

ANALYSIS OF THE FOUNDATION AID STABILIZATION FUND FOR THE 1999-2001 AND 2001-03 BIENNIUMS

	<u>1999-2001 Biennium</u>	<u>2001-03 Biennium</u>
Beginning balance	\$5,983,091	\$10,630,441
Add estimated revenues		
Oil extraction tax allocations	<u>\$4,647,350</u>	<u>\$4,444,573</u>
Total available	\$10,630,441	\$15,075,014
Less estimated expenditures		
Transfer to foundation aid program	<u>\$0 ¹</u>	<u>\$0 ¹</u>
Estimated ending balance	<u>\$10,630,441</u>	<u>\$15,075,014</u>

¹ 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 revenue shortfall is currently anticipated for the 1999-2001 or 2001-03 biennium.

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 moneys 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 state 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 1999-2001 biennium, through May 31, 2001, \$606,340 of interest from the foundation aid stabilization fund has been allocated to the state general fund.