

SUMMARY OF RECOMMENDED BUDGET ADJUSTMENTS

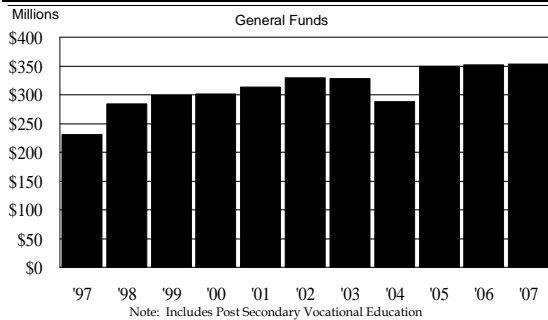
STATE AID, HIGHER EDUCATION, EDUCATION

The budgets included in this category include State Aid to Education, Higher Education, and the Department of Education. This budget comprises \$45.8 million of the \$129.8 million in total fund increases for FY2007. On the general fund side, this category accounts for \$11.6 million of the \$49.0 million increase. In terms of the total budget, the education category is 32.9% of the total funds and 49.6% of the general funds, which amounts to \$1.05 billion in total funding for education.

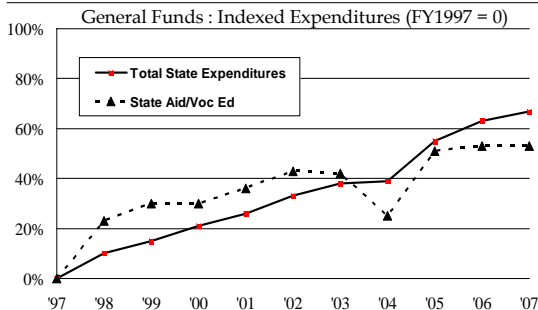
STATE AID

This category includes state aid to K-12 education, postsecondary vocational education institutes, funding of stipends for National Board of Certified Teachers (NBCT), and technology in the schools. This also includes \$3,460,070 in general funds that the Governor is recommending be set aside to fund a school efficiencies program.

State Aid to Schools



State Aid to Schools



In accordance with state statute, the Governor is recommending a 3.0% inflationary increase in the per student allocation for state aid to general education and for state aid to special education for FY2007. This brings the per-student allocation for state aid to general education to \$4,364.85 for FY2007, an increase of \$127.13 over the FY2006 base rate of \$4,237.72. This is based on a budgeted adjusted average daily membership (ADM) figure for FY2007 of 124,297. The Governor is again recommending that part of the obligation be offset by carrying over left over FY2006 state aid to general education dollars in the amount of \$6,115,376. The Governor is also recommending that \$3,460,070 in general funds be allocated to fund a school efficiencies program.

The budgeted amount for state aid to special education will remain at \$43,106,875 in general funds for FY2007. The formula for FY2007 is based on an estimated ADM figure of 131,800 with an inflationary increase of 3.0% 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.

The FY2007 recommendation for funding to provide stipends to National Board Certified Teachers and to reimburse the fees associated with taking the exam will remain at \$90,000 in general funds.

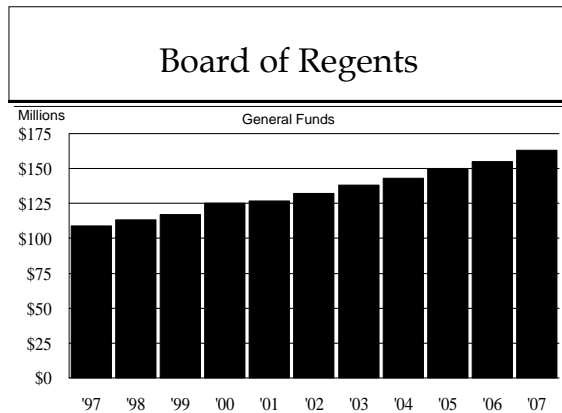
A decrease of \$1,000,000 in general funds is recommended for technology in the schools. Revenues from the E-rate program will be used to replace these dollars. The current funding level of \$6,191,325 in general funds and \$2,000,000 in other fund expenditure authority is used to support ongoing costs of the technology infrastructure.

The Governor is recommending an increase of \$1,116,103 over the FY2006 Governor's recommended budget for the postsecondary technical institutes. This increase is based on a 3.0% adjustment similar to the K-12 statutory increase. This brings the total level of funding to \$18,076,536 for FY2007.

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.



The budget for the Board of Regents contains a net increase of \$36,234,644 in total funds and 141.8 FTE over the FY2006 budget. The increase consists of \$9,043,387 in general funds, \$9,650,798 in federal fund expenditure authority, and \$17,540,459 in other fund expenditure authority. The total FY2007 recommended budget for the Board of Regents consists of \$163,203,900 in general funds, \$105,531,941 in federal fund expenditure authority, and \$259,802,735 in other fund expenditure authority, for a total FY2007 budget of \$528,538,576 and 5,424.2 FTE.

In continuation of the 2010 Initiative, the Governor is recommending 24.5 FTE and \$1,813,060 in general funds for the addition of three new Ph.D. programs. The programs being funded are DSU Doctor of Science in Information Systems, SDSM&T and USD Ph.D. in Biomedical Engineering, and SDSU Ph.D. in Energy Engineering. The Governor is also recommending 10.0 FTE and \$1,000,000 in other fund expenditure authority for funding of new research centers. The Governor's 2010 Research and Commercialization Council will review and choose the proposal(s) with the greatest potential for commercial return for South Dakota.

The South Dakota Opportunity Scholarship continues to grow and is projected to have 2,463 students receiving scholarship funds in FY2007. The amount needed to fund the scholarships in FY2007 is \$2,463,000. There will be a projected carryover of \$426,500 available to use in FY2007, along with the \$113,875 that is currently in the base. The Governor is recommending that \$714,329 in general funds, along with \$1,208,296 in available cement plant trust fund money be used to fund this scholarship.

The FY2007 recommendation includes the addition of \$538,399 in general funds and 10.4 FTE associated with the agreement between the Board of Regents and South East Technical Institute (SETI) for the delivery of courses at SETI, \$850,609

in general funds to cover the rising costs of utilities on the campuses, and \$500,000 in general funds for operating expenses.

The Board of Regents continues to grow in federal grant and contract activity. The recommended budget includes the addition of 96.9 FTE, \$8,397,537 in federal fund expenditure authority, and \$12,596,902 in other fund expenditure authority related to federal grant and contract activity. The FTE will be distributed among four campuses and the Board of Regents Central Office: BHSU (29.5 FTE), DSU (6.5 FTE), SDSU (38.0 FTE), USD (11.0 FTE), USD School of Medicine (8.9 FTE), and the Central Office (3.0 FTE). The growth in FTE is attributed to residential life and student support staffing increases, growth in student support credit hours, staffing for Vo Tech agreements, and other increases in grant and contract activity.

EDUCATION

The Governor's recommendation for the Department of Education, including the State Aid to Education formula, reflects an increase of \$2,599,680 in general funds, \$5,648,201 in federal fund expenditure authority, \$1,303,974 in other fund expenditure authority, and a decrease of 1.0 FTE. The recommended increase for state aid is \$2,460,070 in general funds and \$1,000,000 in other fund expenditure authority. The increase for Postsecondary Vocational Education is \$1,116,103 in general funds. The total recommended budget for FY2007 is \$361,694,819 in general funds, \$153,430,792 in federal fund expenditure authority, \$4,686,880 in other fund expenditure authority, and 144.0 FTE.

GENERAL ADMINISTRATION

The total recommended FY2007 budget for this division is \$1,429,816 in general funds, \$3,992,147 in federal fund expenditure authority, \$13,674 in other fund expenditure authority, and 33.0 FTE. No major changes are recommended for this division.

CAREER AND TECHNICAL EDUCATION

The total recommended FY2007 budget for this division is \$447,331 in general funds, \$4,557,192 in federal fund expenditure authority, \$154,275 in other fund expenditure authority, and 11.5 FTE. No major changes are recommended for this division.

EDUCATION SERVICES AND RESOURCES

This division includes the Office of Curriculum, Technology, and Assessment; the Office of Accreditation and Teacher Quality; the Office of School Enhancement; the Office of Education Services and Support; and the budget for the

Education Service Agencies. The recommendation for this program includes a decrease of \$1,088,929 in general funds, an increase of \$5,492,190 in federal fund expenditure authority, an increase of \$203,974 in other fund expenditure authority, and a decrease of 1.0 FTE. An increase in federal fund expenditure authority in the amount of \$5,400,000 is recommended for No Child Left Behind (NCLB), Individuals with Disabilities Education Act (IDEA), and Child and Adult Nutrition Services (CANS). Also in CANS, \$22,600 in general funds is recommended to cover the increase in monitoring required by the Child Nutrition and WIC Reauthorization Act of 2004. An additional \$40,346 in general funds is recommended in CANS to cover the increase in the required state revenue match.

