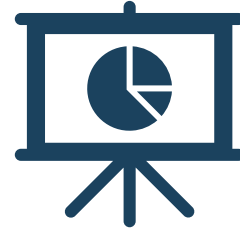




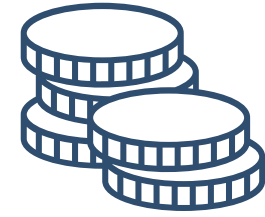
Bureau of Finance and Management

*Fiscal Year 2026 Budget Hearing
Joint Committee on Appropriations
January 16, 2025*

Agenda



Bureau Overview



Budget
Recommendation



Workforce



Operational Initiatives
and Outlook

Leadership Team



Jim
Terwilliger

Commissioner



Steven
Kohler

*Deputy
Commissioner*



Brandy
Miesner

*Chief Budget
Analyst*



Derek
Johnson

*State
Economist*



Morgan
Gruebele

*Executive
Management
Finance Office
Director*



Colin
Keeler

*Financial
Systems
Director*



Keith
Senger

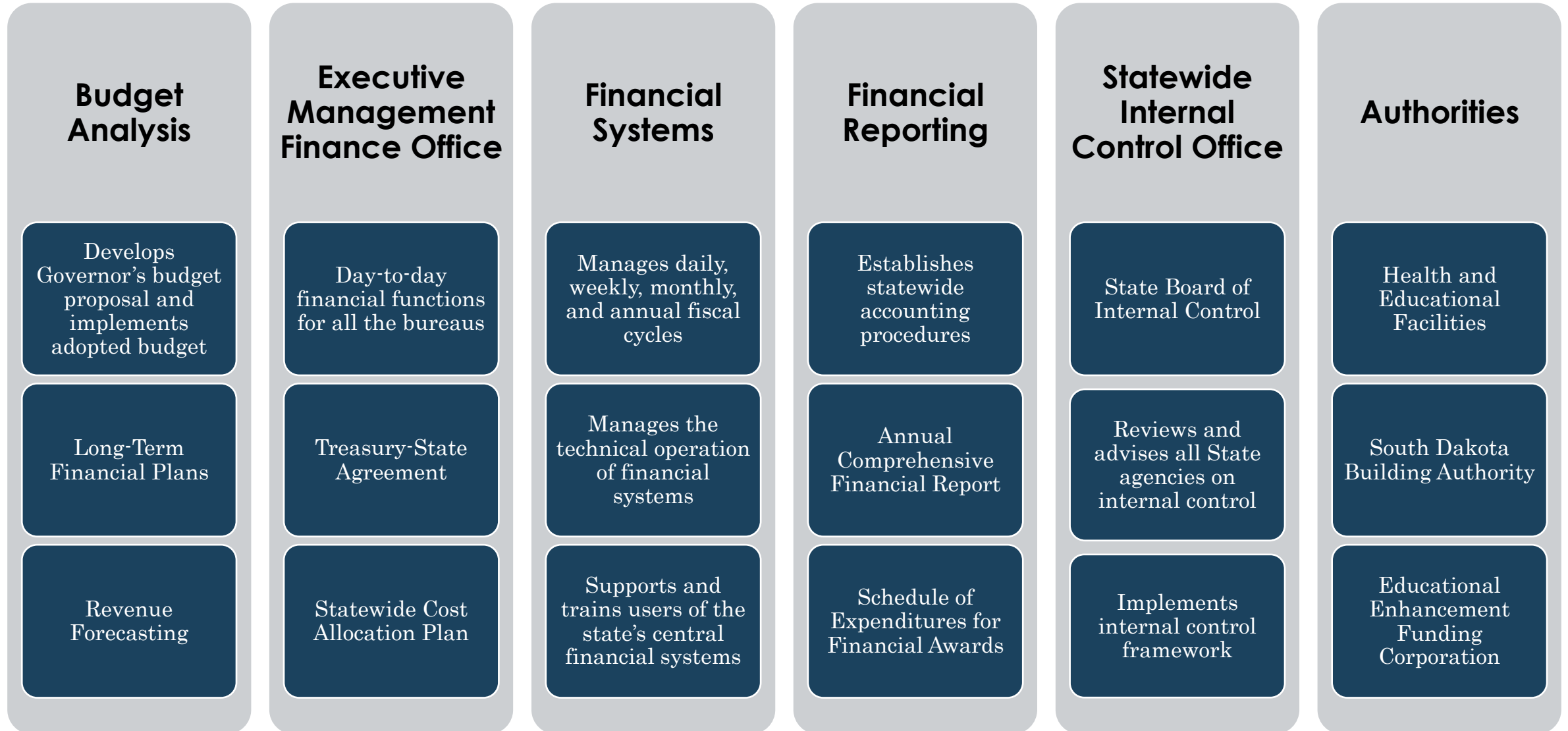
*Financial
Reporting
Director*



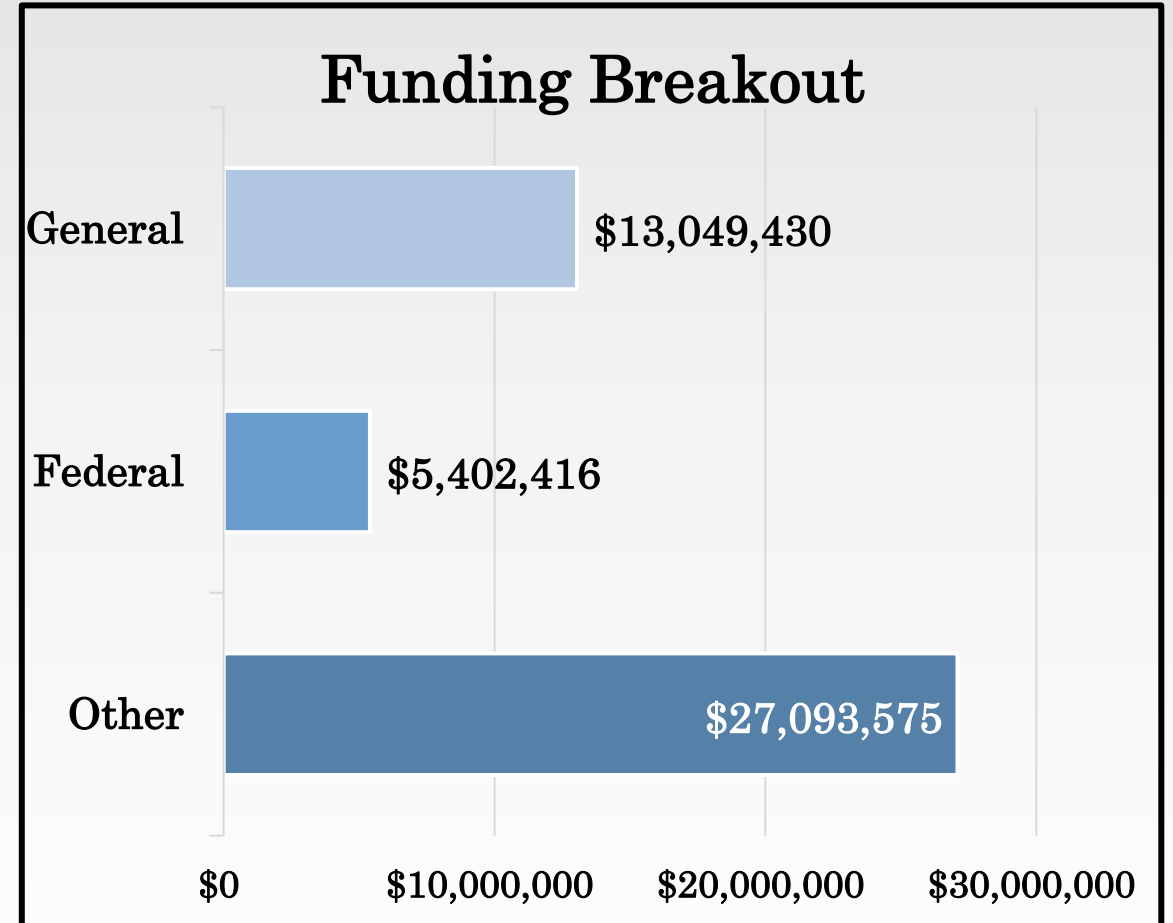
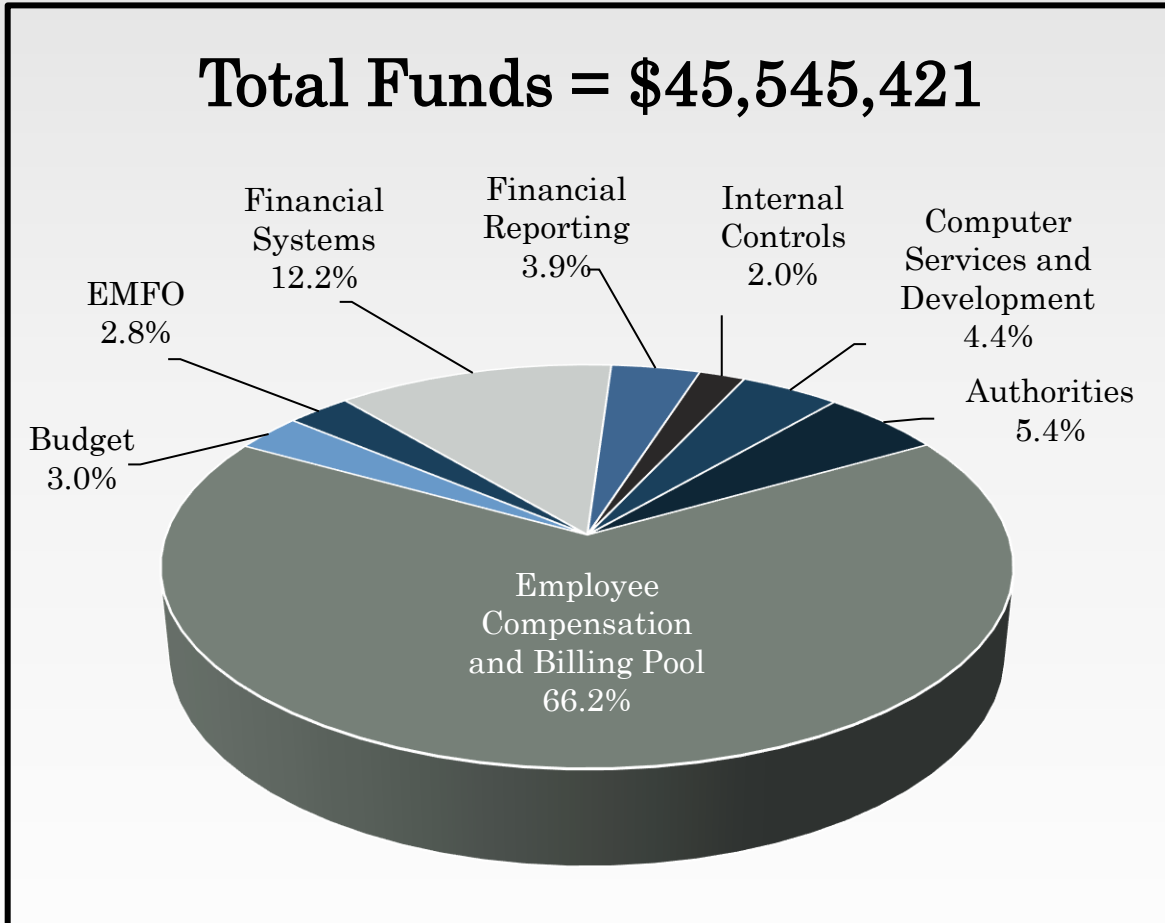
Allysen
Kerr

