Compensatory Funding

From the District Level

Compensatory Revenue Task Force - November 3, 2025

Agenda

Introductions

Compensatory Revenue at the District Level

District Profiles

Key Takeaways

Questions

Presenters

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What is Compensatory Revenue?

It is aimed at supporting students **underprepared for learning, academically behind or at risk** due to socioeconomic challenges. It ensures additional educational resources are available.

Typically focussed at schools with **higher concentrations of low-income students**, helping to close achievement gaps and promote educational equity.

Funds can be used for **instructional support, tutoring, extended day programs, and other services that directly benefit struggling learners**.

It is the **second-largest component** of general education funding

How is it used?

Schools can use this revenue for a range of programs and services, including:

- Hiring additional teachers and aides to reduce class sizes
- Remedial instruction in subjects like reading, math, and language arts
- Staff development and training
- Instructional materials, digital learning, and technology
- Programs to reduce truancy and encourage high school completion
- Bilingual and English learner programs
- Extended school day or year programs

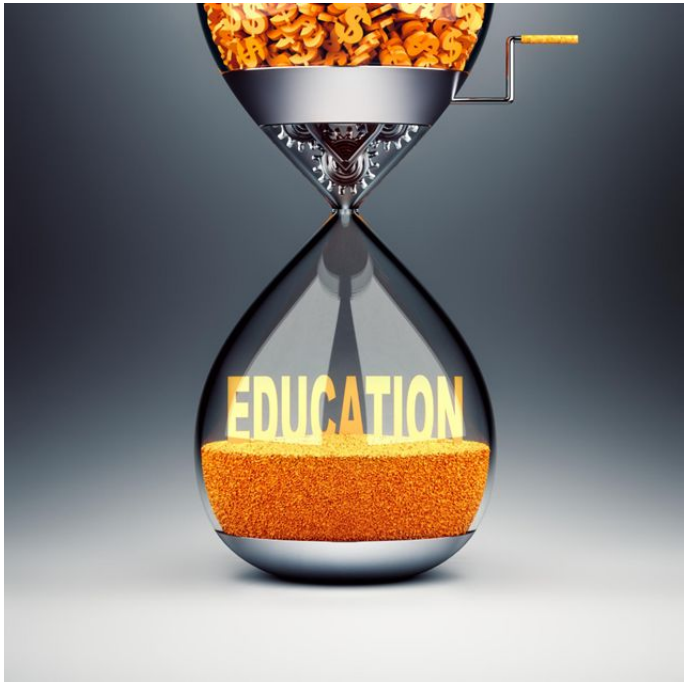
How It's Calculated

Has been based on counts of students eligible for free/reduced lunch along with a concentration factor.

Now shifting to a **direct certification model**, using data from public assistance programs.

Revenue is allocated at the school **site level**, not district-wide. 80% must be used at the site that generated the revenue.

Due to large variations in the formula for FY 2026, a **hold harmless provision** was introduced to ensure more stable funding during this transition



