

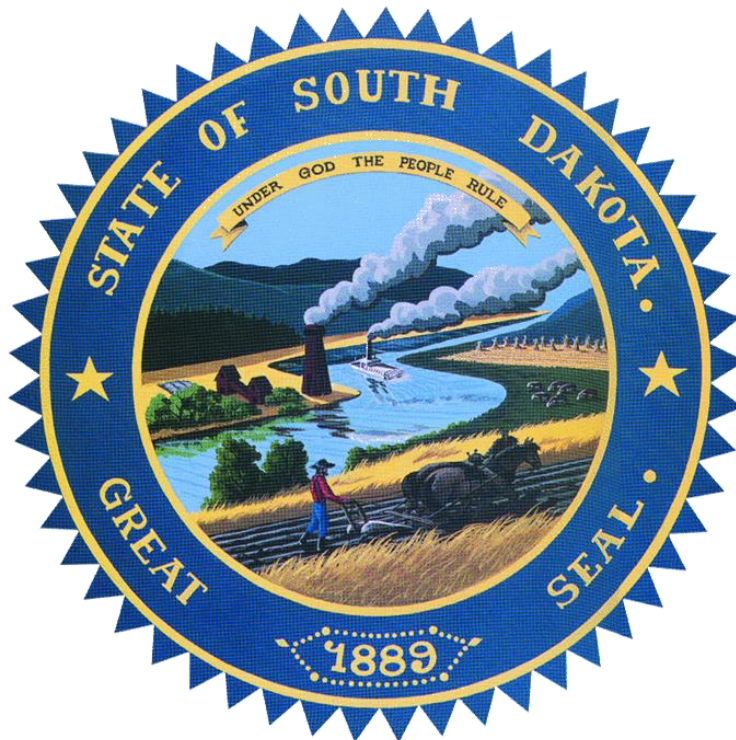
STATE OF SOUTH DAKOTA

SUMMARY OF

GOVERNOR'S BUDGET

FISCAL YEAR 2025

OUR 135TH YEAR OF A BALANCED BUDGET



KRISTI NOEM, GOVERNOR

TABLE OF CONTENTS

SUMMARY OVERVIEW	1
UNITED STATES AND SOUTH DAKOTA ECONOMIC FORECAST.....	2
UNITED STATES ECONOMY	2
SOUTH DAKOTA ECONOMY	6
REVENUE ESTIMATE SUMMARY	9
BUDGET RESERVE & GENERAL REVENUE REPLACEMENT FUNDS	12
COMPARISON BETWEEN LEGISLATIVE AND REVISED ESTIMATE FOR FY2024	13
COMPARISON BETWEEN FY2023 AND FY2024 REVENUE COLLECTIONS.....	14
COMPARISON BETWEEN FY2024 AND FY2025 REVENUE COLLECTIONS.....	15
GENERAL FUND RECEIPTS	16
TAX EXPENDITURES.....	17
RECOMMENDED EXPENDITURES	22
SUMMARY OF RECOMMENDED BUDGET ADJUSTMENTS AND REORGANIZATIONS.....	24
SPECIAL APPROPRIATION RECOMMENDATIONS	42
GOVERNOR’S RECOMMENDATION FOR STATE EMPLOYEE COMPENSATION	45
GOVERNOR’S FY2025 GENERAL FUND RECOMMENDATIONS	46
GENERAL FUND CONDITION STATEMENT.....	47
TOTAL STATE GOVERNMENT BUDGET (EXCLUDING INFORMATIONAL BUDGETS).....	48
INFORMATIONAL BUDGETS CONTAINED IN THE GENERAL APPROPRIATIONS BILL.....	49
TOTAL STATE GOVERNMENT BUDGET (INCLUDING INFORMATIONAL BUDGETS)	50

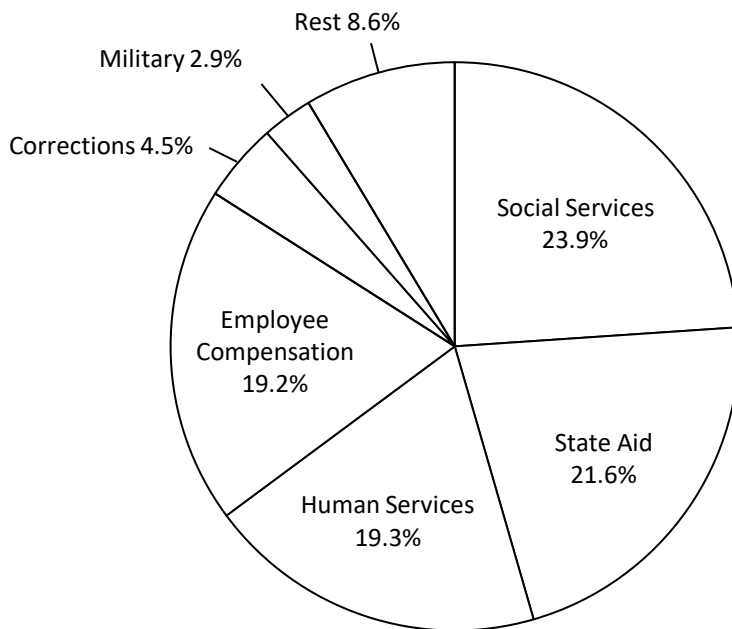
SUMMARY OVERVIEW

Governor Noem is recommending a budget (including special and continuing appropriations) for FY2025 of \$7,294,296,619 in total funds and 14,058.6 FTE. For FY2025, the Governor is proposing a general fund budget of \$2,399,203,422, which is an increase of \$115,558,320 over the adopted FY2024 budget, which includes an increase of \$826,848 in continuing appropriations. The proposed FY2025 general fund budget is distributed as follows:

- \$940.4 million, or 39.2%, for Health, Human, and Social Services
- \$756.2 million, or 31.5%, for State Aid to Education
- \$303.8 million, or 12.7%, for Higher Education
- \$147.1 million, or 6.1%, for Corrections
- \$104.9 million, or 4.4%, for the Legislature, Unified Judicial System, Public Utilities Commission, and Elected Officials
- \$26.9 million, or 1.1%, for Agriculture and Natural Resources, and Game, Fish, and Parks
- \$119.9 million, or 5.0%, for the Remainder of State Government

The table below depicts the FY2025 recommended general fund increases, excluding special and continuing appropriations.

FY2025 General Fund Increases



TOTAL INCREASE:	
\$114,731,472	
Social Services	\$27.5M
State Aid	\$24.8M
Human Services	\$22.2M
Employee Compensation	\$22.0M
Corrections	\$5.1M
Military	\$3.3M
Rest of State Government	\$9.9M

UNITED STATES AND SOUTH DAKOTA ECONOMIC FORECASTS

UNITED STATES ECONOMY

RECENT ECONOMIC ACTIVITY

After two consecutive quarters of real GDP decline in the first and second quarters of 2022, the United States has now seen five consecutive quarters of GDP growth through the third quarter of 2023. In 2022, GDP declined 2.0% and 0.6% in the first and second quarters, respectively, before growing 2.6% in the third quarter and 2.5% in the fourth quarter. In 2023, GDP grew 2.2% and 2.1% in the first and second quarters, respectively, followed by strong growth of 4.9% in the third quarter.

The economy continues to add jobs at a steady pace. The average monthly gain in 2023 for United States payroll employment has been 239,000 jobs through October. However, there are signs of easing in the labor market. Nonfarm employment rose 150,000 jobs in October and prior months' payroll gains were revised materially lower recently, which signals that the labor market is easing. The unemployment rate has also increased to 3.9% in October. While this is still a low unemployment rate for the United States historically, it is 0.4% higher than the 2023 average through July (3.5%).

In June, Congress suspended the debt ceiling through 2024 under the Fiscal Responsibility Act of 2023. In September, Congress avoided a government shutdown by passing a continuing resolution to fund the government through November. In November, they passed a second continuing resolution to fund federal agencies to January 2024.

The Federal Reserve (Fed) responded to the COVID-19 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. In March 2022, the Federal Open Market Committee began increasing the federal funds rate in an effort to reduce inflation. In less than a year and a half, the federal fund target rate went from its effective lower bound of 0% – 0.25% to the current federal funds target rate of 5.25% – 5.50%. The Fed also unleashed numerous programs and lending facilities to ensure that credit markets continued to operate properly as well as to 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 nearly \$9 trillion in April 2022. As of November 2023, the Federal Reserve balance sheet is approximately \$7.8 trillion.

The following are recent key national economic statistics:

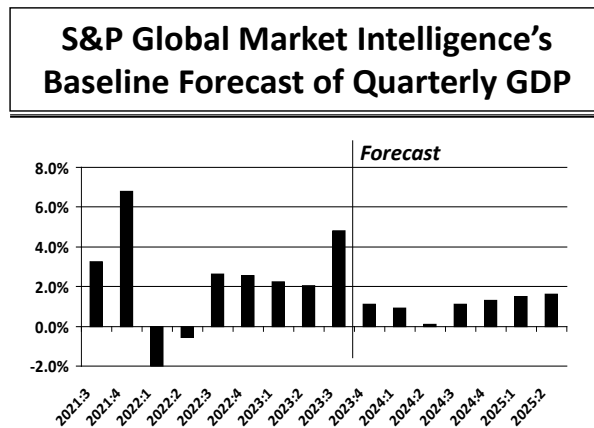
- Estimates indicate real GDP grew 4.9% at an annualized pace in the third quarter of 2023, which followed an increase of 2.1% in the second quarter.
- The unemployment rate was 3.9% in October. The current rate is 0.2% higher than October 2022, but 0.6% lower than October 2021.
- The labor force participation rate was 62.7% in October. This is 0.5% higher than October 2022 and 0.9% higher than October 2021.
- United States personal income increased at an annual rate of 4.2% in the second quarter of 2023. Personal income grew 6.9% in 2020, 9.1% in 2021, and 2.0% in 2022.
- Real personal consumption expenditures increased 4.0% in the third quarter of 2023, up from 0.8% in the second quarter.

NATIONAL FORECAST HIGHLIGHTS

This section summarizes S&P Global Market Intelligence’s forecast as of November 2023 for various categories of the United States economy. S&P Global Market Intelligence is a leader in providing analytics and expertise to businesses and governments worldwide.

GROSS DOMESTIC PRODUCT (GDP): GDP recovery from the COVID-19 pandemic began in the third quarter of 2020. GDP gains continued in the fourth quarter of 2020 and all of 2021 before receding in the first and second quarters of 2022. Since that time, GDP has grown at or above trend for five consecutive quarters – most recently at 4.9% in the third quarter of 2023. Growth is expected to slow sharply in the fourth quarter of 2023 and into 2024.

In the first three quarters of this year, real GDP change was 2.2%, 2.1%, and 4.9%, respectively, and is expected to be 1.1% in the fourth quarter. In the four quarters in 2024, S&P Global is projecting GDP change of 0.9%, 0.1%, 1.1%, and 1.3%. In 2025, GDP is forecast to increase 1.5% and 1.6% in the first two quarters.



On an annual basis, GDP grew 3.0% in 2018 and 2.5% in 2019. It declined 2.2% in 2020 before growing 5.8% in 2021 and 1.9% in 2022. S&P Global Market Intelligence’s latest baseline forecast projects real GDP at 2.4% in 2023, 1.4% in 2024, and 1.4% in 2025.

S&P Global is currently assigning a higher probability of negative (30%) versus positive (15%) risks in the United States economic outlook. The largest risks to the forecast are tightening lending standards leading to a decline in business investment and consumer spending, and worsening conflicts in Ukraine and the Middle East. The optimistic scenario assumes stronger growth of consumer spending and stronger productivity.

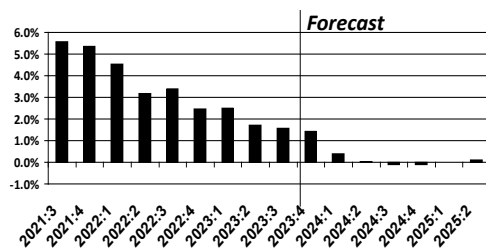
CONSUMERS: Consumer spending is a key component contributing to economic growth, as consumption accounts for over two-thirds of economic activity as measured by GDP. Growth of 4.0% in the third quarter of 2023 was up substantially from growth of 0.8% in the second quarter. This growth is fueled by rising wages and a tight labor market. Consumer spending is expected to slow in the fourth quarter and into 2024. Real personal consumption expenditures declined 2.5% in 2020, before increasing 8.4% in 2021 and 2.5% in 2022. The forecast projects real personal consumption expenditures at 2.3% in 2023, 1.9% in 2024, and 1.5% in 2025. Consumer confidence fell recently due to concerns over business conditions and inflation expectations in the long run. The University of Michigan’s Index of Consumer Sentiment fell 2.5 points in November, registering at 61.3. This was the fourth consecutive month of decline.

The personal savings rate (as a percentage of disposable income) declined to 3.8% in the third quarter of 2023, well below the pre-pandemic level of approximately 7%. The personal saving rate declined rapidly in 2022 after peaks of 32.0% in April 2020 and 26.1% in March 2021. Households accumulated approximately \$2.3 trillion in excess savings in 2020 and 2021 due to higher disposable income and reduced discretionary spending. The accumulated savings has supported a higher level of spending and lower savings rate. As of the first quarter of 2023, households still had estimated excess savings of \$1.0 trillion. The S&P Global Market Intelligence baseline forecast calls for the savings rate to increase to approximately 4.4% in 2024 and 5.9% in 2025.

EMPLOYMENT: The latest United States payroll employment report indicated total nonfarm employment grew by 150,000 jobs in October. Labor markets remain tight, but employment reports in recent months have shown signs of easing. The expectation is for employment to peak midway through 2024 before declining in the third quarter of 2024. Employment is expected to grow at 1.4% in the fourth quarter of 2023. For 2024, employment is projected at 0.4%, 0.0%, (0.1%), and (0.1%) for each quarter. The labor force participation rate was 62.7% in October. After being driven down during the pandemic, the participation rate has slowly moved upward for much of 2022 and 2023. The labor force participation rate is expected to decline slightly in both 2024 and 2025.

The unemployment rate in October was 3.9%, up from 3.8% in September and August, and 3.5% in July. The unemployment rate is expected to continue trending upward. On an annual basis, the unemployment rate was 3.7% in 2019, 8.1% in 2020, 5.4% in 2021, and 3.6% in 2022. It is forecast to be 3.6% in 2023, 4.3% in 2024, and 4.7% in 2025.

**S&P Global Market Intelligence’s Baseline
Forecast of Employment Growth**



HOUSING: Rising interest rates and decreasing affordability have led to mixed housing statistics. Homebuilder sentiment is low, as evidenced by the National Association of Home Builders Index at 34 in November. This is the lowest monthly level of the index in 2023 and approximately 50 points lower than it was for most of 2021 and early 2022. Existing home sales in the third quarter were at a 4.02 million unit annual rate. Housing starts in the third quarter were at a rate of 1.36 million units. Housing prices are elevated, with the Federal Housing Finance Agency House Price Index increasing by 4.5% from the second quarter of 2022 to the second quarter of 2023. However, the rate of house price growth is decelerating.

Total housing starts are projected to be 1.40 million units in 2023, 1.33 million units in 2024, and 1.37 million units in 2025. In 2020, 2021, and 2022, total housing starts were 1.40 million, 1.61 million, and 1.55 million units, respectively.

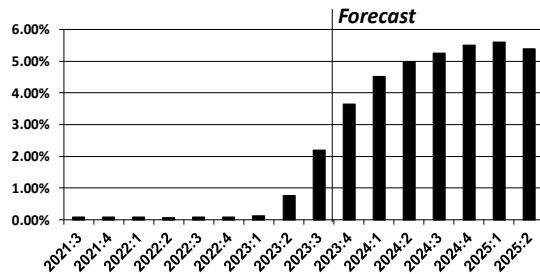
INFLATION: Inflation is easing but remains elevated. The Consumer Price Index (CPI) was at 3.2% in October year-over-year, on a seasonally adjusted basis. CPI has mostly fallen since it peaked at 8.9% in June 2022. It is anticipated that annual inflation measures will decline through 2025.

