

**Department 250 - State Library  
House Bill No. 1013**

**Executive Budget Comparison to Prior Biennium Appropriations**

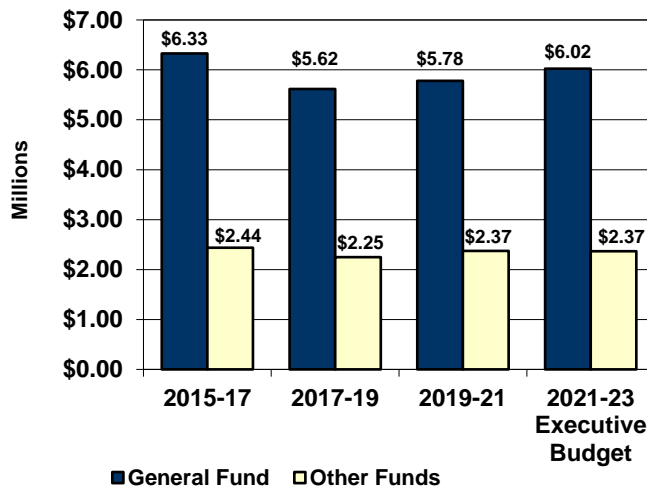
	FTE Positions	General Fund	Other Funds	Total
2021-23 Executive Budget	26.75	\$6,023,909	\$2,368,225	\$8,392,134
2019-21 Legislative Appropriations <sup>1</sup>	27.75	5,781,419	2,374,361	8,155,780
Increase (Decrease)	(1.00)	\$242,490	(\$6,136)	\$236,354

<sup>1</sup>The 2019-21 biennium agency appropriation amounts have not been adjusted for additional federal funds authority of \$220,000 and additional federal Coronavirus (COVID-19) funds authority of \$200,000 resulting from Emergency Commission action during the 2019-21 biennium.

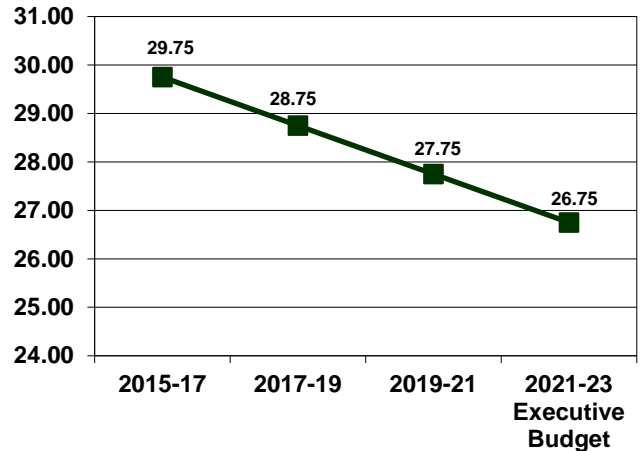
**Ongoing and One-Time General Fund Appropriations**

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2021-23 Executive Budget	\$6,023,909	\$0	\$6,023,909
2019-21 Legislative Appropriations	5,781,419	0	5,781,419
Increase (Decrease)	\$242,490	\$0	\$242,490

**Agency Funding**



**FTE Positions**



**Executive Budget Comparison to Base Level**

	General Fund	Other Funds	Total
2021-23 Executive Budget	\$6,023,909	\$2,368,225	\$8,392,134
2021-23 Base Level	5,781,419	2,374,361	8,155,780
Increase (Decrease)	\$242,490	(\$6,136)	\$236,354

**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
1. Adds funding for state employee salary and benefit increases, of which \$95,529 is for salary increases, \$1,361 is for health insurance increases, and \$19,648 is for retirement contribution increases. <b>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</b>	\$99,082	\$17,456	\$116,538

**House did not add funding for retirement contribution increases.**

2. Adjusts base payroll	\$106,270	(\$223,592)	(\$117,322)
3. Removes 2 FTE unidentified positions	(\$308,462)	\$0	(\$308,462)
4. Adds 1 FTE educational program administrator II position	\$151,000	\$0	\$151,000
5. Adds funding for operating expenses related to a Capitol complex rent proposal. <b>The House did not add funding for the Capitol complex rent proposal.</b>	\$280,693	\$0	\$280,693
6. Adds funding for operating expenses related to Microsoft Office 365 licensing expenses	\$786	\$0	\$786
7. Adds federal funds from the Institute of Museum and Library Services for statewide database services, professional development for librarians, and other services	\$0	\$200,000	\$200,000
8. Decreases funding for state aid to libraries to provide a total of \$1,651,203 from the general fund. <b>The House did not decrease funding for state aid to libraries, providing a total of \$1,737,582 from the general fund.</b>	(\$86,379)	\$0	(\$86,379)
9. Decreases funding for library vision grants. <b>The House did not decrease funding for library vision grants, providing a total of \$237,500 from the general fund.</b>	(\$500)		(\$500)

**Other Sections in House Bill No. 1013**

**State aid to public libraries** - Section 14 provides that of the \$1,737,582 provided for aid to public libraries, no more than one-half may be spent during the 1<sup>st</sup> year of the biennium.

