



5.0% Inflation

Various Departments

Overview

Governor Noem’s recommended budget includes \$90,683,223 in ongoing general funds to provide a 5.0% increase for state aid to K-12 education, the state’s technical colleges, reimbursement rates for health and human services, and salary increases for state employees.

Over a two-year period, this will represent an 11% inflationary increase to education, healthcare providers, and state employees. Over that same time period, inflation has been 10.5%.

Statute requires an increase to the state aid to general education formula of either inflation as represented by CPI-W, or 3.0%, whichever is less. For FY2024, the required inflationary amount for the state aid to general education formula is 3.0%. The Governor’s recommendation almost doubles the required increase. This is also the inflationary rate used for the technical colleges.

Historically, the increase to health and human service providers has followed inflation as represented by CPI-U, which is 2.4%. The Governor’s recommendation of 5.0% more than doubles that amount.

These 5.0% increases will require ongoing funding, which is broken down below:

5.0% Inflation	General Funds
Education	39,301,155
Healthcare Providers	28,227,693
State Employees	23,154,375
Total	\$ 90,683,223

*Note: This only represents general funds. It does not include federal or other funds.