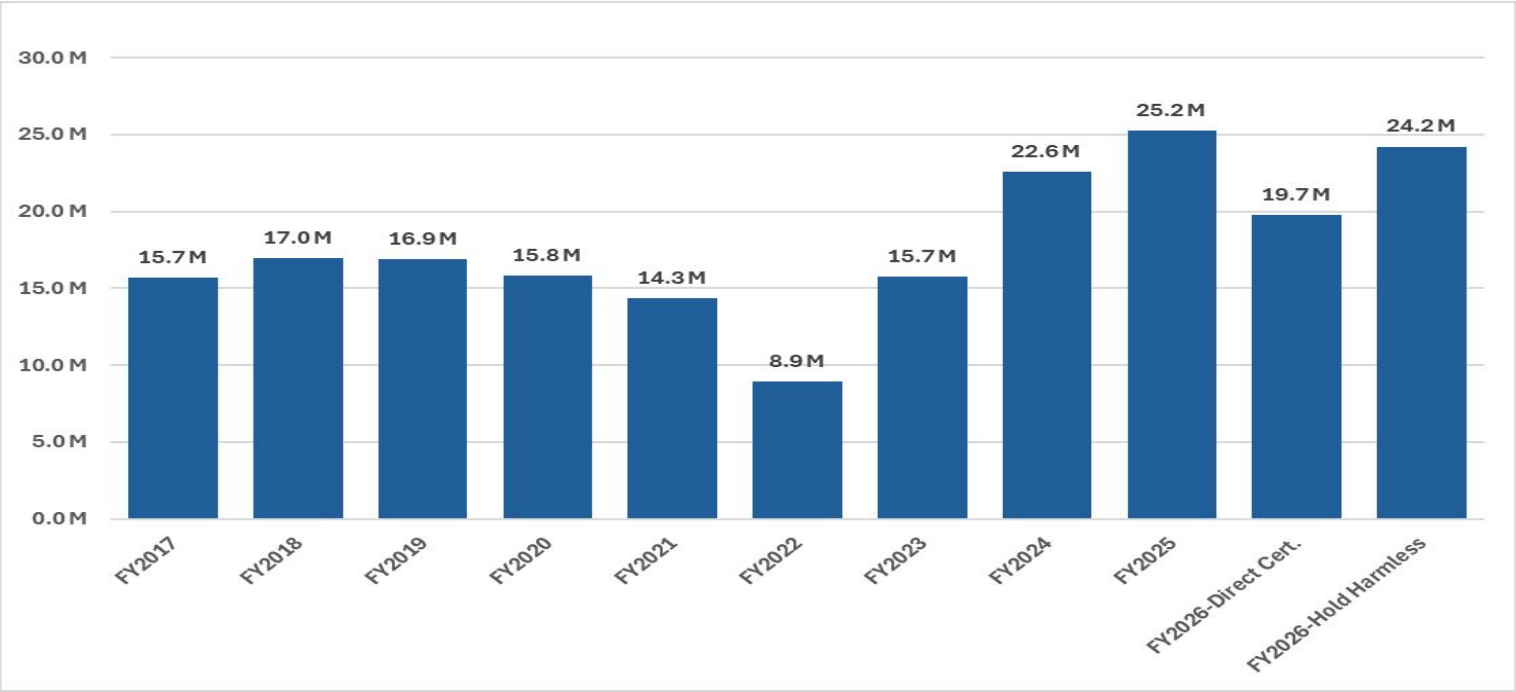
District Profile: Osseo Area Schools

- Approximately 21,000 students PreK-12th grade, 5th largest district in MN
- 32 school buildings
- District covers part or all of the cities of Brooklyn Center, Brooklyn Park, Corcoran, Maple Grove, Osseo, Plymouth, and Rogers.
- Socioeconomic diversity varies widely across the district
- More than 100 languages spoken

Osseo Area Schools

Osseo Area Schools

Funding Data and History



Building Stories: Park Center Senior High

Total Compensatory Allocation: $3,729,980
Total Licensed FTE Supported: 26.65

Five main investment areas:

- Remedial Instruction
- Individualized Instruction
- Substantial Parent Involvement
- Professional Development
- **Co-Teaching Model**

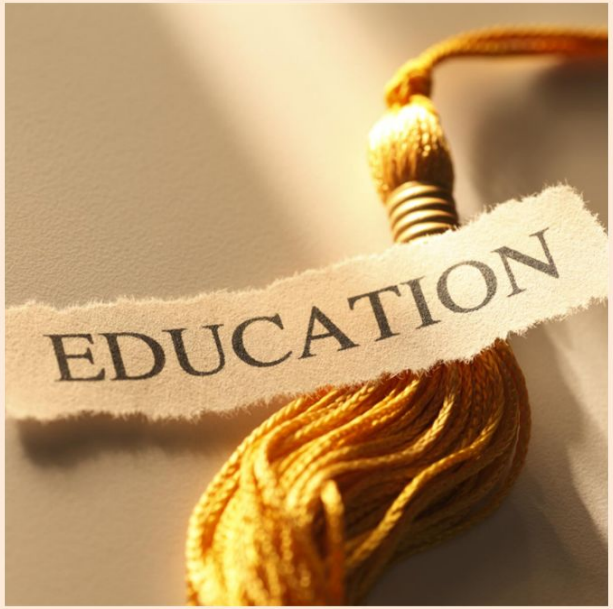
Graduation rates up over 7% last year!!

