

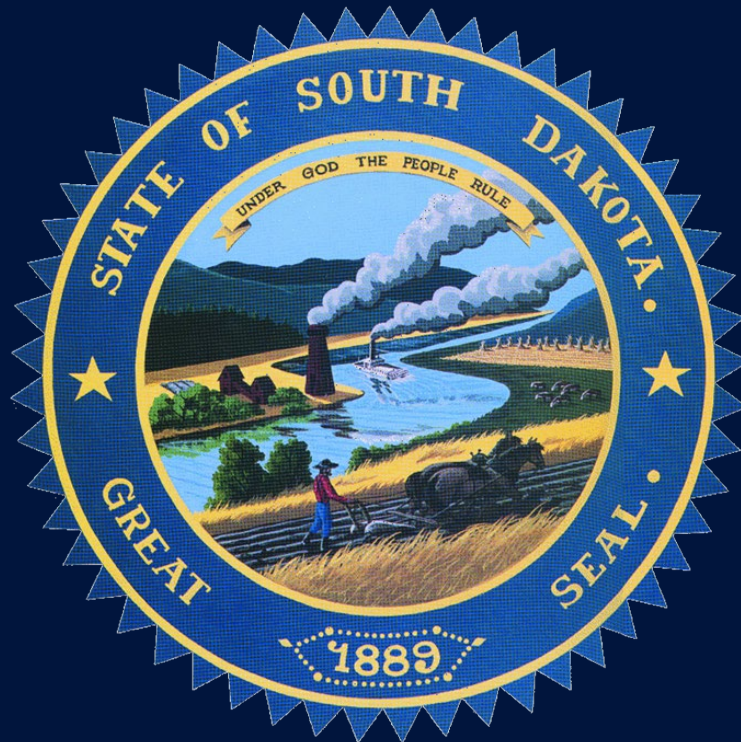
STATE OF SOUTH DAKOTA

SUMMARY OF

GOVERNOR'S BUDGET

FISCAL YEAR 2023

OUR 133RD YEAR OF A BALANCED BUDGET



KRISTI NOEM, GOVERNOR

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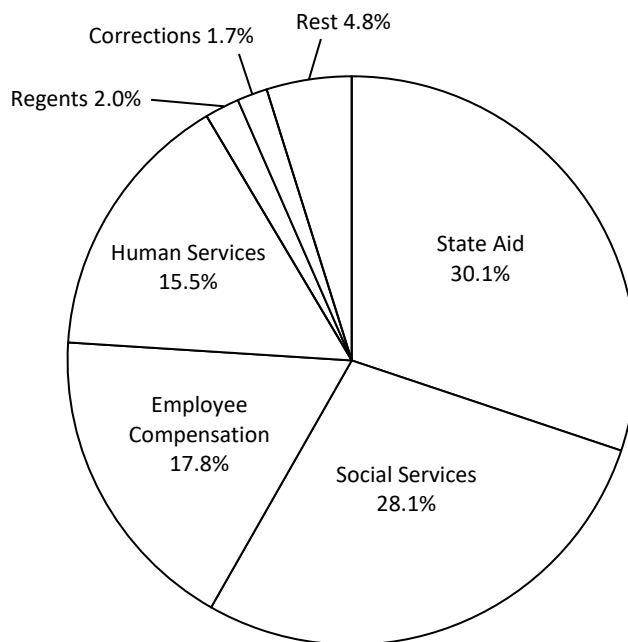
SUMMARY OVERVIEW

Governor Noem is recommending a budget (including special and continuing appropriations) for FY2023 totaling \$5,722,372,639 in total funds and 13,983.9 FTE. This represents an overall increase of \$592,419,858 in total funds and a decrease of 41.3 FTE over the base FY2022 budget. For FY2023, the Governor is proposing a general fund budget of \$1,975,868,924 which is an increase of \$157,555,485 over the adopted FY2022 budget. This includes an increase of \$216,190 in continuing appropriations. The proposed FY2023 general fund budget is distributed as follows:

- \$717.9 million, or 36.3% for Health, Human, and Social Services
- \$681.6 million, or 34.5% for State Aid to Education
- \$239.9 million, or 12.1% for Higher Education
- \$115.6 million, or 5.8% for Corrections
- \$85.6 million, or 4.3% for the Legislature, Unified Judicial System, Public Utilities Commission, and Elected Officials
- \$23.6 million, or 1.2% for Agriculture and Natural Resources, and Game, Fish & Parks
- \$111.6 million, or 5.6% for the Remainder of State Government

The table below depicts the FY2023 recommended general fund increases, excluding special and continuing appropriations.

FY2023 General Fund Increases



TOTAL INCREASE: \$157,339,295

State Aid	\$47.4M
Social Services	\$44.2M
Employee Compensation	\$28.0M
Human Services	\$24.3M
Board of Regents	\$3.1M
Corrections	\$2.7M
Rest of State Government	\$7.6M

U.S. AND SOUTH DAKOTA ECONOMIC FORECASTS

U.S. ECONOMY

RECENT ECONOMIC ACTIVITY

The United States recovery from the economic fallout caused by the COVID-19 pandemic remains on track. In 2021, U.S. GDP grew by 5.0% in the first quarter, followed by growth of 6.7% in the second quarter, and 2.0% in the third quarter. GDP returned to its pre-pandemic level in the second quarter of 2021.

Employment has also improved after being hit especially hard by the pandemic but has yet to recover fully. Nonfarm employment rose 531,000 in October but remains 4.2 million below pre-pandemic levels. The unemployment rate has fallen to 4.6% in October 2021, down from 6.9% in October 2020 and a high of nearly 15% in April 2020. However, contributing to this lower unemployment rate is a reduction in the size of the workforce with the labor force participation rate still 1.7% below the February 2020 level.

Federal fiscal policy was unprecedented in an effort to mitigate the effects of the pandemic. Congress appropriated approximately \$6 trillion in six relief bills in less than two years. In addition, the Infrastructure Investment and Jobs Act was passed in November 2021 and is estimated to have a peak effect on GDP in 2025 and 2026 of 0.5%, as well as 750,000 jobs. The impact to the forecast is more modest in the near term.

The Federal Reserve (Fed) also responded to the pandemic with unprecedented actions. The most recognizable response by the Fed was to lower the target Federal Funds Rate to a range of 0-0.25% for the first time since the financial crisis in 2008. The Fed also unleashed numerous programs and lending facilities to ensure that credit markets continued to operate properly as well as stimulate the economy. The steps taken by the Fed to stabilize the financial system and economy increased its balance sheet from \$4.2 trillion before the pandemic to over \$8.6 trillion today. In November 2021, the Federal Open Market Committee announced a plan to taper asset purchases. Net purchases will decline to zero in June of 2022, according to the plan. The Federal Funds Rate is expected to increase in late 2022 or early 2023.

The following are recent key national economic statistics:

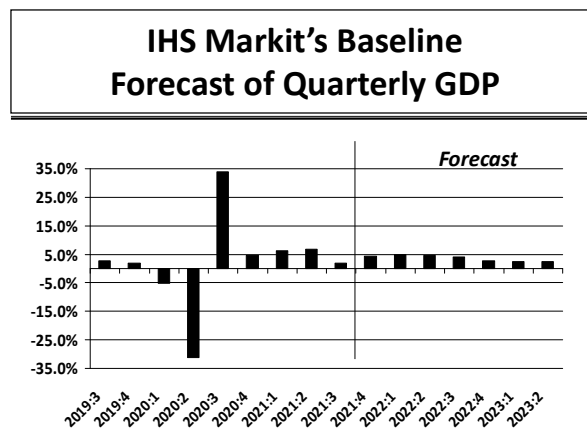
- Advance estimates indicate real GDP grew 2.0% in the third quarter of 2021, which followed an increase of 6.7% in the second quarter.
- The unemployment rate was 4.6% in October. The current rate is 2.3% lower than October of 2020, but 1.0% higher than October of 2019.
- The Institute of Supply Management's (ISM) manufacturing report on business was 60.8% in October, down from 61.1% in September. A reading above 50% indicates the manufacturing sector is expanding.
- The ISM services report on business was 66.7% in October, up from 61.9% in September. A reading above 50% indicates the services industries are expanding.
- U.S. personal income decreased at an annual rate of 21.6% in the second quarter of 2021 due to the effects of the transfer payments related to the various stimulus programs enacted by Congress in the second quarter of 2020. It increased 0.9% in the third quarter of 2021. Personal income grew 5.1% in 2018, 4.1% in 2019, and 6.5% in 2020.
- Real personal consumption expenditures increased 12.0% in the second quarter and 1.6% in the third quarter of 2021.

NATIONAL FORECAST HIGHLIGHTS

This section summarizes IHS Markit's forecast as of November 2021 for various categories of the U.S. economy. IHS Markit is a leader in providing analytics and expertise to business and government worldwide.

Gross Domestic Product (GDP): Before the pandemic, the United States was in a period of sustained economic expansion, which lasted over 10 years. This expansion, which began in 2009, lasted until February 2020. The negative impact to GDP began in March 2020, pulling the first quarter into negative territory, and lasted for two quarters. GDP recovery began with a sharp increase in the third quarter of 2020 due to relaxing pandemic driven lockdowns and large amounts of federal stimulus. GDP gains continued in the fourth quarter of 2020 and all of 2021. GDP returned to its pre-pandemic level in the second quarter of 2021.

In the first three quarters of this year, real GDP grew 6.3%, 6.7%, and 2.0%, respectively, and is expected to grow 4.4% in the fourth quarter. In the four quarters in 2022, IHS Markit is projecting GDP growth of 5.0%, 4.7%, 4.0%, and 2.8%. In 2023, GDP is forecast to increase 2.4% and 2.3% in the first two quarters.



On an annual basis, GDP grew 1.7% in 2016, 2.3% in 2017, 2.9% in 2018, and 2.3% in 2019, but declined 3.4% in 2020. IHS Markit's latest baseline forecast projects real GDP to grow 5.5% in 2021, 4.3% in 2022, and 2.9% in 2023.

IHS Markit is currently assigning a slightly higher probability of negative (30%) versus positive (20%) risks in the U.S. economic outlook. The largest risks to the forecast are persisting supply chain issues, a resurgent virus, and slower consumer spending. The optimistic scenario assumes a more robust business and consumer response to the Infrastructure Investment and Jobs Act, as well as improved corporate profitability due to productivity gains.

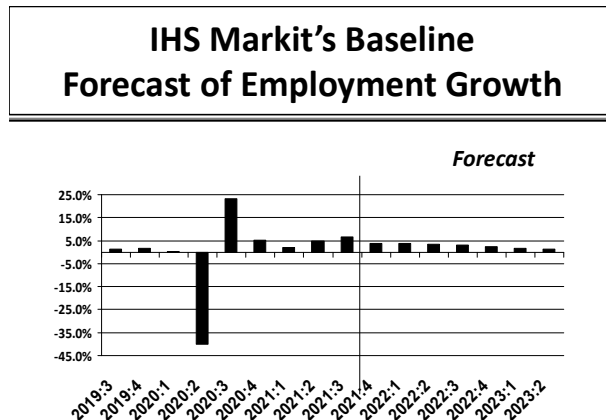
CONSUMERS: Consumer spending is a key component contributing to economic growth, as consumption accounts for over two-thirds of economic activity as measured by GDP. Growth of 1.6% realized in the third quarter of 2021 was a slowdown from growth of 12.0% in the second quarter. This slowing is largely due to a decrease of 26.2% in spending on durable goods. Nondurable goods spending grew 2.6% and spending on services grew 7.9%. Consumer confidence has slid recently due to concerns over the effects of rapidly increasing inflation on household budgets. The University of Michigan's index of consumer confidence fell 4.3 points in November, registering at 67.4. This is the lowest reading of the index since November 2011.

The personal savings rate (as a percentage of disposable income) declined to 8.9% in the third quarter of 2021 from a level of 10.5% in the second quarter of 2021. The IHS Markit base forecast calls for the savings rate to continue to decrease before steadying at a level of approximately 6.5% in 2023. This would bring the savings rate to below pre-pandemic levels of approximately 7.5%.

EMPLOYMENT: The latest U.S. payroll employment report indicated total nonfarm employment grew by 531,000 jobs in October. Employment remains well below pre-pandemic levels, with job levels still 4.6 million lower than February

2020. Employment is expected to continue to grow at an above trend rate until 2023, growing at 3.6%, 3.6%, 3.6%, 3.1%, and 2.4% over the next five quarters. Labor force participation has been driven down during the pandemic, decreasing by nearly 2% from pre-pandemic levels. IHS Markit forecasts that labor force participation will remain suppressed into 2023.

The unemployment rate in October was 4.6%, down from 4.8% in September 2021 and 6.9% in October 2020. The unemployment rate is expected to decline before reaching pre-pandemic levels in 2022. On an annual basis, the unemployment rate was 4.4% in 2017, 3.9% in 2018, 3.7% in 2019, and 8.1% in 2020. It is forecasted to be 5.4% in 2021, 3.8% in 2022, and 3.5% in 2023.



HOUSING: Builders continue to build new houses at a swift pace. Low interest rates and high demand have contributed to increased housing starts, as well as sales of existing homes. This growth is despite challenges to the construction industry such as supply chain disruptions, rising costs, and a shortage of labor. Home builders remain optimistic, as evidenced by a strong reading of the National Association of Home Builders index at 83 in November of this year compared to a reading of 74 prior to the pandemic. However, builders are less optimistic in the Northeast and Midwest as their index scores are lower than in the South and West regions. Traffic of prospective buyers has slowed recently. Existing home sales in the third quarter were at a 6.06 million-unit annual rate. Housing starts in the third quarter were at a rate of 1.57 million units. Housing prices are also elevated with the Federal Housing Finance Agency Housing Price Index increasing by over 4% over the past three months.

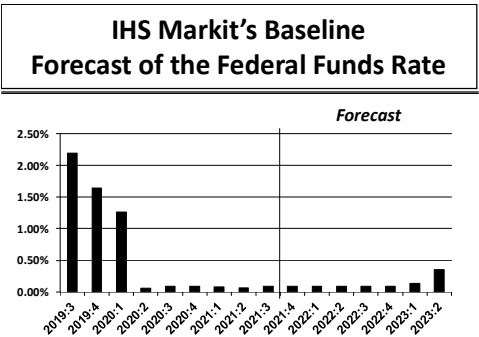
Total housing starts are projected to be 1.57 million units in 2021, 1.44 million units in 2022, and 1.33 million units in 2023. In 2018, 2019, and 2020, total housing starts were 1.25 million, 1.29 million and 1.40 million units, respectively.

INFLATION: Inflation has surged this year, led by an increase in energy prices. The Consumer Price Index (CPI) was up 6.2% in October year over year, following a 5.4% increase in September. Annual inflation measures are expected to remain elevated well into next year. The Federal Open Market Committee (FOMC) has signaled its willingness to allow above target inflation for a time to support labor markets as they return to full employment levels. This will cause CPI to remain elevated through the forecast period.

The CPI increased 2.4% in 2018, 1.8% in 2019, and 1.2% in 2020. The CPI is forecast to grow 4.5% in 2021, 3.3% in 2022, and 2.1% in 2023. The Producer Price Index for finished goods increased 3.1% in 2018 and 0.8% in 2019 before declining 1.3% in 2020. The current forecast calls for increases of 8.7% in 2021, 5.0% in 2022, and 1.4% in 2023.

MONETARY AND FISCAL POLICY: Monetary and fiscal policies were extremely aggressive in response to the COVID-19 pandemic. The Federal Reserve utilized traditional easing programs to support financial markets and the economy. In November 2021, the Federal Open Market Committee announced a plan to taper asset purchases. Net purchases would decline to zero in June of 2022, according to the plan. The steps taken by the Fed to stabilize the financial system and economy increased its balance sheet from \$4.2 trillion before the pandemic to over \$8.6 trillion today.

Currently, the federal funds target rate is at the effective lower bound (ELB) of 0 – 0.25%. The target rate is expected to remain at this rate until full employment is achieved. IHS Markit expects the Federal Reserve to maintain the current rates until 2023.



