

**Department 201 - Department of Public Instruction
House Bill No. 1013**

Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2021-23 Executive Budget	89.25	\$1,598,055,407	\$981,683,478	\$2,579,738,885
2019-21 Legislative Appropriations ¹	89.25	1,721,361,137	817,553,743	2,538,914,880
Increase (Decrease)	0.00	(\$123,305,730)	\$164,129,735	\$40,824,005

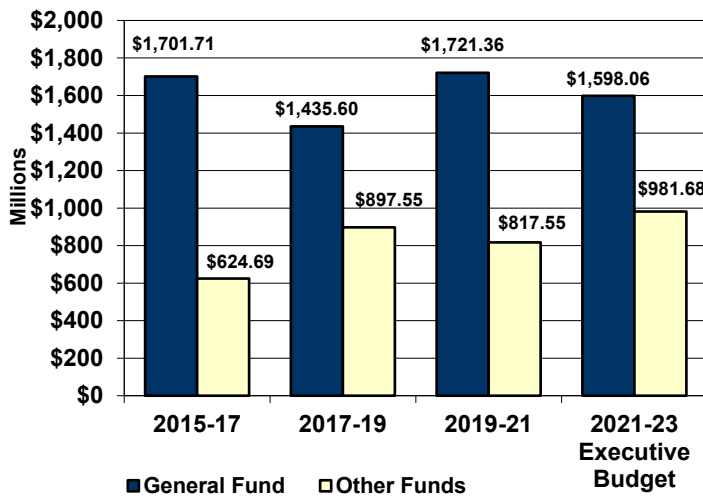
¹The 2019-21 biennium agency appropriation amounts have not been adjusted for the following:

- Additional general fund authority of \$5,820 transferred to the department for the student internship program.
- Additional general fund carryover authority of \$853,909 made available for the teacher loan forgiveness program (\$3,909), a dyslexia screening pilot program (\$250,000) and advanced placement examinations, advanced placement teacher training, and the college ready English and mathematics program (\$600,000).
- Additional federal funds authority of \$17,793,798 resulting from Emergency Commission action during the 2019-21 biennium.
- Additional federal COVID-19 funds authority of \$101,866,217 resulting from Emergency Commission action during the 2019-21 biennium.

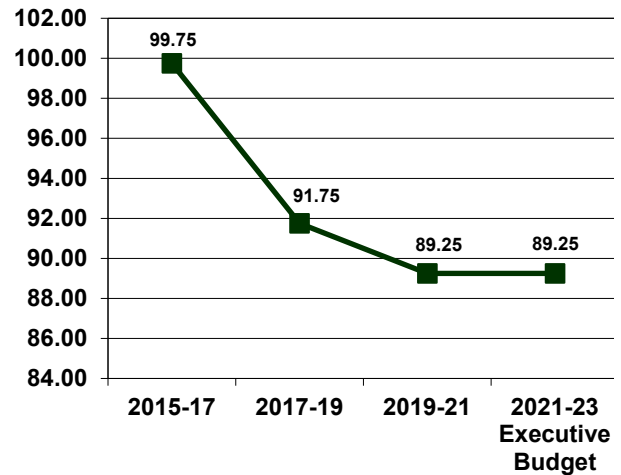
Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2021-23 Executive Budget	\$1,598,055,407	\$0	\$1,598,055,407
2019-21 Legislative Appropriations	1,721,161,137	200,000	1,721,361,137
Increase (Decrease)	(\$123,105,730)	(\$200,000)	(\$123,305,730)

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2021-23 Executive Budget	\$1,598,055,407	\$981,683,478	\$2,579,738,885
2021-23 Base Level	1,721,161,137	812,553,743	2,533,714,880
Increase (Decrease)	(\$123,105,730)	\$169,129,735	\$46,024,005

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

**Executive Budget Highlights
(With First House Changes in Bold)**

	General Fund	Other Funds	Total
Salaries and wages			
1. Adds funding for state employee salary and benefit increases, of which \$451,769 is for salary increases, \$4,329 is for health	\$174,879	\$370,857	\$545,736

insurance increases, and \$89,638 is for retirement contribution increases. **The House added funding for salary adjustments of 1.5 percent per year with a \$100 minimum and \$250 maximum monthly increase and increases in health insurance premiums from \$1,427 to \$1,429 per month. The House did not add funding for retirement contribution increases.**

- | | | | |
|--|-----|---------|---------|
| 2. Adjusts base payroll. The House transferred 3 FTE positions and related salaries of \$600,000 and operating expenses of \$100,000 to the Department of Human Services pursuant to House Bill No. 1416, including \$300,000 from the general fund and \$400,000 from federal funds. | \$0 | \$2,878 | \$2,878 |
|--|-----|---------|---------|

Operating expenses

- | | | | |
|---|---------------|-------------|---------------|
| 3. Reduces funding for professional fees related to accreditation support. The House adjusted the funding source for professional fees related to accreditation support to provide \$1,112,000 from other funds from school district reimbursements for services. | (\$1,112,000) | \$0 | (\$1,112,000) |
| 4. Reduces funding for other professional fees. The House removed \$780,000 of funding from the general fund related to ACT Aspire and WorkKeys testing fees. Senate Bill No. 2141 removes the requirement that the Department of Public Instruction (DPI) pay for ACT Aspire tests. | (\$83,293) | \$0 | (\$83,293) |
| 5. Increases funding for information technology fees. | \$288,000 | \$0 | \$288,000 |
| 6. Adds funding for Microsoft Office 365 licensing expenses. | \$2,495 | \$0 | \$2,495 |
| 7. Adds funding for proposed Capitol building rent model. The House did not add funding for the Capitol complex rent proposal. | \$137,450 | \$0 | \$137,450 |
| 8. Adds one-time funding for operating expenses related to federal funding authority for elementary and secondary school emergency relief funds provided through the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act and continued to the 2021-23 biennium. The House included \$162,262,933 of federal funds provided for COVID-19 relief in House Bill No. 1394. | \$0 | \$2,500,000 | \$2,500,000 |

Integrated Formula Grants

- | | | | |
|---|----------------|--------------|--------------|
| 9. Increases funding for the cost to continue integrated formula payments. See Note below for additional information regarding the cost to continue state school aid. The House adjusted average daily membership resulting in cost to continue integrated formula payment general fund savings during the 2021-23 biennium of \$16,868,441. In addition, the House increased funding from the general fund for integrated formula payments by \$17,036,512 as a result of the fiscal impact of House Bill Nos. 1388, 1436, and 1246 approved by the House. | \$14,022,304 | \$0 | \$14,022,304 |
| 10. Adjusts the funding source for integrated formula payments to increase funding from the state tuition fund/common schools trust fund to provide a total of \$433 million from the state tuition fund/common schools trust fund for integrated formula payments. | (\$55,256,000) | \$55,256,000 | \$0 |
| 11. Adjusts the funding source for integrated formula payments to provide additional one-time funding from the foundation aid stabilization fund for integrated formula payments and to provide a total of \$193 million from the foundation aid stabilization fund for integrated formula payments. The House did not include one-time funding of \$83 million, but provided \$110 million of ongoing funding from the foundation aid stabilization fund for integrated formula payments. | (\$83,000,000) | \$83,000,000 | \$0 |

Special Education Grants

- | | | | |
|---|-------------|-----|-------------|
| 12. Increases funding for special education contract grants to provide a total of \$27 million from the general fund. | \$3,000,000 | \$0 | \$3,000,000 |
|---|-------------|-----|-------------|