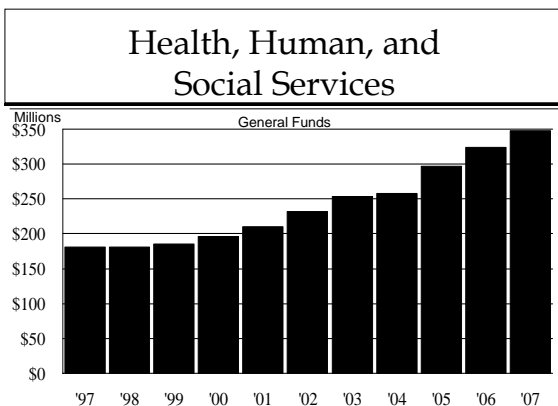
A decrease of \$1,200,000 in general funds and 1.0 FTE is recommended due to the conclusion of the SDREADS program.

STATE LIBRARY

The FY2007 recommended budget for the State Library consists of \$2,318,653 in general funds, \$1,162,978 in federal fund expenditure authority, \$186,083 in other fund expenditure authority, and 36.5 FTE. This recommendation includes an increase of \$100,000 in federal fund expenditure authority due to anticipated increases in federal grant awards and \$100,000 in other fund expenditure authority due to an increase in the Bill and Melinda Gate's Foundation Grant.

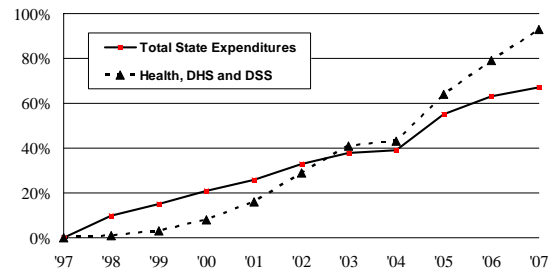
HEALTH, HUMAN, AND SOCIAL SERVICES

This portion of the budget comprises \$25.4 million of the \$129.8 million in total fund increases for FY2007. On the general fund side, Health, Human, and Social Services account for \$26.7 million of the \$49.0 million increase. In terms of the total state budget, this category is 31.8% of the total funds and 32.4% of the general funds, which amounts to \$1.0 billion in total funding.



Health, Human, and Social Services

General Funds : Indexed Expenditures (FY1997 = 0)



HEALTH

The FY2007 Governor's recommended budget for Health, including the informational budgets for boards and commissions, includes increases of \$136,013 in general funds, \$3,238,147 in federal fund expenditure authority, and \$1,181,109 in other fund expenditure authority, for a total increase of \$4,555,269, and a decrease of 5.0 FTE. The total FY2007 budget is \$8,251,167 in general funds, \$33,305,598 in federal fund expenditure authority, and \$23,718,016 in other fund expenditure authority, for a total of \$65,274,781, with 396.0 FTE.

ADMINISTRATION

The total FY2007 recommended budget for Administration is \$1,332,252 in general funds, \$1,018,198 in federal fund expenditure authority, and \$876,030 in other fund expenditure authority, with 32.5 FTE.

FAMILY PRACTICE RESIDENCY

This program contains no change from FY2006. The total FY2007 budget consists of \$895,000 in general funds.

HEALTH SYSTEMS DEVELOPMENT AND REGULATION

The Governor recommends a net increase of \$1,487,761. Of this increase, \$1,000,000 is in federal fund expenditure authority for the Bio-terrorism grant. This grant will be used for the creation of a National Electronic Disease Surveillance System. The total FY2007 budget is \$2,094,047 in general funds, \$11,187,912 in federal fund expenditure authority, and \$45,555 in other fund expenditure authority, with 63.5 FTE.

HEALTH AND MEDICAL SERVICES

The Governor recommends a net increase of \$2,015,769. Of this increase, \$612,000 in federal

fund expenditure authority is a grant for Maternal and Child Health programs. An increase of \$883,000 in federal fund expenditure authority and \$75,000 in other fund expenditure authority is for Chronic Disease Prevention and Control, which is for programs that are eligible to move to the implementation phase for chronic disease prevention. The total FY2007 budget for this division is \$3,221,985 in general funds, \$18,060,847 in federal fund expenditure authority, \$2,528,277 in other fund expenditure authority, and 179.0 FTE.

LABORATORY SERVICES

The total FY2007 budget for this division is \$1,945,301 in federal fund expenditure authority, \$3,203,437 in other fund expenditure authority, and 29.0 FTE.

CORRECTIONAL HEALTH

This program has a recommended increase of \$859,186 in other fund expenditure authority and a reduction of 5.0 FTE. This reduction is due to the efficiencies gained through a new pharmacy contract and will save the Correctional Health program a total of \$554,851 in other fund expenditure authority. An increase of \$688,625 in other fund expenditure authority is needed due to higher costs for outsourced medical services and an increased number of inmates. The total FY2007 budget for this division is \$14,476,374 in other fund expenditure authority and 71.0 FTE.

TOBACCO PREVENTION

The total FY2007 budget for this division is \$707,883 in general funds, \$1,093,340 in federal fund expenditure authority and 2.0 FTE.

PROFESSIONAL AND OCCUPATIONAL LICENSING - INFORMATIONAL

This division is comprised of the informational budgets of the professional and occupational licensing boards. There are eleven boards, including the 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, Board of Podiatry Examiners, and Board of Massage Therapy. The total recommended budget for FY2007 for the Boards is \$2,588,343. This increase represents a total increase of \$62,066 in other fund expenditure authority.

HUMAN SERVICES

The Governor is recommending increases of \$7,738,475 in general funds, \$4,662,030 in federal

fund expenditure authority, and a decrease of \$103,313 in other fund expenditure authority, for a total increase of \$12,297,192. The Governor is also recommending a decrease of 2.0 FTE. The recommendation includes an increase of \$2,231,568 in general funds and a corresponding decrease in federal fund expenditure authority due to the change in the Federal Medical Assistance Percentage (FMAP) for Title XIX programs. For FY2007, a total budget of \$217,093,451 is recommended, consisting of \$95,468,465 in general funds, \$117,379,812 in federal fund expenditure authority, and \$4,245,174 in other fund expenditure authority, with 1,230.7 FTE.

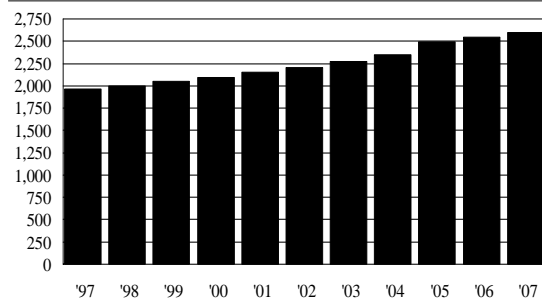
SECRETARIAT

The Governor's recommendation includes an increase in general funds of \$37,425 and an increase of \$24,594 in federal fund expenditure authority, for a total increase of \$62,019. An increase of \$4,224 in general funds is recommended for a 3.0% inflation policy.

DEVELOPMENTAL DISABILITIES

The recommendation for the Division of Developmental Disabilities is an increase in general funds of \$2,930,713 and an increase in federal fund expenditure authority of \$1,999,050, for a total increase of \$4,929,763. An increase of \$862,697 in general funds and \$1,478,581 in federal fund expenditure authority, for a total of \$2,341,278 is recommended for a 3.0% inflation policy. The Governor's recommendation also includes \$709,276 in general funds and \$1,231,819 in federal fund expenditure authority to address consumer expansion for individuals with developmental disabilities.

Developmental Disabilities Clients



SDDC--REDFIELD

The Governor's recommendation includes increases of \$753,231 in general funds and \$239,255 in federal fund expenditure authority for a total increase of \$992,486. The increases at SDDC are reflective of food services, utility increases, and personal services.

ALCOHOL AND DRUG ABUSE

The Governor recommends an increase of \$1,502,670 in general funds, \$413,639 in federal fund expenditure authority, and a decrease of \$373,699 in other fund expenditure authority, for a total increase of \$1,542,610 in this division. An increase of \$314,665 in general funds, \$69,063 in federal fund expenditure authority, and \$3,852 in other fund authority, for a total of \$387,580 is recommended for a 3.0% inflation policy.