Federal fiscal policy has also been unprecedented in response to the pandemic. Congress appropriated approximately \$6 trillion in six relief bills in less than two years. The economic forecast includes the Infrastructure Investment and Jobs Act, although the impact to the forecast is modest as appropriations are spread out over five years. The Build Back Better plan is not included in the forecast due to the political uncertainty.

The unified federal deficit for federal fiscal year (FFY) 2020 was over \$3.1 trillion, which is over \$2 trillion higher than FFY2019. The FFY2020 deficit represents approximately 15% of GDP, an increase from 4.6% of GDP in FFY2019. IHS Markit forecasts a deficit of \$2.8 trillion for FFY2021, \$1.4 trillion for FFY2022, and \$861 billion for FFY2023 or 12.4%, 5.6%, and 3.4% of GDP, respectively.

INTERNATIONAL: The pandemic’s effects have not been limited to the United States alone. Real foreign GDP decreased in 2020 by 4.8%. However, it is projected to grow 5.5% in 2021 and 3.9% in 2022. The forecast includes the tariffs enacted in 2017 by the U.S. and China. As global growth rebounds, the price of Brent crude oil is projected to increase to approximately \$84/barrel at the end of 2021 before easing.

RISKS TO THE FORECAST

Economic risks to the baseline forecast are reflected in alternate scenarios. There are upside risks as the result of increased productivity and more fiscal stimulus. The downside risks stem from supply chain issues and a resurgent virus. IHS Markit assigns greater probability to the negative risks versus the positive risks at this time.

A 20% probability exists for U.S. economic growth being stronger than the baseline forecast. In IHS Markit’s optimistic scenario, GDP is projected to increase by 5.7% in 2021 and 2022, followed by moderated growth of 3.5% in 2023. The optimistic scenario assumes a more robust impact of the Infrastructure Investment and Jobs Act. The optimistic scenario also assumes that supply chain issues improve, and that corporate profitability is improved by productivity gains.

The pessimistic scenario is characterized by a weaker recovery in consumer spending and continued supply issues. IHS Markit assigns a 30% probability to this scenario. This weaker recovery is also affected by an upturn in COVID-19 cases and hospitalizations leading to more consumer caution. Supply chain issues and consumer hesitancy would lead businesses to scale back investments. Unemployment rates would also decline at a slower pace than the baseline in this scenario.

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.

South Dakota's economy is strong. The state did not institute any state-wide lockdowns or closures due to the COVID-19 pandemic, which contributed to better economic performance. In the second quarter of 2021, total nonfarm employment increased 7.5% over the same period a year ago and grew 3.1% in the third quarter. Gross State Product (GSP) is projected to finish 2021 4.4% higher than a year ago.

The following are some recent key South Dakota economic statistics:

- Total employment in South Dakota remained much higher than the United States compared to pre-pandemic levels. Through September, total employment measured only 1.1% below February 2020 levels in the state compared to a 4.0% deficit nationally.
- The unemployment rate in South Dakota in October of 2021 was 2.8%. This was 1.8% below the national rate of 4.6%.
- Housing starts rebounded strongly in 2020 after multiple years of declines with 6,000 units on the strength of low mortgage rates. Housing starts will remain elevated in 2021 before a projected decline in 2022.

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 estimated economic impact to GDP in South Dakota from tourism totaled \$2.75 billion in 2020. The number of estimated visitors in South Dakota totaled approximately 12.6 million, spending more than \$3.4 billion statewide. Visitation was down approximately 13% from 2019. However, nationally, visitation was down as much as 42%.

Tourism activity was significantly impacted by the pandemic, but the council noted that efforts to attract individuals looking for outdoor recreation opportunities limited the impact of COVID-19 on the tourism industry, particularly in the western part of the state.

Tourism activity rebounded in 2021, and through September visitor spending is estimated to be up over 31% year over year. Year to date hotel room nights are nearly 35% higher than 2020, and airport arrivals are up over 73%.

AGRICULTURE: In 2020, the agricultural economy in South Dakota produced cash receipts of \$8.5 billion, which was a decrease of \$0.25 billion from 2019 cash receipts. Crops generated \$4.5 billion, and livestock generated \$4.0 billion in 2020. Income from crops remained flat, while cash receipts from animals and products decreased by \$0.25 billion.

Overall, crop production levels are expected to be stronger than last year. According to the National Agricultural Statistics Service (NASS), as of November 1, corn production is projected to be 774 million bushels, up 7% from 2020 production. Corn acres harvested is estimated at 5.65 million acres, which is up 27% from a year ago. The corn yield is estimated to be 137 bushels per acre, down 25 bushels from last year. Soybean production is expected to be 223 million bushels, down 1% from a year ago, with a yield of 41 bushels per acre, a decrease of 5 bushels from the 2020 yield. Soybean acres

harvested is estimated at 5.45 million, up 11% from last year. Sorghum for grain production is forecast to be 16.8 million bushels, up 48% from last year with 285,000 acres for harvest estimated, which is up 78% from last year.

South Dakota feedlots with capacities of 1,000 or more head contained 230,000 cattle on feed as of November 1st, which is up 2% from last year. Placements during October totaled 74,000 head, which is down 12% from last year. Fed cattle marketings were down 15% from last year. The inventory of all hogs and pigs as of September 1st was down 2% from a year ago but up 1% from June. The June to August pig crop total was 1.61 million head, down 8% from a year ago.

The agriculture sector in South Dakota has been supported by several large government programs over the past two years. The Markets Facilitation Payments (MFP) program was established to support commodities impacted by trade disputes. The program paid out over \$526 million to producers in South Dakota. The Coronavirus Food Assistance Program (CFAP) was established to provide aid to farmers who have been affected by the pandemic's impact on commodity markets. Over \$1.3 billion has been received in the state between the two tranches of this program.

Although the Council's outlook for the agricultural economy remains positive, weather conditions in 2021 were very dry. In early July, NASS estimated that 90% of topsoil and subsoil moisture supplies were short or very short. However, soil moisture levels have improved through the fall. As of November, 34% of topsoil supplies are rated short or very short and 44% of subsoil supplies are rated short or very short. The Council is specifically concerned with supply chain constraints, rising input prices, yields due to drought, and export dependency on China.

CONSTRUCTION: So far in fiscal year 2022, construction activity has been strong. Contractor's Excise Tax, which is a good indicator of overall construction activity, is up 7.1% through the first four months of activity in the fiscal year compared to the prior year. Housing construction remains strong. The Council anticipates continued construction and housing activity as long as interest rates remain favorable.

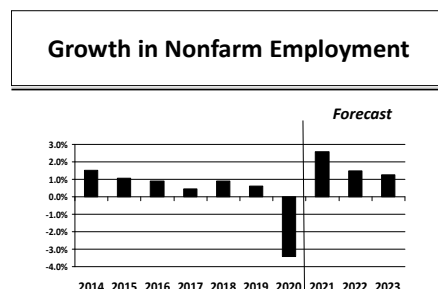
SOUTH DAKOTA FORECAST HIGHLIGHTS

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.

Comparatively, South Dakota's economy weathered the impacts of COVID-19 better than the rest of the nation, and economic recovery has continued in the third quarter of 2021. The IHS Markit forecast accounts for this performance.

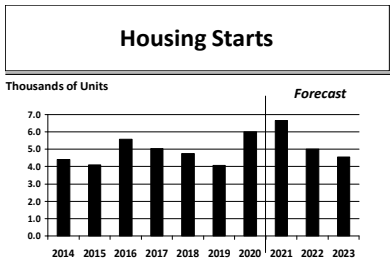
EMPLOYMENT: South Dakota has several advantages over other states, which account for its ability to grow employment. Some of these advantages include a pro-business environment, a central geographic location, a low cost of doing business, and a high quality of life. A challenge the state continues to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

Prior to 2020, South Dakota's employment situation had been stable for about a decade. From 2011-2019, nonfarm employment growth averaged 1% per year. Nonfarm employment declined 3.4% in South Dakota in 2020 but has rebounded strongly. Employment growth of 2.6% is projected in 2021, with the state returning to pre-pandemic levels of employment in 2022.

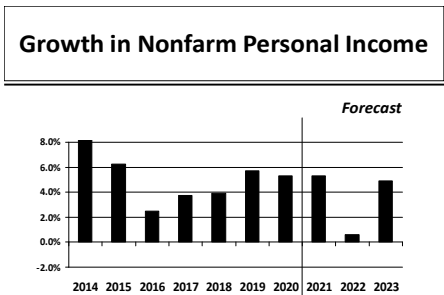


HOUSING/CONSTRUCTION: In recent years, housing starts in South Dakota have been at healthy levels after rebounding from multi-year lows reached in 2008-2011 during the economic recession and national housing crisis. Housing starts were very strong in the second half of 2020 and the first half of 2021.

The housing market is anticipated to remain strong in 2021 before leveling in 2022 and 2023. Higher prices continue to be a challenge in the housing sector. Housing starts were 6,000 in 2020 and are projected to be 6,650 in 2021, 5,010 in 2022, and 4,560 in 2023.



INCOME: Leading up to the Great Recession, South Dakota nonfarm income was strong. From 2004-2008, South Dakota’s nonfarm income growth averaged over 7% 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 1.7%. This was the first annual decrease in nonfarm personal income in South Dakota since 1937. From 2010-2020, the average growth of nonfarm personal income was 4.5%. Nonfarm income in South Dakota is forecast to grow 5.3% in 2021, 0.6% in 2022, and 4.9% in 2023.



RISKS TO THE FORECAST

The Council of Economic Advisors sees some risks to the current forecast. These risks include supply chain disruptions and their effect on South Dakota’s economy. There is also concern for continued inflation, as the consumer price index has risen at its fastest annual rate in more than 30 years.

In addition, the council expressed concern about how the economy would respond once the support of federal stimulus was no longer impacting economic activity. The level of stimulus in South Dakota has been unprecedented, and even as the economy returns to fully normal activity, growth could stall because of the reduction in federal dollars in the state economy.

Positive developments potentially improving the economic outlook in South Dakota include continued tourism, population growth, and infrastructure investments.

REVENUE ESTIMATE SUMMARY

General fund receipts for FY2022 are forecast at \$2,125.1 million. Ongoing receipts comprise \$1,962.7 million of the total. One-time revenues comprise \$162.4 million of the total, which includes \$28.3 million in one-time sales and use tax, \$14.9 million in one-time unclaimed property, a \$28.0 million transfer from the budget reserve, \$85.9 million of obligated cash carried forward from FY2021, and a prior period adjustment of \$5.3 million. The ongoing estimate for FY2022 includes an increase of \$26.5 million from actual FY2021 ongoing receipts. Categories forecasted to show major increases in FY2022 over FY2021 actuals include the sales and use tax (+\$40.7M), lottery (+\$5.6M), insurance company tax (+\$3.6M), and contractor's excise tax (+\$3.1M). Categories forecast for major decreases from FY2021 actual receipts are ongoing unclaimed property receipts (-\$22.8M) and severance taxes (-\$2.0M).

The revised ongoing estimate for FY2022 is \$129.3 million higher than the ongoing estimate adopted during the 2021 legislative session. Major positive adjustments for the revised FY2022 estimate compared to the adopted FY2022 estimate are for sales and use tax (+\$92.5M), lottery (+\$21.7M), investment income and interest (+\$8.3M), and contractor's excise tax (+\$6.0M). The most significant negative revisions compared to the adopted FY2022 estimate are for unclaimed property receipts (-\$5.3M), telecommunications tax (-\$1.5M), and tobacco taxes (-\$1.4M).

General fund receipts for FY2023 are projected to be \$1,975.9 million, of which all receipts are considered ongoing. The forecast for ongoing receipts in FY2023 is an increase of \$13.2 million from the revised FY2022 projection. The significant sources of growth are from sales and use tax (+\$5.8M), insurance company tax (+\$3.6M), and trust fund transfers (+\$3.1M). Categories forecasted for significant decreases in FY2023 are investment income and interest (-\$3.5M) and tobacco taxes (-\$1.1M).

CURRENT REVENUE FORECAST (Dollars in Millions)

	<u>FY2022</u>	<u>FY2023</u>
Sales and Use Tax	1,250.1	1,255.9
Lottery	161.1	164.0
Contractor's Excise Tax	147.6	150.2
Insurance Company Tax	100.6	104.2
Unclaimed Property	40.0	40.0
Tobacco Taxes	51.1	50.0
Other Ongoing Revenues	212.1	211.5
One-Time Receipts	43.2	0.0
Transfer from Budget Reserve Fund	28.0	0.0
Obligated Cash Carried Forward	85.9	0.0
Prior Period Adjustment	5.3	0.0
Total Revenue	<u>2,125.1</u>	<u>1,975.9</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 63.6% of ongoing general fund revenue. Between FY2000 and FY2021, the sales and use tax grew from \$432.1 million to \$1,222.8 million, which was an average annual increase of 5.1%. Over the past twelve 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, FY2019, and FY2020 growth rebounded (4.0%, 3.7%, and 4.6%) due to improved consumer spending. In FY2021, sales tax grew by a historic 14.0% due to increased consumer spending driven by historic federal government stimulus in response to the COVID-19 pandemic.

Net collections from the sales and use tax in FY2021 were \$1,222.8 million, which was an increase of \$150.0 million compared to FY2020. Through the first four months of FY2022, sales and use tax collections to the general fund were \$475.1 million, which is an increase of 13.6% from the first four months of FY2021. For the revised FY2022 estimate, the sales and use tax is forecast at \$1,250.1 million, which is an increase of \$40.7 million, or 3.4%, compared to FY2021. For FY2023, the sales and use tax is forecast at \$1,255.9 million, which is an increase of \$5.8 million, or 0.5%, over the revised FY2022 estimate.

LOTTERY

Collections from lottery activities account for approximately 8.3% of ongoing general fund revenues. In FY2022, lottery collections are anticipated at \$161.1 million, which includes the general fund's share of instant lottery ticket sales of \$5.7 million, 50% or \$3.0 million from the online lottery net income, and \$152.3 million in video lottery receipts. In FY2023, lottery receipts are projected at \$164.0 million, which includes \$5.8 million from instant lottery income, 70% or \$4.3 million from online lottery net income, and \$153.9 million from the state's share of video lottery receipts. In FY2020 and FY2021, video lottery receipts were \$115.3 million and \$147.8 million, respectively. So far in FY2022, lottery receipts are up 4.3% through the first four months compared to the prior year.

CONTRACTOR'S EXCISE TAX

Collections from the contractor's excise tax account for approximately 7.6% 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 \$47.6 million in FY2000 to \$144.4 million in FY2021, representing an average annual increase of 5.8%. In FY2021, net collections to the general fund from the contractor's excise tax grew \$20.7 million, or 16.8%, from FY2020. Through the first four months of FY2022, net contractor's excise tax collections were \$58.8 million, an increase of 7.1% compared to the first four months of FY2021. Contractor's excise tax collections for FY2022 are forecast to be \$147.6 million, which is an increase of \$3.1 million, or 2.2%, compared to FY2021 collections. FY2023 collections are forecast at \$150.2 million, which is an increase of \$2.6 million, or 1.8%, compared to the revised FY2022 estimate.

INSURANCE COMPANY TAX

Collections from the insurance company tax account for approximately 5.3% of ongoing general fund revenues. From FY2000 to FY2021, insurance company tax collections grew from \$39.5 million to \$97.0 million, which was an average annual increase of 4.4%. In FY2021, insurance company tax collections increased by \$3.7 million, or 4.0%, compared to FY2020. For FY2022, insurance company tax collections are forecast at \$100.6 million, which is an increase of \$3.6 million, or 3.7%, over FY2021 collections. For FY2023, insurance company tax collections are forecast to be \$104.2 million, which is an increase of \$3.6 million, or 3.6%, over the revised FY2022 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.

UNCLAIMED PROPERTY

Historically, collections from unclaimed property have been relatively small but now represent approximately 2% 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 FY2021 ranging from \$44 million to more than \$62 million, net of property claims. For FY2022, ongoing unclaimed property revenue is forecast at \$40.0 million after projected claims are paid through the remainder of the fiscal year. The Governor is recommending capping the amount of ongoing general fund revenues related to unclaimed property at \$40.0 million going forward due to the volatility in this revenue source as well as heavy reliance on a small number of large banks.

