

Department 252 - School for the Deaf
House Bill No. 1013

Executive Budget Comparison to Prior Biennium Appropriations

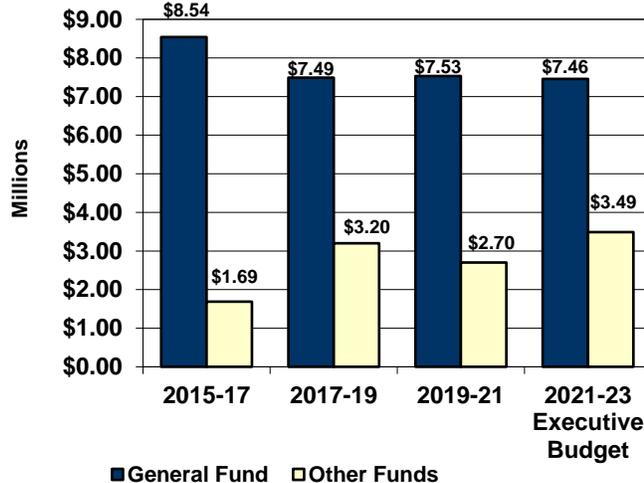
| | FTE Positions | General Fund | Other Funds | Total |
|---|---------------|--------------|-------------|--------------|
| 2021-23 Executive Budget | 44.61 | \$7,457,297 | \$3,487,434 | \$10,944,731 |
| 2019-21 Legislative Appropriations ¹ | 44.61 | 7,528,850 | 2,700,358 | 10,229,208 |
| Increase (Decrease) | 0.00 | (\$71,553) | \$787,076 | \$715,523 |

¹The 2019-21 biennium agency appropriation amounts have not been adjusted for special fund carryover totaling \$116,912 related to capital projects and general fund carryover totaling \$209,115 related to the higher education interpreter grant program.

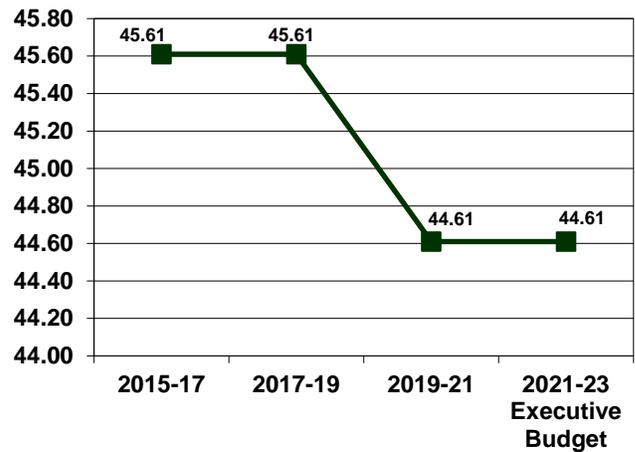
Ongoing and One-Time General Fund Appropriations

| | Ongoing General Fund Appropriation | One-Time General Fund Appropriation | Total General Fund Appropriation |
|------------------------------------|------------------------------------|-------------------------------------|----------------------------------|
| 2021-23 Executive Budget | \$7,457,297 | \$0 | \$7,457,297 |
| 2019-21 Legislative Appropriations | 7,528,850 | 0 | 7,528,850 |
| Increase (Decrease) | (\$71,553) | \$0 | (\$71,553) |

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

| | General Fund | Other Funds | Total |
|--------------------------|--------------|-------------|--------------|
| 2021-23 Executive Budget | \$7,457,297 | \$3,487,434 | \$10,944,731 |
| 2021-23 Base Level | 7,528,850 | 2,430,358 | 9,959,208 |
| Increase (Decrease) | (\$71,553) | \$1,057,076 | \$985,523 |

Attached as an appendix is a detailed comparison of the executive budget to the agency's base level appropriations.

