

ANALYSIS OF THE STATE TUITION FUND FOR THE 2003-05 AND 2005-07 BIENNIUMS

	<u>2003-05 Biennium</u>	<u>2005-07 Biennium</u>
Beginning balance	\$1,165,188 ¹	\$697,461 ¹
Add estimated revenues		
Fines for violation of state laws	\$8,824,397 ²	\$8,800,000 ²
Transfers from the common schools trust fund	<u>60,000,000</u>	<u>62,200,000</u>
Total estimated revenues	<u>68,824,397</u>	<u>71,000,000</u>
Total available	\$69,989,585	\$71,697,461
Less estimated expenditures		
Tuition payments to schools	<u>69,292,124³</u>	<u>71,600,000³</u>
Estimated ending balance	\$697,461 ¹	\$97,461 ¹

¹Beginning/ending balance - North Dakota Century Code (NDCC) Section 15.1-28-03, as amended by the 2005 Legislative Assembly in House Bill No. 1154, provides for the distribution of money in the state tuition fund in August, September, October, November, December, January, February, March, 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.

²Fines 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	\$4,607,423 (actual)	(3.6%)
2004	\$4,721,407 (actual)	2.5%
2005	\$4,102,990 (estimate)	(13.1%)
2006	\$4,400,000 (estimate)	7.2%
2007	\$4,400,000 (estimate)	0.0%

³Tuition payments - 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. The 2003 Legislative Assembly provided a special funds appropriation of \$69,495,371 for tuition payments for the 2003-05 biennium. The Department of Public Instruction is currently estimating to expend only \$69,292,124 of the \$69,495,371 special funds appropriation. Actual and estimated census unit payments are shown below for fiscal years 1998 through 2007:

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	\$310 (actual)	27.0%
2003	\$310 (actual)	0.0%
2004	\$332 (actual)	7.1%
2005	\$332 (estimate)	0.0%
2006	\$351 (estimate)	5.7%
2007	\$351 (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 consists 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, as amended by the 2005 Legislative Assembly in House Bill No. 1154, directs the Office of Management and Budget, on or before the third Monday in January, February, March, April, August, September, October, November, 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.