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 FY2021, cigarette taxes totaled \$46.4 million, while the other tobacco products tax totaled \$11.0 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 \$52.3 million in FY2021. General fund receipts from tobacco taxes are projected at \$51.1 million in FY2022 and \$50.0 million in FY2023.

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 FY2022, collections from other ongoing revenues are projected to be \$212.1 million, which is approximately 10.8% of total ongoing general fund revenues. In FY2023, collections from other ongoing revenues are projected at \$211.5 million.

ONE-TIME RECEIPTS

In FY2022, collections from one-time receipts are projected to be \$43.2 million. These one-time receipts include \$28.3 million in one-time sales and use tax collections related to a large audit and \$14.9 million in one-time unclaimed property in excess of the proposed \$40.0 million cap.

TRANSFER FROM BUDGET RESERVE FUND

In FY2022, the Governor is recommending \$28.0 million be transferred from the Budget Reserve Fund to the general fund. This \$28.0 million would be used for a Community Work Center for Women in Rapid City. This will leave the combined balance of the Budget Reserve and General Revenue Replacement Funds at \$279.1 million, or 14.2% of the Governor's proposed FY2023 General Bill appropriations.

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 FY2022, the total amount of obligated cash carried forward was \$85.9 million. This was obligated to the General Revenue Replacement Fund from the budget surplus at the end of FY2021.

PRIOR PERIOD ADJUSTMENTS

This is the amount of adjustments made to a prior fiscal year. For FY2022, the total amount of prior period adjustments was \$5.3 million.

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 be used to address unforeseen expenditure obligations or revenue shortfalls. At the end of FY2019 and FY2020, unobligated general fund cash in the amounts of \$19.4 million and \$39.3 million, respectively, was obligated to the Budget Reserve Fund. These funds were transferred from the general fund into the reserve in FY2020 and FY2021, respectively. In FY2022, the Governor recommends transferring \$28.0 million from the Budget Reserve Fund to be used for a Community Work Center for Women in Rapid City. This will leave a projected ending balance of \$141.6 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. At the end of FY2020 and FY2021, unobligated general fund cash in the amounts of \$2.3 million and \$91.2 million, respectively, was obligated to the General Revenue Replacement Fund. These funds were transferred from the general fund into the reserve in FY2021 and FY2022, respectively. The Governor does not recommend a transfer from the General Revenue Replacement Fund in FY2022, leaving a projected ending balance of \$137.5 million.

The total estimated reserve balance of \$279.1 million is 14.2% of proposed FY2023 General Bill appropriations.

BUDGET RESERVE FUND & GENERAL REVENUE REPLACEMENT FUND CONDITION STATEMENT

	ACTUAL FY2020	ACTUAL FY2021	ESTIMATED FY2022	ESTIMATED FY2023
Budget Reserve Fund Beginning Balance	\$ 125,762,872	\$ 130,257,559	\$ 169,583,492	\$ 141,571,484
Calculations for Maximum Balance in the Fund:				
General Bill Appropriation for Prior Year	1,622,020,072	1,695,834,919	1,586,704,162	1,757,734,350
Budget Reserve Fund Percentage	10%	10%	10%	10%
Maximum Amount in the Fund	162,202,007	169,583,492	158,670,416	175,773,435
Maximum Transferable Amount	36,439,135	39,325,933	(10,913,076)	34,201,951
Amount of General Funds Available				
End of Prior Year	19,354,553	41,617,499	91,208,112	0
Transferred in from General Fund	19,354,553	39,325,933	0	0
Transferred out to General Fund	(14,859,866)	0	(28,012,008)	0
Ending Budget Reserve Fund Balance	\$ 130,257,559	\$ 169,583,492	\$ 141,571,484	\$ 141,571,484
General Revenue Replacement Fund Balance	\$ 44,000,048	\$ 44,000,048	\$ 46,291,614	\$ 137,499,726
General Revenue Replacement Fund Percentage	15%	15%	15%	15%
Maximum Amount in the Fund	243,303,011	254,375,238	238,005,624	263,660,153
Maximum Transferable Amount	199,302,963	210,375,190	191,714,010	126,160,427
Transferred in from General Fund	0	2,291,566	91,208,112	0
Transferred out to General Fund	0	0	0	0
Ending General Revenue Replacement Fund Balance	\$ 44,000,048	\$ 46,291,614	\$ 137,499,726	\$ 137,499,726
General Funds Obligated to Reserves	41,617,499	91,208,112	0	0
ENDING TOTAL RESERVES BALANCE	\$ 215,875,106	\$ 307,083,218	\$ 279,071,210	\$ 279,071,210

NOTE: The totals may not add due to rounding.

COMPARISON BETWEEN LEGISLATIVE ADOPTED AND REVISED ESTIMATE FOR FY2022

	LEG ADOPTED FY2022	BFM REVISED FY2022	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax	1,157,606,191	1,250,085,781	92,479,590	7.99
Lottery	139,393,130	161,112,839	21,719,709	15.58
Contractor's Excise Tax	141,633,824	147,591,027	5,957,203	4.21
Insurance Company Tax	97,376,447	100,643,775	3,267,328	3.36
Unclaimed Property Receipts	45,342,907	40,000,000	(5,342,907)	(11.78)
Licenses, Permits, and Fees	70,353,289	70,591,134	237,845	0.34
Tobacco Taxes	52,484,357	51,132,177	(1,352,180)	(2.58)
Trust Funds	43,053,117	43,501,898	448,781	1.04
Net Transfers In	20,700,293	22,489,602	1,789,309	8.64
Alcohol Beverage Tax	8,707,962	8,840,735	132,773	1.52
Bank Franchise Tax	14,941,359	17,911,177	2,969,818	19.88
Charges for Goods and Services	15,225,703	15,412,432	186,729	1.23
Telecommunications Tax	4,568,114	3,049,859	(1,518,255)	(33.24)
Severance Taxes	7,855,207	7,859,847	4,640	0.06
Investment Income and Interest	11,423,584	19,738,729	8,315,145	72.79
Alcohol Bev 2% Wholesale Tax	2,647,955	2,690,958	43,003	1.62
TOTAL (ONGOING RECEIPTS)	\$1,833,313,439	\$1,962,651,970	\$ 129,338,531	7.05
ONE-TIME RECEIPTS				
Refinancing Gains/Transfer from SDBA	0	0	0	N/A
Closeout of SDRC Inc. Funds	0	0	0	N/A
Bank Franchise Tax Prior Year Revenue	0	0	0	N/A
One-Time Sales and Use Tax	25,000,000	28,305,843	3,305,843	13.22
One-Time Unclaimed Property Receipts	0	14,887,304	14,887,304	N/A
Unexpended Carryovers and Specials	0	0	0	N/A
Transfer from Budget Reserve Fund	0	28,012,008	28,012,008	N/A
Obligated Cash Carried Forward	0	85,875,130	85,875,130	N/A
Prior Period Adjustment	0	5,332,982	5,332,982	N/A
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 25,000,000	\$ 162,413,267	\$ 137,413,267	549.65
GRAND TOTAL	\$1,858,313,439	\$2,125,065,237	\$266,751,798	14.35

NOTE: The totals may not add due to rounding.

COMPARISON BETWEEN ACTUAL FY2021 AND REVISED FY2022 REVENUE COLLECTIONS

	ACTUAL FY2021	BFM REVISED FY2022	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax	\$1,209,342,342	1,250,085,781	40,743,439	3.37
Lottery	155,527,049	161,112,839	5,585,790	3.59
Contractor's Excise Tax	144,448,267	147,591,027	3,142,760	2.18
Insurance Company Tax	97,010,439	100,643,775	3,633,336	3.75
Unclaimed Property Receipts	62,809,930	40,000,000	(22,809,930)	(36.32)
Licenses, Permits, and Fees	71,212,896	70,591,134	(621,762)	(0.87)
Tobacco Taxes	52,314,193	51,132,177	(1,182,016)	(2.26)
Trust Funds	41,628,039	43,501,898	1,873,859	4.50
Net Transfers In	23,471,494	22,489,602	(981,892)	(4.18)
Alcohol Beverage Tax	8,767,726	8,840,735	73,009	0.83
Bank Franchise Tax	18,702,022	17,911,177	(790,845)	(4.23)
Charges for Goods and Services	16,444,429	15,412,432	(1,031,997)	(6.28)
Telecommunications Tax	3,520,578	3,049,859	(470,719)	(13.37)
Severance Taxes	9,810,601	7,859,847	(1,950,754)	(19.88)
Investment Income and Interest	18,592,297	19,738,729	1,146,432	6.17
Alcohol Bev 2% Wholesale Tax	2,596,157	2,690,958	94,801	3.65
TOTAL (ONGOING RECEIPTS)	\$1,936,198,459	\$1,962,651,970	\$ 26,453,511	1.37
ONE-TIME RECEIPTS				
Refinancing Gains/Transfer from SDBA	6,745,654	0	(6,745,654)	(100.00)
Closeout of SDRC Inc. Funds	3,381,726	0	(3,381,726)	(100.00)
Bank Franchise Tax Prior Year Revenue	10,013,790	0	(10,013,790)	(100.00)
One-Time Sales and Use Tax	13,486,289	28,305,843	14,819,554	109.89
One-Time Unclaimed Property Receipts	0	14,887,304	14,887,304	N/A
Unexpended Carryovers and Specials	4,125,561	0	(4,125,561)	(100.00)
Transfer from Budget Reserve Fund	0	28,012,008	28,012,008	N/A
Obligated Cash Carried Forward	19,093,963	85,875,130	66,781,167	349.75
Prior Period Adjustment	22,523,535	5,332,982	(17,190,553)	(76.32)
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 79,370,518	\$ 162,413,267	\$ 83,042,749	104.63
GRAND TOTAL	\$2,015,568,977	\$2,125,065,237	\$109,496,260	5.43

NOTE: The totals may not add due to rounding.

COMPARISON BETWEEN REVISED FY2022 AND ESTIMATED FY2023 REVENUE COLLECTIONS

	BFM REVISED FY2022	BFM PROJECTED FY2023	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax	1,250,085,781	1,255,854,578	5,768,797	0.46
Lottery	161,112,839	164,019,294	2,906,455	1.80
Contractor's Excise Tax	147,591,027	150,205,144	2,614,117	1.77
Insurance Company Tax	100,643,775	104,242,670	3,598,895	3.58
Unclaimed Property Receipts	40,000,000	40,000,000	0	0.00
Licenses, Permits, and Fees	70,591,134	70,666,353	75,219	0.11
Tobacco Taxes	51,132,177	50,008,340	(1,123,837)	(2.20)
Trust Funds	43,501,898	46,573,031	3,071,133	7.06
Net Transfers In	22,489,602	23,115,825	626,223	2.78
Alcohol Beverage Tax	8,840,735	9,044,956	204,221	2.31
Bank Franchise Tax	17,911,177	17,021,259	(889,918)	(4.97)
Charges for Goods and Services	15,412,432	15,545,036	132,604	0.86
Telecommunications Tax	3,049,859	2,988,861	(60,998)	(2.00)
Severance Taxes	7,859,847	7,531,720	(328,127)	(4.17)
Investment Income and Interest	19,738,729	16,213,891	(3,524,838)	(17.86)
Alcohol Bev 2% Wholesale Tax	2,690,958	2,837,966	147,008	5.46
TOTAL (ONGOING RECEIPTS)	\$1,962,651,970	\$ 1,975,868,924	\$ 13,216,954	0.67
ONE-TIME RECEIPTS				
Refinancing Gains/Transfer from SDBA	0	0	0	N/A
Closeout of SDRC Inc. Funds	0	0	0	N/A
Bank Franchise Tax Prior Year Revenue	0	0	0	N/A
One-Time Sales and Use Tax	28,305,843	0	(28,305,843)	(100.00)
One-Time Unclaimed Property Receipts	14,887,304	0	(14,887,304)	(100.00)
Unexpended Carryovers and Specials	0	0	0	N/A
Transfer from Budget Reserve Fund	28,012,008	0	(28,012,008)	(100.00)
Obligated Cash Carried Forward	85,875,130	0	(85,875,130)	(100.00)
Prior Period Adjustment	5,332,982	0	(5,332,982)	(100.00)
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 162,413,267	\$ -	\$ (162,413,267)	(100.00)
GRAND TOTAL	\$2,125,065,237	\$1,975,868,924	(\$149,196,313)	(7.02)

NOTE: The totals may not add due to rounding.

GENERAL FUND RECEIPTS

	ACTUAL FY2020	ACTUAL FY2021	REVISED FY2022	PROJECTED FY2023
ONGOING RECEIPTS				
Sales and Use Tax	\$ 1,072,830,649	\$ 1,209,342,342	\$ 1,250,085,781	\$ 1,255,854,578
Lottery	122,489,001	155,527,049	161,112,839	164,019,294
Contractor's Excise Tax	123,723,519	144,448,267	147,591,027	150,205,144
Insurance Company Tax	93,271,112	97,010,439	100,643,775	104,242,670
Unclaimed Property Receipts	47,308,472	62,809,930	40,000,000	40,000,000
Licenses, Permits, and Fees	68,277,940	71,212,896	70,591,134	70,666,353
Tobacco Taxes	51,066,112	52,314,193	51,132,177	50,008,340
Trust Funds	39,859,256	41,628,039	43,501,898	46,573,031
Net Transfers In	19,858,120	23,471,494	22,489,602	23,115,825
Alcohol Beverage Tax	8,142,691	8,767,726	8,840,735	9,044,956
Bank Franchise Tax	12,060,604	18,702,022	17,911,177	17,021,259
Charges for Goods and Services	15,403,871	16,444,429	15,412,432	15,545,036
Telecommunications Tax	5,964,072	3,520,578	3,049,859	2,988,861
Severance Taxes	5,881,928	9,810,601	7,859,847	7,531,720
Investment Income and Interest	11,150,037	18,592,297	19,738,729	16,213,891
Alcohol Beverage 2% Wholesale Tax	2,335,754	2,596,157	2,690,958	2,837,966
SUBTOTAL (ONGOING RECEIPTS)	\$ 1,699,623,137	\$ 1,936,198,459	\$ 1,962,651,970	\$ 1,975,868,924
ONE-TIME RECEIPTS				
Refinancing Gains	\$ 7,082,539	\$ 6,745,654	\$ 0	\$ 0
Closeout of SDRC Inc. Funds	0	3,381,726	0	0
Bank Franchise Tax Prior Year Revenue	0	10,013,790	0	0
One-Time Sales and Use Tax	0	13,486,289	28,305,843	0
One-time Unclaimed Property Receipts	0	0	14,887,304	0
Unexpended Carryovers and Specials	425,135	4,125,561	0	0
Transfer from Budget Reserves	14,859,866	0	28,012,008	0
Obligated Cash Carried Forward	19,354,553	19,093,963	85,875,130	0
Prior Period Adjustments	0	22,523,535	5,332,982	0
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 41,722,093	\$ 79,370,518	\$ 162,413,267	\$ 0
GRAND TOTAL	\$ 1,741,345,230	\$ 2,015,568,977	\$ 2,125,065,237	\$ 1,975,868,924

NOTE: The totals may not add due to rounding.

