

SUMMARY OF RECOMMENDED BUDGET ADJUSTMENTS

EXECUTIVE MANAGEMENT

The Governor's recommendation for the Department of Executive Management includes an increase of \$5,307,908 in general funds, \$3,245,540 in other fund expenditure authority and a decrease of \$1,443,371 in federal fund expenditure authority, for a net increase of \$7,110,007. The Governor is also recommending an increase of 4.3 FTE, for a total FTE count of 662.3. The total FY2005 budget includes \$29,925,354 in general funds, \$7,146,377 in federal fund expenditure authority, \$84,603,474 in other fund expenditure authority, for a total of \$121,675,205, with 662.3 FTE.

The recommended increases within Executive Management reflect \$1,000,000 in general funds within the Bureau of Administration for the statewide Maintenance and Repair Program, and \$670,546 in general funds for the Homestake Conversion Laboratory Project. The Governor's state employee compensation package accounts for a bulk of the remaining increase within the executive branch. The compensation package is loaded into a pool of funds within the Bureau of Personnel. The Executive Branch then distributes the pool to each agency after session when the salary policy amount is finalized. For the FY2005 budget, the recommended increase for a 3% across-the-board salary package is \$3,152,633 in general funds, \$2,651,341 in federal fund expenditure authority, and \$3,874,040 in other fund expenditure authority. The recommended increase for 2.5% movement to job worth is \$886,706 in general funds, \$807,248 in federal fund expenditure authority, and \$922,033 in other fund expenditure authority. The recommended increases for health insurance for the executive branch include \$238,620 in general funds, \$205,878 in federal fund expenditure authority, \$266,629 in other fund expenditure authority. The net increase for the compensation package, including health insurance, is \$12,924,796.

GUBERNATORIAL DIVISION

The Governor recommends a general fund increase of \$670,546, a \$350,000 federal fund expenditure authority decrease, and a decrease of 0.7 FTE. This recommendation is attributable to the Homestake Conversion Laboratory Project that began in FY2004. The totals for the Governor's recommended budget for the Gubernatorial Division are \$2,765,247 in general funds, \$234,383 in federal fund expenditure authority, and \$5,000 in other fund expenditure authority, for a total FY2005 recommended budget of \$3,004,630, and 26.0 FTE.

BUREAU OF FINANCE AND MANAGEMENT

The Governor recommends a general fund decrease of \$597,708 attributable to the original Bureau of Finance and Management (BFM) sale/leaseback agreement schedule. The total recommended FY2005 budget for BFM is \$11,802,556 in general funds, and \$5,135,793 in other fund expenditure authority, for a total FY2005 recommended budget of \$16,938,349, and 26.5 FTE.

BUREAU OF ADMINISTRATION

The Governor recommends an increase of \$957,111 in general funds and a decrease of \$6,000 in other fund expenditure authority. The major adjustment within this division is a general fund increase of \$1,000,000 to restore the Statewide Maintenance and Repair budget. The total recommended budget for this division is \$5,140,801 in general funds, \$500,000 in federal fund expenditure authority, and \$28,764,852 in other fund expenditure authority, for a total FY2005 budget of \$34,405,653, and 182.5 FTE.

BUREAU OF INFORMATION AND TELECOMMUNICATIONS

The recommendation of the Governor is a decrease of \$52,500 in federal fund expenditure authority, a decrease of \$6,436,168 in other fund expenditure authority, and an increase of 6.0 FTE. The major adjustment in this division is a decrease of \$4,000,000 in other fund expenditure authority that was needed to provide services to the Department of Social Services in order to meet federal Health Information Portability and Accountability Act (HIPAA) requirements. This project has been completed. Consultant contracts have also been reduced, this resulted in a savings of \$637,428 by hiring 6.0 additional FTE within the Bureau of Information and Telecommunications to complete the tasks in house. The total recommended FY2005 budget for the Bureau of Information and Telecommunications is \$5,053,800 in general funds, \$2,247,527 in federal fund expenditure authority, and \$35,174,028 in other fund expenditure authority, for a total FY2005 recommended budget of \$42,475,355, and 358.8 FTE.

BUREAU OF PERSONNEL

The Governor's recommendation for the Bureau of Personnel includes a decrease of \$16,427 in federal fund expenditure authority, a decrease of \$63,905 in other fund expenditure authority, and a decrease of 1.0 FTE, for a total decrease of \$80,332. In FY2003,

the special legislative session created the risk pool, this budget includes \$500,000 in general funds, \$500,000 in federal fund expenditure authority, \$5,516,355 in other fund expenditure authority, and 1.0 FTE, with an additional \$1,500,000 of other fund expenditure authority in the South Dakota Risk Pool Reserve. The Governor is recommending a reduction of 1.0 FTE in the Risk Pool because the Bureau of Personnel is able to complete the tasks required for the Risk Pool with existing FTE. The total FY2005 budget consists of \$884,991 in general funds, \$500,000 in federal fund expenditure authority, and \$10,461,099 in other fund expenditure authority, for a total of \$11,846,090, and 68.5 FTE. The remainder of the FY2005 recommendation for the Bureau of Personnel reflects the reduction in funds and authority remaining after the FY2004 employee compensation packages were distributed.

REVENUE AND REGULATION

The Governor's recommended budget for the Department of Revenue and Regulation totals \$52,629,665, consisting of \$859,510 in general funds, \$11,998 in federal fund expenditure authority, \$51,758,157 in other fund expenditure authority, and 310.6 FTE. The Governor is recommending no change in general funds, a decrease of \$35,002 in federal fund expenditure authority, and a decrease of \$2,286,854 in other fund expenditure authority. There is also a reduction of 2.5 FTE recommended by the Governor.

SECRETARIAT

The Governor's recommendation includes an increase of \$146,426 in other fund expenditure authority. Included in the increase is \$121,919 in other fund expenditure authority to reflect the centralization of office rent and various utility charges in the Division of the Secretariat. The increase for rent and utility charges in the Division of the Secretariat is offset by decreases in other divisions. The remainder of the Governor's recommended increase is from BIT charges, travel in the Legal Division to determine the residency of vehicle owners in motor vehicle investigations, and personal services for the continuation of the longevity program.

BUSINESS TAX

The Governor's recommendation includes an increase of \$22,294 in other fund expenditure authority for travel related to the Streamlined Sales Tax Project, rising BIT charges, and the continuation of the longevity program.

MOTOR VEHICLES

The Governor's recommendation includes a decrease of \$35,002 in federal fund expenditure authority and an increase of \$236,767 in other fund expenditure authority. The reduction to federal fund expenditure authority reflects the decrease of federal funds available to the Division of Motor Vehicles. Included in the other fund expenditure authority increase is \$200,000 to replace the dumb terminals and printers the counties are using for on-line registration and title-processing.

PROPERTY AND SPECIAL TAXES

The Governor is recommending no change in Property and Special Taxes. The recommended FY2005 budget consists of \$711,448 in general funds and 11.0 FTE.

AUDITS

The Governor is recommending an increase of \$6,551 in other fund expenditure authority in the Division of Audits. The recommended increase is for personal services and to cover an increase in BIT charges.

BANKING

The Governor's recommendation is a net decrease of \$11,283 in other fund expenditure authority. Included in the recommendation is an increase of \$24,423 in personal services and a decrease to contractual services from the movement of rent and various utility charges to the Division of the Secretariat.

SECURITIES

The Governor's recommendation is for a decrease of \$10,954 in other fund expenditure authority. The decrease reflects the movement of rent to the Division of the Secretariat.

INSURANCE

The Governor's recommendation is a net decrease of \$43,346 in other fund expenditure authority. Major items in the recommendation include a reduction in travel authority to accurately reflect anticipated travel expenditures and a decrease due to the movement of rent to the Division of the Secretariat.

INSURANCE FRAUD UNIT

The Governor's recommendation for this informational budget includes a decrease of \$7,039 in other fund expenditure authority. The reduction reflects the movement of rent to the Division of the Secretariat.

PETROLEUM RELEASE COMPENSATION

The Governor is recommending a decrease of \$20,426 in other fund expenditure authority. Included in this recommendation is the movement of rent to the Division of the Secretariat. The Governor is also recommending a reduction of \$1,500,000 in other fund expenditure authority for the informational portion of this budget.

