parent Aware rating of each ECE program selected by families. These ratings are also available on the Parent Aware website.

⁵ Data are not reported for how funds were spent by quarter because ECE programs were often not able to report how the allowances were being spent for a current month for a number of reasons, including delayed Child Care Assistance Program (CCAP) payments, sporadic attendance for some children with allowances funds (which could change the amount of funds a program received), and the fact that the program would spend some funds on child's fees and then wait to combine the remainder funds to purchase quality improvement materials at a later date.

Exhibit 1. Pre-K Allowances Project Evaluation Questions and Data Sources

| Evaluation Question | Source | Level |
|---|--|-----------------------------|
| Who were the children who received the allowances (child and family characteristics)?^a What ECE programs did children access with their allowances? | Grantee exports Parent phone interview | Child/Family |
| What were the experiences of the children and families participating in the allowances project? | Parent phone interview | Child/Family |
| Did the allowances funds change what ECE programs children and families used? | Parent phone interview | Child |
| How much allowances funds were distributed to ECE programs? How many children received allowances? | Grantees EOP form Program EOP form | Child Program Grantee |
| How were the allowances funds used with other funding sources? | Quarterly fiscal reports Program EOP form | Child Program |
| What ways did programs use the allowances funds to improve program quality?^b | Program EOP report | Program |
| What were some of the challenges to using the allowances funds and implementing the allowances project? | Program EOP report Qualitative interviews | Program Grantee |

Note. Bolded text indicates the original evaluation questions. EOP = end-of-project.

^a This question also includes the following: What other risk factors do families have? What kind of services and benefits do they report receiving? What does the children's development look like?

^b This question also includes the following: What kinds of materials did programs purchase to improve the learning environment? What kinds of special programs did ECE programs fund using the allowances funds?

Overview

The report is organized into five sections.

- The first section, **Implementation Plans**, 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 was to be implemented.
- The second section, **Participating Children and Programs**, summarizes the total number of children and families who participated in the Pre-K Allowances Project and their demographic characteristics, including the number of participants by each of the three pilot areas and type of ECE program selected. These data come from the applications completed by families that were entered in the grantees' databases and from the final reports that the grantees submitted to SRI.
- The third section, **Interviews with Parents**, provides data about a subset of children and families. These data come from parent phone interviews that were conducted with approximately 40% of the total number of participating families. Data were collected about demographic characteristics, children's health and development, services and benefits families reported, child care choices, and families' experiences in the allowances project.
- The fourth section, **Fiscal Data**, describes the fiscal data provided by the grantees and the ECE programs participating in the Pre-K Allowances Project. SRI collected data on a quarterly basis and then again in summary form at the end of the year. Data were collected on how allowances funds were combined with other sources of funds and how they were used to increase access and improve quality of ECE programs in which children participated.
- In the final section, lessons learned about implementation of the project from qualitative interviews with the administering agencies are summarized. SRI staff interviewed several individuals who worked to implement the allowances project both in the first 9 months of the project and then again in the last 6 months of the project. These **Implementation Findings** provide information on implementation successes and challenges.

Findings

Implementation Plans

Eligibility for the Pre-K Allowances Project is summarized in a project manual developed by DHS staff. Eligible families were required to 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 had not yet entered kindergarten and who are U.S. citizens or legal immigrants.
- Reside in one of the Parent Aware⁶ pilot areas (i.e., North Minneapolis, the Wayzata School District, the city of Saint Paul, and Blue Earth and Nicollet counties).

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

- Have received a 3- or 4-star rating by Parent Aware and meet the duration requirement (i.e., must provide a minimum of 12 hours per week), and including Head Start or accredited child care programs that received a Parent Aware rating of 4 stars based on meeting high-quality performance standards.
- 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.⁷

The provisional rating is a temporary rating that allows ECE programs to receive a Parent Aware rating prior to undergoing the full rating process by having the ECE program's quality evaluated. Families receiving allowances could 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 could be rated quickly, providing an adequate supply of approved programs available to parents receiving allowances funds.⁸

⁶ Parent Aware is the ECE program quality rating system in which ECE programs volunteer to undergo an observation and review process to have their program quality rated, resulting in a rating of 1, 2, 3, or 4 stars, with 4 stars being the highest quality rating.

⁷ See Parent Aware website at <http://www.parentawareratings.org>.

⁸ Provisional ratings were expected to expire on June 30, 2009.

Allowable uses of allowances funds⁹ by approved ECE programs included the following:

- Parent charges or fees (must be covered as the first allowable use, and then if there are any funds left over, these funds can be used for ECE program quality improvement uses)
- Increasing duration—the amount of services a program provides per week (e.g., increase number of hours of ECE program attendance)
- Providing more spaces to serve more low-income preschool-aged children
- Improving ECE program quality (list of approved quality improvement uses described below)¹⁰

In addition, families who met household income and other criteria who self-reported that they did not have access to an eligible ECE program of their choice could direct the allowances funds to be used for program quality improvement purposes in an ECE program that the family chose (i.e., referred to as quality improvement only allowances). These allowable uses of allowances funds included:

- Purchase of curricula or assessment tools
- Training on use of 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 Project:

- The City of Saint Paul, with a subcontract to Resources for Child Caring (RCC) 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 specified other key features of the project, including the following:

- Allowances could be awarded for up to 18 months or until the child entered kindergarten.
- Awards could not exceed \$4,000 in any 12-month period.¹¹
- For families with children enrolled in the Child Care Assistance Program (CCAP), Minnesota's child care subsidy program, allowances could be combined with, but not used to supplant, CCAP payments (i.e., to provide additional funds that could be directed towards allowable uses).

⁹ Allowable uses were described in the legislation and clarified in documents shown in Appendices B, C, and D.

¹⁰ There were two kinds of quality improvement uses—quality improvement at an approved or provisionally-rated program (after the allowance funds had first paid for child-based fees) and quality improvement only allowances for programs who did not have 3–4 stars or, were not provisionally rated in Parent Aware.

¹¹ Some children could be eligible for two allowances provided sequentially, but the total amount could not exceed \$6,000 per child in an 18-month period.

More detailed information about the project administration and requirements are contained in the *Pre-K Allowances Project Manual* (the last updated version dated February 5, 2009) 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 on June 30, 2009.¹²
- The legislation provided for approximately \$6 million to provide allowances to 920 children, with 8% to be used for administration costs.¹³
- Families could receive up to \$4,000 per child in a 12-month period to access a high-quality ECE program, defined as a program that had a Parent Aware rating of 3 or 4 stars or had received a provisional rating by either MDE or DHS (e.g., Head Start programs, school-based school readiness programs).¹⁴ The legislative statute is contained in Appendix D.
- The projected number of the 920 allowances expected to be dispersed was based on an estimate of the number of eligible children in each of the three pilot areas:
 - 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%)

The implementation plan also stipulated that allowances could be used for children participating in the Saint Paul Early Childhood Scholarship Program. All data for those children will be included in the final report to MELF as part of the evaluation of the Saint Paul Early Childhood Scholarship Program, and are not included in this report.¹⁵ As described in the section about fiscal data, there were 174 children with both allowances and scholarship funds (a total of \$719,863 of the total allowances funds).

¹² 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 were administering the project locally.

¹³ The legislative session in 2008 reduced the allowance funding for fiscal year 2009 by \$330,000.

¹⁴ Head Start programs meeting Head Start performance standards received a rating of 4 stars and school-based school readiness programs provisionally approved by MDE received a rating of 3 stars in Parent Aware.

¹⁵ The final report for the Saint Paul Early Childhood Scholarship Program will include family and demographic data as well as child outcome data for the participating children.

Participating Children and Programs

The first allowances were dispersed to ECE programs for eligible children during the second quarter of 2008 (April–June 2008) and the project ended on June 30, 2009. At the end of the project period, SRI requested the three grantees to report the final number of children who were eligible for and received allowances funds, and the final amount of funds distributed to ECE programs for the eligible children (source: Grantee EOP Form). These data are shown in Exhibits 2a and 2b, for the numbers of participating children (not including those also participating in the Saint Paul Early Childhood Scholarship Program, $n = 174$) and ECE programs, for the total sample and by the three grantees.

By the end of the project period, the following had been accomplished:

- A total of 973 eligible children had been awarded allowances funds for use at eligible ECE programs (Exhibit 2a).
 - 518 in the city of Saint Paul (53%)
 - 312 in Hennepin County (32%)
 - 143 in Blue Earth and Nicollet counties (15%)
- Of the 973 children enrolled in ECE programs using allowances funds (Exhibit 2a).
 - Nearly half (48%) attended center-based ECE programs (either for-profit or nonprofit)
 - About one-fourth (28%) attended Head Start.
 - One-fifth (20%) attended pre-K classrooms in school districts.
 - 4% of the children used their allowances at family child care programs.
- Allowances were used at 97 different ECE programs (Exhibit 2b).
 - 70% were center-based ECE programs (either for-profit or nonprofit).
 - 22% were family child care programs.
 - 5% were school districts with pre-K classrooms (in a total of 36 different sites).
 - 3% were Head Start grantees (in a total of 16 different sites).

Exhibit 2a. Numbers of Participating Children in the Pre-K Allowances Project, Total and by Grantee and Type of Program

| | Total N = 973 | Saint Paul n = 518 | Hennepin n = 312 | Blue Earth and Nicollet n = 143 |
|-----------------------------|--------------------------|-------------------------------|-----------------------------|--|
| Type of program | Percent | | | |
| For-profit center/preschool | 27 | 38 | 19 | 5 |
| Nonprofit center/preschool | 21 | 20 | 29 | 9 |
| Head Start | 28 | 25 | 25 | 44 |
| School districts | 20 | 12 | 21 | 44 |
| Family child care | 4 | 4 | 5 | 2 |

Exhibit 2b. Numbers of Participating ECE Programs in the Pre-K Allowances Project, Total and by Grantee

| | Total | | Saint Paul | | Hennepin | | Blue Earth and Nicollet | |
|---|--------------|------------|-----------------------|-----------|-----------------|-----------|--------------------------------|-----------|
| | <i>N</i> | % | <i>n</i> | % | <i>n</i> | % | <i>n</i> | % |
| Type of program receiving allowances funds | 97 | 100 | 55^a | 57 | 31 | 32 | 11 | 11 |
| For-profit center/preschool | 33 | 34 | 21 | 38 | 9 | 29 | 3 | 27 |
| Nonprofit center/preschool | 35 | 36 | 17 | 31 | 15 | 48 | 3 | 27 |
| Head Start grantees ^b | 3 | 3 | 1 | 2 | 1 | 3 | 1 | 9 |
| School districts ^c | 5 | 5 | 1 | 2 | 1 | 3 | 3 | 27 |
| Family child care | 21 | 22 | 15 | 27 | 5 | 16 | 1 | 9 |

^a The Saint Paul grantee funded children to attend two additional programs. However, these two programs are located in Hennepin County and also received allowances funds from the Hennepin County grantee so are included in the total for Hennepin.