**Continuing Appropriations**

There are no continuing appropriations for this agency.

**Deficiency Appropriation**

There are no deficiency appropriations for this agency.

**Significant Audit Findings**

The operational audit of the State Library performed by the State Auditor identified the following findings:

- **Noncompliance with appropriation laws** - The State Library violated state law for appropriation authority approved by the Legislative Assembly in the 2017 Session Laws by inconsistently charging similar costs between the operating expenses line and the grants line. This resulted in \$79,766 of costs charged to grants that should have been charged to operating expenses. If these costs had been charged correctly, the State Library would have exceeded the appropriation in the operating expenses line by \$16,111. Money allocated for certain line items (such as grants) cannot be used for other purposes (such as operating expenses) without approval from the Emergency Commission to move the appropriation authority between line items.
- **Noncompliance with appropriation laws for grants to public libraries** - The State Library violated state law for appropriation authority approved by the Legislative Assembly in the 2017 Session Laws related to state aid to public libraries. For the biennium, the State Library exceeded the amount appropriated by \$19,092.
- **Improper distribution of state aid to public libraries** - The State Library made the incorrect eligibility determination for 3 of 97 public libraries that received state aid in fiscal year 2018. Two public libraries were not eligible to receive state aid; however, both received state aid totaling \$12,458. Additionally, a third public library did not receive \$19,038 initially, even though it met the criteria for state aid. Later, when the State Library paid the third library its \$19,038, it charged the expense to the operating expenses line item rather than the grants line item.
- **Lack of city/county auditor certified applications** - The State Library used an incorrect taxable valuation to calculate a public library's incentive for local funding. The State Library has been filling in certain fields of the state financial aid applications for public libraries. Some of the information is obtained from the Tax Department instead of having the public libraries complete the applications and have the information certified by the auditors of the city or county operating the library, as required by law.

In addition to the deficiencies included in the findings above, the State Auditor noted other matters involving internal control that were reported to management of the State Library in a management letter dated September 10, 2019. The management letter included one informal recommendation relating to proper support for federal expenditures. The State Auditor recommends the State Library ensure proper support for federal expenditures including written agreements for professional services and honoraria.

**Major Related Legislation**

**Senate Bill No. 2157** - Adjusts the membership of the North Dakota Library Coordinating Council.

**State Library - Budget No. 250  
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
<b>2021-23 Biennium Base Level</b>	27.75	\$5,781,419	\$2,374,361	\$8,155,780	27.75	\$5,781,419	\$2,374,361	\$8,155,780
<b>2021-23 Ongoing Funding Changes</b>								
Base payroll changes		\$106,270	(\$223,592)	(\$117,322)		\$106,270	(\$223,592)	(\$117,322)
Salary increase		81,220	14,309	95,529		108,204	12,950	121,154
Retirement contribution increase		16,705	2,943	19,648				0
Health insurance increase		1,157	204	1,361		1,157	204	1,361
Removes 2 FTE unidentified positions	(2.00)	(308,462)		(308,462)	(2.00)	(308,462)		(308,462)
Adds 1 FTE educational program administrator II position	1.00	151,000		151,000	1.00	151,000		151,000
Adds funding for operating expenses related to a Capitol complex rent proposal		280,693		280,693				0
Adds funding for operating expenses related to Microsoft Office 365 licensing expenses		786		786		786		786
Adds federal funds from the Institute of Museum and Library Services for statewide database services, professional development for librarians, and other services			200,000	200,000			200,000	200,000
Decreases funding for state aid to libraries		(86,379)		(86,379)				0
Decreases funding for library vision grants		(500)		(500)				0
<b>Total ongoing funding changes</b>	<b>(1.00)</b>	<b>\$242,490</b>	<b>(\$6,136)</b>	<b>\$236,354</b>	<b>(1.00)</b>	<b>\$58,955</b>	<b>(\$10,438)</b>	<b>\$48,517</b>
<b>One-time funding items</b>								
No one-time funding items		\$0	\$0	\$0		\$0	\$0	\$0
<b>Total one-time funding changes</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Changes to Base Level Funding</b>	<b>(1.00)</b>	<b>\$242,490</b>	<b>(\$6,136)</b>	<b>\$236,354</b>	<b>(1.00)</b>	<b>\$58,955</b>	<b>(\$10,438)</b>	<b>\$48,517</b>
<b>2021-23 Total Funding</b>	<b>26.75</b>	<b>\$6,023,909</b>	<b>\$2,368,225</b>	<b>\$8,392,134</b>	<b>26.75</b>	<b>\$5,840,374</b>	<b>\$2,363,923</b>	<b>\$8,204,297</b>

