Governor Kristi Noem

FY 2022: Budget Recommendations
Economic Overview

• South Dakota’s **unique approach** to COVID-19 led to a **strong** fiscal position

• 2020 budget year: **$19 million surplus**
  o General Fund Revenues FY2021: +19.4% y/y
  o Federal Stimulus Funding

• Unemployment Rate: **3.6% in Oct. 2020** (3\textsuperscript{rd} lowest in the nation)
Economy: Nonfarm Employment

Year-Over-Year Percent Change in Total Nonfarm Employment

- US
- South Dakota
- Michigan
- Midwest Region Average
## Economy: Federal Stimulus Programs

<table>
<thead>
<tr>
<th>Estimated Direct Payments to South Dakota Individuals and Businesses</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll Protection Program (PPP)</td>
<td>$1,700,000,000</td>
</tr>
<tr>
<td>Coronavirus Food Assistance Program 1&amp;2 (CFAP)</td>
<td>$983,871,444</td>
</tr>
<tr>
<td>Economic Impact Payments (Stimulus Checks)</td>
<td>$779,204,875</td>
</tr>
<tr>
<td>Additional Unemployment Compensation (All Programs)</td>
<td>$313,300,000</td>
</tr>
<tr>
<td>Provider Relief Fund (PRF)</td>
<td>$144,129,089</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$3,920,505,408</strong></td>
</tr>
<tr>
<td><strong>South Dakota GDP (2019 Nominal)</strong></td>
<td><strong>$54,940,900,000</strong></td>
</tr>
</tbody>
</table>
Economy: Income

Quarterly Personal Income

Billions

Marijuana Legalization

- **$4,161,502** toward necessary marijuana regulation: **April 1, 2022 deadline**

- **Amendment A (recreational marijuana): Department of Revenue**
  - FY2021: $350,367
  - FY2022: $1,101,271
  - FY2023: $1,824,615
  - One-Time Costs: $750,000

- **Initiated Measure 26 (medical marijuana): Department of Health**
  - FY2021: $45,083
  - FY2022: $45,083
  - FY2023: $45,083
Overview: Budget Priorities

1. Paying Off 2010 Debt

2. Restoring and Reinvigorating Infrastructure

3. Strengthening Communities
Paying Off 2010 Debt
Technical College Bond Payoff

- **$21.7 million** to pay off the 2010 technical college bonds
- Funded expansions in auto body and maintenance programs, effective student services, modern facilities
- Save **$1.7 million** in ongoing debt service
Restoring and Reinvigorating Infrastructure
Broadband Investment

- $100 million investment for broadband projects
  - Improving Agriculture
  - Creating Lifelong Careers
  - Enhancing Educational Opportunities
  - Facilitating Better Health Outcomes
- Preserving the rural way of life
State Fair
Livestock Complex

- **$12 million state funds** ($19 million total) to construct a livestock complex at the State Fair
- **Multi-purpose, 200,000-square-foot livestock facility**
- Two rodeo arenas, space for 2,000 head of cattle, space for equestrian and other events, and more
Data Security

- **$10 million** to BIT to upgrade statewide databases
- Cybercrime is one of the 21st century’s biggest threats—14 billion attacks from 165 countries in July 2020 alone
- State and local governments are a top target
State Radio Enhancements

- **$3.2 million** to enhance communication for first responders
- **Black Hills:** New towers in Rockerville, Keystone, Hill City
- **Hot Springs and Reliance:** Leverage existing towers and provide new equipment
Technical College Equipment Funding

- **$3.4 million** to provide technical equipment for four colleges
- Increased capacity for **high-need** and **in-demand programs**
- Upgraded equipment that **aligns with industry needs and expectations**
- **Improved safety and security** for students and instructors
Meat Processing Grants

- $5 million for a meat processing grant program
- Provides small processors with funds to boost capacity to process or store South Dakota-raised meat
- Ensure we have capacity to respond to market disruptions and ship across state lines
Critical Dam Maintenance

- **$4 million** for replacing the Elm Lake Dam
  - Major storm damage in July
  - High-risk dam that is significant to the surrounding area
- **$1 million** toward restoring other state-owned dams
Safety Enhancements to State Air Fleet

- **$5 million** to purchase one newer plane and offload two current planes
- Fleet average age: **26 years old**
- Older planes are **less safe** and require **frequent, complex, costly maintenance**
- One newer plane will be **safer and more cost-effective**
Strengthening Communities
Inflationary Increases

• 2.4% increase for medical provider reimbursement rates
  o Plus targeted rate increases for community-based providers

• 2.4% increase for state aid to K-12 education and technical colleges
  o Above statutorily required 1.5%

• 2.4% increase for state employee salaries
State Employee Health Plan

- Create more competitive benefits
- Ensure financial stability
- Simplify plan administration
- Result: $12 million in health care savings to reinvest directly in employee salaries
Rural Nursing Facilities

- $1 million state funds ($2.5 million total) to expand the Access Critical Nursing Facility Program
- Facilities in **Platte, Sisseton, Madison** will be added to the program
- Ensure continued access to nursing facilities in rural areas
Regional Crisis Diversion Centers

- $8.3 million state funds ($19.9 million total) to create regional crisis diversion centers
- Operated by community support providers
- Delivers specialized care to individuals with intellectual and developmental disabilities
Ellsworth Air Force Base Liberty Center

- **$3.2 million state funds** ($12.7 million total) for a new recreational center near Ellsworth Air Force Base
- Supporting the base and community by **enhancing recreational space and improving quality of life**
- Breaking ground in **2021**
K-12 School District Funding

- $11 million to be distributed among schools across the state
- Ensure South Dakota’s students are well-served and remain on track
- Help provide a final bridge for schools past the pandemic
Bolstering Savings

- To be prepared, we need to save

- Must ensure we are prepared for the next economic downturn—whenever it comes

- Two-pronged approach
  - Extra 2% to regular 10% budget reserves
  - Also allocate $50 million to a trust fund
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