

## ANALYSIS OF THE STATE TUITION FUND FOR THE 2001-03 AND 2003-05 BIENNIUMS

	2001-03 Biennium	2003-05 Biennium
Beginning balance	\$1,081,145 <sup>1</sup>	\$1,281,131 <sup>1</sup>
Add estimated revenues		
Fines for violation of state laws	\$9,501,781 <sup>2</sup>	\$9,557,512 <sup>2</sup>
Transfers from the common schools trust fund	57,793,000	60,000,000
Total estimated revenues	67,294,781	69,557,512
Total available	\$68,375,926	\$70,838,643
Less estimated expenditures		
Tuition payments to schools	67,094,795 <sup>3</sup>	69,495,371 <sup>3</sup>
Estimated ending balance	\$1,281,131 <sup>1</sup>	\$1,343,272 <sup>1</sup>

<sup>1</sup> Beginning/ending balance - North Dakota Century Code (NDCC) Section 15.1-28-03 provides for the distribution of money 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.

<sup>2</sup> Fines for violation of state laws - The amount of state tuition fund distributions from fines proceeds is shown below:

Fiscal Year	Revenue From Fines	Percentage Increase From Previous Year
1998	\$3,384,890 (actual)	
1999	\$3,818,890 (actual)	12.8%
2000	\$4,866,644 (actual)	27.4%
2001	\$4,241,256 (actual)	(12.9%)
2002	\$4,778,756 (actual)	12.7%
2003	\$4,723,025 (estimate) <sup>a</sup>	(1.2%)
2004	\$4,778,756 (estimate) <sup>a</sup>	1.2%
2005	\$4,778,756 (estimate) <sup>a</sup>	0.0%

<sup>a</sup> The estimated amounts were calculated by the Office of Management and Budget and used in developing the executive recommendation for 2003-05 biennium distributions from the state tuition fund.

<sup>3</sup> Tuition payments - Tuition fund payments for the 2001-03 biennium are currently estimated to be \$67,094,795, \$144,230 less than the 2001-03 appropriation of \$67,239,025. 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 2005:

<b>Fiscal Year</b>	<b>Tuition Fund Payments Per Census Unit</b>	<b>Percentage Increase From Previous Year</b>
1998	\$216 (actual)	
1999	\$223 (actual)	3.2%
2000	\$248 (actual)	11.2%
2001	\$244 (actual)	(1.6%)
2002	\$310 (actual)	27.0%
2003	\$310 (actual)	0.0%
2004	\$335 (estimate)	8.1%
2005	\$335 (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 not changed significantly 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 money in the fund among the school districts in the state based on the number of school-age children in the district.