^b Head Start grantees may have more than one site where children attend an ECE program; across 3 grantees, there were 16 sites participating in the Pre-K Allowances Project (12 in Saint Paul, 2 in Hennepin, and 2 in Blue Earth/Nicollet).

^c This count includes the number of school districts (5) that provided school-based pre-K classrooms for participating children at 36 school sites. The Saint Paul Public Schools had 23 different sites where children used their allowances funds. The Minneapolis Public Schools had eight sites, and there were five sites in the three school districts participating in Blue Earth and Nicollet counties.

To describe the children and families served in more detail, data from the final grantee exports (provided by grantees in July 2009) was used.¹⁶ The grantee exports include basic demographic information that was obtained from completed application forms and families' agreement plans with ECE programs (Exhibit 3).

Exhibit 3 shows the following:

- About half of the children (54%) were on average 4 to 5 years of age when they started using their allowances funds at an ECE program, about one-fourth (28%) were less than four years old, and 13% were more than 5 years old.
- Children served by the allowances project came from diverse backgrounds, with 40% of the children reported to be African-American, 14% White, 13% Asian, and 9% Latino.
 - There were noticeable ethnic differences in the participating children between the three grantees that reflect the different communities of each pilot area.¹⁷
- Over two-thirds of the families (70%) reported that English is the primary language spoken in the home, with Hmong being the next largest group (7%).¹⁸

¹⁶ The evaluation team also requested monthly exports (referred to as grantee exports in Exhibit 1) that contained a running tally of children with applications with approved eligibility to receive allowances funds. The evaluation team began requesting monthly data exports from the grantees beginning in July 2008 and continuing through July 2009.

¹⁷ Ethnicity data are missing for 30%, 1%, and 11% of the children for Saint Paul, Hennepin, and Blue Earth/Nicollet, respectively.

¹⁸ Home language data are missing for 16%, 1%, and 18% of the children for Saint Paul, Hennepin, and Blue Earth/Nicollet, respectively.

Exhibit 3. Demographic Characteristics of Children Participating in the Pre-K Allowances Project, Total and by Grantee

| | Total | Saint Paul | Hennepin | Blue Earth and Nicollet |
|--------------------------------------|------------|------------|-----------|-------------------------|
| | % | % | % | % |
| | 100 | 54 | 32 | 14 |
| Gender of children | | | | |
| Female | 50 | 51 | 50 | 45 |
| Male | 49 | 48 | 49 | 55 |
| Missing information | <1 | <1 | – | – |
| Age of children at start date | | | | |
| <4 years | 29 | 36 | 22 | 15 |
| 4–4.5 years | 30 | 29 | 35 | 24 |
| 4.6–5 years | 26 | 24 | 28 | 31 |
| >5 years | 15 | 11 | 15 | 29 |
| Missing information | – | – | – | – |
| Ethnicity of the children | | | | |
| White | 14 | 7 | 7 | 53 |
| African-American | 40 | 32 | 64 | 17 |
| Latino | 9 | 6 | 9 | 15 |
| Asian | 13 | 13 | 19 | – |
| American Indian | 1 | 2 | <1 | – |
| Other | 3 | 6 | <1 | – |
| Multiracial | 3 | 4 | – | 4 |
| Missing information | 18 | 30 | <1 | 11 |
| Primary home language | | | | |
| English | 70 | 68 | 72 | 73 |
| Spanish | 5 | 4 | 6 | 5 |
| Hmong | 7 | 6 | 13 | – |
| Somali | 3 | 2 | 4 | 3 |
| Karen | <1 | 1 | – | – |
| Other | 2 | 2 | 2 | <1 |
| Missing information | 12 | 16 | 1 | 18 |

Interviews with Parents

The evaluation team attempted to interview parents over the phone one time during one of three periods over the course of the allowances project (October–November 2008, February–March 2009, May–June 2009). Each family completed the phone interview only once. The interview provided more in-depth information about a subset of participating children and families.

Phone numbers used to contact the families were provided to the evaluation team in exports from the three grantees. The evaluation team attempted to contact a sample of 1,052 parents over the course of the project period (482 in Saint Paul, 449 in Hennepin County, and 121 in Blue Earth/Nicollet counties). Of the 1,052, 420 parents of participating children who were eligible to receive allowances (40%) completed the interview.¹⁹ The response rate varied by grantee.

- 209 of the Saint Paul participants (43%) completed phone interviews.
- 169 of the Hennepin county participants (38%) completed phone interviews.
- 42 of the Blue Earth/Nicollet county participants (35%) completed phone interviews.

The majority of the 420 interview respondents (85%) were the child's biological mother and 70% of the respondents reported English to be the home language (10% spoke Hmong, 8% spoke Spanish, and 3% spoke Somali).

The relatively low interview response rate was due to the fact that many families were unreachable because of nonworking phone numbers and no forwarding phone number was available if the family had moved. In addition the phone numbers available in the grantee databases were based largely on phone numbers available to them at the time the application was completed, and grantees and the evaluation team did not have any follow-up mechanisms available for participating ECE program staff to continue to supply new or changing phone numbers to the grantees or directly to SRI. This response rate is not unusual for evaluation studies in which the evaluation team does not have direct contact with the participating families.

To determine whether the interview sample was representative of the entire sample participating in the allowances project, the interview and total samples were compared on key demographic characteristics. There were no significant differences between the two samples on the children's age, gender, ethnicity, and home language.²⁰

At the time of the interview, the children were, on average, 4.5 years old (Exhibit 3). The children of the parents participating in the phone interview were slightly older on average in Blue Earth/Nicollet (i.e., 62 months on average) compared to the other two areas, and is likely to be reflective of the population served in Blue Earth/Nicollet.

¹⁹ Some parents completed the phone interview, but subsequently dropped out of participation in the allowances project, and are included in the analyses. Some parents were initially identified as allowances evaluation participants, but subsequently enrolled in the scholarship program. Families who received both scholarship and allowances funds are not included here.

²⁰ Group differences were tested using chi-square analysis.

The remaining data reported in this section are based on the parent phone interviews and include demographic characteristics, children's health and development, services and benefits families reported, child care choices, and families' reports of their experiences participating in the allowances project.

Demographic Characteristics of Families

Exhibits 4 and 5 show key demographic characteristics of families and children that often put children at-risk for not being ready for school and influence families' abilities to support their children's school readiness.

Exhibit 4 shows the following:

- Over one-fourth of parents (28%) had less than a high school education, and this percentage was identical across all pilot areas.
- Approximately half of the respondents (51%) were married or living with a partner at the time of the interview, with a slightly larger percentage (72%) in Blue Earth/Nicollet counties compared to the other two pilot areas.
- About one-third of the parents (35%) were single and never married, with far fewer single parents (10%) in Blue Earth/Nicollet counties.
- About half of the parents reported working for pay at a job (52%), with fewer (38%) reporting employment in Blue Earth/Nicollet counties compared to the other two pilot areas.
- Three-fourths of the families (75%) had very low incomes (i.e., less than \$30,000 per year).

Exhibit 4. Demographic Characteristics of Families Participating in the Pre-K Allowances Project, Total and by Grantee

| | Total | Saint Paul | Hennepin | Blue Earth and Nicollet |
|--|---------|------------|----------|-------------------------|
| | Percent | | | |
| Maternal education (N = 397) | | | | |
| Less than high school | 28 | 28 | 28 | 28 |
| High school graduate or GED | 28 | 29 | 28 | 23 |
| Some college (include 2 year or less degree, or technical college) | 34 | 35 | 31 | 33 |
| Bachelor's degree (BA, BS) | 8 | 6 | 11 | 13 |
| Post-graduate school or professional school | 2 | 2 | 2 | 5 |
| Marital status (N = 417) | | | | |
| Single, never married | 35 | 40 | 35 | 10 |
| Single, living with a partner | 12 | 14 | 11 | 12 |
| Married, living with spouse | 39 | 34 | 40 | 60 |
| Married, separated | 7 | 7 | 7 | 7 |
| Divorced/widowed | 7 | 5 | 8 | 12 |
| Employment (N = 415) | | | | |
| Working for pay at a job | 52 | 56 | 50 | 38 |
| At home full time (keeping house) | 23 | 18 | 23 | 45 |
| Other ^a | 26 | 26 | 26 | 16 |
| Annual income (N = 350) | | | | |
| Under \$15,000 | 35 | 31 | 39 | 31 |
| \$15,000 to under \$20,000 | 17 | 18 | 14 | 17 |
| \$20,000 to under \$25,000 | 13 | 17 | 10 | 9 |
| \$25,000 to under \$30,000 | 10 | 13 | 9 | 3 |
| \$30,000 to under \$35,000 | 9 | 9 | 10 | 9 |
| \$35,000 to under \$40,000 | 5 | 4 | 4 | 11 |
| \$40,000 to under \$50,000 | 7 | 5 | 7 | 14 |
| \$50,000 or more | 5 | 3 | 6 | 6 |

^a Other includes looking for a job, going to school, in an unpaid training program and other categories.

