

# Bureau of Finance and Management

*Joint Committee on Appropriations*

*Fiscal Year 2023 Budget Hearing*

*January 13th, 2022*



# **BFM Leadership Team** (p.1 Brief Summary)

- ❑ Jeff Partridge, Interim Commissioner
- ❑ Derek Johnson, State Economist
- ❑ Morgan Gruebele, Chief Budget Analyst
- ❑ Matt Flett, EMFO Director
- ❑ Colin Keeler, Financial Systems Director
- ❑ Keith Senger, Financial Reporting Director
- ❑ Allysen Kerr, Statewide Internal Control Officer

# Agenda

- ❑ Programs and Services
- ❑ Overview of Workforce
- ❑ FY 2022 Legislative Adopted Budget
- ❑ Governor's FY 2023 Budget Recommendation
- ❑ FY 2022 Budget Amendments

# Programs and Services

# Programs and Services (p.1)

- ❑ Budget Analysis
- ❑ Revenue and Economic Forecasting
- ❑ Executive Management Finance Office
- ❑ Financial Systems and Operations
- ❑ Accounting Analysis and Financial Reporting
- ❑ Statewide Internal Control Office
- ❑ Authorities

# Budget Analysis (p.4)

- ❑ Produces [budget book, summary book, and budget-in-brief](#)
- ❑ Assists state agencies on budget matters
- ❑ Reviews [budget transfers](#)
- ❑ Prepares fiscal notes
- ❑ Works with state agencies on [fiscal year-end](#)
- ❑ Reviews budget carryovers
- ❑ Develops [Long-Term Financial Plans](#)
- ❑ Publishes monthly [financial metrics & dashboards](#)
- ❑ Provides expenditure information to bond rating agencies
- ❑ [SDCL 4-7](#); [SDCL 4-8](#)

# Revenue and Economic Forecasting (p.4)

- ❑ Estimates, tracks, and reports general fund revenue
- ❑ Monitors the SD economy
- ❑ Leads the [Governor's Council of Economic Advisors](#)
- ❑ Develops [Long-Term Financial Plans](#)
- ❑ Manages [fiscal year-end revenue information](#)
- ❑ Monthly [revenue dashboards](#) on BFM's website
- ❑ Provides presentations on state economic conditions, general fund revenues, and the budget to the public
- ❑ [SDCL 4-7](#); [SDCL 4-8](#)

# Executive Management

## Finance Office (p.4)

- ❑ Prepares bureau full accrual financial statements
- ❑ Establishes bureau billing rates
- ❑ Manages the budget of the four bureaus (BFM, BOA, BIT, BHR)
- ❑ Prepares Statewide Cost Allocation Plan (SWCAP)
- ❑ Monitors and prepares the Treasury-State Agreement
- ❑ Oversees general accounting functions specific to the four bureaus
- ❑ [SDCL 4-7](#)



# Financial Systems and Operations (p.4)

- ❑ Manages daily, weekly, monthly, and annual fiscal cycles
- ❑ Assists and trains users of the state's central financial systems
- ❑ Performs the W-9 review and issuance of IRS forms 1099
- ❑ Manages the technical operation of central payroll and the associated human resource information systems
- ❑ Provides reporting tools for agencies to access a wide variety of financial data used by state government
- ❑ Manages and creates publicly available financial information ([OpenSD](#))

# Accounting Analysis and Financial Reporting (p.4)

- ❑ Publishes the [Annual Comprehensive Financial Report \(ACFR\)](#)
- ❑ Prepares over 200 fund financial statements
- ❑ Establishes statewide accounting policies and procedures
- ❑ Provides technical assistance to state agencies on accounting best practices and new accounting standards
- ❑ Serves as the liaison between state agencies and the Department of Legislative Audit
- ❑ Prepares the Schedule of Expenditure and Federal Awards
- ❑ [SDCL 4-4-4](#); [SDCL 4-4-6](#)

# Statewide Internal Control Office (p.4)

- ❑ Reviews, researches, interprets, and advises all state agencies on internal control
- ❑ Manages the implementation of the state internal control framework
- ❑ Produces [annual internal control report](#)
- ❑ Staffs the [South Dakota Board of Internal Control](#)
- ❑ [SDCL 1-56](#)

# Computer Services and Development Pool (p.10)

- ❑ To provide expenditure authority which may be transferred to other agencies for the one-time development and maintenance of information systems
- ❑ No cash associated with the pool

## SD Building Authority (p.15)

- ❑ Created to provide low-cost financing for buildings owned by the State of South Dakota
- ❑ Issues bonds for public facilities, which result in substantial savings on capital projects
- ❑ Informational Budget
- ❑ [SDCL 5-12](#)

# SD Health and Educational Facilities Authority (p.18)

- ❑ Created to provide low-cost financing for educational facilities and healthcare projects for the state
- ❑ Issues bonds for health and educational institution construction and authorize activities to promote health, education, and welfare in the state
- ❑ Informational Budget
- ❑ [SDCL 1-16A](#)

