

## COMMON SCHOOLS TRUST FUND SHARE OF STATE SCHOOL PAYMENTS

**Note: This information was provided to the Committee on March 21, 2025.**

Distributions from the Common Schools Trust Fund (CSTF) have experienced a significant increase over the past 25 years.

In 1999-2001, the total distribution from the Trust Fund was \$47,550,000. Fast forward to the years 2025-2027 and we will distribute an astonishing \$585,000,000 – more than 12 times the previous amount.

Since the 2013-15 biennium, the CSTF share of state aid payments to schools has risen from 8% to 25.2%. These funds have replaced money that would normally come from the general fund.

Since 2013, the CSTF has provided almost \$2 billion (\$1.987B) in state aid to schools.

Biennium	Formula Payment	CSTF	% of Formula	Increase
2013-15	\$1,752,100,000	\$140,326,000	8 percent	\$38,688,000
2015-17	\$1,916,640,000	\$219,134,000	11.4 percent	\$78,808,000
2017-19	\$1,935,204,163	\$305,546,905	15.8 percent	\$86,412,905
2019-21	\$2,098,202,429	\$377,764,000	18 percent	\$72,217,095
2021-23	\$2,131,825,000	\$433,020,000	20.3 Percent	\$55,256,000
2023-25	\$2,299,674,851	\$510,860,000	22.2 Percent	\$77,840,000
2025-27	\$2,359,674,851	\$595,677,350	25.2 Percent	\$84,817,350

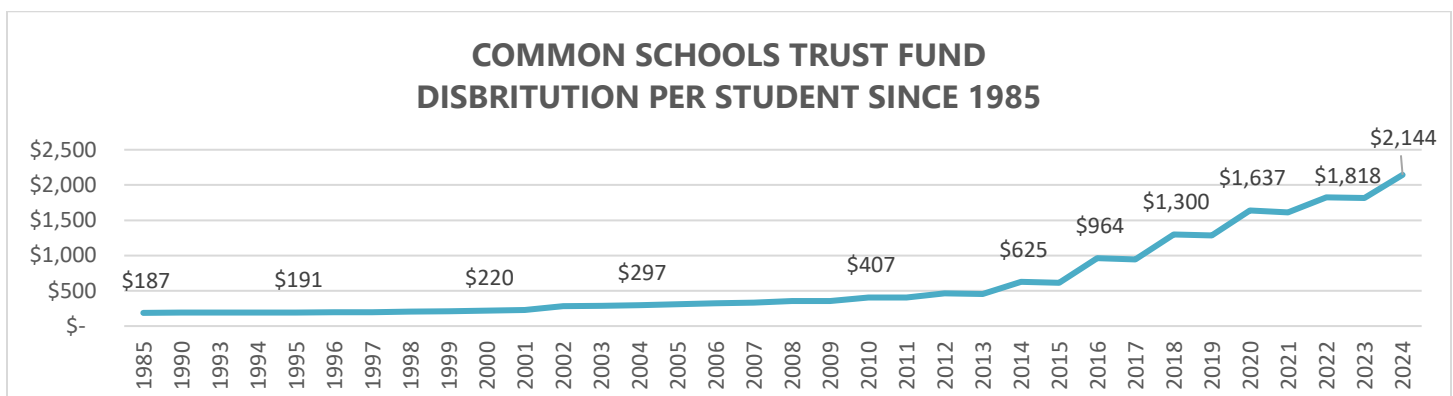
"Formula payment" is listed in the Legislative Council's budget details as "Integrated Formula Payment." This is, by far, the largest source of state support for K-12 education.

The "Common Schools" expenditures are listed in the Legislative Council's budget documents as money from the "Tuition Fund." The Tuition Fund expenditures include money from state fines along with the Common Schools Trust Fund distributions. The trust fund distributions make up almost all of the "tuition fund" money.

Updated March 7, 2025, with information provided by the Department of Public Instruction (DPI)

**Note: The following information is in addition for presentation to the Committee on March 28, 2025.**

DPI provided student enrollment data back to 1985, with gaps from 1985-1990 and 1990-1993. The Committee requested information back to the 1970's if possible. Without having enrollment data from the 1970s, we estimated using the 1985 enrollment. The 1977-1979 CSTF distribution of \$12,926,114 would equate to approximately \$55/student per year. The CSTF distribution in 2025-2027 will be 45x that.