Exhibit 5 shows that many participating families had other risk conditions, including the following:

- About one in ten (11%) were teen parents.
- Almost one in ten (8%) of the respondents reported that the child was an immigrant (born outside of the United States). However, 33% reported speaking a language other than English to their child at home.
- Almost one in ten (7%) had moved two or more times in the past year and, nearly one-fourth of families (22%) had moved once.
- About one-third of families reported that their housing or their transportation was fair or poor in meeting their needs (30% and 31%, respectively).
- Almost one in ten (8%) reported food insecurity (i.e., sometimes or often not having enough food to eat).

Exhibit 5. Risk Characteristics of Families Participating in the Pre-K Allowances Project, Total and by Grantee

| | Total | Saint Paul | Hennepin | Blue Earth and Nicollet |
|--|---------|------------|----------|-------------------------|
| | Percent | | | |
| Teen parent (<i>N</i> = 412) | 11 | 5 | 20 | 10 |
| Immigrant status (<i>N</i> = 418) | 8 | 9 | 9 | 0 |
| Home language not English (<i>N</i> = 420) | 33 | 32 | 34 | 31 |
| Moved two or more times in last year (<i>N</i> = 415) | 7 | 6 | 7 | 2 |
| Housing is fair/poor (<i>N</i> = 414) | 30 | 32 | 28 | 29 |
| Transportation is fair/poor (<i>N</i> = 415) | 31 | 32 | 32 | 19 |
| Food insecurity ^a (<i>N</i> = 414) | 8 | 11 | 5 | 5 |

^a Sometimes or often does not have enough to eat.

Health and Developmental Characteristics of Participating Children

Exhibit 6 shows health characteristics of the participating children. These characteristics also are important factors that influence children’s school readiness.

- More than 10% of children were reported to be born at low birth weight, with higher percentages in Hennepin County compared to the other two pilot areas.²¹
- A small percentage of children (4%) were reported to be in fair or poor health.²²
- One in ten respondents reported that the child did not have health insurance and did not have a regular place other than the emergency room to receive health care (10%). A smaller percentage (6%) reported that the child did not have a regular health care provider.
- One in ten respondents (10%) reported that they had been told their child had a developmental delay.

Exhibit 6. Health Characteristics of Children Participating in the Pre-K Allowances Project, Total and by Grantee

| | Total | Saint Paul | Hennepin | Blue Earth and Nicollet |
|---|---------|------------|----------|-------------------------|
| | Percent | | | |
| Low birth weight (<i>N</i> = 401) | 12 | 11 | 15 | 5 |
| Child health rating of fair or poor (<i>N</i> = 420) | 4 | 4 | 4 | 2 |
| Child with no health insurance (<i>N</i> = 419) | 10 | 11 | 10 | 7 |
| No regular place for health care (<i>N</i> = 418) | 10 | 8 | 11 | 17 |
| No regular health care provider (<i>N</i> = 417) | 6 | 8 | 4 | 5 |
| Development delay ^a (<i>N</i> = 418) | 10 | 11 | 9 | 14 |

^a Respondent reported doctor said child had developmental delay.

Many participating families reported that they were receiving a variety of other services, benefits, and public assistance to support their families and their children’s health and development (Exhibit 7). These data also highlight the fact that many of the families were already connected to services and community organizations and that they were families in need of support.

- Nearly two-thirds of families had received parenting support or home visiting services (60% and 62%, respectively).
- About two-thirds of families (67%) had children eligible for the free or reduced-price school lunch program.

²¹ National estimates indicate that about 7% to 8% of the general population of children are born at low birth weight (<2,500 grams).

²² National estimates indicate that about 2% of the general population of young children (under 5 years old) are in fair or poor health.

- More than half of the families (58%) reported receiving WIC.
- Nearly half of families were receiving food stamps (45%) and Medicaid assistance (45%).
- Only about one-fourth of families (27%) reported receiving child care subsidy assistance (CCAP), and the rate of receipt was lowest in Blue Earth and Nicollet counties (14%) and highest in Hennepin County (31%).
- Nearly one-fourth of families (22%) reported receiving assistance from the Minnesota Family Investment Program (MFIP).

Exhibit 7. Families Participating in the Pre-K Allowances Project who Reported Receiving Specific Services and Benefits, Total and by Grantee

| | Total ^a | Saint Paul | Hennepin | Blue Earth and Nicollet |
|--|--------------------|------------|----------|-------------------------|
| | Percent | | | |
| Early education/parenting support (any) ^b | 60 | 57 | 60 | 67 |
| Home visiting (any) ^b | 62 | 63 | 58 | 69 |
| Free or reduced-price school lunch | 67 | 60 | 76 | 67 |
| WIC | 58 | 60 | 55 | 55 |
| Food stamps | 45 | 42 | 47 | 36 |
| Medicaid/Medicare | 45 | 49 | 42 | 38 |
| Child Care Assistance Program (CCAP) | 27 | 27 | 31 | 14 |
| Minnesota Family Investment Program (MFIP) | 22 | 21 | 24 | 19 |
| Public housing | 16 | 17 | 16 | 10 |
| Section 8 housing | 16 | 14 | 16 | 21 |
| Disability (other family member) | 13 | 14 | 14 | 7 |
| Social Security | 13 | 13 | 16 | 2 |
| Disability (respondent) | 9 | 10 | 10 | 5 |
| Unemployment insurance | 5 | 6 | 4 | 7 |

^a Numbers ranged from 406 to 419.

^b Families were asked about specific organizations from which they received parenting support and/or home visiting services. The evaluation team collapsed numbers across these items to describe families who reported receiving any of these types of services.

During the interview, parents and caregivers were asked about key developmental indicators that are strongly associated with school readiness (e.g., knowing letters of the alphabet, using language to communicate with adults and peers). To put these findings in the context of the pilot areas where the families live, data about these key developmental indicators of school readiness for the allowances sample were compared to data from the MELF Baseline Survey.²³ The MELF Baseline Survey data were collected with a sample of low-income families in the three pilot areas in April 2007 through December 2007, a period just prior to the beginning of the Pre-K Allowances Project. As such, those data provided a baseline look at children's developmental indicators prior to the implementation of the allowances funds in these communities.

Exhibit 8 shows the following:

- Overall, children who are participating in the Pre-K Allowances Project were performing similarly or better on these developmental indicators compared to the children in the baseline sample, with the differences more common for children in Saint Paul and Blue Earth and Nicollet counties.
 - More allowances children than baseline sample children knew most or all letters of the alphabet in Saint Paul (83% versus 62%) and in Blue Earth and Nicollet counties (86% versus 75%), with similar percentages in Hennepin County (76% versus 74%).
 - More allowances children than baseline sample children could count to 50 or more in Saint Paul (24% versus 12%), in Hennepin County (30% versus 15%), and in Blue Earth and Nicollet counties (47% versus 16%).
 - On indicators of social-emotional behaviors, more children in the allowances project were rated positively than baseline sample children on most indicators in all three pilot areas.

²³ The study, prepared for the Minnesota Early Learning Foundation (MELF), titled *Early learning conditions among low-income families in Minneapolis, St. Paul, and Blue Earth and Nicollet counties* was published in February 2008 by Wilder Research.

Exhibit 8. Key Child Development Indicators Important for School Readiness, for MELF Baseline Survey Sample and Pre-K Allowances Project Sample, by Grantee

| | Saint Paul | | Hennepin | | Blue Earth and Nicollet | |
|---|------------------------|----------------------|------------------------|----------------------|-------------------------|---------------------|
| | MELF Baseline (N = 57) | Allowances (N = 209) | MELF Baseline (N = 34) | Allowances (N = 169) | MELF Baseline (N = 32) | Allowances (N = 42) |
| | Percent | | | | | |
| Child knows letters of the alphabet | | | | | | |
| None/Some | 37 | 16 | 27 | 24 | 25 | 14 |
| Most | 23 | 25 | 24 | 24 | 16 | 26 |
| All | 39 | 58 | 50 | 52 | 59 | 60 |
| Child can count | | | | | | |
| Not at all | 11 | – | 6 | 2 | – | – |
| Up to about 10 | 44 | 31 | 50 | 28 | 28 | 20 |
| Up to about 20 | 33 | 45 | 29 | 40 | 56 | 34 |
| Up to about 50 or more | 12 | 24 | 15 | 30 | 16 | 47 |
| Child uses words to communicate what he or she needs, wants, or is thinking about | | | | | | |
| Never/Rarely | 4 | 1 | 3 | 1 | 3 | – |
| Sometimes | 17 | 7 | 6 | 7 | 6 | 12 |
| Most/Almost all of the time | 80 | 92 | 91 | 93 | 90 | 88 |
| Child is curious and enthusiastic about learning new things | | | | | | |
| Never/Rarely | 4 | 1 | 3 | – | – | 2 |
| Sometimes | 17 | 7 | 6 | 6 | 6 | 5 |
| Most/Almost all of the time | 80 | 91 | 91 | 94 | 94 | 93 |
| Child takes turns, shares, and gets along well with other children | | | | | | |
| Never/Rarely | 8 | 2 | 3 | 3 | – | – |
| Sometimes | 23 | 20 | 28 | 21 | 16 | 10 |
| Most/Almost all of the time | 69 | 78 | 69 | 75 | 85 | 90 |
| Child asks an adult for help when he or she needs help or has a problem with something | | | | | | |
| Never/Rarely | 6 | 2 | 9 | 3 | – | 2 |
| Sometimes | 18 | 19 | 12 | 20 | 34 | 24 |
| Most/Almost all of the time | 77 | 79 | 80 | 77 | 65 | 74 |

Note. Children were on average 4.5 years old at the time of the parent phone interview for the Pre-K Allowances Project and 4 years old in the MELF Baseline Survey. Children reported by the respondents could have participated in the Pre-K Allowances Project for less than a few months up to a year or more. Thus, any differences in these developmental indicators cannot necessarily be attributed to the Pre-K Allowances Project or the ECE program in which the child participated. However, these data do suggest that in these pilot communities overall, the children are showing positive growth, which may relate to the increases in opportunities for early learning in high-quality ECE programs that occurred.