*Statewide
Internal
Control
Officer*

Divisions and Services

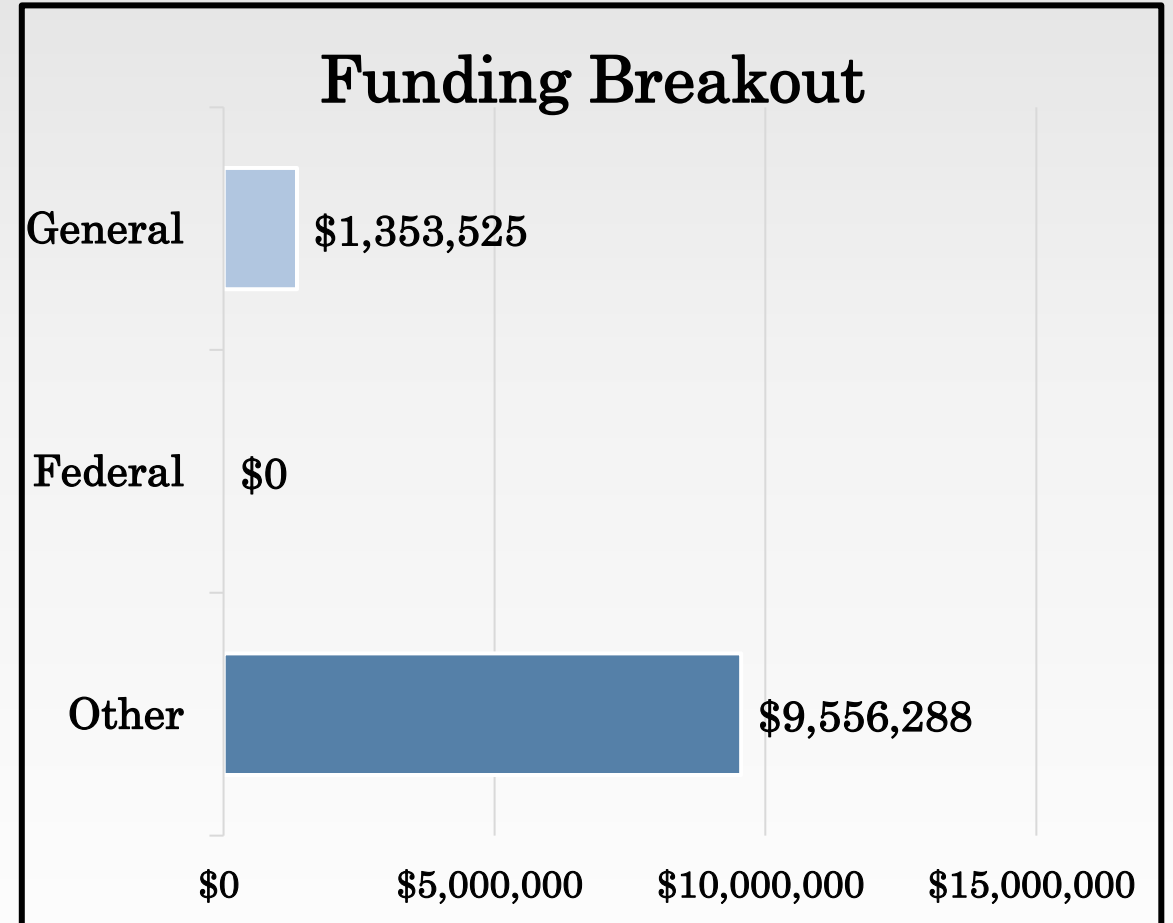
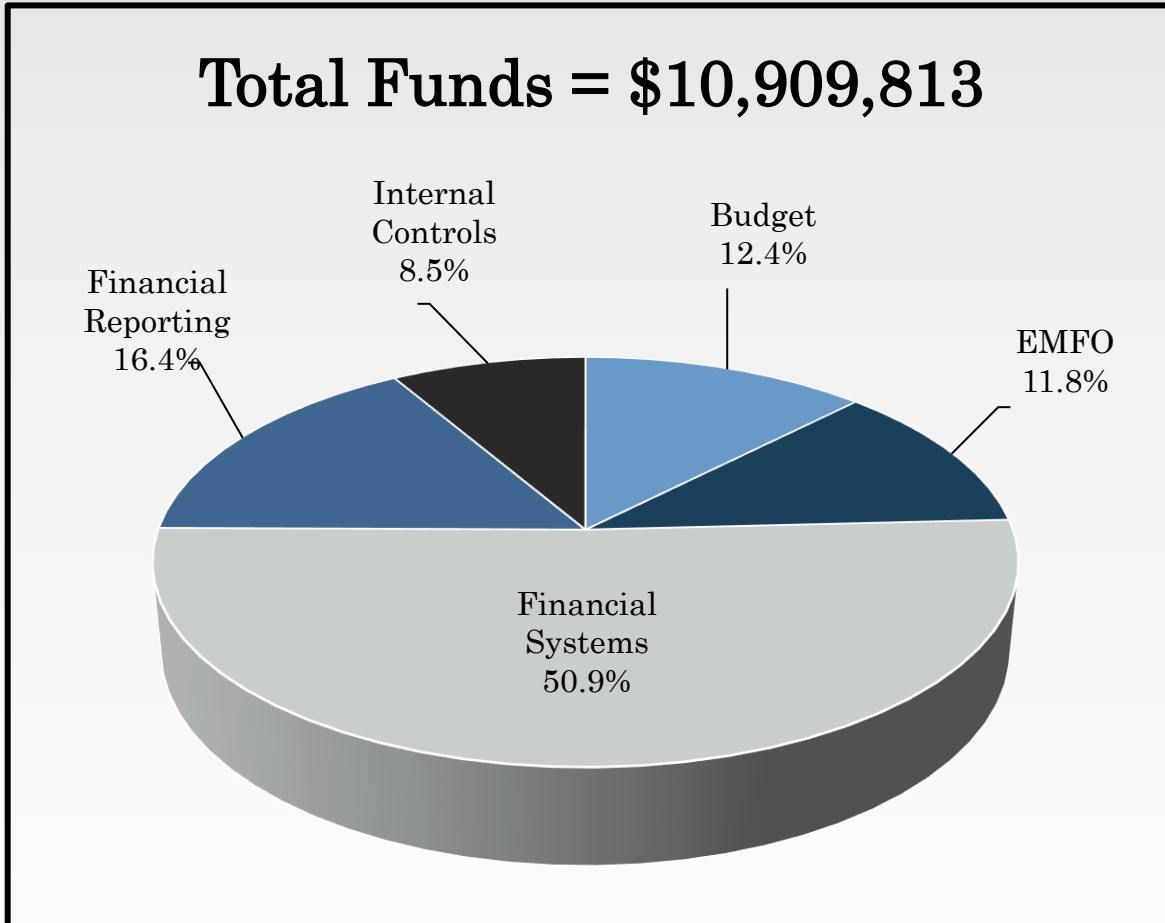


