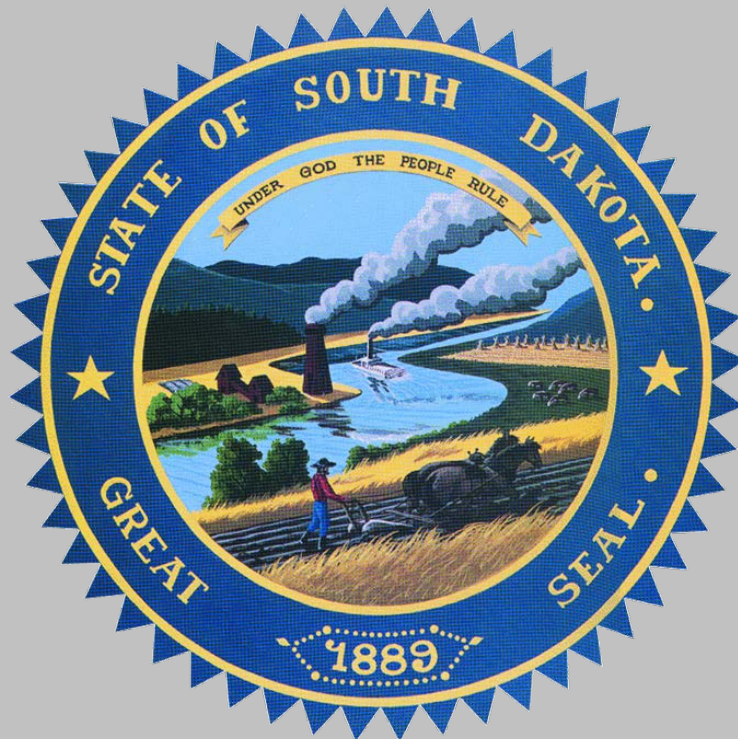


STATE OF SOUTH DAKOTA SUMMARY OF GOVERNOR'S BUDGET FISCAL YEAR 2021

OUR 131ST YEAR OF A BALANCED BUDGET



KRISTI NOEM, GOVERNOR

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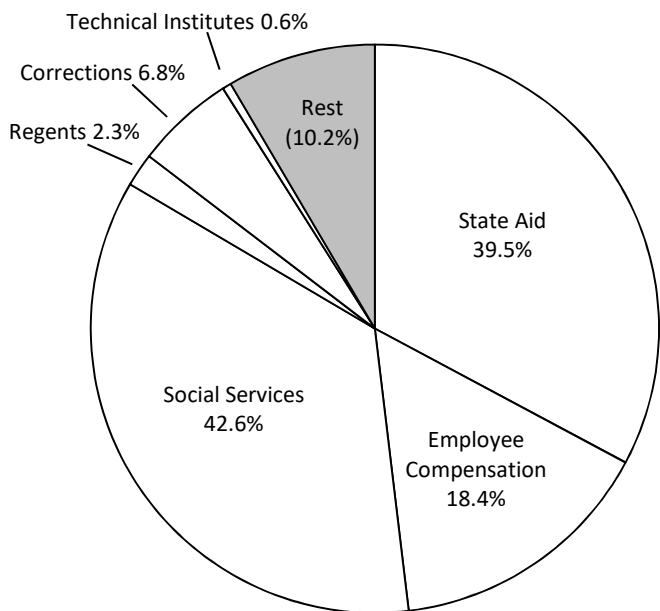
SUMMARY OVERVIEW

Governor Noem is recommending a budget (including special and continuing appropriations) for FY2021 totaling \$4,935,597,466 in total funds and 14,070.6 FTE. This represents an overall increase of \$17,002,386 in total funds and 31.4 FTE over the base FY2020 budget. For FY2021, the Governor is proposing a general fund budget of \$1,723,389,607 which is an increase of \$22,650,251 over the adopted FY2020 budget. This includes an increase of \$197,321 in continuing appropriations. The proposed FY2021 general fund budget is distributed as follows:

- \$605.0 million, or 35.1% for Health, Human, and Social Services
- \$599.4 million, or 34.8% for State Aid to Education
- \$225.6 million, or 13.1% for Higher Education
- \$109.9 million, or 6.4% for Corrections
- \$78.6 million, or 4.5% for the Legislature, Unified Judicial System, Public Utilities Commission, and Elected Officials
- \$24.4 million, or 1.4% for Agriculture, Environment and Natural Resources, and Game, Fish & Parks
- \$80.5 million, or 4.7% for the Remainder of State Government

The table below depicts the FY2021 recommended general fund increases, excluding special and continuing appropriations.

FY2021 General Fund Increases



TOTAL INCREASE: \$22,452,930

State Aid	\$8.9M
Employee Compensation	\$4.1M
Social Services	\$9.6M
Board of Regents	\$0.5M
Corrections	\$1.5M
Postsecondary	
Technical Institutes	\$0.1M
Rest of State Government	(\$2.3M)

U.S. AND SOUTH DAKOTA ECONOMIC FORECASTS

U.S. ECONOMY

RECENT ECONOMIC ACTIVITY

U.S. economic growth remains above trend in 2019 albeit at a slower rate than seen in 2018. GDP growth in the first three quarters of 2019 are, 3.1%, 2.0%, and 1.9%, respectively. Continued growth rates are due to many factors including stimulus from the Tax Cuts and Jobs Act, low interest rates, employment and income gains, high levels of consumer confidence, and increased federal government spending. Consumer spending growth accelerated to a 2.9% annual rate in the third quarter. The U.S. economy continues to add jobs at a healthy pace during 2019. The average monthly gain in U.S. payroll employment in 2019 has been 167,000 jobs through October. The economy continues to support job growth and consumer spending in 2019 which is expected to continue into 2020, albeit at a slower rate. Economic growth is anticipated to slow in 2020 as the lagged impacts of trade disputes and slower global growth begin.

At the federal level, the Bipartisan Budget Act of 2018 fueled consumer spending and provided a boost to federal spending due to increased defense and nondefense discretionary spending through federal fiscal year 2022. While progress has been made the federal government is currently operating on a series of continuing resolutions while negotiations around this year's budget act continue. The latest resolution funded the government until December 20 of this year.

The Federal Reserve has cut interest rates three times in 2019. The federal funds target rate is currently in the 1.50% - 1.75% range, which was last decreased by 0.25% in October of 2019. This follows four consecutive rate increases in 2018. These cuts mark the first since the Great Recession in 2008-2009. The Federal Reserve has been increasing the size of its balance sheet over the past two months in response to volatility in overnight interest marks. Currently, the Fed is anticipated to not make any further rate cuts for the foreseeable future.

Recent economic data releases indicate that economic growth has continued in 2019 albeit at a slower rate than in 2018. The following are recent key national economic statistics:

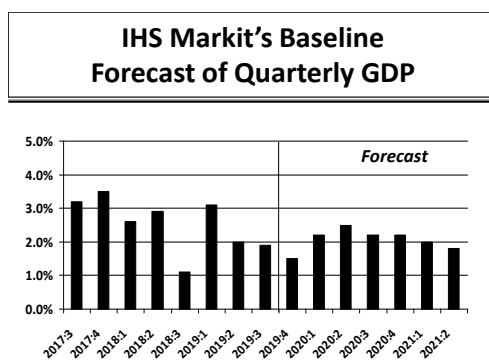
- Advance estimates indicate real GDP grew 1.9% in the third quarter of 2019, which followed 2.0% growth rate in the second quarter.
- The unemployment rate was 3.6% in October, the same as the prior month. The current rate is 0.1% lower than October of 2017.
- The Institute of Supply Management's (ISM) manufacturing report on business was 48.3 in October, up from 47.8 in September. A reading above 50 indicates the manufacturing sector is expanding.
- The ISM non-manufacturing report on business was 54.7 in October, up from 52.6 in September. This was the 117th consecutive monthly reading above 50, indicating continued expansion.
- U.S. personal income increased at an annual rate of 5.4% in the second quarter and 3.8% in the third quarter of 2019. Personal income grew 5.4% in 2017 and 4.9% in 2018.
- Real total consumption increased 4.6% in the second quarter and 2.9% in the third quarter of 2019. Both quarters were driven by strong spending increases in durable goods of 13.0% and 7.6%, respectively.

NATIONAL FORECAST HIGHLIGHTS

This section summarizes IHS Markit's forecast as of November 2019 for various categories of the U.S. economy. IHS Markit is a leader in providing analytics and expertise to business and government worldwide.

GDP: Since mid-2017, the U.S. economy has been experiencing above trend economic growth, with strong growth occurring in the first three quarters of 2018. This growth has slowed over the first three quarters of 2019 but remains above recent historical trends. Robust consumer spending in both goods and services have been fueled by a reduction in federal taxes as well growth in income and household wealth. At the same time, increases in federal government spending coupled with tax reductions have helped to accelerate economic growth over the past seven quarters. Real GDP was weak in the fourth quarter of 2018 at 1.1% due to seasonal weakness in government spending and residential construction. Growth rebounded in the first quarter of 2019, with 3.1% growth. Growth moderated in the second quarter of 2019 to 2.0%, followed by 1.9% growth in the third quarter. Weakness in business investment due to trade uncertainty and slowing global growth as well as cooling stimulus from the Tax Cuts and Jobs Act contributed to slower growth in the last two quarters of 2019. IHS Markit is currently assigning a higher probability of negative (35%) versus positive (10%) risks in the U.S. economic outlook at this time. IHS Markit's baseline forecast is for economic growth to continue to be slightly above trend through 2020. Beginning in 2021, growth is expected to fall below 2.0% for an extended period as interest rates rise and the lagged effects of tariff and trade policy uncertainty are felt.

In the first three quarters of this year, real GDP grew 3.1%, 2.0%, and 1.9%, respectively. In the fourth quarter, GDP is forecast to grow 1.5%. In the four quarters in 2020, IHS Markit is projecting GDP growth of 2.2%, 2.5%, 2.2%, and 2.2%. In 2021, GDP is forecast to increase 2.0% and 1.8% in the first two quarters.



On an annual basis, GDP grew 2.5% in 2014, 2.9% in 2015, 1.6% in 2016, 2.2% in 2017, and 2.9% in 2018. IHS Markit's latest forecast projects real GDP to grow 2.3% in 2019, 2.1% in 2020, and 2.0% in 2021.

CONSUMERS: Consumer spending is a key component contributing to economic growth, as consumption accounts for over two-thirds of economic activity as measured by GDP. In 2008 and 2009, real consumer spending declined in both years as the recession caused major job losses leading to depressed consumer spending. Over the next eight years, consumer spending improved with growth averaging 2.4% per year. In 2019, real consumption growth has been 1.1%, 4.6%, and 2.9% the first three quarters, and is anticipated to be 2.7% in the fourth quarter. The growth of 2.9% realized in the third quarter was led by an 7.6% increase in spending on durable goods, while nondurable goods spending grew 4.4% and spending on services grew 1.7%. Consumer spending and confidence remains positive but has begun to show some signs of weakening over the past several quarters. The University of Michigan's index of consumer confidence in November registered a 95.7, 95.5 in October, and 93.2 in September. These represent the lowest the index has registered over a three-month period since November 2016. Overall, the index continues to register healthy readings compared to the 10-year average of 85.1, a positive sign heading into the holiday shopping season. IHS Markit expects 2018 holiday sales in November and December to increase by 4.6%, higher than last year's growth of 2.1%. However, trade conflict risks and the potential implementation of additional tariffs pose a risk to the forecast. On an annual basis, real consumption is projected to increase by 2.6% in 2019, 2.8% in 2020, and 2.4% in 2021.

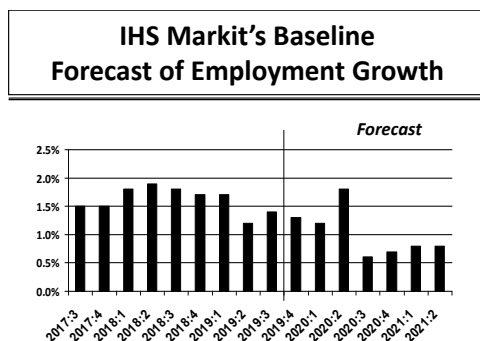
The personal savings rate (as a percentage of disposable income) was 8.1% in the third quarter of 2019. This compares to the 8.5% and 8.0% savings rate registered in the first and second quarter. In 2016, 2017, and 2018 the savings rate

was 6.8%, 7.0%, and 7.7%, respectively. The savings rate is projected to be 8.1% in 2019, 7.6% in 2020, and 7.4% in 2021.

EMPLOYMENT: The latest U.S. payroll employment report indicated total nonfarm employment grew by 128,000 jobs in October, slightly weaker than the 180,000 jobs added in the month of September. Employment growth remains strong in 2019, with total private nonfarm payrolls growing by 1.5 million through the first three quarters of the year. In the fourth quarter of 2019, nonfarm employment is expected to be 2.0 million jobs higher than the fourth quarter of 2018, representing a 1.6% year-over-year growth rate. Slower growth is anticipated in 2020 and 2021 as the U.S. economy approaches full employment and overall growth slows. The current forecast shows total employment growing 2.3 million jobs in 2019 on an annual basis compared to 2018. In 2020 and 2021, employment growth is estimated to be 1.9 million and 1.3 million jobs, registering growth rates of 1.2% and 0.8%, respectively.

The unemployment rate in October was 3.6%, which was up slightly from September, and 0.2% lower than a year ago. The unemployment rate is expected to stabilize near 3.4% during 2019 and 2020 as the U.S. economy approaches full employment. On an annual basis, the unemployment rate was 5.3% in 2015, 4.9% in 2016, and 4.4% in 2017. In 2018, the unemployment rate is projected to be 3.9% on an annual basis. In 2019 and 2020, the unemployment rate is projected to be 3.5% and 3.6%, respectively.

In the first three quarters of 2019, nonfarm payroll employment realized growth rates of 1.7%, 1.2%, and 1.4% (seasonally adjusted annual rate). Employment growth is projected at 1.3% in the fourth quarter of 2019. Employment growth is expected to slow in 2020, particularly in the second half of the year, with growth rates of 1.2%, 1.8%, 0.6%, and 0.7% in each of the four quarters. In the first two quarters of 2021, payroll employment growth is projected at 0.8% in each quarter.



HOUSING: Housing markets have faced some challenges recently due to home prices impacting affordability. After peaking in the fourth quarter of 2017, real spending on residential construction decreased every quarter until the third quarter of this year when monetary policy easing began again. IHS Markit anticipates the boost provided by lower interest rates is temporary and will add little to GDP growth in 2020 and 2021. Home builders continue to be optimistic given the tight supply of homes as evidenced by relatively strong readings of the National Association of Home Builders index reading at 70 in November of this year compared to 60 a year ago. The southern and western regions are showing the most strength with most new construction occurring in California, Texas, and Florida. Existing home sales in the third quarter were at a 5.43-million-unit annual rate, which was 2.4% higher than the same quarter a year ago. Housing starts in the third quarter were at a rate of 1.28 million units, slightly better than the second quarter of 1.26 million units. In terms of prices, the median sales price of existing single-family homes was up 5.2% year-over-year in the third quarter. The S&P/Case-Shiller National Home Price Index was up 2.0% year-over-year in August, registering an all-time high, a sign of a tight housing market. The housing sector is anticipated to have no impact on U.S. economic growth in 2020 and 2021.

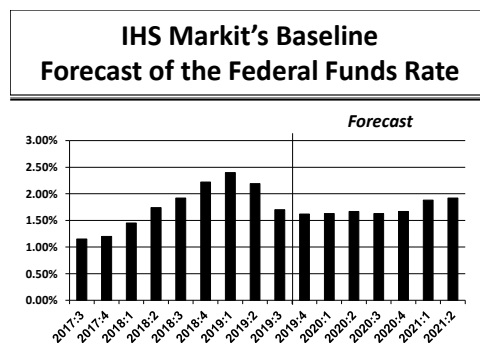
Total housing starts are projected to be 1.26 million units in 2019, 1.27 million units in 2020, and 1.26 million units in 2021. In 2016, 2017, and 2018, total housing starts were 1.11 million, 1.18 million, and 1.21 million units, respectively. IHS Markit forecasts the median price of existing homes to increase by 4.0% in 2019. In 2020 and 2021, prices are expected to grow 1.8% and 0.6%, respectively.

INFLATION: The Consumer Price Index (CPI) grew 1.8% in October driven by a 2.7% increase in the energy sector caused by increased gasoline prices. Inflation is anticipated to firm over the forecast period due to price pressure from a tight labor market, strength in the value of the dollar, as well as cost pressures in response to tariffs and other trade measures. The core CPI (excludes food and energy prices) increased at a 2.3% rate year-over-year in October. IHS Markit expects core price increases to firm in the 2.2% to 2.4% range in the next several months.

The CPI increased 1.3% in 2016, 2.1% in 2017, and 2.4% in 2018. The CPI is forecast to grow 1.8% in 2019, 1.9% in 2020, and 1.8% in 2021. The producer price index for finished goods decreased 1.0% in 2016, then increased 3.2% in 2017, and 3.1% in 2018. The current forecast indicates an increase of 0.7% in 2019, and 1.0% in both 2020 and 2021.

MONETARY AND FISCAL POLICY: Monetary and fiscal policies were very aggressive during the economic recession. The Federal Reserve utilized traditional as well as other liquidity and quantitative easing programs in an effort to support financial markets and the economy. The steps taken by the Federal Reserve during the recession to stabilize the financial system and economy increased the Fed's balance sheet from under \$1 trillion in 2008 to a peak of over \$4.5 trillion. Over the past two years, the Federal Reserve had gradually reduced the amount of assets held by decreasing its reinvestment of principal payments for Treasury securities and mortgage-backed securities, lowering the total balance sheet to a low of just under \$3.8 trillion. Beginning in September of this year, the Federal Reserve reversed course and began increasing its balance sheet to smooth out disruptions in overnight interest markets. This leads to an increase in the money supply and has historically led to strength in financial markets. The Fed plans to return to lowering its balance sheet in the second quarter of 2020.

Currently, the federal funds target rate is at the range of 1.50% – 1.75%. Beginning in July of this year, the Federal Reserve has cut rates three times for a total cut of 1.0%. These cuts have been in response to slowing GDP growth as well as low inflation rates. IHS Markit expects the Federal Reserve to maintain the current rates until late 2020 reaching an upper end target of 2.5% in late 2021.



Federal fiscal policy has been accommodative over the past year due to the passage of the Bipartisan Budget Act of 2019. This measure set budget authority for 2020 and 2021 approximately \$50 billion above fiscal year 2019 and suspends the debt ceiling through July of 2021. While these measures do mitigate some downside risk, actual appropriations have yet to be finalized for federal fiscal years 2020 and 2021. Congress has been passing a series of short-term continuing resolutions with the most recent extending funding to December 20. IHS Markit anticipates these spending cuts will be avoided, but with significant downside risks to the forecast.