Parent Report of Participation in the Pre-K Allowances Project

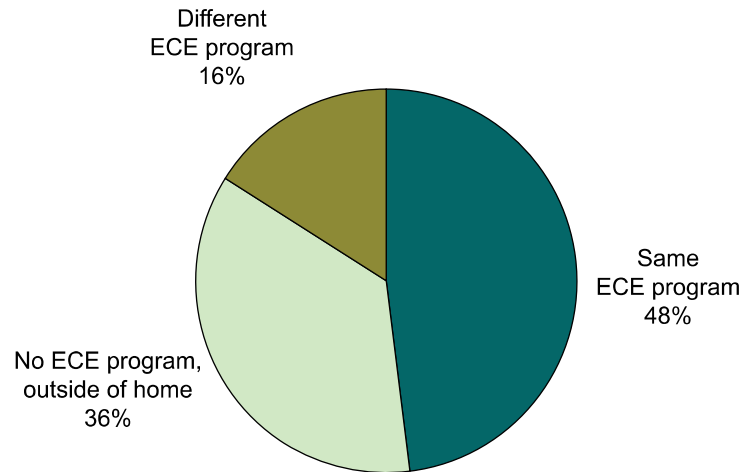
In the interviews, parents were asked a series of questions about the process of completing the application for the Pre-K Allowances Project and enrolling their child into an ECE program.

- Parents reported learning about the Pre-K Allowances Project from a variety of sources.
 - Nearly one-third (29%) of the respondents reported learning about the Pre-K Allowances Project from a public or private school.
 - Another 16% reported that they heard about the project from an ECE program and/or an ECE program that provides care for another child.
 - The next largest percentages heard about the allowances funds from the local child care resource and referral agency (CCR&R) (13%) or from friends and relatives (14%).
- Most of the parents (91%) felt the application form was easy or somewhat easy to complete.
- Most of the parents (80%) reported that they completed the application by themselves and/or with their spouse or partner.
- Of those parents who received help in completing the application form, 50% reported receiving help from preschool and/or ECE program staff.
- Most of the respondents (86%) felt that it was easy or somewhat easy to find an ECE program for their child, but only 55% reported that they or their spouses or partners actually found the ECE program on their own.
 - Of those parents who received help in finding an ECE program, 57% reported receiving help from preschool/ECE program staff.
 - Nearly three-fourths of the parents (70%) reported that they were able to find an ECE program in which to enroll their child in less than a month.
 - The majority of parents (88%) reported that the ECE program selected for their child was their first choice.
 - Once families found an ECE program, almost all of them (95%) reported that the process of enrolling their child in the program was easy or somewhat easy, with most (79%) reporting completing the process by themselves or with a spouse or partner. If they had help in enrolling, respondents reported that ECE program staff and/or relatives and family members' helped them.

One important question that has arisen by administering grantees, legislators, MELF and other stakeholders is the issue of whether the Pre-K Allowances Project reached new families and children and increased access for these families, families who may not have had the opportunity to enroll their child in a high-quality ECE program before the allowances funds were made available. Respondents were asked to describe where their child was before they began attending the ECE program in which the allowances were being spent (Exhibit 9).

- Nearly half of the children (48%) used the allowances funds at ECE programs they were already attending (same ECE program).²⁴
- About one-third of the children (36%) were not in any ECE program outside of their home prior to receiving the allowances funds.
- Almost one-fifth of the children (16%) used allowances funds to attend a different ECE program than they had been attending prior to receiving the allowances funds.

Exhibit 9. Percentage of Children Who Were in Same ECE Program, Different ECE Program, or No Program Prior to Participating in the Pre-K Allowances Project (N = 390)



²⁴ In the fiscal data section, the data on how ECE programs spent the allowances funds to increase access and improve quality provide some examples of how these children's funds were used. For example, some of the allowances funds for these children were used to extend their programming from a half-day to a full-day.

Fiscal Data

One of the most important evaluation questions in an investment this large is how the allowances funds were spent to increase access to ECE programs and improve their quality. This section describes the fiscal data provided by the grantees and the ECE programs participating in the Pre-K Allowances Project.

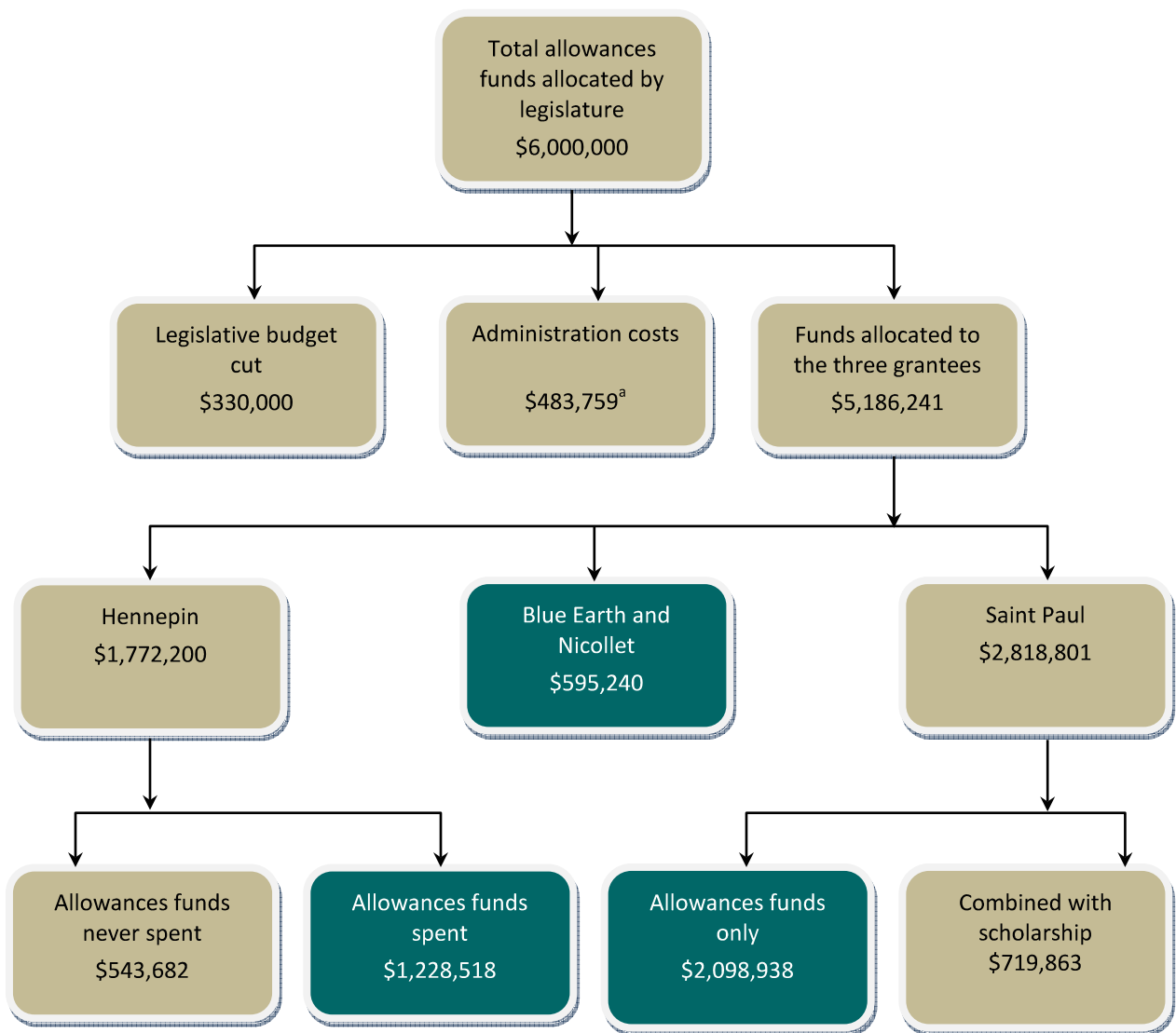
Distribution of Funds

Exhibit 10 shows the dollar amount allocated for the Pre-K Allowances Project and how it was distributed to the grantees and for administration. This diagram shows the following:

- Of the \$6 million approved by the legislature for the allowances project, there was a legislative budget cut of \$330,000, leaving a total of \$5,670,000 for distribution to implement the Pre-K Allowances project.
- A total of \$483,759 was used for administration costs by the three grantees, and a total of \$5,186,241 was distributed to the three grantees for allowances for eligible children and families.
- Of the \$5,186,241 in allowances funds available to the three grantees:
 - Hennepin County received \$1,772,200, with \$1,228,518 spent for allowances and \$543,682 that was not spent by the end of the project.
 - Blue Earth and Nicollet counties received and spent \$595,240 for allowances.
 - Saint Paul received \$2,818,801, and spent \$2,098,938 for allowances only and another \$719,863 of its allowances funds were spent in combination with scholarship funds for children participating in the Saint Paul Early Childhood Scholarship Program.

The remaining data presented in this report focus on the funds spent as allowances only, shown in the dark/green boxes in Exhibit 10. This is a total amount of \$3,922,696.

Exhibit 10. Distribution of Allowances Funds



Note. The total amount shown in the dark/green boxes is \$3,922,696.

^a The administration costs were allocated to the grantees to administer the project locally. DHS did not use any of these administrative funds for state level implementation of the project.

Amounts and Uses of Funds

In this section, information is presented about the total dollar amounts distributed to ECE programs and how the ECE programs reported using the allowances funds.

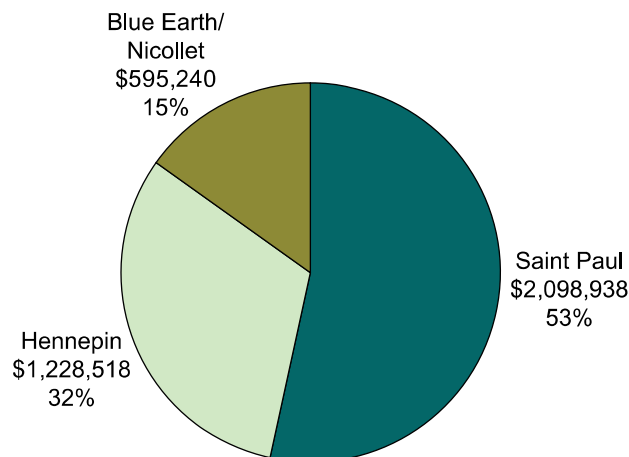
Exhibit 11 shows that nearly \$4 million were dispersed to ECE programs during the 18-month project period on behalf of 973 children.²⁵ These data were obtained from the grantees end-of-project (EOP) form.

