

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 1222  
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**Subject:** Compensatory Revenue Allocations; School Board Authority

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### Overview

Compensatory revenue is the second largest component of general education revenue after the basic formula allowance. Compensatory revenue is site-based revenue, calculated on the characteristics of each school site. The formula that generates compensatory revenue is a concentration formula based on each school building's count and percentage of students who are eligible for free or reduced price meals.

Compensatory revenue must be used to meet the educational needs of pupils whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age. Under current law, compensatory revenue must be reserved in a separate account, and the revenue must be distributed to, and spent on, qualifying programs at each school site. At least 90 percent of compensatory revenue must be spent at the school site where it is earned. Up to five percent of the compensatory revenue may be reallocated according to a plan adopted by the school board, and up to another five percent of the revenue may be used for early education programs.

This bill gives the district authority to allocate all of its compensatory revenue according to a plan adopted by the school board.

#### Section

- 1 Building allocation.** Grants each school board the authority to allocate all of its compensatory revenue to sites based on a plan adopted by the school board.