

## HF 1144 Testimony

Hello Chair Davnie, Representative Feist, and other members of the committee,

My name is Rachel Shaheen and I'm a teacher and E4E member. I teach at Olson Middle School in North Minneapolis. I'm asking you to support HF1144 which would improve the compensatory funding.

I teach at a school where 73% of students live in poverty. My school deserves to have as much of the Compensatory funding as possible used at our site to benefit my students in the most impactful ways possible.

This also means ensuring that the funds are being used in evidence-based ways that impact students who are behind and that there is thoughtful rationale behind how funds are being used to close opportunity gaps.

I live in a district that is disturbingly segregated -- both the housing, and as a result, the schools. Some schools with more affluent families seem to get more while other schools get less. I firmly believe that for this funding to live up to its purpose - helping students who are behind and those who live in poverty, changes need to be made.

At my school, the majority of students qualify for free or reduced lunch, almost 25% of our students receive special education services, and many of our families are homeless or highly mobile. In order to meet the needs of our students, our school provides pencils, notebooks, and other basic school supplies to every student at the start of the year. Beyond that, our teachers often buy school supplies with their own money or seek out donation programs for things like backpacks, clothing, snacks, and hygiene supplies to keep in our classrooms. We have counselors, a social worker, a part time therapist and a part time psychologist, but the need for these services is much higher and teachers often end up taking on these roles in addition to planning lessons.

If our school received more funding, we could provide more services for students, including hiring a full time therapist, a full time psychologist, and additional social workers and counselors. We could provide more supplies for students so that when they are at school they can focus on learning, instead of worrying about where dinner will come from or how they will walk to school in winter without a coat.

Increasing education spending is critical but we also need to ensure funds are positively impacting students who are behind, students living in poverty -- MY STUDENTS. This means as a start, ensuring more funds are actually spent on the students generating them (at their site). Second, it means taking a hard look at whether the way we're using the money currently is targeted and making improving academic and social outcomes.

I urge you to support HF1144 because it is a step in the right direction to providing a more equitable education system.

Thank you Mr. Chair and members of the committee.

Sincerely,  
Rachel Shaheen

Hello Chair Davnie, Representative Feist, and other members of the committee:

My name is Alex Jacques. I am a longtime resident of Minneapolis, a former educator, and current Senior Outreach Director at Educators for Excellence. I'm asking you to support HF1144, which would improve the compensatory funding formula.

As you may know, Minnesota is ranked among the top four states in the nation for having an equitable school funding formula- meaning the state funding formula designed to send more money to high-needs schools. However, Now more than ever, opportunity gaps in education have widened, and we need to ensure that school resources are targeted in an equitable manner. Our state's compensatory aid for schools is intended to help level the playing field, but a report from the Office of Legislative Auditor last year discovered that the funds aren't targeting the students who most need them.

I used to teach at a school where 80% of students lived in poverty. That school deserved to have as much compensatory revenue as possible to benefit students in impactful ways. This also means ensuring that the funds are being used in evidence-based ways that impact students who are behind and that there is thoughtful rationale behind how funds are used to close opportunity gaps.

Three critical fixes proposed in this legislation are (1) requiring 80% of the funding to be spent at the school site that generated it; (2) lifting the poverty cap; and (3) Requiring it to be used on evidence-based practices.

This moves us closer to the intent of the funding -- improving the outcomes of students who are behind by providing meaningful support to students who live in poverty.

Increasing education spending is critical but we also need to ensure funds are positively impacting students who are behind, students living in poverty -- my former students. This means as a start, ensuring more funds are actually spent on the students generating them (at their site). Second, it means taking a hard look at whether the way we're using the money currently is targeted and making improving academic and social outcomes.

I urge you to support HF1144 because it is a step in the right direction to providing a more equitable education system.

Thank you Mr. Chair and members of the committee.

Sincerely,  
Alex Jacques

Dear Chair Davnie and members of the committee,

As a constituent who lives in Senate District 55, I'm reaching out to support HF 1144/SF 1985 because Minnesota's education, health and other outcomes will be much stronger and more equitable if schools with high poverty levels receive the resources they need. As a life-long MN taxpayer, I want our tax dollars to be used to help underserved students be prepared for a successful future as thriving and productive Minnesota citizens.

As you know, Minnesota is ranked among the top four in the nation for having equitable school funding, meaning the state funding formula is designed to send more money to high-needs schools. Yet, despite having a more equitable formula, school districts' actual allocations to individual schools result in the students and teachers in high-poverty schools getting less.

Last year, the Office of The Legislative Auditor found that compensatory funds are allocated to districts and not directly to schools or students. It is unclear how much of the money actually reaches the students for whom the dollars are intended or how the funds have benefited them. As a tax-paying citizen, this is very concerning.

I'm writing you to urge the House Education Finance Committee to do three things:

- Remove the poverty cap of 80% so that schools will get more funding for every percentage above 80%,
- Ensure that most of the comp aid goes directly to schools rather than to central offices or other less-needy schools (right now its 50%), and
- Expect that the local education agency uses evidence-based practices when allocating the funds to better ensure successful outcomes.

Please include HF 1144 in the education omnibus bill. Our students and the future of our state deserve no less than this.