REHABILITATION SERVICES

The Governor's recommended budget for Rehabilitation Services includes an increase of \$37,996 in general funds, an increase of \$836,900 in federal fund expenditure authority, and an increase of \$104,656 in other fund expenditure authority, for a net increase of \$979,552. An increase of \$57,398 in general funds, \$46,816 in federal fund expenditure authority, and \$6,683 in other fund expenditure authority, for a total of \$110,897 is recommended for a 3.0% inflation policy.

TELECOMMUNICATION DEVICES FOR THE DEAF

The Governor is recommending no change for Telecommunication Devices for the Deaf. The total FY2007 budget is \$1,251,680 in other fund expenditure authority.

BOARD OF COUNSELOR EXAMINERS - INFORMATIONAL

The Governor is recommending an increase of \$4,419 in other fund expenditure authority. The total FY2007 budget is \$70,686 in other fund expenditure authority.

BOARD OF PSYCHOLOGY EXAMINERS - INFORMATIONAL

The Governor is recommending an increase of \$3,097 in other fund expenditure authority. The total FY2007 budget is \$71,010 in other fund expenditure authority.

BOARD OF SOCIAL WORK EXAMINERS - INFORMATIONAL

The Governor is recommending an increase of \$74 in other fund expenditure authority. The total FY2007 budget is \$87,885 in other fund expenditure authority.

CERTIFICATION BOARD FOR ALCOHOL & DRUG PROFESSIONALS - INFORMATIONAL

The Governor is recommending an increase of \$29,056 in other fund expenditure authority. The total FY2007 budget is \$121,614 in other fund expenditure authority and 1.3 FTE.

SERVICES TO THE BLIND AND VISUALLY IMPAIRED

The Governor is recommending an increase of \$9,798 in general funds, an increase of \$112,722 in federal fund expenditure authority, and an increase of \$5,295 in other fund expenditure authority, for a total increase of \$127,815 in the Division of Services to the Blind and Visually Impaired. The Governor is also recommending a decrease of 1.0 FTE.

HUMAN SERVICES CENTER

The Governor recommends increases of \$1,578,473 in general funds, \$273,215 in federal fund expenditure authority, and \$10,248 in other fund expenditure authority for a total increase of \$1,861,936. Miscellaneous 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 \$888,169 in general funds, an increase of \$762,655 in federal fund expenditure authority, and an increase of \$113,541 in other fund expenditure authority, for a net increase of \$1,764,365. Additional funding is recommended for Mental Health waiting lists, at a total cost of \$228,060 in general funds and \$123,113 in federal fund expenditure authority. An increase of \$338,760 in general funds, \$242,493 in federal fund expenditure authority, and \$7,204 in other fund expenditure authority, for a total increase of \$588,457 is recommended for a 3.0% inflation policy.

SOCIAL SERVICES

The Governor's recommended budget for the Department of Social Services is \$238,882,258 in general funds, \$486,210,105 in federal fund expenditure authority, \$6,905,613 in other fund expenditure authority, for a total FY2007 budget of \$731,997,976 and 990.5 FTE. This recommendation includes an increase of \$18,834,368 in general funds, a decrease of \$9,587,681 in federal fund expenditure authority, and a decrease of \$735,543 in other fund expenditure authority.

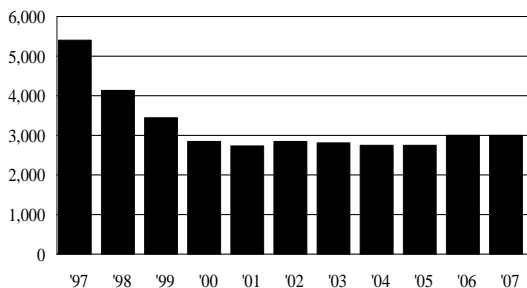
ADMINISTRATION

The recommended budget for Administration includes an increase of \$48,014 in general funds, \$8,262,546 in federal fund expenditure authority, and a decrease of \$24,589 in other fund expenditure authority, for a total increase of \$8,285,971. The major adjustment to this budget includes an increase in federal fund expenditure authority for the implementation of phase two of the Medicaid Management Information System (MMIS).

ECONOMIC ASSISTANCE

The Governor's recommended budget for Economic Assistance includes an increase of \$366,011 in general funds, and \$507,037 in federal fund expenditure authority, for a total increase of \$873,048. The major adjustments to this budget include inflationary increases for Auxiliary Placement and the availability of federal funds.

TANF Case Load in South Dakota

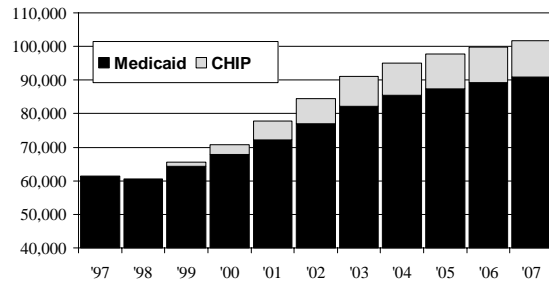


MEDICAL AND ADULT SERVICES

The recommended budget for Medical and Adult Services includes an increase of \$16,544,185 in general funds, a decrease of \$17,956,058 in federal fund expenditure authority, and a decrease of \$388,794 in other fund expenditure authority, for a total decrease of \$1,800,667. The FY2007 recommended budget is \$193,054,713 in general funds, \$370,991,150 in federal fund expenditure authority, and \$2,830,649 in other fund expenditure authority, for a total budget of \$566,876,512, and 134.5 FTE. The major adjustment to this budget is an increase over the FY2006 base budget of \$8,209,949 in general funds and an equivalent offsetting decrease in federal fund expenditure authority due to the change in the Federal Medical Assistance Percentage (FMAP). Other adjustments include: 1) an inflationary increase based on the 3.0% provider inflation policy of \$8,188,356 in general funds and \$14,332,391 in federal fund expenditure authority; 2) an increase of \$3,263,083 in general funds and \$5,689,088 in federal fund expenditure authority due to the growth in the number of Medicaid clients and the increased

utilization of Medical Services; 3) a reduction of \$25,845,520 in federal fund expenditure authority due to the implementation of Medicare Part D; and 4) a projected budget savings of \$3,527,789 in general funds and \$5,891,589 in federal fund expenditure authority due to reduced costs and the implementation of cost containment initiatives, including SB 58 from the 2005 Legislative Session, which increases data matching capabilities with private insurers.

Medical Assistance Case Loads in South Dakota



CHILDREN'S SERVICES

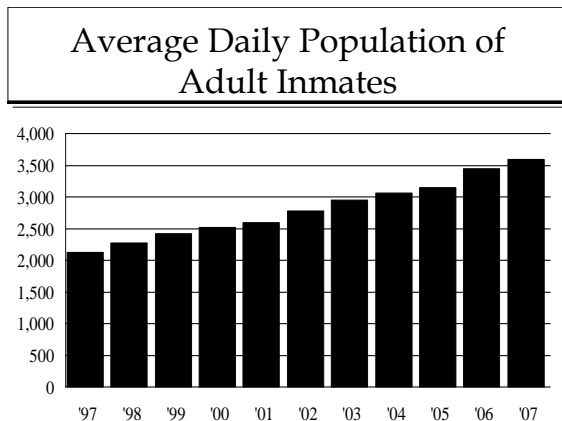
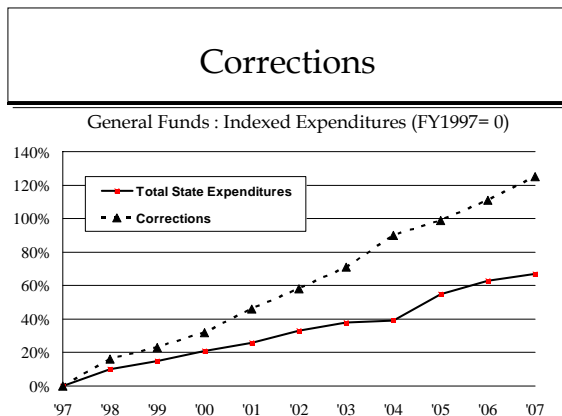
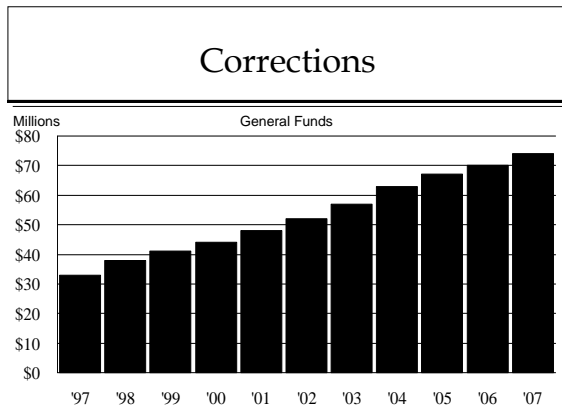
The Governor's recommended FY2007 budget for Children's Services includes an increase of \$1,876,158 in general funds, a decrease of \$401,206 in federal fund expenditure authority, and a decrease of \$322,160 in other fund expenditure authority, for a total increase of \$1,152,792. The major adjustment to this budget is due to lost federal funding that is being offset by general funds. The lost federal funding includes a reduction in child support incentive awards for the Division of Child Support due to federal formula changes at the national level and a reduction of food stamp incentive awards to be used for Child Care Services.