TAX EXPENDITURES

Sales and Use Tax Exemptions

**Annual Est. General
Fund Revenue Loss**

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.	\$189,194,553
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.	\$55,773,827
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.	\$108,016,833
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.	\$44,119,216
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.	\$25,609,546
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 endoparasitides and ectoparasitides)	\$27,551,464
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.	\$18,403,200
10-45-12.1: Farm Product Warehousing & Storage	\$10,109,795
10-45-12.1: Agricultural Services, except: Veterinary Services and Animal Specialty Services.	\$9,151,010
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)	\$400,693
10-45-12.1: Forestry Services	\$175,910
10-45-18.6, 10-46-16.6: The sale of swine or cattle semen used for agricultural purposes.	\$240,416
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.	\$3,654,628
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.	\$32,055
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.	\$318,730
10-45-18.5, 10-46-16.5: Feed for nondomestic animals exempted in 10-45-18.4	\$6,165

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.	\$345,656,374
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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.	\$204,262,254
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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.	\$38,622,091
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.	\$39,685,611
10-45-68, 10-46-56: Sale of credit card processing services to retailers.	\$2,433,195
10-45-12.1: Water Supply	\$7,497,153
10-45-13.1: Membership fees to membership organizations and services provided by membership organizations.	\$8,804,350
10-45-5.2: Sanitary services except for the collection and disposal of solid waste which is specifically listed as subject to sales tax.	\$1,061,022
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.	\$188,240
10-45-5.2: Research, development, and testing services (SIC 8733)	\$7,293,650

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.	\$404,897
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.	\$75,978
10-45-90, 10-46-63: Services performed for rodeos by promoters, stock contractors, stock handlers, announcers, judges, and clowns.	\$1,390,408
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.	\$523,120
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).	\$2,974,072
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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.	\$4,334,390
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.	\$8,944,851
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.	\$84,906,374
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.	\$9,875,544
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.	\$15,546,202

Social Services

10-45.12.1: Social services and credit counseling services provided by individual and family social services.	\$5,210,243
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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.	\$6,308,241
10-45-5.1, 10-45-5.6: Coin operated washers and dryers annual license fee is in lieu of sales tax on receipts.	\$52,775
10-45-13.3: Sale of lottery tickets.	\$3,312,650
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.	\$1,379,109

Other Miscellaneous Sales Tax Exemptions

Mini-storage receipts are not specifically subject to tax and therefore are exempt.	\$1,300,901
10-45-13.4: Library copying charges.	N/A

Total Sales and Use Tax Exemptions	\$1,412,026,964
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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.	\$5,965,743
10-50-18: Distributor discount of 1% of cigarette stamp face value.	\$486,798
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	\$24,178,445
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Grand Total Tax Expenditures	\$1,436,205,409
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Sources: Department of Revenue and Department of Labor and Regulation.

RECOMMENDED EXPENDITURES

Governor Noem's FY2023 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 Technical Colleges are responsible for educating South Dakotans at every level. They account for \$53.2 million of the \$157.3 million in ongoing general fund increases. In terms of the total ongoing budget, this category is 47.8% of the general funds and 32.9% of the total ongoing funds, which amounts to nearly \$1.9 billion in total ongoing funding.

The Governor recommends an increase of \$47.4 million in general funds for state aid to education. The increase is due to growth in enrollments and 6.0% inflation on the target teacher salary. The Governor is also recommending an increase of \$0.8 million in general funds and a decrease of \$0.8 million in other fund expenditure authority to eliminate the transfer of the half penny promotion tax distribution from the Department of Tourism to the Department of Education.

The ongoing budget for the Board of Regents contains a net increase of \$3.1 million in general funds. Included in this amount is an increase of \$1.7 million in general funds to move the maintenance and repair budget to 1.75% of the replacement value of the buildings, an increase of almost \$1.0 million in general funds due to projected utility expenses and an increase of \$0.5 million in general funds for Northern State University's E-Learning Program. Also included is a decrease of \$13.8 million in other fund expenditure authority for anticipated expenses, tuition, and fees.

The Governor recommends an ongoing increase of \$1.8 million in general funds for the Technical Colleges. This includes an increase of \$1.3 million in general funds for 6.0% inflation on the per-student allocation. It also includes an increase of \$0.3 million in general funds to fund the state's share of maintenance and repair at 1.75% of replacement value of state-owned buildings at the Technical Colleges.

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 \$70.8 million of the \$157.3 million in ongoing general fund increases. In terms of the total ongoing budget, this category is 36.5% of the general funds and 33.0% of the total ongoing funds, which amounts to nearly \$1.9 billion in total ongoing funding.

The Department of Social Services ongoing budget will increase by \$44.2 million in general funds and \$34.6 million in federal fund expenditure authority. Included in this amount is an increase of \$18.3 million in general funds and \$17.4 million in federal fund expenditure authority for discretionary

medical provider inflation of 6.0%, increases of \$10.6 million in general funds and \$14.1 million in federal fund expenditure authority is recommended for increased Medicaid utilization and costs and an increase of \$7.9 million in general funds, with a corresponding decrease in federal fund expenditure authority, is due to the Federal Medical Assistance Percentage (FMAP) rate change. It also includes increases of \$6.9 million in general funds and \$7.1 million in federal fund expenditure authority for inflationary adjustments required by the federal government, such as Medicare and certain federally qualified rural health clinics and an increase of \$1.6 million in general funds and \$0.5 million in federal fund expenditure authority for subsidized adoptions and guardianships. Finally, a decrease of 1.7 million in general funds with a corresponding increase in the Department of Human Services is due to the transfer of the Auxiliary Placement Program.

The Department of Human Services ongoing budget will increase by \$24.3 million in general funds and \$14.8 million in federal fund expenditure authority. Increases of \$13.0 million in general funds and \$15.9 million in federal fund expenditure authority are included for discretionary medical provider inflation of 6.0%. An increase of \$5.9 million in general funds, along with a decrease of \$6.1 million in federal fund expenditure authority, is due to the FMAP rate change. Increases of \$3.2 million in general funds and \$4.3 million in federal fund expenditure authority are due to an increase in eligibles under the Division of Developmental Disabilities. An increase of 1.7 million in general funds with a corresponding decrease in the Department of Social Services is due to the transfer of the Auxiliary Placement Program.

The ongoing budget for the Department of Health includes an increase of \$2.2 million in general funds, \$36.2 million in federal fund expenditure authority and \$2.6 million in other fund expenditure authority. This includes an increase of \$1.2 million in general funds and \$1.3 million in federal fund expenditure authority to expand the Bright Start home visiting program statewide. This also includes an increase of \$0.9 million in general funds for EMS enhancements for statewide telehealth capabilities. There is also an increase of \$2.6 million in other fund expenditure authority due to updated correctional healthcare projections.

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 an increase of \$2.7 million in general funds and a decrease of \$1.2 million in federal fund expenditure authority. This includes an increase of \$2.6 million in general funds within Correctional Healthcare due to updated projections and 6.0% provider inflation. This also includes an increase of \$0.2 million in general funds for 6.0% provider inflation for the adult placement providers. Lastly, decreases of \$0.1 million in general funds and \$1.2 million in federal fund expenditure authority within Juvenile Community Corrections due to updated utilization, 6.0% provider inflation, and FMAP changes.

The Governor is recommending an increase of \$24.7 million in general funds, \$11.4 million in federal fund expenditure authority, and \$29.7 million in other fund expenditure authority for a market adjustment for state employees' salaries of 6.0%. The Governor is also recommending increases of \$3.2 million in general funds, \$0.5 million in federal fund expenditure authority, and \$2.2 million in other fund expenditure authority to be distributed to state agencies for addressing artificial minimums and equity adjustments.

SUMMARY OF RECOMMENDED BUDGET ADJUSTMENTS

State Aid, Technical Colleges, Higher Education, and Education

- Includes State Aid to K-12 Education, Technical Colleges, Higher Education, and the Department of Education.
- \$53.2M increase out of \$157.3M total ongoing general fund increase.
- \$940.0M out of \$2.0B or 47.8% of total ongoing general funds.
- \$1.9B out of \$5.7B or 32.9% of total ongoing funds.

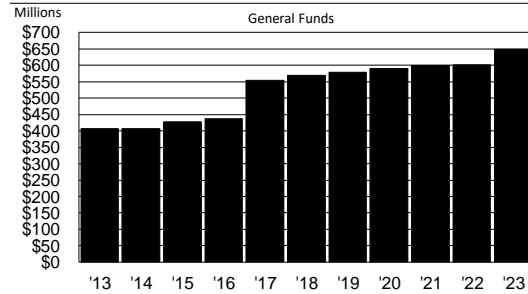
State Aid to K-12 Education	FTE	General	Federal	Other
State Aid to General Education		\$41,051,314		
State Aid to Special Education		\$6,339,816		
Sparsity		\$24,170		
Total	0.0	\$47,415,300	\$0	\$0

- Increase of \$41,051,314 in general funds for State Aid to General Education due to 6.0% inflation on the target teacher salary and an increase in enrollments.
- Increase of \$6,339,816 in general funds due to the rebase of reimbursement rate for the six special education disability categories.
- Increase of \$24,170 in general funds for sparsity payments due to 6.0% inflation and an adjustment in enrollment in sparse districts.

State Aid to Technical Colleges	FTE	General	Federal	Other
Technical College Formula		\$1,314,513		
Maintenance and Repair		\$332,696		
Instructor Salary Support		\$194,634		
Bond Payments		(\$18,084)		
Total	0.0	\$1,823,759	\$0	\$0

- Increase of \$1,314,513 in general funds for the Technical Colleges formula due to 6.0% inflation on the per student allocation.
- Increase of \$332,696 in general funds to fund the state's share of maintenance and repair at 1.75% of replacement value of state-owned buildings at the Technical Colleges.
- Increase of \$194,634 for 6.0% inflation of the instructor salary support pool.
- Decrease of \$18,084 in general funds to align funding with bond payment schedules.

State Aid to Schools



Note: Includes Technical Colleges and does not include stimulus in lieu of general funds

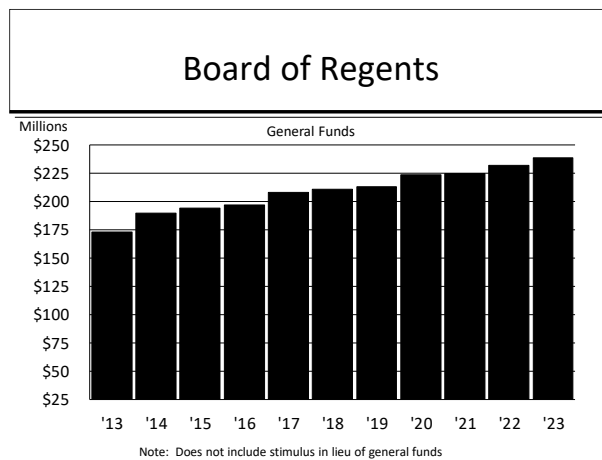
Education	FTE	General	Federal	Other
Promotion Tax Distribution		\$846,697		(\$846,697)
Birth to Three		\$2,956	(\$2,956)	
COVID Grants Federal Authority			\$150,000,000	
Various Federal Authority			\$6,924,528	
Total	0.0	\$849,653	\$156,921,572	(\$846,697)

- Increase of \$846,697 in general funds and a decrease of \$846,697 in other fund expenditure authority to eliminate the transfer of the half penny promotion tax distribution from the Department of Tourism.
- Increase of \$2,956 in general funds and a decrease of \$2,956 in federal fund expenditure authority in the Birth to Three program due to the change in the Federal Medical Assistance Percentage (FMAP).
- Increase of \$150,000,000 in federal fund expenditure authority due to various COVID grants.
- Increase of \$6,924,528 in federal fund expenditure authority for various federal grant increases.

Board of Regents	FTE	General	Federal	Other
Maintenance and Repair		\$1,740,031		
Utilities		\$938,277		
NSU E-Learning		\$491,000		
USD Coyote Small Business Consulting		\$88,050		
Critical Deferred Maintenance Lease Payment		(\$6,929)		
SDSD Harrisburg Contract Adjustment		(\$150,000)		
Expenditure Authority Adjustments	(47.0)		\$1,068,000	(\$13,830,673)
SDSU Small Meat Processor Training				\$150,000
Total	(47.0)	\$3,100,429	\$1,068,000	(\$13,680,673)

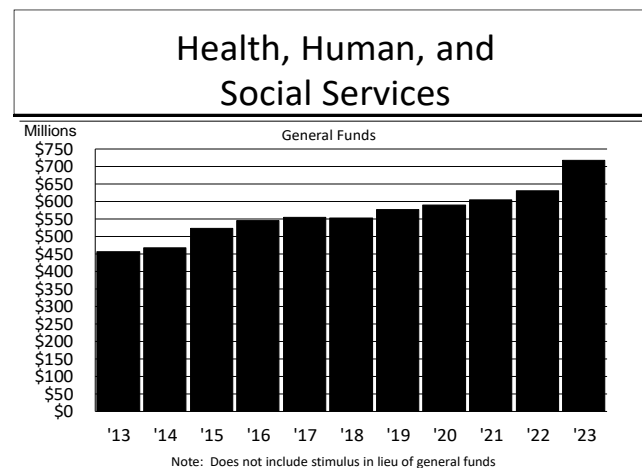
- Increase of \$1,740,031 in general funds to fund maintenance and repair at 1.75% of replacement value.
- Increase of \$938,277 in general funds for utility expenses.
- Increase of \$491,000 in general funds for Northern State University's E-Learning Program.

- Increase of \$88,050 in general funds for the University of South Dakota's Coyote Small Business Consulting Program.
- Decrease of \$6,929 in general funds based on the bond lease schedule.
- Decrease of \$150,000 in general funds based on a contract adjustment.
- Decreases of 47.0 FTE and \$13,830,673 in other fund expenditure authority and an increase of \$1,068,000 in federal fund expenditure authority for adjustments based on program costs.
- Increase of \$150,000 in other fund expenditure authority for South Dakota State University's Meat Processing Training Program.



Health, Human, and Social Services

- Includes Departments of Health, Human Services, and Social Services.
- \$70.8M increase out of \$157.3M total ongoing general fund increase.
- \$717.9M out of \$2.0B or 36.5% of total ongoing general funds.
- \$1.9B out of \$5.7B or 33.0% of total ongoing funds.



Health	FTE	General	Federal	Other
Bright Start Expansion		\$1,247,283	\$1,291,088	
EMS Enhancements		\$937,500		

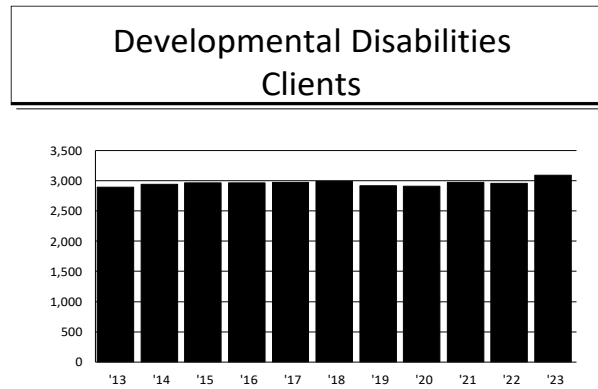
Rural Residency Track		\$29,018	\$14,740	
Health Protection Inspections		\$19,432		
COVID-19 Grants Expenditure Authority			\$32,161,206	
Correctional Healthcare				\$2,573,038
Informational Boards				\$8,040
Epidemiology, Surveillance, and Informatics				
Total	0.0	\$2,233,233	\$33,467,034	\$2,581,078

- Increases of \$1,247,283 in general funds and \$1,291,088 in federal fund expenditure authority to expand the Bright Start home visiting program statewide.
- Increase of \$937,500 in general funds for EMS enhancements for statewide telehealth capabilities.
- Increases of \$29,018 in general funds and \$14,740 in federal fund expenditure authority for 6.0% provider inflation and FMAP changes within the Rural Residency program.
- Increase of \$19,432 in general funds for the increase in the Department of Public Safety inspection rate.
- Increase of \$32,161,206 in federal fund expenditure authority for various COVID-19 grants that the department has received directly in response to the pandemic.
- Increase of \$2,573,038 in other fund expenditure authority within Correctional Health due to updated projections and provider inflation.
- Increase of \$8,040 in other fund expenditure authority within the informational budget of the Board of Dentistry.
- Creation of a new general bill center titled Epidemiology, Surveillance, and Informatics and realignment of federal fund expenditure authority budget from Family and Community Health.

Human Services	FTE	General	Federal	Other
Provider Inflation		\$13,036,215	\$15,920,922	\$355,128
Federal Medical Assistance Percentage		\$5,888,417	(\$6,076,625)	\$188,208
Developmental Disabilities		\$3,239,284	\$4,334,446	
Auxiliary Placement Program Transfer		\$1,696,289		
Home and Community Based Medical Supplies		\$788,091	\$1,054,534	
South Dakota Developmental Center	(12.0)	(\$319,882)	(\$428,030)	
Total	(12.0)	\$24,328,414	\$14,805,247	\$543,336

- Increases of \$13,036,215 in general funds, \$15,920,922 in federal fund expenditure authority, and \$355,128 in other fund expenditure authority for provider inflation of 6.0%.
- Increases of \$5,888,417 in general funds and \$188,208 in other fund expenditure authority with a corresponding decrease in federal fund expenditure authority for the change in FMAP.
- Increases of \$3,239,284 in general funds and \$4,334,446 in federal fund expenditure authority in the Division of Developmental Disabilities for an increase in eligibles in the home and community-based services.
- Increase of \$1,696,289 in general funds to transfer the general fund portion for auxiliary placement from the Department of Social Services to the Department of Human Services.