Nearly \$4 million in allowances funds were distributed.

- About half (53%) were distributed to Saint Paul.
- About one-third (32%) were distributed to Hennepin County.
- 15% were distributed to Blue Earth and Nicollet counties.

Exhibit 11. Total Allowances Funds Dispersed to ECE Programs, by Grantee

Total = \$3,922,696



²⁵ Note that 174 children in Saint Paul received allowances funds in combination with their scholarship funds as part of the Saint Paul Early Childhood Scholarship Program. The amount for these 174 children was an additional \$719,863 that was dispersed by RCC in Saint Paul. For the purposes of the Pre-K Allowances Project Evaluation, these children are considered scholarship participants, not participants of the Pre-K Allowances Project because (1) they are considered a unique group (i.e., receiving much more than the \$4,000 allowance to cover their ECE program costs) and because (2) ECE programs considered the children as participants in the scholarship program and not in the allowances project.

Using data from the grantees' EOP form, the evaluation team created a Program EOP Form that asked ECE program directors to describe how the funds were spent to increase ECE program access and improve ECE program quality.²⁶ Of the 97 ECE programs that were sent the EOP form, 83 ECE programs (86%) returned data to the evaluation team. These 83 programs accounted for 97% of children ($n = 948$) and 93% of the total dollar amount (\$3,659,617).

Exhibit 12 shows how the funds were spent by the 86% of ECE programs (i.e., those submitting EOP data).

- More than half of the funds (58%) were spent to pay for children's care, and the remaining 42% of funds were spent for ECE program quality improvement uses.
- Funds used to pay for children's care were used in different ways.
 - Nearly one-third of the funds (30%) were spent for charges or fees for the child awarded the allowance.
 - About one-fifth of the funds (18%) were spent for charges or fees to allow the child with the allowance to attend the ECE program for additional hours (i.e., increase duration of attendance).
 - One-tenth of the total funds (10%) were spent to provide additional spaces in the ECE program that the child was attending.
- A very small percentage of the total funds (2%, \$83,234) were used exclusively for quality improvement uses in 12 ECE programs that submitted EOP forms.²⁷ These programs had ratings of 1 or 2 stars and, thus were only eligible at the time to use the allowances funds for quality improvement uses.

²⁶ Uses included purchase of materials to improve the learning environments and training for staff.

²⁷ A total of 67 children and 18 different ECE programs were in this category at some point during the project period: 37 children in 11 ECE programs in Saint Paul, 26 children in 4 ECE programs in Hennepin County, and 4 children in 3 programs in Blue Earth and Nicollet counties. Some programs improved their Parent Aware star rating during the project period and then could use the funds for parent fees or charges.

Exhibit 12. Total Allowances Funds Spent, by Use

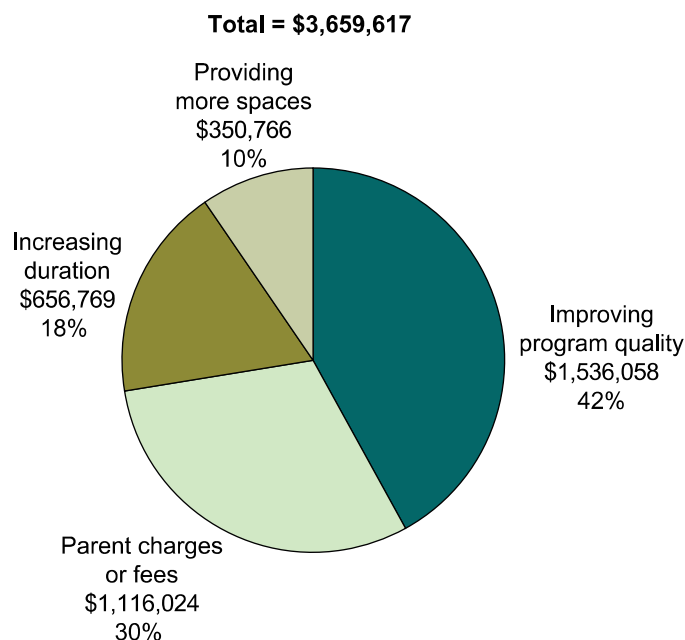
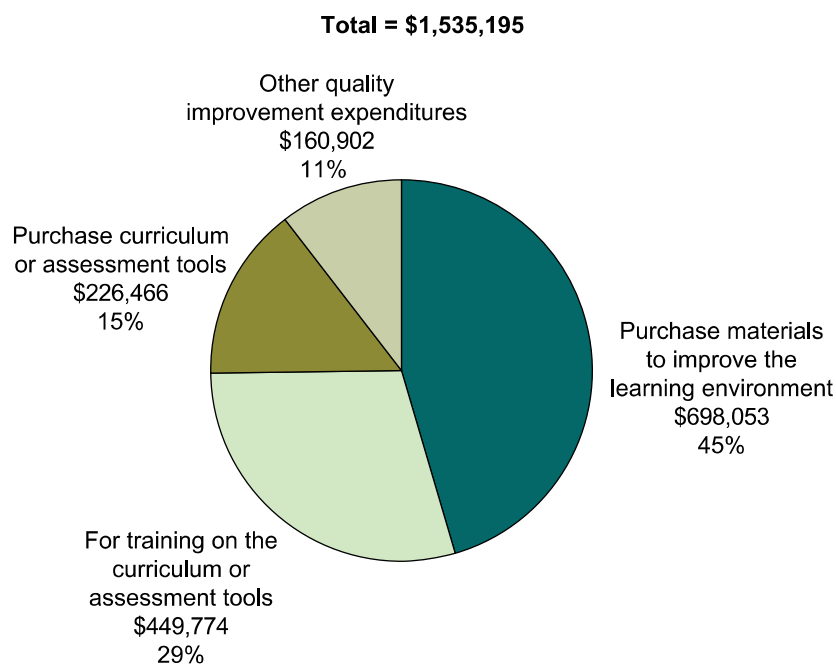


Exhibit 13 shows how the ECE programs reported using the allowances funds for program quality improvement (42% of the total allowances funds). Of the total amount spent for quality improvement, ECE programs used most of these funds to upgrade the materials for the children's learning environment.

- Almost half of the quality improvement funds (45%) were spent on purchasing learning materials.
- ECE programs used 15% of funds to purchase curricula or assessment tools to use with the children in the ECE program.
- More than one-quarter of the quality improvement funds (29%) were spent to train staff on curricula or assessment tools.
- Examples of other quality improvement uses (11%) included such expenses as: staff training on a variety of topics, including behavior management strategies, family partnerships, working with diverse families, CPR and first aid; fees for staff to attend early childhood conferences; costs for parent education seminars and other parent events; and costs of field trips for children.

Exhibit 13. Total Allowances Funds Spent for Improvement, by Use



Combining Pre-K Allowances Funds with Other Sources of Funding

Using data exports generated by the three grantees, the evaluation team created monthly data collection forms that contained the names of children reported to be receiving allowances funds. These forms were sent to ECE programs at the end of each of the five quarters in the project period (April 2008 through June 2009), asking the ECE programs to report on the funding sources for each child receiving allowances funds.

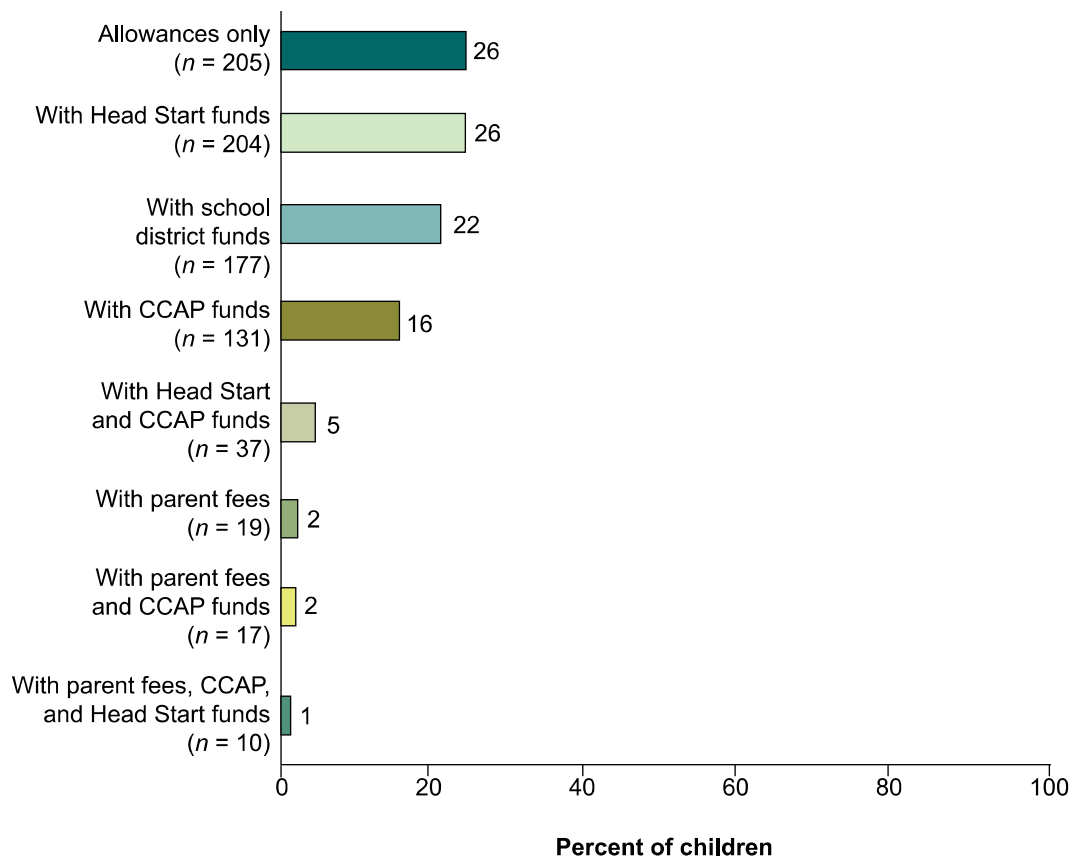
The 48 ECE programs that completed the quarterly reports identified 800 (82%) children who received allowances funds at any point during the allowances project. These data about the funding sources for each child were aggregated over the entire period of the allowances project and are shown in Exhibit 14,²⁸ and show the following:

- More than one-fourth (26%) of the children had allowances funds as their only source of funding.
- About three-fourths of the children (74%) had their allowances funds combined with one or more other funding sources.
- Allowances funds were most commonly combined with Head Start or CCAP funds (or both), and with school district funds.