Transportation Grants

13. Includes \$56.5 million from the general fund for transportation grants, the same as the base level. The executive recommendation did not include a section to provide for the distribution of transportation grants. **The House approved House Bill No. 1027, introduced by the Legislative Management. See the Major Related Legislation section below.** \$0 \$0 \$0

Other Grants

14. Adds **one-time funding** for grants related to federal funding for elementary and secondary school emergency relief funds provided through the federal CARES Act and continued to the 2021-23 biennium. **The House added \$25,676,188 of federal funds related to a comprehensive literacy development grant. The House also included \$162,262,933 of federal funds provided for COVID-19 relief in House Bill No. 1394.** \$0 \$25,000,000 \$25,000,000

Program Grants

15. Removes funding for the program grant pool. **The House adjusted funding for the program grant pool to provide \$900,000 from other funds available from carryover. In addition, the House adjusted the funding source for remaining program grants, totaling \$6.58 million, to provide the funding from other funds available from carryover, including an increase in funding for adult education matching grants of \$600,000 to provide a total of \$5 million for adult education.** (\$1,500,000) \$0 (\$1,500,000)
16. Adds funding for advanced placement testing previously included in the program grant pool. **The House provided funding from other funds available from carryover for advanced placement testing in the program grant pool.** \$425,000 \$0 \$425,000
17. Adds funding for family engagement previously included in the program grant pool. **The House provided funding from other funds available from carryover for family engagement in the program grant pool.** \$350,000 \$0 \$350,000
18. Increases funding for leadership professional development to provide a total of \$325,000 from the general fund. **The House removed base funding of \$200,000 from the general fund for leadership professional development.** \$125,000 \$0 \$125,000

Passthrough Grants

19. Reduces ongoing funding for teacher mentoring grants and adds one-time funding from the foundation aid stabilization fund to increase teacher mentoring support to provide a total of \$4,806,899, of which \$1,806,899 is ongoing funding from the general fund and \$3,000,000 is one-time funding from the foundation aid stabilization fund. **The House did not adjust funding for teacher mentoring grants and provided \$2,125,764 from other funds available from carryover.** (\$318,865) \$3,000,000 \$2,681,135
20. Decreases funding for remaining general fund passthrough grants as follows: (\$110,700) \$0 (\$110,700)

	General Fund Increase (Decrease)	Total General Fund
National writing projects	(\$7,500)	\$42,500
Rural art outreach projects	(54,000)	306,000
North Central Council for Education Media Services	(35,700)	202,300
"We the People" program	(7,500)	42,500
Cultural heritage grants	(6,000)	34,000
Total general fund	(\$110,700)	\$627,300

The House adopted the executive budget recommendation for passthrough grant reductions, added \$13.5 million for a one-time passthrough grant for science experiments, and

provided funding for all passthrough grants from other funds available from carryover.

PowerSchool

21. Reduces funding for PowerSchool to provide a total of (\$250,000) \$0 (\$250,000) \$5,250,000 from the general fund.

National Board Certification

22. Includes \$108,000 from the general fund for national board certification, the same as the base level. **The House increased funding for national board certification by \$68,290 to provide a total of \$176,290 from the general fund.** \$0 \$0 \$0

NOTE: Adjustments to average daily membership by DPI have resulted in cost to continue state school aid savings during the 2021-23 biennium of \$16.9 million as of crossover.

Other Sections in House Bill No. 1013

Tuition apportionment - Section 3 provides that any money available in the state tuition fund in excess of the \$433,020,000 appropriated in Section 1 of the bill is appropriated to DPI for distribution to school districts.

Foundation aid stabilization fund - Section 4 identifies \$110 million of estimated income provided for integrated formula payments in Section 1 of the bill is provided from the foundation aid stabilization fund.

Payments for 2019-21 biennium special education contract services - Section 5 provides that DPI may use money appropriated for integrated formula payments and special education contracts for the 2021-23 biennium to pay claims due during the 2019-21 biennium, but not filed with the department until the 2021-23 biennium. To be reimbursed under this section, claims must be properly supported and filed with the Superintendent of Public Instruction by June 30, 2022.

Gifted and talented program funding and Medicaid matching grants - Section 6 provides that DPI use \$800,000 of the 2021-23 legislative appropriation for integrated formula payments for reimbursing school districts or special education units for gifted and talented programs. The department is to encourage cooperative efforts for gifted and talented programs among school districts and special education units. The section also provides state school aid payments for special education must be reduced by the amount of matching funds required to be paid by school districts or special education units for students participating in the Medicaid program. Special education funds equal to the amount of the matching funds required to be paid by the school district or special education unit must be paid by DPI to the Department of Human Services on behalf of the school district or unit.

Transportation grants - Section 7 requires DPI to distribute transportation aid for the 2021-23 biennium based on the state transportation formula as it existed on June 30, 2001, except that the department is to provide reimbursement at the rate of:

- \$1.11 per mile for schoolbuses having a capacity of 10 or more passengers.
- \$0.52 per mile for vehicles having a capacity of nine or fewer passengers.
- \$0.50 per mile round trip for family transportation of a student with a disability whose individualized education program plan requires that the student attend a school outside the student's school district of residence.
- \$0.50 per mile one way for family transportation if the student lives more than two miles from the public school the student attends.
- \$0.30 per student for each one-way trip.

The House also approved House Bill No. 1027 which codifies the distribution of student transportation aid payments.

Condition on appropriation - Program and passthrough grants line item - Section 8 precludes federal funds from being used for adult education matching grants, school food services matching grants, program grant pool initiatives, and the mentoring program.

Regional education association grants - Section 9 provides for the distribution of up to \$500,000 from the integrated formula payments line item for the purpose of providing annual grants to regional education associations during the 2021-23 biennium.

Indirect cost allocation - Section 10 provides that, notwithstanding North Dakota Century Code Section 54-44.1-15, DPI may deposit indirect cost recoveries in its operating account. Section 54-44.1-15 otherwise provides that indirect cost recoveries be deposited in the general fund.

Fees deposited into the public instruction fund - Section 11 provides any moneys collected for GED fees and displaced homemakers deposits, must be deposited in the public instruction fund in the state treasury and may be spent subject to appropriation by the Legislative Assembly.

Exemption - Transfer - Public instruction fund - Section 12 provides if, after the Superintendent of Public Instruction complies with all statutory payment obligations imposed for the 2019-21 biennium, any money remains in the integrated formula payments line item in subdivision 1 of Section 1 of Chapter 38 of the 2019 Session Laws, the Office of Management and Budget must continue \$23,733,064 and transfer the funding to the public instruction fund for the purpose of providing program and passthrough grants during the 2021-23 biennium.

Exemption - Dyslexia screening pilot program - Section 13 provides if, after the Superintendent of Public Instruction complies with all statutory payment obligations imposed for the 2019-21 biennium, any money remains in the integrated formula payments

line item in subdivision 1 of Section 1 of Chapter 38 of the 2019 Session Laws, up to \$250,000 must be continued into the 2021-23 biennium to continue a dyslexia screening pilot program.

Salary of the Superintendent of Public Instruction - Section 16 provides the statutory changes to increase the Superintendent of Public Instruction's salary. The Superintendent's annual salary would increase from the current level of \$125,880 to \$127,768, effective July 1, 2021, and to \$129,685, effective July 1, 2022, to reflect a 1.5 percent recommended salary increase each year of the biennium.

School health technician certificate - Section 17 amends Section 15.1-02-16 to allow the Superintendent of Public Instruction to develop a certificate for school health technicians.