- Increases of \$788,091 in general funds and \$1,054,534 in federal fund expenditure authority for Medicaid State Plan eligible medical supplies in the Division of Developmental Disabilities.
- Decreases of 12.0 FTE, \$319,882 in general funds, and \$428,030 in federal fund expenditure authority for changes in personal services due to the right sizing initiative, utilities, and food service at the South Dakota Developmental Center.

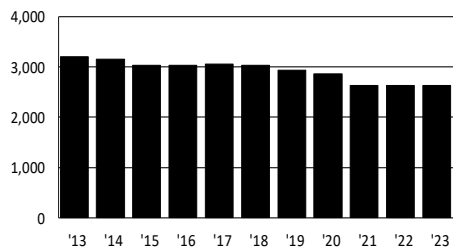


Social Services	FTE	General	Federal	Other
Provider Inflation		\$18,280,511	\$17,404,633	\$22,815
Medicaid and Chip Eligibles, Utilization, & Cost		\$10,569,909	\$14,143,463	
Federal Medical Assistance Percentage		\$7,899,799	(\$7,899,799)	
Mandatory Inflation		\$6,933,419	\$7,071,743	
Child Protection Adoptions and Guardianships		\$1,566,287	\$542,117	
Group Care		\$453,904	(\$453,904)	
Human Services Center		\$207,634		
Auxiliary Placement Program Transfer		(\$1,696,289)		
Behavioral Health Transformation			\$3,750,000	
Social Services Boards	(1.3)			\$4,000
Total	(1.3)	\$44,215,174	\$34,558,253	\$26,815

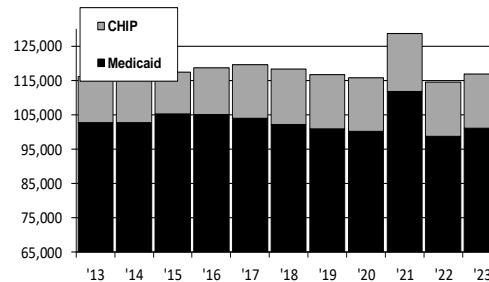
- Increases of \$18,280,511 in general funds, \$17,404,633 in federal fund expenditure authority, and \$22,815 in other fund expenditure authority for 6.0% provider inflation.
- Increases of \$10,569,909 in general funds and \$14,143,463 in federal fund expenditure authority for increased Medicaid utilization and costs.
- Increase of \$7,899,799 in general funds with a corresponding decrease in federal fund expenditure authority for the change in FMAP.
- Increases of \$6,933,419 in general funds and \$7,071,743 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.
- Increases of \$1,566,287 in general funds and \$542,117 in federal fund expenditure authority for an additional 86 adoption and 37 guardianship subsidies.
- Increase of \$453,904 in general funds with a corresponding decrease in federal fund expenditure authority due to changes in Group Care federal funding eligibility.

- Increase of \$207,634 in general funds at the Human Services Center due to food services and utilities adjustments.
- Decrease of \$1,696,289 in general funds due to transferring a portion of the Auxiliary Placement Program to DHS.
- Increase of \$3,750,000 in federal fund expenditure authority due to ARPA funding for behavioral health enhancements.
- Decrease of 1.3 FTE and an increase of \$4,000 in other fund expenditure authority due to operating expenses and realignment for the Social Services Boards.

TANF Case Load in South Dakota



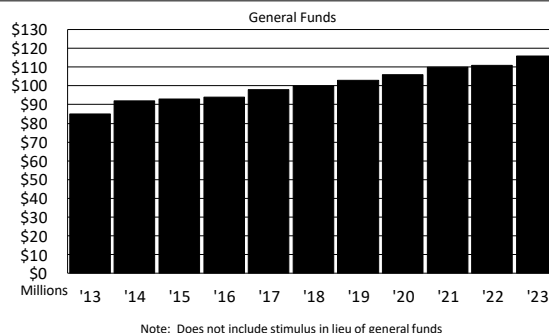
Medical Assistance Case Loads in South Dakota



Corrections

- Includes the Department of Corrections.
- \$2.7M increase out of \$157.3M total ongoing general fund increase.
- \$115.6M out of \$2.0B or 5.9% of total ongoing general funds.
- \$124.6M out of \$5.7B or 2.2% of total ongoing funds.

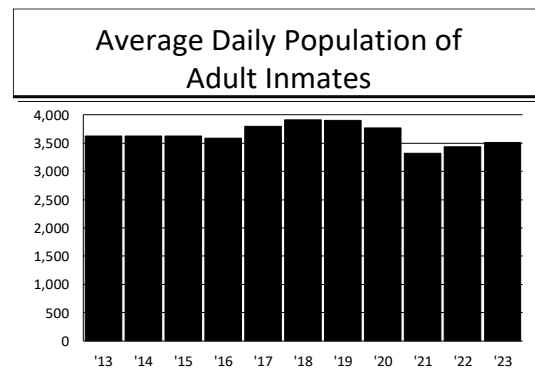
Corrections



Corrections	FTE	General	Federal	Other
Correctional Healthcare		\$2,595,853		
Adult Placements Provider Inflation		\$153,525		
Food Services		\$86,411		

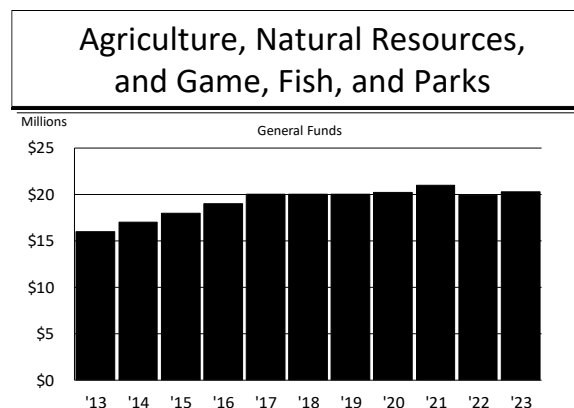
Utilities		\$3,048		
Juvenile Community Corrections		(\$135,947)	(\$1,199,088)	
Total	0.0	\$2,702,890	(\$1,199,088)	\$0

- Increase of \$2,595,853 in general funds within Correctional Healthcare due to updated projections and 6.0% provider inflation.
- Increase of \$153,525 in general funds for 6.0% provider inflation for the adult placement providers.
- Increase of \$86,411 in general funds for food services due to adjustments in inmate population and increased meal rates.
- Increase of \$3,048 in general funds for changes in utilities based off EnergyCAP projections.
- Decreases of \$135,947 in general funds and \$1,199,088 in federal fund expenditure authority within Juvenile Community Corrections due to updated utilization, 6.0% provider inflation, and FMAP changes.



Agriculture and Natural Resources and Game, Fish, and Parks

- Includes Departments of Agriculture and Natural Resources and Game, Fish, and Parks.
- \$2K decrease out of \$157.3M total ongoing general fund increase.
- \$20.3M out of \$2.0B or 1.0% of total ongoing general funds.
- \$197.9M out of \$5.7B or 3.5% of total ongoing funds.



Agriculture and Natural Resources	FTE	General	Federal	Other
Environmental Funding			\$200,000	
Informational Budgets	1.0			\$4,564,317
ADRDL Bond Payment				(\$206)
Agriculture Inspector	1.0			
Office of Water				
Total	2.0	\$0	\$200,000	\$4,564,111

- Increase of \$200,000 in federal fund expenditure authority due to new funding for the federal Sewer Overflow & Stormwater Reused Municipal Grant Program.
- Increases of 1.0 FTE and \$4,564,317 in other fund expenditure authority to align the informational budgets with anticipated expenditures.
- Decrease of \$206 in other fund expenditure authority for the annual bond payment for the Animal Disease Research Diagnostic Lab (ADRDL).
- Increase of 1.0 FTE for an agriculture inspector as inspection services are shifted to the Department of Agriculture and Natural Resources. There is a corresponding decrease from the Department of Public safety.
- Creation of a new general bill center titled Office of Water and realignment of FTE, general funds, federal fund expenditure authority, and other fund expenditure authority from the Division of Agriculture and Environmental Services.

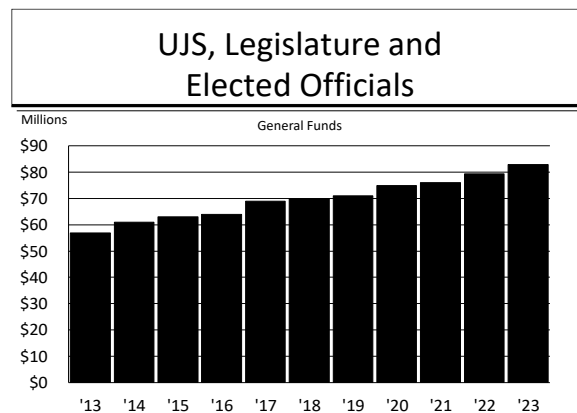
Game, Fish, and Parks	FTE	General	Federal	Other
Bond Payments		(\$2,334)		
Division of Parks & Recreation Capital Development			\$2,016,546	\$6,300,000
Division of Wildlife Operations	(0.2)		\$105,387	(\$902,801)
Division of Wildlife Capital Development			(\$7,575)	\$2,249,475
Division of Parks & Recreation Operations	(0.5)		(\$9,099)	\$992,622
Communications, Marketing & Outreach	0.7			\$183,580
Total	0.0	(\$2,334)	\$2,105,259	\$8,822,876

- Decrease of \$2,334 in general funds based on changes in bond payments.
- Increases of \$2,016,546 in federal fund expenditure authority and \$6,300,000 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 \$105,387 in federal fund expenditure authority and decreases of 0.2 FTE and \$902,801 in other fund expenditure authority to reflect activity-based cost increases in the Division of Wildlife maintenance and operations budget.
- Decrease of \$7,575 in federal fund expenditure authority and an increase of \$2,249,475 in other fund expenditure authority to align the budget with anticipated costs from the capital development project list in the Division of Wildlife.

- Decreases of 0.5 FTE and \$9,099 in federal fund expenditure authority and an increase of \$992,622 in other fund expenditure authority to reflect activity-based cost increases in the maintenance and operations budget of the state parks system.
- Transfer 0.7 FTE and \$183,580 in other fund expenditure authority from the Division of Parks & Recreation and the Division of Wildlife as resources are being shifted to Communications, Marketing, and Outreach.

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.
- \$1.3M increase out of \$157.3M total ongoing general fund increase.
- \$82.9M out of \$2.0B or 4.2% of total ongoing general funds.
- \$174.7M out of \$5.7B or 3.1% of total ongoing funds.



Legislature	FTE	General	Federal	Other
Legislator Salary		\$95,487		
Legislative Session Per Diem		\$21,287		
Total	0.0	\$116,774	\$0	\$0

- Increase of \$95,487 in general funds in the Legislative Research Council to align the budget with projected legislator salaries for FY2023. The legislator salary is set to equal one-fifth of South Dakota median household income.
- Increase of \$21,287 in general funds in the Legislative Research Council for an increase in the legislative per diem from \$151 to \$155.

Unified Judicial System	FTE	General	Federal	Other
Justice and Circuit Judge Salary		\$501,214		
Provider Inflation		\$177,639		
Court Security Funding				\$1,500,000
IT Operating Expenses				\$359,139
Total	0.0	\$678,853	\$0	\$1,859,139

- Increase of \$501,214 in general funds to increase Supreme Court Justice and Circuit Judge salary by 6%. This is the second year of increases per SB 139 from the 2021 legislative session.
- Increase of \$177,639 in general funds for 6.0% provider inflation.
- Increase of \$1,500,000 in other fund expenditure authority for the purposes of making security upgrades in courthouses.
- Increase of \$359,139 in other fund expenditure authority for increases in IT expenses, software licensing, and computer hardware updates.

Public Utilities Commission	FTE	General	Federal	Other
One Call Notification Board Informational Budget Adjustments				\$139,476
Budget Alignments				(\$6,180)
Total	0.0	\$0	\$0	\$133,296

- Increase of \$139,476 in other fund expenditure authority to align the One Call Notification Board budget with anticipated expenditures
- Decrease of \$6,180 in other fund expenditure authority to align the budget with anticipated expenditures.

Attorney General	FTE	General	Federal	Other
Human Trafficking State Coordinator	1.0	\$89,788		
General Crime Analyst	1.0	\$83,822		
Internet Crime Against Child (ICAC) Analyst	1.0	\$83,822		
Agent Office Rent		\$42,000		
Annual Maintenance Costs		\$29,265	\$30,000	\$15,000
Missing and Murdered Indigenous Person Specialist	1.0		\$84,848	
Consumer Protection Attorney	1.0			\$132,126
DNA Forensic Scientist	1.0			\$89,788
Total	6.0	\$328,697	\$114,848	\$236,914

- Increases of 1.0 FTE and \$89,788 in general funds for a Human Trafficking Coordinator to work with law enforcement and providers across the state to identify and prevent human trafficking.
- Increases of 1.0 FTE and \$83,822 in general funds for a General Crime Analyst to support General Crime Agents within the Division of Criminal Investigation.
- Increases of 1.0 FTE and \$83,822 in general funds for an Internet Crimes Against Children (ICAC) Analyst to support the South Dakota ICAC Task Force.
- Increase of \$42,000 in general funds for rent costs for the Division of Criminal Investigation in Brookings.
- Increases of \$29,265 in general funds, \$30,000 in federal fund expenditure authority, and \$15,000 in other fund expenditure authority for annual maintenance costs for various IT systems.

- Increases of 1.0 FTE and \$84,848 in federal fund expenditure authority to staff the Office of Liaison for Missing and Murdered Indigenous Persons, as created by HB 1199 during the 2021 legislative session.
- Increases of 1.0 FTE and \$89,788 in other fund expenditure authority for a DNA forensic scientist.

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

- No recommended changes to the FY23 budget.

School and Public Lands	FTE	General	Federal	Other
Land Agent	1.0	\$99,497		
Total	1.0	\$99,497	\$0	\$0

- Increases of 1.0 FTE and \$99,497 in general funds for a land agent position to keep up with the land agent duties in the Office of School and Public Lands.

State Auditor	FTE	General	Federal	Other
Operating Expenses		\$7,250		
Total	0.0	\$7,250	\$0	\$0

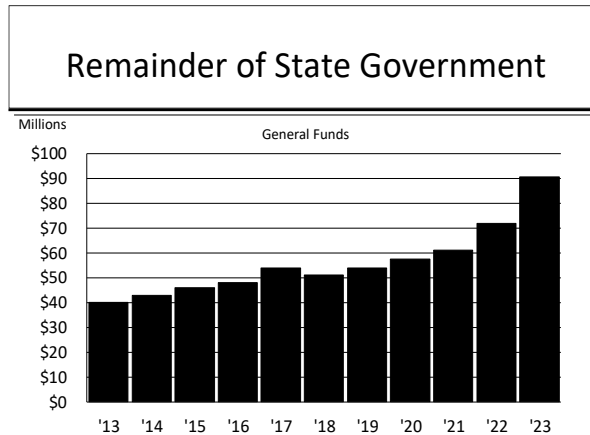
- Increase of \$7,250 in general funds to align budget with anticipated operating expenses.

State Treasurer	FTE	General	Federal	Other
Bank Fees and Software License		\$24,500		
Incentive Funding				\$748,207
Personal Services				\$243,205
Contractual Services				\$78,261
Total	0.0	\$24,500	\$0	\$1,069,673

- Increase of \$24,500 in general funds for the bank contract, and software to streamline the reconciliation process for the Office of the State Treasurer.
- Increase of \$748,207 in other fund expenditure authority to maintain funding of the incentive program at 200% of prior year base salaries of investment positions at the South Dakota Investment Council.
- Increase of \$243,205 in other fund expenditure authority for promotional increases at the South Dakota Investment Council.
- Increase of \$78,261 in other fund expenditure authority for various changes in contractual services at the South Dakota Investment Council.