The CPI increased 1.3% in 2020, 4.7% in 2021, and 8.0% in 2022. The CPI is forecast to grow 4.1% in 2023, 2.7% in 2024, and 2.0% in 2025. The Producer Price Index for Finished Goods decreased 1.3% in 2020, before increasing 8.9% in 2021 and 13.4% in 2022. The current forecast calls for increases of 2.1% in 2023, 2.4% in 2024, and 0.8% in 2025.

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. 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 nearly \$9 trillion in April 2022. As of November 2023, the Federal Reserve balance sheet is approximately \$7.8 trillion.

In March 2022, the Federal Open Market Committee began increasing the federal funds rate in an effort to reduce inflation. In less than a year and a half, the federal fund target rate went from its effective lower bound of 0% – 0.25% to the current federal funds target rate of 5.25% – 5.50%. The current forecast is for the target rate to be increased 25 basis points by the Federal Reserve to a range of 5.50% – 5.75% in December 2023; however, the tightening cycle may be over.

S&P Global Market Intelligence's Baseline Forecast of the Federal Funds Rate



The economic forecast assumes a federal fiscal year (FFY) 2024 budget is passed to avoid a government shutdown. Pandemic relief payments have shrunk to near zero in 2023.

The unified federal deficit for FFY2022 was \$1.4 trillion, which is approximately \$1.2 trillion less than the FFY2021 deficit. S&P Global forecasts deficits of \$1.7 trillion for FFY2023, \$1.5 trillion for FFY2024, and \$1.7 trillion for FFY2025.

INTERNATIONAL: Real foreign GDP is projected to slow from 3.4% in 2022 to 2.0% in 2023 and 2024 before rebounding to 2.5% in 2025. The forecast includes the tariffs enacted in 2017 by the United States and China. The price of Brent crude oil is projected to ease to approximately \$85/barrel in 2024 and \$76/barrel in 2025.

RISKS TO THE FORECAST

Economic risks to the baseline forecast are reflected in alternate scenarios. There are upside risks as the result of successfully managed recent turmoil in the banking sector, stronger growth of consumer spending, and a quicker end to the conflicts in Ukraine and the Middle East. The downside risks stem from tightening lending standards, a decline in consumer spending, and worsening conflicts in Ukraine and the Middle East. S&P Global Market Intelligence assigns a greater probability to the negative risks versus the positive risks at this time.

A 15% probability exists for United States economic growth being stronger than the baseline forecast. In S&P Global Market Intelligence's optimistic scenario, GDP is projected to increase by 2.5% in 2023, 2.2% in 2024, and 1.9% in 2025. The optimistic scenario assumes stronger growth in consumer spending and elevated business fixed investment due to strong demand and elevated cashflows.

The pessimistic scenario assumes a shallow recession due to restrained spending and production. S&P Global assigns a 30% probability to this scenario. Tightening lending standards lead to a decline in consumer spending and cause businesses to scale back investment plans. The price of Brent oil rises much higher than the baseline under this scenario. Unemployment rates under this scenario would also be higher than the baseline.

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 continues to grow. Total nonfarm employment increased 2.1% in the second quarter of 2023 and grew 1.9% in the third quarter. Real Gross State Product (GSP) is projected to finish the year 2.6% higher than 2022. Additionally, South Dakota has been second in the nation in per capita personal income growth since 2019.

The following are some recent key South Dakota economic statistics:

- South Dakota nonfarm employment grew at 2.8% in 2022 and is projected to finish 2023 at 2.2%. Nonfarm employment growth in 2024 is forecast at 0.9%.
- The unemployment rate in South Dakota in October of 2023 was 2.0%. This was 1.9% below the national rate of 3.9%.
- Housing starts surged in 2020 through 2022 due to high demand and low mortgage rates. Housing starts will remain elevated in 2023 before a projected decline to normal levels in 2024 and 2025.

COUNCIL OF ECONOMIC ADVISORS

The Council of Economic Advisors, which has been in existence since 1991, consists of twelve members that encompass business and economic experts from around 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 tourism sector is an integral part of the South Dakota economy. The estimated economic impact to GDP in South Dakota from tourism totaled \$3.3 billion in 2022. The number of estimated visitors in South Dakota totaled approximately 14.4 million, spending an estimated \$4.7 billion statewide, an increase of approximately 8% from 2021.

Tourism activity has remained strong in 2023. Through September, visitor spending is estimated to be up nearly 6% year-over-year. Year to date, estimated visitors in South Dakota are up 0.5% over 2022, while airport arrivals are up 7%.

AGRICULTURE: In 2022, the agricultural economy in South Dakota produced cash receipts of \$14.3 billion, which was an increase of \$2.5 billion from 2021 cash receipts. Crops generated \$8.5 billion, and animals and products generated \$5.8 billion in 2022. Cash receipts from crops increased \$1.6 billion, while cash receipts from animals and products increased by \$0.9 billion.

Overall, crop production levels are expected to be strong in 2023. According to the National Agricultural Statistics Service (NASS), as of November 1st, corn production is projected to be 850 million bushels, up 28% from 2022 production. Corn acres harvested is estimated at 5.59 million acres, which is up 12% from a year ago. The corn yield is estimated to be 152 bushels per acre, up 20 bushels from last year. Soybean production is expected to be 222 million bushels, up 15% from a year ago, with a yield of 44 bushels per acre, an increase of 6 bushels from the 2022 yield. Soybean acres harvested is estimated at 5.05 million, down slightly from last year. Sorghum for grain production is forecast to be 20.4 million bushels, up 71% from 2022 with 255,000 acres for harvest estimated, which is up 46% from last year.

South Dakota feedlots with capacities of 1,000 or more head contained 220,000 cattle on feed as of November 1st, which is up 5% from last year. Placements during October totaled 69,000 head, which is down 4% from last year. Fed cattle marketings were at 33,000 head, down 27% from last year. The inventory of all hogs and pigs as of September 1st was

up 4% from a year ago but unchanged from June. The June to August pig crop total was 1.84 million head, up 1% from a year ago.

Weather conditions in 2023 were adequate. In mid-June, NASS estimated that more than 60% of topsoil and subsoil moisture supplies were short or very short. However, soil moisture levels improved through the summer and fall. As of late-November, 27% of topsoil supplies are rated short or very short and 35% of subsoil supplies are rated short or very short. The council is specifically concerned with commodity prices, high input prices, and the global economy.

CONSTRUCTION: So far in fiscal year 2024, construction activity continues to be strong. Contractor’s Excise Tax, which is a good indicator of overall construction activity, is up 14.3% through the first four months of the fiscal year compared to the prior year. Housing construction remains strong but is slowing from its peak in 2021 and 2022. The council expects housing construction to slow in 2024 and 2025 due to high prices and mortgage rates; however, housing starts are still expected to be near the average levels for the previous decade.

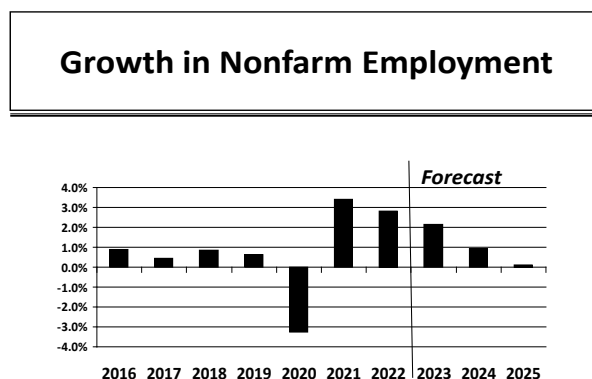
SOUTH DAKOTA FORECAST HIGHLIGHTS

S&P Global Market Intelligence’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.

Overall, South Dakota’s economy is expected to continue to grow at a modest pace in 2024 and 2025, similar to the national economy.

EMPLOYMENT: South Dakota has several advantages over other states 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 of a qualified labor force to fill current and future jobs.

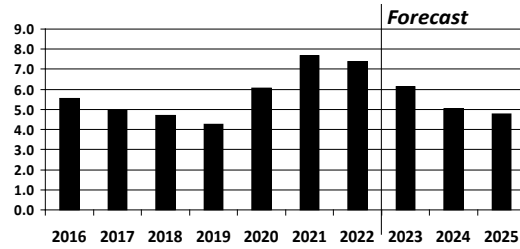
South Dakota has seen consistent employment gains since mid-2020, indicating continued economic growth for the state. Prior to 2020, South Dakota’s employment situation had been stable for about a decade. From 2011 through 2019, nonfarm employment growth averaged 1% per year. Nonfarm employment declined 3.3% in South Dakota in 2020 but rebounded strongly. Employment grew 3.4% in 2021, 2.8% in 2022, and is projected to finish 2023 at 2.2%. For 2024 and 2025, nonfarm employment is projected at 0.9% and 0.1%, respectively.



HOUSING/CONSTRUCTION: In 2016, South Dakota experienced a surge in housing starts at approximately 5,500 units. Housing starts declined from 2017 to 2019 but rebounded significantly in 2020 through 2022 on the strength of low mortgage rates and high demand.

The housing market is anticipated to remain strong in 2023 before leveling to more normal levels in 2024 and 2025. Higher prices and elevated interest rates are expected to cause slowing in the housing sector. Housing starts were 7,400 in 2022 and are projected to be 6,120 in 2023, 5,030 in 2024, and 4,770 in 2025.

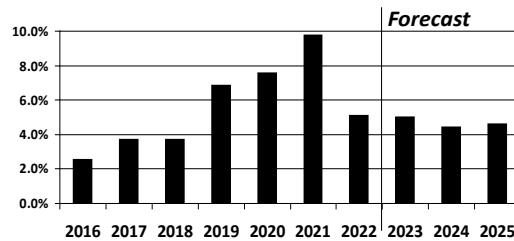
Housing Starts



INCOME: From 2011 to 2019, South Dakota’s total personal income growth averaged approximately 4% per year. Growth rates have been much higher in recent years. In 2020, 2021, and 2022, personal income grew by 9.9%, 11.1%, and 5.8%, respectively. Personal income is forecast to grow 3.8% in 2023, 3.9% in 2024, and 5.4% in 2025.

From 2011 to 2019, nonfarm personal income also averaged 4% per year. Nonfarm income grew 7.6% in 2020, 9.8% in 2021, and 5.1% in 2022. Nonfarm income in South Dakota is forecast to grow 5.0% in 2023, 4.4% in 2024, and 4.6% in 2025.

Growth in Nonfarm Personal Income



South Dakota’s per capita personal income for the second quarter of 2023 is at an annual rate of \$69,574, which is 1.9% greater than the United States average of \$68,279. Since 2019, South Dakota is second in the nation in per capita personal income growth, trailing only North Dakota.

RISKS TO THE FORECAST

The Council of Economic Advisors sees some risks to the current forecast. These risks include elevated interest rates and their effect on South Dakota’s economy. There is also concern for continued inflation, and its effect on consumers. In addition, workforce continues to be a concern. With low unemployment levels, workforce shortages pose a threat to future growth.

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

REVENUE ESTIMATE SUMMARY

General fund receipts for FY2024 are forecast at \$2,459.8 million. Ongoing receipts comprise \$2,345.1 million of the total. One-time revenues comprise \$114.7 million of the total, which includes \$1.8 million in bank franchise tax prior year revenue, \$9.7 million in one-time sales and use tax, \$6.4 million in unexpended carryovers and specials, and \$96.8 million of obligated cash carried forward from FY2023. The ongoing estimate for FY2024 includes an increase of \$46.9 million from actual FY2023 ongoing receipts. Categories forecasted to show major increases in FY2024 over FY2023 actuals include investment income and interest (+\$35.2M), unclaimed property receipts (+\$31.9M), and contractor’s excise tax (+\$18.6M). The category forecast for the biggest decrease from FY2023 actual receipts is sales and use tax (-\$45.4M), which is due to the state sales tax rate decreasing from 4.5% to 4.2%.

The revised ongoing estimate for FY2024 is \$60.9 million higher than the ongoing estimate adopted during the 2023 legislative session. Major positive adjustments for the revised FY2024 estimate compared to the adopted FY2024 estimate are for unclaimed property receipts (+\$49.7M), investment income and interest (+\$28.8M), contractor’s excise tax (+\$13.0M), and insurance company tax (+\$6.0M). The most significant negative revisions compared to the adopted FY2024 estimate are for sales and use tax (-\$22.6M) and lottery (-\$8.0M).

General fund receipts for FY2025 are projected to be \$2,399.2 million, of which all receipts are considered ongoing. The forecast for ongoing receipts in FY2025 is an increase of \$54.1 million from the revised FY2024 projection. The most significant sources of growth are from sales and use tax (+\$59.5M), investment income and interest (\$25.8M), insurance company tax (+\$6.1M), and contractor’s excise tax (+\$4.0M). The category with the most significant projected decrease in FY2025 is unclaimed property receipts (-\$46.8M).

CURRENT REVENUE FORECAST (Dollars in Millions)

	<u>FY2024</u>	<u>FY2025</u>
Sales and Use Tax	1,435.2	1,494.6
Lottery	177.8	180.0
Contractor's Excise Tax	208.0	212.0
Insurance Company Tax	120.4	126.5
Unclaimed Property	106.9	60.1
Tobacco Taxes	44.3	43.2
Other Ongoing Revenues	252.6	282.7
One-Time Receipts	17.9	0.0
Obligated Cash Carried Forward	96.8	0.0
Total Revenue	<u>2,459.8</u>	<u>2,399.2</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 61.2% of ongoing general fund revenue. Between FY2000 and FY2023, the sales and use tax grew from \$432.1 million to \$1,480.6 million, which was an average annual increase of 5.6%. Since FY2010, 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 a 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 and FY2022, sales tax grew by historic amounts (14.0% and 13.3%) due to increased consumer spending driven by strong personal income growth, federal government

stimulus, and inflation. FY2022 collections included \$28.3 million in one-time sales and use tax due to a large audit. In FY2023, ongoing sales and use tax grew by 9.1% due to continued strong personal income growth and inflation. Total sales and use tax collections grew by 6.9% in FY2023.

Net collections from the sales and use tax in FY2023 were \$1,480.6 million, which was an increase of \$95.4 million compared to FY2022. Through the first four months of FY2024, sales and use tax collections to the general fund were \$522.5 million, which is a decrease of 3.6% from the first four months of FY2023. For the revised FY2024 estimate, the sales and use tax is forecast at \$1,435.2 million, which is a decrease of \$45.4 million, or 3.1%, compared to the FY2023 ongoing collections due to the reduction of the state sales tax rate from 4.5% to 4.2%. For FY2025, the sales and use tax is forecast at \$1,494.6 million, which is an increase of \$59.5 million, or 4.1%, over the revised FY2024 estimate.

LOTTERY

Collections from lottery activities account for approximately 7.6% of ongoing general fund revenues. In FY2024, lottery collections are anticipated at \$177.8 million, which includes the general fund's share of instant lottery ticket sales of \$10.9 million, 70% or \$6.5 million from the online lottery net income, and \$160.3 million in video lottery receipts. In FY2025, lottery receipts are projected at \$180.0 million, which includes \$11.5 million from instant lottery income, 70% or \$6.5 million from online lottery net income, and \$161.9 million from the state's share of video lottery receipts. In FY2022 and FY2023, video lottery receipts were \$161.0 million and \$162.6 million, respectively. So far in FY2024, video lottery receipts are down 0.6% through the first four months compared to the prior year.

CONTRACTOR'S EXCISE TAX

The collection of contractor's excise tax accounts for approximately 8.9% 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 has contributed to the increase in contractor's excise tax collections from \$47.6 million in FY2000 to \$189.4 million in FY2023, representing an average annual increase of 6.6%. In FY2023, net collections to the general fund from the contractor's excise tax grew \$33.6 million, or 21.6%, from FY2022. Through the first four months of FY2024, net contractor's excise tax collections were \$83.8 million, an increase of 14.3% compared to the first four months of FY2023. Contractor's excise tax collections for FY2024 are forecast to be \$208.0 million, an increase of \$18.6 million, or 9.8%, compared to FY2023 collections. FY2025 collections are forecast at \$212.0 million, an increase of \$4.0 million, or 1.9%, compared to the revised FY2024 estimate.