²⁸ Any child who had any fiscal data reported for any of the five reporting periods is included in Exhibits 14, 15, and 16.

- About one-third of the children (32%) had their allowances funds combined with Head Start funds.
- About one-fourth of the children (23%) had their allowances funds combined with CCAP funds.
- Almost one-fourth of the children (22%) had their allowances funds combined with school district funds.
- For a small percentage of children (5%), their allowances funds were combined with parent fees.

Exhibit 14. How Allowances Funds Were Combined with Other Funding Sources, by Total Number of Children (N = 800)

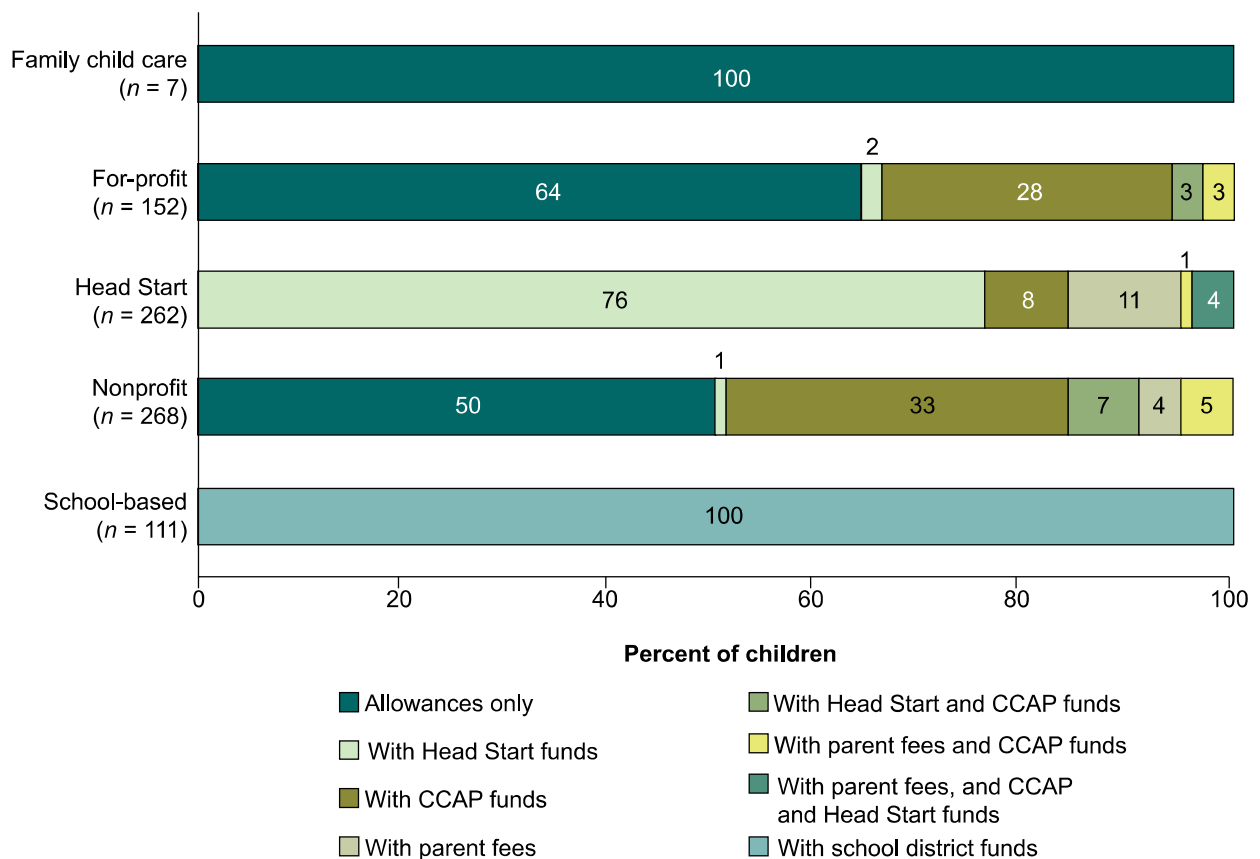


Allowances funds were combined or blended with other funding sources differently by different types of ECE programs (Exhibit 15).

- For children in family-based ECE programs, allowances funds were not combined with any other sources of funds, while in other types of ECE programs, combining allowances funds with other sources of funding was common.
- For children in school-based ECE programs, allowances funds were combined with school district funds, but with no other sources of funds.

- For all children with allowances attending Head Start programs, the allowances funds were combined with one or more other sources of funds, most commonly with Head Start funds and CCAP funds to cover fees for extended hours per day.
 - About three-fourths (76%) of the children in Head Start programs had their allowances funds combined with Head Start funds only.
 - Less than one-fifth of the children (13%) in Head Start programs had their allowances funds combined with CCAP funds (some with Head Start and parent fees also).
- Patterns of combining funds were similar for nonprofit and for-profit ECE programs.
 - Almost two-thirds of the children (64%) in for-profit ECE programs and half of the children in nonprofit ECE programs had allowances funds as their only source of funding.
 - About one-third of the children in for-profit ECE programs (31%) and two-fifths (42%) in nonprofit ECE programs had their allowances funds combined with CCAP funds.

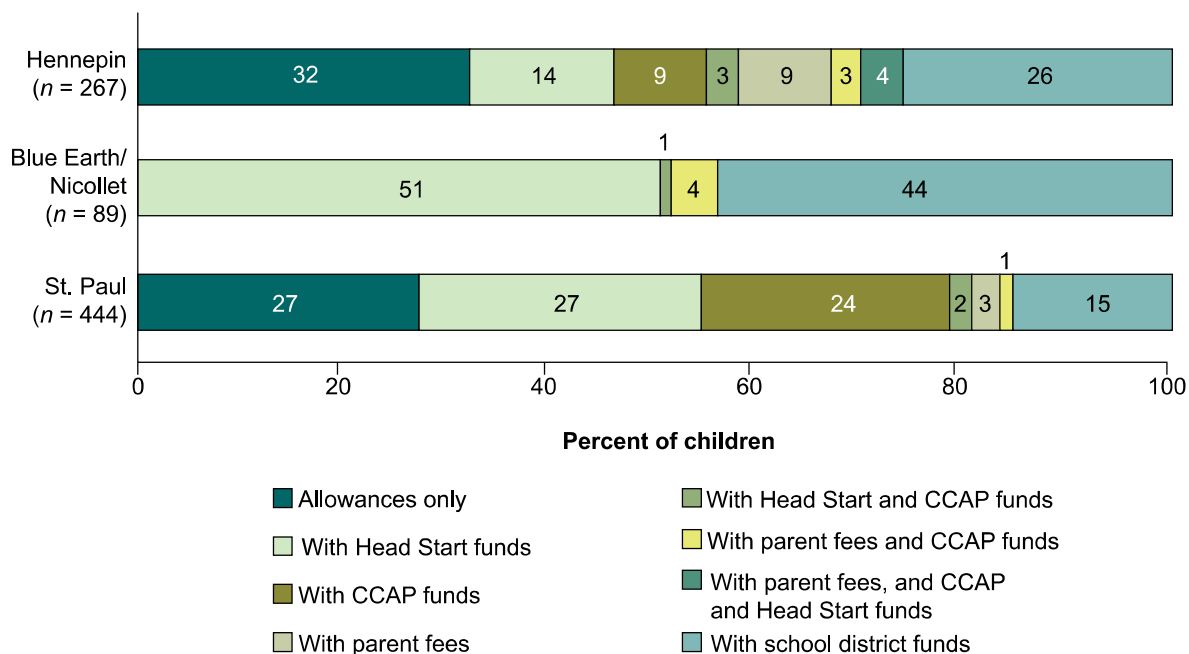
Exhibit 15. How Allowances Funds Were Combined with Other Funding Sources, by Type of ECE Program (N = 800)



Allowances funds were combined or blended with other funding sources differently by ECE programs in the three different pilot areas (Exhibit 16).

- In Hennepin, about one-third of the children (32%) had allowances funds as their only source of funding, and two-thirds of the children (68%) had their allowances funds combined with one or more funding sources.
 - About one-fourth of the children in Hennepin (26%) had their allowances funds combined with school district funds.
 - About one-fourth of the children in Hennepin (27%) had their allowances funds combined with Head Start funds.
 - About one-fourth of the children in Hennepin (25%) had their allowances funds combined with CCAP funds.
- In Blue Earth and Nicollet counties, all of the children had their allowances funds combined with one or more other sources of funds.
 - Half of the children in Blue Earth and Nicollet counties (51%) had their allowances funds combined with Head Start funds.
 - About two-fifths of the children Blue Earth and Nicollet counties (44%) had their allowances funds combined with school district funds.
 - A small number of the children Blue Earth and Nicollet counties (4%) had their allowances funds combined with CCAP funds.
- In Saint Paul, about one-fourth of the children (27%) had allowances funds as their only source of funding, and three-fourths (73%) had their allowances funds combined with one or more funding sources.
 - One-third of the children in Saint Paul (30%) had their allowances funds combined with Head Start funds.
 - About one-fourth of the children in Saint Paul (28%) had their allowances funds combined with CCAP funds.
 - Almost one-fifth of the children in Saint Paul (15%) had their allowances funds combined with school district funds.