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.
- \$29.4M increase out of \$157.3M total ongoing general fund increase.
- \$90.5M out of \$2.0B or 4.6% of total ongoing general funds.
- \$1.4B out of \$5.7B or 25.4% of total ongoing funds.



Executive Management	FTE	General	Federal	Other
State Employee Salary Policy Pool		\$24,746,814	\$11,420,348	\$29,708,269
Artificial Minimums and Equity Adjustments		\$3,216,512	\$476,329	\$2,150,920
BIT Infrastructure and Maintenance		\$761,000		\$1,833,200
Statewide Maintenance and Repair		\$285,440		
BFM Deputy Commissioner	1.0	\$149,381		
Coronavirus Stimulus Pool Expenditure Authority			\$100,000,000	
IT Modernization Fund				\$4,138,000
Learning Management System				\$300,000
Statewide Utilities				\$268,614
BIT Security and Compliance				\$165,000
BFM System Maintenance				\$85,344
EMFO Accountant	1.0			\$74,361
HEFA Realignment	(1.0)			
Management Analyst	0.0			
Total	1.0	\$29,159,147	\$111,896,677	\$38,723,708

- Increases of \$24,746,814 in general funds, \$11,420,348 in federal fund expenditure authority, and \$29,708,269 in other fund expenditure authority in the Bureau of Finance and Management (BFM) to be put in a funding pool to be distributed to state agencies for 6.0% salary policy.
- Increases of \$3,216,512 in general funds, \$476,329 in federal fund expenditure authority, and \$2,150,920 in other fund expenditure authority in the Bureau of Finance and Management (BFM) to be put in a funding pool to be distributed to state agencies for addressing artificial minimums and equity adjustments.

- Increase of \$761,000 in general funds in the Bureau of Information and Telecommunications for support costs related to the new state radio system, various contractual maintenance increases, and aging network equipment.
- Increase of \$285,440 in general funds to fund statewide maintenance and repair at 1.75% of replacement value.
- Increase of 1.0 FTE and \$149,381 in general funds within the Bureau of Finance and Management for a Deputy Commissioner.
- Increase of \$100,000,000 in federal fund expenditure authority within the Bureau of Finance and Management for an expenditure authority pool to be distributed to state agencies for the various Coronavirus stimulus funding that is received.
- Increase of \$4,138,000 in other fund expenditure authority within the Bureau of Information and Telecommunications for the IT Modernization Fund.
- Increase of \$300,000 in other fund expenditure authority within the Bureau of Human Resources for the implementation of a Learning Management System for state agencies.
- Increase of \$268,614 in other fund expenditure authority within the Bureau of Administration for statewide utilities per EnergyCAP.
- Increase of \$165,000 in other fund expenditure authority within the Bureau of Information and Telecommunications for various security and compliance requirements.
- Increase of \$85,344 in other fund expenditure authority within the Bureau of Finance and Management for annual maintenance costs related to the state's financial systems.
- Transfer of 1.0 FTE and an increase of \$74,361 in other fund expenditure authority for an additional Accountant within the Executive Management Finance Office from Health and Educational Facilities Authority.
- Transfer of 1.0 FTE within the Health and Educational Facilities Authority to the Executive Management Finance office.
- Increases of 1.0 FTE and \$74,583 in other fund expenditure authority in Bureau of Finance and Management and decreases of 1.0 FTE and \$74,583 from the Bureau of Information and Telecommunications for a Management Analyst.

Military	FTE	General	Federal	Other
Utilities		(\$3,426)	(\$8,611)	
Military Projects			\$3,000,000	
Total	0.0	(\$3,426)	\$2,991,389	\$0

- Decreases of \$3,426 in general funds and \$8,611 in federal fund expenditure authority for utilities per EnergyCAP.
- Increase of \$3,000,000 in federal fund expenditure authority in the deferred budget as the department continues to be awarded more federal military projects.

Veterans' Affairs	FTE	General	Federal	Other
FMAP		\$87,734	(\$87,734)	
Payor Mix		(\$514,819)	(\$772,229)	\$1,287,048
Operating Expenses				\$34,601
Total	0.0	(\$427,085)	(\$859,963)	\$1,321,649

- Increase of \$87,734 in general funds and a decrease of \$87,734 in federal fund expenditure authority for FMAP adjustments.
- Decreases of \$514,819 in general funds and \$772,229 in federal fund expenditure authority and an increase of \$1,287,048 in other fund expenditure authority due to the change in payor mix from Medicaid to the Prevailing Rate at the State Veterans Home.
- Increase of \$34,601 in other fund expenditure authority for align operating expenses at the State Veterans' Home.

Revenue	FTE	General	Federal	Other
Property Tax Specialist	1.0	\$70,046		
Contractual Services				\$114,500
Technology Project Manager	1.0			\$83,709
Total	2.0	\$70,046	\$0	\$198,209

- Increases of 1.0 FTE and \$70,046 in general funds for a Property Tax Specialist to focus on education and training of county officials and staff.
- Increase of \$114,500 in other fund expenditure authority due to increased rent for field offices and software to maintain municipality boundaries and tax rates.
- Increases of 1.0 FTE and \$83,709 in other fund expenditure authority for a Technology Project Manager to focus on major technology projects and the management of software systems.

Tourism	FTE	General	Federal	Other
Promotion Tax Distribution				\$846,697
Gaming and Tourism Promotion Tax				\$455,598
Special Events Director	1.0			\$106,560
Total	1.0	\$0	\$0	\$1,408,855

- Increase of \$846,697 in other fund expenditure authority to eliminate the transfer of the half penny promotion tax distribution to the Department of Education.
- Increase of \$455,598 in other fund expenditure authority to align budget with projected increase in gaming and tourism promotion tax revenues.
- Increases of 1.0 FTE and \$106,560 in other fund expenditure authority for a Special Events Director.

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

- No recommended changes to the FY23 budget.

Transportation	FTE	General	Federal	Other
Airport Construction			\$20,000,000	
Total	0.0	\$0	\$20,000,000	\$0

- Increase of \$20,000,000 in federal fund expenditure authority due to the Airport Improvement Program being 100% federally funded due to the COVID-19 pandemic.

Labor and Regulation	FTE	General	Federal	Other
Adult Education and Literacy Inflation		\$98,580		
Adult Education and Literacy Base Realignment		\$495,420		
Trust Examiners	2.0			\$147,039
Plumbing Inspector (Informational)	1.0			\$82,840
Total	3.0	\$594,000	\$0	\$229,879

- Increase of \$98,580 in general funds for 6.0% inflationary increase for Adult Education and Literacy providers.
- Increases of \$495,420 in general funds to align the budget to reflect today's costs including increased teacher compensation, facility costs, and virtual services.
- Increases of 2.0 FTE and \$147,039 in other fund expenditure authority for additional trust examiners to keep up with continued growth in trust assets.
- Increases of 1.0 FTE and \$82,840 in other fund expenditure authority for a plumbing inspector to keep up with growth in the construction industry.

Retirement	FTE	General	Federal	Other
No changes				
Total	0.0	\$0	\$0	\$0

- No recommended changes to the FY23 budget.

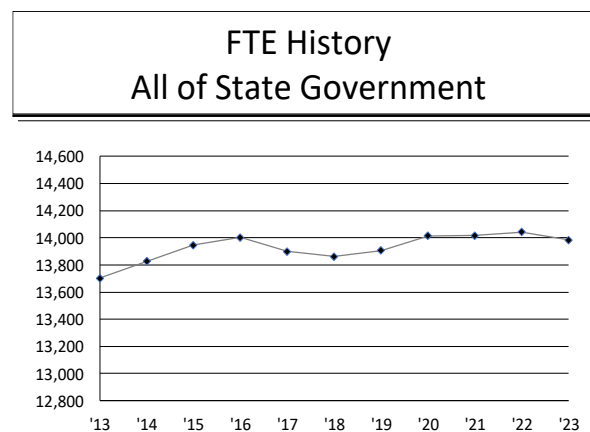
Public Safety	FTE	General	Federal	Other
Driver Licensing Positions	4.0			\$279,147
State Radio Contract		\$24,524		
Victims' Compensation Fund				\$37,269
Move Hemp Inspector to DANR	(1.0)			(\$56,959)
Total	3.0	\$24,524	\$0	\$259,457

- Increases of 4.0 FTE and \$279,147 in other fund expenditure authority to hire additional driver licensing staff to accommodate for population increases across the state.
- Increase of \$24,524 in general funds for inflationary increases for state radio contracts.

- Increase of \$37,269 in other fund expenditure authority for 6.0% provider inflation in the Victim's Compensation Fund.
- Decreases of 1.0 FTE and \$56,959 in other fund expenditure authority to transfer a hemp inspector to DANR.

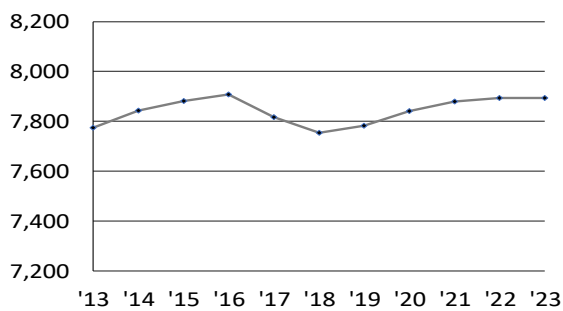
Full-Time Equivalent Employee Change

- The total appropriated FTE across all of state government rose from 13,702.3 in FY2013 to a recommended level of 13,983.9 for FY2023.
- This is an increase of 281.6, or 2.1%, over the decade. The recommended change in FTE for FY2023 is a decrease of 41.3 across state government.

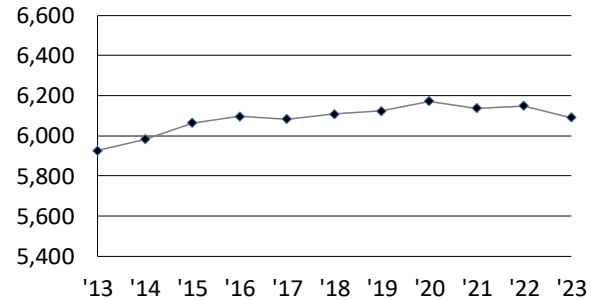


- For offices outside the control of the Governor, total appropriated FTE changed from 5,927.4 in FY2013 to a recommended level of 6,091.0 for FY2023. This is a net increase of 163.3.4, or 2.8%, over the decade.
- The recommended changes for these offices in the FY2023 budget are a reduction of 40.0 FTE.
- For agencies under direct control of the Governor, total appropriated FTE changed from 7,774.9 in FY2013 to a recommended level of 7,892.9 for FY2023. This is a net increase of 118.0 or 1.5%, over the decade.
- The recommended changes for these agencies in the FY2023 budget are a decrease of 1.3 FTE.

FTE History for Offices Under Control of Governor



FTE History for Offices Outside Control of Governor



Summary of Reorganizations

Department of Agriculture & Natural Resources: A reorganization is recommended within the Department of Agriculture & Natural Resources. The budget reorganization moves FTE, general funds, federal fund expenditure authority, and other fund expenditure authority from the Division of Agriculture and Environmental Services to a newly created general bill center, Office of Water.

Department of Health: A reorganization is recommended within the Department of Health. The budget reorganization moves FTE and federal fund expenditure authority from the Division of Family and Community Health to a newly created general bill center, Epidemiology, Surveillance, and Informatics.

SPECIAL APPROPRIATION RECOMMENDATIONS

FY2022 EMERGENCY SPECIAL APPROPRIATIONS	FTE	GENERAL FUNDS	FEDERAL FUNDS	OTHER FUNDS	TOTAL
Workforce Housing Infrastructure		\$ 150,000,000	\$ 50,000,000		\$ 200,000,000
Dakota State University Cyber Program Expansion		\$ 30,000,000			\$ 30,000,000
Rapid City Community Work Center for Women		\$ 28,012,008			\$ 28,012,008
Custer State Park Expansion		\$ 9,890,640			\$ 9,890,640
Cultural Heritage Center Renovation		\$ 8,881,785		\$ 3,301,800	\$ 12,183,585
Lake Area Technical College Advanced Manufacturing Lab Space		\$ 7,500,000			\$ 7,500,000
Richmond Dam Replacement		\$ 6,500,000			\$ 6,500,000
Flood Repair Projects		\$ 5,600,000			\$ 5,600,000
Mitchell Technical College Agriculture and Diesel Power Space		\$ 5,000,000			\$ 5,000,000
Southeast Technical College Health Sciences Simulation Equipment		\$ 4,500,000			\$ 4,500,000
Emergency and Disaster Fund		\$ 2,946,882			\$ 2,946,882
Rapid City Firearms Range Complex		\$ 2,500,000		\$ 2,500,000	\$ 5,000,000
Volunteer Fire Service Assistance		\$ 2,000,000			\$ 2,000,000
Reemployment Assistance System Upgrade		\$ 1,500,000	\$ 6,500,000		\$ 8,000,000
Extraordinary Litigation Fund		\$ 1,500,000			\$ 1,500,000
Wildland Fire Suppression Fund		\$ 1,059,318			\$ 1,059,318
Rural Recruitment Assistance Programs		\$ 1,028,104			\$ 1,028,104
Wagner National Guard Readiness Center Addition		\$ 1,000,000	\$ 3,000,000		\$ 4,000,000
State Radio Towers		\$ 750,000			\$ 750,000
Capitol Lake Master Plan		\$ 500,000	\$ 3,000,000		\$ 3,500,000
Sioux Falls National Guard Readiness Center		\$ 500,000			\$ 500,000
Tax Refunds for the Elderly and Disabled		\$ 450,000			\$ 450,000
National Guard Cold Storage Replacement		\$ 225,000	\$ 675,000		\$ 900,000
Environmental Funding Projects (Local)			\$ 600,000,000		\$ 600,000,000
SD Public Health Lab Expansion and Remodel			\$ 69,615,000		\$ 69,615,000
Environmental Funding Projects (State)			\$ 60,000,000		\$ 60,000,000
Broadband			\$ 50,000,000		\$ 50,000,000
Northern State University Lincoln Hall Renovations and Expansion			\$ 29,500,000		\$ 29,500,000
Black Hills State University West River Nursing Renovation and Expansion			\$ 8,000,000		\$ 8,000,000
Women's Prison Healthcare Improvements			\$ 5,750,000		\$ 5,750,000
Governor's 2022 Omnibus Water Funding Bill			\$ 150,000	\$ 15,346,227	\$ 15,496,227
Kinsman Building Addition				\$ 1,450,000	\$ 1,450,000
Highway Patrol Storage Garage				\$ 557,330	\$ 557,330
Veterans' Cemetery Road Construction				\$ 500,000	\$ 500,000
TOTAL FY2022 EMERGENCY SPECIAL APPROPRIATIONS	0.0	\$ 271,843,737	\$ 886,190,000	\$ 23,655,357	\$ 1,181,689,094

NOTE: FY2022 emergency special appropriations become available for expenditure upon passage of the bill and are included in the FY2022 column of the General Fund Condition Statement.
The Governor is recommending total emergency special appropriations of \$271,843,737 in general funds, \$886,190,000 in federal fund expenditure authority, and \$23,655,357 in other fund expenditure authority. The following paragraphs highlight each recommended emergency special appropriation.