INSURANCE COMPANY TAX

Collections from the insurance company tax account for approximately 5.1% of ongoing general fund revenues. From FY2000 to FY2023, insurance company tax collections grew from \$39.5 million to \$112.1 million, which was an average annual increase of 4.7%. In FY2023, insurance company tax collections increased by \$8.1 million, or 7.8%, compared to FY2022. For FY2024, insurance company tax collections are forecast at \$120.4 million, which is an increase of \$8.2 million, or 7.3%, over FY2023 collections. For FY2025, insurance company tax collections are forecast to be \$126.5 million, which is an increase of \$6.1 million, or 5.1%, over the revised FY2024 estimate.

UNCLAIMED PROPERTY

Historically, collections from unclaimed property have been relatively small but have grown in recent years. Unclaimed property has been remitted to the State since the 1980's. From FY1997 to FY2010, collections to the general fund ranged from \$0.4 million to \$8.0 million. 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. From FY2014 to FY2020, collections fell from \$59.8 million to \$47.3 million, net of property

claims. In FY2021, FY2022, and FY2023, unclaimed property collections increased to \$62.8 million, \$65.1 million, and \$85.5 million, respectively, due to increased remittances and reduced property claims. For FY2024, unclaimed property revenue is forecast at \$106.9 million due to increased remittances. The forecast for FY2025 is \$60.1 million.

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 FY2023, cigarette taxes totaled \$40.3 million, while the other tobacco products tax totaled \$11.8 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 \$47.1 million in FY2023. General fund receipts from tobacco taxes are projected at \$44.3 million in FY2024 and \$43.2 million in FY2025.

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 FY2024, collections from other ongoing revenues are projected to be \$252.6 million, approximately 10.8% of total ongoing general fund revenues. In FY2025, collections from other ongoing revenues are projected at \$282.7 million.

ONE-TIME RECEIPTS

In FY2024, collections from one-time receipts are projected to be \$17.9 million. These one-time receipts include \$9.7 million in one-time sales and use tax, \$6.4 million in unexpended carryovers and specials, and \$1.8 million in bank franchise tax prior year revenue.

OBLIGATED CASH CARRIED FORWARD

Obligated cash is the amount of prior year cash carried forward to meet obligations existing at the end of the previous year. For FY2024, the total amount of obligated cash carried forward was \$96.8 million. This was obligated to the General Revenue Replacement Fund and the Budget Reserve Fund from the budget surplus at the end of FY2023.

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 FY2022 and FY2023, unobligated general fund cash in the amounts of \$7.2 million and \$25.2 million, respectively, was obligated to the Budget Reserve Fund. These funds were transferred from the general fund into the reserve in FY2023 and FY2024, respectively. In FY2024, the Governor is recommending a transfer of \$95.7 million from the Budget Reserve Fund to the Incarceration Construction Fund to be used for a men’s prison. This will leave a projected ending balance of \$106.2 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 FY2021, FY2022, and FY2023, unobligated general fund cash in the amounts of \$91.2 million, \$108.3 million, and \$71.6 million, respectively, was obligated to the General Revenue Replacement Fund. These funds were transferred from the general fund into the reserve in FY2022, FY2023, and FY2024, respectively. In FY2023, \$183.7 million was transferred from the General Revenue Replacement Fund to the Incarceration Construction Fund to be used for a men’s prison. The projected ending balance for FY2024 is \$133.7 million.

The total estimated reserve balance of \$239.9 million is 10.0% of proposed FY2025 appropriations.

BUDGET RESERVE FUND & GENERAL REVENUE REPLACEMENT FUND CONDITION STATEMENT

	<u>ACTUAL FY2022</u>	<u>ACTUAL FY2023</u>	<u>ESTIMATED FY2024</u>	<u>ESTIMATED FY2025</u>
Budget Reserve Fund Beginning Balance	\$ 169,583,492	\$ 169,583,492	\$ 176,760,690	\$ 106,196,294
Calculations for Maximum Balance in the Fund:				
General Bill Appropriation for Prior Year	\$ 1,586,704,162	\$ 1,767,606,897	\$ 2,019,276,457	\$ 2,174,523,649
Budget Reserve Fund Percentage	10%	10%	10%	10%
Maximum Amount in the Fund	<u>\$ 158,670,416</u>	<u>\$ 176,760,690</u>	<u>\$ 201,927,646</u>	<u>\$ 217,452,365</u>
Maximum Transferable Amount	<u>\$ (10,913,076)</u>	<u>\$ 7,177,198</u>	<u>\$ 25,166,956</u>	<u>\$ 111,256,071</u>
Amount of General Funds Available				
End of Prior Year	\$ 91,208,112	\$ 115,478,433	\$ 96,775,123	\$ 0
Transferred in from General Fund	\$ 0	\$ 7,177,198	\$ 25,166,956	\$ 0
Transferred out to Incarceration Construction Fund	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (95,731,352)</u>	<u>\$ 0</u>
Ending Budget Reserve Fund Balance	<u>\$ 169,583,492</u>	<u>\$ 176,760,690</u>	<u>\$ 106,196,294</u>	<u>\$ 106,196,294</u>
General Revenue Replacement Fund Balance	\$ 46,291,614	\$ 137,499,726	\$ 62,115,882	\$ 133,724,049
Transferred in from General Fund	\$ 91,208,112	\$ 108,301,235	\$ 71,608,167	\$ 0
Transferred out to Incarceration Construction Fund	<u>\$ 0</u>	<u>\$ (183,685,079)</u>	<u>\$ 0</u>	<u>\$ 0</u>
Ending General Revenue Replacement Fund Balance	<u>\$ 137,499,726</u>	<u>\$ 62,115,882</u>	<u>\$ 133,724,049</u>	<u>\$ 133,724,049</u>
General Funds Obligated to Reserves	\$ 115,478,433	\$ 96,775,123	\$ 0	\$ 0
ENDING TOTAL RESERVES BALANCE	<u>\$ 422,561,650</u>	<u>\$ 335,651,694</u>	<u>\$ 239,920,342</u>	<u>\$ 239,920,342</u>

NOTE: The totals may not add due to rounding.

**COMPARISON BETWEEN LEGISLATIVE ADOPTED AND
REVISED ESTIMATE FOR FY2024**

	LEG ADOPTED FY2024	BFM REVISED FY2024	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax	\$ 1,457,750,000	\$ 1,435,189,097	\$ (22,560,903)	(1.55)
Lottery	185,788,211	177,813,515	(7,974,696)	(4.29)
Contractor's Excise Tax	195,000,000	207,999,417	12,999,417	6.67
Insurance Company Tax	114,432,223	120,382,354	5,950,131	5.20
Unclaimed Property Receipts	57,185,445	106,876,913	49,691,468	86.90
Licenses, Permits, and Fees	76,869,354	75,715,166	(1,154,188)	(1.50)
Tobacco Taxes	46,560,484	44,315,875	(2,244,609)	(4.82)
Trust Funds	48,538,231	48,360,904	(177,327)	(0.37)
Net Transfers In	23,891,068	25,194,167	1,303,099	5.45
Alcohol Beverage Tax	9,272,874	9,183,170	(89,704)	(0.97)
Bank Franchise Tax	19,927,443	18,941,200	(986,243)	(4.95)
Charges for Goods and Services	15,273,363	12,298,640	(2,974,723)	(19.48)
Telecommunications Tax	2,047,035	2,319,050	272,015	13.29
Severance Taxes	8,170,526	8,361,759	191,233	2.34
Investment Income and Interest	20,334,000	49,154,738	28,820,738	141.74
Alcohol Bev 2% Wholesale Tax	3,202,359	3,040,095	(162,264)	(5.07)
TOTAL (ONGOING RECEIPTS)	\$ 2,284,242,616	\$ 2,345,146,060	\$ 60,903,444	2.67
ONE-TIME RECEIPTS				
Bank Franchise Tax Prior Year Revenue	0	1,751,228	\$ 1,751,228	N/A
One-Time Sales and Use Tax	0	9,726,426	9,726,426	N/A
Unexpended Carryovers and Specials	0	6,400,000	6,400,000	N/A
Obligated Cash Carried Forward	0	96,775,123	96,775,123	N/A
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 0	\$ 114,652,777	\$ 114,652,777	N/A
GRAND TOTAL	\$ 2,284,242,616	\$ 2,459,798,837	\$ 175,556,221	7.69

NOTE: The totals may not add due to rounding.

**COMPARISON BETWEEN ACTUAL FY2023 AND REVISED FY2024
REVENUE COLLECTIONS**

	ACTUAL FY2023	BFM REVISED FY2024	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax	\$ 1,480,572,850	\$ 1,435,189,097	\$ (45,383,753)	(3.07)
Lottery	176,663,767	177,813,515	1,149,748	0.65
Contractor's Excise Tax	189,407,586	207,999,417	18,591,831	9.82
Insurance Company Tax	112,141,293	120,382,354	8,241,061	7.35
Unclaimed Property Receipts	74,981,213	106,876,913	31,895,700	42.54
Licenses, Permits, and Fees	77,636,494	75,715,166	(1,921,328)	(2.47)
Tobacco Taxes	47,074,649	44,315,875	(2,758,774)	(5.86)
Trust Funds	46,259,458	48,360,904	2,101,446	4.54
Net Transfers In	25,652,534	25,194,167	(458,367)	(1.79)
Alcohol Beverage Tax	8,939,732	9,183,170	243,438	2.72
Bank Franchise Tax	20,425,082	18,941,200	(1,483,882)	(7.26)
Charges for Goods and Services	13,473,405	12,298,640	(1,174,765)	(8.72)
Telecommunications Tax	2,466,873	2,319,050	(147,823)	(5.99)
Severance Taxes	5,657,605	8,361,759	2,704,154	47.80
Investment Income and Interest	14,000,549	49,154,738	35,154,189	251.09
Alcohol Bev 2% Wholesale Tax	2,936,973	3,040,095	103,122	3.51
TOTAL (ONGOING RECEIPTS)	\$ 2,298,290,062	\$ 2,345,146,060	\$ 46,855,998	2.04
ONE-TIME RECEIPTS				
Bank Franchise Tax Prior Year Revenue	699,173	1,751,228	\$ 1,052,055	150.47
One-Time Sales and Use Tax	0	9,726,426	9,726,426	N/A
Unexpended Carryovers and Specials	17,709,410	6,400,000	(11,309,410)	(63.86)
One-Time Unclaimed Property Receipts	10,554,826	0	(10,554,826)	(100.00)
Obligated Cash Carried Forward	115,478,433	96,775,123	(18,703,310)	(16.20)
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 144,441,842	\$ 114,652,777	\$ (29,789,065)	(20.62)
GRAND TOTAL	\$ 2,442,731,904	\$ 2,459,798,837	\$ 17,066,933	0.70

NOTE: The totals may not add due to rounding.

**COMPARISON BETWEEN REVISED FY2024 AND PROJECTED FY2025
REVENUE COLLECTIONS**

	BFM REVISED FY2024	BFM PROJECTED FY2025	DOLLAR CHANGE	PERCENT CHANGE
ONGOING RECEIPTS				
Sales and Use Tax	\$ 1,435,189,097	\$1,494,649,338	\$ 59,460,241	4.14
Lottery	177,813,515	179,963,037	2,149,522	1.21
Contractor's Excise Tax	207,999,417	212,036,057	4,036,640	1.94
Insurance Company Tax	120,382,354	126,522,130	6,139,776	5.10
Unclaimed Property Receipts	106,876,913	60,103,683	(46,773,230)	(43.76)
Licenses, Permits, and Fees	75,715,166	77,756,620	2,041,454	2.70
Tobacco Taxes	44,315,875	43,205,556	(1,110,319)	(2.51)
Trust Funds	48,360,904	50,650,800	2,289,896	4.74
Net Transfers In	25,194,167	25,073,004	(121,163)	(0.48)
Alcohol Beverage Tax	9,183,170	9,396,965	213,795	2.33
Bank Franchise Tax	18,941,200	17,299,461	(1,641,739)	(8.67)
Charges for Goods and Services	12,298,640	12,876,310	577,670	4.70
Telecommunications Tax	2,319,050	2,276,173	(42,877)	(1.85)
Severance Taxes	8,361,759	9,326,838	965,079	11.54
Investment Income and Interest	49,154,738	74,929,000	25,774,262	52.43
Alcohol Bev 2% Wholesale Tax	3,040,095	3,138,450	98,355	3.24
TOTAL (ONGOING RECEIPTS)	\$ 2,345,146,060	\$2,399,203,422	\$ 54,057,362	2.31
ONE-TIME RECEIPTS				
Bank Franchise Tax Prior Year Revenue	\$ 1,751,228	\$ 0	\$ (1,751,228)	(100.00)
One-Time Sales and Use Tax	9,726,426	0	(9,726,426)	(100.00)
Unexpended Carryovers and Specials	6,400,000	0	(6,400,000)	(100.00)
Obligated Cash Carried Forward	96,775,123	0	(96,775,123)	(100.00)
SUBTOTAL (ONE-TIME RECEIPTS)	\$ 114,652,777	\$ 0	\$ (114,652,777)	(100.00)
GRAND TOTAL	\$ 2,459,798,837	\$2,399,203,422	(60,595,415)	(2.46)

NOTE: The totals may not add due to rounding.

GENERAL FUND RECEIPTS

	<u>ACTUAL FY2022</u>	<u>ACTUAL FY2023</u>	<u>REVISED FY2024</u>	<u>PROJECTED FY2025</u>
ONGOING RECEIPTS				
Sales and Use Tax	\$ 1,356,844,793	\$ 1,480,572,850	\$ 1,435,189,097	\$ 1,494,649,338
Lottery	171,609,682	176,663,767	177,813,515	179,963,037
Contractor's Excise Tax	155,823,772	189,407,586	207,999,417	212,036,057
Insurance Company Tax	103,995,420	112,141,293	120,382,354	126,522,130
Unclaimed Property Receipts	65,097,628	74,981,213	106,876,913	60,103,683
Licenses, Permits, and Fees	75,077,171	77,636,494	75,715,166	77,756,620
Tobacco Taxes	49,385,379	47,074,649	44,315,875	43,205,556
Trust Funds	43,495,271	46,259,458	48,360,904	50,650,800
Net Transfers In	25,279,507	25,652,534	25,194,167	25,073,004
Alcohol Beverage Tax	9,203,968	8,939,732	9,183,170	9,396,965
Bank Franchise Tax	22,511,850	20,425,082	18,941,200	17,299,461
Charges for Goods and Services	14,804,251	13,473,405	12,298,640	12,876,310
Telecommunications Tax	2,688,458	2,466,873	2,319,050	2,276,173
Severance Taxes	8,033,942	5,657,605	8,361,759	9,326,838
Investment Income and Interest	19,648,565	14,000,549	49,154,738	74,929,000
Alcohol Beverage 2% Wholesale Tax	2,909,711	2,936,973	3,040,095	3,138,450
SUBTOTAL (ONGOING RECEIPTS)	<u>\$ 2,126,409,366</u>	<u>\$ 2,298,290,062</u>	<u>\$ 2,345,146,060</u>	<u>\$ 2,399,203,422</u>
ONE-TIME RECEIPTS				
Bank Franchise Tax Prior Year Revenue	\$ 1,568,296	\$ 699,173	\$ 1,751,228	\$ 0
One-Time Sales and Use Tax	28,305,843	0	9,726,426	0
Unexpended Carryovers and Specials	2,900,492	17,709,410	6,400,000	0
One-Time Unclaimed Property Receipts	0	10,554,826	0	0
Surplus Property	3,061,037	0	0	0
Obligated Cash Carried Forward	85,875,130	115,478,433	96,775,123	0
Prior Period Adjustments	5,332,982	0	0	0
SUBTOTAL (ONE-TIME RECEIPTS)	<u>\$ 127,043,781</u>	<u>\$ 144,441,842</u>	<u>\$ 114,652,777</u>	<u>\$ 0</u>
 GRAND TOTAL	 <u><u>\$ 2,253,453,148</u></u>	 <u><u>\$ 2,442,731,904</u></u>	 <u><u>\$ 2,459,798,837</u></u>	 <u><u>\$ 2,399,203,422</u></u>

NOTE: The totals may not add due to rounding.