Elementary school counselors - Section 18 amends Section 15.1-06-19 related to school counselors to require each school district have one school counselor for every 300 students in kindergarten through grade 6.

Reimbursement for administrative cost-sharing - Section 19 amends Section 15.1-27-16 to provide reimbursement for administrative cost-sharing.

Legislative Management study - School construction funding - Section 20 provides for a Legislative Management study of the feasibility and desirability of using up to 1 percent of common schools trust fund assets annually for school construction grants.

Learning loss, accelerated learning recovery, and elementary and secondary school emergency education relief (ESSER) funds - Report to Legislative Management - Section 21 requires the Superintendent of Public Instruction to collect school district reports regarding learning loss and gaps, school district plans to accelerate learning recovery, and uses of ESSER funding and report to the Legislative Management.

Expiration - Administrative cost-sharing - Section 22 provides administrative cost-sharing reimbursement is effective through June 30, 2024.

Continuing Appropriations

Instructional materials revolving printing fund - Section 15.1-03-03 - The fund is used for revenues and expenses associated with distributing instructional materials developed and printed by the department.

Displaced homemaker program - Chapter 14-06.1 - The fund is used to provide counseling, guidance, job readiness training, and services for displaced homemakers.

Estimated Turnback

The Department of Public Instruction estimates 2019-21 general fund turnback totaling \$80 million relating to excess appropriations for integrated formula payments (\$73 million) and transportation aid grants (\$7 million).

Significant Audit Findings

The operational audit of DPI for the biennium ended June 30, 2019, also reviewed enrollment and transportation data used to make state aid payments to school districts. However, the Assistant Attorneys General assigned to the State Auditor's office and DPI determined neither agency had the authority to obtain supporting enrollment and transportation documentation from the school districts for the audit.

The State Auditor identified one audit finding related to transportation data used to make state aid payments to school districts. The State Auditor found there was a lack of guidance and monitoring for school district transportation funding. Procedures were not implemented to review prior year information to detect noticeable changes or lack of changes in data. In addition, the transportation manual does not include guidance regarding how to report transportation data, so the number of miles and rides are inconsistently reported across school districts. Because the State Auditor did not have the authority to request necessary transportation documentation from the school districts, the State Auditor was not able to determine if transportation data used to calculate state aid payments to school districts is complete and accurate. The State Auditor recommended DPI improve guidance to school districts on how to report miles and rides as well as strengthen procedures surrounding the monitoring of transportation data submitted by the school district.

The department indicated guidance regarding annual miles and rides will be updated and staff will implement procedures to review data submissions, contact districts, and track district responses.

Major Related Legislation

House Bill No. 1027 - Codifies student transportation aid payment sections as the provisions existed on June 30, 2001, updates provisions to reflect current practices and reimbursement rates, and prohibits school districts from receiving transportation reimbursement for certain students participating in open enrollment and tuition waiver agreements. If this bill is approved, a section regarding the distribution of transportation grants to school districts is not needed in the DPI appropriation bill.

House Bill No. 1028 - Allows a school district to temporarily transfer excess funds, accruing as a result of the COVID-19 pandemic, between the general fund and the building fund of the school district.

House Bill No. 1075 - Repeals Section 15.1-06-04.1, relating to school district calendar limitations.

House Bill No. 1246 - Eliminates the deduction of tuition received through federal impact aid funds in the state school aid formula. A fiscal note prepared by DPI indicates a \$3.7 million general fund increase in funding for integrated formula payments. The House included this funding in House Bill No. 1013.

House Bill No. 1388 - Provides for various changes to the state school aid formula, including increases to the transition maximum, adjustments to phase out the transition maximum, increases in the small school weighting factors, and an appropriation of \$260,000 from the general fund for the K-12 Education Coordination Council. Note: Funding for the K-12 Education Coordination Council, including a .5 FTE position is included in DPI's base budget. A fiscal note prepared by DPI indicates a general fund fiscal impact of \$12,036,512 for integrated formula payments. The House included this funding in House Bill No. 1013.

House Bill No. 1394 - Provides an appropriation of \$162,262,933 of federal funds for COVID-19-related expenditures for the remainder of the 2019-21 biennium and the 2021-23 biennium. Funding is from ESSER I and II allocations, including DPI discretionary funds, and from the federal Governor's Emergency Education Relief Fund.

House Bill No. 1395 - Provides an appropriation of \$63,816,217 for federal Coronavirus Relief Fund spending authority approved for DPI for the 2019-21 biennium by the Emergency Commission and Budget Section.

House Bill No. 1416 - Transfers 3 FTE positions related to early childhood education from DPI to the Department of Human Services for the purpose of administering a 4-year old program. A fiscal note prepared by the Department of Human Services indicates a transfer of \$700,000, including 3 FTE positions. The House removed the 3 FTE positions and reduced DPI's budget by \$700,000, including \$300,000 from the general fund and \$400,000 from federal funds.

House Bill No. 1436 - Removes the remedial requirement for students in grades K-4 in mathematics and reading to attend summer school. A fiscal note prepared by DPI indicates a \$1.3 million general fund increase in funding for integrated formula payments related to expanded summer school. The House included this funding in House Bill No. 1013.

Senate Bill No. 2028 - Repeals Section 15.1-03-03 relating to the Superintendent of Public Instruction revolving printing fund and continuing appropriation.

Senate Bill No. 2141 - Removes the requirement that DPI pay for ACT Aspire and WorkKeys tests for students and allows additional approved tests for the scholar's program. A fiscal note prepared by DPI indicates net general fund savings of \$599,750. The House removed \$780,000 of funding from the general fund related to ACT Aspire and WorkKeys testing fees.

Senate Bill No. 2165 - Adjusts the calculation of school district ending fund balance to exclude federal impact aid before deducting the excess balance from state aid formula payments. A fiscal note prepared by DPI indicates, because the department does not budget for ending fund balance deductions in the state school aid formula, the fiscal impact cannot be determined.

Senate Bill No. 2269 - Establishes a postsecondary transitional grant program for students age 18 through 21 with documented intellectual or developmental disabilities. A fiscal note prepared by DPI indicates a \$1.8 million general fund increase in funding for grants related to postsecondary transitional programs. This funding is not included in House Bill No. 1013.

Department of Public Instruction - Budget No. 201
House Bill No. 1013
Base Level Funding Changes

	Executive Budget Recommendation				House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	89.25	\$1,721,161,137	\$812,553,743	\$2,533,714,880	89.25	\$1,721,161,137	\$812,553,743	\$2,533,714,880
2021-23 Ongoing Funding Changes								
Base payroll changes			\$2,878	\$2,878			\$2,878	\$2,878
Salary increase		\$144,768	307,001	451,769		\$125,879	278,342	404,221
Retirement contribution increase		28,724	60,914	89,638				0
Health insurance increase		1,387	2,942	4,329		1,387	2,942	4,329
Transfers 3 FTE positions and related salaries of \$600,000 and operating expenses of \$100,000 to the Department of Human Services pursuant to House Bill No. 1416				0	(3.00)	(300,000)	(400,000)	(700,000)
Adjusts funding for professional fees related to accreditation support		(1,112,000)		(1,112,000)		(1,112,000)	1,112,000	0
Reduces funding for other professional fees		(83,293)		(83,293)		(83,293)		(83,293)
Increases funding for information technology fees		288,000		288,000		288,000		288,000
Adds funding for Microsoft Office 365 licensing expenses		2,495		2,495		2,495		2,495
Adds funding for proposed Capitol building rent model		137,450		137,450				0
Removes funding for ACT Aspire testing fees				0		(780,000)		(780,000)
Adjusts funding for the cost to continue integrated formula payments		14,022,304		14,022,304		(16,868,441)		(16,868,441)
Adjusts funding for state school aid formula changes pursuant to House Bill No. 1388				0		12,036,512		12,036,512
Adds funding related to the fiscal impact of increased participation in summer school related to House Bill No. 1436				0		1,300,000		1,300,000
Adds funding related to the fiscal impact of House Bill No. 1246 related to eliminating the deduction of tuition paid with federal impact aid				0		3,700,000		3,700,000
Adjusts the funding source for integrated formula payments to increase funding from the state tuition fund/common schools trust fund to provide a total of \$433 million		(55,256,000)	55,256,000	0		(55,256,000)	55,256,000	0
Increases funding for special education contract grants to provide a total of \$27 million from the general fund		3,000,000		3,000,000		3,000,000		3,000,000