- **Workforce Housing Infrastructure:** The Governor is recommending \$150,000,000 in general funds and \$50,000,000 in federal fund expenditure authority to partner with local governments and developers for workforce housing infrastructure in South Dakota.
- **Dakota State University Cyber Program Expansion:** The Governor is recommending \$30,000,000 in general funds to enhance and expand cyber program offerings at DSU and launch the Governor's Cyber Academy in every South Dakota high school.
- **Rapid City Community Work Center for Women:** The Governor is recommending \$28,012,008 in general funds for the construction of a community work center for women in Rapid City due to overcrowding in the Women's Prison.
- **Custer State Park Expansion:** The Governor is recommending \$9,890,640 in general funds for a campground and trail expansion project at Custer State Park.
- **Cultural Heritage Center Renovation:** The Governor is recommending \$8,881,785 in general funds and \$3,301,800 in other fund expenditure authority for maintenance projects and building renovations at the Cultural Heritage Center.
- **Lake Area Technical College Advanced Manufacturing Lab Space:** The Governor is recommending \$7,500,000 in general funds to match private funds to build advanced manufacturing lab space at Lake Area Technical College.
- **Richmond Dam Replacement:** The Governor is recommending \$6,500,000 in general funds for costs associated with the replacement of Richmond Dam.
- **Flood Repair Projects:** The Governor is recommending \$5,600,000 in general funds for costs associated with flood damage repairs to state recreation and wildlife management areas.
- **Mitchell Technical College Agriculture and Diesel Power Space:** The Governor is recommending \$5,000,000 in general funds to match private funds to build technical labs and shop spaces for the Agriculture and Diesel Power programs at Mitchell Technical College.
- **Southeast Technical College Health Sciences Simulation Equipment:** The Governor is recommending \$4,500,000 in general funds to support equipment needs at Southeast Technical College's Health Sciences Clinical Simulation Center.
- **Emergency and Disaster Fund:** The Governor is recommending \$2,946,882 in general funds to be deposited into the Emergency and Disaster Special Fund for costs related to emergencies and disasters in South Dakota.

- **Rapid City Firearms Range Complex:** The Governor is recommending \$2,500,000 in general funds and \$2,500,000 in other fund expenditure authority for the construction of a firearms range complex near Rapid City.
- **Volunteer Fire Service Assistance:** The Governor is recommending \$2,000,000 in general funds to provide assistance and training equipment to volunteer fire departments across the state.
- **Reemployment Assistance System Upgrade:** The Governor is recommending \$1,500,000 in general funds and \$6,500,000 in federal fund expenditure authority to update the Reemployment Assistance Enterprise system into modern technology.
- **Extraordinary Litigation Fund:** The Governor is recommending \$1,500,000 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.
- **Wildland Fire Suppression Fund:** The Governor is recommending \$1,059,318 in general funds to be deposited into the Wildland Fire Suppression Fund for costs related to the suppression of wildfires in South Dakota.
- **Rural Recruitment Assistance Programs:** The Governor is recommending \$1,028,104 in general funds to recruit medical professionals to rural communities.
- **Wagner National Guard Readiness Center Addition:** The Governor is recommending \$1,000,000 in general funds and \$3,000,000 in federal fund expenditure authority for an addition to the Wagner National Guard Readiness Center.
- **State Radio Towers:** The Governor is recommending \$750,000 in general funds for additional coverage in Redfield and White River.
- **Capitol Lake Master Plan:** The Governor is recommending \$500,000 in general funds and \$3,000,000 in federal fund expenditure authority for the Bureau of Administration for a master plan for the Capitol Lake area and for associated water projects.
- **Sioux Falls National Guard Readiness Center:** The Governor is recommending \$500,000 in general funds for the construction of a National Guard Readiness Center in Sioux Falls.
- **Tax Refunds for the Elderly and Disabled:** The Governor is recommending \$450,000 in general funds for tax refunds to elderly and disabled individuals who meet income guidelines.
- **National Guard Cold Storage Replacement:** The Governor is recommending \$225,000 in general funds and \$675,000 in federal fund expenditure authority for the construction of a cold storage building at the Range Road Readiness Center in Rapid City.
- **Environmental Funding Projects (Local):** The Governor is recommending \$600,000,000 in federal fund expenditure authority to support eligible improvements to water and sewer infrastructure projects throughout the state.
- **SD Public Health Lab Expansion and Remodel:** The Governor is recommending \$69,615,000 in federal fund expenditure authority for an expansion of the Public Health Lab and for a remodel of the existing space.
- **Environmental Funding Projects (State):** The Governor is recommending \$60,000,000 in federal fund expenditure authority to various state agencies to make improvements to the water and sewer infrastructure of state-owned facilities.
- **Broadband:** The Governor is recommending \$50,000,000 in federal fund expenditure authority to increase access to broadband services throughout South Dakota.
- **Northern State University Lincoln Hall Renovations and Expansion:** The Governor is recommending \$29,500,000 in federal fund expenditure authority to add additional space and classroom capabilities for Northern State University's College of Professional Studies, Admissions Office, and the SDSU Accelerated Nursing Program.
- **Black Hills State University West River Nursing Renovation and Expansion:** The Governor is recommending \$8,000,000 in federal fund expenditure authority to consolidate all West River Regental nursing programs into the BHSU - Rapid City building. This will allow for the nursing program capacity to grow, as well as keep all didactic, laboratory, and other educational opportunities in the same location.
- **Women's Prison Healthcare Improvements:** The Governor is recommending \$5,750,000 in federal fund expenditure authority for the Department of Corrections to make improvements to the healthcare facility at the Women's Prison.
- **Governor's 2022 Omnibus Water Funding Bill:** The Governor is recommending \$150,000 in federal fund expenditure authority and \$15,346,227 in other fund expenditure authority for water development, solid waste, and water quality improvement projects throughout the state.
- **Kinsman Building Addition:** The Governor is recommending \$1,450,000 in other fund expenditure authority for an addition to the Kinsman Building to allow the Bureau of Administration to house all Buildings and Grounds staff in one location on the Capitol Complex.
- **Highway Patrol Storage Garage:** The Governor is recommending \$557,330 in other fund expenditure authority to construct a four-bay garage at the Rapid City Highway Patrol office.
- **Veterans' Cemetery Road Construction:** The Governor is recommending \$500,000 in other fund expenditure authority for the construction of the road leading to the State Veterans' Cemetery.

FY2022 GENERAL BILL AMENDMENTS	FTE	GENERAL FUNDS	FEDERAL FUNDS	OTHER FUNDS	TOTAL
Changes in Medicaid and CHIP Eligibles		\$ 25,371,738	\$ 41,201,240		\$ 66,572,978
Victims Services - Grant Supplement		\$ 3,291,000			\$ 3,291,000
Correctional Healthcare		\$ 1,052,672		\$ 1,052,672	\$ 2,105,344
Home and Community-Based Medical Supplies		\$ 763,031	\$ 1,079,594		\$ 1,842,625
Wildland Fire Equipment		\$ 680,000			\$ 680,000
Drill Rig/Water Trucks for Geological Survey		\$ 675,000			\$ 675,000
Developmental Disabilities Eligibles and Utilization		\$ 574,353	\$ 812,639		\$ 1,386,992
Various Statewide Utilities		\$ 315,242	\$ (46,383)	\$ 118,563	\$ 387,422
IT Systems and Updates		\$ 217,650	\$ 30,000	\$ 150,000	\$ 397,650
Black Hills State University Ellsworth Airforce Base Contract		\$ 209,080			\$ 209,080
Crime Scene Response Vehicle		\$ 149,750			\$ 149,750
Legislative Salaries and Per Diem		\$ 84,224			\$ 84,224
Office of the State Auditor Operating Expenses		\$ 31,050			\$ 31,050
Technical Colleges Formula		\$ (181,004)			\$ (181,004)
Food Services		\$ (189,321)			\$ (189,321)
Drug/DUI Court Treatment		\$ (265,583)			\$ (265,583)
South Dakota Developmental Center Personal Services Reduction		\$ (574,353)	\$ (812,639)		\$ (1,386,992)
Dual Credit Reduction		\$ (615,291)			\$ (615,291)
State Aid Revision		\$ (8,800,000)			\$ (8,800,000)
CRF Public Health and Public Safety Payroll		\$ (39,061,505)	\$ 39,061,505		\$ -
6.2% Enhanced FMAP		\$ (49,228,784)	\$ 47,361,286	\$ (643,502)	\$ (2,511,000)
COVID-19 Federal Grant Expenditure Authority			\$ 622,719,163		\$ 622,719,163
10% Enhanced FMAP for Home and Community-Based Services			\$ 80,700,000		\$ 80,700,000
LIFEPAK Replacement Initiative			\$ 11,610,222		\$ 11,610,222
Department of Education Federal Fund Expenditure Authority			\$ 6,924,528		\$ 6,924,528
Department of the Military Officer Training Quarters Remodel			\$ 3,000,000		\$ 3,000,000
Department of Labor and Regulation CAREER Grant			\$ 2,100,000		\$ 2,100,000
Emergency Medical Services Telehealth Services			\$ 1,737,500		\$ 1,737,500
Secretary of State Federal Fund Expenditure Authority			\$ 1,500,000		\$ 1,500,000
License Plate Reissuance				\$ 9,900,000	\$ 9,900,000
IT Modernization Fund				\$ 4,138,000	\$ 4,138,000
Highway Funds for GFP Road Projects				\$ 2,800,000	\$ 2,800,000
Various IT Services and Software				\$ 765,500	\$ 765,500
Human Trafficking Law Enforcement Trainings				\$ 200,000	\$ 200,000
Plumbing Inspector (Informational)	1.0			\$ 82,840	\$ 82,840
Executive Management Finance Office Accountant	1.0			\$ 74,361	\$ 74,361
Health and Educational Facilities Authority Realignment	(1.0)				\$ -
Veterans' Home Solar Field Loan				\$ 56,168	\$ 56,168
Management Analyst	0.0			\$ -	\$ -
TOTAL FY2022 GENERAL BILL AMENDMENTS	1.0	\$ (65,501,051)	\$ 858,978,655	\$ 18,694,602	\$ 812,172,206

NOTE: FY2022 general bill amendments are changes needing to be made to the FY2022 General Appropriations Act and are included in the FY2022 column of the General Fund Condition Statement.

The Governor is recommending total general bill amendments of 1.0 FTE, (\$65,501,051) in general funds, \$858,978,655 in federal fund expenditure authority, and \$18,694,602 in other fund expenditure authority. The following paragraphs highlight the recommended changes to the FY2022 General Bill.

- **Changes in Medicaid and CHIP Eligibles:** The Governor is recommending an increase of \$25,371,738 in general funds and \$41,201,240 in federal fund expenditure authority to cover increased Medicaid and CHIP eligibles and expenditures due to the maintenance of effort with the public health emergency.
- **Victims Services - Grant Supplement:** The Governor is recommending an increase of \$3,291,000 in general funds be used to make up shortfalls in federal Victims of Crime Act grants that have resulted from federal cuts to the program.
- **Correctional Healthcare:** The Governor is recommending an increase of \$1,052,672 in general funds and \$1,052,672 in other fund expenditure authority to fund correctional healthcare based on expenditures, patient count, and inflation.
- **Home and Community-Based Medical Supplies:** The Governor is recommending an increase of \$763,031 in general funds and \$1,079,594 in federal fund expenditure authority for Medicaid State Plan eligible medical supplies in the Division of Developmental Disabilities.
- **Wildland Fire Equipment:** The Governor is recommending an increase of \$680,000 in general funds to purchase equipment for Wildland Fire to aid in fire suppression efforts.
- **Drill Rig/Water Truck for Geological Survey:** The Governor is recommending an increase of \$675,000 in general funds to purchase a new drill rig and water tank in the Geological Survey Program.
- **Developmental Disabilities Eligibles and Utilization:** The Governor is recommending an increase of \$574,353 in general funds and \$812,639 in federal fund expenditure authority to cover increased expenditures in the Home and Community Based Services.
- **Various Statewide Utilities:** The Governor is recommending an increase of \$315,242 in general funds and \$118,563 in other fund expenditure authority and a decrease of \$46,383 in federal fund expenditure authority for adjustments in utilities based on projected usage and utility costs.
- **IT Systems and Updates:** The Governor is recommending an increase of \$217,650 in general funds, \$30,000 in federal fund expenditure authority, and \$150,000 in other fund expenditure authority to update and replace various IT systems within the Office of the Attorney General.
- **Black Hills State University Ellsworth Airforce Base Contract:** The Governor is recommending an increase of \$209,080 in general funds to provide funding for on-installation education at Ellsworth Airforce Base.
- **Crime Scene Response Vehicle:** The Governor is recommending an increase of \$149,750 in general funds for the purchase of a crime scene response vehicle to increase the investigative ability of agents within the Division of Criminal Investigation.

- **Legislative Salaries and Per Diem:** The Governor is recommending an increase of \$84,224 in general funds due to changes in the legislator salary and the increase in per diem rate.
- **Office of the State Auditor Operating Expenses:** The Governor is recommending an increase of \$31,050 in general funds to align budget with anticipated expenditures.
- **Technical Colleges Formula:** The Governor is recommending a decrease of \$181,004 in general funds due to updated full-time equivalent student numbers.
- **Food Services:** The Governor is recommending a decrease of \$189,321 in general funds due to meal rate and population changes at the adult correctional facilities.
- **Drug/DUI Court Treatment:** The Governor is recommending a decrease of \$265,583 in general funds to align with projected clients for the remainder of FY2022.
- **South Dakota Developmental Center Personal Services Reduction:** The Governor is recommending a decrease of \$574,353 in general funds and \$812,639 in federal fund expenditure authority to align with anticipated personal services expenditures in FY2022.
- **Dual Credit Reduction:** The Governor is recommending a decrease of \$615,291 in general funds due to lower than projected dual credit enrollments.
- **State Aid Revision:** The Governor is recommending a decrease of \$8,800,000 in general funds due to lower than projected student numbers and higher than projected property tax valuations in FY2022.
- **CRF Public Health and Public Safety Payroll:** The Governor is recommending a decrease of \$39,061,505 in general funds and an increase of \$39,061,505 in federal fund expenditure authority as agencies were able to code payroll for public health and public safety employees to the Coronavirus Relief Fund.
- **6.2% Enhanced FMAP:** The Governor is recommending a decrease of \$49,228,784 in general funds and \$643,502 in other fund expenditure authority and an increase of \$47,361,286 in federal fund expenditure authority for three quarters of general fund and other fund savings and the federal fund expenditure authority needed due to the 6.2% enhanced FMAP. The 6.2% enhanced FMAP will continue until the end of the quarter that the public health emergency ends.
- **COVID-19 Federal Grant Expenditure Authority:** The Governor is recommending an increase of \$622,719,163 in federal fund expenditure authority for COVID-related grants received by several agencies from the federal government.
- **10% Enhanced FMAP for Home and Community-Based Services:** The Governor is recommending an increase of \$80,700,000 in federal fund expenditure authority to reinvest in home and community-based services to enhance, expand, or strengthen these services as a result of the American Rescue Plan
- **LIFEPAK Replacement Initiative:** The Governor is recommending \$11,610,222 in federal fund expenditure authority for the Department of Health to purchase 345 street ready LIFEPAK 15 devices for ambulance services across the state.
- **Department of Education Federal Fund Expenditure Authority:** The Governor is recommending an increase of \$6,924,528 in federal fund expenditure authority due to increases in federal grants.
- **Department of the Military Officer Training Quarters Remodel:** The Governor is recommending an increase of \$3,000,000 in federal fund expenditure authority to remodel officer training quarters at Camp Rapid.
- **Department of Labor and Regulation CAREER Grant:** The Governor is recommending \$2,100,000 in federal fund expenditure authority to add additional capabilities to the SDWORKS system to better serve the public.
- **Emergency Medical Services Telehealth Services:** The Governor is recommending an increase of \$1,737,500 in federal fund expenditure authority for the Department of Health to equip emergency medical transportation with telehealth capabilities.
- **Secretary of State Federal Fund Expenditure Authority:** The Governor is recommending an increase of \$1,500,000 in federal fund expenditure authority for the return of unused federal funding for local governments.
- **License Plate Reissuance:** The Governor is recommending an increase of \$9,900,000 in other fund expenditure authority for the Department of Revenue and the Department of Corrections for license plate reissuance.
- **IT Modernization Fund:** The Governor is recommending an increase of \$4,138,000 in other fund expenditure authority to be able to spend funds appropriated to the IT Modernization Fund.
- **Highway Funds for GFP Road Projects:** The Governor is recommending an increase of \$2,800,000 in other fund expenditure authority for road projects leading to and in the state parks as approved by the Transportation Commission.
- **Various IT Services and Software:** The Governor is recommending an increase of \$765,500 in other fund expenditure authority for updates to IT services and software within the Bureau of Information and Telecommunications.
- **Human Trafficking Law Enforcement Trainings:** The Governor is recommending \$200,000 in other fund expenditure authority to offer trainings related to human trafficking for law enforcement across the state.
- **Plumbing Inspector (Informational):** The Governor is recommending increases of 1.0 FTE and \$82,840 in other fund expenditure authority for a plumbing inspector to keep up with growth in the construction industry.
- **Executive Management Finance Office Accountant:** The Governor is recommending a transfer of 1.0 FTE and an increase of \$74,361 in other fund expenditure authority for an additional Accountant within the Executive Management Finance Office from Health and Educational Facilities Authority.
- **Health and Educational Facilities Authority Realignment:** The Governor is recommending a transfer of 1.0 FTE from the Health and Educational Facilities Authority to the Executive Management Finance Office.
- **Veterans' Home Solar Field Loan:** The Governor is recommending an increase of \$56,168 in other fund expenditure authority for the solar field loan payment at the State Veterans' Home.
- **Management Analyst:** The Governor is recommending a reduction of 1.0 FTE and \$74,583 in other fund expenditure authority within the Bureau of Information and Telecommunications and an increase of 1.0 FTE and \$74,583 in other fund expenditure authority within the Bureau of Finance and Management for a Management Analyst.