TAX EXPENDITURES

**Annual Est. General
Fund Revenue Loss**

Sales and Use Tax Exemptions

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.	\$194,233,713
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.	\$55,333,043
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.	\$39,914,723
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.	\$43,770,539
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.	\$25,407,152
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 endoparasiticides and ectoparasiticides)	\$27,333,723
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.	\$18,257,759
10-45-12.1: Farm Product Warehousing & Storage	\$262,758
10-45-12.1: Agricultural Services, except: Veterinary Services and Animal Specialty Services.	\$9,078,689
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)	\$397,526
10-45-12.1: Forestry Services	\$174,520
10-45-18.6, 10-46-16.6: The sale of swine or cattle semen used for agricultural purposes.	\$238,516
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.	**
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.	\$31,802
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.	\$316,211
10-45-18.5, 10-46-16.5: Feed for nondomestic animals exempted in 10-45-18.4	\$6,116

TAX EXPENDITURES

**Annual Est. General
Fund Revenue Loss**

Sales and Use Tax Exemptions

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.	\$475,696,200
--	---------------

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.	**
---	----

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.	\$44,269,898
10-45-11.1, 10-46-17.3: Goods and services furnished to meet warranty obligation.	**
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.	**
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.	\$40,059,957
10-45-68, 10-46-56: Sale of credit card processing services to retailers.	\$18,995,998
10-45-12.1: Water Supply	\$7,437,903
10-45-13.1: Membership fees to membership organizations and services provided by membership organizations.	\$9,005,546
10-45-5.2: Sanitary services except for the collection and disposal of solid waste which is specifically listed as subject to sales tax.	\$1,085,268
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)	**
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.	**
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.	**
10-45-12.1: Motion picture rentals to a commercially operated theater primarily engaged in the exhibition of motion pictures.	\$506,954
10-45-5.2: Research, development, and testing services (SIC 8733)	\$1,378,255

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.	**
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.	\$828,627
10-45-5.2: Radio & Television Broadcasting	\$6,986,261
10-45-5: Leases of tangible personal property between one telephone company and another telephone company.	**
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.	**
10-45-5.5, 10-46-2.5: Chemicals purchased for use by Lawn & Garden Services.	**
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.	**
10-45-14.2, 10-46-9.1: Ink and newsprint used to produce shoppers' guides.	**
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.	**
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.	**
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.	\$73,296
10-45-90, 10-46-63: Services performed for rodeos by promoters, stock contractors, stock handlers, announcers, judges, and clowns.	\$1,422,181
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.	\$518,986
10-45-12.1: Consumer Credit Reporting Agencies and Mercantile Reporting Agencies.	\$62,727

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).	\$1,874,860
--	-------------

TAX EXPENDITURES

**Annual Est. General
Fund Revenue Loss**

Sales and Use Tax Exemptions

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.	\$19,640,957
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.	\$131,333,509
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.	**
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.	\$13,466,325
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.	**
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.	\$86,846,649
10-45-12.6, 10-46-6.2: Sale of credit services by credit bureaus to financial institutions that are paying bank franchise taxes.	**
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.	**

Transportation Group

10-45-12.1: Railroad Transportation & Rental of Railroad Cars.	\$10,101,220
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.	\$81,339,206

Social Services

10-45.12.1: Social services and credit counseling services provided by individual and family social services.	\$11,649,685
---	--------------

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.	**
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.	**
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.	**

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.	**
10-45-13.2, 10-46-15.4: Donations of tangible personal property or services given without charge to organizations exempt from sales tax.	**

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.	\$6,294,045
10-45-5.1, 10-45-5.6: Coin operated washers and dryers annual license fee is in lieu of sales tax on receipts.	\$198,947
10-45-13.3: Sale of lottery tickets.	\$3,158,451
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.	\$1,551,628

Other Miscellaneous Sales Tax Exemptions

Mini-storage receipts are not specifically subject to tax and therefore are exempt.	\$1,488,776
10-45-13.4: Library copying charges.	**

Total Sales and Use Tax Exemptions	\$1,392,029,105
---	------------------------

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.	\$6,746,806
10-50-18: Distributor discount of 1% of cigarette stamp face value.	\$428,499
13-65-2: Tax credit to insurance companies that contribute to an organization providing educational scholarships to certain students. The bill caps credits at three million five hundred thousand dollars per year.	\$3,500,000

Total Other Tax Expenditures	\$26,401,209
-------------------------------------	---------------------

Grand Total Tax Expenditures	\$1,418,430,314
-------------------------------------	------------------------

** Unable to generate estimate.

Sources: Department of Revenue and Department of Labor and Regulation.

RECOMMENDED EXPENDITURES

Governor Noem's FY2025 ongoing budget recommendation maintains a structurally balanced budget while making investments in key areas that focus on ensuring a safer, stronger, and healthier South Dakota for our kids and grandkids.

State Aid to Education, the Department of Education, the Board of Regents, and the Technical Colleges are responsible for educating our kids to ensure they have skills that lead to a fulfilling career after graduation. These general fund budgets account for \$26.8 million of the \$114.7 million in ongoing increases, or 45.2% of the ongoing general fund budget. Approximately 27.4% of the total ongoing budget, which amounts to over \$2.0 billion, is invested in our students to ensure the next generation of our workforce is filled with skilled professionals.

The Governor is recommending an increase of \$24.8 million in general funds for State Aid to Education due to growth in the number of student enrollments, as well as a 4.0% inflationary increase on the target teacher salary. Governor Noem is also recommending an increase of \$0.5 million in general funds to support the Dual Credit program, which has seen increases in the number of students participating and in the cost per credit hour.

The budget recommendation for the Board of Regents includes a reduction of \$0.4 million in general funds. This recommendation contains an increase of \$2.1 million in general funds to fund maintenance and repair at 1.75% of replacement value for academic buildings and a decrease of \$2.6 million in general funds to transfer the tuition reimbursement program for National Guard members from the Board of Regents to the Department of Military. Additionally, Governor Noem is recommending increases of 10.0 FTE, \$10.0 million in federal fund expenditure authority, and \$6.3 million in other fund expenditure authority to align budget with anticipated expenditures.

Governor Noem is recommending an ongoing increase of \$1.8 million in general funds for the Technical Colleges. This recommendation includes increases of \$1.9 million for 4.0% inflation on the per-student allocation and \$0.1 million to fund maintenance and repair at 1.75% of replacement value for state-owned buildings. A decrease of \$0.3 million in general funds is also recommended to transfer the tuition reimbursement program for National Guard members from the Technical Colleges to the Department of Military.

The Departments of Social Services, Human Services, and Health are responsible for the majority of the programs that help those who cannot take care of themselves, including the very young, the very old, and the disabled. These general fund budgets account for \$49.7 million of the \$114.7 million in ongoing increases, or 39.4% of the ongoing general fund budget. Approximately 37.3% of the total ongoing budget, which amounts to nearly \$2.7 billion, is dedicated to assist those in need.

Governor Noem is recommending an ongoing increase of \$27.5 million in general funds for the Department of Social Services. This includes an increase of \$18.3 million in general funds to plan ahead for the full cost of Medicaid Expansion in FY2026. The Governor is also recommending

increases of \$14.0 million in general funds and \$24.1 million in federal fund expenditure authority for discretionary provider inflation of 4.0%. Additionally, increases of \$10.5 million in general funds and \$7.2 million in federal fund expenditure authority are recommended for federally required inflation in programs such as Medicare and certain federally qualified health centers. Due to a change in the FMAP rate, the Governor is recommending an increase of \$13.9 million in general funds and a corresponding decrease in federal fund expenditure authority. Governor Noem is also recommending increases of \$1.9 million in general funds and \$0.7 million in federal fund expenditure authority for additional subsidized adoptions and guardianships.

The budget recommendation the Department of Human Services includes an increase of \$22.2 million in general funds. This Governor's recommendation contains increases of \$11.1 million in general funds and \$14.6 million in federal fund expenditure authority for discretionary provider inflation of 4.0%. Due to a change in the FMAP rate, the Governor is recommending increases of \$11.1 million in general funds \$0.4 million in other fund expenditure authority and a corresponding decrease in federal fund expenditure authority.

The Governor is recommending an increase of \$0.1 million in general funds for the Department of Health. This increase includes funding for health protection inspections as well as increases for discretionary provider inflation of 4.0% and FMAP changes within the Rural Residency Program.

To ensure the safety of our citizens, South Dakota has a progressive criminal justice system in place. Governor Noem is recommending an ongoing general fund increase of \$5.1 million. This recommendation includes increases of \$2.7 million for food services and Correctional Healthcare costs. The Governor is recommending an increase of \$1.0 million in general funds to increase the reimbursement provided to counties for juvenile diversion programs. The Governor is also recommending \$0.6 million for changes in placement of juveniles in the custody of the Department of Corrections and \$0.5 million in general funds for discretionary provider inflation of 4.0%.

Governor Noem is recommending increases of \$20.6 million in general funds, \$8.8 million in federal fund expenditure authority, and \$21.8 million in other fund expenditure authority for 4.0% market adjustment for state employees. The Governor is also recommending increases of \$1.4 million in general funds and decreases of \$1.0 million in federal fund expenditure authority and \$0.4 million in other fund expenditure authority for changes to the employee health insurance plan.

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.
- \$27.2M increase out of \$114.7M total ongoing general fund increase.
- \$1.0B out of \$2.4B, or 44.2%, of total ongoing general funds.
- \$1.9B out of \$7.3B, or 27.4%, of total ongoing funds.

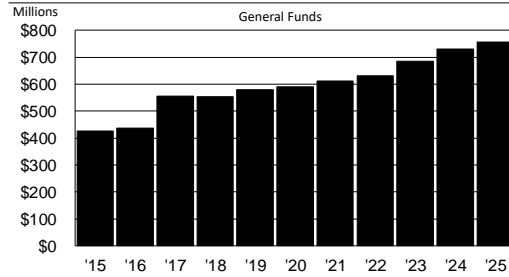
State Aid to K-12 Education	FTE	General	Federal	Other
State Aid to Special Education		\$12,451,404		
State Aid to General Education		\$12,384,637		
Sparsity		(\$67,365)		
Total	0.0	\$24,768,676	\$0	\$0

- Increase of \$12,451,404 in general funds due to the rebase of reimbursement rates for the six special education disability categories.
- Increase of \$12,384,637 in general funds for State Aid to General Education due to 4.0% inflation on the target teacher salary and an increase in enrollments.
- Decrease of \$67,365 in general funds for sparsity payments due to 4.0% inflation and an adjustment in enrollments in sparse districts.

State Aid to Technical Colleges	FTE	General	Federal	Other
Technical College Formula		\$1,885,933		
Maintenance and Repair		\$108,288		
Bond Payments		\$62,951		
Academic Programs Database		\$15,000		
National Guard Tuition Assistance Program		(\$296,008)		
Total	0.0	\$1,776,164	\$0	\$0

- Increase of \$1,885,933 in general funds for the Technical Colleges formula due to 4.0% inflation in the per student allocation and adjustment in the full-time equivalent students.
- Increase of \$108,288 in general funds to fund the state's share of maintenance and repair at 1.75% of replacement value for state-owned buildings.
- Increase of \$62,951 in general funds to align funding with bond payment schedules.
- Increase of \$15,000 in general funds for the annual maintenance cost of the comprehensive programs database.
- Decrease of \$296,008 in general funds to transfer the tuition reimbursement program for National Guard members from the Board of Technical Education to the Department of Military.

State Aid to Schools



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

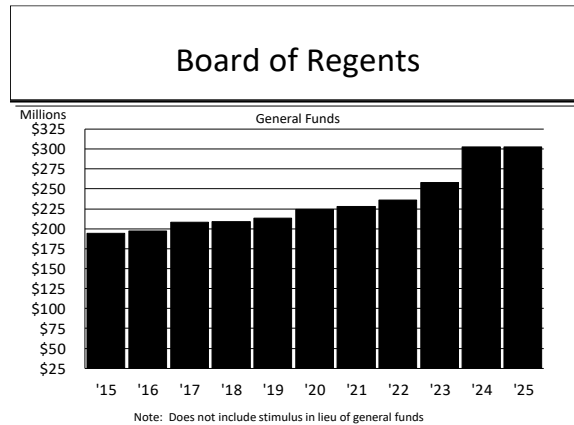
Education	FTE	General	Federal	Other
Dual Credit		\$543,128		
National Career Readiness Certificate		\$125,000		
Federal Medical Assistance Percentage (FMAP)		\$7,993	(\$7,993)	
Federal Expenditure Authority			\$11,785,468	
State Longitudinal Data System (SLDS)	3.0		\$1,109,473	
Jobs for America's Graduates (JAG-SD)	2.0		\$482,050	
Federal Covid-19 Expenditure Authority			(\$80,000,000)	
Total	5.0	\$676,121	(\$66,631,002)	\$0

- Increase of \$543,128 in general funds for the Dual Credit program due to an increase in the number of credits taken and an increase in the cost per credit hour.
- Increase of \$125,000 in general funds to support projected growth in the National Career Readiness Certificate program for high school students.
- Increase of \$7,993 in general funds with a corresponding decrease in federal fund expenditure authority in the Birth to Three program due to the change in FMAP.
- Increase of \$11,785,468 in federal fund expenditure authority to align the budget with anticipated expenses.
- Increases of 3.0 FTE and \$1,109,473 in federal fund expenditure authority to continue building the State Longitudinal Data System across state government.
- Increases of 2.0 FTE and \$482,050 in federal fund expenditure authority to support the promotion of Jobs for America's Graduates in additional schools in the state.
- Decrease of \$80,000,000 in federal fund expenditure authority related to COVID-19 grants.

Board of Regents	FTE	General	Federal	Other
Maintenance and Repair		\$2,077,874		
Utilities		\$75,062		
Critical Deferred Maintenance Adjustments		(\$3,452)		
National Guard Tuition Assistance Program		(\$2,592,003)		
Authority Adjustments	10.0		\$10,000,000	\$6,330,000
Total	10.0	(\$442,519)	\$10,000,000	\$6,330,000

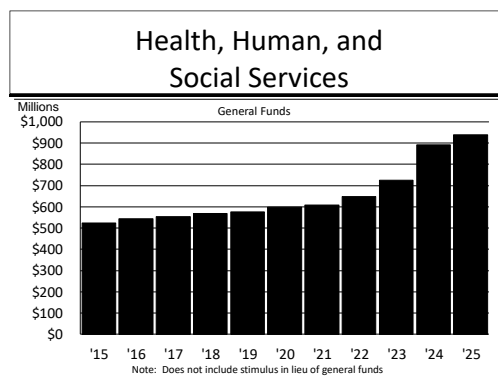
- Increase of \$2,077,874 in general funds to fund maintenance and repair at 1.75% of replacement value.

- Increase of \$75,062 in general funds for changes in utilities based on EnergyCap projections.
- Decrease of \$3,452 in general funds based on the bond lease schedule.
- Decrease of \$2,592,003 in general funds to transfer the tuition reimbursement program for National Guard members from the Board of Regents to the Department of Military.
- Increases of 10.0 FTE, \$10,000,000 in federal fund expenditure authority, and \$6,330,000 in other fund expenditure authority to align budget with anticipated revenues and expenses.



Health, Human, and Social Services

- Includes the Departments of Health, Human Services, and Social Services.
- \$49.7M increase out of \$114.7M total ongoing general fund increase.
- \$940.4M out of \$2.4B, or 38.1%, of total ongoing general funds.
- \$2.7B out of \$7.3B, or 37.3%, of total ongoing funds.



