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Overview

Compensatory revenue is the state's primary school aids formula designed to provide additional funding to school districts serving students from families of low socioeconomic status. Minnesota's compensatory formula is based on the free and reduced lunch count, which serves as a proxy for the number of students in need of additional educational assistance. For the 2017-2018 school year, compensatory revenue is expected to total about \$538 million.

Compensatory revenue is site-based revenue. The revenue is calculated based on the characteristics of each school site, and the revenue is initially designated to be spent on qualifying programs at each site, but a school board may adopt a resolution to reallocate up to 50 percent of the revenue for eligible uses across the district. 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.

A pilot program was created in 2005 that provided additional compensatory revenue to certain school districts that were adversely affected by the site-based nature of the concentration formula. This bill makes permanent annual payments of \$7,325,000 (\$5,625,000 over base) for grants to the seven school district recipients.

Section

- 1 Compensatory education revenue.** Makes permanent the compensatory revenue pilot grants and funds each of the grants at the fiscal year 2017 amount.