Fiscal Year 2026 Recommended Budget



Fiscal Year 2026 Recommended Budget

(Excluding Pools and Authorities)



Fiscal Year 2026 Recommended Budget

Budget	FTE	General	Federal	Other	Total
FY2025 Base Budget	49.0	1,513,525	30,000,000	12,937,890	44,451,415
FY2026 Recommended Budget	<u>53.0</u>	<u>13,049,430</u>	<u>5,402,416</u>	<u>27,093,575</u>	<u>45,545,421</u>
Change	4.0	\$11,535,905	(\$24,597,584)	\$14,155,685	\$1,094,006

Recommended Changes	FTE	General	Federal	Other	Total
Pools for Distribution		11,695,905	5,402,416	13,075,129	30,173,450
Funding Allocation Change		(140,000)		140,000	0
Economic Consulting Contract		(20,000)			(20,000)
Coronavirus Stimulus Pool			(30,000,000)		(30,000,000)
Systems Maintenance				280,574	280,574
Statewide Internal Control Consulting				230,000	230,000
Internal Control Officers	2.0			221,968	221,968
Financial Systems Analysts	<u>2.0</u>	<u>0</u>	<u>0</u>	<u>208,014</u>	<u>208,014</u>
Total Recommended Changes	4.0	\$11,535,905	(\$24,597,584)	\$14,155,685	\$1,094,006

Pools for Distribution

State Employee Salary Policy

- \$6,778,516 in general funds, \$2,886,558 in federal funds, and \$7,063,834 in other funds
- 1.25% across-the-board inflationary increase

State Employee Health Insurance

- \$3,114,240 in general funds, \$1,314,411 in federal funds, and \$2,745,672 in other funds
- BHRA to provide greater details in their budget hearing

BIT Bureau Billings

- \$1,803,149 in general funds, \$1,201,447 in federal funds, and \$3,265,623 in other funds
- BIT to provide greater details in their budget hearing

Budget Reductions

Funding Allocation Change

- Reduction of \$140,000 in general funds and increase of like amount of other fund expenditure authority
- Allocates expenses of the Deputy Commissioner based on duties and responsibilities with the position

Economic Consultant Contract

- Reduction of \$20,000 in general funds
- Contract with South Dakota State University for revenue estimation

Coronavirus Stimulus Pool

Purpose of the funding was two-fold:

- ✓ Provide expenditure authority to State agencies impacted by the coronavirus pandemic
- ✓ Cover State and Local Fiscal Recovery Funds administrative expenses

Funding Reduction

- ✓ Reduction of \$30,000,000 in federal fund expenditure
- ✓ Eliminates all federal coronavirus funding from BFM's budget

Financial Systems

Systems Maintenance

- \$280,574 in other fund expenditure authority
- Needed to cover the maintenance costs of current financial systems
 - ✓ Central Accounting System
 - ✓ Payroll/Human Resources System
 - ✓ Budget System
 - ✓ Financial Reporting

Financial Systems Analysts

- 2.0 FTE and \$208,014 in other fund expenditure authority
- Additional staff needed to maintain current operations and to support future financial systems

Internal Controls

Statewide Internal Control Consulting

- \$230,000 in other fund expenditure authority
- Needed to cover the cost of internal control consulting and systems
 - ✓ Governance, Risk & Compliance (GRC) Consultant (\$125,000 in other funds)
 - ✓ ServiceNow IT Support Contract (\$105,000 in other funds)

Internal Control Officers

- 2.0 FTE and \$221,968 in other fund expenditure authority
- Additional staff are needed to ensure effective management of the growing scope and ever-changing landscape of risk assessments and internal control work while maintaining high-quality outcomes

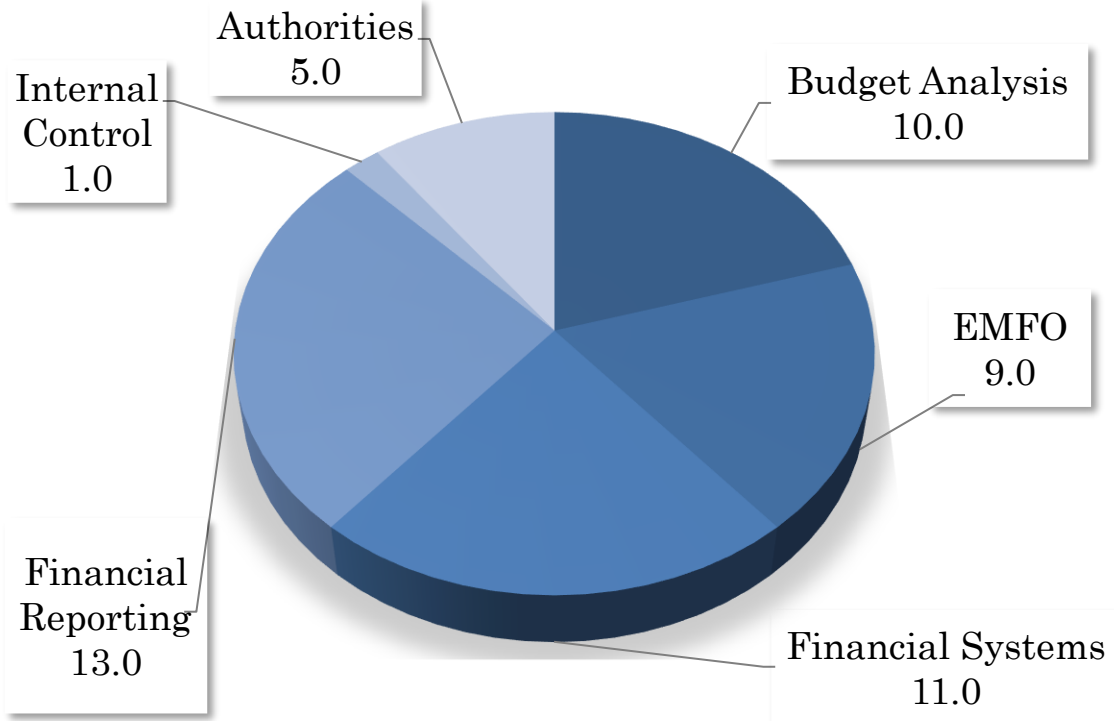
Fiscal Year 2025 Recommended Budget Revisions

- **Coronavirus Stimulus Pool**
 - Reduction of \$27,000,000 in federal funds
 - Full reduction of \$30,000,000 included in FY2026 budget

