

## FOUNDATION AID STABILIZATION FUND

Senate Concurrent Resolution No. 4011 ([Appendix A](#)), approved by the 1993 Legislative Assembly, proposed a new section to Article X of the Constitution of North Dakota to be submitted to the voters at the 1994 general election. The resolution, introduced by Senators Yockim, Freborg, and Redlin and Representatives Soukup, Tollefson, and Kaldor, was approved unanimously by both the Senate (49 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING) and the House (95 YEAS, 0 NAYS, 3 ABSENT AND NOT VOTING). Copies of resolution history and Senate and House journals are attached ([Appendix B](#)). Testimony and other information provided regarding Senate Concurrent Resolution No. 4011 are also attached ([Appendix C](#)). The resolution, measure No. 1 on the general election ballot, was approved by the voters of North Dakota (159,034 to 53,614) on November 8, 1994.

Approval of the constitutional amendment, now Article X, Section 24, of the Constitution of North Dakota, created the foundation aid stabilization fund as of July 1, 1995, and provided 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.

During the 2001-03 biennium, funding of \$5,500,639 was transferred from the fund to the Department of Public Instruction to offset a reduction in state school aid and special education payments resulting from a 1.05 percent budget allotment ordered by Governor John Hoeven in July 2002.

Money in the foundation aid stabilization fund is invested by the State Treasurer. 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. Analyses of the foundation aid stabilization fund for the 2007-09 and 2009-11 bienniums are attached ([Appendix D](#)).

ATTACH:4