Building Stories: Brooklyn Middle Steam School

Total Compensatory Allocation: $1,639,676
Total Licensed FTE Supported: 12.81

Four main investment areas:

- Remedial Instruction
- Counseling/Truancy Support
- Substantial Parent Involvement
- Individualized Instruction



Math and reading growing, gaps are closing!!

Building Stories: Edinbrook Elementary School

Total Compensatory Allocation: $1,599,435
Total Licensed FTE Supported: 11.71

Four main investment areas:

- Remedial Instruction
- Professional Development
- Individualized Instruction
- Counseling/Truancy Support

AVID Program successes!!

Osseo Area Schools

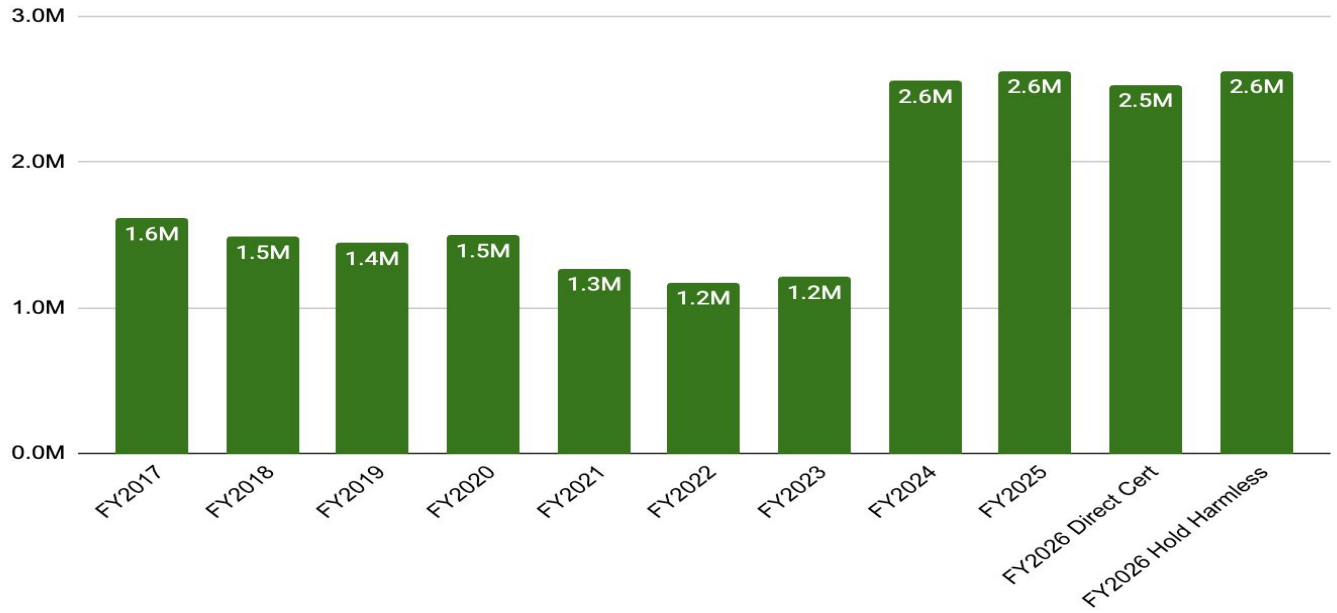
Challenges

- Big swings in revenue year over year
- Timing of legislative changes
  - Staffing and budgeting process already complete
  - Needs a one year lag for any changes
- Inefficient data collection:
  - Districts spend significant time and resources to collect these forms, often through personal outreach.
  - Impact on other grants affected by educational benefits. (ESEA)
- 80% rule can make it difficult for district to control how the funding is used
- Quantifying results

District Profile: Sauk Rapids-Rice Public Schools

- Approximately 4,400 students PreK-12th grade
- Serves the communities of Sauk Rapids and Rice and surrounding townships
- Has six school facilities: Hillside Early Childhood Center, Pleasantview Elementary, Mississippi Heights Elementary, Rice Elementary, Sauk Rapids-Rice Middle School, and Sauk Rapids-Rice High School.
- Largest employer in Benton County
- Limits non-resident enrollment through board policy
- Relatively low minority population