YEAR	K-12 ENROLLMENT	CSTF DISTRIBUTION	\$/STUDENT
1985	117,995	\$ 22,031,142	\$ 187
1990	116,951	\$ 22,616,683	\$ 193
1993	118,512	\$ 22,616,683	\$ 191
1994	118,649	\$ 22,616,683	\$ 191
1995	118,565	\$ 22,616,683	\$ 191
1996	117,816	\$ 22,850,000	\$ 194
1997	116,103	\$ 22,850,000	\$ 197
1998	113,929	\$ 23,200,000	\$ 204
1999	111,705	\$ 23,200,000	\$ 208
2000	108,094	\$ 23,775,000	\$ 220
2001	105,217	\$ 23,775,000	\$ 226
2002	103,013	\$ 28,896,500	\$ 281
2003	101,137	\$ 28,896,500	\$ 286
2004	99,324	\$ 30,000,000	\$ 297
2005	97,120	\$ 30,000,000	\$ 309
2006	95,600	\$ 31,100,000	\$ 325
2007	94,057	\$ 31,100,000	\$ 331
2008	93,406	\$ 33,400,000	\$ 356
2009	93,715	\$ 33,400,000	\$ 356
2010	94,729	\$ 38,589,000	\$ 407
2011	95,778	\$ 38,589,000	\$ 403
2012	99,192	\$ 46,257,000	\$ 466
2013	101,656	\$ 46,257,000	\$ 455
2014	104,278	\$ 65,163,000	\$ 625
2015	106,070	\$ 65,163,000	\$ 614
2016	106,863	\$ 103,067,000	\$ 964
2017	108,945	\$ 103,067,000	\$ 946
2018	110,842	\$ 144,132,000	\$ 1,300
2019	112,858	\$ 144,132,000	\$ 1,286
2020	112,045	\$ 183,378,000	\$ 1,637
2021	113,858	\$ 183,378,000	\$ 1,611
2022	115,385	\$ 210,510,000	\$ 1,824
2023	115,767	\$ 210,510,000	\$ 1,818
2024	116,598	\$ 249,930,000	\$ 2,144

# DECISION POINTS

1. Pay Equity – per CBIZ study
  - 12 Employees up to Minimums - \$289,020 (biennium – includes benefits)
  - Compression Adjustments - \$554,411 (biennium – includes benefits)
  - Total - \$843,431 (biennium – includes benefits)
2. New FTE - Unclaimed Property Audit / Compliance
  - \$242,900 (biennium – this amount includes benefits)
3. New FTE – Diversified Revenues Officer
  - \$271,728 (biennium – this amount includes benefits)
4. Restore Operating Expense Cut - \$177,174

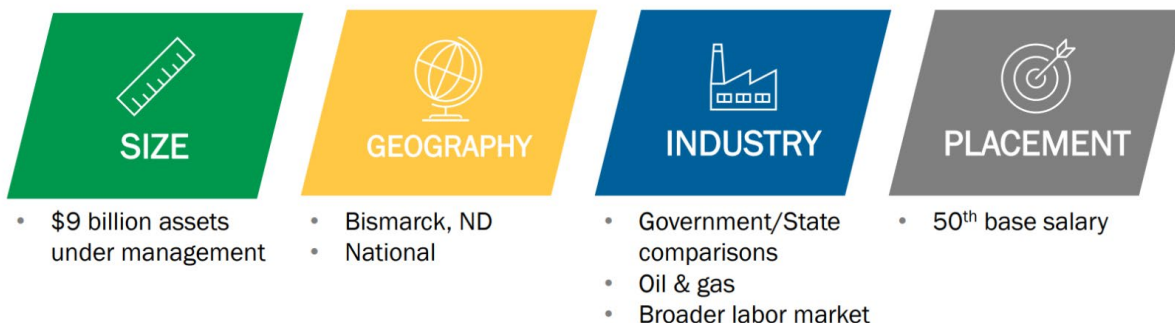
**REVISED TESTIMONY OF ADAM OTTESON  
REVENUE COMPLIANCE DIRECTOR  
SENATE Bill 2013**

Good morning, members of the House Appropriations – Government Operations Committee. My name is Adam Otteson, and I serve as the Director of Revenue Compliance for the Department of Trust Lands. Thank you for the opportunity to present on the salary study conducted by CBIZ, focusing on the critical base pay adjustments necessary to maintain a competitive and effective workforce. This testimony is an update from the March 14th testimony to include the estimated cost of benefits to our request.