Increases funding from federal funds related to a comprehensive literacy development grant			0			25,676,188	25,676,188	
Removes funding for the program grant pool. The House adjusted funding for the program grant pool to provide a total of \$900,000	(1,500,000)		(1,500,000)		(600,000)		(600,000)	
Increases funding for adult education matching grants to provide a total of \$5 million			0		600,000		600,000	
Adds funding for advanced placement testing previously included in the program grant pool	425,000		425,000				0	
Adds funding for family engagement previously included in the program grant pool	350,000		350,000				0	
Increases funding for leadership professional development to provide a total of \$325,000 from the general fund	125,000		125,000				0	
Removes funding for leadership professional development			0		(200,000)		(200,000)	
Reduces funding for teacher mentoring grants to provide ongoing funding of \$1,806,899 from the general fund	(318,865)		(318,865)				0	
Reduces funding for other passthrough grants to provide a total of \$627,300 for various passthrough grants	(110,700)		(110,700)		(110,700)		(110,700)	
Adjusts funding for combined program grants and passthrough grants and provides funding from special funds available from carryover			0		(10,233,064)	10,233,064	0	
Reduces funding for PowerSchool to provide a total of \$5,250,000 from the general fund	(250,000)		(250,000)		(250,000)		(250,000)	
Increases funding for national board certification to provide a total of \$176,290			0		68,290		68,290	
Total ongoing funding changes	0.00	(\$40,105,730)	\$55,629,735	\$15,524,005	(3.00)	(\$64,670,935)	\$92,161,414	\$27,490,479
One-time funding items								
Adds one-time funding from the foundation aid stabilization fund to increase teacher mentoring support to provide a total of \$4,806,899, of which \$1,806,899 is ongoing funding			\$3,000,000	\$3,000,000			\$0	
Increases federal funding authority for elementary and secondary school emergency relief (ESSER) funds provided through the federal CARES Act and continued to the 2021-23 biennium, including operating expenses (\$2.5 million) and grants (\$25 million)			27,500,000	27,500,000			0	

Adjusts the funding source for integrated formula payments to provide additional one-time funding from the foundation aid stabilization fund for integrated formula payments, for a total of \$193 million from the foundation aid stabilization fund		(\$83,000,000)	83,000,000	0					0
Adds one-time funding from special funds available from carryover for a science experiment development grant			0	0			\$13,500,000		13,500,000
Total one-time funding changes	0.00	(\$83,000,000)	\$113,500,000	\$30,500,000	0.00	\$0	\$13,500,000		\$13,500,000
Total Changes to Base Level Funding	0.00	(\$123,105,730)	\$169,129,735	\$46,024,005	(3.00)	(\$64,670,935)	\$105,661,414		\$40,990,479
2021-23 Total Funding	89.25	\$1,598,055,407	\$981,683,478	\$2,579,738,885	86.25	\$1,656,490,202	\$918,215,157		\$2,574,705,359
<i>Total ongoing changes as a percentage of base level</i>	0.0%	(2.3%)	6.8%	0.6%	(3.4%)	(3.8%)	11.3%		1.1%
<i>Total changes as a percentage of base level</i>	0.0%	(7.2%)	20.8%	1.8%	(3.4%)	(3.8%)	13.0%		1.6%

Other Sections in Department of Public Instruction - Budget No. 201

	<u>Executive Budget Recommendation</u>	<u>House Version</u>
Tuition apportionment	Section 4 would provide that any money available in the state tuition fund in excess of the \$433,020,000 appropriated in Section 1 of the bill is appropriated to DPI for distribution to school districts.	Section 3 provides that any money available in the state tuition fund in excess of the \$433,020,000 appropriated in Section 1 of the bill is appropriated to DPI for distribution to school districts. (This section was part of the base budget.)
Foundation aid stabilization fund		Section 4 identifies \$110 million included in the estimated income line item of Section 1 is provided from the foundation aid stabilization fund for integrated formula payments. (This section was part of the base budget.)
Payments for 2019-21 biennium special education services		Section 5 provides that DPI may use money appropriated for integrated formula payments and special education contracts for the 2021-23 biennium to pay claims due during the 2019-21 biennium, but not filed with the department until the 2021-23 biennium. Claims related to the 2019-21 biennium must be filed by June 30, 2022. (This section was part of the base budget.)
Gifted and talented program funding and Medicaid matching grants	Section 5 would provide that DPI use \$800,000 of the 2021-23 legislative appropriation for integrated formula payments for reimbursing school districts or special education units for gifted and talented programs. The department is to encourage cooperative efforts for gifted and talented programs among school districts and special education units. The section also provides state school aid payments for special education must be reduced by the amount of matching funds required to be paid by school districts or special education units for students participating in the Medicaid program. Special education funds equal to the amount of the matching funds required to be paid by the school district or special education unit must be paid by DPI to the Department of Human Services on behalf of the school district or unit.	Section 6 provides that DPI use \$800,000 of the 2021-23 legislative appropriation for integrated formula payments for reimbursing school districts or special education units for gifted and talented programs. The department is to encourage cooperative efforts for gifted and talented programs among school districts and special education units. The section also provides state school aid payments for special education must be reduced by the amount of matching funds required to be paid by school districts or special education units for students participating in the Medicaid program. Special education funds equal to the amount of the matching funds required to be paid by the school district or special education unit must be paid by DPI to the Department of Human Services on behalf of the school district or unit. (This section was part of the base budget.)

