



Board of Education Meeting
Wednesday, April 16, 2025

Action Item IV-C: 2025-26 Compensatory Revenue Plan
Presented by: Amy Skaalerud, Executive Director of Finance and Business Services

Background:

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.

2025-2026 Building Compensatory Allocation:	\$20,029,819
20% Holdback	\$ 4,005,964

There is currently uncertainty around the calculation for compensatory revenue for 2025-26. The Governor's legislative budget proposal includes a change in how funding is calculated that would result in the District receiving approximately \$485,000 less than what we would receive under current law. The District is being conservative and using the lower of the two figures in the numbers of above and for use in allocating the other 80% of the revenue to each individual site.

The 20% holdback shown above will fund 39 FTEs. The 2025-26 compensatory revenue plan includes many of the same positions as the 2024-25 plan as well as one new item which has been identified as a priority for funding. Attached is a list of the positions funded through the 20% compensatory holdback.

Administration Recommendation:

The Administration recommends that the Board of Education approve the 2025-2026 Compensatory Revenue Plan.