# Educational Enhancement Funding Corporation (p.24)

- ❑ Organized under the SD Building Authority
- ❑ State sold Tobacco Settlement Revenues and issued bonds, which allowed for a revenue stream into the Education Enhancement Trust Fund
- ❑ Informational Budget
- ❑ SDCL 5-12

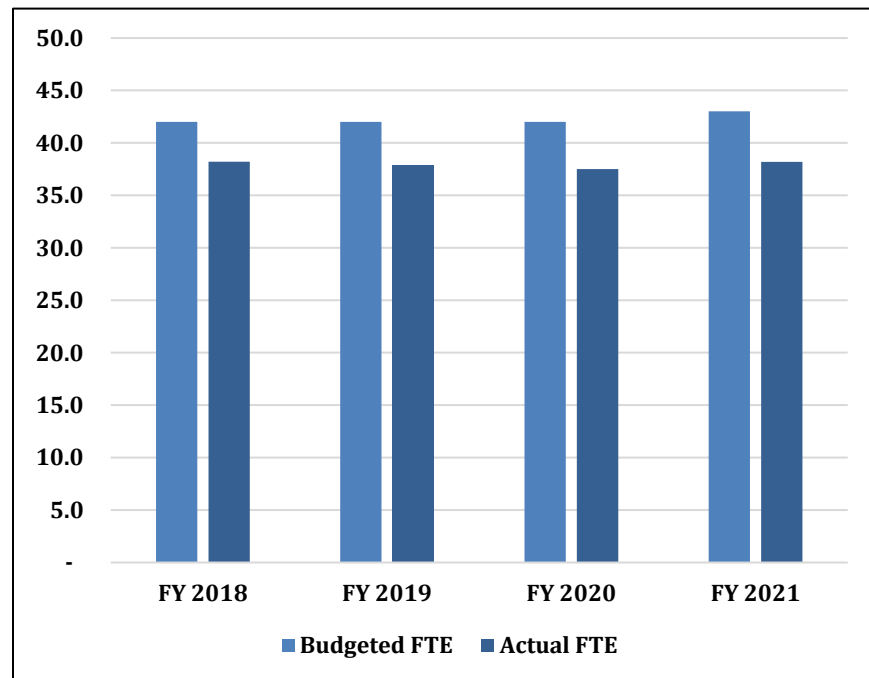
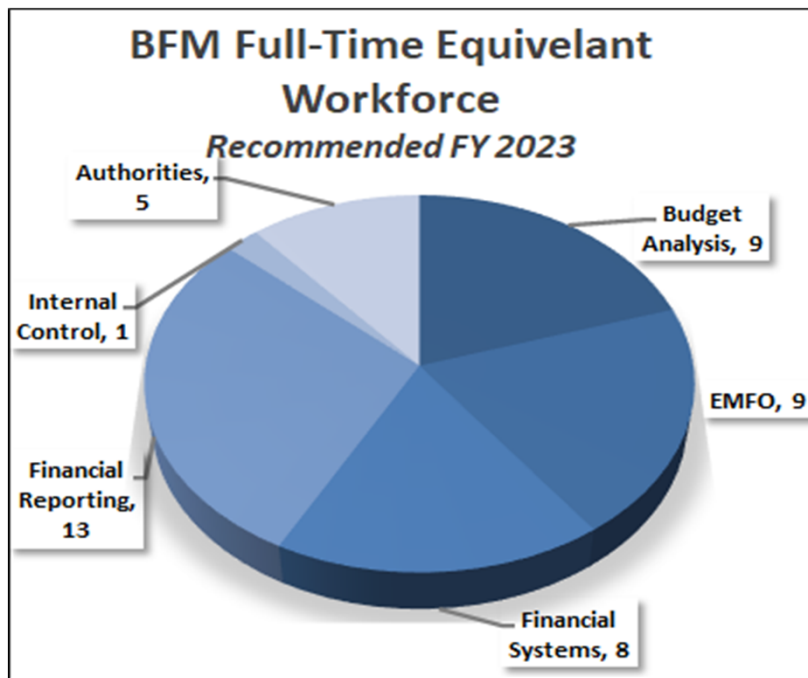
# Workforce



# Workforce

- ❑ Recommended 45.0 total FTE; 5.0 FTE within Authorities
- ❑ Becoming increasingly difficult to recruit staff into such specialized roles on a small team
- ❑ A small staff is responsible for many different operations
- ❑ Critical gaps in succession planning are an emerging risk