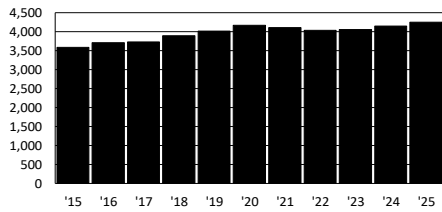
Health	FTE	General	Federal	Other
Health Protection		\$78,247		
Rural Residency		\$35,721	\$11,883	
Federal Fund Authority Adjustment			\$7,000,000	
Bright Start Expansion	2.0		\$193,631	
Child Lead Epidemiologist	1.0		-	
Medical Cannabis Positions & Testing	3.0			\$866,855
Informational Boards				\$74,575
Total	6.0	\$113,968	\$7,205,514	\$941,430

- Increase of \$78,247 in general funds to cover expenses associated with health protection inspections.
- Increases of \$35,721 in general funds and \$11,883 in federal fund expenditure authority for 4.0% provider inflation and FMAP changes within the Rural Residency program.
- Increase of \$7,000,000 in federal fund expenditure authority to align budget with anticipated federal grant awards.
- Increases of 2.0 FTE and \$193,631 in federal fund expenditure authority to expand the Bright Start program statewide.
- Increase of 1.0 FTE and transfer of federal fund expenditure authority within the Office of Epidemiology, Surveillance, & Informatics to shift a contracted Epidemiologist to state employee.
- Increases of 3.0 FTE and \$866,855 in other fund expenditure authority for the operation of the existing medical cannabis program. This program was previously funded by a special appropriation.
- Increase of \$74,575 in other fund expenditure authority for various changes throughout the department's boards and commissions.

Human Services	FTE	General	Federal	Other
Provider Inflation		\$11,129,817	\$14,607,308	\$318,154
Federal Medical Assistance Percentage		\$11,058,919	(\$11,416,762)	\$357,843
South Dakota Developmental Center		(\$9,839)	(\$41,347)	
Total	0.0	\$22,178,897	\$3,149,199	\$675,997

- Increases of \$11,129,817 in general funds, \$14,607,308 in federal fund expenditure authority, and \$318,154 in other fund expenditure authority for provider inflation of 4.0%.
- Increase of \$11,058,919 in general funds, decrease of \$11,416,762 in federal fund expenditure authority, and increase of \$357,843 in other fund expenditure authority for the change in FMAP.
- Decreases of \$9,839 in general funds and \$41,347 in federal fund expenditure authority due to projected changes in utilities and food service at the South Dakota Developmental Center.

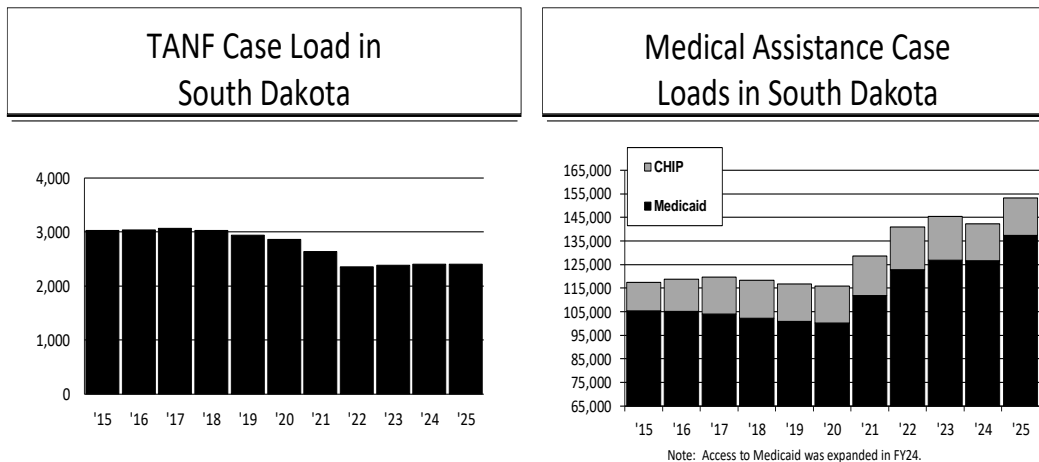
Developmental Disabilities
Clients



Social Services	FTE	General	Federal	Other
Medicaid Expansion 5% Enhanced FMAP		\$18,341,970		
Provider Inflation		\$14,049,224	\$24,140,193	
Federal Medical Assistance Percentage		\$13,858,896	(\$13,858,896)	
Mandatory Inflation		\$10,468,173	\$7,218,184	
Adoptions, Guardianships, and Placements		\$1,929,991	\$686,098	
Human Services Center		\$734,523		
GovLink Maintenance		\$140,169	\$272,090	
Child Care Reorganization	-	-	-	-
Juvenile Diversion Funding		(\$1,000,000)		
Medicaid Expansion Eligible Contingency		(\$5,392,287)	(\$48,530,582)	
Medicaid Expansion Utilization		(\$11,038,582)	(\$99,347,239)	
Medicaid and Chip Eligibles, Utilization, & Cost		(\$14,635,492)	(\$20,673,293)	
Correctional Healthcare Pharmacy	(8.5)			(\$1,110,285)
Total	(8.5)	\$27,456,585	(\$150,093,445)	(\$1,110,285)

- Increase of \$18,341,970 in general funds to plan ahead for the Medicaid Expansion 5% enhanced FMAP that will go away in FY2026.
- Increases of \$14,049,224 in general funds and \$24,140,193 in federal fund expenditure authority for 4.0% provider inflation.
- Increase of \$13,858,896 in general funds with a corresponding decrease in federal fund expenditure authority for the change in FMAP.
- Increases of \$10,468,173 in general funds and \$7,218,184 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 \$1,929,991 in general funds and \$686,098 in federal fund expenditure authority for an additional 93 adoption and 19 guardianship subsidies, as well as additional paid placements in Child Protection Services.
- Increase of \$734,523 in general funds at the Human Services Center due to food services and utilities adjustments.
- Increases of \$140,169 in general funds and \$272,090 in federal fund expenditure authority for maintenance costs of the GovLink system to streamline e-filing legal documents in Child Support Enforcement.

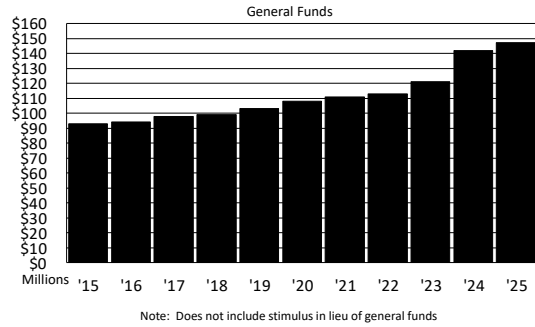
- Transfer of FTE, general funds, federal fund expenditure authority, and other fund expenditure authority from Children’s Service to Economic Assistance. This will align budget with organizational structure.
- Decrease of \$1,000,000 in general funds to increase reimbursements provided to counties by the Department of Corrections for juvenile diversion programs. There is a corresponding increase in the Department of Corrections.
- Decreases of \$5,392,287 in general funds and \$48,530,582 in federal fund expenditure authority to remove the 10% contingency on the number of individuals enrolled in Medicaid Expansion.
- Decreases of \$11,038,582 in general funds and \$99,347,239 in federal fund expenditure authority for less than anticipated Medicaid Expansion enrollments.
- Decreases of \$14,635,492 in general funds and \$20,673,293 in federal fund expenditure authority for less than anticipated Medicaid utilization and costs.
- Decreases of 8.5 FTE and \$1,110,285 in other fund expenditure authority due to the transition of Correctional Healthcare Pharmacy from the Department of Social Services to the Department of Corrections.



Corrections

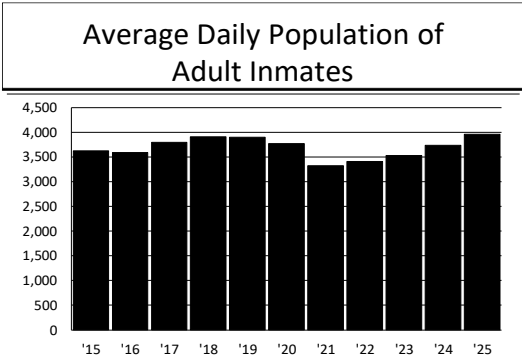
- Includes the Department of Corrections.
- \$5.1M increase out of \$114.7M total ongoing general fund increase.
- \$147.1M out of \$2.4B, or 6.2%, of total ongoing general funds.
- \$156.7M out of \$7.3B, or 2.2%, of total ongoing funds.

Corrections



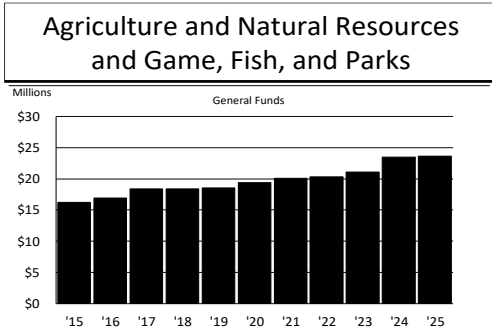
Corrections	FTE	General	Federal	Other
Food Services		\$1,480,005		
Correctional Healthcare		\$1,209,563		
Juvenile Diversion Funding		\$1,000,000		
Juvenile Placements		\$582,666	(\$342,064)	
Provider Inflation		\$524,088	\$92,838	
Utilities		\$275,026		
Federal Medical Assistance Percentage		\$74,128	(\$74,128)	
Correctional Healthcare Pharmacy	8.5	-		
Total	8.5	\$5,145,476	(\$323,354)	\$0

- Increase of \$1,480,005 in general funds for food services due to adjustments in inmate population and increased meal rates.
- Increase of \$1,209,563 in general funds due to increased medical costs and projected patient growth.
- Increase of \$1,000,000 in general funds to increase reimbursements provided to counties for juvenile diversion programs. There is a corresponding decrease in the Department of Social Services.
- Increase of \$582,666 in general funds and decrease of \$342,064 in federal fund expenditure authority due to changes in juvenile placements.
- Increases of \$524,088 in general funds and \$92,838 in federal fund expenditure authority for 4.0% provider inflation.
- Increase of \$275,026 in general funds for changes in utilities based on EnergyCap projections.
- Increase of \$74,128 in general funds with a corresponding decrease in federal fund expenditure authority for the change in FMAP.
- Increase of 8.5 FTE and transfer of general funds within Inmate Services due to the transition of Correctional Healthcare Pharmacy from the Department of Social Services to the Department of Corrections.



Agriculture and Natural Resources and Game, Fish, and Parks

- Includes the Departments of Agriculture and Natural Resources and Game, Fish, and Parks.
- \$43.1K increase out of \$114.7M total ongoing general fund increase.
- \$23.61M out of \$2.4B, or 1.0%, of total ongoing general funds.
- \$216.8M out of \$7.3B, or 2.8%, of total ongoing funds.



Agriculture and Natural Resources	FTE	General	Federal	Other
Animal Industry Board Operations		\$53,784	\$51,816	\$40,258
Informational Boards	(1.0)			\$1,486,132
Coordinated Conservation Grant Funding				\$625,000
Office of Water Adjustment		-	-	-
Total	(1.0)	\$53,784	\$51,816	\$2,151,390

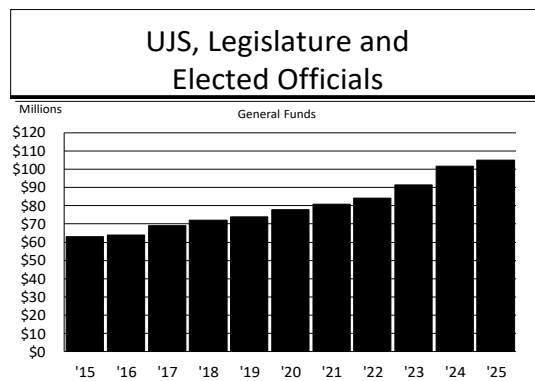
- Increases of \$53,784 in general funds, \$51,816 in federal fund expenditure authority, and \$40,258 in other fund expenditure authority to support Animal Industry Board operations.
- Decrease of 1.0 FTE and increase of \$1,486,132 in other fund expenditure authority for various changes throughout the department’s boards and commissions.
- Increase of \$625,000 in other fund expenditure authority for the Coordinated Conservation Fund grant program.
- Transfer of general funds, federal fund expenditure authority, and other fund expenditure authority to align the Office of Water budget with anticipated expenses.

Game, Fish, and Parks	FTE	General	Federal	Other
Bond Payments		(\$10,666)		
Division of Parks and Recreation - Capital Development			\$2,014,625	\$1,797,500
Division of Wildlife – Capital Development			(\$1,094,500)	(\$2,007,000)
Engineering Adjustment	-	-	-	-
Total	0.0	(\$10,666)	\$920,125	(\$209,500)

- Decrease of \$10,666 in general funds based on changes in bond payments.
- Increases of \$2,014,625 in federal fund expenditure authority and \$1,797,500 in other fund expenditure authority to align the budget with anticipated costs for the Division of Parks and Recreation’s capital development project list.
- Decreases of \$1,094,500 in federal fund expenditure authority and \$2,007,000 in other fund expenditure authority to align the budget with anticipated costs for the Division of Wildlife’s capital development project list.
- Transfer of FTE, general funds, federal fund expenditure authority, and other fund expenditure authority to align the engineering budgets for the Divisions of Wildlife and Parks and Recreation with anticipated expenditures.

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.
- \$3.2M increase out of \$114.7M total ongoing general fund increase.
- \$101.11M out of \$2.4B, or 4.2%, of total ongoing general funds.
- \$206.6M out of \$7.3B, or 2.8%, of total ongoing funds.



Legislature	FTE	General	Federal	Other
Legislative Audit Compensation Plan		\$193,897		
Auditor Positions	2.0	\$173,205		
IT Positions	2.0	\$169,511		
Legislative Intern Pay		\$52,800		
Total	4.0	\$589,413	\$0	\$0

- Increase of \$193,897 in general funds in the Department of Legislative Audit to fund components of the compensation plan.
- Increases of 2.0 FTE and \$173,205 in general funds in the Department of Legislative Audit for additional auditors.
- Increases of 2.0 FTE and \$169,511 in general funds in the Legislative Research Council for a Senior Software Engineer and an IT Support Specialist.
- Increase of \$52,800 in general funds in the Legislative Research Council to increase the legislative intern pay rate from \$125 to \$185 per day.

Unified Judicial System	FTE	General	Federal	Other
Office of Indigent Legal Defense	7.0	\$1,412,831		
Positions	2.0	\$279,318		
Provider Inflation		\$131,921		
IT Operating Expenses				(\$292,510)
Total	9.0	\$1,824,070	\$0	(\$292,510)

- Increases of 7.0 FTE and \$1,412,831 in general funds to create the Office of Indigent Legal Defense.
- Increases of 2.0 FTE and \$279,318 in general funds for a Circuit Court Judge and a Deputy Court Clerk.
- Increase of \$131,921 in general funds for 4.0% provider inflation.
- Decrease of \$292,510 in other fund expenditure authority due to delays in the Odyssey Redaction project.

Public Utilities Commission	FTE	General	Federal	Other
Consultant Contracts				\$62,080
Do Not Call Registry				(\$111)
Total	0.0	\$0	\$0	\$61,969

- Increase of \$62,080 in other fund expenditure authority for research consultants for utility rate cases.
- Decrease of \$111 in other fund expenditure authority to align budget with anticipated cost for the Do Not Call registry.

Attorney General	FTE	General	Federal	Other
Digital Investigations		\$405,000		
Targeted Salary Increase		\$158,113	\$27,218	\$180,506
Forensic Scientist	1.0	\$117,142		
Federal Fund Expenditure Authority			\$1,005,332	
Total	1.0	\$680,255	\$1,032,550	\$180,506

- Increase of \$405,000 in general funds for training opportunities and software to assist agents with digital investigations.

- Increases of \$158,113 in general funds, \$27,218 in federal fund expenditure authority, and \$180,506 in other fund expenditure authority for targeted salary increases based on Bureau of Human Resources and Administration review of comparable jobs.
- Increases of 1.0 FTE and \$117,142 in general funds for a Forensic Scientist to assist with firearm examinations.
- Increase of \$1,005,332 in federal fund expenditure authority to align budget with anticipated federal grant awards.