Last summer, after reviewing the Land Commissioner's salary, the Board of University and School Lands ("Board") expressed concern that staff compensation was falling behind market rates, particularly when compared to salaries at other state agencies managing substantial assets and revenues, such as Bank of North Dakota and the Retirement and Investment Office. To address this concern, the Board tasked the Performance and Compensation Committee, in collaboration with HRMS and Trust Lands, to conduct a comprehensive salary study, ensuring that compensation remains competitive and supports the recruitment and retention of top talent.

After a competitive procurement process, CBIZ was selected to conduct the study. CBIZ performed a thorough evaluation, interviewing every employee, reviewing job descriptions and responsibilities, benchmarking salaries against comparable government positions, related job sector wages, and the broader labor market. Their recommended salary ranges were set at the 50th percentile—ensuring competitiveness without excess.

## Labor Markets & Competitiveness





## Classify Jobs

The midpoint of each job's assigned salary grade is designed to closely approximate the market 50th percentile

- Jobs are slotted into salary grades based on this relationship

If the market 50th percentile falls between two grade midpoints, the job is assigned to the grade with the nearest midpoint to ensure accurate alignment with market data

Grades will contain jobs of similar market value

Adjustments made for internal equity

Title: Job XYZ

Market Benchmark: \$35,455

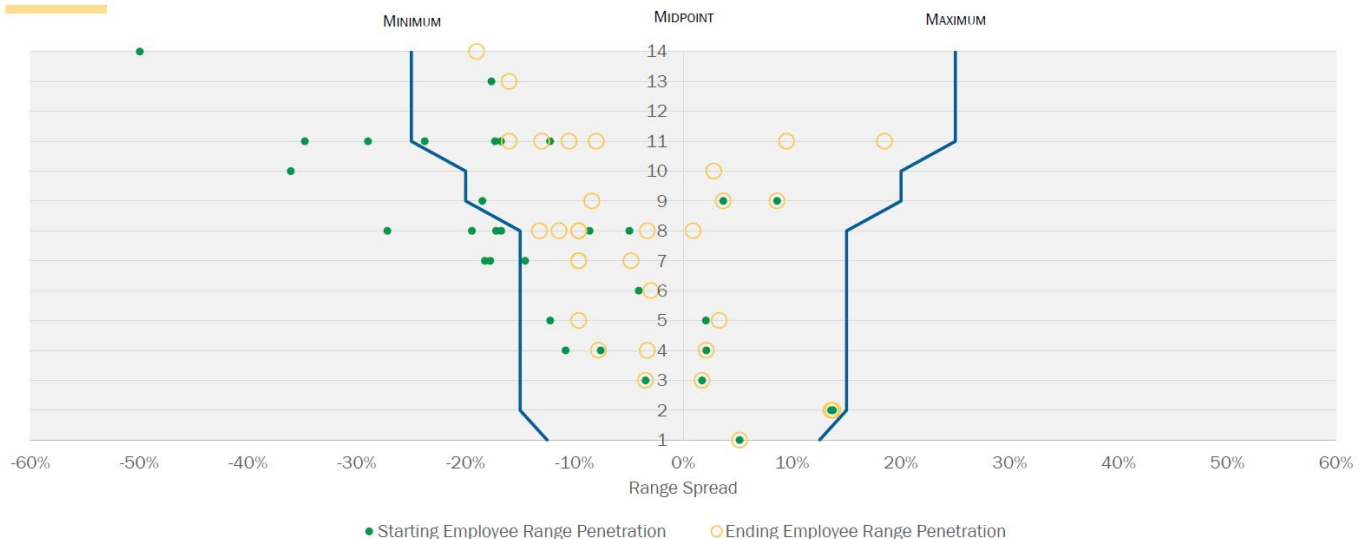
Grade	Minimum	Midpoint	Maximum
1	\$24,778	\$30,972	\$37,166
2	\$27,398	\$35,618	\$43,838
3	\$31,508	\$40,960	\$50,412

Illustrative Structure

Based on their analysis, CBIZ recommended equity adjustments for specific positions. Their findings were clear: while lower pay grade positions are adequately compensated, professional and management roles in many cases are underpaid. As the chart below illustrates, many current salaries (green dots) fall below the starting salary range (blue line) for comparable positions. CBIZ's recommended base salaries (yellow circles) account for key factors such as performance, years of service, and market benchmarks.