CORRECTIONS

The Governor's recommendation for the Department of Corrections includes an increase of \$4,625,456 in general funds, a decrease of \$761,385 in federal fund expenditure authority, and an increase of \$439,351 in other fund expenditure authority, for a net increase of \$4,303,422. The Governor is also recommending an increase of 34.7 FTE, for a total FTE count of 905.5.

The Average Daily Count (ADC) of adult inmates is projected to reach 3,587 in FY2007. This represents an increase of 443 inmates over the actual FY2005 ADC of 3,144 inmates, or a 12.4% increase over two years. The average daily population of juveniles in institutional settings within the Department of

Corrections is projected at 189 for FY2007, which is the same as the actual count in FY2005.



ADMINISTRATION

The Governor is recommending an increase in general fund of \$1,286,593, an increase of \$437 in federal fund expenditure authority, and an increase of \$42,743 in other fund expenditure authority. The majority of the general fund increases are tied to the Sex Offender program and for increased costs of the Inmate Medical and Mental Health Services agreement with the Department of Health and the Department of Human Services. The total recommended budget in Administration includes \$16,936,556 in general funds, \$1,831,822 in federal

fund expenditure authority, and \$172,743 in other fund expenditure authority, with 28.0 FTE.

MIKE DURFEE STATE PRISON

The recommendation for the Mike Durfee State Prison (MDSP) includes an increase of \$555,812 in general funds, a decrease of \$4,954 in federal fund expenditure authority, and an increase of \$3,734 in other fund expenditure authority, for a total increase of \$554,592. Major impacts to this division are food services, clothing, and utilities increases. The overall budget for MDSP is \$11,705,759 in general funds, \$86,145 in federal fund expenditure authority, \$311,986 in other fund expenditure authority, and 183.0 FTE.

STATE PENITENTIARY

The recommendation for the South Dakota State Penitentiary (SDSP) includes an increase of \$1,678,884 in general funds, a decrease of \$19,932 in federal fund expenditure authority, and an increase of \$2,891 in other fund expenditure authority for a total increase of \$1,661,843. The number of employees will increase by 24.7 FTE due to the construction of Unit D. The overall budget for SDSP is \$17,268,733 in general funds, \$421,676 in federal fund expenditure authority, \$413,038 in other fund expenditure authority, and 293.0 FTE.

WOMEN'S PRISON

The budget for the Women's Prison (SDWP) is recommended to increase by \$158,739 in general funds. The overall budget for SDWP is \$2,906,427 in general funds, \$374,818 in federal fund expenditure authority, \$76,814 in other fund expenditure authority, and 50.0 FTE.

PHEASANTLAND INDUSTRIES

The recommendation for Pheasantland Industries is an increase of \$63,951 in other fund expenditure authority and an increase of 1.0 FTE, which will be a Prison Shop Foreman. This will bring the total budget to \$2,936,590 in other fund expenditure authority and 14.0 FTE.

COMMUNITY SERVICES

Community Services is recommended to increase by \$190,028 in general funds, decrease by \$118,126 in federal fund expenditure authority, and increase by \$297,271 in other fund expenditure authority. The Governor also recommends an increase of 1.0 FTE. Miscellaneous increases are due to food services and community service placements.

PAROLE SERVICES

The recommendation for Parole Services is an increase of \$471,873 in general funds, a decrease of \$27,000 in federal fund expenditure authority, an increase of \$4,091 in other fund expenditure authority, and an increase of 8.0 FTE. The FTE increase will consist of 7.0 Parole Agents and 1.0 for a Transition Case Manager.

JUVENILE COMMUNITY CORRECTIONS

Juvenile Community Corrections is recommended to increase by \$366,533 in general funds, decrease by \$668,820 in federal fund expenditure authority, and increase by \$24,670 in other fund expenditure authority for a total decrease of \$277,617. An \$800,000 reduction in federal fund authority is due to the Re-entry grant being fully utilized. Other adjustments reflect adding ten group and residential beds along with a reduction of ten West Farm beds.

YOUTH CHALLENGE CENTER/LIVING CENTER

The Governor recommends increases of \$57,364 in general funds and \$8,241 in federal fund expenditure authority at the Youth Challenge Center/Living Center (YCC/LC). The total budget for YCC/LC is \$1,729,076 in general funds, \$236,618 in federal fund expenditure authority, \$14,942 in other fund expenditure authority, and 41.0 FTE.

PATRICK HENRY BRADY ACADEMY

The Governor recommends an increase of \$64,283 in general funds. The total budget for the Patrick Henry Brady Academy is \$1,908,277 in general funds, \$14,280 in other fund expenditure authority, and 36.0 FTE.

STATE TREATMENT AND REHABILITATION (STAR) ACADEMY

The State Treatment and Rehabilitation (STAR) Academy contains the budget for food service, physical plant, medical, education, and administration for the Custer juvenile programs. The budget for FY2007 is recommended to increase by \$28,445 in general funds and by \$28,614 in federal fund expenditure authority for a total increase of \$57,059.

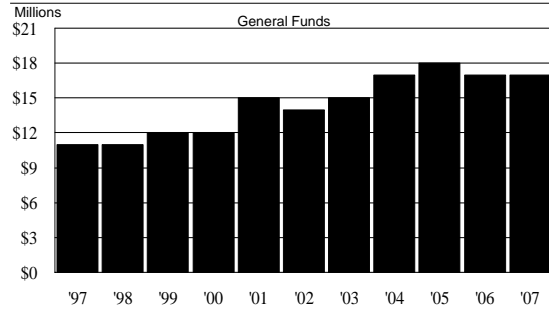
QUEST/EXCEL

The Governor recommends an increase of \$5,402 in general funds and an increase of \$40,155 in federal fund expenditure authority at Quest/ExCel. The total budget for Quest/ExCel is \$289,701 in general funds, \$1,105,080 in federal fund expenditure authority, \$12,650 in other fund expenditure authority, and 27.0 FTE.

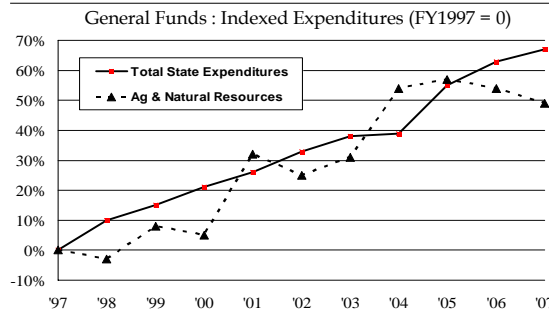
AGRICULTURE; ENVIRONMENT AND NATURAL RESOURCES; AND, GAME, FISH, AND PARKS

This portion of the budget represents \$5.7 million of the recommended \$129.8 million in total fund increases for FY2007. The total general funds appropriated to Agriculture; Environment & Natural Resources; and, Game, Fish, & Parks are recommended to increase by \$1.3 million. Federal and other fund expenditure authority are recommended to increase by \$4.4 million. In comparison to the total state budget, this category represents 4.4% of the total recommended FY2007 increase and 2.6% of the recommended general fund increase.

Agriculture, Natural Resources and Game, Fish, and Parks



Agriculture, Natural Resources and Game, Fish, and Parks



AGRICULTURE

The Governor's FY2007 recommended budget for the Department of Agriculture is \$29,382,313; consisting of \$5,998,112 in general funds, \$6,772,398 in federal fund expenditure authority, \$16,611,803 in other fund expenditure authority, and a total of 197.8 FTE. This represents a \$3,361,719 increase in the Department of Agriculture's overall budget, and an increase of 1.3 FTE.