Secretary of State	FTE	General	Federal	Other
County Reimbursements		\$31,900	\$349,251	
Targeted Salary Increase		\$11,997	\$2,514	\$17,314
Contractual Services			\$309,286	
Total	0.0	\$43,897	\$661,051	\$17,314

- Increases of \$31,900 in general funds and \$349,251 in federal fund expenditure authority for reimbursements to counties for election security and post-election audit expenses.
- Increases of \$11,997 in general funds, \$2,514 in federal fund expenditure authority, and \$17,314 in other fund expenditure authority for targeted salary increases based on Bureau of Human Resources and Administration review of comparable jobs.
- Increase of \$309,286 in federal fund expenditure authority for annual contract maintenance.

School and Public Lands	FTE	General	Federal	Other
Targeted Salary Increase		\$1,871		\$1,871
Total	0.0	\$1,871	\$0	\$1,871

- Increases of \$1,871 in general funds and \$1,871 in other fund expenditure authority for targeted salary increases based on Bureau of Human Resources and Administration review of comparable jobs.

State Auditor	FTE	General	Federal	Other
Targeted Salary Increase		\$77,994		
Total	0.0	\$77,994	\$0	\$0

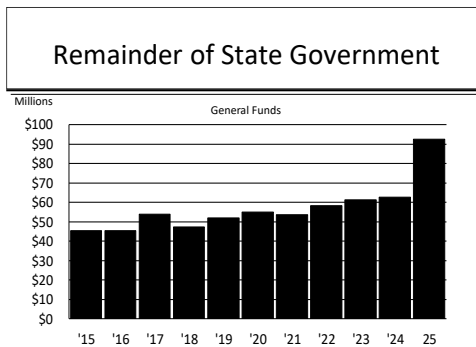
- Increase of \$77,994 in general funds for targeted salary increases based on Bureau of Human Resources and Administration review of comparable jobs.

State Treasurer	FTE	General	Federal	Other
Targeted Salary Increase		\$1,106		\$23,006
Disbursements from Unclaimed Property				\$4,000,000
Operating Expenses				\$250,063
Incentive Funding				\$212,451
Personal Services				\$202,712
Total	0.0	\$1,106	\$0	\$4,688,232

- Increases of \$1,106 in general funds and \$23,006 in other fund expenditure authority for targeted salary increases based on Bureau of Human Resources and Administration review of comparable jobs.
- Increase of \$4,000,000 in other fund expenditure authority due to increases in Unclaimed Property disbursements.
- Increase of \$250,063 in other fund expenditure authority for the South Dakota Investment Council’s operating expenses.
- Increase of \$212,451 in other fund expenditure authority to align budget for potential performance-based compensation from zero to 225% of prior-year base salaries for the South Dakota Investment Council.
- Increase of \$202,712 in other fund expenditure authority for salary increases related to promotions within the South Dakota Investment Council.

Remainder of State Government

- Includes the Departments of Executive Management, Military, Veterans’ Affairs, Revenue, Tourism, Transportation, Labor and Regulation, Retirement, and Public Safety.
- \$7.8M increase out of \$114.7M total ongoing general fund increase.
- \$119.9M out of \$2.4B, or 5.0%, of total ongoing general funds.
- \$2.0M out of \$7.3B, or 27.4%, of total ongoing funds.



Executive Management	FTE	General	Federal	Other
State Employee Salary Policy Pool		\$20,620,425	\$8,827,176	\$21,819,275
Bureau Billings		\$1,783,198	\$1,429,087	\$5,132,005
Maintenance and Repair		\$1,406,743		
State Employee Health Insurance		\$1,392,124	(\$973,626)	\$393,587
Per Diem		\$438,808	\$279,930	\$849,590
Captive Insurance		\$306,590	\$21,433	\$1,254,576
Contractual Increases		\$80,000		
Board and Commissions	5.7		\$108,161	\$2,564,662
Pool Authority Adjustments			(\$1,706,801)	(\$21,736,322)
Coronavirus Stimulus Pool			(\$70,000,000)	
Risk Management Claims and Premiums				\$10,270,000
Time-Keeping System				\$575,000
Office of Legal and Risk	3.0			\$561,889
Systems Maintenance				\$242,792
Financial Systems Analyst	1.0			\$98,848
Utilities				\$6,602
Attorney Transfer	(1.0)			(\$147,671)
Merger Efficiencies	(4.5)			(\$786,087)
Total	4.2	\$26,027,888	(\$62,014,640)	\$21,098,746

- Increases of \$20,620,425 in general funds, \$8,827,176 in federal fund expenditure authority, and \$21,819,275 in other fund expenditure authority within the Bureau of Finance and Management to be put in a funding pool and distributed to state agencies for 4.0% salary policy.
- Increases of \$1,783,198 in general funds, \$1,429,087 in federal fund expenditure authority, and \$5,132,005 in other fund expenditure authority within the Bureau of Finance and Management to be put in a funding pool and distributed to state agencies for increases in BIT billing rates.
- Increase of \$1,406,743 in general funds within the Bureau of Human Resources and Administration to fund statewide maintenance and repair at 1.75% of replacement value.
- Increase of \$1,392,124 in general funds, decrease of \$973,626 in federal fund expenditure authority, and increase of \$393,587 in other fund expenditure authority within the Bureau of Finance and Management to be put in a funding pool and distributed to state agencies for health insurance.
- Increases of \$438,808 in general funds, \$279,930 in federal fund expenditure authority, and \$849,590 in other fund expenditure authority within the Bureau of Finance and Management to be put in a funding pool and distributed to state agencies for changes in the per diem rates.
- Increase of \$306,590 in general funds, \$21,433 in federal fund expenditure authority, and \$1,254,576 in other fund expenditure authority within the Bureau of Finance and Management to be put in a funding pool and distributed to state agencies for increases in captive insurance.
- Increase of \$80,000 in general funds within the Bureau of Information and Telecommunications for contractual increases and tower maintenance in State Radio.

- Increases of 5.7 FTE, \$108,161 in federal fund expenditure authority, and \$2,564,662 in other fund expenditure authority for various changes throughout the department’s boards and commissions.
- Decreases of \$1,706,801 in federal fund expenditure authority and \$21,736,322 in other fund expenditure authority within the Bureau of Finance and Management to align budget with anticipated distributions from the state employee salary policy pool.
- Decrease of \$70,000,000 of federal fund expenditure authority within the Bureau of Finance and Management to align budget with anticipated COVID-19 federal grant awards received directly by agencies.
- Increase of \$10,270,000 in other fund expenditure authority within the Bureau of Human Resources and Administration to align budget with anticipated expenses for captive insurance claims and premiums.
- Increase of \$575,000 in other fund expenditure authority within the Bureau of Human Resources and Administration to replace the current time-keeping system.
- Increases of 3.0 FTE and \$561,889 in other fund expenditure authority within the Bureau of Human Resources and Administration to centralize attorneys within the bureaus to create the Office of Legal and Risk.
- Increase of \$242,792 in other fund expenditure authority within the Bureau of Finance and Management for increased maintenance and contract costs for the state’s financial systems.
- Increases of 1.0 FTE and \$98,848 in other fund expenditure authority within the Bureau of Finance and Management for additional staff to work with agencies on enterprise resource planning requirements and interface needs.
- Increase of \$6,602 in other fund expenditure authority within the Bureau of Human Resources and Administration for changes in utilities based on EnergyCap projections.
- Decreases of 1.0 FTE and \$147,671 in other fund expenditure authority from the Bureau of Information and Telecommunications to transfer an attorney to the Office of Legal and Risk within the Bureau of Human Resources and Administration.
- Decreases of 4.5 FTE and \$786,087 in other fund expenditure authority within the Bureau of Human Resources and Administration to align budget with organizational efficiencies realized as a result of the merger between the Bureau of Human Resources and Bureau of Administration.

Military	FTE	General	Federal	Other
National Guard Tuition Reimbursement		\$2,888,011		
Maintenance and Repair		\$275,530	\$319,115	
National Guard Tuition at Private Universities		\$202,800		
Utilities		(\$72,916)	(\$234,199)	
Total	0.0	\$3,293,425	\$84,916	\$0

- Increase of \$2,888,011 in general funds to transfer the tuition reimbursement program for National Guard members from the Board of Regents and the Board of Technical Education to the Department of Military.

- Increases of \$275,530 in general funds and \$319,115 in federal fund expenditure authority to fund maintenance and repair at 1.75% of replacement value.
- Increase of \$202,800 in general funds to include private universities in the tuition reimbursement program for National Guard members.
- Decreases of \$72,916 in general funds and \$234,199 in federal fund expenditure authority for utilities at the Army and Air Guard based on projected costs.

Veterans' Affairs	FTE	General	Federal	Other
Federal Medical Assistance Percentage		\$106,912	(\$106,912)	
Supplemental Salary Increase		\$7,437		
Utilities				(\$6,839)
Total	0.0	\$114,349	(\$106,912)	(\$6,839)

- Increase of \$106,912 in general funds with a corresponding decrease in federal fund expenditure authority for the change in FMAP.
- Increase of \$7,437 in general funds to align budget with actual participation of counties and tribes in the Veterans' Service Officer salary supplement program as defined in SDCL 33A-1-25:32.
- Decrease of \$6,839 in other fund expenditure authority for changes in utilities at the State Veterans' Home based on EnergyCap projections.

Revenue	FTE	General	Federal	Other
Business Tax Operating Expenses				\$285,000
Total	0.0	\$0	\$0	\$285,000

- Increase of \$285,000 in other fund expenditure authority for software, supplies, and materials in the Business Tax program.

Tourism	FTE	General	Federal	Other
Arts Council Authority Alignment			\$153,771	
Gaming and Tourism Promotion Tax				\$2,082,918
Total	0.0	\$0	\$153,771	\$2,082,918

- Increase of \$153,771 in federal fund expenditure authority to align budget with anticipated federal grant awards.
- Increase of \$2,082,918 in other fund expenditure authority to align budget with projected increase in gaming and tourism promotion tax revenues.

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

- No changes recommended to the FY25 budget.

Transportation	FTE	General	Federal	Other
Transit Grants to Non-Profit Organizations			\$1,321,770	\$25,620
Road Maintenance				\$4,660,260
Total	0.0	\$0	\$1,321,770	\$4,685,880

- Increases of \$1,321,770 in federal fund expenditure authority and \$25,620 in other fund expenditure authority for grants to transit providers.
- Increase of \$4,660,260 in other fund expenditure authority for road maintenance supplies.

Labor and Regulation	FTE	General	Federal	Other
Job Services Rent		\$252,279		
Adult Education and Literacy Inflation		\$74,609	\$26,611	
Quest Dislocated Worker Grant	4.0		\$1,437,812	
Reemployment Assistance Positions	(4.0)		(\$1,309,955)	
Job Service & Secretariat FTE Reduction	(44.5)		(\$4,144,903)	
State Registered Apprenticeship Program	7.0			\$2,510,553
Trust Examiners and Operating Expenses	2.0			\$638,865
Board and Commissions	1.0			\$437,940
National Career Readiness Certificate				\$125,000
Total	(34.5)	\$326,888	(\$3,990,435)	\$3,712,358

- Increase of \$252,279 in general funds for rent expenses at Job Services field offices.
- Increases of \$74,609 in general funds and \$26,611 in federal fund expenditure authority for 4.0% inflation for Adult Education and Literacy providers.
- Increases of 4.0 FTE and \$1,437,812 in federal fund expenditure authority to increase the number of services that are provided for individuals with barriers to employment.
- Decreases of 4.0 FTE and \$1,309,955 in federal fund expenditure authority to align budget with anticipated Reemployment Assistance claims caseload and computer programming expenses.
- Decreases of 44.5 FTE and \$4,144,903 in federal fund expenditure authority to align budget with anticipated federal grant awards.
- Increases of 7.0 FTE and \$2,510,553 in other fund expenditure authority to create the State Registered Apprenticeship program.
- Increases of 2.0 FTE and \$638,865 in other fund expenditure authority for operating expenses and additional trust examiners to keep up with continued growth in trust assets.
- Increases of 1.0 FTE and \$437,940 in other fund expenditure authority for various changes throughout the department's boards and commissions.
- Increase of \$125,000 in other fund expenditure authority to support projected growth in the National Career Readiness Certificate program for high school students.

Retirement	FTE	General	Federal	Other
Positions	2.0			\$231,942
Operating Expenses				\$106,301
Total	2.0	\$0	\$0	\$338,243

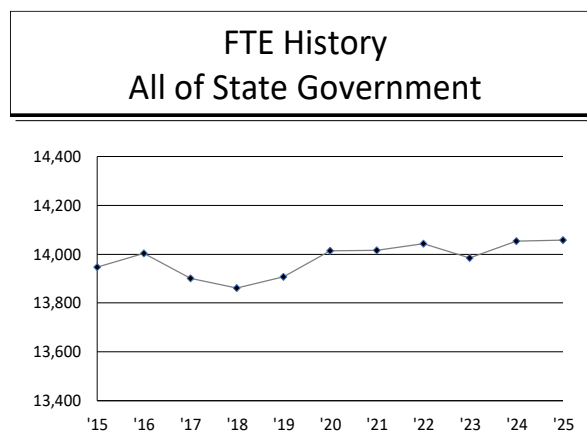
- Increases of 2.0 FTE and \$231,942 other fund expenditure authority for an Actuary Associate and a Senior Auditor.
- Increase of \$106,301 other fund expenditure authority to align budget with anticipated expenses.

Public Safety	FTE	General	Federal	Other
Inspection Rates		\$33,830		
Authority Adjustments			(\$700,000)	(\$50,000)
Highway Patrol Equipment				\$456,410
Driver Licensing Exam Station Rent				\$30,737
Victims' Compensation Fund				\$27,654
Total	0.0	\$33,830	(\$700,000)	\$464,801

- Increase of \$33,830 in general funds for increased inspection rates paid by the Weights and Measures program and the office of the Fire Marshal.
- Decreases of \$700,000 in federal fund expenditure authority and \$50,000 in other fund expenditure authority to align budget with anticipated grant awards.
- Increase of \$456,410 in other fund expenditure authority for increases in the cost of vehicles and computers for the Highway Patrol.
- Increase of \$30,737 in other fund expenditure authority for increased rent at the Brookings Driver Licensing Exam Station.
- Increase of \$27,654 in other fund expenditure authority for 4.0% provider inflation in the Victim's Compensation Fund.

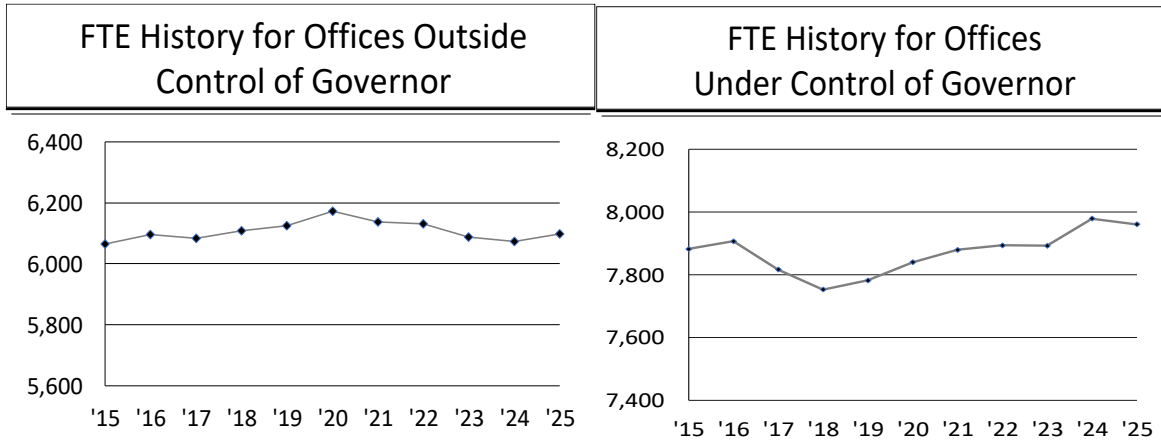
Full-Time Equivalent Employee Change

- The total appropriated FTE across all of state government rose from 13,947.0 in FY2015 to a recommended level of 14,058.6 in FY2025.
- This is an increase of 111.6, or 0.80%, over the decade. The recommended change in FTE for FY2025 is an increase of 5.7 across state government.



- For offices outside the control of the Governor, total appropriated FTE changed from 6,064.9 in FY2015 to a recommended level of 6,097.5 in FY2025. This is a net increase of 32.6, or 0.54%, over the decade.