Executive Budget Highlights

| | General Fund | Other Funds | Total |
|---|--------------|-------------|------------|
| 1. Adds funding for state employee salary and benefit increases, of which \$183,411 is for salary increases, \$2,485 is for health insurance increases, and \$21,310 is for retirement contribution increases | \$197,628 | \$9,578 | \$207,206 |
| 2. Adjusts base payroll. | (\$37,343) | (\$2) | (\$37,345) |
| 3. Adjusts the funding source for salaries and wages to provide funding from special funds available from trust fund distributions, rents, and service revenue | (\$365,542) | \$350,000 | (\$15,542) |
| 4. Increases funding for teacher salaries | \$133,704 | \$0 | \$133,704 |
| 5. Adds one-time funding to upgrade the campus server | \$0 | \$7,500 | \$7,500 |

| | | | |
|---|-----|-----------|-----------|
| 6. Adds one-time funding for lawn tractor and kitchen appliance replacement | \$0 | \$40,000 | \$40,000 |
| 7. Adds one-time funding from special funds available from trust fund distributions, rents, and service revenue to upgrade the standby boiler and other Resource Center projects | \$0 | \$650,000 | \$650,000 |

**Other Sections Recommended to be Added in the Executive Budget
(As Detailed in Attached Appendix)**

Higher education interpreter grant program - Section 9 would provide that \$40,000 from the general fund included in the grants line item of the School for the Deaf is for a grants program 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 hearing impaired for the 2021-23 biennium. Funding appropriated for this program is not subject to North Dakota Century Code Section 54-44.1-11. In addition, the section would require the School for the Deaf develop a formula for distribution of the funds based on a uniform hourly reimbursement and may not distribute more than 50 percent of the amount appropriated during the 1st year of the biennium. If any grant funding remains undistributed at the end of the biennium, the School for the Deaf would provide additional prorated grants to institutions that during the biennium incurred hourly expenses in excess of the formula reimbursement level.

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 School for the Deaf performed by the State Auditor identified one finding. The School for the Deaf did not comply with the North Dakota State Procurement Manual. Three of 17 transactions tested were not properly procured, resulting in an 18 percent error rate. The School for the Deaf failed to obtain bids or a request for proposal and did not maintain proper documentation.

Major Related Legislation

At this time, no major related legislation has been introduced affecting this agency.

School for the Deaf - Budget No. 252
House Bill No. 1013
Base Level Funding Changes

| | Executive Budget Recommendation | | | |
|---|--|-------------------------|------------------------|---------------------|
| | FTE Positions | General Fund | Other Funds | Total |
| 2021-23 Biennium Base Level | 44.61 | \$7,528,850 | \$2,430,358 | \$9,959,208 |
| 2021-23 Ongoing Funding Changes | | | | |
| Base payroll changes | | (\$37,343) | (\$2) | (\$37,345) |
| Salary increase | | 174,933 | 8,478 | 183,411 |
| Retirement contribution increase | | 20,325 | 985 | 21,310 |
| Health insurance increase | | 2,370 | 115 | 2,485 |
| Adjusts the funding source for salaries and wages to provide funding from special funds available from trust fund distributions, rents, and service revenue | | (365,542) | 350,000 | (15,542) |
| Adds funding for teacher salary increases | | 133,704 | | 133,704 |
| Total ongoing funding changes | 0.00 | (\$71,553) | \$359,576 | \$288,023 |
| One-time funding items | | | | |
| Adds one-time funding to upgrade the campus server | | | \$7,500 | \$7,500 |
| Adds one-time funding for lawn tractor and kitchen appliance replacement | | | 40,000 | 40,000 |
| Adds one-time funding from special funds available from trust fund distributions, rents, and service revenue to upgrade the standby boiler and other Resource Center projects | | | 650,000 | 650,000 |
| Total one-time funding changes | 0.00 | \$0 | \$697,500 | \$697,500 |
| Total Changes to Base Level Funding | 0.00 | (\$71,553) | \$1,057,076 | \$985,523 |
| 2021-23 Total Funding | 44.61 | \$7,457,297 | \$3,487,434 | \$10,944,731 |
| <i>Total ongoing changes as a percentage of base level</i> | <i>0.0%</i> | <i>(1.0%)</i> | <i>14.8%</i> | <i>2.9%</i> |
| <i>Total changes as a percentage of base level</i> | <i>0.0%</i> | <i>(1.0%)</i> | <i>43.5%</i> | <i>9.9%</i> |

