

ANALYSIS OF THE FOUNDATION AID STABILIZATION FUND FOR THE 2009-11 AND 2011-13 BIENNIUMS



	2009-11 Biennium Actual		2011-13 Biennium Estimated	
Beginning balance		\$65,750,547		\$140,193,764
Add revenues				
Oil extraction tax allocations	\$74,443,217		\$113,894,716 ¹	
Total available		\$74,443,217		\$113,894,716
Less expenditures and transfers				
Transfer to foundation aid program	\$0 ²		\$0 ²	
Ending balance		\$140,193,764		\$254,088,480

¹Estimated revenues - Based on actual oil extraction tax collections transferred to the fund through February 2012 and estimated allocations for the remainder of the 2011-13 biennium per the February 2011 revenue forecast. Oil extraction tax collected through February 2012 has exceeded the February 2011 revenue forecast by \$13,988,539.

²Estimated expenditures - As provided in Article X, Section 24, of the Constitution of North Dakota, the principal of the foundation aid stabilization fund can only be used to offset foundation aid reductions made by executive action due to a revenue shortfall. No foundation aid reductions as a result of a revenue shortfall are currently anticipated in the 2009-11 biennium or the 2011-13 biennium.

NOTE: The estimated June 30, 2013, balance made at the end of the 2011 regular legislative session was \$235,952,922. The increase in the estimated balance of \$18,135,558 is due to the increased oil activity resulting in the actual July 1, 2011, balance of \$140,193,764 being \$4,147,019 more than the July 1, 2011, balance estimated at the close of the 2011 regular legislative session of \$136,046,745 and the 2011-13 estimated revenues of \$113,894,716 being \$13,988,539 more than originally projected revenues of \$99,906,177.

FUND HISTORY

The foundation aid stabilization fund was created in 1994 when the voters of North Dakota approved a constitutional amendment, now Article X, Section 24, of the Constitution of North Dakota, to provide that 20 percent of oil extraction tax revenue be allocated as follows:

- Fifty percent (of the 20 percent) to the common schools trust fund.
- **Fifty percent (of the 20 percent) to the foundation aid stabilization fund.**

The principal of the foundation aid stabilization fund may only be spent upon order of the Governor to offset foundation aid reductions made by executive action due to a revenue shortfall. North Dakota Century Code Section 54-44.1-12 provides that the director of the budget may order an allotment to control the rate of expenditures of state agencies. This section provides that an allotment must be made by specific fund and all departments and agencies that receive money from a fund must be allotted on a uniform percentage basis, except that appropriations for foundation aid, transportation aid, and special education aid may only be allotted to the extent that the allotment can be offset by transfers from the foundation aid stabilization fund.

Article X, Section 24, of the Constitution of North Dakota, provides that the interest income of the foundation aid stabilization fund must be transferred to the general fund on July 1 of each year. However, the State Treasurer's office allocates the interest income to the general fund on a monthly basis. Interest from the foundation aid stabilization fund allocated to the general fund during the 2009-11 biennium totaled \$511,593. For the period July 1, 2011, through February 29, 2012, \$135,068 of interest from the foundation aid stabilization fund has been allocated to the general fund.