

## ANALYSIS OF THE FOUNDATION AID STABILIZATION FUND FOR THE 2001-03 BIENNIUM

Beginning balance - July 1, 2001		\$10,517,143 <sup>1</sup>
Add estimated revenues		
Oil extraction tax allocations	<u>\$4,214,403 <sup>2</sup></u>	
Total available		<u>\$14,731,546</u>
Less estimated expenditures		
Transfer to foundation aid program	<u>\$0 <sup>3</sup></u>	
Estimated ending balance - June 30, 2003		<u>\$14,731,546 <sup>4</sup></u>

<sup>1</sup> Beginning balance - Actual 1999-2001 biennium revenues were \$113,298 less than estimated at the close of the 2001 legislative session, resulting in a 2001-03 biennium beginning balance of \$10,517,143, \$113,298 less than the estimated beginning balance.

<sup>2</sup> Estimated revenues - Based on actual oil extraction tax collections through January 2002, revenues for the 2001-03 biennium are currently estimated to be \$230,170 less than estimated at the close of the 2001 legislative session.

<sup>3</sup> Estimated 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 for the 2001-03 biennium.

<sup>4</sup> Estimated ending balance - Based on the actual July 1, 2001, beginning balance and the current estimate of 2001-03 biennium revenues, the June 30, 2003, ending balance is currently estimated to be \$343,468 less than estimated at the close of the 2001 legislative session.

### 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. For the period July 1, 2001, through February 28, 2002, \$115,808 of interest from the foundation aid stabilization fund has been allocated to the general fund.