

2026-2027 Compensatory Revenue Plan

In accordance with *Minnesota Statutes 126C.15*, the District may allocate up to 20% of the amount of compensatory revenue that the District receives to school sites based on a plan approved by the School Board. The District is proposing allocating 20% of the compensatory revenue that it receives (excluding compensatory revenue allocated to special education facilities) as shown below.

2026-2027 Building Compensatory Allocation:	\$ 24,270,598
Less Hold Harmless Reserve	\$ (2,000,000)
Adjusted 2026-2027 Building Compensatory Allocation:	\$ 22,270,598
20% Holdback	\$ 4,454,120

There is currently uncertainty around the calculation for compensatory revenue for 2026-27. The current formula would result in an increase of approximately \$4 million for the district, however many districts see large decreases in revenue under the current formula. Bills have been introduced during the legislative session for a hold harmless calculation and since a hold harmless calculation was approved last legislative session it is likely that one will be approved again which would likely result in a significant decrease in revenue for our district.

To be conservative, we have reduced the amount that will be initially allocated to staffing and included in the budget by \$2 million. If we receive less compensatory revenue than what has been allocated above, we will spend the basic skills fund balance which has a current balance of \$1,699,204. This is slightly less than the amount of increased spending, however we anticipate some increase in revenue even with a hold harmless calculation due to increased enrollment.

The 20% holdback shown above after the \$2 million reduction will fund 43 FTEs. The 2026-27 compensatory revenue plan includes the same funding priorities as the 2025-26 plan. Below is a list of the positions funded through the 20% compensatory holdback.

Elementary Instructional Coaches / Interventionists

Elementary Instructional Coaches / Interventionists provide site-embedded professional development and support for elementary teachers, with a focus on strengthening math, literacy, and science instruction while also facilitating instructional intervention services. By narrowing the scope of their work, Instructional Coaches/Interventionists develop a deep understanding of standards, curriculum, assessments, and evidence-based teaching practices specific to elementary classrooms. This focused approach ensures that the support they provide is directly aligned to the needs of teachers and students, including the coordination, delivery, and monitoring of interventions to address learning gaps.

In addition, Elementary Instructional Coaches / Interventionists offer job-embedded coaching and mentoring for probationary teachers, helping ensure new staff are supported in both instruction and

classroom management and that they establish strong, consistent rituals and routines. Funding these positions through compensatory revenue supports consistent staffing, training, and programming, while ensuring coherent and aligned instructional and intervention support across elementary sites.

Secondary Math and Literacy Support and Intervention

Secondary Literacy Specialists support, coach, and model high leverage instructional practices around literacy in all content areas. These positions work directly with staff across all content areas to best support all students accessing essential learning. Critical elements of this include supporting teachers with formative and summative assessments, responding to student data, scaffolding and differentiating instruction, vocabulary, writing to learn, as well as other strategies that promote student engagement and retention of essential learning. Funds will also be used to hire secondary literacy intervention teachers to provide direct intervention to students who are not reading at grade level.

Secondary Math Specialists work in partnership with math teachers in their assigned grade levels across all secondary schools. Math specialists coach and model high yield instructional strategies for their math colleagues. This will also include use of concrete representational abstract methods, math discourse and productive struggle. A priority for math specialists will be to engage in reflective conversations with their colleagues to assist in making instructional decisions to meet the needs of students most effectively. In addition, the district has assigned an assistant principal for next year to work directly with math specialists on this work and also to work with math teachers to use data to better differentiate instruction to meet the needs of individual learners.

Chemical Health Counselors

Licensed chemical health practitioners provide instruction to students with at risk behaviors including chemical use, truancy, and mental health concerns. The chemical health counselors provide assessment following a chemical violation. The district currently has four chemical health counselors servicing the secondary schools.

English Language (EL) Staffing

The district's EL population has increased significantly over the past 10 years and remains significantly higher than any surrounding district. Over the past few years, we have seen a steady increase in the number of students identified as SLIFE (Students with Limited or Interrupted Formal Education), particularly at the secondary level. Using compensatory revenue allows the district to more adequately serve the needs of all of our EL students, particularly our SLIFE students, to keep class sizes manageable and set students up for success as they progress in English proficiency.

Early Childhood Education

Investing in early childhood education is essential for supporting the cognitive, emotional, and social development of young children. Extensive research shows that high-quality early learning experiences build a strong foundation for lifelong learning, health, and overall success. By dedicating resources to early childhood education, we help ensure that all children have access to engaging learning environments, skilled educators, and the supports they need to thrive.

This investment strengthens school readiness, helps close achievement gaps, and contributes to long-term economic growth and social equity. Prioritizing funding for early childhood education is ultimately an investment in both individual student success and the future well-being of our communities.

Alternative to Suspension / CAAP

Investing in programs like CAAP, an alternative to suspension program, offers numerous benefits for both students and the wider community. By diverting resources towards CAAP, schools can provide constructive interventions that address underlying issues contributing to behavioral challenges, rather than resorting to punitive measures like suspension. This approach not only keeps students engaged in learning but also promotes positive behavior and fosters a supportive school environment. Moreover, CAAP equips students with tools and strategies to address individual needs, reducing the likelihood of repeated disciplinary incidents. In the long run, investing in CAAP dramatically reduces out-of-school suspensions and leads to higher academic achievement, improved school climate, and better outcomes for students, making it a sound investment in the overall success and well-being of both students and society.

Special Education

The district has recently seen a significant increase in the number of students receiving special education services. The number of students increased by 251, or 8.9%, from the 2023-2024 school year to the 2024-2025 school year and increased by an additional 97, or 3.2%, from the 2024-2025 school year to the 2025-2026 school year. We anticipate this number to continue to increase.

Based on the increase in the number of students there has been and continues to be a need to add additional special education staff to ensure that students are receiving the special education services that they need. Given the uncertainty in the state's budget, and specifically potential for reductions in state special education funding, the district is using some of the compensatory holdback FTE to be able to add additional special education teachers for the 2026-2027 school year.