Exhibit 16. How Allowances Funds Were Combined with Other Funding Sources, by Grantee (N = 800)



Implementation Findings

Information about how the allowances project was implemented was obtained from the ECE programs that completed an EOP form and from the state and local staff who administered the project, once after the first 9 months of implementation and again at the end of the project.

Findings from ECE Program Directors

In the final fiscal summary report, ECE programs were asked to describe any challenges they had in participating in the allowances project and suggest changes that could be made to improve the allowances project implementation. Of the 83 ECE programs submitting EOP data, the vast majority (n = 76, 92%) made comments about challenges, including the following:

- As a new program, the eligibility requirements of the allowances program was difficult to understand, and the application process was cumbersome, with confusing paperwork, and too many restrictions about eligibility and uses of funds.
 - These challenges were particularly true when ECE programs were trying to coordinate the allowances funds with CCAP funds, and had to report both allowances and CCAP funds separately.
 - The age and residence requirements limited access for many families who could have benefited from the allowances funds, and also made it hard for programs to explain the allowances program to families (e.g., eligibility only if families lived in a specific geographic area in Hennepin County).

- The income requirements restricted access for families who struggle to pay for ECE programs for their children (e.g., families who are low income, but not eligible for CCAP or Head Start, or families with parents trying to attend college living on limited incomes).
- The timeline for the allowances project was viewed as too short, making it difficult to establish a new program and communicate its availability to the community. Additionally, by ending in June before the start of the 2009 school year, some children with an ECE program were left without an ECE program for the summer months.
- Some ECE programs without cash reserves reported that it was difficult for them to cover charges or fees for children before they received the allowance reimbursement from the grantee.²⁹

Findings from Interim Interviews with Administration Staff

In interim interviews conducted in September 2008 to collect information about the first 9 months of implementation (January–September 2008), the evaluation team sought to understand how the individuals at DHS who were overseeing and administering the Pre-K Allowances Project at the state level, individuals who were involved early in the process of monitoring and assigning program approval at MDE, and those from the three grantees who were administering the allowances to families and working with participating ECE programs viewed the allowances project at that point in time. Their comments provided preliminary information about how some of the DHS, MDE, and grantee staff viewed the allowances project in the first year, its intent, its early implementation and administration, and the project’s potential for influencing early learning policies in Minnesota. Many of these early findings were reiterated by the same respondents in the final interviews conducted in August and September 2009.

- Overall, the interview respondents saw the ultimate goal of the allowances project as increasing school readiness of the participating children in the targeted communities. Respondents expected that children would have better school readiness outcomes because they (1) would be able to access high-quality ECE programs and (2) would 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). Data in this final report support that allowances funds were used for both uses, but combining both uses into one funding stream did create some confusion for both parents and ECE programs.

²⁹ See Appendix A (project manual) for a description of how grantees were to schedule payments. In the manual, grantees were instructed to develop a payment structure (e.g., quarterly invoicing vs monthly invoicing) and to work with programs if a family’s CCAP eligibility changed (pp. 13–14). Some ECE programs reported difficulty managing these multiple sources of payment, payment structure, and invoicing intervals.

- 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 could be used for quality improvement only (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 raised was the logistics of how ECE programs that do not charge fees to parents (e.g., Head Start and school-based ECE programs) would accommodate a child-based funding model (e.g., because enrollment and budgeting are centralized in those models). For example, school districts with pre-K classrooms rely on knowing expected enrollment and funding in the spring of the previous school year.³⁰
- Respondents commented that there was widespread, positive community response to the allowances project. Respondents reported that this response was 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. Later interviews also confirmed that many ECE programs took part in Parent Aware over the course of the project.
- Respondents noted that outreach activities to families had been highly successful in reaching families on waiting lists for ECE programs and identifying families that were not connected to programs. Data in this final report partially confirm this conclusion in that of the families completing the phone interview, more than one-third (36%) reported that their child had not been in an ECE program prior to receiving allowances funds, while other data reported by ECE programs showed that many children used the allowances funds to extend the number of hours they could attend the ECE program they were currently attending.
- 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. This suggestion was also noted by grantee staff in Hennepin who had a more difficult experience than did Saint Paul in getting the allowances program up and running in early 2008.
- 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:

³⁰ Of the total number of children with allowances funds, 28% attended Head Start programs and 20% attended school-based programs.

- 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. In later interviews, state and grantee staff pointed out that the quality improvements made as a result of the allowances project will affect the future children who attend ECE programs that upgraded quality as a result of their uses of the allowances fund for quality improvement activities.
- 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 took 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, making it difficult for grantees to communicate with ECE programs and for programs to communicate with families about the allowances project requirements. For example, procedures for the application process had to be developed and a DHS document that described how programs could 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 and 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, School Readiness Connections project), 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 (e.g., some of the family-based child care providers).
 - 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.³¹

Findings from Final Interviews with Administration Staff

The evaluation team again conducted brief phone interviews in August and September 2009 at the end of the allowances project with the staff at the Department of Human Services and the three grantees who administered the Pre-K Allowances Project. Many of the comments made in the interim interviews were repeated in these final interviews.

Across DHS and grantee staff, a number of successes and benefits of the allowances project were identified. Respondents uniformly commented that they felt that the allowances project accomplished the following:

- Provided much needed funds for use with more than 1,000 children to attend a high-quality ECE program and/or improve ECE program quality, including allowing some children to attend an ECE program who “otherwise would not have,” and served needy children not eligible for other types of ECE program funding (e.g., CCAP, Head Start).
- Provided better continuity of care for children receiving CCAP funds who frequently lose eligibility temporarily.

³¹ Of the \$6 million allocated, 8% was reserved for grantee administrative costs of overseeing and administering the implementation of the allowances project.

- Raised attention and awareness about ECE program quality among the ECE providers in the pilot communities (e.g., ECE providers asking about and participating in the Parent Aware quality rating system increased over the period of the project), and led many ECE programs to engage in a variety of activities to upgrade their ECE program quality.
- Created new opportunities for collaboration across ECE programs in serving children and improving program quality by coordinating the allowances funds with existing funding sources to serve additional children (e.g., a full day Head Start summer program, combining allowances funds with CCAP funds to extend hours served or cover fees when CCAP eligibility temporarily lapses, communitywide quality improvement trainings across multiple ECE programs).
- Provided much needed quality improvement funds that ECE programs used in ways that support not only the children participating in the allowances project but also the next cohorts of children who will attend those ECE programs (e.g., upgrading of early learning materials, curricula, and training opportunities for staff).
- Raised awareness about the importance of early childhood education generally across the pilot communities.

Across DHS and grantee staff, a number of challenges about the implementation of the allowances project were identified. Many of the challenges related to the difficulties surrounding the start up of the project (described above), both at the state level and the grantee (local community) level, including processing eligibility and application requirements, tracking and administering payments to ECE programs (including evaluation requirements), blending funding across multiple other funding streams, and communicating to ECE programs and families about the allowances project.

- The application process was described as cumbersome and in need of being more streamlined.
 - It was uniformly noted that it would have been better to allow parents to identify an ECE program that they would want to choose for use of the allowance on the application form. This process would have been more efficient because many families learned about the allowances program from the ECE providers in the programs their child was already attending or parents already knew what ECE program they wanted to choose at the time of completion of the application.³² A potential benefit to this procedure was that it required programs to clarify to parents how the allowances funds were going to be spent and may have helped educate families on how to be effective consumers of high-quality care. However, the form that needed to be completed was confusing for parents and programs alike.
- Both ECE programs and parents were confused about the allowed uses of the allowances funds. Combining fee-based uses and program quality improvement uses in a single

³² The process put in place required the parent to notify the ECE program once parents had received notification that their allowances application had been approved (in the form of an approval letter). Then, the ECE program had to complete a family agreement form describing how the allowances funds were to be spent. After that, the ECE program could begin to bill the grantee to receive the allowances funds. In practice, many families had enrolled their child in an ECE program and did not tell the program about the allowance. Grantees had no staff to follow up with every family, and grantees could not get ECE programs to let them know whether any children with approved allowances applications were attending their programs due to confidentiality reasons.

funding stream created some of the confusion (e.g., some parents in Head Start or school-based programs without parent fees did not understand why they were applying for allowances funds; for ECE programs using funds for quality improvement only, having the application process linked to a child did not make sense).

- Launching the Parent Aware quality ratings system at the same time as the allowances project made it difficult to get ECE programs rated quickly enough so that they would have program quality ratings required to accept the allowances funds.
- For those children receiving CCAP funds who also were eligible for allowances, coordination with the CCAP program was difficult and required two sets of eligibility determination and reporting activities.
- In some areas, parents may have been frustrated when there were so few rated ECE programs in which they could use their allowances funds.
- Some different and specific challenges were identified for each of the three grantees.
 - For the Hennepin grantee, having a limited geographic area as a requirement for eligibility made it difficult to communicate about the allowances program to both ECE programs and families.
 - For the Blue Earth and Nicollet grantee, the family child care providers had a number of concerns about the Parent Aware rating process that made it difficult for them to participate in the allowances project.
 - For the Saint Paul grantee, there were challenges to administering both the Saint Paul Early Childhood Scholarship Program and the Pre-K Allowances Project because staff needed to explain two different programs with slightly different eligibility criteria with different amounts of funds. These challenges were outweighed by the many advantages including establishing ties with providers, which allowed the grantee to serve a larger number of children in a short amount of time. The grantee for Saint Paul also learned early in the project that contacting programs directly and having them invoice on a more regular monthly basis was beneficial to the programs and the grantee's ability to track children over time.

Summary and Conclusions

The evaluation of the Pre-K Allowances Project yielded a variety of information to demonstrate that the project succeeded in meeting many of its goals. The information from this project can be used by policymakers in Minnesota in future early childhood efforts aimed at increasing access to high-quality ECE programming for young children across the state in order to promote school readiness for all of Minnesota's young children.