OFFICE OF THE SECRETARY

The Governor is recommending an increase of \$19,506 for the Office of the Secretary. The Secretary's total budget is \$698,356 and consists of \$614,182 in general funds, \$49,895 in federal fund expenditure authority, and \$34,279 in other fund expenditure authority, with 7.5 FTE.

AGRICULTURAL SERVICES & ASSISTANCE

The recommended FY2007 budget for Agricultural Services & Assistance includes \$2,216,209 in general funds, \$2,635,347 in federal fund expenditure authority, and \$2,558,676 in other fund expenditure authority for a total budget of \$7,410,232, with 84.9 FTE. This recommendation reflects a total increase of \$540,706. Included in the recommendation is a \$60,682 reduction for Agriculture Services and a \$601,338 increase for Fire Suppression.

The recommended budget for Agriculture Services is \$3,846,707 and 34.0 FTE.

The total recommended budget for Fire Suppression includes \$3,563,525 and 50.9 FTE. Included in the FY2007 budget is an increase of \$405,012 in federal fund expenditure authority for the two fire fighting hand crews based in the Black Hills.

AGRICULTURAL DEVELOPMENT & PROMOTION

The Governor is recommending a total increase of \$218,275 for Agriculture Development & Promotion. The total recommended FY2007 budget of \$6,652,208 consists of \$1,421,338 in general funds, \$1,964,946 in federal fund expenditure authority, \$3,265,924 in other fund expenditure authority, and 48.5 FTE. The recommended budget for Agriculture Development & Promotion includes a total fund increase of \$150,186 for Agriculture Development, \$44,827 for Resource Conservation & Forestry, and \$23,262 for the State Fair.

The total FY2007 recommended budget for Agriculture Development is \$1,480,021 and 9.0 FTE. Included in the recommendation is an increase of \$128,100 in other fund expenditure authority for the management of the Certified Beef Program.

The total recommended budget for Resource Conservation & Forestry is \$3,052,646 and 20.0 FTE.

The recommended budget for the State Fair is \$2,119,541. The State Fair's budget is comprised of \$260,000 in general funds, \$1,859,541 in other fund expenditure authority, and 19.5 FTE.

ANIMAL INDUSTRY BOARD

The recommended budget for the Animal Industry Board includes an increase of \$92,839 in general funds, an increase of \$318,287 in federal fund expenditure authority, and an increase of 1.0 FTE. An increase of \$260,000 in federal fund expenditure authority will provide for tracking of animals through livestock auction markets, video auction, order buyers, feedlots, and in public grazing land where livestock are commingled. The total budget for the Animal Industry Board is \$3,995,233 and 43.9 FTE.

ENVIRONMENT AND NATURAL RESOURCES

The Governor's recommended budget for the Department of Environment and Natural Resources totals \$16,804,791, and consists of \$6,083,124 in general funds, \$5,640,034 in federal fund expenditure authority, \$5,081,633 in other fund expenditure authority, and 173.5 FTE.

FINANCIAL AND TECHNICAL ASSISTANCE

The Financial and Technical Assistance budget consists of \$4,568,922 in total funds and 58.0 FTE.

ENVIRONMENTAL SERVICES

The Governor recommends a total FY2007 budget for Environmental Services of \$9,720,869 and 115.5 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.

GAME, FISH, AND PARKS

The FY2007 recommended budget for the Department of Game, Fish, and Parks totals \$60,458,750, including \$5,770,213 in general funds, \$14,319,300 in federal fund expenditure authority, \$40,369,237 in other fund expenditure authority, and 560.3 FTE. This budget reflects an overall increase of \$1,973,440.

CONSERVATION RESERVE ENHANCEMENT PROGRAM

The Governor is recommending a decrease of \$5,620 in general funds for the Conservation Reserve Enhancement Program. The total recommended budget for FY2007 is \$1,173,438 in general funds. These funds are dedicated for the retirement of bonds issued to lease land from farmers and ranchers in the Conservation Reserve Program.

ADMINISTRATION

The Governor recommends a total budget of \$4,225,760 and 27.1 FTE for the Division of Administration. Included in the recommendation is a general fund increase of \$795,614 for the bond payment relating to the Department's fish hatchery upgrades.

WILDLIFE – INFORMATIONAL

The recommendation for the Division of Wildlife includes an increase of \$298,062 in federal fund expenditure authority and an increase of \$407,336 in other fund expenditure authority. Included in the recommendation is a \$267,263 increase in federal fund expenditure authority for hunter safety grants and expansion of Title VI efforts along the Missouri River. The total recommended budget for the Division of Wildlife is \$31,952,920 and 281.0 FTE.

The Development and Improvement Program is recommended to increase by \$21,500, with a total budget of \$262,000 in federal fund expenditure authority and \$510,000 in other fund expenditure authority.

STATE PARKS AND RECREATION

The Division of State Parks and Recreation's recommended FY2007 budget includes \$3,242,686 in general funds, \$1,759,947 in federal fund expenditure authority, and \$9,810,947 in other fund expenditure authority for a total budget of \$14,813,580 and 241.8 FTE. Included in the recommendation is a \$6,546 general fund increase to reflect the change in the Custer State Park bond payment.

The Division of State Parks and Recreation's Development and Improvement Program has a recommended decrease of \$39,391. Included in the recommendation is a reduction of \$684,416 in federal fund expenditure authority and an increase of \$645,025 in other fund expenditure authority. The total recommended budget for the Development and Improvement Program includes \$202,175 in general funds, \$3,403,677 in federal fund expenditure authority, \$2,893,725 in other fund expenditure authority, and 1.3 FTE.

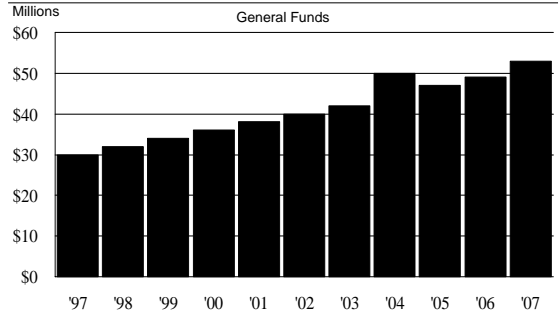
SNOWMOBILE TRAILS – INFORMATIONAL

Recommended changes within the Snowmobile Trails Program include a decrease of \$26,800 in federal fund expenditure authority and an increase of \$38,710 in other fund expenditure authority. The total recommended budget for the Snowmobile Trails Program is \$104,000 in federal fund expenditure authority, \$887,475 in other fund expenditure authority, and 9.1 FTE.

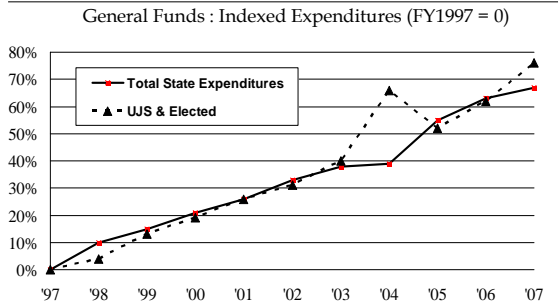
LEGISLATURE, UNIFIED JUDICIAL SYSTEM, PUBLIC UTILITIES COMMISSION, AND ELECTED OFFICIALS

The Governor's recommendation for the FY2007 budget for this sector (excluding special appropriations) totals \$82,377,780, of which \$52,721,456 is general funds, \$8,153,799 is federal fund authority, and \$21,502,525 is other fund expenditure authority. This reflects an increase of \$3,557,144 in general funds, a decrease of \$3,649,332 in federal fund authority, and an increase of \$901,916 in other fund expenditure authority, for a total increase of \$1,420,524 which is 1.1% of the total increases and 7.3% of the general fund increases in the FY2007 budget. The recommendation also includes an increase of 10.5 FTE, for a total of 843.9 FTE.

UJS, Legislature and Elected Officials



UJS, Legislature and Elected Officials



LEGISLATURE

The total FY2007 recommended budget for the South Dakota Legislature is \$7,434,903 in general funds, \$35,000 in other fund expenditure authority, and 69.3 FTE. Changes to the budget for the Legislative Research Council include an increase of \$69,919 in travel due to a 40-day session and an increase of \$40,261 in personal services due to a 40-day session. The Governor is also recommending an increase of \$37,223 in personal services and \$32,125 in operating expenses for Legislative Audit. In addition to these increases, salary policy adds \$140,827 in general funds for employee compensation. The net change for the South Dakota Legislature is an increase of \$318,817 in general funds.