## Post Increase Range Placement



To implement the recommended salary adjustments, bringing employees up to the minimum salaries for their roles will require an annual equity increase of \$115,608. Addressing compression to ensure fair pay progression based on tenure, performance and the current salary market will require an additional \$221,770 annually. To fully align salaries with CBIZ's findings, including the estimated cost of benefits, brings to total cost up to approximately \$843,000 for the next biennium.

While this may seem like a significant adjustment, it is a modest investment considering the scope of our responsibilities. We manage over \$11 billion in assets, including surface and mineral valuations, and have generated more than \$2.2 billion in revenue over the past two years alone (excluding tax revenue). The trusts and funds we oversee provide essential support for education and fund statewide initiatives through the Strategic Investments and Improvement Fund. Having competitive salaries is vital to retaining the highly skilled professionals necessary to sustain and grow these critical revenue streams.

## Salary Adjustment Considerations



Category	Rationale	Cost	% of Payroll
Increase to Minimum:	<ul style="list-style-type: none"><li>• At risk of losing employees due to pay</li></ul>	\$115,608	3.8%
Compression Increase:	<ul style="list-style-type: none"><li>• Alleviate pay compression based on time in role and performance</li><li>• Improve overall pay position</li></ul>	\$221,770	7.2%
<b>Total Increases:</b>		<b>\$337,377</b>	<b>11.0%</b>

The CBIZ study's recommendations are well-founded, relying on public sector benchmarks with adjustments for the specialized industries in which Trust Lands operates. This was not a private sector salary comparison but a targeted analysis to ensure fair compensation.

The Board, under the Governor's leadership, has reviewed the study and authorized us to present this request to the committee for salary equity adjustments in this biennium's budget. We respectfully seek full funding of \$843,431 to bring salaries in line with the market and address compression. However, if the committee finds that the full amount is not feasible, we request approval for at least \$289,020 to support the employees identified as "at risk of leaving due to pay." Any additional funding beyond this amount would significantly help reduce compression and close salary gaps.

It is important to note that this funding request does not impact the general fund budget, as we are a special funds agency.

Additionally, while the study recommended an incentive compensation plan, the Board decided to research that issue further before requesting legislative authorization. The CBIZ study report has been separately submitted for your review.

Thank you for considering this request to help Trust Lands maintain a highly skilled and competitive workforce for the effective management of the state's valuable assets. I'm happy to answer any questions.



## Senate Bill No. 2013

### Supplemental Information March 2024

#### Ellendale Trust History

Article IX of the ND Constitution designated 40,000 acres of Trust Land to the School for Manual Training located in Ellendale, ND and the school was opened in September 1899. Later, the school was designated as a Normal School with the main objective to train teachers. The school operated for over 70 years but was closed in 1971. In 1972, the citizens of North Dakota approved a constitutional amendment that removed the reference to the Ellendale Trust. In the 1973 Legislative Assembly, HB 1052 was passed to reallocate the Ellendale Trust funds equally to the following beneficiaries: Veterans Home, School for the Blind, Dakota College at Bottineau, State School of Science - Wahpeton, State Hospital, Minot State University, and Dickinson State University.

Currently, the Ellendale Trust has approximately 4,919 surface acres and 21,028 mineral acres. As of December 31, 2024, the Ellendale Trust had a balance of \$35,796,878. Below is the trust's recent distribution history.