LOTTERY

The Governor is recommending a decrease of \$1,059,718 in other fund expenditure authority and a reduction of 1.0 FTE in the informational portion of this budget. The \$1,000,000 reduction in lottery prize authority is to accurately reflect anticipated expenditures, and it has been determined it is no longer necessary to fill the FTE position.

REVENUE BOARDS AND COMMISSIONS

This includes the informational budgets of the Real Estate Commission, the Abstracters Board of Examiners, and the Commission on Gaming. The Governor is recommending an increase of \$148 in other fund expenditure authority for personal services in the Real Estate Commission's budget and no change in the Abstracters Board of Examiners' budget. For the Commission on Gaming, the Governor is recommending a decrease of \$46,274 in other fund expenditure authority and a reduction of 1.5 FTE to accurately reflect the staffing needs of the Commission on Gaming.

AGRICULTURE

The Governor's FY2005 recommended budget for the Department of Agriculture is \$23,357,182, consisting of \$5,066,523 in general funds, \$5,161,666 in federal fund expenditure authority, and \$13,128,993 in other fund expenditure authority, with a total of 193.3 FTE. This constitutes a \$1,677,753 increase in Agriculture's overall budget, and a 15.0 increase in FTE.

OFFICE OF THE SECRETARY

The Governor is recommending a general fund decrease of \$26,162, a decrease of \$48,097 in other fund expenditure authority, and a 1.5 FTE decrease in the Office of the Secretary. The funding and FTE reduction in the Secretary's budget will correspond to an increase in the budget for the Division of Fire Suppression. The Office of the Secretary's total budget is \$651,624, and consists of \$571,949 in general funds, \$46,322 in federal fund expenditure authority, \$33,353 in other fund expenditure authority, with 7.5 FTE.

AGRICULTURAL SERVICES

The recommended budget for Agricultural Services in FY2005 is \$3,436,490. This reflects an increase of \$12,531 in general funds, an increase of \$5,463 in federal fund expenditure authority, and an increase of \$53,250 in other fund expenditure authority. \$12,471 of the general fund increase is reflected in the Dairy, Egg, and Plant Protection Program. \$53,239 of the other fund expenditure authority increase will be reflected in the Agronomy and Pesticides Programs. There are 35.0 FTE budgeted in this division.

AGRICULTURAL DEVELOPMENT

The Governor is recommending a \$280,782 increase in the Division of Agricultural Development. The recommended increase includes \$65,376 of general funds, \$210,680 of federal fund expenditure authority, \$4,726 of other fund expenditure authority, and 1.0 FTE. The increase in funding and FTE will assist in the marketing of value added products and livestock development activities as part of the 2010 Initiative. The total recommended FY2005 budget of \$1,297,245 consists of \$134,022 in general funds, \$294,715 in federal fund expenditure authority, \$868,508 in other fund expenditure authority, and 9.0 FTE.

RESOURCE CONSERVATION AND FORESTRY

The recommended budget for the Division of Resource Conservation and Forestry includes a decrease of \$11,979 in general funds, an increase of \$710,023 in federal fund expenditure authority, and a decrease of \$23,566 in other fund expenditure authority. A majority of the recommended increase, \$643,341, will be reflected in grants and subsidies. The total recommended budget for the Division of Resource Conservation and Forestry is \$2,883,142, and 19.0 FTE.

FIRE SUPPRESSION

The recommended budget for the Division of Fire Suppression includes an increase of \$212,478 in general funds, \$48,097 in federal fund expenditure authority, \$35,643 in other fund expenditure authority, and an increase of 14.5 FTE. A majority of the increase, \$168,542 of general funds and 13.0 FTE, will be used for the Black Hat Crew. An increase of \$26,648 in general funds, \$48,097 in federal fund expenditure authority, and 1.5 FTE reflects a corresponding reduction in the Secretary's budget. The total recommended budget for the Division of Fire Suppression is \$2,685,601, and 42.9 FTE.

STATE FAIR

The recommended budget for the State Fair is \$1,790,325. The State Fair's budget is comprised of \$574,325 of other fund expenditure authority in

personal services, \$1,216,000 of other fund expenditure authority in operating expenses, and 25.0 FTE. The State Fair's budget is funded with 100% other fund expenditure authority.

ANIMAL INDUSTRY BOARD

The recommended budget for the Animal Industry Board includes an increase of \$51,773 in general funds, a decrease of \$166,928 in federal fund expenditure authority, an increase of \$32,887 in other fund expenditure authority, and an increase of 1.0 FTE. An increase of \$18,603 in general funds, \$18,602 of federal fund expenditure authority, and 1.0 FTE is recommended for an additional Meat Inspector. The total budget for the Animal Industry Board is \$2,994,813, and 41.9 FTE.

TOURISM AND STATE DEVELOPMENT

The FY2005 recommended budget for Tourism and State Development, including the informational budget for South Dakota Housing Development Authority, is \$10,101,691 of general funds, \$13,654,870 of federal fund expenditure authority, and \$29,662,895 of other fund expenditure authority. The total recommended budget is \$53,419,456, and 179.6 FTE.

ECONOMIC DEVELOPMENT

The Governor recommends a general fund increase of \$1,100,000 and a \$3,250,000 other fund expenditure authority increase. The Office of Economic Development includes the Administrative Division for the new Department of Tourism and State Development. \$100,000 of the general fund recommended increase is for the promotion of the many divisions within the new department. \$1,000,000 of the general fund increase is for the Governor's 2010 Initiative, Tourism Challenge Program. The \$3,250,000 in other fund expenditure authority is to provide sufficient authority for the Future Fund. The total recommended budget for Economic Development consists of \$3,305,445 in general funds, \$10,442,753 in federal fund expenditure authority, and \$13,154,158 of other fund expenditure authority, for a total budget of \$26,902,356 and 43.8 FTE.

TOURISM

The Tourism budget is funded by revenues generated from Deadwood Gaming, a 1% gross receipts tax on hotel rooms and other tourist activities, and the Co-op Revolving Fund. For FY2005, the Governor is recommending a \$640,000 increase in other fund expenditure authority based on a 5.65% growth in revenues. The FY2005

recommended budget consists of \$7,346,483 in other fund expenditure authority, and 24.8 FTE.

RESEARCH COMMERCE

As a part of the 2010 Initiative, the Governor created the Division of Research Commerce located in Tourism and State Development. The recommended budget includes an increase of \$3,519,790 in general funds and an increase of 2.0 FTE. Of this recommendation, 2.0 FTE and \$151,048 in general funds are for personal services and operating expenses within the Division of Research Commerce. This office will work closely with the Office of New Economy located in the Board of Regents' Central Office to fund new research projects within the regental system. The remaining \$3,368,742 in general funds are for funding the projects located in the Board of Regents, (\$1,375,002 for faculty research time, \$493,740 for research assistants, and \$1,500,000 for EPSCoR match/equipment support). The total recommended FY2005 budget for the Division of Research Commerce is \$3,519,790 in general funds, and 2.0 FTE.

TRIBAL GOVERNMENT RELATIONS

The Governor's recommended budget for Tribal Government Relations includes an increase of \$30,923 in general funds. The increase is due to a change within the division, the administrative assistant FTE will be changed to a deputy FTE. This person will assist the director of this division with reaching out to the tribes within South Dakota. This change reflects additional funding in personal services and travel. The total recommended FY2005 budget for the Division of Tribal Government Relations is \$159,861 in general funds, and 2.0 FTE.

CULTURAL AFFAIRS

The total recommended budget consists of an increase of \$4,803 in general funds, a decrease of \$31,395 in federal fund expenditure authority and an increase of \$2,809 in other fund expenditure authority. The general fund increase is to cover the Bureau of Administration's space maintenance billings for the Cultural Heritage Center and longevity. The recommended decrease in federal fund expenditure authority is due to the end of a consultant contract for Preserve South Dakota and bringing this work in house using existing FTE. The total recommended FY2005 budget for Cultural Affairs is \$3,116,595 in general funds, \$1,376,612 in federal fund expenditure authority, and \$1,403,449 in other fund expenditure authority, for a total FY2005 recommended budget of \$5,896,656, and 44.0 FTE.