UNIFIED JUDICIAL SYSTEM

The Governor's FY2007 recommendation for the Unified Judicial System includes an increase of \$1,637,985 in general funds, a decrease of \$53,110 in federal fund expenditure authority, and an increase of \$134,327 in other fund expenditure authority, for a total increase of \$1,719,202. This recommendation also contains 6.5 additional FTE. Expansion in personal services amounts to \$1,388,030, of which \$258,860 is for the new FTE. The total FY2007 recommended budget totals \$36,105,294 and consists of \$30,224,004 in general funds, \$492,633 in federal fund expenditure authority, \$5,388,657 in other fund expenditure authority, and 498.8 FTE.

The operating side of the Unified Judicial System's budget is increasing by \$303,406 in general funds and by \$27,766 in other fund expenditure authority. Operating expenses such as travel, contractual services, and supplies account for a portion of the increase along with an increase in Community Based services.

PUBLIC UTILITIES COMMISSION

The Governor recommends increases of \$19,333 in general funds, \$2,493 in federal fund expenditure authority, and \$62,092 in other fund expenditure authority for the Public Utilities Commission. The total FY2007 recommended budget is \$586,374 in general funds, \$348,558 in federal fund expenditure authority, and \$2,988,687 in other fund expenditure authority, with 30.7 FTE.

ATTORNEY GENERAL

The Governor's recommendation for the Office of the Attorney General is an overall budget increase of \$652,674. The FY2007 budget recommendation

consists of an increase of \$2,105,657 in general funds, a decrease of \$1,617,615 in federal fund expenditure authority, and an increase of \$164,632 in other fund expenditure authority with an additional 2.0 FTE. The total recommended FY2007 budget for the Office of the Attorney General is \$9,161,862 in general funds, \$3,827,366 in federal fund expenditure authority, and \$3,705,984 in other fund expenditure authority, for a total budget of \$16,695,212, with 146.0 FTE.

LEGAL SERVICES

The recommended budget for the Legal Services Program is \$6,715,984. This represents an increase of \$1,032,294 in general funds, a decrease of \$1,714,185 in federal fund expenditure authority, and an increase of \$41,690 in other fund expenditure authority. The main change within this program is the replacement of Edward Byrne funding.

CRIMINAL INVESTIGATION

The overall recommended budget for the Division of Criminal Investigation is \$8,131,553. This includes an increase of \$689,035 in general funds, an increase of \$96,570 in federal fund expenditure authority, an increase of \$31,769 in other fund expenditure authority, and an increase of 2.0 FTE. The recommended increases in general funds in this division are to cover the bond payment and operating expenses.

LAW ENFORCEMENT TRAINING

The Governor's recommendation for Law Enforcement Training is an increase of \$384,328 in general funds and an increase of \$87,015 in other fund expenditure authority. The total budget for this division is \$384,328 in general funds and \$1,270,464 in other fund expenditure authority. The increases within this division are to cover shortfalls in personal services and space billing as a result of moving into the new facility.

911 TRAINING

The Governor is recommending an increase of \$4,158 in other fund expenditure authority. The total budget for this division is \$192,883 in other fund expenditure authority.

SECRETARY OF STATE

The Governor's recommendation for the Secretary of State's FY2007 budget is \$934,291 in general funds, \$3,234,321 in federal fund expenditure authority, and \$261,595 in other fund expenditure authority, with 15.3 FTE. This budget recommendation includes a \$1,987,212 decrease in

federal fund expenditure authority. The large decrease in federal funds is due to the electronic voting machines being purchased in FY2006 for the Help America Vote Act.

SCHOOL AND PUBLIC LANDS

The Governor's recommendation for the FY2007 School and Public Lands' budget is \$524,350 in general funds and \$225,000 in other fund expenditure authority, for a total budget of \$749,350, with 7.0 FTE.

STATE AUDITOR

The Governor's recommended budget is an increase of \$45,440 in general funds. The increase includes \$38,921 for personal services to cover a budget shortfall and employee retirement payouts, and a decrease of \$29,920 due to completion of the scanning project. The total FY2007 recommended budget is \$1,125,291 in general funds and 17.3 FTE.

STATE TREASURER

The Governor's recommended budget includes an increase of \$8,412 in general funds, \$559,080 in other fund expenditure authority, and 2.0 FTE. The total FY2007 recommended budget consists of \$486,866 in general funds, \$8,897,602 in other fund expenditure authority, and 36.5 FTE.

TREASURY MANAGEMENT

The Governor's recommended FY2007 budget consists of \$486,866 in general funds and 5.5 FTE.

UNCLAIMED PROPERTY - INFORMATIONAL

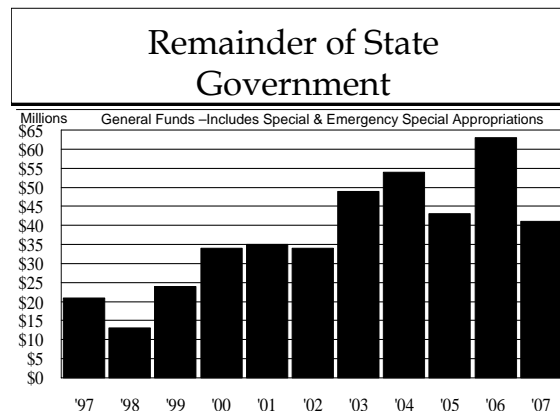
The recommended FY2007 budget consists of \$2,364,622 in other fund expenditure authority and 3.0 FTE.

INVESTMENT COUNCIL

The Governor recommends an increase of \$558,111 in other fund expenditure authority and 2.0 FTE for the Investment Council. Included in the increase is \$524,757 for personal services and 2.0 FTE to increase coverage of the high yield investment category. The Investment Council's salary budget is slated to increase 7.0%. Also included in the Governor's recommendation is an increase of \$33,354 for operating expenses. The total recommended FY2007 budget is \$6,532,980 in other fund expenditure authority and 28.0 FTE.

REMAINDER OF STATE GOVERNMENT

The budgets included in this category include the Departments of Executive Management, Military and Veterans' Affairs, Revenue and Regulation, Tourism and State Development, Transportation, Labor, and Public Safety. This portion of the budget comprises \$47.2 million of the \$129.8 million in total fund increases for FY2007. On the general fund side, this category accounts for \$1.2 million of the \$49.0 million increase. In terms of the total state budget, this group has 26.4% of the total funds and 4.3% of the general funds, which amounts to \$840.9 million in total funding.



EXECUTIVE MANAGEMENT

The Governor's recommendation for the Department of Executive Management includes a reduction of \$1,257,692 in general funds, an increase of \$111,486 in federal fund expenditure authority, and an increase of \$1,636,893 in other fund expenditure authority, for a net increase of \$490,687. The Governor is also recommending an increase of 4.5 FTE to fully staff the new DCI building. The total FY2007 budget includes \$24,032,502 in general funds, \$3,611,737 in federal fund expenditure authority, and \$82,991,374 in other fund expenditure authority, for a total of \$110,635,613, with 659.3 FTE.

GUBERNATORIAL DIVISION

The Governor is recommending a reduction in the FY2007 Gubernatorial Division budget of \$610,796 in total funds. This reduction is in conjunction with the special appropriation for the creation of an underground laboratory at the old Homestake Gold Mine. The FY2007 recommended budget is \$2,243,515 in general funds and \$250,921 in federal fund expenditure authority, for a total budget of \$2,494,436, and 23.0 FTE.

BUREAU OF FINANCE AND MANAGEMENT

The Governor recommends a general fund decrease of \$600,024 attributable to the original Bureau of Finance and Management (BFM) sale/leaseback agreement schedule. The total recommended FY2007 budget for BFM is \$10,610,100 in general funds and \$5,150,839 in other fund expenditure authority, for a total FY2007 recommended budget of \$15,760,939, and 25.0 FTE.

BUREAU OF ADMINISTRATION

The Governor recommends a decrease of \$6,251 in general funds and an increase of \$602,397 in other fund expenditure authority. This budget recommendation includes an increase of 4.5 FTE to staff the new DCI building for a full year. The total FY2007 recommended budget for this division is \$5,132,173 in general funds, \$500,000 in federal fund expenditure authority, and \$29,597,847 in other fund expenditure authority, for a total FY2007 budget of \$35,230,020, and 177.5 FTE.