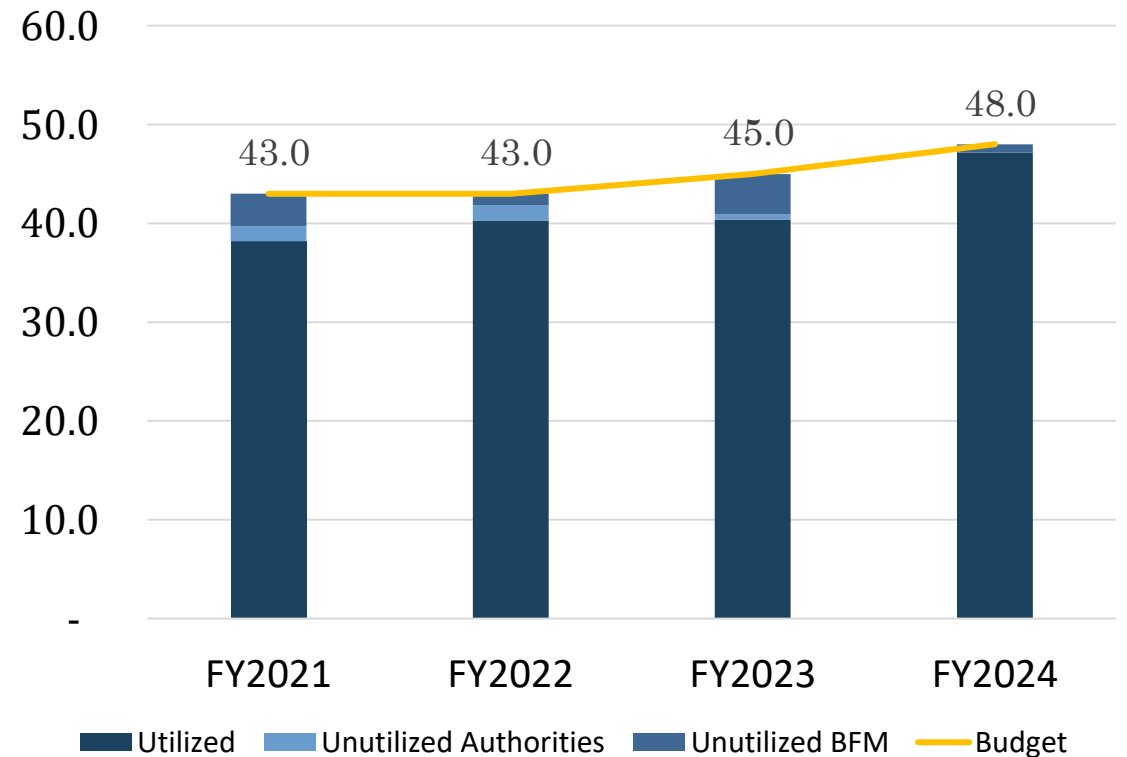
- **Bureau Billings Pool**
 - Increases of \$1,918,166 in general funds, \$1,254,355 in federal funds, and \$3,191,174 in other funds
 - Funding related to increases within the Bureau of Information and Telecommunication
 - Recommended as a pool in BFM to be distributed to agencies following the passage of the Prior Year General Bill amendment

Workforce and FTE

FY2025 Budgeted FTE



Historical FTE Utilization



Operational Initiatives and Outlook



Budgetary and bureau outlook



Implementing Project BISON



Current initiatives will allow for greater efficiency and effectiveness for years to come



Project BISON will allow the State to align processes with industry best-practices

Project BISON

- Modernization of financial systems and operations
- Authorized in the 2023 Legislative Session
- Contracts finalized after 2024 Session
- Milestones achieved since the 2024 Session
 - ✓ Awarded Software and Implementation Services contracts
 - ✓ Project Kickoff
 - ✓ Chart of Accounts Redesign
 - ✓ Completed System Design Workshops
 - ✓ Configure and Build for Conference Room Pilot #1
- Expectations over the next year
 - ✓ Conference Room Pilot #2 (June 2025)
 - ✓ System Integration Testing (January 2026)
 - ✓ User Acceptance Testing (February 2026)

<https://bison.sd.gov>





Bureau of Finance and Management

*Fiscal Year 2026 Budget Hearing
Joint Committee on Appropriations
January 16, 2025*