**SOUTH DAKOTA HOUSING DEVELOPMENT
AUTHORITY**

The Governor is recommending the authority's informational budget request as submitted, with increases of \$37,356 in federal fund expenditure authority, and \$195,324 in other fund expenditure authority, for a total increase of \$232,680. The recommended budget includes personal services increases of \$15,146 in federal fund expenditure authority and \$28,129 in other fund expenditure authority. Operating expenses are to increase \$22,210 in federal fund expenditure authority and \$167,195 in other fund expenditure authority. The total FY2005 recommended budget is \$9,594,310 including \$1,835,505 in federal fund expenditure authority, \$7,758,805 in other fund expenditure authority, and 63.0 FTE.

GAME, FISH, AND PARKS

The FY2005 recommended budget for the Department of Game, Fish, and Parks totals \$54,362,238, including \$4,673,242 in general funds, \$12,419,051 in federal fund expenditure authority, \$37,269,945 in other fund expenditure authority, and a total of 561.4 FTE. This budget reflects an overall increase of \$2,585,337, and 0.9 FTE.

**CONSERVATION RESERVE ENHANCEMENT
PROGRAM**

The Governor is recommending an increase of \$3,969 in general funds in the Conservation Reserve Enhancement budget. The recommended total for FY2005 is \$1,156,755 in general funds. These funds retire bonds issued to lease land from farmers and ranchers in the Conservation Reserve Program.

ADMINISTRATION

The Governor recommends an increase of \$1,000 in general funds and a decrease in other fund expenditure authority in the amount of \$8,763. The overall budget for this program consists of \$348,955 in general funds and \$3,249,785 in other fund expenditure authority, with 27.1 FTE.

WILDLIFE - INFORMATIONAL

The recommendation for the Division of Wildlife includes an increase of \$42,151 in federal fund expenditure authority, an increase of \$687,990 in other fund expenditure authority, and an increase of 1.9 FTE. Included in the recommendation is a \$140,000 increase in other fund expenditure authority for fencing, roads, chemical storage and cold storage buildings at Chamberlain, and a cold storage building at the fisheries center. An increase of \$100,000 in other fund expenditure authority is recommended for

enhancement of grassland habitat in Conservation Reserve Program (CRP) fields. The total recommended budget for the Division of Wildlife is \$28,410,437, and 282.0 FTE.

The Development and Improvement Program is recommended to increase by \$309,000, with a total budget of \$255,000 in federal fund expenditure authority and \$550,000 in other fund expenditure authority.

STATE PARKS AND RECREATION

The Division of State Parks and Recreation represents the reorganization that consolidates the Division of Parks and Recreation and the Division of Custer State Park. The Governor recommends an increase of \$9,000 in general funds, an increase of \$243,896 in federal fund expenditure authority, an increase of \$12,105 in other fund expenditure authority, and a decrease of 1.0 FTE. Included in the recommendation is a \$65,530 other fund expenditure authority decrease and a 2.0 FTE decrease to reflect the efficiencies realized in the consolidation of the Parks and Recreation Division and the Custer State Park Division. A federal fund expenditure authority increase of \$33,323 and a 1.0 FTE increase is recommended for a Conservation Technician to perform maintenance at the Belle Fourche Reservoir. The total recommended budget for the operation and maintenance of the division is \$2,965,357 of general funds, \$1,660,022 of federal fund expenditure authority, \$8,881,129 of other fund expenditure authority, and 241.9 FTE.

The Division of State Parks and Recreation's Development and Improvement Program has a recommended increase of \$775,253 in federal fund expenditure authority and an increase of \$382,201 in other fund expenditure authority. Included within this recommendation is an increase of \$537,000 of other fund expenditure authority for preventative maintenance and land improvements at Custer State Park. A federal fund expenditure authority increase of \$707,025 and a decrease of \$237,225 in other fund expenditure authority is recommended to reflect the funding from the Bureau of Reclamation for campground improvements at the Belle Fourche Reservoir.

SNOWMOBILE TRAILS - INFORMATIONAL

Recommended changes within the Snowmobile Program include a decrease of \$54,000 in federal fund expenditure authority and an increase of \$181,535 in other fund expenditure authority. The total recommended budget is \$66,000 of federal fund expenditure authority, \$995,562 of other fund expenditure authority, and 9.1 FTE.

SOCIAL SERVICES

The Governor's recommended budget for the Department of Social Services is \$195,696,199 in general funds, \$449,897,364 in federal fund expenditure authority, and \$8,499,475 in other fund expenditure authority, for a total FY2005 budget of \$654,093,038 and 966.5 FTE. This recommendation includes an increase of \$20,827,270 in general funds, \$42,199,316 in federal fund expenditure authority and a \$314,617 decrease in other fund expenditure authority.

SECRETARIAT

The Secretariat's budget is recommended to increase \$137,039 in general funds, decrease by \$3,328,121 in federal fund expenditure authority, and decrease by \$25,792 in other fund expenditure authority, for a total decrease of \$3,216,874. The major adjustment to this budget includes a decrease of federal authority used to meet the mandatory requirements of the federal Health Insurance Portability and Accountability Act (HIPAA).

PROGRAM MANAGEMENT

The Governor's recommendation for this program is an increase of \$41,515 in general funds and \$31,852 in federal fund expenditure authority, and \$39,716 in other fund expenditure authority, for a total increase of \$113,083.

ENERGY ASSISTANCE AND WEATHERIZATION

The Governor recommends a \$317,012 increase in federal fund expenditure authority, primarily due to higher energy costs and increased case load.

ECONOMIC ASSISTANCE

The Governor's recommended budget for Economic Assistance includes a decrease of \$371,373 in general funds and a \$776,806 increase in federal fund expenditure authority, for a total increase of \$405,433. A major change in this budget; in addition to the increased case loads in Auxiliary Placement, is the increased utilization of federal funding.

MEDICAL SERVICES

The recommended budget for Medical Services includes increases of \$16,944,033 in general funds and \$37,256,502 in federal fund expenditure authority, for a total increase of \$54,200,535. The FY2005 recommended budget is \$101,084,715 in general funds, \$248,501,727 in federal fund expenditure authority, and \$800,000 in other fund expenditure authority, for a total budget of \$350,386,442, and 33.0 FTE. There are three major components driving the recommendation in this

budget: 1) this budget is impacted by the Federal Medical Assistance Percentage (FMAP), which decreased general funding in this program by \$936,782, with an offsetting increase in federal fund expenditure authority; 2) the provider inflation policy includes 1.6% increases of \$2,471,722 in general funds and \$4,935,007 in federal fund expenditure authority; 3) an increase of \$14,180,268 in general funds and \$28,483,147 in federal fund expenditure authority is recommended, due to increased cost of medical coverage for an estimated 88,795 individuals who are anticipated to be eligible for medical coverage through the Medicaid Program. Approximately \$35.1 million is due to a deficit in the FY2004 budget base.

OFFICE OF CHILD SUPPORT ENFORCEMENT

The Governor's recommended budget includes increases of \$13,525 in general funds, \$103,392 in federal fund expenditure authority, and \$54,497 in other fund expenditure authority, for a total increase of \$171,414. The major change in this program includes an increase of \$109,705 in federal fund expenditure authority and \$60,709 in other fund expenditure authority, and 3.0 additional FTE for the creation of a centralized customer service unit.

ADULT SERVICES AND AGING

A total increase of \$5,806,524 is recommended by the Governor for FY2005, consisting of an increase of \$2,899,022 in general funds and \$3,011,054 in federal fund expenditure authority, and a decrease of \$103,552 in other fund expenditure authority. The total FY2005 budget for this division is \$160,974,883, and 100.5 FTE. This budget includes an increase of \$19,952 in general funds and \$38,626 for expanding the number of clients served by assisted living. The recommendation also includes an increase of \$659,929 in general funds and \$1,082,471 in federal fund expenditure authority, for an increase in the personal needs allowance for assisted living and nursing home clients. The budget was also impacted by the Federal Medical Assistance Percentage (FMAP), which decreased general funding in this program by \$503,586, with an offsetting increase in federal fund expenditure authority. Finally, the recommendation includes increases of \$1,708,081 in general funds and \$3,335,921 in federal fund expenditure authority for 1.6% provider inflation policy and limited cost updates.