BUREAU OF INFORMATION AND TELECOMMUNICATIONS

The Governor's total recommended FY2007 budget for the Bureau of Information and Telecommunications is \$5,298,151 in general funds, \$2,360,816 in federal fund expenditure authority, and \$37,254,368 in other fund expenditure authority, for a total FY2007 recommended budget of \$44,913,335, and 364.3 FTE.

BUREAU OF PERSONNEL

The Governor's recommendation for the Bureau of Personnel includes a decrease of \$160,724 in general funds, a decrease of \$7,915 in federal fund expenditure authority, and an increase of \$291,280 in other fund expenditure authority for a total increase of \$122,641. The total FY2007 budget consists of \$748,563 in general funds, \$500,000 in federal fund expenditure authority, and \$10,988,320 in other fund expenditure authority, for a total of \$12,236,883, and 69.5 FTE.

MILITARY AND VETERANS' AFFAIRS

The Governor's recommendation for the Department of Military and Veterans' Affairs (MVA) includes increases of \$199,309 in general funds, \$4,853,775 in federal fund expenditure authority, and \$94,425 in other fund expenditure authority. The total recommended FY2007 budget for MVA is \$5,661,999 in general funds, \$20,483,089 in federal fund expenditure authority, and \$4,271,706 in other

fund expenditure authority, for a total of \$30,416,794, with 193.6 FTE.

OFFICE OF THE ADJUTANT GENERAL

The Governor's FY2007 total budget recommendation for the Office of the Adjutant General is \$648,385 in general funds, \$11,300 in federal fund expenditure authority, and \$24,808 in other fund expenditure authority, with 4.3 FTE.

ARMY AND AIR GUARD

The Governor's recommendation for the Guard is an increase of \$85,037 in general funds, \$4,845,816 in federal fund expenditure authority, and a decrease of \$50,192 in other fund expenditure authority. The increase in general funds is mainly due to increased utility costs. The total FY2007 recommended budget for the Army Guard is \$16,310,838, and 48.6 FTE. The total FY2007 recommendation for the Air Guard is \$5,546,678, and 41.0 FTE.

VETERANS' BENEFITS AND SERVICES

The total recommended FY2007 budget for Veterans' Benefits and Services is \$1,063,995 in general funds and \$228,386 in federal fund expenditure authority, for a total of \$1,292,381 and 18.0 FTE.

STATE VETERANS' HOME

The Governor's recommendation for the State Veterans' Home includes an increase of \$70,489 in general funds and an increase of \$143,999 in other fund expenditure authority. The majority of the increases are due to inflationary increases in medical services and supplies. The total recommended FY2007 budget is \$1,848,006 in general funds, \$487,500 in federal fund expenditure authority, and \$4,246,898 in other fund expenditure authority, for a total budget of \$6,582,404, and 81.7 FTE.

REVENUE AND REGULATION

The Governor's recommended budget for the Department of Revenue and Regulation totals \$55,270,598, and consists of \$1,021,480 in general funds, \$54,249,118 in other fund expenditure authority, and 311.1 FTE. The Governor is recommending an increase of \$119,993 in general funds, a decrease of \$11,998 in federal fund expenditure authority, and a reduction of \$1,803,935 in other fund expenditure authority. The Governor is also recommending a decrease of 2.0 FTE.

SECRETARIAT

The recommended budget consists of \$159,983 in general funds and \$3,393,972 in other fund expenditure authority, for a total budget of \$3,553,955 and 39.0 FTE.

BUSINESS TAX

The Governor is recommending an increase of \$75,000 in other fund expenditure authority for membership dues for the Streamlined Sales Tax. The FY2007 recommended budget consists of \$3,364,903 in other fund expenditure authority and 50.0 FTE.

MOTOR VEHICLES

The Governor's recommendation includes a reduction of \$11,998 in federal fund expenditure authority to reflect the completion of a federal grant with the Federal Highway Administration for motor fuel tax evasion. The Governor's recommendation also includes a decrease of \$2,350,000 in other fund expenditure authority due to the completion of the 2006 license plate production. The total FY2007 recommended budget consists of \$6,457,042 in other fund expenditure authority and 47.1 FTE.

PROPERTY AND SPECIAL TAXES

The Governor is recommending an increase of \$115,651 in general funds and 2.0 additional FTE to work with the Attorney General's Office to assure compliance with the Tobacco Master Settlement Agreement (MSA). Included in the general fund increase is funding to cover the personal services of the additional FTE and operating expenses associated with enforcing the MSA provisions. The recommended FY2007 budget consists of \$861,497 in general funds and 13.0 FTE.

AUDITS

The recommended FY2007 budget consists of \$3,168,730 in other fund expenditure authority and 52.0 FTE.

BANKING

The Governor's recommendation is an increase of \$67,595 in other fund expenditure authority. Included in the increase is \$21,611 for the bank examiner career enhancement program and \$7,489 for membership dues, registration fees, and training resources. The recommended FY2007 budget is \$1,260,608 in other fund expenditure authority and 15.5 FTE.

SECURITIES

The FY2007 recommended budget consists of \$368,000 in other fund expenditure authority and 5.0 FTE.

INSURANCE

The recommended FY2007 budget consists of \$1,770,124 in other fund expenditure authority and 28.5 FTE.

INSURANCE FRAUD UNIT - INFORMATIONAL

The Governor's recommended FY2007 budget is \$305,193 in other fund expenditure authority and 4.0 FTE.

PETROLEUM RELEASE COMPENSATION

The Governor is recommending a decrease of \$110,109 in other fund expenditure authority in personal services and a reduction of 2.0 FTE due to the decreased workload of the program. The Governor is recommending no change in the informational part of this budget. The total recommended FY2007 budget for Petroleum Release Compensation is \$4,027,682 in other fund expenditure authority and 5.0 FTE.

LOTTERY

The Governor is recommending a decrease of \$5,412 in other fund expenditure authority and a reduction of 2.0 FTE. The total recommended FY2007 budget for Lottery is \$28,385,311 in other fund expenditure authority and 31.0 FTE.

REVENUE BOARDS AND COMMISSIONS – INFORMATIONAL

This includes the informational budgets of the Real Estate Commission, the Abstracters Board of Examiners, and the Commission on Gaming. The total FY2007 recommended budget for the Boards and Commissions is \$1,747,553 in other fund expenditure authority and 21.0 FTE.

TOURISM AND STATE DEVELOPMENT

The Governor's recommended budget for the Department of Tourism and State Development totals \$76,430,484, and consists of \$11,732,926 in general funds, \$13,631,760 in federal fund expenditure authority, \$51,065,798 in other fund expenditure authority, and 193.9 FTE. The Governor is recommending an increase of \$1,390,706 in general funds, \$56,253 in federal fund expenditure authority, and \$18,570,351 in other fund expenditure authority. The Governor is also recommending an increase of 9.3 FTE.

ECONOMIC DEVELOPMENT

The recommended budget for Economic Development consists of \$3,400,442 in general funds, \$10,404,997 in federal fund expenditure authority, and \$13,055,727 in other fund expenditure authority, for a total budget of \$26,861,166 and 40.8 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 FY2007, the Governor is recommending an increase of \$472,029 in other fund expenditure authority for additional advertising and promotions based on a projected 5.75% growth in revenues. The total FY2007 recommended budget consists of \$8,719,489 in other fund expenditure authority and 24.8 FTE.

RESEARCH COMMERCE

The Governor is recommending an increase of \$1,284,712 in general funds for the Division of Research Commerce. Included in the increase is \$1,000,000 to fund research centers in the Board of Regents and \$280,000 for Creating Entrepreneurial Opportunities Centers. The total recommended FY2007 budget is \$4,811,772 in general funds and 2.0 FTE.

TRIBAL GOVERNMENT RELATIONS

The Governor is recommending a total increase of \$8,679 in general funds, of which \$3,000 is for travel due to increased state, regional, and national involvement. The total recommended FY2007 budget is \$212,502 in general funds and 3.0 FTE.

CULTURAL AFFAIRS

The Governor is recommending an increase of \$46,550 in general funds, \$9,486 in federal fund expenditure authority, and \$70,014 in other fund expenditure authority for Cultural Affairs. The total recommended FY2007 budget consists of \$3,308,210 in general funds, \$1,489,005 in federal fund expenditure authority, and \$1,635,136 in other fund expenditure authority, for a total budget of \$6,432,351 and 47.0 FTE.