The unified federal deficit for federal fiscal year 2019 was \$984 billion, which is \$205 billion higher than fiscal year 2018. The fiscal year 2019 deficit represents approximately 4.6% of GDP, an increase from 3.8% of GDP in fiscal year 2018. IHS Economics forecasts a larger deficit of \$1,091 billion for federal fiscal year 2020 or 4.9% of GDP.

Real federal government purchases grew 0.4% in 2016, 0.8% in 2017, and 2.9% in 2018. Real federal government purchases are expected to increase 3.3% in 2019, 3.4% in 2020, and 0.4% in 2021.

INTERNATIONAL: Global economic growth has been weak in 2019 after peaking in 2018. Global GDP growth is estimated to be 2.6% in 2019. This slowdown has been led by the European Union, Mexico, and China as well South American economies struggling with continuing volatility. The fundamentals in the Chinese economy suggest a path of

slower, yet steady growth over the next several years. Real GDP growth in China was 6.0% in the third quarter, the lowest quarterly growth since China began tracking in 1993. The Chinese economy grew 6.6% in 2018 and is forecast for growth of 6.2% in 2019 and 5.7% in 2020.

In terms of GDP, global economic growth is projected to be 2.6% in 2019, 2.5% in 2020, and 2.7% in 2021.

Trade issues between the U.S. and China continue to dominate headlines as movement continues towards a phase one trade deal. If no trade deal is reached, 15% tariffs on additional imports are scheduled to go into effect on December 15. Additionally, Brexit is hanging over global economic growth with another delay, this time from October to January, as negotiations for how the UK will exit the European Union continue. The increase in trade tensions creates a great deal of uncertainty for future demand of exports, cost pressures and supply chains, and presents a downside risk to the current economic outlook with respects to business confidence.

The U.S. trade deficit decreased in September to \$52.5 billion compared to \$55.0 billion in August as exports decreased by \$1.8 billion and imports decreased by \$4.4 billion. After growing 3.0% in 2018, real exports are expected to decline by -0.2% in 2019 and return to growth with 2.1% in 2020, and 3.0% in 2021. Overall, IHS Markit forecasts net exports to be -\$643 billion in 2019, -\$631 billion in 2020, and -\$598 billion in 2021.

RISKS TO THE FORECAST

The U.S. economy has been expanding for 124 months, the longest economic expansion since the National Bureau of Economic Research began dating the United States' business cycle in 1854. Expansion has slowed through the first three quarters of 2019. Despite this slower growth, solid macroeconomic fundamentals suggest economic growth will continue in 2020 albeit at a slower pace. IHS Markit is assigning a higher probability of negative risks (35%) versus positive risks (10%) in the current economic outlook.

A 10% probability exists of U.S. economic growth being stronger than the baseline forecast. In IHS Markit's optimistic scenario, GDP is projected to grow 2.3% in 2019, followed by strong growth of 2.5% in 2020 and 3.0% in 2021. The optimistic scenario assumes stronger productivity growth averaging 2.7% over the next several years, 1.0% higher than the baseline scenarios. This increased productivity drives wages, consumer finances, and employment higher, increasing household formation rates and spurring a rise in housing starts. An improving economy combined with strong consumer and business confidence drive consumer spending higher than the baseline scenario. This leads to consumption gains, higher earnings, and gains in financial markets. In the optimistic scenario, foreign economic growth is robust, leading to stronger export growth.

While the U.S. economic expansion appears on solid ground, a broad-based loss of confidence and increased risk aversion could result in recession. IHS Markit's pessimistic scenario is currently assigned a 35% probability of occurring. In the pessimistic scenario, the U.S. economy experiences a three-quarter economic recession beginning in the first quarter of 2021. In this scenario, the U.S. economy is pulled down by declines in business and consumer confidence which have been the strongest drivers of the current expansion. As confidence lowers and mortgage rates increase, the cost of homeownership rises causing demand for existing and new homes begin to decline in early 2020. As confidence decreases, employment growth stalls and financial markets weaken further decreasing consumer confidence. In the pessimistic forecast, GDP grows 2.3% in 2019, with growth slowing to 1.4% in 2020, then decreases 1.0% in 2021. Peak to trough, real GDP declines 2.0% over a three-quarter time period in 2021.

SOUTH DAKOTA ECONOMY

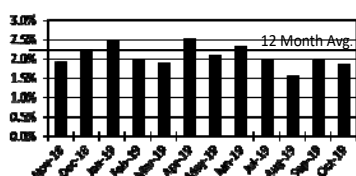
RECENT ECONOMIC ACTIVITY

This section briefly summarizes recent economic activity in South Dakota. An important indicator of a state's economic health is the growth rate of nonfarm employment, as it is considered by many economists as the most timely and comprehensive measure of the performance of a state's economy.

Nonfarm employment growth in South Dakota increased at an average rate of 1.4% from 2002 through 2008, approximately 0.6% higher than the U.S. nonfarm employment growth rate of 0.8% over the same time period. However, the 2007 to 2009 economic recession caused declines of 1.9% and 0.1% during 2009 and 2010 in South Dakota's employment. In 2011 through 2017, positive growth returned with growth rates averaging 1.1% per year. So far in 2019, employment growth has been positive, with the growth rate strengthening throughout the year.

South Dakota had relatively strong employment growth in 2006, 2007, and 2008, adding 8,500, 7,900 and 4,900 jobs, respectively; however, the national recession led to 7,700 job losses during 2009 and 500 job losses in 2010. In 2011 through 2018, nonfarm employment added an average of 4,500 jobs per year. In October 2019, nonfarm employment was up 2.0% from a year ago.

**Recent Growth in S.D.
Nonfarm Employment**



The following are some recent key South Dakota economic statistics:

- In the last twelve months (November 2018 through October 2019), nonfarm employment (seasonally adjusted) in South Dakota grew by 2.0% over the same period a year ago. The major employment sectors that experienced growth in the last twelve months are as follows: mining, logging, construction (3.8%); trade, transportation, and utilities (3.7%); manufacturing (2.9%); professional and business services (2.7%); education and health services (1.4%); information (1.8%); leisure and hospitality (1.3%); and government (0.6%). The sector that experienced a decline in the past twelve months was financial activities (-0.7%).
- The unemployment rate in South Dakota in October of 2018 was 3.0%. This was 0.6% below the national rate of 3.6% in October the same compared to a year ago.
- The total number of residential units authorized by building permits issued January through October of 2019 was 2,901, which was down 1,088 units from the same time period in 2018. The value of residential building permits issued year-to-date in 2019 was \$576.9 million. This is a decrease of \$88.8 million from the first nine months of 2018.

COUNCIL OF ECONOMIC ADVISORS

The Council of Economic Advisors, which has been in existence since 1991, consists of twelve members that encompass economics professors and business people from South Dakota. The purpose of the Council is to assist in the development of the best possible forecast of South Dakota's economy. This section summarizes the Council's view of South Dakota's economy.

TOURISM: The economic impact in South Dakota from tourism totaled \$2.65 billion in 2018, a record high in South Dakota. In 2018, the number of visitors in South Dakota totaled more than 14.1 million, spending more than \$3.98 billion statewide, an increase of 2.5%. The growth experienced in 2018 was largely due to increases in spending with some contribution from the number of visitors compared to 2017.

Tourism activity in 2019 is up compared to a year ago. Hotel occupancy rates are up 3.1%, and the number of room nights has increased by 3.7% so far in 2019. Total visitor spending through October is up an estimated 2.2% compared to last year. Park visitation, which includes both national and state parks in South Dakota is down 6.5% through October. Tourism tax so far in calendar year 2019 is up 2.3% through October, indicating increases in tourism activity across the state. Recent declines in gas prices and overall lower cost of visitation in South Dakota makes the state an affordable travel destination. The outlook for the South Dakota tourism industry is for continued growth in 2020.

AGRICULTURE: In 2018, the agricultural economy in South Dakota produced cash receipts of \$9.11 billion, which was an increase of \$0.13 billion from 2017's cash receipts. Crops generated \$5.04 billion and livestock generated \$4.07 billion in 2018. Income from crops was essentially flat compared to 2017, but cash receipts from animals and products increased by 3.3%.

Overall, crop production in 2018 was up due to a rebound from dry conditions in 2017. In 2018, corn for grain production totaled 777.6 million bushels, up from the 737 million bushels in 2017. The average yield of 160 bushels per acre was up from 2017's yield of 145 bushels per acre. Soybean production was 257 million bushels, an increase compared to 2017's production of 241 million bushels, with an average yield of 45 bushels per acre. Wheat production in 2018 was 72.3 million bushels compared to 41.7 million bushels the prior year. Livestock production in 2018 was up compared to 2017 levels. The 2017 calf crop totaled 1.90 million head, up 3% compared to the prior year. The pig crop in 2018 was 5.34 million head, higher than 2017's production of 4.69 million head.

Overall, crop production levels are lower for South Dakota producers in 2019 due to an unusually wet year. According to the National Agricultural Statistics Service, as of November 1, corn production is projected to be 592 million bushels, down 24.0% from 2018 production. Corn acres harvested is estimated at 3.92 million acres which is down 19.0% from a year ago. The corn yield is estimated to be 151 bushels per acre, down 9 bushels from last year's yield. Soybean production is expected to be 153 million bushels, down 39.0% from a year ago, with a yield of 43 bushels per acre, down 2 bushels from the 2018 yield. Soybean acres harvested is estimated at 3.56 million, down 36.0% from last year. Winter wheat production in 2019 was up an estimated 24.0% compared to 2018. However, spring wheat production is estimated to be down 36.0%. Overall, net farm income for 2019 is anticipated to be down from 2018 as weather conditions have drastically reduced acres planted.

The Council's outlook for the agricultural economy is very cautious for 2020 and 2021. Recent issues with international trade regarding tariffs between the U.S. and China have put downward pressure on crop prices. Weather conditions in 2019 have been difficult for producers. Wet conditions that are expected to persist through the winter months are leading to concerns over another spring with flood conditions in 2020. The Council is specifically concerned with ongoing trade disputes with China and the negative impact it could have on exports of agriculture products, weather conditions, as well as infrastructure damaged by flooding this year.

CONSTRUCTION: So far in 2019, construction activity has been stable. Contractor's excise tax, which is a good indicator of overall construction activity, is up 3.6% so far through the first nine months of activity in calendar year 2019 compared to the prior year. New home construction is down from last year, the total number of residential units authorized by building permits issued January through October of 2019 was down 1,088 units from the same time period in 2018. The value of residential building permits issued year-to-date in 2019 is down \$88.8 million from the first nine months of 2018. The wet conditions that have hampered the agriculture sector this year have also impacted construction activity. Interest rates continue to be historically low and should continue to support growth in the construction sector. The Council anticipates steady growth in construction and housing activity as long as the economy continues to expand in 2020 and 2021.

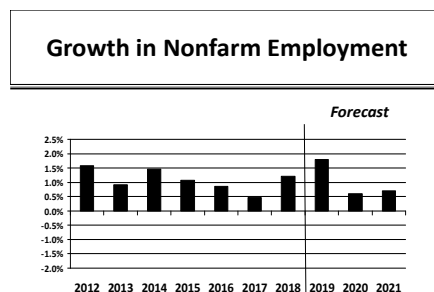
SOUTH DAKOTA FORECAST HIGHLIGHTS

IHS Markit's forecast of the national and state economy and the input of the Council of Economic Advisors were incorporated into the forecast of South Dakota's economy. This section summarizes various categories of the latest forecast for the South Dakota economy.

The South Dakota economy has been in a growth phase for ten years as increases in employment, income, and overall spending have been growing since early 2010. However, the pace of the recovery has been lower than the national growth rate in recent years. The agriculture sector supported overall economic growth directly and indirectly in the early portion of the recovery, but farm income has been lower the past several years. Overall, South Dakota's economy is expected to continue to grow at a modest pace in 2020 and into 2021 , similar to the national economy.

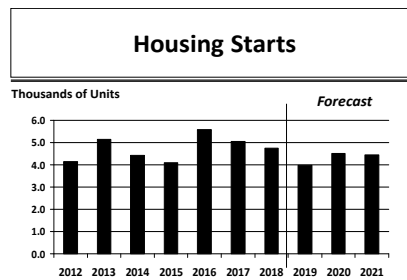
EMPLOYMENT: South Dakota has several advantages over other states which account for its ability to grow employment. Some of these advantages include a pro-business environment, a central geographic location, a low cost of doing business, and a high quality of life. A challenge the state continues to face now and over the long term is the size and skill level of a qualified labor force to fill current and future jobs.

Over the past ten years, South Dakota's employment situation has been volatile due to the most recent national economic recession experienced in 2007-2009. In 2008, when the U.S. economy was officially in a recession, South Dakota still obtained a 1.2% growth in employment. However, in 2009 and 2010, employment declined 1.9% and 0.1%, respectively, as the national recession caused major job losses in manufacturing, construction, professional and business services, and financial services. South Dakota's employment declined approximately 3.1% peak to trough during this cycle, about half of the 6.3% decline realized nationally. Over the past seven years (2012-2018), employment growth has been modest, averaging 1.5%. For 2019, the employment levels are expected to grow 1.8% compared to 2018 on an annual basis. In 2020 and 2021, nonfarm employment growth is projected to slow, as the economy reaches full employment, to 0.6% and 0.7%, respectively.

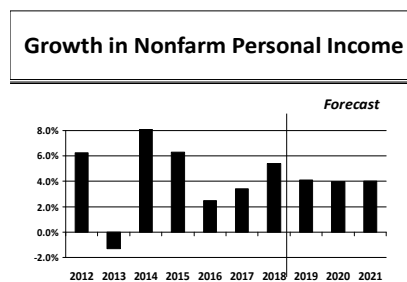


HOUSING/CONSTRUCTION: In recent years, housing starts in South Dakota have been at healthy levels after rebounding from multi-year lows reached in 2008-2011 during the economic recession and national housing crisis. From 2015 through 2018, housing starts in South Dakota averaged approximately 4,900 per year, compared to 4,100 starts from the previous four years. So far in 2019, the number of housing starts are lower compared to 2018 due to fewer single-family units.

The housing market is anticipated to slow in 2019 and remain at healthy levels in 2020 and 2021. Higher prices continue to be a challenge in the housing sector, this issue is further compounded in South Dakota by a tight labor market. However, economic and job growth in the state is expected to lead to continued construction activity in 2020 and 2021. Housing starts were 4,740 in 2018 and are projected to be 3,980 in 2019, 4,520 in 2020, and 4,450 in 2021.



INCOME: Leading up to the great recession, South Dakota nonfarm income was strong. From 2004-2008, South Dakota’s nonfarm income growth averaged 7.2% per year. The higher growth rates during this timeframe were due to strong employment increases and a growing economy. However, in 2009, the national economic recession caused nonfarm personal income to decline 1.4%. This was the first annual decrease in nonfarm personal income in South Dakota since 1937. From 2010-2012, the average growth of nonfarm personal income rebounded to 5.4% as the economy recovered from the economic recession. In 2013, nonfarm income decreased 1.3%, reflecting slower job growth and higher federal payroll taxes reinstated in January 2013. Income growth rebounded to 8.2% in 2014 and 6.3% in 2015. In 2016 and 2017, nonfarm income in South Dakota grew 2.5% and 3.4%, respectively. In 2018, nonfarm income growth improved to 5.4% due to strong employment growth and lower unemployment. Nonfarm income in South Dakota is forecast to grow 4.1% in 2019, and 4.0% in both 2020 and 2021.



RISKS TO THE FORECAST

The Council of Economic Advisors sees some key risks to the current forecast. The primary risk to South Dakota’s economy would be the national or global economy weakening during 2020. National economic fundamentals appear to be on solid footing, but an unforeseen shock from specific sectors, such as commercial real estate, or from geopolitical events abroad, could change the national and state economic outlook.

Another downside risk is the uncertainty surrounding trade policy, specifically the recent trade disputes and tariffs enacted and between the U.S. and China. South Dakota exports, which are primarily agriculture related, totaled more than \$1.4 billion in 2018.

Additionally, risks related to flooding remain. South Dakota had more than 4.0 million prevented plant acres in 2019. Wet weather continued through the summer and into the fall. Potential flooding in the spring of 2020 could have further harmful impacts, particularly to the agriculture and construction sectors.

Positive developments potentially improving the economic outlook in South Dakota include a stronger U.S. economy as well as stronger foreign economic growth. Stronger economic growth outside of South Dakota can strengthen exports of goods and services produced within our state and improve the overall economic outlook.

REVENUE ESTIMATE SUMMARY

General fund receipts for FY2020 are forecast at \$1,738.6 million. Ongoing receipts comprise \$1,695.3 million of the total. One-time revenues comprise \$43.3 million of the total, which includes a \$16.8 million transfer from the budget reserve fund, a \$7.1 million transfer from the South Dakota Building Authority, a \$0.1 million transfer from the Gaming Commission, and \$19.4 million of obligated cash carried forward from FY2019. The ongoing estimate for FY2020 includes an increase of \$54.1 million from actual FY2019 ongoing receipts. Categories forecasted to show major increases in FY2020 over FY2019 actuals include the sales and use tax (+\$46.2M), contractor's excise tax (+\$4.6M), lottery (+\$3.5M), and investment income and interest (+\$4.8M). Categories forecast for major decreases from FY2019 actual receipts are bank franchise tax (-\$2.9M), net transfers in (-\$2.8M), and ongoing unclaimed property receipts (-\$1.4M).

The revised ongoing estimate for FY2020 is \$5.9 million lower than the ongoing estimate adopted during the 2019 legislative session. Major negative adjustments for the revised FY2020 estimate compared to the adopted FY2020 estimate are for contractor's excise tax (-\$3.7M), sales and use tax (-\$3.6M), and insurance company tax (-\$1.7M). The most significant positive revisions compared to the adopted FY2020 estimate are for investment income and interest (+\$5.0M) and lottery (+\$1.3M).

General fund receipts for FY2021 are projected to be \$1,723.4 million, of which all receipts are considered ongoing. The forecast for ongoing receipts in FY2021 is an increase of \$28.1 million from the revised FY2020 projection. The significant sources of growth are from sales and use tax (+\$16.6M), insurance company tax (+\$4.6M), contractor's excise tax (+\$4.0M), lottery (+\$3.6M), and trust fund transfers (+\$1.7M). Categories forecasted for a major decrease in FY2021 are investment income and interest (-\$2.0M), and tobacco taxes (-\$1.8M).