Funding Data and History



Building Stories: Pleasantview Elementary School

Total Compensatory Allocation: $627,257.54
Total Licensed/Non Licensed FTE Supported: 6.2/1

Four main investment areas:

- Class size reduction
- Remedial Instruction
- Individualized Instruction
- Classroom paraprofessional support, behavior management

Challenges

- We rely on this funding year over year to **provide basic instruction**
- Districts are **not capturing all students** that would have historically qualified for educational benefits through direct certification
- **Data verification** of paper forms
- **80% rule** can make it difficult for district to control how the funding is used
- Quantifying **results**

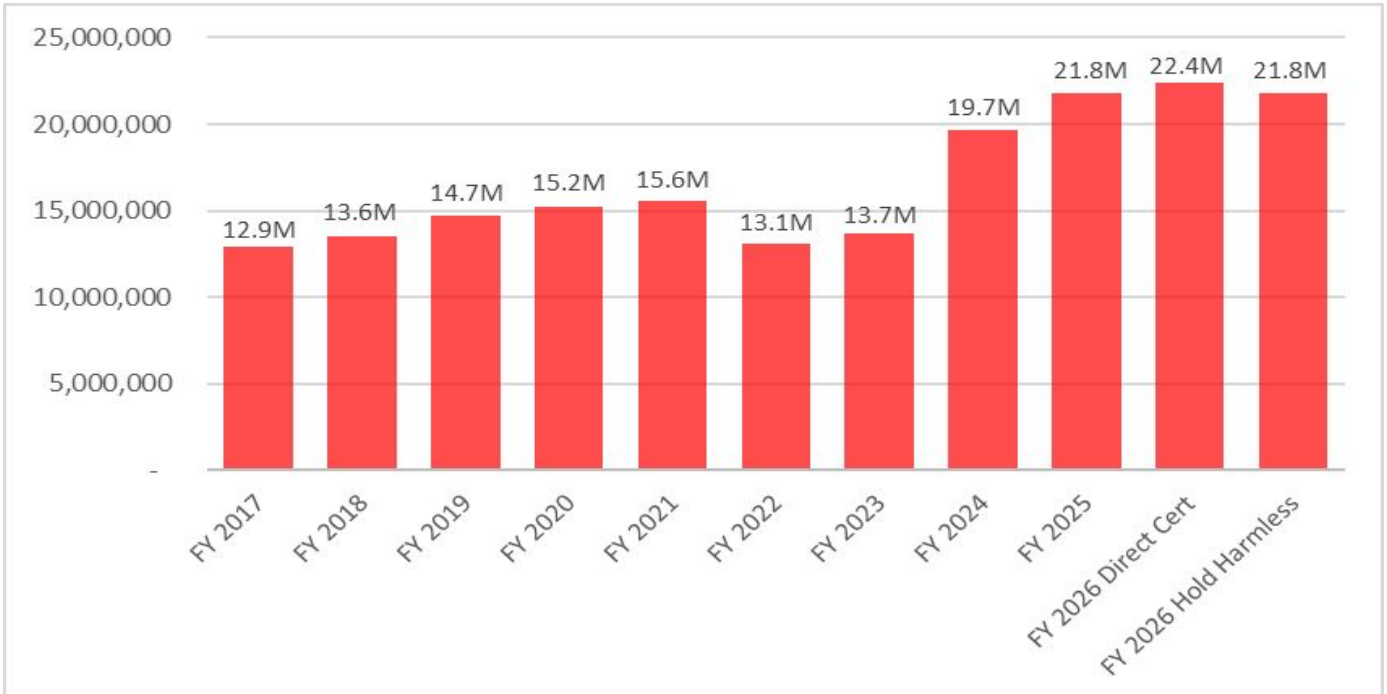
St. Cloud Area School District 742!

District Profile: St. Cloud Area Schools

- Approximately 10,000 students PreK - 12th
- District serves four counties and nine communities over 250 square miles
- 18 school building sites including 4 alternative locations and an early childhood center
- Student demographics: We serve a diverse student population that includes 70% free and reduced lunch, 64% students of color, 23% students with IEPs, and 23% English Learners
- High student mobility rate

St. Cloud Area School District 742!

