



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, with the passage of Minnesota's Universal Meals Act, the formula must be stabilized, beyond the hold harmless period, by using factors other than eligibility for free or reduced-price lunch to determine the level of compensatory

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 — particularly now the free breakfast and lunch are provided to all students.

BACKGROUND

Compensatory revenue is funding, in addition to the state per pupil formula for school districts, that provides academic support services for students at specific school sites in high poverty concentrated areas. Services funded

through compensatory revenue 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.¹

By law, compensatory revenue is distributed to school sites using a formula based on the number and concentration of students eligible for free or reduced-price lunch at a site. Prior to 2023, to be eligible for free or reduced-price lunch families were required to complete an application form with eligibility based on family income.

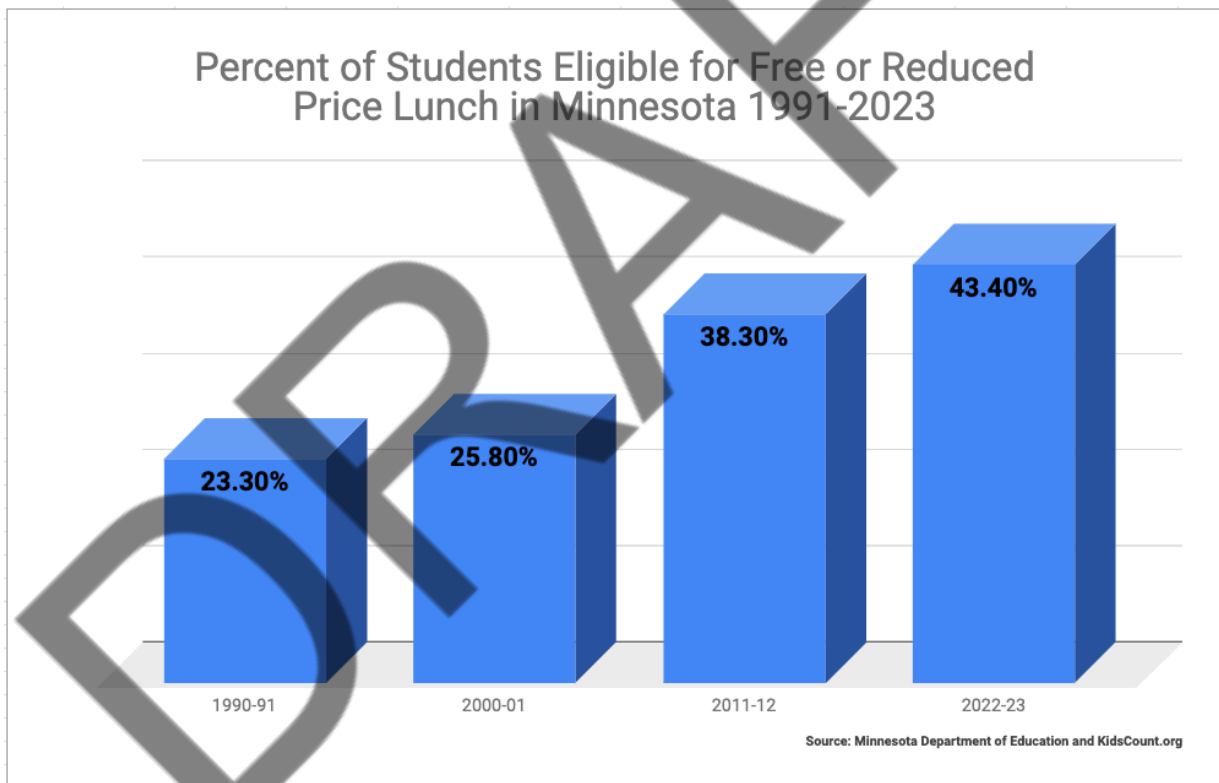
The Minnesota Legislature passed the Free School Meals Program in the 2023 session — a program that provides state reimbursement to schools that participate in the National School Lunch and School Breakfast Programs. The “Universal Meals Act” provides free breakfast and lunch for all Minnesota students, regardless of income eligibility. As a result of the 2023 legislation, it is expected to become significantly more challenging to accurately determine the percentage of families below

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income thresholds, as families no longer need volunteer this information to districts. For reference, for FY 23-24, a student from a family of four is eligible for the free lunch program if the family income is at or below \$39,000 – 130 percent of the federal poverty level.² A student from a family of four qualifies for the reduced-price lunch program if their family income is at or below \$55,500 – 185 percent of the federal poverty level.³

In the 2022-23 school year, 377,890 of Minnesota students (43.4 percent) qualified for the free or reduced-price lunch program. That marks a nearly 12 percent increase — more than 100,000 students — up from the 2021-22 school year.⁴

The graph below shows that the percent of students eligible for free or reduced-price lunch has grown significantly over the past two decades.⁵ While student counts are projected to remain stable around 860,000 students over the next several years⁶, factors such as inflation and post-pandemic economic instability are expected to continue impacting many families and students in need. It is critical that these students receive the support they need, if we are to succeed in closing the achievement gap.



Endnotes

¹ 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>

² Child Nutrition Programs: Income Eligibility Guidelines.

³ "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>>

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

⁵ "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>>

⁶ Adjusted Average Daily Membership in Minnesota, Minnesota House of Representatives Research, Nov. 2020 <https://www.house.leg.state.mn.us/hrd/pubs/mnschfin.pdf>