Other Sections in School for the Deaf - Budget No. 252

Executive Budget Recommendation

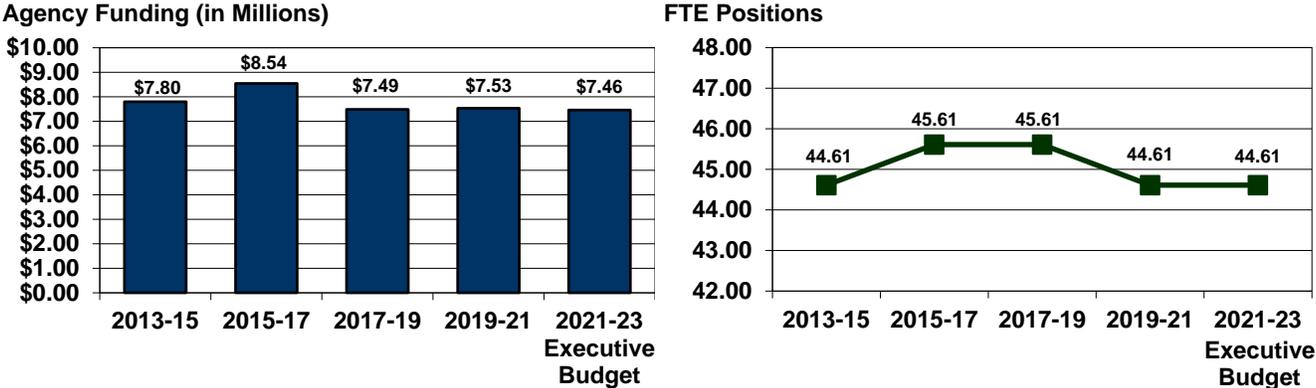
Higher education interpreter grant program

Section 9 would provide that \$40,000 from the general fund included in the grants line item of the School for the Deaf is for a grants program 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 hearing impaired for the 2021-23 biennium. Funding appropriated for this program is not subject to North Dakota Century Code Section 54-44.1-11. In addition, the section would require the School for the Deaf develop a formula for distribution of the funds based on a uniform hourly reimbursement and may not distribute more than 50 percent of the amount appropriated during the 1st year of the biennium. If any grant funding remains undistributed at the end of the biennium, the School for the Deaf would provide additional prorated grants to institutions that during the biennium incurred hourly expenses in excess of the formula reimbursement level.

Department 252 - School for the Deaf

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 | \$7,799,379 | \$8,541,881 | \$7,488,526 | \$7,528,850 | \$7,457,297 |
| Increase (decrease) from previous biennium | N/A | \$742,502 | (\$1,053,355) | \$40,324 | (\$71,553) |
| Percentage increase (decrease) from previous biennium | N/A | 9.5% | (12.3%) | 0.5% | (1.0%) |
| Cumulative percentage increase (decrease) from 2013-15 biennium | N/A | 9.5% | (4.0%) | (3.5%) | (4.4%) |

Major Increases (Decreases) in Ongoing General Fund Appropriations

2015-17 Biennium (Original Amounts)

- 1. Added funding for 1 adult services FTE position for the western part of the state \$129,600
- 2. Adjusted the funding source of operating expenses to increase funding from the general fund (This funding was reduced as part of the general fund budget reductions approved in August 2016.) \$500,000

2017-19 Biennium

- 1. Removed funding for teacher composite pay increases (\$151,193)
- 2. Adjusted the funding source for a portion of operating expenses to provide funding from special funds available from trust fund distributions, rents, and service revenue (\$784,381)
- 3. Reduced funding for extraordinary repairs and adjusted the funding source to provide funding from special funds available from trust fund distributions, rents, and service revenue (\$152,174)

2019-21 Biennium

- 1. Removed 1 FTE position and adjusted base payroll (\$293,445)
- 2. Removed 1 FTE undesignated position and added 1 FTE adult services position funded by special funds (\$117,654)
- 3. Increased funding for teacher salaries \$144,153
- 4. Reduced funding for interpreter grants to state colleges and universities to provide a total of \$40,000 from the general fund (\$140,000)

2021-23 Biennium (Executive Budget Recommendation)

- 1. Adjusts the funding source for salaries and wages to provide funding from special funds available from trust fund distributions, rents, and service revenue (\$365,542)
- 2. Increases funding for teacher salaries \$133,704

**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.