CHILD PROTECTION SERVICES

The recommendation by the Governor includes increases of \$1,053,387 in general funds and of \$2,992,901 in federal fund expenditure authority, as well as a decrease of \$33,625 in other fund expenditure authority. The recommendation includes an increase of \$126,725 in general funds, and \$220,467 in federal fund expenditure authority, for an

increase of nine social service aides to provide services to families with children at risk of abuse and neglect. This budget also includes an increase in the number of children being served in out of home placements providing treatment, such as psychiatric facilities, group and residential treatment and specialized treatment foster care. The total recommended increase is \$410,814 in general funds, \$793,411 in federal fund expenditure authority, and \$34,574 in other fund expenditure authority. The recommendation also includes an increase of \$375,572 in general funds, and increases of \$640,443 in federal fund expenditure authority and \$1,018 in other fund expenditure authority for increased costs and number of adoptions and guardianships with subsidies.

CHILD CARE SERVICES

The recommended budget for Child Care Services includes increases of \$110,122 in general funds, \$1,037,918 in federal fund expenditure authority, and a decrease of \$245,861 in other fund expenditure authority, for a total increase of \$902,179. The major adjustment includes a recommendation for an increase of \$114,287 in general funds and \$1,266,277 in federal fund expenditure authority, for an increase of 329 child care assistance cases. The budget also includes a decrease of \$245,851 in other fund expenditure authority due to an anticipated lower grant award.

HEALTH

The FY2005 Governor's recommended budget for Health, including the informational budgets for boards and commissions, includes increases of \$414,400 in federal fund expenditure authority and of \$3,574,331 in other fund expenditure authority, for a total increase of \$3,988,731, and 5.0 FTE. The total FY2005 budget is \$7,907,764 in general funds, \$28,643,230 in federal fund expenditure authority, and \$21,336,134 in other fund expenditure authority, for a total of \$57,887,128, with 377.0 FTE.

ADMINISTRATION

The Governor is recommending a decrease of \$467,438 in other fund expenditure authority. This decrease directly correlates with the increase provided in FY2004 for the development of the electronic death records module of the Electronic Vital Records System. This project has been completed. The total FY2005 budget for this division is \$1,338,558 in general funds, \$989,283 in federal fund expenditure authority, and \$813,701 in other fund expenditure authority, with 32.5 FTE.

FAMILY PRACTICE RESIDENCY

This program contains no change from FY2004. The budget consists of \$895,000 in general funds, which is equal to the estimated amount of savings given the discontinuance of the state's Medical Education Scholarship Program.

HEALTH SYSTEMS DEVELOPMENT AND REGULATION

The Governor recommends no change to this division. The total FY2005 budget for this division is \$1,804,657 in general funds, \$9,611,210 in federal fund expenditure authority, and \$45,555 in other fund expenditure authority, with 63.5 FTE.

HEALTH AND MEDICAL SERVICES

The Governor recommends an increase of \$294,354 in federal fund expenditure authority and 2.0 FTE. \$126,461 of the federal fund expenditure authority is for a Comprehensive Cancer Grant. \$95,491 and 1.0 FTE are for an additional Chronic Disease Epidemiologist for personal services and operating expenses. \$72,402 and 1.0 FTE are for an additional Disease Intervention Specialist for personal services and operating expenses. The total FY2005 budget for this division is \$3,869,549 in general funds, \$15,685,341 in federal fund expenditure authority, \$2,917,721 in other fund expenditure authority, with 181.0 FTE.

LABORATORY SERVICES

The Governor is recommending an increase of \$120,046 in federal fund expenditure authority and 2.0 FTE. The federal fund expenditure authority and FTE are for the development of a Chemical Terrorism Program. The FTE will provide expertise in both human and environmental chemical terrorism monitoring. The total FY2005 budget for this division is \$2,357,396 in federal fund expenditure authority, and \$2,635,258 in other fund expenditure authority, with 29.0 FTE.

CORRECTIONAL HEALTH

This program has a recommended increase of \$3,765,816 in other fund expenditure authority and 1.0 FTE. The other fund expenditure authority and FTE is for expansion due to an increasing inmate population, and to adjust the budget according to known high cost inmates.

PROFESSIONAL AND OCCUPATIONAL LICENSING

This division is comprised of the informational budgets of the professional and occupational licensing boards. There are ten boards, including Board of Chiropractic Examiners, Board of Dentistry,

Board of Hearing Aid Dispensers, Board of Funeral Service, Board of Medical & Osteopathic Examiners, Board of Nursing, Board of Nursing Home Administrators, Board of Optometry, Board of Pharmacy, and Board of Podiatry Examiners, with a total recommended budget for FY2005 of \$1,955,022, which is a total increase of \$275,953. FTE for the boards are unbudgeted. These boards are self-supporting through their fee systems. Administrative support is provided by the Department of Health and reimbursed to the general fund by the boards.

recommendation includes an increase of \$260,233 in other fund expenditure authority, and 2.8 FTE.

PUBLIC UTILITIES COMMISSION

The Governor recommends an increase of \$292,181 in general funds and a decrease of \$279,462 in other fund expenditure authority for the Public Utilities Commission. The total FY2005 recommended budget is \$537,244 in general funds, \$78,081 in federal fund expenditure authority, and \$2,737,786 in other fund expenditure authority, with 28.7 FTE.

LABOR

The Governor's recommendation for the Department of Labor is \$1,310,872 in general funds, \$34,789,200 in federal fund expenditure authority, \$8,553,331 in other fund expenditure authority, for a total FY2005 budget of \$44,653,403 and 425.2 FTE. The primary mission of the department is to provide job training, administer unemployment insurance and workers' compensation for South Dakota employers, and to administer the South Dakota Retirement System. For reporting purposes, the budget for six professional and occupational licensing boards and the Public Utilities Commission are included in this department.

Excluding the professional and occupational licensing boards, South Dakota Retirement System and the Public Utilities Commission, the Governor is recommending a decrease of \$13,400 in general funds, a decrease of \$209,413 in federal fund expenditure authority, and an increase of \$1,632 in other fund expenditure authority for the Department of Labor. Efficiencies were found in the department to account for savings in general funds and federal fund authority.

PROFESSIONAL AND OCCUPATIONAL LICENSING

This division is comprised of the informational budgets of the professional and occupational licensing boards. There are six boards, with a total recommended budget for FY2005 of \$2,396,561, which is a total increase of \$240,730 in other fund expenditure authority. These boards are self-supporting through their fee systems. The boards include: Board of Accountancy, Board of Barber Examiners, Board of Cosmetology, Plumbing Commission, Board of Technical Professions, and the Electrical Commission.

SOUTH DAKOTA RETIREMENT SYSTEM

The recommended budget for the South Dakota Retirement System is \$3,020,539 of other fund expenditure authority, and 31.0 FTE. The

TRANSPORTATION

Highway construction contracts make up 70% of the Department of Transportation's \$428,527,519 budget. The \$300,531,961 Highway Construction Contract budget is informational.

The Department of Transportation's FY2005 budget contains \$475,979 in general funds, \$258,383,432 in federal fund expenditure authority, \$169,668,108 in other fund expenditure authority, and 1,077.3 FTE. The FY2005 budget reflects a decrease of \$414,065 in federal fund expenditure authority, and an increase of \$782,423 in other fund expenditure authority, for a total budget increase of \$368,358. The Governor's FY2005 recommendation for General Operations includes increases of \$1,364,242 in federal fund expenditure authority, \$1,552,964 in other fund expenditure authority, and 3.0 FTE. The overall recommended increase is \$2,917,206. The Governor's FY2005 recommendation for Construction Contracts includes a decrease of \$1,778,307 in federal fund expenditure authority and a decrease of \$770,541 in other fund expenditure authority, for an overall decrease of \$2,548,848.

EDUCATION

The Governor's recommendation for the Department of Education, including the State Aid to Education formula, reflects an increase of \$14,377,961 in general funds, an \$11,218,801 increase in federal fund expenditure authority, and a \$5,490 increase in other fund expenditure authority, for a total increase of \$25,602,252, and 4.8 FTE. The recommended increase for State Aid is \$13,290,992 and aid to Postsecondary Vocational Education is \$784,181. The total recommended budget for FY2005 is \$502,097,779, consisting of \$360,059,467 in general funds, \$138,812,489 in federal fund expenditure authority, \$3,225,823 in other fund expenditure authority, and 145.0 FTE.