<i>Total ongoing changes as a percentage of base level</i>	(3.6%)	4.2%	(0.3%)	2.9%	(3.6%)	1.0%	(0.4%)	0.6%
<i>Total changes as a percentage of base level</i>	(3.6%)	4.2%	(0.3%)	2.9%	(3.6%)	1.0%	(0.4%)	0.6%

**Other Sections in State Library - Budget No. 250**

**Executive Budget Recommendation**

**House Version**

State aid to public libraries

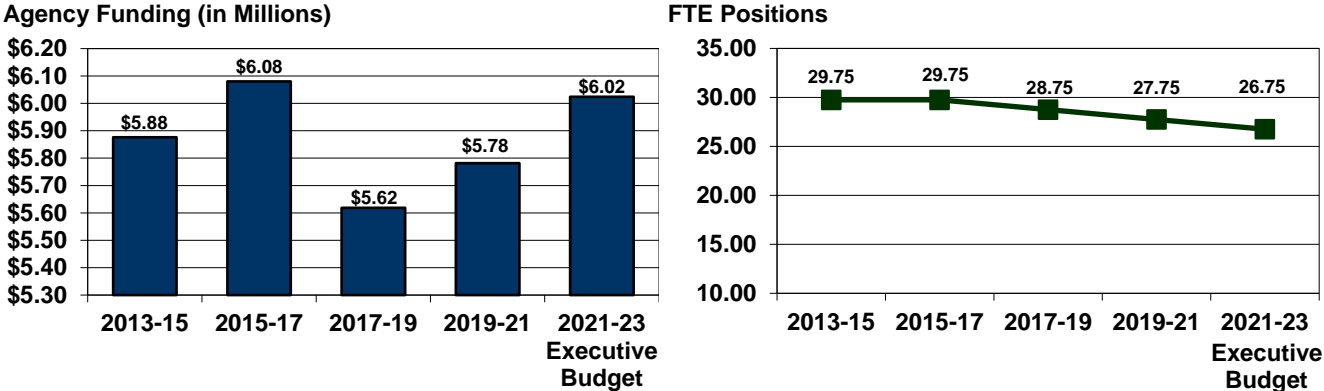
Section 8 would provide that of the \$1,651,203 provided for aid to public libraries, no more than one-half may be spent during the 1st year of the biennium.

Section 14 provides that of the \$1,737,582 provided for aid to public libraries, no more than one-half may be spent during the 1st year of the biennium.

Department 250 - State Library

# 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	\$5,875,988	\$6,079,981	\$5,618,301	\$5,781,419	\$6,023,909
Increase (decrease) from previous biennium	N/A	\$203,993	(\$461,680)	\$163,118	\$242,490
Percentage increase (decrease) from previous biennium	N/A	3.5%	(7.6%)	2.9%	4.2%
Cumulative percentage increase (decrease) from 2013-15 biennium	N/A	3.5%	(4.4%)	(1.6%)	2.5%

### Major Increases (Decreases) in Ongoing General Fund Appropriations

#### 2015-17 Biennium (Original Amount)

- 1. Increased state aid to libraries to provide a total of \$2,133,000 from the general fund (This funding was reduced as part of the general fund budget reductions approved in August 2016.) \$366,500

#### 2017-19 Biennium

- 1. Restored salaries and wages funding reductions during the 2015-17 biennium \$61,341
- 2. Removed 1 FTE education program administrator II position (\$142,296)
- 3. Reduced funding for online library resources (\$182,239)
- 4. Reduced funding for state aid to libraries to provide a total of \$1,737,582 from the general fund (\$295,472)

#### 2019-21 Biennium

- 1. Removed 2 FTE library associate I positions (\$280,915)
- 2. Added 1 FTE librarian III position \$181,278
- 3. Adjusted funding for operating expenses (\$29,959)

#### 2021-23 Biennium (Executive Budget Recommendation)

- 1. Removes 2 FTE unidentified positions (\$308,462)
- 2. Adds 1 FTE educational program administrator II position \$151,000
- 3. Adds funding for operating expenses related to a proposed building rent model. **The House did not add funding for the Capitol complex rent proposal.** \$280,693
- 4. Decreases funding for state aid to libraries to provide a total of \$1,651,203 from the general fund. **The House did not decrease funding for state aid to libraries, providing a total of \$1,737,582 from the general fund.** (\$86,379)

**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.