Funding Data and History



St. Cloud Area School District 742!

Building Stories: Talahi Community School

Total Compensatory Allocation: $1,731,809
Total Licensed / Non Licensed FTE Supported: 14.58

Main investment areas:

- Class size reduction
- Counseling / mental health support
- Staff development
- Special Education

St. Cloud Area School District 742!

Building Stories: South Junior High School

Total Compensatory Allocation: $1,623,880
Total Licensed / Non Licensed FTE Supported: 15.43

Main investment areas:

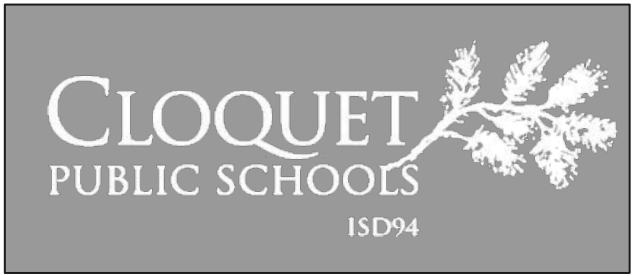
- Remedial instruction
- Class size reduction / teaming
- Individualized instruction
- Staff development

St. Cloud Area School District 742!

Challenges

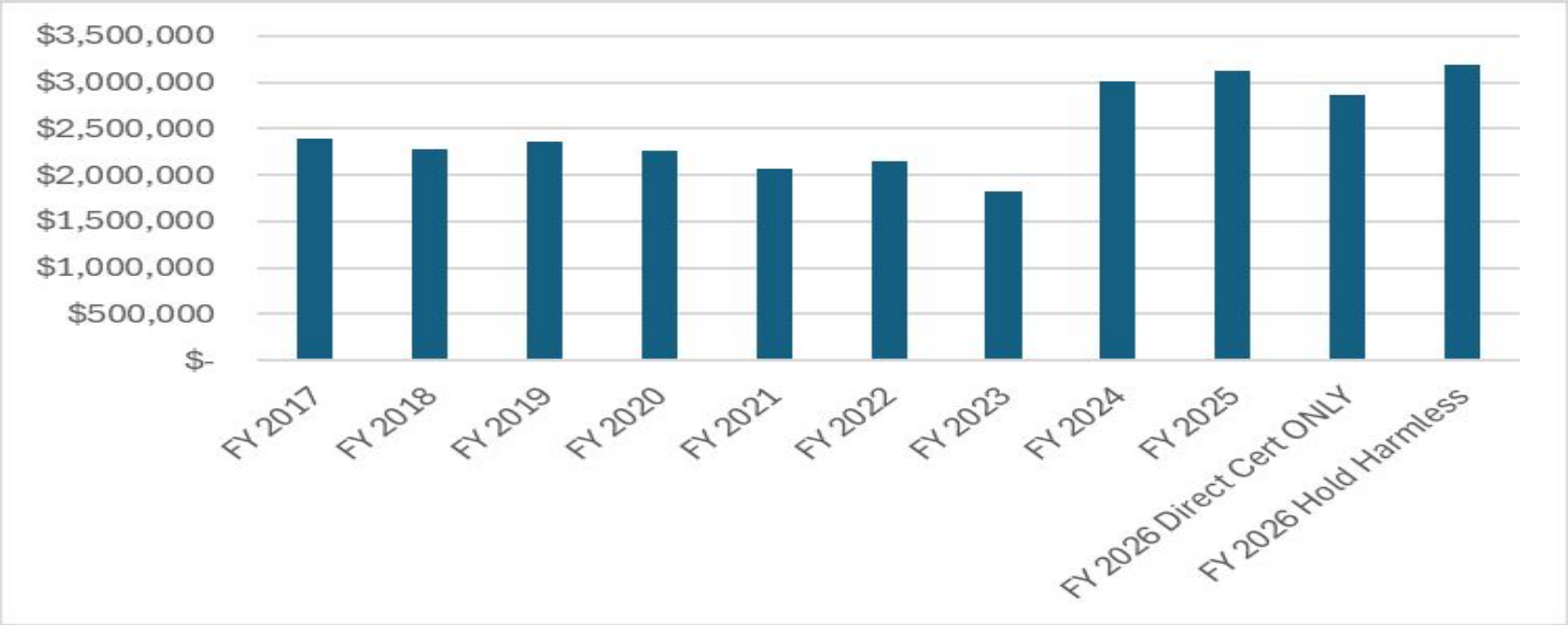
- Funding is essential and without it class sizes would not be manageable
- Large increases and decreases in funding by site and in total from year to year makes staffing difficult
- Districts are not capturing all students that would have historically qualified for educational benefits through direct certification
- Can no longer use for EL costs without losing EL cross subsidy aid
- Quantifying results