CURRENT REVENUE FORECAST (Dollars in Millions)

	<u>FY2020</u>	<u>FY2021</u>
Sales and Use Tax	1,071.6	1,088.2
Lottery	127.4	131.0
Contractor's Excise Tax	117.8	121.8
Insurance Company Tax	91.1	95.7
Unclaimed Property	47.2	47.2
Tobacco Taxes	49.0	47.2
Other Ongoing Revenues	191.2	192.3
One-Time Receipts	7.2	0.0
Transfer from Budget Reserve Fund	16.8	0.0
Obligated Cash Carried Forward	<u>19.4</u>	<u>0.0</u>
Total Revenue	<u>1,738.6</u>	<u>1,723.4</u>

SALES AND USE TAX

The sales and use tax is the single largest revenue source for the state's general fund and accounts for approximately 63% of ongoing general fund revenue. Between FY1993 and FY2019, the sales and use tax grew from \$279.1 million to \$1,025.4 million, which was an average annual increase of 5.1%. Over the past ten years, growth rates of the sales tax have varied from year to year. In FY2010, growth was negative (-1.2%) due to a severe national recession causing declines in employment. In FY2011, growth was robust (8.9%) due to a strong agriculture sector combined with a recovering nonfarm economy. In FY2012 and FY2013, growth was slightly below average (4.8% and 4.3%), reflecting lower inflation and a moderate economic recovery. FY2014 realized a 6.1% growth due to large audit collections and strong agriculture income. In FY2015 and FY2016, the growth was soft (1.6% and 2.9%) due to lower farm income, low inflation, and cautious consumer spending. In FY2017, growth was 10.5%, which reflects the 0.5% sales and use tax rate increase. Excluding the rate increase in FY2017, sales tax would have had negative growth (-1.6%), reflecting lower

farm income, low inflation, and slower economic growth. In FY2018 and FY 2019, growth rebounded (4.0% and 3.7%) due to improved consumer spending.

Net collections from the sales and use tax in FY2019 were \$1,025.4 million, which was an increase of \$36.6 million compared to FY2018. Through the first four months of FY2020, sales and use tax collections to the general fund were \$387.2 million, which is an increase of 4.1% from the first four months of FY2019. For the revised FY2020 estimate, the sales and use tax is forecast at \$1,071.6 million, which is an increase of \$46.2 million, or 4.5%, compared to FY2019. For FY2021, the sales and use tax is forecast at \$1,088.2 million, which is an increase of \$16.6 million, or 1.6%, over the revised FY2020 estimate. Included in FY2021 is an estimated loss of \$20.0 million in revenues due to the Internet Tax Freedom Forever Act which prohibits the state from taxing internet access.

LOTTERY

Collections from lottery activities account for approximately 7.6% of ongoing general fund revenues. In FY2020, lottery collections are anticipated at \$127.4 million, which includes the general fund's share of instant lottery ticket sales of \$6.7 million, 35% or \$2.5 million from the online lottery net income, and \$118.0 million in video lottery receipts. In FY2021, lottery receipts are projected at \$131.0 million, which includes \$7.9 million from instant lottery income, 35% or \$2.6 million from online lottery net income, and \$120.4 million from the state's share of video lottery receipts. In FY2018 and FY2019, video lottery receipts were \$109.0 million and \$114.0 million, respectively. So far in FY2020, video lottery receipts are up 5.1% through the first four months compared to the prior year.

CONTRACTOR'S EXCISE TAX

Collections from the contractor's excise tax account for approximately 7% of ongoing general fund revenues. Construction activity has a direct impact on the growth in the contractor's excise tax collections. Expansion in this activity is contributed to the increase in contractor's excise tax collections from \$25.5 million in FY1993 to \$113.2 million in FY2019, representing an average annual increase of 5.9%. In FY2019, net collections to the general fund from the contractor's excise tax grew \$5.5 million, or 5.1%, from FY2018. Through the first four months of FY2020, net contractor's excise tax collections were \$48.5 million, an increase of 7.1% compared to the first four months of FY2019. Contractor's excise tax collections for FY2020 are forecast to be \$117.8 million, which is an increase of \$4.6 million, or 4.1%, compared to FY2019 collections. FY2021 collections are forecast at \$121.8 million, which is an increase of \$4.0 million, or 3.4%, compared to the revised FY2020 estimate.

INSURANCE COMPANY TAX

Collections from the insurance company tax account for approximately 6% of ongoing general fund revenues. From FY1993 to FY2019, insurance company tax collections grew from \$29.9 million to \$90.3 million, which was an average annual increase of 4.3%. In FY2019, insurance company tax collections decreased by \$0.7 million, or -0.7%, compared to FY2018. For FY2020, insurance company tax collections are forecast at \$91.1 million, which is an increase of \$0.8 million, or 0.9%, over FY2019 collections. For FY2021, insurance company tax collections are forecast to be \$95.7 million, which is an increase of \$4.6 million, or 5.0%, over the revised FY2020 estimate. These estimates are affected by the passage of SB 159 during the 2016 legislative session which allows tax credits for insurance companies dedicated to scholarships for students attending private schools. These credits are estimated to be \$2.0 million in both FY2020 and FY2021.

UNCLAIMED PROPERTY

Historically, collections from unclaimed property have been relatively small but now represent approximately 3% of ongoing general fund revenues. Unclaimed property has been remitted to the state since the 1980's. Collections to the general fund ranged from \$0.4 million in FY1997 to \$8.0 million in FY2010. In FY2011 through FY2013, ongoing collections increased to \$12.9 million, \$13.9 million, and \$13.9 million, respectively, due to mergers within the banking

industry. Continued consolidation combined with the migration of home office locations to South Dakota led to an increase in ongoing collections in FY2014 through FY2018 ranging from \$44 million to more than \$55 million, net of property claims. For the FY2020, ongoing unclaimed property revenue is forecast at \$47.2 million after projected claims are paid through the remainder of the fiscal year. This is a decrease of \$1.4 million, or 2.9%, compared to FY2019. For FY2021, ongoing unclaimed property collections are forecast to be \$47.2 million, identical to the FY2020 revised estimate.

TOBACCO TAXES

The tobacco taxes include the cigarette excise tax of \$1.53 per pack of cigarettes and the tax on other tobacco products, which is assessed at 35.0% of the wholesale price. In FY2019, cigarette taxes totaled \$45.5 million, while the other tobacco products tax totaled \$9.5 million. The first \$30.0 million collected in tobacco taxes is allocated to the general fund and the next \$5.0 million is allocated to the tobacco prevention and reduction trust fund. Any collections in excess of \$35.0 million are deposited directly into the general fund in the tobacco tax category. The general fund's portion totaled \$50.0 million in FY2019. General fund receipts from tobacco taxes are projected at \$49.0 million in FY2020 and \$47.2 million in FY2021.

OTHER ONGOING REVENUES

Receipts included in this category come from licenses, permits, and fees; trust funds; net transfers in; alcohol beverage tax; bank franchise tax; alcohol beverage 2.0% wholesale tax; charges for goods and services; telecommunications tax; severance tax; and investment income and interest. For FY2020, collections from other ongoing revenues are projected to be \$191.2 million, which is approximately 11% of total ongoing general fund revenues. In FY2021, collections from other ongoing revenues are projected at \$192.3 million.

ONE-TIME RECEIPTS

In FY2020, collections from one-time receipts are projected to be \$7.2 million. \$0.1 million from the Special Racing Revolving Fund and South Dakota-Bred Racing Fund that was previously appropriated to support horseracing that was not utilized. Additionally, this amount includes \$5.1 million in one-time receipts for gains from the refinancing of bonds as well as \$1.9 million due to costs for the financing of the Dakota Dome and Precision Agriculture projects being lower than budgeted.

TRANSFER FROM BUDGET RESERVE FUND

In FY2020, the Governor is recommending \$16.8 million be transferred from the Budget Reserve Fund to the general fund. This \$16.8 million represents the amount of reserves in excess of ten percent of the FY2021 budget as recommended by the Governor.

OBLIGATED CASH CARRIED FORWARD

This is the amount of prior year cash carried forward to meet obligations existing at the end of the previous year. For FY2020, the total amount of obligated cash carried forward was \$19.4 million. This was obligated to the Budget Reserve Fund from the budget surplus at the end of FY2019.

BUDGET RESERVE & GENERAL REVENUE REPLACEMENT FUNDS

During the 1991 Legislative Session, the Budget Reserve Fund was created to place resources into a reserve which would only be used to address emergency situations without having to raise taxes or cut spending. Currently, the maximum funding level of the Budget Reserve Fund is 10% of the general fund appropriations from the General Appropriations Act for the prior fiscal year. At the end of FY2017, FY2018, and FY2019, unobligated general fund cash in the amounts of \$7.9 million, \$16.9 million, and \$19.4 million, respectively, was obligated to the Budget Reserve Fund. These funds were transferred into the reserve at the beginning of FY2018, FY2019, and FY2020, respectively. In FY2020, the Governor recommends transferring \$16.8 million from the Budget Reserve Fund to the general fund, leaving a projected ending balance of \$128.3 million.

During the 2015 Legislative Session, the General Revenue Replacement Fund was established to replace the Property Tax Reduction Fund to assist in balancing the annual budget in the event of an unforeseen revenue shortfall. The maximum level of funding can be up to 15% of the general fund appropriations in the General Appropriations Act for the prior fiscal year. The cash balance of the General Revenue Replacement Fund is \$44.0 million, which was the cash balance when the fund was created.

BUDGET RESERVE FUND & GENERAL REVENUE REPLACEMENT FUND CONDITION STATEMENT

	ACTUAL FY2018	ESTIMATED FY2019	ESTIMATED FY2020	ESTIMATED FY2021
Budget Reserve Fund Beginning Balance	\$ 113,379,805	\$ 115,467,507	\$ 125,762,872	\$ 128,338,913
Calculations for Maximum Balance in the Fund:				
General Bill Appropriation for Prior Year	\$ 1,554,021,368	\$ 1,592,841,544	\$ 1,622,020,072	\$ 1,694,419,701
Budget Reserve Fund Percentage	10%	10%	10%	10%
Maximum Amount in the Fund	<u>\$ 155,402,137</u>	<u>\$ 159,284,154</u>	<u>\$ 162,202,007</u>	<u>\$ 169,441,970</u>
Maximum Transferable Amount	<u>\$ 42,022,332</u>	<u>\$ 43,816,647</u>	<u>\$ 36,439,135</u>	<u>\$ 41,103,057</u>
Amount of General Funds Available End of Prior Year	\$ 7,943,412	\$ 16,898,828	\$ 19,354,553	\$ 0
Transferred in from General Fund	\$ 7,943,412	\$ 16,898,828	\$ 19,354,553	\$ 0
Transferred out to General Fund	<u>\$ (5,855,710)</u>	<u>\$ (6,603,463)</u>	<u>\$ (16,778,512)</u>	<u>\$ 0</u>
Ending Budget Reserve Fund Balance	<u>\$ 115,467,507</u>	<u>\$ 125,762,872</u>	<u>\$ 128,338,913</u>	<u>\$ 128,338,913</u>
General Revenue Replacement Fund Balance	\$ 44,000,048	\$ 44,000,048	\$ 44,000,048	\$ 44,000,048
General Funds Obligated to Budget Reserve	<u>\$ 16,898,828</u>	<u>\$ 19,354,553</u>	<u>\$ 0</u>	<u>\$ 0</u>
ENDING TOTAL RESERVES BALANCE	<u><u>\$ 176,366,383</u></u>	<u><u>\$ 189,117,473</u></u>	<u><u>\$ 172,338,961</u></u>	<u><u>\$ 172,338,961</u></u>

NOTE: The totals may not add due to rounding.

COMPARISON BETWEEN LEGISLATIVE ADOPTED AND REVISED ESTIMATE FOR FY2020

	LEG. ADOPTED FY2020	REVISED FY2020	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax	\$ 1,075,218,900	\$ 1,071,609,815	\$ (3,609,085)	(0.34)
Lottery	126,020,257	127,352,534	1,332,277	1.06
Contractor's Excise Tax	121,485,109	117,811,978	(3,673,131)	(3.02)
Insurance Company Tax	92,808,766	91,127,918	(1,680,848)	(1.81)
Unclaimed Property Receipts	47,751,933	47,167,962	(583,971)	(1.22)
Licenses, Permits, and Fees	69,648,771	68,969,723	(679,048)	(0.97)
Tobacco Taxes	50,058,950	49,043,485	(1,015,465)	(2.03)
Trust Funds	39,737,666	39,875,032	137,366	0.35
Net Transfers In	21,562,412	21,005,164	(557,248)	(2.58)
Alcohol Beverage Tax	7,882,160	8,001,015	118,855	1.51
Bank Franchise Tax	14,471,640	14,375,530	(96,110)	(0.66)
Charges for Goods and Services	16,333,139	16,212,862	(120,277)	(0.74)
Telecommunications Tax	5,480,666	4,711,089	(769,577)	(14.04)
Severance Taxes	4,566,042	4,794,138	228,096	5.00
Investment Income and Interest	6,015,500	11,058,713	5,043,213	83.84
Alcohol Bev 2% Wholesale Tax	2,202,729	2,191,736	(10,993)	(0.50)
TOTAL (ONGOING RECEIPTS)	\$ 1,701,244,640	\$ 1,695,308,694	\$ (5,935,946)	(0.35)
ONE-TIME RECEIPTS				
Refinancing Gains/Transfer from SDBA	\$ -	7,082,539	7,082,539	100.00
Transfer from Horseracing Fund	-	120,000	120,000	100.00
Transfer from Budget Reserve	-	16,778,512	16,778,512	100.00
Obligated Cash Carried Forward	-	19,354,553	19,354,553	100.00
SUBTOTAL (ONE-TIME RECEIPTS)	\$ -	\$ 43,335,604	43,335,604	100.00
GRAND TOTAL	\$ 1,701,244,640	\$ 1,738,644,298	\$37,399,658	2.20

NOTE: The totals may not add due to rounding.

COMPARISON BETWEEN ACTUAL FY2019 AND REVISED FY2020 REVENUE COLLECTIONS

	ACTUAL FY2019	REVISED FY2020	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax	\$ 1,025,401,209	\$ 1,071,609,815	\$ 46,208,606	4.51
Lottery	123,815,501	\$ 127,352,534	\$ 3,537,033	2.86
Contractor's Excise Tax	113,163,617	\$ 117,811,978	\$ 4,648,361	4.11
Insurance Company Tax	90,347,541	\$ 91,127,918	\$ 780,377	0.86
Unclaimed Property Receipts	48,573,600	\$ 47,167,962	\$ (1,405,638)	(2.89)
Licenses, Permits, and Fees	68,758,069	\$ 68,969,723	\$ 211,654	0.31
Tobacco Taxes	49,971,217	\$ 49,043,485	\$ (927,732)	(1.86)
Trust Funds	38,527,936	\$ 39,875,032	\$ 1,347,096	3.50
Net Transfers In	23,827,140	\$ 21,005,164	\$ (2,821,976)	(11.84)
Alcohol Beverage Tax	7,845,250	\$ 8,001,015	\$ 155,765	1.99
Bank Franchise Tax	17,256,120	\$ 14,375,530	\$ (2,880,590)	(16.69)
Charges for Goods and Services	16,012,654	\$ 16,212,862	\$ 200,208	1.25
Telecommunications Tax	5,089,768	\$ 4,711,089	\$ (378,679)	(7.44)
Severance Taxes	4,234,206	\$ 4,794,138	\$ 559,932	13.22
Investment Income and Interest	6,229,304	\$ 11,058,713	\$ 4,829,409	77.53
Alcohol Bev 2% Wholesale Tax	2,150,157	\$ 2,191,736	\$ 41,579	1.93
TOTAL (ONGOING RECEIPTS)	\$ 1,641,203,288	\$ 1,695,308,694	\$ 54,105,406	3.30
ONE-TIME RECEIPTS				
Transfer from Dept. of Agriculture	\$ 705,101	\$ -	\$ (705,101)	(100.00)
Prior Period Adjustments	2,755,524	-	(2,755,524)	(100.00)
Unexpended Carryovers and Specials	5,777,493	-	(5,777,493)	(100.00)
Transfer from Budget Reserve Fund	6,603,463	16,778,512	10,175,049	154.09
Transfer from Gaming Commission	-	120,000	120,000	100.00
Refinancing Gains/Transfer from SDBA	-	7,082,539	7,082,539	100.00
Obligated Cash Carried Forward	16,898,828	19,354,553	2,455,725	14.53
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 32,740,409	\$ 43,335,604	10,595,195	32.36
GRAND TOTAL	\$ 1,673,943,697	\$ 1,738,644,298	\$64,700,601	3.87

NOTE: The totals may not add due to rounding.

COMPARISON BETWEEN REVISED FY2020 AND FY2021 REVENUE COLLECTIONS

	REVISED FY2020	PROJECTED FY2021	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax	\$ 1,071,609,815	\$ 1,088,181,339	\$ 16,571,524	1.55
Lottery	127,352,534	130,994,054	3,641,520	2.86
Contractor's Excise Tax	117,811,978	121,800,414	3,988,436	3.39
Insurance Company Tax	91,127,918	95,704,260	4,576,342	5.02
Unclaimed Property Receipts	47,167,962	47,167,962	0	0.00
Licenses, Permits, and Fees	68,969,723	69,106,076	136,353	0.20
Tobacco Taxes	49,043,485	47,232,519	(1,810,966)	(3.69)
Trust Funds	39,875,032	41,577,763	1,702,731	4.27
Net Transfers In	21,005,164	21,311,678	306,514	1.46
Alcohol Beverage Tax	8,001,015	8,140,374	139,359	1.74
Bank Franchise Tax	14,375,530	14,889,195	513,665	3.57
Charges for Goods and Services	16,212,862	16,240,927	28,065	0.17
Telecommunications Tax	4,711,089	4,360,584	(350,505)	(7.44)
Severance Taxes	4,794,138	5,304,110	509,972	10.64
Investment Income and Interest	11,058,713	9,074,529	(1,984,184)	(17.94)
Alcohol Bev 2% Wholesale Tax	2,191,736	2,303,823	112,087	5.11
TOTAL (ONGOING RECEIPTS)	\$ 1,695,308,694	\$ 1,723,389,607	\$ 28,080,913	1.66
ONE-TIME RECEIPTS				
Transfer from Gaming Commission	\$ 120,000	\$ -	(120,000)	(100.00)
Refinancing Gains/Transfer from SDBA	7,082,539	-	(7,082,539)	(100.00)
Transfer from Budget Reserve Fund	16,778,512	-	(16,778,512)	(100.00)
Obligated Cash Carried Forward	19,354,553	-	(19,354,553)	(100.00)
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 43,335,604	\$ -	(43,335,604)	(100.00)
GRAND TOTAL	\$ 1,738,644,298	\$ 1,723,389,607	(\$15,254,691)	(0.88)

NOTE: The totals may not add due to rounding.