# Full-Time Equivalent (FTE)



# **FY 2022 Legislative Adopted Budget**

# FY 2022 Adopted Budget (p.27)

Summary	FTE	General	Federal	Other	Total
Computer Software Contract Maintenance				\$75,582	\$75,582
Legal Consulting Services		\$50,000			\$50,000
Computer Software Lease				\$169,000	\$169,000
State Employee Health Insurance		(\$5,178,462)	(\$2,281,620)	(\$5,097,814)	(\$12,557,896)
Captive Insurance Premium		\$369,181	\$27,566	\$1,522,349	\$1,919,096
Bureau Billing Pool		\$762,620	\$695,682	\$844,204	\$2,302,516
Adjust Artificial Minimums		\$5,178,162	\$2,281,620	\$5,097,814	\$12,577,596
<u>Market Adjustment</u>		<u>\$9,572,887</u>	<u>\$4,381,984</u>	<u>\$11,363,347</u>	<u>\$25,318,218</u>
<b>Total</b>		<b>\$10,754,688</b>	<b>\$5,105,323</b>	<b>\$13,974,479</b>	<b>\$29,834,402</b>

# **Governor's FY 2023 Budget Recommendations**

# FY 2023 Governor's Recommended Budget (p. 1)

Budget	FTE	General	Federal	Other	Total
FY 2022 Base Budget	43.0	\$1,087,741	\$0	\$10,470,847	\$11,558,588
FY 2023 Recommended	<u>45.0</u>	<u>\$29,200,448</u>	<u>\$111,896,677</u>	<u>\$42,564,324</u>	<u>\$183,661,449</u>
Change	2.0	\$28,112,707	\$111,896,677	\$32,093,477	\$172,102,861

# FY 2023 Governor's Recommended Budget (p. 1)

Summary	FTE	General	Federal	Other	Total
Accountant I FTE	0.0			\$74,361	\$74,361
Deputy Commissioner FTE	1.0	\$149,381			\$149,381
COVID Pool Funds			\$100,000,000		\$100,000,000
Maintenance/Lease Contract Expense				\$85,344	\$85,344
Management Analyst FTE Transfer from BIT	1.0			\$74,583	\$74,583
Market Adjustment for State Employees		\$24,746,814	\$11,420,348	\$29,708,269	\$65,875,431
Salary Policy to Adjust Artificial Minimums		\$46,287	\$14,247	\$180,565	\$241,099
<u>Salary Policy Adjustment to Targeted Job Classes</u>		<u>\$3,170,225</u>	<u>\$462,082</u>	<u>\$1,970,355</u>	<u>\$5,602,662</u>
<b>Total</b>	<b>2.0</b>	<b>\$28,112,707</b>	<b>\$111,896,677</b>	<b>\$32,093,477</b>	<b>\$172,102,861</b>

## Deputy Commissioner (p.5)

- ❑ 1.0 FTE and \$149,381 in General Funds
- ❑ This position will bifurcate more short-term and operational duties of BFM and state government from the Commissioner
- ❑ Supports BFM's succession planning



## **Accountant I FTE** (p.4)

- ❑ \$74,361 in Other Fund Expenditure Authority
- ❑ FTE is transferred from HEFA to BFM's Division of Executive Management Finance Office
- ❑ Supports BFM's succession planning

# Maintenance/Lease Contract Expense

(p.5)

- ❑ \$85,344 in Other Fund Expenditure Authority
- ❑ Needed to cover the rising costs of financial systems maintenance contracts and other lease expenses

# Management Analyst/Project Manager Transfer (p.5)

- ❑ 1.0 FTE and \$74,583 in Other Fund Expenditure Authority
- ❑ FTE is transferred from BIT to BFM's Division of Financial Systems and Operations
- ❑ Position will assist in the state's Enterprise Resource Planning

## COVID Pool Funds (p.12)

- ❑ \$100,000,000 in Federal Fund Expenditure Authority
- ❑ Will be a pool of authority within BFM
- ❑ Federal Fund Expenditure Authority will be used for COVID related grants and transferred to state agencies on as needed basis

# Market Adjustment for State Employees

(p.20)

Budget	FTE	General	Federal	Other	Total
Market Adjustment for State Employees	0.0	\$24,746,814	\$11,420,348	\$29,708,269	\$65,875,131

Recommended as a pool within BFM

# Salary Policy to Adjust Artificial Minimums (p.20)

Budget	FTE	General	Federal	Other	Total
Salary Policy to Adjust Artificial Minimums	0.0	\$46,287	\$14,247	\$180,565	\$241,099

Recommended as a pool within BFM

# Salary Policy Adjustment to Targeted Job Classes (p.20)

Budget	FTE	General	Federal	Other	Total
Salary Policy Adjustment to Targeted Job Classes	0.0	\$3,170,225	\$462,082	\$1,970,355	\$5,602,662

Recommended as a pool within BFM

**FY 2022  
Recommended  
Budget  
Amendments**



# FY2022 Recommended Budget Amendments

Budget	FTE	General	Federal	Other	Total
EMFO Accountant I FTE	1.0			\$74,361	\$74,361
HEFA FTE	(1.0)				\$0
<u>Management Analyst FTE</u>	<u>1.0</u>			<u>\$74,583</u>	<u>\$74,583</u>
Total	1.0			\$148,944	\$148,944

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