FY2022 EXPENDITURE TRANSFERS	FTE	GENERAL FUNDS	FEDERAL FUNDS	OTHER FUNDS	TOTAL
Court Security Fund		\$ 5,000,000			\$ 5,000,000
IT Modernization Fund		\$ 4,138,000			\$ 4,138,000
TOTAL FY2022 EXPENDITURE TRANSFERS	0.0	\$ 9,138,000	\$ -	\$ -	\$ 9,138,000

NOTE: FY2022 expenditure transfers are included in the FY2022 column of the General Fund Condition Statement.

The Governor is recommending total expenditure transfers of \$9,138,000 in general funds. The following paragraphs highlight the recommended expenditure transfers.

- **Court Security Fund:** The Governor is recommending \$5,000,000 in general funds be transferred to the Court Security Fund to update security in courthouses.
- **IT Modernization Fund:** The Governor is recommending \$4,138,000 in general funds be transferred to the IT Modernization Fund within the Bureau of Information and Telecommunications to upgrade various statewide databases.

**GOVERNOR NOEM'S RECOMMENDATION FOR THE FY2023
STATE EMPLOYEE COMPENSATION PLAN**

	<u>GENERAL FUNDS</u>	<u>FEDERAL FUNDS</u>	<u>OTHER FUNDS</u>	<u>TOTAL FUNDS</u>
MARKET ADJUSTMENT:	\$24,746,814	\$11,420,348	\$29,708,269	\$ 65,875,431

The Governor is recommending a 6.0% market adjustment for state employees.

HEALTH INSURANCE:	\$ -	\$ -	\$ -	\$ -
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No change to the employer paid portion of the State Employee Health Insurance Plan is being recommended.

ARTIFICIAL MINIMUMS AND EQUITY ADJUSTMENTS	\$ 3,216,512	\$ 476,329	\$ 2,150,920	\$ 5,843,761
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The Governor is recommending adjustments to artificially low pay range minimums as well as pay adjustments targeted to specific job classes to address market equity concerns.

TOTAL COST OF RECOMMENDED STATE EMPLOYEE COMPENSATION PLAN:	<u>\$27,963,326</u>	<u>\$11,896,677</u>	<u>\$31,859,189</u>	<u>\$ 71,719,192</u>
REMAINING FY2022 POOL:	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL INCREASE FOR RECOMMENDED STATE EMPLOYEE COMPENSATION PLAN:	<u>\$27,963,326</u>	<u>\$11,896,677</u>	<u>\$31,859,189</u>	<u>\$ 71,719,192</u>

For FY2023, 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 FY2023
GENERAL FUND BASE BUDGET**

GENERAL BILL	FTE EXPANSION/ (REDUCTION)	GENERAL FUND EXPANSION/ (REDUCTION)	TOTAL GENERAL FUND RECOMMENDATION
Administration	0.0	285,440.0	17,620,475
Agriculture and Natural Resources	2.0	0	13,755,663
Attorney General	6.0	328,697	13,864,560
Corrections	0.0	2,702,890	115,574,373
Education (Excluding State Aid and Technical Colleges)	0.0	849,653	19,331,576
State Aid to Education		47,415,300	649,146,628
Technical Colleges		1,823,759	32,482,802
Finance and Management	2.0	149,381	1,237,122
Employee Compensation Package		27,963,326	27,963,326
Game, Fish, and Parks	0.0	(2,334)	6,532,992
Office of the Governor (Excluding GOED)	0.0	0	2,666,853
Governor's Office of Economic Development	0.0	0	11,587,007
Health	0.0	2,233,233	12,652,226
Human Resources	0.0	0	305,058
Human Services	(12.0)	24,328,414	224,408,116
Information and Telecommunications	(1.0)	761,000	8,832,144
Labor and Regulation	3.0	594,000	2,906,767
Legislature	0.0	116,774	11,732,848
Military	0.0	(3,426)	4,160,872
Public Safety	3.0	24,524	6,600,042
Public Utilities Commission	0.0	0	635,788
Regents	(47.0)	3,100,429	239,034,684
Retirement	0.0	0	0
Revenue	2.0	70,046	982,990
School and Public Lands	1.0	99,497	707,860
Secretary of State	0.0	0	1,134,116
Social Services	(1.3)	44,215,174	480,849,912
State Auditor	0.0	7,250	1,425,142
State Treasurer (Including Investment Council)	0.0	24,500	609,879
Tourism	1.0	0	0
Transportation	0.0	0	605,989
Tribal Relations	0.0	0	730,696
Unified Judicial System	0.0	678,853	52,785,491
Veterans' Affairs	0.0	(427,085)	4,322,699
TOTAL FY2023 GENERAL BILL RECOMMENDATIONS	(41.3)	157,339,295	1,967,186,696
BREAKDOWN			
Executive Branch	(1.3)	75,780,910	932,996,719
Unified Judicial System and Other Elected Officials	7.0	1,255,571	85,562,537
State Aid	0.0	47,415,300	649,146,628
Technical Colleges	0.0	1,823,759	32,482,802
Board of Regents	(47.0)	3,100,429	239,034,684
Employee Compensation Package	0.0	27,963,326	27,963,326
TOTAL FY2023 GENERAL BILL RECOMMENDATIONS	(41.3)	157,339,295	1,967,186,696

GENERAL FUND CONDITION STATEMENT

	ACTUAL FY2020	ACTUAL FY2021	REVISED FY2022	PROJECTED FY2023
RECEIPTS				
Sales and Use Tax	\$ 1,072,830,649	\$ 1,209,342,342	\$ 1,250,085,781	\$ 1,255,854,578
Lottery	122,489,001	155,527,049	161,112,839	164,019,294
Contractor's Excise Tax	123,723,519	144,448,267	147,591,027	150,205,144
Insurance Company Tax	93,271,112	97,010,439	100,643,775	104,242,670
Unclaimed Property Receipts	47,308,472	62,809,930	40,000,000	40,000,000
Tobacco Taxes	51,066,112	52,314,193	51,132,177	50,008,340
Bank Franchise Tax	12,060,604	18,702,022	17,911,177	17,021,259
Other	176,873,668	196,044,218	194,175,194	194,517,639
One-Time Receipts	7,507,674	37,753,020	43,193,147	0
Transfer from Budget Reserves	14,859,866	0	28,012,008	0
Obligated Cash Carried Forward	19,354,553	19,093,963	85,875,130	0
Prior Period Adjustment	0	22,523,535	5,332,982	0
TOTAL RECEIPTS	\$ 1,741,345,230	\$ 2,015,568,977	\$ 2,125,065,237	\$ 1,975,868,924
EXPENDITURES				
General Bill Excl. State Aid to Education	\$ 1,108,832,248	\$ 971,497,193	\$ 1,151,415,022	\$ 1,318,040,068
State Aid to Education	550,465,975	572,121,787	592,931,328	649,146,628
Emergency Special Appropriations	30,359,659	271,257,534	271,843,737	0
Cont. Appropriations/Transfers	13,238,832	73,199,834	17,667,038	8,682,228
TOTAL EXPENDITURES	\$ 1,702,896,714	\$ 1,888,076,348	\$ 2,033,857,125	\$ 1,975,868,924
TRANSFERS				
Budget Reserve Fund	\$ 19,354,553	\$ 39,325,933	\$ 0	\$ 0
General Revenue Replacement Fund	0	2,291,566	91,208,112	0
TOTAL TRANSFERS	\$ 19,354,553	\$ 41,617,499	\$ 91,208,112	\$ 0
Beginning Unobligated Cash Balance	\$ 0	\$ 0	\$ 0	\$ 0
Net (Receipts less Expend./Transfers)	\$ 19,093,963	\$ 85,875,130	\$ 0	\$ 0
OBLIGATIONS AGAINST CASH				
Budget Reserve Fund	\$ (19,093,963)	\$ 0	\$ 0	\$ 0
General Revenue Replacement Fund	0	(85,875,130)	0	0
Total Obligations Against Cash	\$ (19,093,963)	\$ (85,875,130)	\$ 0	\$ 0
Net Adjustments for Accruals				
Ending Unobligated Cash Balance	\$ 0	\$ 0	\$ 0	\$ 0

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 2020	ACTUAL FY 2021	BUDGETED FY 2022	REQUESTED FY 2023	GOVERNOR'S RECOMMENDED FY 2023	RECOMMENDED INC/(DEC) FY 2023
FUNDING SOURCE:						
General Funds	\$ 1,659,298,222	\$ 1,543,618,981	\$ 1,809,847,401	\$ 1,906,878,007	\$ 1,967,186,696	\$ 157,339,295
Federal Funds	1,277,027,108	3,002,492,653	1,354,705,305	1,517,802,838	1,718,067,412	363,362,107
Other Funds	686,195,854	653,166,854	868,361,634	876,674,817	914,397,029	46,035,395
Total	\$ 3,622,521,184	\$ 5,199,278,489	\$ 4,032,914,340	\$ 4,301,355,662	\$ 4,599,651,137	\$ 566,736,797
EXPENDITURE DETAIL:						
Personal Services	\$ 838,192,589	\$ 827,098,429	\$ 922,559,082	\$ 928,062,573	\$ 992,574,831	\$ 70,015,749
Operating Expenses	2,784,328,595	4,372,180,060	3,110,355,258	3,373,293,089	3,607,076,306	496,721,048
Total	\$ 3,622,521,184	\$ 5,199,278,489	\$ 4,032,914,340	\$ 4,301,355,662	\$ 4,599,651,137	\$ 566,736,797
Staffing Level FTE:	10,469.6	10,400.8	11,989.1	11,974.6	11,959.6	(29.5)

SPECIAL AND CONTINUING APPROPRIATIONS AND MID-YEAR ADJUSTMENTS

FUNDING SOURCE:	REVISED BUDGETED FY 2022	GOVERNOR'S RECOMMENDED FY 2023	RECOMMENDED INC/(DEC) FY 2023
General Funds	\$ 224,009,724	\$ 8,682,228	\$ (215,327,496)
Federal Funds	1,751,168,655	6,000,000	(1,745,168,655)
Other Funds	43,633,229	1,283,270	(42,349,959)
Total	\$ 2,018,811,608	\$ 15,965,498	\$ (2,002,846,110)
Staffing Level FTE:	1.0	0.0	(1.0)

TOTAL STATE GOVERNMENT BUDGET

FUNDING SOURCE:	REVISED BUDGETED FY 2022	GOVERNOR'S RECOMMENDED FY 2023	RECOMMENDED INC/(DEC) FY 2023
General Funds	\$ 2,033,857,125	\$ 1,975,868,924	\$ (57,988,201)
Federal Funds	3,105,873,960	1,724,067,412	(1,381,806,548)
Other Funds	911,994,863	915,680,299	3,685,436
Total	\$ 6,051,725,948	\$ 4,615,616,635	\$ (1,436,109,313)
Staffing Level FTE:	11,990.1	11,959.6	(30.5)

INFORMATIONAL BUDGETS CONTAINED IN THE GENERAL APPROPRIATIONS BILL

	ACTUAL FY 2020	ACTUAL FY 2021	BUDGETED FY 2022	REQUESTED FY 2023	GOVERNOR'S RECOMMENDED FY 2023	RECOMMENDED INC/(DEC) FY 2023
FUNDING SOURCE:						
General Funds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Federal Funds	550,314,821	524,944,739	474,285,715	498,964,880	498,442,916	24,157,201
Other Funds	518,847,712	595,982,310	607,003,418	608,313,088	608,313,088	1,309,670
Total	\$ 1,069,162,532	\$ 1,120,927,049	\$ 1,081,289,133	\$ 1,107,277,968	\$ 1,106,756,004	\$ 25,466,871
EXPENDITURE DETAIL:						
Personal Services	\$ 232,676,758	\$ 226,925,697	\$ 266,378,306	\$ 262,586,361	\$ 262,586,361	(\$ 3,791,945)
Operating Expenses	836,485,774	894,001,352	814,910,827	844,691,607	844,169,643	29,258,816
Total	\$ 1,069,162,532	\$ 1,120,927,049	\$ 1,081,289,133	\$ 1,107,277,968	\$ 1,106,756,004	\$ 25,466,871
Staffing Level FTE:	2,624.4	2,508.5	2,036.1	2,024.3	2,024.3	(11.8)

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 2020	ACTUAL FY 2021	BUDGETED FY 2022	REQUESTED FY 2023	GOVERNOR'S RECOMMENDED FY 2023	RECOMMENDED INC/(DEC) FY 2023
FUNDING SOURCE:						
General Funds	\$ 1,659,298,222	\$ 1,543,618,981	\$ 1,809,847,401	\$ 1,906,878,007	\$ 1,967,186,696	\$ 157,339,295
Federal Funds	1,827,341,928	3,527,437,393	1,828,991,020	2,016,767,718	2,216,510,328	387,519,308
Other Funds	1,205,043,565	1,249,149,164	1,475,365,052	1,484,987,905	1,522,710,117	47,345,065
Total	\$ 4,691,683,716	\$ 6,320,205,537	\$ 5,114,203,473	\$ 5,408,633,630	\$ 5,706,407,141	\$ 592,203,668
EXPENDITURE DETAIL:						
Personal Services	\$ 1,070,869,347	\$ 1,054,024,126	\$ 1,188,937,388	\$ 1,190,648,934	\$ 1,255,161,192	\$ 66,223,804
Operating Expenses	3,620,814,369	5,266,181,411	3,925,266,085	4,217,984,696	4,451,245,949	525,979,864
Total	\$ 4,691,683,716	\$ 6,320,205,537	\$ 5,114,203,473	\$ 5,408,633,630	\$ 5,706,407,141	\$ 592,203,668
Staffing Level FTE:	13,094.0	12,909.3	14,025.2	13,998.9	13,983.9	(41.3)

SPECIAL AND CONTINUING APPROPRIATIONS AND MID-YEAR ADJUSTMENTS

FUNDING SOURCE:	REVISED BUDGETED FY 2022	GOVERNOR'S RECOMMENDED FY 2023	RECOMMENDED INC/(DEC) FY 2023
General Funds	\$ 224,009,724	\$ 8,682,228	\$ (215,327,496)
Federal Funds	1,751,168,655	6,000,000	(1,745,168,655)
Other Funds	43,633,229	1,283,270	(42,349,959)
Total	\$ 2,018,811,608	\$ 15,965,498	\$ (2,002,846,110)
Staffing Level FTE:	1.0	0.0	(1.0)

TOTAL STATE GOVERNMENT BUDGET

FUNDING SOURCE:	REVISED BUDGETED FY 2022	GOVERNOR'S RECOMMENDED FY 2023	RECOMMENDED INC/(DEC) FY 2023
General Funds	\$ 2,033,857,125	\$ 1,975,868,924	\$ (57,988,201)
Federal Funds	3,580,159,675	2,222,510,328	(1,357,649,347)
Other Funds	1,518,998,281	1,523,993,387	4,995,106
Total	\$ 7,133,015,081	\$ 5,722,372,639	\$ (1,410,642,442)
Staffing Level FTE:	14,026.2	13,983.9	(42.3)