Other Sections in Department of Public Instruction - Budget No. 201

	Executive Budget Recommendation	House Version
Transportation grants - Distribution		Section 7 provides guidelines for the distribution of transportation grants. (This section was part of the base budget.) The House also approved House Bill No. 1027 which codifies the distribution of student transportation aid payments.
Condition on appropriation - Program and passthrough grants line item		Section 8 precludes federal funds from being used for adult education matching grants, school food services matching grants, program grant pool initiatives, and the mentoring program.
Regional education association grants	Section 6 would provide for the distribution of up to \$500,000 from the integrated formula payments line item for the purpose of providing annual grants to regional education associations during the 2021-23 biennium.	Section 9 provides for the distribution of up to \$500,000 from the integrated formula payments line item for the purpose of providing annual grants to regional education associations during the 2021-23 biennium. (This section was part of the base budget.)
Indirect cost allocation	Section 7 would provide that, notwithstanding Section 54-44.1-15, DPI may deposit indirect cost recoveries in its operating account. Section 54-44.1-15 otherwise provides that indirect cost recoveries be deposited in the general fund.	Section 10 provides that, notwithstanding Section 54-44.1-15, DPI may deposit indirect cost recoveries in its operating account. Section 54-4.1-15 otherwise provides that indirect cost recoveries be deposited in the general fund. (This section was part of the base budget.)
Fees deposited into the public instruction fund		Section 11 provides any money collected for GED fees and displaced homemakers deposits, must be deposited in the public instruction fund in the state treasury and may be spent subject to appropriation by the Legislative Assembly.
Exemption - Transfer - Public instruction fund		Section 12 provides if, after the Superintendent of Public Instruction complies with all statutory payment obligations imposed for the 2019-21 biennium, any money remains in the integrated formula payments line item in subdivision 1 of Section 1 of Chapter 38 of the 2019 Session Laws, the Office of Management and Budget must continue \$23,733,064 and transfer the funding to the public instruction fund for the purpose of providing program and passthrough grants during the 2021-23 biennium.
Exemption - Dyslexia screening pilot program		Section 13 provides if, after the Superintendent of Public Instruction complies with all statutory payment obligations imposed for the 2019-21 biennium, any money remains in the integrated formula payments line item in subdivision 1 of Section 1 of Chapter 38 of the 2019 Session Laws, up to \$250,000 must be continued into the 2021-23 biennium to continue a dyslexia screening pilot program.
Salary of the Superintendent of Public Instruction	Section 3 would provide the statutory changes to increase the Superintendent of Public Instruction's salary. The Superintendent's annual salary would increase from the current level of \$125,880 to \$128,398, effective July 1, 2021, and to \$130,966, effective July 1, 2022, to reflect a 2 percent recommended salary increase each year of the biennium.	Section 16 amends Section 15.1-02-02 to provide the statutory changes to increase the Superintendent of Public Instruction's salary. The Superintendent's annual salary would increase from the current level of \$125,880 to \$127,768, effective July 1, 2021, and to \$129,685, effective July 1, 2022, to reflect a 1.5 percent salary increase each year of the biennium.

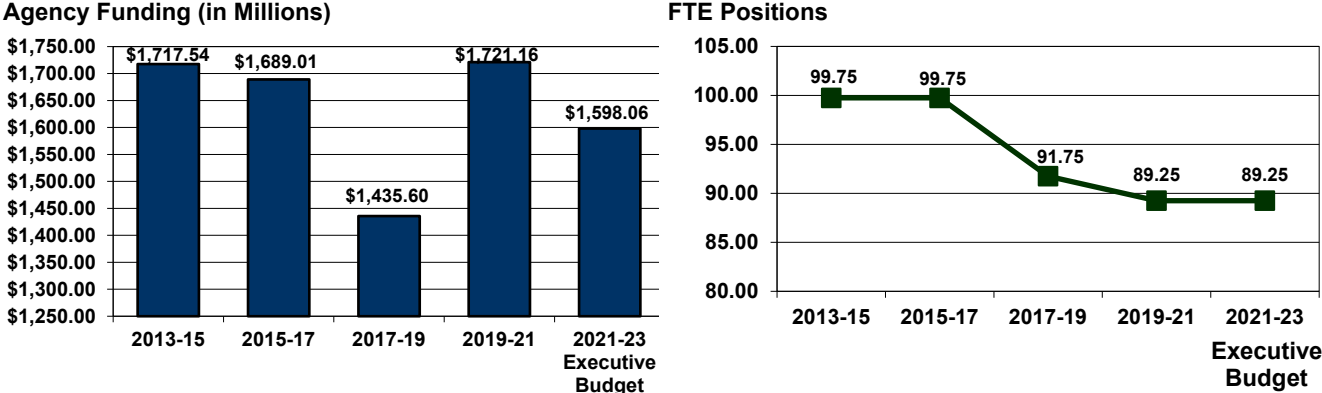
Other Sections in Department of Public Instruction - Budget No. 201

	Executive Budget Recommendation	House Version
School health technician certificate		Section 17 amends Section 15.1-02-16 to allow the Superintendent of Public Instruction to develop a certificate for school health technicians.
Elementary school counselors		Section 18 amends Section 15.1-06-19 related to school counselors to require each school district have one school counselor for every 300 students in kindergarten through grade 6.
Reimbursement for administrative cost-sharing		Section 19 amends Section 15.1-27-16 to provide reimbursement for administrative cost-sharing.
Legislative Management study - School construction funding		Section 20 provides for a Legislative Management study of the feasibility and desirability of using up to 1 percent of common schools trust fund assets annually to be used for school construction grants.
Learning loss, accelerated learning recovery, ESSER funds - Report to Legislative Management		Section 21 requires the Superintendent of Public Instruction to collect school district reports regarding learning loss and gaps, school district plans to accelerate learning recovery, and uses of ESSER funding and to report to the Legislative Management.
Expiration - Administrative cost-sharing		Section 22 provides administrative cost-sharing reimbursement is effective through June 30, 2024.
State school aid program	Section 10 would provide the sum of \$2,112,224,733 included in the integrated formula payments line item is calculated based on a per student payment rate of \$10,036 for both years of the 2021-23 biennium.	
Grants - Passthrough grants distribution	Section 11 would require no more than one-half of the passthrough grants provided to the department may be distributed during the 1st year of the biennium.	
Foundation aid stabilization fund transfer	Section 12 would require the Office of Management and Budget transfer, on a quarterly basis, a total of \$193 million from the foundation aid stabilization fund to the operating fund of DPI for the purpose of providing integrated formula payments.	
State school aid formula changes	Sections 13 and 14 would provide the statutory changes to the state school aid formula included in the executive budget recommendation. Statutory changes include: <ul style="list-style-type: none">• Integrated per student payment rates will remain \$10,036 during both years of the 2021-23 biennium, the same as the 2nd year of the 2019-21 biennium;• Transition maximum and minimum calculations are the same during both years of the 2021-23 biennium as they were during the 2nd year of the 2019-21 biennium; and• Local revenues deducted in the state school aid formula are reduced by the percentage of mills levied in 2020 for sinking and interest relative to the total mills levied in 2020 by the school district for all purposes.	

Department 201 - Department of Public Instruction

Historical Appropriations Information

Ongoing General Fund Appropriations Since 2013-15



Ongoing General Fund Appropriations					
	2013-15	2015-17	2017-19	2019-21	2021-23 Executive Budget
Ongoing general fund appropriations	\$1,717,543,325	\$1,689,008,539	1,435,601,984	\$1,721,161,137	\$1,598,055,407
Increase (decrease) from previous biennium	\$473,901,674	(\$28,534,786)	(\$253,406,555)	\$285,559,153	(\$123,105,730)
Percentage increase (decrease) from previous biennium	N/A	(1.7%)	(15.0%)	19.9%	(7.2%)
Cumulative percentage increase (decrease) from 2013-15 biennium	N/A	(1.7%)	(16.4%)	0.2%	(7.0%)

Major Increases (Decreases) in Ongoing General Fund Appropriations

2015-17 Biennium (Original Amounts)