GENERAL FUND RECEIPTS

	ACTUAL FY2018	ACTUAL FY2019	REVISED FY2020	PROJECTED FY2021
ONGOING RECEIPTS				
Sales and Use Tax	\$ 988,823,603	\$ 1,025,401,209	\$ 1,071,609,815	\$ 1,088,181,339
Lottery	116,675,440	123,815,501	127,352,534	130,994,054
Contractor's Excise Tax	107,626,628	113,163,617	117,811,978	121,800,414
Insurance Company Tax	91,021,843	90,347,541	91,127,918	95,704,260
Unclaimed Property Receipts	52,766,031	48,573,600	47,167,962	47,167,962
Licenses, Permits, and Fees	67,492,051	68,758,069	68,969,723	69,106,076
Tobacco Taxes	54,157,663	49,971,217	49,043,485	47,232,519
Trust Funds	37,035,528	38,527,936	39,875,032	41,577,763
Net Transfers In	20,941,048	23,827,140	21,005,164	21,311,678
Alcohol Beverage Tax	7,668,288	7,845,250	8,001,015	8,140,374
Bank Franchise Tax	13,494,940	17,256,120	14,375,530	14,889,195
Charges for Goods and Services	16,094,652	16,012,654	16,212,862	16,240,927
Telecommunications Tax	4,931,125	5,089,768	4,711,089	4,360,584
Severance Taxes	6,602,808	4,234,206	4,794,138	5,304,110
Investment Income and Interest	6,053,274	6,229,304	11,058,713	9,074,529
Alcohol Beverage 2% Wholesale Tax	2,020,940	2,150,157	2,191,736	2,303,823
SUBTOTAL (ONGOING RECEIPTS)	\$ 1,593,405,861	\$ 1,641,203,288	\$ 1,695,308,694	\$ 1,723,389,607
ONE-TIME RECEIPTS				
Transfer from Dept. of Agriculture	\$ -	\$ 705,101	\$ -	\$ -
Transfer from DOR Agency Fund	3,871,437	-	-	-
Transfer from Petroleum Release Fund	1,300,000	-	-	-
Transfer from Workforce Education Fund	792,729	-	-	-
Transfer from Prescription Drug Plan Fund	750,000	-	-	-
Transfer from Telecommunication Fund	750,000	-	-	-
Transfer from Video Lottery Fund	500,000	-	-	-
Transfer from Court Automation Fund	500,000	-	-	-
Transfer from Technology Fund	500,000	-	-	-
Transfer from Private Activities Bond Fee Fund	480,743	-	-	-
Transfer from Budgetary Accounting Fund	261,396	-	-	-
Transfer from Veterans' Home Operating Fund	120,000	-	-	-
Refinancing Gains/Transfer from SDBA	-	-	7,082,539	-
Prior Period Adjustments	(1,309,473)	2,755,524	-	-
Unexpended Carryovers and Specials	204,351	5,777,493	-	-
Transfer from Property Tax Reserves	-	-	-	-
Transfer from Budget Reserve Fund	5,855,710	6,603,463	16,778,512	-
Obligated Cash Carried Forward	7,943,412	16,898,828	19,354,553	-
Transfer from Gaming Commission	-	-	120,000	-
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 22,520,305	\$ 32,740,409	\$ 43,335,604	\$ 0
GRAND TOTAL	\$ 1,615,926,166	\$ 1,673,943,697	\$ 1,738,644,298	\$ 1,723,389,607

NOTE: The totals may not add due to rounding.

TAX EXPENDITURES

**Annual Est. General
Fund Revenue Loss**

Sales and Use Tax Exemptions

Agriculture Group

10-45-18, 10-45-18.2, 10-46-16, 10-46-16.2: Livestock, live poultry, ostriches, emus, or rheas, if such sales are part of a series of transactions incident to producing a finished product intended to be offered for an ultimate retail sale. Also includes live cattle, buffalo, sheep, goats, swine, poultry, and horses.	\$257,134,663
10-45-18.3: Feed for cattle, buffalo, sheep, goats, swine, poultry, ostriches, emus, rheas, and domesticated fur-bearing animals defined in chapter 40-35, if such feed is used by farmers or ranchers who are regularly engaged in the business of raising and feeding such animals, or producing milk for sale for human consumption, and horses and other animals with the family equidae. Poultry does not include any fowl other than domestic fowl kept and raised for the market or the production of eggs for human consumption.	\$107,570,811
10-45-16: Commercial fertilizer, either liquid or solid, when sold in quantities of five hundred pounds or more in a single sale to be used exclusively for agricultural purposes.	\$71,749,063
10-45-15: Seed legumes, seed grasses, and seed grains sold in quantities of 25 pounds or more in a single sale to be used exclusively for agricultural purposes.	\$35,552,835
10-45-3.4: (1) Parts or repairs on machinery or equipment which are clearly identifiable as used primarily for agricultural purposes, including irrigation equipment, if the part replaces a farm machinery or irrigation equipment part assigned a specific or generic part number by the manufacturer of the farm machinery or irrigation equipment; and (2) Maintenance items and maintenance services used on machinery or equipment which are clearly identifiable as used primarily for agricultural purposes, including irrigation equipment.	\$32,760,506
10-45-16.1, 10-46-17.5: Pesticides (including insecticides, herbicides, pesticides, rodenticides, and fumigants) and products or substances used in conjunction with application of the pesticides used exclusively for agricultural purposes. (Sales tax applies to endoparasitocides and ectoparasitocides)	\$21,831,525
10-45-19, 10-46-17: Motor fuel, including kerosene, tractor fuel, liquefied petroleum gas, natural and artificial gas, diesel fuels, and distillate, when used for agricultural purposes. Agricultural purposes includes hay grinding but does not include the lighting or heating of any farm residence.	\$33,621,350
10-45-12.1: Farm Product Warehousing & Storage	\$9,225,000
10-45-12.1: Agricultural Services, except: Veterinary Services and Animal Specialty Services.	\$8,285,625
10-45-93: Sale of agricultural and industrial production equipment in international commerce where physical delivery of the goods takes place in South Dakota if the property is to be shipped to a point outside the United States not to be returned to a point within the United States. (also 10-46E)	\$365,625
10-45-12.1: Forestry Services	\$160,515
10-45-18.6, 10-46-16.6: The sale of swine or cattle semen used for agricultural purposes.	\$219,375
10-45-16.2, 10-45-16.3: Rental of devices primarily used to apply fertilizers, pesticides, herbicides, and insecticides for agricultural purposes if sales or use tax was paid on the original purchase of the device.	\$2,260,620
10-45-18.4, 10-46-16.4: Live nondomestic animal regulated by the animal industry board pursuant to 40-3-26 if the animal is to be used by a farmer or rancher who is regularly engaged in the breeding and raising of such animals.	\$29,250
10-45-19.1, 10-46-17.2: Electricity used to power irrigation pumps and horsepower charge on electric motors powering irrigation pumps when the purchase is exclusively for agricultural purposes.	\$472,010
10-45-18.5, 10-46-16.5: Feed for nondomestic animals exempted in 10-45-18.4	\$5,625

TAX EXPENDITURES

Sales and Use Tax Exemptions

**Annual Est. General
Fund Revenue Loss**

Healthcare Group

10-45-12.1: Health Services; 10-45-14, 10-45-15: Purchases by nonprofit hospitals; 10-45-14.10: Drugs to the extent used by humans that are prescribed, dispensed, or administered by a physician, chiropractor, optometrist, dentist, podiatrist, or audiologist; 10-45-14.9: Insulin that is not sold by prescription; 10-45-14.11: Durable medical equipment, mobility enhancing equipment, and prosthetic devices used by humans when prescribed by prescription, dispensed, or administered for a specific patient by a physician, chiropractor, optometrist, dentist or podiatrist; 10-45-14.12: Medical devices used by humans when prescribed by prescription, dispensed, or administered for a specific patient by a physician, chiropractor, optometrist, dentist or podiatrist; 10-45-14.6: Hospital meals paid for by a public entity.	\$315,405,000
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Government

10-45-10: Purchases by the Federal Government, State Government, Public or Municipal Corporations, and Indian tribes. Estimate includes purchases by Educational Institutions and 10-45-14: purchases by Religious or Private Educational Institutions.	\$186,385,500
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Business Group

10-45-7: Lodging or campsites provided to any person for 28 or more consecutive days. Occasional rental of sleeping accommodations or camp sites, which is 10 or less days/year.	\$35,241,937
10-45-11.1, 10-46-17.3: Goods and services furnished to meet warranty obligation.	N/A
10-45-20.6, 10-46-9.6: Replacement parts sold to retailers that will be installed in tangible personal property that will ultimately be for resale.	N/A
10-45-12.1: Exempts advertising services, which is the preparing and placement of ads. Exempts charges by media for placement of an ad in that media.	\$35,640,000
10-45-68, 10-46-56: Sale of credit card processing services to retailers.	\$2,433,195
10-45-12.1: Water Supply	\$6,841,013
10-45-9.1: Personal Property sold for lease.	\$25,555,424
10-45-13.1: Membership fees to membership organizations and services provided by membership organizations.	\$8,033,805
10-45-5.2: Sanitary services except for the collection and disposal of solid waste which is specifically listed as subject to sales tax.	\$968,162
10-45-20.1: Payments made by one member of a controlled group to another member of a controlled group which represent an allocation, reimbursement, or charge for services provided by or rendered by the members of the controlled group. The exemption provided in this section does not apply to the lease of tangible personal property unless the sales or use tax has been paid on the property by the lessor. (estimate also includes 10-45-20.2)	N/A
10-45-29.1 Allows deduction from gross receipts charges to clients for tangible personal property or services purchased by the attorney or accountant on behalf of a client, provided the purchase was not a resale purchase.	N/A
10-45-12.5, 10-46-9.5: Fees or commissions received for rendering a service which provides for the sale of tangible personal property or services. 10-45-84, 10-45-90 Fees or commissions received by a retailer for arranging a loan for a customer to pay for property sold by that retailer.	N/A
10-45-12.1: Motion picture rentals to a commercially operated theater primarily engaged in the exhibition of motion pictures.	\$810,709
10-45-5.2: Research, development, and testing services (SIC 8733)	\$6,655,320

TAX EXPENDITURES

**Annual Est. General
Fund Revenue Loss**

Sales and Use Tax Exemptions

Business Group (Continued)

10-45-7.1, 10-46-68: Membership fees paid to a lodging house or hotel membership organization operated for the benefit of its members.	N/A
10-45-96: Deduction allowed for actual disbursements, including appropriate reserves, for the wages, salaries, payroll taxes, payroll deductions, workers' compensation costs, insurance premiums, welfare benefits, retirement benefits, and other employee benefits of its co-employees.	\$369,461
10-45-5.2: Radio & Television Broadcasting	N/A
10-45-5: Leases of tangible personal property between one telephone company and another telephone company.	N/A
10-45-5.2: Goods or services with money advanced as an accommodation are retail purchases and are not included in gross receipts for funeral services, and fees paid or donated for religious ceremonies are not included in gross receipts for funeral services.	N/A
10-45-5.5, 10-46-2.5: Chemicals purchased for use by Lawn & Garden Services.	N/A
10-45-92: Deduction allowed from auction's gross receipts for expenses for tangible personal property or services purchased by the auctioneer for that client, provided the purchase was not a resale purchase.	N/A
10-45-14.2, 10-46-9.1: Ink and newsprint used to produce shoppers' guides.	N/A
10-45-94: Postage by a mailing service provided the cost of postage is itemized on the customer's bill and the cost of the postage is no greater than the cost of the postage to the mailing service.	N/A
10-45-12.4: Services provided to a rural water system by a wholly owned cooperative or nonprofit corporation.	Included in water estimate
10-45-110: Exempts coins, currency, or bullion.	N/A
10-45-12.7: Any person officiating an amateur sporting event. However, this exemption does not apply to any person officiating any sporting event sponsored and operated by any elementary, secondary, or postsecondary school.	\$77,888
10-45-90, 10-46-63: Services performed for rodeos by promoters, stock contractors, stock handlers, announcers, judges, and clowns.	\$1,268,721
10-45-18.1, 10-46-16.1: Live gamebirds sold by the producer to nonprofit organizations which release such birds or to commercial hunting operators who charge fees to hunt such birds.	\$554,715
10-45-12.1: Consumer Credit Reporting Agencies and Mercantile Reporting Agencies.	\$63,227

Educational Services

10-45-12.1: Educational Services - Exempt schools: Continuing education programs, tutoring, and vocational counseling not including Rehabilitation counseling (See Social Services exemption for Rehabilitation counseling).	\$2,713,785
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TAX EXPENDITURES

Sales and Use Tax Exemptions

**Annual Est. General
Fund Revenue Loss**

Financial Group

10-45-12.1: Commissions earned or service fees paid by an insurance company to an agent or representative for the sale of a policy. 10-44-8 Insurance companies are exempt from all other taxes, except sales or use tax on tangible personal property and taxes on real property. Insurance companies do not owe use tax on the purchase of services, if the service provider does not collect the applicable sales tax.	\$3,955,050
10-44-8: Insurance companies are exempt from all other taxes, except sales or use tax on tangible personal property and taxes on real property. Insurance companies do not owe use tax on the purchase of services, if the service provider does not collect the applicable sales tax.	\$117,162,001
10-45-20.5, 10-46-2.1: Services by a related corporation to a financial institution or services by a financial institution to a related corporation if they are part of a controlled group of corporations.	N/A
10-45-12.1: Commodity Contracts Brokers & Dealers; 10-45-12.1: Brokers, Dealers, and Flotation Companies; 10-46-9.2: Brokers licensed under Title 47.	\$8,162,010
10-43-5: Bank franchise tax is paid in lieu of other taxes, except sales or use tax on tangible personal property. Financial institutions do not owe use tax on services, if the service provider does not collect the applicable sales tax.	N/A
10-45-12.1: Financial services of institutions subject to the tax under Chapter 10-43 (Bank Franchise) including loan origination fees, late payment charges, nonsufficient fund check charges, stop payment charges, safe deposit box rent, exchange charges, commission on travelers checks, charges for administration of trusts, interest charges, and "points" charged on loans.	\$77,475,934
10-45-12.6, 10-46-6.2: Sale of credit services by credit bureaus to financial institutions that are paying bank franchise taxes.	N/A
10-45-13.5: Exempts receipts received by the state and political subdivisions from management services provided to a revolving loan fund operated by a nonprofit entity.	N/A

Transportation Group

10-45-12.1: Railroad Transportation & Rental of Railroad Cars.	\$9,011,250
10-45-12.1: Arrangement of Passenger Transportation; Arrangement of Transportation of Freight & Cargo; Local and Suburban Passenger Transportation, except Limousine Services; Trucking and Courier services, except air, except collection and disposal of solid waste; Pipelines, except Natural Gas; Transportation on rivers and canals; and school buses. 10-45-67, 10-46-55: Natural gas transportation by pipeline.	\$14,185,620

Social Services

10-45-12.1: Social services and credit counseling services provided by individual and family social services.	\$4,754,250
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Manufacturing Group

10-46-5: Excludes the fabrication costs from the fair market value of tangible personal property fabricated by a contractor or subcontractor for use in the contract. The fair market value is subject to use tax.	N/A
10-46-3: Tangible personal property not originally purchased for use in this state, but thereafter used, stored, or consumed in this state if the equipment is more than seven years old at the time it is brought into this state.	N/A
10-45-14.4, 10-46-9.3: Packing material used or consumed by manufacturers, processors, or fabricators as raw material. 10-45-14.5, 10-46-9.4 Packing material sold to retailers if the retailer used the article as wrappers or containers to hold other tangible personal property sold by the retail that is subject to sales or use tax and the articles are supplied free by the retailer as a convenience to the customer.	N/A

TAX EXPENDITURES

**Annual Est. General
Fund Revenue Loss**

Sales and Use Tax Exemptions

Civic & Nonprofit Association Events/Admissions/Donations

10-45-13: Exempts tax on the gross receipts of various sales and admission for civic and nonprofit associations and purposes.	N/A
10-45-13.2, 10-46-15.4: Donations of tangible personal property or services given without charge to organizations exempt from sales tax.	N/A

Federal Law Prohibition/Subject to Tax/Fees in other Laws

10-45-14.7, 10-46-15.2: Authorized purchases made with food stamps. 10-45-14.8, 10-46-15.3: Authorized purchases of food under section 17 c of the Child Nutrition Act of 1966.	\$5,940,430
10-45-5.1, 10-45-5.6: Coin operated washers and dryers annual license fee is in lieu of sales tax on receipts.	\$54,600
10-45-13.3: Sale of lottery tickets.	\$2,208,541
10-45-2.1, 10-46-5.1: Mobile homes and manufactured homes are subject to the 4% initial registration tax in lieu of sales, use, and contractor's excise tax.	\$2,011,995

Other Miscellaneous Sales Tax Exemptions

Mini-storage receipts are not specifically subject to tax and therefore are exempt.	\$1,187,048
10-45-13.4: Library copying charges.	N/A

Total Sales and Use Tax Exemptions	\$1,456,370,989
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Other Tax Expenditures

10-44-4: Tax credit for principal office or regional home office for insurance companies.	\$15,725,904
10-45-27.2: Collection allowance for sales tax of 1.5% of collections with a maximum of \$70 per month.	\$5,302,192
10-50-18: Distributor discount of 1% of cigarette stamp face value.	\$484,577
13-65-2: Tax credit to insurance companies that contribute to an organization providing educational scholarships to certain students. The bill caps credits at two million dollars per year.	\$2,000,000

Total Other Tax Expenditures	\$23,512,673
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Grand Total Tax Expenditures	\$1,479,883,662
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Sources: Department of Revenue and Department of Labor and Regulation.

RECOMMENDED EXPENDITURES

Governor Noem's FY2021 budget recommendation maintains a structurally balanced budget while making investments in the areas of providing a quality education for our children, taking care of those who cannot take care of themselves, and protecting us from those who would do us harm. The Governor is also proposing that the state continue to invest in the state employee workforce, which is any organization's greatest resource.

State Aid, the Department of Education, the Board of Regents, and the Postsecondary Technical Institutes are responsible for educating South Dakotans at every level. They account for \$9.6 million of the \$22.5 million in ongoing general fund increases. In terms of the total ongoing budget, this category is 49.1% of the general funds and 33.5% of the total ongoing funds, which amounts to over \$1.6 billion in total ongoing funding.

