

# ANALYSIS OF THE FOUNDATION AID STABILIZATION FUND FOR THE 2019-21 AND 2021-23 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH APRIL 13, 2021)

	2019-21 Biennium		2021-23 Biennium	
Beginning balance		\$422,117,621		\$382,087,621
Add estimated revenues				
Oil extraction tax allocations	\$149,970,000 <sup>1</sup>		\$158,690,000 <sup>1</sup>	
Total estimated revenues		149,970,000 <sup>2</sup>		158,690,000
Total available		\$572,087,621		\$540,777,621
Less estimated expenditures and transfers				
Department of Public Instruction - State school aid (2019 SB 2013; 2021 HB 1013)	\$110,000,000		\$144,300,000 <sup>3</sup>	
Department of Public Instruction - One-time funding to rewrite the state automated reporting system application (2019 SB 2013)	1,200,000 <sup>3</sup>			
Department of Public Instruction - One-time funding for rapid enrollment grants (2019 SB 2265)	3,000,000 <sup>3</sup>			
Department of Public Instruction - One-time funding for music education grants (2019 SB 2265)	800,000 <sup>3</sup>			
Transfer to the school construction assistance revolving loan fund (2019 SB 2214)	75,000,000 <sup>3</sup>			
Total estimated expenditures and transfers		190,000,000 <sup>4</sup>		144,300,000 <sup>4</sup>
Estimated ending balance		\$382,087,621		\$396,477,621
Less required reserve of 15 percent of the general fund appropriation for state school aid and career and technical education grants to school districts and area centers during the prior biennium		214,831,704 <sup>5</sup>		257,328,933 <sup>6</sup>
Estimated ending balance available		\$167,255,917		\$139,148,688

<sup>1</sup>Estimated revenues - Estimated allocations for the remainder of the 2019-21 biennium and the estimated allocations for the 2021-23 biennium are based on the March 2021 legislative revenue forecast and legislative action through April 13, 2021. Senate Bill No. 2328 (2021) provides an oil extraction tax credit for the use of an onsite flaring mitigation system; however, the fiscal impact of the credit cannot be determined based on the fiscal note.

<sup>2</sup>Section 24 of Article X of the Constitution of North Dakota provides 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. For the period July 1, 2019, through February 28, 2021, \$1,094,791 of interest has been allocated to the general fund.

<sup>3</sup>The Legislative Assembly approved Senate Bill No. 2265 (2019) which provides \$3 million from the foundation aid stabilization fund for rapid enrollment grants to qualifying school districts during the 1<sup>st</sup> year of the 2019-21 biennium and \$800,000 from the foundation aid stabilization fund for music education grants for grades kindergarten through grade five. Senate Bill No. 2214 (2019) provides for a transfer of \$75 million from the foundation aid stabilization fund to the school construction assistance revolving loan fund and legislative intent that the 67<sup>th</sup> Legislative Assembly appropriate \$110 million from the foundation aid stabilization fund to the Department of Public Instruction to provide ongoing funding for state school aid and transfer an additional \$75 million from the foundation aid stabilization fund to the school construction assistance revolving loan fund. House Bill No. 1013 (2021), with Senate amendments, provides \$144.3 million from the foundation aid stabilization fund to the Department of Public Instruction to provide ongoing funding for state school aid. In addition, Section 17 of House Bill No. 1013 provides an exemption to allow the Department of Public Instruction to continue \$600,000 of the unexpended amount remaining from a 2019-21 biennium one-time appropriation from the foundation aid stabilization fund for the state automated reporting system rewrite, for the purpose of continuing the state automated reporting system rewrite during the 2021-23 biennium.