

# AMSD Position on Compensatory Revenue

**T**he Association of Metropolitan School Districts believes that the compensatory revenue formula should be enhanced by increasing funding for at-risk students. AMSD opposes changes in the compensatory revenue funding formula that reduces funding for schools with high concentrations of low-income students.

## AMSD BELIEVES

- Schools with high concentrations of students who qualify for free or reduced price lunch need additional funding in order to provide the extra services these students need to achieve and meet State graduation requirements.

- All school districts are striving to meet the needs of students whose educational progress is below grade level as assessed by federal, state or local content or performance standards. The current compensatory revenue formula should be revised to better reflect the increased expenses incurred when serving students from low-income families.

- The level of poverty is understated in most schools because many parents and students are reluctant to indicate their eligibility for the free or reduced lunch program.

## BACKGROUND

Student eligibility for the free and reduced price lunch program is based on family income. For the 2006-07 school year, a student from a family of four is eligible for the free lunch program if the family income is at or below \$26,000 – 130 percent of the federal poverty level. A student from a family of four qualifies for the reduced price lunch program if their family income is at or below \$37,000 – 185 percent of the federal poverty level.

Compensatory revenue is provided to school sites using a formula based on the concentration of students eligible for free or reduced price lunch at the site. Since 1989, the number of students qualifying for free or reduced price lunch programs has increased by over 65 percent. Between 1998 and 2006, the number of Minnesota students qualifying for free and reduced-priced lunch has increased 15%.

Compensatory revenue provides the services students need to achieve at high levels. Such services include remedial instruction, additional teachers and aides, more individualized instruction, longer school days, full-day kindergarten, summer programs, ongoing staff development, programs to reduce truancy, and programs to encourage parental involvement. The education funding study commissioned by P.S. Minnesota shows that Minnesota must significantly increase funding for at-risk students to ensure these students have the resources necessary to meet performance expectations.



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