The Governor recommends an increase of \$8.9 million in general funds for state aid to education. The increase is due to growth in enrollments and adjustments to the allocation amounts for each of the six special education disability categories. The Governor is also recommending a net increase of \$0.1 million in general funds for the Department of Education's budget. This includes an increase of 1.0 FTE and \$0.1 million in general funds for the Jobs for America's Graduates program.

The ongoing budget for the Board of Regents contains a net increase of \$0.5 million in general funds. Included in this amount is an increase of \$0.5 million due to projected utility expenses and decreases of \$0.1 million related to the South Dakota Opportunity Scholarship and a lease payment adjustment. Also included is an increase of \$4.3 million in other fund expenditure authority for research grants, and tuition and fee projections.

The Governor is recommending that the Postsecondary Technical Institutes receive an additional \$0.1 million in ongoing general funds. This includes a decrease of \$0.2 million for change in enrollments at the institutes. It also includes an increase of \$0.3 million for year three of a six-year implementation plan for maintenance and repair on buildings that are wholly owned by the State of South Dakota.

The Departments of Social Services, Human Services, and Health are responsible for the majority of the programs which help those who cannot take care of themselves, including the very young and the very old. The Departments of Health, Human Services, and Social Services account for \$6.6 million of the \$22.5 million in ongoing general fund increases. In terms of the total ongoing budget, this category is 35.3% of the general funds and 33.1% of the total ongoing funds, which amounts to over \$1.6 billion in total ongoing funding.

The Department of Social Services ongoing budget will increase by \$9.6 million in general funds and \$19.2 million in federal fund expenditure authority. This includes increases of \$5.3 million in general funds and \$7.7 million in federal fund expenditure authority for changes in utilization of services provided by the department. Increases of \$3.7 million in general funds and \$4.7 million in federal fund expenditure authority are included for inflationary adjustments required by the federal government,

such as Medicare and certain federally qualified rural health clinics. An increase of \$3.0 million in general funds is due to additional methamphetamine prevention and treatment services. An increase of \$0.3 million in general funds, with a corresponding decrease in federal fund expenditure authority, is due to the Federal Medical Assistance Percentage (FMAP) rate change. A decrease of \$3.4 million in general funds and an increase of \$1.0 million in federal fund expenditure authority for various budget adjustments is due to changes in program utilization.

The Department of Human Services ongoing budget will decrease by \$3.0 million in general funds and increase by \$2.9 million in federal fund expenditure authority. This includes an increase of \$0.1 million in general funds for mandatory inflation for certain individuals in assisted living. Decreases of \$1.1 million in general funds and \$0.8 million in federal fund expenditure authority are due to projected expenses in the Division of Long Term Services and Support. Increases of \$1.2 million in general funds and \$1.7 million in federal fund expenditure authority are due to an increase in eligibles under the Division of Developmental Disabilities. Decreases of \$2.7 million in general funds and \$0.1 million in other fund expenditure authority, along with a corresponding increase in federal fund expenditure authority, are due to the FMAP rate change. Increases of 4.0 FTE, \$0.1 million in general funds, and \$0.1 million in federal fund expenditure authority are for additional staff in the Divisions of Developmental Disabilities and Long Term Services and Supports to keep pace with increased caseloads and to sustain efforts to achieve federal mandates. Decreases of 30.0 FTE, \$0.6 million in general funds, and \$0.9 million in federal fund expenditure authority are for changes in personal services due to the right sizing initiative, utilities, food service, and operating expenses at the South Dakota Developmental Center.

The ongoing budget for the Department of Health includes increases of \$0.1 million in general funds and \$0.1 million in federal fund expenditure authority and a decrease of \$0.9 million in other fund expenditure authority. This includes increases of \$0.1 million in general funds and \$0.1 million in federal fund expenditure authority to support the third year of a rural family medicine residency track in Pierre. An increase of 1.0 FTE and \$0.1 million in other fund expenditure authority for an attorney to help assist the Department's informational boards. An increase of 14.0 FTE and \$1.2 million in other fund expenditure authority to provide healthcare to adult inmates within the Department of Corrections. There is also a decrease of \$2.6 million in other fund expenditure authority within correctional healthcare due to the participation in the 340B prescription drug purchasing program. Increase of \$.1 million for various changes throughout the Department's informational boards.

To address the safety of our state's citizens, a progressive criminal justice system is in place. The ongoing budget for the Department of Corrections includes increases of 11.7 FTE and \$1.5 million in general funds, as well as a decrease of \$0.5 million in federal fund expenditure authority. The increases throughout the department include: \$1.0 million for operating expenses in the adult division, \$0.7 million for security staff, \$0.2 million for non-security staff, and \$0.7 million for community housing programs. Also included are decreases of \$0.9 million in general funds for correctional healthcare and \$0.2 million due to the decrease in the juvenile population. The decrease of \$0.5 million in federal fund expenditure authority is due to a decrease in federal grants.

The Governor is recommending an increase of \$4.1 million in general funds, \$1.7 million in federal fund expenditure authority, and \$4.2 million in other fund expenditure to structurally balance the state employee health plan.

SUMMARY OF RECOMMENDED BUDGET ADJUSTMENTS

State Aid, Technical Institutes, Higher Education, and Education

- Includes State Aid to K-12 Education, Technical Institutes, Higher Education, and the Department of Education.
- \$9.6M increase out of \$22.5M total ongoing general fund increase.
- \$842.1M out of \$1.7B or 49.1% of total ongoing general funds.
- \$1.6B out of \$4.9B or 33.5% of total ongoing funds.

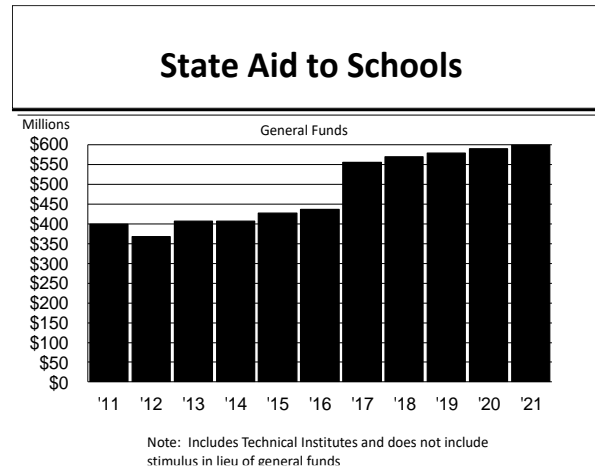
State Aid to K-12 Education	FTE	General	Federal	Other
State Aid to Special Education		\$7,928,968		
State Aid to General Education		\$1,003,891		
Sparsity		(\$65,763)		
Technology in Schools				\$219,324
Total	0.0	\$8,867,096	\$0	\$219,324

- Increase of \$7,928,968 in general funds for State Aid to Special Education due to the rebase of reimbursement rates for the six special education disability categories.
- Increase of \$1,003,891 in general funds for State Aid to General Education due to an increase in enrollments.
- Decrease of \$65,763 in general funds for sparsity payments due to changes in enrollment in sparse districts.
- Increase of \$219,324 in general funds for Technology in Schools for increased bandwidth in K-12 schools.

State Aid to Technical Institutes	FTE	General	Federal	Other
Maintenance and Repair		\$325,362		
National Guard Tuition		\$39,894		
Postsecondary Data Partnership		\$23,000		
Bond Payments		(\$3,186)		
Personal Services Right Sizing		(\$21,180)		
Technical Institutes Formula		(\$231,060)		
Total	0.0	\$132,830	\$0	\$0

- Increase of \$325,362 in general funds for year 3 of a 6-year plan to reach 2% of replacement value for maintenance and repair of state-owned buildings at the Technical Institutes.
- Increase of \$39,894 in general funds to align the budget for National Guard tuition benefits.
- Increase of \$23,000 to join the Postsecondary Data Partnership to measure student momentum, progress, and outcomes.
- Decrease of \$3,186 in general funds to align funding with bond payment schedules.

- Decrease of \$21,180 in general funds to right size the personal services budget.
- Decrease of \$231,060 in the Technical Institutes formula based on projected number of students.



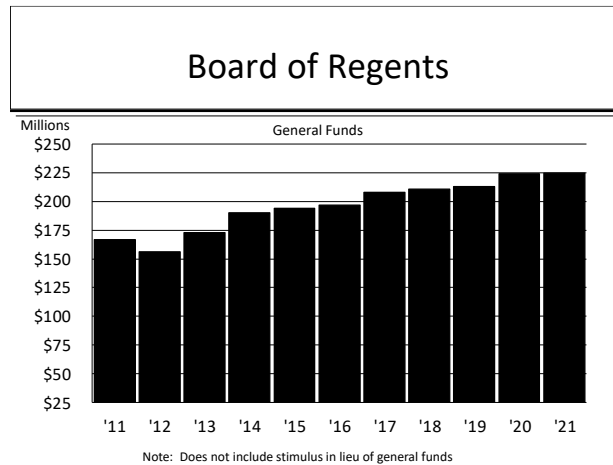
Education	FTE	General	Federal	Other
Jobs for America's Graduates	1.0	\$91,087		
Dual Credit Data Management		\$20,000		
Birth to Three		(\$1,570)	\$1,570	
State Assessment		(\$53,337)		
Federal Authority Reduction			(\$3,068,103)	
Perkins Report Card				\$125,000
Total	1.0	\$56,180	(\$3,066,533)	\$125,000

- Increase of 1.0 FTE and \$91,087 in general funds to provide for a state director of the Jobs for America's Graduates program.
- Increase of \$20,000 in general funds for maintenance of a dual credit data management system.
- Decrease of \$1,570 in general funds and an increase of \$1,570 in federal fund expenditure authority in the Birth to Three program due to the change in the Federal Medical Assistance Percentage (FMAP).
- Decrease of \$53,337 in general funds in State Assessment due to reduced utilization of budget.
- Decrease of \$3,068,103 in federal fund expenditure authority to eliminate authority allocated to the Gear Up grant.
- Increase of \$125,000 in other fund expenditure authority to support the management of the Perkins accountability report card.

Board of Regents	FTE	General	Federal	Other
Utilities		\$539,184		
Critical Deferred Maintenance Lease Payment		(\$5,559)		
South Dakota Opportunity Scholarship		(\$17,397)		
Expenditure Authority Adjustments				\$4,303,265
Total	0.0	\$516,228	\$0	\$4,303,265

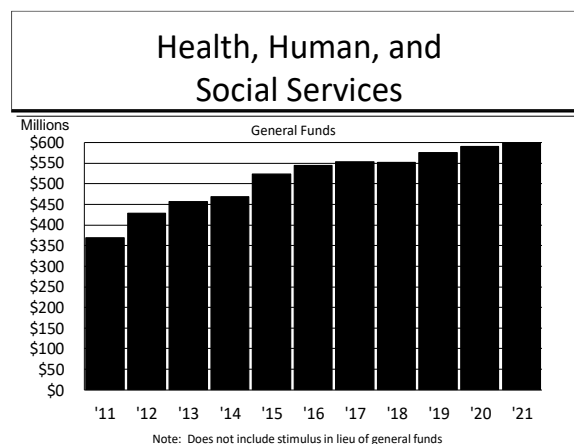
- Increase of \$539,184 in general funds for utility expenses.

- Decrease of \$5,559 in general funds for the lease payment adjustment for critical deferred maintenance.
- Decrease of \$17,397 in general funds for projected students eligible for the South Dakota Opportunity Scholarship.
- Increase of \$4,303,265 in other fund expenditure authority for anticipated grant expenses, tuition, student fees, and food services.



Health, Human, and Social Services

- Includes Departments of Health, Human Services, and Social Services.
- \$6.6M increase out of \$22.5M total ongoing general fund increase.
- \$605.0M out of \$1.7B or 35.3% of total ongoing general funds.
- \$1.6B out of \$4.9B or 33.1% of total ongoing funds.



Health	FTE	General	Federal	Other
Rural Residency Track		\$99,038	\$145,911	
Health Protection Inspections		\$43,060		
Transfer from Disease Prevention Services		(\$43,060)		

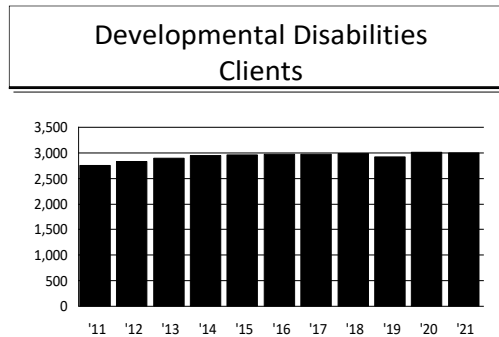
Attorney	1.0			\$69,629
Correctional Healthcare	14.0			\$1,180,610
340B Savings				(\$2,148,485)
Informational Boards				\$34,080
Total	15.0	\$99,038	\$145,911	(\$864,166)

- Increases of \$99,038 in general funds and \$145,911 in federal fund expenditure authority for the third year of the Rural Residency Program.
- Increase of \$43,060 in general funds for the increase in the Department of Public Safety inspection rate.
- Decrease of \$43,060 in general funds to transfer from Disease Prevention Services to Health Protection Inspections.
- Increase of 1.0 FTE and \$69,629 in other fund expenditure authority to hire an attorney for the department's informational boards.
- Increase of 14.0 FTE and \$1,180,610 in other fund expenditure authority to provide healthcare to adult inmates within the Department of Corrections.
- Decrease of \$2,148,485 in other fund expenditure authority due to the participation in the 340B prescription drug purchasing program.
- Increase of \$34,080 in other fund expenditure authority for various increases for the department's informational boards.

Human Services	FTE	General	Federal	Other
Developmental Disabilities		\$1,214,010	\$1,684,772	
Additional FTE	4.0	\$103,842	\$121,669	\$511
Mandatory Inflation		\$31,995		
South Dakota Developmental Center	(30.0)	(\$630,835)	(\$875,460)	
Long Term Services and Supports		(\$1,063,967)	(\$835,303)	
Federal Medical Assistance Percentage		(\$2,703,246)	\$2,799,140	(\$95,894)
Rehabilitation Services				\$90,000
Total	(26.0)	(\$3,048,201)	\$2,894,818	(\$5,383)

- Increases of \$1,214,010 in general funds and \$1,684,772 in federal fund expenditure authority in the Division of Developmental Disabilities for an increase in eligibles.
- Increases of 4.0 FTE, \$103,842 in general funds, \$121,669 in federal fund expenditure authority, and \$511 in other fund expenditure authority in the Divisions of Developmental Disabilities and Long Term Services and Supports for additional staff to keep pace with increased caseloads and to sustain efforts to achieve federal mandates.
- Increase of \$31,995 in general funds for mandatory inflation of 2.1% for certain individuals in assisted living.
- Decreases of 30.0 FTE, \$630,835 in general funds, and \$875,460 in federal fund expenditure authority for changes in personal services due to the right sizing initiative, utilities, food service, and operating expenses at the South Dakota Developmental Center.

- Decreases of \$1,063,967 in general funds and \$835,303 in federal fund expenditure authority based on projected expenses in the Division of Long Term Services and Supports.
- Decreases of \$2,703,246 in general funds and \$95,894 in other fund expenditure authority with a corresponding increase in federal fund expenditure authority for the change in FMAP.
- Increase of \$90,000 in other fund expenditure authority in the Division of Rehabilitation Services for increases in the communication assistance program.

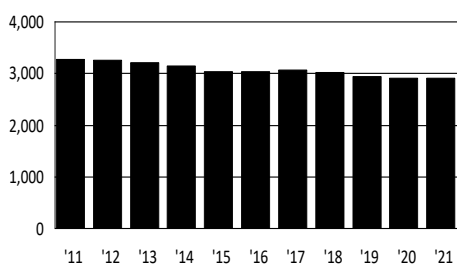


Social Services	FTE	General	Federal	Other
Medicaid Eligibles, Utilization, and Cost Changes		\$5,321,044	\$7,671,420	
Mandatory Inflation		\$3,737,938	\$4,740,851	
Methamphetamine Treatment		\$2,974,572	\$68,833	
Child Protection Adoptions, Guardianships, and Placements		\$770,755	\$839,466	
Federal Medical Assistance Percentage		\$294,193	(\$294,193)	
Mental Health Courts		\$138,500		
Foster Care Training and Support		\$129,420	\$260,604	
Aligning Co-Payments		\$65,176	\$90,450	
Human Services Center		\$20,640		
Mid-Level Practitioner	1.0			
Child Care Direct Assistance		(\$500,000)	\$4,870,832	
Budget Adjustments		(\$3,380,000)	\$950,000	
Informational Budgets				\$7,500
Total	1.0	\$9,572,238	\$19,198,263	\$7,500

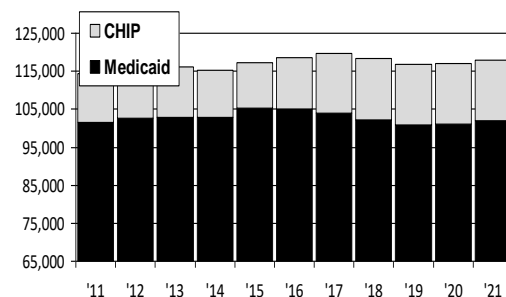
- Increases of \$5,321,044 in general funds and \$7,671,420 in federal fund expenditure authority due to changes in Medicaid eligibles, as well as costs and utilization.
- Increases of \$3,737,938 in general funds and \$4,740,851 in federal fund expenditure authority for mandatory increases for Federally Qualified Health Centers, Rural Health Clinics, Prescription Drugs, Medicare Parts A, B, D and crossover co-pays, and Human Services Center prescription drugs.
- Increases of \$2,974,572 in general funds and \$68,833 in federal fund expenditure authority for additional intensive methamphetamine treatment services.

- Increases of \$770,755 in general funds and \$839,466 in federal fund expenditure authority for an additional 43 adoption and 42 guardianship subsidies, as well as increased paid placements in Child Protection Services.
- Increase of \$294,193 in general funds with a corresponding decrease in federal fund expenditure authority for the change in FMAP.
- Increase of \$138,500 in general funds for the remaining one-half year of treatment services for the current Mental Health Court.
- Increases of \$129,420 in general funds and \$260,604 in federal fund expenditure authority for additional foster parent training and the increased cost of foster care support services.
- Increases of \$65,176 in general funds and \$90,450 in federal fund expenditure authority to align co-payments to the federal maximums.
- Increase of \$20,640 in general funds at the Human Services Center due to food services and utilities adjustments.
- Increase of 1.0 FTE for a mid-level practitioner to make referrals and generate savings from care coordination agreements.
- Decrease of \$500,000 in general funds and increase of \$4,870,832 in federal fund expenditure authority due an increase in the Child Care Block Grant allocation.
- Decrease of \$3,380,000 in general funds and an increase of \$950,000 in federal fund expenditure authority for various budget adjustments due to changes in program utilization and to cover expenses with federal carryover funds.
- Increase of \$7,500 in other fund expenditure authority to align informational budgets with anticipated expenditures.