- | | |
|--|--------------|
| 1. Added funding for market equity related to attrition in the director of school finance position. | \$100,000 |
| 2. Increased funding for salaries and wages to support content positions in mathematics and science. The department planned to convert FTE positions. | \$277,351 |
| 3. Increased funding for the administration of the Safe and Healthy Schools Unit, including salaries and wages (\$500,034) and operating expenses (\$97,640). | \$597,674 |
| 4. Increased funding for information technology maintenance to update the state automated reporting system (\$112,000) and updates to the department's website (\$48,000). | \$160,000 |
| 5. Added funding for operating expenses to support the statewide accreditation system. | \$799,750 |
| 6. Added funding for operating expenses to support a college and career readiness program, including the cost of advanced placement teacher professional development and related expenses. | \$250,000 |
| 7. Added funding to support statewide training and implementation activities to advance the deployment of principal and teacher evaluation programs, including \$60,000 for operating costs and \$240,000 for grants. | \$300,000 |
| 8. Increased funding for integrated formula payments. (Due to budget allotments declared by the governor, the funding source for integrated formula payments was adjusted to provide additional funds from the foundation aid stabilization fund.) | \$85,732,000 |
| 9. Increased funding for transportation grants to provide a total of \$57 million from the general fund. | \$3,500,000 |
| 10. Increased funding for special education contract grants to provide a total of \$17.3 million from the general fund. | \$800,000 |
| 11. Increased funding for the mentorship grant program to provide \$2.7 million from the general fund for an expanded teacher, principal, and instructional coach mentoring program. | \$400,000 |
| 12. Increased funding for adult education grants to provide a total of \$4,110,411 from the general fund. | \$1,000,000 |
| 13. Increased funding for other passthrough grants. | \$121,394 |

14. Added funding for grants to provide free breakfast to students eligible for reduced meals to provide a total of \$205,000 from the general fund.	\$205,000
15. Added funding for English language learner grants to provide a total of \$1 million from the general fund.	\$1,000,000
16. Added funding for Medicaid matching requirements of school districts related to increased medical assistance payment rates for physical, occupational, and speech therapy services to provide a total of \$323,611 from the general fund. (This funding was reduced as part of the general fund budget reductions approved in August 2016.)	\$323,611
17. Added funding for PowerSchool to provide a total of \$6 million from the general fund in a separate line of the department's appropriation and removed the PowerSchool factor from the state school aid formula.	\$6,000,000

2017-19 Biennium

1. Removed 8 FTE positions from base budget. Funding for 3 FTE information technology programmer and research positions of \$449,187, of which \$157,215 is from the general fund and \$291,972 is from federal funds, was transferred from the salaries and wages line item to the operating expenses line item to contract for services.	(\$652,038)
2. Reduced funding for operating expenses.	(\$1,301,254)
3. Increased funding for cost-to-continue state school aid.	\$18,864,163
4. Adjusted the funding sources of integrated formula payments to provide for increased funding available from the state tuition fund.	(\$86,412,905)
5. Adjusted the funding sources of integrated formula payments to provide for a decrease in ongoing funding provided from the foundation aid stabilization fund to \$110 million.	\$6,053,293
6. Adjusted the funding sources of integrated formula payments to provide for one-time funding from the foundation aid stabilization fund.	(\$185,000,000)
7. Increased funding for special education contract grants to provide a total of \$19.3 million from the general fund.	\$2,000,000
8. Reduced funding for transportation grants to provide a total of \$55.4 million from the general fund.	(\$1,600,000)
9. Added funding for a flexible funding pool for certain programs administered by the Superintendent of Public Instruction.	\$1,530,000
10. Reduced funding for program grants.	(\$1,179,022)
11. Reduced funding for various passthrough grants.	(\$2,887,500)
12. Reduced funding for PowerSchool.	(\$500,000)

2019-21 Biennium

1. Removed 4 FTE positions from base budget.	(\$583,930)
2. Restored 1 FTE division manager position.	\$272,692
3. Added a .50 FTE position and related funding for salaries and wages (\$76,000) and operating expenses (\$189,000) for the administration of the Education Coordination Council established in Senate Bill No. 2215.	\$265,000
4. Transferred the teacher shortage loan forgiveness program from the North Dakota University System.	\$2,103,393
5. Added funding for operating expenses related to increases in the continuous improvement for schools contract with AdvancEd to provide a total of \$1,112,000.	\$312,000
6. Increased funding for operating expenses to correct an error in the department's budget request relating to its base budget adjustments.	\$1,000,000
7. Added funding for operating expenses related to a Pre K-12 Education Vision Steering Committee to support the facilitation of stakeholder groups to continue developing education initiatives as provided in Senate Bill No. 2025.	\$300,000
8. Increased funding for cost-to-continue state school aid.	\$53,625,374
9. Adjusted funding for integrated formula payments for changes to the state school aid formula approved in Senate Bill No. 2265.	\$109,372,892
10. Added funding for integrated formula payments to replace one-time funding provided from the foundation aid stabilization fund during the 2017-19 biennium.	\$185,000,000
11. Adjusted the funding source for integrated formula payments to increase funding from the state tuition fund/common schools trust fund.	(\$72,217,095)

12. Increased funding for special education contract grants to provide a total of \$24 million from the general fund.	\$4,700,000
13. Increased funding for transportation grants to provide a total of \$56.5 million from the general fund.	\$1,100,000
14. Increased funding for adult education matching grants to provide a total of \$4.4 million from the general fund.	\$1,300,000
15. Added funding for leadership professional development program grants.	\$200,000
16. Removed funding for the transportation efficiency line item and included transportation efficiency in the flexible funding pool.	(\$30,000)
17. Reduced funding for the Superintendent of Public Instruction's flexible funding pool to provide a total of \$1.5 million from the general fund for certain programs and initiatives administered by the Superintendent.	(\$30,000)
18. Reduced funding for passthrough grants.	(\$34,236)
19. Reduced funding for national board certification to provide a total of \$108,000 from the general fund.	(\$12,000)

2021-23 Biennium (Executive Budget Recommendation)

1. Reduces funding for professional fees related to accreditation support. The House adjusted the funding source for professional fees related to accreditation support to provide \$1,112,000 from other funds from school district reimbursements for services.	(\$1,112,000)
2. Increases funding for information technology fees.	\$288,000
3. Adds funding for proposed Capitol building rent model. The House did not add funding for the Capitol complex rent proposal.	\$137,450
4. Increases funding for the cost to continue integrated formula payments. The House adjusted average daily membership resulting in cost to continue integrated formula payment general fund savings during the 2021-23 biennium of \$16,868,441. In addition, the House increased funding from the general fund for integrated formula payments by \$17,036,512 as a result of the fiscal impact of House Bill Nos. 1388, 1436, and 1246 approved by the House.	\$14,022,304
5. Adjusts the funding source for integrated formula payments to increase funding from the state tuition fund/common schools trust fund to provide a total of \$433 million from the state tuition fund/common schools trust fund for integrated formula payments.	(\$55,256,000)
6. Increases funding for special education contract grants to provide a total of \$27 million from the general fund.	\$3,000,000
7. Removes funding for the program grant pool. The House adjusted funding for the program grant pool to provide \$900,000 from other funds available from carryover. In addition, the House adjusted the funding source for remaining program grants, totaling \$6.58 million, to provide the funding from other funds available from carryover, including an increase in funding for adult education matching grants of \$600,000 to provide a total of \$5 million for adult education.	(\$1,500,000)
8. Adds funding for advanced placement testing previously included in the program grant pool. The House provided funding from other funds available from carryover for advanced placement testing in the program grant pool.	\$425,000
9. Adds funding for family engagement previously included in the program grant pool. The House provided funding from other funds available from carryover for family engagement in the program grant pool.	\$350,000
10. Increases funding for leadership professional development to provide a total of \$325,000 from the general fund. The House removed base funding of \$200,000 from the general fund for leadership professional development.	\$125,000
11. Reduces ongoing funding for teacher mentoring grants and adds one-time funding from the foundation aid stabilization fund to increase teacher mentoring support to provide a total of \$4,806,899, of which \$1,806,899 is ongoing funding from the general fund and \$3,000,000 is one-time funding from the foundation aid stabilization fund. The House did not adjust funding for teacher mentoring grants and provided \$2,125,764 from other funds available from carryover.	(\$318,865)
12. Decreases funding for general fund passthrough grants. The House adopted the executive budget recommendation for passthrough grant reductions, added \$13.5 million for a one-time passthrough grant for science experiments, and provided funding for all passthrough grants from other funds available from carryover.	(\$110,700)
13. Reduces funding for PowerSchool to provide a total of \$5,250,000 from the general fund.	(\$250,000)