GENERAL ADMINISTRATION

The recommendation for FY2005 consists of a \$13,332 increase in general funds, and a \$2,115 increase in federal fund expenditure authority. The recommended increase is to meet increasing travel requirements and increases in computer service billings and space billings.

STATE AID

The Governor is recommending a total of \$350,399,902 in general funds for aid to schools for FY2005. This includes state aid to K-12 education, postsecondary vocational education institutes, National Board of Certified Teachers, and technology in the schools. For FY2005, the Governor is also recommending to begin carving out a budget for Education Enhancement Trust Fund Earnings.

For FY2005, the Governor is recommending a general fund increase of \$10,155,872 for state aid to K-12 education. Of this amount, a \$5,375,509 increase to state aid to general education is recommended, bringing the total to \$276,138,830. This is based on a budgeted adjusted average daily membership (ADM) figure for FY2005 of 127,183. The original estimate for adjusted ADM for FY2004 was 128,441. The adjusted ADM for FY2004 has been revised to 128,189, which brings the estimated state expenditure to \$266,560,545 of a budgeted \$270,763,321. According to state statute, the Governor is recommending a 2.2% inflationary increase in the per student allocation for state aid to general education and for state aid to special education. This brings the per-student allocation for state aid to general education to \$4,055.17 for FY2005, an increase of \$87.29 over the FY2004 base rate of \$3,967.88. In addition, due to declining enrollments, the Governor is recommending an additional \$3,280,393 in general funds be added to state aid to be distributed through the formula. This number is calculated by taking the difference between the revised adjusted ADM for FY2004 and the budgeted adjusted ADM for FY2005 and multiplying it by the FY2004 per pupil allocation and dividing the amount among the budgeted FY2005 adjusted ADM. The Governor is also recommending that additional trust fund earnings projected in FY2005 be allocated to Education Enhancement. This money (\$3,105,120 in the base) is available for the entire education community and the legislature will be asked to allocate it out each year based on need.

In addition, to continue to honor the commitment to K-12 education made last year, for FY2005 the Governor is recommending to continue the one-time distribution of \$7,307,896 back to schools on a per ADM basis similar to what was done last year through HB1191.

A \$1,500,000 increase in general funds is recommended in the special education formula for FY2005. This increase is due in part to SDCL 13-37-16.2, which requires that the special education levy be adjusted when valuations grow faster than local need. The budgeted amount will increase to \$42,606,875 for FY2005. The formula for FY2005 is based on an estimated ADM figure of 134,500, with an inflationary increase of 2.2% to the per student allocation. The ADM figure is not adjusted for any type of small school factor, but includes children who are in private and home schools.

An increase of \$30,000 is recommended to provide stipends to National Board Certified Teachers and to reimburse the fees associated with taking the exam. The FY2005 total recommendation is \$90,000 in general funds.

No increase in general funds over the FY2004 budget is recommended for technology in the schools. The current level of funding of \$8,191,325 in general funds is used to support ongoing costs of the technology infrastructure.

The Governor is recommending an increase of \$784,181 for the postsecondary technical institutes. This increase is based on a 2.2% adjustment similar to the K-12 statutory increase. This brings the total level of funding to \$16,536,507 for FY2005.

CAREER AND TECHNICAL EDUCATION

The Governor's recommended budget for this program is an increase in general funds of \$789,946, in federal fund expenditure authority of \$3,649, and in other fund expenditure authority of \$4,275. This will bring the budgeted total to \$21,709,536 for FY2005. The Governor is recommending a general fund increase of \$784,181 to help fund the postsecondary technical institutes. The total recommended budget for the postsecondary technical institutes is \$16,536,507 for FY2005. The remaining \$5,765 in general funds and the recommended federal and other fund expenditure authority increases are due to increases in travel costs, computer service billings, and space billings.

EDUCATION SERVICES AND RESOURCES

The recommendation for this program includes an increase of \$114,945 in general funds, an increase of \$11,219,387 in federal fund expenditure authority, an increase of \$1,215 in other fund expenditure authority, and 4.0 FTE. A federal fund expenditure authority increase in the amount of \$2 million is recommended for the Reading First Grant received by the Department of Education. Increases for FTE are for a Science Curriculum Specialist, and Native American Education Curriculum Specialist, an Administrator for the SD Reads Program, which is being brought in-house, and a Food Service

Inspection Coordinator for the Child and Adult Nutrition Services (CANS) Program.

STATE LIBRARY

The recommendation for the State Library includes an increase of \$168,746 in general funds, a decrease of \$6,350 in federal fund expenditure authority, and 0.8 FTE. The 0.8 FTE and \$14,478 in general funds are recommended to bring two positions, which are currently part-time in the Reference and Research Program, to full time. Other increases include inflationary costs for subscriptions (\$86,683 in general funds and \$3,000 in federal fund expenditure authority), increase in materials and books (\$29,767 in general funds), and a switch from federal funding to general funding for computer services due to a Supreme Court ruling concerning the Children's Internet Protection Act (CIPA) (\$9,857 in general funds and a decrease of \$10,092 in federal fund expenditure authority).

EMERGENCY SERVICES

The Division of Emergency Services includes Emergency Management, Emergency Medical Services, and the State Fire Marshal. The recommendation for the Emergency Services Division includes an increase of \$21,028,828 in federal fund expenditure authority, and a decrease of \$30,630 in other fund expenditure authority. The federal fund expenditure authority increase includes \$20,116,358 from the State Homeland Security Grant Program, formerly Department of Justice (DOJ), to provide funding to enhance the capacity of state and local jurisdictions to respond to, and mitigate incidents of domestic terrorism. The total recommended budget for the Emergency Services Division is \$27,163,789, including \$1,338,658 in general funds, \$25,600,588 in federal fund expenditure authority, \$224,543 in other fund expenditure authority, and 31.5 FTE.

PUBLIC SAFETY

The Department of Public Safety has a total budget of \$52,973,934, including \$3,405,151 in general funds, \$28,474,568 in federal fund expenditure authority, \$21,094,215 in other fund expenditure authority, and 402.5 FTE.

INSPECTION AND LICENSING

This division includes Weights and Measures, Driver Licensing, and Inspections. The recommendation includes an increase of \$31,493 in other fund expenditure authority. The total FY2005 budget is \$447,519 in general funds, \$4,509,680 in other fund expenditure authority, and 88.0 FTE.

ADMINISTRATION

The Governor is recommending a decrease of \$672 in other fund expenditure authority for the Administration budget. Administration's budget is \$545,563, including \$38,266 in general funds, \$507,297 in other fund expenditure authority, and 7.0 FTE.

BOARD OF REGENTS

The budget for the Board of Regents provides funding for the six state universities (Black Hills State University, Dakota State University, Northern State University, South Dakota School of Mines and Technology, South Dakota State University, and the University of South Dakota). The state's two special schools, South Dakota School for the Deaf, and South Dakota School for the Blind and Visually Impaired, are also included in the regental system.

ENFORCEMENT

This Division of Enforcement includes the Highway Patrol, Accident Records, Highway Safety, and State Radio. Approximately 68% of the total FY2005 recommended budget of \$20,307,383 is for salary and benefits. The total FY2005 recommendation consists of \$1,580,708 in general funds, \$2,873,980 in federal fund expenditure authority, and \$15,852,695 in other fund expenditure authority, with 276.0 FTE.

The FY2005 budget recommended for the Board of Regents contains a net increase of \$45,375,797 over the FY2004 budget. The increase consists of \$6,172,659 in general funds, \$17,809,420 in federal fund expenditure authority, \$21,393,718 in other fund expenditure authority, and 137.1 FTE. The total FY2005 recommended budget for the Board of Regents consists of \$148,052,098 in general funds, \$87,700,687 in federal fund expenditure authority, \$218,431,700 in other fund expenditure authority, for a total FY2005 budget of \$454,184,485, and 5,060.9 FTE.

The recommended budget includes a general fund increase of \$70,873, a \$337,892 increase in federal fund expenditure authority, and a \$202,086 increase in other fund expenditure authority. The entire recommended general fund increase is reflected in the State Radio budget.