- The recommended changes for these offices in the FY2025 budget are an increase of 24.0 FTE.
- For agencies under direct control of the Governor, total appropriated FTE changed from 7,882.1 in FY2015 to a recommended level of 7,961.1 in FY2025. This is a net increase of 79.0, or 1.00%, over the decade.
- The recommended changes for these agencies in the FY2025 budget are a decrease of 18.3 FTE.



Summary of Reorganizations

Bureau of Administration: A reorganization is recommended between the Bureau of Human Resources and the Bureau of Administration. The budget reorganization merges the Bureau of Human Resources to the Bureau of Administration to form the Bureau of Human Resources and Administration.

Bureau of Human Resources: A reorganization is recommended between the Bureau of Human Resources and the Bureau of Administration. The budget reorganization merges the Bureau of Human Resources to the Bureau of Administration to form the Bureau of Human Resources and Administration.

SPECIAL APPROPRIATION RECOMMENDATIONS

FY2024 EMERGENCY SPECIAL APPROPRIATIONS	FTE	GENERAL FUNDS	FEDERAL FUNDS	OTHER FUNDS	TOTAL FUNDS
Richmond Dam Replacement		\$ 9,650,200	\$ 10,649,800		\$ 20,300,000
Center for Quantum Information Science & Technology		\$ 6,034,444			\$ 6,034,444
K-12 Professional Development and Literacy		\$ 6,000,000			\$ 6,000,000
Emergency and Disaster Fund		\$ 2,776,341			\$ 2,776,341
Fire Suppression Fund		\$ 2,250,931			\$ 2,250,931
Lake Alvin and Newell Lake Spillway Replacement		\$ 1,995,604			\$ 1,995,604
Rural Recruitment Assistance Programs		\$ 700,863			\$ 700,863
Tax Refunds for the Elderly and Disabled		\$ 425,000			\$ 425,000
Environmental Funding Projects - Local			\$ 95,384,221		\$ 95,384,221
Environmental Funding Projects - Local Contingency			\$ 28,000,000		\$ 28,000,000
Environmental Funding Projects - State			\$ 12,826,696		\$ 12,826,696
Male Prison Facility			\$ 10,000,000		\$ 10,000,000
Female Prison Facility			\$ 2,420,154	\$ 20,892,179	\$ 23,312,333
Governor's Omnibus Water Funding Bill			\$ 500,000	\$ 19,300,000	\$ 19,800,000
TOTAL FY2024 EMERGENCY SPECIAL APPROPRIATIONS	0.0	\$ 29,833,383	\$ 159,780,871	\$ 40,192,179	\$ 229,806,433

NOTE: FY2024 emergency special appropriations become available for expenditure upon passage of the bill and are included in the FY2024 column of the General Fund Condition Statement.

The Governor is recommending total emergency special appropriations of \$29,833,383 in general funds, \$159,780,871 in federal fund expenditure authority, and \$40,192,179 in other fund expenditure authority. The following paragraphs highlight each recommended emergency special appropriation.

- **Richmond Dam Replacement:** The Governor is recommending an increase of \$9,650,200 in general funds and \$10,649,800 in federal fund expenditure authority for costs associated with the replacement of Richmond Dam.
- **Center for Quantum Information Science & Technology:** The Governor is recommending an increase of \$6,034,444 in general funds to jumpstart the Center for Quantum Information Science & Technology (C-QIST) in partnership with Dakota State University.
- **K-12 Professional Development and Literacy:** The Governor is recommending an increase of \$6,000,000 in general funds for the Department of Education to provide professional development for teachers in literacy.
- **Emergency and Disaster Fund:** The Governor is recommending an increase of \$2,776,341 in general funds to be deposited into the Emergency and Disaster Fund for costs related to emergencies and disasters impacting South Dakota.
- **Fire Suppression Fund:** The Governor is recommending an increase of \$2,250,931 in general funds to be deposited into the Fire Suppression Fund for costs related to the suppression of wildfires in South Dakota.
- **Lake Alvin and Newell Lake Spillway Replacement:** The Governor is recommending an increase of \$1,995,604 in general funds to complete the Lake Alvin and Newell Lake spillway projects.
- **Rural Recruitment Assistance Programs:** The Governor is recommending an increase of \$700,863 in general funds to recruit medical professionals to rural communities.
- **Tax Refunds for the Elderly and Disabled:** The Governor is recommending an increase of \$425,000 in general funds for tax refunds to elderly and disabled individuals who meet income guidelines.
- **Environmental Funding Projects - Local:** The Governor is recommending an increase of \$95,384,221 in federal fund expenditure authority to support eligible improvements to water and sewer infrastructure projects throughout the state.
- **Environmental Funding Projects - Local Contingency:** The Governor is recommending an increase of \$28,000,000 in federal fund expenditure authority for contingency in eligible improvements to water and sewer infrastructure projects throughout the state should other State Fiscal Recovery Fund projects exceed anticipated cost.
- **Environmental Funding Projects - State:** The Governor is recommending an increase of \$12,826,696 in federal fund expenditure authority for eligible improvements to the water and sewer infrastructure at various state-owned facilities.
- **Male Prison Facility:** The Governor is recommending an increase of \$10,000,000 in federal fund expenditure authority for eligible water and sewer infrastructure projects at the new Male Prison Facility in the Sioux Falls area.
- **Female Prison Facility:** The Governor is recommending an increase of \$2,420,154 in federal fund expenditure authority and \$20,892,179 in other fund expenditure authority for eligible water and sewer infrastructure, as well as higher than anticipated construction costs at the new Female Prison Facility in Rapid City.
- **Governor's Omnibus Water Funding Bill:** The Governor is recommending an increase of \$500,000 in federal fund expenditure authority and \$19,300,000 in other fund expenditure authority for water development, solid waste, and water quality improvement projects throughout the state.

FY2024 GENERAL BILL AMENDMENTS	FTE	GENERAL FUNDS	FEDERAL FUNDS	OTHER FUNDS	TOTAL FUNDS
Technical Colleges Equipment		\$ 4,818,836			\$ 4,818,836
Hughes County Jail Contract		\$ 4,521,240			\$ 4,521,240
Bureau Billings		\$ 2,121,992	\$ 1,989,002	\$ 5,857,923	\$ 9,968,917
Food Services		\$ 1,777,457			\$ 1,777,457
Coronavirus Relief Funds (CRF) Health Insurance Adjustment		\$ 1,004,235	\$ (1,133,332)	\$ 36,197	\$ (92,900)
State Veterans' Home Contract Medical Staff		\$ 847,420		\$ (847,420)	\$ -
Technical Colleges Formula		\$ 777,739			\$ 777,739
Juvenile Community Corrections Placements		\$ 582,666	\$ (342,064)		\$ 240,602
Digital Investigations		\$ 275,000			\$ 275,000
Bureau of Information and Telecommunications Critical System Support		\$ 210,000	\$ 5,573,063	\$ 375,442	\$ 6,158,505
Department of Labor and Regulation Rent		\$ 109,470			\$ 109,470
Health Protection Inspections		\$ 55,131			\$ 55,131
County and Tribal Veterans' Service Officer Salary Support		\$ 7,437			\$ 7,437
Legislator Salaries		\$ (151,802)			\$ (151,802)
Various Statewide Utilities		\$ (516,213)	\$ (280,175)	\$ (1,812)	\$ (798,200)
Correctional Healthcare Reduction (SFRF)		\$ (10,000,000)	\$ 10,000,000		\$ -
Enhanced FMAP - COVID-19 PHE Unwinding		\$ (13,544,785)	\$ 13,359,614	\$ (106,205)	\$ (291,376)
State Aid to General Education Revision		\$ (15,223,350)			\$ (15,223,350)
Department of Human Services Utilization		\$ (19,109,570)	\$ (31,196,591)		\$ (50,306,161)
Change in Medicaid and CHIP Eligibles		\$ (20,844,290)	\$ (30,503,083)		\$ (51,347,373)
Change in Medicaid Expansion Utilization		\$ (48,934,725)	\$ (337,812,528)		\$ (386,747,253)
COVID-19 Federal Grant Expenditure Authority		\$ 104,247,232			\$ 104,247,232
Board of Regents Expenditure Authority Adjustment	8.0	\$ 10,000,000		\$ 3,010,769	\$ 13,010,769
Department of Education Federal Fund Expenditure Authority		\$ 4,518,492			\$ 4,518,492
Attorney General Federal Fund Expenditure Authority		\$ 1,005,332			\$ 1,005,332
Department of Labor and Regulation Quest Dislocated Worker Grant	2.0	\$ 718,906			\$ 718,906
Department of Labor and Regulation Reduction in Federally Funded FTE	(19.0)	\$ (1,829,717)			\$ (1,829,717)
Broadband Program Expenditure Authority Adjustment		\$ (18,952,000)			\$ (18,952,000)
Risk Management Claims and Premiums				\$ 8,850,000	\$ 8,850,000
Department of Labor and Regulation Apprenticeship Grant	7.0			\$ 2,510,553	\$ 2,510,553
Department of Health Informational Boards				\$ 2,400,000	\$ 2,400,000
Department of Education Certification and Personal Record Form Systems				\$ 1,251,220	\$ 1,251,220
Division of Banking Operating Expenses				\$ 260,053	\$ 260,053
Highway Patrol - Computer Lease				\$ 78,032	\$ 78,032
TOTAL FY2024 GENERAL BILL AMENDMENTS	(2.0)	\$ (111,216,112)	\$ (270,637,849)	\$ 23,674,752	\$ (358,179,209)

NOTE: FY2024 general bill amendments are changes made to the FY2024 General Appropriations Act and are included in the FY2024 column of the General Fund Condition Statement.

The Governor is recommending total general bill amendments of (2.0) FTE, (\$111,216,112) in general funds, (\$270,637,849) in federal fund expenditure authority, and \$23,674,752 in other fund expenditure authority. The following paragraphs highlight the recommended changes to the FY2024 General Bill.

- **Technical Colleges Equipment:** The Governor is recommending an increase of \$4,818,836 in general funds for equipment at the technical colleges.
- **Hughes County Jail Contract:** The Governor is recommending an increase of \$4,521,240 in general funds to house 72 female offenders at the Hughes County Jail to address overcrowding at the Women's Prison in Pierre until the new facility is completed in Rapid City.
- **Bureau Billings:** The Governor is recommending increases of \$2,121,992 in general funds, \$1,989,002 in federal fund expenditure authority, and \$5,857,923 in other fund expenditure authority to be distributed to state agencies for increases in BIT billing rates.
- **Food Services:** The Governor is recommending an increase of \$1,777,457 in general funds due to meal rate and population changes at the adult correctional facilities and the Human Services Center.
- **Coronavirus Relief Funds (CRF) Health Insurance Adjustment:** The Governor is recommending an increase of \$1,004,235 in general funds, a decrease of \$1,133,332 in federal fund expenditure authority, and an increase of \$36,197 in other fund expenditure authority for a health insurance adjustment.
- **State Veterans' Home Contract Medical Staff:** The Governor is recommending an increase of \$847,420 in general funds and a decrease of \$847,420 in other fund expenditure authority to assist with nurse staffing shortages at the State Veterans' Home.
- **Technical Colleges Formula:** The Governor is recommending an increase of \$777,739 in general funds due to changes in the number of full-time equivalent students.
- **Juvenile Community Corrections Placements:** The Governor is recommending an increase of \$582,666 in general funds and a decrease of \$342,064 in federal fund expenditure authority for changes in the placement mix for youth adjudicated to the Department of Corrections.
- **Digital Investigations:** The Governor is recommending an increase of \$275,000 in general funds for training opportunities and software to assist agents with digital investigations.
- **Bureau of Information and Telecommunications Critical System Support:** The Governor is recommending an increase of \$210,000 in general funds, \$5,573,063 in federal fund expenditure authority, and \$375,442 in other fund expenditure authority to make upgrades to the state radio system.
- **Department of Labor and Regulation Rent:** The Governor is recommending an increase of \$109,470 in general funds for rent at Job Service field
- **Health Protection Inspections:** The Governor is recommending an increase of \$55,131 in general funds to cover expenses associated with health protection inspections.

- **County and Tribal Veterans' Service Officer Salary Support:** The Governor is recommending an increase of \$7,437 in general funds to align the budget with estimated local participation for the county and tribal veterans' service officer salary supplement program.
- **Legislator Salaries:** The Governor is recommending a decrease of \$151,802 in general funds to reflect the legislative salary decrease for the 2023 session.
- **Various Statewide Utilities:** The Governor is recommending decreases of \$516,213 in general funds, \$280,175 in federal fund expenditure authority, and \$1,812 in other fund expenditure authority for adjustments in utilities based on projected usage and utility costs.
- **Correctional Healthcare Reduction (SFRF):** The Governor is recommending a decrease of \$10,000,000 in general funds and an increase of \$10,000,000 in federal fund expenditure authority due to coding allowable government services to State Fiscal Recovery Funds.
- **Enhanced FMAP - COVID-19 PHE Unwinding:** The Governor is recommending a decrease of \$13,544,785 in general funds, an increase of \$13,359,614 in federal fund expenditure authority, and a decrease of \$106,205 in other fund expenditure authority due to the COVID-19 Public Health Emergency (PHE) unwinding.
- **State Aid to General Education Revision:** The Governor is recommending a decrease of \$15,223,350 in general funds due to lower than projected student numbers and higher than projected property tax valuations in FY2024.
- **Department of Human Services Utilization:** The Governor is recommending decreases of \$19,109,570 in general funds and \$31,196,591 in federal fund expenditure authority to align budget with anticipated number of eligibles and expenses.
- **Change in Medicaid and CHIP Eligibles:** The Governor is recommending decreases of \$20,844,290 in general funds and \$30,503,083 in federal fund expenditure authority to align the traditional Medicaid budget with current enrollments and projected utilization.
- **Change in Medicaid Expansion Utilization:** The Governor is recommending decreases of \$48,934,725 in general funds and \$337,812,528 in federal fund expenditure authority to align the Medicaid Expansion budget with current enrollments and projected utilization.
- **COVID-19 Federal Grant Expenditure Authority:** The Governor is recommending an increase of \$104,247,232 in federal fund expenditure authority to align the budgets of various state agencies with anticipated COVID-19 grant awards.
- **Board of Regents Expenditure Authority Adjustment:** The Governor is recommending increases of 8.0 FTE, \$10,000,000 in federal fund expenditure authority, and \$3,010,769 in other fund expenditure authority to align budget with anticipated expenditures.
- **Department of Education Federal Fund Expenditure Authority:** The Governor is recommending an increase of \$4,518,492 in federal fund expenditure authority for supply chain assistance for meal programs, Farm to School grants, and data systems development.
- **Attorney General Federal Fund Expenditure Authority:** The Governor is recommending an increase of \$1,005,332 in federal fund expenditure authority to align the budget with anticipated federal grant funding.
- **Department of Labor and Regulation Quest Dislocated Worker Grant:** The Governor is recommending an increase of 2.0 FTE and \$718,906 in federal fund expenditure authority to increase the number of services that are provided for individuals with barriers to employment.
- **Department of Labor and Regulation Reduction in Federally Funded FTE:** The Governor is recommending decreases of 19.0 FTE and \$1,829,717 in federal fund expenditure authority to align the budget with federal grant awards.
- **Broadband Program Expenditure Authority Adjustment:** The Governor is recommending a decrease of \$18,952,000 in federal fund expenditure authority to align the budget with anticipated expenditures due to delays in IJA funding.
- **Risk Management Claims and Premiums:** The Governor is recommending an increase of \$8,850,000 in other fund expenditure authority to align the budget with anticipated expenditures for the Office of Risk Management.
- **Department of Labor and Regulation Apprenticeship Grant:** The Governor is recommending an increase of 7.0 FTE and \$2,510,553 in other fund expenditure authority for the State Registered Apprenticeship grant.
- **Department of Health Informational Boards:** The Governor is recommending an increase of \$2,400,000 in other fund expenditure authority for various changes throughout the department's boards and commissions.
- **Department of Education Certification and PRF Systems:** The Governor is recommending an increase of \$1,251,220 in other fund expenditure authority for the Teacher Certification and Personal Record Form (PRF) systems.
- **Division of Banking Operating Expenses:** The Governor is recommending an increase of \$260,053 in other fund expenditure authority for operational increases in the Banking Division.
- **Highway Patrol - Computer Lease:** The Governor is recommending an increase of \$78,032 in other fund expenditure authority for necessary hardware for Highway Patrol Officers.