TANF Case Load in South Dakota

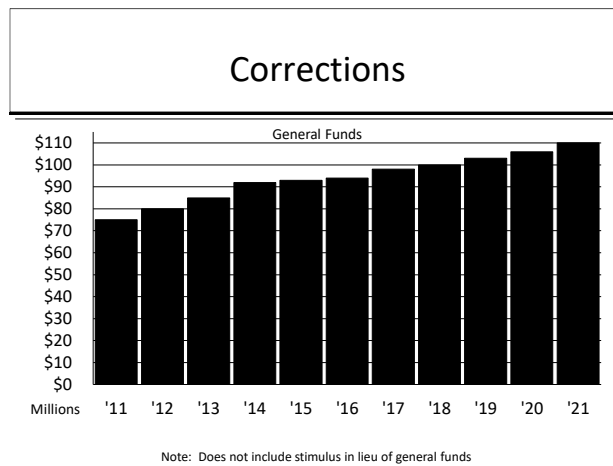


Medical Assistance Case Loads in South Dakota



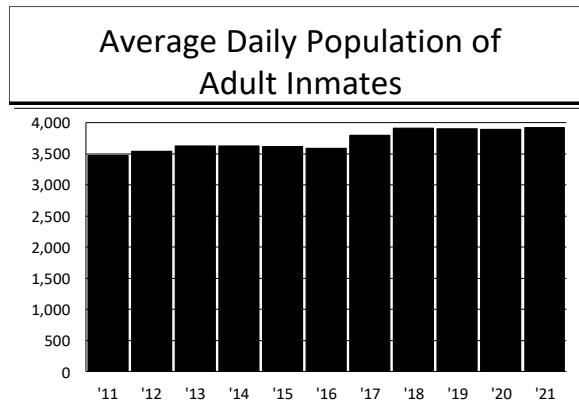
Corrections

- Includes the Department of Corrections.
- \$1.5M increase out of \$22.5M total ongoing general fund increase.
- \$109.9M out of \$1.7B or 6.4% of total ongoing general funds.
- \$118.8M out of \$4.9B or 2.4% of total ongoing funds.



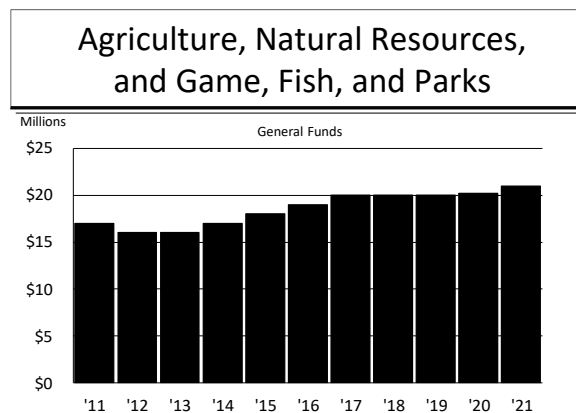
Corrections	FTE	General	Federal	Other
Adult Division Operating Expenses		\$1,128,172	(\$76,330)	
Security Staff	10.0	\$517,799		
Community Diversion Program		\$375,174	(\$375,174)	
Various Positions	5.0	\$374,817		
Community Transition Program Placements		\$350,838		
Juvenile Community Corrections	(3.3)	(\$251,264)		
Correctional Healthcare		(\$967,875)		
Total	11.7	\$1,527,661	(\$451,504)	\$0

- Increase of \$1,128,172 in general funds and a decrease of \$76,330 in federal fund expenditure authority for utilities, food services, and operational expenses at the South Dakota Women's Prison.
- Increase of 10.0 FTE and \$517,799 in general funds to increase security staff at the South Dakota Women's Prison and Jameson Prison Medical Clinic.
- Increase of \$375,174 in general funds and decrease of \$375,174 in federal fund expenditure authority for 45 female offenders to participate in the Intermediate Correctional Intervention Program in Pennington County.
- Increase of 5.0 FTE and \$374,817 in general funds for three Parole agents, a PreP Corrections Specialist, and an Inmate Services Corrections Analyst.
- Increase of \$350,838 in general funds for 21 parolees in the Community Transition Program to be housed in community placements.
- Decrease of 3.3 FTE and \$251,264 in general funds due to reductions in Juvenile Corrections Agents and decreases in the juvenile population.
- Decrease of \$967,875 in general funds in Correctional Healthcare costs due to savings in the 340B prescription drug program.



Agriculture, Natural Resources, and Game, Fish, and Parks

- Includes Departments of Agriculture, Environment and Natural Resources, and Game, Fish, and Parks.
- \$6K decrease out of \$22.5M total ongoing general fund increase.
- \$21.0M out of \$1.7B or 1.2% of total ongoing general funds.
- \$170.9M out of \$4.9B or 3.5% of total ongoing funds.



Agriculture	FTE	General	Federal	Other
Legal Services	1.0	\$4,429		\$84,149
State Fair				\$200,000
ADRDL Bond Payment				\$1,341
Informational Budgets				(\$5,743,026)
Total	1.0	\$4,429	\$0	(\$5,457,536)

- Increases of 1.0 FTE, \$4,429 in general funds, and \$84,149 in other fund expenditure authority for an attorney position in the Office of the Secretary.
- Increase of \$200,000 in other fund expenditure authority in the State Fair to align authority with anticipated expenditures.
- Increase of \$1,341 in other fund expenditure authority for the annual bond payment for the Animal Disease Research Diagnostic Lab (ADRDL).

- Decrease of \$5,743,026 in other fund expenditure authority to align the informational budgets with anticipated expenditures.

Environment and Natural Resources	FTE	General	Federal	Other
No changes				
Total	0.0	\$0	\$0	\$0

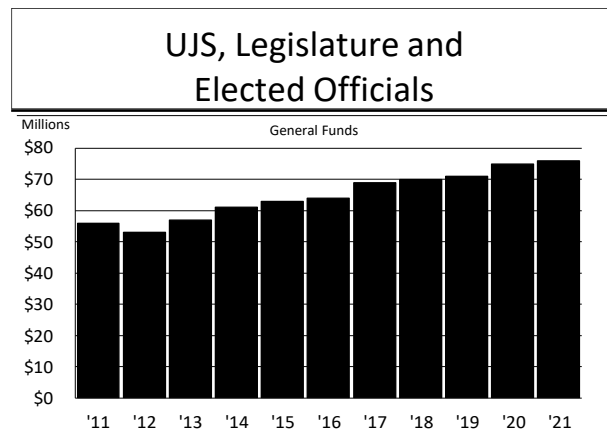
- No recommended changes to the FY21 budget.

Game, Fish, and Parks	FTE	General	Federal	Other
Bond Payments		(\$10,769)		
Division of Wildlife Capital Development			\$530,500	\$4,000
Division of Wildlife Operations			\$102,115	\$210,983
Division of Parks & Recreation Operations			(\$5,000)	\$43,000
Division of Parks & Recreation Capital Development			(\$1,682,350)	\$2,994,295
Animal Damage Control	2.0			\$225,000
Division of Administration	1.0			\$88,578
Total	3.0	(\$10,769)	(\$1,054,735)	\$3,565,856

- Decrease of \$10,769 in general funds based on changes in bond payments.
- Increases of \$530,500 in federal fund expenditure authority and \$4,000 in other fund expenditure authority to align the budget with anticipated costs from the capital development project list in the Division of Wildlife.
- Increases of \$102,115 in federal fund expenditure authority and \$210,983 in other fund expenditure authority to reflect activity-based cost increases in the Division of Wildlife maintenance and operations budget.
- Decrease of \$5,000 in federal fund expenditure authority and increase of \$43,000 in other fund expenditure authority to reflect activity-based cost increases in the maintenance and operations budget of the state parks system.
- Decrease of \$1,682,350 in federal fund expenditure authority and increase of \$2,994,295 in other fund expenditure authority to align the budget with anticipated costs from the capital development project list in the Division of Parks and Recreation.
- Increase of 2.0 FTE and \$225,000 in other fund expenditure authority for increased efforts in the animal damage control program within the Division of Wildlife.
- Increase of 1.0 FTE and \$88,578 in other fund expenditure authority for a legal contract manager position in the Division of Administration.

Legislature, Unified Judicial System, Public Utilities Commission, and Elected Officials

- Includes the Legislature, Unified Judicial System, Public Utilities Commission, Office of the Attorney General, Secretary of State, School and Public Lands, Office of the State Auditor, and Office of the State Treasurer.
- \$930K increase out of \$22.5M total ongoing general fund increase.
- \$76.0M out of \$1.7B or 4.4% of total ongoing general funds.
- \$161.4M out of \$4.9B or 3.3% of total ongoing funds.



Legislature	FTE	General	Federal	Other
Legislative Research Council IT Position	1.0	\$105,190		
Legislative Audit Personal Services		\$49,156		
Legislator Salary		\$46,418		
Legislative Per Diem		\$8,400		
Legislative Interim Member Salary Adjustment		\$2,250		
Legislative Audit Operating Expenses		\$2,100		
Total	0.0	\$213,514	\$0	\$0

- Increase of 1.0 FTE and \$105,190 in general funds for the lead software engineer in the Legislative Research Council.
- Increase of \$49,156 in general funds to align the Department of Legislative Audit's personal services budget with anticipated expenditures.
- Increase of \$46,418 in general funds in the Legislative Research Council to align the budget with projected legislator salaries for FY2021. The legislator salary is set to equal one-fifth of South Dakota median household income.
- Increase of \$8,400 in general funds in the Legislative Research Council for an increase in the legislative per diem from \$149 to \$151 according to the General Services Administration.
- Increase of \$2,250 in general funds in the Legislative Research Council for salaries for members of an interim legislative committee or task force. The salary increased from \$149/day to \$151/day.
- Increase of \$2,100 in general funds in the Department of Legislative Audit to reflect estimated expenditures in contractual services and supplies.

Unified Judicial System	FTE	General	Federal	Other
Drug/DUI Court Treatment		\$645,866		
Various Positions	3.0	\$135,504		\$51,704
Miscellaneous Operating Expenses		\$1,308		\$10,565
Total	3.0	\$782,678	\$0	\$62,269

- Increase of \$645,866 in general funds for treatment for drug and DUI court participants.
- Increases of 3.0 FTE, \$135,504 in general funds, and \$51,704 in other fund expenditure authority for an additional court services officer and a computer assisted court recorder in the second circuit, and an additional court services officer in the seventh circuit.
- Increases of \$1,308 in general funds and \$10,565 in other fund expenditure authority for operating expenses related to the three new positions.

Public Utilities Commission	FTE	General	Federal	Other
Budget Alignments			(\$7,331)	\$9,831
One Call Notification Board Informational Budget Adjustments				\$92,922
Total	0.0	\$0	(\$7,331)	\$102,753

- Decrease of \$7,331 in federal fund expenditure authority and increase of \$9,831 in other fund expenditure authority to align the Public Utilities Commission budget with anticipated expenditures.
- Increase of \$92,922 in other fund expenditure authority to align the One Call Notification Board with anticipated expenditures.

Attorney General	FTE	General	Federal	Other
Department of Criminal Investigation Analysts	2.0	\$145,702		
Child Abuse Coordinator	1.0	\$100,964		
Various Operating Expenses		\$66,000	(\$122,000)	\$76,495
Law Enforcement Training Academy Expenses	2.0	(\$382,341)		\$684,268
Computer Forensics Agent	1.0			\$100,964
Total	6.0	(\$69,675)	(\$122,000)	\$861,727

- Increase of 2.0 FTE and \$145,702 in general funds for two criminal analysts to join the Technical Service Unit within the Division of Criminal Investigation. These positions will work specifically on narcotic cases to help combat the meth epidemic in South Dakota.
- Increase of 1.0 FTE and \$100,964 in general funds for a child abuse coordinator to coordinate the multidisciplinary teams and ensure all of South Dakota is working on best practice responses to child maltreatment.
- Increases of \$66,000 in general funds and \$76,495 in other fund expenditure authority for DNA lab supplies, rent, and software leases and decrease of \$122,000 in federal fund expenditure authority for decreases in federal grants.
- Increase of 2.0 FTE and \$684,268 in other fund expenditure authority for two forensic scientists in the biology section of the forensic lab, a crisis intervention coordinator to provide training, food

services, space billing, and funding changes with an offsetting decrease in general funds in the Law Enforcement Training Academy.

- Increase of 1.0 FTE and \$100,964 in other fund expenditure authority for a computer forensics agent to assist with investigations dealing with internet crimes against children.

Secretary of State	FTE	General	Federal	Other
No changes				
Total	0.0	\$0	\$0	\$0

- No recommended changes to the FY21 budget.

School and Public Lands	FTE	General	Federal	Other
No changes				
Total	0.0	\$0	\$0	\$0

- No recommended changes to the FY21 budget.

State Auditor	FTE	General	Federal	Other
Operating Expenses		\$3,558		
Total	0.0	\$3,558	\$0	\$0

- Increase of \$3,558 in general funds to align budget with anticipated operating expenses.

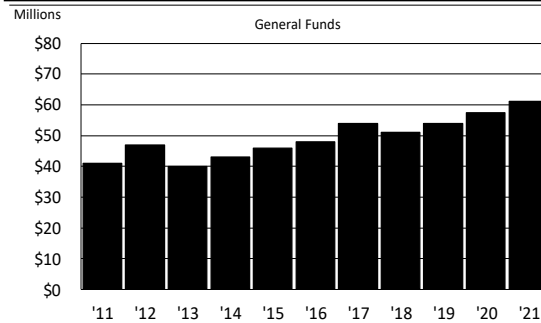
State Treasurer	FTE	General	Federal	Other
Performance-Based Compensation				\$502,459
Investment of State Funds	(0.3)			\$407,544
Unclaimed Property	1.0			\$139,357
Total	0.7	\$0	\$0	\$1,049,360

- Increase of \$502,459 in other fund expenditure authority for performance-based compensation at the South Dakota Investment Council. Increase will maintain expenditure authority at 200% of prior year base salaries.
- Decrease of 0.3 FTE and an increase of \$407,544 in other fund expenditure authority for promotional increases, contractual services, and office supplies changes at the South Dakota Investment Council. The FTE reduction is due to a retiring part-time staff attorney.
- Increase of 1.0 FTE and \$139,357 in other fund expenditure authority for an additional position and various operating expenses in Unclaimed Property.

Remainder of State Government

- Includes the Departments of Executive Management, Military, Veterans' Affairs, Revenue, Tourism, Tribal Relations, Transportation, Labor and Regulation, Retirement, and Public Safety.
- \$3.8M increase out of \$22.5M total ongoing general fund increase.
- \$61.2M out of \$1.7B or 3.6% of total ongoing general funds.
- \$1.2B out of \$4.9B or 24.3% of total ongoing funds.

Remainder of State Government



Executive Management	FTE	General	Federal	Other
State Employee Health Insurance Pool		\$4,134,191	\$1,718,509	\$4,165,539
State Radio Maintenance		\$220,434		
Housing Development Authority	5.0		\$218,222	\$2,376,778
Financial Systems Authority				\$372,911
Ellsworth Development Authority				\$137,400
Finance Staff	1.0			\$80,000
Finance Staff	(1.0)			(\$80,000)
Science and Technology Authority	1.0			(\$837,567)
Total	6.0	\$4,354,625	\$1,936,731	\$6,215,061

- Increases of \$4,134,191 in general funds, \$1,718,509 in federal fund expenditure authority, and \$4,165,539 in other fund expenditure authority in the Bureau of Finance and Management (BFM) for a pool to be distributed to state agencies for increases in health insurance.
- Increase of \$220,434 in general funds in the Bureau of Information and Telecommunications (BIT) for maintenance related to the State Radio system upgrade.
- Increases of 5.0 FTE, \$218,222 in federal fund expenditure authority, and \$2,376,778 in other fund expenditure authority to cover costs associated with the DakotaPlex program, as well as to align the Housing Development Authority budget with anticipated expenditures.
- Increase of \$372,911 in other fund expenditure authority in BFM for increased utilization and maintenance and lease contracts related to the state's financial systems.
- Increase of \$137,400 in other fund expenditure authority in the South Dakota Ellsworth Development Authority to align the budget with anticipated expenditures.
- Increase of 1.0 FTE and \$80,000 in other fund expenditure authority in BFM to move the BIT finance officer position from BIT to the Executive Management Finance Office within BFM.
- Decrease of 1.0 FTE and \$80,000 in other fund expenditure authority in BIT to move the BIT finance officer position from BIT to the Executive Management Finance Office within BFM.
- Increase of 1.0 FTE and decrease of \$837,567 in other fund expenditure authority in the South Dakota Science and Technology Authority to align the budget with anticipated expenditures.

Military	FTE	General	Federal	Other
Utilities		\$32,428	\$109,432	
Budget Realignment			(\$34,879)	(\$121)
Total	0.0	\$32,428	\$74,553	(\$121)

- Increases of \$32,428 in general funds and \$109,432 in federal fund expenditure authority for utilities per EnergyCAP.
- Decreases of \$34,879 in federal fund expenditure authority and \$121 in other fund expenditure authority to realign budget with anticipated expenditures.

Veterans' Affairs	FTE	General	Federal	Other
Federal Medical Assistance Percentage		(\$45,186)	\$45,186	
Veterans' Cemetery Personnel	5.0			\$192,508
Food Contract				(\$47,670)
Utilities				(\$96,613)
Total	5.0	(\$45,186)	\$45,186	\$48,225

- Decrease of \$45,186 in general funds and increase of \$45,186 in federal fund expenditure authority due to changes in FMAP.
- Increase of 5.0 FTE and \$192,508 in other fund expenditure authority for the State Veterans' Cemetery.
- Decrease of \$47,670 in other fund expenditure authority due to a decrease in the State Veterans' Home food contract.
- Decrease of \$96,613 in other fund expenditure authority for utilities per EnergyCAP.

Revenue	FTE	General	Federal	Other
Business Tax Funding Change		(\$510,742)		\$510,742
Revenue Agents	4.0			\$221,636
Total	4.0	(\$510,742)	\$0	\$732,378

- Reduction of \$510,742 in general funds and a corresponding increase in other fund expenditure authority to align funding sources with the reorganization of Special Taxes into the Business Tax division.
- Increase of 4.0 FTE and \$221,636 in other fund expenditure authority for four additional revenue agents that will work on compliance for remote sellers.