**GOVERNOR'S RECOMMENDATION FOR THE
DEPARTMENT OF PUBLIC INSTRUCTION AS SUBMITTED
BY THE OFFICE OF MANAGEMENT AND BUDGET**

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the department of public instruction, the school for the deaf, North Dakota vision services - school for the blind, and the state library for the purpose of defraying the expenses of those agencies, for the biennium beginning July 1, 2021 and ending June 30, 2023, as follows:

Subdivision 1.

DEPARTMENT OF PUBLIC INSTRUCTION

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$ 18,027,035	\$548,614	\$ 18,575,649
Operating Expenses	33,770,947	1,732,652	35,503,599
Integrated Formula Payments	2,098,202,429	14,022,304	2,112,224,733
Grants-Special Education	24,000,000	3,000,000	27,000,000
Grants-Transportation	56,500,000	0	56,500,000
Grants-Other Grants	287,062,705	25,000,000	312,062,705
Grants-Program Grants	7,680,000	2,400,000	10,080,000
Grants-Passthrough Grants	2,863,764	(429,565)	2,434,199
PowerSchool	5,500,000	(250,000)	5,250,000
National Board Certification	<u>108,000</u>	<u>0</u>	<u>108,000</u>
Total All Funds	\$2,533,714,880	\$ 46,024,005	\$2,579,738,885
Less Estimated Income	<u>812,553,743</u>	<u>169,129,735</u>	<u>981,683,478</u>
Total General Fund	\$1,721,161,137	(\$123,105,730)	\$1,598,055,407
Full-Time Equivalent Positions	89.25	0.00	89.25

Subdivision 2.

STATE LIBRARY

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$4,300,335	(\$158,246)	\$4,142,089
Operating Expenses	1,621,917	481,479	2,103,396
Grants	<u>2,233,528</u>	<u>(86,879)</u>	<u>2,146,649</u>
Total All Funds	\$8,155,780	\$236,354	\$8,392,134
Less Estimated Income	<u>2,374,361</u>	<u>(6,136)</u>	<u>2,368,225</u>
Total General Fund	\$5,781,419	\$242,490	\$6,023,909
Full-Time Equivalent Positions	27.75	(1.00)	26.75

Subdivision 3.

SCHOOL FOR THE DEAF

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$8,054,944	\$288,023	\$ 8,342,967
Operating Expenses	1,705,586	0	1,705,586

Capital Assets	158,678	697,500	856,178
Grants	<u>40,000</u>	<u>0</u>	<u>40,000</u>
Total All Funds	\$9,959,208	\$985,523	\$10,944,731
Less Estimated Income	<u>2,430,358</u>	<u>1,057,076</u>	<u>3,487,434</u>
Total General Fund	\$7,528,850	(\$71,553)	\$ 7,457,297
Full-Time Equivalent Positions	44.61	0.00-	44.61

Subdivision 4.

NORTH DAKOTA VISION SERVICES – SCHOOL FOR THE BLIND

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$4,935,291	\$ 62,564	\$4,997,855
Operating Expenses	795,821	(3,150)	792,671
Capital Assets	<u>39,192</u>	<u>370,000</u>	<u>409,192</u>
Total All Funds	\$5,770,304	\$429,414	\$6,199,718
Less Estimated Income	<u>1,052,315</u>	<u>524,975</u>	<u>1,577,290</u>
Total General Fund	\$4,717,989	(\$95,561)	\$4,622,428
Full-Time Equivalent Positions	27.90	(0.15)	27.75

Subdivision 5.

BILL TOTAL

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Grand Total General Fund	\$1,739,189,395	(\$123,030,354)	\$1,616,159,041
Grant Total Special Funds	<u>818,410,777</u>	<u>170,705,650</u>	<u>989,116,427</u>
Grand Total All Funds	\$2,557,600,172	\$ 47,675,296	\$2,605,275,468

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-EIGHTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty- sixth legislative assembly for the 2019-21 biennium and the 2021-23 one-time funding items included in the appropriation in section 1 of this Act:

DEPARTMENT OF PUBLIC INSTRUCTION

<u>One-Time Funding Description</u>	<u>2019-21</u>	<u>2021-23</u>
STARS Re-write	\$1,200,000	\$ 0
Formula Re-write	200,000	0
Integrated Formula Payments	0	83,000,000
Teacher Support Program	0	3,000,000
Esser Funding	<u>0</u>	<u>27,500,000</u>
Total Department of Public Instruction - All Fund	\$1,400,000	\$113,500,000
Total Department of Public Instruction - Special Funds	<u>1,200,000</u>	<u>110,500,000</u>
Total Department of Public Instruction - General Fund	\$ 200,000	\$ 3,000,000

RESOURCE CENTER FOR THE DEAF AND HARD OF HEARING

<u>One-Time Funding Description</u>	<u>2019-21</u>	<u>2021-23</u>
Extraordinary Repairs	\$250,000	\$650,000
Equipment	<u>20,000</u>	<u>47,500</u>
Total School for The Deaf - Special Funds	\$270,000	\$697,500

NORTH DAKOTA VISION SERVICES - SCHOOL FOR THE BLIND

<u>One-Time Funding Description</u>	<u>2019-21</u>	<u>2021-23</u>
Repair West Wing Roof	\$ 39,000	\$ 205,000
Miscellaneous Repairs	18,500	0
Garage Door Replacement	16,000	0
Remodel Daily Living Skills Area	25,000	0
Adaptive Technology Equipment	20,000	0
Replace Gymnasium Floor	42,000	0
Remodel South Wing Restrooms	120,000	0
South Wing Electrical Service	<u>0</u>	<u>165,000</u>
Total School for The Blind Special Funds	\$ 280,500	\$ 370,000
Grand Total - All Funds	\$1,950,500	\$114,567,500
Grand Total - Estimated Income	\$1,750,500	\$111,567,500
Grand Total - General Fund	\$ 200,000	\$ 3,000,000

The 2021-23 one-time funding amounts are not a part of the entity's base budget for the 2023-25 biennium. The department of public instruction, resource center for the deaf and hard of hearing, and north dakota vision services - school for the blind shall report to the appropriations committees of the sixty-eighth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 3. AMENDMENT. Section 15.1-02-02 of the North Dakota Century Code is amended and reenacted as follows:

15.1-02-02. Salary.

The annual salary of the superintendent of public instruction is ~~one hundred twenty-two thousand four hundred ten dollars through June 30, 2022~~ one hundred twenty-eight thousand three hundred ninety-eight dollars through June 30, 2021 and ~~one hundred twenty-five thousand eight hundred eighty dollars~~ one hundred thirty thousand nine hundred sixty-six dollars thereafter.