The Governor's recommendation includes \$409,811 in general funds to permanently fund the Medical School Office of Medical Education, \$951,373 in general funds and 27.6 FTE to provide for base funding to permanently fund the Nursing Expansion

Program, put in place by HB 1296 of the 2002 legislative session, \$75,000 in general funds for the SDCollegePrep Program, \$50,000 in general funds for the South Dakota School for the Deaf After School Program, \$120,597 in general funds and 1.5 FTE to create a central Teacher Education Program Assessment office, \$250,000 in general funds to provide a state match for the University Performance Funding Program, and \$1,503 in general funds for the Animal Disease Research and Diagnostic Lab lease payment.

As a part of the 2010 Initiative, the Governor is recommending 22.0 FTE, \$196,072 in general funds, and \$2,768,741 in other fund expenditure authority for Research and Development. Of this recommendation, 2.0 FTE and \$196,072 in general funds are to provide for the Office of New Economy to be located in the Board of Regents' Central Office. This office will work closely with the newly created Division of Research Commerce located in Tourism and State Development to fund new research projects within the regental system. The remaining 20.0 FTE and \$2,768,741 in other fund expenditure authority will purchase faculty research time for 20 faculty working halftime (10.0 FTE and \$1,375,001 in other fund expenditure authority), graduate assistants to support the faculty (10.0 FTE and \$493,740 in other fund expenditure authority), and equipment support/EPSCoR match (\$1,500,000 in other fund expenditure authority). General funds in the amount of \$3,368,741, which are located in the Division of Research Commerce within Tourism and State Development, will fund the projects.

The Board of Regents continues to grow in federal grant and contract activity. A total of 86.0 FTE, \$16,929,709 in federal fund expenditure authority, and \$13,697,533 in other fund expenditure authority added to the FY2005 budget are related to federal grant and contract activity. Of these FTE, two will be located in the board office to help provide technical support to state libraries for the South Dakota Library Network (SDLN). The remaining 84.0 FTE will be distributed among five campuses: BHSU (14.0 FTE), SDSM&T (22.0 FTE), SDSU (15.0 FTE), AES (3.0 FTE), NSU (5.0 FTE), USD (10.0 FTE), and the USD School of Medicine (15.0 FTE). The growth in FTE is attributed to residential life staffing increases, growth in student credit hours, additional staffing for maintenance and repair projects, increased student employees on campuses, and other increases in grant and contract activity.

Another priority in the Governor's recommendation is the adjustment to job worth and salary policy. \$471,313 is being recommended for the movement to job worth, of which \$275,565 are general funds. The Governor is also recommending an increase of \$7,227,564 for a 3% salary increase, composed of \$3,640,061 in general funds, \$806,263 in federal fund expenditure authority, and \$2,781,240 in other fund expenditure authority. Increases totaling \$202,677 in

general funds, \$52,173 in federal fund expenditure authority, and \$158,611 in other fund expenditure authority are also recommended for health insurance increases.

MILITARY AND VETERANS' AFFAIRS

The Governor's recommendation for the Department of Military and Veterans' Affairs contains an overall budget increase of \$1,200,704. The FY2005 budget consists of an increase of \$183,086 in general funds, an increase of \$774,737 in federal fund expenditure authority, an increase of \$242,881 in other fund expenditure authority, and an increase of 1.0 FTE. The total recommended FY2005 budget for MVA is \$4,846,701 in general funds, \$36,178,182 in federal fund expenditure authority, and \$3,313,215 in other fund expenditure authority, for a total of \$44,338,098, with 184.9 FTE.

OFFICE OF THE ADJUTANT GENERAL

The Governor recommends no change to this division. The total FY2005 budget for this division is \$467,946 in general funds, \$11,300 in federal fund expenditure authority, and \$23,216 in other fund expenditure authority, with 4.3 FTE.

ARMY AND AIR GUARD

The Governor's recommendation for the Guard is an increase of \$50,866 in general funds, and an increase of \$774,737 in federal fund expenditure authority. The recommendation for the Army Guard includes an increase in general funds of \$38,366, and an increase of \$696,178 in federal fund expenditure authority. The recommendation includes a \$38,872 increase in general funds to change the Assistant Adjutant General to a full-time state employee. The federal fund increase is for M&R for all National Guard Armories, the National Guard Bureau rewrites the Master Cooperative Agreement every fiscal year and adds funding to areas of need. The total recommended budget for the Army Guard is \$34,152,396, and 48.6 FTE. The recommendation for the Air Guard includes increases of \$12,500 in general funds, and \$78,559 in federal fund expenditure authority. The general funds and \$37,500 of the federal fund authority are for utility costs at the Air Guard. \$41,059 in federal fund expenditure authority is for the Starbase Program. The total FY2005 recommended budget for the Air Guard is \$3,635,247, and 41.0 FTE.

VETERANS' BENEFITS AND SERVICES

The Governor's recommendation for this division includes an increase of \$49,480 in general funds and 1.0 FTE. The 1.0 FTE and \$37,120 in general funds are for a Veteran's Service Officer. These officers serve all veterans throughout South Dakota. With

over 3,000 soldiers becoming veterans, the Division of Veterans' Affairs is tasked with providing services to these individuals. The division's total FY2005 budget is \$984,844 in general funds, and \$208,707 in federal fund expenditure authority, for a total of \$1,193,551, and 18.0 FTE.

STATE VETERANS' HOME

The Governor's recommendation for the State Veterans' Home includes an increase of \$82,740 in general funds and an increase of \$242,881 in other fund expenditure authority. The total recommended FY2005 budget is \$1,564,612 in general funds and \$3,289,830 in other fund expenditure authority, with 73.0 FTE. Some of the key recommended increases in the State Veterans' Home are for food services, nursing personal services, medical supplies, medical service contracts, and the Resident Activities Program.

CORRECTIONS

The Governor's recommendation for the Department of Corrections includes an increase of \$6,300,026 in general funds, a decrease of \$602,046 in federal fund expenditure authority, and an increase of \$116,777 in other fund expenditure authority, for a net increase of \$5,814,757. The Governor is also recommending an increase of 16.5 FTE. The total recommended FY2005 budget for the Department of Corrections is \$84,889,618, consisting of \$65,452,292 in general funds, \$11,849,933 in federal fund expenditure authority, \$7,587,393 in other fund expenditure authority, and 830.5 FTE.

The average daily count (ADC) of adult inmates is projected to reach 3,348 in FY2005. This represents an increase of 394 inmates over the actual FY2003 ADC of 2,954 inmates, or an 8.8% increase over two years. The average daily population of juveniles in institutional settings within the Department of Corrections is projected at 220 for FY2005. This is an increase from the actual count of 205 in FY2003.

ADMINISTRATION

The Governor is recommending a general fund increase of \$4,170,305, most of which is funding for increased costs of the Inmate Medical and Mental Health Services agreement with the Department of Health and the Department of Human Services. This increase is due to an increase in ADC of inmates, along with increased costs of outsourced services. The total recommended budget in Administration includes \$15,288,416 in general funds, \$1,868,125 in federal fund expenditure authority, and \$40,000 in other fund expenditure authority, with 27.5 FTE.

MIKE DURFEE STATE PRISON

The recommendation for the Mike Durfee State Prison (MDSP) includes increases of \$306,509 in general funds, \$16,500 in federal fund expenditure authority, and \$209,984 in other fund expenditure authority, for a total increase of \$532,993. The number of employees will increase by 4.0 FTE, who will be correctional officers. These FTE are needed for security due to the rising numbers in the average daily counts for adult inmates. Personal services account for a \$138,605 increase in general funds. Operating expenses include increases of \$167,904 in general funds, \$16,500 in federal fund expenditure authority, and \$211,061 in other fund expenditure authority. The increases in general funds for operating expenses are for additional clothing services, travel, and miscellaneous contractual services increases.

STATE PENITENTIARY

The recommendation for the South Dakota State Penitentiary includes increases of \$348,297 in general funds, \$13,136 in federal fund expenditure authority, and \$4,528 in other fund expenditure authority, for a total increase of \$365,961. The number of employees will increase by 5.0 FTE, all of whom will be correctional officers. Personal services account for a \$232,679 increase in general funds, a \$1,883 increase in federal fund expenditure authority, and a \$43,068 decrease in other fund expenditure authority. The increase in personal services is mainly due to the increase in FTE. Operating expenses will increase by \$115,618 in general funds, \$11,253 in federal fund expenditure authority, and \$47,596 in other fund expenditure authority.

