

ANALYSIS OF THE STATE TUITION FUND FOR THE 1999-2001 AND 2001-03 BIENNIUMS

	1999-2001 Biennium	2001-03 Biennium
Beginning balance	\$912,842 ¹	\$630,000 ¹
Add estimated revenues		
Fines for violation of state laws	\$8,656,756 ²	\$9,446,025 ²
Transfers from the common schools trust fund	47,550,000	57,793,000
Total estimated revenues	56,206,756	67,239,025
Total available	\$57,119,598	\$67,869,025
Less estimated expenditures		
Tuition payments to schools	56,489,598 ³	67,081,850 ³
Estimated ending balance	\$630,000 ¹	\$787,175 ¹

¹ Beginning/ending balance - North Dakota Century Code (NDCC) Section 15.1-28-03 provides for the distribution of moneys in the state tuition fund in August, October, December, February, and April of each fiscal year. Fines proceeds deposited in the tuition fund during May and June of each fiscal year are carried forward for distribution in August of the subsequent year.

² Fines for violation of state laws - The amount of state tuition fund distributions from fines proceeds has increased significantly in recent years. However, as shown below, the estimates used for fiscal years 2002 and 2003 are approximately \$500,000 per year higher than actual fiscal year 2001 distributions.

Fiscal Year	Fines Revenue Distributions	Percentage Increase From Previous Year
1998	\$3,104,108 (actual)	
1999	\$3,796,889 (actual)	22.3%
2000	\$4,723,312 (actual)	24.4%
2001	\$4,216,285 (actual)	(10.7%)
2002	\$4,723,000 (estimate) ^a	12.0%
2003	\$4,723,025 (estimate) ^a	0.0%

^a The estimated amounts were calculated by the Office of Management and Budget and used in developing the executive recommendation for 2001-03 biennium distributions from the state tuition fund. The 2001 Legislative Assembly did not change the executive recommendation.

³ Tuition payments - Tuition fund payments for the 1999-2001 biennium are currently estimated to be approximately \$3 million more than the amount appropriated. Section 2 of 1999 Senate Bill No. 2013 appropriates to the Department of Public Instruction any additional moneys that become available in the state tuition fund. Pursuant to NDCC Section 15.1-28-03, payments are made on the basis of census units, which is the number of school-age children in each district as determined by the last census. Actual and estimated census unit payments are shown below for fiscal years 1998 through 2003:

Fiscal year	Tuition Fund Payments Per Census Unit	Percentage Increase From Previous Year
1998	\$216 (actual)	
1999	\$223 (actual)	3.2%
2000	\$248 (actual)	11.2%
2001	\$244 (actual)	(1.6%)
2002	\$300 (estimate)	23.0%
2003	\$300 (estimate)	0.0%

FUND HISTORY

The state tuition fund originated in 1889 with enactment of the Constitution of North Dakota. The original constitutional provisions have changed little since enactment and are currently contained in Article IX, Section 2, of the Constitution of North Dakota, which provides that payments to the common schools of the state include:

- Interest and income from the common schools trust fund.
- All fines for violation of state laws.
- All other amounts provided by law.

North Dakota Century Code Section 15.1-28-01 provides that the state tuition fund consist of the net proceeds from all fines for violation of state laws and leasing of school lands (included in transfers from the common schools trust fund) and the interest income from the state common schools trust fund. Section 15.1-28-03 directs the Office of Management and Budget, on or before the third Monday in February, April, August, October, and December of each year, to certify to the Superintendent of Public Instruction the amount of the state tuition fund. The Superintendent of Public Instruction then apportions the moneys in the fund among the school districts in the state.