FY2024 EXPENDITURE TRANSFERS	FTE	GENERAL FUNDS	FEDERAL FUNDS	OTHER FUNDS	TOTAL FUNDS
Incarceration Construction Fund (Male Prison Facility)		\$ 132,449,532			\$ 132,449,532
Incarceration Construction Fund (Female Prison Facility)		\$ 20,892,179			\$ 20,892,179
IT Modernization Fund		\$ 7,018,780			\$ 7,018,780
TOTAL FY2024 EXPENDITURE TRANSFERS	0.0	\$ 160,360,491	\$ -	\$ -	\$ 160,360,491

NOTE: FY2024 expenditure transfers are included in the FY2024 column of the General Fund Condition Statement.

The Governor is recommending total expenditure transfers of \$160,360,491 in general funds. The following paragraph highlights the recommended expenditure transfers.

- **Incarceration Construction Fund (Male Prison Facility):** The Governor is recommending a transfer of \$132,449,532 in general funds to the Incarceration Construction Fund for the construction of a male prison facility.
- **Incarceration Construction Fund (Female Prison Facility):** The Governor is recommending a transfer of \$20,892,179 in general funds to the Incarceration Construction Fund for the construction of a female prison facility.
- **IT Modernization Fund:** The Governor is recommending a transfer of \$7,018,780 in general funds to the IT Modernization Fund to improve state infrastructure.

**GOVERNOR NOEM'S RECOMMENDATION FOR THE FY2025
STATE EMPLOYEE COMPENSATION PLAN**

	<u>GENERAL FUNDS</u>	<u>FEDERAL FUNDS</u>	<u>OTHER FUNDS</u>	<u>TOTAL FUNDS</u>
MARKET ADJUSTMENT:	\$ 20,620,425	\$ 8,827,176	\$ 21,819,275	\$ 51,266,876
The Governor is recommending a 4.0% market adjustment for state employees.				
HEALTH INSURANCE:	\$ 1,392,124	\$ (973,626)	\$ 393,587	\$ 812,085
The Governor is recommending an increase for the state employee health insurance plan.				
TOTAL COST OF RECOMMENDED STATE EMPLOYEE COMPENSATION PLAN:	<u>\$ 22,012,549</u>	<u>\$ 7,853,550</u>	<u>\$ 22,212,862</u>	<u>\$ 52,078,961</u>
REMAINING FY2024 POOL:	\$ -	\$ 1,706,801	\$ 21,736,322	\$ 23,443,123
TOTAL INCREASE FOR RECOMMENDED STATE EMPLOYEE COMPENSATION PLAN:	<u>\$ 22,012,549</u>	<u>\$ 6,146,749</u>	<u>\$ 476,540</u>	<u>\$ 28,635,838</u>

For FY2025, 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 RECOMMENDATION FY2025
GENERAL FUND BASE BUDGET**

GENERAL BILL	FTE EXPANSION/ (REDUCTION)	GENERAL FUND EXPANSION/ (REDUCTION)	TOTAL GENERAL FUND RECOMMENDATION
Administration	72.0	1,773,391	21,173,462
Agriculture and Natural Resources	(1.0)	53,784	16,247,212
Attorney General	1.0	680,255	18,979,248
Corrections	8.5	5,145,476	147,098,782
Education (Excluding State Aid and Technical Colleges)	5.0	676,121	21,617,732
State Aid to Education	0.0	24,768,676	715,091,599
Technical Colleges	0.0	1,776,164	41,112,913
Finance and Management	1.0	2,528,596	3,997,896
Employee Compensation Package	0.0	22,012,549	22,012,549
Game, Fish, and Parks	0.0	(10,666)	7,309,145
Office of the Governor (Excluding GOED)	0.0	0	2,960,462
Governor's Office of Economic Development	5.7	0	8,324,296
Health	6.0	113,968	14,161,593
Human Resources	(73.5)	(366,648)	0
Human Services	0.0	22,178,897	283,896,260
Information and Telecommunications	(1.0)	80,000	10,072,246
Labor and Regulation	(34.5)	326,888	3,619,007
Legislature	4.0	589,413	14,178,570
Military	0.0	3,293,425	8,133,542
Public Safety	0.0	33,830	7,598,391
Public Utilities Commission	0.0	0	722,208
Regents	10.0	(442,519)	302,872,667
Retirement	2.0	0	0
Revenue	0.0	0	1,117,221
School and Public Lands	0.0	1,871	852,330
Secretary of State	0.0	43,897	1,544,060
Social Services	(8.5)	27,456,585	642,292,798
State Auditor	0.0	77,994	1,708,396
State Treasurer (Including Investment Council)	0.0	1,106	689,326
Tourism	0.0	0	0
Transportation	0.0	0	691,928
Tribal Relations	0.0	0	823,429
Unified Judicial System	9.0	1,824,070	63,288,789
Veterans' Affairs	0.0	114,349	5,014,396
TOTAL FY2025 GENERAL BILL RECOMMENDATIONS	5.7	114,731,472	2,389,202,453
BREAKDOWN			
Executive Branch	(20.3)	63,397,996	1,203,189,336
Unified Judicial System and Other Elected Officials	14.0	3,218,606	104,923,389
State Aid	0.0	24,768,676	715,091,599
Technical Colleges	0.0	1,776,164	41,112,913
Board of Regents	10.0	(442,519)	302,872,667
Employee Compensation Package	0.0	22,012,549	22,012,549
TOTAL FY2025 GENERAL BILL RECOMMENDATIONS	3.7	114,731,472	2,389,202,453

GENERAL FUND CONDITION STATEMENT

	ACTUAL FY2022	ACTUAL FY2023	REVISED FY2024	PROJECTED FY2025
RECEIPTS				
Sales and Use Tax	\$ 1,356,844,793	\$ 1,480,572,850	\$ 1,435,189,097	\$ 1,494,649,338
Lottery	171,609,682	176,663,767	177,813,515	179,963,037
Contractor's Excise Tax	155,823,772	189,407,586	207,999,417	212,036,057
Insurance Company Tax	103,995,420	112,141,293	120,382,354	126,522,130
Unclaimed Property Receipts	65,097,628	74,981,213	106,876,913	60,103,683
Tobacco Taxes	49,385,379	47,074,649	44,315,875	43,205,556
Bank Franchise Tax	22,511,850	20,425,082	18,941,200	17,299,461
Other	201,140,843	197,023,622	233,627,689	265,424,160
One-Time Receipts	35,835,669	28,963,409	17,877,654	0
Obligated Cash Carried Forward	85,875,130	115,478,433	96,775,123	0
Prior Period Adjustment	5,332,982	0	0	0
TOTAL RECEIPTS	\$ 2,253,453,148	\$ 2,442,731,904	\$ 2,459,798,837	\$ 2,399,203,422
EXPENDITURES				
General Bill Excl. State Aid to Education	\$ 1,115,016,224	\$ 1,229,733,043	\$ 1,488,155,296	\$ 1,674,110,854
State Aid to Education	578,354,526	627,379,332	675,099,573	715,091,599
Emergency Special Appropriations	318,088,366	199,187,743	29,833,383	0
Continuous Appropriations/Transfers	35,307,487	174,178,230	169,935,462	10,000,969
TOTAL EXPENDITURES	\$ 2,046,766,603	\$ 2,230,478,348	\$ 2,363,023,714	\$ 2,399,203,422
TRANSFERS				
Budget Reserve Fund	\$ 0	\$ 7,177,198	\$ 25,166,956	\$ 0
General Revenue Replacement Fund	91,208,112	108,301,235	71,608,167	0
TOTAL TRANSFERS	\$ 91,208,112	\$ 115,478,433	\$ 96,775,123	\$ 0
Beginning Unobligated Cash Balance	\$ 0	\$ 0	\$ 0	\$ 0
Net (Receipts less Expend./Transfers)	\$ 115,478,433	\$ 96,775,123	\$ 0	\$ 0
OBLIGATIONS AGAINST CASH				
Budget Reserve Fund	\$ (7,177,198)	\$ (25,166,956)	\$ 0	\$ 0
General Revenue Replacement Fund	(108,301,235)	(71,608,167)	0	0
Total Obligations Against Cash	\$ (115,478,433)	\$ (96,775,123)	\$ 0	\$ 0
Net Adjustments for Accruals	\$ 0	\$ 0	\$ 0	\$ 0
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 2022	ACTUAL FY 2023	BUDGETED FY 2024	REQUESTED FY 2025	GOVERNOR'S RECOMMENDED FY 2025	RECOMMENDED INC/(DEC) FY 2025
FUNDING SOURCE:						
General Funds	\$ 1,693,370,750	\$ 1,857,112,375	\$ 2,274,470,981	\$ 2,389,917,718	\$ 2,389,202,453	\$ 114,731,472
Federal Funds	2,074,087,457	1,541,739,421	2,529,699,137	2,495,564,759	2,258,239,810	(271,459,327)
Other Funds	745,616,423	802,545,009	962,474,241	984,587,820	986,746,952	24,272,711
Total	<u>\$ 4,513,074,629</u>	<u>\$ 4,201,396,805</u>	<u>\$ 5,766,644,359</u>	<u>\$ 5,870,070,297</u>	<u>\$ 5,634,189,215</u>	<u>(\$ 132,455,144)</u>
EXPENDITURE DETAIL:						
Personal Services	\$ 839,039,509	\$ 918,436,551	\$ 1,155,060,026	\$ 1,167,119,035	\$ 1,179,912,055	\$ 24,852,029
Operating Expenses	3,674,035,120	3,282,960,254	4,611,584,333	4,702,951,262	4,454,277,160	(157,307,173)
Total	<u>\$ 4,513,074,629</u>	<u>\$ 4,201,396,805</u>	<u>\$ 5,766,644,359</u>	<u>\$ 5,870,070,297</u>	<u>\$ 5,634,189,215</u>	<u>(\$ 132,455,144)</u>
Staffing Level FTE:	10,242.2	10,311.5	12,055.8	12,094.2	12,042.7	(13.1)

SPECIAL APPROPRIATIONS AND GENERAL FUND CONTINUING APPROPRIATIONS

	REVISED BUDGETED FY 2024	GOVERNOR'S RECOMMENDED FY 2025	RECOMMENDED INC/(DEC) FY 2025
FUNDING SOURCE:			
General Funds	\$ 88,552,733	\$ 10,000,969	(\$ 78,551,764)
Federal Funds	(114,856,978)	6,000,000	120,856,978
Other Funds	52,270,201	1,283,270	(50,986,931)
Total	<u>\$ 25,965,956</u>	<u>\$ 17,284,239</u>	<u>(\$ 8,681,717)</u>
Staffing Level FTE:	(10.0)	0.0	10.0

TOTAL STATE GOVERNMENT BUDGET

	REVISED BUDGETED FY 2024	GOVERNOR'S RECOMMENDED FY 2025	RECOMMENDED INC/(DEC) FY 2025
FUNDING SOURCE:			
General Funds	\$ 2,363,023,714	\$ 2,399,203,422	\$ 36,179,708
Federal Funds	2,414,842,159	2,264,239,810	(150,602,349)
Other Funds	1,014,744,442	988,030,222	(26,714,220)
Total	<u>\$ 5,792,610,315</u>	<u>\$ 5,651,473,454</u>	<u>(\$ 141,136,861)</u>
Staffing Level FTE:	12,045.8	12,042.7	(3.1)

INFORMATIONAL BUDGETS CONTAINED IN THE GENERAL APPROPRIATIONS BILL

	ACTUAL FY 2022	ACTUAL FY 2023	BUDGETED FY 2024	REQUESTED FY 2025	GOVERNOR'S RECOMMENDED FY 2025	RECOMMENDED INC/(DEC) FY 2025
FUNDING SOURCE:						
General Funds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Federal Funds	571,606,607	620,266,314	941,321,443	954,708,138	953,529,145	12,207,702
Other Funds	577,834,449	655,761,201	667,469,210	689,357,198	689,294,020	21,824,810
Total	\$ 1,149,441,056	\$ 1,276,027,515	\$ 1,608,790,653	\$ 1,644,065,336	\$ 1,642,823,165	\$ 34,032,512
EXPENDITURE DETAIL:						
Personal Services	\$ 223,436,465	\$ 237,788,053	\$ 276,250,019	\$ 278,629,163	\$ 278,591,116	\$ 2,341,097
Operating Expenses	926,004,590	1,038,239,462	1,332,540,634	1,365,436,173	1,364,232,049	31,691,415
Total	\$ 1,149,441,056	\$ 1,276,027,515	\$ 1,608,790,653	\$ 1,644,065,336	\$ 1,642,823,165	\$ 34,032,512
Staffing Level FTE:	2,448.3	2,393.5	1,997.1	2,015.9	2,015.9	18.8

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 2022	ACTUAL FY 2023	BUDGETED FY 2024	REQUESTED FY 2025	GOVERNOR'S RECOMMENDED FY 2025	RECOMMENDED INC/(DEC) FY 2025
FUNDING SOURCE:						
General Funds	\$ 1,693,370,750	\$ 1,857,112,375	\$ 2,274,470,981	\$ 2,389,917,718	\$ 2,389,202,453	\$ 114,731,472
Federal Funds	2,645,694,064	2,162,005,735	3,471,020,580	3,450,272,897	3,211,768,955	(259,251,625)
Other Funds	1,323,450,871	1,458,306,209	1,629,943,451	1,673,945,018	1,676,040,972	46,097,521
Total	<u>\$ 5,662,515,685</u>	<u>\$ 5,477,424,319</u>	<u>\$ 7,375,435,012</u>	<u>\$ 7,514,135,633</u>	<u>\$ 7,277,012,380</u>	<u>(\$ 98,422,632)</u>
EXPENDITURE DETAIL:						
Personal Services	\$ 1,062,475,974	\$ 1,156,224,604	\$ 1,431,310,045	\$ 1,445,748,198	\$ 1,458,503,171	\$ 27,193,126
Operating Expenses	4,600,039,711	4,321,199,716	5,944,124,967	6,068,387,435	5,818,509,209	(125,615,758)
Total	<u>\$ 5,662,515,685</u>	<u>\$ 5,477,424,319</u>	<u>\$ 7,375,435,012</u>	<u>\$ 7,514,135,633</u>	<u>\$ 7,277,012,380</u>	<u>(\$ 98,422,632)</u>
Staffing Level FTE:	12,690.4	12,705.0	14,052.9	14,110.1	14,058.6	5.7

SPECIAL APPROPRIATIONS AND GENERAL FUND CONTINUING APPROPRIATIONS

FUNDING SOURCE:	REVISED BUDGETED FY 2024	GOVERNOR'S RECOMMENDED FY 2025	RECOMMENDED INC/(DEC) FY 2025
General Funds	\$ 88,552,733	\$ 10,000,969	(\$ 78,551,764)
Federal Funds	(104,856,978)	6,000,000	110,856,978
Other Funds	65,150,201	1,283,270	(63,866,931)
Total	<u>\$ 48,845,956</u>	<u>\$ 17,284,239</u>	<u>(\$ 31,561,717)</u>
Staffing Level FTE:	(2.0)	0.0	2.0

TOTAL STATE GOVERNMENT BUDGET

FUNDING SOURCE:	REVISED BUDGETED FY 2024	GOVERNOR'S RECOMMENDED FY 2025	RECOMMENDED INC/(DEC) FY 2025
General Funds	\$ 2,363,023,714	\$ 2,399,203,422	\$ 36,179,708
Federal Funds	3,366,163,602	3,217,768,955	(148,394,647)
Other Funds	1,695,093,652	1,677,324,242	(17,769,410)
Total	<u>\$ 7,424,280,968</u>	<u>\$ 7,294,296,619</u>	<u>(\$ 129,984,349)</u>
Staffing Level FTE:	14,050.9	14,058.6	7.7