WOMEN'S PRISON

The budget for the Women's Prison is recommended to increase by \$545,660 in general funds, decrease by \$388,199 in federal fund expenditure authority, and decrease by \$12,369 in other fund expenditure authority, for a total increase of \$145,092. The main increase in general funds is directly related to the number of federal borders that the Women's Prison can house.

PHEASANTLAND INDUSTRIES

The recommendation for Pheasantland Industries is a decrease of \$73,890 in other fund expenditure authority and a decrease of 2.0 FTE. This will bring the total budget to \$2,872,622 in other fund expenditure authority, and 14.0 FTE.

COMMUNITY SERVICE

Community Service is recommended to decrease by \$160,750 in general funds, increase by \$19,097 in federal fund expenditure authority, and increase by

\$114,570 in other fund expenditure authority. Included in this decrease is \$160,750 in contractual services due to the need for fewer private work release beds.

PAROLE SERVICES

The recommendation for Parole Services is an increase of \$385,663 in general funds and a decrease of \$347,068 in federal fund expenditure authority, along with an increase of 6.0 FTE. Three will be parole agents, and 3.0 FTE will be related to the Forward Life Skills Program (1.0 will be a program manager, and 2.0 will be field agents). The increases are for funding the additional FTE, additional travel costs, and some miscellaneous contractual services. The decrease is reflective of the department no longer receiving the Forward Life Skills Grant funding.

JUVENILE COMMUNITY CORRECTIONS

Juvenile Community Corrections is recommended to increase by \$657,469 in general funds, \$245,524 in federal fund expenditure authority, and decrease by \$141,046 in other fund expenditure authority, for a total increase of \$761,947. Operating expenses will increase by \$567,620 in general funds, \$335,373 in federal fund expenditure authority, and decrease by \$141,046 in other fund expenditure authority. A portion of the increase is due to the increase in the average daily count of juveniles in private group and residential services, both in- and out-of-state to adequately meet the needs of the juveniles under the Department of Corrections' care.

STATE TRAINING SCHOOL

The Governor recommends no change at the State Training School. The total recommended budget is \$101,740 in other fund expenditure authority.

YOUTH CHALLENGE CENTER/LIVING CENTER

The Youth Challenge Center/Living Center is recommended to increase by \$99,430 in general funds, and decrease by \$7,221 in federal fund expenditure authority. The increases are reflective of meeting existing payroll at the facility and decentralizing services.

PATRICK HENRY BRADY ACADEMY

The Patrick Henry Brady Academy is recommended to decrease by \$75,285 in general funds. This decrease is reflective of the need to meet existing payroll. The total budget for the Patrick Henry Brady Academy is \$1,862,340 in general funds and \$14,280 in other fund expenditure authority.

STATE TREATMENT AND REHABILITATION (STAR) ACADEMY

The State Treatment and Rehab (STAR) Academy contains the budget for food service, physical plant, medical, education, and administration for the Custer juvenile programs. The budget for FY2005 is recommended to decrease by \$9,686 in general funds, and increase by \$16,488 in federal fund expenditure authority, for a total increase of \$6,802.

QUEST/EXCEL

The recommended budget for Quest/ExCel is an increase of \$32,414 in general funds and an increase of \$43,697 in federal fund expenditure authority, for a total FY2005 increase of \$76,111. The increases are reflective of the funding needed to meet existing payroll.

HUMAN SERVICES

The Governor is recommending increases of \$2,831,459 in general funds, \$4,476,861 in federal fund expenditure authority, and \$425,859 in other fund expenditure authority, for a total increase of \$7,734,179. The Governor is also recommending an additional 10.0 FTE. The recommendation includes a decrease of \$380,622 in general funds and a corresponding increase in federal fund expenditure authority due to the change in the Federal Medicaid Assistance Percentage (FMAP) for Title XIX programs. For FY2005, a total budget of \$187,809,989 is recommended, consisting of \$80,333,454 in general funds, \$103,607,676 in federal fund expenditure authority, \$3,868,859 in other fund expenditure authority, with 1,233.9 FTE.

SECRETARIAT

The Governor's recommendation includes a decrease in general funds of \$362 and an increase of \$966 in federal fund expenditure authority, for a total increase of \$604.

DEVELOPMENTAL DISABILITIES

The recommendation for the Division of Developmental Disabilities is an increase in general funds of \$1,173,429 and an increase in federal fund expenditure authority of \$2,941,225, for a total increase of \$4,114,654. An increase of \$391,875 in general funds and \$719,863 in federal fund expenditure authority, for a total of \$1,111,738 is recommended for a 1.6% inflation policy. The Governor's recommendation also includes \$809,579 in general funds and \$1,567,340 in federal fund expenditure authority to address consumer expansion for individuals with developmental disabilities. In addition, an increase of \$201,708 of general funds and \$390,504 of federal fund

expenditure authority is being recommended for the rebase of the Home and Community Based Services.

SDDC--REDFIELD

The Governor's recommendation is for increases of \$18,865 in general funds, \$195,060 in federal fund expenditure authority, and a decrease of \$2,199 in other fund expenditure authority, for a total increase of \$211,726. The increases at SDDC are reflective of food service and utility increases.

ALCOHOL AND DRUG ABUSE

The Governor recommends an increase of \$446,279 in general funds, an increase of \$237,308 in federal fund expenditure authority, and an increase of \$110,990 in other fund expenditure authority, for a total increase of \$794,577 for the Division of Alcohol and Drug Abuse. The Governor is also recommending 7.0 additional FTE. There will be 6.0 CD Counselors and 1.0 clerical FTE recommended to provide services to the growing inmate population. An increase of \$120,575 in general funds is recommended for inpatient treatment services. The Governor is also recommending an increase of \$60,360 in general funds and \$181,080 of federal fund expenditure authority for a Methamphetamine Treatment Program. An increase of \$82,396 in general funds and \$42,693 in federal fund expenditure authority, for a total of \$125,089, is recommended for a 1.6% inflation policy.

REHABILITATION SERVICES

The Governor's recommended budget for Rehabilitation Services includes a \$75,115 increase in general funds, an increase of \$381,940 in federal fund expenditure authority, and an increase of \$120,824 in other fund expenditure authority, for a net increase of \$577,879. An increase of \$30,467 in general funds and \$58,983 in federal fund expenditure authority is recommended to address the increasing case load within Assisted Daily Living Services (ADLS). An increase of \$22,592 in general funds, \$23,658 in federal fund expenditure authority, and \$8,231 in other fund expenditure authority, for a total of \$54,481 is recommended for a 1.6% inflation policy.

TELECOMMUNICATION DEVICES FOR THE DEAF

The Governor is recommending no change for Telecommunication Devices for the Deaf. The total FY2005 budget is \$1,251,680 of other fund expenditure authority.

BOARD OF COUNSELOR EXAMINERS - INFORMATIONAL

The Governor is recommending a decrease of \$3,718 of other fund expenditure authority. The total FY2005 budget will be \$63,037 of other fund expenditure authority.

BOARD OF PSYCHOLOGY EXAMINERS - INFORMATIONAL

The Governor is recommending no change for the Board of Psychology Examiners. The total FY2005 budget will be \$55,444 of other fund expenditure authority.

BOARD OF SOCIAL WORK EXAMINERS - INFORMATIONAL

The Governor is recommending an increase of \$12,903 in other fund expenditure authority. The total FY2005 budget will be \$56,590 of other fund expenditure authority.

SERVICES FOR THE BLIND AND VISUALLY IMPAIRED

The Governor is recommending an increase of \$4,504 in general funds, a decrease of \$9,083 in federal fund expenditure authority, and an increase of \$16,457 in other fund expenditure authority, for a total increase of \$11,878 in the Division of Services for the Blind and Visually Impaired.

HUMAN SERVICES CENTER

The Governor recommends an increase of \$653,687 in general funds, an increase of \$319,068 in federal fund expenditure authority, and an increase of \$32,542 in other fund expenditure authority for the Human Services Center, for a total increase of \$1,005,297, and 1.0 FTE. An increase of \$141,874 is recommended for inflationary increases for prescription drugs. The FTE will be a Mental Health Aide in the Geriatric Unit to help address increased behavior and medical acuity needs. Other increases in this division are related to food services, utilities, and personal services.