Tourism	FTE	General	Federal	Other
Tourism Promotion Tax				\$874,119
Total	0.0	\$0	\$0	\$874,119

- Increase of \$874,119 in other fund expenditure authority to align the budget with anticipated Tourism Promotion Tax revenues.

Tribal Relations	FTE	General	Federal	Other
No changes				
Total	0.0	\$0	\$0	\$0

- No recommended changes to the FY21 budget.

Transportation	FTE	General	Federal	Other
Road Maintenance				\$1,505,023
Utilities				\$36,295
Total	0.0	\$0	\$0	\$1,541,318

- Increase of \$1,505,023 in other fund expenditure authority for costs related to calcium chloride for road maintenance in the winter months.
- Increase of \$36,295 in other fund expenditure authority for utilities per EnergyCAP.

Labor and Regulation	FTE	General	Federal	Other
Field Operations Reduction	(3.0)		(\$213,134)	
Appraiser Program				(\$30,000)
Board of Technical Professionals-Info	(1.0)			(\$61,858)
Total	(4.0)	\$0	(\$213,134)	(\$91,858)

- Decrease of 3.0 FTE and \$213,134 in federal fund expenditure authority for the reduction of three vacant positions within Field Operations.
- Decrease of \$30,000 in other fund expenditure authority in the Appraiser Program to align budget with anticipated expenditures.
- Decrease of 1.0 FTE and \$61,858 other fund expenditure authority for the reduction of the Investigator position.

Retirement	FTE	General	Federal	Other
Operating Expenses				\$117,000
Total	0.0	\$0	\$0	\$117,000

- Increase of \$117,000 in other fund expenditure authority for increased travel, national organization memberships, and capital assets.

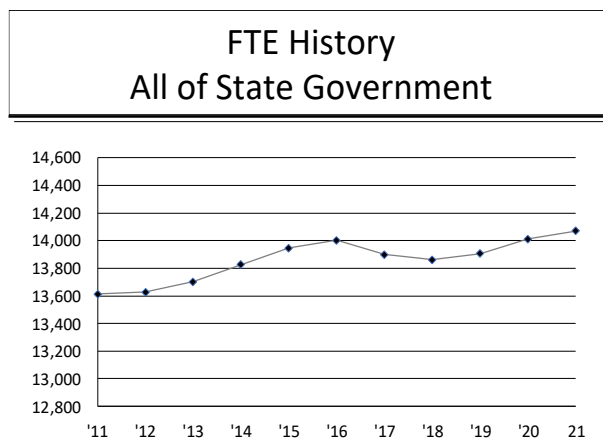
Public Safety	FTE	General	Federal	Other
State Radio Contract		\$25,000		
Budget Reduction		(\$50,000)		
Victims' Services Grants			\$2,750,000	
Next Generation 9-1-1 System			\$250,000	
School Resource Center FTE	2.0		\$131,488	
Emergency Management FTE	1.0		\$62,681	
Highway Patrol Vehicles				\$214,650
Total	3.0	(\$25,000)	\$3,194,169	\$214,650

- Increase of \$25,000 in general funds for an increase in the Central South Dakota and Pennington County state radio contracts.

- Decrease of \$50,000 in general funds in Victims' Services to align the budget with anticipated expenses.
- Increase of \$2,750,000 in federal fund expenditure authority to allocate additional victims' services program grants.
- Increase of \$250,000 in federal fund expenditure authority to make upgrades within the Next Generation 9-1-1 system.
- Increase of 2.0 FTE and \$131,488 in federal fund expenditure authority to improve public safety in South Dakota's schools.
- Increase of 1.0 FTE and \$62,681 in federal fund expenditure authority for an emergency management specialist to assist with administering disaster grants for state and federally declared disasters.
- Increase of \$214,650 in other fund expenditure authority to cover increased costs of replacing Highway Patrol vehicles.

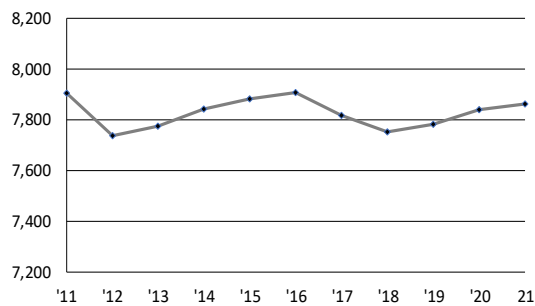
Full-Time Equivalent Employee Change

- The total appropriated FTE across all of state government rose from 13,612.1 in FY2011 to a recommended level of 14,070.6 for FY2021.
- This is an increase of 458.5, or 3.4%, over the decade. The recommended change in FTE for FY2021 is an increase of 31.4 across state government.

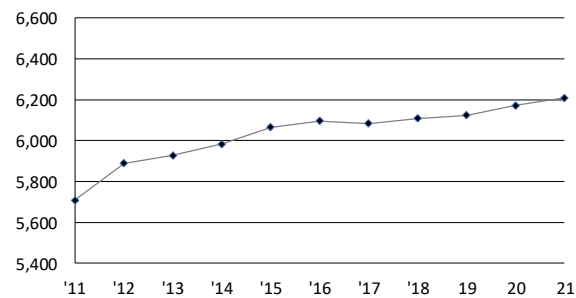


- For offices outside the control of the Governor, total appropriated FTE changed from 5,707.5 in FY2011 to a recommended level of 6,208.8 for FY2021. This is a net increase of 501.3, or 8.8%, over the decade.
- The recommended changes for these offices in the FY2021 budget are an increase of 10.7 FTE.
- For agencies under direct control of the Governor, total appropriated FTE changed from 7,904.6 in FY2011 to a recommended level of 7,861.8 for FY2021. This is a net decrease of 42.8, or 0.5%, over the decade.
- The recommended changes for these agencies in the FY2021 budget are an increase of 20.7 FTE.

FTE History for Offices
Under Control of Governor



FTE History for Offices Outside
Control of Governor



Summary of Reorganizations

Department of Agriculture: A reorganization occurred between the Department of Agriculture and the Governor's Office of Economic Development. The budget reorganization moved Agriculture Development from the Department of Agriculture to the Governor's Office of Economic Development.

Governor's Office of Economic Development: A reorganization occurred between the Department of Agriculture and the Governor's Office of Economic Development. The budget reorganization moved Agriculture Development from the Department of Agriculture to the Governor's Office of Economic Development.

Department of Education: A reorganization occurred between the Department of Education and the Department of Tribal Relations. The budget reorganization moved the Office of Indian Education from the Department of Education to the Department of Tribal Relations.

Department of Tribal Relations: A reorganization occurred between the Department of Education and the Department of Tribal Relations. The budget reorganization moved the Office of Indian Education from the Department of Education to the Department of Tribal Relations.

Department of Revenue: A reorganization occurred within the Department of Revenue. The budget reorganization moved Special Taxes from the Division of Property and Special Taxes to the Division of Business Tax.

Department of Education: A reorganization occurred within the Department of Education. The budget reorganization moved the Project Aware program from the Division of General Administration to the Division of Education Resources.

Public Utilities Commission: A reorganization is recommended within the Public Utilities Commission. The budget reorganization will make the One Call Notification Board a budget unit in the General Appropriations Act.

SPECIAL APPROPRIATION RECOMMENDATIONS

FY2020 EMERGENCY SPECIAL APPROPRIATIONS	FTE	GENERAL FUNDS	FEDERAL FUNDS	OTHER FUNDS	TOTAL
Emergency and Disaster Fund		\$ 9,918,359			\$ 9,918,359
USD Health Sciences Building		\$ 5,000,000			\$ 5,000,000
Rural Healthcare Recruitment Assistance Programs		\$ 869,193			\$ 869,193
Extraordinary Litigation Fund		\$ 800,000			\$ 800,000
Spyglass Natural Gas Wells		\$ 727,700			\$ 727,700
Tax Refunds for Elderly and Disabled		\$ 450,000			\$ 450,000
DSU Cyber Cync Incubator and Entrepreneurial Center		\$ 396,073			\$ 396,073
Fire Suppression Fund		\$ 367,727			\$ 367,727
DOM Cold Storage Building - Aberdeen		\$ 125,000	\$ 375,000		\$ 500,000
Veterans' Cemetery			\$ 904,794		\$ 904,794
Governor's 2020 Omnibus Water Funding Bill			\$ 150,000	\$ 18,025,000	\$ 18,175,000
Resource Conservation Grant				\$ 500,000	\$ 500,000
TOTAL FY2020 EMERGENCY SPECIAL APPROPRIATIONS	0.0	\$ 18,654,052	\$ 1,429,794	\$ 18,525,000	\$ 38,608,846

NOTE: FY2020 emergency special appropriations become available for expenditure upon passage of the bill and are included in the FY2020 column of the General Fund Condition Statement.

The Governor is recommending total emergency special appropriations of \$18,654,052 in general funds, \$1,429,794 in federal fund expenditure authority, and \$18,525,000 in other fund expenditure authority. The following paragraphs highlight each recommended emergency special appropriation.

- **Emergency and Disaster Fund:** The Governor is recommending \$9,918,359 in general funds to be deposited into the Emergency and Disaster Special Fund for costs related to emergencies and disasters in South Dakota.
- **University of South Dakota Health Sciences Building:** The Governor is recommending \$5,000,000 in general funds for the construction of a new School of Health Sciences building to allow for the anticipated growth in demand for the healthcare workforce.
- **Rural Healthcare Recruitment Assistance Programs:** The Governor is recommending \$869,193 in general funds to recruit medical professionals to rural communities.
- **Extraordinary Litigation Fund:** The Governor is recommending \$800,000 in general funds be deposited into the Extraordinary Litigation Fund to fund litigation expenses which are not eligible to be paid under SDCL 3-22-1.
- **Spyglass Natural Gas Wells:** The Governor is recommending \$727,700 in general funds to help with the plugging and surface reclamation of abandoned natural gas wells in Harding County.
- **Tax Refunds for Elderly and Disabled:** The Governor is recommending \$450,000 in general funds for tax refunds to elderly and disabled individuals who meet income guidelines.
- **Dakota State University Cyber Cync Incubator and Entrepreneurial Center:** The Governor is recommending \$396,073 in general funds for the Cyber Cync Incubator and Entrepreneurial Center at Dakota State University which provides entrepreneurial and workforce development initiatives while promoting economic development and innovative cybersecurity ideas and solutions.
- **Fire Suppression Fund:** The Governor is recommending \$367,727 in general funds to be deposited into the fire suppression fund for costs related to the suppression of wildfires in South Dakota.
- **Department of Military Cold Storage Building - Aberdeen:** The Governor is recommending \$125,000 in general funds and \$375,000 in federal fund expenditure authority for a Military storage building in Aberdeen.
- **Veterans' Cemetery:** The Governor is recommending \$904,794 in federal fund expenditure authority due to additional funding from the Federal Government to support the construction of the State Veterans' Cemetery.
- **Governor's 2020 Omnibus Water Funding Bill:** The Governor is recommending \$150,000 in federal fund expenditure authority and \$18,025,000 in other fund expenditure authority for water development, solid waste, and water quality improvement projects throughout the state.
- **Resource Conservation Grant:** The Governor is recommending \$500,000 in other fund expenditure authority for the continued assistance of promoting conservation practices to reduce erosion, improve cropland and grazing conditions, improve surface water, and enhance habitat.

FY2020 GENERAL BILL AMENDMENTS	FTE	GENERAL FUNDS	FEDERAL FUNDS	OTHER FUNDS	TOTAL
State Employee Health Insurance Pool		\$ 1,458,450	\$ 540,237	\$ 1,150,678	\$ 3,149,365
Department of Corrections Operations	1.5	\$ 1,232,319	\$ (76,330)		\$ 1,155,989
Unified Judicial System Drug/DUI Court Treatment		\$ 445,099			\$ 445,099
State Property Tax Administration System		\$ 225,000			\$ 225,000
Suicide Prevention		\$ 210,000			\$ 210,000
Attorney General Operations and Grant Expenditure Authority		\$ 90,878	\$ 622,120	\$ 600,000	\$ 1,312,998
Legislative Research Council Operations	1.0	\$ 87,948			\$ 87,948
Redistricting Software		\$ 75,000			\$ 75,000
Secretary of State Online Voter Registration System/Circulator Badge Program		\$ 60,000			\$ 60,000
Statewide Utilities Adjustments		\$ 9,543	\$ 38,378	\$ (112,599)	\$ (64,678)
State Auditor Operations		\$ 7,456			\$ 7,456
Department of Public Safety Operations		\$ (50,000)	\$ 3,750,000	\$ 1,334,400	\$ 5,034,400
Department of Education Operations		\$ (53,337)		\$ 500,000	\$ 446,663
Technical Institutes		\$ (422,265)		\$ 100,000	\$ (322,265)
Dual Credit		\$ (764,164)			\$ (764,164)
Correctional Health - 340B Program		\$ (1,152,445)		\$ (1,152,445)	\$ (2,304,890)
Department of Human Services Operations	(30.0)	\$ (2,782,658)	\$ (3,165,195)		\$ (5,947,853)
State Aid Revision		\$ (3,024,353)			\$ (3,024,353)
Department of Social Services Operations		\$ (8,497,703)	\$ 800,859		\$ (7,696,844)
Motor Fuel Explore Consortium Upgrade Project			\$ 646,786		\$ 646,786
Department of Military Budget Realignment			\$ (35,000)		\$ (35,000)
Department of Labor and Regulation Field Operations Reduction	(3.0)		\$ (213,134)		\$ (213,134)
Board of Regents Expenditure Authority				\$ 4,638,794	\$ 4,638,794
Helmsley AED Project - Law Enforcement				\$ 3,670,341	\$ 3,670,341
Department of Revenue Operations	1.0			\$ 55,109	\$ 55,109
State Treasurer Operations	0.3			\$ 37,286	\$ 37,286
Department of Veterans' Affairs Operations				\$ (19,764)	\$ (19,764)
Board of Technical Professionals-Informational	(1.0)			\$ (61,858)	\$ (61,858)
TOTAL FY2020 GENERAL BILL AMENDMENTS	(30.2)	\$ (12,845,232)	\$ 2,908,721	\$ 10,739,942	\$ 803,431

NOTE: FY2020 general bill amendments are changes needing to be made to the FY2020 General Appropriations Act and are included in the FY2020 column of the General Fund Condition Statement.

The Governor is recommending total general bill amendments of (30.2) FTE, (\$12,845,232) in general funds, \$2,908,721 in federal fund expenditure authority, and \$10,739,942 in other fund expenditure authority. The following paragraphs highlight the recommended changes to the FY2020 General Bill.

- **State Employee Health Insurance:** The Governor is recommending increases of \$1,458,450 in general funds, \$540,237 in federal fund expenditure authority, and \$1,150,678 in other fund expenditure authority due to changes in the state employee health insurance plan.
- **Department of Corrections Operations :** The Governor is recommending an increase of 1.5 FTE and \$1,232,319 in general funds and a decrease of \$76,330 in federal fund expenditure authority for maintenance of Custer property, food services, utilities, and additional positions needed in FY2020.
- **Unified Judicial System Drug/DUI Court Treatment:** The Governor is recommending an increase of \$445,099 in general funds for treatment costs for drug and DUI court participants.
- **State Property Tax Administration System:** The Governor is recommending \$225,000 in general funds for a state property tax system to streamline current processes both for the counties and the Department of Revenue. This software will also enable increased transparency for taxpayers.
- **Suicide Prevention:** The Governor is recommending an increase of \$210,000 in general funds for a suicide prevention initiative in the Department of Social Services and the Department of Health.
- **Attorney General Operations and Grant Expenditure Authority:** The Governor is recommending increases of \$90,878 in general funds, \$622,120 in federal fund expenditure authority, and \$600,000 in other fund expenditure authority for equipment, upgrades to the statewide automated victim information notification software, projects related to a consumer settlement, and additional grants.
- **Legislative Research Council Operations:** The Governor is recommending 1.0 FTE and \$87,948 in general funds for a lead software engineer, and to align the budget for legislator salaries and per diem for FY2020.
- **Redistricting Software:** The Governor is recommending an increase of \$75,000 in general funds in the Legislative Research Council to purchase mapping software for the FY2021 redistricting project.
- **Secretary of State Online Voter Registration System/Circulator Badge Program:** The Governor is recommending an increase of \$60,000 in general funds for an online voter registration system and petition circulator badge program.
- **Statewide Utilities Adjustments:** The Governor is recommending increases of \$9,543 in general funds and \$38,378 in federal fund expenditure authority and a decrease of \$112,599 in other fund expenditure authority due to utility cost projections.

- **State Auditor Operations:** The Governor is recommending an increase of \$7,456 in general funds due to the conversion to Voice over Internet Protocol telephones.
- **Department of Public Safety Operations:** The Governor is recommending a decrease of \$50,000 in general funds in Victims' Services and increases of \$3,750,000 in federal fund expenditure authority and \$1,334,400 in other fund expenditure authority to cover victims' services grants, complete upgrades to the Next Generation 9-1-1 system, and purchase P25 compliant radios.
- **Department of Education Operations:** The Governor is recommending a decrease of \$53,337 in general funds for state assessments due to reduced utilization, and an increase of \$500,000 in other fund expenditure authority to support the development of a Perkins accountability report card and a dual credit data management system.
- **Technical Institutes:** The Governor is recommending a decrease of \$422,265 in general funds due to updated full-time equivalent student numbers and National Guard tuition payments, and to align the personal services budget to anticipated expenditures. An increase of \$100,000 in other fund expenditure authority is recommended due to a grant award received by the Board of Technical Education.
- **Dual Credit:** The Governor is recommending a decrease of \$764,164 in general funds due to lower than projected dual credit enrollments.
- **Correctional Health - 340B Program:** The Governor is recommending decreases of \$1,152,445 in general funds and \$1,152,445 in other fund expenditure due to the participation in the 340B prescription drug purchasing program.
- **Department of Human Services Operations:** The Governor is recommending decreases of 30.0 FTE, \$2,782,658 in general funds, and \$3,165,195 in other fund expenditure authority for reductions at the South Dakota Developmental Center and in Long Term Services and Supports.
- **State Aid Revision:** The Governor is recommending a decrease of \$3,024,353 in general funds due to lower than projected student numbers and higher than projected property tax valuations in FY2020.
- **Department of Social Services Operations:** The Governor is recommending a decrease of \$8,497,703 in general funds and an increase of \$800,859 in federal fund expenditure authority, due to changes in Medicaid eligibles, utilization, and cost; changes in program utilization; and an increase for the Child Care Block Grant.
- **Motor Fuel Explore Consortium Upgrade Project:** The Governor is recommending an increase of \$646,786 federal fund authority for a grant to upgrade the Motor Fuel Explore System (International Fuel Tax Agreement & International Registration Plan).
- **Department of Military Budget Realignment:** The Governor is recommending a decrease of \$35,000 in federal fund expenditure authority to realign DOM's budget with anticipated expenditures.
- **Department of Labor and Regulation Field Operations Reduction:** The Governor is recommending a decrease of 3.0 FTE and \$213,134 in federal fund expenditure authority for the reduction of Field Operations staff.
- **Board of Regents Expenditure Authority:** The Governor is recommending an increase of \$4,638,794 in other fund expenditure authority for renovations at the School for the Deaf and increases due to student fees, enrollment, and food services.
- **Department of Health Helmsley AED Project-Law Enforcement:** The Governor is recommending an increase of \$3,670,341 in other fund expenditure authority for a grant that was received from the Helmsley Charitable Trust to equip and train various law enforcement agencies to utilize automatic external defibrillators.
- **Department of Revenue Operations:** The Governor is recommending an increase of 1.0 FTE and \$55,109 in other fund expenditure authority to fund four additional Tax Discovery Unit Revenue Agents for three months of the current fiscal year. These agents will work to ensure remote sellers are in compliance with the *South Dakota v. Wayfair* decision.
- **State Treasurer Operations:** The Governor is recommending an increase of 0.3 FTE and \$37,286 in other fund expenditure authority for an additional position and operating expenses in Unclaimed Property for three months of the current fiscal year.
- **Department of Veterans' Affairs Operations:** The Governor is recommending a decrease of \$19,764 in other fund expenditure authority due to a decrease in the State Veterans' Home food contract.
- **Board of Technical Professionals - Informational:** The Governor is recommending a decrease of 1.0 FTE and \$61,858 in other fund expenditure authority due to the reduction of the investigator position.

