



4.0% Inflation

Various Departments

Overview

Governor Noem’s recommended budget includes \$93,048,432 in ongoing general funds to provide a 4.0% increase for state aid to general education, the state’s technical colleges, reimbursement rates for health and human service providers, and salary increases for state employees. This recommendation focuses on people, not programs. It allows us to prioritize the core functions of state government.

With this recommendation, education and state employees will have received a 17.0% across-the-board increase since FY2023. Health and human service providers will have received a 15.0% increase over the same time frame. The health and human service providers also received over \$130 million in total funds in targeted provider rate increases on top of the across-the-board increase. Over this same time period, inflation is projected to be 12.1%.

State statute requires an increase to the state aid to general education formula of either inflation as determined by CPI-W, or 3.0%, whichever is less. The Governor’s budget recommendation is 1.0% higher than the law requires. 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 2.6%. The Governor’s recommendation of 4.0% positions our providers to successfully care for some of the most vulnerable among us.

4.0% Inflation	General Funds
Education	46,468,522
Healthcare Providers	25,959,485
State Employees	20,620,425
Total	\$ 93,048,432

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