In the allowances project, over \$4 million in funds were distributed for families in the three pilot areas to use in ECE programs to increase ECE program access and improve ECE program quality for a total of 973 children. These allowances funds were used in 97 ECE programs across the three pilot areas. In addition, a total of \$719,863 was used to support 174 children participating in the Saint Paul Early Childhood Scholarship Program to attend high-quality ECE programs (not described in findings below). The number of children served was higher than the projected number from the original legislation.

- A total of 973 eligible children were awarded allowances funds for use at eligible ECE programs.
 - 518 were in the city of Saint Paul (53%)
 - 312 were in Hennepin County (32%)
 - 143 were in Blue Earth and Nicollet counties (15%)
- Nearly \$4 million in allowances funds were distributed.
 - About half (53%) were distributed to Saint Paul.
 - About one-third (32%) were distributed to Hennepin County.
 - 15% were distributed to Blue Earth and Nicollet counties.
- There were 97 different ECE programs with children with allowances funds ($n = 973$).
 - Nearly half of the children (48%) attended center-based ECE programs (either for-profit or nonprofit) using allowances funds.
 - About one-fourth of the children (28%) used allowances funds in Head Start programs.
 - One-fifth of the children (20%) attended pre-K classrooms in school districts using allowances funds.
 - A small number of children (4%) used their allowances at family child care programs.

The allowances project served a diverse group of needy children and families, targeting low income families as specified in the allowances legislation.

- About half of the children (56%) were on average 4 to 5 years old when they started using their allowances funds at an ECE program, about one-fourth (29%) were less than four years old, and 15% were more than 5 years old.
- Children served by the allowances project came from diverse backgrounds, with 40% of the children reported to be African-American, 14% White, 13% Asian, and 9% Latino.
- Three-fourths of the families (75%) had very low incomes (i.e., less than \$30,000 per year).

- Over one-fourth of parents (28%) had less than a high school education, and this percentage was identical across all pilot areas.
- Many participating families reported that they were receiving a variety of other services, benefits and public assistance to support their families and their children’s health and development, highlighting the fact that many of the families were already connected to services and community organizations and that they were needy families.
 - Nearly two-thirds of families had received parenting or home visiting services (60% and 62%, respectively).
 - About two-thirds of families (67%) had children eligible for the free or reduced-price school lunch program.
 - Nearly half of families were receiving food stamps (45%) and Medicaid assistance (45%).
 - Only about one-fourth of families (27%) reported receiving child care subsidy assistance (CCAP), and the rate of receipt was lowest in Blue Earth and Nicollet counties (14%) and highest in Hennepin County (31%).
 - Nearly one-fourth of families (22%) reported receiving assistance from the Minnesota Family Investment Program (MFIP).

As specified in the allowances legislation, allowances funds were used both for payments for children’s fees or charges and for ECE program quality improvement uses.

- More than half of the funds (58%) were spent to pay for children’s care, and the remaining 42% of funds were spent for ECE program quality improvement (with only 2% used exclusively for quality improvement).
- Of the total amount of allowances funds spent for quality improvement (42% of the total amount spent), ECE programs used most of these funds to upgrade the materials for the children’s learning environment.
 - Almost half of these quality improvement funds (45%) were spent on purchasing learning materials.
 - ECE programs used 15% of these funds to purchase curricula or assessment tools to use with the children in the ECE program.
 - More than one-quarter of the quality improvement funds (29%) were spent to train staff on curricula or assessment tools.
- Funds used for quality improvement were used mainly to upgrade the learning environments by purchasing learning materials (45%), or curricula and assessment tools (15%), or to train staff on curricula or assessment tools (29%). These investments benefited all children in those programs, and will benefit future cohorts of children who attend them.

Allowances funds could be and were combined or blended with other sources of funding.

- More than one-fourth (26%) of the children had allowances funds as their only source of funding, and about three-fourths of the children (74%) had their allowances funds combined with one or more other funding sources.
- Allowances funds were most commonly combined with Head Start or CCAP funds (or both), and with school district funds.

The Pre-K Allowances Project had enthusiastic support from parents and ECE program staff. Most parents reported that the process of completing the application and finding and enrolling their child in a high-quality ECE program was easy. Interviews with key implementation state and pilot area grantee staff support the conclusion that the allowances project contributed to progress in promoting the early learning experiences of young children from low-income families by supporting ECE program access and program quality. Their comments also highlighted a number of challenges in starting up the allowances on a short timeline (i.e., key policy and procedural decisions about operationalizing the legislation as intended needed to be clarified and communicated to grantees, ECE programs, and families) The data about these challenges as well as the successes of the allowances project raise questions for future policymaking efforts. These include the following:

- While ECE funding to improve access and program quality are both important, would it be more effective and efficient to separate the two types of uses into separate funding streams?
- How can future efforts develop more streamlined and coordinated mechanisms for determining eligibility, making and tracking payments to ECE programs, including coordinating funds with other sources of funds (e.g., CCAP)?
- How can funding levels be increased to support a larger group of participating families, especially those with low incomes who are not eligible for other existing ECE program funding (e.g., Head Start, CCAP)?
- How can outreach and public education efforts be improved so that more of the neediest families will seek out high-quality ECE programs for their children?
- In any future expansion of the allowances program, how will the lessons learned from this pilot project be examined and exploited for more effective and efficient implementation?

It is expected that MELF, DHS, MDE, and the Minnesota legislature will review the findings of this allowances project evaluation to address these and other questions critical to advancing a strategic agenda for promoting high-quality early childhood programming in Minnesota. 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 the ways in which each initiative will reach its goal.

Data from both of these projects, as well as from the evaluations of the Parent Aware program quality system and the School Readiness Connections project, can offer important insights for forging that strategic agenda for early childhood.

Appendices

Appendix A. Pre-Kindergarten Exploratory

Allowances Project Manual

Version date: February 5, 2009

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

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
7. Splitting allowances between multiple programs
8. Appeals

(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 74, Number 14, page 4199-4201, January 23, 2009.*)

| Family income | | Family size |
|---------------|----------|-------------|
| 100%FPG | 185% FPG | |
| \$14,570 | \$26,955 | 2 |
| \$18,310 | \$33,874 | 3 |
| \$22,050 | \$40,793 | 4 |
| \$25,790 | \$47,712 | 5 |
| \$29,530 | \$54,631 | 6 |

| | | |
|--|----------|---|
| \$33,270 | \$61,550 | 7 |
| \$37,010 | \$68,469 | 8 |
| * For families with more than 8 persons, add \$3,740 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://aspe.hhs.gov/poverty/09fedreg.pdf>

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
- Multiple semimonthly wage by 24
- Multiple a monthly wage by 12
- Multiple 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.

Children with IEPs

A child in the Early Childhood Special Education (ECSE) system with an Individualized Education Plan (IEPs) is eligible to receive allowances if the child's family is determined eligible.

A child's status in the ECSE program is private information. Therefore, you will not know which children have IEPs and which children do not. The following policy regarding allowable uses of allowances for ECSE programs serving children with IEPs will be shared directly with ECSE program staff. You are not responsible for enforcing this policy, it is provided here so that you know that there is a policy in case you receive questions from programs.

Children with IEPs may select an approved program. If the family selects the ECSE program identified in the child's IEP, the allowance may only be used to pay for increasing the program duration for the child. If the family selects a program other than the ECSE program identified in the child's IEP, it may be used for any of the allowed uses.

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. Program agreements with families
6. Schedule payments and reporting
7. Scheduling period 2 payments for group 2 children
8. Awarding allowances for quality improvement only
9. Issuing 1099s
10. Awarding allowances to providers/early educators serving own children
11. Changing the status of an allowance when a program's rating changes

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:

- Individualized consultation
- Training

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

Note that programs must choose curriculum materials that are approved or minimally are generally aligned with the Minnesota Early Childhood Indicators of Progress. Similarly, programs may apply for assessment materials that are not approved. If a program chooses to purchase a curriculum or assessment that is not approved, be sure they are aware that it is not approved and they will therefore not receive full points when they apply for Parent Aware.

Uses that are *not allowed*:

- Capital expenses, such as construction or a bus
- Materials that would not help the program reach a higher rating in Parent Aware, such as staff uniforms
- Religious items, such as prayer books or toys that represent a specific religion

If you are not sure if something a program has requested is allowed or not, ask DHS for feedback before reimbursing the item.

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.

Requests for private data

All data or information about a family or an individual is considered private data and can not be

shared without the family or individual's consent. Do not respond to a request for private pre-k allowance program data unless it is from the evaluation team at SRI or DHS, or it is for a purpose allowed under the Minnesota Data Privacy Practices Act. If private information is requested and you are not sure if you should fulfill the request, ask DHS or the data privacy practices officer for your organization before you respond.

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? |
|--|--|--------------------|--|--------------------|
| Not eligible: children are eligible for kindergarten or older | | | | |
| 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 |
| Eligible children: group 1 | | | | |
| 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 |
| Eligible children: group 2 | | | | |
| 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? |
|--|---|---------------------------|---|---------------------------|
| <i>Eligible children: group 3</i> | | | | |
| 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 |
| <i>Not eligible: children do not meet the age requirement</i> | | | | |
| 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): | \$ |
|---|-----------|

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:
 - Parent charges or fees (allowances must be used to cover these first)
 - Improving program quality
 - Increasing the amount of time the program provides services to your child each week
 - Providing more spaces to serve more low income children
 - If you select a program that is not approved, the program can use it for:
 - 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:
 - 3-star rating
 - 4-star rating
 - Provisional rating. (Provisional ratings will be displayed as 3 stars on the Parent Aware website.)
 - Provisional approval from the Minnesota Department of Education
 - 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:
 - Parent charges or fees (must be covered first)
 - Improving quality (see list of approved quality improvement uses)
 - Increasing duration – the amount of services you provide per week
 - Providing more spaces to serve more low income preschool-aged children
 - Uses allowed for programs that are not approved include:
 - 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:
 - Individualized consultation
 - Training
 - Materials
 - Tuition for higher education
 - Fees for special licensure or credentials
 - Books or other materials needed for coursework
 - Fees for substitute teachers
 - Additional or specialized staff, such as a literacy specialist
 - 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.