FY2020 EXPENDITURE TRANSFERS	FTE	GENERAL FUNDS	FEDERAL FUNDS	OTHER FUNDS	TOTAL
State Radio Infrastructure and System Upgrade		\$ 5,141,021			\$ 5,141,021
Rural Broadband Expansion		\$ 5,000,000			\$ 5,000,000
TOTAL FY2020 EXPENDITURE TRANSFERS	0.0	\$ 10,141,021	\$ -	\$ -	\$ 10,141,021

NOTE: FY2020 expenditure transfers are included in the FY2020 column of the General Fund Condition Statement.

The Governor is recommending total expenditure transfers of \$10,141,021 in general funds. The following paragraphs highlight the recommended expenditure transfers.

- **State Radio Infrastructure and System Upgrade:** The Governor is recommending \$5,141,021 in general funds be transferred to the Bureau of Information and Telecommunications to upgrade the state radio infrastructure and systems.
- **Rural Broadband Expansion:** The Governor is recommending \$5,000,000 in general funds be transferred to the Governor's Office of Economic Development to increase access to broadband services throughout South Dakota.

**GOVERNOR NOEM'S RECOMMENDATION FOR THE
FY2021 STATE EMPLOYEE COMPENSATION PLAN**

	<u>GENERAL FUNDS</u>	<u>FEDERAL FUNDS</u>	<u>OTHER FUNDS</u>	<u>TOTAL FUNDS</u>
MARKET ADJUSTMENT:	\$ -	\$ -	\$ -	\$ -

No market adjustment salary increase is recommended.

HEALTH INSURANCE:	\$ 4,134,191	\$ 1,718,509	\$ 4,165,539	\$10,018,239
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The Governor is recommending the amount necessary to structurally balance the State Employee Health Plan.

TOTAL COST OF RECOMMENDED STATE EMPLOYEE COMPENSATION PLAN:	<u>\$ 4,134,191</u>	<u>\$ 1,718,509</u>	<u>\$ 4,165,539</u>	<u>\$10,018,239</u>
REMAINING FY2020 POOL:	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL INCREASE FOR RECOMMENDED STATE EMPLOYEE COMPENSATION PLAN:	<u>\$ 4,134,191</u>	<u>\$ 1,718,509</u>	<u>\$ 4,165,539</u>	<u>\$10,018,239</u>

For FY2021, the components of the state employee compensation plan are recommended as a pool in the Bureau of Finance and Management to be distributed to agencies following the passage of the General Appropriations Act.

**GOVERNOR'S RECOMMENDED FY2021
GENERAL FUND BASE BUDGET**

GENERAL BILL	FTE EXPANSION/ (REDUCTION)	GENERAL FUND EXPANSION/ (REDUCTION)	TOTAL GENERAL FUND RECOMMENDATION
Administration	0.0	0	17,202,503
Agriculture	1.0	4,429	7,659,417
Attorney General	6.0	(69,675)	12,356,032
Corrections	11.7	1,527,661	109,949,328
Education (Excluding State Aid and Technical Institutes)	1.0	56,180	18,007,988
State Aid to Education		8,867,096	569,510,864
Technical Institutes		132,830	29,851,766
Environment and Natural Resources	0.0	0	7,010,537
Finance and Management	1.0	0	1,000,845
Employee Compensation Package		4,134,191	4,134,191
Game, Fish, and Parks	3.0	(10,769)	6,343,397
Office of the Governor (Excluding GOED)	0.0	0	2,570,786
Governor's Office of Economic Development	6.0	0	10,457,555
Health	15.0	99,038	9,549,374
Human Resources	0.0	0	295,389
Human Services	(26.0)	(3,048,201)	175,710,357
Information and Telecommunications	(1.0)	220,434	7,708,950
Labor and Regulation	(4.0)	0	2,246,084
Legislature	1.0	213,514	11,126,717
Military	0.0	32,428	4,274,543
Public Safety	3.0	(25,000)	4,635,223
Public Utilities Commission	0.0	0	610,976
Regents	0.0	516,228	224,738,808
Retirement	0.0	0	0
Revenue	4.0	(510,742)	860,934
School and Public Lands	0.0	0	584,931
Secretary of State	0.0	0	1,096,188
Social Services	1.0	9,572,238	419,738,584
State Auditor	0.0	3,558	1,357,034
State Treasurer (Including Investment Council)	0.7	0	565,429
Tourism	0.0	0	0
Transportation	0.0	0	580,645
Tribal Relations	0.0	0	697,384
Unified Judicial System	3.0	782,678	48,324,407
Veterans' Affairs	5.0	(45,186)	4,569,676
TOTAL FY2021 GENERAL BILL RECOMMENDATIONS	31.4	22,452,930	1,715,326,842
BREAKDOWN			
Executive Branch	20.7	7,872,510	808,498,713
Unified Judicial System and Other Elected Officials	10.7	930,075	78,592,500
State Aid	0.0	8,867,096	569,510,864
Technical Institutes	0.0	132,830	29,851,766
Board of Regents	0.0	516,228	224,738,808
Employee Compensation Package	0.0	4,134,191	4,134,191
TOTAL FY2021 GENERAL BILL RECOMMENDATIONS	31.4	22,452,930	1,715,326,842

GENERAL FUND CONDITION STATEMENT

	ACTUAL FY2018	ACTUAL FY2019	REVISED FY2020	PROJECTED FY2021
RECEIPTS				
Sales and Use Tax	\$ 988,823,603	\$ 1,025,401,209	\$ 1,071,609,815	\$ 1,088,181,339
Lottery	116,675,440	123,815,501	127,352,534	130,994,054
Contractor's Excise Tax	107,626,628	113,163,617	117,811,978	121,800,414
Insurance Company Tax	91,021,843	90,347,541	91,127,918	95,704,260
Unclaimed Property Receipts	52,766,031	48,573,600	47,167,962	47,167,962
Tobacco Taxes	54,157,663	49,971,217	49,043,485	47,232,519
Bank Franchise Tax	13,494,940	17,256,120	14,375,530	14,889,195
Other	168,839,713	172,674,484	176,819,472	177,419,864
One-Time Receipts	8,721,183	9,238,118	7,202,539	-
Transfer from Budget Reserves	5,855,710	6,603,463	16,778,512	-
Obligated Cash Carried Forward	7,943,412	16,898,828	19,354,553	-
TOTAL RECEIPTS	\$ 1,615,926,166	\$ 1,673,943,697	\$ 1,738,644,298	\$ 1,723,389,607
EXPENDITURES				
General Bill Excl. State Aid to Education	\$ 1,039,017,280	\$ 1,047,547,576	\$ 1,122,409,265	\$ 1,145,815,978
State Aid to Education	541,473,830	542,382,355	557,619,415	569,510,864
Emergency Special Appropriations	5,627,727	28,210,626	18,654,052	-
Continuous Appropriations/Transfers	4,965,089	18,549,759	18,092,735	8,062,765
TOTAL EXPENDITURES	\$ 1,591,083,926	\$ 1,637,690,316	\$ 1,716,775,467	\$ 1,723,389,607
TRANSFERS				
Budget Reserve Fund	\$ 7,943,412	\$ 16,898,828	\$ 19,354,553	\$ -
TOTAL TRANSFERS	\$ 7,943,412	\$ 16,898,828	\$ 19,354,553	\$ -
Beginning Unobligated Cash Balance	\$ -	\$ -	\$ -	\$ -
Net (Receipts less Expend./Transfers)	\$ 16,898,828	\$ 19,354,553	\$ 2,514,278	\$ -
OBLIGATIONS AGAINST CASH				
Budget Reserve Fund	\$ (16,898,828)	\$ (19,354,553)	\$ -	\$ -
Total Obligations Against Cash	(16,898,828)	(19,354,553)	-	-
Net Adjustments for Accruals				
Ending Unobligated Cash Balance	\$ -	\$ -	\$ 2,514,278	\$ -

SOURCE: State of South Dakota Bureau of Finance and Management

NOTE: This document was prepared on a cash basis for budgeting purposes and reflects obligations against cash. The totals may not add due to rounding.

TOTAL STATE GOVERNMENT BUDGET (Excluding Informational Budgets)

GENERAL APPROPRIATIONS BILL

	ACTUAL FY 2018	ACTUAL FY 2019	BUDGETED FY 2020	REQUESTED FY 2021	GOVERNOR'S RECOMMENDED FY 2021	RECOMMENDED INC/(DEC) FY 2021
FUNDING SOURCE:						
General Funds	\$ 1,580,491,110	\$ 1,589,929,931	\$ 1,692,873,912	\$ 1,764,219,081	\$ 1,715,326,842	\$ 22,452,930
Federal Funds	1,031,980,610	1,073,438,013	1,279,252,558	1,309,568,835	1,300,658,893	21,406,335
Other Funds	681,924,623	711,048,432	832,624,255	845,854,811	849,191,686	16,567,431
Total	\$ 3,294,396,344	\$ 3,374,416,377	\$ 3,804,750,725	\$ 3,919,642,727	\$ 3,865,177,421	\$ 60,426,696
EXPENDITURE DETAIL:						
Personal Services	\$ 773,608,466	\$ 776,601,851	\$ 866,826,446	\$ 874,225,973	\$ 880,035,608	\$ 13,209,162
Operating Expenses	2,520,787,878	2,597,814,526	2,937,924,279	3,045,416,754	2,985,141,813	47,217,534
Total	\$ 3,294,396,344	\$ 3,374,416,377	\$ 3,804,750,725	\$ 3,919,642,727	\$ 3,865,177,421	\$ 60,426,696
Staffing Level FTE:	10,749.3	10,475.2	11,923.3	11,999.5	11,946.7	23.4

SPECIAL AND CONTINUING APPROPRIATIONS & MID-YEAR ADJUSTMENTS

FUNDING SOURCE:	REVISED BUDGETED FY 2020	GOVERNOR'S RECOMMENDED FY 2021	RECOMMENDED INC/(DEC) FY 2021
General Funds	\$ 23,901,555	\$ 8,062,765	\$ (15,838,790)
Federal Funds	10,338,515	6,000,000	(4,338,515)
Other Funds	72,391,212	1,283,270	(71,107,942)
Total	\$ 106,631,282	\$ 15,346,035	\$ (91,285,247)
Staffing Level FTE:	(30.2)	0.0	30.2

TOTAL STATE GOVERNMENT BUDGET

FUNDING SOURCE:	REVISED BUDGETED FY 2020	GOVERNOR'S RECOMMENDED FY 2021	RECOMMENDED INC/(DEC) FY 2021
General Funds	\$ 1,716,775,467	\$ 1,723,389,607	\$ 6,614,140
Federal Funds	1,289,591,073	1,306,658,893	17,067,820
Other Funds	905,015,467	850,474,956	(54,540,511)
Total	\$ 3,911,382,007	\$ 3,880,523,456	\$ (30,858,551)
Staffing Level FTE:	11,893.1	11,946.7	53.6

INFORMATIONAL BUDGETS CONTAINED IN THE GENERAL APPROPRIATIONS BILL

	ACTUAL FY 2018	ACTUAL FY 2019	BUDGETED FY 2020	REQUESTED FY 2021	GOVERNOR'S RECOMMENDED FY 2021	RECOMMENDED INC/(DEC) FY 2021
FUNDING SOURCE:						
General Funds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Federal Funds	359,306,114	358,533,850	474,707,847	476,599,450	475,875,906	1,168,059
Other Funds	569,121,883	580,665,526	582,144,794	579,195,604	579,198,104	(2,946,690)
Total	\$ 928,427,997	\$ 939,199,377	\$ 1,056,852,641	\$ 1,055,795,054	\$ 1,055,074,010	(\$ 1,778,631)
EXPENDITURE DETAIL:						
Personal Services	\$ 232,317,203	\$ 233,938,723	\$ 263,155,888	\$ 264,218,807	\$ 264,218,807	\$ 1,062,919
Operating Expenses	696,110,794	705,260,654	793,696,753	791,576,247	790,855,203	(2,841,550)
Total	\$ 928,427,997	\$ 939,199,377	\$ 1,056,852,641	\$ 1,055,795,054	\$ 1,055,074,010	(\$ 1,778,631)
Staffing Level FTE:	2,542.9	2,760.7	2,115.9	2,138.9	2,123.9	8.0

INFORMATIONAL BUDGETS

South Dakota Housing Development Authority
 SD Science & Technology Authority
 SD Ellsworth Development Authority
 South Dakota Building Authority
 SD Health & Educational Facilities Authority
 Education Enhancement Funding Corporation
 Risk Management Administration
 Risk Management Claims
 Lottery Instant and On-Line Operations
 Commission on Gaming
 American Dairy Association
 Wheat Commission
 Oilseeds Council
 Soybean Research and Promotion
 Brand Board
 Corn Utilization Council
 Board of Veterinary Medical Examiners
 SD Pulse Crops Council
 Division of Wildlife
 Wildlife Development and Improvement
 Snowmobile Trails Program
 Board of Counselor Examiners
 Board of Psychology Examiners
 Board of Social Work Examiners
 Board of Addiction & Prevention Professionals
 Board of Chiropractic Examiners
 Board of Dentistry
 Board of Hearing Aid Dispensers
 Board of Funeral Service
 Board of Medical and Osteopathic Examiners
 Board of Nursing
 Board of Nursing Home Administrators
 Board of Examiners in Optometry

Board of Pharmacy
 Board of Podiatry Examiners
 Board of Massage Therapy
 Board of Language and Speech Pathology
 Board of Certified Professional Midwives
 Board of Accountancy
 Board of Barber Examiners
 Cosmetology Commission
 Plumbing Commission
 Board of Technical Professions
 Electrical Commission
 Real Estate Commission
 Abstractors Board of Examiners
 SD Athletic Commission
 Trust Captive Insurance Company
 Highway Construction Contracts
 911 Coordination Board
 Tuition and Fee Fund
 Board of Regents Research
 Army Guard
 Air National Guard
 Regulated Response Fund
 Livestock Cleanup
 Petroleum Release Fund
 PUC Administration
 Grain Warehouse
 Fixed Utilities
 Pipeline Safety
 One-Call Notification Board
 State Bar Association
 Insurance Fraud Unit
 Unclaimed Property Fund

TOTAL STATE GOVERNMENT BUDGET (Including Informational Budgets)

GENERAL APPROPRIATIONS BILL

	ACTUAL FY 2018	ACTUAL FY 2019	BUDGETED FY 2020	REQUESTED FY 2021	GOVERNOR'S RECOMMENDED FY 2021	RECOMMENDED INC/(DEC) FY 2021
FUNDING SOURCE:						
General Funds	\$ 1,580,491,110	\$ 1,589,929,931	\$ 1,692,873,912	\$ 1,764,219,081	\$ 1,715,326,842	\$ 22,452,930
Federal Funds	1,391,286,724	1,431,971,864	1,753,960,405	1,786,168,285	1,776,534,799	22,574,394
Other Funds	1,251,046,507	1,291,713,959	1,414,769,049	1,425,050,415	1,428,389,790	13,620,741
Total	\$ 4,222,824,341	\$ 4,313,615,753	\$ 4,861,603,366	\$ 4,975,437,781	\$ 4,920,251,431	\$ 58,648,065
EXPENDITURE DETAIL:						
Personal Services	\$ 1,005,925,669	\$ 1,010,540,573	\$ 1,129,982,334	\$ 1,138,444,780	\$ 1,144,254,415	\$ 14,272,081
Operating Expenses	3,216,898,672	3,303,075,180	3,731,621,032	3,836,993,001	3,775,997,016	44,375,984
Total	\$ 4,222,824,341	\$ 4,313,615,753	\$ 4,861,603,366	\$ 4,975,437,781	\$ 4,920,251,431	\$ 58,648,065
Staffing Level FTE:	13,292.2	13,235.9	14,039.2	14,138.4	14,070.6	31.4

SPECIAL AND CONTINUING APPROPRIATIONS & MID-YEAR ADJUSTMENTS

FUNDING SOURCE:	REVISED BUDGETED FY 2020	GOVERNOR'S RECOMMENDED FY 2021	RECOMMENDED INC/(DEC) FY 2021
General Funds	\$ 23,901,555	\$ 8,062,765	\$ (15,838,790)
Federal Funds	10,338,515	6,000,000	(4,338,515)
Other Funds	72,391,212	1,283,270	(71,107,942)
Total	\$ 106,631,282	\$ 15,346,035	\$ (91,285,247)
Staffing Level FTE:	(30.2)	0.0	30.2

TOTAL STATE GOVERNMENT BUDGET

FUNDING SOURCE:	REVISED BUDGETED FY 2020	GOVERNOR'S RECOMMENDED FY 2021	RECOMMENDED INC/(DEC) FY 2021
General Funds	\$ 1,716,775,467	\$ 1,723,389,607	\$ 6,614,140
Federal Funds	1,764,298,920	1,782,534,799	18,235,879
Other Funds	1,487,160,261	1,429,673,060	(57,487,201)
Total	\$ 4,968,234,648	\$ 4,935,597,466	\$ (32,637,182)
Staffing Level FTE:	14,009.0	14,070.6	61.6