COMMUNITY MENTAL HEALTH

The Governor's recommendation for Community Mental Health reflects an increase of \$459,942 in general funds, an increase of \$410,377 in federal fund expenditure authority, and an increase of \$138,060 in other fund expenditure authority, for a net increase of \$1,008,379, and 2.0 FTE. Additional funding is recommended for Mental Health waiting lists, at a total cost of \$265,062 in general funds and \$104,165 in federal fund expenditure authority. The 2.0 FTE will be mental health professionals to provide

services to the growing inmate population. An increase of \$156,891 in general funds and \$118,605 in federal fund expenditure authority, for a total of \$275,496, is recommended for a 1.6% inflation policy.

ENVIRONMENT AND NATURAL RESOURCES

The Governor recommends no change for FY2005. The Governor's recommended budget for the Department of Environment and Natural Resources totals \$15,916,571, and consists of \$5,667,695 in general funds, \$5,069,772 in federal fund expenditure authority, \$5,179,104 in other fund expenditure authority, and 174.5 FTE.

FINANCIAL AND TECHNICAL ASSISTANCE

The Governor recommends no change in Financial and Technical Assistance. The budget consists of \$4,270,287 in total funds, and 58.0 FTE.

ENVIRONMENTAL SERVICES

The Governor recommends no change in Environmental Services. The budget consists of \$9,131,284 in total funds, and 116.5 FTE.

REGULATED RESPONSE FUND - INFORMATIONAL

The Governor is recommending no change in the Regulated Response Fund budget. This budget is informational and continuously appropriated with \$1,750,000 in other fund expenditure authority.

LIVESTOCK CLEANUP FUND - INFORMATIONAL

The Governor is recommending no change in the Livestock Cleanup Fund budget. This budget is informational and continuously appropriated with \$765,000 in other fund expenditure authority.

UNIFIED JUDICIAL SYSTEM

The Governor's FY2005 recommendation for the Unified Judicial System includes an increase of \$1,040,087 in general funds, an increase of \$2,532 in federal fund expenditure authority, and an increase of \$88,807 in other fund expenditure authority, for a total increase of \$1,131,426. This recommendation contains 3.0 additional FTE for two court service officers and one help desk support specialist. Expansion in personal services amounts to \$1,038,630, of which \$130,254 is for the 3.0 new FTE. Movement to job worth accounts for \$192,010; health insurance accounts for \$46,195; and, salary

policy adds another \$657,311. The total FY2005 recommended budget totals \$32,237,790 and consists of \$27,543,026 in general funds, \$486,103 in federal fund expenditure authority, \$4,208,661 in other fund expenditure authority, and 478.8 FTE.

The operating side of the Unified Judicial System's budget is increasing by \$67,870 in general funds, and by \$24,926 in other fund expenditure authority. Increases include \$33,076 in general funds to cover increases in community-based services due to rate increases at mental health centers. Computer services account for an increase of \$55,106 in other fund expenditure authority due to increases in the use of the enterprise server and equipment service/maintenance. Capital assets, such as computer hardware and office equipment account for a decrease of \$11,455 in other fund expenditure authority. Judicial training has experienced a decrease in the number of employees receiving in- and out-of-state training, which has resulted in a \$28,825 decrease in other fund expenditure authority.

LEGISLATURE

The FY2005 recommended budget for the South Dakota Legislature is \$7,082,598 in general funds, \$35,000 in other fund expenditure authority, and 71.2 FTE. Changes to the budget include an increase of \$68,760 for travel due to a 40-day session, an increase of \$36,496 in personal services due to 40-day session. The Governor is also recommending an increase of \$10,751 due to health insurance, and an increase of \$9,500 to provide hiring flexibility. Additionally, salary policy adds \$114,792 in general funds for employee compensation and \$5,463 in general funds for health insurance. The net change for the South Dakota Legislature is an increase of \$245,148 in general funds.

ATTORNEY GENERAL

The Governor's recommendation for the Office of the Attorney General is an overall budget increase of \$411,001. The FY2005 budget recommendation consists of an increase of \$999,580 in general funds, a \$15,750 increase in federal fund expenditure authority and a decrease of \$604,329 in other fund expenditure authority. The Governor is also recommending that the number of employees increase by 1.0 FTE. The total recommended FY2005 budget for the Office of the Attorney General is \$6,147,479 in general funds, \$5,359,352 in federal fund expenditure authority and \$3,002,889 in other fund expenditure authority, for a total budget of \$14,509,720, with 140.0 FTE.

LEGAL SERVICES

The recommended budget for the Legal Services Program is \$6,903,835. This represents an increase of \$15,750 in federal fund expenditure authority and an increase of \$8,750 in other fund expenditure authority. The recommended increase within this division is for capital asset purchases.

CRIMINAL INVESTIGATION

The overall recommended budget for the Division of Criminal Investigation is \$6,267,998. This includes an increase of \$999,580 in general funds and a decrease of \$638,616 in other fund expenditure authority. The recommended increase in general funds in this division is to make up for the shortfall of funding provided by the Law Enforcement Officer Training fund.

LAW ENFORCEMENT TRAINING

The Governor's recommendation for the Division of Law Enforcement Training is an increase of \$4,500 in other fund expenditure authority. This brings the total recommended budget for this division to \$1,154,673 in other fund expenditure authority, with 8.0 FTE. Other fund expenditure authority has been recommended for the purchase of supplies.

911 TRAINING

The Governor is recommending a total budget of \$183,214, and 2.0 FTE for the 911 Training Division. This includes an increase of \$21,037 in other fund expenditure authority for the Emergency Medical Dispatch Program.

SCHOOL AND PUBLIC LANDS

The Governor's recommendation for the FY2005 School and Public Lands' budget is \$486,032 in general funds and \$225,000 in other fund expenditure authority, for a total budget of \$711,032, with 7.0 FTE. This budget includes an increase of \$2,000 in general funds for capital outlay to continue the replacement policy.

SECRETARY OF STATE

The Governor's recommendation for the Secretary of State's FY2005 budget is \$885,311 in general funds, \$200,193 in federal fund expenditure authority, and \$270,435 in other fund expenditure authority, with 15.3 FTE. This budget recommendation includes a \$750 decrease in general funds, and a \$212,868 decrease in federal fund expenditure authority. The Secretary of State's office has worked hard to find efficiencies and right size their budget.

STATE TREASURER

The Governor's recommended budget includes an increase of \$728,354 in other fund expenditure authority. The FY2005 recommended budget consists of \$462,621 in general funds, \$7,979,495 in other fund expenditure authority, and 34.5 FTE.

TREASURY MANAGEMENT

The Governor recommends no change in Treasury Management. The recommended FY2005 budget consists of \$462,621 in general funds, and 5.5 FTE.

UNCLAIMED PROPERTY

The Governor's recommendation for this informational budget is an increase of \$500,000 in other fund expenditure authority, for a total FY2005 budget of \$2,360,017 in other fund expenditure authority and 3.0 FTE. The recommended increase brings the budget in line with expected unclaimed property payments that will be made in FY2005.

INVESTMENT COUNCIL

This budget is recommended for an increase of \$228,354 in other fund expenditure authority, for a total FY2005 budget of \$5,619,478 in other fund expenditure authority and 26.0 FTE. The recommendation includes an increase of \$114,357 in personal services. Also included in the recommended increase is \$100,000 to allow the Investment Council flexibility in purchasing investment research services.

STATE AUDITOR

The Governor's recommended budget includes an increase of \$8,696 in general funds for personal services. The FY2005 recommended budget consists of \$938,735 in general funds and 17.3 FTE.

SUMMARY OF RECOMMENDED REORGANIZATIONS

GAME, FISH AND PARKS

The Governor recommends reorganization within the Department of Game, Fish, and Parks. The recommended reorganization will consolidate the Division of Parks and Recreation and the Division of Custer State Park into one statewide parks system. The newly created Division of State Parks and Recreation will operate under two budget units, down from four units before the consolidation. The first

budget unit will include the consolidated operation and maintenance budgets from Parks and Recreation and Custer State Park. The second budget unit will include the combined development and improvement budgets of Parks and Recreation and Custer State Park. The reorganization into one consolidated state parks system will allow the new division to maximize funding opportunities, realize operating efficiencies, and efficiently utilize staff.