	ELLENDALE TRUST FUND DISTRIBUTIONS		
	2019-21	2021-23	2023-25
Beneficiary name	Distribution	Distribution	Distribution
SCHOOL FOR THE BLIND	242,000	285,000	343,700
STATE HOSPITAL	242,000	285,000	343,700
STATE COLLEGE OF SCIENCE	242,000	285,000	343,700
VETERANS HOME	242,000	285,000	343,700
DICKINSON STATE UNIVERSITY	242,000	285,000	343,700
MINOT STATE UNIVERSITY	242,000	285,000	343,700
DAKOTA COLLEGE AT BOTTINEAU	242,000	285,000	343,700
	\$1,694,000	\$1,995,000	\$2,405,900



# CONSTITUTIONAL AMENDMENTS, APPROVED

## CHAPTER 526

### CONSTITUTIONAL STATUS OF UND-ELLENDALE BRANCH

House Concurrent Resolution No. 3045, chapter 623, 1971 Session Laws, proposed by the Forty-second Legislative Assembly of the State of North Dakota, providing for the amendment of section 216 of the Constitution of the State of North Dakota, and subsection 1 of article 54 of the amendments to the Constitution of the State of North Dakota, relating to the removal of the constitutional status of the Ellendale Branch of the University of North Dakota, to read as follows:

BE IT ENACTED BY THE PEOPLE OF THE STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT.) Section 216 of the Constitution of the state of North Dakota is hereby amended and reenacted to read as follows:

Section 216. The following named public institutions are hereby permanently located as hereinafter provided, each to have so much of the remaining grant of one hundred seventy thousand acres of land made by the United States for "other educational and charitable institutions" as is allotted by law, namely:

First: A soldiers' home, when located, or such other charitable institution as the legislative assembly may determine, at Lisbon, in the county of Ransom, with a grant of forty thousand acres of land.

Second: The blind asylum shall be known as the North Dakota school for the blind and may be removed from the county of Pembina to such other location as may be determined by the board of administration to be in the best interests of the students of such institution and the state of North Dakota.

Third: A school of forestry, or such other institution as the legislative assembly may determine, at such place in one of the counties of McHenry, Ward, Bottineau, or Rolette, as the electors of said counties may determine by an election for that purpose, to be held as provided by the legislative assembly.



Fourth: A scientific school or such other educational or charitable institution as the legislative assembly may prescribe, at the city of Wahpeton, county of Richland, with a grant of forty thousand acres.

Fifth: A state normal school at the city of Minot in the county of Ward.

Sixth: (a) A state normal school at the city of Dickinson, in the county of Stark. (b) A state hospital for the insane at such place within this state as shall be selected by the legislative assembly, provided, that no other institution of a character similar to any one of those located by this article shall be established or maintained without a revision of this Constitution.

SECTION 2. AMENDMENT.) Subsection 1 of article 54 of the amendments to the Constitution of the state of North Dakota is hereby amended and reenacted to read as follows:

1. A board of higher education, to be officially known as the State Board of Higher Education, is hereby created for the control and administration of the following state educational institutions, to-wit:

(1) The State University and School of Mines, at Grand Forks, with their substations.

(2) The State Agricultural College and Experiment Station, at Fargo, with their substations.

(3) The School of Science, at Wahpeton.

(4) The State Normal Schools and Teachers Colleges, at Valley City, Mayville, Minot, and Dickinson.

(5) The School of Forestry, at Bottineau.

(6) And such other State institutions of higher education as may hereafter be established.

Approved September 5, 1972.

68,575 to 41,350

NOTE: This was constitutional measure No. 2 on the primary election ballot.

## CHAPTER 176

HOUSE BILL NO. 1052  
(Solberg, Strinden, L. Hausauer)  
(From Legislative Council Study)

## REALLOCATION OF ELLENDALE GRANT LANDS

AN ACT to reallocate the grant lands and assets of the Ellendale fund and to direct the deposit of the remainder of the Ellendale branch fire proceeds in the state's general fund.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE  
STATE OF NORTH DAKOTA:

SECTION 1.) The grant lands and other assets of the Ellendale fund, maintained by the state land department and previously allocated under section 216 of the North Dakota Constitution to an institution at Ellendale, are hereby reallocated to the soldiers' home, the North Dakota school for the blind, the forestry school, the state school of science, the state hospital, Minot state college, and Dickinson state college.

The board of university and school lands shall allocate the income in equal proportions to the above-mentioned institutions.

SECTION 2.) It is hereby directed that one hundred twelve thousand four hundred four dollars and fifty-four cents of the fire insurance proceeds from the university of North Dakota-Ellendale branch, or so much thereof as remains, including the appropriation authorized by chapter 209 of the 1971 session laws, be deposited in the general fund in the state treasury.

Approved February 6, 1973