District Profile: Cloquet Schools



- Approximately 2,350 students K-12th grade
- Five school buildings which also houses an Alternative Learning Center and Setting IV Program.
- Serves the communities of Cloquet and Fond Du Lac nation
- Student population demographics: Cloquet has a wide range on demographics including 70% white, 25% Native American, and 5% 2 or more races. We have approximately 25% special education students and 45% Free and Reduced.

Funding Data and History



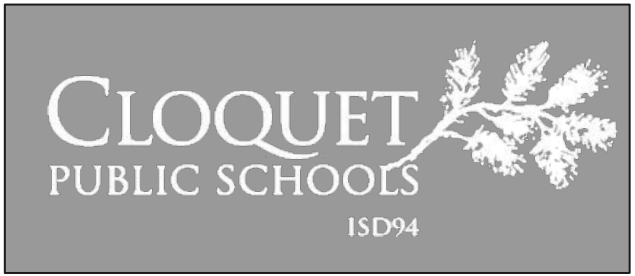
Building Stories: Washington Elementary

Total Compensatory Allocation: $502,202
Total Licensed FTE: 38.61 FTE

Main investment area:

- Class size reduction

Challenges



- We rely on this funding year over year to **reduce class sizes**
- Districts are **not capturing all students** that would have historically qualified for educational benefits through direct certification
- **Data verification** of paper forms
- Quantifying **results**

Statewide Impact

Schools with largest **per pupil** decrease in funding

Dist. #	Type	District Name	FY2025 ADM	FY2026 ADM	FY2025	FY2026	Impact of FY2026	Adjust per ADM
801	1	Browns Valley Public School District	189.92	179.20	332,664.88	54,725.86	(277,939.02)	(1,463.45)
837	1	Madelia Public School District	624.62	608.00	845,963.44	107,633.82	(738,329.62)	(1,182.05)
13	1	Columbia Heights Public School District	3,610.42	3,540.04	9,028,463.00	5,374,268.17	(3,654,194.83)	(1,012.12)
852	1	Campbell-Tintah Public School District	102.72	118.68	92,829.22	3,754.20	(89,075.02)	(867.16)
36	1	Kelliher Public School District	298.46	305.00	773,748.62	527,428.20	(246,320.42)	(825.30)
2753	1	Long Prairie-Grey Eagle School District	997.84	989.00	1,804,726.30	1,055,476.48	(749,249.82)	(750.87)
518	1	Worthington Public School District	3,945.65	3,818.60	7,831,732.66	5,088,988.82	(2,742,743.84)	(695.13)
2215	1	Norman County East School District	171.31	183.40	266,763.22	158,488.41	(108,274.81)	(632.04)
473	1	Isle Public School District	389.85	369.40	700,954.02	459,022.72	(241,931.30)	(620.58)
2907	1	Round Lake-Brewster Public Schools	523.46	570.00	890,477.66	583,400.89	(307,076.77)	(586.63)

Key Takeaways

Importance of Compensatory Revenue

- Compensatory revenue supports essential student services and allows for smaller class sizes. It allow for support of the most vulnerable students and plays a critical role in closing achievement gaps.

Funding Vulnerability

- Funding is highly sensitive to eligibility and formula changes, risking sudden and significant drops. This threatens educational stability.

Need for Legislative Action

- Legislative measures are essential to stabilize and improve funding. This ensures equitable access to necessary educational resources.

Equity and Effectiveness

- Adopting recommended improvements promotes a fair and effective education system for all students to succeed.

Questions?