SOUTH DAKOTA HOUSING DEVELOPMENT AUTHORITY - INFORMATIONAL

The total FY2007 recommended budget is \$10,210,621, and consists of \$1,737,758 in federal fund expenditure authority, \$8,472,863 in other fund expenditure authority, and 64.0 FTE.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY - INFORMATIONAL

The Governor is recommending an increase of \$17,884,031 in other fund expenditure authority and 9.3 FTE to begin the process of constructing the underground laboratory at the former Homestake Mine. The total FY2007 recommended budget consists of \$19,182,583 in other fund expenditure authority and 12.3 FTE.

TRANSPORTATION

Construction contracts make up 68% of the Department of Transportation's \$471.7 million budget. The \$320.6 million budgeted for Construction Contracts is informational.

The Department of Transportation's recommended FY2007 budget contains \$501,366 in general funds, \$280,098,341 in federal fund expenditure authority, \$191,123,481 in other fund expenditure authority, and 1,075.3 FTE. The FY2007 budget reflects an increase of \$7,727 in general funds, an increase of \$11,071,617 in federal fund expenditure authority, and an increase of \$11,303,291 in other fund expenditure authority.

The Governor's FY2007 recommendation for General Operations includes increases of \$7,727 in general funds, \$2,932,148 in federal fund expenditure authority, and \$9,303,136 in other fund expenditure authority.

The recommended budget for Construction Contracts includes an increase of \$8,139,469 in federal fund expenditure authority and an increase of \$2,000,155 in other fund expenditure authority.

LABOR

The Governor's recommendation for the Department of Labor is \$1,411,667 in general funds, \$36,593,455 in federal fund expenditure authority, and \$9,319,534 in other fund expenditure authority, for a total FY2007 budget of \$47,324,656 and 465.2 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.

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 FY2007 of \$2,627,708, which is a total increase of \$48,942 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 \$3,287,095 in other fund expenditure authority and 31.0 FTE. The recommendation includes an increase of \$216,996 in other fund expenditure authority.

PUBLIC UTILITIES COMMISSION

See LEGISLATURE, UNIFIED JUDICIAL SYSTEM, PUBLIC UTILITIES COMMISSION, AND ELECTED OFFICIALS section.

PUBLIC SAFETY

The Department of Public Safety has a total FY2007 recommended budget of \$55,549,116, including \$3,736,994 in general funds, \$28,014,242 in federal fund expenditure authority, \$23,797,880 in other fund expenditure authority, and 407.5 FTE.

ADMINISTRATION

Administration's total recommended budget is \$589,409, including \$41,051 in general funds, \$548,358 in other fund expenditure authority, and 6.0 FTE.

ENFORCEMENT

The Division of Enforcement includes the Highway Patrol, Accident Records, Highway Safety, and State Radio. Approximately 67% of the total FY2007 recommended budget of \$23,083,696 is for salaries and benefits. The total FY2007 recommendation consists of \$1,747,393 in general funds, \$3,177,236 in federal fund expenditure authority, and \$18,159,067 in other fund expenditure authority, with 281.0 FTE.

EMERGENCY SERVICES

The Division of Emergency Services includes Emergency Management, Emergency Medical Services, and the State Fire Marshal. The total

recommended budget for the Emergency Services Division is \$5,492,096, including \$1,438,103 in general funds, \$3,823,447 in federal fund expenditure authority, \$230,546 in other fund expenditure authority, and 29.5 FTE.

INSPECTION AND LICENSING

This division includes Weights and Measures, Driver Licensing, and Inspections. The total recommended FY2007 budget includes \$510,447 in general funds, \$300,000 in federal fund expenditure authority, \$4,859,909 in other fund expenditure authority, and 88.0 FTE.

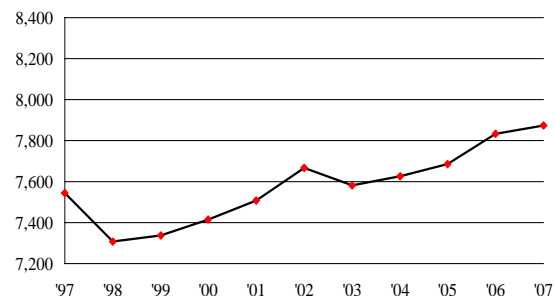
HOMELAND SECURITY

The Governor's recommendation for the Office of Homeland Security is a reduction of \$1,983,556 in federal fund expenditure authority due to the availability of federal funds. The total FY2007 budget for Homeland Security is \$20,713,559 in federal fund expenditure authority and 3.0 FTE.

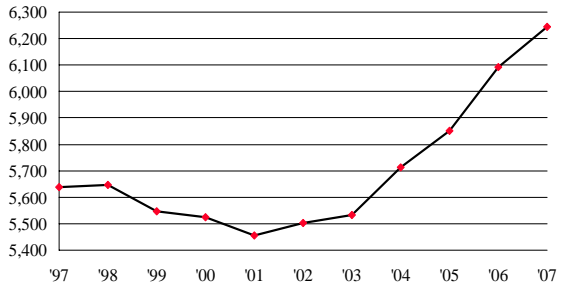
FTE CHANGE

Total appropriated FTE increased from 13,181.8 in FY1997 to a proposed level of 14,118.7 for FY2007. This is a difference of 936.9 FTE over a ten-year period. For offices outside the control of the Governor, total appropriated FTE grew from 5.638.0 in FY1997 to a recommended 6,245.1 for FY2007, or an increase of 607.1 FTE. The agencies under direct control of the Governor had total appropriated FTE of 7,543.8 in FY1997. The FY2007 budget proposal brings the FTE to a level of 7,873.6, for an increase of 329.8 FTE during the decade. The following charts show the FTE change between FY1997 and FY2007.

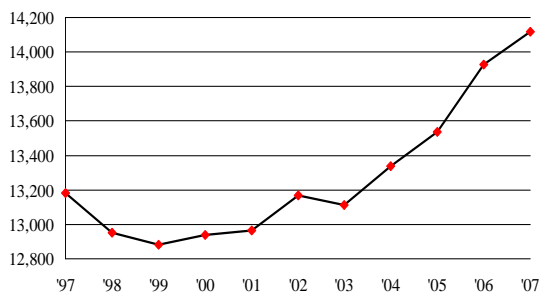
FTE History for Offices Under Control of Governor



FTE History for Offices Outside Control of Governor



FTE History All of State Government



SUMMARY OF REORGANIZATIONS

LABOR

A reorganization occurred in the Department of Labor. The Administrative Services Division has been combined within the Division of Secretariat Administration. With the fiscal staff moving from Aberdeen to Pierre it was deemed appropriate to combine the fiscal and purchasing sections in Labor into one Division.

UNIFIED JUDICIAL SYSTEM

A reorganization occurred in the Unified Judicial System. As the Information & Technology Program continues to grow it was an appropriate move to reorganize a portion of the Court Administrator's Office into the Information & Technology Program. This places those individuals working on technology issues into the program in which they belong.

SOCIAL SERVICES/HUMAN SERVICES

A reorganization occurred between the Department of Social Services (DSS) and the Department of Human Services (DHS). The Alcohol and Drug Treatment Services were transferred from DSS to DHS. Alcohol and Drug Treatment Services are a specific mission of the Department of Human Services within the Division of Alcohol and Drug Abuse. By transferring the budget authority previously used by the Department of Social Services to DHS, all services will be coordinated from a single agency and division. The transfer included dollars used for assessments as well as services for pregnant women and children needing services.

AGRICULTURE

Recommended in the FY2007 budget is the reorganization of the Department of Agriculture. The key objective of the recommended budget reorganization is the realignment of the programs within the Department to emphasize two major functions, Services & Assistance and Development & Promotion. Agriculture Services & Assistance includes the divisions of Agriculture Services and Fire Suppression. Agriculture Development & Promotion includes the divisions of Agriculture Development, Resource Conservation & Forestry, and the State Fair. Also included within the Department are eight informational Boards & Commissions and the Animal Industry Board.

SOCIAL SERVICES

A reorganization occurred in the Department of Social Services. The key objective of the budget reorganization was to align the budget structure with the current organizational structure. Specifically, Program Management was eliminated and rolled into Administration to combine all departmental support functions into one budget. Within Administration, a new Division of Operations and Technology was created to address evolving operating and technology needs of the department. Energy Assistance was combined into Economic Assistance. Medical Services and Adult Services and Aging were combined into a new Medical and Adult Services. Child Support, Child Protection Services and Child Care were all combined into a new Children's Services.