

**124D.16 SCHOOL READINESS AID.**

Subdivision 1. [Repealed, 1Sp2005 c 5 art 7 s 21]

Subd. 2. **Amount of aid.** (a) A district is eligible to receive school readiness aid for eligible prekindergarten pupils enrolled in a school readiness program under section 124D.15 if the biennial plan required by section 124D.15, subdivision 3a, has been approved by the commissioner.

(b) For fiscal year 2002 and thereafter, a district must receive school readiness aid equal to:

(1) the number of four-year-old children in the district on October 1 for the previous school year times the ratio of 50 percent of the total school readiness aid for that year to the total number of four-year-old children reported to the commissioner for the previous school year; plus

(2) the number of pupils enrolled in the school district from families eligible for the free or reduced school lunch program for the previous school year times the ratio of 50 percent of the total school readiness aid for that year to the total number of pupils in the state from families eligible for the free or reduced school lunch program for the previous school year.

Subd. 3. **Use of aid.** School readiness aid shall be used only to provide a school readiness program and may be used to provide transportation. Not more than five percent of program revenue, as defined in subdivision 5, may be used for the cost of administering the program. Aid must be used to supplement and not supplant local, state, and federal funding. Aid may not be used for instruction and services required under sections 125A.03 to 125A.24 and 125A.65. Aid may not be used to purchase land or construct buildings, but may be used to lease or renovate existing buildings.

Subd. 4. [Repealed, 1Sp2005 c 5 art 7 s 21]

Subd. 5. **Reserve account.** School readiness revenue, which includes aids, fees, grants, and all other revenues received by the district school readiness programs, must be maintained in a reserve account within the community service fund.

Subd. 6. **Reserve account limit.** (a) Under this section, the average balance, during the most recent three-year period, in a district's school readiness reserve account on June 30 of each year, adjusted for any prior reductions under this subdivision, must not be greater than 25 percent of the district's school readiness annual revenue for the prior year, excluding adjustments under this subdivision.

(b) If a district's adjusted average school readiness reserve over the three-year period is in excess of the limit under paragraph (a), the district's current year school readiness state aid must be reduced by the lesser of the excess reserve amount or the current year aid.

(c) Notwithstanding paragraph (a), for fiscal year 2003, the excess reserve amount shall be computed using the balance in a district's school readiness reserve account on June 30, 2002. For fiscal year 2004, the excess reserve amount shall be computed using the adjusted average balance in a district's school readiness reserve account on June 30, 2002, and June 30, 2003.

Subd. 7. **Waiver.** If a district anticipates that the reserve account may exceed the 25 percent limit established under subdivision 6 because of extenuating circumstances, prior approval to exceed the limit must be obtained in writing from the commissioner.

**History:** 1991 c 265 art 7 s 13; 1992 c 363 art 2 s 5; 1992 c 499 art 7 s 2; 1993 c 224 art 4 s 22,23; 1994 c 483 s 1; 1Sp1995 c 3 art 16 s 13; 1997 c 162 art 4 s 59,60; 1998 c 397 art 3 s 74,75,103; art 11 s 3; 1999 c 205 art 1 s 70; 2000 c 489 art 1 s 8; 1Sp2001 c 3 art 1 s 10-13; 1Sp2003 c 9 art 7 s 9,10; 1Sp2005 c 5 art 7 s 13,14