SECTION 4. APPROPRIATION - TUITION APPORTIONMENT. The sum of \$433,020,000, included in the integrated formula payments line item in subdivision 1 of section 1 of this Act, is from the state tuition fund in the state treasury. Any additional amount in the state tuition fund that becomes available for distribution to public schools is appropriated to the department of public instruction for that purpose for the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 5. GIFTED AND TALENTED PROGRAM - MEDICAID MATCHING FUNDING - DISTRIBUTION.

1. The sum of \$800,000, included in the integrated formula payments line item in subdivision 1 of section 1 of this Act, must be distributed to reimburse school districts or special education units for gifted and talented programs upon the submission of an application that is approved in accordance with guidelines adopted by the superintendent of public instruction. The superintendent of public instruction shall encourage cooperative efforts for gifted and talented programs among school districts and special education units.

2. State school aid payments for special education must be reduced by the amount of matching funds required to be paid by school districts or special education units for students participating in the medicaid program. Special education funds equal to the amount of the matching funds required to be paid by the school district or special education unit must be paid by the superintendent of public instruction to the department of human services on behalf of the school district or unit.

SECTION 6. REGIONAL EDUCATION ASSOCIATIONS - GRANTS. During the 2021-23 biennium, the superintendent of public instruction shall expend up to \$500,000 from the integrated formula payments line item in subdivision 1 of section 1 of this Act for the purpose of providing annual grants to regional education associations.

SECTION 7. INDIRECT COST ALLOCATION. Notwithstanding section 54-44.1-15, the department of public instruction may deposit indirect cost recoveries in its operating account.

SECTION 8. STATE AID TO PUBLIC LIBRARIES. The line item entitled grants in subdivision 2 of section 1 of this Act includes \$1,738,082 for aid to public libraries, of which no more than one-half is to be expended during the fiscal year ending June 30, 2022.

SECTION 9. SCHOOL FOR THE DEAF - HIGHER EDUCATION INTERPRETER GRANT PROGRAM.

The grants line item contained in subdivision 3 of section 1 of this Act is for the purpose of providing grants to assist institutions under the control of the state board of higher education with the cost of interpreters and real-time captioning for students who are deaf or hard of hearing, for the biennium beginning July 1, 2021 and ending June 30, 2023. Moneys appropriated for this program are not subject to section 54-44.1-11. Funds shall be distributed pursuant to the provisions of this section:

1. The school for the deaf shall develop a formula to determine the grant amount for which an institution is eligible. The formula must be based on a uniform hourly reimbursement.
2. To obtain a grant under this section, an institution shall submit to the school for the deaf, at the time and in the manner directed by the school, invoices showing the amount expended for interpreters and real-time captioning for students who are deaf or hard of hearing.
3. The school for the deaf may not distribute more than fifty percent of the amount appropriated during the first year of the biennium.
4. If any grant moneys remain undistributed at the end of the biennium, the school for the deaf shall provide additional prorated grants to institutions that incurred, during the biennium, hourly expenses in excess of the formula reimbursement level.
5. At the request of an institution under the control of the state board of higher education, the school for the deaf shall consult with the institution and provide advice regarding the provision of services most appropriate to meet a student's needs.

SECTION 10. STATE SCHOOL AID PROGRAM. The sum of \$2,112,224,733 included in the integrated formula payments line item in subdivision 1 of section 1 of this Act was calculated with the following assumption: Per student payment rates are \$10,036 for both the 2021-22 academic year and the 2022-23 academic year.

SECTION 11. GRANTS – OTHER GRANTS. The line item entitled grants-other grants in subdivision 1 of section 1 of this Act contains pass-through grants, of which no more than one-half of the funding is to be expended during the fiscal year ending June 30, 2022.

SECTION 12. TRANSFER. The office of management and budget shall transfer, on a quarterly basis, a total of \$193,000,000 from the foundation aid stabilization fund to the operating fund of the department of public instruction for the purpose of covering expenses in the integrated formula payment line in subdivision 1 of section 1 of this Act, for the period beginning with the effective date of this Act and ending June 30, 2023.

SECTION 13. AMENDMENT. Subsection 3 of Section 15.1-27-04.1 of the North Dakota Century Code is amended and reenacted as follows:

3. a. For the ~~2019-20~~2021-22 school year, the superintendent shall calculate state aid as the greater of:
 - (1) The district's weighted student units multiplied by ~~nine thousand eight hundred thirty-nine dollars~~ ten thousand thirty-six dollars;
 - (2) One hundred ~~one~~two percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's weighted student units, not to exceed the district's 2017-18 baseline weighted student units, plus any weighted student units in excess of the 2017-18 baseline weighted student units multiplied by nine thousand eight hundred thirty-nine dollars; or
 - (3) ~~The district's baseline funding as established in subsection 1.~~ (3) The district's baseline funding as established in subsection 1 less the amount in paragraph 1, with the difference reduced by fifteen percent for the 2021-22 school year and fifteen percent each school year thereafter, and then the difference added to the amount determined in paragraph 1.

- b. For the ~~2020-24~~2022-23 school year and each school year thereafter, the superintendent shall calculate state aid as the greater of:
 - (1) The district's weighted student units multiplied by ten thousand thirty-six dollars;
 - (2) One hundred two percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's weighted student units, not to exceed the district's 2017-18 baseline weighted student units, plus any weighted student units in excess of the 2017-18 baseline weighted student units multiplied by ten thousand thirty-six dollars; or
 - (3) The district's baseline funding as established in subsection 1 less the amount in paragraph 1, with the difference reduced by fifteen percent for the 2021-22 school year and fifteen percent each school year thereafter, and then the difference added to the amount determined in paragraph 1.

- c. The superintendent also shall adjust state aid determined in this subsection:
 - (1) For the ~~2019-20~~2021-22 school year, to ensure the amount does not exceed one hundred ~~five~~ten percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's weighted student units from the previous school year.
 - (2) For the ~~2020-24~~2022-23 school year and each school year thereafter, to ensure the amount does not exceed one hundred ten percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's weighted student units from the previous school year.

SECTION 14. AMENDMENT. Subsection 4 of Section 15.1-27-04.1 of the North Dakota Century Code is amended and reenacted as follows:

4. After determining the product in accordance with subsection 3, the superintendent of public instruction shall
 - a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the school district, except the amount in dollars subtracted for purposes of this subdivision may not exceed the previous year's amount in dollars subtracted for purposes of this subdivision by more than twelve percent, adjusted pursuant to section 15.1-27-04.3; and
 - b. Subtract an amount equal to seventy-five percent of all revenue types listed in subdivisions c and d of subsection 1. Before determining the deduction for seventy-five percent of all revenue types, the superintendent of public instruction shall adjust revenues as follows:
 - (1) Tuition revenue shall be adjusted as follows:
 - (a) In addition to deducting tuition revenue received specifically for the operation of an educational program provided at a residential treatment facility and tuition revenue received for the provision of an adult farm management program as directed in paragraph 3 of subdivision c of subsection 1, the superintendent of public instruction also shall reduce the total tuition reported by the school district by

the amount of tuition revenue received for the education of students not residing in the state and for which the state has not entered a crossborder education contract; and

- (b) The superintendent of public instruction also shall reduce the total tuition reported by admitting school districts meeting the requirements of subdivision e of subsection 2 of section 15.1-29-12 by the amount of tuition revenue received for the education of students residing in an adjacent school district.
- (2) After adjusting tuition revenue as provided in paragraph 1, the superintendent shall reduce all remaining revenues from all revenue types by the percentage of mills levied in ~~2018~~2020 by the school district for sinking and interest relative to the total mills levied in ~~2018~~2020 by the school district for all purposes.