Sincerely,

Candace Kragthorpe  
Shakopee, MN



## Advancing Equity Through Compensatory Revenue

Minnesota invests \$551 million annually in compensatory revenue—state funds that are supposed to support the academic achievement of students who are not meeting state standards. However, due to how the law is currently written, a significant portion of the funds may not be going to the schools and students who need them most. House File 1144 seeks to address and fix this so that the schools that have the largest shares of underserved students get their fair share of the funds.

### LIFTING THE CAP: UNLOCKING FUNDS TO ALLOCATE MORE MONEY TO SCHOOLS THAT SERVE THE HIGHEST CONCENTRATIONS OF LOW-INCOME STUDENTS

The current statutory language creates the conditions for compensatory revenue dollars to not be generated and distributed to the students who the funds are intended to support:

- Schools where more than 80% of their students are in poverty do not see increases in per pupil compensatory revenue. Minnesota is the only state in the country<sup>1</sup> that has a poverty funding penalty, which leaves traditionally underserved students behind, and
- Districts are allowed to keep 50% of the compensatory revenue funds and reallocate it as they see fit, which means that the schools that generate the funds only 50% of the dollars that are meant for their students. This takes away funding—and subsequently support—from the students who generate the dollars and need it the most. Due to a gap in oversight from the state, districts are not transparent about whether the funds are being spent at the site they were generated at nor about what the funds were used for.

HF1144 would address these issues by:

- Removing the 80% penalty. There are about 150 district and charter schools in Minnesota that serve 80% or more students in poverty. Lifting the cap would result in an additional \$10 million investment into district and charter schools with the very highest poverty levels in the state and allow those students to generate the additional per pupil revenue the cap currently denies. This would bring Minnesota in line with the rest of country and ensure that the schools that serve the highest concentrations of low-income students can generate funds according to the school's concentration, and
- Lower the percentage of funds districts can move to other schools from 50% to 20%, with the schools that generate the dollars receiving at least 80% of the compensatory revenue. This would ensure that more funds are going to the intended supports and also giving schools more money to provide individualized support. This should serve as a technical fix for districts given that of the 132 superintendents the Office of the Legislative Auditor surveyed for its report on compensatory revenue in 2020, only 27 reported using any funds at sites other than where they were generated. Of the 27 districts that reported using funds at other sites, 82% reported moving 20% or less.<sup>2</sup>

### ENSURING THE MONEY IS SPENT ON BEST PRACTICES FOR KIDS

<sup>1</sup> <http://funded.edbuild.org/state/MN> State Funding Analysis

<sup>2</sup> <https://www.auditor.leg.state.mn.us/ped/2020/surveyAppxC.pdf> OLA Report, Appendix C



There are currently 12 allowable uses for how compensatory revenue can be spent. However, a recent report from the Office of the Legislative Auditor found that there is little detail on how schools are spending the money. Only three of the 12 uses currently have a UFARS code which makes it a challenge to understand where this investment goes. To make sure the funds are being used as they were intended and to increase transparency, House File 1144 would strike all-day kindergarten because in 2013, the Minnesota legislature approved \$134 million in additional funding for all day kindergarten, and also amend the language so that the funds must be used on “evidence-based practices,” which would require that the funds be used on supports and interventions that have been proven to be effective in helping to raise student achievement.

### AN AMENDMENT THAT SIMPLIFIES A CHALLENGING PROCESS

One of the biggest challenges that schools face is the yearly process of asking for families to fill out income forms. These forms, virtual or paper, are incredibly valuable in that the loss of even a few dozen can result in the loss of tens of thousands of dollars of compensatory revenue for students. According to the OLA Report the current process by which the state counts students is inaccurate and inefficient. School leaders spend an inordinate amount of time trying to track down these forms and families have become more reticent over time to fill them out. The author’s amendment makes three equitable and logical improvements to the way compensatory revenue works.

- Allows for an income form to stay valid as long as a student is enrolled at a school or if the family income significantly changes. This means families will no longer need to worry yearly about completing the forms and schools will not need to dedicate as much time and resources to tracking down families who have not completed them. This will make compensatory revenue more predictable and stable for school budgets and planning.
- The Community Eligibility Provision is a federal program that provides free meals to all students at school regardless of income when the concentration of students in poverty reaches a federally-set threshold. Minnesota is 47th in the country for adoption of CEP primarily due to the reasonable concerns that schools and districts have that using CEP could lead to a drop in compensatory revenue because families no longer have the impetus to fill out the forms when all students have access to free meals. The amendment removes the conflicting incentives so schools do not have to choose between feeding all of their students or receiving additional revenue to support students experiencing poverty.
- Finally, despite decisive action by the legislature in Special Session #7 to extend the window for families to turn in the meal forms this school year, the state has fallen well short of the anticipated students who are counted for the purpose of compensatory revenue. Crucially, this does not mean that there are fewer students experiencing poverty in Minnesota. It does mean that in the context of distance learning and free meals provided to all students right now, fewer forms have been turned in which creates an unintended funding gap. The hold harmless aid makes up for the decrease in forms and underlines the problem of schools relying on unpredictable and high stakes forms for school funding. This can unjustly place the blame on families experiencing poverty in the midst of a pandemic for a decrease in school revenue.

HF1144 rectifies the immediate compensatory revenue challenges due to the pandemic and distance learning while also demonstrating vision on how to more equitably support students who are traditionally underserved in Minnesota.