



## Association of Metropolitan School Districts

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# Position on Compensatory Revenue

**The compensatory revenue formula should be enhanced by increasing the base funding while continuing to provide additional resources for schools with high concentrations of low-income students. In addition, the formula should be stabilized by using factors beyond eligibility for free or reduced price lunch to determine the level of compensatory funding.**

### AMSD BELIEVES

- 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 resources needed to properly serve students from low-income families.
- To ensure equitable outcomes, schools with high concentrations of students who qualify for free or reduced price lunch need even greater resources to provide the extra services these students need to achieve and meet State graduation requirements.
- The level of poverty is understated in most schools because many parents and students are reluctant to apply for the free or reduced price lunch program.

### BACKGROUND

Student eligibility for the free and reduced price lunch program is based on family income. For FY 2022-23, a student from a family of four is eligible for the free lunch program if the family income is at or below \$36,075 – 130 percent of the federal poverty level.<sup>1</sup> A

student from a family of four qualifies for the reduced-price lunch program if their family income is at or below \$51,338 – 185 percent of the federal poverty level.<sup>2</sup>

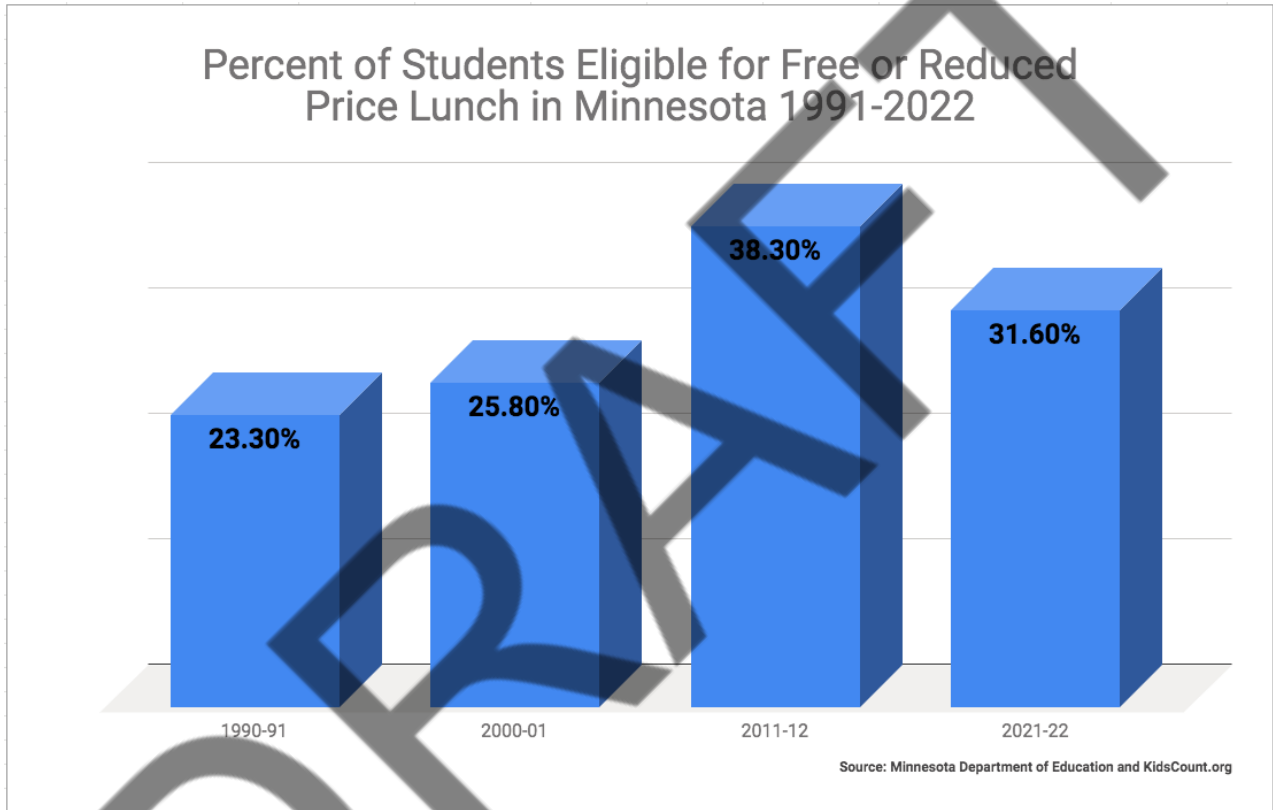
Compensatory revenue is provided to school sites using a formula based on the number and concentration of students eligible for free or reduced price lunch at the site.

Compensatory revenue provides the services students need to achieve at high levels. Such services include remedial instruction, additional teachers and aides, individualized instruction, longer school days, summer programs, ongoing staff development, programs to reduce truancy, and programs to encourage parental involvement. Studies have found a connection between providing additional funding for these at-risk students and increased academic success.<sup>3</sup>

In the 2021-22 school year, 274,886 of Minnesota students (31.6 percent) qualified for the free or reduced-price lunch program.<sup>4</sup>

# AMSD Position on Compensatory Revenue

The graph below shows that the percent of students eligible for free or reduced price lunch has grown significantly over the past two decades.<sup>5</sup> (While 2021-22 showed a slight decline, that is largely attributable to the federal government providing free meals to all students during the pandemic, resulting in fewer families submitting paperwork for assistance.) Meanwhile, overall student enrollment across Minnesota continues to grow. In 1991, student enrollment was just under 751,000 statewide. The 2021 enrollment surpassed 870,000, and projections for 2023 estimate more than 885,000 students.<sup>6</sup> It is critical that these students receive the support they need if we are to succeed in closing the achievement gap.



## Endnotes

<sup>1</sup> Child Nutrition Programs: Income Eligibility Guidelines (July 1, 2022-June 30, 2023):

<https://www.govinfo.gov/content/pkg/FR-2022-02-16/pdf/2022-03261.pdf>

<sup>2</sup> Child Nutrition Programs: Income Eligibility Guidelines.

<sup>3</sup> "The Importance of At Risk Funding," *Education Commission of the States*, 2016.

< <https://www.ecs.org/wp-content/uploads/The-Importance-of-At-risk-Funding.pdf> >

<sup>4</sup> "Special Populations," *Data Reports and Analytics*, 2018-19 Minnesota Department of Education

<sup>5</sup> "Children Receiving Free/Reduced Price Lunch (Percent) – 1991 & 2001," *Kids Count Data Center-Data by State*, 2011, Annie E. Casey Foundation, 18 Jan. 2012

<<http://datacenter.kidscount.org/data/bystate/Rankings.aspx?state=MN&loct=5&by=a&order=a&ind=1772&dtm=10849&tf=2>>

<sup>6</sup> Adjusted Average Daily Membership in Minnesota, Minnesota House of Representatives Research, Nov. 2020

<https://www.house.leg.state.mn.us/hrd/pubs/mnschfin.pdf>